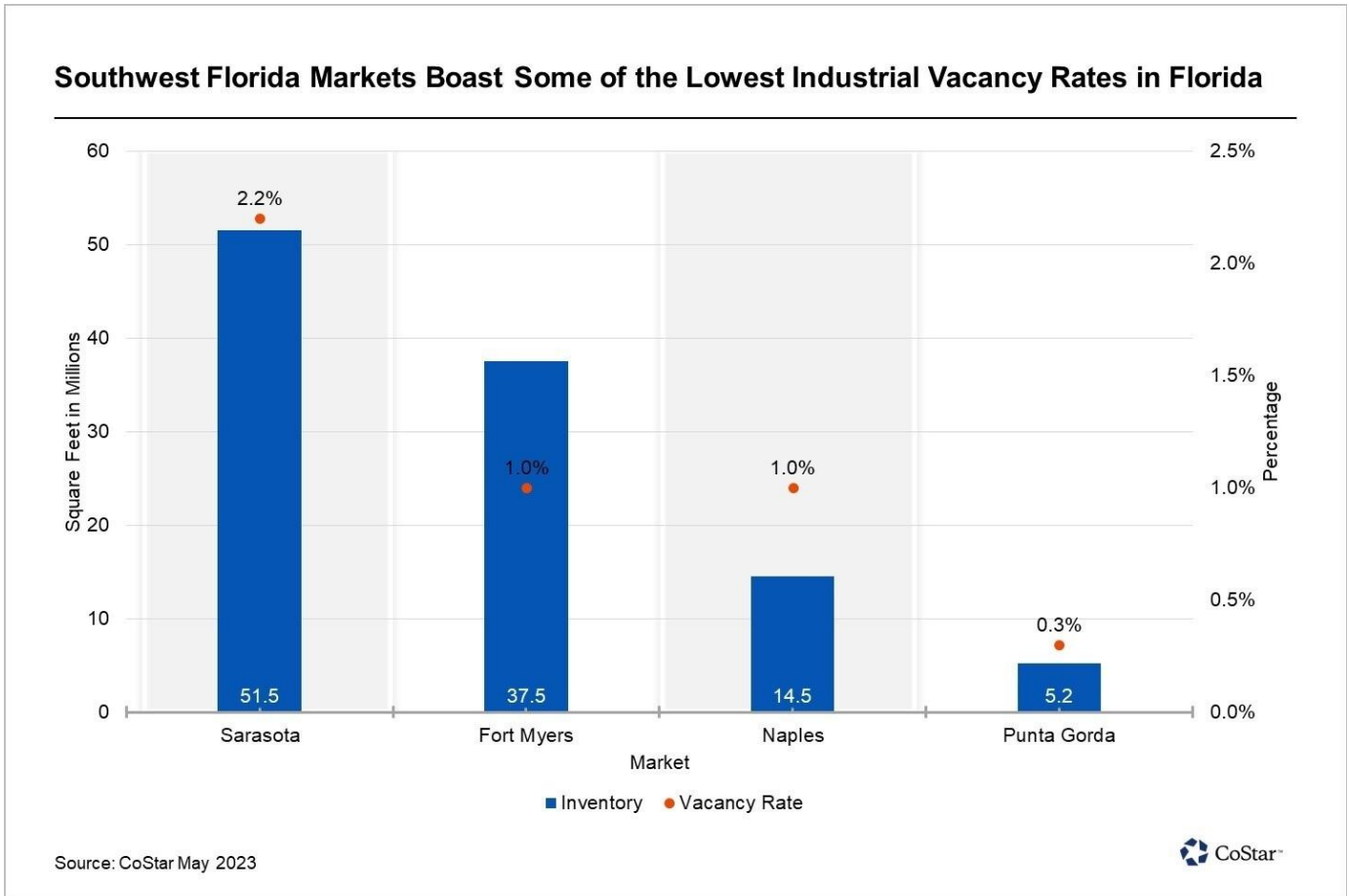


Southwest Florida Industrial Markets Have Some of Lowest Vacancy Rates in the State

More Developers Looking To Tap Into These Rapidly Growing Areas



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The Southwest Florida markets of Sarasota, Fort Myers, Punta Gorda and Naples boast some of the lowest industrial vacancy rates in Florida.

Fort Myers, Punta Gorda and Naples all have vacancy rates below 1%. Sarasota, the northernmost market in the region, has a vacancy rate of 2.2%, as of the second quarter of 2023. In comparison, Tampa’s industrial market, the largest in the state, has a vacancy

rate of 4.1%, hovering near historic lows. Sarasota's vacancy rate, which has remained below 3% for 10 consecutive quarters, mirrors that of Miami, which is Florida's second-largest industrial market.

However, Sarasota's industrial vacancy has increased 110 basis points over the trailing 12-month period on 820,000 square feet of construction completions. While vacancy has increased in the near term, it is still considerably below the national average of 4.5%. Only half of the 320,000 square feet completed this year in Sarasota has been leased. An additional 1.7 million square feet is under construction, over 930,000 square feet of which is expected complete prior to the end of the second quarter of 2023.

While preleasing has been slow, brokers in [the Sarasota industrial market](#) appear confident that space will be leased up.

“Overall, we are experiencing significant pent-up tenant demand in the Sarasota/Manatee market, and it is a promising sign for developers” said Julia Silva, managing director at JLL and landlord representative for the 563,000-square-foot Manatee County Logistics Center currently in development. “Existing tenants in the region, as well as new entrants, have more options of high-quality, modernized industrial space, potentially allowing them to be more efficient with their space while maintaining similar operational cost.”

In contrast to Sarasota, nearby Fort Myers has seen vacancy rates decrease 140 basis points, despite roughly 1.2 million square feet of completions, over the past 12 months. Leasing activity at new buildings has been robust, which leaves prospective tenants with few options within existing properties. Fort Myers [has the most active pipeline](#) on Florida's west coast with 4.3 million square feet under construction, of which 30% is preleased. The pop in construction completions, especially in the final quarter of 2023, will likely cause vacancy rates in Fort Myers to increase. However, given the level of demand, CoStar is forecasting vacancy to stabilize to under 4% by early 2025.

Naples and Punta Gorda are the smallest of the Southwest Florida industrial markets, with existing inventories of 14.5 million square feet and 5.2 million square feet,

respectively. Both markets boast vacancy rates at or below 1%, with Punta Gorda experiencing an industrial vacancy rate of just 0.3%.

Naples has recorded nearly 1 million square feet of construction projects over the past year. However, 937,000 square feet of that was a build-to-suit for shipping wholesaler Uline. Currently, only 23,000 square feet is under construction, and as such, CoStar predicts that vacancy will remain around 1% to 2% over the coming quarters.

Punta Gorda's industrial market could expand by over 9% when the pipeline of 480,000 square feet wraps up construction. Equus Capital Partner's 378,000-square-foot Florida Gulf Coast 75 Logistics Center is the largest active project and is expected to be finished in the third quarter of 2023. Dakota Premium Hardwoods preleased 75,000 square feet in October 2023, and the remainder of the building is available for lease. Should no additional preleasing take place in this building, Punta Gorda's vacancy could potentially balloon to over 5% in the near term.

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