

2022 MID-YEAR

SOUTH FLORIDA

Multifamily Report

BERKADIA[®]
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

146,800

↑ 5.5%

NEXT 12 MONTHS*

85,300

↑ 3.1%

Unemployment

MID-YEAR 2022

2.7%

↓ 230 BPS YOY

MID-YEAR 2023*

2.8%

↑ 10 BPS YOY

*Projected

SOUTH FLORIDA EMPLOYMENT

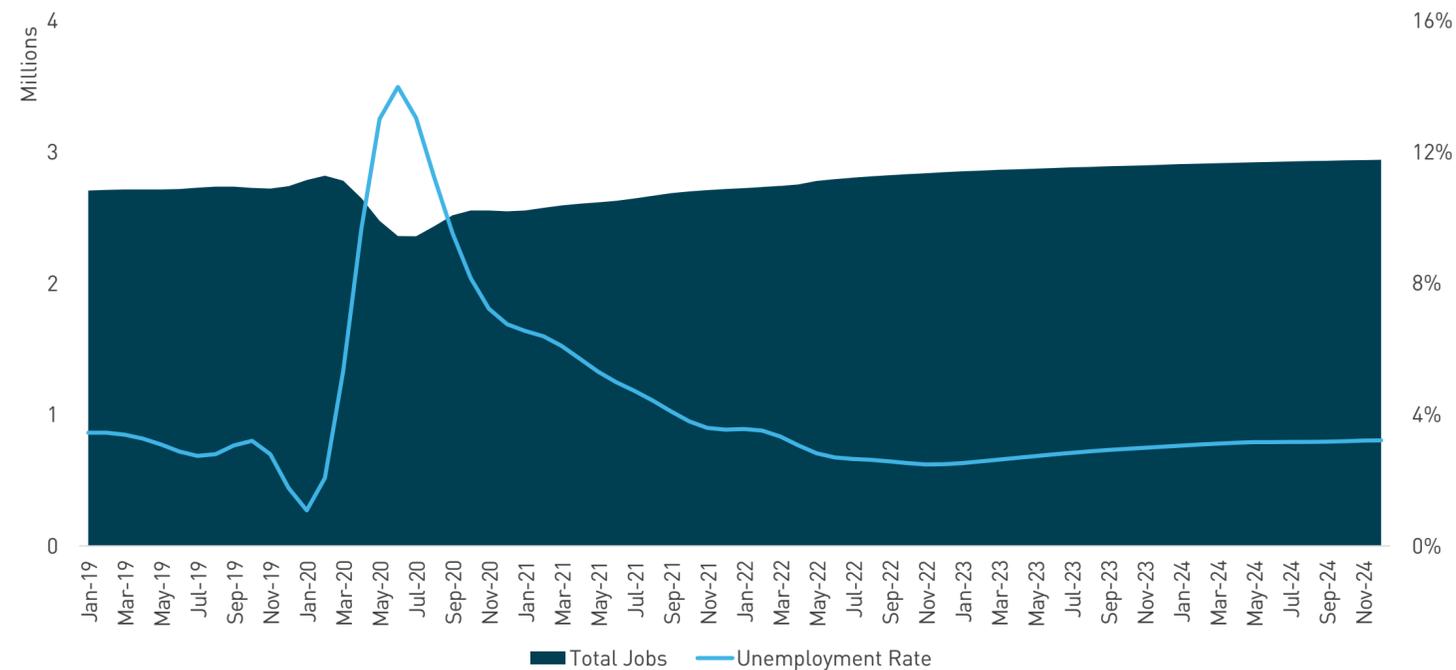
Robust demographic trends helped South Florida's economic growth streak, with an influx of new residents and the welcoming of businesses moving headquarters seeking more favorable tax structures. The biggest macro trend was net migration of 53,300 people moving to the region in the past year attracted by steady job growth and a good quality of life.

Regional-based companies created 146,800 net positions in the last year. The pandemic funk has clearly faded as the unemployment rate simultaneously dropped to 2.7%. The trade, transportation, and utilities sector lead employment with 43,600 jobs. Buttressing some of the growth was the Port of Miami, reaching a cargo

performance high of 1.2 million TEUs (20-foot equivalent units), up 17.6% over fiscal year 2020. The transportation subsector is expected to continue increasing with Port of Miami set at a conservative growth rate of 3% year over year. Additionally, the largest cruise ship terminal in North America is being built in Miami, allowing for as many as 36,000 passengers daily. This will add hospitality jobs as well when businesses begin hiring for the 2023 opening.

The metro's northern area is among the hottest for investment, with Palm Beach County known as Wall Street South. Financial firms have flocked from the Northeast U.S. to open offices in the Palm Beaches, including NewDay USA creating 600 new jobs.

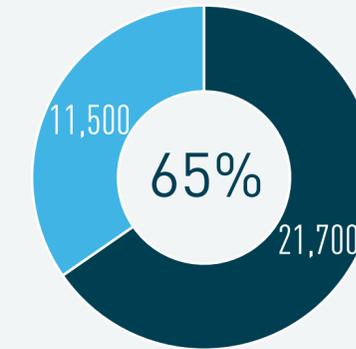
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



■ YTD ■ 2022 Forecast

23%

OF ALL JOBS IN THE METRO

\$42,900

AVERAGE ANNUAL SALARY

Trade, Transportation, & Utilities Employers



282,000 JOBS



22,000 JOBS



11,000 JOBS

In The News

- [American Airlines adding over 600 jobs in Miami](#)
- [Broward County Public Schools seeking to fill 1,200 positions](#)
- [Stryker adding 550 jobs in Greater Fort Lauderdale](#)



SOUTH FLORIDA DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

15,086

ABSORPTION

6,926

2023 Units*

DELIVERIES

20,409

ABSORPTION

13,977

*Projected

In 2021, the Greater Miami apartment market had one of its best years in decades, with some fundamentals hitting records. Multifamily investment and demand reached new highs: a record-breaking \$7.4 billion in deals closed last year, while net absorption hit an unprecedented 30,680 units, far exceeding the 13,117 deliveries during the same time. Construction is picking up to meet demand. During the first six months of 2022, apartment builders added 6,300 new units to the market's inventory, with another 29,200 rentals in the pipeline slated to be delivered through year-end 2024.

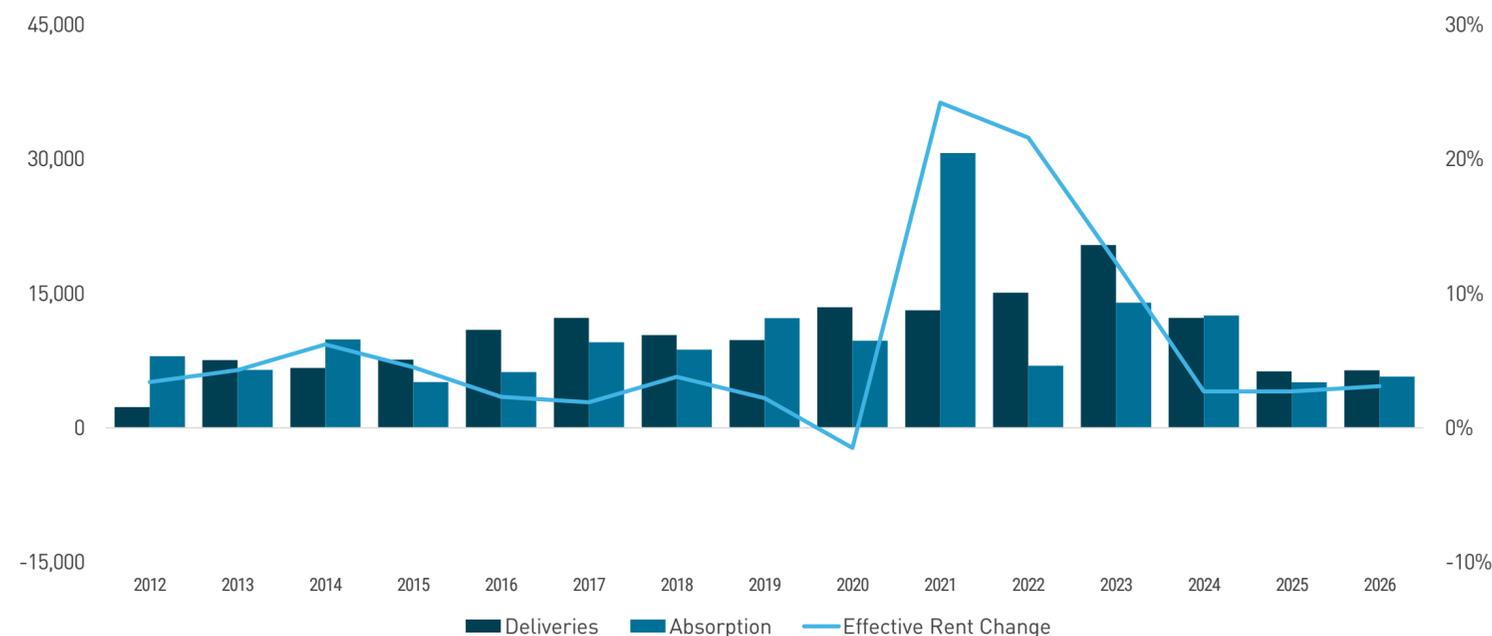
South Florida ranks among the most active markets in the country for apartment construction activity on both

total units and as a percent of inventory. Downtown Miami has remained a development hotspot, as owners focus on high-end projects in dense, urban areas.

Overall employment is well above pre-pandemic levels and job growth in the metro's office-using sectors has helped boost demand for high-end rentals in recent quarters. Interest in luxury apartments will be bolstered as more high-paying jobs are on the way with Microsoft Corporation, CI Financial Corporation, and Millennium Management building sizable hubs in Miami.

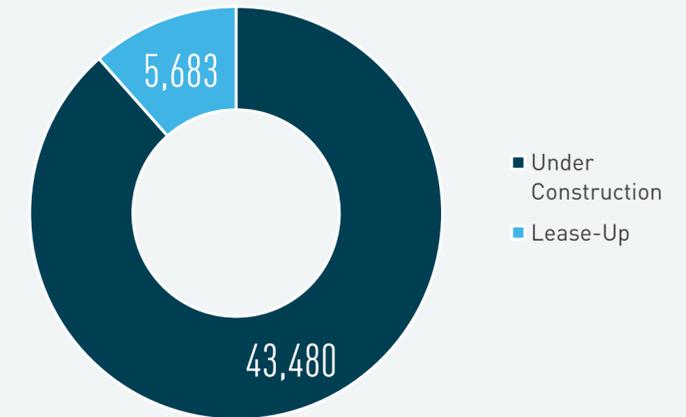
Newly leased apartments is expected to remain strong through the remainder of 2022 as new supply ramps up.

Deliveries, Absorption, & Effective Rent Change

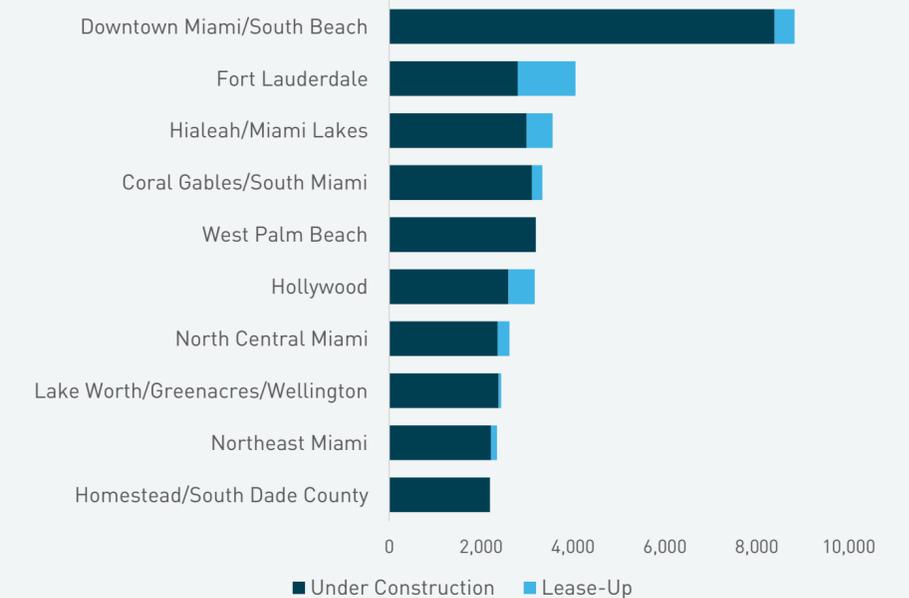


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines





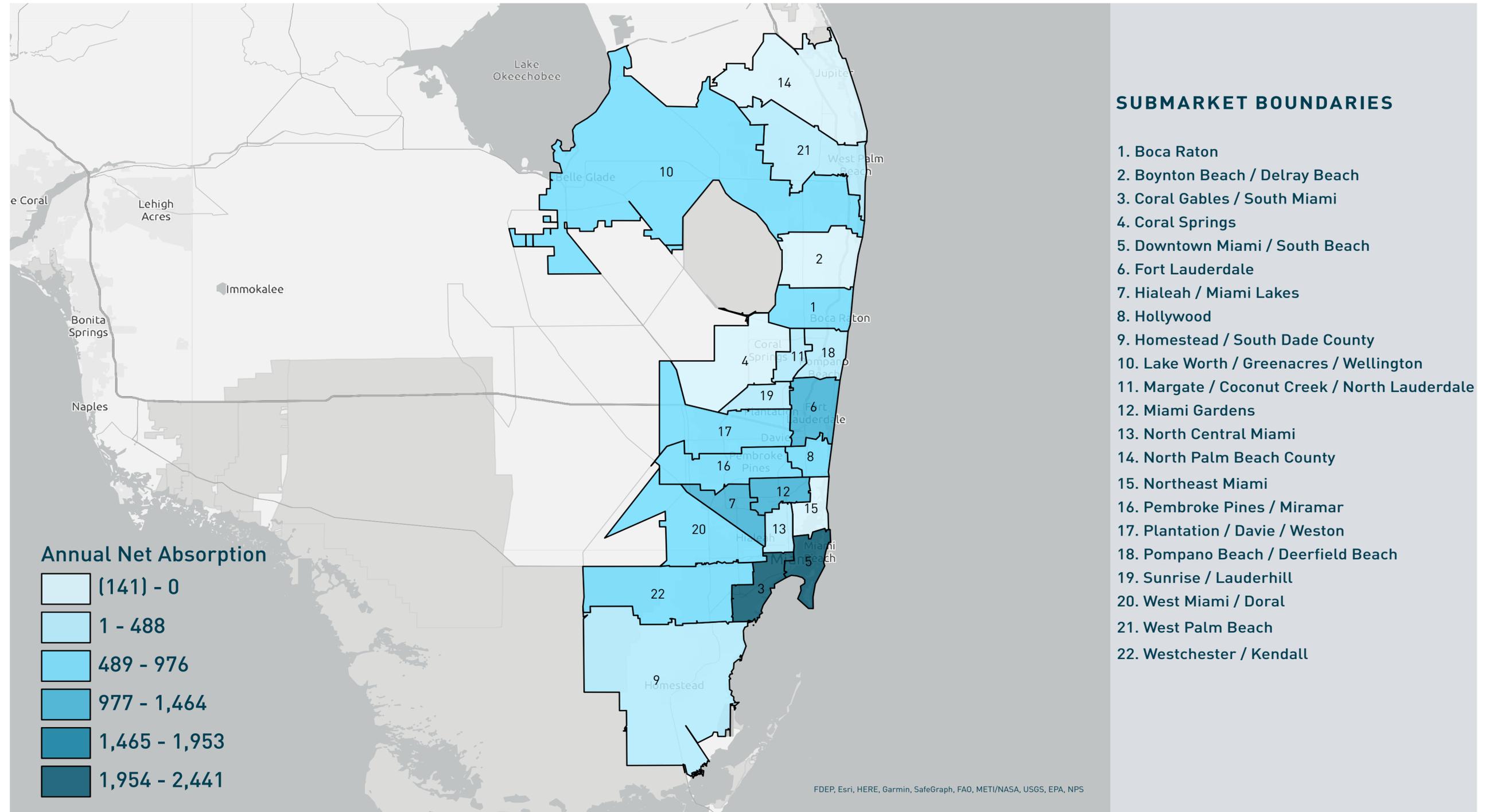
SOUTH FLORIDA

SUBMARKET ANNUAL ABSORPTION

The adjoining submarkets of Downtown Miami/South Beach and Coral Gables/South Miami were the most popular among renters. Annual net absorption in the two submarkets represented 31.4% of the total leasing activity.

New renters were attracted to the city center due to its restaurant scene, arts and culture, transit access, and new-to-market industries such as cryptocurrency and fintech. Ongoing apartment demand, particularly in the downtown area, is underpinned by Miami's pro-growth climate bringing hundreds of high-quality, high-paying jobs at firms such as Citadel Securities, Blackstone Inc., Starwood Property Trust Inc., Icahn Enterprises, and Goldman Sachs Group Inc.

Coral Gables has a robust downtown area, and is anchored by the University of Miami's main campus, where approximately 11,000 students need off-campus housing each year.





SOUTH FLORIDA RENT & OCCUPANCY

Effective Rent

2Q 2022
\$2,347
↑ 25.2% YOY

Occupancy

2Q 2022
97.1%
↑ 60 BPS YOY

Housing demand coming from a steady inflow of high-wage workers surged in South Florida in recent quarters, elevating occupancy rates and allowing for considerable rent gains. Landlords capitalized on improved market conditions and accelerated rents. The average effective rent increased 25.2% annually at the midpoint of 2022, following 8.0% during the previous year. Monthly effective rent reached \$2,347 in the second quarter of 2022.

While effective rent rose across all asset classes, it was high-end properties that lead the way for recent rent gains in contrast to the early months of the pandemic when rents fell in that cohort. Meanwhile, the region's hefty supply pipeline on the horizon will likely put downward

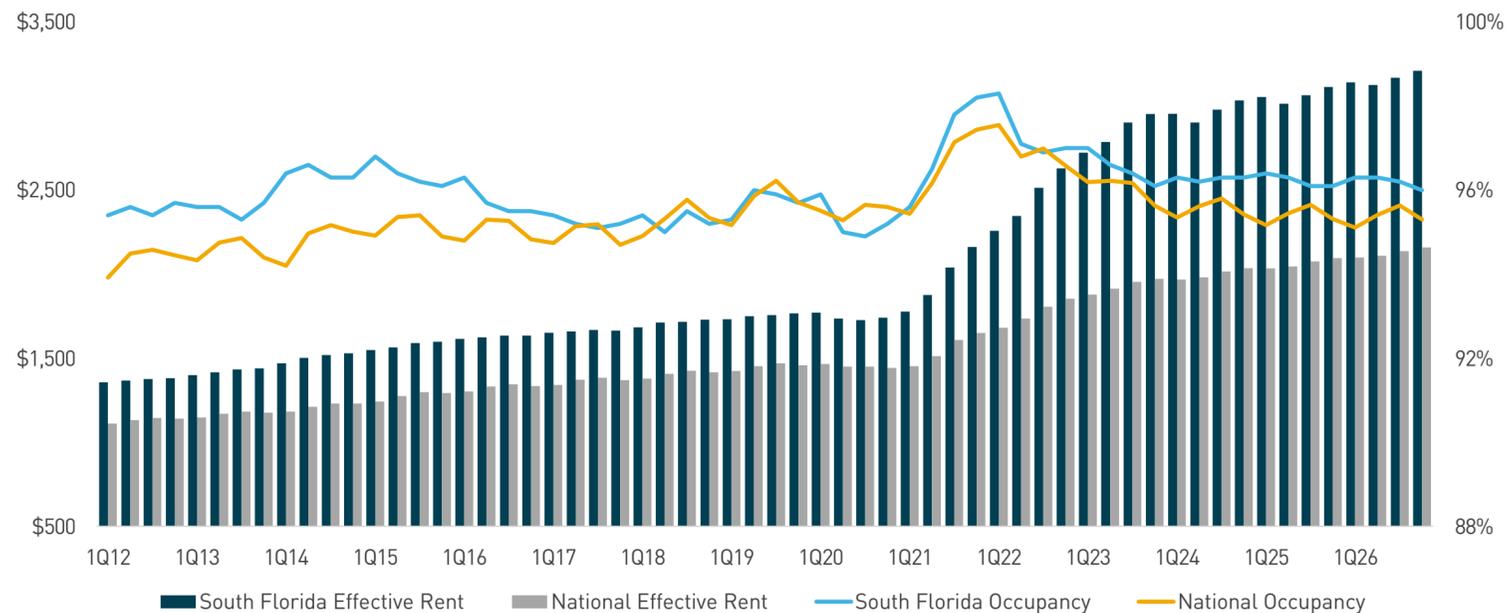
pressure on rent performance, though it is anticipated that annual rent gains will continue to outperform historical averages on the condition that recent demand trends hold up.

Trailing 12-month net absorption of roughly 14,700 units helped push up the average occupancy rate to 97.1% at the end of the second quarter 2022, equating to a 60-basis-point annual increase. The in-demand Coral Gables/South Miami submarket recorded the highest year-over-year rise in occupancy, up 270 basis points to 97.5% as rent advanced 22.2% to \$2,597 per month.

Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Boca Raton	96.2%	20	\$2,700	25.1%
Boynton Beach/Delray Beach	95.6%	-170	\$2,369	30.3%
Coral Gables/South Miami	97.5%	270	\$2,597	22.2%
Coral Springs	96.6%	-70	\$2,338	30.5%
Downtown Miami/South Beach	97.1%	120	\$3,036	26.8%
Fort Lauderdale	95.4%	-10	\$2,699	22.9%
Hialeah/Miami Lakes	99.4%	140	\$1,869	13.8%
Hollywood	97.3%	70	\$2,218	25.5%
Homestead/South Dade County	98.0%	200	\$1,737	20.5%
Lake Worth/Greenacres/Wellington	97.0%	0	\$2,090	29.8%
Margate/Coconut Creek/North Lauderdale	96.5%	30	\$2,233	32.7%
Miami Gardens	97.8%	270	\$1,822	20.0%
North Central Miami	98.3%	40	\$1,572	8.9%
North Palm Beach County	95.0%	-210	\$2,511	29.3%
Northeast Miami	97.1%	-60	\$2,265	23.9%
Pembroke Pines/Miramar	97.2%	60	\$2,425	28.6%
Plantation/Davie/Weston	96.6%	-10	\$2,477	30.2%
Pompano Beach/Deerfield Beach	98.3%	80	\$2,047	24.3%
Sunrise/Lauderhill	97.5%	120	\$1,998	25.3%
West Miami/Doral	97.7%	220	\$2,517	27.9%
West Palm Beach	96.0%	-10	\$2,198	29.4%
Westchester/Kendall	97.9%	90	\$2,012	25.1%

South Florida vs. National Effective Rent & Occupancy



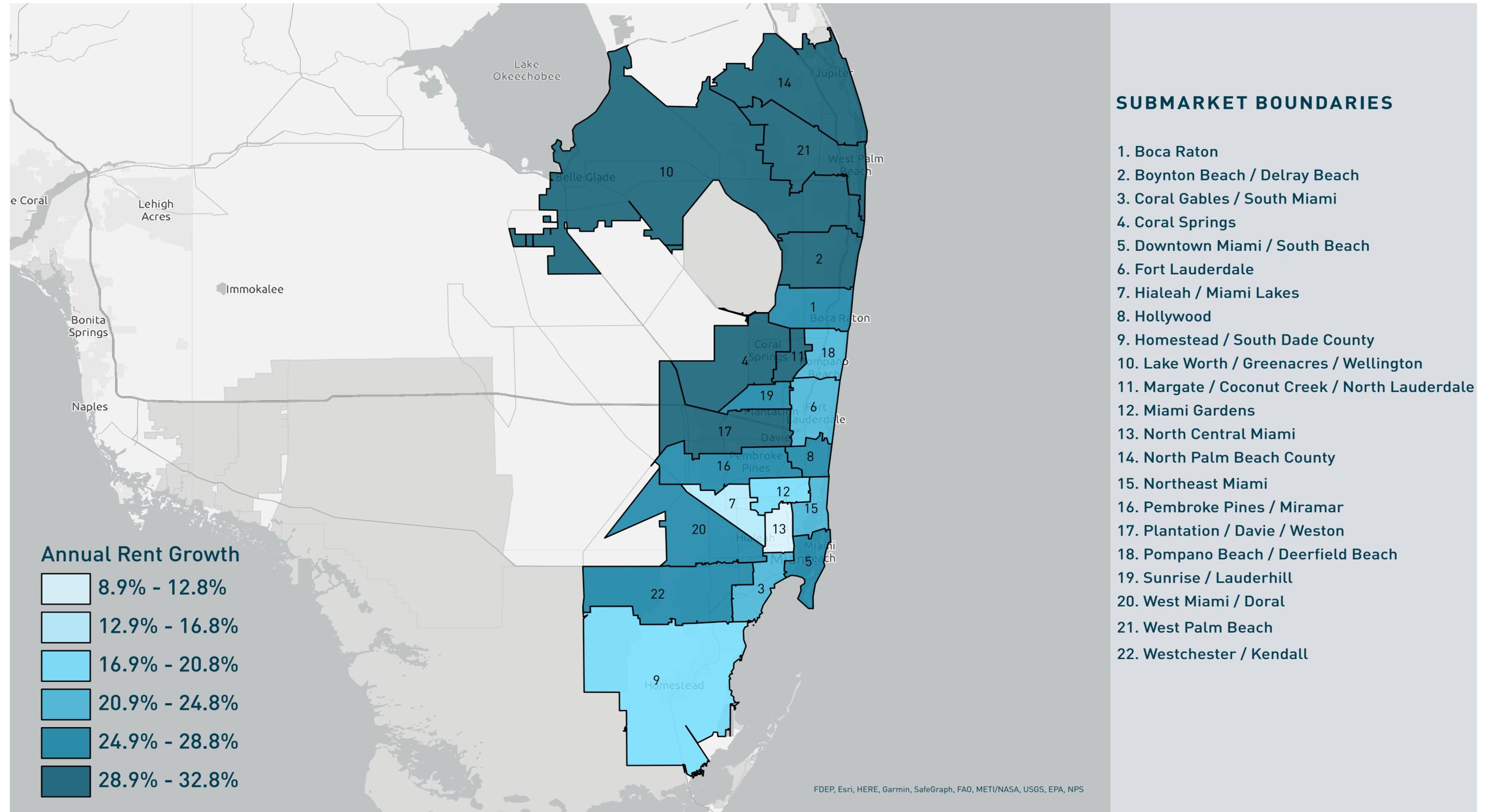
Source: RealPage



SOUTH FLORIDA

SUBMARKET ANNUAL RENT CHANGE

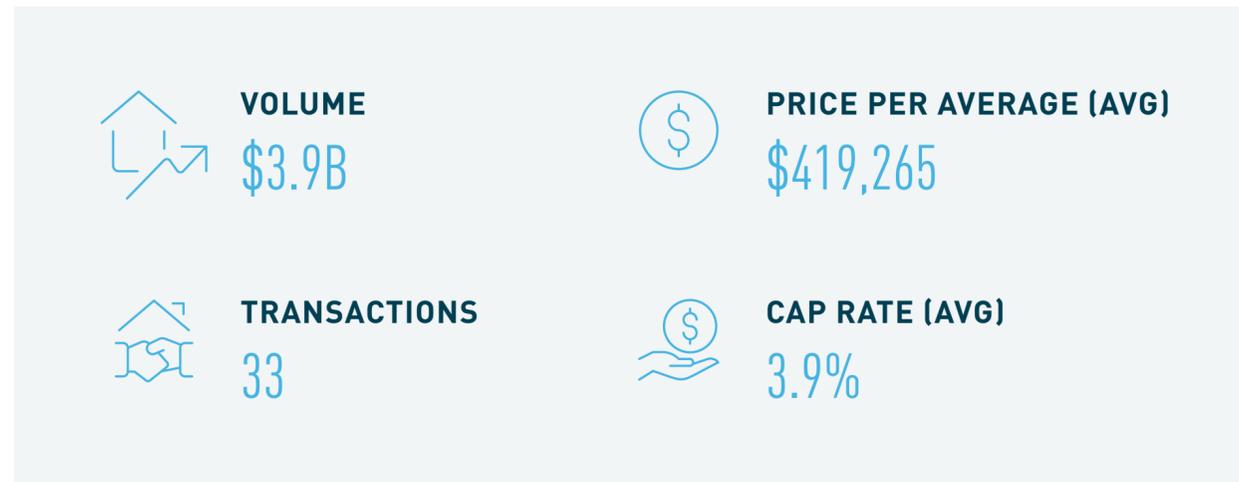
Annual effective rent increased substantially in nearly all 22 South Florida submarkets, though suburban locales were high performing. Four of the metro's 22 submarkets achieved annual rent gain of 30% or more. Rent growth leaders include the region's more affluent western suburbs such as Margate/Coconut Creek/North Lauderdale, up 32.7%; Coral Springs, up 30.5%; and Plantation/Davie/Weston, up 30.2%. The popular Downtown Miami/South Beach submarket realized a 26.8% year-over-year increase, still the most expensive area at \$3,036 per month. With the help of Miami Mayor Francis Suarez, Miami pitched itself as tech's newest hot spot, with Microsoft, venture-capital Founders Fund, and private-equity giant Blackstone, among others, opening offices. The new wave of tech and finance companies with well-paid workers who want to live in the urban center are spurring rent growth in the luxury rental downtown submarket.



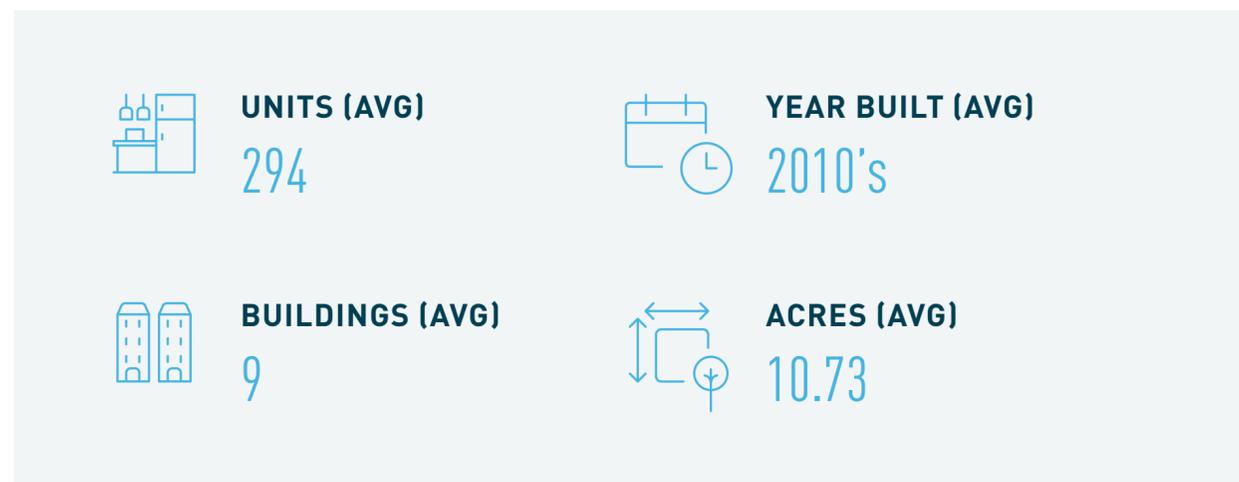


SOUTH FLORIDA SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Cortland	Atlanta, GA
Blackstone Real Estate Income Trust Inc.	New York, NY
Starwood Real Estate Income Trust Inc.	Miami Beach, FL
Cardone Capital	Aventura, FL
Harbor Group International	Norfolk, VA

Top Sellers**

SELLER	LOCATION
Cornerstone Group	Hollywood, FL
Mill Creek Residential	Dallas, TX
PGIM Real Estate	Newark, NJ
Fortress Investment Group	New York, NY
Estate investments Group	South Miami, FL

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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