



Four Headaches in Multifamily Housing



#1 Investors Are Cautious, Access to Funding Declines

When a sheet of OSB particle board costs the same as a Gucci purse, and then a brew-pub burger a few months later, it makes sense why investors have whiplash and are willing to wait on the cost of building materials to stabilize.

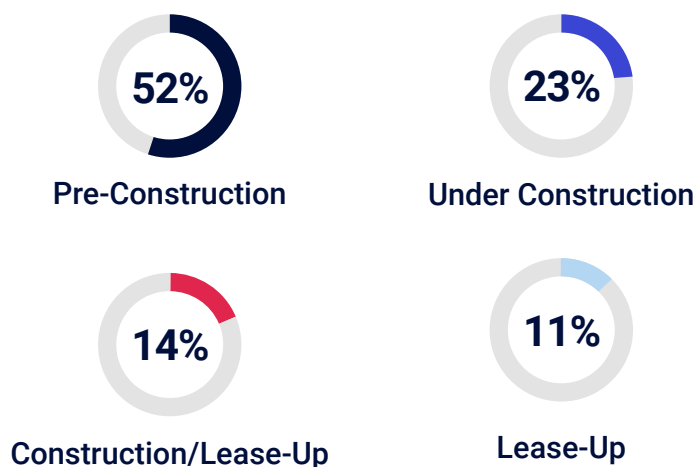


G5 PRO TIP

Everyone knows that moving is stressful. So, keep your current renters by keeping them happy. With the volatile cost of building materials, your company might be pushing off renovations until prices drop or stabilize. So, if your renters decide to move out, you'll be competing against brand new units coming online, and other low occupancy properties offering concessions.

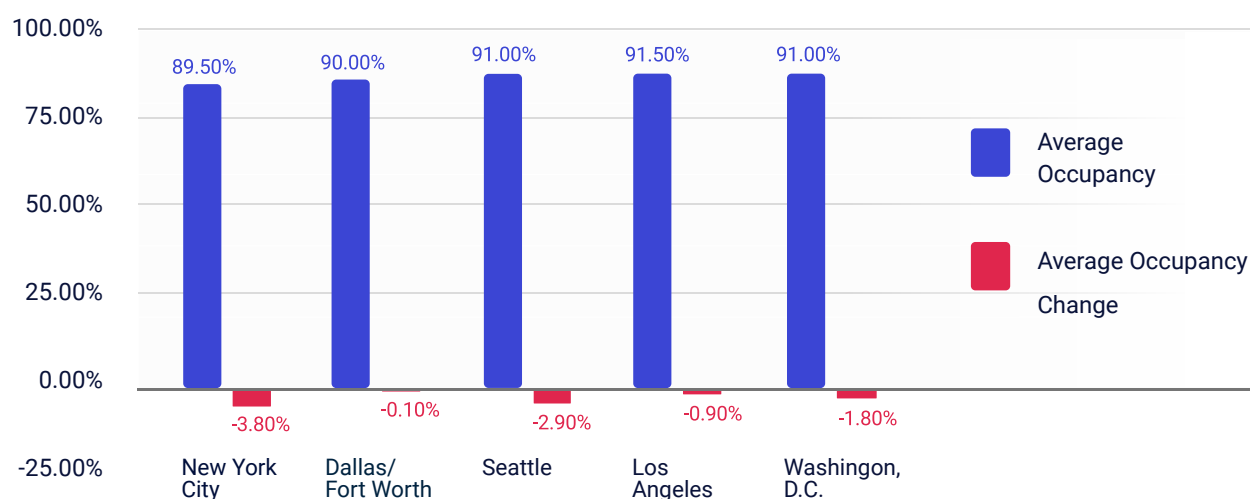
Percent of Units in Each Stage of Construction

COVID delayed construction, meaning that many projects planned for last year are now on the same timeline as projects planned for 2021.



*data collected end of May, 2021 ALN Construction Reports

Average Occupancy vs. Average Occupancy Change



BOTTOM LINE



Real talk: all five of the cities in the graph above are offering concessions, have negative occupancy growth, are struggling to connect with move-in ready renters, AND have the most new units in-pipeline. Now, consider that for these metros it takes two and a half to almost three years to take a property from pre-construction to stabilized. The bad news: this likely gets worse before it gets better, unless cities rebound with a post-COVID roaring 2020s.

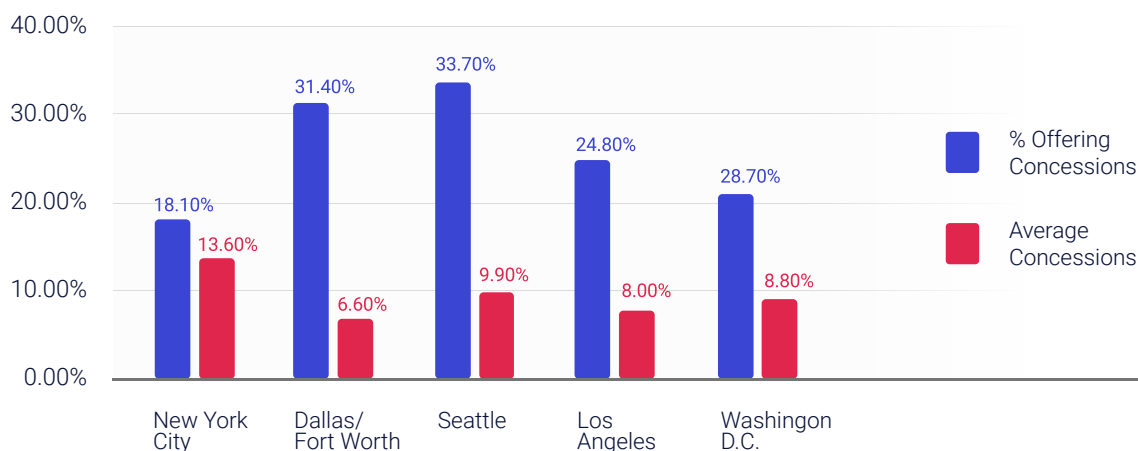


Top 5 Markets With Most New Units in Pipeline

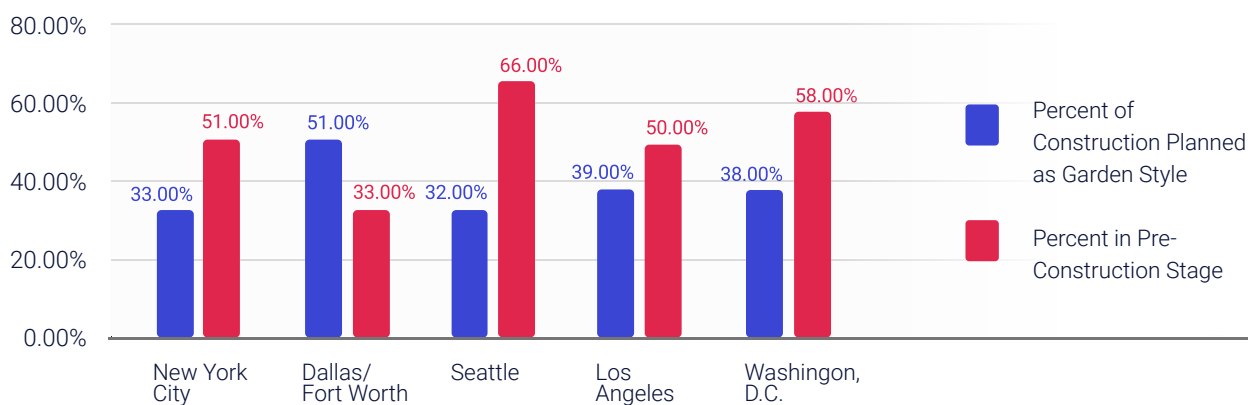
1. New York, NY **376,324**
2. Dallas/Fort Worth, TX **325,457**
3. Seattle, WA **255,996**
4. Los Angeles, CA **231,632**
5. Washington, D.C. **222,722**

*data collected end of May, 2021 ALN Nationwide Market Report

Percent Offering Concessions vs. Average Concessions Package



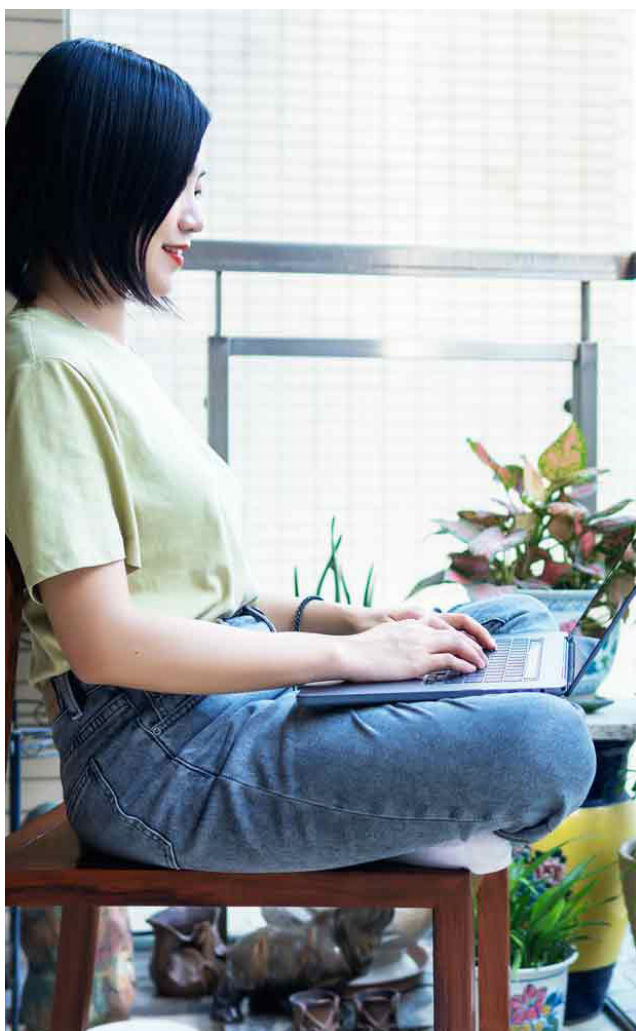
Percent of Construction Planned as Garden Style & Percent in Pre-Construction Stage



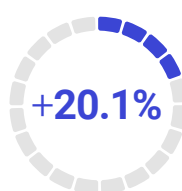
#2

Property Type + Property Location

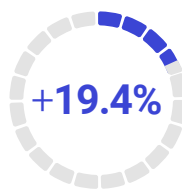
With a work-from-anywhere world, and a heightened focus on the essentials, we're all assessing where we live and the lifestyle we want. Renters are no exception, which is why some areas are experiencing rent leaps and occupancy increases...and, other areas, well... they definitely need marketing that outperforms. We've got you.



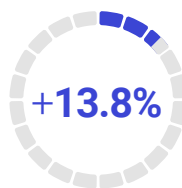
Top 5 National Effective Rent Gains



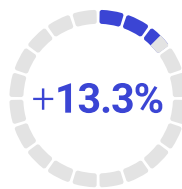
Lake Charles, LA
\$1,045.00



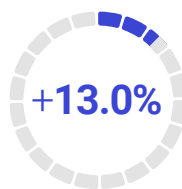
Boise, ID
\$1,345.00



San Bernardino, CA
\$1,744.00



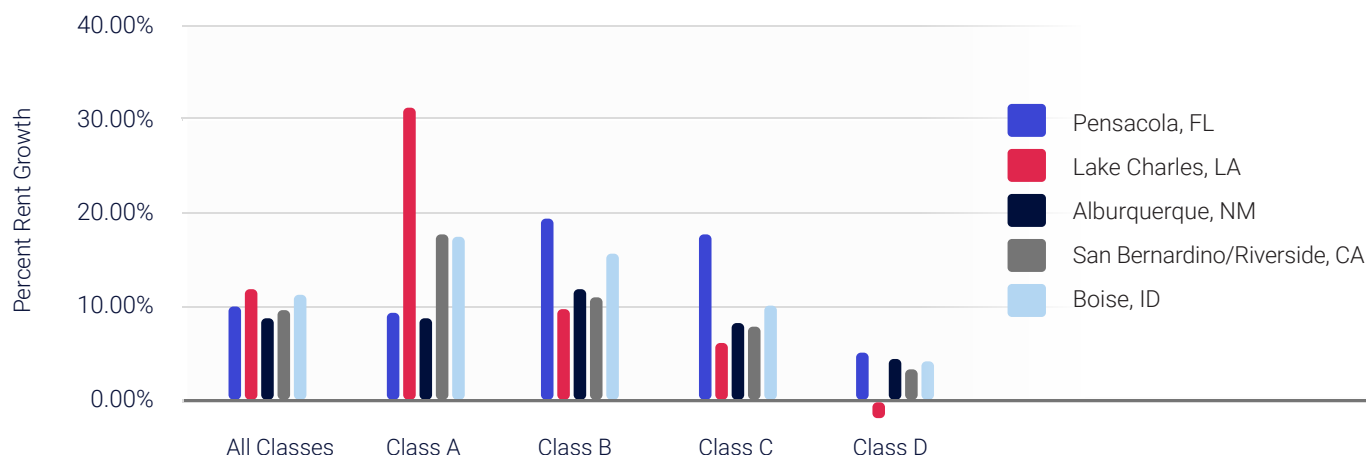
Pensacola, FL
\$1,149.00



Albuquerque, NM
\$962.00

*data collected end of May, 2021
ALN Nationwide Market Report

Effective Rent Growth by Property Class YOY



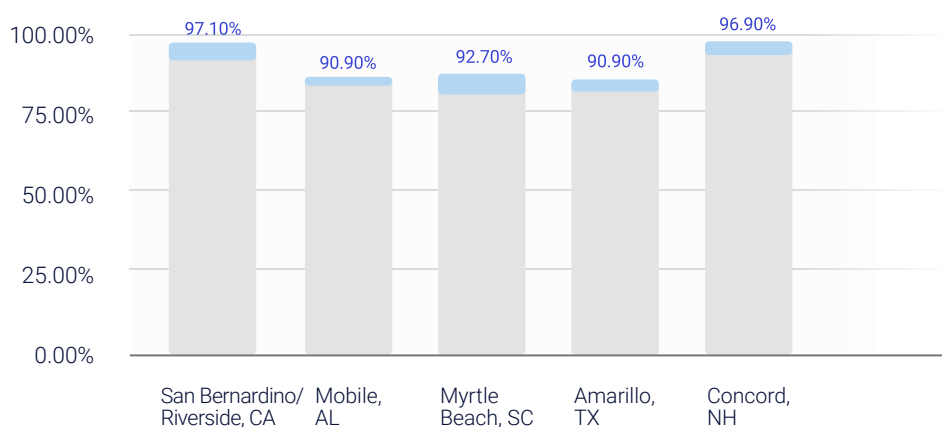
GOOD TO KNOW

G5

Rent increases in Lake Charles, LA, a city roughly halfway between New Orleans and Houston, were the result of natural disasters and not necessarily everything else experienced in 2020.

Two of Albuquerque, NM's newest arrivals — Amazon and Netflix — have inspired more people to move there, too. People moving to this region are enjoying sunshine, and depending on where you're moving from, a lower cost of living.

Top 5 National Occupancy Annual Change



- **Myrtle Beach, SC: 10.9%** YOY increase
- **Mobile, AL: 8.1%** YOY increase
- **Amarillo, TX: 7.5%** YOY increase
- **Concord, NH: 5.7%** YOY increase
- **San Bernardino/Riverside, CA: 5.5%** YOY increase

*data collected end of May, 2021 ALN Nationwide Market Report

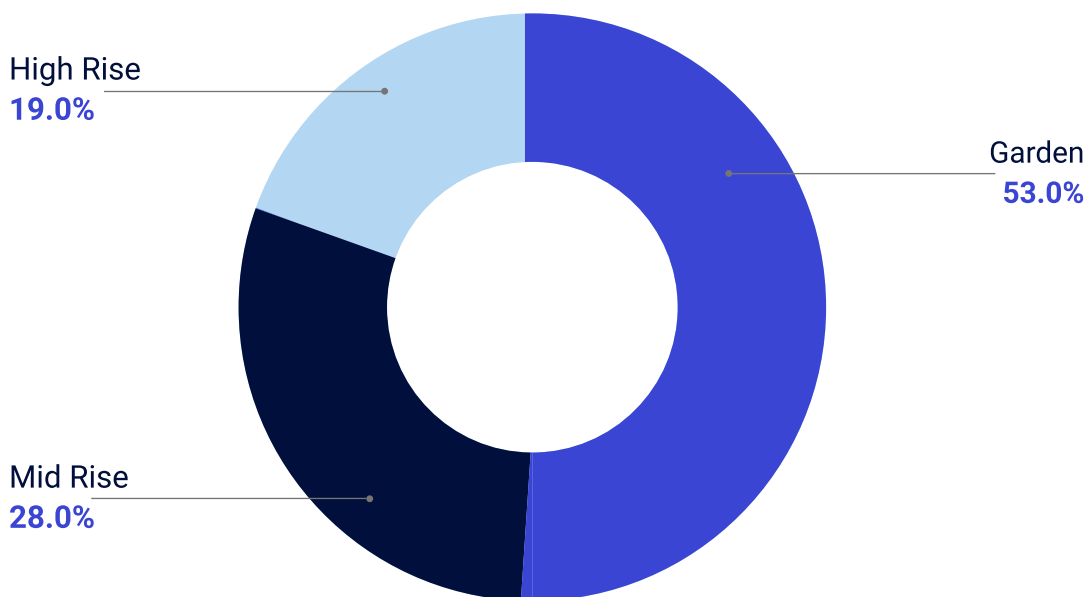
Three Property Types Under Construction

Renters spent A LOT of time at home in the past year, and although scientists like to remind us that correlation doesn't equal causation, we'll connect a few anecdotal dots. Garden property types are in high demand, even in urban areas.

In NYC, garden property types account for 33% of the properties that are coming online, and 50% of the properties in the pre-construction phase. This seems like a shift from the usual urban building patterns.



Property Types Under Construction



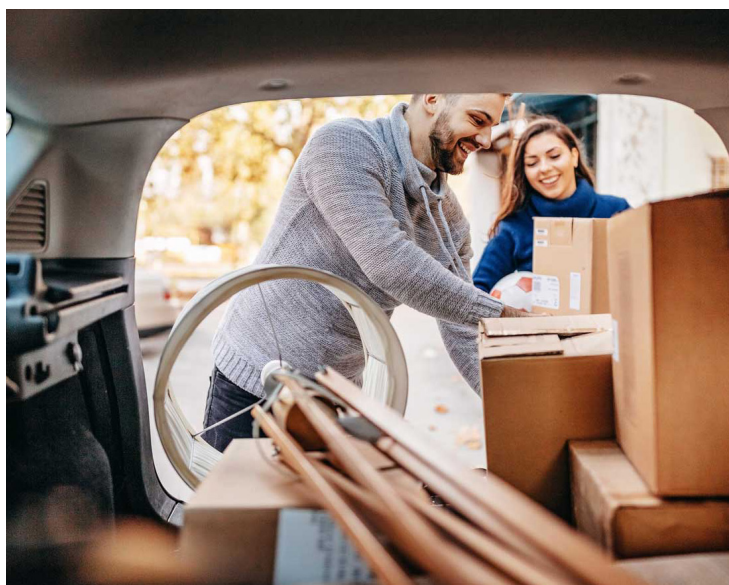
*data collected end of May, 2021 ALN Construction Reports

Population Gains & Losses

The US Census Bureau released it's July 1, 2020 population estimates for about 19,500 cities, towns, and municipalities. Based on those estimates, here are the population losses and gains from 2019 to July 2020.

Largest One-Year Percentage Population Gains

- Seattle **2.18%**
- Fort Worth **2.12%**
- Mesa **1.86%**
- Austin **1.71%**
- Tampa **1.65%**



DID YOU KNOW

Seattle, Fort Worth and Austin were all on the ten-year largest percentage population gains, too?



Largest One-Year Percentage Population Losses

- Baltimore **-1.42**
- San Francisco **-1.38**
- San Jose **-1.26**
- New York **-1.08**
- Long Beach **-0.83**

IYKYK: Long Beach and Baltimore were all on the ten-year largest percentage population loss, too. Clearly additions like San Jose, San Francisco, and New York were a result of all that happened in 2020.

#3

Property Technology That Moved-In & Is Here to Stay

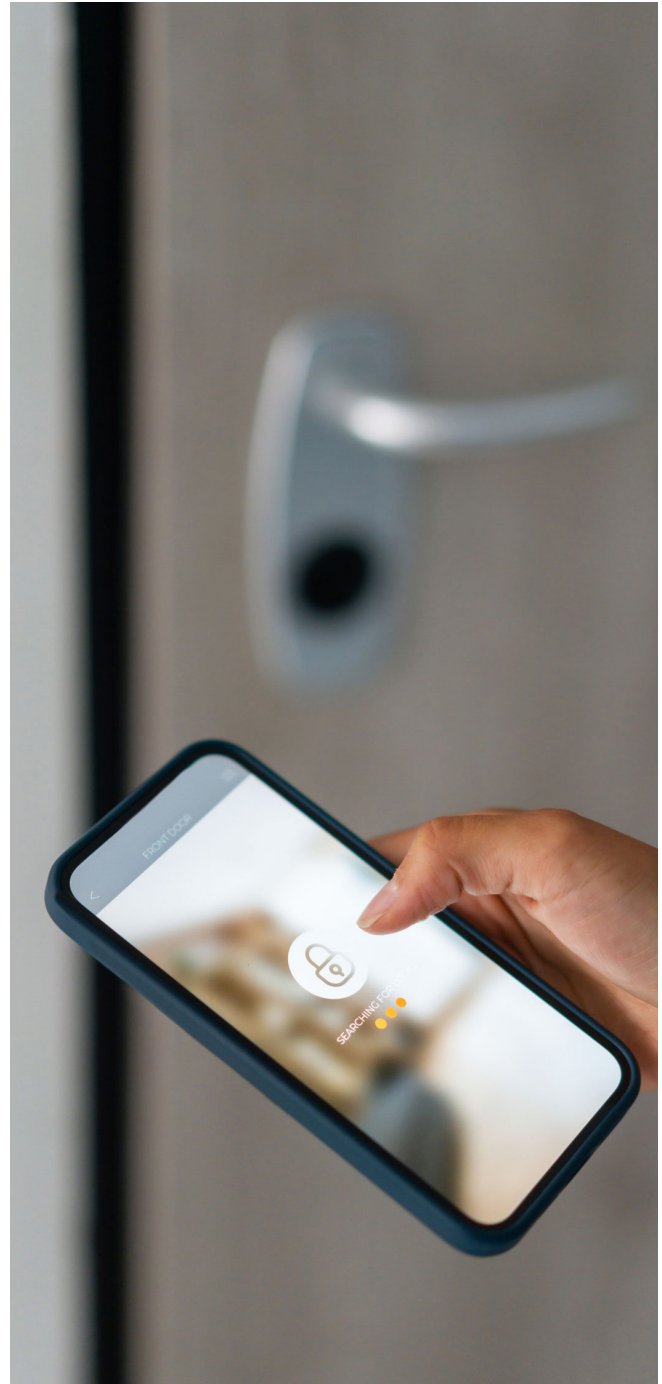
MarTech, PropTech, (all) tech advanced and was adopted super fast. What's here to stay? And what (fingers crossed) is giving us 30-day notice that it's moving out?

Concerned About Cost

Just like construction, if you're concerned about the cost of adding new features like smart locks to every. single. unit. after a year of lost rent in certain locations, then keep your current renters happy. What do we mean by that? Think of property-wide amenities that benefit current renters, i.e. package lockers, or a reservation system for the gym's Peloton. Otherwise, you'll be competing for leads against new properties coming online.

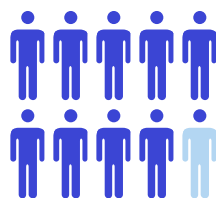
Contact-Less Is More

Your tenants want amenities like smart locks, package lockers, and building manager portals. Always-on digital modes of contacting the front office such as a portal, or picking up their Amazon Prime packages at their convenience is now an expectation, not a nice-to-have.



#4 Eviction Moratorium

You've seen the headlines. We've seen the headlines. We're all still waiting for the other shoe to drop, but the pandemic and the eviction moratorium obviously impact multifamily housing.



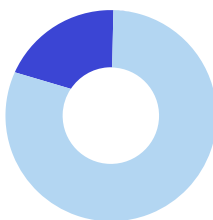
92.5%

Occupancy rate



\$1,435

Average rent nationally



16%

Properties offering concessions



\$1.60

Rent per square foot

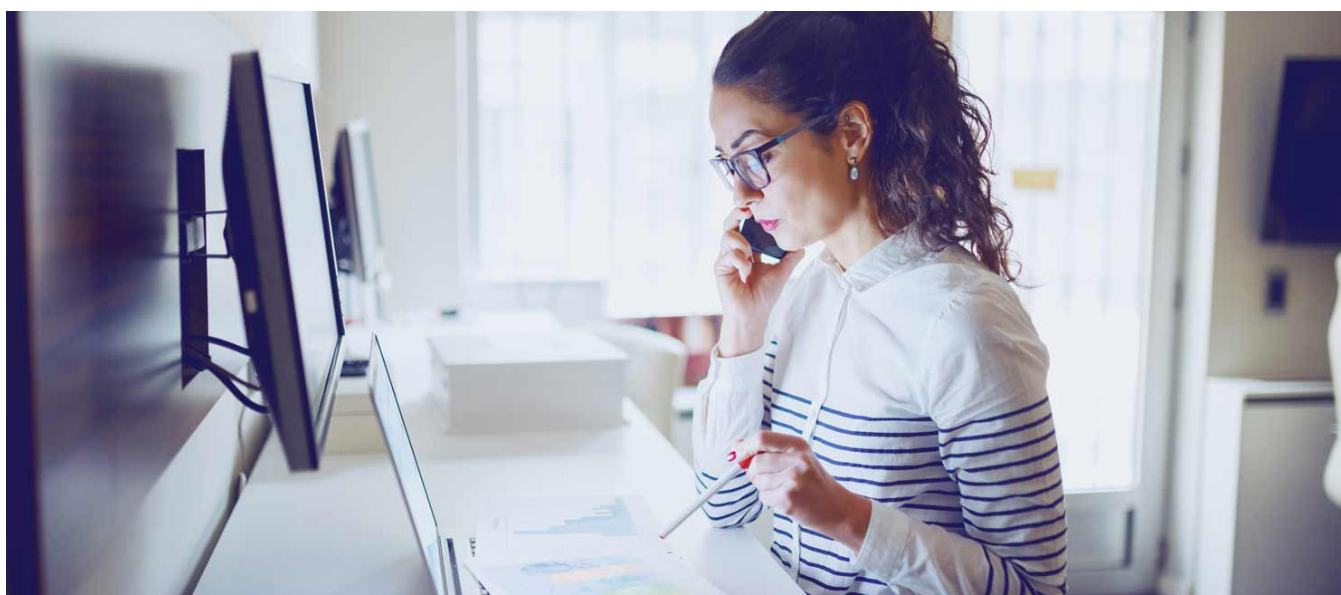


7.8%

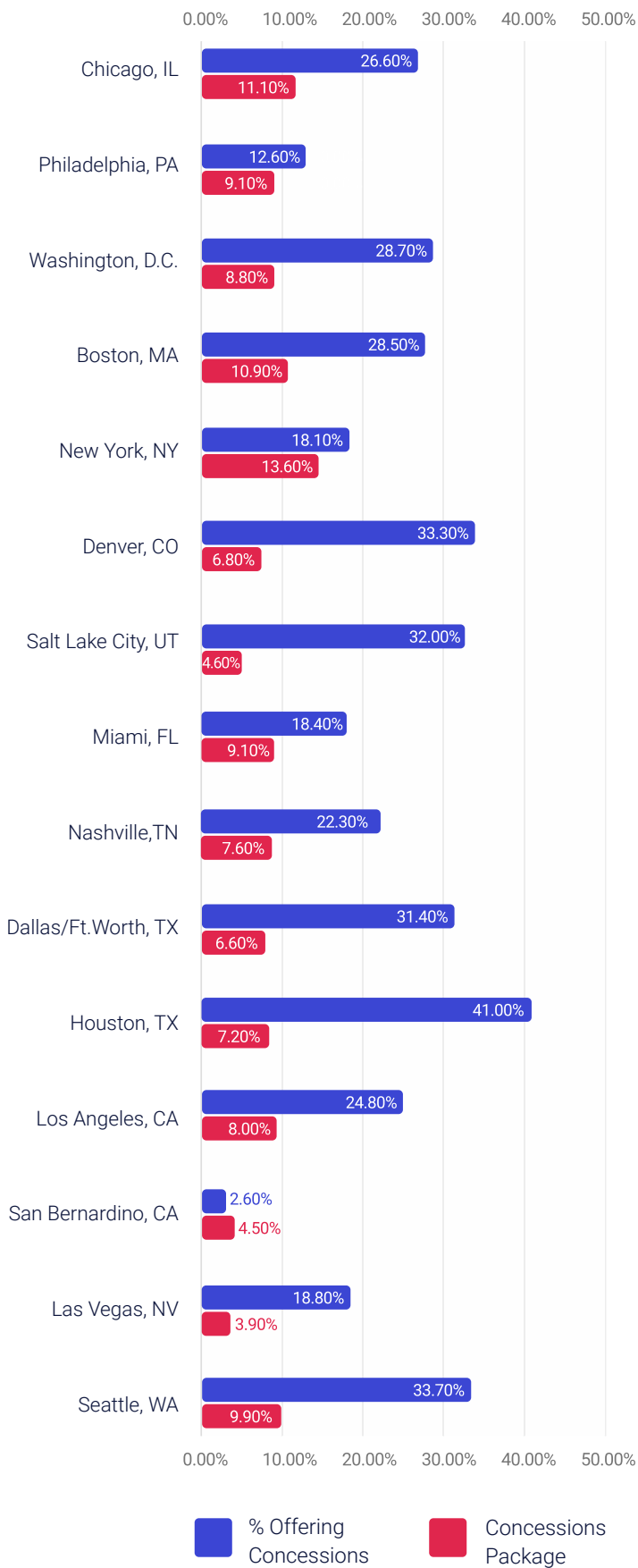
Average concession package

Up YOY **+24.7%**

*data gathered from ALN Nationwide Market Conditions Report, May 2021



Concessions by Cities



LEARN MORE

To learn more about what's happening in your metro, check out our digital State of the Industry Report: <https://go.getg5.com/G5-Multifamily-2021-State-of-the-Industry>

