

# MARKETBEAT

# Fort Myers / Naples

Industrial Q3 2016



COMMERCIAL  
PROPERTY  
SOUTHWEST FLORIDA

## FORT MYERS/NAPLES INDUSTRIAL

### Economic Indicators

	Q3 15	Q3 16	12-Month Forecast
Lee County Employment	248k	255k	▲
Lee County Unemployment	5.8%	5.7%	▲
U.S. Unemployment	5.2%	4.9%	▲

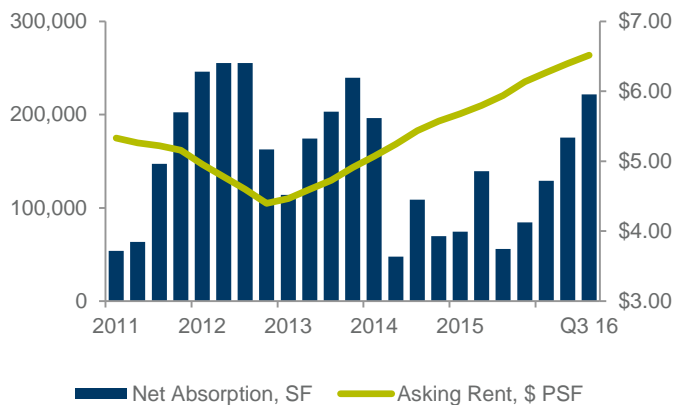
### Market Indicators (Overall, All Property Types)

	Q3 15	Q3 16	12-Month Forecast
Vacancy	6.2%	3.3%	▲
Net Absorption (sf)	45k	230k	▲
Under Construction (sf)	59k	240k	▲
Average Asking Rent*	\$6.25	\$6.72	▲

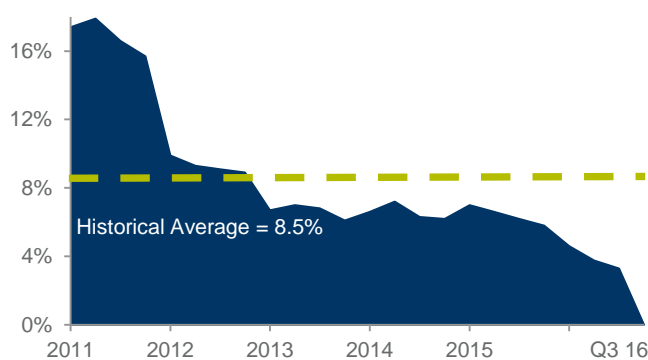
\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economy

Southwest Florida's regional economy reported improvement third quarter. Positive trends included a 6% increase in regional taxable sales, an 11% increase in tourist tax revenues, and an 8% increase in single family home sales by Realtors. These economic indicators represent somewhat of a turnaround from recent downward trends, and in the case of single family home sales, reflects increases in median prices in the tri-county area. Single-family building permits rebounded in all three counties from a decrease in July. Total activity rose to 713 permits issued in August 2016, an increase of 98 permits from August 2015 with Lee County issuing 392 of these permits.

## Market Overview

The Southwest Florida industrial market ended Q3 with an overall vacancy rate at 3.3%, down over the previous quarters' 3.8%. Quarterly overall net absorption totaled positive 215,541 square feet (SF). Asking rental rates increased slightly in the top submarkets with the highest increases reported in warehouse/distribution follow by flex. Manufacturing rates remained flat due to lower demand.

The flex building market recorded overall net absorption of 46,542 SF and warehouse building space accounted for 544,121 SF. Some of the notable quarterly deliveries included a 59,935-SF warehouse at 17751 Tamiami Trail, Fort Myers, occupied by Restaurant Depot. H&E Equipment Services Inc. relocated its Fort Myers branch to its newly constructed facility at 16701 Old US 41. The 19,125-SF property sits on eight acres and is one of 76 locations across the U.S. that provides heavy equipment sales, rentals and repairs.

The nearly 240,000 SF of industrial warehouse space under construction as of Q3 is expected to be delivered sometime before the end of 2016. There are currently eight proposed build-to-suit construction starts totaling 261,739 SF with expected completion dates some time in 2017. Groundbreaking is forecasted for Q4 2016 and Q1 2017. Investors remain cautious about new speculation construction starts.

## Outlook

Passenger activity in the three Southwest Florida airports in July 2016 was consistent with activity a year ago. Peak seasonal activity occurs February through April with significantly lower activity in the summer months. Area businesses are hiring again in retail and hospitality, mostly for minimum wage positions for the holidays and seasonal employment as winter residents flock to the area beginning now through the first of the year. Lee Health, Gartner and Hertz are actively adding head counts as well. No immediate economic impact is anticipated, and as long as employment continues to grow, occupancy in the office market should continue to expand.

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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 (WD)
Bonita Springs	119	1,400,378	8,104	6.9%	-10,712	0	\$13.06	\$11.12	\$9.60
Cape Coral	378	3,587,153	17,473	4.8%	87,202	0	\$7.92	N/A	\$7.56
City of Fort Myers	659	9,742,521	46,791	5.2%	96,415	0	\$5.50	\$9.41	\$5.39
Estero	5	28,977	0	0	1,057	0	N/A	N/A	\$7.00
Lehigh Acres	85	1,286,447	0	3.9%	36,238	0	\$8.34	\$6.00	\$6.35
North Fort Myers	78	1,264,234	8,525	4.5%	-7,497	0	N/A	N/A	\$6.00
S Ft Myers/San Carlos	840	13,534,014	151,032	2.5%	398,120	213,508	\$5.75	\$8.41	\$6.32
<b>LEE COUNTY SUBTOTAL</b>	<b>2,164</b>	<b>30,843,724</b>	<b>231,925</b>	<b>3.9%</b>	<b>600,823</b>	<b>213,508</b>	<b>\$6.07</b>	<b>\$8.57</b>	<b>\$6.03</b>
East Naples	431	5,325,937	118,425	1.9%	69,623	22,740	\$8.00	\$8.00	\$9.47
Naples	10	58,902	0	0	0	0	\$15.00	N/A	N/A
North Naples	461	4,914,900	54,173	0.9%	54,630	3,395	\$7.00	\$11.73	\$12.56
<b>COLLIER COUNTY SUBTOTAL</b>	<b>902</b>	<b>10,299,739</b>	<b>172,598</b>	<b>1.4%</b>	<b>124,253</b>	<b>26,135</b>	<b>\$11.59</b>	<b>\$10.64</b>	<b>\$10.20</b>
<b>FORT MYERS/NAPLES TOTALS</b>	<b>3,066</b>	<b>41,143,463</b>	<b>404,523</b>	<b>3.3%</b>	<b>725,076</b>	<b>239,643</b>	<b>\$6.37</b>	<b>\$8.11</b>	<b>\$6.45</b>

\*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	2,127	27,642,674	205,165	2.5%	544,121	236,643	161,365	677,906	\$6.45
Manufacturing	512	7,969,237	102,643	5.1%	134,413	0	0	54,689	\$6.37
Flex	427	5,531,552	96,715	4.9%	46,542	3,000	12,600	177,179	\$8.11

### Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
7920 Interstate Court	24,000	Withheld	Lease	North Fort Myers
1603 Benchmark Ave	12,000	Manko Delivery System	Lease	City of Fort Myers
12610 Metro Pkwy	11,328	Withheld	Lease	S. Fort Myers/San Carlos
12630 Metro Pkwy	9,020	Withheld	Lease	S. Fort Myers/San Carlos

### Key Sales Transactions Q3 2016

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
9201 Brookwood Court	22,543	D&M, LLC / One Moore, LLC	\$471,000 / \$21	Bonita Springs
12931-12935 Metro Pkwy	22,000	Dean-Stewart Enterprises / Jim Smith Electric Service, Inc.	\$1,825,000 / \$83	S. Fort Myers/San Carlos
8911-8919 N. Fork Drive	21,128	8911-19 North Fork Dr RLLP / Moonstone Holdings	\$575,000 / \$27	North Fort Myers
3742-3780 Arnold Ave	14,400	BEX, LLC / YLB Investments	\$1,379,900 / \$96	E. Naples

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