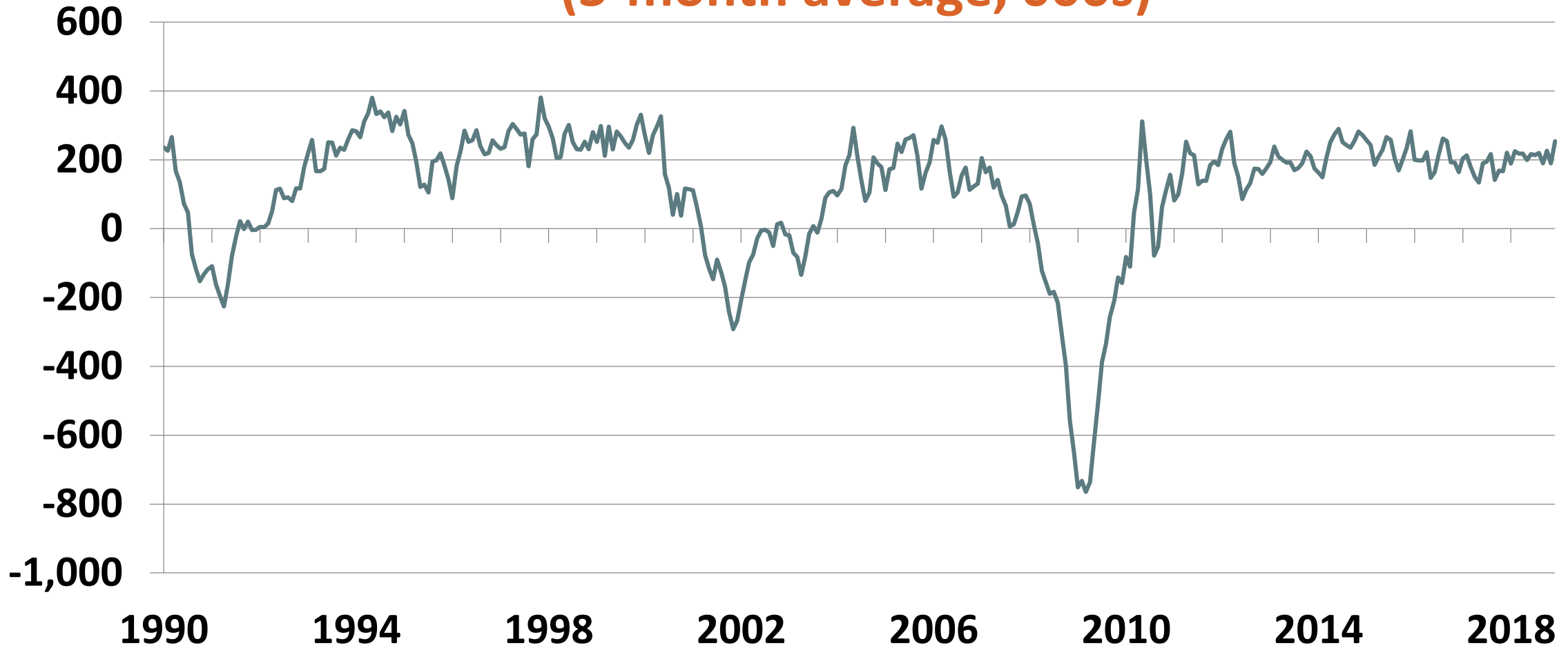# Digging Deeper: The Multifamily Market Outlook

Kim Betancourt, Fannie Mae

Jay Lybik, Institutional Property Advisors

Greg Willett, RealPage

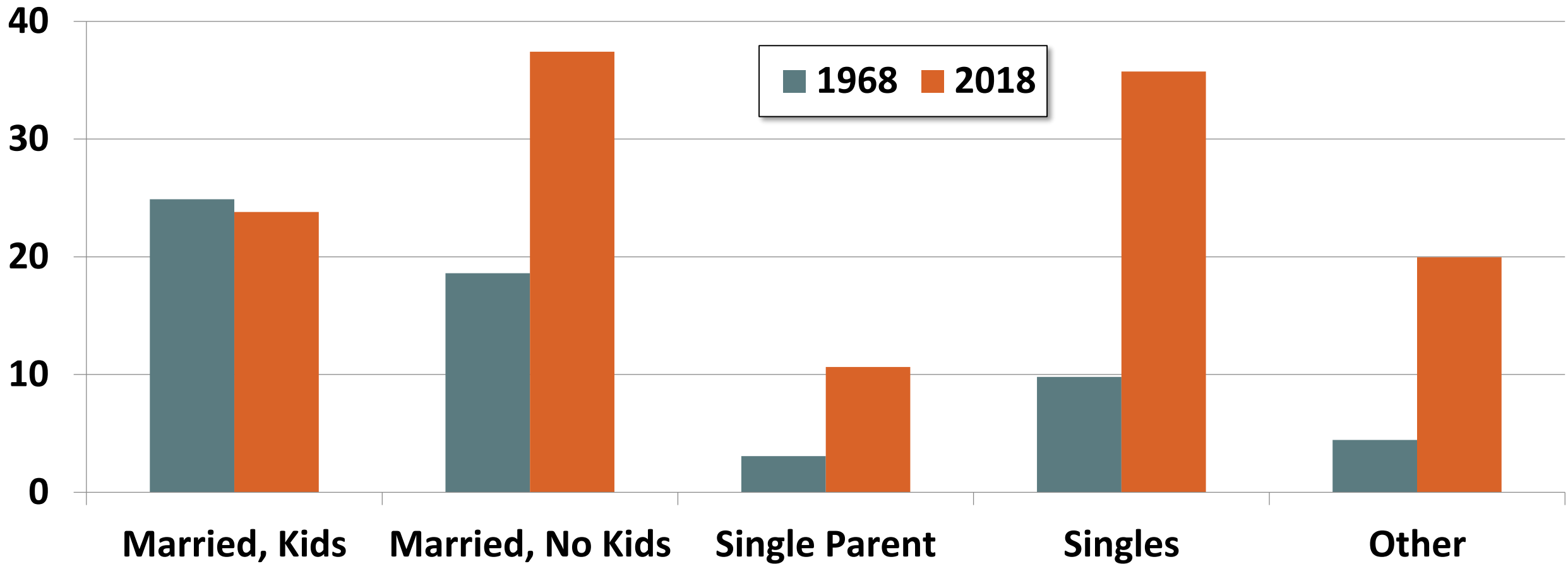Mark Obrinsky, NMHC, moderator

2019

NMHC APARTMENT STRATEGIES OUTLOOK CONFERENCE

@ApartmentWire

#NMHCstrategies

Nonfarm Payrolls Still Solid
(3-month average, 000s)

Seismic Shift In Household Composition, (millions)

Legend: 1968, 2018

Categories: Married, Kids — Married, No Kids — Single Parent — Singles — Other

Housing Completions (millions)
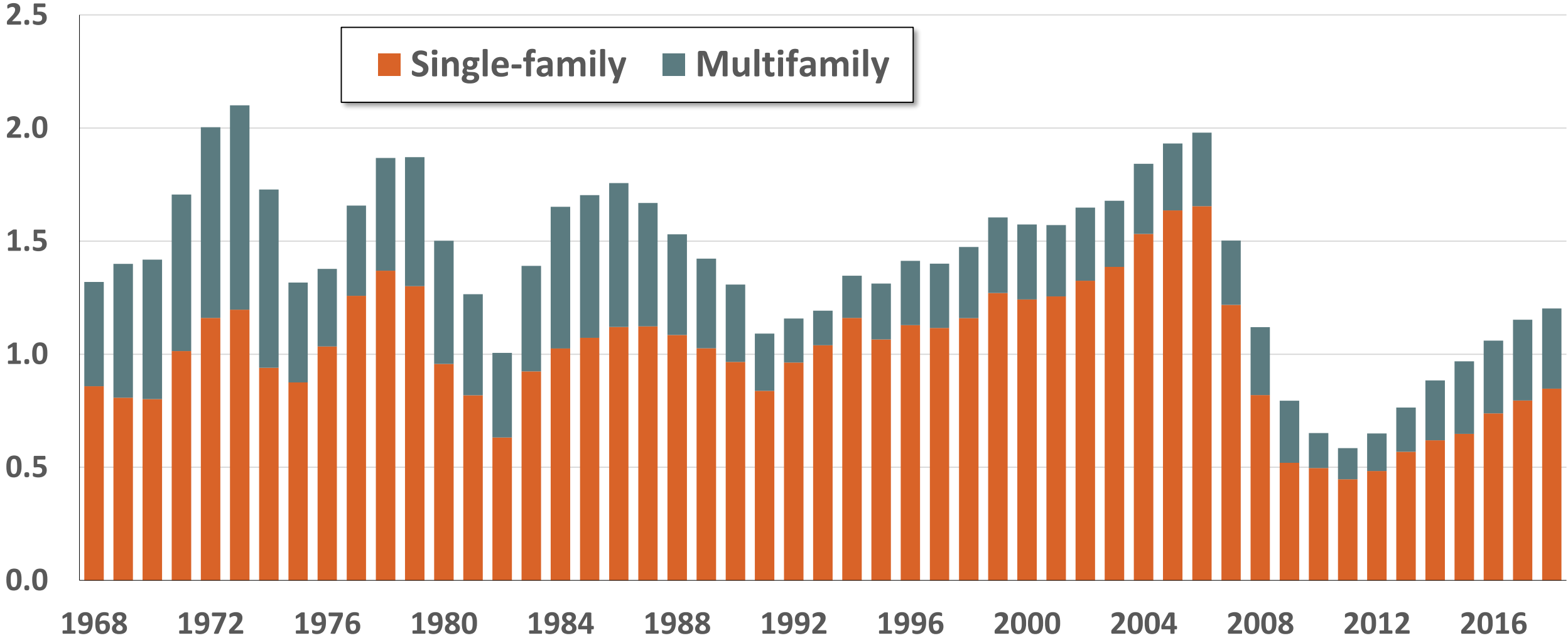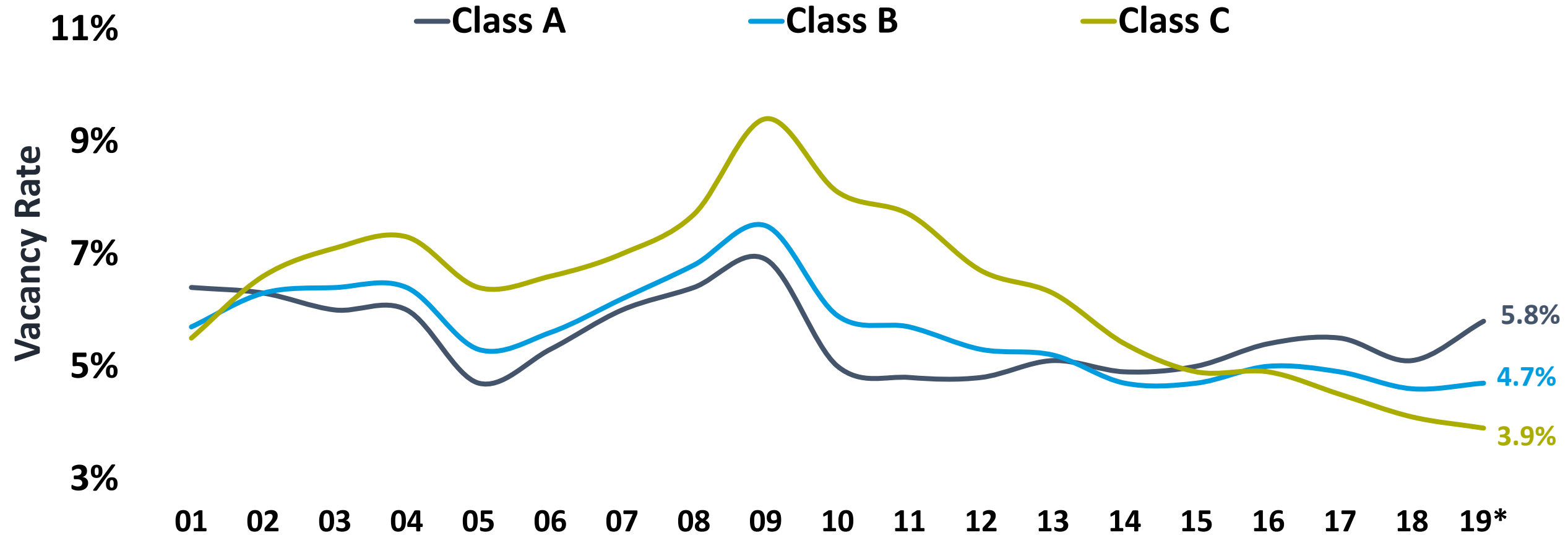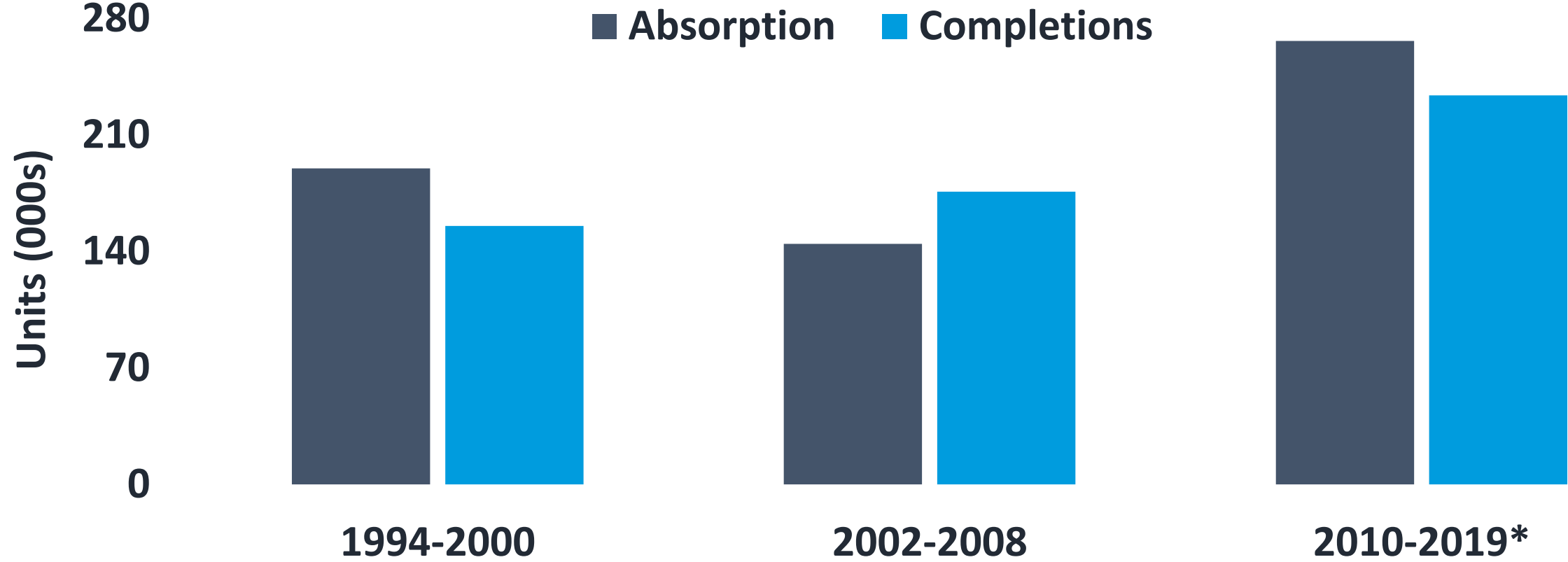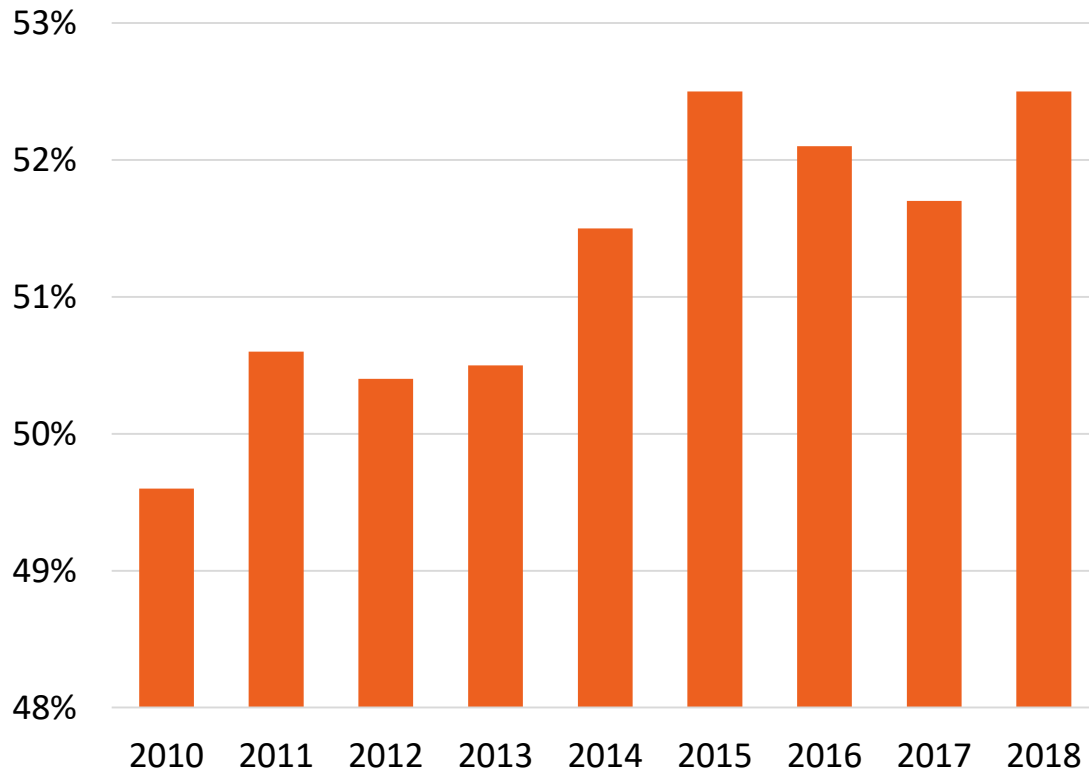
Rent growth has accelerated a little overall, notably in select markets

Neighborhoods heavy on Class B stock drove the overall upturn in the rent growth pace in almost every instance.

Metro	Rent Growth Momentum	2018 Rent Growth	2017 Rent Growth
Austin	490 bps	4.2%	-0.7%
Pittsburgh	390 bps	4.2%	0.3%
Phoenix	350 bps	7.4%	3.9%
West Palm Beach	330 bps	3.8%	0.5%
San Francisco	290 bps	4.3%	1.4%
Fort Lauderdale	280 bps	3.8%	1.0%
Memphis	260 bps	4.7%	2.1%
Nashville	230 bps	2.6%	0.3%
Raleigh-Durham	200 bps	3.8%	1.8%
Atlanta	190 bps	4.8%	2.9%

Source: RealPage, Inc.

National Apartment Rank by Metro
2019 Completions*

Top 10 Metros	2019 Completions*	Completions as % of Inv.
Dallas-Fort Worth	28,400	3.5%
New York	20,000	1.2%
Los Angeles	14,800	1.3%
Washington, D.C.	14,400	2.3%
Denver	14,100	4.8%
Bay Area	13,700	2.2%
Seattle-Tacoma	12,200	3.1%
South Florida	11,600	1.9%
Atlanta	10,700	2.1%
Phoenix	10,600	3.0%
U.S. Total	315,000	1.8%

Bottom 10 Metros	2019 Completions*	Completions as % of Inv.
Cincinnati	1,200	0.7%
St. Louis	1,400	0.9%
Cleveland	1,600	1.0%
Sacramento	1,800	1.2%
Detroit	2,000	0.7%
Baltimore	2,100	0.9%
Jacksonville	2,600	2.2%
Indianapolis	2,700	1.6%
Inland Empire	2,700	1.4%
Las Vegas	2,900	1.3%
U.S. Total	315,000	1.8%

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National Apartment Rank by Metro
2019 Absorption*

Top 10 Metros	2019 Absorption*	Absorption as % of Inv.
Dallas-Fort Worth	23,500	2.9%
New York	19,600	1.2%
Denver	14,500	4.9%
Washington, D.C.	12,500	2.0%
Atlanta	12,200	2.4%
Bay Area	12,000	1.9%
South Florida	10,700	1.8%
Phoenix	9,400	2.7%
Seattle-Tacoma	9,200	2.3%
Northern New Jersey	8,900	2.6%
U.S. Total	283,000	1.6%

Bottom 10 Metros	2019 Absorption*	Absorption as % of Inv.
Detroit	1,100	3.8%
Sacramento	1,500	5.7%
St. Louis	1,500	2.5%
Cincinnati	1,800	3.1%
Cleveland	1,800	3.1%
Inland Empire	2,300	5.1%
San Diego	2,800	4.3%
Jacksonville	2,800	5.7%
Salt Lake City	3,000	4.9%
Baltimore	3,100	2.2%
U.S. Total	283,000	1.6%

Anticipated rent growth by market ranges from about 2% to about 6%

Expected Outperformers

Metro	2019 Forecast Rent Growth
Phoenix	5.4%
San Diego	4.2%
Tampa	4.0%
Atlanta	3.9%
San Francisco	3.7%
Miami	3.7%

Expected Average Performers

Metro	2019 Forecast Rent Growth
Charlotte	3.3%
Los Angeles	3.2%
Minneapolis	3.1%
Columbus	3.0%
Denver	2.9%
Detroit	2.9%

Expected Underperformers

Metro	2019 Forecast Rent Growth
New York	2.5%
San Antonio	2.5%
Washington, DC	2.5%
Dallas	2.2%
Chicago	2.0%
Seattle	1.9%

Class B properties should continue to lead the way in terms of pricing power.
Class C properties, while full, are losing pricing momentum in some metros due to affordability constraints.
Class A properties should lag other product sectors on rent growth.

Source: RealPage, Inc.