

Real Estate Market Update

NEWS OF SARASOTA COUNTY COMMERCIAL REAL ESTATE

Real Estate Market Update

is published quarterly by
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Downtown Office Rental Rate Changes!

by John B. Harshman, Broker

Over the past five years leasing downtown has been the “best deal in Sarasota real estate.” While still a good deal, downtown office lease rates have jumped up—making leasing downtown less of a GREAT deal. Offices rates are, for some properties, reaching \$30 per square foot. The best deal remains leasing high-rise office space in one of the several buildings built in the 1980’s. Rental rates for class “A” office are \$21-\$26 per sq ft full service, but expect these rates to increase as very low vacancy rates persist.

Downtown Offices For Sale!

Coming to the downtown is The Atrium on Ringling – a mixed-use development with 45,000 square feet of office condominium space. Location, Location, Location and Parking, Parking, Parking are the hot points for The Atrium which is conveniently located just west of Osprey Avenue on Ringling Blvd and offers a generous 4 per 1,000 sq ft parking ratio. But there is more! Open floor plans, dramatic views and classic design. Expect occupancy late 2007. Call 951-2002 for more information.

Industrial Value Increases!

Demand for I-75 corridor industrial properties has led the market and now demand is driving U.S. 301 corridor industrial prices to new levels. Northgate buildings have sold for as much as \$92 per square foot while newly constructed flex-space condos sell for \$130 per square foot.

How Does Our Real Estate Market Compare Historically?

The Florida real estate boom times of the 1920’s, 1960’s and early 1980’s were characterized by shaky economics. Conversely the 2006 real estate market is supported by sound economic fundamentals. Interest rates are moderate, unemployment is low, the economy is strong and the market is flush with cash looking for placement. Recent real estate appreciation has been driven by user demand; very different forces than the crazy multiple mortgages of the 1920’s, high inflation of the 1960’s or tax advantages and high inflation of the 1980’s. Even the much talked about “flippers” that make market watchers quiver are only a very small component of our market. History is not much help in answering the questions of when will today’s strong

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market end, or have we reached the top of the market? Never have values increased so dramatically at a time when the driving economic forces were fundamentally sound. One occurrence on which we can rely is cycles. In the past few years, the real estate market has experienced tremendous appreciation, and while I do not forecast a bursting bubble or recession; most market sectors have reached price plateaus and some slowing in activity is expected.

Downtown Rezone!

Has the City's rezoning the downtown impacted your property values? Are you now limited to 5 stories where previously you were permitted 180 feet? Are you eligible for increased residential density? Are you now permitted to build 18 stories on your property? Some properties are experiencing a windfall; while other properties are losing value – which are you?

More Office Condominiums.

Office condominiums are springing up throughout Sarasota. North Sarasota's major I-75 corridors - University, Fruitville, Bee Ridge and Clark – are rapidly being lined with office condos. The sale prices range from \$275 per sq ft to \$350 per sq ft and offer small businesses the opportunity of ownership without the management headaches or high prices of free-standing buildings. Expect more office condos as developers answer the demand of small businesses.

Forecast!

Where is the next opportunity in Sarasota real estate? Residential demand has driven this recent and huge real estate wave of appreciation. Many commercial sites have overnight become high-valued residential sites and in reality many of the "mixed-use" developments are residential projects providing only modest amounts of retail and office. Experts agree that residential values have reached a plateau. So where is the next wave of appreciation? Demand for commercial space is quick to follow this abundance of new residential. Expect commercial rental rates to increase.

Properties for Sale or Lease

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

INDUSTRIAL LAND FOR SALE

- University Parkway frontage - 32,500 sq ft zoned LM (light manufacturing) with off site retention and utilities \$1,500,000
- 1611 Independence Blvd, located in Northgate Center Industrial Park, 47,700 sq ft lot, zoned I, \$357,750

COMMERCIAL LAND FOR SALE

- 4644 N Tamiami Trail, 6.2 acres of land, zoned NT (permits 35 units/acre) & RSF-3 (permits 5.8 units/acre), 370 feet of frontage on N Tamiami Trail (US 41), \$7,300,000

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, \$1,950,000 **SALE PENDING**

OFFICE FOR LEASE

- 3322 Bee Ridge Rd, 4,420 sq ft office building, cannot be divided. 18 parking spaces, zoned OPI, \$18.50/sq ft NNN
- 3307 Clark Rd, 1,300 sq ft & 1,250 suites available in office building. Ample parking available, \$19.00/sq ft NNN
- **Manatee County** - 5279-5283 Office Park Blvd, 2,188 sq ft available in new office building. 11 parking spaces, \$20.00/sq ft NNN

COMMERCIAL RETAIL LEASE

- 1900 Hillview St, 3,590 sq ft retail/office space with parking across from Sarasota Memorial Hospital, \$20.00/sq ft NNN
- 1906 Hillview St, 1,660 sq ft retail/office space with parking across from Sarasota Memorial Hospital, \$20.00/sq ft NNN
- 1810 Osprey Ave, 1,200 sq ft retail storefront without parking. Must be retail user, \$20.00/sq ft NNN **LEASE PENDING**

SAMPLING OF COMMERCIAL TRANSACTIONS

- **NNTT Land Trust 1** purchased the 20,039 sq ft +/- store building on 50,062 sq ft +/- of CG-zoned land at 3909 Bee Ridge Rd. from **Sarasota Lighting & Accessories** for \$3,300,000 on 02/03/06.
- **1586 Main Street LLC** purchased the 3,765 +/- sq ft store building on 2,625 sq ft +/- of land zoned C-CBD at 1586 Main Street from **John Klinkowize Trustee** for \$482,500 on 01/04/06.
- **First Baptist Church of Sarasota Inc** purchased the store buildings located at 1679 & 1693 Main St. from **Dunn Investments Inc & NCN Realty LLC** for \$4,900,000 on 01/04/06.
- **MVS Properties LLC** purchased the 17,400 sq ft building on 47,700 sq ft +/- of land and the adjacent 47,700 sq ft vacant lot zoned I at 1675 Independence Blvd. from **Executive Ventures LLC** for \$1,650,000 on 01/03/06.
- **Atrium on Ringling LLC** purchased 2.18 acres +/- of land zoned OPB at 1750 Ringling Blvd. from **Seventeen Fifty Co.** for \$12,361,000 on 10/31/05.

Source: Sarasota County Property Appraiser and other reliable sources.