MARKETBEAT

SOUTHWEST FLORIDA

Industrial Q4 2021

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

	YoY Chg	12-Mo. Forecast
1.2% Vacancy Rate	▼	▼
349K Net Absorption, SF	▲	▲
$9.40 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
439.6K Southwest Florida Employment	▲	▲
4.1% Southwest Florida Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida (SWFL) MSA comprised of Charlotte, Lee, and Collier Counties expanded total nonagricultural employee headcounts by 27,200, or 5.8% year-over-year (YOY), with nearly one third of all new jobs coming from industrial related sectors including construction, manufacturing, trade, transportation, and utilities. SWFL's economic development has been fueled by one of the fastest growing populations in the country evidenced by an annual growth rate of 1.8%, in turn boosting consumer spending 24.5% over the year. Rapid population growth, job creation, and boosted consumer spending coupled with supply chain reconfiguration and the shifting landscape towards e-commerce and last mile delivery have further fueled SWFL's hot industrial market.

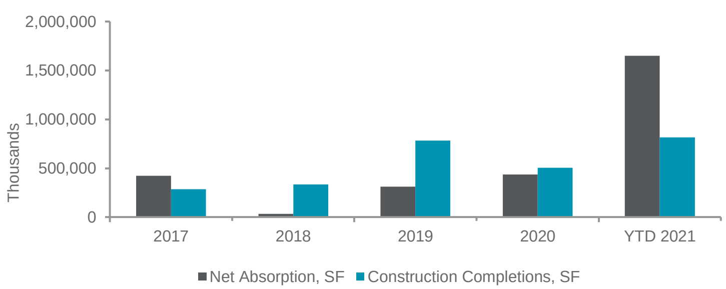
SUPPLY AND DEMAND:

Shifting consumer behavior continues driving industrial momentum upward, contracting overall vacancy to an unprecedented 1.2% to end the year, down 60 basis points (bps) from the previous quarter and 450 bps from a year ago. Development activity continued strong delivering 70,000 square feet (sf) this quarter for a year-end total of 817,000 sf, stretching inventory 8.6% YOY. Robust absorption of 349,000 sf this quarter supported construction of over 1.1 msf of industrial space expected to come online in 2022 with 90% of the pipeline devoted to warehouse space. Nearly two thirds of slated completions have lease agreements in place, minimizing supply additions impact on overall vacancy. As we move into 2022 and e-commerce advancements shift to a more sustainable trajectory of long-term growth, the industrial market will experience continued upward momentum.

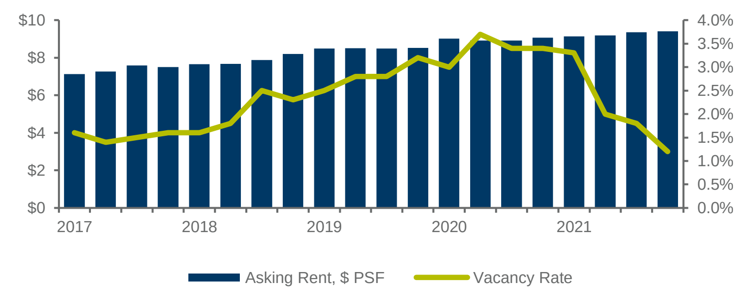
PRICING:

Overall asking rents edged upward reaching a record high of $9.40 per square feet (psf), a $0.05 psf bump from last quarter and a $0.33 hike from a year ago, denoting stable price growth. Heading into 2022, SWFL's industrial sector, particularly warehouse and distribution space, will experience steady rent growth backed by strong positive absorption, high levels of leasing activity, and decreased vacancies. The growing, long-term demand for last mile delivery operations and large-scale distribution warehouses will further serve as a springboard for landlords to advance rental rates in the near term. In addition, SWFL's municipal planning process expects to be a beneficiary of funding from the recently signed $1.2 trillion Infrastructure Investment and Jobs Act, further pushing demand and prices.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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	4,257,585	34,107	0.8%	61,783	67,659	0	0	---	$9.99	$6.48
CHARLOTTE COUNTY SUBMARKET TOTALS	**4,257,585**	**34,107**	**0.8%**	**61,783**	**67,659**	**0**	**0**	**---**	**$9.99**	**$6.48**
Bonita Springs	1,354,093	59,912	4.4%	95,621	120,380	0	50,000	---	$12.98	$11.21
Cape Coral	3,144,091	19,690	0.6%	31,077	109,924	5,000	0	---	$10.59	$10.24
Estero	17,292	---	---	---	---	0	0	---	$11.50	---
City of Fort Myers	9,282,270	31,280	0.3%	89,600	262,942	0	20,000	$10.30	---	$9.36
South Fort Myers	13,591,229	319,622	2.4%	49,425	732,605	1,090,482	0	$10.53	$11.48	$8.78
North Fort Myers	1,159,523	9,260	0.8%	-34,460	12	0	0	---	---	$8.20
Lehigh Acres	1,122,140	7,245	0.6%	-35,585	69,415	11,250	0	---	---	$9.76
The Islands	111,362	7,125	6.4%	1,840	---	0	0	---	---	---
LEE COUNTY SUBMARKET TOTALS	**29,782,000**	**454,134**	**2.2%**	**197,518**	**1,295,278**	**1,106,732**	**70,000**	**$10.42**	**$11.64**	**$9.59**
East Naples	4,800,193	25,388	0.5%	22,501	226,690	7,800	0	$14.00	$10.00	$14.00
North Naples	3,687,634	24,330	0.7%	59,961	46,418	0	0	$12.97	$18.00	$12.42
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	1,330,029	---	---	6,800	19,003	33,160	0	---	---	$14.21
Golden Gate	85,987	---	---	---	---	0	0	---	---	---
COLLIER COUNTY SUBMARKET TOTALS	**10,032,223**	**49,718**	**0.6%**	**89,262**	**292,111**	**40,960**	**0**	**$13.49**	**$14.00**	**$13.54**
SOUTHWEST FLORIDA TOTALS	**44,071,808**	**537,959**	**1.2%**	**348,563**	**1,655,048**	**1,147,692**	**70,000**	**$11.05**	**$11.53**	**$9.09**

Rental rates reflect weighted net asking $psf/year

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
16240 Airport Park Dr.	S Fort Myers/San Carlos	TLCDME	18,231	New lease
5770 Zip Dr.	City of Fort Myers	Doing Steel Fabrication	11,181	New lease
2546-2553 Edison Ave.	City of Fort Myers	Pinnacle Cabinets by Design, Inc.	10,050	New lease

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
18505 Paulson Dr.	Charlotte County	Private Seller / HS Growth Properties	42,880	$3.4M/$78.13
13351-13361 Saddle Rd.	S. Fort Myers/San Carlos	DRSW, LLC / Dejana Realty of Ft Myers, LLC	31,000	$4.1M/$133.04
11430 Metro Pkwy.	S. Fort Myers/San Carlos	M K Metro Properties, LLC / Lakeshore Ventures, LLC	20,000	$2.8M/$140.00

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