MARKETBEAT
SOUTHWEST FLORIDA
INDUSTRIAL Q3 2024

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.4% Vacancy Rate	▲	▲
10.8K Overall Net Absorption, SF	▲	▬
$14.30 Asking Rent, PSF	▲	▼

(Overall, Net Asking Rent)

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:

The Southwest Florida industrial market continues to show signs of balancing after a period of high demand and supply chain disruptions driven by the pandemic. Notably, industrial jobs have been added across key sectors, with the construction sector leading. Lee County alone added 1,800 construction jobs between March and August 2024, while Punta Gorda gained 100 construction jobs during the same period. In total, 2,000 industrial jobs were added across the region. Residential permitting activity remains strong in Lee County, where 1,064 single-family building permits were issued in August 2024, marking a 23% increase from the previous year. However, Collier County has seen its lowest permitting levels since 2014, with only 1,826 permits issued in the first eight months of 2024.

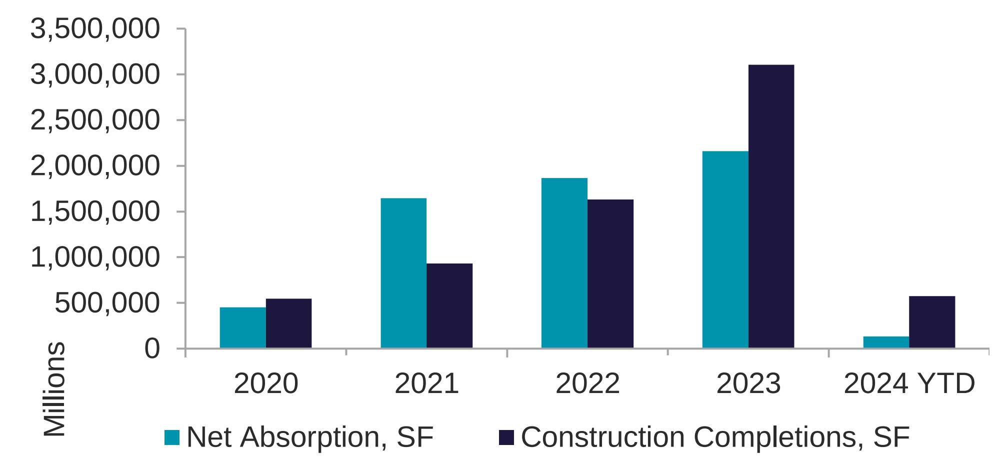
SUPPLY AND DEMAND

The industrial market in Southwest Florida is experiencing its slowest supply growth since 2020. The overall vacancy rate for the region stands at 3.4%, compared to the national rate of 6.4%. Lee County accounts for most of the 575,594 square feet (sf) of completions year-to-date, yet there were no new deliveries in the third quarter—a first since 2016. Despite the slowdown in deliveries, Lee County's vacancy rate remains low at 3.2%, with 303,318 sf of positive absorption. Meanwhile, Charlotte County has seen a sharp rise in vacancies, now at 8.4%, and has experienced two consecutive quarters of negative absorption. Collier County maintained the lowest vacancy rate at 2.4%, but no new projects are under construction in that area.

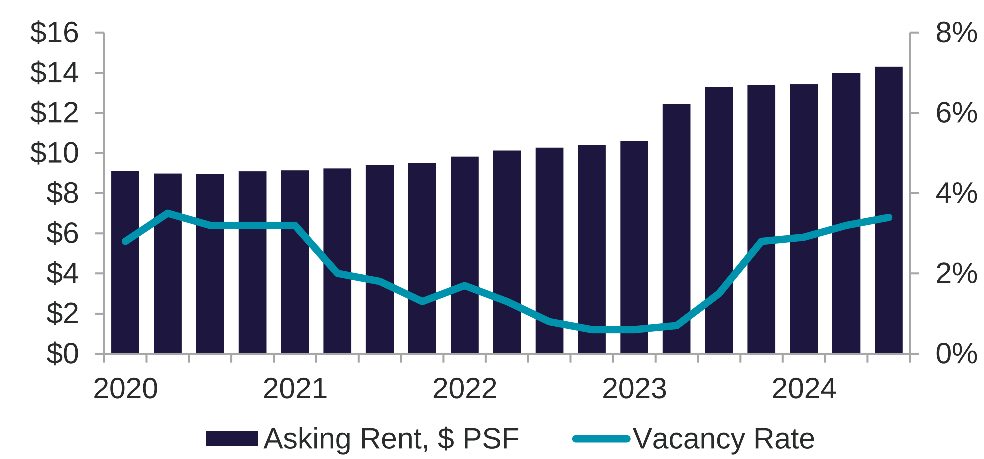
PRICING:

Despite rising vacancies, triple net rental rates have increased by $0.32 per square foot (psf) quarter-over-quarter and $1.02 psf year-over-year, though rental growth is expected to decelerate. In terms of cap rates, Lee County averaged 7.1% over the last 12 months, Collier County averaged 6.4%, and Charlotte County saw the highest average at 7.4%. Over the next 12 months, inventory is going to increase, with rent growth potentially turning negative. However, this trend is likely to be temporary, as the development pipeline has slowed significantly due to new land entitlement regulations and processes.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	5,038,571	423,170	8.4%	-84,535	-90,164	334,200	0	---	$15.71	$12.29
CHARLOTTE COUNTY TOTAL	5,038,571	423,170	8.4%	-84,535	-90,164	334,200	0	---	$15.71	$12.29
Bonita Springs	1,400,163	55,122	3.9%	-18,179	-43,872	0	0	$18.00	---	$16.48
Cape Coral	3,300,163	106,255	3.2%	-24,296	-51,581	0	0	---	$16.54	$14.54
Estero	17,292	---	---	---	---	0	0	---	---	---
City of Fort Myers	10,479,079	286,279	2.7%	127,216	238,723	71,100	0	$10.25	---	$12.75
South Fort Myers	15,698,863	508,646	3.2%	34,991	142,708	302,467	0	$16.31	$17.52	$13.88
North Fort Myers	1,135,732	19,600	1.7%	9,600	9,600	0	0	---	---	$12.48
Lehigh Acres	1,167,889	53,039	4.5%	470	6,820	0	0	---	$13.00	$9.79
The Islands	111,125	---	---	---	920	0	0	---	---	---
LEE COUNTY TOTAL	33,310,306	1,028,941	3.2%	129,802	303,318	373,567	0	$14.85	$15.69	$13.32
East Naples	4,911,378	108,380	2.2%	-12,445	-29,951	0	0	$18.95	---	$19.30
North Naples	3,652,970	60,066	1.6%	-21,886	-44,761	0	0	$22.97	---	$22.99
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	2,307,511	50,372	2.2%	2,340	-1,012	0	0	---	$20.00	$16.90
Golden Gate	83,154	3,000	3.6%	---	---	0	0	---	---	---
COLLIER COUNTY TOTAL	11,083,393	221,818	2.4%	-31,991	-75,724	0	0	$20.96	---	$19.73
SOUTHWEST FLORIDA TOTALS	49,411,872	1,676,429	3.4%	10,776	134,960	707,767	0	$17.59	$16.51	$13.92

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6135 Tri County Commerce Way	City of Fort Myers	*Undisclosed*	56,707	New Lease
12291 Towne Lake Dr	South Fort Myers	Safran Oil Systems	36,240	Renewal*
3030 Horseshoe Dr S.	East Naples	Everaxis USA	33,704	Renewal*
9373 Laredo Ave.	City of Fort Myers	AMD Supply	33,563	Renewal*
16107 Lee Rd.	South Fort Myers	XenoTherapeutics	30,000	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
3625 Dr MLK Blvd	City of Fort Myers	PepsiCo, Inc / Accruit	86,434	$7.3M / $84.17
5614 2nd St W	Lehigh	Osprey Capital / Royal Oak Realty Trust	35,974	$6.2M / $172.35
557 Construction Ln	Lehigh	Lakeview Village LLC / FL Superior Investments	14,290	$4.8M / $332.40
16266 San Carlos Blvd	South Fort Myers	Gulf Investments Syndicate / Constance Johnston	12,781	$1.9M / $151.79
7253 Gasparilla Rd	Charlotte County	Kazwell Financial Services / Z Equity Group	12,672	$1.3M / $100.06

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