

## Office Q3 2021

YoY Chg 12-Mo. Forecast

**4.6%**  
Vacancy Rate



**246K**  
Net Absorption, SF



**\$19.50**  
Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

**430K**  
Southwest Florida  
Employment



**4.4%**  
Southwest Florida  
Unemployment Rate



**5.2%**  
U.S.  
Unemployment Rate



Source: BLS

### ECONOMIC OVERVIEW:

The Southwest Florida (SWFL) MSA, which includes Lee, Charlotte, and Collier Counties is in a growth cycle from net immigration with housing permits up 64% in August 2021 versus the previous period, as well as a projected population growth for the three-county region expected to increase 35.5% from 2020 to 2045. Despite the effects of the COVID-19 pandemic and exponential population growth in SWFL, unemployment is down from 7.6% to 4.4% year-over-year (YOY), reflecting a positive labor market. The office market proves to be adapting to these upward trends with 192,011 square feet (sf) in the pipeline expected to be completed in 2022.

### SUPPLY AND DEMAND:

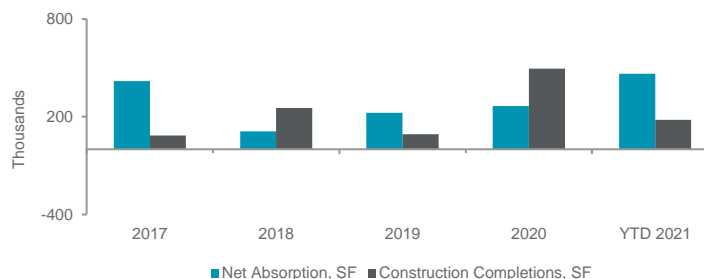
The pipeline primarily consists of build-to-suit projects demonstrating relocation and repositioning strategies of national and local office users. Currently, 128,159 sf of build-to-suit projects are under way, including a 90,000-sf headquarters for financial services firm, Alta Resources. In addition, 60,000 sf of new office have been delivered this quarter, for a total of 140,000 sf of deliveries year-to-date.

Contrary to national office trends, SWFL's office sector gains strong momentum as vacancies decline with the lowest recorded vacancy rate (4.6%) since the beginning of the COVID-19 pandemic when overall vacancy was recorded at 5.1%. Heading into Q4, investors and landlords alike can feel at ease with 160,208 sf of completed leasing activity for the quarter and the overall vacancy rate shrinking 120 basis points since Q1 2021. In addition, high sublease availability usually represents downward pressure in rents, however, available sublet spaces in the SWFL region account for less than 0.02% of total available office space. These positive indicators can be attributed to the suburban characteristic of the region as well as net in-migration, while workers and companies migrate from urban core cities into lower-cost options in smaller cities.

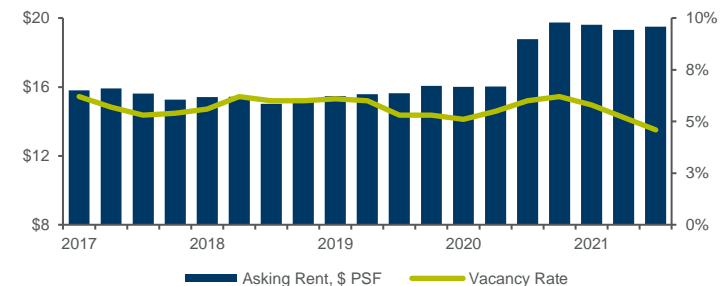
### PRICING:

During the peak of the pandemic in Q2 2020, the region experienced a significant growth in average asking rental rates, this price increase has stabilized throughout the past five quarters with a current average asking rental rate of \$19.50 per square feet (psf), a \$0.28 psf increase quarter-over-quarter and \$0.75 psf YOY. The positive quarterly net absorption of 245,732 sf indicates that pricing will remain steady for the remainder of 2021.

### 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)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,387,395	0	41,654	1.7%	14,190	19,384	35,733	0	\$13.90	---
<b>SUBMARKET TOTALS</b>	<b>2,387,395</b>	<b>0</b>	<b>41,654</b>	<b>1.7%</b>	<b>14,190</b>	<b>19,384</b>	<b>35,733</b>	<b>0</b>	<b>\$13.90</b>	<b>---</b>
Bonita Springs	1,143,345	228	60,275	5.3%	19,663	7,175	36,842	0	\$14.96	---
Cape Coral	1,624,172	0	40,577	2.5%	10,262	-4,761	20,054	0	\$15.90	---
Estero	576,236	0	2,607	0.5%	---	1,862	9,726	0	---	---
City of Fort Myers	3,870,294	2,800	172,096	4.5%	17,305	51,289	56,036	26,759	\$18.51	\$20.23
South Fort Myers	5,539,727	0	244,242	4.4%	71,738	95,476	196,538	123,127	\$18.59	\$21.47
North Fort Myers	233,262	---	---	---	---	1,331	---	0	---	---
Lehigh Acres	158,372	0	1,300	0.8%	---	4,871	1,060	0	---	---
The Islands	163,058	---	---	---	---	600	---	0	---	---
<b>SUBMARKET TOTALS</b>	<b>13,308,466</b>	<b>3,028</b>	<b>521,097</b>	<b>3.0%</b>	<b>118,968</b>	<b>157,843</b>	<b>320,256</b>	<b>149,886</b>	<b>\$16.99</b>	<b>\$20.85</b>
East Naples	1,144,491	0	69,048	6.0%	39,957	94,348	91,656	29,125	\$19.23	---
North Naples	3,761,813	9,485	326,145	8.9%	58,524	131,999	113,151	10,000	\$26.68	---
Naples	697,338	4,045	31,823	5.1%	-8	23,002	32,667	0	---	---
Marco Island	149,017	0	10,803	7.2%	559	2,985	3,544	0	---	---
Lely	29,014	0	0	8.4%	---	---	2,451	0	\$16.25	---
Outlying Collier County	370,716	---	---	0.0%	13,542	34,736	3,510	0	---	---
Golden Gate	76,123	---	---	---	---	---	---	3,000	---	---
<b>SUBMARKET TOTALS</b>	<b>6,228,512</b>	<b>13,530</b>	<b>437,819</b>	<b>5.9%</b>	<b>112,574</b>	<b>287,070</b>	<b>246,979</b>	<b>42,125</b>	<b>\$20.72</b>	<b>---</b>
<b>SOUTHWEST FLORIDA TOTALS</b>	<b>21,924,373</b>	<b>16,558</b>	<b>1,000,570</b>	<b>4.6%</b>	<b>245,732</b>	<b>464,297</b>	<b>602,968</b>	<b>192,011</b>	<b>\$19.50</b>	<b>\$20.85</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
27599 Riverview Center Blvd.	Bonita Springs	Advocate Debt Relief	11,850	New lease
4150 Ford Street Ext.	City of Fort Myers	Hopebridge	9,920	New lease
14171 Metropolis Ave.	S Fort Myers/San Carlos	Millennium Physician Group	5,207	New lease
2286 W 1 <sup>st</sup> St.	City of Fort Myers	Maronda Homes	5,192	New lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2075 W 1 <sup>st</sup> St.	City of Fort Myers	MLD Investments LLC / First Myers LLC	19,342	\$3.2M/ \$162.86
6719 Winkler Rd.	S. Fort Myers/San Carlos	Taylor Executive Ct. Associates / Harbor Properties	18,185	\$1.5M/ \$80.00
3800 Colonial Blvd.	S. Fort Myers/San Carlos	Orbis Properties / Haub Real Estate Holdings	17,600	\$2.3M/ \$130.68

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