

[www.valbridge.com](http://www.valbridge.com)

Year-End 2017

### Southwest Florida Office

2240 Venetian Court  
Naples, FL 34135  
(239) 514-4646

### In This Issue

- Current Statistics
  - Retail
  - Office
  - Industrial
  - Multifamily
- Cap Rates
- Commercial Sales
- Home Sale/Price Trends
- Building Permit Data
- SWFL Market Participant Survey Summary

### Valbridge Property Advisors

is based in Naples, FL and is one of the largest commercial property valuation and advisory services firms in the U.S.

Valbridge has 200 MAIs, 70 office locations and 675+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

### Data Sources

- ❖ CoStar Group, Inc.
- ❖ PWC/Korpacz.
- ❖ Real Estate Research Corp.
- ❖ U.S Department of Housing and Urban Development
- ❖ Valbridge Property Advisors
- ❖ Florida Realtors®
- ❖ Regional Economic Research Institute-FGCU
- ❖ NABOR

*Some figures are estimated due to variances between the reports.*

### Prepared by:

Kane French  
Analyst  
Valbridge Property Advisors |  
Southwest Florida  
[kfrench@valbridge.com](mailto:kfrench@valbridge.com)

## Commercial Markets: Year-End 2017

### RETAIL – SNAPSHOT

- The Southwest Florida Retail market experienced a slight improvement in market conditions in the fourth quarter 2017. The vacancy rate went from 4.7% to 4.3% in the current quarter.
- Retail net absorption was up, with positive 396,403 square feet absorbed. South Fort Myers, North Naples and the Charlotte County had the largest gains.
- Some of the notable 2017 deliveries include: 146 07 Ben C Pratt Pky, a 50,000-sf property which is currently 70% occupied; the 45,600-sf Publix at 7101 Radio Road which is 100% occupied, and Naples Infiniti and Volvo at 5870-5880 Naples Blvd in Collier County.

Retail Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	93.2%	55,876	\$14.25
Cape Coral	93.9%	105,469	\$13.51
Charlotte County	96.1%	238,754	\$13.35
City of Fort Myers	96.1%	162,093	\$12.19
East Naples	95.8%	108,069	\$16.26
Estero	96.7%	20,756	\$19.02
Golden Gate	97.8%	24,418	\$14.16
Lehigh	97.6%	35,283	\$13.37
Lely	85.0%	43,540	\$17.72
Marco Island	98.0%	26,886	\$18.07
Naples	98.9%	39,054	\$40.13
North Fort Myers	84.7%	11,634	\$10.84
North Naples	97.4%	276,623	\$24.62
Outlying Collier County	96.4%	138,089	\$17.88
South Fort Myers/San Carlos	95.9%	307,007	\$16.74
The Islands	99.5%	71	\$28.36

### OFFICE – SNAPSHOT

- The Southwest Florida Office market ended the fourth quarter 2017 with a vacancy rate of 6.3%. The vacancy rate was up with net absorption totalling positive 29,558 square feet.
- The largest lease signings occurring in 2017 included; the 33,434 square foot lease signed by Collier Neurologic Specialists at Wilson Professional Center and the 24,036 square foot deal signed by NewsBank, Inc. at The Offices at Pelican Bay, both in the Collier County market.
- During the fourth quarter, three buildings totalling 111,382 square feet were completed in the Southwest Florida market.

Office Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	90.3%	57,690	\$12.32
Cape Coral	95.3%	58,399	\$12.88
Charlotte County	94.5%	77,809	\$13.48
City of Fort Myers	92.5%	184,556	\$13.29
East Naples	93.9%	22,167	\$18.14
Estero	96.7%	4,574	\$18.32
Golden Gate	97.9%	12,000	\$15.43
Lehigh	91.8%	(9,869)	\$11.28
Lely	69.9%	(5,806)	\$0.00
Marco Island	96.2%	3,931	\$19.00
Naples	97.2%	17,538	\$24.39
North Fort Myers	98.1%	(3,960)	\$8.10
North Naples	93.5%	129,470	\$22.47
Outlying Collier County	92.4%	(13,336)	\$11.25
South Fort Myers/San Carlos	93.8%	161,783	\$13.68
The Islands	99.5%	(300)	N/A

[www.valbridge.com](http://www.valbridge.com)

**Year-End 2017**

**Page 2**

**Valbridge Property Advisors  
| Southwest Florida**

provides real estate appraisals, business and entity valuations, and consulting services ranging from within the South Florida area across the nation.

Our experienced staff includes designated members of the Appraisal Institute, National Association of Valuators and Analysts, NEBB Institute and Institute of Business Appraisers.

Appraisal Staff:

Geri F. Armalavage, MAI  
Rick Armalavage, MAI  
Jason Bennett  
Chris DelPo, MAI  
Kane French  
Alex Garcia  
Crystal Hyde  
Gregory Lynch, MAI  
Tom McDonald  
Richard Pappalardo  
Lynn Stocki  
Ivis Olmo-Valle

To add a colleague to the distribution list, send the name, address, phone number and email address to David Lageman at:

[southflorida@valbridge.com](mailto:southflorida@valbridge.com).

[www.valbridge.com](http://www.valbridge.com)

**INDUSTRIAL – SNAPSHOT**

- The Southwest Florida Industrial market ended the fourth quarter 2017 with a vacancy rate of 1.9%. The vacancy rate was up over the previous quarter by 0.2%.
- The largest lease signings occurring in 2017 included: 104,000 square feet by American Tire Distributors at 3971 Veronica S Shoemaker Blvd; and 38,351 square feet by Alcorica at Eastlinks III, both in the Lee County market.
- During the quarter, three buildings totalling 113,500 square feet were completed.
- The average quoted asking rental rate for available Industrial space was \$8.77 per square foot per year at the end of the fourth quarter. This represented a 9.6% increase in quoted rental rates from the end of the previous quarter, when rents were reported at \$8.00 per square foot.
- Total Industrial inventory amounted to 49,552,365 square feet in 3,686 buildings, with 168 owner-occupied buildings accounting for 3.32 million square feet of Industrial space.

Industrial-Flex Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	99.0%	1,991	\$13.34
Cape Coral	89.1%	19,268	\$12.42
Charlotte County	98.8%	4,510	\$13.52
City of Fort Myers	91.0%	1,765	\$10.04
East Naples	96.7%	6,470	\$11.21
Estero	100%	0	\$8.50
Lehigh	100%	16,330	\$8.95
Naples	100%	0	\$19.00
North Naples	99.7%	7,006	\$17.71
Outlying Collier County	100%	17,925	\$8.40
South Fort Myers/San Carlos	95.9%	25,231	\$8.96

Industrial-Warehouse Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	99.1%	8,522	\$10.52
Cape Coral	99.3%	25,785	\$8.62
Charlotte County	98.8%	(18,487)	\$9.21
City of Fort Myers	96.8%	183,772	\$6.49
East Naples	98.9%	46,420	\$10.87
Lehigh	98.6%	(2,970)	\$8.04
Naples	86.0%	(7,387)	N/A
North Fort Myers	99.2%	3,426	\$2.40
North Naples	99.5%	8,443	\$12.79
Outlying Collier County	100%	8,400	\$10.78
South Fort Myers/San Carlos	98.3%	13,359	\$7.57
The Islands	100 %	2,000	N/A

[www.valbridge.com](http://www.valbridge.com)

**Year-End 2017**

**Page 3**

**Southwest Florida Office**

2240 Venetian Court  
Naples, FL 34135  
(239) 514-4646

**In This Issue**

- Current Statistics
  - Retail
  - Office
  - Industrial
  - Multifamily
- Cap Rates
- Commercial Sales
- Home Sale/Price Trends
- Building Permit Data
- SWFL Market Participant Survey Summary

**Valbridge Property Advisors**

is based in Naples, FL and is one of the largest commercial property valuation and advisory services firms in the U.S.

Valbridge has 200 MAIs, 68 office locations and 675+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

**Data Sources**

- ❖ CoStar Group, Inc.
- ❖ PWC/Korpacz.
- ❖ Real Estate Research Corp.
- ❖ U.S Department of Housing and Urban Development
- ❖ Valbridge Property Advisors
- ❖ Florida Realtors®
- ❖ Regional Economic Research Institute-FGCU
- ❖ NABOR

Some figures are estimated due to variances between the reports.

**Prepared by:**

Kane French  
Analyst  
Valbridge Property Advisors | Southwest Florida  
[kfrench@valbridge.com](mailto:kfrench@valbridge.com)

**MULTIFAMILY – SNAPSHOT**

- Occupancy for most submarkets in Southwest Florida remains high for Multi-Family space.
- Rental rates show improvement in almost all submarkets, with Cape Coral, Lely, and Estero showing the largest increases in average rent per month prices over a rolling 12 month period.
- Southwest Florida submarkets with the highest average current rental rates based on price per square foot include North Naples, East Naples, Naples and Bonita Springs, all of which are in or border Collier County.

Apartment Data				
Market	Occupancy	Avg Rent / Mo	Avg Rent / SF	Rent Change 12 Mo.
Bonita Springs	74.1%	\$1,751	\$1.44	-1.37%
Cape Coral	95.3%	\$846	\$0.90	+8.43%
Charlotte County	96.8%	\$937	\$0.97	+2.10%
City of Fort Myers	93.8%	\$997	\$1.10	+3.77%
East Naples	96.2%	\$1,305	\$1.46	+4.28%
Estero	84.9%	\$1,253	\$1.31	+6.50%
Golden Gate	94.5%	\$1,055	\$1.11	+0.90%
Lehigh	95.4%	\$644	\$0.77	+2.66%
Lely	95.8%	\$1,220	\$1.19	+8.18%
Marco Island	96.5%	\$1,104	\$1.39	+1.45%
Naples	96.2%	\$1,123	\$1.44	+3.59%
North Fort Myers	96.1%	\$663	\$0.89	+2.29%
North Naples	92.0%	\$1,613	\$1.55	+1.97%
Outlying Collier County	94.9%	\$1,006	\$1.00	+2.04%
South Fort Myers/San Carlos	93.2%	\$1,140	\$1.14	+5.55%

**Cap Rates – National**

According to the **Real Estate Research Corporation (RERC)** "Real Estate Report" and **PwC** "Real Estate Investor Survey," cap rates have shown increases in the Retail Strip Center, Suburban Office, and Flex Industrial categories. No change was reported in the Warehouse space market when compared to the prior quarter on a national scale. There was a decrease in all other categories in the chart below. The rates shown below apply to modern Class A properties with occupancy by creditworthy tenants, good to excellent locations and/or contractual rent growth.

National Rates - RERC & PWC				
Property	Cap Rates			Change from Prior Qtr.
	Low	High	Average	
Retail Strip Center	5.50%	7.00%	6.00%	Decrease
Suburban Office	5.50%	7.00%	6.50%	Decrease
Flex Industrial	6.50%	7.30%	7.00%	Decrease
Warehouse	4.50%	7.00%	5.80%	No Change
Apartment	4.00%	6.00%	5.00%	Decrease
<b>Average for All Properties</b>	<b>5.20%</b>	<b>6.86%</b>	<b>6.06%</b>	<b>Decrease</b>

**Single Family Home Sales & Prices**

According to data gathered from Florida Realtors®, a total of 1,464 single-family homes were sold in the three coastal counties during November 2017 compared to 2,201 in June of 2017. Median sale prices in Charlotte increased 10%, Lee County increased 5%, and increased over 2% in Collier County from November 2016 to November 2017.

[www.valbridge.com](http://www.valbridge.com)

Year-End 2017

Page 4

**Valbridge Property Advisors | Southwest Florida**

provides real estate appraisals, business and entity valuations and consulting services ranging from within the South Florida area and across the nation.

Our experienced staff includes designated members of the Appraisal Institute, National Association of Valuators and Analysts, NEBB Institute and Institute of Business Appraisers.

Appraisal Staff:

- Geri F. Armalavage, MAI
- Rick Armalavage, MAI
- Jason Bennett
- Chris DelPo, MAI
- Kane French
- Alex Garcia
- Crystal Hyde
- Gregory Lynch, MAI
- Tom McDonald
- Richard Pappalardo
- Lynn Stocki
- Ivis Olmo-Valle

To add a colleague to the distribution list, send the name, address, phone number and email address to David Lageman at: [southflorida@valbridge.com](mailto:southflorida@valbridge.com).

[www.valbridge.com](http://www.valbridge.com)

Single Family Home Sales & Median Sales Prices			
Collier County			
	Nov-17	Nov-16	% Change
No. of Sales	303	305	-0.7%
Median Price	\$439,900	\$430,000	+2.3%
Charlotte County			
	Nov-17	Nov-16	% Change
No. of Sales	324	328	-1.2%
Median Price	\$208,500	\$189,463	+10.0%
Lee County			
	Nov-17	Nov-16	% Change
No. of Sales	837	956	-12.4%
Median Price	\$245,000	\$233,550	+4.9%

## Single Family Building Permits

Southwest Florida long-term trends continue to be mostly positive after a few years of stabilization according to data gathered from U.S Department of Housing and Urban Development. Single family building permits increased almost 39% in Lee County and had no change in Collier County from November 2016 to November 2017, while Charlotte County decreased over 29%.

Single Family Building Permits		
Collier County		
Nov-17	Nov-16	% Change
163	163	No Change
Charlotte County		
Nov-17	Nov-16	% Change
44	62	-29.03%
Lee County		
Nov-17	Nov-16	% Change
407	293	+38.90%

## Southwest Florida Market Participants Survey

Valbridge Property Advisors | Southwest Florida conducts a quarterly survey involving a variety of market participants in the Southwest Florida market including brokers, investors, bankers, property/leasing managers, etc. Market participants are surveyed on their opinions of current market conditions for Industrial, Office, Retail, and Multi-Family markets in Collier, Charlotte and Lee Counties.

The most recent survey conducted in January 2018, indicated participants believe the market to be Improving in most sectors. The following table summarizes the responses.

Market Conditions	Lee County	Collier County	Charlotte County
Industrial	Improving to Strong	Strong	Improving
Office	Stagnant to Improving	Improving to Strong	Improving
Retail	Improving to Strong	Strong	Improving
Multi-Family	Strong	Strong	Improving

Sale Prices	Lee County	Collier County	Charlotte County
Industrial	Improving to Strong	Strong	Improving
Office	Stagnant to Improving	Improving to Strong	Improving
Retail	Improving to Strong	Strong	Improving
Multi-Family	Strong	Strong	Improving

Rental Rates	Lee County	Collier County	Charlotte County
Industrial	Improving to Strong	Strong	Improving
Office	Stagnant to Improving	Improving to Strong	Improving
Retail	Improving	Strong	Improving
Multi-Family	Strong	Strong	Strong

© Copyright 2018 Valbridge Property Advisors | Southwest Florida. ALL information herein was obtained from third parties. The accuracy of the data is not verified, warranted or guaranteed. For the exclusive use of Valbridge Property Advisors | Southwest Florida clients. Reproduction or distribution without consent is prohibited.