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EXCLUSIVE

Is Multifamily Overheating in Fourth Quarter?

By Jennifer LeClaire | Miami

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For the first time in nearly a decade, Capas says, investment opportunities in this favored institutional asset class are once again available in South Florida.

MIAMI—

“Real estate investment demand remains very strong across most property sectors such that we expect a very active fourth quarter in South Florida,” Capas says.

“Although we are witnessing robust demand across most investment property categories, the **multifamily** sector is the market leader in our estimation.”

As Capas sees it, **multifamily** investor demand is widespread ranging from private individuals to institutions. Strong market fundamentals have dramatically increased the desirability of older properties, he says, which offer attractive yield enhancement potential to be realized through property upgrades.

“**Multifamily** demand on the part of both private and institutionally-backed ‘value-add’ investors is as high as we have ever experienced, a condition we expect to continue into the foreseeable future,” Capas says. “Interestingly, the institutional investment community has been energized in 2015 by the availability newly-built, class A apartment properties.”

For the first time in nearly a decade, Capas says, investment opportunities in this favored institutional asset class are once again available in South Florida. His conclusion: institutional appetite for these trophy multifamily assets should continue to be fed by a healthy multifamily development pipeline which seems only constrained by rising construction costs, high land prices and the scarcity of suitable sites.”