MARKETBEAT

Fort Myers / Naples

Industrial Q2 2017

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

FORT MYERS/NAPLES INDUSTRIAL

Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
Lee County Employment	257k	257k	▬
Lee County Unemployment	4.6%	4.3%	▼
U.S. Unemployment	4.9%	4.4%	▬

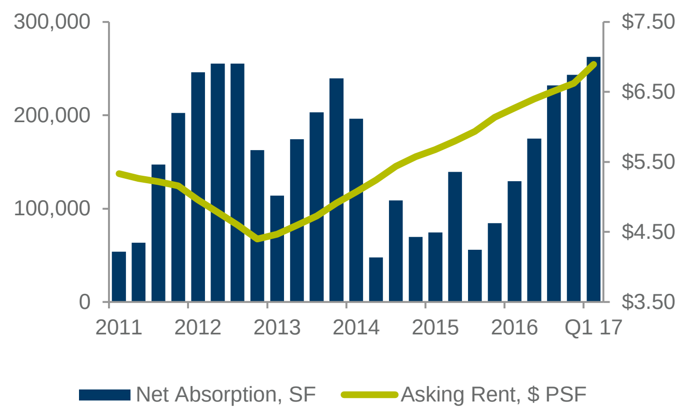
Market Indicators (Overall, All Property Types)

	Q2 16	Q2 17	12-Month Forecast
Vacancy	3.8%	2.0%	▼
YTD Net Absorption (sf)	352k	191k	▼
Under Construction (sf)	363k	283K	▼
Average Asking Rent*	$6.61	$7.60	▲

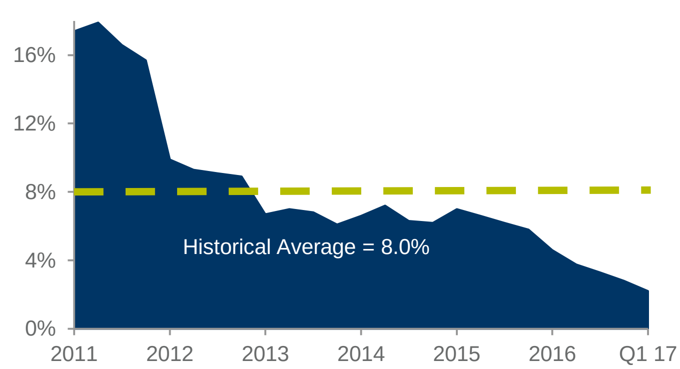
*Rental rates reflect net asking $psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Southwest Florida's regional economy exhibited strong growth in the second quarter 2017. Positive trends include an increase in tourist tax revenues, an 18.0% increase in single-family building permits, and a 5.0% increase in single family home sales. Median home prices also increased.

Traffic at the Southwest Florida International Airport (RSW) increased 15.0% in the beginning of the second quarter 2017 when compared to 2016. This is the highest recorded increase in RSW airport traffic to date. Passenger activity at the Punta Gorda Airport continues to increase with the developing air services of Allegiant and Frontier airlines adding to the health of the region's economy.

Competitive Industrial Market

The industrial market continues to be extremely competitive due to the limited amount of inventory available. The vacancy rate declined year-over-year and quarter-to-quarter, currently standing at a 2.0% overall vacancy rate. Average asking rent experienced a 16 cent jump as all market indicators-net absorption, construction, and vacancy- trend downward from second quarter 2016 for all industrial property types.

Construction increased in the second quarter 2017 with nearly 48,000 additional square footage that broke ground. The industrial market needs to expand its footprint to accommodate desirable tenants. New and functional space in the pipeline will allow landlords to market higher rents.

Outlook

The industrial market in Southwest Florida is expected to see an increase in asking rents as it continues to remain a tight sector of the Fort Myers and Naples submarkets. It is a landlord's market with most of the existing square footage already leased and an elevated demand for space.

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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)	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (FLEX)	DIRECT WEIGHTED AVG. NET RENT (W/D)
Bonita Springs	119	1,398,252	0	0.6%	18,686	0	$14.83	$10.47	$9.84
Cape Coral	378	3,582,826	0	4.1%	9,828	0	$8.64	N/A	$8.52
City of Fort Myers	667	9,949,815	7,930	3.1%	139,037	0	$5.50	$28.33	$6.38
Estero	4	17,292	0	0	0	0	N/A	N/A	$8.50
Lehigh Acres	85	1,286,727	0	1.4%	10,323	0	$8.34	$6.00	$7.83
North Fort Myers	78	1,374,523	0	0	13,426	0	N/A	N/A	N/A
S. Fort Myers/San Carlos	848	14,016,471	96,637	1.3%	137,335	125,000	$6.72	$8.42	$6.70
LEE COUNTY SUBTOTAL	2,179	31,625,906	104,567	2.1%	328,635	125,000	$7.14	$12.33	$6.72
East Naples	435	5,382,236	27,226	0.8%	75,324	104,860	$3.29	$11.00	$11.73
Naples	10	58,905	0	0	0	0	$15.00	N/A	N/A
North Naples	463	4,932,677	13,379	0.7%	6,000	53,000	$12.54	$13.55	$12.47
COLLIER COUNTY SUBTOTAL	908	10,373,818	40,605	0.7%	81,324	157,860	$8.43	$12.89	$11.99
FORT MYERS/NAPLES TOTALS	**3,087**	**41,999,724**	**145,172**	**2.0%**	**409,959**	**282,860**	**$7.52**	**$9.83**	**$7.17**

*Rental rates reflect asking $psf/year

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

	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG. NET RENT
Warehouse/Distribution	2,137	28,392,371	77,356	1.4%	264,305	119,860	92,558	145,920	$7.15
Manufacturing	511	7,965,992	35,632	2.4%	89,731	0	0	23,995	$7.52
Flex	439	5,641,361	32,184	4.0%	55,923	163,000	13,395	52,264	$9.75

Key Lease Transactions Q22017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
14241 Jetport Loop	18,500	Builder Service Group, Inc.	Lease	S. Fort Myers/San Carlos
13881 Plantation Rd.	11,065	KRBF Designs LLC	Lease	S. Fort Myers/San Carlos
11800 Metro Pkwy.	8,268	Scott Paint	Lease	S. Fort Myers/San Carlos
3800 Fowler St.	6,000	Eric's Restaurant Equipment	Lease	City of Fort Myers

Key Sales Transactions Q22017

PROPERTY	SF	SELLER / BUYER	PRICE / $PSF	SUBMARKET
18301 N. Tamiami Trl.	87,306	Lipman Produce/C & F Enterprises, Inc.	$4,200,000 / $48.11	Cape Coral
8030 Supply Dr.	59,880	Alico SWFL, LLC/Hickory Point Bank and Trust	$5,550,000 / $92.69	S. Fort Myers/San Carlos
4222 & 4244 Edison Ave.	36,240	L.B. Sowell Corporation/J. McCarthy Properties, LLC	$1,362,500 / $37.60	City of Fort Myers
12090 Metro Pkwy.	22,800	Yellowstone Property Developers, LLC/Snow Mass Property, LLC	$1,750,000 / $76.75	S. Fort Myers/San Carlos

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