We've moved on. - Love, Miami

EMERGING AREAS IN SE FLORIDA

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IN COLLABORATION WITH

TSCG ANALYTICS

Abstract

Turns out, the rumors are true. People in the COVID era are indeed making the move to Florida just not Miami per se. That doesn't mean the Magic City is suffering though. Nope. Foot traffic is up in the hot spots and People with Money are making the trip from New York and elsewhere. But that's just the tip of the iceberg.

In the 8 county area of Southeast Florida that we studied for this report, Miami-Dade is the only county not to gain population in 2020. In fact, the entire SE Florida region is positively booming, with every other of the 7 counties studied showing positive growth in both population and income flow. Stated plainly, SE Florida is unlike any other region we have studied in the COVID era.

In the past few months, we have taken a hard look at New York, Houston, San Francisco, Chicago and Seattle. All big US cities, all with their own pandemic era story to tell. The difference is that the story in those cities is one of loss — loss of population, income and human mobility. The story of Florida's southeast is entirely different. It is one of resilience and, very importantly to commercial real estate investors and developers, a rare tale of emergence and opportunity.

**New wealth and
new opportunity is
the new norm here.**

unacast**.**

Introduction

In this research report, we probe location data from an 8 county area in southeast Florida gathered over the whole of 2020. The counties we examine are: **Palm Beach, Miami-Dade, Broward, St. Lucie, Martin, Indian River, Monroe and Okeechobee.** Our objectives are fourfold:

• Determine the total +/- population flow for each of the 8 counties;

• Measure the total +/- income flow change based on each county's net population flow;

• Test the theory of a COVID-era NYC to Miami pipeline of people and money; and

• Develop a brief for 3 Emerging Areas of interest to CRE investors.

To conduct our analysis, we examined inflow and outflow movements in the area using our Migration Patterns platform, combined with our Emerging Areas data set. Average income data is pulled from the American Census Service and rolled-up to the county level. All data is privacy compliant and used for good. To conduct our foot traffic analysis we used our Neighborhood Insights tool to build custom collections and benchmark foot traffic patterns over 2020 versus 2019.

MIGRATION PATTERNS

Migration Patterns is a set of products for analyzing shifts in population. Currently, the package consists of three datasets: Home-based Origin-Desti-nation Flux (OD Flux), Population Distribution Trends (PDT), and Emerging Areas (EA).

Home-based Origin-Destination Flux (OD Flux) derives moves from changes in home location of a device and therefore is able to capture the origin and destination of each move. In order to assess that a move happened with certain confidence, an observation window of several weeks (currently 8) is required, which means that our insights are more certain, however, come with a delay of approximately half of the observation window (4 weeks).

Population Distribution Trends (PDT) is a metric that measures the proportion of devices in each state or county at a weekly snapshot. When a mass of people moves from one area to another, the proportion shifts accord-ingly. This metric is useful for analysing the momentary situation, as

it has no delay. Compared to OD Flux it doesn't provide information about direction-ality of the moves or their permanency.

Emerging Areas calculates the inflow, outflow, and netflow of people as well as the accompanying change in income for a given area. To calculate the total_net_flow of an area, we sum up all inflows into and outflows from an area and calculate the difference. Weekly data from Migration Patterns is aggregated monthly for this purpose.

Highlights

TOTAL GROWTH
+9,300
PEOPLE

+$8.3
BILLION INCOME

MIAMI-DADE COUNTY
-.44%
ONLY COUNTY TO LOSE POPULATION

+$23,325
HIGHEST PER CAPITA INCOME GAIN

MONROE COUNTY
+2.43%
HIGHEST NET POPULATION GROWTH

EMERGING AREAS
Palm Beach, St. Lucie, Indian River

NYC PIPELINE
59,000
VISITS
OF 8+ WEEKS

Southeast Florida

Home to SE Florida's own urban metropolis, Miami-Dade is the only county of the 8 we studied to record a shrinking population in 2020 — perhaps somewhat to the embarrassment of various billboard buyers. Each and every of the other 7 counties we examined in the area recorded **net gains in both population and area income** in 2020; some to the tune of billions of dollars.

The entire 8 county area is thriving and there are points of empirical interest and Emerging Areas throughout SE Florida. People with Money from New York and elsewhere are a factor but the income gap isn't as wide as you may think.

The top county for both people and income growth was Palm Beach, by a wide margin. Welcoming a total inflow of some 11,000 people in 2020, Palm Beach is flush with new income flow: some $3.4 billion in gains over 2019, or about $2,165 per person. As we've mentioned, Miami-Dade lost people but due to income flow actually gained about $2.1 billion in new income. The last 'big' county, Broward, recorded a very small population gain but income growth of some $800 million.

3 of the 5 other surrounding counties we studied recorded net population growth of 1.5% or more in 2020 and no less than $730 million in income growth. These smaller, generally more affluent counties offer a comfortable landing spot for those' fleeing from densely populated urban centers. There are 3 counties in particular that standout as Emerging Areas of opportunity for commercial real estate investment and development. The largest is Palm Beach, with a ~1.5 million population. The other 2 Emerging Areas we will profile — St. Lucie and Indian River to the north — have a combined population of just over 450,000.

Southeast Florida is unlike any other region we have studied in the COVID era. Population growth and new wealth is the new norm.
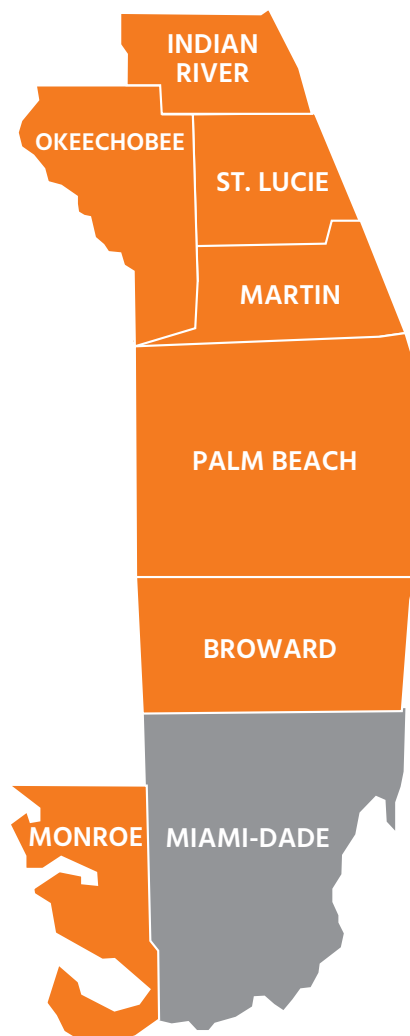
+9,600

+$8.3 billion

- ● Growing Population & Growing Average Income
- ● Growing Population & Shrinking Average Income
- ● Shrinking Population & Growing Average Income
- ● Shrinking Population & Shrinking Average Income

SE FLORIDA 2020 POPULATION AND INCOME FLOW

	Palm Beach County	Miami-Dade County	Broward County	St. Lucie County	Martin County	Indian River County	Monroe County	Okeechobee County
2018 Population	1,446,277	2,715,516	1,909,151	305,591	157,581	150,984	76,325	40,572
Net Population Flow	11,100	-11,800	170	5,700	220	2,200	1,800	200
Net Population Flow %	0.77%	-0.44%	0.01%	1.86%	0.14%	1.46%	2.43%	0.51%
Average Per Capita Income Flow Incoming	$80,282	$72,306	$63,799	$65,895	$71,332	$70,664	$78,030	$59,461
Average Per Capita Income Flow Outgoing	$59,943	$48,982	$57,333	$49,373	$57,959	$52,336	$67,023	$40,367
Average Net Per Capita Income Flow	$20,339	$23,324	$6,466	$16,522	$13,373	$18,328	$11,007	$19,094
Income Inflow	$10,743,800,000	$8,560,100,000	$7,924,000,000	$1,956,200,000	$1,300,800,000	$1,150,700,000	$2,031,800,000	$270,600,000
Income Outflow	$7,355,200,000	$6,379,100,000	$7,111,000,000	$1,184,700,000	$1,043,800,000	$736,800,000	$1,620,900,000	$175,400,000
Income Flow Difference	$3,388,500,000	$2,181,000,000	$813,100,000	$771,500,000	$257,000,000	$413,900,000	$410,900,000	$95,200,000

Palm Beach, Miami-Dade and Broward

Palm Beach County was the largest 2020 gainer of population, recording **11,100** new migrants. This translates to ~.77% of the total county population. Net per capita income flow here was $20,339, second among the 8 counties surveyed. Based on the raw number of new people and the average net income flow, Palm Beach gained ~**$3.4 billion** in new income in 2020 — far exceeding the gains of any other county in the US we have yet to examine.

Miami-Dade, the largest SE Florida county by population at ~2.7 million, is the only to lose net population in 2020, about **-11,800 people**. When they left, they took ~**$2.2 billion** in income with them, which is now being redistributed to surrounding counties and other areas of the state. The new people that have flowed to Miami are notably ~1.5x more affluent than existing Miami residents. We recently published a blog post to discuss opportunities in two specific neighborhoods there.

Broward County, at ~1.9 million, is the second-most populous in SE Florida. While net population growth barely moved the needle at **170** people, an increase in average income of about 10% means that the county benefited in the range of **$800 million** in total net income flow in 2020.

Much has been made of the idea that many of those migrants accounting for inflow to Miami and SE Florida originate from the New York City area. The truth is a matter of perspective. **59,000 from the NYC area spent 8 or more weeks** in SE Florida in 2020 but given the population inflow figure, it doesn't seem that many have made the move permanent.

The new people that flowed to Miami in 2020 are ~1.5x more affluent than those who left.

County	Palm Beach County	Miami-Dade County	Broward County
Total population	1,446,277	2,715,516	1,909,151
Net pop flow	11,100	-11,800	170
Net pop flow %	0.77%	-0.44%	0.01%
Avg income inflow	$80,282	$72,306	$63,799
Avg income outflow	$59,943	$48,982	$57,333
Net income flow	$20,339	$23,324	$6,466
Income inflow	$10,743,800,000	$8,560,100,000	$7,924,000,000
Income outflow	$7,355,200,000	$6,379,100,000	$2,181,000,000
Income Flow Difference	$3,388,500,000	$7,111,000,000	$813,100,000

Testing the NYC-FLA connection

The legend of a mass exodus of people from New York to Miami ends here — We already know net population flow in that city and county was negative for 2020. But that doesn't mean there's not a connection between the two areas. While not a pipeline exactly, the COVID pandemic seems to have created the impetus for people from New York to leverage their appreciably higher than average income to relocate, or at least take an extended leave, in the sunny and comparatively much more spacious climes of SE Florida.

The 59,000 visits of 8+ weeks we measured from NYC were scattered across all 8 counties and offset to some degree by outflow movements. Palm Beach (41.5%), Miami-Dade (26.1%) and Broward (21.3%) account for the lion's share of landing spots for 2020 NYC immigrants. St. Lucie (4.3%), Martin (2.6%), Indian River (2.5%), Monroe (1.6%) and Okochobee (0.1%) make up the remainder.

Almost everywhere they moved in SE Florida, New Yorkers brought a higher than average income to town. The gap is largest in Martin County where former New Yorkers have brought an average income more than 2x county residents averaged in 2019. The situation is similar in Monroe County where the income gap is about 1.9x in favor of new migrants from New York. The NYC effect is similar in every other county. In each case, New Yorkers bring an additional 30% to 92% more income to the fold than their peers who were already area residents in 2019.

Of course, it's not just New Yorkers contributing to the boom in SE Florida. The consistent and impressive growth of population from all areas here has led to multiple areas distinguishing themselves as areas of commercial investment opportunity.

New Yorkers brought 30% to 121% more income to the fold than those who were residents in 2019.

MOVES FROM NYC AREA TO

	% of total	NYC migrant income gap
Palm Beach County	41.5%	30%
Miami-Dade County	26.1%	58%
Broward County	21.3%	35%
St. Lucie County	4.3%	57%
Martin County	2.6%	121%
Indian River County	2.5%	48%
Monroe County	1.6%	89%
Okeechobee County	0.1%	92%

INFLOW AND OUTFLOW

To account for different numbers of weeks in a month, weekly_net_flow is the total_net_flow of the monthly aggregation divided by the number of weekly aggregations used in that month. As it is more robust against different aggregation time windows, we advise using the weekly_net_flow when comparing different periods against each other.

The income_inflow is calculated as the average of (census reported) median incomes of each origin weighted by the inflow number of moves. The income_outflow is the census reported median income of the area. The income difference can signal that people from areas with a different income profile are moving into an area. The census derived income variable is particularly useful when compared over time to detect changes in the profile of incoming moves.

Emerging areas

You are an analyst at a Real Estate Investment Firm tasked to evaluate whether counties around Miami and SE Florida are a good investment. Knowing that COVID-19 has changed the landscape fundamentally, you can no longer only rely on static, delayed data sources, such as census data.

Investment and development applications for grocery-anchored retail, warehouses and other industrial real estate, skilled nursing and medical offices, and affordable housing are particularly desirable. To maximize returns, you want to identify areas that have not yet matured but are showing strong signs of growth (aka **Emerging Areas**).

To do this, you need clean, fresh and reliable info — exactly what location data provides. Based on the master data table above, you zoom-in on 3 SE Florida counties with a high percentage of population growth and average income growth: **Palm Beach, St. Lucie and Indian River.**

PALM BEACH COUNTY

Palm Beach recorded the highest population growth by total and 41.5% of immigrants to SE Florida from the NYC area. The NY folks aren't wealthy but they do earn 29% more on average than 2019 Palm Beach residents. This upward trend in income growth combined with population growth indicates opportunity for real estate investment and development catering to travellers, snowbirds and new migrants to the area.

This location holds an edge on others a little further south where foot traffic is less recovered.

Using our Neighborhood Insights we zoom-in on **9166 Roan Ln, Lake Park, FL,** a small, 16,650 square foot MFR listed as of this writing for $3,100,000, or about $186 per square foot. This property is located ~5 miles inland from North Palm Beach and near Lake Katherine. Foot traffic in the census tract this property is located in has recovered completely and is in fact up 10% versus 2019. This is true of less than 1 in 5 area census tracts.

Traffic here from non-locals (aka tourists) is up ~30% versus 2019 levels, indicating a brisk trade for lessors. This location holds an edge on others a little further south in the Lake Park and Magnonia Park neighborhoods, where foot traffic is less recovered, and income flow less favorable.

County	Palm Beach County
% of area NYC immigrants	41.5%
NYC immigrant Income gap	29%
Net Population Flow	11,122
Net Population Flow %	0.77%
Average Per Capita Income Flow Incoming	$80,282
Average Per Capita Income Flow Outgoing	$59,943
Average Net Per Capita Income Flow	$20,339
Income Flow Difference	$3,388,500,000

ST LUCIE COUNTY

St. Lucie County recorded the second highest net population gain in the area we studied and drew 4.3% of the New Yorkers who made the move to SE Florida. While the average new person to the area brought about $16,500, or a third more income to the table than 2019 residents, New Yorkers flowing to St. Lucie averaged 57% more income than existing residents, and likely more refined tastes in dwellings and services. That said, let's identify a development opportunity to create a mixed-used residential property.

Indications are that savvy investments in St. Lucie County will meet with a strong return.

We zero-in on **401 S Indian River Drive, Fort Pierce, St Lucie County, FL.** Listed as of this writing for $2,750,000, the Indian River Waterfront project consists of 2 separate parcels, including a 1.87 acre site at entrance to the Fort Pierce entertainment district with state and federal permits obtained for a 28 boat slip marina — truly an opportunity to create a new lifestyle destination and home.

Foot traffic in the area has recovered and is now above 2019 levels with a slight upwards trend. This is likely a result of both increased area population and a return to pre-pandemic non-local visitation patterns. Local population flow is positive, inline with broader county data, and an estimated ~$771 billion in additional income migrated to the county in 2020. All indications are savvy investments in St. Lucie will meet strong returns.

County	St. Lucie County
% of area NYC immigrants	4.3%
NYC immigrant Income gap	57%
Net Population Flow	5,691
Net Population Flow %	1.86%
Average Per Capita Income Flow Incoming	$65,895
Average Per Capita Income Flow Outgoing	$49,373
Average Net Per Capita Income Flow	$16,522
Income Flow Difference	$771,500,000

UNACAST DATASETS

Our **Migration Patterns** datasets identify how many people have moved there (inflow), how many people have moved out (outflow), and what is the net flow.

- **PRO:** Uses actual population moves
- **CON:** There might be a lag of 4-6 weeks in capturing a move

Our **Emerging Areas** classifications describe whether a given area is growing in population & income for both long term (last 12 months) and recent (last 3 months) time periods.

- **PROS:** Uses actual population growth and takes into account whether population growth is from people coming from richer areas
- **CON:** There might be a lag of 4-6 weeks in capturing a move

Our **Neighborhood Traffic Trends** describe how many people are seen (and therefore active) in the area on a daily basis

- **PRO:** Indicator of the area's vitality and provides insight beyond residents
- **CON:** Descriptive metric describing current state and does not take into account historical trends

INDIAN RIVER COUNTY

Indian River County is located in the Treasure Coast region of Florida. As of the 2018 census, the population was ~151,000. The county seat is Vero Beach. Based on an inflow of 2,200, perhaps 200 of those people from the NYC area, Indian River grew just under 1.5% in 2020. With significant gains in average income flow, at $18,300, this small community's spending power grew by an average of ~$2,700 per head in 2020.

Net-net: people are moving here, bringing money, and looking for nice places to stay.

720 Lantana Ln, Vero Beach, FL is a small MFR with six 2 bedroom/1 bath bungalows located just 200m walk to either the Indian River or the Treasure Coast. Listed as of this writing for $1,395,000, the property is zoned RM-10, or residential multi-family. Neighborhood foot traffic is fully recovered, steadily above 2019 levels, and still trending upwards as of early 2021.

The majority of the 2,200 migrants to Indian River County, from New York and elsewhere, are settling in and around Vero Beach itself, meaning the $414 million in additional income that has moved to Indian River is also settling, or at least making long visits to Vero Beach. Net-net: people are moving here, bringing money, and looking for nice places to stay that provide a true SE Florida experience. At the monthly carry of $6,200, it is difficult to envision the property failing to draw the people and foot traffic required to operate at a positive cash flow in the coming quarters and years.

County	Indian River County
% of area NYC immigrants	2.5%
NYC immigrant Income gap	48%
Net Population Flow	2,206
Net Population Flow %	1.46%
Average Per Capita Income Flow Incoming	$70,664
Average Per Capita Income Flow Outgoing	$52,336
Average Net Per Capita Income Flow	$18,328
Income Flow Difference	$413,900,000

Conclusion

People in the COVID era are indeed making the move to Florida just not the city of Miami per se. Every other of the 7 counties we studied showing positive growth in both population and income flow -- unlike any other region we have studied in the COVID era.

The story of Florida's southeast is one of resilience and growth and a rare tale of emergence and opportunity on a broad geographic scale. Investment and development applications for MFRs, grocery-anchored retail, warehouses and other industrial real estate, skilled nursing and medical offices, and affordable housing are particularly desirable.

To learn more about Unacast's solutions for clean, fresh data-driven decision making, book a meeting with one of our team.

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