

MARKETBEAT

SOUTHWEST FLORIDA



CUSHMAN &
WAKEFIELD

COMMERCIAL
PROPERTY
SOUTHWEST FLORIDA

Medical Office Q1 2024

YoY
Chg

12-Mo.
Forecast

4.8%

Vacancy Rate

-83K

Net Absorption, YTD, SF

\$23.91

Asking Rent, PSF

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY
Chg

12-Mo.
Forecast

56K

Southwest Florida
Healthcare Employment

417K

Southwest Florida
Population 65+

3.8%

U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW:

The healthcare employment level in Southwest Florida (SWFL) is on an upward trend, mirroring the growth in the aging population, with approximately 32% of the tri-county region comprised of seniors. This demographic shift creates a robust demand for outpatient healthcare facilities. While Q1 2024 saw a decrease in new healthcare job creation compared to Q1 2023, population growth remains strong at 2.1% year-over-year (YOY), according to sources such as the Bureau of Labor Statistics (BLS), Board of County Commissioners (BOC), and Moody's Analytics.

SUPPLY AND DEMAND:

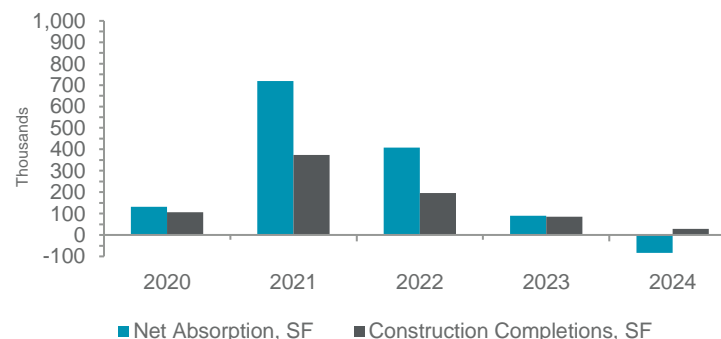
Vacancy rates have remained stable YOY at 4.8%, well below the last five-year average of 6.7%. A single building, spanning 29,125 square feet (sf), was delivered in the East Naples submarket, featuring speculative construction focused on medical office condos. Meanwhile, two buildings are under construction in the North Naples submarket: Bay Pines Medical Center and Southbrooke Medical Complex, both emphasizing smaller bay offices, reflecting a shift in configuration preferences within the medical office space. Despite this, leasing activity in Q1 2024 recorded its slowest quarter by square footage since Q4 2020. Over the past six years, medical office inventory has increased by nearly 1 million square feet since Q1 2018.

PRICING:

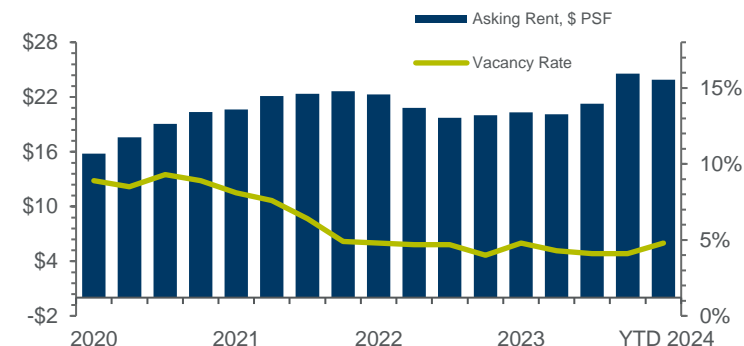
The overall average gross rent has experienced a substantial increase of \$3.57 per square foot (psf) YOY, marking a 16% hike. Since Q1 2019, the average rate growth psf has been \$0.44. Collier County continues to command premium rents for medical offices, while Charlotte County has seen the most significant rent growth, with a remarkable 22.48% increase YOY. This quarter witnessed 24 sales totaling 147,814 sf, averaging \$304 psf.

In summary, SWFL's medical office market demonstrates resilience, with high property demand sustained by population trends and economic growth in the healthcare sector. Looking ahead, over the next 12 months, asking rents are expected to continue rising, and absorption rates are anticipated to increase, propelled by the scarcity of available space in the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Charlotte County	1,654,020	2,284	64,941	4.1%	-7,105	-7,105	21,323	0	\$22.48
CHARLOTTE COUNTY TOTALS	1,654,020	2,284	64,941	4.1%	-7,105	-7,105	21,323	0	\$22.48
Cape Coral	1,052,500	0	32,700	3.1%	-16,082	-16,082	---	0	---
City of Fort Myers	1,178,464	0	33,485	2.8%	1,003	1,003	5,867	0	\$15.00
South Fort Myers	3,415,479	83,092	106,416	5.5%	-18,474	-18,474	8,934	0	\$36.52
North Fort Myers	84,730	---	---	---	1,200	1,200	1,200	0	---
Estero	263,182	0	11,412	4.3%	-2,509	-2,509	3,755	0	---
Bonita Springs	1,053,686	18,305	42,041	5.7%	-11,805	-11,805	32,714	0	\$21.27
Lehigh	380,948	0	4,870	1.3%	-2,460	-2,460	---	0	\$19.00
The Islands	29,730	0	6,297	21.2%	-2,673	-2,673	---	0	---
LEE COUNTY TOTALS	7,458,719	101,397	237,221	6.3%	-51,800	-51,800	52,470	0	\$22.95
Naples	449,573	0	42,681	9.5%	-17,951	-17,951	2,155	0	---
Outlying Collier County	149,166	---	---	---	---	---	---	0	---
Golden Gate	171,922	0	3,203	1.9%	-2,240	-2,240	963	0	---
Lely	90,105	0	1,302	1.4%	---	---	---	0	---
Marco Island	116,201	0	9,666	8.3%	-1,274	-1,274	1,600	0	---
North Naples	1,919,319	1,029	85,762	4.5%	-11,046	-11,046	16,215	39,986	\$37.00
East Naples	701,516	0	57,484	8.2%	8,659	8,659	3,000	0	---
COLLIER COUNTY TOTALS	3,597,802	1,029	200,098	5.6%	-23,852	-23,852	23,933	39,986	\$37.00
SOUTHWEST FLORIDA TOTALS	12,710,541	104,710	502,260	4.8%	-82,757	-82,757	97,726	39,986	\$23.91

**Rental rates reflect gross rent asking*

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	Type
27599 Riverview Center Blvd.	Bonita Springs	Providia Home Care	11,639	New Lease
28410 Bonita Crossings Blvd.	Bonita Springs	Stepping Stone Kids Therapy	5,400	New Lease
6750 Immokalee Rd.	North Naples	Designed to Smile Dentistry	3,666	New Lease

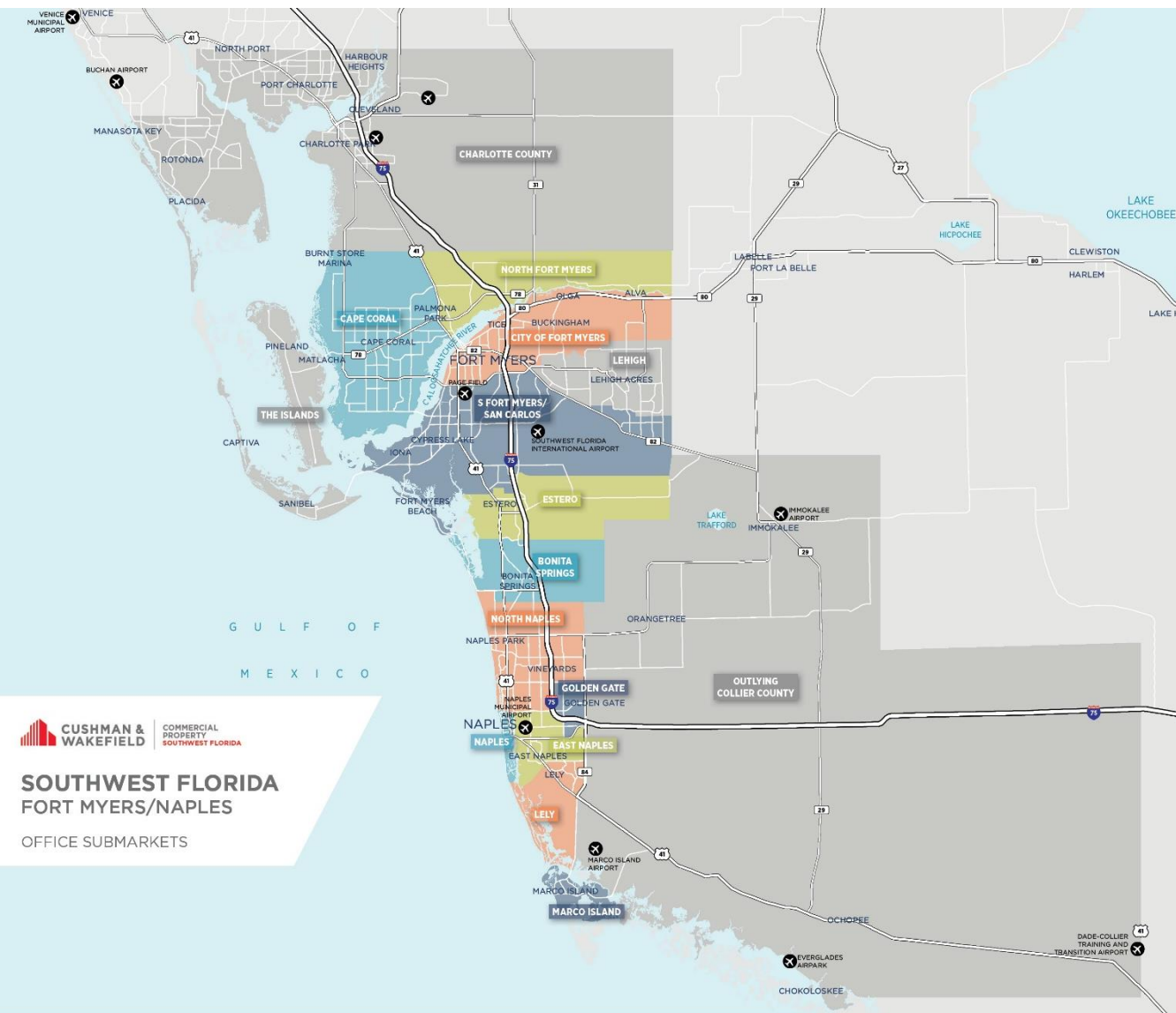
**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
22395 Edgewater Dr.	Charlotte County	Bayshore Partnership / Deland Is My Land LLC	12,077	\$4.9M / \$404.98
3714 Evans Ave.	City of Fort Myers	Berdick Kenneth A, MD / Thomas List	9,270	\$1.4M / \$152.54
3840 Colonial Blvd.	S. Fort Myers/San Carlos	Pynk Properties LLC / Fetch Specialty & Cancer Veterinary Centers	6,000	\$1.8M / \$291.67

Medical Office Q1 2024

MEDICAL OFFICE SUBMARKETS



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