



Miami-Miami Beach-Kendall, Florida

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2016



Housing Market Area



The Miami-Miami Beach-Kendall Housing Market Area (hereafter, Miami HMA), located on the southeastern coast of Florida, is coterminous with the Miami-Miami Beach-Kendall, FL Metropolitan Division, which consists of Miami-Dade County. Known for its diverse population and tropical climate, the Miami HMA attracted an estimated 15.5 million visitors in 2015, which had an economic impact of more than \$36.6 billion on the HMA economy (Greater Miami Convention & Visitors Bureau).

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Summary

Economy

Economic conditions remained strong in the Miami HMA during the past 12 months, continuing a trend that began in 2010, although job growth is beginning to slow. During the 12 months ending March 2016, year-over-year nonfarm payroll growth slowed to 29,600 jobs, or 2.7 percent, from 36,100 jobs, or 3.4 percent, during the previous 12-month period. The wholesale and retail trade sector is the largest employment sector in the HMA, accounting for nearly 20 percent of all jobs. During the next 3 years, non-farm payrolls are expected to increase by an average of 27,100 jobs, or 2.4 percent, annually.

Sales Market

Sales housing market conditions in the HMA are balanced, with an estimated vacancy rate of 2.2 percent, down from 3.2 percent in April 2010. During the 12 months ending March 2016, the average home sales price increased and the number of homes sold declined, in part because of a decline in the number of distressed home sales. During the 3-year forecast period, demand is expected for approximately 17,350 new homes in the HMA (Table 1). The 6,725 homes currently under construction

will meet a portion of this demand. In addition, a portion of the estimated 60,000 other vacant units likely will reenter the market and satisfy some of the demand.

Rental Market

Rental housing market conditions currently are tight in the HMA, with an estimated vacancy rate of 6.5 percent, down from 9.0 percent in April 2010. Apartment market conditions are tight, with a vacancy rate of 2.3 percent during the first quarter of 2016, down from 2.4 percent during the first quarter of 2015 (MPF Research). During the next 3 years, demand is expected for an additional 13,900 rental units (Table 1). The 8,700 units currently under construction will satisfy some of this demand.

Table 1. Housing Demand in the Miami HMA* During the Forecast Period

	Miami HMA*	
	Sales Units	Rental Units
Total demand	17,350	13,900
Under construction	6,725	8,700

* Miami-Miami Beach-Kendall HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2016. A portion of the estimated 60,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2016, to April 1, 2019.

Source: Estimates by analyst

Economic Conditions

Following 3 years of decline, nonfarm payrolls in the Miami HMA began to rebound in 2011 and continued to increase during the past 12 months. During the 12 months ending March 2016, nonfarm payrolls increased by 29,600 jobs, or 2.7 percent, from the previous 12 months to 1.13 million jobs (Table 2). The unemployment rate decreased to 6.0 percent during this period, down from 6.7 percent during the previous 12 months (Figure 1). From 2002 through 2003, nonfarm payrolls declined by an average of 11,700 jobs, or 1.2 percent, annually as a result of the national recession. Job losses were

widespread, with the manufacturing sector, the retail trade subsector, and the professional and business services sector leading job losses by declining an average of 4,600, 4,300 and 3,600 jobs, or 7.9, 3.4, and 2.8 percent, annually, respectively. Payrolls began to rebound in 2004 and increased by an average of 20,100 jobs, or 2.0 percent, annually from 2004 through 2007. The professional and business services and the education and health services sectors led job growth, with average annual increases of 4,700 and 4,600 jobs, or 3.6 and 3.3 percent, respectively. In 2004, American Sales and Management Organization Corporation, which provides ground handling and passenger services for domestic and foreign carriers, expanded its office, adding 300 jobs in the city of Miami. As the HMA was hit with the national recession and housing crisis of the late 2000s, the number of nonfarm payrolls began to decline in 2008. From 2008 through 2010, payrolls declined by an average of 26,800 jobs, or 2.6 percent, annually, with the majority of losses occurring in 2009, when 57,900 jobs were lost. As a result of the housing crisis, the mining, logging, and construction sector lost the greatest number of jobs in the HMA during this period, declining by an average of 7,800 jobs, or 16.4 percent, annually. In 2011, the economy began to improve, and from 2011 through 2014, nonfarm payrolls increased by an average of 26,000 jobs, or 2.5 percent, annually, to 1.09 million, surpassing the previous peak employment level of 1.07 million in 2007. Growth in the service-providing sectors accounted for nearly 90 percent of growth during this period, with the greatest average annual increase in the professional and business services and

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Miami HMA,* by Sector

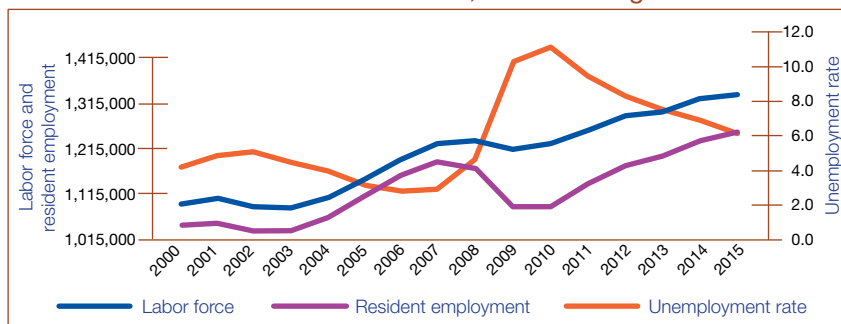
	12 Months Ending		Absolute Change	Percent Change
	March 2015	March 2016		
Total nonfarm payroll jobs	1,099,000	1,128,600	29,600	2.7
Goods-producing sectors	76,200	81,800	5,600	7.3
Mining, logging, & construction	38,100	42,500	4,400	11.5
Manufacturing	38,100	39,300	1,200	3.1
Service-providing sectors	1,022,800	1,046,800	24,000	2.3
Wholesale & retail trade	219,400	222,800	3,400	1.5
Transportation & utilities	65,900	67,900	2,000	3.0
Information	18,800	18,600	- 200	- 1.1
Financial activities	76,000	79,000	3,000	3.9
Professional & business services	155,400	160,500	5,100	3.3
Education & health services	167,900	173,300	5,400	3.2
Leisure & hospitality	131,000	134,200	3,200	2.4
Other services	50,400	52,600	2,200	4.4
Government	138,200	137,900	- 300	- 0.2

* Miami-Miami Beach-Kendall HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2015 and March 2016.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Miami HMA,* 2000 Through 2015



* Miami-Miami Beach-Kendall HMA.

Source: U.S. Bureau of Labor Statistics

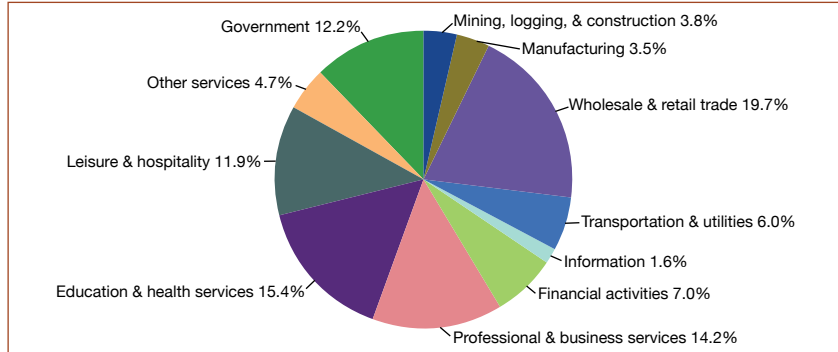
the wholesale and retail trade sectors, which rose by 6,800 and 6,500 jobs, or 5.0 and 3.2 percent, respectively. In 2012, HBO Latin America Group, an owner of cable networks, expanded its office in the city of Miami, adding 100 jobs in the professional and business services sector through 2014.

During the 12 months ending March 2016, the education and health services sector led job growth, with an increase of 5,400 jobs, or 3.2 percent, from the previous 12 months, to 173,300. As the second largest sector in the Miami HMA, at 15.4 percent of payroll jobs, education and health services is the only sector to have added jobs every year since 2001, in part because increased services are needed to support the growing population in the HMA

(Figure 2). The University of Miami (UM), whose 260-acre main campus is located in the city of Coral Gables, is the largest private employer in the HMA, with more than 14,600 faculty and employees (Table 3). Employment at UM increased more than 4 percent from the 2014–2015 school year. UM had an enrollment of nearly 16,850 students during fall 2015, up from approximately 16,750 during the previous year. UM has an annual economic impact of more than \$5.6 billion on the HMA (Bendixen & Amandi International, 2012). In 2015, Baptist Health South Florida, the second largest private employer in the HMA, with 14,000 employees, broke ground on the \$430 million Miami Cancer Institute. The medical facility will be the first hospital in South Florida and one of few in the country to offer proton therapy. Construction is expected to be complete by the end of 2016. The expected number of jobs to be added has not yet been announced.

The professional and business services sector—the third largest employment sector in the HMA, with 14.2 percent of all jobs—and the mining, logging, and construction sector added the second and third highest number of jobs during the past 12 months. During the 12 months ending March 2016, 5,100 jobs were added in the professional and business services sector, reaching 160,500 jobs, a 3.3-percent increase from the previous 12 months. The professional, scientific, and technical services subsector and the administrative and support and waste subsector each increased by 2,700 jobs, or 3.8 and 3.7 percent, respectively. Mining, logging, and construction was the fastest growing sector in the HMA during the past 12 months, increasing

Figure 2. Current Nonfarm Payroll Jobs in the Miami HMA,* by Sector



* Miami-Miami Beach-Kendall HMA.

Note: Based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Miami HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Miami-Dade County	Government	25,500
Federal Government	Government	19,200
Florida State Government	Government	17,100
University of Miami	Education & health services	14,600
Baptist Health South Florida	Education & health services	14,000
American Airlines	Transportation & utilities	11,350
Jackson Health System	Government	9,800
Florida International University	Government	5,750
City of Miami	Government	4,000
Carnival Cruise Line	Transportation & utilities	3,500

* Miami-Miami Beach-Kendall HMA.

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

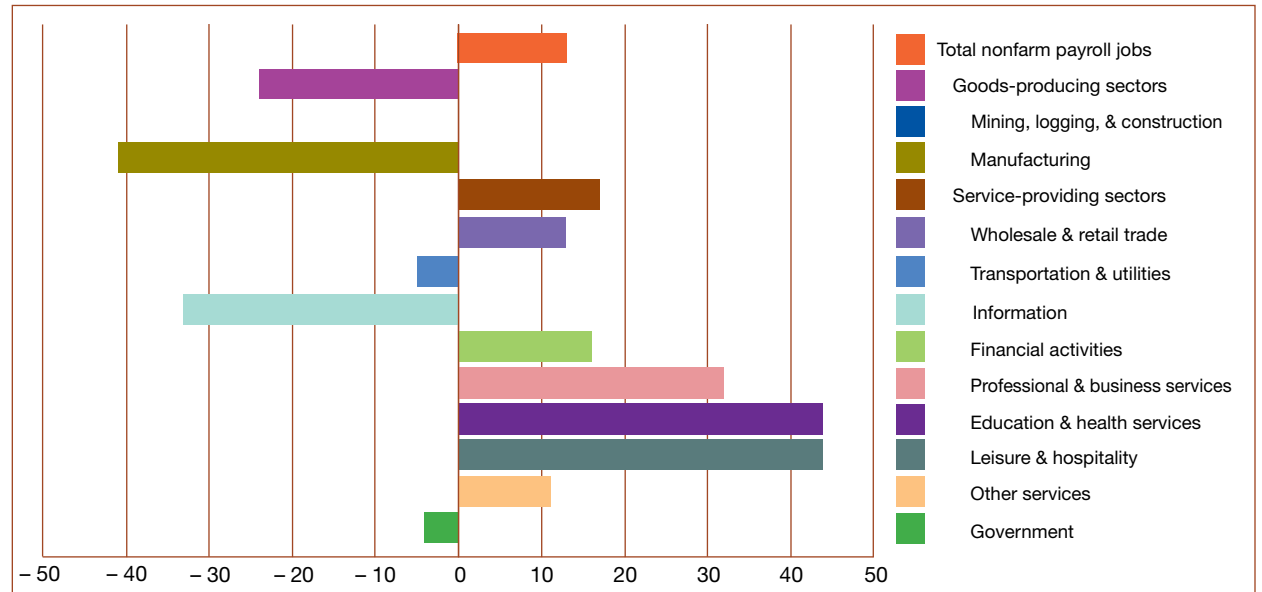
Sources: The Beacon Council; Miamijobs.com

by an average of 4,400 jobs, or 11.5 percent, annually, to 42,500, in part because of a rise in commercial construction and single-family homebuilding activity. Brickell City Centre, a \$1.05 billion mixed-use development in downtown Miami, began construction in July 2012 and is estimated to create more than 5,000 construction jobs during the period of construction, which is ongoing. Completion is expected by the end of 2017.

The large international trade and tourism industries have long been major contributors to the local economy. PortMiami, which receives the most cruise passengers in the world and is a gateway for commercial trade, contributes more than \$28 billion annually and provides more than 207,000 jobs in South Florida (Miami-Dade County data). In 2015, the port had more than 4.9 million passenger arrivals, up 2 percent from the previous year, and traded more than 8.6 million tons of cargo, up nearly 12 percent from 2014. Latin America and the Caribbean make up 50 percent of the trade region, with the Far East, Europe, and the Middle East/Africa making up 34, 11, and 5 percent, respectively. In 2014, the Miami International Airport (MIA) ranked first in the country and tenth in the world for international freight. It ranked second in the country for international passengers. MIA and the general aviation airports have an annual economic impact of \$33.7 billion on the local economy, contributing more than 282,700 jobs directly and indirectly. In 2015, MIA had approximately 44.3 million passengers. Most of the tourism jobs in the Miami HMA are in the leisure and hospitality and the wholesale and retail trade

sectors, which, combined, account for nearly 32 percent of all jobs in the HMA. The wholesale and retail trade sector—the largest employment sector in the HMA, with 19.7 percent of all nonfarm payrolls—added the fourth most jobs during the past year. During the 12 months ending March 2016, the sector increased by 3,400 jobs, or 1.5 percent, to 222,800. In February 2016, The Home Depot, a home improvement retailer, announced plans to hire 500 workers in its stores and distribution facilities in the HMA in anticipation of increased sales activity in the spring. The leisure and hospitality sector added 3,200 jobs, an increase of 2.4 percent, to an average of 134,200. This sector had the most growth in the HMA from 2000 to the current date (Figure 3). The Marriott Marquis Miami Worldcenter Hotel is expected to break ground by the first quarter of 2017, adding approximately 1,325 jobs in the city of Miami.

Nonfarm payrolls are expected to increase during each of the next 3 years, although at a slower rate each year, averaging growth of 27,100 jobs, or 2.4 percent, annually, to 1.21 million jobs. The education and health services sector is expected to continue to lead in job growth during the 3-year forecast period. In January 2016, the UM Leonard M. Miller School of Medicine broke ground on a new \$50 million medical education center. The new building will include teaching facilities, a virtual medical library, a 500-seat auditorium, a media production facility, and a clinical skills assessment center. The expected number of jobs to be added has not yet been announced.

Figure 3. Sector Growth in the Miami HMA,* Percentage Change, 2000 to Current

* Miami-Miami Beach-Kendall HMA.

Notes: Current is based on 12-month averages through March 2016. During this period, payrolls in the mining, logging, & construction sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of April 1, 2016, the estimated population of the Miami HMA was 2.69 million, an increase of 32,250, or 1.3 percent, annually since 2010. Miami-Dade is the most populous county in the state. Nearly 60 percent of the population growth in the HMA since 2010 has been from net in-migration, which has averaged 19,350 people annually. From 2003 to 2007, during a time of economic expansion, population grew moderately, increasing by an average of 27,650, or 1.2 percent, annually (University of Florida Bureau of Economic and Business Research [BEBR], with adjustments by the analyst, estimates as of July 1). Net in-migration accounted for nearly 47 percent of population growth during this period, averaging 13,050 people annually. From 2007 to 2010, a period of economic decline, population growth slowed to an average of 15,600 people, or 0.6 percent, annually,

with net in-migration accounting for 4 percent of the population growth, averaging 650 people annually. Since 2010, as the HMA has rebounded from the economic downturn, population growth has reached record highs, in part because job growth has surpassed prerecession levels.

Foreign in-migration has been a significant contributor to population growth in the HMA. Since 2005 (the earliest data available), the HMA has led the state in foreign in-migration and accounted for nearly one-fourth of the total foreign in-migration in the state from 2005 through 2009 (BEBR). Migrants from Cuba have led in foreign in-migration since 2005. From 2010 through 2014, the HMA had 39,531 foreign in-migrants, an average of 9,900 a year, up 17 percent from the number of migrants from 2005 through 2009.

Population and Households *Continued*

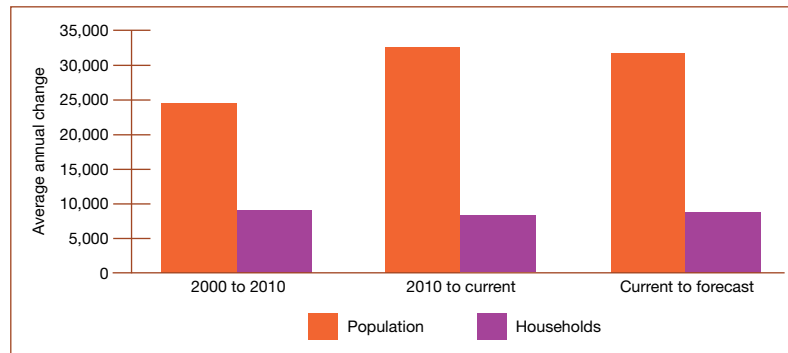
Increasing enrollment at UM also has contributed to net in-migration to the HMA. From 2004 (the earliest data available) to 2007, enrollment at UM increased by an average of 140 students, or nearly 1.0 percent, annually. As the economy weakened, enrollment growth slowed to an average of 60 students,

or 0.4 percent, annually from 2007 to 2010. Enrollment growth returned to 1.0 percent, or 220 students, annually from 2010 to 2015, as economic conditions improved in the HMA.

During the next 3 years, the anticipated annual slowdown in nonfarm payrolls is expected to contribute to a slight decrease in total population growth to 31,350, or 1.2 percent, annually (Figure 4). Figure 5 shows components of population change from 2000 to the forecast date.

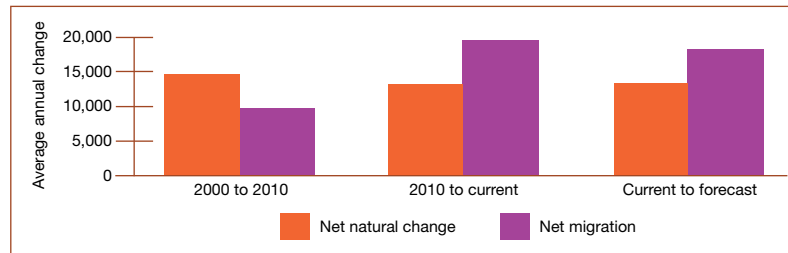
Since 2000, renter households in the Miami HMA have increased as homeownership has continued to decline. An estimated 916,400 households currently live in the HMA, an increase of 8,175, or 0.9 percent, since 2010 compared with an increase of 9,050, or 1.1 percent, from 2000 to 2010. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date. Housing costs in the HMA are higher than those in nearby Broward and Palm Beach Counties. The homeownership rate in the HMA declined from 57.8 percent in 2000 to 55.8 percent in 2010. The decline has accelerated since 2010, to 53.0 percent currently, in part because the preference to rent rather than buy a home has increased. Renter households have increased an average of 2.0 percent annually since 2010, to a current estimate of 430,700, accounting for nearly 96 percent of household growth during the period (Table DP-1 at the end of this report). By comparison, renter households increased 1.6 percent annually from 2000 to 2010 and accounted for 55 percent of household growth during that period. During the 3-year forecast period, the number of households is expected to increase by an average of 8,725, or 0.9 percent, as the rate of population growth decreases slightly.

Figure 4. Population and Household Growth in the Miami HMA,* 2000 to Forecast



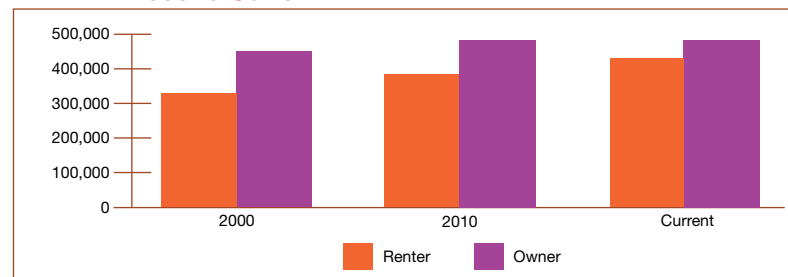
* Miami-Miami Beach-Kendall HMA.
 Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Miami HMA,* 2000 to Forecast



* Miami-Miami Beach-Kendall HMA.
 Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Miami HMA,* 2000 to Current



* Miami-Miami Beach-Kendall HMA.
 Note: The current date is April 1, 2016.
 Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

Sales housing market conditions in the Miami HMA are balanced, with an estimated vacancy rate of 2.2 percent, a decline from 3.2 percent in April 2010. Strong economic growth has contributed to increased demand in the housing market, which has lowered vacancies in the HMA. In the past year, sellers have become more confident in the home sales market, as shown by a decline in the number of days on the market and an increase in home sales prices. Active listings totaled 20,446 during the first quarter of 2016, up more than 13 percent from the previous year (MIAMI Association of Realtors®). The median number of days on the market for existing single-family homes decreased from 126 days during the first quarter of 2015 to 117 days during the first quarter of 2016, and the number of days on the market for existing condominiums declined from 125 to 120 days.

Although traditional home sales have increased, declining distressed home sales (real estate owned [REO] sales and short sales) in the market have led to a decrease in total existing home sales during the past 12-month period. During the 12 months ending March 2016, existing home sales (including single-family homes, townhomes, and condominiums) totaled nearly 45,850, a decrease of 1,450 homes, or 3 percent, from the previous year (CoreLogic, Inc., with adjustments by the analyst). Existing home sales increased from 2000 through 2004, to 69,250 homes sold in 2004, the year the HMA recovered from the previous economic recession. Home sales declined annually from 2005 through 2008, reaching a low of 25,900 homes sold in 2008, during the beginning of the economic recession. Home sales

began to increase slightly in 2009, although sales levels remained below the previous high levels partly because of the housing crisis and slower household growth. From 2009 through 2015, home sales increased annually, averaging 41,900 homes sold per year. As a result of decreasing distressed home sales, the average existing home sales price increased during the past 12 months, to \$351,400, a 6-percent increase from the previous 12-month period. The average sales price peaked at \$381,400 in 2007 and declined an average of 13 percent annually from 2008 through 2010, during the economic recession, to \$237,500. Prices began to rebound in 2011, increasing an average of 9 percent annually from 2011 through 2015.

Distressed home sales in the HMA have slowed significantly in response to strengthening economic conditions. During the 12 months ending March 2016, the number of distressed homes sold declined to 8,600, a 29-percent decline from the 12,100 homes sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). Distressed homes accounted for nearly 18 percent of homes sold during the past 12 months, down from 26 percent during the previous 12-month period. Distressed sales averaged 5,350 homes sold annually from 2006 through 2009 before peaking in 2010, when 15,100 homes were sold. Distressed home sales levels have fluctuated since 2010, with an average of 13,350 homes sold annually from 2010 through 2015. The average price of a distressed home was \$194,100 during the 12 months ending March 2016, up 9 percent from the previous year. Prices averaged \$399,700 in 2006 before declining to a low of \$149,300

Housing Market Trends

Sales Market *Continued*

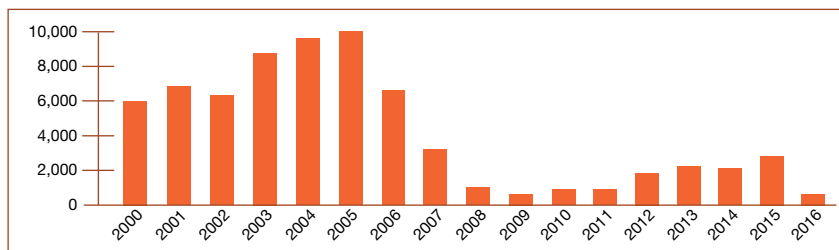
in 2010. As the market began to recover, distressed home sales prices increased an average of 5 percent annually from 2011 through 2015. As of March 2016, 6.5 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from 9.3 percent in March 2015 and well below the peak of 28.0 percent in February 2010 (CoreLogic, Inc.). The current rate in the HMA is above those of both Florida and the nation, which were 4.8 and 3.0 percent, respectively, during March 2016.

New home sales in the Miami HMA have increased during the past year, surpassing the previous peak during the height of the housing boom, as economic conditions improve. The number of new homes sold (including single-family homes, townhomes, and condominiums) totaled 2,575 during the 12 months ending March 2016, up 8 percent from the previous 12 months. New home sales averaged 1,300 homes annually from 2000 through 2005, peaking at 2,550 homes sold in 2005 during the height of the housing boom. Sales began to decline in 2006 with the slowdown in job growth and averaged 560 homes annually from 2006 through 2012. Home sales reached a low of 140 homes sold in 2012 before beginning to increase in 2013, as job growth

increased significantly in the HMA. From 2013 through 2015, home sales fluctuated annually, averaging 190 homes sold each year. The average new home sales price was \$518,400 during the past 12 months, a 39-percent increase from the previous 12-month period and the highest average new home sales price since 2000. The large number of foreign buyers, who spend relatively more on homes in the HMA, has shifted new home development toward higher-priced homes, which tend to be second homes for those buyers rather than lower-cost starter homes. The previous peak occurred in 2008, when the average new home sales price was \$426,000. The average price fluctuated from 2009 through 2013, declining to \$355,900 in 2013. In 2014 and 2015, prices increased an average of 20 percent annually, as the number of sales increased.

Builders have responded to balanced sales market conditions by expanding single-family homebuilding activity, as measured by the number of single-family homes permitted, during the past year. During the 12 months ending March 2016, permits were issued for nearly 2,975 single-family homes, up 680 homes, or 30 percent, from the previous 12 months (preliminary data). From 2000 through 2005, single-family homebuilding was at its highest reported level, averaging 7,900 homes annually, in response to strong job growth during the latter half of the period (Figure 7). Permitting reached a peak in 2005, during the housing boom, at 9,925 homes permitted. As job growth slowed, permitting slowed to 6,550 homes in 2006, down 34 percent from the previous year. Permitting declined 50 percent in 2007, to 3,250 homes,

Figure 7. Single-Family Homes Permitted in the Miami HMA,* 2000 to Current



* Miami-Miami Beach-Kendall HMA.

Notes: Includes townhomes. Current includes data through March 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

as the HMA entered into a recession and remained low from 2008 through 2011, averaging 900 homes annually during the housing crisis. Homebuilding activity increased in 2012, as the economy continued to rebound, and averaged 2,250 homes annually from 2012 through 2015.

The Ritz-Carlton Residences, Miami Beach currently is under construction. At more than 65 percent sold, the property will have 111 condominiums and 15 villas, priced from \$2 million to \$40 million and is expected to be complete during the first quarter of 2017. Paraiso Bayviews currently is under construction in the city of

Miami. The 396-unit condominium building will have one-, two-, and three-bedroom units starting at \$527,900 and is expected to be complete during the first quarter of 2017. The 112-home Serenity subdivision is under construction in the city of Miami. The single-family homes, priced from \$416,990 to \$513,990, will range in size from three to five bedrooms and from 1,957 to 3,315 square feet. The expected completion date is not yet known.

During the next 3 years, demand is expected for an estimated 17,350 new homes in the HMA (Table 1). Demand is expected to be greatest in the \$250,000-to-\$449,999 price range. Table 4 shows the estimated demand for market-rate sales housing by price range. The 6,725 homes currently under construction and a portion of the 60,000 other vacant units in the HMA that may reenter the market will satisfy some of the demand. New homes should come on line during the second year of the 3-year forecast period and increase during the third year to allow for the absorption of the homes currently under construction and in planning.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Miami HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
250,000	349,999	4,325	25.0
350,000	449,999	3,475	20.0
450,000	549,999	2,600	15.0
550,000	649,999	1,725	10.0
650,000	749,999	1,550	9.0
750,000	849,999	1,375	8.0
850,000	949,999	1,225	7.0
950,000	and higher	1,050	6.0

* Miami-Miami Beach-Kendall HMA.

Notes: The 6,725 homes currently under construction and a portion of the estimated 60,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2016, to April 1, 2019.

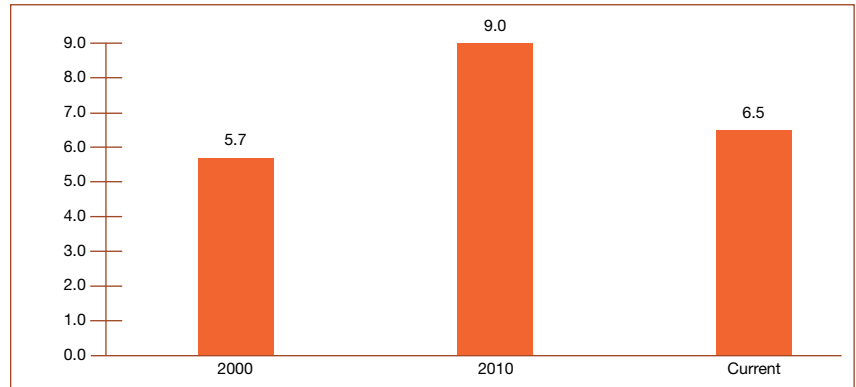
Source: Estimates by analyst

Rental Market

Rental housing market conditions currently are tight in the Miami HMA, with an estimated overall vacancy rate of 6.5 percent, down from 9.0 percent in April 2010 (Figure 8). Strict lending standards initiated during the housing crisis increased the demand for rental units during the past 5 years, decreasing vacancy rates and increasing the average rent. Apartment market conditions in the HMA currently are tight as a result of demand outpacing new supply on

the market. As of the first quarter of 2016, the apartment vacancy rate was 2.3 percent, down from 2.4 percent during the first quarter of 2015 and down from 13.8 percent during the first quarter of 2010 (MPF Research). The average asking rent was \$1,315, up 4 percent from the previous year. The MPF Research-defined Downtown Miami/South Beach market area, which added the most new apartments in the HMA during the past year, had the second lowest

Figure 8. Rental Vacancy Rates in the Miami HMA,* 2000 to Current



* Miami-Miami Beach-Kendall HMA.

Note: The current date is April 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

apartment vacancy rate of 1.0 percent compared with 1.4 percent during the first quarter of the previous year. The average asking rent in the Downtown Miami/South Beach area decreased nearly 1 percent from the first quarter of 2015 to \$1,841, the highest average rent in the HMA, in part because of the increase of new supply in the market—10 apartment properties, with 3,490 units, currently are under construction in the area.

UM has a significant impact on the local rental market. More than 76 percent of students live off campus. Conditions in the Coral Gables/South Miami area, where UM is located, were tight during the first quarter of 2016, with an apartment vacancy rate of 1.9 percent compared with 3.3 percent during the first quarter of 2015. The average asking rent was \$1,499 during the first quarter of 2016, up 3 percent from the previous year. Seven apartment properties, with 1,477 units, currently are under construction in the area.

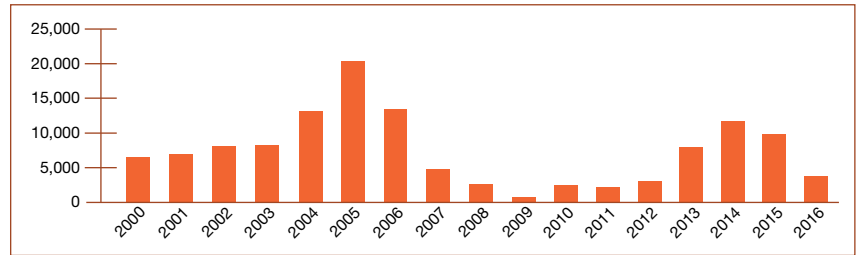
Multifamily construction activity, as measured by the number of multifamily units permitted, picked up during the past 3 years in response to

increased rental demand but remains well below the prerecession level.

During the 12 months ending March 2016, 8,100 units were permitted, up 280 units, or 4 percent, from the previous 12 months (preliminary data). Since 2015, condominiums have accounted for approximately 55 percent of all multifamily units permitted compared with 90 percent during the peak in 2005. From 2000 through 2005, multifamily construction levels were high, averaging 10,650 units annually. Permitting dropped 34 percent in 2006 from the previous year, as job growth declined significantly, and declined each subsequent year to a low of 770 units in 2009. An average of 2,700 units were permitted annually from 2010 through 2012, as the HMA recovered from the economic recession. As the apartment market tightened, construction activity spiked in 2013 to more than double the level reported in 2012 and averaged 9,850 units permitted annually from 2013 through 2015. Figure 9 shows the number of multifamily units permitted from 2000 to the current date.

Panorama Tower currently is under construction in downtown Miami. The \$800 million mixed-use development

Figure 9. Multifamily Units Permitted in the Miami HMA,* 2000 to Current



* Miami-Miami Beach-Kendall HMA.

Notes: Excludes townhomes. Current includes data through March 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

will be the tallest residential building on the eastern seaboard south of New York. The building will have 100,000 square feet of medical office space, 50,000 square feet of retail space, 208 hotel rooms, and 821 apartments and is expected to be complete by the end of 2017. Asking rents have not yet been released. The 550-unit 8800 Doral apartments currently are under construction in the city of Doral. The property will consist of studio, one-bedroom, two-bedroom, and three-bedroom units, with rents starting at \$1,575, \$1,710, \$2,225, and

\$2,510, respectively. The apartments are expected to be complete at the beginning of 2017.

During the 3-year forecast period, demand is expected for 13,900 new market-rate rental units in the HMA (Table 1). The 8,700 units under construction should satisfy a portion of this demand. New units should come on line during the third year of the forecast period to allow for absorption of the units currently under construction and in planning. Table 5 shows the estimated demand by rent and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Miami HMA* During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,400 to 1,599	240	1,500 to 1,699	2,175	1,700 to 1,899	1,950	2,100 to 2,299	490
1,600 to 1,799	170	1,700 to 1,899	1,550	1,900 to 2,099	1,400	2,300 to 2,499	350
1,800 to 1,999	140	1,900 to 2,099	1,250	2,100 to 2,299	1,100	2,500 to 2,699	280
2,000 to 2,199	70	2,100 to 2,299	620	2,300 to 2,499	560	2,700 to 2,899	140
2,200 or more	70	2,300 to 2,499	310	2,500 to 2,699	280	2,900 to 3,099	70
		2,500 or more	310	2,700 or more	280	3,100 or more	70
Total	690	Total	6,250	Total	5,550	Total	1,400

* Miami-Miami Beach-Kendall HMA.

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 8,700 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2016, to April 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Miami HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	1,046,967	1,089,226	1,254,000	0.4	2.7
Unemployment rate	4.3%	11.1%	6.0%		
Nonfarm payroll jobs	998,300	985,400	1,129,000	-0.1	2.6
Total population	2,253,779	2,496,435	2,690,000	1.0	1.3
Total households	776,774	867,352	916,400	1.1	0.9
Owner households	449,325	483,874	485,700	0.7	0.1
Percent owner	57.8%	55.8%	53.0%		
Renter households	327,449	383,478	430,700	1.6	2.0
Percent renter	42.2%	44.2%	47.0%		
Total housing units	852,278	989,435	1,017,000	1.5	0.5
Owner vacancy rate	2.1%	3.2%	2.2%		
Rental vacancy rate	5.7%	9.0%	6.5%		
Median Family Income	\$42,400	\$50,800	\$48,400	1.8	-1.0

* Miami-Miami Beach-Kendall HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2016. Median Family Incomes are for 1999, 2009, and 2014. The current date is April 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 4/1/2016—Analyst’s estimates
 Forecast period: 4/1/2016–4/1/2019—Analyst’s estimates

The metropolitan division definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Miami_MiamiBeach_KendallFL_16.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.