

Harshman & Co. Inc. is a full service commercial real estate firm specializing in commercial and industrial sales and leasing, property management, consulting and site selection.

Harshman & Company, Inc.
COMMERCIAL REAL ESTATE BROKER

COMMERCIAL REAL ESTATE MARKET UPDATE

3rd Quarter, 2021

Licensed Real Estate Broker | 1575 Main Street, Sarasota, FL 34236 | (941) 951-2002 | www.harshmanrealestate.com

Harshman & Company, Inc. Is Moving!

Presented with an offer that could not be refused; I am leasing over 50% of my building at Main Street and Orange Avenue inclusive of my office space to a national AAA tenant. We have selected the Atria suite 957 (1800 2nd Street) as our new home and look forward to moving back to the building in which I founded Harshman & Company. Ron Spector developed and

managed the red brick buildings in which I started my business in 1989 coincidentally just before the massive commercial real estate recession of the early 1990's. I was too young and enthusiastic or maybe naïve to let a recession stop me and through perseverance and hard work experienced some exciting and productive years in Spector's Building. It was then, and is now, an excellent location for my business as the directory board then was a Who's Who of Sarasota business and philanthropic leaders and the new owners, Tricera Capital out

of Miami, have significant plans to renovate, update and add tenant-friendly features to this preeminent class A office building. Harshman & Company should be fully relocated by November and look forward to returning home.



John B. Harshman, Broker
jbh@harshmanrealestate.com



Request our newsletter by emailing service@harshmanrealestate.com or by visiting our website.

View our listings on our website: www.harshmanrealestate.com or on the following Multiple Listing Services: www.mfcre.com or www.crexi.com

Is This Growing Real Estate Market Sustainable?

I hear from clients, board members, friends, and even at tennis the question, “when will this real estate market slow down?” My answer today is – barring some devastating national or international disaster – I do not see the demand for Sarasota real estate slowing anytime in the immediate future. I often caveat my predictions with, “I feel confident in forecasting six months into the future, but beyond that time my vision is clouded.” My reasoning for this forecast is based on observing the following: (1) We are the recipient of the tremendous influx of people from the northeast, Chicago and California who are adding significant demand pressure to the supply in our real estate market. These new to the area buyers bring a different perception of the real estate market that is often based on from whence they came. They often view our market as a bargain relative to California, New York and Connecticut pricing and they don’t hesitate to purchase above list prices. (2) Many of the purchases are cash or with low debt which adds a certain stability to the market – a stability that is absent when properties are highly leveraged. It is important to note that the cash purchases are occurring in the environment of the historic low interest rates. As a point of clarification, Harshman & Company is a commercial real estate company however I reference “homes” in my market analysis because residential is our primary market barometer and the commercial real estate market generally follows residential albeit a bit behind the curve. In summary, the fundamentals are sound – high demand and qualified low leveraged buyers. The increasing demand is based on increased population, new condominiums and residential subdivisions are selling out to owner/users and there are low vacancies in the rental market. Even with existing sound market trends, there will eventually be a slow down as real estate markets move in cycles and the next slowdown may be driven by inflation. However, the slowdown may be more of a soft landing than a precipitous crash.

We are not surprised that offers for the County Administration Building are below the assessed value.

At least one County Commissioner was openly dismayed at the \$20-\$23-million initial offers to purchase the County Administration Building on Ringling Blvd. She should be dismayed if her expectations were for offers closer to the Property Appraiser’s “just value” of \$41,000,000 for the three parcels. I’m neither dismayed nor surprised at the offers as the real value is not in the existing administration building – but in the land as a residential development site. It may sound like a broken record, but residential uses drive our marketplace and generally pay more per square foot for land than any other use. The weakness in the office market and the estimated \$50,000,000 to renovate the single-user office building (Sarasota County’s study) further emphasizes the point that the building as an office building has little value. Offers in the \$20-\$25-million range are about as good as it gets, and the County’s real estate advisors should have told them so to avoid any “surprises.” The wild card is that City planners are having discussions regarding proposing increasing residential density in the downtown zones which increases land values – nothing concrete yet but discussions are emanating from a promising and credible source – City Planners.

Harshman & Company Available Properties**1516 Main St., Sarasota**

Downtown office or retail location, 2,500 square feet, zoned DTC.
\$29.50 per rentable square foot, NNN

**5774 S. Tamiami Trail, Sarasota**

Excellent retail or office location, 1,168 square feet.
\$19.50 per square foot, NNN

THINKING ABOUT SELLING YOUR COMMERCIAL PROPERTY?

The current commercial real estate market is as strong and stable as I have experienced in my 40-years as a commercial real estate broker. That translates to increased sales prices and shorter time on the market. If you are contemplating selling your commercial property, please call us for a valuation and assessment of your property.

No New Office Buildings

It appears that Ringling Office Plaza, the 85,000 square foot, 10-story office building planned for Orange Avenue just south of Ringling Boulevard is stalled indefinitely. Word on the street is that the local law firm planned as the lead tenant has nixed their plans to move to the new building. Frankly, it is not surprising that the law firm would pass when looking at the economics. The rent needed

to cash flow a newly constructed high-rise office building with structured parking is significantly higher than market rents for existing office space. Rental rates in existing high-rise office buildings hover just below \$30 per square foot gross while newly constructed office buildings that must cash flow the high cost of vertical construction will reach the \$50 gross per square foot range. Markets like Tampa and Miami are well equipped with high demand to support the cost of new office

buildings but in markets like Sarasota this delta is insurmountable. While it appears that Sarasota will not be the beneficiary of a new class A office building with all the latest features, the positive is that now a 25,000 square foot credit tenant and long-standing Sarasota law firm is scouring our market and will land somewhere making a landlord with a significant vacancy very happy.

Featured Properties



100 and 180 Center Court, Venice

Roughly 2.35 acres of vacant land in fast-growing Venice, in Sarasota County, this property is just west of the highly trafficked intersection of U.S. 41 (bypass) and Center Road. It also has ILW zoning, a very flexible classification that permits light industrial and warehousing operations, offices and even fast-food restaurants with drive-thru service! Come see why this property, with an Average Annual Daily Traffic count of 9,500, isn't your typical "industrial" space. Available for **\$1,230,468. SALE PENDING**



1561 Main St., Sarasota

Superior Main Street office or retail site in the heart of downtown's thriving business district. This property offers tremendous Main Street visibility and in close proximity to award-winning restaurants, stores, financial institutions and hundreds of other businesses. With thousands of professional and other workers in a short walking distance, 1561 Main St. is uniquely situated. A rare "can't miss" opportunity! One of the few properties with walking access and adequate surface parking. Call now to be one of the few lucky businesses to be able to put down roots at this central commercial hub! 3,660 square feet for lease at **\$40 per square foot, on a triple-net basis.**



29 N. Pineapple Ave., Sarasota

Do yourself a favor and check out this centrally located retail, office, restaurant or club space in the heart of Sarasota's flourishing downtown -- adjacent to the historic Sarasota Opera building. The property's 18-foot ceiling height and clear span offers a dramatic aesthetic and a special place for your business. Originally built by Morrison's Cafeteria where Elvis reportedly ate dinner while in Sarasota, this recently renovated, remarkable space contains 6,500 square feet, plus a/c storage area and mezzanine space, for lease at **\$24 per square foot, on a triple-net basis.**

Center of the Target

Having been in business in Sarasota for 40-years, the dramatic changes we have experienced during those 40-years sometimes seem unbelievable. There were some key moments that I can site that singlehandedly increased the image of Sarasota and helped raise Sarasota as a target of travelers, retirees, relocators, developers and businesses. The first streetscape improvements downtown in the early 1990's changed the look of downtown and ushered a sense of newly found confidence that the City officials

truly wanted our downtown to flourish. The acquisition of the Five Points Park property and developing a City park on the site furthered this enthusiasm and the City selling the former Mission Harbor site to the Renaissance developer helped spur interest and development in the Rosemary District. Those improvements were initiated by government, but the private sector's contributions added the most fuel to a burgeoning community. The alluring Ritz Carlton Hotel immediately started attracting people from all over the world to Sarasota and sits at the top of the must have hotels. Today, the fascination with Sarasota is ever

expanding – and why it is true that we have a beautiful community with lots to offer all people – but this time the source is not a Sarasota improvement but rather how states are treating their communities that has made more and more people look at Florida and Sarasota. People are fleeing New York, Connecticut, Chicago, and California to the business-friendly and growing state like Florida with a particular eye on the west coast of our great state. Growth does bring its challenges, but it almost always brings more than it takes, and growth has made Sarasota the best place to live, work and play.



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Recent Notable Commercial Transactions

- **El Rancho Partners Ltd.** sold a 211,952-square-foot (4.8657 acres) industrial lot at 4554 18th St. E., in Manatee County, to **Sarasota Opera Association, Inc.** for \$625,000 on 6/25/21.
- **The Anthony J Lingrosso Sr Trust,** sold a 6,200-square-foot retail building on a 12,218 square-foot lot, at 7272 S. Tamiami Trail, to **The Constance Paoli Zacker Revocable Trust** for \$720,000 on 6/9/21.
- **John M Dart and Deborah G Dart** sold a 5,750-square-foot lot at 1420 Fifth St. to **1420 5th Street LLC** for \$475,000 on 5/28/21.
- **Sarasota Opera Association, Inc.** leased a 17,196-square-foot building at 8161 E. 25th Court, in Manatee County, from **OTVA-SAR, LLC** commencing 6/1/21.
- **Military Cut LLC** sold a 14,195-square-foot industrial condominium at 7168 15th St. E., in Manatee County, to **Twin Tower Trading Realty LLC** for \$820,000 on 4/15/21.
- **Woonkuo Soon** sold a 5,408-square-foot lot at 2042 Fourth St. to **Millenium Trust Co. LLC** for \$255,000 on 12/31/20.