

Housing Market Profile



Southeast/Caribbean • HUD Region IV

Miami-Miami Beach-Kendall, Florida

Located on the southeast coast of Florida, the Miami-Miami Beach-Kendall metropolitan division comprises Miami-Dade County. Known for its tropical climate and diverse population, Miami attracts more than 11.9 million domestic and foreign visitors annually. In 2009, according to the Greater Miami Convention and Visitors Bureau, tourism accounted for an estimated \$16.5 billion in expenditures, representing a 3-percent decline from 2008.

As of January 1, 2011, the population of Miami-Dade County, the most populous county in Florida, is estimated at 2.5 million. During the past year, the population increased by an estimated 24,100, or 1 percent, relatively unchanged from the annual rate of growth recorded since 2008. Net natural change (resident births minus resident deaths) has accounted for approximately 72 percent of the population growth since 2007, because net in-migration has slowed significantly from levels in the first half of the decade because of increased unemployment. Since 2000, net in-migration to the area has primarily been from foreign immigrants from the Caribbean and South America.

International trade is one of the most significant contributors to the Miami-Dade County economy. In 2009, the Miami International Airport (MIA) ranked first in the country for international freight and second for international passengers. MIA and the general aviation airports have an annual economic impact of \$26.7 billion on the local economy, contributing more than 282,000 jobs directly and indirectly. The Port of Miami, which serves as a major cruise terminal and gateway for commercial trade, contributes more than \$17 billion annually and provides more than 176,000 local jobs. During the 12 months ending November 2010, the trade and the transportation and utilities sectors, which account for approximately 26 percent of all nonfarm payrolls, lost a total of 2,200 jobs, or 0.9 percent, because of continued low volumes of international shipping.

Employment in Miami-Dade County began declining in 2008 and continued to decrease during the past year, although at a slower rate. During the 12 months ending November 2010, nonfarm payrolls declined by 13,000 jobs, or 1.3 percent, to 976,500, a decline from

the previous 12-month period. The struggling housing market continued to affect the construction sector, which led the area in job losses, registering a decline of 4,150 jobs, or 11 percent, from the previous 12 months. Decreased demand for commercial and residential loans also affected the financial services industry. The financial activities sector lost 3,600 jobs, declining by 5.5 percent during the 12 months ending November 2010. As a result of the job losses, the average unemployment rate increased from 10.4 percent during the 12 months ending November 2009 to 12.4 percent during the past 12 months. During this same period, the only sector that gained jobs was the education and health services sector, which increased by 3,600 jobs, or 2.4 percent, from the number of jobs recorded during the previous 12-month period. Baptist Health South Florida, the second largest employer, with 10,850 employees, is opening a new hospital, West Kendall Baptist Hospital, in the spring of 2011. This \$160 million facility will have 130 beds and more than 500 physicians. Other leading employers include Publix Super Markets, Inc., and Jackson Health System, with 11,000 and 10,500 employees, respectively.

The weak economy has contributed to current soft conditions in the Miami-Dade County home sales market; however, during the past year, home sales have increased as a result of the now-expired homebuyer tax credit and because distressed sales brought prices down. According to the Florida Association of REALTORS®, during the 12 months ending November 2010, 7,200 existing single-family homes were sold compared with 6,500 sold during the previous 12 months, indicating an 11-percent increase. From November 2009 to November 2010, the median home sales price decreased by 7 percent from \$184,800 to \$171,500. During the 12 months ending November 2010, sales of existing condominiums increased significantly, totaling 9,550 units, an increase of 46 percent. The median condominium sales price decreased by 29 percent to \$105,600. During 2010, Miami-Dade County continued to lead the state in foreclosures. According to Lender Processing Services Mortgage Performance Data, during November 2010, the percentage of total home loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 27 percent, unchanged from November 2009.

Although improving, rental market conditions in Miami-Dade County are slightly soft. According to Reis, Inc., as of the third quarter of 2010, the apartment vacancy rate was 6 percent compared with 6.2 percent during the third quarter of 2009. During the third quarter of 2010, net absorption of apartment



units increased to 500 units compared with a net move-out of approximately 400 units during the third quarter of 2009. The average asking rent was approximately \$1,070, nearly unchanged from the third quarter of 2009. The South Beach submarket, which has the largest apartment inventory in Miami, with approximately 15,650 units, reported the lowest vacancy rate of all submarkets. Because no new apartment developments have been completed since 2005, the vacancy rate has declined significantly, decreasing from 5.6 percent in the third quarter of 2009 to 4 percent during the third quarter of 2010. During this same period, the average asking rent was \$1,485, almost a 1-percent increase from the previous year.

Reacting to increased home sales activity and the tightening apartment market during the past year, home builders increased residential construction activity, as measured by the number of units permitted. According to preliminary data, during the 12 months

ending November 2010, 940 single-family homes were permitted, an increase of 71 percent from the previous 12-month period. Single-family home permitting peaked in 2005, when 9,925 homes were permitted. From 2005 to 2009, permitting levels declined by 2,325 homes, or 23 percent, annually. According to preliminary data, during the 12 months ending November 2010, multifamily construction more than doubled, with 2,200 units permitted compared with 960 units permitted during the previous 12 month-period. Condominiums, which accounted for approximately 85 percent of multifamily units permitted from 2002 to 2006, currently represent less than 50 percent of all multifamily permits because of the current excess supply. The largest condominium project currently under construction is Capital at Brickell in South Beach. The \$320 million mixed-use development will have 850 units ranging from \$400,000 to \$2,000,000. Completion is expected at the end of 2012.