



## Fast Facts: Apartment Fundamentals

To understand different apartment classes, consider how car companies segment their models.

**Fast Fact:**

High-end is not always in the highest demand.

The “S” series could be the base model, while the “L” series is a step up with some additional features. And then there is the “X” series that is fully-loaded with leather heated seats and a sun roof. The driving factor to selecting a model is usually price.

Typically, the same holds true when it comes to apartments.

### How Apartments are Classified

#### Class A

- Less than 10 years old
- New, high-end, luxury
- Generally in urban areas

#### Class B

- 11 – 20 years old
- Good quality and neighborhood, but older
- Generally in suburban areas

#### Class C

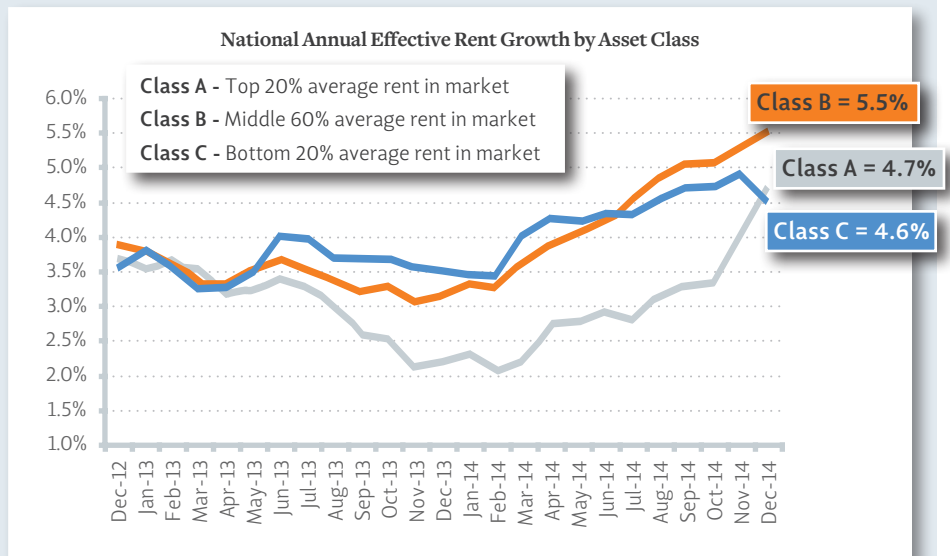
- 21 + years old
- Old, run down, poor operation
- Generally in low-income neighborhoods

Source: Arnie Levine, “What are apartment building classifications Classes A, B, C, D,” CountyProperties.net, 4/28/12.

Luxury is not always in the highest demand.

With this increased demand for multifamily, Class B apartments have experienced the highest year-over-year rent growth.

This may mean renters are choosing apartments based on affordability.



Source: Axiometrics, Inc.

As the number of renters continues to increase, it's clear that affordability will be one of their main priorities.





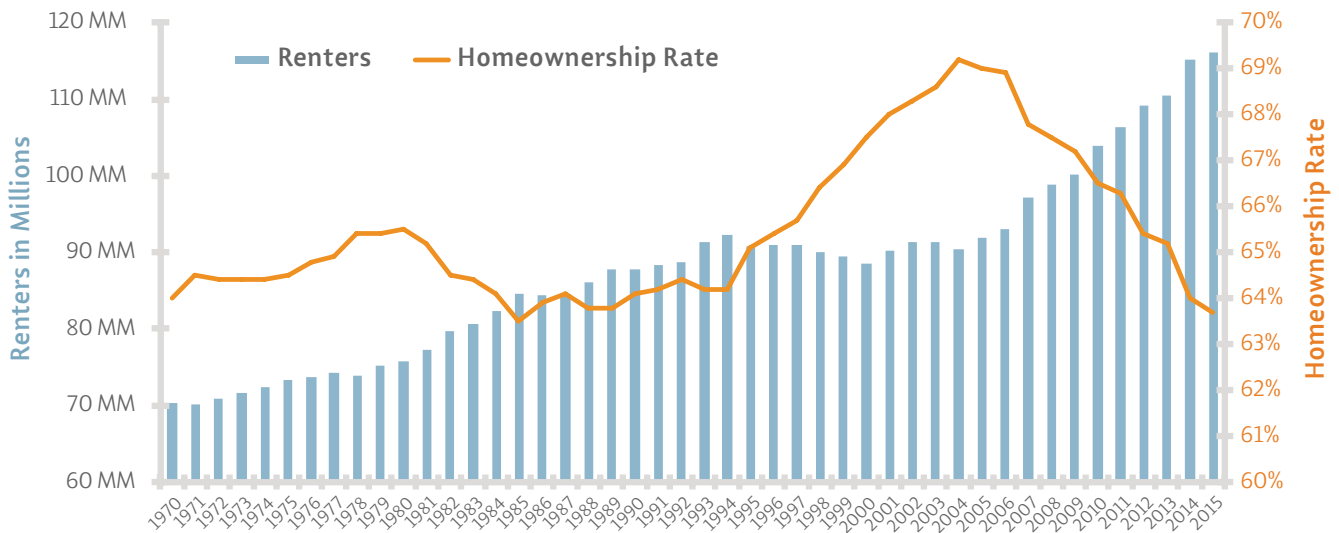
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Demand for apartments continues to increase for many reasons. In addition to the demand from Generation Y, data shows previous homeowners are making the leap to rentals.

*Fast Fact:*  
Homeowners are becoming renters.

The number of Americans who own their own home has dropped from a peak of **69%** in late 2004 to a 19-year low of **63.4%** in 2015.

The homeownership rate continues to drop, as the number of potential renters rises.



Source: U.S. Census Bureau, Housing Vacancies and Homeownership, as of Q2 2015.

