

WEAVER REPORT

SOUTH FLORIDA MULTIFAMILY 2022 FORECAST

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

A trusted advisor, with over
\$50 BILLION in apartment sales
in South Florida.

#1

**APARTMENT
SALES**
IN SOUTH FLORIDA



**2022 SOUTH FLORIDA
MULTIFAMILY FORECAST**

A RECORD YEAR OF MULTIFAMILY SALES IN SOUTH FLORIDA.

2021 is a record setting year for the South Florida multifamily market. At the end of the third quarter, the region experienced \$5.67 billion in multifamily sales which is higher than the annual record of \$5.5 billion set in 2016 – and there is still 4Q to spare.

For the first three quarters of 2021 all three South Florida counties (Miami-Dade, Broward and Palm Beach) experienced record average per unit sales of \$236,900 and \$238,200 and \$278,500 per unit respectively. Year-to-date effective rents increased by 14.9% in Miami-Dade, 19.0% in Broward and 27.1% in Palm Beach Counties.

The outlook remains positive and we expect similar sale volumes and pricing in 2022. Positivity now reflects sentiment, whereas one year ago it reflected Covid cases.

As we move closer to 2022, 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

- Through the end of 3Q there were 411 multifamily sales totaling \$5.67 billion. This a record number of transactions and dollar deal volume - and there is still 4Q to spare.
- The Cushman & Wakefield Multifamily team YTD has completed \$2.3 billion in sales – 40% of the entire sale activity within South Florida (any multifamily sale 5+ units and over \$1 million).
- For the first three quarters of 2021 all three South Florida counties (Miami-Dade, Broward and Palm Beach) experienced record average per unit sales of \$236,900 and \$238,200 and \$278,500 per unit respectively.
- Sales were relatively evenly distributed across South Florida with Broward recording 37% of total sales volume, followed by Miami-Dade at 33% and Palm Beach at 30%.
- 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. Year-to-date effective rents increased by 14.9% in Miami-Dade, 19.0% in Broward and 27.1% in Palm Beach Counties.
- Effective rents average \$1,905 in Miami-Dade; \$1,969 in Broward and \$2,160 in Palm Beach.
- Coral Gables, 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 government assistance programs 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

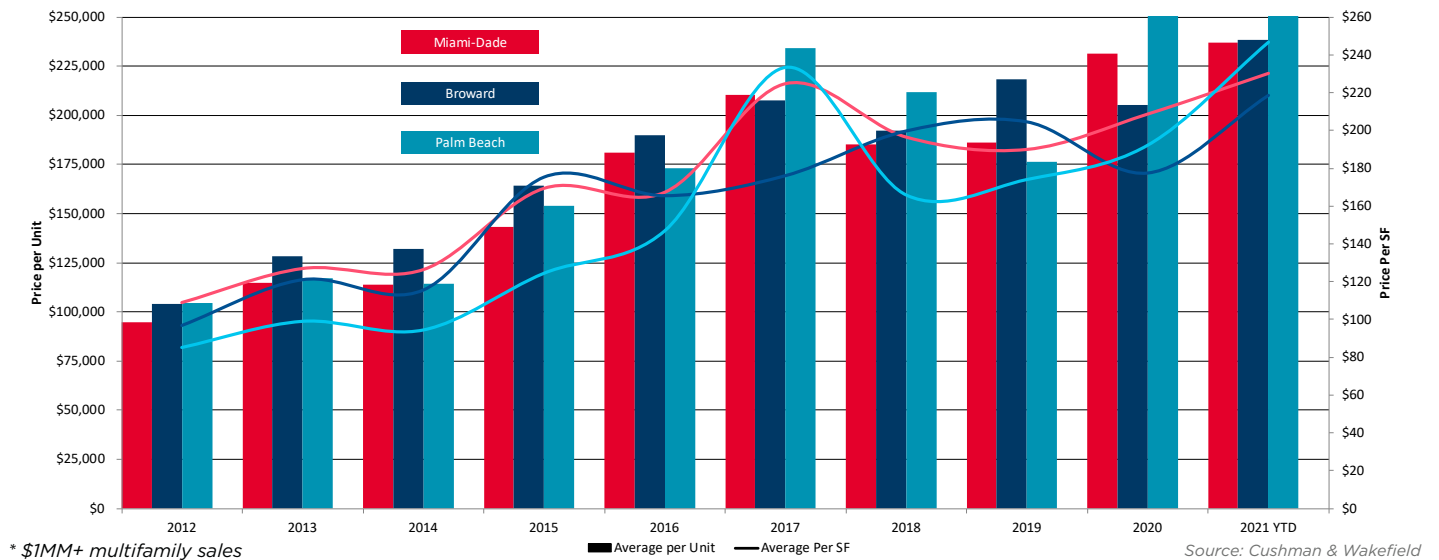
- Year-to-date vacancies decreased in all three counties. Vacancies decreased from 6.7% to 3.5% in Miami-Dade; 7.4% to 3.4% in Broward and 7.6% to 3.9% in Palm Beach
- For the first time in almost 20 years, all three counties have sub 5% vacancy rates.
- Positive net absorption fueled by strong rental demand has created limited rental supply despite new apartments being built. Year-to-date there were 17,650 net units absorbed in South Florida. For the same period, there were 6,710 new units completed and added to the market.
- There are another 10,333 units scheduled for delivery in 2022. The new supply is needed to keep pace with demand.
- Submarkets with less than 2% vacancies include: Westchester; Kendall, Hialeah and Weston/Davie.

CAP RATES AND UNDERWRITING ASSUMPTIONS

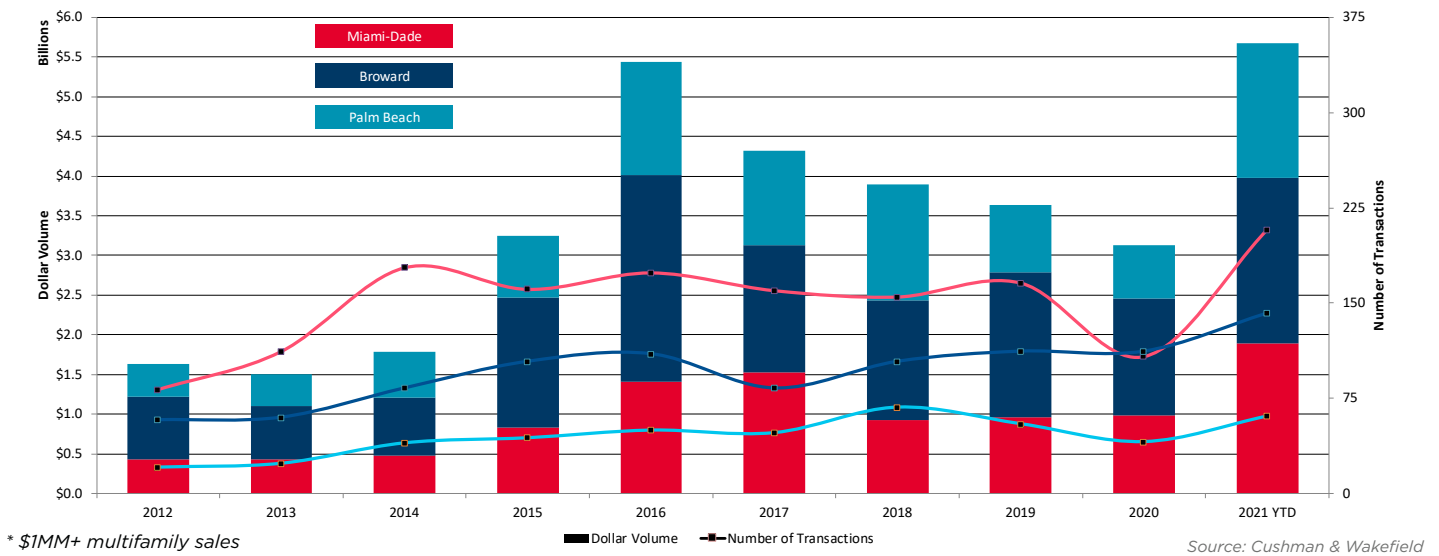
- Strong fundamentals coupled with readily available attractive debt have provided the backbone for the resurgence in multifamily transactions.
- Year to date cap rates have compressed. Investors are bullish on a return to the “new normal” and are factoring in rent growth, loss-to-lease burn off and 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 1.48% which is in line with where it was in February 2020 – just prior to Covid.
- There are an abundant 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. Investors are typically seeking a 5.5% to 6.5% levered cash on cash on return.
- IRR's vary based on asset class. Class A levered IRR's are in the 8-9% range whereas B and C properties are in the 10-13% range.

MULTIFAMILY INVESTMENT SALES ANALYSIS | SOUTH FLORIDA

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



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



WHO'S BUYING

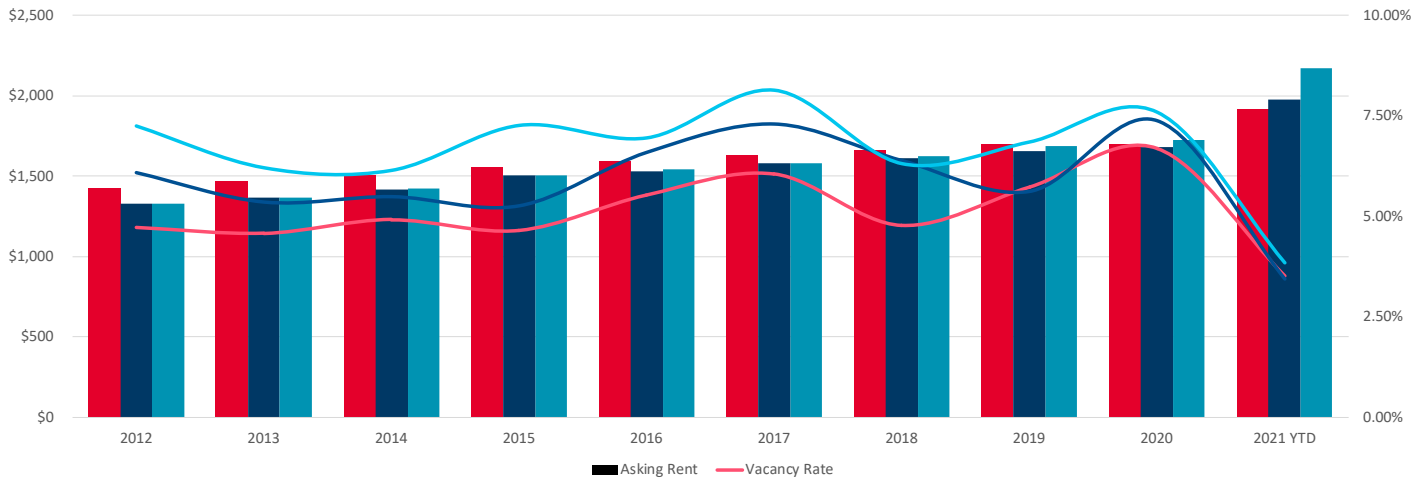
- Sub \$50 million sales continue to be dominated by private capital investors.
- Year-to-date our team has completed \$2.3 billion in multifamily sales in South Florida. 19 of these sales were sub \$50 million. Of these 19 private capital sales, eight (42%) were to capital based in Florida. The other 11 multifamily sales were new private capital investors to the South Florida market.
- 35.6% of year-to-date sales volume was in newly built Class A product. Most of these buyers are Institutional and REIT's.
- 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 22,555 units under construction in South Florida. This represents 7.1% of the current apartment inventory. These units will be delivered between 2022 and 2024.

- Since 2017 there were 44,869 units built – an average of 8,974 units per year. For the same period, net absorption in South Florida averaged 9,457 units per year. In short, rental demand and supply remain in check. 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, 44,869 new apartment units were built. This means one unit has been built for every 3.0 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 107,000 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 6,112 units; Plantation/Sunrise 2,113 units; and West Palm Beach 2,062 units.

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 2020-2022: Miami-Dade 36,522, Broward, 33,450, Palm Beach 39,489. Overall South Florida is 109,460.
- 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.

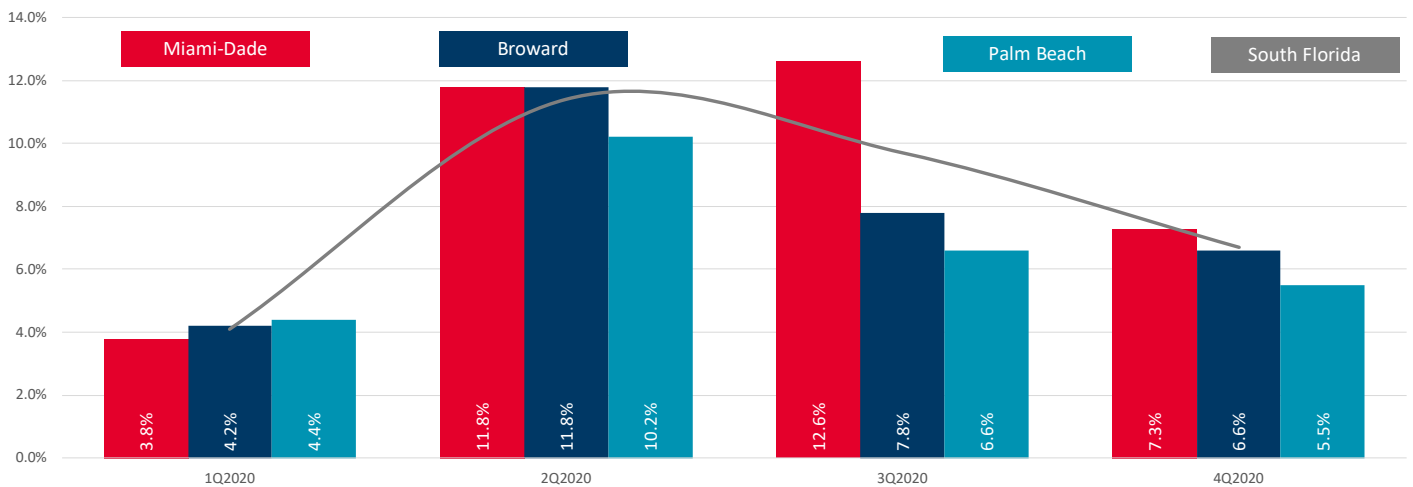
HOME PRICES CONTINUE TO INCREASE

- 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.

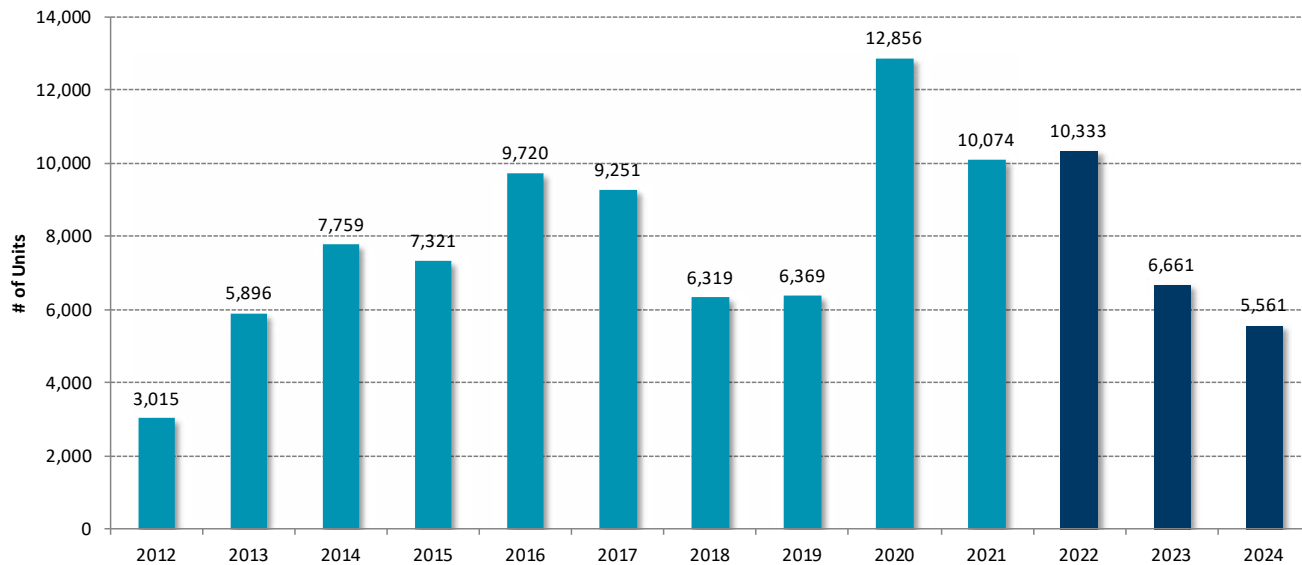
- The South Florida unemployment rate is 5.5%. At the beginning of 2021 the unemployment rate was 8.3%.
- Unemployment remains more than double the 2.3% witnessed pre Covid.
- Between 2020 and 2021, median incomes modestly grew by 3.4% in Miami-Dade, 1.6% in Broward, and 3.7% in Palm Beach.

GRAPH 4 :: UNEMPLOYMENT RATE



Source: Moody's

GRAPH 5 :: SOUTH FLORIDA HISTORICAL & FUTURE DELIVERIES



Source: CoStar & C&W Internal Database

*Forecasted construction deliveries are as of Jan-2020. Actual deliveries may vary.

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.
- 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.
- Potential changes in capital gains and 1031 tax laws.
- Rents continue to increase albeit not at same levels witnessed in 2021.
- 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.

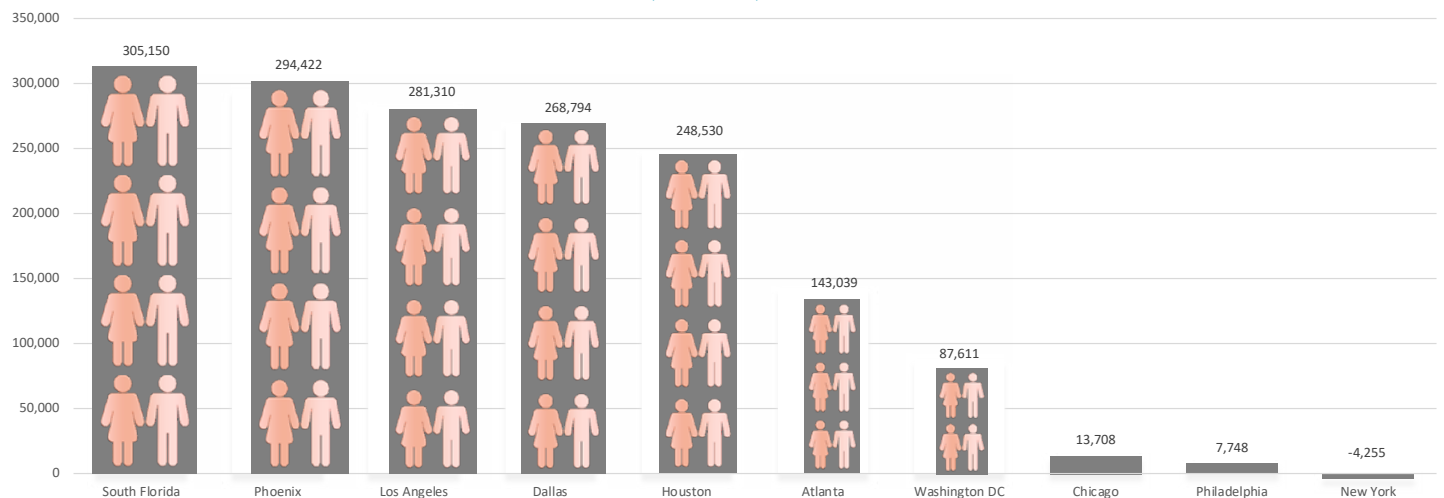
LOOKING AHEAD

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 18 months 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

\$1,890,000,000	\$9,100,000	\$230	\$236,939
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$1,915	96.2%	6,899	133,310
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

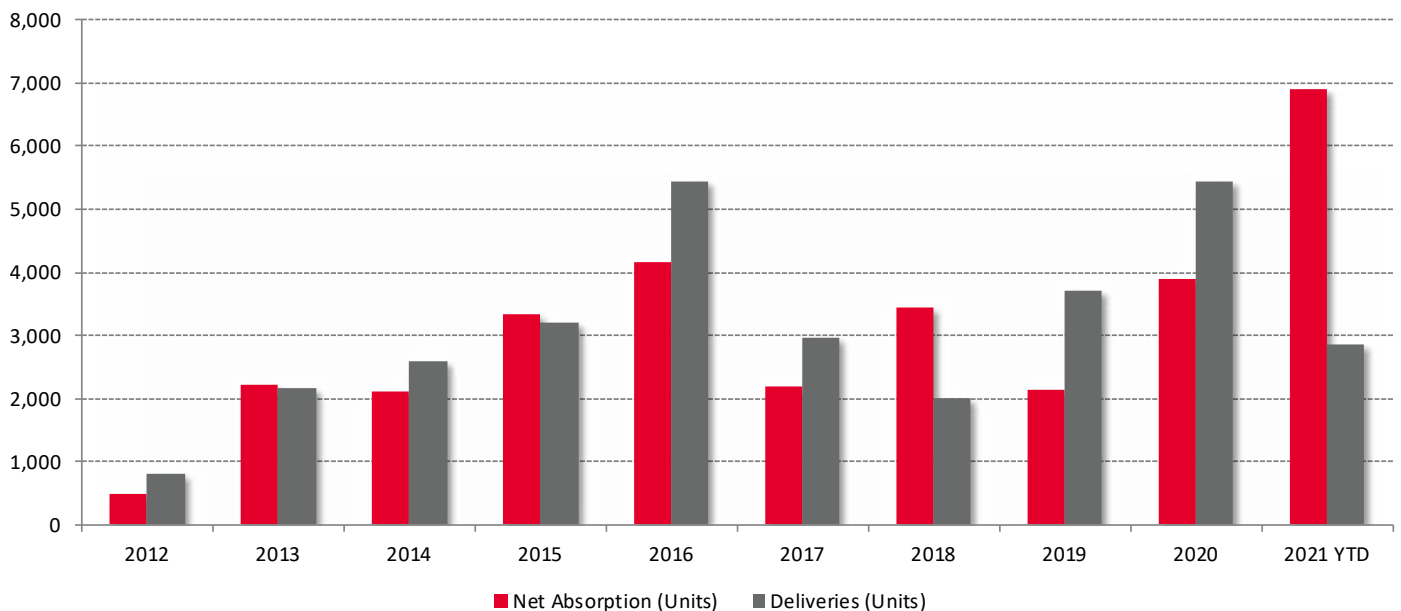
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021 YTD	\$1,888,404,181	208	133,310	\$1,915	\$2.20	12.8%	\$1,905	\$2.19	14.9%	3.5%	6,899	2,848
2020	\$990,544,876	108	130,462	\$1,698	\$1.94	-0.1%	\$1,658	\$1.90	-1.5%	6.7%	3,889	5,432
2019	\$966,287,879	166	125,040	\$1,699	\$1.94	2.0%	\$1,684	\$1.93	3.1%	5.7%	2,137	3,705
2018	\$929,233,163	155	121,335	\$1,665	\$1.91	2.2%	\$1,633	\$1.87	2.3%	4.8%	3,451	2,013
2017	\$1,525,635,308	160	119,322	\$1,629	\$1.86	2.2%	\$1,596	\$1.83	2.0%	6.1%	2,183	2,962
2016	\$1,409,077,217	174	116,360	\$1,594	\$1.82	2.4%	\$1,565	\$1.79	1.6%	5.5%	4,157	5,431
2015	\$835,040,975	161	110,929	\$1,556	\$1.78	3.3%	\$1,540	\$1.76	3.2%	4.7%	3,339	3,200
2014	\$481,488,461	178	107,729	\$1,506	\$1.72	2.5%	\$1,492	\$1.71	2.5%	4.9%	2,109	2,602
2013	\$433,839,181	112	105,127	\$1,469	\$1.68	3.2%	\$1,455	\$1.66	3.0%	4.6%	2,223	2,177
2012	\$429,347,926	82	102,950	\$1,423	\$1.63	3.0%	\$1,412	\$1.61	2.8%	4.7%	500	805

Miami-Dade Apartments Under Construction

67 apartment buildings
totaling **17,945**
units under construction
in Miami-Dade.







BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Lifetime	Coral Gables	495	2021
AHS at Oak Enclave	Miami Gardens	420	2023
Soleste Spring	Little Havana	250	2023
The Trail - Phase I	Miami	84	2022
Amelia Plaza	Hialeah	30	2021

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	\$2,391	\$2.30	30.4%	2.9%	35	-	256
Bal Harbor/ Miami Beach	8,436	\$1,450	\$2.17	5.7%	5.3%	90	-	749
Brickell/Downtown	15,294	\$1,721	\$2.22	16.0%	3.5%	377	16	7,854
Coconut Grove	2,201	\$2,104	\$2.51	12.8%	3.9%	144	-	400
Coral Gables	8,953	\$2,551	\$2.96	19.1%	9.2%	771	807	1,595
Hialeah/Miami Lakes	19,120	\$1,495	\$1.71	5.5%	0.8%	694	140	1,906
Homestead/ South Dade	7,645	\$1,602	\$1.79	15.2%	2.3%	645	220	1,684
Kendall	12,888	\$1,866	\$2.06	16.1%	1.7%	486	-	1,244
Miami Gardens/ Opa Locka	17,423	\$1,511	\$1.82	8.6%	4.9%	1,257	1,025	851
Miami Springs/Doral	18,584	\$2,136	\$2.27	19.7%	2.1%	1,572	230	369
North Miami/ North Miami Beach	17,288	\$1,588	\$1.95	12.0%	5.2%	691	410	956
Outlying Miami-Dade County	718	\$2,165	\$1.87	23.3%	1.2%	79	-	0
Westchester/Tamiami	2,603	\$1,483	\$1.97	6.4%	1.1%	58	-	36
TOTAL/AVERAGE	133,310	\$1,915	\$2.20	12.8%	3.5%	6,899	2,848	17,900

	<ul style="list-style-type: none"> For the first three quarters of 2021, there were 208 apartment sales totaling \$1.88 billion with an average price of \$236,939 per unit or \$230 per square foot. This is the highest sale activity ever recorded in Miami-Dade and we still have another quarter to go.
	<ul style="list-style-type: none"> Average rents increased by 14.9% in the first three quarters of 2021. Average effective rents are at a record \$1,905. Coral Gables has the highest average rent of \$2,551.
	<ul style="list-style-type: none"> Year-to-date vacancies decreased from 6.7% to 3.5%. The lowest vacancy levels in over ten years. Highest vacancy rate is in Coral Gables - 9.2%. 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 67 buildings totaling 17,900 units under construction. This represents 13.4% of the current inventory in the market. 44% of the under construction units are in Downtown/Brickell submarket.
	<ul style="list-style-type: none"> For the first three quarters net absorption was 6,899 units. Newly completed units totaled 2,848 units resulting in the vacancy decrease. Doral/Miami Springs and Miami Gardens had the highest net absorption.
	<ul style="list-style-type: none"> 7.1% unemployment rate. In 2021 median salary income increased by 3.4%. \$471,778 median house price. The population grew by 33,580 in the past four years, and 0.5% in 2021.

*Data as of Jan-2021, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales
Source: CoStar

BROWARD MULTIFAMILY MARKET SUMMARY

\$2,090,000,000	\$14,750,000	\$219	\$238,170
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$1,978	96.6%	7,111	122,678
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

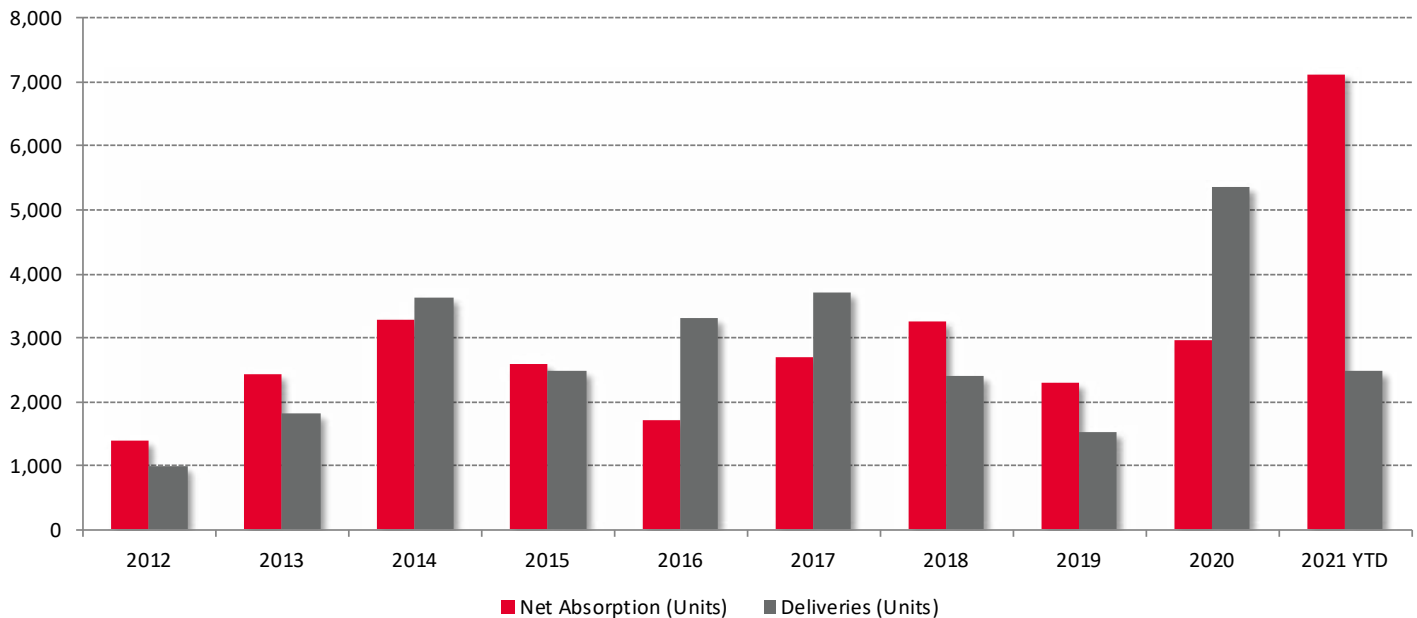
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021 YTD	\$2,091,133,049	142	122,678	\$1,978	\$2.03	17.5%	\$1,969	\$2.02	19.0%	3.4%	7,111	2,496
2020	\$1,467,007,584	112	120,221	\$1,684	\$1.72	1.9%	\$1,654	\$1.69	0.9%	7.4%	2,957	5,363
2019	\$1,821,209,813	112	114,858	\$1,653	\$1.69	2.4%	\$1,639	\$1.68	3.3%	5.6%	2,314	1,529
2018	\$1,505,868,467	104	113,329	\$1,614	\$1.65	2.2%	\$1,587	\$1.62	2.3%	6.4%	3,266	2,412
2017	\$1,608,470,467	83	110,917	\$1,580	\$1.62	3.2%	\$1,551	\$1.59	2.8%	7.3%	2,702	3,724
2016	\$2,604,343,157	110	107,193	\$1,531	\$1.57	1.7%	\$1,509	\$1.54	1.2%	6.6%	1,724	3,324
2015	\$1,633,122,333	104	103,869	\$1,505	\$1.54	6.1%	\$1,491	\$1.53	6.3%	5.3%	2,601	2,488
2014	\$726,839,240	83	101,381	\$1,419	\$1.45	4.0%	\$1,402	\$1.43	3.6%	5.5%	3,298	3,623
2013	\$667,489,772	60	97,758	\$1,364	\$1.40	2.7%	\$1,353	\$1.38	2.9%	5.4%	2,437	1,832
2012	\$795,941,898	58	95,926	\$1,328	\$1.36	2.9%	\$1,315	\$1.35	2.5%	6.1%	1,389	994

Broward Apartments Under Construction

34 apartment buildings
totaling **7,774** units
under construction in
Broward







BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Manor Miramar	Miramar	393	2023
The Elevate	Dania Beach	293	2022
RD Las Olas	Fort Lauderdale	259	2023
Tamarac Village Ph2	Tamarac	180	2022
Skylofts on 3rd	Fort Lauderdale	54	2021

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	19,101	\$2,026	\$1.93	26.4%	2.2%	575	-	351
Fort Lauderdale	21,218	\$2,425	\$2.70	16.6%	5.0%	2,474	500	1,711
Hollywood/ Dania Beach	13,079	\$1,636	\$1.92	14.4%	2.8%	449	-	1,338
Miramar/ Hallandale Beach	4,490	\$1,605	\$1.86	13.2%	3.1%	61	45	350
Oakland Park/ Lauderhill	14,413	\$1,498	\$1.69	11.7%	4.4%	484	276	860
Pembroke Pines/ West Miramar	11,028	\$2,332	\$2.15	24.2%	3.0%	488	-	393
Plantation/Sunrise	18,083	\$1,945	\$1.90	20.0%	4.3%	1,397	1,209	2,753
Pompano Beach/ Deerfield Beach	13,514	\$1,672	\$1.80	14.4%	2.4%	756	466	18
Weston/Davie	7,752	\$2,150	\$2.10	22.0%	1.9%	427	-	0
TOTAL/AVERAGE	122,678	\$1,978	\$2.03	17.5%	3.4%	7,111	2,496	7,774

	<ul style="list-style-type: none"> For the first three quarters of 2021, there were 142 apartment sales totaling \$2.09 billion with an average price of \$238,170 per unit or \$219 per square foot. This is the second highest sale activity ever recorded in Broward.
	<ul style="list-style-type: none"> Average rents increased by 19.0% in the first three quarters of 2021. Average effective rents are at a record \$1,969. Ft. Lauderdale has the highest average rent of \$2,425.
	<ul style="list-style-type: none"> Year-to-date vacancies decreased from 7.4% to 3.4%. The lowest vacancy levels in over ten years. Highest vacancy rate is in Ft Lauderdale - 5.0%. This will be short lived as new supply get absorbed. Lowest vacancy rate is in Weston/Davie - 1.9%.
	<ul style="list-style-type: none"> There are 34 buildings totaling 7,774 units under construction. This represents 6.3% of the current inventory in the market. 35% of the under construction units are in Plantation/Sunrise submarket.
	<ul style="list-style-type: none"> For the first three quarters net absorption was 7,111 units. Newly completed units totaled 2,496 units resulting in the vacancy decrease. Ft. Lauderdale had the highest net absorption.
	<ul style="list-style-type: none"> 4.5% unemployment rate. In 2021 median salary income increased by 1.6%. \$405,037 median house price. The population grew by 44,289 in the past four years, and 0.7% in 2021.

*Data as of Jan-2021, apartment sales of 10 units or more, in excess of \$1MM in pricing, excluding all condo sales
Source: CoStar

PALM BEACH MULTIFAMILY MARKET SUMMARY

\$1,690,000,000	\$27,650,000	\$247	\$278,507
2021 Sales	2021 Average Sale Price	2021 Average Sale PSF	2021 Average Sale Per Unit
\$2,169	96.1%	3,647	63,888
Average Rent Per Unit	Occupancy Rate	Annual Unit Net Absorption	Inventory of Rentable Units

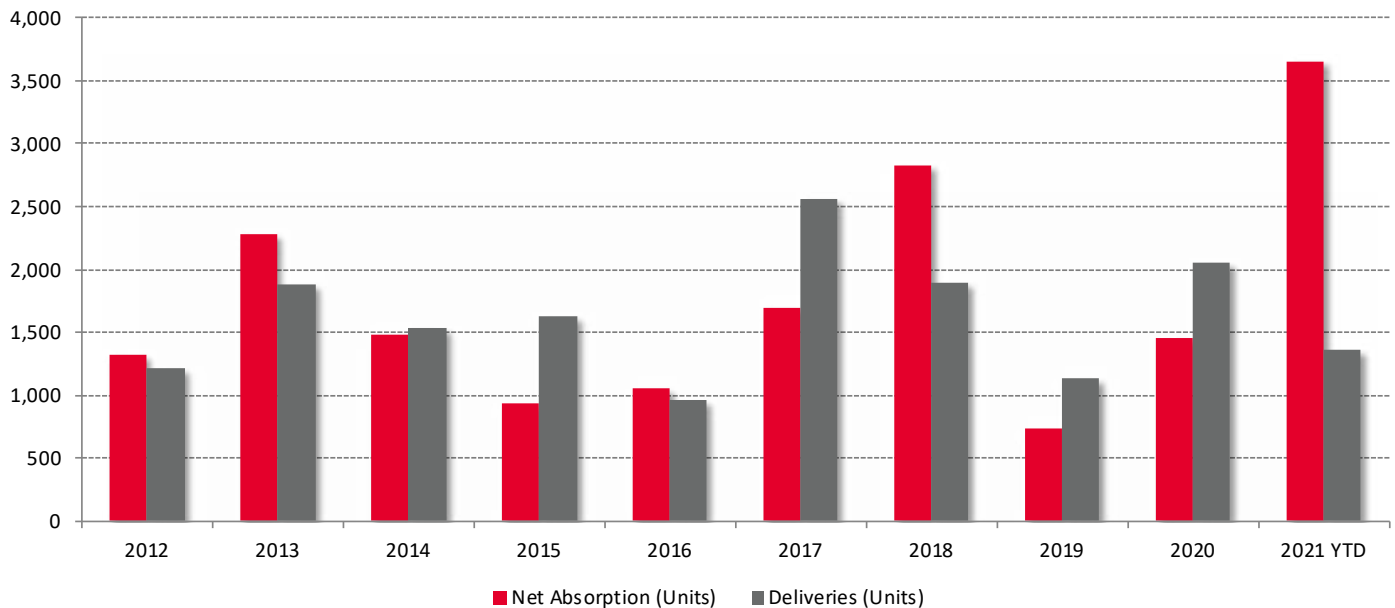
YEAR	\$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP	NEW UNITS
2021 YTD	\$1,687,750,893	61	63,888	\$2,169	\$2.11	25.8%	\$2,160	\$2.10	27.1%	3.9%	3,647	1,366
2020	\$671,063,911	41	62,522	\$1,724	\$1.67	2.1%	\$1,700	\$1.65	1.1%	7.6%	1,462	2,061
2019	\$844,182,945	55	60,461	\$1,688	\$1.64	4.0%	\$1,681	\$1.63	5.5%	6.9%	743	1,135
2018	\$1,460,255,272	68	59,326	\$1,623	\$1.57	2.9%	\$1,593	\$1.55	3.4%	6.3%	2,826	1,894
2017	\$1,186,293,809	48	57,432	\$1,578	\$1.53	2.3%	\$1,541	\$1.49	1.3%	8.1%	1,700	2,565
2016	\$1,428,926,650	50	54,867	\$1,542	\$1.50	2.5%	\$1,521	\$1.48	2.4%	7.0%	1,064	965
2015	\$774,870,336	44	53,902	\$1,505	\$1.46	5.9%	\$1,486	\$1.44	5.6%	7.3%	935	1,633
2014	\$578,421,800	40	52,269	\$1,421	\$1.38	4.2%	\$1,407	\$1.36	4.2%	6.1%	1,482	1,534
2013	\$401,485,298	24	50,735	\$1,364	\$1.32	2.9%	\$1,350	\$1.31	3.1%	6.2%	2,285	1,887
2012	\$411,015,860	21	48,848	\$1,326	\$1.29	3.4%	\$1,310	\$1.27	2.8%	7.3%	1,318	1,216

Palm Beach Apartments Under Construction

35 apartment buildings
totaling **7,526**
units under construction
in Palm Beach







BUILDING	CITY	# OF UNITS	EXPECTED COMPLETION
Camino Square	Boca Raton	350	2023
Haverhill Commons	West Palm Beach	270	2021
Terra Nova	Delray Beach	212	2023
Aviara Green	Greenacres	56	2021
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	1,377	\$912	\$1.15	13.8%	5.6%	178	-	0
Boca Raton	11,611	\$2,511	\$2.42	33.1%	3.0%	914	322	1,369
Boynton Beach	12,585	\$2,032	\$1.95	27.9%	3.7%	912	-	896
Delray Beach	4,498	\$2,575	\$2.22	38.9%	2.7%	56	-	671
Greenacres	5,424	\$1,489	\$1.61	16.4%	2.5%	107	-	1,498
Outlying Palm Beach County	78	\$577	-	1.7%	-	-	-	0
Palm Beach Gardens/Jupiter	7,570	\$2,513	\$2.25	40.1%	5.4%	344	386	406
Royal Palm Beach/Wellington	6,730	\$2,158	\$1.99	28.9%	2.5%	129	-	24
West Palm Beach	14,015	\$1,791	\$1.86	20.1%	5.3%	1,007	658	2,662
TOTAL/AVERAGE	63,888	\$2,169	\$2.11	25.8%	3.9%	3,647	1,366	7,526

	<ul style="list-style-type: none"> For the first three quarters of 2021, there were 61 apartment sales totaling \$1.69 billion with an average price of \$278,507 per unit or \$247 per square foot. This is the highest sale activity ever recorded in Palm Beach and we still have another quarter to go.
	<ul style="list-style-type: none"> Average rents increased by 27.1% in the first three quarters of 2021. Average effective rents are at a record \$2,169 – the first time average rents have exceeded \$2,000 for a County in Florida. Delray Beach, Boca Raton and Palm Beach Gardens/Jupiter are submarkets with average rents over \$2,500.
	<ul style="list-style-type: none"> Year-to-date vacancies decreased from 7.6% to 3.9%. The lowest vacancy levels in over ten years. Belle Glade, Palm Beach Gardens/Jupiter and West Palm Beach have vacancies slightly over 5%. All other submarkets have less than 5% vacancies.
	<ul style="list-style-type: none"> There are 35 buildings totaling 7,526 units under construction. This represents 11.8% of the current inventory in the market. 35% of the under construction units are in West Palm Beach submarket.
	<ul style="list-style-type: none"> For the first three quarters net absorption was 3,647 units. Newly completed units totaled 1,366 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"> 4.0% unemployment rate. In 2021 median salary income increased by 3.7%. \$432,433 median house price. The population grew by 57,261 in the past four years, and 1.0% in 2021.

*Data as of Jan-2021, 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
2022(F)	2,769,290	0.8%	4.31%	\$56,732	-0.3%	\$450,545	-4.5%
2021	2,747,087	0.5%	7.08%	\$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
2022(F)	2,000,688	1.0%	3.00%	\$62,960	-0.3%	\$386,596	-4.6%
2021	1,980,339	0.7%	4.53%	\$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
2022(F)	1,553,221	1.6%	2.65%	\$70,757	-0.8%	\$419,558	-3.0%
2021	1,529,156	1.0%	3.98%	\$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, Moodys and Alteryx Demographics

SOUTH FLORIDA: POPULATION | HOUSEHOLDS



Growth in 2021.

0.7% | 2.4%

Growth in past 5 years. 135,130 | 30,193

Increase over next 5 yrs. 323,063 | 81,421

SOUTH FLORIDA CONSTRUCTION



22,555 apartment units are currently under construction in SoFla. This is 7.1% of the current apartment inventory.

SOUTH FLORIDA EMPLOYMENT

-55,170 New jobs added in past 5 years.

7.1% Miami-Dade unemployment.

4.5% Broward unemployment.

4.0% Palm Beach unemployment.

9.1 Jobs for every apartment unit in SoFla.

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.

SOUTH FLORIDA INCOMES

-2.9% Median salary income increase in 2021.

17.4% Rent growth in 2021.

RECENT SOUTH FLORIDA CUSHMAN & WAKEFIELD MULTIFAMILY SALES

#1 in Multifamily Sales :: Over \$50 billion Sold in South Florida

UNDER CONTRACT



FALL RIDGE OF DELRAY

Under Contract | 60 Units
Delray Beach, Florida

UNDER CONTRACT



CARD SOUND

Under Contract | 105 Units
Miami, Florida



THE SHENANDOAH

Sold 2021 | 24 Units
Miami, Florida



18TH AVE APARTMENTS

Sold 2021 | 36 Units
North Miami Beach, Florida



VUE ON 67TH

Sold 2021 | 178 Units
Davie, 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



LAKEVIEW FLATS

Sold 2021 | 368 Units
Tamarac, 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



OCEAN HOUSE

Sold 2021 | 186 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



SOBE PORTFOLIO

Sold 2021 | 322 Units
Miami Beach, Florida



ROSALENE

Sold 2020 | 10 Units
Wilton Manors, Florida



IVY AT WILTON MANORS

Sold 2020 | 18 Units
Wilton Manors, Florida



THE WHITTIER

Sold 2020 | 19 Units
Miami Beach, 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



THE MILE

Sold 2019 | 120 Units
Coral Gables, Florida

DEBT OPTIONS IN TODAY'S MARKET

Financing remains plentiful and cheap, with lenders favoring multifamily over most other asset classes and interest rates expected to rise slightly through the end of 2021 and into 2022 as the fed begins their much anticipated "Taper" and inflation rears its head. The current Florida backdrop of a roaring economic comeback, unprecedented population and rental rate growth, and relatively inexpensive rents compared to other markets is constructive to Florida's multifamily real estate fundamentals and fuel to the Multifamily CRE debt markets. As transaction cap rates on core properties declined to unprecedented levels in 2021, Life Companies have adjusted their underwriting, now accepting even lower debt yield minimums at closing, in some cases underwriting proforma Y1 Cash flows, in order to fund loans up to 60%-65% of purchase price (versus typical 65-70% maximum Loan-to-Value (LTV) program guidelines). With credit spreads at their all-time tights, LifeCo loan rates in the very low 2% range for 50-55% LTC financing are common. Expect T+135-145 spreads for full leverage execution (60-65% LTV).

Agency financing has been largely uncompetitive for class A product in 2021, due to Fannie / Freddie's targeting of 50% mission driven affordable housing, and a reduced issuance cap in 2021. The higher affordability requirement effectively shifted agency financing emphasis away from competing on market rate deals and has helped life companies, banks, and CMBS to take back multifamily market share lost to the agencies in 2020. 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 LOW 3% RANGE**. Agencies offer **FINANCING UP TO 75% OF PURCHASE PRICE** where they are not cash flow constrained.

Utilization of **Bridge financing** has become mainstream in 2021, with numerous lenders financing deals and underwriting rental growth not necessarily driven by capex as an exit strategy. Pricing moved noticeably tighter in 2021 fueled by lender's pent up need to deploy capital raised pre-pandemic, competition for a limited number of quality multifamily opportunities, and a healthier repo and CLO market for lenders seeking to internally lever their positions. Bridge pricing for Class A transitional multifamily assets seeking up to 65% LTC is currently 1.70-2.25%, and 2.25-2.80% 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.

Interest Rate Outlook. The interest rate outlook is mixed: short term rates and SOFR are expected to remain low for several years, with the Fed not targeting a short term rate hike until year end 2023, however the longer end of the curve has already started moving higher, with the Ten year treasury yield (currently at 1.63%) expected to end the year at 1.80%. 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	Non-Recourse	Non-Recourse	Non-Recourse
Leverage	Up to 70% 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	5, 7, 10 or more years	7, 10, 12 or more years	2-3 +1+1
Prepayment	Yield Maintenance	Yield maintenance / Defeasance	Flexible
Lender Fees	Par	Par	0.50% origination, 0.25% exit
Interest Only	Half to full term, depending on leverage	Half to Full term, depending on leverage	Full term
Amortization	30 Years	30 years	N/A
Index	Treasuries or SOFR	Treasuries or SOFR	SOFR
Spread	1.15% to 1.50%, depending on leverage	1.70% to 2.30%, depending on leverage	1.65% to 2.75%
Rate	2.30% to 3.15%	2.60% to 3.30%	1.70% to 2.80%
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

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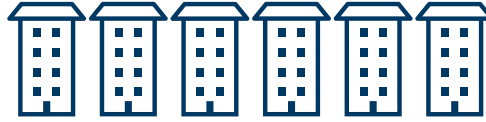
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