

LEASE-UP VELOCITY

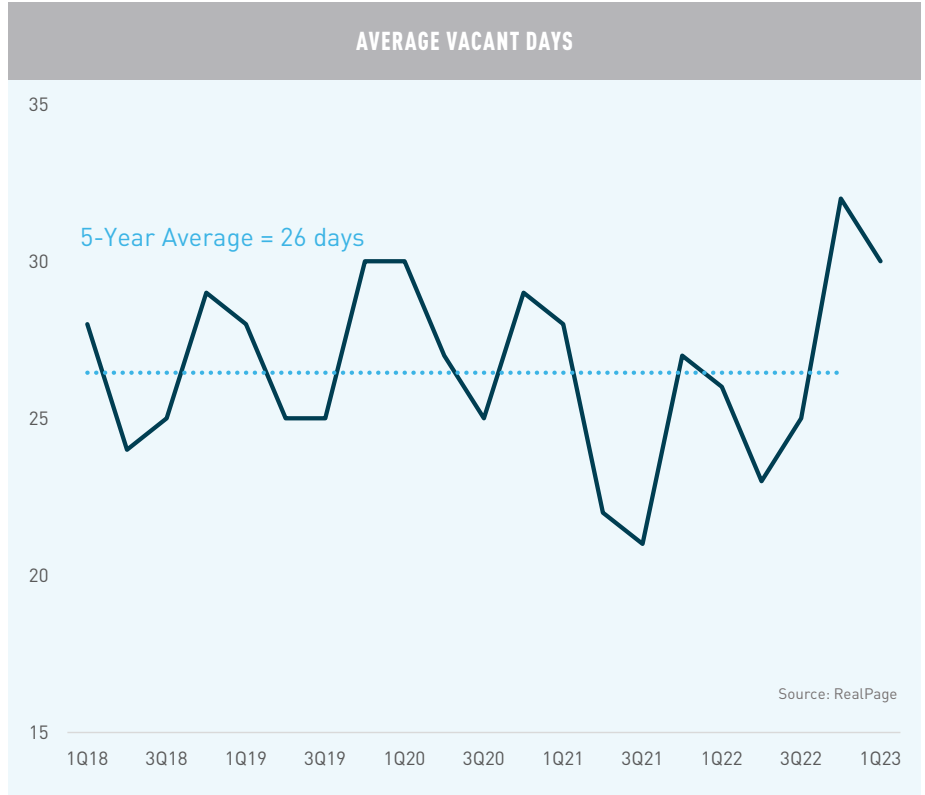
MAY 2023


BEYOND
 **INSIGHTS**

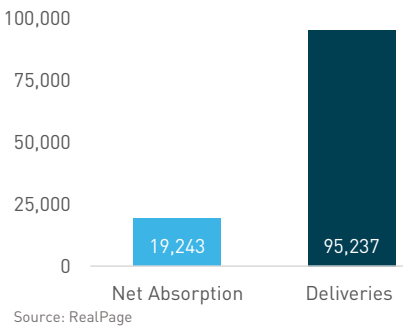
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After two years of elevated demand, the once scorching hot multifamily market is showing signs of cooling down.

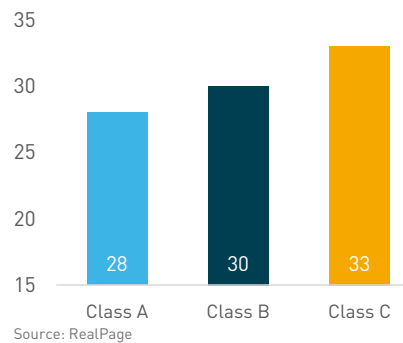
Compared to one-year prior, vacant apartments were filled almost one week faster, and more people were applying for the same rental. According to a RentCafe report, eight renters are competing for vacant apartments this year compared to 11 last year. With an elevated amount of inventory coming online this year, demand is not projected to keep pace. More than 95,000 new units were delivered nationally in the first quarter of 2023. At the same time, approximately 19,200 units were absorbed in the first quarter.



1Q23 NATIONAL ABSORPTION AND DELIVERIES



AVERAGE VACANT DAYS BY CLASS (1Q23)



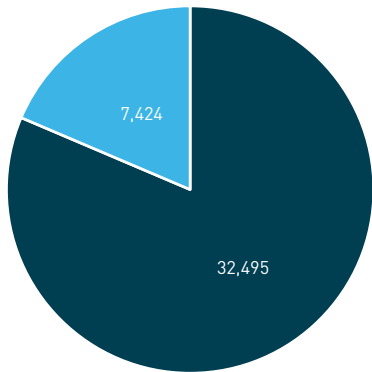
With the influx of new inventory hitting the market this year combined with lower absorption, occupancy declined. On the national level, apartments were staying vacant for an average of 30 days and occupancy averaged 94.8% in the first quarter of 2023, according to RealPage. Though this is a two-day drop from the last quarter, the national average for vacant days is about four days higher than the pre-pandemic average of 26 days. When breaking it down by asset class, Class A apartments have the lowest average of vacant days, riding below the national average with 28 days.

At the market level, Northeastern region has the lowest average vacant days in the nation. Metros such as Newark, Boston, and Philadelphia all range from having vacancies between 26 and 28 days.

Despite the national cooldown, some markets are continuing with robust multifamily development. When looking at the incoming inventory, most markets have never had this volume of units coming online in a short period of time. Dallas-Fort Worth, Phoenix, and Atlanta rank as the top three markets with the most market-rate units hitting the market in May 2023.

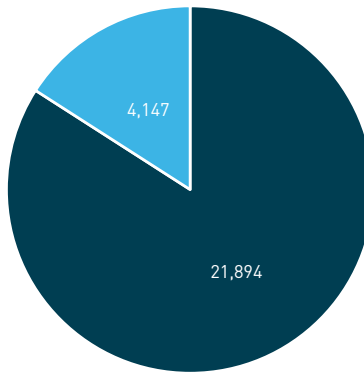
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Dallas-Fort Worth Pipeline (May 2023)



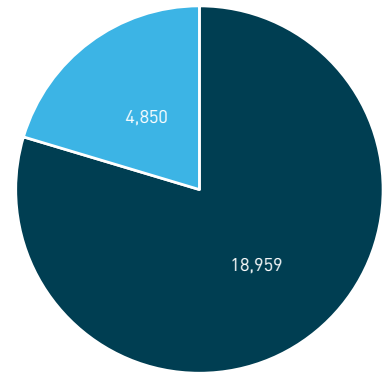
■ Units in Lease-Up Status ■ Units Under Construction
Source: RealPage

Phoenix Pipeline (May 2023)



■ Units in Lease-Up Status ■ Units Under Construction
Source: RealPage

Atlanta Pipeline (May 2023)



■ Units in Lease-Up Status ■ Units Under Construction
Source: RealPage

DALLAS-FORT WORTH

There is no surprise that the Dallas-Fort Worth (DFW) metro area has continued to grow. In 2022, the metro ranked first for the highest net in-migration in the nation. As of May 2023, nearly 32,500 units in the DFW pipeline were lease-up status. Unlike other markets that are seeing a decline in units under construction, DFW saw an increase with over 7,400 projects underway at the beginning of May. The market's popularity and steady demand is underpinned by its urban amenities paired with relative affordability compared to other large metros across the country.

PHOENIX

In the first quarter of 2022, the Phoenix metro had the highest net move-ins in the nation. The market's consistent demand over the past few years contributes to its growth. At the start of May, units in lease-up status across the metro reached nearly 21,900 units among more than 100 properties.

ATLANTA

With developers targeting the Atlanta metro, units in lease-up status and units under construction have more than doubled within the past 12 months. As of the start of May, nearly 19,000 units in lease-up status, while almost 4,900 units were under construction. Most construction is sourced from suburban submarkets such as the Far West and Far South Atlanta Suburbs.



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