

Medical Office Q1 2022

YoY Chg 12-Mo. Forecast

4.7%
Vacancy Rate



122K
Net Absorption, SF



\$21.06
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

52K
Southwest Florida
Healthcare Employment



393K
Southwest Florida
Population 65+



3.6%
U.S.
Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida (SWFL) MSA which includes Charlotte, Collier & Lee Counties exhibited a bounce back in elective procedures and routine appointments boosting healthcare employment approximately 4.2% year-over-year (YOY), triggering tailwinds moving into Q2. Along with medical employment gains, SWFL continues attracting more residents evidenced by the population growth increasing by 17,000 year-over-year (YOY). Florida is projected to have the 10th largest economy in the world by 2030 and with our region's population currently comprised of 33% over the age of 65, the medical office market is poised to continue strong momentum.

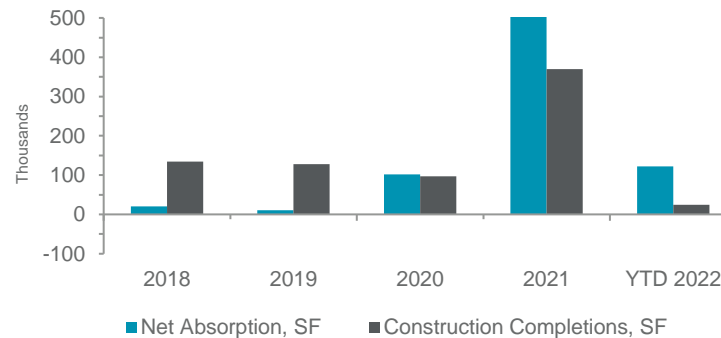
SUPPLY AND DEMAND:

Demographic trends and strong fundamentals have driven hospitals and urgent care facilities to execute expansion plans, mobilizing a steady flow of construction in the medical office sector. There were only two buildings delivered in the first quarter, however, there are 290,698 sf slated for completion in the next year. Included in the pipeline is 50,000 sf by Encompass Lee Health in Cape Coral, Frantz Eye Surgical Center, and InterMed Park, located just south of the recently expanded, 349-bed Gulf Coast Medical Center in the S. Fort Myers/San Carlos submarket. Nearly 70% of the space expected to come online has already been pre-leased, further suppressing supply addition's impact on vacancies. Economic conditions, positive net absorption for the 6th consecutive quarter, and high concentration of pre-leased space, have translated into record breaking medical office vacancies at 4.7%, down from 8.9% in Q1 of 2021.

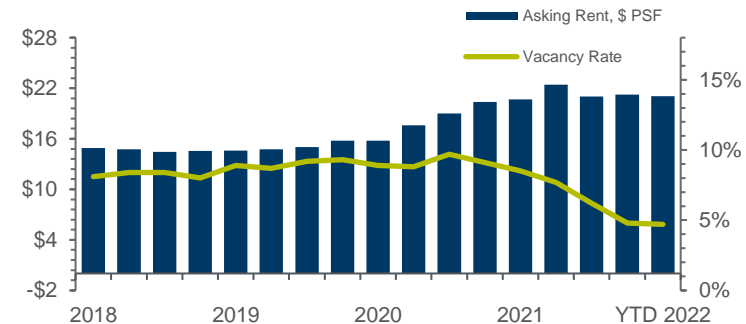
PRICING:

The region experienced a slight rent reduction in overall gross asking rent from \$21.26 psf to \$21.06 psf quarter-over-quarter (QOQ) despite all time low vacancy levels. We can expect rates to adjust upward given the positive absorption and the predominantly preleased construction pipeline. The increase in retiree cohorts and robust in-migration may provide operators the opportunity to hike marketed rents in the near term. Strong fundamentals and key demographics have enabled resiliency in economic downturns attracting a broader range of investors to the SWFL medical office market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SOUTHWEST FLORIDA

Medical Office Q1 2022

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)*
Charlotte County	1,550,750	0	73,596	4.7%	6,351	6,351	8,664	28,000	\$19.69
CHARLOTTE COUNTY TOTALS	1,550,750	0	73,596	4.7%	6,351	6,351	8,664	28,000	\$19.69
Cape Coral	1,044,886	0	45,653	4.4%	45,897	45,897	5,887	50,000	\$17.38
City of Fort Myers	1,114,157	0	33,186	3.0%	7,777	7,777	5,368	0	\$17.72
South Fort Myers	3,369,558	8,084	100,849	3.2%	85,647	85,647	26,929	166,842	\$25.63
North Fort Myers	52,321	0	0	0.0%	-1,200	-1,200	3,400	0	---
Estero	226,991	0	18,509	8.2%	-8,501	8,501	3,409	0	\$12.23
Bonita Springs	1,161,793	0	59,909	5.2%	-4,596	-4,596	16,327	0	\$18.10
Lehigh	352,872	0	3,537	1.0%	-1,851	-1,851	---	0	---
The Islands	34,212	0	1,000	2.9%	---	---	---	0	\$13.50
LEE COUNTY TOTALS	7,356,790	8,084	262,643	3.5%	123,173	123,173	61,320	216,842	\$17.43
Naples	419,276	0	21,175	5.1%	-4,929	-4,929	3,386	0	\$35.00
Outlying Collier County	138,624	---	---	---	2,905	2,905	2,905	0	---
Golden Gate	171,218	---	---	---	---	---	---	0	---
Lely	90,105	0	12,365	13.7%	4,762	4,762	---	0	\$27.61
Marco Island	114,547	0	11,642	10.2%	-2,842	-2,842	---	0	\$40.00
North Naples	1,834,232	0	112,849	6.2%	10,024	10,024	17,060	40,000	---
East Naples	602,416	0	73,635	12.2%	-17,602	-17,602	3,785	5,856	---
COLLIER COUNTY TOTALS	3,370,418	0	231,666	9.5%	-7,682	-7,682	27,136	45,856	\$34.20
SOUTHWEST FLORIDA TOTALS	12,277,958	8,084	567,905	4.7%	121,842	121,842	97,120	290,698	\$21.06

*Rental rates reflect gross rent asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	Type
11215 Metro Pkwy.	S. Ft Myers/San Carlos	Telespecialists, LLC	21,072	New Lease
704-708 Goodlette-Frank Rd N	East Naples	Hopebridge	12,241	New Lease
3540 Pine Ridge Rd.	North Naples	Paragon Infusion Centers	3,100	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2675 Winkler Ave.	City of Fort Myers	DKM Property Holdings/ Meadowcreek Mobile Park Inc.	65,252	\$8.9M/\$136.39
3400 Lee Blvd.	Lehigh	IronCrest Capital / Heck Ent's of Brevard Inc.	32,328	\$7.2M/\$222.72
12700 Creekside Ln.	S Fort Myers/San Carlos	Fort Myers Neurosurgical Blvd Ptnrs / KNC Capital Partners	22,309	\$4.45M/\$199.47

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PUBLICATION

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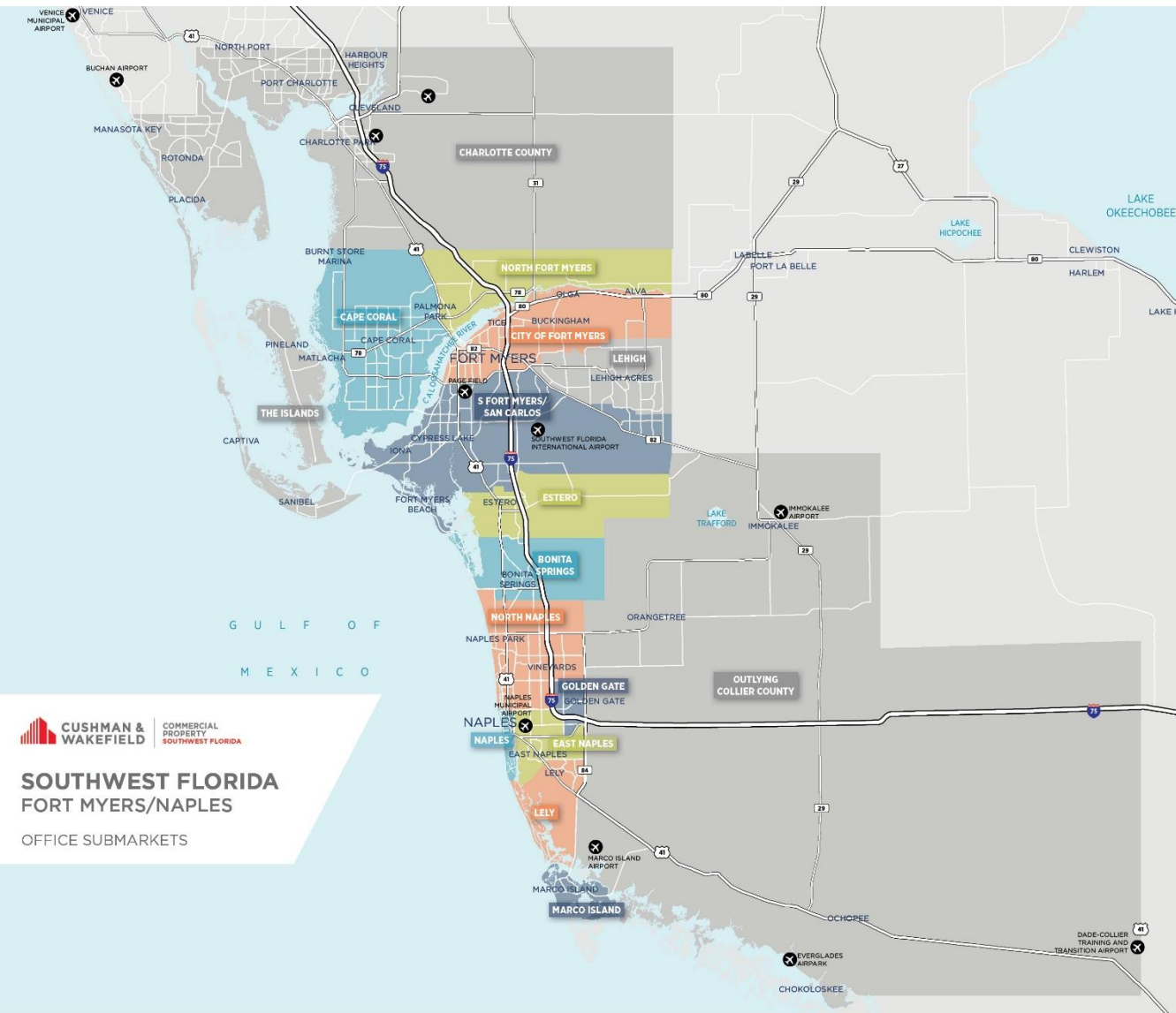
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SOUTHWEST FLORIDA

Medical Office Q1 2022

MEDICAL OFFICE SUBMARKETS



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SOUTHWEST FLORIDA FORT MYERS/NAPLES

OFFICE SUBMARKETS

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