

## Housing market trends to watch for in 2023

Improved affordability, stabilized mortgage rates, multifamily building and higher buyers' agents commissions may all be in the cards next year

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It is that time of year again – when experts across the housing industry gaze into their crystal balls, read their tea leaves and look to the stars to predict what is in store for the housing market in the year to come.

Given the wide range of forecasts for 2023, **RealTrends** decided to round up some of these predictions and got reactions from real estate agents from across the country. Here are eight predictions we'll be tracking in 2023.

..... (Condensed article)

### **Prediction 3: New construction will focus on multifamily rental properties.**

As of June 2022, multifamily construction hit a historic high of 841,000 units under construction nationwide, according to research from the **National Multifamily Housing Council** and the **National Apartment Association**. In September, the number of multifamily housing starts rose 16.5% year over year to a seasonally adjusted annual rate of 530,000, according to data from the **U.S. Census Bureau** and the **U.S. Department of Housing and Urban Development**. In addition, the number of multifamily permits pulled rose 25.5% year over year, to a rate of 644,000.

Looking at these numbers, this prediction certainly appears to be on the right track. However, with interest rates taking a toll on developers, the number of multifamily units authorized but not yet started has also increased, jumping 33.3% year over year in September to a seasonally adjusted annual rate of 144,000.

“Construction lending has sort of slowed to a crawl,” Peter DiCorpo, the co-founder and COO of **Brook Farm Group**, told HousingWire in November. “The whole market has seized up, plus institutional investors are really taking a pause right now on new opportunities. I would anticipate multifamily housing starts are probably going to be down 40% year over year in 2023, and I think that is going to be the same for single family home building, if not higher.”

Real estate agents interviewed by RealTrends they are still seeing most new construction efforts being focused on multifamily rental buildings.

“In my neighborhood, I can probably see six different cranes building mega complexes with 300 or 400 units each, and they are all rental properties,” Armstrong said.

Pulliam added: “In our urban core there is no more room, so they are building up, and when you build up, you are most often building multifamily rental properties. But even in more rural areas where we see mostly single family homes, we are seeing rental communities pop up.”