CBRE

2025 deliveries temporarily inflate vacancy as projects perform lease-up

▲ 10.9% Vacancy Rate

▼ 220,789 SF Q3 Net Absorption

▼ 2,077,064 SF Under Construction

▲ 988,281 SF Q3 Deliveries

▲ $14.86 Triple Net / Lease Rate

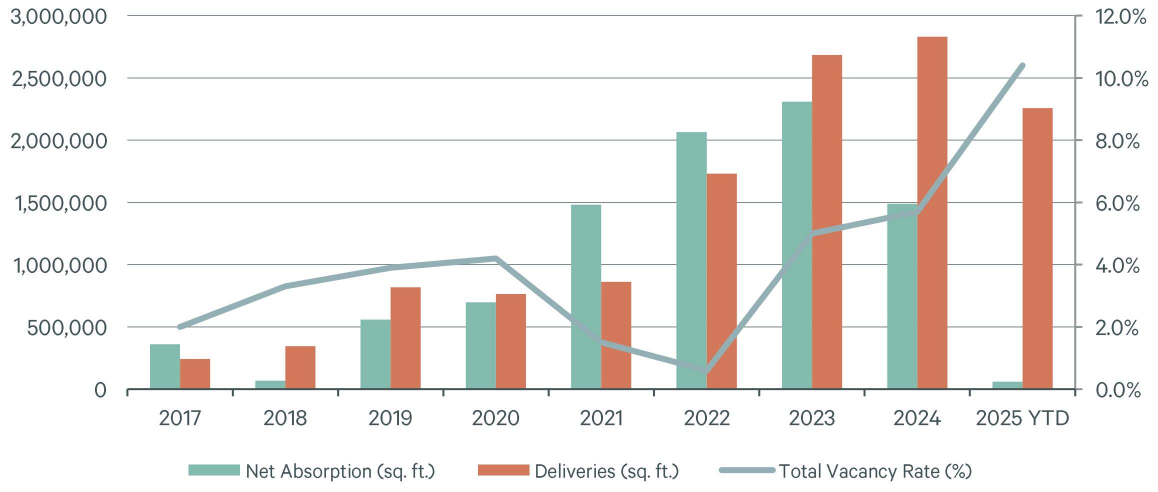
Note: Arrows indicate change from previous year.

OVERVIEW

- Positive net absorption of over 220,000 square feet helped in keeping the market on track for net occupancy gains this year
- Headline vacancy increased 200 basis points on the quarter, driven by the delivery of nearly 1 million square feet across five projects
- The vacancy story remains nuanced, with half of all vacant space stemming from projects that only recently delivered within the last 18 months

The Southwest Florida industrial market continues on a transformative path, with 22% of all tracked industrial inventory built within the past three years. This influx of new space has put some significant upward pressure on vacancy rates in a market that boasted low single digits for multiple years post-COVID. It's estimated that this will be a temporary shock, as market vacancy for buildings delivered before 2024 is under 6% and under 5% for buildings delivered before 2023. Ultimately, sustained tenant demand will be crucial to absorbing this new supply. The region's appeal to businesses remains strong, driven by robust population growth, a readily available workforce, and a favorable business environment.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE Research

DEMAND

Positive net absorption in six of the last seven quarters has demonstrated persistent tenant demand. These occupancy gains have been fueled by robust leasing activity, exceeding 2 million square feet annually for the past four years. Year-to-date, leasing activity has reached over 1.4 million square feet, positioning the market to maintain this momentum, contingent on continued strong leasing performance through the remainder of the year. Ideally, that will include a few larger tenant requirements, as recent activity has been much more concentrated in core user sizes in the 20,000 to 50,000 square foot range.

VACANCY

An aggressive construction pipeline over the past 18 months has continued to put upward pressure on vacancy as those projects perform lease-up. This has led to vacancy increasing 420 basis points year-over-year despite over 350,000 square feet of net positive absorption over that period. New, vacant deliveries are the big culprit, including the Q3 delivery of the seven building Gulf Landing Logistics Center which totals 750,000 square feet. That brings projects delivered so far in 2025 to just 40% leased, reflecting that some time is needed before these very recent deliveries are leased. In contrast, projects delivered in 2022, 2023 and 2024 are 98%, 93% and 73% leased, respectively.

A moderating construction pipeline will also help, with total active construction dropping to just over 2 million square feet in the third quarter. That includes a 750,000 square foot robotics fulfillment center for an E-commerce giant.

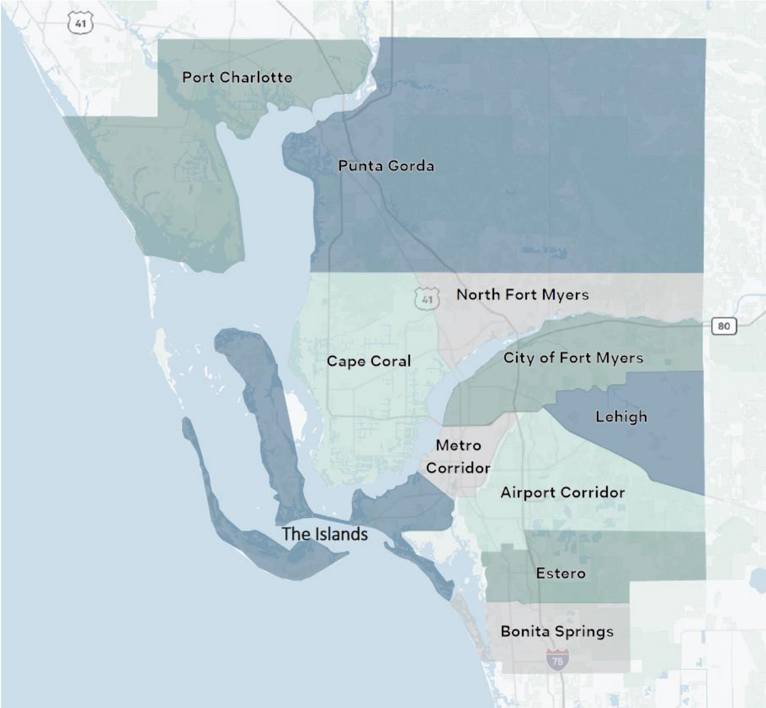
PRICING

Overall average asking rates are up just 2% year-over-year, avoiding falling rents that have been recorded in some U.S. markets. However, growth has been much stronger among smaller-bay, dock-high buildings (under 100,000 square feet) which boast a 7% increase over the same period.

FIGURE 2: Statistical Snapshot Q3 2025

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q3 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate ($/SF/NNN)
Port Charlotte	498,559	0.5%	0.5%	9,500	25,600	0	$14.82
Punta Gorda	2,208,627	25.2%	25.2%	(70,796)	73,704	255,000	$15.39
Charlotte County	2,707,186	20.6%	20.6%	(61,296)	99,304	255,000	$15.38
Cape Coral	1,517,219	3.1%	3.2%	34,083	22,785	0	$14.92
North Fort Myers	875,371	1.6%	1.6%	1,000	(4,000)	0	$14.53
City of Fort Myers	7,713,476	7.0%	8.4%	(5,274)	(115,074)	862,000	$12.49
Lehigh	648,139	0.0%	0.0%	1,850	44,414	0	N/A
Metro Corridor	4,162,256	2.9%	2.9%	1,935	(16,105)	93,042	$13.83
Airport Corridor	10,584,372	20.7%	20.8%	269,653	249,291	833,218	$15.46
The Islands	152,375	0.0%	0.0%	0	0	33,804	N/A
Bonita Springs	1,071,076	4.9%	5.0%	(1,663)	(13,925)	0	$15.57
Lee County	26,724,284	11.1%	11.6%	301,584	167,386	1,822,064	$14.15
North Naples	1,487,393	6.5%	6.5%	(24,225)	(61,270)	0	$16.41
Golden Gate	1,717,658	2.3%	2.3%	6,021	(1,500)	0	$23.90
Naples	2,392,237	8.9%	8.9%	(1,295)	(154,703)	0	$19.45
Outlying Collier	1,320,799	0.3%	0.3%	0	11,450	0	N/A
Collier County	6,918,087	5.1%	5.1%	(19,499)	(206,023)	0	$18.53
Southwest Florida Total	36,349,557	10.6%	10.9%	220,789	60,667	2,077,064	$14.86
Manufacturing	3,954,020	1.1%	3.0%	(74,014)	(77,126)	0	$22.69
R&D/Flex	6,507,754	8.6%	8.8%	102,636	50,789	416,016	$17.56
Warehouse/Distribution	25,887,783	12.6%	12.8%	192,167	87,004	1,661,048	$13.62

Market Area Overview



ECONOMIC OUTLOOK

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.

Survey Criteria: Includes all competitive industrial buildings 20,000 sq. ft. and greater in size in Charlotte, Lee and Collier counties.

Contact

Derek Bornhorst
Senior Vice President
+1 239 898 7987
derek.bornhorst@cbre.com

Adam Bornhorst
Vice President
+1 239 789 6537
adam.bornhorst@cbre.com

Marc L. Miller
Field Research Director
+1 305 381 6428
marc.miller1@cbre.com

Kyle Koller
Field Research Manager
+1 813 273 8422
kyle.koller@cbre.com