

# HUD PD&R Housing Market Profiles

## Miami-Miami Beach-Kendall, Florida

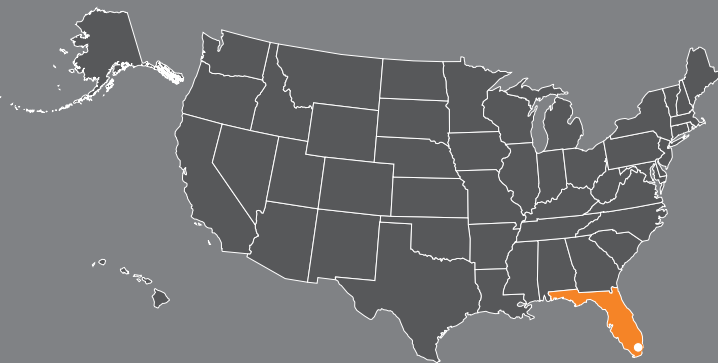


### Quick Facts About Miami-Miami Beach-Kendall

Miami, Florida

By David Kelley | As of May 1, 2021

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- While Miami is known for attracting visitors from around the world to the beaches, cruises, and nightlife in the area, the tourism industry weakened significantly during 2020. Visitors to Miami-Dade County decreased from 24.2 million in 2019 to 11.6 million in 2020, and the economic impact of tourism in the HMA fell by \$9.9 billion (Greater Miami Convention & Visitors Bureau).



### Overview

The Miami-Miami Beach-Kendall, FL metropolitan division (hereafter, Miami-Dade County), is located on the southeastern coast of Florida and is coterminous with Miami-Dade County. The county is an international destination for tourists and retirees and a busy location for international trade through PortMiami and Miami International Airport.

- As of May 1, 2021, the population of Miami-Dade County was estimated at 2.70 million—an average annual increase of 18,400, or 0.7 percent, since April 2010. Population growth decelerated during much of the 2010s, and the population declined 0.1 percent from 2019 to 2020 (U.S. Census Bureau decennial census count and population estimates as of July 1).
- The main contributor to the population decline has been reduced international in-migration. International in-migration declined from 53,750 people in 2017 to 28,600 people in 2020, and domestic out-migration slowed during this period.
- Declines in net natural change (resident births minus resident deaths) from an aging population have also contributed to slowing population growth. Growth in the 65-years-and-older age cohort has averaged 2.7 percent since 2010, versus 1.1 percent for the 25-to-64 age cohort and a 0.3-percent decline in the under-25 age cohort.



## Economic Conditions

COVID-19-related impacts on international and domestic tourism have caused the Miami-Dade County economy to contract more than the Southeast/Caribbean region and the nation. As a result, nonfarm payrolls have recovered at a slower pace than the Southeast/Caribbean region and the nation since 2020. From the lows reached during April 2020 to April 2021, total nonfarm payroll jobs have increased 10.0 percent, compared with increases of 10.1 and 10.9 percent for the Southeast/Caribbean region and the nation, respectively (not seasonally adjusted). During the 3 months ending April 2021, total nonfarm payrolls in Miami-Dade County decreased by 28,100 jobs, or 2.4 percent, from the same period in 2020. By comparison, nonfarm payrolls in the Southeast/Caribbean region increased 0.2 percent, and national payrolls decreased 0.3 percent during the 3 months ending April 2021. The largest job losses in the county occurred in the leisure and hospitality sector. During the 3 months ending April 2021, the leisure and hospitality sector decreased by 12,300 jobs, or 10.1 percent, compared with a year earlier and with the 0.5-percent decrease in the leisure and hospitality sector for the nation during the same period. The COVID-19-related stay-at-home order and business restrictions caused the sharp decline in leisure and hospitality jobs during April 2020, but restrictions were lifted by the end of the month. During April 2020, 124,900 jobs were lost due to these restrictions, and only 62 percent of these jobs have been recovered as of April 2021, compared with 70 percent for the nation. Since then, the slow

rebound of jobs has been mainly due to reduced tourism, both domestic and international. During the first quarter of 2021, domestic and international airline passenger arrivals at Miami International Airport were reduced by 33 percent and 68 percent, respectively, compared with the first quarter of 2019 (Miami International Airport). Cruise lines were also disallowed to operate starting on March 13, 2020. The reduction in air travel in combination with cruise line restrictions has kept the leisure and hospitality sector from recovering as quickly as other sectors in Miami-Dade County.

During the 3 months ending April 2021 —

- The largest sector in Miami-Dade County, wholesale and retail trade, decreased by 3,000 jobs, or 1.5 percent, compared with a year earlier. The wholesale trade subsector declined by 2,400 jobs, or 2.4 percent, making up a majority of the job losses. The general merchandise store industry made up the rest of the job losses in the sector because reduced visitors to Miami-Dade County significantly impacted retail stores. The general merchandise store industry declined by 1,700 jobs, or 8.0 percent, compared with a year earlier.
- The government sector made up the second largest sector job losses, declining by 7,100 jobs, or 4.9 percent, compared with the previous year. The job losses were almost exclusively concentrated in the local government subsector, which declined by 7,000 jobs, or 7.1 percent.

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**The leisure and hospitality sector in Miami-Dade County made up 44 percent of total job losses during the 3 months ending April 2021.**

	3 Months Ending		Year-Over-Year Change	
	April 2020 (Thousands)	April 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,163.6	1,135.5	-28.1	-2.4
Goods-Producing Sectors	93.9	92.8	-1.1	-1.2
Mining, Logging, & Construction	53.4	52.1	-1.3	-2.4
Manufacturing	40.5	40.7	0.2	0.5
Service-Providing Sectors	1,069.7	1,042.7	-27.0	-2.5
Wholesale & Retail Trade	204.5	201.5	-3.0	-1.5
Transportation & Utilities	82.9	77.9	-5.0	-6.0
Information	19.7	18.3	-1.4	-7.1
Financial Activities	81.0	81.2	0.2	0.2
Professional & Business Services	176.5	183.0	6.5	3.7
Education & Health Services	190.7	187.0	-3.7	-1.9
Leisure & Hospitality	121.5	109.2	-12.3	-10.1
Other Services	46.8	45.7	-1.1	-2.4
Government	146.0	138.9	-7.1	-4.9
<b>Unemployment Rate</b>	4.5%	7.7%		

Note: Numbers may not add to totals due to rounding.

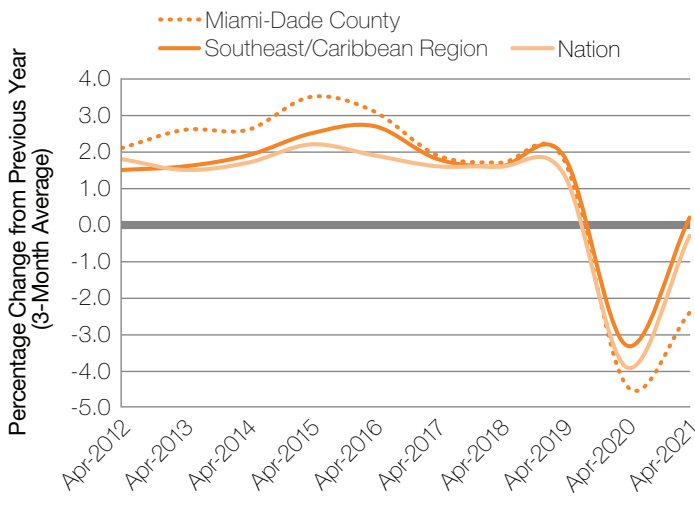
Source: U.S. Bureau of Labor Statistics



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- Manufacturing and financial activities were two of three sectors that grew during this period, increasing by 200 jobs each, or 0.5 and 0.2 percent, respectively.
- The unemployment rate rose to 7.7 percent from 4.5 percent during the same period in 2020. This increase is from a 3.5-percent decline in resident employment, whereas the labor force remained relatively unchanged.

**During the 3 months ending April 2021, nonfarm payroll decline in Miami-Dade County has been larger than in the Southeast/Caribbean region and the nation.**



Source: U.S. Bureau of Labor Statistics

During the 3 months ending April 2021, the professional and business services sector was the third sector that grew during the past year, increasing by 6,500 jobs, or 3.7 percent. In 2019, roughly \$1.5 billion in venture capital funding flowed into the Miami-Fort Lauderdale-West Palm Beach, FL Metropolitan Statistical Area, which includes Miami-Dade County. This helped fund many technology management and fintech—companies who use software or other technology to support banking and financial services—company startups in downtown Miami (Florida Venture Forum). During the 3 months ending April 2021, the professional, scientific, and technical services industry added 7,600 jobs, or 8.7 percent, compared with the previous year. Kaseya Limited, an information technology and security management company headquartered in the city of Miami, plans to add 500 jobs in the subsector by 2022. The Miami Downtown Development Authority has also committed \$560,000 to recruit eight firms that will bring 680 technology or finance related jobs with an average salary of \$162,000 during the next 3 years (Miami Downtown Development Authority).

### Largest Employers in Miami-Dade County

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Miami-Dade County	Government	25,502
Federal Government	Government	19,200
Florida State Government	Government	17,100

Note: Excludes local school districts.

Source: Miami-Dade Beacon Council

## Sales Market Conditions

The sales housing market in Miami-Dade County is currently balanced. The average existing home sales price (including single-family homes and townhomes) increased 35 percent during the 12 months ending April 2021 to \$602,600 (Zonda). Existing home sales price growth has accelerated recently due to low interest rates driving demand for housing. Despite increased construction in Miami-Dade County during 2020, much of the construction was concentrated in southern Miami-Dade County near Homestead. Existing home sales in this area increased 23 percent during the 12 months ending April 2021, whereas prices increased only 11 percent due to the elevated construction levels in 2020. In central and northern Miami-Dade County, existing home prices increased 37 percent, and sales increased 12 percent during the same period. This sudden increase in demand has led to a reduction in months' supply of single-family homes for sale to 2.2 months in April 2021—down from 5.6 months a year ago (Miami Association of Realtors®). New home sales prices have increased to \$436,900,

or 1 percent, during the 12 months ending April 2021, similar to the average annual increase since the same period during 2016 (Zonda). During the 12 months ending April 2021, existing home sales increased 5 percent to 21,100, whereas the supply of homes for sale has declined. By comparison, during the 12 months ending April 2020, existing home sales declined 3 percent to 20,150 compared with the same period in 2019. During the 12 months ending April 2021, new home sales have increased to 2,750, or 4 percent, compared with a year earlier.

- Growth in existing home sales prices averaged 6 percent from 2011 to 2019, with growth fluctuating between 4 and 11 percent throughout the period. During this period, existing home sales prices increased from \$274,500 in 2011 to \$432,200 in 2019. Existing home sales totaled 14,500 in 2011, increasing by an average 14 percent annually through 2014. Existing home sales then decreased by an average 2 percent every year, from 22,050 in 2015 to 20,650 in 2019.

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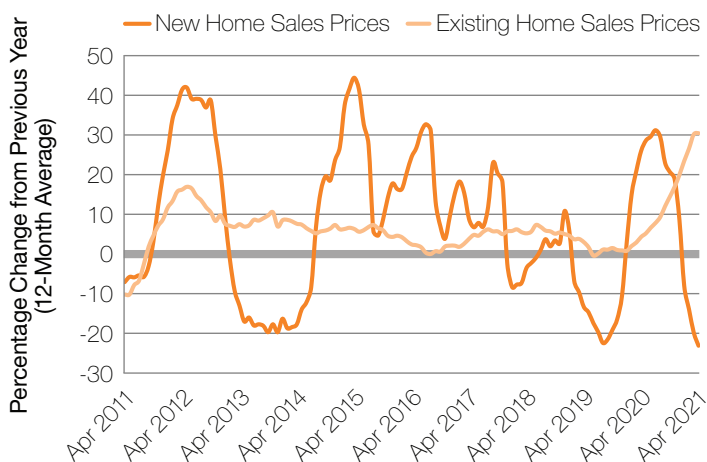


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- The average existing condominium sales price increased to \$464,200, or by 27 percent, during the 12 months ending April 2021. Existing condominium sales increased to 16,600, or by 14 percent, during the same period.
- The months' supply of townhomes and condominiums for sale decreased from 13.0 months in April 2020 to 7.1 months in April 2021 (Miami Association of Realtors®). Condominium construction slowed significantly after Hurricane Irma in 2017, from 4,850 units built in 2016 to 520 units built in 2017. The months' supply of inventory for sale peaked at 13.7 during 2017 and 2018 and has continued to decline since then.
- New condominium sales have declined since May 2019 and declined 65 percent during the 12 months ending April 2021 to 690 units compared with 1,950 during the same period in 2020 (Zonda). New condominium prices have nearly doubled from an average of \$816,200 during the 12 months ending May 2019 to \$1,564,000 during the 12 months ending April 2021.
- The percentage of home loans that were 90 or more days delinquent, in foreclosure, or had transitioned into REO status increased from 2.3 percent in March 2020 to 7.2 percent in March 2021 (CoreLogic, Inc.). This increase was because the number of mortgages that were 90 or more days delinquent increased 220 percent from March 2020 to March 2021 because of the pandemic.

Homebuilding activity, as measured by the number of single-family, townhomes, and condominiums permitted, increased

**During the 12 months ending April 2021, the average sales price of existing homes in Miami-Dade County increased significantly, whereas new home sales prices have declined.**



Note: Includes single-family, townhomes, and condominiums.

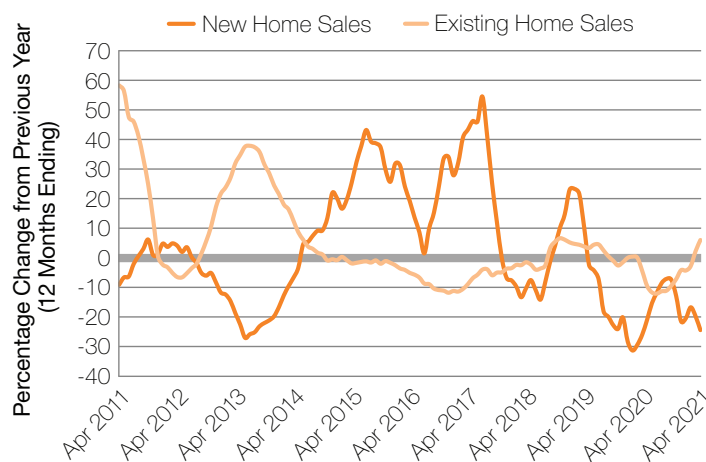
Source: Zonda

by 120 homes, or 3 percent, from a year earlier, to 3,950 homes permitted during the 12 months ending April 2021. Construction activity slowed from 7,750 homes in 2016 to just 2,825 homes in 2017 due to Hurricane Irma stalling condominium construction. Despite an increase in construction in the years following Hurricane Irma, slowing population growth has led to construction in Miami-Dade County staying below the levels in the years before the hurricane. From 2018 through 2020, an average of 4,875 homes were permitted annually compared with an average of 6,800 homes permitted annually from 2014 to 2016.

- During the 12 months ending April 2021, 1,800 condominium units were permitted, a 9-percent increase from the previous 12 months and making up 46 percent of the sales units permitted but much lower than in 2016, when 4,850 condominium units were permitted.
- The proportion of households in single-family units has increased since 2015 because the retirement-age cohort has preferred single-family units to condominium units. The proportion increased from 64.5 percent in 2015 to 67.4 percent in 2019, compared with a decrease for the 25-to-64 age cohort from 68.3 to 67.9 percent (IPUMS USA American Community Survey [ACS] 2015 and 2019 1-year data).
- Natiivo Miami is a 448-unit condominium property under construction in partnership with Airbnb, Inc. The building will include services, such as housekeeping and lobby hosts, to facilitate owners using their units for short term stays or renting. Prices start at \$350,000, and it is expected to be complete by the summer of 2023.

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**During the 12 months ending April 2021, existing home sales in Miami-Dade County began to increase, whereas new home sales have declined.**



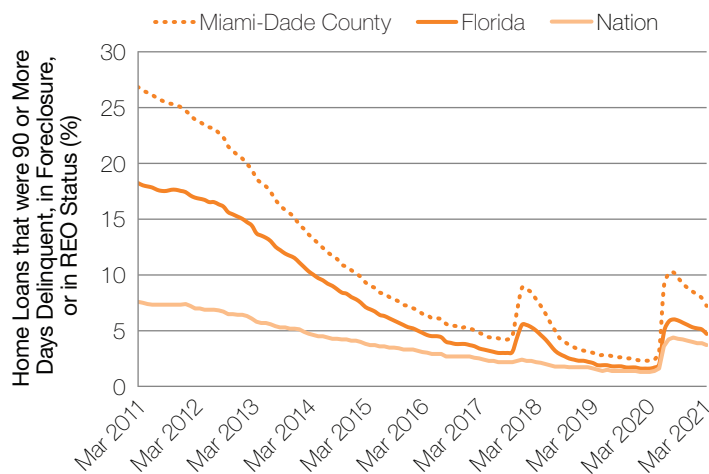
Note: Includes single-family, townhomes, and condominiums.

Source: Zonda



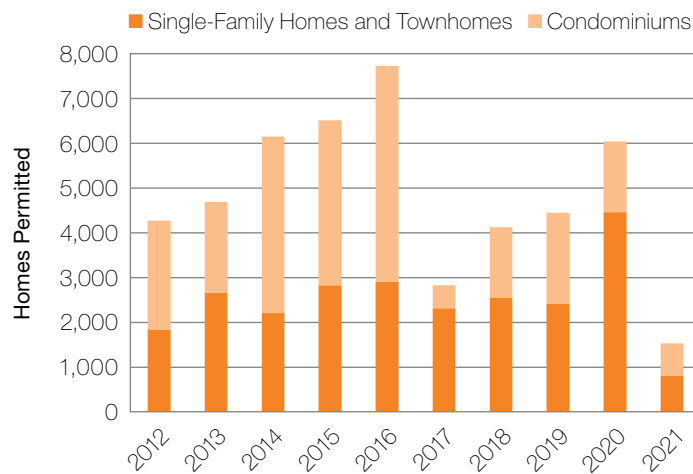
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The rate of seriously delinquent mortgages and REO properties in Miami-Dade County has steadily declined since August 2020.



REO = real estate owned.  
Source: CoreLogic, Inc.

Single-family home and townhome construction increased significantly during 2020, whereas condominiums permitted have stayed below 2016 levels.



Note: Includes preliminary data from January 2021 through April 2021.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

## Apartment Market Conditions

The apartment market in Miami-Dade County is currently balanced. As homeownership has become more expensive in Miami-Dade County, rental units have stayed in demand despite net out-migration. Homeownership by households in the 25-to-64 age cohort has decreased from 48.5 percent in 2010 to 38.7 percent in 2019 (IPUMS USA ACS 2010 and 2019 1-year data). This caused the apartment market in Miami-Dade County to be slightly tight for most of the previous decade and until 2021. The combination of the impact of COVID-19 on leisure and hospitality jobs and high levels of apartment construction during 2020 has led to a rise in apartment vacancy rates and low rent growth during 2021.

During the first quarter of 2021 —

- The apartment market had an average vacancy rate of 4.1 percent, increasing from 3.5 percent during the same period a year ago (RealPage, Inc.). The average vacancy rate increased from the first quarter of 2015 to the first quarter of 2019 as net in-migration slowed, whereas construction reached a new high during 2020.
- The average apartment rent increased slightly to \$1,714 during the first quarter of 2021. Despite increasing vacancy rates from the first quarter of 2015 to the first quarter of 2019, rent increased by an average of 5 percent annually during this period.
- The highest rents in the county are concentrated in the RealPage, Inc.-defined Downtown Miami/South Beach,

Coral Gables/South Miami, and West Miami/Doral market areas, where the average apartment rents during the first quarter of 2021 were \$2,197, \$1,936, and \$1,903, respectively. These submarkets were impacted the most by the recession during 2020 with increases in vacancy rates, whereas vacancy rates in the remaining market areas remained unchanged from the previous year at 3.3 percent.

- The North Central Miami and Hialeah/Miami Lakes market area had vacancy rates of 1.7 and 2.5 percent, respectively, during the first quarter of 2021—the lowest of the Miami-Dade County market areas. The Hialeah/Miami Lakes market area is one of the more densely populated areas outside of the city of Miami and Miami Beach and is near the new Hard Rock Stadium, Miami-Dade College North Campus, and Miami-Opa Locka Executive Airport.

Rental construction activity in Miami-Dade County, as measured by the number of rental units permitted, has trended upward since 2012 and increased 69 percent in 2020 to 13,600 units in response to slightly tight market conditions. Approximately 66 percent of the units built since 2015 have been in the city of Miami.

- During the 12 months ending April 2021, 6,300 rental units were permitted, a 31-percent decrease from the 12 months ending April 2020. Increasing costs of building and rising vacancy rates have contributed to slowing construction activity.
- During the 12 months ending April 2021, rental construction activity in the city of Miami decreased approximately 17 percent

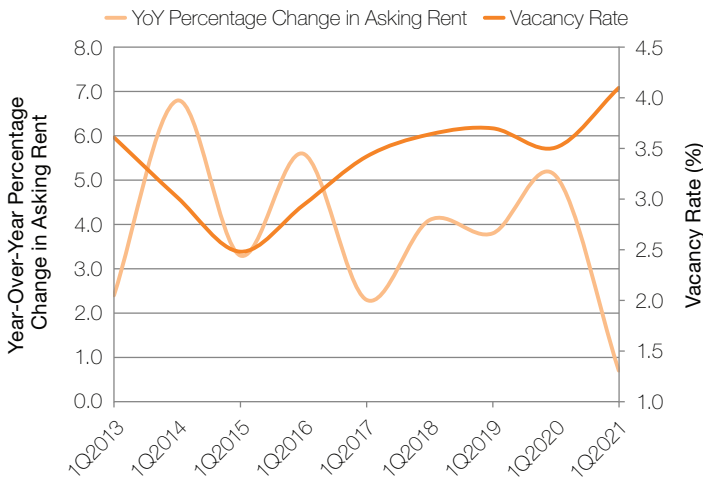
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to 4,600 units. There are 8,575 rental units currently under construction in the city of Miami.

- The AMLI Midtown Miami, a 719-unit apartment property built overlooking Biscayne Bay, was recently completed in 2020. The property includes one-, two-, and three-bedroom apartments with rents starting at \$2,561, \$3,812, and \$6,366 per month, respectively.

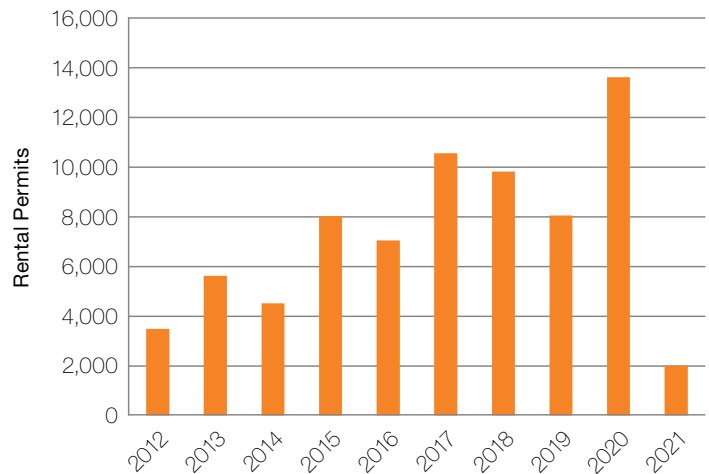
Rent growth has slowed as vacancy rates have increased since 2015 alongside increased construction levels.



1Q = first quarter. YoY = year-over-year.  
Source: RealPage, Inc.

- Located in the business district of downtown Miami, Downtown 5th is a 1,042-unit apartment complex scheduled to be completed within the next year. Located within walking distance to the Government Center Metrorail station, the property offers one-, two-, and three-bedroom apartment rents starting at \$1,380, \$2,150, and \$3,000, respectively.

Rental units permitted have generally increased in Miami-Dade County during the past decade in response to low vacancy rates but have been above absorption levels since 2015.



Note: Includes preliminary data from January 2021 through April 2021.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst