

INVESTMENT FORECAST

Multifamily
Fort Lauderdale

IPA


INSTITUTIONAL
PROPERTY
ADVISORS


2020

Steady In-Migration Supporting Fort Lauderdale Housing Demand

Stable household formation and sound hiring lift demand for rental housing. Fort Lauderdale remains a popular destination for retirees because of its favorable tax and weather climate. The metro is one of the leading destinations for retirees 65 and older in the nation. Young professionals are also increasingly drawn to Broward County for its mix of major corporations including American Express, Citrix and AutoNation along with rental rates below those in Miami and West Palm Beach. Both the young adults and retirees are fueling rental demand as it offers flexibility, amenities and quality locations proximate to services. Renters are being drawn to rapidly transforming areas of the market like Flagler Village, which caters to millennials with trendy restaurants and nightlife while being a short distance to mass transit. Dania Beach is in the early stages of a major revitalization of its city center as well as Dania Pointe nears completion and other projects are in the works.

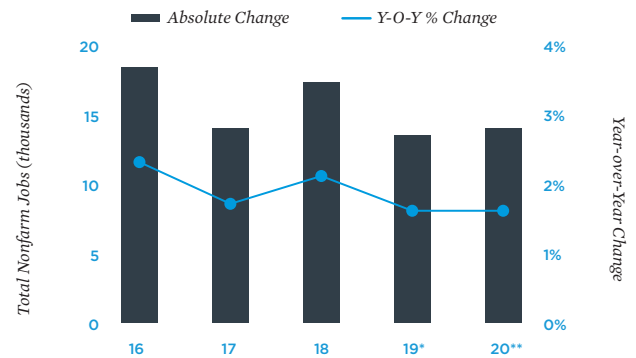
Investors see the upside to high barrier to entry. Fort Lauderdale offers investors a wide inventory mix to meet numerous investment strategies based on either product or location. This diverse asset collection has allowed the investor pool to run the gamut from institutional and private capital sources to cross-border groups. The combination of these factors has made Fort Lauderdale the transaction leader for \$20 million-plus sales in South Florida with the highest volume and velocity in the region. Institutional buyers will remain focused on newer mid-rise developments east of I-95, especially in Fort Lauderdale, but newly built product in Sunrise or Pembroke Pines could also make the target list. As one of the true high-barrier-to-entry markets in the nation, the market draws these institutional investors with prospects of consistent rent growth above the national average due to the limited downside risk from oversupply. The second most sought property type will remain value-add opportunities; private capital investors will continue searching for the few remaining properties with the most upside potential. Overall, pricing will remain highly competitive across all asset types for the coming year as asset demand will remain high.

19.1%  2019 share of local population between 20 and 34 years old

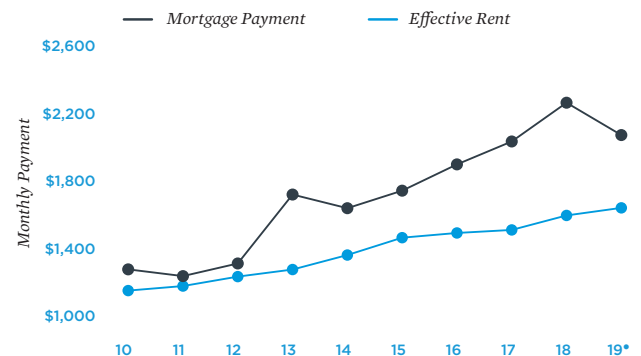
31.1%  of local population hold bachelor's degree or higher*

\$332,025  2019 median home price

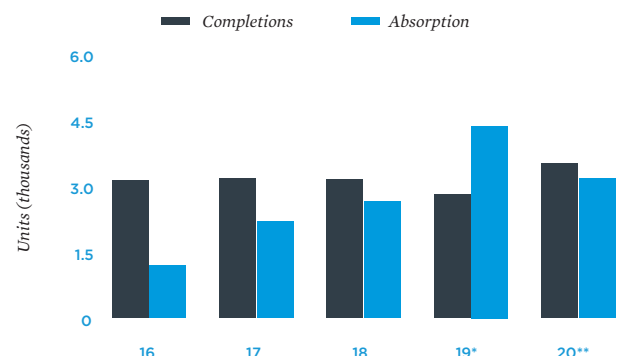
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q

* 2019: 25+ years old

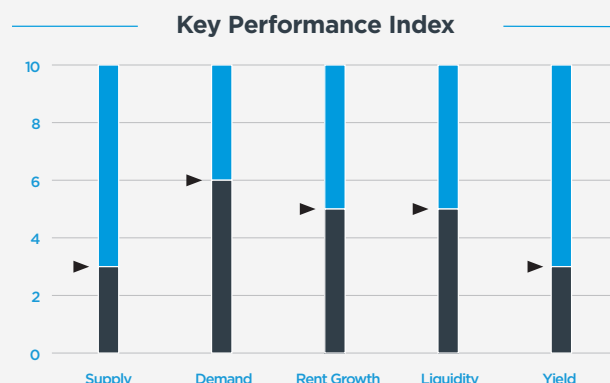
Sources: Marcus & Millichap Research Services; RealPage, Inc.

2020 Investment Outlook

Stable deliveries in the 2019 and the forecast for the coming year kept the supply index level at 3, which aided in holding the rent growth index stable at 5. Demand also didn't move since midyear and the overall fundamentals are stable and balanced.

No movement happened over the past six months for the liquidity index but at 5, it remains one of the lower numbers nationally. High demand for assets and competitive bidding have pushed yield down one point, but it remains higher than primary East Coast markets.

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



2020 Market Forecast

Employment
14,000 jobs



Metro **1.6%**
U.S. **1.0%**

Construction
as % of inventory*



Metro **1.9%**
U.S. **1.7%**

Class A Vacancy
Down 10 bps



Metro **6.3%**
U.S. **5.3%**

Class A Rent
\$2,157 per month

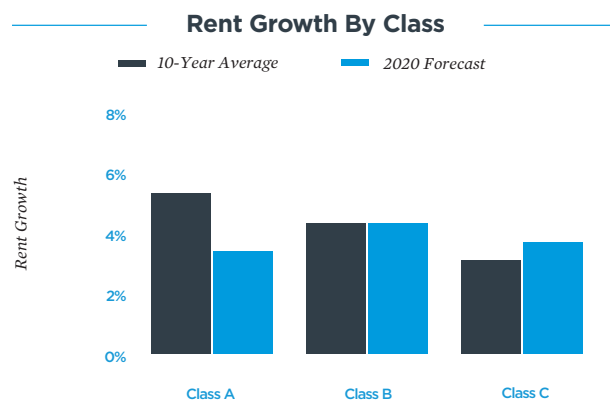
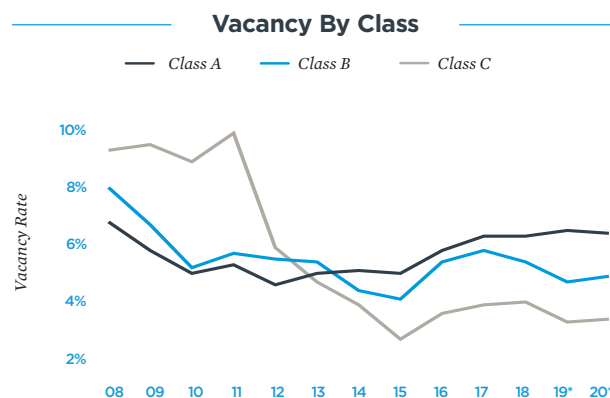


Metro **3.4%**
U.S. **3.3%**

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



Deals: **27**
Volume: **\$1.8 billion**



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* Estimate ** Forecast

† Arrow reflects completions trend compared with 2019
Sources: Marcus & Millichap Research Services;
CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics