

# Survey of Market Absorption: Third Quarter 2008

## Third Quarter 2008 - Absorptions (Completions in Second Quarter 2008)

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### Introduction

The Survey of Market Absorption (SOMA) measures how soon privately financed, nonsubsidized, unfurnished units in buildings with five or more units are rented or sold (absorbed) after completion. In addition, the survey collects data on characteristics such as number of bedrooms, asking rent, and asking price.

The estimates in this report are based on responses from a sample of the population. As with all surveys, estimates may vary from actual values because of sampling variation or other factors. All comparisons made in this report have undergone statistical testing and are significant at the 90-percent confidence level.

### Highlights <sup>1</sup>

- An estimated 60,700 apartments were completed in buildings with five units or more in the second quarter of 2008. This estimate was not different than completions in the previous quarter, nor did it differ from completions in the same quarter of the previous year (table 11).
- Of the 60,700 units completed in the second quarter of 2008, approximately 37,800 were privately financed, nonsubsidized, unfurnished, rental apartments. This estimate was greater by about 9,000 than the revised estimate of unfurnished units completed in the previous quarter, as well as 11,300 more than completions in the same quarter the previous year (Table 1).
- An estimated 48 percent (seasonally adjusted) of the newly completed, unfurnished apartments built in the second quarter were rented (absorbed) within 3 months of completion. This estimate is lower by about five percentage points than both the revised estimate of the previous quarter, and from the same quarter of the previous year (Table 1). The not-seasonally-adjusted 3-month absorption rate of 53 percent for the 37,800 apartments completed in the second quarter of 2008 does not differ from that of the previous quarter, but is lower by about six percentage points than the rate in the same quarter of 2007 (Table 1).
- The median asking rent for all privately financed, nonsubsidized, unfurnished rental units completed in buildings with five units or more in the second quarter of 2008 was \$1,133. This estimate is not significantly different than the median asking rent of the previous quarter. More new units built in the first quarter of 2008 contained two bedrooms (45 percent) followed by units that contained one bedroom (42 percent). Units with three bedrooms or more accounted for about 11 percent, while efficiencies (no bedroom) accounted for only 3 percent of the total (Tables 2 and 3).
- During the second quarter of 2008, the South had the majority (68 percent) of new unfurnished rental completions, followed by the West with 20 percent. The Midwest (10 percent) had the third highest proportion, and the Northeast had only 2 percent (Table 4).
- An estimated 12,300 condominium and cooperative apartments in buildings with five units or more were completed in the second quarter of 2008. This estimate is about 8,400 fewer than that of the prior quarter, and about 8,600 fewer than the same quarter of 2007 (Table 5). In the second quarter of 2008, condominiums and cooperatives accounted for about 20 percent of all completions in buildings with five units or more.
- About 49 percent of the 12,300 condominium apartments completed in the second quarter of 2008 were sold within 3 months of completion (Table 6). This rate is not statistically different than the rate from the previous quarter. The median asking price for condominiums built in the second quarter of 2008 – \$366,200, does not differ significantly from the median asking price last quarter (Tables 6 and 7).
- Of the remaining apartments completed in all buildings with five units or more in the second quarter of 2008, 8,100 units were federally subsidized or received a tax credit, 1,200 were furnished units, and about 1,300 were not in the scope of the survey (Table 11).

### Footnotes

<sup>1</sup> Details may not sum to totals because of rounding.