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Miami's Rental Market Rollercoaster Is Headed Downhill

New inventory, a return to the office and a general slowdown from the Covid housing craze are causing prices in the city's luxury sector to drop

By **E.B. Solomont**

255.2M Unique Monthly Visitors



When Neil Harris moved his family to Miami from Tennessee in 2020 during Covid, he signed a \$29,500-a-month lease for a beachfront apartment that he said was “well worth it.”

But Harris, 46, who owns a staffing agency and trucking company, said he cringed when his rent jumped to \$42,000 a month the following year. He reluctantly paid, he said, to avoid uprooting his children and because he knew that was the going rate, and if he didn’t pay it someone else would.

By this year, however, the economy and real-estate market had changed. In April, Harris rented a six-bedroom house in Miami’s Keystone Islands. While it was originally listed for \$40,000 a

month last year, he got the waterfront home with a dock for \$27,500. “I’m saving \$20,000 a month and I’ve got everything I want,” he said.

After a historic run-up in prices, the luxury rental market in the Miami area is seeing a significant slowdown. Although rents are still generally higher than they were prepandemic, local real-estate agents said the velocity of people [moving to Miami has slowed](#) and there are fewer people willing to overpay. Meanwhile, newly built apartments are adding thousands of rental units to the market, further easing the supply-demand imbalance that has characterized the market over the past few years.

“Two years ago, people needed a roof over their head—you’d have 12 offers and everyone was just trying to find a place,” said Miami real-estate agent Christopher Wands of [Douglas Elliman](#). “Those days are kind of over. People will still pay a premium, but it’s fewer and farther between.”

Miami vs. Other Big Cities

1-bedroom median rent prices in
September 2023

RANK	CITY	RENT
1	New York, N.Y.	\$4,080
2	Jersey City, N.J.	\$3,170
3	San Francisco, Calif.	\$3,000
4	Boston, Mass.	\$2,900
5	Miami, Fla.	\$2,690
6	San Jose, Calif.	\$2,610
7	San Deigo, Calif.	\$2,460
8	Los Angeles, Calif.	\$2,420
9	Washington, D.C.	\$2,400
10	Arlington, Va.	\$2,310

Zumper

In the Miami luxury market, defined as the top 10% of the market, nearly all segments are down from pandemic-era peaks, said local real-estate agent Ana Bozovic, whose firm Analytics. Miami tracks the market. So far this year, the median monthly rent for a luxury three-bedroom house in Miami-Dade County is \$8,500, down 15% from \$10,000 last year, she said. For condos, the median monthly rent for a luxury three-bedroom is \$8,200, down 8.9% from \$9,000 last year.

Overall, Miami’s rental market seems to be cooling faster than other cities nationwide, according to data from listing website Zumper. In September, the median monthly rent for a Miami one-bedroom apartment fell 1.47% to \$2,690 from the month before, and 1.96% to \$2,500 in Miami Beach, Zumper said. By comparison, the median rent for a one-bedroom nationwide grew 0.1% to \$1,511 during the same period.

The dip is a sharp change from the frenzied pace of the real-estate market over the past few years, as an influx of people moved to Miami for warm weather and low taxes, driving up real-estate values to historic levels. The median monthly rental price for a luxury four-bedroom house rose more than 94% from \$5,400 a month in 2019 to \$10,500 a month this year, according to Analytics. Miami.

Agents and owners said that type of growth was nearly impossible to sustain. “You can’t be on a roller coaster forever going up,” said Scott Shuffield of Berkshire Hathaway HomeServices EWM Realty, who recently did a deal for a waterfront apartment in the Brickell neighborhood for just under \$11,000 a month, down from \$12,000 last year. “We’re normalizing a little bit—as we should.”

Many people who moved to Miami during Covid have already settled into rentals or purchased homes, said Compass agent Minette Schwartz. “That’s taken out some demand,” she said.

Another factor is that with many workers being called back to the office, some renters no longer need as much space for home offices, real-estate agents said. Filippo Incorvaia of FI Real Estate said he’s had several clients downgrade from three or four bedrooms to two or three after being called back to the office. He’s currently marketing a live-work loft in Midtown that has been lingering on the market, most recently asking \$3,900 a month. “We tell [landlords], this is a real slowdown. Don’t wait for the next guy to pay up,” he said.

Meanwhile, Miami is bracing for a glut of inventory. Developers have raced to deliver thousands of rental units over the past few years, thanks to zoning changes and increased demand from people who moved to Miami during the pandemic. Currently, there are about 70,300 luxury apartments in Miami with another 30,000 under construction, according to the Florida Apartment Association. By comparison, the total luxury inventory was about 53,440 in 2020.



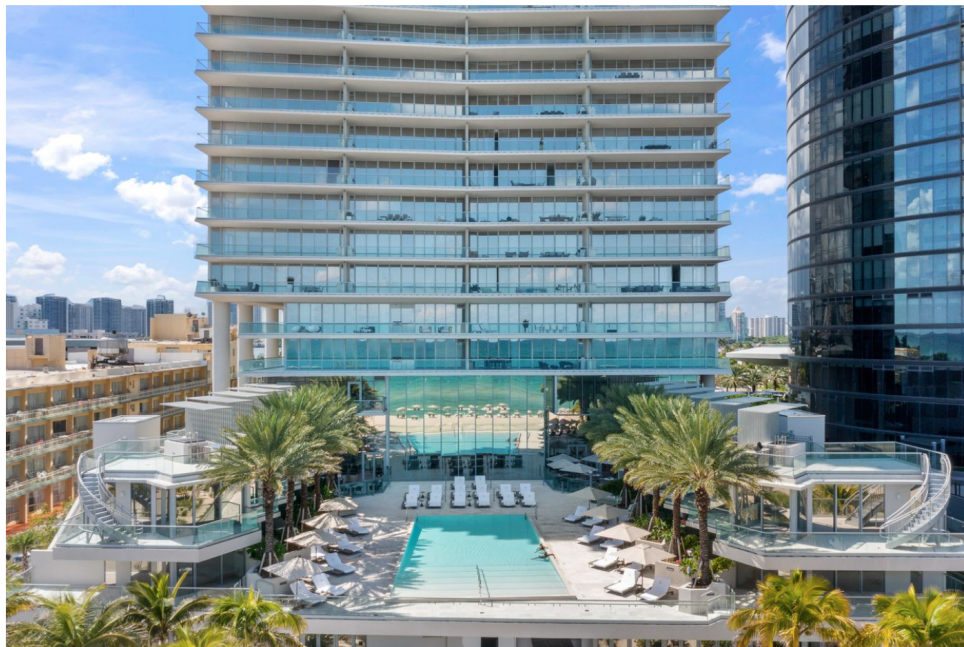
A live-work loft in Midtown asking \$3,900 a month is lingering on the market. PHOTO: FI REAL ESTATE

“That’s just huge, as far as construction goes,” said Amanda White, the association’s vice president of government relations and research. The overwhelming majority of construction is in the luxury sector, which has resulted in higher vacancy rates among high-end units. Year to date, the vacancy rate for luxury rentals in Miami is 8%, compared with 5.3% in 2021, according to the association. By comparison, the vacancy rate for the overall rental market in Miami is 5%, up from 3.3% in 2021. “It is really a supply and demand issue,” she said.

Areas such as Sunny Isles, [which had an oversupply of inventory pre-Covid](#), are feeling the additional inventory more acutely.

Compass agent Ivan Chorney said he currently has two listings above \$30,000 a month in Sunny Isles that are priced lower than they were in 2022. One is a 3,100-square-foot, three-bedroom at the Turnberry Ocean Club; it is asking \$31,000 a month, down from around \$39,000 in February.

When people were flocking to Miami during the peak of Covid, renters wanted to be anywhere in the area, Chorney said; now they are choosier about location. “They want to be in Surfside, or close to the Bal Harbor shops. When you’re in Sunny Isles, you get a little bit removed from that,” he said. As a result, “we haven’t been able to rent them like we did in previous years.”



In Sunny Isles, a three-bedroom unit at the Turnberry Ocean Club is asking \$31,000 a month, down from around \$39,000 in February.

COMPASS (3)

Like real-estate markets all over the country, Miami-area rentals are also being impacted by economic pressures including high interest rates and inflation.

This past summer, a client who works in private equity walked away from renting an \$85,000-a-month condo at Arte Surfside when two big business deals fell apart, said Chorney. “He’s like, there’s nothing I can do about it,” Chorney said. “This is the effect of the macro environment.”

Lewis Liebert, 50, who owns a private aviation company, lives full-time in Connecticut and started renting a second home in Miami a few months before Covid. In late 2020, he rented a two-bedroom apartment at the Ritz-Carlton Residences in Sunny Isles. Over a three-year period, he said his rent rose by about 50%. Until recently, he felt he had no alternative, so he re-signed the lease twice.

This year, he found a 2,100-square-foot, three-bedroom apartment in Edgewater where his monthly rent is 10% to 15% less than at the Ritz, partly because the amenities and service levels are different. Liebert declined to say exactly how much he pays in rent, but two-bedrooms at the Ritz are currently priced between \$15,000 and \$25,000 a month, while three-bedrooms at his building in Edgewater rent for \$12,000 to \$17,500 a month.

Some Miami-area buildings are now offering concessions for the first time in several years, real-estate agents said. That’s a stark change from the peak of Covid, when incentives were widespread in New York and other cities but scarce in Miami.



A deal for an \$85,000-a-month unit at Arte Surfside fell apart when the renter lost two big business deals. PHOTO: JAMES JACKMAN FOR THE WALL STREET JOURNAL

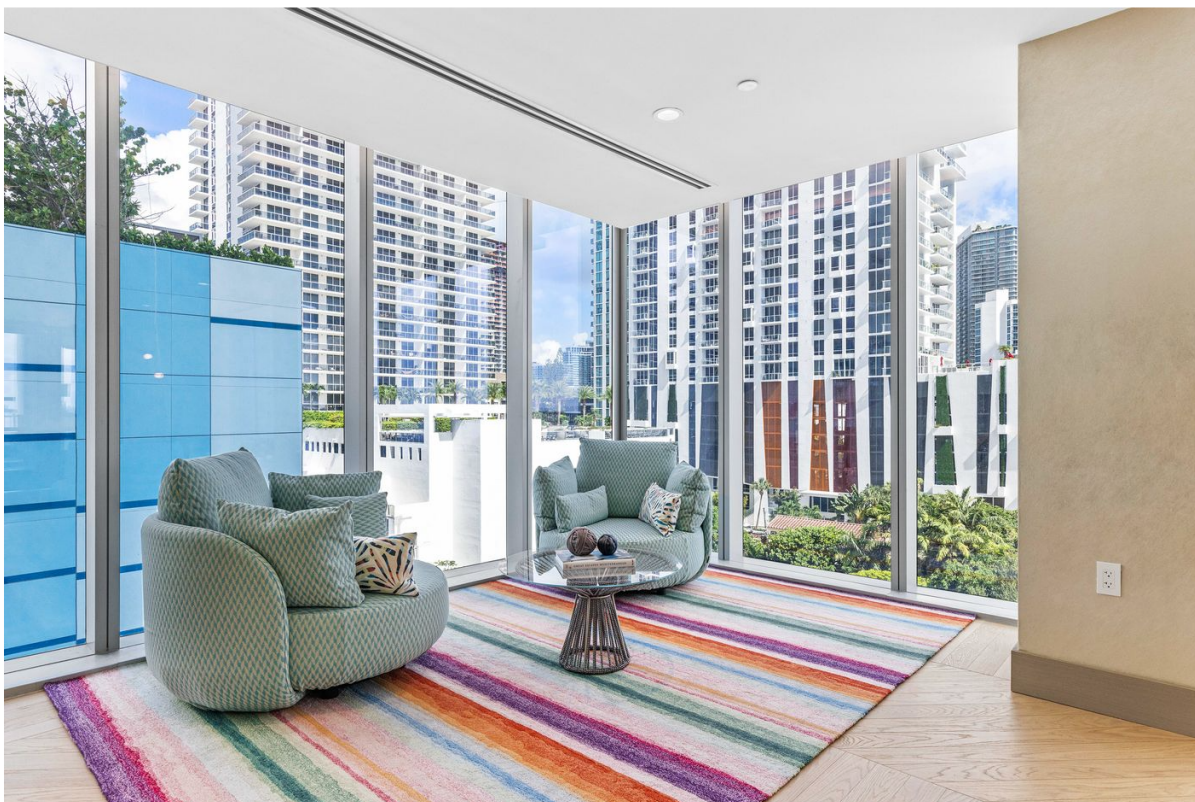
Real-estate agent Calli Henley said one of her clients recently signed a year-long lease for a \$6,000-a-month apartment in Brickell with two bedrooms and a den. Instead of requiring a

security deposit equivalent to four months of rent, the landlord asked for a \$1,000 security deposit and offered one month of free rent. “That’s a big incentive,” Henley said.

At Gables Station, a Coral Gables rental development that opened in 2021, property owner Hines is offering six weeks free for certain units on a 13-month lease, according to its website. A Hines spokesperson said that as of Oct. 1, the building is 97% leased but the developer is offering concessions on certain residences, “which is consistent with the market.”

Because so many buildings came on the market at the same time, the FAA’s White said, “they’re essentially competing for residents.”

At the Missoni Baia condo tower in Edgewater, new units are listed daily for sale and rent, according to Chorney, who is listing a two-bedroom apartment there. The unit came on the market for \$15,000 a month in August and is now asking \$14,000, he said. Though the unit has unobstructed views, he’s only gotten lowball offers. “My client doesn’t have leverage,” he said. Chorney said the client recently decided to sell the unit, and plans to list it for \$2.8 million.



A rental unit at Missoni Baia in Edgewater is asking \$14,000 a month. PHOTO: COMPASS

Still, rents are still higher than they were pre-Covid. Investor Greg Mirmelli, who owns and manages single-family homes throughout Miami, said a six-bedroom house he manages in the Venetian Islands fetched around \$50,000 a month in 2019. By 2021, he was getting as much as \$100,000 a month for the home. In May, he listed it for \$67,770 a month and in August cut the price to \$59,000, according to Zillow.

Despite the kind of drops described by Mirmelli, superluxury rentals are generally holding up better than other sectors of the market, in part because of limited inventory for very large, single-family homes, Bozovic said. According to data from Analytics. Miami, the median monthly rent for single-family houses with six or more bedrooms is \$19,400, up 10.9% from last year and 59% from 2019.

Alberto Fernandez, whose family owns rental properties throughout Miami, said he has ultra high-end homes that still fetch about six digits a month. But he has experienced more negotiating in the \$30,000 to \$40,000 range. One of his family's properties, a six-bedroom house on the waterfront near Bay Point, commanded \$50,000 a month in 2021 and is now asking \$37,000. Fernandez said they recently had interest from a tenant in the \$30,000 range, but couldn't come to terms. "There's a lot more haggling over the addendum and terms," he said.

A seasonal ebb and flow has also returned to the rental market. For the past few years, the market hasn't slowed during the summer, but this year there was a lull typical of the pre-Covid era, real-estate agents said. Demand from seasonal renters typically spikes in mid-October, and industry professionals said they are hoping the market is about to pick up.

Mirmelli, who manages the single-family home in the Venetian Islands, said he's holding out for a seasonal tenant. "Don't forget, people will give us \$100,000 a week during Art Basel," in December, he said.

"We have New Year's coming. It will be 12 degrees where you live," he said. "You know what it will be where I live? Piña Colada weather."

<https://www.wsj.com/real-estate/luxury-homes/miamis-rental-market-rollercoaster-is-headed-downhill>