

Market View

Collier County
1st Quarter 2022



OFFICE

SECTOR OVERVIEW

After its stellar 2021 performance, one could hardly expect the Collier County Office Market not to retrench slightly in 1Q2022.

Sales slid significantly from the overheated prior quarter with the number of transactions declining by 64%, dollar volume down 69%, and the overall square-footage sold down five-fold. However, at the same time, average PSF pricing rose by 48%.

Vacancies continued to decline slightly, dropping 0.1% to 7% as rents continued to increase moderately. Development remains optimistic with nearly 15k-sf reaching completion in the first quarter and the pipeline expanding to >115k-sf under construction. Despite that inflow, net absorption remained positive.

Leasing cooled as well with the number of leases dropping by 16% and leased square-footage falling 20%. However, as rents continue to inch up, owners have not felt compelled to respond just yet.

SUPPLY

| SUBMARKET | # BLDGS | TOTAL SF | VACANCY RATE |
|----------------------|------------|------------------|--------------|
| North Naples | 377 | 5,791,633 | 8.0% |
| Naples | 89 | 1,163,776 | 5.0% |
| East Naples | 144 | 1,781,577 | 7.9% |
| Golden Gate | 34 | 252,325 | 0.0% |
| Lely | 17 | 129,294 | 9.6% |
| Marco Island | 33 | 321,272 | 7.9% |
| Outlying Collier Co. | 44 | 513,660 | 0.0% |
| TOTAL | 738 | 9,953,537 | 7.0% |

DEMAND

| SUBMARKET | LEASES | LEASED SF | NET ABSORPTION |
|----------------------|-----------|----------------|------------------|
| North Naples | 35 | 67,939 | 59,752.00 |
| Naples | 7 | 14,570 | -1,039.00 |
| East Naples | 19 | 35,436 | -34,586.00 |
| Golden Gate | 1 | 1,584 | 0.00 |
| Lely | 0 | 0 | 4,762.00 |
| Marco Island | 2 | 2,040 | -5,552.00 |
| Outlying Collier Co. | 2 | 6,105 | 2,905.00 |
| TOTAL | 66 | 127,674 | 26,242.00 |

NEW & UNDER CONSTRUCTION

 **14,523**
SF Delivered YTD

115,679 
SF Under Construction

TOP LEASES

| | Description | Address | Built | SF Leased | Tenant |
|---|----------------|--------------------------------------|-------|-----------|--------------------------|
| 1 | Class A Office | 704-708 Goodlette-Frank Rd N, Naples | 2004 | 12,241 | Hopebridge |
| 2 | Class B Office | 700 5th Ave S, Naples | 2002 | 5,600 | The Naples Players, Inc. |
| 3 | Class A Office | Mercato 9110 Strada Pl, Naples | 2009 | 5,016 | Dr. Ross |

* Excludes Renewals

TOP SALES

| | Description | Address | Built | Asset SF | Sales \$ PSF | Sale Type |
|---|------------------------|----------------------------------|-------|----------|-----------------------------|--------------------------------|
| 1 | Class B Medical Office | 900 N Collier Blvd, Marco Island | 1986 | 8,800 | \$3,500,000 \$397.73 PSF | Investment Sale 100% Leased |
| 2 | Class C Medical Office | 775 1st Ave N | 1975 | 4,600 | \$3,150,000 \$684.72 PSF | Investment Sale 100% Leased |
| 3 | Class B Office Condo | Crayton Place 750 11th St S | 1990 | 3,643 | \$2,800,000 \$786.60 PSF | Investment Sale |

* Includes User and Investment Sales

OFFICE

Market Statistics

LEASE ACTIVITY

SALES ACTIVITY

| | # Executed Leases | Total SF Leased | Avg Deal Size | Current Avg. Asking Rate | # Sold | Median Sold PSF | # Sold | Median Sold PSF |
|---------------------------------------|-------------------|-----------------|---------------|--------------------------|-------------------|-----------------|-------------------------|-----------------|
| SPACES UNDER 2,500 SF | | | | BASE RENT | USER SALES | | INVESTMENT SALES | |
| North Naples | 25 | 33,125 | 1,325 | \$24.15 | 0 | n/a | 1 | \$348 |
| Naples | 6 | 8,970 | 1,495 | \$24.07 | 1 | \$1,207 | 0 | n/a |
| East Naples | 16 | 16,355 | 1,022 | \$19.65 | 0 | n/a | 0 | n/a |
| Golden Gate | 1 | 1,584 | 1,584 | n/a | 0 | n/a | 0 | n/a |
| Lely | 0 | n/a | n/a | \$19.73 | 0 | n/a | 0 | n/a |
| Marco Island | 2 | 2,040 | 1,020 | \$23.49 | 0 | n/a | 0 | n/a |
| Outlying Collier Co. | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| TOTAL | 50 | 62,074 | 1,241 | \$23.01 | 1 | \$1,207 | 1 | \$348 |
| SPACES FROM 2,500 - 4,999 SF | | | | BASE RENT | USER SALES | | INVESTMENT SALES | |
| North Naples | 9 | 29,798 | 3,311 | \$24.14 | 2 | \$355 | 2 | \$288 |
| Naples | 0 | n/a | n/a | \$23.72 | 0 | n/a | 2 | \$727 |
| East Naples | 2 | 6,840 | 3,420 | \$20.46 | 0 | n/a | 0 | n/a |
| Golden Gate | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Lely | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Marco Island | 0 | n/a | n/a | \$23.54 | 1 | \$303 | 0 | n/a |
| Outlying Collier Co. | 2 | 6,105 | 3,053 | n/a | 0 | n/a | 0 | n/a |
| TOTAL | 13 | 42,743 | 3,288 | \$23.18 | 3 | \$303 | 4 | \$523 |
| SPACES FROM 5,000 - 9,999 SF | | | | BASE RENT | USER SALES | | INVESTMENT SALES | |
| North Naples | 1 | 5,016 | 5,016 | \$24.32 | 0 | n/a | 0 | n/a |
| Naples | 1 | 5,600 | 5,600 | \$23.05 | 0 | n/a | 0 | n/a |
| East Naples | 0 | n/a | n/a | \$17.37 | 0 | n/a | 1 | \$256 |
| Golden Gate | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Lely | 0 | n/a | n/a | \$22.58 | 0 | n/a | 0 | n/a |
| Marco Island | 0 | n/a | n/a | n/a | 0 | n/a | 2 | \$405 |
| Outlying Collier Co. | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| TOTAL | 2 | 10,616 | 5,308 | \$23.37 | 0 | n/a | 3 | \$398 |
| SPACES FROM 10,000 - 24,999 SF | | | | BASE RENT | USER SALES | | INVESTMENT SALES | |
| North Naples | 0 | n/a | n/a | \$25.85 | 1 | \$240 | 0 | n/a |
| Naples | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| East Naples | 1 | 12,241 | 12,241 | \$21.54 | 0 | n/a | 0 | n/a |
| Golden Gate | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Lely | 0 | n/a | n/a | \$22.58 | 0 | n/a | 0 | n/a |
| Marco Island | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Outlying Collier Co. | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| TOTAL | 1 | 12,241 | n/a | \$24.11 | 1 | \$240 | 0 | n/a |
| SPACES FROM 25,000 SF+ | | | | BASE RENT | USER SALES | | INVESTMENT SALES | |
| North Naples | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Naples | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| East Naples | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Golden Gate | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Lely | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| Marco Island | 0 | n/a | n/a | n/a | 0 | n/a | 1 | \$122 |
| Outlying Collier Co. | 0 | n/a | n/a | n/a | 0 | n/a | 0 | n/a |
| TOTAL | 0 | 0 | n/a | n/a | 0 | n/a | 1 | n/a |

6.9%
North Naples

6.6%
Naples

7.2%
East Naples

CAP RATES
Average

7.1%
Golden Gate

7.2%
Lely

6.9%
Marco Island

7.4%
Outlying Collier Co.



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