

MARKETBEAT

Southwest Florida

Industrial Q3 2019



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

CHARLOTTE/FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
Southwest Florida Employment	462k	479k	▲
Southwest Florida Unemployment	3.9%	3.8%	▲
U.S. Unemployment	3.8%	3.7%	▲

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

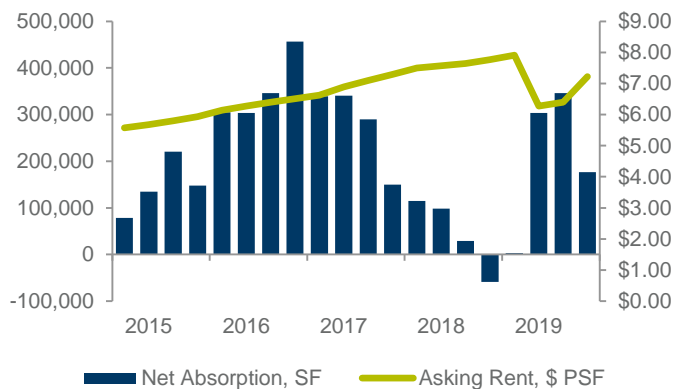
Market Indicators (Overall, All Property Types)

	Q3 18	Q3 19	12-Month Forecast
Vacancy	2.7%	2.9%	▲
YTD Net Absorption (sf)	-331k	402k	▼
Under Construction (sf)	874k	431k	▲
Average Asking Rent*	\$7.99	\$8.72	▲

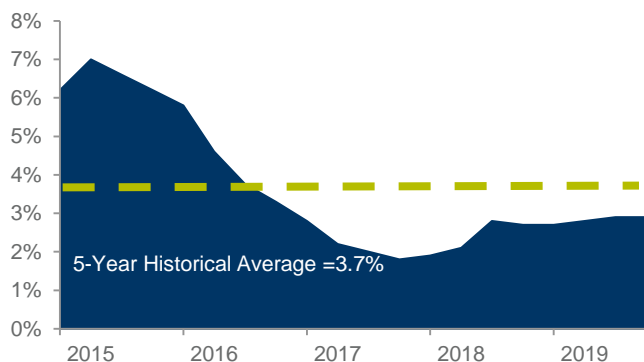
*Rental rates reflect net asking \$psf/year

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 3.8%, down 10 basis points (bps) year-over-year. Lee County had the lowest unemployment rate at 3.5%, while Collier County was at 3.8% and Charlotte County at 4.1%. Employment in the Southwest Florida MSA had an increase in annual job growth in all the industrial-related industry sectors. The manufacturing sector had an annual growth rate of 4.4%. The Trade, Transportation and Utilities sector had a 2.9% increase in 12-months. The construction sector had the highest percent change at 10.3% with 5,400 additional jobs, which was the fastest annual job growth rate when compared to all the metro areas in the state.

Market Overview

The overall vacancy rate closed out third quarter 2019 at 2.9%, driven mostly by tenant move outs in the Lehigh submarket. This vacancy rate remained unchanged for the total market from last quarter. All classified industrial asset types recorded decreases in overall asking rents at the end of third quarter 2019. The total market overall average asking rental rate decreased \$0.06 to \$8.72 per square foot (psf) triple net, since last quarter.

Overall absorption reached 402,261 square feet (sf) through the first half of the year with nearly 357,000 sf being absorbed in the S. Fort Myers/San Carlos submarket in Lee County. The S. Fort Myers/San Carlos submarket had the highest leasing activity for third quarter with nearly 113,000 sf of industrial space leased. Demand for warehouse/distribution and flex space remained high with the greatest amount of move-in's at the first half of the year. One of the largest leases that took place in the S. Fort Myers/San Carlos submarket was for Klocke of America, Inc., a tenant that occupied Class A space in the Premier Airport Park.

Pent up demand for Class A industrial space supported new development in Southwest Florida. Speculative (spec) construction totaled nearly 421,000 sf with one of the largest spec projects being the aforementioned Premier Airport Park in Fort Myers. The industrial park was developed under the management of Principal Real Estate Investors out of Des Moines, IA. Estimated pre-leasing for the third quarter totaled nearly 64% with approximately 53% of the activity coming from warehouse/distribution construction.

Outlook

Job growth in industrial-using employment sectors supported industrial demand in the first half of the year. Cushman & Wakefield I Commercial Property Southwest Florida expects pre-leasing activity to remain high through the end of 2019 as consumer demand grows and tenants seek new Class A space.

MARKETBEAT

Southwest Florida Industrial Q3 2019



CUSHMAN &
WAKEFIELD

COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

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	119	1,390,382	19,731	9.2%	2,636	105,400	114,400	\$10.22	\$10.22
Cape Coral	378	3,635,748	9,188	4.0%	34,373	0	50,000	\$8.10	\$8.10
City of Fort Myers	678	10,185,782	59,016	1.1%	129,211	97,243	109,516	\$7.12	\$7.12
Estero	4	17,292	0	0.0%	0	0	0	N/A	N/A
Lehigh Acres	88	1,306,335	27,400	7.4%	-76,898	0	10,500	\$8.11	\$8.30
North Fort Myers	80	1,276,272	12,000	0.3%	22,176	0	0	\$9.00	\$9.00
S. Fort Myers/San Carlos	860	14,664,158	150,998	4.2%	356,662	163,598	395,624	\$8.17	\$8.17
LEE COUNTY SUBTOTAL	2,207	32,475,969	278,333	3.4%	468,160	366,241	680,040	\$8.26	\$8.27
East Naples	429	5,333,212	64,750	2.7%	-65,416	54,500	0	\$11.27	\$11.26
Naples	9	52,926	0	0.0%	0	0	0	N/A	N/A
North Naples	467	4,841,019	29,108	1.5%	19,517	0	15,331	\$12.53	\$12.53
COLLIER COUNTY SUBTOTAL	905	10,227,157	93,858	2.1%	-45,899	54,500	15,331	\$11.62	\$11.62
CHARLOTTE COUNTY SUBTOTAL	458	4,587,120	69,142	1.2%	-20,000	10,000	0	\$10.26	\$10.26
TOTALS	3,570	47,290,246	441,333	2.9%	402,261	430,741	695,371	\$8.72	\$8.72

ASSET TYPE+	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)**	YTD OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,505	32,471,073	272,111	2.8%	102,190	195,143	289,122	450,879	\$8.08
Manufacturing	524	8,077,611	120,384	2.7%	103,587	0	10,500	197,105	\$9.29
Flex	400	4,757,661	32,250	3.3%	161,369	26,800	175,400	117,048	\$10.09
Unclassified*	141	1,983,901	16,588	3.7%	242,289	208,798	220,349	192,635	\$9.57

*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 Q3 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9365 Laredo Avenue, Fort Myers, FL	33,563	TireHub	New Lease	City of Fort Myers
Airport Park Drive, Fort Myers, FL	18,419	Klocke of America, Inc.	New Lease	S. Fort Myers/San Carlos
2950 Cargo Street, Fort Myers, FL	17,850	PowerTown Line Construction	Renewal	City of Fort Myers

Key Sales Transactions Q3 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
847-905 SE 9 th Terrace, Cape Coral, FL	50,000	Twelfth Place Inc./R&R Engineering Properties, LLC	\$4,100,000/\$82	Cape Coral
11891 Amedicus Lane, Fort Myers, FL	40,400	Lee Industrial Park, LLC/L.B. Anderson & Co., Inc., Wade Shannon LLC, Daniel B. Light, Leah Rae Light	\$3,500,000/\$87	S. Fort Myers/San Carlos
2634 NE 9 th Avenue, Cape Coral, FL	36,000	Mean Toucan, LLC/FL Holdings 3000 LLC	\$2,350,000/\$65	Cape Coral
2171 Flint Drive, Fort Myers, FL	26,598	Sahara Cabinets, Inc./MJ Invest2171, LLC	\$1,105,000/\$42	City of Fort Myers

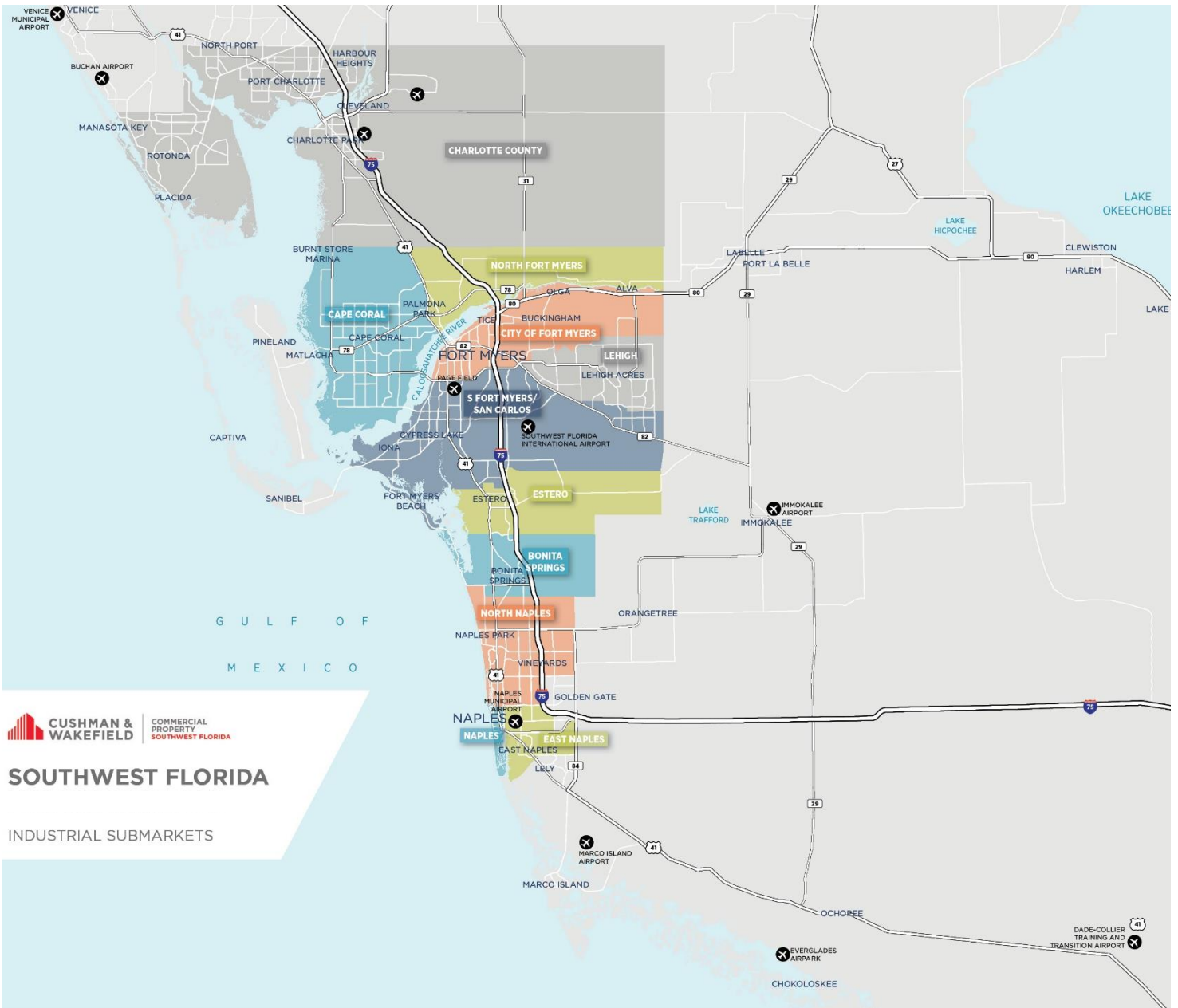
MARKETBEAT

Southwest Florida

Industrial Q3 2019



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

SOUTHWEST FLORIDA

INDUSTRIAL SUBMARKETS

Cushman & Wakefield | CPSWFL
5220 Summerlin Commons Blvd.,
Suite 500
Fort Myers, FL 33907
cpswfl.com

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

Claire Searls
Director, Research
Tel: +1 239 489 3600
csearls@cpswfl.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 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.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.