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### 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

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### 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.

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## Commercial Markets: Year-End 2016

### RETAIL – SNAPSHOT

- The Southwest Florida Retail market did not experience significant change in market conditions in the fourth quarter 2016. The vacancy rate remained at 5.7% from the third quarter to the fourth quarter 2016.
- Retail net absorption was up, with positive 111,000 square feet absorbed in the quarter. North Naples, South Fort Myers/San Carlos Park, Cape Coral and the City of Fort Myers had the largest gains.
- Some of the notable 2016 deliveries include: 13100 Tamiami Trl, Naples, a 122,383 square foot shopping facility, and the 86,337 square foot Mercedes-Benz of Bonita Springs, both of which are currently 100% occupied.

Retail Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	91.5%	30,009	\$15.52
Cape Coral	92.1%	150,132	\$13.87
Charlotte County	93.9%	121,220	\$11.93
City of Fort Myers	95.4%	127,788	\$11.50
East Naples	93.2%	77,709	\$16.60
Estero	98.3%	79,971	\$22.20
Golden Gate	96.3%	25,500	\$13.63
Lehigh	96.8%	32,225	\$12.11
Lely	77.8%	20,136	\$16.55
Marco Island	96.6%	7,814	\$20.11
Naples	97.0%	(9,361)	\$33.23
North Fort Myers	86.7%	47,066	\$10.76
North Naples	95.4%	285,813	\$21.99
Outlying Collier County	92.3%	100,200	\$12.24
South Fort Myers/San Carlos	95.2%	189,190	\$15.64
The Islands	99.4%	5,724	\$27.62

### OFFICE – SNAPSHOT

- The Southwest Florida Office market ended the fourth quarter 2016 with a vacancy rate of 8.2%. The vacancy rate was down over the previous quarter, with net absorption totalling positive 139,696 square feet.
- Some of the notable 2016 deliveries include: Somero Headquarters at 14350 Global Pkwy, Fort Myers, a 75,380 square foot facility that delivered in the second quarter, and 8320 Gladiolus Drive, Fort Myers, a 31,478 square foot building that delivered in the third quarter, both are now 100% occupied.
- The average quoted asking rental rate for available office space, all classes, was \$16.00 per square foot year at the end of the fourth quarter. This represented a 1.1% decrease from the third quarter 2016.

Office Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	88.5%	106,239	\$13.90
Cape Coral	92.3%	44,225	\$13.09
Charlotte County	91.7%	46,629	\$14.46
City of Fort Myers	89.2%	122,569	\$13.12
East Naples	92.5%	9,101	\$16.85
Estero	95.7%	8,220	\$18.48
Golden Gate	96.4%	(3,850)	\$17.15
Lehigh	93.5%	10,318	\$12.71
Lely	74.4%	(4,970)	\$16.64
Marco Island	95.1%	5,321	\$22.12
Naples	95.9%	36,631	\$22.66
North Fort Myers	99.5%	12,120	\$8.29
North Naples	92.4%	53,865	\$23.77
Outlying Collier County	90.7%	1,605	\$10.95
South Fort Myers/San Carlos	91.8%	211,906	\$14.33
The Islands	100%	300	\$14.60



**Year-End 2016**

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**Valbridge Property Advisors  
| Naples | Fort Myers |  
Sarasota | Bradenton**

provides real estate appraisals, business 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.

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

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**INDUSTRIAL – SNAPSHOT**

- The Southwest Florida Industrial market ended the fourth quarter 2016 with a vacancy rate of 2.6%. The vacancy rate was down over the previous quarter, with net absorption totalling positive 192,748 square feet. Flex building space accounted for 50,946 square feet and Warehouse building space accounted for 141,802 square feet.
- Some of the notable 2016 deliveries include: FedEx Ground Packaging System, Inc., 14011 Jetport Loop, Fort Myers, a 213,508 square foot facility that delivered in the third quarter 2016; 17751 S Tamiami Trl, Fort Myers, a 59,935 square foot facility that delivered in the third quarter and 11901 Amedicus Lane, Fort Myers, a 40,000 square foot building that delivered in the second quarter, all are now 100% occupied.
- The average quoted asking rental rate for available Industrial space was \$7.15 per square foot per year at the end of the year 2016. This represented a 2.6% increase in quoted rental rates from the end of the third quarter 2016, when rents were reported at \$6.97 per square foot.
- Total Industrial inventory in the Southwest Florida market area amounted to 48,871,474 square feet in 3,664 buildings, with 159 owner-occupied buildings accounting for 3.18 million square feet of Industrial space.

Industrial-Flex Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	98.6%	11,433	\$13.27
Cape Coral	84.8%	18,380	\$8.20
Charlotte County	97.6%	24,142	\$7.74
City of Fort Myers	86.6%	(18,647)	\$7.81
East Naples	90.5%	(1,528)	\$10.40
Estero	100%	1,057	\$7.00
Lehigh	89.0%	27,464	\$7.18
North Fort Myers	100%	2,220	\$10.81
North Naples	98.8%	14,578	\$11.84
Outlying Collier County	95.2%	(14,550)	\$10.17
South Fort Myers/San Carlos	96.5%	118,546	\$7.49

Industrial-Warehouse Data			
Market	Occupancy	YTD Net Absorption (sf)	Asking Rent
Bonita Springs	91.8%	(7,208)	\$9.17
Cape Coral	98.2%	85,119	\$7.46
Charlotte County	99.3%	81,286	\$6.63
City of Fort Myers	95.9%	202,426	\$5.76
East Naples	98.6%	78,646	\$9.45
Lehigh	98.9%	26,750	\$6.39
Naples	100%	0	\$15.00
North Fort Myers	98.9%	32,803	\$4.50
North Naples	99.4%	47,063	\$9.02
Outlying Collier County	100%	102,584	--
South Fort Myers/San Carlos	97.9%	528,718	\$6.74
The Islands	100%	375	\$7.83



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### MULTIFAMILY – SNAPSHOT

- Occupancy for most submarkets in Southwest Florida remains high for Multi-Family space.
- Rental rates show improvement in almost all submarkets, with Golden Gate, Estero, East Naples, and Naples all 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 East Naples, Naples, Marco Island and North Naples, all of which are in Collier County.

Apartment Data				
Market	Occupancy	Avg Rent / Mo	Avg Rent / SF	Rent Change 12 Mo.
Bonita Springs	96.3%	\$1,177	\$1.01	-0.34%
Cape Coral	95.8%	\$721	\$0.76	+3.59%
Charlotte County	96.9%	\$932	\$0.97	+1.08%
City of Fort Myers	95.1%	\$900	\$0.99	+3.68%
East Naples	95.7%	\$1,247	\$1.40	+7.68%
Estero	95.0%	\$1,121	\$0.98	+8.30%
Golden Gate	98.0%	\$1,076	\$1.13	+9.13%
Lehigh	97.6%	\$633	\$0.75	+2.26%
Lely	94.7%	\$1,129	\$1.10	-1.99%
Marco Island	97.1%	\$1,085	\$1.37	+1.68%
Naples	97.0%	\$1,074	\$1.38	+5.60%
North Fort Myers	96.4%	\$648	\$0.87	+3.02%
North Naples	94.5%	\$1,322	\$1.29	+0.84%
Outlying Collier County	95.2%	\$911	\$0.94	-6.27%
South Fort Myers/San Carlos	95.0%	\$1,096	\$1.10	+ 3.49%

### 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, Warehouse and Apartment category. A decrease in Suburban Office and no change in the Flex Industrial space average when compared to the prior quarter on a national scale. 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	5.00%	8.00%	6.10%	Increase
Suburban Office	5.50%	9.00%	6.60%	Decrease
Flex Industrial	5.50%	9.00%	6.90%	No Change
Warehouse	4.50%	7.50%	5.80%	Increase
Apartment	4.00%	7.30%	5.30%	Increase
<b>Average for All Properties</b>	<b>4.90%</b>	<b>8.16 %</b>	<b>6.14%</b>	

### Single Family Home Sales & Prices

According to data gathered from Florida Realtors®, a total of 1,589 single-family homes were sold in the three coastal counties during November 2016. Median sale prices in Charlotte County increased over 9% and in Lee County over 3%, while prices decreased about 4% in Collier County from November 2015 to November 2016.



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Single Family Home Sales & Median Sales Prices			
Collier County			
	Nov-15	Nov-16	% Change
No. of Sales	292	305	+4.45%
Median Price	\$449,500	\$430,000	-4.33%
Charlotte County			
No. of Sales	284	328	+15.49%
Median Price	\$172,770	\$189,463	+9.66%
Lee County			
No. of Sales	824	956	+16.02%
Median Price	\$225,500	\$233,550	+3.56%

## 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 in Lee and Charlotte Counties from November 2015 to November 2016 while Collier County had a decreased of over 19%.

Single Family Building Permits		
Collier County		
Nov-15	Nov-16	% Change
202	163	-19.30%
Charlotte County		
Nov-15	Nov-16	% Change
58	62	+6.89%
Lee County		
Nov-15	Nov-16	% Change
244	293	+20.08%

## Southwest Florida Market Participants Survey

Valbridge Property Advisors | Naples – Fort Myers 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 2017, indicated participants believe the market to be improving in most sectors and areas. The following table summarizes the responses from market participants for overall market conditions from the survey conducted.

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

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

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

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