

Web.com moving headquarters to Town Center Two building



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An artist's rendering of the Web.com headquarters at Town Center Two along Gate Parkway. The property will feature 1,200 parking spaces and a walkway under Butler Boulevard so employees can walk to St. Johns Town Center to the north.

Internet company plans to relocate in spring 2019; CEO says firm needs more space and wants to relocate to “a happening place.”

By Karen Brune Mathis
Editor

Web.com Group Inc. Chairman, President and CEO David L. Brown said Wednesday the company had its pick of prospective headquarters sites in Northeast Florida as it chose to move to Town Center Two.

He emphasizes the Jacksonville area because the 20-year-old internet company didn't consider leaving town.

“Jacksonville is our home,” Brown said, acknowledging that a head-



Brown

quarters move would have drawn incentives offers from other areas.

“Economics are one thing. What's good for your employees and customers is the most important thing,” he said.

Web.com announced Wednesday it will relocate its headquarters from Flagler Center in South Jacksonville to the Town Center Two building that will be developed at 5379 Gate Parkway.

Web.com, a leading global provider of internet services and online marketing solutions for small businesses, said it expects to occupy the six-story, 218,700-square-foot building in spring 2019.

Brown said the company will lease the entire building.

He said the company didn't talk with the city about the move, except regarding a building permit. “We didn't ask for anything, we are not looking for anything,” he said.

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Web.com says among the reasons it selected Town Center Two is its easy access to Butler Boulevard and interstates 95 and 295.

“We just want to make a great opportunity to serve our employees,” he said.

VanTrust Real Estate will develop the building on an 18-acre site and offer 1,200 parking spaces.

Brown said Web.com has grown from a small Jacksonville startup to a global employer of nearly 3,800 employees, with nearly 1,000 Jacksonville employees split between two office buildings “with no room to expand.”

Web.com leases 112,306 square feet at 12808 Gran Bay Parkway W. and 31,720 square feet at 12854 Kenan Drive in Flagler Center.

Brown said some employees — less than 100 — are working out of conference rooms because space is tight.

“We look forward to soon serving our customers and employees out of a centrally located headquarters that affords us room for continued growth in Jacksonville,” he said.

Web.com said the Town Center Two structure will be built with an open floor plan to foster greater teamwork, creativity and efficiency.

It will offer a dining area, fitness center and health clinic. Web.com employees also will have access to an outdoor courtyard and pedestrian walkway under Butler Boulevard to St. Johns Town Center, the announcement said.

WHY IT WAS CHOSEN

Town Center Two was chosen because it is a brief commute for a majority of Web.com’s Jacksonville employees, close to shopping and dining at St. Johns Town Center and offers easy access to Butler Boulevard and to interstates 95 and 295.

Brown said he wanted to make sure the building was a convenient commute for the employees. Another factor is “being in a part of the town that our employees envisioned as a happening place.”

Web.com announced the move to employees before issuing a news release.

Web.com said it hasn’t commented on employment projections, but said it has outgrown its first building and the two existing structures.

In addition to Jacksonville, Web.com said it operates out of another 28 U.S. markets and Argentina, Canada, Colombia, Spain and the United Kingdom.

Brown said the company could have moved to Nocatee, World Golf Village, the Bartram area, Downtown or other sites near the Town Center Two development.

He said the lease at Town Center Two will be long-term, but that details of the terms are confidential.

“This is a different new product for Jacksonville,” Brown said. Town Center Two will be “a little more edgy, a little more modern, a lot more glass, a lot more openness.”

“It’s a clean sheet of paper that we are designing everything we learned in the last 20 years,” Brown said.

“It will be a big investment on our behalf and it will be good for Jacksonville,” he said, declining

to estimate the investment.

Rolland, DeValle & Bradley Inc. is the architectural and interior design firm; England-Thims & Miller Inc. is providing civil engineering services; and Brasfield & Gorrie is the general contractor.

Web.com said real estate advisory firm Mohr Partners Inc. was its representative in the transaction.

\$80 MILLION VANTRUST INVESTMENT

Town Center Two will be developed and owned by VanTrust Real Estate LLC. It is next to VanTrust's Town Center One, under construction at 5555 Gate Parkway.

VanTrust Real Estate LLC Executive Vice President John Carey said Wednesday site work is starting and construction should begin in January on Town Center Two, a project that will cost more than \$50 million.

Town Center One is a more than \$30 million, five-floor, 160,000-square-foot building that will be completed next summer and anchored by Jacksonville-based health care internet company Availity LLC on a 10-year lease.

"You've got over \$80 million in investments in those buildings," Carey said.

He said Availity will lease 105,000 square feet among 3 1/2 floors, leaving the second floor, at 35,000 square feet, for lease to another tenant.

Availity, with 350 jobs, negotiated \$1.875 million in state and city incentives to add 250 positions by December 2021. It said it chose Jacksonville over two other cities within its network for the expansion.

Carey said Kansas City, Missouri-based VanTrust will take the remaining space on the first floor for its regional office.

Carey also is the founder of Whitehall Realty Partners, which will remain at its San Marco building.

The city and the St. Johns River Water Management District are reviewing plans for Town Center Two.

Through JO Town Center Two LLC, VanTrust Real Estate intends to develop the building on 14.1 acres of the 18-acre site.

Plans show the building with 1,222 parking spaces.

While previous plans also show a Town Center Three, Carey said the two buildings will complete the development. He considered two 120,000-square-foot buildings for the second and third structures, but settled on just one when negotiations began with Web.com several months ago.

"We are excited to do a build-to-suit for Web.com," he said.

Town Center Two completes VanTrust's Gate Parkway development, totaling about 29 acres of land bought from the Skinner family.

Carey said VanTrust is developing in Nocatee and continues to look for sites in St. Johns and Duval counties, but nothing is far along.

WEB.COM MARKS 20 YEARS

Web.com is a global provider of internet services to small businesses offers subscription-based services such as domains, hosting, website design and management, search engine optimization, online marketing campaigns, sales leads, social media and more.

Brown founded Web.com's predecessor company, Atlantic Teleservices, in 1997 and was its CEO until it was bought by Website Pros in 1999. He returned a year later and has been CEO since. The company became Web.com in 2008.

He said it began in Flagler Center, first leasing a building along Old St. Augustine Road that now houses a YMCA.

Brown said the business leased that 80,000-square-foot building for 10 years and moved to its current offices a decade ago.

Web.com's move also might be beneficial to its auditor, Ernst & Young, which moved next door at Flagler Center and is running out of space there.

"They will be interested in our decision and it may create opportunities for them," Brown said. Ernst & Young has been Web.com's auditor since it went public in 2005, he said.

In December, public accounting firm Ernst & Young chose Flagler Center as its expansion and relocation site.

It agreed to lease more than

45,000 square feet for relocation of its existing Jacksonville Downtown office and its new client service delivery center.

The city and state are providing \$3.29 million in taxpayer incentives for Ernst & Young to create the service delivery center and add 450 jobs.

Ernst & Young said it would lease space in two locations in Flagler - at 12740 and 12926 Gran Bay Parkway W.

Ernst & Young Partner Mike Middleton said in October that it ended up in two buildings because of the tight office market. He said it will run out of space by year-end and needed to find additional office space for expansion.

It had 400 employees as of October and projected to have almost 600 within a year after that.

Web.com reported third-quarter revenue of \$188.6 million, down from \$190.7 million in the comparable quarter of 2016.

Operating income rose to \$23.6 million from \$18.1 million.

It reported total net subscribers of about 3.46 million as of the third quarter, down 30,000 from the end of the second quarter. That included a drop of 6,000 subscribers related to the final counts in an acquisition in the first quarter.

Brown repeated Wednesday that rumors during the summer that Web.com had talked to private equity firms about a possible buyout are "a lot to do about nothing."

"We never even confirmed there were buyout talks," he said. "We have talks all the time with people in our industry ... It's part of our corporate DNA. That's how we find acquisitions and we look for ways to build value for our shareholders."

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