

# South Florida's Stability

June 2024



**T3 Rent Growth Still Positive**

**Unemployment Below US Average**

**Transaction Activity Remains Tepid**

# MIAMI MULTIFAMILY



## Rent Movement Remains Consistent

South Florida's strong fundamentals drove its performance following the first quarter of 2024. Rents increased 0.2% on a T3 basis, to \$2,427, marking the fourth consecutive month of positive growth. The average overall occupancy rate in stabilized properties decreased by 40 basis points year-over-year, but still stood above the nation's 95.4%. Of the two quality segments, Renter-by-Necessity occupancy figures posted a steeper, 60-basis-point decline.

Employment growth in Miami expanded 2.6% year-over-year as of February, the equivalent of 58,500 net jobs. The metro's rate of growth was 110 basis points above the national average. Education and health services led gains with 17,700 jobs. The area's unemployment rate stood at 2.7% as of March, 110 basis points below the U.S. figure, according to the Bureau of Labor Statistics. Miami's economy is set to receive another boost from its tourism sector, as MSC's \$450 million PortMiami nears completion. The new port is being hailed as the world's largest cruise terminal.

With 2,782 units or 0.8% of existing stock delivered through April in Miami, the metro outpaced the nation by 20 basis points. Meanwhile, transaction volume remains limited, with only \$352 million in assets changing hands, as high interest rates are making investors more cautious.

## Market Analysis | June 2024

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### Recent Miami Transactions

#### The Point at Palm Beach Grove



City: West Palm Beach, Fla.  
Buyer: Pantzer Properties  
Purchase Price: \$84 MM  
Price per Unit: \$340,816

#### The Queue



City: Fort Lauderdale, Fla.  
Buyer: Lurra Capital  
Purchase Price: \$59 MM  
Price per Unit: \$306,770

#### Boynton Bay



City: Boynton Beach, Fla.  
Buyer: Smith & Henzy Advisory Group  
Purchase Price: \$53 MM  
Price per Unit: \$220,833

#### Poinsettia Club

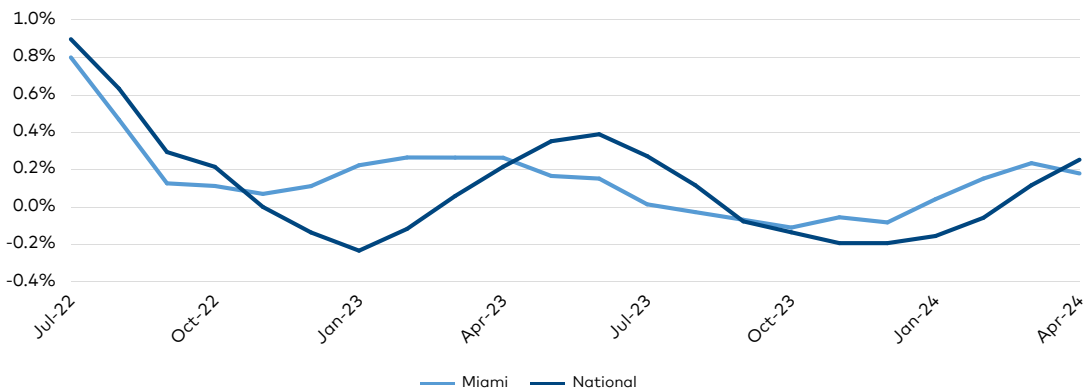


City: West Palm Beach, Fla.  
Buyer: Great Gulf  
Purchase Price: \$29 MM  
Price per Unit: \$395,833

## RENT TRENDS

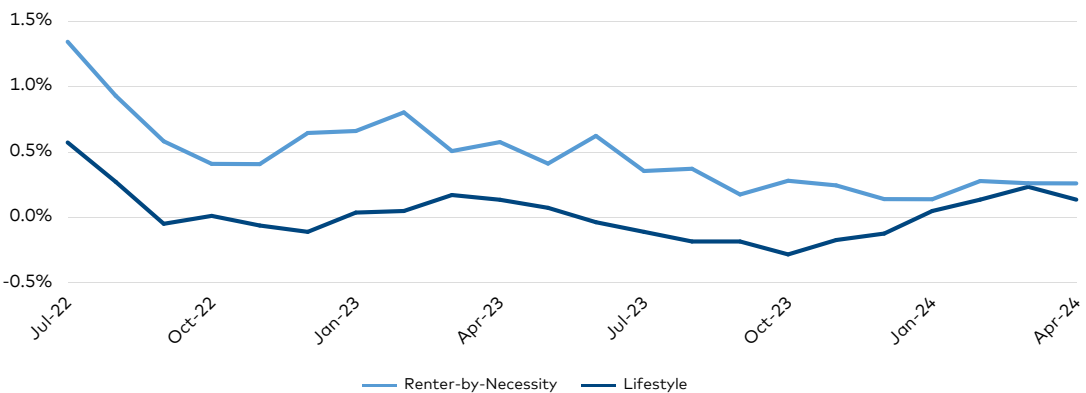
- ▶ Miami rents were up 0.2% on a trailing three-month (T3) basis as of April, at \$2,427, while the U.S. figure was up 0.3% during the same interval. On a year-over-year basis, rents were up 0.4%, placing the metro second to last among the markets that posted positive rent movement. The latest Yardi Matrix forecast projects annual rent growth of 1.1% for 2024.
- ▶ South Florida's quality segments each moved at a different pace. Working-class RBN rates were up 0.3% on a T3 basis, to \$1,934. Rates picked up speed after a more severe contraction at the beginning of the year. Meanwhile, the average Lifestyle figure was up 0.1%, reaching \$2,716. The segment is steadily recovering this year after its negative performance in the last quarter of 2023.
- ▶ The metro's average overall occupancy rate in stabilized properties stood at 95.4% as of March, a 40-basis-point decrease year-over-year. Meanwhile, Lifestyle rates recorded a 30-basis-point contraction, to 95%. Meanwhile, despite having a higher occupancy, RBN rates saw a more significant decline, down 60 basis points to 96.1% year-over-year.
- ▶ While Coral Gables, Miami's most expensive submarket, saw a 0.6% increase, to \$3,760, other top submarkets recorded contractions. West Palm Beach-Central recorded a 2.5% decline, to \$3,734, while growth in Miami-Wynwood was down 2.4%, reaching \$3,422.

**Miami vs. National Rent Growth (Trailing 3 Months)**



Source: Yardi Matrix

**Miami Rent Growth by Asset Class (Trailing 3 Months)**



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ Miami's employment rate increased 2.6% in the 12 months ending in February, 110 basis points above the U.S. figure. Education and health services led growth, accounting for 17,700 of the total 58,500 jobs added in the metro.
- ▶ A significant number of new positions were also added in leisure and hospitality (14,000), trade, transportation and utilities (11,000), and government (10,200). The construction sector saw the largest increase, up 7.0% year-over-year. The metro lost only 6,800 jobs in two sectors.
- ▶ Miami's unemployment rate stood at 2.7% as of March, 110 basis points below the U.S. figure,

according to preliminary data from the BLS. The metro's rate has been largely consistent through the past 12 months, peaking at 2.8% in August 2023.

- ▶ As a tourist destination, Miami continues to invest in the leisure and hospitality, and trade, transportation and utility sectors. Miami Dade Aviation Department is developing a \$621 million project, which will include Concourse K, a three-level building that is part of the expansion of the South Terminal. MSC's \$450 million Port-Miami is also nearing completion and is being hailed as the world's largest cruise terminal.

### Miami Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	461	16.2%
70	Leisure and Hospitality	353	12.4%
40	Trade, Transportation and Utilities	656	23.0%
90	Government	320	11.2%
15	Mining, Logging and Construction	60	2.1%
80	Other Services	117	4.1%
30	Manufacturing	99	3.5%
55	Financial Activities	216	7.6%
50	Information	56	2.0%
60	Professional and Business Services	515	18.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Miami added 18,052 residents in 2022, marking a 0.3% increase.
- ▶ According to the U.S. Census Bureau, Florida was home to three metro areas that showed the largest increase in population across the South between 2022 and 2023.

### Miami vs. National Population

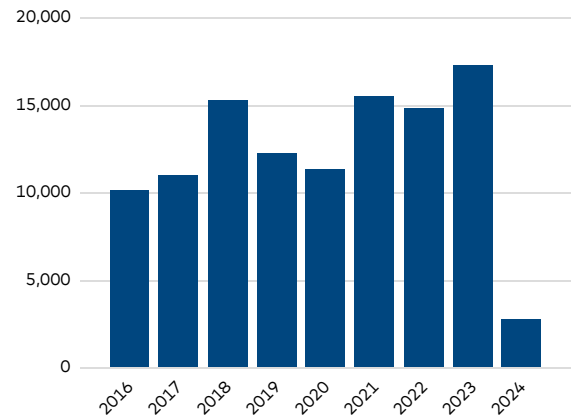
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Miami	6,090,660	6,129,858	6,105,897	6,123,949

Source: U.S. Census

## SUPPLY

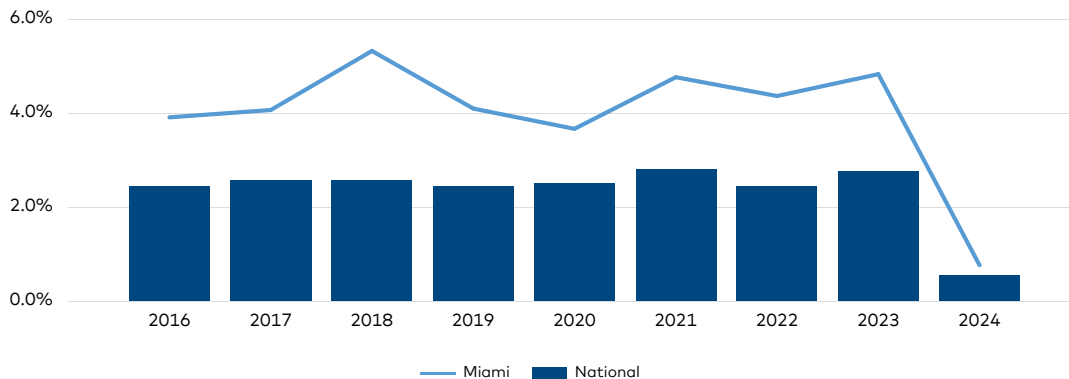
- ▶ Miami's multifamily stock expanded by 2,782 units through April, the equivalent of 0.8% of existing stock and 20 basis points higher than the national figure. All but two properties that came online were Lifestyle assets, with the majority located in the Fort Lauderdale area. The metro's deliveries expanded significantly since 2021, reaching an average of 15,919 units added to the supply pipeline each year.
- ▶ Construction is robust in South Florida, as the metro had 42,656 units under construction. Another 254,000 were in the planning and permitting stages. Ongoing financial concerns have put a damper on multifamily development, as work only started on 1,672 units this year through April, a 72% decrease compared to the 5,979 units that started construction during that same period last year.
- ▶ Of all the submarkets tracked by Yardi Matrix, 14 had over 1,000 units under construction. Fort Lauderdale–Central was the most sought-after submarket, with 3,751 units underway, followed by Miami–Downtown (3,422 units) and Hollywood (2,591 units) rounding out the top three.
- ▶ A two-tower, 43-story project is being added to downtown Miami's skyline. Namdar Group is developing a 1,394-unit property, dubbed 222. Slated for delivery in September 2025, the development was subject to a \$195 million construction loan in 2022 that was funded by multiple lenders and managed by Slate Property Group. The Federal Aviation Administration recently approved construction.

**Miami Completions** (as of April 2024)



Source: Yardi Matrix

**Miami vs. National Completions as a Percentage of Total Stock** (as of April 2024)



Source: Yardi Matrix

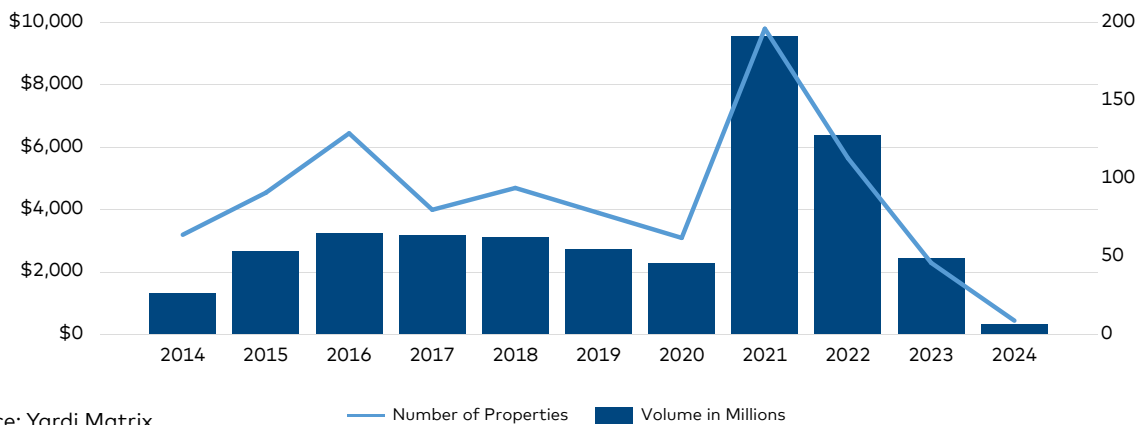
## TRANSACTIONS

- ▶ Transactions in South Florida reached \$352 million through the first four months of the year. Investment volume has been on a downward path since 2022, due to high interest rates and overall economic volatility. The metro ended 2023 with \$2.5 billion in transactions, well behind Miami's prior two-year average which stood at \$8 billion.
- ▶ Investors were focused on working-class, RBN assets, which accounted for more than half of the properties that changed hands in the metro

as of April. The price per unit fell to \$244,875, down \$22,000 compared to 2023, but still significantly above the \$181,913 U.S. average.

- ▶ In the 12 months ending in April, the Fort Lauderdale area led in transaction volume, with slightly more than \$1 billion in assets changing hands, followed by Miami (\$808 million) and West Palm Beach–Boca Raton (\$558 million).

### Miami Sales Volume and Number of Properties Sold (as of April 2024)



Source: Yardi Matrix

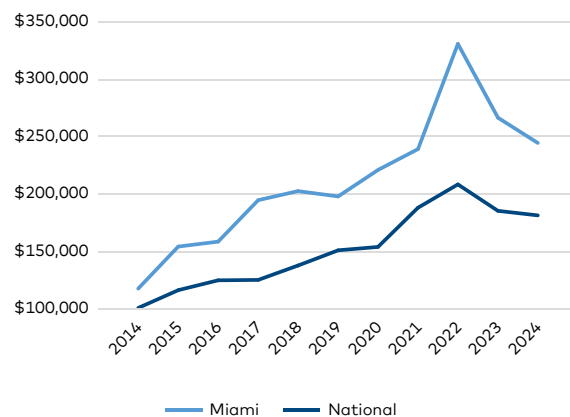
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Plantation	174
Fontainebleau–University Park	156
Coral Springs–North	150
Lantana	138
Miami–Wynwood	135
Parkland	121
Miami–Coral Way	110

Source: Yardi Matrix

<sup>1</sup> From May 2023 to April 2024

### Miami vs. National Sales Price per Unit



Source: Yardi Matrix

## Top Markets for Multifamily Investment in 2023

By Tudor Scolca

Multifamily investment dropped sharply in 2023, after two years of outstanding performance. The high cost of capital led to a pause in activity across the U.S., seriously denting sales volumes. In this context, we're taking a look at what the top markets for multifamily investment were last year, leveraging Yardi Matrix data. At the national level, investors acquired \$69.4 billion in multifamily assets last year, less than half of the \$206.9 billion recorded in 2022.

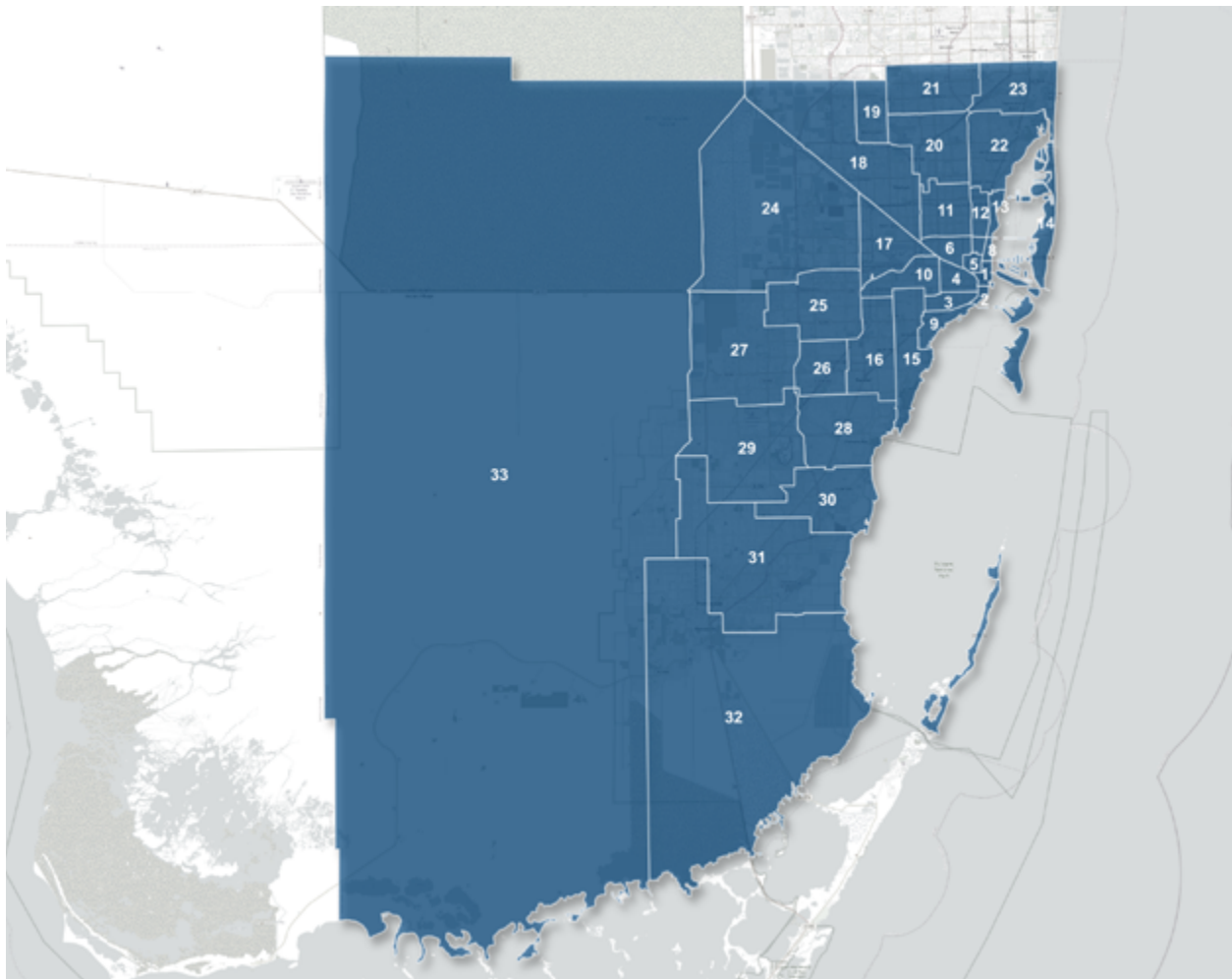
Metro	Price Per Unit	Properties Traded	Units Traded	Sales Volume
National	\$187,744.92	2,451	439	\$69,388,075,254
Dallas	\$151,108.78	183	40	\$4,174,529,639
Atlanta	\$196,139.81	100	20	\$3,731,255,605
Phoenix	\$289,302.52	51	11	\$3,217,333,332
Chicago	\$207,465.22	73	14	\$2,646,076,052
Denver	\$320,997.13	45	7	\$2,532,618,716
Boston	\$429,169.79	28	5	\$2,513,541,750
Miami Metro	\$266,828.36	48	10	\$2,477,684,737
Washington, D.C.	\$261,684.55	44	10	\$2,236,427,318
Charlotte	\$223,421.00	50	10	\$1,981,747,182
Tampa	\$197,224.27	50	11	\$1,963,452,980

### Miami

Miami investors generated just under \$2.5 billion last year, down 61.4 percent year-over-year. A total of 48 assets changed hands, encompassing 9,755 units, down to less than half of the 23,921 units that traded in 2022. The average price per unit was \$266,828, significantly above the U.S. figure, but 19.3% less year-over-year. The metro also ranked first as the most competitive rental market in early 2024. A total of 6,721 units in Lifestyle assets changed hands for an overall total of nearly \$1.8 billion across 25 properties.



## MIAMI SUBMARKETS



Area No.	Submarket
1	Miami-Downtown
2	Miami-Brickell
3	Miami-Coral Way
4	Miami-Little Havana
5	Miami-Overtown
6	Miami-Allapattah
7	Miami-Wynwood
8	Miami-Edgewater
9	Miami-Coconut Grove
10	Miami-Flagami
11	Miami-Liberty City
12	Miami-Little Haiti
13	Miami-Upper East Side
14	Miami Beach
15	Coral Gables
16	South Miami
17	Airport

Area No.	Submarket
18	Hialeah
19	Miami Lakes
20	Opa-locka
21	Miami Gardens
22	North Miami
23	North Miami Beach
24	Doral
25	Fontainebleau-University Park
26	Sunset
27	Kendall West
28	Kendall
29	Three Lakes
30	Goulds
31	Homestead
32	Florida City
33	Outlying Miami-Dade County



## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit [www.yardimatrix.com](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x2404.



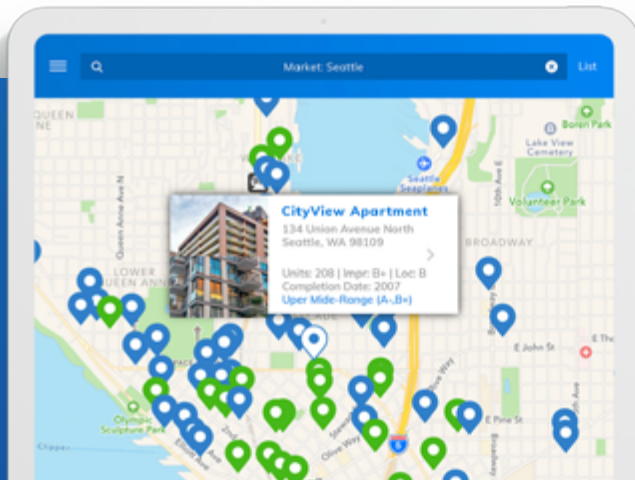
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