

Survey of Market Absorption: Fourth Quarter 2008

Fourth Quarter 2008 - Absorptions (Completions in Third 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 ¹

- An estimated 76,400 apartments were completed in buildings with five units or more in the third quarter of 2008. This estimate was about 15,700 greater than completions in the previous quarter, but not significantly different than completions in the same quarter of the previous year (table 11).
- Of the 76,400 units completed in the third quarter of 2008, approximately 36,200 were privately financed, nonsubsidized, unfurnished, rental apartments. This estimate did not differ from the revised estimate of unfurnished units completed in the previous quarter, but was some 10,100 greater than completions in the same quarter of the previous year (Table 1).
- An estimated 55 percent (seasonally adjusted) of the newly completed, unfurnished apartments built in the third quarter were rented (absorbed) within 3 months of completion. This estimate is greater by about three percentage points than the revised estimate of the previous quarter, but did not differ from the same quarter of the previous year (Table 1). The not-seasonally-adjusted 3-month absorption rate of 54 percent for the 36,200 apartments completed in the third quarter of 2008 does not differ from that of the previous quarter, or from 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 third quarter of 2008 was \$1,003. This estimate is about \$129 lower than the revised median asking rent of the previous quarter. More new units built in the third quarter of 2008 contained two bedrooms (47 percent) followed by units that contained one bedroom (40 percent). Units with three bedrooms or more accounted for about 10 percent, while efficiencies (no bedroom) accounted for only 3 percent of the total (Tables 2 and 3).
- During the third quarter of 2008, the South had the majority (63 percent) of new unfurnished rental completions. The West (18 percent) and the Midwest (14 percent) had the next highest proportion and did not differ significantly. The Northeast had only 5 percent (Table 4).
- An estimated 19,500 condominium and cooperative apartments in buildings with five units or more were completed in the third quarter of 2008. This estimate is about 7,900 greater than that of the prior quarter, and about 7,400 fewer than the same quarter of 2007 (Table 5). In the third quarter of 2008, condominiums and cooperatives accounted for about 26 percent of all completions in buildings with five units or more.
- About 55 percent of the 19,500 condominium apartments completed in the third 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 third quarter of 2008 – \$382,500, does not differ significantly from the revised median asking price last quarter (Tables 6 and 7).
- Of the remaining apartments completed in all buildings with five units or more in the third quarter of 2008, 13,600 units were federally subsidized or received a tax credit, 1,800 were furnished units, and about 5,400 were not in the scope of the survey (Table 11).

Footnotes

¹ Details may not sum to totals because of rounding.