

MARKETBEAT

Fort Myers / Naples

Industrial Q3 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
Southwest Florida Employment	320k	323k	▲
Southwest Florida Unemployment	4.1%	3.7%	▼
U.S. Unemployment	4.4%	3.9%	▼

*Numbers above are quarterly averages
Employment numbers are for the Cape Coral/Fort Myers MSA.

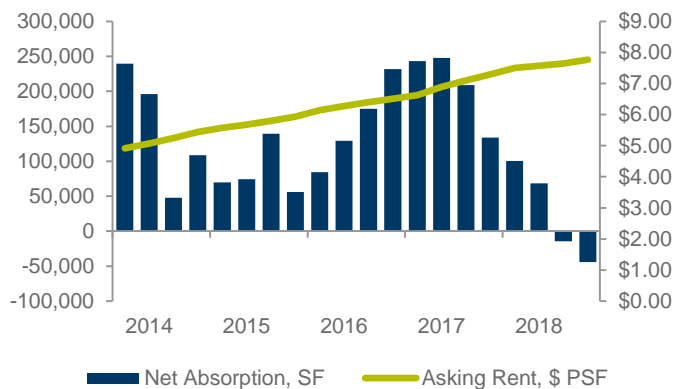
Market Indicators (Overall, All Property Types)

	Q3 17	Q3 18	12-Month Forecast
Vacancy	1.8%	2.7%	▲
YTD Net Absorption (sf)	329k	-250k	▼
Under Construction (sf)	393k	874k	▲
Average Asking Rent*	\$7.50	\$7.99	▲

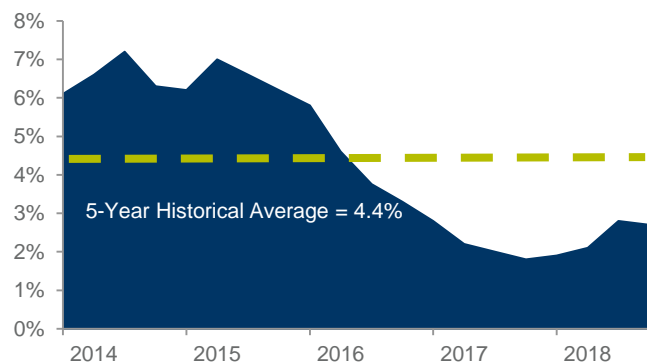
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Southwest Florida, which includes Charlotte, Collier, Glades, Hendry and Lee counties, had an unemployment rate of 4.0%, down -50 basis points (bps) year-over-year. Lee County, with the largest industrial market in the region, had the lowest unemployment rate at 3.7%, while Collier County was at 4.2% and Charlotte County slightly higher at 4.3%. Employment in Southwest Florida had an increase in annual job growth in the Transportation, Warehousing, and Utilities sector, up +3.9% in 12-months. Punta Gorda experienced a +10.0% increase in Transportation, Warehousing, and Utilities sector jobs, which was the highest growth rate when compared to all other metro areas in the Southwest Florida region. The Construction sector also had a +5.0% increase in employment among the three counties. Employment in the manufacturing sector remained unchanged year-over-year.

Market Overview

The overall vacancy rate in the industrial market remained tight at the close of third quarter 2018. The overall vacancy rate for all industrial property types decreased from 2.8% last quarter to 2.7%, a reduction of -10 bps. Warehouse/distribution space had the lowest overall vacancy rate in the industrial sector, registering at 1.7%. The overall average asking rental rates increased to \$7.99 per square foot (psf) triple net which signified a small increase in quarter-to-quarter market rent. While year-over-year overall total market rent showed a +6.1% change from \$7.50 psf in third quarter of 2017. Office services/flex space drove higher rents in the market with the highest gains in overall asking rental rates.

Absorption numbers did not improve from first quarter 2018. Warehouse/distribution and office services/flex property types showed two consecutive quarters of negative absorption. Manufacturing property types were the only sector that showed positive absorption for third quarter 2018. Total leasing increased for third quarter with the top two largest leases in warehouse/distribution spaces. As tenants move into space, absorption totals should improve.

The largest under-construction projects for both speculative (spec) and build-to-suit buildings were in the S. Fort Myers/San Carlos submarket. The largest spec projects included Meridian Center North and Meridian Center South, both located on Meridian Center Parkway in Fort Myers. The first phase was expected to deliver before the end of the year from developer, Knott Realty Group. The largest build-to-suit project totaled nearly 125,000-sf from developer, GATES Construction, for the home furnishing and design retailer, Robb & Stucky.

Outlook

Once new construction delivers in the industrial sector of the market, Cushman & Wakefield I Commercial Property Southwest Florida expects to see asking rental rates rise even as the vacancy rate increases.

Charlotte County is a recently added submarket added to the Southwest Florida MarketBeat. It is not a part of the quarterly or historical numbers, however moving forward the data will be included in the market overview. cushmanwakefield.com

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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)	2018 YTD COMPLETIONS	NNN OVERALL AVERAGE ASKING RENT	NNN DIRECT AVERAGE ASKING RENT
Bonita Springs	117	1,382,781	23,863	3.1%	-2,263	14,700	42,715	\$9.94	\$9.86
Cape Coral	373	3,536,504	10,480	2.1%	1,509	0	12,900	\$7.80	\$7.80
City of Fort Myers	671	10,242,040	126,724	3.8%	-37,932	80,716	7,000	\$7.24	\$7.24
Estero	4	17,292	0	0	0	0	0	\$8.50	\$8.50
Lehigh Acres	87	1,286,565	34,700	1.9%	-10,130	0	0	\$9.15	\$9.15
North Fort Myers	77	1,293,978	50,860	1.1%	-4,462	0	0	N/A	N/A
S. Fort Myers/San Carlos	843	13,768,566	177,215	3.1%	-179,471	658,289	96,100	\$7.69	\$7.70
LEE COUNTY SUBTOTAL	2,172	31,527,726	423,842	3.1%	-232,749	753,705	158,715	\$7.70	\$7.70
East Naples	430	5,258,068	55,134	1.6%	-35,568	104,860	0	\$11.84	\$11.37
Naples	9	51,313	7,387	0	7,387	0	0	N/A	N/A
North Naples	460	4,757,482	31,191	0.9%	10,520	15,220	38,656	\$13.23	\$13.23
COLLIER COUNTY SUBTOTAL	899	10,066,863	93,712	1.3%	-17,661	120,080	38,656	\$12.57	\$12.38
Charlotte County Subtotal**	448	4,355,074	51,704	1%	4,376	47,020	0	\$9.84	\$9.84
TOTALS**	3,071	41,594,589	517,554	2.7%	-250,410	873,785	197,371	\$7.99	\$7.97

*Rental rates reflect asking \$psf/year

**Charlotte County square footage is not included in the MarketBeat totals or part of the historical stats.

ASSET TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)**	YTD OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,122	28,035,160	386,167	1.7%	-53,936	651,449	83,000	620,855	\$7.55
Manufacturing	497	7,785,000	74,109	3.4%	-82,042	0	0	141,215	\$8.86
Flex	352	4,166,328	50,278	3.8%	-64,650	136,400	0	82,144	\$10.14
Unclassified*	100	1,608,101	7,000	13.9%	-49,782	85,936	114,371	84,232	\$8.56

*Secondary type unclassified per CoStar Group, Inc. data

**Leasing activity includes only new and expansion leases and does not include Renewals.

Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
6201 Arc Way, Fort Myers	20,266	Event Machine, Inc.	New Lease	S. Fort Myers/San Carlos
5500 Division Drive, Fort Myers	16,000	Lighting Wireless Solutions	New Lease	City of Fort Myers
2760 Braman Avenue, Fort Myers	10,200	Caloosa Cooling	Renewal	City of Fort Myers
3842 Ironbridge Boulevard, Fort Myers	8,393	Rentokil North America	New Lease	City of Fort Myers

Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
7880 Interstate Court, North Fort Myers	29,873	Giovanni Properties, LLC / Phanase Properties, LLC	\$1,400,000/\$47	North Fort Myers
5570 Lee Street, Lehigh Acres	26,100	Wesolek Properties, LLC/ 5570 Lee Street LLC	\$1,566,000/\$60	Lehigh
3520 Metro Parkway, Fort Myers	22,451	Aluminum Service, Inc. / K.P. Properties of Ohio, LLC	\$1,600,000/\$71	City of Fort Myers
2717 N. Tamiami Trail, Naples	17,890	AFAB Holdings LLC / Kiyos Concrete, Inc.	\$935,000/\$52	North Fort Myers

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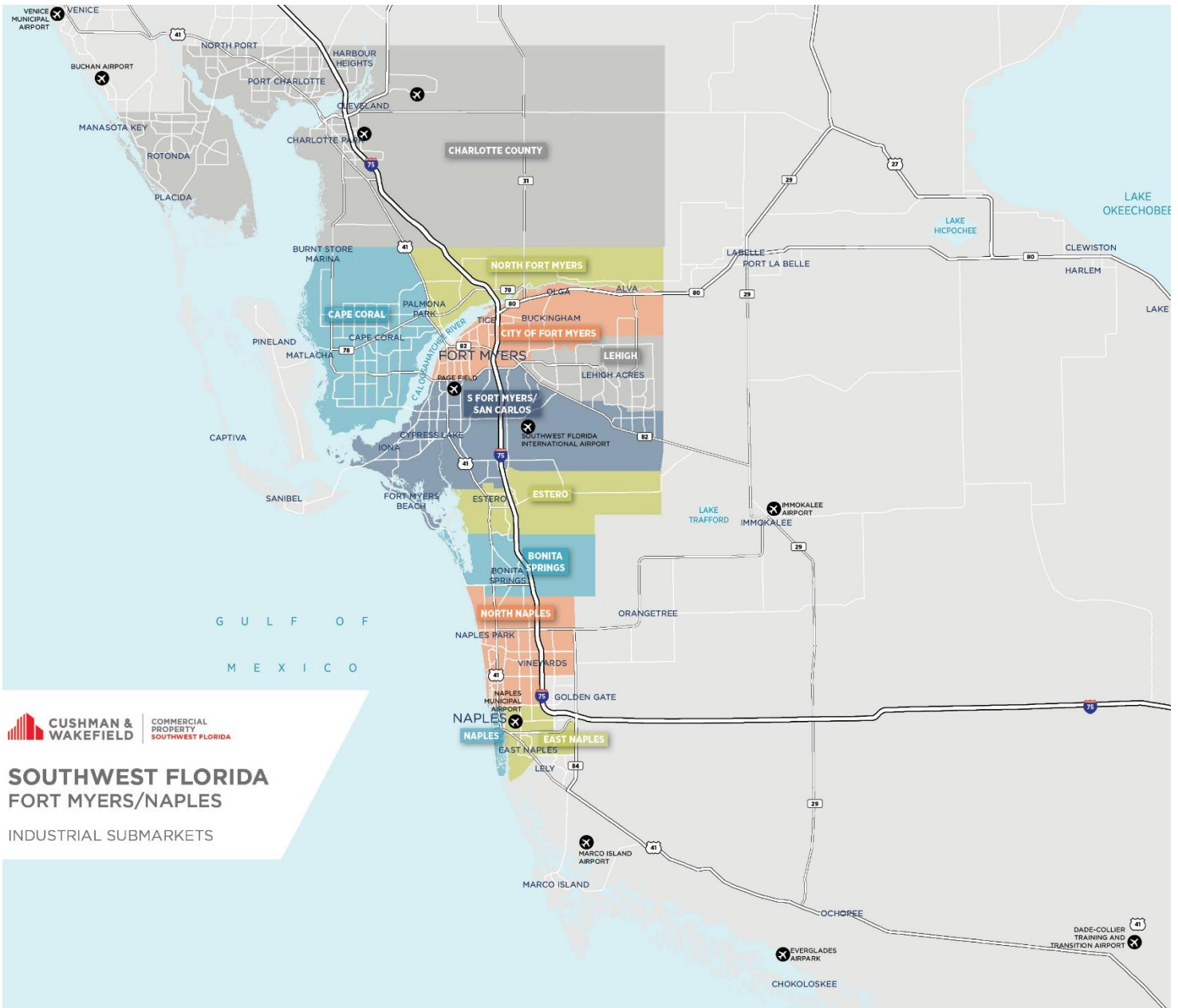
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INDUSTRIAL SUBMARKETS

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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