

Magic invests in Nashville for current, and possibly future, projects

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Call it a slam-dunk for The Gulch.

The Canyon-Johnson Urban Fund, a Los Angeles-based joint venture of former NBA star Earvin "Magic" Johnson and Canyon Capital Realty Advisors, announced Thursday that the fund is investing as much as \$20 million in The Gulch's Terrazzo building.

The investment is Canyon-Johnson's first in Nashville — and Johnson said it won't be the last.

"We're excited not only about this project, but what we can do together for many, many years to come," Johnson said. "We look forward to a long partnership with [Nashville]."

The Terrazzo is an approximately \$68 million mixed-use building being developed by the Tennessee division of Crosland LLC, headquartered in Charlotte, N.C. About \$48 million for the Terrazzo is being financed through Bank of America, project heads say, with the remaining \$20 million invested by Crosland and Canyon-Johnson. Canyon-Johnson leaders declined to state a specific amount, but said the fund would pick up the majority of the \$20 million.

Investing in Nashville

Neville Rhone, a director of Canyon-Johnson, said the company may invest as much as \$50 million to \$100 million in Nashville-area projects. Other collaborations with Crosland are under preliminary consideration — including Crosland's under-construction Griffin Plaza, as well as projects being discussed for construction in the vicinity of the state capital, Rhone said. The Pinnacle at Symphony Place office building was also considered by Canyon-Johnson, Rhone said.

The company would not necessarily limit future activity to The Gulch area, Rhone said, and announcements of future investments could "easily" be made in the next 12 months.

"We'd love to look more and see more on the other side of the Cumberland, and in the stadium area," Rhone said.

Crosland CEO and Chairman Todd Mansfield said Canyon-Johnson's Terrazzo investment will allow Crosland to divert funds to other projects in development in Nashville. In total, Mansfield said, Crosland will likely invest \$50 million to \$100 million in the Nashville area, including projects that have been announced and projects still in discussion.

Mansfield said he and Canyon-Johnson leader Quincy Allen have worked together in the past. He confirmed that other Crosland projects have been considered by Canyon-Johnson, and said the collaboration between the two companies may lead to Canyon-Johnson investment in Crosland developments in both Nashville and Charlotte.

"I expect there will be other opportunities for partnerships," Mansfield said.

Construction on The Terrazzo began in March. The 14-story glass and limestone building will be the first LEED pre-certified "green" residential high-rise in the Southeast, according to Crosland. Once complete, the building will include four floors of retail and office space, plus 10 floors of high-end condominium units priced from about \$290,000 up to \$1.6 million. The 109 condo units are expected to be ready by fall of 2008.

Company relationships

Though the company has a reputation for good relationships with companies including Starbucks Coffee Company, Johnson said a variety of retailers follow Canyon-Johnson — and declined to provide any clues as to possible Terrazzo tenants.

Bobby Turner, managing partner of the fund, said Canyon-Johnson seeks out projects that feed a "double bottom line" in terms of pay-offs for both investors and for communities. The high demand for downtown residential space, combined with the urban development benefits of The Gulch growth, contributed to the appeal of The Terrazzo for Canyon-Johnson, he said.

On Thursday, Canyon-Johnson also donated \$10,000 to the Art Trunk program of the Frist Center for the Visual Arts, a program that benefits arts education for disadvantaged children. Fund leaders said the contribution won't be the last for Nashville's children. Canyon-Johnson investments in cities including Baltimore and Atlanta, Turner said, have been followed by fund contributions to public schools.

Johnson said he planned to visit Nashville-area public high school students.

"The reason I'm standing here is because I idolized two African-American businessmen in Lansing, Mich.," Johnson said. "You're going to see me a lot, and I look forward to that." ^{CP}



John Anderson/The City Paper Former NBA star Earvin "Magic" Johnson was in Nashville on Thursday to announce that his joint venture company is investing in Terrazzo. The partnership also donated \$10,000 to art education for children.