

## Medical Office Q3 2021

YoY Chg      12-Mo. Forecast

**6.0%**  
Vacancy Rate



**164K**  
Net Absorption, SF



**\$20.00**  
Asking Rent, PSF



*(Overall, All Property Classes)*

### ECONOMIC INDICATORS Q3 2021

YoY Chg      12-Mo. Forecast

**52K**  
Southwest Florida  
Healthcare Employment



**384K**  
Southwest Florida  
Population 65+



**5.2%**  
U.S.  
Unemployment Rate



Source: BLS

### ECONOMIC OVERVIEW:

The Southwest Florida (SWFL) MSA which includes Charlotte, Collier & Lee Counties continues to recover from the COVID-19 pandemic with an increase of healthcare employment of approximately 6.5% in the third quarter (Q3) 2021. Despite the popularity of Telehealth options during the pandemic, outpatient spending is returning rapidly. Employment trends have in turn mirrored the data as SWFL attracts more residents, especially aged 65 and over, with the demographic's population growth increasing 12.0% year-over-year (YOY). With Florida projected to have the 10<sup>th</sup> largest economy in the world by 2030 and SWFL's senior population expanding, the market is poised to meet demand.

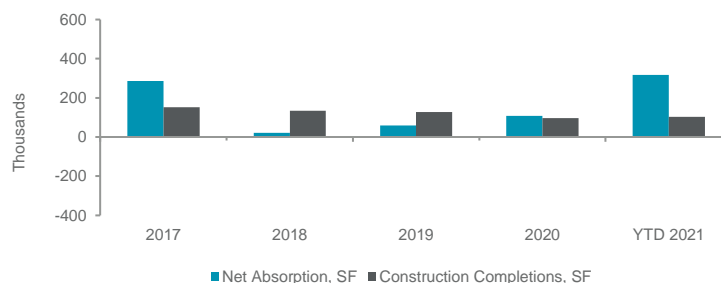
### SUPPLY AND DEMAND:

Medical tenants have comprised an outsized portion of companies leasing space in the SWFL market taking up 122,987 square feet (sf) this quarter. SWFL has posted positive net absorption for the fourth quarter in a row, up 147% YOY. Regarding the pipeline, there have been 102,669 sf of deliveries YTD, surpassing pre-pandemic levels. Build-to-suit projects comprised 87.6% of total deliveries this quarter with one of the notable tenants being Physician's Regional Healthcare, occupying a new 55-acre medical center at Founder's Square in Naples. Of the 460,835 sf under construction, 420,835 sf are being built-to-suit, with only 40,000 sf of speculative space available for lease. Vacancy has significantly declined, at 1.7% QOQ, versus the average 0.2% change reflecting a rebound in medical office occupancy. Given recent leasing activity and vacancies at 6.0%, we can expect a continued decline in medical office availability.

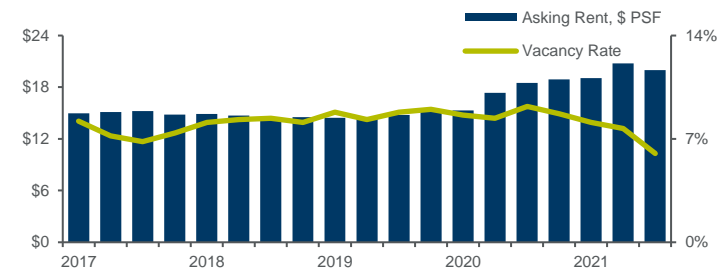
### PRICING:

This year has seen a steady increase in rental rates from pre-pandemic levels with medical office showing more modest growth averaging about \$19.94 per square foot (psf) since the start of the year compared to an average of about \$17.50 psf in 2020. Average transaction activity value is up at the start of Q3, and continuing to trend upward, compared to previous years averages from 2017-2020. One of the notable sales this quarter is Lee Health's purchase of the Gateway Building in Fort Myers for \$7,000,000.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



■ Net Absorption, SF ■ Construction Completions, SF

## 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	1,565,519	0	99,480	6.4%	34,837	46,685	23,628	28,000	\$17.44
<b>CHARLOTTE COUNTY TOTALS</b>	<b>1,565,519</b>	<b>0</b>	<b>99,480</b>	<b>6.4%</b>	<b>34,837</b>	<b>46,685</b>	<b>23,628</b>	<b>28,000</b>	<b>\$17.44</b>
Cape Coral	1,017,570	0	80,798	7.9%	-12,814	-19,672	3,200	50000	\$18.23
City of Fort Myers	1,152,068	0	71,444	6.2%	17,835	25,059	40,043	0	\$17.53
South Fort Myers	3,091,695	0	110,241	3.6%	21,622	87,154	161,508	230,900	\$13.71
North Fort Myers	52,321	---	---	---	---	13,600	15,300	0	---
Estero	226,991	0	21,908	9.7%	8,872	1,375	20,777	0	\$12.23
Bonita Springs	1,123,374	0	77,229	6.9%	17,394	57,228	89,585	0	\$19.86
Lehigh	352,872	0	3,008	0.9%	-3,625	6,875	16,814	0	---
The Islands	34,212	0	1,997	5.8%	---	---	---	0	\$13.50
<b>LEE COUNTY TOTALS</b>	<b>7,051,103</b>	<b>0</b>	<b>366,625</b>	<b>5.9%</b>	<b>49,284</b>	<b>171,619</b>	<b>347,227</b>	<b>280,900</b>	<b>\$15.84</b>
Naples	419,276	0	16,079	3.8%	5,231	689	9,118	0	---
Outlying Collier County	138,624	0	2,905	2.1%	30404	30,203	2704	-	---
Golden Gate	63,806	0	1,150	1.8%	---	2,476	2476	107,412	---
Lely	95,105	0	19,327	20.3%	122	22,590	1372	-	\$43.16
Marco Island	139,359	0	5,602	4.0%	---	11337	2803	0	\$40.00
North Naples	1,843,450	0	154,803	8.4%	20096	-3982	69,691	44523	\$25.73
East Naples	553,045	0	41,291	7.5%	24239	35,252	24,127	0	---
<b>COLLIER COUNTY TOTALS</b>	<b>3,252,665</b>	<b>0</b>	<b>241,157</b>	<b>6.8%</b>	<b>80,092</b>	<b>98,565</b>	<b>112,291</b>	<b>151,935</b>	<b>\$36.30</b>
<b>SOUTHWEST FLORIDA TOTALS</b>	<b>11,869,287</b>	<b>0</b>	<b>707,262</b>	<b>6.0%</b>	<b>164,213</b>	<b>316,869</b>	<b>483,146</b>	<b>460,835</b>	<b>\$20.00</b>

\*Rental rates reflect gross rent asking

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	Type
14171 Metropolis Ave.	S. Ft Myers/San Carlos	Millennium Physician Group	5,207	New Lease
992 Tamiami Trail	Charlotte County	Virtus Health	2,972	New Lease
22655 Bayshore	Charlotte County	Integrative Wellness Centers of Port Charlotte	2,940	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
12451 Gateway Blvd.	S. Ft Myers/San Carlos	Empire Square Group / Lee Health	68,025	\$7M/\$102.90
3049 Cleveland Ave.	City of Fort Myers	Infinite Professional Center / Infinitus Calicem Holdings	45,000	\$3.1M/\$67.78
8660 College Pkwy.	S. Ft Myers/San Carlos	Scheer Properties / J & J Real Estate Properties	17,805	\$3.5M/\$197.24

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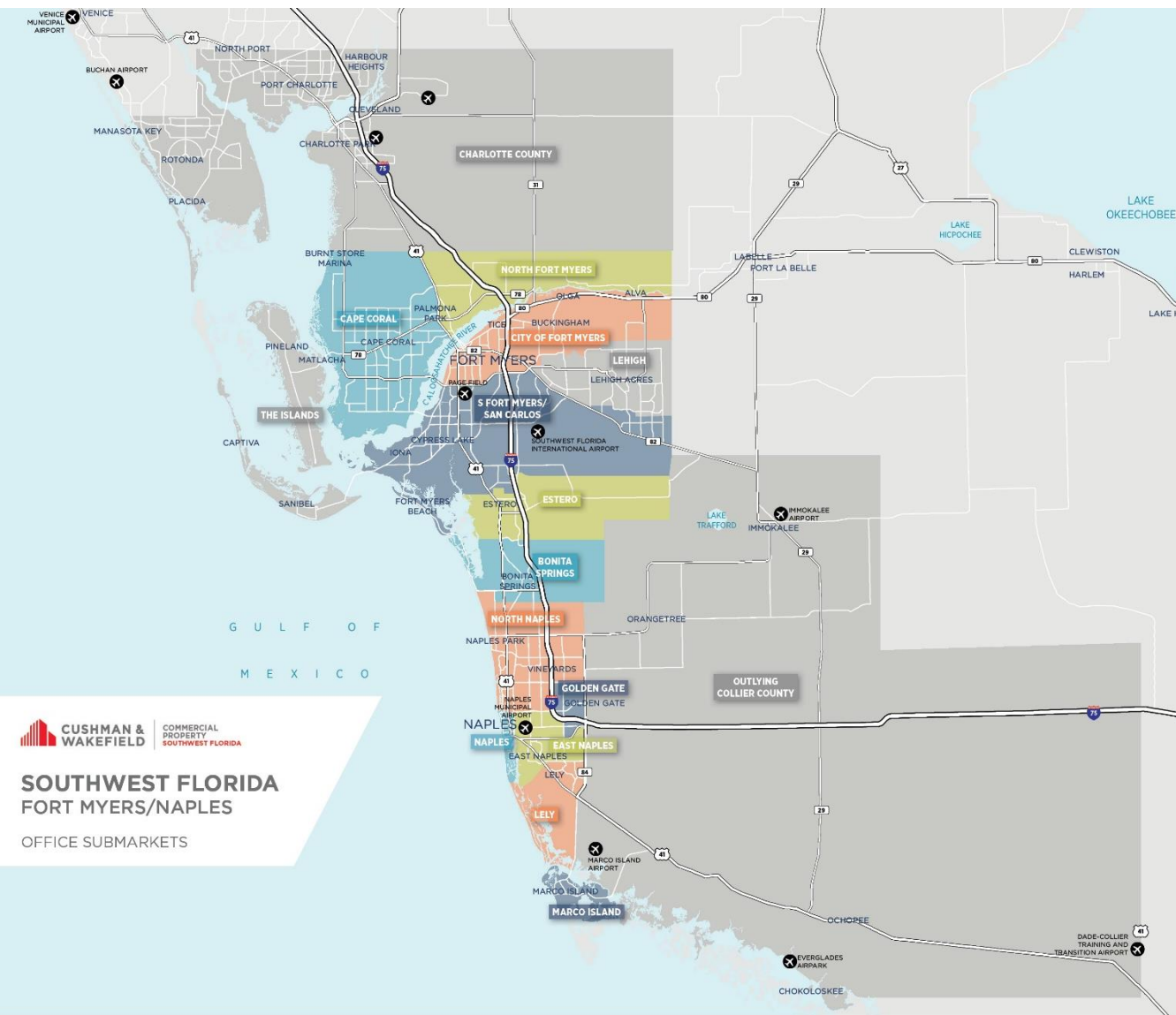
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# SOUTHWEST FLORIDA

Medical Office Q3 2021

## MEDICAL OFFICE SUBMARKETS



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**SOUTHWEST FLORIDA  
FORT MYERS/NAPLES**

OFFICE SUBMARKETS

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