

LAND LETTER

CENTRAL FLORIDA LAND NEWS AND VIEWS

WRITTEN BY: **Margery Johnson**, CCIM, CIPS Senior Director, Land Brokerage, Cushman & Wakefield



Summer 2012

A mixture of favorable and less favorable news for the outlook. A slowdown in some CRE activity has been noticeable over the past several weeks. Warehouses, which have a 12.4% overall vacancy rate, and office vacancy remains high at 20.1% overall. Class A income-producing properties continue to do well, however, and there are signs of improvement in the single family residential market. Land sales remain mixed, as seen in the following transaction examples.

SOLD! Retail

Murphy Oil USA Inc. purchased a 1.07 acre site at 6150 S. Goldenrod Road for \$762,500 or \$16.51/SF. Closed May 9, 2012.

Ardc-Ocala 201 LLC (a subsidiary of The Walt Disney Company) purchased two parcels across from each other on Reams Road north of the Magic Kingdom. A total of 38 acres of which 12.5 are usable sold for \$600,000 or \$48,000 per acre. Part of the property abuts the WDW North Service Area on the south side of Reams Road. Closed June 7, 2012.

Cumberland International Parcel Investors purchased a 1.4 acre outparcel at the entrance to the 456 unit Cumberland Park Apartments on International Drive South. The sale price was \$682,800 or \$11.27 per square foot and closed May 14, 2012.

SOLD! Residential

MF Site sold by Busch Properties to Epoch: 15.78 acres for \$7,120,000 or \$457,204/acre or \$20,000/unit. Located on Central Florida Parkway at Westwood Blvd. with exposure to I-4, it closed May 11, 2012.

Taylor Morrison bought 7.26 acres in Winter Park on Harland Park Drive for \$5,000,000 or \$689,009/acre or \$192,308/finished lot. Keewin Real Property was the seller. Closed May 11, 2012.

Ryland Homes purchased 102 finished lots in the Oak Ridge Subdivision in Apopka for \$2,145,000 or \$21,034. (Margery Johnson) of Cushman & Wakefield represented the seller DBSI. An additional 59

undeveloped acres was included in the sale. Closed May 29, 2012.

A 102 acre site in Village F at **Horizons West** with access off Seidel Road was purchased by a group of investors for \$1,150,000. About 25 acres net usable with potential for 91 lots, including frontage on Lake Lartique, sold for an average \$12,637 per undeveloped acre. The site sold for \$2,300,000 in 2005. Closed June 30, 2012.

Bella Collina, the Italian-themed luxury residential and golf community developed by Bobby Ginn in Monteverde, Lake County, sold to DCS Capital Investments for \$10 million. Closed on June 27, 2012.

Three parcels totaling about 105 acres net of wetlands sold in **Mount Dora**. The parcels are located on Wolf Branch Road and sold for \$800,000 or approximately \$7,619 per usable acre. The seller was First Southern Bank. Closed on May 14, 2012.

In **DeLand**, 69 acres (156 gross) sold for \$467,500 or \$6,775 per net acre. The property fronts SR 44 at the eastern terminus of CR 42 and abuts the Volusia County line. The seller was Citizens Bank of Florida, and the local buyer was Full of Pride LLC on May 16, 2012.

RENTAL MARKET

Apartment rents and occupancies have been steadily rising in Orlando, encouraging new development. Here are 3 new communities recently announced:

- **Art Avenue** – Lee Vista Blvd. and S. Econlockhatchee Trail – 300 units on 17.5 acres to be developed by The Rohdie Group.
- **The Addison at Lake Nona** – 300 units at the SWC of Dowden and Narcoossee Roads – Contravest will develop.
- **Watermark Apartments** – 278 units also at Lake Nona by Tavistock as Lake Nona Land Company.

The improvement in the Orlando rental multifamily market is mirrored in the national market where the research firm Reis Inc. found that average rents rose in all 82 of the markets they track.

Nationally, the vacancy rate is below 5%, a level at which rents are usually pushed up. Daily pricing, rather like hotels and airlines, has entered the multifamily rental picture, with rates adjusted as often as daily.

Renting rather than buying has accelerated for single family homes as well, and larger and smaller investment groups nationally and locally are seeking mass units for rent. Lack of confidence in the job market and the overall economy as well as stricter underwriting standards and a need to be mobile are driving the choice to rent. However, the housing market is nonetheless showing improvement.

SINGLE FAMILY MARKET

Close-in single family finished lots continue to command the highest prices, although in some areas such as Horizons West, unimproved land is seeing strong prices. "Outside the Beltway" prices are still dramatically lower for land and lots.

Two Orlando area markets – Deltona and Orlando – made the National Home Builders' Association/First American Improving Markets Index of 100 top markets in mid-June 2012. Nationally, new home starts jumped in June 2012; both nationally and locally, sales were somewhat off in June, but the median price is up.

"Shared households" (those with at least one person over 18 who is not related, a co-habiting partner, or a student) grew 12.1% over the period 2007-2010, according to the US Census Bureau. Of these "additional adults" a 5.9% increase was seen among ages 18-24, or 18.1% increase among ages 25-34 and a 9.7% increase in shared households in the age group 35-65. **Unwinding** these shared households is contributing to pent-up demand for both rental and for sale housing.

THE BIGGER PICTURE

Lack of demand, regulatory creep and the prospect of higher taxes are often cited as causes for the on-going weak economy. Recently, some would-be investors have also voiced concern over the White House's selective enforcement of laws, such as denying Chrysler bondholders their due, waivers for some for parts of education and healthcare laws, recess appointments to the National Labor Relations

Board (when the Senate was not actually in recess) or independently setting immigration policy (even when sympathetic to the result) – all from the White House alone, undermining the cornerstone checks and balances in government and making business people worry about what could be next.

CRE WEBINAR – July 26

Cushman & Wakefield Southeast Real Estate Webinar will be held July 26, 2012. Contact Margery.johnson@cushwake.com or Andrew.slowik@cushwake.com for log-on information.

HOSPITALITY CORNER

Over 55,000,000 visitors came to Orlando in 2011, the highest number of annual visitors ever for any US destination.

Occupancy and rates continue to rise at Orlando hotels. YTD occupancy through May in Metro Orlando is 72.8%, up 2.2% for the same period last year. Average daily rates (ADR) are doing even better and are up 3.5% YTD compared to 2011. Orlando outshines national occupancy (59.1%) and Florida overall (69.7%) in this period, through the national ADR is a bit higher at \$104.52 compared to Orlando's \$103.81; Florida's ADR statewide came in at \$123.84 for the period.

Universal Orlando with its hotel partner Lowes Hotels & Resorts will build a new 1,800 room hotel at the park complex. To be called Cabana Bay Beach Resort, half of the new rooms will be large family suites. Value pricing is planned for the hotel, which should open in 2014.

Walt Disney World's Art of Animation's 1,984 room resort opened in May, featuring Finding Nemo, Cars, the Lion King and the Little Mermaid. Suites as well as standard rooms are in the mix.

SUNRAIL NOTES

SunRail broke ground in January and is moving steadily ahead. Some were surprised to learn that it is best described as "commuter rail," as present plans call only for travel during the week and during commuting hours. Development along rail stops is in progress.