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## Was The Great Pandemic Migration To Miami Overhyped?

By Deirdra Funcheon

Impressions: **484,790**

As the coronavirus spread last year, there were stories galore about people moving away from major cities to places that are less dense and more affordable. South Florida was made out as a big beneficiary of this trend, with a governor who resisted mask mandates and lockdowns and warm weather that allowed people to be outdoors even during winter. People were moving because Florida is cheap compared to other regions and has no income tax, people theorized.

But how many people actually moved? And as school starts and some bosses hanker for workers to return to offices, will those moves be permanent? Theories around that are mixed, with data suggesting the total population actually dropped, but commercial real estate experts seeing booms across sectors.

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In April, CBRE released a report analyzing U.S. Postal Service change-of-address data, and it found that move-outs from high-cost coastal markets accelerated during Covid-19. That included Miami, which in 2020 saw more moves away from the metro area (6.8 per 1,000 people) than in 2019 (6.3 people per 1,000).

CBRE Research Director Eric Willett told Bisnow that anecdotal reporting obscured the fact that “the Miami Metro area in the space of the pandemic was actually a net loser.” The Miami metro netted a loss of 42,100 people in 2020, 11% more net move-outs than in 2019, the CBRE analysis found.

More New Yorkers did move to Florida than normal. The post office data logged 25,843 moves to Miami/Fort Lauderdale from the New York/Jersey City area in 2020. The year prior, when there was no pandemic, there’d been 20,794 similar moves.

Willett said the bump in NY-to-Miami movers represented “a meaningful increase, not just a small increase, but when you look at the grand scheme of migration into and out of South Florida, the flows from places like New York are still a very small portion of the moves to begin with.”

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There were 3,215 moves to Miami from Boston, and 1,178 incoming from the San Francisco area. Sure, the Miami area saw a 49.4% increase in people coming from San

Francisco, as headlines emphasized, but there were just 1,190 such movers in 2019 and 1,778 in 2020 — a jump of 588.

Looking at the reverse flows, 13,671 moves were out of Miami to New York, 2,809 from Miami to Boston and 1,582 from Florida (the data doesn't specify from Miami) to San Francisco.

Around the country, it's rare for Americans to move very far, Willett pointed out. The change-of-address forms showed 536,735 of the moves to South Florida addresses began within the same metro area.

By far, young single urbanites made the most moves, while a demographic "GenXUrban" — with kids, cars and mortgage payments — made the fewest.

As for whether the moves are permanent, Willett said, "When we look at apartment vacancy across the U.S., we've seen a remarkable rebound in the last, say, six months, as people have returned, so that's our early indicator, in the same way that the decline in apartment rents was an indicator of kind of this exodus, initially."

Whether and to what degree there's a "Great Return" will be even more clear when more postal service and census data is released in the next few months, Willett said.

Miami-Dade's population dipped after the onset of the pandemic and hasn't returned to pre-Covid levels, according to data from Advan Research Corp., which uses cellphones to provide geolocation analysis to the financial and real estate industries.

The metro had 2.75 million adult residents in June 2021, down from 3.1 million in September 2019, said Edward Hribar, who handles business development at Advan.

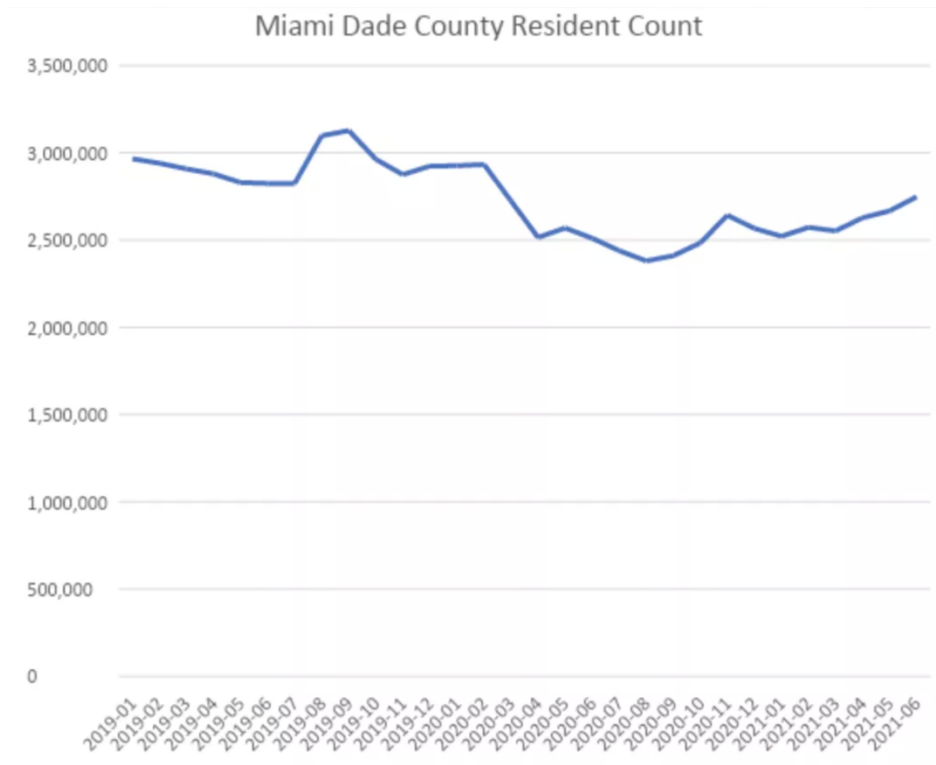
Tony Arellano, co-founder and managing partner of DWNTWN Realty Advisors, said the CBRE data sounded "completely off" compared to his experience on the ground.

"Miami is probably the No. 1 city in the country right now for institutional capital development. We are developing into population growth," he said. "Go to any market like Little Haiti, historically lower-income neighborhoods, and the multifamily

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occupancy is at full capacity and rents are growing ... You have people coming from all over, in every demographic, and every socioeconomic class."



*Cellphone data suggests population in Miami has not rebounded from pre-Covid levels.*

Douglas Elliman's New Signed Contracts Report showed that in Miami-Dade County, the number of transactions of single-family homes under \$500K dropped substantially when comparing this June to last June (perhaps because prices rose), but there were 247.4% more transactions of homes priced at \$10M or more (198 compared to 57 last year). Condo transactions grew at all price levels, with a 343.1% jump in \$5M-plus units (226 this June year compared to 51 last June.)

"It's important to note that while we've seen a lot of buyers in South Florida during the pandemic, many weren't just buying temporarily," said Jay Phillip Parker, CEO of Douglas Elliman Florida and president of Douglas Elliman Development Marketing for Florida.

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Parker said buyers are coming from all over the country because the market has proven to be a worthwhile investment. He said strong gains in prices and sales volume should continue as long as companies embrace remote work.

"The state has positioned itself for a positive transformation beyond a second or third-home market," he said. "Buyers may be maintaining their residences in New York City, Boston, Los Angeles, etc., but utilize their primary South Florida home for the tax advantages, proximity to the beach and year-round warm weather."



*Twitter reflects the Miami mood.*

The office market has also picked up from last year: According to Colliers International's Q2 Office Market Report, Miami-Dade County's office market absorbed 248K SF in the face of 301K SF of new supply in Q2 2021, and the vacancy rate decreased to 12%. Demand pushed rental rates up to \$43.44 per SF, an 11.9% increase since this time last year.

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The report pointed to professional firms taking Class-A space, like Thomas Bravo signing a new lease at 830 Brickell for 36K SF and D1 Capital Partners signing a new lease for 25K SF at 2850 Tigertail Ave.

Miami and Los Angeles were the only two gateway cities that lowered their vacancy rates during 2021, CommercialEdge found.

"If you look at boring, Class-C office towers, I'm sure that vacancy's way up," Arellano said. "If you're looking at creative buildings in cool neighborhoods, there's rapid absorption, to the point where we've run out of supply already."

His firm was hired to lease the Wynwood Annex office building five months ago. It has filled the space and turned away 50K SF, Arellano said.

"These are all financial services firms, fintech, venture capital, publicly traded companies — Class-A credit. By the way, every single tenant in that building was new to market," he said.

Typically in Miami, 80% of office leases are relocations and 20% new to market, Arellano said. But this year, it's basically reversed: "It feels like a 70/30 split right now, where new 70% is new to market and 30% are relocations."

Miami Mayor Francis Suarez has blatantly tried to poach tech industry workers from San Francisco.

In a blog titled, "The Miami Movement Is Real," Refresh Miami, a nonprofit that focuses on community-building around the tech scene, pointed to relocations or significant expansions by tech-focused companies including Founders Fund, Atomic and SoftBank.

But another CBRE report, called Scoring Tech Talent, released in July, ranked Miami 37th out of 50 metros on its concentration of tech workers, behind Tampa, Orlando and Indianapolis. The city is working to change that. A Miami Hack Week kicked off Aug. 1 with a goal of luring more engineers. A Miami Herald article about it quoted data from the Bureau of Labor Statistics and found that Miami has 60,000 tech workers

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compared to 160,000 in San Francisco plus 144,000 in Silicon Valley, and 305,000 in New York City.

Alejandro Rivas Micoud is a San Francisco native. He founded his company, Userlytics, a platform for user experience testing, in that city but moved it to Austin in 2015 when he felt prices were out of control. But Austin wasn't conducive to international travel — Userlytics has clients globally and a European headquarters in Madrid — so in 2019, he set up shop in Miami, where nine employees work out of an office in Brickell.

"Silicon Valley is huge and it would take a long time before any place becomes close to that," he said. "Still, there is an important shift that has taken place."

Rivas Micoud said that San Francisco's advantage has dissipated since it got expensive to recruit local talent there, remote work became feasible, and venture capitalists have begun looking beyond California for investment opportunities. Meanwhile, South

Florida is positioned to scale better than most places, with its tourism base, housing availability and affordability compared to global cities. He doesn't think that a lack of tech talent is a problem, since Miami is an attractive place to recruit people and so much work can be done remotely.

Brian Ray, co-founder, managing partner and principal of Alchemy-ABR Investment Partners, was born in Manhattan, grew up in West Palm Beach and built his career in New York, where he worked for RFR Holding and Tishman Speyer. Over the years, he's been involved in the acquisition, development and asset management of properties from Fifth Avenue to South Beach.

In the past five years, he's made a concerted push to invest in South Florida — but he's not moving.

"While it's got incredible things going for it, [South Florida] is still less mature and sophisticated," Ray said.

Miami has a robust tourist industry and has diversified in the past decade or two. But that isn't enough.

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"New York has literally hundreds and hundreds of industries that are all coalescing around each other: entertainment, advertising, marketing, PR companies, financial services companies. New York is the greatest city in the world for a reason," he said.

"There's not 50 Goldman Sachs competitors in Miami," Ray said. If any high-level professionals change jobs, "Odds are, you're going to have to go back to New York or go to another market where there's opportunity. Miami does not have the depth."

Late-career workers or owners of firms may be moving south and taking a step back, he said. Young staffers in his office love to visit Miami but don't want to live there.

That said, Ray and his wife would love to get a place north of Palm Beach, on Jupiter Island. Eventually.

[https://www.bisnow.com/south-florida/news/commercial-real-estate/south-florida-migration-109712?utm\\_source=outbound\\_pub\\_23&utm\\_campaign=outbound\\_issue\\_50376&utm\\_content=outbound\\_link\\_1&utm\\_medium=email](https://www.bisnow.com/south-florida/news/commercial-real-estate/south-florida-migration-109712?utm_source=outbound_pub_23&utm_campaign=outbound_issue_50376&utm_content=outbound_link_1&utm_medium=email)