

# Market Research

OFFICE

| FOURTH QUARTER

| 2008

## Sarasota/Manatee County Office Market Executive Summary

Gloomy economic conditions and forecasts continue to dominate the current business climate. However, the "survival mode" of successful companies dictates a positive attitude despite recognition of economic realities. Lee Arnold, founder of Colliers Arnold reminds us that commercial real estate opportunities continue to exist even in an economically distressed market. Some investor analysts have commented that while "crisis creating opportunity" may sound like a cliché, it doesn't mean that it isn't correct. Recovery forecasts vary significantly, but what is certain is that recovery will eventually occur and that the new normal is now different. The months ahead may be challenging for landlords as lackluster tenant demand continues. However, some brokers feel that difficulties in financing may increase leasing activity. Current tenants are being treated better than ever to keep them in place. Prospective tenants can demand multiple incentives and are wise to use the value added service of broker aided tenant representation.

The everyday reality check is in the numbers. The unemployment rate is once again sobering. In an area that formerly knew years of job growth, a total of 10,000 jobs were lost in the Sarasota MSA from November 2007 to November 2008. Tampa Bay saw a job loss of 30,600. The Sarasota unemployment rate was 8.0 for November 2008. The year ago rate was 4.7%. Comparatively, the Tampa Bay rate was 7.8% (year ago rate was 4.5%). The State rate was 7.3%, and the national unemployment rate was 6.5. All rates reported here are non-seasonally adjusted.

The fourth quarter overall vacancy rate for the Sarasota Office market measured 12.1%, up from 10.7% for Q3 2008, and up from the year ago rate of 7.2%. Net absorption totaled -233,745 s.f. Asking average direct rates decreased again to the Q4 rate of \$21.51 p.s.f. The year ago asking rate was \$22.94 and it has decreased throughout the year. The Class A asking average direct rate decreased to \$23.73, down dramatically from the year ago asking rate of \$29.09. No new office buildings were completed in the fourth quarter but 6 are under construction which total 109,767 s.f.

### Transactions:

- Morgan Keegan & Co. Inc. leased 12,036 s.f. at One Sarasota Tower, 2 N. Tamiami Trail.
- **Lakewood Heart LLC purchased the 21,553 s.f. bldg. + 2.1 acres at 6771 W. Professional Pkwy for \$4,050,000.**
- CCB Credit Services Inc. leased 9,175 s.f. at Henson Bus. Park, 6015 31<sup>st</sup> St. E.
- Publix Training Center leased 2,800 s.f. at Lakewood Ranch, 6771 W. Professional Pkwy.

**Note: Bold Blue indicates a Colliers Arnold Transaction**

### Data Methodology:

Colliers Arnold Sarasota/Manatee inventory includes buildings 10,000 s.f. and greater and includes owner occupied buildings in Sarasota and Manatee counties. Office asking lease rates quoted are full-service rates. Overall vacancy numbers include direct and sublet space. Arrow directions compare trends from Q3 2008 to Q4 2008. Arrows move up or down when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Due to continual updates and refinements in the historical database, some of the data in this report may not match previously published reports. Colliers Arnold is a member firm of Colliers International, a worldwide affiliation of 293 independently owned and operated offices throughout 61 countries. This report and other research materials may be found on our website at [www.colliersarnold.com](http://www.colliersarnold.com). Questions related to information herein should be directed to Karen Temmen, Market Research Director (727) 442-7184 or [ktemmen@colliersarnold.com](mailto:ktemmen@colliersarnold.com). Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof. Source: CoStar Property Data & Colliers Arnold. Data as of January 13, 2009.

### MARKET INDICATORS

INVENTORY 16,535,959 s.f.

OVERALL VACANCY  
12.1% ↑

CLASS A VACANCY  
20.7% ↔

ABSORPTION  
-233,745 s.f. ↓

CONSTRUCTION  
109,767 s.f. ↓

COMPLETIONS  
0 s.f. ↓

OVERALL DIRECT  
ASKING RATE  
\$21.51 ↓

CLASS A DIRECT  
ASKING RATE  
\$23.73 ↓

### CONTACT INFORMATION:

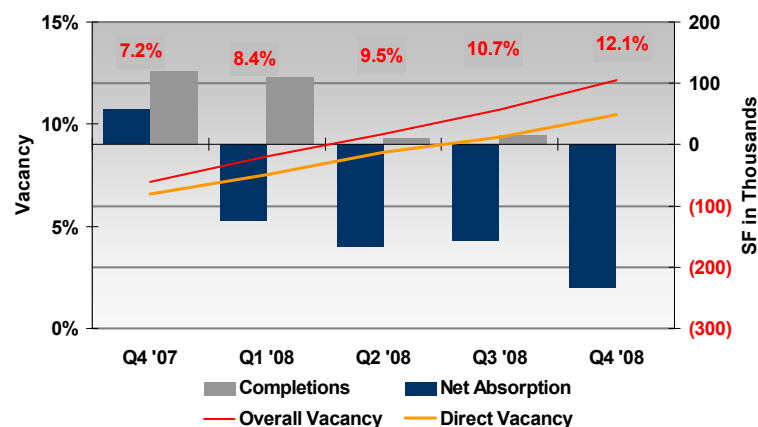
#### COLLIERS ARNOLD

4 offices in Florida: Clearwater,  
Ft. Myers, Orlando, Tampa

Clearwater: 311 Park Place,  
Suite 600,  
Clearwater, FL 33759  
727/442-7184

Tampa: 4350 W. Cypress Street,  
Suite 300,  
Tampa, FL 33607  
813/221-2290

### SARASOTA/MANATEE CO. OFFICE NEW SUPPLY, ABSORPTION AND VACANCY RATES



COLLIERS  
ARNOLD

[www.colliersarnold.com](http://www.colliersarnold.com)

COLLIERS ARNOLD