UNIVERSITY OF MIAMI
REAL ESTATE
RESEARCH INITIATIVE

Commercial Real Estate
Sentiment Survey

Emerging Trends and Perspectives on
Resilient Development in South Florida

February 10, 2023
Research Sponsor

**John Burns Real Estate Consulting**

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Agenda

- Market Review and Analysis
- Where We Live
- Impact of Migration
- Exploring Diversity
- Key Findings
Fear of Recession Grows, but Expansion Still Favored

- Miami-Dade County
- Broward County
- Palm Beach County

Graph showing the percentage of fear for recession and expansion by year.
Last Year, Multifamily and Industrial Assets Led the Way
This Year, Medical and Senior Housing Assets Overtake

Direction of Value by Asset Type - 2023
Last Year, the Overall Sentiment Was to Buy....
This Year, the Predominant Sentiment is to HOLD Assets

![Bar chart showing sentiment for various asset classes]

- **Industrial**: 50% Buy, 30% Sell, 20% Hold, 0% Don't know
- **Multifamily**: 40% Buy, 30% Sell, 20% Hold, 10% Don't know
- **Flex**: 30% Buy, 40% Sell, 20% Hold, 10% Don't know
- **Hospitality**: 20% Buy, 60% Sell, 20% Hold, 0% Don't know
- **Retail**: 20% Buy, 40% Sell, 40% Hold, 0% Don't know
- **Senior Housing**: 30% Buy, 30% Sell, 40% Hold, 10% Don't know
- **Health Care / Medical**: 40% Buy, 30% Sell, 30% Hold, 0% Don't know
- **Office**: 20% Buy, 60% Sell, 20% Hold, 0% Don't know
Access to Debt Tops Investors’ Concerns

Drivers of Commercial Market Strength

- Access to debt
- Balance of supply and demand
- Level of institutional capital (debt and/or equity)
- Economic activity in the local market (South FL)
- New users in the market
- Access to equity
- Economic activity in the macro-market (USA)
- Increasing vacancy
- Expansion of existing users
- Contraction of existing users

- Little to No Impact
- Moderate Impact
- Significant Impact
- Total of Moderate and Significant Impact
Supply/Demand and Access to Capital Dictate Investor Behavior

<table>
<thead>
<tr>
<th>Category</th>
<th>2023 Rank</th>
<th>2022 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current CRE demand outpaces physical supply and rents are rising</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Access to capital</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Favorable interest rates and cap rates</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>CRE yields are more attractive than alternative investments</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>CRE is currently under priced</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>
Asset Appreciation Still Leads in an Expansion Market

Areas From Which Investors are Expecting Returns

- Asset Appreciation at Exit (Reversion Value)
- Demand Outpacing Supply
- A Blend of Asset Cash Flows and Exit
- High Barriers to Entry for Their Competitors
- Construction Cost Stability
- Low Interest Rates
- I Don’t Know
Desirability to Live in Urban, Suburban, and Surban Areas

Urban Area
37%

Suburban Area
21%

Surban Area
42%
Priorities when Purchasing a Home

- Safety: Very Important
- Privacy in your home: Very Important
- Access to employment: Very Important
- Access to medical services: Very Important
- Public School Quality: Very Important
- Walkability: Very Important
US Domestic Investors Leading South Florida’s Real Estate Demand

In a post-pandemic environment, how will South Florida net-migration patterns change?

- Increased net-migration: 77%
- No change in net-migration: 9%
- Decreased net-migration: 6%
- Unsure: 8%

In the next 12 months, where do you think the greatest demand for South Florida real estate will come:

- International: 38%
- Domestic: 54%
- Unsure: 8%
## Migration Upward Trend in the Short and Long Term

Please share with us your thoughts and ideas on the impact of migration on real estate in South Florida in the short-term and long-term:

<table>
<thead>
<tr>
<th>Short-Term Drivers</th>
<th>Long-Term Drivers</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Quality of Life</td>
<td>Pro-business Government</td>
<td>Congestion / Weak Transit System</td>
</tr>
<tr>
<td>Convenient Tax Policy</td>
<td>Business Relocating</td>
<td>Housing Affordability</td>
</tr>
<tr>
<td>Internationally Diverse Hub</td>
<td>Desirable Location For Post-grads</td>
<td>Cost of Living vs Wages</td>
</tr>
</tbody>
</table>
Companies are Hiring

How has your company changed in size post-pandemic?

- Workforce has increased
- Workforce has remained the same
- Workforce has decreased
Diversity is Present and Increasing

How has your company changed in Diversity post-pandemic?

- Workforce has stayed the same (relating to diversity)
- Workforce has become more diverse
- Workforce has become less diverse
Key Findings

- Market confidence wavers, but expansion still favored
- Access to debt and expensive capital is driving market sentiment
- Surban areas are favored over urban and suburban
- People prioritize safety most when purchasing a home
- In a post-pandemic environment, net migration will increase
- Greatest demand for South Florida's real estate will come from within the US
- Diversity in the workplace isn’t going unnoticed and will be a key theme in years to come
Acknowledgments

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