

Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
2.7% Vacancy Rate	▲	▲
1.8M Net Absorption, YTD, SF	▼	■
\$13.52 Asking Rent, PSF	▲	■

Overall, Net Asking Rent

ECONOMIC OVERVIEW:

In Southwest Florida's industrial market, the unemployment rate stands at 3.0%, which is 70 basis points (bps) below the national average. However, projections from the Bureau of Labor Statistics suggest an increase in unemployment over the next year. While single-family building permits for the region increased by approximately 31% in December 2023 compared to the previous year, Collier County experienced a notable 16% decline in permit activity during the same period.

SUPPLY AND DEMAND:

Year-to-date, net absorption in the industrial market has reached 1.8 million square feet (msf). The region is experiencing unprecedented inventory growth, with over 2.7 msf delivered this year and more construction in the pipeline for the next two years (528,786 sf). Despite a 220-basis point year-over-year (YOY) increase in the average vacancy rate due to completions, it remains 250 bps lower than the national vacancy rate of 5.2%. Vacant available sublet space has seen minimal change, increasing by only 10 bps since the beginning of the year. Notably, five leases over 20,000 square feet were signed, all within the S Fort Myers/San Carlos and City of Fort Myers submarkets, which are the dominant industrial submarkets in the SWFL region.

PRICING:

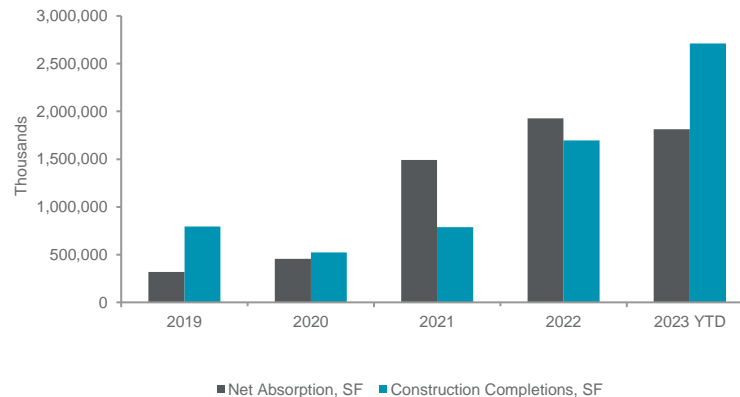
The overall average asking triple net (NNN) rent for all property types is \$13.52 per square foot (psf). Lease rates have surged by 31% YOY (from \$10.29) and by 62% over the past five years (from \$8.35). Investment sales volume has decreased by 39% in 2023 compared to the previous two years, with 783 total investment sales for the year, down from 1,290 (2022) and 1,479 (2021) respectively. This decline in sales volume can likely be attributed to high borrowing costs and a lack of commercial lending. Despite the decreased sales volume, the average sale price psf has increased by \$49 psf, rising from \$215 psf to \$264 psf, while average cap rates are up 60 bps to 6.6%.

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
481.8K Southwest Florida Employment	▲	▲
3.0% Southwest Florida Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2023

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	5,005,497	319,406	6.4%	68,594	97,722	21,000	382,000	---	\$16.81	\$12.22
CHARLOTTE COUNTY SUBMARKET TOTALS	5,005,497	319,406	6.4%	68,594	97,722	21,000	382,000	---	\$16.81	\$12.22
Bonita Springs	1,436,300	10,000	0.7%	2,129	3,350	0	0	---	\$17.63	\$17.05
Cape Coral	3,254,716	33,571	1.0%	-12,431	138,220	36,657	0	---	\$16.50	\$15.20
Estero	17,292	---	---	---	---	0	0	---	---	---
City of Fort Myers	10,078,330	510,822	5.1%	265,563	301,926	112,794	601,502	\$14.15	---	\$11.88
South Fort Myers	15,196,122	218,473	1.4%	222,466	430,367	350,535	298,800	\$15.00	\$14.19	\$13.79
North Fort Myers	1,135,340	29,200	2.6%	6,000	-8,400	0	0	---	---	\$11.00
Lehigh Acres	1,142,803	59,859	5.2%	-53,417	-57,114	0	0	---	\$15.00	\$11.05
The Islands	108,735	920	0.8%	-920	-920	0	0	---	---	---
LEE COUNTY SUBMARKET TOTALS	32,369,638	862,845	2.4%	429,390	807,429	499,986	900,302	\$14.58	\$15.83	\$13.33
East Naples	4,872,939	71,106	1.5%	-3,095	-60,836	7,800	0	\$21.57	\$15.00	\$18.67
North Naples	3,663,518	15,305	0.4%	13,082	31,090	0	0	\$21.33	---	\$17.06
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	2,345,659	49,360	2.1%	-6,680	935,808	0	0	---	---	\$17.52
Golden Gate	78,895	---	---	---	3,600	0	0	---	---	---
COLLIER COUNTY SUBMARKET TOTALS	11,089,391	135,771	1.3%	3,307	909,662	7,800	0	\$21.45	\$15.00	\$17.75
SOUTHWEST FLORIDA TOTALS	48,464,526	1,318,022	2.7%	501,291	1,814,813	528,786	1,282,302	\$18.89	\$15.55	\$13.20

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

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

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6135 Tri County Commerce Way	City of Fort Myers	The American Bottling Company	56,707	New Lease
16101 Parallel Dr.	S. Fort Myers/San Carlos	Frigid-Rigid	28,450	New Lease
2443 Rockfill Rd.	City of Fort Myers	JR & Co Inc.	25,400	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2998 South St.	City of Fort Myers	AFS Recycling Florida / Panco Real Estate LLC	46,401	\$2.4M / \$50.65
2884 Horseshoe Dr. S.	East Naples	Air Technology Holding LLC / Gary R Van Cleef	39,529	\$8.6M / \$217.56
10089 Amberwood Rd.	S. Fort Myers/San Carlos	Hendry Street LLC / DHL	14,760	\$2.4M / \$162.60

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