

Strategic Insights

Maximizing Market Momentum

“If I had an hour to solve a problem and my life depended on the solution, I would spend the first 55 minutes determining the proper question to ask... for once I know the proper question, I could solve the problem in less than five minutes.”

- Einstein

First an aside:

#LongMiami = Long America

- * **Ingenuity & creation flow to the place of least resistance.**
- * **Change is inevitable, yet most people are resistant to this reality.**

Question:
what are the prevailing momentum cycles and is this all sustainable?

Three concepts to internalize:

- 1) Change is inevitable & history never goes backwards**
- 2) it is early days & momentum cycles is very real**
- 3) All of this ties into #LongAmerica and is very positive**

**Think of Covid as a
grand accelerator of trends:
There is a shift in focus away from pre-internet,
20th century epicenters**

We have been living in a post WWII, post Bretton Woods
World, 20th century world.

The pandemic is accelerated us into the future that is built
around the internet.

Let's recognize what the
20th century gave us:

- > personal income taxes
- > the 5 day, 40 hour work week

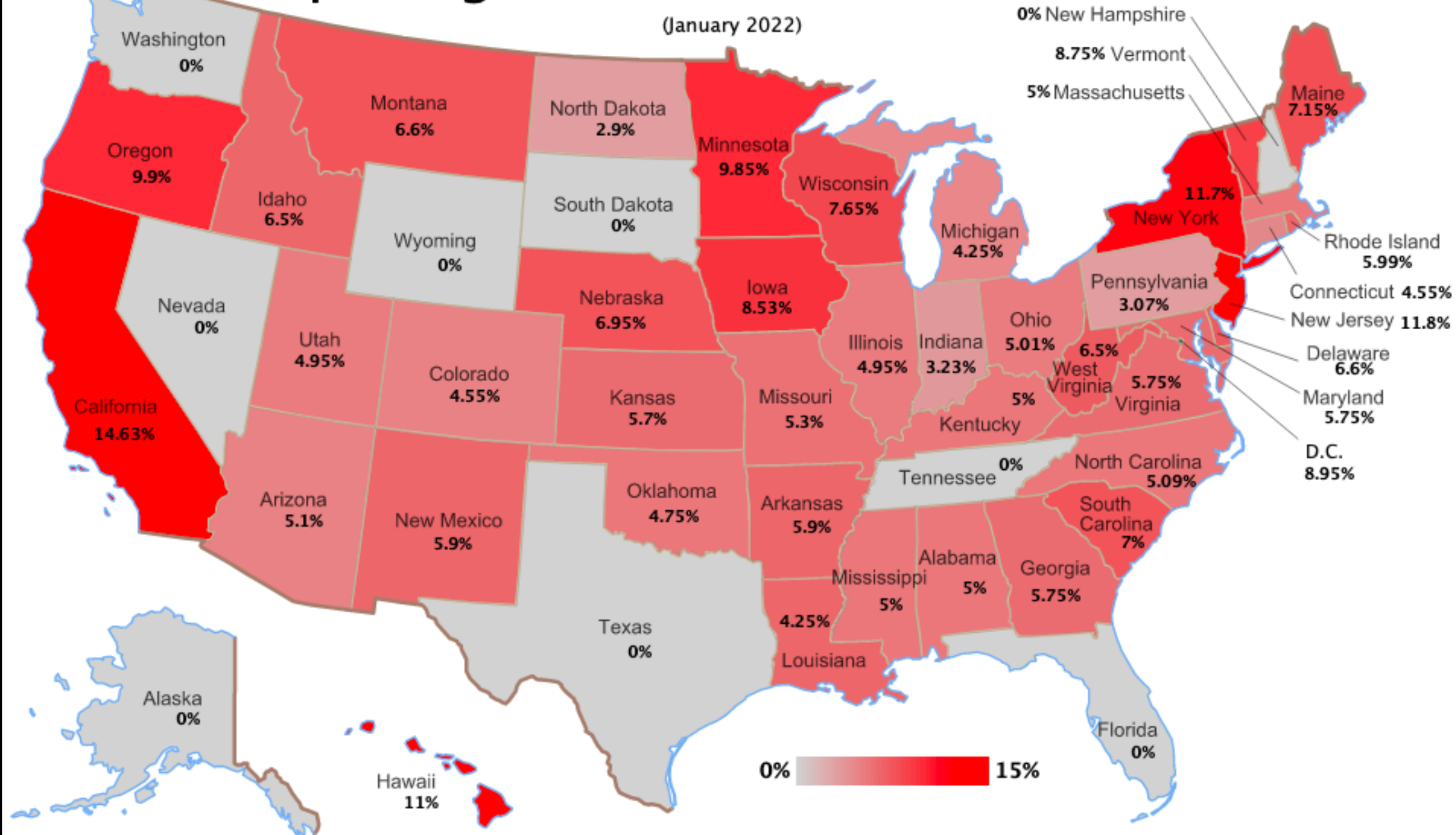
THE PATTERN IS CLEAR

pre internet, 20th century capitals are dissipating

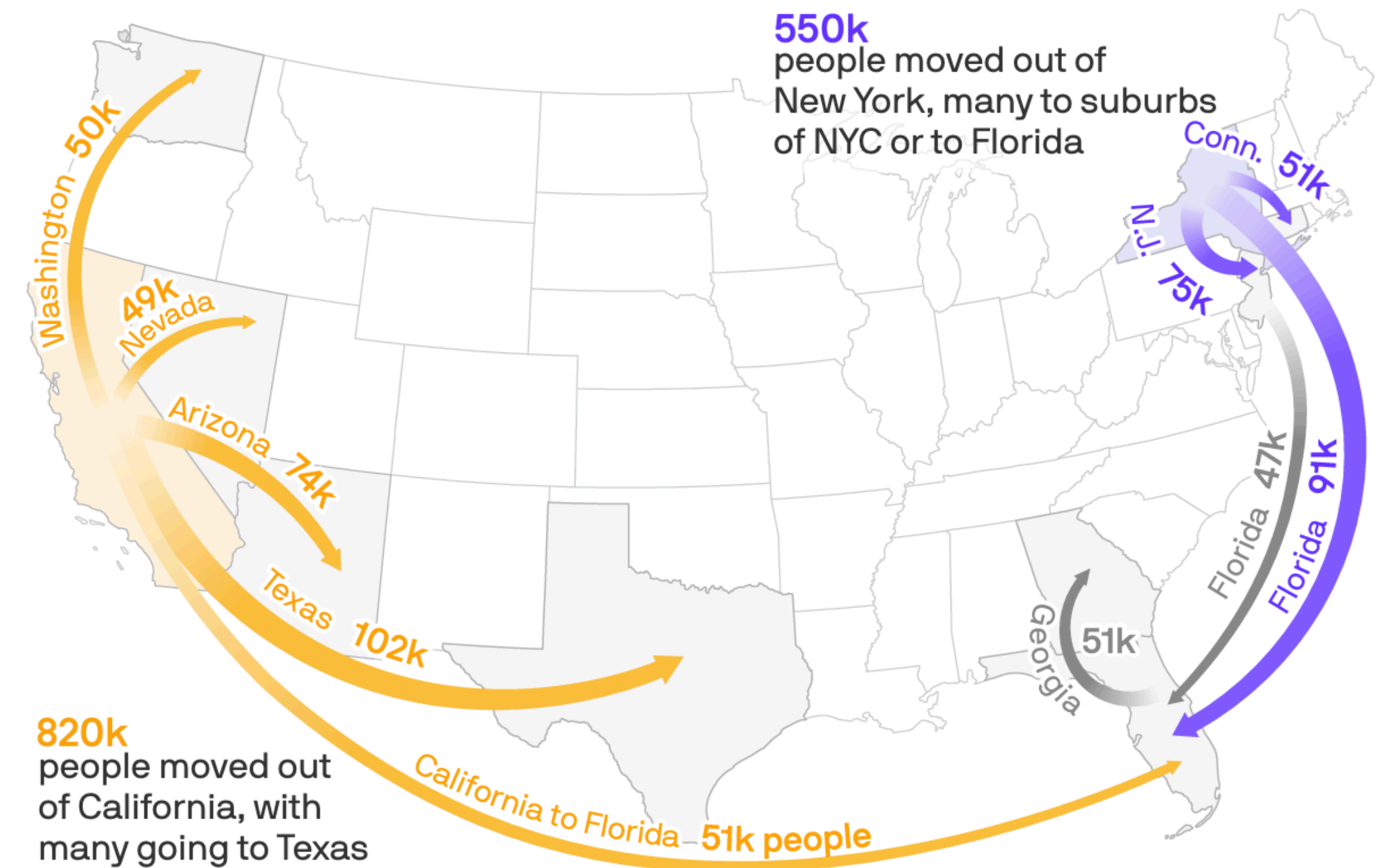
High tax, liberal states are losing population
and tax base.

Top Marginal State Income Tax Rates

(January 2022)



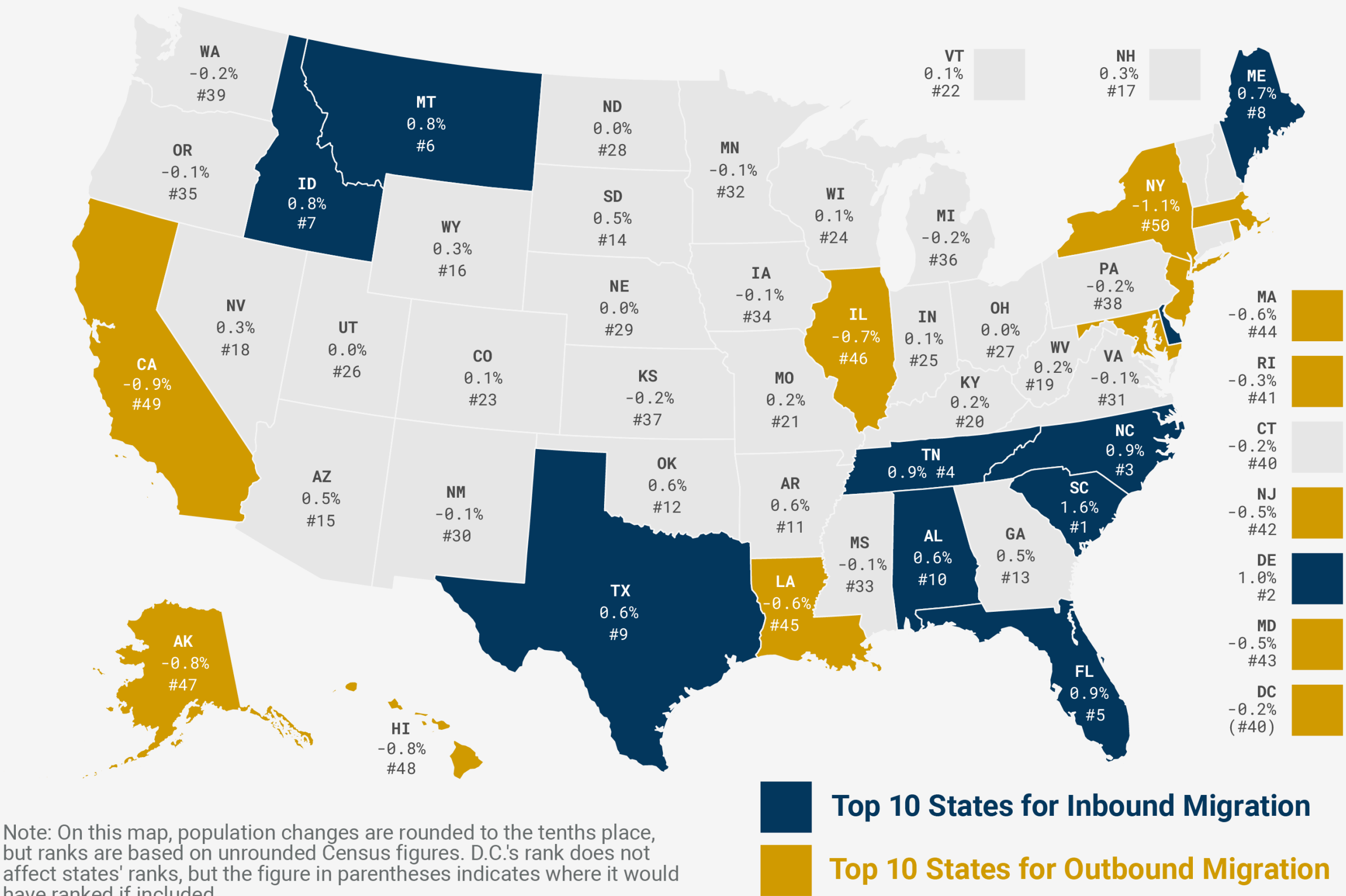
Top ten moves between states, 2022



Main force moving the money: an inevitable national shift in economic focus

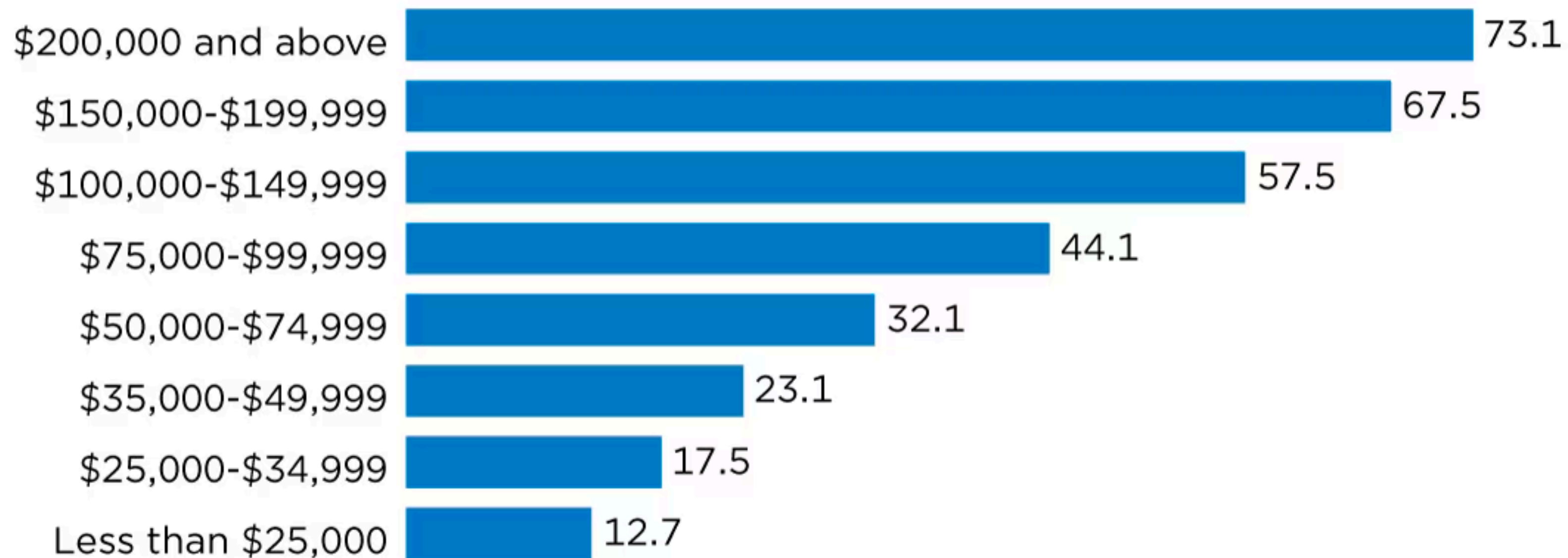
State Population Changes in 2023

State Net Population Changes from Interstate Migration, from Most Inbound to Most Outbound, FY 2023



Note: On this map, population changes are rounded to the tenths place, but ranks are based on unrounded Census figures. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would have ranked if included.
Source: U.S. Census Bureau.

Percentage of Households by Income With Adult(s) Who Switched to Telework Because of Coronavirus Pandemic

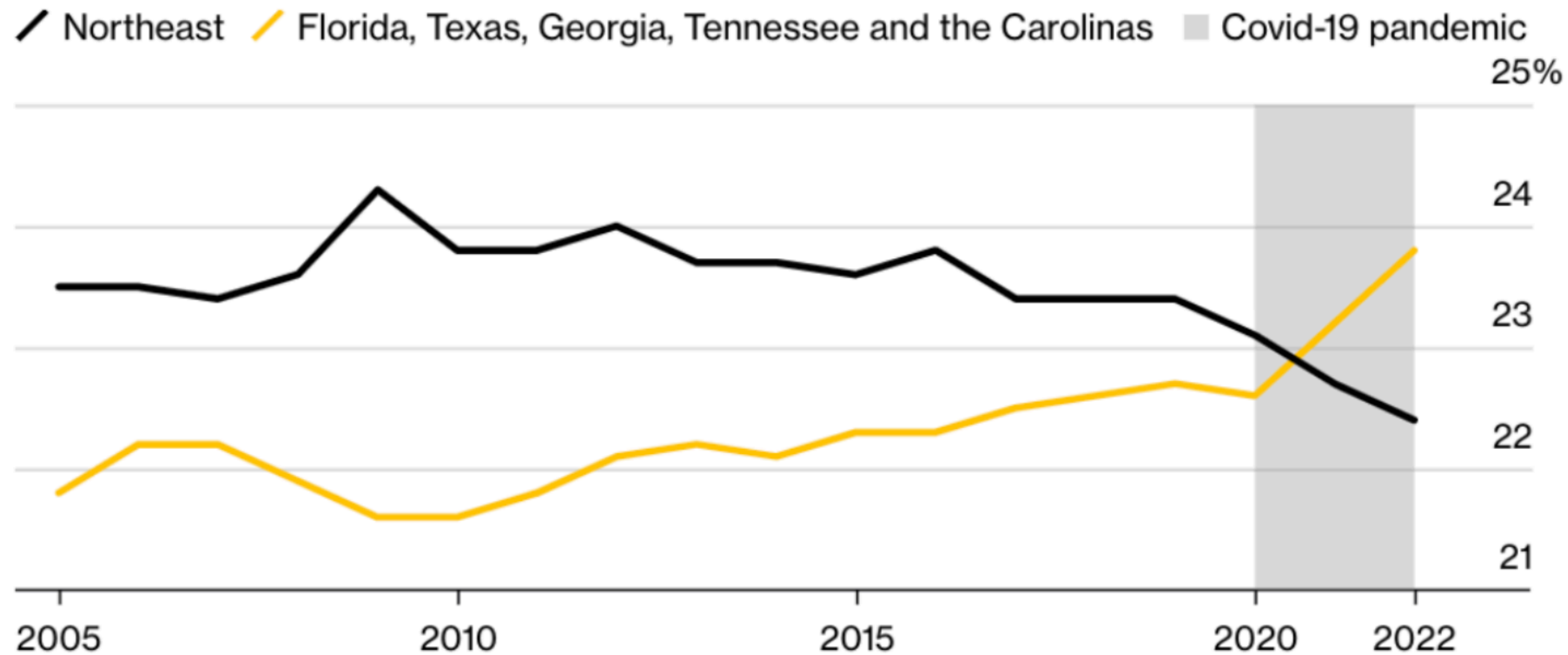


Source: U.S. Census Bureau, Household Pulse Survey (Weeks 13-21: August 19-December 21, 2020).
Estimates produced using public use microdata files.

Shift in Economic Center of Gravity To the South

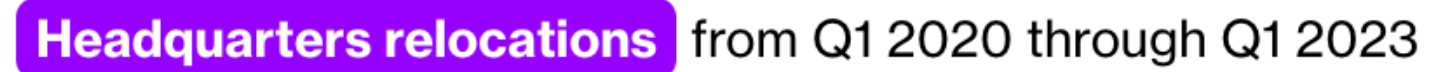
US South Economic Power on the Rise

Six fast-growing Southern states saw their aggregated share of national GDP soar above New York and the rest of the Northeast during the pandemic



Headquarters relocations from Q1 2020 through Q1 2023

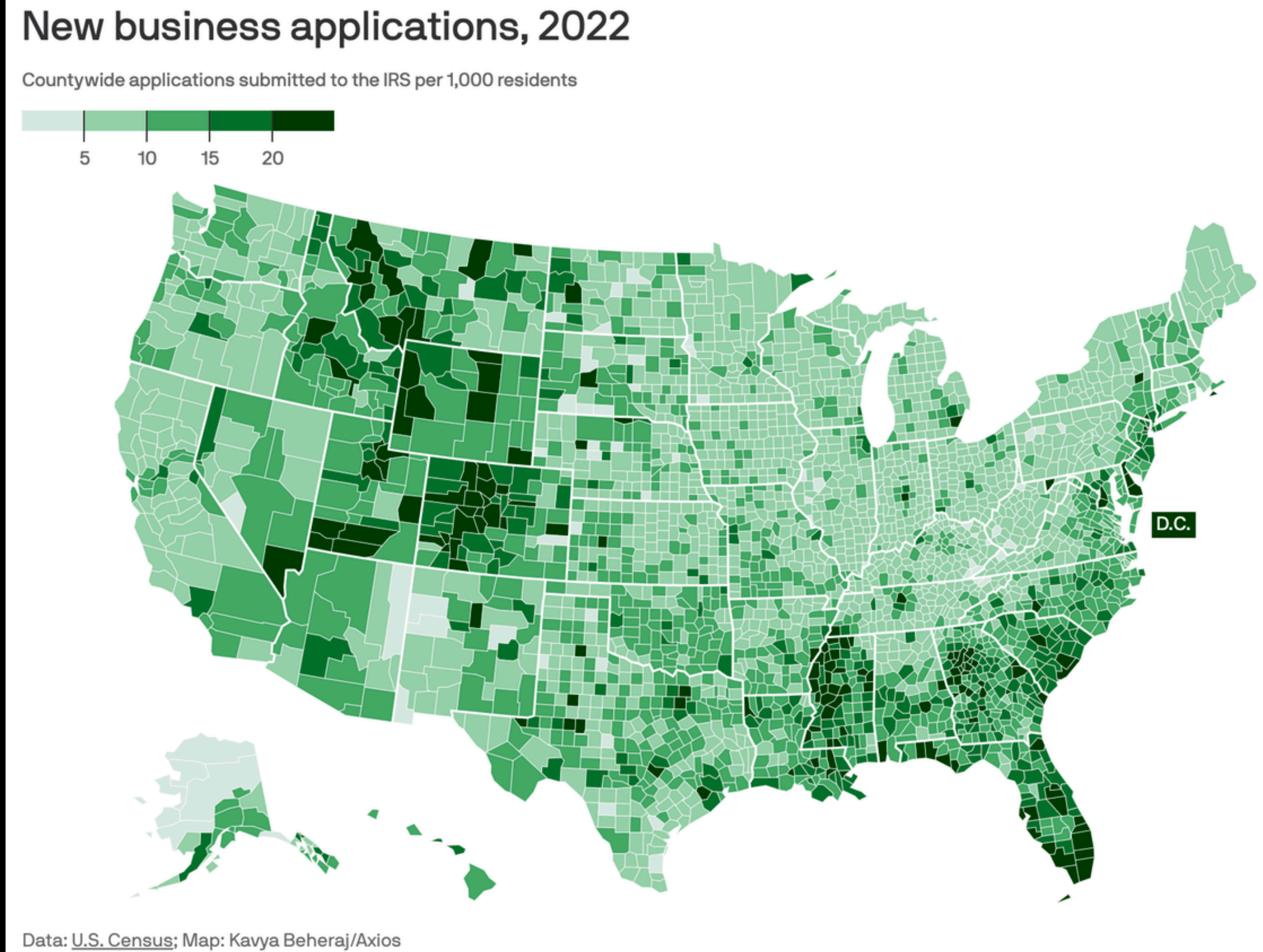
Headquarters relocations from Q1 2020 through Q1 2023



AUM MIGRATION

- * From Q1 2020 through Q1 2023
- * Both CA and NY lost close to \$1 Trillion in assets, according to corporate filings.
- * And how remarkable is this:
"Connecticut, the hedge fund hub that's long appealed to firms wanting to stay close to New York without being in the city, has now fallen behind Florida in assets under management."
- * The ramifications are staggering, both the negative and the positive.

Miami & South East Leading Nation in New Business Applications

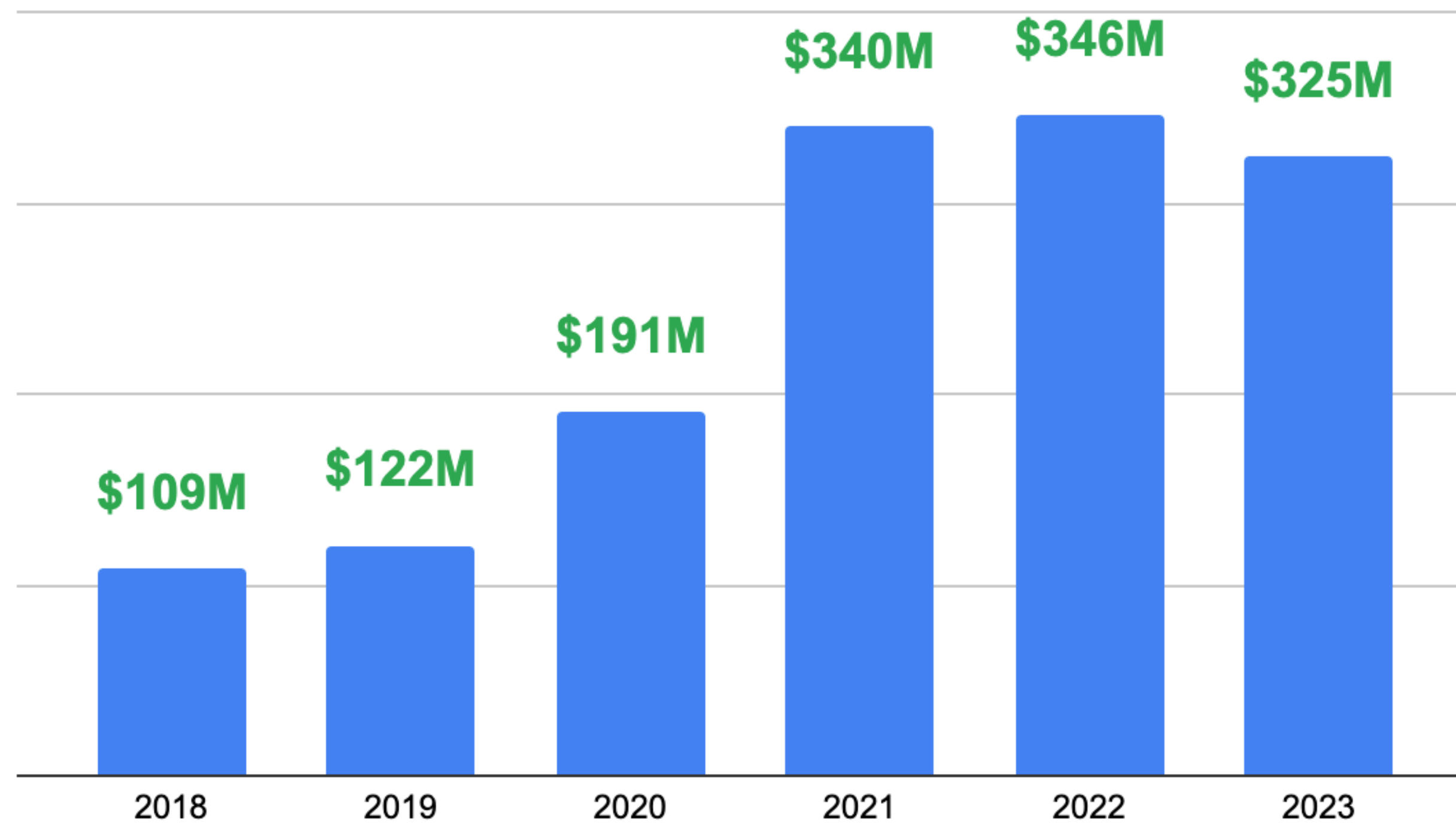


- * Miami leads the nation in new business applications per 1,000 residents
- * In 2022, Miami had 40.9 new business applications per 1,000 residents
- * Second place in 2022 went to Atlanta, with 31.3 applications per 1,000 residents, and third place went to Orlando with 28.7
- * Nationwide, 5 Million new business applications were filed in 2022, coming out to 15.1 per every resident

Data compiled by Axios.com, using Census and IRS data

**Where do we see the effects of the wealth
migration in real estate?**

Monroe County, Annual \$ Sales Volume



2023

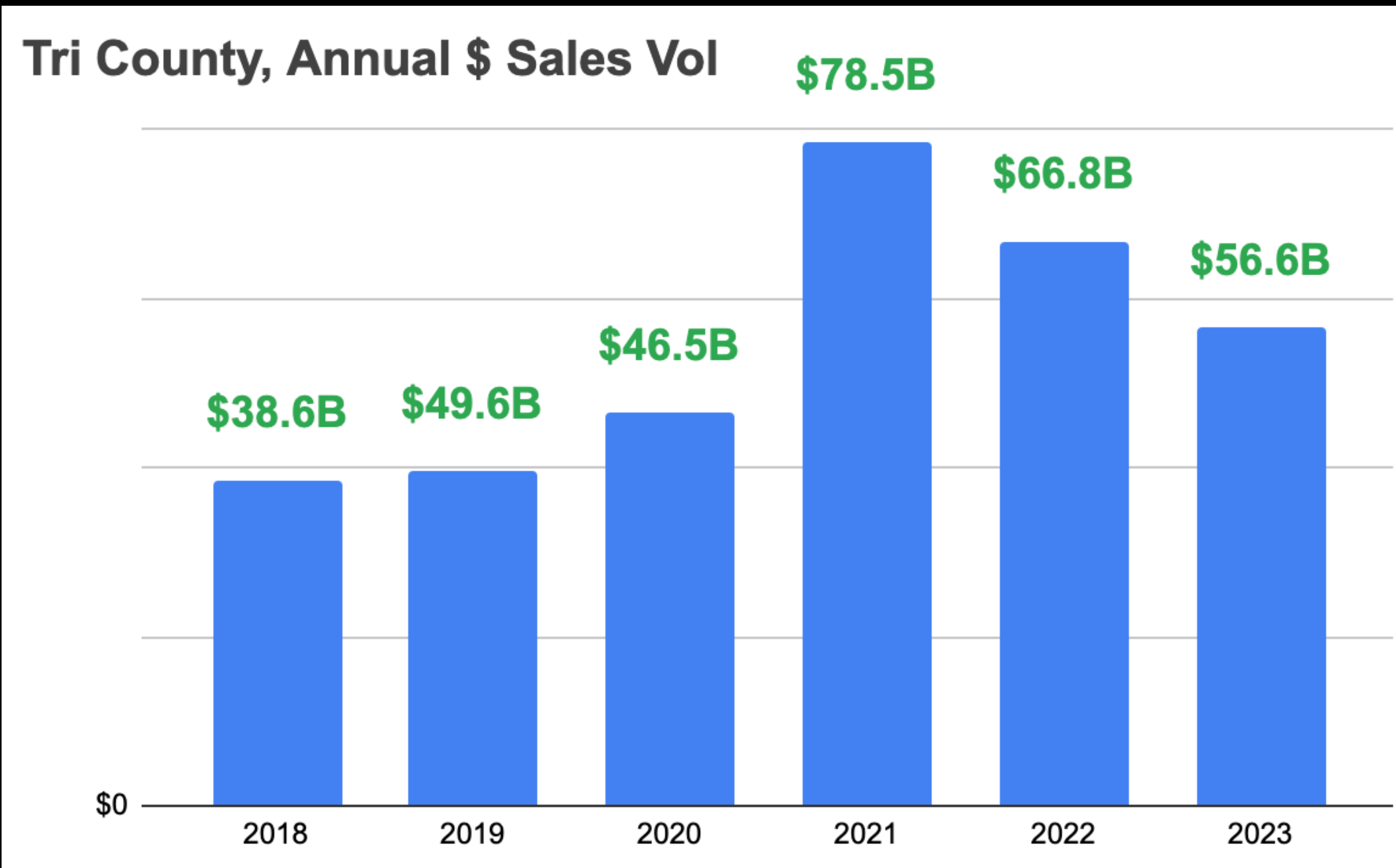
+166%

vs pre Covid 2019

Q1 2024: \$91M

+36% YOY

+496% vs Q1 2019



2023

+14%

vs pre Covid 2019

Q1 2024: \$13.3B

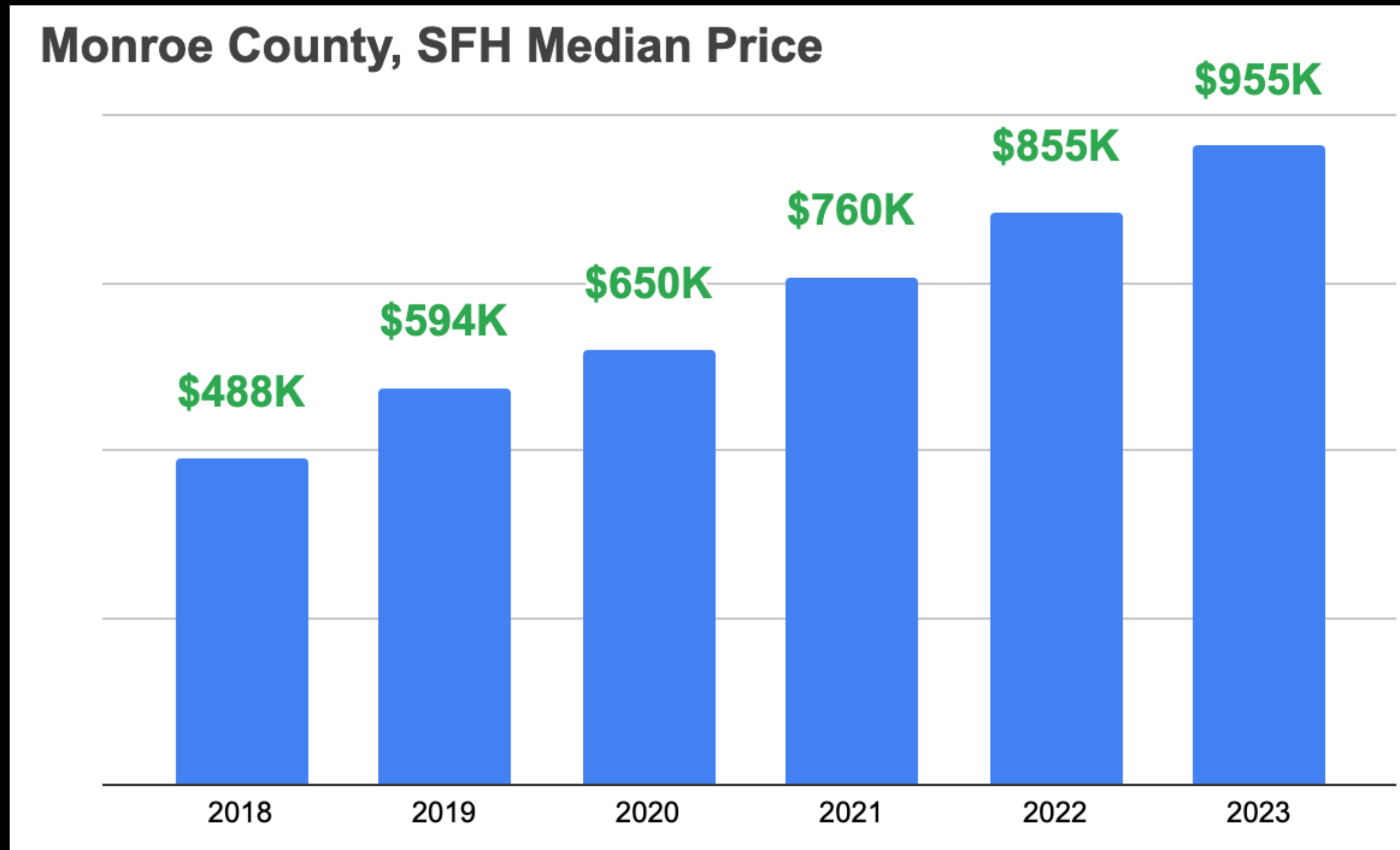
+3% YOY

+62% vs Q1 2019

2023

+61%

vs pre Covid 2019

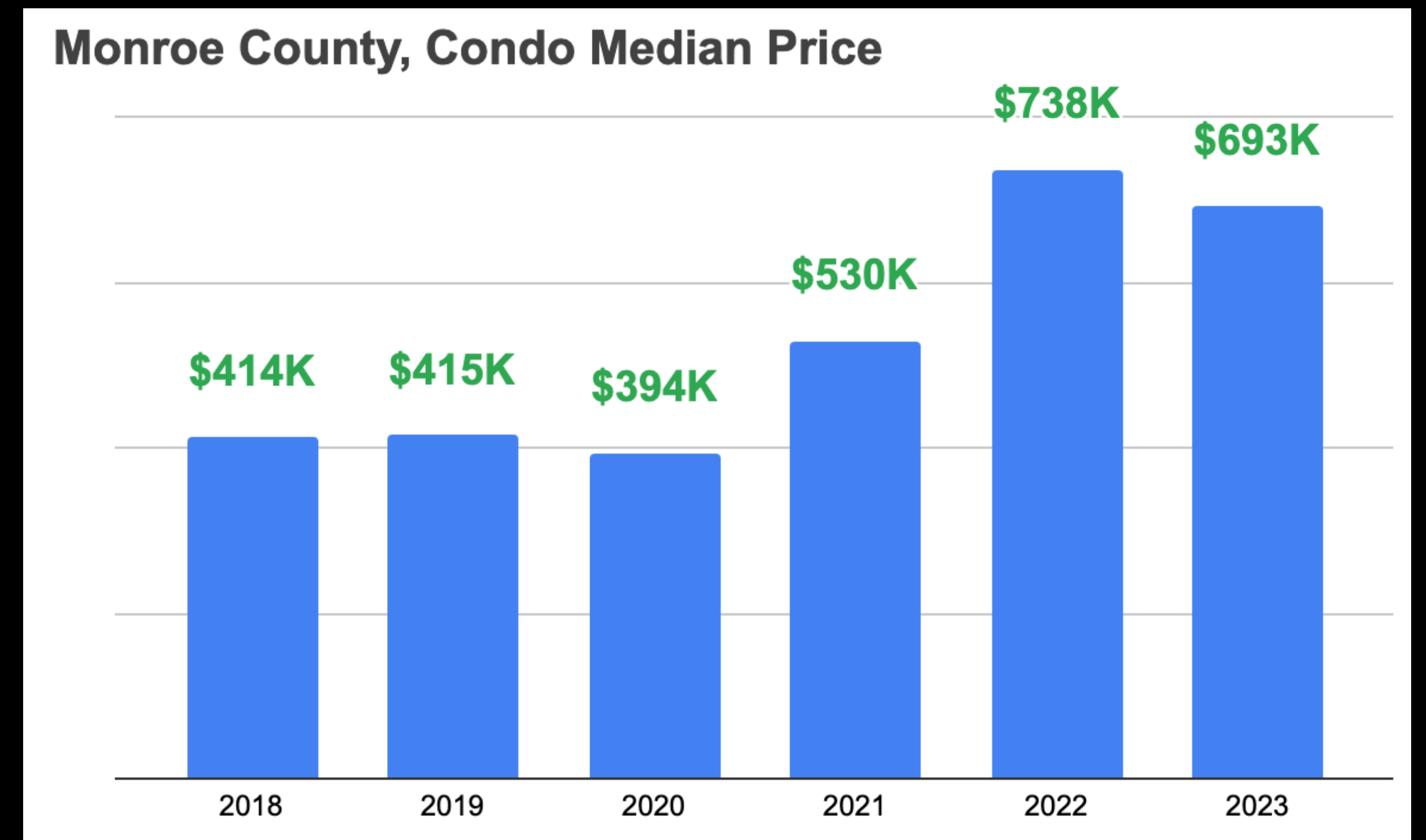


May 2024: \$950K

2023

+67%

vs pre Covid 2019

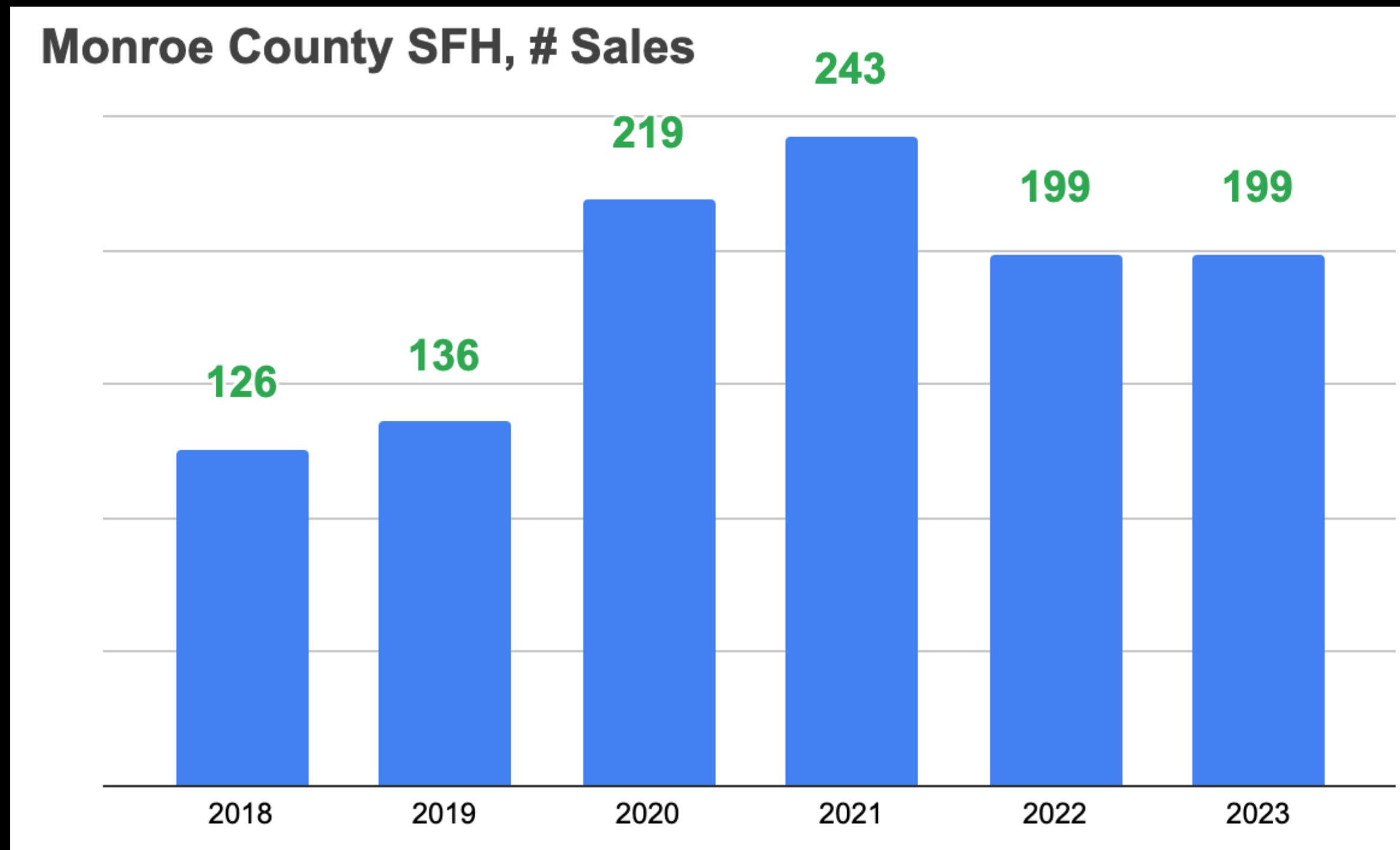


May 2024: \$720K

2023

+46%

vs pre Covid 2019



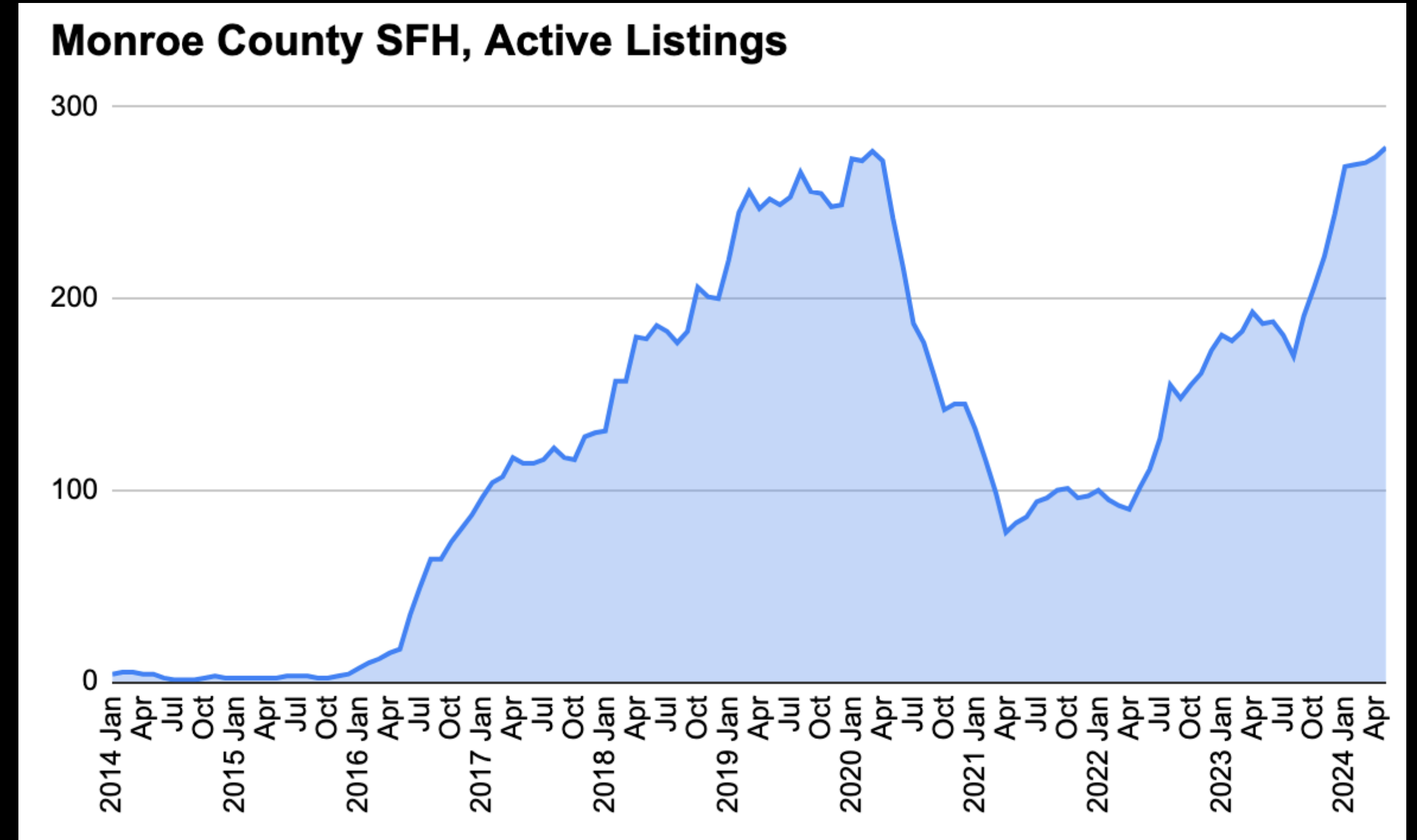
Q1 2024: 48

+30% YOY, +153% vs Q1 2019

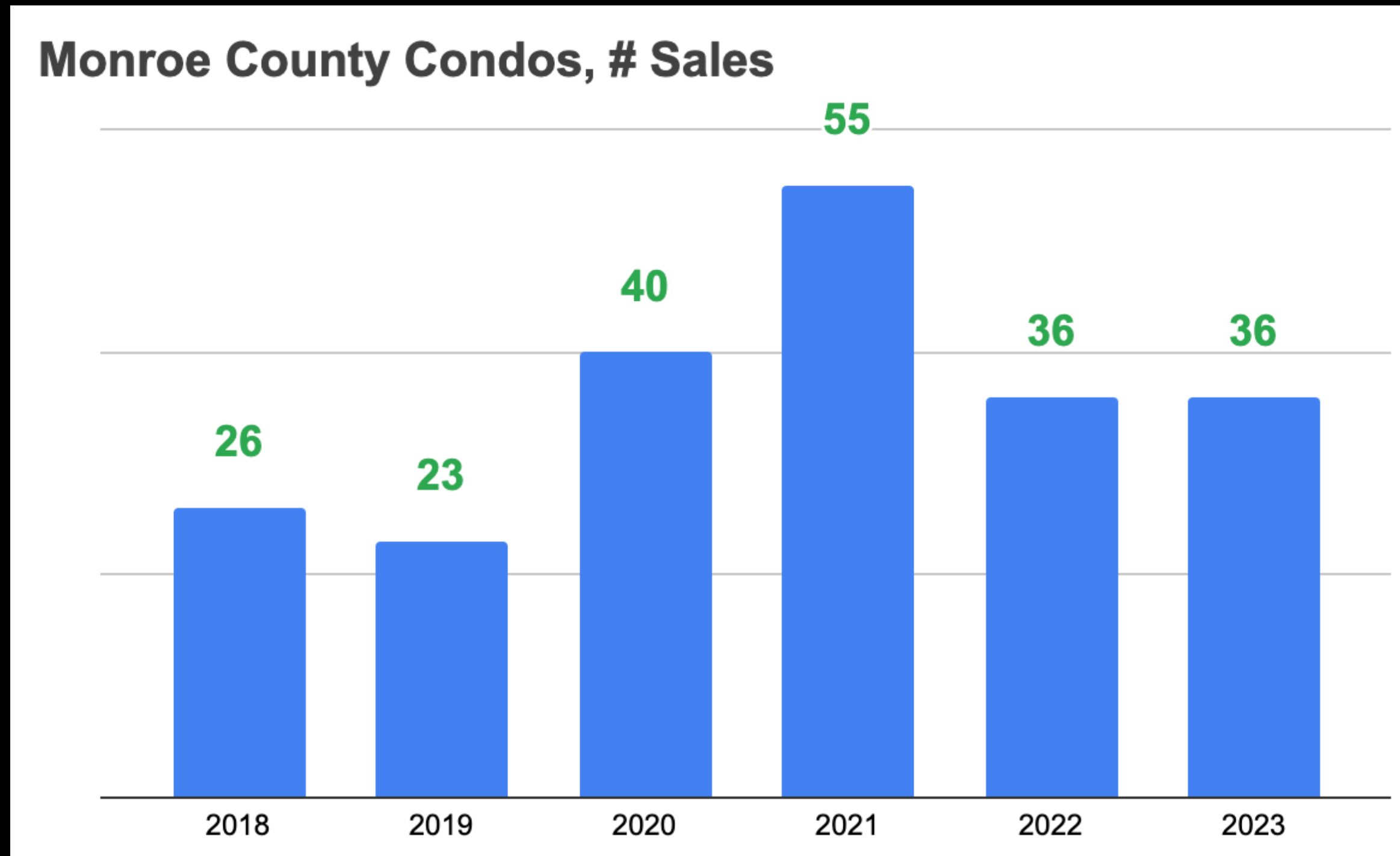
May 2024: 279

+11%

vs pre Covid May 2019

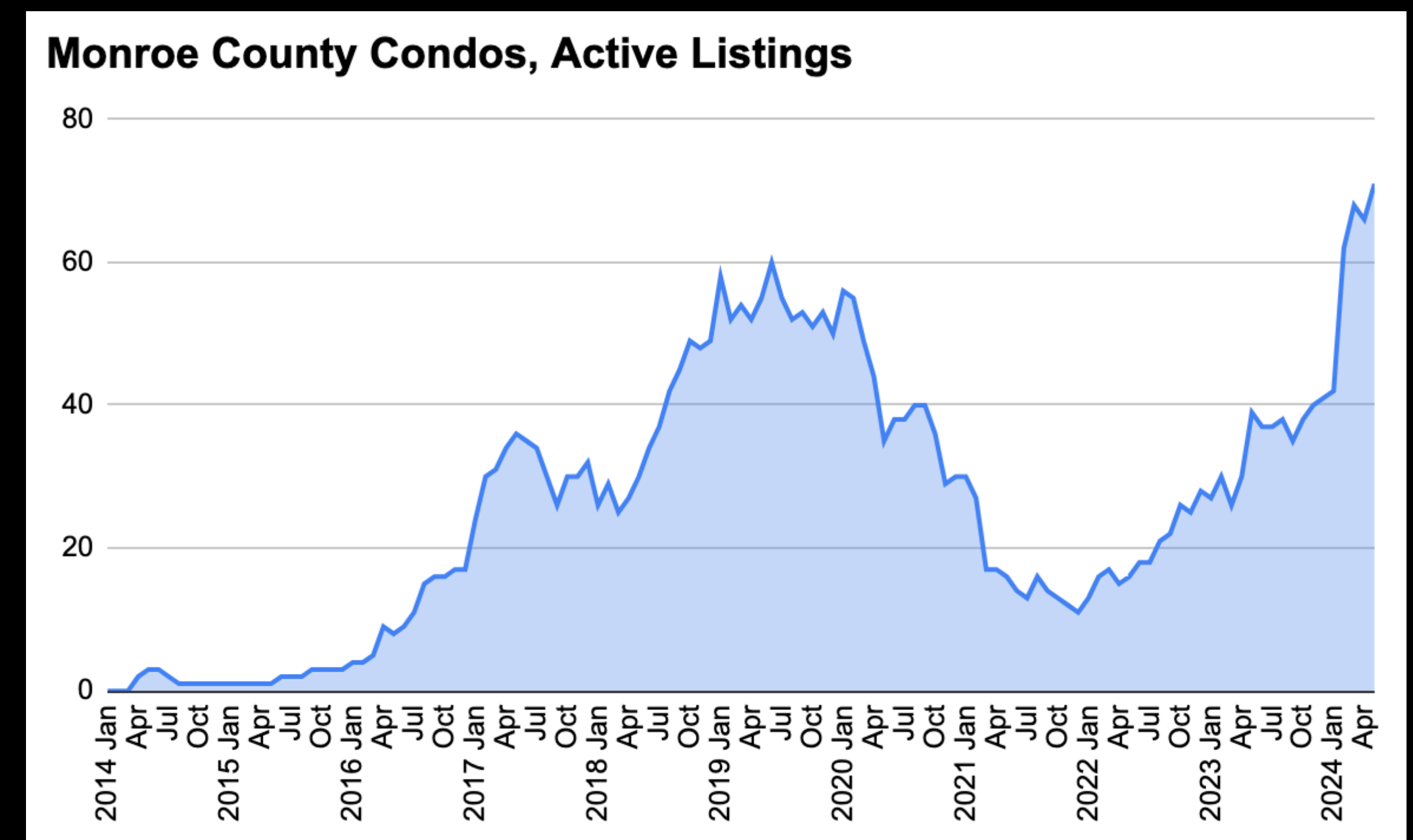


2023
+57%
vs pre Covid 2019



Q1 2024: 12
+20% YOY, +200% vs Q1 2019

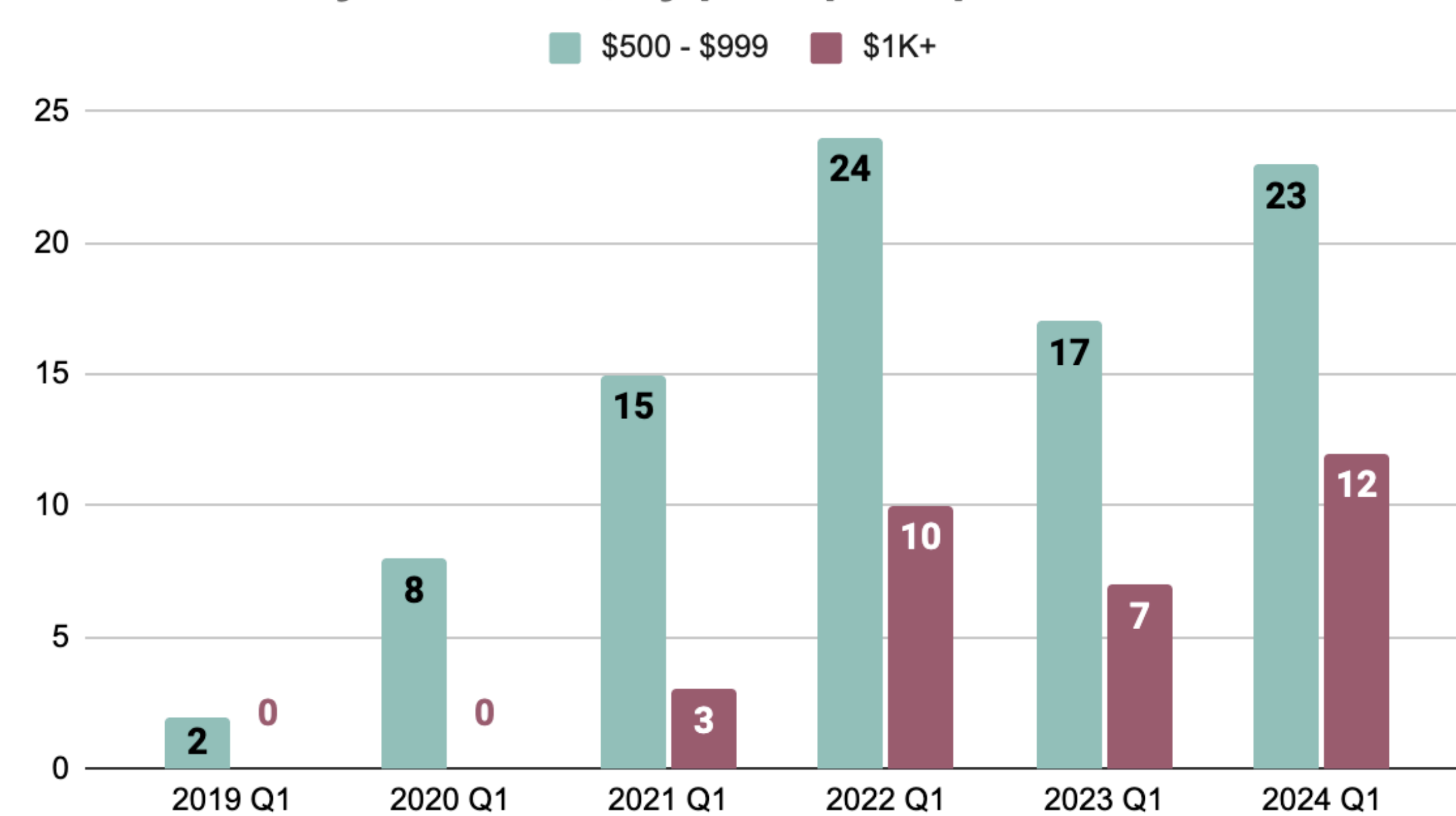
May 2024: 71
+29%
vs pre Covid May 2019



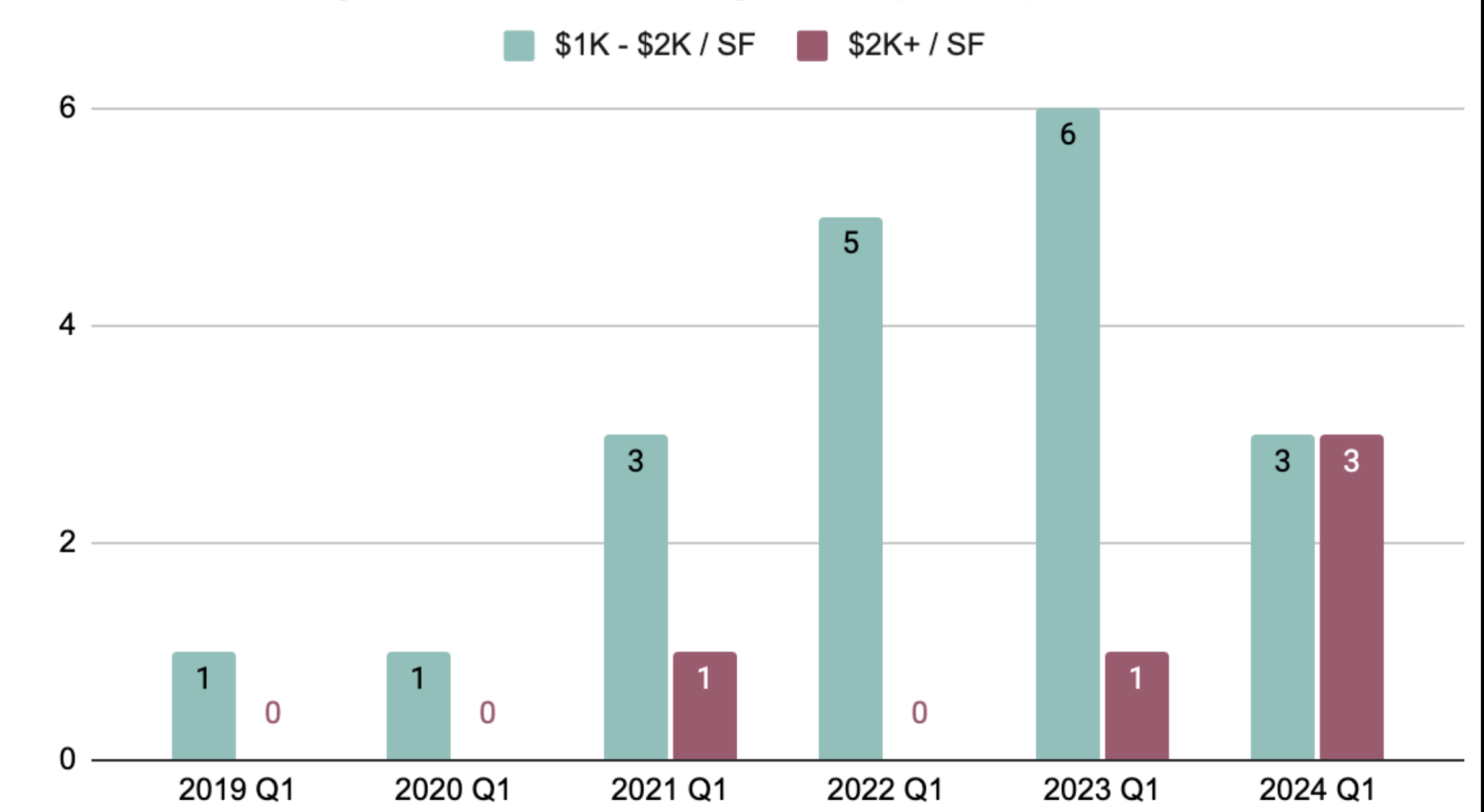
\$500 - \$999: +1,050% vs 2019
\$1K+: new category vs 2019

\$500 - \$999: 200% vs 2019
\$1K+: new category vs 2019

Monroe County SFH Sales, by price per square foot



Monroe County Condos Sales, by price per square foot



Remember: when we filter for. High prices per square foot, we get more dramatic gains.
This is because a high price per square foot isolates for new product.
The higher the price per square foot, the more the property benefits from the wealth & talent migration.

MONROE COUNTY CASH PERCENTAGES

Q1 2024

SFH

\$1M+:
56%

\$500+ SF:
49%

CONDOS

\$1M+:
67%

\$500+ SF:
67%

**Important to recognize,
We have a tale of two markets**

**-> segments benefiting from the wealth & talent
migration = new, prime products**

->segments = older inventory

Miami Dade SFH: 0 - \$499K

-> this is where we find the volume loss.

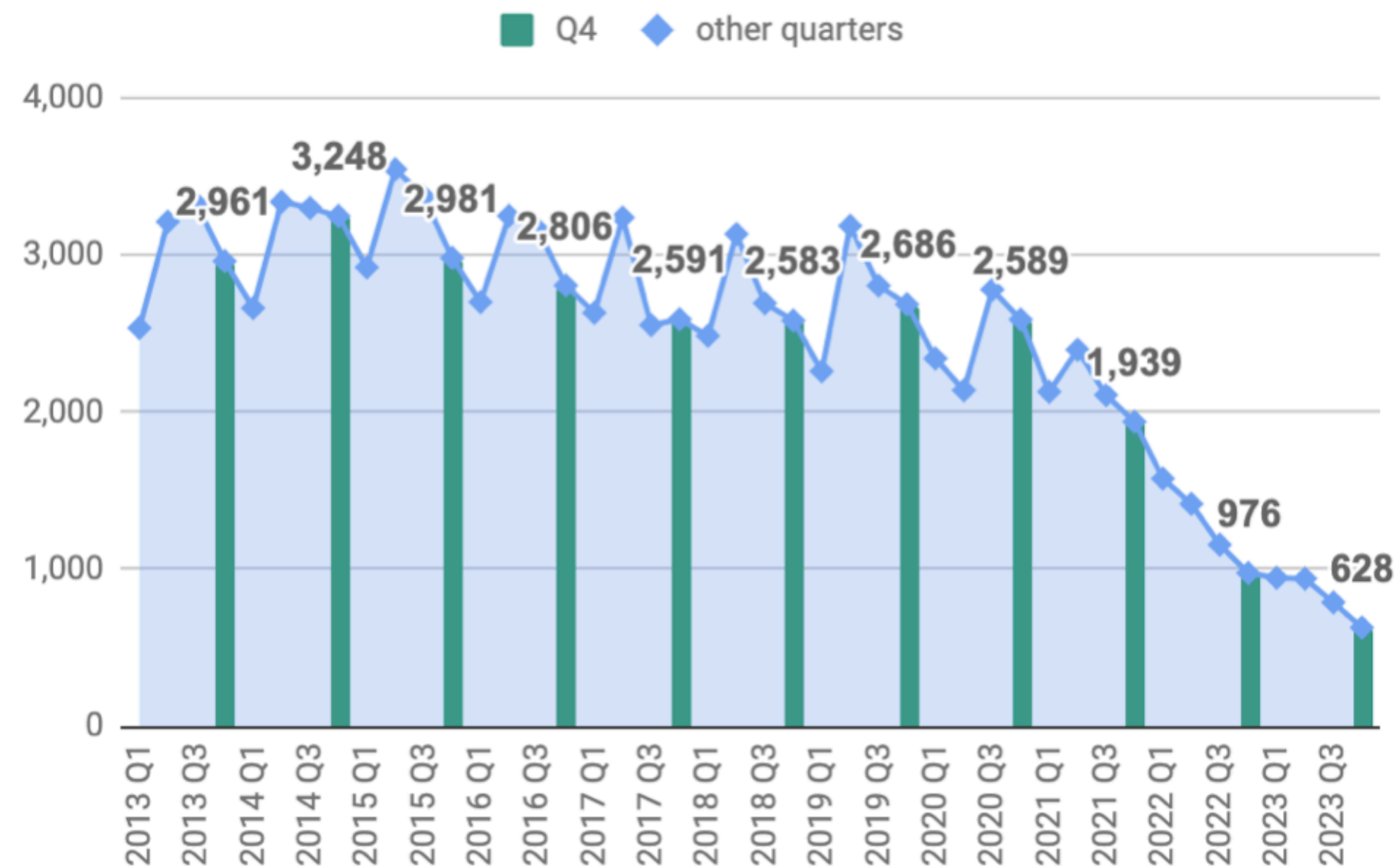
SFH 0 - \$499K # of sales

Q4 2023:	628	
Q4 2022:	976	-37% Oct 2023 vs Oct 2022
Q4 2019:	2,686	-77% Oct 2023 vs Oct 2019

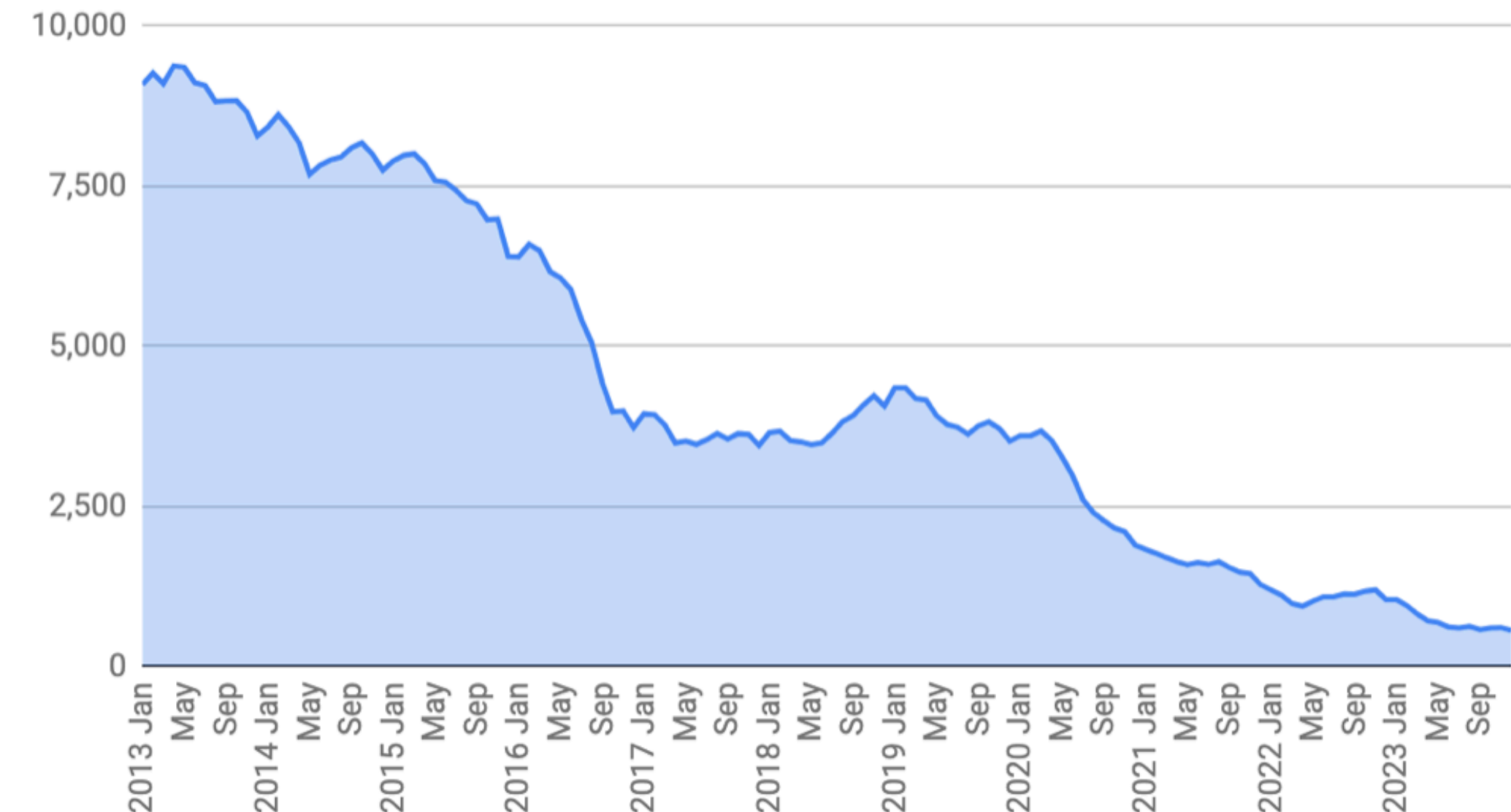
SFH 0 - \$499K, active listings

Dec 2023:	564	
Jan 2023:	1,043	-46% Dec 2023 vs Dec 2023
Dec 2022:	1,049	-46% Dec 2023 vs Dec 2022
Dec 2019:	3,518	-84% Dec 2023 vs Dec 2019

Miami Dade County SFH, 0-\$499K



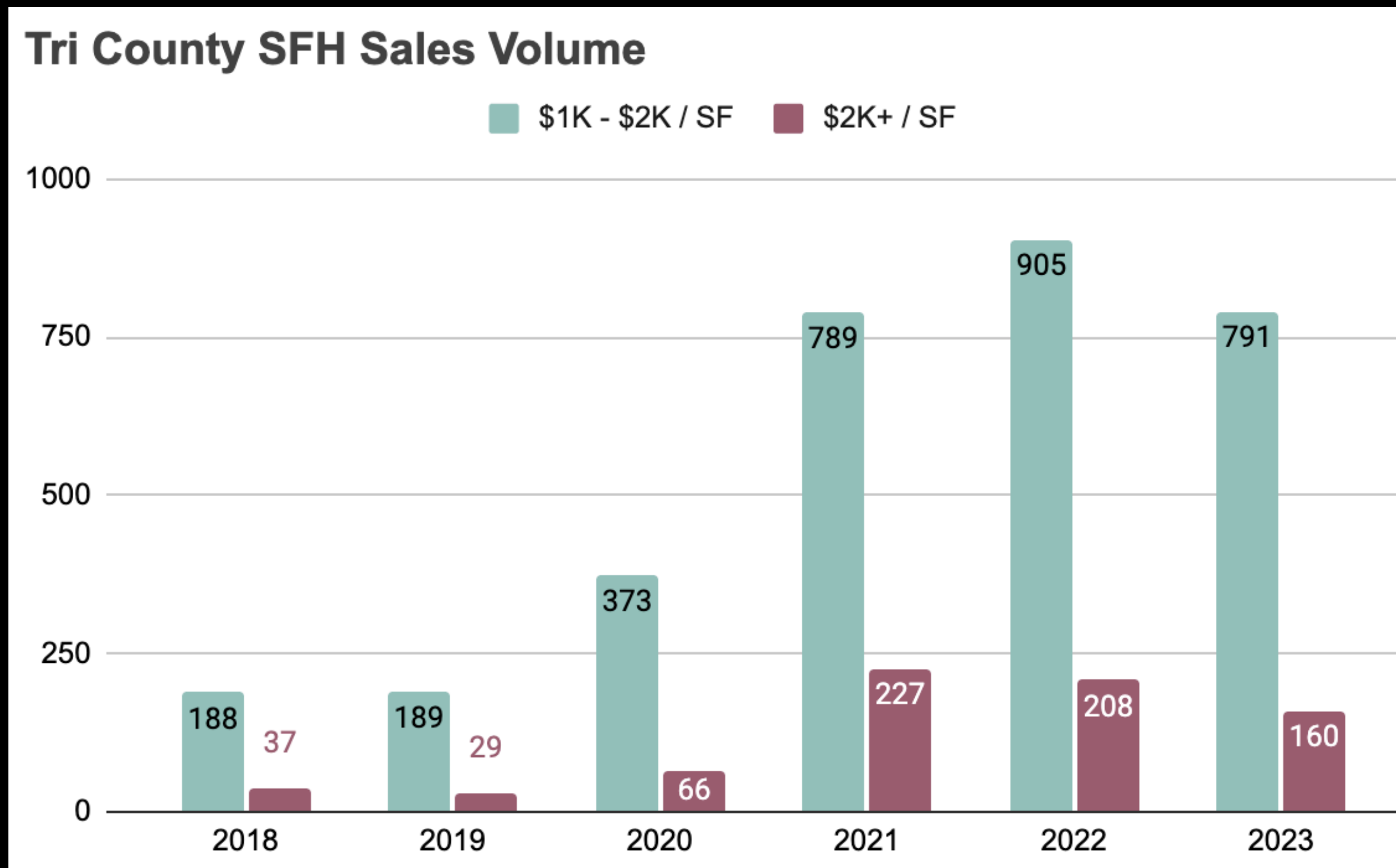
Miami Dade County SFH, 0-\$499K active listings



ALL TIME HIGH Q1 SALES VOLUME: TRI COUNTY SOUTH FLORIDA SFH

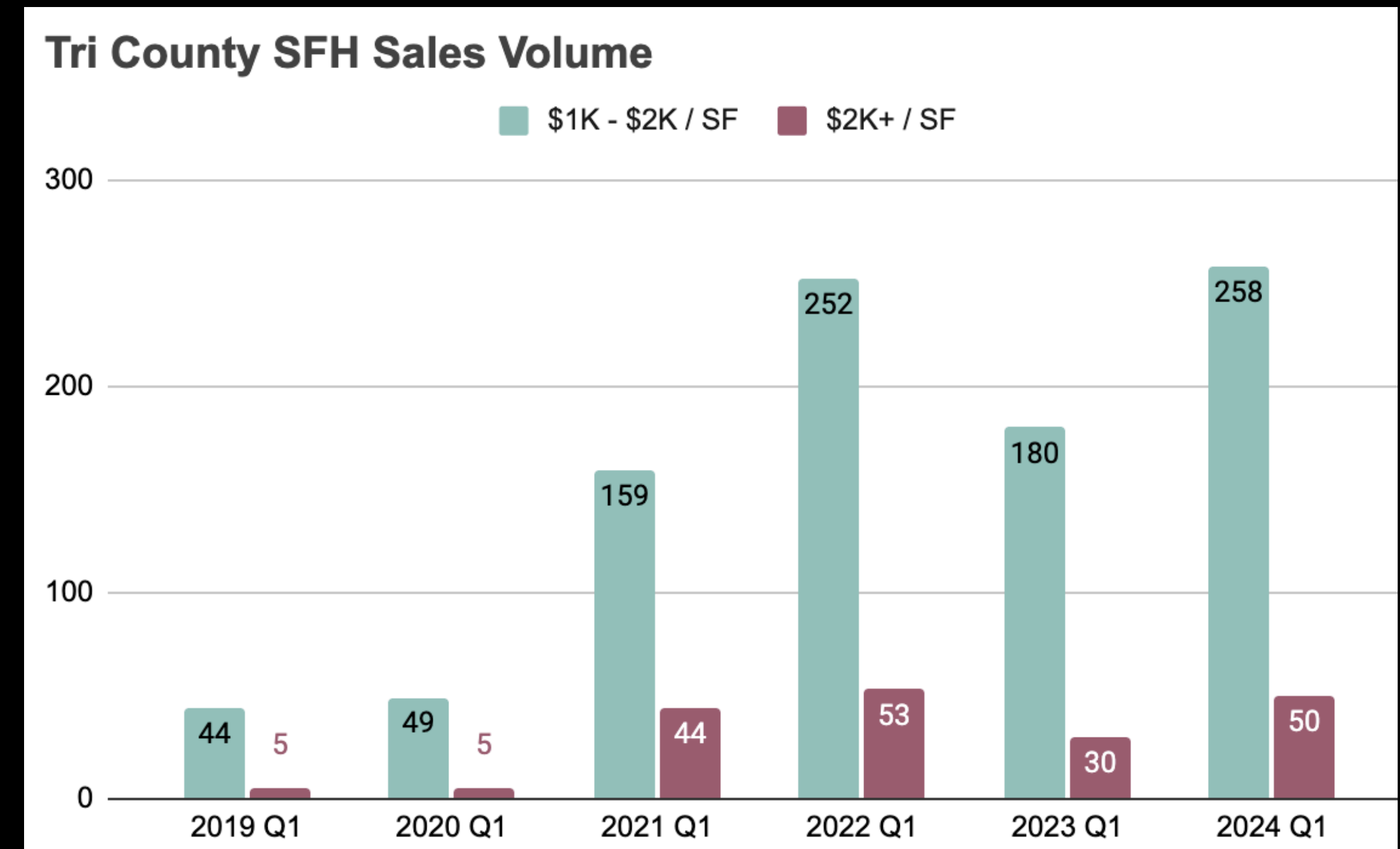
\$1K - \$1.9K: + 319% vs 2019

\$2K+: + 452% vs 2019



\$1K - \$1.9K: + 486% vs 2019

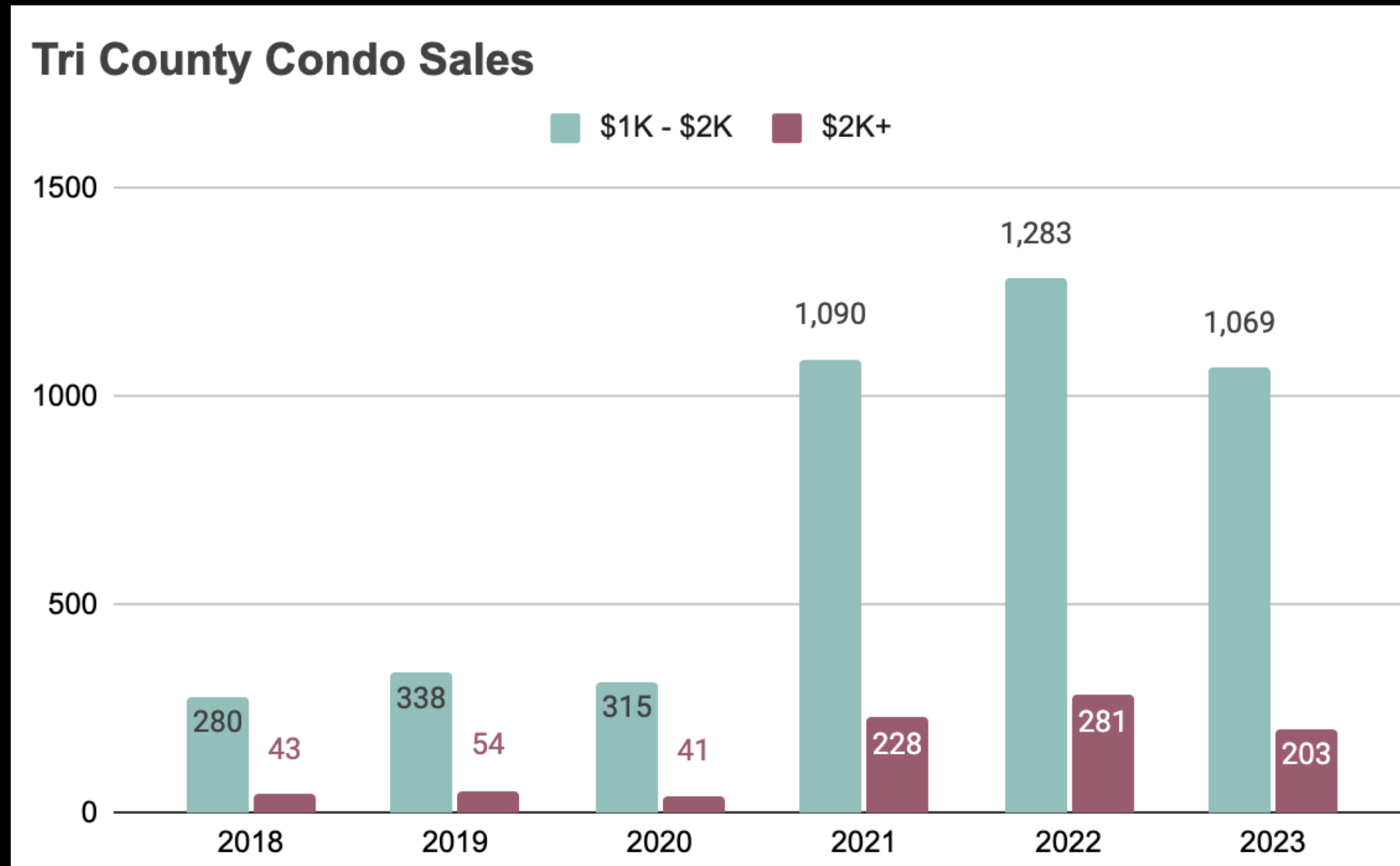
\$2K+: + 900% vs 2019



Remember: when we filter for. High prices per square foot, we get more dramatic gains.
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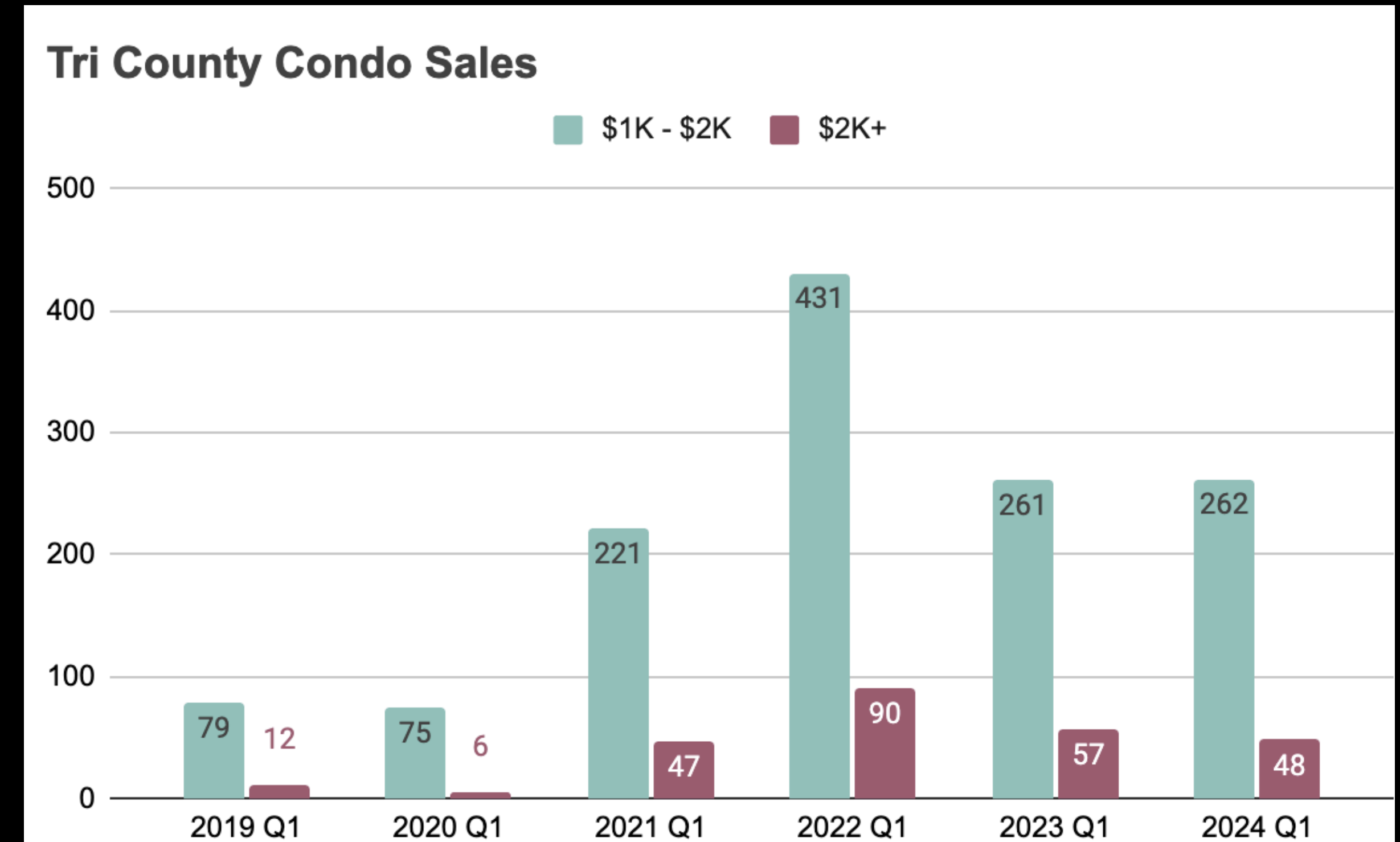
\$1K - \$1.9K: + 216% vs 2019

\$2K+: + 276% vs 2019



\$1K - \$1.9K: + 232% vs 2019

\$2K+: + 300% vs 2019



Remember: when we filter for. High prices per square foot, we get more dramatic gains.
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TRI COUNTY CASH PERCENTAGES

Q1 2024

SFH

\$1K - \$1.99K/ SF:
78%

\$2K+ / SF:
82%

CONDOS

\$1K - \$1.99K/ SF:
82%

\$2K+ / SF:
92%

**Momentum Cycles Are Very Real &
Politicians Are Not Incentivized To Care**

The income of the top 1% accounts for over 40% of total taxes levied.

Similarly in California, the top 1% of tax payers account for almost half of tax levied.

Losing high value tax payers decimates a tax base and budget.

**Politicians in our feeder jurisdictions
will only feed the negative momentum**

**As they pander to the growing %
that does not pay in to the system.**

This will occur via various forms of wealth taxation.

NYC thinks Census Bureau estimates missed tens of thousands of asylum seekers

Three New York City boroughs lost almost 80,000 residents from people moving away last year, according to population estimates released Thursday, but city officials think those numbers are a vast undercount that doesn't capture [the influx](#) of asylum seekers who came to the city.

The city [rented out entire hotels](#) to house some of the tens of thousands of migrants who came to New York City last year and also [put cots in schools](#) and temporarily housed people in tents, a cruise ship terminal and a former police academy building.

As many as 50,000 people were overlooked in the city's shelters, according to city officials, who plan to challenge the 2023 population estimates with the [U.S. Census Bureau](#).

"We wanted to flag it," said Casey Berkovitz, press secretary for New York's Department of City Planning. "Once you account for this underestimate ... the year marked a return to prepandemic levels."

California fails to track its homelessness spending or results, a new audit says

Tens of billions of dollars, nine agencies and more than 30 programs

As the homelessness crisis has intensified, California under Gov. Gavin Newsom's leadership allocated an unprecedented \$24 billion to address homelessness and housing during the last five fiscal years, according to the Legislative Analyst's Office.

"The lack of transparency in our current approach to homelessness is pretty frightening."

— ASSEMBLYMEMBER JOSH HOOVER, REPUBLICAN, FOLSOM

Jeff Bezos Plans Miami Move for Family, Work...and It Might Help Tax-Wise, Too

The move back to his childhood home brings emotions, potentially lower state taxes and fellow billionaires



Taxes Have Consequences & Momentum is Real

Washington's wealth tax, in its latest proposal, imposes a 1 percent tax on tradeable net worth above \$250 million.

It was estimated that the wealth tax would raise about \$3.2 billion a year.

Bezos would have been on the hook for 45%, or \$1.44B

Utah's Tech Hub Powers America's Hottest Job Market, WSJ Ranking Finds

More-affordable cities that serve as tech and finance outposts top the latest annual rankings

4 of to 10 are in FL, yet the Wall Street Journal does not mention FL in the headline

METROPOLITAN AREA	OVERALL RANK	UNEMPLOYMENT RATE RANK	LABOR FORCE PARTICIPATION RANK	PAYROLL CHANGE RANK
Salt Lake City	1	4	2	12
Jacksonville, Fla.	2	6	32	2
Orlando, Fla.	3	6	29	9
Tampa, Fla.	4	10	41	6
Oklahoma City	5	10	30	24
Miami	6	3	40	13
Austin, Texas	7	29	1	4
Nashville, Tenn.	7	6	8	6
Seattle	9	33	7	13
Dallas	10	42	4	3

Coral Gables, Florida Tops Beverly Hills as Ritziest Home Market in US

Pre Covid: 6 of 10 priciest neighborhoods were in CA.
Post Covid: 7 of 10 are in Florida

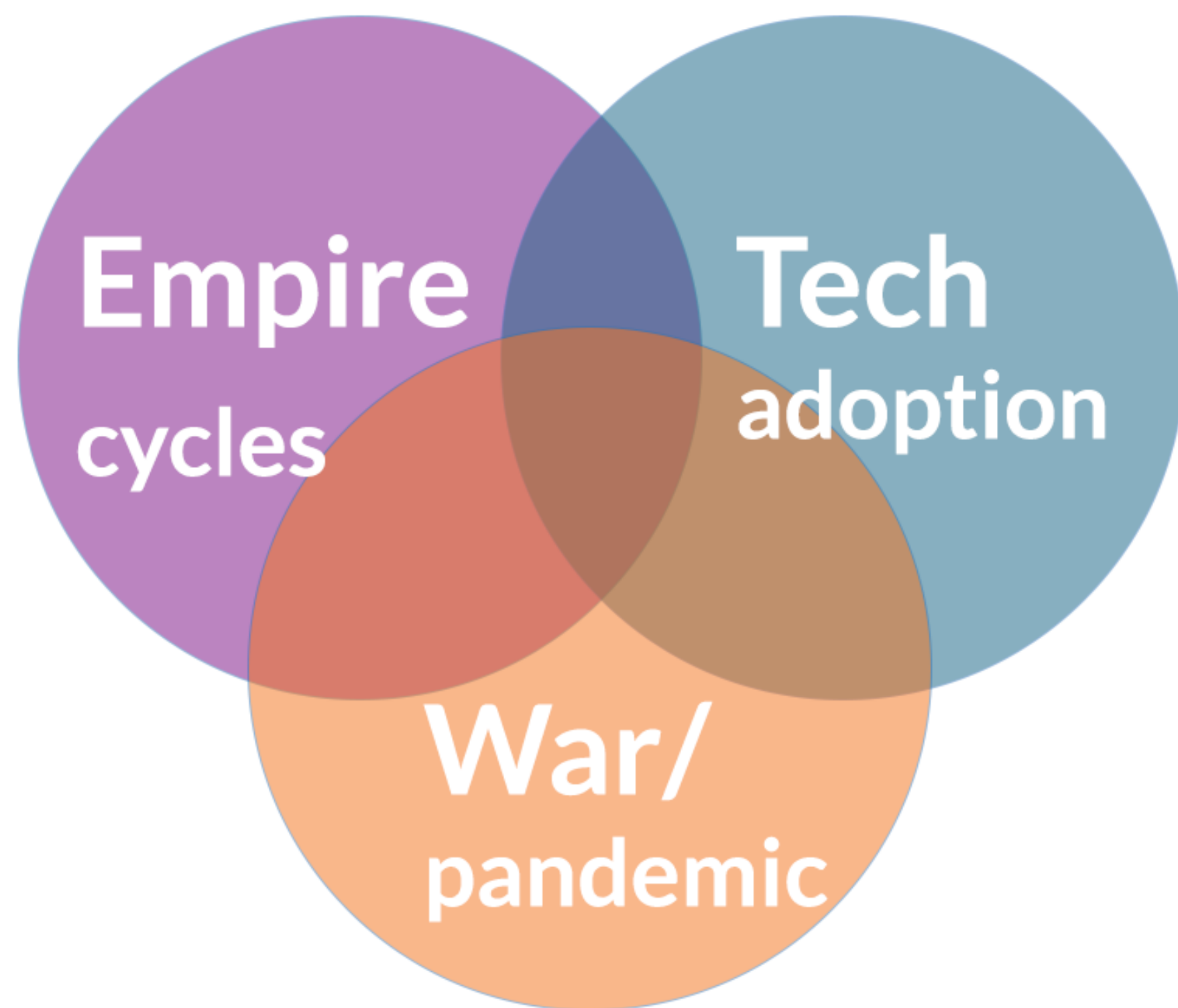
Coral Gables Neighborhood Takes Top Spot

Typical home in Gables Estates valued at more than \$21 million

Neighborhood	City	Feb. 2024	4Y Chg. %
Gables Estates	Coral Gables	\$21.1M	
Port Royal	Naples	17.4M	78.3
Beverly Hills Gateway	Beverly Hills	12.0M	12.3
Paradise Cove	Malibu	11.1M	14.5
Old Cutler Bay	Coral Gables	10.5M	
San Marino Island	Miami Beach	9.9M	85.5
Palm Island	Miami Beach	9.9M	69.4
The Flats	Beverly Hills	9.6M	13.5
Aqualane Shore	Naples	9.4M	104.0
Rivo Alto Island	Miami Beach	9.4M	83.1

Source: Zillow Group Inc.

Why does change accelerate at certain times?

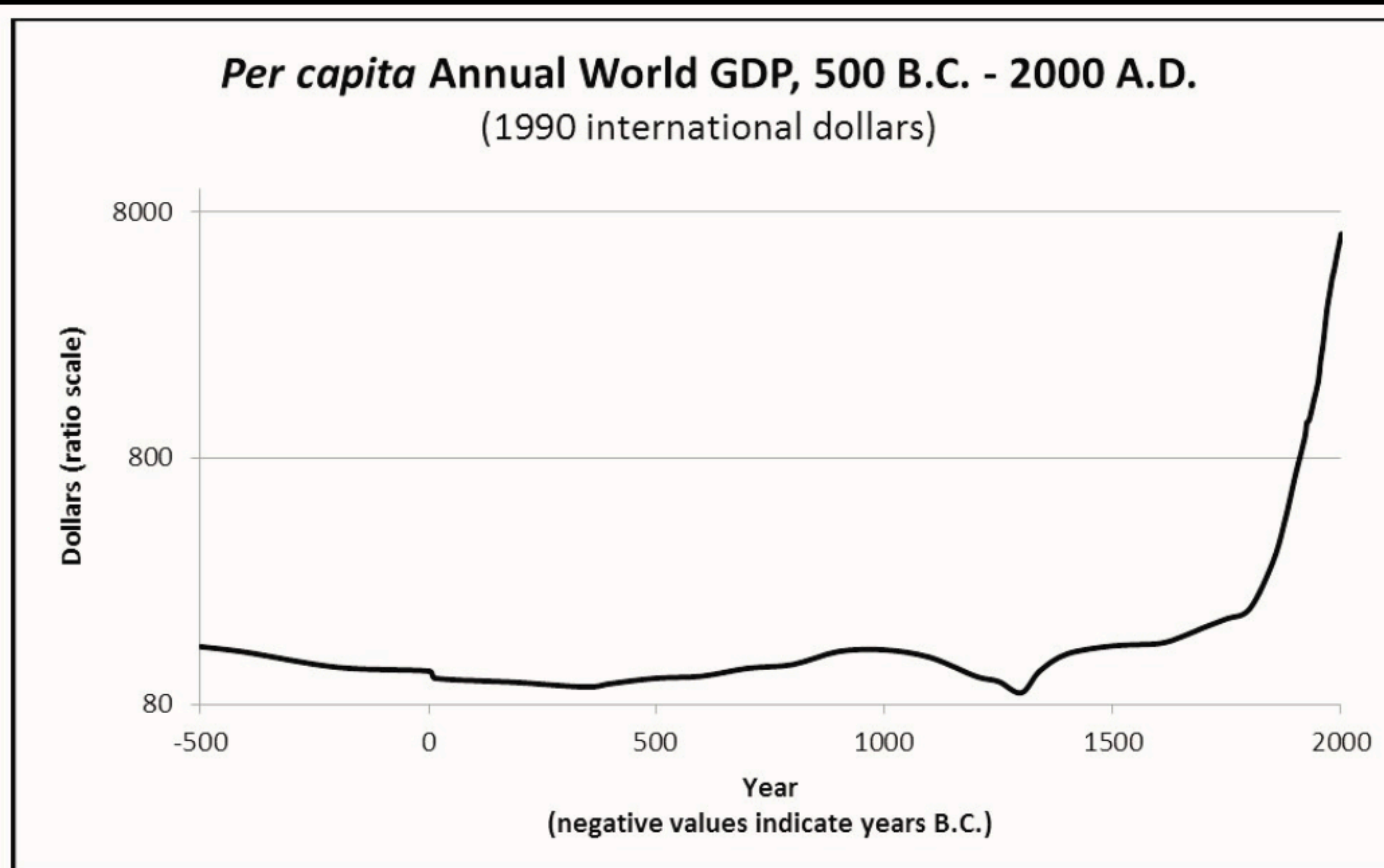


We have the confluence of:

- 1. Monetary & fiscal policy at extremes + societal polarization**
- 2. Life / work reshaping around a new technology**
- 3. A pandemic that created a full-stop event, allowing for the formation of new habits**

**Human nature is our constant,
with innovation acting as fuel**

**History = Change =
the cyclical aggregate of human herding behavior**



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