



## Editor's Insights

### Multifamily Crises Trends are Winding Down, Right? No, Not Even Close!

Karen Schutte • published in the September 2024 issue

**T**here's been much written lately on the multifamily market. My inbox contains many new studies, findings, projections, conclusions, and general information, as I'm sure yours does too. So, let's take a few minutes to catch up on the news!

First, housing makes up 27% of the Arizona construction market. Second, the multifamily Arizona construction market share is valued at \$7.3B. Third, the U.S. is on pace to Shatter the Multifamily Delivery Record this year with 1 million units.

The bad thing about reaching peaks, always, is troughs inevitably follow. This issue handles all these trends and more.



**Scott Scovall**, as a banker and investor, focused on *The Fed Only Cracking Open the Rate Door* and explained the reasons, specifically how it applies to multifamily developments. Setting expectations and warning not to expect our Fed to lower FFR as soon as the market is pressing it to do so.

In the *City of Tucson Honing Tools for Corridor Redevelopment*, **Koren Manning** has good news on a city-wide zoning tool that will enable the redevelopment of sites along the City's commercial corridors to allow for more affordable and workforce housing. They're looking for readers feedback, please give them some.

In February, the Pima County Board of Supervisors awarded \$6.875 million to eight projects to develop or preserve 835 affordable housing units. *Desert Dove Apartments: Arizona's "YIGBY" Yes to God's Backyard Project* is one of the eight projects awarded \$1 million.

**Jim Tofel** of Tofel Dent Construction gives us his viewpoint on *Multifamily Construction in Southern Arizona Update* and the challenges facing developers.

So, with all these new units coming to market, the housing supply and affordability crises are winding down, right?

No. No, they're not. Not even a little.

The problem is as simple as the solutions are complicated. As **Will White** describes in *The Tucson Multifamily Land Market in 2024: Onward at Different Angles*.

Thanks to **Allan Mendelsberg and Joey Martinez's** for the information in *Marketbeat Tucson: Multifamily Report 2Q 2024*.

We appreciate **Robert Carreira** with SAEDG reports and learned this month *Cochise County Sales Across Major Industries were down for a Third Consecutive Month*.

To paraphrase longtime *Trend Report* resource contributors, **Kevin and Brian Prouty** with CBRE in *Multifamily Lending Spreads Tightening for all Loan Sizes* “Perhaps the biggest change to multifamily financing markets has been the recent decline in treasury yields with volatility the name of the game!”

We appreciate the contribution of **Robert Trujillo and Nathan Shooks** with Harvard FirstStreet Development report on Metro Phoenix that leads the U.S. in build-to-rent completions in *Amenity-Rich BTR Communities are Taking the Metro Phoenix Rental Market by Storm*.

Not to be repetitive, but *Berkadia Multifamily Report 2024 | Mid-Year* also agrees with the other reports with a breakdown of numbers to a submarket level in Tucson.

We end the issue with Tucson *MSA Multifamily Construction Activity*—1,371 units have delivered through August 2024.

Studies show a national need of 4.5 million and a statewide need of 270,000 new homes. Given record deliveries in the face of rising land costs, decades-high interest rates, more restrictive lending standards, labor shortages, supply chain and materials challenges, zoning and entitlement difficulties, drawn-out permit and plan approvals, and a nearly endless list of other problems, what the market has delivered is remarkable.

It is not, however, enough, and it is most certainly not an oversupply.

We sincerely thank everyone who participated in this *Trend Report* issue!

We are also grateful for the *Trend Report* team: **Patti van Leer, Michael Rossmann, Melissa Vucijevic, and Jack Paddock**.

We've already started work on our next “**Office Market**” issue. You won't want to miss this one, but I know I say that every issue.

As always, we appreciate your feedback and welcome your comments. Come tell us “Hi” at <https://trendreportaz.com> under the “Connect” tab.

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