



## MARKET INSIGHT REPORT

---

MIAMI  
SPRING 2024





# Employment / Unemployment

The Miami-Fort Lauderdale-West Palm Beach metropolitan area is the cultural, economic, and financial center of South Florida and is one of the largest urban areas in the country. Greater Miami accounts for over 90% of the economic activity in the region and contains the highest concentration of international banks in the nation. Miami's favorable pro-business environment has attracted large companies in recent years, and its primary economic drivers are in the industries of construction, trade, transportation, and utilities, retail trade, tourism, education and health care, and professional and business services.

830 Brickwell, downtown Miami's tallest office tower, made its debut in the financial district in 2023. The \$235-million building is the first new highrise in the district in over 10 years. 97% of the office space was leased before the opening, and tenants include Citadel Group, Kirkland and Ellis, Rothschild & Co., and Microsoft.

The tourism industry has made great strides in job recovery since the height of the pandemic and 2023 was a historic year for the industry. Port Miami, known as the "Cruise Capital of the World," is the largest passenger port in the world and is recognized as a global gateway. The Port welcomed a record 7,299,294 passengers in 2023, a 6.7% increase from its previous pre-pandemic record set in 2019. Eight new ships will be arriving in 2024 including Royal Caribbean Group's Icon of the Seas, the largest cruise ship in the world. Port Miami has an annual economic impact of over \$43 billion on the region and supports a total of roughly 334,000 jobs.

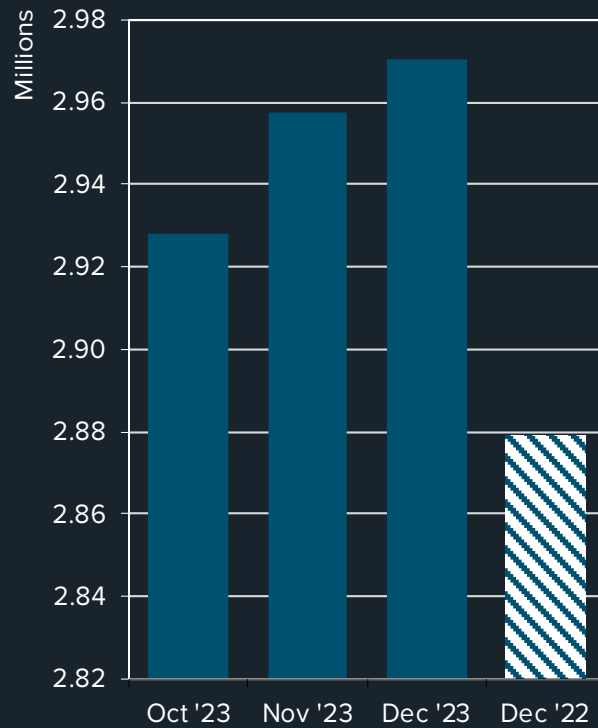
The Miami International Airport (MIA) also had an unprecedented year in 2023 with 52.3 million passengers served, a 3.2% increase from 2022. International travel climbed 8.5% with 23.2 million passengers, and cargo operations also set a record with 2.78 million tons carried, a year-over-year growth rate increase of 1%. MIA is the business airport in the U.S. for international freight and the second busiest airport for international travel. MIA and the General Aviation Airports generate an annual economic impact of \$31.9 billion and account for 275,708 direct and indirect employment positions.

- Miami-Fort Lauderdale-West Palm Beach metropolitan area led South Florida in annual job growth in 2023. Total nonfarm payroll employment increased by 3% year-over-year.
- Miami continued to have slower yet healthy growth. Its annual job growth of 4.1% exceeded the U.S. growth of 2.8% through November 2023.
- The net job change from the pre-pandemic peak through November 2023 was 6.8%, well above the U.S. net growth of 3.0%.
- Oxford Economics forecasts that Miami's average job growth rate will be 1.0% in 2024 and grow by 0.4% per year from 2025 through 2028, above U.S. average job growth.

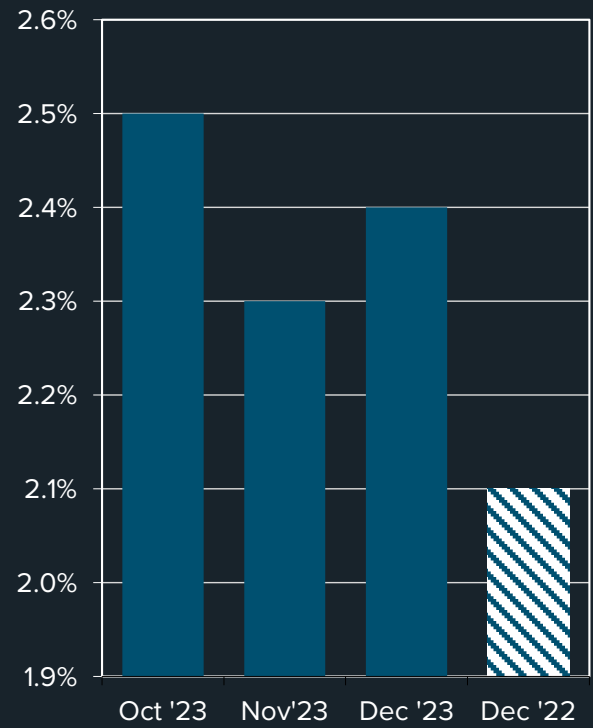




## Total Employment



## Unemployment



Metro Area Employment (Thousands)	Dec 2023	Miami	National
Total Non-farm	2970.3	3.2%	2.0%
Mining and Logging	-	-	2.4%
Construction	143.9	1.0%	3.4%
Manufacturing	99.5	2.9%	1.2%
Trade, Transportation & Utilities	681.1	2.9%	0.6%
Information	55.2	-1.3%	-2.6%
Financial Activities	221.7	3.3%	1.0%
Professional and Business Services	540.1	4.4%	0.6%
Education and Health Services	454.2	3.7%	4.2%
Leisure and Hospitality	340.8	3.0%	3.5%
Other Services	117.7	4.3%	1.8%
Government	315.3	2.3%	3.2%

Source: U.S. BLS, Current Employment Statistics

# Miami Rental Market

- Multifamily demand growth in the Miami metro normalized to pre-pandemic levels in 2023 following historic performance in 2022 and five years of outpacing the national average. Annual rent gains remained positive at 1.6%, below the high of 3.7% from one year ago yet surpassing the U.S. average gains of 0.5%. Demand growth in the luxury asset class decelerated to 8% annually in the second half of 2023, below the five-year average of 14%. While the Miami area has the largest multifamily supply pipeline across all Florida markets, its occupancy rate is the third highest in the state, and rent gains remain higher relative to similar-sized Florida markets. 90% of Miami's demand growth over the last 10 years has been focused on four- and five-star properties and the trend is expected to continue in the long-term.
- Annual rent gains across all market segments remains positive at 1.6% as of the first quarter of 2024.
- The luxury property segment that drove the rapid run-up of rents in 2021 is now on the decline and currently trending at 0.5%.



## 2.6%

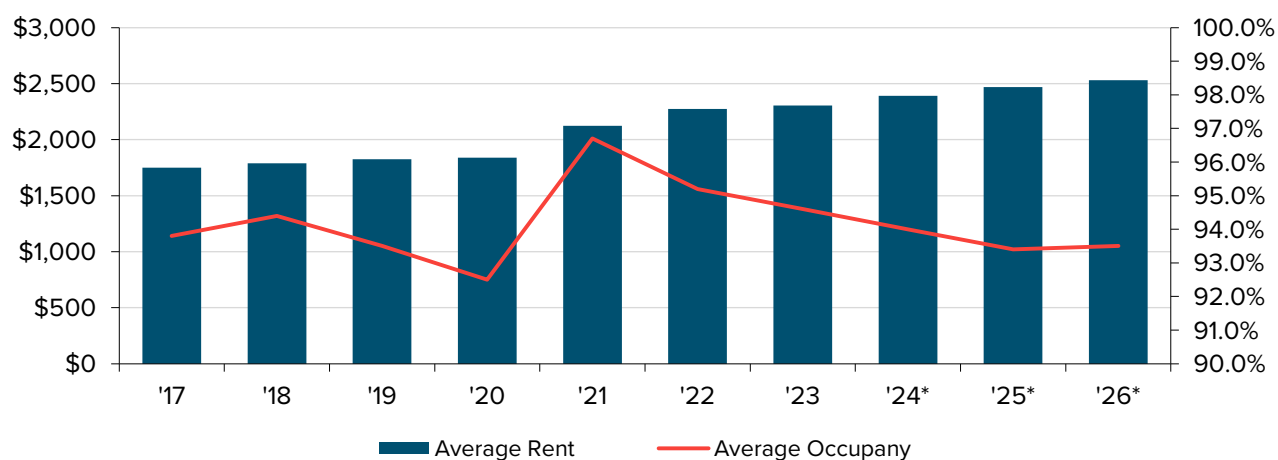
Historic Average Asking Rent Growth YoY

Source: CoStar



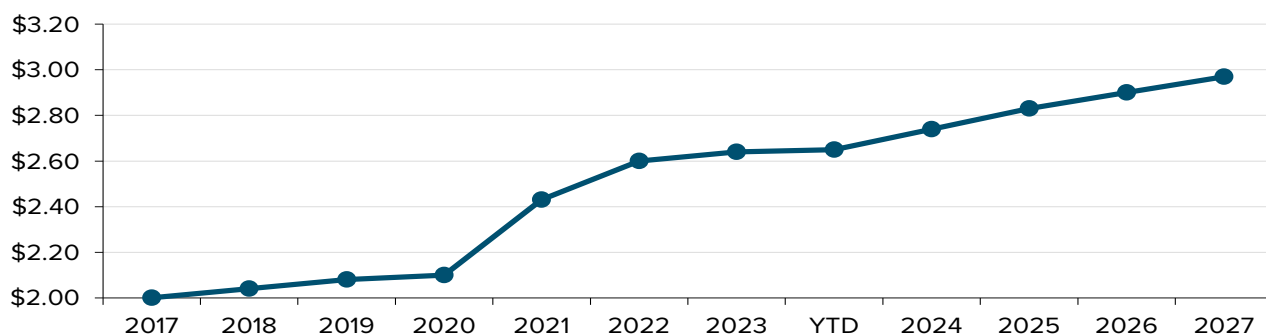
- More affordable, mid-tier properties had highest annual rent growth gains at 4.5% for one- and two-star properties and 3.1% for three-star units.
- Occupancies across the market segments have decreased to 94.7% as of the early first quarter of 2024 yet are still below the U.S. average of 92.4%.
- New leases on recently delivered properties are reporting an increase in concessions, and the influx of new deliveries in the luxury segment will put downward pressure on occupancy rates in 2024.
- Many renters, including high-income earners, are choosing to stay in place as home ownership remains constrained due to soaring home prices and elevated interest rates.

### Average Rent / Vacancy



Source: CoStar | \*Projected

### Asking Rent / SF



Source: CoStar | \*Projected

# Multifamily Construction

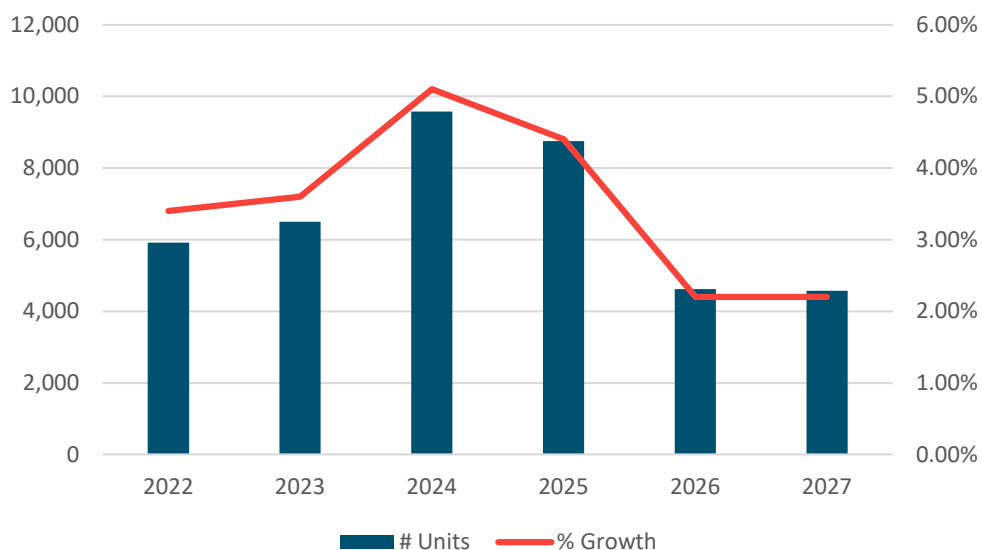
- Over 29,000 units are currently under construction in the Miami metro, representing roughly 15% of existing inventory. Over 40% of the supply underway is in the downtown Miami area. 9,500 deliveries are forecasted for 2024 and 8,700 new units are estimated to be delivered in the next two years. Construction activity should slow in the first half of 2024 due to inflated costs in financing, land, and general expenses.
- Construction starts slowed to 8,400 in 2023, nearly half the amount from the 16,000 units under construction in 2022.
- Deliveries in 2023 totaled 6,400 units, on par with the five-year historical average of 6,800 units.
- About 90% of supply under construction are four- and five-star units.
- Annual apartment absorption grew by 5,200 units as of the first quarter of 2024.
- The recent in-migration of high-income earners that are outpriced of the single-family market will bolster multifamily demand and keep occupancy rates above the national average through 2024.



## 9,578 New Units

Expected Completions for 2024

### Completions / Net Absorption



Source: CoStar | \*Projected

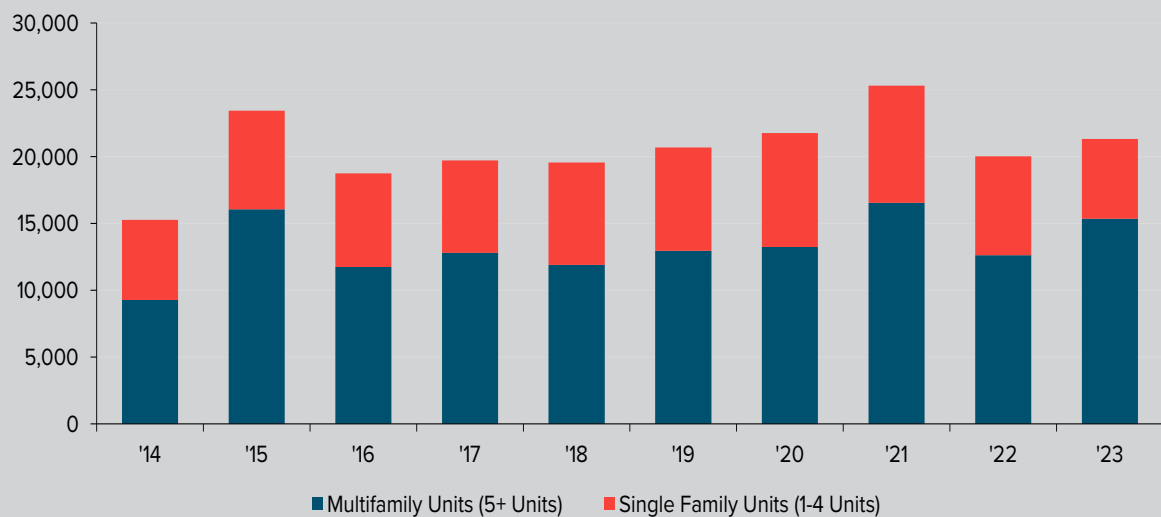


## Permits

---

- The median sale price for single family homes in the Miami metro was \$610,000 in May 2023.
- The total number of active single family for-sale listings was 6,672.
- The total number of units sold was 6,334.

### Total Residential Building Permits



Sources: U.S. Census, GREA Research, Multifamily Includes Condos | \*Projected



**5,966**

Single Family  
Permits

**15,363**

Multifamily Permits  
(5+ Units)

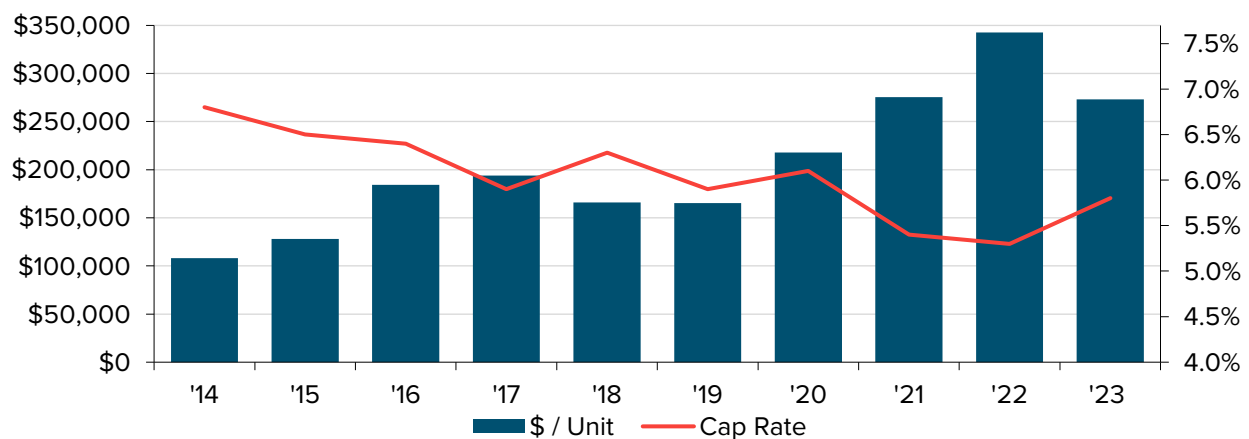


**\$610K**

Median Single  
Family Price

- Multifamily transaction volume in 2023 totaled \$1.6 billion, more in line with pre-pandemic activity and the ten-year average of \$1.7 billion. Still, transaction activity was below the five-year historical average of \$2.3 billion and down from the record levels of \$4 billion in the years 2021 and 2022. The higher cost of debt has made some investors more cautious with investment capital decisions and has had an impact on volume. Even so, steady employment and population growth combined with a strong influx of international and domestic capital will aid in insulating Miami's historically robust multifamily fundamentals in the long term.

### Average Sales PPU / Cap Rate



Source: CoStar | YTD as Reported by CoStar | \*Projected



**\$158,169**

Avg. Sold Price / Unit YTD



**5.6%**

Avg. Cap Rate





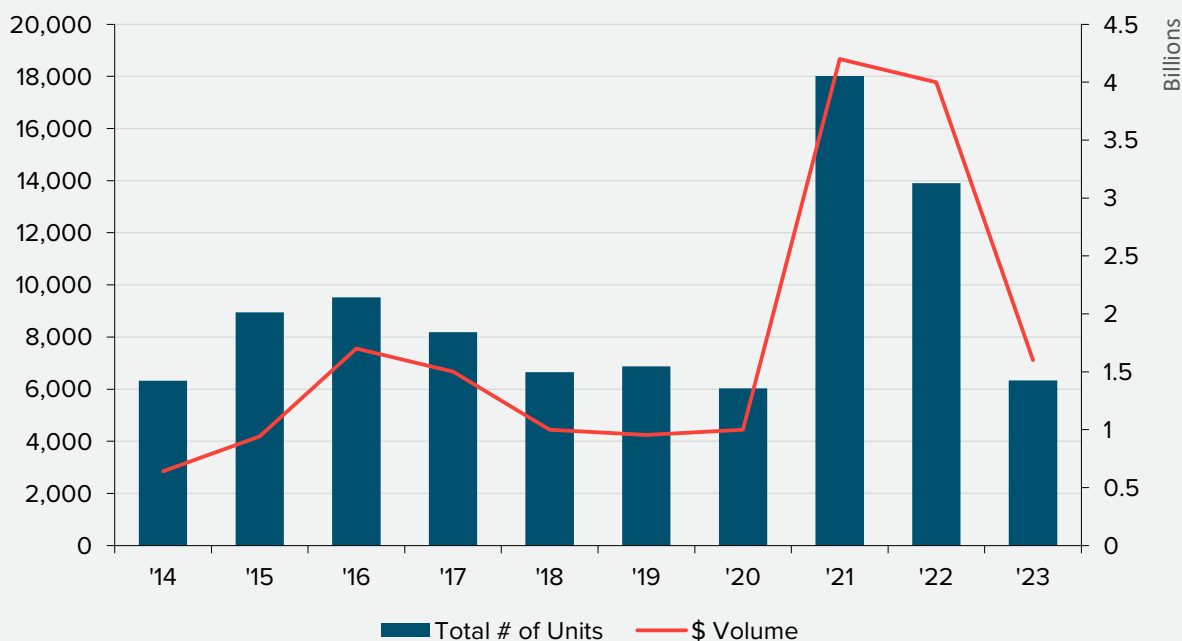
- While investor interest remains high in the Miami metro, restrained financial conditions resulted in slowed activity and higher capitalization rates.
- Transaction cap rates rose in the second half of 2023 to the mid-6% range, up from the 2022 lows in the mid-4% to 5% range.
- Institutional investors represented the lion's share of buyer activity over the last year.
- Contracted price growth is forecasted to continue through the first half of 2024, in tandem with the anticipated reduction of interest rates and loosening lending requirements beginning in the second half of 2024.



**\$1.3B**

12 Mo. Sales Volume

### Apartment Sales Transactions



Source: CoStar



TO LEARN MORE ABOUT GRE A AND OUR CAPABILITIES  
PLEASE VISIT [WWW.GREA.COM](http://WWW.GREA.COM)

**KEN WELLAR**

Founding Partner

C | 610.745.4800

[ken.wellar@grea.com](mailto:ken.wellar@grea.com)

**TAYLOR WALSH**

Managing Director

C | 609.504.5247

[taylor.walsh@grea.com](mailto:taylor.walsh@grea.com)

**JESUS “MANDO” DE ARMAS**

Associate Director

C | 786.486.9462

[mando.dearmas@grea.com](mailto:mando.dearmas@grea.com)

**STEFFAN RAMOS**

Associate

C | 832.447.0149

[steffan.ramos@grea.com](mailto:steffan.ramos@grea.com)

**MAX WALLACE**

Associate

C | 610.755.1070

[max.wallace@grea.com](mailto:max.wallace@grea.com)



777 Brickell Avenue

Miami, FL 33131

[www.GREA.com](http://www.GREA.com)

© 2024 Global Real Estate Advisors (GRE A)

Sources: GRE A Research; RealPage; National Multifamily Housing Council; Federal Reserve Bank of St. Louis; Moody's; CoStar

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property.