

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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Fruitville Road east of East Avenue takes off

by John B. Harshman, Broker

The face of Fruitville Road east of downtown is finally evolving from sporadic residential to a future of low intensive office and community service headquarters. The transition will take about three years, but by 2005 the change will be dramatic.

Why the wait? The 1980s city plan for Fruitville Road required a minimum of one-acre lots for rezoning to office use. In the 1990s, the code was modified to permit smaller lots for office use. The revision addressed difficulties with assembling parcels, as well as a key market factor: Our business community is predominantly made up of companies with five or fewer employees. Smaller companies need smaller facilities, requiring smaller land parcels. The code adjustment makes redevelopment and in-fill a realistic opportunity along Fruitville Road.

Downtown: Plenty of buzz, but little activity

The Ritz Carlton is open and proved to be the jewel that we all had hoped, but the rest of the downtown real estate market – commercially, in particular – is relatively quiet. Boca Bargoons opened with a loud splash and a lot of traffic at 1st Street and Orange Avenue, and Gallerie des Artes is now open at 1516 Main St.

During the late 1990s, the development downtown experienced was almost exclusively residential. That doesn't appear to be changing. The only cranes on the skyline are at Beau Ciel and the second Ritz tower condominiums.

Leased investments still at a premium

Many Eckers and Walgreens properties are for sale based on a rate of return of 8.75%. The shrinking stock market has directed many buyers to real estate, but most buyers demand returns of 9.5% or greater.

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Multi-family feels pinch of supply, lending

Apartment vacancies in Sarasota County have fluctuated from 14% to 9% depending on the project and location. Rental rates range from \$.80 to \$1.10 per square foot, also depending on the project and location. Sufficient supply from the mid-1990s and tightening of lending practices have cooled many planned apartment projects.

Office leasing stalled; sales steady

Low interest rates have kept many buyers in the commercial real estate market, but the true industry barometer is leasing activity. Sarasota County's office market is still slow; vacancy rates are stalled at about 7% downtown and 17% along I-75.

Conversely, while not matching the blistering pace of 1999, sales have remained steady. Land sales on Fruitville Road in the city limits are inching up to \$16 per square foot in some cases.

Retail update

Southgate Mall remains the leader in Sarasota retail with high occupancies and rental rates north of \$30 per square foot. Generally, our market has seen reasonably steady occupancy rates for retail with some small infill projects, but no major projects in some time. Where are the next retail developments? Clark Road is a sure bet as residential rooftops increase. It would seem that near or in downtown is a likely spot, but development costs could hamper new retail activity downtown.

Properties for Sale or Lease

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

UNIVERSITY COMMONS OFFICE CTR.

22,000 RSF on third floor of 75,381 sq. ft. building. I-75 visibility, ample parking and lake views. Will divide

INDUSTRIAL FOR SALE

■ 8440 Florida St., off University Parkway, 105,624 sq. ft., Zoned LM, \$375,000

■ 2183 and 1295 12th St., 2 buildings, 3,200 sq. ft. and 1,800 sq. ft. on 21,036 sq. ft. land, zoned ILW, \$299,000

COMMERCIAL PROPERTY FOR LEASE

■ 126 N Orange Ave., (2) 2,000 sq. ft. units on ground floor and (1) 1,600 sq. ft. unit on 2nd floor, newly remodeled, zoned C-CBD, \$12/sq. ft. triple net ground floor and \$10/sq. ft. triple net 2nd floor

■ 1926 Hillview St., 1,700 sq. ft. retail/office, across from Sarasota Memorial Hospital, zoned CN, \$20/sq. ft. triple net

COMMERCIAL BUILDING FOR SALE

■ Elk's Lodge, 2635 Fruitville Rd., 17,000 sq. ft. building on 4.2 acres, \$2,300,000

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, \$725,000

■ 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

■ Five Points Site, 40,588 sq. ft., zoned C-CBD, Proposed Future Zoning Urban Core Zone (T6), \$4,800,000

SAMPLING OF COMMERCIAL TRANSACTIONS

■ **Jose R. Antunes, MD, PA** purchased +/- 13,300 sq. ft. of land zoned OPI at 2402 Fruitville Rd. from **David L. Kaus** for \$218,000 on 3/04/02.

■ **Colleen Cassidy** purchased the +/- 5,836 sq. ft. motel on +/- 20,014 sq. ft. of land zoned NT at 1770 N. Tamiami Trl. from **Vera Cristea** for \$218,900 on 1/31/02.

■ **Jason Nippert** purchased the +/- 3,102 sq. ft. office building on +/- 10,977 sq. ft. of OPB-zoned land at 1705 S. Osprey Ave. from **Porter Dickens** for \$635,000 on 1/28/02.

■ **Sun Imports** purchased the buildings with +/- 39,755 sq. ft. of land zoned CG at Cass Way and 7301 S. Tamiami Trl. from **THT Co.** for \$1,280,000 on 1/15/02.

■ **Sun Imports** also purchased the +/- 7,405 sq. ft. building on +/- 52,272 sq. ft. of CI-zoned land at 7321 S. Tamiami Trl. from **Wallace E. Lacey Trust** for \$1,512,700 on 1/15/02.

■ **Vengroff & Williams** purchased the +/- 5,186 sq. ft. building on +/- 21,277 sq. ft. of NT-zoned land located at 2309 N. Tamiami Trl. from **Feryn Wilson** for \$390,000 on 1/14/02.

Source: Sarasota County Property Appraiser and other reliable sources.