



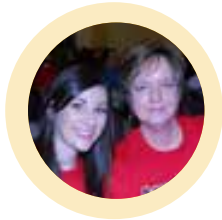
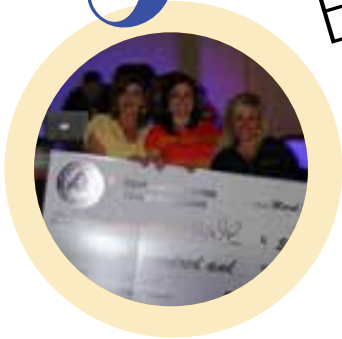
Volume 53, Number 2

APARTMENT

News

April - June 2013

Seafood Extravaganza



March 21, 2013

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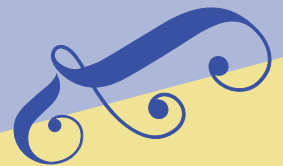
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A Picture Says 1,000 (Sometimes Cringe-Worthy) Words

Lauren Boston

I once came home to find my mom and brother downstairs, tears rolling down their faces.

“Why are you crying?!” I asked, concerned that someone had died or my brother was deemed unfit for college after neglecting to leave a space between his first and last name on an SAT Scantron form (true story).

“Because we are laughing so hard,” Chris explained.

Then he showed me the object in Mom’s hand, the thing that made them laugh until they cried—a picture of me in sixth grade, busting out of my snug uniform, a basketball delicately resting on one knee.

“You look so gross!” Chris said, in between fits of laughter.

Middle school was not a great time for me, physically speaking. But just because I had bubble bangs and chipmunk cheeks and a chubby stomach didn’t mean I was gross.

Grabbing the picture, I studied it closely. Upon further inspection, I had to admit I wasn’t the belle of the ball. I suddenly felt very self-conscious.

“How could you even stand to look at me?” I asked, waiting for Mom to reassure me that I was a beautiful adolescent. “I was disgusting.”

She shrugged. “But you had such a kind heart!”



There was nothing left to say. The picture was worth a thousand words.

The same often holds true in the apartment industry.

Ask any real estate Internet marketer and they’ll insist that an apartment listing come with a photo. It’s hard to dispute that. But for any skeptic who wonders what the dollar value is for such images, look no further than a report from Florida International University (FIU) for the answer.

At least when it comes to single-family home listings, associate professor of finance Ken H. Johnson says listings with one or more image sold for 3.9 percent more than without. Using one interior photo helped raise the price 3.9 percent, Johnson says, while using just one exterior photo lifted it only 1.5 percent.

Using my sixth-grade basketball picture decreased the selling price by roughly 89 percent.

The report—issued in 2011 and published in the Journal of Real Estate Finance and Economics—assessed 4,077 listings, of which 85 percent had at least one photo.

In a news article about Johnson’s report in the Wall Street Journal, Johnson suggests sellers list as many photos as they can at a 5-to-1

ratio, favoring interior. It also said that listings with photos took 20.6 percent longer to fill, because the buyers had that much more market data to consider before making their purchase.

The article included advice from one real estate photographer, who said the primary “wow” photo should be interior, taken from the corner of the room, with a wide-angle lens—also used for my basketball photoshoot—so as to demonstrate the room at its largest.

The photographer recommended the living room to be shot, or perhaps an angle that shows the dining or kitchen area connected to the living room. Natural light is ideal, with the use of lamps or interior lights to add warmth.

So yeah, I’m going to put the blame on harsh lighting, not my penchant for Tasty Kakes. ▲

How do you eat an elephant? Or, how do you lease A LOT of vacants?

Mary Gwyn, CPM

When leasing professionals have a lot of apartments to lease, it can feel a little like eating an elephant.

That availability list can feel like it goes on for pages, and even deciding what to show and what to rent can be overwhelming.

So how do you eat an elephant? One bite at a time.

Overwhelmed leasing teams will focus on what’s been vacant the longest. And since it has been vacant the longest, something must be wrong with it so we should lower the price, right? All of a sudden that “longest days vacant” apartment leases!

Is it the lower price that caused it to lease? Maybe.

Is it also taking the list of A LOT of vacants, targeting just one particular apartment home, setting a goal, and focusing on that one? Probably!

It’s taking that great big elephant and eating it one bite at a time.

The best way to eat that leasing elephant and still maintain the integrity of pricing is to come up with a “pick list” of 5-7 specific addresses that are the targets for leasing that week.

Some best practices include:

- Pick one address for each vacant floor plan, with the most in the floor plan with the most available, but no more than 5-7 total
- Have varying price points
- List the actual address, and maybe some of its unique features
- Put the most expensive at the top!
- When one leases, don’t redo the list. Instead write: NO LONGER AVAILABLE!
- If you have a floor plan that is totally leased, list it anyway, with the words, WAITING LIST ONLY!
- Be diligent about updating the list at least weekly, more frequently if needed, and only giving prospects this list – not a “generic” pricing sheet

The pick list helps the leasing team lease, taking the daunting number that’s available and breaking it down into chewable bites, giving them something specific to target and sell. It increases the sense of urgency for both the leasing crew and prospects. Need to lease a lot of apartment homes? Take it one bite at a time!

Mary Gwyn, CPM, is the Chief Innovator at Apartment Dynamics. Visit the Apartment Dynamics website for more information. ▲



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apartment residents



175.4K
apartment homes



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state economy

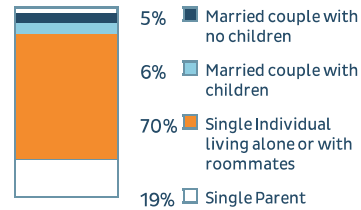


182.1K
total jobs supported

WE LIVE IN APARTMENTS

Apartment Residents:	296,498
Spending Power:	\$2,950,140,994
Direct Jobs Supported:	78,614
Total Economic Contribution:	\$6,195,646,044
Total Jobs Supported:	159,504

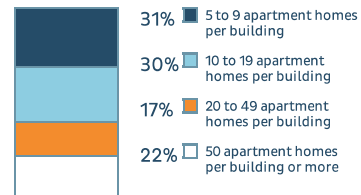
Who Lives in Apartment Households



WE MANAGE APARTMENTS

Total Apartment Homes:	175,373
Operation Dollars Spent:	\$678,692,713
On-site Jobs:	6,228
Total Economic Contribution:	\$1,313,829,915
Total Jobs Supported:	20,518

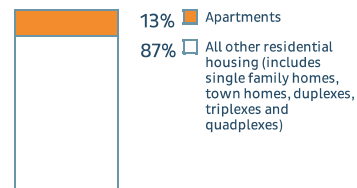
The Buildings We Manage



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On-site Jobs:	1,017
Total Economic Contribution:	\$248,297,991
Total Jobs Supported:	2,076

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Must Love Dogs— Minus the Doo-Doo

Lauren Boston



It's no secret that I don't love dogs.

I don't hate them, either—

I just don't love them. In modern American society, this means I'm a monster—someone sandwiched right between people who dislike children and hate rainbows in levels of evilness.

I understand that dogs are man's best friend (if you can't find a human best friend), provide companionship and never judge you. I also understand that they deplete your savings account due to ailments that should be strictly reserved for humans (swollen glands—seriously?!), cause permanent emotional damage à la "Marley & Me" (spoiler alert!) when they pass away and relieve themselves on public surfaces where I frequently walk. They quite literally cause a stink.

Although not much can be done about those first two issues, some apartment communities are starting to build dog parks with decomposed granite to address the third—giving dogs a designated place to run around and do their business that is not in my direct path to the community Dumpster.

According to Chris Lee, President of Dallas-based Earthworks, decomposed granite has become the surface of choice for dog parks

because it can withstand wear and tear and manage pet waste—minus the residue and odor—while giving a community a well-manicured look. Lee says such dog parks have been popular on the West Coast for the past decade and have lately gained popularity in other areas of the country.

With decomposed granite, waste can effectively leach through to an appropriate sub-base. For best results, Lee says the area should consist of six to eight inches of material that includes the sub-base and decomposed granite surface. A four to six inch sub-base of drainage rock or crushed granite should first be installed underneath the two to four inches of the finer decomposed granite. This allows extra room for the urine to filter through the soil. How lovely.

Even though there is no grass to maintain, irrigation remains important. Sprinkler systems should be left intact when converting a sod-based dog park so that watering will clean the top layer and push waste through the rock down to the soil, where it can leach out normally. Irrigation also controls dust—especially stone dust that is more commonly used in the Northeast—and keeps the area looking clean.

Dog parks with existing surfaces of grass and wood chips can easily be converted, whether at a city installation or apartment community. Some multifamily communities are keeping some greenery by combining decomposed granite and grass, blending the materials with walkways and seating areas for a more manicured look. One apartment community created its dog park with a large dog-bone area in the middle surrounded by other surfaces.

These are all great ideas. Still, it's hard for me to understand why canines are getting futuristic dog parks, yet I can't get my apartment community to put up a new basketball net. Last time I checked, dogs don't have opposable thumbs, and therefore cannot write rent checks. ▲

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Why Women are Driving the Demand for Rental Apartments

Diana Olick, CNBC Real Estate Reporter
From CNBC

The housing market is supposedly roaring back. Home prices are seeing their biggest annual gains since 2006.

Renters must be rushing back to buy, right?

Not exactly.

In fact, even as housing and the greater economy improve, a shift in demographic trends will likely favor the rental apartment market for the foreseeable future. It is all about women.

I rent in an apartment building because it gives me a certain amount of freedom: I'm not positive that I want to stay in D.C. long term so I could leave at year's end if I wanted to," says 25-year-old Caitlin Huey-Burns, a working journalist. "My building has nice, built-in amenities, and it's in the location I want, but where I know I wouldn't be able to afford to buy."

Most of Huey-Burns' single, female friends, some in their thirties, who live in major cities, also rent in apartment buildings. Just one owns, and she lives in Canton, Ohio.

"What drives demand for single family homes is, 'Oh honey, I'm pregnant,'" says Buck Horne, a housing analyst at Raymond James. But those words are being uttered less and less. Horne claims the shift in female education, marriage and fertility rates will drive rental apartment demand going forward. He points to a growing educational imbalance, that is, 3.1 million more women enrolled in college than men and 4 million more college-educated women in the workforce than men.

"That creates a structural imbalance in the number of suitable partners. Women leave college with good income prospects and are not finding suitable husbands and fathers," says Horne.

Consequently, the millennial generation is delaying marriage and motherhood, and birth and fertility rates are dropping. The female fertility rate is at its lowest level in recorded U.S. history, according to the Centers for Disease Control/Raymond James research. 41 percent of children are born out of wedlock. Horne's research finds single mothers prefer living closer in to cities and staying in full amenity apartment rentals. This all points to more structural, long-term demand for rental housing.

But, again, shouldn't that rebound in home prices and growing confidence in housing still push more renters to buy, despite the female argument? Investors certainly think so. While stocks of the nation's homebuilders are up over 60 percent from a year ago on the PHLX Housing Sector Index, multi-family REIT's actually under-performed and inversely correlated to home builders. Investors were concerned about the single-family home recovery stealing renters. But should they be?

No, according to a recent Raymond James report:

Renter household formation remains at the strongest level in decades. Roughly 1.32 million new renter households were formed in the past year (including owner conversions), while the number of owner-occupied households declined by 175,000. Resident turnover and move-outs to homeownership remain near historic lows for most operators. Incoming leasing traffic is more than offsetting move-outs while paying higher rates.

The home ownership rate declined yet again in the fourth quarter of 2012, according to a new report from the U.S. Census today. It now stands at 65.4 percent, down from 66 percent a year ago and from a high of 69.2 percent in 2004. If you include the 5.3 million borrowers who are delinquent on their mortgages or in the foreclosure process, per Lender Processing Services, the real home ownership rate is even lower.

"The fact that the housing recovery is being driven principally by investor demand means that the slight decline in the homeownership rate in the fourth quarter is unlikely to be the last," notes Paul Diggie of Capital Economics.

There is also a tremendous amount of pent-up demand for the rental market, as nearly 23 million young adults, male and female, under age 35 (31 percent of the cohort) are currently classified as 'living at home' with parents, according to Raymond James' analysis. As job growth improves, they will move to rental apartments; the homeownership rate for this group is only 34 percent.

Investors are also concerned about a 49 percent jump in multi-family construction permits from a year ago, but those permits are still running well below normal levels, and every year about 150,000 units are removed from housing stock for various reasons, like age and damage.

Suffice it to say that the apartment sector and the multi-family REITs will likely see a surprise to the upside in 2013.

Rents will still rise, despite housing affordability and growth in the single family market. ▲



ATTRACT, ENGAGE, RETAIN!

Matthew McNeely, Senior Recruiter - Continental Realty

Attracting top talent isn't getting any easier, but it's certainly more fun these days. We have better ways to identify and engage with candidates, which is changing the game. Recruiting is a contact sport and I find it more exhilarating than exhausting.

Brad Schwartz and I led a thoughtful discussion about this topic recently with other property management professionals. As President of MSB Resources, a search agency specializing in multifamily, Brad has a unique perspective – finding talent for various companies. I work on the inside as a Corporate Recruiter, so my perspective is a little different. However, we do agree on some of the most important elements. Here are the rallying points that jump out:

Time is the enemy. Talent doesn't stand still, so make sure your recruiting process can go from 0-60 very quickly. Nail down these details before you start looking, or you will be scrambling and losing valuable time. Besides, the way you interview candidates sends a signal. Make the experience positive from application to offer letter.

Pay for it. Top talent commands top dollar. Their contributions are worth every penny. It's not all about the money, but you should be generous. Follow the market, so you know what's really "competitive".

Be connected. It's all about who you know and who they know. Get out there, go to industry events, talk to people, get recommendations from friends/colleagues/vendors. Build your network before you need it. When used properly, LinkedIn can make your cold-calls a little warmer.

ABC and ABB. Always Be Closing and Always Be Branding. ABC – make sure you discuss a possible counter-offer because it will probably happen (if the candidate is good). ABB – Recruitment marketing will enhance your efforts. Be creative, consistent and honest with your message. Get your marketing department involved.

Spread it around and make adjustments. There is no complete solution. If you want to utilize social networks, don't think you have to be everywhere. Start small. If you want to recruit on campus, have a strategy first (identify which schools, which majors). If you want to leverage technology, don't forget the personal touch.

Sales 101. The key to any sales job is to understand the customer's needs well enough to tailor your presentation to them. In other words, don't go fishing with strawberries.

Once you've hired them, the real work begins. Keeping talent happy isn't always easy, but if you matched the right person with the right job – that's a fine start. Onboard them, allow them to contribute, reward and recognize their efforts and build mutual trust. ▲

How to Keep Your Rockstar Employees

Emily Goodman, CPM, ARM, CAPS - Core Realty Holdings

You've just hired a rockstar employee—now you're wondering how long you'll be able to keep her.

Competitive wages and benefits are not enough to ensure that your best and brightest rockstars will remain engaged. In fact, I bet you will find that when you interview your employees about what they value most at work, very few — if any — will say salary.

Rather, employees are most likely to say something like "even-keeled bosses who made time for me, who helped me riddle through work issues by asking questions, not dictating answers, and who are attentive in employees' lives and careers."

For example, consider new hire and rockstar Jill — an outstanding, experienced Property Manager recently drafted at considerable

expense from one of the hiring company's main competitors. Despite her outward success and the success of her newly acquired property, she's unsure how she's performing, where she stands in the company, and how she fits into the overall goals of the agency. Her pay is great and she loves the autonomy of not being micro-managed, but over time, she finds herself feeling dispirited by the lack of communication and checks out.

The loss of rockstar performers like Jill doesn't just leave a talent vacuum to seal; it also leaves a wide hole in the bottom line. Keeping rockstars engaged comes down to creating a culture of communication — one in which employees know the organization's direction, how they factor into it, and what's expected of them. Following are three strategies to create this culture.

★ **Have a Great Training Program** The average Starbucks barista gets more training in a year than the average employee in a property management company. For most employees, the single most important motivational factor is the capability to learn; yet most property management companies have a huge disconnect when it comes to observations about company training. Many apartment community employees say they learn by figuring things out on their own, but generally feel confused when not provided with enough direction.

★ **Deliver Steady, Constant Feedback**

Employee feedback is a precarious part of the education progression, and shouldn't just be consigned to the annual review. To be effective, feedback needs to be specific and actionable. Unfortunately, time constraints and the inevitable fire of day-to-day property management life often get in the way of such feedback. In a study by Leadership IQ, 53% of employees believed that when their boss praises excellent performance, the feedback does not provide enough beneficial information to help them repeat it. Additionally, 65% responded that when their boss is critical of poor performance, they don't provide enough beneficial information to help them correct the issue.

Feedback, both positive and constructive, is most effective when given right away. Negative feedback given a month after the fact can lead to a passive-aggressive environment in which an employee feels powerless to act on the advice.

★ **Publicly and Overtly Recognize**

Good Work Frequently, managers see motivation in terms of financial compensation, but money is far from the only way to successfully reward rockstar employees.

A 2009 survey by McKinsey Quarterly revealed that "praise and accolades from an immediate manager" (67%) and "attention from leaders" (62%) were the top two incentives most effective in motivating employees.

Praise and accolades go a long way in making employees feel distinguished and appreciated. And the power of a pat on the back is increased when it's done visibly. Employees not only feel the support and reverence of their manager, but the entire organization as well (including top-level executives). Creating an outline for "social recognition" will inspire a culture of appreciation throughout your firm. ▲



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Housing Inspections: The Brilliance of a No-Surprises Strategy

Nick Frantz, National Sales Manager – One Call Now

I once had a boss who told me it was my job to make sure he was never surprised. I thought that was odd, but over time I realized it was brilliant... because nobody likes a bad surprise.

When it comes to student housing inspections, it's likely that nothing would surprise your team. But your inspection team is probably not your major concern. It's your student residents—and their parents—that should not be surprised.

Housing inspections are animosity-building opportunities. It's human nature; nobody likes to be "inspected." Just the idea puts student residents on the defensive. And if poorly executed, students end up feeling that their privacy has been violated... and parents end up surprised by an unwelcome fine.

Communications are the key to taking the edge off the inspection process. Here are five tips to help you turn a relationship strain into an organizational gain.

1. Use a reliable means to notify. Inspections should not be a surprise. Most states, municipalities and universities require that you give advance notice. But that doesn't mean that students will actually receive advance notice. Posting paper notices doesn't work. Some may actually get read, but they're often removed before everyone gets the message. (Does anyone ever pass that information on to their parents?) Dates and times are easily forgotten. And it can take a lot of time to make the rounds manually posting notices.

Use the communication method your residents and their parents prefer: voice and text messages to cell phones, email addresses and social media sites. Everyone gets and reads text messages. Plus, they conveniently provide a written record for later reference. A message notification service makes it fast and easy to notify all your contacts with one simple message. Use it to send an initial announcement and then send a reminder notice, too. Some services provide automated translations and documentation that shows your messages were received.

2. Set expectations. It's a fact, people aren't happy when their expectations are not met. Compile and publish a list of items that are not permitted (e.g. candles; flammable substances; items hanging from sprinkler heads, overloaded extension cords; blocked exit maps; items left in hallways and stairwells; etc.) Make your rules short and simple. You want them to be read. If possible, make your inspection list available.

3. Tell them why. Publish a statement that explains the rationale for inspections: legal, safety, quality of life, resource management, etc. Make it short and easy to read and understand. Include a list of frequently asked questions and answers. For example:

When do inspections happen?

How do they work?

How will I be notified?

Will you come into my unit if I'm not there?

What happens if you find a violation?

4. Eliminate the "them versus us" factor. Students are heavily engaged with social media building online communities. Make safety and resource management a community-wide effort within their residential community. Or launch a team initiative with teams by building or floor striving for the highest score. Using technology, such as a message notification service positions you as part of the community. And it also supports a "green" community initiative by eliminating paper mailings and flyers.

5. Consider incentivizing a perfect inspection. Free stuff is good and it doesn't have to drain your budget. Free pizza, gas cards, iTunes. Who doesn't love an immediate, tangible reward? If volume is a concern, consider a drawing for five, ten, twenty winners.

You and your staff work hard all year to make your property a safe and desirable place to live. Attracting and keeping student residents takes an ongoing commitment, lots of time and lots of effort. It's about more than just your property. It's also about building relationships. Don't let inspections threaten your hard-earned relationships. Use a proactive communication plan to position them as a legal and practical necessity that promotes a safe and healthy quality of life. ▲

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Survey Finds: Single Family Renters More Likely to Stay in Place

National Mortgage Settlement

Single family home tenants are 18 percent more likely than apartment tenants to stay in their current homes five years or longer, suggesting that demand for single family homes, the fastest growing rental category, will be more stable than multifamily demand, according to a new national opinion survey released by ORC International for Premier Property Management.

Twenty-six percent of single family tenant plans to stay in place five years or more, compared to one out of five apartment dwellers (22 percent). Founded in 1938, ORC International is a leading global market research firm and since 2007 has conducted the CNN|ORC International poll.

One factor contributing to single family stability could be high marks renters give the quality of single family property management. Some 80 percent of tenants in single family rentals said their property management was good or excellent compared to only 63 percent of apartment renters. One out of four apartment dwellers (26%) rated their management as only adequate. "With the emergence of the single family rental option, American families have a new housing choice that brings them the aspects of associated with owning their own homes important to families such as living space, privacy, safe neighborhoods and the sense of community—without the cost and risks of homeownership. Single family rentals can be found in virtually every community today and more and more families are choosing single family rentals either as

a temporary stop on the road to becoming homeowners or as a permanent solution to their housing needs," said Chris Clothier, director of sales & marketing and partner of Premier Property Management.

Over half, 52 percent, of renters, including 60 percent of single family renters and 44 percent of apartment dwellers, said they anticipate becoming homeowners in the next five years. Families with three or more members (64 percent) and children under 13 (69 percent) were more likely to become homeowners than the 43 percent who don't plan to become owners.

Clothier said near term interest in becoming homeowners among single family tenants reflects the new roles single family rentals are fulfilling as a stepping stone to homeownership for first-time buyers and as a sanctuary for large numbers of families displaced by foreclosures but who plan to buy again when they can afford to do so.

Despite reports that difficulties getting financing are keeping many U.S. renters from becoming homeowners, the survey found that the inability to get a mortgage ranks only third of among the reasons renters don't plan to become homeowners. Among those who do not anticipate becoming homeowners (43 percent of all renters), 29 percent say they can't get a mortgage. More renters report that they don't want to buy a home because they enjoy being renters (40%) or they simply don't want to be homeowners (39 percent).

Short-term turnover rates for both multifamily and single family rentals over the next two years are 56 percent for multifamily and 59 percent for single family rentals. Apartments typically experience an annual 50 to 60 percent tenant turnover.



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The survey also found:

- ★ Single family renters make more money and are nearly twice as likely to have children as apartment dwellers. Median income for a single family renter is \$75-100,000 (66%) versus \$50,000-75,000 (51%) for a multifamily tenant. Single family households are larger; some 65 percent have three or more members compared to 32 percent of apartment households. Some 63 percent of single family households include children; only 34 percent of apartment renters have children living with them.
- ★ Most single family tenants are older, aged 35-44 (53 percent) compared to 14-34 (46 percent) and 65+ (61 percent) for apartment dwellers.
- ★ Compared to apartment dwellers, single family renters value neighborhood features important to children, such as parks and playgrounds (65 percent to 71 percent), good schools (72 percent to 82 percent) and safe neighborhoods (97 percent to 98 percent). ▲

The Home Front Multifamily Housing Growth Poised to Continue in 2013

By Robert Dietz <http://www.usnews.com> February 13, 2013

After years of downturn, home building is now solidly contributing to economic growth. An important factor behind that growth has been the expansion of multifamily construction such as apartment buildings and condominiums.

As a result of the housing crisis, homeownership is down, particularly among younger households. In addition, the overall number of households—homeowners and renters combined—is down compared to where it should be given the population growth. This trend has translated into a lot of potential in household formation—as many as two million future households according to some estimates, with most of them expected to become renters as economic and labor market conditions improve.

The result for the building industry has been an increase in the demand for rental units, which in turn has reduced rental vacancy rates and driven demand for multifamily construction.

For example, the number of empty rental units shrunk greatly in the last two years according to the Census Bureau's quarterly Housing Vacancy Survey. Peaking at just over 11 percent, the current measure stands at 8.7 percent as of the end of 2012, comparable to levels seen in early 2002.

Rental Vacancy Rate



With fewer units available for a growing number of renters, 2012 marked significant growth in multifamily construction. After falling to a low of 75,000 units a year in late 2009 (a greater than 75 percent drop in activity from the peak of the market), new

construction now comes in at a 306,000 rate on an annualized basis, a 49 percent improvement year-over-year.

And this growth should continue. Survey data of multifamily developers, as reported by the National Association of Home Builders (NAHB) Multifamily Production Index (MPI), suggests more businesses seeing positive market conditions. The most recent reading of the MPI was 52, with any reading above 50 indicating more developers seeing an improving environment. It been above 50 for three straight quarters as of the third quarter of 2012.

The NAHB Economics forecast for multifamily construction projects another strong annual increase in 2013. Multifamily starts should increase another 31 percent over 2012 to 335,000 total units for the year.

Wild cards in the multifamily forecast could be the fate of various policy issues. For example, the future of the Low-Income Housing Tax Credit could be affected by tax reform. The tax credit is a major development tool that ensures the financing of affordable housing and supports about 95,000 jobs annually.

The tax treatment of carried interest is also under debate. While typically associated with financial interests and fund managers, a carried interest is a common and important mechanism in the real estate industry to attract investment, allocate business risk, and align the interests of developers and investors. Increasing the tax rate on carried interests for real estate would reduce the rate of multifamily construction going forward.

Robert Dietz is an economist with the National Association of Home Builders (NAHB). ▲

Research on Pent-Up Housing Demand

From National Association of Home Builders (NAHB)

There have been numerous estimates circulated of excess for-rent and for-sale housing supply, including one estimate of 3 million units by New York Federal Reserve President William Dudley. This inventory of mostly existing homes (inventories of new construction are at historical lows – the Census Bureau estimates 190,000 units as of December 2010, down from 572,000 units in June 2006) are often cited as hurdles to new housing construction from growing from current depressed levels. However, this excess supply is only half of the equation. There is also considerable pent-up housing demand or delayed household formations that have not yet been formed due to current economic conditions.

A new NAHB study by David Crowe, Robert Denk and Robert Dietz quantifies this level of pent-up demand.

Since 1965 the number of households in the U.S. has been growing at about 1.5% per year. Between 2000 and 2007, the household growth rate was approximately 1.0%.

Applying the 1.0% rate against the 2007 Census measure of total households and comparing this trend level to the Census household counts for recent years yields an estimate of 2.1 million missing but expected households that have been delayed due to the Great Recession. Conceptually, these are younger workers who are still living at home with their parents and individuals who have doubled up with roommates due to an uncertain economy.

As the labor market improves, these potential households will be unlocked, helping to reduce the excess supply of housing – perhaps faster than many analysts expect. ▲

CALENDAR OF EVENTS

April

Multi-Layered Tax Credit Course

April 9 & 10th, 9AM - 5PM
AAGNO Office
\$130.00 per person

HVAC for Maintenance

April 16, 10AM-12PM
American Can Apartments, 3700 Orleans Ave.
With Instructor Tim Talley, HRI Properties
\$23.00 per person

May

Fair Housing

May 8, 1-4PM
Four Points by Sheraton
With National Speaker Nadeen Green
\$35.00 per person
3 cec for all NAA Designations

Resident Relations for Grounds, Housekeepers and Maintenance

May 23, 1-3PM
Location TBA
With Instructor Marilyn Trosclair, 1st Lake
Properties
\$23.00 per person
2 cec for all NAA Designation

June

Internet Leasing

June 13, 9-11AM
Location TBA
With Apartments.com
\$23.00 per person
2 cec for all NAA designations

CAM

June 25-28, 9AM-5PM
AAGNO Office
With National Speaker Jackie Ramstedt
\$800.00 per person



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