Yardi® Matrix

National Multifamily Report

March 2021

Multifamily Rents Have Turned a Corner

- Multifamily rents increased by 0.6% on a year-over-year basis in March, a sign that the multifamily market has turned a corner.
- Overall rents increased by $6 in March to $1,407. Nationally, multifamily rents had one of the strongest first quarters in a few years, with rents up 0.8% from the previous quarter. In the first quarter of 2020, the effects of the pandemic were just beginning to set in, and rents were up only 0.1%.
- Outside of the gateways and a select few other top 30 markets, most other metros had positive year-over-year rent growth. Out of our 134 markets surveyed this month, 114 had flat or positive YoY rent growth.

Nationally, the multifamily market is coming out of the first quarter of 2021 strong, with rents up 0.8% in the first quarter alone.

Enactment of the American Rescue Plan authorized the injection of $1.9 trillion into the economy. The two most recent aid packages (the American Rescue Plan and the Consolidated Appropriations Act) have provided a combined $50 billion of emergency rental assistance and other support to the housing industry. This funding is bound to have a positive effect on occupancy and rent growth throughout 2021. A likely hindrance to the industry is the ban on evictions, which the Centers for Disease Control and Prevention has just extended to June 30.

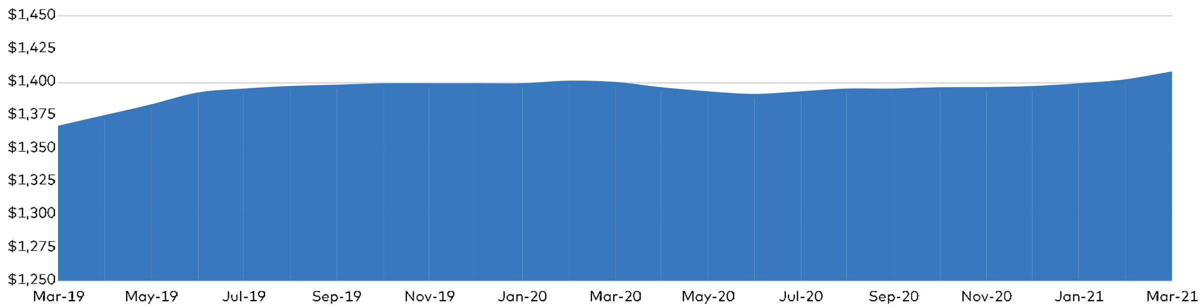
Affordable metros in the West continued to thrive in March, with the Inland Empire (8.3%), Sacramento (7.3%) and Phoenix (6.9%) leading the way in year-over-year rent growth. The strong demand for housing in these metros has enabled this trend. Even expensive coastal markets and gateway cities are beginning to bounce back, albeit slowly.

Lifestyle rents have been the hardest hit during the pandemic, but a floor has now emerged. Nationally, lifestyle rents were up 0.5% month-over-month, outperforming renter-by-necessity rents, which increased only 0.3%.

Of the top 30 metros, 27 had flat or positive month-over-month lifestyle rent growth. On a year-over-year basis, some weakness remains, but half of the top 30 metros did see positive YoY lifestyle rent growth.

As the pace of vaccinations continues to ramp up and cities continue to reopen, the multifamily market is poised for a strong 2021.

National Average Rents

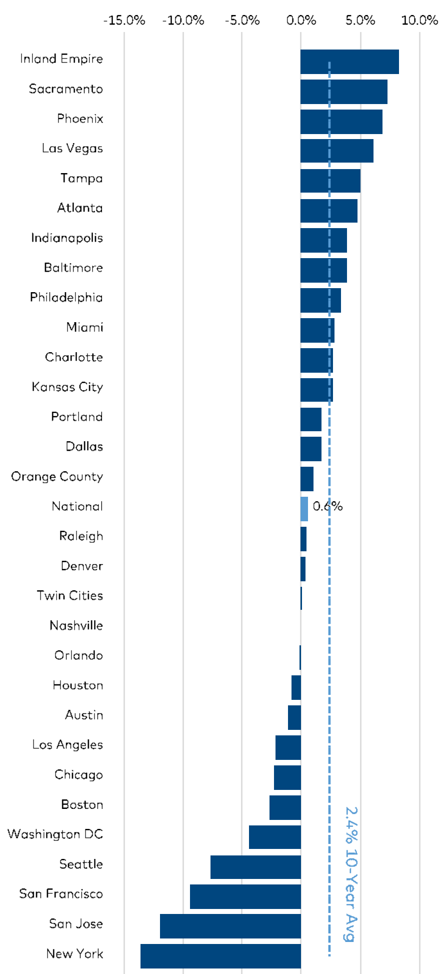


National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.

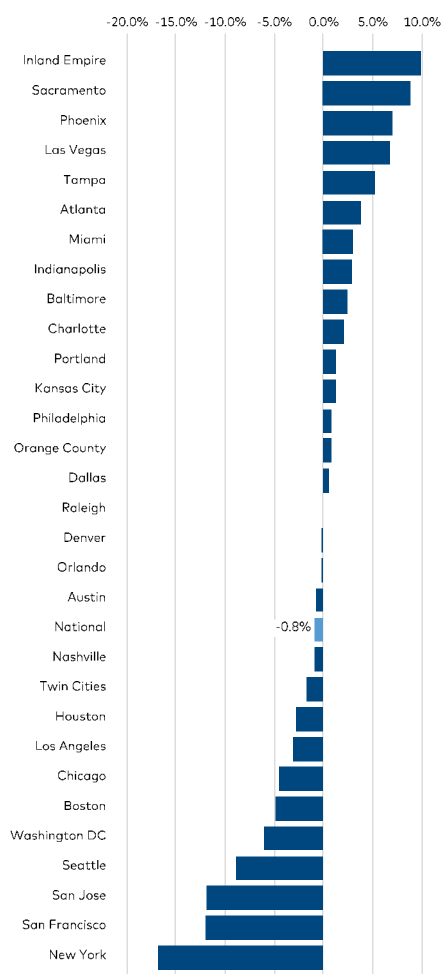
Year-Over-Year Rent Growth: Lower-Cost Metros Continue to See Upward Trend

- National rents increased by 0.6% in March on a year-over-year basis. Out of the top 30 metros, 19 had flat or positive YoY rent growth in March.
- The markets with YoY declines continue to be affected by remote work and migration out of the urban cores, but even rents in New York (-13.6%) and San Jose (-12.0%) have bottomed.
- Lower-cost metros in the West and Southeast continue to lead the way on YoY rent growth. Tampa (5.0%) and Atlanta (4.7%) have benefitted from strong migration and limited new supply. Completions in Tampa over the last 12 months have totaled only 2.3% of inventory; Atlanta's completions during the same period are equivalent to 2.5% of stock.

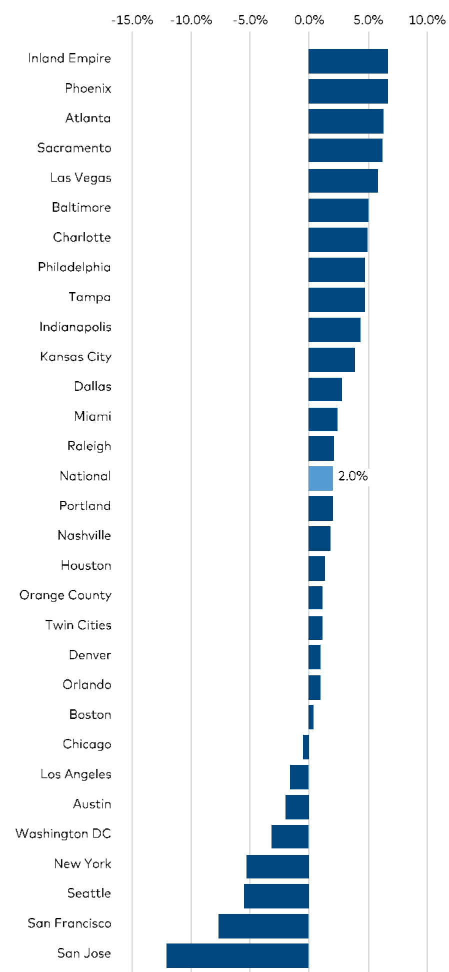
Year-Over-Year Rent Growth—All Asset Classes



Year-Over-Year Rent Growth—Lifestyle Asset Class



Year-Over-Year Rent Growth—Renter-by-Necessity Asset Class



Source: Yardi Matrix

Short-Term Rent Changes:
Most Metros Show Strong MoM Gains

- Rents increased nationally by 0.4% MoM in March, up 20 basis points from February.

- Sacramento (1.0%) and San Jose (0.9%) had the highest short-term rent growth. Although San Jose had the second-lowest YoY growth among our top 30 markets, the strong MoM growth points to a turnaround.

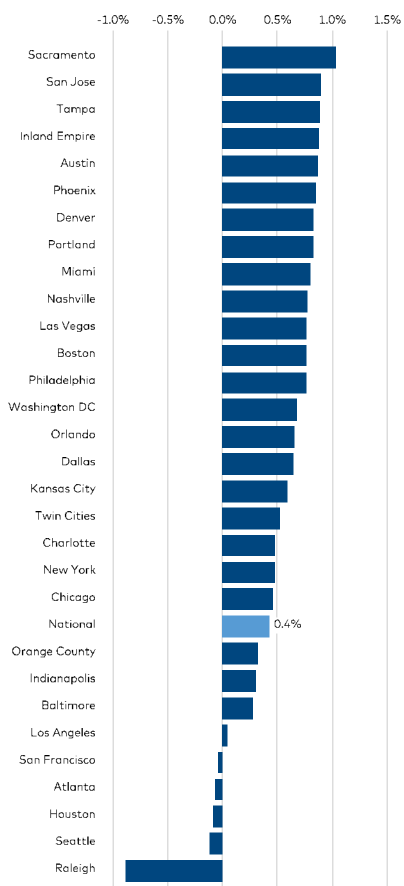
Of our top 30 markets, 26 had flat or positive month-over-month rent growth in March.

One outlier this month is Raleigh (-0.9%). Most other Southeast metros experienced strong short-term rent growth due to an influx of new residents. New supply could be a factor in the softening of rents, as 3.9% of stock has been completed in Raleigh during the last 12 months. Of the top 30 markets, Raleigh had the second-most deliveries over the last 12 months, right behind Austin, where 4.4% of stock was delivered.

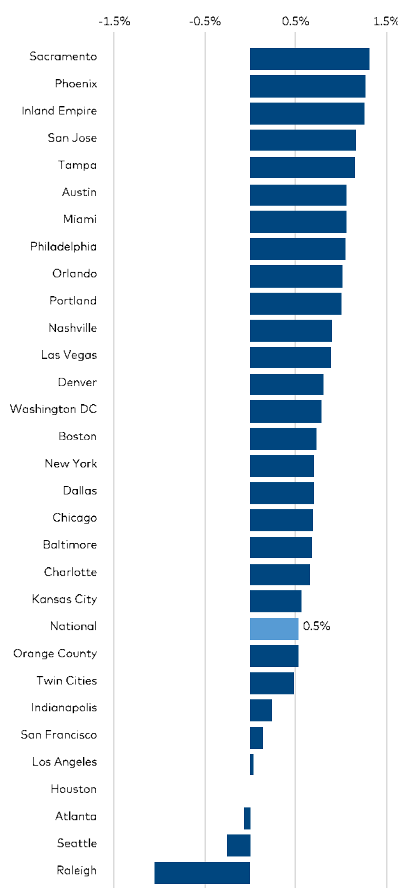
Raleigh does have strong economic fundamentals, and with the metro's job growth falling in the middle of the pack at -6.7%, this could just be a one-month dip.

As the spring leasing season picks up, most metros will likely continue to enjoy strong short-term rent growth.

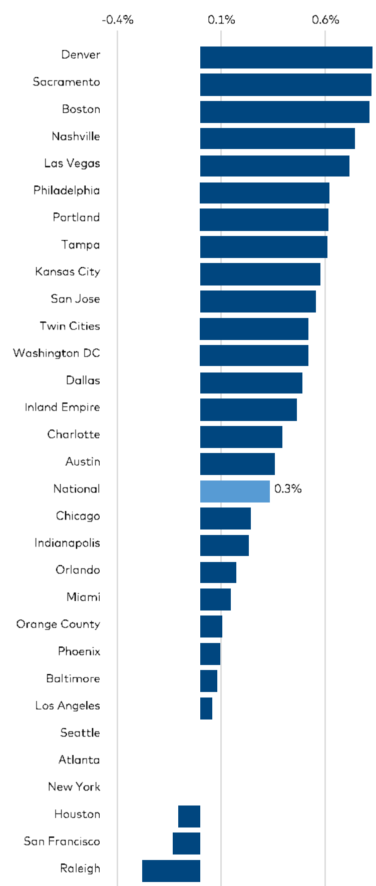
Month-Over-Month Rent Growth—All Asset Classes



Month-Over-Month Rent Growth—Lifestyle Asset Class



Month-Over-Month Rent Growth—Renter-by-Necessity Asset Class



Source: Yardi Matrix

Employment and Supply Trends; Forecast Rent Growth

- Jobless claims fell to 684,000 in the week ending March 20, the fewest since the beginning of the pandemic. As the recovery gains momentum, the number of jobless claims will likely continue to recede.
- As the labor market recovers, one metric we will be following is the labor force participation rate. The rate dropped when the pandemic hit, especially among older workers who were forced into retirement. Some economists are projecting that labor force participation won't recover until the end of 2022.

Supply is playing a part in the recovery of many metros, especially in the urban cores where concessions have been deployed to offset occupancy losses. Lifestyle assets that have delivered in the last year have had an especially tough time leasing up.

Austin leads the top 30 metros for the most completions as a percentage of stock, at 4.4% over the last 12 months. Austin has struggled to maintain rent growth throughout the pandemic, likely due to a surge in deliveries. However, rents have recently begun to rise month-over-month. In March, rents increased by 0.9% on a MoM basis, the strongest performance since the pandemic began.

Other metros where a large percentage of stock has delivered in the last 12 months include Raleigh (3.9% of stock), Twin Cities (3.9%) and Denver (3.8%).

The large number of deliveries in these three metros has contributed to relatively flat year-over-year rent growth. In March, YoY growth was 0.5% in Raleigh, 0.4% in Denver and 0.1% in the Twin Cities.

The construction pipelines for these metros show no signs of slowing down any time soon, either. In the Twin Cities, 8.2% of existing stock is under construction; 7.3% of inventory is under construction in Denver; and 5.3% of stock is under construction in Raleigh.

All three metros benefit from strong economic fundamentals that include favorable migration patterns and a high concentration of tech jobs, especially in Denver and Raleigh. The markets should be able to absorb the new supply, but strong rent growth could be hindered coming out of the pandemic.

Most gateway markets have not seen a large number of deliveries over the last year due to pandemic-related delays, but their pipelines of planned and under-construction product remain robust.

Miami leads the gateways with 14.6% of existing stock under construction and 20.2% planned. San Francisco has 8.2% of stock under construction and 8.5% planned; in Los Angeles, 7.8% of stock is under construction, 11.6% planned.

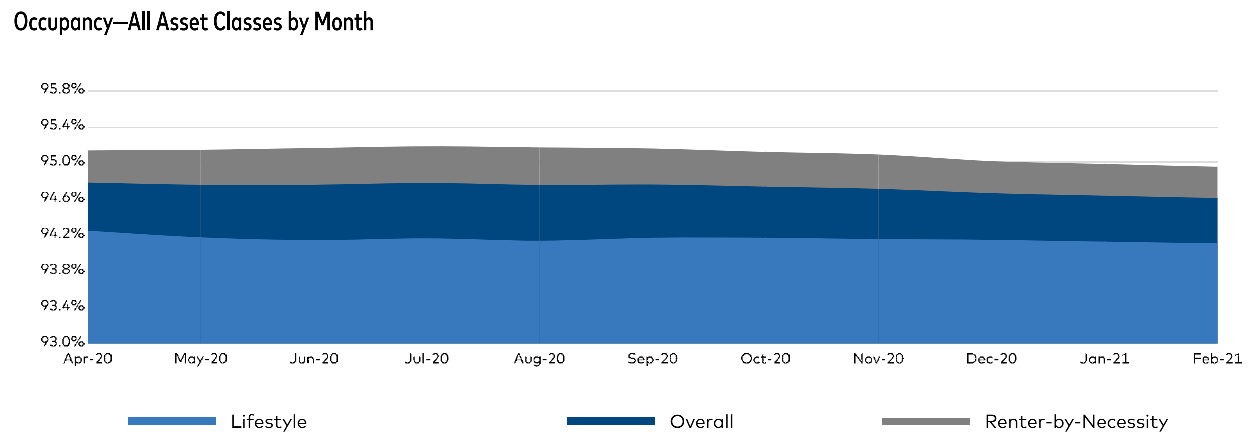
As these metros face an uphill climb, their large supply pipelines will make recovery challenging.

Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Mar - 21	Forecast Rent Growth (YE 2021)	YoY Job Growth (6-mo. moving avg.) as of Dec - 20	Completions as % of Total Stock as of Mar - 21
Sacramento	7.3%	5.3%	-7.5%	1.5%
Las Vegas	6.1%	5.2%	-11.0%	1.2%
Inland Empire	8.3%	5.0%	-7.7%	1.6%
Phoenix	6.9%	4.3%	-2.8%	3.2%
Atlanta	4.7%	3.9%	-3.5%	2.5%
Raleigh	0.5%	3.8%	-6.7%	3.9%
Indianapolis	3.9%	3.7%	-2.7%	1.3%
Denver	0.4%	3.7%	-4.7%	3.8%
Houston	-0.8%	3.6%	-5.1%	2.1%
Austin	-1.1%	3.5%	-2.1%	4.4%
Charlotte	2.7%	3.3%	-6.4%	3.6%
Dallas	1.7%	3.3%	-3.0%	2.7%
Orlando	-0.1%	3.3%	-8.3%	3.2%
Miami Metro	2.8%	3.1%	-6.9%	3.0%
Nashville	0.0%	3.0%	-5.4%	2.1%
Kansas City	2.7%	3.0%	-3.9%	3.0%
Portland	1.7%	3.0%	-7.7%	2.8%
Tampa	5.0%	2.9%	-4.0%	2.3%
Boston	-2.6%	2.8%	-9.4%	3.0%
Baltimore	3.8%	2.8%	-5.3%	1.4%
Twin Cities	0.1%	2.5%	-7.1%	3.9%
Washington, DC	-4.4%	2.5%	-5.7%	1.5%
Seattle	-7.6%	2.5%	-7.7%	2.6%
Philadelphia	3.4%	2.2%	-7.4%	1.6%
Chicago	-2.3%	2.2%	-7.4%	1.9%
New York	-13.6%	2.2%	-11.4%	0.9%
Orange County	1.0%	2.0%	-9.5%	1.0%
Los Angeles	-2.2%	1.6%	-8.9%	2.6%
San Jose	-12.0%	1.5%	-7.2%	2.9%
San Francisco	-9.4%	-0.8%	-10.2%	2.4%

Source: Yardi Matrix

Occupancy & Asset Classes



Source: Yardi Matrix

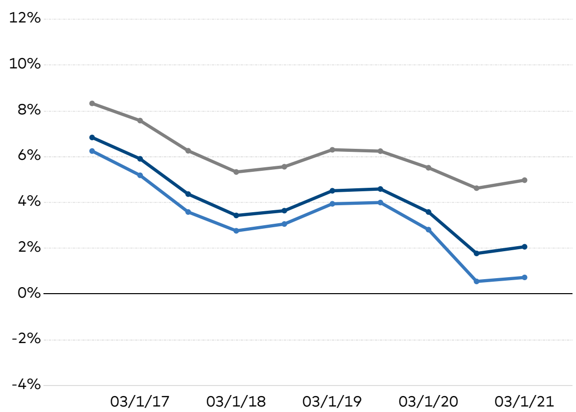
Year-Over-Year Rent Growth, Other Markets

Market	March 2021		
	Overall	**Lifestyle**	**Renter-by-Necessity**
Central Valley	8.0%	8.7%	7.8%
NC Triad	7.6%	7.8%	7.0%
Tucson	7.4%	6.9%	7.7%
Albuquerque	6.4%	8.4%	5.1%
Reno	6.3%	7.3%	5.6%
Tacoma	6.1%	5.5%	6.5%
Long Island	5.8%	3.6%	6.8%
Colorado Springs	5.7%	5.8%	5.8%
Jacksonville	4.4%	3.7%	4.9%
Salt Lake City	4.4%	4.5%	4.5%
El Paso	4.0%	3.1%	4.3%
Indianapolis	3.9%	2.9%	4.4%
Bridgeport–New Haven	3.8%	3.5%	4.1%
Northern New Jersey	-3.0%	-6.6%	0.7%
Louisville	3.0%	2.2%	3.1%
SW Florida Coast	2.9%	2.2%	3.9%
St. Louis	1.9%	0.4%	2.5%
Central East Texas	1.7%	1.4%	2.2%
San Fernando Valley	-0.6%	-2.6%	0.7%

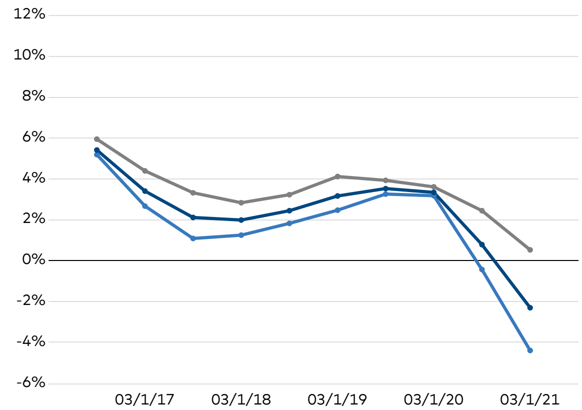
Source: Yardi Matrix

Market Rent Growth by Asset Class

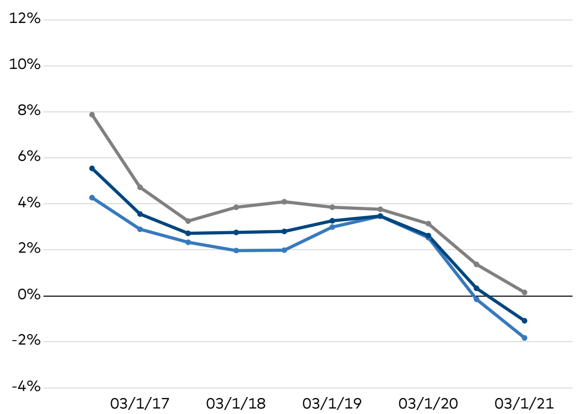
Atlanta



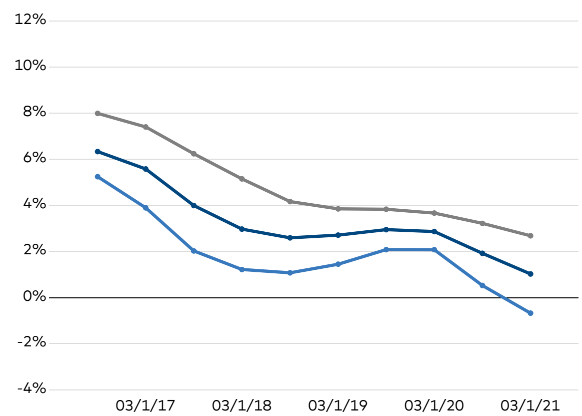
Boston



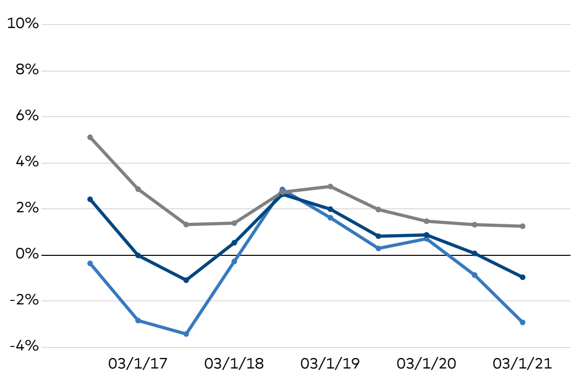
Denver



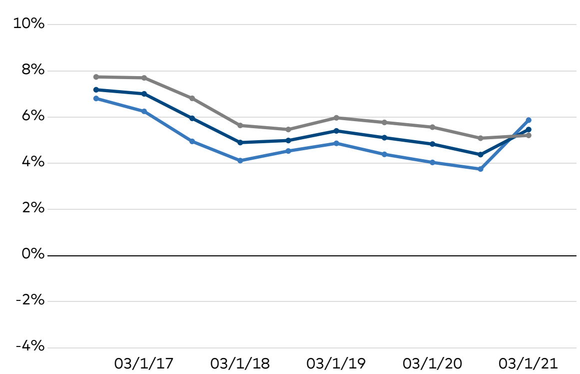
Dallas



Houston



Inland Empire

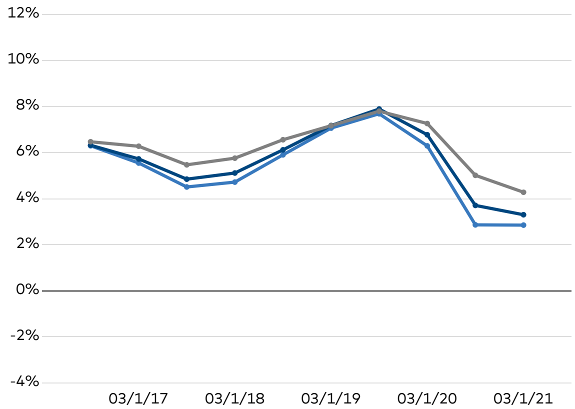


Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

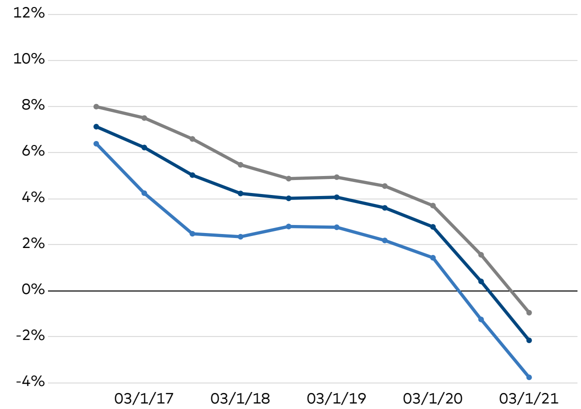
Source: Yardi Matrix

Market Rent Growth by Asset Class

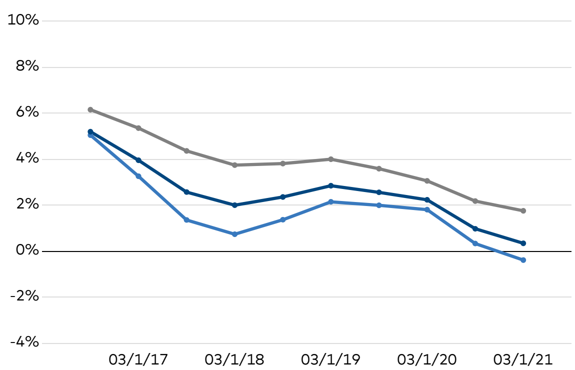
Las Vegas



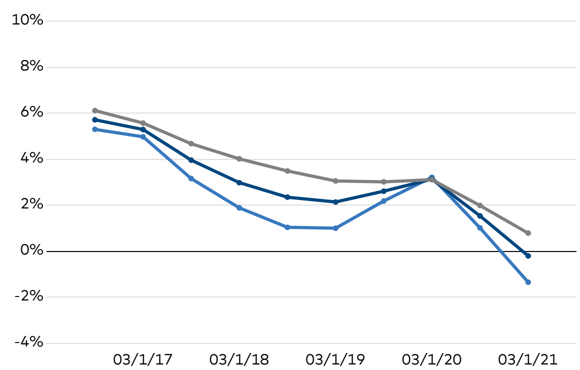
Los Angeles



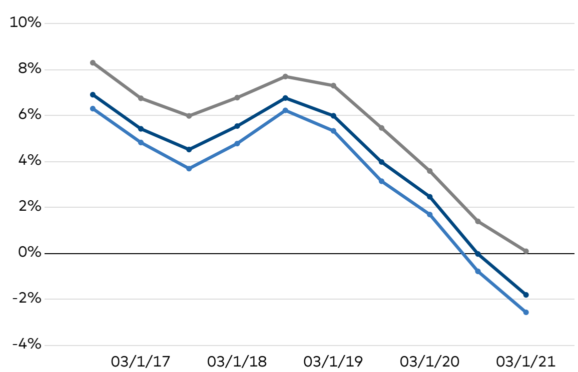
Miami



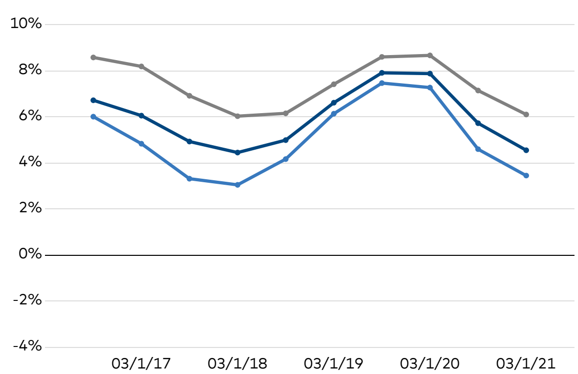
Orange County



Orlando



Phoenix

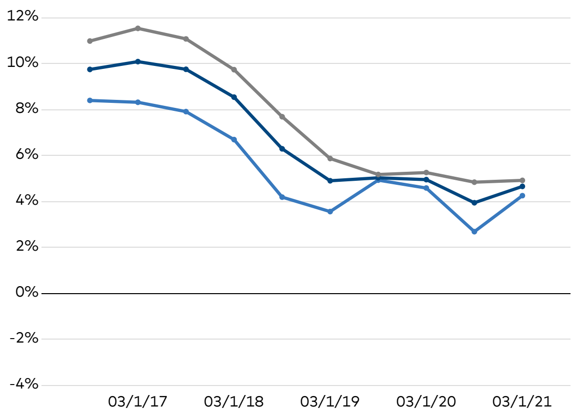


Trailing 12 Months Overall | Trailing 12 Months Lifestyle | Trailing 12 Months Renter-by-Necessity

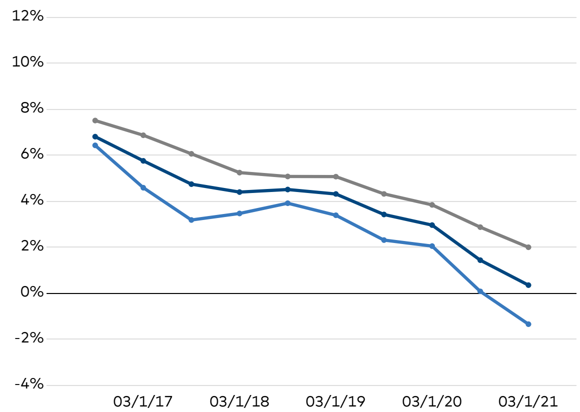
Source: Yardi Matrix

Market Rent Growth by Asset Class

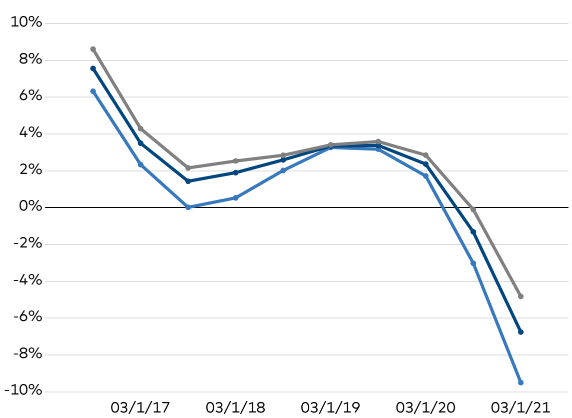
Sacramento



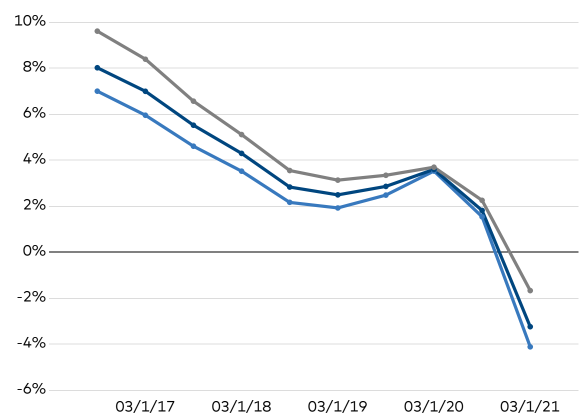
San Diego



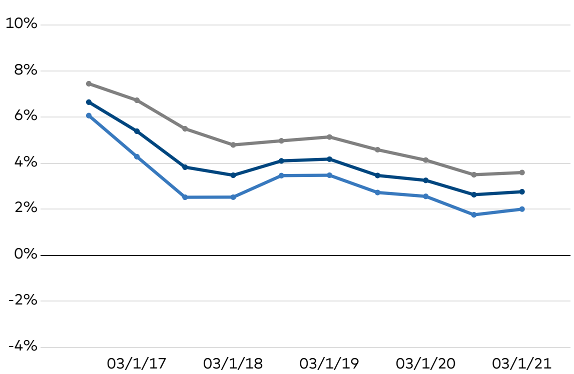
San Francisco



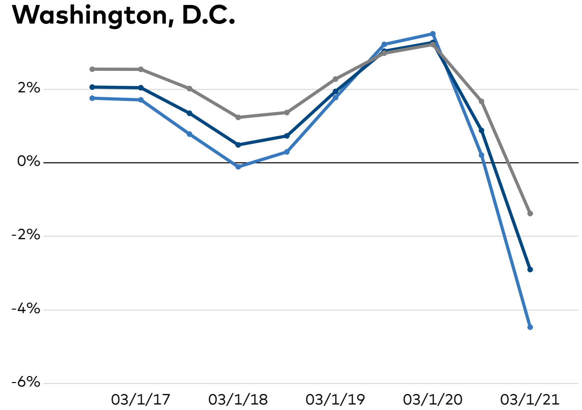
Seattle



Tampa



Washington, D.C.



Trailing 12 Months Overall — Trailing 12 Months Lifestyle — Trailing 12 Months Renter-by-Necessity

Source: Yardi Matrix

Definitions

Reported Market Sets:

- National rent values and occupancy derived from all 134 markets with years of tracked data that makes a consistent basket of data

Average Rents: Average Same-Store index rent (mean), rolled up from unit mix level to metro area level, weighted by units

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month

Rent Growth, Quarterly: Year-over-year change in average market rents, as calculated by same-quarter average. Partially completed quarters are only compared to partial quarters.

Forecast Rent Growth: Year-over-year change in average forecasted market rents, as calculated by same month

Market rent: Converted rent that reflects the effect of differences in relevant attributes that hold reasonably quantifiable value

Actual (effective) rent: Monthly rate charged to residents to occupy an apartment and is shown as-is without additional concessions or adjustments.

Same-Store index rent: Rents adjusted to new supply as it joins the market

Employment Totals: Total employment figures and categories provided by Bureau of Labor Statistics, seasonally adjusted

Employment Data Geography: Comprises entirety of United States, which Matrix data covers 90% of US metro population. Reported information is for MSAs that overlap Matrix Markets.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more Markets

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable, and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units

Ratings:

- Lifestyle/Renters by Choice
- Discretionary—has sufficient wealth to own but choose rent
- Renters by Necessity
- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent
- Other Categories
- Student—may span range of income capability
- Military—subject to relocation
- Subsidized—Partially to fully subsidized by a governmental agency subsidy. Can extend to middle-income households in high-cost markets.

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.

Yardi® Matrix

Power your business with the industry's leading source for originating,
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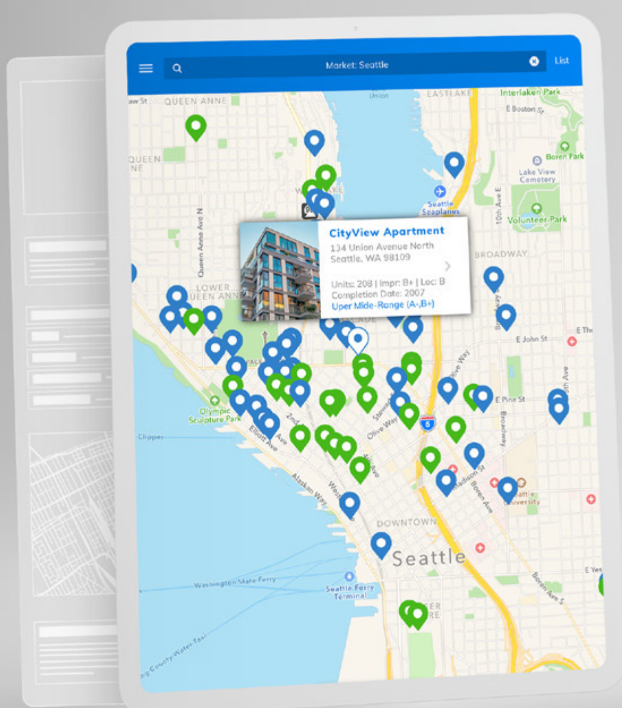

Yardi Matrix Multifamily provides accurate data on **19+ million units,** covering over **90% of the U.S. population.**

Key features

- Pierce the LLC every time with true ownership and contact info
- Leverage patented improvement and location ratings, unit mix, rental, occupancy and current manager information
- Gain complete new supply pipeline information at the asset, competitive set and market level
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access exclusive aggregated and anonymized residential revenue and expense comps

See how we can help you achieve your investment goals.
Request a personalized demo at yardimatrix.com/**contact-us**

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