

MARKETBEAT

Fort Myers / Naples

Industrial Q2 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Lee County Employment	265k	265k	▲
Lee County Unemployment	4.0%	3.3%	▼
U.S. Unemployment	4.3%	3.8%	▼

Numbers above are quarterly averages; May 2017 data used to represent Q2 2018 for Lee County

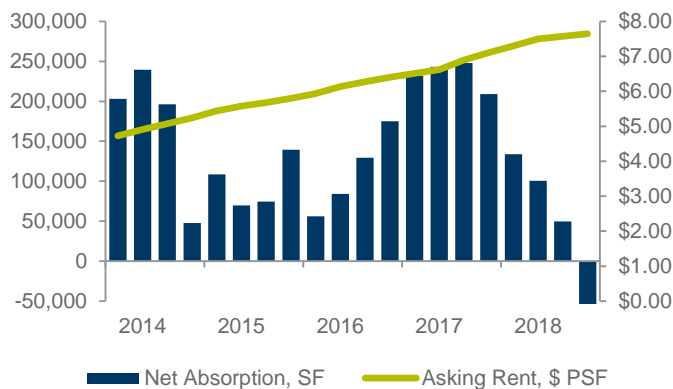
Market Indicators (Overall, All Property Types)

	Q2 17	Q2 18	12-Month Forecast
Vacancy	2.0%	2.8%	▲
YTD Net Absorption (sf)	191k	-313k	▼
Under Construction (sf)	283k	672k	▲
Average Asking Rent*	\$7.45	\$7.75	▲

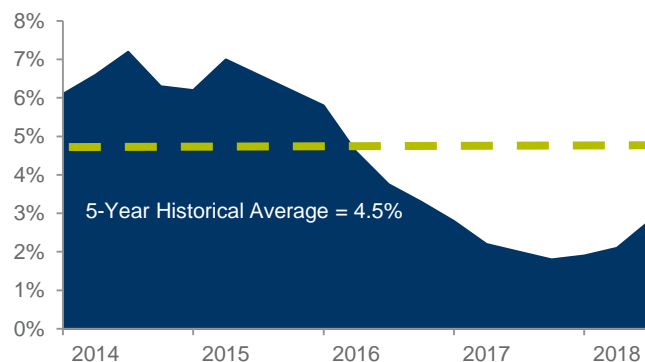
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Job growth in Lee and Collier counties remained stable year-over-year, while the unemployment rate fell by -60 basis points (bps) in each county to 3.2% and 3.1%, respectively. The construction sector had the largest number of new jobs over the year, up +900 positions. During that time, the number of single-family permits increased by 30%, with single-family home sales also up by 6.0% and tourist tax revenues up another 3.0%.

Market Overview

The overall vacancy rate remained tight under 3.0% at the end of the second quarter, up slightly due to negative absorption in first quarter 2018 as more space came onto the market than was leased. This was the second quarter that the industrial sector had negative absorption.

Warehouse/distribution buildings had the lowest average triple net rent out of all asset types in the second quarter 2018 and the highest leasing activity year-to-date. Office services/flex space continued to have the highest average rental rate and the lowest volume of leasing activity. The manufacturing sector was the only property type that saw a decrease in asking rates.

The overall average asking rate increased since first quarter 2017 as the overall available vacancy rate was up slightly over that period to 2.8%. Warehouse/distribution space had the lowest vacancy rate, registering 2.1% at the end of the second quarter.

The S. Fort Myers/San Carlos submarket was the most robust industrial submarket in the Southwest Florida region. The submarket has the largest inventory, as well as the highest volume of industrial sale and lease transactions. It was also the submarket with the most square footage in the construction pipeline. To date, the two largest projects under construction were the 201,000-square-foot (sf) Meridian Center North and 162,000 sf at Meridian Center South, both from developer, Knott Realty Group.

New development has not given much relief to some submarkets such as Bonita Springs, East Naples, or North Naples where the vacancy rates were among the lowest and the average asking rents were some of the highest in Southwest Florida. Vacancy should remain tight as there was no indication that some tenants could vacate any large blocks of space in the near future.

Outlook

Demand for industrial space remains high in Southwest Florida with little existing vacancy in the market now. Cushman & Wakefield I Commercial Property Southwest Florida expects to see increases in the vacancy rate towards the yearend with some new product delivering as well as rental rate appreciation in some submarkets.

MARKETBEAT

Fort Myers / Naples

Industrial Q2 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	2018 YTD COMPLETIONS	NNN OVERALL AVERAGE ASKING RENT	NNN DIRECT AVERAGE ASKING RENT
Bonita Springs	117	1,382,781	8,000	1.1%	40,442	0	42,715	\$9.56	\$9.24
Cape Coral	375	3,540,961	0	2.1%	3,372	12,900	0	\$7.44	\$7.44
City of Fort Myers	669	10,233,688	109,487	4.8%	-148,933	0	0	\$7.11	\$7.11
Estero	4	17,292	0	0.0%	0	0	0	\$0.00	\$0.00
Lehigh Acres	86	1,290,839	8,600	3.7%	-33,210	0	0	\$8.04	\$8.04
North Fort Myers	79	1,322,778	6,042	0.4%	5,000	0	0	\$0.00	\$0.00
S. Fort Myers/San Carlos	842	13,797,648	168,206	3.1%	-172,467	543,927	51,300	\$7.56	\$7.56
LEE COUNTY SUBTOTAL	2,172	31,585,987	300,335	3.3%	-305,796	556,827	94,015	\$7.50	\$7.49
East Naples	428	5,201,830	16,882	1.3%	-18,829	104,860	0	\$10.88	\$10.88
Naples	10	58,902	0	12.5%	0	0	0	\$0.00	\$0.00
North Naples	462	4,845,110	45,540	1.0%	11,284	10,000	38,656	\$13.85	\$13.85
COLLIER COUNTY SUBTOTAL	900	10,105,842	62,422	1.2%	-7,545	114,860	38,656	\$11.92	\$11.92
FORT MYERS/NAPLES TOTALS	3,072	41,691,829	362,757	2.8%	-313,341	671,687	132,671	\$7.75	\$7.74

*Rental rates reflect asking \$psf/year

ASSET TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,129	28,288,297	115,874	2.1%	-196,377	535,287	25,300	470,812	\$7.40
Manufacturing	500	7,881,856	52,732	4.4%	-157,471	0	0	84,471	\$8.34
Flex	353	4,206,265	2,171	3.4%	-35,442	136,400	0	49,307	\$9.45
Unclassified*	90	1,315,411	191,980	7.1%	75,949	0	107,371	71,889	\$9.02

*Secondary type unclassified per CoStar Group, Inc. data

Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9359 Laredo Avenue	38,497	Lansing Building Products	New Lease	City of Fort Myers
4678 Elevation Way	12,595	Gulfcoast Furniture Installation Inc.	New Lease	City of Fort Myers
5520 Lee Street	12,358	Cypress Communications	New Lease	Lehigh
4607 Fowler Street	12,030	CoolUS	New Lease	S. Fort Myers/San Carlos

Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
10995 Metro Parkway	33,000	Chico's Retail Services, Inc. / Metro Parkway Warehouse, LLC	\$2,700,000 / \$82	S. Fort Myers/San Carlos
25270 Bernwood Drive	23,928	Cedar Ridge of Bonita, LLC / Bear Lake Properties, LLC	\$2,387,000 / \$100	Bonita Springs
15834 Brothers Court	10,833	Benchmark Properties, LLC / Barkis Tools And Equipment, Inc.	\$850,00 / \$78	S. Fort Myers/San Carlos
6201 Metro Plantation Road	10,500	Charles J. Baron / Jacdan LLC	\$924,000 / \$89	S. Fort Myers/San Carlos

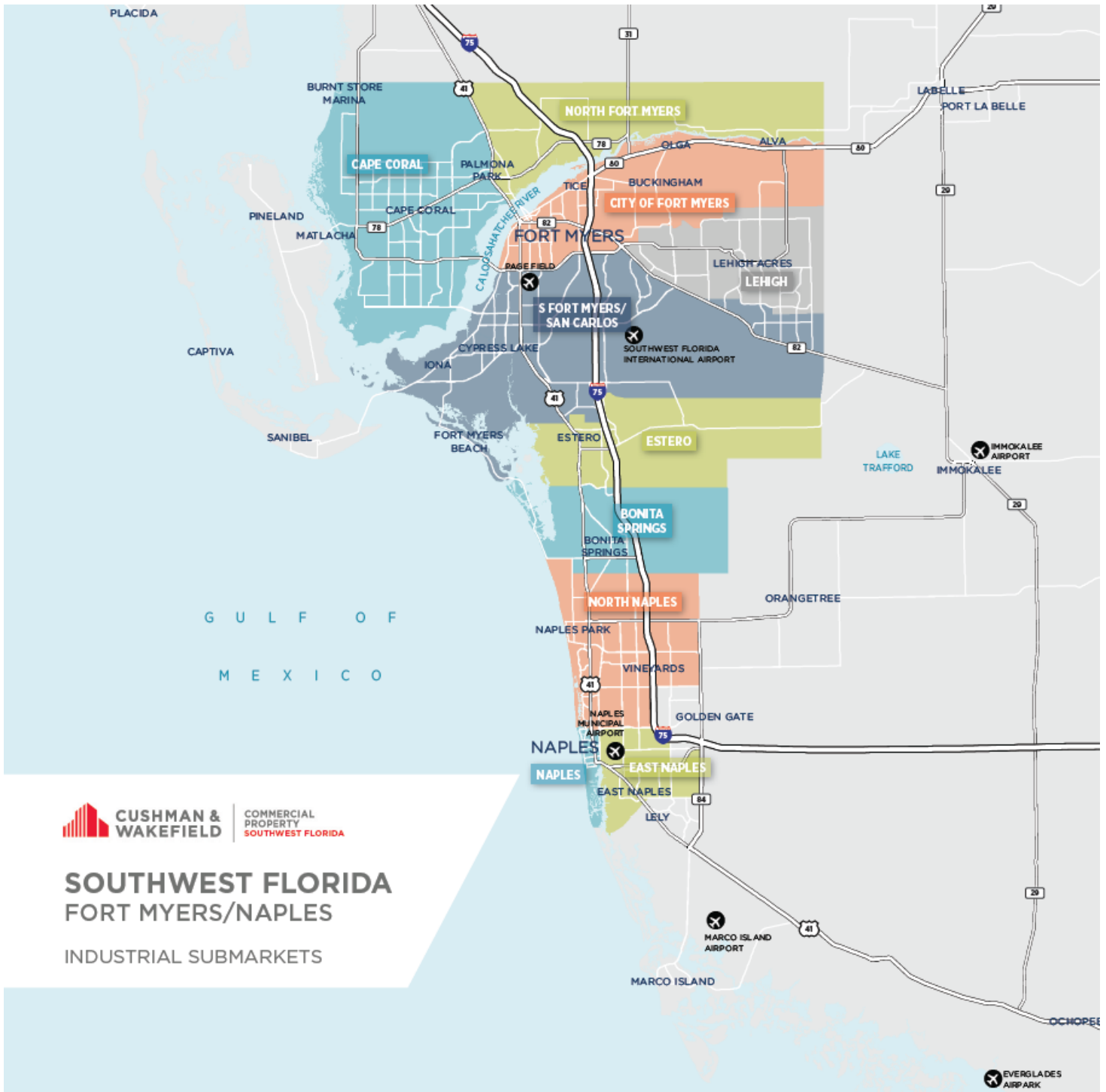
MARKETBEAT

Fort Myers / Naples

Industrial Q2 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

SOUTHWEST FLORIDA FORT MYERS/NAPLES

INDUSTRIAL SUBMARKETS

Cushman & Wakefield | CPSWFL
5220 Summerlin Commons Blvd.
Suite 500
Fort Myers, FL 33907
cpswfl.com

For more information, contact:
Claire Meyer
Director, Research
Tel: +1 239 489 3600
cmeyer@cpswfl.com

Gary Tasman
CEO/Principal Broker
Tel: +1 239 489 3600
gtasman@cpswfl.com

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, advisory and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without warranty or representations as to its accuracy.