

Rents going through the roof: Tech and the 'San Francisco-ization' of Miami

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During the pandemic, some major cities across the country saw an exodus, accompanied by a dip in rental prices—but Miami is experiencing just the opposite.

Drawn by the year-round sunshine and beaches, the city became a destination for people from places like New York, Chicago and San Francisco. With the help of Miami Mayor Francis Suarez, Miami pitched itself as tech's newest hot spot, with Microsoft, venture capital firm Founders Fund and private equity giant Blackstone, among others, opening offices. Miami was dubbed the future capital of cryptocurrency.

While this may mean more jobs, housing advocates say they see Miami suffering the same fate as tech's original hot spot, the San Francisco Bay Area.

When companies like Facebook and Google were rapidly expanding in the early 2000s, San Francisco and the greater Bay Area saw housing prices soar. Many traditionally low-income, immigrant neighborhoods were soon flooded with newcomers with high-paying tech jobs.

As prices went up, so did evictions and

displacement, and eventually San Francisco became the most expensive city in the country. Just before the pandemic began last year, the average price of a home in San Francisco was \$1.46 million and the average rent on a two-bedroom apartment was \$4,600 a month.

Now, there is concern that it could happen here.

"Tech is really hurting Miami in terms of housing costs," said Ned Murray, the director of the Florida International University Metropolitan Center. "We can't talk about the economy without talking about housing, they're so interrelated. ... What's happening now is a hyper-level of gentrification. It's unbelievable to see it happening so quickly."

The average rent for a two-bedroom apartment in the city of Miami is currently \$2,748 a month, a 17% increase year over year. In the three years before the pandemic, average rents were relatively stable, ranging between \$2,200 and \$2,450 for a two-bedroom apartment. In April of this year, rent prices began to climb dramatically, according to data from Zumper. Between June and July alone, Miami rents increased by 5.3%, making it one of the highest increases in rent prices in the country. The average price to purchase a home in the city of Miami is \$414,625, up 12% year over year.

Robert Rexach, who worked as a graphic designer for a cruise company before being laid off during the pandemic, says he's seen what he calls a "San Francisco-ization" occurring in South Florida, where only the elite can afford to live.

"The cost of living is still too high for what I'm earning," Rexach said, adding he's only able to afford to live in Miami thanks to a kind landlord who hasn't raised the rent on his one-bedroom apartment in the Roads for years, keeping it at \$1,150/month. "People are going to get priced out."

The transformation and gentrification is so similar to

San Francisco's that Miami-area nonprofits are turning to organizations in the Bay Area for guidance.

Chris Gil works for the Mission Economic Development Association, based in one of the most gentrified neighborhoods in San Francisco, and is advising the Allapattah Collaborative, a nonprofit that works to empower small, local businesses in the neighborhood.

He says Miami's geographically limited space to build more housing and the new wave of tech and finance companies with well-paid workers who want to live in urban centers are among the characteristics that mirror San Francisco. It means that centrally located, traditionally affordable neighborhoods like Allapattah, Little Haiti and Little Havana are ripe for gentrification.

Those neighborhoods are already seeing rapid development. Allapattah, with its proximity to downtown, the airport and its waterfront location on the Miami River, has caught the eye of developers.

Mileyka Burgos-Flores, the founder of the Allapattah Collaborative, says many of the new buildings going up aren't being built for the people who have long lived in Allapattah, where the median income is \$34,510.

"We like tech but we need to understand better what happened in San Francisco," she said of Suarez's push to lure tech companies from the Bay Area to Miami. "Tech is fine, but to subject a city that is surviving a pandemic, one of the poorest cities in the country, with a horrible education system and high percentage of immigrants who don't speak English and aren't digitally included—there is a lot on the line for us."

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