

Market View

Lee County
3rd Quarter 2022



SECTOR OVERVIEW

The 3Q2022 Lee County office sector definitely exhibited some signs of strain as most metrics moderated through the quarter.

While sublet space held steady at 1.5%, adding only ±5,000-sf, direct vacancies ticked up slightly bringing the total to 4.9%, still 0.3% below vacancies from 3Q21. Leasing activity fell from the prior quarter with number of contracts down 29% and sf falling 31%. Despite that, net absorption remained modestly positive at ±79k-sf and rents rose by an additional 3.7% to their highest point since 3Q2008, gaining 10.3% YOY. Vacant space rose to just above 1-million-sf, effectively equal to 3Q21.

Sales activity declined across the board experiencing a ≈35% decline in deals, 65% decline in \$ volume, and 77% drop in sf transferred bringing all 3 metrics to their lowest points since the pandemic era. Median pricing PSF remained fairly steady from Q2, hovering around \$200 PSF.

SUPPLY

SUBMARKET	# BLDGS	TOTAL SF	VACANCY RATE
Bonita Springs/Estero	235	3,229,145	4.5%
Cape Coral	416	2,792,688	1.6%
City of Fort Myers	438	5,339,843	3.2%
Lehigh Acres	79	551,168	2.2%
North Fort Myers	37	284,239	0.0%
South Fort Myers	780	9,197,557	7.2%
TOTAL	1,985	21,394,640	4.9%

DEMAND

SUBMARKET	LEASES	LEASED SF	NET ABSORPTION
Bonita Springs/Estero	29	26,831	-8,848
Cape Coral	10	29,220	53,564
City of Fort Myers	12	46,781	-32,174
Lehigh Acres	1	1,358	-1,688
North Fort Myers	0	0	0
South Fort Myers	52	92,171	68,372
TOTAL	104	196,361	79,226

NEW & UNDER CONSTRUCTION



266,906

SF Delivered YTD

154,942

SF Under Construction



TOP LEASES

	Description	Address	Built	SF Leased	Tenant
1	Class B Office	Westlinks Business Park 12600 Corporate Lakes Dr, Fort Myers	2008	11,989	Kingland Systems
2	Class B Office	4150 Ford Street Ext, Fort Myers	1999	17,798	Children's Network of Southwest Florida, LLC
3	Class B Retail Storefront	Page Plaza 5100 S Cleveland Ave, Fort Myers	1990	13,000	Cano Health

* Excludes Renewals

TOP SALES

	Description	Address	Built	Asset SF	Sales \$ PSF	Sale Type
1	Class A Medical Office	Bass Medical One 16261 Bass Rd, Fort Myers	2006	24,662	\$8,500,000 \$344.66 PSF	Investment Sale 100% Leased
2	Class B Medical Office	Aspen Dental/MD Now 2609 Santa Barbara Blvd, Cape Coral	2020	6,950	\$5,100,000 \$733.81 PSF	NNN Investment
3	Class B Office	6200 Whiskey Creek Dr, Fort Myers	2005	5,763	\$3,100,000 \$537.91 PSF	Investment Sale 1031 Exchange

* 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
SPACES UNDER 2,500 SF				BASE RENT	USER SALES		INVESTMENT SALES	
Bonita Springs/Estero	28	22,783	814	\$16.53	2	\$604	0	n/a
Cape Coral	7	5,965	852	\$16.87	1	\$218	1	\$211
City of Fort Myers	6	7,339	1,223	\$17.70	0	n/a	2	\$165
Lehigh Acres	1	1,358	1,358	\$18.35	0	n/a	2	\$170
North Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
South Fort Myers	45	41,137	914	\$18.84	1	\$201	2	\$164
TOTAL	87	78,582	903	\$17.97	4	\$319	7	\$168
SPACES FROM 2,500 - 4,999 SF				BASE RENT	USER SALES		INVESTMENT SALES	
Bonita Springs/Estero	1	4,048	4,048	\$17.60	0	n/a	0	n/a
Cape Coral	1	3,000	3,000	\$19.49	2	\$200	3	\$163
City of Fort Myers	3	10,788	3,596	\$17.69	1	\$106	1	\$246
Lehigh Acres	0	0	n/a	\$18.38	0	n/a	0	n/a
North Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
South Fort Myers	5	18,045	3,609	\$18.80	0	n/a	2	\$228
TOTAL	10	35,881	3,588	\$18.48	3	\$194	6	\$221
SPACES FROM 5,000 - 9,999 SF				BASE RENT	USER SALES		INVESTMENT SALES	
Bonita Springs/Estero	0	0	n/a	\$14.65	0	n/a	0	n/a
Cape Coral	1	9,040	9,040	n/a	0	n/a	1	\$734
City of Fort Myers	2	10,856	5,428	\$17.66	0	n/a	0	n/a
Lehigh Acres	0	0	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
South Fort Myers	0	0	n/a	\$19.51	1	\$383	2	\$371
TOTAL	3	19,896	6,632	\$18.03	1	\$383	3	\$538
SPACES FROM 10,000 - 24,999 SF				BASE RENT	USER SALES		INVESTMENT SALES	
Bonita Springs/Estero	0	0	n/a	\$15.51	0	n/a	0	n/a
Cape Coral	1	11,215	11,215	n/a	0	n/a	0	n/a
City of Fort Myers	1	17,798	17,798	\$17.44	0	n/a	0	n/a
Lehigh Acres	0	0	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
South Fort Myers	2	32,989	16,495	\$18.50	0	n/a	1	\$345
TOTAL	4	62,002	15,501	\$17.31	0	n/a	1	\$345
SPACES FROM 25,000 SF+				BASE RENT	USER SALES		INVESTMENT SALES	
Bonita Springs/Estero	0	0	n/a	n/a	0	n/a	0	n/a
Cape Coral	0	0	n/a	n/a	0	n/a	0	n/a
City of Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
Lehigh Acres	0	0	n/a	n/a	0	n/a	0	n/a
North Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
South Fort Myers	0	0	n/a	n/a	0	n/a	0	n/a
TOTAL	0	0	n/a	n/a	0	n/a	0	n/a

5.5%
Cape Coral

7.4%
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

5.6%
South Fort Myers

6.0%
Lee County

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