

## MULTIFAMILY

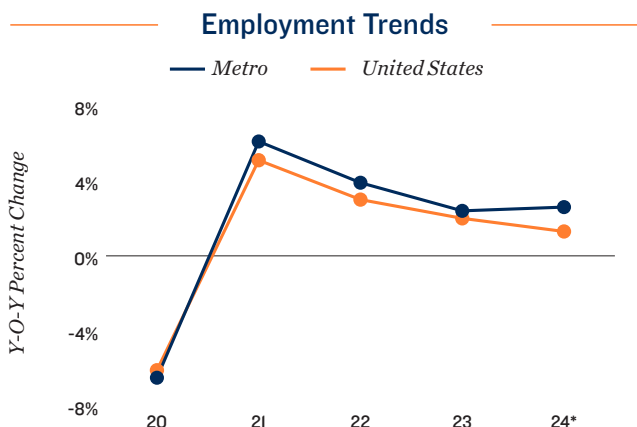
Fort Lauderdale Metro Area

# 4Q/24

### Employment Gains Drive Luxury Absorption; Suburban Markets Poised to Remain Tight

**Urban appeal draws high earners.** After matching Miami for the fastest annual employment growth in Florida as of August, net absorption outpaced new supply in the first half of 2024. This allowed metrowide vacancy to fall by 40 basis points to 5.5 percent during the first six months of the year — a marked shift after rising nearly 100 basis points in 2023. The urban submarkets of Hollywood and Fort Lauderdale have experienced the strongest demand, with renters drawn by high-paying jobs and convenient access to retail and commercial amenities. Fort Lauderdale’s median household income, over 4 percent above Miami’s, is also contributing to sustained leasing activity for the many newly completed high-end projects. Although ongoing completions through 2025 are likely to limit rent gains, slowing construction starts will ease future supply pressures, while softening inflation should support consumer demand.

**Development stalls in the suburbs.** Over 70 percent of the projects under construction are located to the east of Interstate 95, with activity concentrated in the city of Fort Lauderdale. This is expected to ease supply pressures on outlying areas, where vacancy has remained lower compared with closer-in submarkets despite elevated deliveries over the past year. Fewer completions moving forward should allow tight conditions to persist, with the Sunrise-Lauderhill submarket benefiting the most after delivering over 1,000 units in 2023 and having fewer than 300 units under construction as of July.



\* Forecast  
Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

### Multifamily 2024 Outlook



24,000

JOB

will be created

#### EMPLOYMENT:

Total payrolls will expand by 2.6 percent in 2024, with job gains spread across sectors. Fort Lauderdale is set to surpass Miami for the fastest pace of growth in Florida and will rank fourth among major U.S. markets.



5,000

UNITS

will be completed

#### CONSTRUCTION:

Developers set a new annual record for completions this year, with deliveries set to rise in the latter half of 2024. Still, the metro’s 2.5 percent inventory growth rate remains the slowest among major Florida markets.



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BASIS POINT

decrease in vacancy

#### VACANCY:

Net absorption eclipsing new supply in the first half of 2024 allows vacancy to fall to 5.8 percent by year-end, though upward pressure is expected to persist through the remainder of the year due to an elevated delivery schedule.



1.9%

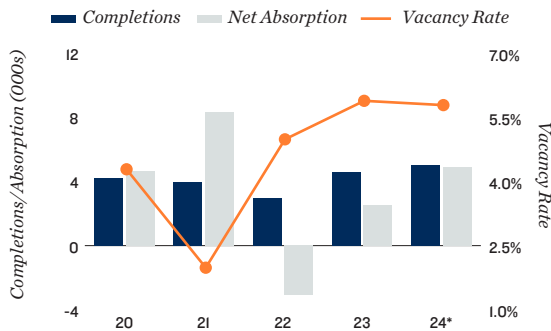
INCREASE

in effective rent

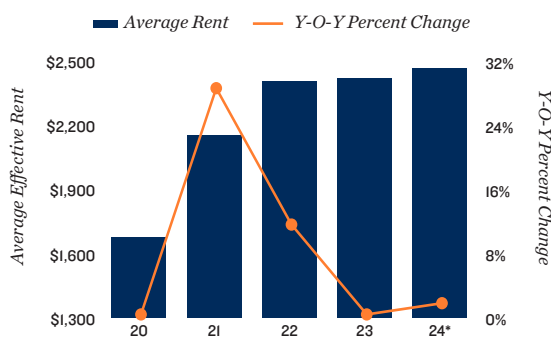
#### RENT:

Lower vacancy aids rent growth in 2024, pushing rates up to \$2,465 per month. This marks a 48 percent gain since 2019, aligning with Miami for the fastest rent growth among major U.S. markets over that period.

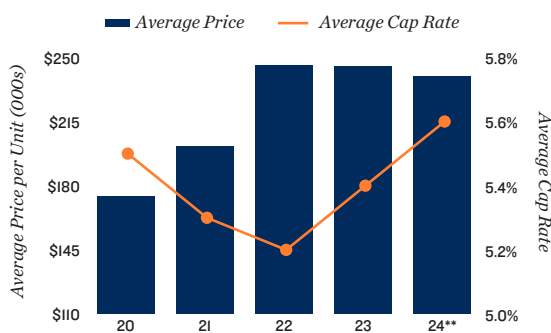
### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 2Q

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

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. 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. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

## 2Q 2024 — 12-Month Period



### CONSTRUCTION

**4,283** units completed

- Completions over the yearlong span ended in June rose 1,100 units above the prior 12-month period, reaching the highest annual total since 2021.
- The city of Fort Lauderdale received the most new supply, totaling roughly 850 units. The central suburb of the Sunrise-Lauderhill area also observed an elevated delivery schedule, with over 750 completed units.



### VACANCY

**30** basis point increase in vacancy Y-O-Y

- Class C vacancy rose 110 basis points over the past year. Although no other class exceeded 20 basis points, the metro's rate hit 5.5 percent in June.
- Hollywood and the city of Fort Lauderdale were the only submarkets to experience declining vacancy over the past year, though they still posted the two highest rates in the metro at 7.2 and 6.5 percent, respectively.



### RENT

**0.3%** decrease in the average effective rent Y-O-Y

- The metro's average effective rent experienced a year-over-year decline for the first time since 2009, reaching \$2,456 per month as of June.
- Hollywood and Pompano Beach recorded the largest annual rent gains, each rising by over 1.5 percent. In contrast, the city of Fort Lauderdale had a 0.5 percent decline, while Coral Springs fell the most, down 1.9 percent.

## Investment Highlights

- Investors stayed active in the metro over the past year ended in June. Total sales were down roughly only 5 percent from the prior year, while falling over 20 percent in Miami-Dade. An affluent and growing population, along with lower entry costs than Miami and West Palm Beach, sustained buyer interest. The average price per unit, \$240,000 as of June, and the mean cap rate, 5.6 percent, were the lowest among the three neighboring metros.
- Institutions continued to deploy capital in the metro, often placing \$100 million or more while targeting Class A assets, which sold for an average of \$330,000 per unit. Driven by heavy supply in the urban core, buyers have focused on the metro's suburban areas like Pembroke Pines, Sunrise and Coral Springs, where young families are drawn to top-ranked schools, convenient freeway access and lower rents compared with urban locales.
- Recent legislation imposing enhanced reserve requirements has placed a substantial burden on many condo owners. Faced with difficulties in securing financing, combined with impending tax bills and rising operating expenses, some may seek to sell their buildings. This trend could present an opportunity for investors with redevelopment experience.