

# CENTRAL FLORIDA REPORT

A SPECIAL SECTION ON GREATER ORLANDO

## Central Fla. marks gains across spectrum

*Experts say new players continue to arrive, investment interest strong*

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Florida Real Estate Journal

**O**RLANDO — A high-light of Central Florida's industrial market in 2000 was the addition by Atlanta-based Robert Pattillo Corp. of several hundred thousand square feet to Florida Central Park, near Interstate 4 and U.S. Hwy. 27.

"They've leased up 811,000sf in 16 months, which is pretty good," said Roger Rebman, president of Rebman Properties Inc. and one of the area's few brokers specializing in industrial real estate.

In major office development news, downtown Orlando in 2000 saw the opening of three high-rises totaling almost 1 msf, without causing any apparent glut in the market. Reports are

that leasing is moving along on schedule.

And in land deals, there was the sale of perhaps the last major parcel near the booming airport. The 1,209-acre tract was sold for \$10.1 million, or \$85,000 an acre, to Emerson International, which plans a mixed-use project, according to land broker Darryl Carter.

So perhaps it's no surprise the healthy development game here continues to bring in new players. One of the latest is Sleiman Enterprises, which is known as one of the largest and most active commercial real estate developers in North Florida.

The Jacksonville-based company is now moving into Orlando and has plans for another 100,000sf of retail, probably in five projects.

"Orlando is a unique market

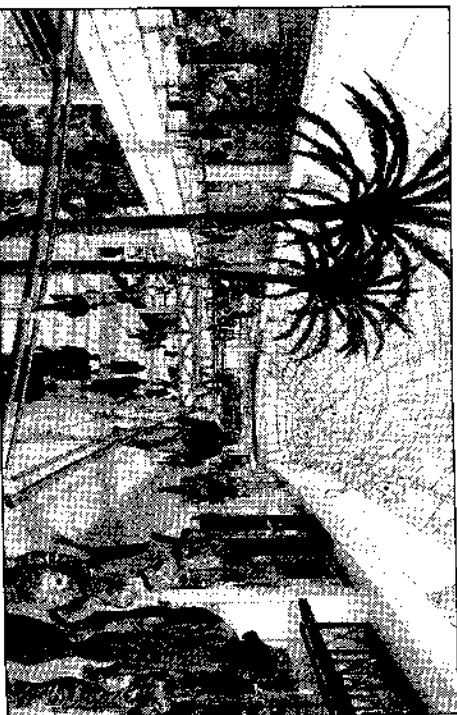
### Year in Review

in Florida because it does not have a water or ocean to stop growth," observed Chief Operating Officer John Joyce, who has moved to Orlando to oversee new development.

Two factors helping to enhance the market for corporate headquarters are the Orlando International Airport, with its many worldwide connections, and the growing recognition of the area's educational facilities.

"Another thing that has impacted us is the continued expansion of the (Orange County) convention center," said George Livingston, president of Reahvest Partners Inc. Expansions there have also created demand for industrial and service centers, particularly in areas such as nearby 33rd Street in south Orlando.

The commercial real estate



Among the major retail development in Central Florida is the 1 msf Millenia regional mall under construction near Walt Disney World. The Orlando area's longtime neglect by major retailers seems to be turning around, as shown by Millenia drawing Macy's and Bloomingdale's as anchors.

market is highly competitive, but investment interest also remains strong, according to Trevor Hall, vice president of Colliers Arnold in Orlando.

"Investment-quality buildings are very hard to find," he said.

Investors willing to settle for 10% returns are a backbone of

the area, he said, though some foreign investors looking at the long term are settling for slightly less return.

One of the strongest markets in terms of demand continues to be apartments, particularly with the NIMBY (Not

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# Airport area among hot spots for land sales, development

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In-My-Back-Yard) attitude becoming more common, Hall said.

Polk County is expected to remain a particularly hot area for industrial development, as well as "the whole I-4 corridor between Tampa and Lakeland, and between Lakeland and Orlando," said Rebman. "We're also seeing a lot of activity northwest in Lake County."

Rising interest rates have somewhat dampened investor interest in raw land, believes Carter, whose company, Maury L. Carter and Associates Inc., is involved in some of the largest land deals in Central Florida. But land selling and buying remains brisk, particularly in areas such as the fast-growing airport.

"The city has also invested millions and millions of dollars in infrastructure, roadway improvements, drainage and sewer

and water around the airport. So that area is on the cutting edge," he said.

Helping fuel that development is the growing number of corporate headquarters, such as Campus Crusade for Christ, that have chosen to locate in south Orlando, in part, because of the airport. Carter envisions a strong housing market continuing there.

One major retail development is the 1 msf Millennia regional mall under construction near Walt Disney World. Most observers see hotel and major retail centers probably slowing down in 2001. But niches remain, such as the one occupied by Sleiman Enterprises.

"Our historical format is the small village program with two- and three-acre parcels strategically located on major intersections. We then put together a collection of nice shops that serve the immediate area," Joyce explained.

The Sleiman projects are of ten near a Publix, Wal-Mart, Target or some other large-scale retail development.

Finding smaller two- or three-acre sites for such niche projects is usually easier than collecting the 30 or so acres for major retail outlets, Joyce pointed out.

Other trends briefly noted:

■ Flexible work space continues to be in strong demand. Facilities with tall clear heights and 4-to-1,000sf parking ratios are in demand from smaller tenants.

■ As illustrated by the Millennia mall's attraction of Macy's and Bloomingdale's as anchors, the Orlando area's long-time neglect by major retailers seems to be turning around.

■ Strong apartment building in downtown Orlando is expected to increase retail demand as well as boost the sagging entertainment area anchored by Church Street Station.

■ The Lake Mary, Heathrow and Altamonte Springs area is expected to remain hot for class A office demand. The growth of high-tech should continue.

■ Orlando's traditional tourist area south of town is increasingly being accepted as a business market as well. That's true, in part, because of the expansion of telecommunication and computer software companies in the area. Factors helping to attract employees there are new roadways and housing developments.

■ The University of Central Florida-Research Park area should continue to escalate its appeal beyond university-related users to tourism-related companies.

■ The momentum in the Maitland office market seems to have slowed, in part, because of often lower rents and sometimes better deals in the nearby Lake Mary area.