

## Strong Demand from Investors and Renters Leads to Market-wide Growth

Quarter 3 of 2021 produced high sales volume, increases in rents and exceptionally low vacancy rates throughout the South Florida region consisting of Broward, Miami-Dade and Palm Beach counties. South Florida's median household income was the highest in Palm Beach county with a median of approximately \$68,428. Miami/Dade and Broward trailed at \$56,960 and \$64,309, respectively.

### SOUTH FLORIDA MEDIAN HOUSEHOLD INCOME

#### MARKET MEDIAN HOUSEHOLD INCOME

Palm Beach \$68,428

Miami/Dade \$56,960

Fort Lauderdale \$64,309

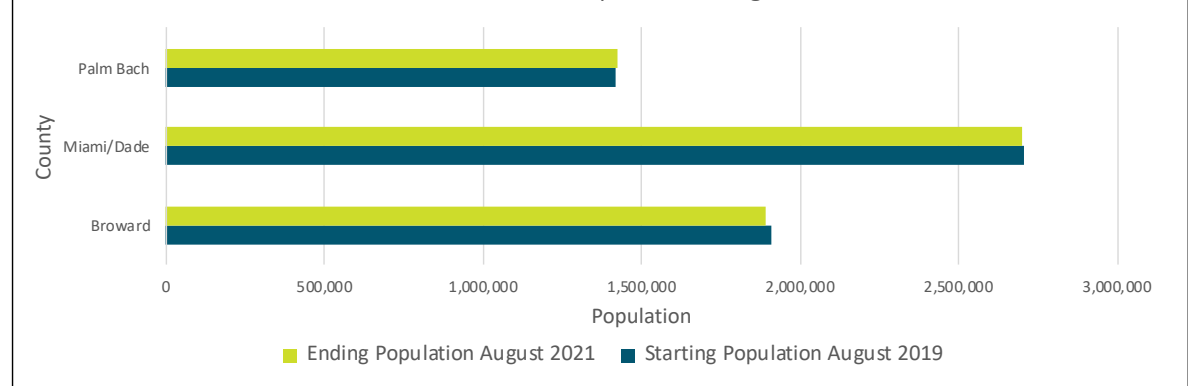
Source: CoStar

### SOUTH FLORIDA EMPLOYMENT PERCENTAGE CHANGE

PERIOD	FORT LAUDERDALE	MIAMI	PALM BEACH	UNITED STATES
2021 Q2	0.82%	1.25%	1.01%	1.18%
2021 Q1	0.55%	1.03%	0.82%	0.77%
2020 Q4	1.35%	1.06%	1.34%	1.27%
2020 Q3	4.93%	3.54%	5.57%	4.01%
2020 Q2	-12.67%	-12.98%	-12.17%	-11.52%
2020 Q1	-0.25%	-0.09%	0.09%	-0.21%
2019 Q4	0.57%	0.46%	0.34%	0.02%
2019 Q3	0.50%	0.49%	0.40%	0.22%
2019 Q2	0.39%	0.25%	0.48%	0.31%
2019 Q1	0.21%	0.46%	0.30%	0.50%
2018 Q4	0.14%	0.34%	0.49%	0.50%
2018 Q3	0.64%	0.64%	0.65%	0.51%
2018 Q2	0.57%	0.47%	0.21%	0.37%
2018 Q1	0.61%	0.75%	0.54%	0.47%

Source: Moody's Analytics

### South Florida Population Change



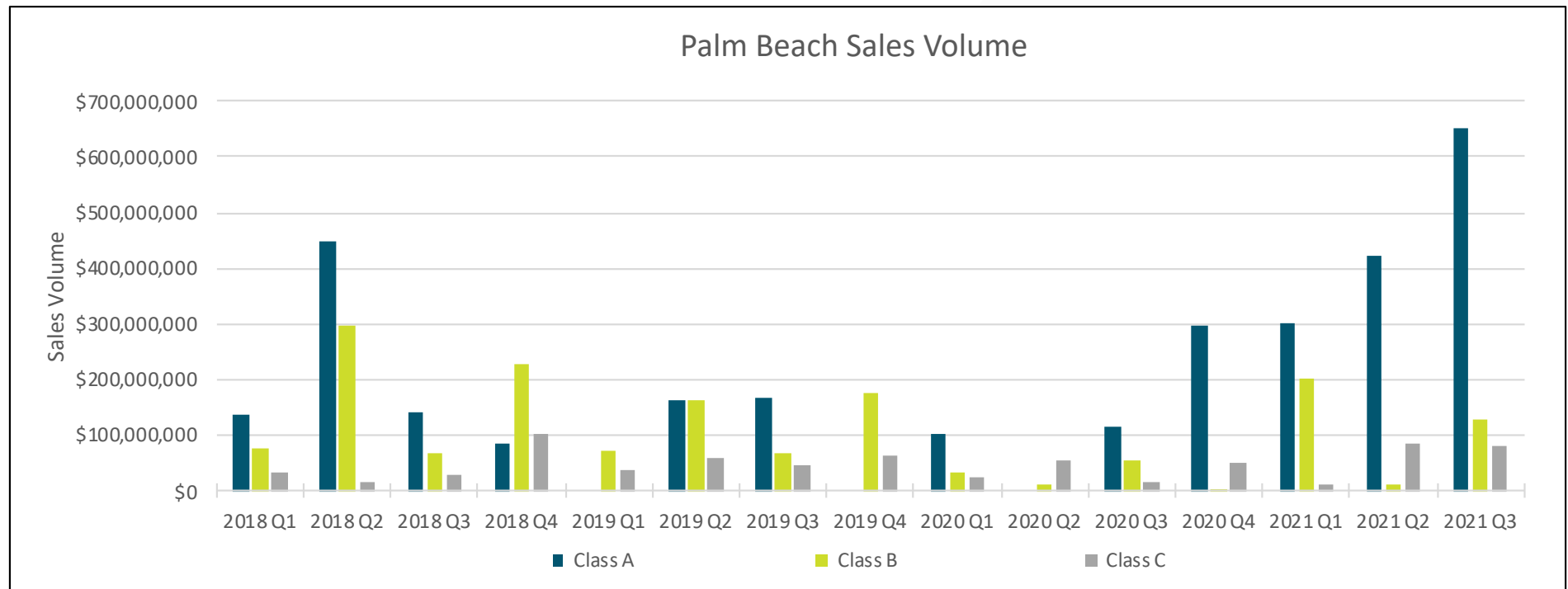
Source: PlacerAi

**SOUTH FLORIDA MULTIFAMILY SALES VOLUME** Sales volume in all three markets was the highest amongst Class A buildings. Specifically, Class A properties in Palm Beach County, which produced a total of \$675,175,000, according to CoStar. Class C properties produced the second highest total sales volume for the quarter amassing \$586,546,682 across all three markets, with a majority of that total coming out of Miami. Lastly, Class B multifamily properties produced \$508,758,089 in total sales volume for South Florida.

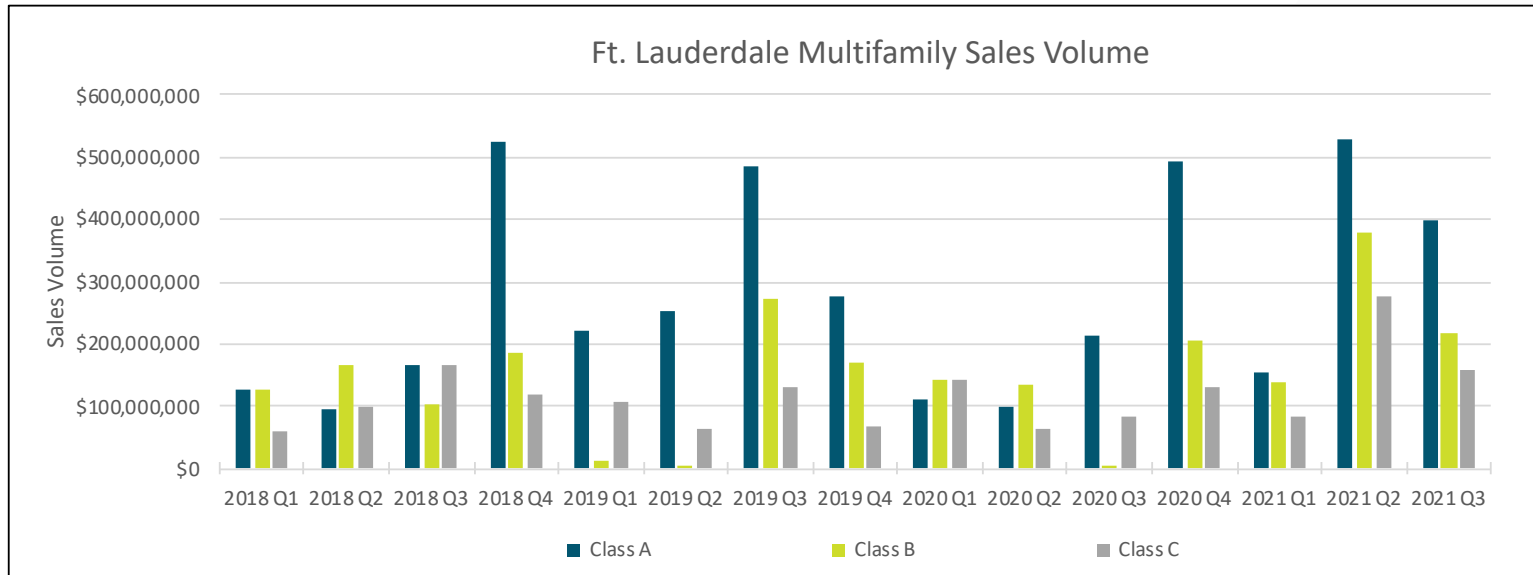
Class A properties in Palm Beach and Miami both exceeded an average sales price/unit of \$300,000. Class B properties traded relatively higher in Fort Lauderdale compared to Miami and Palm Beach. For the first time ever, the average price per unit for Class C properties surpassed \$150,000 in all three counties simultaneously.

**RENT GROWTH** Year over year, multifamily rents have grown substantially in South Florida. Palm Beach YoY in 2021 Q3 rental rates have increased 22.975%. Broward County has increased 16.654%. Lastly, Miami/Dade County has increased 11.602%. Notably, over the time horizon shown, market rents across all Palm Beach County and Broward County have not experienced a decrease. Only Miami/Dade County experienced a decrease in the past 10 years, which was only by approximately -0.074%.

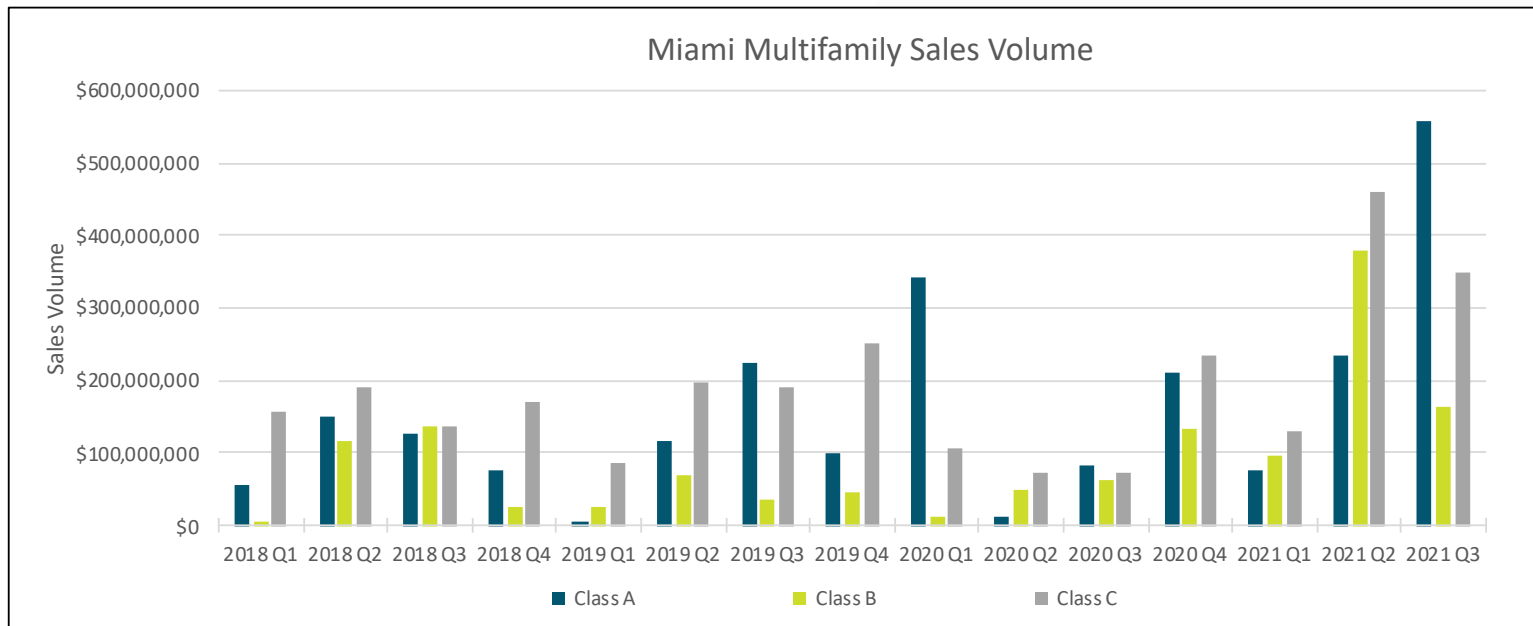
**RENT/SF** Rent per square foot across South Florida varied amongst region and asset class. Miami boasted the highest rent per square foot amongst Class A and Class C properties at \$2.42 and \$1.57, respectively. Palm beach posted the highest-class B rent at \$1.85 per square foot. U.S. city average consumer price index has continued to increase and averaged 273.285 for Q3-2021.



Source: Moody's Analytics



Source: Moody's Analytics



Source: Moody's Analytics

## SOUTH FLORIDA MULTIFAMILY SUPPLY & DEMAND

Vacancy rates in South Florida have declined substantially as economic stress from the pandemic has slowed. Vacancy rates across Palm Beach, Miami and Fort Lauderdale were 4.05%, 3.28% and 3.31%, respectively, marking the lowest vacancies in years. Miami and Fort Lauderdale delivered over 1,000 units in Q3-21 and still maintained incredibly low vacancy rates across multifamily properties. Fort Lauderdale has an additional 1,500 plus units currently under construction while Miami and Palm Beach have 1,222 and 1,082 units under construction.

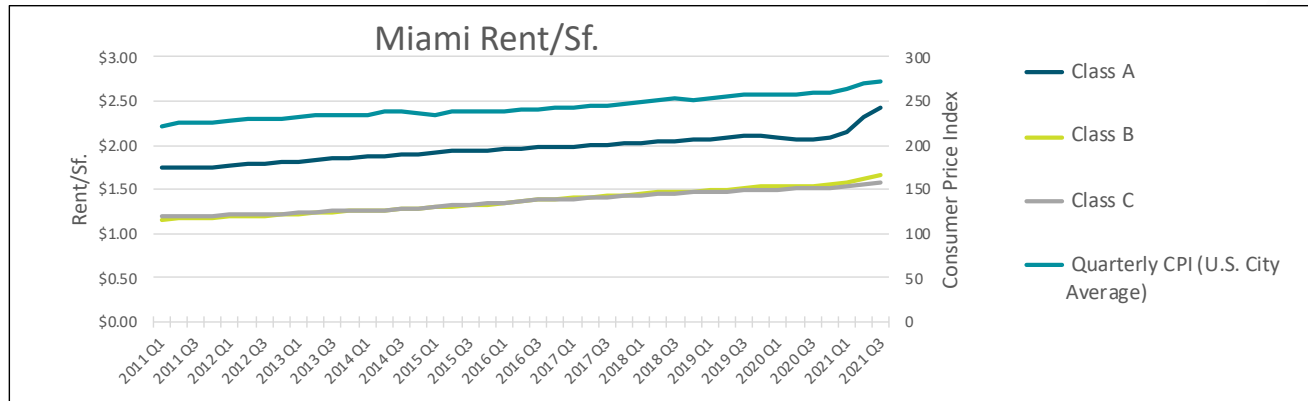
**CAPITAL MARKETS OVERVIEW** Fannie Mae originated approximately \$160,952,000 in multifamily financing across South Florida last quarter and Freddie Mac originated \$44,827,000 according to Trepp.com. The average debt to service coverage ratio for multifamily properties originated by Fannie Mae was 1.4832 while Freddie Mac was 2.1181. Trailing 12 months, weighted average spread to treasury yield amongst Fannie Mae and Freddie Mac varied. The weighted average spread relative to the treasury yield for Fannie Mae was 202 and for Freddie Mac was 150 in the South Florida region.

Multifamily cap rates have continued to compress year over year as well as the 10-year treasury yield. Miami had the lowest cap rate amongst all markets in South Florida with Fort Lauderdale and Palm Beach following.

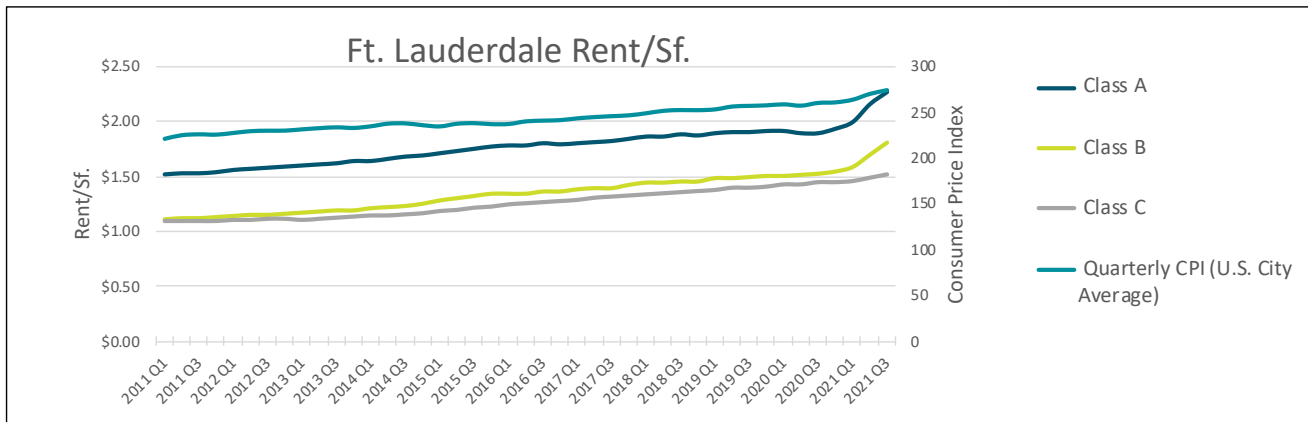
**ANALYSIS / FORECAST** South Florida will continue to experience increasing market rents. While population has not increased much in the past two years, we can still expect the population to remain stable and do not predict any major decreases. Job growth will remain strong specifically in the Miami area as retailers recover from the pandemic. Miami is also becoming a hub for financial institutions, which will benefit multifamily owners as major employers make their transitions to the South.

SOUTH FLORIDA YOY RENT GROWTH			
PERIOD	PALM BEACH COUNTY	BROWARD COUNTY	MIAMI/DADE COUNTY
2021 Q3	22.975%	16.654%	11.602%
2021 Q2	15.917%	11.864%	8.146%
2021 Q1	6.408%	4.160%	3.235%
2020 Q4	2.373%	1.900%	0.571%
2020 Q3	1.489%	0.895%	-0.074%
2020 Q2	0.854%	0.510%	0.377%
2020 Q1	2.366%	1.648%	1.575%
2019 Q4	3.819%	2.478%	2.323%
2019 Q3	3.470%	1.859%	2.310%
2019 Q2	2.827%	2.503%	2.503%
2019 Q1	3.443%	2.375%	2.335%
2018 Q4	2.847%	2.185%	2.543%
2018 Q3	3.073%	3.620%	2.765%
2018 Q2	3.390%	3.179%	2.923%
2018 Q1	2.884%	3.448%	2.648%
2017 Q4	2.708%	3.124%	2.407%
2017 Q3	2.509%	1.941%	2.146%
2017 Q2	2.060%	2.663%	2.219%
2017 Q1	2.144%	1.895%	2.334%
2016 Q4	2.691%	1.849%	2.638%
2016 Q3	2.942%	2.943%	2.646%
2016 Q2	4.508%	3.137%	2.671%
2016 Q1	5.116%	4.606%	2.900%
2015 Q4	5.523%	5.573%	3.124%
2015 Q3	5.730%	5.481%	3.419%
2015 Q2	4.749%	5.172%	3.209%
2015 Q1	4.606%	4.614%	2.803%
2014 Q4	3.993%	3.648%	2.345%
2014 Q3	3.342%	3.249%	2.167%
2014 Q2	3.135%	2.934%	2.120%
2014 Q1	2.641%	2.789%	2.635%
2013 Q4	2.647%	2.699%	2.985%
2013 Q3	2.935%	2.669%	3.128%
2013 Q2	2.897%	2.607%	3.003%
2013 Q1	3.004%	2.494%	2.881%
2012 Q4	3.123%	2.834%	2.729%
2012 Q3	2.728%	2.592%	2.414%
2012 Q2	1.981%	2.443%	2.208%
2012 Q1	1.833%	2.160%	1.500%
2011 Q4	1.611%	1.658%	1.082%
2011 Q3	1.691%	1.087%	0.889%
2011 Q2	2.228%	1.090%	1.199%
2011 Q1	2.338%	1.861%	1.670%

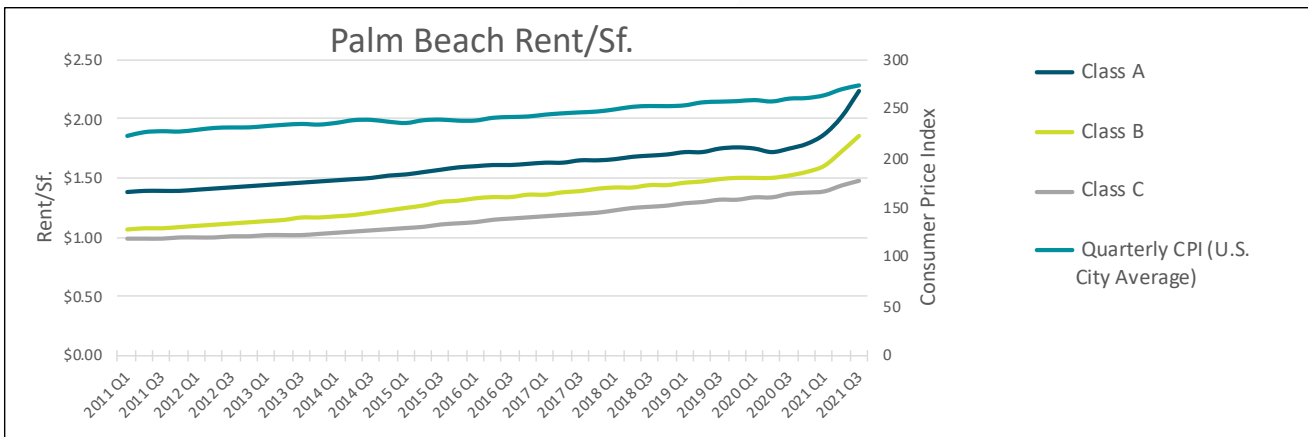
Source: CoStar



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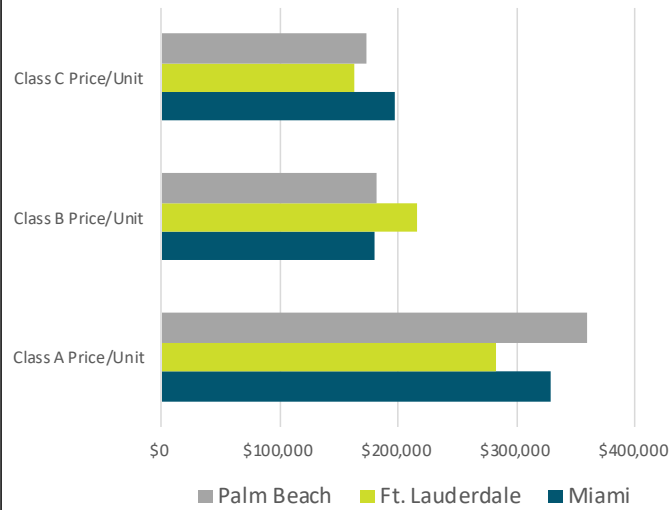


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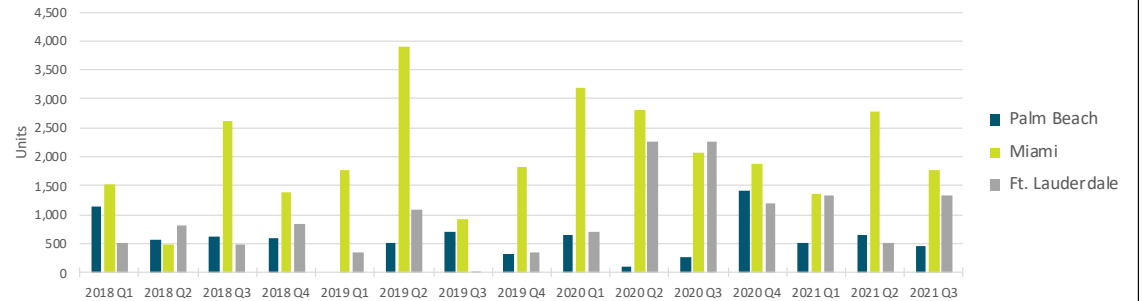
Source: CoStar

South Florida Multifamily Average Price/Unit



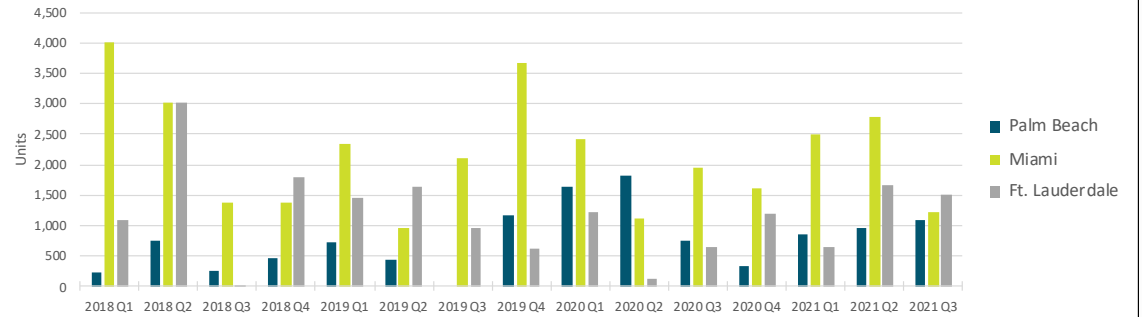
Source: CoStar

South Florida Multifamily Deliveries



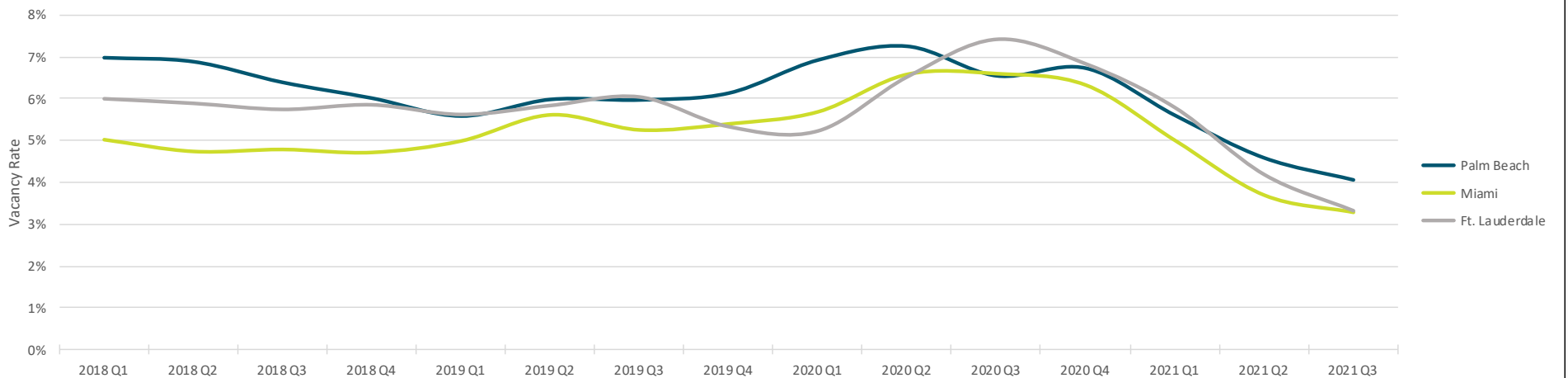
Source: CoStar

South Florida Multifamily Construction Starts



Source: CoStar

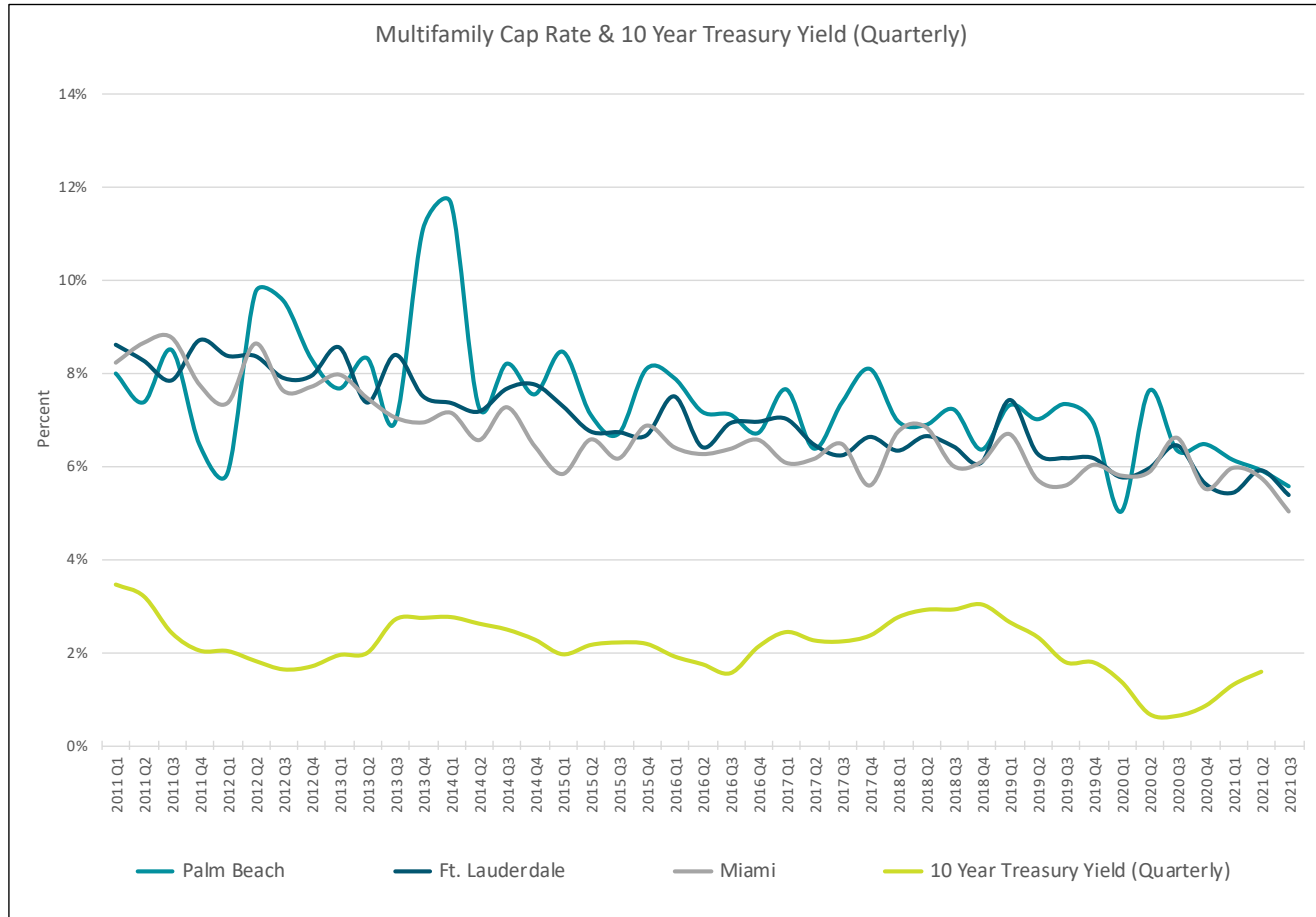
South Florida Vacancy Rate



Source: CoStar

SOUTH FLORIDA DEBT ORIGATION	LAST QUARTER ORIGINATION		CURRENT BALANCE		TTM WA SPREAD TO TSY	
MSA	FANNIE MAE	FREDDIE MAC	FANNIE MAE	FREDDIE MAC	FANNIE MAE	FREDDIE MAC
Miami-Fort Lauderdale-West Palm Beach, FL	\$160,952,000.00	\$44,827,000.00	1.4832	2.1181	202	151

Source: Trepp.com



Source: CoStar & Moody's Analytics

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