

Medical Office Snapshot Q4 2016

Fort Myers/Naples, FL



CUSHMAN & WAKEFIELD

COMMERCIAL PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES OFFICE

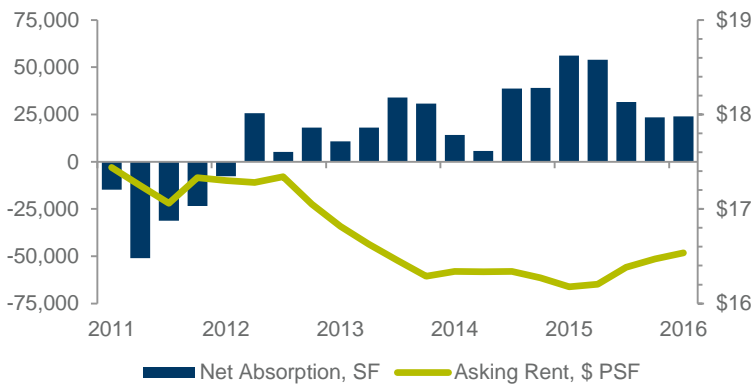
Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
Lee Cty. Employment	250k	258k	▲
Lee Cty. Unemployment	4.7%	4.5%	▼
U.S. Unemployment	5.0%	4.8%	▼

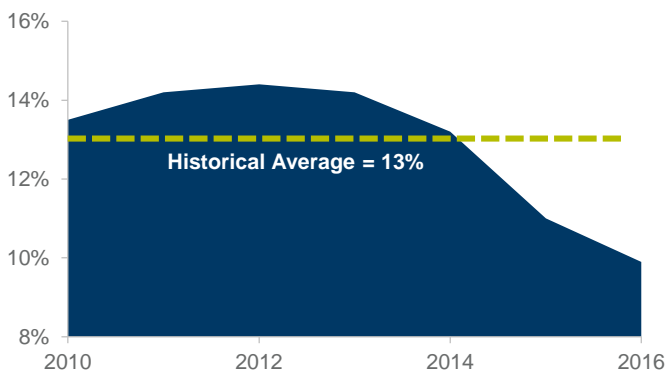
Market Indicators (Overall, All Classes)

	2015	2016	12-Month Forecast
Overall Vacancy	10.4%	9.5%	▼
Net Absorption	88k	151k	▲
Under Construction	72k	128k	▲
Overall Average Asking Rent	\$16.90	\$15.49	▼

Net Absorption/Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Southwest Florida's regional economy provided mixed signals during December. Positive trends included a 9% increase in regional taxable sales from the prior year, a 3% increase in tourist tax revenues and a 5% increase in total airline passenger activity. Single family home sales increased by 13% from the prior year and single family permits grew 10% from November year-over-year. The regional unemployment rate held steady at 5% in November relatively consistent with a year ago.

New Medical Office in demand

With one 95K SF hospital completed in Collier County, an April 2017 delivery of the 6-story Golisano Children's Hospital in South Lee County at HealthPark, an expansion project under way adding almost 368k SF to existing 531k SF at Gulf Coast M.C. planned to be completed by year-end 2021 and last but not least, a planned 164k SF multi-building outpatient campus to be known as Lee Health at Coconut Point in Estero that will begin Q3 2017 and take about a year to complete and with baby-boomers retiring in SWFL, the demand for medical care will increase greatly and Southwest Florida will be prepared. Cape Coral/Fort Myers is the third fastest growing cities in the nation and Naples, Florida is not far behind. This steady influx is due to the beautiful weather, scenic environment, low taxes and most importantly, relaxed lifestyle.

Outlook

Passenger activity in the three Southwest Florida airports in December 2016 was consistent with activity reported a year ago. Peak seasonal activity occurs February through April with significantly lower activity in the summer months. Continued job and income gains nationwide are booking regional tourism even though fuel prices have been crawling up over the year, but are still low enough to support consumer spending. Southwest Florida boasts positive population growth. This increase is due in part to retirees recovering the wealth lost during the recession and are now able to sell their homes and relocate to the area. This strong pace of population growth fuels stronger demand for housing, health care, professional services and consumer spending on retail. The large elderly population will keep education for health care growing as well.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*
Bonita Springs	58	761,255	1,100	41,758	5.6%	(28,845)	44,756	0	\$15.41
Cape Coral	87	768,727	0	44,400	5.8%	(8,106)	7,450	10,000	\$17.37
City of Fort Myers	71	952,088	0	177,238	18.6%	7,672	17,185	0	\$11.21
Estero	7	116,057	0	9,614	8.3%	1,983	17,992	0	\$23.12
Lehigh Acres	28	223,857	0	21,024	9.4%	(1,355)	5,165	0	\$12.56
North Fort Myers	6	45,111	0	0	0	0	8,660	0	\$8.47
S. Ft. Myers/San Carlos	281	2,319,223	2,000	216,246	9.4%	(46,941)	9,688	41,432	\$13.62
The Islands	5	22,124	0	0	0	0	0	0	N/A
LEE COUNTY SUBTOTAL	543	5,208,442	3,100	510,280	9.9%	(17,902)	110,896	51,432	\$13.66
East Naples	41	515,205	0	67,404	13.1%	6,062	4,197	0	\$17.52
Golden Gate	13	53,819	0	900	1.7%	1,250	250	0	\$19.64
Lely	8	97,076	0	28,894	29.8%	0	(1,250)	0	\$18.82
Marco Island	6	76,710	0	0	0	1,714	4,314	0	\$20.19
Naples	33	333,686	0	13,882	4.2%	7,364	13,627	0	\$19.77
North Naples	117	988,869	0	57,957	5.9%	(4,103)	15,643	77,000	\$22.87
Outlying Collier County	4	97,928	0	20,000	20.4%	0	2,905	0	\$12.50
COLLIER COUNTY SUBTOTAL	222	2,163,293	0	189,037	8.7%	12,287	39,686	77,000	\$19.68
TOTALS	765	7,371,735	3,100	699,317	9.5%	(5,615)	150,582	128,432	\$15.49

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	11	478,507	1,100	98,219	20.8%	0	7,284	60,000	\$15.43	\$15.99
Class B	553	5,432,672	2,000	453,967	8.4%	(6,647)	130,326	68,432	\$16.20	\$16.19
Class C	201	1,460,556	0	147,191	10.1%	1,032	12,972	0	\$11.71	\$11.71

Key Lease Transactions 2016

PROPERTY	SF	TENANT	TRANS. TYPE	ASKING RENT*	SUBMARKET
13340 Metro Parkway	41,432	Lee Health	New Lease	Withheld	S. Ft. Myers/San Carlos
26800 S. Tamiami Trail	12,633	Bonita Bay Club, Inc.	New Lease	\$14.00 NNN	Bonita Springs
9451 Corkscrew Road	10,132	Park Circle, LLC	New Lease	\$16.00 NNN	Estero
7431 Gladiolus Drive	7,315	Gladiolus Surgery Center, LLC	New Lease	\$36.32 NNN	S. Ft. Myers/San Carlos

Key Sales Transactions 2016

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
1304 SE 8 th Terrace (6 Office Bldgs.)	81,541	Physicians' Primary Care of Southwest Florida/Block Funds	\$28,500,000	Cape Coral & S. Ft. Myers/ San Carlos
11121 & 11181 Health Park Blvd.	59,000	CHP Erie Investors, LLC/Farley White CHP, LLC	\$15,750,000	North Naples
10201 Arcos Avenue	35,132	Estero Medical Center, LLC/Estero Medical Properties, LP	\$10,000,000	Estero
13691 Metro Parkway	41,452	Metro Medical Plaza Associates, Ltd./BR Metro, LLC	\$8,250,000	S. Ft. Myers/San Carlos