

# Market View

Lee County  
2nd Quarter 2022



## SECTOR OVERVIEW

As recessionary pressures and inflation fears built nationally, the Lee County Office sector exhibited little cause for concern through 2Q2022.

Vacancies continued to decline; dropping to 4.5% to match 4Q2021 as net absorption turned positive again. While leasing activity declined in both number of deals and space leased the retraction returned the sector to metrics typical of most years aside from 2021. Average NNN rents continued to tick up an additional 2% to bring the year over year total growth to 7%. One new development that bears watching is the growth of sublet availability which expanded to >325k-sf, well above historical norms.

Meanwhile, sales activity was effectively flat as measured by number of deals. However those deals represented a nearly two-fold increase in \$ volume and SF changing hands leading to a nominal increase in average PSF pricing. Like much of the region, cap rates remained mostly unchanged throughout the market.

## SUPPLY

SUBMARKET	# BLDGS	TOTAL SF	VACANCY RATE
Bonita Springs/Estero	235	3,264,485	4.2%
Cape Coral	414	2,636,490	1.8%
City of Fort Myers	438	5,308,288	2.6%
Lehigh Acres	78	549,732	1.9%
North Fort Myers	38	287,667	0.0%
South Fort Myers	777	9,063,809	6.7%
<b>TOTAL</b>	<b>1,980</b>	<b>21,110,471</b>	<b>4.5%</b>

## DEMAND

SUBMARKET	LEASES	LEASED SF	NET ABSORPTION
Bonita Springs/Estero	41	72,951	37,637
Cape Coral	18	25,320	30,799
City of Fort Myers	20	41,976	66,004
Lehigh Acres	2	3,181	-6,846
North Fort Myers	1	1,410	1,200
South Fort Myers	64	141,437	-51,423
<b>TOTAL</b>	<b>146</b>	<b>286,275</b>	<b>77,371</b>

## NEW & UNDER CONSTRUCTION

 **68,486**  
SF Delivered YTD

**242,462**   
SF Under Construction

## TOP LEASES

	Description	Address	Built	SF Leased	Tenant
1	Class A Office	Riverview VII 27500 Riverview Center Blvd, Bonita Springs	2001	14,962	TRAKAmerica
2	Class B Office	3745 Broadway, Fort Myers	1981	11,152	Savills, Inc.
3	Class B Office	Alico Business Center 9961 Interstate Commerce Dr, Fort Myers	2017	10,207	JR Evans Engineering

\* Excludes Renewals

## TOP SALES

	Description	Address	Built	Asset SF	Sales \$   PSF	Sale Type
1	Class A Medical Office	Fifth Third III 13340 Metro Pky, Fort Myers	2017	41,432	\$21,780,000 \$525.68 PSF	NNN Investment 100% Leased
2	Class A Office	Valley National Bank Plaza 5220 Summerlin Commons Blvd, Fort Myers	2002	53,640	\$10,250,000 \$191.09 PSF	Investment Sale 1031 Exchange
3	Class A Office	Finemark Building 12681 Creekside Ln, Fort Myers	2008	20,402	\$6,500,000 \$318.60 PSF	User Sale

\* Includes User and Investment Sales

\* Excludes Portfolio 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
<b>SPACES UNDER 2,500 SF</b>				<b>BASE RENT</b>	<b>USER SALES</b>		<b>INVESTMENT SALES</b>	
Bonita Springs/Estero	34	35,113	1,033	\$16.01	1	\$389	0	n/a
Cape Coral	15	15,593	1,040	\$15.89	1	\$54	2	\$297
City of Fort Myers	15	12,791	853	\$16.44	1	\$75	2	\$209
Lehigh Acres	1	446	446	\$18.09	0	n/a	0	n/a
North Fort Myers	1	1,410	1,410	n/a	0	n/a	0	n/a
South Fort Myers	45	48,515	1,078	\$17.63	0	n/a	1	\$210
<b>TOTAL</b>	<b>111</b>	<b>113,868</b>	<b>1,026</b>	<b>\$16.88</b>	<b>3</b>	<b>\$75</b>	<b>5</b>	<b>\$217</b>
<b>SPACES FROM 2,500 - 4,999 SF</b>				<b>BASE RENT</b>	<b>USER SALES</b>		<b>INVESTMENT SALES</b>	
Bonita Springs/Estero	5	16,814	3,363	\$16.14	0	n/a	0	n/a
Cape Coral	3	9,727	3,242	\$15.48	2	\$159	2	\$229
City of Fort Myers	3	10,175	3,392	\$16.38	1	\$311	2	\$187
Lehigh Acres	1	2,735	2,735	\$18.19	0	n/a	0	n/a
North Fort Myers	0	n/a	n/a	n/a	0	n/a	0	n/a
South Fort Myers	13	45,774	3,521	\$17.89	0	n/a	6	\$222
<b>TOTAL</b>	<b>25</b>	<b>85,225</b>	<b>3,409</b>	<b>\$17.24</b>	<b>3</b>	<b>\$160</b>	<b>10</b>	<b>\$222</b>
<b>SPACES FROM 5,000 - 9,999 SF</b>				<b>BASE RENT</b>	<b>USER SALES</b>		<b>INVESTMENT SALES</b>	
Bonita Springs/Estero	1	6,062	6,062	\$14.89	0	n/a	2	\$282
Cape Coral	0	n/a	n/a	n/a	1	\$99	1	\$68
City of Fort Myers	1	7,858	7,858	\$17.64	1	\$145	0	n/a
Lehigh Acres	0	n/a	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	n/a	n/a	n/a	0	n/a	0	n/a
South Fort Myers	5	36,941	7,388	\$18.40	2	\$202	3	\$200
<b>TOTAL</b>	<b>7</b>	<b>50,861</b>	<b>7,266</b>	<b>\$17.29</b>	<b>4</b>	<b>\$142</b>	<b>6</b>	<b>\$201</b>
<b>SPACES FROM 10,000 - 24,999 SF</b>				<b>BASE RENT</b>	<b>USER SALES</b>		<b>INVESTMENT SALES</b>	
Bonita Springs/Estero	1	14,962	14,962	\$15.51	0	n/a	0	n/a
Cape Coral	0	n/a	n/a	n/a	0	n/a	4	\$126
City of Fort Myers	1	11,152	11,152	\$17.43	1	\$73	0	n/a
Lehigh Acres	0	n/a	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	n/a	n/a	n/a	0	n/a	0	n/a
South Fort Myers	1	10,207	10,207	\$17.47	1	\$319	3	\$144
<b>TOTAL</b>	<b>3</b>	<b>36,321</b>	<b>12,107</b>	<b>\$16.82</b>	<b>2</b>	<b>\$196</b>	<b>7</b>	<b>\$144</b>
<b>SPACES FROM 25,000 SF+</b>				<b>BASE RENT</b>	<b>USER SALES</b>		<b>INVESTMENT SALES</b>	
Bonita Springs/Estero	0	n/a	n/a	n/a	0	n/a	1	\$236
Cape Coral	0	n/a	n/a	n/a	0	n/a	1	\$90
City of Fort Myers	0	n/a	n/a	n/a	1	\$58	2	\$159
Lehigh Acres	0	n/a	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	n/a	n/a	n/a	0	n/a	0	n/a
South Fort Myers	0	n/a	n/a	n/a	0	n/a	2	\$191
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>n/a</b>	<b>1</b>	<b>\$58</b>	<b>6</b>	<b>\$191</b>

**7.0%**  
Bonita Springs/  
Estero

**5.5%**  
Cape Coral

**7.5%**  
City of Fort Myers

**CAP RATES**

Reflect the average of advertised rates as reported to Costar over past 4-quarters (23 Sales Total)

**7.0%**  
Lehigh Acres

**5.9%**  
South Fort Myers

**6.0%**  
Lee County

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