

## Hiring in the Tourism and Travel Industries Poised to Benefit Lower-Tier Housing Demand in Broward County

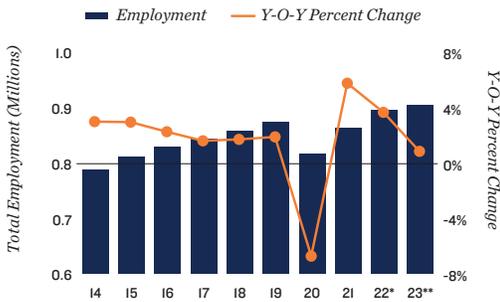
**Rapid rent growth slows household formation.** In-migration to the region has prompted an unprecedented stretch of rent growth. The average effective rate in Fort Lauderdale has risen by more than 45 percent since the onset of the pandemic, outpacing all other major South Florida markets. Many local residents felt sticker shock from the rapid increase during a period of widespread inflation, resulting in market conditions softening last year. This trend will likely remain in the near term, as a potential economic downturn is expected to temper apartment demand, resulting in slower rent growth and higher vacancy relative to levels observed during the health crisis. New supply will also be a factor, as 6,000 units are expected to deliver in 2023, marking an annual record. However, international travel is expected to accelerate this year, and notable cruise operators have reported that forward bookings for 2023 are above historical levels. Hiring in the leisure and hospitality segment may ramp up in response and help offset job losses in other sectors like the tech industry. While overall vacancy is expected to inch up, renter demand for lower-tier units should remain comparatively strong throughout this year

**Buyers intrigued by long-term prospects in Fort Lauderdale.** Since the onset of the health crisis, Broward County has been among the national leaders in effective rent growth and has caught investors' attention. Transaction velocity remained robust in 2022 amid rising interest rates, suggesting buyers are optimistic about local apartment demand drivers, despite near-term national economic headwinds. Investors seeking lower entry costs this year may target assets in submarkets like Pompano Beach-Deerfield Beach and Sunrise-Lauderhill, where pricing often falls below \$225,000 per unit — the market average exiting 2022. In Central Fort Lauderdale and Pembroke Pines-West Miramar, institutional buyers engaged in the market may find opportunities for newer builds, given significant local construction activity as of late.

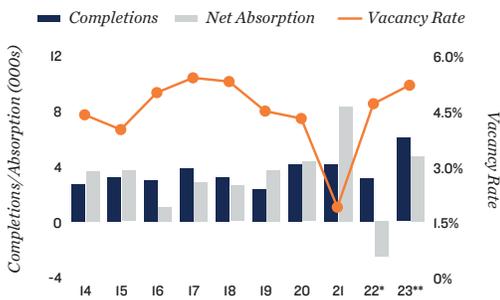
### 2023 Market Forecast

- NMI Rank** | Continued job gains and robust household formation benefit rental metrics, securing the top spot for Fort Lauderdale.
- Employment** up 0.9%  Roughly 8,000 new jobs will be created in 2023, driven by hiring in the leisure and hospitality segment.
- Construction** 6,000 units  Supply additions are projected to reach a record high, with apartment inventory increasing by 3 percent. Deliveries will be concentrated in Central Fort Lauderdale and Hollywood.
- Vacancy** up 50 bps  Although vacancy is expected to rise this year, the magnitude will be much less than the 280-basis-point increase recorded in 2022. The rate will reach 5.2 percent by year-end.
- Rent** up 5.8%  Annual rent growth will return to a more sustainable level, following two consecutive years of double-digit gains. The average effective rate will elevate to \$2,555 per month in 2023.
- Investment**  Entry costs roughly 7 percent less than any other major South Florida metro may draw buyer interest for apartment assets in Broward County as interest rates continue to climb.

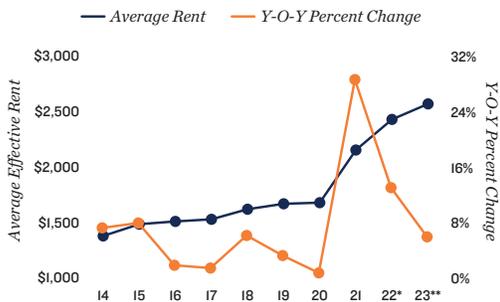
#### Employment Trends



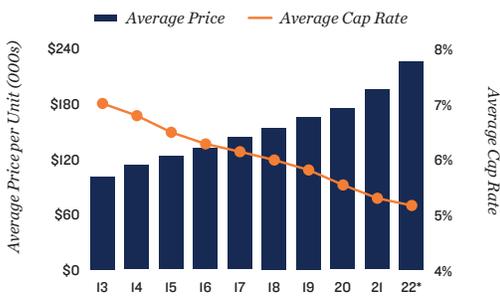
#### Supply and Demand



#### Rent Trends



#### Sales Trends



\* Estimate; \*\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.