

Airport land deal a bargain

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For a \$5 million land deal, this Orlando real estate broker's written announcement was be- guilingly crisp:

"Today (Feb. 22), the Greater Orlando Aviation Authority purchased 875 acres in southeast Orange County for \$5 million cash. The parcel is located north of State Road 530 and west of State Road 15.

"The sellers, The M.L. Carter Realty Trust and The Hilltop Trust, were represented by Daryl M. Carter of Maury L. Carter & Associates Inc. Location map enclosed."

Period and end of announcement.

Few in Orlando are even aware of the announcement. And if they are, its significance has yet to be fully understood.

What the announcement didn't say is what makes it noteworthy: This is the Deal of the Year so far in 1989 in Central Florida industrial real estate circles.

Buyer and seller say they are both winners. But for this buyer, Orlando International Airport, the plum couldn't have come at a more appropriate time. The airport is fast running out of land to expand and build its fourth runway. And airport funds for major land purchases are tight.

In this deal, the airport purchased 875 needed expansion acres for what land specialists consider almost a farthing—more precisely, \$5,714 per acre.

That's a real estate steal when compared to what the airport paid for land in the past and what it knows it will have to pay in the near future.

"We'll probably never again be able to buy land at this (low) price," said an ecstatic John S. Wyckoff, the airport's executive director and the aviation authority's lead negotiator in the transaction.

Brailey Odham, a longtime Orlando land specialist, called the airport purchase a bargain. "They were very lucky, very fortunate to buy it at that price," Odham said.

The airport had paid \$27,000 per acre for 168 acres in 1986 in the Bee Line Expressway area, north of its most recent purchase.

The aviation authority expects to pay at least \$30,000 per acre over the next two years for 5,000 additional acres it will need to build a fourth runway to accommodate ballooning passenger and cargo volume.

That will bring the airport's total acreage owned to about 18,000, which puts it among the largest private or public landowners in Central Florida.

In the 875-acre purchase, the airport also obtained an option to buy the remaining 1,225 acres in the Lake Nona tract when it finds more cash. The total 2,100-acre tract will be used solely for mitigation (drainage and land improvement) purposes, not for actual runway construction.

"We're delighted," Wyckoff said. "We're also out of cash (for land purchases.)"

Wyckoff had persuaded 12 major airlines in December 1988 to underwrite up to \$60 million for land purchases, but how he was able to purchase the 875 acres for a song is the real story.

"He came to us and told us the airport desperately needed land for expansion at this time," said Daryl M. Carter, the broker who closed the deal. "He also told us the airport didn't have a whole of money to spend, but that it was willing to make an immediate cash offer" to get a good price.

Maury L. Carter & Associates Inc. of Orlando was listing the 2,100-acre tract for \$6,000 per acre.

"We did the deal at this time for four main reasons," Daryl Carter said. "It was all cash. The airport was known as a good, solid buyer. The project was going to benefit the community as a whole. And there were no contingencies in the sale."

Carter called the transaction "a clean deal."

He added, "Most of the time, when you're selling raw land to developers, there are various clauses involved that must be satisfied before the deal can go through. This transaction wasn't like that."

The parcel lies south of the Bee Line Expressway and north of SR 530, west of Narcoossee Road and east of Boggy Creek Road. The tract almost touches the Orange-Osceola county line.

Odham said besides the favorable price, the airport struck an excellent deal because of the land's location.

"You know, anytime you're next door to something and you need that property to expand and grow, most of the time you're at the seller's mercy," Odham said.

He also cautioned that the authority would have to move rapidly in the next 12 months to buy land it still needs for a fourth runway and future expansion projects. "If they don't, somebody else will and then will resell the land to the airport at a higher price," Odham added.

One particular site north of the HBJ Land Co. holdings in southeast Orange County involves about 700 acres of flat land that would require extensive drainage work, Odham said.

"Land near there is going in the \$30,000-per-acre range," the broker said. "It most likely will go to \$40,000 (per acre) over the next few years."

Carter also handled the 1986 transaction involving the 168 acres. "The difference in price (between the two tracts) is easily explained," he noted. "The 168 acres was zoned industrial; was directly adjacent to the Bee Line (Expressway); and the City of Orlando could have easily annexed it if it had wanted to."

Those elements placed a premium price on the 168 acres.

The 875 acres, however, carried a less desirable zoning in the eyes of commercial and industrial real estate investors. The land is zoned A-2 and RCE, which means the land now is suitable only for single-family residential use and limited commercial development, Carter said.

That meant the sellers couldn't command the same \$27,000 per acre the previous deal fetched, yet the sellers could still have jacked up the price considerably, knowing how desperately Orlando International Airport needed the property.

GB Corp., a British company, had owned the 168 acres, and still owns almost 1,000 acres in the vicinity.

The Greater Orlando Aviation Authority is an agency of the City of Orlando. The authority operates Orlando International Airport under an agreement that expires in 2026, unless it is extended. •

