

Miami Focus 2021

What does The Wealth Report 2021 tell us about who lives, works and invests in the city and how do perspectives on property investment in the US differ to those globally?

Knight Frank's annual flagship publication, *The Wealth Report 2021*, is packed with data and insight on how wealth is influencing property markets globally. A new series of focus reports delves deeper into the data to explore what the findings mean for some of our key cities.

In this edition, we assess the importance of Miami to the world's wealthy, how its prime market is faring against the backdrop of a global pandemic and draw on the findings of The Attitudes Survey which sits at the heart of *The Wealth Report* to gauge where US ultra-high-net-worth individuals (UHNWIs) think future opportunities lie.

10 things you need to know about the Miami market

1 Wealth: Home to 1,490 UHNWIs

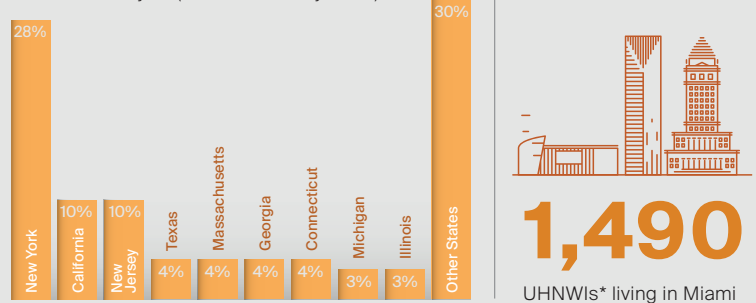
Home to 1,490 UHNWIs, each with more than US\$30m in assets, and almost 158,000 millionaires, Miami has a larger wealth population than Boston, Geneva or San Francisco. This figure is set to rise further given reports of new office openings for Goldman Sachs, Citadel and The Blackstone Group and large-scale migration from north eastern states. According to the local Highways Agency, some 33,565 New York residents applied for a driving license in Florida in the six months to March 2021.

2 Miami: A US safe haven in pandemic times

The proportion of cash buyers purchasing condos increased from 12% to 25% between April 2020 and April 2021 according to the Miami Association of Realtors. The crisis saw wealthy US buyers use the Miami market as a means to store capital and preserve wealth at a time when financial markets looked volatile and returns on traditional safe haven investments such as gold and government bonds were at record lows. Broward County and Palm Beach County saw similar trends.

Who's buying in Miami?

Out-of-state buyers (12 months to July 2020)



Source: Miami Association of Realtors

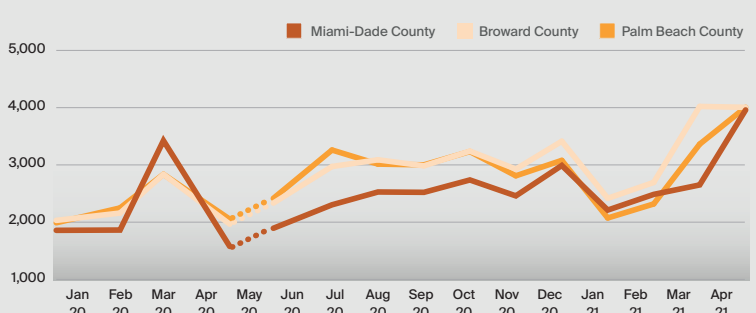
The impact of the pandemic:

Miami-Dade County

	Single Family Homes		Townhouse & Condos	
	Apr 2021	Apr 2020	Apr 2021	Apr 2020
Closed sales	1,584	865	2,376	711
% paid in cash	25%	12%	47%	34%
% of original asking price achieved	98%	96%	95%	94%
Median time to contract (days)	20	39	53	52
Active inventory	2,754	6,076	9,726	14,599
Months Supply of inventory	2.2	5.6	7.1	13

Source: Miami Association of Realtors

Miami City: Total sales increase 117% in year to April 2021



Source: Miami Association of Realtors. Note: No data reported in May 2020 due to pandemic

* Definitions – UHNWI: Ultra-high-net-worth individual – someone with a net worth of over US\$30 million including their primary residence.

3 Sales volumes reach all-time high

With 3,960 sales registered in April 2021, Miami-Dade County posted its highest monthly tally since records began in 1993. Broward County and Palm Beach County saw similar activity with sales up 104% and 95% respectively year-on-year in April 2021 according to the Miami Association of Realtors. With foreign travel into the US severely restricted demand came from US residents. The absence of income tax, Florida's quality of life and record low mortgage rates proved key market drivers.

4 It's not all about Palm Beach and single homes

Palm Beach grabbed the headlines in 2020 with sales of \$1 million-plus single-family homes up 49% and prices up 19% year-on-year but other neighbourhoods such as Downtown Miami and South Miami also registered strong sales rates. Single family homes were on the top of most buyer wish lists but the condo market was also active. Existing condo sales in Miami-Dade County increased 234%, from 711 to 2,376 with larger apartments in demand.

5 SALT deduction will keep Florida in the spotlight

President Biden's tax proposals, outlined in March, would as they stand, mean no reversal of the state and local tax (SALT) deduction underlining Florida's appeal as a low tax state. Data from Miami Association of Realtors shows 48% of out-of-state buyers during the pandemic were from New York, California and New Jersey.

6 South Florida: An evolving tech & finance hub

Mayor of Miami Francis Suarez is keen to push Miami's credentials as a technology and finance hub. Low taxes, warm weather and a business-friendly approach is winning some New York stalwarts over. Several high-profile hedge fund billionaires along with some investment banks, plus Microsoft and Softbank are either relocating or leasing new office space. Miami-Fort Lauderdale Metro saw a 15.1% increase in tech workers in the year to February 2021 compared to the year before according to LinkedIn data analysed by Axios.

7 Prime prices forecast to rise 6% in 2021

Pent-up demand, the absence of income tax, low interest rates and shrinking inventory levels will push prime prices in Miami higher. Across Miami-Dade County, the number of single-family homes for sale declined from 5.6 months' supply in April 2020 to 2.2 months' supply in April 2021. At the end of 2020, we forecast annual growth of 5% in 2021 but we now estimate this figure will be closer to 6% by year-end given the strong demand and limited supply.

8 Florida accounts for 22% of all foreign purchases in the US

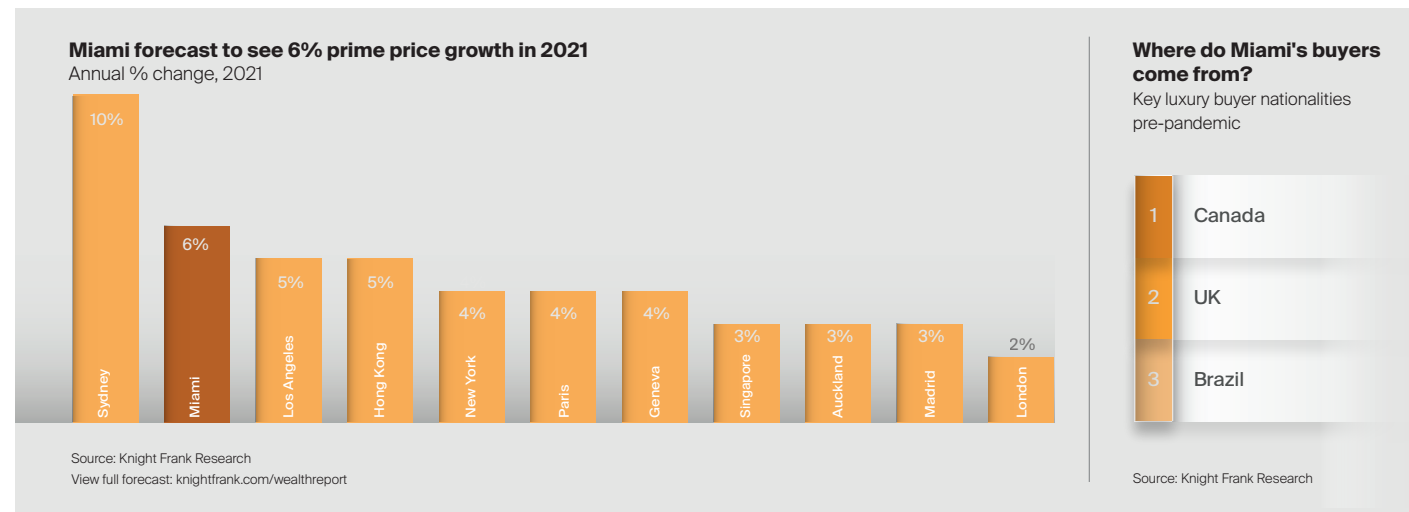
Foreign buyers wield significant influence in Florida accounting for 22% of all sales pre-pandemic but with borders closed since 2020 overseas buyers have been largely absent from the market. We expect activity to strengthen further once travel restrictions are eased. The strong US economic recovery – GDP is forecast to reach 6.4% in 2021 – will bolster the US dollar, this may mitigate some inbound purchases, but with Latin American buyers key purchasers it may also attract those seeking a safe haven purchase and greater exposure to the US dollar.

9 Miami to Orlando: Brightline train extension due 2022

Brightline, a privately run trainline between Miami and West Palm Beach via Fort Lauderdale, began operating in January 2018. A new 170-mile extension to Orlando International Airport is expected to enter service in 2022, putting Miami within a three-hour train journey of the Airport which handles 50 million passengers per annum. A new North East commuter rail service out of Miami to Aventura has recently been announced and is expected to be operational by 2024.

10 Investment in 'Rising Above' climate change plan

Climate change poses one of the biggest challenges to the Florida real estate market with the South Eastern counties most exposed to rising sea levels, storm surges and hurricanes. However, policymakers are ploughing over US\$5 billion into protecting high risk areas. Plans include a stormwater plan for Miami Beach, improvements to Broward County's flood defences and a multifaceted 'Rising Above' programme elevating roads, building new sea walls and installing new and higher capacity pumps and drainage systems to alleviate flooding.



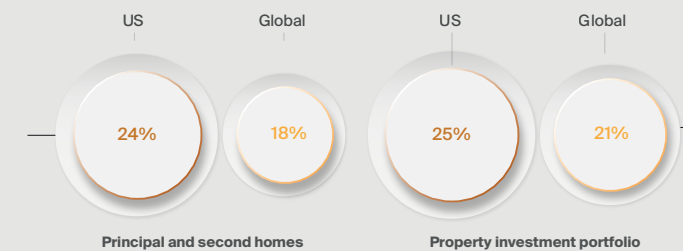
The Attitudes Survey: A US perspective

Each year over 600 wealth advisors, who together manage over US\$3.3 trillion in wealth, respond to The Wealth Report Attitudes Survey. For the first time we've taken a detailed look at the US results to understand how the attitudes of the wealthy in the US differ to those globally.

Property matters

UHNWIs in the US allocate more of their wealth to property than UHNWIs globally

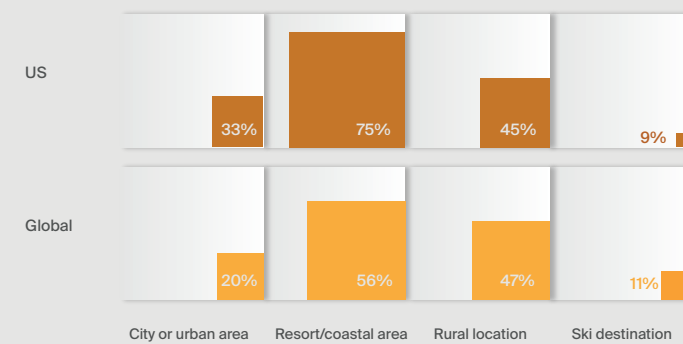
On average, what proportion of your clients' wealth is directly allocated to property?



Cities and resort living shine bright

The appeal of urban and resort living is stronger for US UHNWIs than it is globally

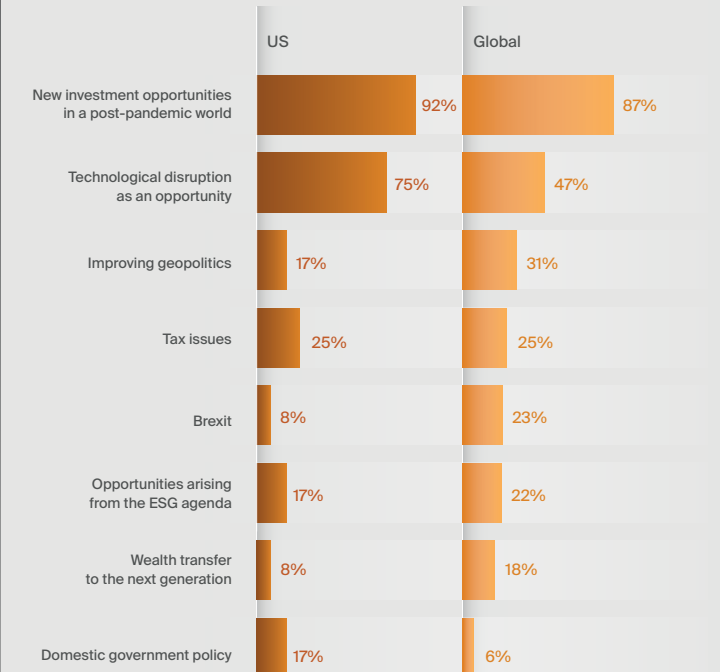
Due to Covid-19 are your clients more likely to want to buy a house in



Post-pandemic optimism

US UHNWIs are more positive about investment opportunities post the pandemic than UHNWIs globally, particularly in relation to technological disruption

What are the three biggest issues affecting your clients' wealth that you think will excite them the most in 2021?



Tax is a key motivator

US UHNWIs are more motivated by tax as a reason to move than UHNWIs globally, but upgrading the main family residence remains the top motive

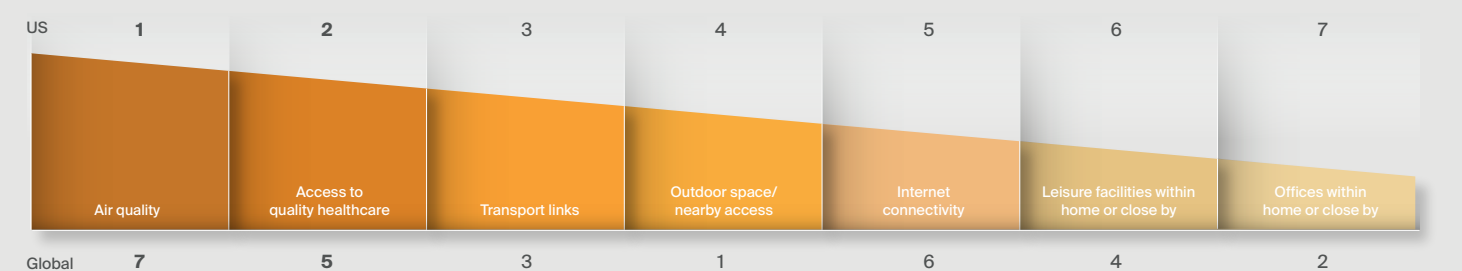
The main reason for purchasing a new home is...



Wellness & wellbeing comes first for US wealthy

Air quality and access to quality healthcare are more important to US UHNWIs than global UHNWIs

When choosing a new home which attributes are most important?



Source: The Wealth Report Attitudes Survey

Miami's finest addresses



Selene Oceanfront Residences, Fort Lauderdale

- 196 Residences
- Seaview Resort Plaza with resort pool and fitness lap pool
- Dog park with washing station
- Seasons gathering lounge and The Wave Entertainment Lounge
- The Hub, work from home space
- State-of-the-art fitness centre
- 5,300 sq ft of restaurant space
- 24 hour security & Concierge services

Prices from US\$900,000



Five Park, Miami Beach

- 98 Residences
- Adjacent 3 acre canopy park
- Private Beach Club
- Luxury short term guest suites for friends and family
- 24-hour concierge and butler service
- Fully outfitted fitness center & Spa with treatment rooms

Prices from US\$2.5m

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Head of US Team

Stacey Watson
+44 20 7861 1062
stacey.watson@knightfrank.com

Sales

Jason Mansfield
+44 20 7861 1199
jason.mansfield@knightfrank.com

Georgina Atkinson
+65 6429 3598
georgina.atkinson@asia.knightfrank.com

Research

Kate Everett-Allen
+44 20 167 2497
kate-everett-allen@knightfrank.com

Press

Astrid Recaldin
+44 20 7861 1182
astrid.recaldin@knightfrank.com



The data in this report comes from *The Wealth Report 2021*, to read the full analysis download your copy: knightfrank.com/wealthreport

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