MARKETBEAT

Industrial Snapshot Q3 2015

Fort Myers/Naples, FL

CUSHMAN & WAKEFIELD | COMMERCIAL PROPERTY SOUTHWEST FLORIDA

FORT MYERS/NAPLES OFFICE

Economic Indicators

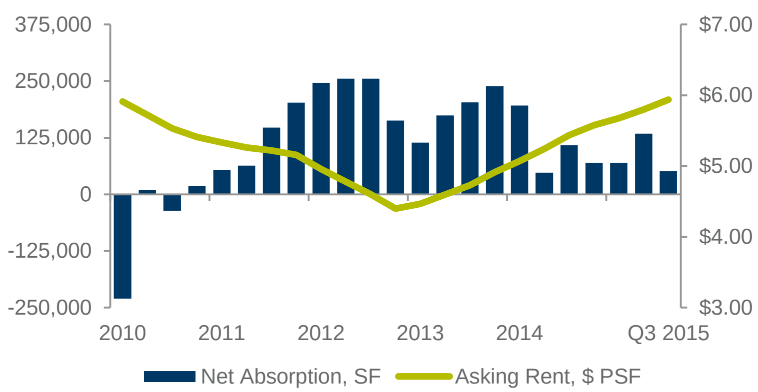
	Q3 14	Q3 15	12-Month Forecast
Lee Cty. Employment	232k	240k	▲
Lee Cty. Unemployment	5.8%	5.1%	▼
U.S. Unemployment	6.1%	5.1%	▼

Market Indicators

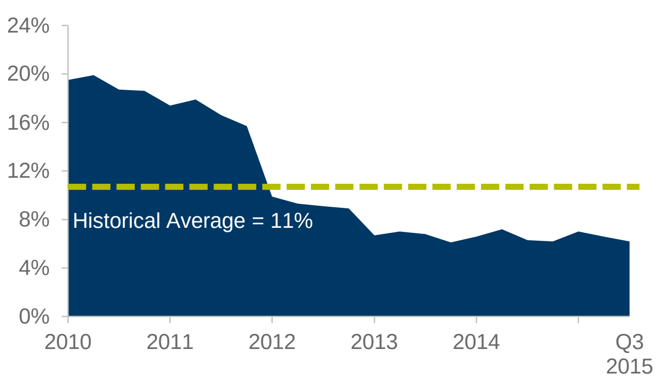
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	6.3%	6.2%	▼
Net Absorption	378K	47K	▼
Under Construction	0	59K	▲
Overall Average Asking Rent	$5.70	$6.25	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Southwest Florida economy continued to exhibit strong growth, with seasonally-adjusted unemployment rate for the five-county region falling to 5.1% for August; a 0.7 percentage point decrease from a year ago. The area recorded a 2.9% increase (6,500) in new jobs added in Fort Myers/Cape Coral and a 3.2% increase (4,100 jobs) in the Naples/Marco Island area. Seasonally-adjusted regional tax sales were up 10% in June versus June 2014. Tourist Tax revenues for July 2015 increased to 6% for the region encompassing Collier, Lee and Charlotte counties.

The Realtor Association of Greater Fort Myers and The Beach reported home prices continue to rise and inventory is down in both Lee and Collier Counties. Single family homes reported a 12% increase over the same time last year. Properties are staying on the market for shorter duration too; 32 days on the market from 42 days a year ago. The majority of closed properties are traditional sales (83.6%). Foreclosures are down to 14% with short sales only 2% of sales. Today, inventory has dropped 25% from a year ago with 3.7 months inventory for single family homes.

Market Overview

Most submarkets continue to see positive absorption and increasing rents. This is primarily due to improving fundamentals in the local residential construction industry. One area of concern is shrinking inventory and how this situation is impacting rental rates. This coupled with construction material cost increases and shortages of construction labor could begin to adversely effect demand for industrial space by Q1-Q2 2016. Another related issue is the cost to deliver new space versus current market rents. These red flags are causing speculative developers to delay decisions to deliver new space in the region.

Outlook

The regional economy continues to improve and all indicators remain positive for the balance of the year. Passenger activity for the three Southwest Florida airports in July 2015 was 4% above the figure last year fueled largely by a spike in traffic to Punta Gorda Airport. September 2015 sales of existing single-family homes for the two coastal counties were up 12% over September 2014, along with substantial increases in median prices.

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SUBMARKET	TOTAL BLDGS	INVENTORY	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION	UNDER CNSTR	DIRECT WEIGHTED AVG. NET RENT (MF)	DIRECT WEIGHTED AVG. NET RENT (FLEX)	DIRECT WEIGHTED AVG. NET RENT (W/D)	DIRECT WEIGHTED AVG. NET RENT (ALL)
Bonita Springs	118	1,392,679	3,000	0	12.5%	(199)	0	$14.00	$6.92	$7.20	$12.75
Cape Coral	372	3,446,260	17,863	42,478	8.0%	(13,393)	0	$8.44	$6.96	$7.63	$6.72
City of Fort Myers	656	9,768,751	52,335	72,079	8.4%	35,918	0	$4	$7.23	$5.21	$5.42
Estero	3	14,242	0	0	N/A	1,094	0	N/A	$6.96	$7.00	$7.00
Lehigh Acres	86	1,295,627	1,250	29,700	7.7%	(12,277)	0	$6.00	$6.00	$6.80	$6.37
North Fort Myers	77	990,900	0	0	7.2%	(36,200)	0	N/A	N/A	$4.38	$4.38
S Ft Myers/San Carlos	830	13,302,398	68,654	132,904	6.1%	59,171	0	$5.34	$6.89	$5.53	$5.87
LEE COUNTY SUBTOTAL	2,142	30,210,857	143,102	277,161	8.4%	34,114	0	$5.70	$6.96	$6.25	$6.06
East Naples	429	5,297,902	4,650	10,431	3.6%	11,647	8,100	$7.50	$7.46	$8.56	$8.37
Naples	11	58,902	N/A	0	N/A	N/A	0	N/A	N/A	N/A	N/A
North Naples	457	4,823,026	4,111	7,000	2.3%	1,027	51,279	$7.41	$13.28	$8.95	$11.05
COLLIER COUNTY SUBTOTAL	897	10,179,830	8,761	17,431	3.4%	12,674	59,379	$7.45	$10.89	$8.58	$9.02
TOTALS	3,039	40,390,687	151,863	294,592	6.3%	46,788	59,379	$5.91	$7.79	$5.76	$6.17

*Rental rates reflect asking $psf/year

MF = Manufacturing W/D = Warehouse/Distribution

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
10061 Amberwood Rd.	21,107	Innovative Medical, Inc.	Light Manufacturing	S. Ft. Myers/San Carlos
3580 Work Dr.	17,000	Kaycan	Manufacturing	City of Ft. Myers
14241 Jetport Loop	10,725	Conditioned Air	Flex Showroom	S. Ft. Myers/San Carlos
2944-2946 South St.	10,000	Affordable Roofing	Warehouse Distribution	City of Ft. Myers

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
18301 N. Tamiami Trl.	43,522	Beachcombers Int'l/KB Howell Enterprises	Warehouse	$1,825,300	Cape Coral
3600 Westview Dr.	18,645	Baron Investment Corp of Naples/RICDEN, LLC	Flex Showroom	$2,100,000	E. Naples

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