

Industrial Q1 2022

YoY Chg 12-Mo. Forecast

1.7%
Vacancy Rate



120K
Net Absorption, SF



\$9.63
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

449K
Southwest Florida
Employment



3.2%
Southwest Florida
Unemployment Rate



3.6%
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 5.03% year-over-year, 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 2.01%. 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:

For the sixth consecutive quarter, national industrial demand is outpacing supply, driving the vacancy rate to an unprecedented 3.3% across the country. In SWFL, the industrial vacancy rate edged slightly upward to 1.7%, up 40 basis points from the previous quarter, which is mainly attributed to the 318,695 square feet (sf) delivered this quarter compared to 108,160 sf delivered last quarter. Development activity consists of nearly 2.5 million square feet (msf) of industrial space in the pipeline with nearly 85% of slated completions having lease agreements in place, minimizing supply additions impact on overall vacancy. The bulk of new construction is dedicated to warehouse product, except for 26,786 sf of flex space planned in the S. Fort Myers/San Carlos submarket.

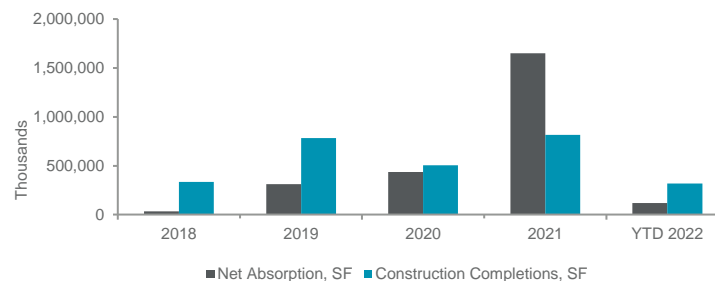
Although absorption this quarter dipped from 336,733 sf to 119,783 sf quarter-over-quarter, high demand for industrial property is expected to continue for the next few years due to shifting consumer behavior and a rapidly growing population.

As we move forward into the year 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 \$9.63 per square feet (psf), a \$0.23 psf bump from last quarter and a \$0.49 psf hike from a year ago, denoting stable price growth. 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.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2022

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	4,261,603	36,607	0.9%	-5,500	-5,500	0	0	---	\$9.99	\$9.12
CHARLOTTE COUNTY SUBMARKET TOTALS	4,261,603	36,607	0.9%	-5,500	-5,500	0	0	---	\$9.99	\$9.12
Bonita Springs	1,355,795	17,183	1.3%	14,929	14,929	0	0	---	\$14.96	\$12.09
Cape Coral	3,151,609	10,400	0.3%	-8,450	-8,450	198,975	0	---	\$10.88	\$9.69
Estero	17,292	---	---	---	---	0	0	---	\$11.50	---
City of Fort Myers	9,252,384	51,419	0.6%	8,673	8,673	0	0	\$9.75	---	\$9.15
South Fort Myers	13,844,368	517,586	3.7%	79,547	79,547	939,016	290,892	\$11.37	\$11.67	\$9.00
North Fort Myers	1,159,523	19,200	1.7%	-13,047	-13,047	0	0	---	---	\$8.11
Lehigh Acres	1,133,390	9,345	0.8%	39,111	39,111	0	11,250	---	---	\$9.89
The Islands	111,362	8,045	7.2%	-920	-920	0	0	---	---	---
LEE COUNTY SUBMARKET TOTALS	30,025,723	633,178	2.2%	119,843	119,843	1,137,991	302,142	\$10.56	\$12.25	\$9.66
East Naples	4,789,479	27,424	0.8%	20,884	20,884	7,800	0	\$14.00	---	\$14.29
North Naples	3,699,539	36,396	1.0%	-4,197	-4,197	0	16,553	\$12.86	\$18.00	\$12.35
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	1,363,189	8,247	0.6%	-8,247	-8,247	936,950	0	---	---	\$14.66
Golden Gate	85,987	0	0.0%	-3,000	-3,000	0	0	---	---	---
COLLIER COUNTY SUBMARKET TOTALS	10,066,574	72,067	0.6%	5,440	5,440	944,750	16,553	\$13.43	\$18.00	\$13.77
SOUTHWEST FLORIDA TOTALS	44,353,900	741,852	1.7%	119,783	119,783	2,082,741	318,695	\$11.57	\$11.69	\$9.63

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

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10411 Meridian Center Pkwy.	S. Fort Myers/San Carlos	Vivid EV	46,053	New Lease
9130 Centerlinks Commerce Dr.	S. Fort Myers/San Carlos	Undisclosed	40,870	New Lease
11819 Metro Pkwy.	S. Fort Myers/San Carlos	Affordable Roofing	31,000	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4776 Radio Rd.	East Naples	Monmouth Real Estate Investments / Industrial Logistics Property Trust	48,746	Undisclosed
25270 Bernwood Dr.	Bonita Springs	Craig Blume / Cedar Ridge	23,836	\$4.87M / \$204.31
2850 Hanson St.	City of Fort Myers	Jay & Sandra Russo / Roland Richardson	20,530	\$2M / \$97.42

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