

# MARKETBEAT

## Fort Myers / Naples

Industrial Q4 2017



COMMERCIAL  
PROPERTY  
SOUTHWEST FLORIDA

### FORT MYERS/NAPLES INDUSTRIAL

#### Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
Lee County Employment	260k	260k	▲
Lee County Unemployment	4.6%	3.3%	▼
U.S. Unemployment	4.7%	4.1%	▼

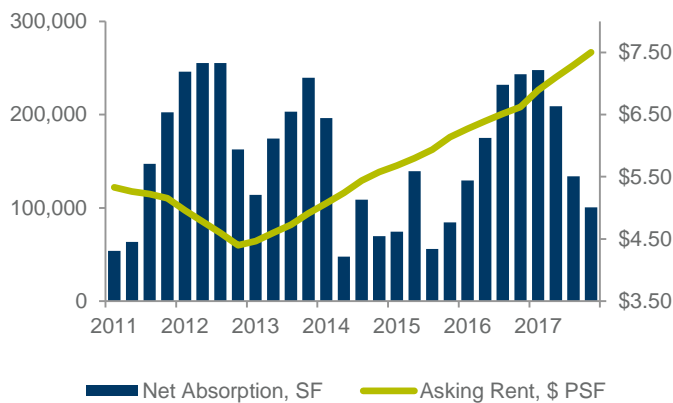
#### Market Indicators (Overall, All Property Types)

	Q4 16	Q4 17	12-Month Forecast
Vacancy	2.8%	1.9%	▼
YTD Net Absorption (sf)	973k	402k	▼
Under Construction (sf)	28k	350K	▲
Average Asking Rent*	\$6.80	\$7.61	▲

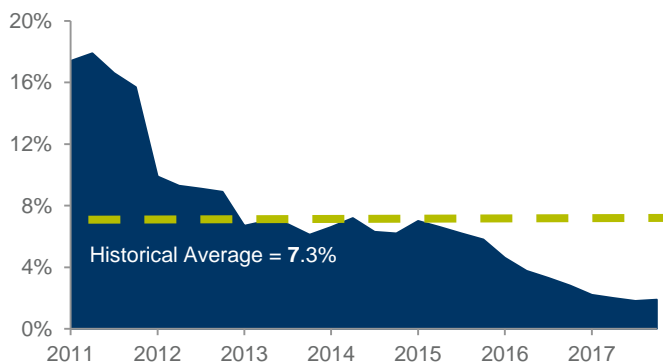
\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

Southwest Florida's regional economy showed positive overall growth for the fourth quarter of 2017. The growth is consistent with seasonal activity extending on average from November to April. Positive signs of growth include a rebound in airport passenger activity, an increase in seasonally-adjusted tourist tax revenues, and a rise in single-family median home prices. Lee County's unemployment rate is below the national average of 4.1%, sitting at 3.3%. Negative trends include a decrease in taxable sales, the number of single-family home sales, and issuances of single-family home building permits.

### Market Overview

The industrial sector continues to lead the market. The vacancy rate remains low, dipping to just 1.9% at the end of 2017, while asking rates continue to increase. The average asking rent for fourth quarter 2017 was \$7.61 per square foot (psf), nearly \$1.00 psf above where it was at the end of 2016. Construction activity was high compared to the fourth quarter of 2016 as new speculative buildings are underway along with build-to-suit projects. The industrial market showed strong positive absorption in both the fourth quarter of 2017 and for the year.

The retail and industrial markets tend to drive each other. Industrial landlords will be watching activity in the retail market as more closures are announced and eCommerce accelerates. Demand in the industrial market will be impacted by changes in the retail industry as more and more volume moves to eCommerce. As construction levels increase there may be a rise in the vacancy rate as new space is delivered.

### Outlook

The industrial market remains strong in Southwest Florida. The fundamentals are encouraging, with a rise in construction, low vacancy, strong absorption, and increasing asking rates. With consumer spending projected to grow and the economy expected to continue the ongoing expansion, 2018 is expected to be another strong year for the industrial sector.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (FLEX)	DIRECT WEIGHTED AVG. NET RENT (W/D)
Bonita Springs	118	1,389,070	7,472	0.9%	14,541	0	\$14.83	\$11.00	\$9.00
Cape Coral	378	3,581,568	15,059	2.6%	45,053	12,900	\$7.49	\$5.68	\$8.74
City of Fort Myers	667	9,972,992	45,944	3.3%	185,537	0	N/A	\$10.27	\$6.49
Estero	4	17,292	0	0%	0	0	N/A	N/A	\$8.50
Lehigh Acres	86	1,291,127	0	1.1%	13,360	0	N/A	N/A	\$8.00
North Fort Myers	79	1,323,498	0	0%	3,426	0	N/A	N/A	N/A
S. Fort Myers/San Carlos	848	13,986,692	90,868	1.8%	63,880	179,800	\$6.85	\$8.45	\$6.77
<b>LEE COUNTY SUBTOTAL</b>	<b>2,180</b>	<b>31,562,239</b>	<b>159,343</b>	<b>2.2%</b>	<b>325,797</b>	<b>192,700</b>	<b>\$8.31</b>	<b>\$8.27</b>	<b>\$6.71</b>
East Naples	437	5,397,715	155,129	1.2%	68,290	104,860	\$14.23	\$11.00	\$10.84
Naples	10	58,902	6,000	12.5%	-7,387	0	N/A	N/A	N/A
North Naples	462	4,955,090	32,223	0.5%	15,449	52,000	\$12.19	\$14.83	\$13.41
<b>COLLIER COUNTY SUBTOTAL</b>	<b>909</b>	<b>10,411,707</b>	<b>193,352</b>	<b>0.9%</b>	<b>76,352</b>	<b>156,860</b>	<b>\$13.31</b>	<b>\$12.89</b>	<b>\$12.60</b>
<b>FORT MYERS/NAPLES TOTALS</b>	<b>3,089</b>	<b>41,973,946</b>	<b>352,695</b>	<b>1.9%</b>	<b>402,149</b>	<b>349,560</b>	<b>\$10.07</b>	<b>\$9.53</b>	<b>\$7.01</b>

\*Rental rates reflect asking \$psf/year

OS = Office Service/Flex MF = Manufacturing W/D = Warehouse/Distribution

	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,143	28,629,559	277,095	1.5%	228,980	162,560	204,058	817,101	\$7.01
Manufacturing	507	7,741,947	35,632	2.2%	55,847	0	0	169,468	\$10.07
Flex	439	5,602,440	39,968	3.4%	117,322	187,000	13,395	254,468	\$9.53

### Key Lease Transactions Q4 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
12601 Corporate Lakes Dr.	38,000	Alorica	Lease	S. Fort Myers/San Carlos
9351 Laredo Ave.	29,000	Withheld	Lease	City of Fort Myers
7916 Drew Cir.	27,000	Withheld	Lease	S. Fort Myers/San Carlos
6150 Metro Plex Dr.	25,000	Withheld	Lease	S. Fort Myers/San Carlos
12014 Metro Pkwy.	19,000	Withheld	Lease	S. Fort Myers/San Carlos

### Key Sales Transactions Q4 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
16120 Old 41 North	24,000	16120 Old 41 Warehouse LLC / Affordable Secure Storage -No. Naples, LLC	\$2,230,000 / \$93	North Naples
4627 Arnold Ave.	24,000	K-plex Investments, LLC / Buechel Family Limited Partnership	\$2,400,000 / \$100	East Naples
2995 & 3005 Hanson St.	21,000	Nortrax, Inc. / DJD Real Estate Holdings, LLC	\$2,873,300 / \$137	City of Fort Myers
2671 Edison Ave.	20,000	Cummins Southeastern Power, Inc. / Central Palm Properties, LLC	\$625,000 / \$31	City of Fort Myers

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