



Q3 | 2023

MARKET SNAPSHOT

SOUTHWEST FLORIDA



12.45%

AVERAGE VACANCY RATE



2,370

NET ABSORPTION (12 MONTHS)



16,699

TOTAL UNITS UNDER CONSTRUCTION



\$1,985.25

ASKING RENT/UNIT



\$231,500

AVERAGE SALE PRICE/UNIT



5.28%

AVERAGE CAP RATE

**All Data Points Sourced from CoStar 2023*

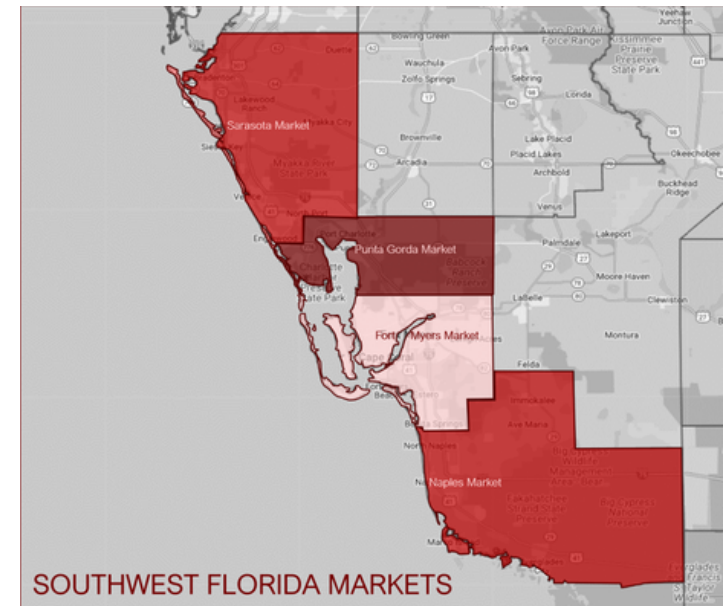
THE TIDES TURN FOR MULTIFAMILY ON THE GULF COAST

Q4 2022 showed promise for the multifamily sector on the Gulf Coast of Florida, but the outlook is beginning to shift. While new residents proceed to pour into the market, the substantial delivery of new construction in recent months has created a sizable imbalance between supply and demand.

The pipeline for new multifamily construction continues to swell, with 16,669 additional units under construction in the Sarasota, Punta Gorda, Fort Myers, and Naples markets alone. This build rate is nearly 3x that of the national average and vacancy rates across the region are the highest they've been in nearly a decade, coming in at an average of 12.45%. This number is only expected to rise as new units become available.

On a positive note for residents, asking rental rates have continued to fall consistently since Q1 2023 in response to the lessened demand. The current average of \$1985.25 (weighted across floor plans) is a significant drop from the all-time highs seen throughout 2022 and the start of 2023. This downward trend is expected to continue through the first part of 2024.

While these markets may be experiencing a temporary slow-down, Florida remains the fastest growing state (1.9% in 2022) and has not experienced a decline in population growth since 1946 (eyeonhousing.org). As rents normalize and new construction slows, it is likely that the SW Florida housing market will, once again, stabilize. ERES also expects cap rates to rise given the state of current debt markets.



NOTABLE MARKET TRANSACTIONS

1	Goldelm at Bennett Park 5725 1st Ave E Bradenton, FL	\$102,000,000	452,961 SF	73.10 Acres	400	2015	\$255,000	87%	Sold 9/29/2023
2	Reserve at Palmer Ranch 4110 Winners Circle Sarasota, FL	\$70,587,200	330,700 SF	22.35 Acres	320	1990	\$220,585	97%	Sold 8/22/2023
3	Advenir at Gateway Lakes 1000 Marlin Lakes Circle Sarasota, FL	\$78,311,500	346,542 SF	30.55 Acres	358	1996	\$218,747	94.30%	Sold 8/16/2023
AVERAGES		\$83,632,900	376,734 SF	42.00 ACRES	359	2000	\$231,444	93%	

To learn more, contact Chris DiBitetto in our Sarasota office.

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