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REAL ESTATE

America's Biggest Apartment Owner Takes a Leap Into Modular Homes

Greystar to open its first U.S. modular project, a six-building apartment complex in Pennsylvania, and is building six more

By [Rebecca Picciotto](#) [Follow](#)

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Modular units assembled in Greystar's Pennsylvania factory are transported to the building site and then stacked to form homes. PHOTO: GREYSTAR

Modular housing development has long been a fringe part of the U.S. market, primarily limited to lower-budget or emergency housing. Now, the country's largest apartment operator is trying to change that.

Greystar Real Estate Partners on Monday is opening a six-building modular apartment complex, complete with a gym, amphitheater and bocce courts. It is

Greystar's first U.S. project assembled using this alternative construction method, aiming to combat the chronic delays of traditional developments.

The new complex called "Ltd. Findlay" is located in Coraopolis, Pa., about 16 miles west of Pittsburgh. It is offering leases for 312 apartments, making it one of the largest multifamily modular projects in the U.S.

Ltd. Findlay is the first property developed at Greystar's modular factory in Knox, Pa. The developer has six more modular projects in its U.S. pipeline that will also be built at the Knox site.

Unlike conventional on-site construction, modular homes are assembled in a factory, transported to the final building site and then stacked on top of each other like jumbo Lego blocks. Proponents say this type of building can be completed faster using fewer workers and with materials that can be purchased at a bulk discount, which can reduce overall costs.

Even so, modular remains only a small portion of the overall construction market, reflecting a number of challenges from the cost of transporting pieces to difficulties with financing and regulatory approval.

But its use is steadily growing. With the construction workforce shrinking and costs rising, the efficiency gains of modular are gaining traction with mainstream developers.

From 2015 to 2023, the annual market share of modular construction more than tripled to 6.6%, according to the Modular Building Institute, one of the industry's trade groups.

Developers such as Related and Amherst are among the major companies that have experimented with modular in the U.S. Marriott also has begun using modular to build some of its new hotels.

McKinsey projects that modular construction revenues globally could grow to as much as \$1.1 trillion by 2040 from \$180 billion in 2022.

With the cost of materials and labor rising, "modular emerges as a more viable alternative to traditional construction methods," said Jose Luis Blanco, a senior

partner at McKinsey who leads the global engineering, construction and building-materials practice.

President-elect Donald Trump has proposed expanded tariffs and immigrant deportation, which could heat up material costs and further squeeze the construction workforce. Though modular construction wouldn't be immune from those shocks, industry analysts say it may be more insulated relative to traditional builders.



Greystar's six-building modular apartment complex in Coraopolis, Pa., is offering leases for 312 apartments, one of the largest multifamily modular projects in the U.S. PHOTO: GREYSTAR

Greystar, based in Charleston, South Carolina, manages more than 954,000 units in North America. The company first found success with modular building in the U.K., said Andy Mest, the managing director of the company's modular business. He had worked on Greystar's London projects and wanted to replicate their outcomes domestically.

In 2020, the multifamily-building operator bought its Pennsylvania manufacturing facility and jump-started its U.S. modular operation, Modern Living Solutions.

Ltd. Findlay was built roughly 40% faster than Greystar's traditional projects, Mest said. The on-site construction required one-third of the company's standard workforce and generated 90% less waste.

In many cases, saving on time and labor means saving money. A large majority of developers that implemented modular processes reported cost savings of

between roughly 5% and 10%, according to a 2020 McGraw Hill Construction study.

Ltd. Findlay was roughly 10% cheaper for Greystar to build relative to a traditional multifamily project in nearby Pittsburgh. The apartment units have between one and three bedrooms and range in size from 662 square feet to 1,373 square feet.

“We’re focused on the juiciest or the biggest segment of the market—seven stories and below,” Mest said. “Other people can build the taller, sexier things.”

Greystar’s other six modular properties will also be within a roughly 600-mile radius of the Knox manufacturing facility because of the challenges and costs of transporting premade apartment units. That isn’t the only constraint of modular development.

“The biggest barrier is the status quo,” said Tom Hardiman, executive director of the Modular Building Institute. “Everything about construction was written for a site-built world.”

Modular tends to require more initial legwork because of the rigid conventions of housing construction. Lenders are often skeptical about financing because they are less familiar with this type of construction.

Financing a modular project usually involves more upfront capital deposits at a faster pace, which some lenders see as risky. In turn, commercial lenders sometimes ask for higher interest rates and offer lower loan amounts as a safety net, according to an August report from the National Renewable Energy Laboratory.

Greystar took extra pains to educate lenders about the unique financing structure of a modular project. The company regularly tours lenders around the Knox factory so that they can see exactly what they are financing.

Modular can also create a labyrinth of regulatory hurdles because building codes and inspection standards vary by jurisdiction. Greystar not only had to ensure it secured proper permits for each individual project, but it also went through an extensive process to get the Knox manufacturing center separately certified to build in Pennsylvania.

The Modular Building Institute is working to universalize a set of modular-specific standards to streamline that system, Hardiman said. So far, only Virginia, Colorado, Utah, Montana and Rhode Island have adopted MBI's proposed industry guidelines.

Despite these growing pains, enthusiasm for modular construction is building. Regardless of policy changes, some experts see a proliferation of modular development as inevitable given escalating U.S. housing woes.

"We've seen modular as a choice. I think we're past beyond that," Blanco said. "It's just a pure necessity."

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