

NAR Commercial Real Estate Metro Market Report | 2021.Q2

North Port-Sarasota-Bradenton, FL

Core-Based Statistical Area Code: 35840

The North Port-Sarasota-Bradenton, FL commercial real estate market is stronger compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index* 70.5

Overall economic conditions are stronger than nationally.
 The apartment property market is stronger than nationally.
 The office property market is stronger than nationally.
 The industrial property market is stronger than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is stronger than nationally.

The commercial real estate market is slowly getting back on track although the rise of Delta variant cases is casting a shadow on the path of the recovery. The multifamily, industrial, and retail property markets will continue to recover more quickly than the office property market where vacancy rates will likely remain elevated in 2021-2022 compared to the pre-pandemic level.

I. Economic and Demographic

Economic	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Total non-farm employment ('000)	311	309	294	146,603	143,315	138,501	
Y/Y chg.in nonfarm payroll employment ('000)	18	(9)	(16)	8,102	(6,637)	(13,215)	Job creation is stronger than nationally
Y/Y % chg. in nonfarm payroll employment	6.1%	-2.7%	-5.1%	5.8%	-4.4%	-8.7%	Unemployment rate is lower than nationally
Unemployment rate (%)	5.1%	5.0%	9.7%	5.9%	6.0%	11.1%	
Average weekly wages	\$942	\$904	\$865	\$1,059	\$1,046	\$1,016	
Wage growth, year-over-year (data are as of last month of the quarter)	8.8%	1.6%	-1.0%	4.3%	6.7%	5.6%	Wages are rising faster than nationally
	2019	2018	2017	2019	2018	2017	
GDP growth (%)	3.4%	5.4%	3.1%	2.3%	2.9%	2.3%	
Median household income	\$65,526	\$60,921	\$56,817	\$87,470	\$84,423	\$81,284	
	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	20.9	20.0	17.2	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	855	838	821	329,484	328,330	326,838	
Population growth (%)	1.99%	2.08%	1.91%	0.35%	0.46%	0.53%	Population is growing faster than nationally

II. Multifamily

Demand indicators	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	4.1%	7.4%	10.1%	4.2%	4.7%	5.5%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	1,312	1,529	398	226,871	169,053	78,282	The area has a faster pace of absorption than nationally
Absorption of units in past 12 months	4,672	3,758	1,665	603,925	455,336	255,168	
Market asking rent per unit	\$1,600	\$1,425	\$1,332	\$1,004	\$978	\$953	
Market asking rent per unit, y/y % chg	20.1%	6.8%	-0.1%	6.1%	3.9%	1.8%	Rents are rising faster than nationally
Effective rent per unit	\$1,595	\$1,407	\$1,304	\$1,000	\$972	\$945	
Effective rent per unit, y/y % chg	22.3%	7.1%	-0.4%	6.4%	3.7%	2.3%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	19.5%	17.9%	17.3%	10.9%	10.7%	10.7%	The rent to income ratio is higher than nationally
	2020	2019	2018	2020	2019	2018	
Inventory	33,783	33,567	30,834	17,259,876	17,168,283	16,881,961	
Net delivered units in past 12 months	2,949	2,925	2,595	377,954	387,779	389,240	Relatively more units are being delivered than nationally
Net delivered units, as % of inventory	8.7%	8.7%	8.4%	2.2%	2.3%	2.3%	
Units under construction	1,148	1,364	3,637	578,162	609,682	681,731	
Units under construction, as % of inventory	3.4%	4.1%	11.8%	3.3%	3.6%	4.0%	Construction activity is more robust than nationally
12-month total: 5+ unit building permits	1,684	1,277	3,054	463,443	435,217	452,345	
12-month total: all building permits	12,717	11,205	10,706	1,642,586	1,574,266	1,361,395	Building permits are not rising as fast as nationally
Ratio of jobs created to permits	1.4	(0.8)	(1.5)	4.9	(4.2)	(9.7)	
	2020	2019	2018	2020	2019	2018	
Total investment acquisitions (in million \$)	\$312.4	\$219.6	\$13.4	\$41,291.4	\$28,735.4	\$13,346.3	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$27,836	\$207,608	\$39,528	\$100,508	\$98,594	\$80,364	Prices are not rising as fast than nationally
Cap rate	6.4%	5.6%	5.6%	6.4%	6.6%	6.6%	Cap rates are higher than nationally

III. Office

Demand indicators	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Vacancy rate	5.4%	5.7%	5.5%	6.1%	5.7%	5.5%	The area has a lower vacancy rate than nationally
Absorption in sq. ft. over the quarter	90,756	43,036	(15,042)	(9,309,111)	(51,131,309)	(13,966,267)	The area has a lower pace of absorption than nationally
Absorption in sq. ft. over 12 months	113,600	7,802	26,093	(140,700,116)	(145,357,270)	19,961,128	
Asking rent per sq.ft.	\$24.7	\$24.3	\$23.8	\$18.9	\$18.9	\$18.8	
Asking rent growth, y/y % chg.	3.5%	3.3%	6.5%	0.3%	0.0%	1.3%	Rents are rising faster than nationally
Leasing activity in sq.ft.	256,530	184,033	104,142	100,568,800	81,175,252	81,276,145	Leasing volume is rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of last month of the quarter)	5	3	(3)	1,260	(501)	(1,715)	The area has slower office job creation than nationally
	2020	2019	2018	2020	2019	2018	
Inventory in sq. ft.	27,324,407	27,324,407	27,244,157	12,454,676,333	12,428,381,226	12,364,751,288	
Net delivered over 12 months, in sq.ft.	80,250	87,843	185,415	87,967,591	76,138,970	78,991,496	Relatively fewer units are being delivered than nationally
Net delivered units, as % of inventory	0.3%	0.3%	0.7%	0.7%	0.6%	0.6%	
Under construction in sq.ft.	251,017	234,750	236,850	177,275,188	186,528,025	209,268,041	
Under construction, as % of inventory	0.9%	0.9%	0.9%	1.4%	1.5%	1.7%	Construction activity is slower than nationally
	2020	2019	2018	2020	2019	2018	
Total investment acquisitions (in million \$)	\$106.6	\$67.9	\$13.4	\$23,909.8	\$21,181.7	\$11,269.3	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$209	\$175	\$144	\$108	\$106	\$105	Prices are rising faster nationally
Cap rate	6.4%	5.6%	5.6%	6.4%	6.6%	6.6%	Cap rates are higher than nationally

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IV. Industrial

	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Demand indicators							
Vacancy rate	1.5%	2.0%	3.3%	4.2%	2.0%	3.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	358,728	302,505	(60,425)	146,182,325	119,411,326	56,883,324	The area has lower pace of absorption than nationally
Absorption in sq.ft. over 12 months	1,207,477	788,324	98,655	437,432,148	348,133,148	231,052,238	
Asking rent per sq.ft.	\$9.2	\$9.0	\$8.7	\$6.5	\$6.4	\$6.1	Rents are rising faster than nationally
Asking rent growth, y/y % chg.	5.7%	4.7%	4.5%	5.2%	4.7%	4.5%	Leasing volume is rising faster than nationally
Leasing activity in sq.ft.	353,975	419,145	171,898	319,474,044	296,163,970	254,024,482	
Supply indicators							
Inventory in sq. ft.	49,004,260	48,866,741	48,657,981	26,553,663,022	26,461,805,496	26,166,021,757	Relatively more units are being delivered than nationally
Net delivered over 12 months, in sq.ft.	346,279	250,150	298,649	385,387,457	398,260,005	382,527,483	
Net delivered units, as % of inventory	0.7%	0.5%	0.6%	1.5%	1.5%	1.5%	Construction activity is slower than nationally
Under construction in sq.ft.	863,902	701,531	338,760	567,307,627	521,498,024	452,528,658	
Under construction, as % of inventory	1.8%	1.4%	0.7%	2.1%	2.0%	1.7%	
Sales transactions							
Total investment acquisitions (in million \$)	\$50.6	\$31.8	\$10.4	\$27,261.9	\$21,600.7	\$13,713.9	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$97	\$51	\$95	\$61	\$56	\$54	Prices are not rising as fast than nationally
Cap rate	7.4%	0.0%	0.0%	7.4%	0.0%	0.0%	Cap rates are higher than nationally

V. Retail

	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Demand indicators							
Vacancy rate	5.3%	5.3%	4.9%	4.3%	4.5%	4.2%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	155,958	18,359	76,463	26,554,046	6,829,628	(12,969,003)	The area has a faster pace of absorption than nationally
Absorption in sq.ft. over 12 months	98,491	18,996	(257,744)	12,853,280	(26,669,769)	5,842,298	
Asking rent per sq.ft.	\$19.6	\$19.4	\$19.3	\$14.5	\$14.5	\$14.3	Rents are rising faster than nationally
Asking rent growth, y/y % chg.	1.8%	1.4%	1.7%	1.4%	1.0%	1.5%	Leasing volume is rising faster than nationally
Leasing activity in sq.ft.	340,608	256,629	121,731	65,144,289	60,598,011	44,924,273	The area has stronger retail trade job creation than nationally
Y/Y chg. in retail trade payroll employment ('000) (as of last month of the quarter)	1.90	(1.40)	(0.80)	822.30	(1,100.50)	(245.60)	
Supply indicators							
Inventory in sq. ft.	51,870,178	51,689,229	51,550,167	15,772,300,571	15,764,713,778	15,724,204,780	Relatively more units are being delivered than nationally
Net delivered over 12 months, in sq.ft.	320,011	198,150	288,147	46,178,397	47,102,191	58,535,237	
Net delivered units, as % of inventory	0.6%	0.4%	0.6%	0.3%	0.3%	0.4%	Construction activity is more robust than nationally
Under construction in sq.ft.	483,080	643,209	716,856	55,829,483	58,628,746	71,303,691	
Under construction, as % of inventory	0.9%	1.2%	1.4%	0.4%	0.4%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$163.2	\$82.4	\$56.8	\$20,811.7	\$15,469.2	\$8,857.2	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$192	\$167	\$229	\$134	\$136	\$134	Prices are not rising as fast than nationally
Cap rate	6.4%	5.9%	7.3%	6.6%	6.6%	6.7%	Cap rates are lower than nationally

VI. Hotel/Lodging

	North Port-Sarasota-Bradenton, FL			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Leisure and hospitality payroll workers ('000)	40.6	41.1	37.4	15,395.0	13,448.0	12,637.0	Job creation in the leisure industry is stronger than nationally
Y/Y change ('000)	3.2	(7.5)	(8.0)	2,758.0	(2,297.0)	(4,590.0)	The area has a larger share of leisure jobs than nationally
% share to nonfarm payroll employment	13.0%	13.3%	12.7%	10.5%	9.4%	9.1%	

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally. NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 46 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Sources of data used: National Association of Realtors®, CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

For information about this report, email data@nar.realtor.