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Multifamily Brokerage Investment And Consulting

HOW TO CALCULATE MULTIFAMILY DEMAND IN ANY MARKET

Today's Objectives

- ✓ **Understanding The Current Multifamily Market Cycle**
- ✓ **Where To Find The Data**
- ✓ **How to Calculate Current Multifamily Demand**
- ✓ **Estimate Future Multifamily Demand**



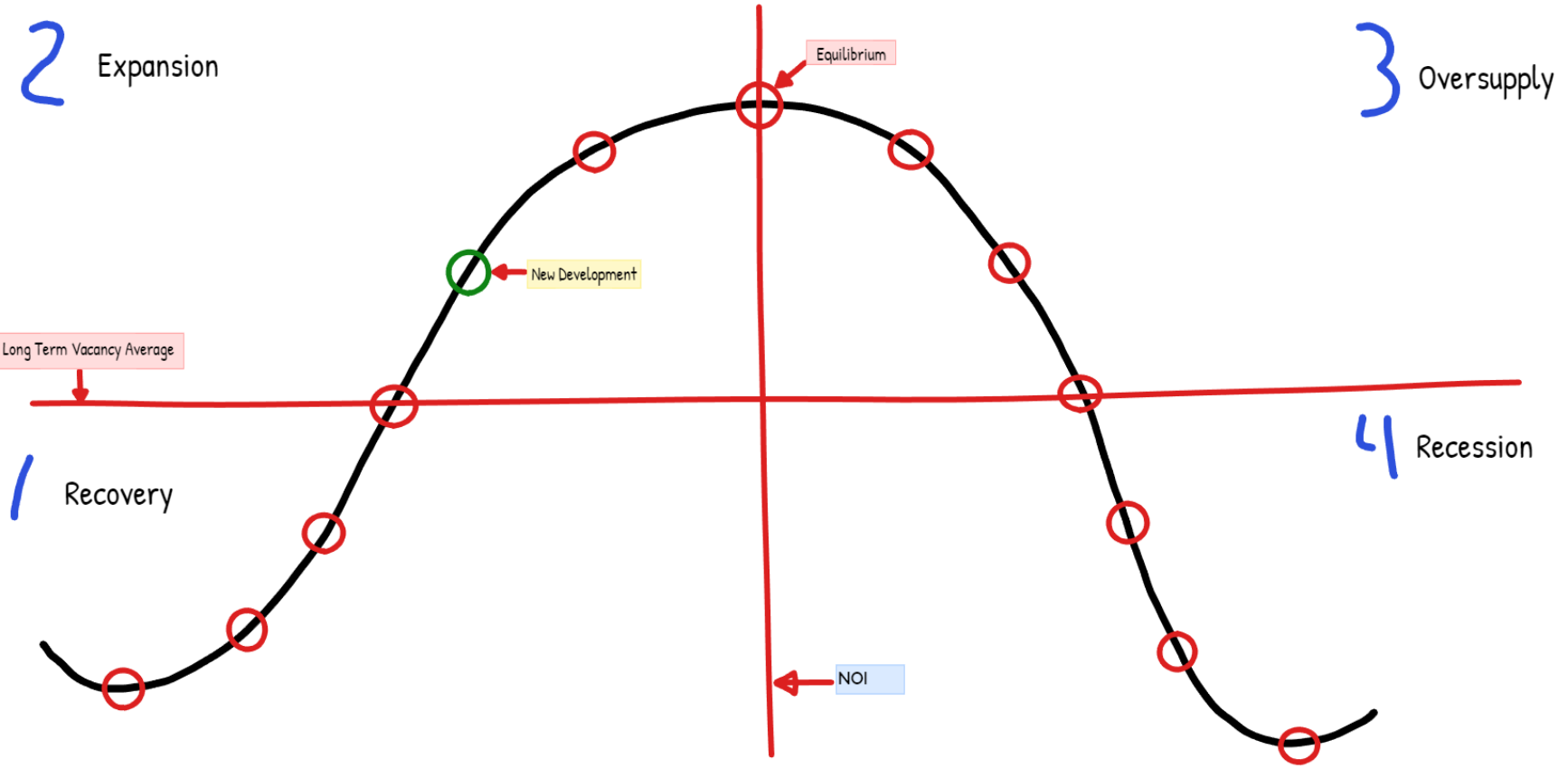
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- ✓ **CCIM Technology Board 2021-2023**
- ✓ **CCIM Foundations Board 2021-2023**

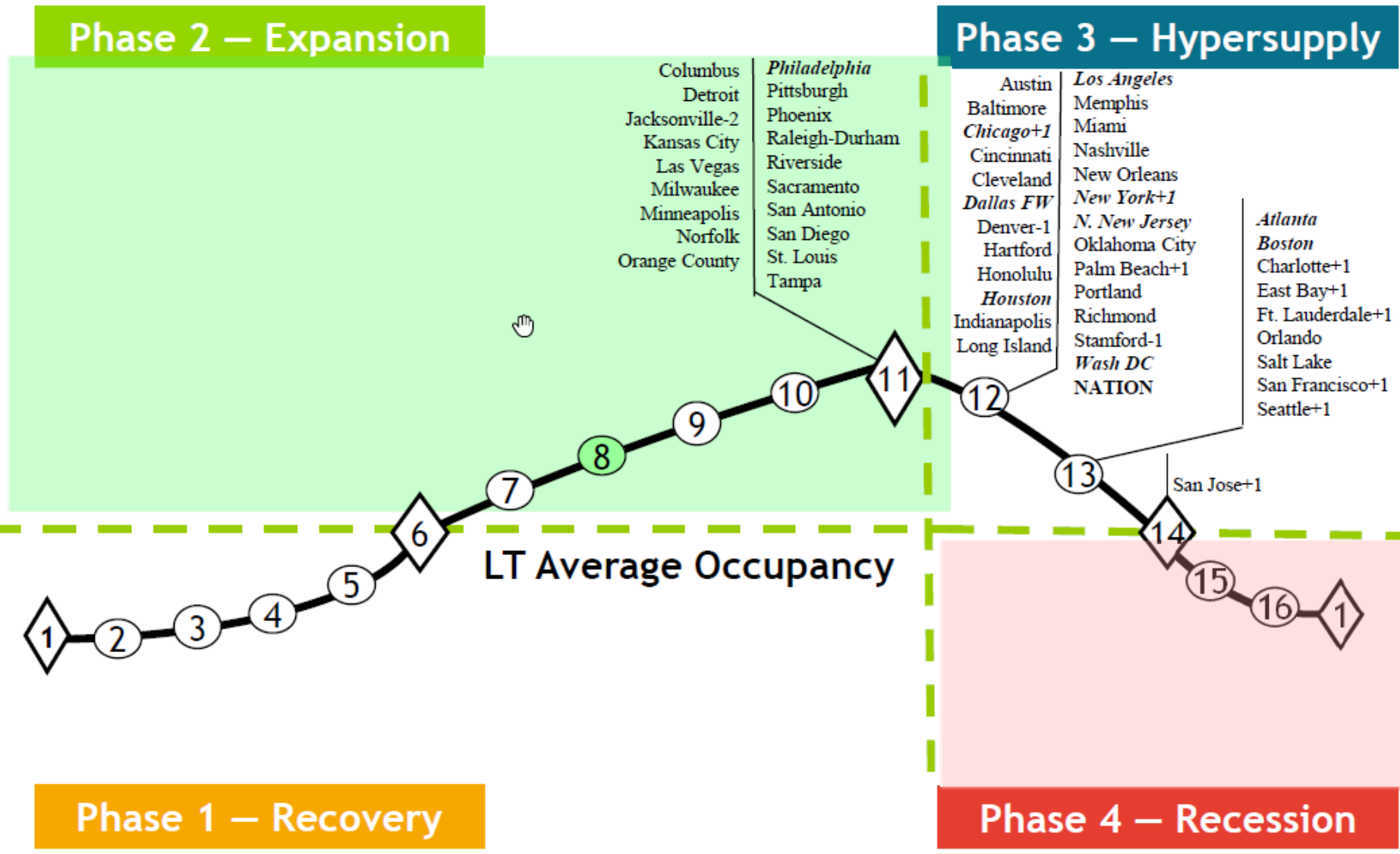


Understanding The Current Multifamily Market Cycle



Apartment Market Cycle Analysis

3rd Quarter, 2020



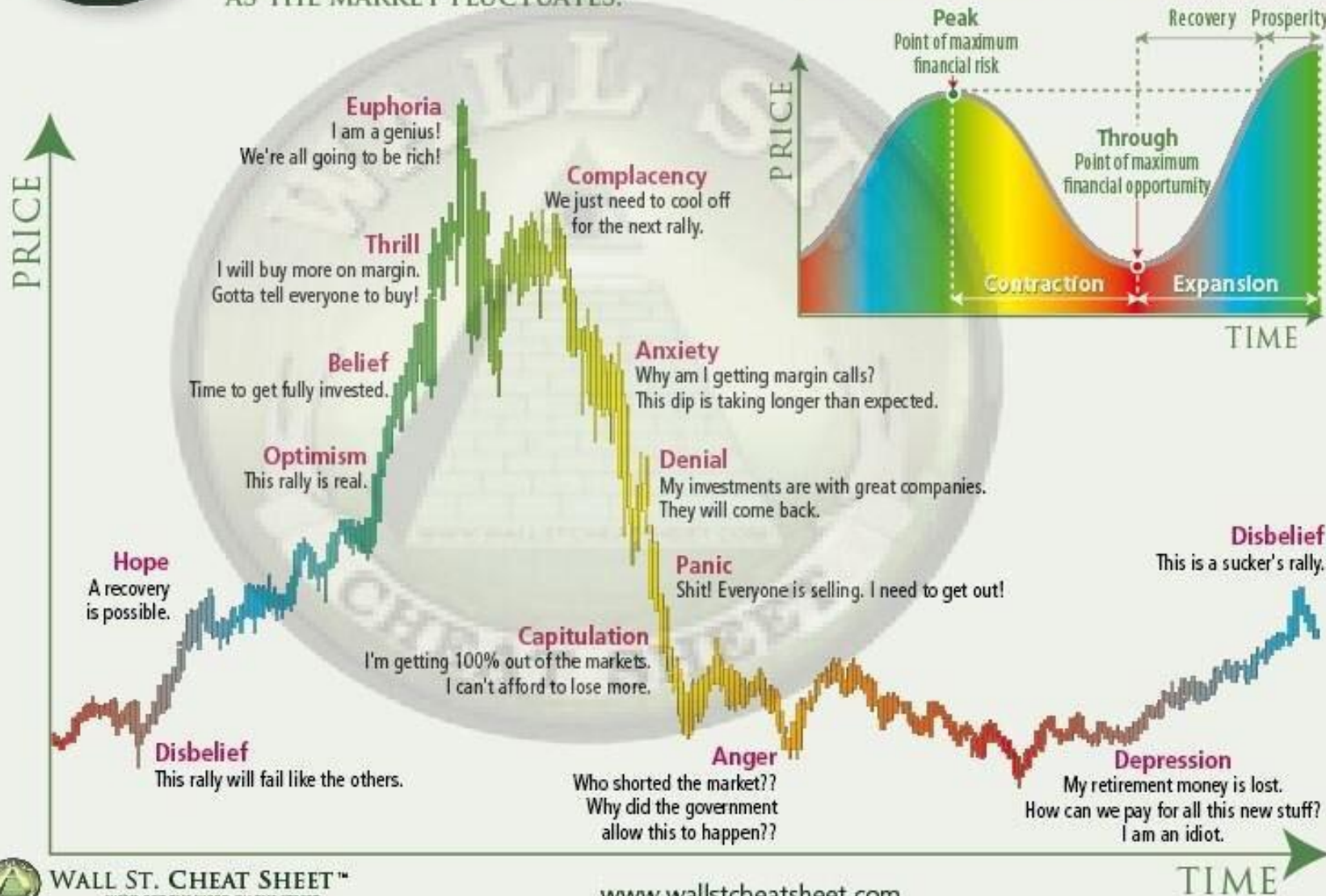


WALL ST. CHEAT SHEET™ WE'VE GOT THE WORD ON THE STREET

PSYCHOLOGY OF A MARKET CYCLE

THE FEELINGS APPEARING AS THE MARKET FLUCTUATES.

SIMPLIFIED MARKET CYCLE



How To Calculate Current Multifamily Demand

Current Multifamily Demand

- ✓ <https://www.census.gov/quickfacts/fact/table/>
- ✓ **Costar/REIS/Yardi/Axiometrics/RCA/Survey**
- ✓ **Total Population**
- ✓ **Tenure (Owner vs Renter)**
- ✓ **Average Persons Per Household**
- ✓ **Non-Household Population (Group Quarters)**
- ✓ **Vacancy Allowance**

Calculating Current Multifamily Demand

Total Population (100,000)

- Group Quarters (1,000)

= Household Population (99,000)

÷ Number of People Per Household (2.5)

= Occupied Housing Units (39,600)

X Tenure (32%)

= Occupied Multifamily Units (12,672)

÷ (1 – Vacancy Allowance) (7% = .93)

= Total Multifamily Demand (13,626)

Is Your Multifamily Market in Oversupply?

Demand - Supply = Gap

$$\begin{array}{r} \text{Multifamily Demand (13,626)} \\ - \text{Total Units In Market (14,200)} \\ \hline = \text{Gap/Oversupply (-574)} \end{array}$$

How To Estimate Future Multifamily Demand

Future Multifamily Demand

- ✓ **Economic Base Analysis**
- ✓ **Jobs/Population**
- ✓ **Part 1 - Current Economic Base**
- ✓ **Part 2 - Future Economic Base**

Current Economic Base

- ✓ **Identify Industry Sectors With Basic Jobs**
- ✓ **Calculate Current Total Basic Employment**
- ✓ **Calculate EBM (Total Jobs ÷ Basic Jobs)**
- ✓ **Calculate PER (Total Population ÷ Total Jobs)**

Future Economic Base

- ✓ **Estimate Future Basic Employment**
- ✓ **Estimate Future Total Employment**
- ✓ **Estimate Future Total Population**



**If you want to attend the Strategic Analysis Workshop,
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Q&A