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Glut of new projects worries local real estate professionals

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People in residential and commercial real estate in Gainesville say they are busier than they've been in years, but prices are not coming up yet, raising doubts about the short-term feasibility of the many mixed-use and retail developments in the planning stages.

About 250 Realtors, builders, developers, bankers and other professionals held a meeting of the minds to talk about the state of real estate and where it's heading Thursday night at the fourth annual University of Florida Bergstrom Center Real Estate Forum at the Gainesville Woman's Club.

Civil engineer Rory Causseaux of Causseaux, Hewett & Walpole said six or seven new mixed-use projects are on the books and another four or five are in the works.

Mixed-use includes densely built developments with residential, retail and office, often around a town center.

Home builder Kara Bolton, president of the Builders Association of North Central Florida, said there is still too much supply from developments that began before the housing collapse to bring new developments to market.

The market for new homes is moving in the right direction, she said. Whereas in the past only first-time home buyers were buying, she said she is seeing movement at all levels from very low to higher-end homes.

"Professors, doctors, pharmacists are buying in the higher-priced group and vacating previous homes and making room for new families that are formed," Bolton said.

Commercial Realtor Mike Ryals said that new projects proposed near campus such as University Corners and a similar project on Third Avenue, and redevelopment projects at The Courtyards and the Presbyterian Student Center will bring retail space near campus from about 80,000 square feet to more than 200,000 square feet.

Fred Schmidt, CEO of Coldwell Banker Commercial Worldwide, said the projects likely will depend on growth in the demographics which support the types of businesses that locate near campus such as entertainment and food.

The ability to get financing could determine what gets built, said Erik Bredfeldt, economic development and innovation director for the city of Gainesville.

"My perception is there's a bit of a race going on as to who's going to be in the door first because there's probably a certain level that can be supported by the market," he said of the mixed-use and retail projects.

Schmidt said Gainesville is well-positioned to take advantage of several trends. Baby boomers and echo boomers — the generation behind them — want urban mixed-use areas so they don't have to take care of a large yard and are close to retail, cultural amenities and medical facilities. Young professionals also are moving into condos and apartments instead of the suburbs.

Bolton said Gainesville has been very resistant to that urban lifestyle, however.

"We still see buyers who want bigger lots and their own back yard and don't want the store in their back yard," she said. "There is a mass of people needed to support that business. We don't have that mass, so we're lagging."

Schmidt also said Gainesville has industries that are driving the national demand for office space, which are energy, technology, education and medicine.

Much of the conversation centered on the role of government in helping or hindering development, with Orlando land developer Daryl Carter and others making impassioned pleas for government to get out of the way.

Bredfeldt admitted that most of the people in the room probably see city government as a hindrance.

He said city government has many constituencies and a very engaged citizenry.

"I see a lot of benefit, but we're a very deliberative community," he said. "When things get into the public review process, it makes approvals and the approval process complicated sometimes."

Bredfeldt, who was previously the director of planning and development, said his new role is a recognition by the City Commission that developers need an ombudsman to help usher projects through different city departments.

"We can maybe not say yes to what you proposed originally but we can try to get to yes in some way," he said. "We have not mastered that, but our city culture is trying to move in that direction."

An example is the process to expedite development of the Innovation Square district between downtown and the University of Florida, a process that Bredfeldt said could be repeated in other areas of the city.

John Fleming of Trimark Properties is developing buildings in Innovation Square and near campus. Trimark and UF are part of a "huge effort" to put technology companies in the area, he said.

Many are spread out throughout the county in buildings that were never intended for their uses, such as lab space.

"We're hoping to get them in purposed buildings where they can reduce their footprint and gain more efficiency and connect to the University of Florida and the downtown area," Fleming said.

Fleming also said there is a lot of activity in the residential market around the university.

"As transportation gets more difficult, students are more interested in being closer to campus," he said.

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