

MARKETBEAT

Fort Myers / Naples

Industrial Q1 2019



COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Southwest Florida Employment	274k	283k	▲
Southwest Florida Unemployment	3.5%	3.3%	▼
U.S. Unemployment	4.1%	3.8%	▼

*Numbers above are quarterly averages
Employment numbers are for the Cape Coral/Fort Myers MSA.

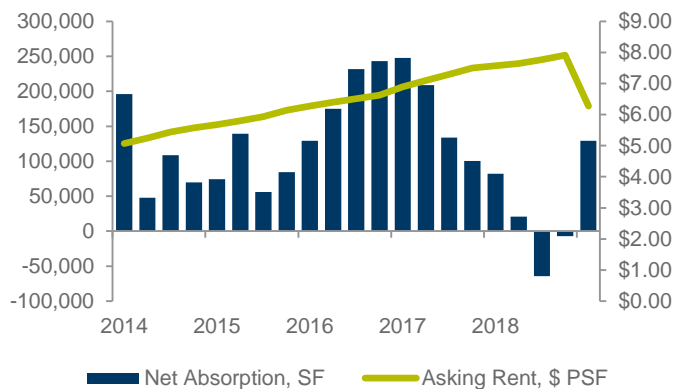
Market Indicators (Overall, All Property Types)

	Q1 18	Q1 19	12-Month Forecast
Vacancy	2.1%	2.8%	▲
YTD Net Absorption (sf)	87k	154k	▲
Under Construction (sf)	9k	364k	▲
Average Asking Rent*	\$7.72	\$8.59	▲

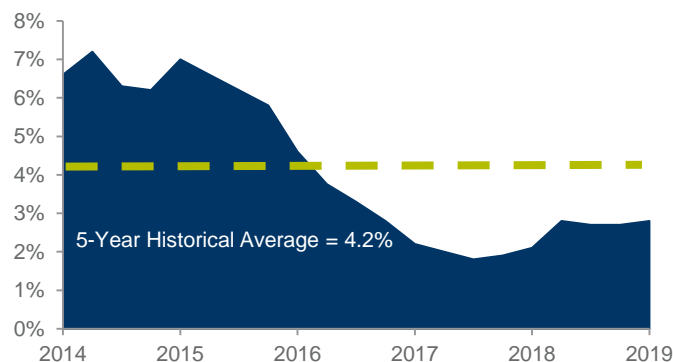
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Southwest Florida, which includes Charlotte, Collier, Glades, Hendry and Lee counties, had an unemployment rate of 3.4%, down -20 basis points (bps) year-over-year. Collier County had the lowest unemployment rate at 3.1%, while Lee County was at 3.3% and Charlotte County slightly higher at 3.9%. Charlotte County and Collier County led in gains in the labor force over the year. Employment in the Naples/Collier County MSA had an increase in annual job growth in the Construction sector, up +12.9% in 12-months. The Punta Gorda/Charlotte County MSA experienced a +12.5% increase in Manufacturing job growth, which was the fastest annual job growth rate compared to all other metro areas in the state. The Trade, Transportation and Utilities sector had a +700 increase in employment for the Cape Coral/Fort Myers MSA.

Market Overview

Vacancy remained just below 3% over the past 12 months. The overall vacancy rate closed out 2019 at 2.8%, a slight +10 bps increase from last quarter, driven mostly by positive absorption in the S. Fort Myers/San Carlos submarket. Warehouse/Distribution space had the lowest overall vacancy rate in the industrial sector, registering at 2.6%. The overall average asking rental rates increased to \$8.59 per square foot (psf) triple net, which signified a 11.3% increase in market rent from this time last year.

Overall absorption numbers improved significantly in 2019, both year-over-year and quarter-over-quarter, with nearly 154,000 square feet (sf) being absorbed at the close of the first quarter. Leasing activity was down by nearly 40,000 sf from the year prior. The largest leases took place in the City of Fort Myers submarket, a historically strong trade area for industrial activity. Again, the most leasing activity occurred in warehouse/distribution buildings.

Industrial development surged at the start of 2019 compared to this time last year. Pent up demand for Class A industrial space has encouraged developers, both locally and nationally, to invest in Southwest Florida. One of the largest speculative (spec) projects in the market located on Airport Haul Road totals almost 107,000 sf at Premier Airport Park in Fort Myers. An additional 160,000 sf of spec space at Meridian Center South will be added to pipeline as the second phase of construction from Baltimore-based developer, Knott Realty Group. The largest build-to-suit completion to date totaled 125,000-sf from builder, GATES Construction, for the home-furnishing and design retailer, Robb & Stucky.

Outlook

Strong job growth in industrial-using employment sectors and increased landlord confidence supported continued industrial demand for first quarter 2019. Cushman & Wakefield I Commercial Property Southwest Florida expects to a continuation of positive absorption, construction and an increase in overall average asking rents as new construction pursuits deliver.

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CUSHMAN & WAKEFIELD

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	2019 YTD COMPLETIONS	NNN OVERALL AVERAGE ASKING RENT	NNN DIRECT AVERAGE ASKING RENT
Bonita Springs	121	1,399,550	4,530	6.0%	-3,353	104,060	54,400	\$9.42	\$9.42
Cape Coral	377	3,645,990	9,188	3.2%	53,170	0	50,000	\$8.59	\$8.59
City of Fort Myers	676	10,210,837	0	2.2%	-33,118	117,301	90,216	\$7.85	\$7.85
Estero	4	17,292	0	0.0%	0	0	0	N/A	N/A
Lehigh Acres	86	1,276,680	7,800	1.9%	-11,616	10,500	0	\$9.55	\$9.55
North Fort Myers	79	1,268,259	0	1.8%	3,900	0	0	N/A	N/A
S. Fort Myers/San Carlos	865	14,632,330	113,590	4.0%	184,799	126,836	184,375	\$8.05	\$8.05
LEE COUNTY SUBTOTAL	2,208	32,450,938	135,108	3.3%	193,782	358,697	378,991	\$8.22	\$8.22
East Naples	432	5,332,925	0	2.8%	-28,900	0	0	\$10.43	\$10.43
Naples	9	52,926	0	0.0%	0	0	0	N/A	N/A
North Naples	471	4,965,196	0	1.5%	948	5,220	10,111	\$13.20	\$13.20
COLLIER COUNTY SUBTOTAL	912	10,351,047	0	2.4%	-27,952	5,220	10,111	\$11.63	\$11.63
CHARLOTTE COUNTY SUBTOTAL	460	4,589,529	6,050	1.0%	-11,850	0	0	\$10.63	\$10.63
TOTALS	3,580	47,391,514	141,158	2.8%	153,980	363,917	389,102	\$8.59	\$8.59

*Rental rates reflect asking \$psf/year

ASSET TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)**	YTD OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,520	32,426,269	79,390	2.6%	19,804	184,121	112,486	153,693	\$8.11
Manufacturing	529	8,167,511	42,000	3.1%	-68,630	10,500	0	38,221	\$9.73
Flex	399	4,825,141	19,768	2.9%	136,907	29,500	145,900	32,306	\$10.07
Unclassified*	132	1,972,593	0	5.2%	65,899	139,796	130,716	99,392	\$8.48

*Secondary type unclassified per CoStar Group, Inc. data

**Leasing activity includes only new and expansion leases and does not include Renewals.

Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9365 Laredo Ave., Fort Myers	80,716	FedEx	Renewal	City of Fort Myers
3601 Work Dr., Fort Myers	49,500	SRS Distribution, Inc.	Renewal	City of Fort Myers
5939 Shirley St., Naples	13,200	Dealer's Choice Auto Repair	New Lease	City of Fort Myers
12650 Westlinks Dr., Fort Myers	8,400	Techniq	New Lease	City of Fort Myers

Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
11000 Metro Pkwy., Fort Myers	89,440	Dos Amigos Technology Inc./Gulf Investments Syndicate LLC	\$2,640,000/\$30	S. Fort Myers/San Carlos
4740 S. Cleveland Ave., Fort Myers	65,190	Normark Investments, Inc./4740 Cleveland LLC	\$3,200,000/\$49	S. Fort Myers/San Carlos
95 6 th St., Fort Myers	42,000	Eagle Truss Investments LLC/Bastos Properties LLC	\$1,500,000/\$36	S. Fort Myers/San Carlos
12931-12935 Metro Pkwy., Fort Myers	22,000	Dean-Stewart Enterprises LLC/Dekalb Westridge Apartments, LLC	\$2,450,000/\$111	S. Fort Myers/San Carlos

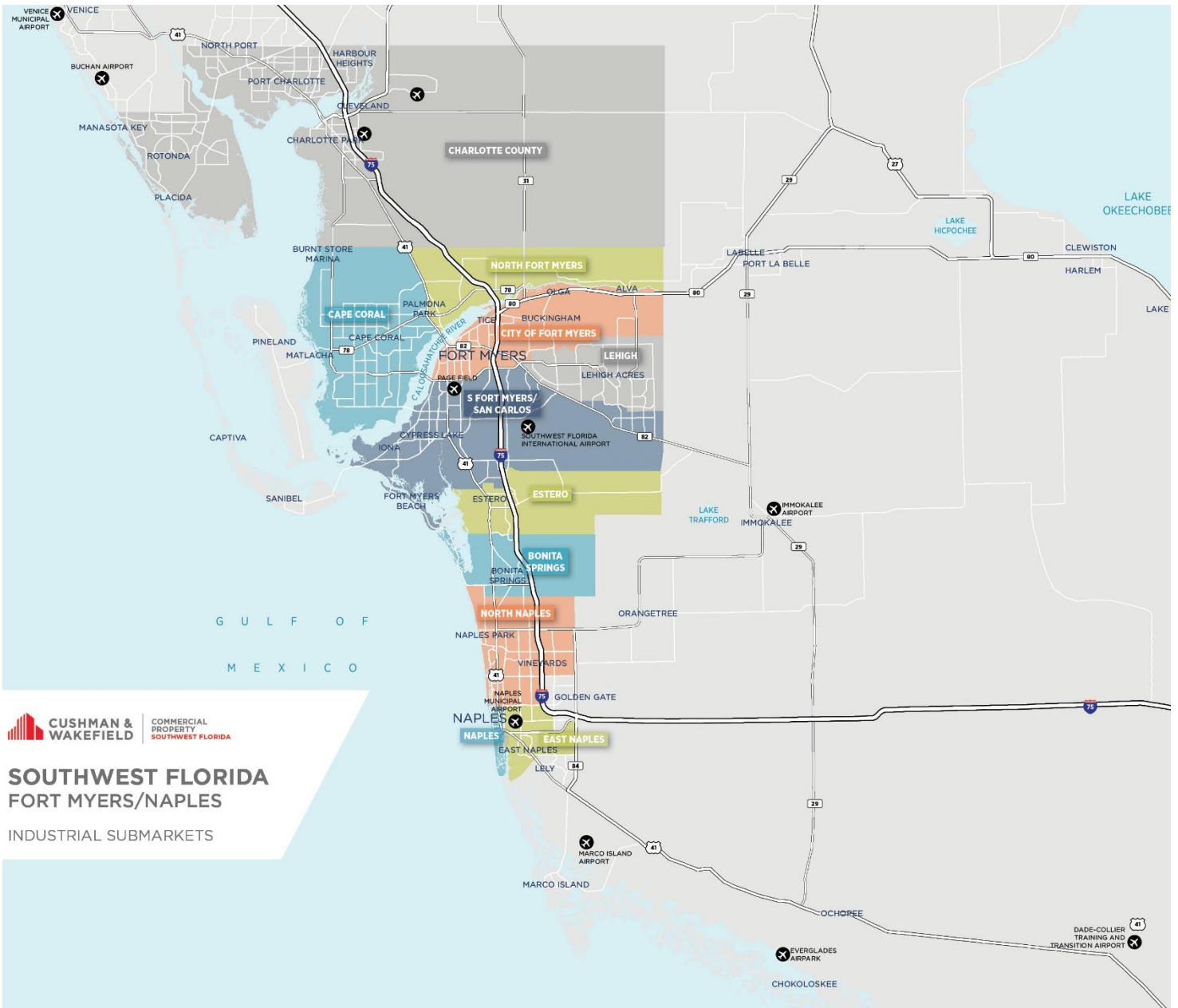
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INDUSTRIAL SUBMARKETS

Cushman & Wakefield | CPSWFL
5220 Summerlin Commons Blvd.
Suite 500
Fort Myers, FL 33907
cpswfl.com

For more information, contact:
Claire Meyer
Director, Research
Tel: +1 239 489 3600
cmeyer@cpswfl.com

Gary Tasman
CEO/Principal Broker
Tel: +1 239 489 3600
gtasman@cpswfl.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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