

Central Florida

Hurley: Climate still good for office-condo product

ORLANDO — Named among the year's Top Women in Florida Commercial Real Estate by *Florida Real Estate Journal*, real estate and leasing manager Mary Hurley, RPA, CCIM, of Orlando-based Pineloch Management Corp., recently returned from a National Ad Hoc Forum on Office-Condominium Development held in Dallas by the National Association of Industrial and Office Properties.

"As for the national trend," said Hurley, "our panel of experts is finding that office-condos are cannibalizing the office markets for

small, defined users in both the neighborhood and medical models.

Research reflects a 1,500 square foot user or larger in a multi-user building containing 5,000 square feet, delivered in shell condition with unfinished demising walls, floor and ceiling, one restroom, with HVAC mechanical and electrical systems in place.

"Shell costs," she added, "are running from \$155 to \$185 per square foot plus \$80 to \$110 per square foot for interior improvements.

"Shell costs per square foot," she said, "may exceed the price of existing compa-

rable buildings, with appreciation running at two percent nationally. Successful site selection places office-condo buildings within or near suburban office parks or medical campuses and located within a short drive to neighborhoods with growing demographics, while successful site layout focuses on accessibility, with visibility as secondary.

"Marketable office-condos are within single-story buildings, with common amenities such as conference rooms, business centers and reception areas, and with the ability to accommodate a parking ratio of

7:1,000," she said.

The biggest threats to office-condos, Hurley relates, are shifts in rental markets, availability and accessibility of ready capital, and rising construction and labor costs.

On the positive side, rising interest rates have not hurt the office-condo market as of yet.

In fact, capital remains readily available at relatively low rates when compared to



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rising office rents.

"The national view," Hurley said, "is that there continues to be a market of users sold on pride of ownership and other factors, but there's a caveat: owner-occupants of office-condos can be locked in without an exit strategy when they are faced with expansion or consolidation."

Also in the midst of a three-year term on NAIOP National Forums' elite, 22-member Business Park Development Forum, Hurley serves among the nation's leading producers in mixed-use and business park development.