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South Florida's Multifamily Market Poised for Slowdown This Year

by David Wilkening

Almost unheard of in South Florida, you may see a slowdown in multifamily this year. Also expected: Most new building will be more inclined towards 24-hour urban town centers. And for investors, the year will open up new opportunities in the re-use of buildings.

Those were the predictions of four well-known South Florida experts on how 2019 will be shaping up in the multifamily market picture.

Edward W. Easton, founder and chairman of The Easton Group, is among those seeing a slowdown with ongoing projects going ahead but limited new multifamily development.

Why? He tells GlobeSt.com:

"The cost to build is becoming too expensive and rents are becoming tapped out. If anything, I think we'll see rents start to stabilize and perhaps come down as more product is delivered to the market."

Jay Jacobson, President of EDEN Multifamily, sees 2019 as a continued diversification of the rental pool as apartment owners no longer rely on one market segment or another but multiple generations.

"In South Florida, expect to see more municipalities work with developers to create urban town centers and create more residential inventory where people work and spend time in their cities. Whether this comes in the form of public-private partnerships or is driven directly by the private sector, this is a trend that applies to the entire tri-county area,"

He adds this motivation: "Renters wants to live in vibrant neighborhoods where they can avoid driving as much as possible."

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MORE URBAN CORE DEVELOPMENT

Jaime Sturgis, Founder and CEO of Native Realty, sees a significant concentration of multifamily developments in and urban core neighborhoods throughout South Florida. He says his own Flagler Village project reflects the larger supply and demand imbalance between apartment inventory and retail-office space within communities or nearby.

"This could yield new opportunities for commercial real estate investors. In addition to ground-up construction, the adaptive re-use of older — and sometimes historic — buildings are of increasing appeal to millennial renters," he says.

Still another South Florida multifamily trend observer, Steven Wernick, a partner in the Akerman Miami office, thinks the new year will see more ways to cope with a commonly discussed problem in 2018: the high cost of living.

"The market is starting to figure out new ways to address the problem by building innovative product types, often at times within the same development," he said.

This year, "We will see more creative housing solutions in the form of co-living, micro-units and short-term rental and lodging platforms, similar to what has happened in cities like Seattle and Washington DC."

"This momentum is being driven by Miami's demographics, focus on transit-oriented development and growth as a target market for new investment from the creative class, tech investor community, armed with seed money to get projects off the ground," he says.

David Wilkening reports for GlobeSt.com.