



Multifamily Construction Update (October 2019)

2019 deliveries continue above historical averages, however, some major markets with nation-leading fundamentals are experiencing year-over-year declines. Still, 2020 is expected to see significant inventory gains, led by Texas. While deliveries are up, construction starts across 34 of the nation's 50 largest multifamily markets have slowed, indicating a new supply trend in 2021+. With all of the new supply, developers are struggling to differentiate as amenity packages become more and more expected.

Below are key takeaways from the following reports:

Scheduled Deliveries Mark Big Shifts for Some Apartment Markets in 2019 – *RealPage* – [Report Link](#)

Apartment Construction Slows in Many Major Markets – *RealPage* – [Report Link](#)

10 Local Spots Expecting Big Growth in Apartment Inventory – *RealPage* – [Report Link](#)

Multifamily Amenities 2019 – *Multifamily Design + Construction* – [Report Link](#)

Scheduled Deliveries Mark Big Shifts for Some Apartment Markets in 2019

RealPage

- Five of the top ten supply gains are in California, including all three Bay Area metros. Oakland will lead with 6,807 completions (compared to 986 in 2018).
- West Palm Beach to record the steepest percentage downturn, with 572 completions (compared to 2,011 in 2018 and an average of 2,300 over the last five years)
- Las Vegas to see a 32.1% delivery decline, even as it remains a national leader for rent growth
- Houston to see a 10.2% decline to 6,850 units delivered in 2019 - well below the 12,400-unit annual average seen during the current economic cycle

Apartment Construction Slows in Many Major Markets

RealPage

- 2019 construction starts slowing to the lowest level in nearly four years
- Slowing construction activity is seen across 34 of the nation's 50 largest multifamily markets, some of which are seeing slowdowns of 20% or more from this time last year
- Largest slowdowns include New York, Orange County, Tampa, San Antonio, Columbus, Portland and Orlando

- Development in top markets impacted by high costs and limited site availability after years of elevated volumes

10 Local Spots Expecting Big Growth in Apartment Inventory (in 2020)

RealPage

- Among RealPage's 700+ submarkets, ten are expected to see inventory grow by more than 11% next year. By comparison, apartment completions scheduled over the next year represent a 2% inventory expansion nationwide.
- Five of the ten are in Texas, including three in North Dallas
- Washington DC's Navy Yard/Capitol South area is expecting the largest 2020 supply growth, on top of a base that has already expanded 80% in the last five years. Still, the market is 95.5% occupied with 4.2% rent growth.
- Other 2020 submarkets expected to lead deliveries are Houston's urban core area of Greater Heights/Washington Avenue, Austin's northwestern suburb of Cedar Park, Raleigh's South Cary/Apex, Phoenix's Central Phoenix area and Orlando's Central Orlando

Multifamily Amenities 2019

Building Design + Construction

- No letup in the quantity and variety of amenities multifamily developers add to their communities
- Anything to do with spinning wheels has appeal in multifamily communities: bike storage was up to 71.6% in 2019
- Developers are providing amenities for the preparation and enjoyment of food: grills, outdoor kitchens, gardens, decks, terraces and catering pantries
- Nearly four in ten surveyed had built co-working/workshare spaces into their communities
- Monetizing amenities becoming more popular: add a juice bar and turn a cost center into a revenue generator