

# MARKETBEAT

## Fort Myers / Naples

Industrial Q1 2018



COMMERCIAL  
PROPERTY  
SOUTHWEST FLORIDA

### FORT MYERS/NAPLES INDUSTRIAL

#### Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Lee County Employment	260k	264k	▲
Lee County Unemployment	4.8%	3.9%	▼
U.S. Unemployment	4.7%	4.1%	▼

Numbers above are quarterly averages; Nov 2017 data used to represent Q1 2018 for Lee County

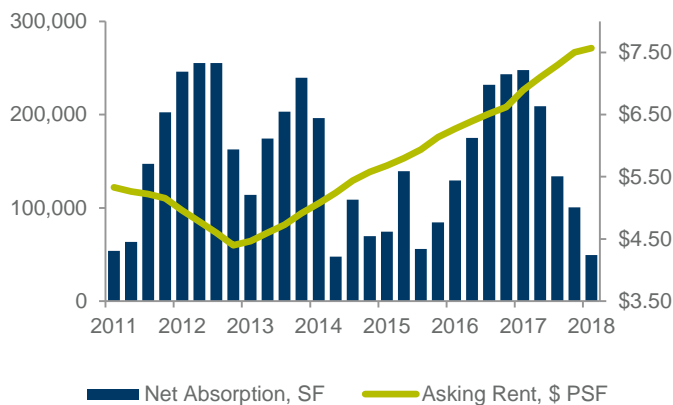
#### Market Indicators (Overall, All Property Types)

	Q1 17	Q1 18	12-Month Forecast
Vacancy	2.2%	2.1%	▼
YTD Net Absorption (sf)	219k	-44k	▼
Under Construction (sf)	235k	525k	▲
Average Asking Rent*	\$7.44	\$7.72	▲

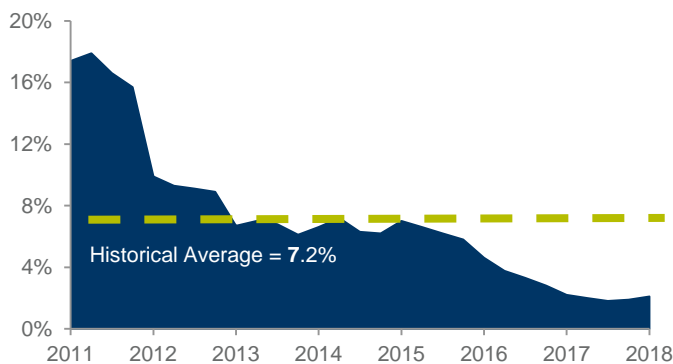
\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

Southwest Florida's regional economy continues to show positive growth for the first quarter of 2018. The increased seasonal economic activity annually seen until approximately April supports this trend. Positive signs of growth include an 18% increase in tourist tax revenues when compared to 2017. There was also an 8% increase in airport passenger activity from first quarter 2017 to the first quarter 2018. Single-family home sales increased as well as single-family building permits. Lee County's unemployment rate continues to decline, sitting currently at 3.9%.

### Market Overview

The vacancy rate increased slightly and absorption was negative for first quarter 2018. This demonstrates more space coming onto the market than was leased.

Warehouse/distribution showed negative absorption in the first quarter 2018. However, this property type also had the highest leasing activity. Net absorption should improve in the coming quarters as tenants start to fill pre-leased spaces. The overall average asking rate increased from first quarter 2017. The manufacturing sector was the only property type that saw a decrease in asking rates

S. Fort Myers/San Carlos continues to be the most robust industrial submarket in the Southwest Florida region. The submarket has the most square footage of industrial inventory as well as the highest volume of industrial sale and lease transactions. S. Fort Myers/San Carlos is currently the submarket with the most square footage under construction.

Construction increased significantly from fourth quarter 2017 to first quarter 2018. Meridian Center North is the largest project currently under construction with 200,961 square feet (sf) proposed for delivery. It is located in the S. Fort Myers/San Carlos submarket.

### Outlook

The industrial market in Southwest Florida is tight with limited available space. Demand remains high while there is little existing supply in the market at this time. New product is in the pipeline and under construction which explains the current spike in asking rates.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD 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	119	1,432,193	0	2.6%	17,939	0	\$14.83	\$11.00	\$9.00
Cape Coral	373	3,478,234	0	2.3%	3,480	12,900	\$5.46	\$7.88	\$7.80
City of Fort Myers	666	10,242,500	71,757	3.3%	-19,288	0	\$6.75	\$9.90	\$6.53
Estero	4	17,292	0	0%	0	0	N/A	N/A	\$8.50
Lehigh Acres	85	1,255,756	0	2.2%	-12,692	0	\$8.18	N/A	\$9.18
North Fort Myers	78	1,321,781	0	0%	10,000	0	N/A	N/A	N/A
S. Fort Myers/San Carlos	838	13,731,410	75,797	1.9%	-43,206	396,761	\$6.97	\$9.36	\$7.25
<b>LEE COUNTY SUBTOTAL</b>	<b>2,163</b>	<b>31,479,166</b>	<b>147,554</b>	<b>2.4%</b>	<b>-43,767</b>	<b>409,661</b>	<b>\$7.74</b>	<b>\$9.60</b>	<b>\$7.13</b>
East Naples	430	5,242,116	0	1.0%	14,853	104,860	\$14.31	\$11.00	\$9.56
Naples	10	58,902	0	12.5%	0	0	N/A	N/A	N/A
North Naples	462	4,877,434	5,000	1.2%	-14,679	10,000	\$11.80	\$14.53	\$13.42
<b>COLLIER COUNTY SUBTOTAL</b>	<b>902</b>	<b>10,178,452</b>	<b>5,000</b>	<b>1.2%</b>	<b>174</b>	<b>114,860</b>	<b>\$13.06</b>	<b>\$13.51</b>	<b>\$10.66</b>
<b>FORT MYERS/NAPLES TOTALS</b>	<b>3,065</b>	<b>41,657,618</b>	<b>152,554</b>	<b>2.1%</b>	<b>-43,593</b>	<b>524,521</b>	<b>\$8.73</b>	<b>\$11.03</b>	<b>\$7.30</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	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,123	28,268,756	93,622	1.6%	-60,707	373,521	25,300	254,884	\$7.30
Manufacturing	502	7,926,673	35,000	2.9%	-35,329	0	0	35,570	\$8.65
Flex	348	4,171,693	23,932	1.9%	19,470	151,000	17,415	44,124	\$11.03
Unclassified	92	1,290,496	0	0	32,973	0	0	29,003	\$9.34

### Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
3020-3048 Old Metro Pkwy.	39,900	Suncoast Roofers Supply	New Lease	City of Fort Myers
9359 Laredo Ave.	38,497	Withheld	New Lease	City of Fort Myers
11430 Metro Pkwy.	20,000	Withheld	New Lease	S. Fort Myers/San Carlos
11495 S. Cleveland Ave.	19,000	Withheld	New Lease	S. Fort Myers/San Carlos
12320 Crystal Commerce Loop	16,800	Mark's Cabinetry Services, Inc.	New Lease	S. Fort Myers/San Carlos

### Key Sales Transactions Q1 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
6251 Martino Tire Lane	45,790	Forty First Street Property, Inc. / Los Rios FM, LLC	\$3,400,000 / \$74	S. Fort Myers/San Carlos
2840 Hunter Street	30,000	Cross Development CC Fort Myers, LLC/ FF Systems, Inc.	\$1,650,000 / \$55	City of Fort Myers
2150 Rockfill Road	29,932	Steele Truck Center, Inc. / Nextran Corporation	\$1,725,000 / \$72	City of Fort Myers
14230 Jetport Loop W.	9,959	REACT Properties, LLC / Taylor Paige Financial, LLC	\$710,000 / \$71	S. Fort Myers/San Carlos

Cushman & Wakefield | CPSWFL  
5220 Summerlin Commons Blvd.  
Suite 500  
Fort Myers, FL 33907  
[cpswfl.com](http://cpswfl.com)

For more information, contact:  
Gary Tasman,  
CEO/Principal Broker  
Tel: +1 239 489 3600  
[gtasman@cpswfl.com](mailto:gtasman@cpswfl.com)

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