MARKETBEAT
SOUTHWEST FLORIDA
OFFICE Q3 2024

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.5% Vacancy Rate	▲	▬
17K Overall Net Absorption, SF	▼	▲
$24.03 Asking Rent, PSF	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
489.3K Southwest Florida Employment	▲	▲
3.4% Southwest Florida Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

ECONOMIC OVERVIEW:

Southwest Florida's office market continues to grow steadily, with Lee and Charlotte counties adding 1,100 office-using jobs between March and August 2024. Despite a slight rise in unemployment to 3.4%, up 20 basis points (bps) year-over-year (YOY), the region's employment growth of 2.0% indicates a stable labor market. Additionally, the region's population has increased by 9.5% from 2020 to 2024 and is expected to grow another 7.4% by 2029, contributing to greater office space demand, particularly in sectors like healthcare and professional services.

SUPPLY AND DEMAND:

The overall vacancy rate for office space in Southwest Florida stands at 4.5%, marking a 20-bps decline quarter-over-quarter (QOQ) but a 90-bps increase YOY. Direct vacancy, excluding sublease space, remains lower at 3.3%. In comparison, larger Florida markets like Miami and Tampa experience much higher average vacancy rates at 17.4%, underscoring the relative strength of Southwest Florida's office market.

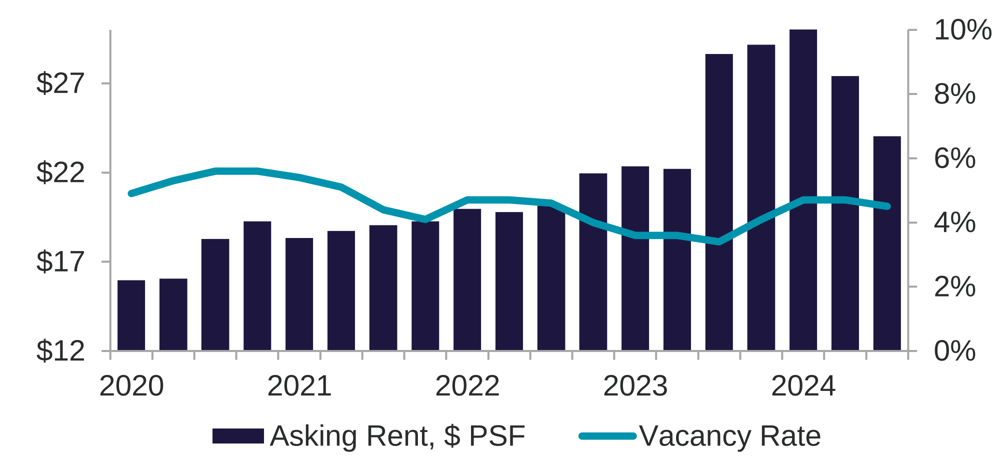
Although no new office buildings have been delivered for the past six consecutive quarters, the market has remained balanced due to stable demand, with positive net absorption for the second consecutive quarter. Leasing activity has been sluggish overall, with the lowest volume seen in the first three quarters of the year since 2020 but saw a 10.8% uptick in the most recent quarter, signaling potential recovery. Population growth and employment trends continue to create pressure on the market, though absorption levels do not yet suggest an immediate need for new office space development.

PRICING:

Class A office rents have continued to rise, reaching $27.95 per square foot (psf), reflecting a YOY increase of $2.68 psf. Class A deals accounted for 40% of total leasing activity, highlighting the demand for premium office spaces with ancillary amenities. However, overall market rents have corrected, with a $3.38 psf decrease QOQ, and a $4.62 psf decline YOY. This correction follows a steep rise in rents during 2023, when prices surged by over 25%.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



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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)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,310,899	0	34,414	1.5%	5,706	-4,949	31,393	0	$27.07	---
CHARLOTTE COUNTY TOTAL	2,310,899	0	34,414	1.5%	5,706	-4,949	31,393	0	$27.07	---
Bonita Springs	1,344,231	17,182	60,624	5.8%	-5,568	107	118,209	0	$35.00	---
Cape Coral	1,683,853	0	17,381	1.0%	5,323	-5,853	16,334	0	$22.06	---
Estero	752,679	0	1,290	0.2%	---	1,290	1,430	0	---	---
City of Fort Myers	3,753,598	0	43,641	1.2%	-5,239	13,546	81,977	0	$20.56	$25.00
South Fort Myers	5,789,713	276,610	341,137	10.7%	6,984	-65,229	91,256	0	$20.23	---
North Fort Myers	207,977	---	---	---	---	---	---	0	---	---
Lehigh Acres	166,571	---	---	---	---	8,500	---	0	---	---
The Islands	179,949	0	4,501	2.5%	-163	-1,706	---	0	---	---
LEE COUNTY TOTAL	13,878,571	293,792	468,574	3.6%	1,337	-49,345	309,206	0	$24.46	---
East Naples	1,205,701	0	30,507	2.5%	-2,515	1,725	32,537	0	---	---
North Naples	4,231,725	5,938	150,769	3.7%	16,552	3,292	140,464	0	$42.56	$30.00
Naples	598,304	0	9,142	1.5%	668	-1,279	24,003	0	---	---
Marco Island	181,048	0	888	0.5%	-888	-888	---	0	---	---
Lely	39,189	0	3,534	9.0%	-3,534	-3,534	---	0	---	---
Outlying Collier County	308,721	0	28,596	9.3%	---	-28,596	---	0	---	---
Golden Gate	80,189	---	---	---	---	---	---	0	---	---
COLLIER COUNTY TOTAL	6,644,877	5,938	223,436	4.4%	10,283	-29,280	197,004	0	$42.56	$30.00
SOUTHWEST FLORIDA TOTALS	**22,834,347**	**299,730**	**726,424**	**4.5%**	**17,326**	**-83,574**	**537,603**	**0**	**$24.03**	**$27.95**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4415 Metro Pkwy	City of Fort Myers	Juniper Landscaping	15,226	New Lease
13515 Bell Tower Dr	South Fort Myers	Dorsey	11,488	New Lease
12381 S Cleveland Ave	South Fort Myers	Palm Coast Realtor Association	8,042	New Lease
6810 International Center Blvd	South Fort Myers	Luks & Santaniello	7,805	New Lease
2675 Winkler Ave	City of Fort Myers	*Undisclosed*	7,191	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 of SWFL	81,941	$15.5M / $189.16
801 Laurel Oak Dr	North Naples	American National Insurance Co / Carruth Capital	68,003	$21.3M / $312.49
3650 Colonial Blvd	South Fort Myers	Business Dynamix Solutions / Lee County Tax Collector	29,085	$5.0M / $171.91
992 Tamiami Trl	Charlotte County	Illinois Farm Bureau / Christopher Cantolino	29,015	$3.3M / $113.73
24520 Production Cir	Bonita Springs	Kingon Custom Builders / Smithcorp Realty	18,943	$3.5M / $182.13

GARY TASMAN
Principal Broker & CEO
Tel: +1 239 489 3600
gtasman@cpswfl.com

HANNA RAY
Research Analyst
Tel: +1 239 489 3600
hray@cpswfl.com

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