

WEAVER REPORT

SOUTH FLORIDA MULTIFAMILY 2022 FORECAST

CUSHMAN & WAKEFIELD
**MULTIFAMILY
INVESTMENT**
SOUTH FLORIDA TEAM

A trusted advisor, with over
\$60 BILLION in apartment sales
in South Florida.

#1

**APARTMENT
SALES**
IN SOUTH FLORIDA



**CUSHMAN &
WAKEFIELD**

**2022 SOUTH FLORIDA
MULTIFAMILY FORECAST**

\$11.4 BILLION :: RECORD YEAR FOR MULTIFAMILY SALES IN SOUTH FLORIDA.

2021 was a record setting year for the South Florida multifamily market. The region experienced \$11.4 billion in multifamily sales in 2021 which is more than double the annual record of \$5.5 billion set in 2016.

In 2021, all three South Florida counties (Miami-Dade, Broward, and Palm Beach) experienced record average per unit sales of \$278,342 and \$281,163 and \$292,221 respectively. Effective rents increased by 19.7% in Miami-Dade, 23.3% in Broward and 32.1% in Palm Beach County – the biggest single year rent increases ever recorded in South Florida.

South Florida multifamily is arguably the hottest commercial real estate market in the U.S. Fundamentals are bullish and investors and renters continue to come to the region. With 2022 already underway, I have compiled key data points along with my thoughts and commentary (without a ghost writer) to share with you. I hope you enjoy the read

MULTIFAMILY SALES

- In 2021 there were 603 multifamily sales totaling \$11.4 billion. This is more than double the previous record in annual sales of \$5.5 billion.
- The Cushman & Wakefield Multifamily team in 2021 completed \$4.5 billion in sales – 39% of the entire sale activity within South Florida (any multifamily sale 5+ units and over \$1 million).
- In 2021 all three South Florida experienced record average per unit sales of Miami-Dade \$278,432; Broward \$281,163; and Palm Beach \$292,221.
- Sales were relatively evenly distributed across South Florida with Broward recording 38% of total sales volume, followed by Miami-Dade at 35% and Palm Beach at 27%.
- The type of deals varies in each County. In Miami-Dade 78% of all dollar sale activity was in Class B and C product. In Broward almost 50% of sales were in Class A product and Palm Beach 92% of all sales were in Class A or B product.

RENTS

- Rents have exploded across South Florida. In 2021 effective rents increased by 19.7% in Miami-Dade, 23.3% in Broward and 32.1% in Palm Beach Counties.
- Effective rents average \$1,997 in Miami-Dade; \$2,073 in Broward and \$2,280 in Palm Beach.
- Aventura, Coral Gables, Fort Lauderdale, Boca Raton, Delray Beach and Palm Beach Gardens/Jupiter submarkets each have rents averaging over \$2,500 per unit.
- Strong rental demand from continued population growth, single-family housing pricing surge, snapback in rent growth from a static 2020 and almost 20,000 in net absorption units have all contributed to exceptionally strong rental prices.
- Value add upside deals are back in vogue. Savvy investors seeking loss-to-lease burn off properties within place rents notably below market and/or recent leases at the property.



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VACANCY RATES AND ABSORPTION

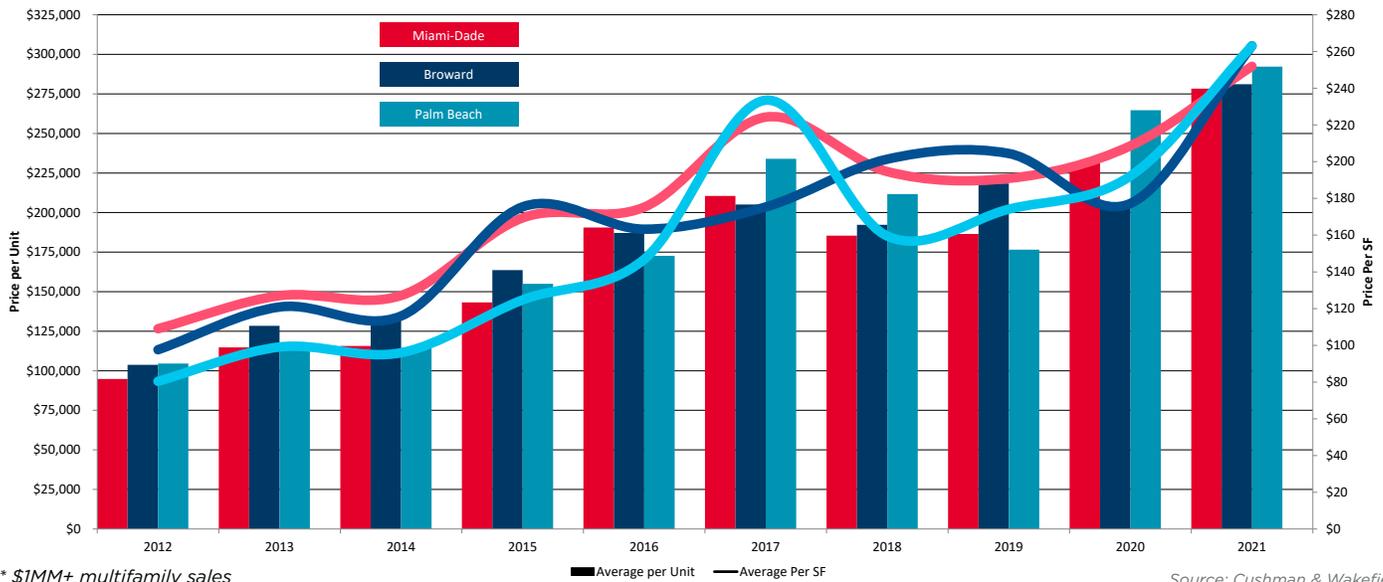
- 2021 vacancies decreased in all three counties. Vacancies decreased from 6.7% to 3.2% in Miami-Dade; 7.4% to 3.2% in Broward and 7.9% to 4.1% in Palm Beach.
- For the first time in almost 20 years, all three counties have sub 5% vacancy rates.
- In 2021 there were 19,136 net units absorbed in South Florida. For the same period, there were 7,362 new units delivered and added to the market.
- Positive net absorption fueled by strong rental demand has created limited rental supply despite new apartments being built.
- There are another 17,893 units scheduled for delivery in 2022. The new supply is needed to keep pace with demand.
- Submarkets with less than 2% vacancies include: Westchester/Tamiami, Kendall, Hialeah/Miami Lakes and Greenacres.

CAP RATES AND UNDERWRITING ASSUMPTIONS

- Strong fundamentals coupled with readily available attractive debt have provided the backbone for the record multifamily transactions.
- Cap rates compressed in 2021. Investors are bullish on a return to the “new normal” and are factoring in rent growth, loss-to-lease burn off and low bad debt write-offs.
- Cap rates today range between 3.3%-3.75% for Class A properties. Class B and C cap rates are ranging between 4.0% to 4.5%.
- At the time of writing, the 10-year treasury is around 1.74% which is in line with where it was in January 2020 – just prior to Covid.
- There is an abundance of lending sources competitively competing for multifamily acquisitions. Agency loans are competing with bridge, local banks and CMBS lenders. Bridge loans have been providing higher LTV's and are very competitive.
- Depending on LTV's multifamily loans are being completed in the low to mid 3% range.
- More transactions are occurring with lower leverage – 50%-60% LTV to take advantage of more favorable interest rates/debt terms.
- Levered cash-on-cash returns is the preferred metric used by the most active private capital investors vacancy levels.

MULTIFAMILY INVESTMENT SALES ANALYSIS | SOUTH FLORIDA

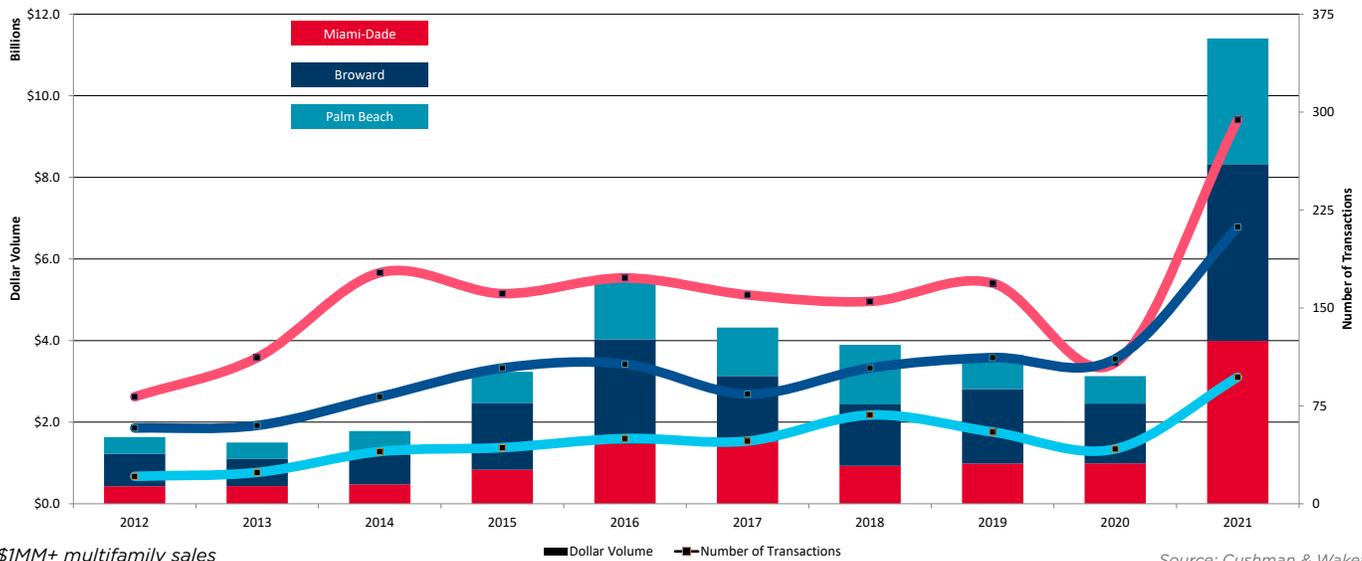
GRAPH 1 :: SOUTH FLORIDA HISTORICAL PRICE/UNIT VERSUS PRICE/SF



* \$1MM+ multifamily sales

Source: Cushman & Wakefield

GRAPH 2 :: SOUTH FLORIDA HISTORICAL TRANSACTION VOLUME VERSUS NUMBER OF TRANSACTIONS



* \$1MM+ multifamily sales

Source: Cushman & Wakefield

WHO'S BUYING

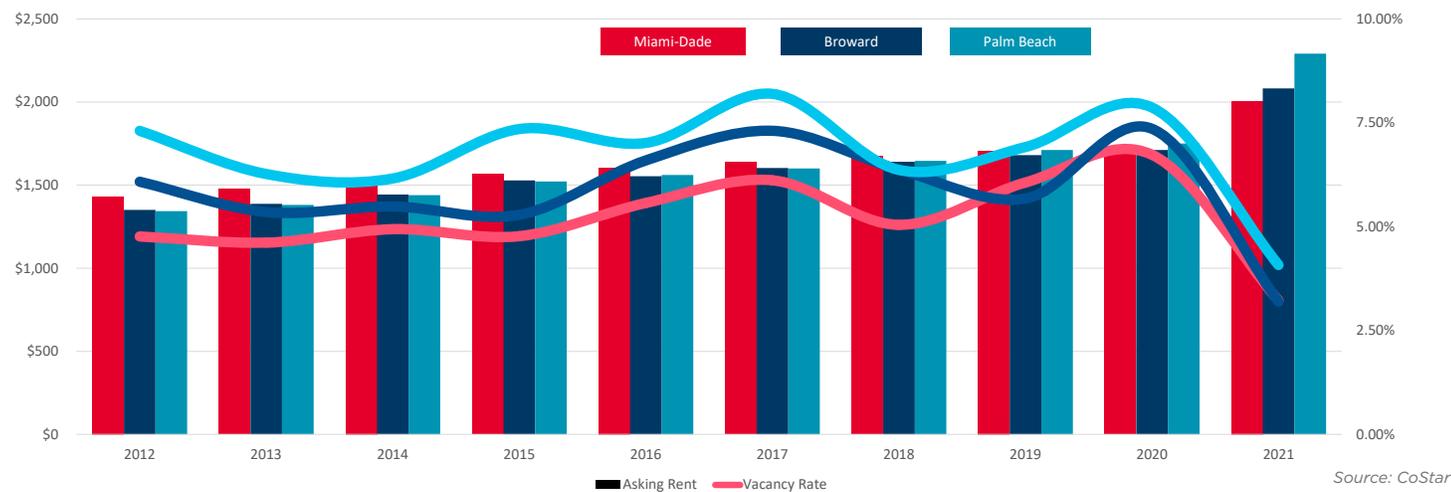
- Sub \$50 million sales continue to be dominated by private capital investors.
- Year-to-date our team has completed \$4.5 billion in multifamily sales in South Florida. 16 of these sales were sub \$50 million. Of these 16 private capital sales, 4 (25%) were to capital based in Florida. The other 12 multifamily sales were new private capital investors to the South Florida market.
- 82% of 2021 sales volume was in newly built Class A product (2015 or later). Most of these buyers are Institutional, REIT's, and ultra high net worth investors.
- Covid-19 poured rocket fuel on New York and other out of state investors seeking to get into the South Florida market on this trend. Out of state investors continue to be most active in market.

BUILD IT AND THEY WILL COME

- There are 36,414 units under construction in South Florida. This represents 11.3% of the current apartment inventory. These units will be delivered between 2022 and 2024.

- Since 2017 there were 34,499 units built – an average of 8,625 units per year. For the same period, net absorption in South Florida averaged 10,101 units per year. In short, rental demand and supply remain in balance, albeit last year net absorption was almost triple the new supply added to the market.
- New units continue to be built and absorbed within the market. Vacancies remain limited.
- Since 2017 South Florida's population increased by 135,130. During the same period, 34,499 new apartment units were built. This means one unit has been built for every 3.9 net new people to the region. Over the next five years, South Florida is expected to see a positive net migration of 323,062 people. Using the same ratio, the region would need over 82,000 new rentals to keep pace with the population growth for the next five years.
- Submarkets with the greatest number of units under construction include Brickell/Downtown 8,305 units; West Palm Beach 4,147 units; and Hialeah/Miami Lakes 2,505.

GRAPH 3 :: SOUTH FLORIDA ASKING RENT VS VACANCY RATE



Source: CoStar

RENTAL DEMAND

- Demand for rentals was strong pre Covid. As we move into a post Covid era rental demand has grown even greater.
- Population Growth 2020-2021: Miami-Dade 14,318, Broward, 13,100, Palm Beach 15,424. Overall South Florida is 42,842.
- South Florida has become a hotbed of population growth with employers and employees migrating from other states due to the business-friendly environment and workers who can operate remotely choosing South Florida as their new home.
- New household formations - the number of new households created each year. Household formations in South Florida are expected to increase to over 37,000 each year in the next five years. Assuming this projection materializes, at 60% enter homeownership and 40% as renters (consistent with historic homeownership rates) that represents over 14,800 new renters per year in South Florida.

HOME PRICES CONTINUE TO INCREASE

- The median home price in South Florida increased by 11.6% in 2021 to \$440,963.
- Miami-Dade increased by 11.0% to \$471,778. Broward increased by 11.5% to \$405,037 and Palm Beach increased by 12.3% to \$432,466
- The homeownership rate in South Florida increased from 59.9% to 60.6%. This is still significantly below the 2005 homeownership rate of 69.2%.

- Average home values are increasing at greater rate than rents, making ownership for many even tougher. The median home price in South Florida in 2021 was just over \$440,000. With 5% down, the mortgage would be around \$2,500 at that price, which is ±\$500 more than the average rent in the market.

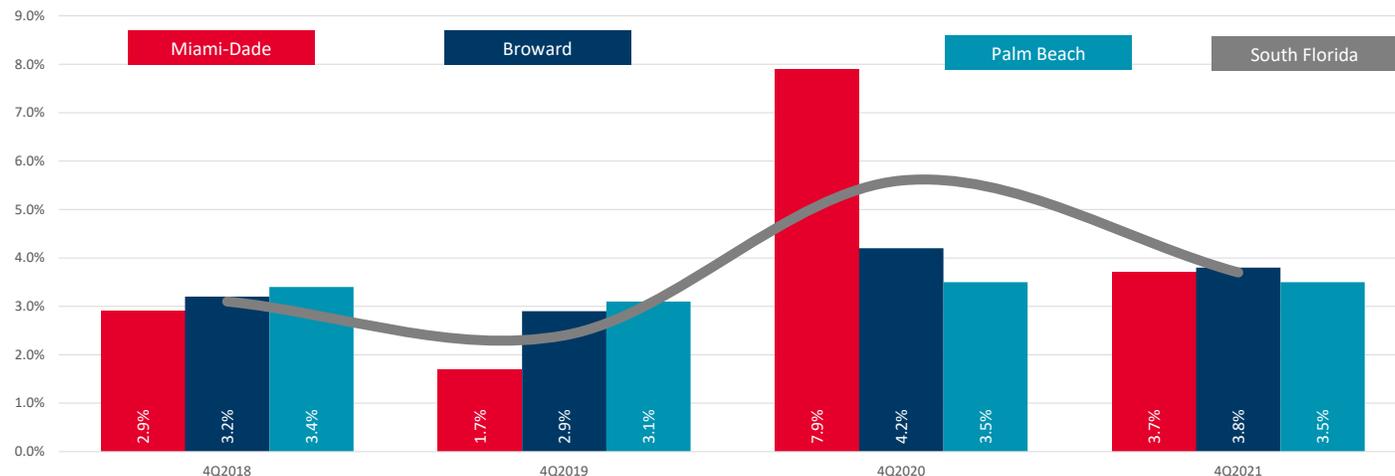
JOBS. JOBS. JOBS.

- Florida is now far outpacing the rest of the nation when it comes to job growth.
- Unemployment rates in Miami-Dade is 3.7%; Broward is 3.8%; Palm Beach 3.5%
- Florida gained 51,100 jobs in November 2021, while the nation as a whole gained 210,000 jobs in the same period.
- Florida accounted for approximately 25% of all jobs created in the entire U.S. in November
- Between 2020 and 2021, median incomes modestly grew by 3.4% in Miami-Dade, 1.6% in Broward, and 3.7% in Palm Beach.

TRENDS TO FOLLOW IN 2022 INCLUDE:

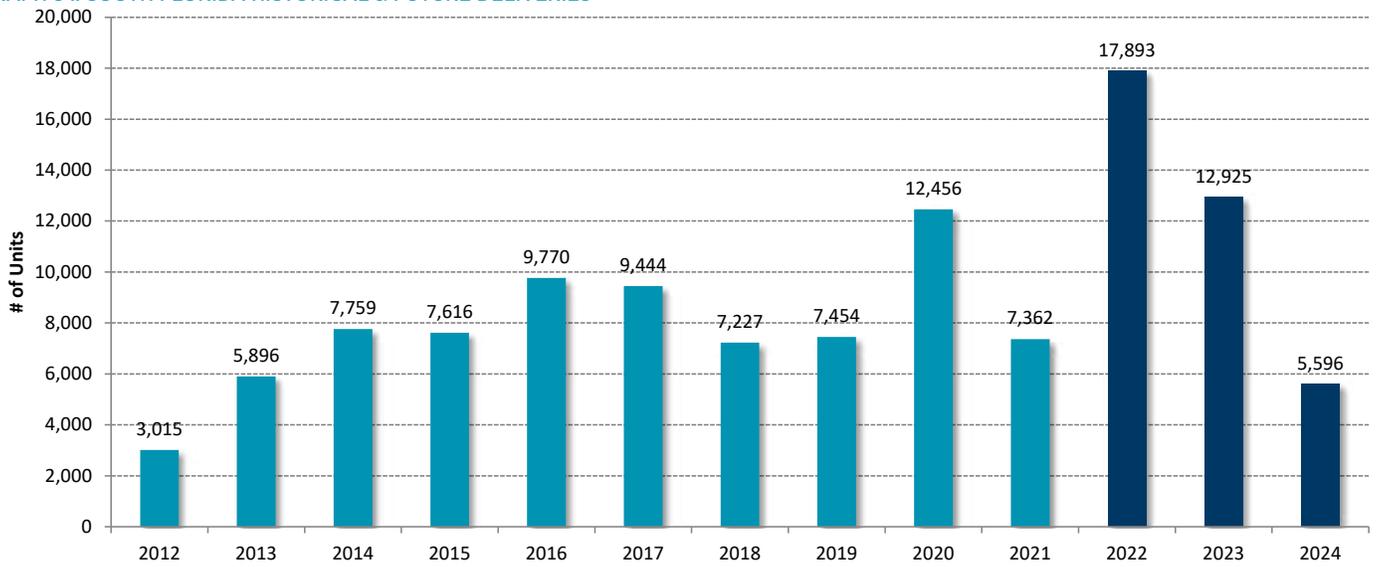
- Out of state private capital investors will continue to dominate the market. Their portfolios will have more multifamily and less office and retail.
- New construction remains elevated but in-line with absorption levels.

GRAPH 4 :: UNEMPLOYMENT RATE



Source: BLS

GRAPH 5 :: SOUTH FLORIDA HISTORICAL & FUTURE DELIVERIES



Source: CoStar & C&W Internal Database

*Forecasted construction deliveries are as of Jan-2022. Actual deliveries may vary.

- Despite higher inflation we anticipate interest rates will remain low. Interest rates have increased from mid-2020 but there is no short-term concern of rates going notably higher.
- Covid is not going away anytime soon. Variants may come and go. Adjust to the new norm.
- Although we believe any notable change is unlikely, it's important to follow any potential changes in capital gains and 1031 tax laws.
- Rents continue to increase albeit not at same levels witnessed in 2021.
- Insurance costs have increased in the past 3 years. Looking for firmer footing on premiums.
- South Florida will continue to benefit from a booming population. Covid exasperated the growth. Anticipate more international travel will likely see international capital and residents enter South Florida.
- More capital in short term rent growth markets with cash-on-cash focus and not IRR.
- Lose the loss-to-lease. Opportunities that have loss-to-lease with wide variations on rents for identical units will have more immediate upside by burning off loss-to-lease on underpriced units.
- Affordability to remain an issue. New market rate, workforce housing continues to be underserved within the market.

LOOKING AHEAD

Covid has changed the way people live, work and invest. South Florida multifamily has experienced this first-hand. A business-friendly environment, climate/lifestyle, existing and new infrastructure projects have more individuals, companies and investors looking to be part of the South Florida experience. I expect these trends to continue.

Finding opportunities will remain a challenge. New construction deals will continue to be available around lease stabilization. Value-add deals are harder to find. Opportunities that have loss-to-lease upside will continue to be prevalent as many properties have not recognized the rent premiums that have occurred throughout the region.

In the last two years we witnessed the multifamily sale market slam shut at the start of Covid and quickly rebound to record levels. Going forward the market is ideally positioned for continued long-term growth. Collections and occupancies are excellent. New supply is quickly absorbed. Population/Household growth is on fire. The job market has largely rebounded. Wages are up. Home prices are at record levels meaning more people are renting. Limited land keeps construction in balance. Fundamentals are strong. Returns have compressed yet underwriting and financing remains realistic. We expect 2022 will be very similar to this year with continued strong sale activity fueled by positive market fundamentals.

GRAPH 6 :: PROJECTED NOMINAL POPULATION GROWTH BY MSA (2021-2025)



Source: Moody's

MIAMI-DADE MULTIFAMILY MARKET SUMMARY

\$3,990,000,000	\$13,600,000	\$252	\$278,342
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$2,006	96.7%	7,415	135,168
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

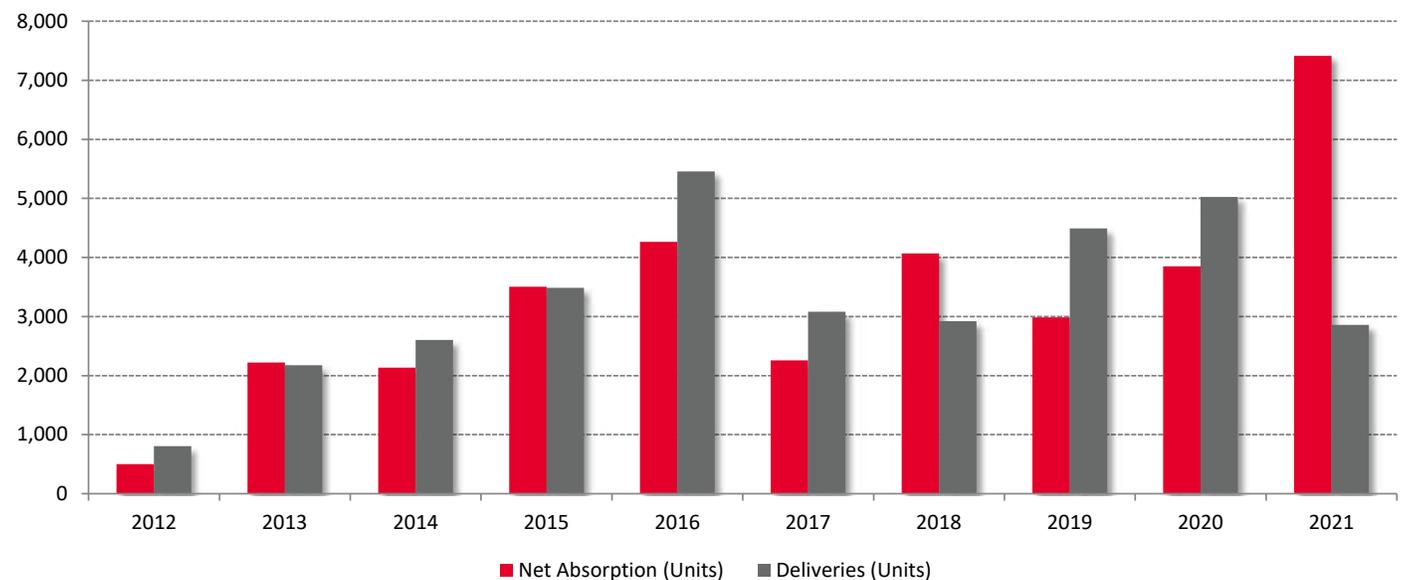
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021	\$3,991,147,090	294	135,168	\$2,006	\$2.31	17.4%	\$1,997	\$2.29	19.7%	3.2%	7,415	2,859
2020	\$990,181,876	108	132,309	\$1,708	\$1.96	0.1%	\$1,668	\$1.91	-1.3%	6.7%	3,852	5,024
2019	\$987,767,879	169	127,285	\$1,706	\$1.95	1.9%	\$1,690	\$1.94	3.0%	6.1%	2,987	4,492
2018	\$929,233,163	155	122,793	\$1,674	\$1.92	2.1%	\$1,640	\$1.88	2.2%	5.0%	4,069	2,921
2017	\$1,525,635,308	160	119,872	\$1,639	\$1.88	2.2%	\$1,605	\$1.84	1.9%	6.1%	2,258	3,083
2016	\$1,466,487,600	173	116,789	\$1,604	\$1.84	2.5%	\$1,575	\$1.80	1.7%	5.6%	4,264	5,457
2015	\$835,040,975	161	111,332	\$1,565	\$1.79	3.2%	\$1,549	\$1.77	3.1%	4.8%	3,506	3,485
2014	\$477,488,461	177	107,847	\$1,516	\$1.74	2.6%	\$1,502	\$1.72	2.6%	4.9%	2,135	2,602
2013	\$433,839,181	112	105,245	\$1,478	\$1.69	3.2%	\$1,464	\$1.68	3.0%	4.6%	2,220	2,177
2012	\$429,347,926	82	103,068	\$1,432	\$1.64	2.9%	\$1,421	\$1.63	2.7%	4.8%	503	805

Miami-Dade Apartments Under Construction

68 apartment buildings totaling **18,158** units under construction in Miami-Dade.

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Altire Westland	Hialeah	251	2022
AHS at Oak Enclave	Miami Gardens	420	2022
Soleste Spring	Little Havana	250	2022
The Trail - Phase I	Miami	84	2022
Amelia Plaza	Hialeah	30	2022

Miami-Dade Deliveries Versus Absorption



MIAMI-DADE MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Aventura	2,157	\$2,565	\$2.47	37.2%	2.3%	48	-	958
Bal Harbor/ Miami Beach	8,661	\$1,551	\$2.25	7.9%	5.2%	90	-	466
Brickell/Downtown	16,707	\$1,917	\$2.47	17.9%	3.7%	472	24	8,305
Coconut Grove	2,201	\$2,213	\$2.68	20.0%	3.5%	155	-	400
Coral Gables	8,962	\$2,654	\$3.11	25.3%	7.9%	895	807	1,075
Hialeah/Miami Lakes	19,114	\$1,558	\$1.80	9.8%	0.7%	716	140	2,505
Homestead/ South Dade	7,651	\$1,640	\$1.83	17.2%	2.3%	639	220	1,580
Kendall	12,792	\$1,970	\$2.17	19.0%	1.5%	529	16	946
Miami Gardens/ Opa Locka	17,273	\$1,600	\$1.93	13.2%	3.4%	1,313	825	851
Miami Springs/Doral	18,797	\$2,258	\$2.41	22.8%	2.3%	1,540	230	639
North Miami/ North Miami Beach	17,532	\$1,699	\$2.09	15.9%	5.2%	870	597	297
Outlying Miami-Dade County	718	\$2,208	\$1.91	19.6%	0.9%	81	-	0
Westchester/Tamiami	2,603	\$1,527	\$2.04	10.8%	0.7%	67	-	136
TOTAL/AVERAGE	135,168	\$2,006	\$2.31	17.4%	3.2%	7,415	2,859	18,158

	<ul style="list-style-type: none"> For 2021 there were 294 apartment sales totaling \$3.99 billion with an average price of \$278,342 per unit or \$252 per square foot. This is the highest sale activity ever recorded in Miami-Dade.
	<ul style="list-style-type: none"> Average rents increased by 19.7% in 2021. Average effective rents are at a record \$1,997. Coral Gables has the highest average rent of \$2,654.
	<ul style="list-style-type: none"> In 2021, vacancies decreased from 6.7% to 3.2%. The lowest vacancy levels in over ten years. Highest vacancy rate is in Coral Gables - 7.9%. This will be short lived as new supply get absorbed. Lowest vacancy rate is in Hialeah/Miami Lakes - less than 1%.
	<ul style="list-style-type: none"> There are 68 buildings totaling 18,158 units under construction. This represents 13.4% of the current inventory in the market. 46% of the under construction units are in Downtown/Brickell submarket.
	<ul style="list-style-type: none"> For 2021 net absorption was 7,415 units. Newly completed units totaled 2,859 units resulting in the vacancy decrease. Doral/Miami Springs and Miami Gardens had the highest net absorption.
	<ul style="list-style-type: none"> 3.7% unemployment rate. In 2021 median salary income increased by 3.4%. \$471,778 median house price. In the past 10 years population in Miami-Dade increased by 205,332 or 8.2%. In the next 10 years, population is projected to increase by 162,577 in Miami-Dade.

*Data as of Jan-2022, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales
Source: CoStar

BROWARD MULTIFAMILY MARKET SUMMARY

\$4,335,000,000	\$20,450,000	\$263	\$281,163
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$2,082	96.8%	7,118	122,811
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

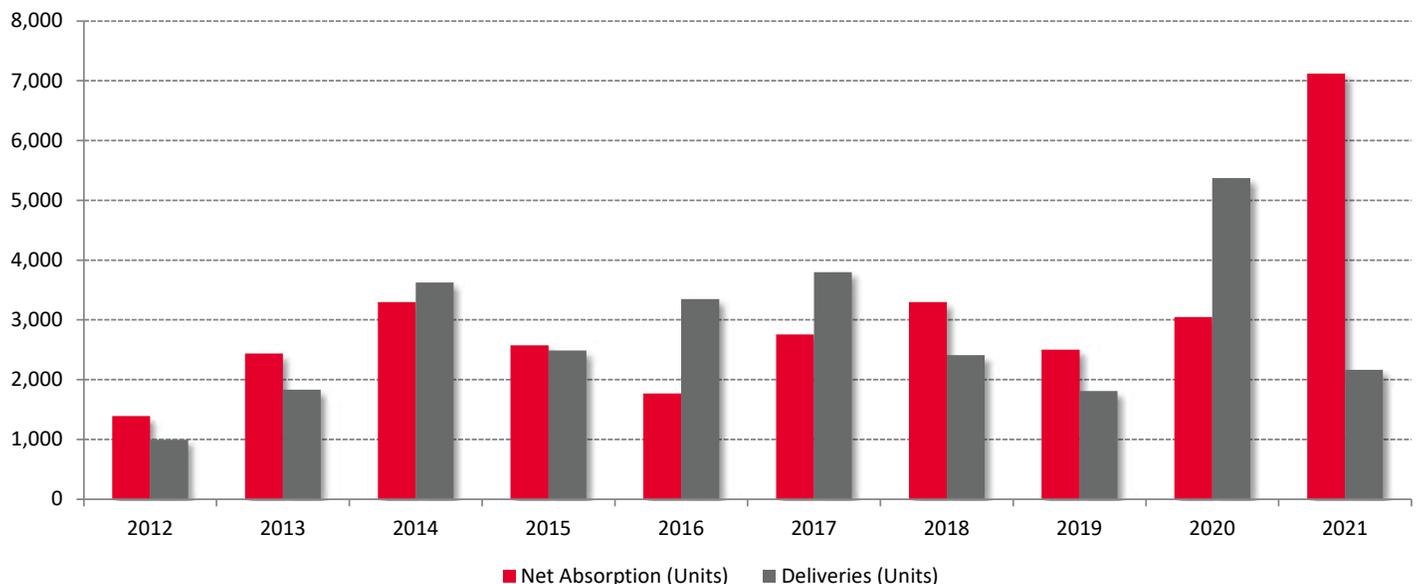
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021	\$4,333,850,665	212	122,811	\$2,082	\$2.13	21.7%	\$2,073	\$2.12	23.3%	3.2%	7,118	2,166
2020	\$1,465,943,863	111	120,645	\$1,711	\$1.74	1.8%	\$1,681	\$1.71	1.0%	7.4%	3,045	5,371
2019	\$1,821,209,813	112	115,274	\$1,680	\$1.71	2.4%	\$1,665	\$1.70	3.3%	5.7%	2,500	1,809
2018	\$1,505,868,467	104	113,465	\$1,640	\$1.67	2.3%	\$1,612	\$1.64	2.5%	6.4%	3,296	2,412
2017	\$1,607,918,581	84	111,053	\$1,603	\$1.63	3.2%	\$1,573	\$1.60	2.7%	7.3%	2,754	3,796
2016	\$2,564,202,737	107	107,257	\$1,553	\$1.58	1.6%	\$1,531	\$1.56	1.2%	6.6%	1,766	3,348
2015	\$1,626,660,800	104	103,909	\$1,528	\$1.56	5.9%	\$1,513	\$1.54	6.2%	5.3%	2,575	2,488
2014	\$726,945,679	82	101,421	\$1,443	\$1.47	4.0%	\$1,425	\$1.45	3.6%	5.5%	3,299	3,623
2013	\$667,489,772	60	97,798	\$1,387	\$1.41	2.7%	\$1,375	\$1.40	2.8%	5.4%	2,437	1,832
2012	\$794,436,384	58	95,966	\$1,351	\$1.37	2.9%	\$1,338	\$1.36	2.5%	6.1%	1,392	994

Broward Apartments Under Construction

42 apartment buildings totaling **9,314** units under construction in Broward

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Manor Miramar	Miramar	393	2023
The Elevate	Dania Beach	293	2024
RD Las Olas	Fort Lauderdale	259	2023
Tamarac Village Ph2	Tamarac	180	2022
Skylofts on 3rd	Fort Lauderdale	54	2022

Broward Deliveries Versus Absorption



BROWARD MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Coral Springs	19,111	\$2,110	\$1.99	28.5%	2.6%	499	-	351
Fort Lauderdale	21,419	\$2,639	\$2.91	18.8%	5.4%	2,468	580	2,338
Hollywood/ Dania Beach	13,207	\$1,698	\$1.99	13.9%	2.7%	455	-	2,021
Miramar/ Hallandale Beach	4,490	\$1,647	\$1.86	13.0%	2.6%	83	45	350
Oakland Park/ Lauderhill	14,514	\$1,551	\$1.75	14.5%	3.3%	651	276	860
Pembroke Pines/ West Miramar	11,028	\$2,419	\$2.23	26.3%	3.1%	479	-	393
Plantation/Sunrise	17,806	\$2,049	\$1.99	23.4%	2.9%	1,387	938	2,130
Pompano Beach/ Deerfield Beach	13,484	\$1,772	\$1.91	18.0%	2.0%	709	327	701
Weston/Davie	7,752	\$2,223	\$2.17	24.0%	2.4%	387	-	170
TOTAL/AVERAGE	122,811	\$2,082	\$2.13	21.7%	3.2%	7,118	2,166	9,314

	<ul style="list-style-type: none"> For 2021, there were 212 apartment sales totaling \$4.33 billion with an average price of \$281,163 per unit or \$263 per square foot. This is the highest sale activity ever recorded in Broward.
	<ul style="list-style-type: none"> Average rents increased by 23.3% in 2021. Average effective rents are at a record \$2,073. Ft. Lauderdale has the highest average rent of \$2,639.
	<ul style="list-style-type: none"> In 2021, Vacancies decreased from 7.4% to 3.2%. The lowest vacancy levels in over ten years. Highest vacancy rate is in Ft Lauderdale - 5.4%. This will be short lived as new supply get absorbed. Lowest vacancy rate is in Pompano Beach/Deerfield Beach - 2.0%.
	<ul style="list-style-type: none"> There are 42 buildings totaling 9,314 units under construction. This represents 7.6% of the current inventory in the market. 25% of the under construction units are in Fort Lauderdale submarket.
	<ul style="list-style-type: none"> For 2021 net absorption was 7,118 units. Newly completed units totaled 2,166 units resulting in the vacancy decrease. Ft. Lauderdale had the highest net absorption.
	<ul style="list-style-type: none"> 3.8% unemployment rate. In 2021 median salary income increased by 1.6%. \$405,037 median house price. In the past 10 years population in Broward increased by 196,309 or 11.2% In the next 10 years, population is projected to increase by 157,941 in Broward.

*Data as of Jan-2022, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales
Source: CoStar

PALM BEACH MULTIFAMILY MARKET SUMMARY

\$3,075,000,000	\$31,750,000	\$263	\$292,221
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$2,291	95.9%	4,603	64,633
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

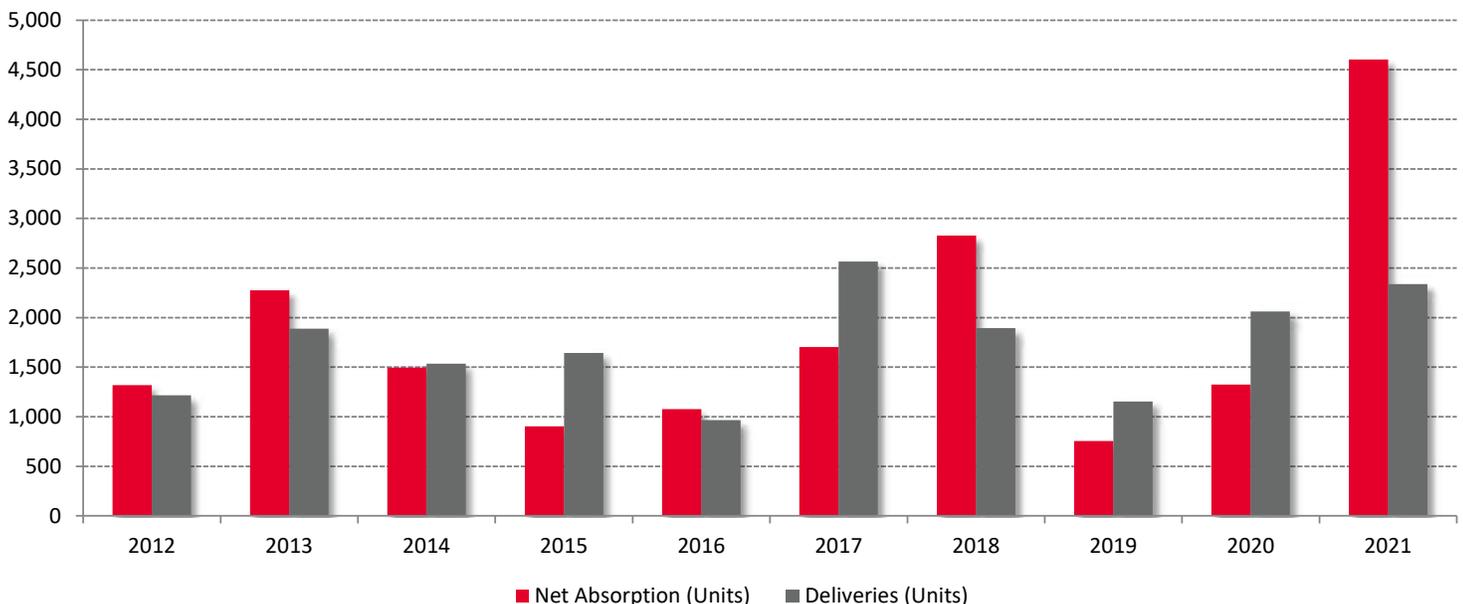
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021	\$3,077,382,971	97	64,633	\$2,291	\$2.24	30.9%	\$2,280	\$2.23	32.1%	4.1%	4,603	2,337
2020	\$672,119,734	42	62,296	\$1,750	\$1.71	2.3%	\$1,726	\$1.68	1.3%	7.9%	1,323	2,061
2019	\$844,182,945	55	60,235	\$1,711	\$1.67	3.9%	\$1,704	\$1.66	5.4%	6.9%	755	1,153
2018	\$1,460,255,272	68	59,082	\$1,646	\$1.60	2.9%	\$1,616	\$1.57	3.5%	6.4%	2,826	1,894
2017	\$1,186,293,809	48	57,188	\$1,600	\$1.56	2.5%	\$1,562	\$1.52	1.4%	8.2%	1,703	2,565
2016	\$1,426,601,568	50	54,623	\$1,561	\$1.52	2.6%	\$1,540	\$1.50	2.4%	7.0%	1,076	965
2015	\$772,430,576	43	53,658	\$1,522	\$1.48	5.7%	\$1,504	\$1.47	5.5%	7.4%	902	1,643
2014	\$578,421,800	40	52,015	\$1,440	\$1.40	4.3%	\$1,426	\$1.39	4.2%	6.2%	1,496	1,534
2013	\$401,485,298	24	50,481	\$1,381	\$1.35	2.8%	\$1,368	\$1.33	3.0%	6.3%	2,274	1,887
2012	\$411,015,860	21	48,594	\$1,343	\$1.31	3.3%	\$1,328	\$1.29	2.9%	7.3%	1,319	1,216

Palm Beach Apartments Under Construction

37 apartment buildings totaling **8,942** units under construction in Palm Beach

BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Camino Square	Boca Raton	350	2023
Haverhill Commons	West Palm Beach	270	2022
Terra Nova	Delray Beach	212	2023
Aviara Green	Greenacres	56	2022
1001 Dakota	Jupiter	20	2022

Palm Beach Deliveries Versus Absorption



PALM BEACH MULTIFAMILY MARKET SUMMARY* *CONTINUED*

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Belle Glade	1,363	\$915	\$1.15	12.4%	4.3%	334	-	0
Boca Raton	11,951	\$2,654	\$2.56	32.0%	4.3%	1,079	662	1,369
Boynton Beach	13,002	\$2,175	\$2.09	31.8%	4.8%	1,089	345	414
Delray Beach	4,498	\$2,650	\$2.29	40.0%	2.8%	53	-	963
Greenacres	5,424	\$1,523	\$1.65	18.3%	1.7%	199	56	2,029
Outlying Palm Beach County	78	\$582	-	2.6%	-	-	-	0
Palm Beach Gardens/Jupiter	7,684	\$2,560	\$2.32	38.1%	6.2%	496	616	20
Royal Palm Beach/Wellington	6,739	\$2,285	\$2.11	33.1%	2.4%	137	-	0
West Palm Beach	13,894	\$1,932	\$2.01	24.6%	4.1%	1,216	658	4,147
TOTAL/AVERAGE	64,633	\$2,291	\$2.24	30.9%	4.1%	4,603	2,337	8,942

	<ul style="list-style-type: none"> For 2021, there were 97 apartment sales totaling \$3.08 billion with an average price of \$292,221 per unit or \$263 per square foot. This is the highest sale activity ever recorded in Palm Beach.
	<ul style="list-style-type: none"> Average rents increased by 32.1% in 2021. Average effective rents are at a record \$2,280. Delray Beach, Boca Raton and Palm Beach Gardens/Jupiter are submarkets with average rents over \$2,500.
	<ul style="list-style-type: none"> In 2021, vacancies decreased from 7.9% to 4.1%. The lowest vacancy levels in over ten years. Only Palm Beach Gardens have vacancies over 5%.
	<ul style="list-style-type: none"> There are 37 buildings totaling 8,942 units under construction. This represents 13.8% of the current inventory in the market. 46% of the under construction units are in West Palm Beach submarket.
	<ul style="list-style-type: none"> For 2021 net absorption was 4,603 units. Newly completed units totaled 2,337 units resulting in the vacancy decrease. West Palm Beach, Boca Raton and Boynton Beach had the highest net absorption.
	<ul style="list-style-type: none"> 3.5% unemployment rate. In 2021 median salary income increased by 3.7%. \$432,433 median house price. In the past 10 years population in Palm Beach increased by 172,057 or 13.0%. In the next 10 years, population is projected to increase by 175,703 in Palm Beach.

*Data as of Jan-2022, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales

Source: CoStar

MARKET FUNDAMENTALS SNAPSHOT

Miami-Dade

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021	2,747,087	0.5%	3.7%	\$56,894	3.4%	\$471,778	11.0%
2020	2,732,769	0.5%	8.15%	\$55,040	-0.2%	\$424,909	9.7%
2019	2,719,635	0.2%	2.58%	\$55,171	3.0%	\$387,362	4.1%
2018	2,714,692	0.0%	3.60%	\$53,539	7.8%	\$372,264	7.0%
2017	2,713,507	2.0%	4.58%	\$49,669	13.7%	\$348,037	16.8%

Broward

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021	1,980,339	0.7%	3.8%	\$63,146	1.6%	\$405,037	11.5%
2020	1,967,239	0.6%	8.89%	\$62,132	1.0%	\$363,151	9.1%
2019	1,955,296	0.4%	3.18%	\$61,502	2.5%	\$332,735	2.7%
2018	1,946,900	0.6%	3.44%	\$60,030	6.9%	\$323,890	4.1%
2017	1,936,050	2.7%	4.00%	\$56,158	5.2%	\$311,112	19.4%

Palm Beach

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2021	1,529,156	1.0%	3.5%	\$71,324	3.7%	\$432,466	12.3%
2020	1,513,732	1.0%	7.67%	\$68,768	3.2%	\$384,982	9.1%
2019	1,499,161	1.0%	3.43%	\$66,623	3.1%	\$352,885	2.9%
2018	1,484,439	0.9%	3.65%	\$64,602	7.5%	\$343,009	4.3%
2017	1,471,895	3.3%	4.23%	\$60,074	6.6%	\$328,843	17.3%

*Data reported by BLS, Moody's and Alteryx Demographics

SOUTH FLORIDA: POPULATION | HOUSEHOLDS



Growth in **past** 10 years. **9.3%**
 Growth in **past** 10 years. **573,698**
 Growth in **next** 10 years. **8.0%**
 Growth in **next** 10 years. **496,221**

SOUTH FLORIDA EMPLOYMENT



3.7% Miami-Dade unemployment.
3.8% Broward unemployment.
3.5% Palm Beach unemployment.

SOUTH FLORIDA INCOMES



2.9% Median salary income increase in 2021.
23.6% Rent growth in 2021.

SOUTH FLORIDA CONSTRUCTION



22,555 apartment units are currently under construction in SoFla. This is 7.0% of the current apartment inventory.

SOUTH FLORIDA HOUSING

69.2% | 60.6%

home ownership rate in 2005 and 2020 respectively.



35.6% | 30.2% | 31.5% median single-family home price increase in Miami-Dade, Broward, and Palm Beach Counties respectively since 2017.

\$440,963 median home value in So Fla.

+/- \$510 difference in average monthly rent and a mortgage on the median home value in South Florida.

RECENT SOUTH FLORIDA CUSHMAN & WAKEFIELD MULTIFAMILY SALES

#1 in Multifamily Sales :: Over \$60 billion Sold in South Florida



THE TRAIL

For Sale | 84 Units
Miami, Florida



SUNSET MARINA

For Sale | 60 Units
Key West, Florida



FALL RIDGE OF DELRAY

Under Contract | 60 Units
Deley Beach, Florida



AHS PINES/PRINCETON

Sold | 420 Units
Princeton, Florida



VUE ON 67TH

Sold 2021 | 178 Units
Davie, Florida



CARD SOUND

Sold 2021 | 105 Units
Miami, Florida



THE SHENANDOAH

Sold 2021 | 24 Units
Miami, Florida



18TH AVE APARTMENTS

Sold 2021 | 36 Units
North Miami Beach, Florida



LAKEVIEW FLATS

Sold 2021 | 368 Units
Tamarac, Florida



COURTYARDS CUTLER BAY

Sold 2021 | 144 Units
Cutler Bay, Florida



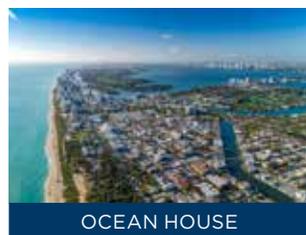
LAGO MAR

Sold 2021 | 112 Units
Hialeah, Florida



PALM SPRINGS

Sold 2021 | 86 Units
Hialeah, Florida



OCEAN HOUSE

Sold 2021 | 186 Units
Miami Beach, Florida



VILLAGE AT BOCA EAST

Sold 2021 | 84 Units
Boca Raton, Florida



404/413 SE 1ST

Sold 2021 | 10 Units
Fort Lauderdale, Florida



1200 MARSEILLE

Sold 2021 | 120 Units
Miami Beach, Florida



SOBE PORTFOLIO

Sold 2021 | 322 Units
Miami Beach, Florida



OCEAN BAY

Sold 2021 | 20 Units
Miami Beach, Florida



EMERALD LANDINGS

Sold 2021 | 20 Units
Tamarac, Florida



MARINA DEL REY

Sold 2021 | 108 Units
Miami Beach, Florida



IVY AT WILTON MANORS

Sold 2020 | 18 Units
Wilton Manors, Florida



JACOB APARTMENTS

Sold 2020 | 20 Units
Coral Springs, Florida



DEERING GROVES

Sold 2020 | 261 Units
Princeton, Florida



OLIVE GLEN

Sold 2020 | 154 Units
Pompano Beach, Florida

DEBT OPTIONS IN TODAY'S MARKET

Financing remains plentiful and cheap, though rate increases are on the horizon, with lenders favoring multifamily over most other asset classes. The Fed is expected to begin rate hikes and tapering quantitative easing this year, while inflation continues to generate headlines. For multifamily, outsized rent growth is expected to offset future rate increases. Florida remains a top market for multifamily CRE lenders, as the state benefits from strong in-migration trends, unprecedented population growth, and strong employment growth.

Transaction cap rates on core and value add properties declined to unprecedented levels in 2021. **Agency financing** was uncompetitive in the second half of 2021, due to Fannie / Freddie's targeting of 50% mission driven affordable housing, and a reduced issuance cap in 2021. However, the FHFA has increased Fannie and Freddie's total lending capacity by \$16 billion, to \$156 billion for 2022. Similar to last year, 50% of this volume is reserved for mission driven affordable housing.

Fannie Mae, Freddie Mac, and HUD remain the de-facto lenders for stable Class B and C properties as well as those located in secondary and tertiary markets, **WITH FULL LEVERAGE RATES IN THE HIGH 2% TO UPPER 3% RANGE**. Agencies offer **FINANCING UP TO 75% OF PURCHASE PRICE** where they are not cash flow constrained.

One of the dominant trends, that is expected to continue this year, is the utilization of **Bridge financing**, with numerous lenders underwriting market rent growth, as opposed to just value-add rent growth due to borrower capex budgets. Pricing moved noticeably tighter in 2021, though several CLO's priced 15-20 bps wide at the end of 2021. Despite this, bridge lenders generally expect pricing to remain tight through 2022. Bridge pricing for Class A transitional multifamily assets seeking up to 65% LTC is currently 1.70-2.25%, and 2.75-3.25% for ~75% LTC or higher leverage assets and those in secondary or weaker markets. Such transitional deals are structured with two-to-five year terms plus extension options and were generally interest only with limited to no prepayment penalties.

Banks continue to aggressively chase multifamily loans, with pricing most competitive on shorter term loans. Floating rate spreads range from 1.80% to 2.35%, with leverage generally topping out at 65% LTV depending on debt yield requirements. Banks are also providing 5 to 10 year fixed rate loans with more flexible prepayment structures than Agency or CMBS lenders.

Life Companies had a strong appetite for bridge loans in 2021, a trend that is expected to continue this year. Life Companies will be most competitive on larger, well-located Class B and C assets in major markets, with South Florida remaining a favored market. On higher leverage loans, floating rate spreads range from 2.75% to 2.90%, with leverage generally maxing out at 75.0% LTC. Loans are typically full term interest only, with three to five years of initial term

Interest Rate Outlook. The interest rate outlook is mixed: short term rates and SOFR are expected to increase this year, with the market pricing in anticipated rate increases by the Fed in 2022. The SOFR forward curve, which represents implied future SOFR rates from SOFR futures contracts, shows SOFR nearing 1.0% by year end (SOFR is currently 0.05%). However, the market is pricing in less rate increases than Fed messaging. The long end of the yield curve has also moved higher in the opening week of 2022, with the 10 Year UST currently at 1.77%. Due to rising inflation and the Fed's tapering of bond purchases, continued moderate increases in longer dated U.S. Treasury and Swaps rates are expected throughout 2022.

LENDER TYPE	LIFE COMPANY	GSE (FANNIE/FREDDIE)	BRIDGE (LIFECO + DEBT FUND)
Recourse	Full, Partial, or Non-Recourse	Non-Recourse	Non-Recourse
Leverage	Up to 65% LTV (DY limits to 60-65%)	Up to 75% LTV (DSCR loan constraint currently limits to 62%- 65%)	Up to 80% LTV
Loan Type	Fixed or Floating rate	Fixed or Floating rate	Floating rate
Term	Floating: 3-5 years Fixed: 5-10 years	7, 10, 12 or more years	2-3 +1+1
Prepayment	Flexible	Yield maintenance / Defeasance	Flexible
Lender Fees	0.50% origination	Par	0.50%-.075% origination, 0.25% exit
Interest Only	Half to full term, depending on leverage	Half to Full term, depending on leverage	Full term
Amortization	25 to 30 Years	30 years	N/A
Index	Treasuries or SOFR	Treasuries or SOFR	SOFR
Spread	Fixed: 1.50% to 2.0% Floating: 1.80% to 2.35%	Fixed: 1.70% to 2.50% Floating: 2.25% to 3.0%	Up to 65% LTV: 1.70% to 2.25% 75% LTC: 2.75% to 3.25%
Rate	Fixed 3.3% to 4.0% Floating: 1.85% to 2.40%	Fixed: 3.46% to 4.20% Floating: 2.30% to 3.05%	65% LTV: 1.75% to 2.30% 75% LTC: 2.80% to 3.30%
Comments	(i) Can rate lock at application. Generally lowest cost of capital for new construction assets.	(i) Supplemental loan available after 12 months with improvement in NOI.	(i) Will provide future funding to fund capex

General Notes: Life Company, GSE, and bridge loans are generally strongly preferred over CMBS by most borrowers, given ratings agency minimum debt yield requirements.

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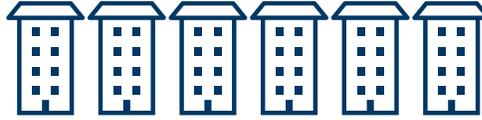
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IN **SOUTH FLORIDA**



\$60B+
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