

SOUTHWEST FLORIDA



Office Q1 2021

	YoY Chg	12-Mo. Forecast
5.9% Vacancy Rate	▲	▼
2,657 Net Absorption, SF	▼	▬
\$19.76 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
420K Southwest Florida Employment	▼	▲
3.5% Southwest Florida Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida MSA, which includes Lee, Charlotte, and Collier counties, indicates an improving labor force with an unemployment rate of 3.5% as of March 2021, a 190-basis point (bps) decline from Q4 2020. Two impactful components of the economics in Southwest Florida include housing and tourism. As of February 2021, single-family home sales improved 28% year-over-year (YOY). Tourism had its share of growth throughout the pandemic as well due to Florida's economy reopening in May 2020, with the Southwest Florida International Airport (RSW) reporting an average of 38% more passengers month-to-month, and a total of 92% more passengers in February 2021 than in the peak of the shutdown in April 2020. Population and net migration growth insulate the SWFL MSA from the worst of the economic downturn.

SUPPLY AND DEMAND:

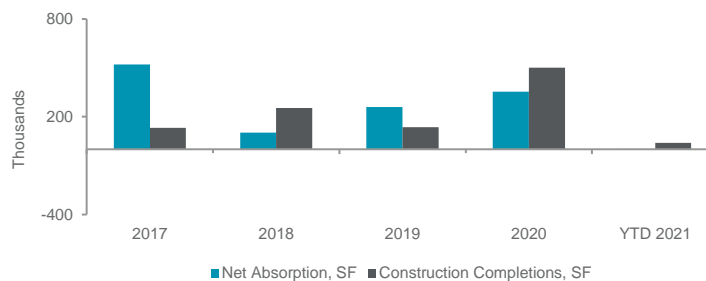
The Southwest Florida office market's overall vacancy rate for the first quarter increased to 5.9%, 10 bps higher than 5.8% reported in Q4 of 2020 and reporting the same as Q3 2020. In comparison to neighboring MSA's; Miami/Dade County, Tampa/Hillsborough County, and Orlando/Orange County, the SWFL MSA was the only office market under a 10% vacancy in 2020. Lack of new construction and vacancy under 10% indicates a landlord market as the economy improves. Absorption is beginning to stabilize this quarter and as the market approaches equilibrium, upward pressure on rents can be expected.

SWFL has outperformed most of the US and Florida markets with SWFL being the only FL market to post positive absorption in Q4 2020 and remain positive in the current quarter, while the national index has posted four consecutive quarters of negative net absorption. North Naples, East Naples, and South Fort Myers submarkets lead the pipeline with 131,257 square feet (sf) of speculative and build-to-suit projects estimated to be completed in 2021.

PRICING:

The Southwest Florida MSA had the largest increase in asking rents at 36% versus neighboring MSA's YOY. Concessions like tenant improvement allowances and free rent also increased through 2020, albeit build out and construction completion times have increased. The average overall asking rent of all classes of office space in the first quarter was \$19.76 per square foot (psf), which is \$1.87 higher than Q4 2020. The market's historic highs were achieved in Q2 of 2007, with an average asking rent of \$21.73 psf, 190 bps higher than the close of Q1 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SOUTHWEST FLORIDA

Office Q1 2021



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COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,395,354	0	65,855	2.7%	2,094	2,094	13,070	0	\$14.22	-
Charlotte County Totals	2,395,354	0	65,855	2.7%	2,094	2,094	13,070	0	\$14.22	-
Bonita Springs	1,124,633	0	77,630	6.9%	-868	-868	8,583	0	\$14.86	-
Cape Coral	1,705,667	0	45,659	2.7%	-9,843	-9,843	1,745	0	\$13.02	-
Estero	607,236	0	2,607	0.4%	1,862	1,862	2,331	0	-	-
City of Fort Myers	3,939,717	9,015	194,504	5.2%	830	830	12,473	0	\$18.47	\$22.00
South Fort Myers	5,642,705	260	314,551	5.6%	-3,070	-3,070	51,918	60,000	\$19.34	\$21.77
North Fort Myers	233,262	0	1,331	0.6%	-	-	-	0	-	-
Lehigh	160,480	0	5,111	3.2%	1,060	1,060	1,060	0	-	-
The Islands	162,039	600	0	0.4%	-	-	-	0	-	-
Lee County Totals	13,575,739	9,875	641,393	3.1%	-10,029	-10,029	78,110	60,000	\$16.42	\$21.89
East Naples	1,095,010	0	123,973	11.3%	10,087	10,087	45,940	29,125	\$14.39	-
Naples	699,475	2,077	62,655	9.3%	-373	-373	4,748	0	-	-
Marco Island	149,017	0	12,453	8.4%	1,335	1,335	1,894	0	-	-
Lely	34,014	2,451	0	7.2%	-	-	1,584	0	-	-
Golden Gate	76,123	-	-	0.0%	-	-	-	0	-	-
Outlying Collier County	346,973	0	18,518	5.3%	-7,418	-7,418	3,510	0	\$16.00	-
North Naples	3,800,149	28,517	431,842	12.1%	6,961	6,961	21,750	42,132	\$26.27	-
Collier County Totals	6,200,761	33,045	649,441	8.9%	26,180	26,180	79,426	71,257	\$18.89	-
SOUTHWEST FLORIDA TOTALS	22,171,854	42,920	1,356,689	5.9%	2,657	2,657	168,002	131,257	\$19.76	\$21.80

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
15671 San Carlos Blvd.	S. Fort Myers	Scotlynn USA / Midland IRA, Inc.	15,570	\$168.27/PSF
7075 Placida Rd.	Charlotte County	Egret Real Estate Group / Private Buyer	10,177	\$83.52/PSF
500 5 th Avenue	Naples	Private Seller / Hoffman Commercial Real Estate	9,000	\$988.89/PSF
10075 Bavaria Rd.	S. Fort Myers	Good Wheels, Inc. / Private Buyer	5,696	\$178.20/PSF
1010 8 th Ave. S.	Naples	Private Seller / Private Buyer	4,437	\$433.85/PSF

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
9001 Daniels Parkway	S. Fort Myers	Lee County	8,850	New
12800 University Dr.	S. Fort Myers	Ameriprise Financial, Inc.	6,773	Renewal*

*Renewals not included in leasing statistics

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