WEAVE REPORT

SOUTH FLORIDA MULTIFAMILY 2024 FORECAST

MULTIFAMILY INVESTMENT
SOUTH FLORIDA TEAM

A trusted advisor, with over $80 BILLION in apartment sales in Florida.

#1

APARTMENT SALES IN SOUTH FLORIDA

CBRE

2024 SOUTH FLORIDA MULTIFAMILY UPDATE

SOUTH FLORIDA
MULTIFAMILY MARKET UPDATE

START THE THAW IN ‘24

Higher Interest and insurance rates coalesced to turn to slush the once red-hot South Florida multifamily. In 2023, there were 360 multifamily sales totaling $3.3 billion, a decrease of 64% from 2022 and $300 million less in sales from 2019 (pre Covid). Easing interest and insurance rates, along with improved financial conditions will start the thaw in ’24, resulting in increased multifamily sale activity in South Florida. Let’s start by looking at both the interest and insurance rates:

INTEREST RATES

In October 2023, the 10-year Treasury topped out at 5.0%. Today it’s around 4.1%. We are past peak interest rates, and they are coming down. How quickly remains ambiguous. Interest rates are likely to remain well above the 1.9% average between 2009 and 2019 but low enough to drive recovery in real estate values.

The floor for cap rates has been established. Cap rates today range between 4.75%-5.25% for Class A properties. 5.25%-5.75% for Class B properties; and 5.75% to 6.25% for Class C properties. Cap rates increased in 2023 by 50-100 basis points depending on location and historical performance. However, the cap rate increases were smaller than the interest rate increases, thereby creating near term negative leverage on deals. In-place cap rates will continue to be below lending rates unless a precipitous drop in interest rates or projected net operating income is assumed. Its likely cap rates will begin to decrease late 2024 or 2025 as lower interest rates work through the system. Deals are still working as buyers are placing more equity and receiving lower loan-to-value loans in the 50-60% range, often with an interest only period that still allow for favorable cash-on-cash and IRR’s. Investors are looking for a blended +/-7% blended cash-on-cash over the duration of the hold period, which is unlikely on in-place, or possibly year one numbers. Moreover, the spread between in-place and exit cap rate is extremely narrow, if any. This infers investors are assuming NOI growth and cap rate compression in the future.

INSURANCE

In the past two years, insurance premiums have impacted both multifamily sales and owners. In 2024, we expect insurance premiums to be flat or moderately decrease. Six new insurers recently entered the Florida market, attributing their decision to last year’s statewide tort reform legislation. We anticipate that commercial insurers will follow suit. We have already witnessed several 2024 renewals/quotes be below the previous year premium. That being said, insurance premiums will continue to be volatile and will vary based on location, vintage and lender requirements.

SUMMARY

The basic factors that drive global interest rates have not changed. First movers are always rewarded. Fundraising is challenged by attractive alternatives such as bonds and treasuries. Replicating outsized returns in the future years will require allocating funds to real estate, and South Florida multifamily real estate is well positioned for this. There is too much capital in the global economy chasing too few real investment opportunities. So, surplus capital will once again find its way into financial markets, boosting prices and reducing yields. This capital will continue to pour into South Florida multifamily real estate. CBRE’s recent 2024 U.S. Investor Intentions Survey[1] found investors were targeting multifamily more than any other property type. Thirty percent of all global investors said that multifamily was their No. 1 target. Moreover, according to the report, South Florida was the second most attractive market for investment (behind Dallas). In short, the money on the sidelines will come out to play and South Florida multifamily will be front and center for investments.

MULTIFAMILY SALES

- In 2023 there were 360 multifamily sales totaling $3.3 billion. Sale volume decreased 64% from 2022 and 73% from the record 2021 sale activity.
- The CBRE Multifamily team in 2023 completed 35% of the entire sale activity within South Florida (this includes any multifamily sale with 10+ units and over $1 million).
- Class A sales decreased by 83% in Miami-Dade, and 37% for B and C properties.
- Both Broward and Palm Beach had a relatively equal proportion of lower sale activity amongst the different building classes.
- In 2023, all three South Florida counties (Miami-Dade, Broward, and Palm Beach) experienced lower average sales. The average Miami-Dade sale was $265,000 per unit (-22%); Broward $217,000 per unit (-31%) and Palm Beach $244,000 per unit (-37%).
- 48% of the sale volume was in Miami-Dade, 35% in Broward and 17% in Palm Beach County.
- We anticipate that rate cuts will have a more significant impact on transaction volume than the upcoming election.

RENTS

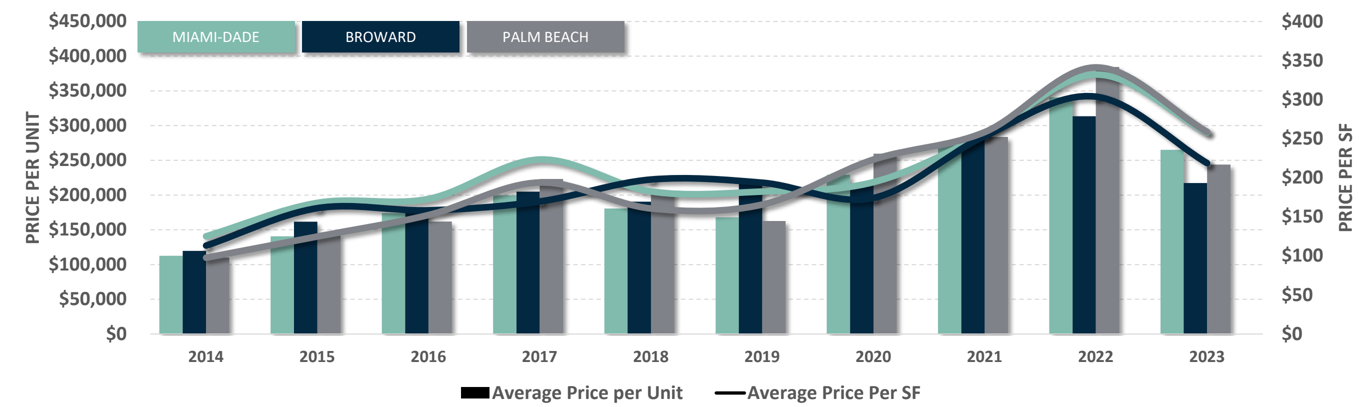
- In 2023 rent grew 1.3% in Miami-Dade. Rents were flat in Broward and Palm Beach.
- Since COVID-19 Miami-Dade rents increased 31%; Broward 36% and Palm Beach 38%.
- Miami-Dade Class C rents increased 5% in 2023, which was the most of any major market in the U.S.
- Average effective rents in Miami-Dade are $2,274 per unit; $2,216 per unit in Broward, and $2,395 per unit in Palm Beach.
- Aventura, Coconut Grove, Coral Gables, Fort Lauderdale, Pembroke Pines, Boca Raton, Delray Beach, and Palm Beach Gardens/Jupiter submarkets each have rents averaging over $2,500 per unit.
- Collections remain strong with minimal bad debt.
- Opportunities exist to find deals where the delta between recent leases and effective leases is significant. This is more acute in properties that do not have professional third-party management.

[1] 2024-us-investor-intentions-survey

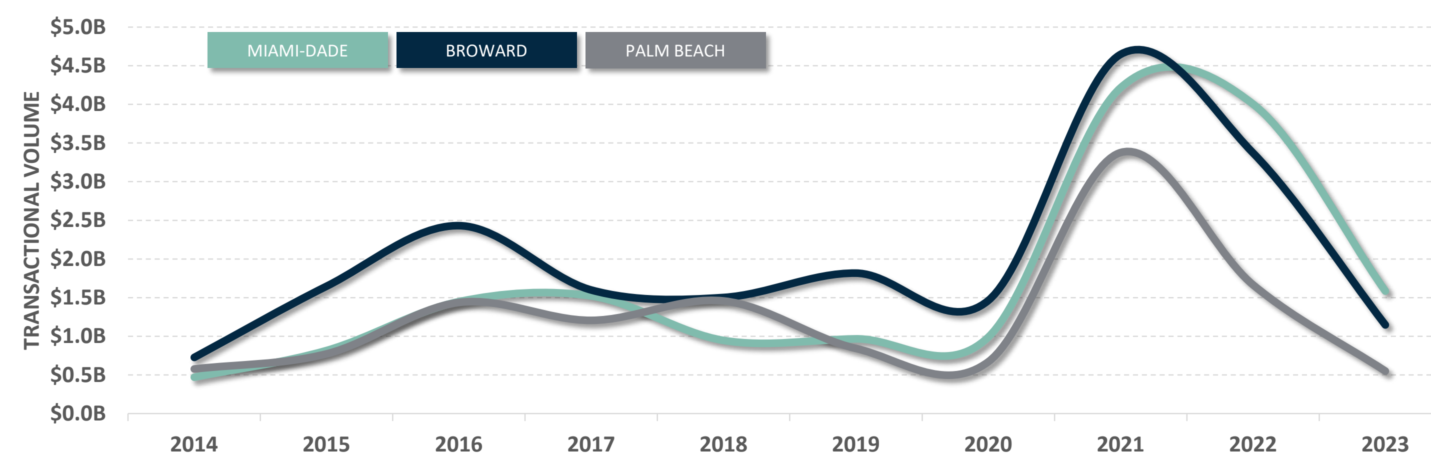
MULTIFAMILY INVESTMENT SALES ANALYSIS | SOUTH FLORIDA

MULTIFAMILY INVESTMENT | SOUTH FLORIDA TEAM

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



GRAPH 2: SOUTH FLORIDA ANNUAL HISTORICAL TRANSACTION VOLUME



- Urban core product will compete with new supply thereby putting greater pressure on rents. Class B and C and new “workforce” multifamily properties will see highest rent increases in 2024.

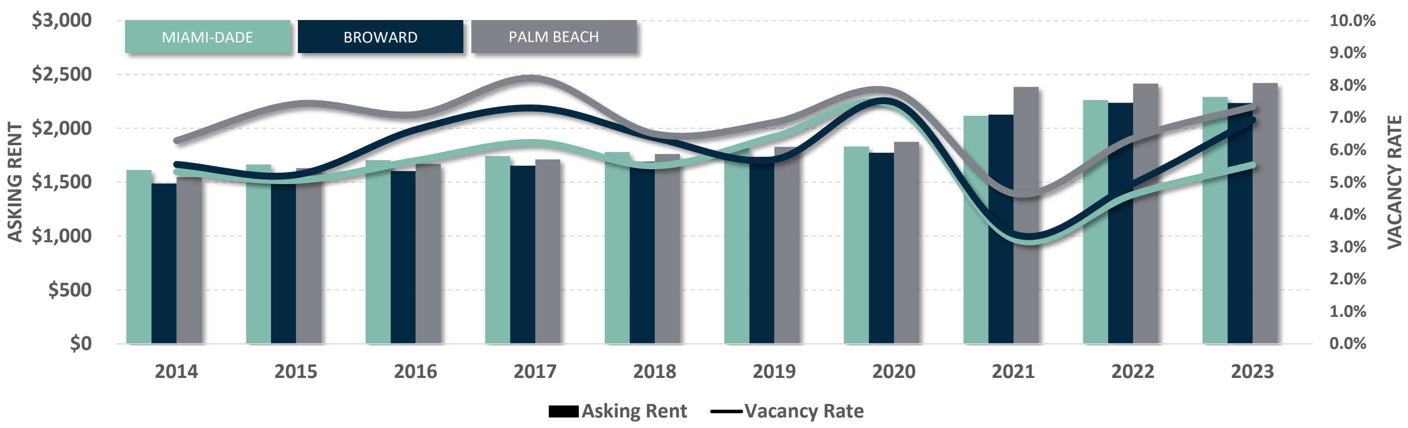
VACANCY RATES AND ABSORPTION

- Vacancies increased throughout South Florida. In 2023, Miami-Dade vacancies increased from 4.6% to 5.5%; Broward from 5.0% to 6.9% and Palm Beach from 6.4% to 7.3%
- Class C vacancies in Miami-Dade are 2.4%, the third lowest of any market in the US.
- Vacancies increased due to new supply. In 2023, there were 6,655 net units absorbed in South Florida, which was 64% higher than in 2022, however, last year there were 11,932 new units delivered to the market.
- Vacancies are likely to further increase in the coming months as new supply outpaces absorption levels (see next section).
- Submarkets with a less than 5% vacancy include: Aventura, Hialeah, Kendall, Doral and North Miami/North Miami Beach.

NEW SUPPLY

- There are 34,000 units under construction (9.6% of total inventory).
- Brickell/Downton/Little Havana; North Miami/North Miami Beach; Ft. Lauderdale; Hollywood/Dania; and West Palm Beach submarkets each account for over 2,000 units under construction and 52% of the total under construction supply.
- A little over 24,000 units are expected to be completed this year. This is almost triple last years net absorption for South Florida.
- Questions remain regarding the operating fundamentals in markets with high property deliveries. Vacancies are likely to increase in the short-term in specific submarkets as new supply outpaces demand.
- New construction starts have slowed. Despite construction costs

GRAPH 3: SOUTH FLORIDA HISTORICAL RENT VS VACANCY RATE



stabilizing, the cost of development equity and debt has increased dramatically, meaning the cost to build has started to border on prohibitive in some markets.

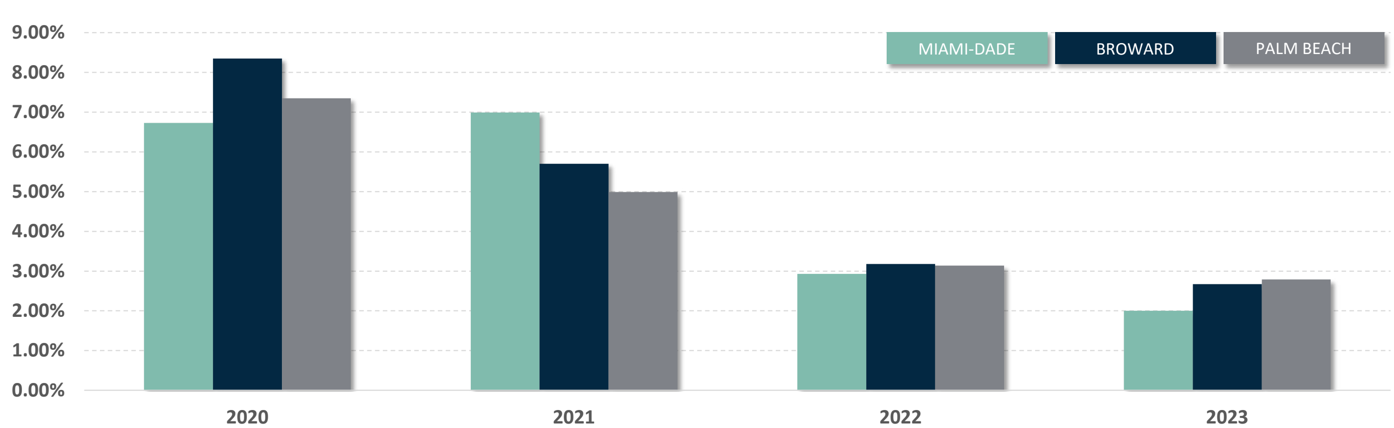
RENTAL DEMAND

- South Florida is Number 1 for net income migration. In 2020-2021, Palm Beach and Miami-Dade were ranked 1 and 2 in the US for net gross income inflows totaling over $13 billion. Broward was ranked 14th. Overall, South Florida accounted for 17% of all gross income gains in 2020-2021.
- According to the US Census Bureau, South Florida's population has been flat since COVID-19. New residents are moving to South Florida. However, the data suggests during the past few years people are leaving the area in equal measure.[1]
- In the last 10 years, South Florida population grew by 408,000 – a 7.1% increase. It is forecasted to grow by 510,000 in the next 10 years – a 8.3% increase.
- Rental Households continue to grow in South Florida. In the last 10 years, 126,134 new renal households were added in South Florida.
- There are 911,000 renter households and 354,000 multifamily rentals. Meaning there is one multifamily rental for every 2.6 rental households in South Florida. This is one of the highest ratios of rental households to multifamily rentals anywhere in the US and a good indication of strong rental demand and the need to build more rental units.
- Household formations in South Florida are expected to increase by 132,000 in the next five years. It is forecasted that 43% of households will be renters in South Florida in five years, meaning the region is estimated to add 57,000 new rental households.

HOME PRICES CONTINUE TO INCREASE

- The gap between renting and owning is now greater than 100% - the widest it's ever been. The median home price in South Florida is over $600,000. With a 5% down payment, the mortgage would be around $4,800 which is ±$2,500 more than the average rent in the market.
- The single-family home market in South Florida remains strong. In 2023, the median home value increased by 12.5% in Miami-Dade; 14.1% in Broward and 14.9% in Palm Beach.
- In the last 10 years, South Florida's single family median home price has increased by 171%.
- Average home values are increasing at greater rate than rents, making ownership for many even tougher. The current homeownership rate in South Florida is 40.5%. In 2005 it was 69.2%.

GRAPH 4: SOUTH FLORIDA HISTORICAL UNEMPLOYMENT RATE



[1] Data comes from 2022 Oxford Economics derived from US Census Bureau data. 2023 Population is not published as of writing report. 2023 population growth is forecast to grow by 53,000

CAP RATES AND UNDERWRITING ASSUMPTIONS

- Cap rates have likely peaked. Its likely cap rates will begin to decrease later in 2024. This will depend on how many interest rate cuts are enacted. If the Fed signals 3-5 cuts, volume will likely be higher during the election months than it has in the prior two Presidential Elections.
- Cap rates today range between 4.75%-5.25% for Class A properties. 5.25%-5.75% for Class B properties; and 5.75% to 6.25% for Class C properties.
- Cap rates increased in 2023 by 50-100 basis points depending on location and historical performance.
- In the past two years, cap rates increased but not to the same extent as interest rates, thereby creating near term negative leverage on deals. One or two interest rate cuts will likely not lower cap rates significantly, however, a series of interest rate cuts would meaningfully lower cap rates.
- Net Operating Income continues to grow. Property value accretion or dilution will primarily be driven by Net Operating Income. The bad news from insurance is already baked into the numbers, and costs may start to lower. Rent growth is still happening. Most groups are underwriting 3%-4% rent growth plus the upside income potential realized by increasing below market rents in the early years of ownership.

WHO'S BUYING

- Levered cash-on-cash returns targeted at a 6.5%-7% blended over the duration of the hold period, which may not be available on in-place, or year one numbers.
- Targeted unlevered IRR's in the 8.0-8.5% range for Class A properties; 9.0-9.5% range for Class B properties; and 10.0-12.0% range for Class C properties.
- Spread between in-place and exit cap rate is extremely narrow, if any, suggesting that investors are optimistic we are nearer the end of the higher interest rate cycle.
- The overwhelming dominant buyer in the market remains private capital investors.
- Sub $20 million sales remain the strongest segment within the market. In 2023, sub $20 million deals captured 31% of total sales compared to 2022 at 20% and 2021 at 13%. Negative going-in debt arbitrage is commonplace. Other deals, mostly less than $10 million, are being done on an all-cash basis and will be refinanced at a later point in time.
- 1031 buyers limited due to lack of deal flow.
- Foreign private capital is back.
- Investment committees remain patient in considering acquisitions.

JOBS. JOBS. JOBS.

- The overall South Florida unemployment rate is 2.3% which is the lowest level for any major metro area in the U.S.
- Since the beginning of Covid median household income grew by $17,270 (33%) to $69,330 in Miami-Dade; $13,760 (23%) to $73,130 in Broward; and $14,810 (23%) to $79,870 in Palm Beach.
- Wage growth continues to outpace rent growth.

LOOKING AHEAD

Below are key trends/observations to follow in 2024:

- There is liquidity - on both the debt and equity side.
- There is opportunity - opportunity to buy high quality assets at a discount to replacement cost. Below is our assessment of replacement costs for different project types in South Florida:
    - Garden, Surface Park = $335-365k per unit
    - Mid-rise, Surface Park = $350-385k per unit
    - Mid-Rise, Structured Park = $400k-465k per unit
- Interest rates are returning to historical norms.
- Fundamentals are returning to historical norms.
- No Stress in Distress. Selling based out of some sort of necessity, whether that be distress, loan maturity, fund maturity or in response to redemption requests has not materialized in South Florida. There may be specific instances of properties with fixed rate loans maturing in 2024 or floating rate loans that do not have extension options that will face significantly higher coupon rates, but this will be few and far between.
- Biggest impediments for deal activity: higher-for-longer interest rates, tight credit conditions and differing buyer and seller expectations.
- Corporate relocations will continue to South Florida.
- Delivery Timing and Investor Sentiment: Peak starts occurred in the third quarter of 2022, with estimated delivery timelines of 24 months. As a result, we expect 2024 deliveries to be back-half weighted. While South Florida's suburban sub-markets remain relatively insulated, the general investor sentiment may be clouded by peak deliveries in urban markets later this year. This could potentially affect property operations, leading to concessions and adjustments in face rents.
- Condominium Conversion Interest: Over the past six months, we have received interest in condominium conversions for several offerings.
- Live Local Act crystalizes. The recently passed Live Local Act will spur new development with rents at 120% or lower which overtime may provide more workforce rental product to meet the strong demand from renters in B and C properties.
- Construction Costs: While construction costs for CBS and poured concrete projects have shown minimal signs of decrease, other project types have experienced approximately 8% reductions. Land costs have also seen some decline, albeit not significantly.

DEBT OPTIONS IN TODAY'S MARKET

LENDER TYPE	GSE (FANNIE/FREDDIE)	LIFE CO BALANCE SHEET	BANK BALANCE SHEET	BRIDGE (LIFE CO + DEBT FUND)
Recourse	Non-Recourse	Non-Recourse	Full, Partial, or Non-Recourse	Non-Recourse
Leverage	Up to 75% LTV	Up to 60% LTV	Up to 65% LTV	Up to 75% LTC
Loan Type	Fixed or Floating rate	Fixed or Floating rate	Fixed or Floating rate	Floating rate
Term	5, 7, 10, 12 or more yrs	Floating: 3-5 years Fixed: 5-10 yrs	Floating: 3-5 years Fixed: 5-7 yrs	3 +1+1
Prepayment	Lockout Period, Defeasance	18-24 month Lockout, Yield Maintenace	Flexible	Flexible
Lender Fees	Par	0.20%-0.50% origination	0.50% origination	1.0%-1.50% origination, 0.25% ext
Interest Only	Half to Full term	Full term	Half to full term	Full term
Amortization	30 yrs	30 yrs	25 to 30 yrs	N/A
Index	Treasuries or SOFR	Treasuries or SOFR	SOFR, Prime or Swaps	SOFR
Spread	Fixed: 1.90% to 2.20% Floating: 2.00% to 2.30%	Fixed: 1.60% to 1.95% Floating: 2.00% to 2.50%	Fixed: 1.80% to 2.40% Floating: 1.80% to 2.40%	Floating: 3.25% to 4.25%
Rate	Fixed: 5.91% to 6.21% Floating: 7.35% to 7.65%	Fixed: 5.61% to 5.96% Floating: 7.34% to 7.84%	Fixed: 5.31% to 5.91% Floating: 7.14% to 7.74%	Floating: 8.59% to 9.59%
Comments	Supplemental Loan available after 12 months with improvement in NOI. Rate buydown available to lower rate + increase proceeds	Lowest cost of capital for new construction and core assets. Minimal appetite for non-primary markets. Lender preferences are shifting towards longer duration fixed rates.	Majority of Bank capital remains reserved for relationship and repeat borrowers.	Providing liquidity for high leverage borrowers with future funding allocations to fund capex plans.

*Index Rates as of 1/16/24

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INSURANCE UPDATE

A CONVERSATION ON INSURANCE WITH BRYAN SWICICKI AT BCI INSURANCE.

CBRE sat down with Bryan Swicicki to discuss the current South Florida insurance market. Bryan has placed more than 8 billion over his career in commercial property insurance concentrated in the Habitational and Retail sectors. He has extensive experience negotiating insurance requirements with bank, agency, CMBS and life company financing

Insurance is obviously an important factor in many real estate transactions. How would you describe the current insurance market and what changes do you see on the horizon?

Property insurance costs and even availability for real estate investors have been under considerable pressure for the last 18-24 months. Nationally, average rate increases for both the Property and Liability sectors have ranged between 10% and 40%. Unfortunately, in Florida, we are seeing this and worse. In the past year, we have seen a significant reduction in capacity. Increased construction costs and changes to climate models are driving costs even higher locally.

From Bad to Worse

While pricing has been increasing for the last 18-24 months recently, we have been finding situations where some properties are struggling coverage at ANY cost. Both new purchases and renewals have seen increased difficulty in obtaining insurance that is complaint with lender requirements. Many (not all) lenders have taken a pragmatic approach and have been relaxing and waiving requirements to better align with what is commercially available in the current marketplace.

Effect on transactions

Insurance costs alone are negatively affecting Cap rates and property values. It has become absolutely critical to obtain solid insurance numbers before due diligence is over and do not rely on what the seller was paying. A buyer should not expect to be able to assume the seller's policy or obtain similar pricing. Many carriers are charging significantly higher premiums to a new owner if they offer terms at all.

How does an investor mitigate costs and procure the most suitable coverage?

The most important factor in obtaining a favorable insurance program is to work with a local broker with specific experience in South Florida habitational insurance. The market is fluid and a specialist will know how to best present your property to underwriters and which carriers to approach. When purchasing new properties expect assets less than 10 years old to have significantly lower insurance costs that older ones.

Can you share an example of a strategy that has helped with insurance costs?

We have found the "layering" of property insurance limits to be beneficial and/or necessary. With this strategy, we can arrange for several carriers to share the risk instead of one carrier insuring an entire building or portfolio. Conversely, we are now in some circumstances "de-packaging" properties by removing them from a master schedule onto separate polices delineated by required coverages, age and location. Literarily EVERY deal is different and needs to be examined thoroughly.

What can I do to influence my insurance portfolio?

In this market more than ever, the most important factor is working with a specialist who has the skills and inclination to review and examine all of your options. They will need to be able to effectively negotiate on your behalf with both insurance carriers AND your lenders. The market is very fluid and literarily changes every day. While this is the most difficult insurance market in a generation there are signs that it will improve. Statutory changes have resulted in a modest improvement in insurer results and the historically high insurance rates may lure additional capital back into the insurance market. Assuming an average or better hurricane season we should start to see should start to see noticeable improvement in the market in the next 12 months.

For more information or to discuss your specific situation, Bryan Swicicki can be reached at **772-359-5490 or info@bci-ins.com**

MIAMI-DADE MULTIFAMILY MARKET SUMMARY

$1,585,350,000 2023 Sales	**$7,885,000** 2023 Average Sale Price	**$258** 2023 Average Sale Price PSF	**$265,154** 2023 Average Sale Price Per Unit
$2,292 Average Rent per Unit	**94.5%** Average Occupany Rate	**3,540** Annual Unit Net Absorption	**151,896** Inventory of Rentable Units

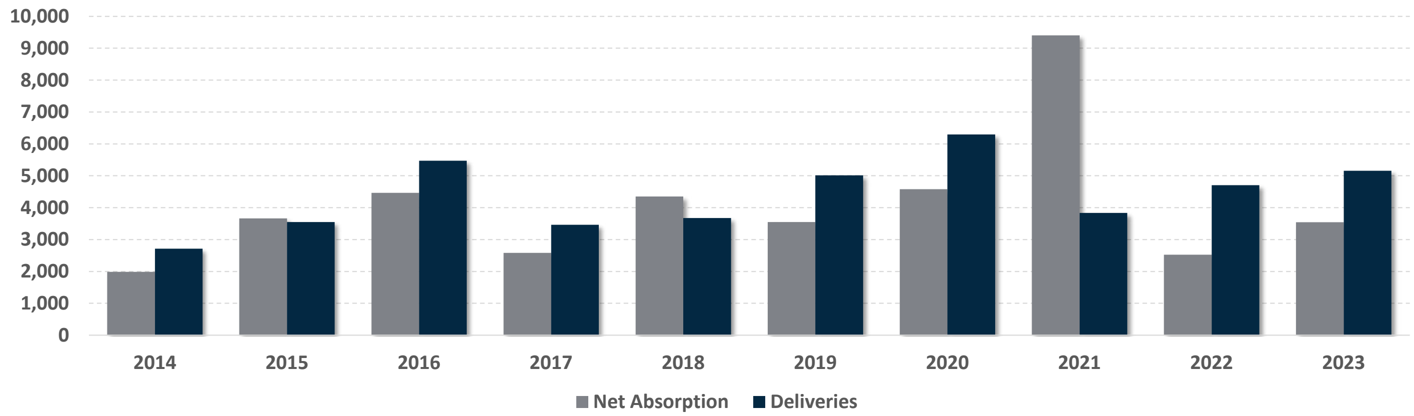
YEAR	$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORP-TION	NEW UNITS
2023	$1,585,355,778	201	151,896	$2,292	$2.58	1.3%	$2,274	$2.56	1.0%	5.5%	3,540	5,156
2022	$4,005,191,197	341	146,740	$2,263	$2.55	6.9%	$2,251	$2.54	6.8%	4.6%	2,526	4,703
2021	$4,216,367,187	338	142,037	$2,116	$2.38	15.5%	$2,108	$2.37	17.7%	3.2%	9,404	3,833
2020	$990,181,876	108	138,204	$1,832	$2.06	0.9%	$1,791	$2.02	-0.4%	7.4%	4,581	6,293
2019	$967,665,157	165	131,911	$1,816	$2.05	2.0%	$1,798	$2.03	3.0%	6.4%	3,550	5,013
2018	$947,212,357	155	126,898	$1,781	$2.02	2.2%	$1,746	$1.98	2.2%	5.5%	4,352	3,673
2017	$1,522,053,681	158	123,225	$1,743	$1.99	2.2%	$1,708	$1.95	2.0%	6.2%	2,582	3,461
2016	$1,449,221,539	171	119,764	$1,705	$1.95	2.3%	$1,674	$1.91	1.5%	5.7%	4,462	5,469
2015	$817,215,975	156	114,295	$1,666	$1.92	3.3%	$1,649	$1.90	3.1%	5.1%	3,664	3,548
2014	$471,250,754	175	110,747	$1,613	$1.87	2.5%	$1,599	$1.86	2.4%	5.3%	1,987	2,713

MIAMI-DADE APARTMENTS UNDER CONSTRUCTION

72 apartment buildings totaling 19,137 units under construction in Miami-Dade.

EXPECTED COMPLETION	# OF UNITS	# OF PROPERTIES
2024	52	13,934
2025	20	5,203

MIAMI-DADE DELIVERIES VERSUS ABSORPTION



MIAMI-DADE MULTIFAMILY MARKET SUMMARY

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Aventura	2,086	$2,664	$2.56	3.2%	3.0%	18	-	988
Bal Harbour/Miami Beach	9,980	$2,074	$2.89	1.0%	5.9%	-52	-	408
Brickell/Downtown/Little Havana	21,025	$2,398	$3.08	-0.9%	5.8%	185	348	7,342
Coconut Grove	2,812	$2,674	$3.23	1.3%	16.3%	195	593	46
Coral Gables	9,700	$2,832	$3.32	-1.0%	6.6%	484	675	1,055
Hialeah/Miami Lakes	21,069	$1,942	$2.24	3.3%	2.4%	453	642	1,345
Homestead/South Dade	9,502	$1,933	$2.13	2.1%	6.5%	838	605	1,774
Kendall	13,613	$2,228	$2.46	2.2%	4.5%	193	-	1,057
Miami Gardens/Opa-Locka/Allapattah	19,054	$1,908	$2.32	4.7%	5.9%	-142	165	671
Miami Springs/Doral	19,497	$2,453	$2.62	0.2%	4.8%	7	73	1,665
North Miami/North Miami Beach	18,492	$2,037	$2.45	0.5%	4.9%	396	367	2,132
Outlying Miami-Dade County	2,099	$2,617	$2.31	0.8%	22.1%	923	1,374	100
Westchester/Tamiami	2,967	$1,848	$2.46	3.8%	9.5%	42	314	554
TOTAL/AVERAGE	151,896	$2,292	$2.58	1.3%	5.5%	3,540	5,156	19,137

- In 2023 there were 201 apartment sales totaling $1.59 billion with an average price of $265,154 per unit or $258 per square foot. This was a 60% decrease in sale volume from 2022.
- Class A sales totaled $361 million in sales, down 83% in volume from 2022. Both Class B and C properties saw a 37% decrease in sales volume in 2023

- Average effective rents increased by 1.0% to $2,274 and are at record levels
- Miami-Dade Class C rents increased 5%, which was the most of any major market in the U.S.
- Coral Gables has the highest average rent of $2,832. The Miami Gardens submarket witnessed the highest rent growth of 4.7%

- Vacancies increased from 4.6% to 5.5% in 2023
  Hialeah/Miami Lakes has the lowest vacancy of 2.4%, this is despite having 642 units delivered in 2023 (the third highest completions in Miami Dade)
- CBRE tracks over 800 submarkets throughout the US. Hialeah vacancies are the 14th lowest of all submarkets in the U.S.

- There are 72 buildings totaling 19,137 units under construction. This represents 12.6% of the current inventory in the market.
- 13,934 units are slated for delivery in 2023.
- 7,342 of the under construction units are in Downtown/Brickell/Little Havana submarket.

- There was 3,540 net absorbed units which were outpaced by 5,156 new units delivered which resulted in the higher vacancies in 2023
- New deliveries are likely to outpace net absorption which may contribute to short-term higher vacancies in specific submarkets
- Outlying Miami-Dade and Homestead had the highest net absorption levels

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2023	2,688,870	0.6%	2.00%	$69,330	5.3%	$591,226	8.1%
2022	2,672,370	-0.3%	2.93%	$65,850	16.4%	$547,096	12.6%
2021	2,679,490	-0.8%	6.99%	$56,570	8.7%	$485,898	21.9%

BROWARD MULTIFAMILY MARKET SUMMARY

$1,147,300,000 2023 Sales	**$10,065,000** 2023 Average Sale Price	**$219** 2023 Average Sale Price PSF	**$217,290** 2023 Average Sale Price Per Unit
$2,236 Average Rent per Unit	**93.1%** Average Occupany Rate	**1,875** Annual Unit Net Absorption	**131,871** Inventory of Rentable Units

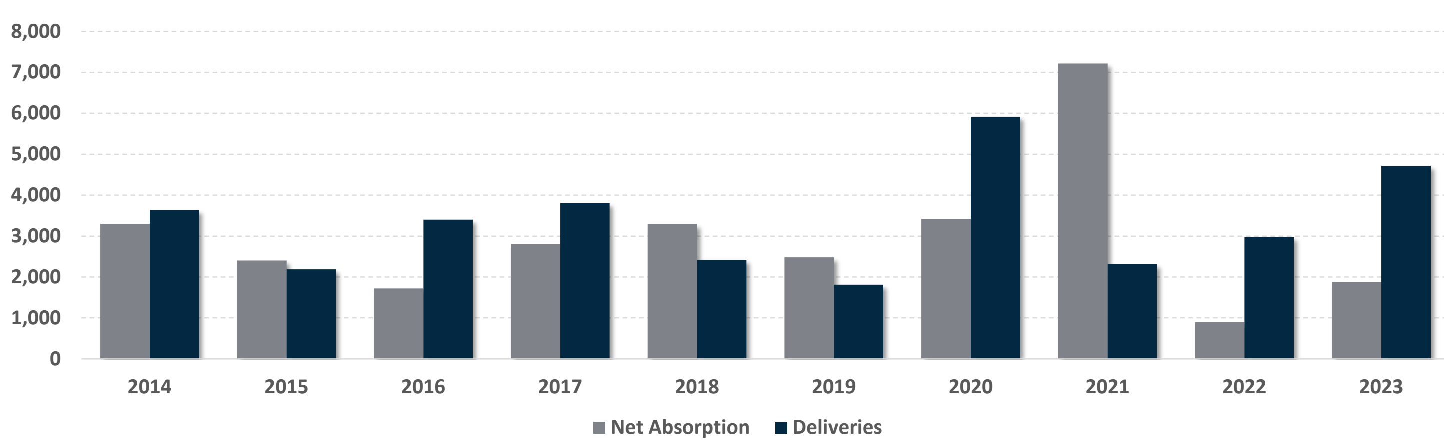
YEAR	$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	NEW UNITS
2023	$1,147,293,797	114	131,871	$2,236	$2.27	0.0%	$2,216	$2.25	-0.4%	6.9%	1,875	4,714
2022	$3,372,437,597	218	127,157	$2,237	$2.27	5.2%	$2,226	$2.26	5.0%	5.0%	897	2,982
2021	$4,646,945,985	224	124,175	$2,127	$2.16	20.0%	$2,120	$2.15	21.8%	3.4%	7,213	2,316
2020	$1,463,343,863	110	121,859	$1,773	$1.80	2.1%	$1,740	$1.77	1.1%	7.5%	3,419	5,913
2019	$1,817,298,813	110	115,946	$1,736	$1.76	2.7%	$1,721	$1.74	3.5%	5.7%	2,479	1,810
2018	$1,502,377,213	102	114,136	$1,691	$1.71	2.2%	$1,662	$1.68	2.4%	6.4%	3,293	2,423
2017	$1,598,729,102	81	111,713	$1,654	$1.68	3.2%	$1,623	$1.65	2.8%	7.3%	2,803	3,802
2016	$2,431,256,882	105	107,911	$1,603	$1.63	2.0%	$1,579	$1.60	1.4%	6.6%	1,720	3,402
2015	$1,648,065,542	104	104,509	$1,572	$1.60	5.6%	$1,557	$1.58	5.8%	5.2%	2,402	2,188
2014	$726,945,679	82	102,321	$1,489	$1.51	3.9%	$1,472	$1.50	3.6%	5.6%	3,298	3,641

BROWARD APARTMENTS UNDER CONSTRUCTION

31 apartment buildings totaling 9,331 units under construction in Broward.

EXPECTED COMPLETION	# OF UNITS	# OF PROPERTIES
2024	22	5,919
2025	9	3,412

BROWARD DELIVERIES VERSUS ABSORPTION



BROWARD MULTIFAMILY MARKET SUMMARY

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Coral Springs	20,211	$2,220	$2.10	-1.0%	7.5%	233	683	557
Fort Lauderdale	22,782	$2,635	$2.96	-1.0%	6.4%	612	749	3,801
Hollywood/Dania Beach	14,293	$1,951	$2.32	1.7%	7.9%	153	476	2,285
Miramar/Hallandale Beach	4,869	$2,086	$2.30	2.1%	6.0%	-4	-	0
Oakland Park/Lauderhill	15,123	$1,834	$2.07	2.3%	6.1%	242	643	136
Pembroke Pines/West Miramar	12,057	$2,536	$2.34	-1.4%	5.3%	209	316	393
Plantation/Sunrise	19,804	$2,222	$2.19	-0.5%	9.1%	379	1,149	805
Pompano Beach/Deerfield Beach	14,682	$1,988	$2.16	1.7%	5.9%	22	519	777
Weston/Davie	8,050	$2,374	$2.33	-0.1%	6.2%	29	179	577
TOTAL/AVERAGE	**131,871**	**$2,236**	**$2.27**	**0.0%**	**6.9%**	**1,875**	**4,714**	**9,331**

- In 2023 there were 114 apartment sales totaling $1.15 billion with an average price of $217,290 per unit or $219 per square foot. This was a 66% decrease in sale volume from 2022.
- Class A sales decreased 63%, Class B sales decreased 72% and Class C sales decreased 59% in 2023.

- Average effective rents decreased $10 or (-0.4%) to $2,216 per unit
- Class C rents increased 2.6%, whereas Class A and B rents decreased (-0.8%) and (-0.6%)
- Ft Lauderdale has the highest average rent of $2,635. Hollywood/Dania, Miramar/Hallandale, Oakland Park/Lauderhill submarkets saw positive rent growth

- Vacancies increased from 5.4% to 5.9% in first half of 2023.
- Ft Lauderdale has highest vacancy of 7.8% in Broward
- Hollywood/Dania Beach has the lowest vacancy of 4.6%.
- Miami and Broward have the two lowest vacancy level in the entire South East US.

- There are 31 buildings totaling 9,331 units under construction. This represents 7.1% of the current inventory in the market.
- 5,919 units are slated for delivery in 2023.
- 65% of the under construction units are in the Ft Lauderdale and Hollywood/Dania submarkets.

- There was 1,875 net absorbed units which were outpaced by 4,714 new units delivered which resulted in the higher vacancies in 2023
- New deliveries are likely to outpace net absorption which may contribute to short-term higher vacancies in specific submarkets
- Ft Lauderdale had the highest net absorption levels, with almost one-third of all units being absorbed within the submarket

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2023	1,959,060	0.8%	2.67%	$73,130	4.4%	$563,859	5.2%
2022	1,942,660	0.2%	3.18%	$70,070	9.9%	$536,125	17.0%
2021	1,938,310	-0.3%	5.70%	$63,760	7.4%	$458,133	17.6%

PALM BEACH MULTIFAMILY MARKET SUMMARY

$550,000,000 2023 Sales	**$12,220,000** 2023 Average Sale Price	**$259** 2023 Average Sale Price PSF	**$244,012** 2023 Average Sale Price Per Unit
$2,420 Average Rent per Unit	**92.7%** Average Occupany Rate	**1,240** Annual Unit Net Absorption	**70,243** Inventory of Rentable Units

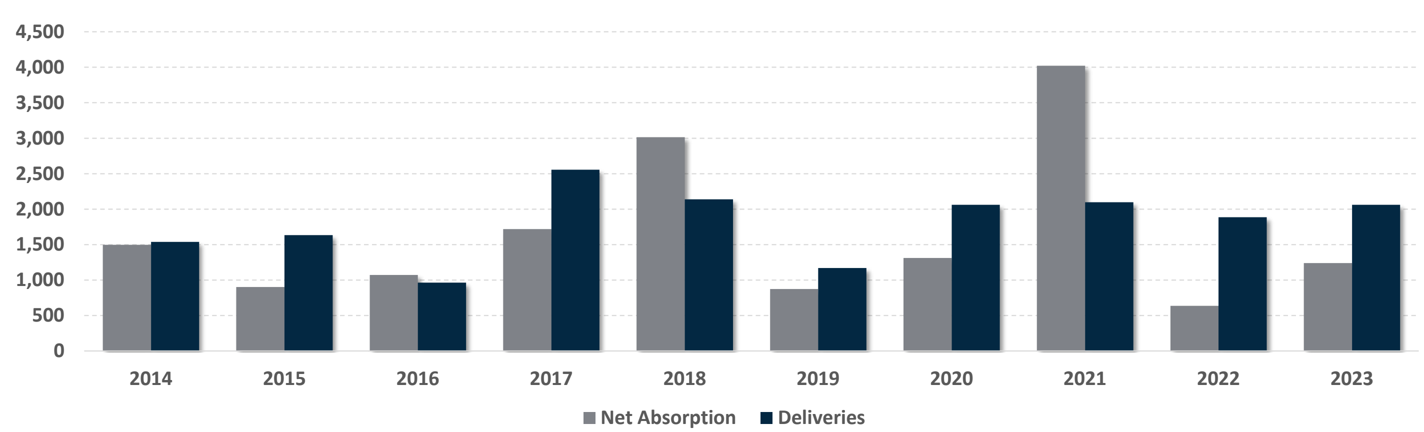
YEAR	$ SALES VOLUME	# OF SALES	TOTAL # OF UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	EFFECTIVE RENT	EFFECTIVE RENT PSF	EFFECTIVE RENT GROWTH	VACANCY	NET ABSORPTION	NEW UNITS
2023	$550,002,898	45	70,243	$2,420	$2.34	0.2%	$2,395	$2.31	-0.2%	7.3%	1,240	2,062
2022	$1,665,672,955	83	68,181	$2,416	$2.34	1.3%	$2,401	$2.33	1.0%	6.4%	637	1,887
2021	$3,375,525,184	107	66,294	$2,384	$2.31	27.2%	$2,377	$2.30	28.6%	4.6%	4,020	2,097
2020	$670,219,734	41	64,197	$1,874	$1.81	2.5%	$1,848	$1.79	1.5%	7.8%	1,311	2,061
2019	$842,756,111	56	62,136	$1,828	$1.76	3.8%	$1,820	$1.76	5.3%	6.8%	874	1,171
2018	$1,456,699,026	65	60,965	$1,761	$1.70	2.9%	$1,729	$1.67	3.5%	6.5%	3,013	2,138
2017	$1,205,703,896	49	58,827	$1,712	$1.65	2.5%	$1,670	$1.61	1.3%	8.2%	1,718	2,556
2016	$1,437,344,129	51	56,271	$1,671	$1.61	2.5%	$1,649	$1.59	2.4%	7.1%	1,073	965
2015	$772,537,888	43	55,306	$1,630	$1.57	5.4%	$1,611	$1.55	5.2%	7.4%	901	1,633
2014	$577,221,700	39	53,673	$1,547	$1.49	4.0%	$1,531	$1.48	4.0%	6.3%	1,496	1,538

PALM BEACH APARTMENTS UNDER CONSTRUCTION

20 apartment buildings totaling **5,613** units under construction in Broward.

EXPECTED COMPLETION	# OF UNITS	# OF PROPERTIES
2024	16	4,592
2025	4	1,021

PALM BEACH DELIVERIES VERSUS ABSORPTION



PALM BEACH MULTIFAMILY MARKET SUMMARY

SUBMARKET	UNITS	ASKING RENT	ASKING RENT PSF	ASKING RENT GROWTH	VACANCY	NET ABSORPTION	DELIVERED UNITS	UNDER CONSTRUCTION
Belle Glade	1,559	$1,054	$1.33	6.6%	15.1%	13	-	0
Boca Raton	13,207	$2,744	$2.60	-0.1%	6.7%	250	268	342
Boynton Beach	13,934	$2,200	$2.14	-0.9%	6.3%	303	319	698
Delray Beach	5,496	$2,643	$2.32	0.2%	9.1%	64	298	420
Greenacres	5,644	$1,824	$1.97	3.1%	7.5%	133	384	632
Outlying Palm Beach County	75	$589	-	1.7%	1.1%	-	-	0
Palm Beach Gardens/Jupiter	7,545	$2,566	$2.31	-1.7%	6.2%	73	20	396
Royal Palm Beach/Wellington	7,131	$2,323	$2.16	2.0%	5.5%	89	-	779
West Palm Beach	15,652	$2,283	$2.33	1.3%	8.7%	315	773	2,346
TOTAL/AVERAGE	70,243	$2,420	$2.34	0.2%	7.3%	1,240	2,062	5,613

- In 2023 there were 45 apartment sales totaling $550 million with an average price of $244,012 per unit or $259 per square foot. This was a 67% decrease in sale volume from 2022.
- Class A sales decreased 67%, Class B sales decreased 69% and Class C sales decreased 59% in 2023.

- Average effective rents decreased $6 or (-0.2%) to $2,395 per unit
- Class C rents increased 3.0%, whereas Class A and B rents decreased (-0.9%) and (-0.3%)
- Boca Raton has the highest average rent of $2,744. Belle Glade saw a 6.6% rent growth in 2023, the highest in South Florida

- Vacancies increased from 6.4% to 7.3% in 2023
- Royal Palm Beach/Wellington has the lowest vacancies at 5.5%
- Belle Glade has the highest vacancies at 15.1%

- There are 20 buildings totaling 5,613 units under construction. This represents 8.0% of the current inventory in the market.
- 4,592 units are slated for delivery in 2023.
- 42% of the under construction units are in the West Palm Beach submarket.

- There was 1,240 net absorbed units which were outpaced by 2,062 new units delivered which resulted in the higher vacancies in 2023
- New deliveries are likely to outpace net absorption which may contribute to short-term higher vacancies in specific submarkets
- Boca Raton, Boynton Beach and West Palm Beach had the highest net absorption levels, with 70% of all units being absorbed within these submarkets.

YEAR	POPULATION	12 MONTH POPULATION GROWTH	UNEMPLOYMENT RATE	MEDIAN INCOME	12 MONTH MEDIAN SALARY INCREASE	MEDIAN HOME VALUE	12-MONTH MEDIAN HOME GROWTH RATE
2023	1,533,090	1.4%	2.79%	$79,870	6.5%	$630,614	4.5%
2022	1,512,650	0.9%	3.14%	$75,010	9.6%	$603,458	20.6%
2021	1,499,640	0.6%	4.99%	$68,440	5.2%	$500,292	23.3%

MANAGING RISING EXPENSES

A conversation on property management with Kyle Solomakha at Quadrel Realty Group Florida

CBRE sat down with Kyle Solomakha to discuss the current South Florida market and how owners can mitigate rising expenses across the board. Quadrel Realty Group currently manages over 1,400 multifamily units nationwide and has recently expanded to South Florida, where Kyle works with local property owners to get the most out of their assets

Expenses have risen over the last 18-24 months with many properties running at expense ratios above 50%. Are you seeing this in real-time?

Yes, expenses have certainly risen sharply over the last 2 years, led in large part by tremendous increases in property insurance. We are seeing minor increases in the cost of labor for routine maintenance work as well, and when you add everything up, total expense increases have certainly outpaced recent rent growth. The older class C and B properties have been affected the most, as they are not able to raise rents enough to cover the additional costs they are now facing.

What are some ways that property owners can minimize the impacts of these increased expenses?

I think there are a multitude of ways to minimize the impacts. One of the main items we recommend to all owners that carry lender-required insurance is to install impact-proof windows and doors, along with a new roof if it has less than 5 years of remaining life. The largest driver of insurance increases is the wind portion, which can be significantly reduced with the addition of the items I just mentioned. Another thing that I don't believe most owners or managers do enough is a quarterly audit of all income and expenses. Many times after we take over management, we are shocked at some of the costs that the property has been incurring. It's very important to analyze all of the one-time and recurring vendors to ensure that not only is the pricing in line with the market but that the level of service is in line as well. In my experience, many owners who truly want to provide a great experience for their tenants tend to over-service certain aspects of their properties. As a manager, conducting this audit is one of the first things we do and allows us to achieve an average 8% OpEx reduction within 60 days of taking over.

With flattening rents, are your properties generally experiencing more vacancies as well?

Our properties are operating at an average of 98.5% occupancy. The key here is similar to my previous point of accurate pricing - it's important to understand what the market rents truly are. There could be leases signed in 2022-2023 that are actually above today's market rents. A proper manager will understand this, and instead of blindly raising rent another 3% which will most likely lead to a vacancy, will price the unit accordingly to ensure the tenant stays. Another big piece of tenant retention involves the day-to-day interactions between the tenant and the manager. The tenant's feelings towards their management company will play a big role in the decision to leave or to stay - if they are not getting maintenance issues resolved in a timely fashion or feel that they are not being truly heard by management, the chance they find other living arrangements is significantly increased.

For more information or to discuss your specific property, Kyle Solomakha can be reached at:

(305) 934-5185
ksolomakha@quadrelrealtygroup.com

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UNITS 30
CITY Coral Gables

CBRE MULTIFAMILY CREDENTIALS

UNPARALLED ACCESS

#1

MULTI-FAMILY
BROKERAGE FIRM
GLOBALLY

$22B

2023 **U.S.**
MULTI-FAMILY
DEAL VOLUME

633

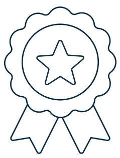
PROPERTIES **SOLD** IN 2023

746

PROPERTIES **FINANCED**
IN 2023

UNRIVALED OUTCOMES

#1

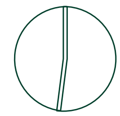


MULTI-FAMILY
TEAM IN
SOUTH FLORIDA

$1.2 B

2023 **SOUTH FLORIDA**
MULTI-FAMILY DEAL VOLUME

35.6%



SOUTH FLORIDA
2023 MULTI-FAMILY
MARKET SHARE

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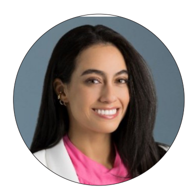

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