



Institutional Property Advisors publishes national multifamily construction report

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New York, NY Institutional Property Advisors (IPA), a division of Marcus & Millichap, published a new national report, “Pullback in Multifamily Construction Starts”.

The Multifamily Construction Starts research report provides investors with the latest apartment construction research and analysis, including key findings such as:

- The largest declines are in Texas, with second quarter 2023 project initiations in Houston, Austin and Dallas-Fort Worth at less than one-third the earlier volume. Slowdowns are also pronounced in Philadelphia, Denver, and Washington, D.C.
- Pullbacks in new construction that mirror the average for the 15 markets under study are in Los Angeles at 52%, Seattle at 51% and Atlanta at 50%.
- Markets where the pullback in construction is somewhat slower to materialize are in Florida and the Carolinas. Raleigh-Durham is the single location in the analysis where apartment construction starts in Q2 2023 remained in line with the volume recorded in early 2021 through early 2023.
- Given that the typical apartment property takes 18 to 24 months to complete, delivery volumes should begin to wane in early 2025 and then drop notably during the last half of the year.

“As access to development capital across the country diminishes and rent growth slows, multifamily starts are cooling,” said Greg Willett, first vice president and national director of research services, IPA. “Among the 15 markets that account for over half of the nation’s ongoing apartment construction, building starts in the second quarter of 2023 totaled just under half the average volume recorded during the previous two years.”

“Rent growth is likely to regain momentum as early as spring 2024, when the normal seasonal upturn in leasing velocity should coincide with obvious signs that today’s new supply excess is temporary,” added John Sebree, senior vice president and national director of the firm’s Multi Housing Division. “Price increases should prove robust during 2025.”

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