

# Multifamily Metro Outlook:

## Palm Beach - Q4 2024

### Overview:

- The job market recovery in the Palm Beach metro continues to expand at a much slower pace than its accelerated rate of recovery in late 2021 and 2022. For the period ending Q4 2024, the local job market grew by 1.5%, which was slightly above the national rate of 1.3%. Furthermore, the slowdown can be attributed to underwhelming employment growth in both the education and health services and financial activities employment sectors, which performed below the national rate during the period ending Q4 2024.
- The local apartment market continues to be impacted by negative fundamentals. For the period ending Q4 2024, vacancy performance improved to 7% but remains elevated historically. Furthermore, rent growth is trending in the right direction as it expanded by 0.5% during the same period, which was an improvement of 75 basis points over the previous quarter.

### Market Strengths:

- According to Moody's Analytics, the local leisure and hospitality employment sector has been the prime beneficiary of increased tourism in both the state and the metro. As of November 2024, visitor arrivals are up 2% year-over-year, and activity at the local Palm Beach International Airport was up nearly 8% during this same period. Furthermore, the sector expanded by 4.1% compared to 1.7% nationally during the period ending Q4 2024.
- Within the last few years, there has been an influx of new wealthy relocations to the metro. According to CoStar, from 2020-2022, approximately \$16.3 billion of new net worth had relocated to the metro. Most of the high-income residents were relocating from both the Northeast and Western regions of the country. This influx of new money to Palm Beach has aided in the above-average demographic profile in the metro, as general population growth year-over-year (1.6%) has nearly tripled the national average (0.6%).

### Market Weaknesses:

- Despite the overall local job market expanding at a slightly higher rate than the national rate, there is still cause for concern about the quality of jobs being generated in the metro, as three employment sectors experienced contraction during the period ending Q4 2024.
- Due to the above-average presence of wealthy retirees who continue to migrate to the metro, the costs of living in the metro are approximately 20% higher and business costs are 5% higher than the national average and are much higher than other Florida metro areas.
- Even though population growth in the metro is exceptional, there is a looming fear that over the next few years the growth rate won't be as strong. According to CoStar, over the last five years, domestic migration to the metro has slowed, whereas international migration has been a catalyst for the growing population. Due to a myriad of reasons that were not exclusive to the pandemic, international relocation to the metro has slowed by more than 43% since 2017, per Moody's Analytics.

### New Development:

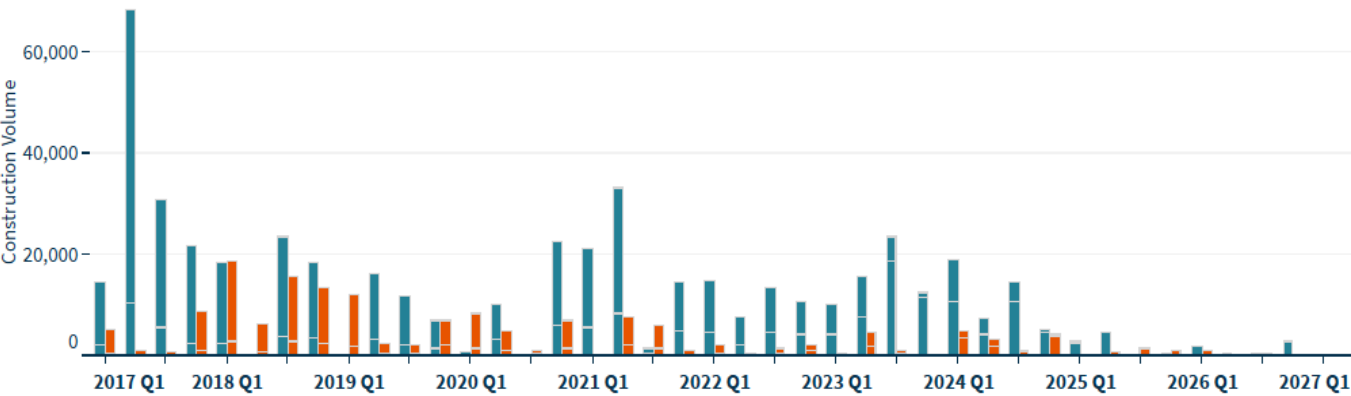
- A modest 22,000 multifamily units have completed since 2017 and nearly 4,000 more units are currently underway.

### Outlook:

- Limited new supply should keep demand steady as more residents, specifically retirees, migrate to the area. Apartment fundamentals are beginning to improve; however, vacancies remain elevated historically as rent growth is trending in the right direction.
- The Palm Beach metro's recovery has cooled off and is now on par with the national rate of recovery. Initial recovery in the metro was being led by both the financial services and professional business services sectors. In 2022, the leisure and hospitality sector's record performance aided the metro's expansion after lagging in 2020 and 2021. However, much of the growth in the metro will be muted as the cost of living continues to increase and the stellar rate of job growth comes back down to earth as a few employment sectors are experiencing periods of contraction.

Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway  
*Apartments | Condos*

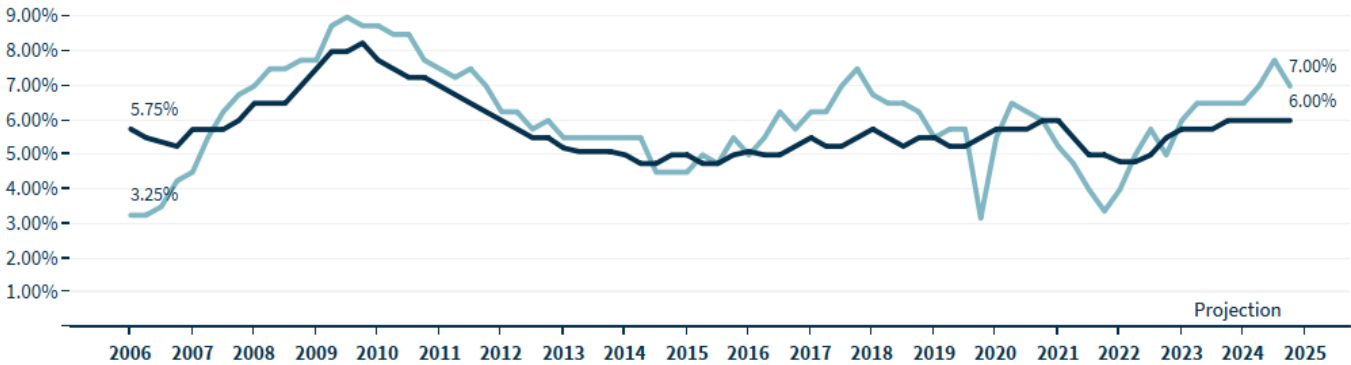


Source: Dodge Data & Analytics SupplyTrack Pipeline

Multifamily Vacancy & Rent Estimates

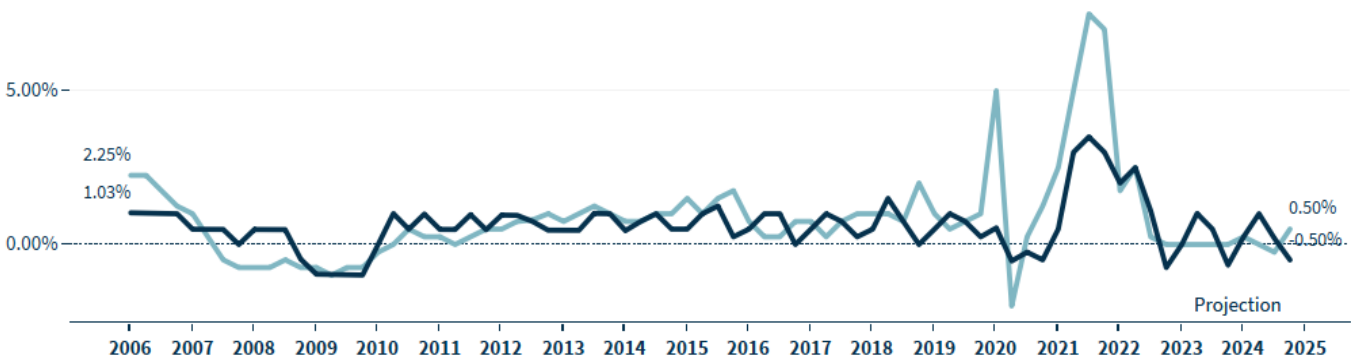
Vacancy Rates  
*Palm Beach | National*

Q4 2024 Vacancy Rate:  
7.00%



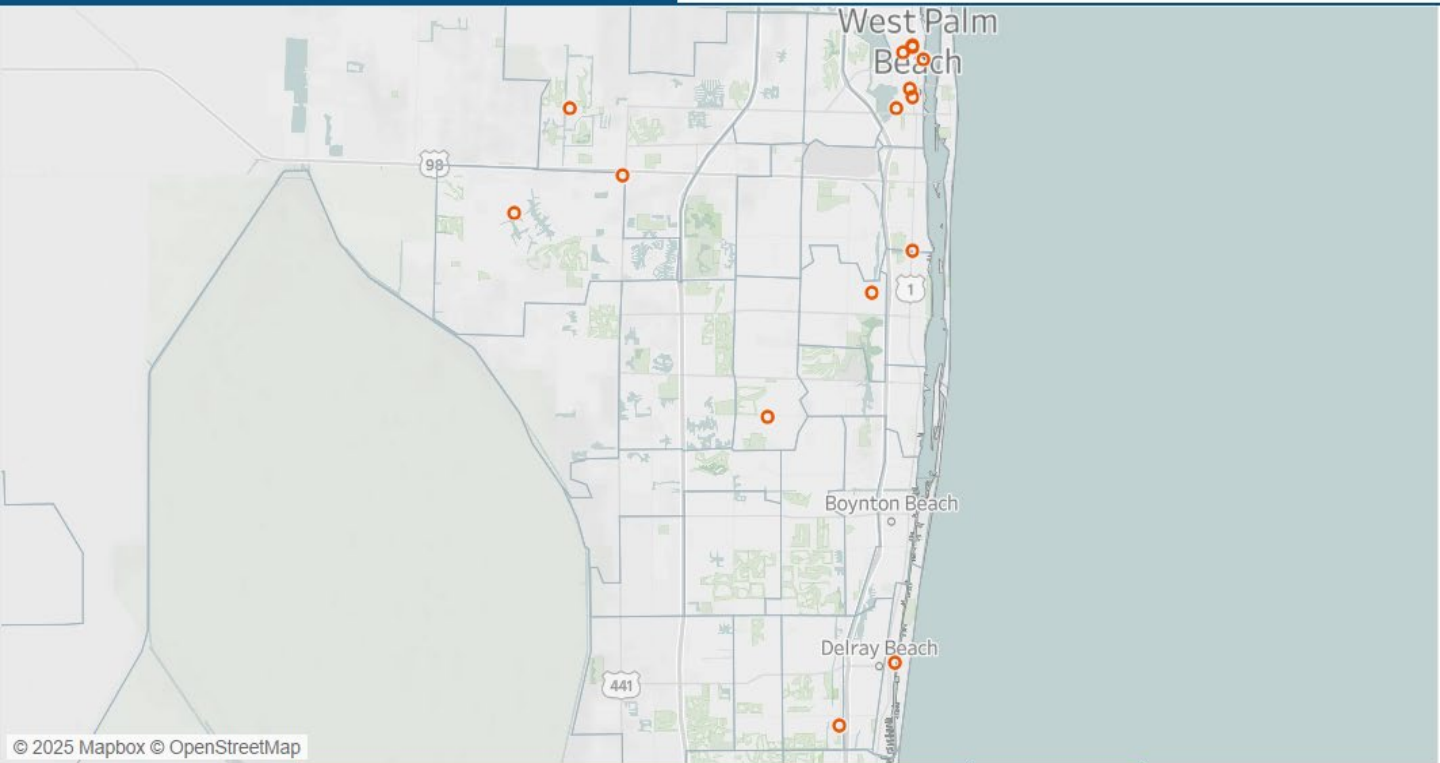
Asking Rent Growth  
*Palm Beach | National*

Q4 2024 Asking Rent:  
\$2,470



Source: Fannie Mae Multifamily Economics and Research

Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Boynton Beach/Delray Beach	2	435
Lake Worth/Greenacres/Wellington	4	1,077
West Palm Beach	9	2,105
Grand Total	15	3,617

Source: Dodge Data & Analytics SupplyTrack Pipeline

## Multifamily: ESR Team

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## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics Real Estate Analyzer
- CBRE-Econometric Advisors
- Yardi

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