



COMMERCIAL  
PROPERTY  
SOUTHWEST FLORIDA

# CITY FOCUS

FORT MYERS,  
THE AUSTIN OF FLORIDA

Better never settles



# FORT MYERS, THE AUSTIN TEXAS OF FLORIDA.

*Following the Footsteps of Austin*

Commercial real estate cycles don't start in office or industrial buildings; they start in living rooms and kitchens. When a market adds people fast enough, the services and resources available in that community need to adjust, and sometimes quickly. It starts with apartments, spreads quickly to industrial and retail, and once corporations see a sturdy and ready workforce, office follows right behind. The demand shock created by rapid population growth pulls rents up, pushes vacancies down, compresses cap rates, and—eventually—invites a wave of new supply.

10 years ago, Austin, TX was defined by sustained in-migration with population growing from ~879k residents to ~926k over a 24-month period. In fact, they consistently grew between 2.5% and 2.9% for 4 straight years. That's the kind of steady compounding that turns "tight market" into "developers show up with cranes."

Over the last four years, Lee county's population growth has averaged 3% annually. This puts us among the fastest growing cities over the last several years. While this has been a major driver of real estate growth and activity (especially in the residential sector), what can we learn from how Austin fared during and beyond the largest part of its population boom.

## The Breakdown

1. All growth is not the same: Austin's growth was driven by a high-tech workforce that was driven to the area by innovation. The primary age demographic in Austin during this was between 18 and 44. In Lee county, the median age is pushing 50, with a wide range between families and retirees. So, while our workforce is growing, it is not growing as fast as Austin in its heyday.
2. Sequence Matters: We have continued to witness a boom in residential needs over the last several years. Industrial and retail have already come along for the ride, providing services and infrastructure for the growing population. However, due to the demographic difference, Medical Office is in high demand, while general office is coming around slower than markets with younger populations.
3. The boom doesn't end, it evolves: The first stage of a population boom is becoming an "Undersupplied growth market," where there is a quick pop in rents, absorption outruns construction and investors try to get ahead of the market. Lee County seems to be moving beyond this, into the second phase where supply responds. Deliveries, vacancy, and rents come into a new equilibrium. We have not hit the third phase of "shakeout" where weaker or not as well-thought-out projects feel pressure and the market determines the winners and the losers in the expansion stage.
4. Market Constraints can upset the model: No matter how quickly a market grows, there are some iron-clad principles that will decide how closely we follow the Austin model. Factors such as our economic base, business-friendly community, and land constraints will determine exactly how population growth will translate to Lee County.

# MARKET SNAPSHOT.

(Austin/Fort Myers)

## Average Annual Population Growth Austin, TX.

2012: 2.7%

2013: 3.0%

2014: 3.1%

2015: 3.0%

2016: 2.8%

## Average Annual Population Growth Fort Myers, FL.

2021: 3.0%

2022: 2.8%

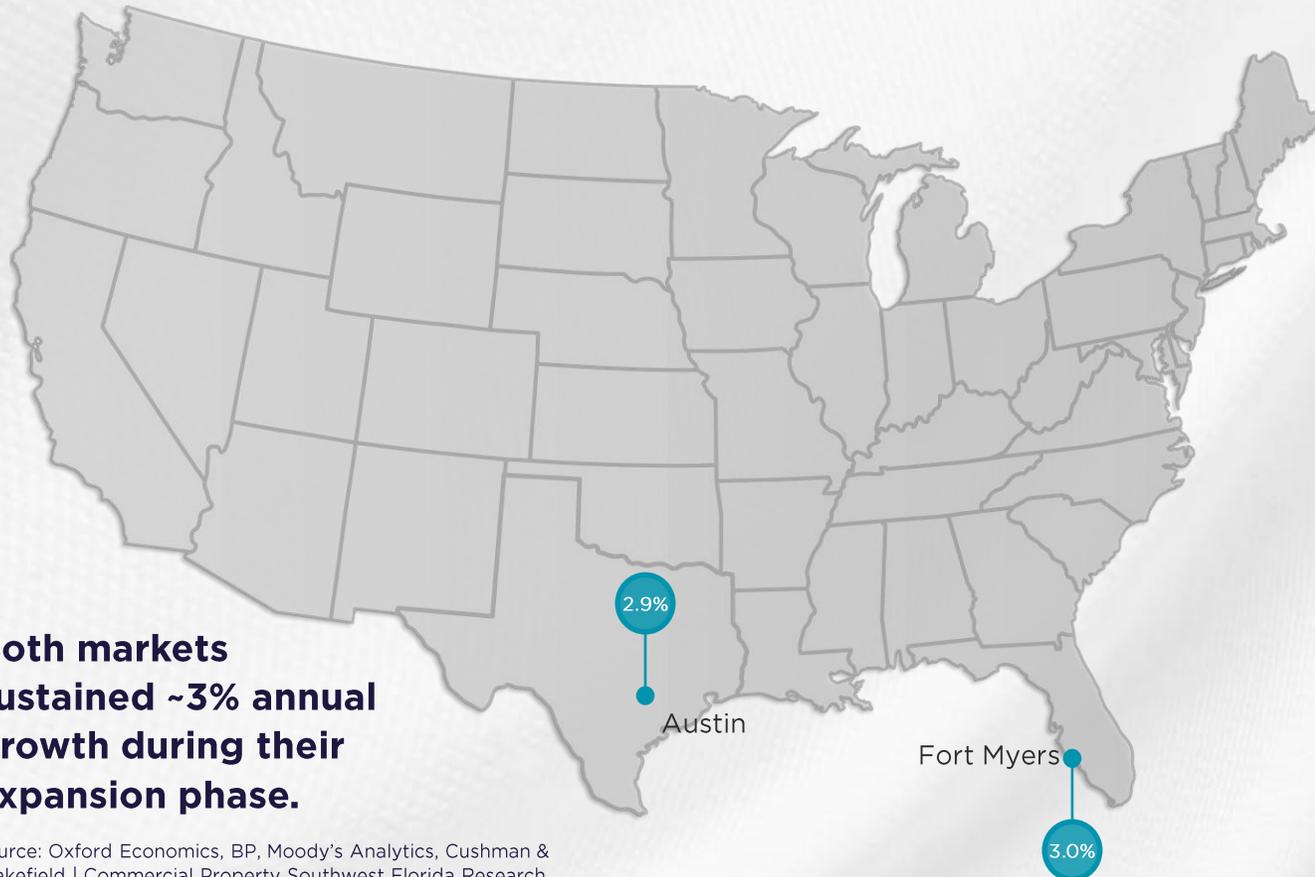
2023: 3.4%

2024: 3.0%

2025: 3.0%

# FORT MYERS, THE AUSTIN TEXAS OF FLORIDA.

*Understanding growth cycles through comparative market insight*



**Both markets sustained ~3% annual growth during their expansion phase.**

Source: Oxford Economics, BP, Moody's Analytics, Cushman & Wakefield | Commercial Property Southwest Florida Research

## WHAT IS THE TAKEAWAY?

Population growth by itself cannot be the sole indicator of a market's success. It does not guarantee a robust real estate market, nor does it doom it. Population growth extends both the borders and the horizons to allow companies and investors to make a broader range of decisions. It does not, however, replace the fundamentals of supply and demand. We all must remain diligent as we move forward, taking advantage of the opportunity created, but not let the hype convince us to make business decisions that are not grounded in principle.

If you are thinking about your real estate presence in Southwest Florida, or thinking about entering the market, let's talk. We pride ourselves on giving sound advice, based on market fundamentals, not unrealistic hype.