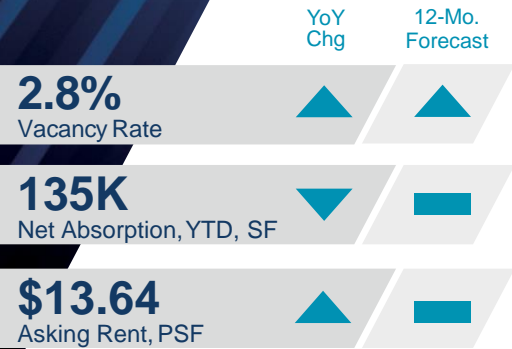
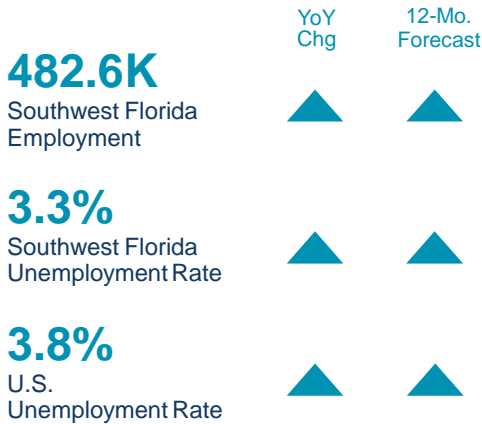


## Industrial Q1 2024



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q1 2024



Source: BLS

### ECONOMIC OVERVIEW:

Southwest Florida's industrial market reflects robust population growth of 2.1% year-over-year, as reported by the Bureau of Labor Statistics (BLS), Bureau of Census (BOC), and Moody's Analytics, with positive projections. The construction sector in Fort Myers experienced notable job gains, adding 2,600 jobs over the past year. Post-hurricane impacts have left over 20% of hotel rooms closed in barrier islands like Fort Myers Beach, contributing to stability in construction and employment sectors. Single-family building permits have surged by 44% in the region from February 2023 to February 2024.

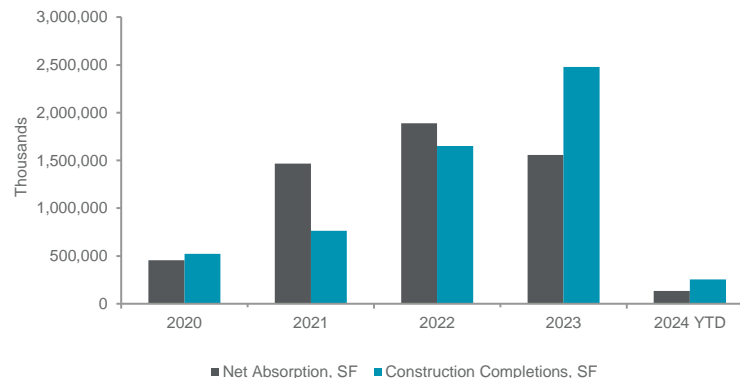
### SUPPLY AND DEMAND:

The industrial market in Southwest Florida is undergoing a market correction period. While the national vacancy rate increased by 230 basis points over the last year to 5.8%, the SWFL region experienced a 220-basis point increase, reaching 2.8%. Although there was only a slight 10 basis point increase in vacancy quarter-over-quarter, rates have been gradually rising since hitting a historic low of 0.6% one year ago. Absorption cooled from 1.8 million square feet at year-end 2023 to 135,000 sf due to cooling demand amid economic uncertainty. Despite approximately 400,000 square feet remaining in the pipeline, it has decreased from its peak in 2021-2023. Notable leases include PepsiCo's build-to-suit (BTS) facility of approximately 140,000 sf, along with three large industrial leases over 50,000 sf signed in Q1. Collier County/Naples faces limited supply, with a low vacancy of 1.8%, accounting for only 22% of all inventories in the SWFL region, and no sign of inventory expansion in the pipeline. The market is returning to normalcy after a four-year surge, with stabilization expected in 2025. Pre-leasing stands at approximately 14% of square footage under construction, and sublease availability remains unchanged.

### PRICING:

Triple net asking rents have surged by 46.2% since pre-pandemic levels (Q4 2019), rising from \$8.52 per square foot (psf) to \$13.64 psf currently. Despite recent reduced demand due to deliveries, industrial rents are expected to remain substantially above pre-pandemic levels. The average price psf owner-user sales activity this quarter is \$319.48, while investor sales activity this quarter averages \$222.34 psf. Cap rates have risen across all three counties since Q1 2022, presumably due to high borrowing costs, with Collier County at 8.1%, Fort Myers at 8.8%, and Charlotte at 8.9%. Investment sales activity totals almost \$125 million, with over \$18 million in owner-user sales.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q1 2024

### 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	4,998,391	315,906	6.3%	14,600	14,600	148,000	0	---	\$15.55	\$11.95
<b>CHARLOTTE COUNTY SUBMARKET TOTALS</b>	<b>4,998,391</b>	<b>315,906</b>	<b>6.3%</b>	<b>14,600</b>	<b>14,600</b>	<b>148,000</b>	<b>0</b>	<b>---</b>	<b>\$15.55</b>	<b>\$11.95</b>
Bonita Springs	1,436,472	30,273	2.1%	-29,023	-29,023	0	0	\$18.00	\$16.81	\$17.22
Cape Coral	3,257,795	42,850	1.3%	-12,829	-12,829	37,883	0	---	\$16.48	\$15.11
Estero	17,292	---	---	---	---	0	0	---	---	---
City of Fort Myers	10,039,792	333,753	3.3%	124,811	124,811	112,794	0	\$10.25	---	\$12.31
South Fort Myers	15,205,738	365,900	2.4%	83,205	83,205	110,000	247,773	\$15.00	\$14.90	\$13.77
North Fort Myers	1,135,340	36,400	3.2%	-14,662	-14,662	0	0	---	---	\$12.45
Lehigh Acres	1,146,095	54,659	4.8%	700	700	0	0	---	\$15.00	\$10.83
The Islands	111,125	920	0.8%	---	---	0	0	---	---	---
<b>LEE COUNTY SUBMARKET TOTALS</b>	<b>32,349,649</b>	<b>864,755</b>	<b>2.6%</b>	<b>152,202</b>	<b>152,202</b>	<b>260,677</b>	<b>247,773</b>	<b>\$14.42</b>	<b>\$15.80</b>	<b>\$13.62</b>
East Naples	4,902,071	69,604	1.4%	18,768	18,768	0	7,800	\$20.88	---	\$18.86
North Naples	3,663,518	63,986	1.7%	-48,681	-48,681	0	0	\$22.81	---	\$20.79
Naples	46,200	---	---	---	---	0	0	---	---	---
Marco Island	82,180	---	---	---	---	0	0	---	---	---
Outlying Collier County	2,316,135	51,337	2.2%	-1,977	-1,977	0	0	---	---	\$16.42
Golden Gate	78,895	---	---	---	---	0	0	---	---	---
<b>COLLIER COUNTY SUBMARKET TOTALS</b>	<b>11,088,999</b>	<b>184,927</b>	<b>1.8%</b>	<b>-31,890</b>	<b>-31,890</b>	<b>0</b>	<b>7,800</b>	<b>\$21.85</b>	<b>---</b>	<b>\$18.69</b>
<b>SOUTHWEST FLORIDA TOTALS</b>	<b>48,437,039</b>	<b>1,365,588</b>	<b>2.8%</b>	<b>134,912</b>	<b>134,912</b>	<b>408,677</b>	<b>255,573</b>	<b>\$18.81</b>	<b>\$15.54</b>	<b>\$13.30</b>

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

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

### KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
16670 Oriole Rd.	S. Fort Myers/San Carlos	Undisclosed	75,461	New Lease
6135 Tri County Commerce Way	City of Fort Myers	NB Handy	68,665	New Lease
6165 Tri County Commerce Way	City of Fort Myers	Mechanical One	67,620	New Lease

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Centerlinks Business Park	S. Fort Myers/San Carlos	McGarvey Development / EQT Exeter	*454,640	\$92.5M / \$203.46
4110/4120 Enterprise Ave.	East Naples	Naples Industrial Estates / Venture One Real Estate	83,500	\$17M / \$203.59
3940 Prospect Ave.	East Naples	SRL Prospect Realty LLC / Paul Kaplan	28,466	\$6.8M / \$238.88

\*Portfolio Sale – 9 Total Properties

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