

Exclusive

# Is Fort Lauderdale Multifamily Overbuilt Or Not?

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MIAMI— Because Broward is not officially booming, can it bust?

**M** IAMI—When development cycles begin to mature, as we are experiencing today, the conversation logically turns to concerns about overbuilding. So says **Brad Capas**, president of **Capas Group Realty Advisors**.

But is Broward County overbuilt? What about Fort Lauderdale?

“This discussion and the awareness of risks associated with oversupply are healthy and necessary,” Capas tells GlobeSt.com. “In our discussions with developers, lenders and equity investors, we sense an appropriate level of discipline which we hope will regulate the pace of multifamily development going forward.”

**Bradley Deckelbaum**, principal of **Premier Developers**, tells GlobeSt.com, in classic real estate jargon, what’s going on in Fort Lauderdale is being called a boom. But, he adds, that’s not the right term for what’s going on in Fort Lauderdale.

“A **real estate** boom typically is an investor-driven market in which prices rise rapidly with the expectation of quick appreciation,” Deckelbaum says. “Given the cyclical nature of the **real estate** industry, conventional wisdom is that every boom will be followed by a bust.”

Because Broward is not officially booming, Deckelbaum says it’s not going to bust. Massive government spending and traffic through Fort Lauderdale-Hollywood International Airport seems to support his theory.

As Capas sees it, the current **multifamily development pipeline** is reasonably well dispersed across Broward County. Therefore, he says, while certain submarkets will inevitably encounter some softness resulting from blocks of new units being delivered simultaneously, the effects should be relatively short-lived and submarket specific rather than market-wide.

“Today’s rental apartment development pipeline should be considered in the context of a market that experienced only nominal apartment deliveries for a period of eight to 10 years,” Capas says. “We believe demand in South Florida can support the current development pipeline, assuming reasonable discipline on the part of lenders and developers as we move forward through the cycle.”