



SOUTH FL

Q1-22 Multifamily Report

 FranklinStreet

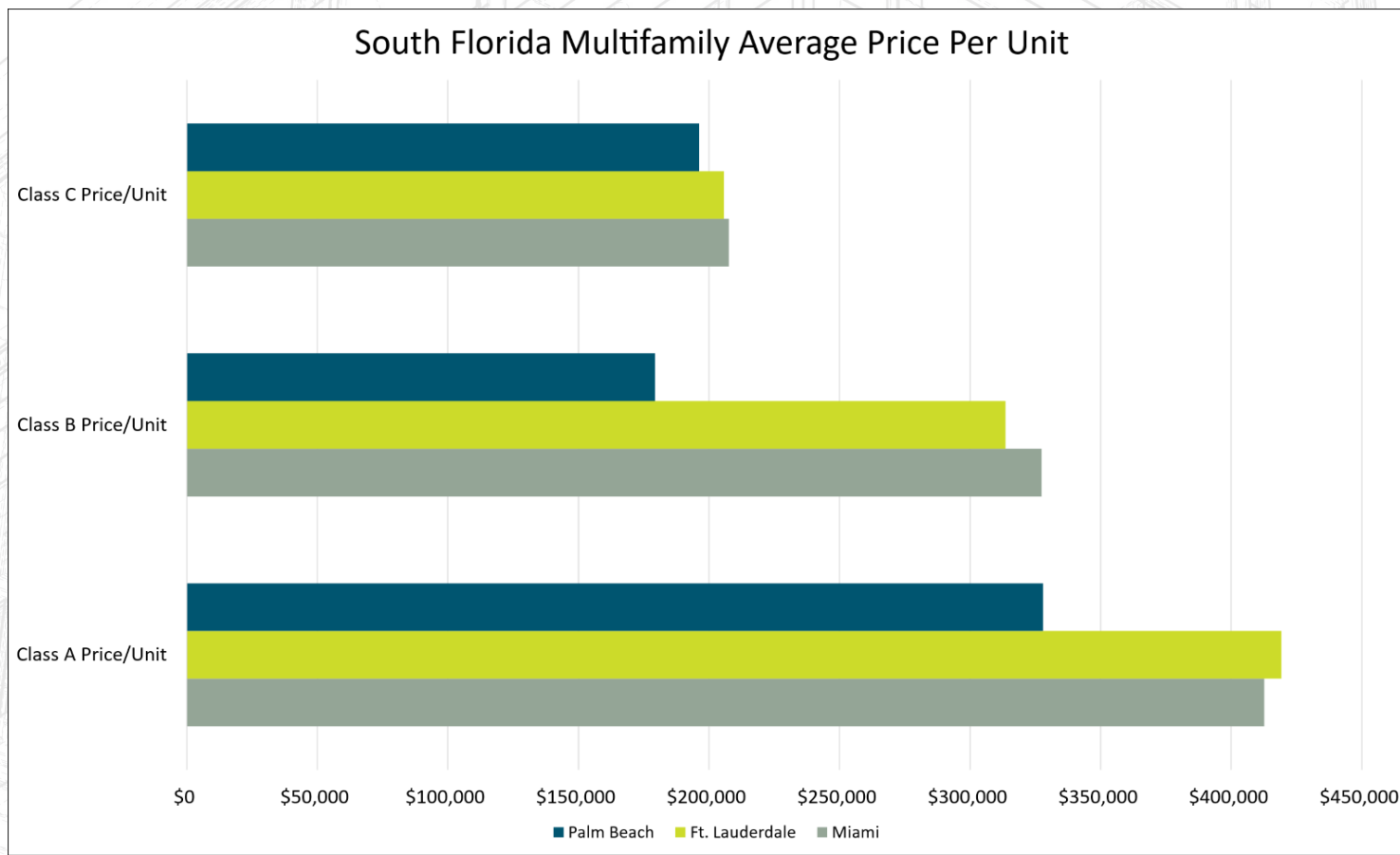


South FL

MSA Price Per Unit

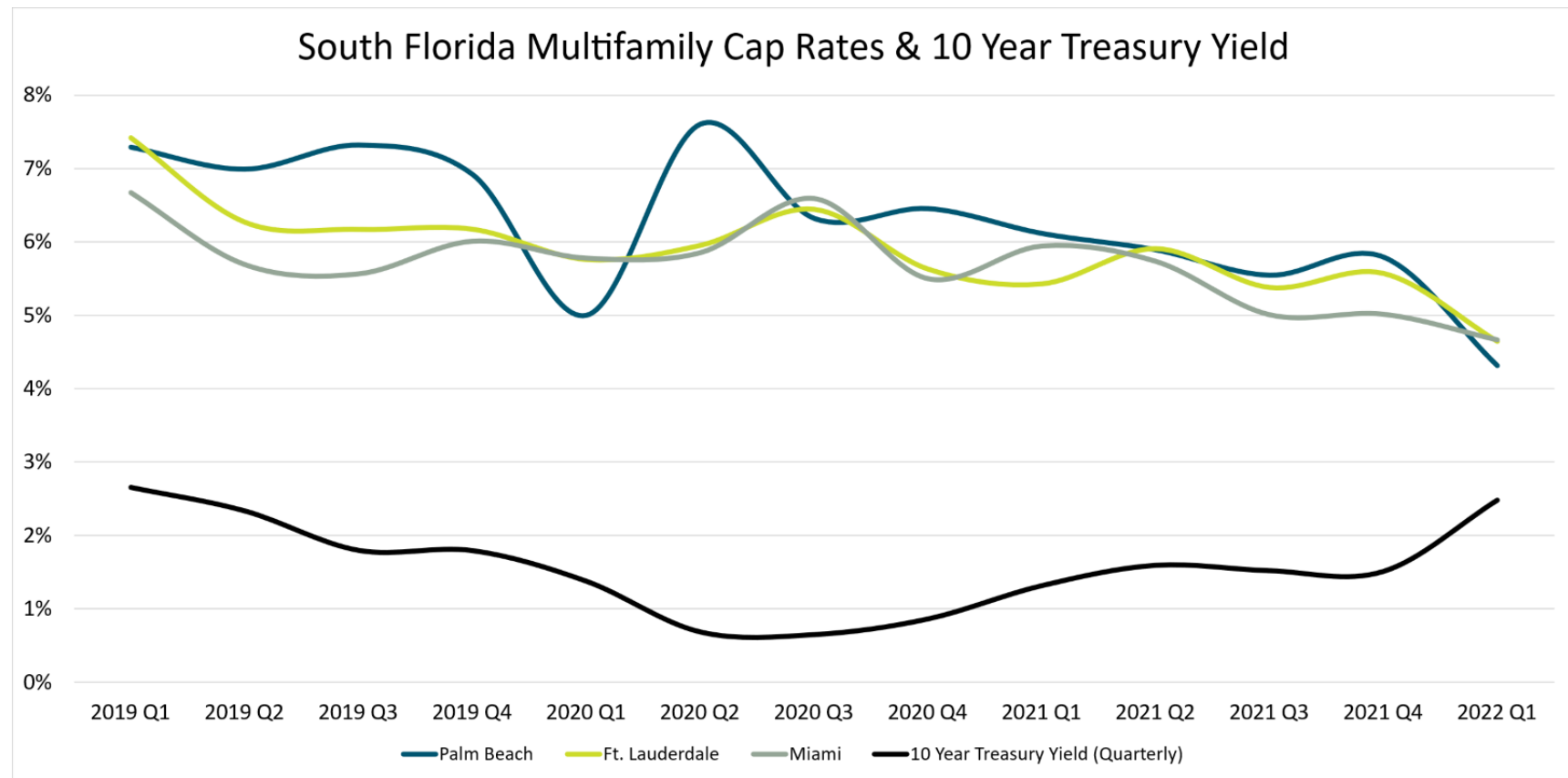


Multifamily price per unit values continued their growth patterns much like the rest of the metrics tracking the South Florida hub. Miami-Dade County sales price per unit averaged \$412,612 for Class A properties, \$327,394 for Class B properties and \$207,592 for Class C properties. In Broward County, the price per unit averaged \$419,137 for Class A properties, \$313,599 for Class B and \$205,736 for Class C. Palm Beach County prices were not far behind, averaging \$413,253 per unit for Class A, \$320,410 for Class B and \$206,812 for Class C.



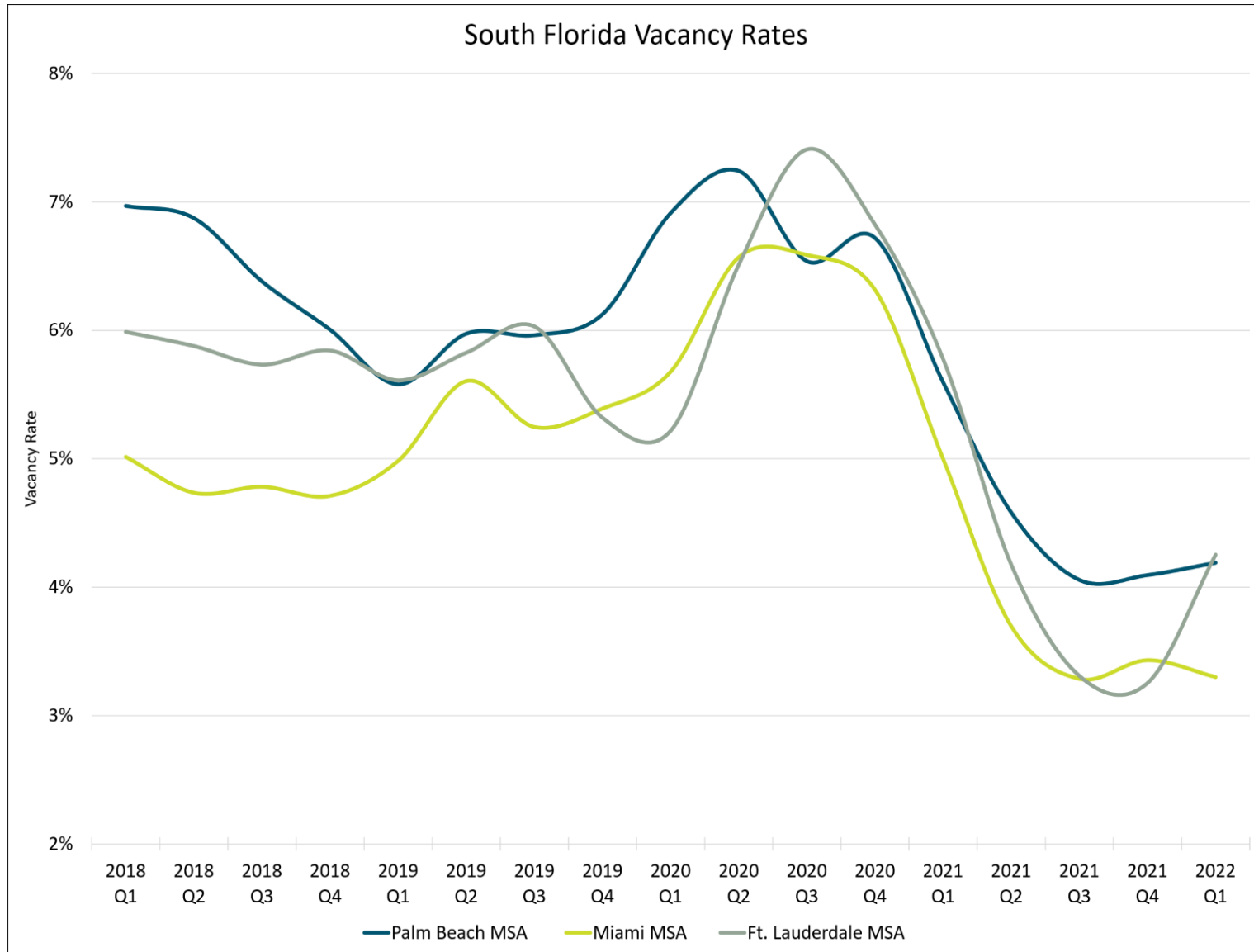
MSA Cap Rate

Due to the inverse relationship between cap rates and property prices, the large increase in prices is married with a large compression in market cap rates for Miami-Dade, Broward and Palm Beach counties. This compression is considered by many to be a healthy compression due to the high migration inflow and steady pace of investment.



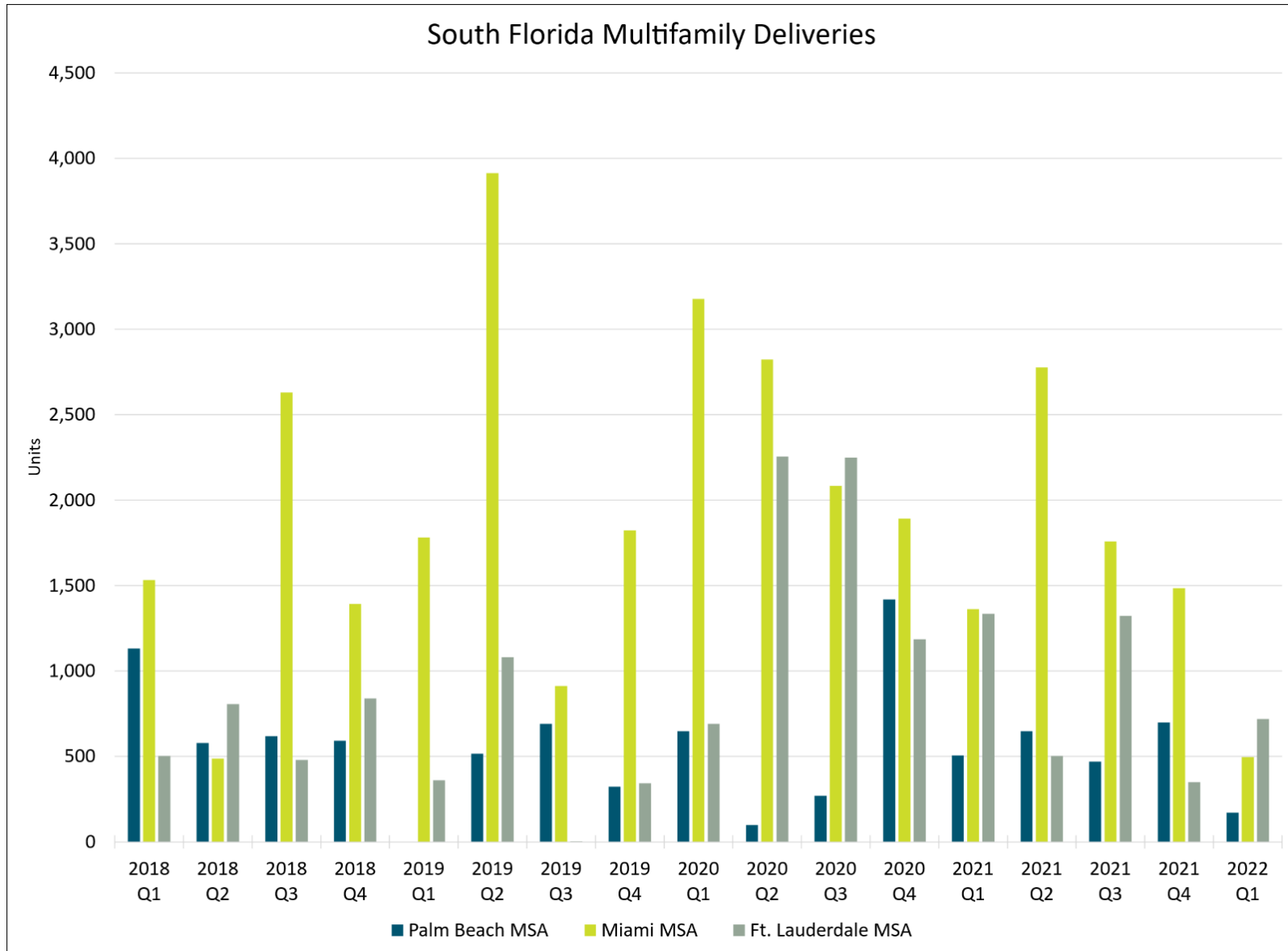
MSA Vacancy Rates

South Florida vacancy rates rapidly declined throughout 2021. Palm Beach County ended Q1 at the exceptionally low vacancy rate of 0.9%, while Miami-Dade County dipped to 3.3%. Broward County saw a slight uptick in vacancies to 4.1%, but it also saw more deliveries than the other two counties in the market.



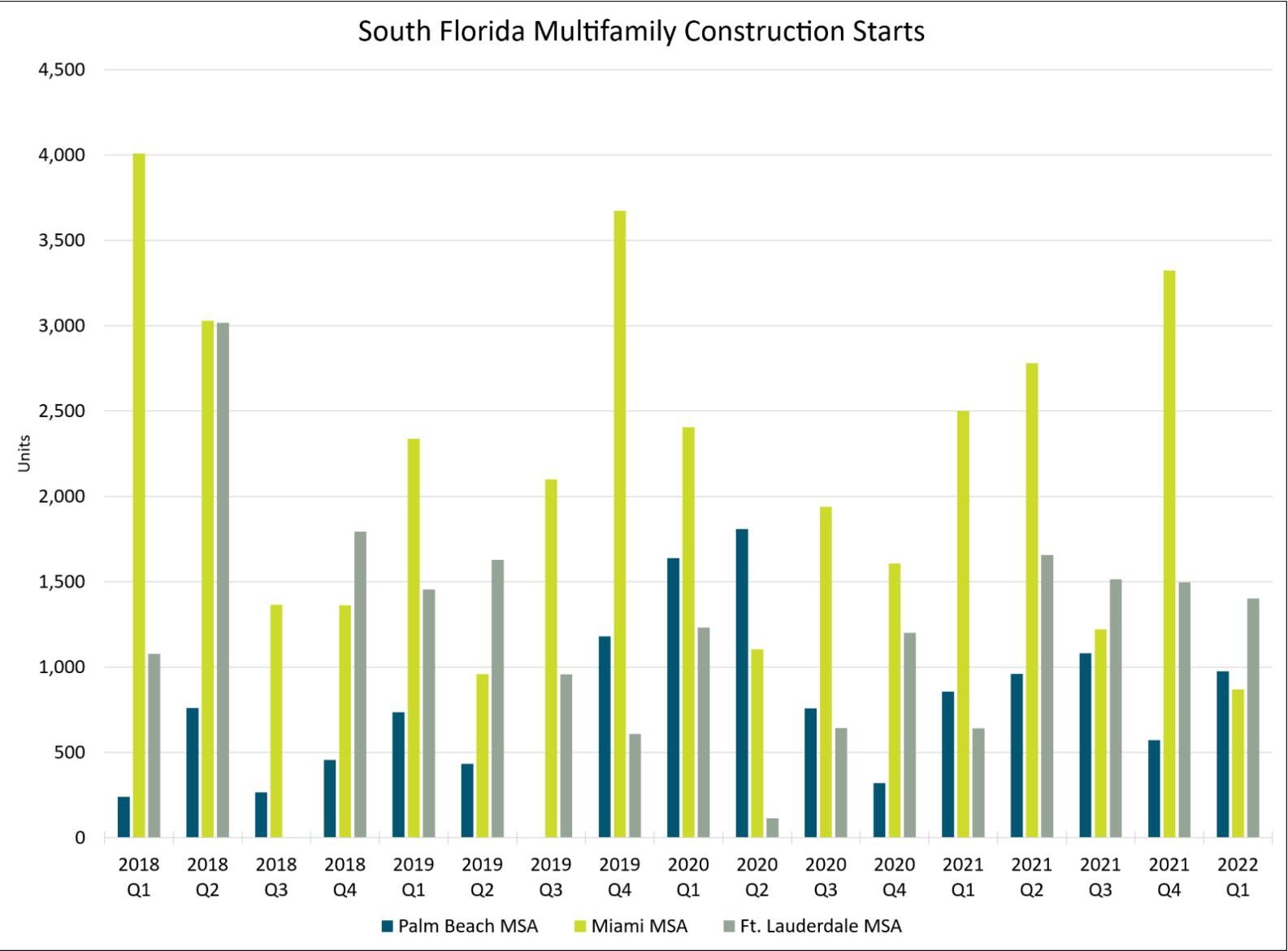
MSA Multifamily Deliveries

The South Florida market saw fewer deliveries in Q1-22 than it did in 2021. Palm Beach County added 171 units, while Miami-Dade added 497 units and Broward County added 719 units.



MSA Multifamily Construction

Despite the anticipation of an interest rate hike from the Fed, supply chain related material issues and a nationwide labor shortage, the South Florida multifamily is still seeing plenty of new construction. Although not quite matching Q4-21's levels, construction starts were still above historical averages. The market saw 976 units started in Palm Beach, 869 units started in Miami-Dade, and 1,402 units started in Broward.



MSA Multi-Family Rent Growth

South Florida is experiencing some of the most intense population migrations in the country. As Covid-19 precautions have persisted in the Northeast and a large portion of workers remain remote, many individuals are finding themselves making a move South.

	Florida YoY Multi-Family Rent Growth															
	Tampa				Orlando				South Florida			Jacksonville				
Period	Hillsborough	Pinellas	Pasco	Hernando	Seminole	Lake	Orange	Osceola	Palm Beach County	Broward County	Miami/Dade County	Baker	Clay	Duval	Nassau	St. Johns
2022 Q1	21.131%	20.845%	28.243%	12.359%	21.704%	17.278%	21.883%	20.733%	23.248%	20.097%	15.906%	2.152%	13.149%	16.383%	10.905%	20.553%
2021 Q4	22.466%	22.885%	23.569%	24.501%	20.634%	20.100%	11.335%	20.076%	27.500%	19.397%	14.812%	2.140%	14.290%	18.717%	15.801%	18.147%
2021 Q3	22.260%	20.741%	16.590%	15.786%	18.602%	12.217%	18.727%	15.476%	22.975%	16.654%	11.602%	1.735%	19.072%	17.663%	17.596%	16.520%
2021 Q2	16.824%	18.122%	14.268%	12.524%	12.857%	8.773%	12.142%	10.606%	15.917%	11.864%	8.146%	1.477%	14.643%	13.582%	18.075%	9.675%
2021 Q1	7.851%	8.100%	6.767%	7.274%	4.649%	2.253%	2.520%	1.525%	6.408%	4.160%	3.235%	1.404%	8.523%	6.562%	11.847%	4.371%
2020 Q4	3.976%	4.324%	5.885%	6.335%	1.110%	1.296%	-1.507%	-1.455%	2.373%	1.900%	0.571%	1.503%	7.511%	3.180%	6.478%	2.201%
2020 Q3	2.979%	2.533%	4.280%	4.206%	0.770%	1.664%	-1.933%	-1.232%	1.489%	0.895%	-0.074%	1.684%	5.982%	3.030%	4.995%	1.203%
2020 Q2	1.821%	1.770%	2.579%	3.494%	0.201%	1.841%	-1.702%	-1.044%	0.854%	0.510%	0.377%	1.810%	3.472%	1.442%	2.012%	2.979%
2020 Q1	1.964%	2.495%	2.759%	3.701%	-0.140%	2.811%	0.266%	1.268%	2.366%	1.648%	1.575%	1.793%	2.789%	1.643%	1.616%	2.615%
2019 Q4	2.793%	3.475%	2.140%	3.513%	1.548%	3.114%	2.372%	2.554%	3.819%	2.478%	2.323%	1.837%	2.300%	2.555%	6.276%	3.107%
2019 Q3	3.216%	3.343%	2.645%	3.930%	1.905%	3.108%	2.477%	3.326%	3.470%	1.859%	2.310%	1.659%	1.745%	2.503%	4.093%	5.069%
2019 Q2	2.841%	3.489%	2.559%	5.336%	2.572%	2.712%	3.542%	3.317%	2.827%	2.503%	2.503%	2.109%	4.284%	3.473%	1.757%	3.102%
2019 Q1	3.547%	3.405%	2.826%	4.703%	3.025%	3.025%	3.540%	3.534%	3.443%	2.375%	2.335%	2.364%	5.263%	3.868%	3.717%	2.361%
2018 Q4	3.949%	3.322%	3.675%	4.769%	3.655%	3.255%	3.502%	3.890%	2.847%	2.185%	2.543%	2.519%	4.873%	4.058%	1.082%	2.010%
2018 Q3	4.019%	3.815%	3.353%	4.935%	4.562%	3.396%	5.117%	4.531%	3.073%	3.620%	2.765%	2.567%	7.925%	4.427%	4.810%	2.150%
2018 Q2	5.084%	3.859%	4.254%	4.803%	4.879%	3.426%	5.716%	5.309%	3.390%	3.179%	2.923%	2.293%	6.690%	4.365%	5.817%	2.358%
2018 Q1	3.946%	4.026%	3.684%	4.660%	5.543%	2.814%	5.636%	5.290%	2.884%	3.448%	2.648%	2.142%	6.155%	4.029%	4.048%	4.506%
2017 Q4	3.695%	3.893%	3.203%	4.300%	5.883%	3.056%	5.573%	5.687%	2.708%	3.124%	2.407%	2.064%	7.074%	3.864%	2.791%	2.706%
2017 Q3	3.249%	3.656%	3.656%	3.659%	4.322%	3.224%	4.414%	5.006%	2.509%	1.941%	2.146%	1.925%	4.158%	3.920%	2.279%	3.346%
2017 Q2	3.549%	3.891%	3.566%	3.524%	5.982%	3.554%	4.512%	4.662%	2.060%	2.663%	2.219%	1.845%	3.056%	3.391%	2.236%	3.968%
2017 Q1	3.963%	3.661%	4.031%	3.598%	4.706%	4.481%	4.342%	4.221%	2.144%	1.895%	2.334%	2.083%	3.822%	2.992%	2.613%	3.019%
2016 Q4	3.901%	4.258%	3.842%	3.425%	4.060%	4.401%	3.744%	3.605%	2.691%	1.849%	2.638%	2.043%	3.357%	3.358%	2.842%	5.850%
2016 Q3	4.226%	4.656%	3.746%	3.531%	4.824%	5.396%	3.889%	3.749%	2.942%	2.943%	2.646%	2.160%	3.906%	3.017%	2.558%	4.910%
2016 Q2	4.726%	5.201%	3.597%	3.428%	5.143%	5.505%	4.428%	3.587%	4.508%	3.137%	2.671%	2.247%	4.805%	3.633%	3.469%	3.983%
2016 Q1	5.264%	5.465%	3.941%	3.542%	5.993%	4.359%	5.090%	3.669%	5.116%	4.606%	2.900%	1.841%	3.705%	4.424%	3.203%	3.014%
2015 Q4	5.747%	5.511%	4.394%	5.028%	6.304%	4.358%	5.432%	3.994%	5.523%	5.573%	3.124%	-0.455%	4.862%	4.362%	3.479%	2.691%
2015 Q3	6.343%	5.687%	3.935%	4.916%	7.603%	3.609%	6.032%	4.264%	5.730%	5.481%	3.419%	-2.620%	3.407%	4.808%	3.362%	2.296%
2015 Q2	5.675%	4.930%	3.926%	4.932%	6.572%	3.438%	5.361%	4.170%	4.749%	5.172%	3.209%	-3.556%	3.059%	4.721%	1.935%	2.666%
2015 Q1	4.137%	4.299%	3.169%	4.684%	5.382%	3.409%	3.960%	3.665%	4.606%	4.614%	2.803%	-1.568%	2.713%	3.576%	1.904%	2.857%
2014 Q4	2.939%	3.207%	2.330%	2.792%	3.684%	2.701%	3.061%	2.700%	3.993%	3.648%	2.345%	2.468%	1.600%	2.766%	1.091%	2.075%
2014 Q3	2.250%	2.665%	2.416%	2.234%	2.791%	2.289%	2.402%	2.037%	3.342%	3.249%	2.167%	4.969%	2.463%	2.353%	1.107%	1.867%
2014 Q2	2.214%	2.591%	2.027%	1.718%	2.522%	1.829%	2.358%	1.794%	3.135%	2.934%	2.120%	5.914%	2.906%	2.138%	1.931%	1.173%
2014 Q1	2.249%	2.246%	1.970%	1.539%	3.152%	2.043%	2.525%	1.832%	2.641%	2.789%	2.635%	4.007%	2.199%	2.478%	3.265%	1.090%
2013 Q4	2.525%	2.312%	1.848%	1.176%	3.630%	1.966%	2.729%	2.782%	2.647%	2.699%	2.985%	0.129%	1.567%	2.451%	3.557%	2.018%
2013 Q3	2.688%	2.477%	1.615%	1.488%	3.803%	2.222%	2.824%	2.672%	2.935%	2.669%	3.128%	-4.876%	3.277%	2.840%	2.741%	2.293%
2013 Q2	2.490%	2.520%	1.547%	1.986%	3.648%	2.156%	2.645%	2.630%	2.897%	2.607%	3.003%	-5.085%	4.183%	2.885%	2.663%	2.895%
2013 Q1	2.520%	2.751%	1.270%	1.409%	2.821%	1.785%	2.229%	2.461%	3.004%	2.494%	2.881%	-5.391%	4.066%	2.726%	1.108%	3.432%
2012 Q4	2.605%	2.589%	1.379%	1.955%	2.831%	1.696%	2.190%	1.869%	3.123%	2.844%	2.729%	-3.718%	3.525%	2.237%	0.647%	2.727%
2012 Q3	2.139%	2.069%	1.538%	1.870%	2.926%	1.454%	2.141%	1.962%	2.728%	2.592%	2.414%	0.858%	2.444%	1.902%	1.244%	2.522%
2012 Q2	2.018%	1.633%	1.466%	1.499%	2.875%	1.536%	1.922%	1.935%	1.981%	2.443%	2.208%	0.609%	1.477%	1.578%	1.175%	1.783%
2012 Q1	1.922%	1.304%	1.381%	1.284%	2.775%	1.461%	2.047%	1.889%	1.833%	2.160%	1.500%	0.618%	1.727%	1.228%	1.172%	1.240%
2011 Q4	1.543%	0.892%	0.772%	0.727%	2.048%	1.250%	1.635%	0.993%	1.611%	1.658%	1.082%	0.330%	0.521%	1.237%	0.940%	1.303%
2011 Q3	1.212%	0.024%	-0.417%	-0.207%	0.575%	0.300%	0.755%	-0.203%	1.691%	1.087%	0.889%	-0.106%	-1.293%	0.628%	0.362%	0.762%
2011 Q2	1.105%	-0.501%	-0.111%	-0.228%	0.570%	-1.478%	1.021%	0.002%	2.228%	1.090%	1.199%	0.228%	-0.616%	1.035%	0.567%	1.073%
2011 Q1	1.322%	-1.066%	-0.456%	-0.655%	1.022%	-2.132%	1.124%	-0.114%	2.338%	1.870%	1.670%	0.343%	0.533%	0.838%	0.525%	-0.710%

Capital Trends

South Florida capital trends are similar to those occurring throughout the state of Florida. Over the past 10 years, Freddie Mac and Fannie Mae styles of financing have been the most popular. Favorable interest rates over long-term structures have been the choice lending style for most multifamily investors. Today, several months into 2022, lending patterns have shifted. Market conditions are increasingly turbulent, and the Federal Reserve has already raised interest rates, with several more scheduled over the course of the year. Subsequently, investors must be much more creative and dynamic when they negotiate loans with their lenders. Entering 2022, Franklin Street's Capital Advisory Team has seen a surge in the appetite for bridge loans, which allow investors to satisfy short-term financing obligations to secure longer financing terms a few years later. This style of financing is slightly riskier than Freddie Mac and Fannie Mae products and structured over a much shorter period. Investors are overlooking compressed cap rates and placing bets on the fact that if macro-economic conditions and migratory patterns persist, property values and rent rates will continue to climb.

South Florida YoY Rent Growth			
Period	Palm Beach County	Broward County	Miami/Dade County
2022 Q1	23.260%	20.093%	15.962%
2021 Q4	27.600%	19.400%	14.800%
2021 Q3	22.975%	16.654%	11.602%
2021 Q2	15.917%	11.864%	8.146%
2021 Q1	6.408%	4.160%	3.235%
2020 Q4	2.373%	1.900%	0.571%
2020 Q3	1.489%	0.895%	-0.074%
2020 Q2	0.854%	0.510%	0.377%
2020 Q1	2.366%	1.648%	1.575%
2019 Q4	3.819%	2.478%	2.323%
2019 Q3	3.470%	1.859%	2.310%
2019 Q2	2.827%	2.503%	2.503%
2019 Q1	3.443%	2.375%	2.335%

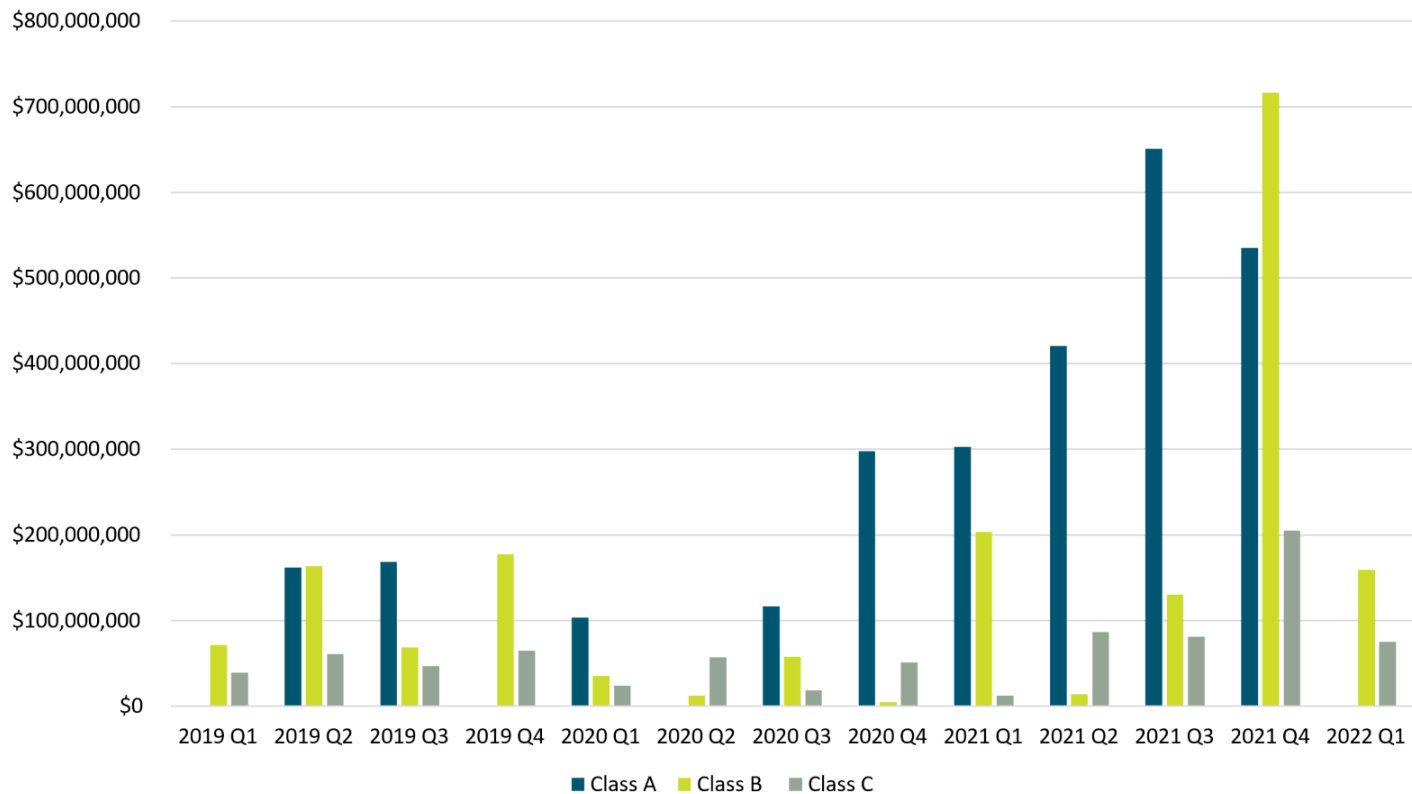
South Florida Debt Origination	Last Quarter Origination		Debt Service Coverage Ratio		TTM WA Spread to TSY	
MSA	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac	Fannie Mae	Freddie Mac
Miami-Fort Lauderdale-West Palm Beach, FL	\$103,196,000.00	\$311,080,305.42	1.704		194	159

Palm Beach County

MSA Sales Volume

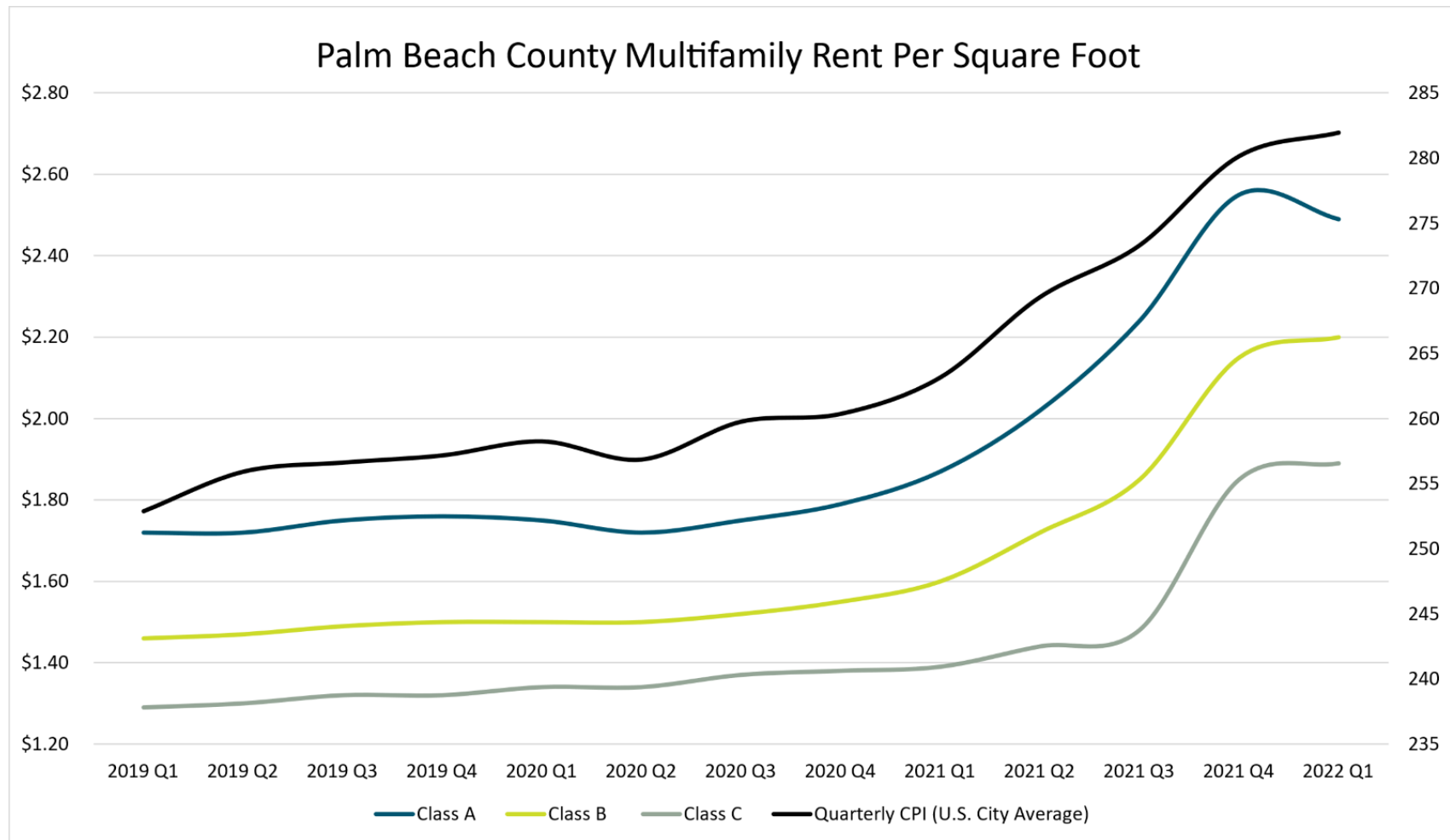


Palm Beach County Multifamily Sales Volume

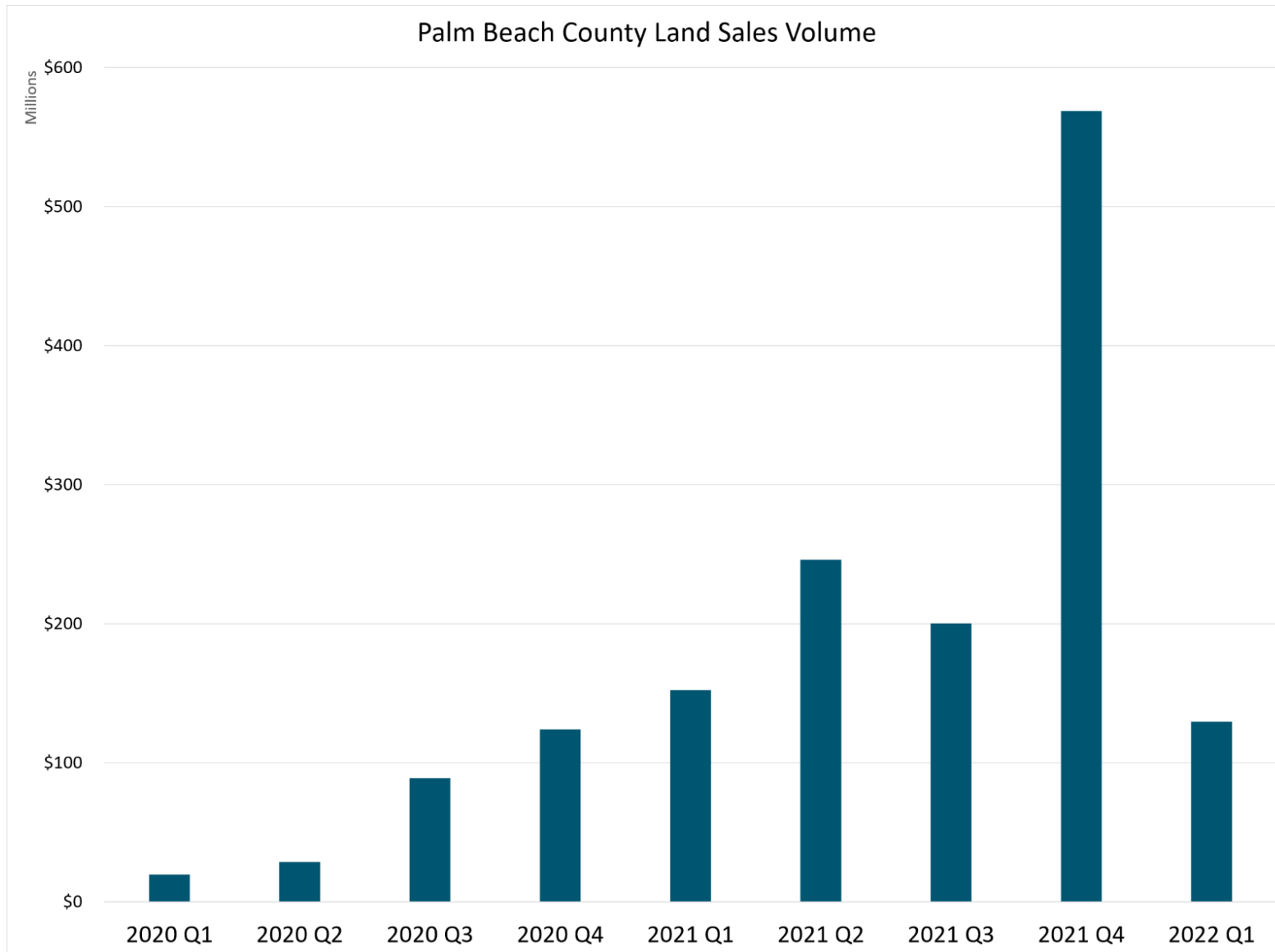


Entering Q1 of 2022, multifamily investment sales struggled compared to the previous couple of quarters. Although Palm Beach County experienced high population growth, sales activity dipped. Class B sales volume was recorded at \$159 million, Class C was recorded at \$75 million, and Class A did not record any sales during the quarter.

MSA Rent



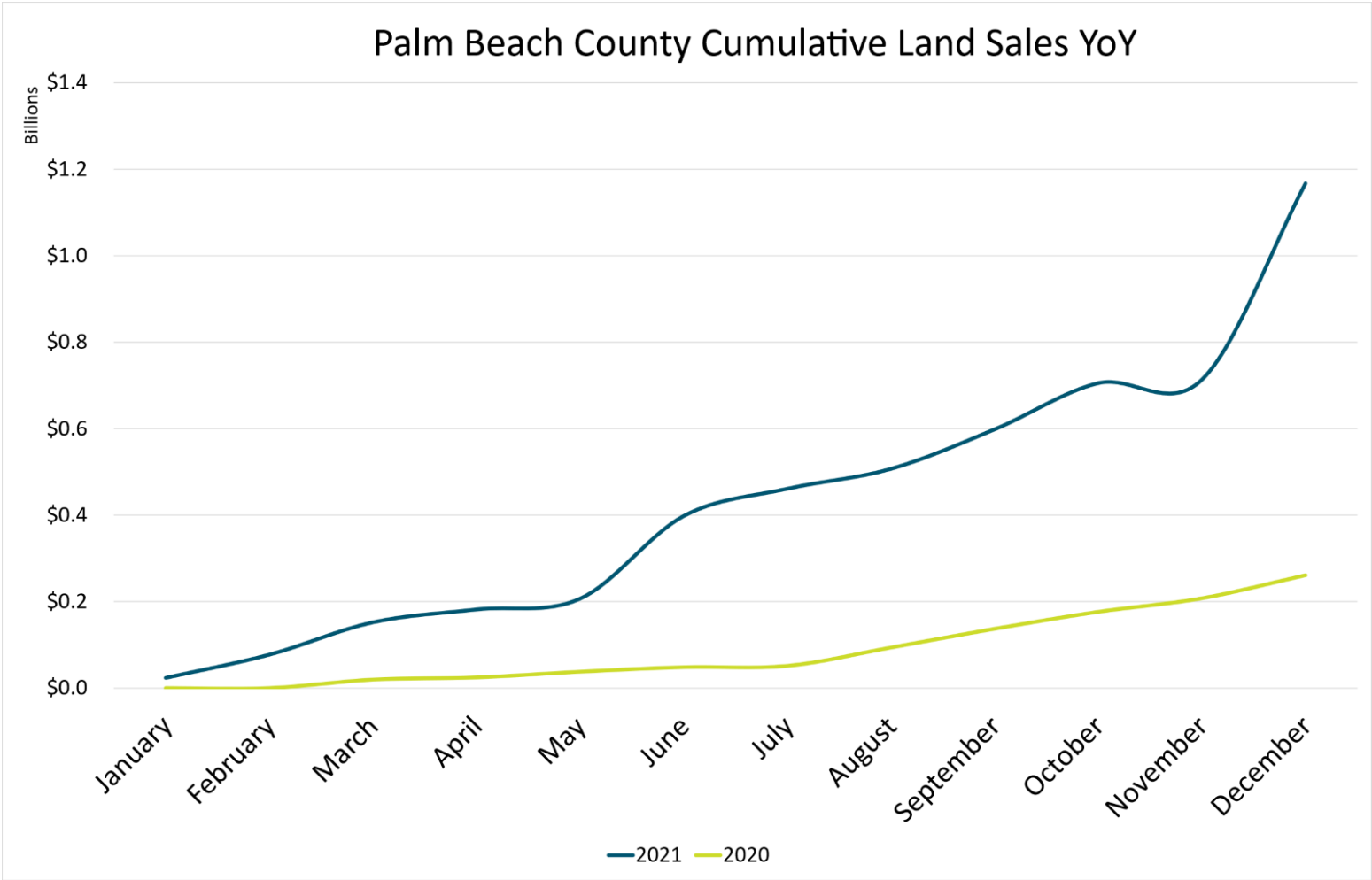
Rental rates in Palm Beach County remained flat, except for Class A, which experienced a small decrease. Rent per square foot for Class A, B, and C space was priced at \$2.49, \$2.20, and \$1.89, respectively.



MSA Land Sales Volume

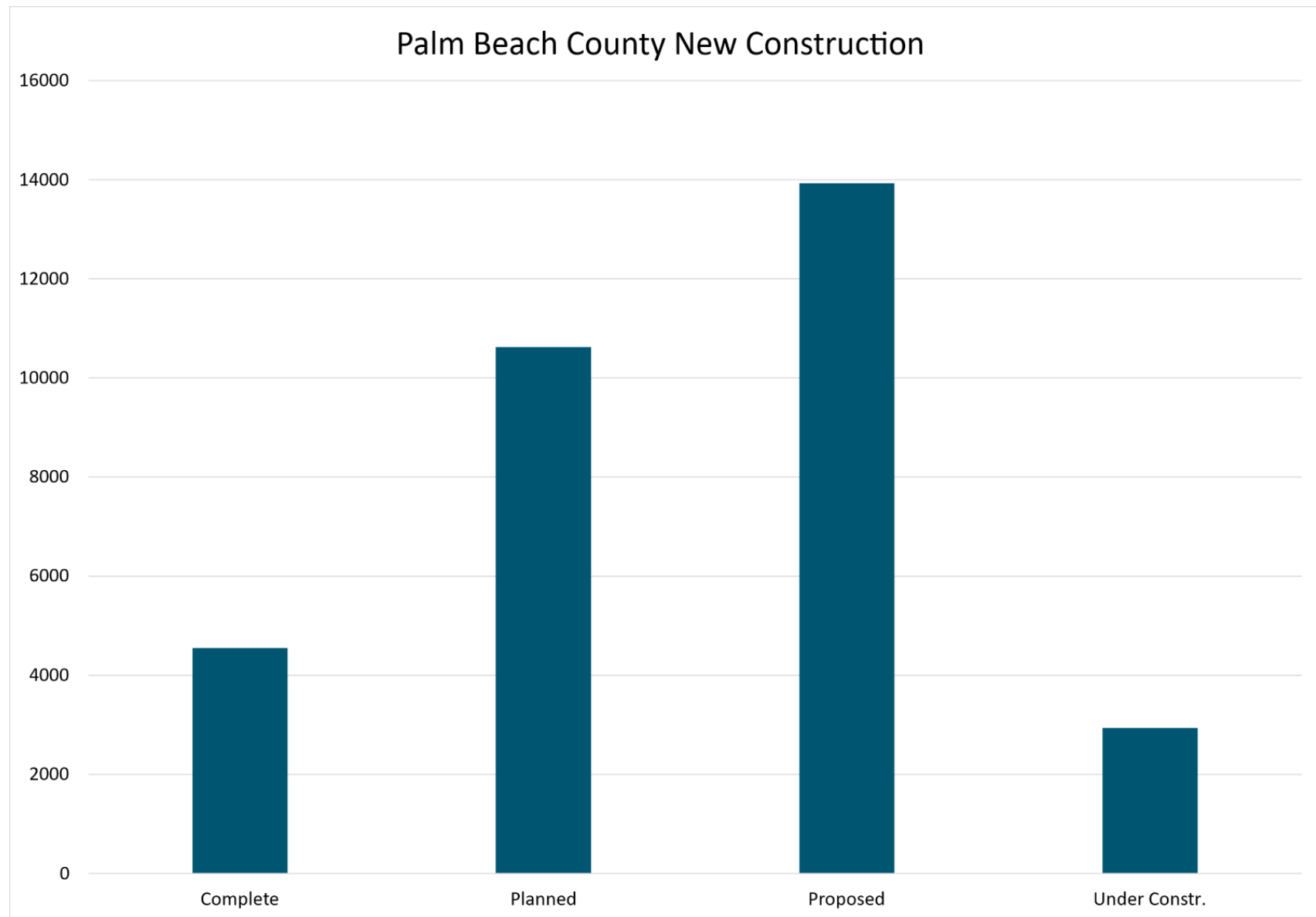
Unlike Miami-Dade and Broward, Palm Beach County did not start the new year as strong as it has in the past. Again, as noted, Q1 land sales are typically lower. Q1 recorded \$94 million in total land sales.

Cumulative Land Sales



Cumulative land sales have not been published yet, but we expect 2022 to follow a similar if not slightly lower growth path as 2021.

MSA New Construction

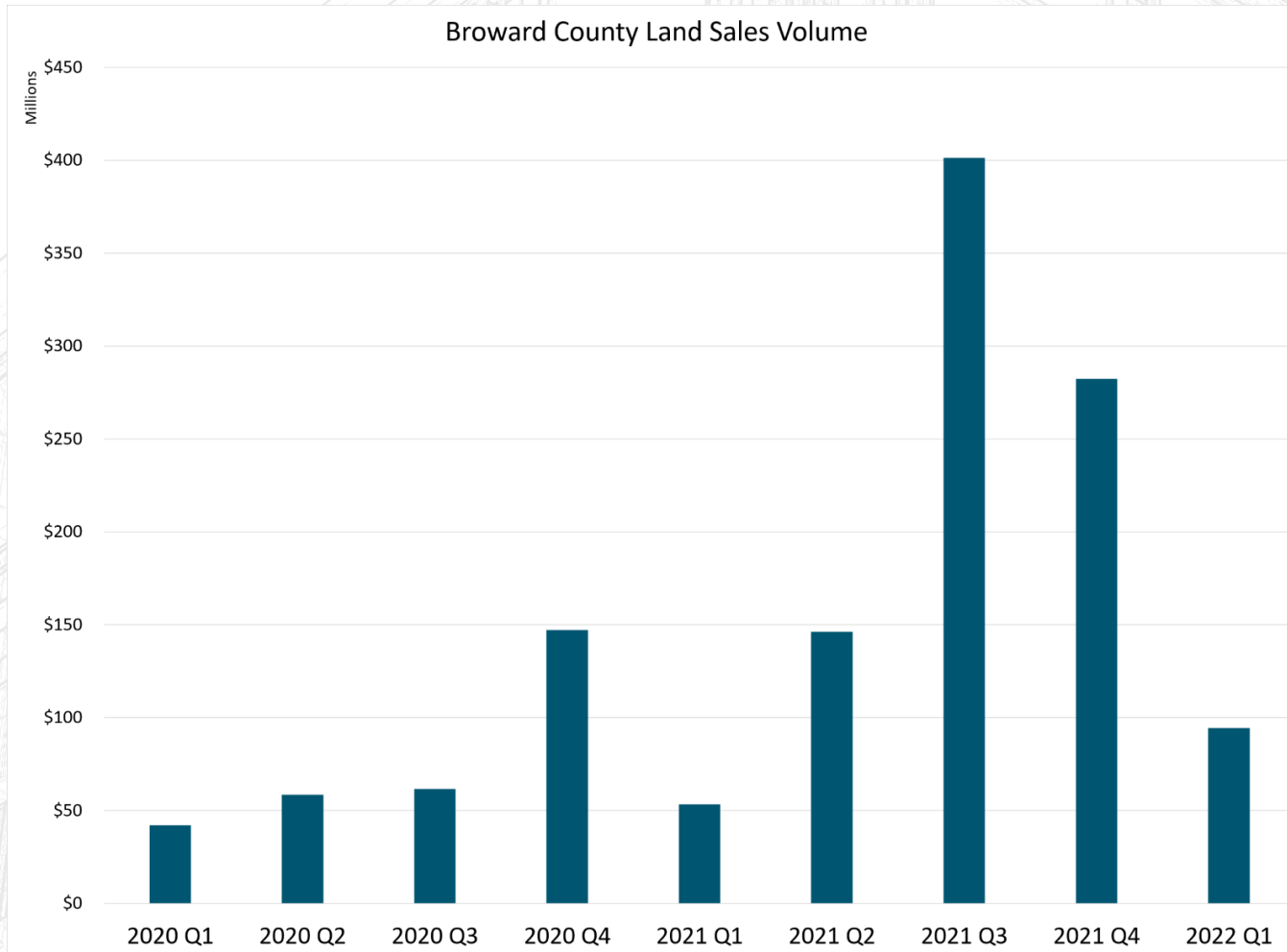


Between January of 2020 and March of 2022, Palm Beach County added 4,550 new multifamily units, with 10,621 units being planned, 13,925 units under proposal, and 2,934 units under construction.

Broward County

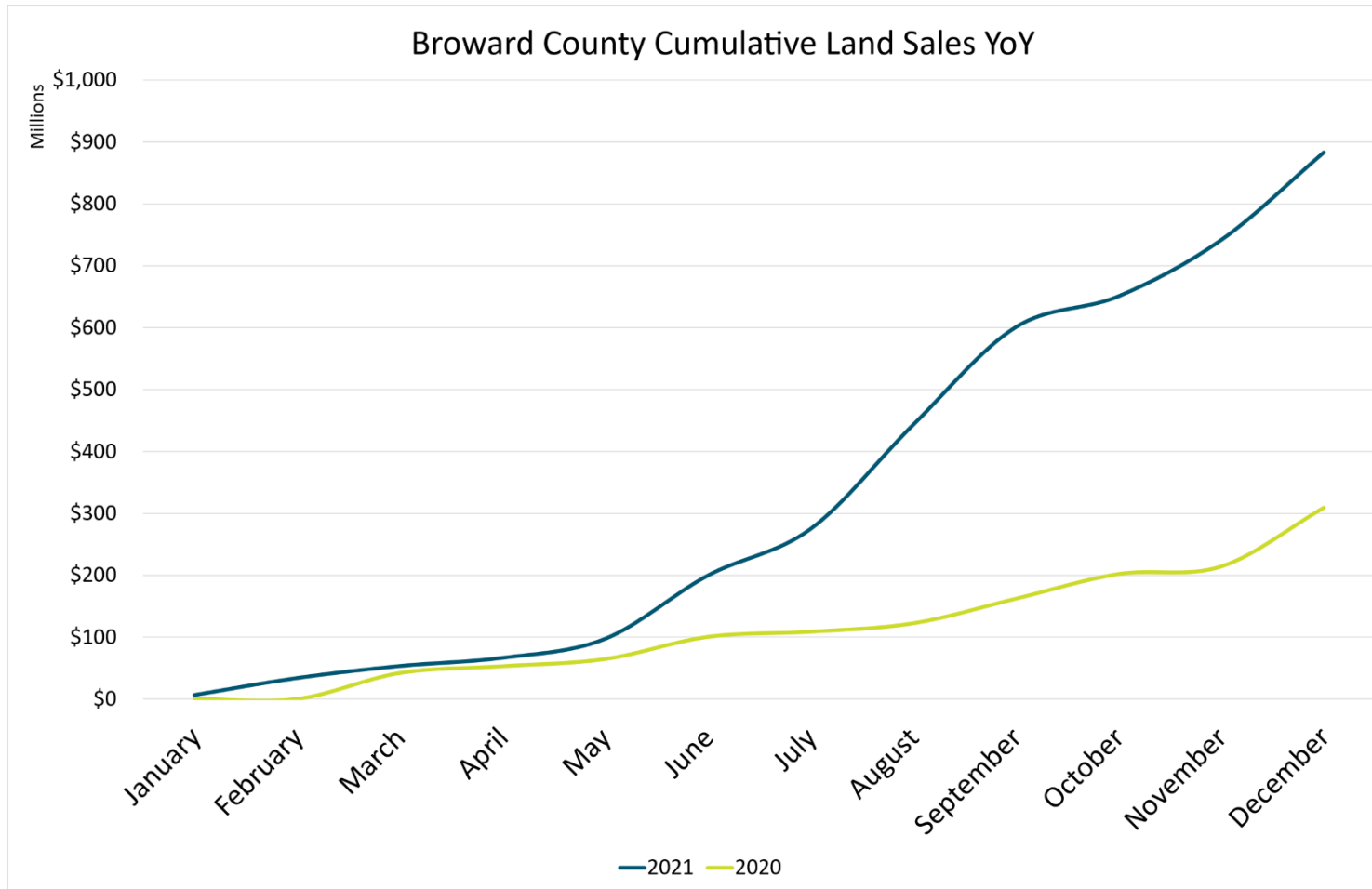


Land Sales Volume



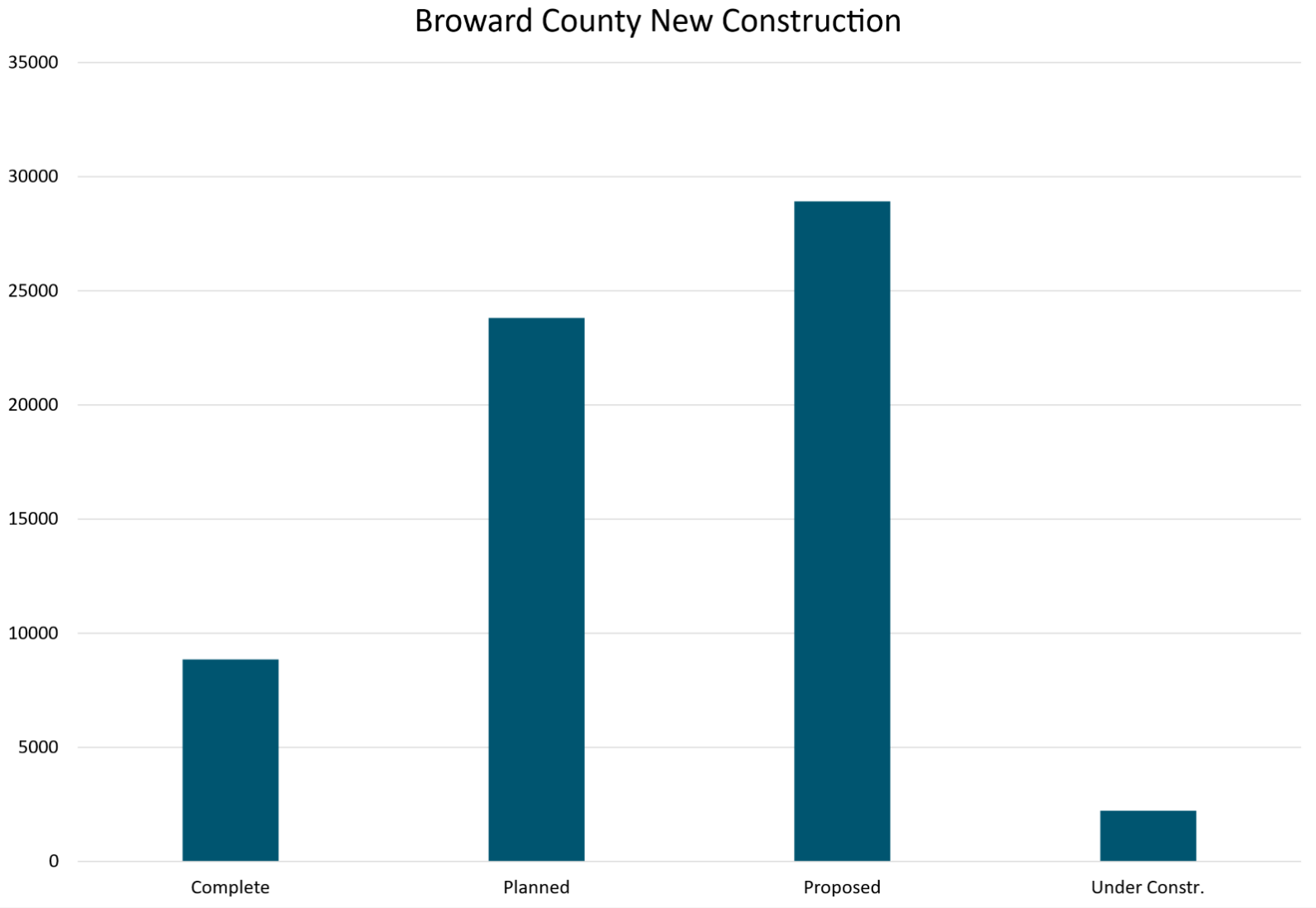
Broward County started the year with a similar experience to Miami-Dade. As noted, Q1 land sales are typically lower than succeeding quarters; however, this year began with a higher total sales volume than the past few years. Broward totaled over \$94 million in total land sales in Q1.

MSA Sales



Cumulative land sales have not yet been published, but we anticipate 2022 land sales will follow the same annual growth path as 2021.

MSA New Construction



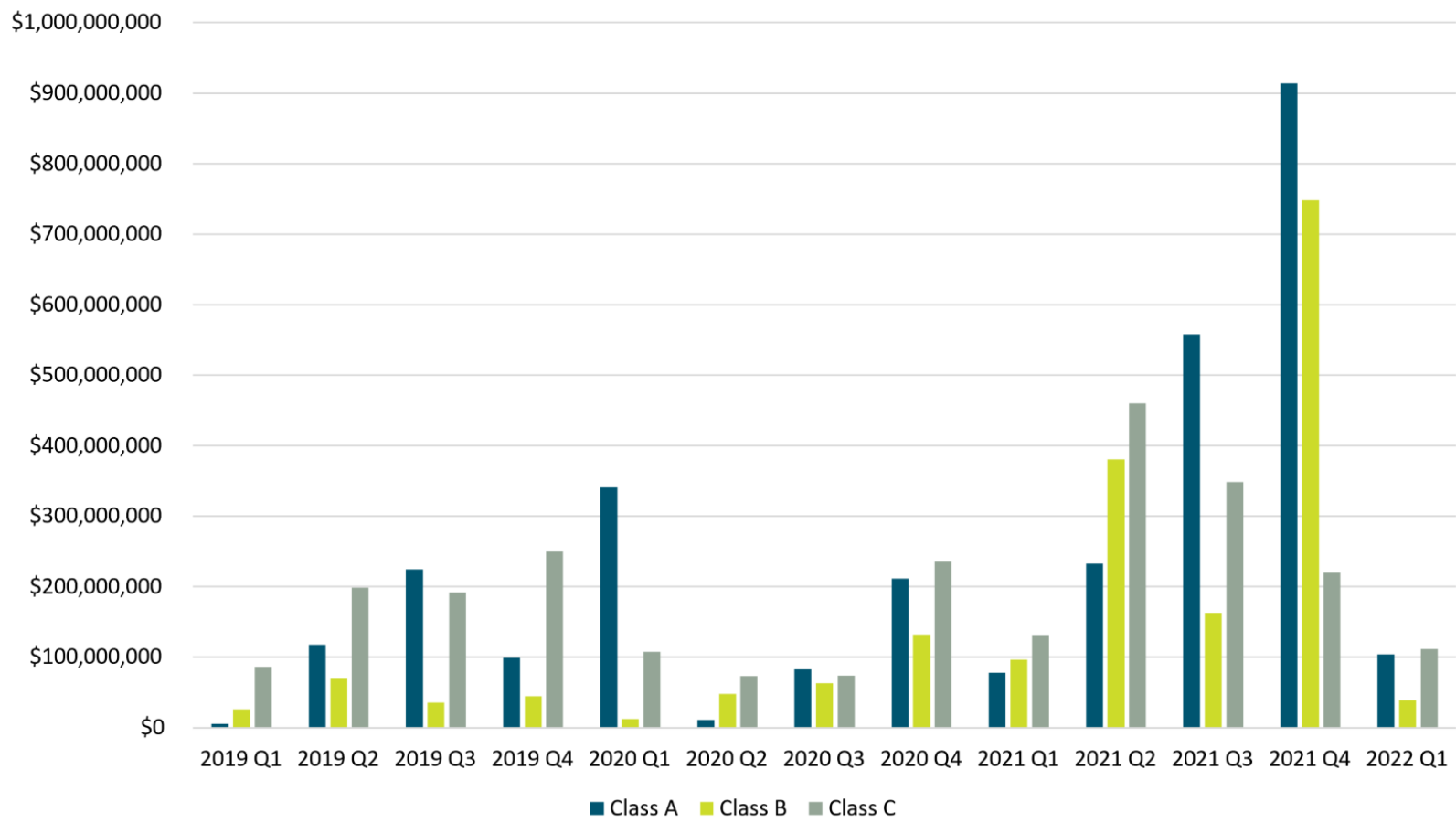
Between January of 2020 and March of 2022, Broward added 8,847 new multifamily units, with 23,813 units being planned, 28,211 units under proposal, and 2,217 under construction.



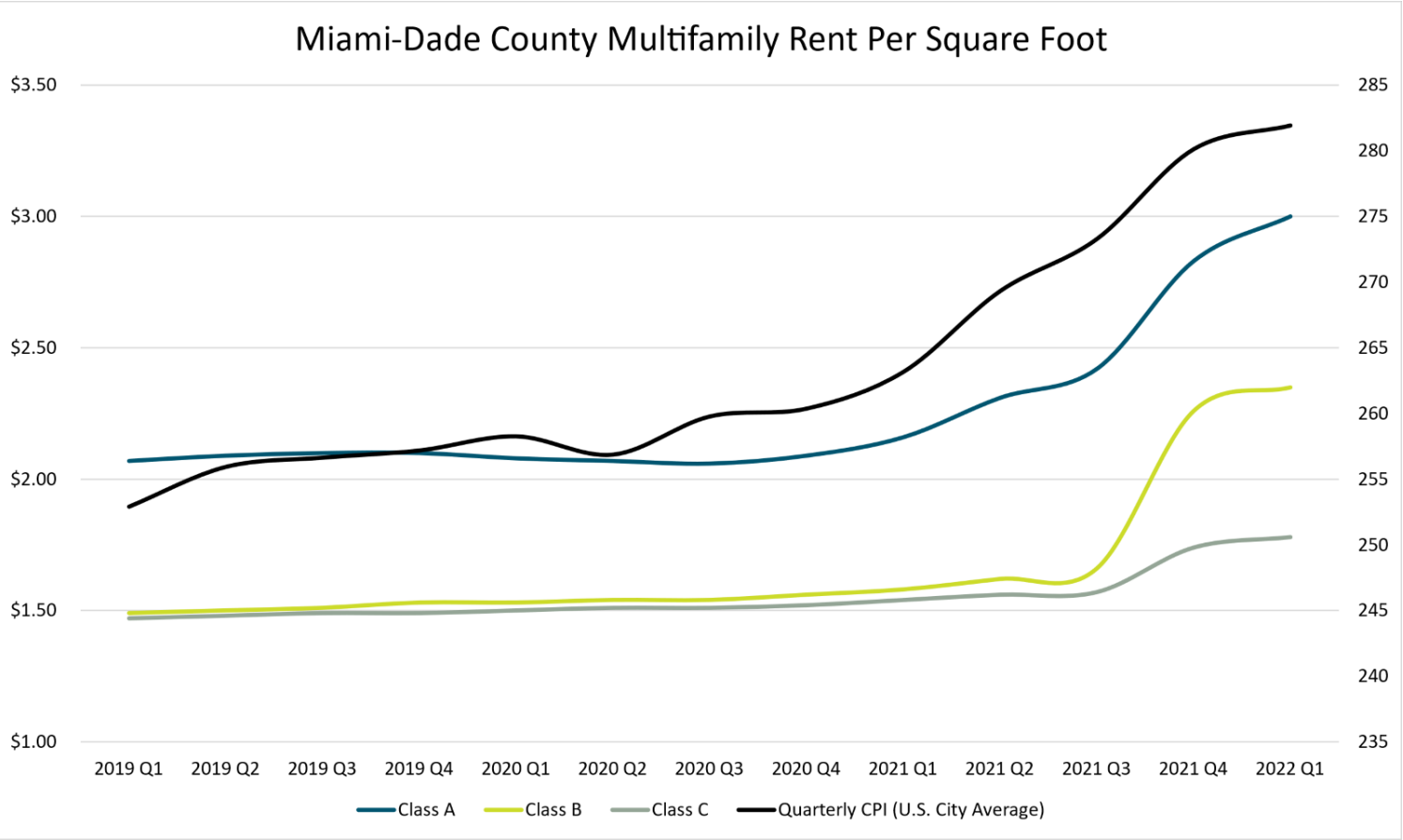
MSA Sales Volume

The Miami-Dade multifamily market had a record quarter in Q4-21, recording an all-time high quarterly sales volume of \$1.8 billion. Q1-22 started much more modestly, totaling \$104 million for Class A, \$38 million for Class B, and \$111 million for Class C.

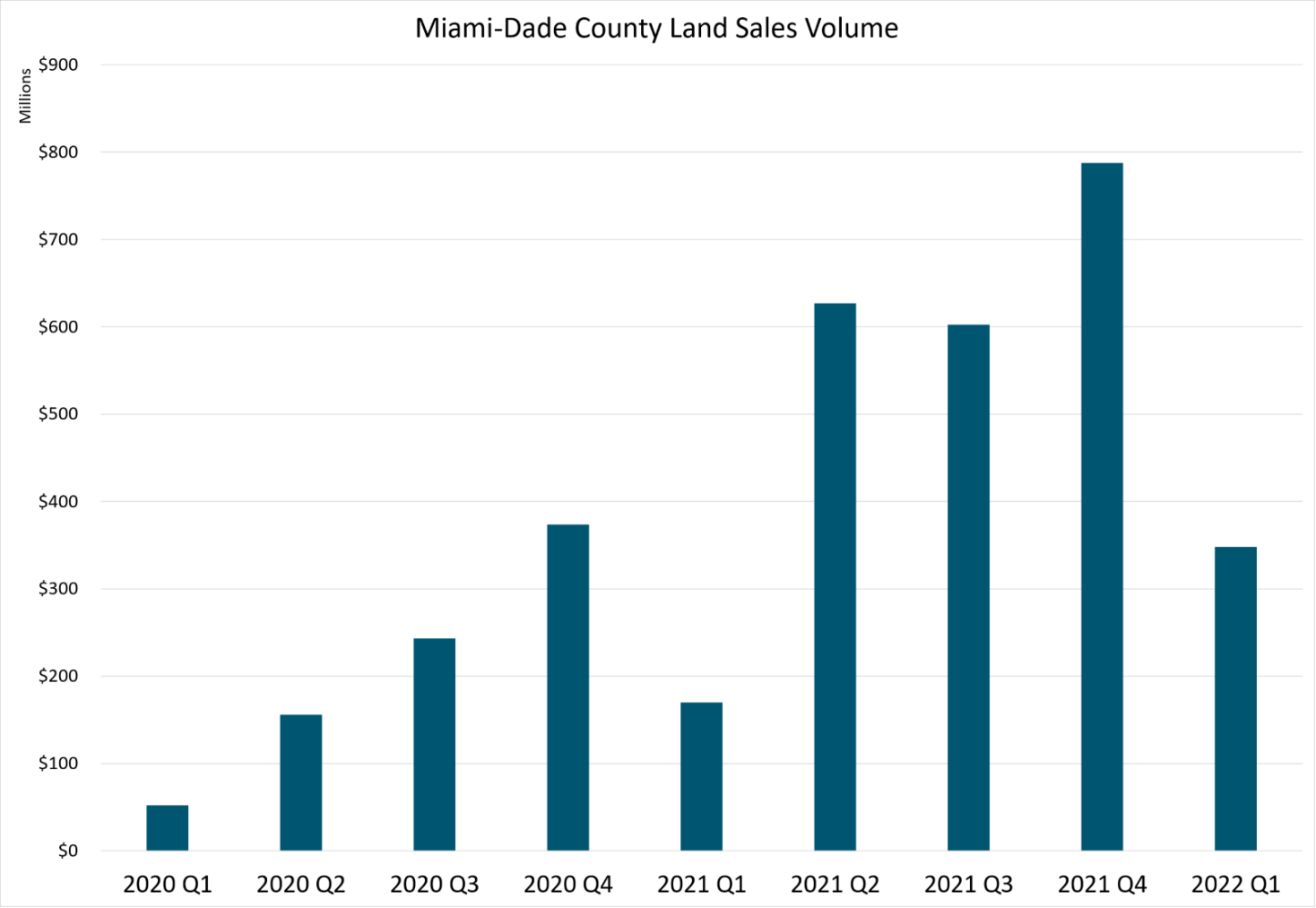
Miami-Dade County Multifamily Sales Volume



Miami-Dade County has been a hot spot for people moving to Florida for years and 2022 started off no differently. With some of the largest rent increases across Florida, Class A rents averaged \$3.00 per square foot, Class B rents averaged \$2.35 per square foot and Class C rents averaged \$1.78 per square foot.

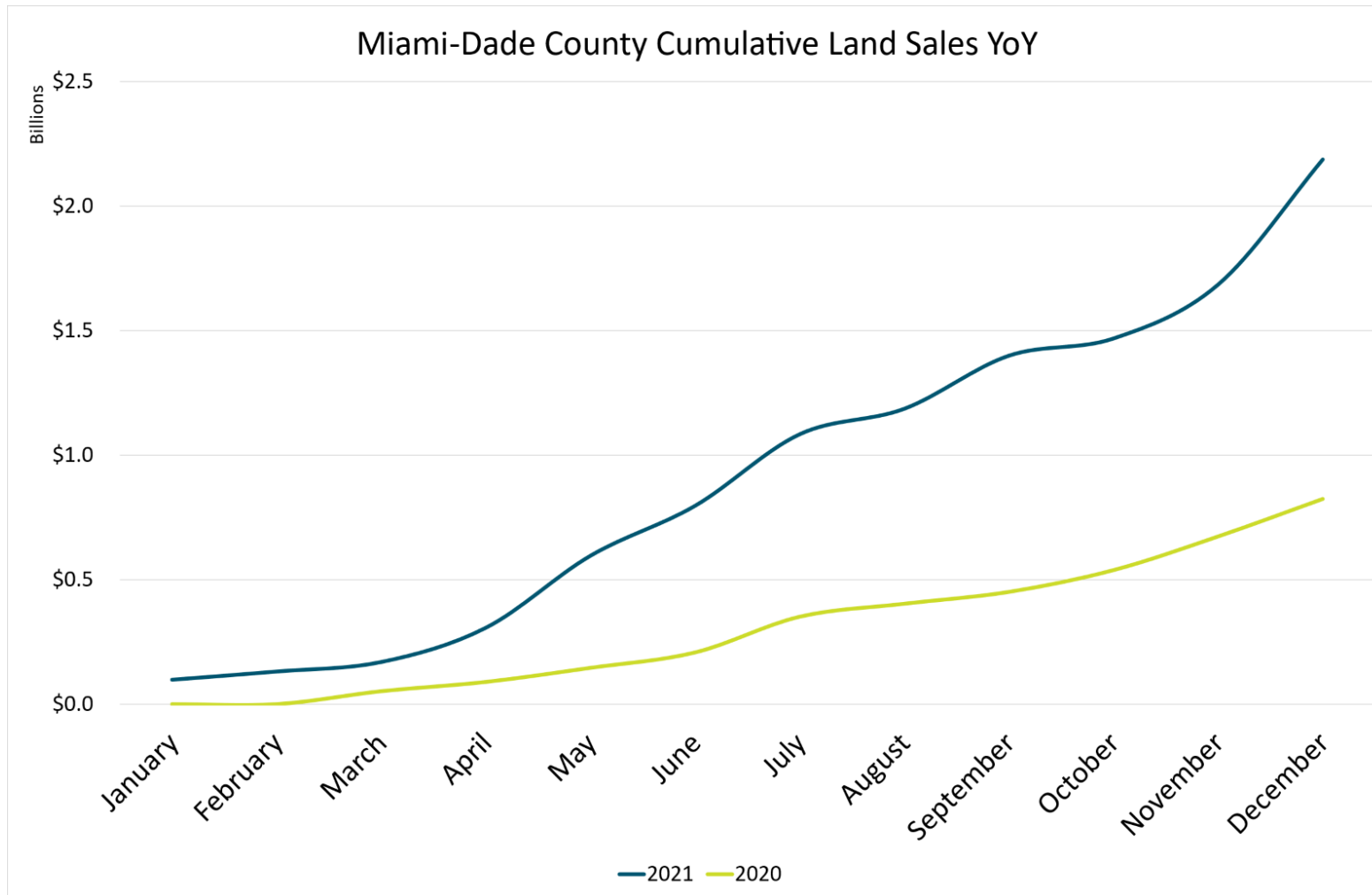


Land sales in Miami-Dade County were off to a healthy start. Typically, land sales lag in the first quarter, but 2022 started with a higher volume of investment inflow than the previous few years. Despite the potential headwinds related to interest rate hikes, the market appears to have maintained its appetite for land acquisitions.



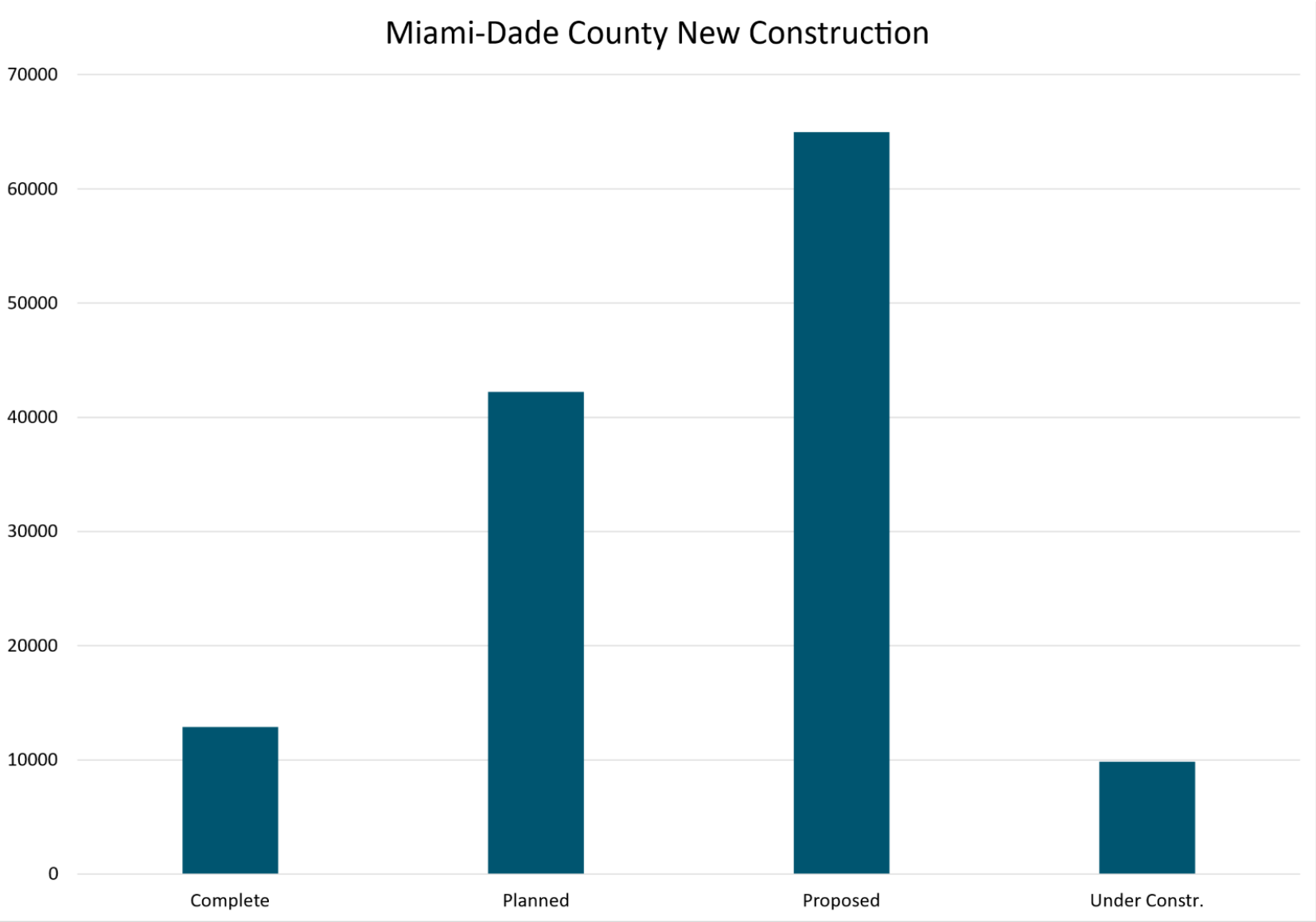
Cumulative Land Sales

Cumulative land sales year-over-year for Miami-Dade have not been published but given the strong start to the year we expect 2022 to maintain the same growth pattern as 2021.



MSA New Construction

Between January of 2020 and March of 2022, Miami-Dade County added 12,892 new multifamily units, with 42,202 units planned, 64,966 units under proposal, and 9,840 units under construction.



South Florida Multifamily Market Outlook

Going forward, we expect the multifamily market to remain in high demand as the area continues to attract people and companies with its pro-business climate, no state income tax, beautiful weather and numerous attractions.

However, there are some potential challenges investors should be aware of going forward. Rising interest rates are likely to cause hesitation among lenders and buyers alike. It is hard to predict exactly what the Fed will do and how many times they will increase rates this year. Inflation and the rising costs of construction materials are also worth paying attention to.

This uncertainty may lead to a slowdown in transaction volume through the remainder of the year, but there's no doubt Central Florida multifamily will remain a strong investment in 2022. Current conditions are also likely to create opportunity, as sellers take advantage of the market and liquidate their assets.

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