

Competitive Advantages for the Sustainable Real Estate Cluster in the City of Cape Coral

City of Cape Coral
Office of Economic &
Business Development



This cluster illustrates the regional growth of sustainable real estate that will stimulate new resilient construction practices and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.





TABLE OF CONTENTS

- Key Findings 3
- Introduction 5
- Industries Performances 5
- The Fit for Cape Coral..... 8
- Comparison Analyses 12
- Summary 13
- Competitive Advantages of the City of Cape Coral Location 16

TABLE OF EXHIBITS

- Exhibit 1 – Industry Performance Projections 2024-2029 6
- Exhibit 2 – Component Industries Data Aggregation..... 6
- Exhibit 3 – US Employment Distribution in the Sustainable Real Estate Cluster 7
- Exhibit 4 – Ten Leading States for Sustainable Real Estate Cluster Employment..... 8
- Exhibit 5 - Sustainable Real Estate Cluster Employment 8
- Exhibit 6 – Real Estate Property Managers Facility Operations 9
- Exhibit 7 - Real Estate Property Managers – Employee Census..... 10
- Exhibit 8 - Real Estate Property Managers – Occupations Needed 10
- Exhibit 9 - Real Estate Property Managers – Competitive Evaluation – Base Financial Data 12
- Exhibit 10 – Real Estate Property Managers – Competitive Evaluation – Annual Operating Profits 13

INDUSTRY PROSPECTUS



Photo credit: DepositPhotos



Key Findings

- ❖ As part of an Economic Development Strategic Plan for the City of Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Sustainable Real Estate Cluster.
- ❖ The Sustainable Real Estate Cluster consists of **4** industry sub-components:
 - Activities related to real estate
 - Architectural, engineering, and related services
 - Lessors of real estate
 - Lumber and other const. materials merchant wholesalers
- ❖ Revenue (in current dollars) for the Sustainable Real Estate Cluster is **\$1,200.6 billion**. Growth expectations in the next five years will raise this figure to **\$1,460.8 billion**, which is a **4.00%** compound annual growth rate (CAGR), or an overall **21.7%** revenue gain.
- ❖ The **4** individual industries that comprise the cluster have projected revenue gains ranging from **24.3%** (Lessors of real estate) to **14.2%** (Lumber and other const. materials merchant wholesalers). In aggregate, the cluster demonstrates solid revenue growth for the next several years.
- ❖ Florida ranks in **3rd** place for Sustainable Real Estate Cluster employment among the **10** leading US states.
- ❖ The Cluster has a projected **1,117** new jobs in Cape Coral supportable by the labor market.
- ❖ There are **6** Florida cities identified as direct competitors to Cape Coral:
 - Fort Lauderdale
 - Orlando
 - Palm Bay
 - Pompano Beach
 - Port St. Lucie
 - West Palm Beach

- ❖ As an example of typical Cluster business, a Real Estate Property Managers operation of **7** persons in Cape Coral will generate **\$3.866 million** in annual revenue.
- ❖ Profitability for Real Estate Property Managers in Cape Coral is **18.2%**, leading all competition.
- ❖ Cape Coral's employed civilian labor force of **102,700** is estimated to have an estimated **56%** of workers commuting to locations outside of the City. This out-commuting labor force presents an opportunity for development of new "intercept" office and warehouse facilities that can capture some of this worker flow.
- ❖ With the projected employment growth of **1,117** new jobs (910 office, 207 wholesale), it can be expected that at least **182,000 sf** of new office space and **310,000 sf** of new warehouse space will be required to meet the Cluster's employment needs.



Introduction

As part of the development of an Economic Development Strategic Plan for the City of Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Sustainable Real Estate Cluster.

As defined by Harvard University, “a cluster is a regional concentration of related industries in a particular location. Clusters are a striking feature of economies, making regions uniquely competitive for jobs and private investment. They consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support.

This cluster illustrates the regional growth of sustainable real estate that will stimulate new resilient construction practices and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.

The Cluster consists of **4** industry components:

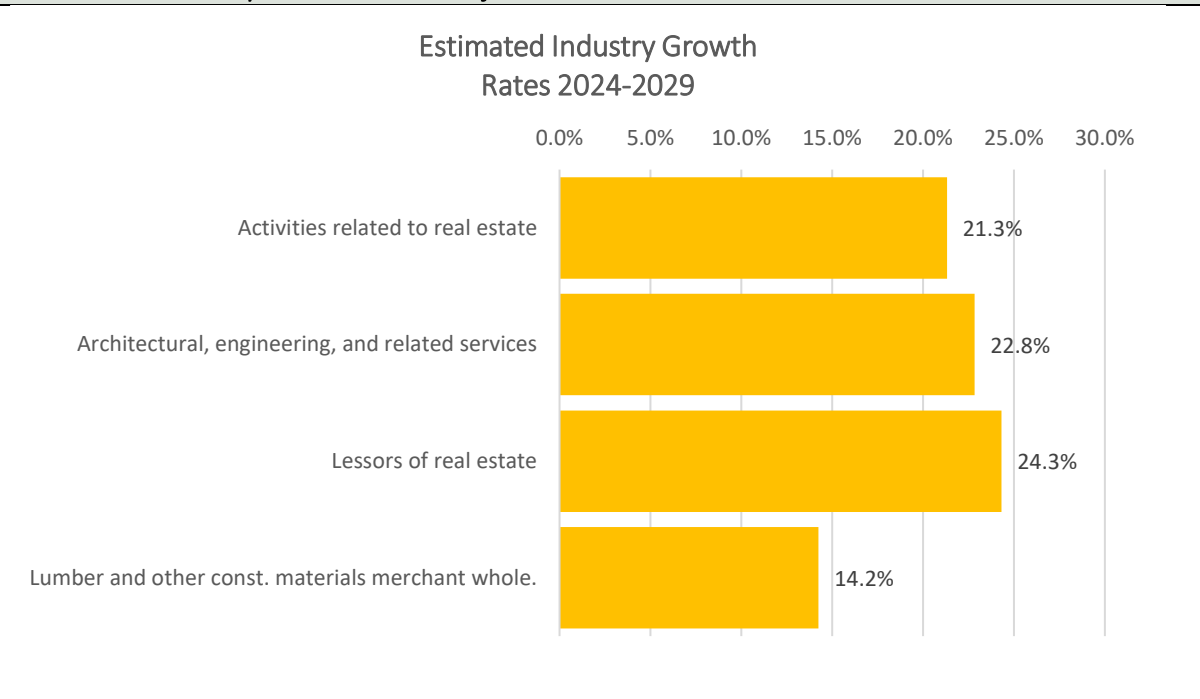
- ❖ Activities related to real estate
- ❖ Architectural, engineering, and related services
- ❖ Lessors of real estate
- ❖ Lumber and other const. materials merchant wholesalers

Industries Performances

Revenue (in current dollars) for the Sustainable Real Estate Cluster is **\$928.3 billion**. Growth expectations in the next five years will raise this figure to **\$1,130.5 billion**, which is a **4.02%** compound annual growth rate (CAGR), or an overall **21.8%** revenue gain.

The **4** individual industries that comprise cluster have projected revenue gains ranging from **24.3%** (Lessor of Real Estate) to **14.2%** (Lumber and other construction materials merchant wholesalers). In aggregate, the cluster demonstrates solid revenue growth for the next several years. Refer to Exhibit 1 (below).

Exhibit 1 – Industry Performance Projections 2024-2029



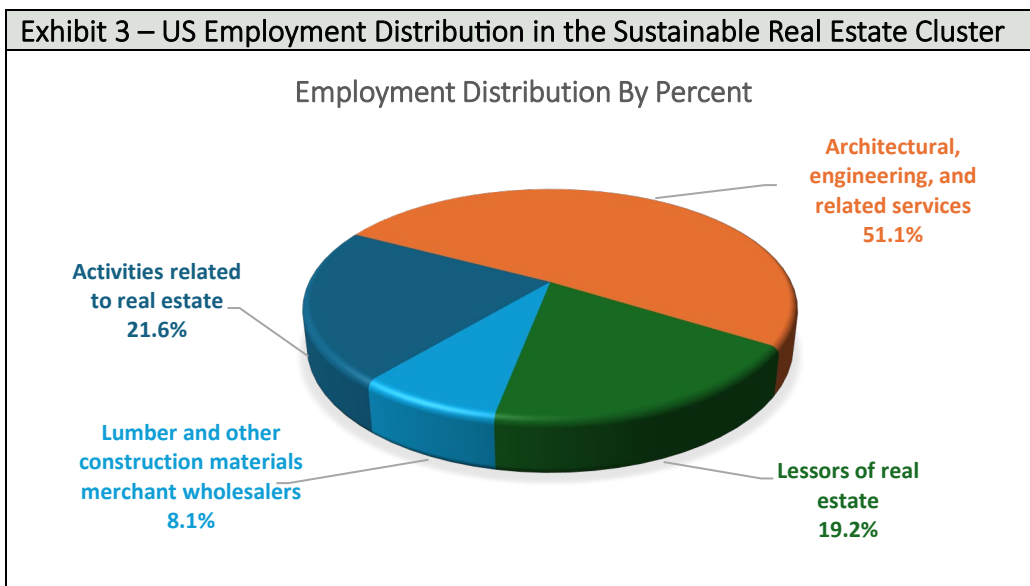
In the following Exhibit 2, each of the component industries are presented with their individual revenue growth expectations, employee productivity evaluation and typical establishment size.

Exhibit 2 – Component Industries Data Aggregation

Activities related to real estate			Architectural, engineering, and related services		
	2024	2029		2024	2029
Revenue (\$ billion)	\$389.60	\$472.64	Revenue (\$ billion)	\$359.90	\$442.10
CAGR	3.94%		CAGR	4.20%	
Revenue Gain (\$ billion)	\$83.04		Revenue Gain (\$ billion)	\$82.20	
Revenue Gain (percent)	21.3%		Revenue Gain (percent)	22.8%	
Revenue per employee	\$555,000		Revenue per employee	\$217,100	
Typ. Estb. Size (US)	7		Typ. Estb. Size (US)	10	

Lessors of real estate			Lumber and other const. materials merchant whole.		
	2024	2029		2024	2029
Revenue (\$ billion)	\$305.65	\$379.99	Revenue (\$ billion)	\$145.40	\$166.12
CAGR	4.45%		CAGR	2.70%	
Revenue Gain (\$ billion)	\$74.34		Revenue Gain (\$ billion)	\$20.72	
Revenue Gain (percent)	24.3%		Revenue Gain (percent)	14.2%	
Revenue per employee	\$491,400		Revenue per employee	\$555,000	
Typ. Estb. Size (US)	5		Typ. Estb. Size (US)	10	

The distribution of employment in the 4 industry of the Sustainable Real Estate Cluster is illustrated in Exhibit 3 (below):



For a Florida location, the 3rd place ranking for Sustainable Real Estate Cluster employment among the 10 leading states is a favorable condition as shown in Exhibit 4 (below):

Exhibit 4 – Ten Leading States for Sustainable Real Estate Cluster Employment		
State	2024 Employment	Rank
California	392,095	1
Texas	368,251	2
Florida	262,072	3
New York	240,192	4
Michigan	128,384	5
Pennsylvania	112,282	6
Georgia	105,951	7
Virginia	105,702	8
Illinois	99,770	9
North Carolina	99,077	10

The Fit for Cape Coral

As part of an Economic Development Strategic Plan for Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Sustainable Real Estate Cluster. As described earlier, the Cluster contains **4** component business areas. In total, they have a projected **1,117** new jobs supportable by the Cape Coral labor market, as shown in Exhibit 5 (below):

Exhibit 5 - Sustainable Real Estate Cluster Employment	
Industry	# of New Jobs
Activities related to real estate	175
Architectural, engineering, and related services	618
Lessors of real estate	117
Lumber and other construction materials merchant wholesalers	207
Total	1,117

For exploratory purposes, the **Activities Related to Real Estate** industry has been selected for deeper examination. For this industry category, there is a projected growth of **175** new jobs. Within this heading are **5** sub-categories of industries, one of which will be explored in greater detail.



Sustainable Real Estate Cluster

- Real Estate Property Managers
- Offices of Real Estate Appraisers
- Real estate escrow agencies
- Real estate listing services

Real Estate Property Managers

This industry comprises establishments primarily engaged in managing real property for others. Management includes ensuring that various activities associated with the overall operation of the property are performed, such as collecting rents and overseeing other services (e.g., maintenance, security, trash removal).

Model Operations

The national average size for a Real Estate Property Managers facility is **7** persons, and the State of Florida's is **5** persons. However, a nominal facility size of **7** persons is selected as a Cape Coral model for this industry. Average productivity output for Real Estate Property Managers is **\$555,000** per employee, resulting in an annual sales figure of **\$3.866 million**. Total investment per employee is estimated at **\$47,200**. Exhibit 6 (below) shows the operations details:

Exhibit 6 – Real Estate Property Managers Facility Operations	
Annual Net sales	\$3,865,700
Total Employment	7
Avg. hourly Wage	\$37.54
Fringe benefits Percentage	35%
Total Payroll	\$734,000
Facility Footprint sq. ft.	1,400
Employee Occupancy/sf	200
Floor-Area-Ratio	0.30
Facility Construction Cost/sq. ft.	\$119
Facility Construction Cost	\$167,000
Estimated Equipment Cost	\$14,000
Site Acreage	0.5
Land Cost	\$148,000
Total Investment	\$329,000

Staffing

Employment distribution among the relevant major occupational groups for the industry are shown in Exhibit 7 (below):

Exhibit 7 - Real Estate Property Managers – Employee Census			
Occupation	# of Jobs	Florida Avg. Hrly Wage	Cape Coral Avg. Hrly Wage
Property, Real Estate, and Community Association Managers	2	\$37.35	\$37.67
General and Operations Managers	1	\$62.84	\$68.37
Business Operations Specialists	2	\$41.40	\$36.78
Computer User Support Specialists	1	\$28.02	\$28.50
Receptionists and Information Clerks	1	\$16.74	\$16.98
Total	7		
Average Hourly Wage		\$37.87	\$37.54

Labor Capability

Available labor is calculated by using both the current unemployment rate (U3) for the Cape Coral-Fort Myers MSA and the factored under-employment rate¹ (U6) from the Bureau of Labor Statistics. For the target of **175** new jobs for the industry sector, the Employee Census table from above is revisited with the overall new job requirements shown in Exhibit 8 (below).

Exhibit 8 - Real Estate Property Managers – Occupations Needed	
Occupation	# of new jobs
Property, Real Estate, and Community Association Managers	50
General and Operations Managers	25
Business Operations Specialists	25
Computer User Support Specialists	50
Receptionists and Information Clerks	25
Total Occupations Required	175

In the following, the **5** categories of staffing for Real Estate Property Managers are evaluated for direct hiring capabilities:

¹ U6: Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.



Sustainable Real Estate Cluster

Property, Real Estate, and Community Association Managers

In the Cape Coral-Fort Myers MSA, there are currently **780** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **54** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

General and Operations Managers

In the MSA, there are currently **6,110** persons employed in this position. It is estimated that there are approximately **425** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Business Operations Specialists

In the MSA, there are currently **1,310** persons employed in this position. It is estimated that there are approximately **91** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Computer User Support Specialists

In the MSA, there are currently **980** persons employed in this position. It is estimated that there are approximately **68** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Receptionists and Information Clerks

In the MSA, there are currently **2,290** persons employed in this position. It is estimated that there are approximately **159** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Conclusion

In summary, there are no positions that exhibit shortfall for Real Estate Property Managers. For a potential Cape Coral location, it can be expected that the industry will not experience any significant labor shortages.

Comparison Analyses

The objective of this section is the determination of which Florida cities are Cape Coral’s true competition, not just Fort Myers or another Southwest Florida community. To accomplish this evaluation, a review of **22** municipalities in Florida with a population of **100,000** or more was conducted. Through analysis of population growth for each of the as compared to annual rate for the State of Florida, **6** cities emerged as true competitors to Cape Coral:

- Fort Lauderdale
- Orlando
- Palm Bay
- Pompano Beach
- Port St. Lucie
- West Palm Beach

Profitability Determination

Base financial information is shown in Exhibit 9 (below):

Exhibit 9 - Real Estate Property Managers – Competitive Evaluation – Base Financial Data							
Market	Cost/Acre	Land Cost	Facility Cost/SF	Facility Cost	Total Investment	Financing	Debt Service
Cape Coral	\$295,000	\$140,000	\$119	\$181,000	\$321,000	\$256,800	\$27,800
Fort Lauderdale	\$1,437,000	\$683,000	\$125	\$189,000	\$872,000	\$697,600	\$75,400
Orlando	\$201,000	\$96,000	\$123	\$186,000	\$282,000	\$225,600	\$24,400
Palm Bay	\$494,000	\$235,000	\$130	\$196,000	\$431,000	\$344,800	\$37,300
Pompano Beach	\$2,057,000	\$978,000	\$125	\$189,000	\$1,167,000	\$933,600	\$100,900
Port St. Lucie	\$146,000	\$69,000	\$121	\$184,000	\$253,000	\$202,400	\$21,900
West Palm Beach	\$975,000	\$464,000	\$125	\$189,000	\$653,000	\$522,400	\$56,500

Profitability for Real Estate Property Managers in Cape Coral is **18.2%**, leading all competition, as shown in Exhibit 10 (below):



Sustainable Real Estate Cluster

Exhibit 10 – Real Estate Property Managers – Competitive Evaluation – Annual Operating Profits							
Market	Cape Coral	Fort Lauderdale	Orlando	Palm Bay	Pompano Beach	Port St. Lucie	West Palm Beach
Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Payroll	19.1%	20.6%	18.9%	19.0%	20.6%	17.3%	20.6%
Utilities & Fuels	8.0%	10.0%	8.7%	10.0%	10.1%	10.0%	10.0%
Debt Service	0.7%	2.0%	0.6%	1.0%	2.6%	0.6%	1.5%
Cost of goods sold	27.8%	32.6%	28.2%	30.0%	33.3%	27.9%	32.1%
Annual Gross profit	72.2%	67.4%	71.8%	70.0%	66.7%	72.1%	67.9%
Less: Sales exp.	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
General & Administrative. Overhead	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Total Operating expenses	54.0%	54.0%	54.0%	54.0%	54.0%	54.0%	54.0%
Annual Net Profit before taxes	18.2%	13.4%	17.8%	16.0%	12.7%	18.1%	13.9%

Summary

This Cluster illustrates the regional growth of sustainable real estate that will stimulate new resilient construction practices and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.

Metrics for the Cluster and its component industries all indicate positive revenue growth for the next five years. The Cluster represents a mix of office and warehouse space users, quite suitable for a Cape Coral location. Some advantages include:

Business-friendly policies

Florida offers a favorable tax and business climate, including no state income tax.

Strong workforce

Florida's diverse economy and strong workforce support the labor force.

Proximity to markets

Florida's location near buyers, suppliers, labor, and transportation allows companies to cut costs and develop close relationships with the community.

For Cape Coral, operations such as Real Estate Property Managers will be profitable endeavors. The City and the MSA have a dynamic labor supply that is well suited to meet the needs of the Sustainable Real Estate Cluster.

Cape Coral's employed civilian labor force of **102,700** is estimated to have an estimated **56%** of workers commuting to locations outside of the City. This out-commuting labor force presents an opportunity for development of new "intercept" office and warehouse facilities that can capture some of this worker flow.

With the projected employment growth of **1,117** new jobs (910 office, 207 wholesale), it can be expected that at least **182,000 sf** of new office space and **310,000 sf** of new warehouse space will be required to meet the Cluster's employment needs.



Photo credit: Depositphotos

Competitive Advantages of the City of Cape Coral Location

Cape Coral is in Lee County in Southwest Florida and is the largest population component of the Cape Coral-Fort Myers Metropolitan Statistical Area. The City's location is about an equidistance from the major urban centers of Tampa, Miami, and Orlando.

Originally developed in the late 1950's as a "Waterfront Wonderland", Cape Coral was designed to bring the waterfront dream of home ownership to middle-income Americans. With its over 400 miles of salt and freshwater canals, Cape Coral is a unique community that is redefining its identity beyond being just a suburb of Fort Myers. The City was incorporated in 1970 and maintains a brisk growth pattern despite economic downturns, a pandemic, and severe weather disturbances.



Demographic Advantages

With a current population of approximately **217,000** people, Cape Coral is forecasted to grow to over **375,000** by 2050, representing a nearly **73%** increase. Cape Coral's explosive growth places it among the five fastest growing communities in the nation, measuring more than twice that of the State of Florida.

While more retirees are expected, the City is experiencing a dynamic growth in the working age groups of **25-44 yrs**. By 2029, an overall population gain of about **20,000** new residents will result in **34%** increase in working aged people.

Demographic and market advantages include:

- ❖ Growth rate exceeding the State's
- ❖ Dynamic growth rate among 25-44 yr. old residents
- ❖ Above average number of executive-age workers



- ❖ Exemplary rate of English language proficiency
- ❖ Above average household size
- ❖ Above average median household income
- ❖ Above average home ownership rate
- ❖ Below average cost of living rate
- ❖ Above average good/services industries employment
- ❖ Below average services industries hourly wages
- ❖ Above average worker mobility patterns
- ❖ Below average commercial and industrial electric rates

Higher Education Resources

There are **9** four-year colleges and universities within **50** miles of Cape Coral. In 2022, **9,933** degrees were conferred by the following institutions:

- ❖ Florida Gulf Coast University (Fort Myers)
- ❖ Florida SouthWestern State College (Fort Myers)
- ❖ Southern Technical College (Fort Myers)
- ❖ Hodges University (Fort Myers)
- ❖ Keiser University-Ft Myers (Fort Myers)
- ❖ Rasmussen University-Fort Myers (Fort Myers)
- ❖ Ave Maria School of Law (Naples)
- ❖ Ave Maria University (Ave Maria)

The five most sought after fields of study are:

1. Business, Management, Marketing, and Related Support Services
2. Health Professions and Related Programs
3. Education
4. Multi/Interdisciplinary Studies
5. Psychology

Market Potential

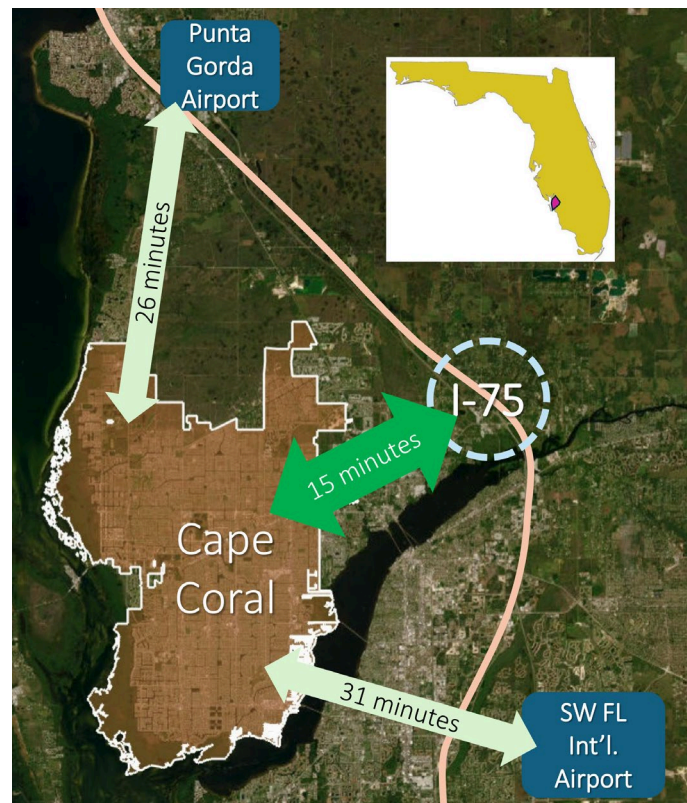
Cape Coral's southwest Florida location can not only cover the total Florida market but a significant portion of the US. Within a 300-mile travel distance (one day truck routing), about **6.1%** of the nation can be reached.

Highway Travel

Interstate 75 (I-75) is within **15 minutes'** drive from Cape Coral. Access to the interstate can be achieved to the eastern direction in North Fort Myers or via one of the bridges through downtown Fort Myers. To the north, access is available in Punta Gorda at a slightly longer travel time.

Air Travel

There are two airports that serve Cape Coral. Southwest Florida International Airport (RSW) is a major facility providing domestic and international flights daily. Travel to RSW is within **31 minutes** from downtown Cape Coral. RSW serves **10.1 million** passengers annually. In 2023, RSW had **87,685** aircraft operations.



Punta Gorda Airport (PGD) in Charlotte County just north of Cape Coral is a regional facility providing domestic flights mainly to the Midwest (Allegiant Air). PGD serves about **1.9 million** passengers per year and had **103,252** aircraft operations in 2023.

Rail Service

Passenger rail service via Amtrak is available in Fort Myers. The system operates **77** daily scheduled trips. Travel from downtown to Fort Myers Station Cape Coral is about **31 minutes**.



Sustainable Real Estate Cluster

Freight rail services are provided by the Seminole Gulf Railway (SGLR). SGLR is a short line freight and passenger excursion railroad headquartered in Fort Myers that operates two former CSX Transportation railroad lines in Southwest Florida.

Bus Service

LeeTran operates bus services in Cape Coral. Currently there are **5** fixed bus routes but expanded services are under development. Looped routes provide transit to and from Fort Myers. The new Ultra On Demand micro-mobility fleet will enhance bus transit capabilities throughout the City.

Lifestyle & Recreational

Cape Coral's riverfront location and unique canal system offer a recreation-oriented lifestyle that has broad-range appeal. Some of the area's tourism advantages are as follows:

- ❖ Growing residential population, which can further encourage already existing strong category of visiting friends & family travelers
- ❖ Major home rental market for vacationers – over **4,000** homes and **350** private rooms available
- ❖ Numerous opportunities to rent a house and boat together, canals enhance rental properties
- ❖ Major hotel - Westin Resort at Marina Village – significant anchor for tourism activity
- ❖ Favorable location
- ❖ Proximity to airports, major highways, and neighboring tourist communities.
- ❖ One of safest cities in Florida
- ❖ Sports tourism – an already existing, active, and effective government involvement
- ❖ Increasingly strong restaurant and food scene
- ❖ Water activities – boating, dolphin tours, fishing, kayaking
- ❖ Winter warm weather destination
- ❖ Major League Baseball Spring Training nearby
- ❖ Active events schedule including festivals, parades, and concerts

Contact Information

City of Cape Coral
Office of Economic &
Business Development

Sharon Woodberry
Economic Development Manager
City Manager's Office
Cape Coral City Hall
1015 Cultural Blvd.
Cape Coral, FL 33990
(239) 242-3274
swoodberry@capecoral.gov
capecoral.gov/edo/index.php

