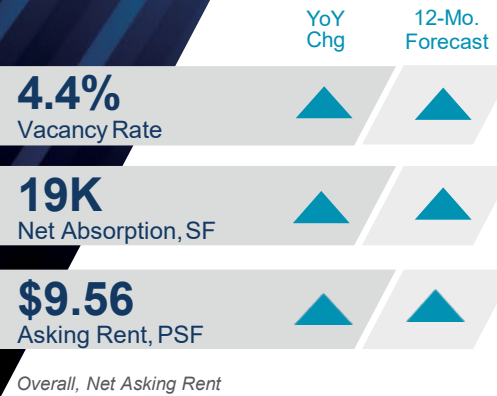


Industrial Q2 2020



ECONOMIC OVERVIEW:

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information to COVID [here](#). While the coronavirus pandemic has already caused economic disruption in Fort Myers, the industrial sector has proven resilient and appears the best positioned among commercial real estate property types to withstand the crisis. Industrial investment activity in Fort Myers has been historically strong and was on pace in early 2020 for a third consecutive year of over \$100 million in sales volume. While the pandemic has stalled transactions since March, the market has such a strong start to the year, that even a moderate second half could still make it three in a row.

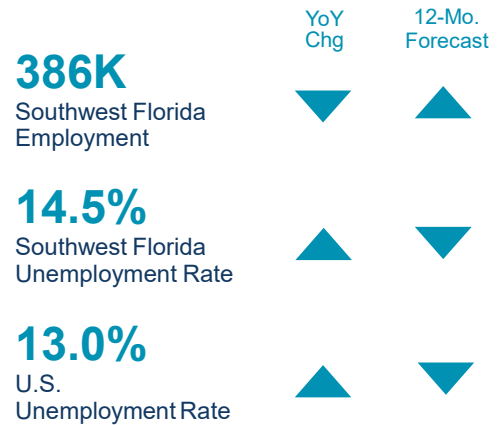
SUPPLY AND DEMAND:

Vacancies have continued to gently rise in 2020, part of a two-year loosening pattern. Much of the slippage appears due to a handful of recent speculative deliveries. Industrial demand seems to have maintained positive momentum with six straight quarters of positive net absorption. Even factoring the mild slippage, the market remains healthy from a historical standpoint with an average vacancy rate well below the long-term average. Southwest Florida closed out the second quarter with a 4.4% vacancy, about a 160 basis point increase year-over-year. Overall absorption numbers ended the quarter on a positive note with 18,981 square feet (sf) being absorbed. There are a few factors hampering industrial demand in Fort Myers, such as its relative lack of intermodal transportation and distance from other large metros. However, in the past few years, the rise of eCommerce and last-mile delivery has kicked off an emergence of logistics demand. Given that these trends are expected to continue once the pandemic ends, it is likely Fort Myers can continue to see increasing industrial demand over the foreseeable future. Most of the historical lease activity had been smaller than 10,000 sf, but the number of firms needing large blocks is increasing rapidly. Recently, both Eastern Metal Supply Inc. and FedEx added build-to-suit properties over 150,000 sf due to the lack of available existing space.

PRICE:

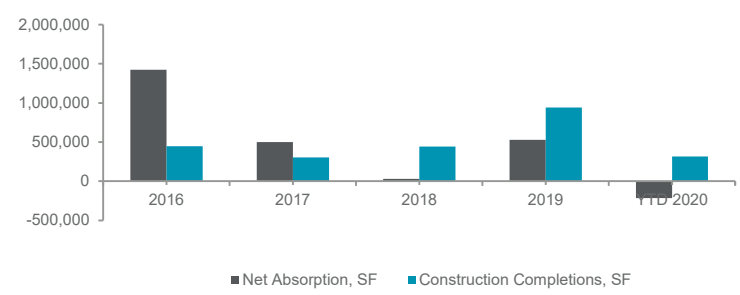
Fort Myers continues to post annual rent growth numbers well above the long-term average. The second quarter closed out with the market overall average asking rental rate increased by \$0.84 YOY to \$9.56 per square foot. While the ongoing pandemic creates downside risk, the market is expected to maintain relatively tight fundamentals which could be sufficient to offset or even keep rent growth positive. Speculative construction has also been rising over the past couple of years, which adds another component of potentially downward pressure on future rent growth. As the primary industrial market in Southwest Florida, Fort Myers sets the pace for both Naples and Punta Gorda. Historically, both of the latter two markets tend to have annual industrial rent growth that moves in parallel with Fort Myers.

ECONOMIC INDICATORS Q2 2020

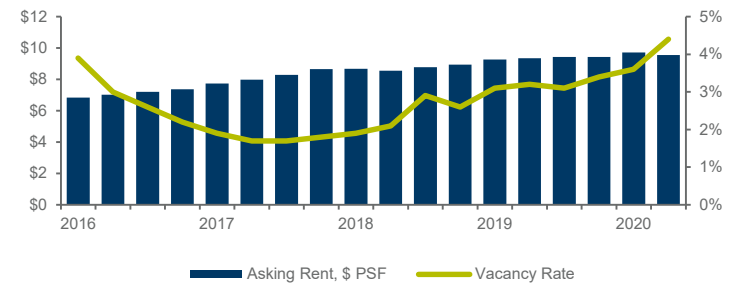


Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Charlotte County	4,749,546	52,347	1.1%	26,836	56,336	-	-	\$11.55	\$14.36	\$9.72
Bonita Springs	1,617,924	168,529	10.4%	53,089	84,243	20,656	43,700	\$12.84	\$11.67	\$10.14
Cape Coral	3,699,078	233,558	6.3%	-35,265	-47,056	30,000	-	-	\$8.72	\$8.67
Estero	17,292	-	0%	-	-	-	-	-	-	-
City of Fort Myers	10,353,188	250,562	2.4%	9,783	12,454	208,378	-	\$6.42	-	\$7.47
South Fort Myers	15,299,142	906,396	5.9%	95,644	118,984	592,250	303,884	\$9.69	\$10.80	\$8.28
North Fort Myers	1,276,586	5,250	0.4%	36,354	46,308	-	-	-	-	\$8.24
Lehigh	1,304,188	169,845	13.0%	-55,439	-71,701	-	-	\$8.37	\$8.41	\$7.69
The Islands	159,829	1,800	1.1%	-	-1,800	-	-	-	-	\$7.60
East Naples	5,478,349	296,704	5.4%	-10,580	-84,583	-	-	\$11.29	\$13.10	\$12.68
North Naples	4,949,790	257,893	5.2%	29,359	-181,897	-	-	\$10.94	\$17.72	\$14.24
Naples	52,926	-	0%	-	-	-	-	-	-	-
Marco Island	99,106	-	0%	-	-	-	-	-	-	-
Lely	9,963	-	0%	-	-	-	-	-	-	-
Golden Gate	99,447	9,060	9.1%	-	-9,060	-	-	-	-	-
Outlying Collier County	2,514,702	24,875	1.0%	-8,247	996	9,625	-	-	\$13.60	-
SOUTHWEST FLORIDA TOTALS	46,238,742	2,043,701	4.4%	18,981	-215,790	226,263	294,874	\$9.87	\$11.23	\$8.97

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

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

MADELYN DEMASI

Research Coordinator

+1 239 675 3217 mdemasi@cpswfl.com

GARY TASMAN

CEO/Principal Broker

+1 239 489 3600 gtasman@cpswfl.com

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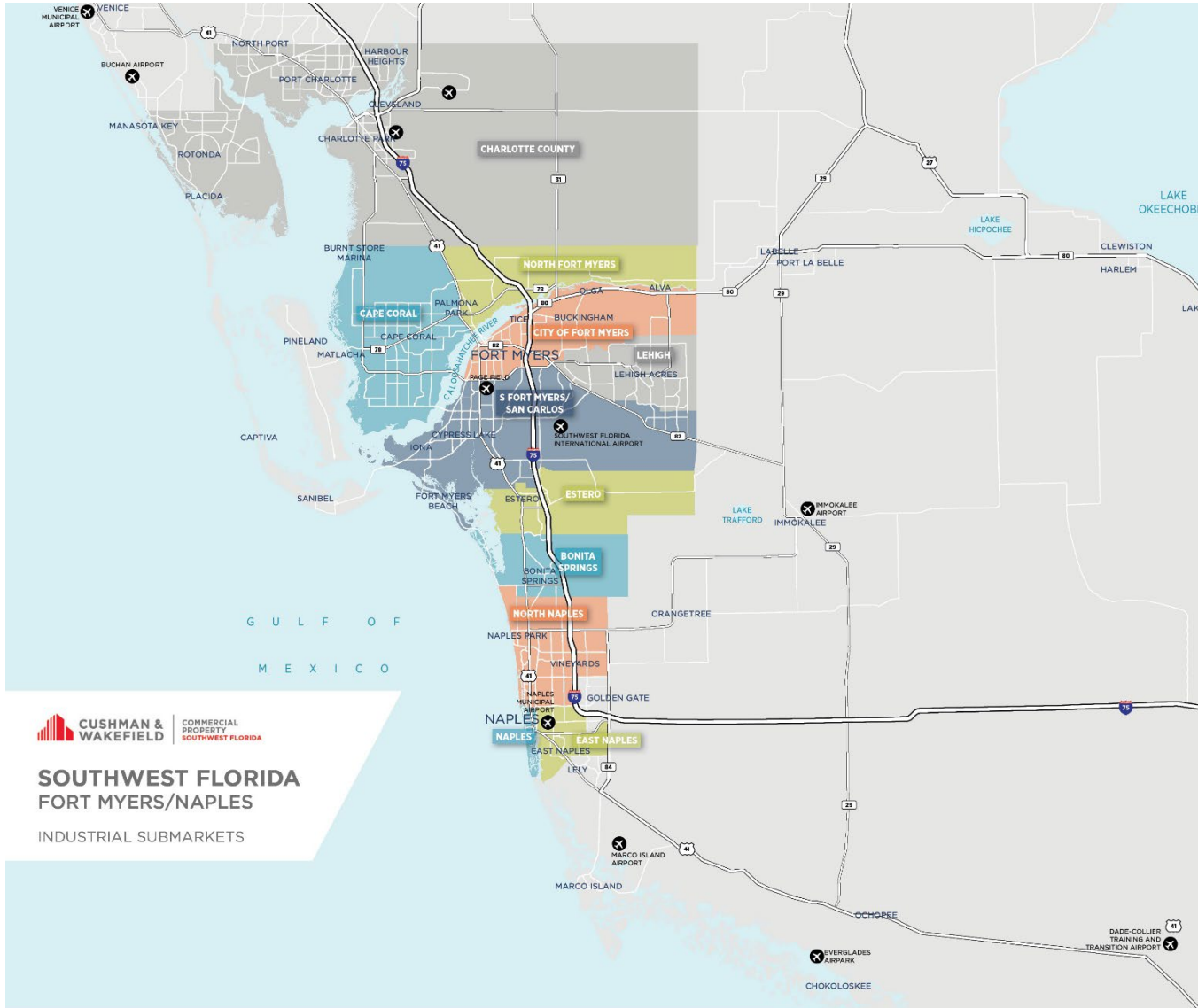
cushmanwakefield.com

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11700 SW Winslow Dr	Charlotte County	Winslow Marine Products Corp	30,750	Renewal*
12601 Corporate Lakes Dr	S. Fort Myers/San Carlos	Red Bull Distribution Co.	19,200	Renewal*

*Renewals not included in leasing statistics

OFFICE SUBMARKETS



SOUTHWEST FLORIDA FORT MYERS/NAPLES

INDUSTRIAL SUBMARKETS

MADELYN DEMASI

Research Coordinator
Tel: +1 239 675 3217
mdemasi@cpswfl.com

GARY TASMAN

CEO/Principal Broker
Tel: +1 239 489 3600
gtasman@cpswfl.com

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