



Commercial Real Estate Specialists

# Southpace Properties | 2013 NEWSLETTER

## STRAIGHT talk WITH JOHN LAURIELLO, CCIM

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Southpace Properties, Inc. is celebrating its 30th Birthday! The first week of January in 1984 Bill McDavid left his independent commercial real estate practice and I left Colonial Properties. I was redeveloping the Title Building and we moved into a small office on the 9th floor because it was the only room in the building that had any glass in the windows. I can remember how cold it was those first few winter months like it was yesterday.

Our simple goal in 1984 was to invite two to three other good commercial brokers to share space, ideas, overhead and work together on deals. We never planned on becoming a large commercial real estate company. We did not have a real business model, just some simple ideas of how we wanted to work together.

Bill was tired of being a one-man shop and I was tired of dealing with institutional real estate. I wanted to concentrate on real estate in metro Birmingham area only. Colonial Properties was a great

company to work for and I learned a great deal during my four plus years there.

We survived those early years as a new firm somehow, but believe me, it was not easy. As we grew we had some really tough times making payroll, paying rent and we owed more to the bank than we were worth. Crazy as it sounds, it was fun in many ways and many friends and clients, including other commercial real estate companies helped us during those early days especially Sid "Billy" Smyer, Marvin Engel, Russell Cunningham and Charles Parrish. Without their support we would have been out of business within two to three years.

So here we are 30 years young, the largest independent commercial real estate firm in Alabama with 22 full time, well-educated commercial brokers and a staff of 20 full time employees doing business, not just in metro Birmingham, but throughout the entire Southeast. We encourage and support our brokers, property managers and staff in continuing to learn and expand their knowledge.

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WANT TO READ MORE "STRAIGHT TALK" WITH JOHN LAURIELLO?

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300 Richard Arrington Jr. Blvd. N  
Suite 900  
Birmingham, AL 35203  
[TEL] 205.326.2222  
[FAX] 205.251.4753  
[www.southpace.com](http://www.southpace.com)



We have 3 CPMs and 13 CCIMs under one roof, which is more CCIM designees than any other single commercial real estate office in the Southeast—and maybe the entire country. Our team, in my humble opinion, is second to none. We are totally dedicated to our clients. Their needs come first, not our needs. We believe in service, honesty, loyalty and not competing with our clients.

It sounds fairly basic, but think about all the folks you deal with that take forever to return a call or respond to an email. When you call their office or place of business during normal working hours it's painful to work through their automated answering system instead of talking to a human being. The overall drop in customer service over the past 10, 15, 20 years is awful. Add to that list the few bad apples in our business that are not honest and consistently work to take advantage of a client and it becomes a little easier to distinguish ourselves from the pack. We constantly remind our brokers and staff that our clients have other choices. We know we need to stay in touch and always put their needs first. By doing these

simple, basic, good business practices our business will continue to grow. Are there some folks that don't follow these principals yet still seem successful? Of course! That is just a part of life.

We have been lucky enough to stay out of debt and make a little money, allowing us to give back to the community. We decided years ago to focus our efforts and our money on helping charities close to our hearts. Each and every year we have added another good cause to that list. This has been a great tradition at Southpace and in 2013 we gave money to more than 29 charities.

We added a new partner a few years ago, Bryan Holt, who was with Southpace for nine years before starting and then selling his own company. Bryan has been a wonderful addition to Southpace and has brought more energy and structure to the firm. 2013 was a very good year for our company. We added new property management assignments, new staff, and some new brokers. We are going into 2014 with great momentum and a lot of deals on the books.

Do we all have concerns about the world around us? Of course! Our worries especially stem from the "knuckleheads" in Washington who are more worried about re-election than they are about the future of our great country. You never know what to expect from the far right or far left. It's like Forest Gump's momma once told him; "Life is like a box of chocolates. You never know what you're gonna get." Like everyone, I can rant and rave about all the stupidity we deal with in our federal government. But since it's our birthday, I would rather celebrate.

We believe our business will continue to grow and prosper for many years if we continue to work hard for our clients. Once again I want to thank our clients, friends, colleagues, vendors, brokers, staff and many others for helping us over the past 30 years. We hope to be around for many more years to come. Hope you all have a great 2014! **SP**

## OFFICE market

WITH BLAKE CROWE, CCIM

Are we finally seeing light at the end of the tunnel? Birmingham's office market appears to be reaching acceptable vacancy levels.

The 3rd quarter vacancy rate in 2011 was 17.5%. In 2012, the vacancy rate in the same period was 19.6%. Currently, the vacancy rate for Birmingham is approximately 14.1%. To have a positive swing of this magnitude is great for our market. In the 3rd quarter, we have had a positive absorption of approximately 112,000 SF. Year-to-date, we have had a positive absorption of approximately 122,000 SF. For a market that has approximately 18,500,000 SF of office space, that is another sign of improvement.

The market still has approximately

2,700,000 SF of primary/direct space available. If you include secondary/sublease space, there is approximately 3,450,000 SF available. The lion's share of sublease space is in the Class A market in the CBD and the 280/459 submarkets.

Among the six submarkets in the Birmingham area, the Southside market has emerged as the new frontrunner at 93% occupancy, passing the perennial favorite, Midtown, which is still hovering at 91.5%. The Highway 280/I-459 market is following closely at 90%, with the CBD and Riverchase lagging behind at 84% each. The Oxmoor submarket comes in last at a dismal 57%. Class A rental rates average out to around \$21.00 PSF. Class B rate average is

around \$16.00 PSF and Class C rates are approximately \$14.00 PSF. It is likely that these rates will start to move up in 2014, but it should only be moderate rate increases.

We will also start to see a more level playing field between landlords and tenants next year. With the market tightening up, tenants will lose a bit of leverage in negotiations.

Last year I reported that landlords were very aggressive with rental concessions in order to increase activity and occupancy. This approach certainly helped to increase occupancy rates, but another contributing factor was the trend of owner-occupants abandoning single tenant buildings for multi-tenant properties.

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## "OFFICE MARKET" CONT'D

For example, Baptist Health Systems left their own building for Ridge Park taking approximately 46,500 SF and providing a significant boost to the small Southside market.

Sales of office properties also picked up in 2013. This is due in part to lenders offering more favorable loan terms both on term length and rates. It is not uncommon to get 10 terms or longer, especially on owner-occupied product. Eventually rates will rise as the federal government changes policy, so now is the time to take advantage of either refinancing or purchasing your own property.

Significant office deals in 2013:

- Baptist Health Systems took approx. 46,500 SF at Ridge Park
- Source Medical renewed approx. 30,000 SF at Bruno Capital
- Alabama Media Group took 28,000 SF in the Young & Vann building
- Tyco leased 25,500 SF at International Park
- Northwestern Mutual leased 18,500 SF at Regions Harbert Plaza
- Butler Snow is taking 15,400 SF at One Federal Place
- Regus Executive Suites leased 14,000 SF in the Wells Fargo Tower

With momentum built in 2013 and positive market dynamics, we are expecting a great 2014. **SP**

economy and real estate market really improved in the last twelve months or is this simply a mirage? Let's look through the activity of this last year and you can be the judge.

The closing of 2012 had the overall Birmingham market at a vacancy rate of 11.2% according to Xceligent reports but that figure steadily dropped over the last year to 9.5%. Existing space was snatched up as a lack of new development put a squeeze on the market. Consumer sales numbers increased steadily throughout 2013, leading us into what looks like a promising holiday shopping season. By the numbers, it looks as though things are improving.

The most active area in 2013 was the Highway 280 market. Nordstrom entered our market with their outlet brand, Nordstrom Rack, in the River Ridge/Target Center. Lifetime Fitness also opened up with much fanfare and Winn Dixie renovated the former Bruno's grocery store in the Inverness Corners with their "Fresh and Local" concept. The Summit had two new additions; West Elm and Genghis Grill. Three closed restaurant sites in this market were renovated or began renovations, including Dixie Fish Co. (formerly Bahama Breeze), Pappadeaux (formerly Ralph and Kacoos) and Regions Bank putting a mobile banking center on the former Bogue's site. CVS Pharmacy replaced the Shell gas station at Highway 119 and 280 and it is rumored that Chick-fil-a is going to replace the BP station on the other corner. The DOT changes to the roadway appear to have improved traffic flow, but they will significantly impact several operators. I expect some of those changes to have significant negative impacts on a few individual properties affecting their business operations as well as their property values.

Grocery store activity in our market remained fairly active, with the Winn Dixie taking the old Bruno's in Inverness, Walmart Neighborhood Market opening on Lorna Road and Fresh Market opening at Brookwood Mall. The Belle Foods bankruptcy created a major opening in the Riverchase sub-market, paving the way for Boyle and Southpace

## market REVIEWS

Our 2013 overview of the major disciplines in the Birmingham commercial real estate market.

to redevelop Riverchase Village in 2014. The Piggy Wiggly closed its doors in Crestline, prompting rumors of a new tenant entering the market. Western has finalized their deal at Lane Park in Mountain Brook Village for a new 40,000 SF store. Sprouts was announced as the lead tenant for a new shopping center site across from The Grove on Highway 150. The site, which is being developed by GBT Realty, is one of the few significant retail developments in town. The increase in upscale grocers is a sign of market maturity in the segment.

Birmingham continues to make news as an up-and-coming city. With new breweries, restaurants, entertainment venues and Regions Field baseball park, the Birmingham CBD may be the most exciting sub-market for retail development in 2014. UAB has a grand design for growing student housing towards Regions Field and Railroad Park. As that area continues to gel, Birmingham will make up ground lost to Atlanta and Nashville on mixed-use and urban retail development.

Vacancy is down, rents are up and development activity is percolating enough to give us hope. We are poised for a real uptick in development activity in Birmingham. We have not arrived at our destination, but we are making good time. **SP**

## RETAIL market

WITH DAVID ASHFORD, CCIM

"Are we there yet?" As a father of four boys I hear this a lot. And as I reflect on the Birmingham retail market in 2013, I have to ask myself the same question.

Things seem better; rents seem to be growing, concessions are waning, the phone seems to be ringing more often and vacancy rates are dropping. But really, "Are we there yet?" Have the

# INDUSTRIAL market

WITH RICH VANCHINA, CCIM, SIOR

After experiencing a relatively flat 2012, occupancy rates of industrial real estate increased slightly in Birmingham during the first three quarters of 2013. The overall occupancy rate of the 14.5 million SF of multi-tenant industrial space increased to approximately 84%. As expected, this modest increase in absorption has finally resulted in a slight increase in rental rates. Although very few large transactions or new developments occurred in 2013, we actually had a good year due to the large number of small to medium size transactions that took place. Deals with corporate America in central Alabama, seem to be few and far between, but many local and regional companies are showing signs of being healthy and confident.

The occupancy levels in each of Birmingham's five industrial submarkets mostly experienced modest increases in 2013. Occupancy in the Oxmoor Valley increased to 86% this year, while the Central submarket also increased to 82%. The Western submarket declined again to 78%. Occupancy in the Eastern submarket was unchanged, but remained strong at 88%. HD Supply leased a 350,000 SF distribution facility in the Southern submarket, but occupancy still declined slightly to 88% due to an equally large tenant who vacated the area.

In spite of the soft leasing market, sales of free-standing owner-occupied

industrial buildings increased again in 2013 and like the leasing market, relatively few of these transactions exceeded one million dollars. This type of sales activity is another indicator that the small-to-medium-sized companies doing business in our region are doing very well.

Interest rates for commercial real estate mortgages are still hovering close to record lows. Therefore, in many cases it makes more sense financially for these companies to own, as opposed to lease, their real estate. Also, many of the commercial lenders in town are aggressively seeking owner-occupied commercial real estate loans, making it easier for qualified applicants to secure a great deal on a mortgage. All of this resulted in a dwindling supply of available quality buildings and predictable increases in price. Even still, low mortgage rates continue to trump rising prices for most owner-occupants.

One interesting trend occurring in Birmingham's Central submarket is the repositioning of functionally obsolete industrial buildings to office, retail and loft apartment properties. The continuing expansion of the University of Alabama at Birmingham, plus the recent development of the award-winning urban Railroad Park and Regions Field has created a new district whose highest and best use is not cheap, antiquated industrial space. As developers purchased these tired, old buildings for adaptive reuse, the former industrial occupants were pushed out into other industrial submarkets. The positive absorption that resulted from

the exodus of these industrial tenants was an unintended consequence of the renaissance of this area.

Even with the disappointing amount of industrial leasing activity this year, the sales activity was a significant improvement from the past three or four years. This resulted in a healthy increase in property values, which is welcome news to owner occupants planning to either sell or refinance their industrial real estate in the near future. And for the first time in several years, landlords actually experienced a slight increase in base rents. However, the existing amount of available industrial space still will not justify any new development in metro Birmingham, except for specific build-to-suit deals. In order for any new speculative industrial development to occur, we will need an influx of major corporate tenants to locate in our market. Currently, strong demand for industrial space in some major U.S. markets has resulted in product shortages, which have pushed some major tenants into secondary markets.

We have not seen any of the aforementioned tenant demand in Birmingham yet, but as the U.S. economy continues to improve, it is reasonable to believe that it could happen here. Birmingham has the geographic advantage of being an excellent strategic distribution location to the Southeast. Alabama's favorable business climate, coupled with the quality standard of living, make our region an excellent choice for corporate tenants to locate. **SP**

## Below are some of the charitable organizations Southpace was honored to support in 2013.



# Inside SOUTHPACE

WITH BRYAN HOLT, CCIM, CLS

Las Vegas, Los Angeles, Phoenix, Atlanta, Denver, Chicago....We went all over the country this year—not for real estate deals in these cities, but to LEARN, CONNECT and LEAD. Our business is largely built on referrals from relationships we build both here in Birmingham and around the country in the organizations that serve our industry. Every year we spend a good deal of time and effort on learning, connecting and leading, but 2013 was exceptional on all three fronts.

Leadership comes from competence gained through experience, knowledge and technical ability. We want our people to be leaders in our industry so we push them towards educational opportunities that include real world experience. John Lauriello has always insisted our brokers earn the CCIM designation because it represents the best education in our industry. The Alabama CCIM Chapter recently honored John's dedication to the pursuit of professional education with an endowed scholarship in his name. There are also likely several references in this newsletter to the fact that Tyler Bradford recently became our 13th CCIM Designee. This means Southpace has more CCIMs under one roof than any other commercial real estate firm in the Southeast. We are proud of John and proud of our involvement with CCIM. Four additional Southpace brokers are also actively pursuing the designation now and we will keep pushing our people to continue their

professional education. I traveled to Chicago and Denver this year in my role on the CCIM Alabama Chapter Board and look forward to trips next year to Nashville, Chicago and Los Angeles in an expanded role on one of the national committees.

I am willing to bet that fifty percent of our new business this past year came from referral

sources outside Alabama. Those connections have been built over years of networking in our professional organizations. We believe we become better CRE professionals by getting outside our markets, looking for best practices and making



new connections. We are helping to pioneer a 'buddy system' within the Retail Brokers Network (RBN) in 2014. Each of our retail brokers will be paired with brokers from other member companies around the country in a program of mentoring, referring and networking. The RBN is an information sharing organization and Southpace is leading a project to build a new website with Enterprise Content Management capabilities that enhance the knowledge-transfer among the membership. We are constantly seeing the benefits of a network of peers with whom we can share ideas, ask questions and lean on for improving our ability to serve our clients.

Southpace brokers hold leadership roles in the ICSC, CCIM, SIOR and RBN. It's not enough earn the designations and then fade away. Like our civic responsibilities close to home, we owe it to our professional community to serve not only in roles as designated leaders, but to also become active followers in these organizations. We want to ensure these groups remain relevant as our industry evolves. We encourage our people to get out of the office and get involved.

Our mission at Southpace is adding value to the ownership, use, purchase and sale of commercial real estate. In order to properly position ourselves for that mission, we are continually working to Learn, Connect and Lead within the industry. **SP**

# Our 2013 PROPERTY MANAGEMENT REPORT

The past year has been full of exciting changes for Southpace Management, Inc. The first and most significant change in 2013 was the hiring of Thomas C. Joyce, Jr., CCIM, CPM as Senior Vice President and Director of Property Management. Tommy has more than 20 years of real estate property management and brokerage experience and actually started his real estate career at Southpace in the early 90s. He is responsible for overseeing the day-to-day operations and strategic growth of the property management division. He also is directly involved with the management for our institutional clients. Since returning in February, Tommy has been implementing changes within the division to position the company for growth while maintaining the high standards that our clients have come to expect.

Another notable change was the re-assignment of properties within our management portfolio, whereby properties were assigned to our managers by property type (i.e. Retail, Office, Industrial or Facilities Management). By focusing on their respective assigned property type, each manager will be able to specialize and refine their skills to provide unparalleled service.

In addition to hiring a new director of property management, Southpace also hired David James in July as Controller to head the corporate and management accounting for the company. David brings with him several years of corporate accounting experience from a local Real Estate Investment Trust. Janice Self also joined the management team in June and provides crucial support for the management division. We also hired a new property manager, Alex Benson, who is managing approximately 800,000 SF of office and industrial space.

Southpace also has two new Certified Property Manager® (CPM®) designees in the management division this year. Senior Vice President and Director of Property Management, Tommy Joyce, CCIM, and Property Manager and Associate Broker, Julie Gieger, CCIM, recently earned their CPM® designation from the Institute of Real Estate Management (IREM). Obtaining the CPM designation is the



pinnacle of an individual's real estate management profession as it demonstrates the expertise, integrity and dedication of the designee.

Over the past 12 months, Southpace Management has added several key assignments and expanded its management territory within the state. In February, Southpace was engaged to manage and lease the Riverchase Village Shopping Center, located at the intersection of Highway 31 and Lorna Road in Hoover, Alabama.

This 178,500 SF power center is located in a very dynamic retail trade area and presents a tremendous opportunity for Southpace and the property owner.



*Tommy Joyce, CCIM, CPM and Julie Gieger, CCIM, CPM holding their Certified Property Manager® (CPM®) certificates.*

At mid-year, Southpace also took on the property management and leasing of the 2101 Highland Avenue office building located in the heart of Southside Birmingham. By years end, Southpace has brought this property to near 100% occupancy with the help of John Lauriello and Blake Crowe. With the addition of management accounts consisting of retail centers in Foley and Cullman, Alabama, as well as an 11 story office building in Anniston, the groundwork has been laid to aggressively pursue future management assignments throughout the state of Alabama and the Southeast for 2014. **SP**

# FUELING the REVOLUTION

BY TYLER BRADFORD, CCIM  
AND STUTTS EVERETTE

When most of us think about the clean energy movement in the United States, we picture a new LEED certified building, a wind turbine or a neighborhood recycling center...not a truck stop.

That is about to change. The trucking industry is on the verge of a revolution due to the emergence of liquefied natural gas (LNG) as a diesel alternative fuel.

LNG is a natural gas cooled to -260° Fahrenheit until it becomes a liquid and then stored. As a fuel, LNG is very dense, providing a large amount of energy for the amount of space it occupies. This makes LNG an excellent potential fuel for large trucks that need to travel a long distance before refueling. This is why most of the major diesel engine manufacturers are now delivering LNG engines for 18-wheeler tractor trailers.

While the LNG engine does use natural gas as the primary fuel, there is also a small amount of diesel fuel used as a combustible element to ignite the natural gas. This means the LNG tractors utilize two 70-gallon LNG tanks and one 20-gallon diesel tank. Small quantities of diesel fuel and

large quantities of natural gas are delivered at high pressure to the combustion chamber. This technology is preferable for heavy-duty applications compared to other fuels like compressed natural gas because LNG as a fuel is less cumbersome to transport.

Another bonus of this technology is that LNG vehicles emit up to 30% *less* greenhouse gas than gasoline or diesel vehicles. But the significant investment in this technology is not only for the reduced emission—there is also considerable savings on fuel costs. LNG averages up to a

\$1.50 less per gallon than diesel or gasoline (depending upon local markets). This is because LNG is produced domestically. In fact, 98% of the natural gas that is consumed in the U.S. is produced by North America. And according to a June 2008

“Overall, LNG is cleaner, cheaper, domestic, abundant and is also rapidly gaining momentum.”



A Blu LNG station located in Utah.

study, North America is said to have at least a 120-year supply of natural gas.

The United Parcel Service (UPS) has been one of the first companies to embrace the new technology on a wide scale. UPS currently operates 112 LNG tractors and has ordered 700 LNG tractors for 2014. Additionally, they will invest \$18 million to build four new fueling stations in Tennessee and Texas.

Overall, LNG is cleaner, cheaper, domestic, abundant and is also rapidly gaining momentum. There are currently more than 1,100 natural gas fueling stations in the U.S.—and about half of these are open to the public.

Locally, the two largest players are Clean Energy, owned by T. Boone Pickens, and Blu LNG. Clean Energy has several locations around the state located in Pilot-Flying J truck stops, while Blu is currently under construction on three sites in Birmingham.

Southpace provided site selection and negotiation services on behalf of Blu to purchase or ground lease land sites for the construction of these three fueling stations. We are also actively pursuing sites throughout Alabama, Tennessee and Mississippi.

For more information about LNG,  
please visit these websites:

- [www.pressroom.ups.com](http://www.pressroom.ups.com)
- [www.cleanenergyfuels.com](http://www.cleanenergyfuels.com)

- [www.westport.com](http://www.westport.com)
- [www.blulg.com](http://www.blulg.com)

# ECONOMIC OUTLOOK: Where **STAND**? do we

BY CHARLES FERLISI



A few months ago, I wrote an article on our Southpace blog ([www.southpaceblog.com](http://www.southpaceblog.com)) hoping to give readers an idea of "where we were" in retail real estate.

Statistics are worth a thousand words and can provide an accurate sense of where the macro economy stands. We see a lot of headline numbers in different places, but I thought it would be helpful to see them in one place. So let's look at some statistics and headlines.

## GENERAL NATIONAL STATISTICS

- U.S. jobless claims down to a 12 week low (as of 11/30/13)
- Third quarter GDP: + 3.6% over second quarter 2013
- CPI for October '13: +0.1 % (about +1.2% annually)
- October new home sales up 25.4% YOY

## RETAIL SALES

- Sales for October '13: +.04% over September '13
- Annual sales: +3.9% YOY
- Grocery store sales: +2.9% YOY
- Electronics/Appliance: + .06% YOY
- Food Service and drinking establishments: +3.7% YOY

## HOLIDAY SALES

- Black Friday (5 days) weekend sales: -2.9% YOY
- Cyber Monday sales: +20.6% YOY
- Cyber Monday mobile traffic almost doubled YOY to 32%
- Three most visited sites on Cyber Monday:  
#1 Amazon   #2 eBay   #3 WalMart

## POPULAR RETAILERS (October '13 sales)

Walmart:	+ 1.5% YOY
Target:	+ .09% YOY
Dollar General:	+ 10.5% YOY
Family Dollar:	+ 5.8% YOY
Home Depot:	+ 7.4% YOY
Lowes:	+ 7.3% YOY
American Eagle:	- 20% YOY
JCPenny:	- 10% YOY
Hibbett Sports:	+ 2.5% YOY
BAM:	- 6.6% YOY
McDonalds:	+ .05% (3rd quarter) YOY
Starbucks:	+ 8% (4th quarter) YOY
Computer store sales:	+4.1.%
Publix 3rd quarter sales increase over 2nd quarter:	+5.6%

## LOCAL COMMERCIAL REAL ESTATE\*

- Office Vacancy: 14.1% (a decrease from 14.7% in previous qtr)
- Industrial Vacancy: 21% (a decrease from 21.2% in previous qtr)
- Retail Vacancy: 9.5% (a decrease from 9.8% in previous qtr)

In general, retail spending statistics are an important tool that gauge if the economy is expanding. And when the economy is expanding is when we have the best opportunities in real estate. So based on these statistics, the conclusion I come to is that we are taking one and a half steps forward and one step back. **SP**

\* 3rd quarter Birmingham data from Xceligent



**Thomas C. Joyce, Jr., CCIM, CPM**  
re-joined Southpace in early February as Senior Vice President and Director of Property Management. He has more than 20 years of commercial real estate management and brokerage experience and actually began his real estate career at Southpace in 1993.

Tommy returns to Southpace to lead the property management team in continuing to provide clients with the best service possible while overseeing day-to-day operations and focusing on growth of the company.

Tommy has extensive experience in all areas of commercial property management, including the office, industrial and retail sectors. His client list has included small individual investors and large institutional clients.

Tommy is a Certified Commercial Investment Member (CCIM), a member of the Institute of Real Estate Management (IREM) and the International Council of Shopping Centers (ICSC), and also earned his Certified Property Manager (CPM) designation this year. He was chosen as one of the "Top 40 Under 40" by the Birmingham Business Journal in 2010 and has served on the Coastal Conservation Association of Alabama (CCA) State Board of Directors since 2009.



**David James** joined Southpace in August as Controller. David brings more than 15 years of accounting experience, including the past six years spent at Colonial Properties Trust.

In his new role as Controller, David is responsible for the financial reporting of Southpace Properties, Inc. and the commercial properties under Southpace Management, Inc. including preparation of consolidated financial statements, cash flow statements, budget reports, quarterly payroll tax returns, income tax returns for the company and generation of additional reports for each managed property's accountant.



**Janice Self** joined Southpace in June as the Property Management and Accounting Assistant, bringing with her more than 25 years experience in the commercial real estate industry. Janice's career began at Gene McClain Commercial Real Estate in Huntsville, Alabama.

Since that time, she has worked in several areas of commercial real estate including architectural, engineering, loans and construction and subdivision development.

In her new role at Southpace, Janice provides support for both the accounting and property management departments. She is responsible for assisting with accounts payable and receivable, bank statement reconciliations, financial statement distributions and lease administration.

# New FACES

The Southpace team is always growing.

Here are the new faces we added to our company in 2013.



**Alex Benson** joined Southpace in early October as our newest Property Manager in the Southpace Management, Inc. division. Alex's background includes previous experience in property management at ERA King Real Estate.

Alex currently manages 790,000 SF of office and industrial properties. He is also responsible for reviewing and finalizing monthly financial reports to ensure compliance with individual property budgets and business plans, maintaining positive relationships with tenants, conducting regular property inspections and coordinating maintenance activity.

Alex is a Birmingham native and a graduate of The University of Alabama, where he played football and was a member of the 2009 National Championship Team.



**Joseph Sedita** joined Southpace in early October as an Associate Broker. Joseph has a strong background that includes previous experience in accounting, finance and business management. He also earned his Bachelor's degree in business from the University of Alabama.

As our newest Associate Broker, Joseph will provide tenant and landlord representation on office and industrial properties, including both sales and leasing activity. He will also use market knowledge to give clients the best option in the acquisition or disposition of their real estate.



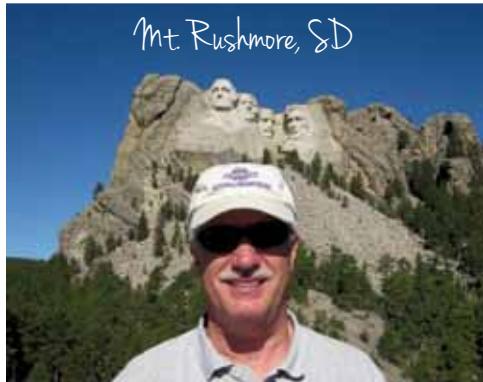
Seagrove Beach, FL



Honduras



Beaufort, SC



Mt. Rushmore, SD

# Show Us Your SWAG!

E-mail your Southpace swag photos to [southpaceprop@gmail.com](mailto:southpaceprop@gmail.com) and we'll add them to our Southpace Swag album on Facebook.



See Rock City



Long Island



New York



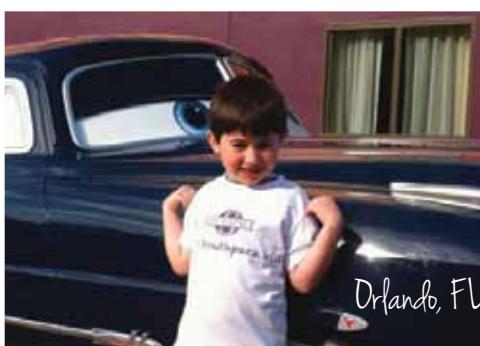
Sedalia, MD



Destin, FL



Honduras



Orlando, FL



New York



Bahamas

# PHOTO REVIEW

A look back at several highlights for Southpace in 2013.



1. Our Top Five brokers were recognized from 2012: Marcus Bruchis, David Ashford, Rich Vanchina, Tyler Bradford and Blake Crowe.
2. Southpace brokers meet with clients in our Retail Brokers Network (RBN) booth at the ICSC convention in Las Vegas. **3.** Many Birmingham Barons games have been enjoyed by our clients and employees with a view from the executive suite that Southpace shares with local law firms.
4. A cocktail party hosted by Southpce during the ICSC Gulf South conference in March.
5. Southpace employees spend a summer afternoon at Rickwood Field to play a friendly game of softball with Shannon Waltchack.
6. Gloria Weintraub celebrates 25 years at Southpace.
7. Southpace broker Tyler Bradford (center) is sworn in as a Certified Commercial Investment Membership (CCIM) designee.
8. Vivi Evans cheers on the Southpace Closers at Rickwood.
9. Employee appreciation massages provided in-house for Thanksgiving.

## RETAIL



### Bryan Holt & Tyler Bradford

represented Gander Mountain in the purchase of land and leasing of retail space in Tuscaloosa, Gadsden and Dothan, Alabama and Pensacola, Florida. These new transactions will give the outdoor goods retailer a total of six store locations in Alabama and seven in Florida.

**Marcus Bruchis** represented Rainbow Fashion in the leasing of retail space in the following locations across the southeast: Birmingham, Alabama, Smyrna, Tennessee, Little Rock, Arkansas, Fayetteville, North Carolina and High Point, Jackson and Columbus, Mississippi.

**Bryan Holt & Andrew Loveman** represented Dunkin Donuts in the leasing of 2,000 SF of space on College Street in Auburn, Alabama.



**Bob Vines** facilitated the transaction of a 2,500 SF building to Melt on 41st Street in Avondale, Alabama. Melt is a food truck with a grilled cheese sandwich concept. This will be their first brick and mortar location.

**Stutts Everette** represented the landlord in the leasing of space at the Colonnade shopping center in Birmingham, Alabama to the following retailers: Jimmy John's Gourmet Sandwiches, Salon Suites, Tai Chi Acupuncture and Elite Nutrition.

**Tyler Bradford** represented McDonald's in the leasing of approximately two acres on Highway 14 in Prattville, Alabama and Highway 231 in Dothan, Alabama.

**Bryan Holt** represented Verizon Wireless in the purchase of 42,518 SF of land and a retail lease of 4,500 SF at the Colonial Promenade in Huntsville, Alabama and in the leasing of 4,592 SF at 101 Oxford Exchange in Oxford, Alabama.



### Michael Randman & Anne Michaels

represented Second Street, LLC in the sale of The Shoppes of Pell City, a 58,332 SF shopping center located in Pell City, Alabama. Andrew Patterson of Shannon-Waltchack represented the buyer, SW Holdings II, LLC.

**David Ashford** represented the landlord in leasing the 2,536 SF previous Fire Restaurant to Urban Cookhouse at Country Club Park in Mountain Brook, Alabama.

**Stutts Everette** represented Brick and Tin in the leasing of 2,673 SF at 2901 Cahaba Road in Mountain Brook, Alabama. This will be their second location in the Birmingham area.

**Julie Gieger** represented Advanced Marketing Concepts in the sale of a 6,384 SF building at 2167 Rocky Ridge Road in Birmingham, Alabama.



### John Lauriello & Bryan Holt

facilitated the sale of the former Food World in Vestavia Hills from Vestavia Plaza LLC to the City of Vestavia. The city will begin construction on a new state-of-the-art City Hall in mid-2014.

## 2013 DEALS

A sample of highlighted transactions our brokers completed in 2013.

**Bill McDavid, Anne Michaels and Michael Randman** represented the owner in the sale of Pell City Plaza, a 105,290 SF multi-tenant shopping center, located in Pell City, Alabama. Andrew Patterson of Shannon-Waltchack represented the buyer.

**Bryan Holt & Tyler Bradford** represented Chipotle Mexican Grill in the leasing of 3,300 SF at Berryhill Station in Montgomery, Alabama.

**Michael Randman** represented the landlord in the leasing of 2,100 SF to My Enchanted Forest at 2814 18th Street South in Homewood, Alabama. My Enchanted Forest offers special occasion attire for girls up to 12 years old, as well as themed parties.



**Tyler Bradford** represented Newk's Express Cafe in the purchase of a one acre site at Taylor Road and Vaughn Road in Montgomery, Alabama. This will be Newk's first location in the Montgomery market.

**Andrew Loveman** represented Defining Home, LLC in the leasing of 4,222 SF for their interior design showroom at 1916 28th Avenue South in Homewood, Alabama.

**David Ashford & Andrew Loveman** represented the landlord in the leasing of 6,400 SF to Aaron's Rent in the Northwood Shopping Center in Tuscaloosa, Alabama.

## INDUSTRIAL

**Rich Vanchina** represented the owner in the sale of a 30,000 SF warehouse at 2515 6th Avenue South in Birmingham, Alabama.

**Bill McDavid & Rich Vanchina** assisted Terra Enterprises and Advanced Marketing Concepts in a 1031 Exchange on a 10,000 SF office property on Industrial Lane in Birmingham, Alabama.

**Bill McDavid** represented the buyer in the purchase of a 115,000 SF industrial complex at 1143 1st Avenue South in Birmingham, Alabama.



**Steve Mordecai** represented the owner in the sale of the 92,000 SF former Long's Electronic building at 2630 5th Avenue South in Irondale, Alabama.

**Rich Vanchina** represented the landlord in a lease renewal of 50,686 SF to Triton Stone at 4500 5th Avenue South in Birmingham, Alabama.



**Rich Vanchina** represented the landlord in the leasing of a 30,000 SF warehouse at 2547 Commerce Circle in Birmingham, Alabama.

**Rich Vanchina** represented the owner in the sale of a 30,000 SF building at 3150 Lee Street in Pelham, Alabama, which was developed as a haunted house attraction.



**Rich Vanchina** represented the owner in the sale of a 70,000 SF rail-served industrial building at 16591 Plant Road in Childersburg, Alabama.

**Rich Vanchina & Jim Collins** represented the landlord in a lease renewal of 45,051 SF to Southern Beauty Supply at 165 Goodrich Drive in Pinson, Alabama.

**Bryan Holt** represented the owners in the sale of a 9,000 SF warehouse at 112 14th Street South in Birmingham, Alabama. The property was purchased by an investor to be redeveloped as the future site of Beer Engineers Brewing Company.

**Rich Vanchina** represented the POOLCORP in the leasing of a 23,750 SF warehouse on Distribution Drive in Birmingham, Alabama and a 24,752 SF warehouse at 5841 Vann Place in Trussville, Alabama.

**Bill McDavid** represented the owner in the sale of a 13,000 SF warehouse at 3010 6th Avenue South in Birmingham, Alabama. **Rich Vanchina** represented the buyer.

## OFFICE

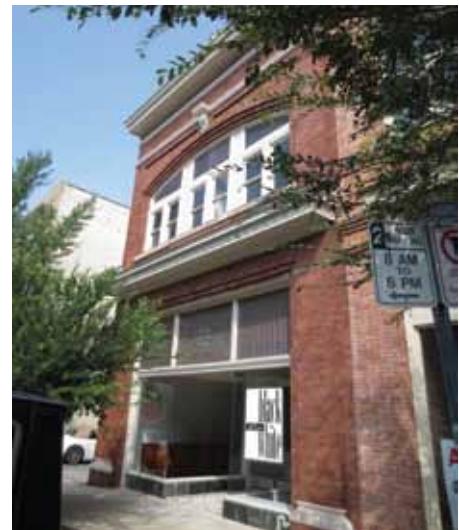


**John Lauriello & Blake Crowe** represented ChipRewards in the leasing of 9,500 SF of office space in the Martin Biscuit Building at 2901 Second Avenue South in Birmingham, Alabama.

**John Lauriello** represented the landlord in a lease renewal of 35,000 SF of office space to Lightfoot, Franklin and White in the Forbes Building in Birmingham, Alabama.

**Stutts Everett** represented Hare, Clement & Duck, P.C. in the leasing of 6,594 SF of office space at 100 Chase Park South in Birmingham, Alabama.

**Blake Crowe** represented Source Medical in a lease renewal of 30,000 SF at the Bruno Capital Building in Birmingham, Alabama.



**Bob Vines** represented the owner in the sale of the 7,000 SF former Black and White office building to Dynamic Civil Solutions at 2210 2nd Avenue North in Birmingham, Alabama.

**John Lauriello & Blake Crowe** represented the owner in the sale of a 5,000 SF office building to Berk Cleveland Rathmell Wealth Strategies, LLC. at 1952 Urban Center Parkway in Birmingham, Alabama.

**John Lauriello & Blake Crowe** represented the owners in the sale of the 60,000 SF Booker T. Washington Building at 1728 3rd Avenue North in Birmingham, Alabama. The purchaser, Stonegate Realty, will renovate the building into a rental residential property. Construction on the site has begun and occupancy is expected to take place in spring 2014.

**Bill McDavid** represented a law firm in a lease renewal of 9,517 SF of office space at 800 Shades Creek Parkway in Birmingham, Alabama.

## LAND

**Greg Despinakis** represented Rogina Investments in a ground lease of 1.84 acres at the corner of Highway 31 and Lorna Road in Birmingham, Alabama. Walgreens purchased the site, which includes the Omelet Shoppe and Shell service station.

**Steve Mordecai** facilitated the sale of 113 acres on Old Springville Road in Clay, Alabama.

**Bryan Holt** represented the owner in the sale of 1.7 acres of land at 79 Folmar Parkway in Hope Hull, Alabama. Plans for the site include a new Hardee's location.

**Steve Mordecai** facilitated the sale of the Sterling Lakes subdivision including 20 lots in the first sector, 72 acres of residual land, clubhouse pool and playground located in Helena, Alabama.



## Tyler Bradford & Stutts Everette

represented the buyer in the purchase of 8.8 acres of land at 451 Industrial Drive in Birmingham, Alabama and 2.7 acres at 1617 Finley Blvd. in Birmingham, AL. The purchaser, Blu LNG, will use the property to develop a new clean energy liquefied natural gas (LNG) facility.

**Rich Vanchina** represented the owner in the sale of 1.9 acres for the development of an office building at 2150 Old Rocky Ridge Road in Hoover, Alabama.

**Bob Vines** represented Supreme Car Wash, LLC in the sale of a 14,000 SF parcel of land at 4101 3rd Avenue South in Birmingham, Alabama. The property will be used by Avondale Brewery to be redeveloped as a parking lot.

**Tyler Bradford** represented the buyer in the purchase of a .66 acre lot for their build-to-suit office at 3108 Blue Lake Drive in Vestavia, Alabama.

## INVESTMENT



### Bill Moss & Michael Randman

represented the developer in the sale of a 9,014 SF Dollar General at 324 West Bancroft in Toledo, Ohio. The property was purchased for \$1.5 million with a CAP rate of approximately 6.88%.

**Stephen Lazarus** represented the buyer in the purchase of seven multifamily apartment properties located in the historic Highland/Southside area of Birmingham, Alabama. The 173 units were purchased as an investment for \$10 million.

# lucky NUMBER 13



At Southpace, we don't think the number 13 is quite so unlucky after all.

In fact, we're proud to announce we now have 13 CCIMs under one roof. That's more than any other commercial real estate firm in the Southeast.

When you work with our Southpace team, rest assured you're working with an industry expert who's certifiably proficient in theory—and practice.

## SELECTED HIGHLIGHTED TRANSACTIONS

Bryan Holt/Tyler Bradford Retail Lease Tuscaloosa, AL \$10,775,000	Greg Despinakis Land Sale Birmingham, AL \$2,400,000	John Lauriello/Blake Crowe Office Lease Birmingham, AL \$1,037,552	David Ashford Retail Lease Mountain Brook, AL \$630,720
Stephen Lazarus Apartment Sale Birmingham, AL \$10,150,000	Bryan Holt Retail Lease Oxford, AL \$2,169,720	Stutts Everette Retail Lease Birmingham, AL \$1,034,012	Marcus Bruchis Retail Lease Smyrna, TN \$625,000
Bryan Holt/Tyler Bradford Retail Lease Pensacola, FL \$9,778,506	Bryan Holt Retail Lease Huntsville, AL \$2,049,525	Rich Vanchina Industrial Sale Birmingham, AL \$1,015,000	Bob Vines Office Sale Birmingham, AL \$600,000
Bryan Holt/Tyler Bradford Retail Lease Gadsden, AL \$9,650,000	Tyler Bradford Retail Lease Prattville, AL \$1,789,169	John Lauriello/Bryan Holt Retail Sale Birmingham, AL \$950,000	Stutts Everette Retail Lease Mountain Brook, AL \$597,300
Bryan Holt/Tyler Bradford Retail Lease Dothan, AL \$8,650,000	Steve Mordecai Industrial Sale Irondale, AL \$1,650,000	John Lauriello/Blake Crowe Office Sale Birmingham, AL \$925,000	Bryan Holt/Tyler Bradford Retail Lease Montgomery, AL \$592,350
Blake Crowe Office Lease Birmingham, AL \$4,534,308	Bill Moss/Michael Randman Investment Sale Toledo, OH \$1,534,090	Stutts Everette Retail Lease Birmingham, AL \$833,476	John Lauriello/Blake Crowe Office Sale Birmingham, AL \$585,000
Anne Michaels/Michael Randman Retail Sale Pell City, AL \$3,225,000	Rich Vanchina Industrial Sale Childersburg, AL \$1,400,000	Steve Mordecai/David Trott Office Sale Birmingham, AL \$825,000	Julie Gieger Retail Sale Birmingham, AL \$545,000
Bryan Holt/Tyler Bradford Land Sale Tuscaloosa, AL \$2,750,000	Bryan Holt Industrial Sale Birmingham, AL \$1,300,000	Tyler Bradford/Stutts Everette Land Sale Birmingham, AL \$800,000	Bryan Holt/Andrew Loveman Retail Lease Auburn, AL \$539,700
Bill McDavid Industrial Sale Birmingham, AL \$2,500,000	Bill McDavid Office Lease Birmingham, AL \$1,239,304	Bryan Holt Land Sale Huntsville, AL \$765,324	David Ashford Retail Lease Mountain Brook, AL \$519,880
Bryan Holt/Tyler Bradford Land Sale Gadsden, AL \$2,450,000	Bryan Holt/Tyler Bradford Land Sale Dothan, AL \$1,211,976	Crowe/Randman/Mordecai Office Sale Birmingham, AL \$734,000	Rich Vanchina/Jim Collins Industrial Lease Pinson, AL \$447,165
McDavid/Michaels/Randman Retail Sale Pell City, AL \$2,415,000	John Lauriello/Blake Crowe Office Lease Birmingham, AL \$1,001,940	Marcus Bruchis Retail Lease Birmingham, AL \$675,000	Michael Randman Retail Lease Homewood, AL \$301,840
John Lauriello Office Lease Birmingham, AL \$2,400,000	Stutts Everette Office Lease Birmingham, AL \$1,076,470	Bill McDavid/Rich Vanchina Industrial Sale Birmingham, AL \$667,500	Jim Collins Office Sale Birmingham, AL \$250,000

## The Southpace Team

### Principals

John Lauriello, CCIM, SIOR, CPM  
Bill McDavid, CCIM  
Bryan Holt, CCIM, CLS

### Associates

David Ashford, CCIM  
Tyler Bradford, CCIM  
Marcus Bruchis, SCLS  
Jim Collins, CCIM  
Blake Crowe, CCIM  
Greg Despinakis  
Stutts Everette  
Neill Fox, CCIM  
Julie Gieger, CCIM  
Stephen Lazarus  
Andrew Loveman, CCIM  
Anne Michaels, SCLS  
Steve Mordecai  
Bill Moss, CCIM  
Walter Pittman, MD  
Michael Randman  
Joseph Sedita  
David Trott  
Rich Vanchina, CCIM, SIOR  
Bob Vines

### Development & Construction

Charles Ferlisi

### Property Management

Tommy Joyce, CCIM, CPM  
Melissa Achuff  
Paul "Coach" Andrzejewski  
Alex Benson  
Julie Gieger  
Janice Self  
Heather Turner

### Accounting

David James  
Sharon Gladney

### Marketing & Research

Leslie Evans  
Christen Lewis

### Staff

Cathy Marques  
Gloria Weintraub

### Maintenance

John Cushing  
Wade Jemison  
Billy Johnson  
Brett Melton  
Michael Newland  
Willie Parrish  
Johnny Persall

### SOUTHPACE PROPERTIES INC.

300 Richard Arrington Jr. Blvd. N.  
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## Southpace Has Largest Presence Among All Firms in the Commercial Club of Excellence

For the past 15 years, Southpace Properties Inc. has been the number one commercial real estate firm with the most brokers represented in the Birmingham Commercial Realtors Council (BCRC) Commercial Club of Excellence, as well as the number one firm for the past 24 out of 25 years.

To qualify for the Commercial Club of Excellence, each broker must close a total of at least \$3 million in transactions throughout the year. Southpace's qualifying brokers in the sales and leasing division for 2013 included: John Lauriello, Bill McDavid, Bryan Holt, Rich Vanchina, Blake Crowe, Andrew Loveman, Michael Randman, David Ashford, Jim Collins, Tyler Bradford, Steven Lazarus, Marcus Bruchis, Stutts Everette, Bob Vines and Greg Despinakis.

## Southpace Leaders & Achievers

**Tyler Bradford** earned his Certified Commercial Investment Membership (CCIM) designation in late October, giving Southpace a total of 13 CCIM designees—that's more than any other commercial real estate firm in the Southeast. The CCIM designation, which is conferred by the CCIM Institute, is a prestigious title that recognizes each member as an industry expert who is proficient in both theory and practice. **Tyler Bradford** also served on the International Council of Shopping Centers (ICSC) Next Generation committee in 2013 and was also selected to be a member of the Leadership Vestavia Hills class of 2013.

**Tommy Joyce, CCIM and Julie Gieger, CCIM** earned the Certified Property Manager® (CPM®) designation from the Institute of Real Estate Management (IREM). Obtaining the CPM designation is the pinnacle of an individual's real estate management profession as it demonstrates the expertise, integrity and dedication of the designee.

**John Lauriello, CCIM, SIOR, CPM** was named one of Birmingham's 50 Most Influential Executives by the Birmingham Business Journal. **John Lauriello** was also recently honored with a CCIM scholarship endowment in his name.

**Bryan Holt, CCIM, CLS** served as Treasurer of the Alabama CCIM Chapter and was also a member of the Retail Brokers Network (RBN) Executive Committee and was the ICSC Alabama Government Relations Committee Chair in 2013.

**Rich Vanchina, CCIM, SIOR** served as Secretary/Treasurer for the SIOR LA/MS/AL/NWFL Chapter of the Society of Industrial and Office Realtors (SIOR) in 2013. He was also the SIOR representative on the Birmingham Commercial Realtors Board this past year.

**David Ashford, CCIM** served on the board of the Alabama CCIM Chapter in 2013.

**Andrew Loveman, CCIM** served as the Past-President of the Alabama CCIM Chapter this past year.

**Gloria Weintraub** celebrated her 25th anniversary working at Southpace this year.