

Pre-paid card company sells, leases back new HQ

by **AnaMaria Colmenares**

Blackstone Communications, which sells pre-paid cards for overseas phone calls and other services, has closed on the \$21 million sale of its new headquarters building in the Airport West area of Miami-Dade County.

Blackstone passed title to the 270,000 square-foot building to W.P. Carey & Co. in New York. Blackstone will become a tenant in the building at

3800 NW 115th Ave. when construction is complete.

Blackstone signed a sale-leaseback deal in which it will rent the entire building for the next 20 years. Joaquin Fernandez, Blackstone's chief financial officer, said the company is going to pay about 10.5 percent of the construction value per year.

This type of deal benefits Blackstone by preserving its operational control of the property while

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Blackstone Communications sold the building going up at 3800 NW 15th Ave. in Miami-Dade County for \$21 million and has a 20-year lease on it.

giving the company immediate access to capital, said **Leoncio de la Peña**, of **de la Peña & Associates** in Miami, which represented Blackstone in the transaction. "It is a financing vehicle," he said.

Fernandez said that through a sale-leaseback, the company could get back the money it invested in the new building and "reinvest it into more revenue producing products."

Fernandez said that Blackstone invested \$8 million in the new building.

County property records show that the property was purchased in November 2000 for \$6.03 million by **Transworld Center Inc.**, a company owned by Blackstone chief executive **Luis Arias**. Ocean Bank provided a \$4.23 million loan.

The building, which will house 230 employees, is still under construction. Work began on March 2001 and is expected to be complete by November.

The company said that 150,000 square feet of the building are going to be dedicated to offices and 120,000 square feet are going to be dedicated to warehousing.

Fernandez said that the 38,000 square-foot facility the company now occupies at 11600 NW 34th St. is up for sale. Asking price is about \$3.7 million.

Sale-leasebacks are becoming more popular with institutional investors who are seeking more stable investments than those found in the stock market, said **Brian Smith**, a director of industrial brokerage at **Cushman and Wakefield** in Miami.

"From the standpoint of the investors, they are able to acquire a

property already leased," he added.

Investors examine the financial stability of the tenant, its creditworthiness and the functionality of the facility, added **Michael Rice**, vice president with **Easton & Associates** in Miami.

Blackstone's sale price of about \$80 per square foot is in line with recent transactions on other properties in the area, he said.

For example, in September, **M&M Aerospace Hardware** and **B/E Aerospace** sold its industrial facility at 10000 NW 15th Terrace for \$15.47 million, or \$76.75 per square foot. The 201,827-square-foot building was sold to **One Cabin Interior QRS** of New York, an affiliate of **W.P. Carey & Co.**

The investment firm, which provides real estate financing, specializes in sale-leaseback transactions. The firm owns and operates about 550 commercial and industrial properties throughout the United States and Europe.

W.P. Carey reported in January that it completed more than \$1 billion in transactions with 25 companies in 2002, compared with \$395 million with 20 companies in 2001.

Curt Ritter, a spokesman for **W.P. Carey & Co.**, said that sale-leaseback transactions are becoming more popular as companies looking for alternative sources of capital.

"Companies have found that sale-leaseback works in good and bad times," he said. ♦

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