

# COMMERCIAL TRENDS & REPORTS

## Lakewood Ranch Update from Susan Goldstein

- Tavestock is developing a retail and multi-family project that will be the cornerstone of the LWR CORE project. Earthfare, a grocer out of Asheville, NC, has executed a lease to be one of 2 anchors. Conversations are underway with a fitness space, with LA Fitness a major contender.
- Harrod Properties has purchased 85 acres from which to develop a 700,000± sf speculative industrial project.



## Venice Update from Steven Larkin

- For more than 6 months, the Venice market has been monitoring competition between Venice and Sarasota hospital systems as they seek approvals for new projects in south county. So far the turnout has led to a lot of excitement among land owners of the perceived increased market values located around the proposed sites. However, the political nature of gaining project approvals has created a stagnation in actual deal making as folks wait for their decision.
- New residential developments are experiencing an influx of younger grandparents in Venice & Northport—think in terms of people in their 50's—and families who actually have kids attending middle and elementary school. This all adds up to the potential of Venice someday needing to keep the lights on and the sidewalks rolled out after seven o'clock!



## Sarasota – Tamiami Trail Update from Eric Massey

- Bay Street is experiencing tremendous growth and a renewed vibrancy. The quaint Osprey Property has gained attention as several spaces are filling up fast. Last week, suite 101 recently sold to a successful restaurant group from Sarasota. This will be a great addition to the Bay Street Village and surrounding area. The 2,337 SF end cap has incredible visibility as it is directly on South Tamiami Tr.



## Land Update from Howard Sadwin and Colin Pember

- The Sarasota Board of County Commissioners approved DR Horton's rezone petition for 9.72 acres on Ashton Rd. from OUR-1 to RSF-3. The national home builder plans to build 41 single family homes.
- While Dog Kennel Rd., a.k.a. Lorraine Rd. is nearing completion, Kolter Homes continues to move forward with Palmer Place, a 412 acre 600-unit community located at the end of Palmer Blvd. Lorraine Road will continue south of Fruitville where it will turn into Iona Rd. Iona Rd. will border Palmer Place and connect into Palmer Blvd. This will allow residents to travel from Bee Ridge Extension to S.R. 64.
- The Sarasota BCC approved Mattamy Homes rezone petition from RMF-1, RSF-1, and OUR-1 to RSF-4/PUD. The project is located on the former Sunrise Golf Course, consists of 132 acres, and has been approved for 425 units.



## SIGNIFICANT SALES by MS&C Commercial • Fourth Quarter 2016

DATE	LOCATION	SQ FT OR ACREAGE	PROPERTY TYPE
11.14.16	386 ST.ARMAND'S CIRCLE, SARASOTA, FL 34236	1,851 SF	RETAIL
11.22.16	6701 AVENUE A, SARASOTA, FL 34231	9,543 SF	MULTI-FAMILY
11.27.16	2069 SIESETA DRIVE, SARASOTA FL 34229	1,200 SF	RETAIL
11.30.16	4204 20TH STREET WEST, 4 UNITS, BRADENTON, FL 34205	6,217 SF	OFFICE
12.01.16	8161 EAST 25TH COURT, SARASOTA, FL 34243	17,196 SF	INDUSTRIAL
12.9.16	6302 GATEWAY AVENUE, SARASOTA, FL 34231	8,640 SF	MULTI-FAMILY
12.12.16	443K JOHN RINGLING BLVD., SARASOTA, FL 34236	2,280 SF	OFFICE
12.12.16	5240 66TH STREET EAST, BRADENTON FL 34203	.92 +/- ACRES	LAND
12.15.16	2332 17th Street, Sarasota, FL 34237	17,494 SF	Industrial
12.16.16	2716 Fruitville Road, Sarasota, FL 34237	2,720 SF	Office

## A Look at Capitalization Rate with Lee DeLieto Jr.



A Capitalization Rate is the ratio of the Net Operating Income (NOI) as compared to the total acquisition price of the real estate. In other words, and in its simplest of form, if you purchase a real estate investment property for \$1,000,000 with a net annual income of \$100,000, your capitalization rate (cap rate) is 10%. This of course does not take into consideration any transactional costs or eventual tax liabilities. Shortly after the Presidential election results, the Federal Reserve increased interest rates. Though only a quarter point increase, it is the first rung of a tall ladder that we have begun to climb. As of this writing, commercial lenders are now quoting between 4.5 to 5% based on credit and terms of payment. Sellers of property with credit tenancy may continue to hold at their current caps of approximately 5% and simply pull from the pool

of cash buyers. In as much as cash is king, this route is not likely, and cap rates are expected to increase for these national credit sales. However, the more prevalent market changing factor will rely on the sellers of non-national, more localized credit tenancy. These sellers will eventually find themselves making one of the following decisions. Either reduce their asking price to match market demand, inversely increasing the potential cap rate; Simply pull their property from the marketplace and wait out the cycle; or continue to ask for a sales price that draws less and less buyer interest. Thus, whether you are a cash investor, or one who leverages bank funds, the continued increase in interest rates may not necessarily be a bad thing. With the increase in interest rates, increased cap rates are sure to follow, bringing with them better quality investment inventory at all levels.

## New Team Members at MS&C Commercial



Erin Reid, Jessica Fleming, Allison Nielson and Gail Bowden



Will Martin

2016 was an exciting year, with many exceptional new faces joining the team. This includes Gail Bowden and her team; Jessica Fleming, Erin Reid and Allison Nielson. Bowden has specialized in medical office, multi-family, and industrial properties throughout her thirty years of professional experience. Her many accolades include being listed in Real Estate Forum's 2016 Women of Influence as well as being ranked #1 in Florida for sales within her previous firm, SVN, – and ranked #3 worldwide in 2015. Speaking about the move, Bowden said “It’s a very exciting time for us – joining a successful, family-owned, independent broker with outstanding leadership at all levels is exactly what our team needs to take our business to the next level.” Also new to the Division is Will Martin, who will be teaming up with the seasoned DeLieto & Associates. A Magna Cum Laude Economics graduate of the esteemed Rollins College, Will is a Sarasota native with a wealth of area knowledge.

## A New Office for MS&C Commercial

The Division recently expanded to include an Orlando office which opened in early January 2017. This will enable our team to better serve the demand for commercial experts in Central Florida, where the Gail Bowden Team—who recently joined Michael Saunders & Company—have been working with commercial clients for many years. The new office is located at 121 South Orange Ave, Suite 1500, and can be reached by calling 407.377.6830.

