

April 04, 2005

NAHB reports rental market indicators improving, condos still strong

Demand for rental apartment homes continued to gain momentum in the fourth quarter of 2004, according to the latest Multifamily Market Index released by the National Association of Home Builders.

Meanwhile, the same survey showed no signs of the hot condo market cooling off.

"The improving job market is driving a rebound in apartment rentals," said David Wilson, the group's president. "At the same time, attractive interest rates and strong price appreciation rates continue to spur condo sales."

"These numbers indicate that a healthier multifamily housing market is emerging, one in which demand more clearly aligns with supply," said the association's chief economist David Seiders. "The positive outlook for the economy in general, and for job growth in particular, means that the news for multifamily housing should continue to be good."

The index is based on a quarterly, nationwide survey of multifamily builders and property owners who are asked several questions about current market conditions as well as their expectations for the next six months. Survey answers are assigned numerical values to calculate two separate indexes, one tracking demand and the other tracking supply. The scale is from 1 to 100, with a rating of 50 generally indicating that the number of positive responses is about the same as the number of negative responses.

Continuing the previous quarter's trend, all classes of rental apartments showed gains on the index gauging demand in the fourth quarter of 2004. The biggest increase in demand was reported for class B apartments - the midrange rent category - which jumped eight points from a year ago to its current index value of 50.8. Demand for luxury units rose five points during the fourth quarter of 2004 over the previous year's fourth quarter, while demand for low-rent communities rose about seven points during the same period. And, survey respondents expect that rising trend to continue over the next six months.

The index tracking the number of apartments available for rent continued its downward trend, registering a 13.2-point drop from 69.6 in the final quarter of 2003 to 56.4 in the fourth quarter of 2004.

During that same period, the index tracking the volume of calls from prospective renters increased, rising four points to 50, up from 45.9. The current average vacancy rate for rental apartments is 7.8 percent, down from 8.5 percent in the previous quarter.

On the supply side, market-rate apartments showed the biggest gain, with the supply index for that category rising to 49.3 for the fourth quarter of 2004 from 34.7 during the fourth quarter of 2003. Builders participating in the survey said they expect even greater gains over the next six months. Condos continued to be the strongest category.

June 14, 04

Rental apartment market rebounding

Strong condo demand and signs that the rental apartment market finally is emerging from its slump fueled the confidence of multifamily builders in the first quarter of this year, according to the latest Multifamily Market Index.

Current market conditions for for-sale units jumped to 64 in the first quarter, up from 46.7 in the first quarter of 2003. The indexes gauging current market conditions for low-income (subsidized) and market-rate apartments both were well above their levels of a year earlier, at 49.4 and 48.1, respectively.

"The condo market continues to benefit from favorable interest rates and solid price appreciation, while stronger job growth is helping the apartment market," said Bobby Rayburn, president of the National Home Builders Association.

The index is based on a quarterly, nationwide survey of multifamily builders and property owners who are asked a series of questions about current market conditions and expectations for the next six months.

Survey answers are assigned numerical values to calculate two separate indexes, one tracking demand and the other tracking supply.

The scale is from 1 to 100, with a rating of 50 generally indicating that the number of positive responses is about the same as the number of negative responses.

Builders reported fewer empty apartments available for rent. Prospective renters also are calling more frequently - the current index value for this key indicator of rental demand stood at 56.2 in the first quarter, which is 7 points higher than at the same time last year. All types of apartments reported more demand this quarter, but luxury (class A) apartments have rebounded most strongly - that index value of 46.5 represents a nearly 17-point improvement in reported demand over last year.

Looking forward, multifamily builders expressed optimism regarding the next six months, with the index tracking expected market conditions for market-rate apartments rising 16 points over this time last year to an index number of 57.1. The low-income (subsidized) apartment producers also report optimism, with a 51.8 index score, up from 50 last year. And, the condo market's 55.3 index number reflects a 7-point improvement over 12 months ago.

"The evolving upswing in the job creation numbers bodes well for the multifamily sector," noted the association's chief economist David Seiders. "Since job creation often leads to new household formation - and new households often tend to be renters or first-time condo buyers - it looks like there are better days ahead for the multifamily segment of the housing market."



NAHB: Apartment, condo builders are optimistic

January 17, 05

Apartment and condo builders are optimistic that the multifamily housing market will continue to strengthen over the next six months, according to the latest Multifamily Market Index, released by the National Association of Home Builders.

Condos continued to lead the multifamily market in the third quarter of 2004, with the for-sale supply index up almost 4 points from this time last year to 56.9 from 53.5.

Builders participating in the survey expect that number to stay above 50 for at least the next six months.

The index is based on a quarterly, nationwide survey of multifamily builders and property owners who are asked several questions about current market conditions as well as their expectations for the next six months.

All classes of rental apartments showed gains on the index gauging demand in the third quarter of 2004. The biggest increase in demand was reported for class C apartments - the lower-rent category - which jumped 10 points from a year ago to its current index value of 53.8. Demand for luxury units rose 3.3 points from last year's third quarter, while demand for average market-rate communities rose about 9 points.

The index tracking the number of rental apartments available for rent continued its downward trend, registering a six-point drop from 63.7 at this time last year to 57.7 in the second quarter 2004. At the same time, the index tracking the volume of calls from prospective renters saw a healthy increase, rising nearly 15 points to 52.9, up from 38.2 in last year's third quarter.

Condos are still the major story in the multifamily housing market. Even with the current supply index up from this time last year, survey respondents said they expect even higher production six months from now.

"Condos have great appeal to those who want the benefits of apartment living but who also want to buy a home during this time of low interest rates," said the group's chief economist David Seiders. "But with interest rates starting to move back up, we are also starting to see stabilization in the rental apartment market."