SOUTHWEST FLORIDA

OFFICE Q4 2024

CUSHMAN & WAKEFIELD COMMERCIAL PROPERTY SOUTHWEST FLORIDA

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.5% Vacancy Rate	▲	—
-135K YTD Net Absorption, SF	▼	▲
$23.51 Asking Rent, PSF	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
487K Southwest Florida Employment	▲	▲
3.3% Southwest Florida Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMIC OVERVIEW

Southwest Florida's unemployment rate increased by 20 basis points (bps) year-over-year (YOY) to 3.3% in 2024, remaining below the national average of 4.1%. The region has seen unemployment rise for 12 consecutive months, aligning with national trends. Despite this, office-using employment in Fort Myers has grown by 8.6% over the past three years, showcasing the resilience of professional sectors. However, net in-migration has slowed, likely due to the impacts of Hurricanes Helene and Milton, alongside rising insurance costs.

SUPPLY AND DEMAND

The office market in Southwest Florida ended 2024 with a vacancy rate of 4.5%, a 20-bps decline since the start of the year and far below the national average of 20.9%. Most submarkets maintained vacancy rates under 5%, except Outlying Collier County (12.7%) and Bonita Springs (5.5%). Outlying Collier's spike was driven by a nonprofit's relocation, leaving 10,000 square feet (sf) vacant in a prominent Ave Maria property.

Redevelopment projects are transforming the office landscape, including the future conversion of the former Alta Resources headquarters into 256 apartments and the redevelopment of the Tigrent building in Cape Coral. New construction activity remains subdued, with only 7,000 sf underway compared to the five-year average of 120,755 sf. Deliveries totaled just 29,125 sf in 2024.

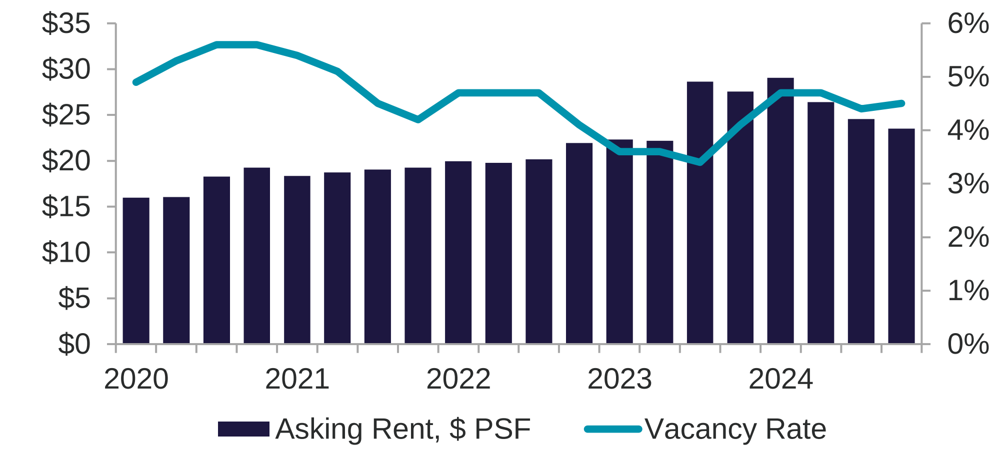
Demand softened, with year-to-date net absorption at -135,001 sf. However, Q4 2024 saw improvement, recording -69,661 sf compared to -154,339 sf in Q4 2023. Leasing activity surpassed 2023 levels, with 827,076 sf leased in 2024, a 7.5% increase YOY. Class A buildings accounted for 39% of total leased space, with the Lee County Property Appraiser signing the largest lease of the year at 31,006 sf.

PRICING

Office rents have corrected after a significant surge in prior years. Overall gross rent is $23.51 per square foot (psf), 18% above the five-year average of $21.55 psf but down 14.7% ($4.05) YOY. Cap rates rose to 8.89%, up 39 bps from a year ago, reflecting evolving investor sentiment. Sales prices remained stable, with Q4 2024 averaging $192 psf, in line with $193 psf in Q4 2023.

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	2,272,623	150	37,068	1.6%	-172	-6,908	52,826	0	$27.82	---
CHARLOTTE COUNTY TOTAL	2,272,623	150	37,068	1.6%	-172	-6,908	52,826	0	$27.82	---
Bonita Springs	1,345,246	16,410	57,918	5.5%	9,683	11,726	140,847	0	$34.03	---
Cape Coral	1,669,828	0	28,172	1.7%	-11,791	-17,644	24,559	0	$22.06	---
Estero	774,654	0	5,650	0.7%	-4,360	-3,070	1,430	0	---	---
City of Fort Myers	3,741,520	0	43,746	1.2%	-1,842	17,887	135,015	0	$20.60	$25.00
South Fort Myers	5,778,391	259,156	306,706	9.8%	3,413	-54,843	188,098	7,000	$21.02	---
North Fort Myers	200,637	0	900	0.4%	---	-900	---	0	---	---
Lehigh Acres	160,359	---	---	---	---	8,500	---	0	---	---
The Islands	179,949	0	3,014	1.7%	1,487	-219	1,487	0	---	---
LEE COUNTY TOTAL	13,850,584	275,566	446,106	3.0%	-3,410	-38,563	491,436	7,000	$24.43	$25.00
East Naples	1,189,361	0	33,662	2.8%	-6,192	-4,467	55,098	0	---	---
North Naples	4,248,605	4,548	181,997	4.4%	-30,569	-24,982	187,377	0	$44.56	---
Naples	602,452	0	15,621	2.6%	-6,479	-7,758	28,330	0	---	---
Marco Island	181,048	0	888	0.5%	---	-888	559	0	---	---
Lely	35,655	---	---	---	---	---	---	0	---	---
Outlying Collier County	308,721	0	39,085	12.7%	-21,939	-50,535	11,450	0	---	---
Golden Gate	78,225	0	900	1.2%	-900	-900	---	0	---	---
COLLIER COUNTY TOTAL	6,644,067	4,548	272,153	4.0%	-66,079	-89,530	282,814	0	$44.56	---
SOUTHWEST FLORIDA TOTALS	**22,767,274**	**280,264**	**755,327**	**4.5%**	**-69,661**	**-135,001**	**827,076**	**7,000**	**$23.51**	**$25.00**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12550 Professional Park Dr	S Ft Myers/San Carlos	Mobius Institute	15,152	New Lease
5216 Summerlin Commons Blvd	S Ft Myers/San Carlos	The Sterling Center Org	12,781	New Lease
13245 Tamiami Trl E	Outlying Collier County	R3 Motorcars	11,450	New Lease
999 Vanderbilt Beach Rd	North Naples	*Undisclosed*	6,372	New Lease
12800 University Dr	S Ft Myers/San Carlos	GrayRobinson	5,934	New Lease

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
12600 Gateway Blvd	S Ft Myers/San Carlos	GLP Development Company / The Garrett Companies	63,260	$8.8M / $138.32
1612 Cape Coral Pkwy	Cape Coral	Torstonbo Trust / Cape Gateway LLC	37,642	$5M / $132.83
9090 Park Royal Dr	S Ft Myers/San Carlos	Harris Dermatology / Lee Healthcare Holdings	16,340	$5.9M / $361.08
13731 Metropolis Ave	S Ft Myers/San Carlos	Advanced Radiology Imaging / Metro Medical Specialists	10,780	$4M / $371.06
517 Tamiami Trl	Charlotte County	Bimmel LLC / Chapman Insurance Group	6,574	$2.1M / $319.44

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