



Multifamily Construction Update (May 2020)

NMHC Construction Survey (Round 2) shows continued pressure throughout the multifamily construction sector, while forward-looking metrics (permits, starts, completions) also continue to decline. One shining light: affordable housing looking attractive as a defensive investment play going forward.

Below are key takeaways from the following reports:

2020 NMHC Construction Survey (Round 2) – *National Multifamily Housing Council* – [Link](#)

Multifamily Housing Construction Down in April – *YieldPro* – [Link](#)

Why Affordable Housing Construction Will Shine Despite COVID-19 – *Multi-Housing News* – [Link](#)

2020 NMHC Construction Survey (Round 2)

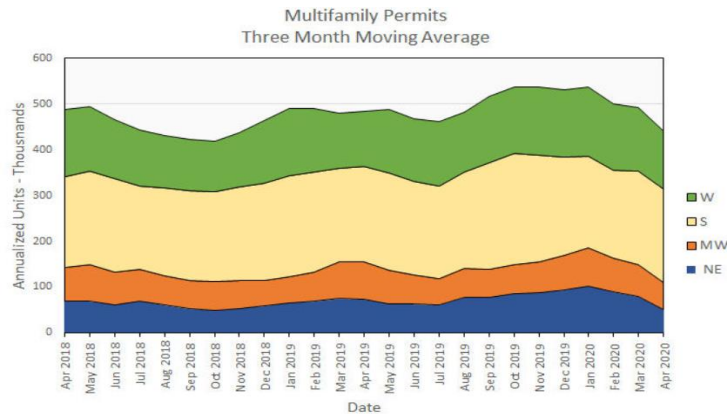
National Multifamily Housing Council

- NMHC collected 84 responses from leading multifamily construction firms for the NMHC COVID-19 Construction Survey, Round 2. This was the second installment in a series of surveys; the first round of this survey was conducted in late March and collected 135 responses.
 - From Round 1:
 - Construction delays increased 2% to 56% of respondents;
 - Permitting delays increased 1% to 77% of respondents;
 - **Start delays increased 11% to 70% of respondents;**
 - **Construction moratorium delays decreased 22% to 62% of respondents;**
 - **Labor-related delays increased 3% to 44% of respondents**

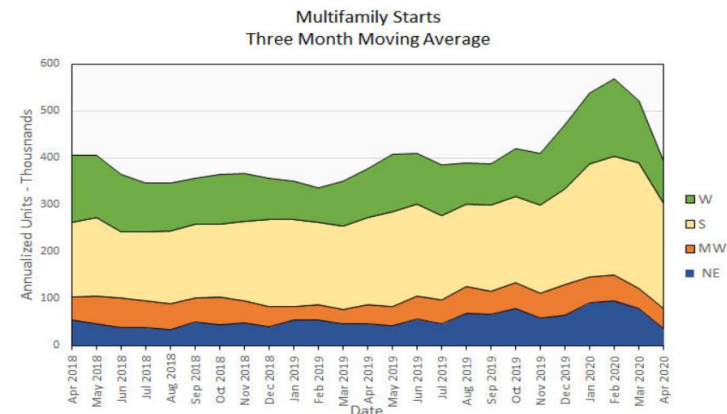
Multifamily Housing Construction Down in April

YieldPro

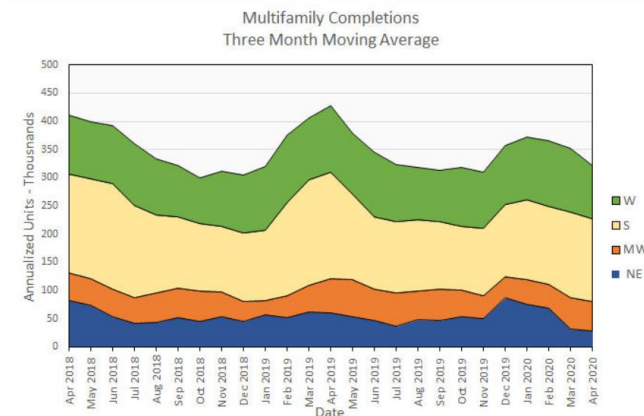
- Census Bureau April 2020 report shows reduced activity in all stages of the multifamily construction pipeline
 - **New permits down 12% from March (23% Y/Y):**



- **Starts down 25% from March:**



- **Completions down 8% from March**



Why Affordable Housing Construction Will Shine Despite COVID-19

Multi-Housing News

- Affordable housing demand has always outpaced supply – even now
 - High unemployment figures could mean more people will be seeking affordable housing as the market struggles to recover
- Cities are placing an emphasis on affordable development
 - Negative impacts of homelessness and lack of affordable impact during the pandemic driving officials to re-evaluate plans
- Affordable housing considered a more stable investment
 - Section-8 vouchers result in lower defaults
 - Affordable housing considered a defensive real-estate investment