

10 Things Multifamily Executives Foresee in 2023

Rental housing industry executives weigh in on what they have seen during the past 12 months and what they expect to see in 2023 regarding the economy, rent growth, construction developments and legislation, among other factors.

1 Given the continued strong job growth and immigration to Texas' major markets, the long-term picture for rents and revenue growth is strong, though we do have some markets where new supply will likely lead to some flattening of the growth curve, and even a few months of rent reductions in some submarkets.

– Ian Mattingly, President, LumaCorp.

2 I think we are already seeing prices come down. Units are starting to sit a bit longer and we have just started some concessions in certain markets. With the expected recession, I think pricing pressure will for sure cause a decrease in market rents.

– Curt Knabe, CFO, Realty Center Management, Inc.

3 Another positive movement in the industry is flexible payment programs and microloans. These platforms allow our residents to pay rent on time to us, while also providing the ability for them to pay back over time to the vendor.

– Amy Weissberger, Senior Vice President, Corporate Strategy, Morgan Properties

4 Occupancy remained strong throughout 2022 with a small surge in move-outs toward Q3 as people felt safe and ready for a change. We budgeted for strong occupancy in 2023, especially in the Class B and C product. Class A markets may have the largest negative impact in tertiary markets as the economy pushes renters to more affordable options.

– Ronda Puryear, President, Management Services Corporation

5 With the ending of many rental assistance programs, we have seen our occupancy tick down 2 to 3 points. For 2023, we would like our occupancy to hold steady in the low 90s.

– Jamin Harkness, President, The Life Properties

6 The top challenges facing the multifamily industry today are the lack of availability of debt and equity for both new developments and acquisitions.

– Peter DiCorpo, Co-Founder and COO, Brook Farm Group

7 There are two major headwinds that we see. First is recession risk. Wall St. is putting a 65% to 70% probability of a recession, and we think the risk is even higher. That brings slower income growth among renters, loss of income and less demand as people double back up or move in with family. The second headwind is supply.

– John Foresi, CEO, Venterra Realty

8 In Florida, we have seen insurance premiums double over the last three years, even in non-coastal areas.

– Bonnie Smetzer, CPM, HCCP, Executive Vice President, Asset Living

9 We're not expecting much change in '23, or at least until inflation, which tends to lag, comes in line closer to the Fed's target objectives and interest rates or at least interest rate increases start to moderate.

– Jay Hiemenz, President/COO, Alliance Residential

10 I think we will return to more normal rent increases and a departure from the double-digit new lease rents we have seen over the last two years.

– Lance Goss, Senior Vice President, HHHunt Apartment Living