

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

Fort Lauderdale Metro Area






2020

Steady In-Migration Supporting Fort Lauderdale Housing Demand; Investors Remain Active

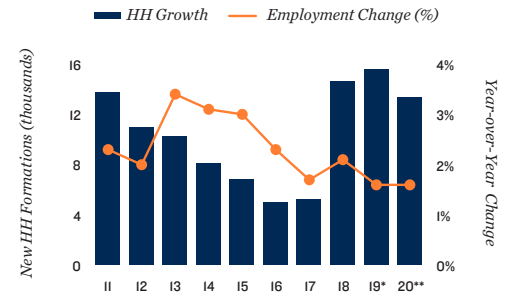
Stable household formation and sound hiring lift demand for rental housing. Fort Lauderdale remains a popular destination for retirees because of its favorable tax and weather climate. The metro is one of the leading destinations for retirees 65 and older in the nation. Young professionals are also increasingly drawn to Broward County for its mix of major corporations, including American Express, Citrix and AutoNation, along with rental rates below those in Miami and West Palm Beach. Both the young adults and retirees are fueling rental demand as it offers flexibility, amenities and quality locations proximate to services. Renters are being drawn to rapidly transforming areas of the market like Flagler Village, which caters to millennials with trendy restaurants and nightlife while also being located a short distance to mass transit. Dania Beach is in the early stages of a major revitalization of its city center as well as Dania Pointe nears completion and other projects are in the works.

Demographics and property performance sustain investor appetite. An abundance of capital will pursue opportunities in Broward County this year, motivated by strong underlying demand that keeps rents on an upward trajectory. An attractive yield profile also boosts liquidity in the market with buyers often finding cap rates in the low-6 percent band and sometimes in the mid-7 percent territory for smaller Class C properties. The suburban areas of Plantation/Sunrise and Pompano Beach/Deerfield Beach will maintain investor interest among both private investors and institutional groups for their mix of modern Class A complexes and value-add opportunities. Flagler Village and other areas of downtown Fort Lauderdale will remain in investor focus because of the Brightline express train, which now connects the business districts of the three South Florida metros, sustaining strong demand from young professionals.

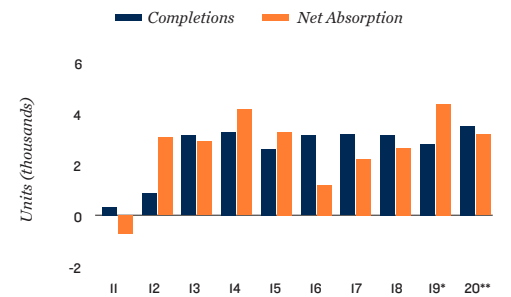
2020 Market Forecast

- Employment up 1.6%**  Employers add 14,000 workers to company payrolls this year, mirroring the 1.6 percent pace of growth posted last year.
- Construction 3,500 units**  This will be the most active year for deliveries on record, outpacing last year's total by 700 units.
- Vacancy up 10 bps**  Robust supply growth overshadows demand in 2020 to push the vacancy rate up to 4.4 percent. A 90-basis-point decline was registered in 2019.
- Rent up 3.7%**  After climbing 4.1 percent last year, the average effective rent increases to \$1,700 per month in 2020.
- Investment**  Zoning changes in Dania Beach allow for more small-lot mixed use development, motivating developers to move forward with plans that will reshape the city center. The Dania Pointe development and proximity to I-95 boost sentiment of the area.

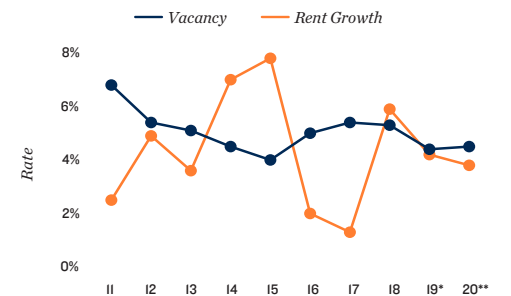
Economic Trends



Completions vs. Absorption



Vacancy and Rents



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

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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 2019. 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.