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**RENTAL APARTMENTS NOT IMMUNE TO HOUSING MARKET'S WOES**  
*NAHB's Multifamily Rental Market Index Down for Fourth Quarter 2007*

WASHINGTON, March 5--Builder confidence in the rental apartment market sagged in the fourth quarter of 2007, according to the latest results of the Multifamily Rental Market Index (MRMI) released today by the National Association of Home Builders (NAHB).

"The housing market is undergoing a significant correction and that is affecting all segments of the industry, both multifamily and single family, for rent and for sale," said NAHB Chief Economist David Seiders. "The excess inventory has to be absorbed in order to restore balance to the housing markets."

The MRMI is derived from a quarterly survey of multifamily builders and developers, in which their responses are rated on a scale of 0 to 100, with a rating of 50 generally indicating that the number of positive responses is about the same as the number of negative responses. For the fourth quarter of 2007, the measures that track builder confidence in the current supply and demand conditions for all classes of multifamily housing--except the most affordable apartments--fell to or below 50.

Multifamily builders apparently are trying to rein in new supply as much as possible. The components of the index that track current supply conditions for market-rate and lower rent apartments stood at 40.0 and 45.3, respectively, in the fourth quarter of 2007, down from 59.8 and 48.7 the same time a year ago. Asked about their expectations for the next six months, builder confidence remained weak, with the component of the index for market rate apartments standing at 50.0, and for lower-rent apartments at 48.9 in the fourth quarter of last year, down from 69.5 and 59.5 at the same time the year before.

The component of the index that gauge demand were lower for both Class A and Class B market-rate apartments in the fourth quarter and essentially flat for the Class C (affordable) apartments. The component of the index tracking demand for Class A fell 15.8 points, from 59.2 in the fourth quarter of 2006 to 43.4 in the fourth quarter of 2007. The index for Class B slipped 6.4 points, from 55.1 to 48.7 during the same time period. The component tracking demand for affordable Class C apartments stood at 58.3 for the fourth quarter of 2007, compared with 58.6 at the same time a year ago.

As the number of calls from prospective renters slowed, incentives and concessions were being used to shore up demand, according to survey respondents. As a result, the

component of the index that tracks net rents dropped sharply, down from 61.3 in the fourth quarter of 2006 to 47.5 for the fourth quarter of 2007.

Although not as optimistic as last year at this time, builders do expect conditions in the apartment market to improve. For the fourth quarter of 2007, the components of the index gauging expectations for demand over the next six months stayed at 50 or above: Class A stood at 50.0; Class B at 53.9; and Class C at 61.1.

EDITOR'S NOTE: NAHB created the MMI, a quarterly nationwide survey of multifamily builders and property owners who are asked a series of questions about current market conditions as well as their expectations for the next six months, tracking builder confidence in both the for-sale condo market and the rental apartment market. To more accurately gauge both segments of the market, NAHB separated the indexes into two versions in 2006: The Multifamily Rental Market Index (MRMI) tracks multifamily rental conditions while the Multifamily Condo Market Index (MCMI) tracks market conditions for condos.

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ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 235,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. Known as "the voice of the housing industry," NAHB is affiliated with more than 800 state and local home builders associations around the country. NAHB's builder members will construct 80 percent of the more than 1.08 million new housing units projected for 2008.