

Real Estate Market Update

NEWS OF SARASOTA COUNTY COMMERCIAL REAL ESTATE

Real Estate Market Update

is published quarterly by
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from reliable sources, but
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Is this market sustainable?

by John B. Harshman, Broker

This real estate market is truly incredible! Residential condominium sales from \$400 to \$800 per square foot are the norm rather than the exception, office buildings sell for over \$275 per square foot, and industrial buildings sales surpassed \$70 per square foot. Who would have anticipated this market and are prices going to continue to rise? Forecasting out nine months, we can expect continued strength in the real estate market. We can also expect sales prices to continue to increase as demand remains strong, interest rates remain low and the economy remains solid. Thinking of selling your commercial real estate? Should you sell now or wait? No one can pick the top of the market, but if you are thinking of selling, this is the best time to be a seller.

Inflation?

There is talk of inflation particularly when the conversation is focused on the increasing prices for fuel, concrete and steel. The big picture tells us that product prices often fluctuate, basic economic indicators are inline and the national economy is healthy and growing. Now real estate prices have increased dramatically over the past 4

years, but are real estate prices inflating or are they simply appreciating? Well, that depends on if you are a buyer or seller.

Perspective.

Construction in Sarasota is at an all time record pace. Sarasota is not alone! Look around the state and nation and you will see that almost every major city in the country is experiencing unprecedented building.

Is Real Estate a good investment?

Many investors have been able to quickly turn their properties into profit.

- A 7,962 square foot parcel zoned C-CBD at Ringling Blvd. and Osprey Avenue sold in March 2003 for \$275,000 and then resold in May 2004 for \$510,000.
- A 2.07 acre parcel with a 30,000 square foot building zoned ILW on Cattleman Road sold in April 2003 for \$1,320,000 and then resold in April 2004 for \$2,200,000.

Investment Real Estate.

In today's escalating market, investors often look to real estate for appreciation rather than annual return on investment. Attractive leased investments are hard to find and when available, capitalization rates

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are 6%-8% with few on the higher end. Some investors are converting average real estate purchases into great long term real estate investments. Case in point; 4380 Independence Court, an 8,000 sq ft industrial building sold for a respectable \$70 per square foot and the new owner leased the property for \$8 per square foot triple net after only one month on the market. That's an 11.5% return! Not bad in today's market.

Changing North Trail.

Even with historic anchors like New College, Ringling Museum, Ringling School and Sarasota Bay Club, north Tamiami Trail real estate never really took off. Clearly that has changed, largely due to the strong market of the past few years. The Alanari, Broadway with a Publix, and San Marco are just a few projects soon to come out of the ground and many of the smaller sites are the focus of keen eyes for redevelopment. How does this activity translate into dollars? Land zoned "North Trail" now sells for approximately \$35 per square foot when just three years ago the prices were in the \$8 per square foot range.

Changing Rental rates.

Rental rates in industrial space has increased over the past 3 years from \$4 per square foot to \$8 triple net. I-75 corridor office rates have increased from \$16 per square foot gross to \$22 gross and retail rates have increased steadily over the past 5 years. The anomaly in our otherwise booming real estate market is downtown office rental rates which have remained relatively unchanged.

The best deal in town.

If you are interested in renting downtown office or retail space, then you are looking at the best deal in Sarasota real estate. Existing office buildings lease for 1/3 less than new buildings and retail rates are 1/2 to 1/4th the price of retail space on U.S. 41 and in Southside Shopping District and the Malls!

Properties for Sale or Lease

**Contact Harshman & Company, Inc.
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INDUSTRIAL SPACE FOR LEASE

■ 1675 Independence Blvd, 17,400 sq. ft. manufacturing facility, Zoned I, \$10/sq ft NNN, CAM est. \$1.25/sq ft

INDUSTRIAL LAND FOR SALE

■ 7509 Pennsylvania Ave, 5.88 acres, Zoned PDI/WR (Manatee County), \$640,000 **SALE PENDING**

COMMERCIAL LAND FOR SALE

■ 1741-83 Snug Harbor Pl., 15,750 sq. ft., zoned CI, \$150,000

■ 300 S. Pineapple Ave., 1,420 sq. ft. building on 15,609 sq. ft. C-CBD zoned land, \$1,200,000 "AS IS"

■ SW Corner of University Parkway and Old Bradenton Road, 1.828 net useable acres, zoned RMF-2, eligible for rezone to Office and Neighborhood Commercial use, \$355,000

■ 2635 Fruitville Rd., 3 acre office site, zoned for 41,000 square feet of office \$2,500,000 **SALE PENDING**

■ 1750 Ringling Blvd., 2.18 acres, 99-unit Condo Site, being rezoned C-CBD with site plan, \$10,500,000

■ 6713 14th St W. Bradenton, 1.796 acres with 100' frontage on US 41, zoned GC, \$625,000

COMMERCIAL BUILDING FOR SALE

■ 1716 N. Tamiami Trail, Galaxy Motel, 4 buildings totaling 6,500 +/- sq. ft. including 3b/3b owner's residence located on 40,880 +/- sq. ft. of land, zoned NT, \$1,400,000

SALE PENDING

COMMERCIAL RETAIL LEASE

■ 1516 Main St, 2,500 sq ft storefront, Zoned C-CBD, \$15/sq ft NNN

■ 1900 Hillview St, 3,590 sq ft building with parking across from Sarasota Memorial Hospital, \$15/sq ft NNN

■ 1926 Hillview St, 1,700 sq ft office with parking across from Sarasota Memorial Hospital, \$23/sq ft NNN

LEASE PENDING

SAMPLING OF COMMERCIAL TRANSACTIONS

■ **Dennis Hernandez & Associates South LLC** purchased the 8,701 sq. ft. +/- office building on 9,634 +/- sq. ft. of C-CBD-zoned land at 227 Central Ave. from **Stuart H. Barger, Trustee** for \$1,200,000 on 04/06/04.

■ **IGH Rooks LLC** purchased the 8,876 +/- sq. ft. store building on 5,000 +/- sq. ft. of land zoned C-CBD at 22 N Lemon Ave. from **W. Howard Rooks** for \$1,060,500 on 04/08/04.

■ **SPE #19 LLC** purchased two vacant lots in Northgate totaling 90,973 +/- sq. ft. zoned I from **Oak Park Investments Inc.** for \$303,900 on 03/25/04.

■ **Smartresource LLC** purchased the 20,512 +/- sq. ft. industrial building on 48,078 +/- sq. ft. of land zoned I at 1610 Northgate Blvd from **Donald D. & Susan D. Rinehart** on 01/26/04 for \$1,208,500.

■ **KNJA LLC** purchased the 5,682 +/- sq. ft. office building on 15,493 +/- sq. ft. of land zoned CN at 2 N. Tuttle Ave. from **Two Tuttle Inc.** on 01/15/04 for \$850,000.

■ **Clarke Advertising & Public Relations, Inc.** purchased the 6,091 +/- sq. ft. building on 26,250 +/- sq. ft. of CG-zoned land at 1542 4th St. from **David L. & Joan M. Condon** for \$950,000 on 01/06/04.

Source: Sarasota County Property Appraiser and other reliable sources.