

Multifamily Executive

Multifamily Starts Mixed in Top 10 Metros in H1 2018

Five of the markets see increases, five decreases in the first half of the year.

By **Symone Garvett**



Francois Roux/stock.adobe.com

View of Jersey City, N.J., from Manhattan

Half of the top 10 metropolitan markets for commercial and multifamily construction starts showed increased activity during the first six months of this year compared with a year ago, says Dodge Data & Analytics, while the other five metros registered decreases.

At the national level, the volume of starts during the first half of 2018 was \$101.4 billion, down 1% from last year's first half and 2% above what was reported for the first half of 2016.

The New York City metro held on to its top ranking, with \$16.1 billion, constituting 16% of the U.S. commercial and multifamily total, helped by a 44% increase. The other top 10 markets showing growth during the first half of 2018 were Washington, D.C., with \$5 billion, up 23%; Miami, with \$4.9 billion, up 34%; Boston, with \$3.7 billion, up 56%; and Seattle, at \$3.2 billion, up 7%.

Top 20 Metropolitan Areas - First Half 2018

Commercial Building and Multifamily Housing Construction Starts

Millions of Dollars, January-June Totals

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Percent Change 2018/2017</u>
1. New York-Northern New Jersey-Long Island, NY-NJ-PA	13,417	11,189	16,144	+44
2. Washington-Arlington-Alexandria, DC-VA-MD-WV	3,734	4,044	4,982	+23
3. Miami-Fort Lauderdale-Miami Beach, FL	3,879	3,687	4,932	+34
4. Boston-Cambridge-Quincy, MA-NH	3,368	2,376	3,701	+56
5. Dallas-Fort Worth-Arlington, TX	4,628	4,426	3,414	-23
6. Seattle-Tacoma-Bellevue, WA	2,547	2,972	3,168	+7
7. Los Angeles-Long Beach-Santa Ana, CA	5,203	4,731	2,921	-38
8. San Francisco-Oakland-Fremont, CA	3,102	4,569	2,837	-38
9. Chicago-Naperville-Joliet, IL-IN-WI	3,977	4,228	2,665	-37
10. Atlanta-Sandy Springs-Marietta, GA	2,905	3,480	1,984	-43
11. Houston-Baytown-Sugar Land, TX	1,792	2,176	1,890	-13
12. Austin-Round Rock, TX	1,319	1,605	1,847	+15
13. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,564	1,990	1,739	-13
14. Kansas City, MO-KS	1,109	1,140	1,730	+52
15. Orlando, FL	1,144	1,563	1,624	+4
16. Denver-Aurora, CO	2,216	2,086	1,557	-25
17. Phoenix-Mesa-Scottsdale, AZ	1,366	1,311	1,556	+19
18. Minneapolis-St. Paul-Bloomington, MN-WI	881	951	1,276	+34
19. Portland-Vancouver-Beaverton, OR-WA	904	983	1,132	+15
20. San Jose-Sunnyvale-Santa Clara, CA	1,360	1,691	1,059	-37
Total U.S.	99,836	102,925	101,413	-1

Source: Dodge Data & Analytics

Dodge Data & Analytics

On the other hand, five markets are showing decreased activity in commercial and multifamily construction starts, including Dallas, with \$3.4 billion, down 23%; Los Angeles, at \$2.9 billion, down 38%; San Francisco, with \$2.8 billion, down 38%; Chicago, at \$2.7 billion, down 37%; and Atlanta, with \$2 billion, down 43%.

“Multifamily housing has proven to be surprisingly resilient so far during 2018, following its 8% decline in dollar terms at the U.S. level that was reported for the full year 2017,” says Robert A. Murray, chief economist for Dodge Data & Analytics. “With apartment vacancy rates beginning to edge

upward on a year-over-year basis, banks had been taking a more cautious stance towards lending for multifamily projects.”

Additionally, six of the markets ranked between 11 and 20 registered gains for the first half: Austin, Texas; Kansas City, Mo.; Orlando, Fla.; Phoenix; Minneapolis; and Portland, Ore. The remaining four posted decreases: Houston, Philadelphia, Denver, and San Jose, Calif.