

Southwest Florida Commercial Real Estate Market Snapshot

September 2025 • Combined Analysis covering Sarasota, Charlotte, Lee & Collier Counties to get perspective on the entire region.

With more than 30 years in and around commercial real estate, our team has learned that market data tells a story if you know how to read it. Where some see only isolated numbers, we see the bigger picture: the forces shaping demand, the risks behind rising vacancies, and the opportunities hidden in changing fundamentals. The Southwest Florida market is evolving quickly, and our experience allows us to help owners and investors anticipate where trends are headed, not just where they've been. Here's what we're watching across the major sectors this month.

Industrial

Industrial real estate across Sarasota, Charlotte, Lee, and Collier counties has hit a turning point. After years of strong momentum, the sector is now showing signs of cooling. Net absorption turned negative over the past 12 months, with 232,000 square feet vacated, a 109% swing from the year prior. Vacancy has climbed to **7.3%**, up 300 basis points in just a year, and in Lee County alone, vacancy has surged tenfold over the past 24 months. At the same time, landlords are still asking for **record-high rents (\$14.06/SF, up 3% year-over-year)** and sale prices averaging **\$135/SF**. New construction has slowed significantly, down 46% year-over-year, with just **1.4M SF** underway, barely 1% of the region's 122M SF inventory. The industrial market had an exceptional run, but current trends point toward a period of deceleration.

Multifamily

The multifamily market is feeling more acute pressure. Regional vacancy has reached **13%**, nearing the all-time high from 2007. Over the past year, **7,048 units were absorbed**, a 41% increase from the prior year, yet new supply continues to flow, with **11,599 units currently under construction** and more expected to deliver over the next 12–24 months. Construction starts are already down 30% year-over-year, signaling developers are pulling back, but in the near term, oversupply is creating **short-term headwinds**. Asking rents have dipped to **\$1,877/unit**, down 3.4% annually, while landlords are increasingly offering concessions like **two months free rent plus \$1,000 in moving expenses**. Long-term, the fundamentals remain encouraging, with Southwest Florida's population growing **17.2% over the last five years**, which should help the sector stabilize once the wave of new deliveries is absorbed.

Office

Amid national headlines about high office vacancies, Southwest Florida is charting a different path. The region's office vacancy stands at **5.1%**, far healthier than the **15–20% averages** in major U.S. metros. New construction is virtually nonexistent, with just **94,900 SF underway**,

keeping supply tight. Asking rents are at near-record highs of **\$29.17/SF**, up 2.6% year-over-year, while sale prices remain strong at **\$190/SF** despite a challenging lending environment. Tenants are right-sizing their footprints but demanding higher-quality, well-located space with strong environmental credentials. Those buildings - modern, efficient, and well-amenitized - are seeing intense competition, often leading to **bidding wars** for the best space. For cash buyers, this moment also presents opportunities to acquire assets at pricing well below replacement cost.

Retail

Retail in Southwest Florida is experiencing a resurgence that defies national narratives. Big-box players like Walmart, Costco, and Home Depot are actively signing new leases, and demand for new store locations is robust across a range of categories. Even with **1.4M SF of new space under construction** (a **27% increase year-over-year**, though still just 1% of total inventory), the market remains tight. Vacancy is currently **4.0%**, slightly above the all-time low of 3.22% but still well below historic averages. Asking rents have climbed to a record **\$24.37/SF** (up 2.6% annually), while sale prices hit a new peak of **\$254/SF**. Cap rates are at an all-time low of **6.68%**, underscoring the strength of investor demand. In short, retail is one of the most competitive and resilient property types in our region right now.