



Commercial Real Estate Specialists

Southpace Properties | 2014 | NEWSLETTER

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STRAIGHT talk

WITH JOHN LAURIELLO, CCIM

2014 was our 30th year in business. Where did the time go? We had a very productive 2014: new brokers, a new property manager, new property management accounts, plus several new business clients. We are very grateful for this growth. This year we also upgraded our software and bought two new American made vans for our maintenance folks, with plans to buy another in 2015. And as always, we continue to have a polite human being answer our phones Monday – Friday from 8:00 a.m. – 5:00 p.m.

As we now enter our 31st year we feel we have the best team of brokers, property managers and overall staff in the company's history. We think our future is bright and that Southpace Properties, Inc. will be around for many more years.

We believe our sleepy metro Birmingham market is poised for growth with good leadership and the use of common sense.

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Overall activity was good in 2014, led by our retail group who had a terrific year. Our multi-family and land brokers had a good year. Our office folks had an okay year and our warehouse/industrial group were a little slow. We expect a great first quarter of 2015 based on lease/sale deals on our books.

The most active areas in metro Birmingham are Downtown, Southside, Lakeview and Avondale in the City of Birmingham. Gardendale, Mountain Brook, Trussville and Vestavia are very active, as are parts of Hoover. Shelby County and Bessemer are also doing fine. The majority of the activity, other than new retailers, are folks relocating from one area within the metro area to another. We are not seeing a lot of external growth with companies moving into our area from somewhere else.

Like everyone else we face the difficulties of over-regulation, increased taxes, higher medical insurance rates, etc. Simple example: We have always provided single coverage Blue Cross Blue Shield Preferred medical and dental to all our employees that are not covered under their spouse's plan. Over the past eight years, our costs have increased more than 116%, plus our employees co-pays have also increased over 100%.

We have to do something in the near future to making changes in our total political process. The folks in Washington – Republicans and Democrats – have no clue as to what normal working folks or small, medium and large businesses have to deal with

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because of congressional stupidity. Both sides are guilty of dividing us for their respective political gains and creating problems and issues that have awful long term effects on our entire country. Our overall tax laws need to be simplified. We are losing too many companies, jobs, etc. simply because our tax laws—especially corporate taxes—are not competitive with most other countries.

The same is somewhat true of our state and some local governments who also divide us for political gains.

The Birmingham metro area is currently not growing very much overall. Cities like Nashville, Charlotte, Jacksonville and Tampa are all growing because they have used common sense in their metro areas and cooperate with the people not only in their respective metro areas, but other cities and counties in their states. Have you been to any of these cities lately? Can you remember these cities being the same size or smaller than Birmingham? I can!

As much as I love the Birmingham area and the state of Alabama, we need to work harder as a team. Jefferson County has 37 municipalities in our county with very little cooperation from those 37

separate governments. That is a major problem and needs to change now for our metro areas to grow and progress. Plus, by working together, overall costs can be reduced.

Regional cooperation and working together is a must moving forward. We need to elect folks that believe in working with others that have sound business plans. This is important for all of us, especially in the long term for our children and grandchildren. We can keep school systems independent so let's take that issue off the table, but we need to explore other options of cooperative agreements that benefit these communities and save money.

I want to give a shout-out to David Sher and Jeffrey Bayer for working their tails off trying to make a difference by attempting to bring these 37 local governments together and open discussions on cooperative government. Potentially everyone can win: we can save money and enhance the growth of our metro area! This will help us compete with the Southern cities mentioned earlier in this article, as well as others.

We all need to be involved with their efforts and encourage—no, demand—that our local, regional and state

governments start working together for the overall benefits for all of us. Sorry for the rant!

To my many friends that have requested I become their friend on Facebook, thanks for the invite but I do not do Facebook. However, our company is on Facebook, LinkedIn, Twitter and YouTube, as are most of our folks. I know I am out of the loop, old-fashioned, whatever, but I still like to talk with clients and friends and visit with them over a drink, lunch, coffee or actual networking by attending various functions. I prefer to communicate while seeing people face-to-face. Sure I email and sometimes text, but the simple old forms of communication still work for me. I think young folks should try it. Who knows, you may actually pick-up some new business on your own with this method.

As Southpace begins our 31st year in business, I want to thank all our friends and clients for allowing us to serve you with your real estate needs. We appreciate your trust and will do everything within our power to always do what is best for you. We all know how important you are to our company.

HAVE A GREAT 2015! 

OFFICE market

WITH BLAKE CROWE, CCIM

I began last year's office report by posing the question, "Are we finally seeing the end of the tunnel?" I believe we are closer to the end of the tunnel at this point in time, but we are not through it yet.

Vacancy levels have improved slightly from where we were this time last year. The 3rd quarter vacancy rate in 2013 was 14.1%. Currently, the Birmingham vacancy rate is approximately 13.4%. To have improved at all this year says a lot about the Birmingham market, based on the fact that we lost several large law firms in 2014. Haskell Slaughter and Johnston Barton both shut their doors this year. Those two firms alone combined for over 100,000 SF in tenant reduction for the market. Even with

those tenants being removed from our numbers, we still had a modest decrease in vacancy.

In the 3rd quarter, we had a positive absorption of approximately 146,416 SF. Year-to-date, we have had a positive absorption of approximately 172,030 SF. For a market that has approximately 19,500,000 SF of office space, that is another good sign of a market that is improving.

The market still has approximately 2,615,000 SF available that is direct landlord space and around 3,356,000 SF available including sublease space. The lion's share of sublease space is in the Class A market in the CBD.

The Birmingham office market is comprised of seven submarkets.

Historically, the Midtown submarket has been the strongest in Birmingham. This proves to be true again this year as well, with the Midtown vacancy rate around 7.2%. The Highway 280/I-459 submarket is hovering around an 11.4% vacancy rate. The Southside submarket is approximately 11.9% vacant. The Central Business District has a vacancy rate of about 14.7%. The Riverchase submarket is in the 9.6% vacancy range. The weakest submarket we have is the Oxmoor submarket. With a vacancy rate of approximately 38.6%, this submarket continues to struggle even though it has seen a positive absorption so far this year.

While landlords have had the majority of leverage over the past few years, we believe that in 2015 the playing field

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between tenants and landlords will begin to level. If the market continues to tighten, tenants will regain negotiating power.

Class A rental rates average out to around \$21.50 per square foot. The Class B rate average is around \$15.00 per square foot and Class C rates are approximately \$11.25 per square foot. We believe it is likely that these rates may continue to increase in 2015. There were modest increases in the A rates this year. However, B and C rates dropped slightly. Landlords will likely continue to be aggressive in offering rental concessions to increase activity and occupancy since the method appears to be working.

Office sales will likely level out in 2015. Over the past couple of years, many tenants have rolled out of multi-tenant office buildings and have purchased buildings instead. This means the amount of product has decreased. Therefore, tenants who are interested in purchasing a building do not currently have a good supply to choose from.

Significant office deals that happened in the market this year are as follows:

Lease Transactions

- Athrotech - 48,284 SF at Woods Point
- Surgical Care Affiliates - 47,870 SF at Colonial Center at Brookwood
- Bressler Amery & Ross - 19,879 SF at Park Place Tower
- ProctorU - 19,192 SF at Riverchase Center
- Coyote Logistics - 18,000 SF at Saks Building

Sale Transactions

- SouthBridge - 244,481 SF
Price: \$24,000,000
- Lakeshore Park Plaza - 194,761 SF
Price: \$25,000,000
- University Park - 122,629 SF
Price: \$19,700,000
- Old Federal Reserve - 101,031 SF
Price: \$1,300,000
- The Steiner Bank Building - 28,105 SF
Price: \$1,825,000

We believe with better tenant stability, the market numbers will be more attractive next year. We are expecting a great year in 2015. [SP](#)

INDUSTRIAL market

WITH RICH VANCHINA, CCIM, SIOR

As Alabama's economy continues to stabilize, Birmingham's industrial real estate market is sustaining slow and steady occupancy growth. The automotive industry, as well as Alabama's business-friendly economic climate, continues to drive the industrial sector of the market. The overall occupancy rate of the 14.5 million square feet of multi-tenant industrial space increased to approximately 85%.

Similarly to the last two or three years, we experienced very few individually significant transactions, but actually had a good year, due to the large number of small-to-medium-sized deals that occurred.

Deals with corporate America in central Alabama were few and far between this year. However, many local and regional companies are showing signs of being healthy and confident, which is consistent with other tertiary markets across the United States.

What's happening locally

The occupancy levels in each of Birmingham's five industrial submarkets experienced slight increases in 2014. Occupancy in the Oxmoor Valley submarket increased to 87% this year, while the Central and Western submarkets also increased to 83% and 79% respectively. Occupancy in the Eastern submarket was unchanged, but remained strong at 88%. Thanks to two large deals, the Southern submarket enjoyed 255,000 square feet of overall net absorption this year, which brings it to a strong 90% occupancy level.

In addition to the modest leasing gains, sales of freestanding, owner-occupied industrial buildings increased again in 2014, which has resulted in a dwindling supply of quality industrial buildings. And similarly to the leasing market, relatively few of these transactions were large enough to be considered significant deals.

This type of sales activity drives home the notion that the local and regional players in Birmingham continue to thrive. And with the supply tightening, we are definitely seeing a price increase,

market REVIEWS

Our 2014 overview of
the major disciplines
in the Birmingham
commercial real
estate market.

although prices are still well below replacement value. With that said, the cost of new construction is still high, so we are seeing very little new industrial development.

Interest rates for commercial real estate mortgages are still hovering close to record lows, so in many cases it makes more sense financially, for these companies to own, as opposed to lease their buildings. Also, many of the commercial lenders in town are aggressively seeking owner-occupied commercial real estate loans, making it almost easy for qualified applicants to secure a great deal on a mortgage. All of these factors have created a dwindling supply of good available buildings, which has led to the inevitable price increases.

What's happening nationally

While demand for industrial space in primary markets has been strong for some time, many of the smaller, secondary and tertiary markets are entering the recovery cycle now as well.

Although most of the new development is build-to-suit deals, markets like Milwaukee, Indianapolis, and Kansas City are seeing some speculative development for the first time since the recession. This growth is driven by industries ranging from auto manufacturing to food processing to third party logistics.

However, with 62% of U.S. consumers making purchases online each month, the real emerging trend here is the need for specialized warehousing created by the explosion of e-commerce. Specifically, the average size of newly constructed distribution facilities has more than doubled in the last 10 years, and these facilities are now locating closer to urban centers than in the past.

Even with the disappointing amount of industrial leasing activity this year, the sales activity continues to improve. This

has 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. But the Birmingham metro area is still not quite ready for any new industrial development, except for specific build-to-suit deals.

In order for any new speculative industrial development to occur, we still need corporate tenants to locate in our market, similarly to the Nashvilles and Charlottes of the world. Hopefully Birmingham will

eventually benefit from the strong demand for industrial space in major U.S. markets that has resulted in product shortages and has pushed some major tenants into secondary markets.

Birmingham not only has the geographic advantage of being an excellent strategic distribution location to the Southeast, but it also boasts a favorable business climate and quality standard of living—all of which make our region an excellent choice for corporate tenants to choose us. **SP**

RETAIL market

WITH DAVID ASHFORD, CCIM

“New Development” is a phrase we have not heard a lot in the last several years in the Birmingham market, however, times are changing.

In 2014, the Birmingham retail market saw new tenants and restaurants, an increase in high-end grocers and the talk of new development. This last year was certainly a good year for the Southpace Retail Division and we look forward to an even better year in 2015.

The overall vacancy rates did not change much in 2014, going from 9.8% in the first quarter to 9.7% in the third quarter. However, the market conditions have improved. We are seeing increased rents and less concessions across all retail markets in Birmingham. I would expect this to continue throughout 2015 due to the lack of available space creating a serious demand among tenants looking to break into the Birmingham market.

Grocery stores in our market continue to be a hot topic, only this year it is the high-end grocers that are making a splash.

In 2013, Sprouts announced its entrance into the market, taking a lead space at the GBT development across from The Grove in Hoover. Sprouts continues to expand across Alabama, announcing a store at Brook Highland on Highway 280 in Birmingham and a Huntsville location as well. The grocer is also rumored to be

looking at a few more locations.

Whole Foods expanded across Alabama in 2014, signing deals in Huntsville, Montgomery and Mobile. They will also open their second Birmingham location in early 2016 at Riverchase Village, taking the former Belle Foods location.

After years of attempts, it seems as though we will finally see Publix in the downtown market, with the repurpose of the Firestone Building.

The long awaited Trader Joes has been announced at the Summit, putting an end to the rumor that it they will never come to Birmingham.

There have been a couple of rumors of Walmart Neighborhood Markets looking for space in Birmingham, but with the slowdown of expansion for Walmart and Target, retailers are looking to these high-end grocers to carry the torch for new development.

This last year also marked the year of the outdoorsman in Alabama. Gander Mountain has opened eight locations in Alabama, mostly in smaller to mid-level markets, and could also be looking to break into the Birmingham market soon.

Field and Stream is under construction at the Patton Creek shopping center and is looking to open store locations in other markets in Alabama.

Bass Pro Shops has also announced that it will open a store in Decatur, Alabama. And we have even heard rumblings of Cabela's and REI looking to open locations in Birmingham.

Birmingham continues to see popular restaurant chains enter the market, while some of our old favorites continue to expand.

Newk's Express Cafe, Chipotle Mexican Grill, Jimmy John's, Zoe's Kitchen, Mooyah Burger, Papa Murphy's, Maki Fresh, Dunkin' Donuts and Starbucks have all continued to expand in our market.

The newcomers we welcomed in 2014 include Pizza 120, Pie Five Pizza Co., Babalu Tacos and Tapas, BurgerFi, Pappadeaux, Panda Express, Smashburger, Twisted Root, Jack Brown's, Hickory Tavern, Primaux Cheese and Vino, The Southern, Cantina Laredo, Big Bad Breakfast and others.

The best news I have heard this last year is the talk of new development on the horizon. Many projects are in the works and there are several developers—both local and out-of-state—looking to make their mark on Birmingham. I foresee several new project announcements in 2015 and with a number of new tenants looking to be in our market, this should bring a fun and exciting year ahead. Stay tuned!! **SP**



Inside SOUTHPACE

WITH BRYAN HOLT, CCIM, CLS

Leadership and the Client Experience.

The markets are tightening up; rents are rising, vacancy rates are dropping and although it's happening at different rates in different property sectors, we are moving towards a new phase in the classic development cycle. New development projects will come at a faster pace in 2015.

Last year, this article talked about Learning, Connecting and Leading and how we had spent much of 2013 serving in leadership roles in professional organizations around the industry. Those leadership roles will continue to evolve through 2015 with Southpace brokers moving into more key leadership positions at the state, regional and national levels in organizations like SIOR, CCIM, RBN and ICSC.

Leadership is rooted in competency. Nobody follows a leader that hasn't 'been there, done that'. Before someone can lead effectively, he must first be recognized by his peers for his knowledge, technical ability and organizational skills. That competency comes from education and experience.

In order to build our competencies, Southpace instituted a training program for new brokers in 2014. The program was designed with the help of two of our RBN partners; **The Mackenzie Companies** in Baltimore, Maryland and **De Rito Partners** in Phoenix, Arizona, both of which have had outstanding in-house training programs for many years.

In our two-pronged approach, our experienced senior brokers, along with our marketing staff, chose 26 CRE related topics and developed individual class syllabi and supporting materials, as well as a process for weekly progress reporting on education and business development activities for each broker.

Most real estate brokerage firms rely on 'trial by fire'. They give a young broker a phone and a computer and tell them to latch on to an old guy and then hope for the best. It is supposed to be some form of Natural Selection. But that approach costs our industry valuable talent every year. We recruit the best people and we

didn't want to leave their orientation to chance. The result was an immersion program that dramatically sharpened the learning curve for young brokers. Joseph Sedita, Blake Thomas, Alex Benson and Troy Gisi, all completed the 26 weeks of classes and progress reporting for our inaugural training program. Although the platform was intended to jump start new brokers, I believe it benefitted some of our senior brokers nearly as much.

We will continue building on this program as Southpace grows and adds young talent in the near future. I am very appreciative of the dedication of both the younger set and their senior counterparts. This program required a tremendous amount of self-discipline and it made us all a stronger unit.

As we wind down 2014 and look towards a new year, we are continuing to work on improving fundamentals with a renewed focus on the Client Experience.

We are currently investing a great deal of time, money and effort 'renovating' our property management software. The system is being totally revamped to provide a greater level of service and efficiency to our clients.

“ Before someone can lead effectively, he must first be recognized by his peers for his knowledge, technical ability and organizational skills. ”

It's not enough to collect the rents and pay the bills for our clients. We are dedicated to improving the performance of our client's assets and more importantly improving the client experience of owning and using commercial and investment real estate.

We are very proud of the training and effort and extra time our staff is putting forward to keep Southpace at the forefront of the property management industry. **SP**

Our 2014 PROPERTY MANAGEMENT REPORT

BY TOMMY JOYCE, CCIM, CPM



With property management assignments stretching from Hickory, North Carolina to Dallas, Texas, Southpace Management, Inc. strives to provide unparalleled property management and maintenance services throughout the southeast.

In 2014, we began important initiatives to ensure that the property management division is positioned for strategic growth with the right tools of the trade. A new fleet management plan was implemented and already has new maintenance vehicles on our properties.

The most notable new initiative underway in late 2014 and early 2015 is the substantial renovation to our Skyline property management and accounting software. We are upgrading this system by adding additional modules to enhance our maintenance division, lease administration and Cam, Tax and Insurance reconciliation capabilities. We are very excited about these upgrades as they will allow us to improve the client experience for the investors we serve.

In 2014, we have also continued growing our property management portfolio. Notable additions include two office buildings in Birmingham, Alabama, an industrial property in Muscle Shoals, Alabama, and a retail property in Huntsville, Alabama.

The property management and leasing division have continued to work together on one of the most exciting retail redevelopment projects Birmingham has seen in several years. The Riverchase Village shopping center, which was purchased in 2010 by an out-of-state investment fund, is currently undergoing a multi-million dollar transformation into a Whole Foods anchored center. Upon completion and re-tenanting, the Whole Foods Market Center, located at the corner of Highway 31 and Lorna Road in Hoover, will once again be positioned as one of the most desired retail locations in the state.

Overall, 2014 was a good year, but we are truly excited about what 2015 has to offer with several new opportunities throughout the region and beyond! **SP**



INVESTMENT sales **it's a strong seller's market**

BY MICHAEL RANDMAN

In a recent Southpace Properties sales meeting, one of our brokers presented a NNN, free standing, national credit tenant restaurant available for purchase.

The broker was asking an 8 CAP for the deal. Within a few hours, he had five real offers for this well-located property that had a long lease term remaining.

Ultimately, the price got bid up 50 basis points and went under contract for close to a 7.5 CAP rate. So what does this say about the current investment market?

**“ This may be
the best time
in recent history
to sell a quality,
well-performing
asset. ”**

I have spoken to investment sales brokers across the country and the one constant is that there is so much money chasing very few quality deals.

Interest rates remain at an all-time low and international money continues to pour into this country, which is keeping

rates depressed. Bond yields are weak, and you can forget about money market accounts.

There are so many investors chasing yield, that when a quality property becomes available there is very strong demand that drives the values up.

SELLER'S MARKET

Many property owners are now realizing that this may be the best time in recent history to sell a quality, well-performing asset, if they no longer want to own the asset or if there are other considerations such time to refinance or changes in the makeup of the ownership entity.

This market is driven by quality assets, and the lower quality properties are not currently seeing the same increases in value.

The demand is so great for “A” properties—in both retail and multi-family segments—that listing brokers are beginning to tell the buyer's brokers to get the commission from their clients.

HOW LONG WILL THIS LAST?

Many have been predicting that interest rates will have to rise sometime next year, but with the United States being a safe haven for foreign investors, it may take a while for us to see this rate increase. The 10-year treasury has actually fallen this year—something *no one* thought would happen.

The moral of the story? If you are currently in the process of long-term planning or are at the end of your hold cycle for your asset, now would be a great time to be a seller.

New FACES

The Southpace team
is always growing.

Here are the new faces we added to our company in 2014.



Blake Thomas joined Southpace in February as an Associate Broker in the retail division. His experience includes a previous internship completed at Southpace in 2012 and he was also a National Category Intern at Colgate Palmolive in 2013.

As an Associate Broker, Blake will provide tenant and landlord representation for retail properties, including both sales and leasing activity.

Blake received his Bachelor's Degree in Regional Planning from the University of Arizona. Blake has also completed CI 101, which is the Certified Commercial Investment Member (CCIM) Institute's introductory course.



Troy Gisi joined Southpace in March as Associate Broker in the retail division. His previous experience includes a diverse background in logistics, manufacturing and process management.

As an Associate Broker, Troy will provide tenant and landlord representation for retail properties, including both sales and leasing activity. He will use market knowledge to give each client the

best option in the acquisition or disposition of their real estate.

Troy received his Bachelor of Science degree in Supply Chain Management from Auburn University in 2009.

Below are some of the charitable organizations Southpace was honored to support in 2014.



Big Oak Ranch
A Christian home for children needing a chance

Italian American
Heritage Society

Emerald Coast
Wildlife Refuge



Emmet O'Neal Library



WE'RE CELEBRATING

30 YEARS

in commercial real estate

Southpace celebrated 30 years in commercial real estate in 2014, so we asked some of our brokers and employees for their favorite Southpace memories. Here's what they had to say.

I have a few favorite moments during my 10 years at Southpace, but the main one that stands out was my initial interview with John Lauriello. It was like a civics class/real estate class/stand-up comedy show all rolled into one. He doesn't know it (I guess he will now), but when I got in my car after that interview I called my wife before starting the car and said, "I know where I want to work. It's Southpace Properties." It was very impactful. You probably had to be there to truly understand it.

- **Andrew Loveman, Associate Broker**
Years at Southpace: 10

I think anyone who has been with Southpace for more than 10 years would say our trip to New Orleans was pretty special. It was an all-expense paid trip, including accommodations at The Ritz-Carlton. We had a special dinner where John gave each of us little mirrors to reflect on his "look in the mirror" talk that required us to hold ourselves accountable for our own success. It was definitely a trip I will never forget.

- **Michael Randman, Associate Broker**
Years at Southpace: 28

My fondest memory at Southpace happened in November 2013 when I was surprised with a beautiful party—gorgeous flowers, a delicious, decorated cake and so many smiling faces—to celebrate my anniversary of working for this wonderful company for 25 years. I have enjoyed every moment as the camaraderie here is delightful, and I truly feel that Southpace Properties has been my "second family." It is a special place to work, and it seems that my car just automatically heads to 3rd Ave. N. & Richard Arrington Blvd. each morning!

- **Gloria Weintraub, Receptionist**
Years at Southpace: 26

Our trip to New Orleans was definitely a unique and fun experience. It's those kinds of things that make this outfit a truly unique organization. Thanks for a memorable trip John and Bill!

- **Jim Collins, Associate Broker**
Years at Southpace: 15

My most memorable moment at Southpace would have to be my 50th birthday in 2008. On my way in to the office, I started to notice signs all over downtown stating "Happy 50th Birthday, Sharon!"—all with photos included. There also was a particularly large sign at the door to our Southpace office. Definitely a memorable (and embarrassing!) moment.

Oh, and who could ever forget our Christmas with Elvis in 2007?!

- **Sharon Gladney, Accounting Administrator**
Years at Southpace: 15

I will never be able to forget the day I came into work to find that I could not open my door due to my office being completely FILLED with balloons—mostly purple ones, of course. Upon learning that I had been selected as a BBJ Top 40 Under 40 Honoree, several of the brokers decided to congratulate me by staying up half the night blowing up balloons and shoving them into my office. It was a pretty good prank that gave me a good laugh—especially when I learned it took them longer to blow up the balloons than it took for me to pop them all and clean up the mess.

- **Rich Vanchina, Industrial Group Director**
Years at Southpace: 14

I don't think anyone in Birmingham will ever forget the "Snowpocalypse" we experienced in late January 2014. While most Southpace employees fled the office upon hearing about the snow heading our way, I decided to wait, thinking traffic would clear by the time I would leave. I was wrong and ended up getting stranded at our offices downtown. But what could have been a terrible situation, turned into a fun night, including dinner at John's City Diner with a couple of other folks who were also stranded. Huge thanks to Steve Mordecai for driving me home the next day—or at least as far as he could take me!

- **Christen Lewis, Director of Marketing**
Years at Southpace: 4

SHOW US YOUR SWAG!

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

SOUTHPORT ISLAND, ME



ICELAND



SOUTH CAROLINA COAST



SEAGROVE BEACH



ST. PETERSBURG, RUSSIA



NEW ORLEANS



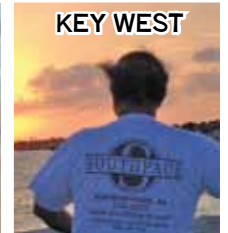
LAKE TAHOE



HORSE PENS



KEY WEST



MOUNT WHITNEY, CA



RAILROAD PARK



MUIR WOODS, CA



PHOTO REVIEW

A look back at several highlights for Southpace in 2014.



1. Our top brokers were recognized from 2013: (left to right) Blake Crowe, Tyler Bradford, Stutts Everette, Rich Vanchina & Marcus Bruchis.
2. Southpace celebrates 30 years in business.
3. John Lauriello is honored with a CCIM scholarship endowment in his name.
4. Rich Vanchina with his Top 40 Under 40 award from the Birmingham Business Journal.
5. Anne Michaels leads a roundtable discussion on retailer activity at the 2014 ICSC International Council of Shopping Centers Gulf South Idea Exchange in Biloxi, MS.
6. Southpace participates in the Big Green Egg Fest in support of the Easter Seals of Birmingham.
7. Southpace brokers prank Rich Vanchina "balloon style" as a means of congratulating him on his Top 40 Under 40 honor.
8. Southpace employees enjoy a day of baseball watching the Birmingham Barons play at Regions Field from the Southpace executive suite.
9. Good times at the Southpace 4th of July lake party.
10. The 2nd annual Southpace vs. Shannon Waltchack softball game at the historic Rickwood Field.
11. Andrew Loveman participates in the ceremonial groundbreaking of the Publix-anchored Shoppes at Rainbow Landing in Rainbow City.
12. Stutts Everette presents the Retail Overview at the CCIM 2014 Market Symposium.

RETAIL



Bryan Holt & Tyler Bradford represented Gander Mountain in the purchase of land and leasing of retail space in Montgomery and Mobile, Alabama. These new transactions give the outdoor goods retailer a total of eight store locations in the state of Alabama.

Marcus Bruchis represented Rainbow Apparel in the leasing of retail space in the following locations across the Southeast: Whiteville and Charlotte, North Carolina, Greenville, South Carolina, Tunica, Mississippi and Hot Springs, Arkansas.

Bryan Holt & Tyler Bradford represented Conn's in the leasing of 43,012 SF at County Line Plaza in Jackson, Mississippi. Conn's is a specialty retailer and provider of consumer credit that offers home appliances, furniture, mattresses and consumer electronics to its customers.



David Ashford represented the landlord in the leasing of 50,047 SF to Whole Foods Market at Highway 31 and Lorna Road in Hoover, Alabama.

Andrew Loveman represented a Dunkin Donuts franchisee in the purchase of a 2,400 SF former Hardees building at 921 Allison-Bonnett Drive in Hueytown, Alabama.

Stutts Everett represented Salon Suites in the leasing of 3,200 SF at 624 Montgomery Highway in Vestavia Hills, Alabama.

Bryan Holt & Tyler Bradford represented the owner in the sale of 1.79 acres to Northern Tool + Equipment and 1.57 acres to BancorpSouth at Highway 31 and Southland Drive in Hoover, Alabama. Greg Hess of The Shopping Center Group represented BancorpSouth.

Marcus Bruchis represented the landlord in the leasing of 14,175 SF to Party City at Brook Highland shopping center in Birmingham, Alabama.

Tyler Bradford & Anne Michaels represented National Retail Properties, Inc. in the sale of a 49,097 SF former Walmart at 362 U.S. Highway 78 West in Winfield, Alabama.



Tyler Bradford represented Newk's Express Cafe in the leasing of 5,063 SF at Riverchase Village shopping center in Hoover, Alabama. **David Ashford** represented the landlord in this transaction. **Bradford** also represented Newk's in the leasing of 4,650 SF at Inverness Corners in Birmingham, Alabama.

David Ashford & Andrew Loveman represented the landlord in the leasing of 2,400 SF to Hwy 55 Burgers and 2,400 SF to the UPS Store and 2,000 SF to Insight Eye Group at Edgemont Town Center in Homewood, Alabama.

Tyler Bradford & Blake Thomas represented Which Wich in the leasing of 1,750 SF in The Shoppes of EastChase in Montgomery, Alabama.

Anne Michaels represented the owner in the sale of the former 5,887 SF Sonny's BBQ to M & J Home Cooking at 219 Colonial Drive in Oxford, Alabama.

2014 DEALS

A sample of highlighted transactions our brokers completed in 2014.



Bryan Holt represented Verizon Wireless in the leasing of 4,500 SF on Highway 72 in Huntsville, Alabama and a 4,000 SF store at 641 Boll Weevil Circle in Enterprise, Alabama.

David Ashford & Troy Gisi represented the landlord in the leasing of 3,600 SF to Cajun Grill at 3109 Drake Avenue in Huntsville, Alabama.

Bryan Holt represented Toys "R" Us in the sale of a 30,000 SF building to AllSouth Appliance at 345 State Farm Parkway in Birmingham, Alabama. Mark Byers of EGS Commercial Real Estate represented the purchaser.



Bryan Holt & Tyler Bradford represented the owner in the sale of one acre at the corner of Highway 31 and Southland Drive in Hoover, AL. **Charles Ferlisi** developed the land for Bo Hoover, LLC. **Bryan Holt** also represented the buyer in the investment purchase of a 3,800 SF Bojangles' Famous Chicken 'n Biscuits at 1800 Morris Avenue in Fultondale, Alabama.

INDUSTRIAL



Rich Vanchina represented the owner in the sale of a 6,800 SF warehouse to a group of investors at 3710 Messer Airport Hwy in Birmingham, Alabama.

Bob Vines represented the owner in the sale of two warehouses totaling 15,000 SF to Redmont Group at 1215 2nd Avenue North in Birmingham, Alabama.

Joseph Sedita represented Bada-Ding Paintless Dent Repair in the leasing of 6,000 SF of warehouse space at 930 Markeeta Spur Rd. in Moody, Alabama.

Greg Despinakis represented Dorothy McDaniel's Flower Market in the purchase of a 6,000 SF retail location at 3300 3rd Avenue South in Birmingham, Alabama.

Rich Vanchina represented the landlord in the leasing of 2,700 SF to Cahaba Crossfit at 3253 Cahaba Heights Road in Vestavia Hills, Alabama.



Rich Vanchina represented the owner in the sale of a 38,950 SF former Marvin's to the city of Anniston at 5304 McClellan Blvd. in Anniston, Alabama.

Rich Vanchina represented the landlord in the leasing of 14,586 SF to Tecta Roofing at 5578 Morgan Street in Irondale, Alabama.

Rich Vanchina & Jim Collins represented the landlord in a lease renewal of 24,000 SF to The Royal Standard at 165 Goodrich Drive in Birmingham, Alabama.

Rich Vanchina represented Happy Hounds, LLC in the leasing of 7,000 SF at 2222 5th Avenue South in Birmingham, Alabama. Merrimon Epps of The Barber Companies, Inc. represented the landlord.



Rich Vanchina represented the landlord in a lease renewal of 5,000 SF to MAKEbham at Continental Gin in Avondale, Alabama.

Bob Vines represented Lolo French Antiques in the leasing of 10,200 SF at 3101 3rd Avenue South in Avondale, Alabama.

OFFICE



John Lauriello & Blake Crowe represented the owner in the sale of the 28,000 SF Steiner Bank building to The Title Group at 2101 First Avenue North in Birmingham, Alabama. This will be the location of their new office headquarters.

Bryan Holt & Tyler Bradford represented the owner in the sale of the 40,026 SF former PNC Bank at 251 Johnston Street in Decatur, Alabama.

Bill McDavid represented the owner in the sale of a 7,400 SF office building at 3710 4th Avenue South in Birmingham, Alabama. **Rich Vanchina** represented the buyer.



John Lauriello & Blake Crowe represented the owner in the sale of the former University of Alabama Medical Alumni Association building at 811 20th Street South in Birmingham, Alabama. The Rose Law Firm now occupies the 10,500 SF building.

John Lauriello represented Pittman, Dutton & Hellums P.C. in a lease renewal of 10,852 SF at Park Place Towers in Birmingham, Alabama.



Blake Crowe & Joseph Sedita represented the landlord in a lease renewal of 5,890 SF to BBVA Compass at 801 Noble Street in Anniston, Alabama.

John Lauriello & Blake Crowe represented the owner in the sale of the 9,800 SF Loveman House at 2956 Rhodes Circle in Birmingham, Alabama.

Rich Vanchina represented the owner in the sale of the Sain Centre, a 27,000 SF office building located at 244 West Valley Avenue in Birmingham, Alabama.

Bill McDavid represented the buyer.

John Lauriello & Blake Crowe represented the landlord in a lease renewal of 26,110 SF to Wallace, Jordan Ratliff & Brandt at 800 Shades Creek Parkway in Birmingham, Alabama.

Blake Crowe represented Heritage Bank in the leasing of 7,000 SF at 2000 Southbridge Pkwy in Birmingham, AL.

LAND

Steve Mordecai facilitated the sale of 105 acres of land at Shady Grove Road and Sutherland Road in Gardendale, AL.

John Lauriello & Blake Crowe represented the buyer in the purchase of 1.5 acres from U.S. Steel in the Grand River Development in Leeds, Alabama.

Blake Crowe represented the owner in the sale of 1.3 acres to the United States Tennis Association to build their new office headquarters at the corner of Valleydale Road and Inverness Center Drive in Birmingham, Alabama. He also sold two acres on this property which will be used to build a Taekwondo facility.

Steve Mordecai facilitated the sale of 49 residential lots at Caufield Park in Gardendale, Alabama.

Steve Mordecai and Andrew Loveman represented the buyer in the purchase of 8.3 acres of land at Patchwork Farms in Vestavia Hills,

Alabama. Resort Lifestyle Communities will build a 130 unit independent living facility on the property.

INVESTMENT



Michael Randman represented the owner in the investment sale of Heritage Towne Centre at 873 Dennison Avenue in Birmingham, Alabama. The 85,289 SF shopping center was purchased by a group of investors for \$5,636,000. Rich Campbell of Veritas Properties represented the purchaser, Heritage Town Center Partners, LLC.

Stephen Lazarus acted as a transaction broker in the sale of four

multifamily properties in the Northern and Western areas of Birmingham, Alabama. The properties sold for a total of \$550,000.

Stephen Lazarus represented the owner in the sale of a 30 unit apartment building complex at 4700 Montevallo Road in Birmingham, Alabama.



Stephen Lazarus and Michael Randman represented the owner in the sale of Brooke Lyn Apartments in Pleasant Grove, Alabama. The 94 unit apartment complex sold to an investor in Denver, Colorado for \$3,975,000.

See all of our

CCIMs

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We're proud to announce we have 12 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.

SOUTHPACE

SOUTHPACE

COMMERCIAL REAL ESTATE SPECIALISTS

SELECTED HIGHLIGHTED TRANSACTIONS

| | | | |
|---|---|---|--|
| Bryan Holt/Tyler Bradford Retail Lease Mobile, AL \$10,792,500 | Blake Crowe Parking Deck Sale Birmingham, AL \$1,635,000 | D. Ashford/A. Loveman Retail Lease Trussville, AL \$1,075,800 | Marcus Bruchis Retail Lease Whiteville, NC \$725,450 |
| Bryan Holt/Tyler Bradford Retail Lease Gadsden, AL \$8,125,000 | D. Ashford/A. Loveman Retail Lease Birmingham, AL \$1,608,750 | John Lauriello Office Lease Birmingham, AL \$1,061,687 | Bill McDavid/Rich Vanchina Office Sale Birmingham, AL \$600,000 |
| Bryan Holt/Tyler Bradford Retail Lease Montgomery, AL \$7,756,000 | Tyler Bradford Ground Lease Dothan, AL \$1,575,000 | Tyler Bradford Retail Lease Birmingham, AL \$1,036,950 | Tyler Bradford/Blake Thomas Retail Lease Montgomery, AL \$588,000 |
| Michael Randman Retail Sale Birmingham, AL \$5,636,000 | Bryan Holt Retail Lease Huntsville, AL \$1,535,445 | John Lauriello/Blake Crowe Office Sale Birmingham, AL \$930,000 | Steve Mordecai Land Sale Gardendale, AL \$563,500 |
| Steve Mordecai Institutional Sale Birmingham, AL \$4,650,000 | Bryan Holt Retail Sale Birmingham, AL \$1,415,000 | Stephen Lazarus Multi-family sale Birmingham, AL \$840,000 | Greg Despinakis Warehouse Sale Birmingham, AL \$550,000 |
| S. Lazarus/M. Randman Multi-family sale Pleasant Grove, AL \$3,975,000 | Rich Vanchina Industrial Lease Harpersville, AL \$1,400,000 | Marcus Bruchis Retail Lease Charlotte, NC \$825,000 | Tyler Bradford/Anne Michaels Retail Sale Winfield, AL \$550,000 |
| John Lauriello/Blake Crowe Office Lease Birmingham, AL \$3,625,374 | Blake Crowe Office Lease Birmingham, AL \$1,363,928 | Bryan Holt/Tyler Bradford Office Sale Decatur, AL \$800,000 | Bill McDavid/Rich Vanchina Office Sale Birmingham, AL \$529,000 |
| Bryan Holt/Tyler Bradford Retail Lease Jackson, TN \$3,613,000 | John Lauriello/Blake Crowe Office Sale Birmingham, AL \$1,350,000 | Bryan Holt/Tyler Bradford Retail Sale Birmingham, AL \$800,000 | Rich Vanchina Industrial Lease Birmingham, AL \$388,536 |
| Marcus Bruchis Retail Lease Birmingham, AL \$2,497,200 | David Ashford/Tyler Bradford Retail Lease Birmingham, AL \$1,275,876 | Stutts Everette Retail Lease Birmingham, AL \$791,840 | Blake Crowe/Joseph Sedita Office Lease Anniston, AL \$375,268 |
| Bryan Holt Retail Sale Fultondale, AL \$2,282,962 | John Lauriello Office Lease Birmingham, AL \$1,200,000 | John Lauriello/Blake Crowe Office Sale Birmingham, AL \$750,000 | Jim Collins Retail Sale Birmingham, AL \$300,000 |
| Mordecai/Loveman Land Sale Vestavia Hills, AL \$2,200,000 | Bryan Holt/Tyler Bradford Retail Sale Birmingham, AL \$1,200,000 | Stutts Everette Retail Lease Jacksonville, FL \$743,880 | Mike Perry Retail Lease Birmingham, AL \$264,000 |
| John Lauriello/Blake Crowe Office Sale Birmingham, AL \$1,825,000 | Bob Vines Retail Lease Birmingham, AL \$1,140,000 | Marcus Bruchis/Anne Michaels Retail Lease Greenville, NC \$732,600 | David Ashford/Troy Gisi Retail Lease Huntsville, AL \$250,820 |

The Southpace Team

Principals

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

Associates

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

Development & Construction

Charles Ferlisi

Property Management

Tommy Joyce, CCIM, CPM
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
Johnny Persall

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Southpace Has Largest Presence Among All Firms in the Commercial Club of Excellence

For the past 16 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 25 out of 26 years. This year proves as no exception with a total of 15 brokers receiving award recognition for their outstanding sales and achievements in 2013.

Southpace's qualifying brokers in the sales and leasing division include: John Lauriello, Bill McDavid, Bryan Holt, Rich Vanchina, Blake Crowe, Andrew Loveman, Michael Randman, David Ashford, Tyler Bradford, Stephen Lazarus, Marcus Bruchis, Stutts Everette, Greg Despinakis, Steve Mordecai and Anne Michaels.

Among achieving placement in the Commercial Club of Excellence, other affiliated honors and awards include Southpace Principal Bryan Holt receiving the Second Place Top Producer award and Tyler Bradford receiving the Third Place Top Producer Award in the sales and leasing division. Southpace Principal John Lauriello also became a 32 Years Club Member this past year.

Several Southpace brokers received Vulcan awards (having qualified for 10+ years) including Blake Crowe, Rich Vanchina, Bill McDavid, Greg Despinakis and David Ashford. Michael Randman has now been a club member for 20 years, which earned him the 20 Year Award this year. Both Andrew Loveman and Tyler Bradford became a New Life Member in 2013 (qualifying this year for the third time in a five year period) while Bryan Holt and Stephen Lazarus remain Life Members (continuing to qualify).

Southpace Leaders & Achievers

John Lauriello, CCIM, SIOR, CPM was honored with a named endowment scholarship from the Alabama Chapter of the Certified Commercial Investment Member (CCIM) Institute. **John** was also chosen as one of Birmingham's 60 Most Influential Executives from the Birmingham Business Journal and also as a Top 50 Over 50 Community Leader for Central Alabama from Positive Maturity.

Bryan Holt, CCIM, CRX, CLS served as Vice President on the CCIM Alabama State Chapter Board of Directors and as Government Relations Chair for the ICSC State Board of Directors. **Bryan** also served as an Executive Committee Member for the Retail Brokers Network.

Rich Vanchina, CCIM, SIOR was selected as a 2014 Top 40 Under 40 honoree from the Birmingham Business Journal. **Rich** also served as President for the Louisiana, Mississippi, Alabama, Northwest Florida Chapter of SIOR.

Tyler Bradford, CCIM served as the NextGen Chair for Alabama and Mississippi on the ICSC State Board of Directors and also served as a Next Generation Committee Member for the Retail Brokers Network. **Tyler** also graduated from the Leadership Vestavia Hills (LVH) program this year.

Blake Crowe, CCIM served on the Board of Directors for the Birmingham Commercial Real Estate Club.