01 / OUTLOOK / NEXT FOUR QUARTERS

Still the Tightest Market We Have

By **Gary Tasman**, Executive Vice President, NAI Burns Scalo | Outlook for Q4 2026 to Q3 2027

WHAT'S NEXT

Retail remains the tightest market we have. Vacancy is 3.4%, against a 5.3% historical average, and over the past year demand kept pace with 546,000 SF of new supply. Fitness, automotive, grocery and service tenants are doing most of the leasing. The consumer is sending a caution signal, though. Lee County taxable sales fell 2.7% over 12 months, with three winter months down 9%–10%, and new-home permits are down 28%. I expect vacancy to drift to 3.4%–3.9% and rent growth to cool to 1%–2% over the next four quarters.

The softening will be uneven. Bonita Springs has 315,000 SF under construction against 28,400 SF absorbed last year, about 11 years of its own demand. Strip centers are already at 5.8% vacancy. Grocery-anchored and well-located centers stay full. Pricing is where I'd be most careful: retail's 6.8% cap rate sits only about 150 basis points above the 10-year Treasury, the thinnest cushion of any property type.

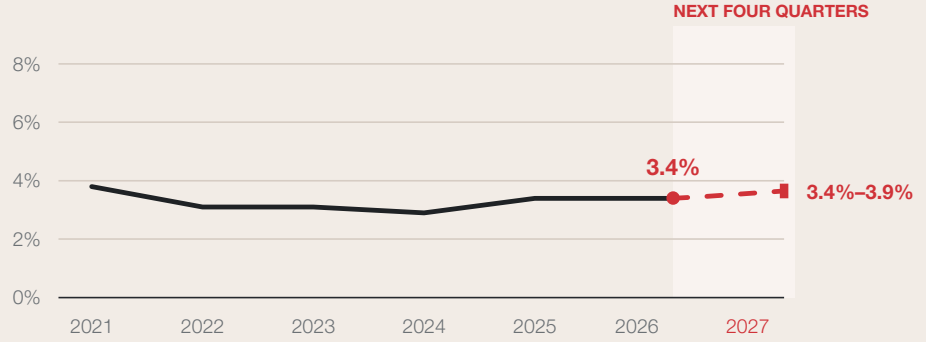
TASMAN'S CALLS FOR THE NEXT FOUR QUARTERS

	TODAY	CALL, Q4 2026	CALL, Q3 2027
Asking rent growth year over year	1.5%	1.25%–1.75%	1.0%–2.0%
Market cap rate	6.8%	6.8%–6.9%	6.8%–7.1%
Sales volume trailing 12 months	$459M	$400M–$450M	$350M–$425M

VACANCY RATE, 2021 TO Q3 2027

Tasman's Call for Q3 2027

CALL, Q4 2026 3.3%–3.6% CALL, Q3 2027 3.4%–3.9%



> "Bonita Springs has 315,000 square feet of retail under construction and absorbed 28,400 last year. That's 11 years of demand arriving at once. Everywhere else in Lee County, good retail space is still the hardest thing in this market to find. Know which market you're in before you sign.
>
> **GARY TASMAN**
> Executive Vice President
> NAI Burns Scalo

The forecasts on this page are Gary Tasman's views, based on NAI Burns Scalo Research.

02 / MARKET CONDITIONS

Vacancy Is 3.4%, Close to Its Lowest Level on Record

INVENTORY	VACANCY	MARKET ASKING RENT	NET ABSORPTION	UNDER CONSTRUCTION
49.67M SF	**3.4%**	$23.25	502K SF	408K SF
3,708 buildings	Up 0.1 points in 12 months | Availability 4.1%	$/SF/yr | Up 1.5% in 12 months	Past 12 months | 546K SF delivered	65% preleased

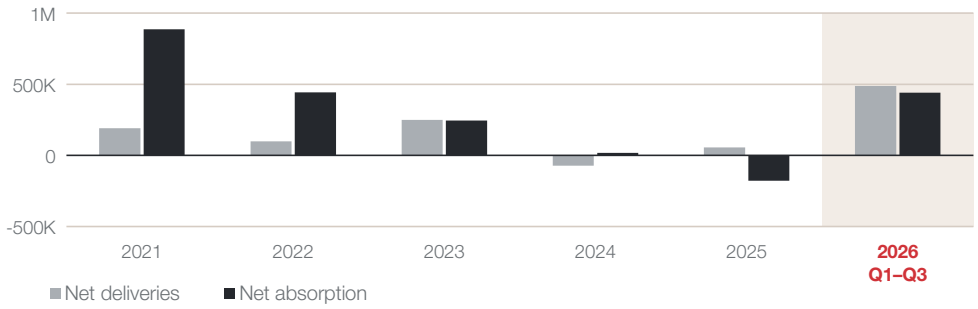
Occupancy & Demand

Tenants absorbed 502K SF over the past 12 months, after a 178K SF loss in 2025. Developers delivered 546K SF. Vacancy is 3.4%, up 0.1 point in a year, against a long-term average of 5.3%. Malls are 1.9% vacant, power centers 1.6%, neighborhood centers 4.2% and strip centers 5.8%. 408K SF is under construction, 65% preleased.

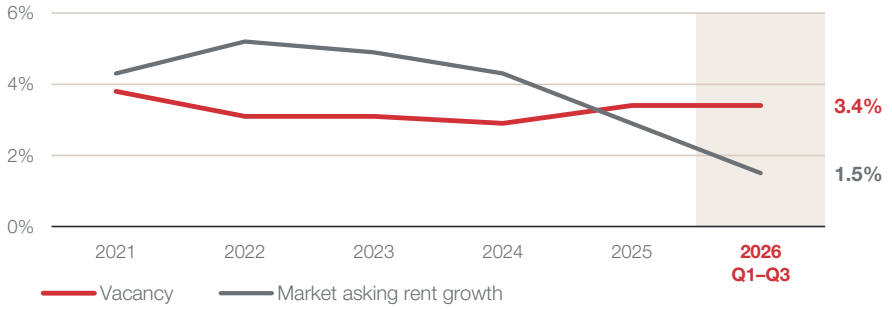
Pricing

Market asking rent is $23.25/SF, up 1.5% over 12 months, down from 4.9% growth in 2023. Estero and The Islands are the most expensive submarkets, above $30/SF; North Fort Myers is the cheapest. Malls ask $29.94/SF, power centers $27.30/SF, neighborhood centers $22.20/SF and strip centers $21.05/SF. The market price is $257/SF and the market cap rate 6.8%.

Demand Has Absorbed Nearly All New Space This Year



Rent Growth Has Slowed While Vacancy Stayed Low



SUBMARKETS

Submarket	Inventory, SF	Vacancy	Absorption, 12 mo	Delivered, 12 mo	Under construction	Asking rent (12-mo growth)
S Ft Myers/San Carlos	17,867,000	3.3%	+219,536	254,000	16,000	$23.78 (+1.6%)
Cape Coral	10,225,000	2.3%	+190,934	155,000	18,000	$23.10 (+1.5%)
City of Ft Myers	8,596,000	3.3%	-25,209	14,000	15,000	$20.02 (+1.4%)
Bonita Springs	**3,929,000**	**3.0%**	**+28,386**	**19,000**	**315,000**	**$23.07 (+1.3%)**
Estero	**3,847,000**	**7.9%**	**+68,810**	**80,000**	**42,000**	**$30.64 (+1.7%)**
North Ft Myers	2,053,000	5.9%	+4,542	6,000	0	$16.46 (+1.9%)
Lehigh	1,823,000	1.1%	+10,697	18,000	1,000	$21.08 (+1.5%)
The Islands	1,334,000	1.7%	+4,564	0	0	$30.55 (+0.9%)

Source: CoStar

03 / TRANSACTIONS

Where Capital and Occupiers Committed

$86.1M	32	$14.2M
SALES VOLUME, Q3 2026	SALES, Q3 2026	LARGEST SALE

60	222K SF	47,132 SF
LEASES SIGNED, Q3 2026	LEASED, Q3 2026	LARGEST LEASE

Largest Sales, Q3 2026

FEATURED

EoS Fitness, 10560 Colonial Blvd

$14.2M | 42,500 SF | $334/SF

Sold Aug 26 | Fort Myers | Investment
Buyer: Equity Management Partners, Inc.

Nervous Nellies, 1131 1st St

$8.25M | 7,909 SF | Restaurant

Sold Jul 8 | Fort Myers | Owner-user
Buyer: private investor

411 Palm Ave

$7.60M | 947 SF | Freestanding

Sold Jul 13 | Boca Grande | Owner-user
Buyer: Barbara King Home and Garden

1021 Santa Barbara Blvd

$5.02M | 2,880 SF | Convenience Store

Sold Jul 1 | Cape Coral | Investment
Buyer: NEDA Development

1612 Kismet Pky E

$5.00M | 1.9 AC | $2.63M/AC

Sold Aug 7 | Cape Coral | Owner-user
Buyer: S & L Companies

Largest Leases, Q3 2026

FEATURED

13711 S Tamiami Trl

47,132 SF | New lease

Signed Sep 8 | Starts Oct 15, 2026
Fort Myers

Weaver's Corner Shopping Center, 1830-1890 N Tamiami Trl

24,200 SF | New lease

Signed Jul 21 | Starts Mar 1, 2027
North Fort Myers | Tenant: Goodwill

1700-1750 N Tamiami Trl

15,000 SF | New lease

Signed Aug 10 | Starts Oct 1, 2026
North Fort Myers | Tenant: Charter School

United Plaza, 13971 N Cleveland Ave

9,864 SF | New lease

Signed Jul 21 | Starts Sep 19, 2026
North Fort Myers

Project Telephone: South Site, 27550 Old 41 Rd

9,114 SF | New lease

Signed Aug 11 | Starts Oct 10, 2026
Bonita Springs

Source: CoStar

04 / OUR TEAM

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