MEMORANDUM

TO: NMHC Members

FROM: Mark Obrinsky, Senior Vice President of Research and Chief Economist

RE: Apartment Research Activities

DATE: April 30, 2014

This report summarizes research activities undertaken by the NMHC staff on behalf of the apartment industry since January 2014, and also highlights projects underway. Please contact me at 202-974-2329 if you have questions or comments or would like additional information on any item.

- The annual NMHC Top 50 Apartment Owners and Managers was published in April by Multifamily Executive magazine. The multiple ownership mergers that occurred in 2013 were discussed in the main article, along with the continued expansion of management companies. This year’s publication also included an executive roundtable, featuring predictions for 2014 from some of the industry’s leaders, as well as sidebar articles that delved deeper into some of 2013’s bigger transactions and analyzed current development trends. Kingsley Associates once again collected responses and tabulated results for NMHC. Complete rankings and analysis can be found on the NMHC web site at: www.nmhc.org/The-NMHC-50/.

- Apartment market conditions showed some signs of softening slighting in January as all four indexes (Market Tightness, Sales Volume, Equity Financing, and Debt Financing) came in at or below the breakeven level of 50. Conditions rebounded somewhat in April, as all four indexes surpassed 50. The Market Tightness Index suggested improvement even beyond the typical seasonal pickup. Sales volume increased from three months earlier despite the dearth of product available on the market. For further details see: http://www.nmhc.org/Content.aspx?id=7823.
• NMHC held its 12th Research Forum in Washington, DC, on April 29-30. Attendees got an update on apartment market conditions and analysis of the likely path of apartment property prices in the near-term. Millennials were the focus of several presentations by researchers from Nielsen (Claritas) and Pew Research Center, as well as the focus of a conversation with developers. The Forum was capped off by compelling research on walkable urban development. Presentations are available at: http://www.nmhc.org/2014-NMHC-Research-Forum/.

• A common complaint from NIMBY proponents is that new apartment construction brings with it more children, hence a greater burden on the municipality's school system. The March 2014 issue of Research Notes updated previous analysis countering this myth, showing that apartments actually add fewer children per housing unit than single-family homes (both owned and rented). For more information, see Research Notes for March 2014 at: http://www.nmhc.org/Content.aspx?id=8490.

• Apartment market conditions continued to be healthy in the fourth quarter of 2013. Vacancy rates remained low, and multifamily permits, starts, and completions were all up from 2012. Absorptions were also strong, and while the fourth quarter still saw rent increases, they were moderated compared to previous years. Transaction volumes fell just short of the record $105.7 billion set in 2007. Returns for apartments were only 10.2 percent in 2013, however, down from 11.2 percent in 2012. For more information, see February 2014's Market Trends at: http://www.nmhc.org/Market-Trends-Newsletter/.

• NMHC staff continue to give presentations for members of the commercial real estate industry, as well as other audiences. A member of the NMHC Research staff gave a presentation at the Urban Institute on January 13, 2014, analyzing the availability and quality of data for multifamily research. Another member of the NMHC Research staff presented an overview of the apartment industry in 2013, with a look ahead to 2014, at the Northern Virginia Apartment Summit on March 18, 2014.

• NMHC Senior Vice President of Research and Chief Economist Mark Obrinsky became the President of the Housing Statistics Users Group (HSUG), an organization for housing researchers from a variety of backgrounds—trade associations, government agencies, and private consultants, among others.