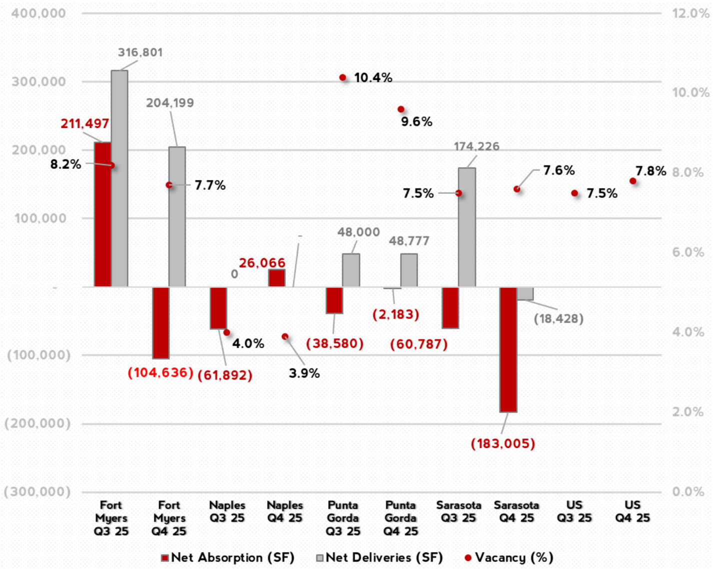
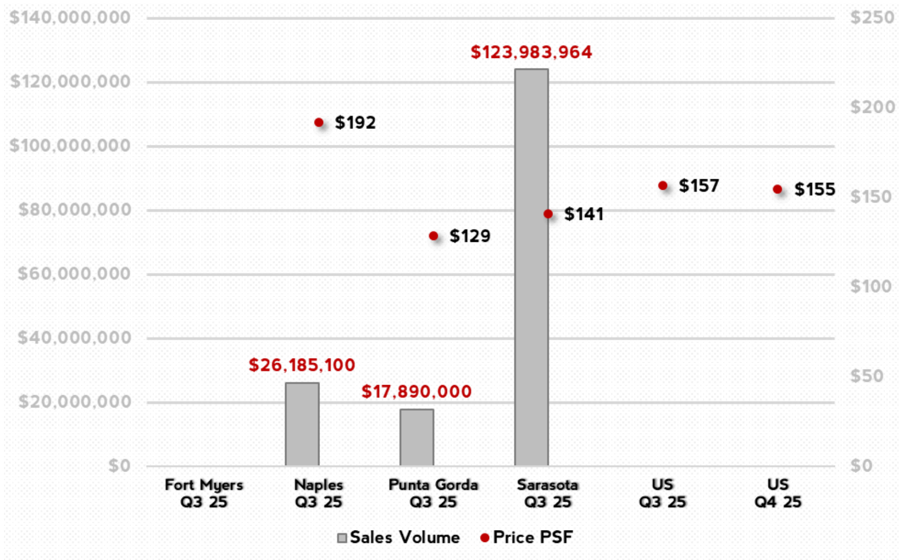
ERES

Q3 | 2025
MARKET SNAPSHOT

SOUTHWEST, FL
INDUSTRIAL





Fort Myers remains a key growth engine for industrial activity in SW Florida, marked by rapid inventory expansion and shifting tenant preferences. While the vacancy is elevated at 8.5% (down only 0.1% from last quarter), rent growth remains in positive territory at 2.8% year-over-year. Smaller tenants continue to anchor demand, with over 1.3 million SF in new leases signed year-to-date. Investment has remained strong, with $483 million in sales over the past 12 months, including EQT Exeter's $87 million purchase of two Amazon-anchored assets. As absorption gradually improves and speculative construction slows, Fort Myers is well-positioned to regain momentum through year-end and into 2026..

Naples stands out for its strong fundamentals, constrained inventory, and some of the highest asking rents in the state at $17.90/SF. Vacancy remains tight at just 3.8%, and with virtually no new construction, landlords continue to command premium pricing. While leasing activity has been limited, pricing has held firm and local private investors remain active, contributing to $83.5 million in sales over the past year. Naples' small size and consistent performance make it a magnet for owner-users and tenants seeking long-term stability in a premium location.

Punta Gorda's industrial market remains in a short-term holding pattern, with vacancy holding steady at 10.5% due to recent deliveries. Still, rent growth is strong (up 3.1% year-over-year) and well ahead of national averages. The relatively small 6.3 million SF inventory means even modest leasing shifts can move the needle, and with 270,000 SF under construction and rents averaging $12.60/SF, there's ample opportunity for absorption. Sales activity is steady, with 17 transactions totaling $24.9 million in the past year, and long-term rent growth trends support continued investor interest.

Sarasota has seen vacancy climb to 7.8% in Q3 due to tenant turnover and a wave of new deliveries. Despite this, asking rents have held firm at $13.30/SF. Notable transactions include the lease of 65,000 SF at North Port Business Park by Richmond-headquartered Lansing Building Products. This is their 12th opening in Florida. Sales volume has been a standout, with $335 million in industrial trades over the past year. Local governments and private investors have stepped up in the absence of institutional capital, with Manatee County's $12.9 million purchase of the Mixon Fruit Farm site serving as a notable example of public-private redevelopment momentum.

Across SW Florida, industrial markets are navigating recalibrations with varying trajectories. Despite their differences, collectively these markets offer a diversified mix of stability, upside, and strategic potential across the region.

*All data points sourced from CoStar 2025

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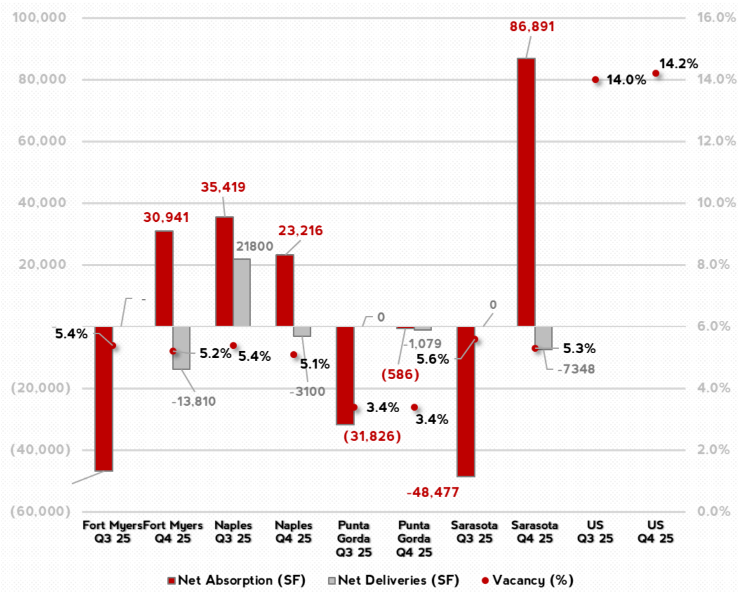
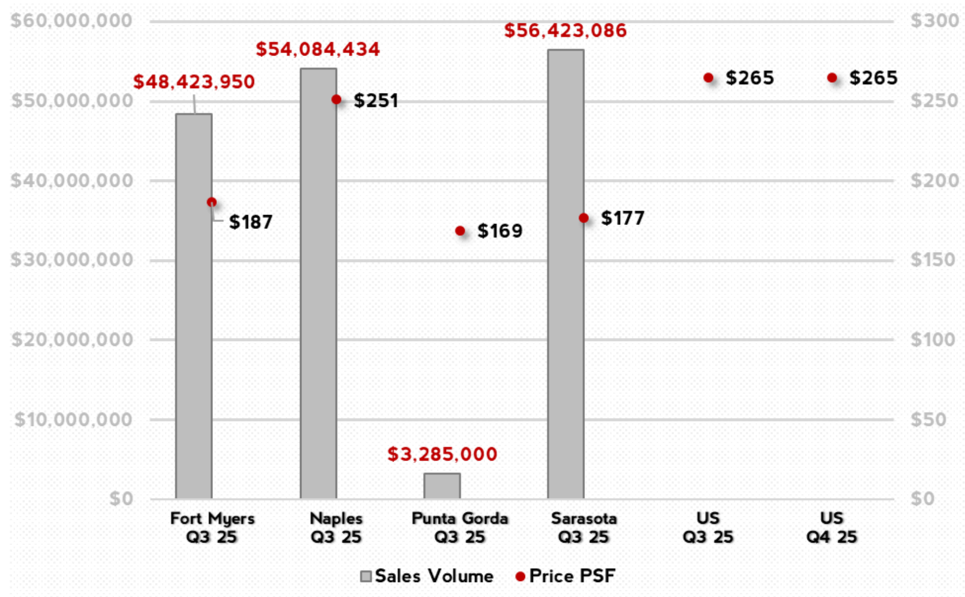
Q3 | 2025

MARKET SNAPSHOT

SOUTHWEST, FL

OFFICE





In Sarasota, vacancy has risen 0.2% to 5.5% since Q2, recording -240,000 SF in annual net absorption. Quality space under 7,500 SF is in short supply, especially in key areas like Lakewood Ranch and downtown. Rents have grown 4.0% year-over-year, averaging $28.00/SF, which is competitive regionally. On the sales front, $176 million traded hands over the past year, with pricing averaging $199/SF. The most significant deal was Manatee County's $23.5 million acquisition of 9000 Town Center, a 101,000-SF building it will fully occupy by 2026. Sarasota's mix of government, medical, and professional users continues to support steady long-term growth.

Fort Myers remains reliable, with a consistent vacancy rate of 5.4% across its 22 million SF inventory through Q3. Although absorption has trended negative (-140,000 SF over the past year) and leasing volume has not picked up, average asking rents continue to showcase affordability at $25.00/SF (still a 4.8% increase year-over-year). New development continues to be minimal, with only a reported 43,000 SF under construction. On the investment side, activity has picked up in recent months, with $171 million in sales over the past year. Notable trades include Lee Health's $14.6 million acquisition of a 21,000 SF medical office and Brookwood Financial's sale of a large asset at $111/SF. While leasing may remain subdued short term, Fort Myers still offers value-driven opportunity and resilience.

Naples by contrast is one of the smallest and priciest office market, boasting asking rents of $36.00/SF (with top-tier properties achieving $41.00/SF). Vacancy remains low at 5.5% and medical office demand continues to drive rent premiums and market stability. Sales volume over the past year has fallen in below the 5-year average at $75.8 million, but pricing remains strong at an average of $310/SF. Noteworthy Q3 deals include the $19.25 million sale of the fully occupied Commons V MOB. Naples continues to attract smaller private investors seeking stable returns in a high-end coastal market.

Punta Gorda is the smallest and most stable market, with just 4.2 million SF of office inventory and a current vacancy rate of only 3.5%. However, the third quarter saw -31,826 SF of net absorption, reversing some of the gains from earlier in the year. Asking rents average $23.00/SF, led by 4 & 5 Star properties at $28.00/SF. Rent growth remains positive at 1.8% year-over-year. Over the past year, 20 properties changed hands for a total of $19.5 million, with average market pricing at $171/SF and a higher-than-average 9.8% cap rate. Punta Gorda continues to offer a strong yield profile and reliable tenant base, especially in older, stabilized buildings.

*All data points sourced from CoStar 2025

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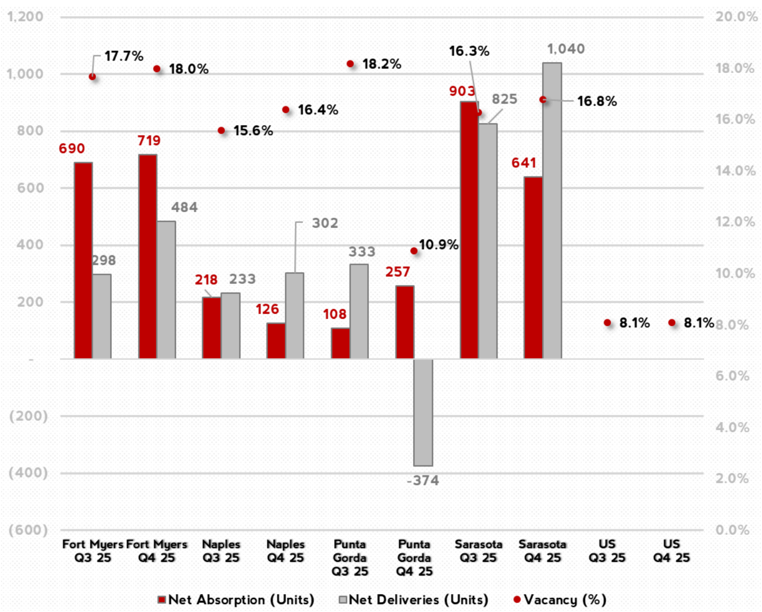
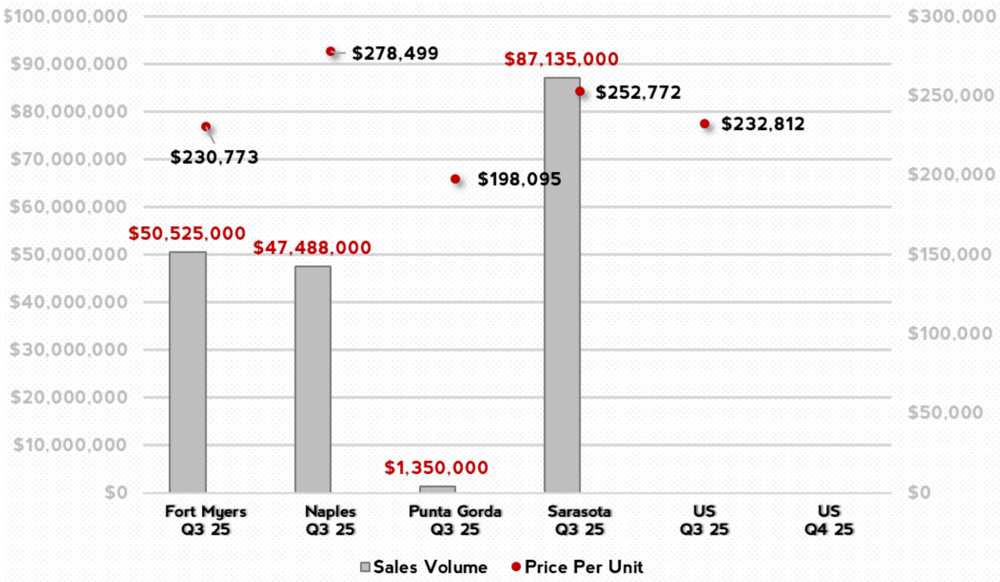
Q3 | 2025

MARKET SNAPSHOT

SOUTHWEST, FL

MULTIFAMILY





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Sarasota is still navigating a sharp correction after a multi-year construction boom added 12,000 units. Vacancy has climbed to an all-time high of 16.3%, and stabilized vacancy now sits at 10.5%. Asking rents have dropped -5.9% year-over-year to $1,900/month, with the sharpest losses in Venice/Englewood. Concessions are widespread, particularly among 4 & 5 Star assets, where average rents have dropped -6.9% to $2,060/month and vacancy exceeds 21%. Still, Sarasota has seen steady investment, with $282M in volume over the past year, including high-profile trades like Vida Lakewood Ranch ($92M) and Botanic at Waterside ($81.8M). With 4,400 units still underway, challenges persist, but slowing starts signal a path toward gradual rebalancing in 2026.

Fort Myers' multifamily market continues to face a sharp imbalance between supply and demand. Vacancy has reached 17.7%, fueled by the delivery of 3,200 new units over the past year against absorption of just 2,500. Rent growth has trended negative for eight consecutive quarters, with asking rents down -6.3% year-over-year to $1,740/month, placing Fort Myers among the nation's steepest rent decliners. High vacancies in submarkets like Cape Coral (26.5%) have driven widespread concessions, particularly among 4 & 5 Star product, where vacancy exceeds 21%. Despite a construction slowdown, 4,700 units remain in the pipeline, indicating continued pressure into 2026. On the investment front, deal volume has fallen to just $139 million over the past year, with underwriting challenged by lagging fundamentals and lease-up risk. Fort Myers is expected to remain a renter-friendly market near-term, but absorption gains hint at longer-term stabilization potential.

In Naples, vacancy stands at 15.5%. The 4 & 5 Star segment is especially impacted, where vacancy has climbed to 19.2%, and concessions have become the norm. Asking rents have dropped -5.7% over the past year to $2,190/month, among the largest declines nationally. Despite these headwinds, sales volume remains relatively healthy at $228M over the trailing year, bolstered by large trades like Excelsa's $41M purchase of Oasis at Naples. However, deal volume has slowed for three straight quarters. With 1,200 units under construction and a relatively small 15,000-unit inventory base, Naples remains vulnerable to supply shocks, but its premium rents and investor interest offer a foundation for eventual recovery.

Punta Gorda, with only 4,000 units, has experienced dramatic swings in vacancy due to outsized construction relative to its size. Though vacancy spiked to 33% in Q1 2024, it has since improved to 19.7%. Over the past year, the market absorbed 470 units (strong relative to its scale) and rent declines have moderated, with asking rents down -6.3% to $1,790/month. Higher-end assets have led the recovery, with 4 & 5 Star vacancy dropping to 31.2%. The construction pipeline is minimal, with just 310 units underway, setting the stage for improved balance in 2026. While investment activity has been quiet since the $66.5M sale of Charlotte Commons in early 2024, growing stability and lease-up gains could renew investor interest in the coming year.

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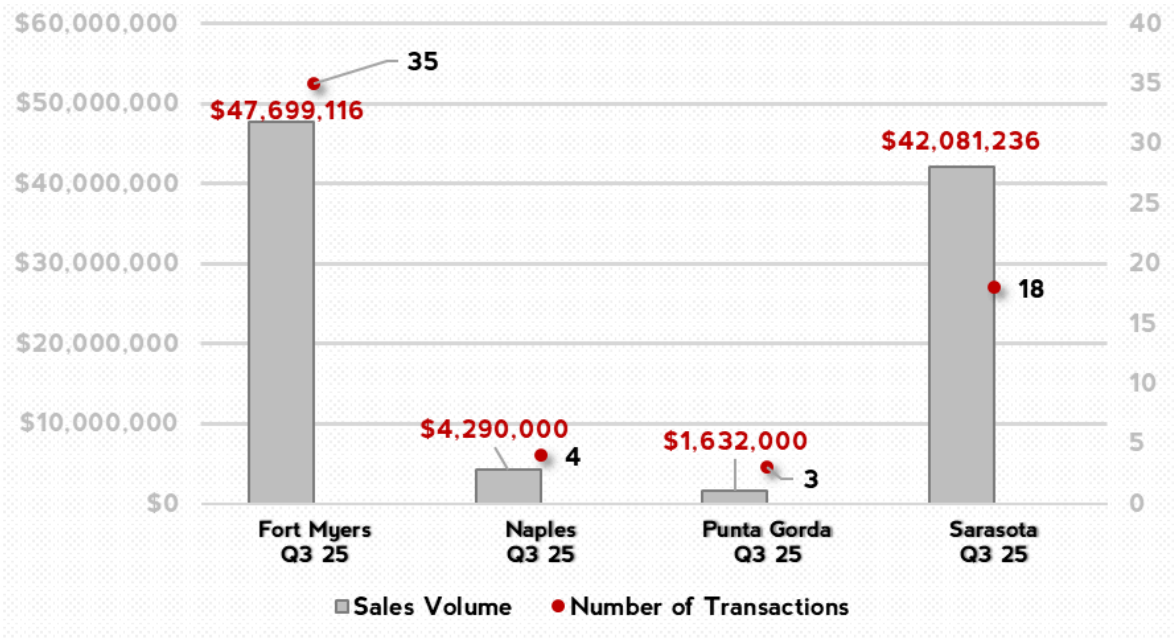
MARKET SNAPSHOT

SOUTHWEST, FL

LAND



Fort Myers continues to lead the SW Florida region in land sales through the third quarter of the year, posting $47.7 million in total volume across 35 deals. This high level of activity reflects continued interest from developers and investors seeking well-located parcels in a market poised for long-term growth. Among its most notable sales was 1715 Middle Drive in Sanibel, a 0.67 AC parcel that closed for $5.6MM (which equates to roughly $8.3MM+ per acre). Naples dropped significantly in transaction volume in Q3, with just four deals recorded totaling $4.29 million (nearly $24 million less than the previous quarter). Naples tight geography and premium positioning may continue to limit transaction volume, though strategic buyers remain active when well-located opportunities arise.

Sarasota posted the second highest land sales volume, with $42.1 million in transactions across 18 deals. Some notable transactions included the $17MM sale of a 1.85 AC parcel (nearly $9.2MM per acre) at 307 South Orange Avenue and a 0.36 AC parcel that sold for $4.25MM at 333 Cocoanut Avenue. By contrast, Punta Gorda only posted three sales totaling $1.63 million. While modest in volume, this aligns with the market's smaller size and measured development pace. With inventory levels across asset classes stabilizing, future land sales may pick up as developers re-engage to meet projected demand in the years ahead.

Land sales across the region reflect a diverse mix of market maturity and investor sentiment. While overall volumes vary widely, investor confidence in Southwest Florida's long-term growth story remains evident.

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