

Office Snapshot Q3 2015

Fort Myers/Naples, FL



FORT MYERS/NAPLES OFFICE

Economic Indicators

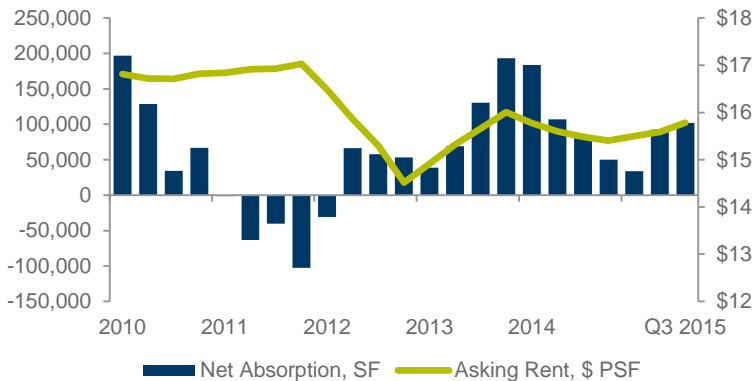
	Q3 14	Q3 15	12-Month Forecast
Lee Cty. Employment	232k	240k	▲
Lee Cty. Unemployment	5.8%	5.1%	▼
U.S. Unemployment	6.1%	5.1%	▼

Market Indicators

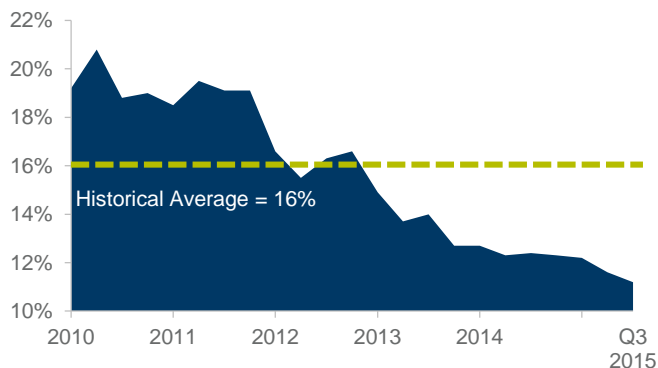
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	12.4%	11.2%	▼
Net Absorption	50k	87k	▲
Under Construction	303k	308k	▲
Overall Average Asking Rent	\$15.40	\$16.18	▲

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 1.0 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.

Leasing activity continues to improve

At the end of third quarter, total office space in the Lee/Collier market area amounted to nearly 28.4 million square feet and 2,649 buildings. Asking rentals rates are increasing as the demand continues for class A and B office space. The top lease for the quarter was WCI Communities relocating their corporate headquarters to larger space totaling 28,418 square feet.

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.

MARKETBEAT

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Fort Myers/Naples, FL



SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
Bonita Springs	192	2,343,002	0	417,874	17.8%	32,835	9,390	0	\$15.71	\$15.47
Cape Coral	382	2,528,424	2,500	258,752	10.3%	(11,275)	70,785	0	\$12.52	\$17.27
City of Fort Myers	414	4,812,784	0	636,304	13.2%	36,019	61,393	0	\$12.30	\$14.08
Estero	31	533,732	0	64,456	12.1%	(817)	26,908	272,592	\$15.95	\$19.68
Lehigh Acres	73	426,771	0	39,435	9.2%	N/A	N/A	0	\$13.03	N/A
North Fort Myers	35	271,233	0	6,336	2.3%	N/A	N/A	0	\$7.99	N/A
S. Ft. Myers/San Carlos	751	8,124,287	11,679	822,344	10.3%	273	102,743	0	\$14.71	\$19.56
The Islands	51	195,042	0	300	0.2%	900	900	0	\$19.24	N/A
LEE COUNTY SUBTOTAL	1,929	19,235,275	14,179	2,245,801	11.7%	57,935	272,119	272,592	\$14.15	\$16.63
East Naples	146	1,826,245	4000	200,566	11.2%	32,875	33,911	0	\$14.36	\$10.52
Golden Gate	31	138,405	0	1,825	1.3%	675	4,283	0	\$17.09	N/A
Lely	16	127,558	0	27,644	21.7%	1,900	3,116	0	\$19.55	\$20.45
Marco Island	33	363,044	0	23,585	6.5%	(3,210)	(11,868)	0	\$19.26	N/A
Naples	98	1,280,068	6,523	88,390	7.4%	16,191	6,875	18,165	\$22.42	N/A
North Naples	359	5,048,957	1200	490,510	9.9%	(19,309)	69,474	17,000	\$23.67	\$26.80
Outlying Collier County	37	361,573	0	66,255	18.3%	N/A	9,600	0	\$29.52	\$34.81
COLLIER COUNTY SUBTOTAL	720	9,145,850	11,723	898,775	10.1%	29,122	115,391	35,165	\$20.85	\$25.63
TOTALS	2,649	28,381,125	25,902	3,144,576	11.2%	87,057	387,510	307,757	\$16.18	\$19.86

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	68	3,704,494	2,500	598,861	16.2%	33,184	24,418	0	\$19.86	\$19.91
Class B	1,532	18,324,795	18,202	2,043,196	11.3%	27,440	280,749	307,757	\$15.82	\$15.79
Class C	1,049	6,351,836	5,200	502,519	8.0%	26,433	82,343	0	\$12.60	\$12.53

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	TRANS. TYPE	ASKING RENT	SUBMARKET
24301 Walden Center Dr.	28,418	WCI Communities, Inc.	Lease	\$12.00/NNN	Bonita Springs
3580 Work Dr.	17,000	Goodwill Industries of SWFL, Inc	Lease	WITHHELD	City of Ft. Myers
27599 Riverview Center Blvd.	11,639	TJJD Holdings, LLC	Lease	\$12.50/NNN	Bonita Springs
13751 Metropolis Ave.	11,515	United Health Care Subsidiary	Lease	\$10.00/NNN	S. Ft. Myers/San Carlos

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
801 Laurel Oak Dr. (SunTrust Bldg.)	67,564	Steelbridge Capital/American National Insur.	\$23,668,000	North Naples
2150 Goodlette Rd. N. (Iberia Bank Bldg.)	61,278	Iberia Bank Corp/SHA Realty Holdings, LLC	\$14,000,000	North Naples

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