

# Survey of Market Absorption: First Quarter 2009

## First Quarter 2009 - Absorptions (Completions in Fourth Quarter 2008)

H130/09-Q1

Issued June 2009

U.S. Department of Commerce  
Economics and Statistics Administration  
BUREAU OF THE CENSUS

U.S. Department of Housing and Urban Development

### 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 77,200 apartments were completed in buildings with five units or more in the fourth quarter of 2008. This estimate did not differ from apartment completions in the previous quarter, but was greater by about 13,600 than completions in the same quarter of the previous year (table 11).
- Of the 77,200 units completed in the fourth quarter of 2008, approximately 42,700 were privately financed, nonsubsidized, unfurnished, rental apartments. This estimate was about 5,500 greater than the revised estimate of unfurnished units completed in the previous quarter, and some 18,700 greater than completions in the same quarter of the previous year (Table 1).
- An estimated 50 percent (seasonally adjusted) of the newly completed, unfurnished apartments built in the fourth quarter were rented (absorbed) within 3 months of completion. This estimate is lower by about five percentage points than the estimate of the previous quarter, and lower by about seven percentage points than the same quarter of the previous year (Table 1). The not-seasonally-adjusted 3-month absorption rate of 44 percent for the 42,700 apartments completed in the fourth quarter of 2008 was lower by about nine percentage points than that of the previous quarter, and by about thirteen percent 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 fourth quarter of 2008 was \$1,067. This estimate does not differ statistically from the revised median asking rent of the previous quarter. More new units built in the fourth quarter of 2008 contained two bedrooms (50 percent) followed by units that contained one bedroom (40 percent). Units with three bedrooms or more accounted for about 8 percent, while efficiencies (no bedroom) accounted for only 2 percent of the total (Tables 2 and 3).
- During the fourth quarter of 2008, the South had more (55 percent) new unfurnished rental completions than any of the other three regions. The West (23 percent) and the Midwest (15 percent) had the next highest proportion and did not differ significantly. The Northeast with 8 percent of new unfurnished rental completions, did not differ from the Midwest, but was lower by 15 percentage points than the West region (Table 4).
- An estimated 18,300 condominium and cooperative apartments in buildings with five units or more were completed in the fourth quarter of 2008. This estimate does not differ from that of the prior quarter, but is about 3,800 fewer than the same quarter of 2007 (Table 5). In the fourth quarter of 2008, condominiums and cooperatives accounted for about 24 percent of all completions in buildings with five units or more.
- About 40 percent of the 18,300 condominium apartments completed in the fourth quarter of 2008 were sold within 3 months of completion (Table 6). This rate is about sixteen percentage points lower than the revised rate from the previous quarter. The median asking price for condominiums built in the fourth quarter of 2008 exceeded the upper limit of the price range, and cannot be compared to 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 fourth quarter of 2008, 15,000 units were federally subsidized or received a tax credit, and about 1,200 were not in the scope of the survey (Table 11).

### Footnotes

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