

# ORLANDO BUSINESS JOURNAL

## EXECUTIVE PROFILE | 8

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Branch starting \$3.5M+ expansion



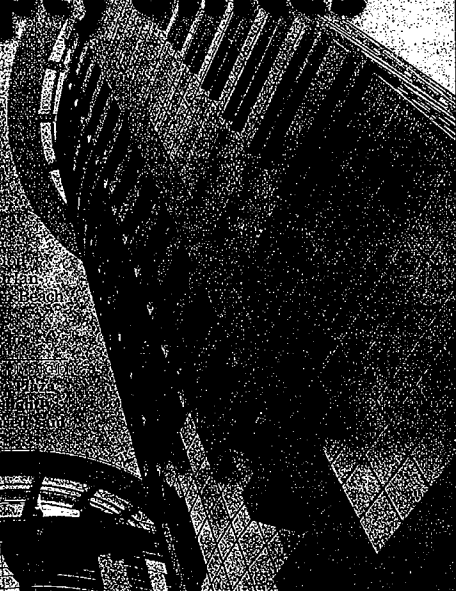
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# Empty offices

BY RICHARD BILBAO

Major Florida office buildings are sitting empty, and there's another 12 million square feet of office space under construction in Central Florida.



## Florida office market

Orlando had the most office space in the state become, and remain, empty the first nine months of 2008. And there's another 12 million square feet of office space under construction in Central Florida.

Market	Net absorption*	New construction	Overall vacancy rate
Orlando	-996,161	12 million	15.8%
Miami	-937,471	3.7 million	12.9%
Pinellas County	-750,583	132,000	19.1%
Palm Beach	-525,900	793,030	18.6%
Tampa	-385,580	1 million	14.9%
Broward County	-380,127	494,060	14.3%
Statewide	-3.98 million	7.3 million	15.9%

Source: CoStar & Walkfield. \* Net absorption measures the change in occupied space — the difference between tenants moving into and out of a market — during a specified time period.

# Florida Hospital's Health Village moving forward

Construction on housing to start next year

BY MELANIE STAWICKI AZAM

Construction could start as early as next year on Florida Hospital's proposed Health Village, a 172-acre, mixed-used project in north Orlando that will include housing, retail, office, hotel, meeting and medical space.

The price tag for the total project has yet to be determined.

The project's master plan was approved by the East Central Florida Regional Planning Council Oct. 15. Now, it heads to the city planning board for consideration Nov. 18 before

going to Orlando City Council for final approval.

Attorney Borron J. Owen Jr. doesn't expect the slowing economy to delay the project slated for the Lake Ivanhoe neighborhood. "The health care needs are important, and we need to address these."

By the time it's completed in 2023, the hospital's Health Village development is expected to create about 18,000 new jobs, said a regional planning commission report. The completed project also should generate about \$4 million annually in property tax revenue, plus \$21.5 million in total impact fees.

VILLAGE | 53

# One-third of local homes bought recently worth less than the loans

BY ANJALI FLUKER

Tom Marchetto understands how many homeowners feel as their home values plummet month after month.

Marchetto, a Realtor who focuses almost exclusively on bank-owned properties, owns two homes he was trying to sell that he bought as investments which now have negative home equity.

He's not alone.

According to Zillow.com's

second-quarter Real Estate Market Report, 36.6 percent of people in Orange, Seminole, Osceola and Lake counties who bought homes during the last five years now owe more than the value of their homes.

That number jumps to 72 percent when looking at people who bought homes in 2006 and 66 percent for those who purchased one last year. And so far, 31 percent of 2008 homebuyers face negative equity in their homes.

It means those owners can't tap into their home equity for a line of credit to finance

HOMEOWNERS | 52

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## Inside

BUZZ	3
EXECUTIVE PROFILE	8
BIZ BRIEFS	12
THE LIST	16, 18
SPECIAL REPORT	19
ENTREPRENEUR	31
CALENDAR	32
PEOPLE IN THE NEWS	36
BIZ LEADS	39
READERS' GUIDE	54
OPINION	55

# Banks are letting properties go for 30%-40% of their worth, industry expert said

## HOMEOWNERS

FROM PAGE ONE

things such as home improvement projects, college tuition for their children or medical bills. That, in turn, affects the economy in general for area businesses such as hardware stores, private schools, plastic surgeons and banks.

It also means the owners can't sell their homes until the market recovers — unless they're willing to take a loss. And if they do sell for less than they paid for their home, that will further drive down the property values of their neighbors.



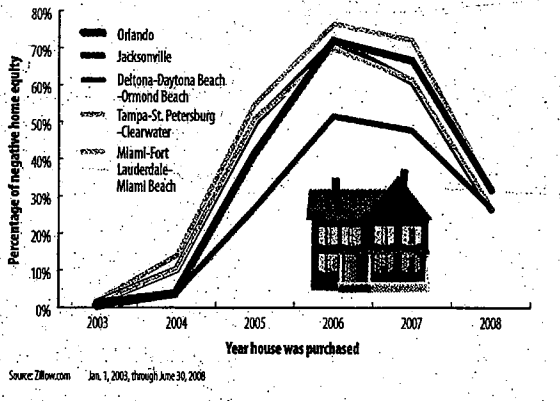
Cooper

In addition, some recent homebuyers who no longer can afford to pay their mortgage can't refinance because there's not enough value in their homes, said Henry Cooper, shareholder with Bogin, Munns & Munns PA in Orlando and president of the Central Florida Real Estate Council.

The situation's no better in other parts of the state. "There's nothing you can do but wait it out," said Marchetto, an agent with Real Estate Professionals of America Inc. in Casselberry. "It's all supply and demand — there's so much inventory on the market that banks are letting properties go for 30-40 percent

### Upside down

Plummeting real estate values have resulted in a number of people who bought homes during the last five years now owing more than the value of their homes.



Source: Zillow.com Jan. 1, 2003, through June 30, 2008

less than what they're worth."

In some cases, lenders are approving short sales at 60-65 percent of the original loan amount, said Alain Wichner, a broker with Independence Realty and Investments LLC. Although that can help make the sale, it also drives

down prices for other homes in those neighborhoods, which could result in even more people finding themselves with negative home equity.

Other options for homeowners dealing with negative equity include a deed in lieu of foreclosure, in which the

homeowner relinquishes ownership of the home to the lender without a foreclosure, or even filing for personal bankruptcy, which allows time for the homeowner to wipe out all debts and avoid foreclosure.

The fact that potential homebuyers also now face added difficulty in qualifying for a mortgage makes the situation worse, as lenders now have stricter loan criteria due to the recent dilemma on Wall Street. As a result, it's also a tough time for people trying to sell their homes, as well as for Realtors, said Wichner. "You spend a lot of time driving around with people, and most of the time, it's for nothing."

*You spend a lot of time driving around with people, and most of the time, it's for nothing.*

Alain Wichner, Broker, Independence Realty & Investments LLC

Factors such as competition from short sales and foreclosure sales, as well as the tight credit market, make this a horrible time to try to sell a home, said Marchetto, who decided to take his two investment homes off the market for now and lease them out until the market improves.

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