

MARKETBEAT

SOUTHWEST FLORIDA

Office Q2 2021

YoY Chg 12-Mo. Forecast

5.4%

Vacancy Rate



146K

Net Absorption, SF



\$19.22

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

423K

Southwest Florida
Employment



4.0%

Southwest Florida
Unemployment Rate



5.9%

U.S.
Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida MSA, which includes Lee, Charlotte, and Collier counties has reached a stabilized labor force with an unemployment rate of 4.0% recorded at the end of Q2 2021, although 50 basis points above the unemployment rate at the end of the first quarter, this still shows significant improvement from the close of Q2 2020, with an unemployment rate of 14.5%. Two factors of this growth prove to be net migration, with a +13,810-population growth year-to-date (YTD), as well as a 4.9% growth in construction jobs year-over-year (YOY), which can be attributed to the 242,011 square feet (sf) of office under construction.

SUPPLY AND DEMAND:

The SWFL's office market's overall vacancy continues to decline, with a recorded vacancy rate of 5.9% in Q1 2021 versus an overall vacancy rate of 5.4% at the close of Q2 2021. The vacancy rate is negatively correlated with leasing activity; in the SWFL MSA, there has been 388,107 sf of office leasing activity YTD, whereas in Q2 2020, there was 315,806 sf of office leasing activity, a 22.9% increase YOY.

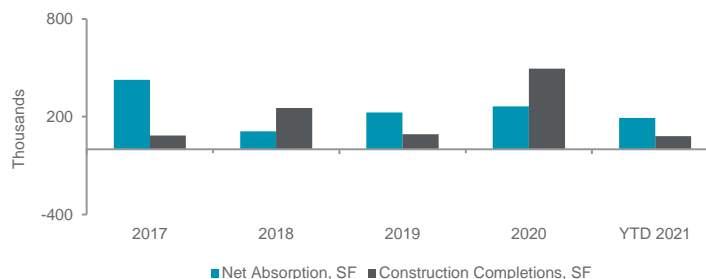
As one can expect with declining vacancy and increasing leasing activity, SWFL has posted positive absorption for the third quarter in a row. With 50,852 sf of speculative construction on the horizon, and increasing positive absorption and declining vacancy rates, we can expect this new construction to be absorbed. In addition to speculative construction, there is 191,159 sf of build to suit construction in the pipeline in the S Fort Myers, North Naples, and City of Fort Myers submarkets. Regarding construction completions, Collier County has delivered the most office space with 82,132 sf of completions YTD.

PRICING:

The average overall asking rent of all classes of office space at the end of Q2 2021 was recorded at \$19.22 per square feet (psf). Asking rents have yet to return to peak historic highs of \$21.73 psf achieved in Q2 2007, however, Collier County alone has surpassed this record with an average overall asking gross rental rate of \$23.06 psf. Collier County accounts for 28% of the SWFL MSA's office inventory and has the highest overall vacancy rate between the three counties, at 9.50%.

As the economy continues to recover from the COVID-19 pandemic, office market vacancies will improve.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,392,444	0	62,480	2.6%	1,946	5,319	22,895	0	\$14.22	----
SUBMARKET TOTALS	2,392,444	0	62,480	2.6%	1,946	5,319	22,895	0	\$14.22	----
Bonita Springs	1,166,878	0	85,120	7.3%	5,959	-7,431	37,961	0		----
Cape Coral	1,631,672	0	45,651	2.8%	1,624	-17,575	10,660	0	\$13.78	----
Estero	594,236	0	2,607	0.4%	----	1,862	2,477	0	----	----
City of Fort Myers	3,937,259	5,300	197,204	5.1%	21,717	31,128	36,250	26,759	\$18.53	\$22.00
South Fort Myers	5,665,577	260	299,076	5.3%	9,891	3,035	126,977	176,127	\$18.68	\$21.12
North Fort Myers	233,262	----	----	----	1,331	1,331	----	0	----	----
Lehigh Acres	160,480	0	1,300	0.8%	3,811	4,871	1,060	0	----	----
The Islands	163,058	----	----	0.0%	600	600	----	0	----	----
SUBMARKET TOTALS	13,552,422	5,560	630,958	4.8%	34,177	17,821	215,385	202,886	\$17.99	\$21.56
East Naples	1,109,760	0	110,544	10.0%	9,963	53,516	56,818	29,125	\$14.39	----
North Naples	3,738,250	11,689	414,967	11.4%	54,175	72,031	66,491	10,000	\$26.37	----
Naples	697,338	4,217	38,674	6.2%	21,841	22,368	20,023	0	----	----
Marco Island	149,017	0	12,453	8.4%	----	1,335	2,985	0	----	----
Lely	29,014	2,451	0	8.4%	----	----	----	0	\$16.25	----
Outlying Collier County	370,716	0	13,542	3.7%	13,100	21,194	3,510	0	----	----
Golden Gate	76,123	----	----	0.0%	----	----	----	0	----	----
SUBMARKET TOTALS	6,170,218	18,357	590,180	9.5%	120,264	170,444	149,827	39,125	\$23.06	----
SOUTHWEST FLORIDA TOTALS	22,115,084	23,917	1,283,618	5.4%	145,958	183,155	388,107	242,011	\$19.22	\$21.24

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3696 Enterprise Ave.	East Naples	BCB Homes	25,730	New lease
3520 Kraft Rd.	North Naples	Ametek	14,275	New lease
7335 Gladiolus Dr.	S Fort Myers/San Carlos	Genesis Care of FL, LLC	13,822	New lease
11215 Metro Pkwy	S Fort Myers/San Carlos	Foundation Risk Partners	10,400	New lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3696 Enterprise Ave.	East Naples	BCB Homes / Private Buyer	22,432	\$5.8M/ \$260.79
3820 Colonial Blvd.	S. Fort Myers/San Carlos	Private Seller / Realty Execs. Of SWFL	21,368	\$1.9M/ \$88.92
180 9 th St. S.	Naples	Interbeaute LLC / Private Buyer	18,051	\$5.4M/ \$299.15

GARY TASMAN

Principal Broker & CEO

+1 239 489 3600 / gatasman@cpswfl.com

HANNA RAY

Research & Marketing Administrator

+1 239 489 3600 / hrray@cpswfl.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2021 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.