



Gainesville retail market report

Q1 2023

**AVISON
YOUNG**

Gainesville retail market trends

-80 bps

Vacancy rates outperform national average

Amid economic headwinds, the Gainesville retail market remains resilient as the vacancy rate holds strong at 3.4%, 80 basis points lower than the national average. Net absorption has recorded positive for two years since the onset of the pandemic, keeping the vacancy rate low. The first quarter of 2023 resulted in -6,772 square feet of net absorption, but is expected to trend positive as economic conditions ease, enabling companies to experience continued growth. The vacancy rate is expected to take a downward trajectory as the pandemic-shed available space is absorbed later in 2023.

\$17.41

Asking rates climbing toward pre-pandemic levels

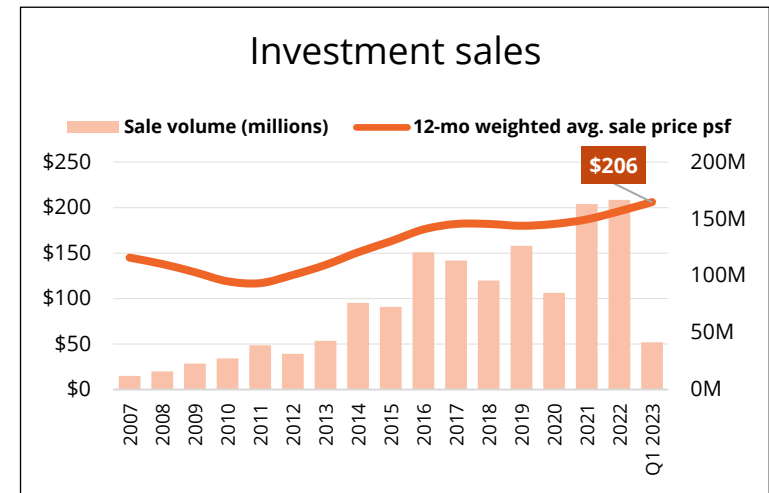
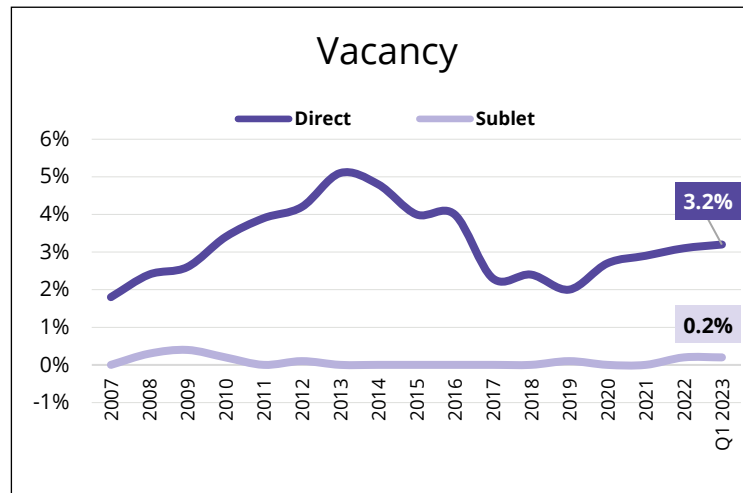
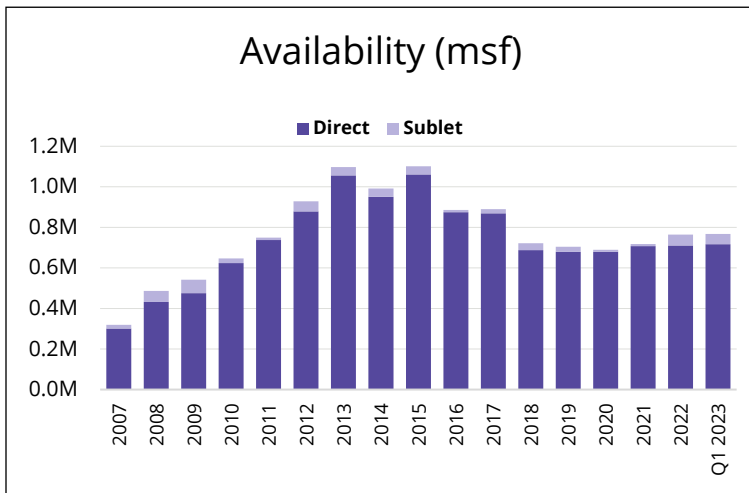
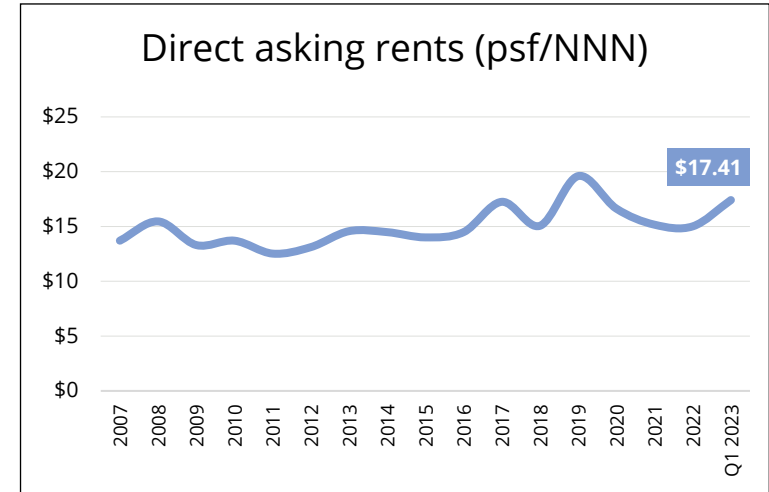
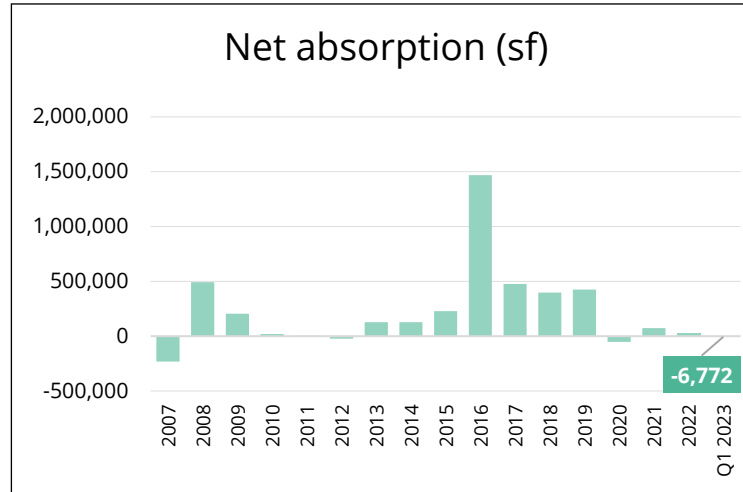
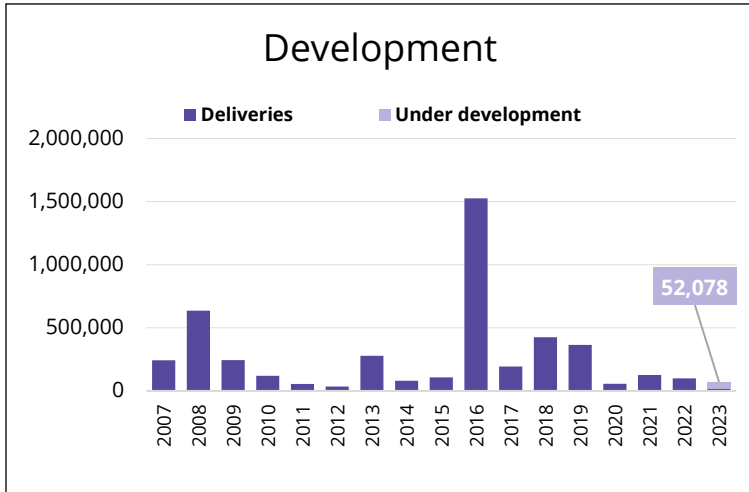
Asking rates for retail assets continued climbing throughout 2022 and have increased 16% year-over-year as of the first quarter of 2023. Rates are still down 11% from pre-pandemic levels of 1Q 2020. However, the first quarter's asking rate is the highest its been since the onset of the pandemic. Occupancy rates remain extremely strong at 96.6%, allowing landlords to apply upward pressure on asking rates for the highly desirable locations. As market fundamentals remain secure, asking rates will continue to tick upward for the foreseeable future.

\$41.5M

Retail investment sales have best first quarter on record

Retail investment sales in Gainesville had the strongest performance on record during the first quarter of 2023, totaling \$41.5 million in transaction volume and nearly doubling 2022's first quarter volume. The boost in sales is attributed to a handful of large transactions, including a CVS location along Gainesville's prominent 13th Street that sold for \$12.9 million, and Nalbandian Properties' purchase of a retail plaza on University Avenue, anchored by the Social at Gainesville for \$9 million. An uptick in investor appetite signals the strength of Gainesville's retail market, particularly in the Downtown/Innovation submarket, where the development of student living communities has boomed in recent years.

Gainesville retail market indicators



Gainesville retail market activity

Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type	Submarket
Patel	4110 S.W. 34 th St.	Feb. 2023	3,973	Direct	New	South Gainesville
Book Gallery West	4111-4121 N.W. 16 th Blvd.	Jan. 2023	2,500	Direct	Renewal	Northwest Gainesville
Undisclosed	1258 N.W. 3 rd Ave.	Jan. 2023	2,374	Direct	New	Downtown/Innovation Square
Undisclosed	101 S.E. 2 nd Place	March 2023	2,210	Direct	New	Downtown/Innovation Square

Recent sales activity

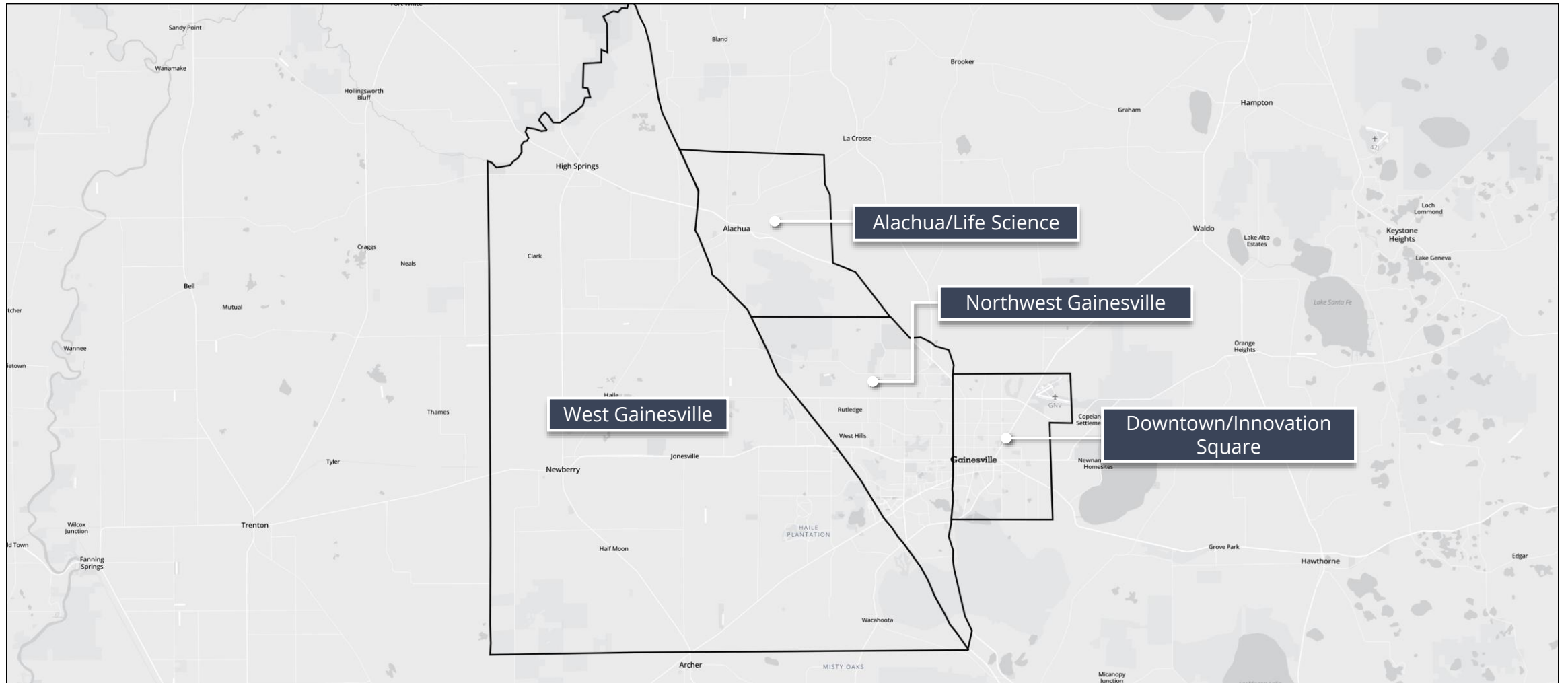
Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Kamber Management Company	CVS - 1621 S.W. 13 th St.	March 2023	27,958	\$12,900,000	\$461	Huntley Properties
Nalbandian Properties	1728 W. University Ave.	Jan. 2023	24,876	\$9,000,000	\$362	Gator Investments
ERM Gainesville	Walgreens – 9125 N.W. 39 th Ave.	March 2023	14,618	\$5,444,000	\$372	Walgreen Co.

Top projects under development

Property	Address	Delivery Date	Building Size (sf)	% Preleased	Developer	Submarket
Markets West at Tower Road *	7487 S.W. 13 th Rd.	Dec. 2023	35,984	100%	Concept Companies	West Gainesville
4103 S.W. 43 rd St.	4103 S.W. 43 rd St.	Sept. 2023	5,000	0%	Blue Sky Holdings	West Gainesville

*Avison Young handles the leasing

Gainesville submarket map



Retail insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and information visit **[avisonyoung.com](https://www.avisonyoung.com)**

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