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## MULTIFAMILY DEVELOPMENT'S FUTURE

### FACTORS — BOTH LOCAL AND NATIONAL — ARE FORCING CHANGES IN APARTMENT DEVELOPMENT

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Several national and local factors are simultaneously coalescing — forcing changes in the way housing in general, and apartments in particular, are developed, as the economy emerges from the current recession and development resurges. The good news is that multifamily will likely be one of the first types of new construction to emerge after the downturn, but demographic shifts, congestion and air pollution concerns, changing economic norms, and new national policies will force the development community to rethink the apartments that are built in 2010 and beyond.

A changing demographic in Texas, composed increasingly of Millennial generation singles, vibrant empty nesters, immigrants and retirees — and less of married couples with children — is looking for new housing choices. These groups place a greater emphasis on diversity, place, community and sustainability. The suburbs are mainly attractive to young families with children, but whereas 50 percent of households in the 1950s had children, today only 33 percent contain children and, more importantly, only 12 percent of new households over the next 20 years will have children.

Pollution, global warming and traffic congestion have become significant problems in Texas' major cities. Residential buildings account for 20 percent of carbon emissions and transportation counts for one-third of carbon emissions. Texas is projected to grow by 50 percent in the next 25 years and to double in population by 2050. Traffic and air quality will drastically deteriorate if we continue our prior development trends of expanding metro areas into farther flung suburbs and exurbs, and we simply cannot afford the low density infrastructure necessary to support this sprawl. Already, the average employee in the United States spends more than an entire work week per year stuck in traffic. Traffic congestion puts a huge burden on our nation's economy, draining \$78 billion in production annually through 4.2 billion lost hours and 2.9 billion gallons of wasted fuel, according to the Texas Transportation Institute.

Most economists are saying that after we recover from the recession, household savings in the United States will increase dramatically. Oil is again hovering around \$70 a barrel and as the economy improves, will likely soar back to \$80 to \$100 a barrel. With the combined housing and transportation costs in America accounting for close to 60 percent of average household income, renters will be looking for ways to save on both housing and transportation costs. Although there will continue to be a market for \$1.60/square foot and up rents in the "higher rent districts" around the urban core, the post-recession changing economic realities will highlight the need for more affordable workforce housing that is also close to transit-nodes, allowing the vast entry-level employee base and middle class to also enjoy the reduced housing/transportation benefits of urban living. ... [more](#)



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