

## **\$9.7 Billion of Commercial Real Estate Sold in Miami-Dade County in 2023 Driven by Sales in Urbanizing Smaller Markets**

### **Gay Cororaton, Chief Economist**

In 2023, Miami-Dade County saw \$9.7 billion in commercial real estate sales transactions, with about 3,200 sales transactions, according to the Miami Association of REALTORS® (MIAMI) analysis of county property records from the Office of the Property Appraiser. Sales fell amid challenging macroeconomic conditions marked by rising interest rates, tighter credit conditions, and the adjustment of the economy to pre-pandemic conditions.

Sales fell 19% from the peak levels in 2021 and 2022 (\$12 billion each year, with nearly 5,000 transactions in 2021 and 4,100 transactions in 2022) but volume surpassed the pre-pandemic level in 2019 (\$5.5 billion). Nationally, sales fell more deeply by about 40%.<sup>1</sup>

Miami-Dade County proved to be more resilient than the national economy, which suffered a larger decline. Moreover, in contrast to the Great Recession, median sales prices continued to increase across asset types.

Urbanizing and inexpensive markets saw a rise in sales as investors looked to cheaper areas to increase profitability and align project cap rates to the higher cost of capital.

With interest rates expected to decline in 2024 and given the area's strong economic, demographic, and commercial market fundamentals, commercial sales volume is likely to pick up in 2024.

### **Multifamily buildings and vacant residential land were investor favorites**

Sales volume of the core four property types — multifamily (5 unit or more buildings), office, industrial, and retail—totaled \$6.4 billion, with nearly 1,500 transactions. Multifamily acquisitions topped all deals (\$2.1 billion), followed by industrial (\$1.9 billion), office (\$1.1 billion), and retail (\$0.8 billion).

Sales were down 23% from the prior year but were 56% higher than the level in 2019 (\$4.1 billion). Sales fell across property types, except for multifamily buildings (0%): retail (-58%), office (-21%), and industrial (-10%).

Despite a slower market in 2023, sales of commercial real estate properties surpassed the level in 2019 across the core property types except office with the same level of sales (0%): multifamily (+200%), industrial (+46%), and retail (+14%).

### **Sales volume rose in less expensive and urbanizing markets**

Urbanizing and inexpensive markets saw more sales in 2023 as investors looked for less expensive acquisitions to align cap rates with the higher cost of borrowing.

On a combined basis, Miami-Dade County's unincorporated areas saw the largest deal volume in 2023 of \$3.7 billion (\$2 billion in 2022), with the increase driven by sales of vacant residential land,

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<sup>1</sup> CBRE reported a 60% decline in the first half of 2023 and forecasts a 37% decline for 2023. [2023 U.S. Real Estate Market Outlook Midyear Review | CBRE](#)

multifamily, industrial, and office properties. Sales rose in Homestead to \$931 million (\$179 million in 2022) driven by increased sales of multifamily, office, and vacant commercial/industrial lands.

On the other hand, commercial real estate acquisitions fell significantly in markets such as the city of Miami, Miami Beach, Coral Gables, and Miami Gardens, although sales still topped the levels in 2019 except in Miami Beach.

### **Commercial real estate sales prices held firmly against softer demand**

In stark contrast to the decline in commercial sales prices during the Great Recession, commercial values in Miami-Dade County held up to the softer market demand, an indication that the long-term outlook for commercial real estate values is sanguine. The median sales price per square foot rose across most property types, in contrast to the decline in commercial prices nationally, estimated at 9%.<sup>2</sup>

The largest increase in the median sales price/actual sq. ft was among sales of industrial properties (+17%), followed by office (+14%), multifamily 5–9-unit buildings (+10%), and retail (7%). The median sales price of multifamily buildings with 10 units or more fell (-4%) as the decline in asking rent growth weighed down investor interest.

The median sales price per square foot of vacant land also rose across land types: commercial (+43%), residential (+254%), and industrial (+33%).

*Download the attached report for more data and analysis.*

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<sup>2</sup> CoStar. [Pricing Divergence Between Investment Grade And General Commercial Widest Since 1988](#)