

MARKETBEAT

SOUTHWEST FLORIDA



CUSHMAN & WAKEFIELD

COMMERCIAL PROPERTY
SOUTHWEST FLORIDA

Office Q4 2019

YoY Chg 12-Mo. Forecast

5.5%
Vacancy Rate



30K
Net Absorption, SF



\$15.76
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS* Q4 2019

YoY Chg 12-Mo. Forecast

499K
Southwest Florida
Employment



2.8%
Southwest Florida
Unemployment Rate



3.6%
U.S.
Unemployment Rate**



*Numbers above are monthly figures, FL Dept. Economic OPP
**Source: BLS

ECONOMIC OVERVIEW: Unemployment Remains Low

The Southwest Florida MSA, which includes Charlotte, Lee and Collier counties, had an unemployment rate of 2.8%, down -100 basis points (bps) year-over-year. Professional & Business Services added 1,000 jobs over the year, giving it a 1.7% increase. The Financial Activities sector added another 500 jobs over the past 12 months, which matched the growth rate for the state over the past year. While there have not been any new-to-market tenants, existing occupiers expanded footprints to fulfill the need for larger blocks of functional space. Gartner, a global research and advisory company, had one of the largest completions for the year, totaling nearly 72,000 square feet (sf) at their new campus.

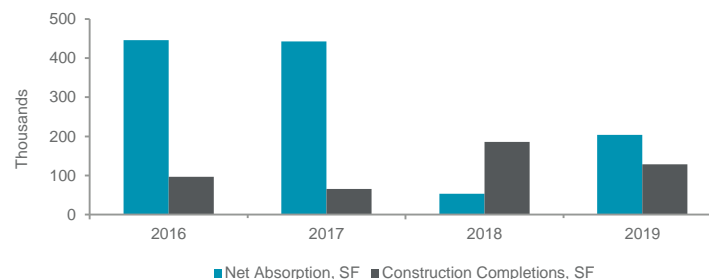
SUPPLY AND DEMAND: Leasing Moderates After Strong 2018

Overall vacant space decreased by nearly 82,000 sf in the past 12 months. Leasing activity was also down by 23% for the year when compared to 2018. Seven of the Southwest Florida submarkets ended the year with an overall vacancy rate at 3.0% or lower. However, overall absorption in the market ended the year positive with 30,368 sf, driven by new availabilities in Class B space in Bonita Springs and the S. Fort Myers/San Carlos submarkets of Lee County. One of the largest office leases for the quarter was an expansion with Lee Health that was approximately 13,800 sf. Several other companies expanded their footprints in the fourth quarter. One of the notable expansions was law firm, Cole, Scott & Kissane, which leased 5,211 sf in a Class A building at 5220 Summerlin Commons Boulevard. Build-to-suit construction was dominant for 2019 with 613,515 sf currently under construction and nearly 100% preleased for 2020. The office market remained tight with little proposed speculative projects in the pipeline.

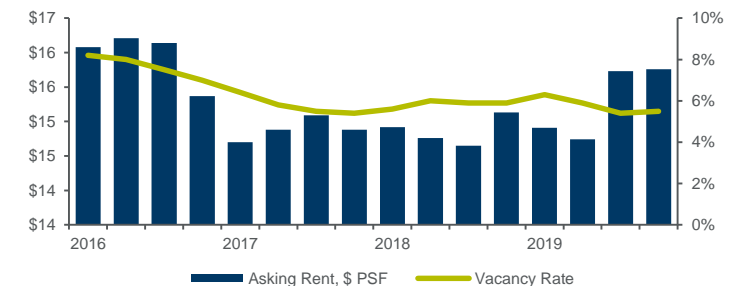
PRICING: Office Rents Reached Historic Highs

Pent up office demand pushed asking rates higher in the fourth quarter of 2019. The overall average market rent closed the year at \$15.76 per square foot (psf). Decreased vacancy elevated overall average asking rental rates to the highest overall since 2016. Rates increased in Class A office space as well with a \$2.32 psf increase from this time last year. Higher asking rents however, have not pushed demand to a level that warrants significant new speculative office construction.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,492,537	0	83,574	3.4%	-1,933	24,696	7,735	\$12.94	\$0.00
CHARLOTTE COUNTY SUBTOTAL	2,492,537	0	83,574	3.4%	-1,933	24,696	7,735	\$12.94	\$0.00
Bonita Springs	1,256,216	546	47,312	3.8%	51,486	21,625	0	\$14.37	\$19.00
Cape Coral	1,722,121	1,610	50,897	3.0%	3,348	5,681	2,280	\$11.64	\$0.00
City of Fort Myers	3,958,496	7,400	245,383	6.4%	-29,564	211,292	15,000	\$12.10	\$20.01
Estero	540,591	0	9,836	1.8%	-2,660	7,926	0	\$16.22	\$0.00
Lehigh Acres	168,305	0	3,811	2.3%	0	0	0	\$13.72	\$0.00
North Fort Myers	231,876	0	2,084	0.9%	900	-2,084	0	\$13.33	\$0.00
S. Fort Myers/San Carlos	5,505,635	9,569	236,411	4.5%	28,735	92,087	83,500	\$15.35	\$22.72
The Islands	165,686	0	1,275	0.8%	-1,275	-1,275	0	\$0.00	\$0.00
LEE COUNTY SUBTOTAL	13,548,926	19,125	597,009	4.5%	50,970	335,252	100,780	\$13.35	\$21.06
East Naples	1,038,734	0	48,917	4.7%	-1,488	-19,379	0	\$15.54	\$0.00
Golden Gate	75,499	0	0	0.0%	0	0	0	\$0.00	\$0.00
Lely	39,189	0	0	0.0%	0	4,920	0	\$0.00	\$0.00
Marco Island	184,763	0	15,645	8.5%	0	-807	0	\$16.56	\$0.00
Naples	867,597	4,667	49,551	6.2%	-7,861	-27,784	0	\$25.08	\$23.33
North Naples	3,531,519	17,184	357,589	10.6%	-8,860	-108,060	505,000	\$22.66	\$21.86
Outlying Collier County	345,382	0	28,746	8.3%	-460	-5,110	0	\$10.33	\$0.00
COLLIER COUNTY SUBTOTAL	6,082,683	21,851	500,448	8.6%	-18,669	-156,220	505,000	\$20.94	\$21.97
TOTALS	22,124,146	40,976	1,181,031	5.5%	30,368	203,728	613,515	\$15.76	\$20.34

*Rental rates reflect full service asking rates psf/yr.

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2142-2158 Johnson Street	City of Fort Myers	Lee Health	13,790	Expansion
9530 Marketplace Road	S. Fort Myers/San Carlos	Comcast	7,421	New Lease
3451 Bonita Bay Boulevard	Bonita Springs	Henderson Franklin Starnes	6,584	Renewal*
9420 Bonita Beach Road	Bonita Springs	Kaufman Lynn Construction	5,514	New Lease
5220 Summerlin Commons Boulevard	S. Fort Myers/San Carlos	Cole, Scott & Kissane	5,221	Expansion

KEY SALES TRANSACTIONS Q4 2019

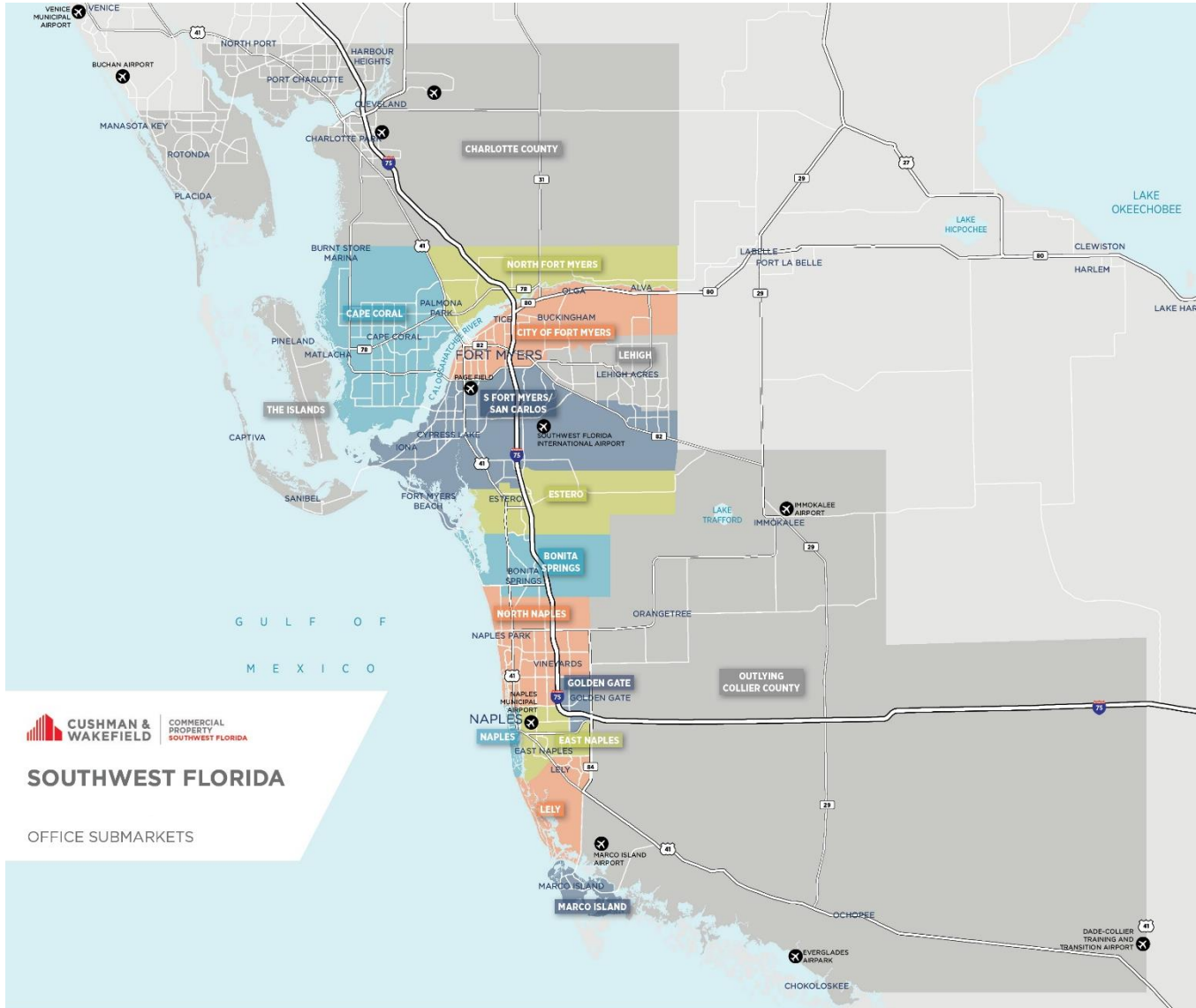
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2282 First Street	City of Fort Myers	2282 First Street LLP / PSFH Fort Myers, LLC	20,733	\$4.4M/\$212
660 Tamiami Trail North	Naples	Remark Investments, L.C. / FL-9, Inc.	18,580	\$6.0M/\$323
4100 Corporate Square	Naples	Martin Properties of Florida, LLC / Corporate Square Executive Suites, LLC	16,000	\$1.9M/\$119

SOUTHWEST FLORIDA



Office Q4 2019

OFFICE SUBMARKETS



SOUTHWEST FLORIDA

OFFICE SUBMARKETS

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