

Residential REITs

BofA's Monthly Residential Starts & Permits tracker

Industry Overview

We expect multi-family starts to continue to trend lower

We expect multi-family starts to trend lower over the course of the next 6 months. Multi-family development deals are starting to get pulled given macro uncertainty, higher costs of capital and still elevated construction costs. If this trend continues it will be positive for supply growth in 2025-26. We note that most projects that will be delivered in 2024 have already been green-lighted and funded.

Focus on the trailing 6-months for insights into supply

Monthly starts and permits data is volatile. As a result, we like to focus on rolling averages (Exhibit 1). We find the rolling 6-month average as the most insightful into future supply. The 6-month average level of multi-family permits are -24.4% lower from the prior 6 months. Interestingly, some Sunbelt markets are seeing sizable upward trends (Austin and Phoenix).

Exhibit 1: Monthly data and T3M, T6M and T12M average changes

Permits and starts levels are trending down in general

	Monthly data		T3M avg.		T6M avg.		T12M avg.
	Current	Prior	Δ 3M/3M%	Δ Y/Y%	Δ 6M/6M%	Δ Y/Y%	Δ Y/Y%
Starts (in '000)							
Total	1,460	1,525	6.1% ▲	3.4% ▲	-0.4% ▼	-1.0% ▼	-8.8% ▼
Multi-family	417	388	0.8% ▲	-27.1% ▼	-24.4% ▼	-26.3% ▼	-13.6% ▼
Permits (in '000)							
Total	1,493	1,467	0.1% ▲	2.1% ▲	3.3% ▲	-3.1% ▼	-12.3% ▼
Multi-family	445	443	-6.2% ▼	-24.6% ▼	-13.1% ▼	-26.0% ▼	-20.3% ▼
Gateway permits							
Boston	1,387	476	-4.4% ▼	-16.1% ▼	-19.3% ▼	-20.7% ▼	-24.1% ▼
Houston	4,358	4,861	-13.5% ▼	-8.0% ▼	-9.9% ▼	-7.7% ▼	-10.6% ▼
Los Angeles	2,203	3,044	-9.9% ▼	-2.2% ▼	-1.7% ▼	-4.4% ▼	-7.3% ▼
New York	2,437	1,968	-18.4% ▼	-21.8% ▼	-21.5% ▼	-27.6% ▼	-31.6% ▼
San Diego	465	2,347	-6.6% ▼	141.3% ▲	160.2% ▲	119.7% ▲	26.9% ▲
San Francisco	371	792	67.8% ▲	-1.3% ▼	-12.2% ▼	-32.4% ▼	-28.2% ▼
San Jose	205	728	-31.3% ▼	113.3% ▲	-25.5% ▼	-3.5% ▼	18.0% ▲
Seattle	1,432	1,057	5.7% ▲	-16.2% ▼	-16.6% ▼	-24.3% ▼	-32.4% ▼
Washington D.C.	1,750	1,836	-6.9% ▼	-23.4% ▼	3.7% ▲	-33.3% ▼	-30.1% ▼
Sunbelt permits							
Atlanta	2,534	2,886	-11.2% ▼	-22.0% ▼	-14.1% ▼	-21.9% ▼	-13.1% ▼
Austin	3,507	3,044	-3.0% ▼	30.1% ▲	58.0% ▲	24.4% ▲	-12.7% ▼
Charlotte	2,533	2,028	-2.1% ▼	22.3% ▲	-6.4% ▼	29.7% ▲	8.8% ▲
Dallas	4,501	5,895	2.2% ▲	-9.7% ▼	5.8% ▲	-14.0% ▼	-17.9% ▼
Miami	1,325	1,173	-33.0% ▼	-2.4% ▼	-15.1% ▼	14.6% ▲	9.4% ▲
Nashville	1,243	1,689	-10.0% ▼	57.7% ▲	-20.1% ▼	53.2% ▲	26.9% ▲
Phoenix	3,532	5,257	2.0% ▲	32.7% ▲	37.5% ▲	23.4% ▲	-3.0% ▼
Tampa	2,135	2,767	57.7% ▲	-10.9% ▼	-1.7% ▼	-23.6% ▼	-13.4% ▼

Source: Census Bureau, Haver Analytics

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26 January 2024

Equity
United States
REITs

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Key terms:

MSA: Metropolitan Statistical Areas
T3M avg.: Trailing 3-Month average
T6M avg.: Trailing 6-Month average
T12M avg.: Trailing 12-Month average
TTM avg.: Trailing Twelve-Month Average
3M/3M: current 3-Month over prior 3-Month
6M/6M: current 6-Month over prior 6-Month
Y/Y: Year over Year
Δ: change
SA: Seasonally Adjusted
SAAR: Seasonally Adjusted at Annual rates
Thous: Thousands
AIRC: Apartment Income REIT Corp
AVB: AvalonBay Communities Inc
CPT: Camden Property Trust
EQR: Equity Residential
ESS: Essex Property Trust Inc
IRT: Independence Realty Trust Inc
MAA: Mid-America Apartment Communities Inc
UDR: UDR, Inc.
AMH: American Homes 4 Rent
INVH: Invitation Homes Inc

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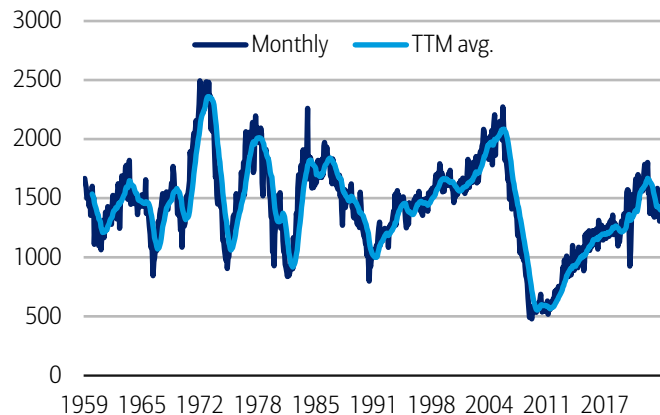
12650870

Timestamp: 26 January 2024 12:01AM EST

Starts

Exhibit 2: Housing Starts - Total (SAAR, Thous. Units)

Housing starts have slowly rebounded from their early 2000 low

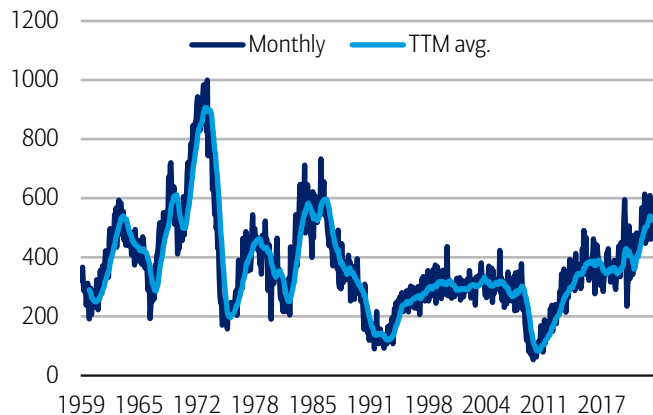


Source: Census Bureau

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Exhibit 3: Housing Starts: 5 or More Units (SAAR, Thous. Units)

Housing starts of 5 or more units bounced back since 2009



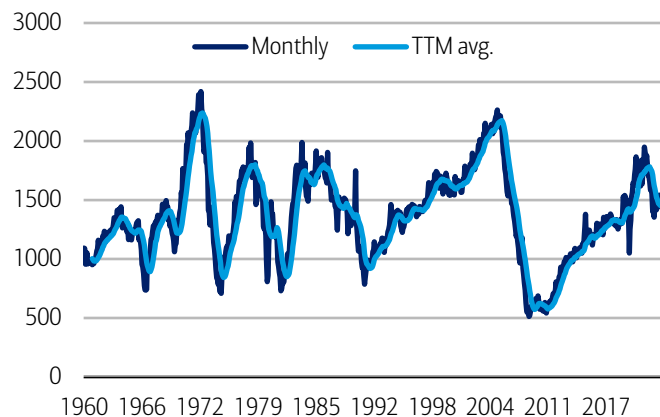
Source: Census Bureau

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Permits

Exhibit 4: Permits - Total (SAAR, Thous. Units)

Permits are a leading indicator of housing starts

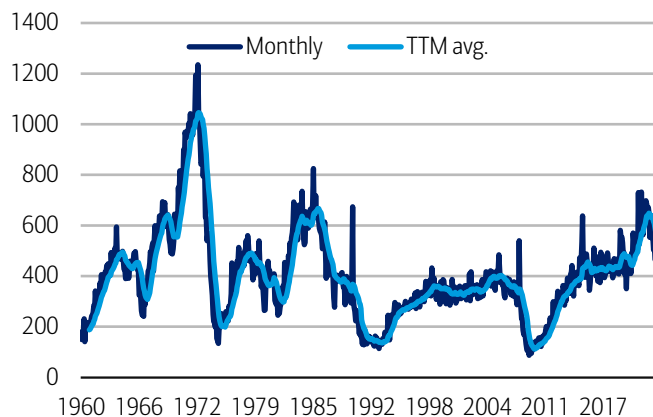


Source: Census Bureau

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Exhibit 5: Permits: 5 or More Units (SAAR, Thous. Units)

Housing permits of 5 or more units bounced back since 2009



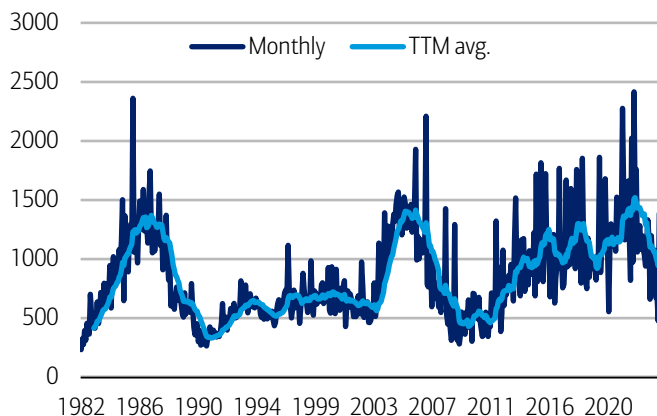
Source: Census Bureau

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Permits by MSA - Gateway

Exhibit 6: Boston-Cambridge-Newton MA-NH (SA, Units)

Permits in the Boston metro bounced back since 2009

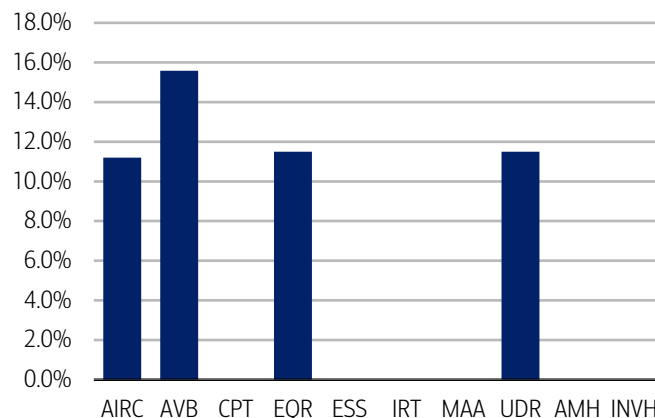


Source: Census Bureau

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Exhibit 7: Residential REITs exposure to Boston metro

AVB has the largest exposure to the Boston metro

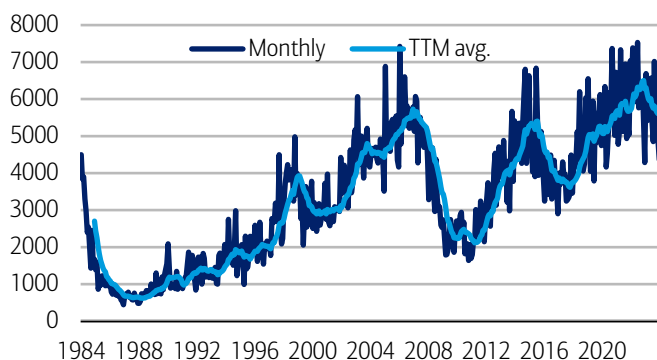


Source: Company filings

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Exhibit 8: Houston-The Woodlands-Sugar Land TX (SA, Units)

Houston has seen a downward trend in permits

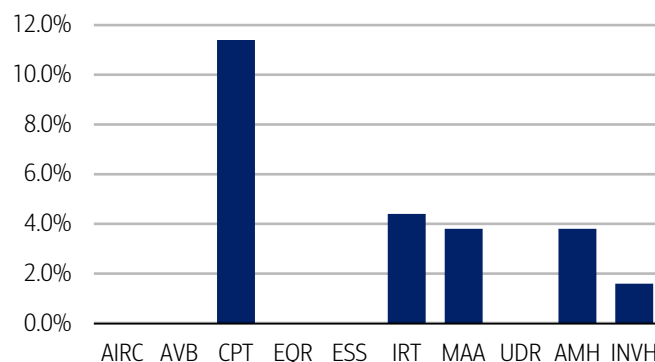


Source: Census Bureau

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Exhibit 9: Residential REITs exposure to Houston metro

CPT has the largest exposure to the Houston metro

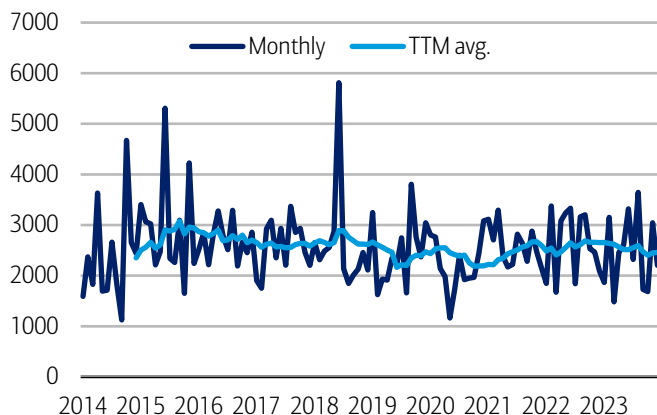


Source: Company filings

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Exhibit 10: Los Angeles-Long Beach-Anaheim CA (SA, Units)

Permits in the Los Angeles metro remain steady since 2014

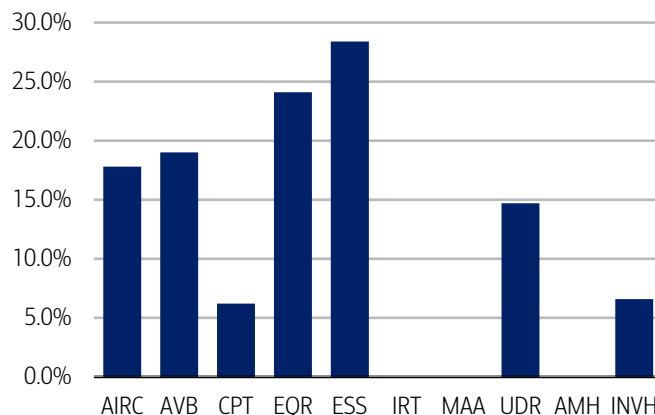


Source: Census Bureau

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Exhibit 11: Residential REITs exposure to Los Angeles metro

ESS has the largest exposure to the Los Angeles metro

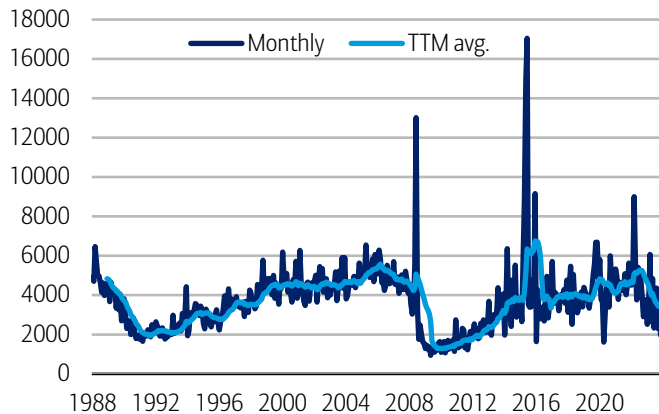


Source: Company filings

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Exhibit 12: New York-Newark-Jersey City NY-NJ-PA (SA, Units)

Housing permits are below the 1990 levels

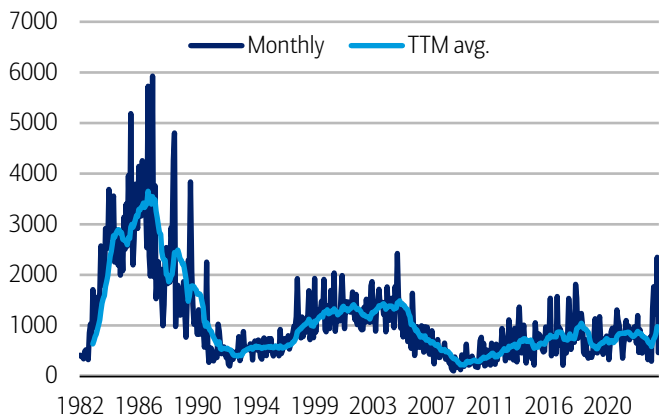


Source: Census Bureau

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Exhibit 14: San Diego-Chula Vista-Carlsbad CA (SA, Units)

San Diego has seen very little growth in permits

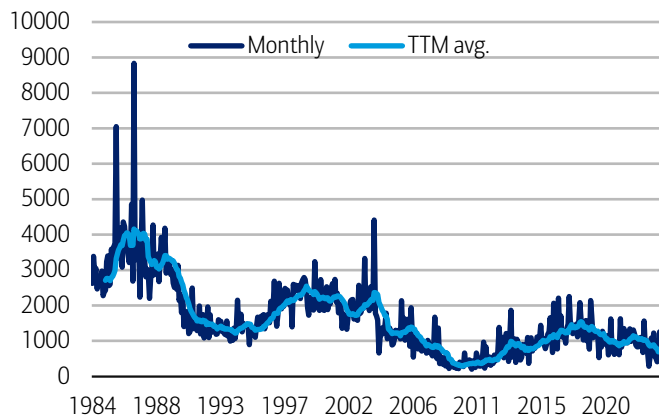


Source: Census Bureau

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Exhibit 16: San Francisco-Oakland-Berkeley CA (SA, Units)

SF has seen very little growth in permits

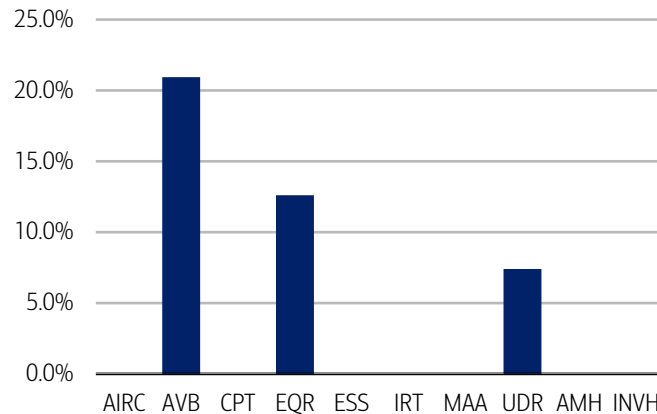


Source: Census Bureau

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Exhibit 13: Residential REITs exposure to New York metro

AVB has the largest exposure to the New York metro

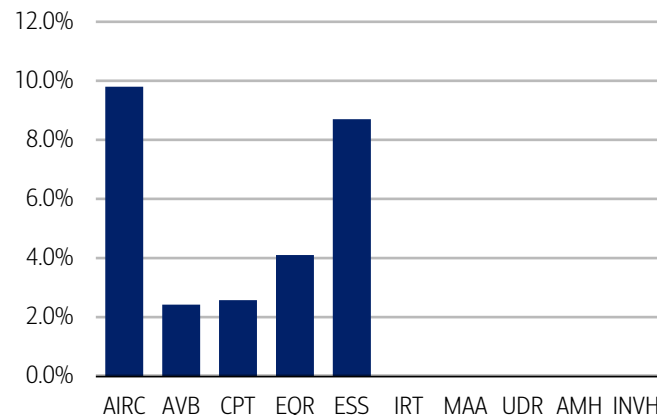


Source: Company filings

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Exhibit 15: Residential REITs exposure to San Diego metro

AIRC has the largest exposure to the San Diego metro

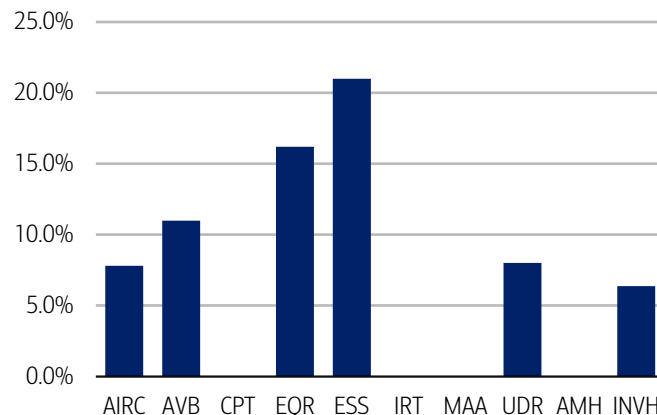


Source: Company filings

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Exhibit 17: Residential REITs exposure to San Francisco metro

ESS has the largest exposure to the San Francisco metro

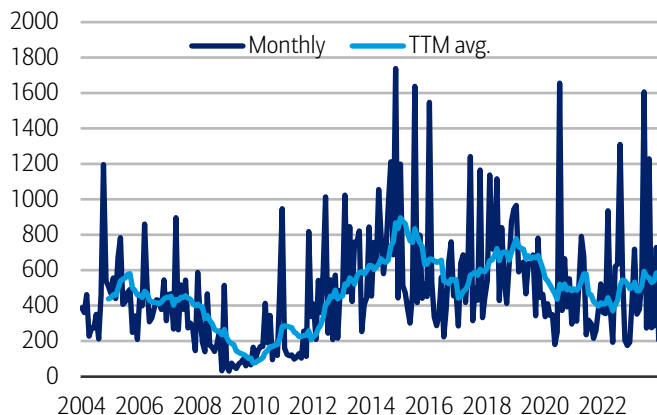


Source: Company filings

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Exhibit 18: San Jose-Sunnyvale-Santa Clara CA (SA, Units)

San Jose has seen very little growth in permits

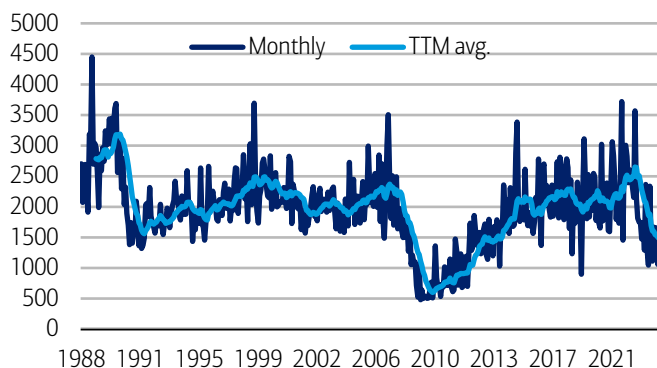


Source: Census Bureau

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Exhibit 20: Seattle-Tacoma-Bellevue WA (SA, Units)

Seattle has seen a downward trend in permits

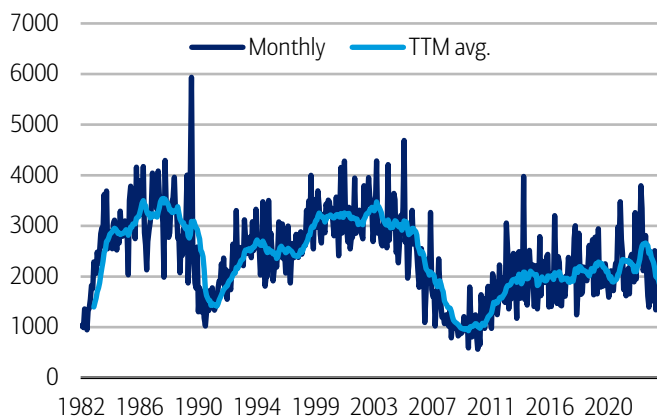


Source: Census Bureau

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Exhibit 22: Washington-Arlington-Alexandria DC-VA-MD-WV (SA, Units)

D.C. has seen a downward trend in permits

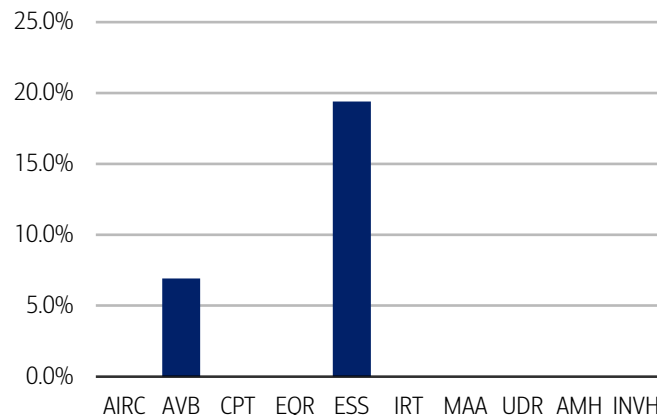


Source: Census Bureau

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Exhibit 19: Residential REITs exposure to San Jose metro

ESS has the largest exposure to the San Jose metro

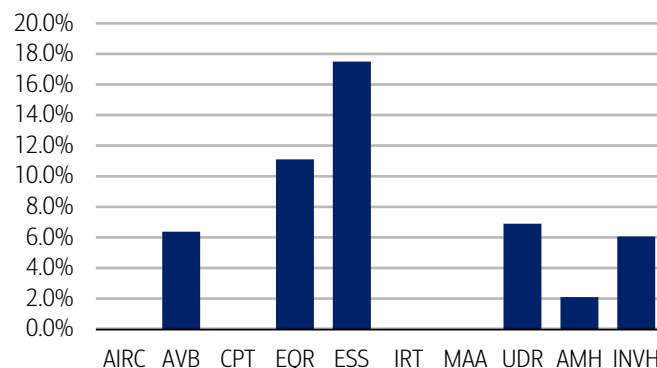


Source: Company filings

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Exhibit 21: Residential REITs exposure to Seattle metro

ESS has the largest exposure to the Seattle metro

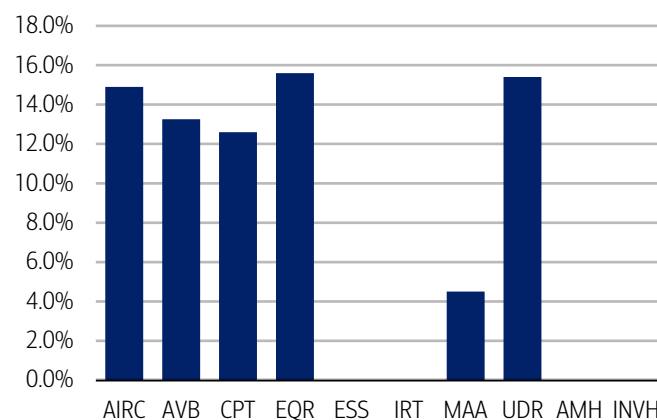


Source: Company filings

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Exhibit 23: Residential REITs exposure to D.C. metro

EQR has the largest exposure to the D.C. metro



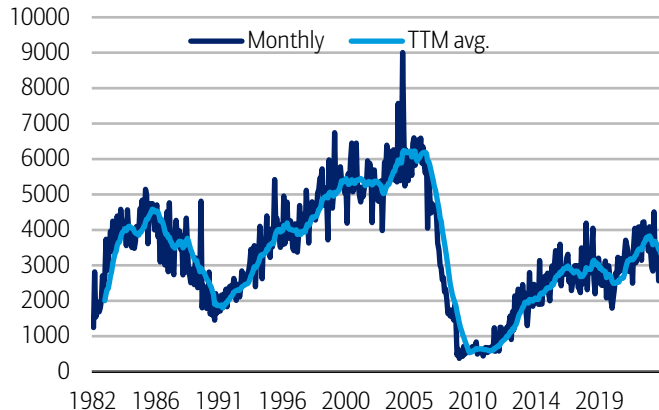
Source: Company filings

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Permits by MSA - Sunbelt

Exhibit 24: Atlanta-Sandy Springs-Alpharetta GA (SA, Units)

Permits in the Atlanta metro steadily climbed since 2009

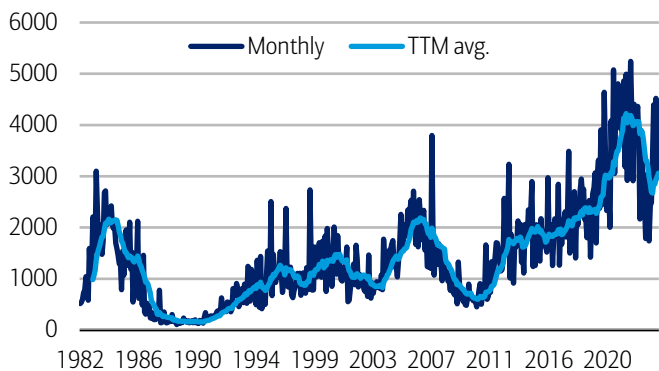


Source: Census Bureau

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Exhibit 26: Austin-Round Rock-Georgetown TX (SA, Units)

Austin has seen a downward trend in permits

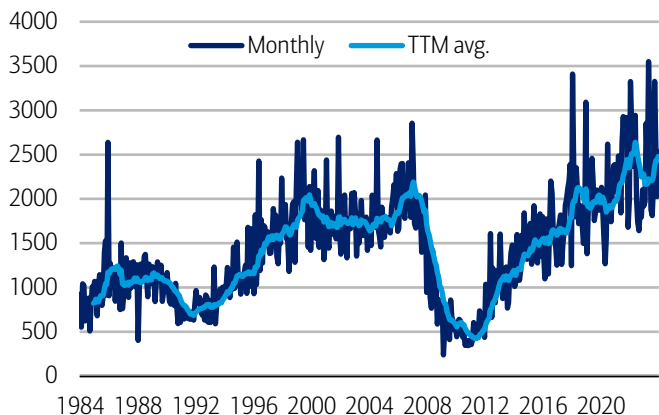


Source: Census Bureau

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Exhibit 28: Charlotte-Concord-Gastonia NC-SC (SA, Units)

Permits in the Charlotte metro accelerated since 2011

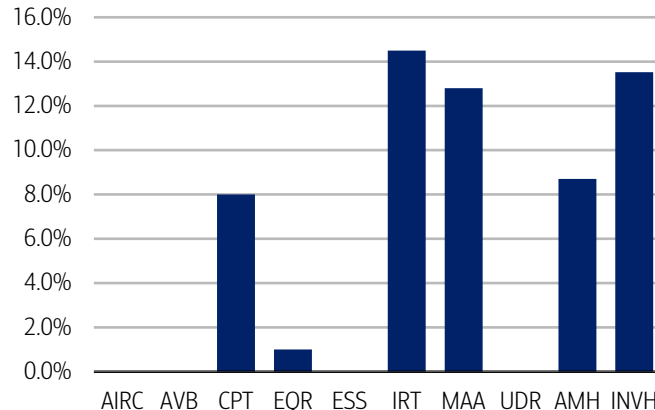


Source: Census Bureau

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Exhibit 25: Residential REITs exposure to Atlanta metro

IRT has the largest exposure to the Atlanta metro

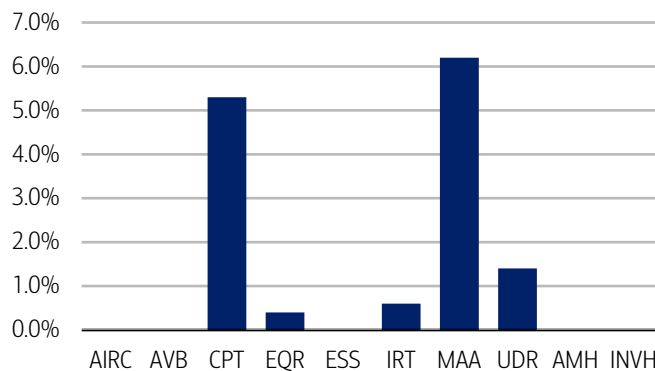


Source: Company filings

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Exhibit 27: Residential REITs exposure to Austin metro

MAA has the largest exposure to the Austin metro

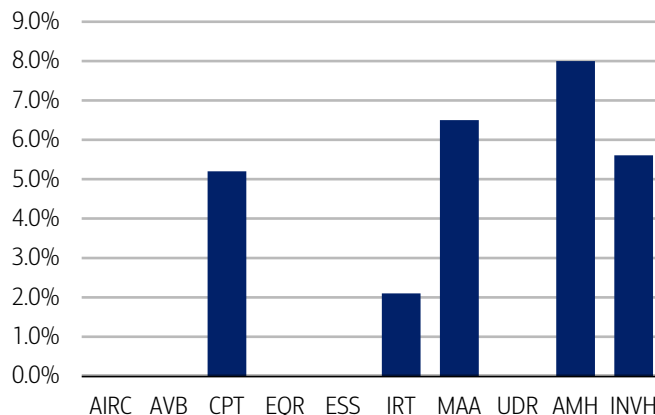


Source: Company filings

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Exhibit 29: Residential REITs exposure to Charlotte metro

AMH has the largest exposure to the Charlotte metro

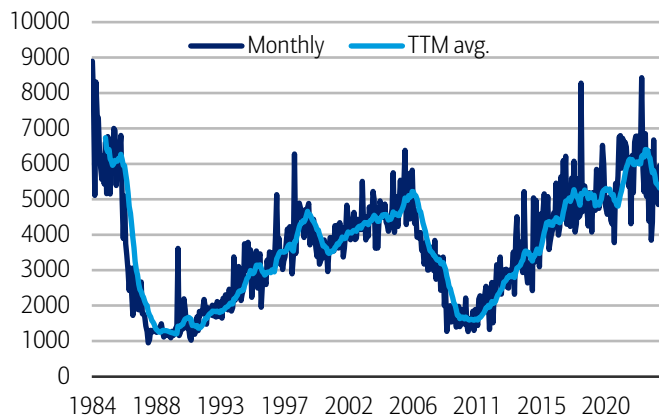


Source: Company filings

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Exhibit 30: Dallas-Fort Worth-Arlington TX (SA, Units)

Dallas has seen a downward trend in permits

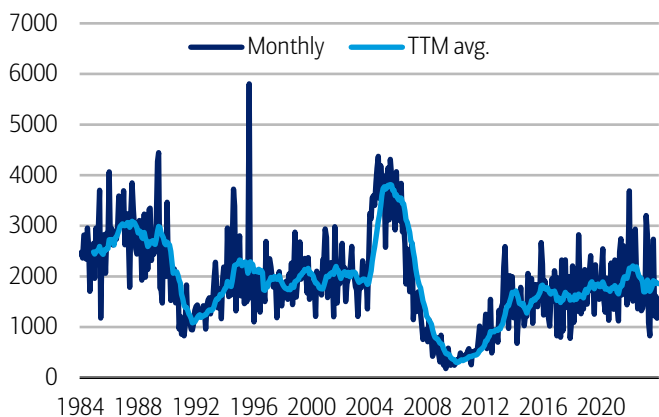


Source: Census Bureau

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Exhibit 32: Miami-Fort Lauderdale-Pompano Beach FL (SA, Units)

Permits in the Miami metro remain steady since 2014

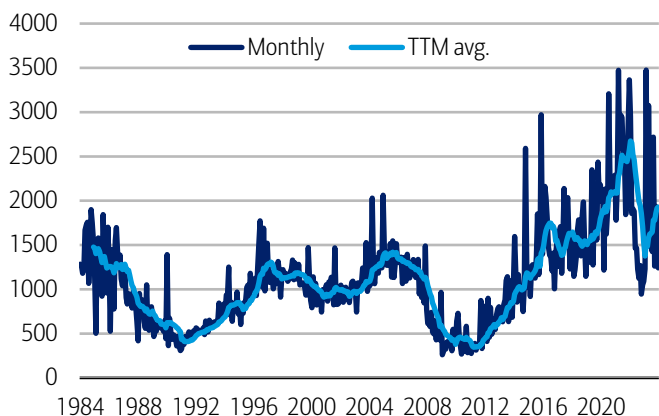


Source: Census Bureau

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Exhibit 34: Nashville-Davidson-Murfreesboro-Franklin TN (Units)

Permits in the Nashville metro accelerated since 2011

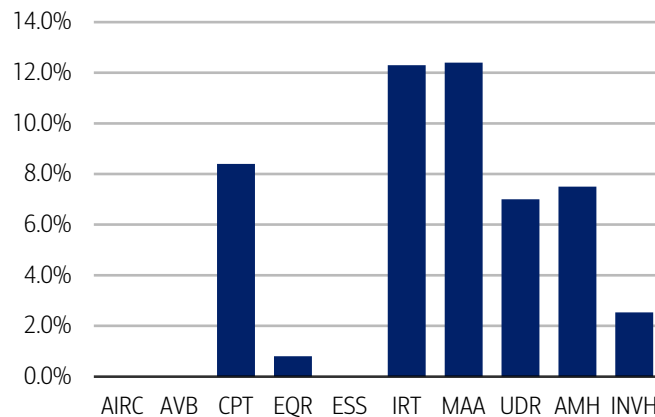


Source: Census Bureau

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Exhibit 31: Residential REITs exposure to Dallas metro

MAA has the largest exposure to the Dallas metro

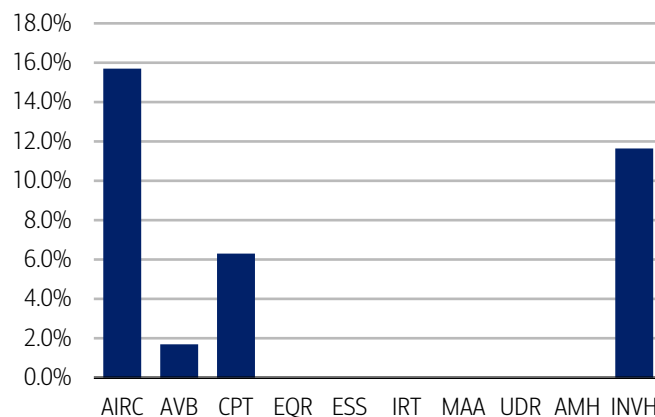


Source: Company filings

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Exhibit 33: Residential REITs exposure to Miami metro

AIRC has the largest exposure to the Miami metro

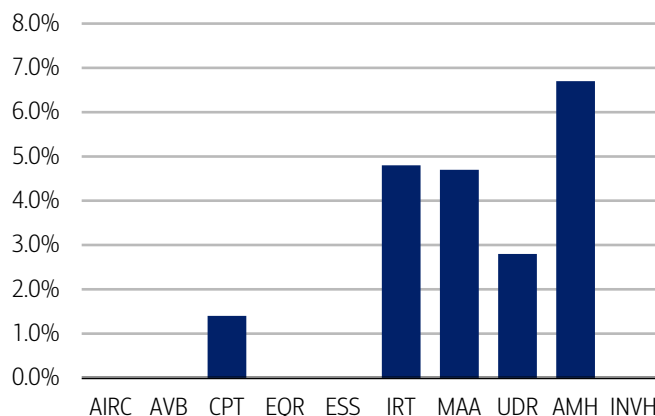


Source: Company filings

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Exhibit 35: Residential REITs exposure to Nashville metro

AMH has the largest exposure to the Nashville metro

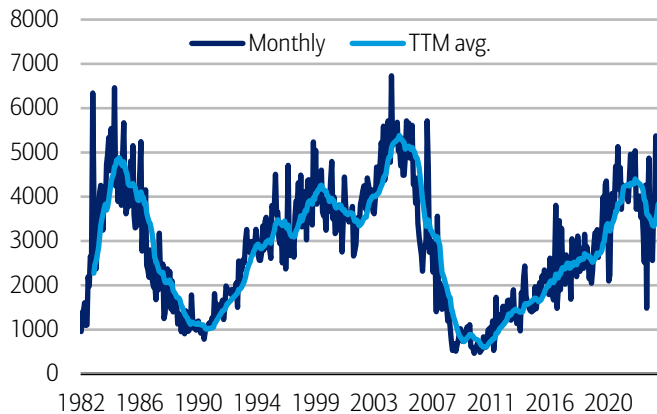


Source: Company filings

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Exhibit 36: Phoenix-Mesa-Chandler AZ (SA, Units)

Phoenix has seen a downward trend in permits

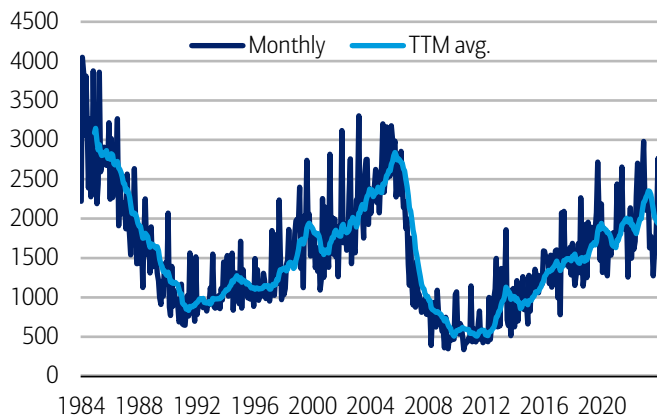


Source: Census Bureau

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Exhibit 38: Tampa-St. Petersburg-Clearwater FL (SA, Units)

Permits in the Tampa metro accelerated since 2011

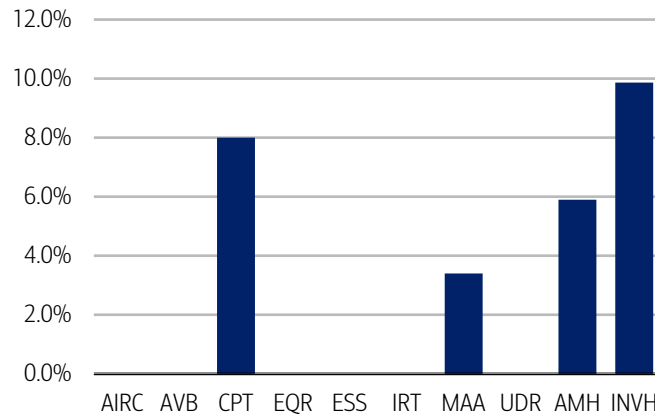


Source: Census Bureau

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Exhibit 37: Residential REITs exposure to Phoenix metro

INVH has the largest exposure to the Phoenix metro

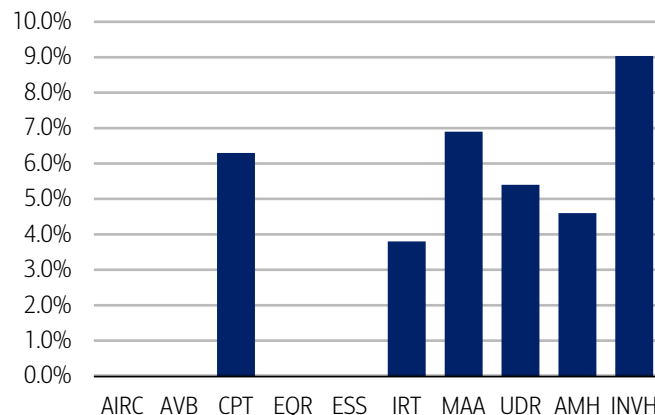


Source: Company filings

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Exhibit 39: Residential REITs exposure to Tampa metro

INVH has the largest exposure to the Tampa metro



Source: Company filings

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