

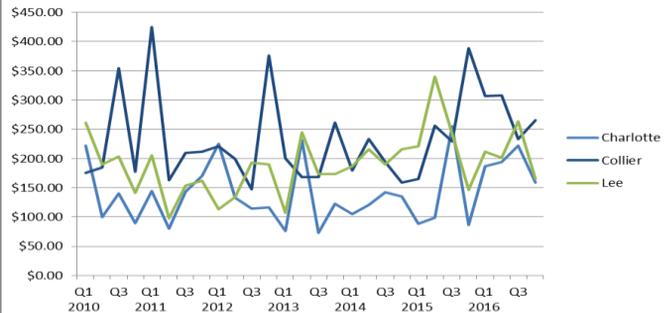


2016 SWFL Year-End

Office Average Price PSF



Retail Average Price PSF



Industrial/Flex Average Price PSF



Another year under our belts and as with many of us after the holiday season, the market has “fattened” as we finish the year. Some markets have surged and some have had rather lackluster increases throughout the year. This month we will take a look at the “big three” (office, retail, industrial) property types in Charlotte, Collier and Lee Counties.

OFFICE

The office market is fundamentally the most challenged market type in SWFL and nationally. Most of this has to do with the new demands for workspace with technology and the lack of new space that meets these demands. We end the year with the highest vacancy in the office market (8.2%) compared to 2.8% in Industrial and 5.7% in Retail. Moreover, rental rates on average ended the year at \$14.88 psf with only minimal year over year increase. Albeit, the sale price per square foot experienced a respectable increase from 2012 to 2016 as

there is a lack of inventory for end user space which is driving these increases. This lack of inventory is the result of rental rates which are too low to entice any speculative building. The major question with the office market (excluding medical) in 2017 is: will there be a rise in rental rates that meets the cost of construction? Our predication is there will be new construction but at a substantially slower pace than industrial or retail.

INDUSTRIAL

The industrial markets in Lee and Collier Counties are clearly in upward motion. Charlotte is also improving, but more sluggishly. Watch for Charlotte and Lee Counties to be the beneficiaries of the overall lack of available industrial space in Collier County with a vacancy rate of 1.3% and no significant available land designated for industrial development. The Bonita Springs/Estero/South Fort Myers markets will see the initial surge with ample land for future industrial growth. Likewise, Charlotte County is

poised with more than sufficient industrial land in proximity to Interstate 75. All signs are positive in the industrial sector with speculative new construction underway and a corresponding absorption occurring. As rental rates began to hit approximately \$7.50 per square foot, developers took note and construction began.

RETAIL

The retail market remains strong in Southwest Florida with the influx of national retailers continuing to enter the market. Although improving, the local retail space in non-anchored centers or outside of major retail developments continue to experience the lowest rents and highest vacancy rates. However, surrounding major interchanges

and development nodes, retail is red hot. Throughout Southwest Florida, the vacancy rate is 5.7%. Obviously, Collier had the highest asking rates at \$19.58 psf, compared to \$13.81 psf in Lee and \$13.12 psf in Charlotte.

Overall, we are in a very healthy market heading into 2017. If anything, we have a lack of newly constructed inventory which should be a positive sign for the construction industry in the upcoming year. Interest rates are rising but not expected to impact the commercial market in 2017. Consumer confidence is high and our market is now on the national radar as a solid secondary/tertiary market.

Data Source: CoStar



- Commercial and Residential
- Litigation Support/Eminent Domain
- Subdivision/Development Analysis
- Insurable Value
- Estate/Taxation Appraisals
- Ad Valorem Issues
- Rental Studies/Lease Analysis
- General Consulting