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MULTIFAMILY OUTLOOK & ECONOMIC UPDATE

SUMMER 2023

U.S. ECONOMY

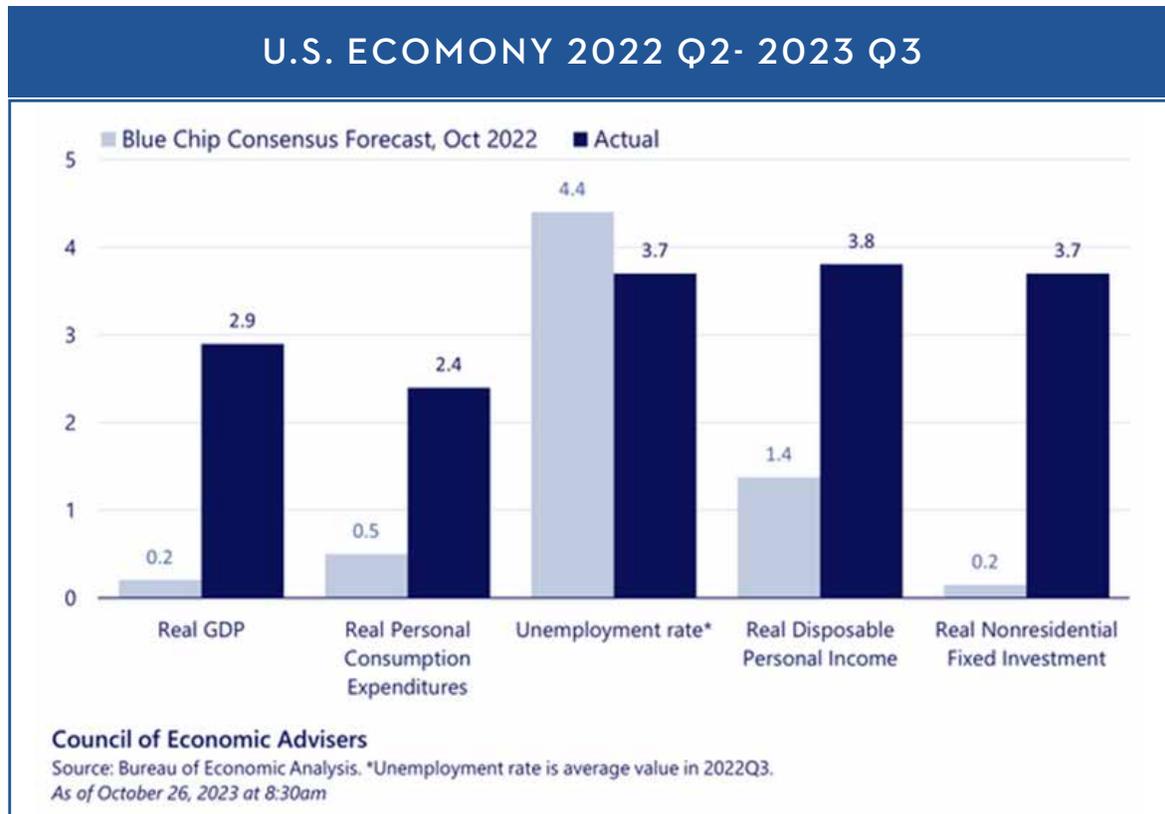
In 2023, the United States has experienced rising interest rates as monitored by the Federal Reserve, with potential for additional hikes in the coming months^{1,2}. Despite these increases, the commercial real estate sector has seen success throughout 2022¹. While the industry outlook remains positive overall, the forecast can vary among different asset classes¹. It is important to note, however, that the U.S. economy itself is in a more precarious position compared to the stability of multifamily rental property investments¹. This trend is expected to continue in the foreseeable future.



GDP

The economy will experience a slowdown followed by a period of acceleration. In the second half of 2023, the growth rate of real gross domestic product (GDP) will decrease to 0.4% per year. However, for the entire year of 2023, there will still be a 0.9% increase in real GDP. However, growth is expected to pick up again after 2023 as monetary policy becomes more lenient. In 2024, real GDP is projected to increase by 1.5%, followed by a further increase of 2.4% in 2025.³

According to the White House, the economy is performing well. As of October 30, 2023, real GDP in the third quarter grew at a rate of 4.9% per year. Economists hold a positive view of the U.S. economy and no longer anticipate a recession. In fact, over the past four quarters, real GDP has experienced a healthy growth of 2.9%, which exceeds the previously projected growth of 0.2% from last year.⁴

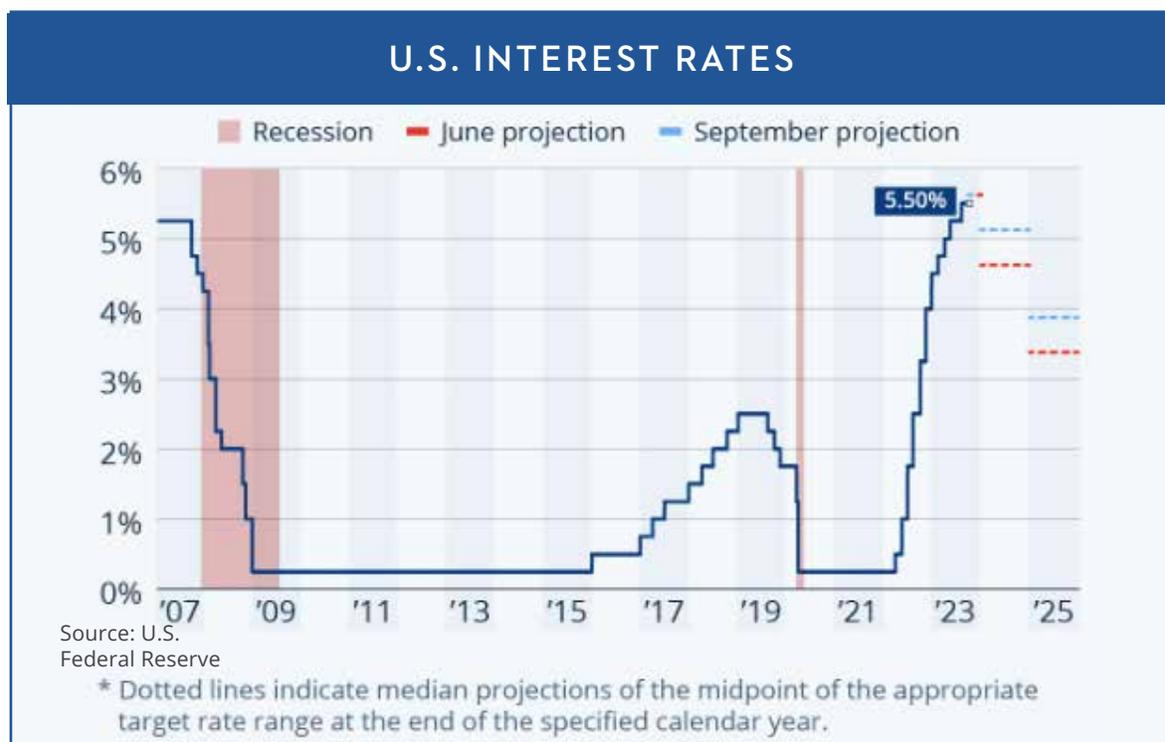


INTEREST RATE

MAINTENANCE AND STABILITY

In 2023, the Federal Reserve has taken actions to address the economic landscape and ensure price stability. They achieve this by carefully monitoring economic data to make progress in addressing inflation concerns.^{5,6} One notable action was the unanimous decision by the Board of Governors to raise the interest rate paid on reserve balances to 4.9% on March 23, 2023.⁷

These moves by the Federal Reserve reflect a hawkish stance, aiming to combat inflationary pressures and maintain economic stability.⁶ Furthermore, the ongoing increases in the target range for the federal funds rate have been deemed appropriate by the Federal Reserve's Monetary Policy Committee.⁸



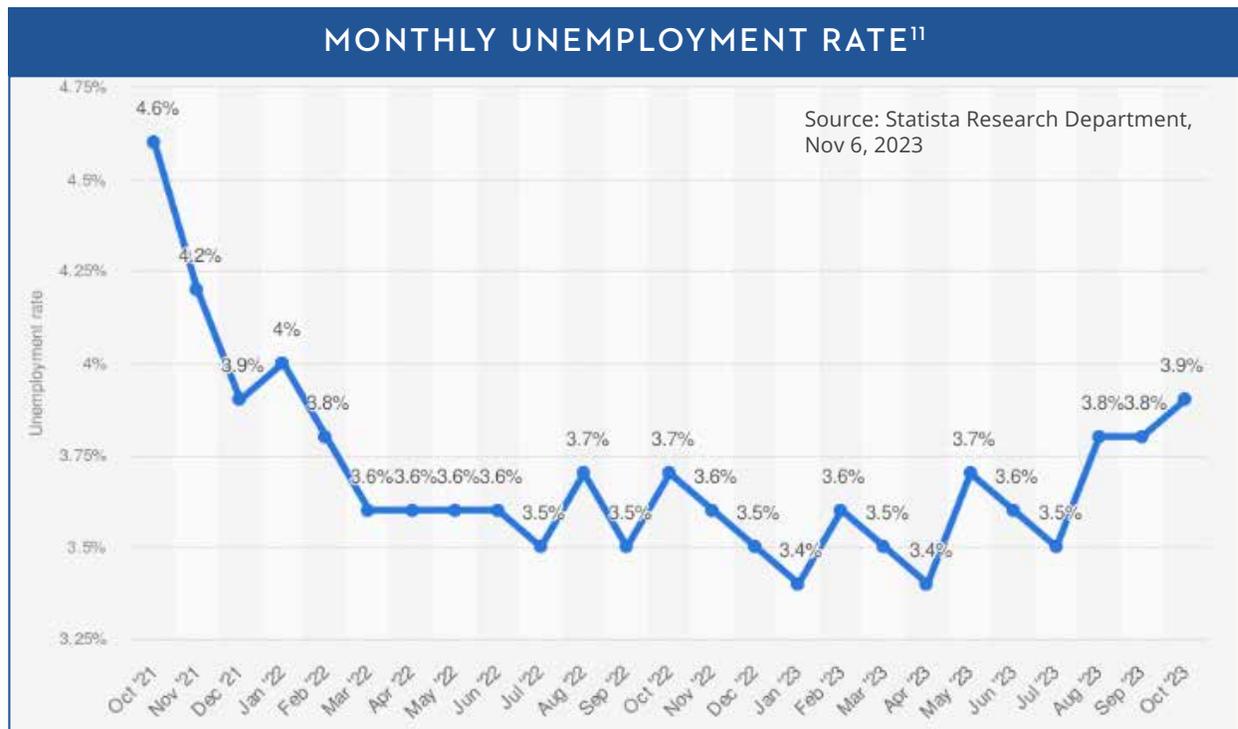
PAYROLL AND UNEMPLOYMENT RATE

BETTER FUNDAMENTAL, LASTING INFLATION

The U.S. payroll and unemployment rate in 2023 have displayed mixed trends³. In October, nonfarm payrolls increased by 150,000, falling short of the expected rise of 170,000 and marking a significant decline from the gain of 297,000 in September³. Meanwhile, the unemployment rate was reported at 3.9% in October.⁹

Looking towards the future, the Congressional Budget Office forecasts that the unemployment rate will reach 4.1% by the end of 2023,¹⁰ increase to 4.7% by the end of 2024, and slightly decrease to 4.5% in 2025.⁹

Throughout the year, the Consumer Price Index (CPI) experienced fluctuations, signaling changes in consumer prices.⁹ Inflationary pressures persisted due to several factors, including supply chain disruptions and increased demand in certain sectors. Consequently, consumer prices rose at a faster pace compared to previous years.

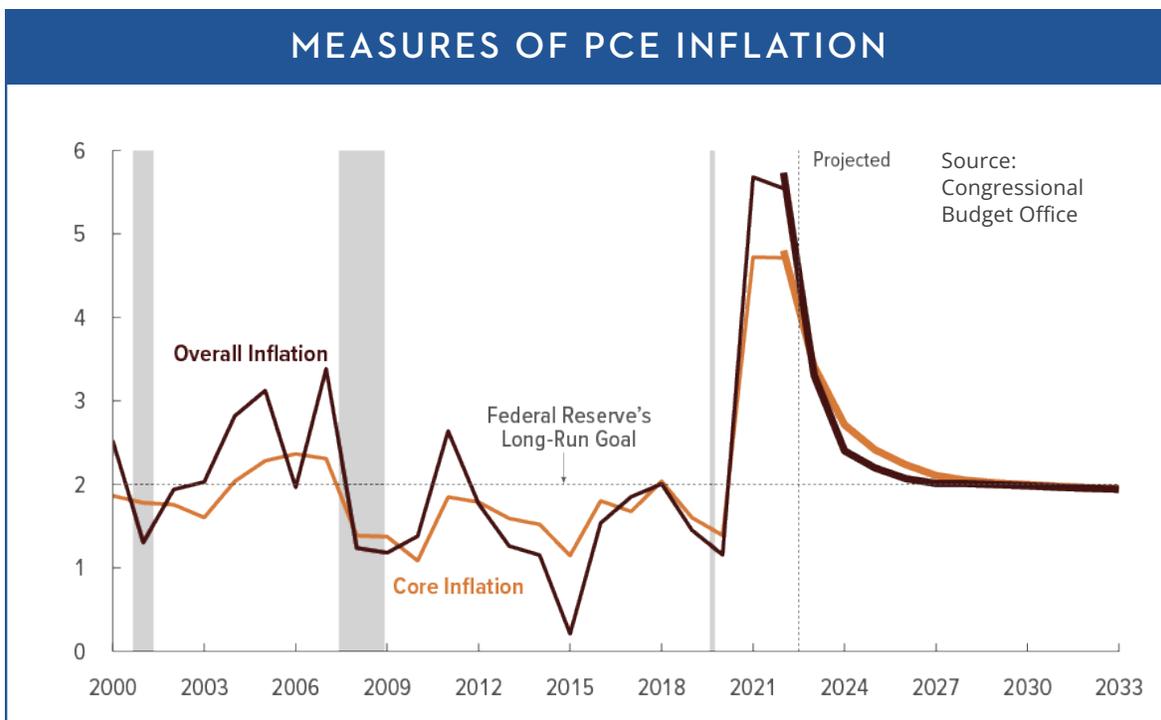


CPI AND INFLATION

PRICE STABILITY AND ECONOMIC HEALTH

The Federal Reserve has actively addressed concerns about inflation by implementing various measures.¹² These measures include raising interest rates, adjusting monetary policy, and closely monitoring economic data to ensure progress in addressing inflationary pressures. The Federal Reserve's objective is to strike a balance between supporting economic growth and maintaining price stability, which is essential for sustainable and healthy economic conditions.¹³

While inflation can have an impact consumers' purchasing power and the overall cost of living, it is important to note that it is a complex phenomenon influenced by multiple factors.¹² Timely analysis of economic indicators such as the CPI and understanding the underlying drivers of inflation can help individuals and businesses make informed decisions regarding investments, savings, and expenditure.¹⁴



U.S. HOUSING MARKET

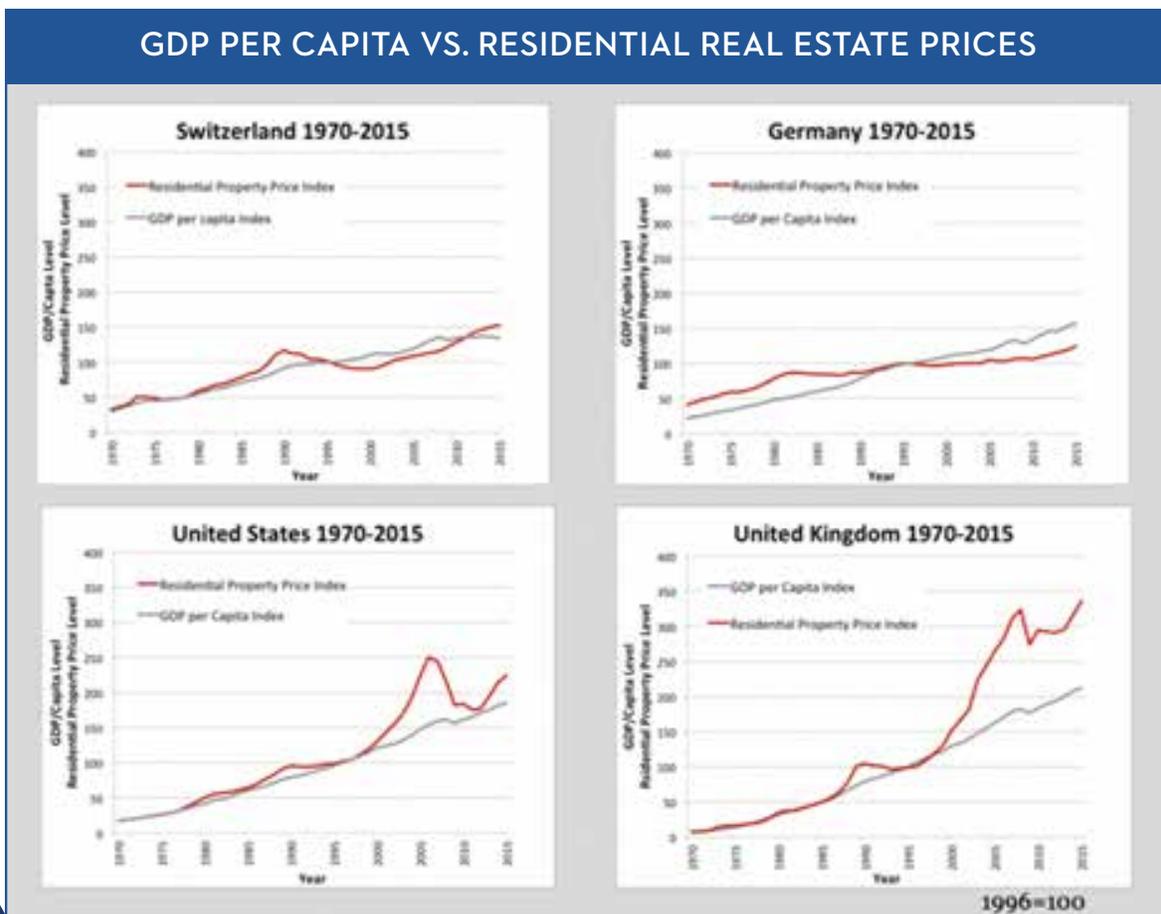


NEGATIVE CORE GDP / INTEREST RATE IMPACT

THE CONNECTION BETWEEN GDP, INCOME, AND REAL ESTATE PRICE

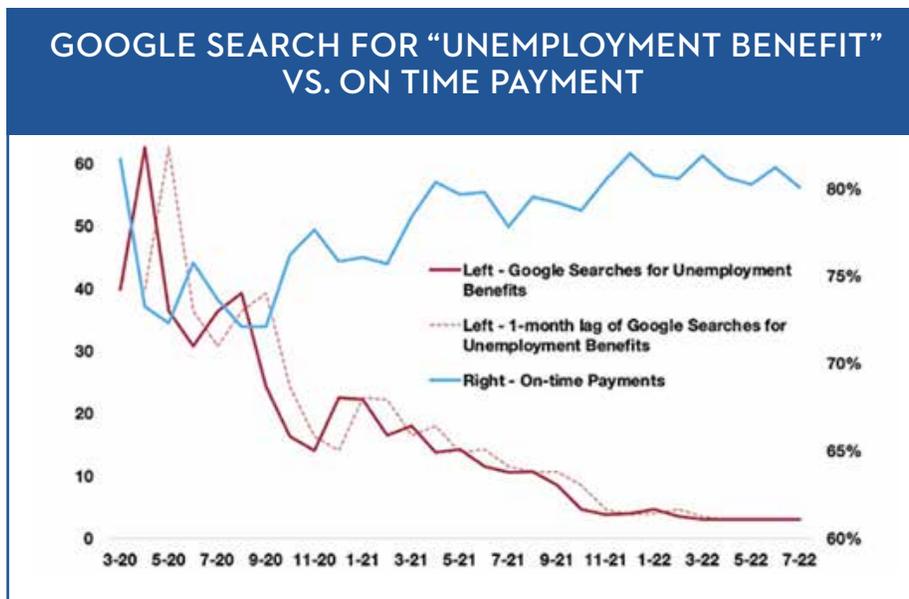
The impact of a negative Core GDP on real estate prices can vary, depending on the location and the condition of the real estate market⁶. In certain regions, a reduced demand resulting from a negative GDP can lead to a decrease in prices. However, in other areas, a significant decline in GDP can create a supply shortage, which ultimately drives prices higher. The connection between GDP, income, and real estate prices can be intricate, making it challenging to accurately predict how the effects will play out in various markets and locations.¹⁵

GDP PER CAPITA VS. RESIDENTIAL REAL ESTATE PRICES



HOW DOES THE LABOR MARKET IMPACT TENANT PAYMENT

Regarding the impact of the labor market on tenant payment in the U.S., as of 2023, the state of the labor market plays a crucial role. A strong labor market, characterized by a low unemployment rate and increasing job opportunities, has a positive influence on the capacity of tenants to make payments.¹⁶ When tenants secure stable employment and experience wage growth, they are better able to afford their rental payments, thus contributing to a healthier rental market with lower instances of delinquency or missed payments.¹⁷



WHERE IS THE INTEREST RATE GOING

As for the direction of interest rates, the decision to increase or decrease rates is based on several factors, including inflation. Increasing rates is indeed a tool used to combat inflation and maintain price stability in the economy. On the other hand, decreasing rates can help stimulate economic activity and support overall economic growth. However, it is important to note that the specific decisions regarding interest rates are made by central banks, such as the Federal Reserve in the United States, and can vary based on the prevailing economic conditions and monetary policy goals.¹⁸

WHAT DOES INFLATION MEAN FOR THE HOUSING MARKET? MULTIFAMILY AS AN INFLATION HEDGE?

Inflation has implications for the housing market, including multifamily real estate. It refers to the general increase in prices over time, which erodes the purchasing power of money. Here's how inflation can impact the housing market in 2023:

Rising Costs: Inflation often leads to higher construction and material costs.²¹ Builders and developers may face increased expenses for labor, raw materials, and other inputs, potentially impacting housing supply and resulting in higher home prices or rents.

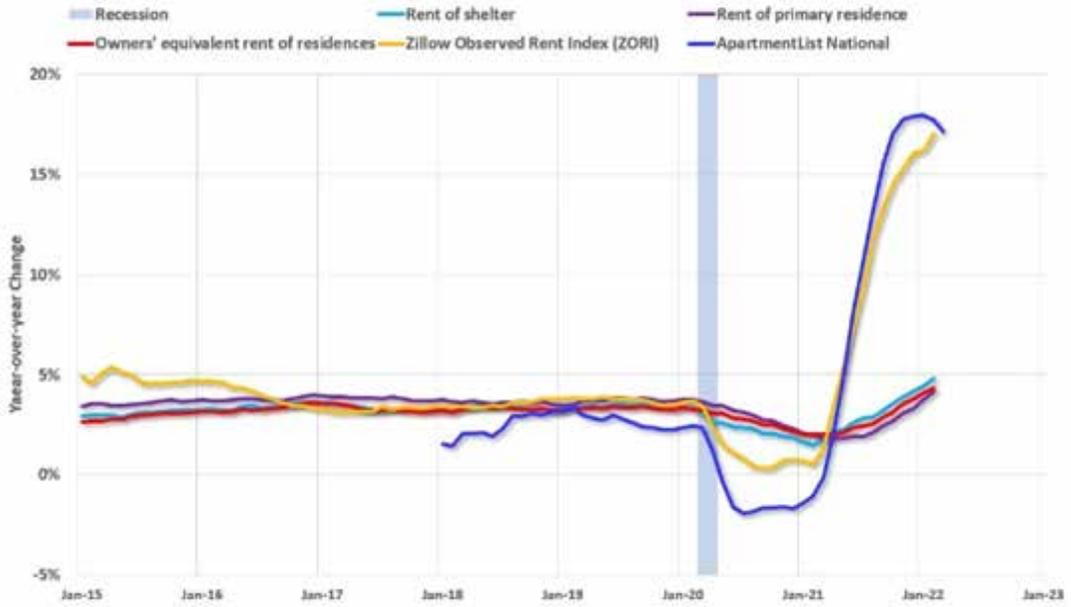
Mortgage Rates: Inflation can influence long-term interest rates, including mortgage rates.¹⁹ When inflation expectations rise, mortgage rates tend to increase as lenders adjust to compensate for the decrease in the value of future loan payments. This can impact housing affordability for buyers and may slow down demand in the market.

Rental Income Potential: Multifamily properties, such as apartment buildings, are often considered an inflation hedge. During inflationary periods, rental income from well-managed multifamily properties can potentially increase. Landlords can adjust rental rates periodically to keep up with rising costs and maintain the value of their income stream.²²

Asset Appreciation: Inflation can also contribute to the appreciation of real estate assets. As the value of the property increases over time, owners can benefit from capital appreciation.²⁰ Multifamily properties, in particular, can be seen as a safe investment during inflationary periods due to their income-generating potential and stability. Investors may view them as a hedge against inflation, as rental income has the potential to keep pace with rising prices.



RENT MEASURES: YEAR-OVER-YEAR CHANGE



U.S. MULTIFAMILY HOUSING REPORT





NATIONAL U.S. MULTIFAMILY REPORT

The National U.S. Multifamily market in 2023 is characterized by multiple factors, with varying implications for different segments of the market. Rent growth in October 2023 was slightly negative overall, with strong supply growth eroding rent gains in fast-growing Sun Belt metros. However, the return of seasonal demand stabilized the sector, contributing to a strong period for apartment demand in the Spring months. Rising operating expenses remain a broad-based concern, impacting organizations in different ways as they navigate sector-specific economic conditions.²³

Despite near-term challenges, long-term demand tailwinds are expected to guide the multifamily sector moving forward. A broad-based housing shortage supports the long-term prospects of the sector, with significant disparities in availability and affordability across U.S. markets.²⁴ Demand for apartment living is expected to remain high, especially among younger segments of the population and those impacted by population growth and transitions. However, the market still faces various challenges and uncertainties that need monitoring for more accurate and informed decision-making. Understanding the market's intricacies and being realistic about its potential are essential for investors to succeed in the trend-hungry National U.S. Multifamily market in 2023.²⁵

EXHIBIT AM1: COASTAL APARTMENT MARKETS ARE REBOUNDED

Apartment Effective Rental Growth and Occupancy Change From January 2021 to March 2022 (%)



In addition, the yield premium that existed before 2020 in Sunbelt markets compared with coastal markets has largely disappeared. But with economic growth set to ease and the downside scenario of a recession becoming more likely, risk-adjusted return expectations for markets with accelerating supply pipelines—most of which can be found in the Sunbelt—should be discounted. In light of that, we believe many coastal markets in both the apartment and industrial sectors offer attractive opportunities that are mis-priced on a relative basis.²⁶

According to the NAHB Multifamily Production Index, which gauges the sentiment of builders in the apartment market, builders are seeing conditions improve.²⁷ “They are feeling optimistic about the multifamily market. Looking at multifamily construction starts, we thought 2019 was the peak of the cycle, but 2021 looks to have had almost 467,000 multifamily units. It’s up 19 percent compared to 2020 and 2022,” said Nanayakkara-Skillington.



While the NAHB anticipates a slight flattening of the market by 2023, they still forecast the construction of around 488,000 multifamily units, which indicates a strong market outlook.²⁷

KEY TAKEAWAYS

- Multifamily housing remains strong. Given the rising prices and mortgage rates in the single-family housing market, people are renting for longer. “Multifamily vacancies now stand at 4.7% as of the first quarter of 2022, below the 4.8% vacancy level we recorded in 2019,” said Victor Calanog, Head of CRE Economics at Moody’s Analytics.²⁸ “Performance metrics remain tight, with asking and effective rents posting near-record highs in the first quarter of 2022. The new record is 8.1% effective rent growth in the third quarter of 2021—more than three times the prior record of 2.4% set in the third quarter of 2001.”²⁸
- Workforce Housing could be a continued attractive investment opportunity for the foreseeable future - despite current economic turbulence. There can be upfront costs to modernize dated apartment units. However, the demand for these units may outweigh those minimal costs. “Depending on how you measure it, we have a housing shortage of anywhere from 2 million to 5 million units at the national level,” Calanog said. “Add to that strong growth numbers for both single-family home prices and multifamily rents, and you have a situation where large parts of our workforce need not just more housing, but also more affordable housing.”²⁸
- The need for Affordable Housing still far outpaces the supply at this time. Adaptive reuse, modular construction, and preservation are important tools in addressing the housing crisis. The biggest impact may come from public-private collaboration, such as big-tech and healthcare employers working with local governments to develop workforce housing near workplaces.²⁸

ADDITIONAL INFORMATION

- Buying a house is becoming harder due to rising borrowing costs and high home prices caused by pandemic trends.
- Even though home prices have dipped slightly, they're still 35% higher than in 2019 and are expected to remain high due to limited supply of homes for sale.
- Homeowners who secured lower mortgage rates earlier have little incentive to refinance in the current environment.
- Young adults face significant obstacles to buying a house, including meeting lender requirements and saving for a down payment.
- Millennial's and Gen Z individuals are more likely to rent apartments instead of owning homes due to cost-saving benefits, flexibility, and lifestyle advantages.²⁹
- It's becoming more attractive to rent in areas where the cost difference between renting and owning is high, such as the Bay Area, Southern California, and popular migration destinations.²⁹
- Renting is also comparatively more affordable in areas where the availability of single-family homes is decreasing, such as Florida.²⁹

RECORD CONSTRUCTION MOSTLY ALIGNED WITH LONG-TERM DEMAND TAILWINDS



FLORIDA MULTIFAMILY REPORT

Florida is one of the hottest real estate markets in the country, and for good reason. The state is bordered by the Gulf of Mexico, the Atlantic Ocean, Alabama, and Georgia. Florida is an international tourist destination with year-round sunshine (earning the state its nickname “The Sunshine State”) with world-class themes and national parks.³⁰ The economy is dynamic and diverse, with dozens of global business headquarters and a government that is both pro-business and pro-development overall.³¹

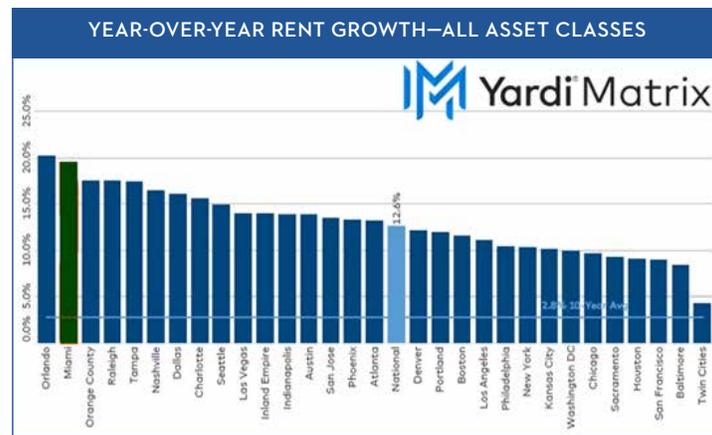


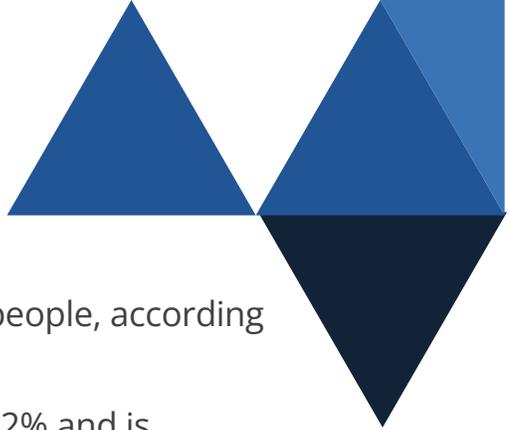
Given the recent volatility in the housing market, it is expected that buyers and sellers will go through a phase of price discovery in the coming months. All parties will need to adjust to higher borrowing costs and the possibility of slower economic growth.³² As new construction projects are completed, vacancy rates are anticipated to remain within current ranges or potentially increase slightly. Investors will closely monitor how new projects are absorbed before making decisions on acquisitions.³²

In terms of rent gains on an annual basis, Orlando led with a 20.2 percent increase in July, followed by Miami (19.5 percent) and Tampa (17.4 percent). However, compared to the previous month, these markets experienced a drop of 2 to 4 percentage points. The weakest rent growth was observed in San Francisco (9.0 percent), Baltimore (8.4 percent), and the Twin Cities (4.2 percent).³³

Indeed, the recent supply-demand imbalance has also contributed to rent growth in the multifamily sector. A study by the National Multifamily Housing Council reveals that there is currently a shortage of 600,000 apartment units in the United States, and an additional 3.7 million units will be needed by 2035.³³ California, Texas, and Florida are projected to experience the highest population growth, with multi-family housing demand accounting for approximately 1.5 million units.³⁴

Since 2010, Florida has gained over 2.7 million new residents, making it the third most populous state in the country after California and Texas. The population of Florida, currently home to over 21.5 million people, has grown by 14.6 percent compared to a decade ago. It is projected that Florida will continue to gain an average of 845 new residents per day in the coming years.³²





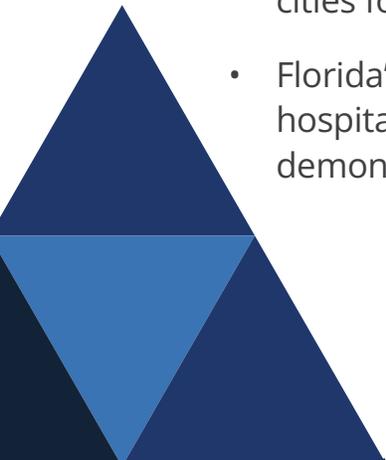
KEY POPULATION STATS

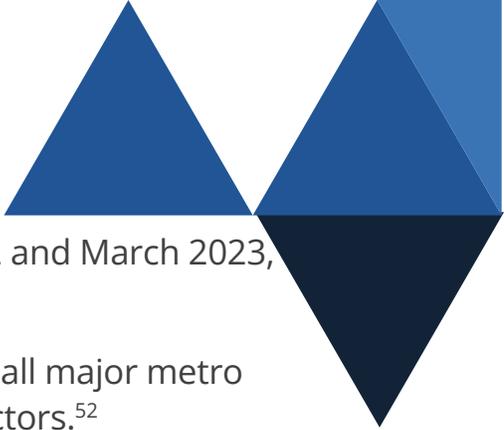
- In 2022 Florida had a state population of 22,634,000 people, according to the U.S. Census Bureau.³⁹
- Since 2010 the population of Florida has grown by 20.2% and is currently the third-largest state by population in the U.S.³⁹
- 7 of the top 10 fastest-growing places in the U.S. in 2022-2023 are all in Florida, according to U.S. News & World Report.³⁷
- The State of Florida expects 845 new residents per day through April 2025, representing an annual compound growth rate of 1.39%.⁴⁴
- The four largest metro areas in Florida are Miami-Fort Lauderdale-West Palm Beach with 6.2 million residents, Tampa-St. Petersburg-Clearwater with 3.1 million, Orlando-Kissimmee-Sanford with 2.5 million, and Jacksonville with just over 1.5 million residents.⁴³
- Florida counties expected to have more than 1.6 million residents in the next 8 years are Miami-Dade, Broward, Hillsborough, Orange, and Palm Beach.⁴⁴
- Florida's local apartment markets have ranked among the country's big winners when it comes to attracting renter demand during the past two and a half years since COVID emerged in early 2020.⁴⁶
- That product absorption momentum certainly hasn't escaped the attention of housing developers, with Florida registering some of the biggest run-ups in apartment construction seen anywhere.⁴⁶
- 88,500 market-rate apartments are currently under construction across Florida's six largest metropolitan areas.⁴⁶ This includes the following MSAs:
 1. Miami-Fort Lauderdale-West Palm Beach
 2. Tampa-St. Petersburg-Clearwater
 3. Orlando-Kissimmee-Sanford
 4. Jacksonville
 5. Sarasota-Bradenton-Venice
 6. Cape Coral-Fort Myers

- The report indicates that the bulk of the construction is concentrated in the Orlando and Tampa metros, with each area accounting for over 25% of the total units currently under construction.³⁵
- Another 21,600 apartments are under construction in Florida's smaller metros, several of them recording development at all-time highs.⁴⁶
- Current product shortages in Florida highlight the requirement for significant housing additions. However, it is expected that near-term completions will lead to substantial growth in apartment inventories, with aggressive levels of 8 percent or more in cities such as Jacksonville and Orlando. Additionally, smaller markets like Sarasota, Palm Bay, Lakeland, Port St. Lucie, and Daytona Beach are also expected to see this substantial increase in apartment inventories.⁴³
- Florida remains poised for rapid growth, thanks in part to its strategic marketing as the perfect destination for businesses. The state has successfully positioned itself as an ideal location, attracting companies with its proactive and business-friendly government. Florida's government is known for its expertise in attracting new high-wage jobs, ensuring that its workforce can compete on a global scale.⁴⁰

KEY EMPLOYMENT STATS

- Over the past 10 years, Florida's GDP has exceeded \$1.2 trillion and experienced a remarkable growth rate of more than 62%.^{47, 48}
- Between January and September 2023, job growth in Florida surged by 5.4%, significantly outpacing the national average of 0.8%.⁴⁹
- MoneyGeek has ranked both Jacksonville and Tampa among the top 15 cities for job seekers.⁵⁰
- Florida's unemployment rate stands at just 3.0%, with the leisure and hospitality, information, and professional and business services sectors demonstrating rapid growth.⁵¹

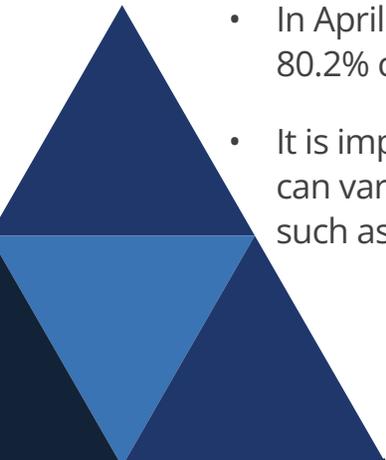


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- Florida gained 325,000 new jobs between March 2022 and March 2023, surpassing the national average.
 - Job growth is evenly distributed across the state, with all major metro areas experiencing employment growth in various sectors.⁵²
 - According to the Florida Department of Economic Opportunity, the healthcare, software, information, and business services sectors have shown the highest rates of growth.⁵³
 - Florida TaxWatch (FTW) anticipates a 2.9% increase in the state's labor force for 2023.⁵⁴
 - Florida's major industries include aviation and aerospace, life sciences, manufacturing, defense and homeland security, information technology, financial and professional services, logistics and distribution, and cleantech.⁵⁵
 - Noteworthy Fortune 500 companies based in Florida include Tech Data, Publix Super Markets, AutoNation, Lennar, CSX, Office Depot, NextEra Energy, Darden Restaurants, and Fidelity National Finance.⁵⁵
 - Florida consistently ranks highly for its business-friendly climate, with accolades including being the #2 best state for business, #3 for corporate tax environment, #4 for lowest private sector unionization rate, and being among the top five states with the best business tax climate.⁵²
 - Florida has a civilian labor force of nearly 10.6 million workers, surpassing the population of Sweden.⁵⁶
 - The Florida workforce is recognized for its innovation (#1 ranking), size (#3 ranking), and workforce training and high-tech employment (#4 ranking) in the U.S.⁵³
 - The state is home to nearly 160 colleges and universities, including the University of Central Florida, Florida International University, the University of Florida, the University of Miami, and Florida State University.⁵⁷
 - Approximately 31% of Florida residents have a college education, according to Census Reporter.⁵⁸

- Florida boasts a modern infrastructure ranked #2 in the U.S., with 15 deep-water seaports, two spaceports, over 12,000 miles of highways, and nearly 3,000 miles of freight rail track routes.⁵⁸
- Orlando International (MCO), Miami International (MIA), Fort Lauderdale International (FLL), and Tampa International (TPA) are Florida's four busiest airports, collectively handling around 68 million passengers annually.⁵⁸
- According to a November 2021 report from WFLA, home sales and prices in Florida are rising, inventory is decreasing, and the number of buyers paying in cash for single-family homes has increased by almost half. Furthermore, all metropolitan areas in the state have witnessed double-digit growth in home prices as of late 2021.⁵⁹

KEY MARKET STATS:

- According to Zillow (as of April 2022), the median home value in Florida stands at \$378,104.⁶⁰
- Over the past year, median home values in Florida have experienced a growth rate of 33.1%.⁶⁰
- Home values in Florida have seen an impressive increase of over 78% over the past five years.⁶¹
- As of October 2023, single-family home prices in Florida have risen by 2.0% compared to the previous year, according to the most recent report from Florida Realtors.⁶²
- The median time to receive a sales contract for single-family homes in Florida is only 29 days as of October 2023.⁶²
- In April 2023, active listings for single-family homes increased by nearly 80.2% compared to the previous year.⁶³
- It is important to note that key real estate market statistics for Florida can vary by area, so it is advisable to research specific markets in cities such as Miami, Naples, Tampa, Orlando, Tallahassee, and Jacksonville.





ATTRACTIVE RENTERS' MARKET

As of November 2023, the average monthly rent for a 1-bedroom apartment in Orlando, FL is \$1,552, which is a 9% decrease from the previous year. In Tampa, FL, the average rent for a 1-bedroom apartment is \$1,563, showing a 6% decrease compared to the previous year. For Miami, FL, the average rent for a 1-bedroom apartment is \$2,650, marking a 2% decrease from the previous year.^{64, 65, 66}

An influx of people moving to Florida from the Northeast and West Coast, attracted by the state's flourishing job market, absence of state income tax, and abundant sunshine, has allowed landlords to raise rents to luxurious levels.

KEY MARKET STATS

- Renters occupy 34% of the housing units in Florida, indicating potential room for growth in the rental market.⁶⁷
- Single-family homes represent 61% of the housing units in Florida. The median household income in Florida stands at \$61,777, while the per capita income is \$35,216.⁶⁸
- According to research conducted by HomeSnacks, some of the most expensive places to live in Florida include Surfside, Key West, West Miami, and Miami Beach.⁶⁹

HISTORIC PRICE CHANGES & AFFORDABILITY

Freddie Mac publishes its House Price Index report monthly, which measures house price appreciation and the percentage change in house prices in Florida.⁷⁰

According to the most recent Index, home prices in Florida have increased by over 156% since April 2002. Over the past five years, the price of a home in Florida has grown by more than 82%. In April 2022, prices increased by 2.5%.⁷¹

U.S. News & World Report recently released its rankings of the best and worst states for housing affordability and overall cost of living. When evaluating housing affordability in Florida, researchers compare median housing prices to median family incomes and mortgage interest rates in the state.⁷³

Florida is ranked at #31 in terms of affordability, indicating that it has one of the less affordable housing markets among all 50 states. In comparison, high-cost states such as Massachusetts, California, and Hawaii were ranked 48th, 49th, and 50th, respectively.⁷³

There are numerous reasons why people choose to live and work in Florida. The state offers a nearly ideal work-life balance, with great job opportunities and near-perfect weather, culture, and recreational activities.⁷⁴

KEY QUALITY OF LIFE STATS:

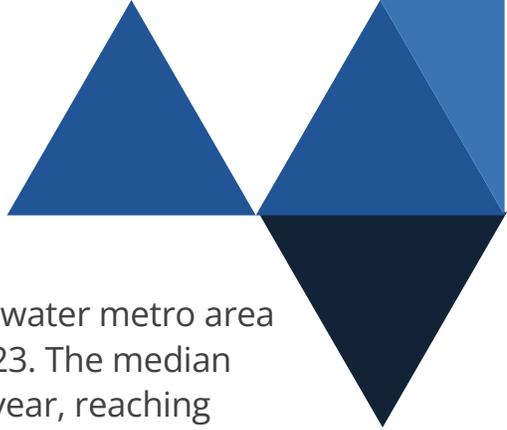
- According to SmartAsset, Florida is among the 8 states in the US that do not impose a personal state-level income tax.⁷²
- U.S. News & World Report ranks Florida as the 10th-best state overall in the country, with a top ten rating in education, economy, and fiscal stability, among others.⁷³
- The climate in Florida has annual summer highs of 87 degrees Fahrenheit and winter lows of about 62 degrees Fahrenheit.⁷⁴
- Florida is committed to education, with all state residents living within 50 miles of a community or state college or university.⁷⁵
- Florida boasts of more than 1,300 golf courses, hundreds of miles of white sand beaches, major theme parks, international shopping venues, several sporting events, and numerous outdoor recreation activities.⁷⁷



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- Florida is home to three NFL teams- Jacksonville Jaguars, Miami Dolphins, and Tampa Bay Buccaneers; two MLB teams - Miami Marlins and Tampa Bay Rays; two NBA teams – Miami Heat and Orlando Magic, and two NHL teams - Florida Panthers and Tampa Bay Lightning. It is also a major destination for baseball spring training.⁷⁸
 - NASCAR has its headquarters situated in Daytona Beach, while Palm Beach Gardens hosts the PGA of America. The ATP World Tour Masters and WTA Premier tennis events take place every year in Miami.⁷⁹

MAJOR METRO AREA ANALYSIS





TAMPA

The housing market in the Tampa - St. Petersburg - Clearwater metro area is predicted to be one of the top housing markets for 2023. The median home value in Tampa has risen by over 34.9% from last year, reaching around \$405,300. The median rent has also gone up by 16% since last year, with over 48% of households opting to rent rather than own. Sun Bay South, Downtown Tampa, and Harbour Island are among the most popular neighborhoods for renters in the Tampa metro area.⁸¹

The quality of life in Tampa is one of its biggest draws. The city's job opportunities, near-perfect weather, and waterfront areas with urbanization in recent years have attracted more people, businesses, and investors. The cost of living is also a significant factor in attracting people to Tampa. According to the Tampa Bay Economic Development Council, it's cheaper to live in Tampa than many other large metro areas such as Atlanta, Denver, Orlando, and Nashville.

ORLANDO

Orlando has emerged as one of the most popular real estate markets for investors due to its vibrant tourism industry and thriving high-tech centers. With attractions like Disney World and Universal Orlando, along with numerous golf courses and premium shopping outlets, Orlando attracts nearly 70 million visitors each year. As Covid-19 recovery began, these iconic resorts attracted millions of global visitors. Visitorlando.com reported a significant increase of 70.2% in domestic visitors and 25.7% in international visitors in 2022 compared to 2021. Orlando International Airport handles over 40.3 million passengers annually and offers more than 130,000 hotel rooms.⁸²

The local economy of Orlando also provides ample job opportunities. The city's GDP exceeds \$144 billion, representing a growth of over 53% in the past decade. According to the Orlando Business Journal, job growth in Orlando reached 11% with over 129,000 new jobs created, and it is projected to grow by 19% by 2030, surpassing the national employment growth rate.⁸²

The housing market in Orlando has seen significant appreciation, with home values rising by 30.1% compared to the previous year. The average home price in Orlando is \$365,589. Among the neighborhoods, Lake Nona Central stands out as the most expensive, with a median home listing price of \$705,500. On the other hand, South Semoran is the most affordable neighborhood in Orlando, with a median listing price of \$167,000.⁸²

JACKSONVILLE

Jacksonville is experiencing high in-migration rates due to its appeal as a city offering a more suburban lifestyle in a smaller and more affordable market, in contrast to the crowded urban lifestyle of larger and more expensive cities. Over the past decade, Jacksonville has gained over 100,000 new residents, making it one of only 14 cities in the U.S. to witness such population growth.⁸³

As the 12th largest city in the U.S., Jacksonville is home to over 950,000 residents, with more than 1.7 million people in the metropolitan area. According to The Bureau of Economic and Business Research, the area is projected to attract over 800,000 new residents in the next ten years, more than doubling the population to over two million people.⁸³

The housing market in Jacksonville has experienced a significant increase, with home values rising by 30.6% compared to the previous year. The average home price in Jacksonville is \$296,359. Among the neighborhoods, Mandarin stands out as the most expensive, with a median listing price of \$544,000, while Jacksonville Heights is the most affordable neighborhood, with a median listing price of \$199,900.⁸³





SOUTH FLORIDA (MIAMI-WEST PALM BEACH MSA)

South Florida, which encompasses approximately 100 cities and towns including Miami, Fort Lauderdale, West Palm Beach, Boca Raton, Boynton Beach, and North Miami, is located in the southernmost part of the state. It is also known as the Greater Miami Area and ranks as the seventh-largest metropolitan area in the United States.⁸⁴

The real estate market in South Florida is experiencing high demand driven by both new residents and corporate relocations from high-tax urban areas such as New York. The current population of South Florida stands at 6.1 million and is projected to grow by over 12% each decade for the foreseeable future. Over the past decade, the population has increased by 10.3%, surpassing the national average of 7.4%.⁸⁴

In South Florida, there is significant strength in the single-family home sales market, particularly in Miami-Dade County, where total home sales have surged by over 142% compared to last year. The average home value in Miami-Dade County has increased by 24.5% since last year, with an average price of \$441,318. Gables By The Sea stands out as the most expensive neighborhood, boasting a median listing price of \$1.9 million, while Kendale Lakes is the most affordable neighborhood, with a median listing price of \$350,900.⁸⁴

TRENDS





This report identifies four highlighted trends as follows:

- **The Economy** - The economy has displayed mixed trends in the first half of 2023. The labor market continues to be tight, with unemployment rates hovering near an all-time low. However, inflation has led to a decline in consumer sentiment, prompting the Federal Reserve to adopt a more cautious approach by raising interest rates.
- **Rent Trends** - In the first half of 2023, there was a year-over-year rent growth of 9.8 percent. While additional growth is expected to continue in the second half, experts predict that the pace of increase will be more moderate.
- **Investment Market** - During the first half of the year, the investment market remained active, with cap rates averaging 4.2 percent as investors directed capital towards multifamily assets. However, as the third quarter began, there was some cooling observed as buyers and sellers adjusted to new pricing.
- **Financing Climate** - The multifamily mortgage originations increased in the first quarter of 2023, with a 57 percent year-over-year spike reported by the Mortgage Bankers Association. However, as market conditions shifted in the second quarter, agencies have become more aggressive in underwriting transactions. In recent months, debt funds have adjusted their strategies by widening spreads and reducing leverage in transactions.

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