

# MARKET INSIGHT

SOUTH FLORIDA MULTIFAMILY REPORT | THIRD QUARTER 2017

## SOUTH FLORIDA MULTIFAMILY SALES AT RECORD PRICE PER UNIT LEVELS - DESPITE DROP IN SALES VOLUME

South Florida multifamily sales continue at feverish levels. In the first 10 months of 2017 there were 198 multifamily sales totaling almost \$3.6 billion - the second highest dollar volume sales ever recorded in South Florida (see graph 2). The record dollar sales was \$5.6 billion in 2016, although, approximately \$2 billion of the 2016 sales were attributable to the national EQR/Starwood sale. Although, the year-end numbers are yet to be finalized it looks likely all three counties will witness record price per unit and price per square foot sales (see graph 1).

A little over \$1.8 billion or 50% of all year-to-date multifamily sales have occurred in Class A inventory. As new supply gets completed and stabilized, developers are selling the newly completed inventory at record pricing levels including Amaray Las Olas which our team sold for \$134 million for 254-units - or a record \$525,000 per unit in South Florida.

The size of multifamily sales is also changing. For the past two years 85% of the total sales occurred over \$20 million. Historically, sales under \$20 million accounted for over 30% of deal activity in South Florida. Sales under \$20 million dropped by 43% from \$829 million in 2016 to \$472 million. There is no panacea that accounts for the shift, however, factors such as limited available product to buy and a buy/sell bid gap have contributed to fewer sub \$20 million sales.

We are now entering the eighth year of multifamily expansion in South Florida. Fundamentals remain strong and growth will continue albeit not at the levels witnessed in previous years.

### RENTAL DEMAND

An increasing population, demographic shifts and higher single-family home pricing are contributing towards strong rental demand. Despite all the new multifamily construction, the demand

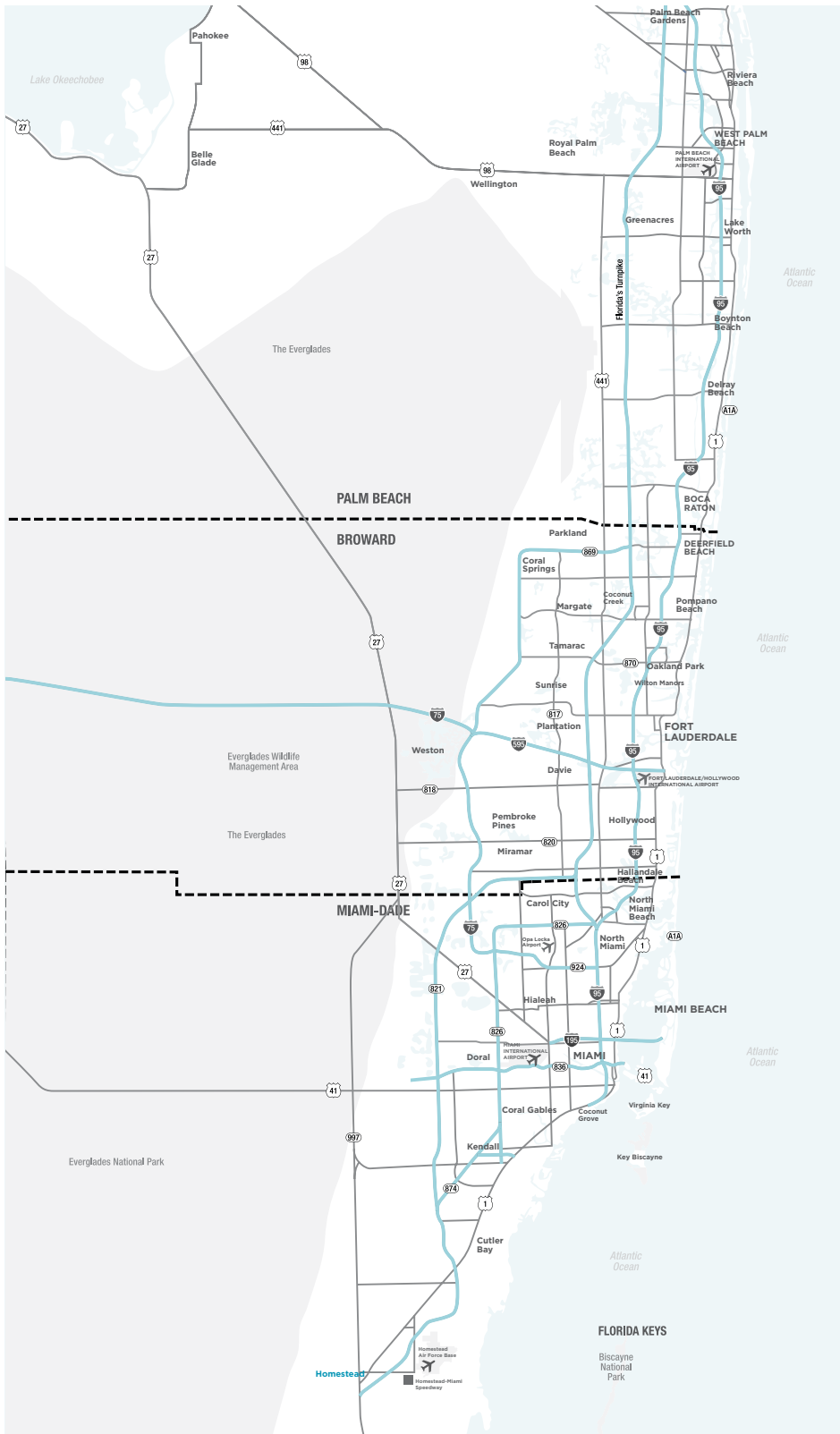
for rentals continues to outpace supply. In the past five years South Florida's population increased by 369,000. During the same period, 42,388 new apartment units were built. This means one unit has been built for every 8.7 net new residents. Over the next five years, South Florida is expected to see a positive net migration of 8.0% or 495,000 people. Using the same ratio, the region would need over 56,800 new rentals to keep pace with the population growth for the next five years. There are currently 18,518 units under construction.

Another way to consider demand is looking at the amount of new household formations - the number of new households created each year. Household formations in South Florida are expected to increase to over 50,000 each year in the next five years. Let's conservatively assume 40,000 new households per year and 60% enter homeownership and 40% as renters (consistent with current homeownership rates) that represents 16,000 new renters per year in South Florida.

The homeownership rate in South Florida is 62.1%, near a 30-year low. Since 2012, median single-family home prices have increased 64%, 51% and 68% 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 \$330,000, meaning a renter who could afford a 10% down payment on a median-priced home in Miami-Dade would have a mortgage around \$2,000 — \$700 more than the average Miami-Dade rental.

## IN THIS EDITION

- > [Miami-Dade County](#)
- > [Broward County](#)
- > [Palm Beach County](#)



**PALM BEACH**

Population	<b>1.46M</b>
Number of Units	<b>70,000</b>
Vacancy	<b>8%</b>
Asking Rent	<b>\$1,451</b>
Units Under Construction	<b>4,867</b>

**BROWARD**

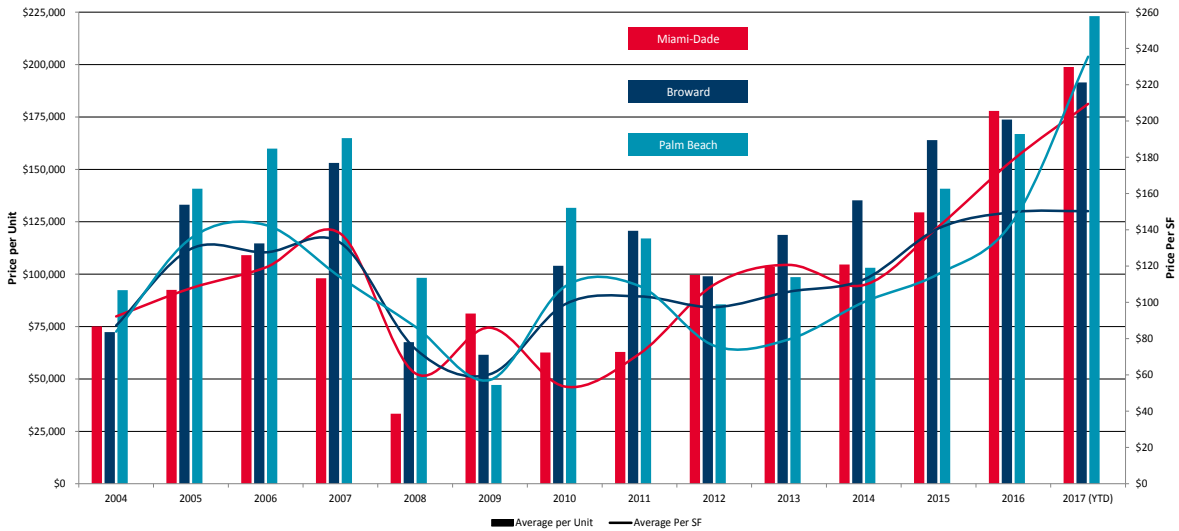
Population	<b>1.93M</b>
Number of Units	<b>117,000</b>
Vacancy	<b>6.3%</b>
Asking Rent	<b>\$1,417</b>
Units Under Construction	<b>5,499</b>

**MIAMI-DADE**

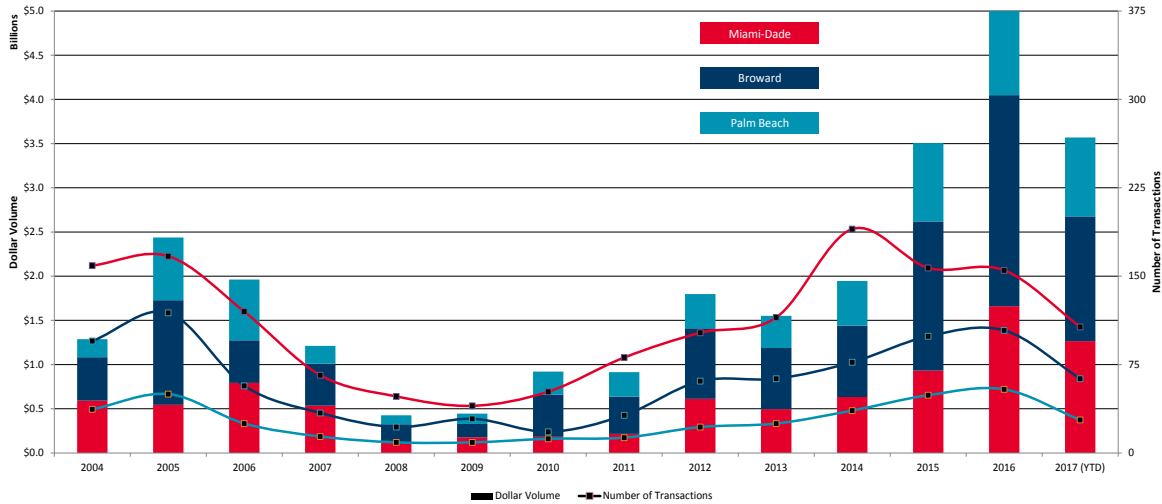
Population	<b>2.73M</b>
Number of Units	<b>162,000</b>
Vacancy	<b>5%</b>
Asking Rent	<b>\$1,315</b>
Units Under Construction	<b>8,152</b>

MULTIFAMILY INVESTMENT SALES ANALYSIS | SOUTH FLORIDA

**SOUTH FLORIDA HISTORICAL PRICE/UNIT VERSUS PRICE/SF**



**SOUTH FLORIDA HISTORICAL TRANSACTION VOLUME VERSUS NUMBER OF TRANSACTIONS**



<sup>1</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics, 2017

**WHERE MULTIFAMILY OPPORTUNITIES EXIST**

- Value Add opportunities in submarkets with +/- 20-Year delivery gap in new construction.
- Affordable Housing remains drastically underserved. Understand the House tax reform bill and the possible elimination of private-activity bonds. This could have negative consequences for affordable development
- Price per pound: Look for assets below replacement cost. Go beyond the in place numbers. Attractive debt options can facilitate operational and/or revenue enhancements.
- Suburban, Class A School Districts, Larger Units, More Playground & Dog Park, Less Business Center
- Brightline and New Tri-Rail Station in Miami, South Broward, and to Orlando
- Silver Tsunami: Senior communities near affluent single-family markets and walkability
- Income producing development sites for multifamily and condo

## RENTAL SUPPLY

New rental supply continues to be quickly absorbed in the market. The perceived unknown effects of new supply are largely known already - which are minimal and needed based on rental demand. Consider that in the past four years 37,910 apartment units were built in South Florida. There are currently 18,518 units under construction. Hence, we are 67% into the development cycle and the cloud of uncertainty from increased supply has not adversely effected the market thus far.

Due to higher construction and land costs, new supply is almost exclusively geared towards Class A+ product. Any short-term increase in vacancies and/or concessions will be limited to higher end product in specific submarkets that experience several new building completions in quick succession. Affordable or Class B and C supply remains drastically under served.

## RENTS

For the seventh year in a row, rents were at record levels in South Florida. In the past five years, effective rents increased by 20.8%, 24.3%, and 28.1% in Miami-Dade, Broward, and Palm Beach counties respectively. Rent growth has slowed from previous years but we anticipate it will continue to range from 2%-4% in 2018 for several reasons 1) New rental supply is hitting the market with higher rents which increases the average rent in the market 2) The headroom between B/C properties versus Class A remains significant, and can be over \$600 per month in certain submarkets. Value-add buyers are improving many B/C properties and increasing rents to fill the gap in pricing within the market. 3) Increasing rental supply continues to be quickly absorbed with few concessions or rent decreases.

## INCOME LEVELS

For only the second time in ten years, income levels grew at a higher percentage rate than rental rates. The employment market continues to improve in South Florida with 335,000 new jobs added in the past five years. Median salary incomes increased by almost 4% in South Florida. In fact, in the 12 month period ending June 2017, wages in South Florida grew at the fastest rate in the U.S.<sup>1</sup> The unemployment rate is less than 4%. Stronger employment and income levels will help with affordability and bodes well for multifamily fundamentals.

## VALUE IN VALUE ADD

Value-add Class B and C properties remain in strong demand. Earlier this year we sold a 1960's, vacant 57-unit value-add property and received 14 offers including hard money deposits. The property sold for \$124,000 per unit. 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 Class A rents, yet able to pay notably higher than the in-place rents at the B and C properties. Competition for these acquisition opportunities remains fierce.

## VACANCY RATES

Vacancy rates remained relatively flat in 2017, although they did increase by 0.4% in Palm Beach. Vacancies may increase further in 2018 as new supply is added, however, this will be a short-term phenomenon. For example, Doral has historically one of the lowest vacancies in South Florida, however, during 2017, the submarket witnessed a short-term spike in vacancy to 9.8% as new supply outpaced absorption. Its likely that by the time this report prints, it will be around 5%. Class B and C properties continue to experience extremely low vacancy levels across all markets in South Florida.

## CAP RATES/INTEREST RATES

Cap rates continue to remain flat. For over five years, investors have speculated that rising interest rates could negatively effect cap rates. If anything, cap rates lowered during this time period. We do not anticipate any notably shift in cap rates for 2018. Any interest rate increase will likely to be offset by spread compression. Currently, spreads on 10-year, moderate to full leverage loans range from 205 basis points (bp) to 255bp through the agencies. By comparison, during the previous real estate cycle, credit spreads on 10-year CMBS loans were as low as 90bp to 100bp. As indexes increase, lenders will be forced to lower spreads in order to be competitive which will offset any marginal up-tick in interest rates. A longer term view will conclude interest rates will rise and at some point cap rates could be effected, however, we believe we remain several years away from this occurring.

## FINANCING

Debt markets continue to be robust, with the multifamily asset class enjoying the most plentiful and cheap options. The Freddie Mac small balance loan program is a popular choice for owners looking to refinance, and Fannie Mae provides attractive financing options for new construction multifamily pre-stabilization. Both agencies offer up to 80% non-recourse debt with rates in the low 4% range. President Trump nominated Jerome Powell to replace Fed Chair Janet Yellen in February 2018. Powell, who has been a member of the Federal Reserve Board of Governors since 2012, has historically voted with the consensus and is likely to maintain Yellen's policies. Unlike Yellen, he is a republican and has argued against banking regulations. Powell will be stepping into a perplexing Treasury market as the spread between the 2-Yr and 10-Yr yields have narrowed to its lowest level since 2007. Flat yield curves have historically been a precursor to inverted yield curves which signal recessions. With the spread between the 2-Yr and the 10-Yr Ts currently at about 70 bps and the Yellen Fed almost certain to raise interest rates in December, inflation numbers will have to improve for the Fed to stick to its forecast of three interest rate hikes next year.

## FINAL THOUGHTS

With the exception of Hurricane Irma in September the market can be summarized as "strong and steady" so far in 2017. In 2016, we witnessed a strong first-half and a dramatic decrease in sales in the final quarter of the year as we entered a period of price discovery with relatively restrained transaction volumes. We immediately noticed an up tick in investor activity beginning in January and it has remained bullish all year. In 2018, we anticipate similar conditions. Appreciation of values will continue although many investors are looking at 5-10 year holds versus the quick "in and out" buys of previous years.

## CAP RATES

**Class A:** 4.25% - 4.75%

**Class B:** 4.75% - 5.50%

**Class C:** 5.50% - 6.75%

## 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
2017(F)	2,750,520	0.8%	4.6%	\$47,776	3.9%	\$343,420	3.3%
2016	2,730,000	1.4%	5.4%	\$45,998	5.1%	\$332,490	9.8%
2015	2,693,000	0.9%	5.7%	\$43,786	2.0%	\$330,475	8.1%
2014	2,669,000	1.0%	6.3%	\$42,914	1.1%	\$302,705	8.8%
2013	2,642,000	1.2%	7.2%	\$42,444	1.1%	\$257,329	23.7%

## 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
2017(F)	1,943,280	0.7%	3.3%	\$58,991	3.7%	\$297,260	4.3%
2016	1,929,000	1.7%	4.4%	\$56,871	5.5%	\$285,120	8.9%
2015	1,896,000	1.4%	4.5%	\$53,926	3.5%	\$261,912	3.5%
2014	1,870,000	1.4%	5.0%	\$52,127	2.8%	\$252,995	5.0%
2013	1,844,000	1.4%	5.8%	\$50,690	1.8%	\$240,960	22.5%

## 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
2017(F)	1,482,850	1.5%	3.6%	\$62,364	3.8%	\$332,420	11.3%
2016	1,461,000	2.7%	4.7%	\$60,086	5.7%	\$298,620	10.6%
2015	1,423,000	1.7%	4.3%	\$56,664	4.3%	\$269,971	5.8%
2014	1,399,000	1.7%	4.8%	\$54,206	4.0%	\$255,195	6.3%
2013	1,376,000	1.3%	6.1%	\$52,060	1.4%	\$240,167	21.3%

\*Data reported by BLS, Moodys and Alteryx Demographics



**369,000** SoFla Population Growth in past 5 years

**495,000 | 8.0%** positive net migration over the next 5 years



**335,405** new jobs added in the past five years, in SoFla.

**7.3** jobs for every apartment unit in SoFla.

**18,518** apartment units are currently under construction in SoFla. This is 5.3% of the current apartment inventory



**62.1%** home ownership rate in SoFla, near a 30-year low.

**64% | 51% | 68%** median single-family home price increase in Miami-Dade, Broward, and Palm Beach Counties respectively since 2012.



**3.9%** median salary income increase by year-end 2017, the 2nd biggest increase since 2006 in SoFla.



**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.



**\$6B+** invested in large-scale investments in Miami including \$2.5 billion Brightline, the \$1.0 billion Brickell City Centre, and the \$2.0 billion Panama 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**

**\$1.265B** 2017 Sales (YTD)

**\$132,892** YTD Median Sale per Unit

**2,330** Annual Unit Net Absorption

**\$11,850,000** YTD Average Sale Price

**\$1,315** Average Rent Per Unit

**162,914** Inventory of Rentable Units

**\$209** YTD Median Sale PSF

**95.0%** Occupancy Rate

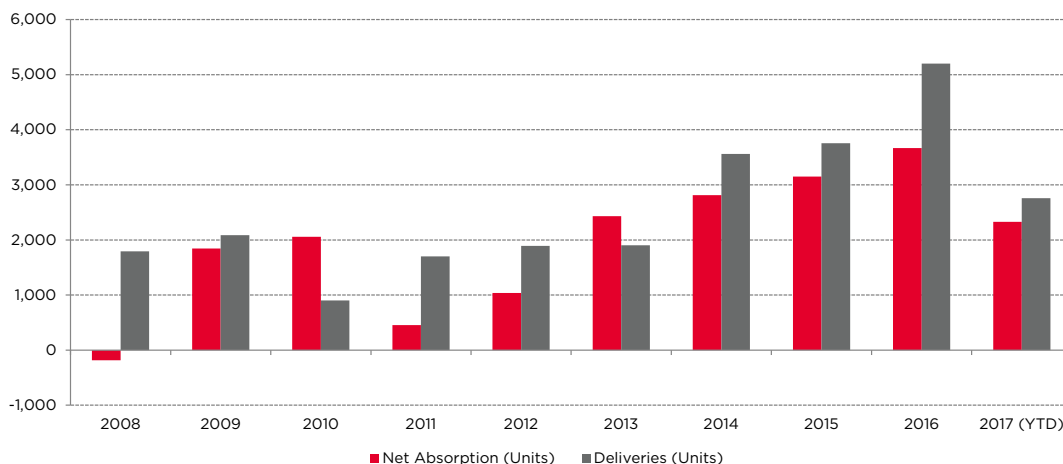
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2017 (YTD)	\$1,265,681,078	107	162,914	\$1,315	\$1.55	3.1%	\$1,277	\$1.51	2.5%	5.0%	2,330	2,758
2016	\$1,660,305,578	155	160,379	\$1,276	\$1.51	5.5%	\$1,246	\$1.47	4.5%	4.9%	3,669	5,201
2015	\$931,050,888	157	155,327	\$1,209	\$1.44	6.8%	\$1,192	\$1.42	5.8%	4.4%	3,151	3,755
2014	\$633,508,932	190	152,033	\$1,132	\$1.36	4.0%	\$1,127	\$1.35	4.0%	4.4%	2,813	3,561
2013	\$495,784,046	115	149,063	\$1,088	\$1.31	4.3%	\$1,084	\$1.31	4.6%	4.4%	2,433	1,903
2012	\$613,235,041	102	147,447	\$1,043	\$1.26	4.1%	\$1,036	\$1.25	4.0%	5.0%	1,038	1,894
2011	\$216,153,258	81	146,101	\$1,002	\$1.21	1.2%	\$996	\$1.21	1.2%	4.9%	454	1,703
2010	\$182,690,978	52	145,288	\$990	\$1.20	1.7%	\$984	\$1.19	1.8%	4.7%	2,056	903
2009	\$177,682,078	40	144,513	\$973	\$1.18	-2.7%	\$967	\$1.17	-2.6%	5.6%	1,845	2,088
2008	\$115,236,200	48	142,645	\$1,000	\$1.22	-2.9%	\$993	\$1.21	-3.0%	5.8%	-183	1,792

**MIAMI-DADE APARTMENTS UNDER CONSTRUCTION**

**25** apartment buildings totaling **8,152** units under construction in Miami Dade

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Modera Riverhouse	Miami	292	2018
NOMA	N Miami Beach	354	2019
Pearl Midtown	Miami	309	2018
Quadro	Miami	198	2019
Motion at Dadeland	Miami	292	2017

**MIAMI-DADE DELIVERIES VERSUS ABSORPTION**



SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS
Aventura	2,771	\$1,668	\$1.66	0.4%	\$1,667	\$1.65	1.9%	12.7%	27	-
Bal Harbor/South Beach	9,775	\$1,292	\$1.94	0.0%	\$1,263	\$1.90	-0.8%	8.9%	29	12
Brickell/Downtown	10,922	\$1,392	\$1.86	3.6%	\$1,333	\$1.79	1.5%	5.5%	22	-
Coconut Grove	2,522	\$1,395	\$1.92	3.1%	\$1,333	\$1.84	2.0%	7.6%	48	51
Coral Gables	5,723	\$1,920	\$2.24	3.3%	\$1,808	\$2.13	-0.4%	6.3%	26	-
Hialeah/Miami Lakes	22,122	\$1,226	\$1.43	1.7%	\$1,214	\$1.41	1.5%	2.6%	-121	-
Homestead/South Dade	20,692	\$973	\$1.11	3.0%	\$970	\$1.10	1.8%	4.0%	667	796
Kendall	13,914	\$1,574	\$1.73	5.7%	\$1,508	\$1.67	5.3%	5.3%	685	412
Miami Gardens/Opalocka	33,251	\$1,036	\$1.27	2.0%	\$1,029	\$1.26	1.6%	3.7%	360	355
Miami Springs/Doral	18,449	\$1,621	\$1.73	4.3%	\$1,564	\$1.67	2.9%	9.8%	485	888
North Miami/Beach	18,627	\$1,157	\$1.45	1.1%	\$1,148	\$1.44	1.9%	4.8%	-31	-
Outlying Miami-Dade County	783	\$1,343	\$1.11	3.3%	\$1,293	\$1.07	42.1%	19.3%	108	244
Westchester/Tamiami	3,363	\$1,237	\$1.61	0.2%	\$1,223	\$1.60	1.1%	3.0%	25	-
<b>TOTAL/AVERAGE</b>	<b>162,914</b>	<b>\$1,315</b>	<b>\$1.55</b>	<b>3.1%</b>	<b>\$1,277</b>	<b>\$1.51</b>	<b>2.5%</b>	<b>5.0%</b>	<b>2,330</b>	<b>2,758</b>



- In the first ten months of 2017, there were 107 apartment sales totaling \$1.265 billion with a median price of \$132,892 per unit or \$209 per square foot.



- For a ninth year in a row, average asking and effective rents were at record levels.
- Year-to-date, average asking rents grew by 3.1%. This is below the record 6.8% 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 8,152 units forecasted for delivery to market. This represents only 5.0% of the current inventory in the market.



- Year-to-date net absorption was over 2,330 units. In 2016 new units outpaced net absorption by almost 2,000 units contributing to a slightly higher vacancy rate.



- By year-end 2017 median salary income in Broward is expected to increase by +/- 3.9%, one of the biggest increases since 2006.
- The population has grown by 108,520 in the past five years.

**BROWARD**

**\$1.410B** 2017 Sales (YTD)

**\$118,318** YTD Median Sale per Unit

**1,914** Annual Unit Net Absorption

**\$22,400,000** YTD Average Sale Price

**\$1,417** Average Rent Per Unit

**118,706** Inventory of Rentable Units

**\$150** YTD Median Sale PSF

**93.7%** Occupancy Rate

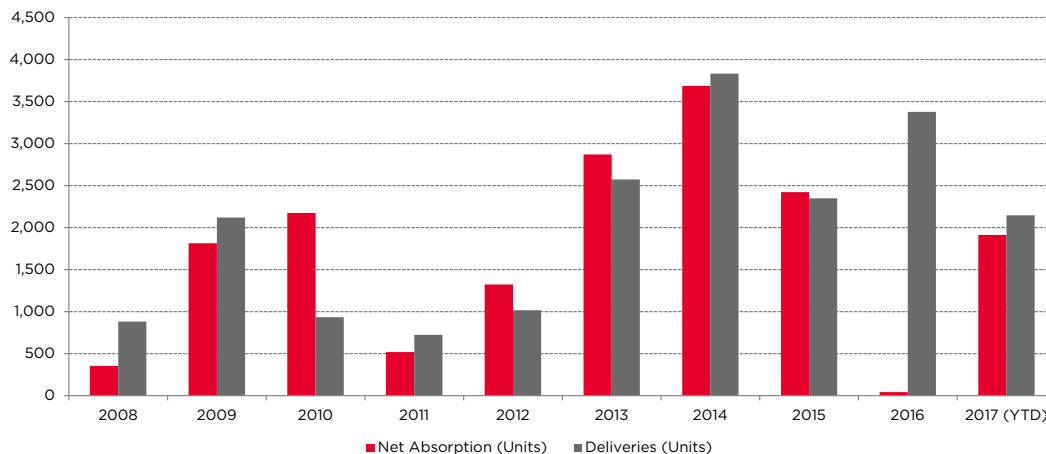
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2017 (YTD)	\$1,411,464,607	63	118,706	\$1,417	\$1.46	3.0%	\$1,391	\$1.43	3.1%	6.3%	1,914	2,148
2016	\$2,388,569,755	104	116,732	\$1,376	\$1.42	3.5%	\$1,349	\$1.39	2.1%	6.4%	44	3,379
2015	\$1,688,383,057	99	114,521	\$1,329	\$1.37	7.9%	\$1,321	\$1.37	7.7%	4.6%	2,423	2,349
2014	\$807,606,736	77	112,213	\$1,232	\$1.27	6.0%	\$1,227	\$1.27	6.4%	4.8%	3,686	3,834
2013	\$691,694,801	63	108,644	\$1,162	\$1.21	3.9%	\$1,153	\$1.20	4.1%	5.0%	2,871	2,575
2012	\$797,502,017	61	106,167	\$1,118	\$1.16	2.9%	\$1,108	\$1.15	2.8%	5.5%	1,325	1,018
2011	\$421,986,582	32	105,441	\$1,086	\$1.13	1.4%	\$1,078	\$1.12	1.3%	6.2%	519	725
2010	\$476,734,800	18	104,857	\$1,071	\$1.11	2.4%	\$1,064	\$1.11	2.5%	6.1%	2,176	935
2009	\$149,843,728	29	104,014	\$1,046	\$1.09	-3.1%	\$1,038	\$1.08	-3.2%	7.5%	1,814	2,120
2008	\$210,194,000	22	101,894	\$1,080	\$1.13	-3.6%	\$1,072	\$1.12	-3.6%	7.4%	354	883

**BROWARD APARTMENTS UNDER CONSTRUCTION**

**16** apartment buildings totaling **5,499** units under construction in Broward

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
PARC3400	Davie	259	2017
AMLI Plantation	Plantation	286	2018
Morgan on 3rd	Fort Lauderdale	357	2018
Midtown Residences	Coconut Creek	308	2018
Altis Pembroke Gardens	Pembroke Pines	280	2018

**BROWARD DELIVERIES VERSUS ABSORPTION**





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	21,543	\$1,451	\$1.39	1.8%	\$1,425	\$1.37	1.3%	7.1%	47	155
Fort Lauderdale	16,022	\$1,612	\$1.82	4.5%	\$1,572	\$1.78	8.4%	10.9%	637	1,590
Hollywood/Dania Beach	11,560	\$1,251	\$1.47	5.0%	\$1,210	\$1.43	2.5%	5.3%	69	-
Miramar/Hallandale Beach	5,216	\$1,148	\$1.31	2.3%	\$1,142	\$1.30	2.5%	4.3%	-29	-
Oakland Park/Lauderhill	13,374	\$1,150	\$1.30	3.6%	\$1,117	\$1.27	1.7%	4.0%	147	-
Pembroke Pines/West Miramar	9,741	\$1,746	\$1.59	3.8%	\$1,707	\$1.55	2.7%	6.5%	338	-
Plantation/Sunrise	17,819	\$1,469	\$1.43	1.8%	\$1,453	\$1.41	1.9%	6.7%	188	48
Pompano Beach/Deerfield Beach	14,887	\$1,217	\$1.33	1.8%	\$1,200	\$1.32	2.0%	5.5%	284	92
Weston/Davie	8,544	\$1,506	\$1.49	1.9%	\$1,483	\$1.47	1.7%	7.7%	233	263
<b>TOTAL/AVERAGE</b>	<b>118,706</b>	<b>\$1,417</b>	<b>\$1.46</b>	<b>3.0%</b>	<b>\$1,391</b>	<b>\$1.43</b>	<b>3.1%</b>	<b>6.3%</b>	<b>1,914</b>	<b>2,148</b>



- In the first nine months of 2017, there were 63 apartment sales totaling \$1.410 billion with a median price of \$118,318 per unit or \$150 per square foot.



- For a ninth year in a row, average asking and effective rents were at record levels. Year-to-date, average asking rents grew by 3.0%. This is below the record 7.9% rent increase in 2015.



- Vacancies increased in 2017 to 6.3%, the 2nd highest over the past 6 years. This was due to new supply continuing to out-pace net absorption.



- There are 5,499 units forecasted for delivery to market. This represents only 4.6% of the current inventory in the market.



- Year-to-date there were 234 more units delivered than absorbed in Broward. This is another indication of supply outpacing demand which in turn results to higher vacancy rates.



- By year-end 2017 median salary income in Broward is expected to increase by +/- 3.7%, one of the biggest increases since 2006.
- Population has grown by 99,280 in the past five years.

\*Data as of October-2017, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales

**PALM BEACH**

**\$895B** 2017 Sales (YTD)

**\$137,500** YTD Median Sale per Unit

**797** Annual Unit Net Absorption

**\$31,900,000** YTD Average Sale Price

**\$1,451** Average Rent Per Unit

**70,547** Inventory of Rentable Units

**\$235** YTD Median Sale PSF

**92.0%** Occupancy Rate

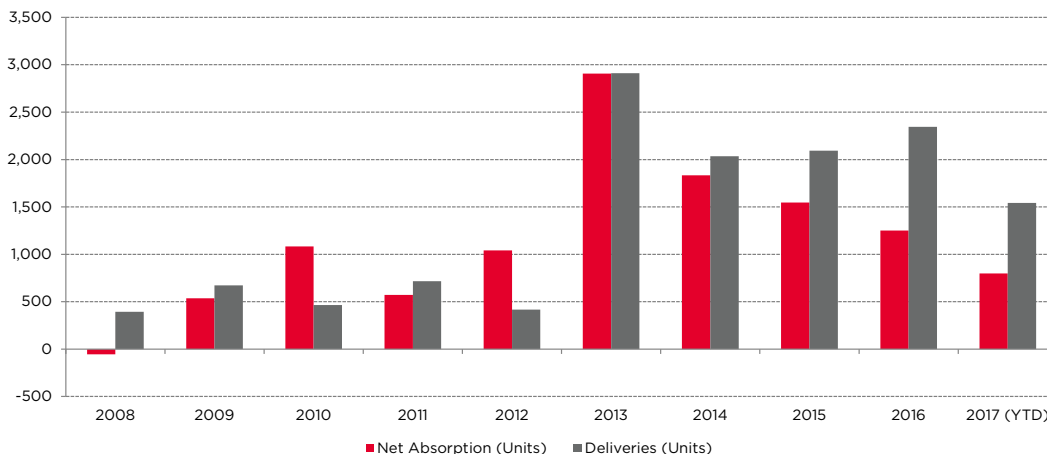
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2017 (YTD)	\$892,707,879	28	70,547	\$1,451	\$1.43	2.6%	\$1,429	\$1.41	2.8%	8.0%	797	1,542
2016	\$1,595,293,375	54	69,390	\$1,414	\$1.39	5.2%	\$1,390	\$1.37	4.1%	7.6%	1,251	2,345
2015	\$886,276,202	49	67,225	\$1,344	\$1.33	7.9%	\$1,335	\$1.32	7.5%	6.5%	1,546	2,093
2014	\$505,418,189	36	65,163	\$1,246	\$1.23	5.5%	\$1,242	\$1.23	6.2%	5.9%	1,834	2,034
2013	\$363,224,953	25	63,301	\$1,181	\$1.17	5.5%	\$1,170	\$1.16	6.1%	6.1%	2,906	2,911
2012	\$387,012,139	22	60,400	\$1,119	\$1.12	4.2%	\$1,103	\$1.10	3.5%	6.4%	1,041	416
2011	\$275,895,600	13	59,997	\$1,074	\$1.07	1.8%	\$1,066	\$1.06	1.8%	7.5%	571	716
2010	\$262,035,358	12	59,316	\$1,055	\$1.05	2.6%	\$1,047	\$1.05	2.6%	7.6%	1,082	465
2009	\$117,216,794	9	58,896	\$1,028	\$1.03	-2.1%	\$1,020	\$1.02	-2.1%	8.7%	535	673
2008	\$100,031,000	9	58,484	\$1,050	\$1.05	-2.9%	\$1,042	\$1.04	-2.9%	9.0%	-56	394

**PALM BEACH APARTMENTS UNDER CONSTRUCTION**

**19** apartment buildings  
totaling  
**4,867** units under construction  
in Palm Beach

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Uptown at Delray	Delray Beach	513	2018
Allure Boca	Boca Raton	282	2017
Central Gardens	P B Gardens	124	2018
The Alexander	West Palm Beach	205	2018
Brightline Station Apts.	West Palm Beach	290	2018

**PALM BEACH DELIVERIES VERSUS ABSORPTION**



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	2,156	\$734	\$0.93	5.2%	\$729	\$0.92	6.8%	9.0%	-7	-
Boca Raton	13,674	\$1,779	\$1.70	0.9%	\$1,745	\$1.67	0.5%	13.4%	774	680
Boynton Beach	10,092	\$1,366	\$1.30	0.9%	\$1,323	\$1.25	-0.7%	6.7%	212	50
Delray Beach	5,384	\$1,647	\$1.51	4.0%	\$1,598	\$1.47	2.6%	7.8%	46	146
Greenacres	7,179	\$1,075	\$1.16	1.0%	\$1,062	\$1.15	1.0%	4.5%	105	118
Outlying Palm Beach County	193	\$668	\$1.06	1.6%	\$666	\$1.05	1.8%	3.6%	1	-
Palm Beach Gardens/Jupiter	7,585	\$1,619	\$1.50	3.5%	\$1,610	\$1.49	4.1%	5.8%	-352	-
Royal Palm Beach/Wellington	6,435	\$1,454	\$1.33	1.4%	\$1,440	\$1.32	1.7%	7.4%	246	350
West Palm Beach	17,849	\$1,252	\$1.35	4.3%	\$1,230	\$1.33	4.2%	7.8%	-228	198
<b>TOTAL/AVERAGE</b>	<b>70,547</b>	<b>\$1,451</b>	<b>\$1.43</b>	<b>2.6%</b>	<b>\$1,429</b>	<b>\$1.41</b>	<b>2.8%</b>	<b>8.0%</b>	<b>797</b>	<b>1,542</b>



- In the first nine months of 2017, there were 28 apartment sales totaling \$895 billion with a median price of \$137,500 per unit or \$235 per square foot.



- For a ninth year in a row, average asking and effective rents were at record levels. Year-to-date, average asking rents grew by 2.6%. This is below the record 7.9% rent increase from 2015.



- Vacancies increased in 2017 to an 8-year high of 8.0%. This was due to new supply continuing to outpace net absorption.



- There are 4,867 units forecasted for delivery to market. This represents only 6.9% of the current inventory in the market.



- Year-to-date net absorption was almost 800 units. New supply outpaced net absorption by almost 700 units contributing to higher vacancy rates.



- By year-end 2017, median salary income in Palm Beach is expected to increase by +/- 3.8%, the significantly below 2016 levels of 5.5%. Population has grown by 106,850 in the past five years.

\*Data as of October-2017, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales



## About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action. To learn more, visit [www.cushwakecentennial.com](http://www.cushwakecentennial.com), [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

## CONTRIBUTORS

### Calum Weaver

Executive Managing Director  
515 E. Las Olas Boulevard Suite 860  
Fort Lauderdale, FL 33301  
Tel: +1 954 377 0517  
[calum.weaver@cushwake.com](mailto:calum.weaver@cushwake.com)

### Valerie Tatum

Senior Research Analyst  
225 NE Mizner Blvd  
Boca Raton, FL 33432  
Tel: +1 954 377 0492  
[valerie.tatum@cushwake.com](mailto:valerie.tatum@cushwake.com)

## FOR MORE INFORMATION

### Robert Given

Vice Chairman  
515 E. Las Olas Boulevard Suite 860  
Fort Lauderdale, FL 33301  
Tel: +1 954 377 0513  
[robert.given@cushwake.com](mailto:robert.given@cushwake.com)

### Zachary Sackley

Executive Managing Director  
515 E. Las Olas Boulevard Suite 860  
Fort Lauderdale, FL 33301  
Tel: +1 954 377 0515  
[zachary.sackley@cushwake.com](mailto:zachary.sackley@cushwake.com)

### Troy Ballard

Senior Managing Director  
515 E. Las Olas Boulevard Suite 860  
Fort Lauderdale, FL 33301  
Tel: +1 954 377 0514  
[troy.ballard@cushwake.com](mailto:troy.ballard@cushwake.com)

### Errol Blumer

Associate  
515 E. Las Olas Boulevard Suite 860  
Fort Lauderdale, FL 33301  
Tel: +1 954 377 0499  
[errol.blumer@cushwake.com](mailto:errol.blumer@cushwake.com)