

# Real Estate Market Update

NEWS OF SARASOTA COUNTY COMMERCIAL REAL ESTATE

## Real Estate Market Update

is published quarterly by  
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## Oh the Market!!!!

*by John B. Harshman, Broker*

Fueled by strong national economics featuring low interest rates, low unemployment, weak dollar and baby boomers desiring comfortable retirement locations; the real estate market has sustained feverish activity and record setting prices for three years. There is much discussion comparing this real estate cycle to the stock bubble in the late 1990's. Locally, the more reasoned discussion speaks of a leveling of real estate prices rather than a bursting of a bubble connoting value deflation. Predictions of when the leveling will occur, range anywhere from one to five years! What does this tell us? The demand will remain strong but prices are reaching an apex and will limit out.

### **Downtown Condo Prices Hit the Ceiling.**

The market is defining the downtown residential condo price ceiling at around \$850,000. Condos priced higher than \$850,000 remain on the market for longer than the sellers would like because supply outweighs the immediate demand. Assuming the \$850,000 market ceiling to mean that multimillion dollar condos don't sell would be incorrect. In the right

locations multimillion dollar condos do sell. It simply means that there are fewer buyers for the top priced units. A quick look at the profile of the typical downtown condo buyer and we see the reasons for the price ceiling. Approximately 70% of the buyers are purchasing condos as 2nd, 3rd and 4th homes, they are adult households and the units being purchased are less than 1,800 sq. ft.. Over the years the profile of the buyer has not changed much, but now there are more buyers with more money.

### **Investment Real Estate.**

In a market like Sarasota it is difficult to find sound leased investments. If you own a leased investment and are ready to sell this is the time. Capitalization rates are at an all time low 6%-7.5% compared to historic 9% -12%. Low capitalization rates mean high sale prices relative to the income generated by the property.

### **Time to Revalue your property!**

It just takes a quick look at your commercial real estate tax bill to see that the Sarasota County Property Appraiser is hard at work revaluing commercial properties. (I have not met the seller willing to sell for the assessed value). Five years ago C-CBD

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land sold for around \$30 per square foot, three years ago the sales eclipsed \$50 per square foot and two years ago prices reached well over \$100 per square foot. Now toss in the 200 units per acre (DROD) and C-CBD zoned land values may exceed \$200 per square foot! While certain areas have seen greater appreciation; across the board real estate values have increased. If you have not reviewed the value of your commercial real estate recently you may be pleasantly surprised at the windfall.

#### **Retail Downtown.**

The lure of relatively low retail rent and new residences continues to attract retailers to Main Street. Downtown retailers are cut from a different cloth than the typical national mall retailers—more eclectic and less manicured presenting a certain charm and ambience of the old town feel. The downtown retail flavor may soon change as development plans that include national retailers downtown are soon announced. The Quay development and Isaac's downtown assemblage will deliver about 250,000 square feet of retail space to the downtown area. The final picture is still evolving so the only fact we know for sure is that the \$15 per square foot rental rates for downtown storefronts will soon fade to memory like the John Ringling Hotel and Lido Casino.

#### **Industrial Sales.**

The allure of I-75 for many businesses is the ability to attract employees from North Port to Tampa. That fact alone has increased demand for industrial land and pushed land sales to \$10-\$12 per square foot. Availability of land is still an issue. Demand for US 301 corridor industrial lots has lagged behind the I-75 corridor, but lot prices are rapidly catching up as availability diminishes. Industrial building prices have increased to \$70-\$100 per square foot.

## **Properties for Sale or Lease**

**Contact Harshman & Company, Inc.  
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#### **INDUSTRIAL BUILDING FOR SALE**

■ 1675 Independence Blvd, 17,400 sq. ft. building on 47,700 sq ft lot plus adjacent buildable lot, \$1,950,000

#### **INDUSTRIAL LAND FOR SALE**

■ University Parkway & Florida St, 2.77 acres zoned LM (light manufacturing) in Manatee County, \$2,100,000

#### **COMMERCIAL LAND FOR SALE**

■ 25 N Pineapple Ave., 14,250 sq ft of land with 13,600 sq ft Theater building, zoned C-CBD with new zoning-Downtown Core permitting 50 units/acre, located in DROD permitting 200 units/acre, \$5,500,000

■ 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, \$11,000,000 **SALE PENDING**

■ 1505 Dolphin St., 3,100 sq ft house on 5,250 sq ft land, zoned C-CBD \$656,250 **SALE PENDING**

■ 6713 14th St W. Bradenton, 1.796 acres with 100' frontage on US 41, zoned GC, \$812,500 **SALE PENDING**

#### **COMMERCIAL BUILDING FOR SALE**

■ 200 S Washington Blvd, 1.16 acres with 100' frontage on US 301, zoned C-CBD with proposed zoning Downtown Core permitting 50 units/acre, \$7,560,000

■ 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, \$1,595,000 **SALE PENDING**

#### **OFFICE FOR SUB-LEASE**

■ 1515 Ringling Blvd, Suite 890, 3,153 sq ft office for sub-lease through 10/31/06 in Northern Trust Bank Building with parking, \$16.50/sq ft NNN

#### **COMMERCIAL RETAIL LEASE**

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

#### **INDUSTRIAL SPACE FOR LEASE**

■ 1675 Independence Blvd, 17,400 sq. ft. manufacturing facility, Zoned I, \$8/sq ft NNN, CAM est. \$1.25/sq ft

## **SAMPLING OF COMMERCIAL TRANSACTIONS**

■ **Jamieson Properties Ltd Partnership** purchased the 8,700 +/- sq ft office/warehouse building on 23,567 sq ft +/- of land zoned I at 4380 Independence Ct. from **M & A Enterprises LLC** for \$750,000 on 04/04/05.

■ **Wal-Mart Stores East LP** purchased 31.7 acres +/- of land zoned PCD on Fruitville Rd. from **NYT Management Services, Inc.** for \$13,710,000 on 03/24/05.

■ **300 Pineapple LLC** purchased 15,609 sq ft +/- of land zoned C-CBD at 300 S Pineapple Ave. from **Anita Katzman** for \$1,000,000 on 03/09/05.

■ **Sarasota Ellis Associates LLC** purchased the Ellis Bank Building located at 1605 Main St. from **Tricony Sarasota LTD** for \$13,500,000 on 03/01/05.

■ **Gregory T & Susan G Leonard** purchased the 8,875 +/- sq ft store building on 9,375 +/- sq ft of land zoned CT at 465 John Ringling Blvd. from **Richard S & Sherry L Murray** for \$2,200,000 on 01/19/05.

■ **Cherry Company LLC** purchased the 2,800 sq ft +/- store building on 7,451 sq ft +/- C-CBD-zoned land at 527 S Pineapple Ave. from **Engels Trust** for \$975,000 on 12/15/04.

*Source: Sarasota County Property Appraiser and other reliable sources.*