

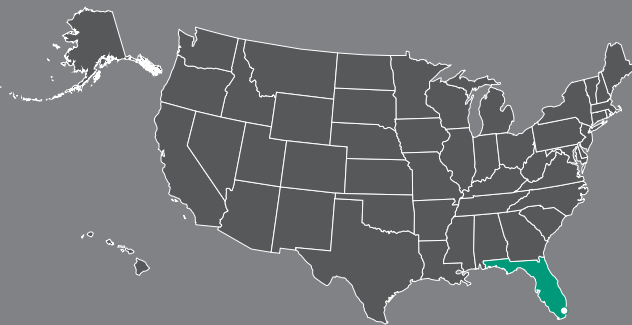
# HUD PD&R Housing Market Profiles

## Miami-Miami Beach-Kendall, Florida



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

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- Known as a destination for beautiful beaches and eclectic nightlife, the Miami HMA attracted an estimated 15.9 million visitors in 2017, which had an economic impact of more than \$38.9 billion on the HMA's economy (Greater Miami Convention & Visitors Bureau).



By T. Michael Miller | As of June 1, 2019

### Overview

The Miami-Miami Beach-Kendall Metropolitan Division (hereafter, Miami-Dade County), on the southeastern coast of Florida, is coterminous with Miami-Dade County. The coastal location makes Miami-Dade County an attractive destination for trade and tourism. During 2018, nearly 8.78 million tons of cargo passed through PortMiami, an increase of 2 percent from 2017. The number of cruise passengers out of PortMiami also hit record highs, with 5.3 million passengers sailing during 2017, up nearly 5 percent from 2016 (Greater Miami Convention & Visitors Bureau).

- As of June 1, 2019, the population of Miami-Dade County is estimated at 2.79 million, reflecting an average annual increase of 24,000, or 0.9 percent, since 2016 (U.S. Census Bureau population estimates as of July 1). Net in-migration averaged 9,050 people annually during the period, accounting for 38 percent of the population growth.
- From 2011 to 2016, population growth was more rapid because of stronger international in-migration. Population growth averaged 30,550 people, or 1.2 percent, annually, and net in-migration averaged 17,900 people annually, which was 59 percent of the growth.

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- A contributing factor to the recent slowdown in net in-migration is the strengthening of the U.S. dollar. A strong U.S. dollar diminishes the spending power of international immigrants,

who have accounted for all of the net in-migration to Miami-Dade County since 2010.

## Economic Conditions

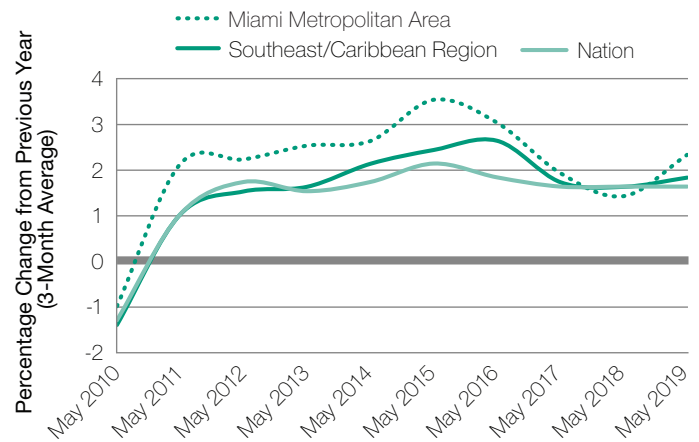
Economic conditions in Miami-Dade County have been strong since 2011, although nonfarm payroll growth has slowed during the past 2 years. Job growth in the county has been faster than the rate for the Southeast/Caribbean Region and the United States since 2010, with the exception of slower growth during 2018. During the 3 months ending May 2019, nonfarm payrolls in Miami-Dade County averaged 1.22 million jobs, an increase of 27,400 jobs, or 2.3 percent, from the 3 months ending May 2018, which followed an increase of 1.4 percent from the 3 months ending May 2017. By comparison, nonfarm payrolls for the Southeast/Caribbean region and the United States increased 1.8 and 1.6 percent, respectively, during the 3 months ending May 2019, and 1.6 percent each during the 3 months ending May 2018.

During the 3 months ending May 2019—

- The most significant gains were in the education and health services and the professional and business services sectors, which increased by 7,000 and 6,700 jobs, or 3.7 and 3.8 percent, respectively, from the 3 months ending May 2018.

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Nonfarm payroll growth in Miami-Dade County has been positive since 2011 and has generally outpaced growth in the Southeast/Caribbean region and the nation overall.



Note: Nonfarm payroll job growth.  
Source: U.S. Bureau of Labor Statistics

Nonfarm payrolls increased in Miami-Dade County in all sectors except the wholesale and retail trade and the financial activities sectors.

|                                  | 3 Months Ending         |                         | Year-Over-Year Change   |         |
|----------------------------------|-------------------------|-------------------------|-------------------------|---------|
|                                  | May 2018<br>(Thousands) | May 2019<br>(Thousands) | Absolute<br>(Thousands) | Percent |
| <b>Total Nonfarm Payrolls</b>    | 1,194.4                 | 1,221.8                 | 27.4                    | 2.3     |
| Goods-Producing Sectors          | 92.8                    | 96.2                    | 3.4                     | 3.7     |
| Mining, Logging, & Construction  | 51.5                    | 54.8                    | 3.3                     | 6.4     |
| Manufacturing                    | 41.2                    | 41.4                    | 0.2                     | 0.5     |
| Service-Providing Sectors        | 1,101.6                 | 1,125.6                 | 24.0                    | 2.2     |
| Wholesale & Retail Trade         | 221.5                   | 220.4                   | -1.1                    | -0.5    |
| Transportation & Utilities       | 74.9                    | 79.7                    | 4.8                     | 6.4     |
| Information                      | 19.8                    | 20.0                    | 0.2                     | 1.0     |
| Financial Activities             | 81.2                    | 80.7                    | -0.5                    | -0.6    |
| Professional & Business Services | 177.6                   | 184.3                   | 6.7                     | 3.8     |
| Education & Health Services      | 186.9                   | 193.9                   | 7.0                     | 3.7     |
| Leisure & Hospitality            | 144.6                   | 148.6                   | 4.0                     | 2.8     |
| Other Services                   | 51.7                    | 53.3                    | 1.6                     | 3.1     |
| Government                       | 143.5                   | 144.6                   | 1.1                     | 0.8     |
|                                  | <b>(Percent)</b>        | <b>(Percent)</b>        |                         |         |
| Unemployment Rate                | 4.0                     | 3.2                     |                         |         |

Note: Numbers may not add to totals due to rounding.  
Source: U.S. Bureau of Labor Statistics



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- The transportation and utilities and the mining, logging, and construction sectors, which increased by 4,800 and 3,300 jobs, respectively, both had the fastest rate of growth at 6.4 percent. Growth in the transportation and utilities sector was aided by the new \$250 million Royal Caribbean Cruise terminal at PortMiami, which opened in late 2018 to house the world's largest cruise ship, The Symphony of the Seas. All the gains in the mining, logging, and construction sector were attributed to growth in the construction subsector.
- Nonfarm payroll growth was moderated by declines in the wholesale and retail trade and the financial activities sectors, which were down by 1,100 and 500 jobs, or 0.5 and 0.6 percent, respectively, from the 3 months ending May 2018.
- An increase in resident employment of 41,050, or 3.1 percent, from the previous 3-month period exceeded labor force growth of 2.3 percent, which resulted in a decline in the unemployment rate to 3.2 percent.

Miami-Dade County is home to the University of Miami (UM), whose 260-acre main campus is in the city of Coral Gables. In the fall of

2018, the university had an enrollment of nearly 17,350 students and more than 12,800 faculty and employees (University of Miami). UM is the second largest private employer and has an annual economic impact of more than \$5.6 billion on the county (Bendixen & Amadi International, 2012). In 2020, UM will begin construction of the \$260 million Centennial Village, which will include 1,700 beds for first-year students and apartments for faculty and staff. Centennial Village will replace Stanford and Hecht Residential Colleges and include Eaton Residential College, which is currently being renovated.

### 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: The Beacon Council

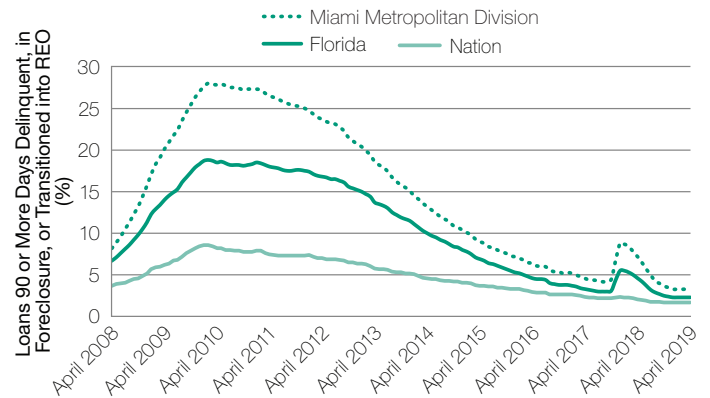
## Sales Market Conditions

The sales housing market conditions in Miami-Dade County are currently balanced, with an estimated vacancy rate of 1.6 percent, down from 3.2 percent in April 2010. As of May 2019, the county had 6.0 months of inventory available, unchanged from a year ago (Miami Association of Realtors®). As of April 2019, 3.3 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 7.2 percent a year earlier, when the impacts of Hurricane Irma contributed to a temporary spike in seriously delinquent mortgages. Despite the recent decline, the rate remains higher than the state and national rates of 2.3 and 1.7 percent, respectively.

During the 12 months ending April 2019—

- Existing home sales (including single-family homes, townhomes, and condominiums) totaled 37,550, up 3 percent from the 36,650 homes sold during the 12 months ending April 2018, but down from the recent peak of 44,400 sold during 2015 (Metrostudy, A Hanley Wood Company).
- The average sales price for an existing home was \$401,700, an increase of 4 percent from \$385,500 during the previous 12 months. Existing home sales prices increased an average of 6 percent annually during the past 8 years, and the current price is 64 percent higher than the recent low price of \$245,100 during 2010.
- The number of new homes sold (including single-family homes, townhomes, and condominiums) totaled 6,500, up 13 percent

### The rate of seriously delinquent mortgages and REO properties in Miami-Dade County and Florida temporarily increased during early 2018 following the impacts of Hurricane Irma.



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

from the 5,450 homes sold during the previous 12 months; much of the increase came from lower priced condominiums.

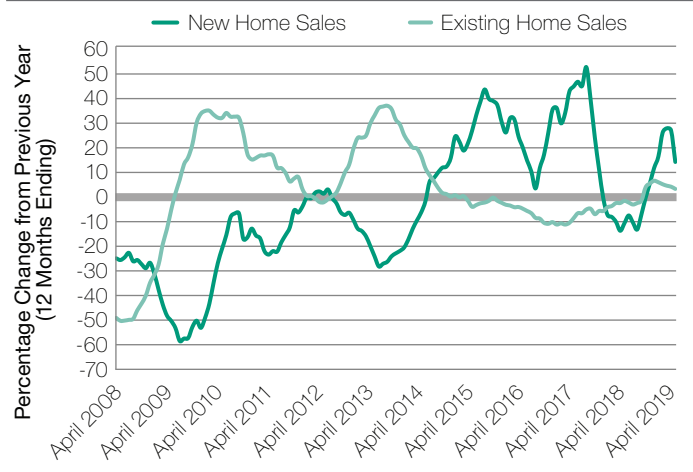
- The average sales price for a new home was \$655,300, a 16-percent decline from \$777,300 a year ago. Average new home prices in Miami-Dade County fluctuate significantly in response to the completion of condominium projects.

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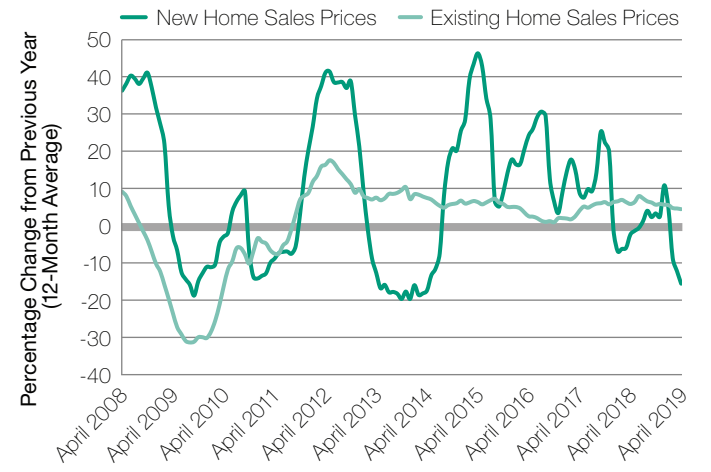
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New and existing home sales in Miami-Dade County have increased during the past year, following a period of declining sales.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

The average sales price has declined for new homes, and price growth slowed for existing homes in Miami-Dade County during 2019.

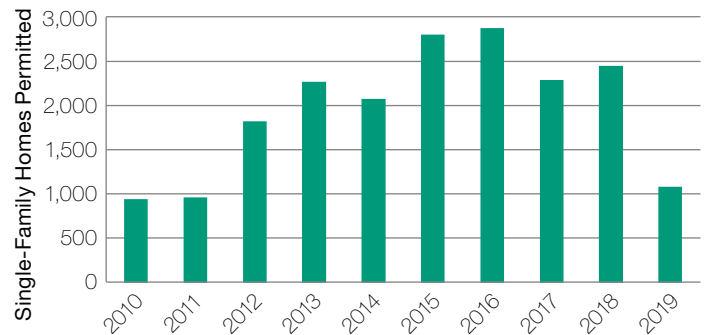


Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

Single-family home construction, as measured by the number of single-family homes permitted, peaked during 2015 and 2016, with an average of 2,850 homes permitted compared with an average of 1,625 homes permitted from 2010 through 2014. Nearly one in three new single-family homes in Miami-Dade County has been built in the city of Homestead during the past year.

- The number of single-family homes permitted totaled 2,475 during the 12 months ending May 2019, up 11 percent from the 2,225 homes permitted during previous 12 months and up from the 2,275 permitted during 2017 (preliminary data).
- Artesa, a gated community in the city of Homestead, offers Mediterranean style villas, single-family homes, and townhomes that start at \$240,000.
- Park Central, a master-planned community in the city of Doral, with plans for 585 condominiums, 228 townhomes, and 77 single-family homes, is underway with new condominium and single-family home prices starting at \$300,000 and \$610,000, respectively.

Single-family permitting activity in Miami-Dade County has increased since 2017 following a decline from the recent peak during 2015 and 2016.



Note: Includes preliminary data from January 2019 through May 2019. Source: U.S. Census Bureau, Building Permits Survey

## Apartment Market Conditions

The apartment market in Miami-Dade County is currently balanced. Conditions were generally balanced in the earlier part of the decade as international in-migration peaked to take advantage of more affordable housing following the housing crisis. Although net in-migration has slowed since 2011 and apartment construction has increased during the same period, apartment market conditions have remained balanced. Recent apartment absorption has been strong, averaging 4,150 units a year during the previous 24 months ending March 2019, compared with an average of 2,650 units

annually during the previous 3 years, as higher priced sales units restrict homeownership in the county.

During the first quarter of 2019—

- Apartment rents in Miami-Dade County averaged \$1,511, up 5 percent from a year earlier (Reis, Inc.). Recent rent growth is partly the result of higher priced rental apartment completions in the county.

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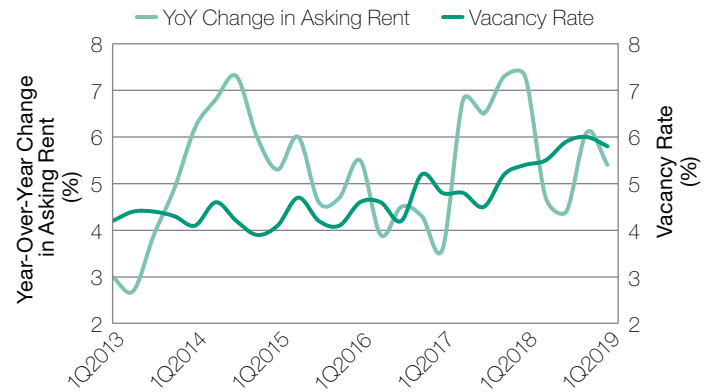
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- The vacancy rate among stabilized apartment properties in the metropolitan area averaged 5.8 percent, up from 5.4 percent a year earlier, and up from the average of 4.4 percent from 2012 through 2016.
- The apartment vacancy rate is generally lower in the Reis, Inc.-defined market areas (hereafter, market areas), where average rents are the lowest. Of the 13 market areas that comprise the metropolitan area, the average rent is highest in the South Beach market area at \$2,422, where the apartment vacancy rate is 8.5 percent; in the Miami Lakes and North Miami/Bayshore market areas, the average rent is \$1,281 and \$1,155 and the apartment vacancy rate is 2.3 and 2.5 percent, respectively.
- Apartment completions and construction have been strongest in the Miami and South Beach market areas, which accounted for 61 percent of apartment completions since 2018, and where 62 percent of units underway are located. The apartment vacancy rate is also among the highest in the two market areas at 9.6 and 8.5 percent, respectively.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, increased during the most recent 12 months and has generally trended upward since 2016, following a recent peak during 2015. During the 12 months ending May 2019, 9,500 multifamily units were permitted, up 24 percent from the 7,675 units permitted during the previous 12-month period (preliminary data).

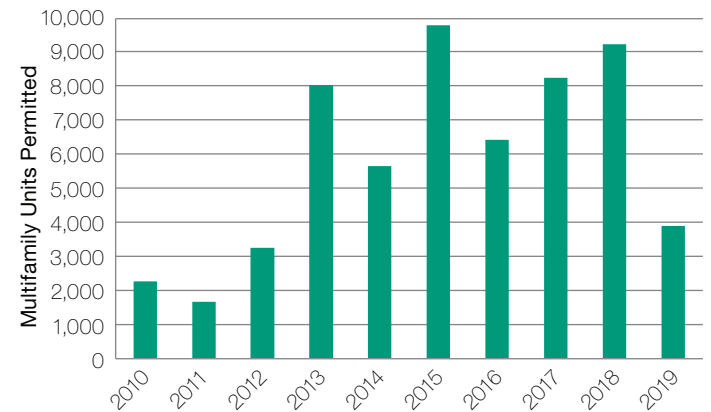
- An average of 7,500 multifamily units was permitted annually in the county from 2013 through 2016, up significantly from an average of 2,400 from 2010 through 2012.
- Nearly all new rental permitting in the HMA is concentrated in the city of Miami. Among several recently completed apartment developments is the 387-unit Yard 8 that opened in 2019 less than a mile from Biscayne Bay in the Wynwood neighborhood. The unit mix includes studio, one-, two-, and three-bedroom units ranging from 610 to 1,820 square feet with rents ranging from \$1,850 to \$5,795.
- An estimated 9,500 apartment units are currently under construction in the county. Notable developments currently under construction include Corridor II, built in 2018 in the Upper

The average rent and vacancy rates in Miami-Dade County have increased since 2017 as new apartments entered the market.



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

Multifamily permitting activity in Miami-Dade County has increased since 2016 following a decline from the recent peak during 2015.



Note: Includes preliminary data from January 2019 through May 2019.  
Source: U.S. Census Bureau, Building Permits Survey

East Side neighborhood. The property consists of 64 units and is currently 92-percent occupied, with rents at \$1,524 for one-bedroom units and \$1,811 for two-bedroom units.

