



## Multifamily Construction Update (December 2020)

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Multifamily developers continue to look for new areas to build that might show more resilience to “force majeure” events. The near-term answer appears to be a shift away from high density to low density, with micro and rural areas experiencing the largest gains (surprisingly). Permits ticked up a bit, while starts are near lows not seen since 2018. Project completions for projects that started far before the shutdown are hitting the market, but now trending downwards.

Below are key takeaways from the following reports:

Multifamily Building Shifts to Lower-Density Markets in Q3 2020 – *Multifamily Executive* – [Link](#)  
Mixed Report on Multifamily Housing Construction in November – *YieldPro* – [Link](#)

### **Multifamily Building Shifts to Lower-Density Markets in Q3 2020**

#### *Multifamily Executive*

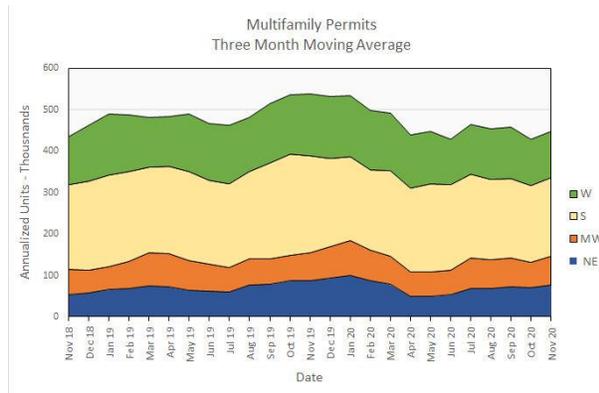
- Per the latest NAHB Home Building Geography Index, multifamily construction sees move to less dense markets during the third quarter of 2020
  - Previously, multifamily building market shares have been the highest for:
    - Large metro areas (40%)
    - Suburban counties (26%)
    - Small metro areas (22%)
  - In contrast, during the third quarter multifamily construction expanded in more affordable markets, continuing a trend that started in the second quarter
    - The market share for apartment construction in small metro core areas increased from 21.4% in the second quarter to 22.4% in the third quarter, a significant gain considering how slowly regional submarkets’ compositions change
    - The largest gains in multifamily development during the third quarter were experienced in small towns (“micro counties”) and rural areas (“non-metro micro counties”) at 19% and 23%, respectively

# Mixed Report on Multifamily Housing Construction in November

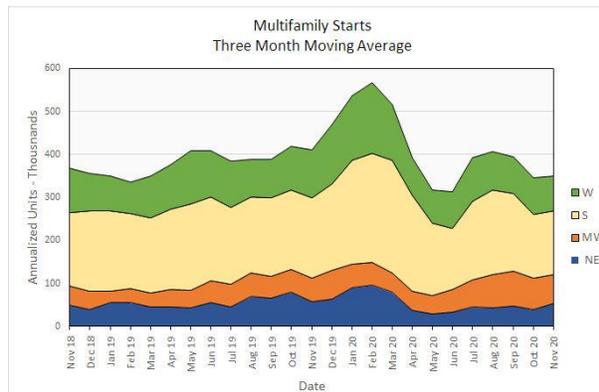
YieldPro

- The Census Bureau released its monthly new residential construction report for November 2020. It shows a pickup in multifamily housing construction permits and starts but a sharp fall in the rate of completions of multifamily housing units.

- Multifamily Housing Construction Permits Rebound:**



- Multifamily Housing Construction Starts Rise:**



- Multifamily Housing Completions Plummet:**

