

# SOUTH FLORIDA MULTIFAMILY REPORT

2023 | MIDYEAR



**BERKADIA**<sup>®</sup>  
INSTITUTIONAL SOLUTIONS



## Jobs Added / Lost

### LAST 12 MONTHS

76,400

↑ 2.7%

### NEXT 12 MONTHS\*

32,400

↑ 1.1%

## Unemployment

### MIDYEAR 2023

2.4%

↓ 20 BPS YOY

### MIDYEAR 2024\*

3.4%

↑ 100 BPS YOY

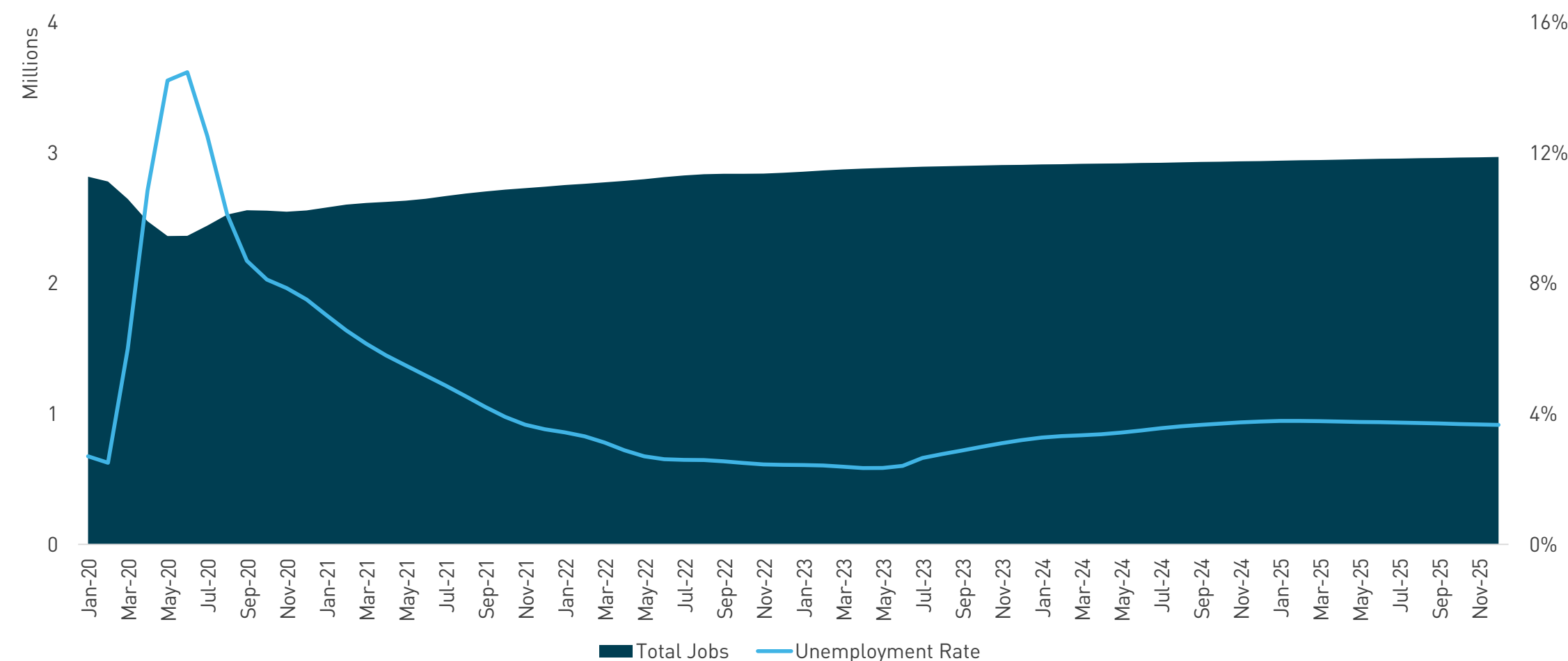
\*Projected

# SOUTH FLORIDA EMPLOYMENT

South Florida's office-occupying sectors contributed heavily to the region's robust growth over the past 12 months. All told employers in the professional and business services and financial sectors added 15,000 new jobs during the first half of 2023, accounting for over one-third of the 42,900 jobs gained in South Florida. Companies such as Microsoft, Blackstone, CI Financial, and Citadel all leased sizable blocks of space during the pandemic, and their recent return-to-work campaigns added hundreds of local jobs. Goldman Sachs and Elliot Management opened new offices in The Square, a new neighborhood development in West Palm Beach that has earned the nickname "The Wall Street of the South."

Increased consumer spending and reduced constraints on the supply chain benefited both retail shops and cargo ports. As a result, the trade, transportation, and utilities sector, the largest employment sector in the region, added 11,000 jobs during the first half of the year, bringing the total to 655,500. Even with U.S. unemployment level near historical lows, South Florida outperformed the national average, at 2.4% in June 2023. The 20-basis-point reduction in unemployment is attributable to South Florida's workforce expansion following a swift post-pandemic recovery. The number of people in South Florida's workforce continues to grow, translating to real job gains versus refilling jobs lost during the pandemic.

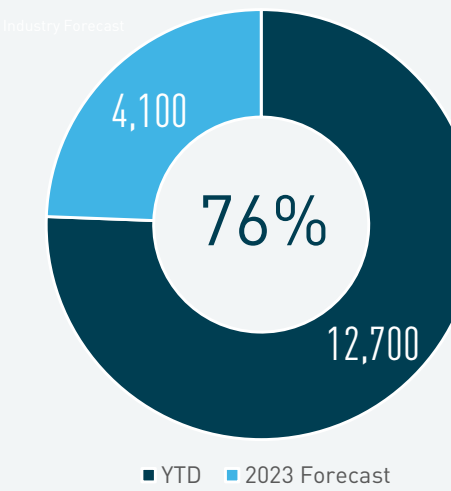
## Employment Trends



Source: Moody's Analytics

## Who's Hiring?

### PROFESSIONAL & BUSINESS SERVICES INDUSTRY



18%  
OF ALL JOBS IN THE METRO

\$89,900  
AVERAGE ANNUAL SALARY

## Professional & Business Services Employers

HEICO

4,500 JOBS

AMERICAN EXPRESS

3,500 JOBS

CARNIVAL CORPORATION & PLC

3,500 JOBS

## In The News

- [Kaseya expands Miami operations, creating 3,400 jobs](#)
- [Silicon Valley tech firm LeverX moves corporate headquarters to South Florida](#)
- [Kelly Tractor adding 1,000 jobs in western Miami - Dade County](#)



## SOUTH FLORIDA

# DELIVERIES & ABSORPTION

2023 Units\*

**DELIVERIES**

19,056

**ABSORPTION**

12,086

2024 Units\*

**DELIVERIES**

24,926

**ABSORPTION**

27,117

\*Projected

Similar to other major Sun Belt markets, a pandemic surge in demand has emboldened multifamily developers in South Florida. At the end of the first half of 2023, the region boasted the sixth-largest development pipeline in the nation, with over 55,000 units currently under construction and, in lease up.

A vast majority of this is class A stock that is concentrated between I-95 and the Atlantic Ocean, around areas with a growing share of neighborhood amenities and within proximity to beach access.

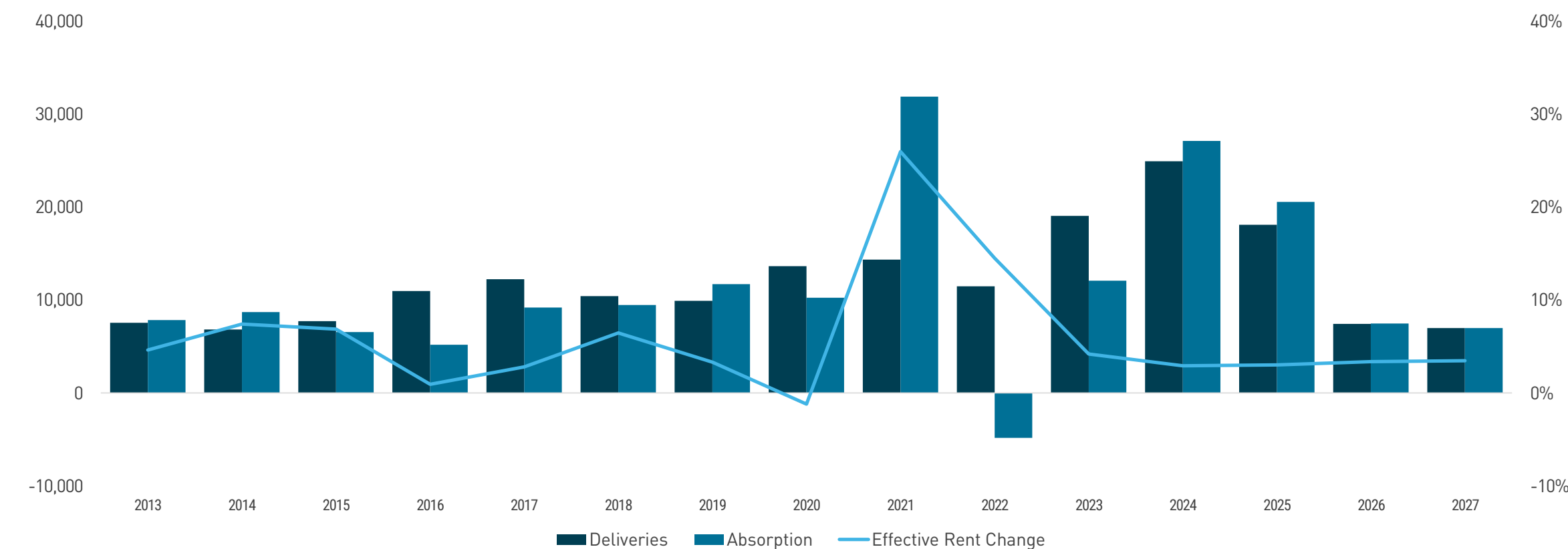
Above-average employment and population gains drove housing demand. After a sluggish 2022, multifamily leasing activity rebounded with 2,374 net new leases

signed during the first half of 2023. The rising cost of homeownership further fueled demand. Not only have prices remained elevated after the pandemic surge, but the cost of getting capital remains high.

These factors, paired with limited single-family construction in South Florida are expected to continue to drive housing demand towards new luxury apartments and garden style developments.

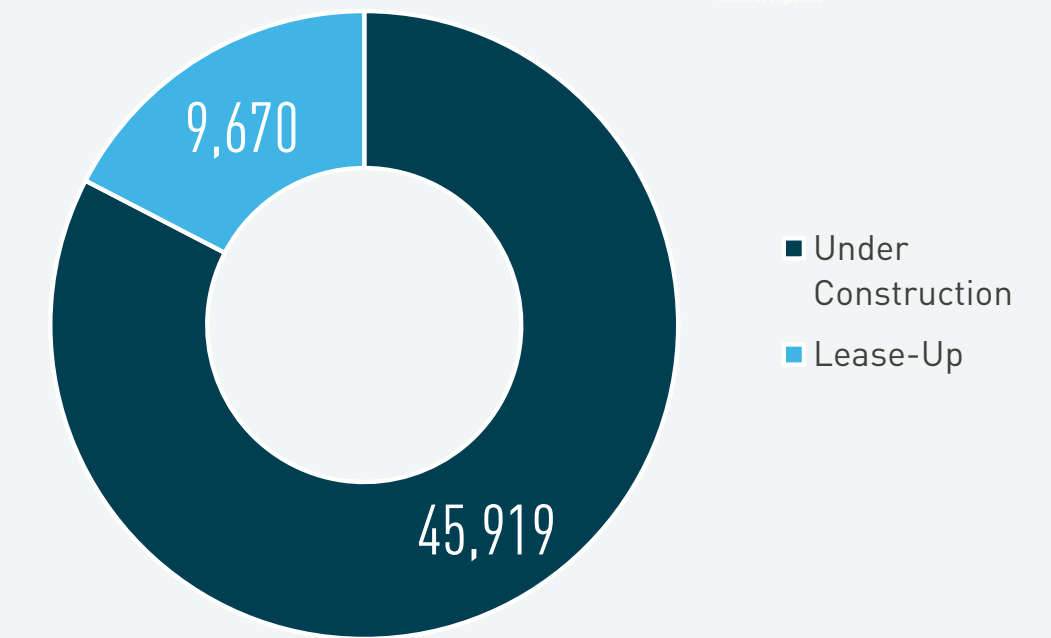
Demand for luxury units was growing at 8.9% annually as of the end of 2Q23. Since 2010, over 94% of demand growth has been in the class A asset class.

## Deliveries, Absorption, & Effective Rent Change

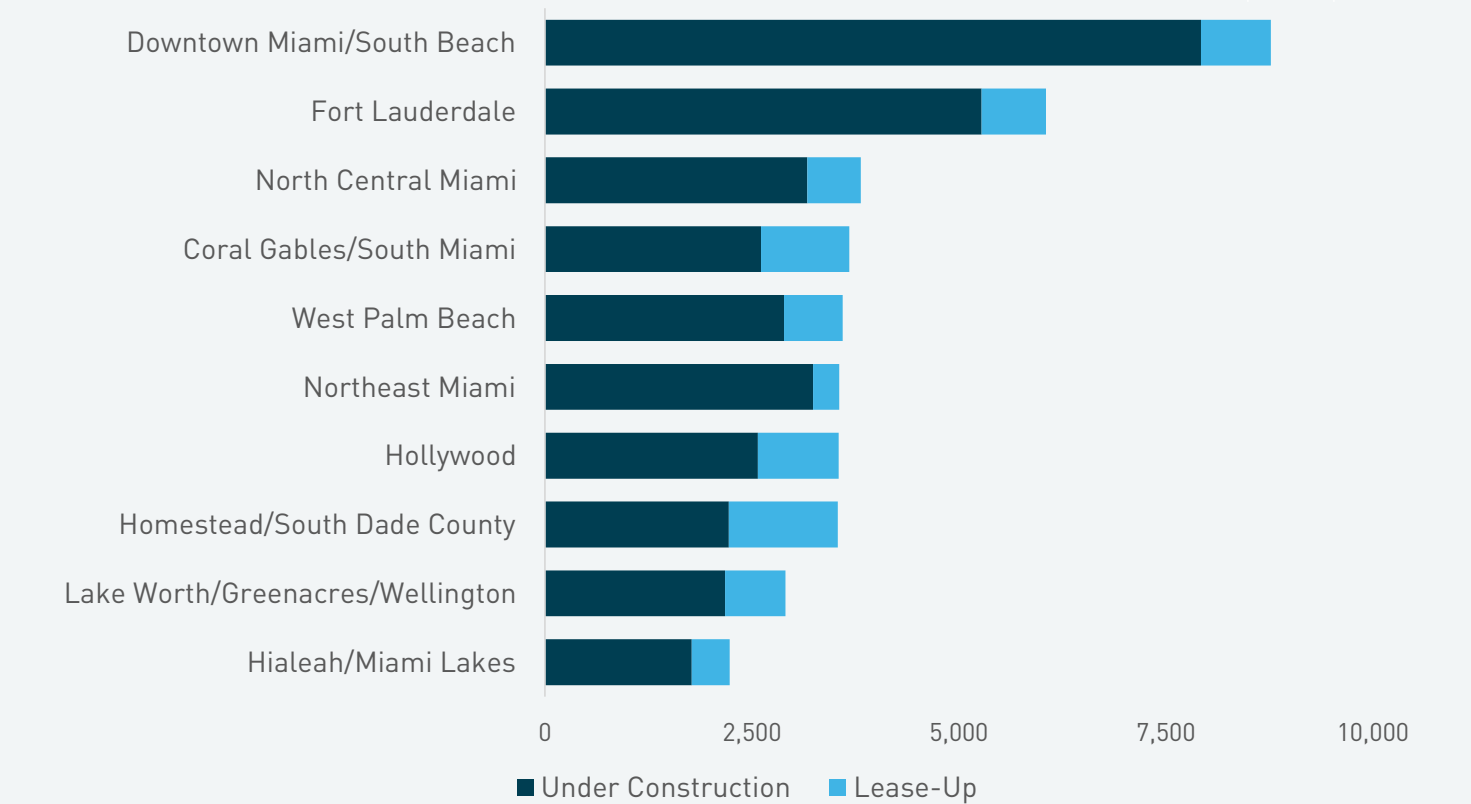


Source: RealPage

## Market Pipeline



## Top 10 Submarket Pipelines





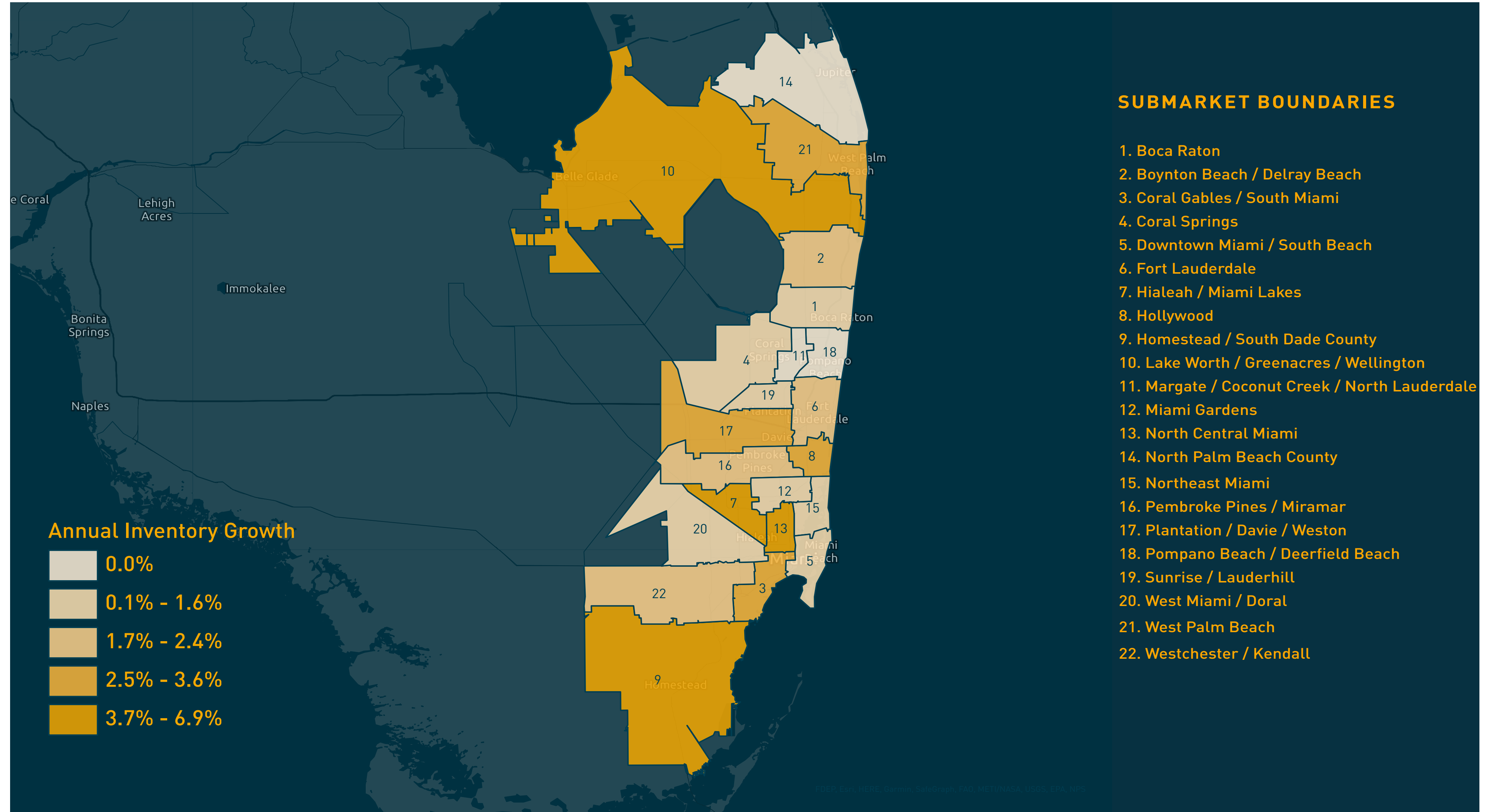
## SOUTH FLORIDA

# SUBMARKET ANNUAL INVENTORY CHANGE

The heaviest delivery volumes remained in the market's urban hubs and coastal submarkets. The Coral Gables/South Miami and Hollywood submarkets led the region, with the addition of 1,128 and 785 units, respectively, so far in 2023.

Deliveries in Coral Gables were paced by the 421-unit Cascade property. Located less than three miles from the University of Miami (UM) campus, the property is situated adjacent to the Douglas Road Metrorail station, which provides UM students and young professionals alike with an easy commute to campus and Downtown Miami.

Most of Hollywood's deliveries were in Dania Beach. The 384-unit Sea View at Dania I and 340-unit Soleste SeaSide are both within three miles of Ft. Lauderdale-Hollywood International Airport and Port Everglades, two of the largest employment hubs in Broward County.





# SOUTH FLORIDA RENT & OCCUPANCY

## Effective Rent

**Q2 2023**  
\$2,502  
↑ 6.3% YOY

## Occupancy

**Q2 2023**  
95.1%  
↓ 200 BPS YOY

Unprecedented rent growth has widened the gap relative to the U.S. average, making South Florida one of the most expensive markets in the nation for renters. While rent growth cooled from double-digit growth rates of 2022, the 6.3% increase in the second quarter of 2022 still placed the region among the top markets for rent growth. At \$2,502 per month, South Florida boasts the fourth-highest average effective rent on the East Coast.

While concessions began to slowly tick upward, the percentage of units offering concessions remains well below the pre-pandemic historical five-year average of 14.4%. A robust development pipeline, particularly in the luxury asset class, could push concessions higher and

further slow effective rent and occupancy growth.

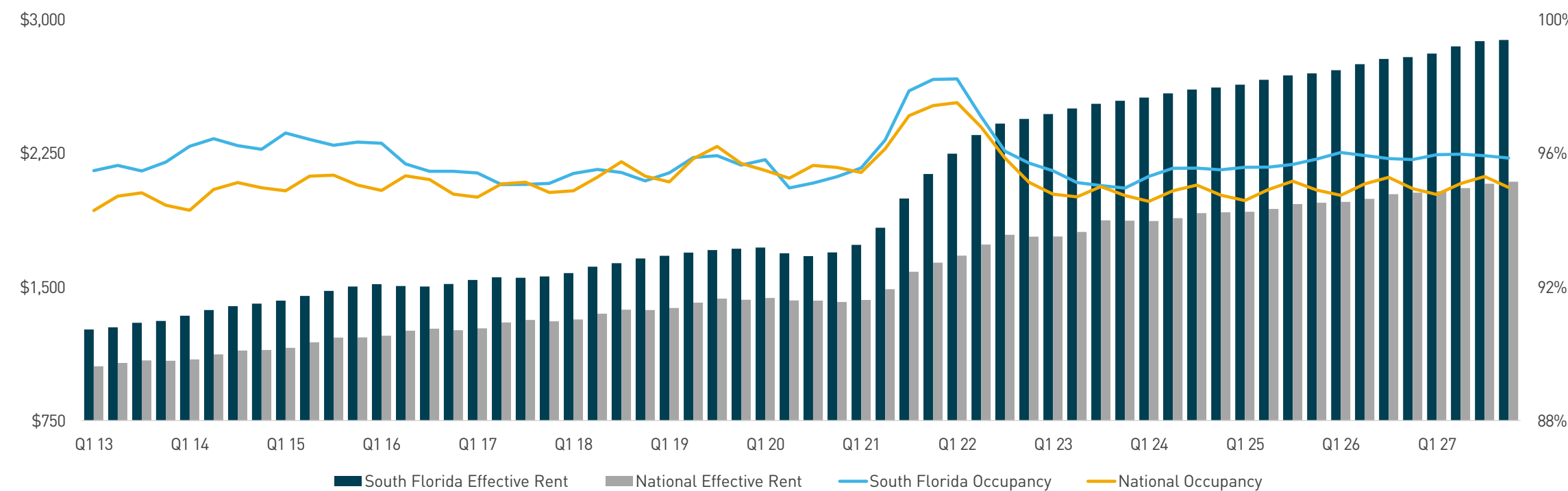
Healthy leasing activity was not enough to outpace deliveries, as all 22 submarkets in South Florida recorded an annual decrease in average occupancy. This resulted in the 200-basis-point drop in overall market occupancy to 95.1%, which is just below the market's average in the five years prior to 2020.

Further declines could be offset by well-performing class B and workforce housing assets, which remain in high demand thanks in part to the high employment concentrations in the hospitality and retail sectors along with elevated mortgage rates pricing out many buyers

## Submarket Performance

SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Boca Raton	93.8%	-240	\$2,803	4.3%
Boynton Beach/Delray Beach	94.5%	-110	\$2,392	0.9%
Coral Gables/South Miami	95.1%	-240	\$2,864	9.8%
Coral Springs	95.7%	-80	\$2,390	2.2%
Downtown Miami/South Beach	94.8%	-240	\$3,280	7.0%
Fort Lauderdale	93.2%	-270	\$2,885	5.8%
Hialeah/Miami Lakes	98.2%	-120	\$2,089	11.8%
Hollywood	93.2%	-410	\$2,318	4.6%
Homestead/South Dade County	96.9%	-90	\$1,941	7.9%
Lake Worth/Greenacres/Wellington	95.3%	-170	\$2,266	8.4%
Margate/Coconut Creek/North Lauderdale	94.8%	-170	\$2,235	0.0%
Miami Gardens	94.0%	-350	\$2,116	9.6%
North Central Miami	97.9%	-20	\$1,825	19.4%
North Palm Beach County	93.5%	-120	\$2,520	-0.2%
Northeast Miami	95.6%	-140	\$2,532	6.7%
Pembroke Pines/Miramar	95.9%	-120	\$2,526	3.3%
Plantation/Davie/Weston	94.9%	-170	\$2,541	2.3%
Pompano Beach/Deerfield Beach	96.4%	-190	\$2,178	5.3%
Sunrise/Lauderhill	94.8%	-270	\$2,155	6.4%
West Miami/Doral	94.5%	-320	\$2,677	6.5%
West Palm Beach	94.3%	-180	\$2,241	2.2%
Westchester/Kendall	96.5%	-150	\$2,199	8.8%

## South Florida vs. National Effective Rent & Occupancy



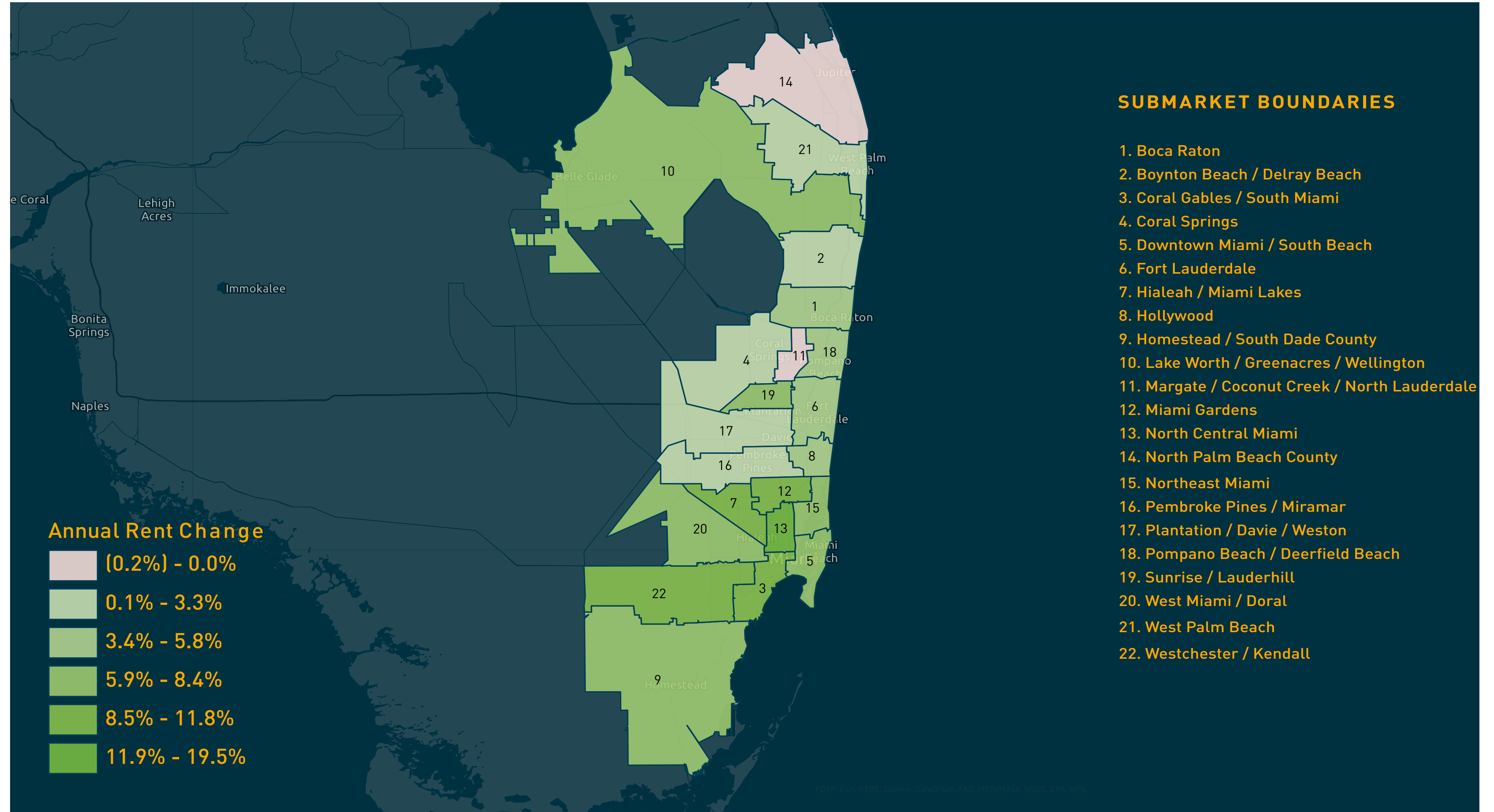
Source: RealPage



## SOUTH FLORIDA

# SUBMARKET ANNUAL RENT CHANGE

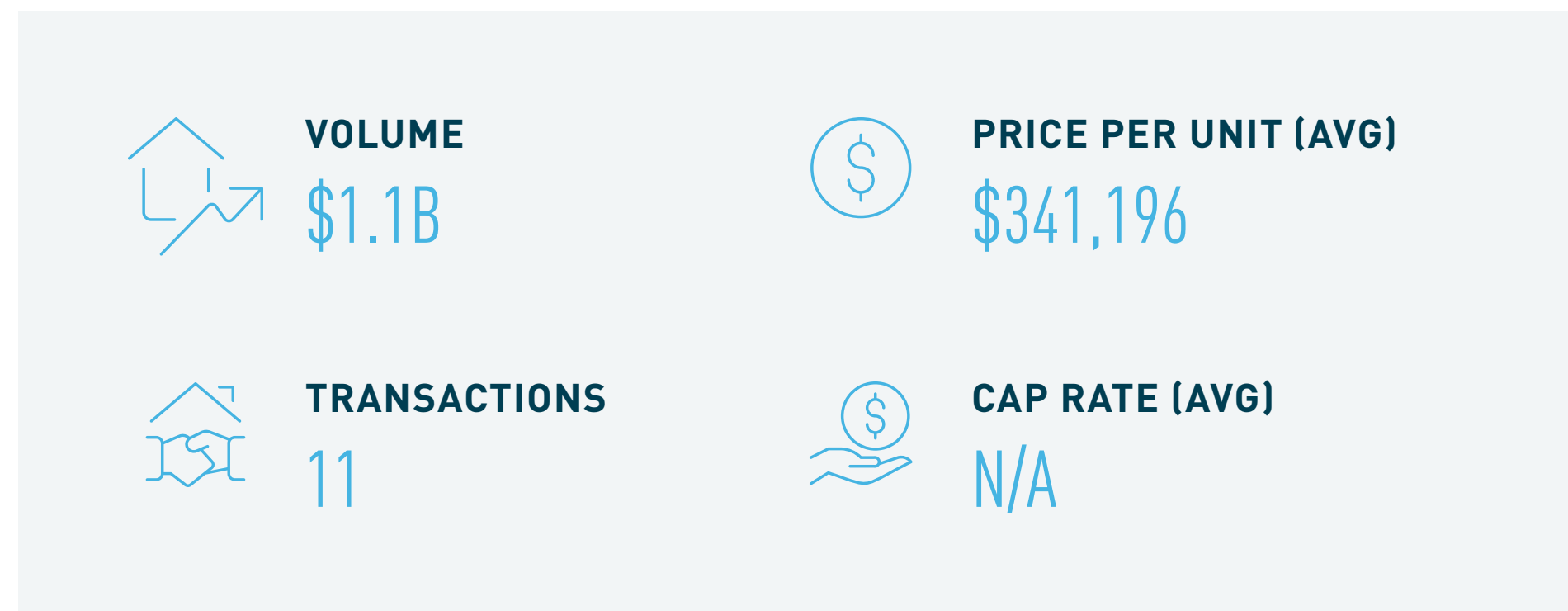
While South Florida's coastal submarkets have garnered much attention from developers, rent growth has been the most prominent west of I-95, particularly in Miami-Dade County's most affordable submarkets that neighbor Downtown Miami. Just west of downtown, the North Central Miami submarket's effective rent jumped 19.4% annually to \$1,825 per month, and is one of just two submarkets without landlord concessions during the second quarter of 2023. Further west, the Hialeah/ Miami Lakes submarket boasts the second-largest multifamily inventory in the county and was one of the most active in terms of leasing activity over the past year. The submarket inventory is primarily composed of Class B assets, which are in high demand and among the top-performing assets in terms of rent growth. This was a recipe for success among operators in the submarket, who pushed rent up 11.8% annually to \$2,089.



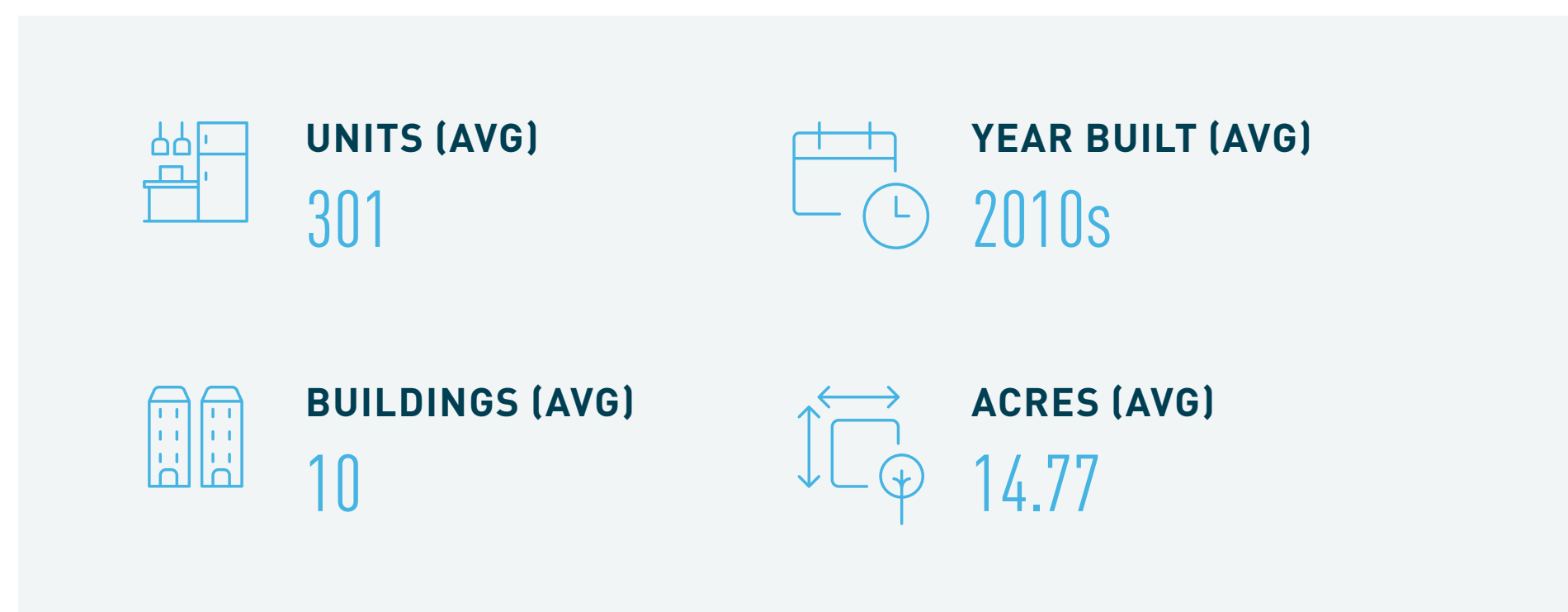


# SOUTH FLORIDA SALES

2023 Year to Date\*



What's Trading?\*



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

Top Buyers\*\*

BUYER	LOCATION
Blackstone	New York
Cortland	Atlanta
Harbor Group International	Norfolk, VA
Starwood Capital	Miami Beach, FL
Cardone Capital	Aventura, FL

Top Sellers\*\*

SELLER	LOCATION
Cornerstone Group	Hollywood, FL
Rockpoint Group	Boston
Mill Creek Residential	Boca Raton, FL
PGIM	Newark, NJ
Related Companies	New York

\*\*Past 24 Months



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

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