



Morley Properties

Morley Properties has recently completed its 150,000-square-foot 2600 Maitland Center, pictured above.

Abundance of office space favors users

By **BILL WARREN**
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Two years ago, the annual absorption rate for new office space in the Orlando area hovered around 400,000 square feet. Last year it was 1.5 million square feet, with market watchers predicting the same for this year. That's a cool 275% increase in the annual growth rate. It has been a great couple of years for developers.

But there are signs that things are getting better for the folk who lease space in Orlando. With millions of square feet coming on line this and next year—much more than 1.5 million square feet—more developers are cutting deals to lure tenants.

In Maitland alone, where success has come easy for the early developers, approximately 709,000 square feet of office space is under construction, according to Jack W. Saltman, a broker with Jim Wilson & Associates Inc., who tracks the office market monthly. Another 654,000 square feet are proposed. Less than six months ago, there was virtually no space available in this mushrooming office park. If the annual absorption rate remains the same, the need will be handled quite nicely there.

But down the road a piece is a renewed interest in downtown Orlando. Some 260,000 square feet of office space is under construction there, with another 1,151,000 square feet on the drawing boards.

And farther out into the suburbs in

Altamonte Springs, there is a small comeback in the works. In an area that was one of the hardest hit in a competitive sense by Maitland Center's development, a number of new projects have and are coming on line.

One Maitland developer—Geigerich Co.—has taken to hanging banners on its building, which fronts Interstate-4, advertising space at lower rates than originally offered.

Elsewhere, an offer of a month or two of free rent is not uncommon. Brokers are being offered incentives like free vacations to bring in tenants.

When once, not too long ago, it took only a month or two to get a lease signed, now prospective tenants are taking 60 and 90 days to shop the market, notes Saltman.

The term "overbuilt" has entered the local vocabulary along with hot and fast-growing as a way to describe Orlando's future. The talk may be premature, argues Saltman.

"They [developers] are moving around and positioning themselves for the worst, and this is not the worst," he said. William S. Moss, vice president and resident manager for Coldwell Banker Commercial Real Estate Services, concurred.

"The point you get to is that supply begets demand," he said.

For anyone in the construction business, the biggest market fears stem from the question: What will next year—a postelection year—bring? Dozens of developers are operating under the assumption that good things are coming.

As has been the story for some time, Maitland Center and the surrounding properties have been the site of the most activity.

Here is a partial list of the larger projects recently completed, under way or planned in the Orlando area. The information was taken from data compiled by Coldwell Banker Commercial Services and Saltman of Jim Wilson & Associates Inc.

- 300 Lincoln Place, a 150,000-square-foot project, the company's third in Maitland Center. One-third of the building is leased.

- Park Center, a 110,000-square-foot building in Maitland Center, developed by the Palmer Group of Chicago and Jacksonville attorney Phil Phillips. About 20,000 square feet have been preleased.

- 2600 Maitland, a 150,000-square-foot building developed by Morley Properties. About 60,000 square feet have been leased.

- 900 Maitland Center, a 168,000-square-foot office building being developed by the Geigerich Co. About 25% of the project has been preleased.

- Maitland Forum, a 250,000-square-foot building under construction in Maitland Center by Feldman Brothers of Florida.

- 500 Winderly Place, a 104,000-square-foot building being developed by Boyle Co. of Memphis, Tenn.

In addition, there are several large tracts of undeveloped land west and east of what is now considered Maitland Center. The areas west of the center are expected to become prime development sites when Maitland Boulevard is extended to Forest City Road, expected to happen in about two years. Development could also jump across the interstate to the east side, where Landmarks Group controls approximately 80 to 90 acres of undeveloped property.

Lease rates generally range from \$8.50 a square foot on the low end to \$16 to

See **SPACE**, Page 18

- There is a demand for bulk warehouse and dock-high industrial space in Greater Orlando. Page 18.
- Several retail commercial developments are about to come out of the ground, adding to an already strong market. Page 19.
- Orange County's increasingly novel use of impact fees has created controversies over growth policies. Page 30.
- The frame of a four-story office building was erected in 11 days using precast/prestressed concrete/ age 21.
- Smaller companies are often at a disadvantage when negotiating a lease agreement. Page 22.
- Several renovation projects have been undertaken in downtown Orlando, bringing new life to aging buildings. Page 24.