

The Multifamily Digest



January 2025

Good morning everyone,

As I was preparing this write-up, I went back to last year's edition that came out right after NMHC, and it led with the famous Yogi Berra quote, "It's like déjà vu all over again." I couldn't think of a more apt quote for this year, too – in fact in last year's edition, this sentence closed the first paragraph:

"(Powell's) comments cemented that rate cuts will come later than markets initially expected, if at all."

Sound familiar?

We again face a volatile bond market as the "last mile" of inflation has been hard to overcome all as the labor market remains on solid foundation. This volatility again highlighted something we've been saying for longer than a year: higher for longer will continue to force an adjustment for market participants.

Perhaps the biggest difference compared to where we were when I used that Yogi-ism last year, is that the adjustment is well underway. We saw our first rate cuts from the Federal Reserve, and though expectations for future cuts have shifted, it's worth remembering that policy rates are now 100 basis points less restrictive. Transaction volume rose for the first time since 2021 (though it's a far cry from peak), BOVs, tours, and bidding counts are up, and we saw the second-best year for multifamily absorption since at least 2000 (up 75% Y/Y). On top of that, the peak of the multifamily supply wave is firmly in the past, after more than half a million new apartment units opened their doors last year. Multifamily fundamentals aren't out of the woods yet, but the stage is set for a recovery in 2025.

Our team has been hard at work preparing materials for the year ahead.

- We recently released the fourth quarter [U.S. Multifamily MarketBeat](#), highlighting the turning point the market faces as the new year starts.
- We also recently released our first two episodes of a new podcast named [Multifamily Minute](#) (available on Apple Podcasts, Spotify or any of your favorite podcast apps), with a full slate of episodes to come.
- Our Chief Economist, [Kevin Thorpe](#), offered his perspective on the shifting tides in the economy and what it means for CRE.
- And finally, we released [10 Critical Questions for 2025](#), highlighting the key questions and predictions for the year ahead.

We look forward to seeing you at NMHC, and wish you a healthy, happy and successful 2025. Thank you



Sam Tenenbaum, Head of Multifamily Insights, shares his thoughts and research on the multifamily market.
Cushman & Wakefield

NMHC Announcements

The Cushman and Wakefield/Greystone Multifamily teams will have professionals representing all geographies and specialties across the multifamily space to share industry trends, updates and forecasting at NMHC in less than 2 weeks.

In attendance will be Multifamily Investment Sales, Valuation and Advisory, Property Management as well as Debt and Equity. To learn more about our platform and capabilities, please visit our [Joint Venture webpage](#).

If you would like to meet with a member of our team, [please email us and we will connect with you to set up a meeting](#). We look forward to seeing you there.

Debt Update



Nikhil Kanodia, Head of FHA Lending
Greystone

HUD UPDATES MULTIFAMILY PROGRAM REQUIREMENTS

Whether you're developing a new multifamily community or refinancing an existing property, a [new incremental change in HUD rules](#) can increase loan proceeds.

[Read our take here.](#)

[Click here](#) to learn more about HUD financing with Greystone.



Serafino Tobia, Director of Agency CMBS Trading and Portfolio,
Greystone

INTEREST RATE MARKET COMMENTARY: HOT JOBS REPORT, RATE CUT UNLIKELY

US Treasuries

The 10-year Treasury yield is at 4.76% as of the morning of January 13, 2025. This is 15 bps higher since last Monday morning (4.61%). Rates moved higher last week with the US Treasury auction of \$119 billion of

3-, 10- and 30-year bonds and another unexpectedly strong US Employment Report on Friday.

Read more here: <https://www.greystone.com/insights/interest-rate-market-commentary-hot-jobs-report-rate-cut-unlikely/>



Abby Corbett, Senior Economist and Global Head of Investor Insights
Cushman & Wakefield

MARKET MATTERS REAL ESTATE INVESTMENT CONDITIONS & TRENDS - JANUARY 2025

In our latest edition of this newsletter, Cushman & Wakefield's research and Capital Markets professionals explore current conditions, short-term developments and long-term economic trends so you can better understand their impact on the real estate investing environment.

[Read the latest issue.](#)



Operational Insights



Avery Solomon, Executive Managing Director
Investor Services, Multifamily Asset Services, Americas
Cushman & Wakefield

Our Multifamily Asset Services team is proud of our longstanding, trusted partnerships. In times of crisis, our clients know they can depend on us – no matter when they need us – because we have the resources to provide fast, effective solutions.

Woody Stone, President of Multifamily Asset Services, shared an inspiring story how over the holidays our team came together to prioritize safety and provide peace of mind to one of our clients: [A Christmas Crisis Averted \(short video\)](#)

ASSET SERVICES AT NMHC

The Cushman and Wakefield Multifamily Management team is gearing up for NMHC in Las Vegas. This is a great opportunity to meet with new clients as well as existing clients to talk through performance and anticipations for 2025. We will have executive leadership from our National Operations team as well as Client Services in attendance. Our team members are prepared to talk through our capabilities, presence in each MSA, driving performance initiatives, technology implementation as well as market dynamics. If you would like to meet with a member of our multifamily management team to learn about our capabilities or operational insights, [please reach out and set up a meeting.](#)

We look forward to seeing you in Vegas!



Zach Bowyer, Executive Managing Director and head of the living sectors for Cushman & Wakefield's Valuation & Advisory business
Cushman & Wakefield

VALUATIONS & ADVISORY AT NMHC

I look forward to seeing you at NMHC! Like many of our colleagues, clients and other industry leaders, I am excited to see what 2025 has in store for our sector.

In the weeks ahead, I will not only share my takeaways from NMHC's Annual Meeting, but an episode of Cushman & Wakefield's The Multifamily Minute, where I had the opportunity to discuss the unique perspectives of investors, lenders, and valuation professionals and the state of multifamily valuations.



Alternatives Update

BUILD-TO-RENT / SINGLE-FAMILY RENTALS (BTR/SFR)



One of the first episodes of Cushman & Wakefield's new podcast, [Multifamily Minute](#), features a conversation with [Jeremy Edmiston](#), the US lead of the Build-to-Rent Sector. On the episode, Jeremy and Sam Tenenbaum discuss how BTR/SFR properties differ from traditional multifamily buildings and why everyone should be excited about this growing segment of the multifamily sector.

STUDENT HOUSING

Cushman & Wakefield's Student Housing Capital Markets team was also featured in the new podcast. [On this episode of Multifamily Minute](#), [Travis Prince](#), [Adam Loftin](#), and [Sam Tenenbaum](#) talk about the importance of student housing outside of college or university provided dorms. They also discuss how this asset class has evolved, with some segues into college football.



Recent Thought Leadership

INSIGHTS MAGAZINE



Cushman & Wakefield and Greystone have released the Insights Magazine Q1 2025 Outlook, which delves into predictions for the multifamily sector this year, featuring Cushman & Wakefield's own Sam Tenenbaum. Also included is an exclusive Q&A with Serafino Tobia on interest rates as we turn the corner in 2025 with a new Administration and stubborn inflation. Also, learn about new debt service coverage ratio change and new multifamily category for HUD loans. [Download here.](#)



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