

## MULTIFAMILY

Fort Lauderdale Metro Area

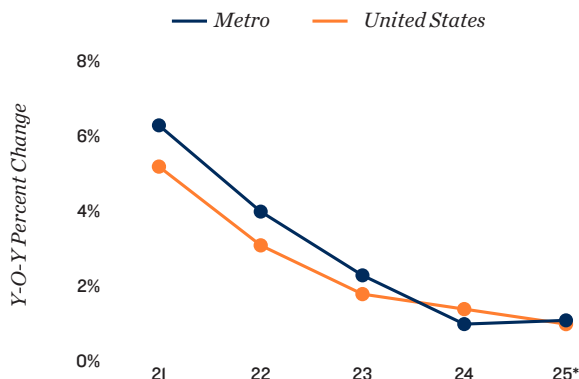
2Q/25

### Absorption Reached Post-Pandemic High, Yet Class C Performance Shows Uneven Recovery

**Newer units see leasing surge.** Fort Lauderdale started 2025 with its strongest three-month net absorption total since 2021, driven by employment gains across a broad range of sectors. Metrowide vacancy fell 60 basis points to nearly 5 percent as of March. Both suburban areas and the CBD registered notable quarterly declines. Class A and B assets led the momentum, particularly in Central Fort Lauderdale and Hollywood, where development remains concentrated. Units of the same tiers also attracted renters in outer areas, most notably near Plantation, where demand outpaced a record-high delivery volume early in the year. These trends suggest renter appetite for new apartments is still healthy, even as macroeconomic uncertainty threatens to temper leasing velocity in the months ahead.

**Class-level split underscores headwinds.** A recent pullback in Class A and B concessions usage is expected to support a modest rebound in rent growth by year-end, especially as supply additions remain manageable. Class B and C renter retention rates, meanwhile, hit their highest levels since 2022 in April, which may help improve occupancy in these segments. That said, Class C vacancy rose early in the year across Plantation, Hollywood Beach and Pembroke Pines. Concessions in this tier also remain elevated compared with higher-end assets, suggesting owners are leaning on incentives to attract and retain lower-income renters. Softening in the labor market could intensify the reliance on concessions moving forward.

#### Employment Trends



\* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

### Multifamily 2025 Outlook



9,000

JOBS

will be created

#### EMPLOYMENT:

Job growth is poised to stay consistent with last year, expanding the local employment base by 1.0 percent. Construction, hospitality, education and retail-related sectors each added over 1,000 positions in early 2025.



4,200

UNITS

will be completed

#### CONSTRUCTION:

Development moderates this year; however, the number of units added is still 600 rentals above the metro's 10-year average. Central Fort Lauderdale and Hollywood are slated to account for roughly two-thirds of new supply.



40

BASIS POINT

decrease in vacancy

#### VACANCY:

Vacancy will fall for a second straight year, driven by resilient rental demand and a modest delivery slowdown. The local rate is expected to reach 5.3 percent by year-end, holding 50 basis points above the 10-year average.



2.0%

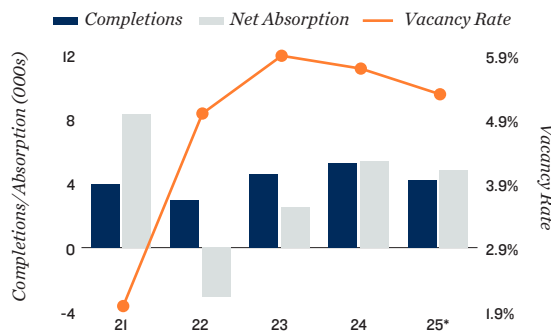
INCREASE

in effective rent

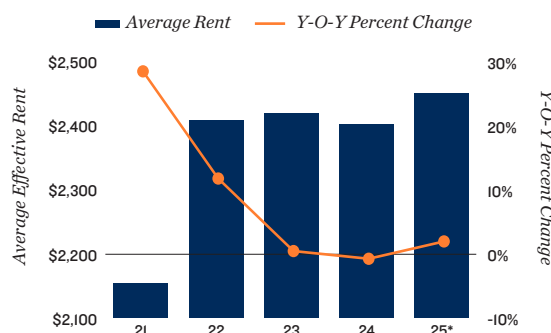
#### RENT:

Tightening vacancy and a pullback in concessions usage will lift the metro's mean effective rent to \$2,450 per month. Even so, rent growth will remain well below the metro's long-term average of 4.5 percent.

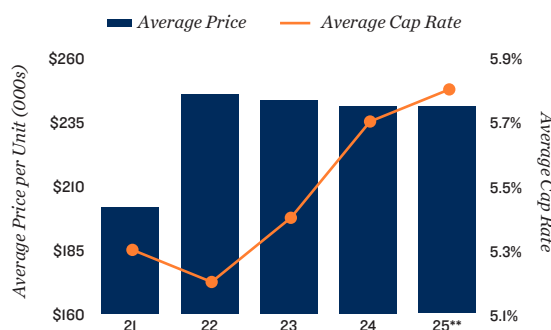
## Supply and Demand



## Rent Trends



## Sales Trends



\* Forecast \*\* Through 1Q

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

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## 1Q 2025 — 12-Month Period



### CONSTRUCTION

**5,559** units completed

- Completions over the past year rose 820 units above the prior 12-month total, expanding inventory by 2.7 percent — the fastest pace since 2021.
- Central Fort Lauderdale, Hollywood and Plantation each welcomed more than 1,100 units during the period, driving local inventory growth rates above 2.5 percent. Meanwhile, no other area added more than 600 units.



### VACANCY

**60** basis point decrease in vacancy Y-O-Y

- Tightening across all property classes allowed vacancy to fall 60 basis points during the first quarter of 2025 to 5.1 percent in March.
- Except for Coral Springs, every submarket recorded a vacancy decline over the past 12 months, led by a 200-basis-point drop in Hollywood and 100-basis-point decreases in Pompano Beach and Coconut Creek.



### RENT

**1.1%** decrease in the average effective rent Y-O-Y

- The metro's mean effective rent reached \$2,414 per month in March. Class A and B rates declined by over 2 percent, while Class C rents held steady.
- Hollywood and Central Fort Lauderdale posted the steepest rent drops amid elevated new supply, each around 3 percent. Meanwhile, Pompano Beach, Lauderhill and Coral Springs noted sub-1 percent rent growth.

## Investment Highlights

- Sales activity strengthened in early 2025; however, preliminary second-quarter data suggests a pullback is materializing amid economic headwinds. Even so, improving fundamentals may continue to attract investors. Pembroke Pines and Plantation are likely to remain favored by institutions, as affluent renter demand amid limited development lowered the area's upper-tier vacancy rate by 80 basis points over the past 12 months.
- Private buyers are expected to stay active in the metro's urban areas, where population density and access to major job centers support a stable working-class renter base. Central Fort Lauderdale and Pompano Beach may draw particular interest. In both submarkets, Class C vacancy was below 3 percent in March — a claim just seven other Florida submarkets can make.
- Investors with a larger-scale focus have also been more active in urban locales, particularly Central Fort Lauderdale. The submarket's Class A vacancy rate fell by 60 basis points in the first quarter of 2025 to 6.4 percent, which is now below the local Class B rate. Return-to-office policies are prompting many higher-earning renters to prioritize proximity to employment hubs, reinforcing demand for centrally located, upper-tier units.