

November 2021 Greater Downtown Miami Residential Market Update



KEY TAKEAWAYS:

- **Greater Downtown Miami housing demand has traditionally been fueled by foreign demand; however, US originating market demand and interest are healthily growing.**
- **Condominium development historically dominated Greater Downtown Miami; however, product is being increasingly balanced with an upswing in rental development.**
- **The diversity of product in Greater Downtown Miami has grown wider including luxury/branded product and attainable housing offering a new entry point and option in the market for many residents.**
- **Nationally, sales prices and rents were impacted in 2020 (Pandemic), but both are on the rebound in Greater Downtown Miami with record levels of absorption and transaction activity.**
- **Relative to other major US, and local South Florida markets, Miami represents good value for both renters and owners.**
- **The Greater Downtown Miami neighborhoods continue to mature, grow, and distinguish themselves. Collectively they provide the housing, employment, cultural and recreational assets of a world class metropolitan destination.**

Acknowledgements

The Miami DDA commissioned Lambert Advisory to provide the Greater Downtown Miami Residential Market Update. Special thanks to the staff and board members of the Miami Downtown Development Authority. For additional information and/or inquiry, please contact:

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INTRODUCTION



INTRODUCTION

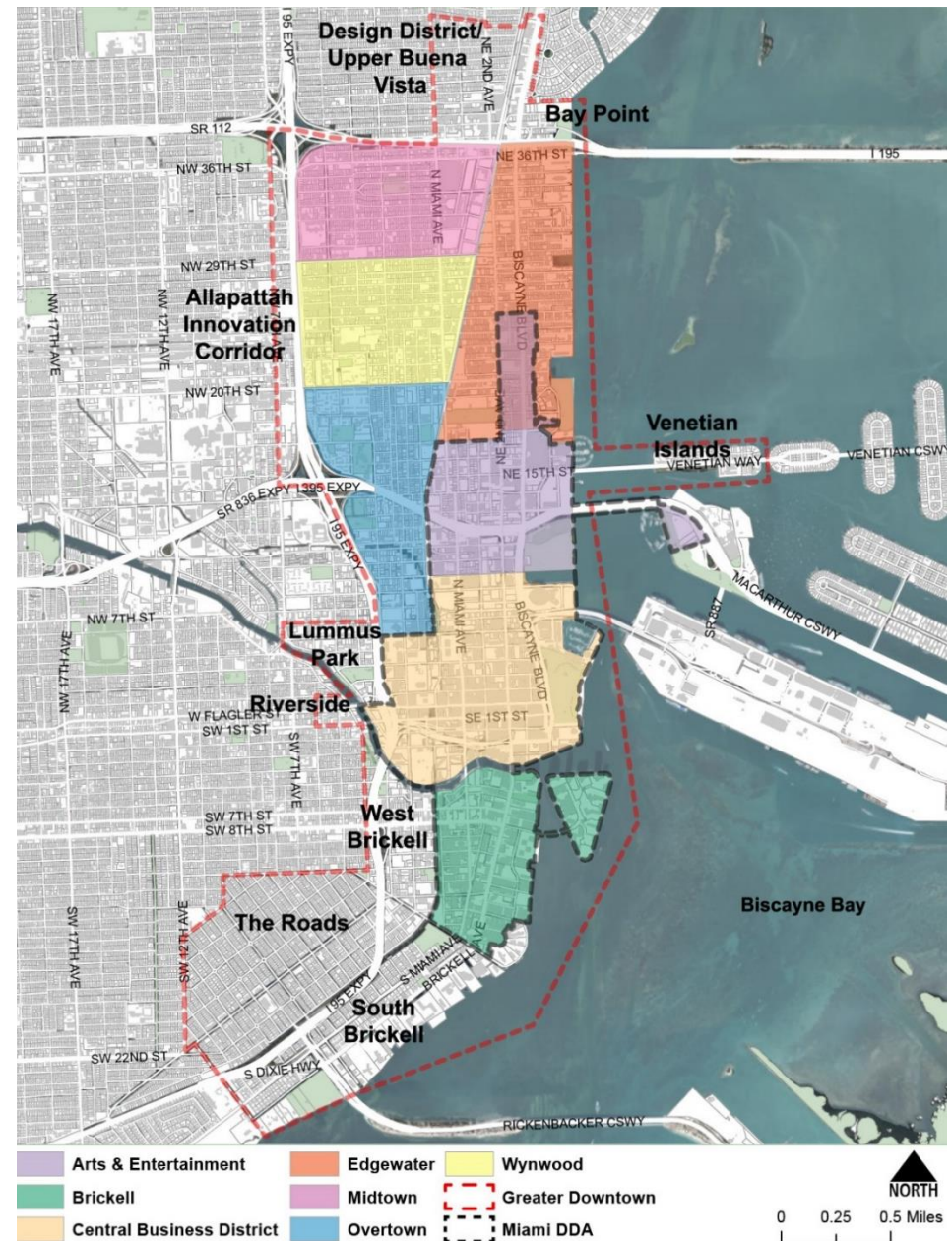
Lambert Advisory (Lambert) has completed a Residential Market Update report on behalf of the Miami Downtown Development Authority (Miami DDA) in an effort to comprehensively look at Greater Downtown Miami's residential market conditions for both for-sale and rental product. This report was delivered to Miami DDA in October 2021; however, the most recent data compiled herein is based upon Q2 2021. Specifically, the primary objective is to provide an update to a previous Residential Market Study distributed by the DDA in early 2019. Importantly, this study aims to also address the effect COVID-19 has had on the Downtown Miami residential sector and provide insight into its impact on market conditions within the foreseeable future.

The body of this report details our research and analysis of residential market conditions and trends that support the primary objectives of the Update analysis. The structure of the report comprises four sections, summarized as follows:

- Section I – Headline Findings
- Section II – Condominium Market Update
- Section III – Multifamily Rental Market Update
- Section IV – Condominium (Shadow) Rental Market Update

In terms of its boundary, Downtown Miami comprises a number of sub-markets (neighborhoods) as shown in the adjacent map. However, there are also marginal outlying areas beyond the collective districts and of which define the entirety of Miami DDA's **Greater Downtown Miami** market area.

The districts shaded in color are the primary areas within which the analyses isolates key trends, conditions and performance and metrics. Also included throughout this report are new development profiles illustrating trends underway in the Greater Downtown Miami market area.



REPORT CONTEXT

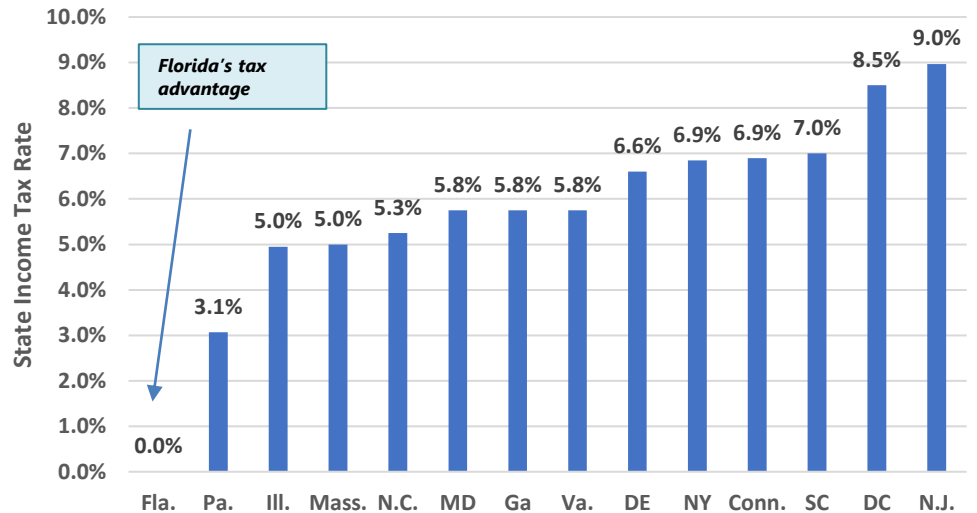
The residential real estate market in Miami during the initial lock downs that started in March 2020 suffered along with most markets in the US. However, as the lock downs persisted, many in the Northeast – namely New York – found Miami to be a more viable and desirable location than ever. The ability to work remotely from virtually anywhere made a move to Miami incredibly simple and alluring. Though Miami’s lifestyle and many attractions are some of the primary drivers of residential demand, local employment growth is another driver growing in influence.

While Florida’s income tax advantages fueled residential demand starting around 2018, the State is continuing to see an acceleration of financial services companies and the burgeoning tech sector. The City of Miami and specifically, the Greater Downtown Miami area, is rapidly positioning itself to continually foster growth among the tech and finance sectors.

The Miami DDA, among other funding organizations, provide guidance, funding and offices to spur and support innovation. In January 2021, Softbank announced plans to invest \$100M into Miami-based companies and Softbank’s \$5B Latin American fund is headquartered in Miami. In light of this economic outlook, the Greater Downtown Miami area is increasingly being recognized as a true global metropolitan destination supported by premier arts, entertainment, and cultural venues.

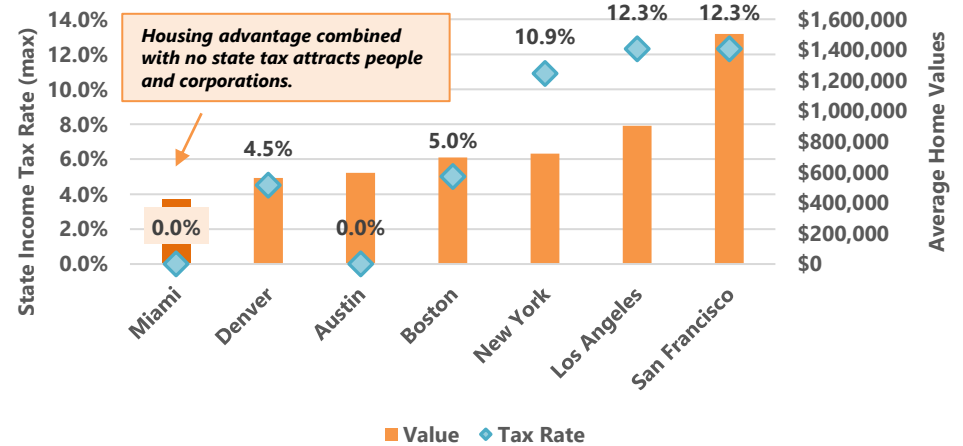
Naturally, a continuous expansion of residential housing opportunities is needed to meet the demands of a broad range of individuals and families that want to make Greater Downtown Miami their home.

Florida has zero state income tax burden, giving residents more purchasing (and saving) power than residents of most other East Coast states.



On a national level, and based upon a general comparative snapshot of select major US cities and their associated State income tax (maximum rate), Miami presents a strong value proposition which should continue to enhance buying activity.

Comparison of Average Home Values (August 2021): Source, Zillow



Summary of Approach & Definitions

The basis for analyzing the Greater Downtown Miami residential market considers information gathered from: Miami Dade County Property Appraiser; Miami Realtors Multiple Listing Service (MLS); Costar; and, Lambert Advisory's field research. Some of the information collected by each source may be overlapping. Unless otherwise stated, a combination of sources evaluated derives the data and statistics presented herein based on our fieldwork and broader knowledge of the market.

Historical Snapshot: Development over the decades...

The residential market in Downtown Miami is, for all intents and purposes, in its infancy. Prior to 2000, there were fewer than 20,000 total existing housing units within its numerous districts; however, in the past 20 years alone, there has been nearly 43,000 housing units completed within market. After decades of capturing only a marginal proportion of Miami Dade County's housing development (or 3+% of total share), the proportionate share during the past two decades has risen exponentially to more than 18 percent. Accordingly, the Greater Downtown area has provided the lion share of housing development activity within the City of Miami.

...evolving to direct public benefit.

Residential development in Greater Downtown Miami continues to improve infrastructure, recreation and cultural activities serving the broader community. Projects such as Modera Biscayne Bay's extension of Bayshore Drive, Miami World Center's renovation of the metro mover stations, 501 First's investment in local schools, and 1 Southside Park's renovation of public safety facilities and installing a new Southside Park, and the Riverwalk / Baywalk extensions that come from new projects on the water, among other are major contributors to the public benefit.

Housing Development Built by Decade (All Housing Types) – County, City, Greater DT Miami

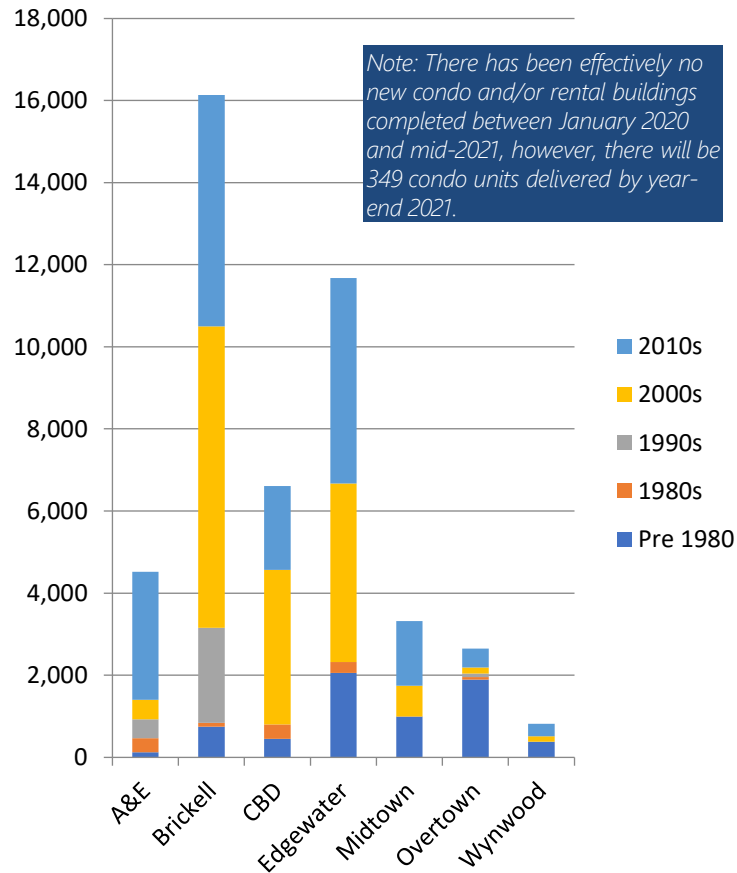
	Miami Dade County # Units	City of Miami # of Units	Greater DT Miami # of Units	% of County	% of City
Pre 1980	501,304	104,351	12,566	2.5%	12.0%
1980s	104,892	9,551	3,627	3.5%	38.0%
1990s	105,105	7,769	3,710	3.5%	47.8%
2000s	132,787	33,102	20,481	15.4%	61.9%
2010s	88,495	30,363	21,003	23.7%	69.2%
2020s (1)	10,389	3,074	1,507	14.5%	49.0%
TOTAL	942,972	188,210	62,894	6.7%	33.4%

Source: Miami Dade County Property Appraiser

(1) 2020's represent units built between January 2020 and June 2021.

As illustrated below, housing within the broader region (Miami Dade County) is fairly well balanced with multifamily (rental and condominiums) and single family/town home development. Greater Downtown Miami is clearly dominated by multifamily housing and predominately condominium product. However, multifamily rental is growing tremendously – as discussed in detail in following sections.

Greater Downtown Miami – Housing Development by Decade (by District)



Housing Development Built by Product Type – Miami Dade County, City of Miami, Greater DT Miami

	Multifamily Rental	CONDO/ COOP	Single- family / townhomes	OTHER ⁽¹⁾	TOTAL
Miami-Dade County	263,647	243,049	427,783	8,493	942,974
City of Miami	95,471	56,292	34,460	1,987	188,210
Miami DDA District	6,007	21,435	3	550	27,995
Greater Downtown (3)	21,029	39,170	1,908	787	62,152
Miami DDA District					
<i>A & E</i>	2,921	1,980	1	88	4,990
<i>Brickell</i>	1,600	14,452	2	120	16,174
<i>Central Business District.</i>	1,486	5,003	0	342	6,831
Greater DT Districts					
<i>Edgewater</i>	3,990	7,826	46	86	11,948
<i>Midtown</i>	2,516	977	193	76	3,762
<i>Overtown</i>	1,952	592	116	7	2,667
<i>Wynwood</i>	655	146	8	23	832
<i>Outlying Area (3)</i>	5,909	8,194	1,542	787	16,432

Source: Miami Dade County Property Appraiser

(1) Other includes housing categorized as mixed use, mobile home, and/or timesharing

(2) Greater Downtown represents Miami DDA District and Greater DT Districts

(3) Outlying area comprises housing development located within the inside periphery defined Greater Downtown Miami market, but not situated in a defined district.

SECTION 1

Headline Findings

HEADLINE FINDINGS

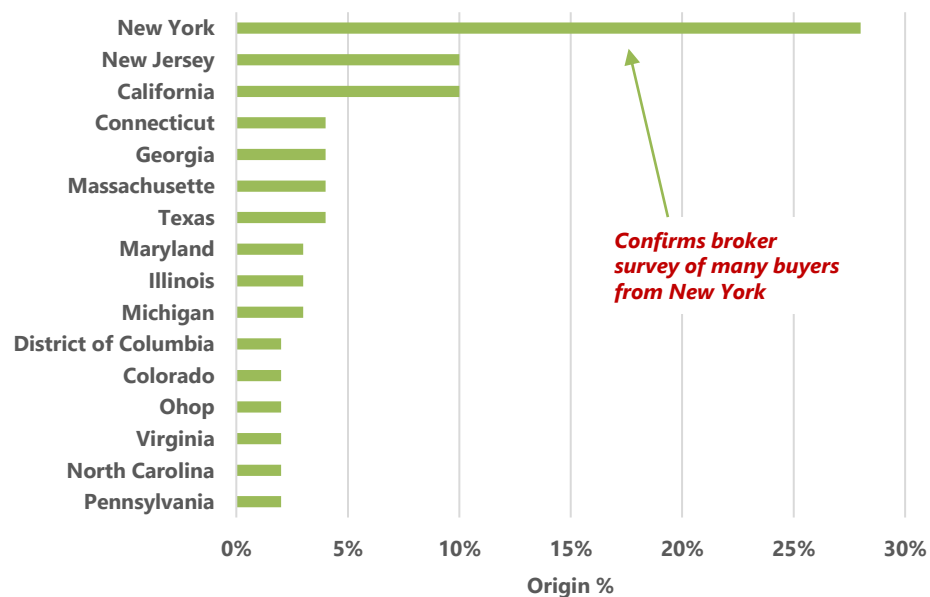
There are numerous headline raising trends, conditions, and development activities to be taken away from this report. Key among these findings include:

Greater Downtown Miami housing demand has traditionally been fueled by foreign demand; however, domestic demand is robust.

The traditional buyer returned in late 2020 and early 2021 seeking to lock in pre-construction prices per industry experts.

- Conversations with real estate agents reveal that the source of buyers and renters is from all over the world.
- Miami's tech centers, the emerging crypto-currency, and traditional financial services company that set up offices have expanded employment opportunities and thus more demand for quality housing.
- The expansion of higher wage financial and tech sectors, in addition to wealthy foreign buyers, has created enhanced opportunities for luxury condominium and rental product.
- Based upon a cursory overview of other major US metropolitan downtown areas such as San Francisco, New York, Boston and Chicago, the Downtown Miami condominium pricing is relatively competitive.

Origin of Miami Metro Area Domestic Home Buyers: Survey conducted Survey from April to May 2021 by the National Association of Realtors



FINANCIAL NEW-TO-MARKET EMPLOYERS:

- Blackstone Group (200 employees)
- Citadel Advisors (\$32B)
- Thomas Bravo (\$35B software fund)
- Boston Private
- Apollo Global (\$72B)
- CI Financial (\$170B)

TECH NEW-TO-MARKET EMPLOYERS:

- Microsoft – 50,000 SF
- ShiftPixy (NASDAQ:PIXY)
- Founders Fund (PayPal founder)
- Plug & Play (global startup accelerator)
- OKCoin (crypto currency-est. 2013)
- Veru (biomedical, pharmaceutical)

HQ RELOCATION TO MIAMI:

- Subway (63,000 SF office)
- Schonfeld (20,000 SF office for a 2nd HQ in Wynwood)
- Payless Shoes (4,000 SF HQ)

HEADLINE FINDINGS: Comparing to Prior Miami DDA Market Report

Full spectrum of market conditions since April 2019.

Projections from the residential report completed in April 2019 could not have anticipated a global pandemic that would hinder the markets in 2020 and into 2021. While the report reported an estimate in the growth of condo for-sale inventory of 3% to 4% for the balance of 2019, 2020, and 2021, no new deliveries occurred in 2020 and deliveries for 2021 will be 249 units, lower than the average seen from 2016 to 2019. Presently, there are nearly 2,600 condominium units under-construction which will be delivered over the next two to three years. This more moderate pace of development activity has an impact on values.

The influx of buyers from the Northeast during 2020 and the end of the lockdowns both contributed to this strong average sales price increase. Moreover, creative development/marketing strategies such as luxe branding (i.e., Aston Martin, Baccarat) helps to fuel premium pricing.

Perhaps more noteworthy among the changes since 2019 is the heightened scale and performance of conventional rental development. Between 2019 and Q2 2021 there has been nearly 6,000 rental units delivered to the Greater Downtown Miami market. Even with this amplification of supply, combined with economic uncertainty from the pandemic, occupancies are overall in the 95% range. At the same time, rents have reached record levels, and average monthly rent within the newer luxury developments approaching (and even exceeding) \$3,000.

In all, the Greater Downtown Miami residential market is presently on strong footing with no signs of distress.

These details (and more) are provided in following sections.

Enter a New Level of Luxury Product



Baccarat - 2024



Aston Martin Residences - 2023



Legacy Hotel and Residences - 2025

Enter a New Era of Affordability



Block 55



Soleste Grand Central

HEADLINE FINDINGS: Diversity of Product

The diversity of product in Greater Downtown Miami has grown wider.

From waterfront ultra-luxury condos to affordable housing, the broader product offerings appeal to a large pool of buyers and renters.

- While a spectrum of luxury projects continues to rise, more affordable infill projects are also being developed. For example, the Arts & Entertainment neighborhood added 1,605 units on parcels that have been under utilized for decades.
- Luxury product has been a major appeal for Miami which has intensified over the past few years and will continue for the next 3+ years.
- New classifications for this product of a) ultra luxury, b) condo hotel, c) branded residences and, d) short-term rental condominiums would help to distinguish these new developments. The most prominent projects are the Aston Martin Residences, Waldorf Astoria Residences, and Baccarat Residences.
- International and Northeast based companies have projects under construction and planned. The Oko Group, international developers, is developing condo projects including Una Residences and Missoni Baia (condos) that are currently under-construction, as well as Miami's newest Class A office tower known as 830 Brickell, the second tallest office building with 55 floor after the SE Financial Center.

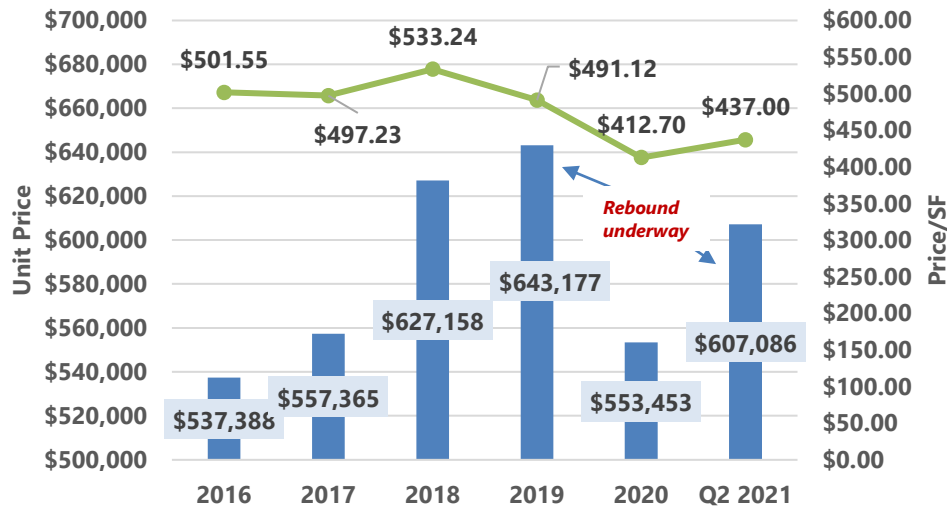


HEADLINE FINDINGS: Prices & Rents

Nationally, sales prices and rents were impacted in 2020 (Pandemic), but both are on the rebound in Greater Downtown Miami.

The outlook for the Greater Downtown Miami condominium market is quite strong. With a moderation in recent deliveries and proposed development compared to the previous boom in early 2000's, condominium values should continue to escalate and provide solid support for new development in the foreseeable time frame.

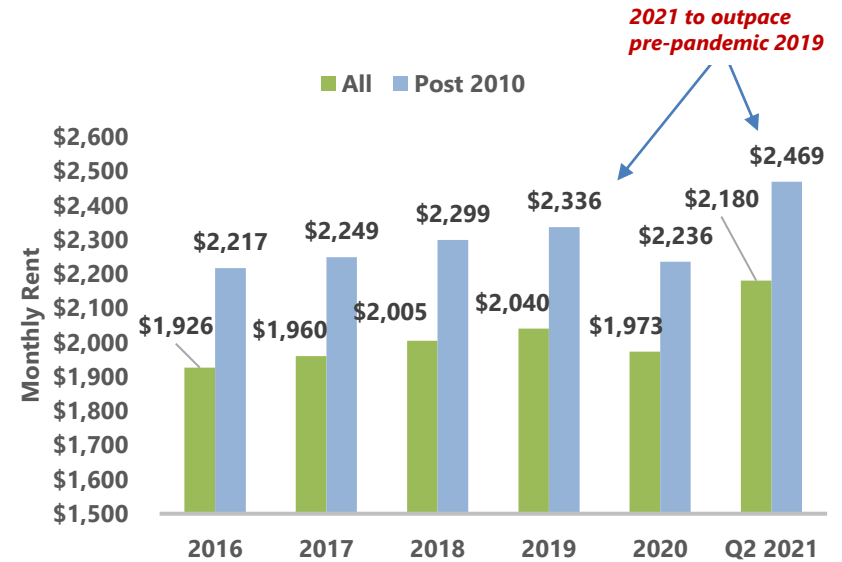
Greater Downtown Miami – Condominium Sale Price Trends (2016 – Q2 2021)



- The average sale price per SF for **newer developments** (built after 2018) is currently in the range of **\$800/SF** and heavily driven by 1000 Museum, an ultra luxury condominium.
- The **average listing price** for all unit types is currently **\$797,000** which is well above the **\$607,000** average sale price in **Q2 2021**. The average price/SF for current listings is **\$586** (compared to \$486 in Q2 2021 sales).

As noted, the Greater Downtown rental market experienced unprecedented development. During the pandemic (2020), rents moderated slightly; but signs of a robust future is highlighted by a roughly **10.4% increase** in rents in Q2 2021 alone for units built after 2010.

Effective Average Rental Rate Trend (All vs. Built Post 2010)



- From 2016 to 2019, average monthly rental rates among newer (post 2020) conventional rental units within the Greater Downtown Miami market ticked up steadily at 1.8% average annually from \$2,217 to \$2,336.
- By Q2 2021, rents in newer buildings increased to \$2,469, or an average annual growth of 3.9%. This rental rate growth occurred in spite of the tremendous amount of new supply that was delivered and the heightened level of concessions that were offered to promote strong lease-up.

HEADLINE FINDINGS: Emerging Trends

EXAMPLE: 1 Southside Park

TREND SPOTLIGHT



Multifamily Trend: **Large scale, transit oriented mixed-use project**

- 1 Southside Park, under-construction, is a public- private partnership in the Brickell Metropolitan Urban Center with residential, office, event and wellness spaces and a world-class hotel.
- In the Brickell Rapid Transit Zone, the project will provide direct connection to the Underline’s Brickell Backyard and will improve Southside Park.

DEVELOPER	JDS Development Corp.
LOCATION/NEIGHBORHOOD	Brickell
CONSTRUCTION STARTED	Q1 2021
# UNITS/STORIES	1,175 – 64 stories
OTHER COMPONENTS	200-key Treehouse hotel, 190,000 SF of office and retail space.

Emerging trends in Rental Housing and Condominium Product

For so many years in the past, the Greater Downtown Miami residential market was heavily dominated by condominium development which supported a relatively small base of primary homeowners and a notably larger scale of investors/second-homeowners that provide for both short-term and long-term rental (and commonly referred to as the “shadow” rental market).

However, during the past few years, residential development in the Greater Downtown Miami market has seen a profound escalation in conventional rental housing development. These rental communities are high-rise buildings with abundant amenities that supplies housing for those working and enjoying living within the Greater Downtown Miami area.

As detailed within this report, rental development is forecast to be robust and will continue to heavily influence supply during the foreseeable future. In Greater Downtown Miami, recent deliveries and communities under construction contain notable and desirable features including: sky deck and rooftop pools, enhanced amenities, social programs, conference rooms and shared office areas.

At the same time affordable housing and senior rentals developments are helping to broaden housing options with Soleste Grand Central and Block 55 (both profiled herein).

As noted, condominium development will continue to be steady and propelled by the luxury/ultra-luxury segment with developments including Aston Martin Residences in the CBD neighborhood and the planned Baccarat Residences in the Brickell neighborhood. These two projects are also examples of branded residences – luxury sports cars and ultra fine crystal.

Condo hotels, though not new within Greater Downtown Miami, are on the rise and being purposely designed to be lived in or rented on a home-sharing platform. However, developers are taking this a step further with themed projects with the most notable example under construction being E11VEN (see profile). The Vegas-style entertainment with huge bar and lounge area open 24 hours a day. Accordingly, newer concepts are being announced and, notably, District 255 – a 343 unit condo development representing a joint operating partnership with AirBNB.

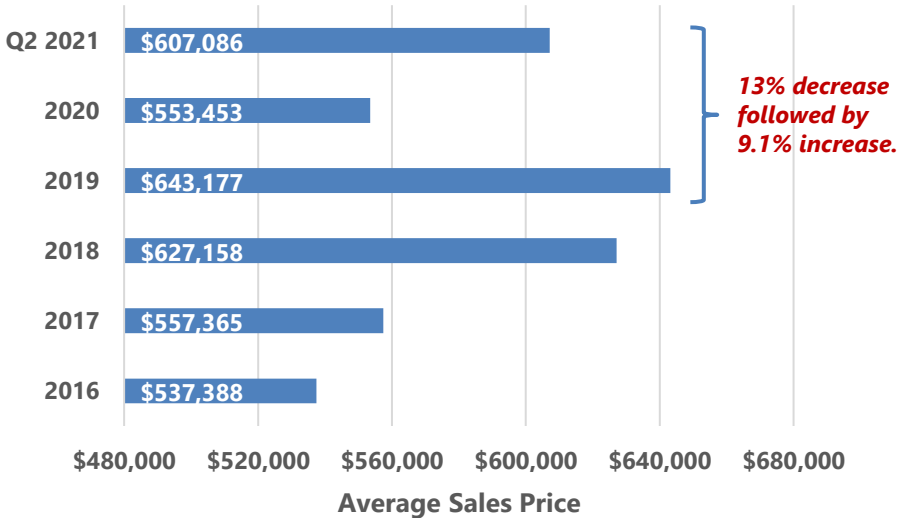
HEADLINE FINDINGS: Condominium Market

Key Performance Trends in the Condo/For-Sale Market.

- There were **1,780 units** delivered average annually between 2016 and 2020. However, with no units delivered in 2020, average annual supply was **3,198 units** from 2016 to 2019.
- The average annual total sales volume from 2016 to 2020 is 3,146 units. Total sales volume peaked **in 2018 at 3,972 units** with a slight decline in 2019 of 12%. Sales volume temporarily **dropped by 44% in 2020**, largely attributed to the pandemic.
- With the pandemic interrupting construction, **only 349 units will be delivered in 2020 and 2021** (Missoni Baia and Elysee - both in Edgewater). Notable 2022 and 2023 deliveries total **1,598 units** (an average 799 per year) and include: Una Residences (137 units), Aston Martin Residences (391 units), Legacy Miami Worldcenter (274 units), Natiivo (400 units), and Aria Reserve (396 units in 1st of two towers).
- From 2016 to 2019, the average sales price of a condominium was **\$591K**; pricing peaked in 2019 at **\$643K** with notable decline to **\$553K** in 2020 (pandemic). Mid 2021 shows an increase to **\$607,086**.
- Sale prices on a per SF basis averaged \$505 from 2016 to 2019, with 2020 reporting \$412. Pricing peaked in 2018 at **\$533/SF**.
- New condo development is targeting luxury buyers and interviews with realtors reveal buyers are coming from a wide range of **international markets**. Latin American buyers are on the upswing following a downward trend a few years ago.
- The average sale price per SF for **newer developments** (built after 2018) is currently in the range of **\$800/SF** and heavily driven by 1000 Museum, an ultra luxury condominium with significantly large floor plans.

- The average listing price for all unit types is currently **\$895,256** which is well above the **\$607,086** average sale price in **Q2 2021**. The average price/SF for current listings is **\$602**.
- The Brickell and Edgewater districts with **\$639/SF** and **\$636/SF**, respectively, have the highest sales price per SF for Q2 2021.
- Compared to other districts: Arts & Entertainment at \$570/SF, CBD at \$543/SF, Wynwood is at \$512/SF, Midtown at \$544, and Overtown at \$179 – where no new deliveries have occurred.
- In all, the outlook for the Greater Downtown Miami condominium market is quite strong. With a moderation in recent deliveries and proposed development compared to the previous boom in early 2000's, condominium values should continue to escalate and provide solid support for new development in the foreseeable time frame.

Greater Downtown Miami – Condominium Sale Price Trends (2016 – Q2 2021)



HEADLINE FINDINGS: Conventional Multifamily

EXAMPLE:
Bezel at Miami Worldcenter

TREND SPOTLIGHT



Multifamily Trend: *Luxury multifamily in Miami Worldcenter*

- Positioning: "Soaring 43 stories, Bezel is connected luxury living set in the heart of downtown Miami and the new Miami Worldcenter. That puts you at the doorstep of Miami's rich tapestry and invites you into an innovative and sophisticated living space."
- "Bezel is your launch pad to all that is Miami: the scene, the nightlife, the food, the people, and the energy."

DEVELOPER

ZOM LIVING

LOCATION/NEIGHBORHOOD

CBD

STATUS

UNDER CONSTRUCTION, BROKE GROUND 12/2020

UNITS/STORIES

434, 43 stories

Key Performance Trends in the Multifamily Rental Market (Conventional).

Residential development from 2017 to 2020 was dominated by conventional rental communities, with total rental inventory **increasing by 55%**. This resulted in an increase from 16,200+ (2017) to more than 25,000 units today.

Following years of occupancy maintaining the **mid-90%** range, the onslaught of recent rental inventory dropped occupancy levels to **87% in 2020**.

However, rental absorption reached **record** levels during Q2 2021 at **2,000 units** (or an annualized rate of more than 4,000 units). Comparatively, annual absorption averaged **635 units** from 2011 to 2017. As a result, occupancy has since recovered to 93%.

Until 2019, the **Brickell** district comprised by far the largest amount of conventional rental inventory (**5,500 units**) followed by **Edgewater (3,400 units)**. However, the **CBD** is now becoming the predominate rental development area with roughly **2,500 units currently under-construction**.

Among all rental units in the Greater Downtown Miami market, the unit mix comprises: 12% studios; 55% one-bedroom; 24% two-bedroom; and, 9% three+-bedrooms. However, within developments built after 2010, the mix has become more balanced between **one-bedroom (43%) and two-bedroom (35%) units**.

From 2016 to Q2 2021, average monthly rental rates among all units in the Greater Downtown Miami market increased by 2.20% average annually from \$1,926 to \$2,180. Among the newer buildings (post-2010), average monthly rents increased from **\$2,217 to \$2,469**; or, an average annual growth of **2.0%**.

The market growth rate takes into account an elevated level of concessions associated with lease up of new product.

HEADLINE FINDINGS: Conventional Multifamily (cont.)

EXAMPLE:
Block 55

MEETING UN-MET DEMAND



Multifamily Trend: : **Affordable Senior Rentals, mixed-use**

- Positioning: "Nestled above the retail and garage will be a luxury 578 senior affordable apartment community. From pools to fitness center access to services customized for the residents, this community will be perfect for both an active and social lifestyle."

Key Performance Trends in the Multifamily Rental Market (continued).

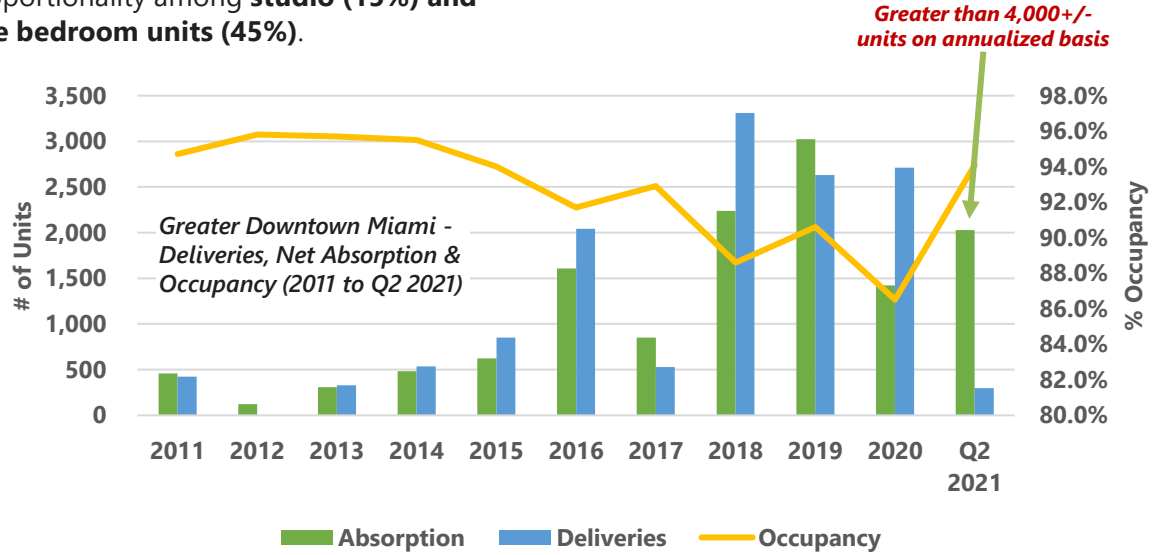
Following a modest decline in rental rates occurring in 2020 (pandemic), average rental rates jumped roughly **10%** in **Q2 2021**.

This has been the general trend on a price/ square foot basis, with total inventory also reaching record level in **Q2 2021** of \$2.43 and newer buildings achieving **\$2.71**.

Within the past 2 years, there have been **5,639 units** delivered to the Greater Downtown Miami market. The unit mix among these developments shows a notable collective increase in proportionality among **studio (15%) and one bedroom units (45%)**.

There are **5,242 units under-construction** in the Greater Downtown Miami market and the lion's share of which are located in the **CBD (2,500 units)** and the mix of studio and one-bedroom units continue their upward trend.

There is more than **30,000 units planned/proposed** in the Greater Downtown Miami market. Based upon recent and near-term forward looking trends, the rental market is anticipated to remain strong and balanced as long as new development is managed and generally in-line with recent delivery patterns.



HEADLINE FINDINGS: Condo (Shadow) Rental Market

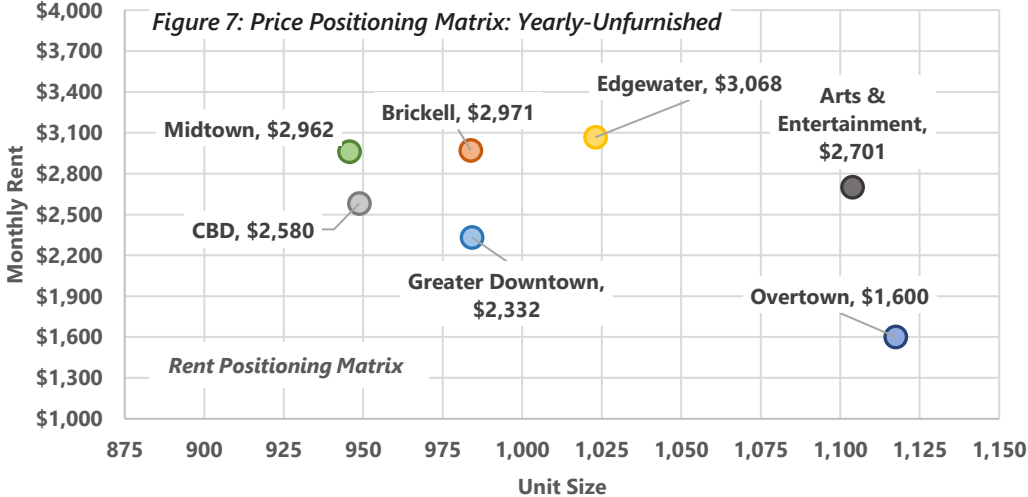
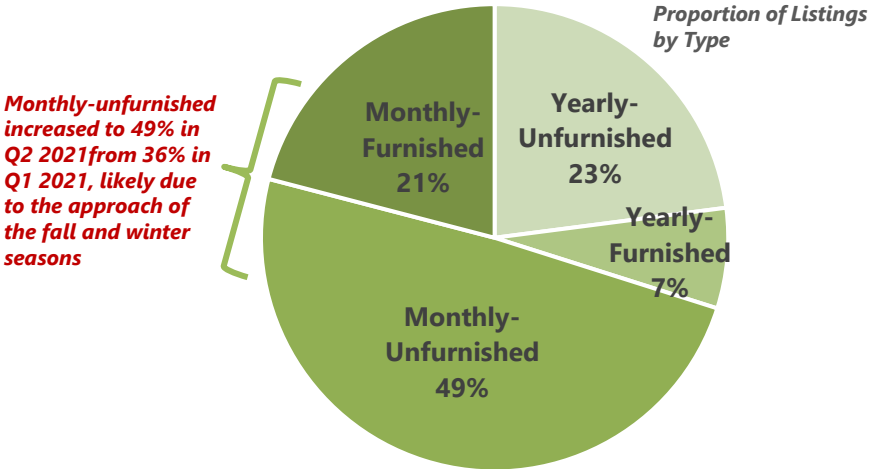
Key Performance Trends in the Condominium (Shadow) Rental Market.

Condominium renters represent a healthy mix of international and domestic demand.

- Rental activity is reported to be extremely strong with units **renting within a day**. The market is somewhat constrained by a number of buildings restricting/banning short term rentals.
- Leaving fewer options for renters desiring yearly leases, **the shadow rental market is primarily on a monthly basis**, with half of the listings offering furnished units.
- From Q1 2020 to Q2 2021 listing activity rose by 5.2% reflecting a general increase in demand. Although reported activity is extremely strong, a **lack of new deliveries over this time period has kept active inventory in check**.
- The condos with the greatest number of **yearly-unfurnished listings** are in the CBD in The Loft Downtown (6% of inventory), Vizcayne South (5%), Centro (3%), and Cite Condo (3%) with an average monthly rent of \$2,129.

The highest rents are in Edgewater (at \$3,068) followed by Brickell (at \$2,971). Midtown and A&E are close to the CBD's rent at \$2,701 for A&E and \$2,962 for Midtown

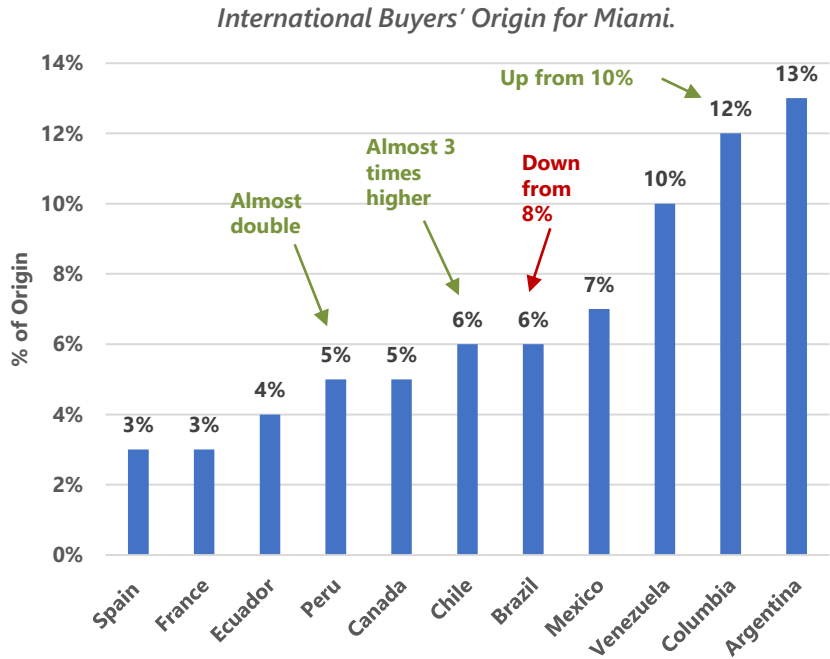
- Furnished units command significantly **more rent of approximately 37%** - whether for a yearly or monthly rentals.
- On a rent/SF basis the neighborhoods range from **\$2.74 to \$3.16** with A&E at the lower end and Brickell at the higher end.
- Rental rates have generally increased from 2011 to 2021 in all neighborhoods except for A&E and Midtown where rents have fallen. The **rapid development of condos in Edgewater has taken market share from Midtown** while the A&E neighborhood has a lesser amount available inventory.
- Rents in Edgewater are the highest resulting from the recent development of new high-rise condominium units, mostly in luxury buildings. **Rental rates in Edgewater are the highest and have risen consistently from 2018 by an average of 2.91% per year.**



HEADLINE FINDINGS: Origins of Buyers

Latin American buyers are still the top source for Miami real estate with support from Canada, Mexico, and Asia.

In a survey conducted by the Miami Board of Realtors and the National Association of Realtors from August 10th to September 13, 2021, Argentina is in the top spot as a buyer percentage of origin at 13.0%, followed by Columbia and Venezuela. The greatest changes from the prior survey conducted in April 2021 are seen for Columbia (up), Brazil (down), Chile (3x higher), and Peru (almost doubled).

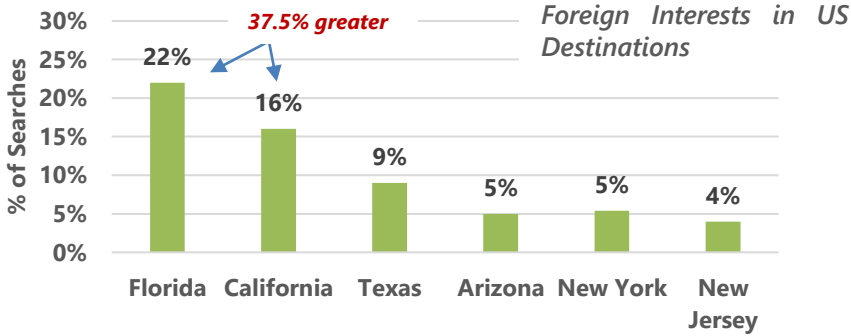


Los Angeles is well represented at 2.9%. Adding up the New York counties in the top ten origins results in a combined interest of 7.6%. The interest from Washington State and North Carolina is noteworthy as they are somewhat new to the list. Miami's new tech employment is the likely reason as King County in Washington State which contains Seattle, major tech office market. Mecklenburg County, which contains Charlotte, is a large banking and financial services city.

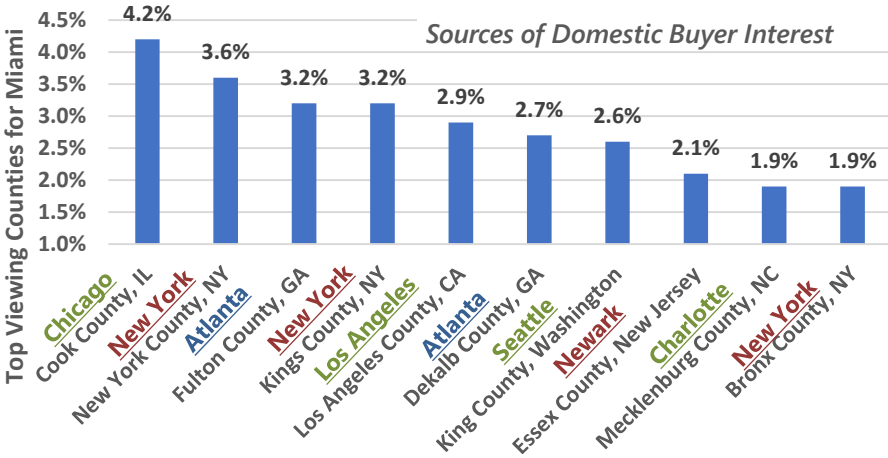
Source: Realtor.com, 2021 Q2 Cross-Market Interest for Miami-Dade County

For the US, Florida is the top destination for foreign buyers.

Domestically, Florida is the top destination by a wide margin at 22% followed by California at 16%. Texas follows with a 9.0% interest with Arizona, New York and New Jersey at approximately 5%.



Buyer interest in Miami-Dade County has broadened with Chicago, New York, Atlanta as the top sources.



HEADLINE FINDINGS: Buyer Trends

Household buyer trends and preferences.

Consumers have a myriad of opportunities to fit the housing needs in Greater Downtown Miami with some considerations including:

Lifestyle: Amenities and a sense of community are major attractions for younger residents (ages 22 to 30). For rental communities, many existing and new communities offer enhanced amenities with rooftop pools, game rooms, libraries, co-working areas. For the most part, condo communities offer the more main-stay amenities of a pool, clubhouse, fitness center, and security.

Characteristics: In general, renters in conventional communities tend to be younger and single while in the shadow market renters tend to be older and have families (ages 35 to 55). These renters are in many cases waiting to purchase a new home.

Consideration: The cost of move-in can be a factor in choosing rental and condo, including:

Monetary: Rental buildings require an application fee and an administrative fee which can run from a combined \$300 to \$600. Security deposits can be determined by third party screening companies. A renter's credit score will determine the security deposit. Many communities require that the renter's monthly gross income be at least three times the monthly rent to be paid. The security deposit can range from a flat \$500 to one (or two months) month of rent. At the same time, condo boards charge fees for credit checks and for board approval. For condos, there are also higher security deposit requirements which may push renters from condos to the conventional rental market.

Association Fees: Condo association fees vary widely from building to building with fees as low as \$100 to \$1,500 per month. Factors that affect these fees are the cost of property insurance and the level of amenities. For older buildings special assessments can include deferred maintenance. In general association fees for communities with limited amenities and not directly on the water, the fees can be \$100 to \$200 per month. For the luxury product with intracoastal frontage, the fees can be up to \$1,500 per month.



HEADLINE FINDINGS: Neighborhood Evolutions

As it pertains to most major metropolitan markets throughout the US, defining "Downtown" is arbitrary as boundaries may be loosely determined between varying cities. Nonetheless, in most cases, there is a clearly defined **central business district** (CBD) which is considered to be the dominant force from which a mix of commercial, housing, and cultural development occurs – either, naturally as needed or on a speculative basis. For Miami, the area identified as the CBD (and illustrated in Figure 1) truly was the origin of the Downtown district. However, during its recent past (20 to 30 years), the Downtown area continued to expand. And, true to Miami's multicultural creativity, energy and strategic importance to businesses, various "neighborhoods" started to emerge and each distinctly classified by one or a combination of: creative arts; technology innovation; financial services; entertainment; history; and, density.

As recent as the late 1990's, luxury high-rise product primarily existed along the coast/beaches. However, shortly thereafter, the development community saw opportunities for luxury product with premium views of the intracoastal and the Atlantic Ocean along the mainland. With that, **Brickell** is home to some of the first iconic residential hi-rises in the Greater Downtown Miami. Over time, **Edgewater** has also become known as a high-end bedroom community for both domestic and international occupants.

Miami's premier performing arts and concert hall, the Adrienne Arsht Center, anchors the **Arts & Entertainment** neighborhood which was later accompanied by the art and science museums, as well as an internationally recognized art institute. Residential real estate development quickly followed that benefited from the arts theme – Melody Tower, Art Plaza, Miami Plaza, and for -sale units Canvas.

Satisfying a housing need for those design an urban lifestyle outside of the CBD, **Midtown Miami** was born in the mid 2000's. Along with residential uses came with big box retail properties meeting the demand of the new residents to the broader downtown area.

CANVAS CONDO



Being within the Arts and Entertainment neighborhood gives Canvas Condo a theme from which it can distinguish itself.

MISSOINI BAIA



Example of new development in Edgewater of 57 stories. Prices start at \$800,000. Delivery is expected in 2022.

HEADLINE FINDINGS: Neighborhood Evolutions

Satisfying a housing need for those design an urban lifestyle outside of the CBD, **Midtown Miami** was born in the mid 2000's. Along with residential uses came with bog box retail properties meeting the demand of the new residents to the broader downtown area.

Providing much needed expansion room is the historic **Overtown** neighborhood that after many years of limited new development is seeing new housing communities of large-scale with more than 600 rental units under-construction, along with trendy new restaurants (ie. Red Rooster) and creative entertainment spaces (Historic Lyric Theater). Red Rooster is by a celebrity chef and owner, Marcus Samuelsson, who brought thus concept from Harlem, New York city.

Wynwood started as an industrial area, then transitioned into retail/entertainment and a tourist destination. Leveraging off that transition, the first significant new development (of critical mass) offered both new rental units and new office space, Wynwood25 and Wynwood Annex. Combing the artistic flavor and new developments paved way for a fast-growing tech office market and burgeoning residential market that has more than 1,470 units currently under-construction.

As these neighborhoods continue to evolve, Miami's global attractiveness as a global/24 hour city becomes stronger.

WYNWOOD GREEN



Great example of leveraging Wynwood's character and feel with Lennar's bright and colorful new multifamily project (opening 2021).

RED ROOSTER RESTAURANT IN OVERTOWN



SOLESTE GRAND CENTRAL



Opened in 2021 with 360 units on 18 floors.

HEADLINE FINDINGS: Growing and Maturing Neighborhoods

The Greater Downtown Miami neighborhoods continue to mature, grow, and distinguish themselves.

Wynwood continues to captivate the Country. Growing office employment validates this neighborhood.

Approximately 500,000 SF of new Class A office space was developed in Wynwood since 2016. This emphasis on office development creates daytime traffic, in addition to nighttime traffic made possible by residential development, which in turn further supports retail and local businesses. Notable new employers are Spotify (100 jobs), Live Nation (64 jobs), and Founders Fund (PayPal founder). The co-working operators of Spaces, Industrious, and WeWork have leased almost 100,000 square feet capable of serving up to 500 young companies and independent businesses.

"It's cool, it's fun and it's the center of design and technology in Miami," said former PayPal and Intuit CEO Bill Harris. The serial entrepreneur said Wynwood's vibrant environment and popularity with young tech workers were factors that persuaded him to base his new fintech startup Nirvana Technology in the neighborhood. (SFBJ 5/28/2021)

Arts & Entertainment gains new rental inventory.

Three high-rise projects delivered 1,605 units with creative names enhancing the identity such as Canvas, Miami Plaza and Art Plaza and have remained relatively competitive in terms of value compared to other surrounding districts. The science and art museums, the performing arts center, and Miami International University of Art & Design with over 750 students from all over the world anchor this neighborhood's character and appeal.

Overtown neighborhood has gained developer attention with mixed-income affordable and senior rentals.

Overtown is one of Miami's oldest neighborhood that provides housing opportunities to low to middle income residents with a strong history and local pride. Housing Trust Group is seeking to increase density to build more affordable and workforce apartments. The site contains 136 apartments from the 1970's and will be replaced with 371 units with a height of 5 stories. The culture runs deep in Overtown with its history in Miami. Soleste Grand Central which began leasing June 2021 and the under-construction Block 55 are much needed developments. The Underdeck, a proposed 33-acre public park, is planned to run from Overtown to Biscayne Bay has the potential to bring more development there. The Make-a-Wish Foundation has filed for a permit to build a 35,000 SF office building of eight stories. The chef-driven Red Rooster restaurant opened in 2021 and has enjoyed early success.



Ground View :
Overtown Community Green

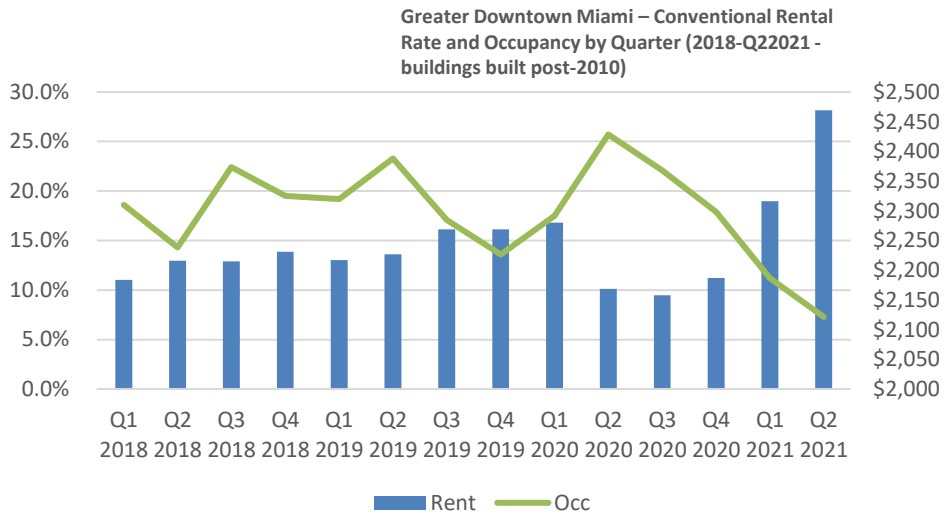
The condo price/SF in Overtown is trending upward with an increase of almost 60% from 2016 to Q2 2021.

HEADLINE FINDINGS: Business is open year-round

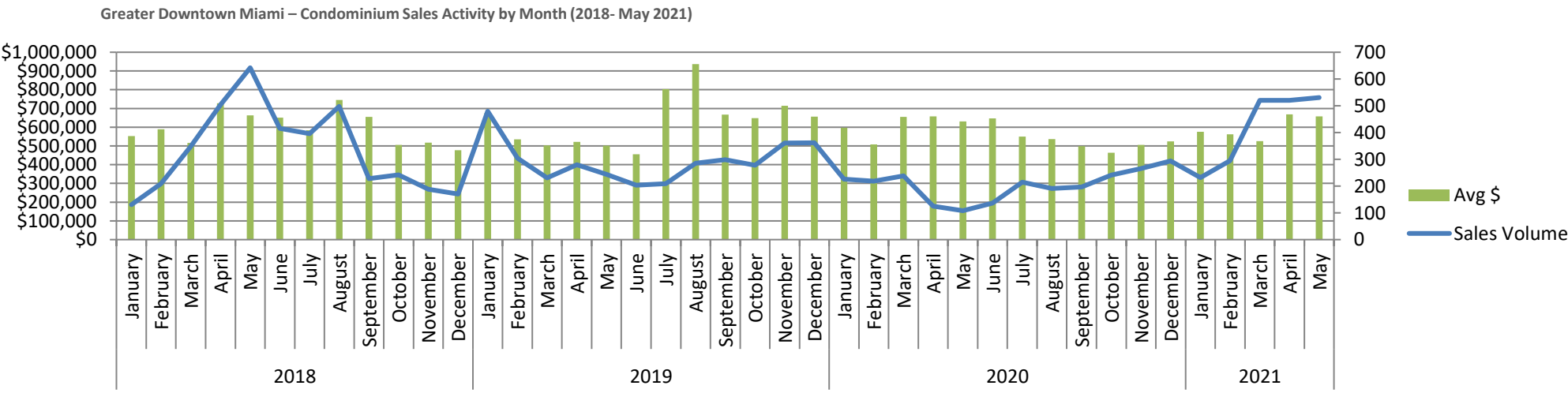
Throughout much of its history, the Greater Miami metropolitan region was defined by its seasonality; and, namely, since hospitality was for so long a predominate industry sector that flourished from late Fall to mid-Spring. However, during the past several years, seasonality has become much less a factor within the region exemplified by the fact that in 2019 (pre-pandemic), total visitor arrivals to Miami International Airport (MIA) in July and August (traditionally considered low-season) was only 6% less than peak periods in December and January. Much of this is attributed to the influx of domestic visitors during the winter season which is balanced by increased international visitation during the summer months.

While it is difficult to ascertain if seasonality affects the residential sector and, specifically, the Greater Downtown Miami market, a cursory assessment of rental and condominium sales activity would indicate seasonality does not play a significant role in housing market activity and performance.

In terms of condominium sales activity, there is no discernible evidence of seasonal activity and, in fact, Greater Downtown Miami’s condominium sales activity is likely more influenced by: interest rate cycles; economic conditions in key international feeder markets (ie. South America); and/or, fiscal (income tax) benefits afforded by the State of Florida.



As shown above, and aside from the anomaly in mid to late 2020 from the pandemic, the conventional rental shows no sign of seasonality with regard to rent and occupancy; rather, periodic performance is largely affected by the delivery of supply and/or economic cycles.



“The downtown Miami market has never been more active than it is right now,” the Colliers’ broker said.

Downtown Miami offers many advantages for both buyers and renters including proximity to work, entertainment and shopping interconnected by the free Metromover and the free Miami Trolley. Walkability is a major attraction for renters living in Downtown Miami. The 24-hour work-live-play city has been a goal for many cities, with NYC as the prime example. Miami is very close to achieving this potential. The new E11EVEN project will have entertainment food service 24 hours per day, a first of the kind for the city.

This market is poised to see the largest influx of investors ever from other states and this transaction highlights that trend. New York-based Downtown 1st Street LLC’s purchase of this development site proves that the migration from the Northeast has only accelerated as the vibrant downtown.” (Mika Mattingly - Colliers’ broker)

Proximity to employment is a major draw for residents in Downtown Miami and the unique characteristics of each neighborhood provides a product and lifestyle available to a broad range of individuals and households.



NEW TENANTS:

- **Maple & Ash**, a steakhouse from Chicago
- **etta**, a neighborhood restaurant centered around a wood-fired hearth, also from Chicago
- **Laurel**, a French brasserie with Cuban influence by James Beard award winning Miami Chef Michael Beltran’s Ariete Hospitality Group
- **El Vecino**, a high-end first-class cigar bar by Ariete

SECTION 2

Condominium Market Update
Greater Downtown Miami

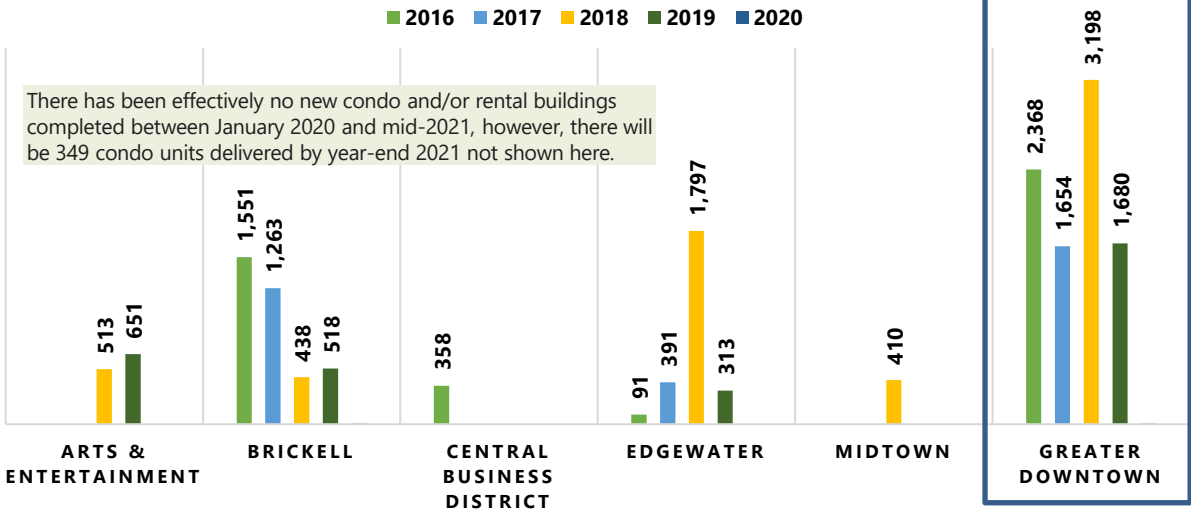
FOR-SALE CONDO MARKET

Recent new condo development in the Greater Downtown Miami area is targeting luxury buyers, a very familiar strategy throughout Miami’s condo development history.

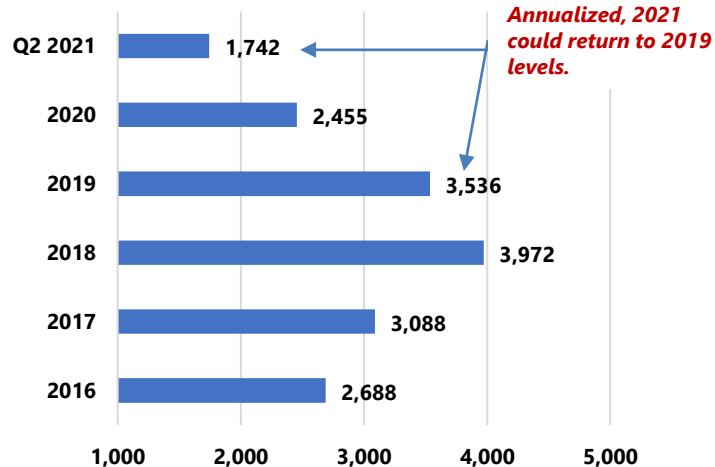
Though there have been developments of micro units (Centro Condo) and other medium prices projects such as Canvas Condo in the Arts & Entertainment District, the wealthy and aspirational North American and foreign buyers are increasingly dictating the development strategies. This strategy has accelerated recently to the point where new product classification may be necessary. The Miami DDA uses three new categories: ultra luxury, condo hotel, and branded residences.

Interviews with realtors reveal that buyers are coming from everywhere in the world. Latin American buyers, a past source of strong demand, are on the upswing after past years of limited buying activity. Buyers from Asia and Europe are also represented among the new owners. Buyers from the Northeast US propped up demand during the pandemic and remain a large source of demand. These buyers remain largely second home/investors indicated by the fact that 80% of condos in Greater Downtown area are non-primary/non-homestead owners with many occupied by renting tenants. Key trends in condominium deliveries and overall sales trends include:

Greater Downtown Miami – Condominium Deliveries by Year (2016 – Q2 2021)



Greater Downtown Miami – Condominium Sales by Year (2016 – Q2 2021)



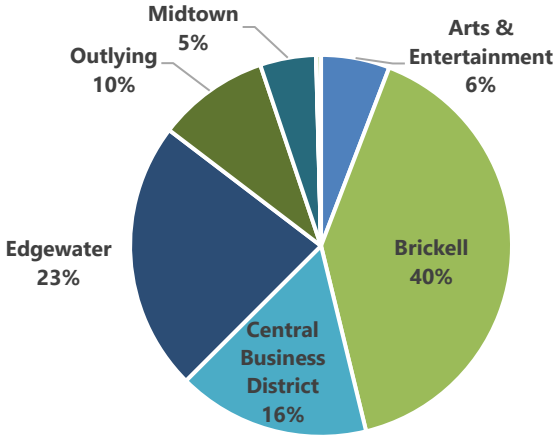
- Deliveries from 2016 to Q2 2021 total 9,905 for an annual average of approximately 1,780 units for the Greater Downtown area.
- Brickell and Edgewater have been the leading development districts.
- The CBD has had limited activity in condominium development.
- Sales volume peaked in 2018 with 3,972 sales coinciding with peak deliveries in that year.
- Sales volume for all of 2021 is headed on a trajectory of 3,500 units.

FOR-SALE CONDO MARKET

Following years of value growth, pricing peaked in 2019. The pandemic tempered this trend.

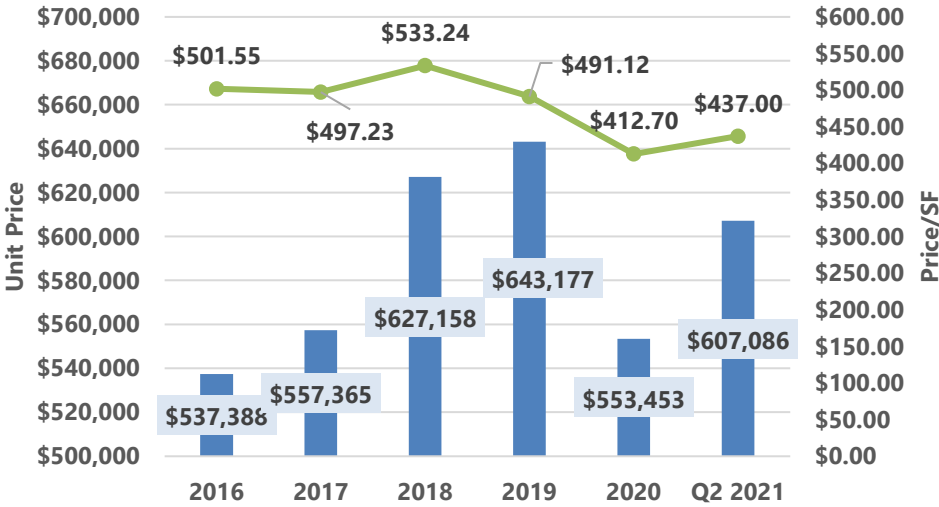
From 2016 to 2019, condo average sale prices increased from \$537,000 to a record level \$637,000 in Greater Downtown Miami. However, in 2020, the average sale price plummeted to \$553,000 as a result of the pandemic. Although not yet at full recovery, average sales prices increased to \$607,000 during the past 6 months.

The sales price per square foot generally follows the same pattern as the unit prices except for a dip in 2019 and a more pronounced drop in 2020. Nonetheless, the Q2 2021 average price per square foot rose substantially back up to \$437; or, a 9% increase.



Greater Downtown Miami - Condominium Listing Activity by Area (2016 - Q2 2021)

Greater Downtown Miami - Condominium Sale Price Trends (2016 - Q2 2021)



- There is a total 2,644+ current listings in the Greater Downtown area.
- Brickell dominates the share of current active listings and when combined with Edgewater represents nearly 2/3rds of all listings.
- The CBD has a considerably large number in proportion to its inventory.
- The average sale price during the past 5 years was \$580,000 and peaking at \$643,000 in 2019. 2020 (pandemic) experienced a notable decline to \$553,000.
- On a price/SF basis 2018 saw the highest at \$533.24 as new construction inventory pushed up prices.
- For the 2nd quarter of 2021 the average price rose by 9% over 2020. Sales are expected to continue to strengthen.

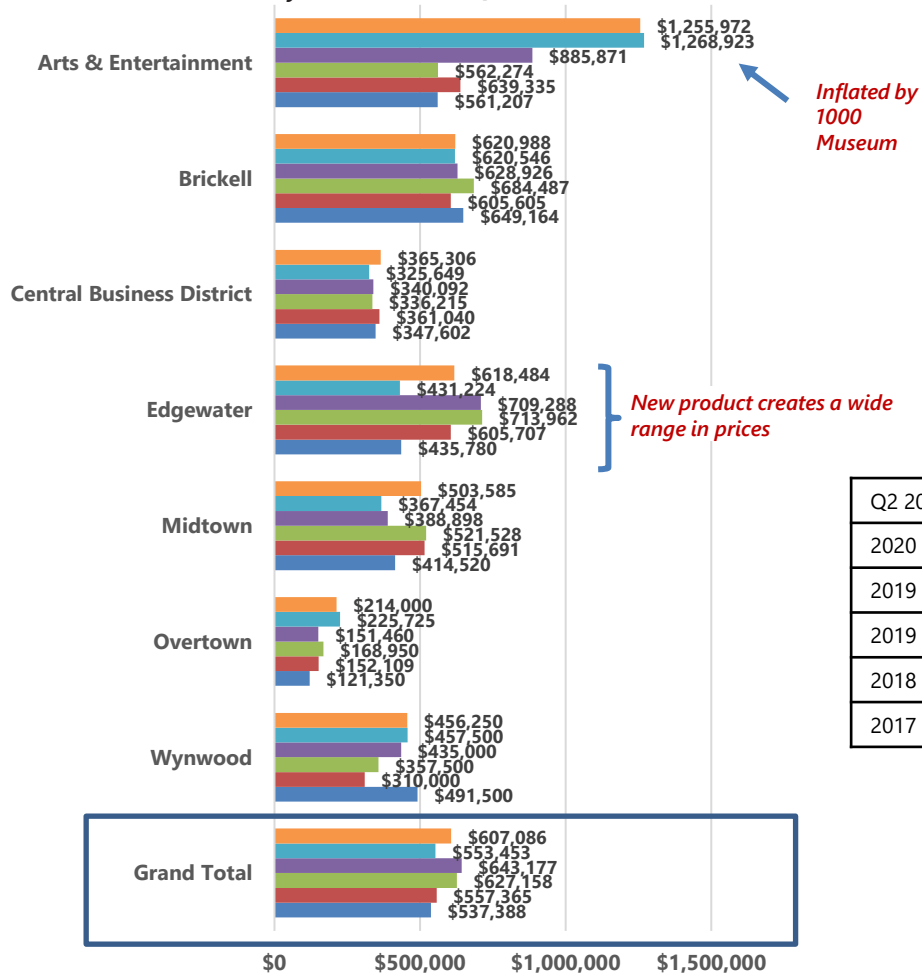
However, as the impacts on the economy from COVID-19 continue to wane, new deliveries in the luxury market are introduced (i.e., Missoni Baia), and pent-up demand from a resurgent Latin American buyer, sales values in the Greater Downtown Miami market should inevitably push higher for the remainder of 2021 and into 2022. This positive forecast is based upon current condominium listing activity.

FOR-SALE CONDO MARKET *Legacy neighborhoods see new promise.*

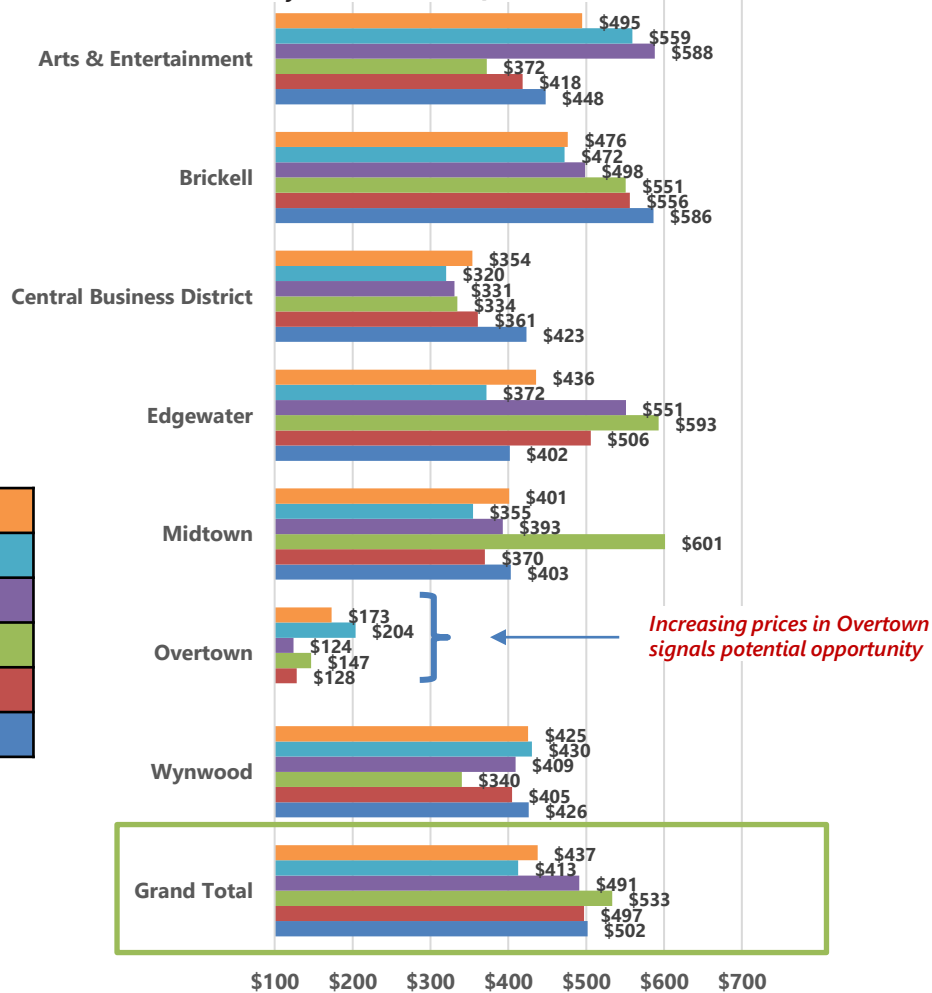
The height of the overall average sale prices came in 2018 for almost all neighborhoods except for Wynwood and Arts & Entertainment where the recent new developments had a greater impact on sales activity. In the balance of the neighborhoods, limited new supply has kept prices generally steady over the last 5 years as the preponderance of sales activity is the resale of existing inventory. Elysee and Missoni Baia represent luxury high-rise waterfront towers in Edgewater (with completion dates of likely

late 2021 and 2022, respectively) will bring the average sales price even higher within that district. The A&E District commands the strongest values in all of the Greater Downtown area as Museum Tower provides a significant boost within its recent sales activity. Accordingly, Brickell & Edgewater achieve higher sales values on average, while the CBD is generally below the average for Greater Downtown.

Condominium Sales Price by District (2016 – Q2 2021)



Condominium Price/SF by District (2016 – Q2 2021)



FOR-SALE CONDO MARKET

EXAMPLE: Aston Martin Residences

TREND SPOTLIGHT



DEVELOPER	JDS Development Corp.
LOCATION/NEIGHBORHOOD	Brickell
CONSTRUCTION STATED	Q2 2020
# UNITS/STORIES	1,175 – 64 stories

Trend Spotlight: **Branded luxury residential development**

Positioning: “We are incorporating Aston Martin’s DNA through subtle details and fine craftsmanship, with an emphasis on comfort. This building is for people who appreciate the finest quality and craftsmanship, and for those who love the feeling of something that is timeless.”

Sky amenities spanning 42,275 SF on four levels, connected by a monumental glass staircase between

the building’s 52nd and 55th floors.

“Bold symphony of curvilinear glass and steel, as part of a nautical-themed building that reflects the marina setting while offering superb views of the city and the ocean.”

Residents will have direct access to Biscayne Bay via a superyacht marina located adjacent to the property.

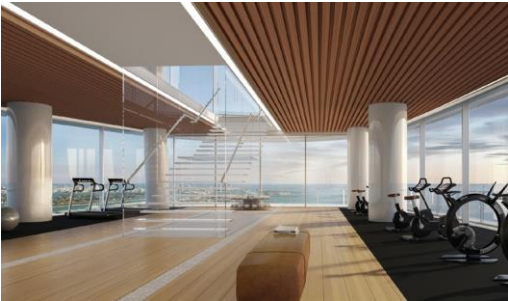


LEVEL 55
SKY AMENITIES

- Infinity Pool
- Pool Deck
- Pool Cabanas
- Sky Bar & Lounge
- Pool Concierge
- Grand Salon
- State-of-the-Art Chef’s Kitchen
- Private Dining Room

LEVEL 54
SKY AMENITIES

- Fitness Centre (Upper Level)
- Virtual Golf
- Movie Theatres 1 & 2



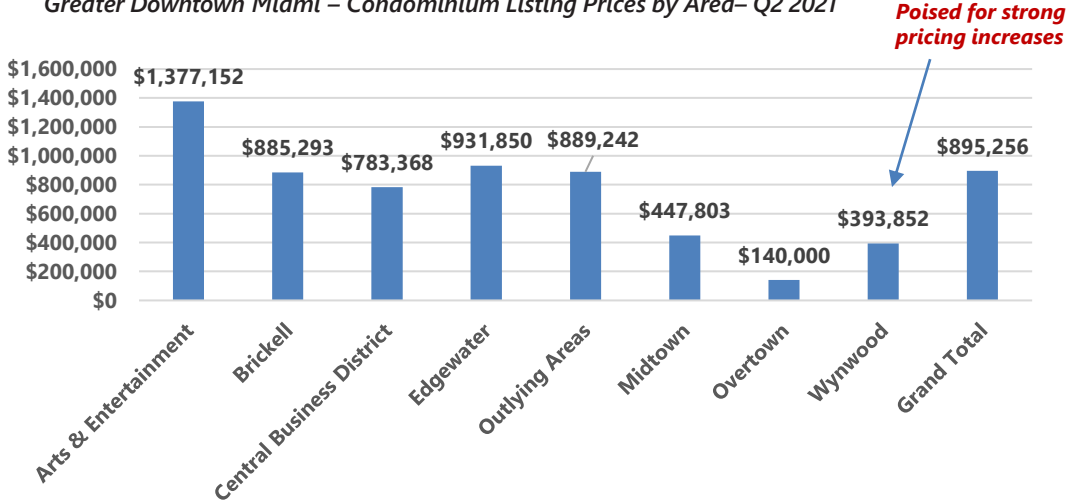
FOR-SALE CONDO MARKET

Though development slowed since 2018, pricing among the newest developments has been very strong at over \$1M on average.

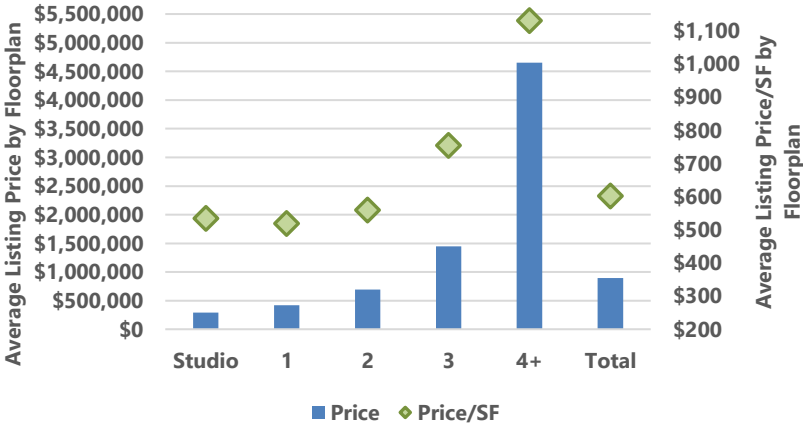
The recent development commanding the highest prices is 1000 Museum with its large unit sizes and an extensive array of high-end amenities is located in the Arts & Entertainment District directly across from the Frost Museum of Science and the Perez Arts Museum. These units are generally priced between \$5 to \$20+ million.

Development in Edgewater east of Biscayne Boulevard has centered on high-rise luxury developments such as the Gran Paraiso / One Paraiso (2018). Developments delivering in 2021 and under construction continue the luxury trend with Missoni Baia (2022). Elysee (100 units), Island Bay by Melo Group is expected to break ground in the summer of 2021 and will be twin towers of 60 stories containing 792 units and pricing reportedly starting at \$750,000.

Greater Downtown Miami – Condominium Listing Prices by Area– Q2 2021



Greater Downtown Miami – Condominium Listings by Unit Type



- Average listing price for all unit types is \$895,256 which is well above the \$560,000 average sale price in Q2 2021.
- Average \$/SF for listings is \$586 (compared to \$438 in Q2 2021 sales).
- Though development slowed since 2018, pricing among the newest development has been very strong at well over \$1M on average. Average price per SF for newer development in range of \$800/SF.
- 75% of all listings are 1 and 2 bedroom units
- 15% of listings are three-bedroom units which is relatively high compared to overall 11% share of inventory

FOR-SALE CONDO MARKET

EXAMPLE: Baccarat Residences



Trend Spotlight: **Ultra Luxury Condo on Brickell Avenue & the Miami River**

- Positioning: "It will be the most luxurious project that Related has ever built", founder Jorge Perez told Forbes.
- Arquitectonica's design for the tower is said to be inspired by crystal. The facade will have chiseled glass that reflects light and water.
- Amenities include: Riverfront restaurant, marina, wine cellar, private workspaces and business center, spa, clubroom, game room, children's playroom, and Grand Salon event room.

DEVELOPER	The Related Group and SH Hotels & Resorts
LOCATION/NEIGHBORHOOD	Brickell
STATUS	Creating development plans. Delivery expected 2024.
# UNITS/STORIES	360, 75 stories

EXAMPLE: Waldorf Hotel and Residences



Multifamily Trend: **Luxury multifamily Hotel and Residences in Miami Worldcenter**

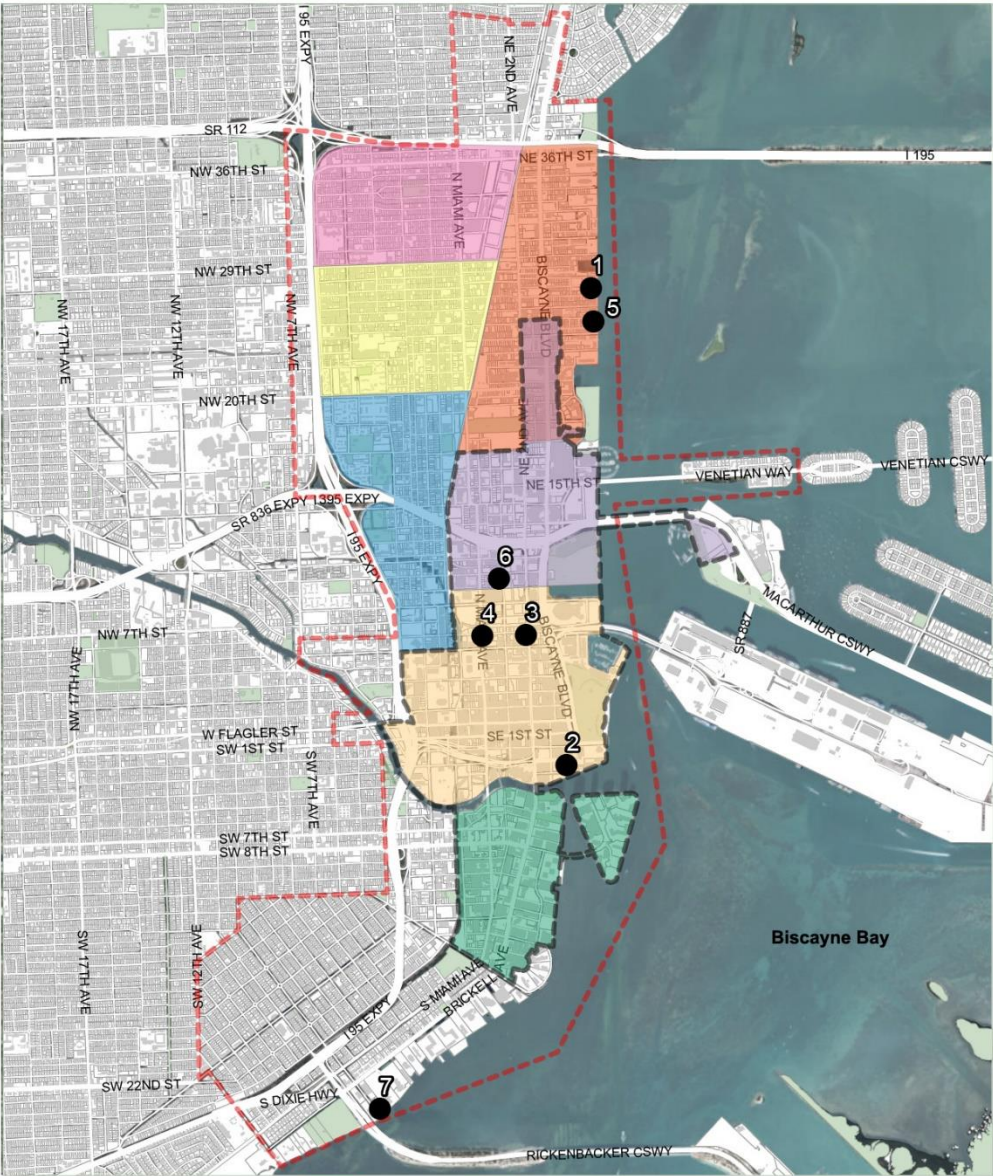
- Positioning: Much like the thriving metropolis within which it sits, Waldorf Astoria Residences Miami offers an experience in transcendence - an exclusive lifestyle offering embedded within a legacy brand that has stood the test of time.
- Residents here will not only assume a coveted place in a landmark building's history, but also as part of a cutting- edge community of culture shapers, intrinsically playing a role in boldly defining societal moments.

DEVELOPER	Property Markets Group
LOCATION/NEIGHBORHOOD	CBD
STATUS	Final Planning Phase
# UNITS/STORIES	360, 100 stories

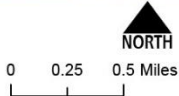
TREND SPOTLIGHT

TREND SPOTLIGHT

FOR-SALE CONDO MARKET



- Arts & Entertainment
- Edgewater
- Wynwood
- Brickell
- Midtown
- Greater Downtown
- Central Business District
- Overtown
- Miami DDA



Current List of Condominium Developments Under Construction

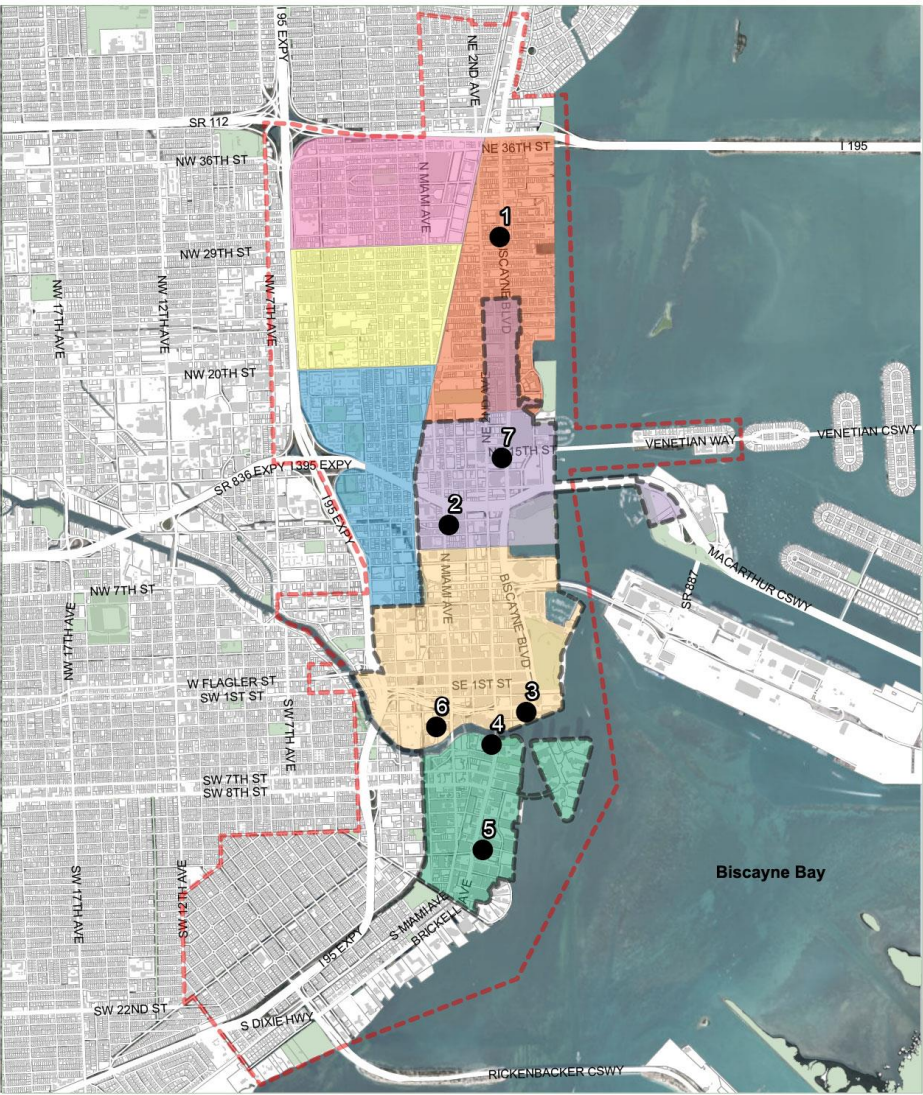
MAP	PROJECT	# UNITS	# FLOORS	Est. Delivery
1	Missoni Baia	249	57	2021
2	Aston Martin Residences	391	66	2022/3
3	Natiivo	400	51	2022
4	Okan Tower (set to resume construction in October 2021)	153	70	2022
5	Airia Reserve - two towers	800	60	2023
6	Legacy Miami Worldcenter	310	39	2023
7	Una Residences	137	46	2023
Total		2,440		



FOR-SALE CONDO MARKET

SELECT GREATER DOWNTOWN MIAMI CONDOMINIUM PROPOSED/PIPELINE

Select List of Condominium Developments Proposed/Planned



#	PROJECT	ADDRESS	DEVELOPER	UNITS	FLRS	COMPLETION
1	Nema	2900 Biscayne Blvd.	Crescent Heights	588	39	2023
2	E11EVEN Hotel & Residences (secured demolition permit Sept 2021)	20 NE 11th St.	PMG	375	65	2025
3	Waldorf Astoria Residences	300 Biscayne Blvd.	PMG, Greybrook Realty Partners, S2 Devel	400	100	2025
4	Baccarat Hotel & Residences	444 Brickell Ave.	Related	1,400	77	2024
5	1201 Brickell Bay Dr.	1201 Brickell Ave.	FL East Coast Realty	660	100	TBD
6	One River Point	24 SW 4th St.	KAR Development	1,426	60	2024
7	1400 Biscayne Blvd	1400 Biscayne Blvd.	Related	310	60	2024
8	District 255	225 N. Miami Ave	Related	343	37	2023
Total Units				5,502		

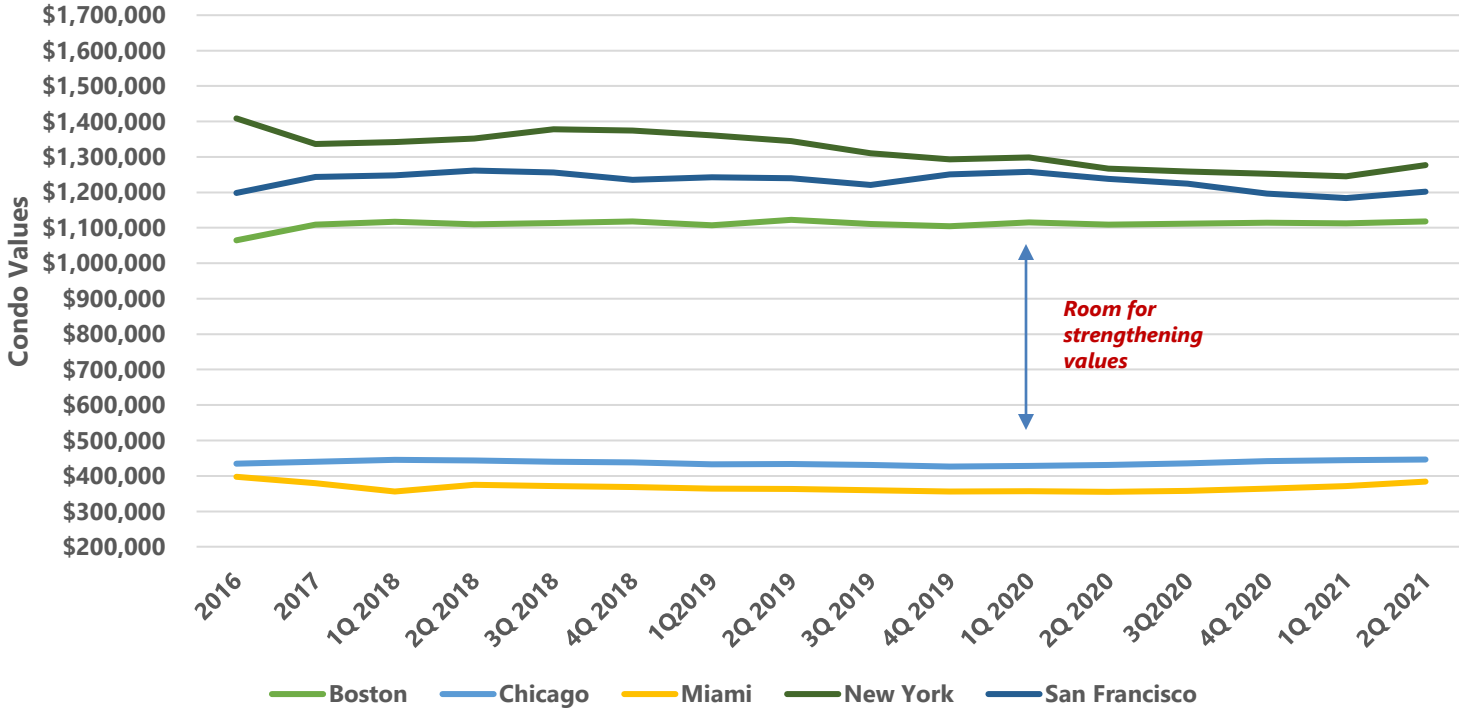
FOR-SALE CONDO MARKET

Greater Downtown Miami condominium market is positioned for strong value growth.

Looking ahead in a post-pandemic environment, the Greater Downtown Miami condominium market shows true signs of positivity. In fact, there is evidence that the Greater Downtown Miami condominium market is positioned for value growth in the advent of a potential expansion of the region’s financial and tech sectors. Based upon a cursory overview of data collected from Zillow and Trulia, and for which the definition of “greater downtown” is loosely defined, the overall value in the Greater

Downtown Miami condominium market is relatively competitive in relation to other major US metropolitan downtown areas such as San Francisco, New York, Boston and (to a lesser extent) Chicago. This is, in part, a driving force behind the enhanced buying activity from these other markets and a trend that is anticipated to continue for the foreseeable future.

Greater Downtown Miami Condominium Values Compared to Other Major Metropolitan Areas
 (Source: MDCPA; Zillow; Trulia)



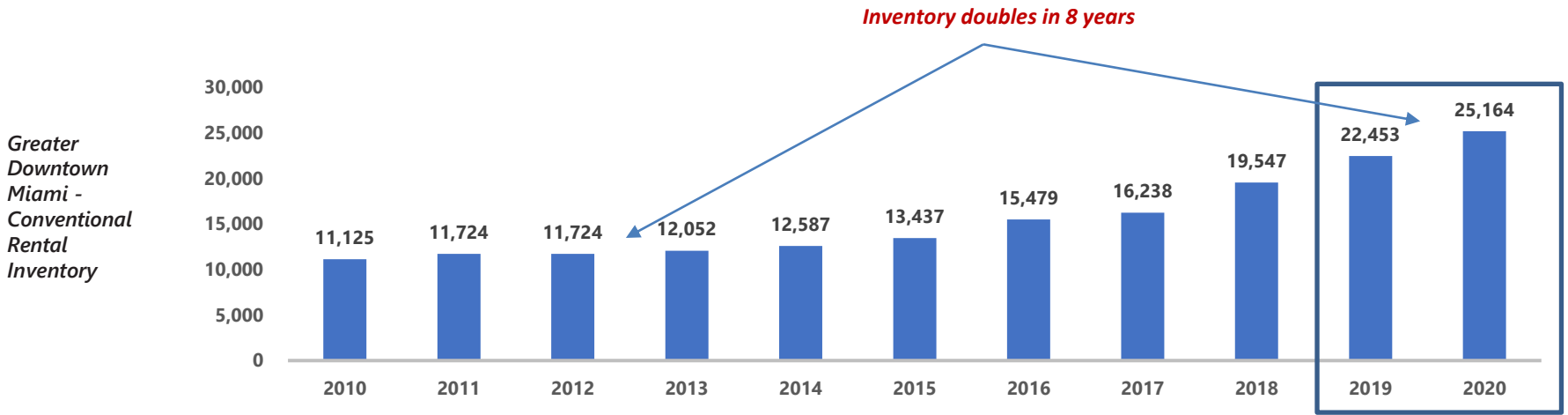
SECTION 3

Multifamily Rental Market Update
Greater Downtown Miami

MULTIFAMILY RENTAL MARKET

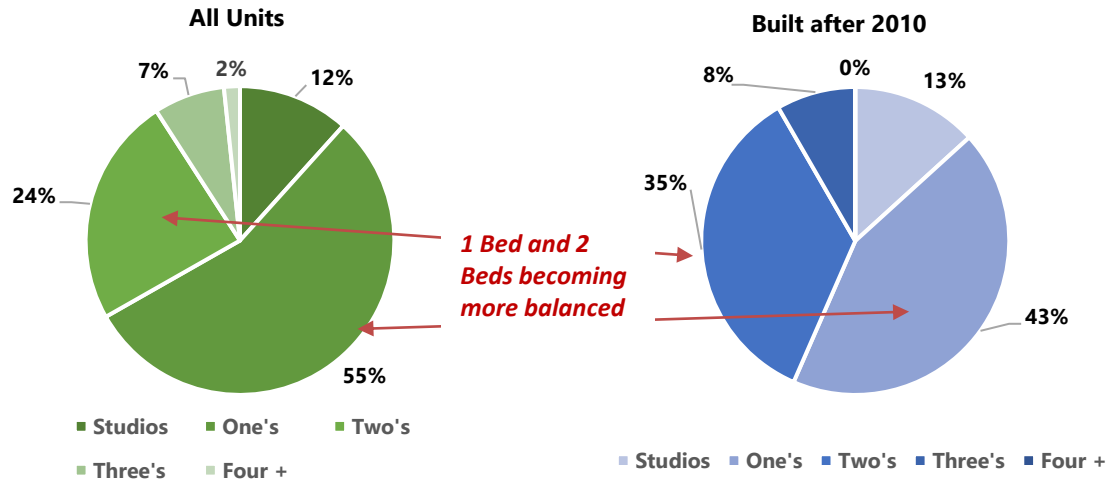
Rental development on upward trajectory with shifts in development patterns.

In 2012, there was a total 12,000+ rental units in the Greater Downtown Miami market area. Rental inventory more than doubled by 2020, with the lion's share of development occurring in the past three to four years.



As it pertains to the composition of unit mix within the Greater Downtown Miami area, the market overall is dominated by one bedroom units (55% of total), with two bedroom units representing 24% of the mix. However, among the buildings built post-2010, there is a notable swing as the proportionate share of one- and two-bedroom units becomes more balanced.

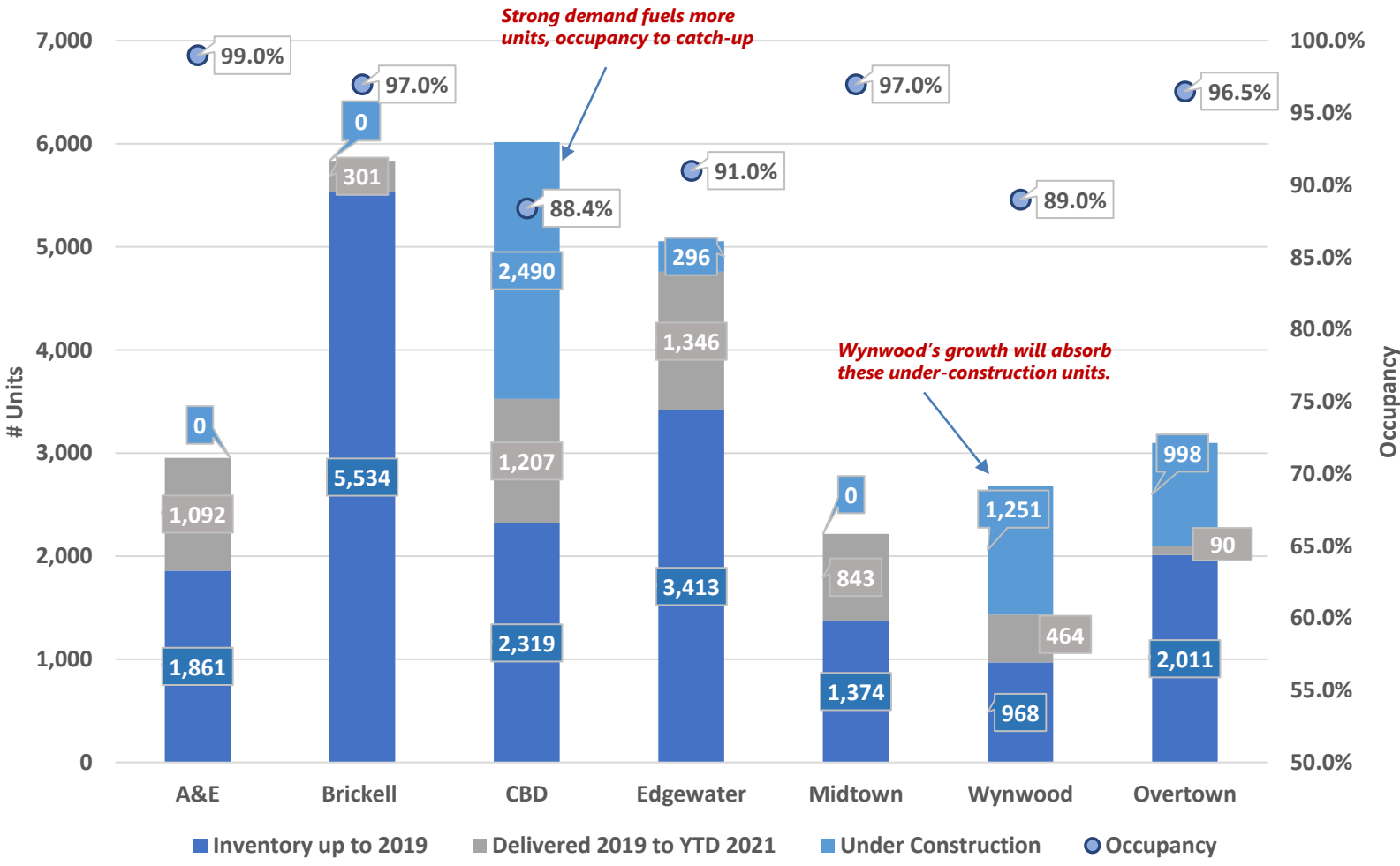
Greater Downtown Miami – Rental Unit Mix (All Units & Built Post 2010)



MULTIFAMILY RENTAL MARKET

Until 2019, the Brickell district comprised by far the largest amount of conventional rental inventory followed by Edgewater. However, in light of recent development activity during the past 2 years, as well as accounting for development currently under-construction, the CBD is shifting to be the predominate rental area.

Greater Downtown Miami – Deliveries & Current Occupancy by Area



MULTIFAMILY RENTAL MARKET

EXAMPLE: Downtown 5th



Multifamily Trend: *Dense urban workforce (market-rate) apartments*

- Positioning: "Spacious units at micro prices!"
- Offering only 1 bedroom and 2 bedrooms units, no studios or 3 bedrooms units.
- Located in the heart of Miami.

DEVELOPER	Melo Group
LOCATION/NEIGHBORHOOD	CBD
STATUS	Under construction
# UNITS/STORIES	1,042, 50 stories

EXAMPLE: Soleste Grand Central

Multifamily Trend: *Opportunity Zone multifamily in Overtown*

- Positioning: Soleste's units run from 400 SF studios to 1,085 SF three-bedroom units. Rent for a market-rate studio will start at \$1,500 and 80 of the units are designated as affordable, including some two-bedroom apartments that will rent for about \$1,200 a month.
- Downtown Miami's first large-scale opportunity zone project. Said 100% of the project's equity came from Opportunity Zone funding.



DEVELOPER	PTM Partners & Estate Company
LOCATION/NEIGHBORHOOD	Overtown
STATUS	In lease-up as of June 2021
# UNITS/STORIES	360, 18 stories

TREND SPOTLIGHT

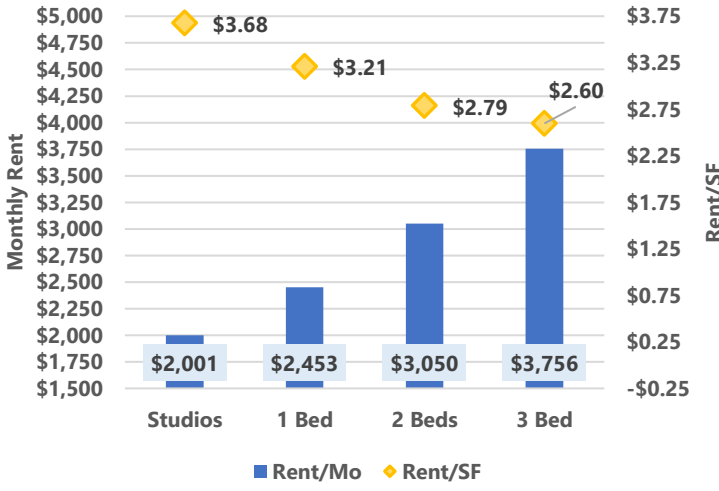
TREND SPOTLIGHT

MULTIFAMILY RENTAL MARKET

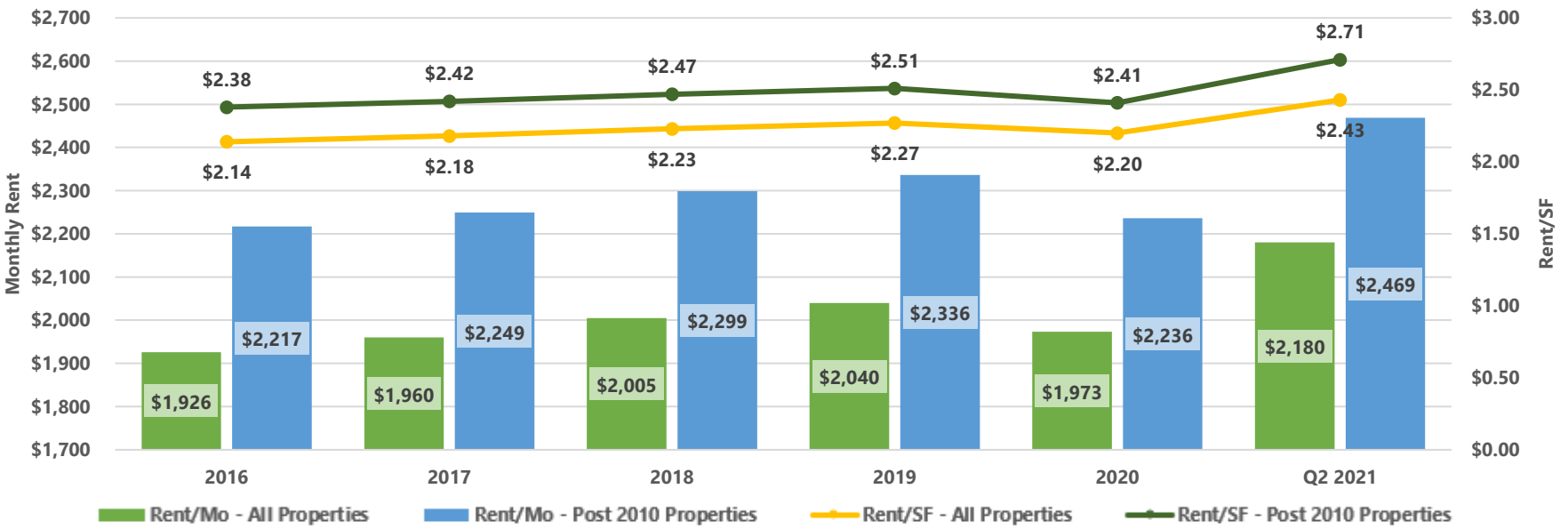
Noted premium for newer product.

As shown below, from 2016 to 2019, average monthly rental rates among all conventional rental units within the Greater Downtown Miami market ticked up steadily at 1.9% average annually from \$1,926 to \$2,040. Among the newer buildings (post-2010), average monthly rents increased from \$2,217 to \$2,336; or, an average annual growth of 1.5%. At year end 2020, rents among both product segments declined slightly during the pandemic but have climbed roughly **9.3%** in Q2 2021 to record levels (\$2,180 and \$2,469, respectively). Accordingly, this has been the general trend on a price/square foot basis, with total inventory reaching record levels in Q2 2021 of \$2.43 and newer buildings achieving \$2.71.

Specifically, as it relates to the newer (built post-2010) development in the Greater Downtown Miami market, the following chart illustrates the breakdown of Q2 2021 rent by unit type. Among the noteworthy metrics is the relatively strong value that three-bedroom units are able to capture.



Effective Average Rental Rate by Unit Type (Built Post 2010)



MULTIFAMILY RENTAL MARKET

EXAMPLE: Society Biscayne

TREND SPOTLIGHT



Rental Apartments Trend: *micro, co-working community living*

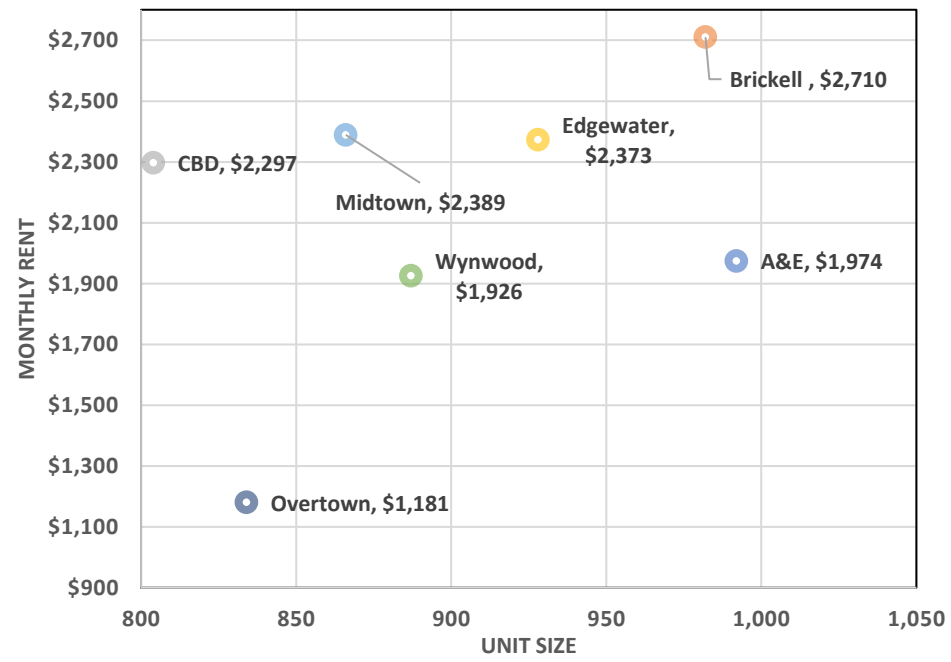
- Positioning: "Social apartment community embracing a village mentality for well connected living where neighbors share their best selves."
- Amenities include lobby restaurant and bar, sky pool deck, massive modern gym, huge co-working lab, waterfront views.

DEVELOPER	Property Markets Group
LOCATION/NEIGHBORHOOD	CBD
STATUS	Under construction
ESTIMATED COMPLETION	January 2022

Brickell still leads despite solid demand in the other neighborhoods.

The Brickell market area achieves the highest average monthly rents (\$2,710) within the Greater Downtown Miami market and offers among the largest average unit sizes (982 square feet). Edgewater and Midtown report similar average monthly rents, though Midtown has a notably smaller product offering.

Effective Average Monthly Rental Rate By Area (All Properties – Q2 2021)



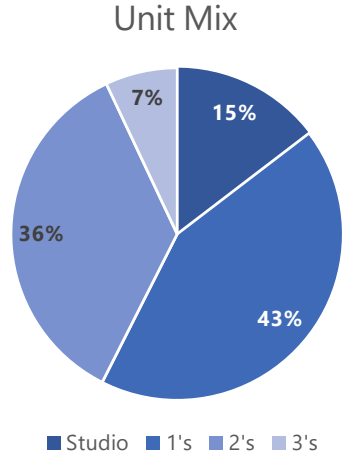
MULTIFAMILY RENTAL MARKET

Within the past 2 years, there have been 5,952 multifamily rental units delivered to the Greater Downtown Miami market. The unit mix among these developments has seen an increase in studio and one bedroom units. Many of these developments are still in the lease-up phase and leasing/absorption activity among the larger communities is estimated to be averaging in the range 10 to 15 units per month or more. Even with the increase in smaller units, and the fact that many of these properties were in lease up, average monthly rent is quite strong at \$2,165; or, \$2.72/SF.

Snapshot of Development Built between 2019 and Q2 2021

TOTAL UNITS		5,952
Est. Vacant Units		830
Est. Vacancy %		18%

AVG. MONTHLY RENT		\$2,615
Avg. Rent/SF		\$2.92



	PROJECT	UNITS
1	Gio Midtown	447
2	The Bradley Wynwood by Daydream Apartments	175
3	blu27	330
4	Yard 8	387
5	AMLI Midtown Miami	719
6	St. John Plaza	90
7	Muze at Met	391
8	ParkLine Miami	856
9	First & Sixth	76
10	143 SW 9th St	39
11	Maizon at Brickell	262
12	Art Plaza	667
13	Modera Edgewater	297
14	Wynwood 25	288
15	151 NW 33rd St	4
16	541 NW 33rd St	5
17	Quadro	198
18	Miami Plaza	425
	Total	5,952

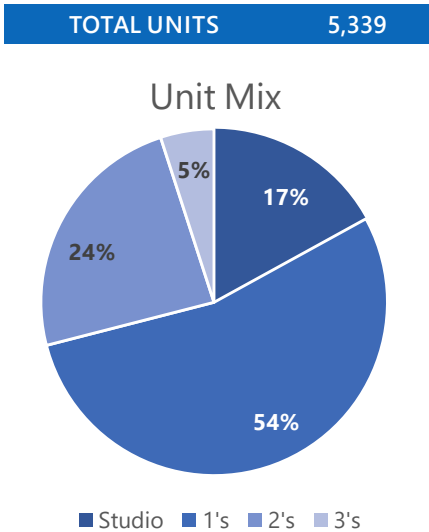
Map of Multifamily Rental Development Built 2019 to Present



MULTIFAMILY RENTAL MARKET

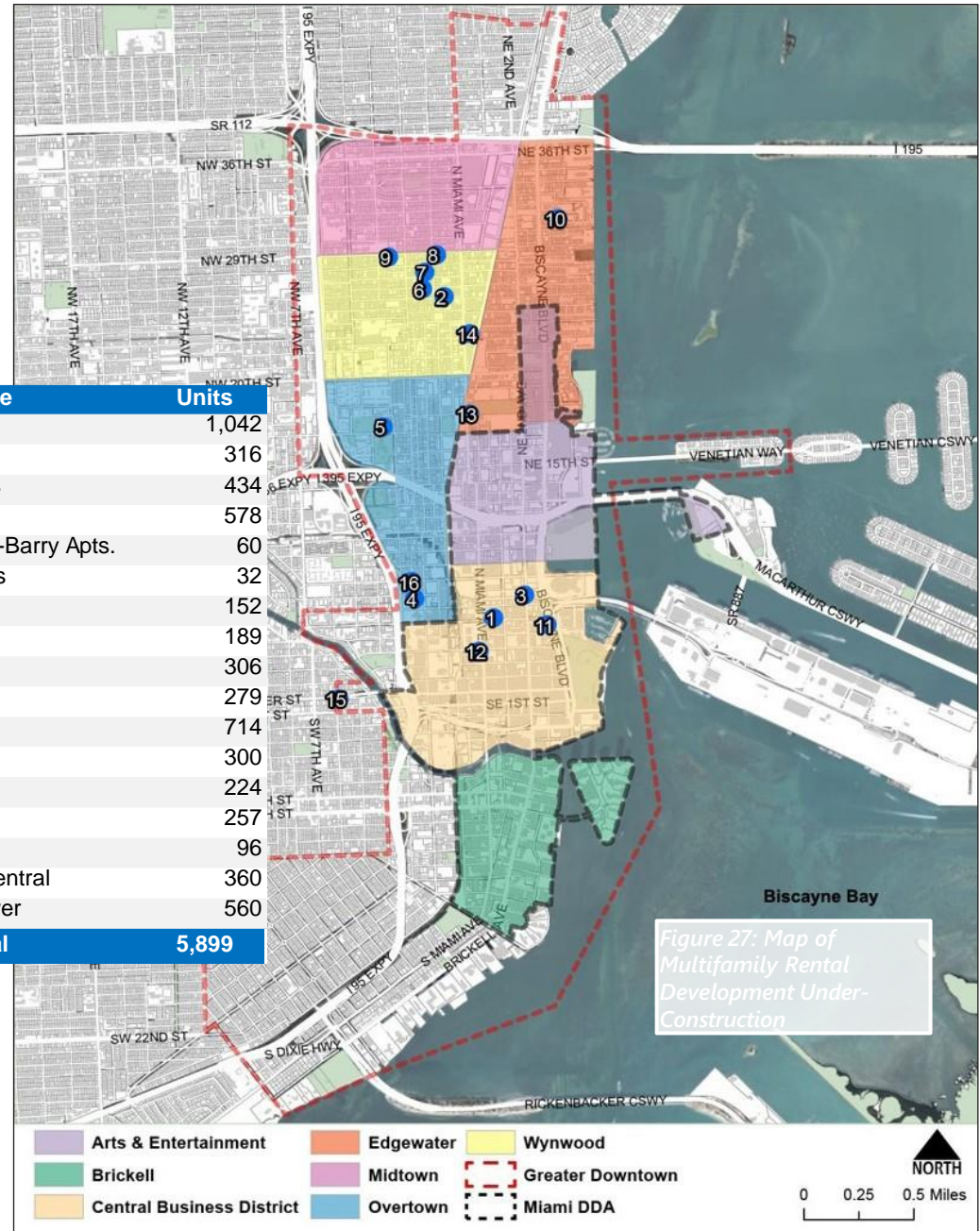
There are 5,899 units under-construction in the Greater Downtown Miami market and the lion's share of which are located in CBD. Continuing with the trend in newer developments, the mix of studio and one-bedroom units are the dominate mix and representing nearly 70% of the units combined.

This trend is attributed to steady inflow of young workers to the downtown area, as well from the challenges of affordability which is in part mitigated by the lower cost smaller product offering.



Map #	Name	Units
1	Downtown 5th	1,042
2	AMLI Wynwood	316
3	Bezel Apartments	434
4	Block 55	578
5	Father Marquess-Barry Apts.	60
6	Wynwood Atriums	32
7	Wynwood 28	152
8	Wynwood Green	189
9	The Dorsey	306
10	Paraiso Place	279
11	Society Biscayne	714
12	Grand Station	300
13	Wynwood Haus	224
14	Strata Wynwood	257
15	Projects	96
16	Soleste Grand Central	360
17	Miami World Tower	560
Total		5,899

Snapshot of Multifamily Rental Development Under-Construction



MULTIFAMILY RENTAL MARKET

Rising demand drawn to new product has reduced vacancy.

In spite of the unprecedented delivery of new rental product in the Greater Downtown Miami area during the past few years, in tandem with the global pandemic, demand has proven to keep well ahead of pace. In 2016, the rental market vacancy was around 20 percent. As shown below, absorption during the past 3-4 years has far outpaced previous years. Absorption in Q2 2021 (2,000 +/- units) is on pace to shatter any such trends of the past. AS a result, the Greater Downtown Miami market’s vacancy of nearly 20% in 2016 has been tapered to 5.9% currently for all inventory and slightly more than 7% for newer buildings

The Miami DDA’s 2019 residential market study included a profile of developments including several that were in large part operating under stabilized condition, as well as a select group that were in lease-up at the time. Below is a summary of select properties and a comparison of performance between 2019 and Q1 2021. Among the existing properties, the vacancy rate tightened from 6.1% in 2018 to 4.3% presently, while those in lease-up absorbed a substantial amount of inventory during this period. Panorama, an 820 unit development completed in mid-2018, is still in the lease-up phase.



Figure 30: Comparison of Vacancy – Select Development (Q4 2018 vs. Q2 2021)

	EXISTING		IN LEASE UP (Q4 2018)		
	Q4 2018	Q2 2021	Q4 2018	Q2 2021	
Monarc	5.0%	9.8%	Panorama	97.0%	2.0%
Soma	7.0%	4.6%	Caoba	37.0%	N/A
Eve@the District	11.0%	3.1%	Muze	0.0%	1.5%
Melody	2.0%	1.0%	X Miami	25.0%	6.1%
Midtown5	14.0%	0.0%	Square Station	1.0%	0.0%
Soltaire	12.0%	0.1%	25 Biscayne	23.0%	1.3%
Camden	4.0%	1.2%	Midtown 29	21.0	5.5%
25 Mirage	4.0%	2.5%			
22 Skyview	2.0%	0.0%			
Biscayne Park	2.0%	1.3%			
Filling Station	7.0%	5.5%			
One Plaza	3.0%	0.0%			
Second Plaza	1.0%	1.7%			

MULTIFAMILY RENTAL MARKET

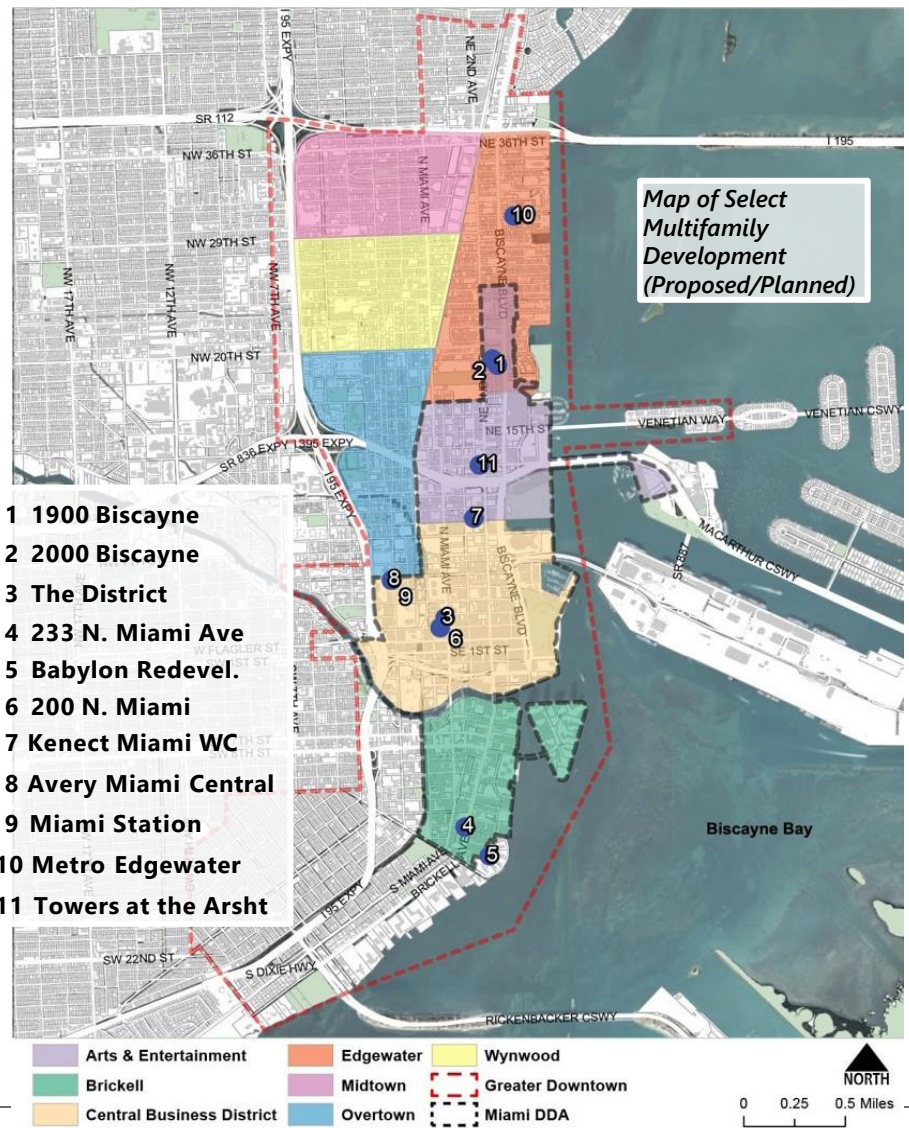
Strong demand driving new development.

There are 1,516 units currently vacant in the Greater Downtown Miami market area, and more than 1/4 of which are located in the CBD. The CBD also has the largest concentration of multifamily development (2,490 units) under-construction and the greatest number of proposed development. The Wynwood market has 1,476 units under-construction and more than 4,500 units planned/proposed. The Brickell, A&E and Edgewater markets have limited development currently under-construction but each having several thousand units proposed/planned.

Building Under-Construction, Recent Deliveries & Proposed

BUILDING	SUB-MARKET	UNITS
Downtown 5th	CBD	1,042
Bezel Apartments	CBD	434
Society Biscayne	CBD	714
Grand Station	CBD	300
Flagler Redevelopment Projects	CBD	96
Soleste Grand Central	CBD	360
Paraiso Place	Edgewater	279
Block 55	Overtown	578
Father Marquess-Barry Apts (Senior)	Overtown	60
AMLi Wynwood	Wynwood	316
Wynwood Atriums	Wynwood	32
Wynwood 28	Wynwood	152
Wynwood Green	Wynwood	189
The Dorsey	Wynwood	306
Wynwood Haus	Wynwood	224
Strata Wynwood	Wynwood	257
Uni Tower	A & E	252
Total # Units Under Construction		5,591
Total Units Completed 2019-2020		5,403
Total Units Completed 2017-2018		3,847
Total Units Proposed		30,000+/-

The 5,339 multifamily rental units currently under-construction presents a notable uptick from development activity in the recent past which experienced a total 9,250 units delivered between 2017 and 2020; or, an average 2,300 units per year that period. There are more than 30,000 units (within an estimated 100+ buildings) planned and/or proposed within the Greater Downtown Miami market. This is a notable increase above the roughly 20,000 units planned or proposed in 2019 and the first deliveries of which would likely not be delivered until the mid/latter part of the decade.



MULTIFAMILY RENTAL MARKET

EXAMPLE: 501 First Residences



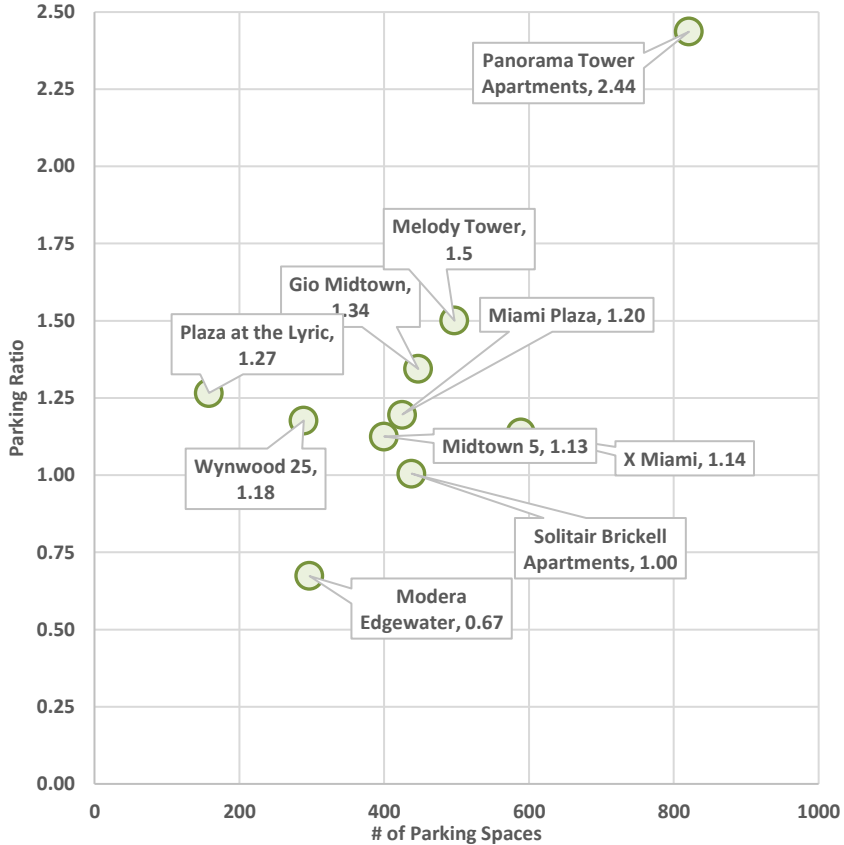
Trend: **No parking, greater usable pedestrian spaces**

- Positioning: Discover this new investment opportunity in residential living with short-term rentals, including smart community spaces, amazing amenities and technologies that simplify life.

DEVELOPER	Aria Development Group
LOCATION/NEIGHBORHOOD	CBD
STATUS	Sales launched, in permitting. Fully reserved by Aug 2021. Four times faster than YotelPad launched in 2018.
# UNITS/STORIES	448, 40 stories

While the Greater Downtown Miami’s zoning is increasingly allowing for reduced parking requirements as a result of improved transit in the area, the market is indicating demand for 1.0 to 1.5 spaces per unit on average.

Greater Downtown Miami – Multifamily Development
(Parking Overview of Sample Set of Properties)



MULTIFAMILY RENTAL MARKET

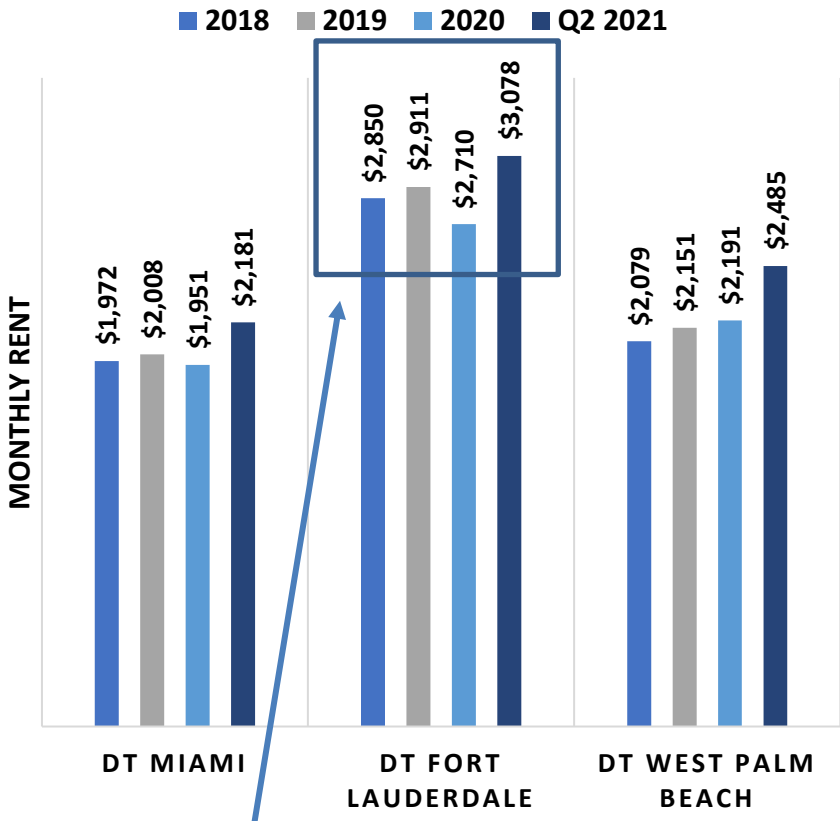
Downtown Miami is by far the largest rental market compared to other metro South Florida markets (Fort Lauderdale and West Palm Beach) and provides strong value proposition.

With more than 25,000 rental units, Downtown Miami’s rental market is exponentially larger than Downtown Fort Lauderdale (4,000+ units) and Downtown West Palm Beach (3,650+ units). Until late 2017, Downtown Fort Lauderdale had less than 1,000 rental units; however, growth has ramped up considerably since adding more than 3,000 units. With the delivery of new supply, Fort Lauderdale’s rental vacancy shot up to more than 40% in the latter part of 2020, but has since declined to the 15% range. Noteworthy, though, is the fact that the very large proportion of new product in Downtown Fort Lauderdale has pushed average monthly rental rates above \$3,000; or, \$3.08 per square foot. There is currently nothing under construction in that market.

Downtown West Palm Beach, there has been roughly 1,200 units delivered since 2017, with vacancies fluctuating between 8% and 15% during the period. Rental rates in Downtown West Palm have strengthened considerably during the past 12-18 months reaching the current level of \$2,485; or, \$2.65 per square foot.

The relatively limited inventory of new, quality rental development within the Downtown Fort Lauderdale and Downtown West Palm Beach markets higher pricing metrics compared to Downtown Miami with its continual delivery of substantial levels of new product.

Snapshot Rental Rate Comparison of Downtown Miami, Downtown Fort Lauderdale and Downtown West Palm Beach



Mix of larger units and new supply pushes average monthly rents higher

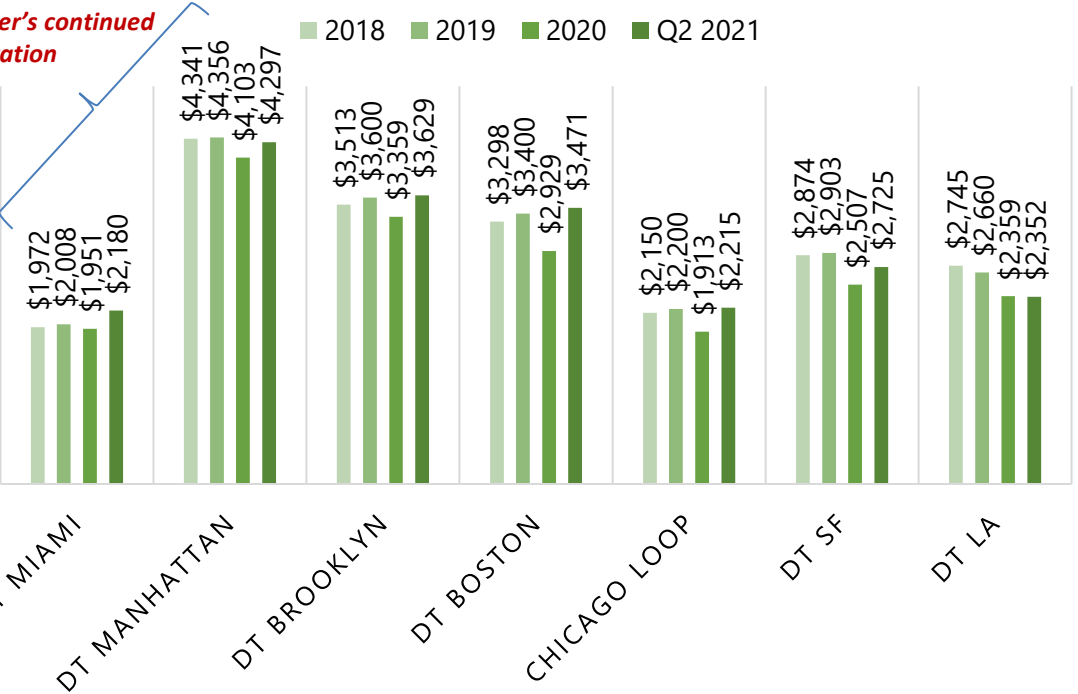
MULTIFAMILY RENTAL MARKET

Relative to other major markets, Miami represents good value for renters.

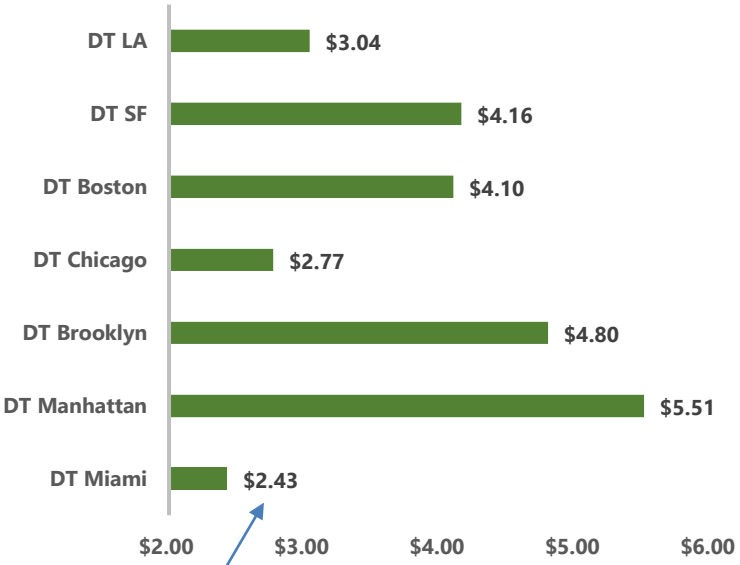
In spite of the explosive growth in multifamily rental development in the Downtown Miami market within the past few years, it remains relatively affordable compared to other major metropolitan downtown markets such as New York (including DT/Midtown Manhattan and Downtown Brooklyn), Boston, Chicago Loop (Downtown Chicago) and San Francisco (Financial District and surrounding neighborhoods). According to discussions with local real estate professionals, South Florida and, specifically, the Downtown Miami market continues to experience strong demand from these major market areas which started during the pandemic and continues today.

Lower rents can entice New Yorker's continued migration

Snapshot Rental Rate Comparison of DT Miami (NYC, Downtown Boston, Downtown Chicago & Downtown San Francisco)



Comparison of Rent/SF (Q2 2021)



Best value in Downtown Miami

SECTION 4

Shadow Inventory –
Condo Units for Rent
Greater Downtown Miami

SHADOW RENTAL MARKET

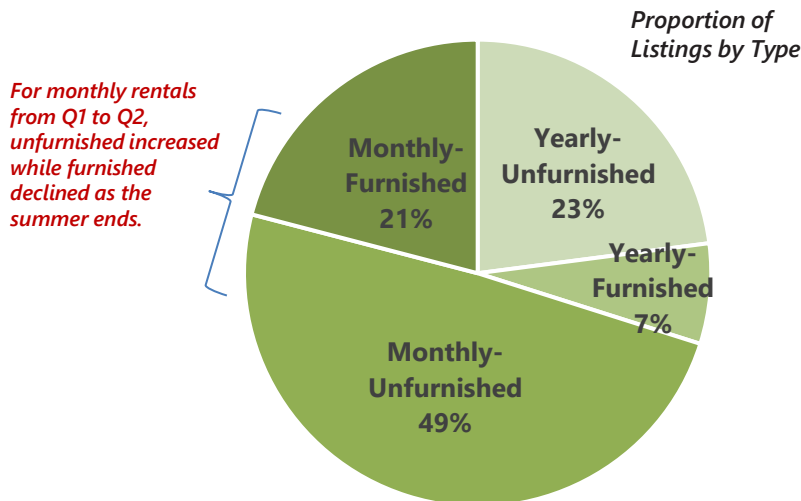
Leaving fewer options for renters desiring yearly leases, the shadow rental market is primarily on a monthly basis, with or without furniture, leaving fewer options for renters desiring yearly leases.

The shadow rental market is analyzed under four rental types; a) yearly-unfurnished b) yearly-furnished, c) monthly-unfurnished, and d) monthly- furnished – note, monthly refers to terms less than 12 months. All are used herein as many conventional multifamily properties offer flexible lease terms and furniture rentals. However, the traditional comparison for the conventional vs. shadow market inventory centers on the yearly-unfurnished rental type which allows for rental rate comparisons. The seasonal rental market in Miami adds complexity to the analysis, as rents are generally higher from September to April of the following year. Seasonal rentals are on a monthly basis and are generally furnished and would be included in the monthly-furnished rental type inventory.

A snapshot of the rental listings shows that only 23% is for yearly-unfurnished rentals. These units are generally smaller with an average size of 957 SF and are priced the lowest among the four rental types at \$2,827 per month, or \$2.95/SF. Furnished yearly rental listings, representing only 7% of the total shadow rental inventory, achieve a premium in rent of 21% with an average rate/SF of \$3.59. The condos with the greatest number of these yearly-unfurnished listings are in the CBD is The Loft Downtown (6% of inventory), Vizcayne South (5%), Centro (3%), and Cite Condo (3%) where rents are lower compared to Brickell and Edgewater.

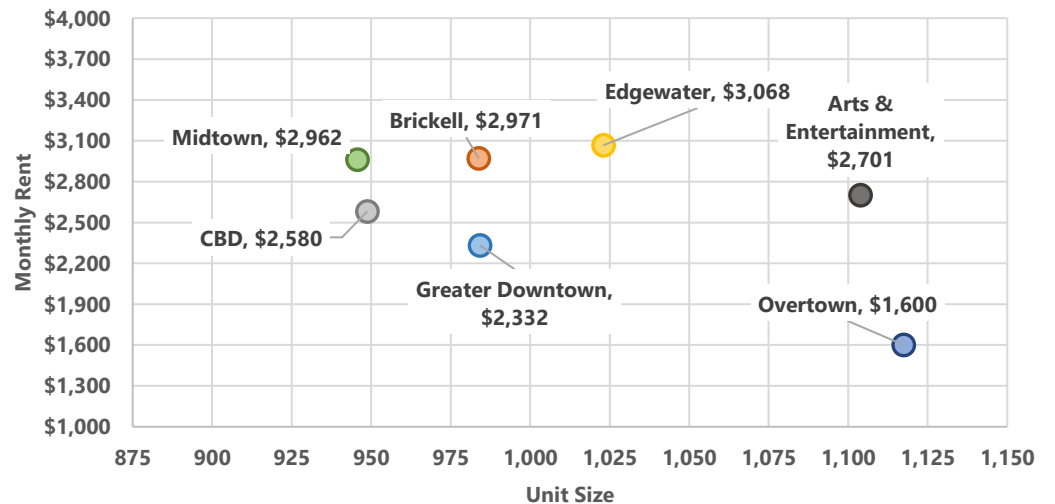
Proportion of Listings by Type

Approximately 70% of rentals are for monthly terms with roughly half being furnished. There are 538 active rental listings for condominium units for monthly or yearly terms either being furnished or unfurnished. The proportions are presented on the graph below.



Price Comparison of Monthly and Yearly/Furnished and Unfurnished Units

Furnished units command significantly more rent of approximately 21% - whether for a yearly or monthly rental. Furnished rentals command a higher monthly rent and are for larger unit sizes relative to the unfurnished rentals.



SHADOW RENTAL MARKET

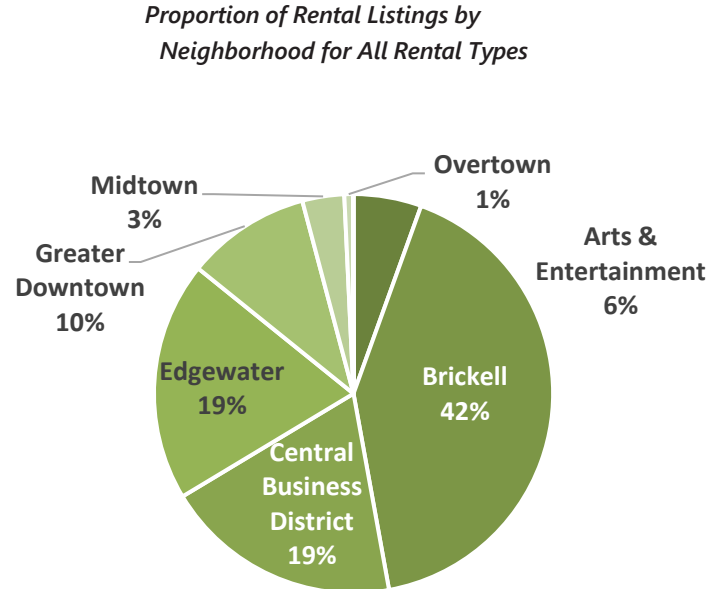
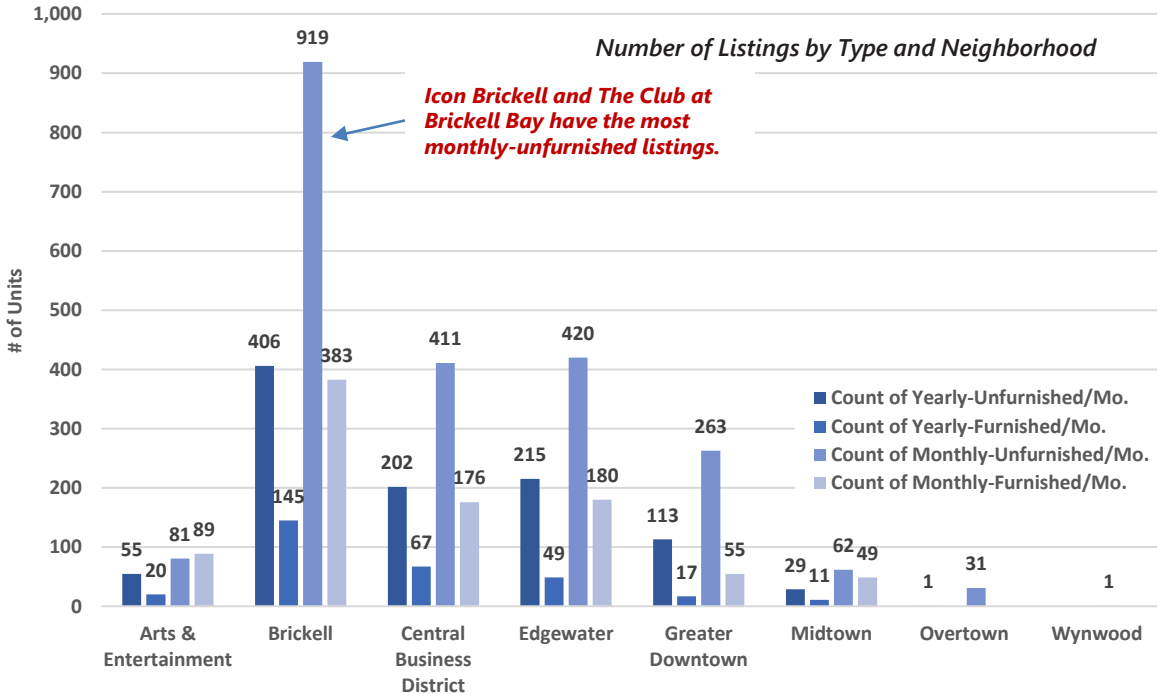
Renters currently seeking condo living are most likely to find options in the CBD where there is more vacancy.

Yearly-unfurnished: These listings are mostly in the CBD and Edgewater neighborhoods. Condo buildings with the most listings for this type are The Loft Downtown II (7), Vizcayne North & South towers (5), and Centro and Cite Condo with three listings each.

Yearly-furnished: Brickell and the CBD have the most listings with The Club at Brickell Bay (3), Reach Condo (2), and Paramount Miami Worldcenter (2) having the greatest amounts.

Monthly-unfurnished: The CBD, Brickell, and Edgewater neighborhoods are where most of these listings are located. Buildings with the most listings are Vizcayne (7), 50 Biscayne (5), Icon Brickell (5), One Miami East (5), and The Loft Downtown I & II (5).

Monthly-furnished: Brickell has the greatest share of monthly-furnished rentals which are mostly found in Icon Brickell (10), The Club at Brickell Bay (10) and the Millennium Tower (6).



SHADOW RENTAL MARKET

EXAMPLE: Natiivo

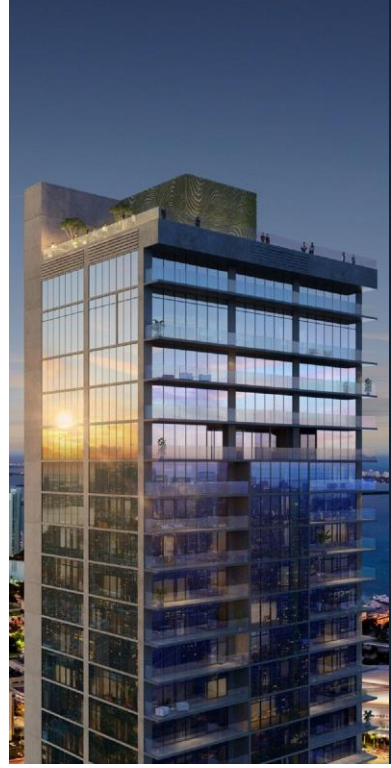


Trend Spotlight: **Condo Hotel – Home Sharing (short term rentals)**

- Positioning: “Natiivo redefines the idea of home. What was once limited to four-walls has become an extension of one’s self. A place of comfort, ease and inspiration to be you; to live on your terms, to own different.”
- “Natiivo has all the luxuries and services of a hotel at your fingertips with the freedom of home-sharing your Miami condo as desired.”
- Fully finished and furnished. 389 SF - 900 SF. From the 300s.

DEVELOPER	Crescent Heights
LOCATION/NEIGHBORHOOD	CBD
CONSTRUCTION STARTED	2021
STATUS	Under construction
# UNITS/STORIES	400, 51 stories

EXAMPLE: E11EVEN RESIDENCES



Trend Spotlight: **Condo Hotel – Themed Development**

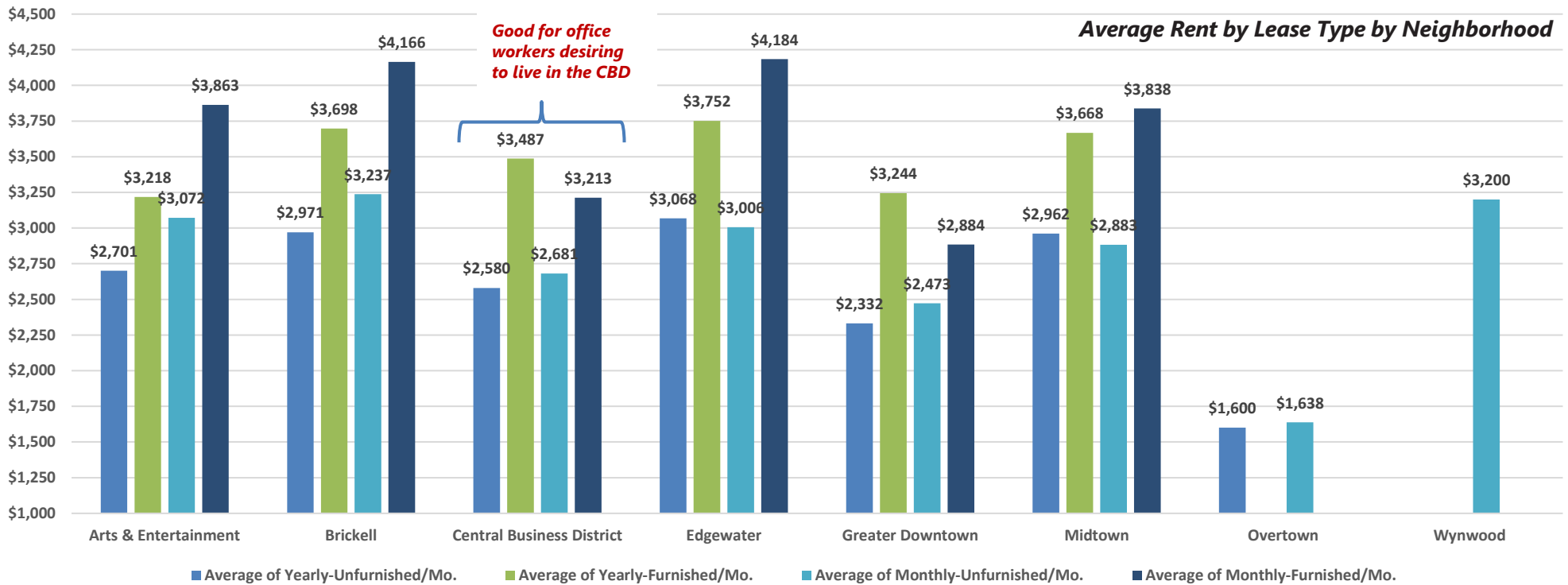
- Positioning: Project offers “Vegas-style amenities in the middle of downtown Miami.”
- Unit owners can put their condos into a hotel program to generate revenue.
- E11EVEN Residences will include Dr. Deepak Chopra’s Chopra Spa & Studio.
- The project will also have a 20,000-square-foot multi-level E11EVEN Beach Day Club on the 11th floor, a casino-style sports lounge.
- It is planned to also have a gourmet food hall, wellness center, sports lounge, beach club and art installations.

DEVELOPER	Property Markets Group
LOCATION/NEIGHBORHOOD	CBD
STATUS	Under construction
# UNITS/STORIES	375, 65 stories. Units will range from studios to two-bedrooms and a penthouse collection
AVERAGE PRICE	Prices started at \$300,000. Units under contract range from \$400,000 to more than \$10 million for a penthouse, according to the developers.

SHADOW RENTAL MARKET

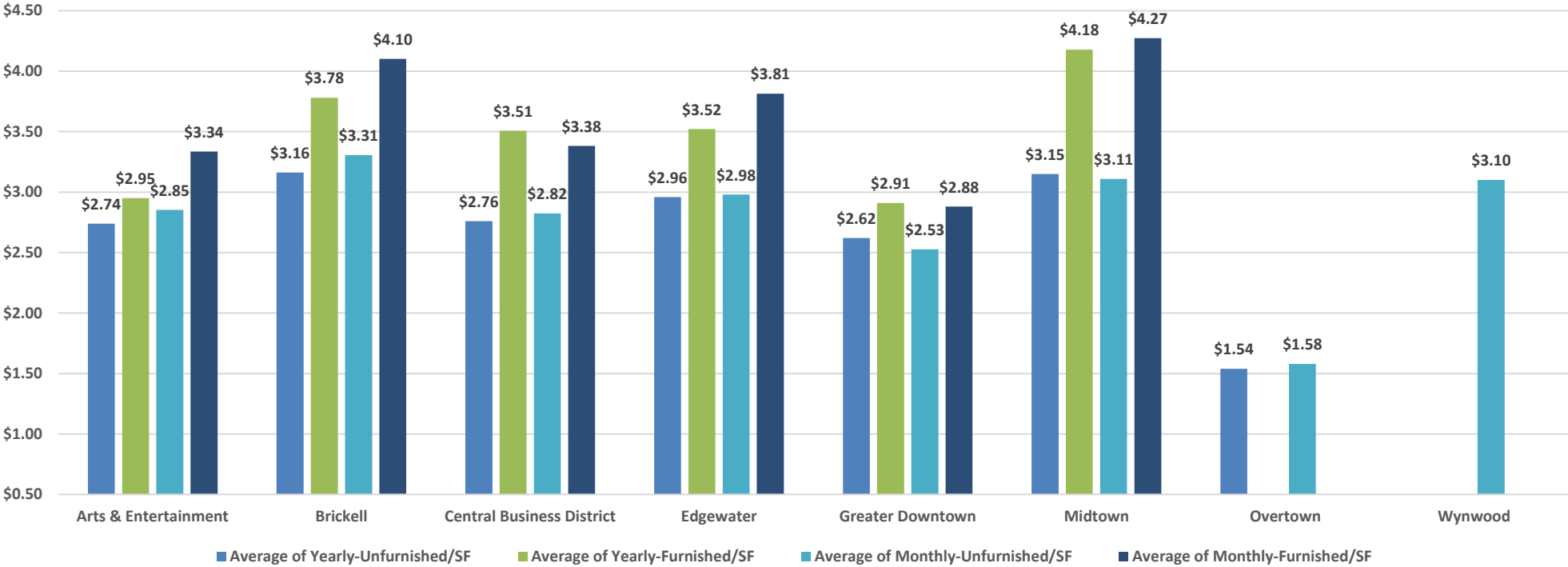
Focusing on the yearly-unfurnished lease terms, Edgewater is the most expensive neighborhood as developers have built luxury high-rises with excellent views, proximity to Midtown Miami, Wynwood, and the Design District, and a short commute to employment in the Central Business District.

The second most expensive neighborhood, Brickell, is home to many national and international companies where employee salaries are higher, and walkability is greater. Renters will find lower cost options in the CBD, Midtown Miami, and the A&E neighborhood.



SHADOW RENTAL MARKET

In analyzing the rent per square foot among the neighborhoods, the average rent for yearly-unfurnished listings ranges from \$1.54 to \$3.16 with Overtown at the lower end and Brickell is at the upper end. The highest average rental rate per SF is found in Brickell for furnished units on a monthly basis at \$4.10/SF, which represents a 23.8% premium (or additional cost to the renter for a furnished unit) over unfurnished of \$3.31/SF.



SHADOW RENTAL MARKET

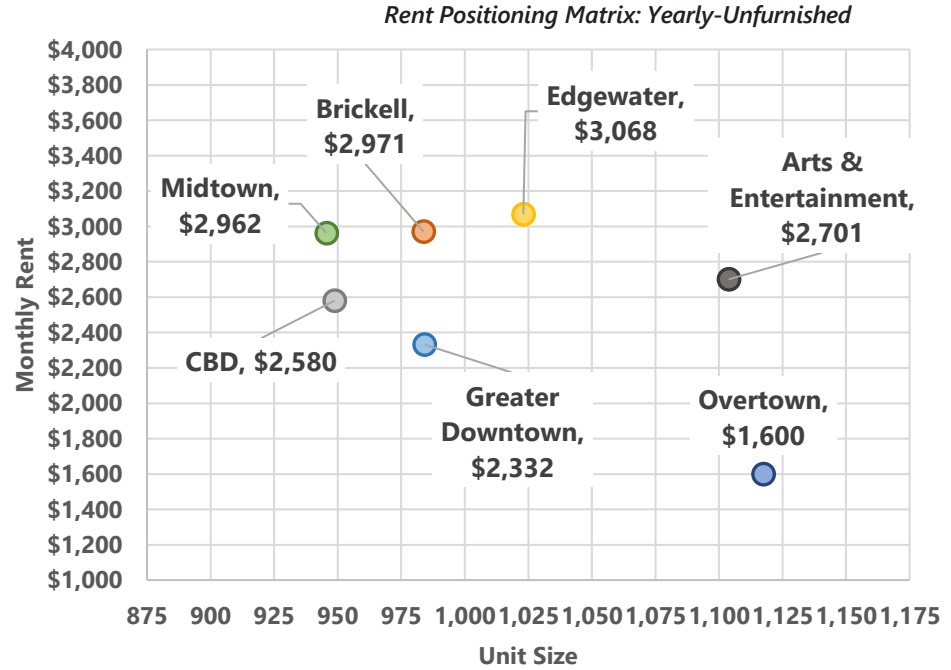
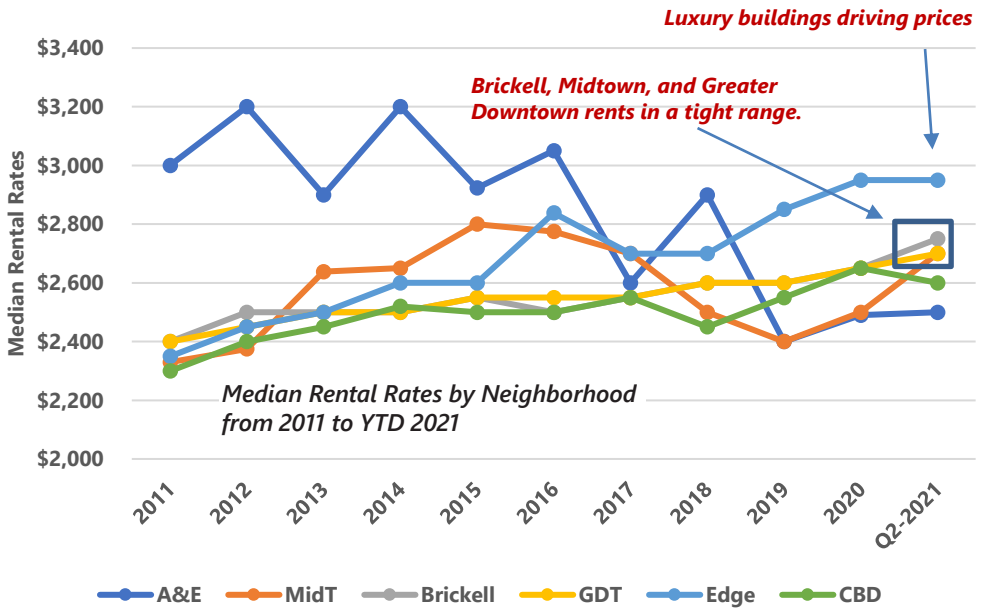
Monthly rental rates have generally increased from 2011 to 2021 in all neighborhoods except for A&E and Midtown where smaller units exist

The rapid development of condos in Edgewater has taken market share from Midtown while the A&E neighborhood is less developed and lacks inventory.

- Rents in Edgewater are the highest resulting from the recent development of new high-rise condominium units, mostly in luxury buildings. Rental rates in Edgewater are the highest and have risen consistently from 2018 by an average of 3.2% per year.
- From 2019 rental rates have been increasing in Midtown, which can be partly explained by the popularity of the Wynwood neighborhood immediately to the west of Midtown.
- Rents in the CBD have only risen by 1.4% per year from 2011 to 2021 which is good for workers in the CBD who desire to be close to the office buildings.

In terms of yearly-unfurnished rentals and comparing neighborhoods, Brickell and Edgewater command higher rents.

- Both Edgewater and Brickell can offer excellent city and water views which are likely contributors to the higher rents and larger units.
- The A & E neighborhood, in the stage of new development, has to offer larger units at a lower price.
- Both the CBD and Midtown neighborhoods offer units on average of just under 950 SF at attractive rents relative to Brickell and Edgewater.

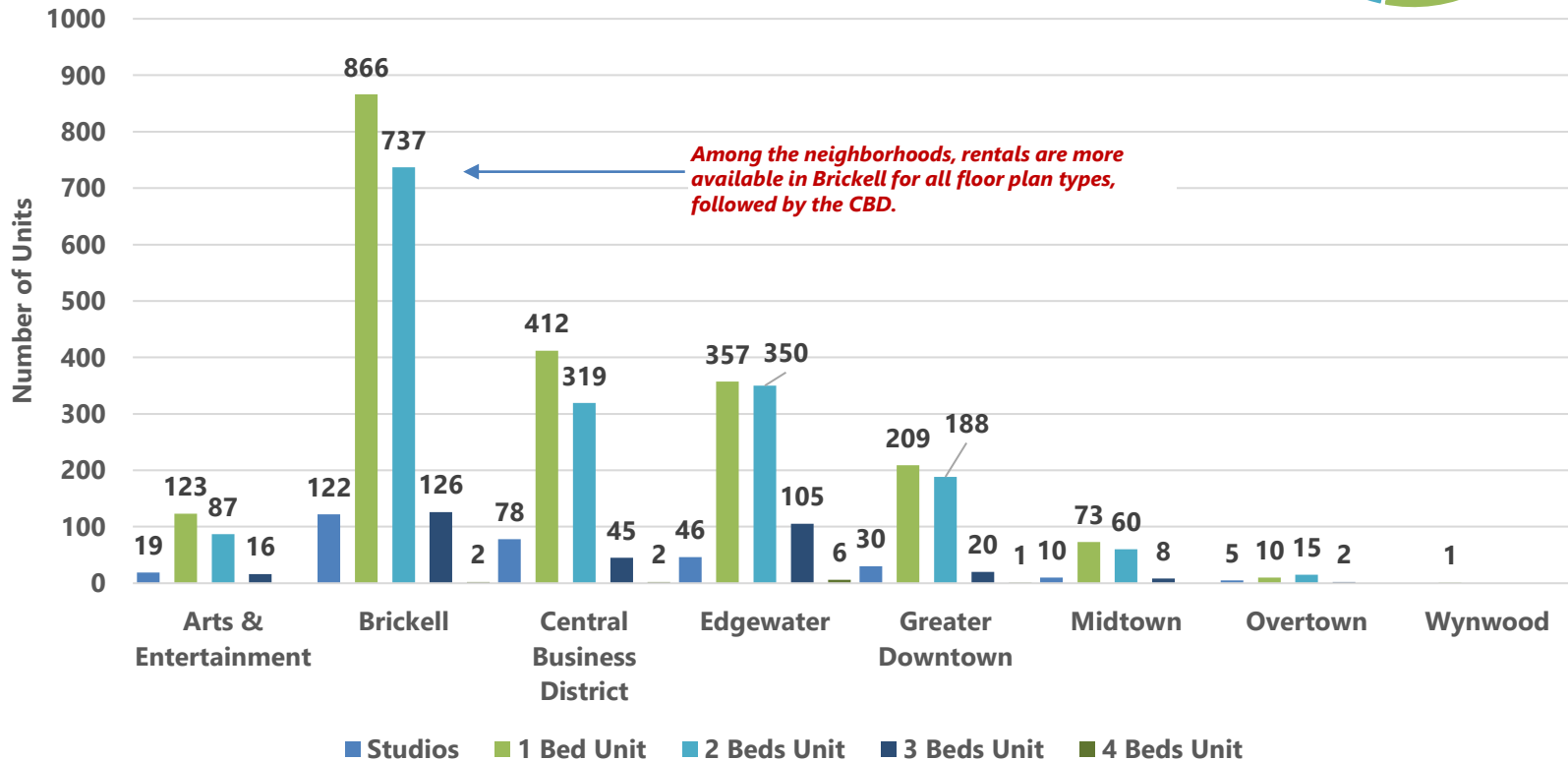
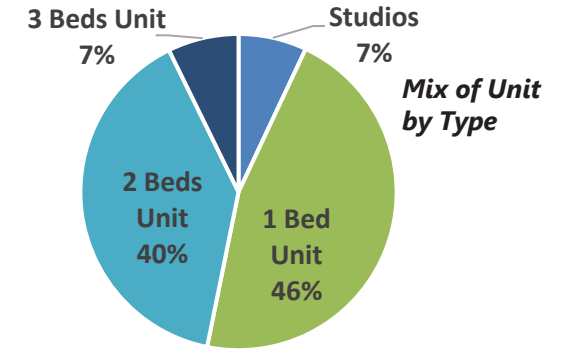


SHADOW RENTAL MARKET

The availability by floor plan type follows the general unit mix of condos where 1-bed and 2-beds floor plans are in greater proportions and studios in lower proportions.

The 1-bed floor plan rental is the most available and is very popular due in large part to the lower rent for the 1-bed vs. a 2-beds floor plan and the ability for young couples to share the rent.

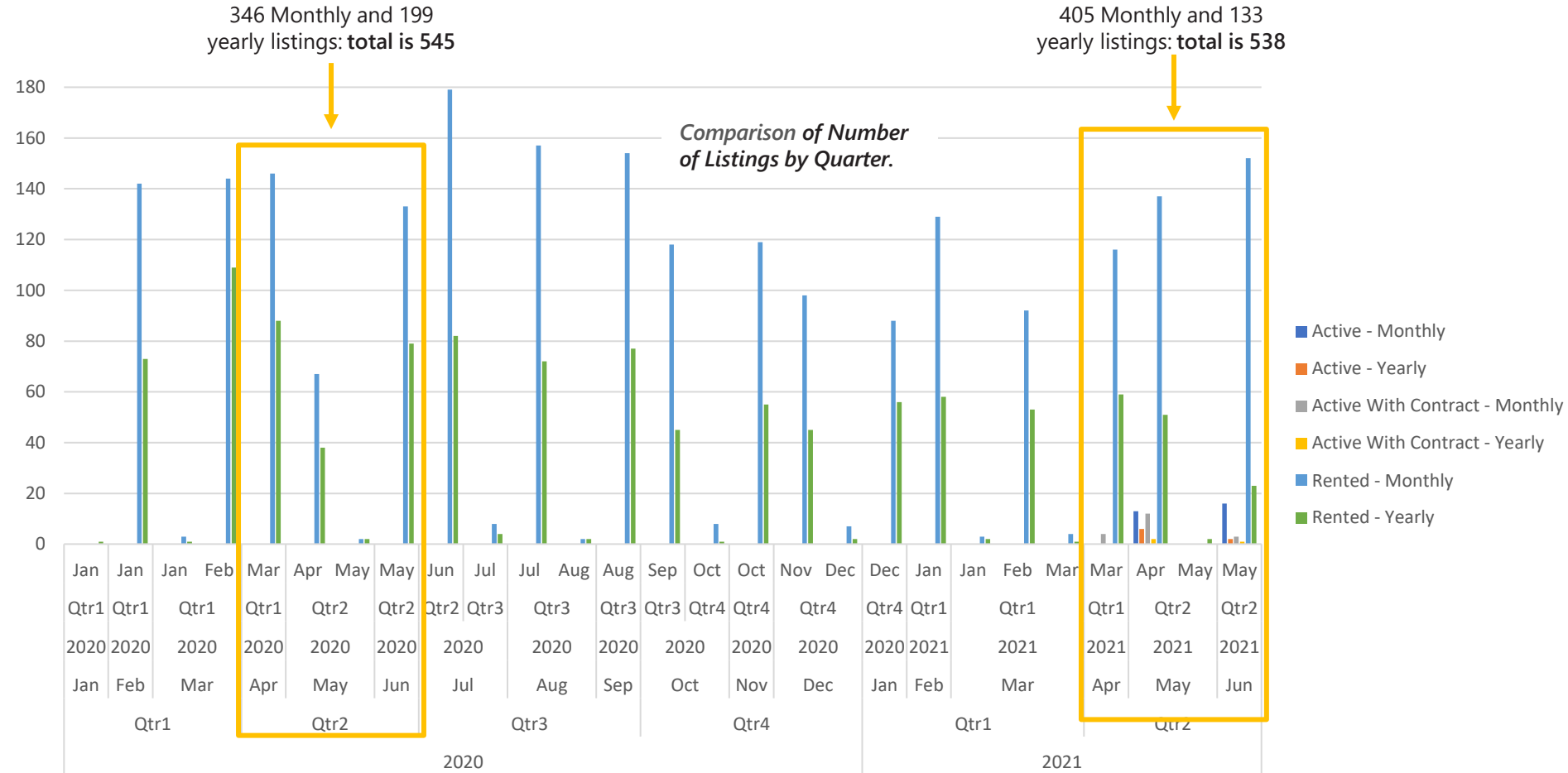
Most prevalent floor plan type for rentals is 1-bed, followed by 2-beds. Condo projects, different from multifamily projects, have fewer studios.



SHADOW RENTAL MARKET

The activity for monthly rentals increased during the pandemic related lockdowns. Many long-term renters had to move to other areas as new renters came from other parts of the country, mostly from the Northeast.

Comparing the quarter before and after the lockdowns, listing activity increased by 8% for both monthly and yearly rental types.



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