

MARKETBEAT

Fort Myers/Naples

Retail Q2 2019



ECONOMIC INDICATORS

National	Q2 18	Q2 19	12-Month Forecast
GDP Growth	2.9%	2.6%	▼
CPI Growth	2.7%	1.8%	▲
Consumer Spending Growth	4.7%	4.5%	▼
Retail Sales Growth	5.6%	3.3%	▼

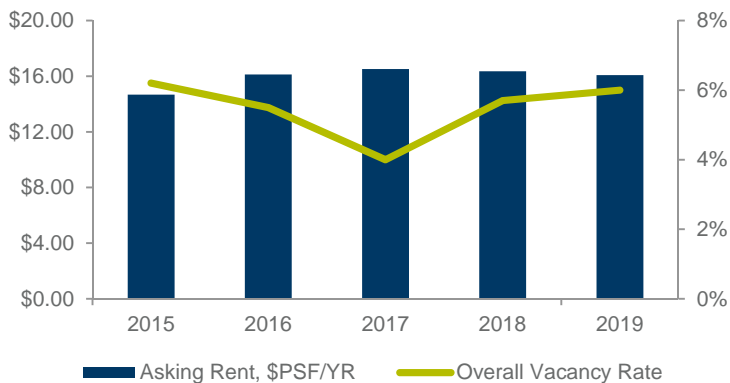
Source: BLS, BOC, Moody's Analytics. Values represent year-over-year % change. 2019 Q2 data are based on latest available data.

Regional	Q2 18	Q2 19	12-Month Forecast
*Median Household Income	\$60,500	\$63,400	▲
*Population Growth	1.9%	2.6%	▲
**Unemployment	3.9%	3.6%	▼

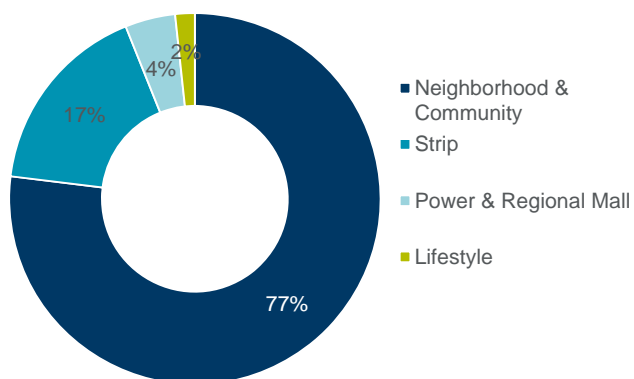
*Source: BLS, BOC, Moody's Analytics. Values represent year-over-year % change.

**Numbers above are monthly figures, July 2019, FL Dept. Economic OPP.

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

Southwest Florida's combined MSA of Punta Gorda/Charlotte County, Fort Myers/Lee County and Naples/Collier County had an increase of 900 retail jobs as of June 2019. Retail trade employment had a combined 1.3% increase over the past 12 months.

Market Overview

The overall vacancy rate closed out second quarter at 6.0%, an increase of 20 basis points (bps) when compared to this time last year. The overall average asking rents increased 2.7% year-over-year (YOY) to \$16.08 per square foot (psf) from \$15.65 psf in 2018.

Overall absorption was positive at the end of second quarter 2019 despite national closures of big box retailers. One of the largest move-ins at midyear was the occupancy of Big Lots! at McGregor Point Shopping Center in Lee County. Big Lots! opened their seventh location in Southwest Florida in May 2019, absorbing nearly 77,000 square feet (sf). Overall leasing activity decreased, however, to 231 retail leases reported in the first half of the year compared to 329 leases at mid year 2018. As eCommerce strengthened its presence in the market, vacant anchor spaces were redeveloped into office or other mixed uses. The former Sweetbay grocery store space at The Shoppes at Plantation neighborhood center was leased to CareerSource Southwest Florida. Nearly 30,000 sf of the anchor space will be converted to office space for the statewide employment agency.

Retail construction in the Southwest Florida market remained strong as new speculative projects delivered. A significant completion for the year was Logan Landings in the North Naples submarket by GL Commercial. The restaurant-focused center totaled 98,000 sf and delivered on the southwest corner of Immokalee Road and Logan Boulevard in Naples. The anchor is the supermarket chain, Sprouts Farmers Market, which was the first regional location for the Phoenix-headquartered chain.

Collier County led the market in retail construction. The largest under-construction project was Marketplace Commons totaling 47,000 sf from Benderson Development Company, LLC. The project is adjacent to City Furniture and is located on US-41/Tamiami Trail in Naples.

Outlook

Increases in median household income, influx of new residents and further job growth support retail development in the Southwest Florida market. Cushman & Wakefield I Commercial Property Southwest Florida expects to see vacancy rates decrease as tenants occupy pre-leased spaces in newly delivered construction projects. Trends we will see are continued conversions of big box spaces and an increased development of restaurant-focused strip centers.

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CUSHMAN & WAKEFIELD

COMMERCIAL PROPERTY
SOUTHWEST FLORIDA

COUNTY	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	**OVERALL AVERAGE ASKING RENT (NNN)
Charlotte County	208	5,579,019	5.0%	89,295	80,104	5,400	\$13.87
Lee County	970	27,571,373	6.3%	-33,581	-114,493	48,042	\$14.24
Collier County	508	13,599,654	5.6%	-30,697	28,029	63,097	\$21.76
TOTAL MARKET	1,686	46,750,046	6.0%	25,017	-6,360	116,539	\$16.08

*Rental rates reflect NNN asking \$psf/yr

SHOPPING CENTER TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	**OVERALL AVERAGE ASKING RENT (NNN)
Super Regional Mall	90	6,162,528	2.0%	-32,365	-38,242	0	\$45.00
Neighborhood & Community	774	27,843,605	7.4%	31,338	-22,926	82,559	\$15.36
Power & Regional	72	4,184,521	2.8%	-4,460	5,466	22,380	\$21.93
Strip Center	719	7,421,333	6.1%	39,804	61,595	11,600	\$15.57
Lifestyle Center	31	1,138,059	4.0%	-9,300	-12,253	0	\$29.40

*The above chart excludes Airport Retail, Outlet Centers and Theme/Festival Centers. Super Regional Malls are included for inventory purposes only.

**Rental rates reflect NNN asking \$psf/yr

Key Lease Transactions YTD 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
15271 McGregor Boulevard, Fort Myers	76,821	Big Lots	New Lease	S. Fort Myers/San Carlos
3300 Bonita Beach Road SW, Bonita Springs	11,140	NewSouth Window Solutions	New Lease	Bonita Springs
2336 Surfside Boulevard, Cape Coral	7,502	Island Doctors	New Lease	Cape Coral
4606 S. Cleveland Avenue, Fort Myers	7,415	The Sandbar & Grille	New Lease	S. Fort Myers/San Carlos

Key Sales Transactions YTD 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
2354 Surfside Boulevard, Cape Coral	180,418	Dodge Cape Coral, LLC/T Surfside FL, LLC	\$13,625,000/\$76	Cape Coral
1803-1851 NE. Pine Island Road, Cape Coral	116,737	The Blackstone Group, L.P./ALTO Real Estate Funds	\$17,836,000/\$153	Cape Coral
13500 & 13510 Tamiami Trail N., Naples	48,819	Heritage Square Real Estate, LLC/Coneco Realty, LLC	\$10,425,000/\$214	North Naples
900 SW. Pine Island Road, Cape Coral	46,885	Pine Island Plaza Del Sol, LLC/Cape Coral I, LLC	\$7,945,000/\$169	Cape Coral

Construction Completions YTD 2019

PROPERTY	SF	MAJOR TENANT	COMPLETION DATE	SUBMARKET
7550 Immokalee Road-Logan Landings	90,000	Sprouts Farmers Market	Q1 2019	North Naples
100 Price Street-Price Street Plaza	19,600	Dollar Tree	Q1 2019	Lely
700 SW. Pine Island Road-Nicholas Commons	10,500	Dunkin'	Q1 2019	Cape Coral
20000 S. Tamiami Trail-Estero Grande	8,700	Starbucks	Q2 2019	Estero

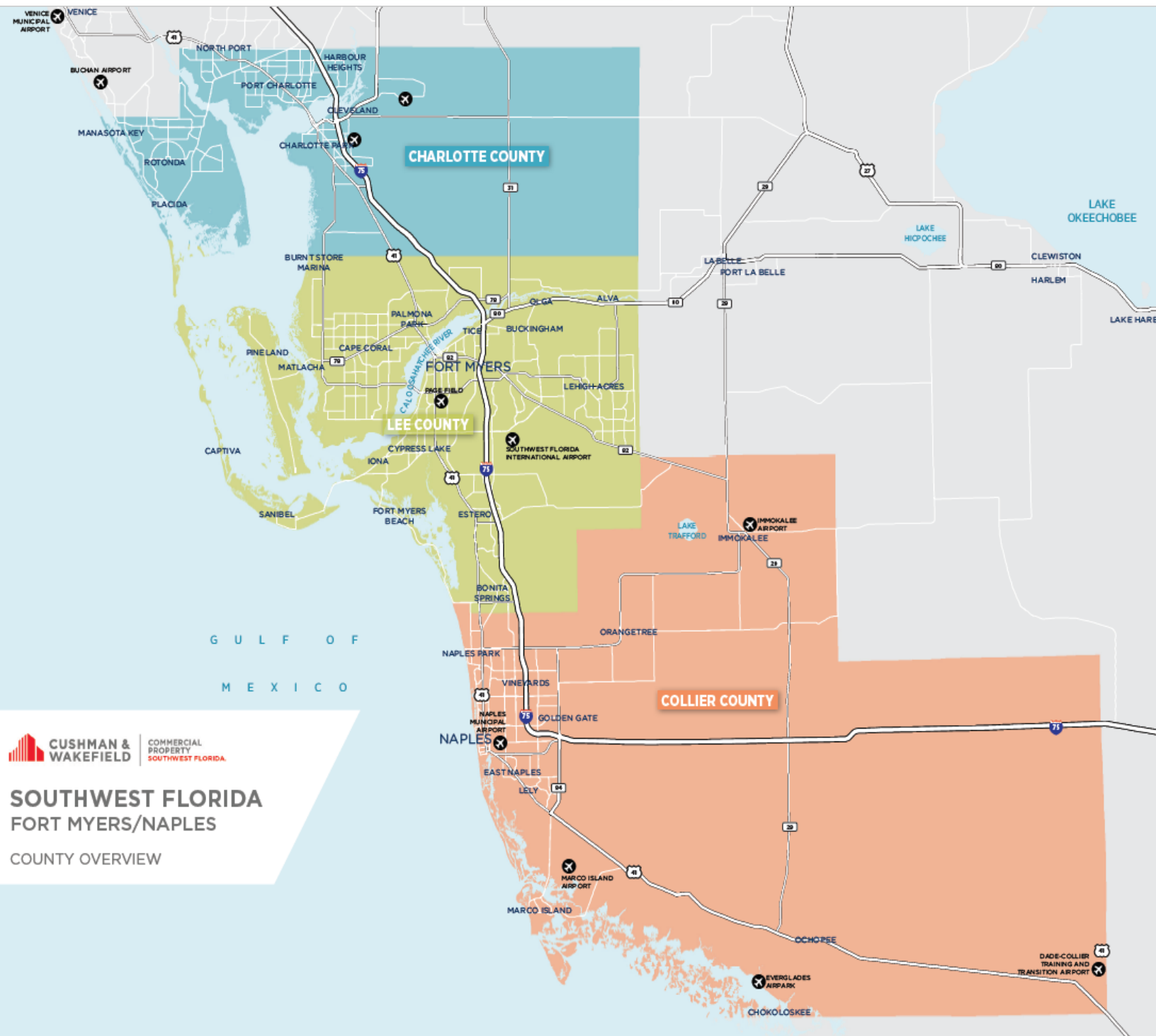
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PROPERTY
SOUTHWEST FLORIDA

SOUTHWEST FLORIDA FORT MYERS/NAPLES

COUNTY OVERVIEW

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