

# INVESTMENT FORECAST

Multifamily  
Fort Lauderdale

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

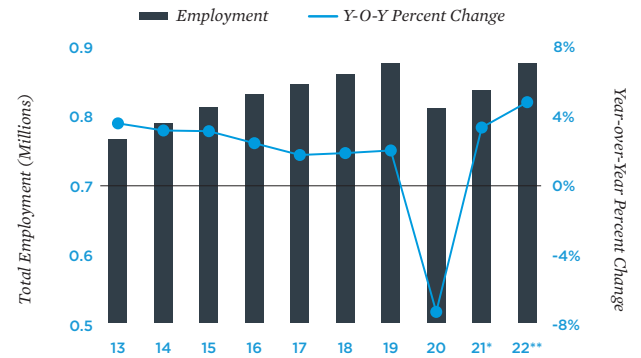
2022

## Relocation Sparks Leasing Boom; Institutional Investors Take Notice

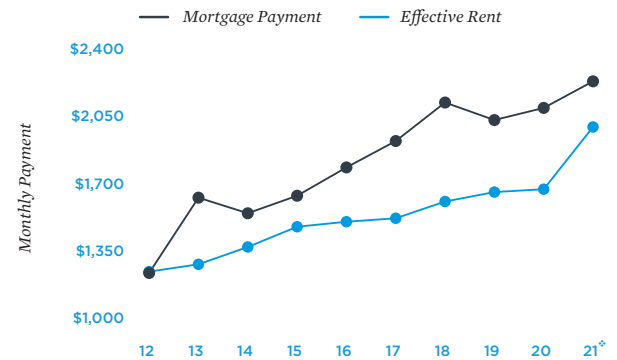
**Climate and COVID-19 considerations fuel in-migration.** Fort Lauderdale has been a beneficiary of remote work policies adopted in other markets, leading rental demand to escalate during the pandemic period. In addition to retirees, the metro has attracted younger workers looking for a warmer climate and relaxed COVID-19 policies. Surging home prices are prompting more of these individuals to consider the advantages of multifamily living, bolstering rental needs and fostering an absorption surge last year. A similar rate of household formation is expected in 2022 that will coincide with a moderation in construction activity. Developers are following renter demand as the majority of units added will open in Fort Lauderdale proper and Hollywood, the two submarkets with the strongest absorption tallies entering this year. Minimal construction is slated to open in Pembroke Pines-Miramar in 2022 despite sub-2 percent vacancy and relatively high net absorption, pushing rents higher.

**Historic rent growth increases investor appetite for luxury units.** After a brief slowdown in sales velocity at the onset of the health crisis, transaction activity has ramped back up in the metro. Class A properties were trading more frequently in the metro during the months leading into this year as more than three times the number of Class A assets changed hands last year than in either 2019 or 2020. Out-of-state and international investors spurred the recent increase, targeting Central Fort Lauderdale and achieving cap rates in the high-3 percent range most often. Oakland Park, Pembroke Pines and Pompano Beach have also seen such investments with first-year yields similar to those in the central neighborhoods. However, several other submarkets have become more frequently targeted by institutions heading into this year. Coral Springs and Plantation-Sunrise have observed increased exchanges of assets priced at or above \$20 million due to rapid in-migration in these western areas. These trades report cap rates roughly 100 basis points above those recorded in Central Fort Lauderdale.

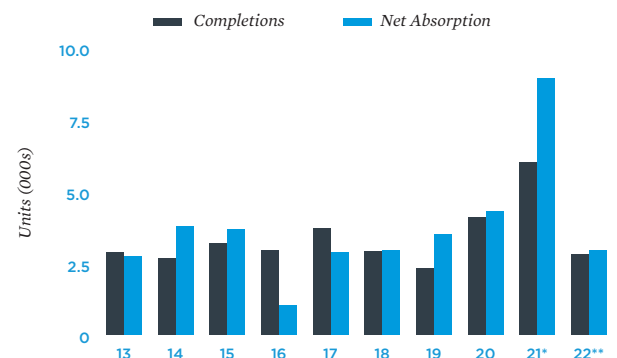
### Employment Trends



### Housing Affordability Gap



### Supply and Demand



**19.1%** 2021 share of local population between 20 and 34 years old

**29.2%** of local population hold bachelor's degree or higher\*

**\$410,800** 2021 median home price

\* Estimate \*\* Forecast \* Through 3Q  
\*\*2021: 25+ years old

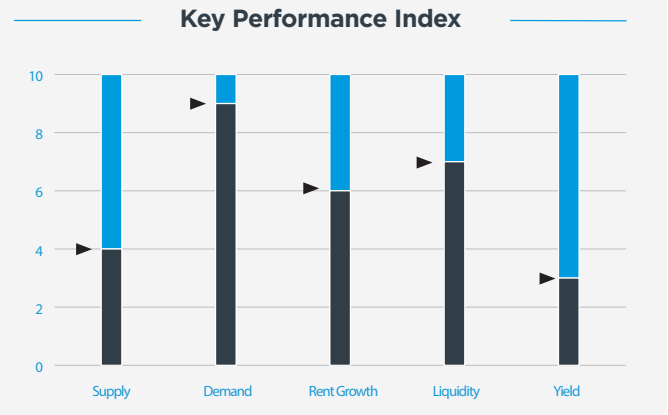
Sources: Marcus & Millichap Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

## 2022 Investment Outlook

Fort Lauderdale apartments are in high demand as in-migration underscores household formation. These trends have accelerated, supporting a higher demand score than the metro received before the pandemic. Supply-side pressure is also expected to be mild in 2022.

Many investors who focus on Southeast Florida are paying more attention to Fort Lauderdale as multifamily metrics strengthen. Deal flow is expected to remain solid in 2022, supporting a high liquidity ranking. Meanwhile, the yield score of 3 is a tick above nearby West Palm Beach.

*Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.*



## 2022 Market Forecast

### Employment

39,000 jobs



Metro **4.7%**  
U.S. **2.5%**

### Construction

as % of inventory<sup>v</sup>



Metro **1.4%**  
U.S. **2.2%**

### Class A Vacancy

Down 10 bps



Metro **2.9%**  
U.S. **3.6%**

### Class A Rent

\$2,595  
per month



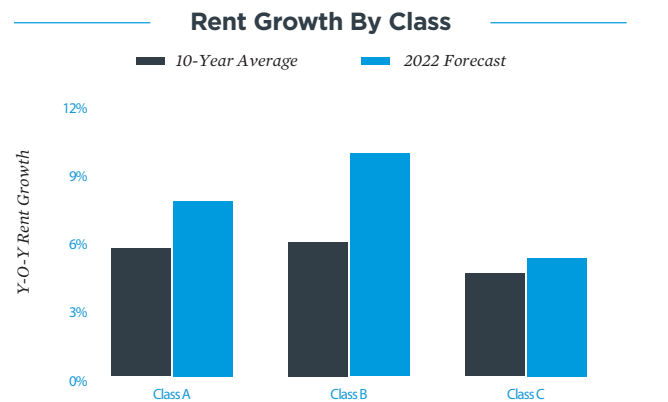
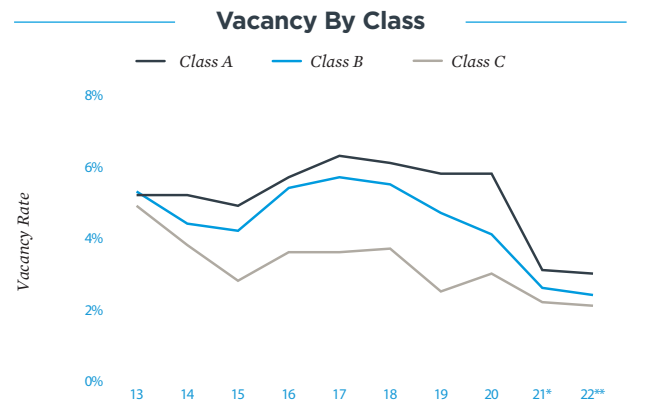
Metro **7.7%**  
U.S. **7.5%**

### Investment

3-yr. avg. activity  
\$20+ million



Deals: **23**  
Volume: **\$1.7 Billion**



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\* Estimate \*\* Forecast  
 † Arrow reflects completions trend compared with 2021  
 Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics