

Lunchtime Data Talk

Multifamily Rental: Data and Analysis

Mark Obrinsky,
National Multi Housing Council

Jamie Woodwell,
Mortgage Bankers Association

January 13, 2014





Multifamily Rental Data

Mark Obrinsky

SVP of Research and Chief Economist

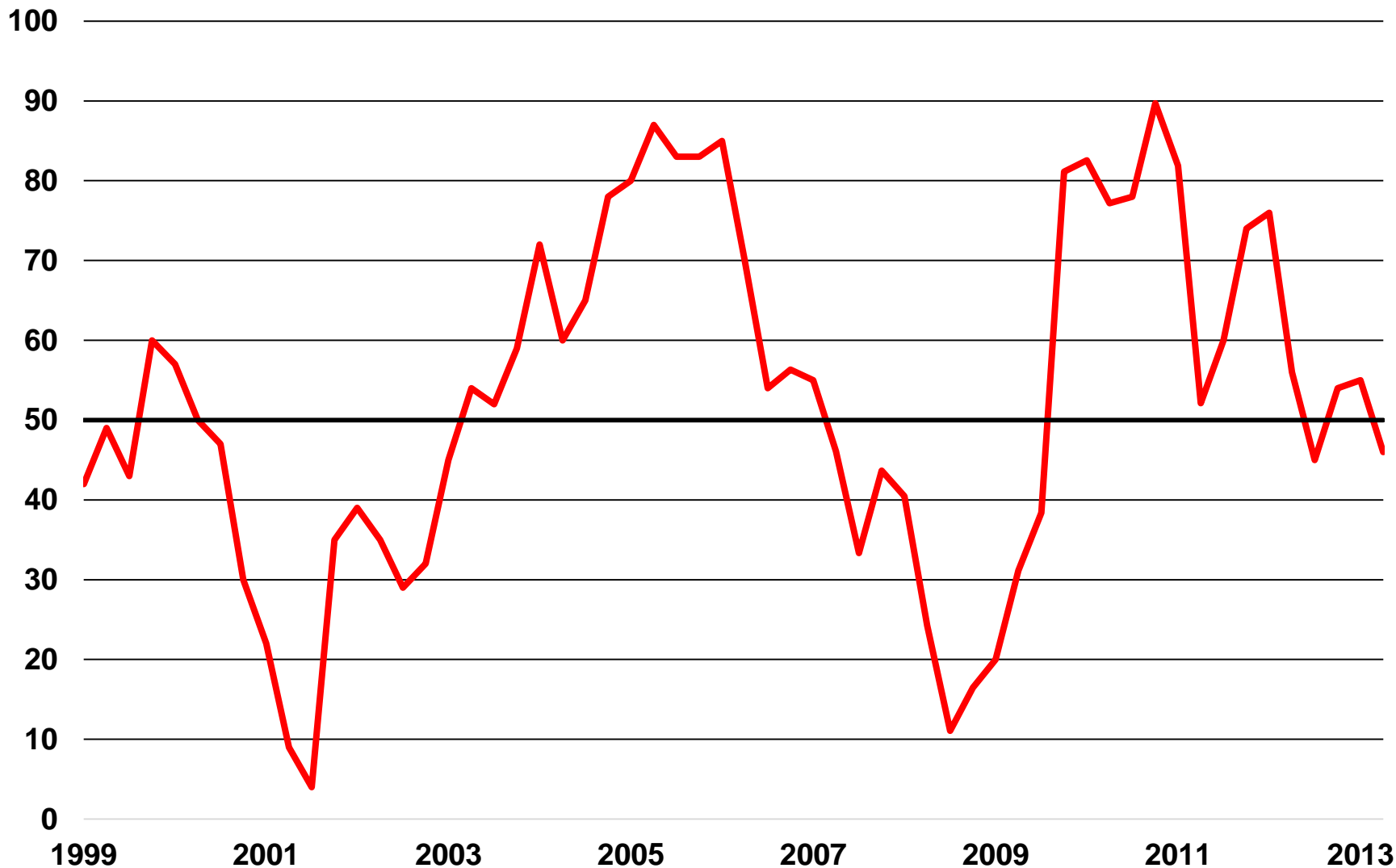
January 13, 2014

- *Apartments: both residential and “commercial”*
- *“Space” markets vs. “asset” markets*
- *Space market data:*
 - Supply: existing stock, new construction, losses, occupied vs. vacant, characteristics, etc.
 - Demand: demographics, economics, etc.
 - Interaction of S & D: rents, absorptions, occupancy (vacancy) rates, etc.
- *Asset market data:*
 - Transactions
 - Property prices
 - Income, expenses, NOI, and cap rates
 - Mortgage finance

NMHC's Quarterly Survey of Apartment Market Conditions

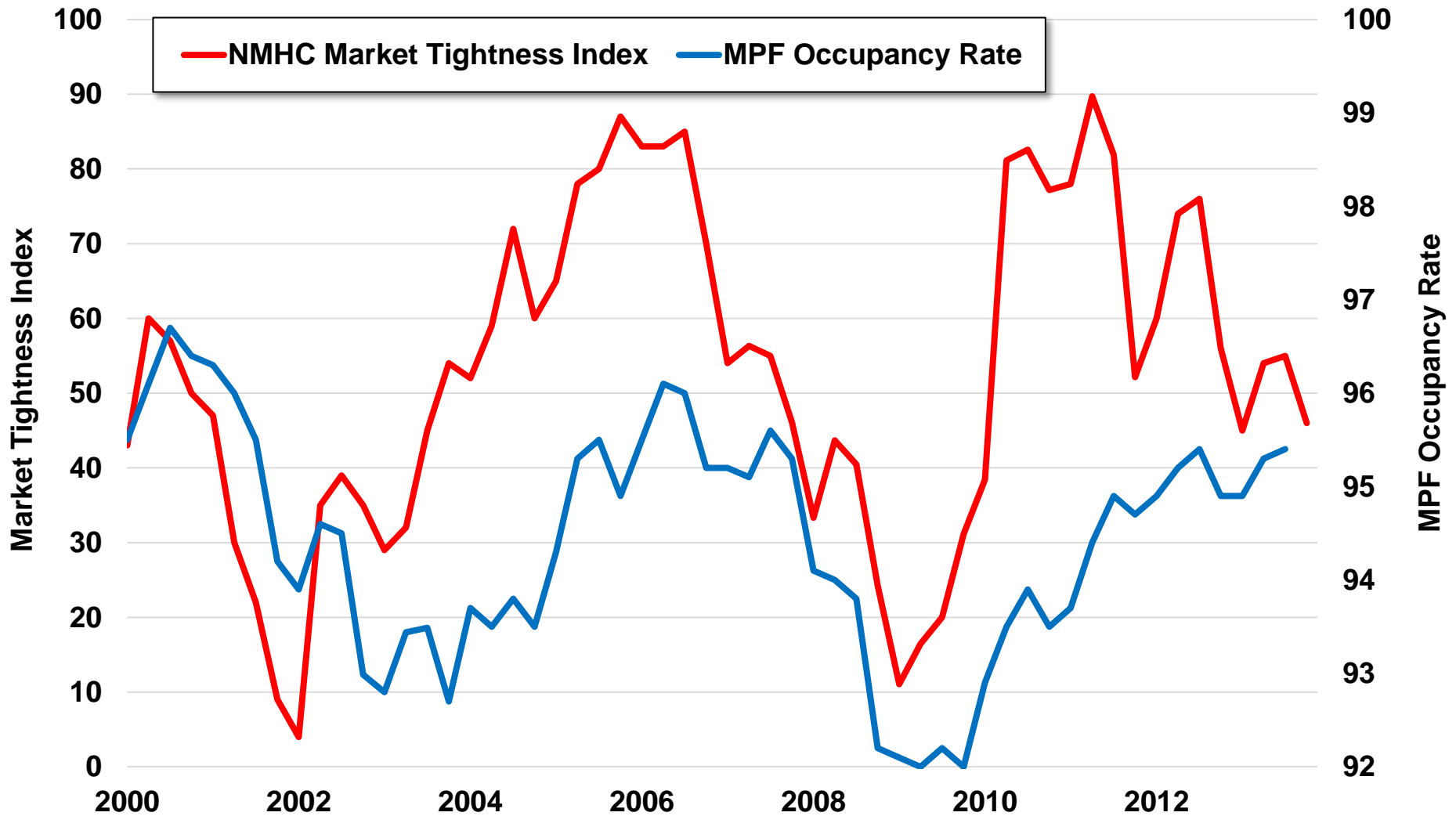
- Started in July 1999.
- Sent to most NMHC members.
- Average of 80 respondents per quarter.
- Each survey asks about market tightness, sales volume, equity financing, and debt financing – better, worse, or the same as three months earlier?
- In addition to response shares, we calculate indexes.
- Calculated Risk: “This index helped me call the bottom for effective rents (and the top for vacancy rate) early in 2010.”

Market Tightness Index



Source: NMHC.

Market Tightness vs. Occupancy



Source: MPF Research; NMHC.

Differing Household Estimates

(millions)

<i>Occupied Households</i>	<i>Census 2010</i>	<i>ACS 2010</i>	<i>CPS 2010</i>	<i>HVS 2010</i>
<i>Total</i>	116.7	114.6	117.5	112.0
<i>Owner</i>	76.0	74.9	78.8	75.5
<i>Renter</i>	40.7	39.7	38.8	37.4
<i>Ownership rate</i>	65.1%	65.4%	67.0%	66.8%

Source: Census Bureau; NMHC.

Differing Apartment Stock Estimates

<i>5+ Multifamily (millions)</i>	<i>AHS 2011</i>	<i>ACS 2011</i>	<i>CPS 2011</i>
<i>Occupied Units</i>	16.0	17.4	17.2
<i>Vacant Units</i>	2.0	1.7	NA
<i>Rented, not occupied</i>	0.1	0.3	NA
<i>Total</i>	18.2	19.4	NA

Source: Census Bureau; NMHC.

Excess Apartment Inventory: How Big?

5+ vacancy rate (HVS)

All years (1968-2013)	9.1%
1970-1999	8.7%
2012	9.3%

Apartment Stock

AHS	18.2 million
ACS	19.4 million

“Excess” Vacant Apartments

AHS	110k
ACS	180k

Source: Census Bureau; NMHC.

New Apartment Construction: How Much Is Needed?

Needed apartments:

= new households

x renter share of new households

x apartment share of new renters

Needed construction:

= net absorption

+ net losses to stock

+ change in number of vacant units

Historical Data – Decennial Census

	<i>Households (millions)</i>	<i>CAGR</i>	<i>chg in HHs (millions)</i>	<i>chg in renters (millions)</i>	<i>Renter Share</i>	<i>Rentership Rate</i>
1950	42.8	2.1%	8.0	-0.4	-5%	45%
1960	53.0	2.2%	10.2	1.0	9%	38%
1970	63.5	1.8%	10.4	3.3	32%	37%
1980	80.4	2.4%	16.9	5.1	30%	36%
1990	91.9	1.4%	11.6	4.3	37%	36%
2000	105.5	1.4%	13.5	2.7	20%	34%
2010	116.7	1.0%	11.2	5.1	45%	35%

Projection Scenarios

	<i>Households</i>	<i>CAGR</i>	<i>chg in HHs</i>	<i>Renter share</i>	<i>chg in renters</i>	<i>Apt renter share</i>	<i>chg in apt renters</i>
2012 CPS	121.1						
2022a	133.8	1.0%	12.7	35%	4.4	45%	2.0
				40%	5.1		2.3
2022b	136.4	1.2%	15.3	35%	5.4	45%	2.4
				40%	6.1		2.8

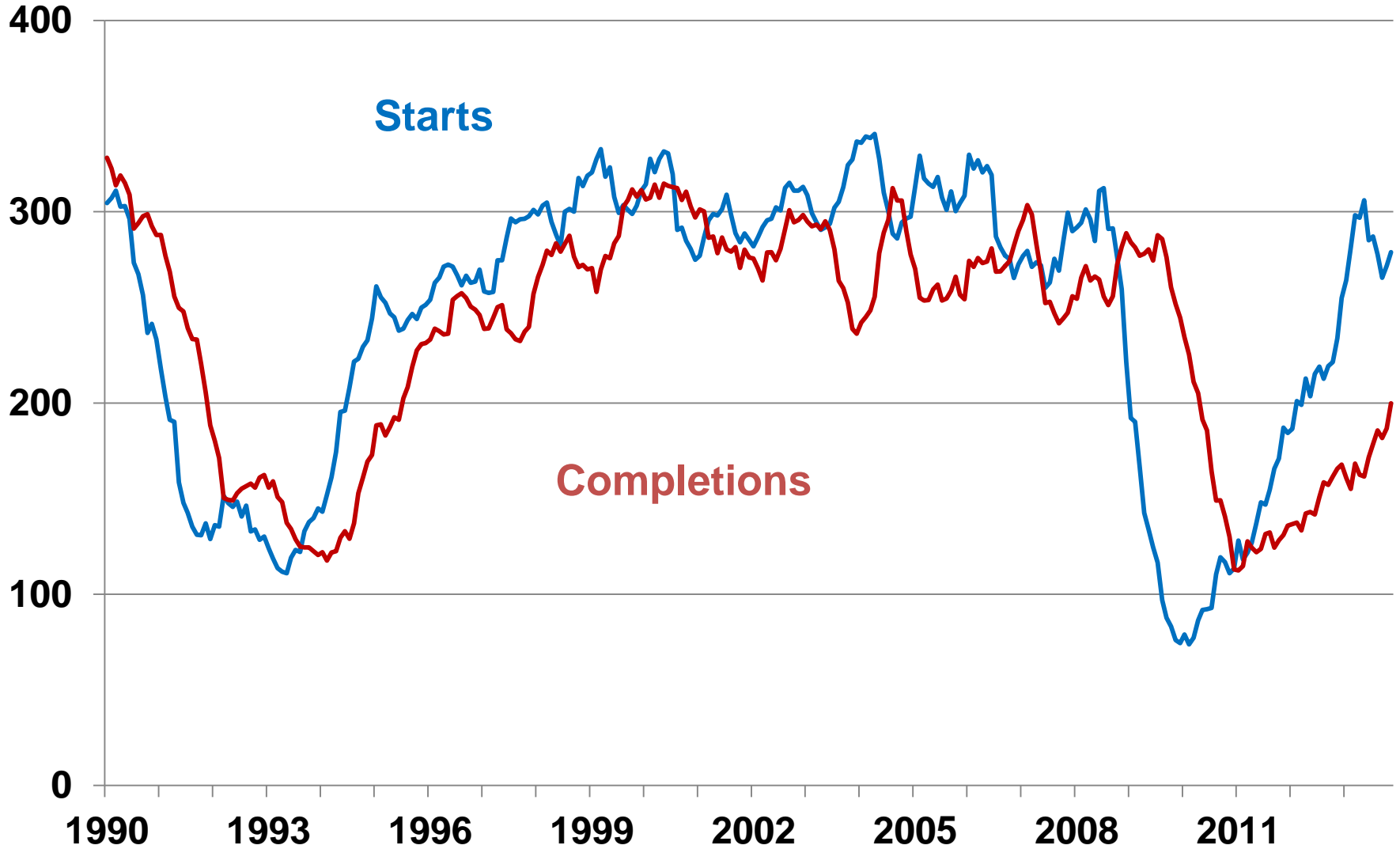
Source: Census Bureau; NMHC.

Net absorption annually:	<i>200-280k</i>
Losses to stock annually:	<i>~ 100k</i>
Change in vacant units:	<i>0</i>

Hence, needed new construction annually:
300-380k

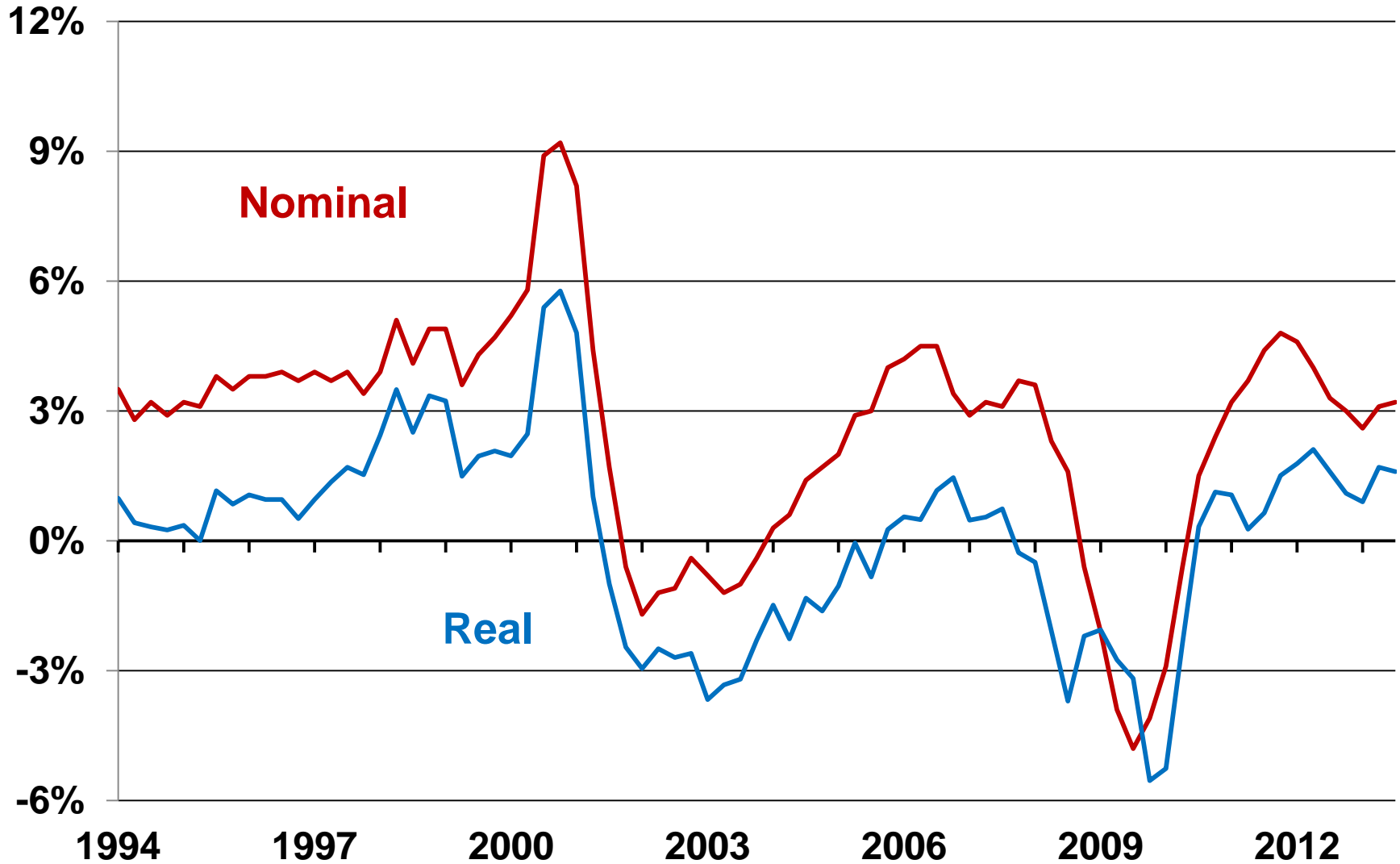
Multifamily Supply Rebounding

(6mo moving average, 000s)



Source: Census Bureau, Survey of Construction.

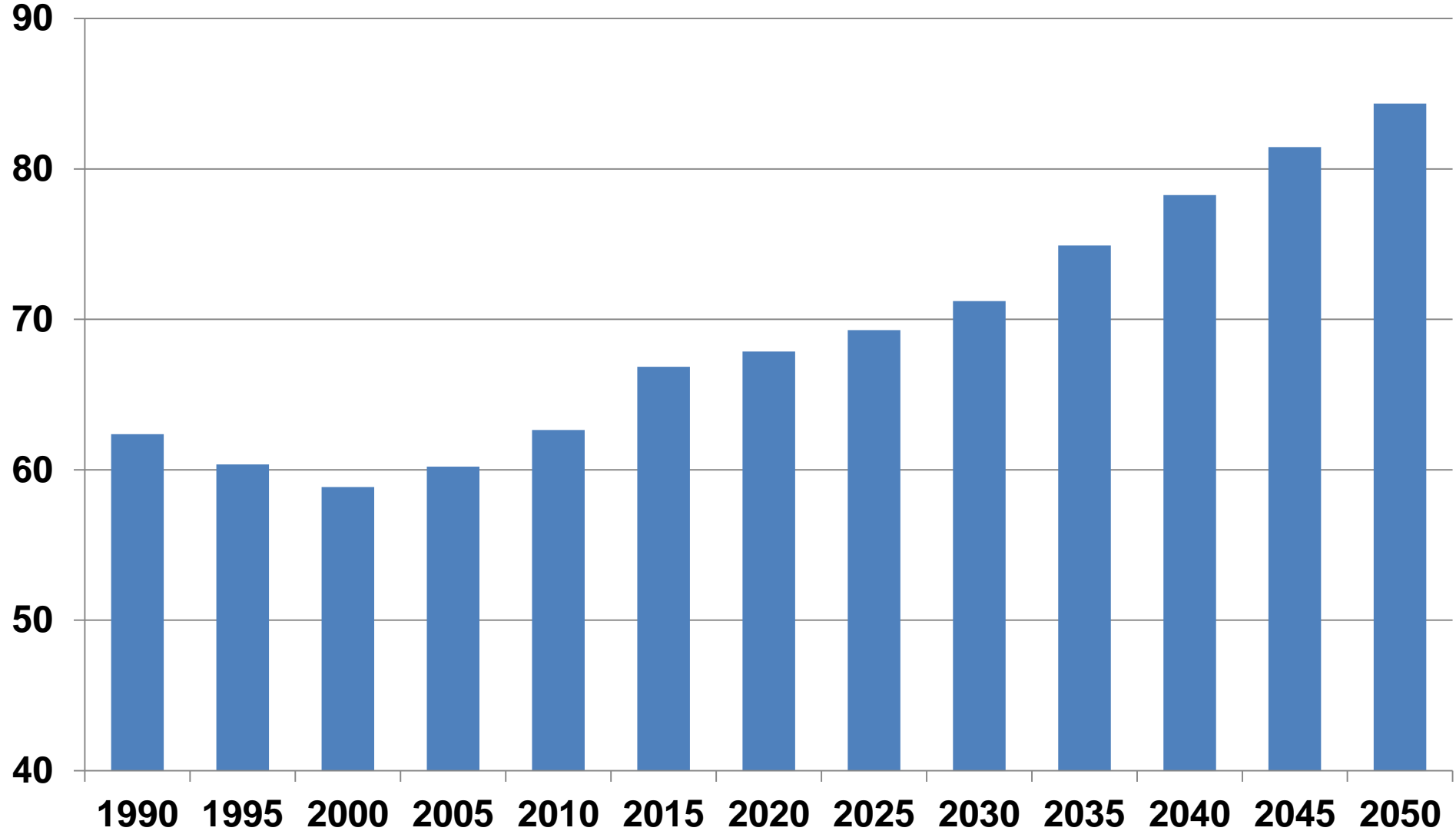
Apartment Fundamentals: Rent Growth (Nominal vs. Real)



Source: MPF Research; BLS; NMHC.

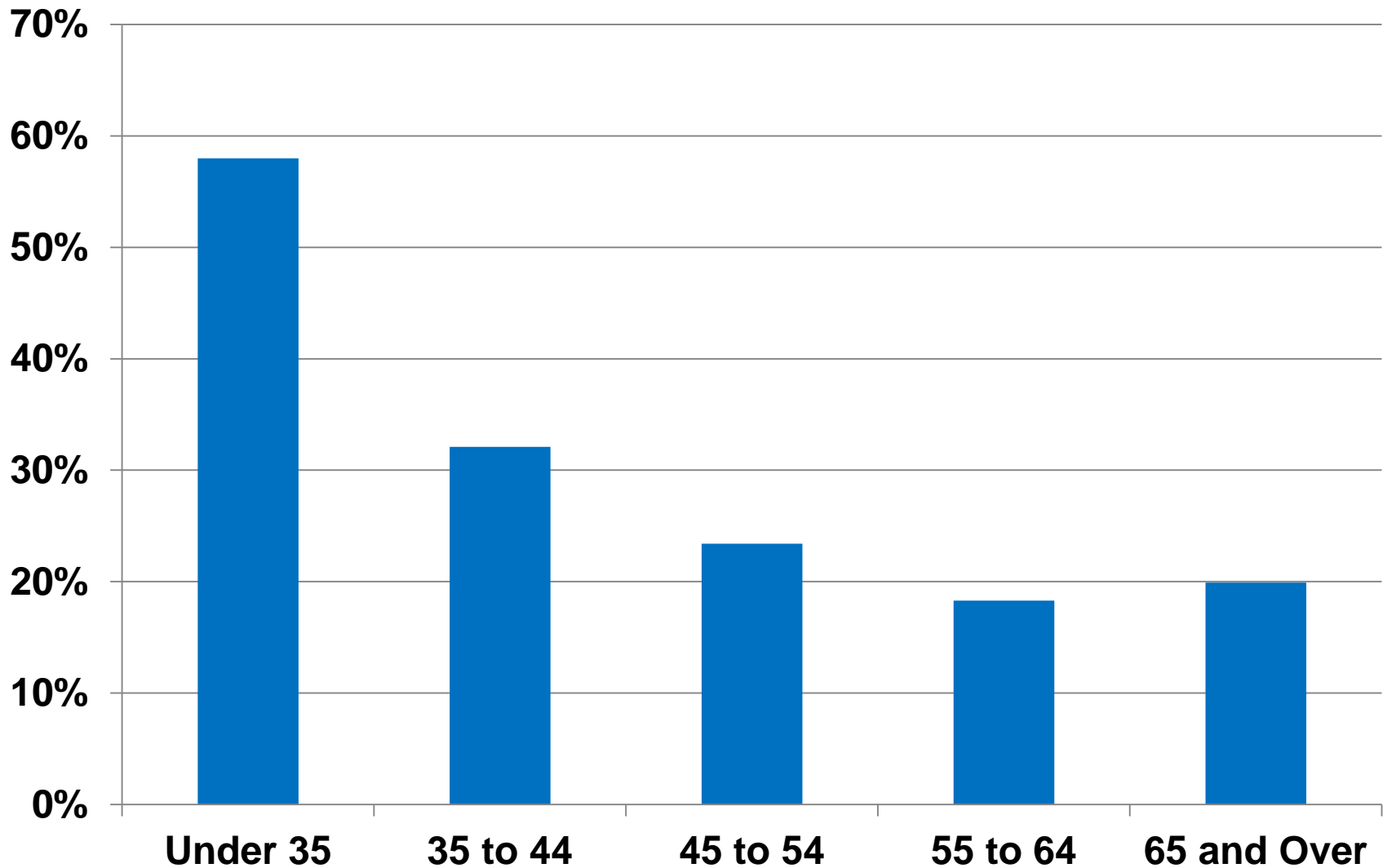
Population 20-34 Years of Age

Millions



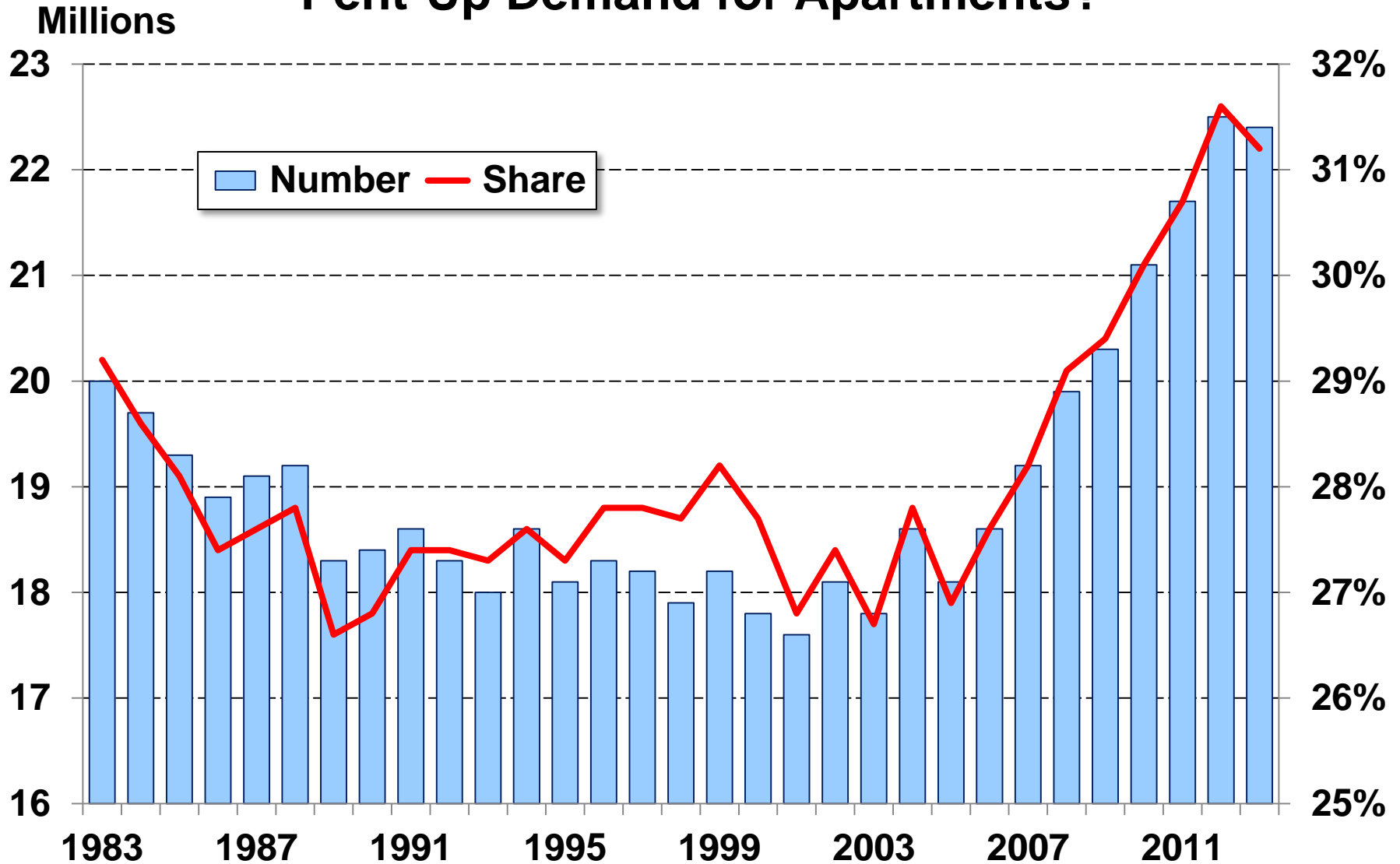
Source: Census Bureau.

Demographic Trends: Young People More Likely to Rent



Source: U.S. Census Bureau, Current Population Survey, ASEC 2013.

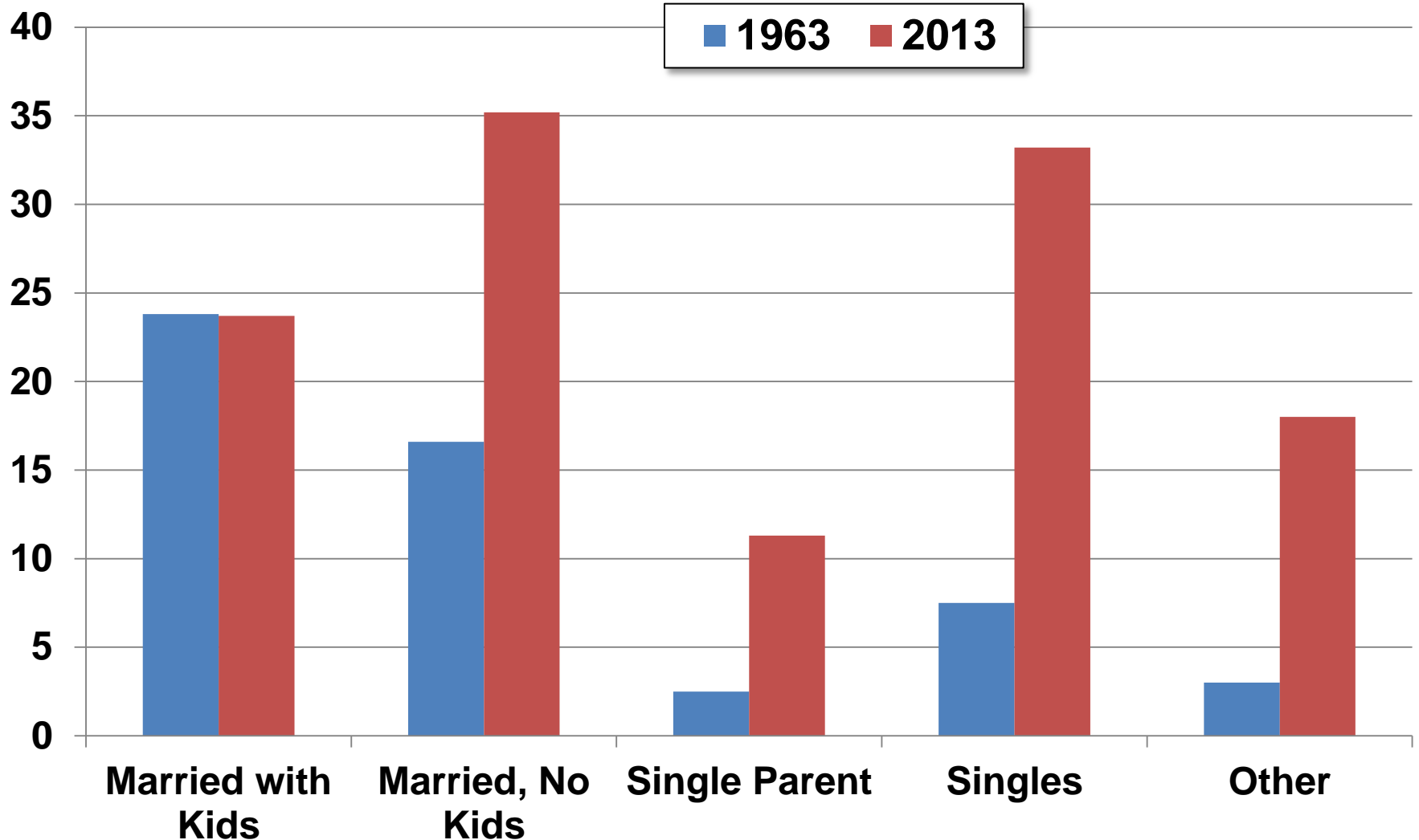
Young Adults 18-34 Years Old Living with Parents: Pent-Up Demand for Apartments?



Source: Census Bureau, Current Population Survey.

Demographic Trends: Changing Household Composition

Millions



Source: U.S. Census Bureau, Current Population Survey, ASEC 2013.

For more information go to:
www.nmhc.org, then
“Research & Statistics,” then
“Sources of Apartment Data”

Mortgage Bankers Association Multifamily Lending Data

January 13, 2014

Presented by

Jamie Woodwell

Vice President, Commercial Real Estate Research
Mortgage Bankers Association

MBA

Lending Activity

- ✓ Annual Originator Ranking
- ✓ Annual Origination Summation
- ✓ Annual Report on Multifamily Lending
- ✓ Quarterly Origination Index

Outstanding Mortgages

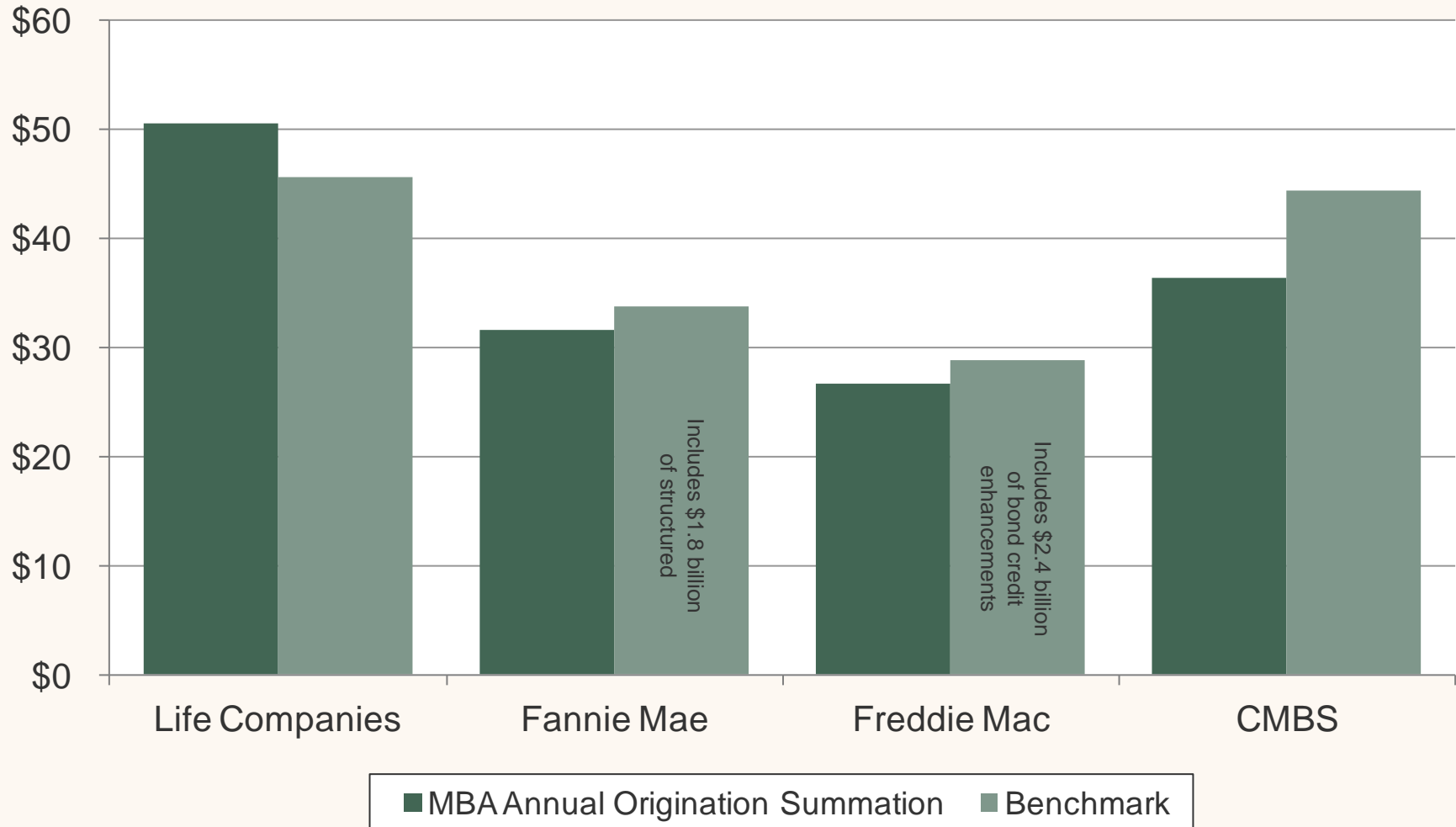
- ✓ Semiannual Servicer Ranking
- ✓ Quarterly Mortgage Debt Outstanding
- ✓ Annual Loan Maturity Volumes

Outlook

- ✓ Commercial Real Estate Finance Forecast
- ✓ 2014 CREF Outlook Survey

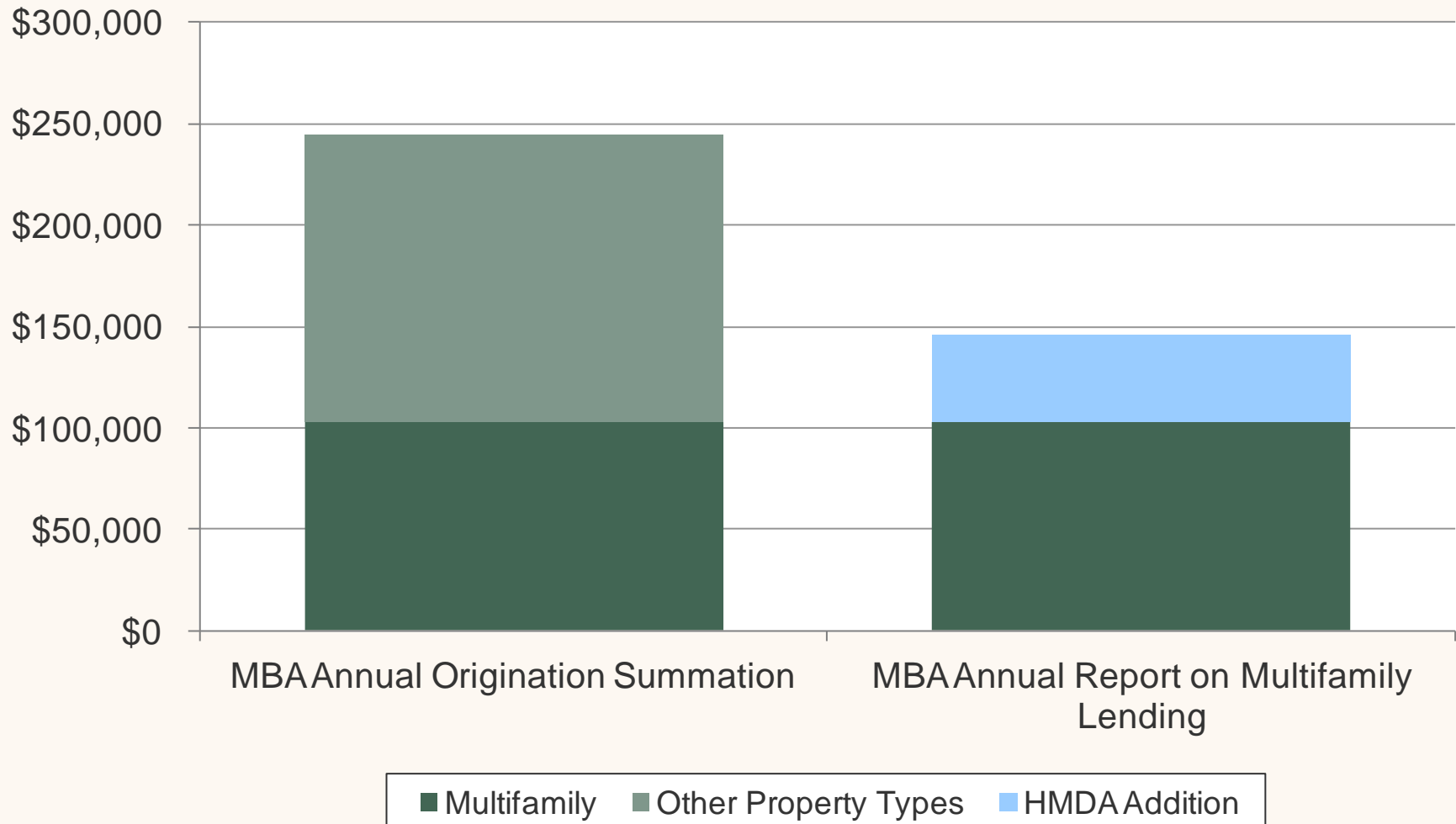
MBA's Annual Report on Multifamily Housing, 2012

MBA Annual Commercial/Multifamily Origination Summation, Coverage, 2012 (\$Billions)



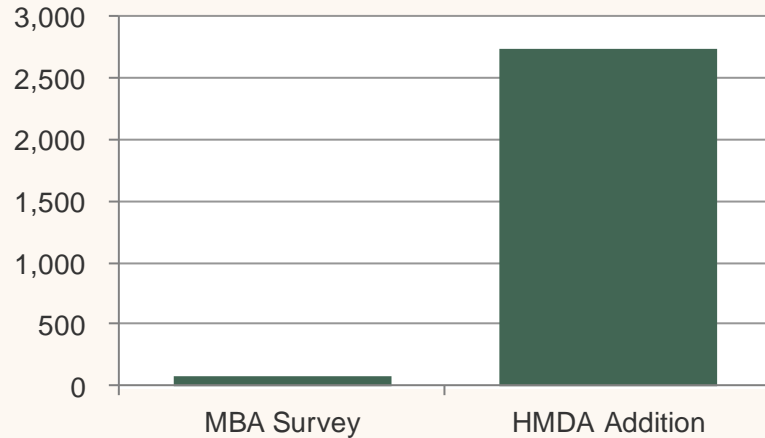
Sources: Mortgage Bankers Association, Annual Origination Summation, ACLI, Fannie Mae, Freddie Mac, Commercial Real Estate Direct

Multifamily Lending, 2012 (\$Millions)

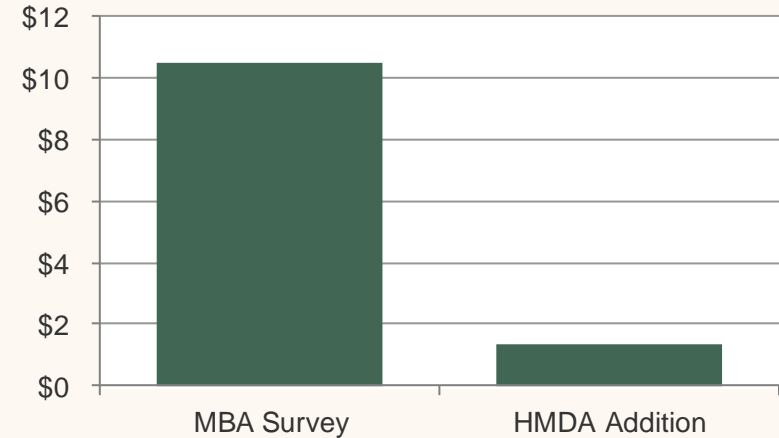


Source: Mortgage Bankers Association, Annual Origination Summation and Annual Report on Multifamily Housing

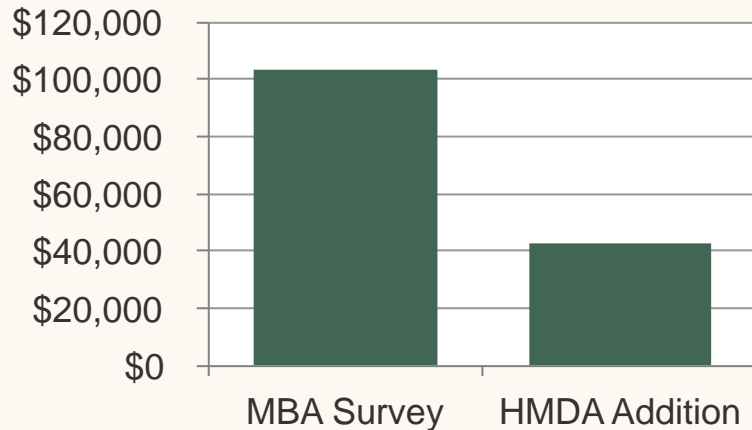
Number of Lenders



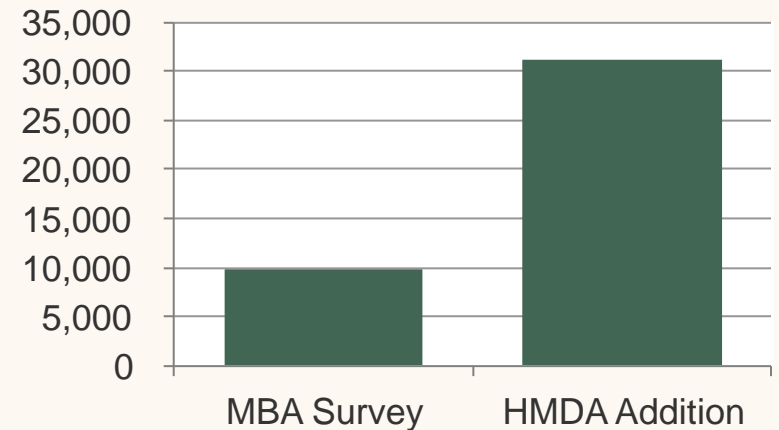
Average Loan Size (\$millions)



Dollar Volume (\$millions)



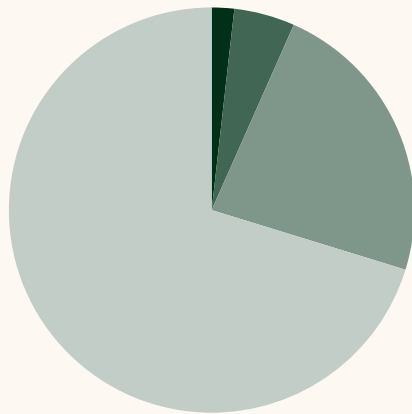
Number of Loans



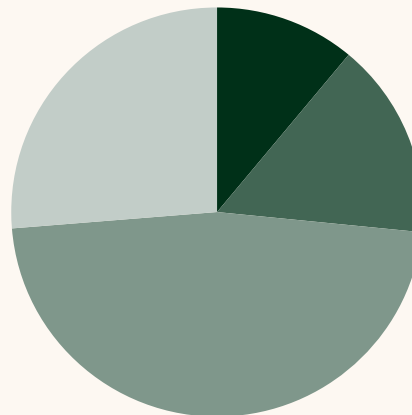
- 41,106 multifamily loans closed
- \$146.06 billion
- Average Loan Size \$3.6 million
- 2,803 multifamily lenders
- Average of 15 loans per lender

Multifamily Lending in 2012, By Lender Average Loan Size

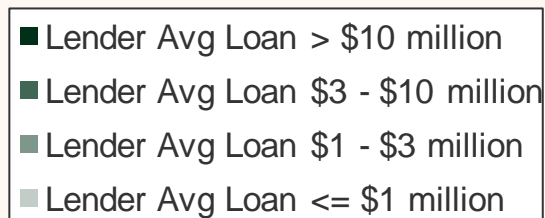
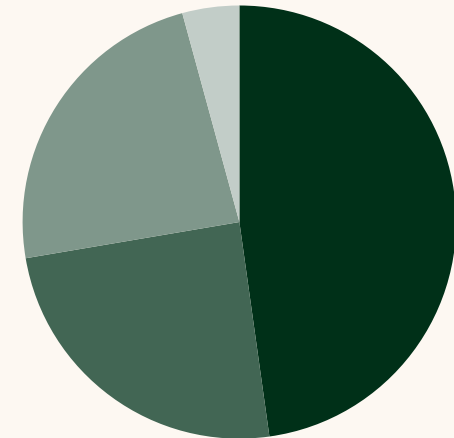
Number of lenders,
by lender average
loan size



Number of loans
by lender average
loan size



\$millions of loans,
by lender average
loan size

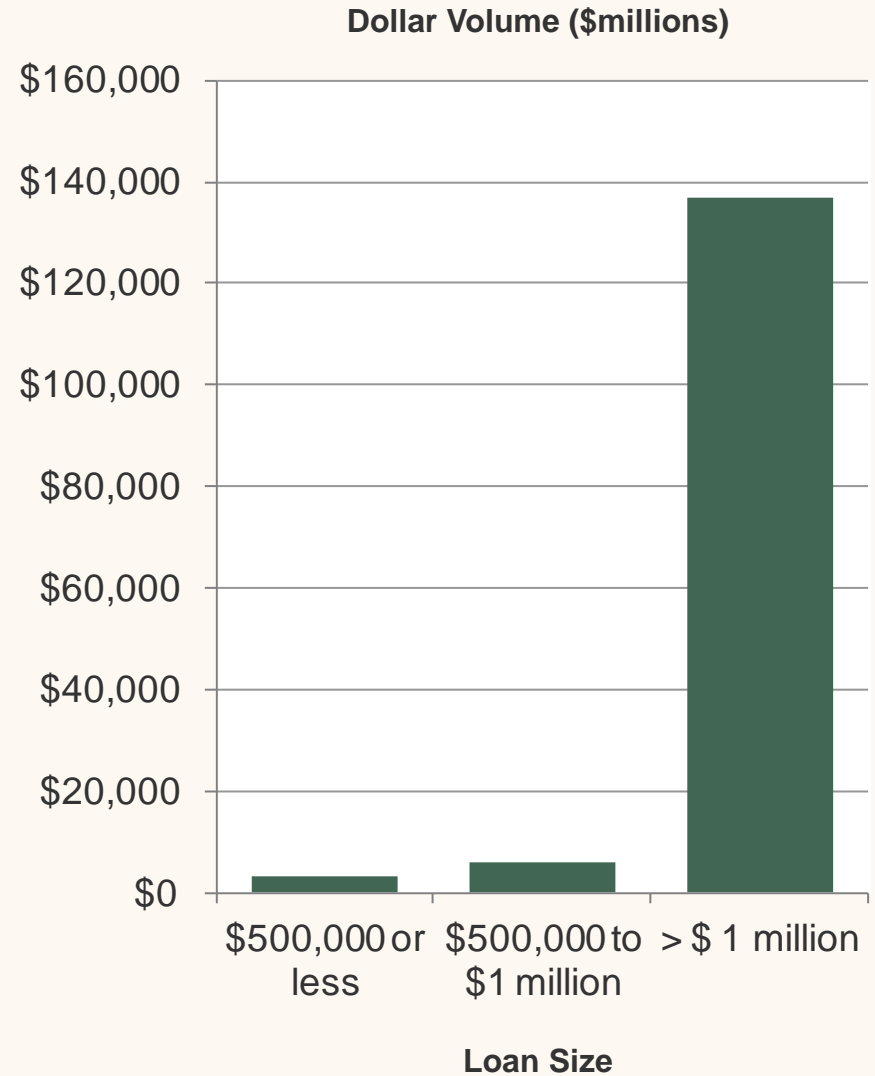
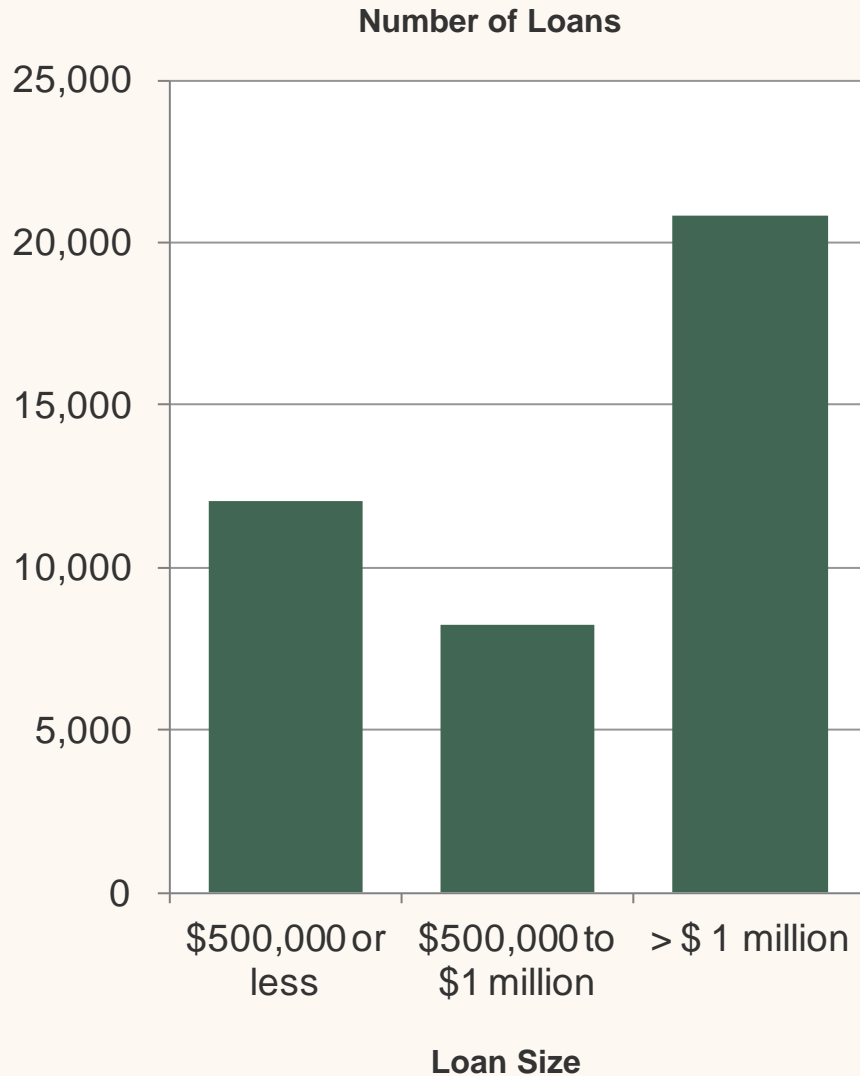


Largest and (almost) Smallest Multifamily Lenders in 2012, by dollar volume

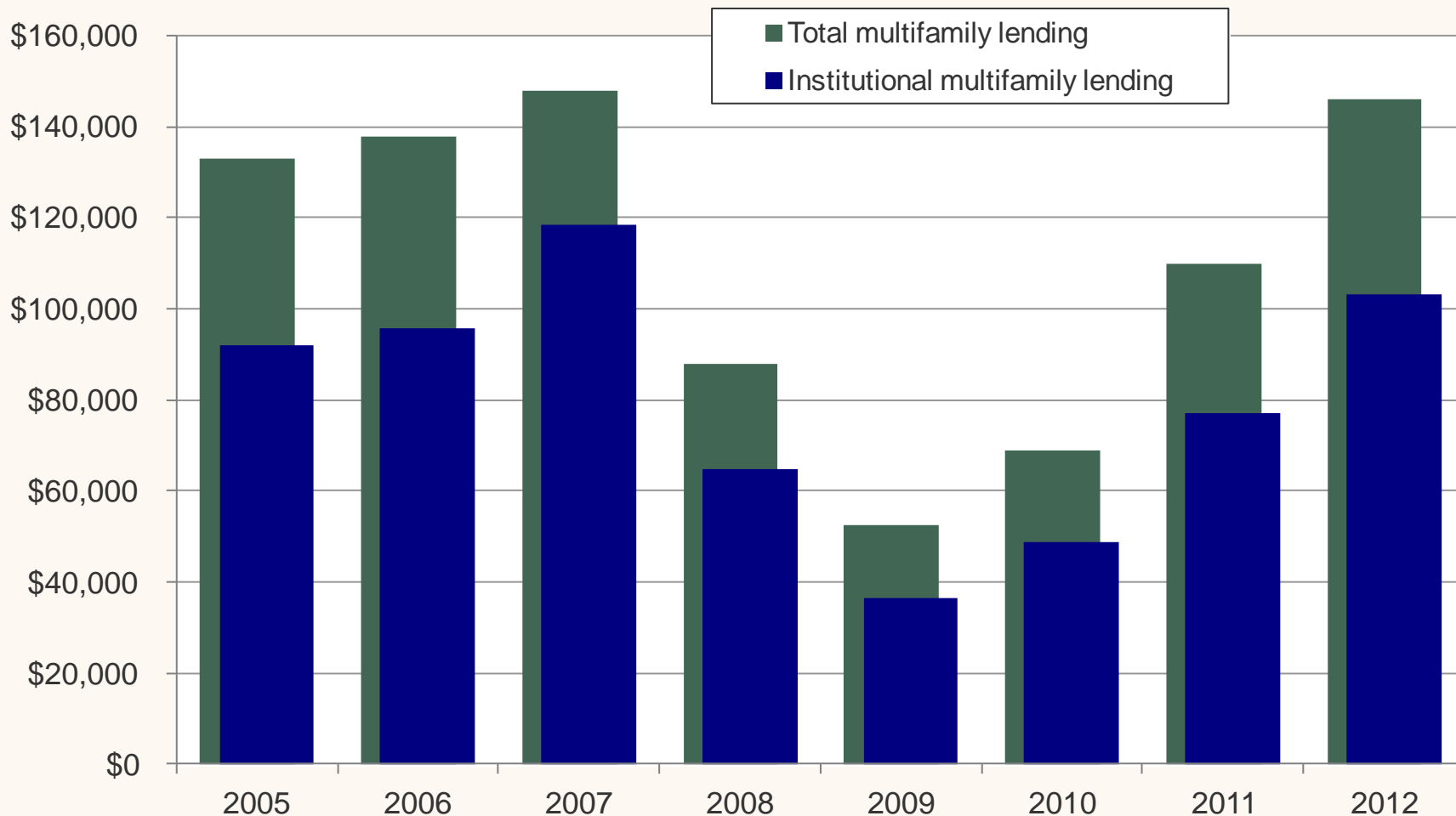
MBA

	Volume (\$millions)	Loans	Avg. size (\$millions)
1 JPMORGAN CHASE BANK, NA	\$13,687.3	7,451	\$1.8
2 Wells Fargo	\$12,834.6	2,009	\$6.4
3 CBRE Capital Markets, Inc.	\$8,851.1	415	\$21.3
4 Walker & Dunlop	\$7,501.3	550	\$13.6
5 Berkadia	\$7,303.5	575	\$12.7
6 PNC Real Estate	\$6,535.0	437	\$15.0
7 Prudential Mortgage Capital Company	\$4,214.6	253	\$16.7
8 KeyBank Real Estate Capital	\$3,986.6	242	\$16.5
9 Beech Street Capital, LLC	\$3,624.6	281	\$12.9
10 M&T BANK CORPORATION/M&T Realty Capital Corporation	\$3,587.1	276	\$13.0
11 Greystone	\$3,405.0	579	\$5.9
12 Berkeley Point Capital	\$3,052.5	183	\$16.7
13 HFF, L.P.	\$2,546.0	129	\$19.7
14 Red Mortgage Capital, LLC	\$2,370.7	212	\$11.2
15 BB&T CORPORATION/Grandbridge Real Estate Capital LLC	\$2,224.1	473	\$4.7
16 NorthMarq Capital LLC	\$1,851.0	155	\$11.9
17 Centerline Capital Group	\$1,782.0	350	\$5.1
18 Oak Grove Capital	\$1,189.6	103	\$11.5
19 CITIGROUP INC.	\$1,156.9	95	\$12.2
20 P/R Mortgage & Investment Corp.	\$1,139.0	152	\$7.5
21 AmeriSphere	\$1,110.0	94	\$11.8
22 INVESTORS BANK	\$1,078.6	354	\$3.0
23 Northwestern Mutual	\$1,071.0	22	\$48.7
24 NEW YORK COMMUNITY BANK	\$1,045.2	186	\$5.6
25 FIRST REPUBLIC BANK	\$1,024.0	501	\$2.0
26 Jones Lang LaSalle	\$997.0	50	\$19.9
27 DOUGHERTY HOLDINGS LLC	\$991.3	122	\$8.1
28 National Cooperative Bank	\$934.7	502	\$1.9
29 DIME SAVINGS BANK OF WILLIAMSB	\$916.6	329	\$2.8
30 USBANCORP	\$910.3	651	\$1.4
31 Guggenheim Commercial Real Estate Finance/Pillar Financial	\$837.9	84	\$10.0
32 STERLING FINANCIAL CORPORATION	\$825.1	478	\$1.7
33 New York Life Investments	\$808.3	27	\$29.9
34 MERCHANTS BANK OF INDIANA	\$783.5	123	\$6.4
35 Principal Real Estate Investors	\$760.9	42	\$18.1
36 LUTHER REBANK SAVINGS	\$678.7	567	\$1.2
37 Opus Bank	\$672.0	302	\$2.2
38 MetLife Real Estate Investors	\$667.0	11	\$60.6
39 Pacific Life Insurance Company	\$663.0	11	\$60.3
40 UNIONBANCAL CORPORATION	\$654.8	302	\$2.2
41 Love Funding	\$613.0	74	\$8.3
42 Oppenheimer Multifamily Housing & Healthcare Finance, Inc.	\$587.0	64	\$9.2
43 PEOPLE'S UNITED BANK	\$583.5	195	\$3.0
44 John Hancock Financial Services	\$581.5	48	\$12.1
45 Alliant Capital, LLC	\$579.0	170	\$3.4

	Volume (\$millions)	Loans	Avg. size (\$millions)
2746 INTERCITY STATE BANK	\$0.1	1	\$0.1
2747 DUNLAP IOWA HOLDING CO.	\$0.1	1	\$0.1
2748 CES CREDIT UNION	\$0.1	1	\$0.1
2749 WILDFIRE CREDIT UNION - SAGINA	\$0.1	1	\$0.1
2750 MIAMI FIREFIGHTERS FCU	\$0.1	1	\$0.1
2751 PUBLIC SERVICE CREDIT UNION	\$0.1	7	\$0.0
2752 MEMBERS COOPERATIVE CREDIT UNI	\$0.1	1	\$0.1
2753 METRO CITY BANK	\$0.1	1	\$0.1
2754 JEANNE D'ARC CREDIT UNION	\$0.1	1	\$0.1
2755 FIRST STATE BANK OF THE SOUTH	\$0.0	1	\$0.0
2756 COMMUNITY BANK OF MISSOURI	\$0.0	1	\$0.0
2757 MERCHANTS STATE BANK	\$0.0	1	\$0.0
2758 COASTAL CAROLINA NATIONAL BANK	\$0.0	1	\$0.0
2759 ROLLING HILLS BANK AND TRUST	\$0.0	3	\$0.0
2760 TERRE HAUTE SAVINGS BANK	\$0.0	1	\$0.0
2761 THE BANK OF ELK RIVER	\$0.0	1	\$0.0
2762 BATES COUNTY BANCSHARES	\$0.0	1	\$0.0
2763 NECHES FEDERAL CREDIT UNION	\$0.0	1	\$0.0
2764 THE HARRISON BUILDING AND LOAN	\$0.0	1	\$0.0
2765 CALDWELL COUNTY BANKSHARES	\$0.0	1	\$0.0
2766 COMMUNITY BANK CBD	\$0.0	1	\$0.0
2767 METAIRIE BANK & TRUST	\$0.0	2	\$0.0
2768 FIRST STATE BANK OF JOPLIN	\$0.0	2	\$0.0
2769 TEXAS BANK AND TRUST COMPANY	\$0.0	2	\$0.0
2770 GLENWOOD STATE BANK	\$0.0	1	\$0.0
2771 HOMETOWN BANK, N.A.	\$0.0	1	\$0.0
2772 VIRGINIA BANK & TRUST	\$0.0	1	\$0.0
2773 CHARTER BANCSHARES	\$0.0	1	\$0.0
2774 HEBRON BANCORP	\$0.0	1	\$0.0
2775 UNIVERSITY OF IOWA COMMUNITY C	\$0.0	1	\$0.0
2776 CITIZENS COMMERCE NATIONAL BAN	\$0.0	1	\$0.0
2777 LINCOLN FEDERAL BANCORP, INC.	\$0.0	1	\$0.0
2778 BANK OF THE CAROLINAS CORP.	\$0.0	1	\$0.0
2779 BANK OF DIXON COUNTY	\$0.0	1	\$0.0
2780 PREMIER MEMBERS FCU	\$0.0	2	\$0.0
2781 GARRETT STATE BANK	\$0.0	1	\$0.0
2782 SUNMARK COMMUNITY BANK	\$0.0	1	\$0.0
2783 HENDRICKS COUNTY BANK	\$0.0	1	\$0.0
2784 FIDELITY FEDERAL BANCORP	\$0.0	1	\$0.0
2785 DAKOTA HERITAGE BANK OF ND	\$0.0	1	\$0.0
2786 USF FEDERAL CREDIT UNION	\$0.0	1	\$0.0
2787 SOUTHERN HERITAGE BANCSHARES	\$0.0	1	\$0.0
2788 COMMUNITY BANK OF TRENTON	\$0.0	1	\$0.0
2789 FIRST DELTA BANK	\$0.0	1	\$0.0
2790 RIVER FALLS BANCSHARES, INC	\$0.0	1	\$0.0

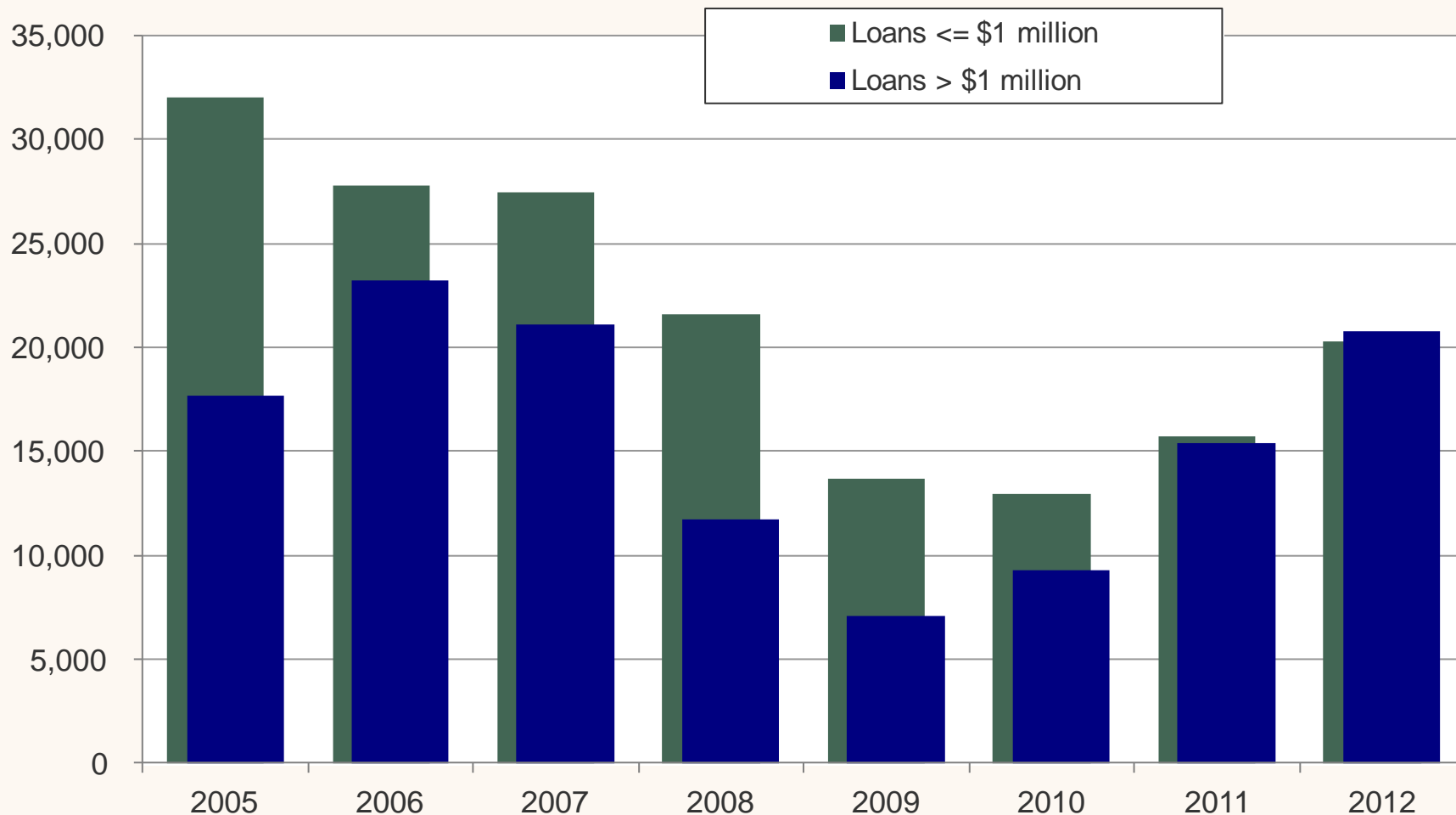


Total and Institutional Multifamily Lending (\$Millions)



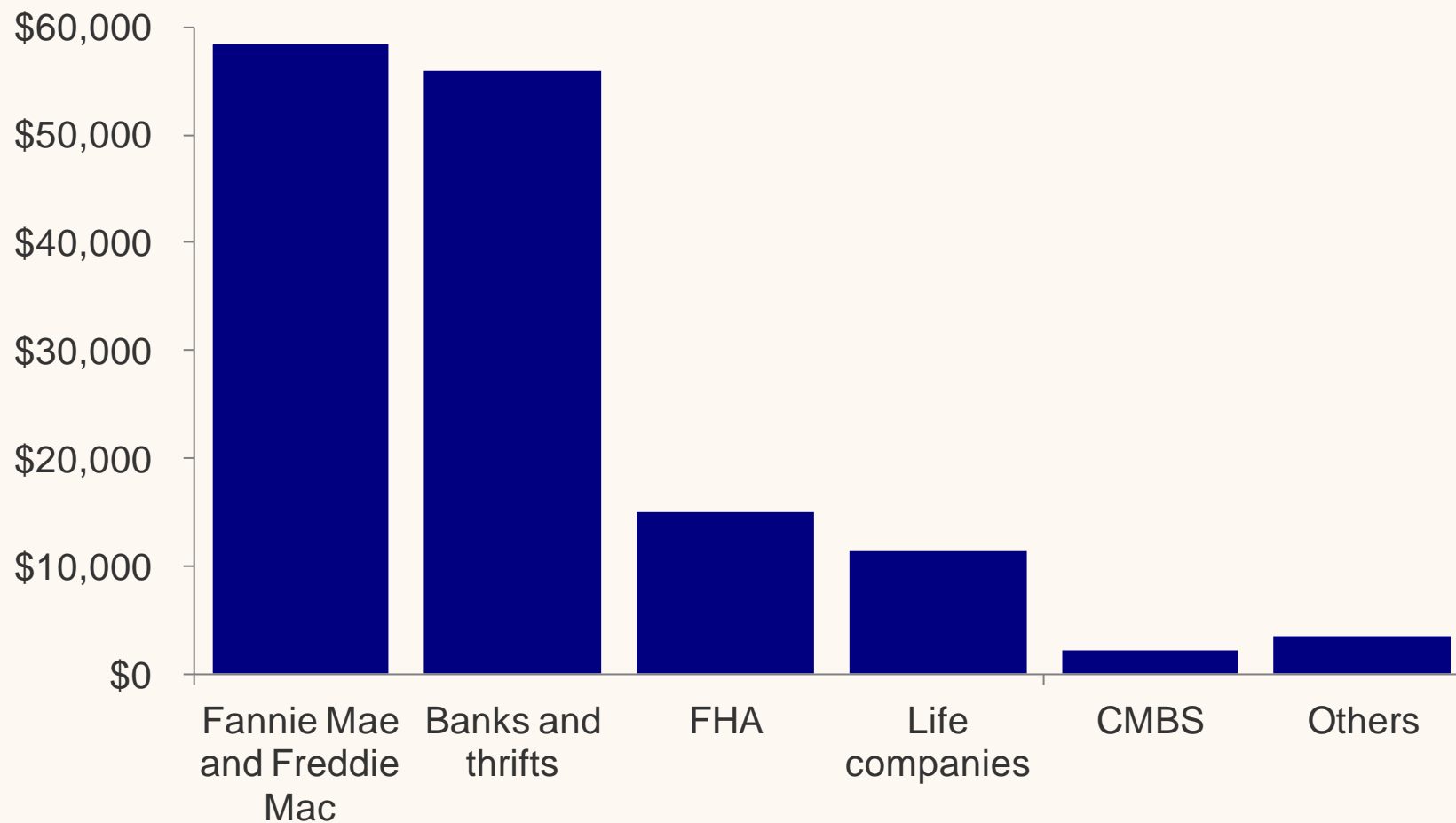
Source: Mortgage Bankers Association, Annual Origination Summation and Annual Report on Multifamily Housing

Number of Multifamily Loans by Loan Size



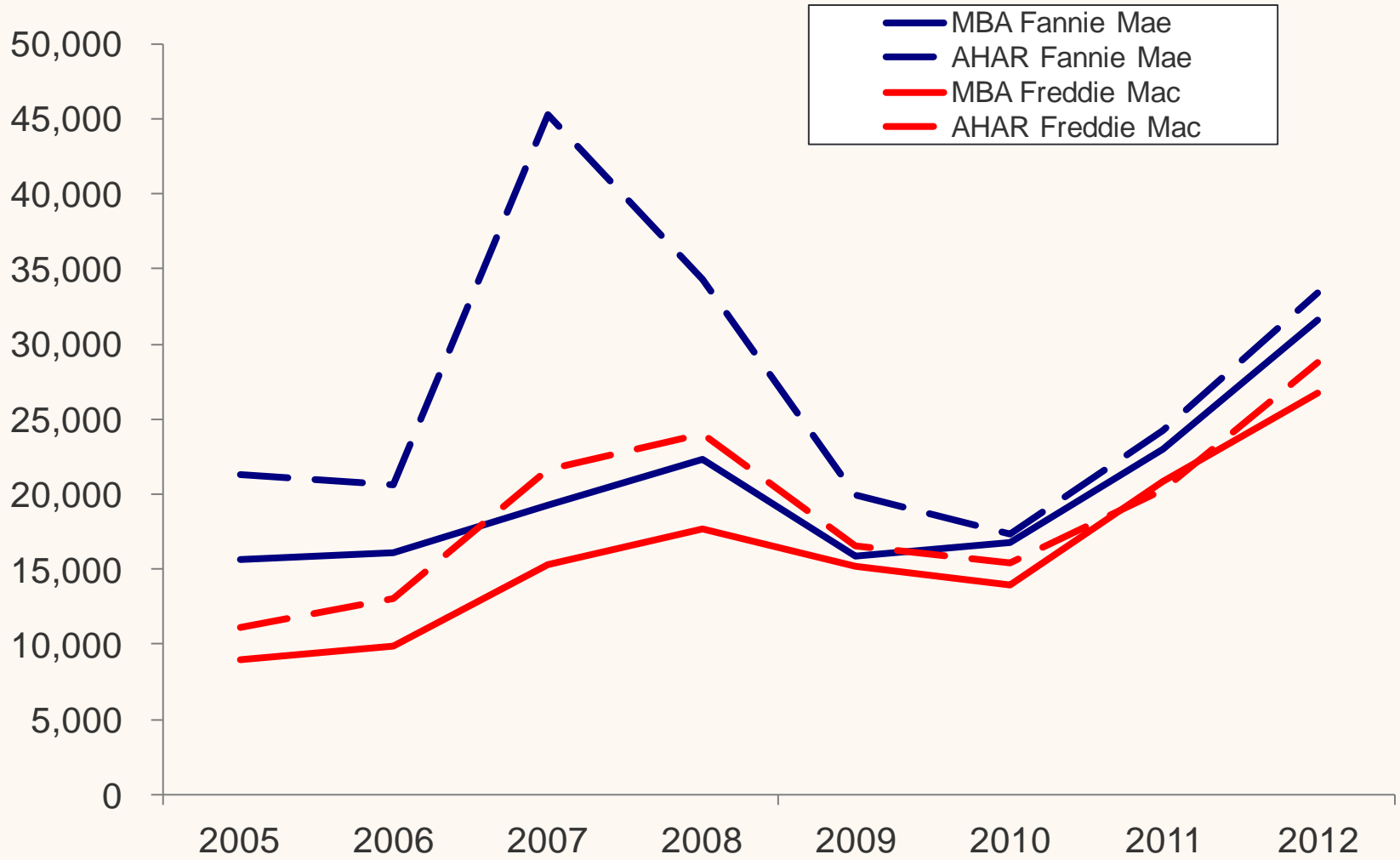
Source: Mortgage Bankers Association, Annual Report on Multifamily Housing

Multifamily Mortgage Lending, 2012 (\$millions)



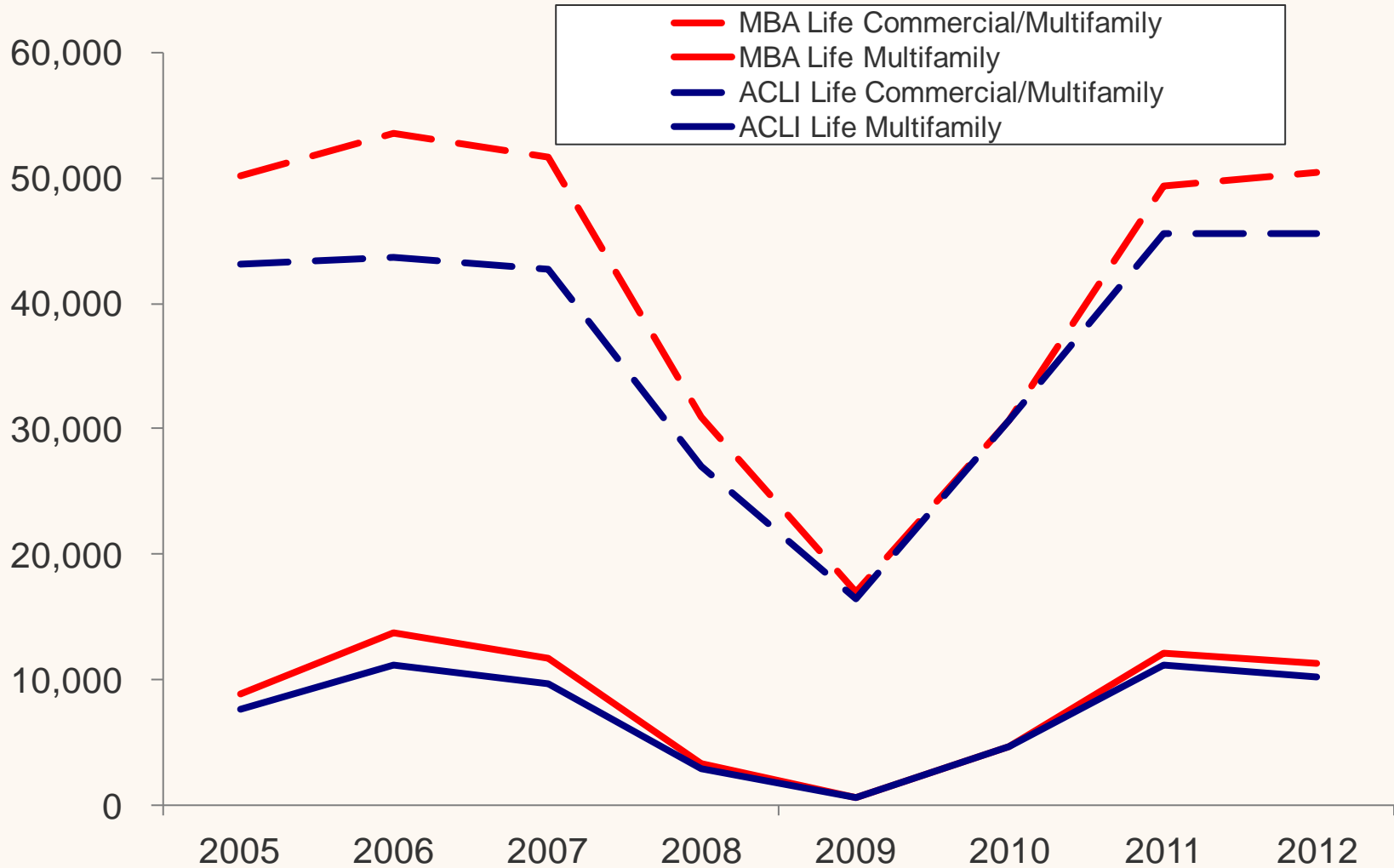
Source: Mortgage Bankers Association, Annual Report on Multifamily Housing

Estimates of GSE Multifamily Lending Volume (\$millions)



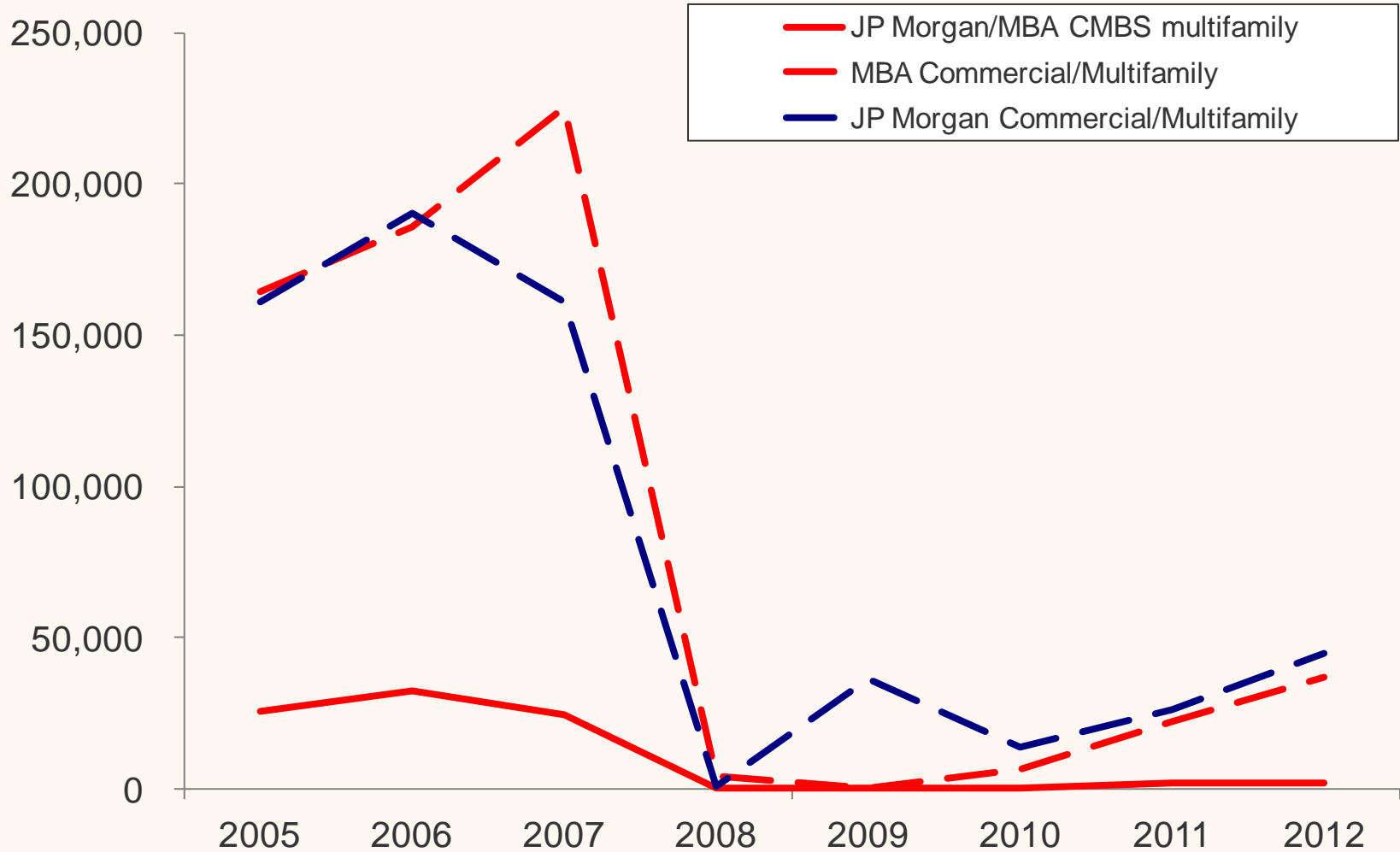
Source: Mortgage Bankers Association and FHFA

Estimates of Life Company Multifamily Lending Volume (\$millions)



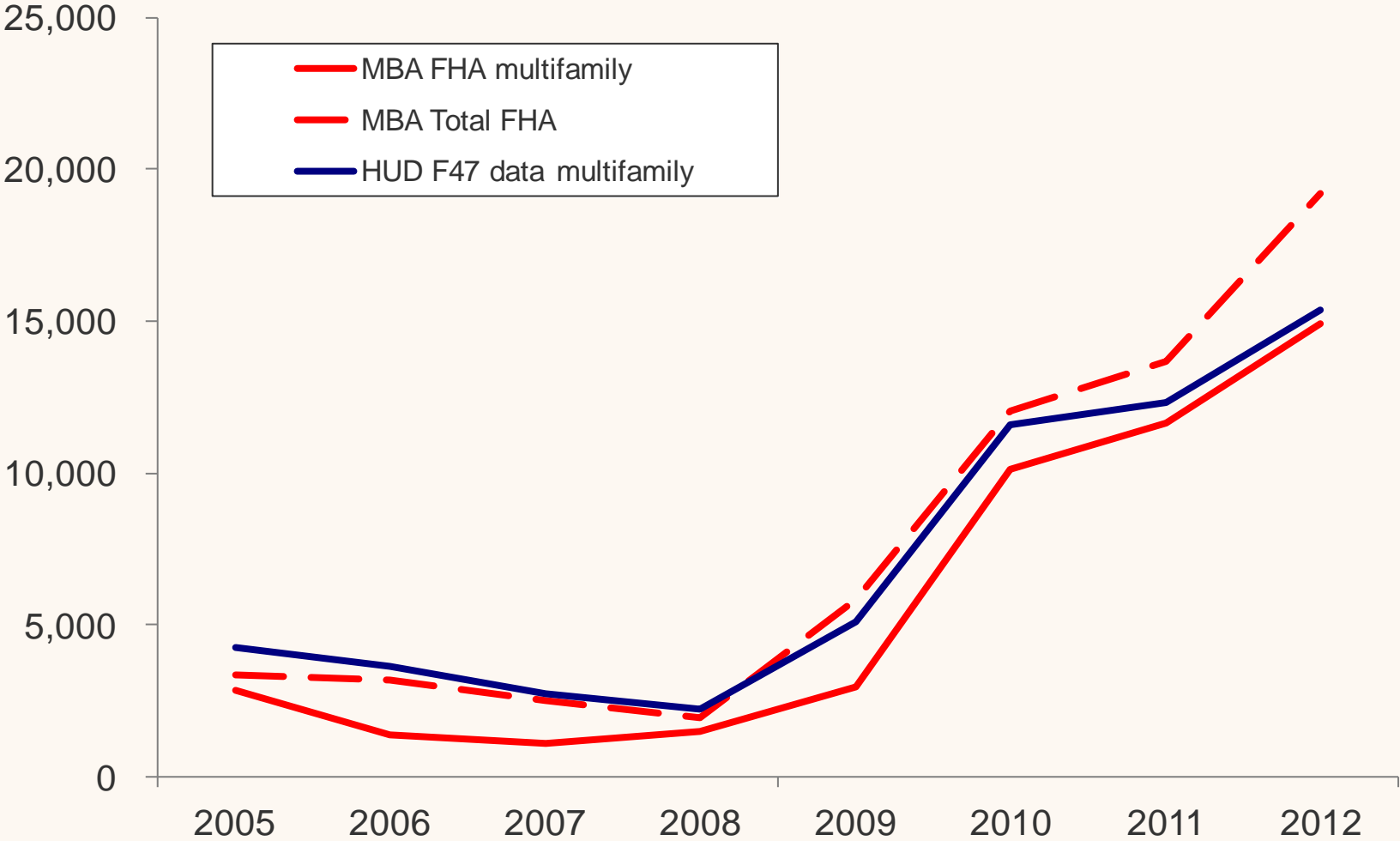
Source: Mortgage Bankers Association and ACLI

Estimates of CMBS Multifamily Lending Volume (\$millions)



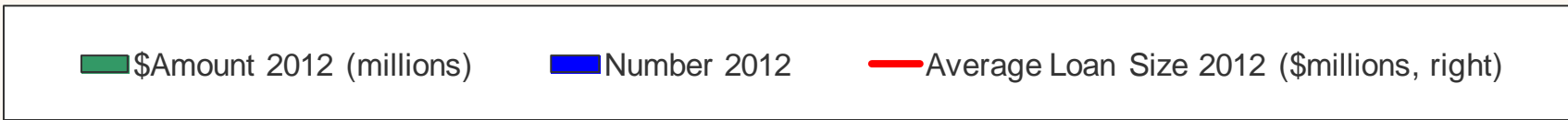
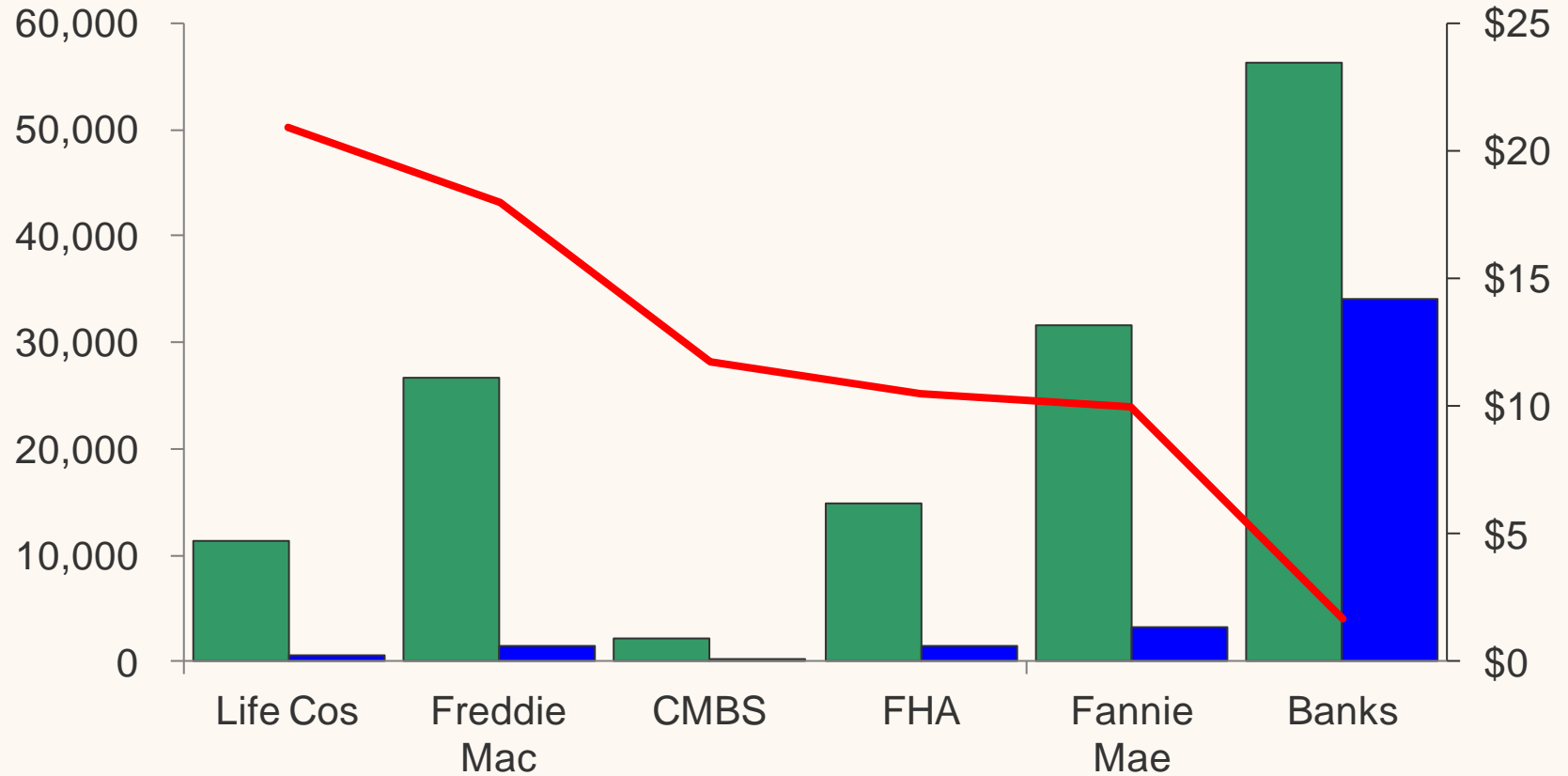
Source: Mortgage Bankers Association and JPMorgan

Estimates of FHA Multifamily Lending Volume (\$millions)



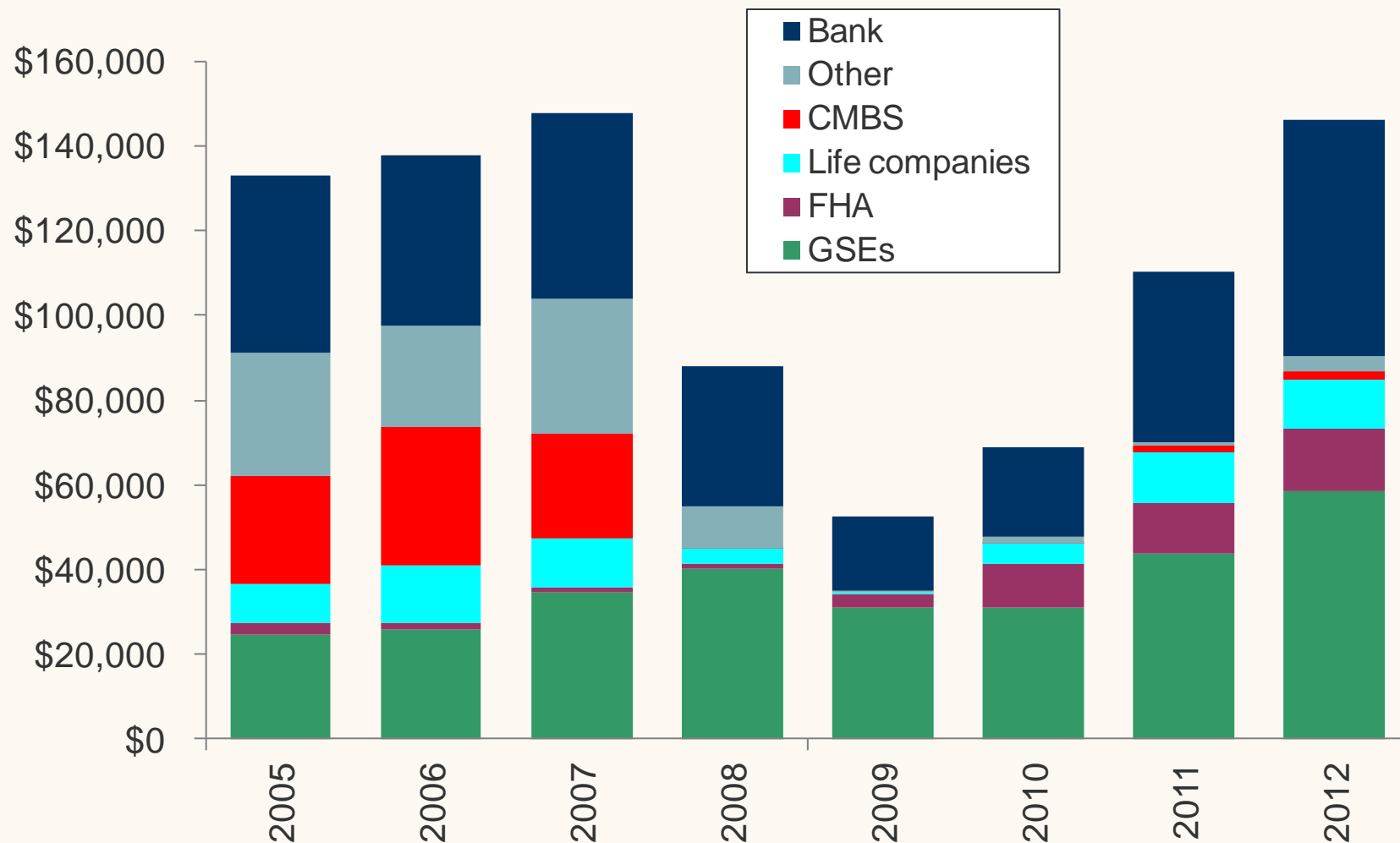
Source: Mortgage Bankers Association and HUD

Multifamily Lending Volumes and Loan Size, by Investor Group



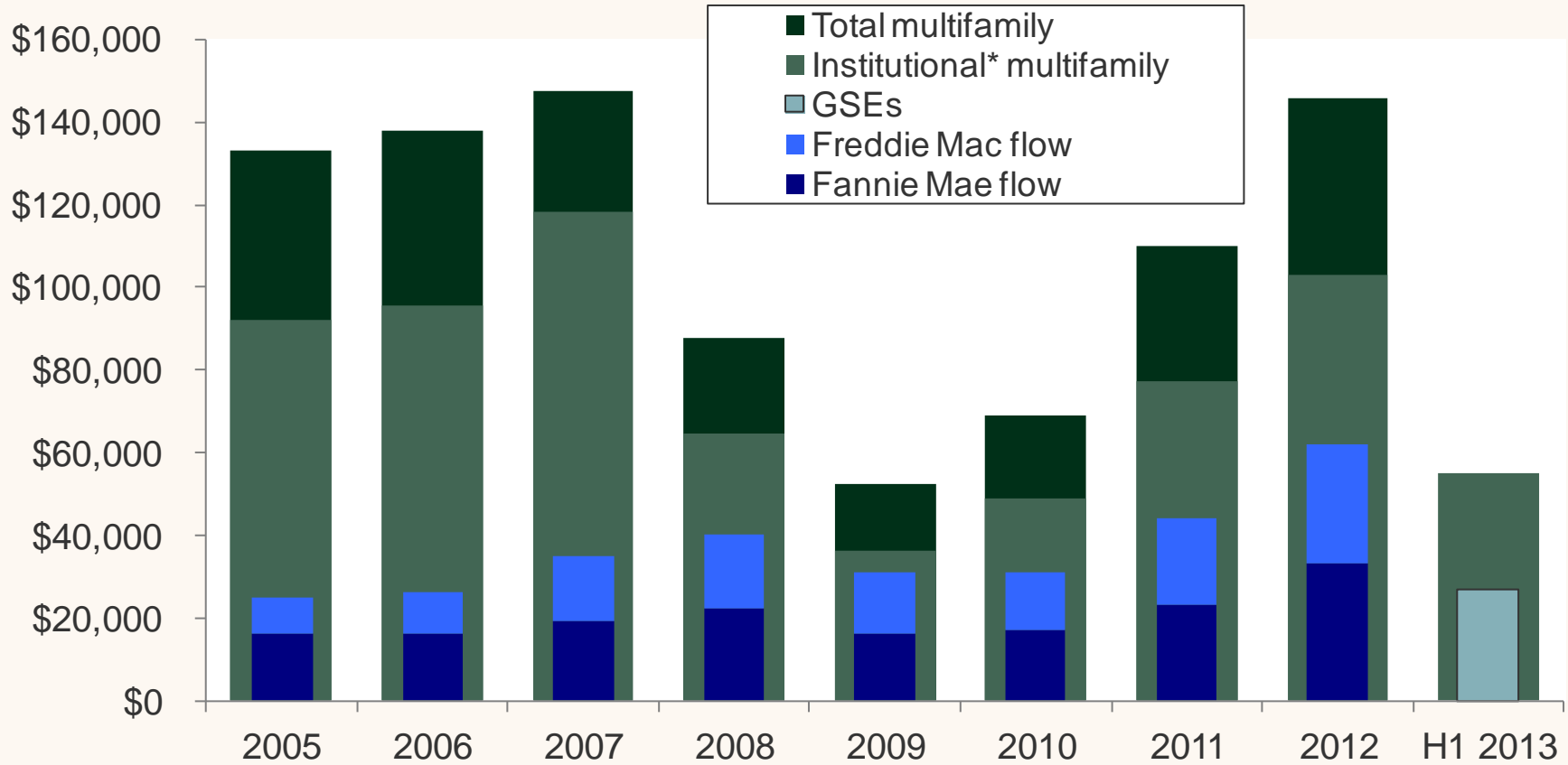
Source: Mortgage Bankers Association

MBA Estimate of Total Multifamily Mortgage Originations by Investor Group (\$millions)



Source: Mortgage Bankers Association, JP Morgan Securities, ACLI, HMDA

Multifamily Originations for GSEs (\$Millions)



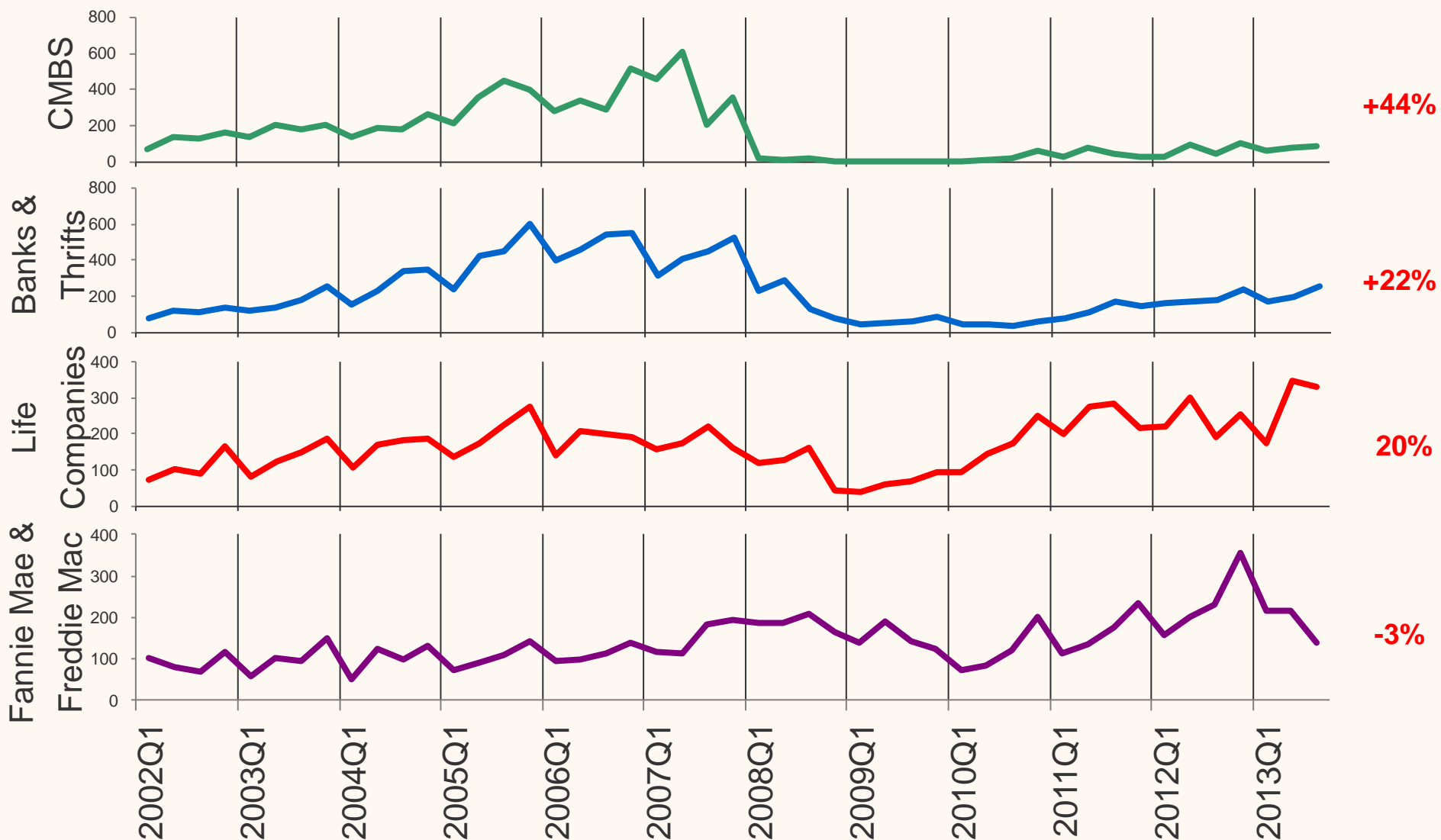
(Fannie+Freddie)/Total	18%	19%	23%	46%	59%	45%	40%	40%	
(Fannie+Freddie)/Institutional*	27%	27%	29%	62%	85%	63%	57%	57%	48%

* "Institutional" lenders with dedicated multifamily lending programs. Generally excludes smaller and medium sized banks.

Other MBA Multifamily Finance Data

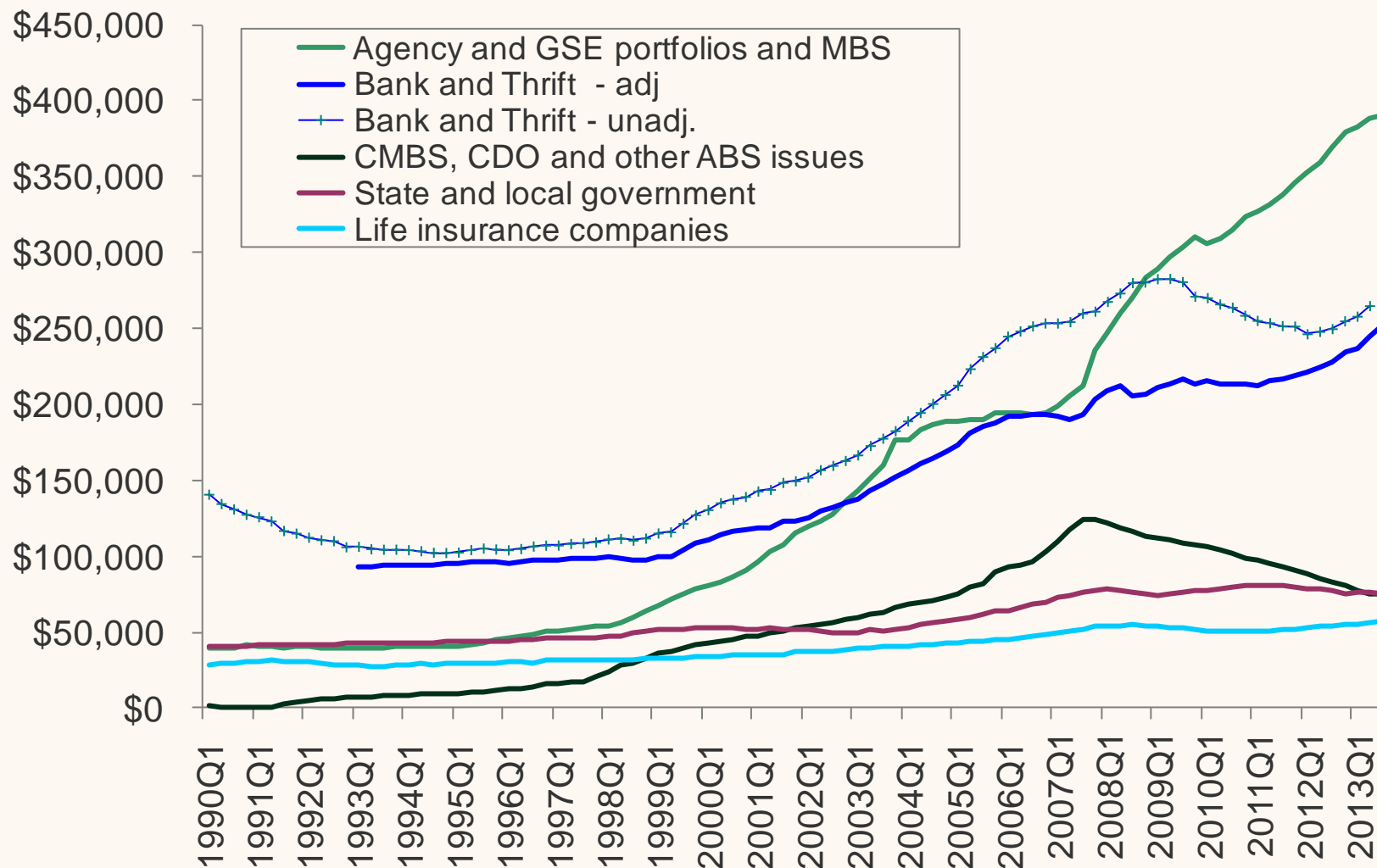
Commercial/Multifamily Mortgage Bankers Originations Index (2001 avg quarter = 100)

MBA



Source: Mortgage Bankers Association

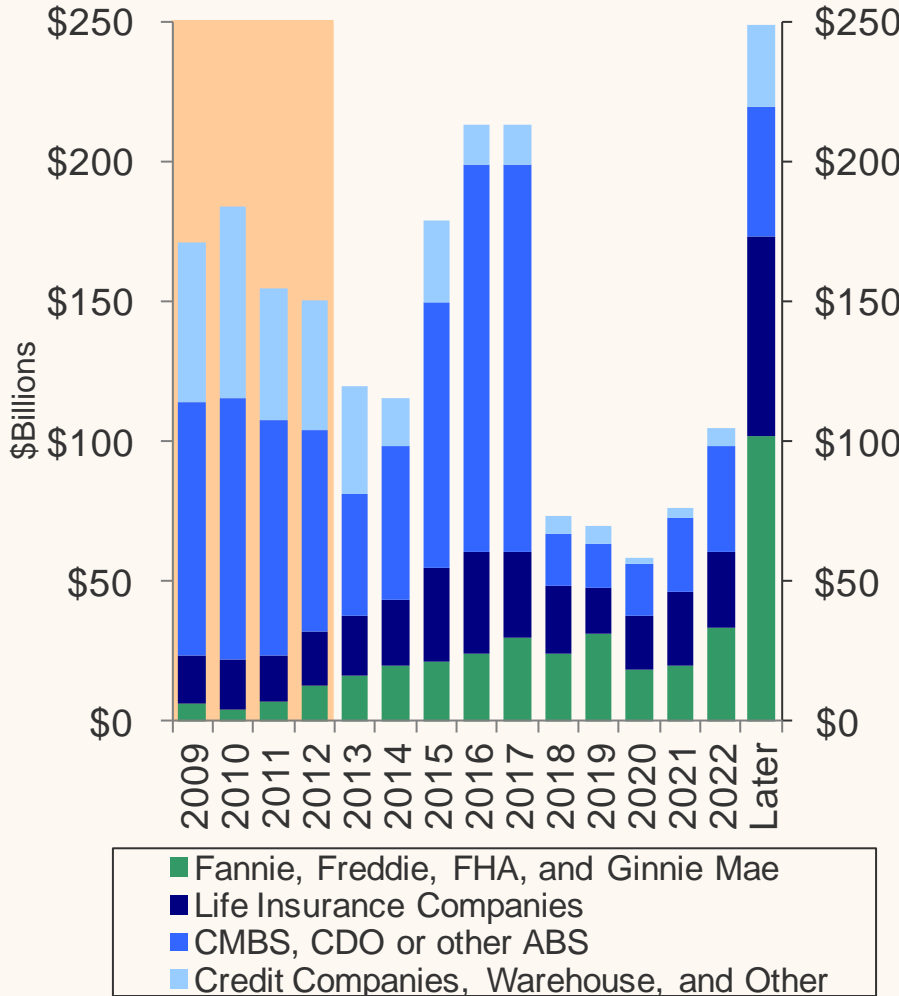
Multifamily Mortgage Debt Outstanding (\$millions)



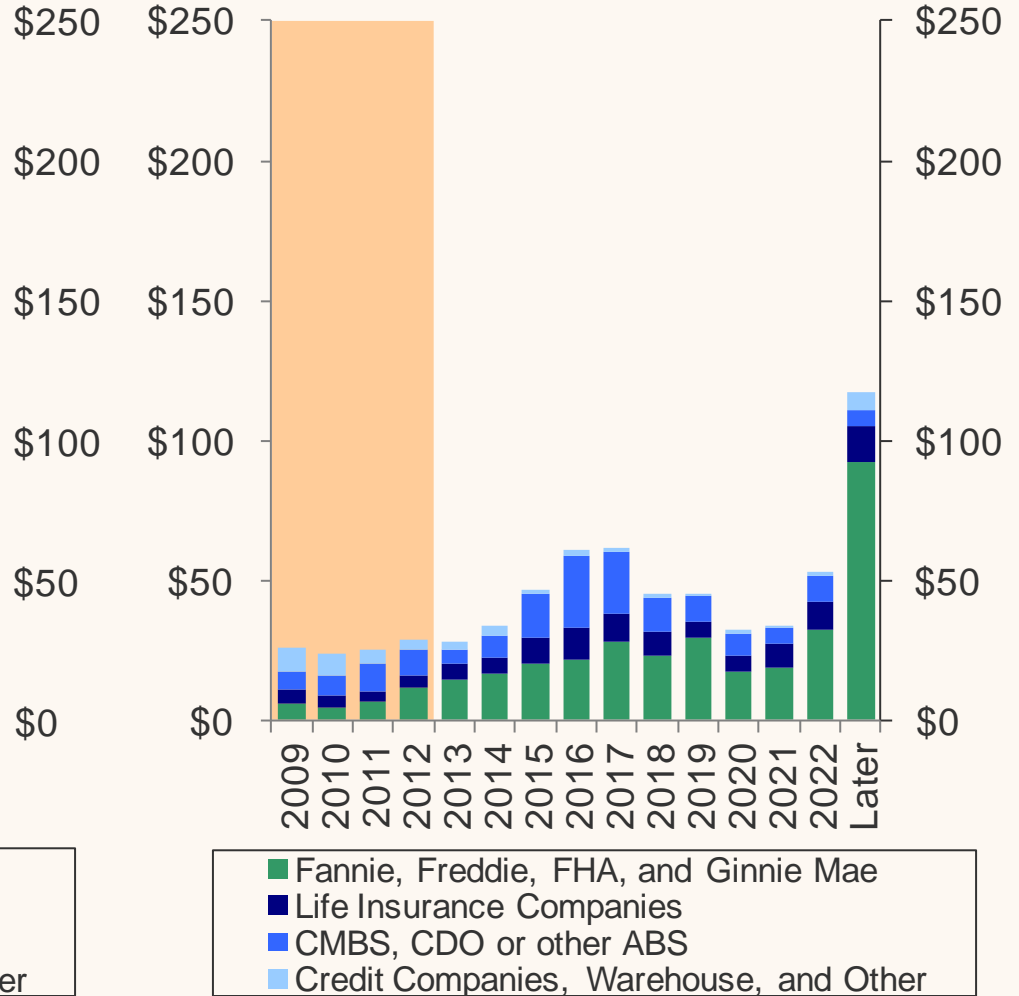
Source: Mortgage Bankers Association, Quarterly Analysis of Commercial/Multifamily Mortgage Debt Outstanding

UPB of Non-Bank Commercial and Multifamily Mortgages, by Year of Maturity

Commercial and Multifamily



Multifamily



Source: MBA

Jamie Woodwell

Vice President

Commercial Real Estate Research

jwoodwell@mba.org

202-557-2936

Mortgage Bankers Association

1919 M Street NW, 5th Floor

Washington, DC 20036

MBA research page:

www.mba.org/research

Research Institute for Housing America:

<http://www.housingamerica.org>

MBA Newslink:

<http://www.mortgagebankers.org/NewsandMedia/MBANewsLink>

