

Real Estate Market Update

NEWS OF SARASOTA COUNTY COMMERCIAL REAL ESTATE

Real Estate Market Update

is published quarterly by
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Residential market continues to surge.

by John B. Harshman, Broker

Clearly, residential is still the hottest real estate market around. Single-family and condominium sales are keeping residential real estate brokers happy as historically low interest rates have enabled buyers to afford higher priced homes. However, positive home sales have taken a bite out of the apartment market as tenants are purchasing homes. The result is the highest apartment vacancy rate in 10 years – 15% to 12%— depending on the product and market.

Are drive-through facilities a service of the past?

Bankers will tell you that their customers demand drive-through banking facilities; dry cleaners concur. New city zoning code changes will severely restrict drive-through facilities in the city. Only financial institutions may have a drive-through in the downtown and only on “secondary grid” streets. The new zoning codes —

OND, OCD, ORD and SMH — that replace OPB, OPB-1, OP and MCI specifically prohibit drive-through facilities. How will the market react? Stay tuned.

Record sale

1549 State St. recently sold for \$750,000 to H & P Realty Group. The buyer promptly demolished the three-story building on the 5,000-square-foot site at an estimated cost of \$25,000. Extrapolating: the land sale is a record \$155.00 per square foot.

New projects demand higher rental rates

For almost two years, office vacancy rates have steadily increased while rental rates remained the same, or in some cases even decreased. Contributing factors: the recession and general lack of confidence in the economy. Fortunately, we are starting to see a flicker of hope as leasing activity has increased and developer confidence is evidenced by new

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projects being planned. The four planned projects downtown and near the hospital are "asking" office/retail rental rates of \$22 - \$29 per square foot triple net compared to current triple net rates of \$14-\$18 per sq. ft.. While a few existing buildings are commanding similar rates, this is a threshold in our office market. New product always demands higher rates and given the age of our existing office supply, the new rates may not be a stretch.

Tamlami Trail continues to change

Older buildings are being replaced by new as the redevelopment of the U.S. 41 corridor continues. North of Siesta Drive, the driving force is Sarasota Memorial Hospital as medical uses continue to take advantage of proximity to the hospital and great visibility. Vacant land sales in the area have reached an historic high of \$43 per square foot.

Tenants: Now is a time to buy

2002 was a wait-and-see year for businesses looking to lease new space. Conversely, 2002 was a tremendous year for commercial real estate sales.

Lack of confidence in the economy curtailed many planned leasing moves while low interest rates provided an opportunity to buy not seen in 40 years.

Rates remain at historic lows as we march into 2003. Do the math. You can buy or build a commercial office building and pay less in mortgage payments than you would in rent. If purchase is an option, this is the best of times.

Properties for Sale or Lease

**Contact Harshman & Company, Inc.
(941) 951-2002**

OFFICE SPACE FOR LEASE

- **UNIVERSITY COMMONS OFFICE CTR.** 11,000 RSF on third floor of 75,000 sq. ft. building. I-75 visibility, ample parking and dramatic lake views. Will divide
- 240 S Pineapple Ave., Ground Floor of Gold Bank Building, 8,450 sq. ft., General Office use (banks excluded), \$22 per sq. ft.

INDUSTRIAL LAND FOR SALE

- 8440 Florida St., off University Parkway, 105,624 sq. ft., Zoned LM, \$330,000
- 1611 Independence Blvd, 47,700 sq. ft., Zoned I, \$157,000

INDUSTRIAL BUILDING FOR SALE

- 4380 Independence Court, 8,800 sq. ft. office/warehouse on 23,567 sq. ft. of land, zoned I, \$600,000

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. of land, zoned C-CBD, \$850,000 "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
- 6150 Lake Osprey Drive, 110,874 sq. ft. of land, zoned PCD, will divide or build-to-suit, \$14 per sq. ft.
- 2635 Fruitville Rd., being rezoned to support approximately 40,000 sq. ft. office, \$2,500,000
- Corner of Fruitville Road and Wallace Avenue, 13,878 sq. ft. land, zoned C-CBD, site plan is approved for a 3,000 sq. ft. single-story office with parking, \$299,000
- 930 N Beneva Rd (Circus City Trailer Park), 7.51 acres of land, zoned RMF-1 (6 units per acre), \$2,500,000

DOWNTOWN PROPERTY FOR SALE

Ovo's Restaurant, 9,600 sq. ft., 35 S Lemon Ave., \$2,250,000 real estate only — FF&E \$200,000 additional

SAMPLING OF COMMERCIAL TRANSACTIONS

- **Hel-Mar Sarasota Investors, LLC** purchased +/- 40,588 sq. ft. of land zoned C-CBD at 50 Central Ave. from **Wynnton Sarasota II, Limited Partnership** for \$3,850,000 on 12/23/02.
 - **Harry & Barbara Friedman** purchased the +/- 7,000 sq. ft. office/warehouse on +/- 23,940 sq. ft. of I-zoned land at 4384 Independence Ct. from **Gordon & Gail MacPhail** for \$395,000 on 11/15/02.
 - **Goldmine Holdings of Sarasota Inc.** purchased the +/- 1,700 sq. ft. restaurant building at 417 Burns Ct. from **Katsutoshi & Keiko Yoshizawa** for \$450,000 on 11/15/02.
 - **Branson Corp and Marie N. Watts** purchased the +/- 11,550 sq. ft. store building on +/- 41,723 sq. ft. of CG-zoned land at 7222 S. Tamiami Tr. from **Harry N. Call as Trustee of the C & P Trust** for \$1,500,000 on 11/05/02.
 - **Atlas Partners LLC** purchased the 16,666 +/- sq. ft. office building on 27,207 +/- sq. ft. of land zoned OPI at 7120 Beneva Rd. from **Taylor Woodrow Communities** on 10/18/02 for \$1,650,000.
 - **MKM Sarasota LLC** purchased 26,200 +/- sq. ft. building on 78,000 +/- sq. ft. of ILW-zoned land at 2363 Industrial Blvd. from **JD Sarasota Inc.** on 9/23/02 for \$425,000.
 - **OFCO LLLP** purchased the 20,457 +/- sq. ft. commercial lot at 235 N. Orange Ave. from **Anne L. Mikos, Trustee** on 9/17/02 for \$654,000.
- Source: Sarasota County Property Appraiser and other reliable sources.*