

MARKETBEAT

SOUTHWEST FLORIDA



CUSHMAN & WAKEFIELD

COMMERCIAL PROPERTY
SOUTHWEST FLORIDA

Office Q4 2020

YoY Chg 12-Mo. Forecast

5.8%
Vacancy Rate



111K
Net Absorption, SF



\$17.89
Asking Rent, PSF



(Overall, All Property Classes)
Note: Stats are not reflective of U.S. Office MarketBeat Stats Tables

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

421K
Southwest Florida Employment



5.4%
Southwest Florida Unemployment Rate



6.7%
U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida MSA which includes, Charlotte, Lee and Collier County's had significant improvement in its labor force as the fourth quarter closed with a total unemployment rate of 5.4%, a 480-basis point (bps) decline from the third quarter 2020's result of 10.2% and 130 bps from the US Employment rate of 6.7%. Southwest Florida added 12,000 jobs this quarter and improved with a result of 421,000 jobs, while year-over-year (YOY) we are still at a deficit of 15,000 jobs in comparison to Q4 of 2019.

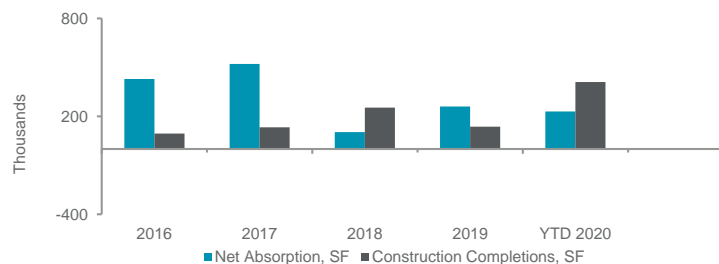
SUPPLY AND DEMAND:

The Southwest Florida office market's overall vacancy rate for the fourth quarter declined to 5.8%, 10 bps lower than 5.9% reported in Q3. Absorption rebounded this quarter, as Southwest Florida's total absorption for Q4 2020 was 117,204 sf compared to last quarters -100,167 sf. The number of total market leases signed decreased quarter over quarter, from 91 office leases signed during Q3 to 70 office leases signed during Q4. Lee county delivered 120,000 sf in 2020, with 62,000 under construction currently. Collier county delivered 320,000 sf with an additional 114,000 sf under construction today – this would be an indication that the market is preparing for growth but may find with the slow recovery of the pandemic, an increase in vacancy moving into 2021. Overall, YOY the office market vacancy in Southwest Florida has risen by 30 bps, indicating that the office market remains tight even in a post-pandemic economy.

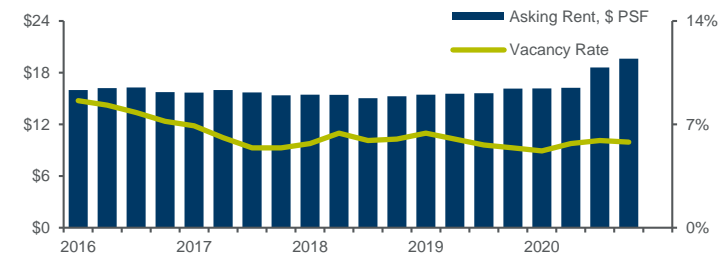
PRICING:

The overall year over year asking rents increased \$2.08 psf to \$17.84 psf, a 13.2% increase. The entire Southwest Florida market contributed to the increase, with Lee County leading the market with an 11.7% escalation. Collier County increased by 7.9% with Charlotte County increasing 2.6%. A combination of disruptions from relocations, reassessed space needs and office closures all contributed to the increased asking rents. As this trend continues, sublease activity will continue to increase and impact rents as businesses are modifying their strategies due to market uncertainty, requiring them to find new space that has flexible, short term leasing requirements which pushes the rents. We can also speculate that Collier County, with almost 115,000 of construction underway, a 9.8% vacancy rate and almost 608,000 sf in available space, may see downward pressure on asking rents in the upcoming year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION	YTD DIRECT ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlotte County	2,383,417	0	67,949	2.9%	-8,194	19,556	26,482	0	\$13.28	-
Charlotte County Totals	2,383,417	0	67,949	2.9%	-8,194	19,556	26,482	0	\$13.28	-
Bonita Springs	1,145,544	280	77,782	6.8%	-4,356	-18,056	55,993	0	\$14.69	\$14.37
Cape Coral	1,688,016	0	35,816	2.1%	65,592	15,508	4,983	0	\$13.30	\$13.76
Estero	615,388	0	4,469	0.7%	3,219	5,655	11,219	0	\$16.17	\$17.21
City of Fort Myers	3,905,639	9,015	195,334	5.2%	-16,609	-21,750	88,524	0	\$15.11	\$16.73
South Fort Myers	5,783,066	5,705	284,303	5.0%	60,246	143,990	260,408	60,000	\$14.75	\$17.03
North Fort Myers	233,262	0	1,331	0.6%	-1,331	-1,331	-	-	\$13.33	-
Lehigh	164,902	0	6,171	3.7%	200	-2,360	1,060	0	\$17.05	-
The Islands	162,039	600	0	0.4%	-	675	-	2,200	-	-
Lee County Totals	13,697,856	15,600	605,206	4.5%	106,961	122,331	447,871	62,200	\$14.91	\$15.82
East Naples	1,013,308	0	49,060	4.8%	12,325	12,313	36,688	69,125	\$16.14	-
Naples	731,100	5,799	58,560	8.8%	-1,390	-12,275	40,980	0	\$21.46	\$23.52
Marco Island	165,191	0	13,788	8.3%	1,447	-7219	5,163	0	\$20.23	-
Lely	34,014	2,451	0	7.2%	-	-2,451	36,688	0	\$12.75	-
Golden Gate	75,499	-	-	0%	-	-	-	0	-	-
Outlying Collier County	343,788	0	11,100	3.2%	-3,700	-590	10,560	0	\$10.44	-
North Naples	3,838,099	35,476	431,844	12.2%	5,294	221,521	116,393	45,124	\$23.54	\$23.90
Collier County Totals	6,200,999	43,726	564,352	9.8%	13,976	211,299	209,784	114,259	\$22.59	\$23.71
SOUTHWEST FLORIDA TOTALS	22,285,157	59,326	1,238,112	5.8%	117,204	373,420	677,448	176,449	\$17.8	\$20.95

Note: Stats have been revised and are not reflective of U.S. Office MarketBeat Tables

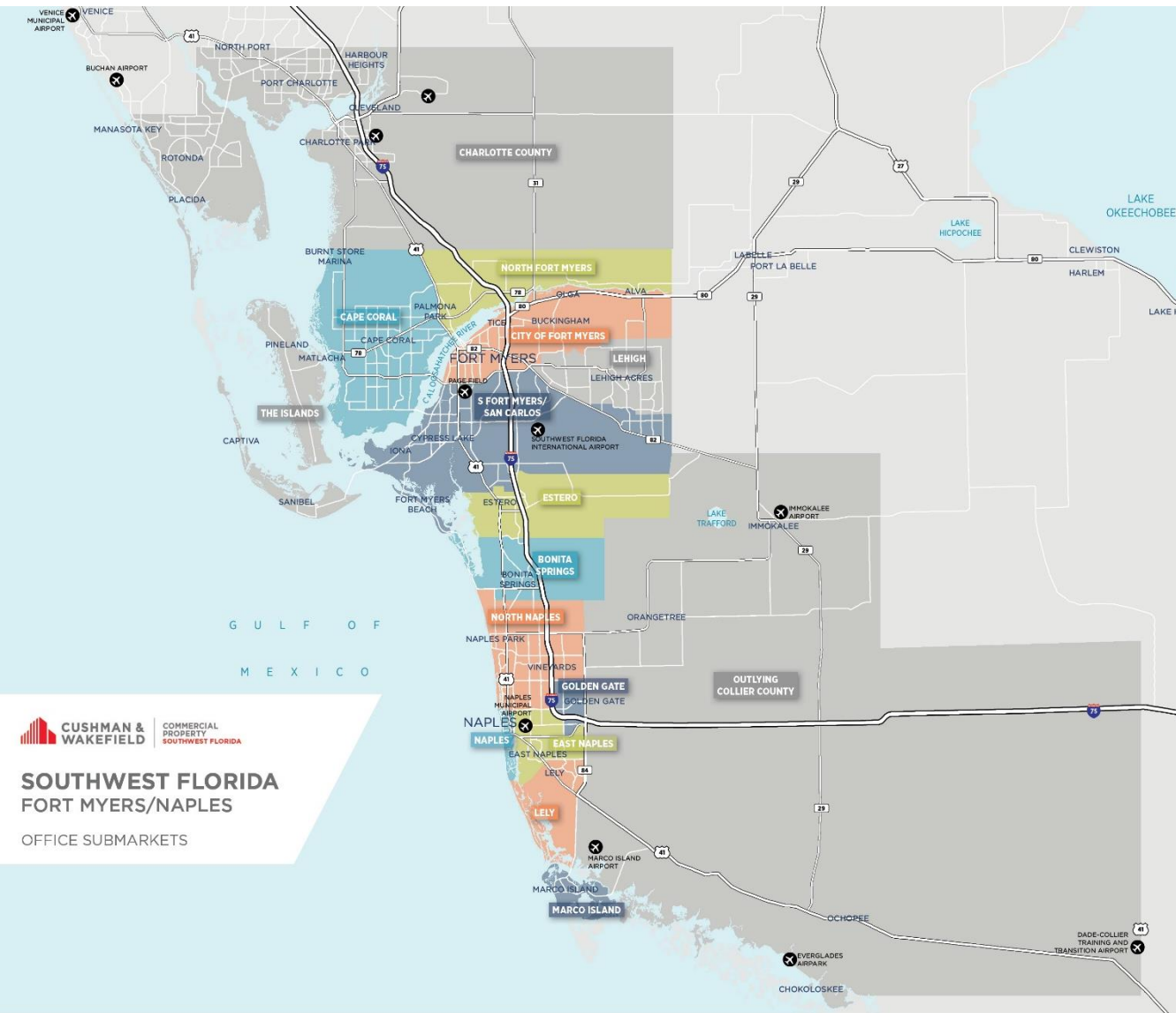
KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	Seller Buyer	SF	Price/\$ PSF
2503 Del Prado Blvd S	Cape Coral	Royal Palm Coast Holdings/Del Prado Partners Trust	62,485	\$84.02/ \$5,250,000
708 Goodlette Road N	Naples	Florida Office Property LLC/ OM Holdings 704 & 708 LLC	45,000	\$370.25/ \$3,350,000
3201 Tamiami Trail N	North Naples	Equity RSRC Partners-branch Li/CLW Investments LLC	9,048	\$370.25/ \$3,350,000
447 Cape Coral Pkwy E	Cape Coral	Shapiro Enterprises/Alegian Group	3,096	\$110.87/ \$999,500

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	Tenant	SF	PSF
6611 Orion DR	North Naples	Brown and Brown of Florida Inc	10,177	\$10.00
3777 Tamiami Trail N	Naples	Stifel Nicolaus & Company	6,283	\$27.00
1138 Country Club Blvd	Cape Coral	Lee Health	5,400	\$17.00

OFFICE SUBMARKETS



**SOUTHWEST FLORIDA
FORT MYERS/NAPLES**

OFFICE SUBMARKETS

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