

# Market View

Lee County  
1st Quarter 2023



## SECTOR OVERVIEW

Based on 1Q2023, the Lee County Office sector may be forced to admit that it is not completely immune to the headwinds of uncertain office use and decreased investment activity that have plagued the national office landscape over the past year or more.

While overall vacancy declined another 20-bps from the prior quarter, sublet space increased nearly 60% over the quarter, now accounting for nearly 1/2 of the space available in the market. Similarly, net absorption stayed modestly positive but fell by nearly 1/3 from 4Q22. Leasing activity fell both in number executed, by 17%, and SF, by roughly 42%, highlighting an ongoing trend toward smaller spaces. However, overall rents still managed to climb by a modest 1%, bringing YOY gains down to 13% from 15% in the prior quarter.

Sales activity disappointed in every metric with number of sales dropping by 27%, \$ volume down 23%, and average PSF pricing dropping slightly but remaining over \$200 PSF.

## SUPPLY

SUBMARKET	# BLDGS	TOTAL SF	VACANCY RATE
Bonita Springs/Estero	236	3,200,886	4.3%
Cape Coral	416	2,785,545	2.4%
City of Fort Myers	437	5,247,420	2.9%
Lehigh Acres	80	555,076	1.2%
North Fort Myers	37	284,239	0.0%
South Fort Myers	772	9,208,953	6.0%
<b>TOTAL</b>	<b>1,978</b>	<b>21,282,119</b>	<b>4.3%</b>

## DEMAND

SUBMARKET	LEASES	LEASED SF	NET ABSORPTION
Bonita Springs/Estero	26	24,662	1,687
Cape Coral	14	23,610	-19,041
City of Fort Myers	12	22,159	12,224
Lehigh Acres	8	18,571	3,819
North Fort Myers	1	933	0
South Fort Myers	70	151,595	62,461
<b>TOTAL</b>	<b>131</b>	<b>241,530</b>	<b>61,150</b>

## NEW & UNDER CONSTRUCTION

 **15,045**  
SF Delivered YTD

**151,070**   
SF Under Construction

## TOP LEASES

	Description	Address	Built	SF Leased	Tenant
1	Class B Office	Westlinks Business Park 12751 Westlinks Dr, Fort Myers	2000	16,015	Vitas Healthcare
2	Class B Office	5220 Summerlin Commons Blvd, Fort Myers	2002	10,940	North Law Firm
3	Class C Retail	Lehigh Plaza 1302-1344 Homestead Rd N, Lehigh Acres	1985	10,356	Cano Health

\* Excludes Renewals

## TOP SALES

	Description	Address	Built	Asset SF	Sales \$   PSF	Sale Type
1	Class B Office (Part of a Portfolio)	Kaiser University 9100 Forum Corporate Pky, Fort Myers	2012	41,156	\$12,000,000 \$291.57 PSF	Owner User
2	Class B Office	Riverview Place 2180 W 1st St, Fort Myers	1973 2017	36,028	\$4,750,000 \$131.84 PSF	Investment Sale
3	Class C Medical Office Condo	Cay West Pavilion 1708 Cape Coral Pky, #1+9, Cape Coral	1993	12,255	\$2,410,000 \$196.65 PSF	Owner User

\* 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
<b>SPACES UNDER 2,500 SF</b>				<b>BASE RENT</b>	<b>USER SALES</b>	<b>INVESTMENT SALES</b>		
Bonita Springs/Estero	25	21,443	858	\$17.74	0	n/a	0	n/a
Cape Coral	11	14,490	1,317	\$23.24	1	\$305	2	\$175
City of Fort Myers	10	13,564	1,356	\$18.55	1	\$311	0	n/a
Lehigh Acres	6	3,273	546	\$20.40	0	n/a	0	n/a
North Fort Myers	1	933	933	n/a	0	n/a	0	n/a
South Fort Myers	52	57,531	1,106	\$20.08	4	\$172	1	\$167
<b>TOTAL</b>	<b>105</b>	<b>111,234</b>	<b>1,059</b>	<b>\$19.62</b>	<b>6</b>	<b>\$222</b>	<b>3</b>	<b>\$167</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	1	3,219	3,219	\$17.40	1	\$429	0	n/a
Cape Coral	3	9,120	3,040	\$19.01	0	n/a	1	\$112
City of Fort Myers	1	3,550	3,550	\$18.80	0	n/a	0	n/a
Lehigh Acres	1	4,942	4,942	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	12	40,536	3,378	\$18.71	0	n/a	2	\$234
<b>TOTAL</b>	<b>18</b>	<b>61,367</b>	<b>3,409</b>	<b>\$18.64</b>	<b>1</b>	<b>\$429</b>	<b>3</b>	<b>\$183</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	0	0	n/a	\$15.25	0	n/a	0	n/a
Cape Coral	0	0	n/a	\$18.75	0	n/a	1	\$180
City of Fort Myers	1	5,045	5,045	\$18.75	0	n/a	1	\$244
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	4	26,573	6,643	\$17.11	1	\$216	3	\$175
<b>TOTAL</b>	<b>5</b>	<b>31,618</b>	<b>6,324</b>	<b>\$17.06</b>	<b>1</b>	<b>\$216</b>	<b>5</b>	<b>\$180</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	0	0	n/a	\$16.11	0	n/a	0	n/a
Cape Coral	0	0	n/a	n/a	1	\$197	0	n/a
City of Fort Myers	0	0	n/a	\$17.80	0	n/a	0	n/a
Lehigh Acres	1	10,356	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	26,955	13,478	\$17.20	0	n/a	0	n/a
<b>TOTAL</b>	<b>3</b>	<b>37,311</b>	<b>12,437</b>	<b>\$16.97</b>	<b>1</b>	<b>\$197</b>	<b>0</b>	<b>n/a</b>
<b>SPACES FROM 25,000 SF+</b>				<b>BASE RENT</b>	<b>USER SALES</b>	<b>INVESTMENT SALES</b>		
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	1	\$292	1	\$132
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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>n/a</b>	<b>1</b>	<b>\$292</b>	<b>1</b>	<b>\$132</b>

**6.4%**  
Bonita Springs/Estero

**5.5%**  
Cape Coral

**6.1%**  
City of Fort Myers

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

**6.3%**  
South Fort Myers

**6.1%**  
Lee County

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