

SOUTHPACE PROPERTIES

BIRMINGHAM, ALABAMA

TABLE OF CONTENTS

Office Market Review	2
Industrial Market Review	3
Retail Market Review	4
Timing The Market	5
Inside Southpace	6
Property Management Report	7
The Loss of Greg Despinakis	8
New Faces	9
Southpace Gives Back	9
Photo Review	10
Southpace Swag	11
Featured Deals	12-14
Highlighted Transactions	15
Southpace Leaders & Achievers	16

STRAIGHT talk

WITH JOHN LAURIELLO, CCIM

Well, 2017 was our 33rd year in business. Once again, where did the time go?

At Southpace we continue to upgrade our software & hardware systems, equipment, trucks, etc. Plus, we constantly remind our people how important it is to provide quality service to our clients- immediately returning calls, responding to emails & texts, and always looking out for our clients' interest first and foremost. It seems like good service, loyalty, common sense and working with locals versus out-of-towners are all dying a natural death and we do not want to be a part of that.

2017 was a good year for our company overall. Brokerage activity was so good that we added two new brokers to our team. We have always put an emphasis on continuing education and many of our younger brokers participated in CCIM courses this year working towards obtaining their designations. There was a lot of talk about the changes in the retail industry in 2017 and speculation as to what the future holds but Birmingham, and Alabama as a whole, continues to see decent retail growth in certain specialties. The industrial/warehouse division saw notable growth and development this past year as well. Land sales and the office market were both down from 2016. The office market suffers from high vacancy rates overall, but more specifically the Class A market vacancies. Our property management and maintenance business was very good in 2017. We added new properties to our man-

agement portfolio and added three new members to that team.

As far as the Birmingham Commercial Real Estate market is concerned, the Downtown, Avondale, Lakeview and Southside markets in Birmingham have been extremely active with new multi-family and commercial projects. The newly renovated Pizitz Building is a wonderful addition to downtown Birmingham, as is the 20 Mid-Town 2nd phase with the new Publix grocery store close to UAB on Southside. Homewood, Mountain Brook, Hoover, Gardendale, Irondale and Vestavia are all enjoying new retailers as well.

2018 and beyond should be a valuable time to be a Class A office tenant if you have good local tenant representatives negotiating new leases for you. Out of state brokers are telling local Class A office tenants that they can do a better job than qualified local brokers and that is total nonsense! We can give many examples where out of state brokers led local Class A tenants into horrible office leases. If we need a good lawyer, architect, surveyor, contractor, etc., does it make sense for us to hire one from Atlanta, Dallas, or New York to do work for us in metro Birmingham? It simply does not!

Overall, we believe the future for metro Birmingham is bright long term. We need to add jobs in our area and our local politicians need to work closer with each other. I may be wrong, but I believe because so many young educated working people are now getting involved and so many negative older folks are no longer totally controlling our metro area, that positive change is on the way. Thank God for UAB, the largest employer in the State of Alabama. UAB has created more new jobs since 2008 than any other employer

in the state – a total of 6,000 new jobs.

Please remember our talented team at Southpace for your leasing, sales, management, maintenance, development and consulting needs.

Southpace lost a dear friend and valued broker, Greg Despina-kis, on December 6th, 2017. I first worked with Greg in the Real Estate Business in 1974 at Johnson, Rast & Hayes. He was a great mentor and became more than a good friend over the past 43 years. He will be greatly missed by our team and me. God Bless my great Greek friend.

OFFICE market

WITH BLAKE CROWE, CCIM

To quote Roberto Duran in his famous fight against Sugar Ray Leonard in 1980... "No Mas!!" Statistically, the Birmingham office market is simply terrible. Unfortunately, this has been the case for several years. Specifically, our office market has had negative absorption for the past three consecutive years. The Birmingham office market recorded a negative 183,943 square feet of direct absorption during the 2017 third quarter and a negative 169,308 square feet year-to-date. As a reminder, net absorption is defined as the difference between tenant move-ins and move-outs over a period of time. For instance, if tenants move into 20,000 square feet at an office building in February and another tenant vacates 10,000 square feet in the same month, that office building has 10,000 square feet of positive net absorption in February. Therefore, we have had several hundred thousand square feet of negative absorption over the past three years. This is obviously not a good thing, but it goes deeper. When you have negative absorption or if things remain neutral there is no need for new office product.

Candidly, we have not needed new multi-tenant office product in ten years or more. We simply do not have the white-collar job growth that would demand it. Two things are working against new multi-tenant office product in Birmingham. The first is the need for added square footage and the second is the cost to build new office product. If a developer were to build a new multi-tenant office building, they would have to lease space in the \$30 to \$35 per-square-foot range on a full-service basis. The weighted average for Class A office space in Birmingham in the third quarter was \$22.16. This rate has increased by almost 3% from the same time in 2016. This is due to an increase in tenant Improvement cost which I will detail below. With all this said, it is and will be difficult to build a new office building when there is an abundance of office space on the market that can be leased in the low \$20 per-square-foot range.

Another related trend is the rising cost of tenant improvement

NOW FOR A SHORT POLITICAL RANT...

Do you think "Enough is Enough" of all the nonsense going on with these Republicans and Democrats in Washington fighting each other and dividing this country. Thanks to these "Nutcases" we are becoming a nation that is almost totally divided because of poor political leadership. Most of these folks in government do not care about anything but getting re-elected.

It is time for a change "Term Limits"!

Have a great 2018! **SP**

MARKET REVIEWS

Our 2017 overview of the major disciplines in the Birmingham commercial real estate market.

construction. By tenant improvement construction, I mean the cost that it takes to build-out office space to meet the tenant's space needs. Rental rates have gone up due to the increase in cost to build-out tenant space. This is partly due to the significant hurricane season the United States has experienced this year. The hurricane damage to residential and commercial structures has depleted the construction materials needed to build homes and commercial properties. Due to the shortage of materials and the longer than normal lead time to receive materials on the construction site, prices have risen. The rising tenant improvement cost is expected to continue to increase over the next 12 to 18 months. Therefore, we believe that rental rates will continue to increase due to the increase in build-out costs and landlords will require longer lease terms to spread out the cost of the improvements to the space.

At the end of the 2017 third quarter, the Birmingham office market had a vacancy rate of 15.2%. At the same time last year, the vacancy rate was 14.8%. Once sublease space hits the open market and space that will be available in the future due to expiration is added in, the vacancy rate is hovering around 16.8%. In the Class A market of Birmingham, the vacancy rate is approximately 13.5%. The Class B market is approximately 15.1% and the Class C market is struggling at 69.3%. Birmingham's multi-tenant inventory is approximately 20,497,806 square feet.

The Birmingham office market is comprised of seven submarkets. For many years, the Midtown submarket was historically the strongest submarket in Birmingham; however, over the past couple of years, Southside has overtaken it. The vacancy rate in Midtown is around 14.2%. The Southside submarket is approximately 3% vacant. The Central Business

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District has a vacancy rate of around 14.3%. The Highway 280/I-459 submarket is hovering around a 12.5% vacancy rate. The Riverchase submarket is in the 16.3% vacancy range. The weakest submarket we have is the Oxmoor submarket. With a vacancy rate of approximately 45.2%, this submarket continues to struggle even though it has seen a positive absorption this year.

In a hardy attempt to end on a positive note, there were good highlights to point out in Birmingham during 2017. ServisFirst completed their 100,000 square foot headquarters building in Midtown. They are occupying the building now and this is a nice boost for Midtown. Even though it is a single tenant building, new construction is nice to see. First US Bank has built their Birmingham office on Highway 280 at Pump House Road. The historic Federal Reserve was a redevelopment that is now fully occupied in the CBD. HealthSouth broke ground on the headquarters building in Liberty Park. This 200,000 square foot building will be completed in 2018. Again, this is a single tenant building. Iberia Bank bought a building in International Park to consolidate the Birmingham offices. National Bank of Commerce bought the Luckie Building on Highway 280 to serve as their headquarters.

Despite the negative news I seem to have piled on here, Birmingham is a wonderful city with a bright future. We

can look at this as doom and gloom or we can view this as an opportunity for companies to move to Birmingham or grow their existing base. We are looking forward to a great 2018 and wish everyone the best of luck.

SIGNIFICANT 2017 OFFICE MARKET DEALS

LEASE

- Medical Properties Trust renewed at Urban Center in 49,599 SF
- W.G. Yates lease 41,992 SF at Woods Point
- The IRS leased 36,027 SF at The Plaza
- Rx Benefits leased 27,562 SF at 3700 Colonnade
- Plantation Patterns leased 21,704 SF at Century Park South

SALE

- SouthBridge sold for \$28,000,000 / 225,156 SF
- The Luckie Building sold for \$13,750,000 / 67,472 SF
- 2000 International Park sold for \$13,500,000 / 129,896 SF
- 2090 Columbiana sold for \$6,762,820 / 75,018 SF
- The Park Building sold for \$3,700,000 / 36,000 SF

If you have any questions regarding the market in general or anything specific in this portion of the Southpace Newsletter, please feel free to contact me directly at 205-326-2222. [SP](#)

INDUSTRIALmarket

WITH RICH VANCHINA, CCIM, SIOR

During 2017, the Birmingham MSA experienced another year of solid economic growth and development in the industrial sector. The automotive industry continues to fuel the bulk of the industrial growth in Alabama. However, the technology and aerospace industries contributed to the state's economy in 2017 as well. The Birmingham industrial market consists of 116 million square feet. As of the end of the 2016 third quarter, approximately 90% of it was occupied. The momentum of significantly sized transactions and the normal flow of smaller to medium-sized deals continued into 2017. In addition to an increase in large transactions, we saw more corporate activity as well. These positive trends are good news for the future of Birmingham's industrial development.

The five industrial submarkets saw a mixed bag of respective increases and decreases in occupancy rates during 2017. Occupancy in the Oxmoor Valley and Southern submarkets each increased slightly to approximately 95% last year, while the Central and Western Submarkets were at 85% and 97% respectively. Occupancy in the Eastern Submarket dropped to 83% due to a 500,000 square foot chunk of space at the former Meadowcraft campus that was placed back on the market earlier last year.

Pricing of free-standing, owner-occupied industrial buildings

and rental rates of multi-tenant buildings both continued to rise in 2017. These price increases are due to the robust sales activity over the last two or three years, which has ultimately created a product shortage. Also, the ever-increasing cost of new construction has helped to justify the buyers' decisions to pay a premium for existing buildings because it is still significantly less money than building from scratch. Another factor contributing to this product shortage is commercial lenders are still offering very favorable loan terms for owner-occupied industrial and office real estate. Finally, the recent rash of flooding and hurricane disasters over the last few years along U.S. coastal areas has created a shortage and ultimate price increase in building materials. These market conditions led to the shortage of existing building supplies, an increase in build-to-suit activity, and inevitable price increases. This, of course, means that the cost of new construction will only continue to rise. Although this trend is relatively new in Birmingham, these market conditions, which created the perfect storm, have been happening in neighboring markets in the Southeastern U.S. for years.

A notable industrial development in Central Alabama included the announcement of the Autocar assembly plant in Centerpoint. Autocar manufactures concrete trucks, waste management, and garbage trucks. This is an expansion out of

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their existing operation in Indiana and represents \$120 million in capital investment in addition to over 700 new jobs in Birmingham. Also, Mercedes Benz announced a \$1.3 billion, 300 job expansion of its assembly plant, which was one of the largest single investments that the automaker has made in Alabama. Finally, Cushman Wakefield/EGS has just begun construction on a 112,000 square foot, Class A industrial building, named Oxmoor Logistics Center, in the Oxmoor submarket. This is significant because it is the first speculative development in the Birmingham market since 2002. Finally, 10 more leases and 24 sales of over 50,000 square feet were completed across the market in 2017. Both are increases over 2017.

2017 was the best year in a long time for build-to-suit projects, both large and small. Also, local developers finally gained the confidence to come out of the ground with speculative industrial construction projects. Hopefully, we will continue to see an increase in corporate activity in the market, which will lead to more new construction. An interesting national trend is that industrial real estate is becoming more integrated with retail as companies, like Amazon, continue to expand and have a need for fulfillment space. There is currently over 233 million square feet of industrial space under construction across the United States. Hopefully, we can continue to position Central Alabama as an excellent strategic distribution point for the Southeast with a favorable business climate and quality standard of living.

SIGNIFICANT 2017 INDUSTRIAL MARKET DEALS

LEASE

- Southern Tire Mart leased approximately 92,800 SF at
- Birmingham Food Terminal
- Plantation Patterns leased approximately 70,070 SF at
- Shelby Commerce Park I
- AFH Logistics renewed approximately 423,000 SF at 400

- Industrial Drive
- Gestamp leased 240,240 SF at Jefferson Metropolitan
- Industrial Park, Phase II
- Deshazo Crane leased 85,040 SF at 5500 Parkwest Drive
- Athens Paper leased 110,000 SF at 2700-2748 Republic Blvd
- Estate Products renewed 65,000 SF at 911 Thomason Ave.
- Z Modular leased 106,452 SF at 3944 Valley East Industrial Dr.

SALE

- SRA Foods purchased 1608 10th Avenue for \$4,500,000/56,500 SF
- 1143 First Avenue South Company purchased 1143 1st Avenue South for \$3,900,000/150,089 SF
- 800 28 Eat, LLC purchased 800 28th Street North for \$1,745,000/75,695 SF
- Cornerstone Revitalization, LLC purchased the former Long
- Lewis Distribution Center for \$1,700,000/138,425 SF
- Rocky Heights Properties purchased 222 6th Ave for \$1,050,000/60,446 SF
- Atlas Tube purchased 171 Cleage Drive for \$4,044,990/150,000 SF
- Kearney Machinery, and Supply purchased 538 Elm Street for \$1,000,000/50,000 SF
- 5500 Parkwest Drive, LLC purchased 5500 Parkwest Drive for \$3,412,500/85,040 SF
- 639 N Dupree, LLC purchased 100 Republic Street for \$2,350,000/70,995 SF
- HC Birmingham, LLC purchased 2991 Shannon Oxmoor Road for \$7,913,000/99,900 SF
- Birmingham Industrial Group, LLC purchased the Birmingham Food Terminal for \$10,000,100/\$10.29 SF SP

RETAIL market

WITH DAVID ASHFORD, CCIM

The 2016 retail market report discussed how Birmingham had seen little retail growth that year. That narrative has not changed much. However, there are many trends retail real estate is facing that have many speculating about what the future holds. In this article I typically site new developments and tenants, but this year I will address two trends affecting the world of retail real estate and how they relate to our market.

The Amazon Effect

I am sure you have read the articles and heard people say that Amazon will do away with brick-and-mortar retail as we know it. Although it has changed and will continue to change the face of retail, it is far from earth shattering. Online retail sales still only make up less than 10% of total retail sales. This will continue to grow. However, there are some goods that people will still have

to visit a conventional retail store to purchase. Most grocery items are and will continue to be sold in brick-and-mortar stores. The only way for Amazon to compete in this \$620 billion-dollar industry is to purchase real estate. Online retail has made conventional retailers rethink possible store sizes and inventories though. There are many retailers that are carrying smaller inventories, downsizing from 50,000 square feet to 20,000 square feet stores, and price-matching or ordering from within the store to compete with online retailers like Amazon; e.g. Best Buy. This will be a growing trend- brick-and-mortar stores will carry smaller inventory, allow you to order in store, and have your purchase in a few days, if not a few hours. At the end of the day, there are still many consumers who want the immediacy of walking into a store and leaving with what they came for, which will result in brick-and-mortar stores evolving not becoming extinct.

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Urban Growth

A growing trend in Birmingham and across the country is an influx of development and growth within our major cities' cores. Since the Regions Park opened in 2013, downtown Birmingham has seen tremendous growth. Our urban core has seen a swell of apartments, restaurants and even its first Publix grocery store. Entertainment retail, like Birmingham's new Top Golf, should continue to fuel the already burning flame. This will continue to be a trend that will reshape retail as the urban community grows. However, this is not a foreign concept. In the 1940's, 50's and 60's, downtown Birmingham was a bustling hub for department stores like Loveman's, Pizitz, Parisian and many others. Although it is unlikely the department store trend will gain a head of steam again soon, the growing population in our urban markets will cause retailers, not just restaurants and entertainment, to figure out ways to capture the community's attention. An example of this is Warby Parker, the eyeglasses retailer, opening a store in the newly renovated Pizitz Building Food Hall on 2nd Ave. North. As someone who has worked downtown for over

17 years, it has been tremendous to see the changes that have taken place and I hope we can keep up the pace to welcome more retail downtown.

NEW/EXPANDING TENANTS IN THE MARKET IN 2017

While the threat of a "retail apocalypse" seemed to be media outlets' favorite topic in 2017, here is a list of new/expanding tenants to retail market in 2017.

- | | |
|--------------------------|-------------------------------|
| ■ ATI Physical Therapy | ■ Farm Burger |
| ■ Arhaus | ■ H&M |
| ■ Bartaco | ■ Local Taco |
| ■ Blaze Fast Fired Pizza | ■ Market House Boutique |
| ■ Brick Tops | ■ Metro Diner |
| ■ Cookout | ■ Top Golf |
| ■ Cosecha Urban Kitchen | ■ Warby Parker |
| ■ Cowfish | ■ Whole Foods SP |
| ■ Dave & Buster's | |

TIMING THE MARKET

WITH ANDREW LOVEMAN, CCIM

Often in social and business conversations, I am asked a variation of one of the following questions: "How's the real estate market?" or "Are you guys churning out deals?"

Usually, I perceive the question one of a few ways: "Are you personally making any money?" "Where is the market in terms of timing? Still going strong, slowing down, etc?" "Where do you think the market is heading in the short term?"

So, let us discuss the question... "How's the market?" Answer: It depends on what your role is in the market. 1) Lessee: If you are a tenant looking for the right place for your business and want to rent instead of own, then the timing of the market is unnecessary, follow the fundamentals. You want to know if the space works, what the rent cost is, what the utilities cost, if the Landlord will do any build-out for you, etc. 2) Owner/User: If you want to buy a building for your business, once again, the timing of the market has no bearing. You might buy something in an area that is overvalued or undervalued, but you still need to follow the fundamentals. Does the property work as it sits now? Does the price and retrofit it to your needs work at a price that is reasonable to that owner? 3) Investor: If you want to invest in a building, then guess what... Follow the fundamentals. Your critical issues are: price to purchase, cost to retrofit for the tenants, the rents yield vs the operating expenses, mortgage, etc. 4) Speculator: If you want to purchase something with no current use or income and try to figure it out later, then assuming you have the funds to do this... Tread carefully and realize that this road is full of carnage. It also has its great successes, but it is risky. Your thoughts are- What is the price? What is the hold period

before you make money on a tenant or future sale? How long do I have to "carry the cost of owning and waiting" before it gets uncomfortable and/or problematic financially?

None of the four scenarios above have changed due to our current financial status. So, I will ask myself again, 'How's the market?

In terms of the real estate market, lately, I have been saying we are about to hit a slowdown of some sort, not a fall-off-the-cliff type scenario like 2008, but some sort of slowdown for commercial real estate. The stock market is booming and has been going higher and higher for a few years. Commercial real estate sales have been booming for many years, especially multi-family and retail sales. Many of our clients feel trapped in assets because of their penchant for wanting to defer the tax bill via a 1031 tax-deferred exchange. And guess what... They are correct. We cannot find assets that will give a similar return because of historically low interest rates on commercial loans coupled with compressed CAP RATES. It is an interesting time. There is a TON OF MONEY that wants good assets, not even trophy assets, simply "good" assets.

Now let us talk about the near future of 12-36 months. I think we are in the "late innings" of the baseball game, i.e. the run-up is soon to end. I heard an economist who closely tracks commercial real estate say recently that he believes all fundamentals point to continued growth and felt good about the near future. I am not claiming to be an economist nor would I dismiss his research, I just do not agree. I hope he is right and I am wrong. Maybe I am too conservative. Or maybe once bitten, twice shy after the 2008-2010 time frame. Whether the economist is right or whether I am right, call Southpace Properties and let us help guide you through the process and follow the fundamentals. SP



INSIDE SOUTHPACE

WITH BRYAN HOLT, CCIM, CRX, CLS

I have always been the one trying to drive advances in technology at Southpace to put us ahead of our competition, but lately I find myself appreciating the old school mentality- face-to-face meetings and phone calls over text messages and emails. We harp on our brokerage staff to get out into the community and meet clients and peers. That has always been a guiding principle at Southpace, but recently it became more of a necessity. On December 14th, 2017 Xceligent, Inc. unexpectedly declared Chapter 7 bankruptcy and the CRE world went nuts. Xceligent was one of two major players in our industry that tracked property availability and market information. It was the closest thing to an MLS for CRE in Birmingham. The Xceligent liquidation caused a domino effect, paralyzing downstream providers like CCIM Institute's Site-To-Do-Business and seemingly crippling medium and small-sized brokerage firms, many of whom powered their website listings via Xceligent. Our friends at CRE firms around Birmingham and across the country were in a panic about losing this electronic crutch we have all become so dependent upon. Residential agents are light-years ahead of CRE professionals in this area and that must change and it will. Certainly, we need a technology solution for market information, but we need not panic in the meantime. We need to use this 'opportunity' to pick up the phone or get out and TALK to our clients and our competitors and learn the market the old-fashioned way. We have not forgotten how to do that around here. Thankfully, there still is no app for that.

Hiring young talent that knows how to communicate the old-

fashioned way is always a challenge for us. Southpace Learning Series (SLS) is our in-house training program for new CRE professionals. The six-month program was first rolled out in 2014 and some of those brokers were among our top producers in 2017. Client Services Administrator Stephanie Hill coordinated the 2017 SLS class where a team of our senior brokers met weekly with new hires on a dual-track of instructional classes and practical work assignments. The class sessions were supplemented by outside experts presenting on topics such as engineering, finance, construction, and technology. This is the only program of its kind in the area and I am especially appreciative of our senior brokers and the outside experts for making the 2017 Southpace Learning Series a success.

It is time for a new website again and the process has begun. Let opinions reign down and ideas be trampled! Few things evoke as much passion and disdain around here as a new website. CRE websites used to just be the place to find a property flier or maybe an email address. Now the website is the grand entrance to the business and the physical lobby has turned into the company playroom outfitted with pool tables and putting greens and a lonely intercom (just in case you want to talk to someone there). Major firms have gotten rid of their receptionist but they come apart at the seams if their website goes down for an hour. That is why the process of re-vamping www.Southpace.com is so obsessive each time it comes around. Though the average age of our brokers is as young as it has ever been, we remain a company full of old souls. We still have a live receptionist on the 9th floor and we always will. Talking to a live person will always feel better than spelling L-A-U-R-I-E-L-L-O on a numerical keyboard. We are fanatical about connecting with people and about purple. So for the next few months we will scratch and claw as if our professional existence depends upon this new website. If you need to reach us in the meantime call Gloria and she will put you right through. [SP](#)



PROPERTY MANAGEMENT REPORT

WITH DONNA P. COX, CCIM, CPM

Doing the next right thing...


Sounds good, doesn't it? But, how do we ensure that we are Doing the Next, Right Thing? I like to think it begins with a dedicated team of individuals coming together to implement the ultimate goal of serving our Clients and keeping their best interests at the forefront of everything we do. For Southpace Management, 2017 was a year filled with challenges that provided us with many opportunities to enact this simple strategy. From everyday physical property maintenance, special construction projects, rent collections and financial planning & reporting to extraordinary emergencies, each project, task and every element within those tasks, are met with the overriding goal of doing the next, right thing.

Southpace manages approximately 2.5 million square feet of commercial property including retail shopping centers, office buildings, bank branches and office/warehouse developments throughout the greater Birmingham area. In early 2017 we proudly added the Gray Building, a ±57,000 square foot multi-tenant office building formerly known as the Booker T Washington Building in the Birmingham CBD at 1728 3rd Ave North. Gray Construction renovated the historic building in 2016 and occupies a portion of the space. Other tenants include Atlas RFID Solutions and Arcadis US. Additionally, this past summer four retail strip centers were added to our management portfolio. Three are located within the Birmingham Metro area and the fourth is in Sylacauga. And, in January 2018, we added The Shops of Montevallo to our list of managed properties through a partnership with Continental Realty of Baltimore, MD. As we embark into 2018, I fully expect our managed portfolio to continue to grow and with growth comes the need for a well-seasoned team and the addition of fresh faces. New to Southpace

Management personnel in 2017 included Elizabeth Miles, Property Administrator. Elizabeth is a recent graduate of the University of Alabama, an Accounting Major with an emphasis on real estate. She plays a vital role in property management and maintenance administration. Also joining our team in October 2017 was Property Manager, Heather Euler. Heather has many years of experience managing both retail and office properties and is a strong addition to our management team. In our Maintenance Division, Mike Newland was promoted to Maintenance Supervisor in 2017 and we added a maintenance technician, Brooks Powell, to our team in January.

Last year marked the 22nd year that Southpace Management retained the Accredited Management Organization (AMO) certification from the Institute of Real Estate Management. The AMO accreditation is awarded to those real estate management firms who meet a strict AMO Code of Professional Ethics and carry out the best practices of real estate management. In addition to this important recognition, we are one of the few firms that has property managers who hold both the Certified Property Manager (CPM) and Certified Commercial Investment Member (CCIM) designations. Our knowledge in the realms of both property management and investment analysis gives Southpace Management the ability to not only handle the day-to-day property management needs of our clients, but to also provide valuable input in the overall health of the properties we manage and our Clients' asset strategies.

As opportunities of the New Year arrive, you can count on Southpace Management's dedication to continuing the simple notion of Doing the Next, Right Thing for our Clients and their properties. If you are a current Client, we thank you for your trust in us and we look forward to continuing to serve you this New Year. If you are in the need of property management service, please do the next, right thing and give us a call!

Happy New Year Everyone!
Donna P. Cox, CCIM CPM
Senior Vice President 



THE LOSS OF GREG DESPINAKIS

We are saddened by the loss of one of our own, Greg Despinakis. Greg passed away peacefully on December 6th, 2017. Greg worked as a broker at Southpace for over 25 years and was an astute colleague, friend, and mentor. Everyone who knew Greg knew he had a passion for life, enjoying hobbies including game hunting and flying his Piper Cub. He will be sorely missed at Southpace and amongst the community. Our thoughts and prayers go out to his daughters Stephanie, Harriet, and Pamela, his beloved Babs, and the rest of his extended family.

"Southpace lost a dear friend and great team member. I first met Greg in 1974 when we both were working for Johnson Rast and Hays. He quickly became a mentor and a friend. Over the

past 43 years he became more than a friend and I am so proud and lucky to have known him. God Bless Greg, his wonderful family, and Babs.

His old pal who loved him, **Lauriello.**"

"Working with Greg for over 25 years gave me insight into the fine person he was; a real gentleman, a lover of family, his Greek ancestry, and flying his Piper Cub.

I truly believe that he felt Southpace was his second home, and he definitely will be missed here by all of his coworkers – his 'friends.'" **Gloria Weintraub**



See all of our CCIMs

We're proud to announce we 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.

NEW FACES

Here are the new faces we added to our company in 2017!



Shepard Ager
Associate Broker



Randy Crump
Maintenance Technician



Stephanie Hill
Client Services Administrator



Sam Centeno
Client Coordinator



Heather Euler
Property Manager



Elizabeth Miles
Property Administrator

SOME OF THE ORGANIZATIONS WE PROUDLY SUPPORTED IN 2017



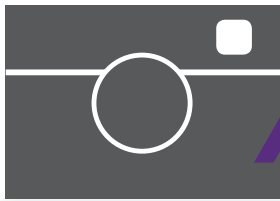


photo review

A look back at several highlights for Southpace in 2017.



1) Southpace Learning Series with Bart Crawford and Sharon Hardigree from the Title Company. 2) The Alabama CCIM Chapter on the annual Brave's Roadtrip to Atlanta. 3) We took a short break at the office to check out the eclipse. 4) Bill Moss, John Lauriello and Rich Campbell spoke on the BCRC panel... 5) The Retail Brokers Network booth at RECon in Las Vegas. 6 & 7) Southpace tables at the annual CCIM Market Symposium. 8) Southpace hosted its annual holiday lunch for employees and friends complete with a visit from Santa!

SHOW US YOUR *Southpace swag*

MACCHU PICHU



DESTIN, FL



ATHENS, GREECE



THE GRAND CANYON



Email your Southpace swag photos to
southpaceprop@gmail.com and we'll feature you on our
Facebook and Instagram Pages!

FOLLOW US ON SOCIAL MEDIA!



Southpace Properties



SouthpaceProperties



Southpace Properties



Southpace

2017 DEALS

A sample of highlighted transactions our brokers completed in 2017.

RETAIL



David Ashford represented The Tutwiler Hotel in the leasing of its restaurant space to become the Tutwiler Bar & Grill.

David Ashford represented the lessor in a 1,900 square foot lease in Trussville Promenade I Shopping Center.

David Ashford represented the landlord in the leasing of 5,115 square foot space in Whole Foods Market Place in Hoover for Market House Boutique.

David Ashford represented the landlord in Galleria Trace Plaza in Hoover the lease of 1,440 square foot for UpTech Computer.

David Ashford represented the landlord in the leasing of 2,370 square feet of retail space at 1817 29th Street South in Birmingham.

David Ashford and Alex Benson represented the landlord at Lee Branch II Shopping Center in Birmingham in the leasing of 1,200 square feet of space to Farmer's Insurance.

David Ashford and Alex Benson represented the landlord in the lease of a 1,847 square foot space in Pinebrook Shopping Center in Mobile, Alabama to a chiropractor.

Alex Benson represented the landlord at Roebuck Marketplace in the leasing of

4,950 square feet of space to Nu Wear.



Alex Benson represented HotWorx, a hot yoga studio, in its leasing of 1,614 square feet of space at 420 Richard Arrington Jr Boulevard South in downtown Birmingham.

Greg Despinakis represented the buyer in the purchase of 115 Richard Arrington Junior Boulevard South in downtown Birmingham.

Greg Despinakis represented buyer in the purchase of 301, 311, 327, 331 24th Street South in Birmingham.

Greg Despinakis and David Ashford represented the landlord in the renewal of the Stella Blue at Mountain Brook Village.



Bryan Holt represented ATI Physical Therapy in their new locations in Decatur, Cullman, Gardendale, and Trussville, Alabama.

Bryan Holt represented Boot Barn in their leasing of an 8,676 square foot building in Mobile, Alabama.

Bryan Holt represented Great Clips in the new 1,050 square foot location at the Shoppes at Redstone in Huntsville, Alabama and 1,400 square feet in Saraland, Alabama.

Bryan Holt represented the buyer in the purchasing of a Hardee's in Prattville, Alabama.

Bryan Holt represented Milo's in their 1 acre ground lease in Cullman, Alabama.

Bryan Holt represented Starbucks in their new location at the Birmingham Crossplex.

Bryan Holt and Alex Benson represented ATI Physical Therapy in the leasing of 2,150 square feet on Corporate Woods Drive in Vestavia, Alabama.

Bryan Holt and Blake Thomas represented the landlord of the Former Ryan's at 1915 Cobbs Ford Road in Prattville and the Former Ryan's in Cullman, Alabama.

Bryan Holt and Blake Thomas represented Taco Bell in three of their new locations in Hartselle, Decatur and Florence, Alabama.



John Lauriello and Blake Crowe represented the City of Vestavia in the \$9,100,000 purchase of the 63,000 square foot Vestavia Gold's Gym.

Andrew Loveman represented Delta Diner in its leasing of 3,214 square feet of space at 2673 Valleydale Road in Hoover, which was formerly Shane's Rib Shack.

Andrew Loveman represented White House Interiors in its purchase of 6,000 square feet of space at 199 Canyon Park Drive in Pelham, Alabama.

Andrew Loveman represented Shooks in the leasing of 1,545 square feet of restaurant space in the Heritage Center in Trussville, Alabama.

Andrew Loveman represented the landlord in the retail lease of 1,200 square

feet to Advance America at the Village in Pinson in Pinson, Alabama.

Andrew Loveman and David Ashford represented the landlord in the leasing of 1,200 square feet in Anchi Plaza to Boost Mobile in Attala, Alabama.

Mike Perry represented the landlord of Benchmark Center at 1104 2nd Avenue East in Oneonta in Verizon Wireless's 1,800 square feet of space as well as two other 1,000 square foot spaces in the center.



Michael Randman represented the owner in the selling of the former Aqua Night Club at 2824 5th Avenue South in Birmingham for \$1,250,000.



Blake Thomas represented Which Wich Superior Sandwiches for their new location at The Waites Apartments in downtown Birmingham as well as Opelika, Alabama.

Blake Thomas and Troy Gisi represented the landlord at 600 Greensprings Avenue in Birmingham in the leasing of 3,950 square feet to Cici's Pizza, 5,360 square feet to Sola Salon, and 33,486 square feet to Urban Air Trampoline Park.

INDUSTRIAL



John Lauriello and Rich Vanchina represented the owner in the selling of the former Swalley Building at 1143 1st Avenue South in downtown Birmingham.

Bill McDavid assisted the owner in the selling of an industrial building at 11 Montgomery Avenue in Thorsby, Alabama for commercial redevelopment purposes.

Bill McDavid and Alex Benson represented the owner in an industrial sale at 2760 Pawnee Road in Birmingham.



Bill McDavid and Rich Vanchina represented the owner in the sale of a 17,000 square foot office/warehouse property at 5520 Eastcliff Industrial Boulevard to Johnson Battery out of Atlanta.

Joseph Sedita and Shepard Ager represented the owner of 2413 2nd Avenue South in Birmingham in the selling of the 4,000 square foot industrial building to Johnson & Co. – a landscape designer.

Rich Vanchina represented the owner in the sale of 1.18 acres at 3118 Pine Tree Drive to The Pawms Pet Resort in Birmingham.

Rich Vanchina tenant in the leasing of 65,500 square feet of industrial space at

919 Thomasen Avenue, Tarrant, Alabama.

Rich Vanchina represented tenant in the industrial lease of 47,300 square feet at 175 Airview Lane, Alabaster, Alabama.



Rich Vanchina represented tenant in the 5,000 square foot industrial lease at Cahaba Valley Business Park Building 301 in Pelham, Alabama.

Rich Vanchina represented seller in the sale of a 99,900 square foot building at 2991 Shannon Oxmoor Road in Birmingham.

Rich Vanchina represented buyer in the sale of a 30,000 square foot building at 729 1st Avenue in Birmingham.

OFFICE

David Ashford represented the owner of the Massey Building in Downtown Birmingham in the office lease of 20,600 square feet of space to Hare, Wynn, Newell, and Newton.

Blake Crowe represented Home Mortgage of American in the leasing of 8,000 square feet at International Park in Birmingham.

Blake Crowe aided McGlinchey Stafford law office in an office lease expansion totaling 2,089 square feet in Downtown Birmingham.

Blake Crowe represented the landlord in an office lease renewal at 2101 Highland Avenue in downtown Birmingham with a total of 12,455 square feet.

Blake Crowe represented building owner in the sale of 10,000 square feet of office at 3820 3rd Avenue South, Birmingham.

Blake Crowe represented the owner of 2101 Highland Avenue, Birmingham in the office lease of 12,455 square feet.



Blake Crowe leased 2,240 square feet of space to Marcus & Millichap at the Steiner Building in downtown Birmingham. Troy Gisi represented the seller of a 3,700 square foot retail/office building at 5800 Oporto Madrid Blvd South in Birmingham.

John Lauriello represented the seller in the leasing of 6,500 square feet of office space at 1218 20th Street South in Birmingham.

John Lauriello and Blake Crowe represented the owner in the sale of the 30,000 square foot Hardwick Building at 2310 2nd Avenue South in Birmingham.



John Lauriello and Blake Crowe represented the landlord in the 3,090 square foot office lease to Maples Tucker & Jacobs at Park Place Tower in Birmingham.

John Lauriello and Blake Crowe represented the owner in the lease of 3,500 square feet at the BB&T Building to Abbott Livings Smith & Higgins in Birmingham.

John Lauriello and Blake Crowe represented the owner at 4217 Dolly Ridge Road, Birmingham in the sale of the property to a medical practitioner.

John Lauriello and Blake Crowe represented the lessor and Rich Vanchina

represented lessee in the leasing of 15,000 square feet of office space at 1218 20th Street South, Birmingham.



Andrew Loveman represented Wells Fargo in its selling of the former Irondale bank branch location at 2880 Crestwood Boulevard in Birmingham.

Andrew Loveman represented the landlord in the leasing of 4,108 square feet at 2406 US Hwy 280 in Hoover for the buyer's office use.

Andrew loveman represented tenant in the 1,100 square foot sale at 3009 3rd Avenue South in Birmingham.



Bill McDavid and Rich Vanchina sold an office warehouse property at 5520 Eastcliff Industrial Boulevard, Birmingham to Johnson Battery out of Atlanta. It was a 17,000 square foot building on 2.75 acres.

Michael Randman and Blake Thomas represented buyer in the 2,713 square foot office sale at 1824 28th Avenue South in Birmingham.

Joseph Sedita represented the seller in the sale of 8,000 square feet of office located at 8933 Roebuck Avenue in Birmingham.

Joseph Sedita represented the purchaser in the acquisition of a 3,500 square foot building at 1608 3rd Avenue North in Birmingham.

Joseph Sedita represented tenant in the 3,110 square foot office lease at Grandview 1 Office Park Birmingham.

INVESTMENT



Steve Lazarus represented the owner in the selling of the multi-family property, Kali Kourt Apartments located at 506 Highway 31 South in Warrior, Alabama.

Steve Lazarus and Troy Gisi represented the owner in the selling of the multi-family property at 902 Apple Street in Birmingham.

John Lauriello sold and closed the Classic Wine Building located at 1920 29th Avenue South in Homewood, Alabama to an investor for \$2,400,000.

Michael Perry represented the owner in the sale of the final unit of a 70-unit single family rental portfolio. The total transaction is valued at \$5,400,000.



Joseph Sedita represented the owner in the investment sell of 1109 East Park Drive in Birmingham.

LAND

John Lauriello and Blake Crowe represented the purchaser in a \$1,126,025 gross land sale.

Bill McDavid and Steve Mordecai represented the owner in the selling of 38 lots at Cottages at Beaver Creek in Helena, Alabama.

Steve Mordecai represented the seller in the 644 acre land sale on County Road 174 in St. Clair County, Alabama.

HIGHLIGHTED TRANSACTIONS

John Lauriello & Blake Crowe Retail Sale Vestavia, AL \$9,100,000.00	Bryan Holt Retail Lease Mobile, AL \$1,680,000.00	Troy Gisi & Blake Thomas Retail Lease Birmingham, AL \$891,100.00	David Ashford Retail Lease Birmingham, AL \$524,205.00
Rich Vanchina Industrial Sale Birmingham, AL \$7,913,000.00	Rich Vanchina Office Sale Birmingham, AL \$1,600,000.00	Blake Crowe & John Lauriello Office/Warehouse Sale Birmingham \$850,000.00	Joseph Sedita Office Lease Birmingham, AL \$515,127.36
Mike Perry Single Family Sale Jefferson County, AL \$5,241,667.00	Greg Despinakis Retail Sale Birmingham, AL \$1,500,000.00	Rich Vanchina Industrial Sale Birmingham, AL \$825,000.00	Rich Vanchina Office Sale Birmingham, AL \$500,000.00
John Lauriello & Rich Vanchina Industrial Sale Birmingham, AL \$3,900,000.00	Bryan Holt Retail Sale Prattville, AL \$1,500,000.00	Troy Gisi & Blake Thomas Retail Lease Birmingham, AL \$742,600.00	Rich Vanchina Industrial Lease Pelham, AL \$465,312.00
Bryan Holt Retail Lease Cullman, AL \$2,686,114.45	Bryan Holt & Blake Thomas Retail Lease Prattville, AL \$1,209,193.49	John Lauriello & Blake Crowe Office Sale Birmingham, AL \$712,500.00	John Lauriello & Blake Crowe Office Lease Birmingham, AL \$442,519.83
John Lauriello & Blake Crowe Office Lease Birmingham, AL \$2,462,402.32	Bill McDavid & Rich Vanchina Industrial Sale Birmingham, AL \$1,200,000.00	Bryan Holt Retail Lease Vestavia, AL \$633,276.00	Joseph Sedita Office Sale Birmingham, AL \$439,998.00
David Ashford Office Lease Birmingham, AL \$2,214,500.00	John Lauriello Office Lease Birmingham, AL \$1,165,00.00	Rich Vanchina Industrial Lease Tarrant, AL \$615,700.00	Joseph Sedita Office/Warehouse Sale Birmingham, AL \$435,000.00
Steve Mordecai Land Sale St. Clair County, AL \$2,000,000.00	Rich Vanchina Industrial Lease Alabaster, AL \$1,044,150.00	Michael Randman & Blake Thomas Office Sale Birmingham, AL \$615,000.00	John Lauriello & Blake Crowe Office Lease Birmingham, AL \$409,370.88
Troy Gisi & Blake Thomas Retail Lease Birmingham, AL \$1,835,166.63	Bryan Holt Retail Lease Birmingham, AL \$945,000.00	Blake Thomas Retail Lease Birmingham, AL \$594,135.75	David Ashford Retail Lease Birmingham, AL \$378,441.72
Greg Despinakis Retail Sale Birmingham, AL \$1,850,000.00	John Lauriello & Blake Crowe Office Lease Birmingham, AL \$904,750.00	Bryan Holt Retail Lease Birmingham, AL \$571,680.00	Andrew Loveman Office Sale Birmingham, AL \$365,000.00
John Lauriello & Blake Crowe Office Sale Birmingham, AL \$1,750,000.00	John Lauriello & Blake Crowe Office Lease Birmingham, AL \$899,167.89	David Ashford Retail lease Hoover, AL \$544,748.00	

The Southpace Team

Principals

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

Associates

Shepard Ager
David Ashford, CCIM
Alex Benson
Blake Crowe, CCIM
Julie Gieger, CCIM, CPM
Troy Gisi
Stephen Lazarus
Andrew Loveman, CCIM
Steve Mordecai, CCIM
Bill Moss, CCIM
Michael Perry
Michael Randman
Joseph Sedita
Blake Thomas
Rich Vanchina, CCIM, SIOR

Development & Construction

John Lauriello, CCIM, SIOR, CPM
Kathy Okrongley

Property Management

Donna Cox, CCIM, CPM
Heather Euler
Julie Gieger, CCIM, CPM
Elizabeth Miles
Mike Newland

Accounting

David James
Sharon Gladney

Marketing & Research

Sam Centeno
Stephanie Hill

Staff

Cathy Marques
Gloria Weintraub

Maintenance

Randy Crump
John Cushing
Wade Jemison
Billy Johnson
Michael Newland
Johnny Persall
Brooks Powell

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TOP 5 BROKERS



RICH VANCHINA,
CCIM, SIOR



BLAKE CROWE,
CCIM



BLAKE THOMAS



DAVID ASHFORD,
CCIM



STEVE MORDECAI,
CCIM

SOUTHPACE Leaders & Achievers

John Lauriello, CCIM, SIOR, CPM was selected by the Birmingham Business Journal as one of Birmingham's Most Influential Executives in 2017. John also spoke on the BCRC's Continuing Education Event as well as the Bhm Biz "What's Next for Downtown?" panel.

Bryan Holt, CCIM, CRX, CLS served on the Retail Brokers Network (RBN) Executive Committee as Vice President of Finance.

Blake Crowe, CCIM served on the Vestavia Chamber of Commerce as well as the Marketing Advisory Board for Xceligent Commercial Real Estate.

Bill Moss served on the Executive Committee of the CCCIM Institute.

Blake Thomas served as head of the Southeast Region for Retail Brokers Network (RBN)

