



# **DOWNTOWN OFFICE CONVERSION**

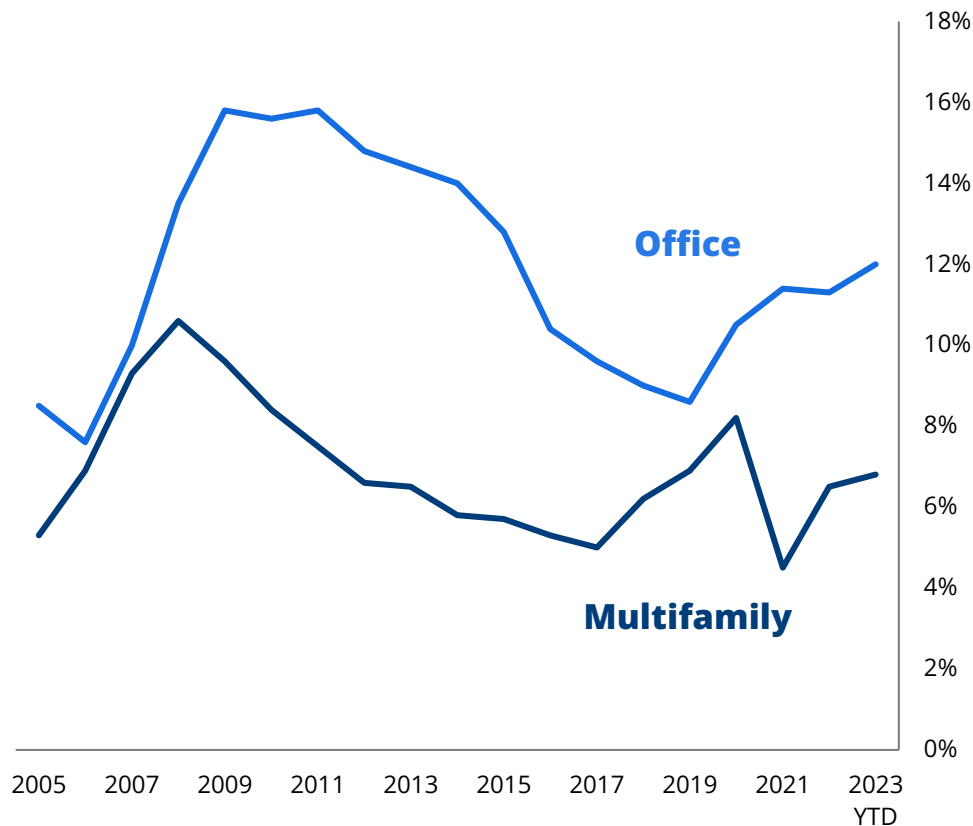
The Empire Building

*Orlando*

## DOWNTOWN OFFICE CONVERSION | The Opportunity

While the future of office occupancy remains in flux, multifamily housing remains a critical need across the state.

**Multifamily vs. Office Vacancy Rates  
Orlando**



- Multifamily has historically had lower vacancy rates than office, a gap that has widened since 2019.
- While Florida metros have higher office occupancy and usage rates than other coastal cities, they still remain fixed below pre-pandemic levels.
- A vibrant downtown Orlando relies on a mix of uses—office, retail, and residential—to be a vibrant and safe neighborhood for residents.
- State and local governments have shown interest in these conversions—with renewed political interest in office-to-residential conversions to keep property tax bases strong.

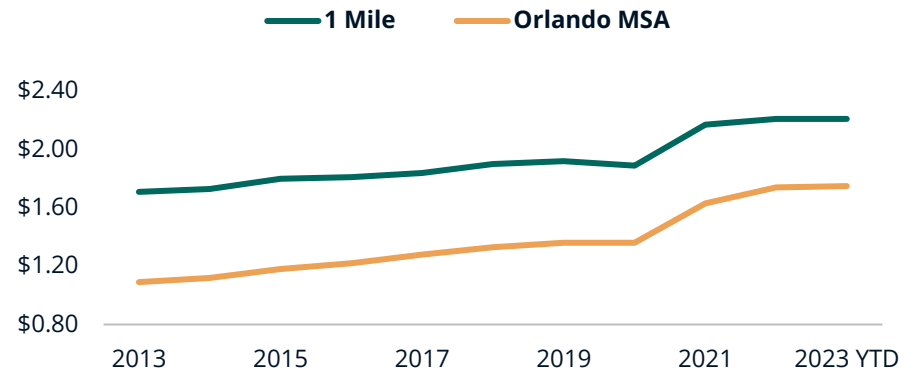
## DOWNTOWN OFFICE CONVERSION | Residential Demand

Rising rents and falling vacancy surrounding the Empire Building suggest that residential units built in the coming years would be quickly absorbed.

### Key Metrics

|                           | 1 Mile    | MSA         |
|---------------------------|-----------|-------------|
| <b>Inventory</b>          | 9K Units  | 279K Units  |
| <b>Under Construction</b> | 462 Units | 27K Units   |
| <b>Planned</b>            | 2K Units  | 21K Units   |
| <b>Vacancy</b>            | 6.8%      | 6.8%        |
| <b>Rent</b>               | \$1,900   | \$1,680     |
| <b>Annual Absorption</b>  | 18 Units  | 1,480 Units |

### Rent/SF



Rents within 1 mile of the Empire Building are higher than in Orlando overall and growing steadily, reflecting the neighborhood’s desirability. Vacancy in the site area is currently at its lowest since 2013, reflecting growing demand for housing as the Orlando population increases.

In response to rising population and rents, multifamily supply surrounding the Empire Building is set to increase in the coming years. There are 9,000 existing units located within 1 mile of the site, with close to 2,500 under construction or planned.

## DOWNTOWN OFFICE CONVERSION | The Site

The Empire Building is a historic **four-story building** in the heart of **downtown Orlando**. It was built in 1912 as the **Empire Hotel**. The building's façade retains its historic brick character and second floor balcony, facing West Central Boulevard.



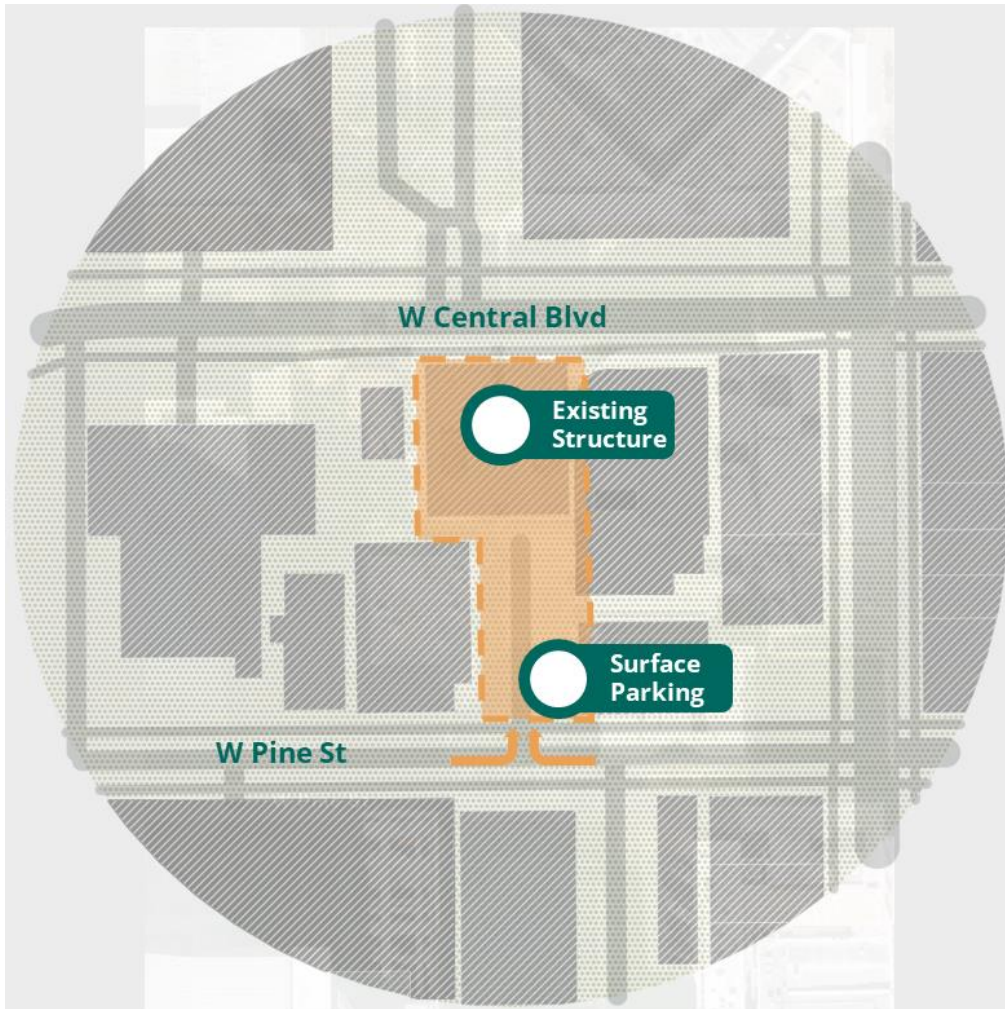
University of Central Florida Archive,  
Front of Postcard, unknown date (pre-1940)



|                    |                                    |
|--------------------|------------------------------------|
| <b>Address</b>     | 28-44 W. Central Blvd.,<br>Orlando |
| <b>Market</b>      | Orlando                            |
| <b>Current Use</b> | Office                             |
| <b>Site Acres</b>  | 0.4                                |

## DOWNTOWN OFFICE CONVERSION | The Site

The next chapter for the Empire Building is to adapt the site for apartments while celebrating and preserving the historic building.



### Site Context

Located on West Central Boulevard, the Empire Building is a mid-rise, brick structure currently serving as an office building with ground-floor retail. A private-owned parking structure and an open-air restaurant space flank the site. On-street parking on West Central is limited, and the site's rear parking lot is only accessible via Pine Street.

### Land Use and Zoning

The site is zoned for downtown activity to promote growth & pedestrian-oriented activity. The site is also under historic preservation and traditional city overlays that promote conserving historic resources and maintaining downtown's character.

### Current Use

|                |               |
|----------------|---------------|
| Use            | <b>Office</b> |
| Year Built     | <b>1912</b>   |
| Floors         | <b>4</b>      |
| Square Feet    | <b>36,000</b> |
| <i>Office</i>  | <b>28,472</b> |
| <i>Retail</i>  | <b>8,672</b>  |
| Parking Spaces | <b>26</b>     |

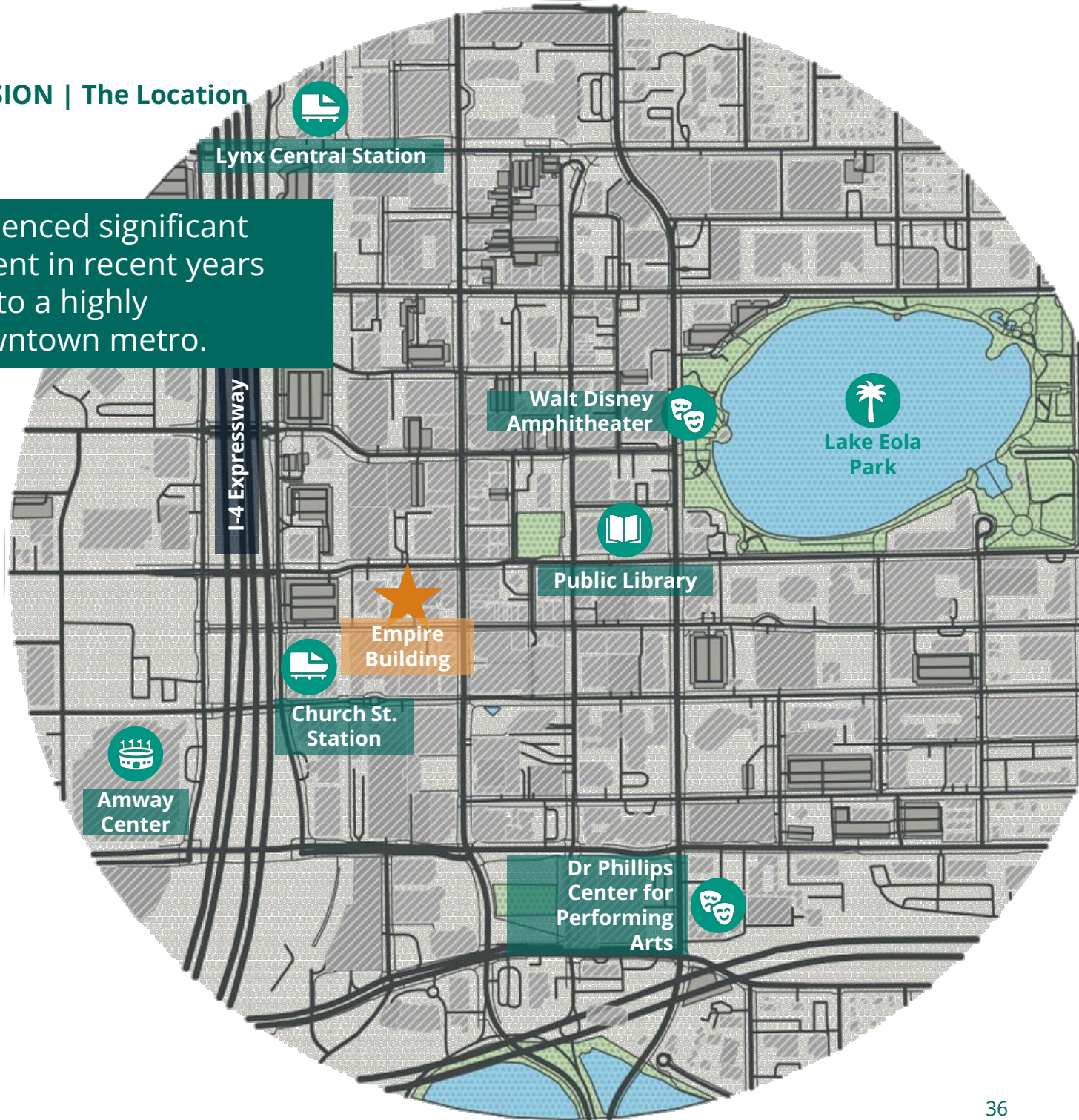
### Zoning

|                     |                                     |
|---------------------|-------------------------------------|
| Category            | <b>Commercial-Residential (C-R)</b> |
| Floor Area Ratio    | <b>3.0</b>                          |
| Dwelling Units/Acre | <b>75 to 200</b>                    |

## DOWNTOWN OFFICE CONVERSION | The Location

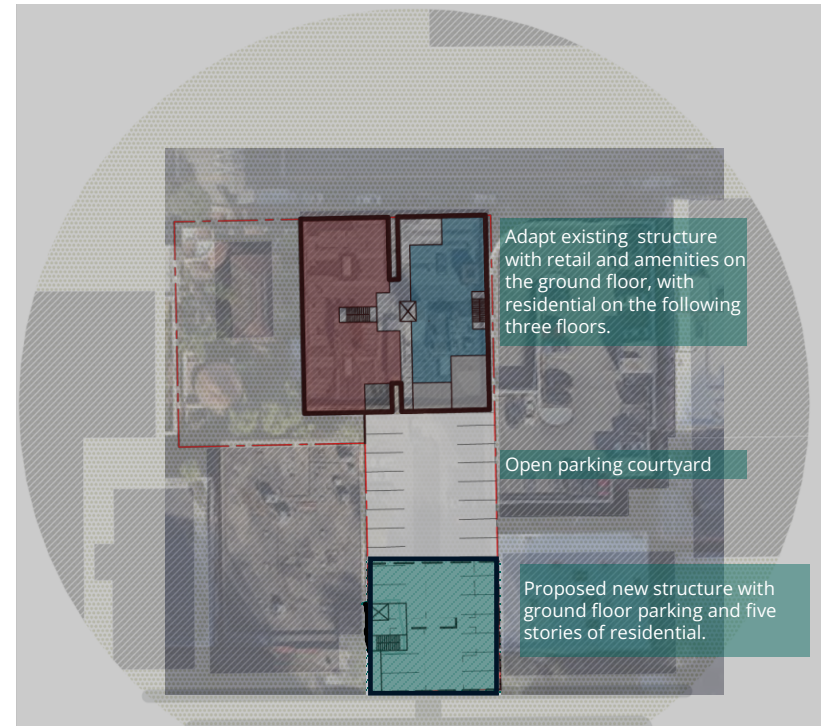
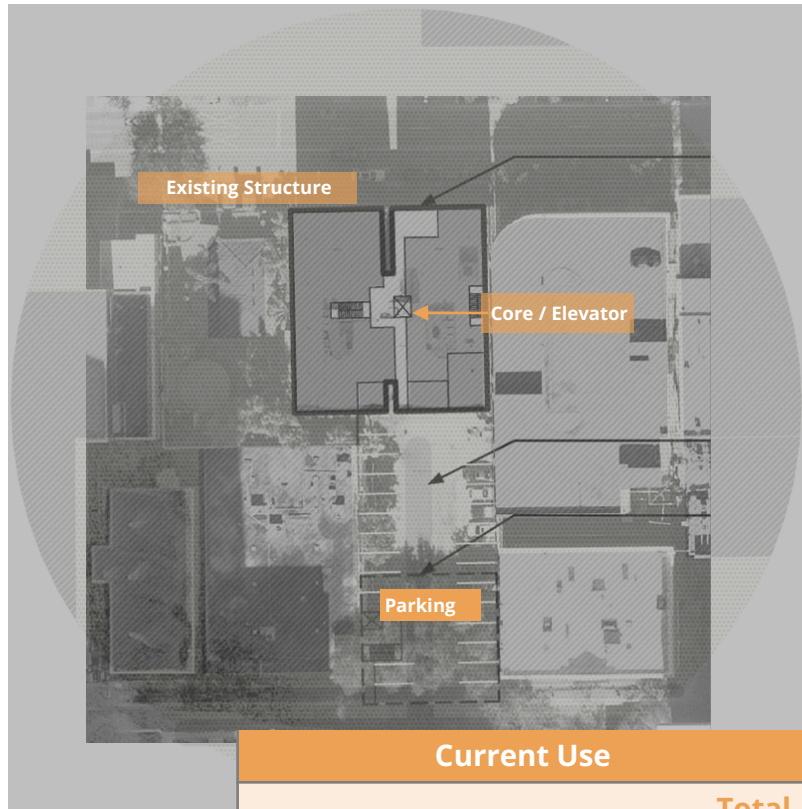
The City District has experienced significant new apartment development in recent years and continues to evolve into a highly amenitized residential downtown metro.

Located in the City District, the site's neighboring buildings are mid-to-high rises with various uses: parking structures, municipal services, street-facing retail, and residential and office buildings. The Empire Building is within walking distance of other downtown Orlando amenities, including restaurants, retail, vibrant arts and entertainment scene, Lake Eola Park, and nearby transit options such as bus routes, the I-4 Express, and Central Florida's SunRail.



# DOWNTOWN OFFICE CONVERSION | The Plan

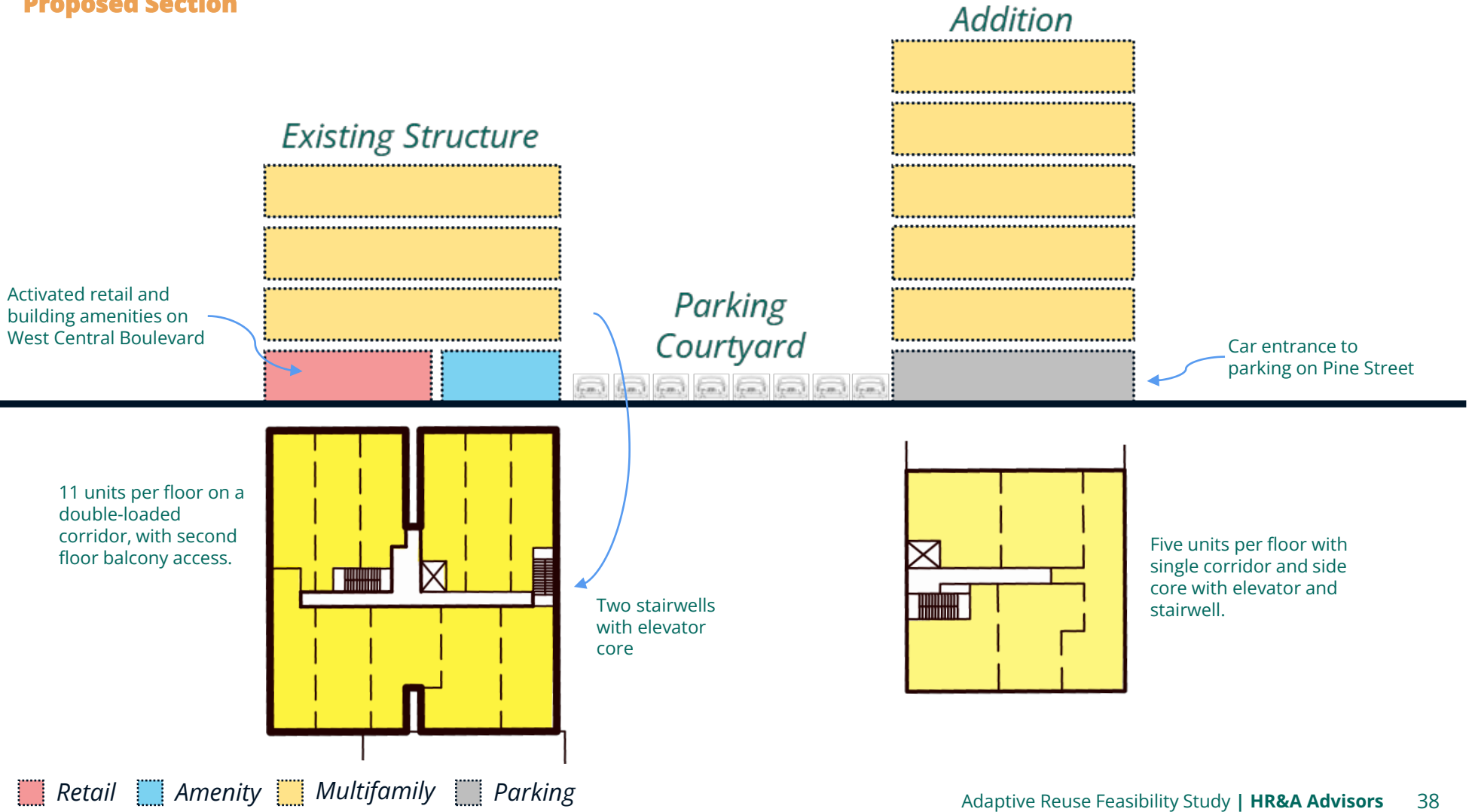
The proposed site creates **58 new multifamily units** across the existing structure and lot infill.



|                      | Current Use                              | Proposed Adaptive Reuse   |                                      |   |
|----------------------|--|---|--------------------------------------|---|
|                      | Total                                    | Total   | Existing Structure                   | Addition  |
| Description          | Office building with ground floor retail | Redevelopment of existing structure and new freestanding addition | Multifamily with ground floor retail | Freestanding multifamily addition on portion of current surface lot |
| Use                  | Mixed                                    | Mixed   | Mixed                                | Multifamily   |
| Floors               | 4  | 4-6   | 4                                    | 6   |
| Rentable Square Feet | 36,000                                   | 47,800  | 26,550                               | 21,250  |
| Units                | 0  | 58  | 33                                   | 25  |
| Parking Spaces       | 26                                       | 23  |                                      |   |

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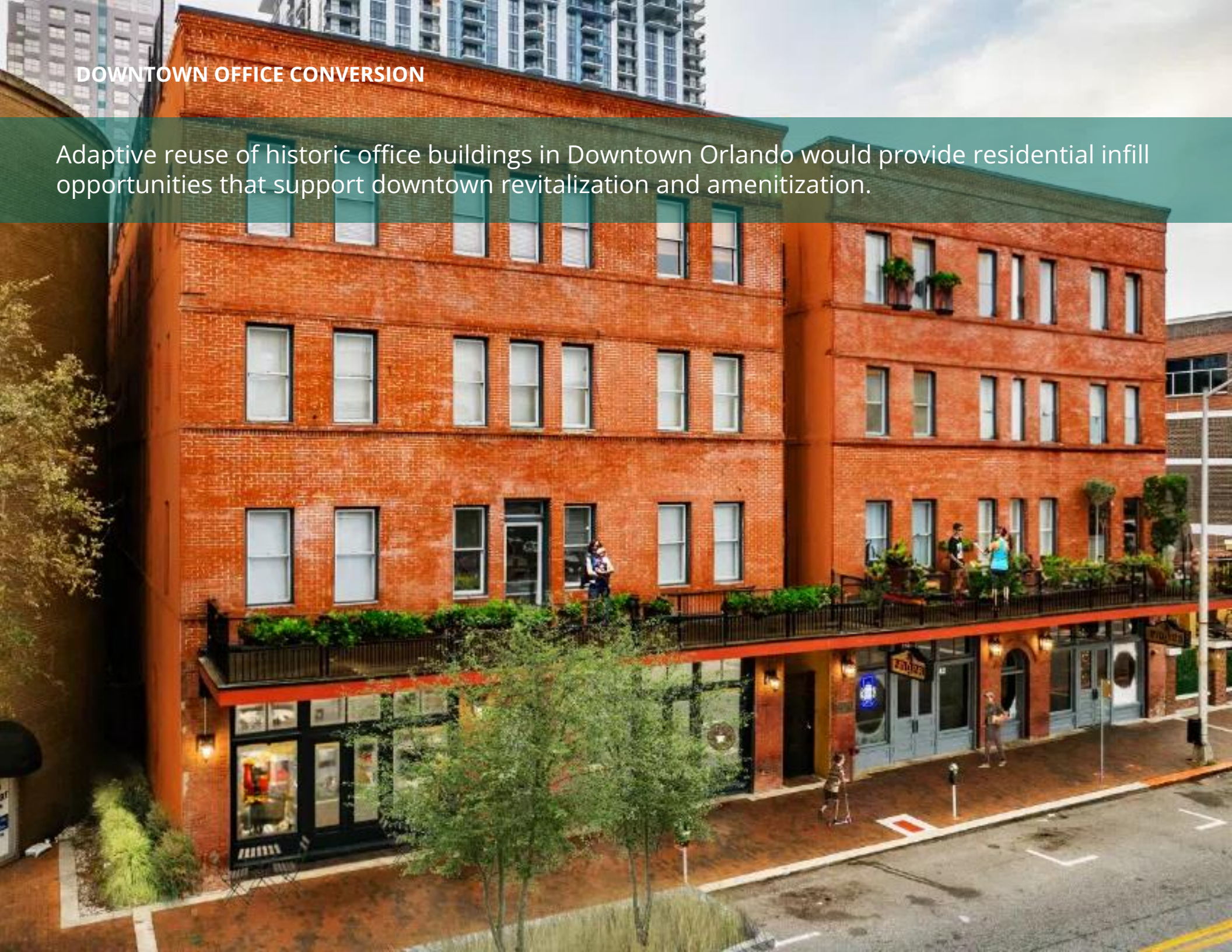
**Proposed Section**





## DOWNTOWN OFFICE CONVERSION

Adaptive reuse of historic office buildings in Downtown Orlando would provide residential infill opportunities that support downtown revitalization and amenitization.



## DOWNTOWN OFFICE CONVERSION

This office conversion can continue Orlando's downtown renaissance and build an attractive apartment community.



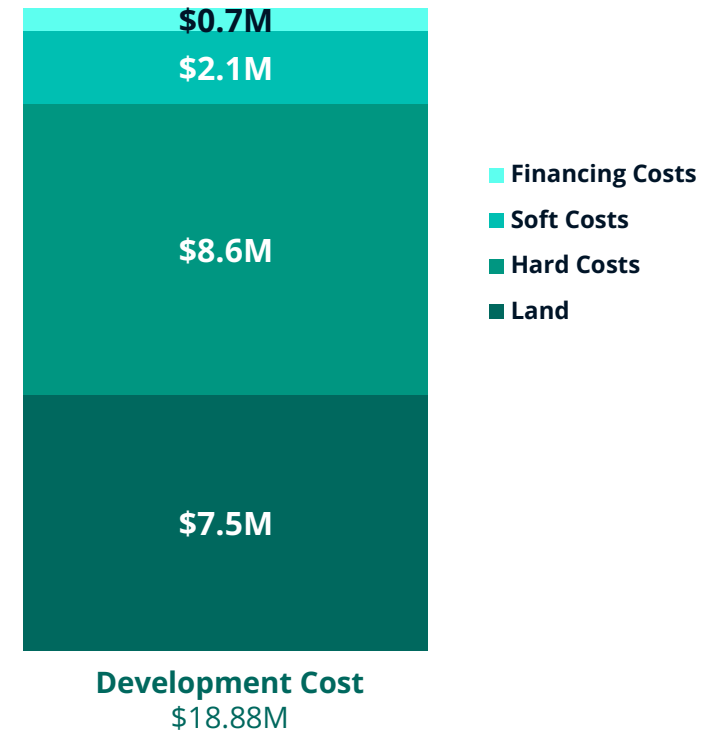
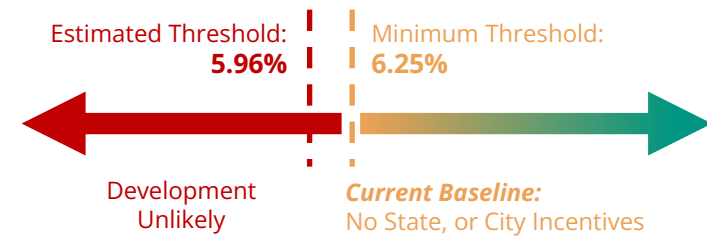
## DOWNTOWN OFFICE CONVERSION | The Economics

While residential conversion would be a higher performing building than the existing office building, public participation would help offset the initial cost of construction and renovation.

The redevelopment and new addition to the Empire Building will cost about \$19 million, estimating a cost of about \$7.5 million to \$9 million for the land (slightly lower than the quoted price in the active listing as of July 2023). Given prevailing debt and equity requirements, **it is unlikely that this development can occur without public private partnership.**

|                                      | Existing Use:<br>Office+Retail | Proposed Use:<br>Residential +<br>Retail |
|--------------------------------------|--------------------------------|--|
| Net Annual Office/Residential Income | \$850K                         | \$950K                                   |
| Net Annual Retail Income             | \$171.6K                       | \$171.6K                                 |
| Total NOI                            | \$1.01M                        | \$1.1M                                   |
| / Capitalization Rate                | 8.50%                          | 4.75%                                    |
| <b>Total Project Value</b>           | <b>\$11.8M</b>                 | <b>\$21.7M</b>                           |

### Current Baseline: No Additional Incentives



## DOWNTOWN OFFICE CONVERSION | Public Participation

The existing City of Orlando Historic Tax Exemption can help make the project somewhat feasible—but an additional statewide historic tax credit can greatly impact projects like these across the state.

There are **two main policy tools** that this project could use:

### City of Orlando Historic Tax Exemption

The City of Orlando offers a 10-year property tax exemption for qualifying property owners who renovate historic landmarks or property in historic districts. The exemption is for the entire site, however at least \$2,500 must be allocated for preservation or maintenance of the front façade. The exemption applies to the City's portion of the property taxes. The amount of the exemption is determined by the Orange County Property Appraiser based on the usual appraisal of property following rehabilitation or renovation. This incentive would not require additional affordable housing set-aside—**although the project could likely support 15% (8-9 units) affordable units at 60% of AMI.**

To be eligible for the exemption, the property must be:

- Listed on the National Register of Historic Places or designated as a local historic landmark by the City of Orlando.
- Located in a historic district designated by the City of Orlando.
- Substantially rehabilitated, meaning that the improvements must be more than 50% of the value of the property before the rehabilitation.

### State Historic Tax Credit [CS/SB 288 (2023)]

This would be a financial incentive provided by a state government, designed to promote the preservation and adaptive reuse of historic properties. When property owners or developers undertake a restoration project for a designated historic structure, they can receive a tax credit against their state tax liability. This credit is usually calculated as a percentage of the eligible expenses incurred during the restoration or rehabilitation process (10% in most states).

- HTCs help ensure historic landmarks and structures, which are essential components of a state's identity and history, are **preserved for future generations.**
- HTCs promote the **adaptive reuse of existing buildings**, aligning with environmental sustainability goals.
- State HTCs often act as a catalyst, drawing in significant amounts of private capital for historic restoration projects. For every dollar granted in tax credits, several more can be **generated through private investments.**

**Current Baseline:** No Federal, State, or City Incentives

Estimated Threshold: **5.96%** | Minimum Threshold: **6.25%**



Minimum Threshold: **6.25%** | Estimated Threshold: **6.45%**



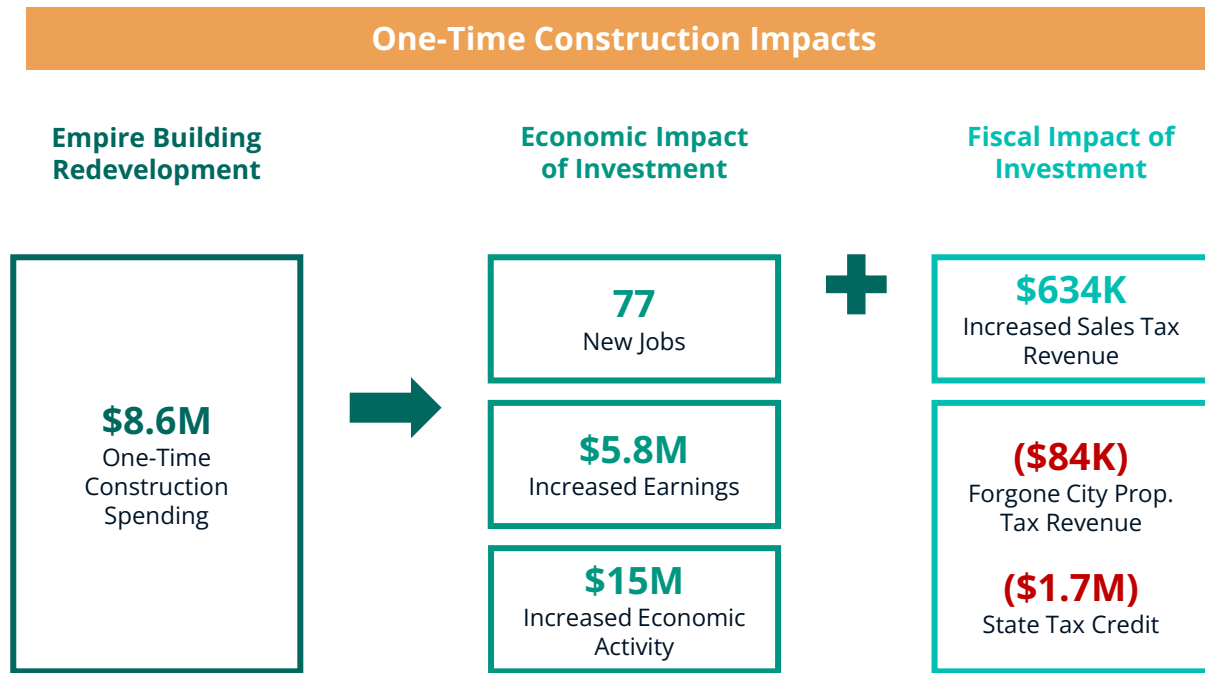
**Impact: Tax Exemption + State Tax Credit**

Minimum Threshold: **6.25%** | Estimated Threshold: **6.79%**



## DOWNTOWN OFFICE CONVERSION | Economic Impact

This project can generate an **additional 58 units**, as well as significant economic and fiscal impacts from one-time construction spending on the redevelopment.



The economic impact of the Empire Building redevelopment would be around **77 new jobs and \$15 million in increased economic activity**. The fiscal impact of the investment would create an additional \$634,000 in sales tax revenue, which would by itself more than offset the cost of the property tax discount (\$84,000).

This is a conservative estimate that does not include the ongoing spending and economic activity generated by the new residents of the area—not just by this project, but also by others that contribute to a 24-hour district within downtown Orlando.

**\$1.7 million of a new state historic tax credit can generate \$15 million in net new economic activity and help preserve a part of Orlando’s history.**