

How coronavirus may impact local CRE investment sales

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The stock market's volatility in recent weeks has left many investors feeling uneasy as coronavirus continues to take a toll of the world's physical and economic health.

But Central Florida real estate experts say the virus may not have much of an impact on sales of retail, industrial, office and multifamily properties. In fact, as interest rates fall, there may be more demand to buy properties which may be more affordable.



Central Florida real estate experts aren't expecting long-term impacts to real estate sales here.

"Real estate is a long-term investment offering significantly less volatility than most other investment options. Although there is uncertainty in the market today, real estate investors must keep their eyes on the horizon," according to a Marcus & Millichap March 2020 "Coronavirus Outbreak" special report.

Consider: Two major deals have been struck in Orange County in the past week:

Virginia Beach, Virginia-based Hercules Living's Cumberland at Lake Shadow LLC bought The Courtney at Lake Shadow 244-unit apartment complex at 545 S. Keller Road for \$57.5 million. The property, built in 2015, wasn't previously sold, but had a market value of roughly \$39 million.

The 214-room Castle Hotel, part of Marriott International Inc.'s Autograph Collection family, was bought by Boca Raton-based Waramaug Hospitality from Greenwich, Connecticut-based Starwood Property Trust Inc. (NYSE: STWD) for nearly \$37 million. The property last traded hands for \$23.6 million in 2017, according to county records.

One property that may see more demand in the coming weeks is single-tenant retail properties that usually house tenants such as McDonald's and Burger King. The strong, credit worthy tenants combined with low interest rates makes these properties more attractive to buyers. "It's the best-case scenario for single-tenant investors," said [John Krzyminski](#), senior vice president at JLL and an active retail broker along International Drive, who deals in these properties.

Meanwhile, Orlando-based commercial real estate firm Maury L. Carter & Associates Inc. isn't seeing a slowdown with deals here, said longtime land broker [Daryl Carter](#). In fact, investors may start to see some real estate investments as safer right now than the stock market.

Generally speaking, property values have been on the rise for Orlando in recent years. Orange County properties' market value grew to a historic high of \$189.2 billion in 2018, up 28.4 percent since 2015, according to the Orange County Property Appraiser.

"The long-term impact on real estate probably is not significant," Carter said. "But if there were any impact, I think it would be positive."

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