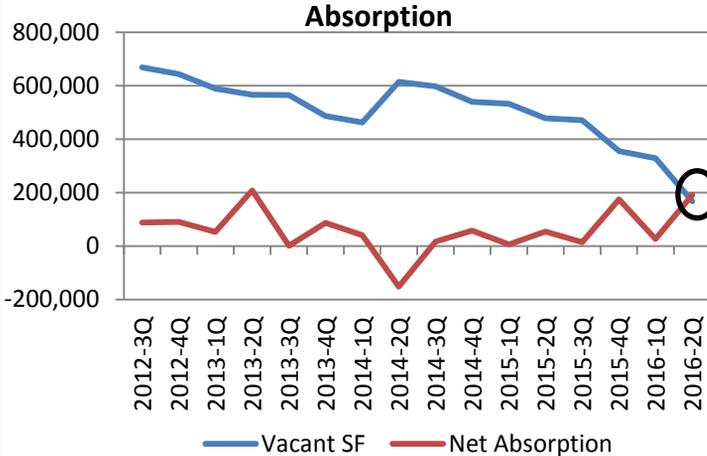




## Collier County Industrial Market

**Collier County Industrial Vacancy and Absorption**



**Rental Rates**



Last month, we highlighted the Lee County Industrial Market, which is one of the hottest markets in the area with a vacancy hovering around 4%. We illustrated a growing market in which supply (new construction) is attempting to emulate the pace of demand as evidenced by new construction occurring primarily in the Alico Road/Treeline Avenue corridors. However, as we have discussed in the past, Lee County has room to grow with over 4,000 vacant acres in the Industrial Land Use category of the Comprehensive Plan. In contrast, this month, we will dissect the Collier County industrial market. Similar to Lee County, this market is experiencing extremely low vacancy rates, but do they have room to grow?

Collier County has an industrial market comprised of just over 13 million square feet of space of which a minuscule 1.3% is vacant. The majority of the industrial vacancy is in the flex market at 4.1% with basically no vacancy (0.9%) in the warehouse market. Over the past four years, as illustrated, we have consumed (demand) much more space than available (supply). A great problem to have, right? Yes and no...if you are in a market such as Lee County, the market will react to this situation and recognize an opportunity by constructing new space. However, Lee County has industrial land and Collier County is basically running on empty.

Historically, Collier County has absorbed an average of 240,000 square feet of industrial space per year which roughly correlates to a need of about 30 acres

per year. A search of traditional commercial listing sources reveals total land for sale at 37 acres. Moreover, a review of the Industrial District of the Comprehensive Land Use Plan of Collier County shows minimal areas of undeveloped land.

What does this all mean? Expect an industrial market which will always be undersupplied except in recessionary periods. Those who own industrial land will develop or will sell at significant prices (average asking price for industrial land is \$10.75 per sq.ft.). The most fundamental change will be a convergence of the Lee and Collier markets with most new industrial development in Collier County occurring in the Old US 41 Road corridor in North Naples and Bonita Springs (Lee County). Lee County will be the beneficiary of new industrial space which means our road networks are critical for the longer drive times for those industrial users working in Collier.

A good and bad problem to have...

Data Source: CoStar Group, Inc

For more information, contact us at:  
[Info@MHSappraisal.com](mailto:Info@MHSappraisal.com)



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