



River District Office Space

Land Listings

- 2068 Cleveland Avenue
 - List Price: \$1,450,000
 - Land Area: 2.16 acres
 - List Price/Sq.Ft.: \$15.41 psf
- 1542 Carson Street
 - List Price: \$3,995,000
 - Land Area: 2.35 Acres
 - List Price/Sq.Ft.: \$39.02 psf
- 2144 McGregor Blvd.
 - List Price: \$7,950,000
 - Land Area: 7.8 Acres
 - List Price/Sq.Ft.: \$23.40 psf
- Broadway/Monroe Street
 - List Price: \$759,000
 - Land Area: 1.16 Acres
 - List Price/Sq.Ft.: \$15.02 psf
- 2220/2232 Dr. Martin Luther King
 - List Price: \$1,600,000
 - Land Area: 0.80 Acres
 - List Price/Sq.Ft.: \$45.91 psf

MAXWELL, HENDRY & SIMMONS, LLC. - NOVEMBER 2016 RIVER DISTRICT OFFICE BREAKDOWN

TOTAL RIVER DISTRICT OFFICE SPACE	1,851,281	sq.ft.
TOTAL PUBLIC SPACE	729,636	sq.ft.(39.41%)
TOTAL PRIVATE SPACE	1,121,645	sq.ft.(60.59%)

	TOTAL	PUBLIC	PRIVATE
VACANT SPACE	188,607	0	188,607
VACANT SPACE(%)	10.19%	0.00%	16.82%
VACANT SPACE less Century Link/School District	83,782	0	83,782
VACANT SPACE(%) less Century Link/School District	4.53%	0.00%	7.47%

PROPERTY CLASS	TOTAL	PUBLIC	PRIVATE
CLASS A	246,347	114,228	132,119
VACANT SPACE	1,036	0	1,036
% VACANT	0.42%	0.00%	0.78%

CLASS B	1,180,648	679,473	501,175
VACANT SPACE	56,316	0	56,316
% VACANT	4.77%	0.00%	11.24%

CLASS C	424,286	0	424,286
VACANT SPACE**	131,255	0	131,255
% VACANT	30.94%	0.00%	30.94%

**Class C vacant space includes 104,825 square feet of vacant space in two obsolete properties: Century Link on Lee Street and the former Lee School District property on Central Avenue. Removing this space lowers the vacancy to 6.2% for Class C.
Source: Maxwell, Hendry & Simmons, LLC. compiled with CoStar, Lee County Property Appraisers office

We last analyzed the office market for downtown Fort Myers in January of 2016. At that time, however, we only reported on a majority sampling of privately held properties. This month, we've taken the broadest analysis possible of downtown including a full breakdown of public and private space. What we've found is a market starving for functional, quality office space.

Of the nearly 2,000,000 square feet of office space in downtown, 40% is public space (assumed to be occupied and not advertised for lease) and 60% is private space. While the overall vacancy rate sits at 10.19%, that number is incredibly misleading when you look into the details. Downtown

office metrics have long been saddled with two large and functionally obsolete buildings, the old school district property and the Century Link building. The vacant space in these buildings alone represent 104,825 square feet. Excluding these two properties, the overall vacancy rate is 4.53%.

But it's more than that. Downtown office space is really a tale of different classes. Class C space carries a 30.94% vacancy rate (6.2% if excluding the two obsolete properties). Class B space, with 1,180,648 square feet, is by far the largest segment of space. However, its vacancy rate is a mere 4.77%, barely enough to accommodate a natural frictional vacancy. But take a look at

Class A space (if you can find any to look at). The vacancy rate is less than a half percent (0.42%)!

So if there's so much demand for Class A space, why aren't we creating more? Part of the answer is that we have very little land in downtown to create new space (only five listings over 0.75 acres). And the current density regulations make it difficult to plan a financially feasible project. The current vacancy rates certainly suggest that we could absorb more Class A space. But the real test will be when new projects launch and seek out this assumed demand. Two such projects, First Street Place and the Bay Street Project, are proposed mixed-use projects currently seeking these tenants. Look for these two proposed projects and potential policy changes to the downtown Fort Myers density regulations to have major impacts on the office market.

