

Harshman & Co. Inc. is a full service commercial real estate firm specializing in commercial and industrial sales and leasing, property management, consulting and site selection.

Harshman & Company, Inc.
COMMERCIAL REAL ESTATE BROKER

COMMERCIAL REAL ESTATE MARKET UPDATE

Fall, 2015

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We are proud to provide this quarterly Commercial Real Estate Update so readers can remain up to date with current and accurate data, observations and forecasts. At Harshman & Co., we work diligently to collect notable material and cover multiple market sectors for assistance in making informed real estate decisions. We welcome suggestions for future topics and content at service@harshmanrealestate.com. Please let us know, as well, if you would like to receive this newsletter in an electronic form.

State of the Market

While downtown Sarasota has garnered considerable attention for the new residential and hospitality projects under construction there –Vue Sarasota Bay, CitySide Apartments, the Aloft Hotel/One Palm Apartments and The Jewel condominium tower, to name but a few that are about to come on line – the region's industrial market has quietly tightened up considerably and shown signs of significant health.

This rebound is important because industrial and flex buildings were particularly hard hit during the Great Recession. Lender-controlled properties deflated the market for several years resulting in higher vacancies and a painful stagnation in the industrial sector.

Now, however, time and the modest economic recovery has pushed industrial vacancy rates down dramatically, and the supply of distressed properties has been whittled so drastically that many properties are fetching prices at, or above, replacement costs – a key indicator of demand and desirability.

This measurement is significant for a number of reasons. Primarily, when a market sector becomes aligned with replacement costs, it presents an opportunity for investors and landlords to increase rental rates and generate additional yield -- assuming expenses like taxes and maintenance remain relatively constant.

At the same time, when prices rise to the level of replacement costs in any sector, it often signals that new development is on the horizon, which in turn can have tremendous ramifications for the market as a whole.

North Port Awakens

The Toledo Blade Boulevard corridor and the municipality of North Port are experiencing a renaissance that positions them for tremendous future growth.

More than any other submarket, Sarasota County's largest city as measured by land mass and overall population has rebounded from the doldrums of the recession with new projects and renewed potential.

Along Toledo Blade Boulevard, where traffic has increased 12 percent or by 1,800 vehicles daily over the past year, there are currently five major new developments: The Suncoast Technical College; outparcels tied to the Price Crossing and Suncoast Plaza projects; a 223-unit apartment complex; a new Goodwill donation center; and a recently completed Christian Brothers automotive site.

The activity also has attracted the attention of one of the nation's largest commercial real estate developers and one of the region's most

prolific home builders. Combined, Benderson Development Co. and Neal Communities own nearly 1,000 acres at Interstate 75 and Toledo Blade. Moreover, Centex Homes, a national company that became the U.S.'s largest residential builder when it combined with Pulte Homes in 2009, has completed a pair of neighborhoods in the immediate area: Cedar Groves and Cypress Falls at The Woodlands.

Those communities and others, in turn, are prompting major retailers to enter the area – many for the first time. Chipotle Mexican Grill, for instance, is in the process of opening its first North Port location in Benderson's highly successful Cocoplum Village Shops. The nation's largest retailer, Walmart, is also currently constructing a Neighborhood Market at the intersection of Price and Sumter boulevards.

Harshman & Company is proud to offer for sale an eight-acre tract at 2401 Commerce Parkway, just off North Toledo Blade, in this burgeoning area. Zoned for light industrial use or distribution, the site is priced right at \$650,000, or \$1.89 per useable square foot.

Additionally, Harshman & Company has been retained to sell several other lots on or near Toledo Blade. Ranging in size from .66 acres to 2.15 acres, the properties are zoned Planned Commercial Development, which allows a variety of uses. As a measure of activity, three of the 10 lots originally offered have been sold since last quarter.



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Downtown Infrastructure Update

A series of noteworthy municipal infrastructure improvements have occurred in tandem with private-sector developments downtown in the past few years. The traffic roundabout at Five Points, for instance, has exceeded expectations for its aesthetics and improvements to both vehicular and pedestrian flow. Two roundabouts on Ringling Boulevard and the newly opened roundabout on Main Street at Orange Avenue, are expected to ultimately have the same impact in making downtown safer and a more pleasant place to be. Improvements to First Street are proceeding as well.

A Little History

In 1955, the majority of downtown's retail space was located west of Orange Avenue. Ringling Shopping Center was developed on Ringling Boulevard, north of today's central business district, and around the same time, Maas Bros. opened a department store on Main Street at North Washington Boulevard (also known as U.S. 301). Single-family homes lined Main Street from the site of a former

train station, where the 10-story Kane Plaza office building is today.

Between 1985 and 1995, a series of longtime retailers left downtown: McCrory's Five & Dime, Delson's Shoes, Cinderella Bootery, The Granary, Chambliss Drug Store, The Sport's Shop and Foleys, to name a few. Many proprietors closed up shop to retire, paving the way for a new generation of downtown businesses. The Granary became a victim of its success and that of downtown at large as without dedicated parking – patrons parked on Main Street exclusively. As downtown became more vibrant and competition for street parking more intense, the 4,500-square-foot, health-food grocery store was forced to relocate to a more traditional grocery location at Stickney Point Road.

Sarasota's government has also made considerable investments and improvements in the past few decades. Main Street and Ringling Boulevard have been opened at Tamiami Trail (U.S. 41); Main Street was redesigned as a two-way street from Orange Avenue west; commercial properties were acquired at Five Points, leading to the development of the Selby Library and Five Points Park; and Lemon Avenue and Main

Street were enhanced with new brick work, landscaping and other improvements.

Those improvements helped usher in the development of more than 1,500 new residential units in the downtown area, which in turn has led to a retail renaissance and the construction of hundreds of new hotel rooms for visitors.

Today, downtown is a thriving and prosperous retail sector, with a wide variety of restaurants, financial institutions, fashion retailers, specialty merchandisers, real estate brokerages and fitness centers, among others.

What has yet to be accomplished is a solution to the problem of the lack of connection between downtown and the Bayfront. Though various parties have offered potential solutions, to date U.S. 41 and the vehicular traffic it carries cuts off substantial pedestrian access to the waterfront and the city park. We advocate consideration of a tunnel of some sort, similar to the one installed in Boston. While such a project would require a significant financial investment and leadership, it could provide a dramatic improvement to Sarasota. Food for thought.

Featured Properties

Downtown Retail

The former Morrison Cafeteria and Golden Apple Dinner Theatre building on Pineapple Avenue has a colorful and storied place in Sarasota history. Today the 14,000-square-foot space is fully renovated and awaits new tenants to write its next chapter. Uniquely situated next to the famed Sarasota Opera House and near Five Points Park, the Selby Library and a host of quality restaurants, the building represents an ideal location for either retail or restaurant with one space leased to a fine art gallery. A nearby city-owned parking garage on Palm Avenue provides convenient parking opportunities. Two



units remain available 2,194 square feet and 6,535 square feet with price ranging from **\$22-\$28/sq ft NNN.**

Looking for a Leased Investment?

Rarely do properties like this leased investment opportunity reach the market. This property checks all the investor's boxes; great corner location, high traffic exposure and most importantly a quality AAA tenant. Located on the most desirable section of South Tamiami Trail. Call if you are interested in this investment.

2,772 +/- sq ft building, 17,224 +/- sq ft land, zoned OPB, \$876,000.



Suburban Office for Lease - 7100 S Beneva Road

Does your business need an excellent suburban office location? This property has it all – great visibility, great parking and a flexible floor plan in a quality single story building. **3,800 +/- RSF @ \$17/RSF NNN, zoned OPB.**



Harshman & Company Available Properties



3808 N Tamiami Trail
93,218 +/- sq ft (2.14 acres) land,
14,286 +/- sq ft building, zoned NT.
\$1,950,000



1540 Northgate Blvd
78,408 +/- sq ft (1.80 acres), 14,700 sq
ft warehouse/office building, zoned ILW.
\$1,900,000



5951 McIntosh Rd
242,336 +/- sq ft (5.56 acres)
vacant land, zoned ILW.
\$3,635,040 (\$15/sq ft)



100 & 180 Center Ct, Venice
102,539 +/- sq ft (2.35 acres) vacant
land, zoned ILW.
\$1,230,468 (\$12/sq ft)



1716 N Tamiami Trail
40,880 +/- sq ft vacant land,
Permits 35 units per acre,
zoned NT. **\$1,450,000**



4242 Gypsy Street
2.2 acres, with 5,216 +/- sq ft
office/warehouse, zoned CI (Sarasota County).
\$595,000



936 42nd Street
1,100 +/- sq ft building, 6,305 +/- sq ft land,
Commercial catering kitchen, zoned CG
(commercial/general).
\$179,000



4041 Sawyer Ct
1.6 acres, with 20,575 +/- sq ft warehouse
building, zoned CI (Sarasota County).
\$1,800,000



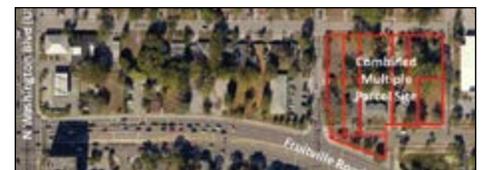
1620 Main Street, Unit 10
1,100 +/- sq ft office condominium,
zoned DTC.
\$149,000



2401 Commerce Pkwy (North Port)
13.19 +/- acres (7.89 useable acres)
vacant land, zoned ILW.
\$650,000 (\$1.89/useable sq ft)



North Port Park of Commerce
7 lots ranging from 1.25-2.15 acres,
zoned PCD.
**Price ranges from \$260,000-\$675,000/lot
\$4.78-\$7.22/sq ft**



Fruitville Rd Assemblage – SALE PENDING
91,851 +/- sq ft (2.11 acres), zoned DTE.
\$3,501,540

Check Out Our Improved Digital Footprint!

Next month Harshman & Co. will debut its new and improved website. The new www.harshmanrealestate.com will feature a cleaner, more comprehensive look at the market, while offering more of the data, analysis and insight that viewers and clients have come to expect and deserve.

The new site also will showcase real estate listings as never before, providing clients with maximum digital exposure.

To meet those goals, Sarasota-based digital innovation company and website designer

atLarge Inc. interviewed clients, sought advice from local media advisors and gleaned critical knowledge from Harshman & Company staff. We believe the result will be a website that is both professional and informative, and one that has an architecture that will allow regular updates that inform clients in a timely fashion of market trends.

Market Forecast

Our outlook remains very positive, barring a natural disaster, unexpected financial downturn or other catastrophe. New residential, hospitality and retail developments are adding to the tapestry of Sarasota. At the same

time, the city is growing in stature among international visitors and investors alike, which should lead to further recognition of Sarasota as a wonderful place in which to work and live.

As a result, we expect office rental rates to edge upward over the next 18 to 24 months. High-profile retail will also gain traction, amid an ever greater influx of tourists. The industrial market, too, appears poised for growth over the next year or more, as the inventory of existing properties are absorbed through consistent demand. Watch for more new commercial development as businesses demand up-to-date technologies and space design.

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Sampling of Commercial Transactions

- **SOF-VIII-FT Park of Commerce North Port LLC** sold the 34,803 +/- sq ft of PCDN zoned land at 3055 Commerce Pkwy in North Port to Pilip Dziamidchyk for \$42,000 on 11/16/15.
- **Estate of Frances E Bryan** sold the 6,212 +/- sq ft of DTC zoned land at 207 East Ave to Main Street Extension Developments LLC for \$125,000 on 10/29/15.
- **Protectors of Sarasota LLC** bought the 4,048 +/- sq ft building on 7,875 +/- sq ft land at 330 S Orange Ave from 330 S Orange LLC for \$900,000 on 10/2/15.
- **SOF-VIII-FT Park of Commerce North Port LLC** sold 57,805 +/- sq ft vacant land zoned PCDN at 2715/2735 Commerce Pkwy in North Port to Faura's Trucking LLC for \$77,500 on 9/25/15.
- **Upper East LLC** bought 25,000 +/- sq ft of DTC-zoned land at 112, 122 & 200 Wallace Ave from Cadence Bank NA for \$365,300 on 7/13/15.
- **Ringling Square LLC** sold the 40,000 RSF building on 29,881 +/- sq ft land zoned DTC at 1626 Ringling Blvd to Ringling & Orange LLC for \$11,500,000 on 4/9/15.