hanleywood

Multifamily Housing Study

Sponsored by

FreddieMac
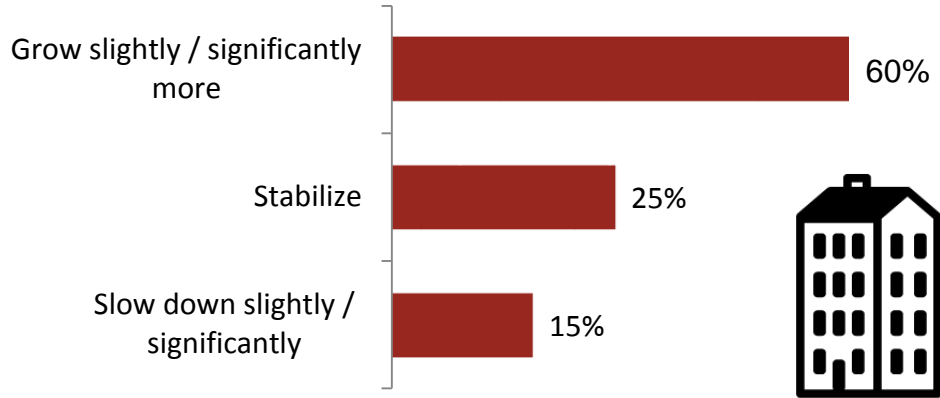We make home possible®

KEY FINDINGS – ANTICIPATED GROWTH, OWN VS RENT SENTIMENT

Most respondents anticipate the multifamily housing market to *grow* over the next 3-5 years, while only about 15% see it slowing down.

Grow slightly / significantly more	60%
Stabilize	25%
Slow down slightly / significantly	15%

Asked why they expected the multifamily housing market to grow, most said they just see a continuing demand for Multifamily housing. Those who said it is slowing mostly said it was due to an oversupply on the market.

Of those that said "significantly more growth" / "grow slightly more"

32% mentioned **Demand / Supply reasons**

**12%** said **How it's been trending**

17% said **Growing population**

Of those that said "slow down slightly" / "slow down significantly"

42% said **Saturation or oversupply**

Slightly more respondents (38.0%) believe the rental market will grow more than the homeownership market (36.5%).

Homeownership will grow slightly / significantly more	37%
The market with remain the same	26%
Rental market will grow slightly / much more	38%
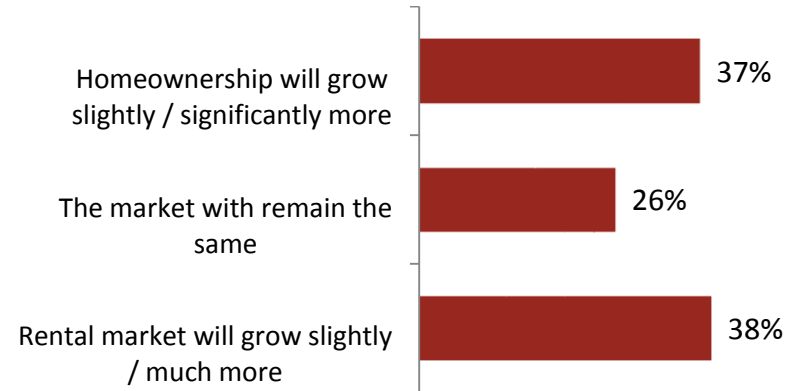
Asked what they felt the current 'rent vs own' sentiment is, many believe the sentiment is more towards renting.

RENT
21% said *more people are choosing to rent*
11% said *it is too expensive to buy*
5% said *it is hard to qualify for a mortgage*

17% *said they see no change in sentiment*

FOR SALE
8% said *more people are choosing to buy*
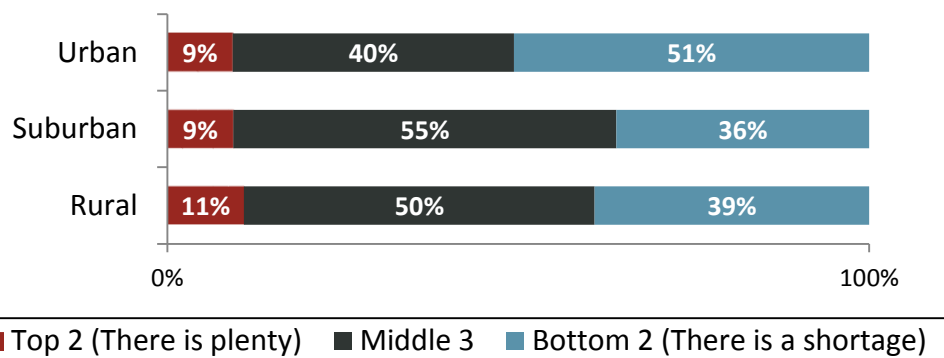5% said *people still want to own a home*
3% said *rent is too expensive*

KEY FINDINGS – MARKETS AND AFFORDABLE HOUSING AVAILABILITY

Most of the respondents surveyed operate in Urban or Suburban markets. Less than half operate in Rural markets.

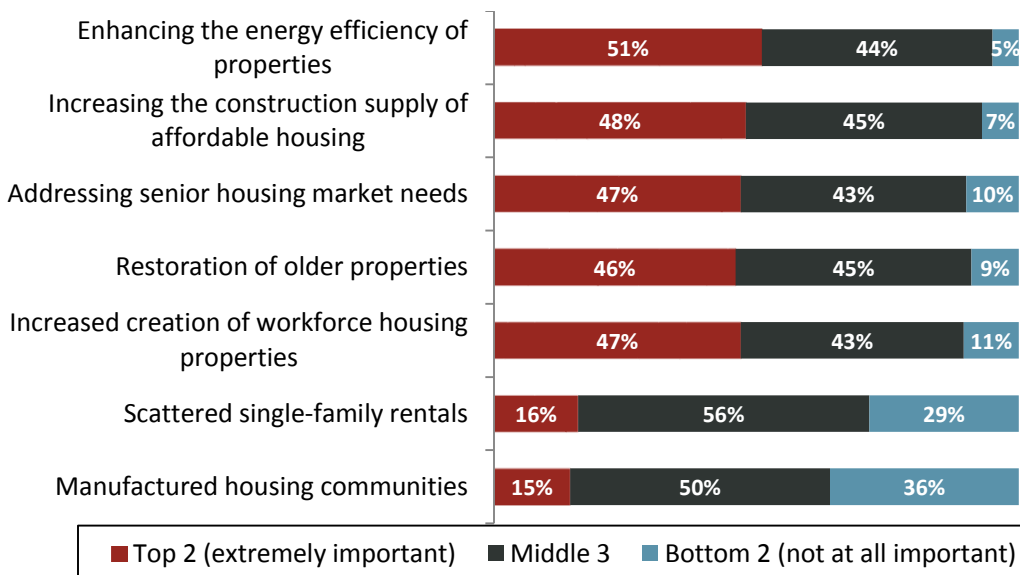| Market	Percentage
Urban	81%
Suburban	70%
Rural	46%
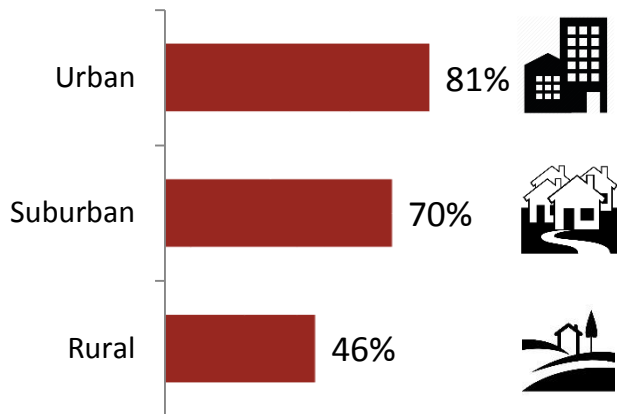
Most respondents agree there is a shortage in affordable rental housing. When rating shortage levels (1 being there is a shortage, 7 being there is plenty) respondents rated Urban areas as having the biggest shortage of affordable housing.

	Top 2 (There is plenty)	Middle 3	Bottom 2 (There is a shortage)
Urban	9%	40%	51%
Suburban	9%	55%	36%
Rural	11%	50%	39%

0% — 100%

Respondents were asked to rate various areas in which they think the multifamily housing market needs to focus on.
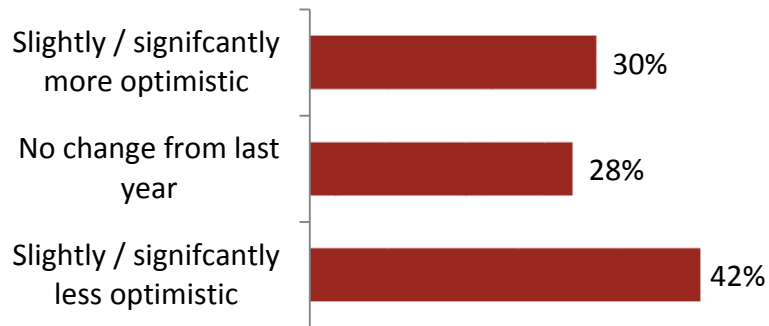
1 being not at all important and 7 being very important.

Many agreed most of the areas should be focused on. However 'scattered single-family rentals' and 'manufactured housing communities' were two areas that respondents felt there should not be a focus on.

	Top 2 (extremely important)	Middle 3	Bottom 2 (not at all important)
Enhancing the energy efficiency of properties	51%	44%	5%
Increasing the construction supply of affordable housing	48%	45%	7%
Addressing senior housing market needs	47%	43%	10%
Restoration of older properties	46%	45%	9%
Increased creation of workforce housing properties	47%	43%	11%
Scattered single-family rentals	16%	56%	29%
Manufactured housing communities	15%	50%	36%

KEY FINDINGS – RENTAL HOUSING OPTIMISM, AFFORDABLE HOUSING CHALLENGES

Asked how optimistic they are about the outlook for new affordable rental housing being offered today compared to last year, slightly more respondents are less optimistic overall.

Slightly / signifcantly more optimistic	30%
No change from last year	28%
Slightly / signifcantly less optimistic	42%

Most of the challenges to offering affordable housing have to do with cost and financing the housing projects.

Top challenges to offering affordable housing

💲 **40%** said **Cost**

🏦 **22%** said **Financing**

On average 36% of a respondent's business deals with affordable housing. Most respondent's business dedicate about 20% (the median) to affordable housing.

Percentage of business dealing with affordable housing
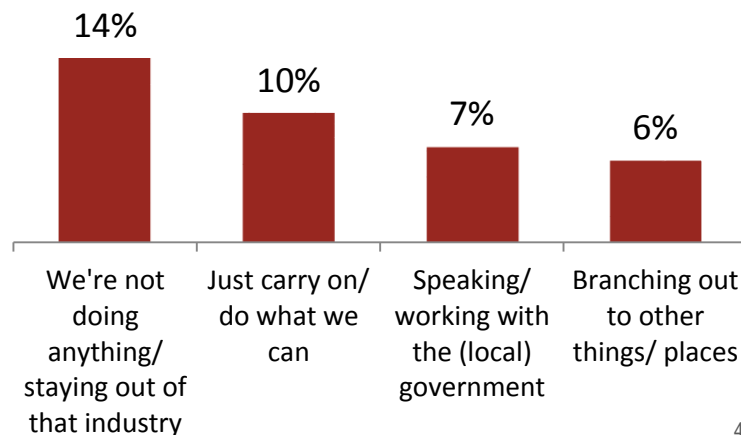
20.5% said **Zero**

41.5% said **1% to 30%**

13% said **31% to 70%**

13% said **71% to 99%**

12% said **All of their business**

Asked how they respond to these challenges, most say they do nothing and carry on, or just try to stay out of this industry.

We're not doing anything/ staying out of that industry	Just carry on/ do what we can	Speaking/ working with the (local) government	Branching out to other things/ places
14%	10%	7%	6%

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METHODOLOGY

- To collect the information, a phone survey research methodology was used. A total of 200 respondents completed the survey between May 22 and June 5, 2017.

- To conduct this study, Freddie Mac and Hanley Wood designed the survey, which was then programmed using the online tool Decipher and completed via phone interviews.

- Subscribers of Multifamily Executive, Affordable Housing Finance, and Apartment Finance Today were provided as contacts and asked to participate in the study.

- It is believed that the data presented in the report represent a valid cross-section of the sampled universe. However, the statistical validity of responses for any given question varies somewhat depending on sample sizes and the demographics of response.
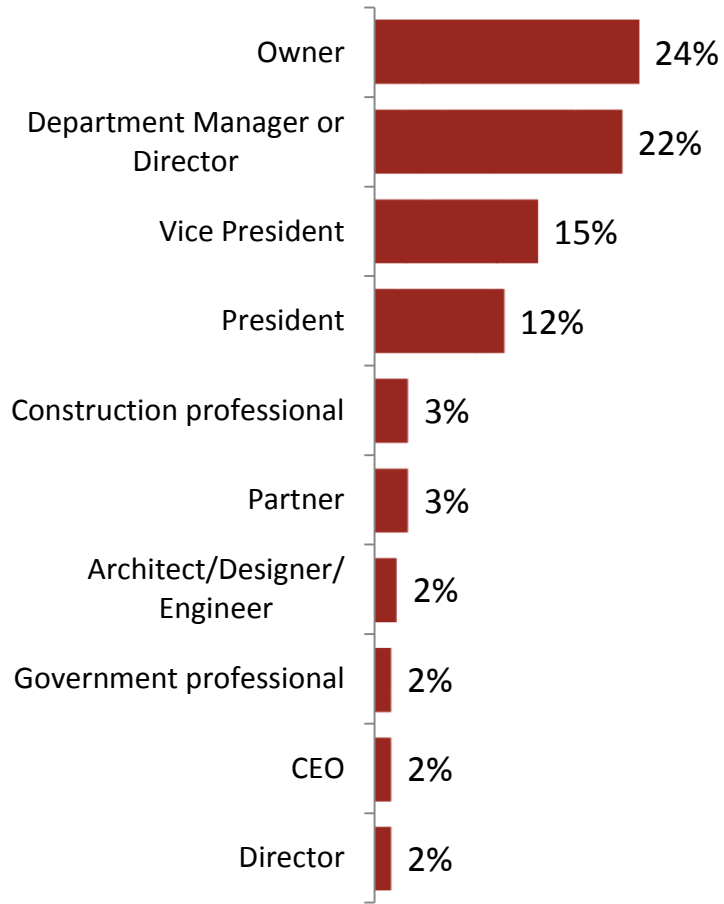
Industry Segments

- Data was analyzed across various pro segments. Segments shown include:
    - Property Development
    - Building/Construction
    - Property Management
    - Lending/ Financial/ Investing
    - Government or Association
    - Other

*Within the tables, ^Data in red signifies a statistical difference (at the 95% interval) **from at least one other data point** within the segment.*

RESPONDENT PROFILE

JOB TITLE

Job Title	Percentage
Owner	24%
Department Manager or Director	22%
Vice President	15%
President	12%
Construction professional	3%
Partner	3%
Architect/Designer/Engineer	2%
Government professional	2%
CEO	2%
Director	2%

INDUSTRY

Industry	Percentage
Property management	22%
Property development	22%
Building/construction	18%
Lending/Financial	17%
Government	9%
Investor	8%
Brokerage	2%
Association/agency	1%