

# SOUTH FLORIDA MARKET UPDATE

Multifamily Investment Properties Group

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## Record \$2.4 billion multifamily sales for first Nine months of 2016 in South Florida.

In the first nine months of 2016, there were 202 multifamily sales totaling over \$2.4 billion in South Florida. This is the highest ever sale dollar volume in South Florida for the first nine months of any year. As we enter the last quarter of 2016, it will be interesting to see if 2015's record sale activity of over \$3.3 billion will be broken.

My prediction last year was that we would not break the record again in 2016 and I am sticking with that statement. The South Florida multifamily market continues to exhibit strong fundamentals; however, a lack of viable investment opportunities may contribute to fewer investment sales in the coming months. This is due to three reasons 1) Many owner's are happy to hold assets and enjoy strong cash-on-cash returns, 2) Some owners pricing expectations are too high, 3) Other owners that wanted to sell have already done so.

Excellent market fundamentals is the key driver of sales. In previous market updates, I have explained in detail the drivers for the strong fundamentals. In case you forgot, I have summarized some of these on page 4. The biggest question by many investors is how far are we into the current multifamily cycle and how long will it continue? Many "experts" like to provide a baseball analogy of which inning we are entering in the "cycle." Such a parallel has limitations. Firstly, this assumes at some point the game is over, everything gets wiped out and we start again. This will not happen. The market will evolve, possibly with some bumps along the way, but we are not setting ourselves up for another major correction or a nine innings equivalent. Secondly, being a Brit, I'm a soccer aficionado, so I prefer to use a different analogy: South Florida is an international marketplace where players from around the world compete for the ball (a property). The ball is moving forward albeit at different angles. Some players are more active than others and there have been no serious injuries. Extra time or penalties have not occurred. Plenty of goals have been scored and more will follow. The season never really finishes - it slows down in the summer and then keeps going again.

Yeah, I'm stretching a little here with the analogy; however unless you are a supporter of the English national team, which consistently underperforms, you should remain optimistic of the South Florida marketplace. So enough of poor sporting analogies... let's look at the facts.

### Rental Demand

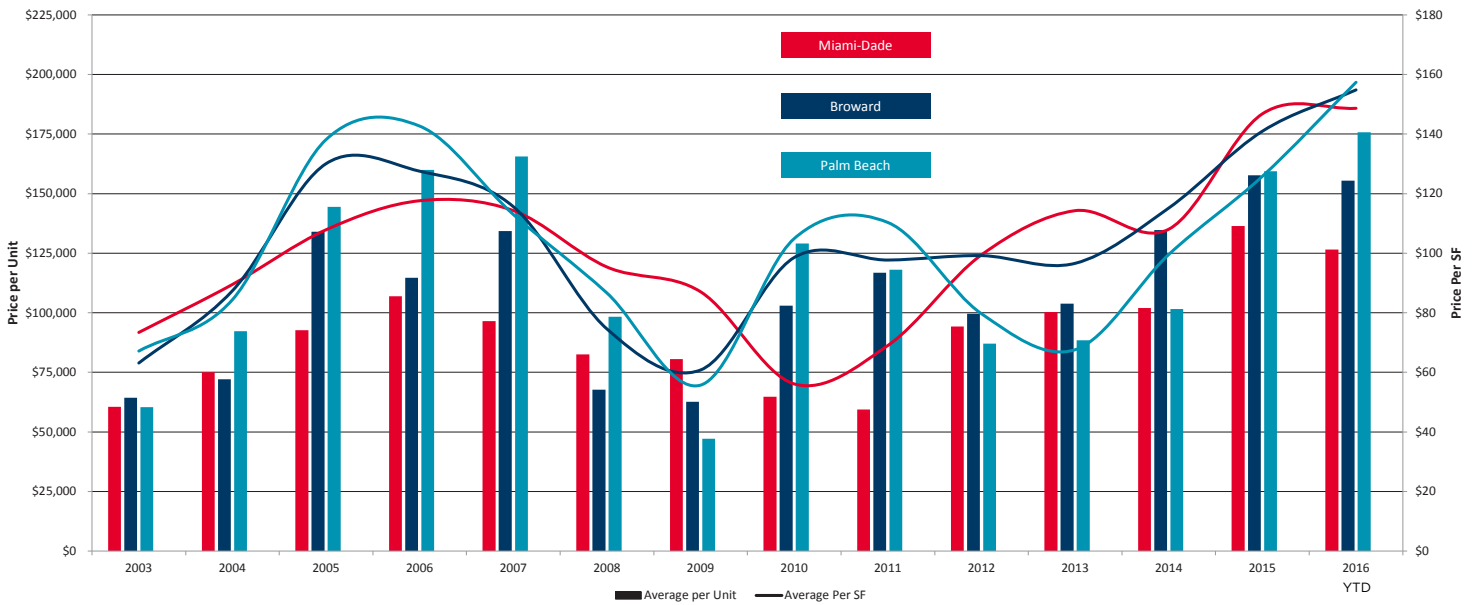
Demand for rentals remains extremely strong. South Florida's population increased by 413,340 in the past five years. 31,064 new apartment units were built during the same period. This means one unit has been built for every 13 net new residents. Over the next five years, South Florida is expected to see a positive net migration of 9.6% or 589,620 people. Using the same ratio, the region would need over 45,000 new rentals to keep pace with the population growth for the next five years.

South Florida's growing population needs somewhere to live. Many are choosing to rent not own. The homeownership rate in South Florida is 62.1%, near a 30-year low. In the past five years, median single-family home prices have increased 82%, 61%, and 59% in Miami-Dade, Broward, and Palm Beach Counties respectively. Simply stated, median home values are increasing at an even greater rate than rents, making ownership even tougher and rental demand even stronger. The median home value in Miami-Dade is now over \$300,000, meaning a renter who could afford a 10% down payment on a median-priced home in Miami-Dade would have a mortgage around \$1,900 — almost \$700 more than the average Miami-Dade rental.

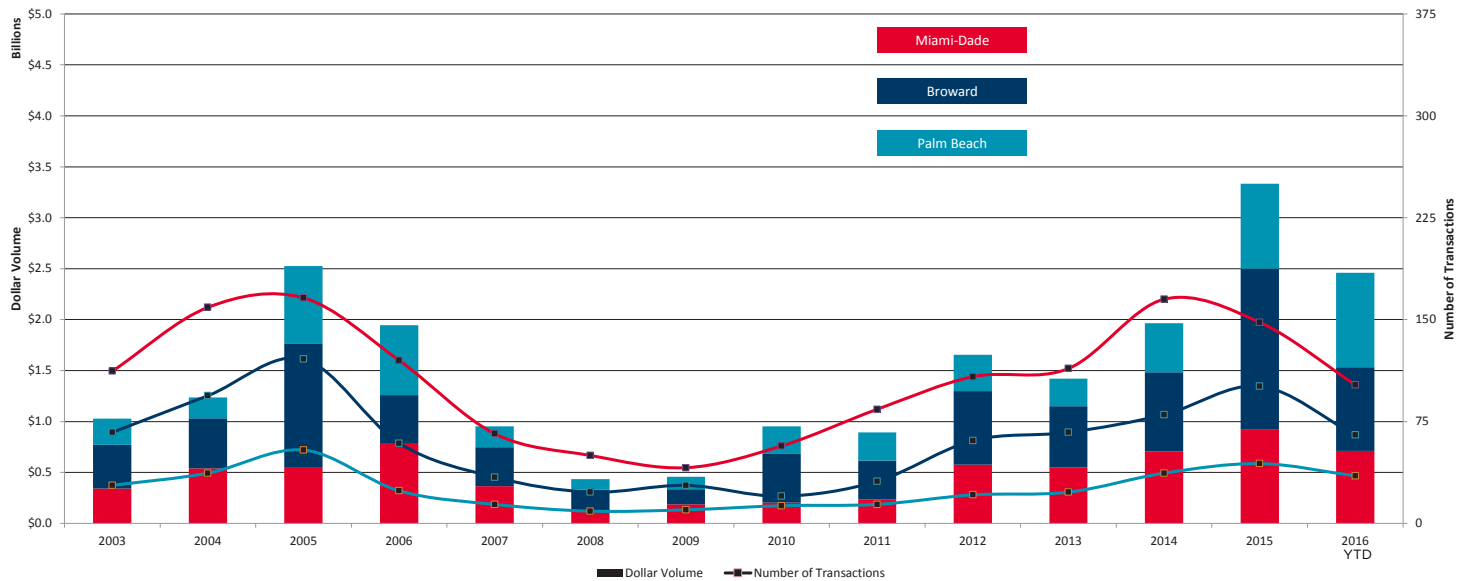
**#1** IN APARTMENT  
 SALES IN **SOUTH FLORIDA**

# MULTIFAMILY INVESTMENT SALES ANALYSIS / SOUTH FLORIDA

## South Florida Historical Price/Unit Versus Price /SF



## South Florida Historical Transaction Volume Versus Number of Transactions



### New Supply

Many investors want to know what will be the impact of the new rental supply? The short answer is not much. As noted above, the demand for rentals is so strong, the new supply will be quickly absorbed. There may be some submarkets that experience several new buildings in quick succession that may cause a short-term up-tick in vacancies, but broadly speaking the new supply will have very little impact on vacancies or downward rental pressures.

In South Florida, there are an additional 14,346 units under construction. This represents 4.3% of the total apartment inventory in the market - a very small number. To put this in perspective, in the last two years net absorption totaled over 15,000 units in South Florida. Consequently, the region will continue to experience positive population growth and net absorption will offset the needed new supply.

A different way to look at the new construction is to consider the ratio

of new construction multifamily units compared to population increase. Over the past five years, 31,000 apartment units have been built whilst the population grew by 413,340. Hence one unit built for every +/- 13 net new residents in South Florida. Currently, there is one unit under construction for every 427 people in South Florida. This is among the highest ratios of new construction units to population in the U.S. and further evidence that new apartment construction in South Florida is needed and we are at little risk of overbuilding.

<sup>1</sup>Source: U.S. Department of Labor, Bureau of Labor Statistics, 2016

The new apartment construction is a stark contrast to the earlier-mid 2000's where new construction was almost exclusively reserved for condominiums. In fact, over 20,000 net apartment units were converted to condominiums during this time. The new apartment construction is spurred on by a lack of supply, a stumbling condo market, attractive financing and developers building to a 6.0-6.5% return on costs based on today's rents. The return on development cost is an attractive proposition as new rental product is trading between 4.0% to 4.75%.

Lastly, it's necessary to consider the impact of new condo construction on the rental market through a "shadow rental market." According to CraneSpotters.com, in the tri-county area, there are 118 condo buildings totaling over 14,324 units that are currently under construction. Since 2011, there have been 93 condo buildings completed with a total of 6,810 units. Broadly speaking, this means one-third of the condos in the current cycle have been completed, and two thirds remain under construction. The 1/3 of condos that have been completed have not adversely effected the rental market - as evidence by record rents and occupancies.

It is likely that many of the under construction condominiums may end up in the rental pool as absentee owners try to bring in income to offset their expenses. Yet the rents on these units are unlikely to meet the condominium owners HOA and tax obligations. Consequently, any softening in the market is more likely to occur in the condo resale market as investors realize the prospect at renting their condo at a profit is marginal and decide to sell.

However, it would be foolhardy to assume the condo shadow market has no impact on the rental market. A small percentage of Class AAA buildings that are achieving rents over \$3 per square foot will increasingly compete for renters from the shadow market. Yet even with this competing supply, the demand for rentals, absorption levels, a growing population, low home ownership levels, increased single-family home pricing all point towards the units being leased in short order without any negative impact on rents.

## Rents

For the fifth year in a row, rents were at record levels in South Florida. Since 2011, rents increased by 25.9%, 29.3%, and 32.7% in Miami-Dade, Broward, and Palm Beach Counties respectively. As forecasted in our last market report, rent growth is beginning to slow down, year-to-date it's between 2.4%-4.1%. We anticipate similar growth for 2017.

Interestingly, the perception that rents will plateau due to stagnant wages is changing. Last year, median salary income increased by +/- 3.5% in South Florida, the biggest increase since 2006<sup>1</sup>.

Assuming a stabilized property's rents are at market levels today, the only way to achieve significant rent increases will be through implementing value-add improvements. Rents in prominent urban and suburban locations are \$3.00+ and \$2.50+ per square foot respectively. Many investors see this as an opportunity to achieve significant rent premiums by implementing value-add strategies for Class B and Class C properties that can be repositioned to attract renters that are unwilling to pay \$2.50+ per square foot in rents, yet able to pay notably higher than the in-place rents at the B and C properties.

## Vacancy Rates

Occupancies are at record levels in most submarkets. In previous years, a lack of new supply and strong demand helped fuel rent growth. Much needed new rental supply is starting to come online; however, there is significant pent-up demand for rentals and it is unlikely to have any meaningful impact on occupancies. Year-to-date, over 3,800 new units were added to the South Florida rental market, yet overall vacancy rates dropped as net absorption levels continue to outpace new supply.

## Cap Rates

**Class A - 4.25% - 4.75%**  
**Class B - 4.75% - 5.50%**  
**Class C - 5.50% - 6.75%**

## Cap Rates/Interest Rates

Last December, interest rates increased for the first time since 2006. China and Europe wobbled and the expected interest rate hike in 2016 has yet to occur. Cap rates have remained relatively flat in 2016 and will likely remain so for next year.

The Fed likely has significantly more room to move before we begin to see real pressure on cap rates. Things may get tricky as the expansionary cycle runs its course and interest rates near equilibrium, but that's still a few years away.

Lastly, there is still plenty of room in credit spreads for mortgage loans to offset any interest rate hike. As indexes increase, lenders will be forced to lower spreads in order to be competitive on an all-in-

basis. Currently, multifamily spreads on a 10-year loan range from 225bp to 275bp. By comparison, during the previous real estate cycle, credit spreads on 10-year CMBS loans were as low as 90-100bp. Simply stated, there is plenty of room in current spreads to offset any marginal up-tick in interest rates. Therefore, the near-term outlook of slightly higher interest rates is not necessarily going to translate into higher cap rates.

## How are deals getting financed?

Debt options for multifamily investors continue to be plentiful. The Freddie Mac small balance loan program is a very popular choice for owners looking to refinance. This program offers up to nonrecourse 80% LTV, in the low to mid 4% range. For borrowers that want to maximize leverage and interest only periods, CMBS lenders can offer up to 80% LTV on a non-recourse basis. For value-add deals, bridge lenders can offer up to 85% Loan-to-Cost with future funding for cap-ex improvements and flexible pre-pay structure that allow the loan to be paid off with little or no penalty once stabilization has been reached.

## Final Thoughts

Multifamily in South Florida has enjoyed a five year run of improving performance and pricing. The market is more expensive but still provides strong returns and a sound investment strategy. While the rate of growth shows signs of slowing, growth itself remains - and is projected to remain - strongly positive, where investors are able to project strong and secure long-term returns, albeit at a higher cost basis than in previous years.

Can the market continue to go up? Yes - fundamentals are very strong. Occupancies and rents are at or near record highs with rents rising in every property class; by implication, NOI in each property class will see positive growth. For 2017, we forecast the total number of multifamily sales to be slightly below the last couple of years. This is primarily due to a lack of available product on the market. Cap rates will remain in line with current levels, although they may marginally increase with a sizeable interest rate bump. A more likely scenario is a marginal increase in interest rates will lead to a lowering of spreads to offset any appreciable cap rate increase.

South Florida's population is forecasted to continue to grow and the 14,000+ under construction units will be quickly absorbed. Some submarkets will experience short-term vacancy increases as new supply outpaces short-term net absorption; however, this will be confined to a few submarkets for a limited time.

# MARKET FUNDAMENTALS SNAPSHOT

## Miami-Dade

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	AVERAGE SALARY	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2016	2,730,000	1.4%	5.5%	N/A	N/A	\$337,601	9.2%
2015	2,693,000	0.9%	5.7%	\$50,548	3.4%	\$330,475	8.1%
2014	2,669,000	1.0%	6.3%	\$48,883	3.0%	\$302,705	8.8%
2013	2,642,000	1.2%	7.2%	\$47,458	1.0%	\$257,329	23.7%
2012	2,611,000	1.2%	8.2%	\$47,011	1.2%	\$208,045	14.4%

## Broward

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	AVERAGE SALARY	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2016	1,929,000	1.7%	4.4%	N/A	N/A	\$284,016	8.4%
2015	1,896,000	1.4%	4.5%	\$48,766	3.7%	\$261,912	3.5%
2014	1,870,000	1.4%	5.0%	\$47,012	3.1%	\$252,995	5.0%
2013	1,844,000	1.4%	5.8%	\$45,598	1.2%	\$240,960	22.5%
2012	1,818,000	1.7%	7.3%	\$45,051	1.3%	\$196,721	11.5%

## Palm Beach

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	AVERAGE SALARY	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2016	1,461,000	2.7%	4.5%	N/A	N/A	\$295,288	9.4%
2015	1,423,000	1.7%	4.3%	\$51,372	3.1%	\$269,971	5.8%
2014	1,399,000	1.7%	4.8%	\$49,845	3.4%	\$255,195	6.3%
2013	1,376,000	1.3%	6.1%	\$48,214	0.9%	\$240,167	21.3%
2012	1,358,000	1.4%	7.8%	\$47,769	3.1%	\$197,971	6.9%

\*Data reported by BLS, Moodys and Alteryx Demographics



- Population has grown by 413,340 in the past five years. This was the 12th fastest-growing metropolitan area in the U.S.
- Over the next five years, South Florida is expected to see a positive net migration of 9.6% or 589,620 people.



- Last year, median salary income increased by +/- 3.5% in South Florida, the biggest increase since 2006.



- In the past five years, South Florida has added 340,980 new jobs. This is the 8th highest in absolute job creation in the U.S.
- There are 7.6 jobs for every apartment unit in South Florida.
- The economy of Florida has transitioned from one driven on international trade and tourism to a more diverse mix that includes financial services, healthcare, logistics and aerospace.



- Foreign capital. South Florida is the first port of call for many overseas investors. A strengthening dollar has not dampened foreign investor interest in South Florida multifamily product. Many of these foreign investors already have their currency in dollars.



- The home ownership rate in South Florida is 62.1%, near a 30-year low.
- In the past five years, median single-family home prices have increased 82%, 61%, and 59% in Miami-Dade, Broward, and Palm Beach Counties respectively. Average home values are increasing at an even greater rate than rents, making ownership even tougher and rental demand even stronger.



- South Florida continues to attract large-scale investments including: \$2.5 billion All Aboard Florida, the \$1.0 billion Brickell City Centre, and the \$2.0 billion Miami Worldcenter. With the widening of the Panama Canal, Miami has completed over \$1 billion in capital infrastructure projects and is ready to handle the larger Post-Panama ships. Similarly, Fort Lauderdale will also complete a similar deepening of the port to also handle these larger ships.

## Miami-Dade Recent Multifamily Transactions

PROPERTY ADDRESS	CITY	UNITS	SALE DATE	SALE PRICE	PER UNIT
5979 NW 37TH ST	Miami	11	Sep-16	\$1,500,000	\$136,364
8030 NW 8TH ST	Miami	28	Sep-16	\$3,400,100	\$121,432
5700 SW 60TH ST	Miami	12	Sep-16	\$1,800,000	\$150,000
1281 NW 61ST ST	Miami	33	Sep-16	\$1,260,000	\$38,182
8030 ABBOTT AVE	Miami Beach	12	Sep-16	\$1,442,500	\$120,208
9270 E BAY HARBOR DR	Bay Harbor Islands	24	Aug-16	\$5,305,800	\$221,075
651 NW 58TH ST	Miami	100	Aug-16	\$5,155,000	\$51,550
9200 E BAY HARBOR DR	Miami Beach	18	Aug-16	\$3,979,300	\$221,072
13150 MEMORIAL HWY	North Miami	52	Aug-16	\$4,390,000	\$84,423
114 CALABRIA AVE	Coral Gables	12	Aug-16	\$2,170,000	\$180,833
1008-1014 E PONCE DE LEON BLVD	Coral Gables	16	Aug-16	\$2,825,000	\$176,563
134 W 21ST ST	Hialeah	10	Aug-16	\$1,101,200	\$110,120
17600 NW 5TH AVE	Miami	234	Aug-16	\$22,698,000	\$97,000
15485 BISCAYNE DR	Homestead	114	Aug-16	\$6,700,000	\$58,772
1536 SW 9TH ST	Miami	18	Aug-16	\$2,200,000	\$122,222
666 NE 80TH ST	Miami	10	Aug-16	\$1,700,000	\$170,000
15005 NE 6TH AVE	North Miami	48	Jul-16	\$4,000,000	\$83,333
14000 BISCAYNE BLVD	North Miami	867	Jul-16	\$117,000,000	\$134,948
1115 EUCLID AVE	Miami Beach	16	Jul-16	\$2,000,000	\$125,000
1310 EUCLID AVE	Miami Beach	12	Jul-16	\$2,280,000	\$190,000
790 NE 128TH ST	North Miami	24	Jul-16	\$2,800,000	\$116,667
7315 HARDING AVE	Miami Beach	18	Jun-16	\$2,940,000	\$163,333
2890 VIRGINIA ST	Coconut Grove	90	Jun-16	\$11,100,000	\$168,182
16030 NE 19 CT	Miami	27	Jun-16	\$2,450,000	\$90,741
665 NE 133RD ST	North Miami	20	Jun-16	\$1,886,500	\$94,325
1604 MICHIGAN AVE	Miami Beach	10	Jun-16	\$1,875,000	\$187,500
12016 NE 16TH AVE	Miami	240	Jun-16	\$52,700,000	\$219,583
13875 NE 22ND AVE	Opa Locka	175	Jun-16	\$11,872,200	\$67,841
500 NE 78TH ST	Miami	22	Jun-16	\$1,900,000	\$86,364
2179 NW 23RD ST	Miami	14	Jun-16	\$1,350,000	\$96,429

## Broward Recent Multifamily Transactions

PROPERTY ADDRESS	CITY	UNITS	SALE DATE	SALE PRICE	PER UNIT
1100 S MILITARY TRL	Deerfield Beach	212	Sep-16	\$33,750,000	\$159,198
3049 NW 9TH AVE	Wilton Manors	11	Sep-16	\$1,085,000	\$98,636
808 SE 4TH ST	Fort Lauderdale	33	Sep-16	\$6,050,000	\$183,333
521 NW 35TH CT	Pompano Beach	19	Aug-16	\$1,280,000	\$67,368
3380-3400 NW 30TH ST	Fort Lauderdale	48	Aug-16	\$5,200,000	\$108,333
9202 NW 38TH DR	Coral Springs	10	Aug-16	\$1,325,000	\$132,500
11 NW 45TH AVE	Deerfield Beach	200	Aug-16	\$36,500,000	\$182,500
1241 W RIVER DR	Margate	8	Aug-16	\$1,360,000	\$85,000
200 NW 25TH ST	Wilton Manors	10	Aug-16	\$1,275,000	\$127,500
2000 MONROE ST	Hollywood	10	Aug-16	\$1,795,000	\$179,500
6701 W OAKLAND PARK BLVD	Lauderhill	302	Aug-16	\$44,100,000	\$146,026
2011-2111 NW 55TH AVE	Fort Lauderdale	88	Aug-16	\$7,500,000	\$85,227
2131 E SAMPLE RD	Lighthouse Point	22	Aug-16	\$2,650,000	\$120,455
6954-6956 SW 5TH ST	Margate	114	Aug-16	\$12,400,000	\$108,772
5903 NW 57TH CT	Fort Lauderdale	296	Aug-16	\$33,000,000	\$111,486
600 NE 5TH AVE	Fort Lauderdale	14	Jul-16	\$2,300,000	\$164,286
623 NE 5TH AVE	Fort Lauderdale	10	Jul-16	\$2,770,000	\$277,000
8203 W SAMPLE RD	Coral Springs	30	Jul-16	\$3,750,000	\$125,000
7790 NW 78TH AVE	Tamarac	199	Jul-16	\$27,200,000	\$136,683
2201 MARINER DR	Fort Lauderdale	34	Jul-16	\$11,000,000	\$323,529
7900 HAMPTON BLVD	North Lauderdale	408	Jul-16	\$53,750,000	\$131,740
2201 N UNIVERSITY DR	Pembroke Pines	100	Jun-16	\$8,850,000	\$88,500
111 SE 1ST ST	Dania	40	Jun-16	\$3,905,000	\$97,625

## Palm Beach Recent Multifamily Transactions

PROPERTY ADDRESS	CITY	UNITS	SALE DATE	SALE PRICE	PER UNIT
101 PINE CIR	Boca Raton	16	Aug-16	\$1,550,000	\$96,875
10034 PLANT DR	Palm Beach Gardens	14	Aug-16	\$1,700,000	\$121,429
1400 VILLAGE BLVD	West Palm Beach	316	Aug-16	\$45,700,000	\$144,620
888 COTTON BAY DR E	West Palm Beach	444	Aug-16	\$61,500,000	\$138,514
1500-1596 W BLUE HERON BLVD	West Palm Beach	73	Aug-16	\$4,300,000	\$58,904
2500 N FEDERAL HWY	Boca Raton	85	Aug-16	\$13,500,000	\$158,824
500 N CONGRESS AVE	West Palm Beach	217	Jul-16	\$22,420,000	\$103,318
1219 19TH AVE N	Lake Worth	11	Jul-16	\$1,425,000	\$129,545
2519 N OCEAN BLVD	Boca Raton	160	Jul-16	\$51,500,000	\$321,875
290 COURTNEY LAKES CIR	West Palm Beach	282	Jun-16	\$56,100,000	\$198,936
4819-4921 WEDGEWOOD WAY	West Palm Beach	88	Jun-16	\$6,642,000	\$75,477

# MIAMI-DADE MULTIFAMILY MARKET SUMMARY

<b>\$710 MILLION</b> 2016 Sales	<b>\$6.97 MILLION</b> 2016 Average Sale Price	<b>\$178 PSF</b> YTD Median Average Sale PSF	<b>\$125,000</b> YTD Median Sale per Unit
<b>\$1,247</b> Average Rent Per Unit	<b>97.5%</b> Occupancy Rate	<b>2,137 UNITS</b> Annual Unit Net Absorption	<b>151,787 UNITS</b> Inventory of Rentable Units

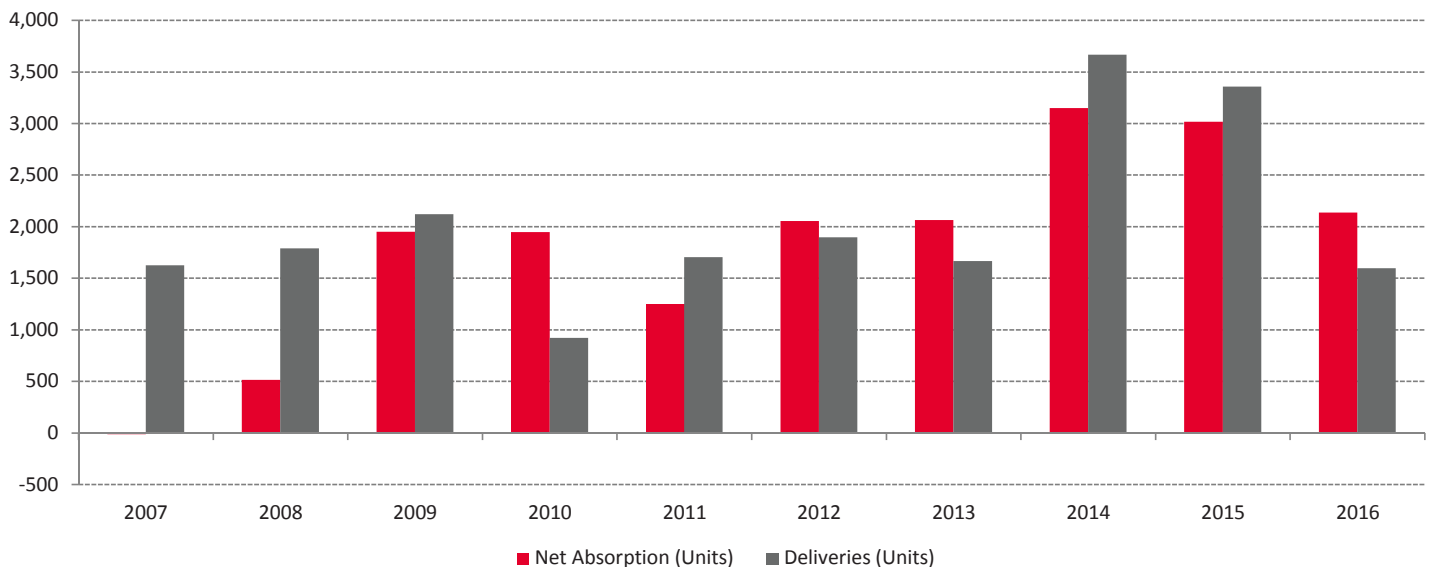
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2016	711,183,000	102	151,787	\$1,247	\$1.48	2.4%	\$1,211	\$1.44	2.0%	2.5%	2,137	1,596
2015	918,139,900	148	150,303	\$1,218	\$1.44	7.9%	\$1,187	\$1.41	6.7%	2.7%	3,016	3,356
2014	706,373,000	165	147,197	\$1,129	\$1.34	5.4%	\$1,112	\$1.33	4.9%	2.6%	3,149	3,665
2013	550,882,000	114	144,127	\$1,071	\$1.28	5.0%	\$1,060	\$1.27	5.3%	2.6%	2,064	1,666
2012	576,245,000	108	142,748	\$1,020	\$1.23	3.9%	\$1,007	\$1.21	4.7%	2.8%	2,054	1,896
2011	236,787,200	84	141,402	\$982	\$1.18	3.3%	\$962	\$1.16	3.6%	3.2%	1,251	1,703
2010	202,912,833	57	140,579	\$951	\$1.15	1.5%	\$929	\$1.13	2.0%	3.3%	1,947	922
2009	188,255,924	41	139,785	\$937	\$1.14	-2.9%	\$911	\$1.10	-1.9%	4.1%	1,950	2,120
2008	122,251,200	50	137,885	\$965	\$1.17	-0.9%	\$929	\$1.13	-2.1%	4.3%	514	1,790
2007	366,148,835	66	136,177	\$974	\$1.18	N/A	\$949	\$1.15	N/A	3.8%	-13	1,624

## Miami-Dade Apartments Under Construction

**24** apartment buildings totaling **9,023** units under construction in Miami-Dade

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Soleste Prado	Miami	194	2017
Modera Station II	Coral Gables	181	2017
Panorama Tower	Miami	821	2017
Solitair Brickell	Miami	438	2018
Gables Aventura	Aventura	400	2017

## Miami-Dade Deliveries Versus Absorption





# MIAMI-DADE MULTIFAMILY MARKET SUMMARY *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS
Aventura	2,371	\$1,696	\$1.68	9.6%	\$1,577	\$1.63	2.3%	3.4%	-25	-
Bal Harbor/South Beach	9,254	\$1,328	\$1.91	1.1%	\$1,278	\$1.84	0.7%	3.1%	-50	-
Brickell/Downtown	9,952	\$1,223	\$1.69	2.0%	\$1,177	\$1.64	1.4%	3.8%	50	120
Coconut Grove	2,206	\$1,388	\$1.94	2.4%	\$1,314	\$1.84	0.2%	2.6%	40	-
Coral Gables	5,521	\$1,842	\$2.18	2.3%	\$1,789	\$2.12	3.8%	5.0%	578	458
Hialeah/Miami Lakes	22,147	\$1,216	\$1.39	2.6%	\$1,197	\$1.37	3.0%	1.2%	82	-
Homestead/South Dade	18,379	\$927	\$1.07	1.2%	\$918	\$1.06	0.9%	1.3%	51	-
Kendall	12,799	\$1,505	\$1.68	6.7%	\$1,461	\$1.64	9.3%	3.5%	827	906
Miami Gardens/OpaLocka	31,096	\$1,004	\$1.23	1.3%	\$986	\$1.21	0.6%	2.5%	162	112
Miami Springs/Doral	16,810	\$1,525	\$1.66	4.5%	\$1,477	\$1.61	3.7%	2.8%	356	-
North Miami/Beach	17,333	\$1,133	\$1.41	0.6%	\$1,097	\$1.37	-0.7%	2.8%	61	-
Outlying Miami-Dade County	539	\$985	\$0.74	1.3%	\$985	\$0.74	1.3%	0.4%	1	-
Westchester/Tamiami	3,380	\$1,231	\$1.60	3.5%	\$1,207	\$1.57	3.0%	1.1%	4	-
<b>TOTAL/AVERAGE</b>	<b>151,787</b>	<b>\$1,247</b>	<b>\$1.48</b>	<b>2.4%</b>	<b>\$1,211</b>	<b>\$1.44</b>	<b>2.0%</b>	<b>2.5%</b>	<b>2,137</b>	<b>1,596</b>



- In the first nine months of 2016, there were 102 apartment sales totaling \$710 million with a median price of \$125,000 per unit or \$178 per square foot. This is the second highest ever amount of sales in Miami-Dade and the highest from a price per square foot perspective.



- For an eighth year in a row, average asking and effective rents were at record levels.
- Year-to-date, average asking rents grew by 2.4%. This is below the record 7.9% rent increase in 2015.



- Vacancies are at record lows. Some submarkets will experience short term vacancy increases in the coming months with new supply.



- There are 9,023 units forecasted for delivery to market. This represents only 5.9% of the current inventory in the market.



- Year-to-date net absorption was over 2,100 units. Net absorption outpaced new supply by over 500 units contributing to a slightly lower vacancy rate.



- Last year, median salary income in Miami-Dade increased by +/- 3.4%, the biggest increase since 2006.
- The population has grown by 119,000 in past five years.

# BROWARD MULTIFAMILY MARKET SUMMARY

<b>\$820 MILLION</b> 2016 Sales	<b>\$12.63 MILLION</b> 2016 Average Sale Price	<b>\$130 PSF</b> YTD Median Sale PSF	<b>\$109,073</b> YTD Median Sale per Unit
<b>\$1,384</b> Average Rent Per Unit	<b>96.7%</b> Occupancy Rate	<b>414 UNITS</b> Annual Unit Net Absorption	<b>112,791 UNITS</b> Inventory of Rentable Units

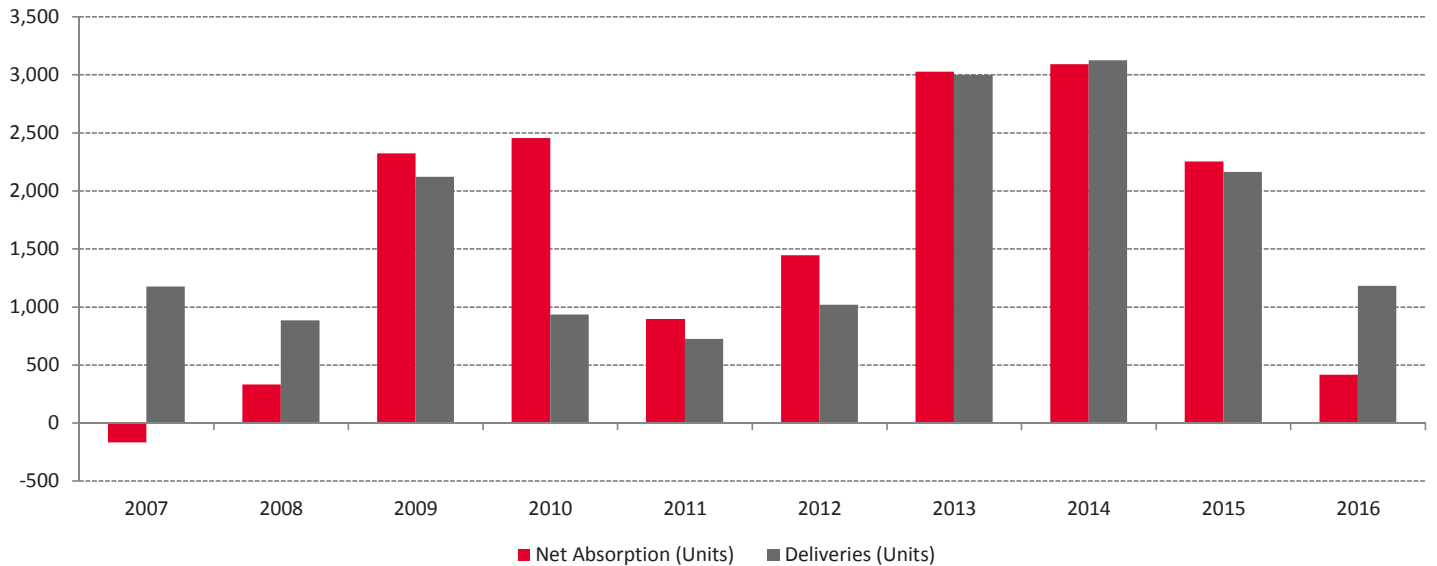
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2016	821,193,300	65	112,791	\$1,384	\$1.43	4.1%	\$1,354	\$1.40	2.8%	3.3%	414	1,181
2015	1,580,883,531	101	112,856	\$1,329	\$1.37	8.1%	\$1,317	\$1.36	8.0%	3.1%	2,253	2,163
2014	775,870,300	80	110,720	\$1,229	\$1.27	7.2%	\$1,219	\$1.26	7.5%	3.2%	3,091	3,125
2013	598,883,060	67	107,849	\$1,146	\$1.19	2.7%	\$1,134	\$1.18	2.7%	3.4%	3,026	2,997
2012	723,801,200	61	104,950	\$1,116	\$1.16	4.9%	\$1,104	\$1.15	5.4%	3.7%	1,444	1,018
2011	377,812,000	31	104,224	\$1,064	\$1.11	1.7%	\$1,047	\$1.09	2.3%	4.0%	893	725
2010	479,334,800	20	103,640	\$1,046	\$1.09	1.4%	\$1,023	\$1.07	2.2%	4.3%	2,454	935
2009	146,662,500	28	102,797	\$1,032	\$1.08	-3.4%	\$1,001	\$1.05	-2.7%	6.0%	2,322	2,121
2008	211,643,000	23	100,677	\$1,068	\$1.12	-1.5%	\$1,029	\$1.08	-2.0%	6.4%	331	883
2007	383,013,400	34	99,854	\$1,084	\$1.13	N/A	\$1,050	\$1.10	N/A	5.9%	-168	1,175

## Broward Apartments Under Construction

**11** apartment buildings totaling **3,485** units under construction in Broward

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
PARC 3400	Davie	259	2017
Village at Crystal Lakes	Deerfield Beach	125	2018
Sheridan Station	Hallandale Beach	336	2016
Place at Dania Beach	Dania Beach	144	2016
Icon Las Olas	Fort Lauderdale	272	2017

## Broward Deliveries Versus Absorption





# BROWARD MULTIFAMILY MARKET SUMMARY *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS
Coral Springs	20,318	\$1,423	\$1.38	3.0%	\$1,396	\$1.35	1.5%	3.3%	186	240
Fort Lauderdale	14,422	\$1,540	\$1.75	6.1%	\$1,482	\$1.68	3.6%	4.9%	171	254
Hollywood/Dania Beach	11,127	\$1,216	\$1.44	2.7%	\$1,200	\$1.43	2.7%	2.6%	130	168
Miramar/Hallandale Beach	5,232	\$1,137	\$1.29	6.2%	\$1,121	\$1.27	5.4%	1.5%	5	-
Oakland Park/Lauderhill	13,976	\$1,112	\$1.27	3.5%	\$1,090	\$1.24	2.8%	2.9%	148	179
Pembroke Pines/West Miramar	8,929	\$1,701	\$1.56	1.3%	\$1,686	\$1.55	1.3%	3.8%	282	-
Plantation/Sunrise	16,279	\$1,466	\$1.42	2.4%	\$1,432	\$1.38	0.9%	3.5%	261	-
Pompano Beach/Deerfield Beach	14,425	\$1,179	\$1.35	4.8%	\$1,141	\$1.31	2.6%	2.1%	-937	-
Weston/Davie	8,083	\$1,495	\$1.48	3.0%	\$1,471	\$1.45	2.0%	4.0%	168	340
<b>TOTAL/AVERAGE</b>	<b>112,791</b>	<b>\$1,384</b>	<b>\$1.43</b>	<b>4.1%</b>	<b>\$1,354</b>	<b>\$1.40</b>	<b>2.8%</b>	<b>3.3%</b>	<b>414</b>	<b>1,181</b>



- In the first nine months of 2016, there were 65 apartment sales totaling \$820 million with a median price of \$109,073 per unit or \$130 per square foot. This is the third highest amount of sales in Broward and the highest from a price per unit perspective.



- For an eighth year in a row, average asking and effective rents were at record levels. Year-to-date, average asking rents grew by 4.1%. This is below the record 8.1% rent increase in 2015.



- Vacancies are at record lows. Some submarkets will experience short term vacancy increases in the coming months with new supply.



- There are 3,485 units forecasted for delivery to market. This represents only 3.1 % of the current inventory in the market.



- Year-to-date there were 600 more units delivered than absorbed in Broward. This caused the vacancy to slightly increase to 3.3% up from 3.1% in 2015.



- Last year, median salary income in Broward increased by +/- 3.7%, the biggest increase since 2006.
- Population has grown by 111,000 in past five years.

\*Data as of Sept-2016, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales

# PALM BEACH MULTIFAMILY MARKET SUMMARY

<b>\$925 MILLION</b> 2016 Sales	<b>\$26.48 MILLION</b> 2016 Average Sale Price	<b>\$136 PSF</b> YTD Median Sale PSF	<b>\$138,514</b> YTD Median Sale per Unit
<b>\$1,393</b> Average Rent Per Unit	<b>96.0%</b> Occupancy Rate	<b>1,606 UNITS</b> Annual Unit Net Absorption	<b>67,860 UNITS</b> Inventory of Rentable Units

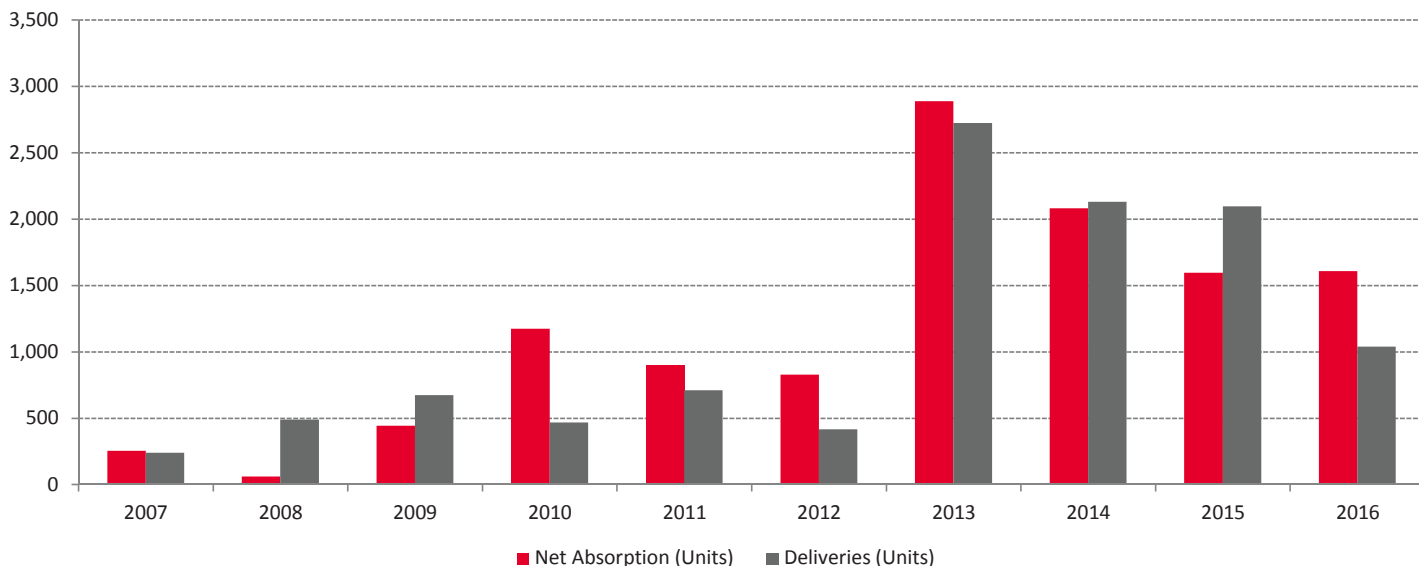
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2016	926,878,096	35	67,860	\$1,393	\$1.38	4.0%	\$1,355	\$1.35	2.1%	4.0%	1,606	1,038
2015	833,436,251	44	66,832	\$1,339	\$1.33	9.4%	\$1,327	\$1.32	8.9%	4.4%	1,596	2,096
2014	482,599,189	37	64,770	\$1,224	\$1.22	7.3%	\$1,218	\$1.21	8.2%	3.8%	2,080	2,129
2013	269,892,418	23	62,800	\$1,141	\$1.13	5.2%	\$1,126	\$1.12	5.5%	4.0%	2,887	2,722
2012	353,381,000	21	60,089	\$1,085	\$1.09	4.1%	\$1,067	\$1.07	4.5%	4.5%	828	416
2011	279,995,600	14	59,686	\$1,042	\$1.05	1.6%	\$1,021	\$1.02	2.6%	5.2%	896	710
2010	268,935,358	13	59,010	\$1,026	\$1.03	1.4%	\$995	\$1.00	2.4%	5.7%	1,172	466
2009	121,138,414	10	58,590	\$1,012	\$1.02	-3.4%	\$972	\$0.98	-3.3%	7.0%	443	672
2008	100,031,000	9	58,178	\$1,048	\$1.05	-1.8%	\$1,005	\$1.01	-1.6%	7.1%	61	488
2007	202,600,999	14	57,884	\$1,067	\$1.08	N/A	\$1,021	\$1.03	N/A	6.9%	254	239

## Palm Beach Apartments Under Construction

**8** apartment buildings totaling **1,838** units under construction in Palm Beach

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Boca City Walk	Boca Raton	229	2016
Elan Boca	Boca Raton	378	2017
500 Ocean	Boyton Beach	341	2017
Uptown at Delray	Delray Beach	146	2016
Village at Lake Osborn	Lake Worth	118	2016

## Palm Beach Deliveries Versus Absorption



# PALM BEACH MULTIFAMILY MARKET SUMMARY *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS
Belle Glade	2,107	\$682	\$0.86	1.2%	\$675	\$0.85	1.0%	3.0%	6	-
Boca Raton	12,273	\$1,731	\$1.69	9.5%	\$1,664	\$1.62	5.7%	5.7%	633	595
Boynton Beach	9,650	\$1,359	\$1.28	3.6%	\$1,322	\$1.25	1.8%	4.2%	-84	-
Delray Beach	5,128	\$1,601	\$1.49	1.9%	\$1,554	\$1.45	1.0%	5.9%	7	103
Greenacres	7,036	\$1,064	\$1.17	1.4%	\$1,054	\$1.16	0.9%	2.0%	-51	-
Outlying Palm Beach County	193	\$655	\$1.04	11.6%	\$600	\$0.95	11.7%	9.3%	1	-
Palm Beach Gardens/ Jupiter	7,466	\$1,483	\$1.39	0.7%	\$1,461	\$1.37	-0.5%	4.1%	344	340
Royal Palm Beach/ Wellington	6,091	\$1,410	\$1.29	2.5%	\$1,359	\$1.27	-0.7%	4.8%	-34	-
West Palm Beach	17,916	\$1,188	\$1.28	0.7%	\$1,166	\$1.25	0.3%	2.7%	784	-
<b>TOTAL/AVERAGE</b>	<b>67,860</b>	<b>\$1,393</b>	<b>\$1.38</b>	<b>4.0%</b>	<b>\$1,355</b>	<b>\$1.35</b>	<b>2.1%</b>	<b>4.0%</b>	<b>1,606</b>	<b>1,038</b>



- In the first nine months of 2016, there were 35 apartment sales totaling \$926 million with a median price of \$138,514 per unit or \$136 per square foot. This is the highest ever sale activity in Palm Beach County. Palm Beach County has experienced the most year-to-date sale activity in South Florida.



- For an eighth year in a row, average asking and effective rents were at record levels. Year-to-date, average asking rents grew by 4.0%. This is below the record 9.4% rent increase from 2015.



- Vacancies are near record lows. Some submarkets will experience short term vacancy increases in the coming months with new supply.



- There are 1,838 units forecasted for delivery to market. This represents only 2.7 % of the current inventory in the market.



- Year-to-date net absorption was over 1,600 units. Net absorption outpaced new supply by over 500 units contributing to a slightly lower vacancy rate.



- Last year, median salary income in Palm Beach increased by +/- 3.1%, the second biggest increase since 2007. Population has grown by 102,000 in past five years.

\*Data as of Sept-2016, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales

# RECENT SOUTH FLORIDA CUSHMAN & WAKEFIELD PRIVATE CAPITAL SALES



LAKE WORTH TOWNHOMES

Marketing | 2008 | 16 Units  
Lake Worth, Florida



VALENCIA DORAL

Marketing | 2007 | 170 Units  
Doral, Florida



1319 MERIDIAN

Marketing | 23 Units  
Miami Beach, Florida



OCEAN POINTE

Under Contract | 200 Units  
Stuart, Florida



SOUTH BEACH COLLECTION

Sold 2016 | 240 Units  
Miami Beach, Florida



PALM BEACH COLLECTION

Sold 2016 | 155 Units  
Palm Beach County, Florida



RIVERSIDE TOWER

Sold 2015 | 1.588 Acres  
Miami, Florida



DEAN'S GOLD

Sold 2015 | 2.02 Acres  
North Miami Beach, Florida



4101 LAGUNA

Sold 2015 | .99 Acres  
Coral Gables, Florida



25 BRICKELL BAY CONDO

Sold 2015 | 61 Units  
Miami, Florida



VERANDA

Sold 2015 | 240 Units  
Homestead, Florida



LUNA AT HOLLYWOOD

Sold 2015 | 1968 | 145 Units  
Hollywood, Florida



NOLA LOFTS II

Sold 2015 | .63 Acres  
Fort Lauderdale, Florida



730 NE 128TH ST

Sold 2015 | 16 Units  
North Miami, Florida



FLAGLER VIEW

Sold 2015 | 1925 | 18 Units  
Miami, Florida



ESSEX HOUSE

Sold 2015 | 1969 | 156 Units  
West Palm Beach, Florida



427 ANASTASIA AVE

Sold 2015 | 1963 | 24 Units  
Coral Gables, Florida



SUNSET HARBOUR

Sold 2015 | 10 Units  
Hollywood, Florida



PARAGON PLANTATION

Sold 2014 | 1997 | 74 Units  
Plantation, Florida



SIDONIA & SANTILLANE

Sold 2014 | Varies | 36 Units  
Coral Gables, Florida



EMERALD PLACE

Sold 2014 | 1985 | 300 Units  
Hollywood, Florida



BAY HARBOR ISLAND II

Sold 2014 | 1950's | 70 Units  
Bay Harbor Island, Florida



200 SOUTH MIAMI AVENUE

Sold 2014 | 1.22 Acres | 1,221 Units  
Miami, Florida



PALM CLUB

Sold 2014 | 1993 | 160 Units  
Lake Worth, Florida



# RECENT SOUTH FLORIDA CUSHMAN & WAKEFIELD PRIVATE CAPITAL SALES



**SOUTH BEACH PORTFOLIO III**

Sold 2014 | 113 Units  
South Beach, Florida



**VISTA POINTE**

Sold 2014 | 1971 | 314 Units  
Palm Springs, Florida



**MIAMI BEACH PORTFOLIO**

Sold 2014 | 1949/1951 | 24 Units  
Miami Beach, Florida



**PRESIDENTIAL HOUSE**

Sold 2014 | 1963 | 200 Units  
North Miami, Florida



**SOUTH BEACH II - PORTFOLIO**

Sold 2014 | 1937 | 26 Units  
South Beach, Florida



**HERON POND**

Sold 2014 | 1989 | 79 Units  
Palm Springs, Florida



**WILTON MANORS APARTMENTS**

Sold 2014 | 1970 | 26 Units  
Wilton Manors, Florida



**MIRAMAR GARDENS**

Sold 2014 | 1975 | 25 Units  
Miramar, Florida



**CARD SOUND**

Sold 2014 | 1970 | 105 Units  
Homestead, Florida



**CARIBBEAN ISLE VILLAS**

Sold 2014 | 2006 | 79 Units  
Homestead, Florida



**BAY HARBOR ISLAND**

Sold 2014 | 1950 | 32 and 70 Units  
Bay Harbor Island, Florida



**MAJESTIC COVE**

Sold 2013 | 2010 | 56 out of 69 Units  
Sebring, Florida



**1110 PENNSYLVANIA**

Sold 2013 | 1951 | 12 Units  
Miami Beach, Florida



**THE BOUTIQUE**

Sold 2013 | 1956/2008 | 43 Units  
Miami, Florida



**COLONIAL SUNSET**

Sold 2013 | 1963 | 82 Units  
Miami, Florida



**DEVONAIRE**

Sold 2013 | 2000 | 69 Units  
Pembroke Pines, Florida



**BOYNTON VILLAGE WR1 & WR2**

Sold 2013 | 13.44 Acres  
Boynton Beach, Florida



**RIVERWALK II**

Sold 2013 | 1994 | 112 Units  
Homestead, Florida



**SOUTH BEACH I PORTFOLIO**

Sold 2013 | 1950 | 39 Units  
South Beach, Florida



**MID BEACH PORTFOLIO**

Sold 2013 | 1941-1951 | 31 Units  
Miami Beach, Florida



**ORCHID GROVE**

Sold 2013 | 2007 | 54 Units  
Pompano Beach, Florida



**700 EUCLID**

Sold 2013 | 1935 | 54 Units  
Miami Beach, Florida



**16851 NE 18TH AVE**

Sold 2013 | 1964 | 36 Units  
North Miami Beach, Florida



**BELLA APARTMENTS**

Sold 2013 | 2007 | 17 Units  
Sunny Isles, Florida



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**Homestead, FL**  
LOCATION

**78 out of 252**  
UNITS

**1,097**  
AVG UNIT SF

**\$1,260**  
AVG MONTHLY RENT

**2007**  
YEAR BUILT

**100%**  
OCCUPANCY

**CARIBBEAN ISLES**

**CUSHMAN & WAKEFIELD** NOW AVAILABLE



**Doral, FL**  
LOCATION

**170 out of 310**  
UNITS

**1,098**  
AVG UNIT SF

**\$2,180**  
AVG MONTHLY RENT

**1992**  
YEAR BUILT

**97%**  
OCCUPANCY

**VALENCIA DORAL**

**CUSHMAN & WAKEFIELD** NOW AVAILABLE



**Miami Beach, FL**  
LOCATION

**17**  
UNITS

**931**  
AVG UNIT SF

**\$2,794**  
AVG MONTHLY RENT

**2015**  
YEAR BUILT

**65%**  
OCCUPANCY

**ALEXANDRIA SOBE**

**CUSHMAN & WAKEFIELD** NOW AVAILABLE



**Lake Worth, FL**  
LOCATION

**16**  
UNITS

**968**  
AVG UNIT SF

**\$1,188**  
AVG MONTHLY RENT

**2008**  
YEAR BUILT

**100%**  
OCCUPANCY

**CAMBRIDGE APARTMENTS**

**CUSHMAN & WAKEFIELD** NOW AVAILABLE



**Broward County, FL**  
LOCATION

**136**  
HOMES

**1,428**  
AVG UNIT SF

**\$1,639**  
AVG MONTHLY RENT

**Various**  
YEAR BUILT

**98%**  
OCCUPANCY

**BROWARD RESIDENTIAL PORTFOLIO**

PLEASE CONTACT THE FLORIDA MULTIFAMILY TEAM FOR MORE INFORMATION ABOUT THESE SALES

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## TEAM CREDENTIALS



**#1** IN  
APARTMENT  
SALES IN  
SOUTH FLORIDA

**250,000+**  
APARTMENT UNITS SOLD  
IN SOUTH FLORIDA



**\$18B**  
SOUTH FLORIDA  
MULTIFAMILY SALES

**AWARD  
WINNING**  
MARKETING



**MORE  
OFFERS**  
HIGHER PRICING



GLOBAL  
CAPITAL  
**REACH**



## CONTACT INFORMATION



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## MULTIFAMILY INVESTMENT TEAM CONTACTS



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**ZACHARY SACKLEY**  
Executive Managing Director



**TROY BALLARD**  
Senior Managing Director



**NEAL VICTOR**  
Director



**PERRY SYNANIDIS**  
Senior Financial Analyst



**JAMES QUINN**  
Senior Financial Analyst



**AARON MANDEL**  
Financial Analyst



**BRANT LONG**  
Client Services Team Lead



**ELIZABETH ROGERIO**  
Client Services Coordinator



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