

MULTIFAMILY DEMAND HIGH, BUT FINANCING HARD TO FIND

ORLANDO (Real Estate Center) – Things could be looking up for the multifamily housing market this year. Provided, of course, that credit is available to help builders keep up with rising demand.

“I think 2011 will be better for multifamily,” said David Crowe, chief economist for the National Association of Home Builders. “I’m expecting to see a 16 percent increase in ’11 over ’10.”

Speaking to journalists at the 2011 International Builders’ Show, Crowe estimated that there will be 114,000 multifamily starts in 2010 (December numbers were not yet available), while ’11 will come in at 133,000.

That’s good news for an industry that is seeing a rapid rise in demand.

“I’ve been in this business for about 25 years, and I’ve never in my career seen such pent-up demand and stability in the apartment market around the country in general,” said Jay Jacobson with Wood Partners, a Florida-based developer.

“It’s darn near impossible to get a mortgage these days,” he said. “That’s pushing people into the rental sphere.”

However, while demand is high, money remains largely unavailable to apartment builders.

“The money is there for hybrid companies like ourselves . . . the larger, private multifamily developer,” Jacobson said. “The traditional private sector guys — that’s the small, regional company that wants to go out and borrow money for one project or two projects — I don’t know how those guys are surviving.”

Bob Greer of New Jersey-based Michaels Development Company agrees, saying demand far outweighs his company’s ability to satisfy. Michaels Development specializes in affordable housing and has recently seen a substantial drop in investors.

“We’re very excited about the future,” Greer said, “but we’re concerned about the availability of equity and capital funds. But we are restructuring our organization in order to continue to survive and produce affordable housing.”