MARKETBEAT
SOUTHWEST FLORIDA
Industrial Q4 2022

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

	YoY Chg	12-Mo. Forecast
0.5% Vacancy Rate	▼	—
1.5M Net Absorption, YTD, SF	▼	▲
$10.29 Asking Rent, PSF	▲	—

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
461.5K Southwest Florida Employment	▲	▲
3.4% Southwest Florida Unemployment Rate	▲	▲
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMIC OVERVIEW:

Employment in the region consisting of Charlotte, Lee, and Collier Counties continued to improve, expanding nonfarm employee headcounts 3.5% year-over-year. Southwest Florida's (SWFL) new jobs pertaining to industrial related sectors including construction, manufacturing, trade, transportation, and utilities attributed to 5,700 of all jobs created. Seasonally adjusted taxable sales in the region also jumped 16% from a year ago. As SWFL's employment and consumption continue trending upward coupled with a health labor supply creates an attractive landscape for industrial investment.

SUPPLY AND DEMAND:

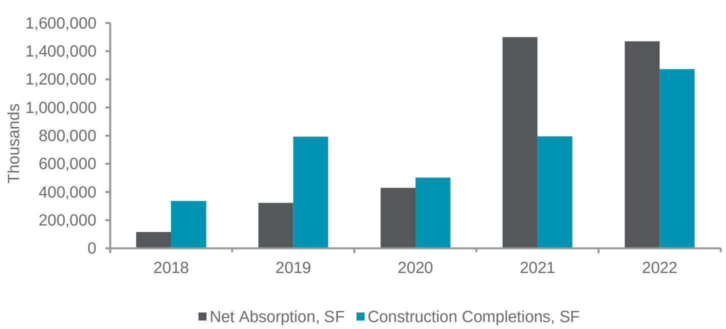
The SWFL industrial market continued to tighten as overall vacancy contracts 20 basis points quarter-over-quarter to a record-breaking low of 0.5%. Fifteen buildings are under construction, or over 2.7 million square feet (msf), with the majority in City of Fort Myers submarket of Lee County, and outlying Collier County of Naples. The 2.6 msf expected to be delivered is the highest industrial construction activity ever experienced in the SWFL market signaling stable vacancy rates throughout 2023.

Yard space for truck and equipment storage is becoming more & more attractive, and much of the new developments require more acreage for outside fenced areas and truck yards. New developments are also being built with higher ceiling heights up to 36' and wider column spacing. Manufacturing properties consist of a mere 14.7% of all inventories, and currently have 0.2% vacancy. Warehouse and distribution projects make up the majority of the pipeline, or 1.2 msf, of which 28% had been preleased at the end of Q4. This can be attributed to the rise of e-commerce and the need for last-mile and large distribution centers. The remaining pipeline of 1.4 msf, consists of build to suit projects for major tenants including USPS, ABC Supply Co., and Uline.

PRICING:

Average triple net asking rental rates reached $10.29 per square foot (psf), a 9.5% increase year-over-year and an average annual gain of 8.4% over the past three years. Average rental rates cannot be expected to decrease given the amount of pre-leasing of speculative construction projects in the pipeline but rent growth can be expected to moderate in 2023.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Charlotte County	4,308,983	8,728	0.2%	12,166	28,561	418,000	0	---	$14.00	$11.31
CHARLOTTE COUNTY SUBMARKET TOTALS	**4,308,983**	**8,728**	**0.2%**	**12,166**	**28,561**	**418,000**	**0**	**---**	**$14.00**	**$11.31**
Bonita Springs	1,364,952	14,600	1.1%	(7,430)	45,312	0	0	---	$15.35	$12.57
Cape Coral	3,058,385	13,200	0.4%	19,447	7,690	198,975	0	---	$13.19	$11.42
Estero	17,292	---	---	---	---	0	0	---	$11.50	---
City of Fort Myers	9,253,335	28,142	0.3%	(17,988)	-13,827	1,021,152	0	---	---	$8.95
South Fort Myers	14,723,454	95,919	0.7%	187,058	1,264,663	72,306	289,477	$13.00	$12.78	$10.59
North Fort Myers	1,135,340	16,000	1.4%	12,800	10,998	0	0	---	---	$8.55
Lehigh Acres	1,133,390	7,245	0.6%	---	46,835	0	0	---	$10.00	$11.84
The Islands	111,987	---	---	---	7,125	0	0	---	---	---
LEE COUNTY SUBMARKET TOTALS	**30,798,135**	**175,106**	**0.8%**	**193,887**	**1,368,796**	**1,292,433**	**289,477**	**$13.00**	**$12.56**	**$10.65**
East Naples	4,827,408	18,143	0.4%	(7,073)	30,545	7,800	0	$15.19	$14.00	$15.83
North Naples	3,724,708	38,511	1.1%	(8,372)	11,179	0	0	$14.39	$18.00	$14.66
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	1,360,189	---	---	---	30,796	937,000	0	---	---	$14.72
Golden Gate	78,895	---	---	---	---	0	0	---	---	---
COLLIER COUNTY SUBMARKET TOTALS	**10,119,580**	**56,654**	**0.8%**	**-15,445**	**72,520**	**944,800**	**0**	**$14.79**	**$16.00**	**$15.07**
SOUTHWEST FLORIDA TOTALS	**45,226,698**	**240,488**	**0.5%**	**190,608**	**1,469,877**	**2,655,233**	**289,477**	**$14.53**	**$13.19**	**$9.96**

*Rental rates reflect weighted net asking $psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6195 Tri County Commerce Way	City of Fort Myers	Ferguson	252,860	New Lease
9450 Piper Rd.	Charlotte County	Dakota Premium Hardwoods	75,000	New Lease
10411 Meridian Center Pkwy.	S. Fort Myers/San Carlos	G&G Delivery Services	57,604	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
12600/650 Westlinks Dr.	S. Fort Myers/San Carlos	West Gate Associates of SWFL / Sealy & Company	94,505	$14.1M / $149.57
4599-4607 Fowler St.	S. Fort Myers/San Carlos	Fowler Street Dev LLC / 4599 Fowler LLC	70,000	$7.2M / $102.86
8951 Alico Trade Center Rd.	S. Fort Myers/San Carlos	Seagate Development / WestSide 2 LLC	35,387	$6M / $169.55

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