

# INVESTMENT FORECAST

Marcus & Millichap

## MULTIFAMILY

Fort Lauderdale Metro Area






2019

### Young Tech Workers' Active Lifestyle Aligns With Flexibility of Rental Lifestyle

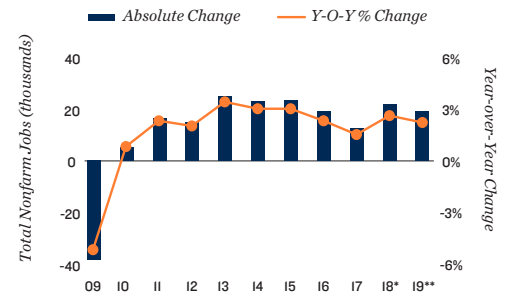
**High mobility of young professionals a benefit for new luxury units.** Fort Lauderdale's job market has diversified in recent years, attracting more national and regional headquarters and growing the presence of tech companies substantially. With a robust and healthy job market, aided by a favorable business and tax climate, domestic migration into Broward County remains strong, driving a need for more housing options. The single-family home market remains challenging for many first-time buyers and barriers to ownership will increase this year amid rising interest rates and reduced tax incentives, keeping demand for rental housing elevated. Fort Lauderdale is quickly becoming a place where more young professionals want to live, drawn by lower prices and highly amenitized complexes in close proximity to employment hubs, nightlife and restaurants. The newly opened Virgin Trains rail system and the expansion of Tri-Rail directly into Downtown Miami are making it easier for people to get around in a region notorious for bad traffic, which could boost the number of residents commuting to jobs outside Broward County every day.

**Excitement builds around new prospects in some of Fort Lauderdale's fastest-changing neighborhoods.** The designation of multiple opportunity zones across Broward County will quickly boost liquidity in long overlooked areas, extending the transformation of the region. Healthy demographics and solid property performance have been a major draw for investors, which often achieve a first-year yield in the low-6 percent territory. Years of investment have already shifted the makeup of some of these areas, including Flagler Village, which continues to be a target for capital as the potential for outsize returns remains. Years of revitalization efforts and new construction in other parts of the market will be eyed by investors seeking to locate near the recent growth in areas such as West Broward, where the Metropica project is underway, or near Dania Pointe, a new mixed-use development.

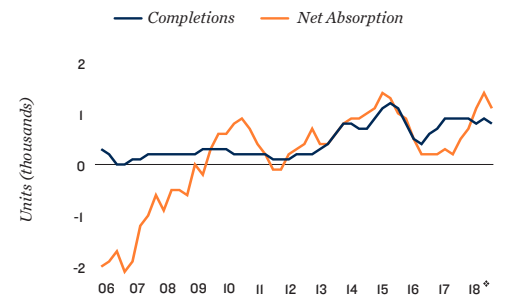
### 2019 Market Forecast

- Employment**  The creation of 19,000 jobs this year trails the 2.6 percent gain recorded last year as the labor market tightens.  
up 2.2%
- Construction**  Deliveries are most concentrated in Fort Lauderdale proper and Pompano Beach, and they match last year's total.  
3,600 units
- Vacancy**  Net absorption holds above 4,000 units once again this year, supporting a declining vacancy rate, which will reach 4.3 percent at year end, adding to last year's 40-basis-point drop.  
down 50 bps
- Rent**  Building on a 3.7 percent increase in 2018, the average asking rent rises to \$1,600 per month this year.  
up 3.8%
- Investment**  Increased development in and around downtown Fort Lauderdale has more young professionals living in the area. It's also breathing new life into the market, which could motivate owners to list and capitalize on recent gains.

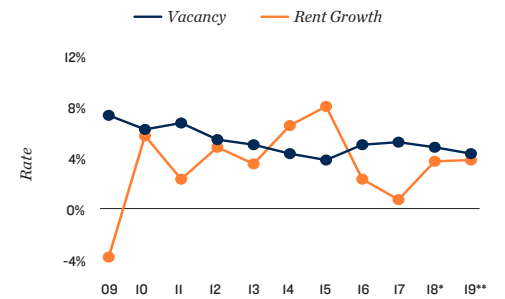
#### Employment Trends



#### Quarterly Completions vs. Absorption\*



#### Vacancy and Rents



\* Estimate; \*\* Forecast; \* Through 3Q; \* Trailing 12-month average  
Sources: CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics

#### Fort Lauderdale Office:

**Ryan Nee** Vice President/Regional Manager  
5900 N. Andrews Avenue, Suite 100  
Ft. Lauderdale, FL 33309  
(954) 245-3400 | ryan.nee@marcusmillichap.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of November 2018. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.