

RON WHEELER
CEO
THE SEMBLER CO.

ONCE A YEAR SEMBLER Co. CEO Ron Wheeler heads to Gainesville, Fla., to meet with fellow members of the University of Florida real estate advisory board. Typically, he says, the board spends at least some of its time mulling the same basic question: When will interest rates spike and the good times come to an end? "Most people seem to believe there's 24 months left in the cycle," Wheeler said, "but the joke is that people have been saying that for the last three years."



mean building to an 8 percent return and selling at a 6 percent cap rate over a relatively short period of time, he says, but deals can just as easily require more patience, capital and a longer-term view. "If we build to an 8 percent return and we're comfortable with that return and cap rates go to 10 percent, I'm not going to worry about it," Wheeler said. "We're just going to hold onto it and cash-flow it. We'll have a lot of equity, be properly leveraged and wait until the market tells us that it makes sense to dispose of that asset. You

Wheeler has seen his share of downturns — including both the brutal real estate market of the late 1980s and early 1990s and, of course, the Great Recession. In fact, Sembler's present-day focus on grocery-anchored shopping centers, many of them anchored by Publix Super Markets, is in part a safe-harbor response to the tumult of the last downturn. But as CEO of the 55-year-old company, Wheeler avoids making predictions about the market. "What I have tried to do instead is develop a business model that can handle and sustain a downturn and not see rapid fluctuations of things like staffing or underwriting," he said.

Nor is Wheeler obsessed with tracking cap rates. "People ask where I think cap rates are going if interest rates go up, or they'll want to know what spread on cap rates we develop to," he said. "I don't view it that way. As a matter of fact, I have kind of banned, internally, discussion of cap rates."

And while public companies sometimes pursue extravagant growth, privately owned Sembler aims for returns that are in line with the risks inherent to particular deals, says Wheeler. That could

won't get hurt if you have patience and capital."

In 2018, then, Wheeler aims to press ahead with this measured approach. Sembler's pipeline includes new developments such as Amberly Village, a 72,000-square-foot, Publix-anchored center under construction in Cary, N.C., and also such redevelopments as the reboot of the 123,000-square-foot Diston Plaza, in St. Petersburg, Fla., where Sembler is tearing down a decades-old Publix and replacing it with a new one. The company will also continue acquiring grocery-anchored centers around the Southeast through a fund with Forge Capital Partners. But Sembler, which formed a partnership with mixed-use specialist Berkley Development last April, is also exploring alternative investments, including smaller power centers, urban redevelopment projects or the retail components of mostly residential projects, says Wheeler. "We've worked hard to find the right opportunities," he said. "Few companies acquire centers but also have 55 years of development experience, so we also have skill sets that allow us to take advantage of those opportunities. It's a good spot for us. We're really positive."