



NATIONAL
MULTIFAMILY
HOUSING
COUNCIL

Apartment Industry Overview

NAR Commercial Update

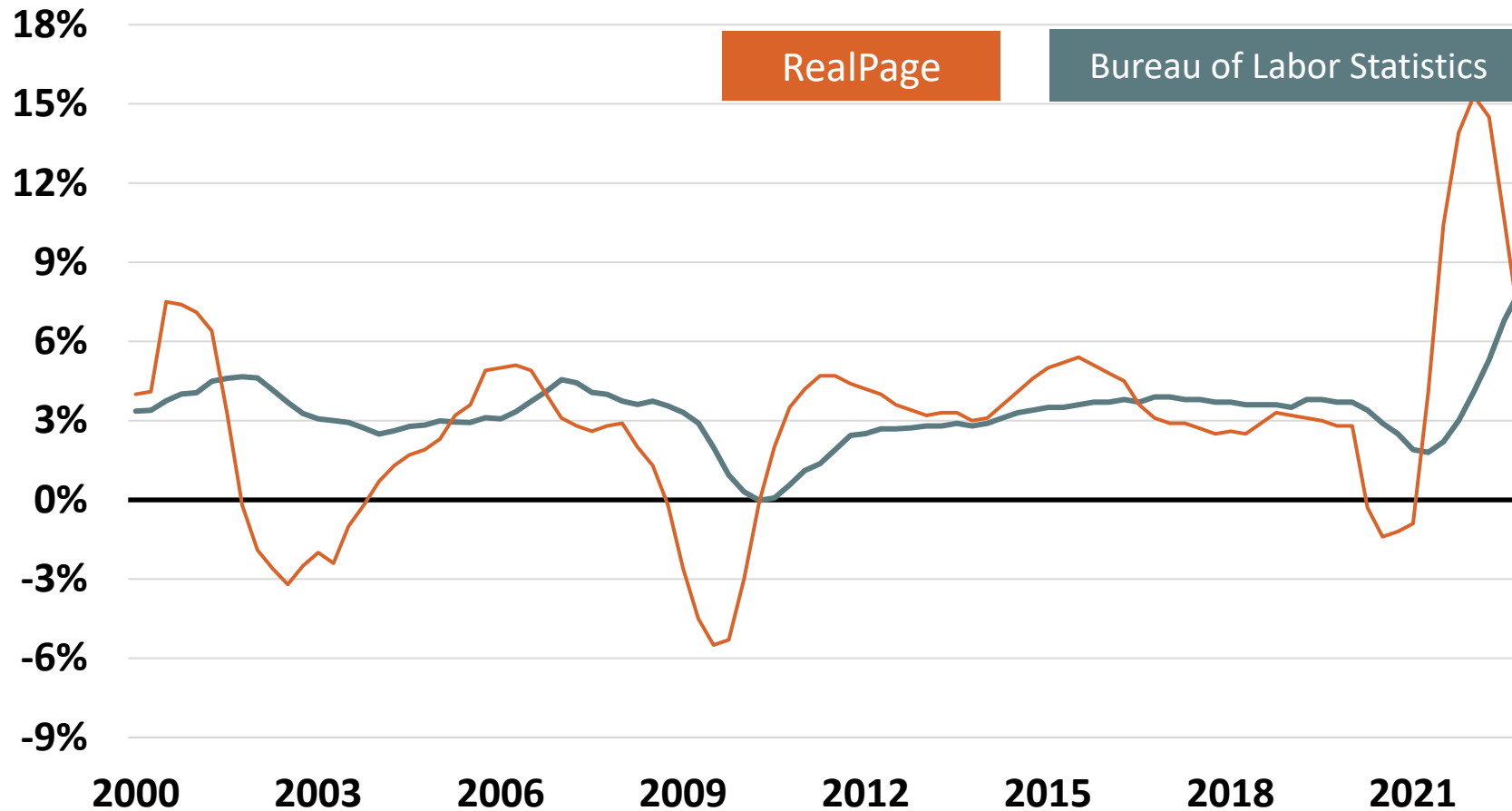
Caitlin Sugrue Walter, Ph.D

March 22, 2023

Agenda

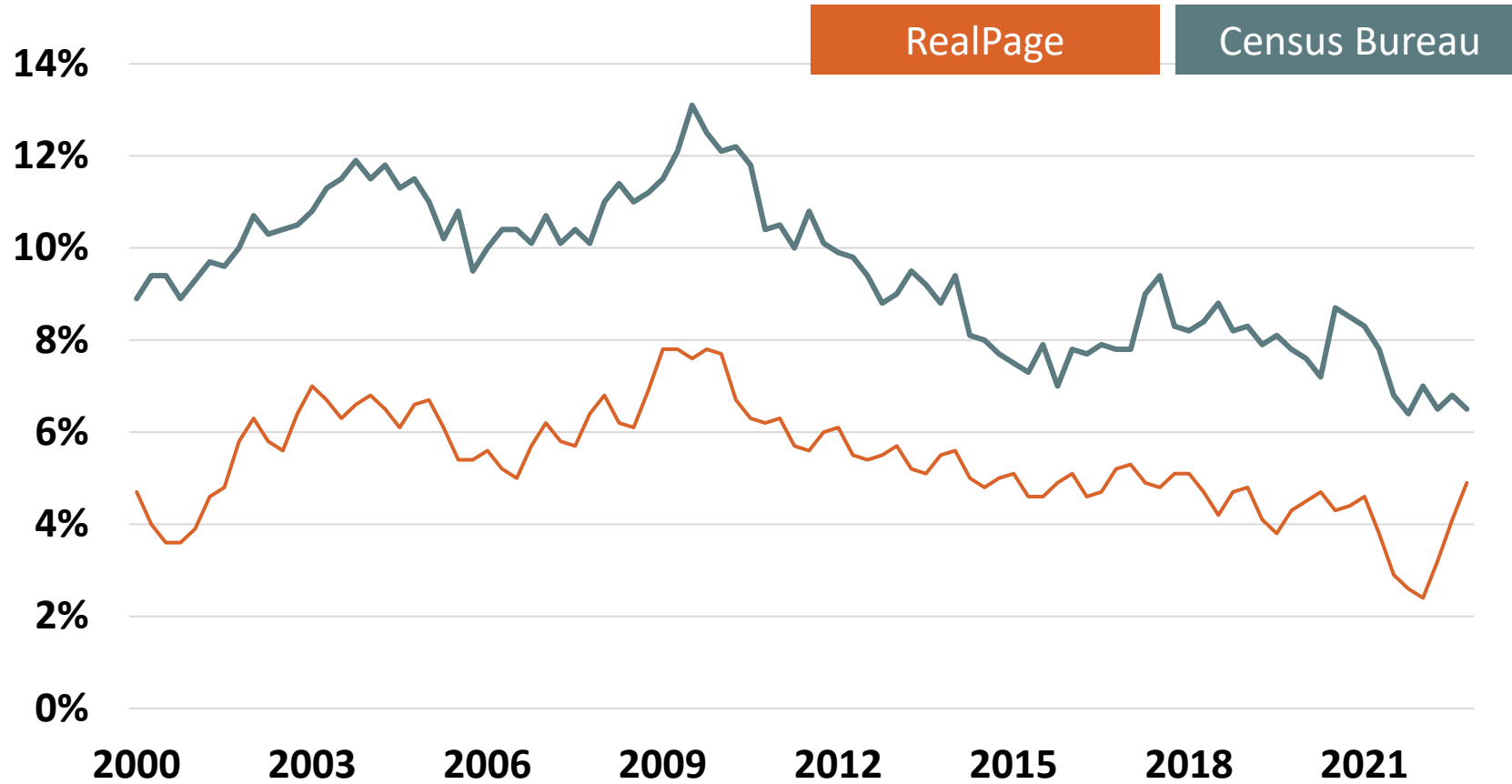
- Current Market Conditions
 - Rental and Vacancy Rates
 - Debt and Equity Financing Availability
- Implications for the Future

Market Rents Have Begun to Fall, but CPI Rent Lags and Still Shows an Increase



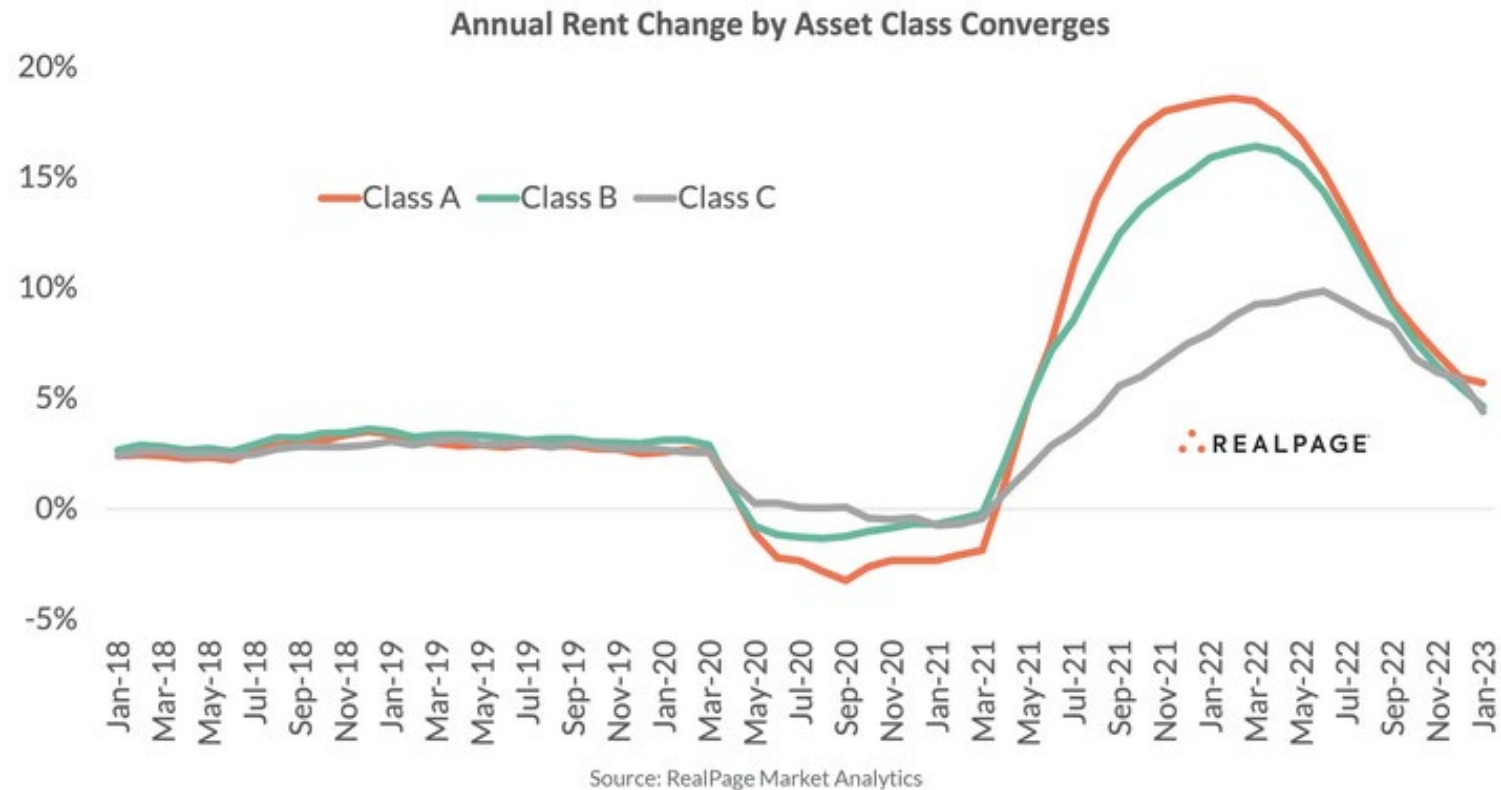
SOURCE RealPage; U.S. Bureau of Labor Statistics

Vacancy Rates Also Remain Out of Sync

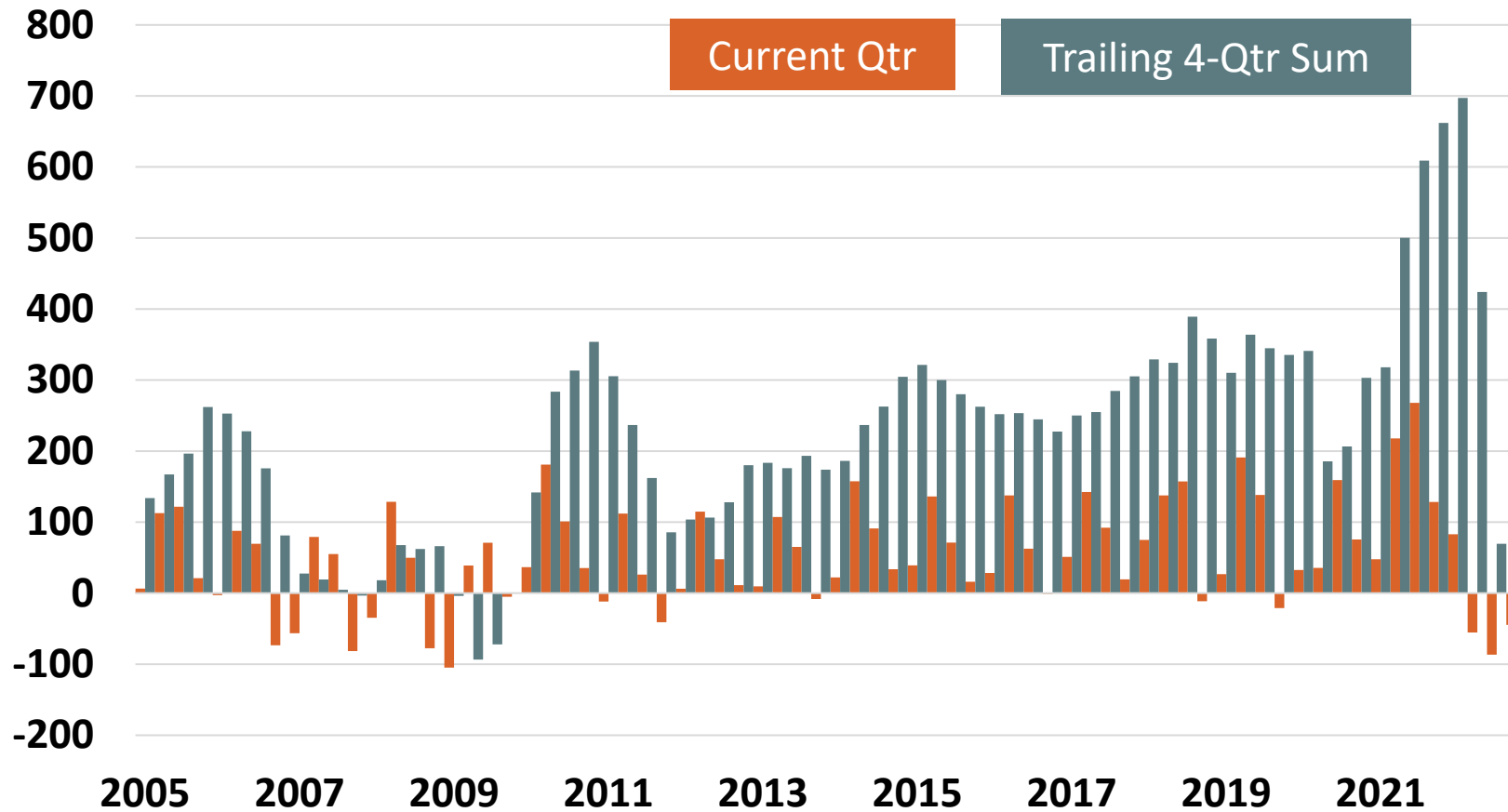


SOURCE RealPage; US Census Bureau

Class A Sector Was Largely Responsible for Rent Growth Previously

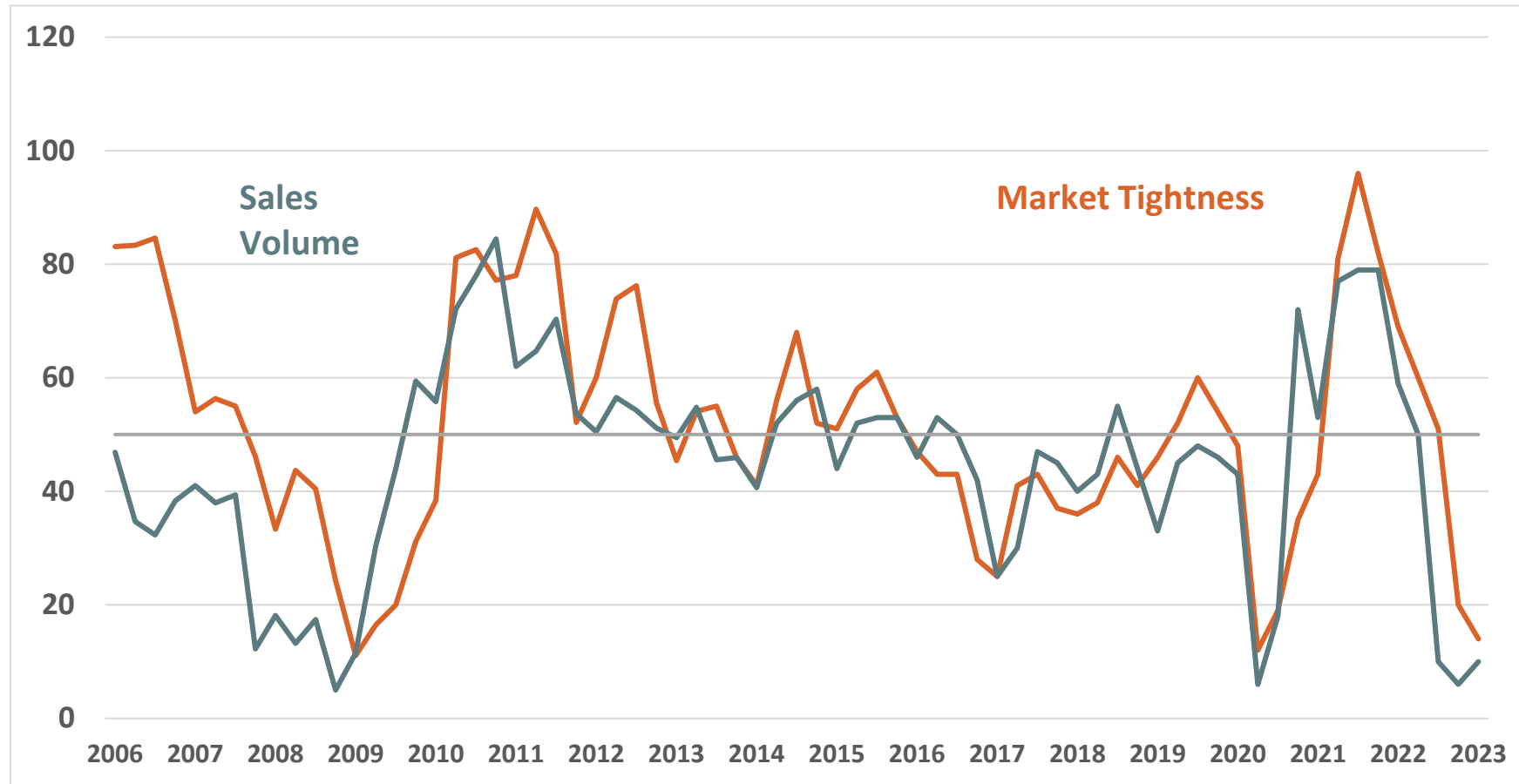


Absorptions Have Been Falling for Several Quarters



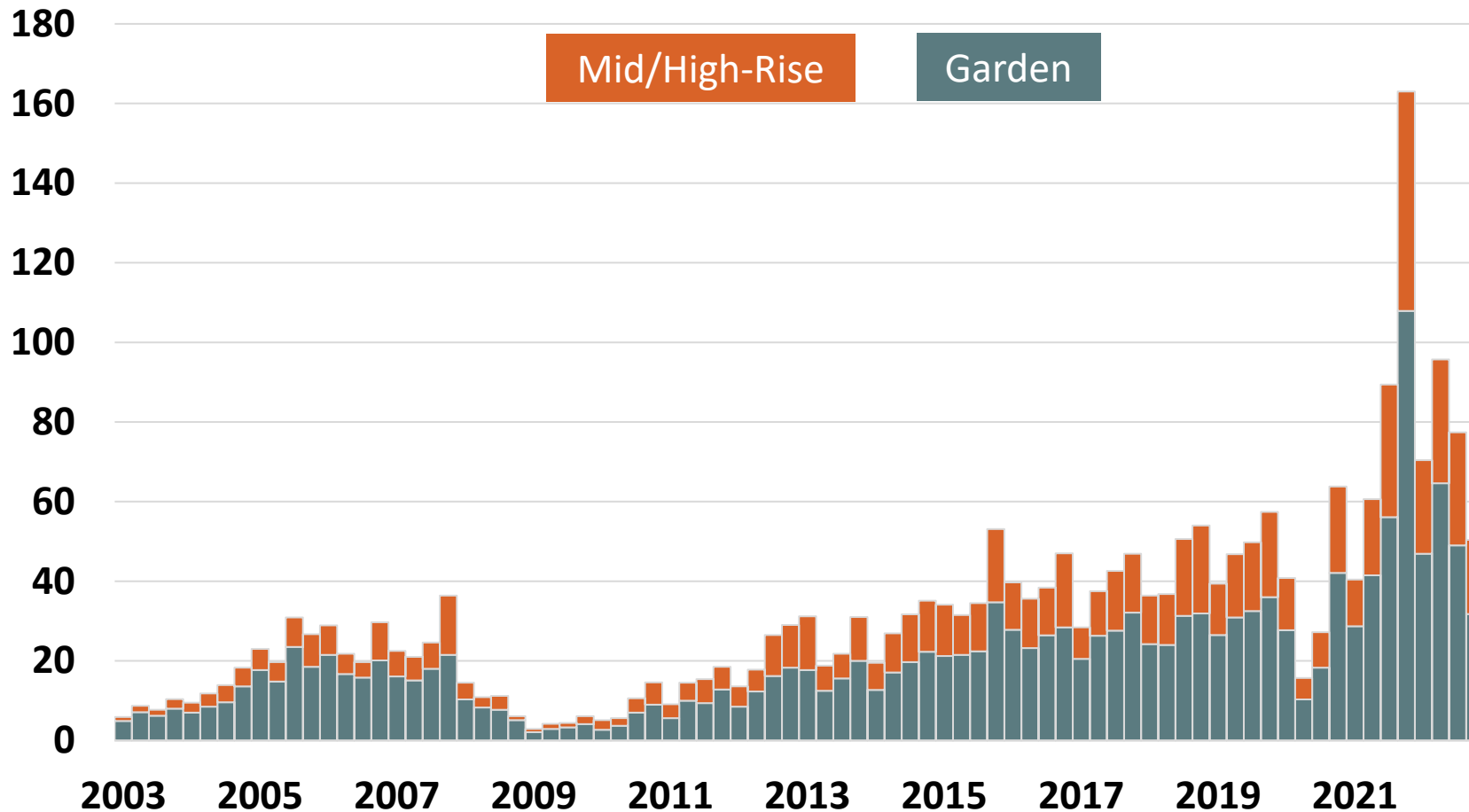
SOURCE: RealPage, Inc.

Market Tightness and Sales Volume Both Indicate Declining Conditions



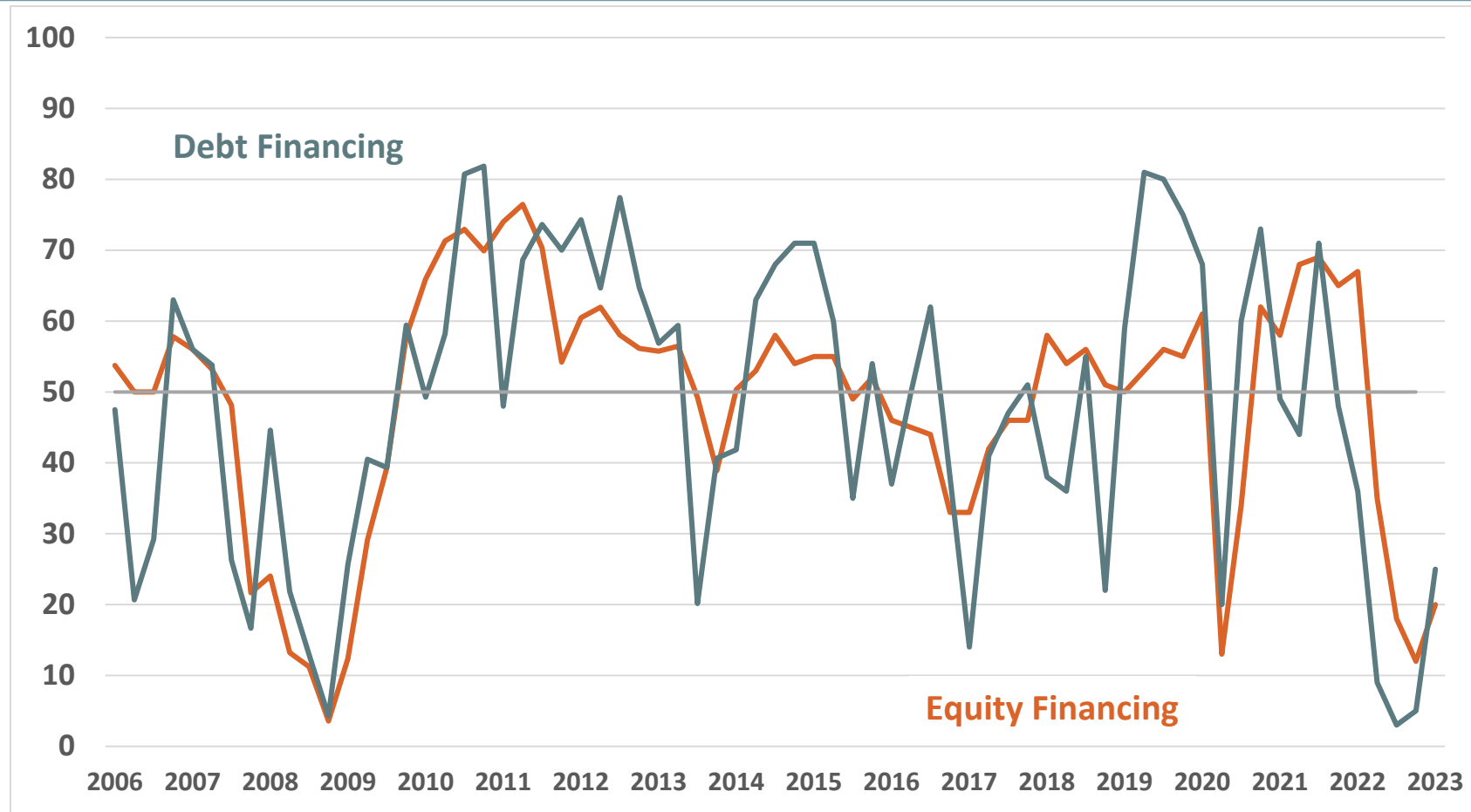
SOURCE: NMHC Quarterly Survey of Apartment Market Conditions

Sales Volume Has Decreased Significantly After Historic Highs



SOURCE: Real Capital Analytics/MSCI.

Financing Conditions Have Declined in the Past Several Months



SOURCE: NMHC Quarterly Survey of Apartment Market Conditions

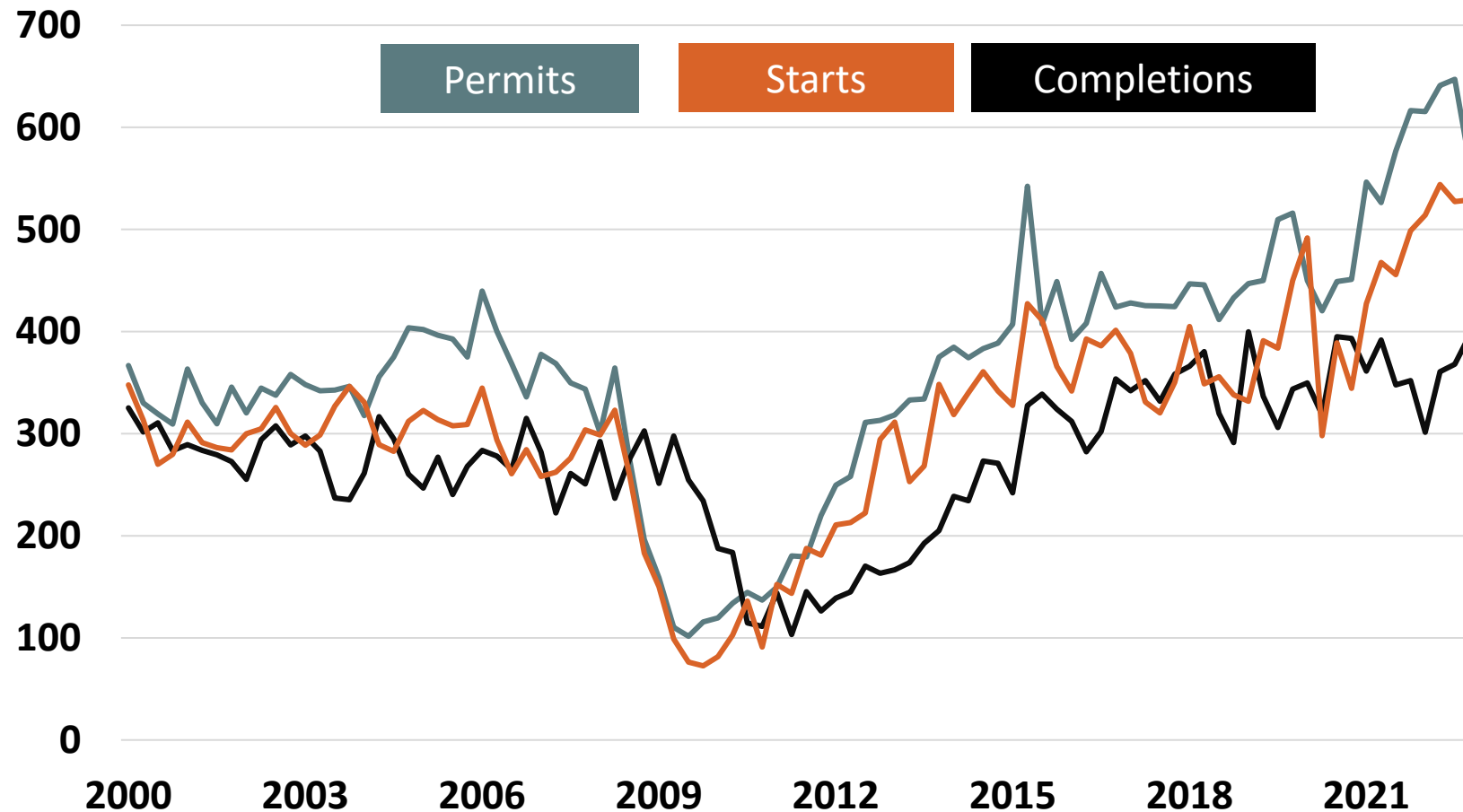
Future Implications

The country needs to build 4.3 million more apartments by 2035.

- 600,000 units are needed currently at a variety of price points
- Of the remaining 3.7 million, more than 1.5 million new units are needed in Texas, Florida, and California alone.

SOURCE: Hoyt Advisory Services, LLC; Eigen10 Research; NMHC; NAA.

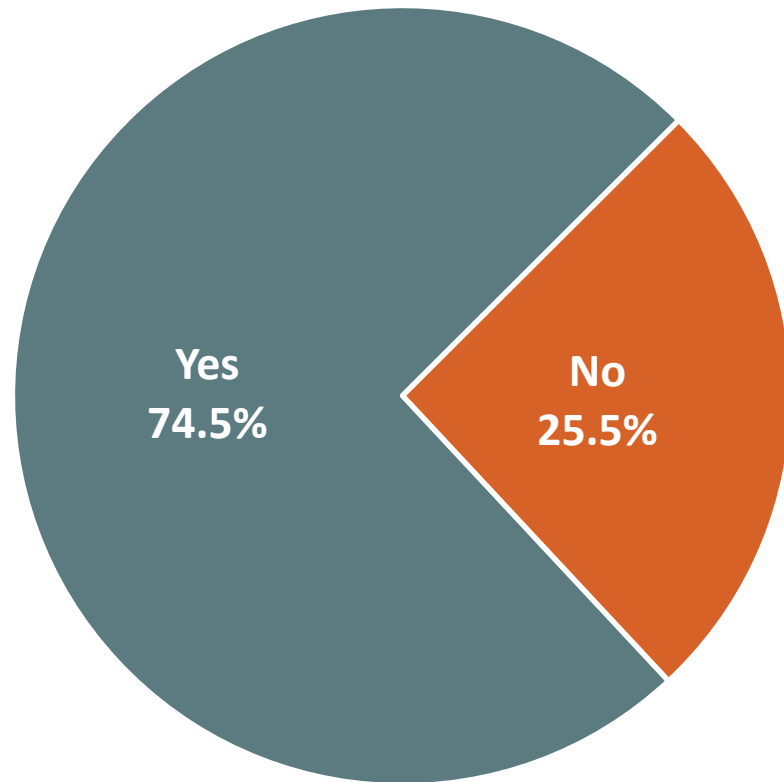
New Construction of Multifamily (5+) Units Remains Elevated



SOURCE: Census New Residential Construction

NIMBYism Carries a Financial Cost

Prevalence of NIMBY Opposition



Average impact when neighborhood opposition is present:

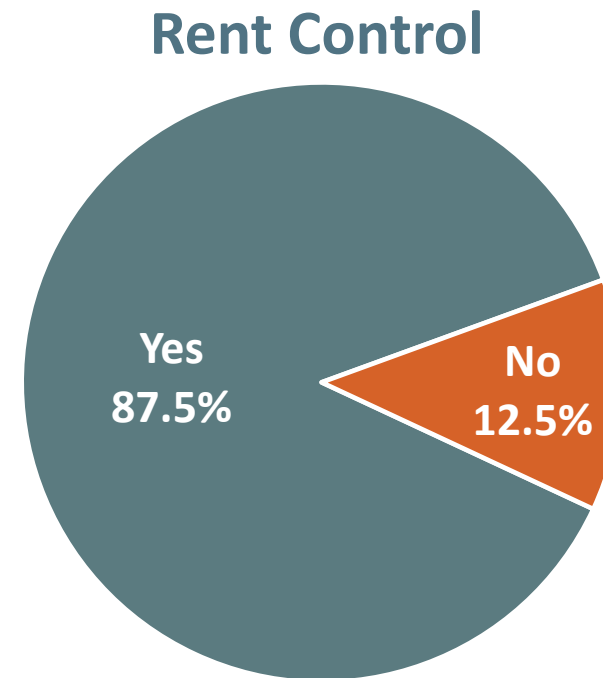
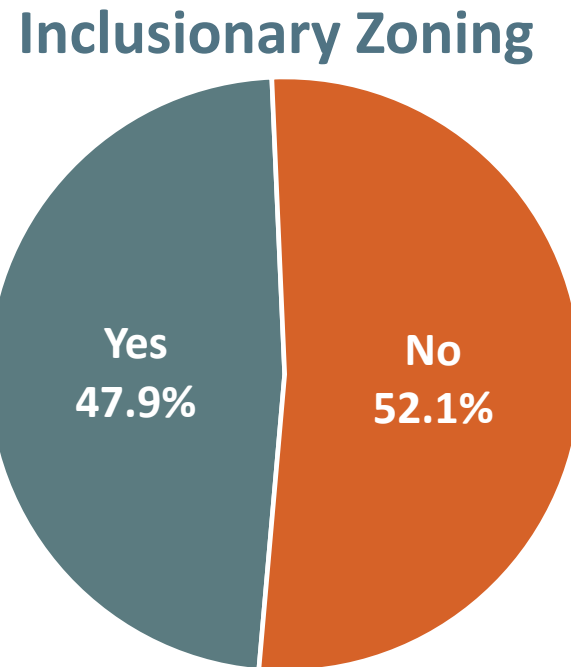
5.6% increase in development costs

7.4 months delay

SOURCE: NMHC Quarterly Survey of Apartment Market Conditions

Regulations Can Prevent Development from Occurring at All

Avoidance of Jurisdictions with the Following Regulations:



SOURCE: NMHC Quarterly Survey of Apartment Market Conditions