JULY 2026

SLOW MARKETS DON'T STAY SLOW

WHAT THE NUMBERS SAY ABOUT WAITING

Industrial vacancy is close to record highs in parts of our region, and the instinct is to wait it out. Our data and this market's track record argue the opposite.

Every soft market produces the same conversation. A property owner watches vacancy tick up and decides to hold on making improvements to lease a facility. A tenant sees headlines about oversupply and postpones the relocation. An investor looks at a 13% vacancy print and moves to the sidelines "until things settle."

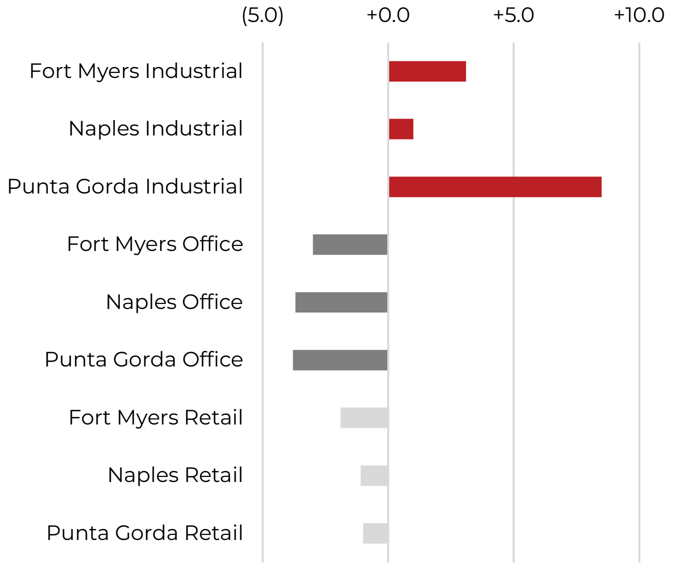
It feels prudent. But when we assembled our quarterly dashboards for all three property sectors this quarter, the data told a consistent story: in Southwest Florida, soft conditions have historically resolved toward tight ones, and the recovery tends to be underway before it shows up in the headline number. If you wait for the all-clear, you're negotiating in the next market, not this one.

EVERY "HOT" SECTOR TODAY WAS ONCE A SOFT ONE

Look at where office and retail vacancy sit relative to their own long-run averages. Fort Myers office vacancy is 6.0% today against a historical average of 9.0%. Naples office: 4.2% against 7.9%. Punta Gorda office: 3.3% against 7.1%. Retail runs the same direction in all three counties.

Think about what a historical average is: it contains every soft stretch these markets have ever recorded, the overbuilt years, the recession years, the quarters when waiting felt smart. For today's vacancy to sit three to four full points below those averages, the soft periods baked into them didn't just end; they gave way to some of the tightest conditions on record. The chart below shows each market's current vacancy as its distance from its own historical norm.

Distance From Historical Average Vacancy



Six of the nine market-sector combinations in our region are running tighter than their own history, most of them dramatically so. The three that sit above their norms are all industrial, and all for the same reason: a once-in-a-generation construction wave delivered space faster than even this region's demand could fill it. Which brings us to the more interesting question, what's happening underneath today's soft sector?

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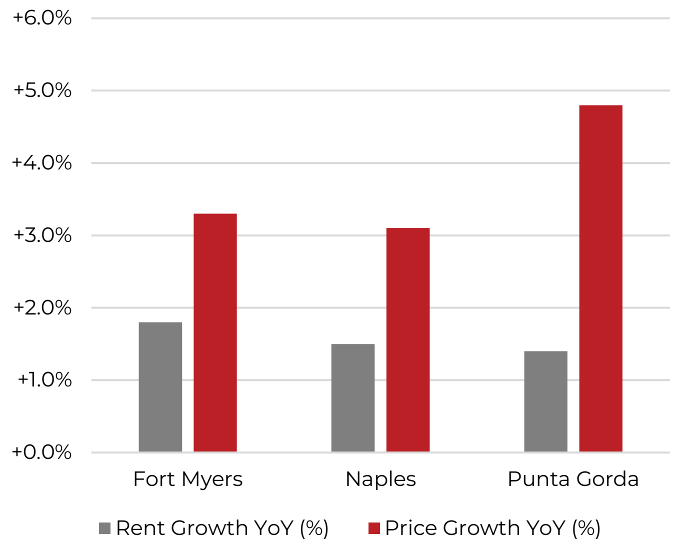
THE RECOVERY SIGNALS ARE ALREADY INSIDE THE "DOWNTURN"

A true downturn looks like this: tenants giving back space, rents falling, buyers repricing assets downward. Southwest Florida industrial in 2026 looks like none of those things. Vacancy is elevated because of what was built, not because of what left.

Rents grew in all three counties this year. Investors, the people whose job is to price the future, paid 3% to 5% more per square foot for industrial buildings than they did a year ago, and they did it during the softest vacancy stretch this region has posted. Two of the three counties absorbed more space than they gave back. In Punta Gorda, the county with the region's highest vacancy, buyers pushed pricing up 4.8%, the fastest appreciation of the three markets. The smart money is not waiting for the vacancy number to look better. It is buying before it does.

What's Growing During the "Slow" Market: Industrial



Sector	Vacancy Min	Vacancy Max	Rent Growth Min	Rent Growth Max	Sales Volume ($)	Deals
INDUSTRIAL	4.7%	13.4%	+1.4%	+1.8%	$665,900,000	300
OFFICE	3.3%	6.0%	+2.1%	+4.4%	$436,200,000	242
RETAIL	3.1%	4.1%	+1.4%	+1.6%	$741,700,000	304

Add it up: $1.8 billion of commercial property traded hands across roughly 850 transactions in our three counties over the past year. That is not what hesitation looks like.

WHY WAITING COSTS MORE THAN IT SAVES

Here is the mechanical problem with waiting. The conditions that make this moment uncomfortable are the same conditions that create leverage. Industrial tenants today can choose among more available space than this region has offered in years, and landlords with new, empty buildings are motivated in a way they simply won't be after the pipeline leases up. Fort Myers has 1.49 million square feet under construction; when it delivers and absorbs, the concessions conversation ends. Buyers face elevated vacancy on paper, but pricing is already rising underneath them, meaning the discount for uncertainty is shrinking each quarter, not growing.

And for owners wondering whether to sell into a soft headline: the data says buyers are paying more this year, not less. Waiting for a "better market" often means waiting for a market with more competition among sellers and less urgency among buyers.

Meanwhile, in office and retail, the window runs the other direction. With construction pipelines that round to zero, 109,000 SF of office underway across a 37-million-square-foot market, tenants who defer decisions aren't waiting for more options. They're waiting while options disappear.

THE BOTTOM LINE

We are not in the business of pretending soft markets are fun.

Industrial owners with vacancy are feeling it, and lease-up in Punta Gorda will take real time. But our region's own data shows a consistent pattern: soft conditions in Southwest Florida have resolved toward tight ones, and the participants who transact during the uncomfortable stretch, the tenants who lock in space, the buyers who move while others hesitate, are the ones holding the favorable terms when the cycle turns.

Now is not the time for hesitation. A slow market is not a stop sign; it's a negotiating window with an expiration date.

TALK TO US BEFORE THE WINDOW MOVES.

Whether you're weighing a lease, a purchase, or a sale, the right move depends on your specific property and submarket, and that's a conversation, not a chart. Call us at 239-278-4945.

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