

Medical Office Q3 2020

	YoY Chg	12-Mo. Forecast
9.5% Vacancy Rate	▼	▲
-90,464K Net Absorption, SF	▼	▲
\$18.46 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
409K Southwest Florida Employment	▼	▲
10.2% Southwest Florida Unemployment Rate	▲	▼
8.8% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW:

The Southwest Florida MSA which includes, Charlotte, Lee and Collier County's had a total unemployment rate of 10.2%, a 403-basis point (bps) decline from the second quarter 2020's result of 14.5%. The second quarter of 2020 closed with a total of 398K jobs therefore, the total number of jobs added over the last three months was approximately 11,000, closing out the third quarter with a total of 409K jobs in Southwest Florida year-to-date. Medical Office Building (MOB) tenants have comprised an outsized portion of companies leasing space in the metro. This can largely be attributed to retirees and empty nesters moving into the area and seeking more healthcare services. Medical office in Fort Myers has seen vacancy levels drop to approximately 8%, almost half of the rate from five years ago. COVID-19 caused the economy to enter a recession in March 2020, resulting in the worst decline in post-war history during Q2-2020. Mounting Evidence indicates that the recovery began between May and June with Q3 2020 data likely to remain uncertain and gradual. Access the most recent research on CRE and the state of the economy [here](#).

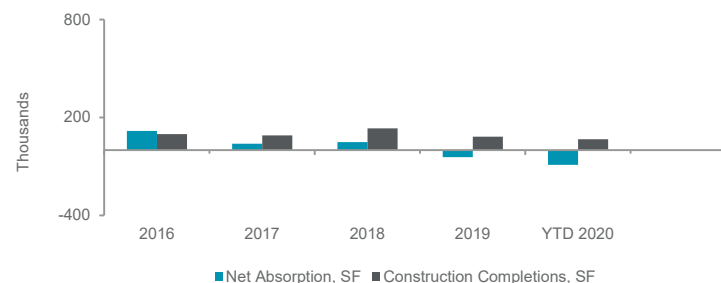
SUPPLY AND DEMAND:

Overall MOB vacant space increased by 79,680 square feet in the past 12 months. Medical office leasing is down by 9%, totaling 124,360 SF leased for the third quarter compared to last year's result for Q3 of 135,818 SF. The Southwest Florida MSA ended the third quarter with medical office's vacancy at 9.5%, a 70-basis point (bps) increase from last year's third quarter result of 8.9%. One of the largest medical office leases facilitated by Cushman and Wakefield Commercial Property Southwest Florida was Total Renal Care's 7,404 sf medical office located at 3040 Del Prado Blvd in Cape Coral. The South Fort Myers submarket is seeing the most activity as there are three large medical office projects that are due to deliver in 2021, a 60,000 square foot expansion to The Springs Assisted Living Facility, a 30,000 SF Family Health Center's Medical Office Park and Frantz Eye Center's 60,000 SF Medical Office Facility.

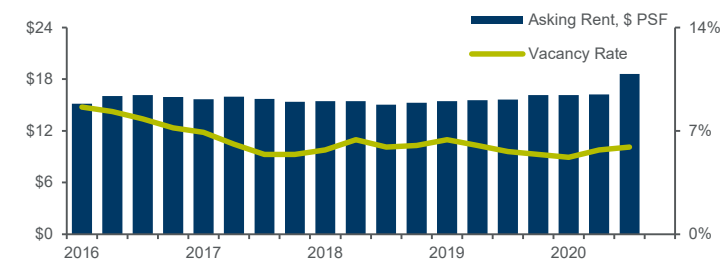
PRICING:

Southwest Florida's steady medical office demand pushed asking rates higher at the end of the third quarter, overall average market rent for medical office leasing was totaled at \$18.45 per square foot (psf), a \$3.61 psf increase from the third quarter of 2019. Lee County closed out the third quarter 2020 at \$15.60 (psf), a \$2.54 increase from Q3 2019 result of \$13.16. Submarkets within Lee County, Cape Coral and The City of Fort Myers, are stabilizing pricing as each has resulted in positive absorption numbers and together totaled 118,635 SF of leasing activity for 2020 year-to-date.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SOUTHWEST FLORIDA

Medical Office Q3 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Charlotte County	1,558,145	3,089	154,865	10.1%	-9,210	-8,873	9,968	0	\$15.92
CHARLOTTE COUNTY TOTALS	1,558,145	3,089	154,865	10.1%	-9,210	-8,873	9,968	0	\$15.92
Cape Coral	944,822	0	77,561	8.3%	18,707	20,748	28,062	0	\$16.59
City of Fort Myers	1,097,250	0	81,525	7.4%	-26,591	35,739	49,638	0	\$12.25
South Fort Myers	3,004,385	0	252,279	8.4%	-35,969	-8,624	68,997	150,000	\$15.06
North Fort Myers	52,321	0	20,800	39.8%	-2,400		6,600	0	-
Estero	176,116	0	13,694	7.8%	-1,549	1,971	14,446	0	\$19.22
Bonita Springs	1,128,282	0	165,482	14.7%	-29,798	-20,534	79,591	7,500	\$17.74
Lehigh	295,720	0	21,409	7.2%	5,357	5,231	17,870	0	\$17.50
The Islands	33,728	-	-	-	-	-	-	-	-
LEE COUNTY TOTALS	6,692,267	0	659,829	8%	-83,473	22,170	316,517	161,000	\$15.60
North Naples	1,567,807	0	88,504	5.6%		20,037	30,524	0	\$24.77
Naples	421,013	0	22,077	5.2%	10,192	7,884	9,137	0	-
Outlying Collier County	102,802	0	2,704	2.6%	2.6%	-2,704	-	0	-
Marco Island	105,747	0	30,907	29.2%	29.2%	-	-	0	\$40.00
North Naples	1,567,807	0	88,504	5.6%	10,160	-	30,524	0	\$24.77
East Naples	576,790	0	71,993	-2.280	-2,280	-17,291	9,904	0	\$26.65
COLLIER COUNTY TOTALS	2,942,894	1,066	260,956	8.9%	-8,792	-29,962	20,591	53,625	\$25.03
SOUTHWEST FLORIDA TOTALS	11,193,306	4,155	1,075,650	9.5%	-90,464	-16,665	380,110	319,677	\$18.46

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	Type
3040 Delprado Boulevard	Cape Coral	Total Renal Care	7,404	New Lease*
4790 C Barkley Circle	City of Fort Myers	Eye Physician & Surgeons of SWFL	4,960	Renewal
12995 S. Cleveland Avenue	City of Fort Myers	Cleveland Radiology Center Inc	3,000	New Lease*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
25 Homestead Road N	Lehigh	John M Morgan/Jamie D Johnson D.M.D	1,459	\$110/PSF

MADELYN DEMASI

Research Coordinator

+1 619-787-8285 /mdemasi@cpswfl.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

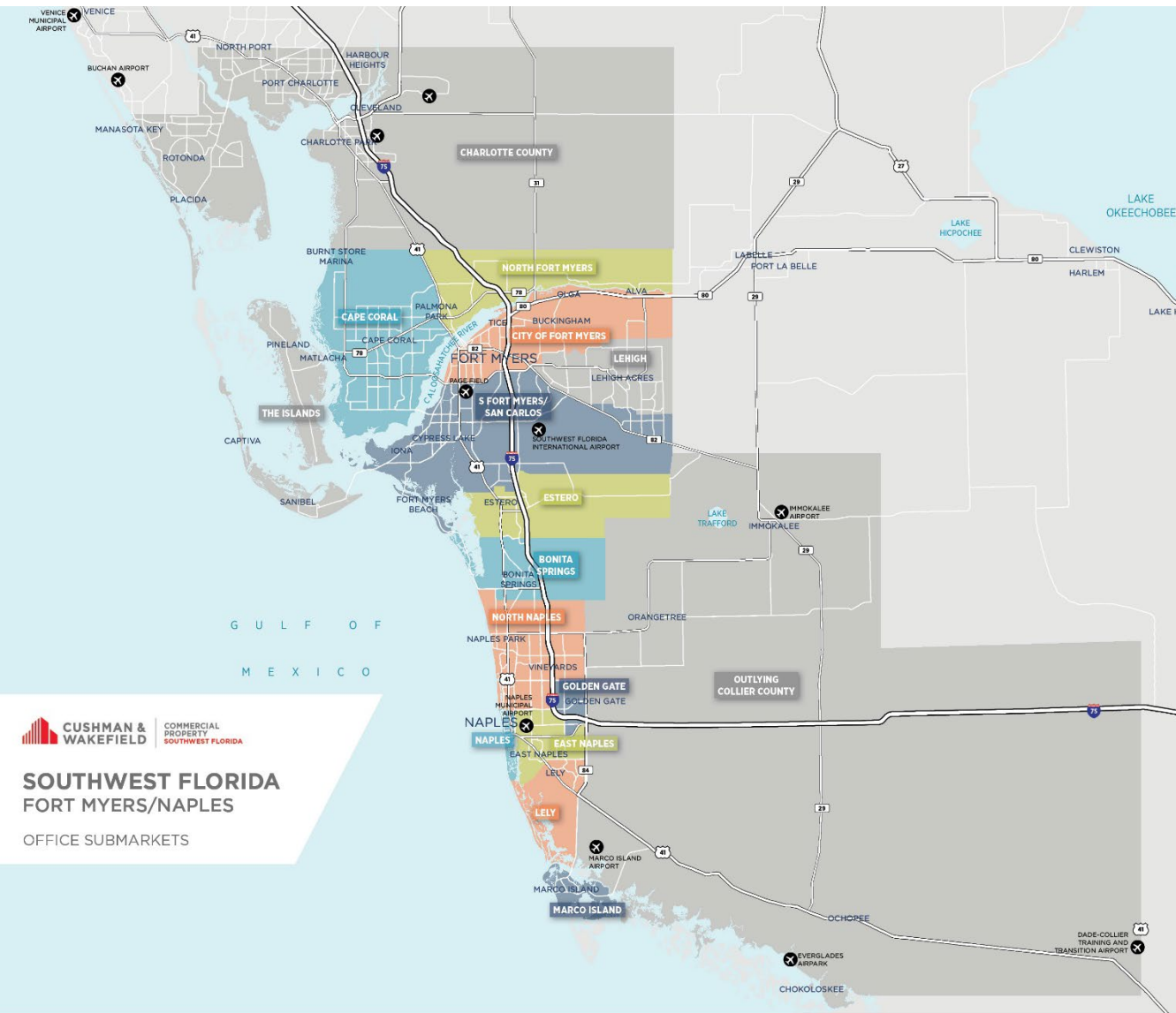
Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

cushmanwakefield.com

SOUTHWEST FLORIDA

Medical Office Q3 2020

MEDICAL OFFICE SUBMARKETS



MADELYN DEMASI
Research Coordinator
Tel: +1 239 489 3600
mdemasi@cpswfl.com

GARY TASMAN
CEO/Principal Broker
Tel: +1 239 489 3600
gtasman@cpswfl.com



SOUTHWEST FLORIDA FORT MYERS/NAPLES

OFFICE SUBMARKETS

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

2020 Cushman and Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.