



Multifamily Housing Market Update

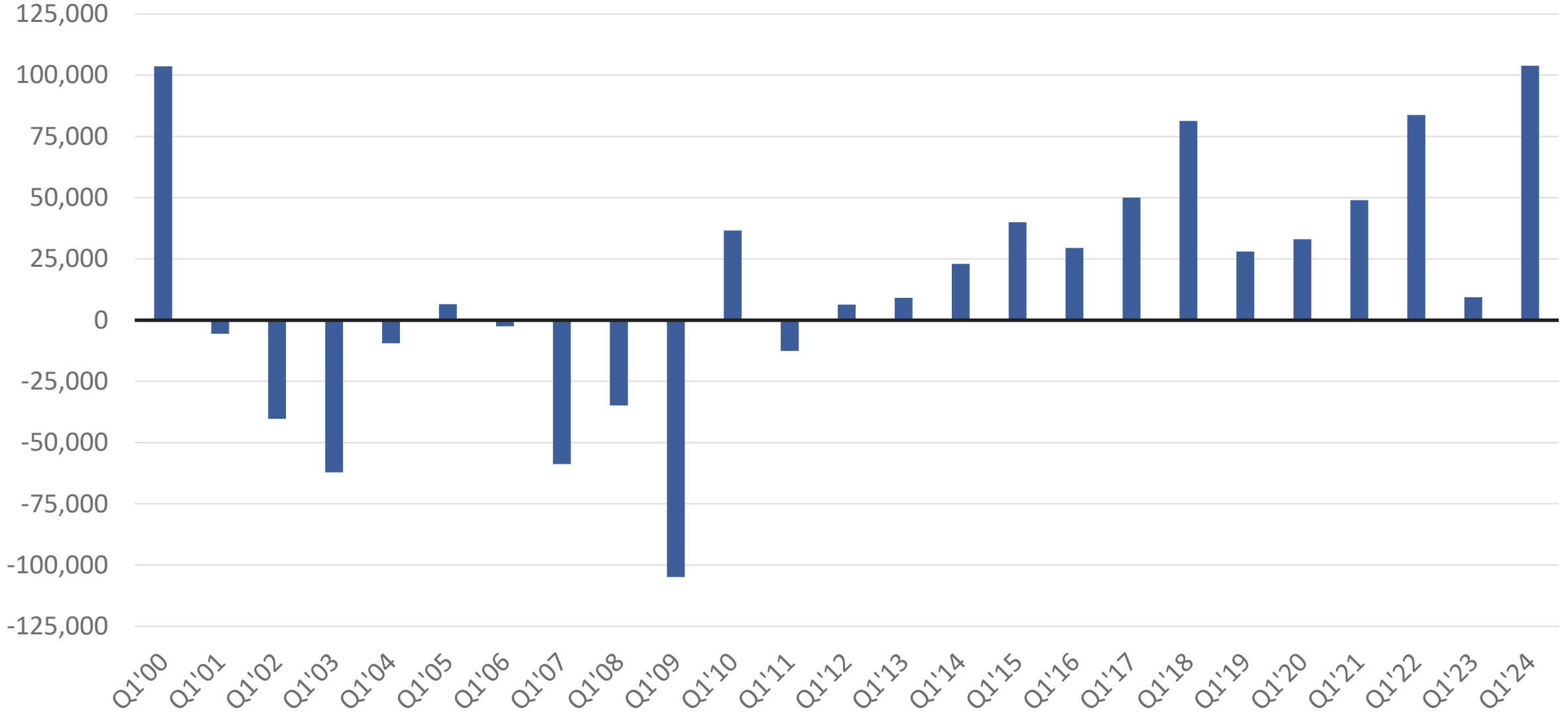
Prepared for Dallas Fed/SMU Housing Conference

May 2024

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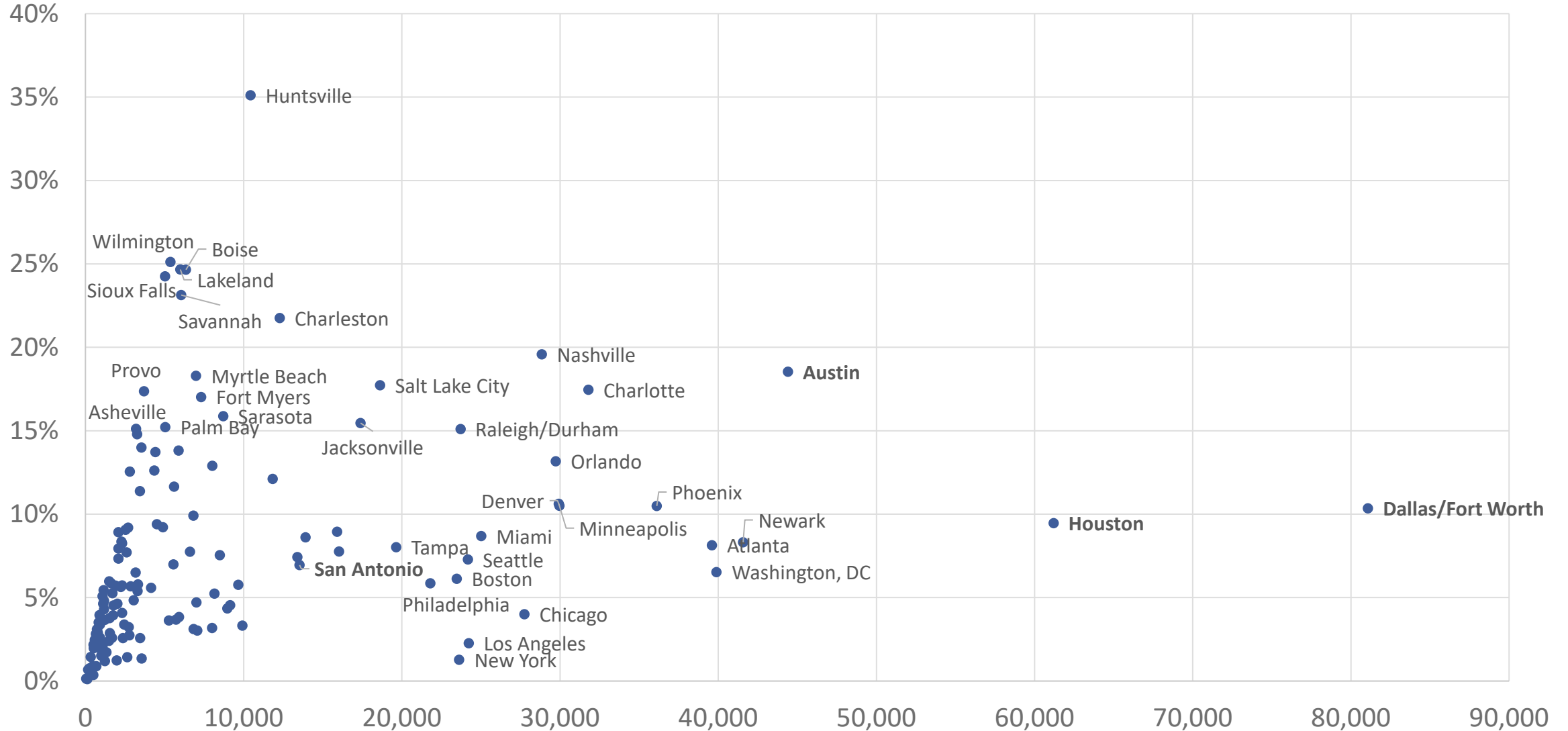
U.S. Apartments Notch Strongest Q1 Leasing Demand in 20+ Years

Net Apartment Absorption in 1st Quarter by Year



Examining Net Apartment Demand Since the Pandemic

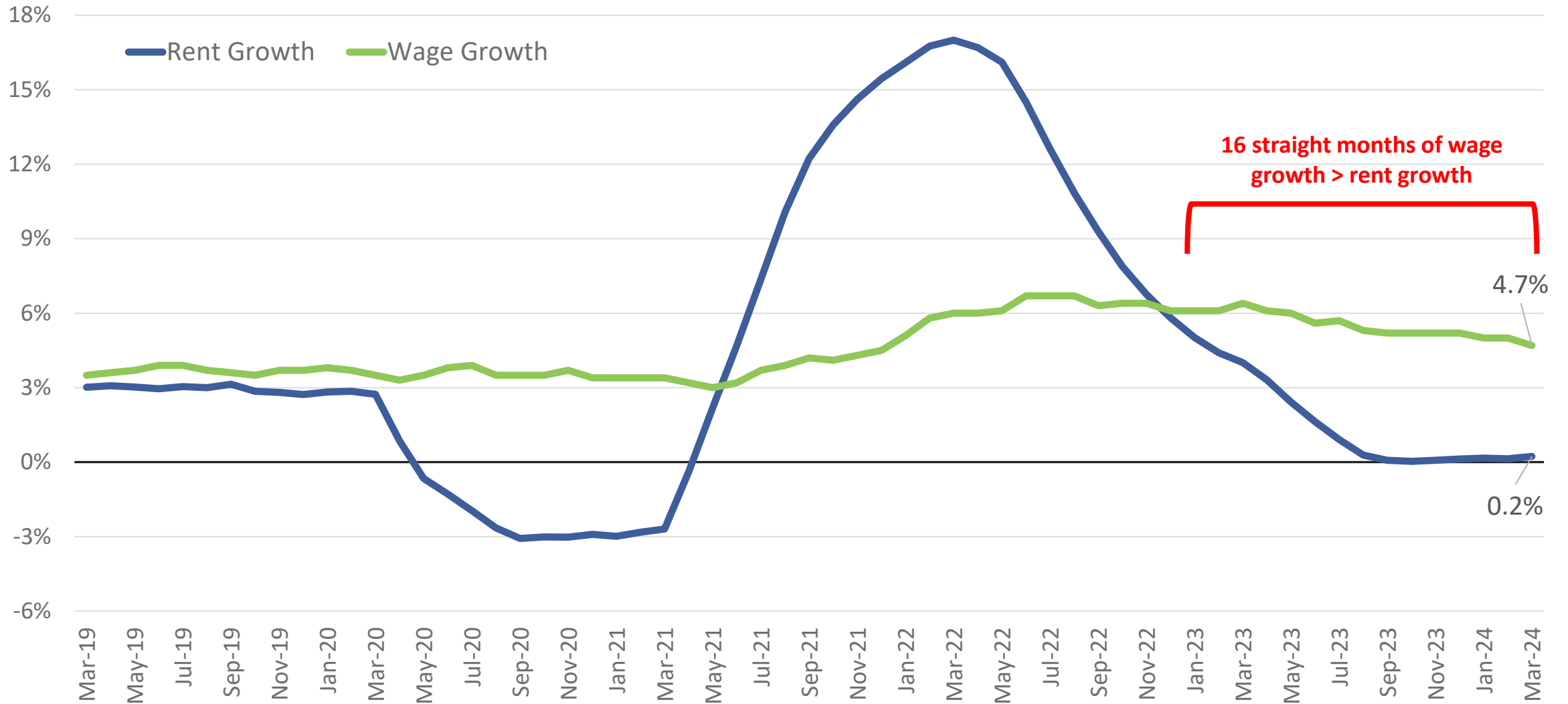
Net Change in Apartment Renter Households, March 2020 to March 2024



Source: Author's calculations of RealPage data

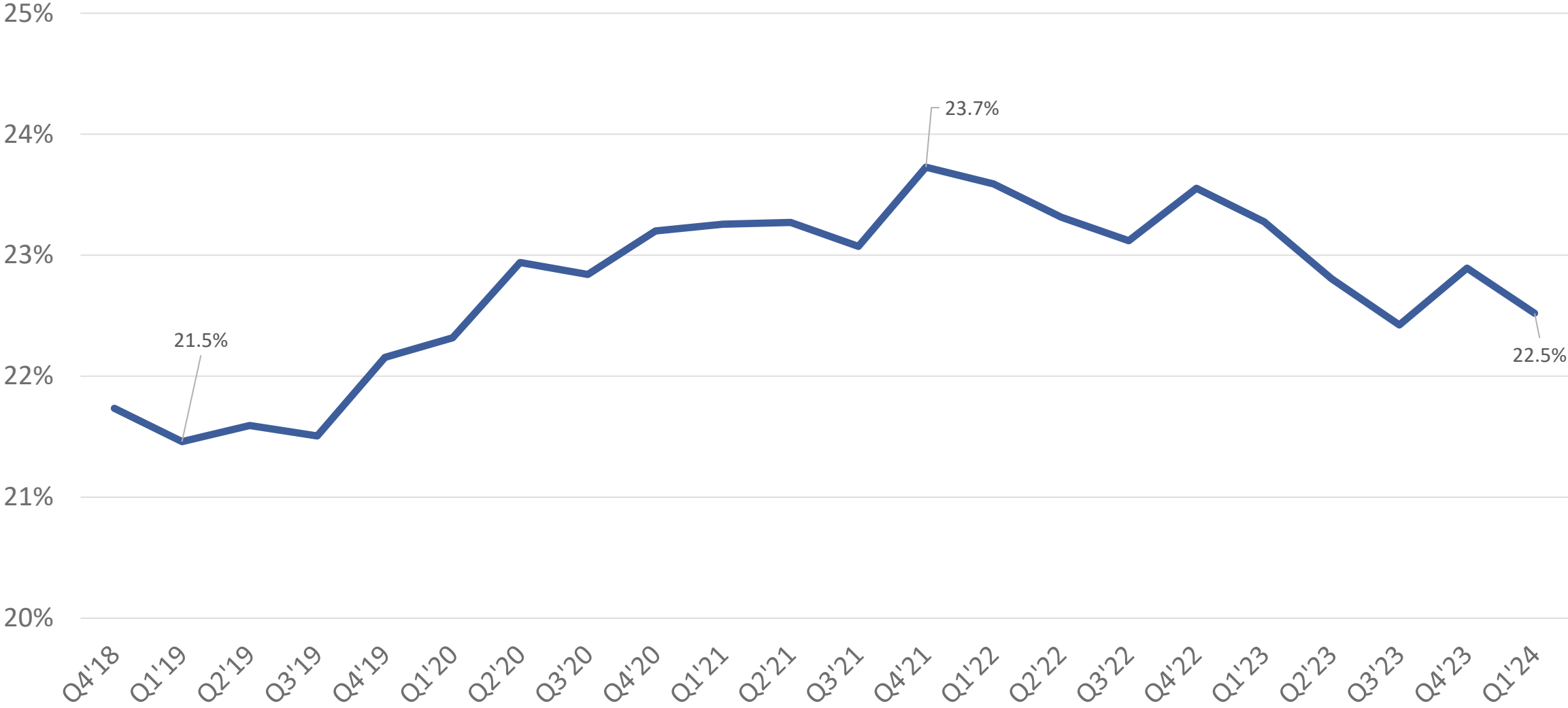
Wages Top Rents for 16th Straight Month, and Should Continue

Apartment Rents (RealPage's YoY Change) vs. Wages (Atlanta Fed's 3-Mo Moving Average)



Rent-to-Income Ratios Tick Down as Wages Outpace Rents

Median Rent-to-Income Ratio, New Lease Signers in Pro-Managed, Market-Rate Apartments



Source: RealPage. Note this data excludes renters not living in professionally managed, market-rate apartments.

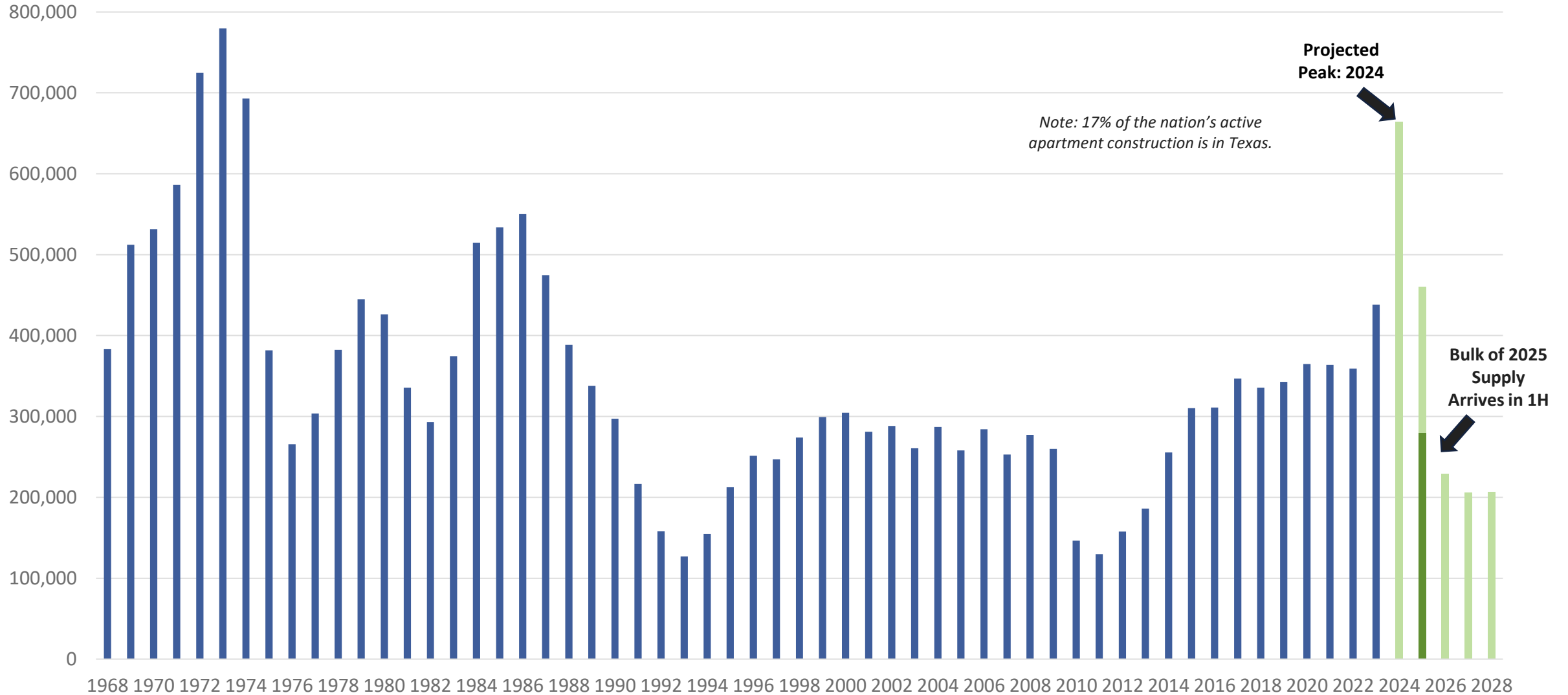
Top 15 Markets for Apartment Demand

Rank	Metro Area	T-12 Net Absorption (units)	Demand > Supply?
1	Dallas/Fort Worth, TX	21,693	No
2	Houston, TX	18,189	No
3	Phoenix, AZ	14,753	No
4	Austin, TX	13,704	No
5	Atlanta, GA	13,165	No
6	Washington, DC	11,653	No
7	Charlotte, NC	11,224	No
8	Minneapolis, MN	10,379	No
9	Nashville, TN	10,026	No
10	Raleigh/Durham, NC	10,006	No
11	Denver, CO	9,296	No
12	Orlando, FL	9,008	No
13	Newark/Jersey City, NJ	7,483	No
14	Salt Lake City, UT	7,146	No
15	Philadelphia, PA	6,481	No

18% of the nation's net new apartment demand went to Texas in the YE-March 2024

Multifamily Supply Will Hit a 50-Year High in 2024, Then Drop Fast

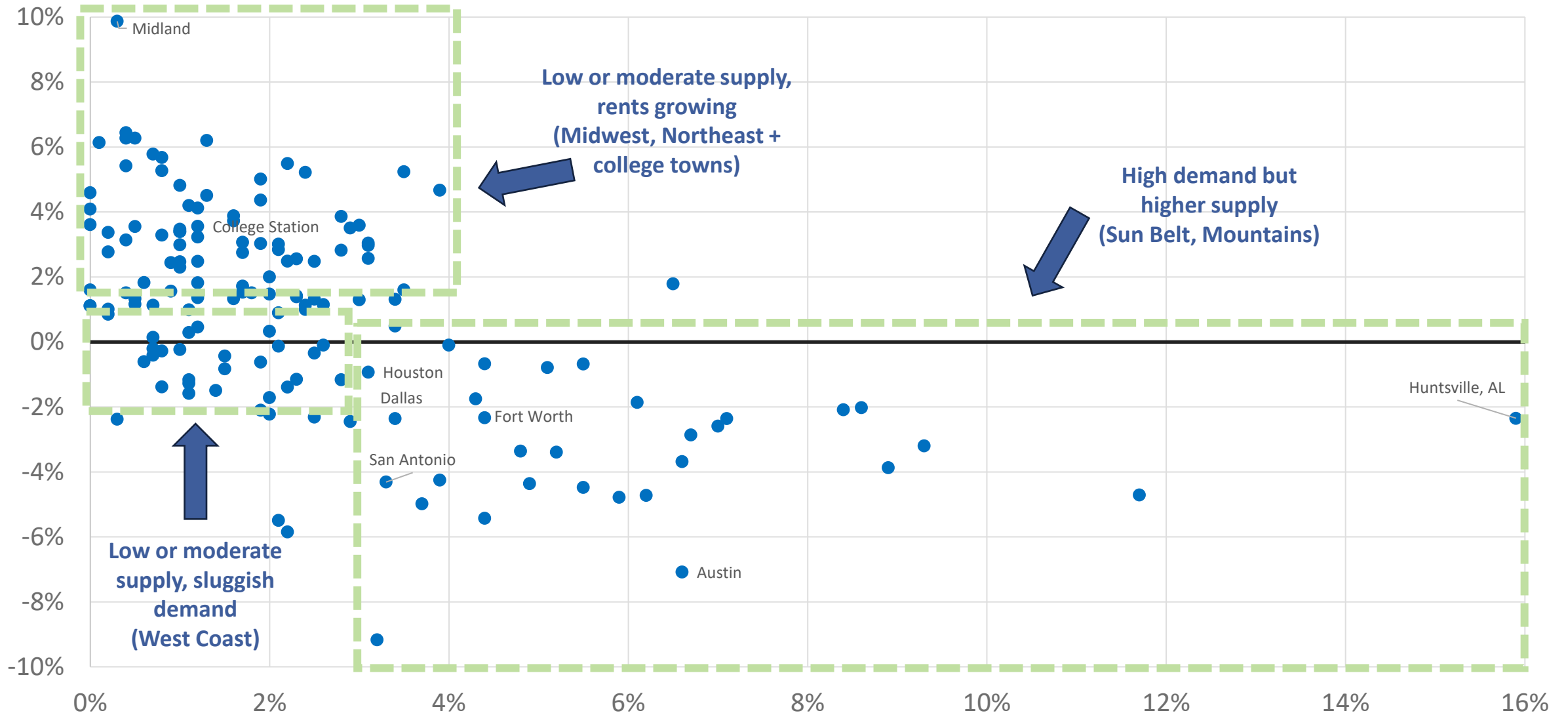
Multifamily Units Completed by Year (Census) and Forecast (RealPage)



Sources: Census, RealPage. RealPage forecast includes only rental apartments.

Rents Slow Where Supply Goes, Grow Where It Doesn't

T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, March 2024





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How new apartments create opportunities for all

Market-rate rental construction in Minneapolis has freed up more affordable homes for households across the income spectrum

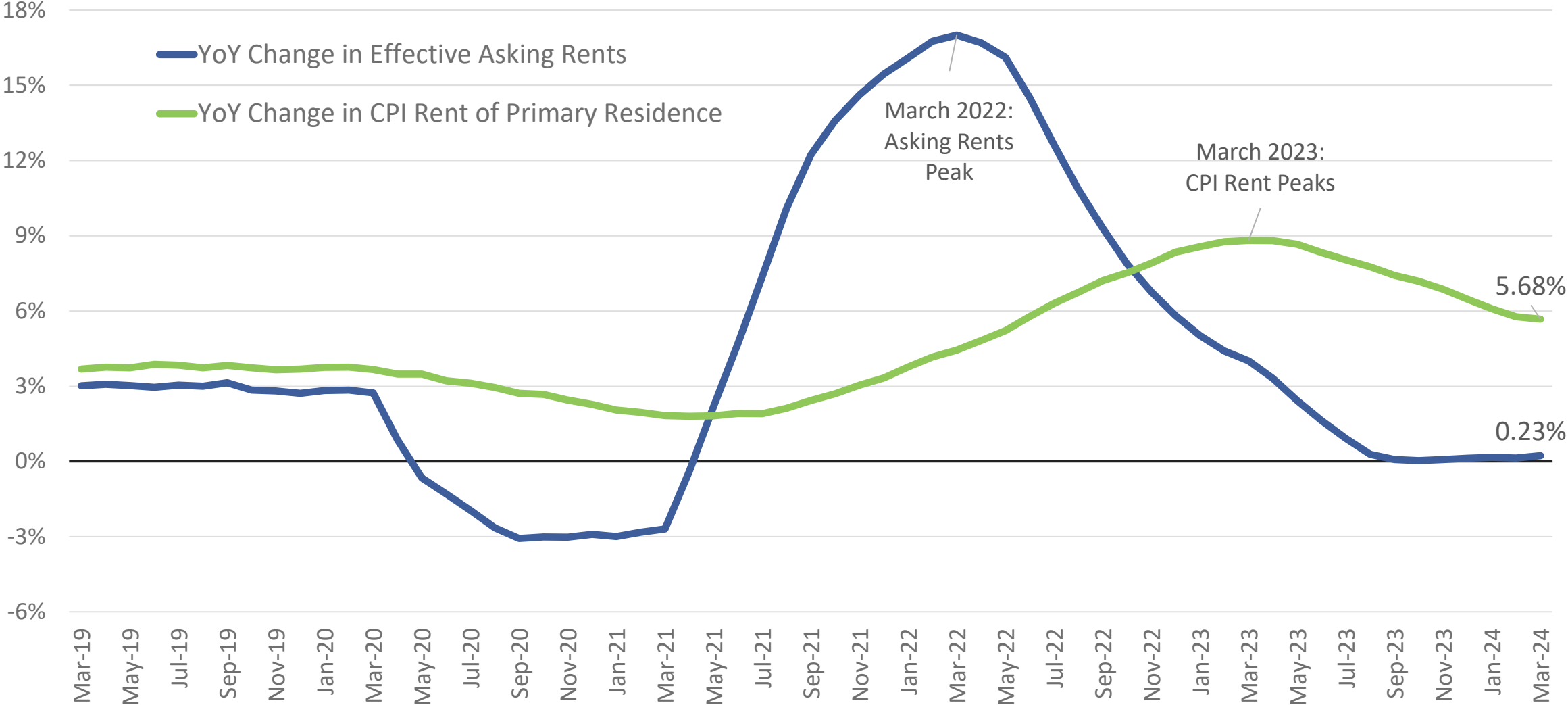
March 4, 2024

Class C Rents are Falling Hardest in High-Supplied Markets

Rank	Metro Area	Supply Rate Above U.S. Avg?	Class C YoY Rent Change
1	Fort Myers, FL	Yes	-10.1%
2	Austin, TX	Yes	-9.7%
3	Daytona Beach, FL	Yes	-8.4%
4	Wilmington, NC	Yes	-7.8%
5	Fort Walton Beach, FL	No	-7.2%
6	Boise, ID	Yes	-6.7%
7	Phoenix, AZ	Yes	-6.3%
8	Sarasota, FL	Yes	-6.3%
9	Atlanta, GA	Yes	-5.7%
10	Reno, NV	Yes	-5.6%
11	Raleigh/Durham, NC	Yes	-5.5%
12	Colorado Springs, CO	Yes	-5.3%
13	Jacksonville, FL	Yes	-5.1%
14	Palm Bay/Melbourne, FL	Yes	-5.0%
15	Fayetteville, NC	No	-4.8%
16	Port St. Lucie, FL	Yes	-4.1%
17	San Antonio, TX	Yes	-4.0%

CPI Rent Continues Gradual Slide Down, as Asking Rents Hold Flat

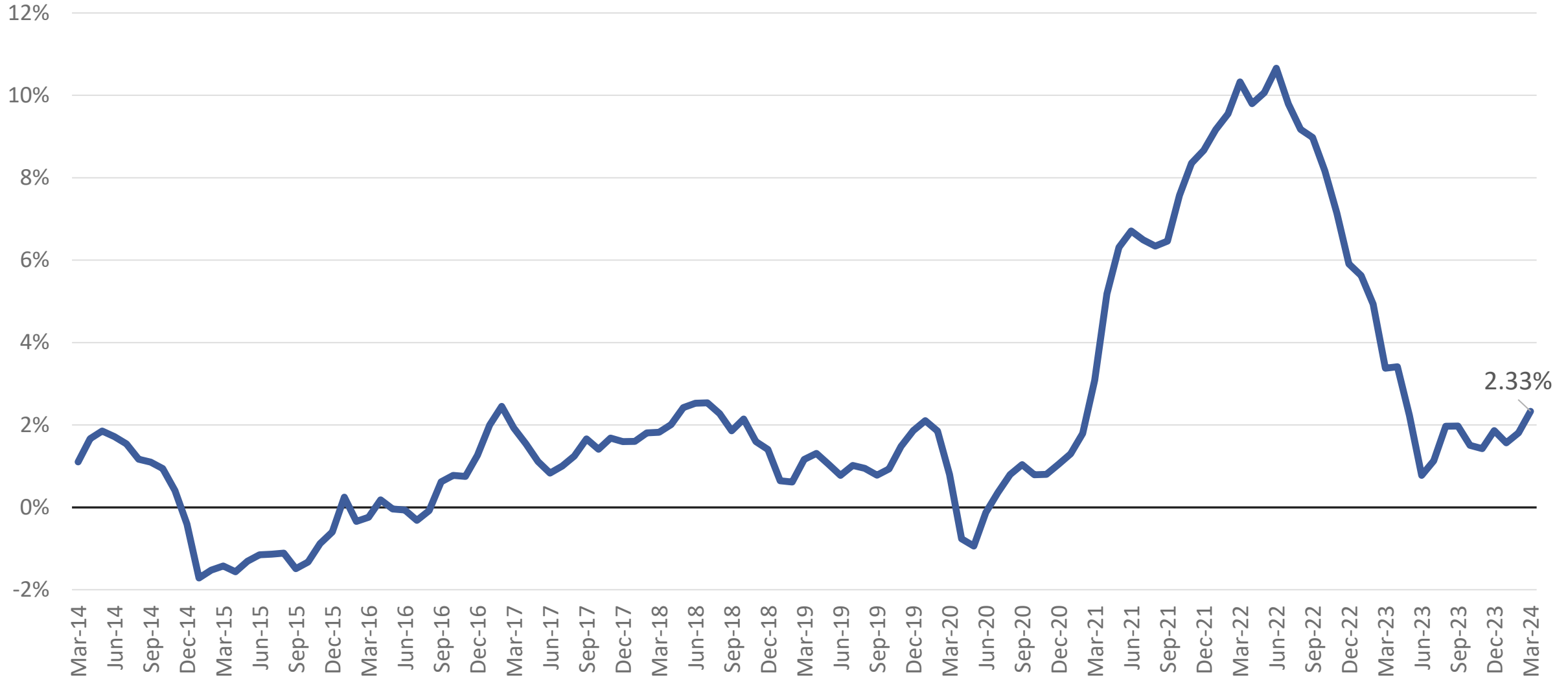
Asking Rents vs. CPI Rent of Primary Residence



Sources: Effective asking rents from RealPage covering market-rate, professionally managed apartments. CPI Rent from the U.S. Bureau of Labor Statistics.

Excluding Lagged Shelter, Inflation Hovers in Fed's Target Range

YoY Change in CPI Less Shelter

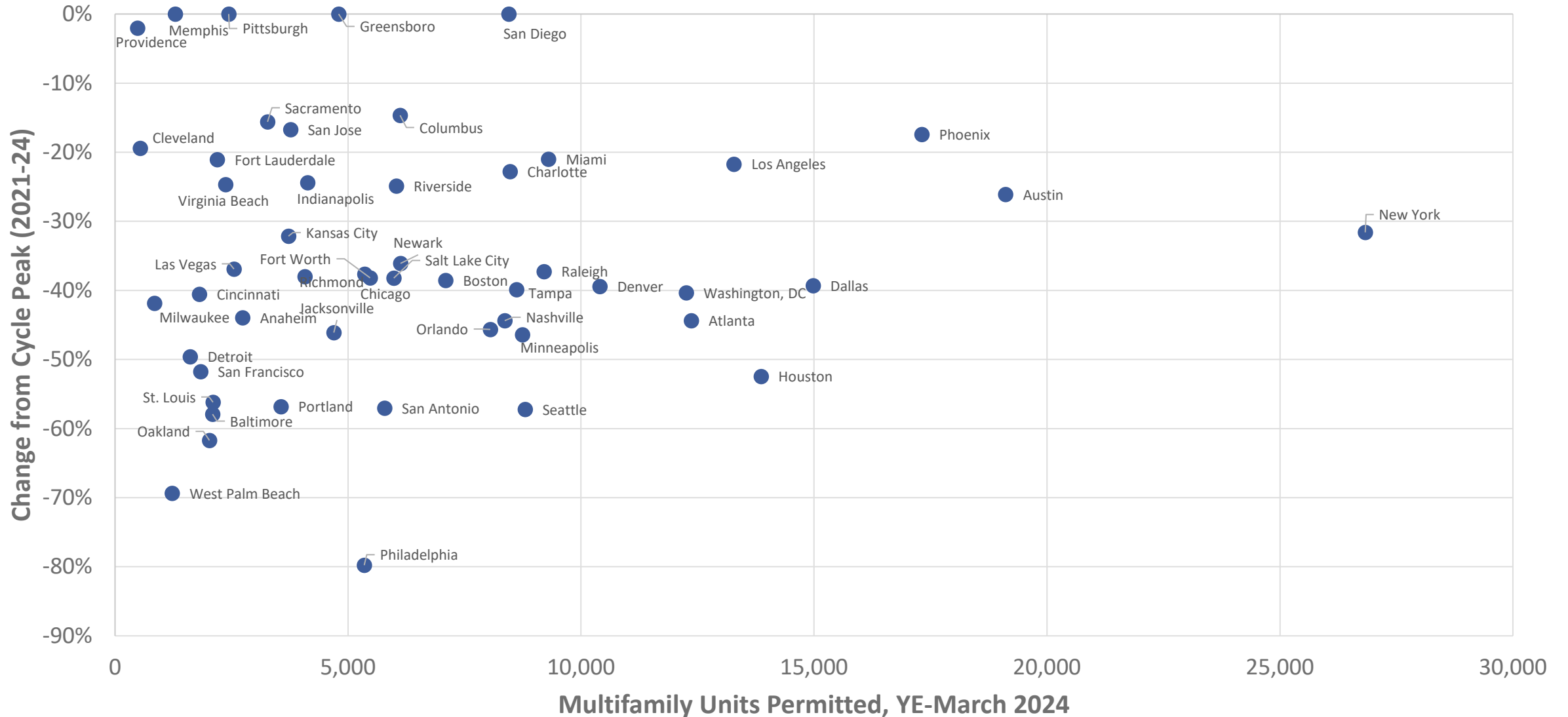


Diminished Loss to Lease Suggests Muted Upside for Renewals



Multifamily Building Permits Have Plunged Nearly Everywhere

Multifamily Units Permitted: Current vs. Peak

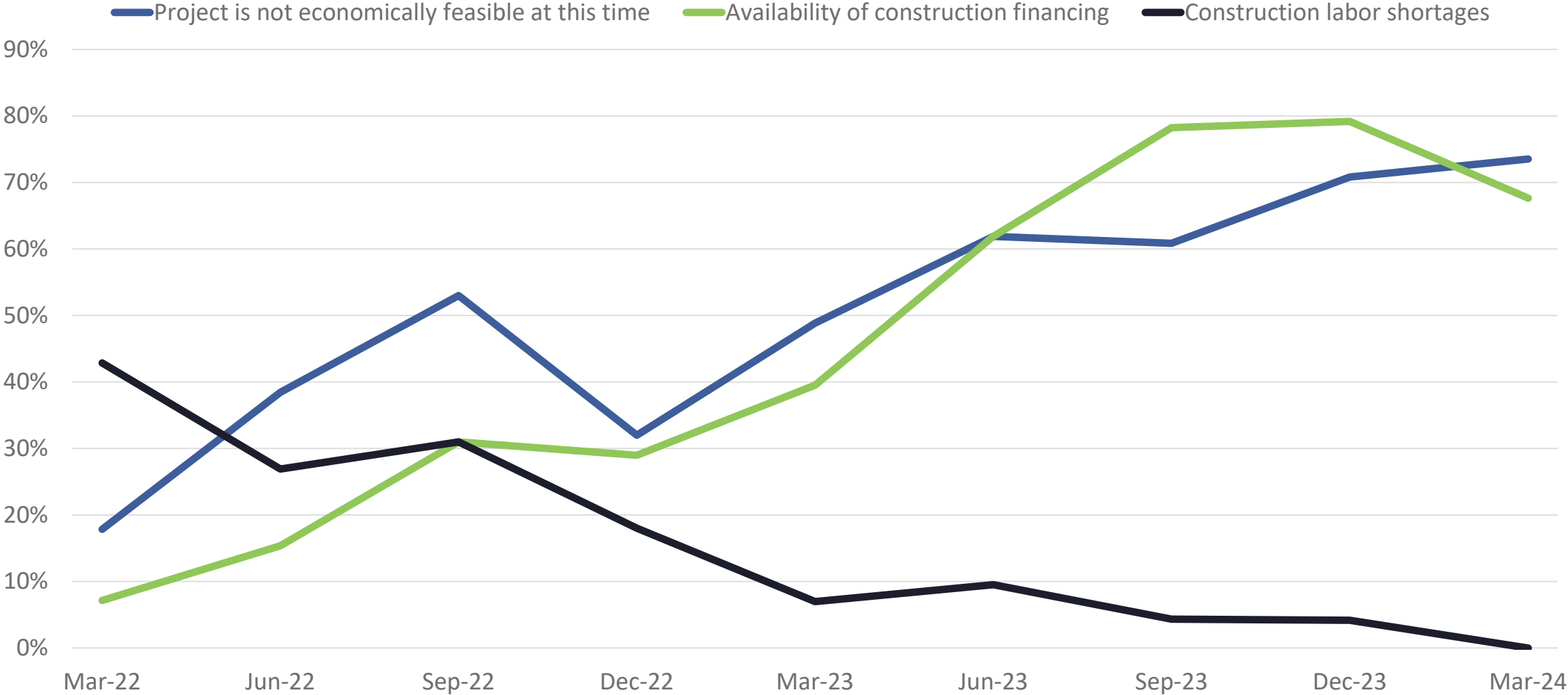


Source: Author's calculations of Census data

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Apartment Construction Delays Tick Higher as Projects Don't Pencil Out

NMHC Survey: Reasons for Apartment Construction Delays (multiple answers allowed)



*Source: NMHC Quarterly Apartment Construction Survey.
Note that multiple answers are allowed, and that respondents provided additional reasons beyond the three shown here.