MARKET REPORT

MULTIFAMILY
Miami-Dade Metro Area

Marcus & Millichap

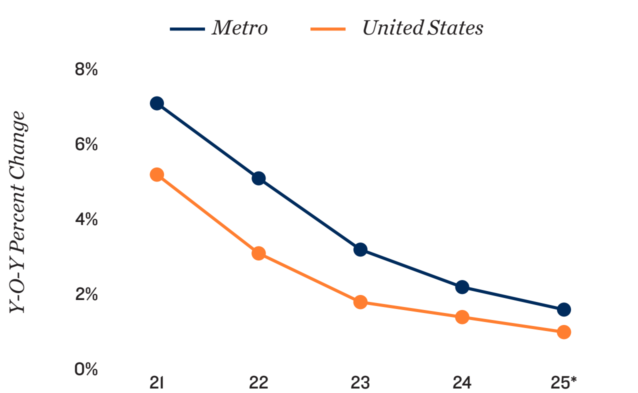
2Q/25

Higher-Tier Leasing Holds Firm as Suburban Development Pullback Strengthens Fundamentals

Office sector hiring fuels urban leasing. Miami's multifamily market continued to tighten in the first quarter of 2025. Metrowide vacancy fell to 4.3 percent in March — the lowest level since early 2023. Easing supply pressures and steady renter demand, bolstered by resilient office-using job growth, drove notable compression in Class A and B vacancy rates. Downtown Miami and the metro's northern suburbs, where development has been concentrated, sustained strong lease-up of new units. In contrast, vacancy rose slightly in the Class C segment, reflecting financial strain among lower-income households likely tied to recent job losses in the hospitality sector. Although rent growth in this tier remained elevated amid limited availability, softening demand may temper future gains.

Supply slowdown benefits the suburbs. After 2024's record delivery total, completions are set to decline this year, roughly aligning with the metro's 10-year average of annual additions. Suburban areas will lead the slowdown, while the urban core is still expected to face an elevated delivery pipeline. In South Dade County, new supply will fall by 1,000 units compared with 2024. Completions will also ease near Westchester and northern areas like Aventura, aiding a gradual improvement in property fundamentals. In cost-accessible submarkets such as Kendall and Hialeah, Class B assets are well-positioned to outperform, offering relative affordability alongside modern amenities that remain attractive to value-driven renters.

Employment Trends



** Forecast*

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

Multifamily 2025 Outlook

20,000
JOBS
will be created

EMPLOYMENT:

Hiring in knowledge and service sectors will keep Miami's job growth among the top 10 major markets at 1.5 percent. This pace trails only Orlando in Florida and sits just below the metro's 10-year average of 1.9 percent.

7,600
UNITS
will be completed

CONSTRUCTION:

Deliveries will ease from 2024's record, bringing inventory growth down to 2.3 percent. Downtown Miami will receive nearly 30 percent of new units, with northern suburbs also capturing a sizable share.

20
BASIS POINT
decrease in vacancy

VACANCY:

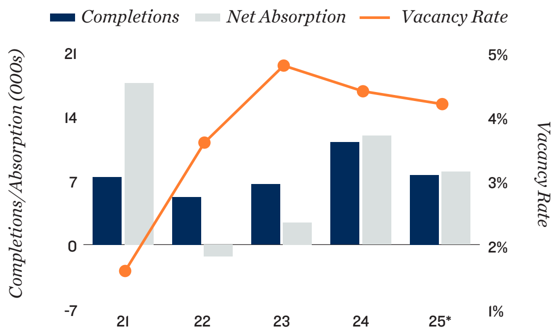
Falling completions will support continued vacancy compression, bringing the metro's rate down to 4.2 percent by year-end — the 10th lowest nationally and just above the prior decade's average of 4.0 percent.

3.1%
INCREASE
in effective rent

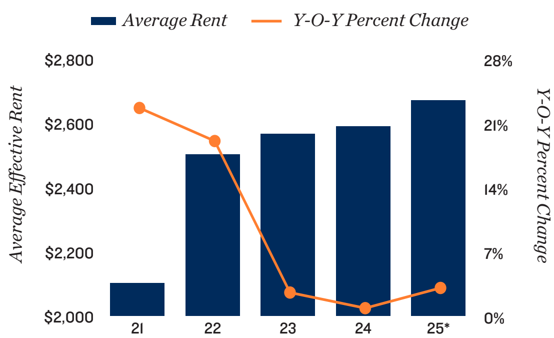
RENT:

Annual rent growth will reach a two-year high, upheld by improving upper-tier fundamentals. The metro's average effective rent is expected to reach $2,670 per month, rising at the ninth-fastest pace in the country.

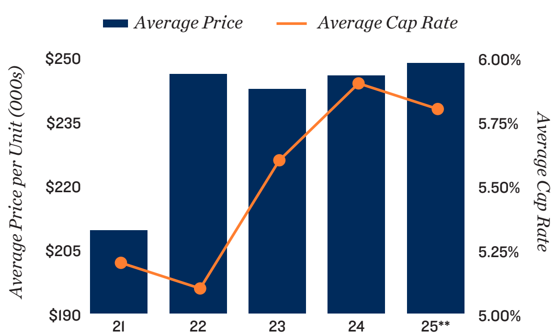
Supply and Demand



Rent Trends



Sales Trends



** Forecast ** Through 1Q*

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

1Q 2025 — 12-Month Period

CONSTRUCTION

11,314 units completed

- The metro's inventory grew at a two-decade high of 3.5 percent over the 12 months ended in March, though first-quarter deliveries slowed sharply.
- Downtown Miami led with over 2,600 units delivered, lifting local inventory by 3.7 percent. South Dade and North Central Miami followed, each receiving over 1,600 units and growing their inventories by about 10 percent.

VACANCY

50 basis point decrease in vacancy Y-O-Y

- Vacancy hit 4.3 percent in March, driven by annual declines of at least 50 basis points in Class A and B rates, while the Class C mark edged higher.
- The CBD saw one of the steepest vacancy declines metrowide last year, falling nearly 100 basis points. Meanwhile, rapid supply growth in North Central Miami and South Dade kept rates flat or pushed them higher.

RENT

0.6% increase in the average effective rent Y-O-Y

- Class A and B rent growth under 1 percent offset gains above 5 percent in Class C units, bringing the metro's mean rent to $2,603 per month.
- Most submarkets posted year-over-year rent growth between 1 percent and 2 percent as of March. In contrast, an influx of premium new supply in North Central Miami pushed the effective rate up more than 15 percent.

Investment Highlights

- Sales activity remained modest in early 2025, as private buyers faced continued interest rate pressure. At the same time, well-capitalized institutions showed greater momentum. Mid-tier assets in suburbs like Kendall attracted increased interest, aided by lower entry costs and steady renter demand. Class B vacancy declined across all submarkets during the first quarter, underscoring the resilience of moderately priced housing.
- While Little Havana stayed a top target for private buyers, rising activity in North Beach and around Coconut Grove signals a shift in acquisition strategies. These areas offer more affluent renter bases, supporting income stability amid softening lower-tier fundamentals. Although Class C vacancy rose in early 2025, it remains well below Class A and B levels, sustaining strong rent growth for well-managed, strategically located assets.
- Institutional activity in Downtown Miami has strengthened. Buyers are targeting assets built or renovated within the past 10 years, often through portfolio deals. As of April, vacancy in the urban core sits below suburban levels. The Class A rate declined 110 basis points year over year to 4.3 percent, further solidifying investor confidence in the metro's CBD.

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