

# Multifamily Metro Outlook:

## Fort Lauderdale - Q1 2022

### Overview:

- Fort Lauderdale is Florida's second largest apartment market and performance in the metro is in-line with that status. Even though vacancy rates popped up to an average of 4.25% during Q1 2022, 800 additional units were delivered to the metro during the quarter. While this is a significant increase of an entire percentage point over the previous quarter, it still lags the national average of 5.0%.
- The increase in vacancy doesn't appear to reflect a decline in demand; although the pace of rent growth continues to slow, dropping another 150 bps to 2.0%, prices, which averaged \$2,090 during the quarter are at the highest level ever seen. As in much of the country, rent growth over the past year was strongest among Class B properties, which increased 33.4% annually.
- The continued climb in rents could present a future sticker shock to residents, especially among Class B properties, where concessions have doubled over just the most recent quarter to 9.0%. Concession remains highest among Class A properties at 9.7%, but this is a decline quarter-over-quarter.

### Market Strengths:

- With pent-up demand for vacations driving visitors to Fort Lauderdale and activity normalizing in the cruise industry, hotels, restaurants and attractions will operate at full tilt. Broward County tourism development tax collections—a tax on stays at hotels and other short-term rentals—blew past their 2019 levels last year.
- Fort Lauderdale has emerged as a hub for low-wage jobs in office support; nearly 11% of the area's workforce is employed in administrative and maintenance services. Among metro areas or divisions with more than 1 million residents, only Memphis has a higher concentration of these jobs.

### Market Weaknesses:

- Fort Lauderdale has been losing residents to other, cheaper areas in Florida and the South. Because house prices are overvalued and will likely recede from their current highs, restrictive zoning and a lack of buildable land will keep downward pressure on supply, while rising interest rates will make housing still more expensive for non-cash buyers. The silver lining here is that the primary rental demographic in Fort Lauderdale, unlike most metros, are older retiree age residents.

### Development:

- Fort Lauderdale is the second-largest apartment market in Florida for a reason; over the past year more than 3,300 units have been added to the metro, and a further 10,000 units are underway after 800 units were added to the construction pipeline.
- The shadow-market is not much of a threat in the metro. Although the pipeline essentially doubled in size over the last quarter, there are still just 750 units underway. Much of the increase is attributable to the fact that no units were delivered in the first quarter of 2022. Over the past year, only 800 condo units have been built.

### Outlook:

- Fundamentals in the metro moved quite quickly from one extreme to another to the point that the apartment market is now over-performing. However, it's unlikely that this trend continues for much longer, especially once deliveries return to their historical levels. Once this happens, it's more than likely that rents will have to give up some ground, which could potentially lead to a period of easing later in the year. However, since the end of 2019 the pipeline has declined in more quarters than it has risen - this balance is integral to keep the market in check; if it is lost, things could quickly swing back to an adverse extreme.
- Fort Lauderdale will regain its pre-pandemic employment level by the end of the year, however, rising costs will weigh on immigration in the near term, slowing labor force and job growth. Longer term, a diverse economy and a prime location in the heart of South Florida will fuel the growth of job creation on par with the state average.

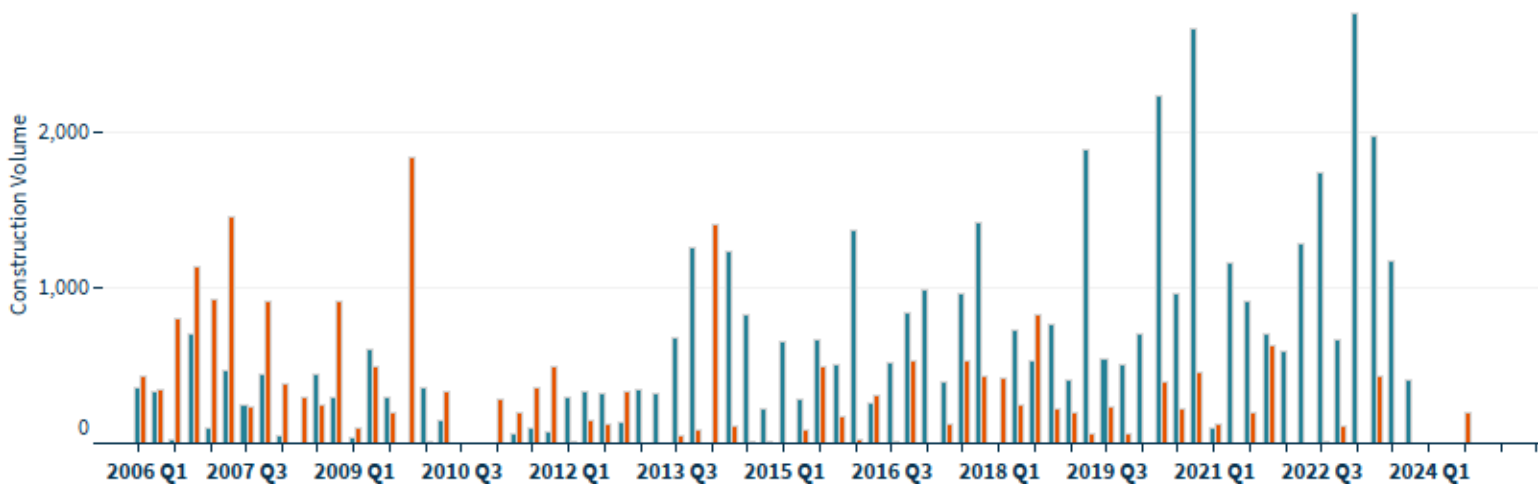
## Five Year Metro Area Growth Forecast

Source: Moody's Analytics	Q4 2021	Q4 2026	Fort Lauderdale (5-Year Annual Average Change)	National (5-Year Annual Average Change)
Population (000s)	1,987	2,085	0.97%	0.47%
Households (000s)	777	849	1.79%	0.90%
Renting Cohort (Ages 20-34) (000s)	377	381	0.21%	-0.30%
Total Employment (000s)	844	929	1.95%	1.08%
Median Household Income	\$60,370	\$70,994	3.30%	3.30%
Median SF Home Price	\$450,814	\$400,416	-2.34%	1.93%
Net Migration	14,482	17,164		

## SupplyTrack Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



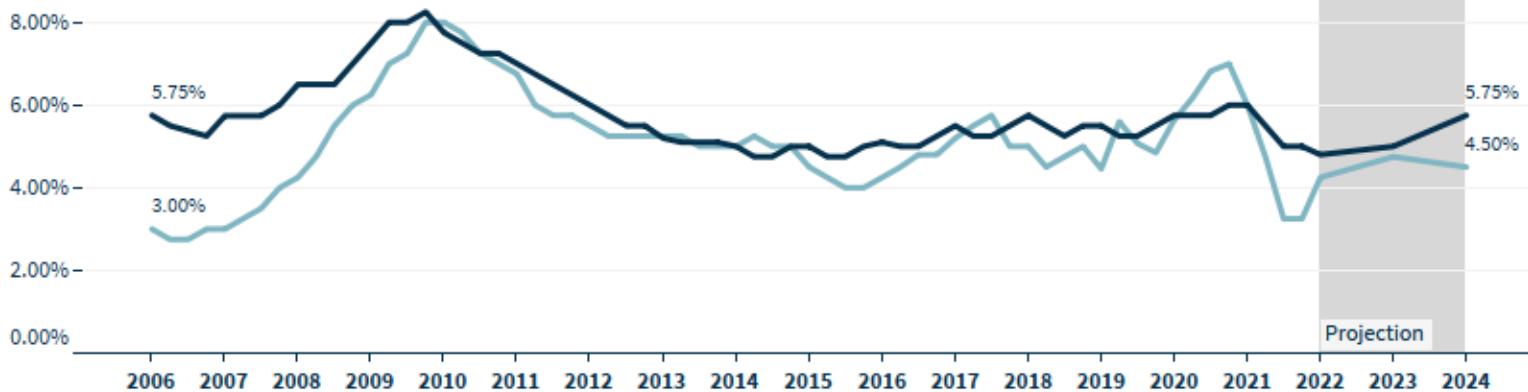
## Vacancy & Rent Composite Estimates

### Vacancy Rates

Fort Lauderdale | National

Q1 2022 Vacancy Rate:

4.25%

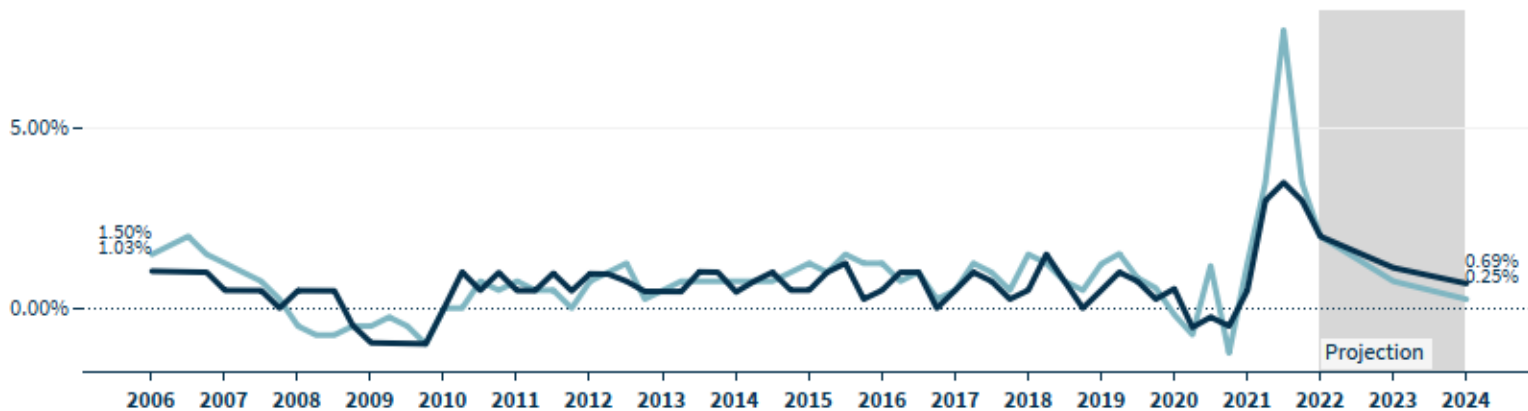


### Asking Rent Growth

Fort Lauderdale | National

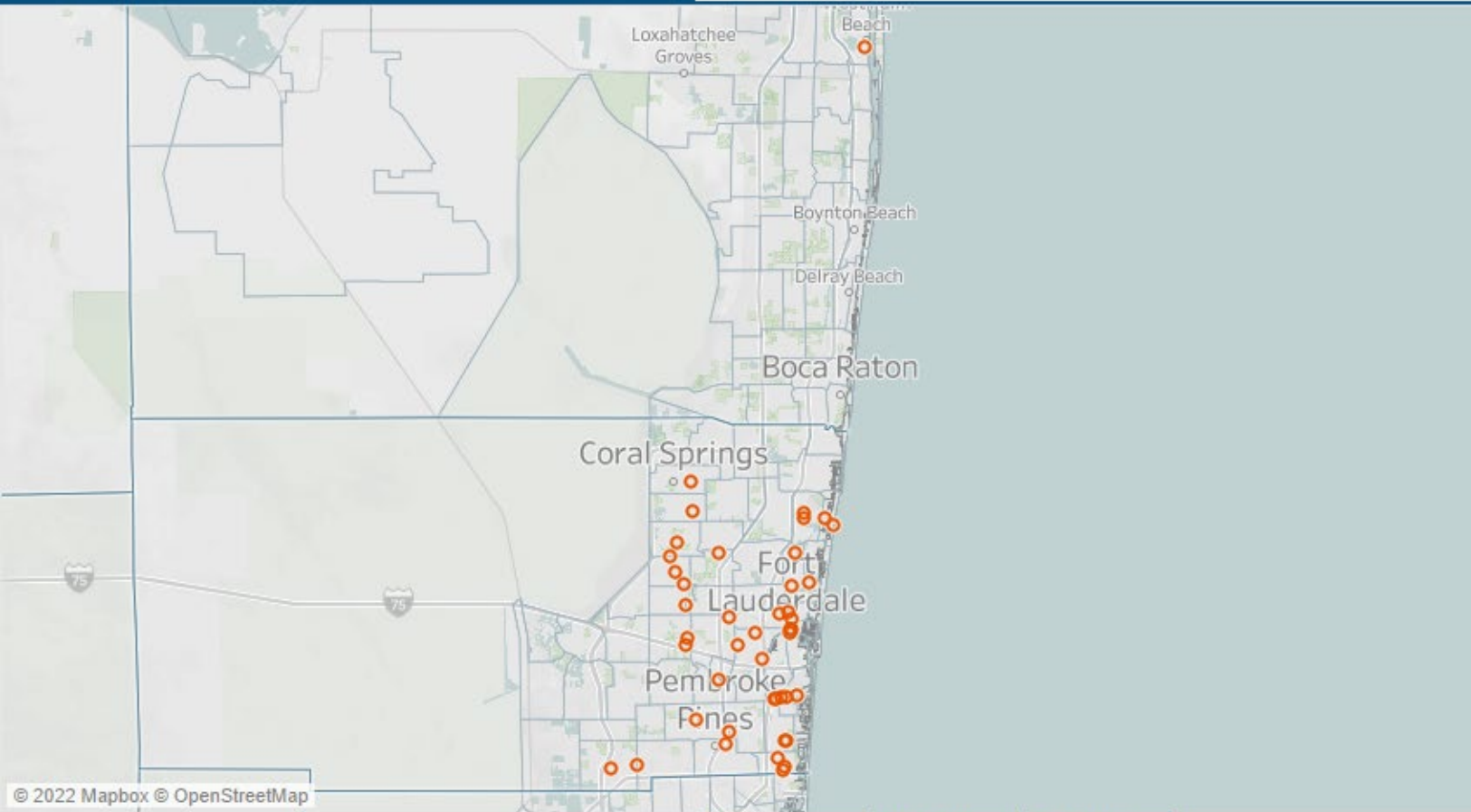
Q1 2022 Asking Rent:

\$2,090



Source: Multifamily Economics and Research

## Construction: Bidding & Underway



<i>TWR Submarket Name</i>	<i>Apartments</i>	<i>Building Units</i>	<i>Building Area SF</i>
Coral Springs	3	768	0.90M
Fort Lauderdale	12	2,536	3.74M
Hollywood	10	1,771	2.36M
Pembroke Pines/Miramar	5	1,412	1.53M
Plantation/Davie/Weston	4	1,084	1.51M
Pompano Beach/Deerfield Beach	4	769	0.74M
Sunrise/Lauderhill	5	1,139	1.38M
West Palm Beach	1	530	0.91M
<b>Grand Total</b>	<b>44</b>	<b>10,009</b>	<b>13.06M</b>

## Multifamily: ESR Team

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## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics SupplyTrack Pipeline
- Axiometrics
- CBRE-Econometric Advisors
- Yardi

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