

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.9% Vacancy Rate	▼	—
61K Net Absorption, YTD, SF	▲	▲
\$27.46 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
57K Southwest Florida Healthcare Employment	▲	▲
416K Southwest Florida Population 65+	▲	▲
4.1% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▼

ECONOMIC OVERVIEW:

The medical office market in Southwest Florida continues to experience steady growth, supported by the addition of 1,200 new healthcare jobs in the past year. With the region's significant 65+ population requiring frequent and specialized care, the demand for outpatient centers remains strong. This sustained need for healthcare services is bolstering the market's resilience amidst broader economic conditions.

SUPPLY AND DEMAND:

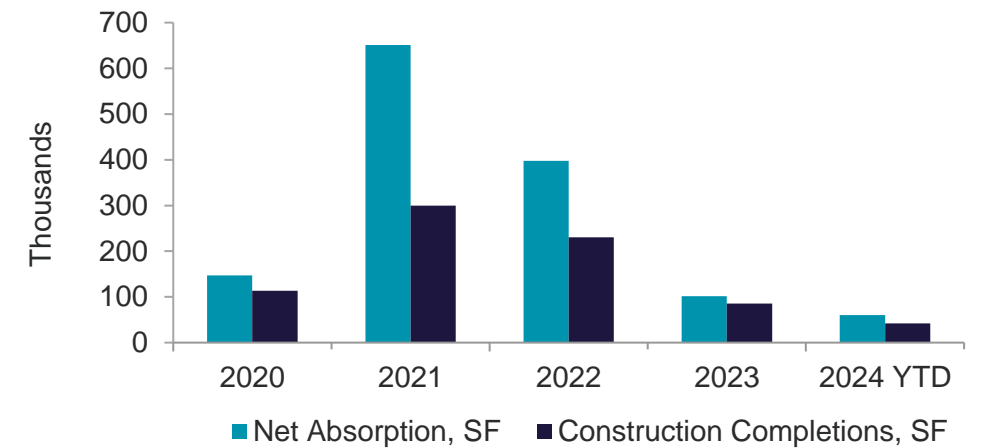
The supply of medical office space is tightening as construction has slowed down, with only 42,500 square feet (sf) under construction across three buildings in key submarkets such as Bay Pines Medical Center and Southbrooke Medical Complex in North Naples. Notably, 95% of this space is already pre-leased, suggesting minimal disruption to the current inventory. This slowdown in new development has resulted in the lowest year-to-date (YTD) inventory growth since 2014, signaling a tightening market.

In terms of completions, only one project—a 13,200 sf Ginsberg Eye building in the Estero submarket, has been delivered, with 55% of its space leased. Vacancy rates continue to decline, with a 40-basis-point (bps) decrease year-over-year (YOY) and a significant 90 bps drop from the previous quarter, bringing the current vacancy rate to just 3.9%. This is reflective of strong leasing activity, which has remained stable compared to the first three quarters of the past five years. YTD leasing activity sits at 365,749 sf, just slightly below the five-year average of 427,742 sf, indicating sustained demand despite the limited availability of new space.

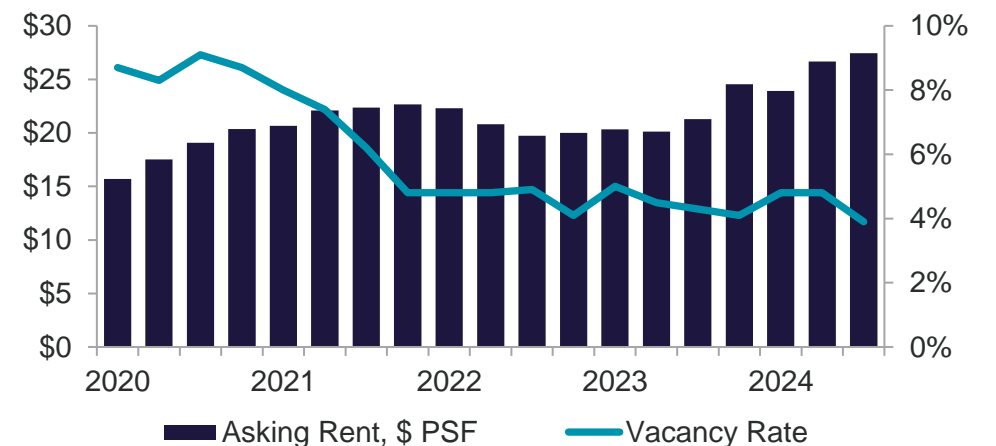
PRICING:

With limited new supply in the pipeline, pricing is expected to grow moderately. Gross rent stands at \$27.46 per square foot, marketing a 3% quarter-over-quarter increase and a 28% rise YOY. Cap rates have climbed to 8.48%, their highest level since Q1 2020, though they are expected to experience a slight decline over the coming year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Charlotte County	1,685,259	2,500	61,060	3.8%	-9,364	-2,432	52,376	0	\$22.48
CHARLOTTE COUNTY TOTAL	1,685,259	2,500	61,060	3.8%	-9,364	-2,432	52,376	0	\$22.48
Bonita Springs	1,110,576	0	22,030	2.0%	6,457	-7,092	7,469	2,500	---
Cape Coral	1,220,713	0	24,332	2.0%	8,446	11,125	20,098	0	\$28.59
Estero	3,554,563	2,935	90,852	2.6%	115,673	87,859	108,325	0	\$52.79
City of Fort Myers	91,928	0	7,816	8.5%	-7,816	-6,616	1,200	0	---
South Fort Myers	285,788	0	23,981	8.4%	6,910	2,702	6,469	0	---
North Fort Myers	1,027,575	13,805	72,455	8.4%	-9,482	-19,114	63,641	0	\$24.92
Lehigh Acres	358,858	0	1,861	0.5%	6,851	549	---	0	---
The Islands	26,845	0	4,147	15.4%	---	-523	1025	0	---
LEE COUNTY TOTAL	7,676,846	16,740	247,474	6.0%	127,039	68,890	208,227	2,500	\$35.43
East Naples	452,325	0	43,929	9.7%	-869	-17,628	2,975	0	---
North Naples	205,166	0	7,950	3.9%	-400	-7,950	5,550	0	---
Naples	171,922	0	6,803	4.0%	136	-5,840	1,099	0	---
Marco Island	90,105	0	1,302	1.4%	---	---	---	0	---
Lely	116,201	0	4,450	3.8%	5,216	5,542	5,159	0	---
Outlying Collier County	1,908,494	0	50,551	2.6%	18,350	23,589	68,992	40,000	\$37.00
Golden Gate	703,022	0	61,669	8.8%	8,700	-3,604	21,371	0	---
COLLIER COUNTY TOTAL	3,647,235	0	176,654	4.9%	31,133	-5,891	105,146	40,000	\$37.00
SOUTHWEST FLORIDA TOTALS	13,009,340	19,240	485,188	3.9%	148,808	60,567	365,749	42,500	\$27.46

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12650 World Plaza Ln	South Fort Myers	U First Health	6,000	New Lease
9400 Bonita Beach Rd	Bonita Springs	Inspire Oncology	5,340	New Lease
25097 Olympia Ave	Charlotte County	Abby Pediatric Care	5,142	New Lease
543 SW Pine Island Rd	Cape Coral	Heartland Dental	4,220	New Lease
3067 Tamiami Trl	Charlotte County	Millennium Physician Group	3,800	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2234/2270 Colonial Blvd	South Fort Myers	Sila Realty Trust / Family Health Centers	81,941	\$15.5M / \$189.16
992 Tamiami Trl	Charlotte County	Country Life Insurance Co / Individual	29,015	\$3.3M / \$113.73
3680 Broadway	City of Fort Myers	Individual / New Life Worship Center	14,628	\$2.0M / \$136.72
12650 World Plaza Ln	South Fort Myers	U First Health / Prime Surgical Space LLC	8,000	\$2.8M / \$462.50
4522 Executive Dr	North Naples	Individual / Collier Children's Advocacy Center	5,354	\$1.7M / \$317.52

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