

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

Miami-Dade Metro Area

2025

High-Income Renters Fuel Miami's Market as Suburban Tightness Draws Investor Attention

Luxury rentals aided by job surge. By the end of 2025, Miami-Dade is projected to have added over 90,000 jobs since early 2023, leading all major Florida markets. A growing professional and business services sector has increased renter demand, as high home prices steer even affluent residents toward apartments. Rising rents in the urban core are also prompting many to seek more budget-friendly housing in the suburbs, with expanding transit infrastructure likely to support this shift. Notably, the South Dade TransitWay is scheduled to open in early 2025, running 20 miles from South Miami to Florida City. With deliveries forecast to moderate after a record influx, new supply should be generally well received. Last year, luxury units remained in high demand, as Class A vacancy tightened across the metro despite elevated completions. In particular, upper-tier vacancy downtown fell by nearly 100 basis points to under 5 percent, paving the way for strong rent growth. The potential for extreme weather has yet to sway the metro's positive momentum. Looking ahead, construction starts may rise, due in part to recent changes in the Live Local Act, which includes reduced parking requirements and enhanced tax incentives.

Low vacancy attracts investors to the suburbs. Tight market conditions are likely to drive investor demand, particularly for Class C apartments. Metrowide Class C vacancy in 2024 ranked as the second-lowest among major U.S. markets, behind only New York. The submarkets encompassing Coral Gables and Hialeah underscore the strong demand for lower-cost units. In both cities, Class C vacancy fell below 1 percent last year, marking record lows. A similar dynamic was observed in and around Homestead. Despite recording the fastest inventory growth in the metro, overall vacancy remained the lowest here, led by Class C units under 3 percent. With fewer deliveries expected in the suburbs than in the urban core this year, these submarkets should experience continued strong performance.

2025 MARKET FORECAST

+1.7%



EMPLOYMENT: Miami adds 23,000 jobs in 2025, spearheaded by traditionally office-using roles. Total employment will stand over 7 percent ahead of the 2022 level, ranking fifth among major metros.

8,100 units



CONSTRUCTION: Inventory growth will slow to 2.4 percent in 2025, which still marks the third-fastest pace since at least before 2000. Supply additions are concentrated in the metro's urban core.

-10 bps



VACANCY: The largest in-migration total in over a decade helps reduce vacancy to 4.5 percent. This ranks as the second-lowest rate among major East Coast markets, outdone only by New York.

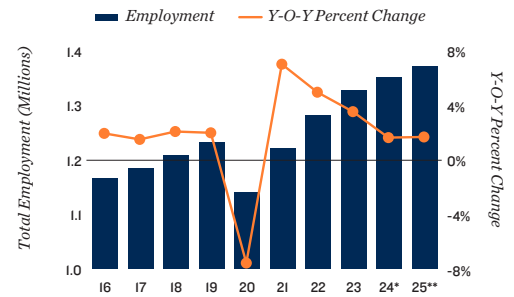
+3.6%



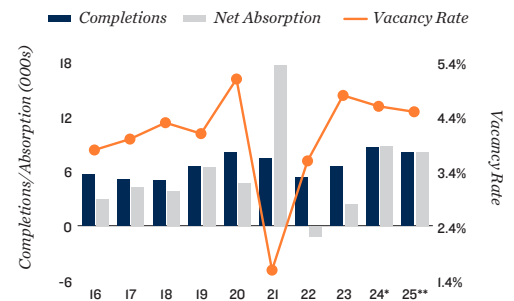
RENT: The metro's average effective rent reaches \$2,714 per month by year-end. Rising at a faster pace than last year, Miami will rank among the top 10 major U.S. markets for rent growth.

INVESTMENT: MSC Cruises' new terminal, set for completion in 2025, is expected to create a significant number of jobs, potentially boosting rental demand and drawing increased investor interest in nearby Class C units.

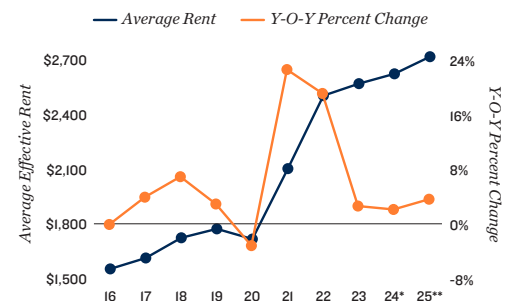
Employment Trends



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 2024. 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 guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.