Multifamily Market Outlook
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Multifamily Economics and Market Research
Multifamily Mortgage Business

January 2017
“It’s a new rent concept—fifteen minutes for a quarter.”

Source: The New Yorker
Real Estate Fundamentals: Rental Demand Slowing

National estimated multifamily vacancy rates remain low despite increasing in 4Q2016...

Estimated National Rent Level and Vacancy Rate

Source: Fannie Mae Multifamily Economics and Market Research Estimates
Real Estate Fundamentals: Rental Demand Slowing

…and all classes are seeing slowing rent growth...

National Effective Rent Growth by Class

% Increase from Prior Year

Source: Axiometrics
Real Estate Fundamentals: Rental Demand Slowing
...with concession rates starting to rise.

National Concession Rate

Source: Axiometrics
Real Estate Fundamentals: Supply and Demand
Multifamily starts are now ahead of recent historic average levels...

Multifamily (5+ units) Starts
(3 month moving average)

Source: U.S. Department of Commerce, Bureau of the Census, per Moody’s Analytics
Real Estate Fundamentals: Supply and Demand
...and the number of multifamily projects due this year is rising...

National Condo and Apartment Completions and Units Underway

Source: CBRE-EA/Dodge Pipeline, January 2017

NOTE: Pipeline data is not an actual forecast of activity, it is a monitor of activity reported on to-date. As more projects are planned and tracked, figures in future periods might go up.

* Anticipated completion date
Real Estate Fundamentals: Supply and Demand

...but much of the completions coming online soon are concentrated in about 12 metros...

Multifamily Apartment Units Underway – Select Metros

Source: CBRE-EA/Dodge Pipeline, December 2016 – Metros with 4,000 or more units underway or completed

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Real Estate Fundamentals: Supply and Demand
...some of which may see job growth slow down over the next two years.

Change in Employment (CAGR) – Select Metros

Source: Moody’s Analytics, 3Q2016
Real Estate Fundamentals: Multifamily Investment

Cap rate spreads have stayed wide...

Treasuries and Multifamily Cap Rates

Source: Real Capital Analytics, and Federal Reserve, Selected Interest Rates H.15, per Moody’s Analytics
Real Estate Fundamentals: Multifamily Investment

...as investors remain interested in buying existing apartment buildings.

National Apartment Sales Volume and Cap Rates

Source: Real Capital Analytics
And remember:

Thank You!

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