



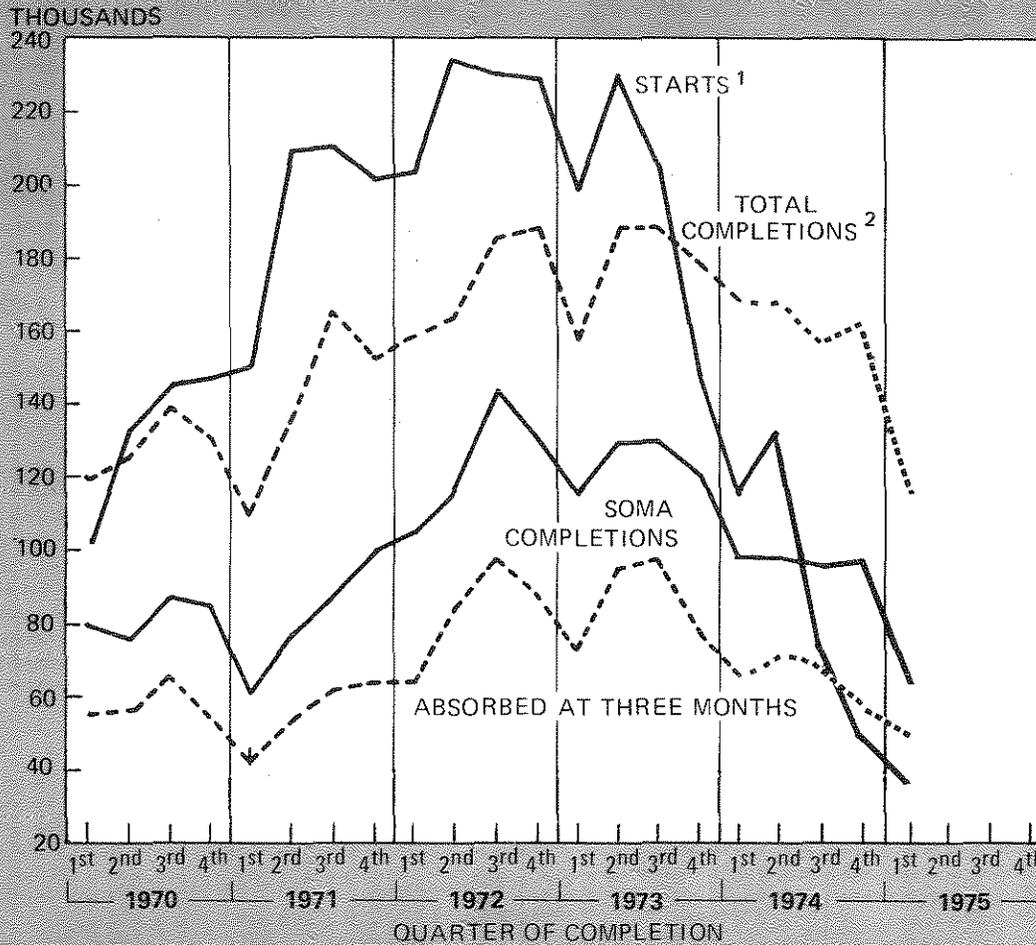
MARKET ABSORPTION OF APARTMENTS

SECOND QUARTER 1975 ABSORPTIONS (Completions in First Quarter 1975)

H-130-75-2

Issued September 1975

Figure 1. Units in Apartment Buildings Started, Completed, and Absorbed Within 3-Months After Completion



NOTE: Limited to buildings with five units or more in permit-issuing places.

1. Source: Construction Report, C-20-75-3 (March 1975), Table 3.

2. Source: Construction Report, C-22-75-2 (February 1975), Table 3.

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OF HOUSING
AND URBAN DEVELOPMENT

Following seasonal patterns of past years, the 3-month absorption rate for first quarter 1975 completions of privately financed apartments remained relatively low at 61 percent. Apartments which have been on the market for 9 months (those completed during July-September 1974) were 90 percent rented.

The median asking rent for apartments completed in the January-March quarter of 1975 rose to \$212. Apartments renting for less than \$150 accounted for only 5 percent of the first quarter completions, and 68 percent were rented within 3 months. Apartments renting for \$250 or more accounted for 29 percent of the completions and 52 percent were rented within 3 months.

The data are based on a sample survey and consequently the figures cited above are subject to sampling variability. As shown in table 3, the 61 and 90 percent figures are subject to sampling errors of 2.8 and 1.4 percentage points, respectively. This means that there are about 2 chances out of 3 that a complete count would be in the range of 61 ± 2.8 percentage points

and 90 ± 1.4 percentage points. Sampling errors for the figures that follow are indicated in parentheses.¹

A total of 113,300 ($\pm 2,830$) apartments were completed during the first quarter of 1975. From this total, some 63,500 ($\pm 2,250$) or 56 percent (± 2.2) were of the type covered by the Survey of Market Absorption (SOMA), i.e., privately financed, unfurnished rental units built without Federal subsidy in buildings with 5 or more apartments.

Cooperatives and condominiums account for 26 percent (± 1.9) of the total, with a 3-month absorption rate of 40 percent (± 2.1). Furnished rental units account for 2 percent (± 0.6). Also excluded from the survey are units in federally subsidized properties built under these programs of the Department of Housing and Urban Development: Senior Citizens Housing direct loans (Section 202), FHA below market interest rate mortgages (Section 221 BMIR), FHA interest supplements on rental mortgages (Section 236) and all units in buildings containing apartments in the FHA rent supplement program, which together account for 12 percent (± 1.4). The remainder are excluded for other reasons including turnkey housing (privately built and sold to local public housing authorities subsequent to comple-

¹See Reliability of Estimates on page 5.

Table 1. Characteristics of Apartments Completed During the First Quarter of 1975 and Rented Within 3 Months

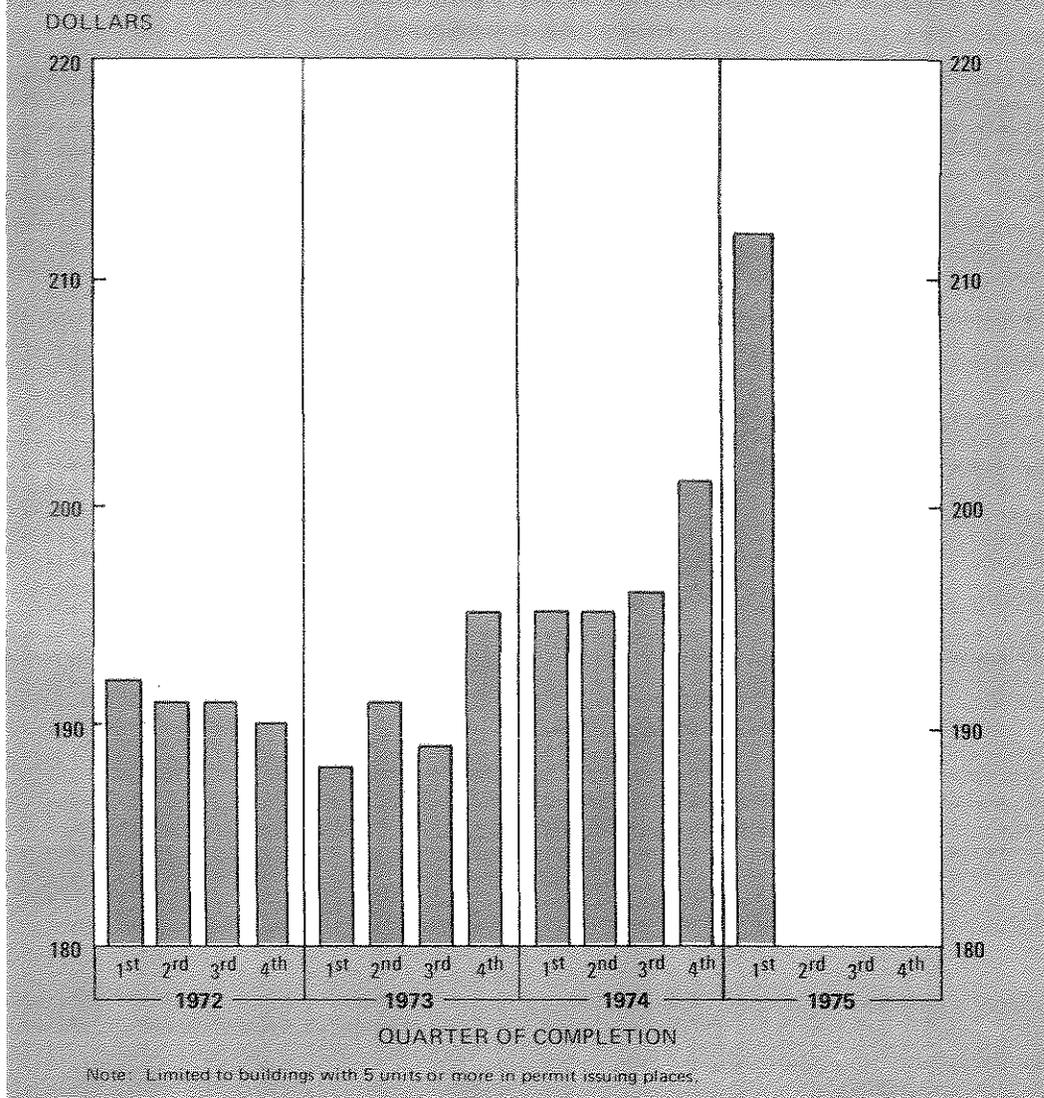
(Privately financed, nonsubsidized, unfurnished apartments. Data regarding number of bedrooms and asking rent are collected at the initial interview, i.e., 3 months following completion)

Item	Number of units		Percent of total units		Percent rented within 3 months	
	Number	Sampling error*	Percent	Sampling error* (percentage points)	Percent	Sampling error* (percentage points)
Total.....	63,539	2,250	100	(X)	61	2.8
RENT CLASSES						
Less than \$150.....	3,321	720	5	1.3	68	11.9
\$150 to \$174.....	10,764	1,200	17	2.2	68	6.6
\$175 to \$199.....	13,545	1,340	21	2.4	69	5.8
\$200 to \$249.....	17,194	1,490	27	2.6	61	5.5
\$250 or more.....	18,714	1,550	29	2.6	52	5.4
Median asking rent.....	\$212	5.40	(X)	(X)	(X)	(X)
NUMBER OF BEDROOMS						
Less than 2.....	29,489	1,860	46	2.9	68	4.0
2.....	29,992	1,880	47	2.9	56	4.2
3 or more.....	4,057	770	6	1.4	57	11.4

(X) Not applicable.

*Range about 2 chances out of 3.

Figure 2. Median Rent of Apartments Completed in the United States:
1972 to 1975



tion). The data, however, include privately owned housing subsidized by State and local governments.

SAMPLE DESIGN

The Market Absorption Survey (SOMA) is designed to provide data concerning the rate at which nonsubsidized and unfurnished privately financed units in buildings with 5 or more units are rented (or absorbed). In addition, data on characteristics of the units, such as rent and number of bedrooms, are collected.

In each quarter, a sample of about 2,000 buildings with 5 or more units completed during that quarter, is selected. The sample is selected from buildings reported as completed in a sample of building permits in the Census Bureau's Housing Starts Survey.² Buildings completed in nonpermit-issuing areas are excluded, from consideration in this survey.

²See "Housing Starts," Construction Reports Series C20, for the details of this survey.

Table 2. Characteristics of Apartments Completed During the Fourth Quarter of 1974 and Rented Within 3 Months (Revised)

(Privately financed, nonsubsidized, unfurnished apartments. Data regarding number of bedrooms and asking rent are collected at the initial interview, i.e., 3 months following completion)

Item	Number of units		Percent of total units		Percent rented within 3 months	
	Number	Sampling error*	Percent	Sampling error* (percentage points)	Percent	Sampling error* (percentage points)
Total.....	96,631	2,750	100	(X)	60	2.3
RENT CLASSES						
Less than \$150.....	5,377	870	6	1.1	78	8.3
\$150 to \$174.....	17,209	1,520	18	1.8	72	5.0
\$175 to \$199.....	24,953	1,810	26	2.1	61	4.5
\$200 to \$249.....	26,622	1,860	28	2.1	59	4.4
\$250 or more.....	22,471	1,730	23	2.0	46	4.9
Median asking rent.....	\$201	2.60	(X)	(X)	(X)	(X)
NUMBER OF BEDROOMS						
Less than 2.....	41,793	2,240	43	2.3	66	3.4
2.....	48,862	2,390	51	2.4	56	3.3
3 or more.....	5,976	900	6	1.1	50	9.5

(X) Not applicable. *Range about 2 chances out of 3.

Information is obtained for the units in the buildings selected in a given quarter in each of the next four quarters on the proportion of units occupied 3, 6, 9, and 12 months after completion.

An improved tabulating method effective with the data for year 1973 now permits the revision of the data for previous quarters of completion. Each quarter the absorption data for some buildings are received too late for inclusion in the report. With the new technique it is now possible to revise the data for the previous quarter to reflect these buildings. See table 2.

ESTIMATION

The estimation procedure used in the survey involves, as a final step, the inflation of the weighted sample

results to the quarterly estimates of housing completions obtained from the Housing Completions Survey. As the Housing Completions Survey is based on a larger sample than the Market Absorption Survey, it provides a more stable set of controls for estimates which can be obtained from both surveys. In addition to reducing the sampling variability on the estimates of totals from the Market Absorption Survey, the ratio estimation procedure, as a useful byproduct, produces estimates of the units completed in a given quarter which are consistent with the published figures from the Housing Completions series.³

The absorption rates assume that the absorption rates of units not included in the interviewed group or not

³See "Housing Completions," Construction Reports, Series C22.

accounted for are identical to rates for units where data were obtained. The noninterviewed and not accounted for cases comprise less than 2 percent of the sample housing units in this survey.

RELIABILITY OF ESTIMATES

The estimated figures shown in this report and their associated sampling (i.e., standard) errors may be used to construct a confidence interval, that is, an interval having a prescribed probability that it would include the average result of all possible samples. The chances are about 2 out of 3 that the survey estimate will differ from a complete census by less than one standard error (plus or minus). Similarly, the chances are about 95 out

of 100 that the difference would be less than twice the standard error. For example, the chances are 95 out of 100 that the number of two-bedroom apartments (29,992) would be no lower than 26,232 or no higher than 33,752 if the data were collected in a complete census. The conclusions stated in this report are considered significant at the 95 percent confidence level.

In addition to sampling error, sample surveys are subject to response and processing errors similar to those experienced in censuses. The data in this report are preliminary and subject to slight changes in the annual report.

Table 3. Absorption Rates of Privately Financed, Nonsubsidized, and Unfurnished Apartments: 1972 to 1975

(Structures with 5 or more units)

Quarter of completion	Total completed		Median rent		Rented within--					
	Number	Sam-pling error*	Amount	Sam-pling error*	3 months		6 months		9 months	
					Per-cent	Sam-pling error* (per-centage points)	Per-cent	Sam-pling error* (per-centage points)	Per-cent	Sam-pling error* (per-centage points)
1972										
January-March....	103,854	3,800	192	2.30	61	2.2	86	1.6	93	1.2
April-June.....	113,811	4,000	191	2.20	73	1.9	86	1.6	92	1.2
July-September...	142,262	4,550	191	2.00	69	1.8	83	1.4	90	1.2
October-December.	130,577	4,300	190	2.10	67	1.9	84	1.5	93	1.0
1973										
January-March....	113,194	2,600	188	2.30	64	2.0	83	1.6	92	1.2
April-June.....	129,314	2,870	191	2.10	74	1.7	89	1.3	94	1.0
July-September...	129,755	3,051	189	2.10	76	1.8	87	1.3	94	0.9
October-December.	121,916	2,900	195	2.40	63	2.0	82	1.6	92	1.1
1974										
January-March....	98,934	2,850	195	3.00	67	2.1	86	1.5	92	1.3
April-June.....	99,489	2,840	195	2.50	73	2.0	86	1.6	91	1.4
July-September...	96,682	2,740	196	1.80	72	2.0	85	1.6	90	1.4
October-December ^r	96,631	2,750	201	2.60	60	2.3	78	2.0	(NA)	(NA)
1975										
January-March....	63,539	2,250	212	5.40	61	2.8	(NA)	(NA)	(NA)	(NA)
April-June.....										
July-September...										
October-December.										

(NA) Not available. ^r Revised. *Range about 2 chances out of 3.

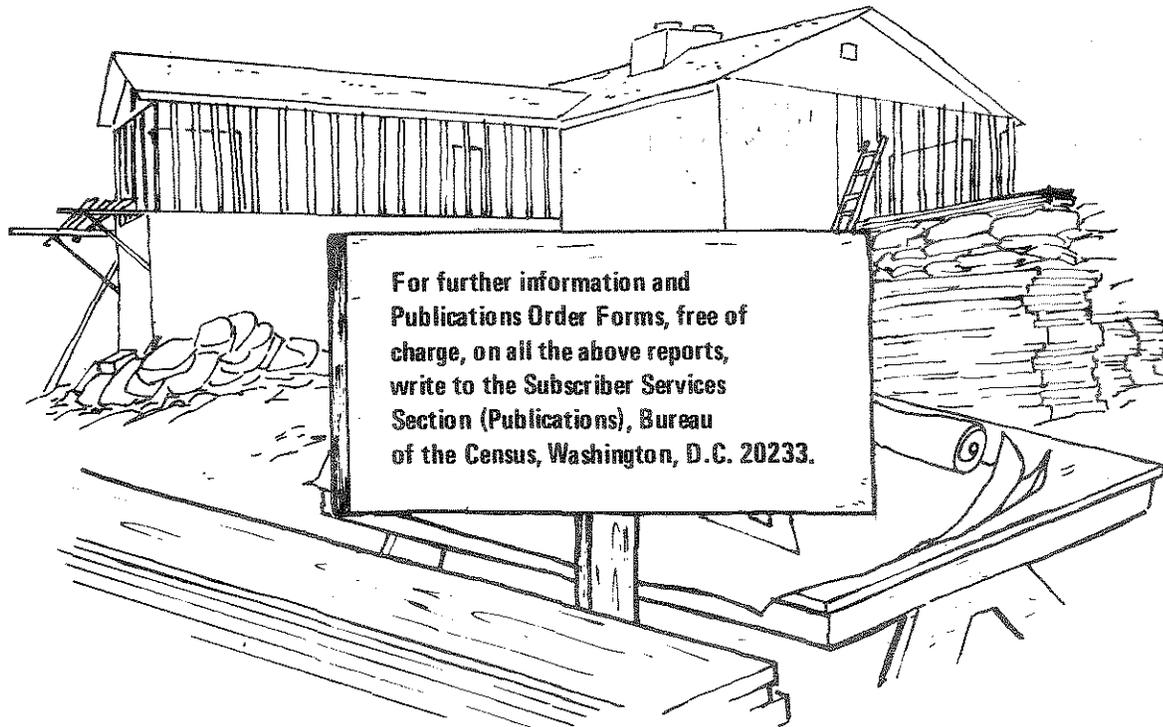
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- C40 - Housing Authorized by Building Permits and Public Contracts
- C41 - Authorized Construction—Washington, D.C. Area
- C45 - Permits Issued for Demolition of Residential Structures in Selected Cities
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