

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

Fort Lauderdale Metro Area





2025

Investors Expected to Re-Engage Urban Assets as a Growing Renter Pool Tightens Market

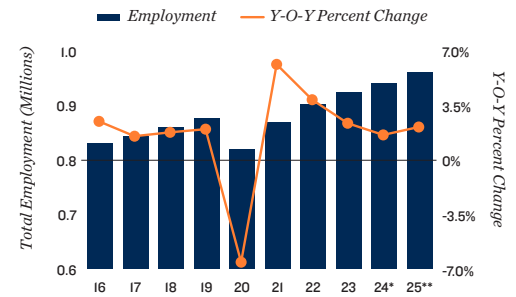
Improvements in tourism-related hiring lift rental demand. With a lower cost of doing business than Miami, Fort Lauderdale’s workforce will grow by over 2 percent in 2025 – the fastest pace in Southeast Florida and sixth among major U.S. markets. With Disney homeporting a second ship this year and the completion of a \$1.3 billion expansion of Broward County Convention Center, job opportunities are emerging in the metro’s tourism industry. Firms like the aerospace company CTS Engines will also create high-paying roles outside this sector, while employers seeking talent amid a tight labor market will keep in-migration elevated by recruiting from outside the metro. Moreover, high home prices are likely to steer many of these new residents to apartments, fueling demand for the over 4,000 units slated for delivery in 2025. New supply mainly consists of projects in downtown Fort Lauderdale, Hollywood and Pompano Beach. Inventory growth will only slightly outpace the 10-year average of 1.8 percent, however, due to natural land constraints. As a result, new Class A apartments should generally be well received, though the Class C sector is poised to outperform amid growing renter demand for lower-cost housing.

Investors drawn to infill neighborhoods. Expectations for strong job growth and steady in-migration are likely to keep investors active in Fort Lauderdale, with the metro’s regionally lower pricing serving as an additional attractant. Buyer competition for listings in urban environs is set to grow, specifically in Hollywood where renter demand for luxury apartments is rising. Here, Class A occupancy and rents increased last year, driven by proximity to the beach and a vibrant arts and culture scene around Young Circle. The revitalization of Pompano Beach’s entertainment district should also draw investors, as the area’s relative affordability contributes to the tightest vacancy among metro submarkets. Class C complexes could see the highest demand, as local lower-tier vacancy is under 3 percent.

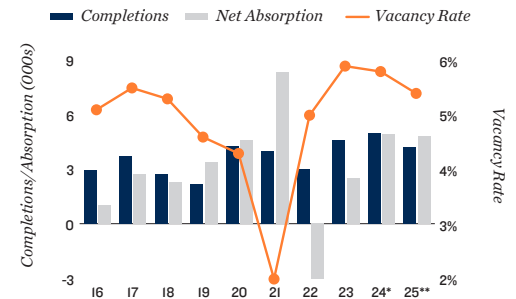
2025 MARKET FORECAST

- +2.1%**  **EMPLOYMENT:** The metro adds 20,000 jobs in 2025, up from last year. By December, total employment will have climbed by nearly 7 percent since the end of 2022, leading major Florida markets.
 - 4,200 units**  **CONSTRUCTION:** Local stock grows by 2.0 percent this year – a slower pace than Miami-Dade. Still, completed units in Fort Lauderdale during 2025 represent the fourth-highest total on record.
 - 40 bps**  **VACANCY:** Steady job gains will help vacancy fall to 5.4 percent by year-end. This marks the second-straight year of tightening, following a 390-basis-point increase during the 2022–2023 span.
 - +4.1%**  **RENT:** The average effective rent reaches \$2,563 per month by year-end, rising at the fourth-fastest pace among major U.S. metros. In Florida, only Orlando and West Palm Beach record higher growth.
- INVESTMENT:** *Rising insurance costs, assessment fees and reserve requirements may prompt some condo owners to transition to renting, potentially attracting investors to the urban core via increased apartment demand.*

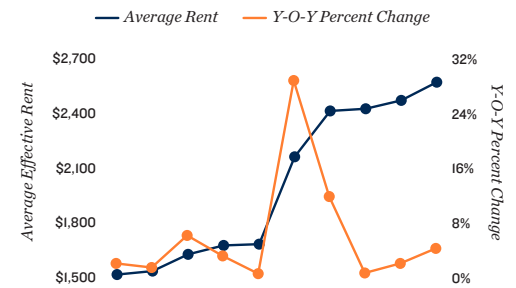
Employment Trends



Supply and Demand



Rent Trends



* Estimate; ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.