Market Watch: Multifamily Rental Growth

NAHB International Builders' Show 2020 started the new decade off with a glance back and clear vision forward. Rental growth opportunities are on everyone's minds. If done right, you could position yourself to get ahead of a very lucrative housing trend on the horizon: multifamily rental units.

According to the National Multifamily Housing Council's (NMHC) latest statistics, 36% of American households currently rent, and the return on investment to own a rental property continues to climb.

In the wake of 2008's recession and residual housing crisis, homeownership is still making a sluggish recovery, with research pointing to ongoing rental growth from two large generational pools. Both Boomers and Millennials are forecasted to grow the rental market in the near future.

Exorbitant school debt, low wages, and high rental prices have kept more Millennials home with their parents for longer. For better or for worse, a whopping 22% of young adults ages 25-34 were still living at home in 2017—the latest data gathered by the American social and economic watchdog, Urban Institute. While at the same time, more retirees are looking to downsize from their longtime single-family homes into more manageable, convenient apartment accommodations.

For both groups, affordable, low-maintenance housing in walkable areas close to services, entertainment, and social activities is expected to draw mass appeal. And Gen Z, poised to start entering the job market themselves, aren't far behind. Which means that, whether you're building the new neighborhood townhouse or the biggest condo skyrise in town, multifamily is about to get very multigenerational.

Of course, there's always a catch. With higher building costs, higher wages to entice skilled workers, and regulatory costs stagnating multifamily housing development in recent years, the first developers to the finish with the most savings still in their pockets will win big business.

NAHB projects that multifamily starts will only rise by 1% this year, then up to 4% by 2021—which means stiff competition for those in the race. The National Multifamily Housing Council anticipates costly land acquisitions will also pose difficulties for builders and developers to meet demands throughout the coming decade.

Increasingly, finding inventive ways to cut overall project costs will make all the difference in the multifamily rental market. This means that the faster you complete the job for the least amount of money, the more likely you will have your pick of renter applications.

The good news is: There are already easy ways to trim onsite building time, labor, and material costs available to those who know to look for it.

Whatever your multifamily project size, you can find an integrated sheathing option that does exactly this without reinventing the wall. Whereas traditional building design has commonly required installing separate sheathing and weatherproofing—often in the form of panels covered in fluid-applied membranes, wraps, or peel-and-sticks—integrated sheathing combines the water and air resistance with the board itself. By cutting out the extra installation step, today's most savvy builders are finding that they're not just cutting back on time. They're also reducing labor and material costs.

The leader in building envelope solutions, Georgia-Pacific has an integrated sheathing option built to fit your project's specification. Two innovative products have been developed to simplify the sheathing and weather barrier installation process: ForceField® Air and Water Barrier System and DensElement® Barrier System. To learn more about these options available to you, visit DensElement.com and GPForceField.com.