



Next frontier in St. Johns County

By Colleen Jones
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With St. Johns County one of the fastest growing communities nationwide, it's not surprising the county continues to be the epicenter of commercial growth in Northeast Florida.

According to the most recent semiannual retail report by Colliers International Northeast Florida: "St. Johns County remains the strongest submarket for new retail development, with 428,000 square feet of space under construction this year [2019]."

But while sprawling new developments like Durbin Park have grabbed most of the headlines, business activity continues to chug along in the southern part of the county as well.

And with vacancy rates at just 3%, retail space is in high demand.

Take, for example, the Markets at St. Augustine Shores. The complex, anchored by an adjacent Dunkin' Donuts, was 50% pre-leased when construction was completed in fall of 2018, according to Gary Johnson, a developer with Smith & Young which has properties across Northeast Florida.

With more residential development in the southern part of St. Johns County—including more affordable homes—retailers see a captive market, according to Johnson.

"This, they think, is the next frontier in St. Johns County," Johnson said. "You're kind of underserved in this area, having to go across the Moultrie [Creek] bridge for really anything."

Nancy Sumner, director of retail services for Colliers International Northeast Florida, sees a lot of demand for storefronts in up-and-coming neighborhoods like Murabella, Nocatee and Beachwalk. And with Flagler Health+ wellness complexes anchoring new construction in these communities, daytime traffic is justifying more and new products and services.

But there's also interest in the U.S. 1 and State Road 312 corridors in St. Augustine, Sumner said.

According to the Colliers International report, leasing rates can be prohibitive for some small businesses to take up space in the growing northern part of the county.

"This is particularly true for new construction centers, where rents can reach into the \$40 [per square foot] range and beyond to support construction costs," the report said.

Johnson said that with frontage on U.S. 1 and traffic from the nearby Publix, rates at the Markets at St. Augustine Shores start at \$22 per square foot.

"The No. 1 reason people walk away from a lease is they cannot afford the lease," said Marge Cirillo, a consultant with the Small Business Development Center in St. Johns County.

So far, a hair salon, Asian restaurant, an insurance agency, a veterinarian and a childhood learning center are going into the complex.

Growing trends in area retail, the Colliers International report cited, include healthy grocery stores, fitness studios and juice bars.

Cirillo said the last category is especially hot.

"Juice bars are the biggest thing in 2020," Cirillo said.

So are new restaurant concepts, even as some struggle to fill service positions because those in the industry often cannot afford to live locally.

Both Sumner and Cirillo see more interest in franchises than mom-and-pop businesses.

"Lenders look at them more favorably, too, because there's the brand, the training, and they [corporate leadership] are behind you," Cirillo said.

Moving into the next year, Cirillo sees the economic climate continuing to be favorable for retail.

"I think we'll still be growing," Cirillo said. "There's a lot of room yet."