

Authored by Greg Willett

### Florida Multifamily

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#### Florida Apartment Construction Ramps Up

Apartment construction is soaring across the state of Florida. Multifamily development pipelines in the largest metros have generally reached totals not seen in decades, and some smaller markets register unprecedented building activity in process.

With huge renter demand for apartments realized over the past couple years, the state is starving for additional supply right now. Still, inventory growth of the magnitude that lies just ahead is bound to push up vacancy to some degree and take some momentum off rent growth.

#### Construction Volumes Spike in Five of Six Major Metros

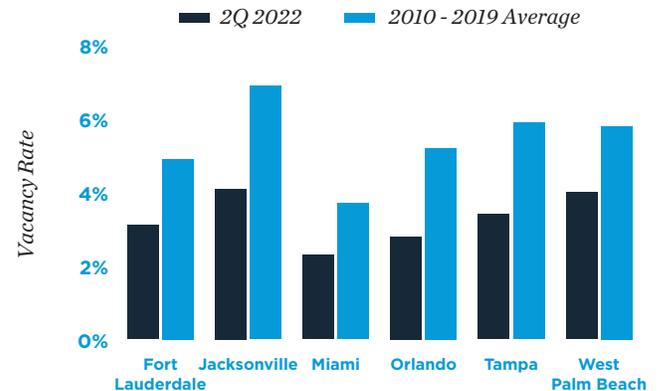
Some 88,500 apartments are now under construction across Florida's six largest metros — Miami-Dade, Tampa-St. Petersburg, Orlando, Fort Lauderdale, Jacksonville and West Palm Beach. That total is up by a third from the volume of ongoing building activity recorded pre-pandemic in early 2020. With the existing stocks in these areas standing at just under 1.3 million units, inventories will expand by an average of 6.9 percent over the next 18 to 24 months.

Building rates are most aggressive in Jacksonville at 9.6 percent growth and Orlando at 9.1 percent, while scheduled stock increases reach over 7 percent in Miami and about 6 percent in West Palm Beach and Fort Lauderdale.

The 12,000 or so apartments on the way in metro Tampa translate to a less aggressive near-term inventory growth pace of 4.4 percent. Today's building volume in the area remains about in line with the levels registered in the late 2010s to early 2020, so the market hasn't experienced the acceleration of activity seen elsewhere.

That lesser momentum for construction in Tampa is interesting, given it's a market positioned to benefit quite a bit from the state of Florida's evolving workforce characteristics and shifting demographics. Tampa is a more affordable waterfront alternative to the three Southeast Florida metros, something that is likely to have strong appeal for those who now have the option to work from home. Furthermore, the ability to draw additional young adults to the resident mix is a big plus for the metro, given the median age of the current populace in metro Tampa is the oldest across the country's largest markets.

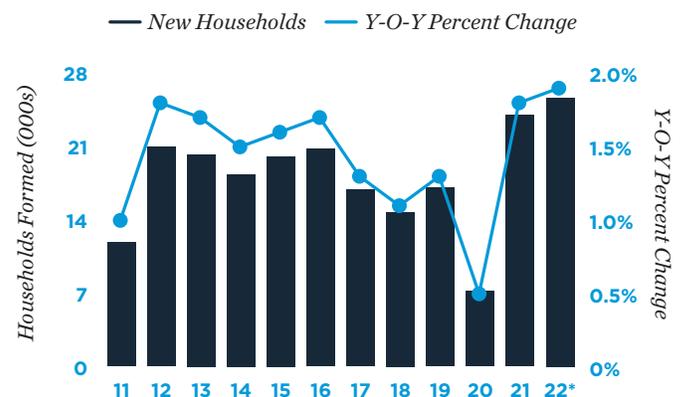
#### Vacancy Rates Well Under Past Norms



#### Construction Way Up in Most Major Metros



#### Tampa Household Creation at 17-Year High



\* Forecast

Sources: IPA Research Services; RealPage, Inc.

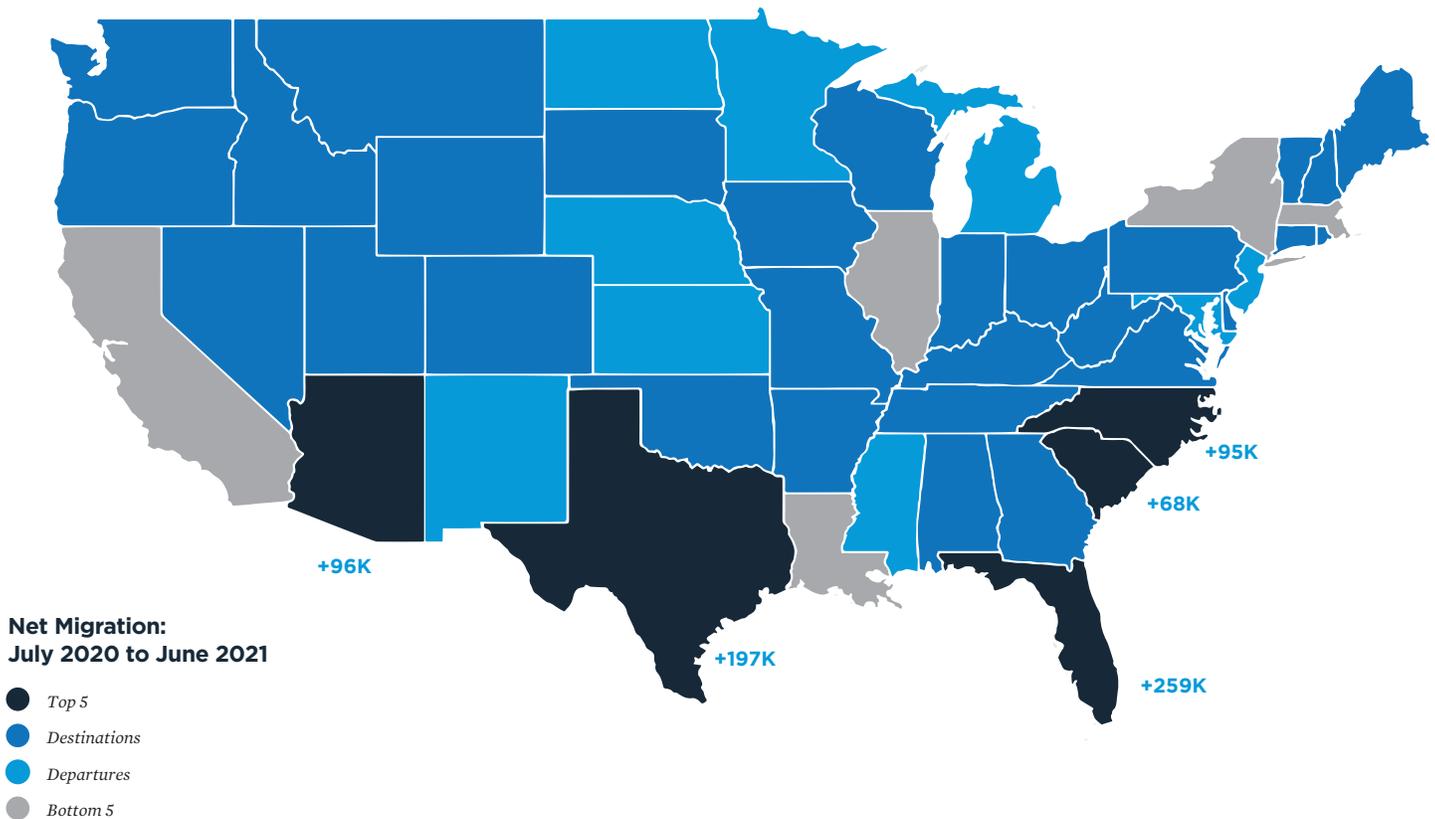
## Select Small Metros Are Also Booming

Looking beyond Florida’s largest metros, significant apartment construction has also emerged in some of the state’s smaller markets, often for the first time in quite a while.

These areas tend to be key examples of what can be called “Lifestyle Zoomtowns,” which are growing small markets that offer especially desirable settings or that feature notable cultural appeal. These spots attracted a big influx of people during the early days of the COVID-19 pandemic, once the emergence of work-from-anywhere employment encouraged relocations. Lifestyle appeal is an important influence on the outlooks for these locales. They didn’t draw people just because they tend to offer housing that’s cheaper than in major cities. Thus, even if office-based work situations regain momentum, it could be tough to pry the recent newcomers away from these markets back to their previous living arrangements and work situations.

About 21,600 apartments are now under construction across the Fort Myers/Naples, Sarasota, Palm Bay, Lakeland, Port St. Lucie and Daytona Beach metros. These additions will grow inventories by 8 to 9 percent within most of these locations, while Fort Myers/Naples is set for a stock bump of 5.5 percent.

## Florida is the Nation’s Leader for Domestic Migration



## Recent Demand Has Been Impressive

While upcoming apartment completions will test Florida's demand capabilities, the recent absorption volumes point to encouraging prospects.

The current occupied apartment count across the state's six core metros has climbed by 84,000 units from the early 2020 pre-pandemic volume. Leading the way, Orlando has absorbed 21,200 additional apartments, while the demand total has been almost as big at 19,700 units in Miami. Absorption since 2020's initial quarter comes in at 15,700 units in Tampa, around 11,000 units each in Fort Lauderdale and Jacksonville, plus 5,600 units in West Palm Beach.

Demand for some 35,000 units has been posted since early 2020 in Florida's smaller metros, with Fort Myers/Naples and Sarasota leading the way.

Given that key influences for apartment demand across the state of Florida remain highly favorable, recent product absorption momentum appears sustainable. Thus, it does not seem that the upturn in construction activity will push any area into overbuilding territory.

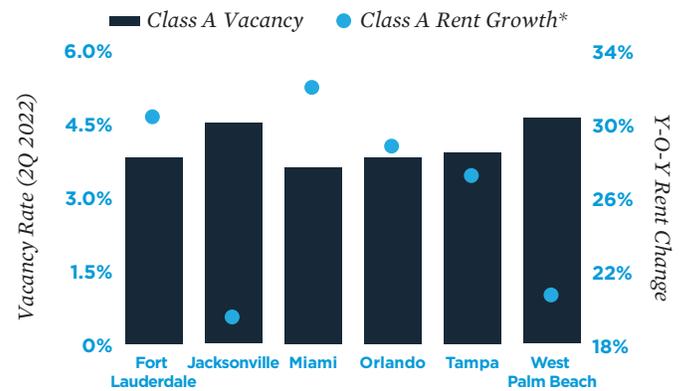
However, a significant increase in the number of apartments moving through initial lease-up should increase vacancies at top-tier properties at least temporarily, and, at the same time, cool off rent growth in this luxury product niche from today's blistering hot pace.

Less aggressive rent growth at the top segment of the market, in turn, should also help tame the rent increases recorded for Class B communities that will need to maintain their discount relative to Class A apartment rents.

## Apartment Demand Up Since Early 2020



## Top-Tier Rental Fundamentals



\* Trailing 12-Month Period Ended in 2Q  
Sources: IPA Research Services; RealPage, Inc.



**Greg Willett**

First Vice President, IPA Multifamily Research  
Tel: (972) 755-5200 | gwillett@ipausa.com

### IPA Multifamily

#### John Sebree

Senior Vice President, Director  
Tel: (312) 327-5400 | jsebree@ipausa.com

For information on national multifamily trends, contact:

#### John Chang

Senior Vice President, Director | Research & Advisory Services  
Tel: (602) 707-9700 | jchang@ipausa.com

Price: \$500

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Sources: IPA Research Services; Bureau of Labor Statistics; CoStar Group, Inc; Moody's Analytics; Real Capital Analytics; RealPage, Inc.; U.S. Census Bureau

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