

NAR Commercial Real Estate Metro Market Report | 2021.Q4

Miami-Miami Beach-Kendall, FL

Core-Based Statistical Area Code: 33124

The Miami-Miami Beach-Kendall, FL commercial real estate market is stronger compared to the overall U.S. market.
NAR Commercial Real Estate Market Conditions Index* 76.0

Overall economic conditions are not as strong than nationally.
 The apartment property market is stronger than nationally.
 The office property market is stronger than nationally.
 The industrial property market is stronger than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Miami-Miami Beach-Kendall, FL			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	1,198	1,163	1,137	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	70	61	(107)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	6.2%	5.6%	-8.6%	4.1%	4.0%	-6.0%	Job creation is stronger than nationally
Unemployment rate (%)	5.1%	6.3%	8.6%	4.2%	4.7%	6.7%	Unemployment rate is higher than nationally
Average weekly wages	\$1,004	\$996	\$949	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	6.0%	6.8%	9.8%	4.8%	4.5%	6.7%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-4.6%	1.9%	3.6%	-3.4%	2.3%	2.9%	
	2019	2018	2017	2019	2018	2017	
Median household income	\$60,141	\$60,255	\$61,241	\$87,470	\$84,423	\$81,284	
	2020	2019	2018	2020	2019	2018	
Demographic	(46.0)	(49.1)	(58.2)	0	0	0	Area is experiencing net domestic out-migration
Net domestic migration ('000)	6,173	6,165	6,141	331,501	328,330	326,838	
Population ('000)	0.13%	0.40%	0.41%	0.97%	0.46%	0.53%	Population growth is slower than nationally
Population growth (%)							

II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	3.5%	3.6%	7.5%	4.6%	4.6%	
Absorption of units over the quarter	1,521	3,298	2,636	78,063	189,629	94,740	
Absorption of units in past 12 months	12,797	13,912	5,738	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	7.7%	8.5%	3.8%	4.2%	4.3%	2.3%	The area has stronger absorption than nationally
Market asking rent per unit	\$2,006	\$1,940	\$1,709	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	17.4%	14.8%	0.1%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,997	\$1,929	\$1,669	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	19.6%	16.9%	-1.3%	12.2%	11.6%	-0.1%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	22.9%	22.3%	20.2%	16.3%	16.3%	15.2%	Renting is less affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	165,582	164,063	152,954	17,112,020	17,034,566	16,401,950	
Inventory	6,393	6,908	8,104	369,993	387,542	434,591	
Net delivered units in past 12 months	3.9%	4.2%	5.3%	2.2%	2.3%	2.6%	
Net delivered units, as % of inventory	15,175	13,784	11,851	681,402	692,701	687,551	
Units under construction	9.2%	8.4%	7.7%	4.0%	4.1%	4.2%	Construction is stronger than nationally
Units under construction, as % of inventory	11.0	8.9	(13.3)	16.2	14.7	(21.3)	Fewer jobs per delivered units than nationally
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$1,664	\$1,252	\$429	\$86,764	\$63,211	\$47,522	Sales transactions are rising faster than nationally
Total investment acquisitions (in million \$)	\$333,233	\$298,310	\$208,865	\$235,199	\$231,697	\$212,033	Prices are rising faster nationally
Transaction sales price per unit	4.7%	4.8%	4.9%	5.2%	5.2%	5.3%	Cap rates are lower than nationally
Market cap rate							

III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	10.5%	10.3%	10.4%	12.2%	10.3%	
Absorption in sq.ft. over the quarter	103,863	514,632	196,038	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	642,518	734,693	(988,613)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.7%	0.7%	-1.0%	-0.5%	-1.2%	-1.0%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$40.6	\$40.2	\$39.0	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	4.2%	4.3%	2.8%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	22.6	19.0	(5.0)	1,134	1,092	(870)	Slower office job creation than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	98,565,704	98,461,840	97,923,184	7,237,517,312	7,222,925,312	7,276,806,144	
Inventory in sq. ft.	808,404	1,082,081	1,179,414	59,502,409	57,367,205	45,533,641	
Net delivered over 12 months, in sq.ft.	0.8%	1.1%	1.2%	0.8%	0.8%	0.6%	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	3,132,747	3,456,443	3,588,949	142,297,840	141,203,264	155,258,080	
Under construction in sq.ft.	3.2%	3.5%	3.7%	2.0%	2.0%	2.1%	Construction activity is more robust than nationally
Under construction, as % of inventory							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$461	\$750	\$186	\$28,031	\$29,974	\$21,646	Sales transactions are rising faster than nationally
Total investment acquisitions (in million \$)	\$227	\$290	\$177	\$305	\$306	\$301	Prices are rising faster nationally
Transaction sale price per sq.ft.	6.1%	6.1%	6.2%	7.0%	7.0%	7.0%	Cap rates are lower than nationally
Market cap rate							

NAR Commercial Real Estate Metro Market Report | 2021.Q4

Miami-Miami Beach-Kendall, FL

Core-Based Statistical Area Code: 33124

IV. Industrial

	Miami-Miami Beach-Kendall, FL			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	2.8%	3.1%	4.4%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	1,665,747	2,037,857	1,667,636	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	7,944,662	7,946,551	3,188,934	502,819,872	454,349,376	223,162,272	
Absorption in past 12 months as % of inventory	3.2%	3.2%	1.3%	3.0%	2.7%	1.4%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$15.1	\$14.5	\$13.1	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	15.3%	13.0%	5.8%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
Supply indicators							
Inventory in sq. ft.	248,240,560	246,574,800	240,295,888	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	4,090,742	4,161,408	3,818,394	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	1.6%	1.7%	1.6%	1.7%	1.8%	1.9%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	4,884,334	4,441,812	4,662,893	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	2.0%	1.8%	1.9%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$577	\$457	\$507	\$34,773	\$30,151	\$29,578	<i>Sales transactions are not rising as fast as nationally</i>
Transaction sale price per sq.ft.	\$205	\$160	\$141	\$144	\$127	\$110	<i>Prices are rising faster nationally</i>
Market cap rate	5.4%	5.4%	5.6%	6.3%	6.3%	6.4%	<i>Cap rates are lower than nationally</i>

V. Retail

	Miami-Miami Beach-Kendall, FL			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	3.4%	3.7%	4.3%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	496,302	602,706	54,310	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	1,774,955	1,332,963	752,235	76,321,048	48,774,088	(28,079,124)	
Absorption in past 12 months as % of inventory	1.3%	1.0%	0.6%	0.7%	0.4%	-0.3%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$40.2	\$39.3	\$38.1	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	5.3%	3.4%	0.3%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg. in retail trade payroll employment ('000) (as of latest available month of the quarter)	3.90	3.80	(13.70)	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
Supply indicators							
Inventory in sq. ft.	134,104,864	133,608,560	132,329,912	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	613,729	457,829	1,149,914	21,047,385	28,105,270	41,736,234	<i>Relatively more units delivered than nationally</i>
Net delivered units, as % of inventory	0.5%	0.3%	0.9%	0.2%	0.3%	0.4%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	3,476,578	3,687,439	2,596,976	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	2.6%	2.8%	2.0%	0.5%	0.5%	0.5%	<i>Construction activity is more robust than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$638	\$409	\$753	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$376	\$441	\$271	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	5.6%	5.6%	5.6%	7.0%	7.0%	7.0%	<i>Cap rates are lower than nationally</i>

VI. Hotel/Lodging

	Miami-Miami Beach-Kendall, FL			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	122.3	116.3	104.7	15,362	15,397	12,896	
Y/Y change ('000)	19.8	22.7	(42.3)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	10.2%	10.0%	9.2%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

Visit NAR's Commercial Research webpage at <https://www.nar.realtor/research-and-statistics/research-reports/commercial-research>

