Miami-Miami Beach-Kendall, Florida

The Miami-Miami Beach-Kendall Metropolitan Division consists of Miami-Dade County and is located on the southeast coast of Florida. Miami-Dade County is part of the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area (MSA), the most populous MSA in Florida. Miami-Dade County accounts for approximately 40 percent of the MSA’s 5.4 million population. As of October 1, 2009, the population in Miami-Dade County is estimated at approximately 2.4 million. The population has remained nearly unchanged from levels recorded a year ago due partly to lower net-migration resulting from increased unemployment. Since 2000, all the net in-migration to the Miami area has been international, with a large portion of migrants coming from the Caribbean islands and South America.

Employment in Miami-Dade County began a gradual decline in 2008 that accelerated into 2009. During the 12 months ending August 2009, nonfarm employment declined from 1,058,900 to 1,023,000, representing a decrease of 35,900 jobs, or 3.4 percent. The construction sector lost the largest number of jobs, accounting for approximately one-fourth of the total decline in employment. Construction employment decreased by 9,500 jobs, or approximately 18 percent, due to a major reduction in residential and commercial construction projects during the past year. The education and health services sector, which accounts for 15 percent of total employment in the county, was the only employment sector to grow during the recent 12-month period, increasing by 2,200 jobs, or 1.5 percent, when compared with the number of jobs recorded during the previous 12 months. Although the sector continued to grow, the annual growth rate slowed from an average of 3.4 percent recorded from 2000 to 2007.

The trade and transportation and utilities sectors account for a combined 25 percent of all employment in Miami-Dade County. International trade has a large influence on the local economy due to the presence of Miami International Airport (MIA) and the Port of Miami, which account for an estimated 458,000 direct and indirect jobs in the local area. MIA is the leading airport in the country for international freight and has an annual economic impact of $26.7 billion on the local economy. The Port of Miami, known as the “Cruise Capital of the World” and the “Cargo Gateway to the Americas,” has an annual economic impact of $17 billion on the local economy. During the 12 months ending August 2009, the trade sector lost 6,500 jobs and the transportation and utilities sector lost 1,900 jobs, when compared with employment levels during the previous 12 months.

Sales housing market conditions in Miami-Dade County remain soft because declining economic conditions have prevented a recovery; however, increased affordability from declining home sales prices has positively affected the number of homes sold. According to the Florida Association of REALTORS®, the median sales price of an existing single-family home decreased by approximately 30 percent, from $276,000 in August 2008 to $194,800 in August 2009. During this period, the median price of an existing condominium also decreased by approximately 30 percent, from $210,400 to $144,700. During the 12 months ending August 2009, sales of existing single-family homes increased approximately 50 percent, from 4,050 to 6,075 homes, and sales of existing condominums increased approximately 30 percent, from 4,425 to 5,775 units, when compared with the number sold during the previous 12 months. Despite the increase in home sales, the market remains soft, partly because of the increased number of foreclosures. During the first three quarters of 2009, the number of foreclosure actions totaled approximately 18,850, a 35-percent increase when compared with the number of foreclosure actions recorded during the first three quarters of 2008, according to Condo Vultures® LLC.

According to civil court records for Miami-Dade County, the number of foreclosures increased from approximately 9,800 in 2007 to 56,000 in 2008. The number of foreclosures recorded in the first three quarters of 2009 is approximately 49,300, and the Miami-Dade County civil court expects the number to reach 75,000 by the end of the year. The substantial increase in the number of foreclosures has delayed deliveries of initial delinquent notices and foreclosure completions in the court system, making the depth of foreclosures in Miami-Dade County unknown. The prolonged foreclosure process, coupled with rising unemployment, is expected to delay recovery in the sales housing market. The state of Florida has the highest rate of seriously delinquent foreclosures in the nation, at approximately 17 percent of all mortgages as of the second quarter of 2009, according to the Mortgage Bankers Association.

Rental housing market conditions are slightly soft in Miami-Dade County. According to Reis, Inc., the apartment vacancy rate increased from 4.8 percent as of the
second quarter of 2008 to 5.8 percent as of the second quarter of 2009. Despite the increase in vacancy, the rate in the Miami market is low compared with that of the rest of the South Atlantic region, which had an 8.8-percent vacancy rate as of the second quarter of 2009. The shadow market from condominiums has a significant effect on apartment market conditions, because renters occupy approximately one-half of all condominium units in the city of Miami, according to Goodkin Consulting/Focus Real Estate Advisors. In the Miami market, Class A properties, which are more affected by the condominium market, have a higher average vacancy rate, at 7.1 percent, compared with Class B and C properties, which have an average vacancy rate of 5.3 percent. The submarket with the largest number of apartments in the Miami market is South Beach, which has 77 properties consisting of approximately 17,100 units. As of the second quarter of 2009, South Beach had an average vacancy rate of 6.1 percent and the highest average asking rent in Miami, at approximately $1,550 a month. The average monthly asking rent throughout the Miami market was $1,090, down from $1,120 as of the second quarter of 2008.

Residential construction activity, as measured by the number of building permits issued, continued to decline in 2009 as sales and rental housing markets remained soft. Preliminary data show an approximate 65-percent decrease in the number of single-family homes permitted, from 1,525 to 550, during the 12 months ending August 2009. From 2006 to 2008, the number of single-family homes permitted averaged 3,625, compared with an average of 7,900 homes permitted from 2000 to 2005. During the 12 months ending August 2009, preliminary data on the number of multifamily units permitted show an approximate 50-percent decline, from 2,475 to 1,225. From 2002 to 2006, an estimated 85 percent of the 57,900 total multifamily units permitted were condominiums. Due to a growing inventory of unsold condominiums, during the 12 months ending August 2009, the percentage of multifamily units permitted for condominiums has decreased to less than 50 percent. According to Reis, Inc., during the first 6 months of 2009, no new apartments were completed and an estimated 1,225 condominiums were completed. Approximately 90 percent of the new condominiums were built in the South Beach submarket. As of September 2009, one condominium project with 211 units and four market-rate apartment projects with 477 units were under construction and are expected to be completed by the end of the year.