



Multifamily Market Outlook

Kim Betancourt, CRE

Vice President

Multifamily Economics and Strategic Research

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Disclaimer

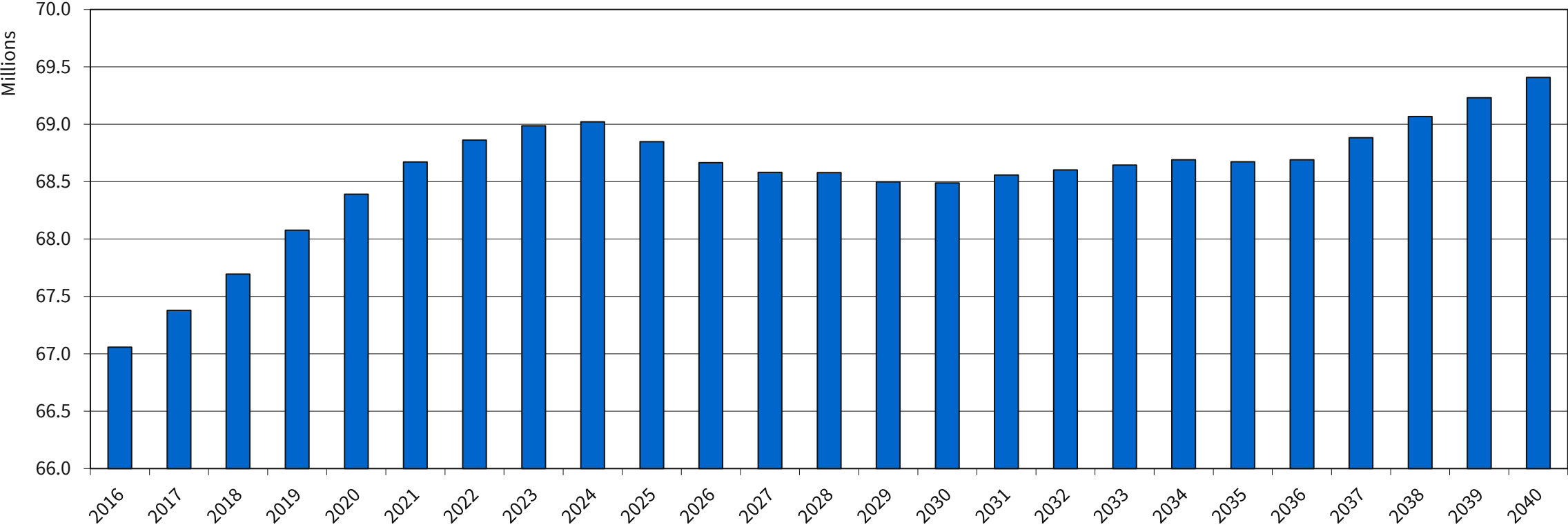
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Multifamily Market Fundamentals

Demographics are in the multifamily rental sector's favor over the long-term.

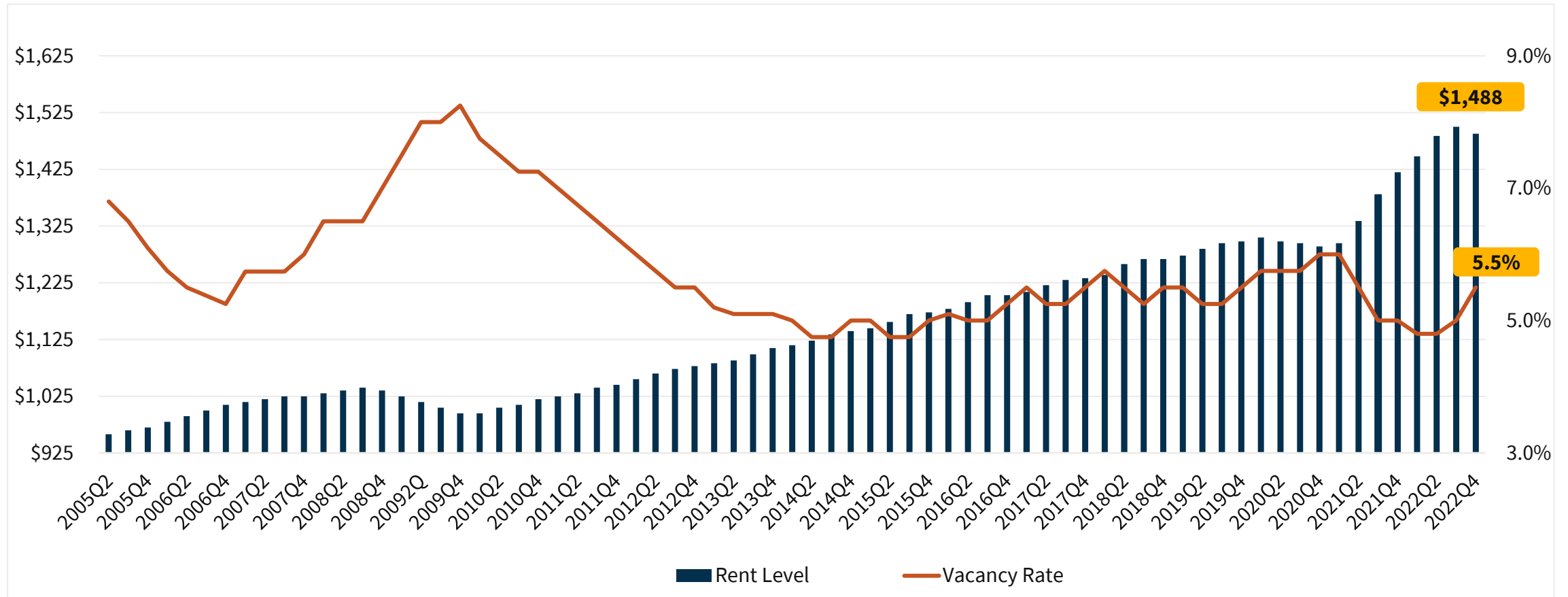
U.S. Population: Age 20-34 Cohort



Multifamily Market Fundamentals

The vacancy rate increased in Q4 2022, and rents contracted for the first time since Q4 2020...

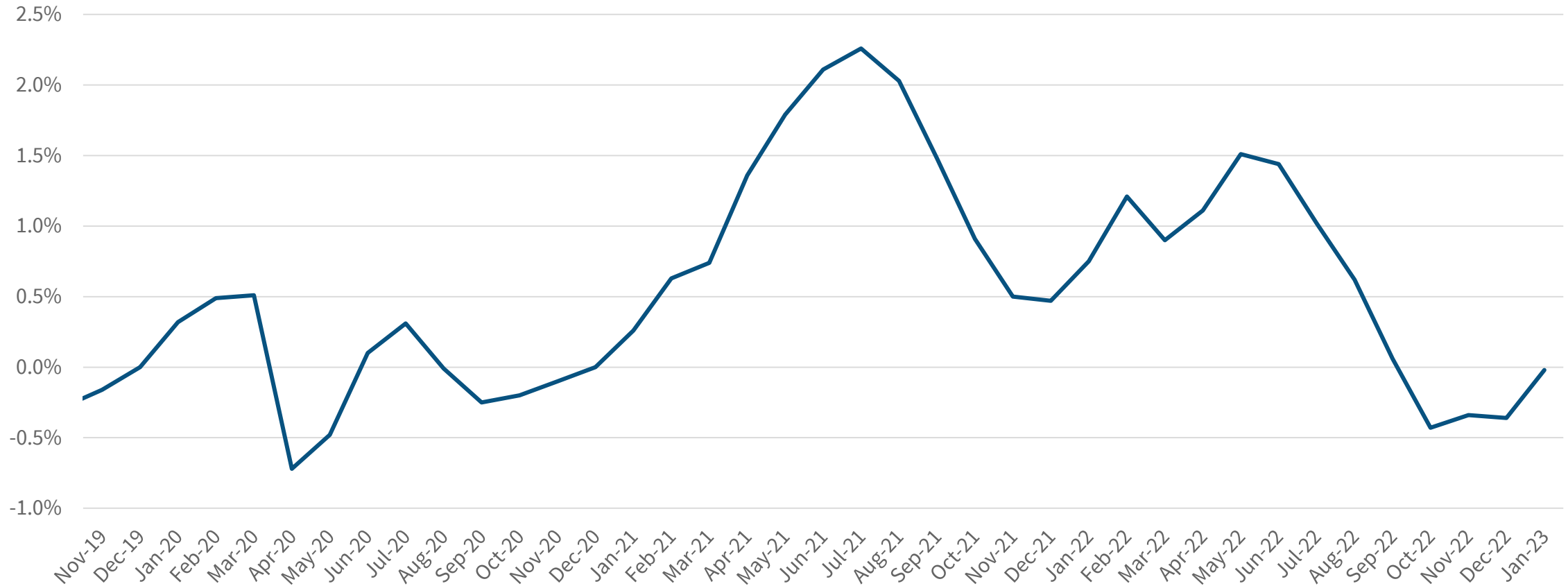
Estimated Multifamily Rent and Vacancy Trends



Multifamily Market Fundamentals

... and monthly rent growth remains near negative levels...

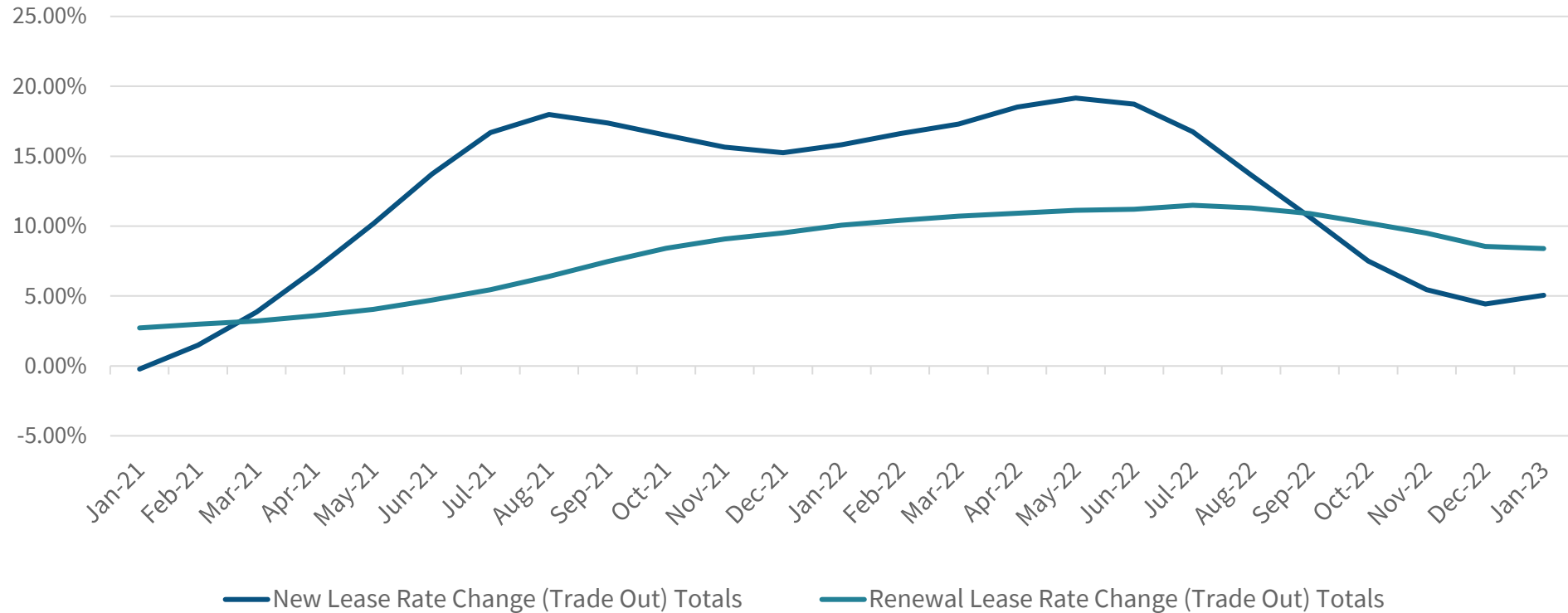
National Monthly Multifamily Asking Rent Change



Multifamily Market Fundamentals

... with renewals commanding higher rent percentage increases than new leases.

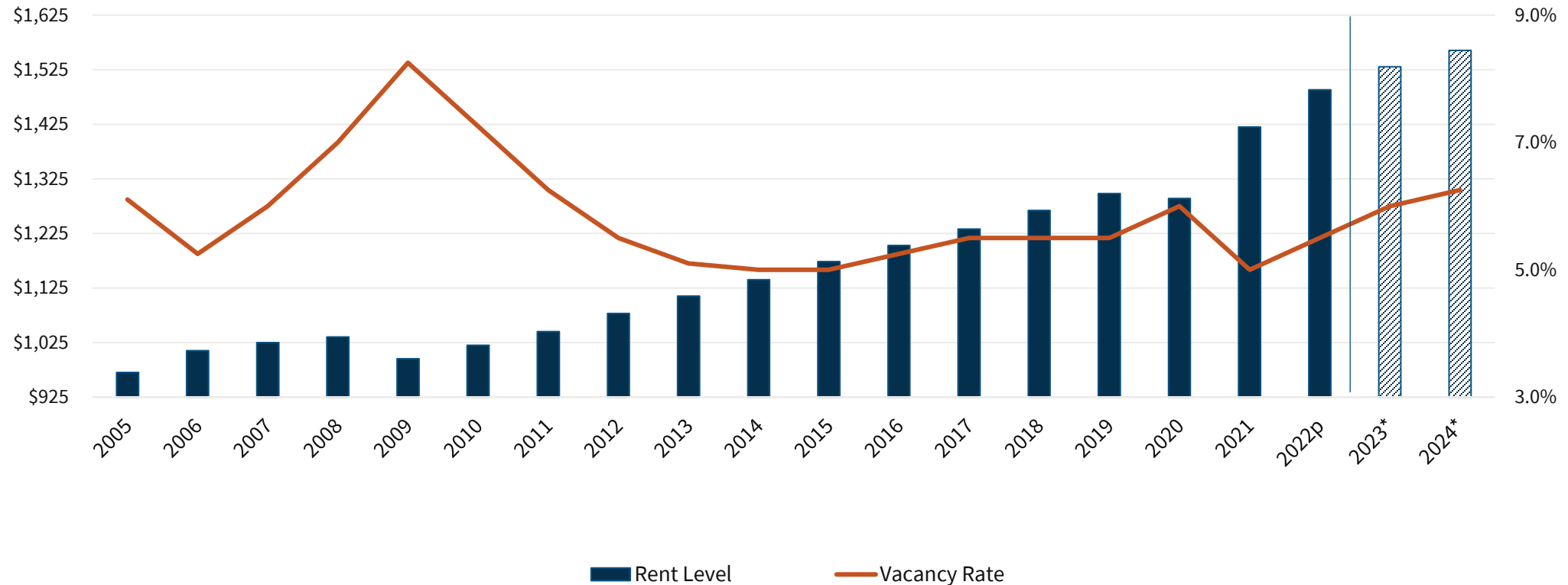
National Rental Rate Change by Lease Type



Multifamily Market Fundamentals

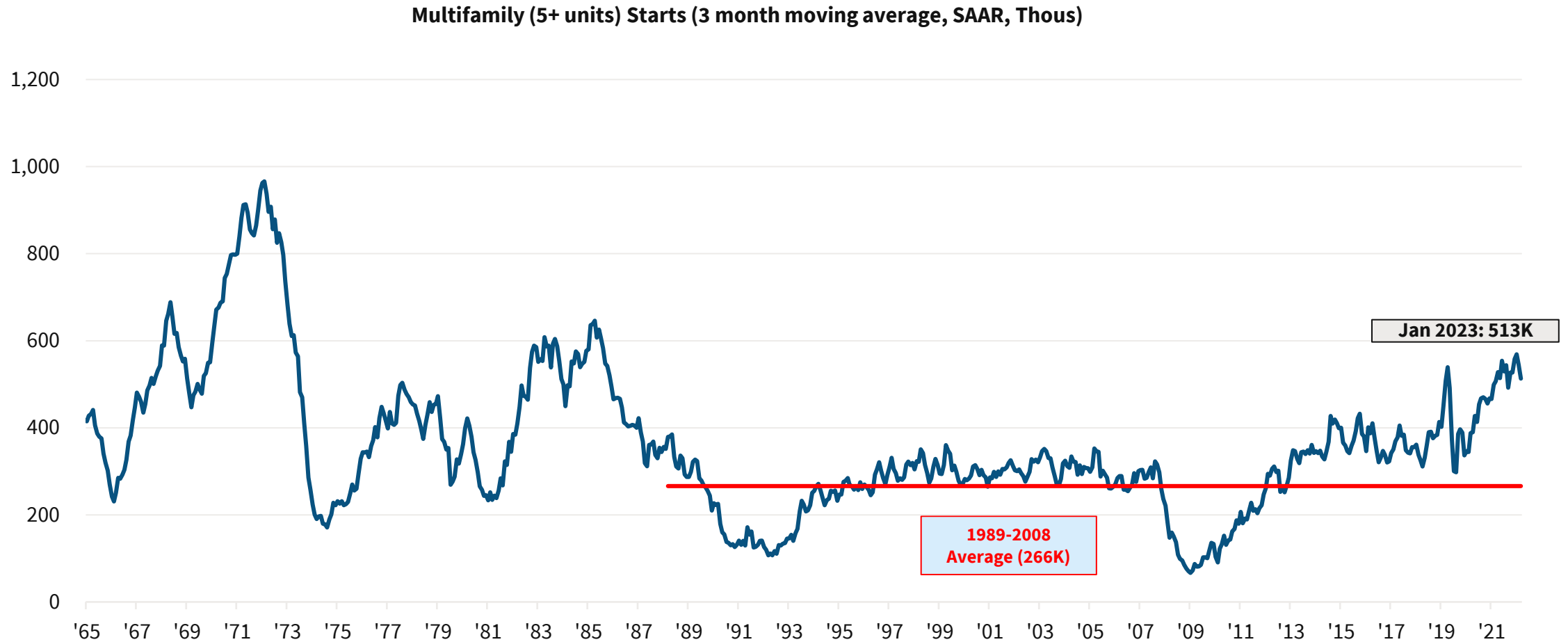
We expect annualized rent growth to slow to 1.5% in 2023 and pick up to 2.0% in 2024. We expect the vacancy rate to increase to 6.0% in 2023 and again to 6.25% in 2024 due to anticipated completions. But depending upon the depth and severity of the currently predicted recession in early 2023, it is possible that annualized rent growth next year could stagnate and remain at zero.

Estimated Multifamily Rent and Vacancy Forecast



Multifamily Market Fundamentals

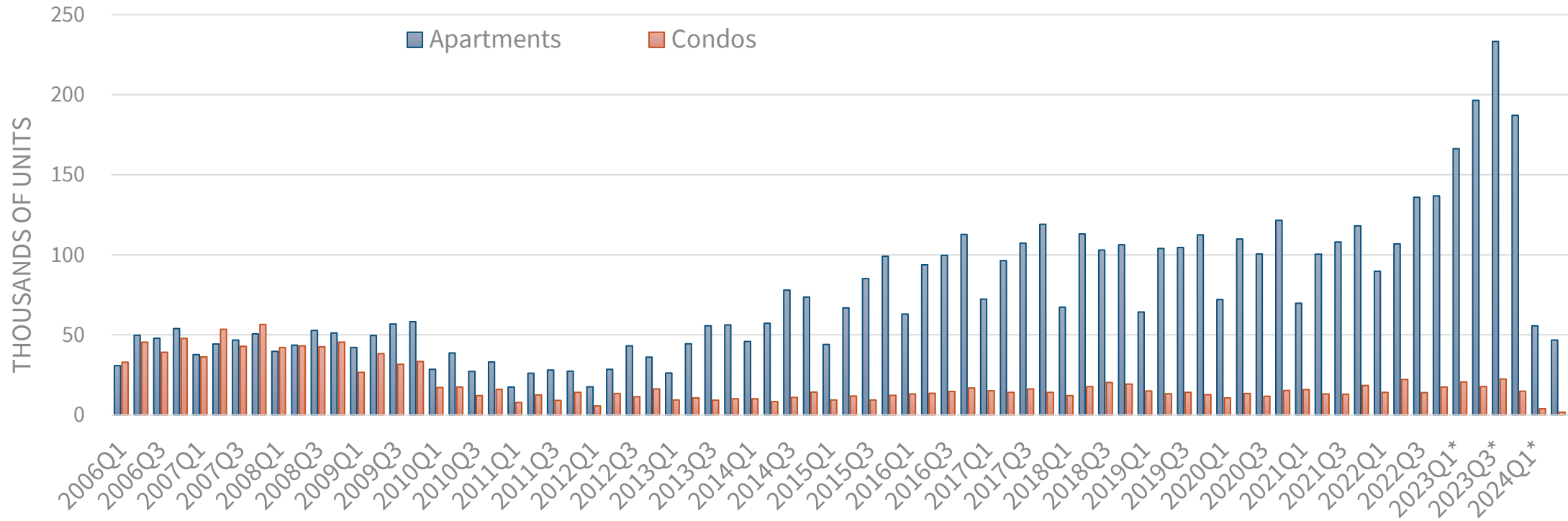
Because job growth had been so robust, multifamily new construction has risen above longer-term historic levels...



Multifamily Market Fundamentals

... with more than 700,000 units underway with expected delivery by the end of 2023 alone...

Multifamily New Construction



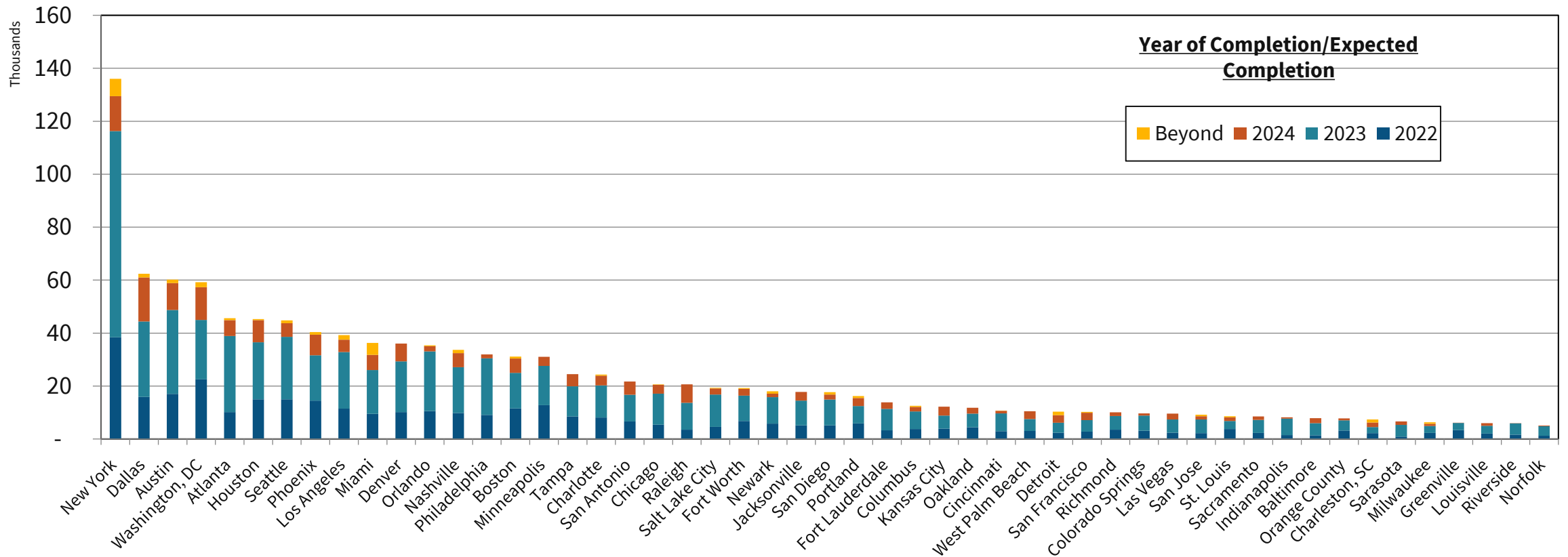
NOTE: Supply Track data is not an actual forecast of activity, it is a monitor of activity reported on to-date. As more projects are planned and tracked, figures in future periods might go up.



Multifamily Market Fundamentals

... with many of them located primarily in about 15 metros.

Multifamily Apartment Units Underway – Select Metros



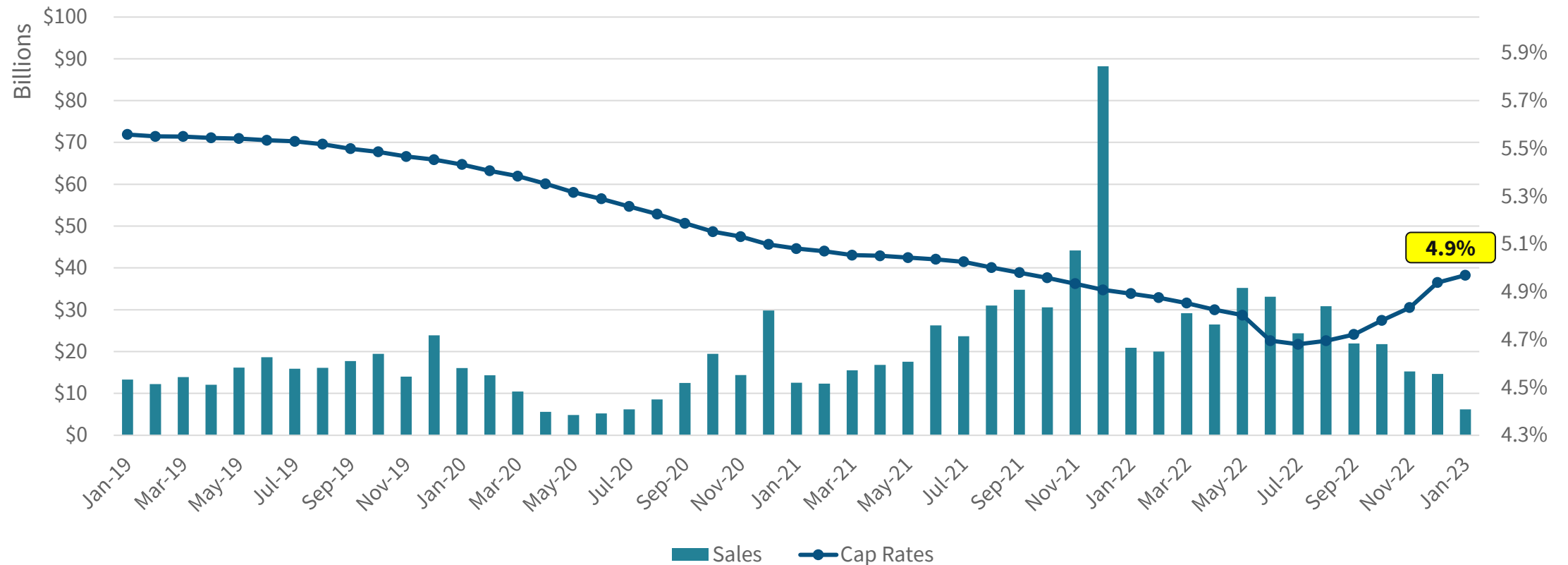
NOTE: Supply Track data is not an actual forecast of activity, it is a monitor of activity reported on to-date. As more projects are planned and tracked, figures in future periods might go up.



Multifamily Market Fundamentals

Investment in multifamily has been slowing down since late 2022...

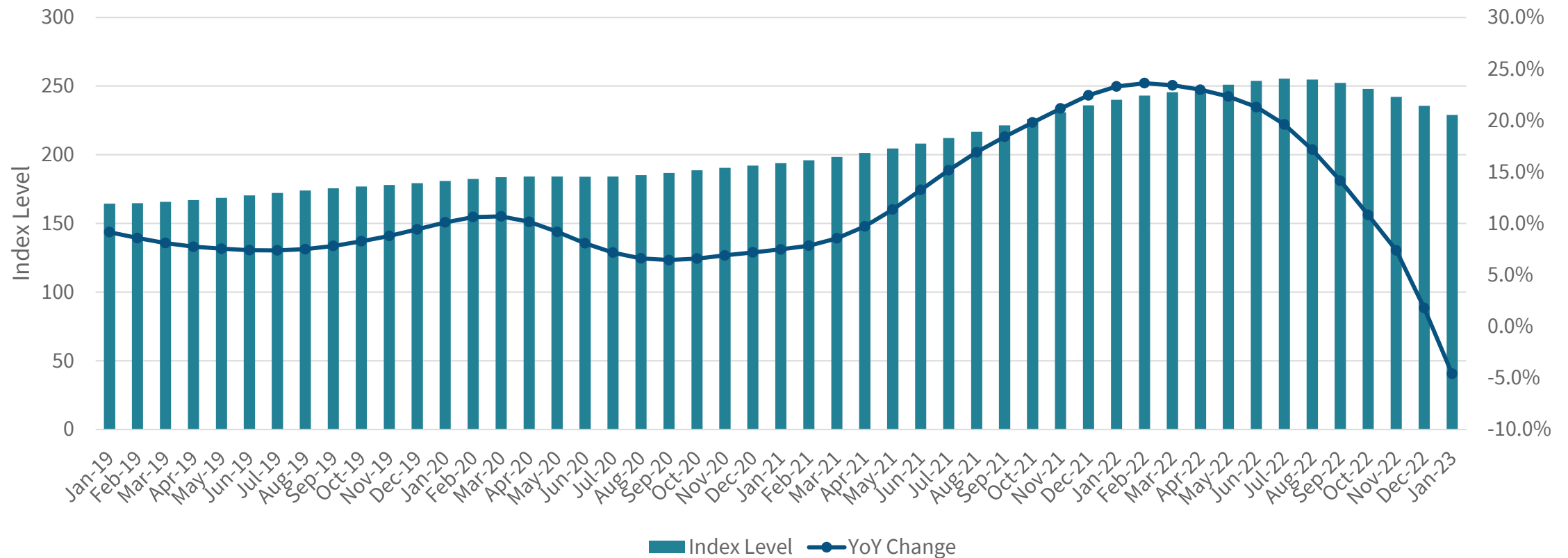
National Monthly Apartment Sales Volume and Cap Rates



Multifamily Market Fundamentals

... and year-over-year price growth has turned negative as of January 2023...

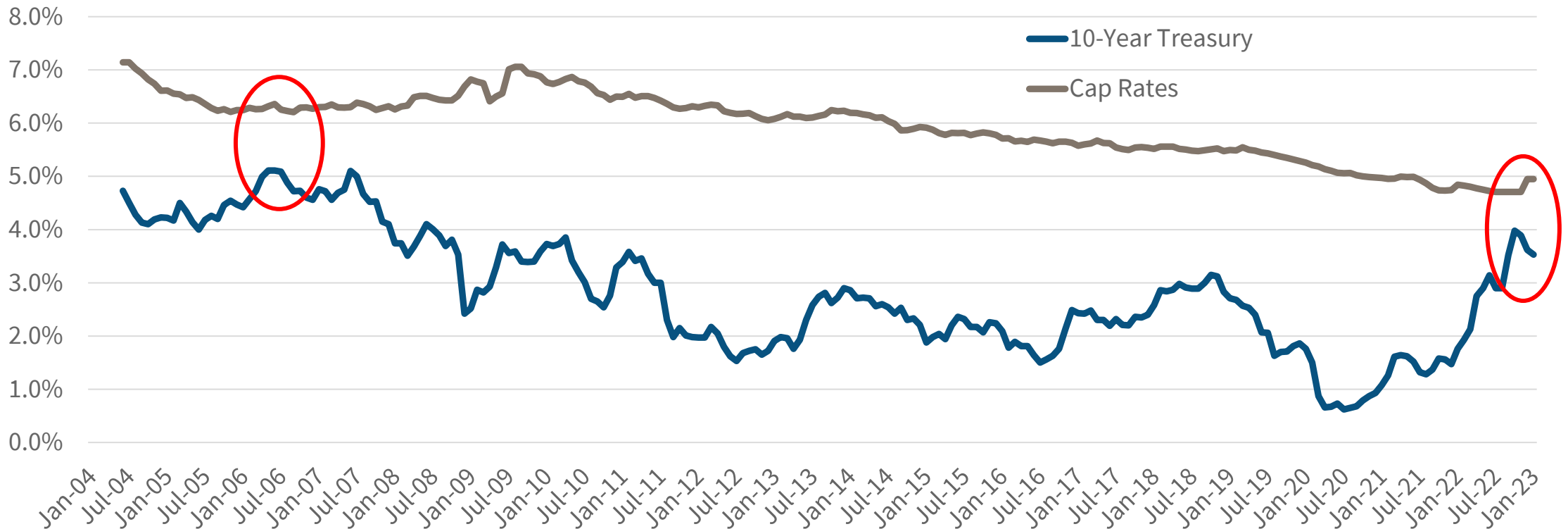
RCA Commercial Property Price Index – Apartments Only



Multifamily Market Fundamentals

... with cap rates starting to move up.

Treasury Interest Rates and Multifamily Capitalization Rates



Contact Information

Kim Betancourt, CRE

Vice President

Multifamily Economics and Strategic Research

(o) 202-752-4656

Kim_Betancourt@fanniemae.com

