

Retail, office space vacancies up in area

Vacancies are spending more time on the market while rental rates decline.

*By [Anthony Clark](#)
Business editor*

Published: Tuesday, November 10, 2009 at 6:01 a.m.

Retail and office space vacancies are up in Gainesville, and vacancies are spending more time on the market, while office rental rates are going down, according to a new survey of local commercial space.

The first survey by Beau Beery, director of commercial brokerage and property management for AMJ Inc., compares the second and third quarters of this year and was compiled from the local Multiple Listings Service and commercial listing service Loopnet.com.

Retail listings increased 9.8 percent to 112 vacancies; days on the market increased 7.3 percent to 223 days; while average lease rates actually increased 2.3 percent.

During good times, most retail centers were fully leased before construction was complete, while now those completed centers are showing vacancies with an average of 7.5 months on the market and growing, Beery reported.

Office listings increased 8.5 percent; average days on the market increased 22.7 percent to 246 days; and the average lease rate decreased 4.5 percent.

Executive suites of less than 500 square feet were hit particularly hard. Beery said those often are leased by small businesses as an office away from home, but such businesses now might be staying in their home office. They also appeal to startup businesses.

Beery said businesses that are downsizing, asking for reduced rents or closing altogether are in the financial sector, including home and consumer loan companies; those tied to construction such as consulting, engineering, architecture, title agents and brokers; and high-end retailers and restaurants dependent on disposable income.

Still, Gainesville is doing "so much better" than other Florida markets, especially large areas, Beery said.

He spoke by phone from Jacksonville, where he said there are signs everywhere and several vacancies because office and retail space is overbuilt.

That is not the case in Gainesville because of the college-fueled economy and because local governments have been "very frugal" in authorizing office and retail development, he said in his report. Sectors that are growing or maintaining here

include the federal government, churches, low-cost restaurants, medical, educational and vocational businesses, discount retailers and software development.

He also said there has been a noticeable increase in office shopping in many of those fields since the beginning of the year.

The pain in commercial real estate started in 2008, worsened this year and likely will continue through next year, but should gradually improve over the next few years, Beery said.

Commercial real estate lags residential trends, so as more homes are sold and built, new office and retail space will be sold and built "to service the demographics," he said.

Retail leasing has suffered the most. Jobs are key to increasing consumer spending, he said.

Several national and local retailers in Gainesville are asking for rent relief from their landlords, he said.

Copyright © 2010 Gainesville.com — All rights reserved. Restricted use only.