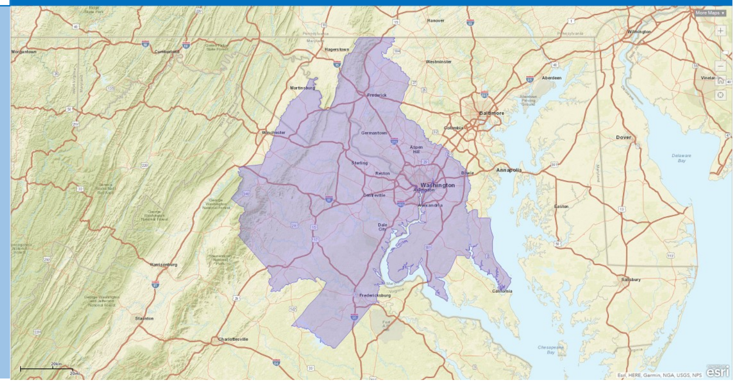
BARRIERS to APARTMENT CONSTRUCTION

WASHINGTON DC

BARRIERS RANKING[1]	NEW MF DEMAND[2]	HIGH RENT BURDEN[3]	STAR SHARE[4]
52	106k	41%	19%

MEDIAN RENTAL HOUSEHOLD INCOME	$63,870
INCOME REQUIRED FOR AVERAGE RENT[5]	$68,000

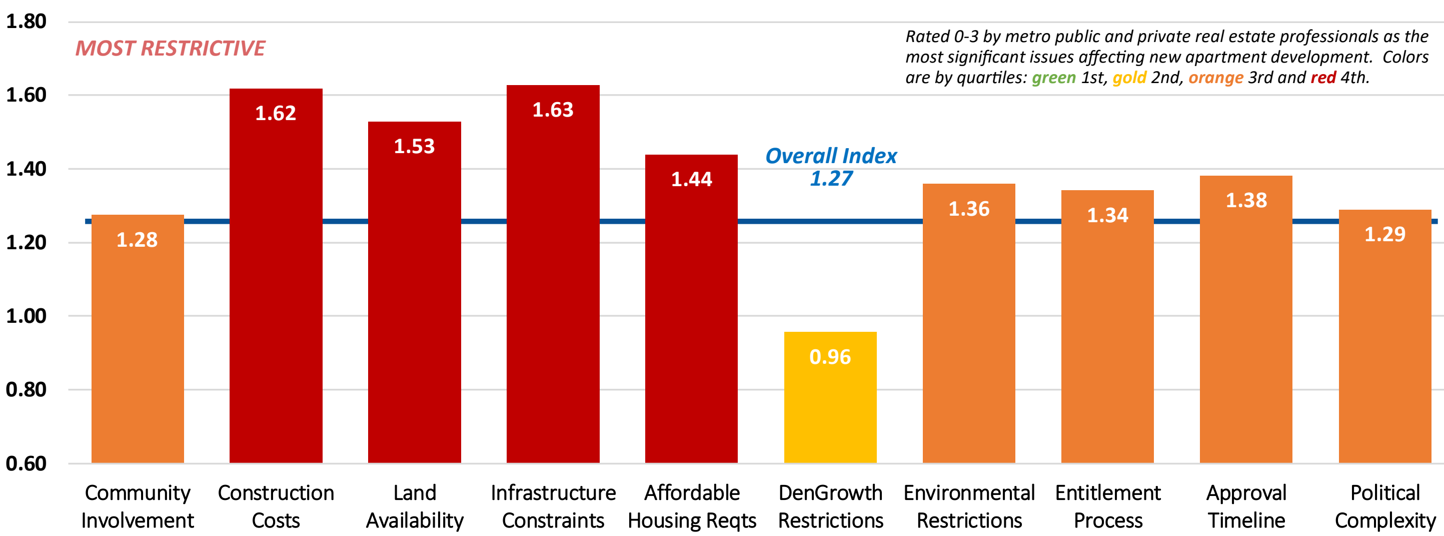


MOST RESTRICTIVE APARTMENT CATEGORIES:

- INFRASTRUCTURE CONSTRAINTS
- CONSTRUCTION COSTS
- LAND AVAILABILITY

Washington is experiencing a boom with sustained demand for new multifamily in the top third of national metro, yet ranks near the bottom of major markets for barriers to new apartment development with an overall index of 1.27, similar to Baltimore and New York. Local respondents cite four subindices as most restrictive. Constructions costs are higher, land as a driver, while land supply itself is highly restrictive. Infrastructure constraints are driven by traffic and school crowding. Affordable housing requirements are heavy with few mitigation policies. Political complexity and regulation combine to raise the next four subindices seen in the third quartile. Density and growth restrictions is deemed relatively lower. Median metro rental income ranks second of the major markets behind San Francisco, though this spending power is much better aligned and only 6.0% below the income requirement for average market rents of $1,700.

Barriers to Apartment Construction Subindices



BARRIERS INDEX METHODOLOGY:

These NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development, process and timing questions in ten categories and sourced digitally from real estate professionals in both the public and private realms. An initial overall metro **Barriers to Apartment Construction** ***Index*** is also plotted above.

DEFINITIONS and NOTES:

[1]**BARRIERS RANKING** is the relative ranking among 58 major metro apartment markets based upon the average index of each metro from the least restricted to the most; ranges from 1 (Albuquerque) to 58 (San Jose). Rankings consider expert responses from throughout the extended metro that includes but not isolates the urban core.

[2]**NEW MF DEMAND** is the updated total demand for new multifamily units (in thousands) through 2030 based upon the forecasted total rental housing demand 2017-2030 from the NAA-NMHC demand study by HAS: *U.S. Apartment Demand—A Forward Look (2017)*; ranges from 3,890 (Sioux Falls) to 222,589 (New York).

[3]**HIGH RENT BURDEN** refers to that share of 2017 households spending over 35% of combined household income on rent; major metro ranges from 56% and rents of $1,370 (Miami) to 38% and rents of $865 (Sioux Falls) with a major metro average of 43%.

[4]**STAR SHARE** is that share of metro rental housing stock with five or more units HAS qualified as ***S**econd-**T**ier **A**ffordable **R**entals or those non-institutional sites of typically lower unit count, lower quality and greater age, often overlooked as crucial affordable housing already in place. Using CoStar® ratings of 1-5 for sites of five units or more, STAR is the lower ratings of 1-2. This share ranges from 61% (Los Angeles) to 17% (Austin) with a major metro average of 36%.

[5]**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.