

LAND LETTER

CENTRAL FLORIDA LAND NEWS AND VIEWS

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Second Quarter 2010

"Lack of clarity, "limited, to no, price discovery" –

whatever it is called, the minimal transaction activity continues to hamper property valuation, not to mention employment opportunity for most involved in commercial real estate. Once again, the *Land Letter* finds few Central Florida land sales over \$1 million for the second quarter of 2010..

Sold!

Taylor-Morrison picked up 36 **residential lots** for \$97,000 each (1/4 of the original lot prices) in Veramonte in Longwood, a gated community with ½ - 1 acre lots planned for \$1 million homes. *April 2010.* The lots were completely finished and buildable.

Insite Real Estate purchased a **2.53 acre commercial** parcel from Orange Lake Country Club on US 192 and East Orange Lake Boulevard for \$2,000,000 or \$18.15/s.f. A restaurant is proposed. *June 2010.*

An **industrial site** at 10550 Southport Drive in Airport International Park of Orlando (AIPO) sold for \$3.49/s.f. or \$1,604,100 for 10.69 acres. The Columbus, OH; the seller was AIPO. *March 2010.*

Another **industrial site** sale occurred at 6912 Kingspointe Parkway; 8 acres (7.22 acres net) were sold by 1st Commercial

Bank of Florida to Atlantic Pro-Nutrients for \$1,150,000 or \$3.65/s.f. (net). The site sold in December of 2005 for \$2,900,000. *April 2010.*

HOUSING STATISTICS

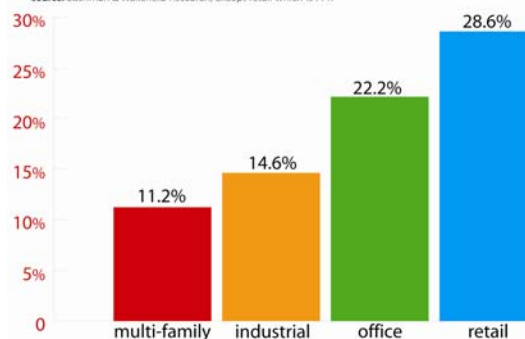
Nationally and locally, owner-occupied housing statistics showed improvement again in May 2010 in both prices and number of sales, generally attributed primarily to the federal tax credit. The overall median price in Orlando is \$115,380; the median for "normal" sales is \$160,000 and for bank-owned sales, the median is \$81,800 (up 12.52 percent from last month's \$72,700). The median price for short sales is \$110,000 (down 4.35 percent from last month's \$115,000).

Of the 2,605 sales in May, 921 "normal" sales accounted for 35.36 percent of all sales, while 1,091 bank-owned and 593 short sales made up 64.64 percent. The Orlando affordability index increased to 225.86 percent in May.

2nd QUARTER LOCAL VACANCY RATES

Orlando vacancy rates

source: Cushman & Wakefield Research, except retail which is PPR

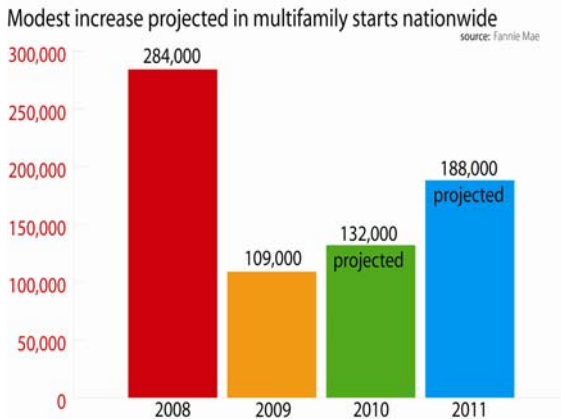


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MULTI-FAMILY STARTS

Fannie Mae, about the only provider of financing for new multifamily projects, has projected an uptick nationally in multifamily starts which will gain momentum through 2011, although at a modest rate, with increases every quarter.



NEW HOME SALES

New homes are competing well with foreclosures and builders are snapping up well-located finished lots. The first-time home buyer tax credit, now expired, helped, but also the reluctance of buyers to move into subdivisions not where foreclosures are bring down property values. Also, many foreclosed homes are in poor condition and the process of buying from a bank can be complex.

PERMITS TO BE EXTENDED?

On July 13, 2010, the Orange County Commission will vote on a resolution to extend local government development permits for an additional four years. This is in line with last year's SB 360 and this year's SB 1752, the so-called "Jobs for Florida" bill.

"If you are in real estate and you are investing for the long term, there is no reason to expect that real estate is going to perform differently than the overall economy; rather, you should expect it to do just that".

Jeremy Newsum
Executive Trustee, Grosvenor Trusts

DEMOGRAPHIC POINTERS

Demographers anticipate that the US population will add more than 100 million people by 2050 speakers at the ULI Spring Forum foresee a trend toward growth in the urban suburbs: "close-in suburbs with an urban feel – featuring town centers as a focal point, with ample recreational, shopping, and entertainment opportunities – and located near employment centers." Much less attractive will be big houses on the urban fringe, as to avoid long trips for errands or work.

UP AND DOWN TRENDS

↑ Tourism

- Wizarding World of Harry Potter will increase hotel occupancy.
- International tourism will increase nationally by 5-7% over the next 5 years, per the US Department of Commerce. Locally, international visitors will increase by 100,000 to 3.1 million in 2010 – but projections were made before BP's oil blow-out.

↑↓ Employment

- One Call will add 150 jobs in Titusville over the next 3 years.
- The Federal government may issue new guidelines leading to less outsourcing of "governmental functions".
- Florida Hospital's Health Village will ultimately create 15,000 new jobs.
- Sun Rail will create 114,000 construction jobs.
- Disney's new Art of Animation resort with 2,000 rooms will create 800 construction and 750 permanent jobs.