

MARKETBEAT RETAIL SNAPSHOT



FORT MYERS / NAPLES, FL
A Cushman & Wakefield Research Publication

Q2 2015



ECONOMIC OVERVIEW

Significant improvement in Southwest Florida's economy continued in Q2 showing an increase from slow to moderate recovery. Taxable sales for April increased 7% over April 2014, tourist tax revenues increased in Lee County alone for

May up 9% over last year (\$3,056,346), and passenger traffic at the three Southwest Florida airports increased 4% year-over-year (May 2014). Another positive sign came from Realtor sales of existing single-family homes with the three coastal counties reporting an 8% increase from June 2014 to June 2015, along with increases in median prices and single-family building permits.

Nationally, in July 2015, both the unemployment rate (5.3%) and the number of unemployed persons (8.3 million) were unchanged from June 2015. Over the year, the number of unemployed persons declined by 0.9 percentage point (pp). Job gains occurred in retail trade, health care, professional and technical services and financial activities. The state of Florida's unemployment rate declined to 5.5% in June of 2015—0.8 pp lower than June 2014. In Southwest Florida, seasonally-adjusted unemployment rates continued to show noticeable improvement over the corresponding month of the prior year in all counties. On a county basis, Lee County's unemployment rate declined to 5.2% from 6.3% year-over-year (June), while Collier County's rate declined to 5.3% from 6.1% year-over-year.

STRONG POPULATION GROWTH & JOB CREATION DRIVING RETAIL

Continued growth in the region's year-round population is driving retail expansion. Additionally, demand is being created by strong year-round tourism as the region is growing in desirability for all travel segments.

Expanding retailers, both national and regional, are opening secondary locations in the area. In particular, Collier County recently completed Tamiami Crossing, a Power Center located in a growing area of Naples with leases to include Marshalls, Stein Mart, PetSmart, Ross, and Michaels. Panera Bread (two new locations), First Watch, Family Dollar, and Dollar General are all opening new locations in Lee and Collier Counties. Wal-Mart continues to complete projects in Estero and South Fort Myers/San Carlos with completions scheduled in Q3 and Q4, respectively.

Additionally, retail investment sales are seeing robust activity driven mostly by favorable and predictable returns as compared to other asset classes, including the recently sold Mercato, a premier lifestyle center located in North Naples submarket, for nearly \$240 million in

May having over 456,000 square feet (sf) of class A retail and office spaces.

OUTLOOK

The twelve-month outlook for the Fort Myers/Naples retail market shows continued improvement in occupancy coupled with average rental rates beginning to edge upwards as occupancy increases. Some medium sized projects currently under construction will come to fruition by the end of 2015—showing a spike in new deliveries.

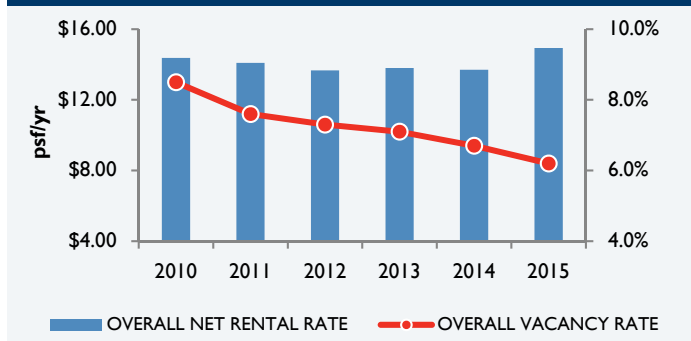
Lee and Collier Counties reported a total of 600,621 sf of retail space currently under construction in 21 buildings, with an expected delivery totaling 216,864 sf in Q3 2015 and 264,298 sf by year-end.

ECONOMIC INDICATORS

NATIONAL	2014	2015F	2016F
GDP Growth	2.4%	2.4%	3.0%
CPI Growth	1.6%	0.4%	2.7%
Consumer Spending Growth	2.5%	3.4%	3.8%
Retail Sales Growth	3.8%	2.8%	5.6%
REGIONAL	2014	2015	2016
Household Income	\$47,493	\$48,659	\$50,348
Population Growth	2.7%	3.2%	3.5%
Unemployment	6.0%	5.2%	4.7%

Source: Moody's Analytics

DIRECT GROSS RENTAL RATE VS. DIRECT VACANCY RATE PERCENTAGE



Source: CoStar

FORT MYERS / NAPLES SUBMARKET STATISTICS (TOP FIVE)

SUBMARKET	INVENTORY	QUARTERLY CHANGE IN INVENTORY	VACANCY RATE	DEMAND (OCCUPIED SQUARE FEET)	ASKING RENT	RENT GROWTH	ABSORPTION
South Ft Myers/San Carlos	15,906,749	31,347	6.8%	14,817,791	\$15.01	6.0%	126,317
North Naples	10,536,497	7,025	6.2%	9,887,824	\$20.86	(0.8%)	89,502
Cape Coral	8,709,866	0	8.8%	7,942,861	\$12.66	0.4%	48,954
City of Fort Myers	7,700,441	0	6.6%	7,193,263	\$9.90	0.6%	22,116
East Naples	4,170,327	0	9.6%	3,770,924	\$15.17	2.8%	25,130
TOTAL MARKET**	67,422,133	73,312	7.1%	62,631,142	\$15.11	0.5%	419,431

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

**THIS TABLE INCLUDES SOUTHWEST FLORIDA'S TOP FIVE SUBMARKETS BY INVENTORY SIZE. THE TOTAL MARKET LINE REPRESENTS THE OVERALL MARKET TOTAL AND NOT JUST THE TOTAL FROM THE SUBMARKETS LISTED IN THE TABLE.

FORT MYERS / NAPLES

	VACANCY		RENTAL RATES		AVERAGE SALES PRICE / SQUARE FEET	
	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015
Regional Mall	2.9 %	4.3 %	\$20.00	\$20.00	N/A	N/A
Neighborhood Center	11.4 %	11.0 %	\$11.36	\$11.55	\$90.80	\$50.70
Power Center	8.1 %	7.3 %	\$17.38	\$17.94	\$123.96	\$331.31
Community Center	12.0 %	12.4 %	\$12.90	\$13.99	\$47.87	\$385.35
Strip Center	13.1 %	11.3 %	\$10.58	\$10.11	\$47.89	\$192.07
Lifestyle Center	2.1 %	5.0 %	\$27.82	\$35.00	N/A	N/A
TOTAL MARKET	10.2 %	10.0 %	\$12.12	\$12.70	\$79.10	\$154.51

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
3805-3863 Tamiami Trl E.	East Naples	Lucky's Market	Community Center	38,500
SR 951 & US 41	Outlying Collier County	Stein Mart	Power Center	32,000
4418 S. Cleveland Ave.	City of Ft. Myers	Withheld	Retail Storefront	27,968
SIGNIFICANT 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
11902 Bonita Beach Rd.	Bonita Springs	Mile High Flea Market	\$8,500,000 / \$107	79,407
5690 Bayshore Rd.	N. Fort Myers	Elite Estates	\$5,575,000 / \$120	46,295
13400 S. Cleveland Ave.	Fort Myers	CVS	\$5,859,200/\$460	12,738
SIGNIFICANT 2015 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
2390 Vanderbilt Beach Rd.	North Naples	Alamo Gun Range	Q1 2015	56,352
8855 Immokalee Rd.	Outlying Collier County	Pelican Larry's, Sakura Buffet	Q1 2015	31,420
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
19975 S. Tamiami Trl.	Estero	Wal-Mart	Q3 2015	180,000
17105 San Carlos Blvd.	Fort Myers Beach	Wal-Mart	Q4 2015	157,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS