



Multifamily Construction Update (November 2019)

CBRE's third-quarter 2019 report continued to demonstrate sustained high-levels of multifamily demand throughout the United States, with net absorption of 307,600 outpacing completions of 256,000 for the year ending in Q3. However, construction costs continue to rise, with large project starts pressuring the labor supply in already busy markets. With all these deliveries and rising urban construction costs, developers continue to investigate an emerging product type: Taylor Morrison, one of the nation's largest homebuilders, has entered the managed single-family rental community market.

Below are key takeaways from the following reports:

Q3 2019 U.S. Multifamily Figures: Construction – *CBRE* – [Report Link](#)

Turner's Third Quarter Building Cost Index: Large Project Starts Continue to Lift Construction Activity - *Turner Construction* – [Report Link](#)

Public Builder Enters Rental Market – *National Apartment Association* – [Report Link](#)

Q3 2019 U.S. Multifamily Figures: Construction

CBRE

- Net absorption totaled 115,600 units in the third quarter, the second-highest third-quarter total in 21 years (3Q18 holds first place at 127,300 units)
- Trailing 4-quarter net absorption of 307,600 exceeded the 256,000 over prior same period
- Construction remained active at 66,300 delivered units – but this was down 4.3% Y/Y
- 7th consecutive quarter of 100,000+ construction starts

Turner's Third Quarter Building Cost Index: Large Project Starts Continue to Lift Construction Activity

Turner Construction

- Third Quarter 2019 Turner Building Cost Index, which measures costs in the non-residential building construction market in the United States, has increased to a value of 1,162
- This represents a 1.13% quarterly increase from the second quarter 2019 and a 5.16% yearly increase from the third quarter 2018
- "Large project starts in a fairly busy construction market are continuing to impact availability of skilled labor"

Public Builder Enters Rental Market

National Apartment Association

- Taylor Morrison, one of the nation's largest homebuilders, has announced a partnership with Christopher Todd Communities to develop 2,000 units in three communities over the next several years in the Phoenix area
- "It's a single-family home, but it's in a multifamily environment," says Todd Wood, CEO of privately held Christopher Todd Communities. "For us, multifamily environment means that everything is all contained within one community. Everything is for rent, and it's all under the umbrella of a professionally managed group."
- Taylor Morrison joins a number of single-family public builders who have made big bets on the rental space. Toll Brothers and Lennar (which launched Lennar Multifamily), have been building apartments since the recession. Last year, Toll Brothers announced a \$60 million investment in a joint venture with BB Living, a build-to-rent company based in Phoenix.