SOUTH FLORIDA
MULTIFAMILY REPORT

2024 | MID-YEAR

BERKADIA®

Jobs Added / Lost*

LAST 12 MONTHS

73,200

2.5%

Unemployment*

JUNE 2024

2.9%

50 BPS YOY

**Seasonally Adjusted*

SOUTH FLORIDA

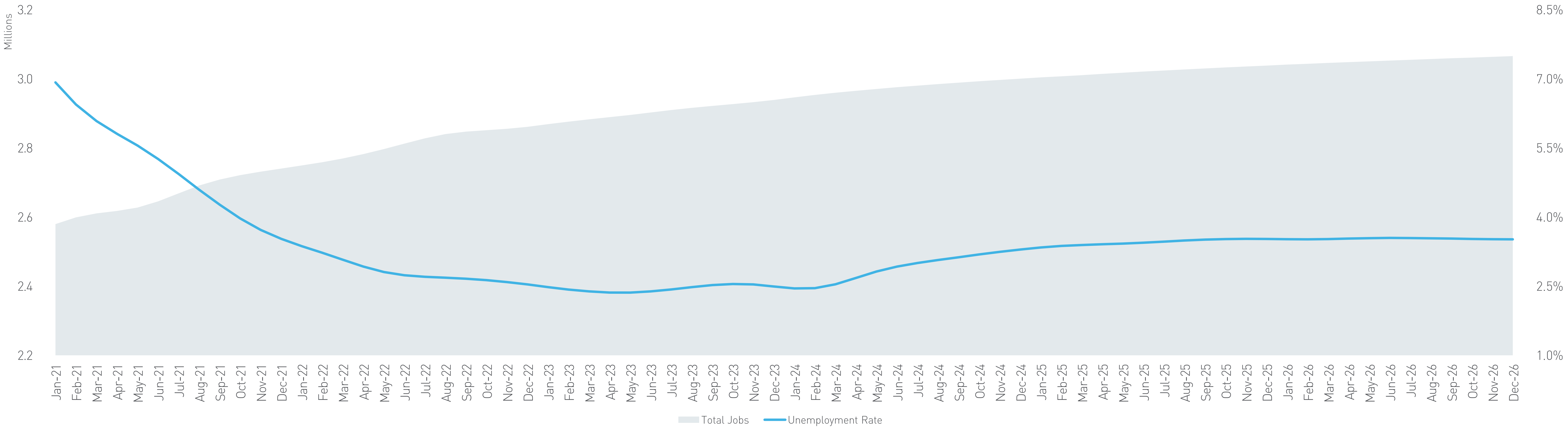
EMPLOYMENT

The South Florida market presents a well-diversified and dynamic economy, with tourism, professional and business services, private education and healthcare, aviation and aerospace, and trade and logistics significantly contributing to the region's overall employment. During the 12-month period ending in June 2024, the Miami-Fort Lauderdale-West Palm Beach, FL, metro area employers added a net 73,200 jobs. A recent significant corporate expansion this year was JPMorgan Chase doubling their downtown Miami office space, adding a new office in West Palm Beach, and adding 400 additional employees at their Brickell office location. Given South Florida's attractive lifestyle of warm climate, beautiful beaches, luxurious hotels, and premium entertainment/nightlife, the leisure and hospitality industry plays a significant role in the local economy. The sector added 16,600 new positions during the same 12-month period, expanding by 4.9% overall. With a 4.1% expansion annually, the private education and health sector led all others in total positions added annually, with 18,200. There is a notable presence in the Miami Health District, which includes the University of Miami's Miller School of Medicine and Life Science Park, six hospitals, and multiple specialty care centers. Due to South Florida's strategic location, the region is a key gateway for trade, particularly with Latin America. This supports a robust trade, transportation, and utilities sector, which added 13,100 new positions over the past year and expanded by 2.0% overall.

In the News

- JPMorganChase expands in South Florida
- Kaseya moving more employees into 800 Brickell
- Concention Center expansion project: a vision becoming realty

Employment Trends



Source: Moody's Analytics

2024 YEAR TO DATE

DELIVERIES
9,840 UNITS

ABSORPTION
10,856 UNITS

2024 TOTAL*

DELIVERIES
23,863 UNITS

ABSORPTION
25,870 UNITS

**Projected*

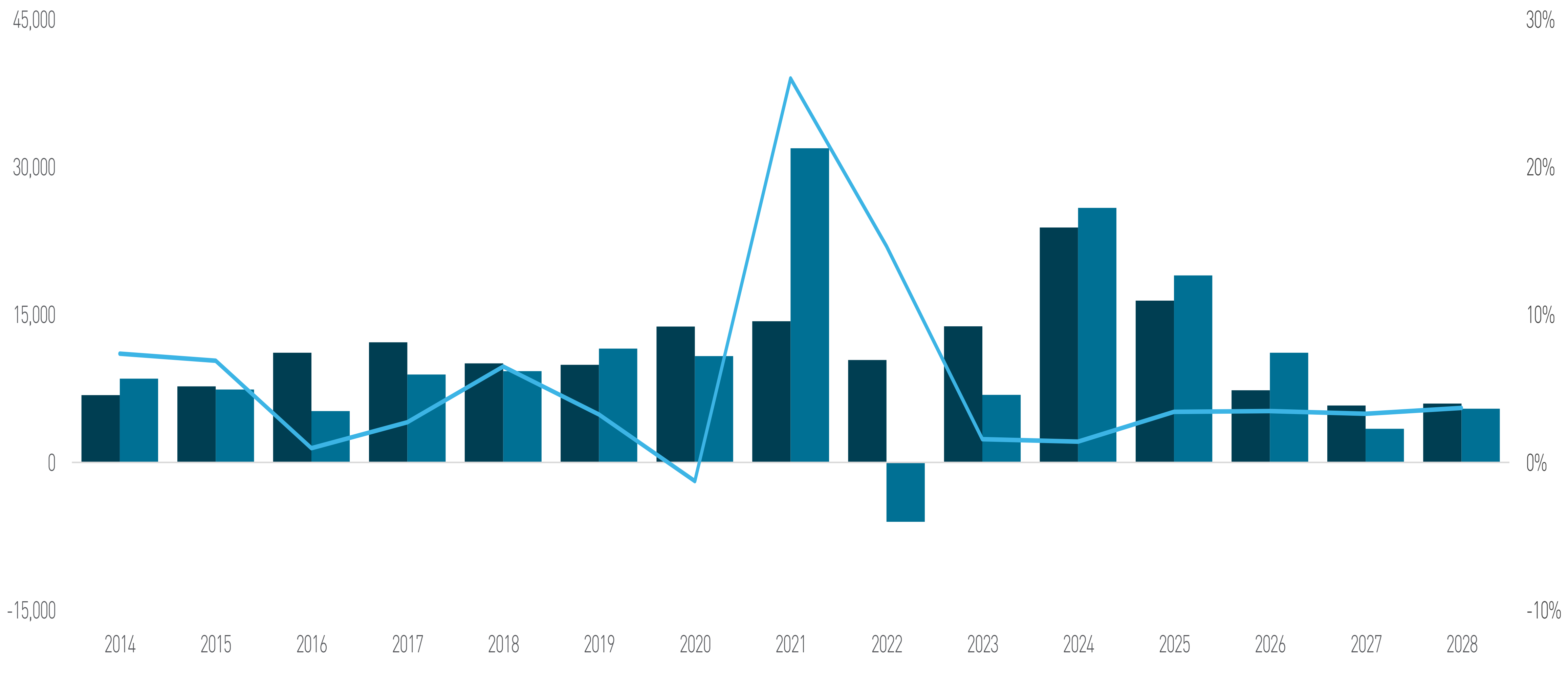
SOUTH FLORIDA

DELIVERIES & ABSORPTION

For nearly a decade, the construction pipeline in the South Florida apartment market has been highly active each year. During the past five years, the market has delivered an average of 12,458 units annually. Apartment construction has been trending towards focusing mainly on luxury units rather than more affordable inventory, benefitting from a significant migration of more high-income residents from the Northeast and West regions of the country. Also driving leasing is the high cost of homeownership stalling sales. Brickell is an example of a fast-growing community within the market seeing a boom in luxury development and a migration of major companies, attracting more renters to the neighborhood.

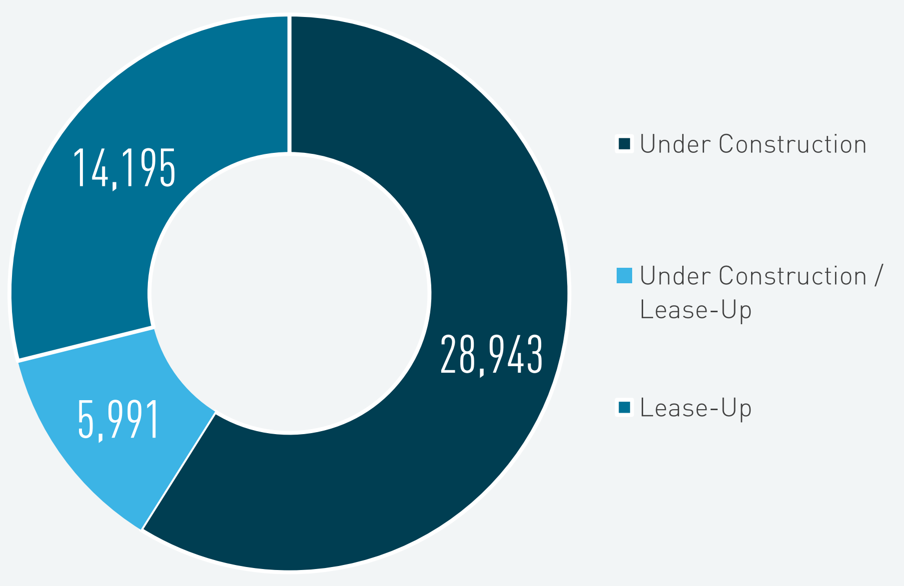
To date, in 2024, the market has delivered 9,840 apartment units with expectations to finish the year with a record number of deliveries. Projections indicate 23,863 units will be delivered by year-end; the highest total recorded with data dating back to 2002. The next highest annual total was back in 2021, with 14,339 units, nearly 10,000 units less than the projected total for 2024. Currently, 34,934 units are under construction in South Florida. Even with the forecasts of a record year for deliveries, net absorption is outpacing the robust pipeline. Year to date, there have been 10,856 net move-ins. By year-end, renters are projected to absorb 25,870 net units. This significant level of absorption speaks to the type of elevated demand the apartment market is currently experiencing.

Deliveries, Absorption, & Effective Rent Change

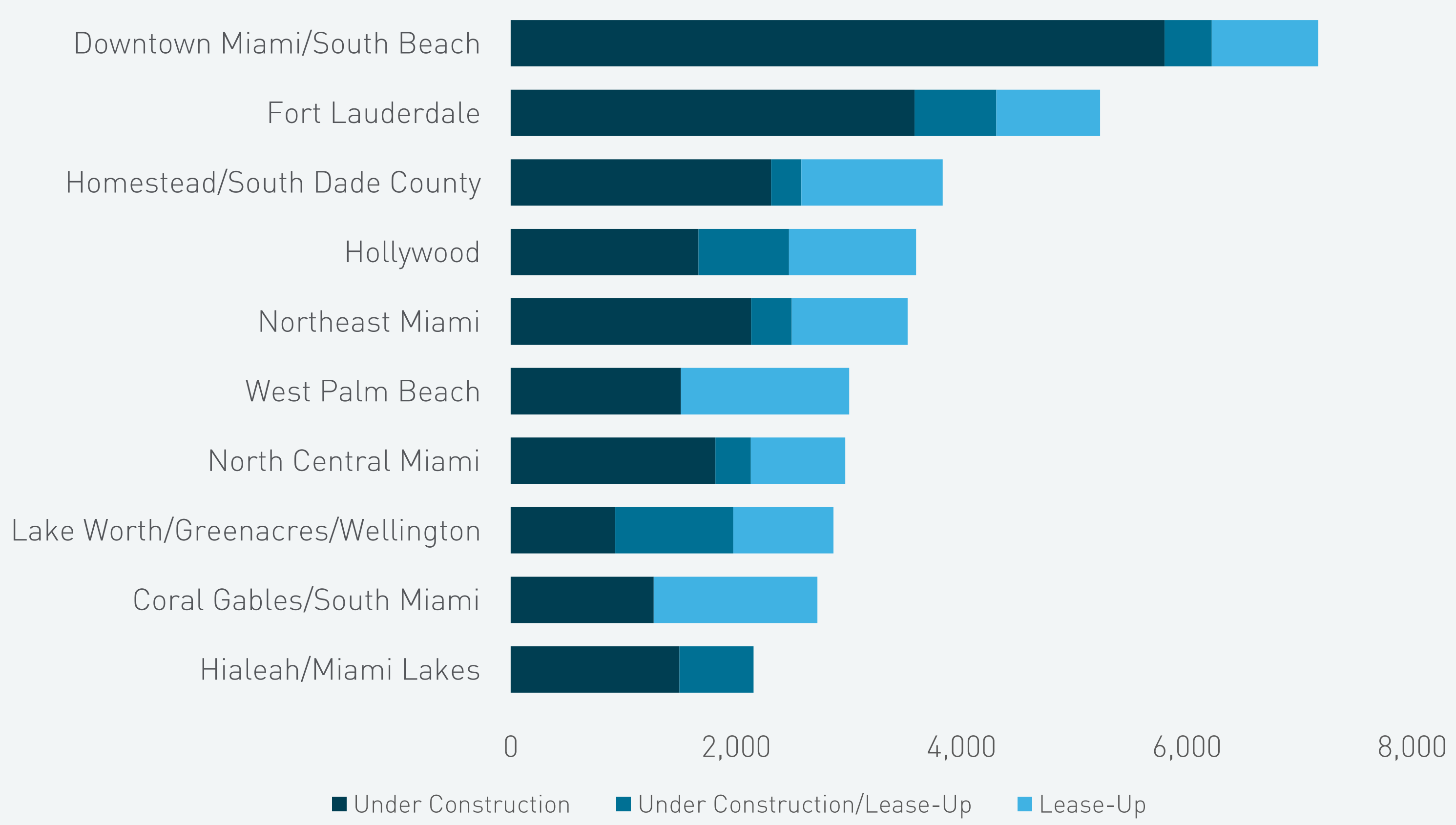


Source: *RealPage*

Market Pipeline



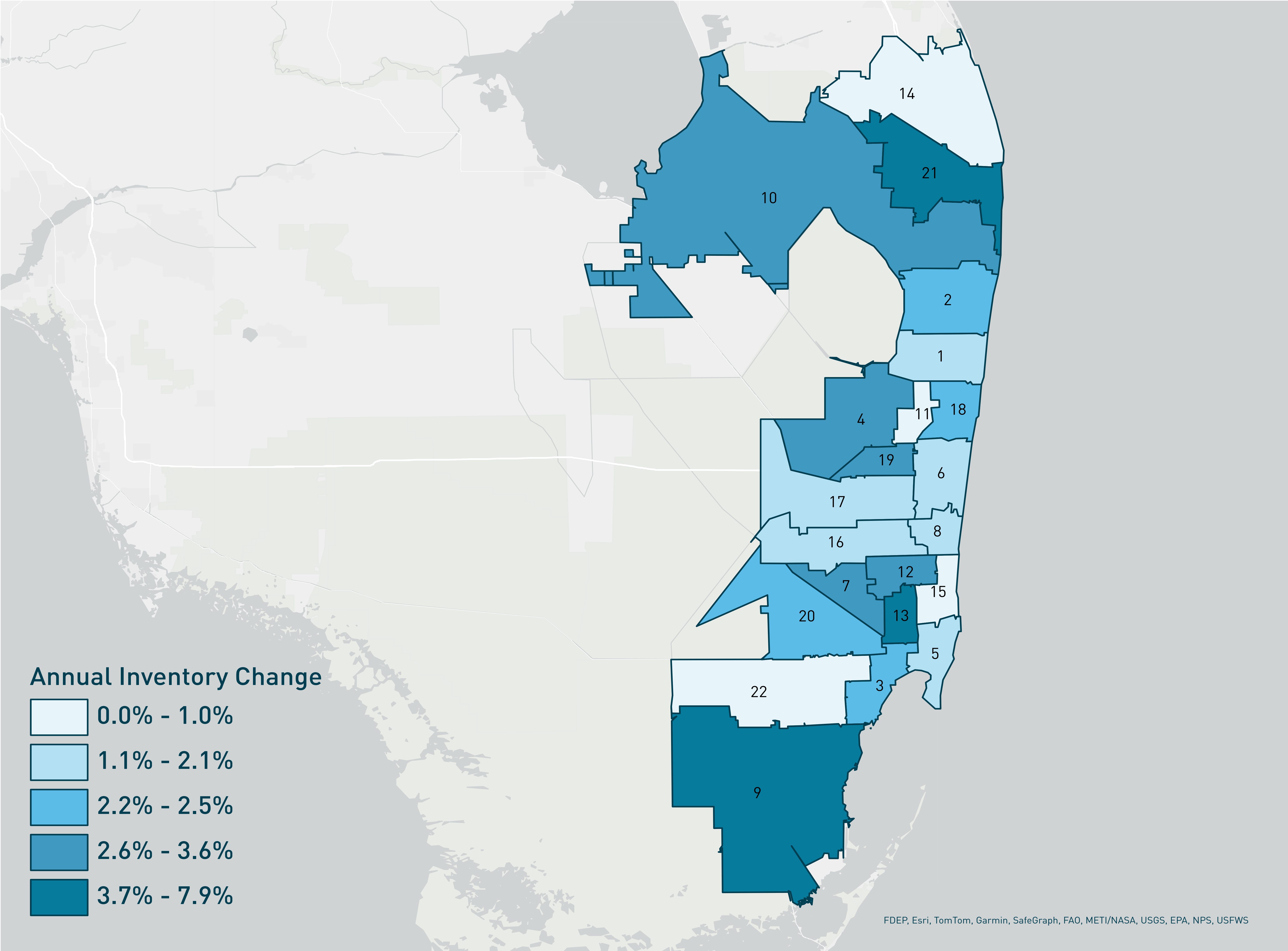
Top Submarket Pipelines



SOUTH FLORIDA

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

During a highly active year for developers in the South Florida apartment market, certain submarkets stand out. The Homestead/South Dade County led all submarkets in annual inventory growth, expanding 7.9% in the past 12 months. Builders are capitalizing on the availability and affordability of land in Homestead as residents look to move out of more expensive areas like Miami and Kendall. North Central Miami and West Palm Beach submarkets rounded out the top three, with 6.1% and 5.4% inventory growth, respectively. The West Palm Beach submarket, with 1,701 new deliveries, had the highest volume of new supply. In terms of units under construction, the Downtown Miami/South Beach submarket led the pack, with 6,224 units currently under construction. The following submarket was the Fort Lauderdale submarket, which has a robust 4,309 units currently under construction.



SUBMARKET BOUNDARIES

1. Boca Raton
2. Boynton Beach / Delray Beach
3. Coral Gables / South Miami
4. Coral Springs
5. Downtown Miami / South Beach
6. Fort Lauderdale
7. Hialeah / Miami Lakes
8. Hollywood
9. Homestead / South Dade County
10. Lake Worth / Greenacres / Wellington
11. Margate / Coconut Creek / North Lauderdale
12. Miami Gardens
13. North Central Miami
14. North Palm Beach County
15. Northeast Miami
16. Pembroke Pines / Miramar
17. Plantation / Davie / Weston
18. Pompano Beach / Deerfield Beach
19. Sunrise / Lauderhill
20. West Miami / Doral
21. West Palm Beach
22. Westchester / Kendall

SOUTH FLORIDA

RENT & OCCUPANCY

Effective Rent

Q2 2024

$2,530

0.6% YOY

Occupancy

Q2 2024

95.0%

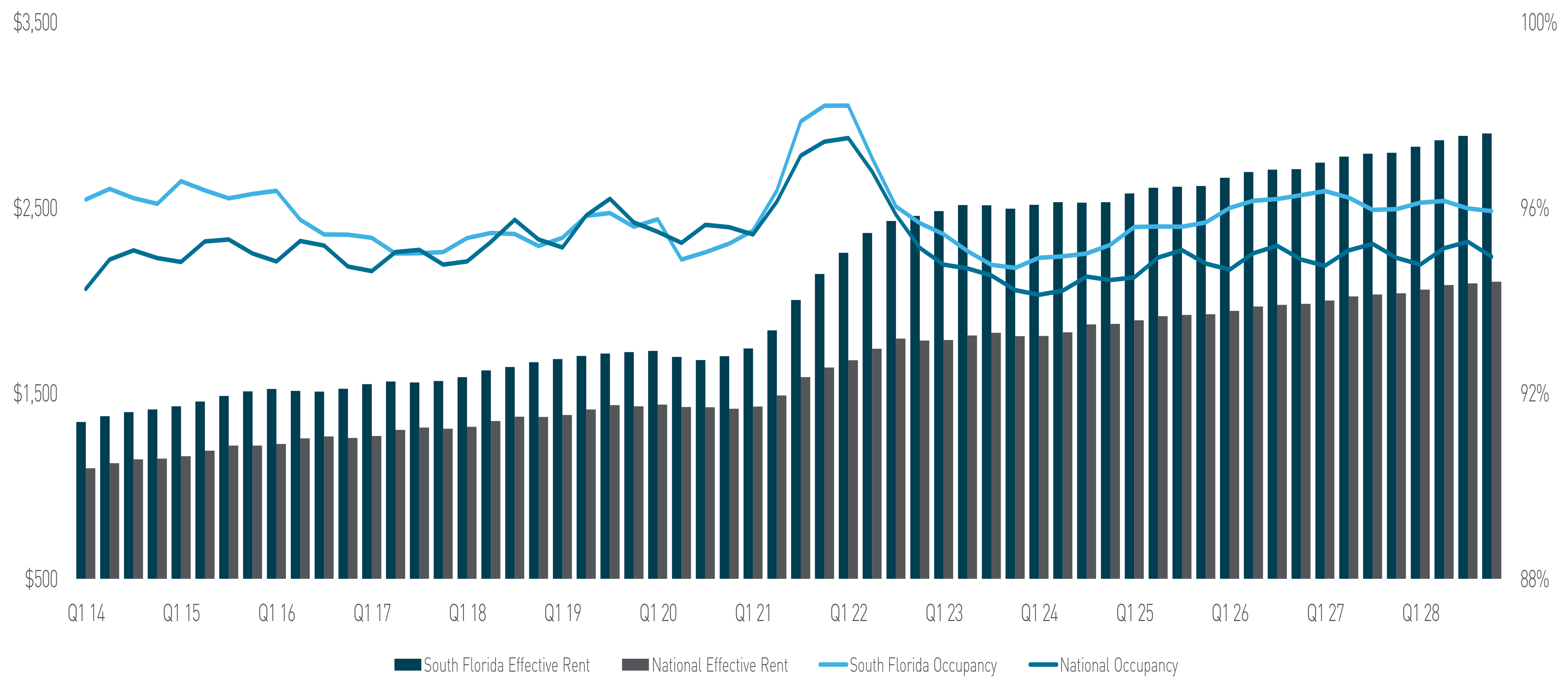
10 BPS YOY

The South Florida apartment market has experienced consistent rent growth annually since 2009, except in 2020, when the pandemic caused a negative shift. The market rent immediately rebounded, reporting an average annual growth of 14.1% from 2021 to 2023.

The sharp rise in rent can be attributed to the depth of new Class A apartment inventory and the charging of much higher rents. In addition, the gap between the supply of affordable housing and the demand for it is likely to also result in higher rent growth for Class B and C units. During the second quarter of 2024, rent growth moderated. The average monthly apartment rent finished at $2,530, a 0.6% increase year over year. Projections indicate rents will reach $2,529 by the fourth quarter, increasing 1.4% year-over-year.

For the past decade, the market's annual average occupancy rate has been healthy, only slightly dipping below 95% once. During the second quarter of 2024, the average occupancy rate finished at 95.0%, a decrease of 10 basis points year over year, but outpaced the national average by 80 basis points. By the end of the year, the average occupancy rate will reach 95.2%, an annual increase of 50 basis points and 80 basis points higher than the national average.

South Florida vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

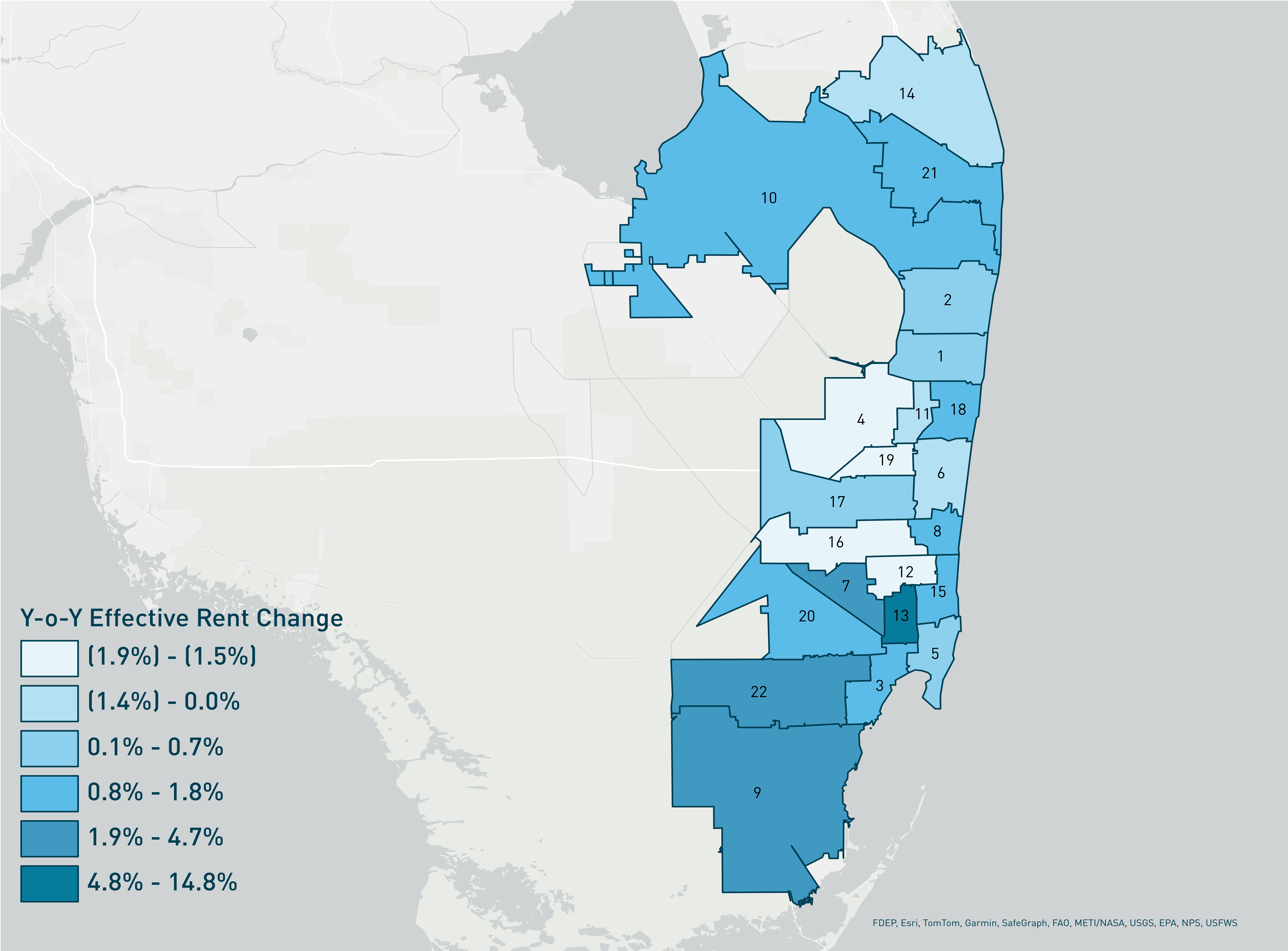
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Boca Raton	94.2%	50	$2,822	0.7%
Boynton Beach/Delray Beach	95.1%	60	$2,397	0.1%
Coral Gables/South Miami	95.0%	0	$2,927	1.2%
Coral Springs	95.2%	-50	$2,345	-1.9%
Downtown Miami/South Beach	95.5%	70	$3,286	0.5%
Fort Lauderdale	93.5%	50	$2,873	-0.5%
Hialeah/Miami Lakes	97.2%	-100	$2,166	3.7%
Hollywood	92.8%	10	$2,442	1.8%
Homestead/South Dade County	96.1%	-60	$2,085	4.7%
Lake Worth/Greenacres/Wellington	95.0%	-30	$2,287	1.0%
Margate/Coconut Creek/North Lauderdale	94.7%	-10	$2,220	-0.7%
Miami Gardens	94.0%	10	$2,106	-1.6%
North Central Miami	96.5%	-150	$2,096	14.8%
North Palm Beach County	94.2%	70	$2,512	-0.3%
Northeast Miami	95.1%	-40	$2,588	1.5%
Pembroke Pines/Miramar	95.8%	-10	$2,489	-1.5%
Plantation/Davie/Weston	94.7%	-30	$2,550	0.4%
Pompano Beach/Deerfield Beach	95.6%	-80	$2,212	1.5%
Sunrise/Lauderhill	93.6%	-100	$2,162	-1.5%
West Miami/Doral	94.6%	20	$2,731	1.2%
West Palm Beach	94.3%	0	$2,275	1.5%
Westchester/Kendall	95.6%	-90	$2,280	3.8%

South Florida submarkets with the lowest rents posted higher annual increases than others. The North Central Miami submarket significantly outperformed all other submarkets by increasing 14.8% year over year to $2,096. The next highest submarket in rent growth was the Homestead/South Dade County submarket, with an annual increase of 4.7% to $2,085. The North Central Miami and Homestead/South Dade County submarkets have the two lowest rents in South Florida. These significant rent increases compared to other submarkets may be attributed to the influx of Class A apartments in the market overall, which puts more pressure on Class B and C apartments. Submarkets with some of the highest average rents showed minimal gains or an annual decrease. The remaining submarkets collectively had an average annual rent increase of 0.5%.

SOUTH FLORIDA

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



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SOUTH FLORIDA

SALES

2024 Year to Date*

VOLUME
$1.8B

PRICE PER UNIT (AVG)
$321,855

TRANSACTIONS
17

CAP RATE (AVG)
5.1%

What's Trading?*

UNITS (AVG)
331

YEAR BUILT (AVG)
2000s

BUILDINGS (AVG)
9

ACRES (AVG)
15.73

Top Buyers*

BUYER	LOCATION
Brookfield AM	Toronto, ONT
KKR	New York, NY
Pantzer Properties	New York, NY
Cardone Capital	Aventura, FL
Ares Management	Los Angeles, CA

Top Sellers*

SELLER	LOCATION
Starwood Capital	Miami Beach, FL
Quarterra	Miami, FL
AMLI	New York, NY
Nuveen	New York, NY
Mainstreet Cap Partners	Fort Lauderdale, FL

Source: MSCI Real Capital Analytics
**$50m+*