# 2020 MULTIFAMILY RENTAL HOUSING TRENDS FOR MWCOG REGION

## Analysis of CoStar data

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Planning Directors Technical Advisory Committee November 19, 2021



## About the Multifamily Rental Construction Report

- Annual analysis of completed multifamily rental real estate projects in COG region using data from CoStar's database of properties.
  - Excludes
    - All Single-Family residences
    - Projects with 4 units or fewer
    - Condos and Co-ops
    - Military, student and assisted living housing
  - Database contains average rents for each building but subsidized/rent restricted unit data is unreliable



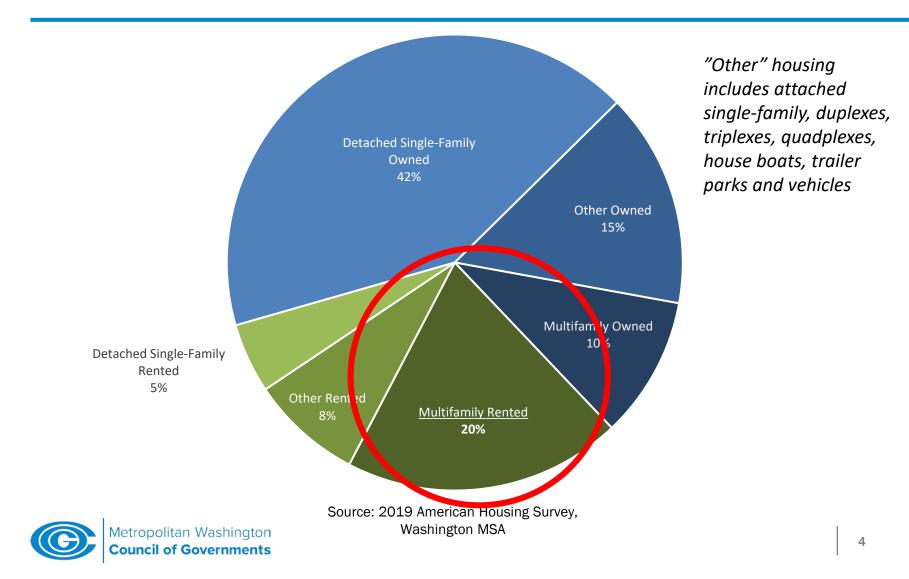
## What is CoStar?

- DC-based firm providing inventory of commercial properties and available spaces
  - primarily marketed to real estate investors, developers, property managers and brokers
- Property data has over 180 attributes including...
  - Land use
  - Number of Units in Building
  - Year Built
  - Rents

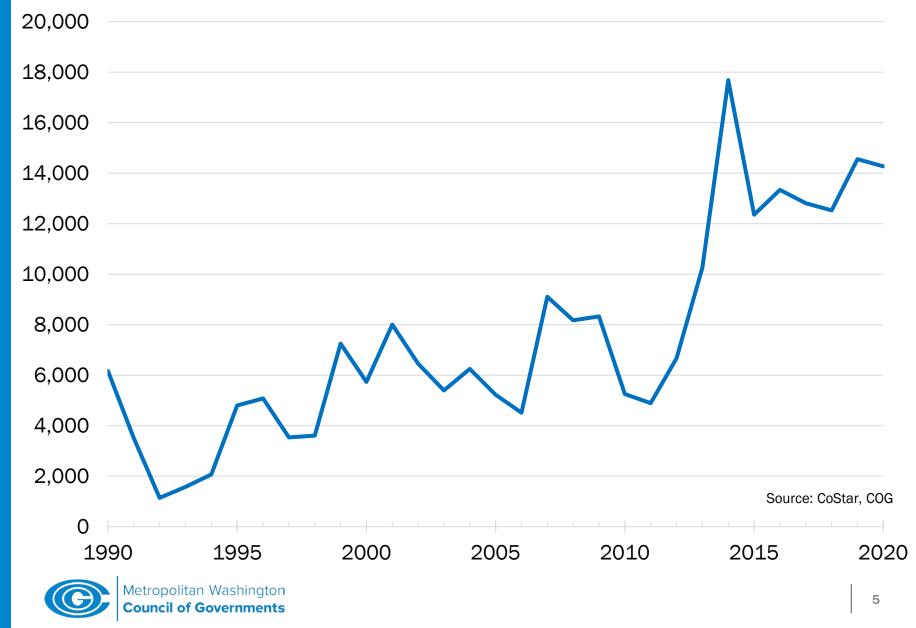
- Longitude and latitude
- Vacant space
- Market class
- Square Feet of Units
- Database behind Apartments.com



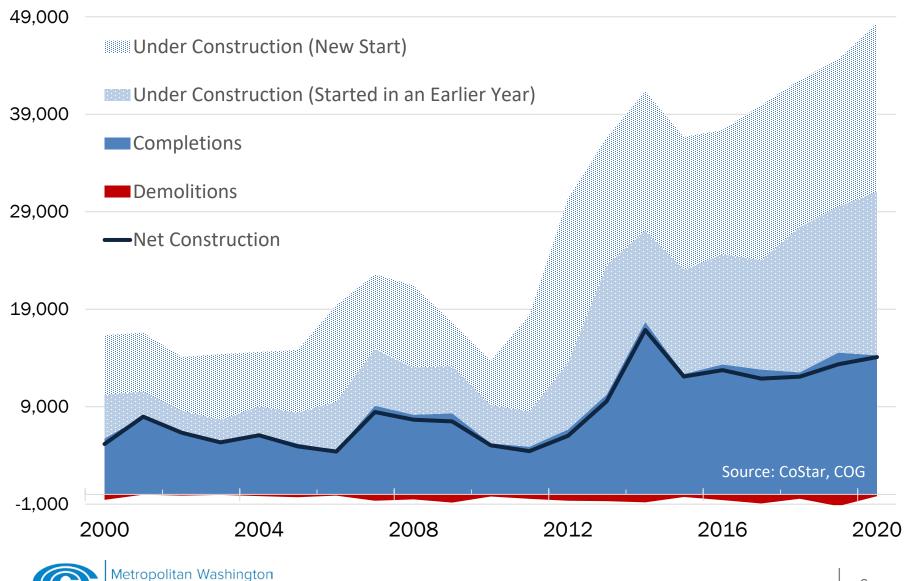
## **Occupied Housing in Washington MSA by Tenure and Number of Units in Structure**



### Number of New Units of Multifamily Rental Housing 1990 - 2020

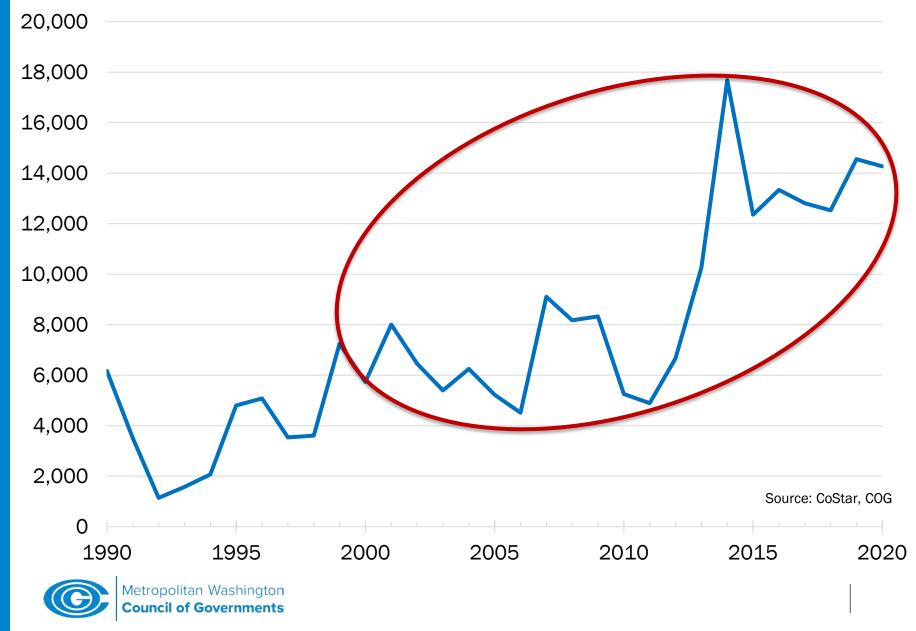


### Net Construction of Multifamily Rental Housing 2000 – 2020

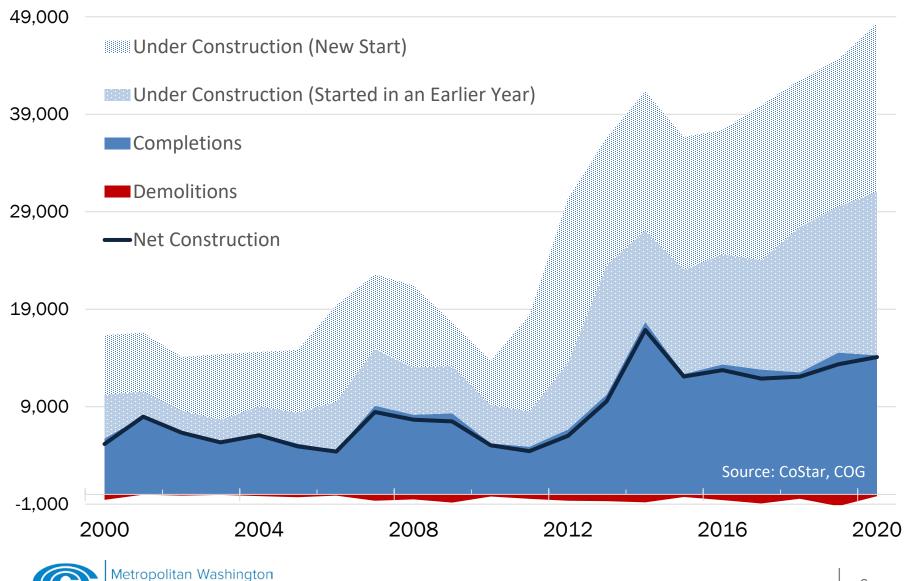


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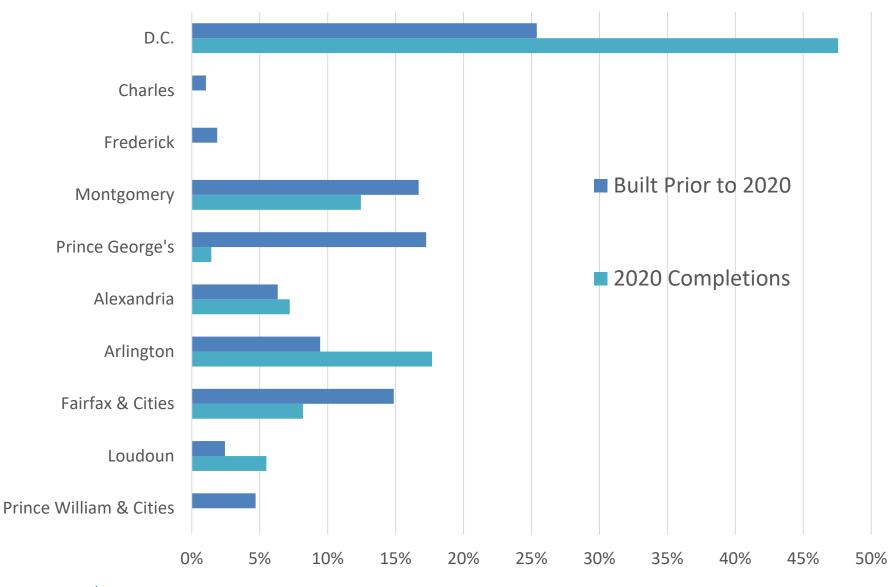


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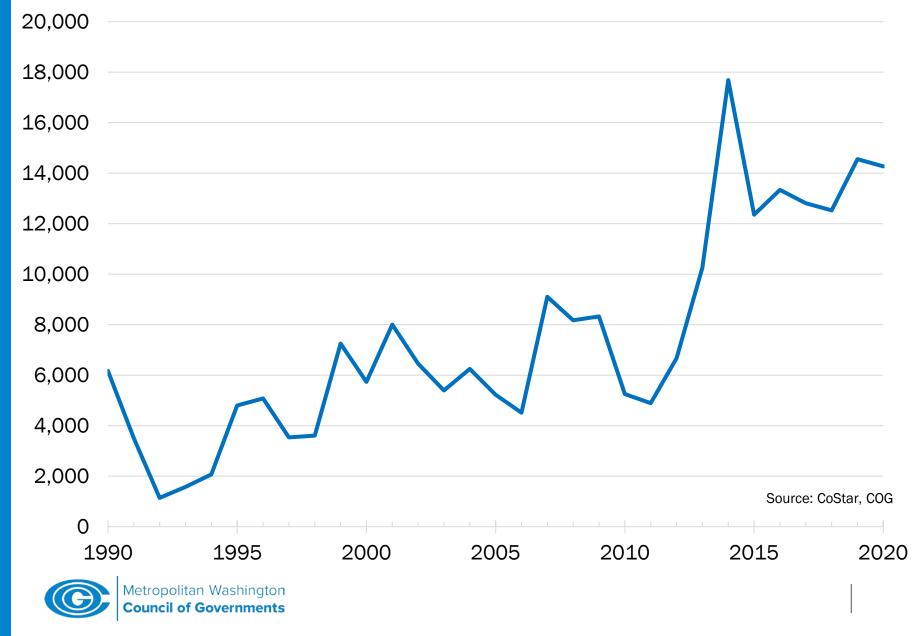
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### Share of Multifamily Rental Units by Jurisdiction

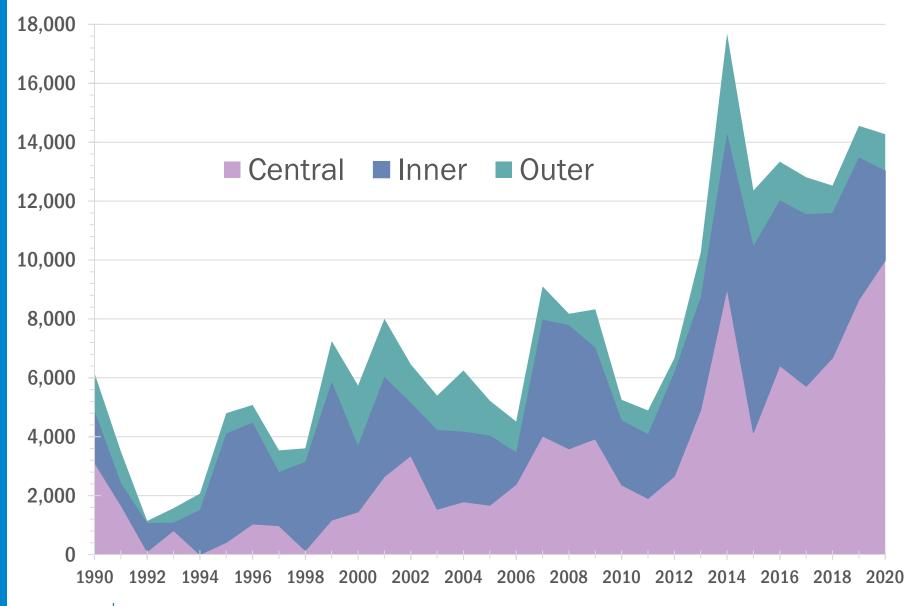


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### Number of New Units of Multifamily Rental Housing 1990 - 2020



## New Multifamily Rental Units by Jurisdictional Group



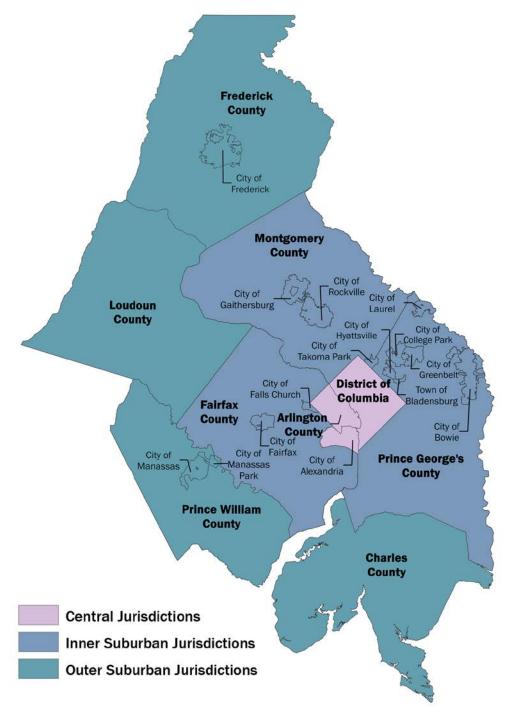
**Central Jurisdictions** District of Columbia Arlington County City of Alexandria

Inner Jurisdictions Fairfax County Montgomery County Prince George's County City of Falls Church City of Fairfax

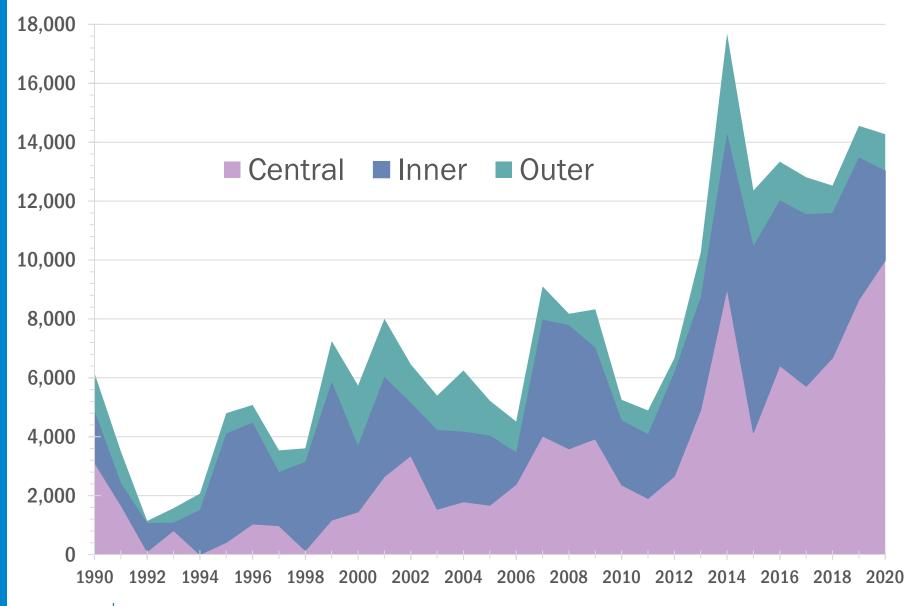
Outer Jurisdictions Charles County Frederick County Loudoun County Prince William County City of Manassas City of Manassas Park



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## New Multifamily Rental Units by Jurisdictional Group



# Largest Projects in 2020

Project Name	Street Address	Jurisdiction	Buildings	Stories	Units	1BR Effective Rent
Crossing DC	949 First St SE, Washington, DC	District of Columbia	2	10	820	\$2,312
Lerner Black Hill Apartments	308 Baltusrol Dr, Germantown, MD	Montgomery County	1	1	649	\$1,623
The Foundry	2470 Mandeville Ln, Alexandria, VA	City of Alexandria	1	12	525	\$1,676
The Waycroft	750 N Glebe Rd, Arlington, VA	Arlington County	4	12	491	\$2,078
RiverPoint	2121 1st St SW, Washington, DC	District of Columbia	1	9	480	\$2,341
Watermark at Buzzard Point	1900 Half St SW, Washington, DC	District of Columbia	1	9	453	\$2,090
The Wren D.C.	965 Florida Ave NW, Washington, DC	District of Columbia	1	10	434	\$1,656
Avec	801-901 H St NE, Washington, DC	District of Columbia	1	8	420	\$2,026
Trove	1201 S Ross St, Arlington, VA	Arlington County	3	6	401	\$1,820
Scout on the Circle	9450 Fairfax Blvd, Fairfax, VA	City of Fairfax	2	6	400	\$1,908

• The ten largest apartment projects represent 36% of the region's 14,269 new multifamily rental units built in 2020.





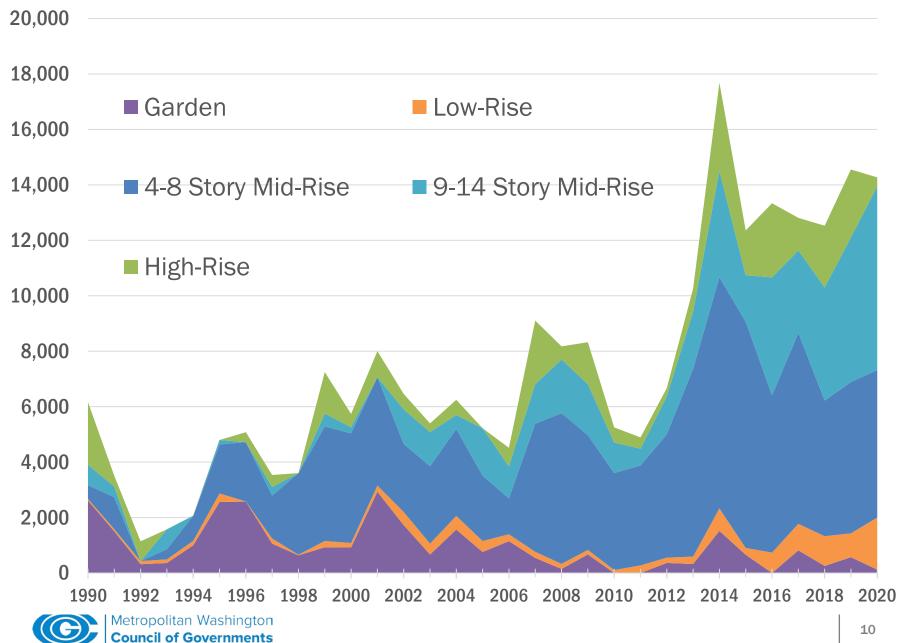
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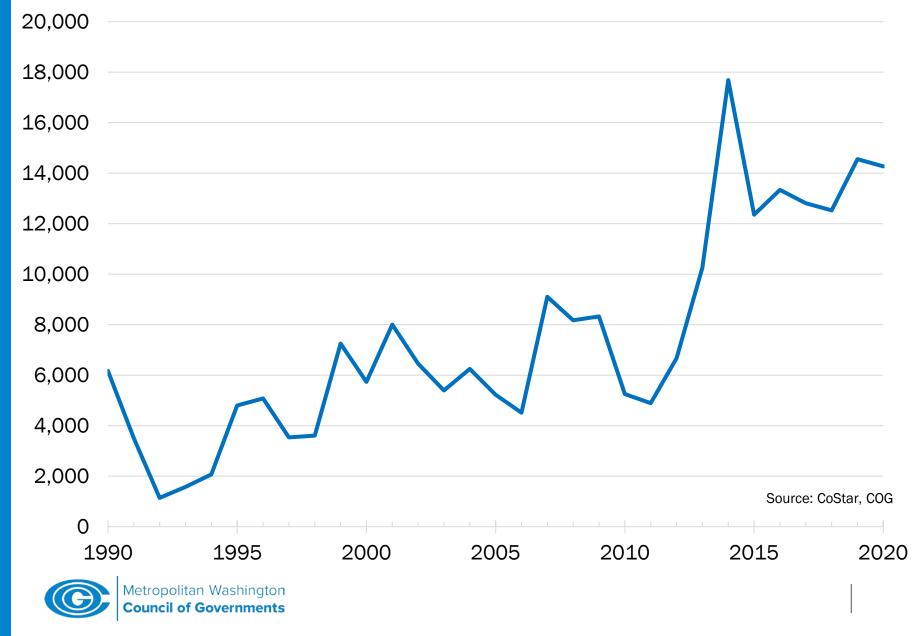
- The ten largest apartment projects represent 36% of the region's 14,269 new multifamily rental units built in 2020.
- Nine of the ten largest projects were in Central Jurisdictions.



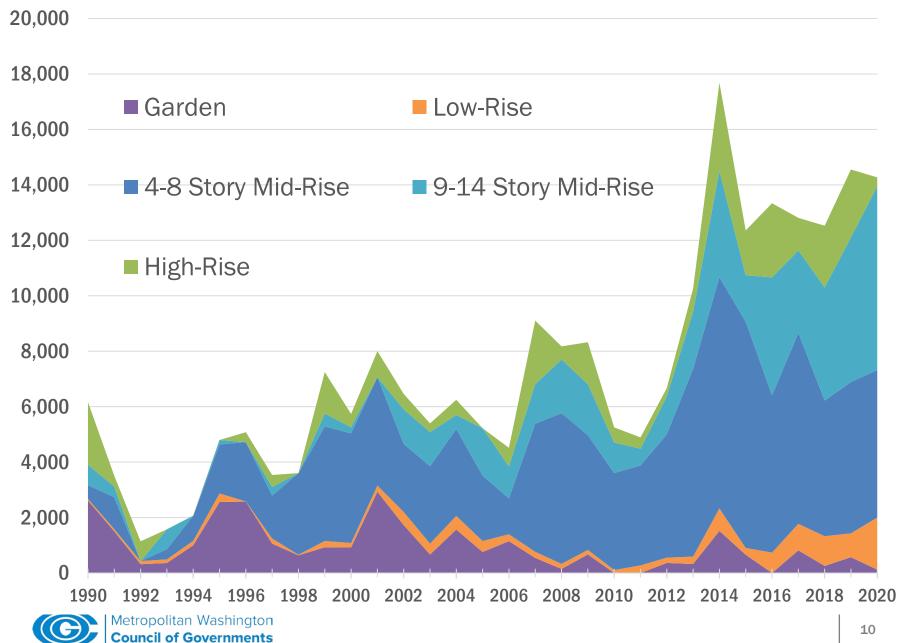
### New Units of Multifamily Rental Housing by Building Style



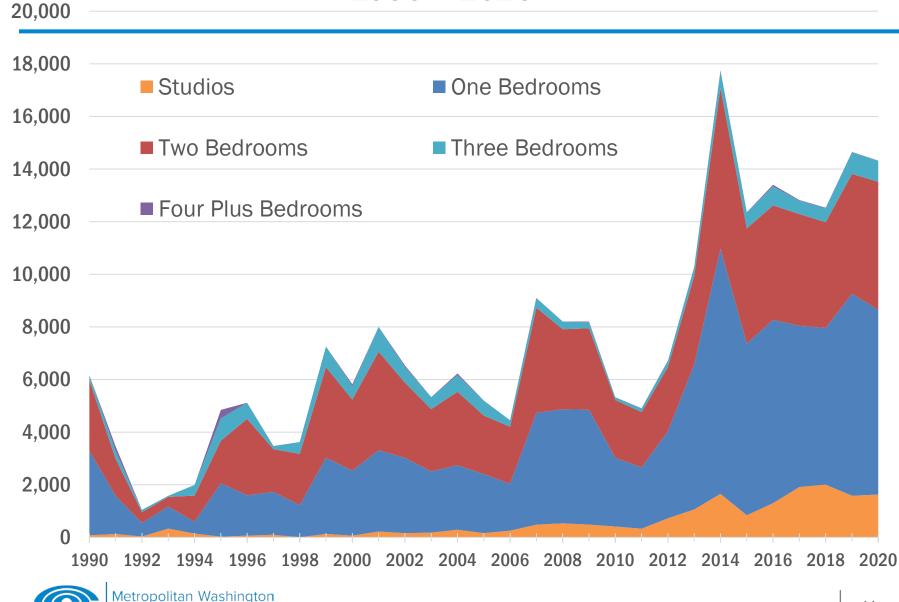
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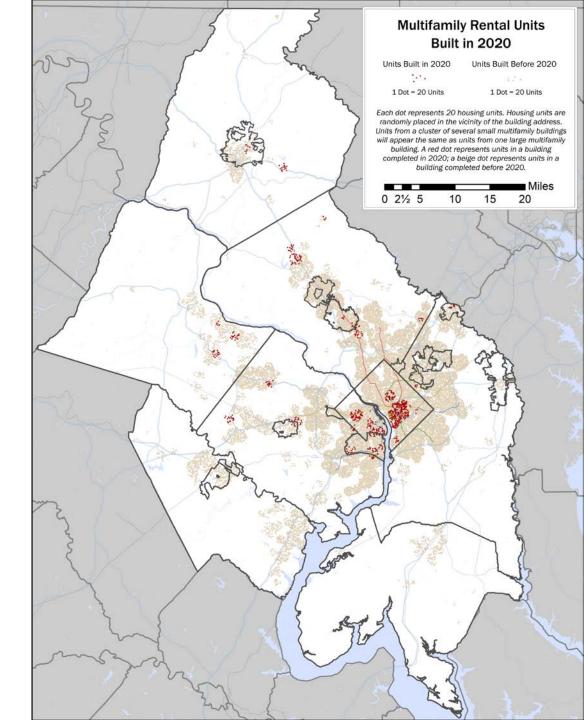


### Number of New Units of Multifamily Rental Housing by Unit 1990 – 2020



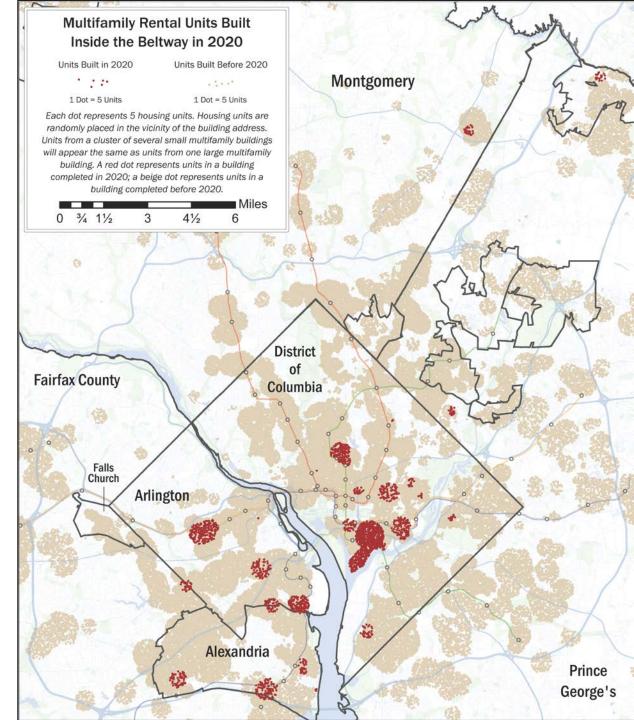
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- Units completed in 2020 and shown in red
- Units built in earlier years are beige
- In 2020, new construction was primarily in the core and near Metrorail stations
- 72 percent of 2020 construction was built inside the Beltway



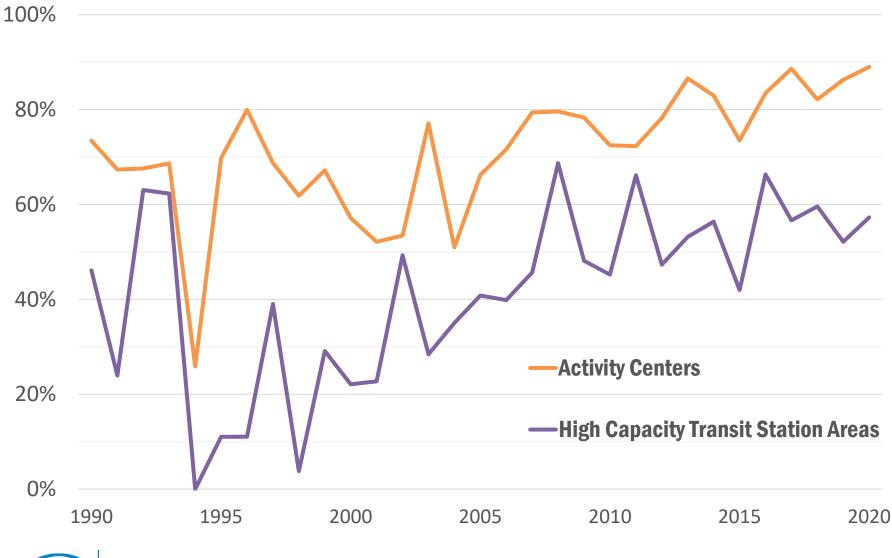


- Southwest Waterfront, Navy Yard, U Street and Virginia Square all had significant multifamily construction in 2020.
- While recent construction has concentrated around transit stations, historical patterns show dispersed apartment construction along major arterial roads.





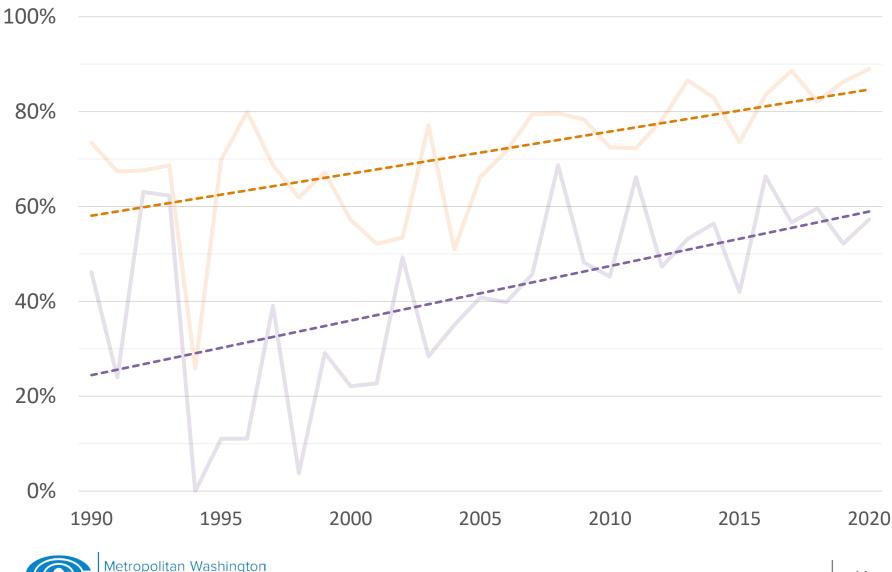
## Activity Center and HCT Station <sup>1</sup>/<sub>2</sub> Mile Walkshed Share of New Multifamily Rental Units





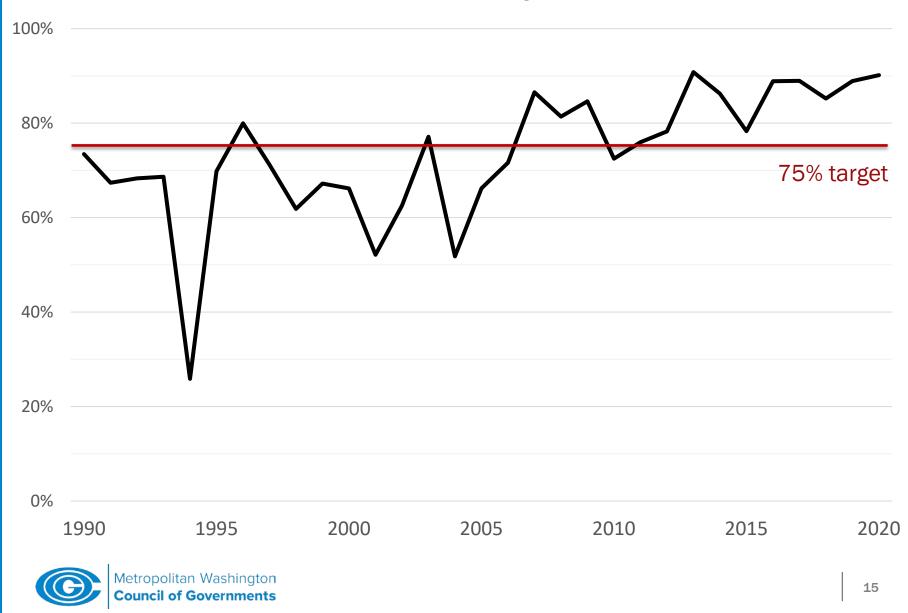
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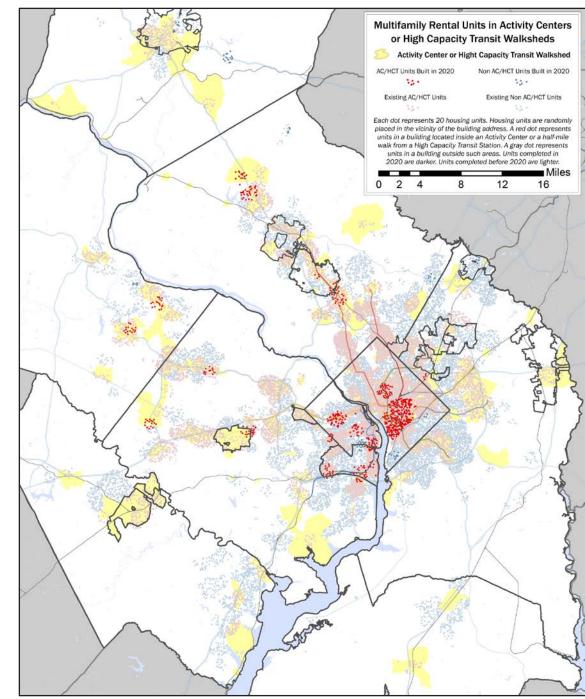
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### Either Activity Center or HCT Station <sup>1</sup>/<sub>2</sub> Mile Walkshed Share of New Multifamily Rental Units



- In 2020, 90% of new multifamily rental units were within one of the region's 141 Activity Centers or within a halfmile walk of one of the 199 High-Capacity Transit Stations.
- The Southwest Waterfront Activity Center had a quarter of the region's new units in 2020
- This exceeds the target of 75% set by the COG Board last year.





#### Average Effective Rents for One-Bedroom Units at End of 2020



~\$1,170: monthly rent affordable to median tenant income in 1 BR rental (~\$56,200) in Washington MSA



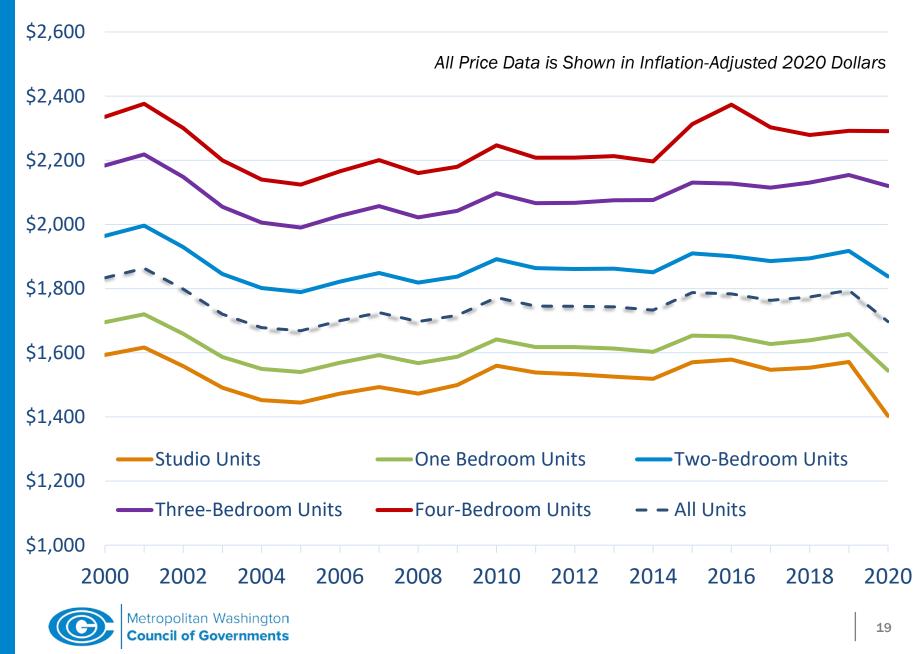
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## **Metro Station Proximity Impact on Rents**

Geography	One Bedroom Average Effective Rent	Metro Premium
Alexandria Metro Walkshed	\$1,694	17%
Alexandria Non-Metro	\$1,449	
Arlington Metro Walkshed	\$1,820	24%
Arlington Non-Metro	\$1,468	
D.C. Metro Walkshed	\$1,929	30%
D.C. Non-Metro	\$1,480	
Fairfax Metro Walkshed	\$1,780	20%
Fairfax Non-Metro	\$1,489	
Montgomery Metro Walkshed	\$1,692	19%
Montgomery Non-Metro	\$1,420	
Prince George's Metro Walkshed	\$1,467	13%
Prince George's Non-Metro	\$1,293	



### **Average Effective Rents for Rental Apartments**



1 Year Ago Current	Typical Range	Extreme Range			🗹 Inflation Adj	usted   Time Range	1Y 3Y 5Y 10Y All
				All Time Average (2000 - 202	1)		
Occupancy		92.06%		94.06%			
N		32.00%					
immer in		92.06%	93.20%	94.08%	94.96%		96.48%
~ - V		52.00%					50.40 %
12 Month Absorption Units			2,472				24,392
the second			3,219	7,651	12,086		ĭ
alternated by the first of the			0	The second se			24,392
12 Mo Net Delivered Units						(Transa)	
alis and a						14,240	
he is a strong of the second second			5,014	8,780	12,568		
	233						16,138
Annual Rent Growth		-4 1%			2.6%		
$) \square \square$		-4.1%		L. C.		<u> </u>	
1 Mar M	ا -5.3%		-2.3%	-0.1%	2.1%	3.6%	
V .							
Market Rent Per Unit			\$1,824	\$1	,885		
1 am	[		\$1,812	\$1,868	\$1,924		
	\$1,750			Ť			\$1,980
Market Sale Price Per Unit					1000	0000 040	
					\$23	\$299,243	
$\sim$	C100 740		\$181,797	\$234,308	\$286,695	C001 701	
/ ~	\$126,716					\$301,781	
Market Cap Rate			4.82%				
$\sim$			<b>4.82%</b> 4.79%	5.91%	6.99%		ا 8.64%
12 Month Sales Volume					and the second se		
all a second					\$7.1B	\$9.1B	
			\$2B	\$5B	\$8B		
and the second		\$903M		The second se			\$11.2B



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