

How the Fed's Pause on Interest Rates Impacts Multifamily

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Multifamily is feeling the effects of rising interest rates in a multitude of ways. On a positive side for investors and developers, potential homebuyers may be renting for longer as higher interest rates push them out of the market for a new home. Further, rising costs of construction are keeping the numbers of new unit deliveries lower, as are construction delays, which is in turn driving up demand. However, there is also a downside to these factors.

Partner & Co-Chair of [Real Estate](#) Services with Anchin, [Rob Gilman](#), explains that while a pause on interest rates certainly impacts multifamily, the big concern is on where the lending is coming from for multifamily.

“The fallout from Signature Bank has left a void on the multifamily lending,” Gilman says. “While other lenders are doing some deals, no institution has come out to say they are getting more involved in the area to take over the void.”

He continues that while the good deals will continue to get done, many are needing to be structured creatively and finding a lender is going to prove difficult. Further rate hike increases would only further reduce buying power, making multifamily transactions difficult to execute.

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