

Q3

A survey of industry decision-makers about business plans, expectations and trends in the apartment housing industry



MARKET → Momentum

Investment Increases

Market Momentum survey respondents rank Orlando as the top choice for increasing near-term apartment investment. Supporting this choice, RealPage statistics reveal tight occupancy, solid rent growth and comparatively moderate building in Orlando. Seattle and Washington, D.C., remain favored metros, while Sacramento and Los Angeles are moving up the list. Miami, Dallas and Atlanta, markets that previously were viewed favorably, have dropped from the top-rated list.

In which markets do you plan to increase investment during the next six to 12 months?

1. Orlando
2. Seattle
3. Washington, D.C.
4. Sacramento
5. Los Angeles

Orlando moves to the top, while

Houston continues to trail

Investment Decreases

Houston remains the market where investors say they are mostly likely to trim activity. Miami, formerly a top choice for increasing investment, now appears on the list of spots losing appeal for capital deployment. Those opinions certainly appear to reflect damage done during 2017's severe hurricanes. Suggesting a general shift in investor attention toward secondary and tertiary markets, other metros losing luster are high-profile locales – Washington, D.C., New York and the San Francisco Bay area.

In which markets do you plan to decrease investment during the next six to 12 months?

1. Houston
2. Washington, D.C.
3. Miami
4. New York City
5. San Francisco Bay Area

NAA Research and RealPage, Inc. have partnered to produce a quarterly apartment market momentum survey. What are the hottest markets and which markets are the ones to watch? Each quarter, we ask professionals in all facets of the apartment industry six questions about their plans for market expansion and contraction, their expectations for rent growth, and resident retention trends in markets across the U.S.

Stronger Rent Performers

Seattle continues to hold its position as the expected near-term rent growth leader. The strong marks for Orlando, Sacramento and Los Angeles in the investment arena also show up in terms of rent growth potential. Dallas/Fort Worth stays on the list of expected rent growth leaders, according to third quarter's survey respondents, but this may be the last time North Texas makes the cut for a while given the sharp slowing of pricing power seen in RealPage performance statistics during recent months.

Which markets have the potential for the highest rent growth during the next six to 12 months?

1. Seattle
2. Orlando
3. Dallas/Fort Worth
4. Sacramento
5. Las Vegas/Los Angeles (tie)

Seattle stays on top,

Weaker Rent Performers

Expected weaker performers for near-term rent growth tend to shift quite a bit from one quarterly survey to the next. The exception has been Houston, of late always rated as the market with the least-favorable prospects. It will be interesting to watch for some movement there next quarter, as demand for apartments from households displaced by Hurricane Harvey now is pushing Houston rents up once more.

In which markets are you anticipating flat or negative rent growth during the next six to 12 months?

1. Houston
2. Miami
3. New York City
4. Milwaukee
5. Oklahoma City

Houston's here again

Stronger Resident Retention

Orlando gets top marks for improving resident retention compared to year-ago levels, according to survey respondents. Other spots scoring well for this measure in the poll include Hartford and Miami. Illustrating that retention experiences vary from one operator to another, the list of markets with top momentum for this measure turns over completely from earlier results.

Compared to a year ago, which markets have experienced an increased frequency of resident retention/renewals?

1. Orlando
2. Hartford
3. Miami

Retention experiences vary,

Weaker Resident Retention

Houston again has the worst rating for resident retention. That result could continue to hold following Hurricane Harvey, as a portion of the displaced households who have just moved into Houston apartments will be short-term renters. Orlando shows up on the list for both best and worst momentum in renter retention, underscoring the varied experiences among individual operators.

Compared to a year ago, which markets have experienced a decreased frequency of resident retention/renewals?

1. Houston
2. Orlando
3. Phoenix

even in individual markets