

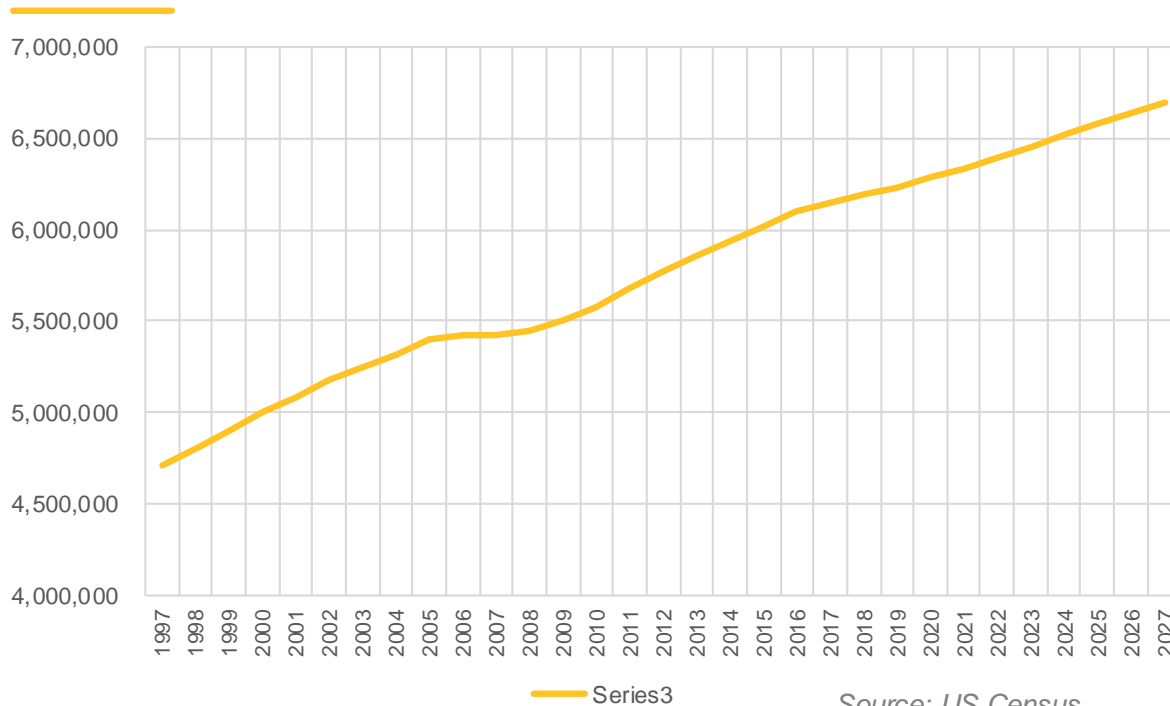
Development Trends

Presented by Gerard Yetming
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Demand Drivers Remain Strong



Source: US Census

5 Year Forecast Annual Population Growth

50k

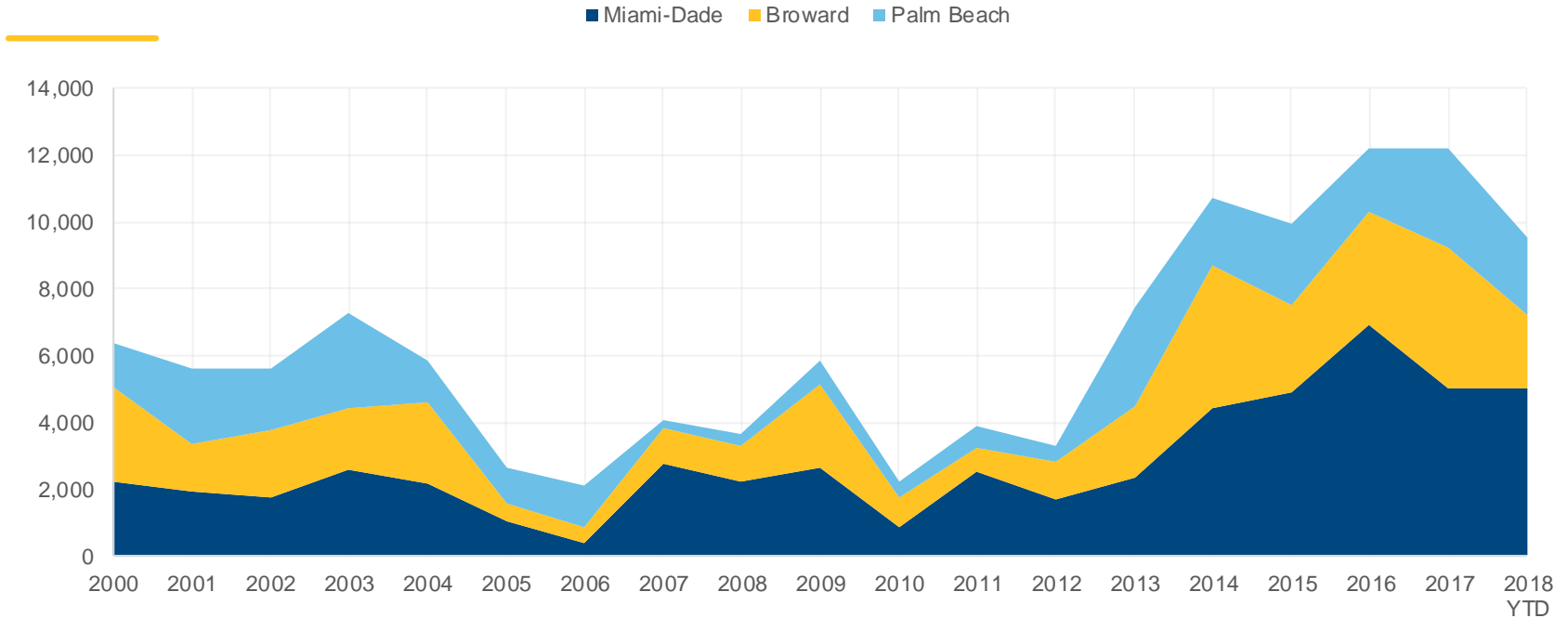
Annual Household Formation

15.8k

Homeownership Rate in 2018

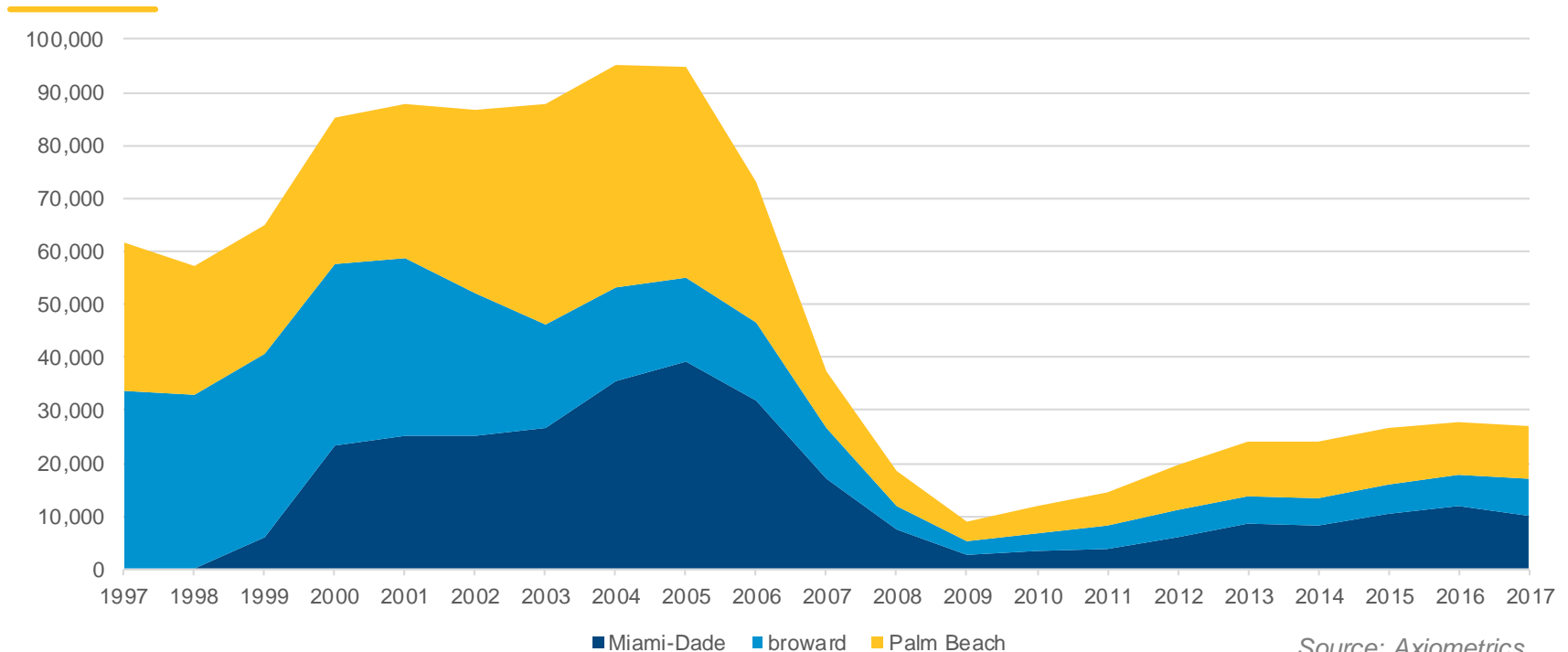
59%

Rental Units Delivered Peaked



Source: Costar

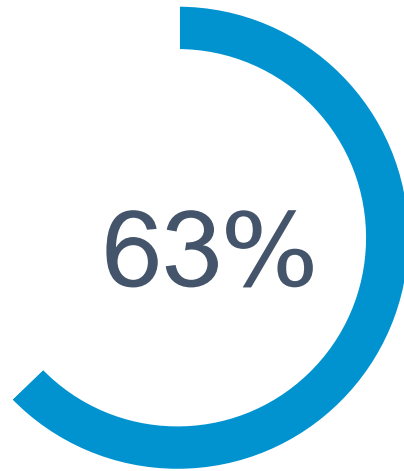
Single Family Permits Dropped off a Cliff



Source: Axiometrics

Affordability is an issue

Renters are considered “Cost-Burdened” if they pay more than 30% of their Gross Annual Income in Rent.



Miami Metro Cost Burdened Rental Households

Source: *Apartmentlist.com*

How to Develop Units more People can Afford

Developers still need to achieve a feasible RETURN ON COST in order to develop new projects.

$$\text{ROC} = \frac{\text{NOI}}{\text{Total Cost}}$$

$$\frac{\text{Income} - \text{Expenses}}{\text{Land} + \text{Construction Cost}}$$



Boost Income without raising rents per person?

- More renters per unit
- Allow short term rental
- Smaller units
- Mix of uses

Lower Operating Expenses?

- Technology

Lower Land Cost per Unit?

- Look in pioneering areas
- Seek out density bonuses
- Smaller site footprints

Lower Construction Cost Per Unit?

- Smaller units
- Less Parking

Trend Summary

1 Flexible Living Models – Co-living, short-term rentals.

2 Smaller units

3 More Technology to replace payroll

4 Development in overlooked areas (both within and outside the urban core)

5 Less Parking (TODs, zoning)

6 Smaller sites