Yardi® Matrix

National Multifamily Report

April 2021

Multifamily Market Continues to Show Strength

- Multifamily rents increased by 1.6% on a year-over-year basis in April, the largest increase that we have seen since the beginning of the pandemic.
- Overall rents increased by $10 in April to $1,417. The last time overall rents increased by that amount in a month was June 2015. Out of our top 30 markets, 24 had month-over-month rent growth greater than 0.5%. Gateway markets continued their path to recovery this month, with all gateway markets showing positive MoM gains in April.
- Only six markets out of our top 30 had negative year-over-year rent growth this month. One of the six, Austin (-0.1%), is poised to turn positive next month, given the strong MoM gains. The other five markets had solid MoM gains, as well, but are a little further behind in their rebound.

Nationally, the multifamily market continues to show strength, with rents increasing the most on a year-over-year basis since March 2020 and on a dollar amount basis since June 2015.

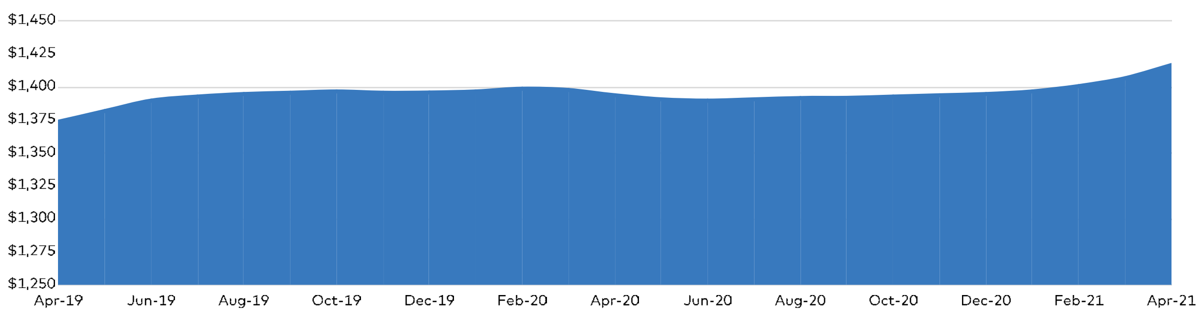
Markets that have been hot for years continued to show strength in April, with the Inland Empire (9.4%) almost to double-digit rent growth on a year-over-year basis. The difference this month is that now we are seeing metros that have struggled during the last year post solid month-over-month gains.

All gateway markets are beginning to recover, with some further along in the recovery process than others. Miami leads the gateway markets with 0.8% rent growth on a trailing 3-month basis. All other gateways had positive trailing 3-month rent growth, as well, with Chicago (0.5%) and Boston (0.4%) showing strong gains. Washington, D.C. (0.2%), New York, San Francisco and Seattle (all 0.1%) are a few months behind in the recovery process, but we expect the gains in these markets to strengthen as we head into the summer.

The Inland Empire, Sacramento (8.4%) and Phoenix (8.1%) have been leading all markets for rent growth for the past few years, and the pandemic has only accelerated that trend. Over a five-year period, rents in the Inland Empire have increased by 31%. Rents in Sacramento and Phoenix have increased by 34%.

To put that in perspective, national rents have increased by 12% over a five-year period. Five years ago, overall rents were extremely low in each of the three aforementioned markets, with plenty of room to run. But with such strong growth over the past five years, when will rents begin to taper off in these markets?

National Average Rents

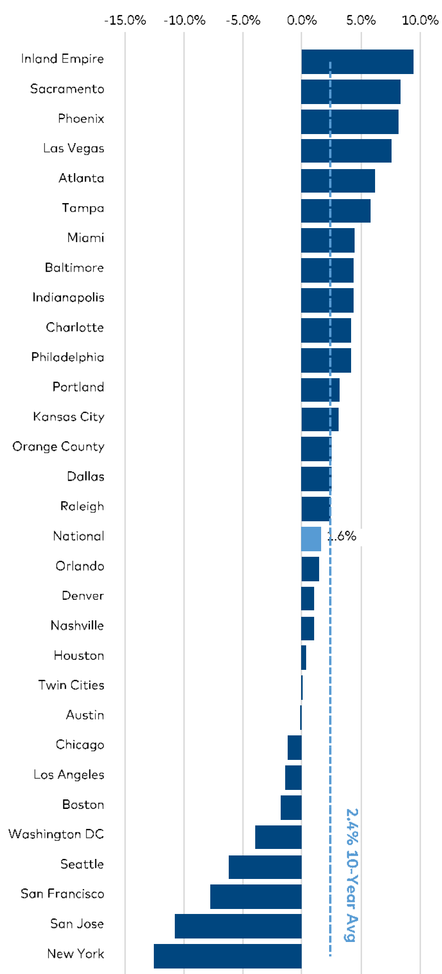


National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.

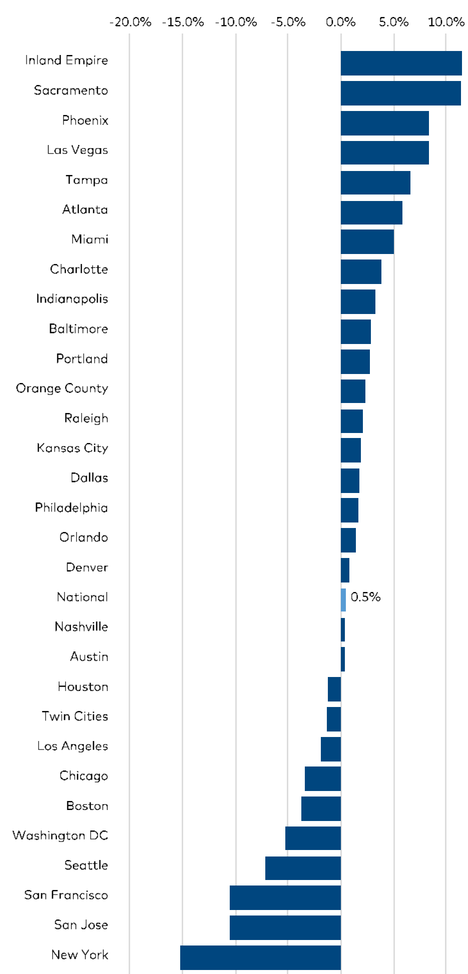
Year-Over-Year Rent Growth: Major Metros Continue to See Improvement

- National rents increased by 1.6% in April on a year-over-year basis—a huge jump from the 0.6% gain in March. Every major metro continues to show improvement on a year-over-year basis, and 21 out of our top 30 metros had positive YoY rent growth this month.
- The Inland Empire (9.4%), Sacramento (8.4%) and Phoenix (8.1%) retained their longstanding positions at the top in April. Gateway markets like New York (-12.6%), San Jose (-10.8%) and San Francisco (-7.7%) remain at the bottom, but monthly numbers point to a rebound.
- Among the markets surveyed this month, 117 out of the 134, or 87%, had positive YoY rent growth in April.

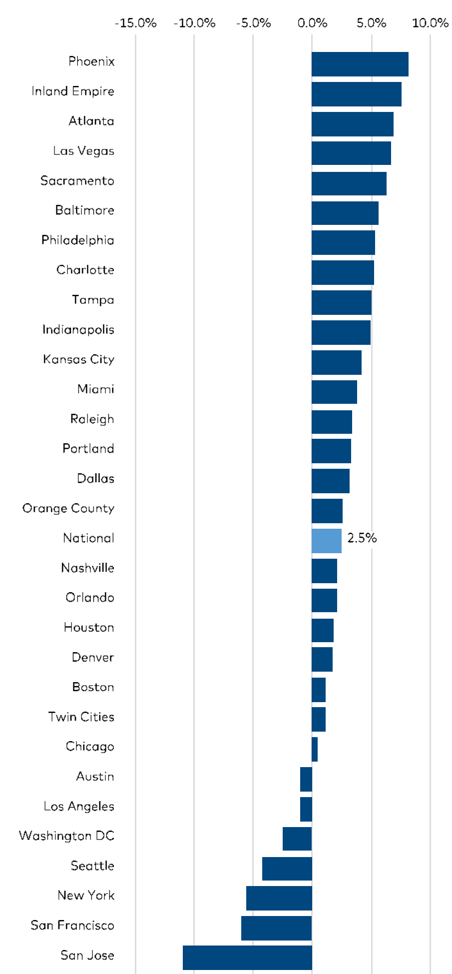
Year-Over-Year Rent Growth— All Asset Classes



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: Gateway Markets on the Road to Recovery

- Rents increased nationally by 0.7% MoM in April, up 30 basis points from March.
- Miami (1.0%) was the strongest gateway market, followed by Chicago (0.9%), Boston (0.8%), San Francisco (0.8%), New York (0.6%), Washington, D.C. (0.2%) and Los Angeles (0.1%).

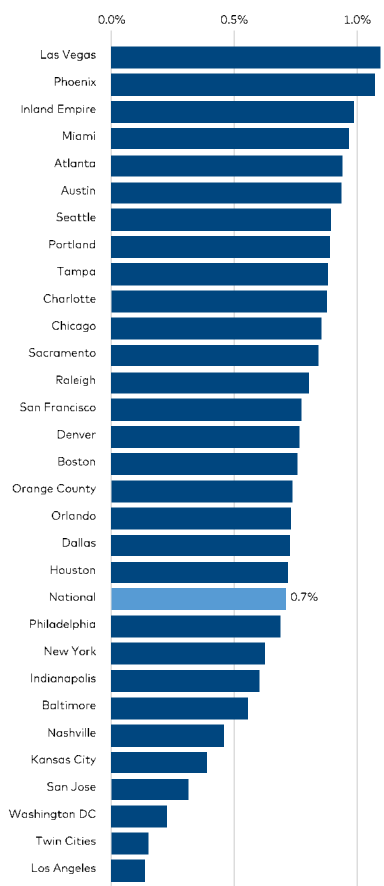
All of our top 30 markets had positive month-over-month rent growth in April. This is the first time that has occurred since the beginning of the pandemic.

Most of the lower-cost metros that have benefited from migration have had positive MoM rent growth during the last year, so their growth is not surprising. The real sign of recovery is the rebound in gateway market rents.

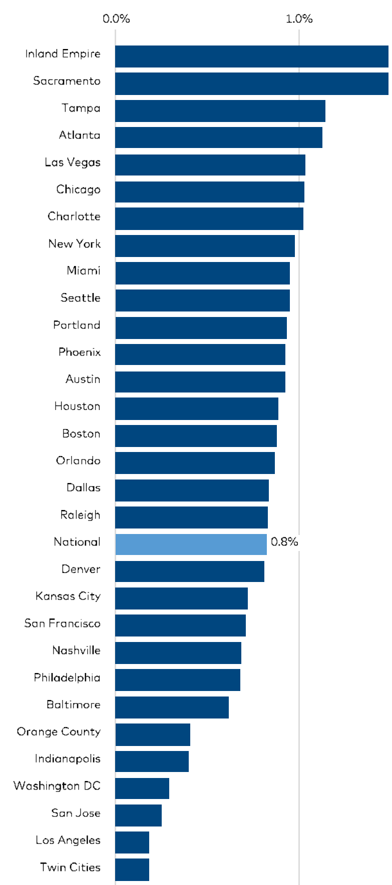
New York, for example, still has a long way to go but is in a much better position than it was in September and November of 2020, when MoM rents declined by more than 2%.

All top 30 markets had positive MoM Lifestyle rents, and New York was the lone market with a slight decline in MoM rents for the Renter-by-Necessity asset class.

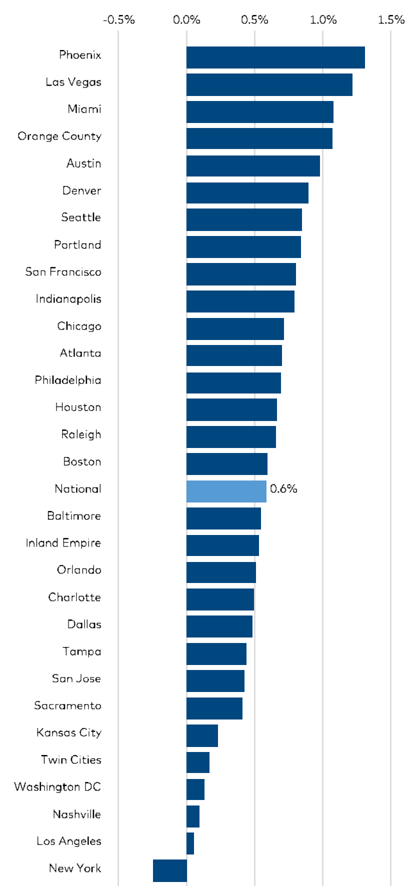
Month-Over-Month Rent Growth— All Asset Classes



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 553,000 in the week ending April 24, a decline of 13,000 from the previous week's revised level and another pandemic low.
- Employers added 916,000 jobs in March, and some economists are forecasting more than 1 million jobs to be added in April.
- Despite an elevated unemployment rate, many employers are beginning to have difficulties finding workers, especially for low-wage positions.

Despite the recent rent and occupancy gains in the gateway markets, many properties in the downtown urban cores will face an extended recovery period of up to three years.

According to a study of the Yardi Matrix database, roughly one out of every 14 multifamily properties has seen occupancy rates drop by 5% or more over the last 12 months. But the declines are not widespread across the U.S.; most are concentrated in urban assets in gateway metros.

The most severe occupancy declines were predictably in New York City, San Jose and Los Angeles. New York City had by far the most properties with occupancy decreases. Some 857 multifamily properties (32.6% of the total) in the city saw a 5% decline, while 251 properties (9.8% of the total) saw a decline of 10% or more.

In San Jose, 182 properties (25.1% of the total) saw a 5% or more drop in occupancy and 54 properties (7.4% of the total) saw a 10% drop or more. In Los Angeles, 485 properties (21.8%) saw a 5% or more drop and 92 (4.2%) saw a 10% or more drop.

The large drops in occupancy were concentrated even further within specific downtown submarkets of these metros. A large percentage of the occupancy declines in New York were confined to Manhattan.

Yardi Matrix forecasted that it would take at least three years for New York and San Jose—among other metros such as San Francisco, Los Angeles and Chicago—to get back to pre-pandemic (1Q20) occupancy levels.

As rent and occupancy growth in gateway markets continues to strengthen, one factor that will make their recovery more challenging is the influx of expected new supply.

In San Jose, for example, we are forecasting 2.0% of stock to deliver in 2021 and 4.2% of stock to deliver in 2022. While that may not seem out of hand, the new supply coupled with a potential lack of demand could prolong the recovery.

The good news is that the distress seems to be extremely concentrated in select urban core submarkets, with the further potential distress discussed at the beginning of the pandemic not likely to come to fruition.

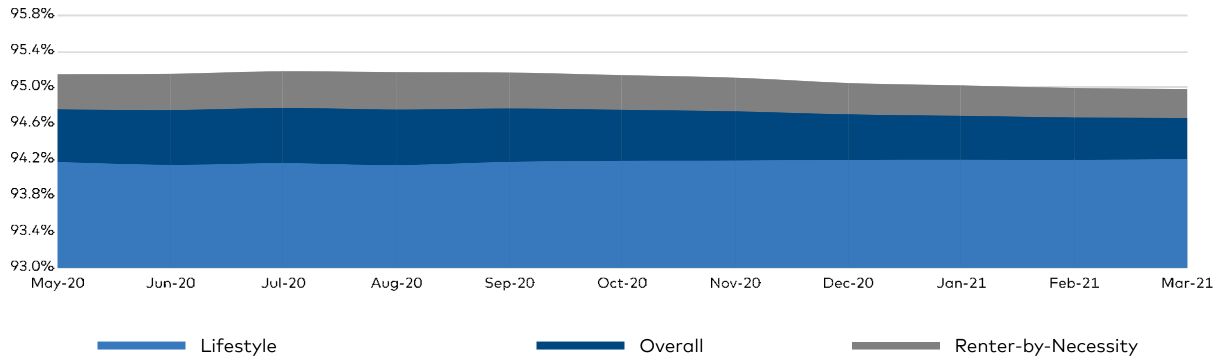
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Apr - 21	Forecast Rent Growth (YE 2021)	YoY Job Growth (6-mo. moving avg.) as of Feb - 20	Completions as % of Total Stock as of Apr - 21
Sacramento	8.4%	5.3%	-6.1%	1.2%
Las Vegas	7.6%	5.2%	-14.0%	1.5%
Inland Empire	9.4%	5.0%	-5.6%	1.5%
Phoenix	8.1%	4.3%	-3.7%	3.4%
Atlanta	6.2%	3.9%	-5.8%	2.9%
Raleigh	2.4%	3.8%	-3.6%	4.1%
Indianapolis	4.4%	3.7%	-4.3%	1.3%
Denver	1.0%	3.7%	-6.2%	4.0%
Houston	0.4%	3.6%	-7.0%	2.0%
Miami Metro	4.5%	3.6%	-7.8%	3.4%
Austin	-0.1%	3.5%	-3.2%	5.0%
Charlotte	4.2%	3.3%	-4.0%	4.2%
Dallas	2.5%	3.3%	-3.7%	3.1%
Orlando	1.5%	3.3%	-11.0%	3.3%
Portland	3.2%	3.0%	-8.4%	3.2%
Nashville	1.0%	3.0%	-4.4%	4.1%
Kansas City	3.1%	3.0%	-4.7%	3.1%
Tampa	5.8%	2.9%	-2.8%	2.7%
Boston	-1.8%	2.8%	-9.3%	3.4%
Baltimore	4.4%	2.8%	-6.7%	1.3%
Twin Cities	0.1%	2.5%	-8.4%	4.1%
Washington, DC	-3.9%	2.5%	-6.4%	1.9%
Seattle	-6.2%	2.5%	-7.1%	2.9%
Philadelphia	4.2%	2.2%	-7.7%	1.8%
Chicago	-1.2%	2.2%	-8.4%	2.3%
Orange County	2.5%	2.0%	-10.6%	1.1%
San Antonio	1.7%	2.0%	-4.0%	3.1%
Los Angeles	-1.4%	1.6%	-11.5%	2.9%
San Jose	-10.8%	1.5%	-8.4%	2.9%
San Francisco	-7.7%	-0.8%	-11.1%	3.5%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month



Source: Yardi Matrix

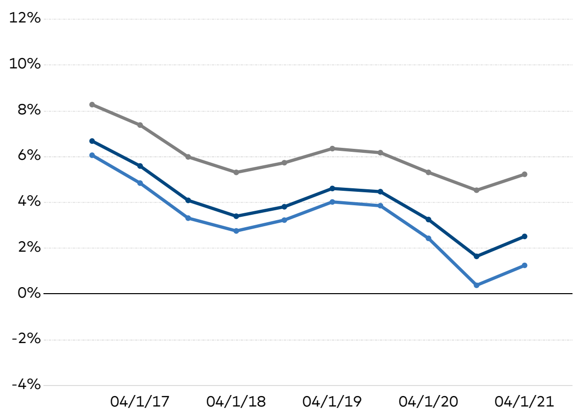
Year-Over-Year Rent Growth, Other Markets

Market	April 2021		
	Overall	Lifestyle	Renter-by-Necessity
Reno	8.7%	9.5%	8.1%
Central Valley	8.6%	13.2%	7.5%
Tucson	8.1%	8.3%	7.9%
Colorado Springs	7.9%	8.5%	7.4%
Albuquerque	7.6%	9.9%	6.2%
Tacoma	7.4%	7.4%	7.3%
NC Triad	7.3%	8.1%	6.3%
Long Island	6.5%	5.5%	6.9%
Jacksonville	5.6%	5.5%	5.3%
Salt Lake City	5.0%	5.1%	4.9%
SW Florida Coast	4.8%	4.4%	5.2%
El Paso	4.6%	4.8%	4.5%
Bridgeport–New Haven	4.4%	4.8%	4.3%
Indianapolis	4.4%	3.3%	5.0%
St. Louis	2.7%	2.6%	2.9%
Central East Texas	2.5%	1.3%	3.6%
Louisville	2.4%	2.1%	2.4%
San Fernando Valley	0.4%	-0.6%	1.0%
Northern New Jersey	-2.2%	-5.7%	1.4%

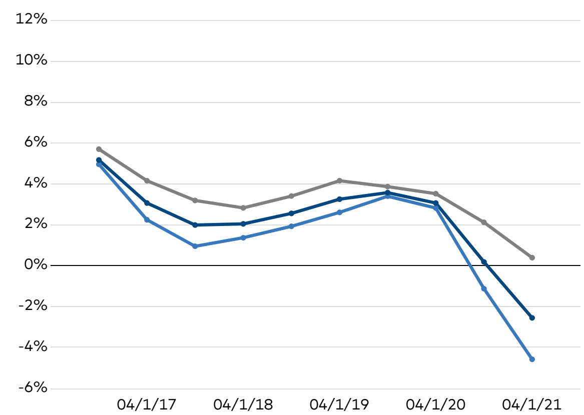
Source: Yardi Matrix

Market Rent Growth by Asset Class

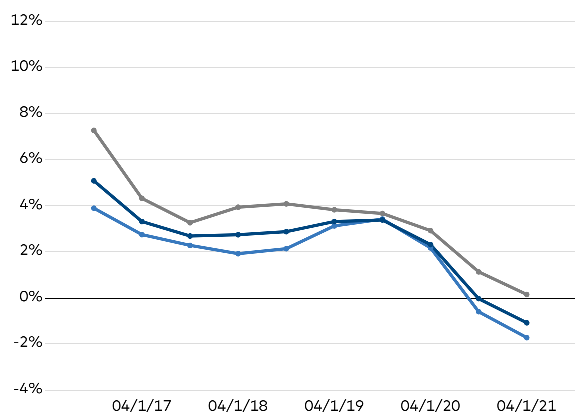
Atlanta



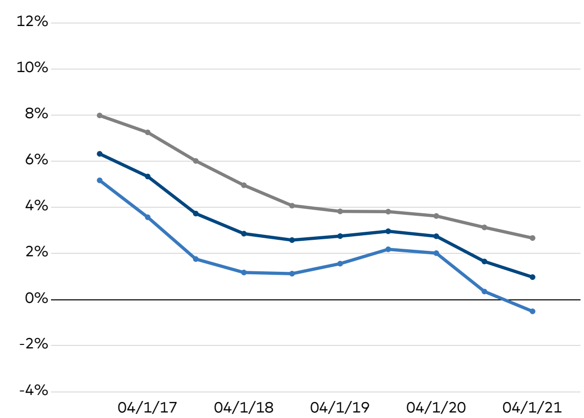
Boston



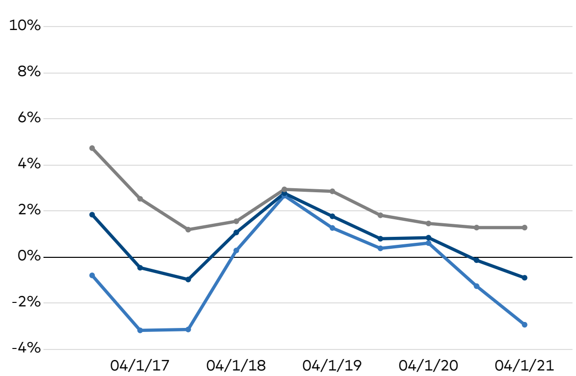
Denver



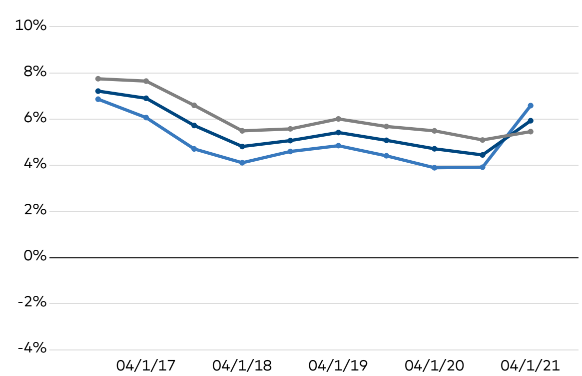
Dallas



Houston



Inland Empire

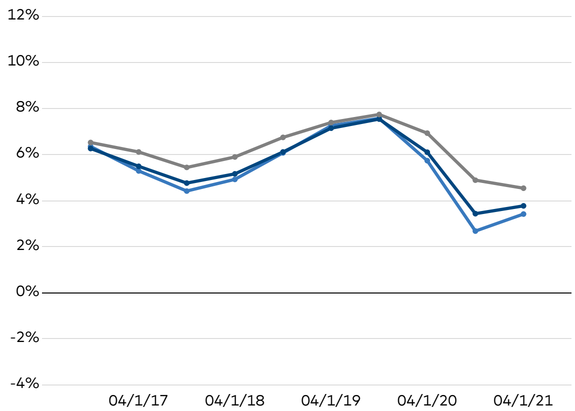


Trailing 12 Months Overall
Trailing 12 Months Lifestyle
Trailing 12 Months Renter-by-Necessity

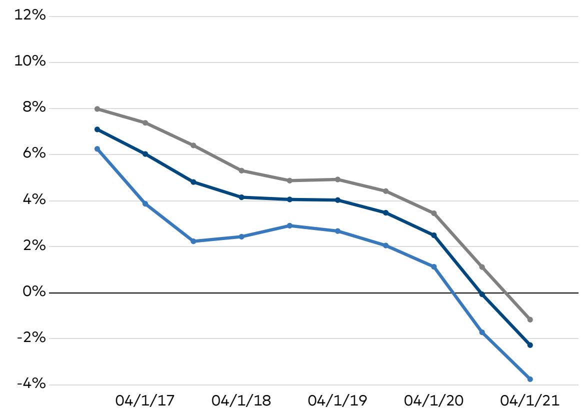
Source: Yardi Matrix

Market Rent Growth by Asset Class

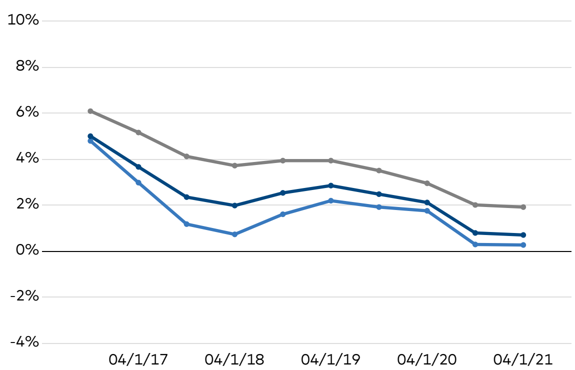
Las Vegas



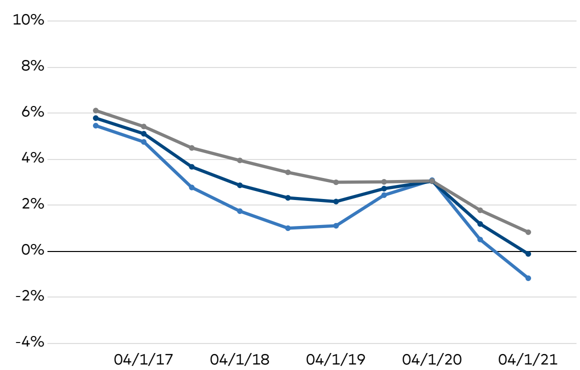
Los Angeles



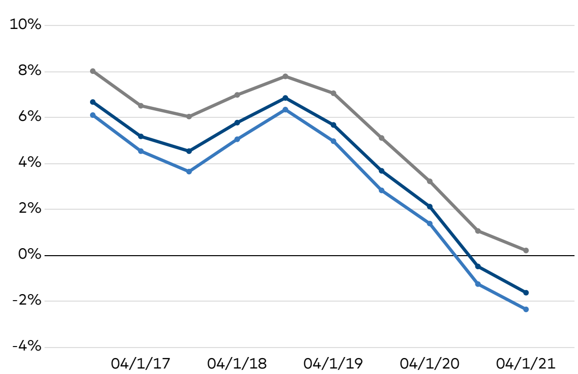
Miami



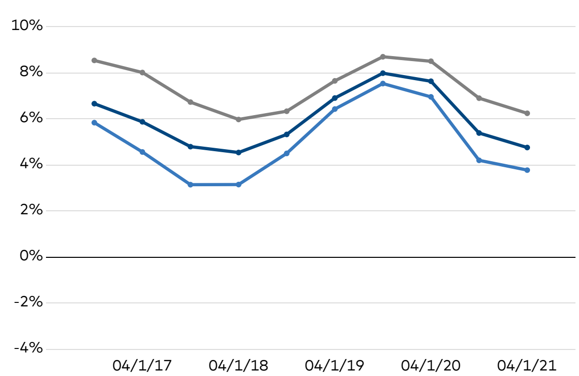
Orange County



Orlando



Phoenix

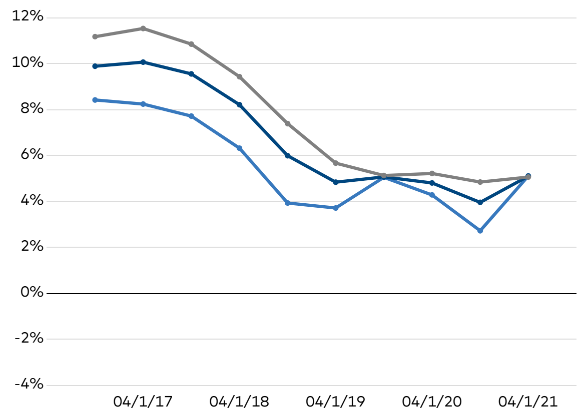


Trailing 12 Months Overall — Trailing 12 Months Lifestyle — Trailing 12 Months Renter-by-Necessity

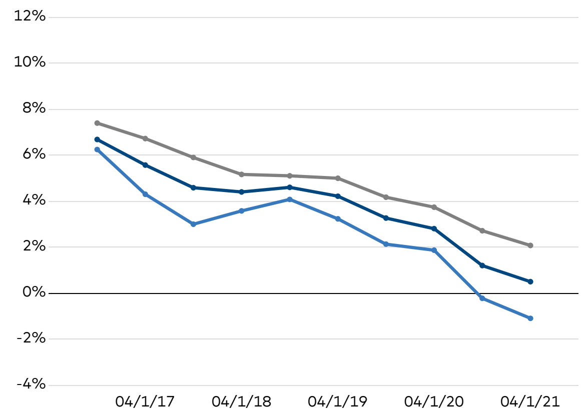
Source: Yardi Matrix

Market Rent Growth by Asset Class

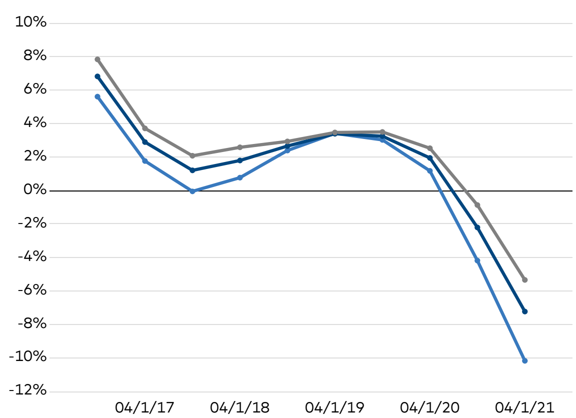
Sacramento



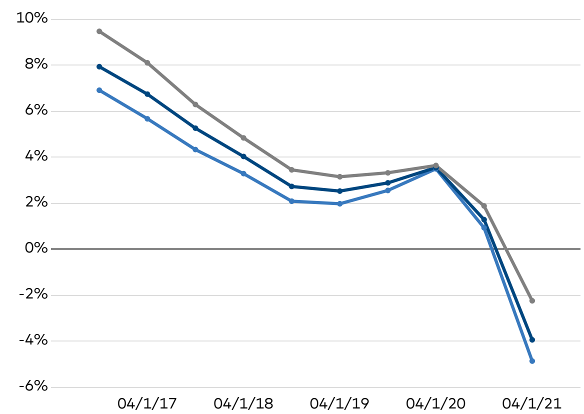
San Diego



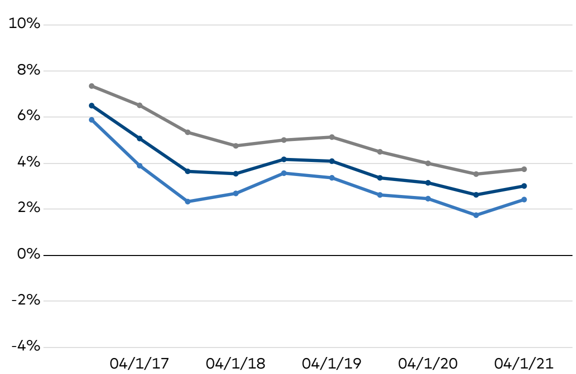
San Francisco



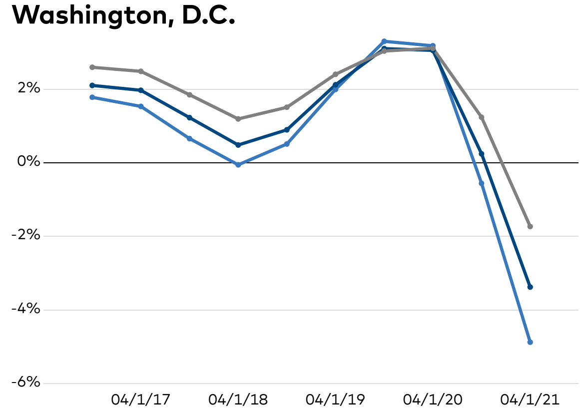
Seattle



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

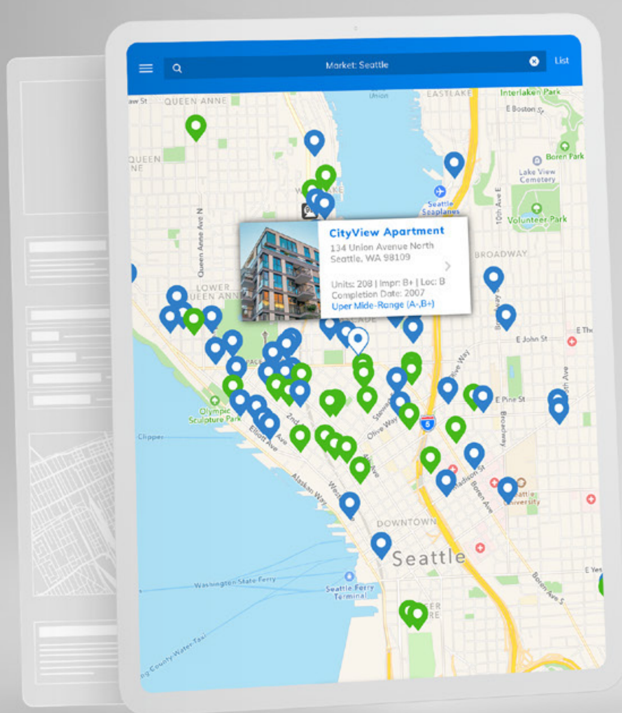
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

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,
pre-underwriting and managing assets for profitable loans and investments.



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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