

**FOR IMMEDIATE RELEASE**  
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### **NAHB Debuts New Index for Multifamily Activity**

**WASHINGTON, May 18** – The National Association of Home Builders (NAHB) redesigned its Multifamily Market Survey (MMS) in the first quarter of 2023 to make it easier to interpret and more similar to the NAHB/Wells Fargo Housing Market Index for single-family housing. The MMS produces two separate indices. The Multifamily Production Index (MPI) had a reading of 50 for the first quarter while the Multifamily Occupancy Index (MOI) reading was 82.

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

The new MPI is a weighted average of four key market segments: three in the built-for-rent market (garden/low-rise, mid/high-rise and subsidized) and the built-for-sale (or condominium) market. The survey asks multifamily builders to rate the current conditions as “good,” “fair,” or “poor” for multifamily starts in markets where they are active. For the first quarter, the component measuring garden/low-rise units had a reading of 57, the component measuring mid/high-rise units had a reading of 41, the component measuring subsidized units had a reading of 51 and the component measuring built-for-sale units had a reading of 42.

The MOI measures the multifamily housing industry's perception of occupancies in existing apartments on a scale of 0 to 100. The index and all its components are scaled so that a number above 50 indicates more respondents report that occupancy is good than report it is poor.

The new MOI is a weighted average of three built-for-rent market segments (garden/low-rise, mid/high-rise and subsidized). The survey asks multifamily builders to rate the current conditions for occupancy of existing rental apartments in markets where they are active as “good,” “fair” or “poor.” For the first quarter, the component measuring garden/low-rise units had a reading of 84, the component measuring mid/high-rise units had a reading of 74 and the component measuring subsidized units had a reading of 87.

Because the previous version of the MMS series can no longer be used to compare with this quarter's results, the redesigned tool asked builders and developers to compare current market conditions in their areas to three months earlier, using a “better,” “about the same” or “worse” scale. Sixty-seven percent of respondents said the market is “about the same” as it was three months earlier.

“Garden/low-rise units had the strongest production index of all four sectors covered in the survey, while subsidized units had the strongest occupancy index,” said Lance Swank, president and co-owner of Sterling Group, Inc. in Mishawaka, Ind., and chairman of NAHB's Multifamily Council. “However, higher

interest rates and increased construction costs are negatively impacting projects in certain parts of the country.”

“NAHB’s current forecast has multifamily starts declining by more than 10% per year in 2023 and 2024,” said NAHB Chief Economist Robert Dietz. “Commentary from multifamily builders indicates that it has become more difficult to obtain loans for multifamily development as a result of tightening financial conditions due to actions of the Federal Reserve, which reduce future apartment construction.”

For additional information on the MMS, visit <http://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% of the new housing units projected for this year.



# Multifamily Market Survey

First Quarter 2023

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 Occupancy Index (MOI). The first quarter 2023 Multifamily Market Survey was sent to 1,364 multifamily developers. Responses were received from 63 of them.

To generate data for the MPI, the survey asks multifamily builders to rate the current conditions for multifamily starts in markets where they are active for four key market segments; three in the built-for-rent space (garden/low-rise, mid/high-rise, subsidized) and the built for sale; as “good”, “fair”, or “poor”. A component index is calculated from the percentage responses for each market segment using the formula  $(\text{Good} - \text{Poor} + 100) / 2$ . Each component index lies 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. The overall MPI is a weighted average of the 4 components  $(0.50 \times \text{Garden/Low-Rise} + 0.33 \times \text{Mid/High-Rise} + 0.12 \times \text{Subsidized} + 0.05 \times \text{Built-for-Sale})$ .

To generate data for the MOI, the survey asks multifamily builders to rate the current conditions for occupancy of existing rental apartments in markets where they are active for three built-for-rent space market segments (garden/low-rise, mid/high-rise, subsidized) as “good”, “fair”, or “poor”.. A component index is calculated from the percentage responses for each apartment class using the formula  $(\text{Good} - \text{Poor} + 100) / 2$ . Again, each component index lies on a scale ranging from 0 to 100 with a break-even point at 50, where higher numbers indicate increased occupancy. The overall MOI is a weighted average of the three components  $(0.60 \times \text{Garden/Low-Rise} + 0.25 \times \text{Mid/High-Rise} + 0.15 \times \text{Subsidized})$ .



## Multifamily Market Survey - Q1 2023

### Multifamily Production Index (MPI)

(Not Seasonally Adjusted)

#### PRODUCTION OF NEW APARTMENTS

|         | Components          |                   |            |                | Multifamily<br>Production<br>Index |
|---------|---------------------|-------------------|------------|----------------|------------------------------------|
|         | Garden/<br>Low-Rise | Mid/<br>High-Rise | Subsidized | Built for Sale |                                    |
| Q1 2023 | 57                  | 41                | 51         | 42             | 50                                 |

MPI components are based on questions asking if current conditions for multifamily starts are good, fair, or poor.

Numbers in the table are diffusion-type indices - calculated from the percentage responses using the formula  $(\text{Good} - \text{Poor} + 100) / 2$ .

The overall Multifamily Production Index is a weighted average of the 4 components:

$$0.50 \times \text{Garden/Low-Rise} + 0.33 \times \text{Mid/High-Rise} + 0.12 \times \text{Subsidized} + 0.05 \times \text{Built for Sale}$$

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

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

## Multifamily Occupancy Index (MOI)

(Not Seasonally Adjusted)

#### OCCUPANCY OF EXISTING RENTAL APARTMENTS

|         | Components          |                   |            | Multifamily<br>Occupancy<br>Index |
|---------|---------------------|-------------------|------------|-----------------------------------|
|         | Garden/<br>Low-Rise | Mid/<br>High-Rise | Subsidized |                                   |
| Q1 2023 | 84                  | 74                | 87         | 82                                |

MOI components are based on questions asking if current conditions for occupancy of existing rental apartments are good, fair, or poor.

Individual occupancy indices are calculated from percentage responses using the formula  $(\text{Good} - \text{Poor} + 100) / 2$ .

The overall Multifamily Occupancy Index is a weighted average of the 3 components:

$$0.60 \times \text{Garden/Low-Rise} + 0.25 \times \text{Mid/High-Rise} + 0.15 \times \text{Subsidized}$$

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

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

## Change in Overall Market Conditions

Percent of Respondents

|         | Better | About the<br>Same | Worse |
|---------|--------|-------------------|-------|
| Q1 2023 | 5      | 67                | 28    |

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

Q1 2023 results based on 63 responses.

# National Association of Home Builders

## Multifamily Market Survey

*First Quarter 2023*

**1. Please rate current conditions for multifamily starts in markets where you are active.**

*(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)*

| Multifamily Starts    | Good                     | Fair                     | Poor                     |
|-----------------------|--------------------------|--------------------------|--------------------------|
| <b>Built for Rent</b> |                          |                          |                          |
| Garden/Low-Rise*      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mid/High-Rise*        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Subsidized**          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Built for Sale</b> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\* Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

\*\* Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

**2. Please rate current conditions for occupancy of existing rental apartments in markets where you are active.**

*(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)*

| Multifamily Rental Occupancy       | Good                     | Fair                     | Poor                     |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Garden/Low-Rise Rental Apartments* | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mid/High-Rise Rental Apartments*   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Subsidized Rental Apartments**     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\*Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

\*\* Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

**3. How would you rate the overall market for multifamily housing in areas where you are active compared to three months ago?**

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| Better                   | About the Same           | Worse                    |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**4. Please let us know what is happening with multifamily housing in areas where you are active.**

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# Multifamily Market Survey

**Special Questions on the Difficulty of  
Obtaining Loans Given Recent Bank Failures  
and Availability of Loans Compared to Other  
Sectors**

Economics & Housing Policy Group

**Introduction:**

Every quarter, the National Association of Home Builders (NAHB) conducts a survey of multifamily builders and property managers. The first part of the survey collects the information required to produce the Multifamily Market Survey (MMS). The MMS produces two separate indices: 1) the Multifamily Production Index (MPI) and 2) the Multifamily Occupancy Index (MOI). The MPI is a weighted average of low-rent and market rate rental units-apartments along with for-sale units (e.g., condominiums). The MOI is a weighted average of current occupancy indexes for class A, B, and C multifamily units.

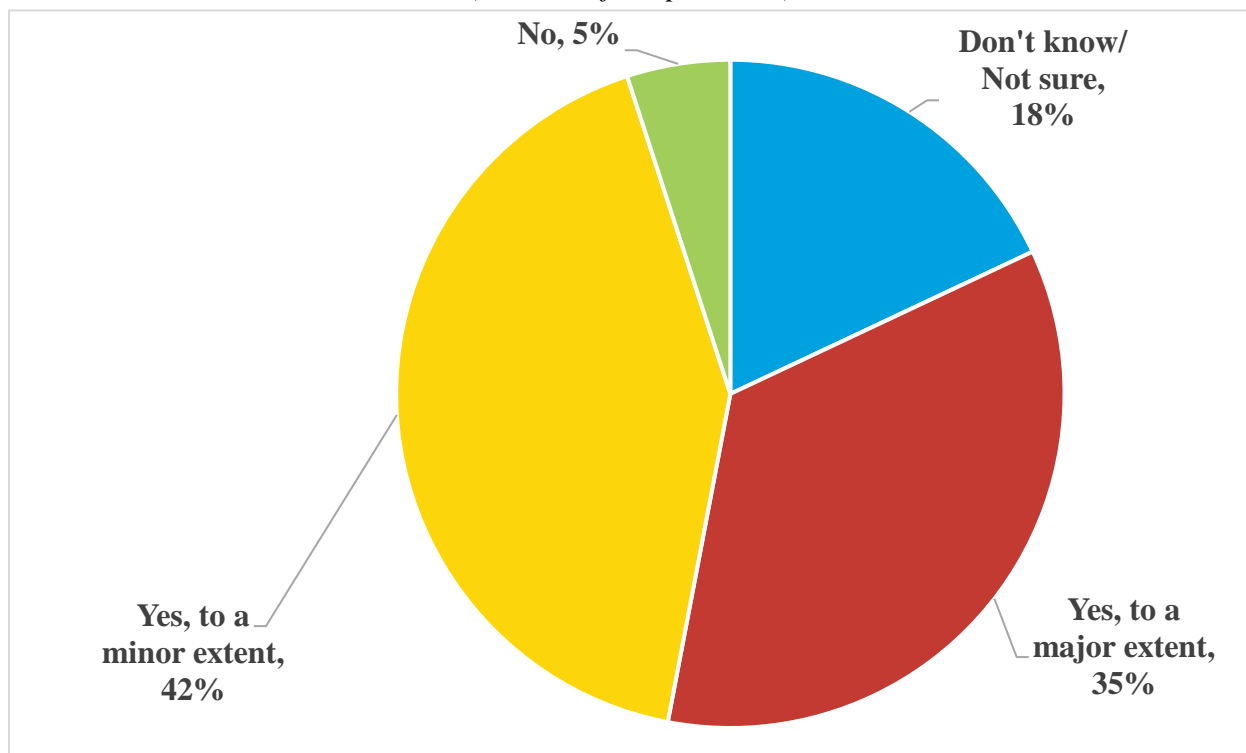
In addition to the questions required for the MMS and its components, the quarterly survey sometimes a set of “special” questions on a topic of current interest to the multifamily industry. Special questions included in the first quarter 2023 survey asked multifamily builders and property managers about the difficulty obtaining loans for multifamily development as a result of the recent bank failures and stress in financial markets and the availability of loans for multifamily development compared to single-family residential and other types of commercial development.

The first quarter 2023 MMS survey was sent to 1,364 multifamily builders and property managers electronically. Tabulations in this report are based on 63 responses received (a response rate of 4.6 percent).



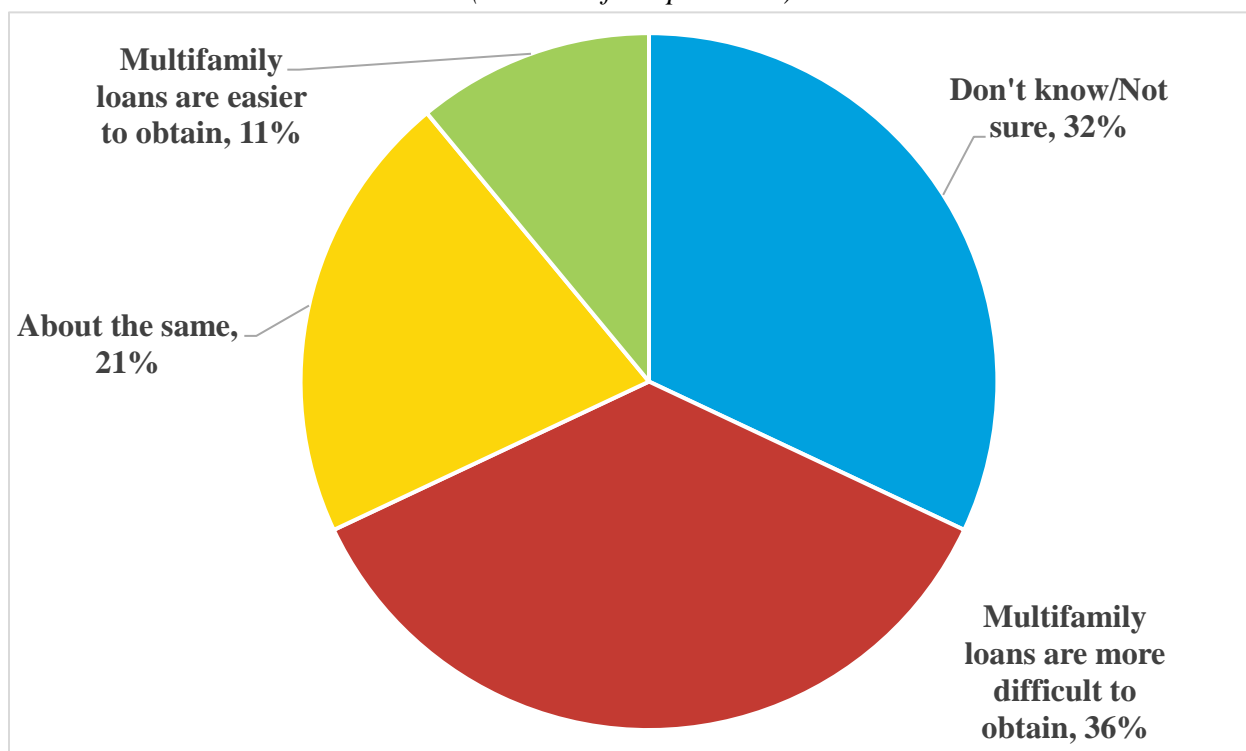
**Q5. Has it become more difficult to obtain loans for multifamily development as a result of the recent bank failures and stress in financial markets?**

*(Percent of Respondents)*

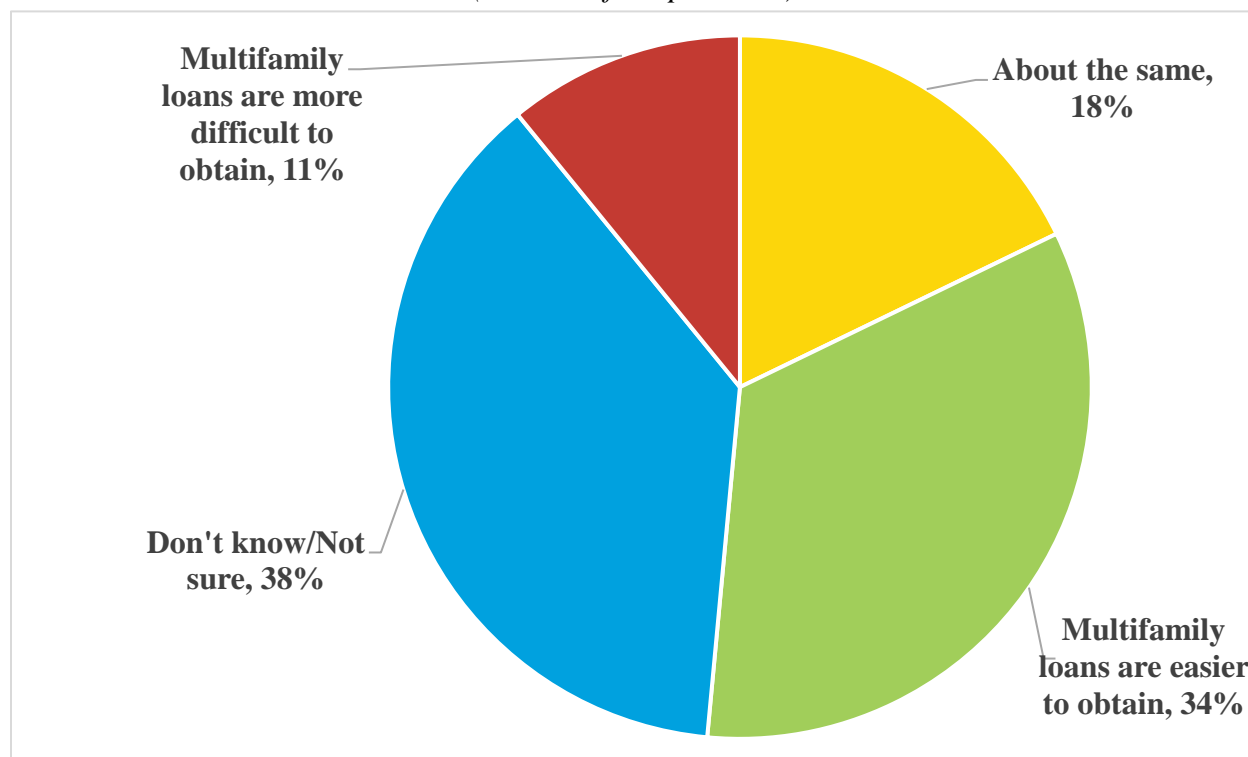


**Q6. How would you rate the availability of loans for multifamily development compared to loans for single-family residential development?**

*(Percent of Respondents)*



**Q7. How would you rate the availability of loans for multifamily development compared to loans for other types of commercial development?\***  
(Percent of Respondents)



\*Does not equal 100% due to rounding

## First Quarter 2023 – Special Questions

**5. Has it become more difficult to obtain loans for multifamily development as a result of the recent bank failures and stress in financial markets?**

- ☐ No      ☐ Yes, to a minor extent      ☐ Yes, to a major extent      ☐ Don't know/Not sure

**6. How would you rate the availability of loans for multifamily development compared to loans for single-family residential development?**

- ☐ Multifamily loans are easier to obtain      ☐ About the same      ☐ Multifamily loans are more difficult to obtain.      ☐ Don't know/Not sure

**7. How would you rate the availability of loans for multifamily development compared to loans for other types of commercial development?**

- ☐ Multifamily loans are easier to obtain      ☐ About the same      ☐ Multifamily loans are more difficult to obtain.      ☐ Don't know/Not sure