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Multifamily Construction Sentiment Declines in Fourth Quarter

WASHINGTON, Feb. 25 – Confidence in the market for new multifamily housing declined in the fourth quarter of 2020, according to results from the Multifamily Market Survey (MMS) released today by the National Association of Home Builders (NAHB). The MMS produces two separate indices. The Multifamily Production Index (MPI) fell five points to 43 compared to the previous quarter. Meanwhile, the Multifamily Vacancy Index (MVI) decreased two points to 42, with smaller numbers indicating fewer vacancies.

The MPI measures builder and developer sentiment about current conditions in the apartment and condo market on a scale of 0 to 100. The index and all of its components are scaled so that a number below 50 indicates that more respondents report conditions are getting worse than report conditions are improving.

The MPI is a weighted average of three key elements of the multifamily housing market: construction of low-rent units—apartments that are supported by low-income tax credits or other government subsidy programs; market-rate rental units—apartments that are built to be rented at the price the market will hold; and for-sale units—condominiums. All three components decreased in the fourth quarter: the component measuring low-rent units dropped four points to 42, the component measuring market rate rental units decreased five points to 48 and the component measuring for-sale units fell seven points to 39.

The MVI measures the multifamily housing industry's perception of vacancies in existing apartments. It is a weighted average of current occupancy indexes for class A, B, and C multifamily units, and can vary from 0 to 100, where a number under 50 indicates more property managers believe vacancies are decreasing rather than increasing. With a reading of 42, the MVI has improved the past two quarters.

“Multifamily builders and developers are facing ongoing uncertainty in the industry,” said Justin MacDonald, president and CEO of The MacDonald Companies in Kerrville, Texas, and chairman of NAHB’s Multifamily Council. “The eviction moratorium and other restrictions on owners of rental properties are making developers cautious about starting new multifamily projects in certain parts of the country.”

“The decrease in the MPI is a reflection of lower multifamily activity in the final quarter of 2020, as production fell 9 percent from the third to fourth quarter,” said NAHB Chief Economist Robert Dietz. “Building material delays and increased costs, especially lumber, have become serious headwinds for builders and developers.”

Historically, the MPI and MVI have performed well as leading indicators of U.S. Census figures for multifamily starts and vacancy rates, providing information on likely movement in the Census figures one to three quarters in advance.

For data tables on the MPI and MVI, visit www.nahb.org/mms.

For more information on the NAHB Multifamily program, please visit NAHB Multifamily:
<https://www.nahb.org/NAHB-Community/Community-Home/Multifamily>.

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ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 700 state and local home builders associations around the country. NAHB's builder members will construct about 80 percent of the new housing units projected for this year.



Multifamily Market Survey

Fourth Quarter 2020

Economics & Housing Policy Group

Introduction:

The National Association of Home Builders (NAHB) conducts a quarterly survey of its multifamily builder members that is used to generate the NAHB Multifamily Production Index (MPI) and the Multifamily Vacancy Index (MVI). The fourth quarter 2020 Multifamily Market Survey was sent to 1,492 multifamily builders. Responses were received from 68 multifamily builders.

To generate the MPI, the survey asks multifamily builders to rate if the production of new apartments for three key market elements (low-rent, market rent, and for-sale) is “stronger”, “about the same”, or “weaker”, compared to the previous quarter. The overall MPI is a weighted average of the 3 elements ($.3533 \times \text{Low Rent} + .2806 \times \text{Market Rent} + .3661 \times \text{For Sale}$) and sits on a scale ranging from 0 to 100 with readings above 50 indicating that more respondents report conditions are improving than report conditions are getting worse.

To calculate the MVI, the survey asks multifamily builders to rate if the occupancy of multifamily units is “higher”, “about the same”, or “lower” for three classes of apartments (class A, class B, and class C apartments), compared to the previous quarter. The overall MVI is a weighted average of the three components: $.3632 \times \text{Class A} + .4630 \times \text{Class B} + .1738 \times \text{Class C}$ and is also calculated on a scale ranging from 0 to 100 with lower numbers indicating fewer vacancies

Historically, the MPI has served as a leading indicator of Census multifamily starts, while the MVI has served as a leading indicator of Census multifamily 5+ vacancy rates.



Multifamily Production Indices - Q4 2020 (Seasonally Adjusted)

PRODUCTION OF NEW APARTMENTS IN CURRENT VS. PRIOR QUARTER

	2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Multifamily Production Index	53	50	53	55	48	56	46	53	53	51	48	47	40	56	49	49	27	37	48	43
MPI Components:																				
Low Rent Starts	54	52	54	54	48	53	54	56	54	57	59	48	47	56	51	53	32	42	46	42
Market Rent Starts	58	53	57	58	55	60	43	54	56	50	46	49	42	64	44	50	29	34	53	48
For Sale Starts	48	45	49	52	43	57	40	49	49	46	39	44	31	50	50	46	22	35	46	39

MPI components are based on questions asking if production is stronger, about the same, or weaker in the current vs. prior quarter.

Expected production indices are based on similar questions about production during the next 6 months vs. the current quarter.

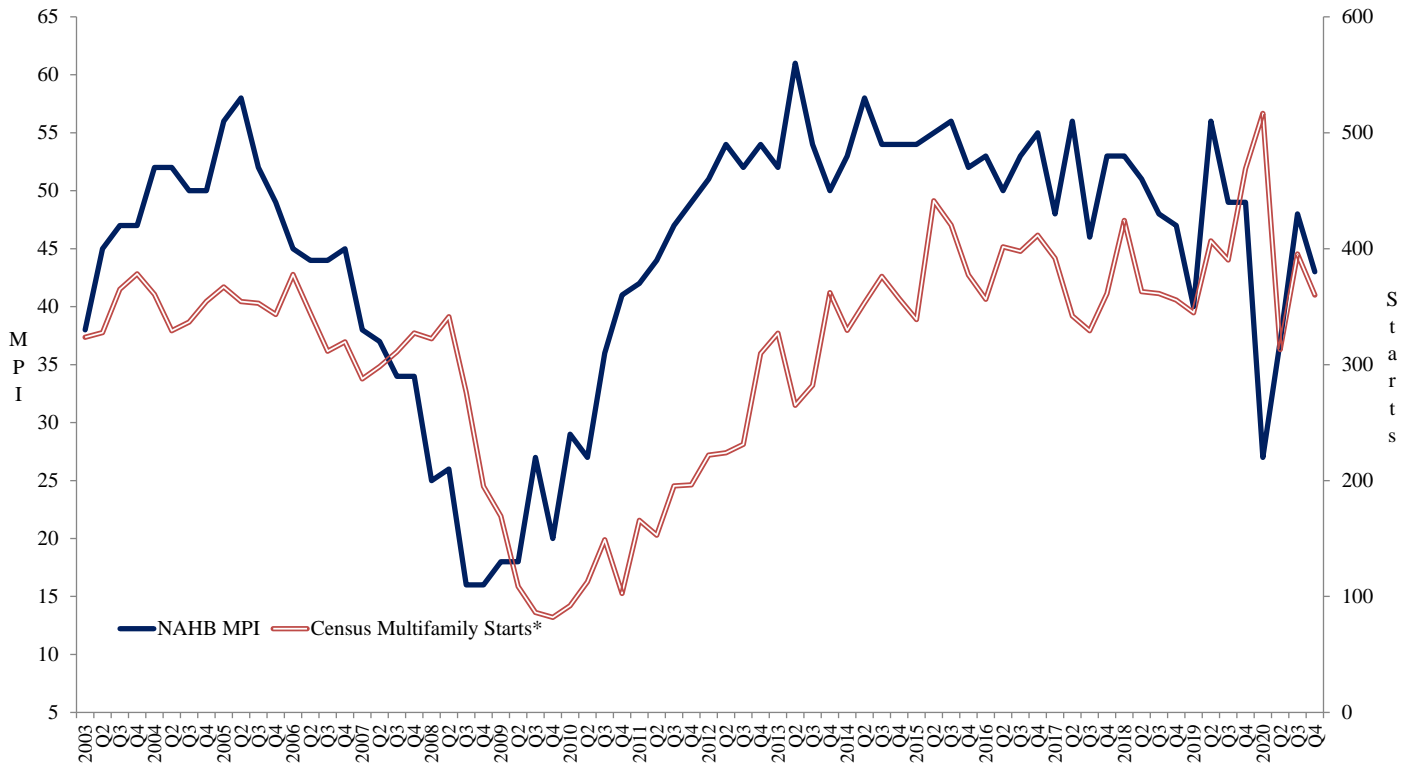
Numbers in the table are diffusion-type indices - calculated from the percentage responses using the formula (Stronger - Weaker + 100) / 2.

The overall Multifamily Production Index is a weighted average of the 3 components: $.3533 \times \text{Low Rent} + .2806 \times \text{Market Rent} + .3661 \times \text{For Sale}$.

The weights are derived from a statistical analysis of the historical relationship between the components and the Census series on multifamily starts.

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

NAHB Multifamily Production Index (MPI) and Multifamily Starts (in thousands)



*Multifamily Starts: U.S. Census Bureau, New Residential Construction (<http://www.census.gov/construction/nrc/index.html>).

The quarterly Multifamily Starts is the average of the three months of seasonally adjusted multifamily housing starts from that quarter.



Multifamily Vacancy Indices - Q4 2020 (Seasonally Adjusted)

RENTAL VACANCY IN CURRENT VS. PRIOR QUARTER

	2016				2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Multifamily Vacancy Index	39	42	42	42	41	38	41	41	42	45	47	45	48	40	40	40	59	62	44	42
MVI Components:																				
Class A apartments	39	44	44	44	47	41	42	44	46	48	53	54	49	43	45	50	60	69	51	44
Class B apartments	38	40	40	39	37	37	40	39	39	43	46	40	48	37	37	32	59	58	38	40
Class C apartments	39	41	41	45	38	34	40	40	40	41	38	38	44	44	38	38	59	58	44	43

MVI components are based on questions asking if occupancy is higher, about the same, or lower in the current vs. prior quarter.

Expected vacancy indices are based on similar questions about occupancy during the next 6 months vs. the current quarter.

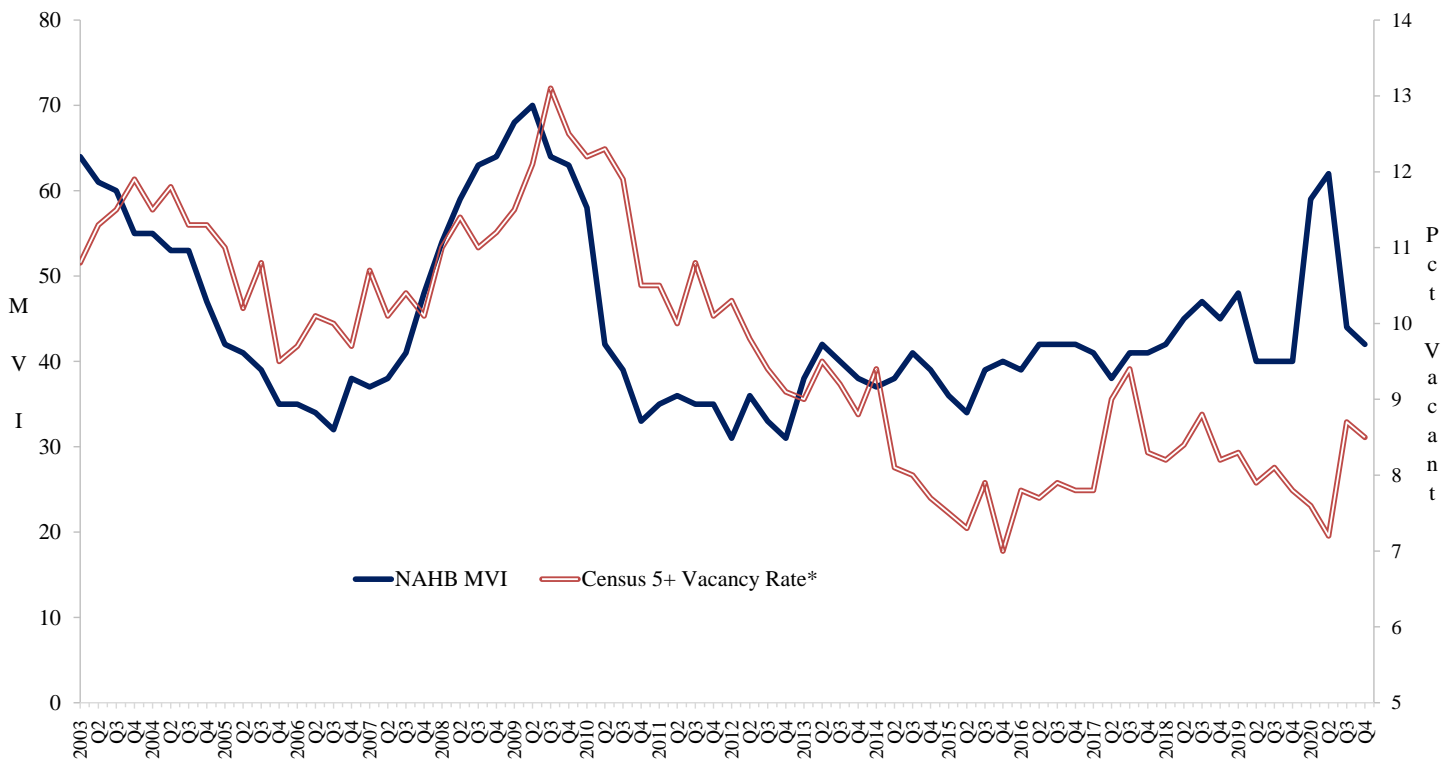
Individual vacancy indices are calculated from the percentage responses using the formula $(\text{Lower Occupancy} - \text{Higher Occupancy} + 100) / 2$.

The overall Multifamily Vacancy Index is a weighted average of the three components: $.3632 \times \text{Class A} + .4630 \times \text{Class B} + .1738 \times \text{Class C}$.

The weights are derived from a statistical analysis of the historical relationship between the components and Census rental vacancy rates.

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

NAHB Multifamily Vacancy Index (MVI) and 5+ Rental Vacancy Rate



*Source: U.S. Census Bureau, Housing Vacancies and Homeownership (<http://www.census.gov/hhes/www/housing/hvs/hvs.html>)

The rental vacancy rate is the number of vacant rental units divided by the number of vacant rental units plus the number of rental units occupied plus the number of rental units rented but not yet occupied.

TABLE 1
Derivation of Multifamily Production Index and Components (Production in Current Compared to Prior Quarter)

Period	For Rent - Low Rent					For Rent - Market Rent					For Sale					Multifamily Production Index	Census Multifamily Starts
	Stronger	Same	Weaker	NSA Index	SA Index	Stronger	Same	Weaker	NSA Index	SA Index	Stronger	Same	Weaker	NSA Index	SA Index		
1st Qtr. 2003	10	60	29	41	38	10	43	48	31	29	18	58	24	47	44	38	324
2nd Qtr. 2003	14	58	28	43	42	13	51	37	38	38	26	55	19	53	53	45	328
3rd Qtr. 2003	7	64	29	39	42	13	54	33	40	40	29	49	22	53	57	47	365
4th Qtr. 2003	14	59	28	43	43	12	46	43	35	35	28	62	9	60	60	47	378
1st Qtr. 2004	15	69	16	49	47	22	51	26	48	48	40	48	12	64	60	52	361
2nd Qtr. 2004	21	58	21	50	49	22	51	27	47	47	29	60	11	59	58	52	329
3rd Qtr. 2004	15	51	34	40	43	15	53	31	42	42	34	46	20	57	62	50	337
4th Qtr. 2004	18	51	31	44	44	22	54	24	49	49	29	57	14	57	57	50	355
1st Qtr. 2005	19	66	15	52	49	27	61	12	57	57	45	44	11	67	63	56	367
2nd Qtr. 2005	19	64	17	51	51	36	51	13	61	61	33	58	10	61	61	58	354
3rd Qtr. 2005	10	76	14	48	51	21	54	25	48	48	26	53	21	52	57	52	353
4th Qtr. 2005	21	64	16	53	53	23	50	27	48	48	20	55	25	47	46	49	343
1st Qtr. 2006	26	53	21	52	49	26	57	17	55	55	15	43	41	37	34	45	378
2nd Qtr. 2006	24	50	26	49	49	29	51	20	54	54	14	36	50	32	32	44	344
3rd Qtr. 2006	24	59	17	54	57	33	44	23	55	55	8	23	69	20	22	44	312
4th Qtr. 2006	24	49	27	49	49	37	46	17	60	60	13	33	54	30	29	45	320
1st Qtr. 2007	17	59	24	47	43	28	52	21	53	53	10	26	64	23	21	38	288
2nd Qtr. 2007	9	69	23	43	43	26	54	20	53	53	8	21	72	18	18	37	298
3rd Qtr. 2007	16	56	28	44	47	11	66	23	44	44	0	27	73	14	15	34	311
4th Qtr. 2007	23	44	33	45	46	20	40	40	40	40	8	21	71	19	19	34	327
1st Qtr. 2008	10	43	47	32	29	13	44	44	34	34	4	22	74	15	13	25	322
2nd Qtr. 2008	13	39	47	33	33	14	48	38	38	38	0	20	80	10	10	26	341
3rd Qtr. 2008	5	35	60	22	23	3	25	72	16	16	1	13	85	8	9	16	276
4th Qtr. 2008	4	37	59	22	23	6	25	69	19	19	4	8	88	8	8	16	195
1st Qtr. 2009	7	39	54	26	24	3	26	70	16	16	3	23	74	15	13	18	169
2nd Qtr. 2009	9	24	67	21	22	7	20	73	17	17	2	26	72	15	15	18	109
3rd Qtr. 2009	12	37	51	30	32	4	31	65	19	19	14	20	66	24	27	27	86
4th Qtr. 2009	7	39	54	27	27	5	34	60	22	22	0	24	76	12	12	20	82
1st Qtr. 2010	14	49	37	38	35	8	46	47	31	30	6	38	56	25	22	29	92
2nd Qtr. 2010	10	51	39	36	33	11	47	42	35	34	2	30	68	17	14	27	113
3rd Qtr. 2010	21	49	30	46	46	14	47	39	37	39	0	42	58	21	23	36	149
4th Qtr. 2010	16	65	19	49	49	21	60	19	51	52	5	40	55	25	25	41	103
1st Qtr. 2011	20	58	22	49	46	40	43	17	61	60	5	44	51	27	23	42	166
2nd Qtr. 2011	15	64	20	48	52	36	46	18	59	57	5	43	52	26	28	44	153
3rd Qtr. 2011	22	56	21	51	50	37	48	15	61	64	5	49	46	30	32	47	195
4th Qtr. 2011	25	61	14	55	56	36	53	11	63	64	4	53	43	31	31	49	196
1st Qtr. 2012	21	62	17	52	53	45	44	11	67	69	8	57	35	37	37	51	222
2nd Qtr. 2012	21	68	11	55	61	46	36	18	64	63	9	55	36	36	41	54	224
3rd Qtr. 2012	14	65	21	47	46	44	44	13	66	69	15	57	28	44	44	52	231
4th Qtr. 2012	20	67	13	54	53	38	52	10	64	65	15	63	22	46	46	54	310
1st Qtr. 2013	28	59	13	58	55	44	43	14	65	61	22	49	29	47	42	52	327
2nd Qtr. 2013	21	68	11	55	60	39	54	7	66	67	23	60	17	53	58	61	265
3rd Qtr. 2013	14	70	16	49	50	36	50	13	62	64	24	54	23	51	50	54	282
4th Qtr. 2013	15	66	19	48	47	31	56	13	59	60	14	66	20	47	46	50	362
1st Qtr. 2014	14	71	15	49	48	35	53	12	62	59	28	55	17	55	54	53	330
2nd Qtr. 2014	16	69	15	51	52	42	50	8	67	68	22	62	16	53	56	58	353
3rd Qtr. 2014	8	80	12	48	51	35	55	10	62	64	21	61	18	51	50	54	376
4th Qtr. 2014	21	64	15	53	52	31	60	9	61	62	19	61	20	49	50	54	357
1st Qtr. 2015	25	58	17	54	54	36	47	16	60	59	24	55	21	51	50	54	339
2nd Qtr. 2015	23	65	12	55	54	30	61	9	61	60	20	65	15	52	53	55	441
3rd Qtr. 2015	24	57	20	52	55	43	40	17	63	64	21	60	19	51	50	56	420
4th Qtr. 2015	19	62	18	51	50	30	56	15	57	59	19	56	25	47	49	52	377
1st Qtr. 2016	27	56	17	55	54	38	42	20	59	58	17	65	18	49	48	53	356
2nd Qtr. 2016	26	55	19	53	52	31	47	21	55	53	20	52	29	46	45	50	402
3rd Qtr. 2016	25	53	22	52	54	31	52	17	57	57	24	50	26	49	49	53	398
4th Qtr. 2016	24	60	16	54	54	29	53	17	56	58	17	65	17	50	52	55	412
1st Qtr. 2017	21	58	21	50	48	32	46	22	55	55	18	53	29	45	43	48	392
2nd Qtr. 2017	26	56	18	54	53	38	48	15	61	60	35	45	20	58	57	56	342
3rd Qtr. 2017	27	49	24	52	54	15	56	29	43	43	12	57	31	40	40	46	329
4th Qtr. 2017	23	66	11	56	56	31	46	24	53	54	20	54	26	47	49	53	361
1st Qtr. 2018	28	53	19	55	54	30	51	19	55	56	18	64	18	50	49	53	424
2nd Qtr. 2018	22	71	6	58	57	18	64	18	50	50	12	68	20	46	46	51	363
3rd Qtr. 2018	22	69	9	57	59	16	61	22	47	46	14	49	37	38	39	48	361
4th Qtr. 2018	16	66	18	49	48	15	67	18	48	49	15	57	28	44	44	47	356
1st Qtr. 2019	13	68	19	47	47	17	51	31	43	42	6	52	42	32	31	40	345
2nd Qtr. 2019	29	56	15	57	56	36	52	11	63	64	12	73	15	49	50	56	407
3rd Qtr. 2019	17	66	17	50	51	10	68	23	44	44	21	50	29	46	50	49	390
4th Qtr. 2019	22	63	16	53	53	19	63	19	50	50	15	64	21	47	46	49	469
1st Qtr. 2020	2	56	41	30	32	5	49	46	29	29	3	37	60	21	22	27	517
2nd Qtr. 2020	16	56	28	44	42	7	55	38	35	34	9	56	35	37	35	37	313
3rd Qtr. 2020	18	58	25	46	46	25	45	30	48	53	18	50	32	43	46	48	395
4th Qtr. 2020	16	50	34	41	42	24	50	26	49	48	18	48	33	43	39	43	360

Each MPI component is based on a survey question asking if production conditions are stronger, about the same, or weaker in the current compared to the prior quarter.

An MPI component is then calculated from the percentage responses using the diffusion-index formula (Stronger - Weaker + 100) / 2.

The Multifamily Production Index is a weighted average of the three component indices: .3533xLow Rent + .2806xMarket Rent + .3661xFor Sale.

The weights are derived from a statistical analysis of the historical relationship between the components and the Census series on multifamily starts.

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

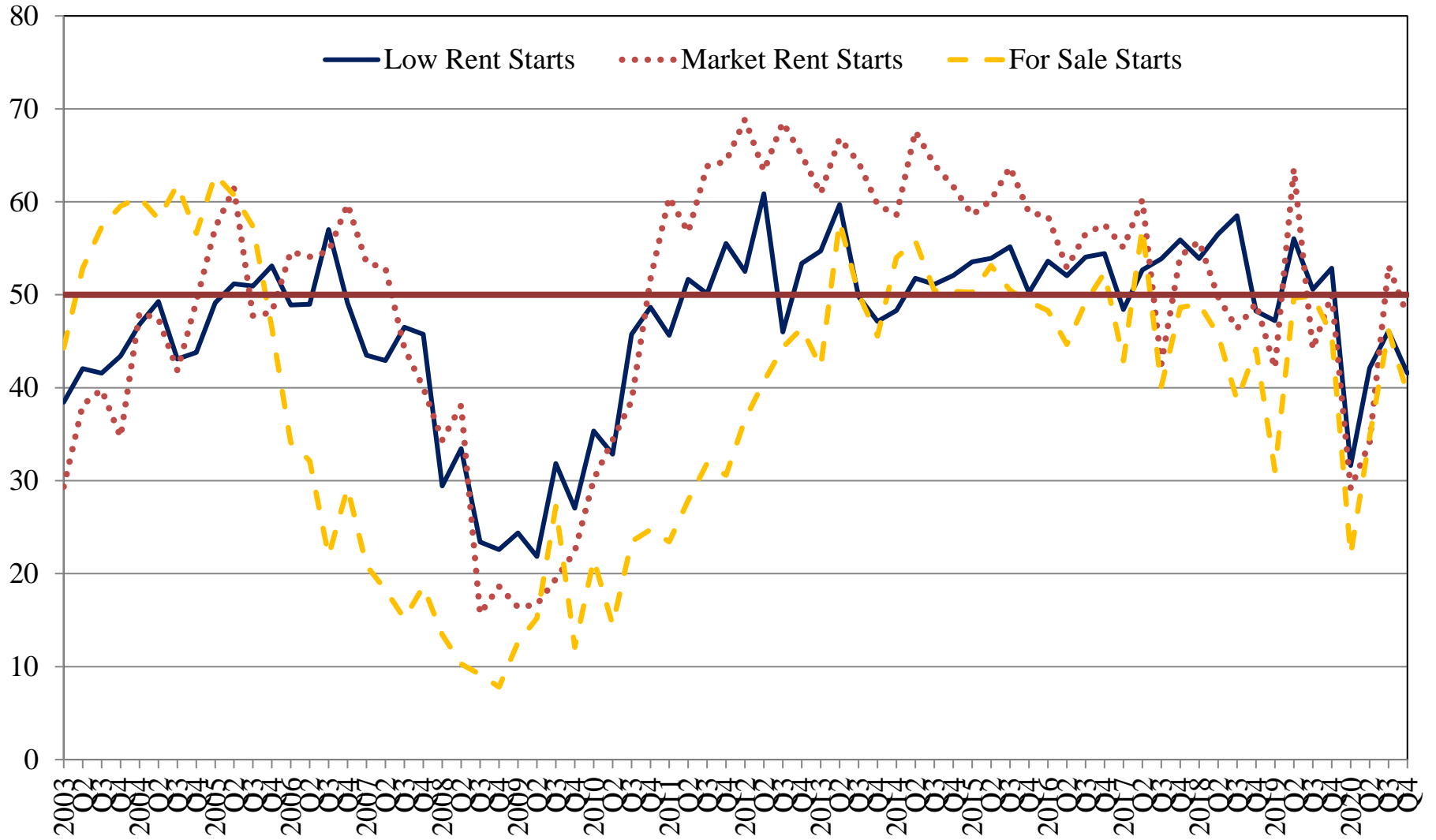
Q4 2020 results based on 68 responses.



Chart 1

Components of the Multifamily Production Index (MPI)

(production in current vs. prior quarter)



**TABLE 2
Derivation of Multifamily Vacancy Index and Components (Rental Vacancy in Current vs. Prior Quarter)**

Period	Class A Apartment					Class B Apartment					Class C Apartment					Multifamily Vacancy Index	5+ Unit Rental Vacancy Rate
	Occupancy			Vacancy		Occupancy			Vacancy		Occupancy			Vacancy			
	Higher	Same	Lower	NSA Index	SA Index	Higher	Same	Lower	NSA Index	SA Index	Higher	Same	Lower	NSA Index	SA Index		
1st Qtr. 2003	7	45	48	70	71	10	60	30	60	62	15	61	24	55	56	64	10.8
2nd Qtr. 2003	13	53	34	60	64	17	52	31	57	60	17	57	26	55	57	61	11.3
3rd Qtr. 2003	7	58	35	64	62	9	58	33	62	61	14	59	27	57	56	60	11.5
4th Qtr. 2003	13	54	33	60	58	14	57	29	57	53	13	63	23	55	52	55	11.9
1st Qtr. 2004	20	53	27	53	54	16	59	25	55	57	22	58	21	49	51	55	11.5
2nd Qtr. 2004	24	51	25	51	55	19	63	18	49	53	21	68	11	45	48	53	11.8
3rd Qtr. 2004	11	56	33	61	58	18	59	23	53	51	33	43	25	46	45	53	11.3
4th Qtr. 2004	14	62	24	55	52	24	54	22	49	44	31	41	28	48	45	47	11.3
1st Qtr. 2005	34	51	14	40	40	28	65	7	39	42	27	60	13	43	45	42	11.0
2nd Qtr. 2005	38	50	13	38	43	34	61	5	35	40	31	62	8	38	42	41	10.2
3rd Qtr. 2005	33	55	13	40	37	34	49	17	42	40	31	56	14	42	40	39	10.8
4th Qtr. 2005	44	37	19	38	34	35	49	16	41	35	34	48	18	42	38	35	9.5
1st Qtr. 2006	37	49	14	38	38	50	43	7	29	31	43	49	9	33	36	35	9.7
2nd Qtr. 2006	54	39	7	27	33	46	50	4	29	34	44	48	8	32	35	34	10.1
3rd Qtr. 2006	42	50	8	33	31	36	60	4	34	32	27	69	4	38	36	32	10.0
4th Qtr. 2006	29	61	11	41	37	21	69	10	45	39	23	71	6	41	38	38	9.7
1st Qtr. 2007	36	50	14	39	39	46	42	12	33	35	40	56	4	32	36	37	10.7
2nd Qtr. 2007	34	59	7	36	41	41	53	6	32	37	36	60	4	34	36	38	10.1
3rd Qtr. 2007	24	56	20	48	47	34	52	14	40	38	36	54	11	38	35	41	10.4
4th Qtr. 2007	18	50	32	57	54	21	55	24	51	46	33	50	17	42	39	48	10.1
1st Qtr. 2008	17	48	35	59	59	22	54	24	51	53	33	52	15	41	44	54	11.0
2nd Qtr. 2008	12	44	44	66	69	26	46	28	51	55	21	59	21	50	51	59	11.4
3rd Qtr. 2008	9	44	47	69	69	16	44	40	62	61	15	50	35	60	58	63	11.0
4th Qtr. 2008	3	41	56	76	75	9	57	34	63	59	15	55	30	58	56	64	11.2
1st Qtr. 2009	2	41	57	78	77	8	56	36	64	65	13	65	23	55	58	68	11.5
2nd Qtr. 2009	6	42	52	73	75	8	49	43	68	70	14	52	34	60	60	70	12.1
3rd Qtr. 2009	10	39	51	71	71	6	64	30	62	61	16	52	32	58	56	64	13.1
4th Qtr. 2009	9	47	44	67	65	4	56	40	68	64	16	53	30	57	56	63	12.5
1st Qtr. 2010	11	61	28	58	58	11	65	24	57	58	14	59	28	57	59	58	12.2
2nd Qtr. 2010	30	58	12	41	40	32	55	12	40	42	31	57	12	40	43	42	12.3
3rd Qtr. 2010	35	46	18	41	42	39	47	15	38	37	34	45	21	44	41	39	11.9
4th Qtr. 2010	28	60	12	42	37	35	60	5	35	28	29	62	9	40	38	33	10.5
1st Qtr. 2011	38	52	10	36	34	50	36	14	32	34	42	44	15	36	40	35	10.5
2nd Qtr. 2011	46	47	7	30	36	50	44	5	27	34	28	60	13	42	43	36	10.0
3rd Qtr. 2011	40	50	10	35	35	38	52	10	36	34	28	62	10	41	38	35	10.8
4th Qtr. 2011	34	55	10	38	33	34	54	11	39	34	34	52	14	40	39	35	10.1
1st Qtr. 2012	44	44	11	34	29	42	48	10	34	30	29	55	15	43	42	31	10.3
2nd Qtr. 2012	49	44	7	29	35	43	49	7	32	38	42	50	8	33	33	36	9.8
3rd Qtr. 2012	41	52	7	33	33	41	53	6	33	31	36	55	9	37	35	33	9.4
4th Qtr. 2012	37	56	6	35	30	38	56	6	34	30	35	58	8	36	37	31	9.1
1st Qtr. 2013	35	51	13	39	38	32	61	7	37	37	32	59	8	38	40	38	9.0
2nd Qtr. 2013	34	56	9	38	42	34	60	6	36	41	26	60	14	44	43	42	9.5
3rd Qtr. 2013	35	57	8	36	36	25	66	10	42	42	26	64	10	42	41	40	9.2
4th Qtr. 2013	32	57	11	39	36	27	63	10	42	39	24	65	11	43	43	38	8.8
1st Qtr. 2014	34	54	12	39	38	36	57	7	36	35	32	54	14	41	41	37	9.4
2nd Qtr. 2014	39	53	8	34	39	39	56	4	32	36	29	63	8	40	40	38	8.1
3rd Qtr. 2014	30	60	9	40	40	23	71	6	42	41	18	71	10	46	46	41	8.0
4th Qtr. 2014	28	60	12	42	39	28	65	7	39	37	28	62	10	41	41	39	7.7
1st Qtr. 2015	40	49	11	36	35	37	54	9	36	36	33	57	10	38	38	36	7.5
2nd Qtr. 2015	46	47	8	31	34	46	49	6	30	33	35	56	9	37	37	34	7.3
3rd Qtr. 2015	35	49	15	40	41	34	58	9	38	36	27	59	14	43	42	39	7.9
4th Qtr. 2015	31	53	16	43	40	29	60	11	41	38	24	68	8	42	42	40	7.0
1st Qtr. 2016	31	58	11	40	39	32	62	7	38	38	31	61	8	39	39	39	7.8
2nd Qtr. 2016	31	55	14	42	44	34	59	7	37	40	31	57	12	40	41	42	7.7
3rd Qtr. 2016	30	50	20	45	44	27	63	11	42	40	26	61	13	44	41	42	7.9
4th Qtr. 2016	25	58	18	47	44	23	70	7	42	39	20	68	12	46	45	42	7.8
1st Qtr. 2017	23	58	18	48	47	34	59	7	36	37	39	49	12	37	38	41	7.8
2nd Qtr. 2017	37	51	12	37	41	42	51	7	32	37	45	44	11	33	34	38	9.0
3rd Qtr. 2017	25	64	11	43	42	27	63	11	42	40	31	55	15	42	40	41	9.4
4th Qtr. 2017	25	58	18	46	44	29	57	14	42	39	25	65	9	42	40	41	8.3
1st Qtr. 2018	24	58	18	47	46	33	59	9	38	39	37	49	14	38	40	42	8.2
2nd Qtr. 2018	28	56	17	44	48	33	56	12	39	43	29	65	6	38	41	45	8.4
3rd Qtr. 2018	14	63	22	54	53	12	80	8	48	46	21	74	4	41	38	47	8.8
4th Qtr. 2018	17	55	28	56	54	25	63	12	43	40	34	50	16	41	38	45	8.2
1st Qtr. 2019	20	60	20	50	49	18	70	12	47	48	23	71	6	42	44	48	8.3
2nd Qtr. 2019	32	59	10	39	43	45	45	10	33	37	30	58	13	41	44	40	7.9
3rd Qtr. 2019	27	53	20	47	45	26	68	6	40	37	25	68	7	41	38	40	8.1
4th Qtr. 2019	9	75	16	53	50	38	53	9	36	32	33	55	12	39	38	40	7.8
1st Qtr. 2020	12	55	33	61	60	13	60	28	58	59	13	58	29	58	59	59	7.6
2nd Qtr. 2020	7	54	39	66	69	17	56	27	55	58	14	59	27	56	58	62	7.2
3rd Qtr. 2020	15	66	20	52	51	27	59	15	44	38	28	49	23	47	44	44	8.7
4th Qtr. 2020	30	44	26	48	44	21	73	6	43	40	23	65	13	45	43	42	8.5

Each MVI component is based on a survey question asking if occupancy is higher, about the same, or lower in the current compared to the prior quarter.

An MVI component is then calculated from the percentage responses using the diffusion-index formula (Lower Occupancy - Higher Occupancy + 100) / 2.

The Multifamily Vacancy Index is a weighted average of three component indices: .3632xClass A + .4630xClass B + .1738xClass C.

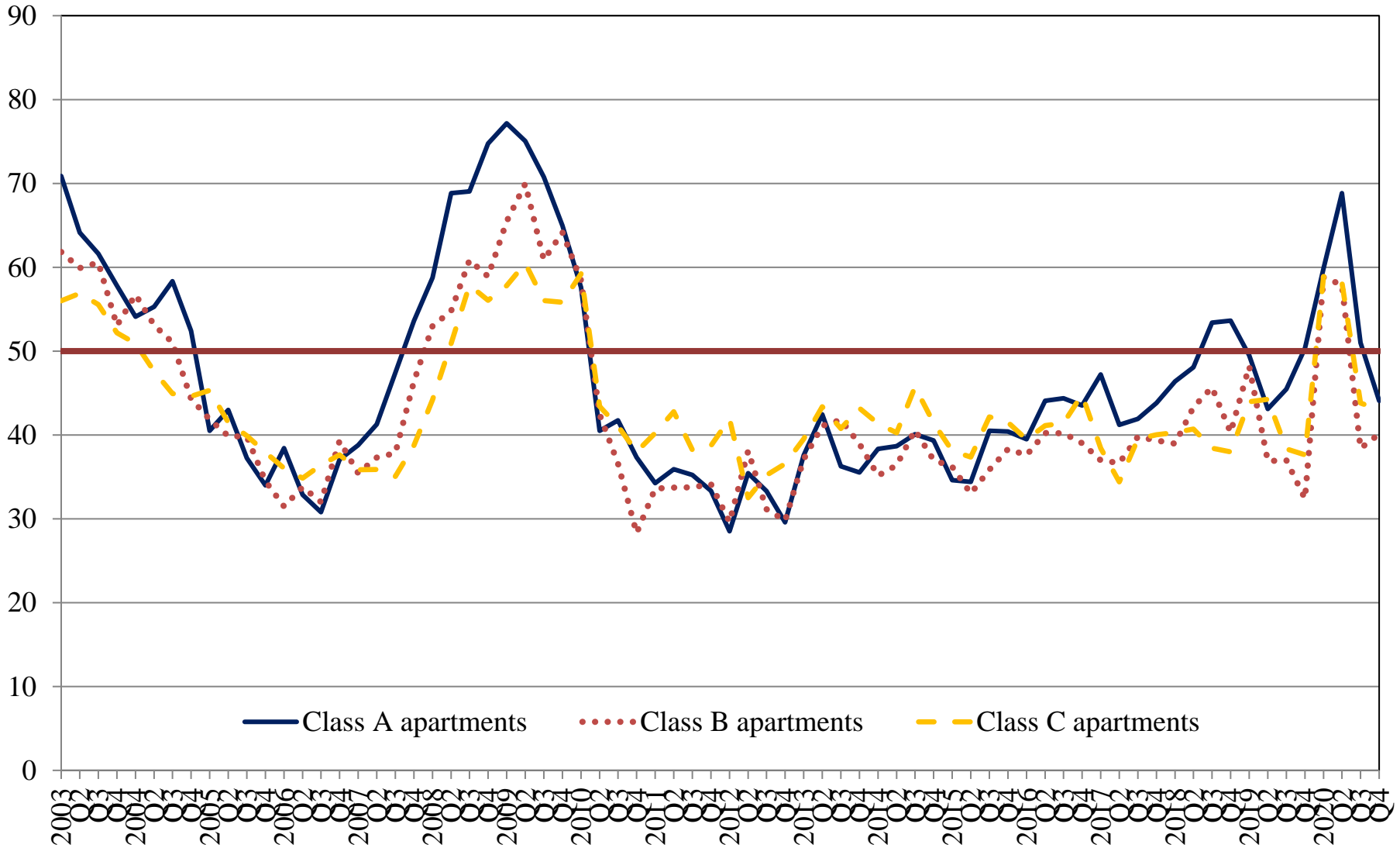
The weights are derived from a statistical analysis of the historical relationship between the components and the Census series on rental vacancy rates in structures with at least 5 apartments.

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Q4 2020 results based on 68 responses.



Chart 2
Components of the Multifamily Vacancy Index (MVI)
(rental vacancy in current vs. prior quarter)



National Association of Home Builders

Multifamily Market Survey

Fourth Quarter 2020

1. Please rate the current conditions in your market area for production of new apartments during the current quarter, compared to the previous quarter.

Multifamily starts	Current Quarter vs. Prior Quarter		
	Stronger	About the same	Weaker
a. For rent			
a1. Low Rent*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a2. Market Rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. For sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Low-rent units are those supported by low-income tax credits or other government subsidy programs.

2. Please rate the current conditions in your market area for occupancy of multifamily units during the current quarter, compared to the previous quarter.

	Current Quarter vs. Prior Quarter		
	Higher	About the same	Lower
Multifamily rental occupancy			
a. Class A apartment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Class B apartment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Class C apartment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Please let us know what is happening with multifamily housing in your area.

~~ THANK YOU ~~