

# TOPAZ MARKET OVERVIEW

MELBOURNE-PALM  
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RESEARCH & INSIGHTS DIVISION



**TOPAZ**  
CAPITAL GROUP  
GROWING WEALTH. ENHANCING COMMUNITIES.



# DEMAND DRIVER

## A SURGE IN AEROSPACE INVESTMENT BY ELON MUSK AND JEFF BEZOS

The name Space Coast comes from the fact the region was the home of America's Manned Space Program. All the important milestones of the space program started here in the 1950s when the Air Force developed Eastern Test Range at Cape Canaveral Air Force Station to modern-day Kennedy Space Center.<sup>1</sup> Now, billionaires such as Elon Musk and Jeff Bezos are betting big on the aerospace industry and have invested billions of dollars to build infrastructures on the space coast of Florida.

In 2019, Lockheed locked in a 7.2 billion contract with the U.S. Air Force to build 22 GPS satellites, which resulted in over 1,000 job openings for its offices in Orlando, Melbourne, Cape Canaveral, and Titusville. What more, Blue Origin, Led by Jeff Bezos, has already invested more than \$1 billion into the area to build its 750,000-square-foot New Glenn factory and provides hundreds of jobs and thousands of tourists. Lastly, growth is also continuing for Elon Musk's SpaceX, which in May 2019 launched its Falcon 9 rocket along with 60 Starlink satellites to start the company's internet service. It is reported that SpaceX intends to develop its rocket factory in Brevard County.<sup>2</sup>



## **A SHIFT OF INBOUND MIGRATION FROM HIGH-COST LIVING AREAS**

One of the biggest reasons why the Space Coast real estate market is so hot is inbound migration from high-tax and high-cost living areas like California and New York. People and businesses are looking for less dense areas where the cost of living and doing business is lower and real estate prices are still affordable.<sup>3</sup>

## **JOB OPPORTUNITIES AND TOURISM**

Melbourne, ahead of Honolulu, Hawaii, Sarasota, Florida, and San Diego, California, was named the greatest place to live close to the beach in the United States. The ranking is published by U.S. News & World Report, and the locations are based on the order in which they appear on the overall Best Places to Live List where Melbourne is ranked 25 out of 125.

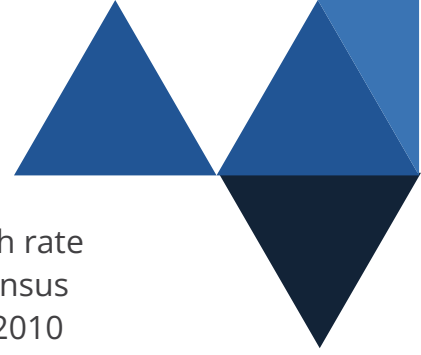
Additionally, Florida saw 34.1 million domestic visitors in the first quarter of 2022, an increase in domestic visitors from 2019 for 12 straight months with no signs of slowing, with no signs of slowing. Florida is breaking more pre-pandemic records domestically, we are seeing an exponential rebound in Orlando as well as international numbers, which is expected to continue in the months ahead. Florida welcomed 1.3 million overseas travelers in Q1 2022, an increase of nearly 169 percent from Q1 2021.<sup>4</sup>

1. "More About Florida's Space Coast | VisitSpaceCoast.com." Florida's Space Coast,
2. Alford, Brian. "Bezos, Musk and Branson Pump Billions into Florida Space Coast." The LCP Group,
3. Rohde, Jeff. "The Orlando real estate market: Stats and trends for 2022." Roofstock Blog, 1 July 2022
4. "Melbourne named top place in country as best place to live near beach." Florida Today

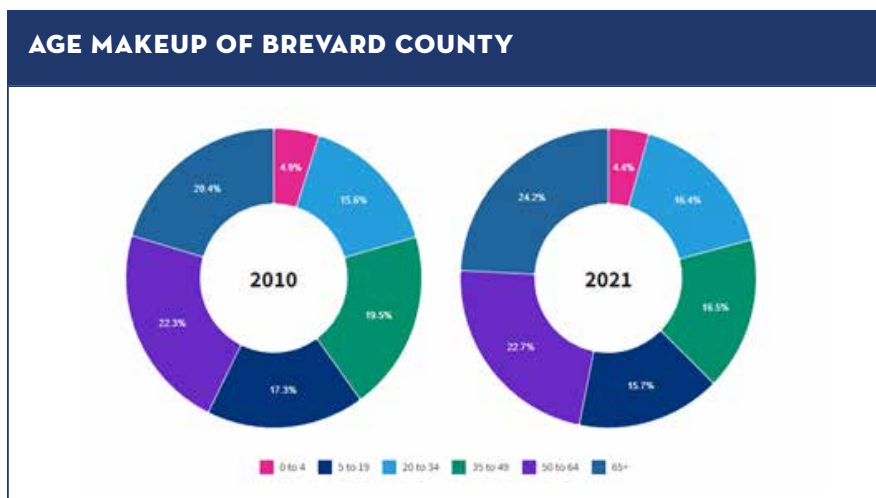
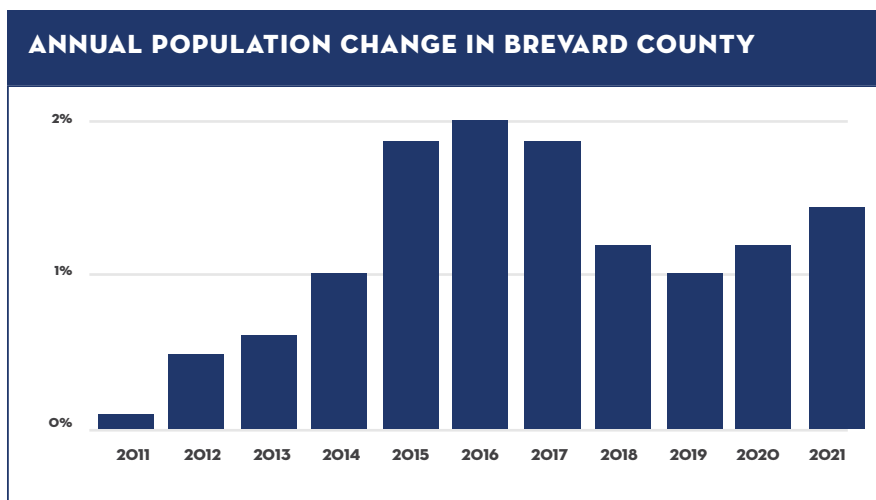
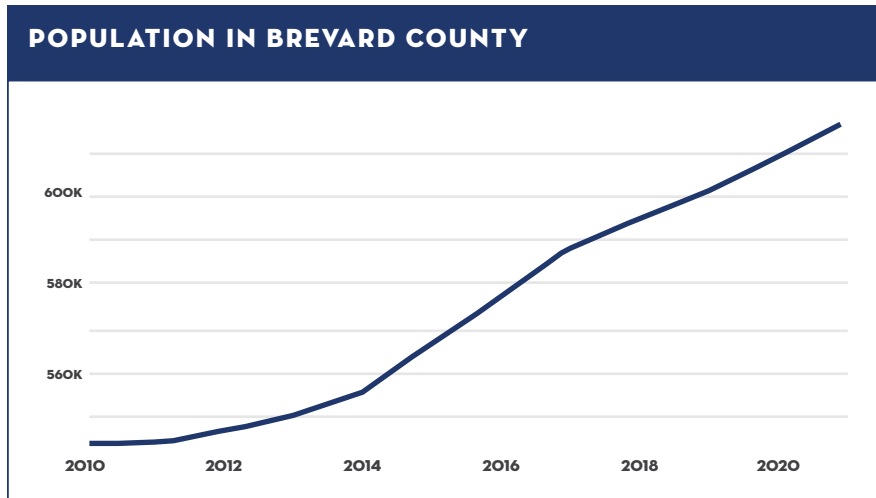


# POPULATION STATISTICS AND GROWTH

Palm Beach Post reports that in 2021, 547,000 people exchanged their out-of-state driver's licenses for Florida licenses; and that number is 20% greater than the five-year average between 2017 and 2021. Many articles suggest that this influx into Florida is due to the increase in remote workers; when given the option of living anywhere, people are choosing to move to Florida for the mild winters and the lack of state income taxes.



Brevard County, Florida's estimated population is 619,260 with a growth rate of 1.03% in the past year according to the most recent United States census data. Brevard County, Florida is the 10th largest county in Florida. The 2010 Population was 543,376 and has seen a growth of 13.97% since this time.





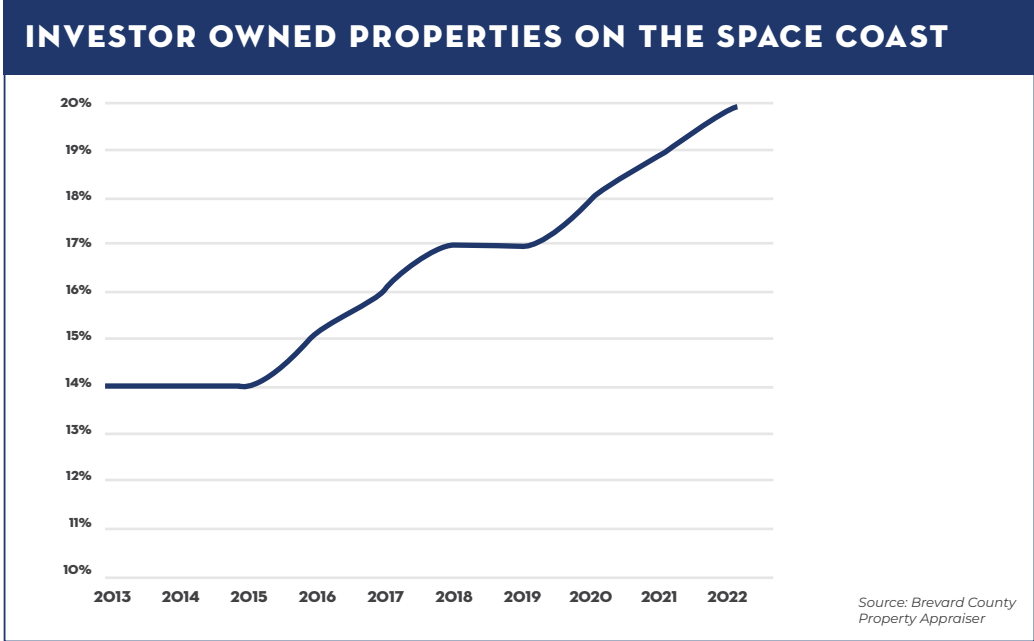
# HOUSING MARKET

## **INVESTOR OWNED PROPERTIES**

According to data from Redfin, a national real estate brokerage, about 26% of homes in Orlando are now investor-owned. While Redfin does not provide an analysis of Brevard County investor-owned properties, FLORIDA TODAY analyzed real estate properties in Brevard County using the same method as Redfin and found that at least 20% of Space Coast properties as of 2022 were investor-owned; up from 14% in 2013.<sup>5</sup>

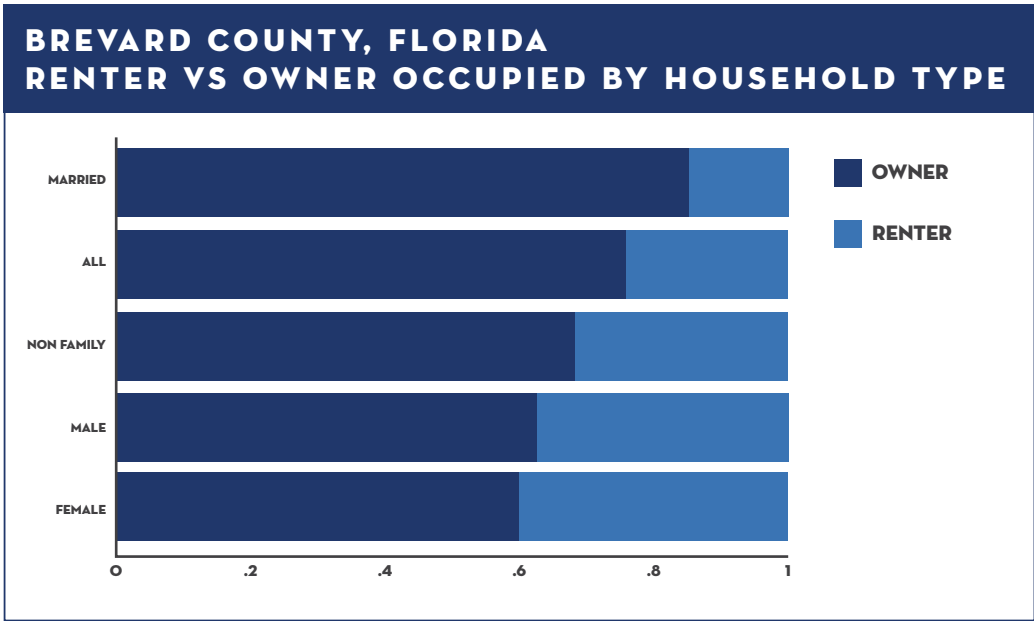


5. "Space Coast resident displaced by increase in rental costs."  
*Florida Today*, 17 May 2022



In August 2022, Brevard County home prices were up 17.3% compared to last year, selling for a median price of \$365K. On average, homes in Brevard County sell after 48 days on the market compared to 46 days last year. There were 1,167 homes sold in August this year, down from 1,368 last year.<sup>6</sup>

The average rental price in Brevard County is \$1750, with the majority of rentals being apartments (55%), followed by single-family homes (35%), and townhomes/condos (15%). The vacancy rate for rentals is approximately 14%. (The rental vacancy rate in Brevard County peaked in 2007 at 18.80%. Since then it has fallen from 5.33% to 13.47%. Data records for this series originated in 2005.)<sup>7</sup>



6. "Brevard County, FL Housing Market: House Prices & Trends." Redfin

7. "Brevard County Home Rental Market 2022 -- American Property Management." PRLog, 14 April 2022

## **SUB MARKET HOUSING**

### *Palm Bay and Melbourne*

The city witnessing the most sales was Palm Bay, with the number of properties sold at 290 and 261 respectively. A total of 28 properties sold for over \$1 million in the county in July, and 3 went for over \$2 million, with the highest sales figure being \$2.9 million for a Melbourne Beach 4-bedroom property.

### *Cape Canaveral and Cocoa Beach*

Condos in the Cocoa Beach and Cape Canaveral areas are spending an average of 20 days on the market, and are averaging a value of \$279 per square foot. Prices have dropped slightly month-on-month as the inventory has risen. Average values are at \$350,771 for July, down from \$384,441 in June, and the median price is sitting at \$295,000, a \$53,000 drop from the June figure of \$348,000.

The beach-side single-family home sales are lagging when compared to 2020 stats, however, they are still ahead of previous years, and in any case, the active inventory figures are still low compared to a typical pre-pandemic year.

Property sales values ranged from \$440,000 in south Cocoa Beach to just over \$1 million for a canal property in the same area.<sup>8</sup>

## **HOUSING INVENTORY**

Before the onset of Covid-19, it has been a solid sellers' market with the MSI (Months' Supply of Inventory) averaging around 2 to 3 months for single-family homes, 2021 through the beginning of 2022 proved to be a considerably stronger seller's market. But then at the beginning of April, the single-family MSI began consistently climbing until the beginning of July when it seems to have stabilized at a little under 2 months. The condo MSI has followed a similar pattern and now the MSI for both condos and homes is more than 3 times what they were at their low points from earlier this year. In my opinion, this is strong evidence that we have begun a slow shift to a more balanced housing market in Brevard County.

As you might imagine, an incredibly strong sellers' market means that prices are likely to rise at a higher-than-normal rate- and they have. Traditionally in a balanced real estate market, we would expect around a 3-5% annual increase in home prices. But we are not in a balanced market, and in 2022 year-to-date, the median sales price of a single-family home in Brevard County was up on average 21.6% from the same period a year ago.<sup>9</sup>

8-9. "Status of the Melbourne FL - Brevard County Real Estate Market." *Florida Coast Realty of Brevard*





# MSA ECONOMIC ADVANTAGE

From start-ups and mid-sized enterprises to high-tech goliaths, the Space Coast corporate neighborhood hosts an impressive group of innovative organizations in a variety of sectors. The Space Coast is also home to the Space Launch Delta 45 and the 920th Rescue Wing at Patrick Space Force Base, and the Naval Ordnance Test Unit at Cape Canaveral Space Force Station.<sup>10</sup>

## **Florida's Space Coast is a hub for rapidly expanding industries:**

- Aerospace and Defense
- Business Services
- Communications
- Education
- Environmental Services
- Financial Services
- Information Technologies

10. "Why the Space Coast." *Economic Development Commission of Florida's Space Coast*, 12 July 2022

This increased activity is having a positive trickle effect – the job market that’s being revived by the private space industry is helping to spur commerce, which in turn leads to a better economy and higher real estate values. All of this could help the Florida Space Coast become one of the strongest U.S. industrial markets in the next five to 10 years.<sup>11</sup>



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11. Alford, Brian. "Florida's Space Coast Economy Blasts Off." *The LCP Group*

# MULTIFAMILY INVESTMENT & FORECAST

In conclusion, there are many advantages to investing in Multifamily real estate on the Space coast. The weather is perfect, the beaches are beautiful, and the cost of living is affordable. We have already seen a huge increase in migration to the space coast driven by remote working opportunities as well as strong local economic growth. Due to the rapid population growth along with the demand for a better quality of life, Topaz Capital Group LLC has identified multifamily garden-style residential complexes to be the prime asset class. We believe the strong fundamentals of the real estate market in Space Coast will generate profitable / stabilized investments for investors looking for high-growth potential investments with stabilized cash flow incomes.

# TOPAZ

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