

MARKETBEAT

Fort Myers/Naples

Retail Q4 2018



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

ECONOMIC INDICATORS

National

	Q4 17	Q4 18*	12-Month Forecast**
GDP Growth	2.5%	3.3%	▲
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth	2.7%	2.7%	▲
Retail Sales Growth	5.9%	4.6%	▲

*Q4 18 Estimates. Values represent year-over-year % change.

**Forecast by Cushman & Wakefield.

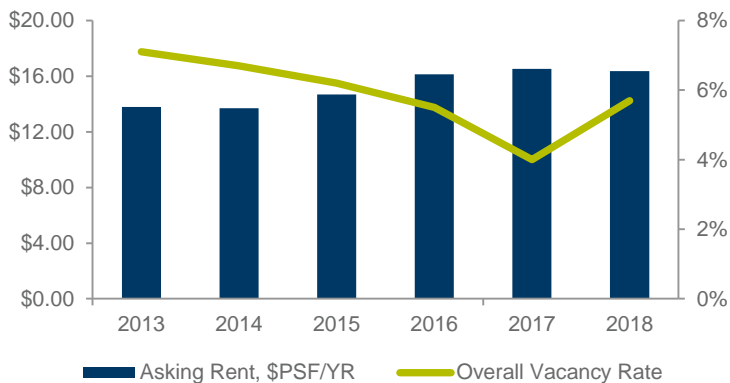
Regional

	Q4 17	Q4 18	12-Month Forecast
*Median Household Income	\$54,381	\$56,849	▲
*Population Growth	2.6%	3.5%	▲
**Unemployment	3.7%	2.9%	▼

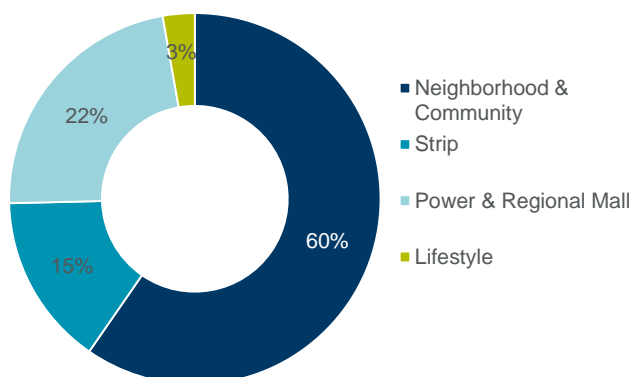
*U.S. Census Bureau; Moody's Analytics

**CareerSource Southwest Florida for Lee County

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Jobs in retail trade employment in the Punta Gorda/Charlotte County MSA increased 3.1% to add 300 more jobs over the year, as of November 2018. However, retail trade employment showed a negative percent change in both the Cape Coral-Fort Myers and Naples MSA, down -0.5% and -1.4% respectively over the 12 months.

Market Overview

The overall vacancy rate closed out 2018 at 5.7%, an increase of +50 basis points (bps) when compared to the end of 2017. The overall average asking rents increased year-over-year (YOY) to \$16.36 per square foot (psf) from \$15.33 psf in 2017. While most of the top five retail submarkets saw an increase in rent from this time last year, the South Fort Myers/San Carlos submarket saw a slight decrease by \$0.07 psf.

Overall absorption ended the year positive despite continued closures of big box space. One of the largest move-ins at the close of 2018 was the occupancy of Whole Foods at Daniels Marketplace in the South Fort Myers/San Carlos submarket. Whole Foods opened their second location in Southwest Florida in November 2018, absorbing 45,047 square feet (sf). Absorption in the South Fort Myers/San Carlos submarket was nearly four times the figure from this time last year. Leasing activity remained strong in the submarket with one of the largest leases being over 42,000 sf, signed to Ollie's Bargain Outlet at Colonial Square. Athletica Health & Fitness signed a lease in East Naples that will affect future vacancy in the submarket by over 28,000 sf. There was a total of 382 new retail leases recorded for 2018 with the average deal size of 2,257 sf. Leasing activity for the total market weakened overall, closing out 2018 with 207,000 sf, less than half the 400,000 sf leased at the end of 2017.

Retail construction in the Southwest Florida market slowed in 2018 as projects started the prior year delivered. A significant completion for the year was University Village Shops in the Estero submarket by Miromar Development Corporation. The restaurant-focused center delivered on Ben Hill Griffin Parkway with pre-leasing to national chain Mellow Mushroom and other local establishments, including a second location for Marlins Brewhouse.

Outlook

The retail market fundamentals softened as vacancy increased and leasing activity reduced. Cushman & Wakefield | Commercial Property Southwest Florida expects to see rent growth to moderate and retail demand to slow. One trend we will be seeing more of will be big box closures converting to office or other uses that need high parking ratios.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	**OVERALL AVERAGE ASKING RENT (NNN)
South Fort Myers/San Carlos	313	9,167,435	5.8%	61,188	-40,401	14,000	\$16.17
North Naples	252	7,263,547	3.6%	-138	-9,111	0	\$25.34
Cape Coral	231	5,131,343	7.4%	12,755	-64,036	10,500	\$13.91
City of Fort Myers	116	3,590,547	6.7%	-27,165	-52,734	0	\$9.97
East Naples	84	1,968,248	3.8%	7,999	8,491	0	\$15.22
Charlotte County Subtotal ***	190	5,267,224	5.7%	5,241	-105	0	\$14.26
TOTAL MARKET*	1,363	38,183,268	5.7%	211,870	63,878	24,500	\$16.36

*This table includes Southwest Florida's top five submarkets by inventory size. The total market line represents the overall market total and not just the total from the submarkets listed in the table.

**Rental rates reflect NNN asking \$psf/yr

***Charlotte County square footage is not included in the MarketBeat totals or part of the historical stats.

FORT MYERS / NAPLES*	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	**OVERALL AVERAGE ASKING RENT (NNN)
Regional Mall & Super Regional	77	4,951,167	1.4%	-34,363	-55,963	0	\$45.00
Neighborhood Center	416	13,535,522	6.5%	41,173	57,476	0	\$15.13
Power Center	63	2,945,367	3.7%	-3,546	1,889	0	\$20.89
Community Center	212	9,599,151	7.5%	229,299	113,454	0	\$15.96
Strip Center	567	5,977,661	6.0%	-23,045	-44,023	24,500	\$14.82
Lifestyle Center	28	1,174,400	2.8%	2,352	-8,955	0	\$32.81

*The above chart includes only retail center types. Airport Retail, Outlet and Theme/Festival center types were removed. Owner occupied properties are not included.

**Rental rates reflect NNN asking \$psf/yr

Key Lease Transactions 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9355-9359 Six Mile Cypress Pkwy., Fort Myers	42,250	Ollie's Bargain Outlet	New Lease	S. Fort Myers/San Carlos
3280 Tamiami Trl., Port Charlotte	41,290	Bealls Outlet	Renewal	Charlotte County
6111 S. Pointe Blvd., Fort Myers	31,000	Word of Life Ministries	New Lease	S. Fort Myers/San Carlos
6424 Naples Blvd., Naples	29,349	Lucky's Market	New Lease	North Naples
4001-4025 Santa Barbara Blvd., Naples	28,315	Athletica Health & Fitness	New Lease	East Naples

Key Sales Transactions 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
4901 Palm Beach Blvd., Fort Myers	170,811	Cypress Woods Associates LLC/Cole BJ Fort Myers, LLC	\$11,300,000/\$66	City of Fort Myers
4601 Tamiami Trl. N., Naples	137,580	Crow Holdings/New Market Properties	\$37,780,000/\$275	North Naples
9372 Ben C. Pratt Six Mile Cypress Pkwy., Fort Myers	123,206	S-B Properties No. 18, LTD./Schmidt Investments Limited Partnership	\$26,274,881/\$213	S. Fort Myers/San Carlos
1101-3117 Tamiami Trl., Punta Gorda	84,371	Fund VIII Punta Gorda Crossing LLC/Real Sub, LLC	\$11,468,644/\$136	Charlotte County
2420-2426 Santa Barbara Blvd., Cape Coral	75,386	BRE Tarpon Midpoint Center LLC/Real Sub, LLC	\$16,500,000/\$219	Cape Coral

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