

LAND LETTER

CENTRAL FLORIDA LAND NEWS AND VIEWS

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SUMMER 2014

Residential picture blurred, mostly bright:

An easing lending environment should help. A July Federal Reserve survey of US banks indicated that almost 25% said they had loosened lending standards for borrowers with strong credit in the second quarter of 2014. Growth has been strongest for commercial lending.

For housing, rising prices have helped. Nonetheless, banks remain concerned about “put-backs” to Fanny Mae and Freddy Mac when mortgages go bad; this contributes to still stringent standards for home loans. Additionally, there numerous other factors affecting the housing market, such as:

- Only 423,000 new households were formed in the 12 months ending in March 2014, compared to an average of 1.3 million a year from 2002-2006, according to the Census Bureau.
- Almost 20% of homeowners are still “underwater” and another roughly 20% do not have enough equity to sell their home, according to Zillow. This problem is worse in the lower parts of the price range.
- Incomes are not rising as fast as home prices.
- High levels of student and other debt.

Single-family home lot and development buyers have nonetheless been active with Meritage, KB Homes, DR Horton, Standard Pacific, Weekley, and Park Square among those who had been actively buying – and sometimes selling – single-family land.

West Orange County continues to attract land buyers. AVH purchased 35.19 acres on Siplin Road South of the Sun Ridge middle and elementary schools for **\$6,188,000 or \$175,845 per acre**. (March 2014) This was one of several large AVH acquisitions this year.

Outside of the Orlando market, Mattamy Homes paid **\$86.25 million** for 9600 acres near Venice in Sarasota County – the Thomas Ranch property. The largest homebuilder in Canada, who has also been very active in the Orlando market, often building townhomes, Mattamy looks

to a 20 to 25 year build out program for the Thomas Ranch property

Job growth and rising rent support the **multifamily** industry—and competition for new apartment sites in Metro Orlando remains keen. Some recent sales:

Jefferson “Eola” paid **\$9,000,000** for a 1.83 acres site at Church and Lake Streets in downtown Orlando. (May 2014)

Lennar purchased 9.10 acres at 4803 Millennia Waters Drive for multifamily development for **\$5,040,000 or \$553,658 per acre** or \$20,000 per unit. (May 2014)

The Altman Companies purchased a multifamily site on Palm Parkway for **\$5,308,100 or \$392,611 per acre**. The total size of the property is 13.52 acres. (March 2014)

Hines, as 1662 Multifamily LLC, purchased 14.41 acres in Celebration for \$5,355,000 or **\$371,617 per acre (\$8.53 per square foot)**. The seller of the site, which was zoned OPD and partially improved with retention, was DCS Real Estate Investments. (June 2014)

REGULATORY ALERT

Watch for an (another) expansion of EPA and Army Corps regulation as they re-interpret the CWA (Clean Water Act of 1972) to include any body of water, including seasonal ditches, that ultimately reaches navigable water. The comment period on the proposed rule was to end in October with the final rule to be issued in 2015, but the controversy that has been generated may delay the rule.

Commercial land sales up:

The market shows increasing numbers of commercial land sales in Central Florida; hotel, gas/C-store, restaurant sites, even strip center sites are selling, and owners are developing

parcels they have been holding. Increased commercial lending has helped. Some examples of sales:

Pollo Operations purchased a 0.88 outparcel at 8708 Vineland Avenue for \$950,000 or **\$24.93 per square foot or \$1,085,714 per acre**. It is across from the Marriott village cluster of hotels at I-4 and SR 535 and next to the seller's (Intram) Premium Shoppes. Daily traffic on Vineland Ave is 31,500.(July 2014)

Farhana Enterprises was paid \$1,377,200 for a 1.03 acre parcel on the southwest corner of Apopka Vineland Road and Pointe Cypress Dr. The price equates to **\$30.81 per square foot or \$1,341,886 per acre**. Farhana Enterprises purchased the site nine months ago for \$1,250,000. (July 2014)

Orlando Health Central purchased 11.5 acres zoned PD on Winter Garden Vineland Rd (CR 535) and West Lake Butler Road for \$2,200,000 or about **\$4.40 per square foot or \$191,664 per acre**. (July 2014)

Best American Property, whose owner is a Venezuelan businessman, sold one of its last parcels at SouthCenter on US 441 and Taft-Vineland to Fields Motorcars, which owns the adjacent BMW dealership. The lot totaled 1.61 acres and sold for **\$1,500,000 or \$21.39 per square foot**. (April 2014)

Daryl Carter handled the sale of 4.8 acres for tourist commercial uses at Palm Parkway and Lake St. The price was **\$1.1 million**. March 2014) *Congratulations to Daryl for having the I-4 fly-over bridge and road named the Daryl Carter Parkway in recognition of his efforts to create the bridge.*

Hess sold 1.09 acres at 12632 International Drive South (next to Walgreens, off point corner) for \$900,000 or **\$825,688 per acre or \$18.96 per square foot**. Buyer will hold for future development.(January 2014)

Anheuser-Busch sold 7.15 acres at 10801 International Drive South; site is behind retail. It is planned for a Holiday Inn Express and a Marriott-flagged hotel. Price was \$3,900,000 or **\$545,454 per acre or \$12.52 per square foot**. (February 2014)

Transit Properties LLC acquired about 12.5 acres at SR 46 and W Airport Blvd for \$1,000,000 or approximately **\$80,000 per acre**. The property has industrial zoning.

Lake County Notes

DCS Real Estate Investments has picked up additional lots at Bella Collina and now controls 323 lots, per the property appraiser.

Brevard County Notes

Port Canaveral, with ambitious plans to increase cargo business, has purchased two (used) ship-to-shore harbor cranes and is building a new cargo terminal. Barge and new rail lines are planned to move cargo to a logistics center in Titusville. Eventually the dredging of the Port is hoped to reach 55 feet to handle the largest cargo ships. On its way to becoming the largest cruise port in Florida and the world, cruise volume may reach 5,000,000 passengers (now 4,000,000 annual passengers).

HOSPITALITY CORNER

The Courtyard by Marriott Downtown at 730 N Magnolia Avenue sold for \$11,078,200 or **\$55,391 per room**. Built in 1999, the hotel has 200 rooms on 3.16 acres.

On Hawaiian Court across from the Convention Center, the 134 room Red Roof Inn sold for \$2,880,000 or **\$21,493 per room**. The 1989 property has exterior corridors. (March 2014)

The Holiday Inn Resort on SR 535 close to the interchange with I-4 has sold for \$44 million or **\$86,785 per key**. The 507 unit property was built in 1990. The buyer was the Harp Group of Rosemont, Illinois.

A closed 188 room hotel at 5367 West Irlo Bronson Highway in Kissimmee, located between I-4 and SR 535, has sold for \$2,032,285. Built in 1985 on 5.63 acres, it has exterior corridors. The purchaser, Brouse Hotels, paid **\$10,810 per room**. (June 2014)

First Financial Collateral took the closed Houlihan's at 8520 West Irlo Bronson Highway for **\$2,785,000**. Built in 2005 on 1.53 acres, the 8000+ sf restaurant also had an outdoor patio and some upscale finishes.(June 2014)

C&W LAND BROKERAGE TEAM for East Central Florida: JOHNSON & SLOWIK

Margery Johnson, CCIM, CIPS (Certified Commercial Investment Member and Certified International Property Specialist) has been representing sellers and providing brokerage services in the Orlando area for over 25 years. She is joined by **Andy Slowik**, a UCF Real Estate and Finance graduate who has been at C&W since May 2011. Together they assist owners in the valuation, positioning and disposition of properties, and buyers and tenants in identifying the right land purchase. Note: Land Letter often relies on public information that has not been otherwise researched. Sales noted are representative, not comprehensive