

# Apartment Demand: Our Vision for 2030

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# Agenda

- What Does the Apartment Industry Look Like Today?
- Apartment Demand and Drivers of Change
- Supply and Future Need
- The Challenge with Meeting Future Need



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# Over One-Third of Americans Rent Their Housing

	Households (000s)	Share	Residents (000s)	Share
Renters	43,702	37%	111,119	35%
Owners	74,507	63%	202,229	65%
<b>Total</b>	<b>118,208</b>	<b>100%</b>	<b>313,348</b>	<b>100%</b>

Source: 2015 American Community Survey, 1-Year Estimates.

One hundred and eleven million Americans, over one third of all Americans, rent their housing (whether in an apartment home or single family home).

Approximately 43.7 million U.S. households rent their housing (whether in an apartment home or single-family home). This is 37 percent of all households.



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# Occupied Structures by Tenure

	Renter Households (000s)	Share of Structure Type	Owner-Occupied Households (000s)	Share of Structure Type
Single-Family	15,178	19%	65,703	81%
2 to 4 Unit Buildings	7,805	83%	1,587	17%
<b>5+ Unit Buildings</b>	<b>18,727</b>	<b>89%</b>	<b>2,421</b>	<b>11%</b>
Mobile Homes	1,947	29%	4,722	71%
Other*	45	38%	73	62%
<b>Total</b>	<b>43,702</b>	<b>37%</b>	<b>74,507</b>	<b>63%</b>

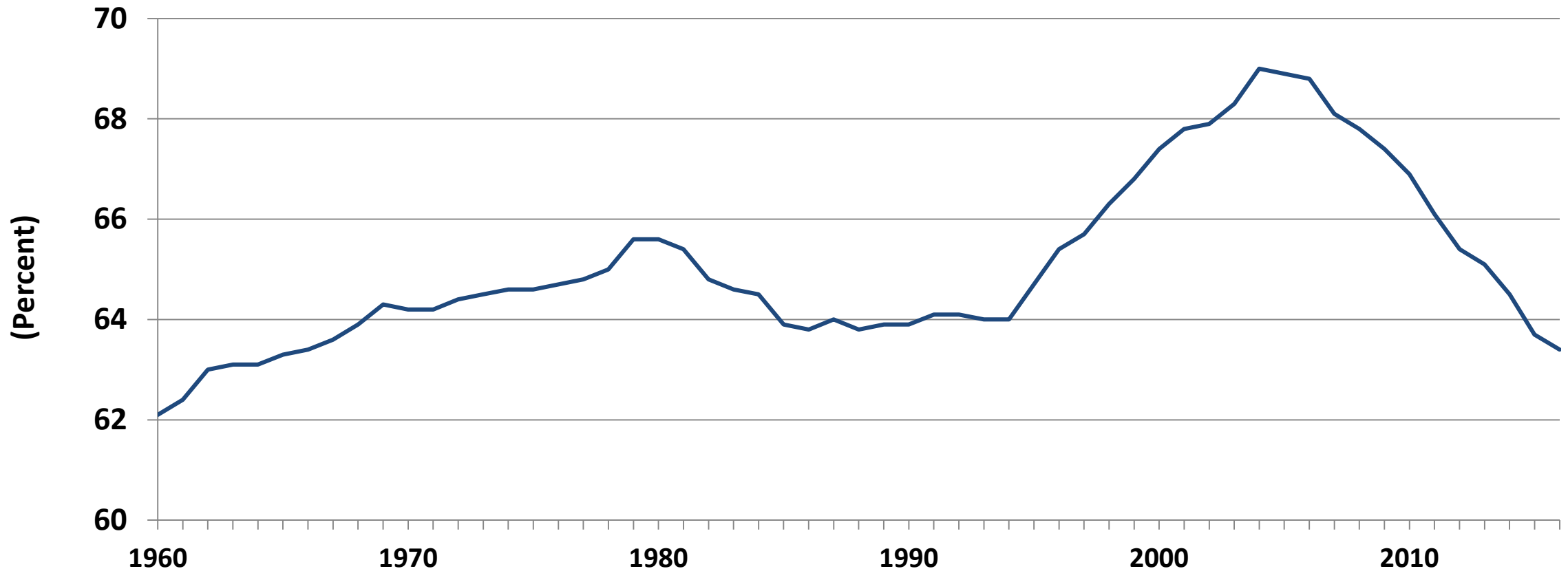
Note: "Other" is defined as a boat, van, or RV  
 Source: 2015 American Community Survey, 1-Year Estimates.



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# Homeownership Rate Remains Below Pre-Crisis Levels



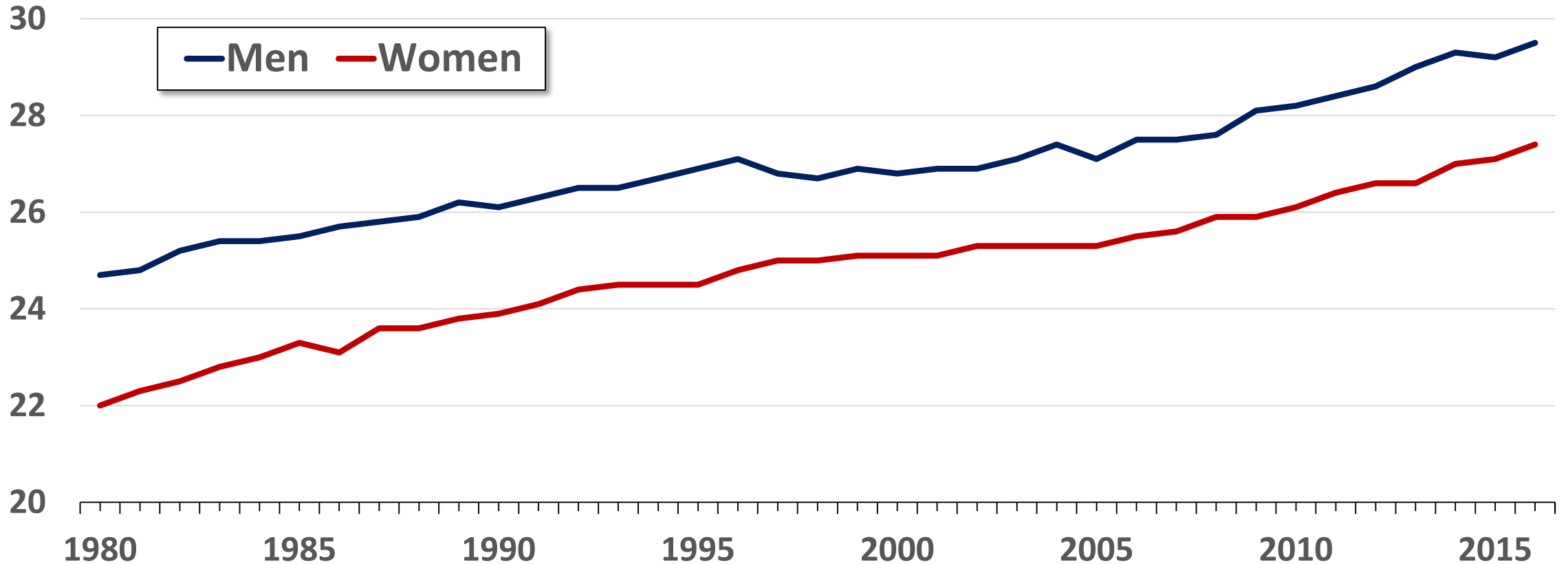
Source: Census Bureau.



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# Younger Households Continue to Delay Marriage (Age at First Marriage)

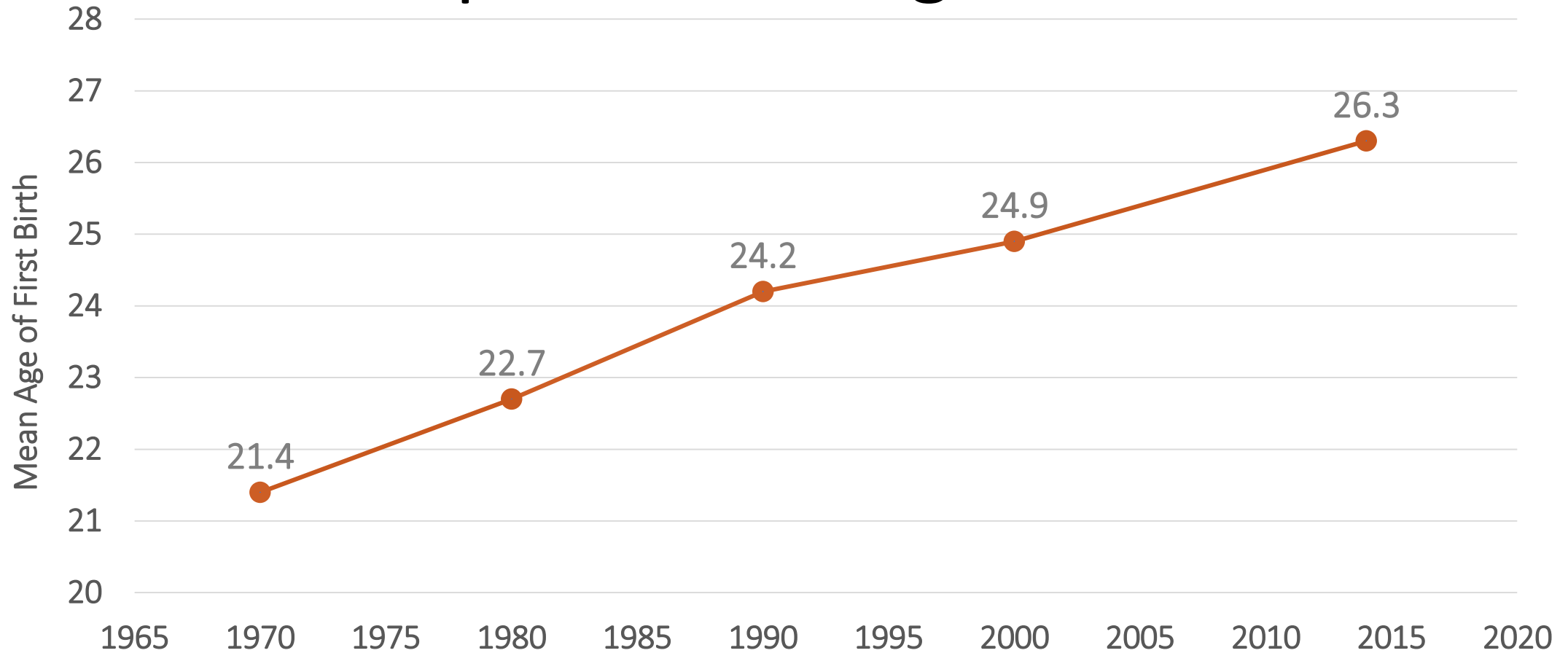


Source: Census Bureau.



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# People are Having Kids Later

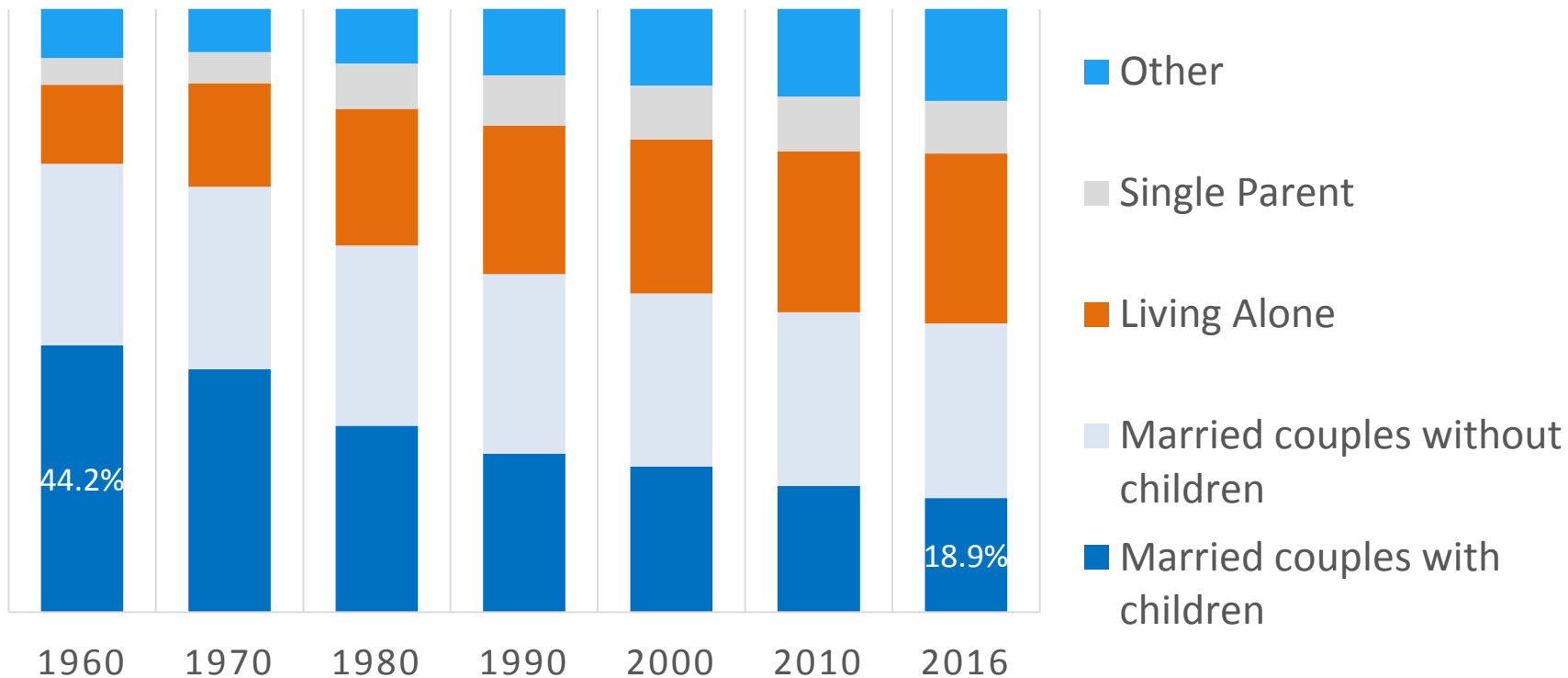


Source: Census Bureau.



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# Our Households are Changing Shape



**1960:** 44.2% of households were married couples with children

**2016:** Percentage dropped by more than half (18.9%)

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, selected years 1970 to 2012.

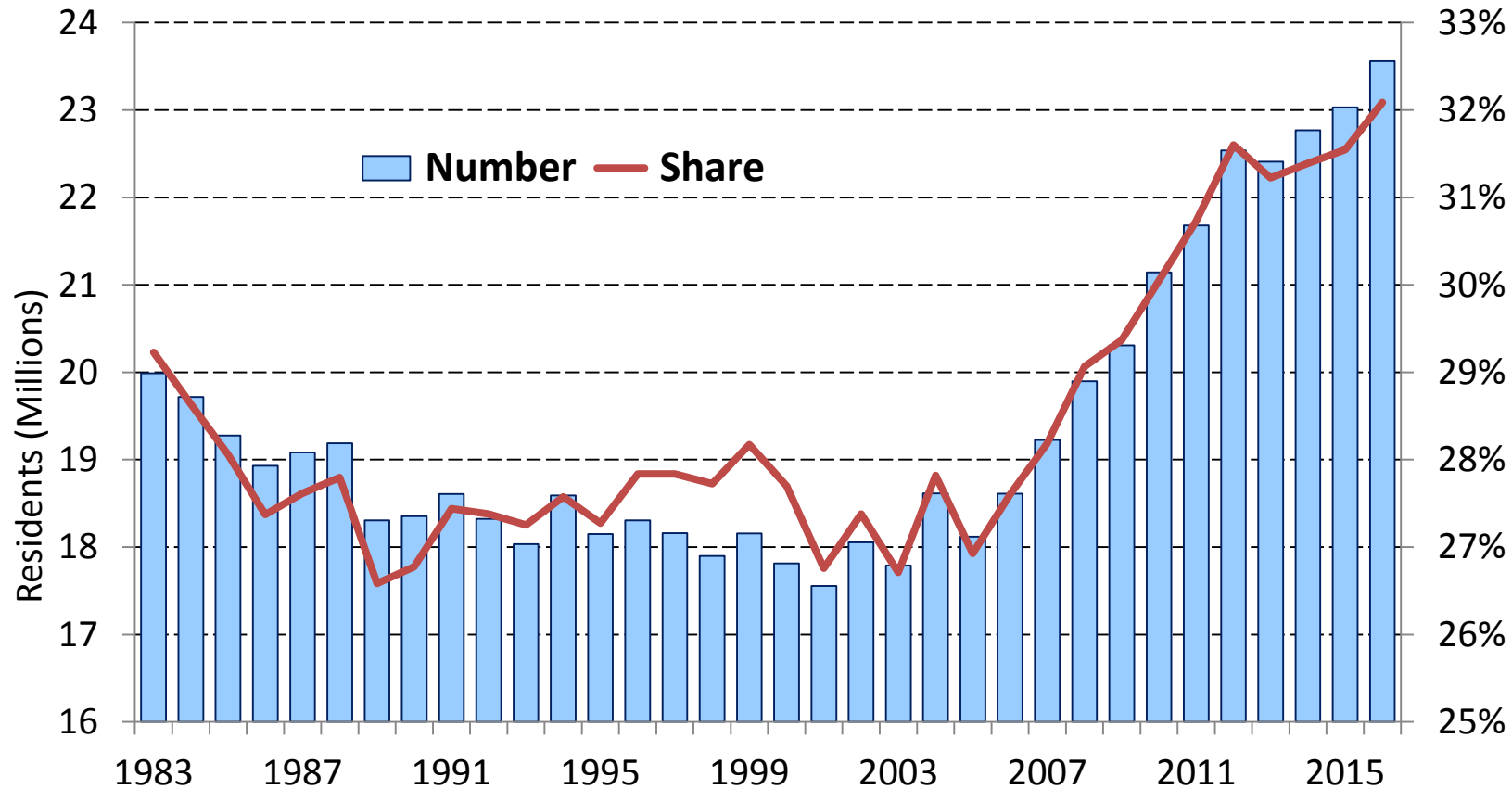


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# Young adults 18-34 years old living with parents: pent-up demand for apartments?



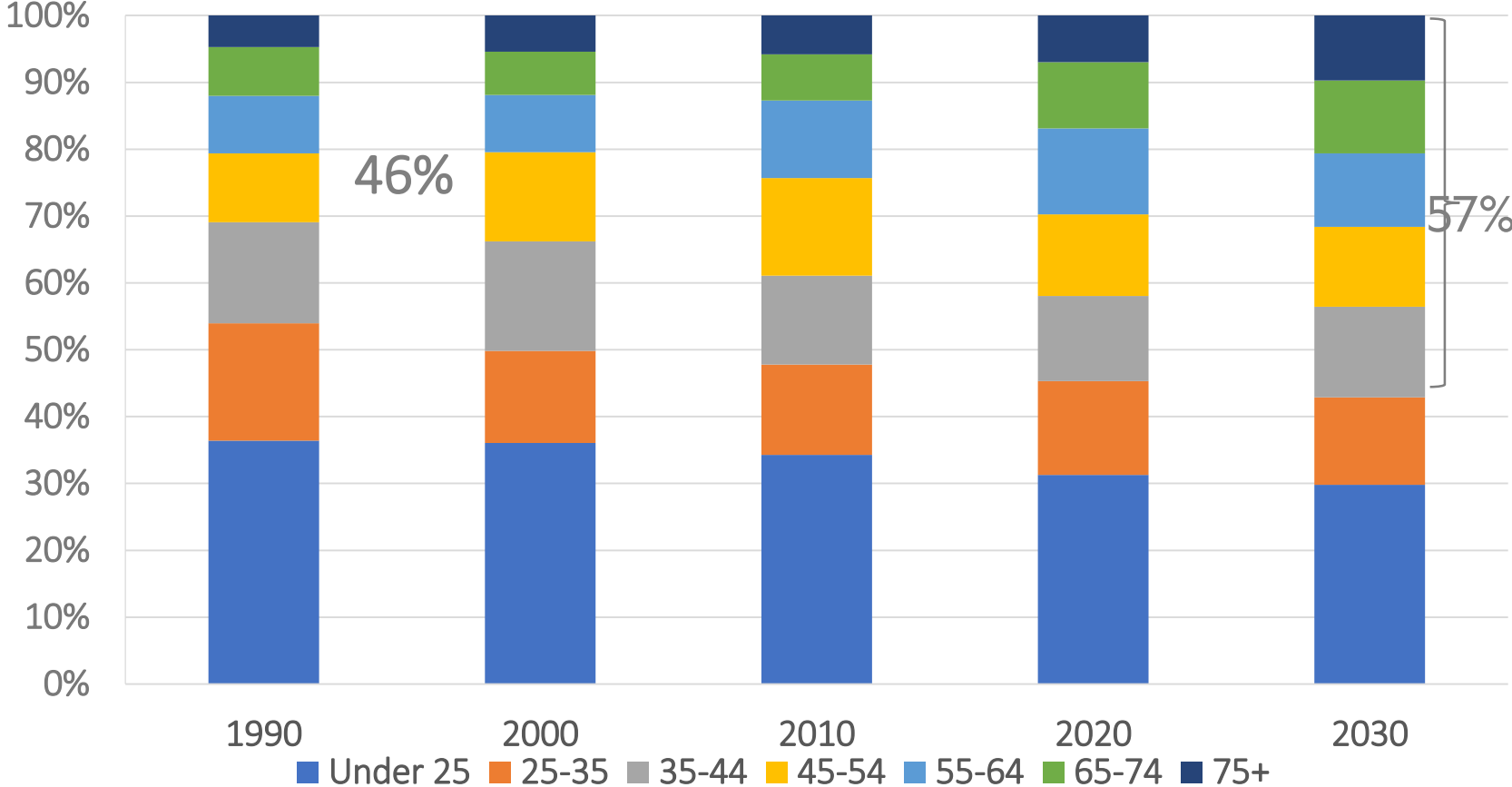
Source: Census Bureau.



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# Our Population is Aging as a Whole



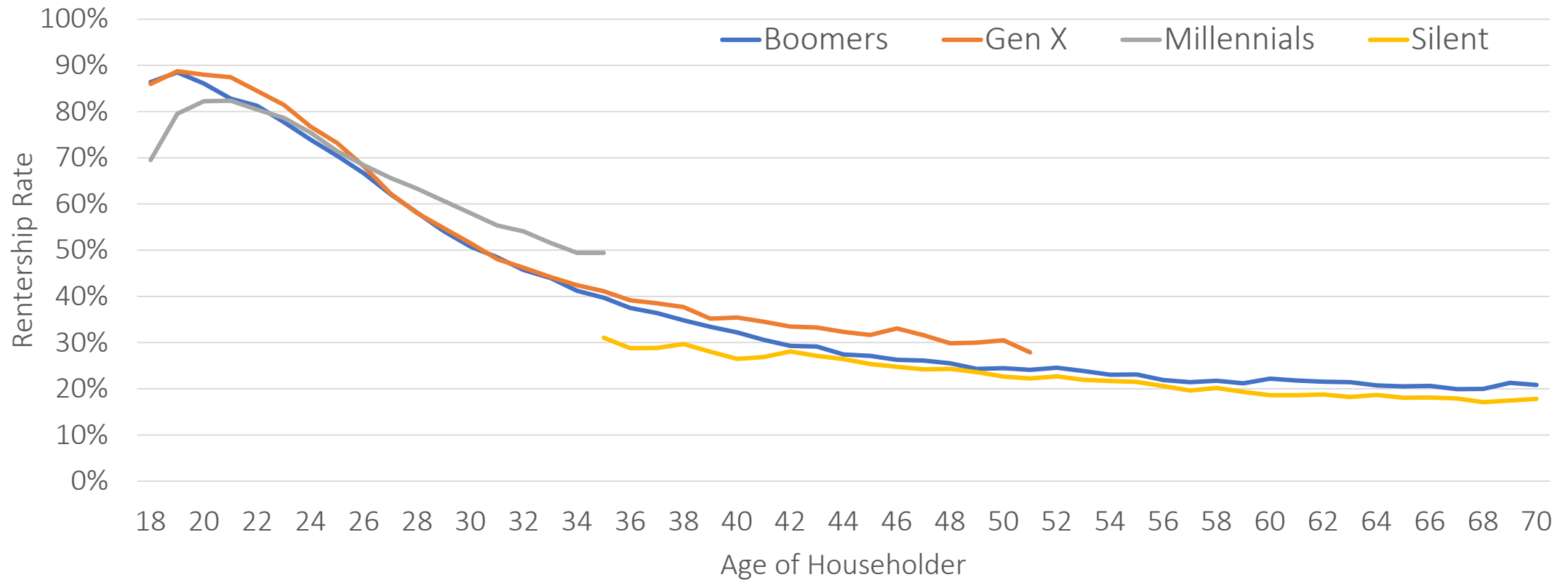
Source: Current Population Survey microdata; Joint Center for Housing Studies.



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# Will They Rent?

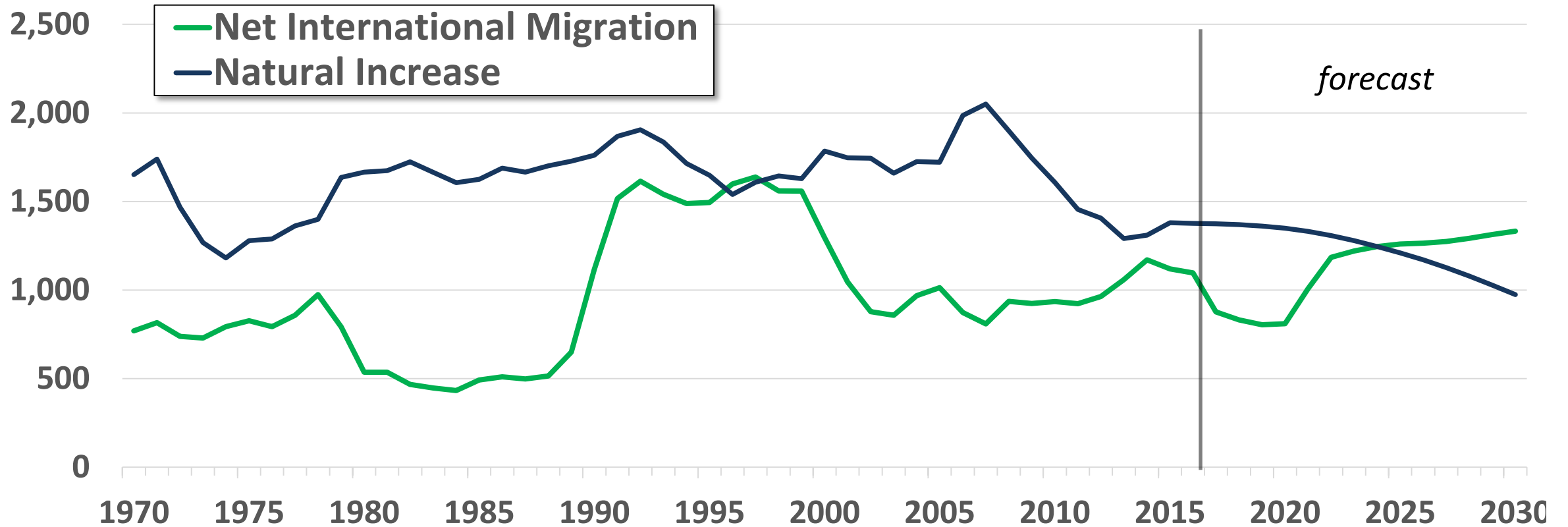


Source: NMHC tabulations of Current Population Survey microdata, Annual Social and Economic Supplement, US Census Bureau.



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# Slowing Population Growth, Greater Dependence on Immigration (000s)

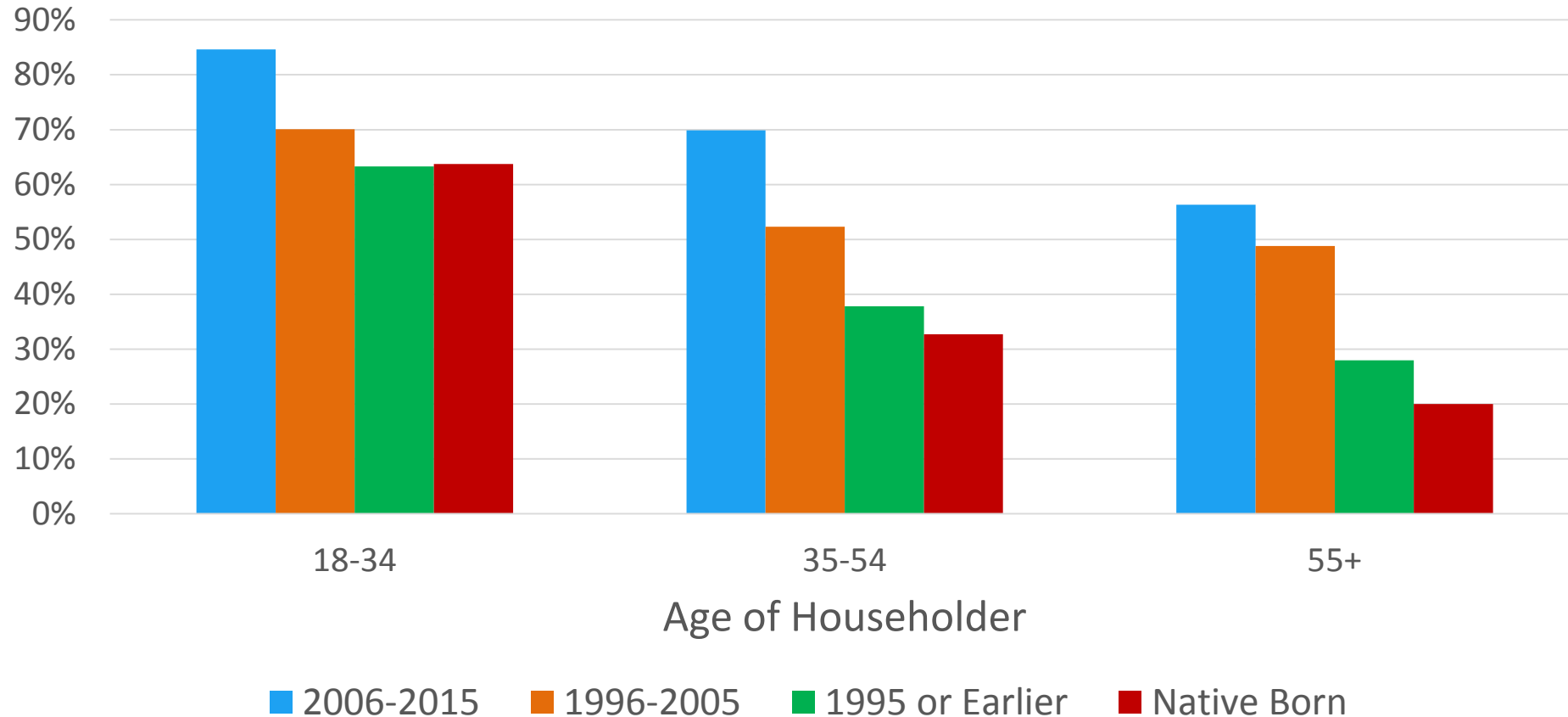


Source: Hoyt Advisory Services, NMHC/NAA. Full citation can be found at [www.weareapartments.org](http://www.weareapartments.org)



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# Rentership Rates by Year of Arrival to U.S.

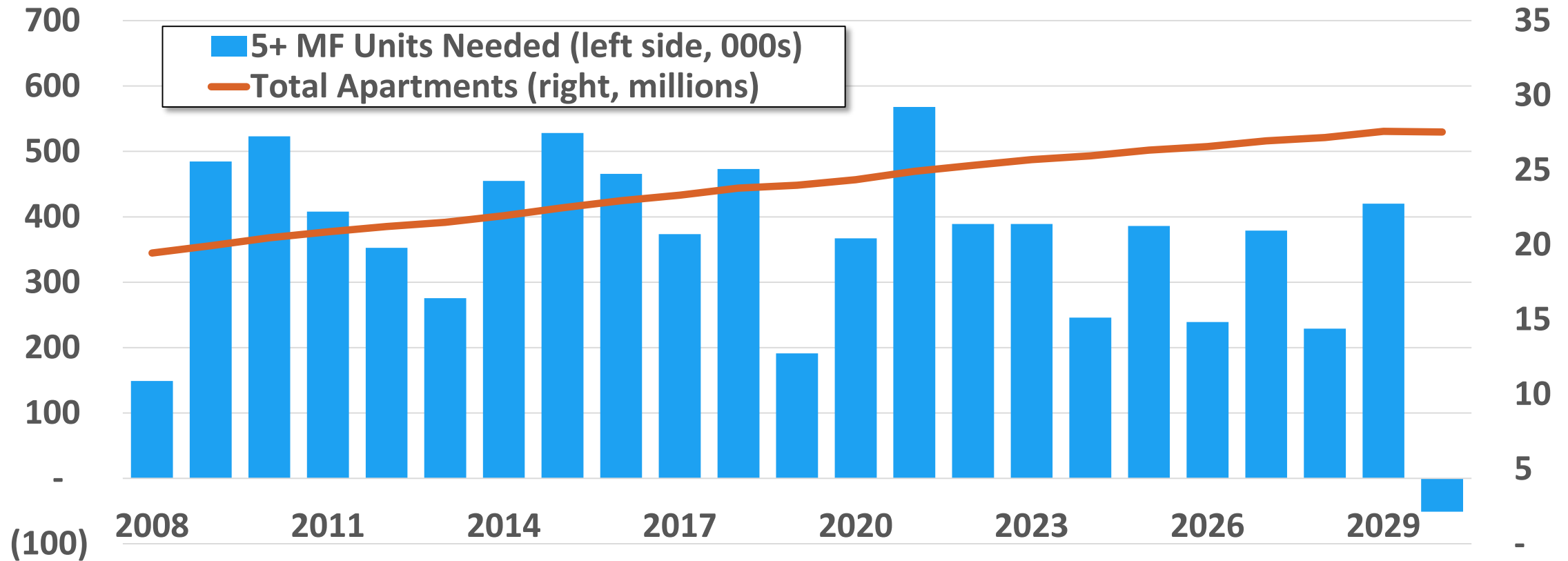


Source: NMHC tabulations of 2015 American Community Survey microdata



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# Steady and Significant Demand Ahead: 4.6 Million Apartments Needed By 2030



Source: Hoyt Advisory Services, NMHC/NAA.



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# Future Apartment Demand by Metro Area

MSA	# New Units Needed by 2030
New York	278,634
Dallas-Fort Worth	266,296
Houston	214,176
Miami	185,414
Atlanta	170,095
Los Angeles	164,201
Phoenix	150,302
Orlando	130,177
Washington, D.C.	127,962
Austin	114,076

Further info/metros available at [www.weareapartments.org](http://www.weareapartments.org)

Source: Hoyt Advisory Services;  
NMHC/NAA.



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# Apartment Demand: Things to Consider

## Development

- Much of the construction has been at the higher end of the market; this demand is needed at all price points
- Construction has been concentrated in several metro areas, but demand is widespread
- Cost to develop (land, labor, materials) as well as local regulations make this difficult in many metros

## Preservation

- 11.7 million existing units were built before 1980, meaning many will likely need some sort of renovation by 2030

Source: Hoyt Advisory Services; NMHC/NAA.



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# Restrictions Index

## BARRIERS TO APARTMENT CONSTRUCTION INDEX

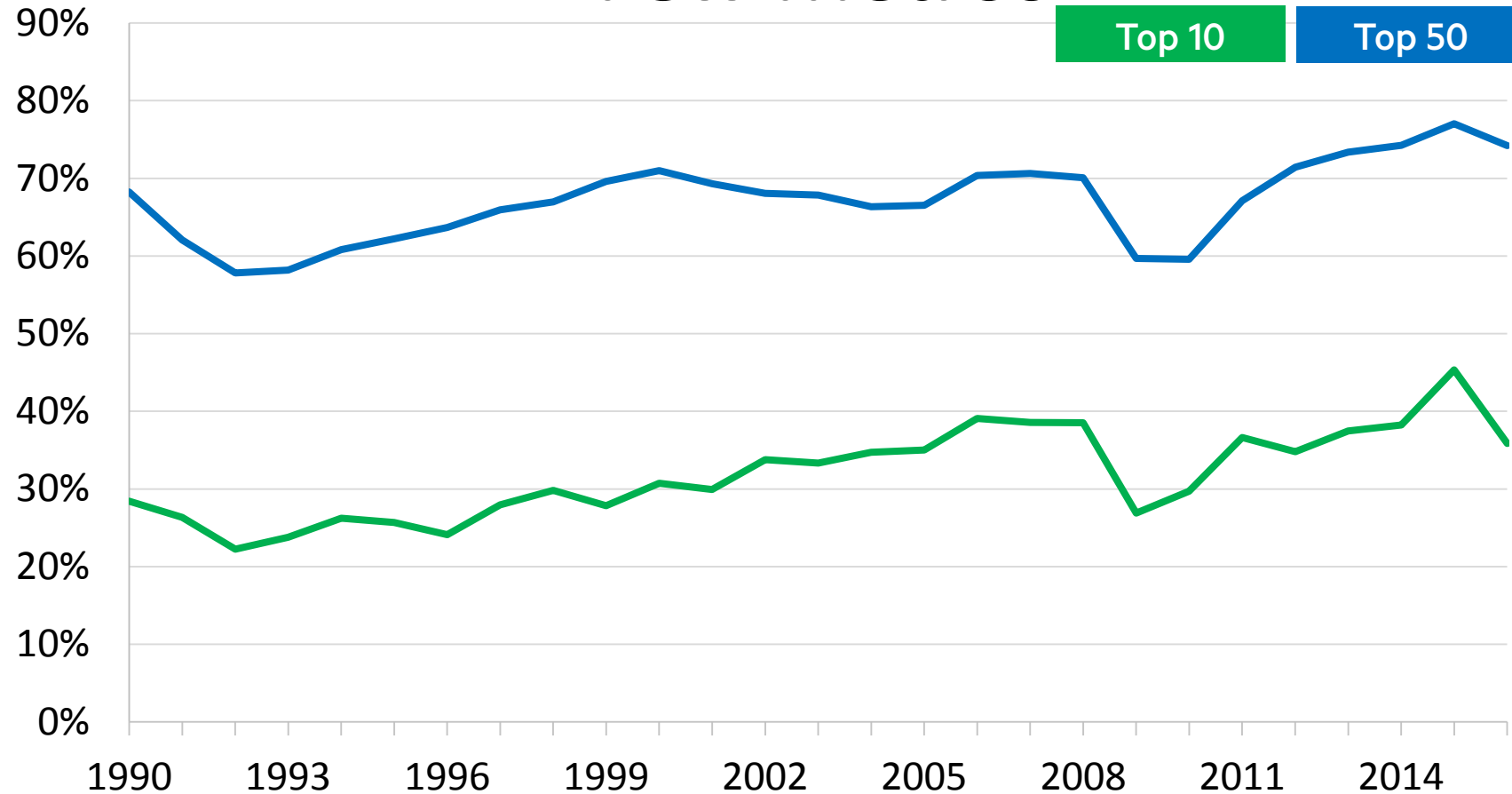
19	Honolulu	5	Phoenix	2	Chicago	-3	Louisville
13	Boston	5	Raleigh	1	Detroit	-3	Sioux Falls
12	Baltimore	5	Milwaukee	0	Atlanta	-3	Charleston
9	Miami	4	Sacramento	0	Cleveland	-4	Charlotte
9	Memphis	4	San Jose	0	Tampa	-4	Las Vegas
8	Philadelphia	4	Orlando	-1	Birmingham	-4	Cincinnati
8	Seattle	3	Minneapolis	-1	Dallas Fort Worth	-5	St. Louis
8	San Francisco	3	Portland	-1	San Antonio	-5	Indianapolis
6	Denver	3	Albuquerque	-2	Austin	-5	Kansas City
6	New York City	3	Washington D.C.	-2	Richmond	-5	Little Rock
5	San Diego	2	Salt Lake City	-2	Nashville	-6	New Orleans
5	Los Angeles	2	Columbus	-2	Houston		
5	Riverside	2	Pittsburgh	-2	Oklahoma City		

Source: Hoyt Advisory Services, NMHC/NAA. Full citation can be found at [www.weareapartments.org](http://www.weareapartments.org)



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# Bulk of New Construction Concentrated in a Few Metros



Source: U.S. Census Bureau; NMHC



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# A Lot of Apartments May Need Rehab

	Renter Households	Share
Built 2000 or Later	3,466,136	19%
Built 1980 to 1999	5,714,464	31%
Built 1960 to 1979	5,689,016	30%
Built 1940 to 1959	1,844,839	10%
Built 1939 or Earlier	2,012,339	11%
<b>Total</b>	<b>18,726,794</b>	<b>100%</b>

Source: 2015 American Community Survey, 1-Year Estimates.

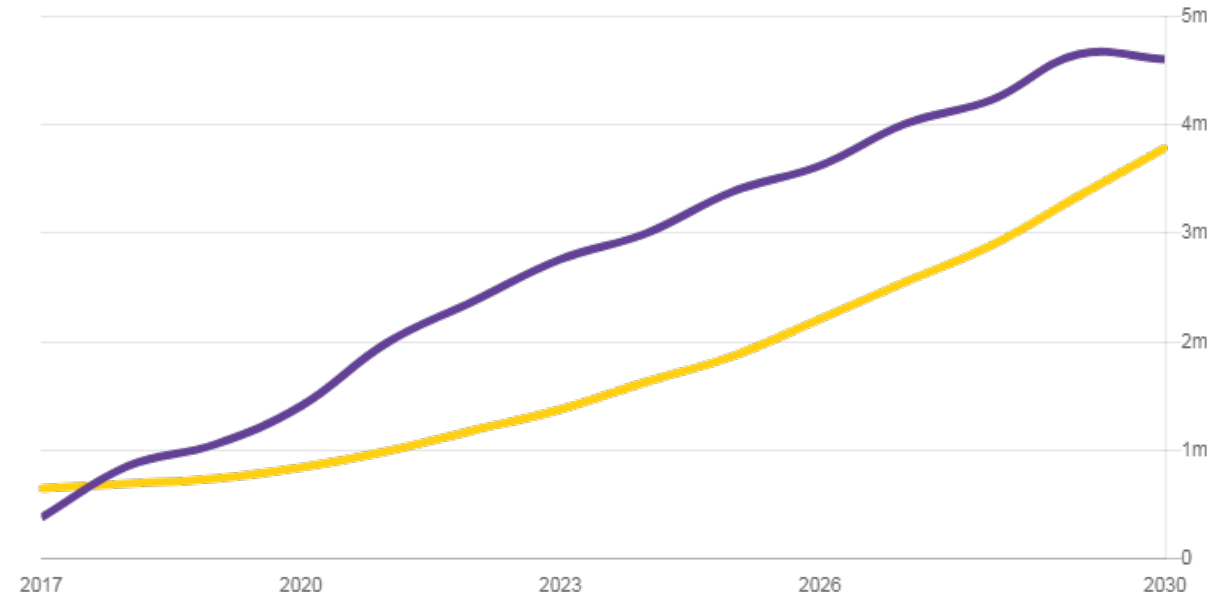


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# Apartment Supply

## WE NEED TO BUILD MORE

- We need an average of 324,000 new apartment homes each year to keep up with demand.
- The industry averaged just 225,000 completions from 2011-2016.



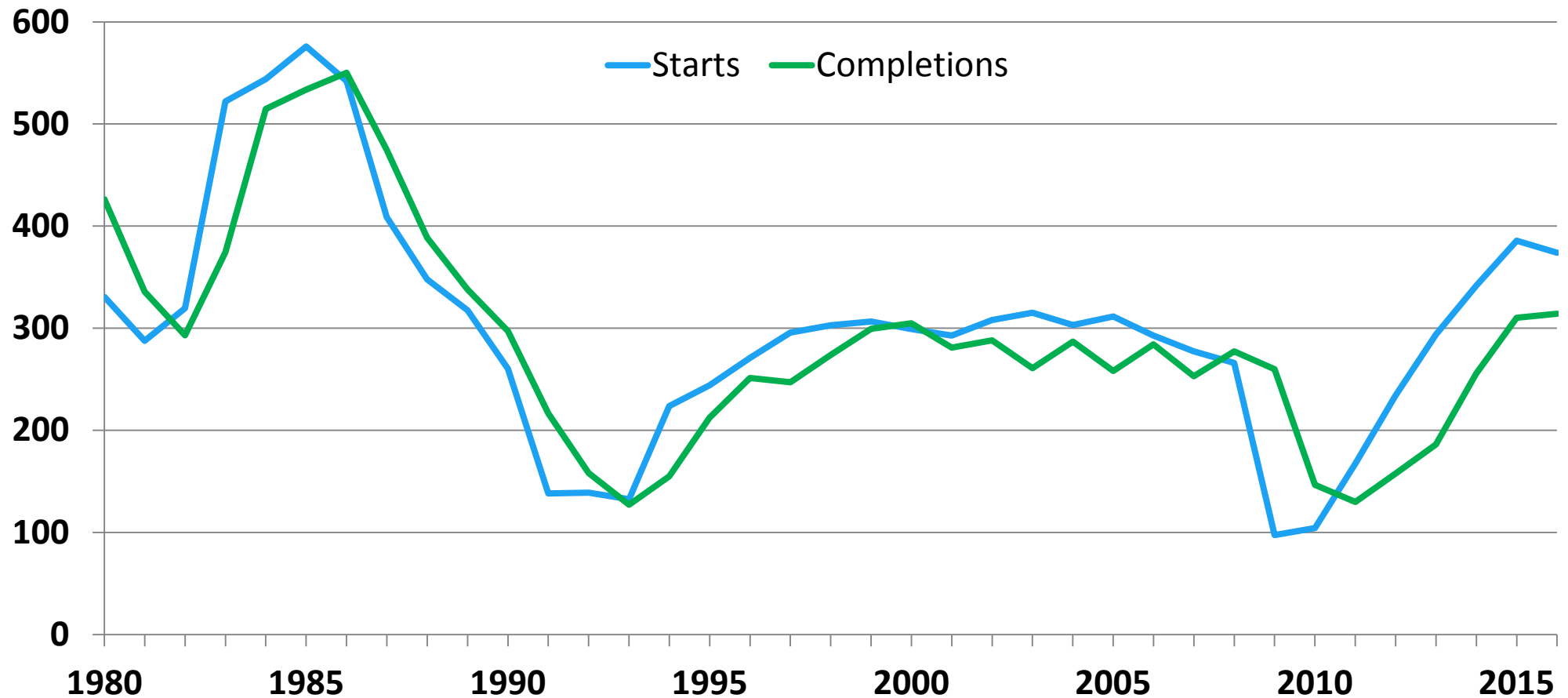
- ★ NUMBER OF NEW APARTMENT HOUSEHOLDS PER YEAR
- ★ NUMBER OF APARTMENTS BUILT PER YEAR

Source: Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau



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# Multifamily (5+) Starts & Completions



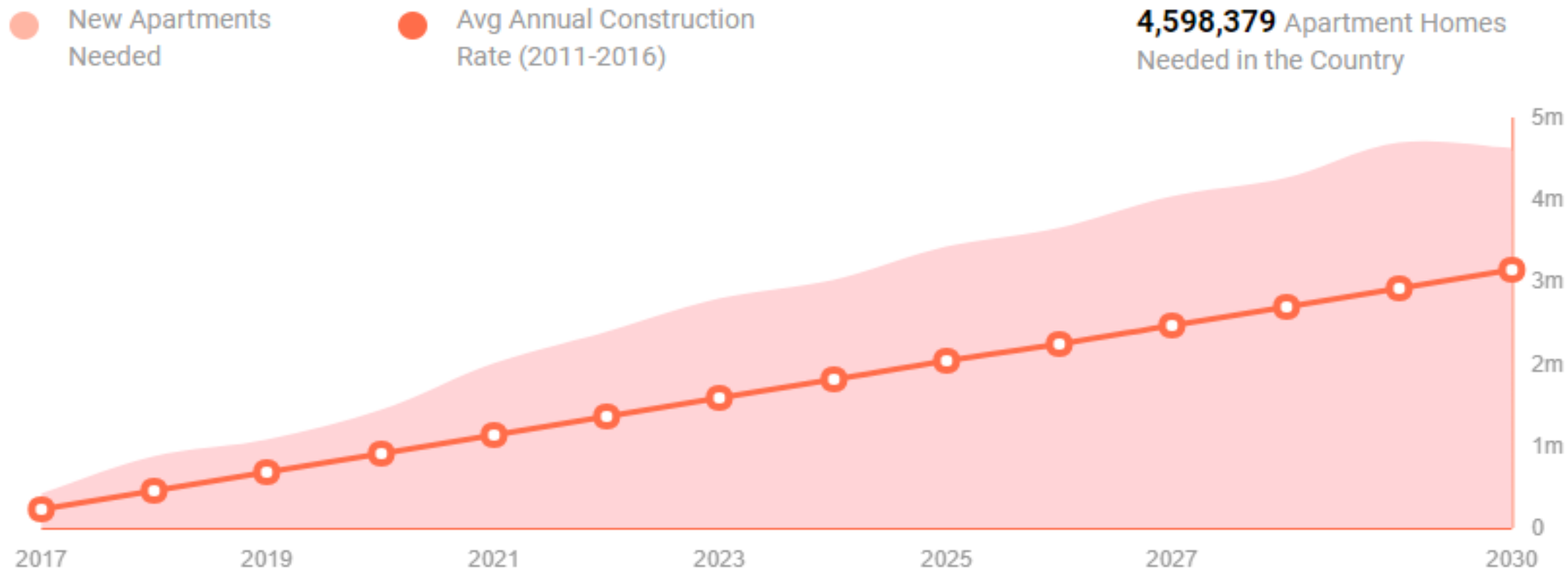
Source: Census Bureau.



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# Research Findings: The Apartment Housing Gap



Source: Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau

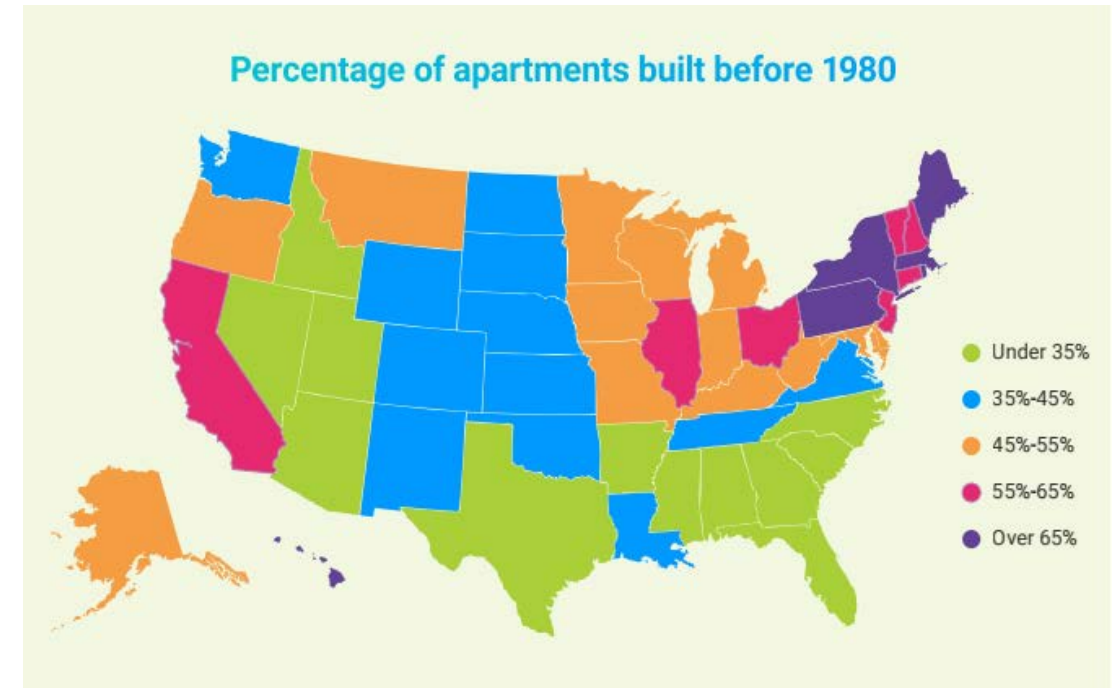


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# Challenges to Development

- Increasing Regulatory Barriers in Recent Decades, Notably at Local Level
- Outdated Zoning Laws
- Unnecessary Land Use Restrictions
- Arbitrary Permitting Requirements,
- Inflated Parking Requirements
- Environmental Site Assessments



**Collectively Delay and Discourage Housing Construction and Raise the Cost of Housing**



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# Vision 2030



**We can bridge the gap  
between the cost of building  
and operating apartments  
and the amount of rent lower-  
income and middle-class  
households can afford.**



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# Questions?

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