

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

Miami-Dade Metro Area

2024

Local Homeownership Hurdles Among the Nation's Steepest, Helping Curb Increasing Apartment Vacancy

Growth dynamics are above historical norms, despite some tempering momentum. Robust in-migration over the last three years has boosted the average apartment rent roughly 50 percent since 2020. The loss of some affordability advantages may now partially hinder inflows as population gains are expected to moderate. Nevertheless, corporate relocations and expansions are helping drive a rate of growth that remains above historic norms. Citadel's move to Brickell is a notable example, adding to the metro's base of skilled labor. Though many of these new positions are higher-wage jobs, homeownership challenges are directing more residents to apartments. In addition to elevated mortgage rates, Miami boasts the third-highest median home price in the country, following a 65 percent hike between 2019 and 2023. This dynamic helps tame the pace of vacancy expansion in 2024, allowing the metro to retain the lowest measure among major Florida markets. A record supply influx, however, is set to place particular pressure on the luxury segment, increasing concession offerings in the near-term.

Locational interest varies in accordance with capital deployment. Trading velocity significantly declined last year, following a historic count of transactions in 2022. Institutional grade activity, however, has started to return amid the Federal Reserve easing up on rate hikes, while some funds face capital deployment expirations. Western Miami-Doral and Hialeah-Miami Lakes should continue to be popular areas among these investors. Tighter Class A conditions here than the overall market is a driver for initiating deals, while a subdued active pipeline locally may maintain this dynamic moving forward. Private buyers acquiring assets are increasing their holdings in North Central and Northeast Miami. These units are attractive for renters, given their proximity to near-by beaches, urban amenities and affordability relative to Brickell and Downtown-South Beach.

2024 MARKET FORECAST

+2.3%



EMPLOYMENT: The addition of 30,000 positions on net this year will allow for Miami's overall employment growth rate to exceed all other major Florida metros in 2024.

10,000 units



CONSTRUCTION: Deliveries this year will surpass Miami's previous all-time high by roughly 2,000 units, increasing stock by 3.1 percent. Downtown-South Beach accounts for nearly one-third of new supply.

+20 bps



VACANCY: Reaching 5.0 percent by year-end, market vacancy will be the lowest among major Sun Belt metros, aside from California markets like Los Angeles, San Jose and San Diego.

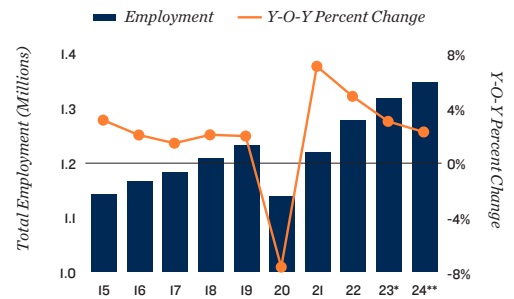
+3.0%



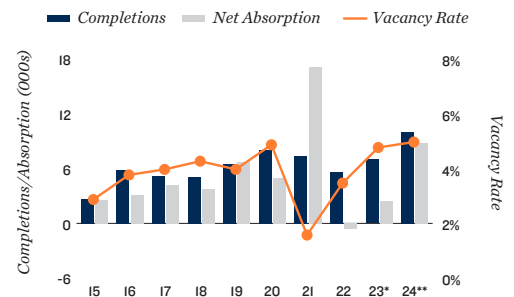
RENT: Miami's average effective rent reaches \$2,678 per month in 2024. This will be roughly 52 percent ahead of its 2019 mean, the second-largest gain among major U.S. markets over that span.

INVESTMENT: Local affordability challenges will continue to support renter demand for Class C units, preserving nationally-tight segment vacancy and consistent rent growth. This may elevate investor interest moving forward.

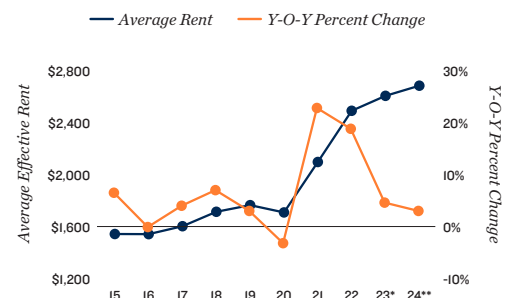
Employment Trends



Supply and Demand



Rent Trends



* Estimate; ** Forecast

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

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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 December 2023. 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.