



City of Austin

Recommendation for Action

File #: 25-1343, Agenda Item #: 90.

7/24/2025

Posting Language

Authorize negotiation and execution of a lease agreement with Nav Business, LLC, a Texas limited liability company, d/b/a The Austinite Market, for 2,658 square feet of retail space at the Austin City Hall located at 301 W. 2nd Street, Suite 100, Austin, Texas 78701, for an initial lease term of seven years with up to two 5-year extension options with projected revenue of \$957,252 for Fiscal Year 2025 to Fiscal Year 2032 for the Operating Budget of the Building Services Department.

Lead Department

Financial Services Department.

Fiscal Note

This item is projected to result in revenue of approximately \$957,252 for Fiscal Year 2025 to Fiscal Year 2032 for the Operating Budget of the Building Services Department.

For More Information:

Brandon Williamson, Financial Services Department, 512-974-5666; Michael Gates, Financial Services Department, 512-974-5639; Darrell Alexander, Building Services Department, 512-974-7948.

Additional Backup Information:

The proposed lease agreement is for the operation of a retail business selling grocery items, prepared foods, beverages, and household essentials. The available retail space at City Hall comprises approximately 2,658 square feet of indoor store and the non-exclusive use of approximately 340 square feet of outdoor patio area.

The Austinite Market is a locally owned retail business that has been in operation since 2017 and was selected through a competitive process. They currently operate three other locations in Austin. A one-stop shop at City Hall will enhance the downtown experience for Austin citizens and City Hall staff by offering a specialty market that provides an exceptional selection of groceries, prepared foods, coffee, beer, and wine.

The proposed base rent amount is \$47.00 per square foot annually. Utilities will be sub-metered and billed separately. In addition, insurance, disposal, and recycling fees are estimated at \$111.00 per month and will be billed separately. The rent is expected to increase by 3% annually, and the operating expenses are projected to increase by 4% annually. The tenant will accept the space "as-is" and will be responsible for any design, signage, construction, and other costs incurred in improving the retail space. It may take several months for the tenant to prepare the store for opening, pending receipt of the necessary permits.

An independent, third-party appraisal was procured to establish the fair market rental rate. The appraisal supports the proposed lease terms. The following table summarizes the base rent:

Term	Base Rent (sf)	Annual Rent	Monthly Rent
Months 1-12	\$47.00	\$124,926	\$10,411
Months 13-24	\$48.41	\$128,674	\$10,723

Months 25-36	\$49.86	\$132,528	\$11,044
Months 37-48	\$51.36	\$136,515	\$11,376
Months 49-60	\$52.90	\$140,608	\$11,717
Months 61-72	\$54.49	\$144,834	\$12,070
Months 73-84	\$56.12	\$149,167	\$12,431
	Total:	\$957,252	

The Strategic Facilities Governance Team has reviewed and approved the proposed lease agreement.