



Multifamily Construction Update (February 2020)

The Nation's highest supply markets continue to offer the greatest concessions, year after year. However, the overall market is healthy. For the year ended January 2020, the market started the year at 95.5% occupied and 2.9% rent growth. Still, developers continue to look at ways to reduce costs and differentiate, from self-guided tours to ovens that air-fry.

Below are key takeaways from the following reports:

High-Development Markets Offer Steep Rent Concessions – *RealPage* – [Link](#)

Top Markets for Rent Growth Shuffle in January - *RealPage* – [Link](#)

Five Multifamily Housing Trends for 2020 – *RealPage* | *Property Management Insider* – [Link](#)

High-Development Markets Offer Steep Rent Concessions

RealPage

- Half of the 555,000 units under construction are concentrated in 15 markets
- Charlotte claims the title of offering the highest lease-up concessions at 10.8%
 - Other top concession markets include Chicago, Washington, DC, Houston, Atlanta, Miami and Los Angeles, all offering greater than 10% concessions
- Of note, markets that have seen consistent blocks of new supply in this cycle (for several years) tend to appear on the concession list year-after-year, while also continuing to see positive absorption

Top Markets for Rent Growth Shuffle in January

RealPage

- January 2020 started the year with the best occupancy in two decades at 95.5%
- Rent growth also remained strong, at 2.9% for the year ending January 2020
- For the first time in months, market-leaders for rent growth shifted. While Phoenix and Las Vegas had claimed the top two spots for 16 months running, January shuffled Nashville to number 2, at 5.0% rent growth.

Five Multifamily Housing Trends for 2020

RealPage | Property Management Insider

- Self-Guided Tours
 - 16.7% of surveyed residents said they preferred looking at a community without a leasing agent, so they won't be swayed by what they see
 - 20% of self-tours happen "after-hours"
- Bolstering Talent and Employee Retention
 - Low unemployment causing property managers to become more creative in how they approach retention and new hires
 - Higher salaries offered for lower experience - "It's a talent war"
- Creating a Culture of Diversity and Inclusion
 - "Your mission, your vision and your values are what differentiate your culture from the next," [Julian D. Lute] said in a keynote presentation. "The companies that do this well 'weaponize' those values. When they make decisions, they do it through the lens of those values."
- Preparing for the Downturn (whenever that comes)
 - "It doesn't mean it's time to lay off people now," says CF Real Estate Services COO Sharon Hatfield, "but what we're beginning to think about are all of the efficiencies in our platforms and processes that are streamlined, so when it does occur we're not trying to rack our brains then to try to figure"
- Sink Dishwashers, Air Fryers, and Botanical Walls
 - Smart kitchens with sinks that wash dishes and convection ovens that air-fry are being introduced
 - Botanical walls and darker colors that bring foliage and blooms to bathrooms are projected to be trendy