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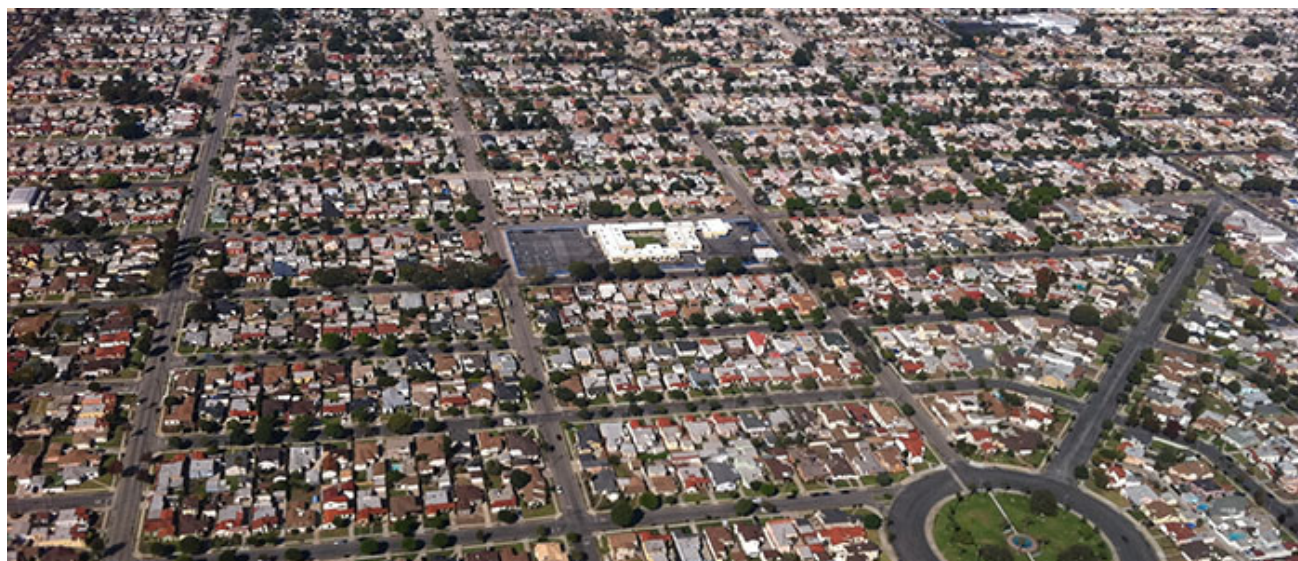


APARTMENT WIRE
NEWSLETTER

February 23, 2018

Rent Control Deja Vu

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The year was 1978. A small group of prominent apartment builders and owners established the National Multifamily Housing Council for a singular purpose: Fight rent control. Here we are 40 years later, and, sadly, another round of the debate has begun.

In response to rising housing affordability challenges, [renters and activist groups coast to coast are mobilizing](#) in the name of housing justice. They are pushing hard for more rent regulations in places as diverse as California, Colorado, Illinois, Massachusetts, Oregon, Rhode Island and Washington.

We know how deleterious rent control can be. [It can actually do more harm than good](#). Not only does it fail to address many of the underlying issues like supply constraints, rising development costs and stagnant wages, but they ultimately undermine local and state economies. However, when passion and deep pockets find a raw nerve, a clash is inevitable. And make no mistake. This round will be epic.

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Top News

**DEVELOPMENT****Construction Costs Spike for Multifamily Projects**

Faced with rapidly rising construction costs, apartment developers and contractors now compete fiercely with each other for the materials and workers they need to complete commercial and multifamily projects.

**POLICY****The High Cost of Inclusionary Zoning**

“Policy makers may view inclusionary zoning as a free lunch, but requiring developers to sell or rent 10 percent of their housing units at below-market prices to 'qualified households' means charging above-market prices to everyone else,” argue policy experts Paul Kupiec and Edward Pinto in this WSJ opinion piece. *(paywall)*

**TRENDS****How Multifamily Amenities Are Evolving with Technology**

From remote door access to automated maintenance requests, tech companies are rolling out new products that promise to make a difference for apartment residents. But can they justify the costs? “Everyone is trying to figure out how to monetize and control these features,” says NMHC’s Rick Haughey.

**INVESTMENT****Barry Sternlicht Ventures into Short-Term Rentals**

A venture-capital group that includes hotelier Barry Sternlicht and tech investor Fifth Wall have invested \$15.5 million in a growing startup that plans to put an upscale spin on the short-term rental business, broadening the business model’s appeal to multifamily owners. *(paywall)*

**DATA****Using Yelp to Find the Next Hot Neighborhood**

A Harvard research team led by Ed Glaeser found that Yelp ratings can provide real-time clues for identifying changing neighborhoods. These insights stand to better inform local investment and policy decisions. *(paywall)*

EMERGING LEADERS**Hear from Jorge Perez on April 4 in Miami**



Registration is now open for the first Emerging Leader Speaker Series event of the year, taking place in Miami on April 4. The event will feature industry vet Jorge Pérez, chairman and CEO of The Related Group.



MARKET

Despite High Levels of Production, a Housing Shortage Looms

Multifamily construction is at a 40-year high, but most of the new product is high end. "In the middle income and the lower income markets, people are spending proportionally more on their rent—so much so I believe there's an acute crisis headed our way," says The Bozzuto Group's Toby Bozzuto.

In Case You Missed It

A hand-selected collection of noteworthy articles on a wide variety of issues of interest to apartment executives.

[Berkshire Group Estimates the Rental Housing Sector Is Worth \\$8T](#)

[Multifamily Pros Offer Top Predictions for 2018](#)

[Needed: 4.6 Million New Apartments by 2030](#)

[Multifamily Industry Needs to Catch Up to Coming Demands](#)

[Apartment Managers Experiment with New Solutions to Package Problem](#)

[Foundations Pledge \\$4.9M in New Affordable Housing Initiative](#)

[We Must Ask What Candidates Mean by "Affordable Housing"](#)

[Apartment of Tomorrow Must Adapt to Disruptions](#)

[2018: A Seismic Redesign for Multifamily](#)

[Blog: How CRE Is Adapting to Tech](#)

[California Bill Would Allow Unrestricted Housing by Transit](#)

[Wall Street Snaps Up Cheap Single-Family Rentals](#)

[A Look at the Future of Cities in the Internet Age](#)

[Inclusionary Zoning: Will Minneapolis See It This Year?](#)

Multifamily Market Dashboard

Apartment Returns Fall in 2017

Total returns to apartment investors in 2017 fell to 6.2 percent on an unlevered basis from 7.3 percent the previous year, a level well below the long-term average of 10.3 percent, according to data from National Council of Real Estate Fiduciaries (NCREIF).

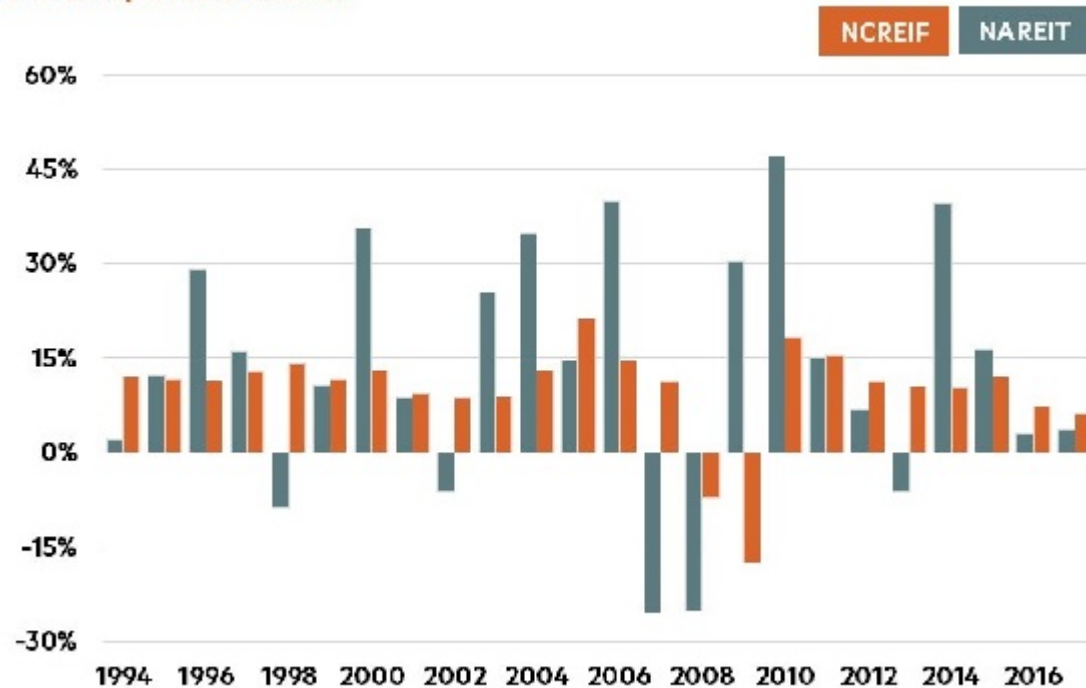
However, NCREIF's transactions-based indexes (TBIs), which offer an alternative measurement method, showed higher returns for apartments. But at 9.0 percent, it still marked a decrease from the 10.9 percent returns in 2016 and was under the 10.7 percent returns that all real estate notched on the TBI.

Apartment REIT returns also came in well below long-term average even as they edged up to 3.7 percent from 2.9 percent in 2016. This was well short of the total return to the S&P 500, although it should be noted that apartment REITs still outperform the S&P over 10- and 20-year horizons.

For more on the apartment market's performance, read the [latest Market Trends](#).

FIGURE 1

Annual Apartment Returns



Source: NAREIT; NCREIF; NMHC

Upcoming Meetings

[2018 NMHC Emerging Leaders Speaker Series Miami, April 4](#)

[2018 NMHC Research Forum, April 17-18 in Chicago](#)

About Apartment Wire

A must-read for top apartment industry professionals, Apartment Wire is a timely review of emerging trends in apartment finance, development, management and technology and more,

featuring both exclusive content from NMHC's staff of experts and provocative articles from across the web.

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