Recently signed office leases and options in Catfish Town should generate enough cash flow to put the facility in the plus column by 1992 and in a position to be sold, according to leasing agent Rodolfo Aguilar, who hopes to be a purchaser.

"I'm not here as an uninvolved person. I want to get this thing on its feet and buy it or put together a group to buy it," Aguilar said Friday.

No sale price has been established for the property, given various new and proposed leases which eventually could push the 243,000-square-foot property above a 90 percent occupancy rate.

Independent appraisers will be valuing the property in the near future, Aguilar said.

The Aguilar Group Inc., which moved into Catfish Town in January, has been managing the property for nearly a year for Texas-based lending institutions which own or hold 60- to 100-year leaseholds on the once vibrant festival marketplace.

Catfish Town recently signed on the Resolution Trust Corp. as a tenant. The RTC division office, which will be liquidating failed savings and loans in Louisiana and Mississippi, will initially employ 120 people and occupy 40,000 square feet. The RTC has options on another 60,000 square feet of space, which could be leased at a rate of 15,000 square feet every six months. The lease agreement is for five years, with two one-year options.

The average rental rate is $8.60 per square foot, which will be adjusted annually for inflation as measured by the Consumer Price Index.

Catfish Town owners have approved up to $1.5 million for build-out and conversion costs for the RTC offices. About $700,000 will be spent on RTC's first 40,000 square feet, with the balance being spent as options are exercised over the next two years.

The RTC will occupy offices throughout Catfish Town II, which is comprised of 13 buildings behind the Maritime One and Two office buildings.

The Maritime buildings make up Catfish Town I totaling about 72,000 square feet, which are about 95 percent occupied. One of the buildings rebounded in occupancy after being emptied from March to June when a primary tenant, Jacobs Engineering, moved to new offices on Essen Lane.

After Catfish Town failed as a festival
marketplace following its opening during July 1986, developers turned the property over to the former Allied Bank in Houston for a dismissal of debt. Allied was acquired by First Interstate Bank, which spun Catfish Town I into a management arm known as FIMSA and Catfish Town II to the National Asset Bank, an institution for troubled assets, Aguilar said.

Aguilar said the Maritime buildings in Catfish Town I have been operating with positive cash flow. However, lenders have been losing about $500,000 annually in operational costs with little occupancy in Catfish Town II. Even after factoring in the $1.5 million for tenant improvements, the RTC and other proposed leases should generate positive cash flow during 1992, Aguilar said. In addition to the RTC, Aguilar hopes to lease space for a proposed music hall.

In an original five-year plan, The Aguilar Group had proposed leasing an average of 30,000 square feet per year. The new leases and lease options put the plan four years ahead of its proposed lease-up schedule.

With little space remaining, Aguilar said Catfish Town’s $7-$9 average rental rate eventually could be bumped to between $9 and $10.50 per square foot on what’s left.

As a property manager, The Aguilar Groups’ mission has been “operating income and reversion,” Aguilar said.

"Right now we are concentrating on cash flow. We have to get a property to where it makes economic sense," Aguilar said. "The second phase will be disposition of the property," he said.

Aguilar said Catfish Town has always been for sale, but takers rarely are interested in a vacant property. Aguilar expects the RTC lease to generate some interest in the property. If the RTC acts on its first 15,000-square-foot option, that could be interpreted as a signal that the RTC will exercise its remaining options. If that first option is taken, Aguilar expects to begin hearing from potential suitors next year.

"We see ourselves as being a player, too," said Aguilar, who has put together investor groups in the past and hopes to again. "If you have a good product, you find many somebodies who want to do it."

Aguilar said the treatment of Catfish Town as two separate parts could be an obstacle to a sale because it complicates the deal. For example, parking and air conditioning cooling towers which serve both parts are on Catfish Town II property.

"My recommendation to the bank and all my clients is that this property should all be one. As a package, it’s very attractive," Aguilar said.

Earlier this year, The Aguilar Group produced a marketing study which promoted the facility as an office center with support services for daytime activities, a nightspot with clubs and restaurants and as a weekend entertainment center.

Even with the growing dominance of offices, there’s nothing to prevent having weekend festival events at Catfish Town, Aguilar’s wife Marilyn said.

Aguilar said the offices will support food services and retail outlets which could locate in three vacant buildings in Catfish Town’s central plaza. A new riverfront dock could attract souvenir shops to the complex, he said.