

(Carl Cronan is editor of Real Estate Florida.)

KISSIMMEE, FL-Now is the time for commercial landlords to pay close attention to how their tenants are doing in order to avoid a backfill situation later, panelists advised during Thursday's RealShare Central Florida Conference. Turmoil in the financial services industry and closings of other firms are leaving huge volumes of space in their wake, either in direct or sublease form.

The good news is that even as national office vacancy moves deeper into double-digits, it isn't as bad as past downturns because property owners are more disciplined now. "We're not coming out of 20% vacancy," observed Keith Tickell, executive vice president of development with Flagler Development Co.

REITs should help tenants find ways to reduce their own operating costs to stay in business as they attempt to balance their own equity stakes between pursuing opportunities and funding operations, said Sandy Chace, senior VP of Colonial Properties Trust. "Retaining clients is important right now," she said.

Doug Irmscher, senior VP of Florida operations for Duke Realty Corp., said landlords and tenants should be able to negotiate renewals on fair terms. "Most tenants don't want to move," he said. "They want to hunker down for a few years and wait for the market to clear."

Tenant representatives should also be careful about where they look to place clients who are looking to move or renew, said Michael Beale, senior VP of Highwoods Properties Inc., the Orlando market's largest office landlord. "Look for well-capitalized, well-managed landlords," Beale advised the RealShare audience. "You could be putting tenants at risk if you put them in buildings that are facing foreclosure."

MINDING THE EXPERIENCE GAP: Commercial real estate brokerages must work more closely with Florida universities offering real estate programs to overcome what is considered by many to be an experience gap within their ranks. Paul Ellis, president of Orlando-based CNL Commercial Real Estate, said fewer brokers entered the ranks between 1985 and 1994, often paring veteran brokers with relative newcomers. "A lot of those people have never experienced a downturn," Ellis said.

Several colleges in Florida have established or expanded their commercial real estate programs in recent years. The University of Central Florida is set to receive at least \$1 million next summer for the Jim Heistand-NAIOP Endowed Eminent Scholar Chair in Real Estate, named in honor of the founder and CEO of Orlando-based Eola Capital.

UNCLE SAM TAKES THE LEED: The federal government is setting an example for other office users when it comes to environmental sensitivity. The General Services Administration, which leases space on behalf of federal agencies, has set a mandate that all of its offices will be in at least LEED Silver-certified facilities starting in 2010.

“It used to be that GSA would go into the dumpiest buildings they could find,” said Patrick Duffy, president of Colliers Arnold. “That’s not the case anymore.”

LONG DRIVE TO DUBAI: One of the more interesting questions from the RealShare audience concerned whether Orlando theme parks will face greater competition from those being developed overseas. For instance, a new theme park proposed in Dubai is expected to make the ones here look like ... well, like a mouse.

Seth Werner, chairman and CEO of Cypress Creek Capital, put the issue to rest by noting that the vast majority of visitors to Disney World and other local themers come here by car. “It’s going to be awfully difficult for them to drive to Dubai,” he said.