

MARKETBEAT

Fort Myers / Naples

Industrial Q4 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Southwest Florida Employment	265k	274k	▲
Southwest Florida Unemployment	3.9%	3.1%	▼
U.S. Unemployment	4.1%	3.7%	▼

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

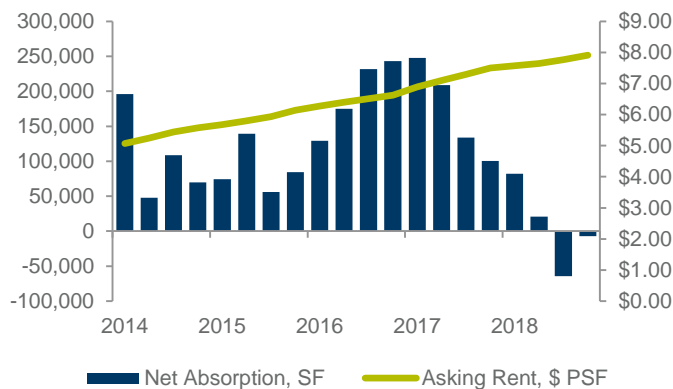
Market Indicators (Overall, All Property Types)

	Q4 17	Q4 18	12-Month Forecast
Vacancy	1.9%	2.7%	▼
YTD Net Absorption (sf)	402k	-29k	▲
Under Construction (sf)	350k	536k	▲
Average Asking Rent*	\$7.61	\$8.19	▲

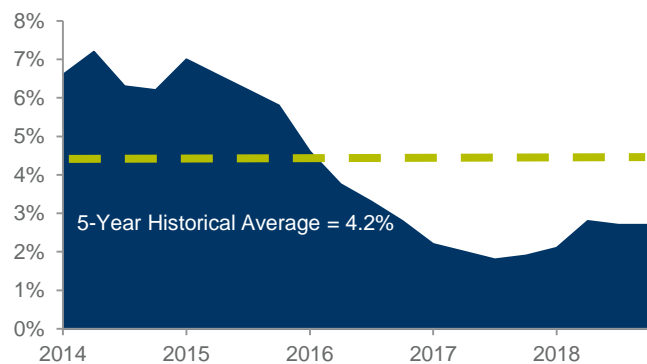
*Rental rates reflect net asking \$psf/year

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 3.1%, down -80 basis points (bps) year-over-year. Lee County, with the largest industrial market in the region, had the lowest unemployment rate at 2.9%, while Collier County was at 3.0% and Charlotte County slightly higher at 3.5%. Charlotte County and Lee County led in gains in the labor force over the year. Employment in the Punta Gorda/Charlotte County MSA had an increase in annual job growth in the Transportation, Warehousing, and Utilities sector, up +20.0% in 12-months. The Cape Coral /Fort Myers MSA experienced a +8.6% increase in Manufacturing job growth, which was the fastest annual job growth rate when compared to all other metro areas in the state. The Construction sector had a +13.1% increase in employment for the Cape Coral/Fort Myers MSA, one of the top three fastest MSA's in the state in that sector.

Market Overview

Vacancy remained below 3% since the beginning of first quarter 2017. The overall vacancy rate closed out 2018 at 2.7%, a +80 bps increase from last year, driven mostly by negative absorption in the S. Fort Myers/San Carlos submarket. Manufacturing space had the lowest overall vacancy rate in the industrial sector, registering at 1.5%. The overall average asking rental rates increased to \$8.19 per square foot (psf) triple net, which signified a nearly \$0.60 increase in market rent from this time last year. Manufacturing space drove higher rents in fourth quarter 2018 with the highest gains in overall asking rental rates.

Overall absorption numbers improved significantly in 2018, showing a nearly +230,000-square-foot increase compared to 2017 numbers. Warehouse/distribution had over 301,000 square feet (sf) being absorbed at year end. Manufacturing was the only sector that showed negative absorption for fourth quarter 2018. Total leasing activity topped year-end 2017 by nearly 37,000 sf. One of the largest leases for the year being 10016 Bavaria Road in the S. Fort Myers/San Carlos submarket leased to Amazon.

Warehouse/distribution drove the market with the most square footage being delivered. The largest completions for the year 2018 were in the S. Fort Myers/San Carlos submarket for both speculative (spec) and build-to-suit buildings. The largest spec project remained unchanged for the year at Meridian Center North totaling 200,961-sf in Fort Myers from Baltimore-based developer, Knott Realty Group. The largest build-to-suit project totaled nearly 125,000-sf from builder, GATES Construction, for the home furnishing and design retailer, Robb & Stucky. Industrial development surged in 2018, showing nearly 404,000 sf in completions.

Outlook

Strong market indicators suggest positive absorption as new spec construction inventory hits the market. Cushman & Wakefield I Commercial Property Southwest Florida expects to see demand increase into 2019 as asking rental rates trend upwards and new construction delivers.

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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	118	1,400,531	33,500	1.1%	38,967	114,400	42,715	\$9.37	\$9.37
Cape Coral	372	3,531,389	21,488	3.5%	-30,324	0	12,900	\$7.94	\$7.94
City of Fort Myers	670	10,073,079	238,660	1.9%	167,969	95,516	7,000	\$7.49	\$7.53
Estero	4	17,292	0	N/A	0	0	0	N/A	N/A
Lehigh Acres	85	1,241,699	44,370	1.1%	1,695	10,500	0	\$9.45	\$9.45
North Fort Myers	78	1,308,318	47,763	1.8%	-14,062	0	0	N/A	N/A
S. Fort Myers/San Carlos	844	13,958,373	175,950	4.4%	-162,914	300,711	301,811	\$7.75	\$7.76
LEE COUNTY SUBTOTAL	2,171	31,530,681	561,731	3.1%	1,331	521,127	364,426	\$7.99	\$8.00
East Naples	430	5,260,692	30,244	1.7%	-48,489	0	0	\$11.97	\$11.97
Naples	9	52,926	9,000	N/A	7,387	0	0	N/A	N/A
North Naples	459	4,765,443	11,400	1.0%	11,025	15,220	38,656	\$13.41	\$13.41
COLLIER COUNTY SUBTOTAL	898	10,079,061	50,644	1.9%	-30,077	15,220	38,656	\$12.79	\$12.79
Charlotte County Subtotal**	454	4,502,051	51,704	0.7%	16,262	0	0	\$9.67	\$9.67
TOTALS**	3,069	41,609,742	612,375	2.7%	-28,746	536,347	403,082	\$8.19	\$8.21

*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	2,125	28,289,160	314,876	2.6%	-59,932	284,211	288,711	794,611	\$7.67
Manufacturing	492	7,684,858	233,597	1.5%	13,240	0	0	229,783	\$10.66
Flex	350	4,158,473	47,902	3.3%	-29,897	156,400	0	114,270	\$9.95
Unclassified*	102	1,477,251	16,000	7.9%	47,843	95,736	114,371	139,165	\$8.49

*Secondary type unclassified per CoStar Group, Inc. data

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

Key Lease Transactions 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10016 Bavaria Street, Fort Myers	60,000	Amazon.com Service's Inc.	New Lease	S. Fort Myers/San Carlos
3020-3048 Old Metro Parkway, Fort Myers	39,900	Suncoast Roofers Supply	New Lease	City of Fort Myers
9359 Laredo Avenue, Fort Myers	38,497	Lansing Building Products	New Lease	City of Fort Myers
1850 Ortiz Avenue, Fort Myers	20,910	Lennox Parts Plus	Renewal	City of Fort Myers
6201 Arc Way, Fort Myers	20,266	Event Machine, Inc.	New Lease	S. Fort Myers/San Carlos

Key Sales Transactions 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
4245 Evans Avenue, Fort Myers	113,715	Pall Corporation/Merits Holding Company, Inc.	\$4,355,000/\$38	City of Fort Myers
28790 S. Diesel Drive, Bonita Springs	46,640	Towle Financial Services, Inc./Diesel Drive LLC	\$3,570,000/\$77	Bonita Springs
6251 Los Rios Way, Fort Myers	41,600	Fort First Street Property, Inc./Los Rios FM, LLC	\$3,400,000/\$82	S. Fort Myers/San Carlos
10995 Metro Parkway, Fort Myers	33,000	Metro Parkway Warehouse, LLC/TPH Holdings, LLC	\$2,700,000/\$82	S. Fort Myers/San Carlos
8901 Quality Road, Bonita Springs	25,500	Global Tech LED Holdings, LLC/e2comply LLC	\$2,625,000/\$103	Bonita Springs

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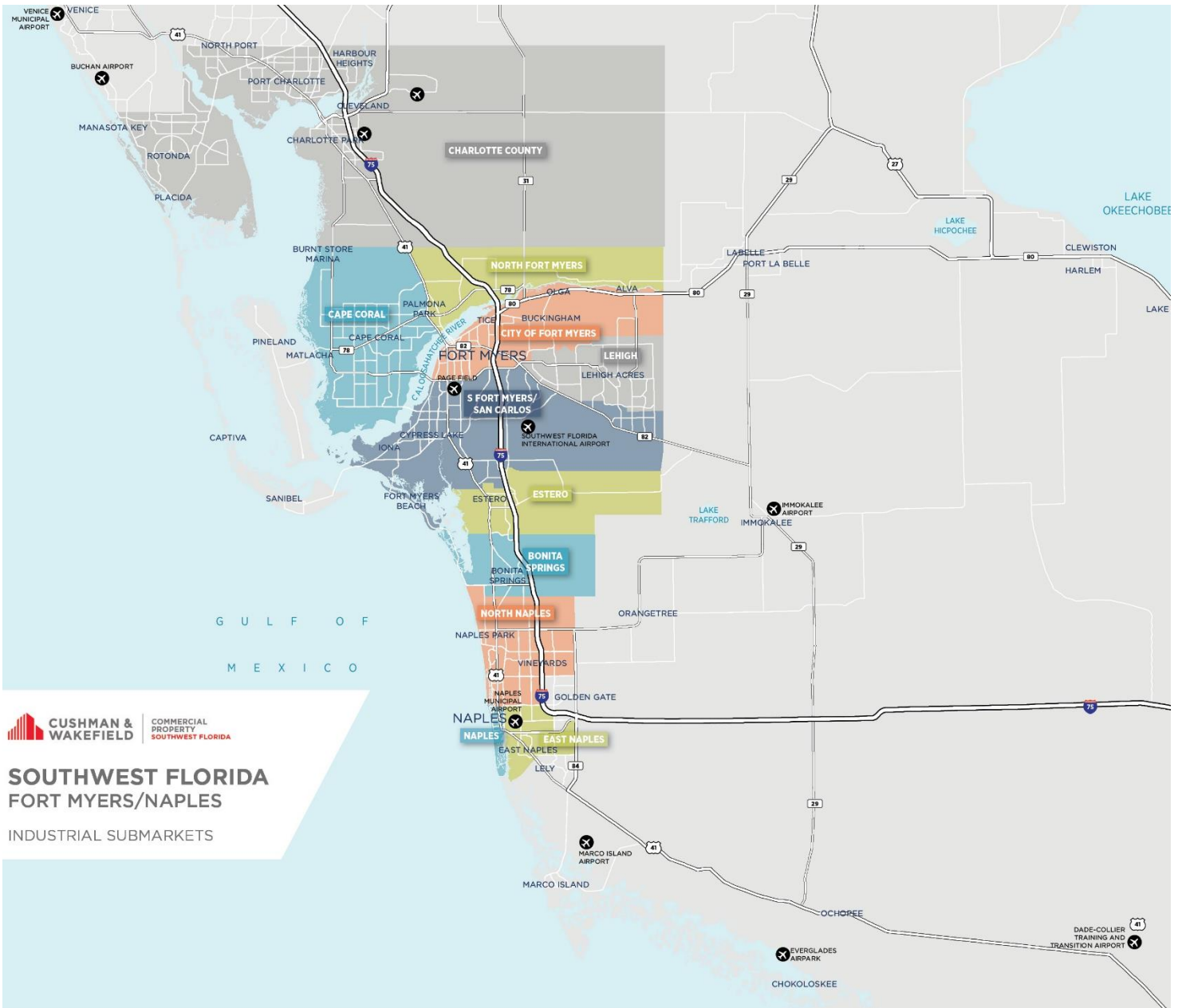
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SOUTHWEST FLORIDA FORT MYERS/NAPLES

INDUSTRIAL SUBMARKETS

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