

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.1% Vacancy Rate	▲	▲
538K YTD Net Absorption, SF	▲	▬
\$15.15 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
492K Southwest Florida Employment	▲	▲
4.0% Southwest Florida Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY OVERVIEW

Unemployment in Southwest Florida rose 50 basis points (bps) year-over-year (YOY), while still below the national average of 4.2%.

In May 2025, Florida added 22,900 private sector jobs, including 5,900 across key industrial sectors such as manufacturing, construction, and trade, transportation, and utilities. YOY, Lee County added a total of 800 industrial jobs, driven by growth across all three sectors. Collier County followed with 500 new industrial jobs, while Charlotte County saw a modest gain of 100 jobs, reflecting more limited activity in the local industrial labor market.

SUPPLY AND DEMAND

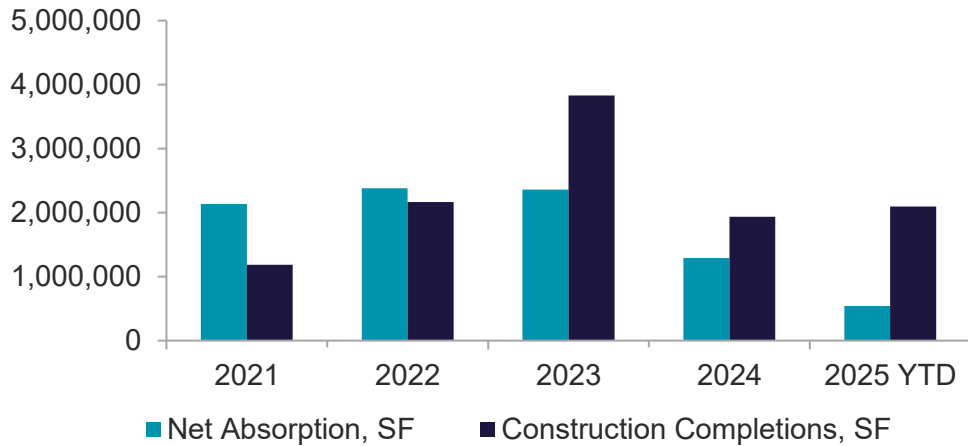
This quarter saw 1.5 million square feet (msf) deliver across 21 buildings, while the construction pipeline tightened to just over 400,000 square feet (sf)—the lowest level since Q4 2017. This marks a significant drop from 1.9 msf under construction last quarter and a continued decline from the peak of 4.5 msf in Q1 2023, underscoring a slowdown in speculative and build-to-suit development activity.

With increased supply, vacancy rose to 6.1%, up 170 bps YOY and the highest rate since Q3 2014. By comparison, the U.S. vacancy rate increased 100 bps YOY to 7.1%. However, demand rebounded as the market recorded 870,000 sf of positive net absorption, recovering from negative 335,000 sf last quarter. Leasing activity also improved, reaching just over 1 msf—more than double the five-year historical low. The average time on market was 3.3 months, with an average leased square footage of 6,893 sf per transaction.

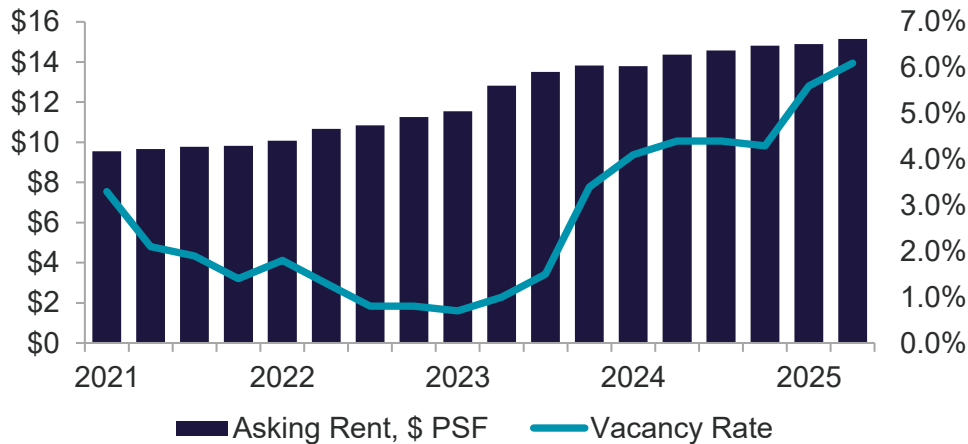
PRICING

Despite moderating rent growth, industrial lease rates still increased. Average asking rents increased to \$15.15 per square foot (psf), up from \$14.89 psf last quarter and \$14.36 psf YOY reflecting a 5.5% annual rent growth rate. This marks a continued deceleration from 8.0% in the prior quarter and 12.0% in Q2 2024, signaling a gradual stabilization in rent trends. The average cap rate compressed to 5.8% this quarter, down from 6.5% last quarter and 6.3% YOY. Twelve-month sales volume reached \$553 million, with the average market sale price declining to \$158.62 psf from \$178.14 psf last quarter and \$191.01 psf YOY. The average time on market currently stands at 5.8 months.

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)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Charlotte County	6,284,846	509,063	8.1%	280,260	217,577	4,620	383,200	---	\$15.57	\$13.95
CHARLOTTE COUNTY TOTAL	6,284,846	509,063	8.1%	280,260	217,577	4,620	383,200	---	\$15.57	\$13.95
Bonita Springs	1,913,952	74,216	3.9%	28,937	-26,771	0	9,970	---	\$17.65	\$18.52
Cape Coral	4,059,890	101,866	2.5%	57,848	80,670	10,000	67,400	---	\$16.89	\$13.82
Estero	28,114	---	---	---	---	0	0	---	---	---
City of Fort Myers	12,601,661	693,290	5.5%	-16,667	-127,238	10,200	207,600	---	\$18.99	\$12.50
South Fort Myers	22,257,800	2,050,928	9.2%	567,006	509,314	351,455	1,410,756	\$16.74	\$18.37	\$14.61
North Fort Myers	1,334,701	27,083	2.0%	-10,391	-2,483	0	0	---	---	\$13.21
Lehigh Acres	1,346,911	32,323	2.4%	-6,501	-466	5,733	0	---	\$15.14	\$13.74
The Islands	126,065	1,250	1.0%	---	-1,250	0	0	---	---	---
LEE COUNTY TOTAL	43,669,094	2,980,956	3.8%	620,232	431,776	377,388	1,695,726	\$16.74	\$17.41	\$14.40
East Naples	5,835,076	164,531	2.8%	20,787	-41,000	0	0	\$21.09	\$20.00	\$19.38
North Naples	4,816,314	152,336	3.2%	-31,215	-79,498	0	0	\$28.50	\$16.59	\$17.56
Naples	63,836	---	---	---	---	0	0	---	---	---
Marco Island	103,592	1,200	1.2%	---	-1,200	0	0	---	---	\$30.00
Lely	7,600	---	---	---	---	0	0	---	---	---
Outlying Collier County	2,710,694	71,581	2.6%	-16,619	7,342	22,086	17,394	---	\$22.50	\$20.48
Golden Gate	96,614	---	---	---	3,000	0	0	---	---	---
COLLIER COUNTY TOTAL	13,633,726	389,648	2.5%	-27,047	-111,356	22,086	17,394	\$24.80	\$19.70	\$21.86
SOUTHWEST FLORIDA TOTALS	63,547,665	3,879,667	6.1%	873,445	537,997	404,094	2,096,320	\$19.71	\$17.49	\$14.49

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3971 Veronica S Shoemaker Blvd	City of Ft Myers	American Tire Distributors	104,000	*Renewal
43510 Neal Rd	Charlotte County	Undisclosed	83,664	New Lease
9225 Piper Rd	Charlotte County	Undisclosed	57,534	New Lease
3695 Ironbridge Blvd	City of Ft Myers	1-800-Pack-Rat, LLC	48,000	New Lease
6135 Tri County Commerce Way	City of Ft Myers	Aviation Precision Technology	44,942	*Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
*16670 Oriole Rd	S Ft Myers / San Carlos	Geis Companies / EQT Exeter Real Estate Income Trust	250,000	\$43.5M / \$174
10995 Metro Pkwy	S Ft Myers / San Carlos	XL Parts / Capital Real Estate Commercial, Inc	39,102	\$5.25M / \$134
3140 Kutak Ln	City of Ft Myers	SLS Equipment / Commercial Properties, Inc	38,099	\$5.7M / 150
2129 Andrea Ln	S Ft Myers / San Carlos	Force 10 Partners / 2129 Warehouse, LLC	28,998	\$3.15M / 109
10960 Harmony Park Dr	Bonita Springs	James Buonavolonta / Presstige Printing, LLC	22,550	\$5.63M / 249

*Included in a portfolio sale

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