

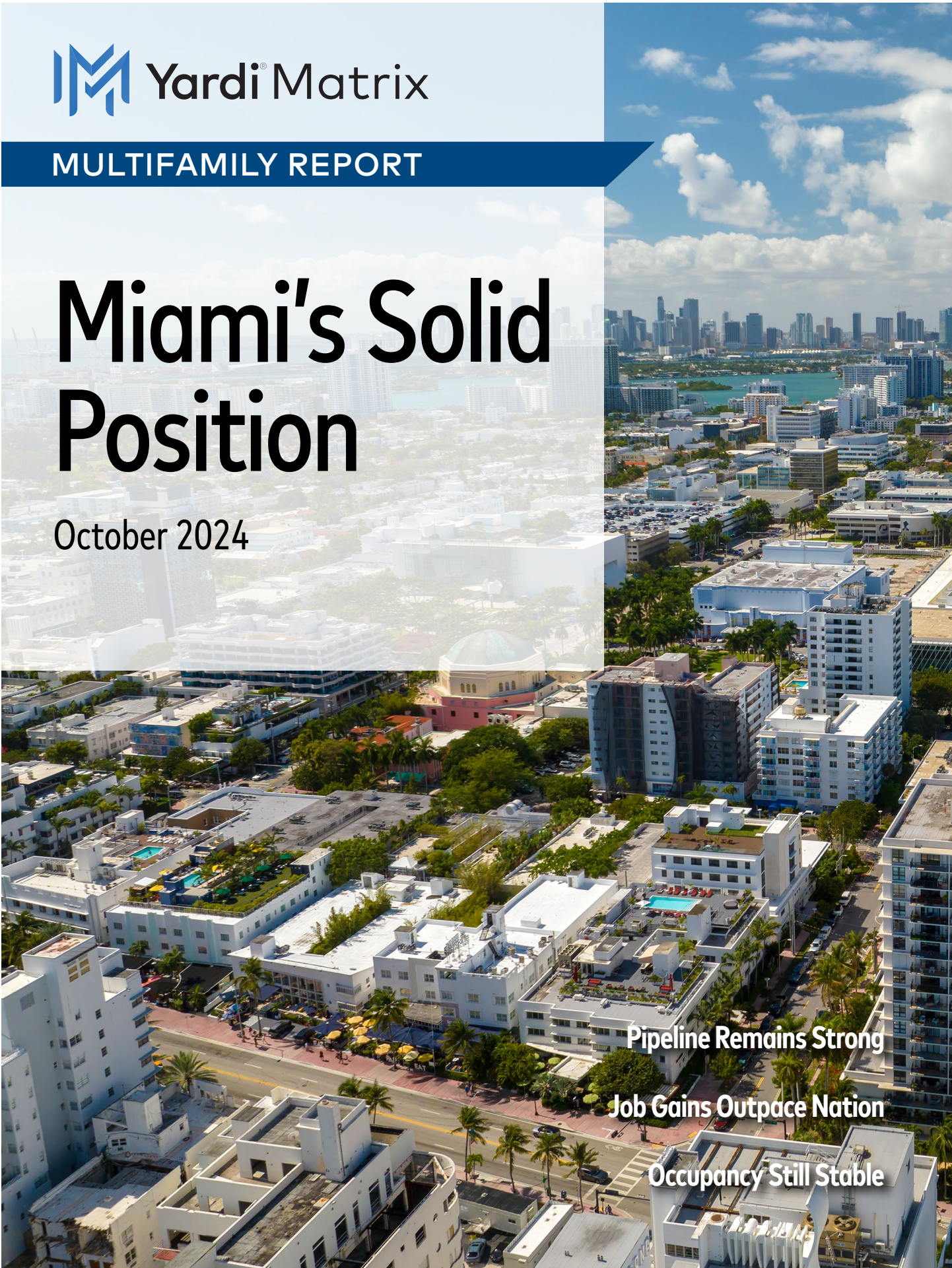
Miami's Solid Position

October 2024

Pipeline Remains Strong

Job Gains Outpace Nation

Occupancy Still Stable



MIAMI MULTIFAMILY



South Florida Shows Its Strength

Miami's multifamily performance remained consistent in the face of economic hurdles, striking a balance across fundamentals. Average advertised asking rents stayed flat on a trailing three-month basis, at \$2,449, while the U.S. rate was up 10 basis points, to \$1,741. The metro's average overall occupancy rate in stabilized properties was unchanged year-over-year, at 95.5%, as of July. However, the Lifestyle figure saw a 20-basis-point uptick, to 95.3%.

Employment gains in Miami stood at 2.4% in the 12 months ending in June, the equivalent of 67,600 net jobs. The metro's growth rate was nearly double the U.S. average. Education and health services led gains with 18,600 positions. The area's unemployment figure stood at 3.1% as of August, 110 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Citadel is bringing 1.3 million square feet of office space to downtown Miami, with the first phase currently in the planning stage. The \$650 million project is slated for delivery in 2030.

With 8,873 units, or 2.4% of existing stock, delivered in 2024 through August in South Florida, the area outpaced the nation by 70 basis points. Meanwhile, transaction activity remains moderate, with \$1.3 billion in assets changing hands, far from the metro's historic 2021 and 2022 totals.

Market Analysis | October 2024

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Madalina Pojoga
Associate Editor

Recent Miami Transactions

The Ellsworth



City: Plantation, Fla.
Buyer: Property Reserve
Purchase Price: \$133 MM
Price per Unit: \$422,222

AXIS Delray Beach



City: Delray Beach, Fla.
Buyer: The Milestone Group
Purchase Price: \$112 MM
Price per Unit: \$228,770

Retreat at Sawgrass Village



City: Sunrise, Fla.
Buyer: Mesirow Financial
Purchase Price: \$89 MM
Price per Unit: \$275,138

The Manor in Plantation

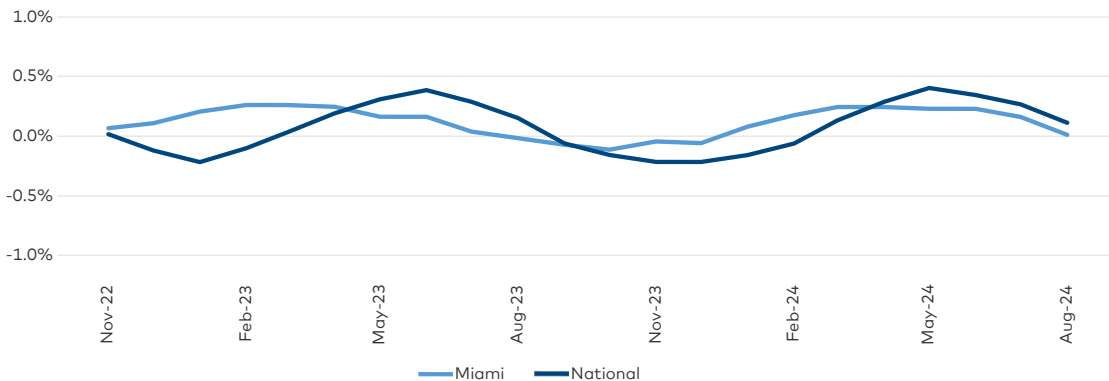


City: Plantation, Fla.
Buyer: Clarion Partners
Purchase Price: \$49 MM
Price per Unit: \$250,208

RENT TRENDS

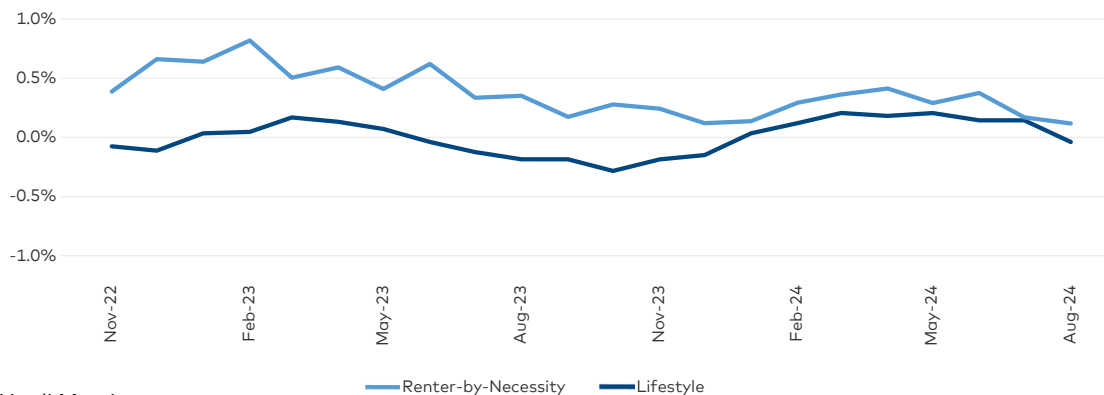
- ▶ Miami average advertised asking rent remained flat on a trailing three-month (T3) basis as of August, at \$2,449, just 10 basis points below the U.S. rate of growth. Between February and July, the metro's T3 rate of growth remained consistent, standing at 0.2%.
- ▶ Metro Miami's year-over-year gains stood at 1.2%, placing the metro in the middle of the pack, close to the 0.8% national figure. The latest Yardi Matrix forecast projects a 2.4% expansion for Miami in 2024.
- ▶ Working-class Renter-by-Necessity rates were up 0.1%, on a T3 basis, to \$1,954. Meanwhile, the Lifestyle segment remained flat, at \$2,732. Since January, both quality segments registered growth, with the rate in RBN assets appreciating by 0.4% at its peak in March, April and June.
- ▶ The metro's average overall occupancy rate in stabilized properties stood at 95.5% as of July, remaining flat year-over-year. The Lifestyle rate saw a 20-basis-point uptick, to 95.3%. Meanwhile, despite clocking in higher, RBN rates were down 40 basis points, to 95.9%.
- ▶ Several of the most expensive submarkets saw growth, including Coral Gables, which registered a 4.5% uptick, to \$3,826. Brickell followed, with rates up 2.3%, to \$3,673. Fort Lauderdale-Central (1.1% to \$3,153) and Miami Beach (10.1% to \$3,144) also recorded gains.

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 employment was up 2.4% in the 12 months ending in June, 110 basis points above the U.S. figure. Education and health services led growth, accounting for 18,600 of the total 67,600 net jobs added in the metro.
- ▶ Leisure and hospitality (11,300 jobs), trade, transportation and utilities (9,400) and government (9,300) also recorded significant gains. The construction sector saw the largest increase, up 10.2% year-over-year, with 5,800 net jobs added to the workforce. Information was the only sector to shed positions, down 1,400 jobs.
- ▶ Miami's unemployment rate stood at 3.1% as of August, 110 basis points below the U.S.

figure, according to preliminary data from the Bureau of Labor Statistics. Unemployment in the Miami area was just 20 basis points below Florida's rate, which stood at 3.3%.

- ▶ Citadel is planning to build a 54-story high-rise at 1201 Brickell Bay Drive. The \$650 million project will encompass 1.3 million square feet of office space and 212 hotel rooms. Follow-up phases of the development could include additional office space, as well as retail and residential components. The project is slated for completion in 2030.

Miami Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	461.5	16.2%
70	Leisure and Hospitality	347.8	12.2%
40	Trade, Transportation and Utilities	656.2	23.1%
90	Government	302	10.6%
60	Professional and Business Services	525.9	18.5%
15	Mining, Logging and Construction	62.8	2.2%
80	Other Services	119.1	4.2%
30	Manufacturing	99	3.5%
55	Financial Activities	217.4	7.6%
50	Information	54.5	1.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Miami's population expanded by 18,052 residents in 2022, marking a 0.3% increase. The U.S. population grew by 0.4% during the same period.
- ▶ Over the past 10 years, Miami has added half a million new residents to its population.

Miami vs. National Population

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

Source: U.S. Census

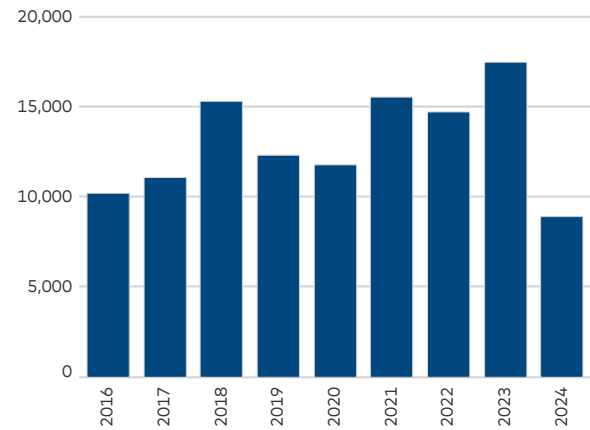
SUPPLY

- Miami multifamily expanded by 8,873 units this year through August. That was the equivalent of 2.4% of existing stock, 70 basis points higher than the national figure. All but six properties that came online were Lifestyle assets, with the majority located in the Miami area. Last year wrapped up with 17,445 units brought online. The metro's delivery volume has expanded significantly since 2021, reaching an average of 15,900 new units yearly.
- Construction is still robust in South Florida, as the metro had 40,464 units under construction as of August. Another 273,000 apartments were in the planning and permitting stages.
- Lending challenges and ongoing financial concerns have impacted the ability to get projects off the ground. Work began on 6,799 units across 32 properties this year through August, a significant slide from the 12,284 units across 48 projects that started construction during that same period last year. The immediate Miami area has been the most active for construction starts both this year and last year.
- A total of 12 submarkets had more than 1,000 units under construction each as of August. Fort Lauderdale–Central was the busiest, with 4,013

units underway, followed by Miami–Downtown (3,415 units) and Homestead (2,640 units).

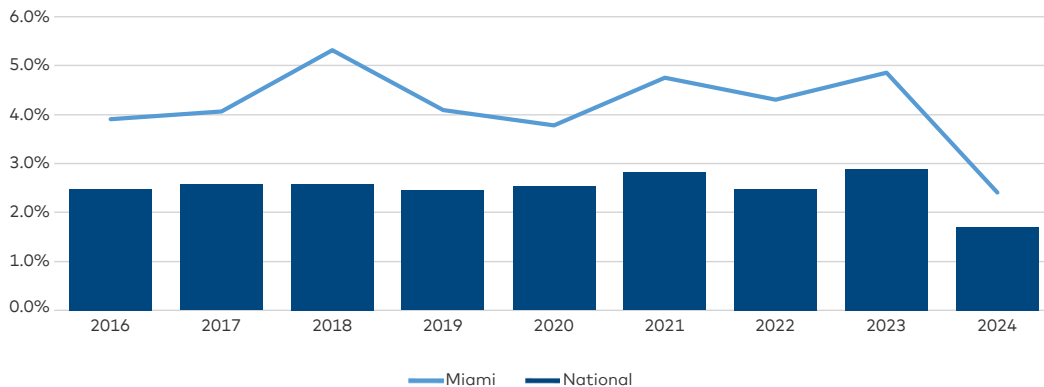
- Construction is still ongoing at 222 Namdar in downtown Miami, which is the metro's largest project underway. Developed by the Namdar Group, the two-tower, 43-story project broke ground in late 2023 and is slated for delivery next year. The property will encompass a total of 1,394 units.

Miami Completions (as of August 2024)



Source: Yardi Matrix

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



Source: Yardi Matrix

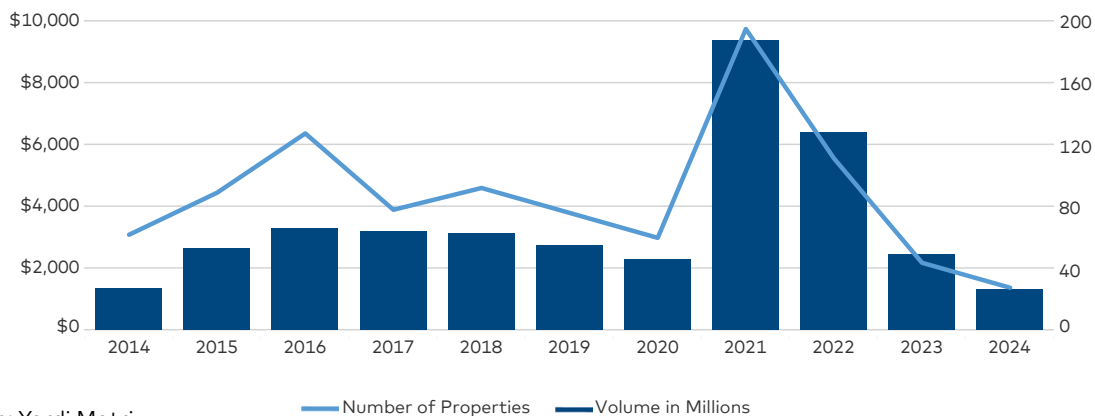
TRANSACTIONS

- ▶ Mirroring national trends, transaction activity in South Florida remained moderate. Investment volume reached \$1.3 billion in the first eight months of 2024, with 30 properties of more than 50 units changing hands. Last year ended with \$2.5 billion in multifamily deals, far from the metro's historic 2021 and 2022 totals, which reached a whopping \$15.7 billion.
- ▶ Sales composition through August was slightly tilted toward the Renter-by-Necessity segment,

accounting for more than half of the assets trading in South Florida. Even so, the price per unit was up, with the metro's overall \$272,723 higher than the \$184,269 U.S. average.

- ▶ In the 12 months ending in August, the Fort Lauderdale area led South Florida transaction volume, with \$908 million in assets changing hands. Miami (\$656 million) and West Palm Beach–Boca Raton (\$556 million) followed.

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



Source: Yardi Matrix

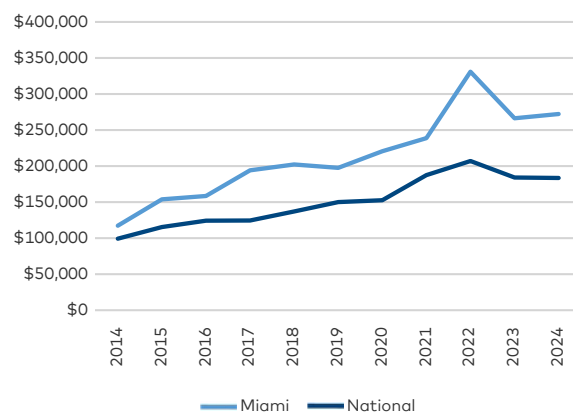
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Plantation	272
West Palm Beach–South	191
Boca Raton–West	165
Fontainebleu–University Park	156
Doral	139
Miami–Wynwood	135
Delray Beach	112

Source: Yardi Matrix

¹ From September 2023 to August 2024

Miami vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Markets for Multifamily Deliveries

By Tudor Scolca

With 2 million units expected to be completed across the U.S. from 2024 to 2028, multifamily development is peaking, the latest Yardi Matrix data shows. The supply surge is already in full swing, as these high-performing 10 cities had a combined 85,055 units come online in the first half of this year, about 20,000 more than they did during the first half of 2023.

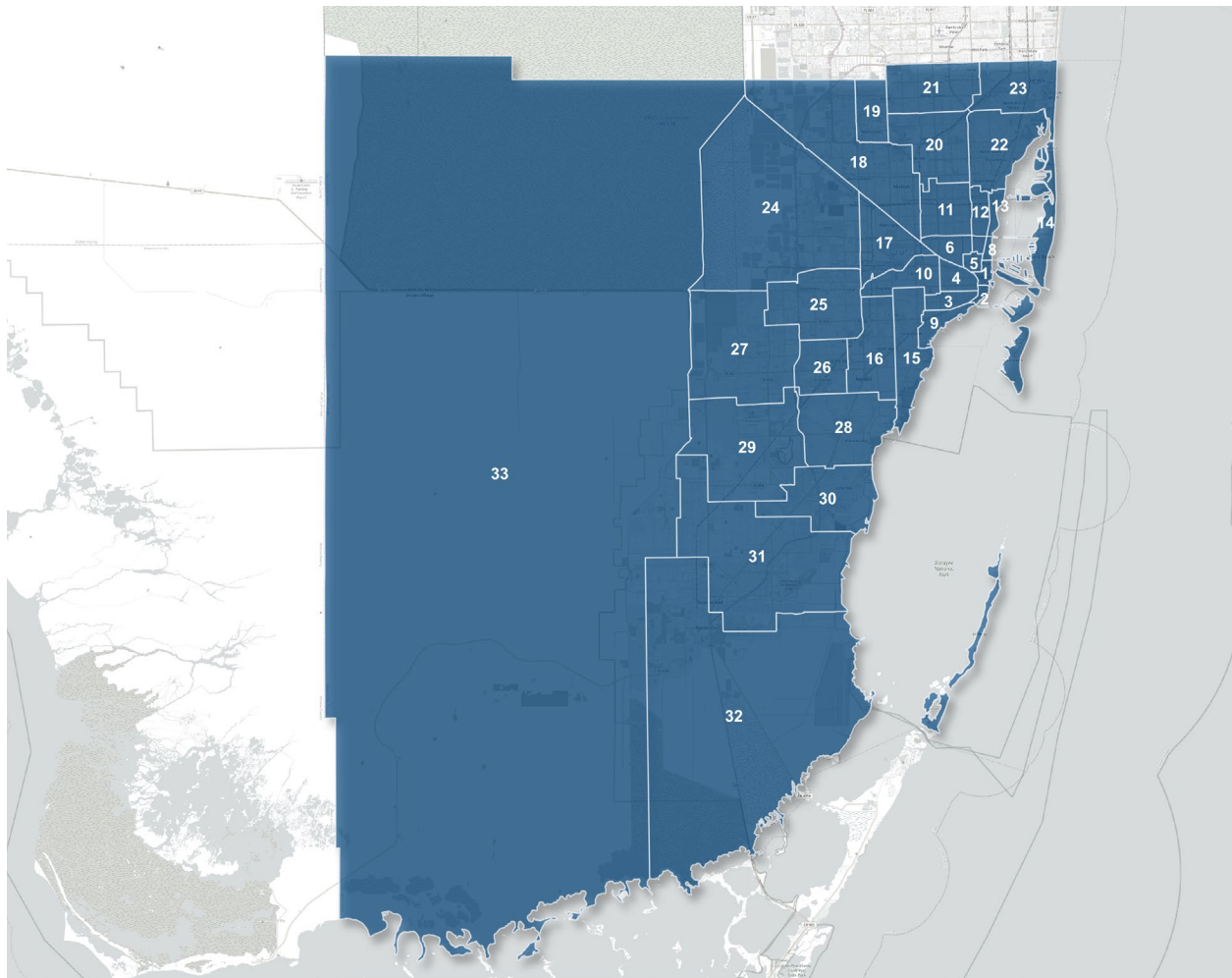
Rank	Metro	Properties Completed H1 2024	Units Completed H1 2024	Units Completed H1 2023
1	Dallas	48	12,830	7,787
2	Phoenix	44	10,048	8,413
3	Houston	35	9,258	4,641
4	Atlanta	41	8,857	7,611
5	Orlando	33	8,555	5,642
6	Austin	32	8,521	6,904
7	Miami Metro	31	6,897	7,913
8	Charlotte	31	6,890	5,803
9	Denver	34	6,623	5,522
10	Seattle	38	6,576	3,812

Miami

Miami followed on the seventh spot with 6,897 units delivered year-to-date through June. The high performing Florida metro continued its momentum over the past few years, but risks of oversupply have made developers more cautious, as completions dropped 12.8 percent compared to 2023's first half. The largest property to come online in the metro during the first six months was Resia Old Cutler. Developer Resia built the 390-unit fully affordable community with the help of a \$60.3 million construction loan from PNC Bank.



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 or call Ron Brock, Jr., at 480-663-1149 x14006.



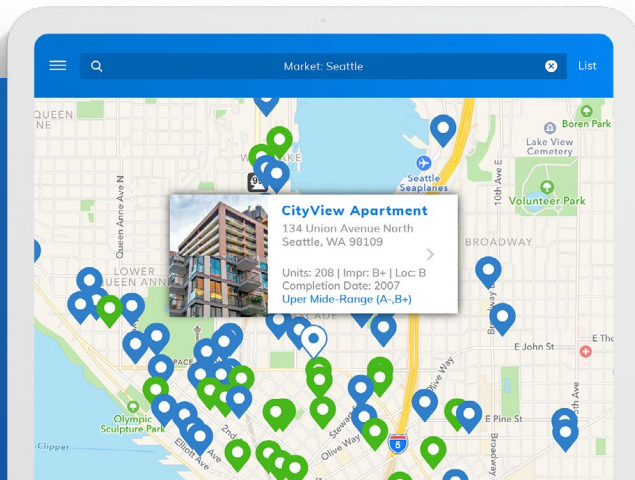
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