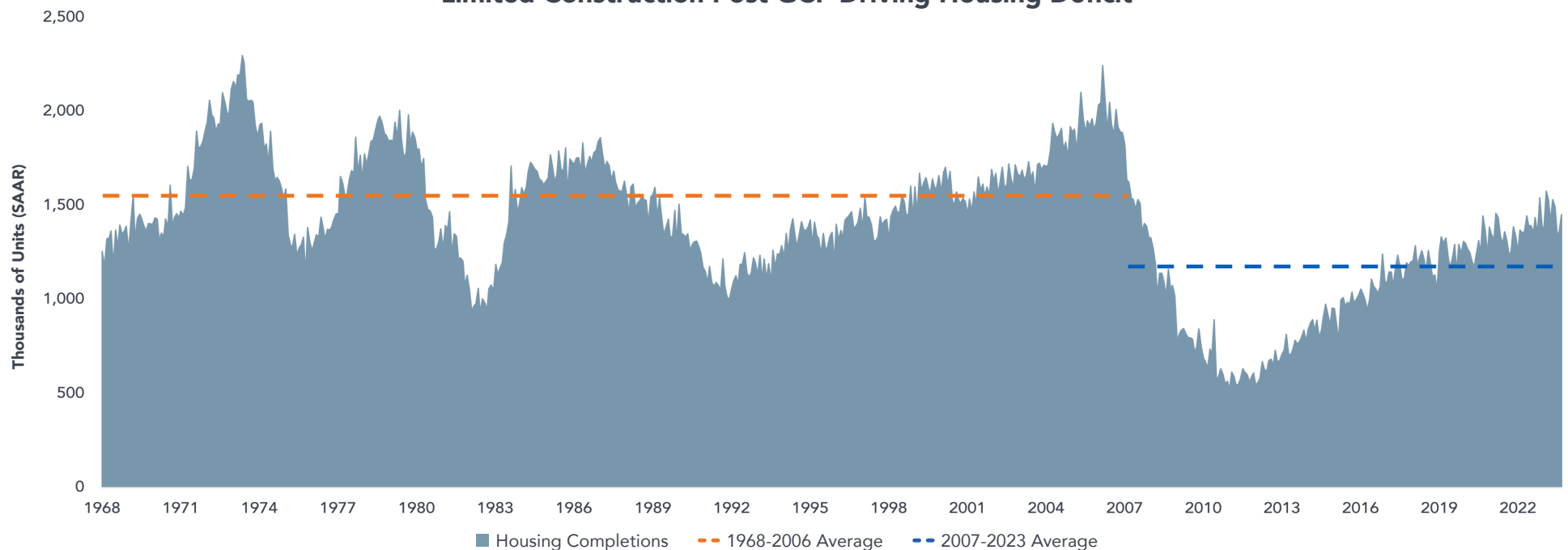


# Record Multifamily Construction Gives Way to Looming Supply Shortage Outlook Reveals Changing Landscape and Opportunities for Savvy Developers

2022 and 2023 have been record years for new multifamily inventory, much of which is attributable to the low cost and wide availability of capital two to three years ago, a dynamic which has since changed. Higher interest rates, economic uncertainty and looming debt maturities have caused lenders to become increasingly more conservative. Today, lenders are largely restricting new construction loans to long-standing relationships with well-capitalized developers that are able to contribute a larger percentage of equity to their projects. This in turn has caused a year-over-year decline in the rate of new multifamily construction starts of approximately 41%.

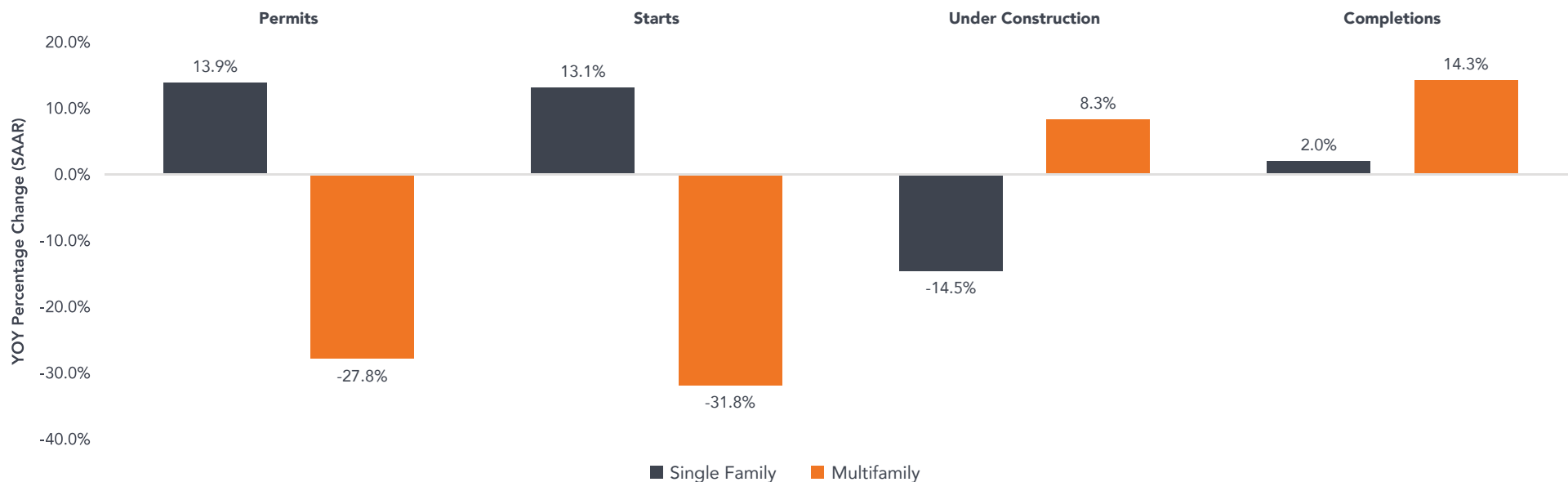
The decline in new construction starts means that as we move into 2025 and 2026, new multifamily supply is almost certain to fall dramatically. The likely result is that projects delivering in 2025 and 2026 will benefit from an environment where prospective tenants have fewer choices.

### Limited Construction Post-GCF Driving Housing Deficit



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Privately-Owned Housing Units Completed. Retrieved from FRED, Federal Reserve Bank of St. Louis, on October 31, 2023.

## Housing Development Supply Trends



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development. Retrieved from FRED, Federal Reserve Bank of St. Louis, on October 31, 2023. Multifamily defined as properties with five units or more.



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