MARKETBEAT

SOUTHWEST FLORIDA

Retail Q2 2024

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

	YoY Chg	12-Mo. Forecast
Median HH Income** **$80,300**	▲	▲
2.0% Population Growth**	▼	▲
3.4% Unemployment Rate*	▲	▲

**Numbers above are monthly figures, FL Dept. Economic OPP*
***Source: BLS, BOC, Moody's Analytics*
(Economic Indicators are representative of specific county or MSA.)

U.S.ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
2.9% GDP Growth	▲	▲
6.9% Consumer Spending Growth	▼	▲
3.1% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW:

The Southwest Florida region's (containing Lee, Charlotte, and Collier County) population growth year-over-year (YOY) currently stands at 2%, with a positive outlook for the future. Tourist and airport activity have surged, with seasonally adjusted passenger numbers reaching 7.4 million in the first five months of 2024, marking a 14% increase compared to the same period in 2023 and a 6% rise from 2022. Reflecting the adage "retail follows rooftops," Southwest Florida's retail market demonstrates strong economic fundamentals, with continued population and tourist growth.

SUPPLY AND DEMAND:

The retail sector in Southwest Florida is experiencing a notable trend, with medical facilities increasingly occupying spaces in strip centers and former big box retail locations. For instance, Sanitas Urgent Care has secured a 15-year lease for the former Bed Bath & Beyond location on Pine Island Road in Cape Coral.

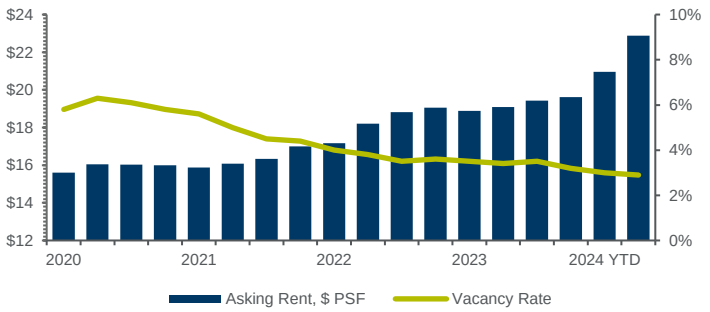
The region's retail vacancy rate is currently at 2.9%, significantly lower than the national average of 5.3%. This represents a 10-basis point (bps) decline quarter-over-quarter (QOQ) and a 50-bps decrease YOY. Year-to-date (YTD) net absorption is positive at 267,306 square feet (sf), which is supported by the construction pipeline being 61% pre-leased, thus minimizing its impact on vacancy rates. There are 73,372 sf under construction across 11 buildings, with 28,770 sf still available for lease. The recent delivery of a 57,287 square foot Publix-anchored shopping center within the Shoppes at Verdana Village in Estero highlights ongoing construction activity. Most of the construction pipeline, approximately 89%, is concentrated in the Cape Coral and South Fort Myers/San Carlos submarkets, particularly along the rapidly growing Pine Island Corridor in Cape Coral, which now has 5,000 apartment units under construction or in planning. Several national brands have established new locations in the region YTD, including Papa Johns, Tropical Smoothie, Trulieve, Dollar Tree, and many others.

PRICING:

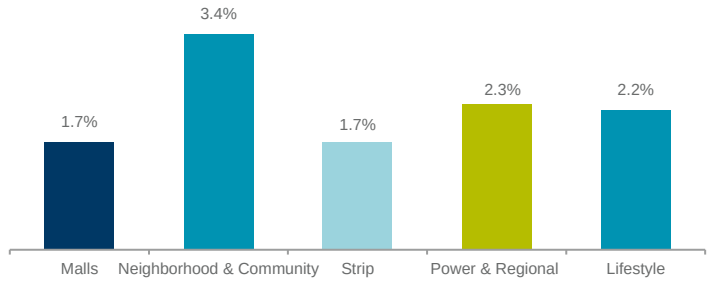
Southwest Florida is experiencing record-high asking rents, currently at $22.88 per square foot (psf), reflecting an 18% YOY increase from $19.09 psf and an 8.8% QOQ increase from $20.96 psf. Retail cap rates have reverted to pre-COVID-19 levels, averaging 6.3%, despite the high interest rate environment. Sale prices psf have also risen, currently at $265 psf, significantly above the pre-pandemic levels of around $207 psf. Retail property investment sales activity has been robust YTD, with over $98 million in sales volume, while owner-user sales activity has accounted for more than $26 million in sales volume.

In summary, the supply and demand dynamics indicate a healthy market with low vacancy rates and significant leasing activity. Pricing trends reflect the market's attractiveness, with record-high rents and strong sales activity highlighting the region's ongoing appeal to investors and retailers alike.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



Source: CoStar

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MARKET STATISTICS

COUNTY	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Charlotte	5,661,466	0	174,633	3.1%	-29,113	-20,912	0	$25.55
Lee	26,652,944	7,810	654,322	2.5%	151,075	209,809	69,872	$20.96
Collier	13,458,033	18,087	456,282	3.5%	34,047	78,409	3,500	$25.33
TOTALS	**45,772,443**	**25,897**	**1,285,237**	**2.9%**	**156,009**	**267,306**	**73,372**	**$22.88**

**Source: CoStar Group. Rental rates reflect NNN asking $psf/yr.*

SHOPPING CENTER TYPE	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Malls	4,873,785	0	81,478	1.7%	---	-2,860	0	---
Community & Neighborhood	27,760,789	22,550	929,264	3.4%	133,906	277,087	16,800	$22.19
Power & Regional	3,916,338	0	68,215	1.7%	26,227	30,897	8,500	$25.25
Strip	7,472,613	1,810	170,157	2.3%	-504	-20,954	48,072	$21.31
Lifestyle	1,748,918	1,537	36,123	2.2%	-3,620	-16,864	0	$35.61

***The above chart excludes Airport Retail, Outlet Centers and Theme/Festival Centers.*

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	Asking Rent (NNN)	TYPE
1803-1851 NE Pine Island Rd.	Cape Coral	Sanitas Medical Center	27,978	Undisclosed	New Lease
14607 Ben C Pratt Pkwy.	S. Fort Myers/San Carlos	Harley Davidson	15,510	$19.50	New Lease
17920 Tamiami Trl.	Charlotte County	Sanitas Medical Center	15,331	$30.00	New Lease
4851-5038 Golden Gate Pkwy	Golden Gate	Smash Fitness	11,700	Undisclosed	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	BUYER/SELLER	RSF	CAP RATE	PRICE/$PSF
Gulf Coast Town Center	S. Fort Myers/San Carlos	North American Development Group / Davidson Kempner Capital Mgmt	1,001,405	Undisclosed	$128M / $127.82
5010-5066 Airport Pulling Rd N.	North Naples	Benderson Development Co. / SITE Centers	250,234	Undisclosed	Undisclosed
Market Square	S. Fort Myers/San Carlos	Centro Realty, LLC / Nuveen	118,583	8.25%	$23.4M / $197.33
6 Del Prado Blvd N.	Cape Coral	Paolo & Theresa Degrassi / Corporate Partners Capital Group Inc.	16,160	6.25%	$6.5M / $405.32

full service asking

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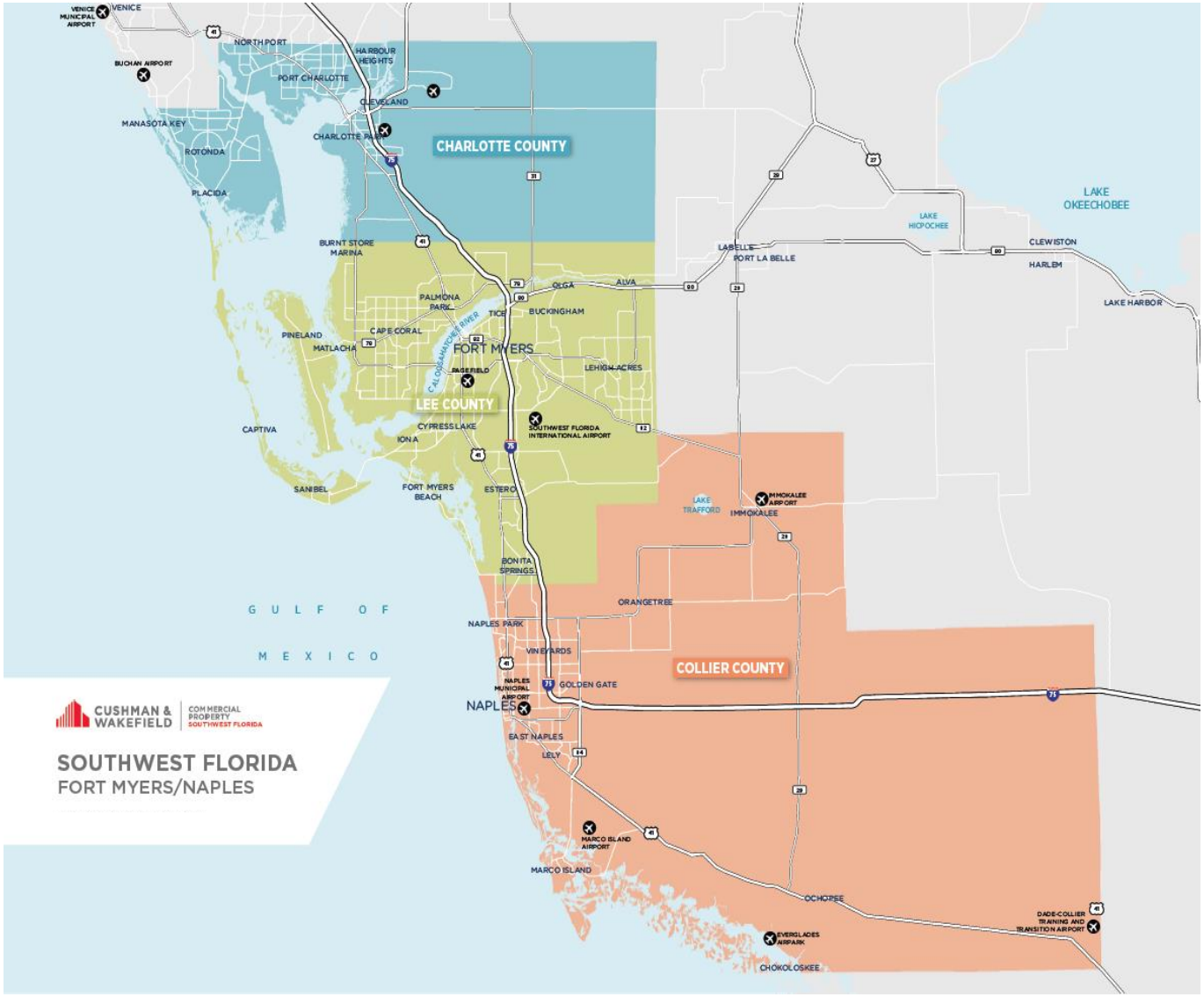
RETAIL SUBMARKETS



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