

MARKETBEAT

Fort Myers / Naples

Industrial Q2 2019



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Southwest Florida Employment	470k	486k	▲
Southwest Florida Unemployment	3.3%	3.0%	▼
U.S. Unemployment	3.9%	3.6%	▼

*Numbers above are monthly figures, May 2019, FL Dept. Economic OPP.

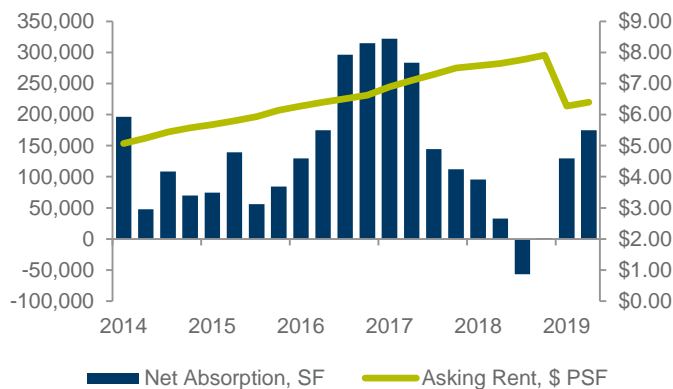
Market Indicators (Overall, All Property Types)

	Q2 18	Q2 19	12-Month Forecast
Vacancy	2.8%	2.9%	■
YTD Net Absorption (sf)	-313k	201k	▲
Under Construction (sf)	672k	463k	▲
Average Asking Rent*	\$7.75	\$8.78	■

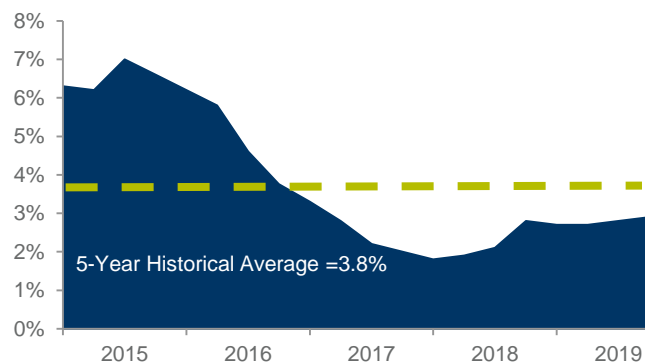
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Southwest Florida, which includes Charlotte, Lee and Collier counties, had an unemployment rate of 3.0%, down 60 basis points (bps) year-over-year. Collier County had the lowest unemployment rate at 2.8%, while Lee County was at 3.0% and Charlotte County at 3.5%. Employment in the Cape Coral/Fort Myers MSA had an increase in annual job growth in the Construction sector, up 9.3% in 12-months. The Punta Gorda/Charlotte County MSA experienced a 12.2% increase in Construction job growth. The highest percent change in the Construction sector had a 2,400 increase in employment for the Naples/Collier County MSA, which was the fastest annual job growth rate when compared to all the metro areas in the state.

Market Overview

Vacancy remained just below 3.0% over the past 12 months. The overall vacancy rate closed out 2019 at 2.9%, a slight 10 bps increase from last quarter, driven mostly by tenant move outs in the Cape Coral and East Naples submarkets. Warehouse/Distribution space had the lowest overall vacancy rate in the industrial sector, registering at 2.6%, unchanged from first quarter. The overall average asking rental rates increased to \$8.78 per square foot (psf) triple net, which signified a 13.3% increase in market rent from this time last year. Manufacturing was the only asset type that recorded a decrease in rent for second quarter.

Overall absorption numbers ended the quarter on a positive note with nearly 67,500 square feet (sf) being absorbed. Demand for Warehouse/Distribution space remained high with the greatest increase in overall net absorption among all product types for the second quarter. One of the largest leases took place in the City of Fort Myers submarket, for Laserhip, a tenant that occupied Class A space in the Suncoast Commerce Center.

Industrial development was still strong with speculative (spec) construction being 100% of the projects in the pipeline. Pent up demand for Class A industrial space supported new development in Southwest Florida including the start of pre-leasing for several second-phase projects. The estimated pre-leasing for the second quarter totaled nearly 45%. One of the largest spec projects in the market was located at Southlinks Commons in Bonita Springs with more than 114,000 sf delivered since the start of 2019 and more currently under construction. The project is from Southwest Florida based, McGarvey Development Company.

Outlook

Strong job growth in industrial-using employment sectors and increased landlord confidence supported continued industrial demand at the start of 2019. However, as new spec construction delivers Cushman & Wakefield I Commercial Property Southwest Florida expects to see asking rents stabilize despite low vacancy 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)	2019 YTD COMPLETIONS	NNN OVERALL AVERAGE ASKING RENT	NNN DIRECT AVERAGE ASKING RENT
Bonita Springs	121	1,436,605	13,683	9.2%	-3,146	76,800	114,400	\$10.45	\$10.45
Cape Coral	378	3,637,748	9,188	4.6%	636	0	50,000	\$8.27	\$8.27
City of Fort Myers	678	10,230,079	20,795	1.9%	-7,246	93,001	109,516	\$7.67	\$7.67
Estero	4	17,292	0	0.0%	0	0	0	N/A	N/A
Lehigh Acres	86	1,278,315	7,800	3.3%	-31,109	10,500	0	\$8.64	\$8.83
North Fort Myers	80	1,276,272	11,686	1.2%	4,240	0	0	N/A	N/A
S. Fort Myers/San Carlos	858	14,513,577	85,882	3.9%	276,351	268,167	228,788	\$8.04	\$8.04
LEE COUNTY SUBTOTAL	2,205	32,389,888	149,034	3.4%	239,726	448,468	502,704	\$8.36	\$8.36
East Naples	425	5,246,749	40,000	2.4%	-45,524	15,000	0	\$11.08	\$11.08
Naples	9	52,926	0	0.0%	0	0	0	N/A	N/A
North Naples	466	4,852,022	7,000	1.6%	18,202	0	15,331	\$14.09	\$14.09
COLLIER COUNTY SUBTOTAL	900	10,151,697	47,000	2.0%	-27,322	15,000	15,331	\$12.03	\$12.03
CHARLOTTE COUNTY SUBTOTAL	458	4,573,457	39,133	1.0%	-11,188	0	0	\$10.53	\$10.53
TOTALS	3,563	47,115,042	235,167	2.9%	201,216	463,468	518,035	\$8.78	\$8.79

*Rental rates reflect asking \$psf/year

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	2,505	32,359,236	125,518	2.6%	70,012	119,121	181,986	336,093	\$8.11
Manufacturing	524	8,081,184	84,086	2.9%	-87,506	0	10,500	121,018	\$9.34
Flex	397	4,704,957	9,188	3.7%	113,644	10,500	155,400	82,844	\$10.52
Unclassified*	137	1,969,665	16,375	5.7%	105,066	333,847	170,149	148,714	\$9.29

*Secondary type is unclassified per CoStar Group, Inc. data.

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

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
3520 Metro Parkway, Fort Myers, FL	22,451	Bang Energy	New Lease	City of Fort Myers
10061 Amberwood Road, Fort Myers, FL	21,107	Nature's Way	New Lease	S. Fort Myers/San Carlos
9365 Laredo Avenue, Fort Myers, FL	20,154	Lasership	New Lease	City of Fort Myers

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
25190 Bernwood Drive, Bonita Springs, FL	65,485	25190 Bernwood Drive, LLC/Project Transition USA, Inc.	\$6,565,000/\$100	Bonita Springs
168 Commercial Boulevard, Naples, FL	40,000	Mywat, LLC/Legno Bastone Wide Plank Flooring	\$4,408,000/\$110	East Naples
5441 Lee Street, Lehigh Acres, FL	23,850	Hook & I, LLC/Shanahan Enterprises, LLC	\$1,500,000/\$63	Lehigh
18320 Paulson Drive, Port Charlotte, FL	20,200	Copious, LLC/Moonstone Holdings, LLC	\$1,355,000/\$67	Charlotte County

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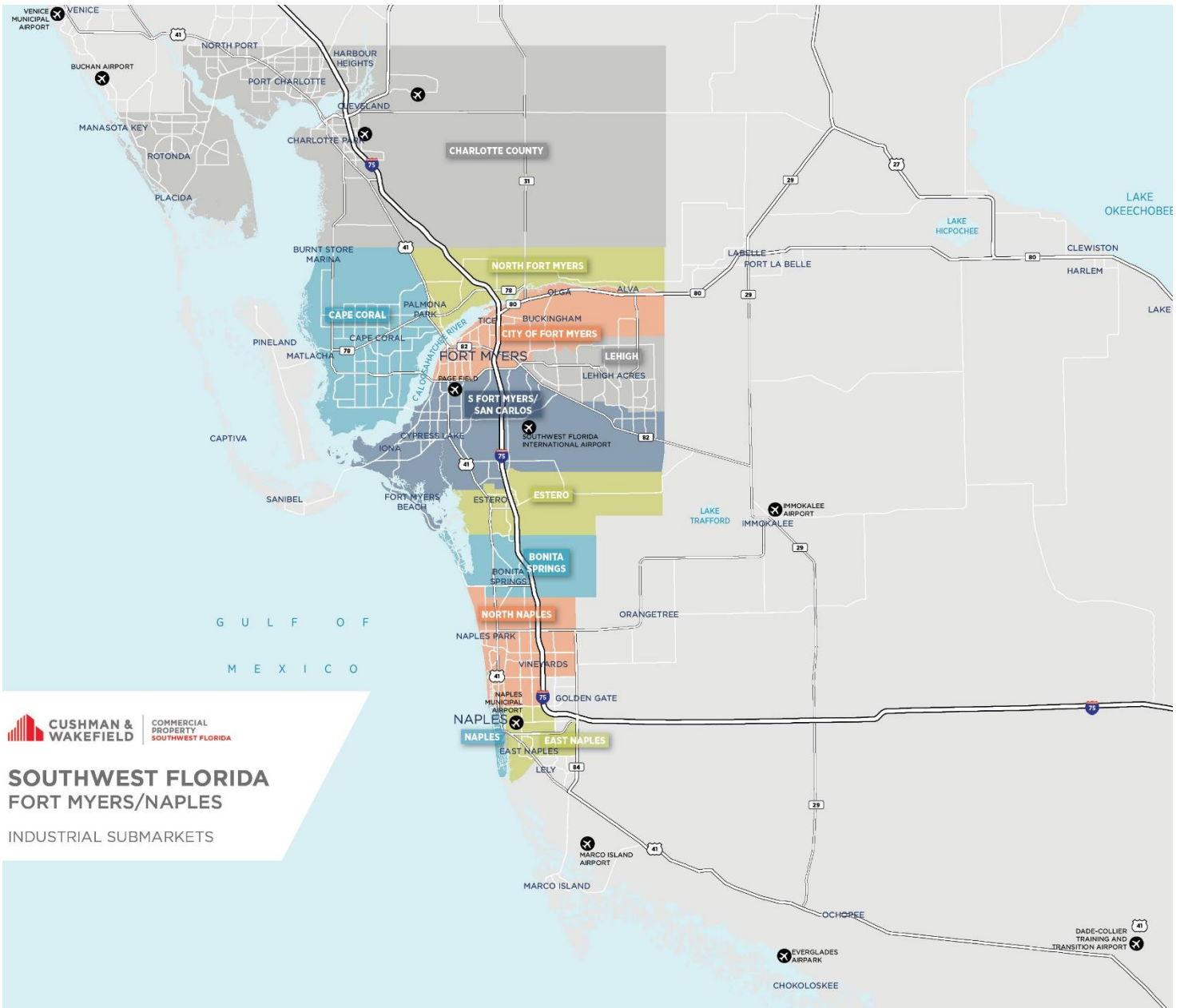
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SOUTHWEST FLORIDA**



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SOUTHWEST FLORIDA FORT MYERS/NAPLES

INDUSTRIAL SUBMARKETS

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About Cushman & Wakefield

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