



NATIONAL
MULTIFAMILY
HOUSING
COUNCIL

APARTMENT LEADERSHIP RESIDES HERE™

Update on Economic and Housing Market Trends

Apartment Strategies Update and Executive Discussion

September 24, 2019

Webinar Information

- To ensure good sound quality, all attendees will be muted during the webinar.
- To ask a question: type your question in to the **Question** or **Chat Box** on your control panel. The moderator will review and present questions to the speakers at the end of the presentation as time allows.
- Today's webinar is being recorded and will also be made available on the NMHC website.

Webinar Agenda

- **Economic and Housing Market Update**
- **Panel Discussion**

Economic and Housing Market Update - Speakers



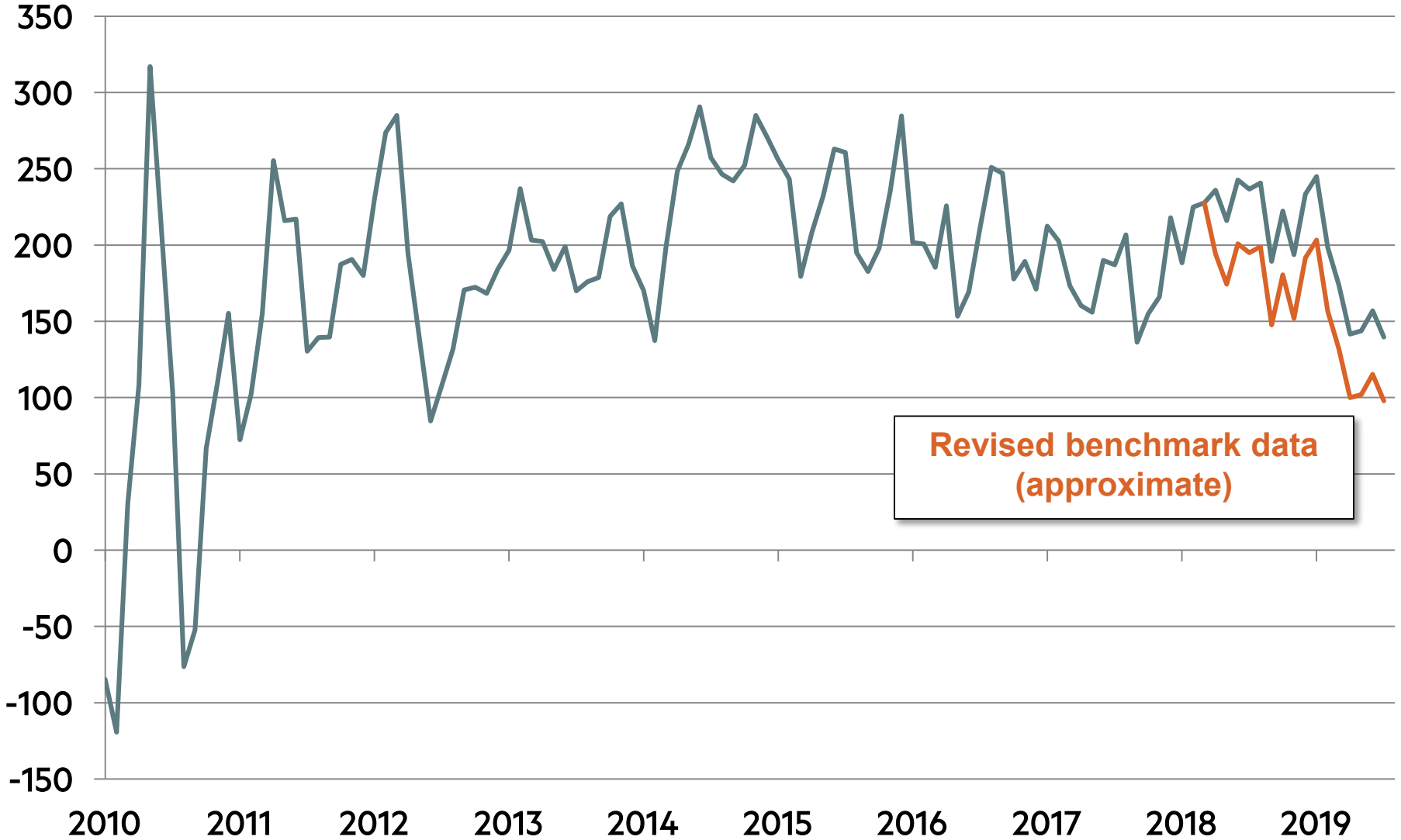
Mark Obrinsky
Senior Vice President,
Research and Chief
Economist
NMHC



John Chang
Senior Vice President, National
Director
Research Services
Marcus & Millichap

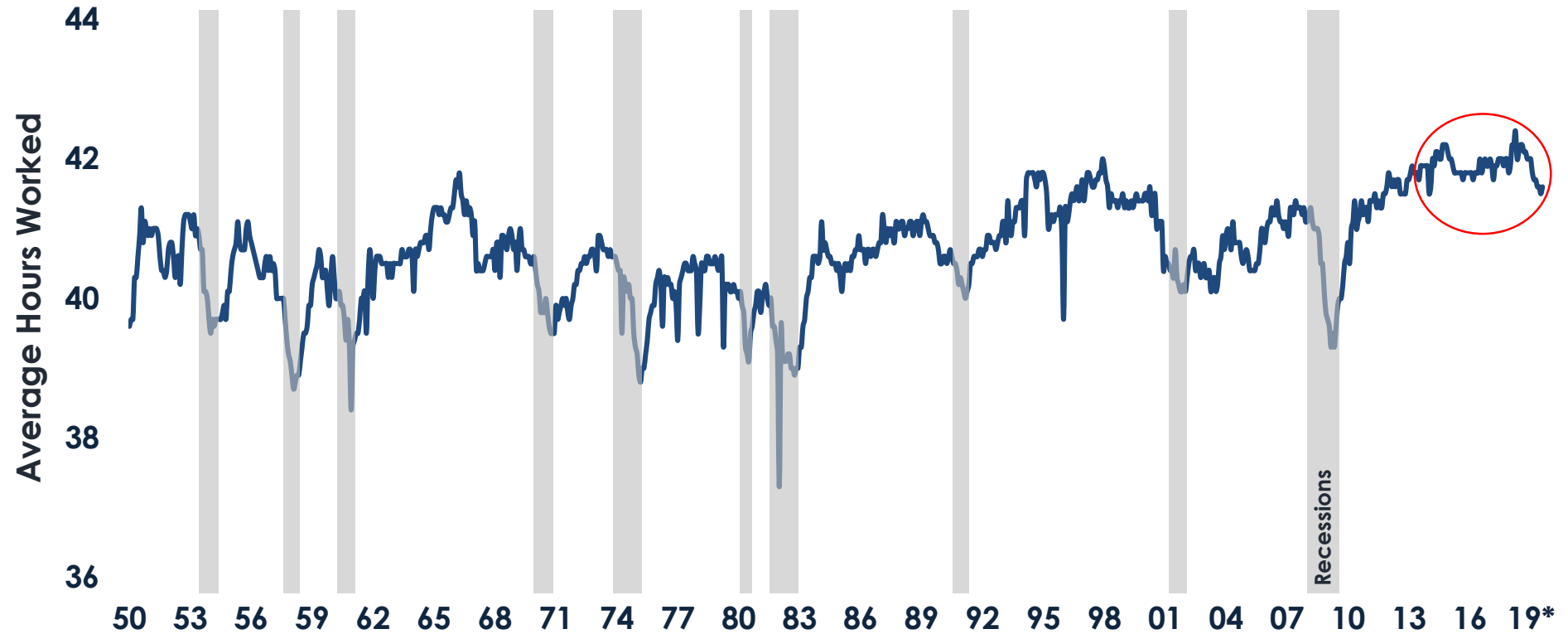
Nonfarm Payrolls: Not So Solid?

(3-month average, 000s)



Source: Bureau of Labor Statistics

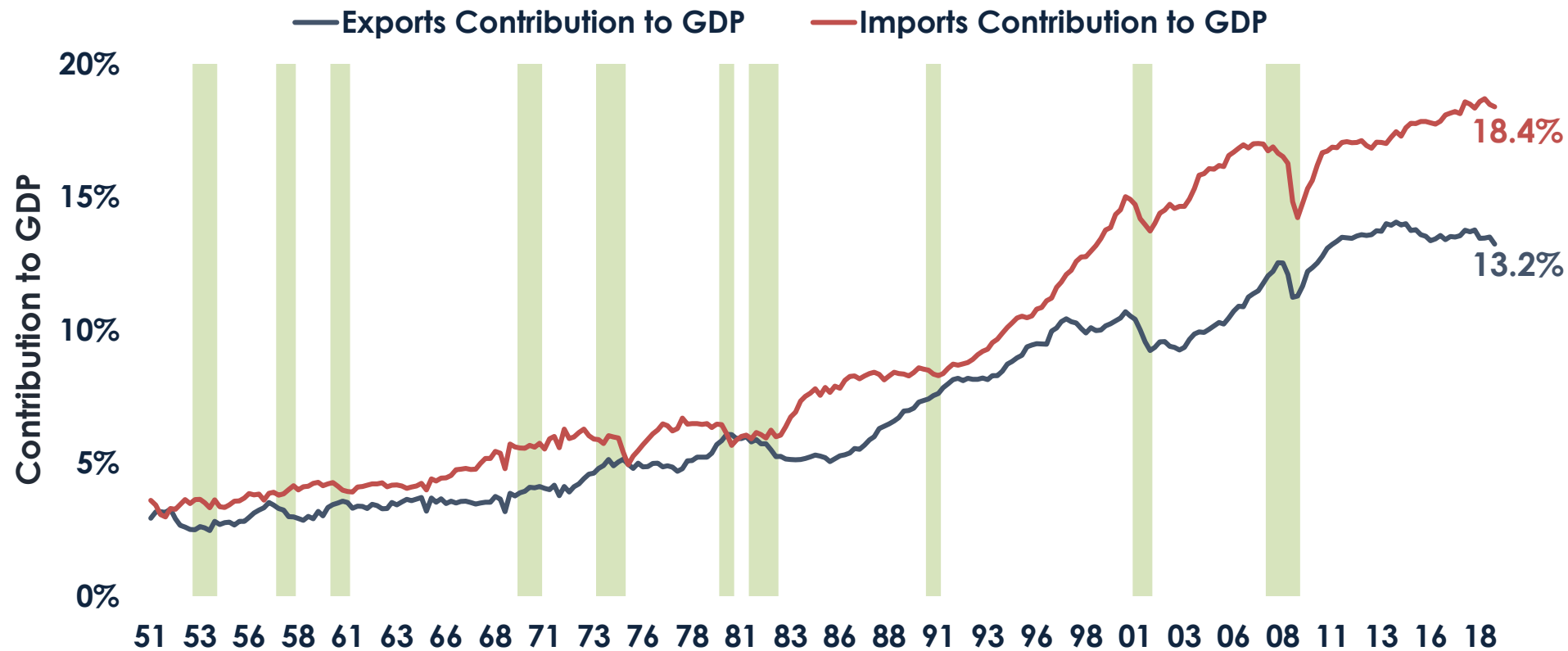
Average Weekly Hours Worked – Manufacturing Trending Lower but Not Recessionary (Yet)



* Through August
Sources: Marcus & Millichap Research Services, The Conference Board

Biggest Risk: Disruption in Global Trade

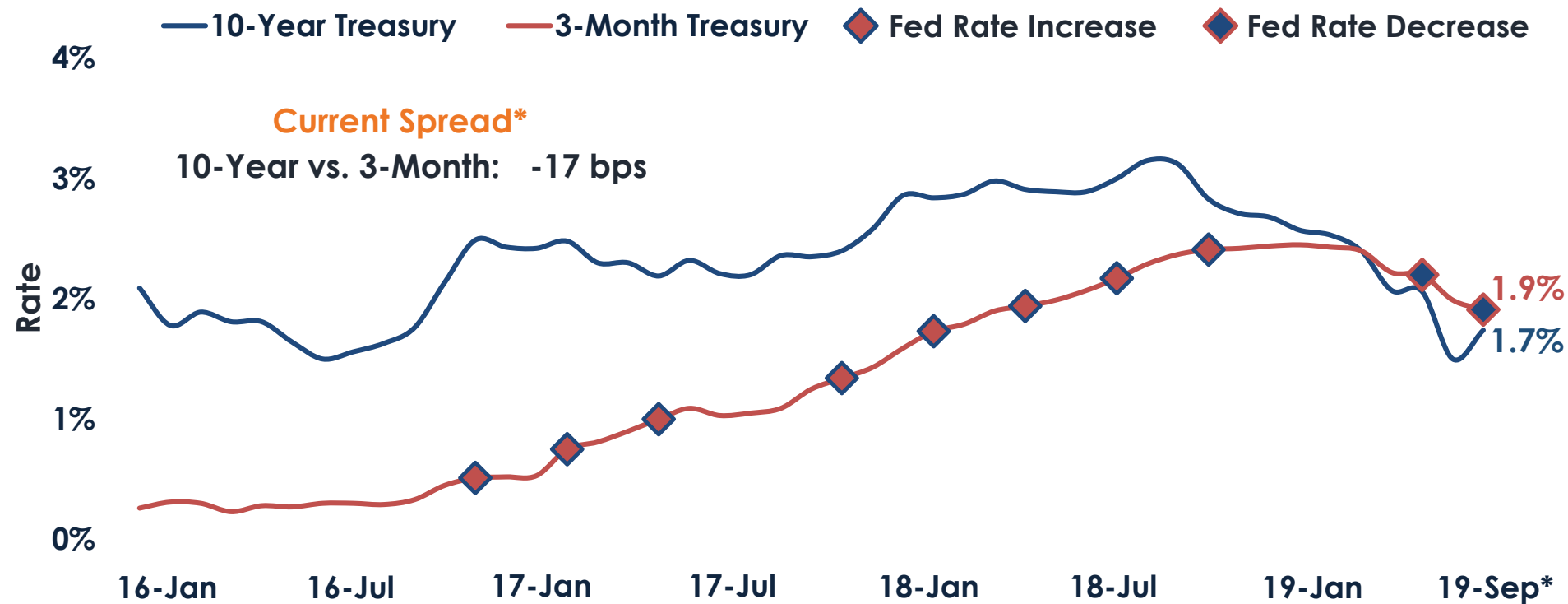
Exports a Major Force in the U.S. Economy



* Through 2Q
Sources: Marcus & Millichap Research Services, BEA

Marcus & Millichap

Policy Conflict Sparks Yield Curve Inversion

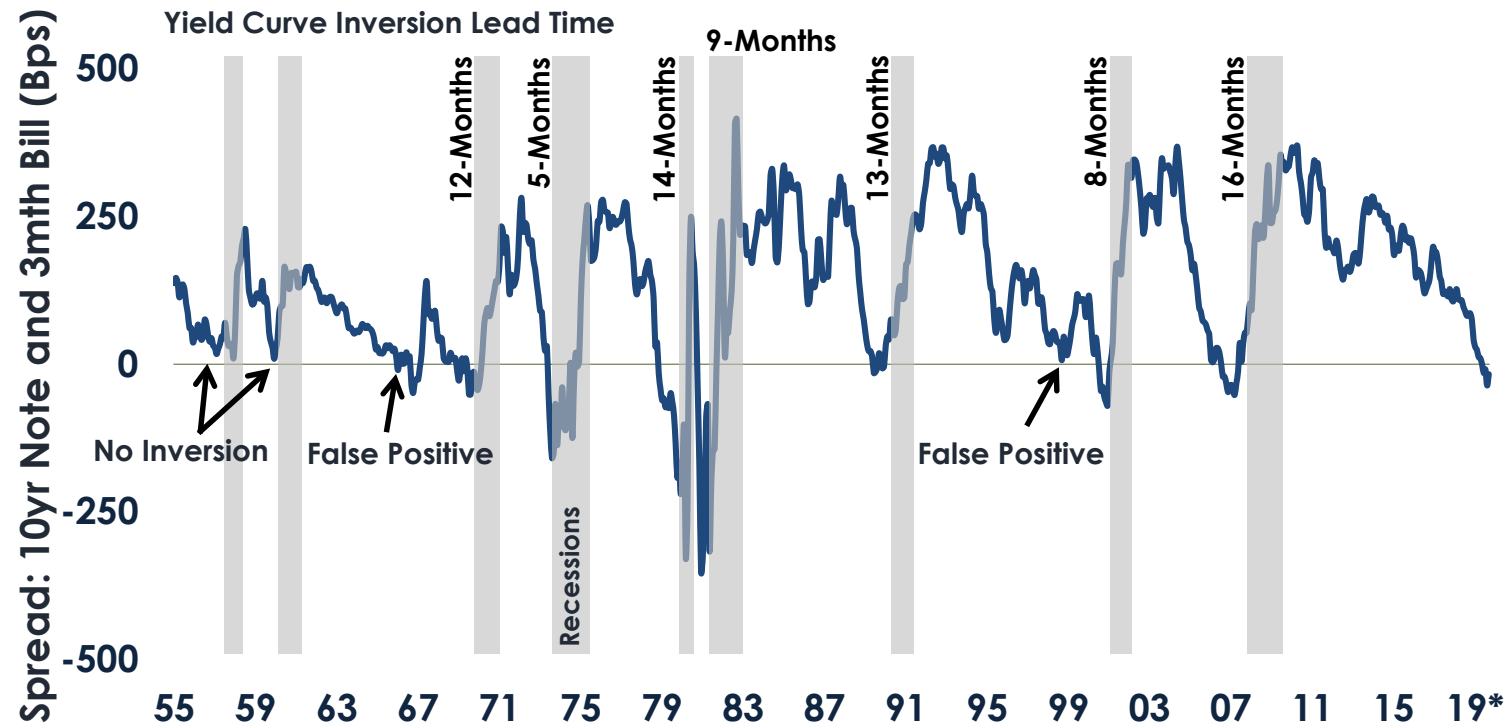


* Through September 20
Sources: Marcus & Millichap Research Services, Federal Reserve

Marcus & Millichap

Yield Curve Inversion – Is a Recession On the Horizon?

7 of Last 9 Inversions had Recession within 16 Months

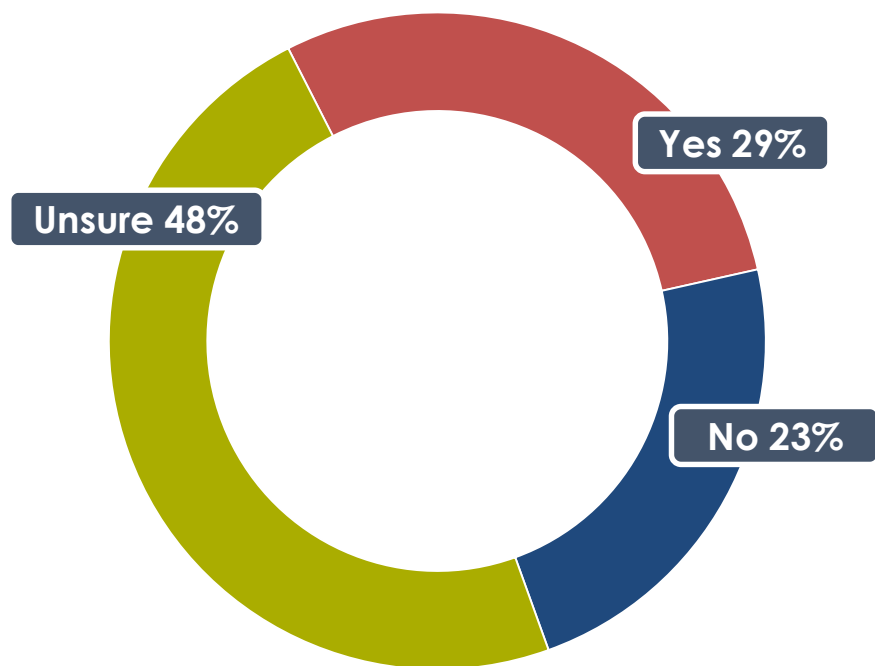


| Treasury | Yield* |
|----------|--------|
| 30-Year: | 2.17% |
| 10-Year: | 1.74% |
| 2-Year: | 1.69% |
| 3-Month: | 1.91% |

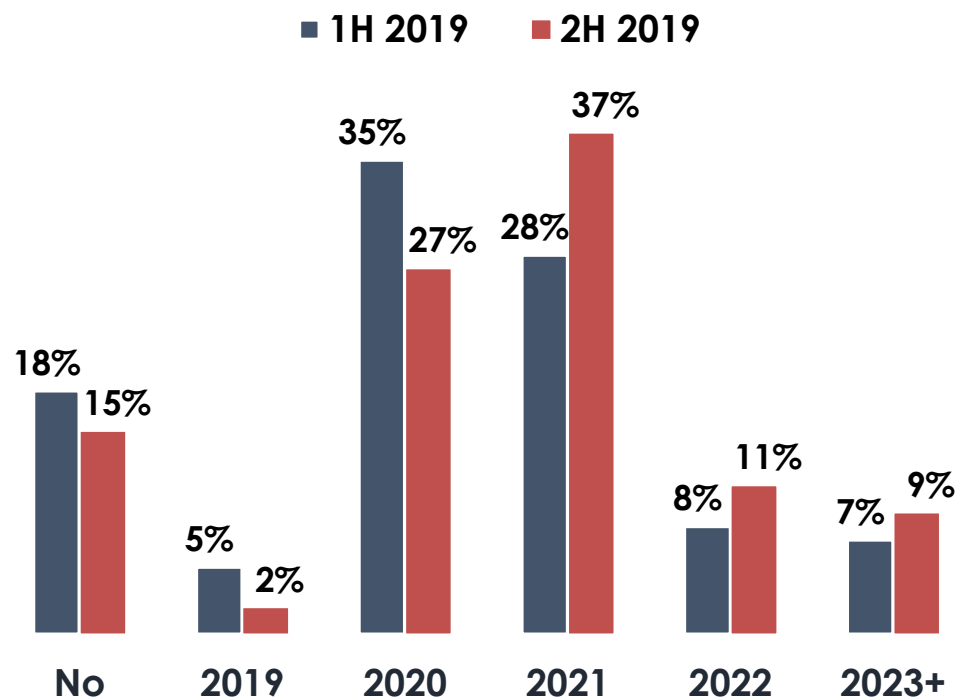
* Through September 20
Sources: Marcus & Millichap Research Services, Federal Reserve

Investors Anticipate Next Recession on Horizon

“Do you think an inverted yield curve means we will have a recession?”



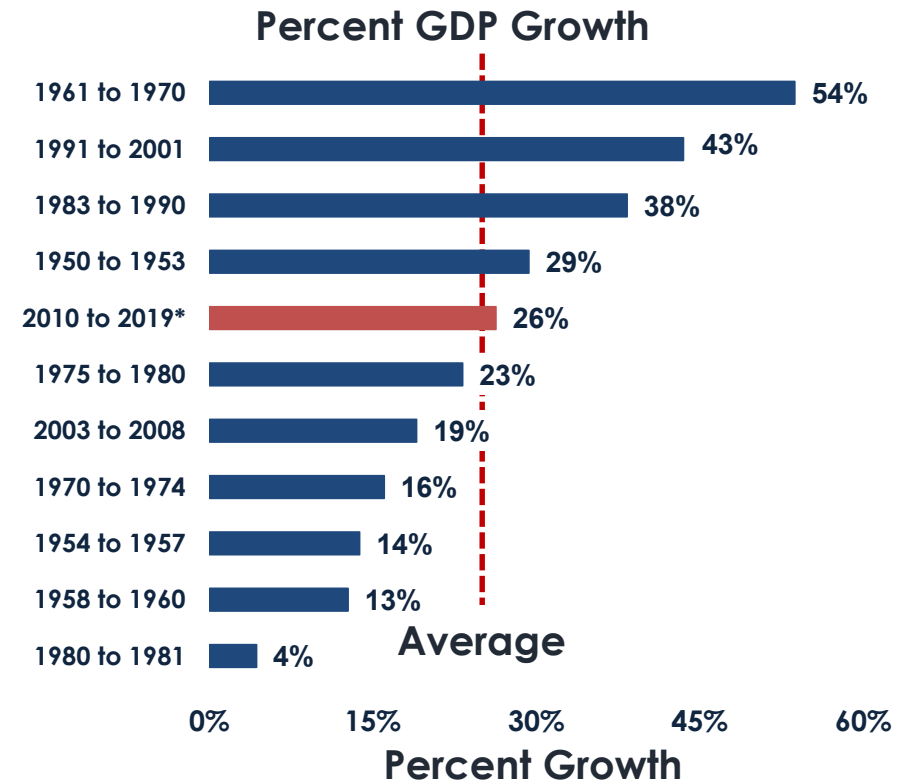
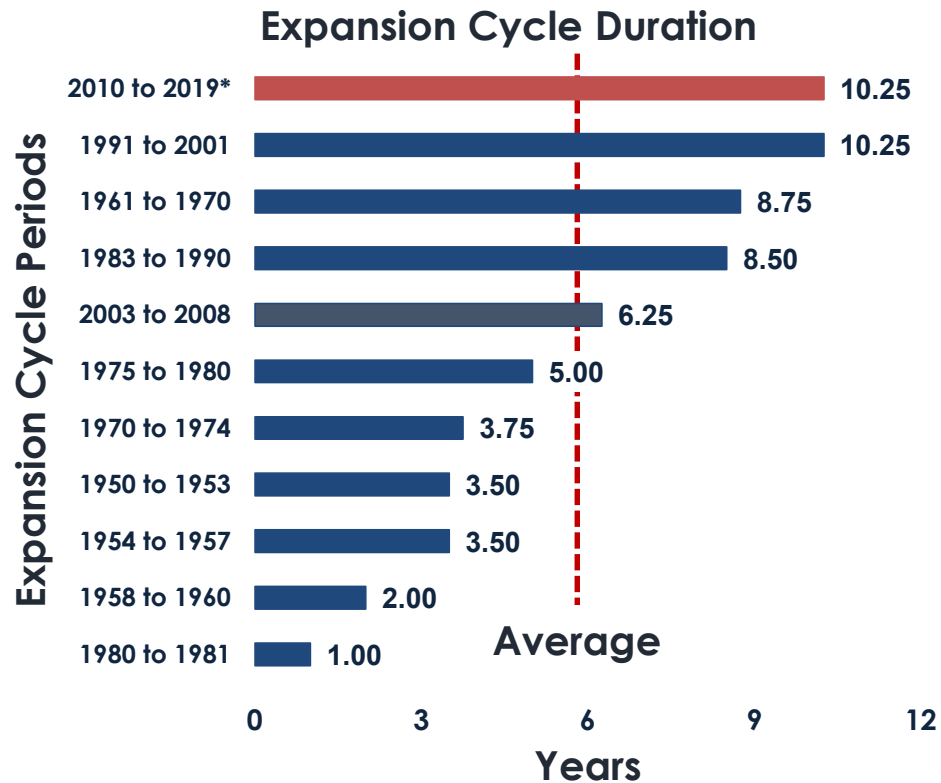
“Do you expect the U.S. to have a recession in the next 5 years? If so, when?”



As of 2H 2019
Base: All respondents; (n=541 for chart on the left and n=540 for chart on the right)
Sources: Marcus & Millichap Research Services, M&M/NREI Investor Survey

Marcus & Millichap

Record Growth Cycle? Risks Beginning to Emerge

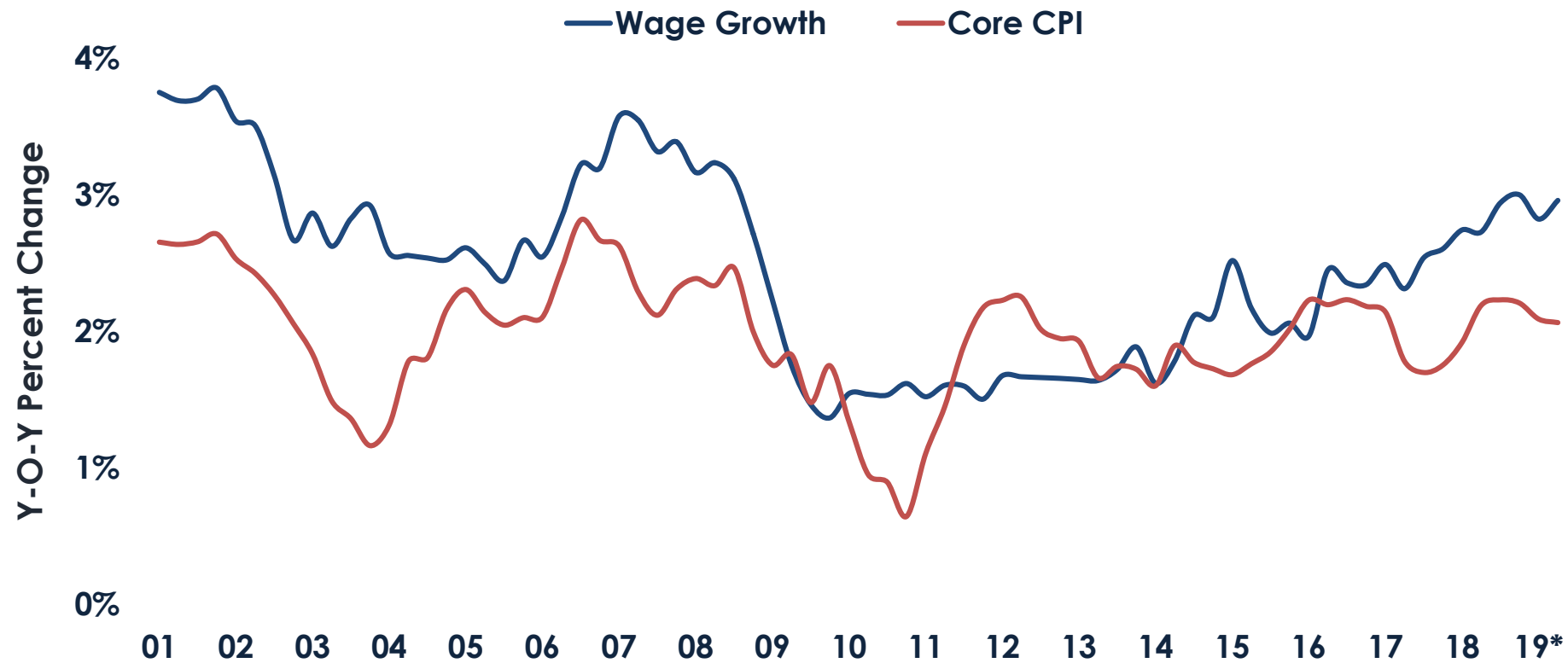


* Forecast as of 3Q 2019

Sources: Marcus & Millichap Research Services, BEA

Marcus & Millichap

Wage Growth Outpacing Inflation

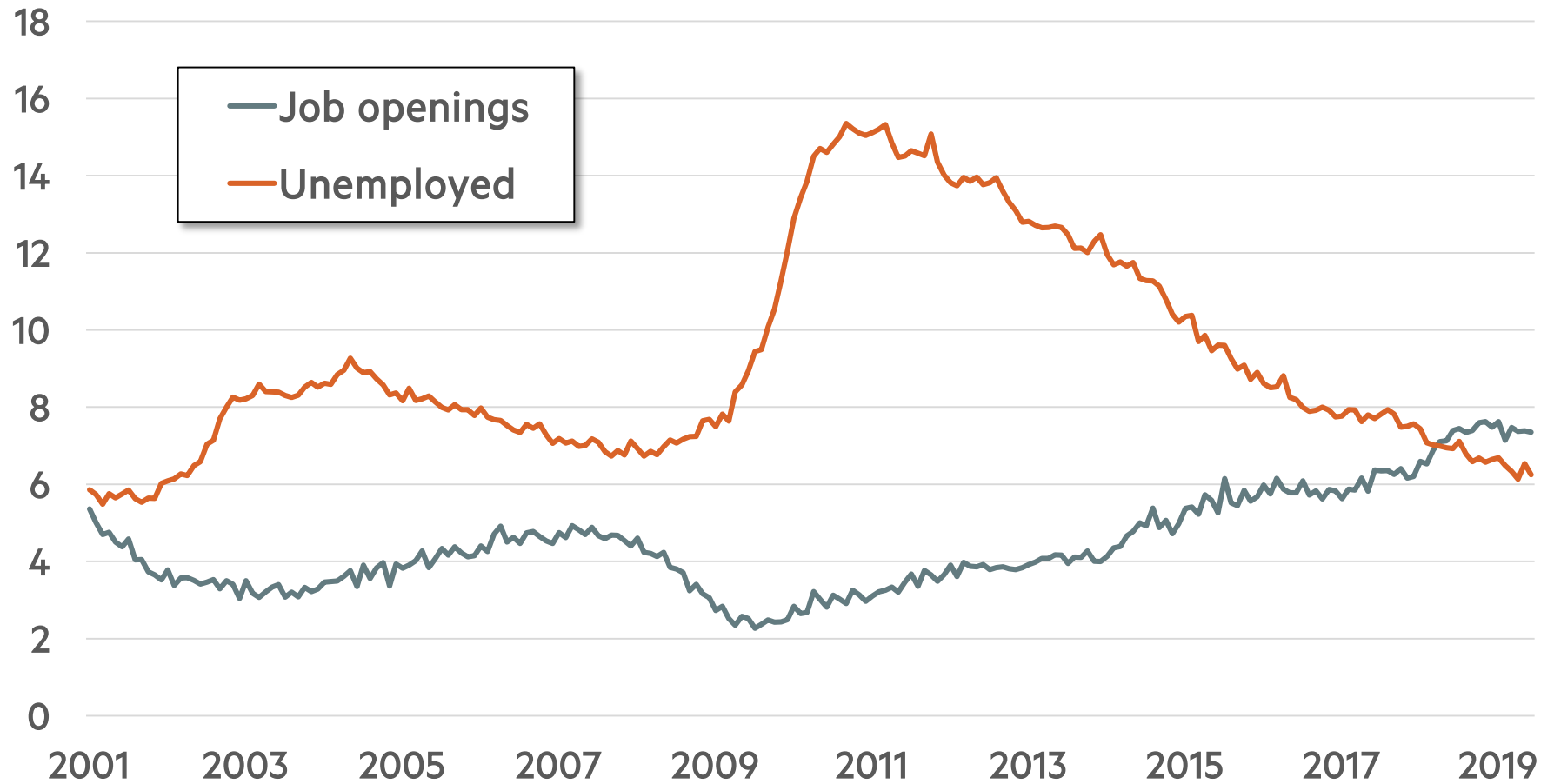


* Through 2Q
Sources: Marcus & Millichap Research Services, BLS

Marcus & Millichap

More Jobs Openings Than Unemployed

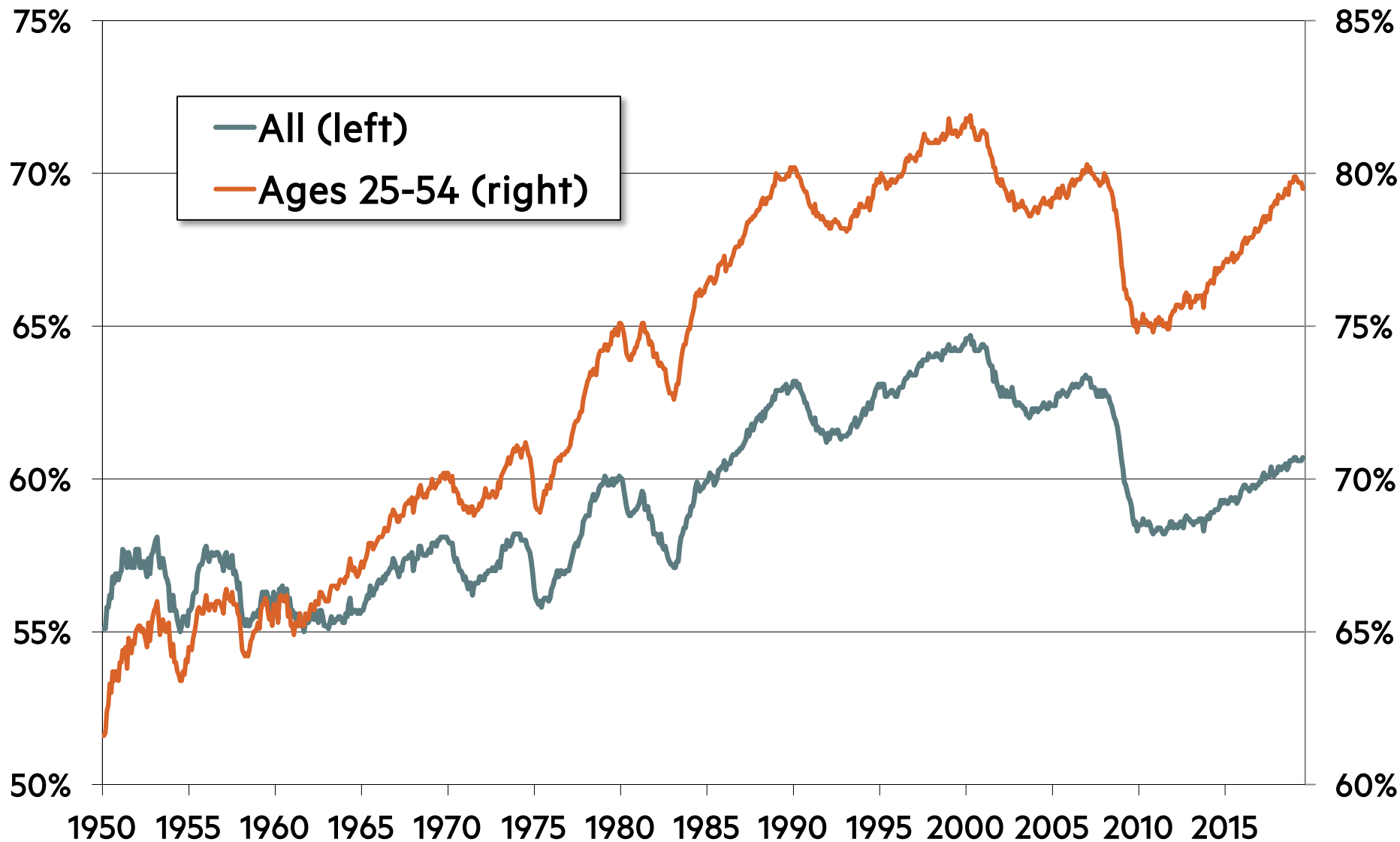
(Millions)



Source: Bureau of Labor Statistics.



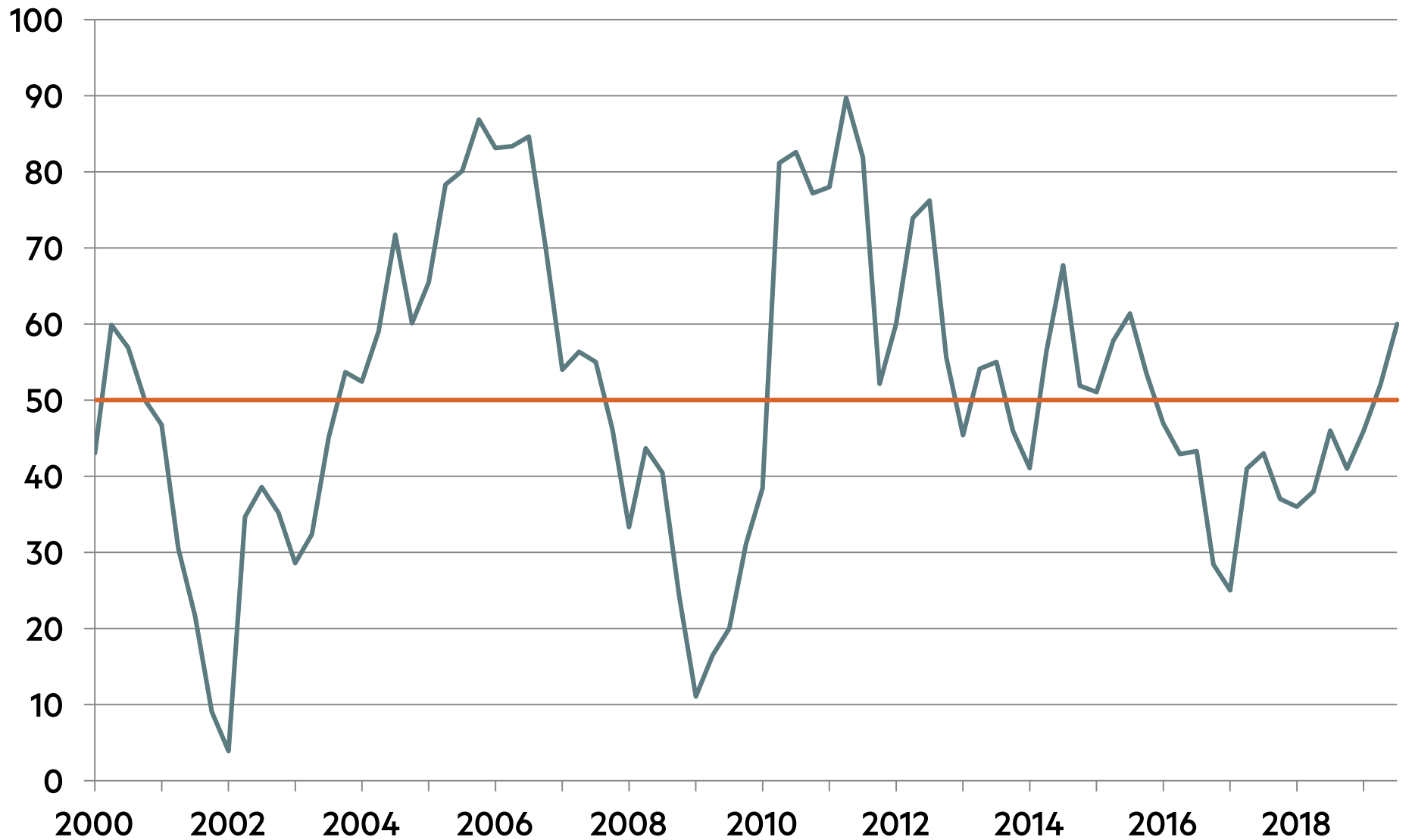
Employment-Pop Ratio: Still Room to Grow



Source: Bureau of Labor Statistics

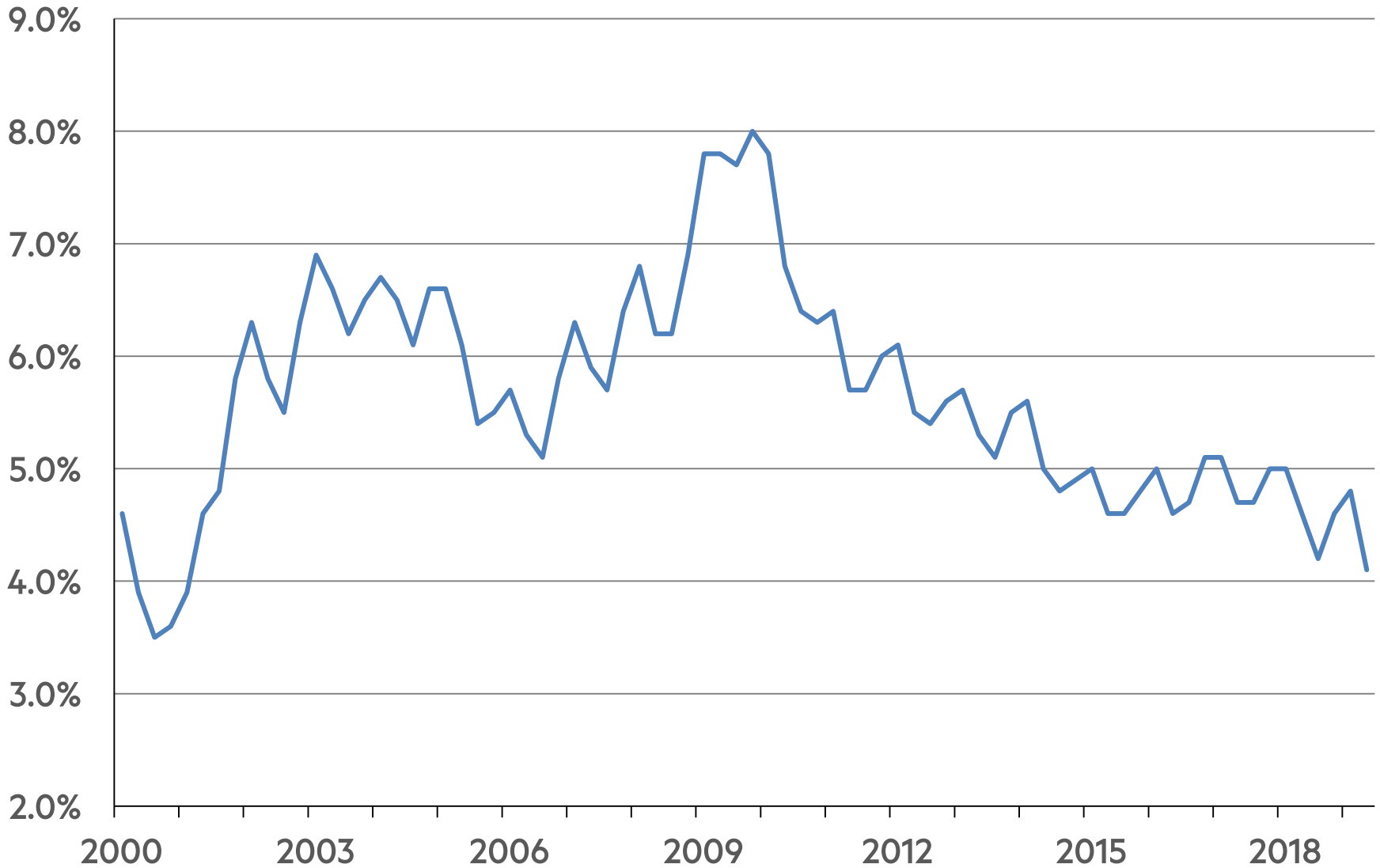
Apartment Markets Strengthening

(Market Tightness Index, NMHC Quarterly Survey)



Source: NMHC.

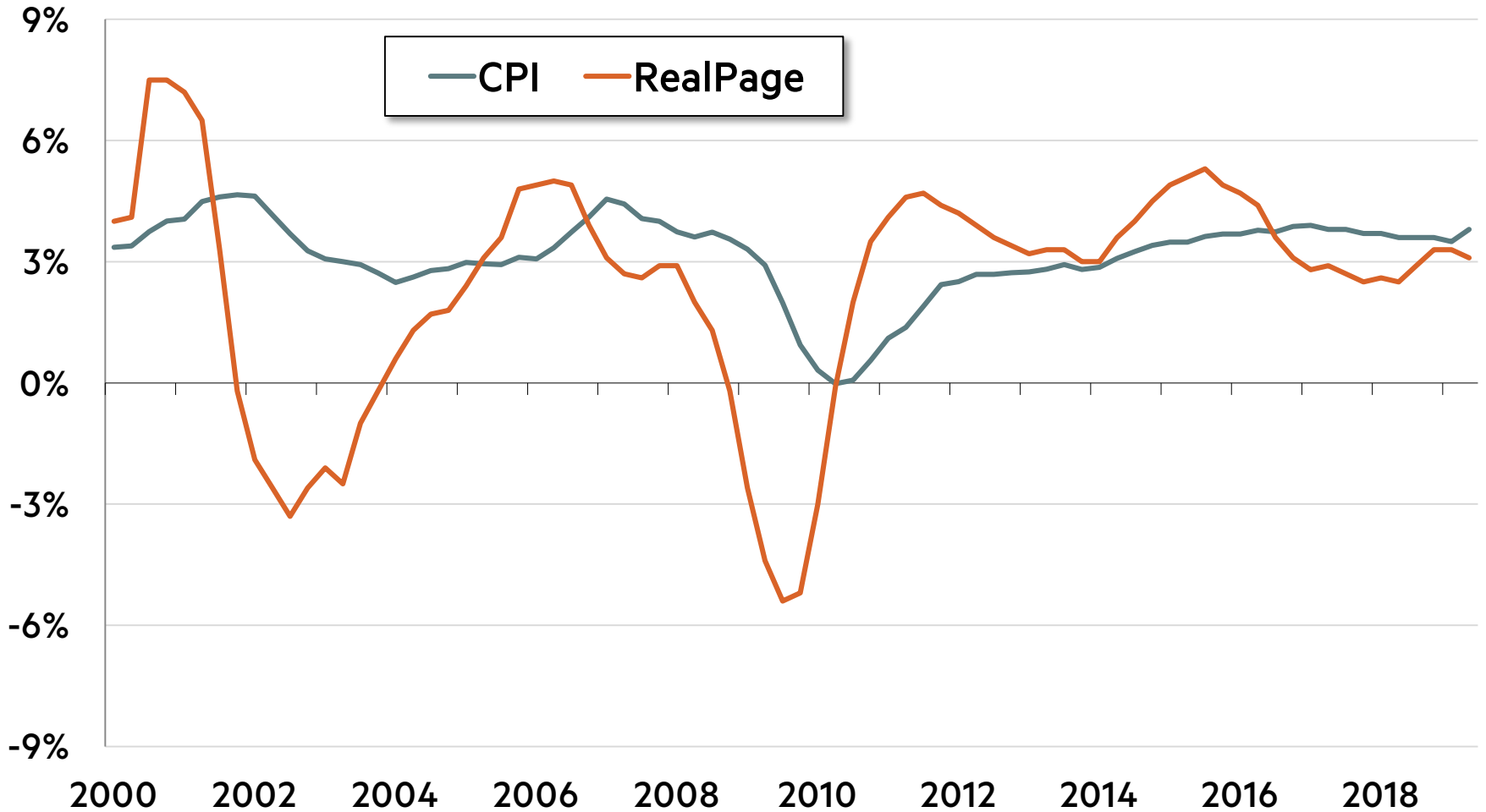
National Vacancy Rate Edging Down Further



Source: RealPage.

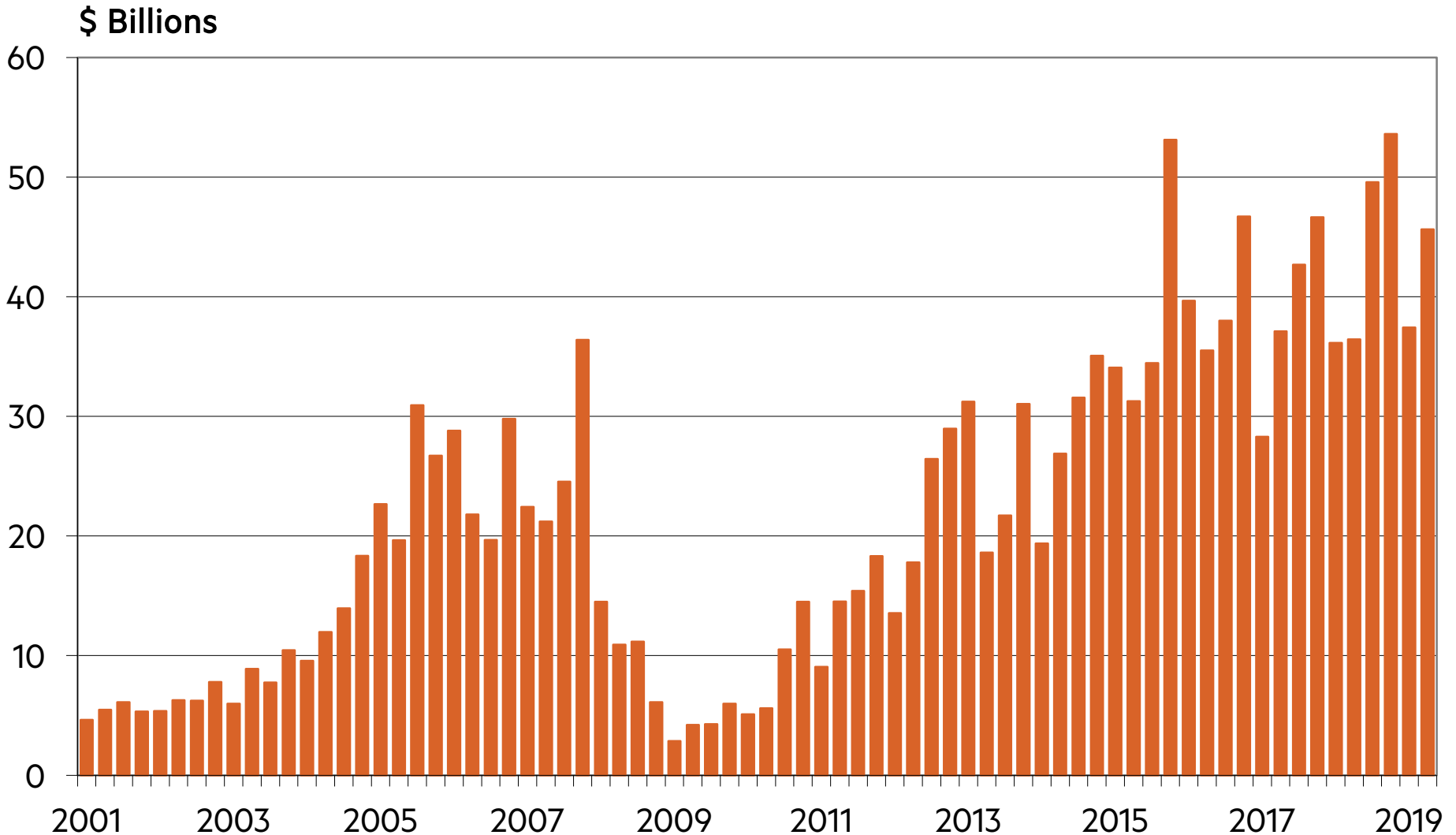
Rent Growth Has Eased, Still Above Average

(year-over-year change in rent)



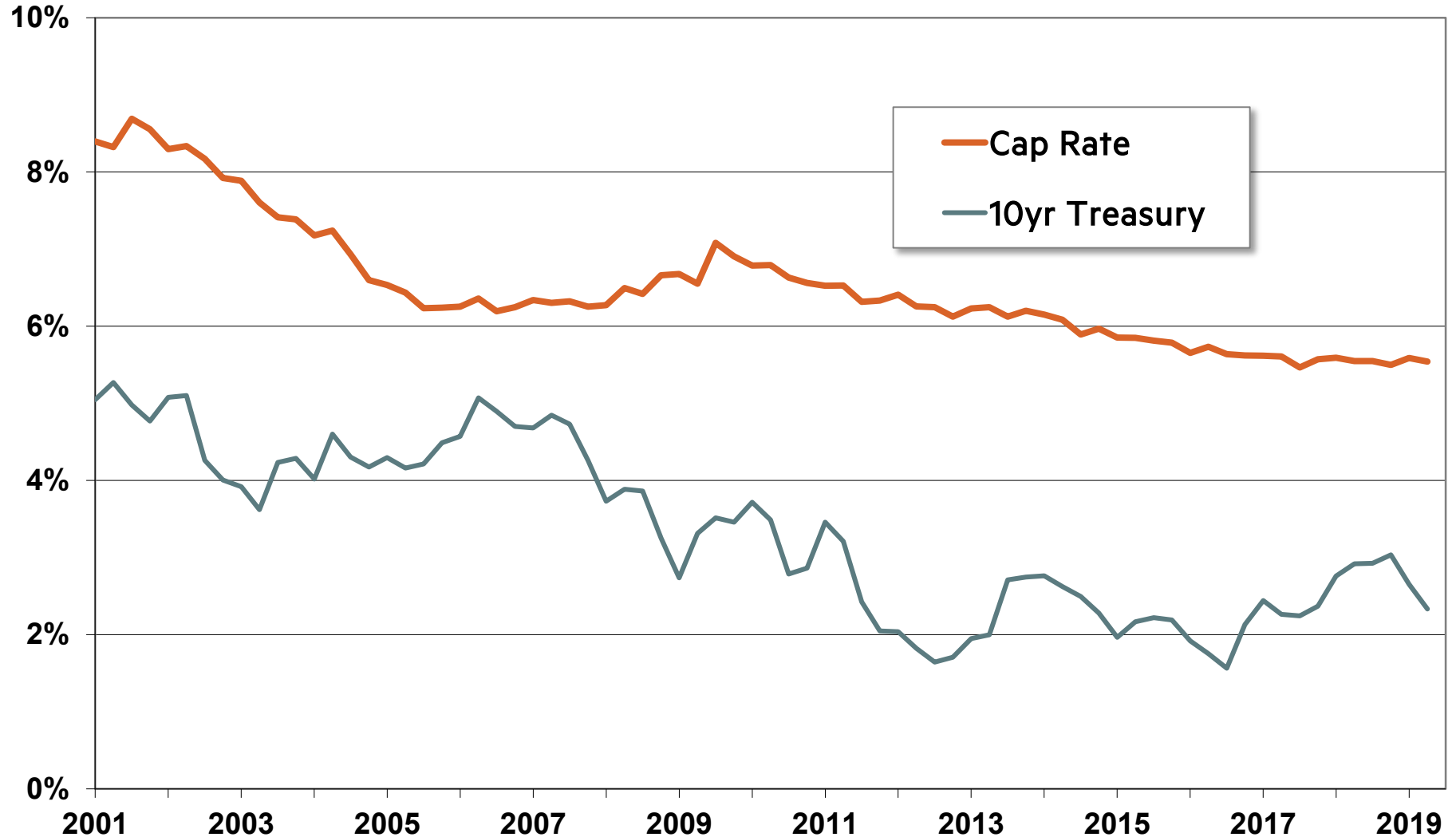
Source: Census Bureau; MPF Research.

Apartment Transactions Running Ahead of Last Year



Source: Real Capital Analytics.

Cap Rate Not Much Affected by Treasury Yields



Source: Real Capital Analytics.



Questions?

One on One - Executive Discussion



Doug Bibby
President
NMHC



Steven DeFrancis
Chief Executive Officer,
Cortland

NMHC Apartment Strategies Webinar

Thank you!

- www.nmhc.org/Research