

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

Summer, 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.

Gateway Professional Center sells for \$37 million

In one of the largest office complex sales in recent Sarasota County history, TerraCap Management in May acquired the four-building Gateway Professional Center for \$37.129 million. Harshman & Co. was proud to leverage its market knowledge and expertise to help facilitate the purchase of the 247,500-square-foot center, a one of a kind asset strategically



located at Fruitville Road and Interstate 75. In fact, Gateway was not on the market for sale at the time, but we recognized the unique opportunity it represented for TerraCap, a long-term investor that is expected to benefit from Sarasota's upward market trajectory.

State of the Market

Residential and hospitality development remain very active throughout Sarasota and all of Southwest Florida, while office leasing and industrial sales remain sluggish by comparison. The region's retail market, while improving in particular nodes such as the University Parkway corridor, is still not at a level that could be considered vibrant – despite the anticipated move by quality convenience operator Wawa and other non-traditional merchants into the area in the months to come. Overall, however, many properties are benefiting from renewed economic activity and owners are able to push rental rates and sales prices incrementally. At the same time, diminishing distressed sales have meant that market-rate transactions are becoming the norm once again. Development, meanwhile, is largely being fueled by capital that is seeking higher yields than might be obtained on Wall Street or through other, more traditional forms of investment.

Downtown Construction

There are currently seven major projects under construction in downtown Sarasota, comprising two new hotels, five new condominium offerings and two new rental apartment projects. Of them, Vue Sarasota Bay, from developer The Kolter Group, the greatest number of units in one project, with 141 upscale condominiums and a 255-room Westin Hotel. Taken together, the new construction will bring a total of about 400 hotel rooms, 250 condominiums and 400 apartments – a fraction of the nearly 1,500 new residences and more than 1,100 new hotel rooms proposed for the downtown area. In the months ahead, look for a surge of new rental apartment construction in the city's Rosemary District just north of downtown. Apartment developers are capitalizing on less expensive land prices and the city-approved overlay district. On the retail front, residential brokerage firm Michael Saunders & Co.'s decision to relocate its downtown Sarasota sales office from corporate-owned space to just over 15,000 square feet on the ground floor of the 13-story Ellis Building, at 1605 Main St., is expected to be a positive contribution to the entire Main Street area when the firm moves in to fully refurbished space in early 2016. Welcome to the neighborhood, Michael!



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View our listings on our website: www.harshmanrealestate.com or on the following Multiple Listing Services: www.mfcre.com or www.loopnet.com

Cocoanut Avenue Land Owner Sees Profit

Drazmar 599 Land, LLC, an entity managed by Sarasota attorney David Shapiro, was told by many that it was undertaking a big risk in buying a tract at 599 Cocoanut Ave. for \$687,500 in 2010 – a transaction Harshman & Co. brokered on his behalf. The 31,388-square-foot parcel had been part of the failed CityPlace development in the mid-2000s, and later a part of the doomed Proscenium project that sought to bring a Waldorf-Astoria Hotel and other luxury offerings to a seven-acre tract downtown. The property was then foreclosed on by Cadence Bank, after the Proscenium's developer defaulted on a \$4.7 million loan, and purchased by Shapiro. He recently sold the parcel for \$1.55 million, again with Harshman & Co.'s assistance, garnering a 125 percent return in less than five years.

Harshman Welcomes New Associate

Harshman & Co. is pleased to welcome Tom Johnson to the firm as a new associate. A Sarasota native and a graduate of Cardinal Mooney High School, Johnson earned a Bachelor of Business Administration Degree from the University of San Diego, in California. He intends to specialize in sales and leasing of industrial and suburban office space. He is currently marketing nearly a dozen lots for sale on Toledo Blade Boulevard, in North Port, an area that has seen a resurgence of investor interest thanks to commitments by Benderson Development Co. and Sarasota Memorial Hospital, which is planning to swap a 30-acre tract



Tom Johnson

in North Port for other land it owns to eventually develop a health care facility there. Today, North Port is Sarasota's largest city in terms of land mass, with a population of 57,000 – greater than that of Sarasota – but for now land prices remain a significant value.

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 a new tenant or 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 merchants or a restaurant operator. A nearby city-owned parking garage on Palm Avenue also provides considerable advantages. Retail Spaces = 1,788 sq ft & 2,360 sq ft and Restaurant Space 6,535 sq ft.
Price range \$22-\$30/sq ft NNN.



offers unparalleled visibility at Five Points, nearby parking and a unique synergy with Fit2Run that cannot be duplicated downtown.
10,685 +/- RSF @ \$16/rsf NNN.

North Trail

Rare are the properties that possess so many possibilities for their use, but 3808 N. Tamiami Trail in Sarasota is one of them. Currently leased to the Far East Medical College, the building was constructed for a restaurant operator. It later was converted to office space, and today, the school contains a mix of offices and classrooms. As a site for redevelopment, the property is entitled for 72 condominiums or rental apartments.
Property Data: 93,218 +/- sq ft (2.14 acres) land, 14,286 sq ft building zoned NT, \$1,950,000.



Potential Downtown Fitness Center

Want to differentiate your fitness business from the crowd in Sarasota? Consider leasing space above downtown's premier athletic footwear purveyor, Fit2Run, at the intersection of Main Street and Pineapple Avenue. The site

Harshman & Company Available Properties



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



207 East Ave – SALE PENDING
6,212 +/- sq ft land, zoned DTC.
\$187,500



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)



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



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 on 6,305
+/- sq ft of 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)



**3170 Gulf of Mexico Dr
(Longboat Key)**
900 +/- rentable sq ft,
retail or office, zoned C-1.
Total Monthly Rent \$1,692.45



7100 S Beneva Rd
3,812 RSF of two tenant building,
private parking lot, zoned OPI
(Sarasota County).
\$17/sq ft NNN



1435 S Osprey Ave, Suite 201
1,700 +/- sq ft office
condominium, medical or
medical related office.
\$12/sq ft NNN



North Port Park of Commerce
10 lots ranging from .66-2.15 acres, zoned PCD.
Price ranges from \$40,000-\$675,000/lot
\$1.21-\$7.22/sq ft

Looking for Leased Investments or 1031 replacements?

Locating quality leased investment properties in Sarasota is a challenge. The challenge is not that quality properties do not exist but quite the contrary; our market is a buyer rich environment and quality properties attract many buyers thereby reducing time on the market. Contact Harshman & Company, Inc. for leased investment opportunities.

Market Forecast

While an abundance of capital appears eager to capture the yields that especially "early mover" developments promise, many investors for the time being seem content to wait on the proverbial sidelines to see whether the economy recovery maintains traction or sputters as a result of undulating consumer confidence, anticipated interest rate hikes and stagnant wages. Harshman & Co. believes the market will remain largely unchanged until projects like Vue Sarasota Bay, the

aloft hotel under construction at Palm Avenue and Ringling Boulevard, the 18-story Jewel condominiums and other projects are completed and occupied. If the larger U.S. economy remains stable into 2016 and beyond, however, look for Sarasota and the surrounding county to make considerable strides – especially as new residential communities attract a new wave of retail offerings. Likewise, city rental projects now on the books could add hundreds of residents and spur further condominium developments.

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Sampling of Commercial Transactions

- **VMG Investment Inc** sold the 11,540 +/- sq ft of DTC zoned land at 215 East Ave to Main Street Extension Developments LLC for \$215,000 on 6/30/15.
- **Sandra L. Akey** sold the 6,250 +/- sq ft of DTC zoned land at 123 East Ave to Main Street Extension Developments LLC for \$125,000 on 6/17/15.
- **Drazmar 599 Land, LLC** sold 31,388 +/- sq ft vacant land zoned DTE at 599 Coconut Ave to Coconut Arts LLC for \$1,550,000 on 6/3/15.
- **Realty Associates Fund VII LP** sold the 247,500 sq ft Gateway Professional Center on North Cattlemen Rd to TerraCap Management LLC for \$37,129,000 on 5/7/15.
- **2070-2074 Ringling Blvd, LLP** sold the 14,754 RSF building on 12,054 +/- sq ft land zoned DTC at 2070-2074 Ringling Blvd to Ringling Associates, LLC for \$1,263,000 on 3/16/15.
- **John M. Dart and Deborah G. Dart and Daniel P. Ball and Judith C. Ball** sold 5,250 +/- sq ft of DTC-zoned land at 1505 Dolphin Street to Dolphin Trust for \$600,100 on 2/23/15.