Yardi Matrix

National Multifamily Report

June 2021

Multifamily Rent Growth Reaches Unprecedented Levels

- Multifamily asking rents increased by a whopping 6.3% on a year-over-year basis in June. This is the largest YoY national increase in the history of our data set.
- Rents grew an astonishing $23 in June to $1,482—another record-breaking increase. Lifestyle rents are growing at a faster pace than Renter-by-Necessity rents, something we have not seen since 2011 and another sign of a hot market.
- Single-family (Built-to-Rent) rents grew even faster, at an 11% year-over-year pace.
- To be clear, the increases represent growth in what landlords are asking for unleased apartments. Increases are smaller for tenants that are rolling over existing leases.

A slew of factors has pushed asking rent growth across the country to levels not seen in decades.

Migration is pushing up rents in Southwest and Southeast metros like Phoenix (17.0%), Tampa and the Inland Empire (both 15.1%), Las Vegas (14.6%) and Atlanta (13.3%). These metros were lower cost compared to larger gateway metros, but with double-digit rent increases, the affordability of these metros has begun to decline.

During the last year and a half, the unprecedented amount of government stimulus has helped to boost the economy. Stimulus checks, enhanced unemployment benefits and more than $45 billion of direct renter payments has helped to prop up the multifamily industry. All of this stimulus led to consistent levels of collections across the country.

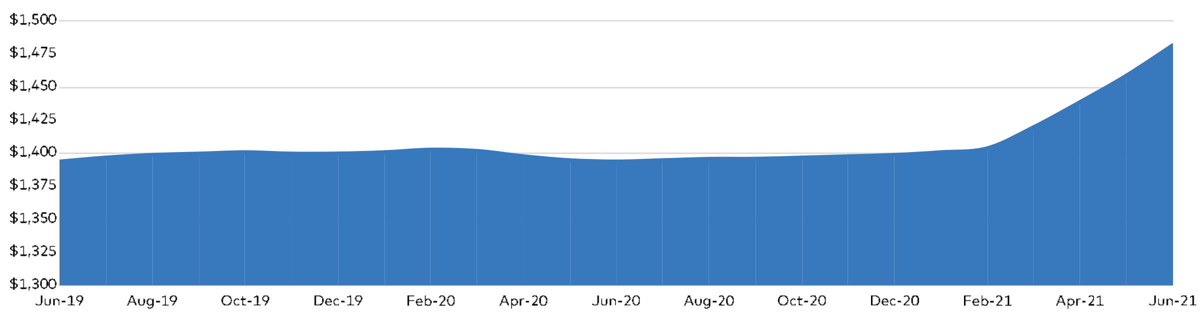
Household savings has also increased by more than $2.5 trillion since the beginning of the pandemic due to lockdowns that prevented the ability to spend on travel and other activities.

The hot housing market is another driving force behind the strong gains. The S&P Case-Shiller Index found that home prices are up 14% year-over-year through June. Many potential home buyers have been forced out of the market, and in turn, decided to rent an apartment for another year.

Another pressure on the cost of housing is the lack of new supply. The U.S. is on track to build 1.5 million units in 2021, according to the Census Bureau, but that will not be enough to satisfy the demand for housing.

Rent growth will not be able to continue at these levels indefinitely, but conditions for above-average growth are likely to persist for months.

National Average Rents

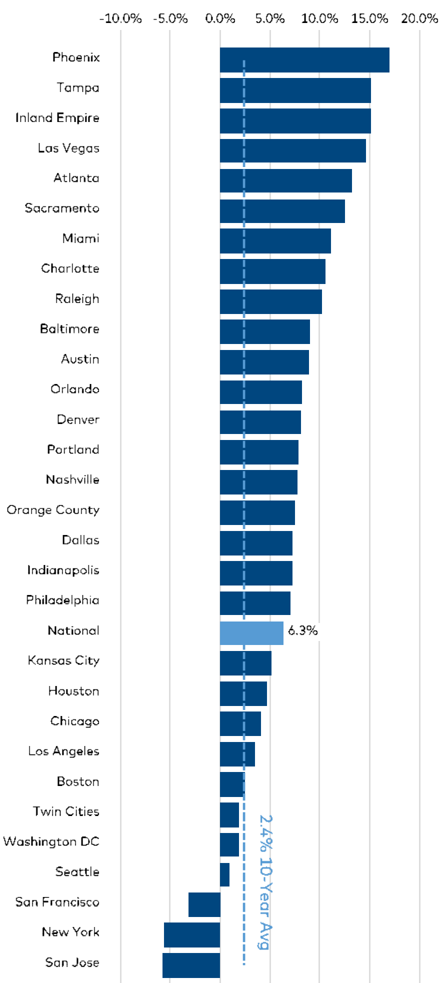


National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.

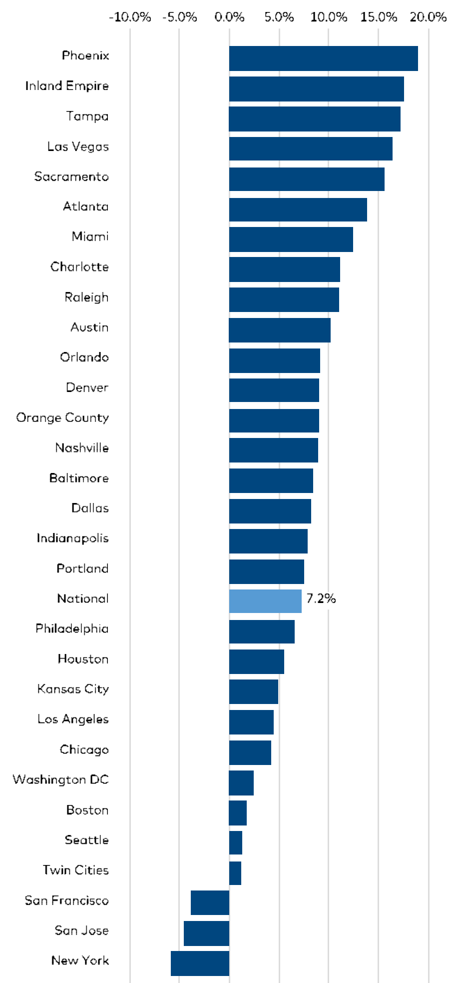
Year-Over-Year Rent Growth: Lifestyle Rent Growth Outpacing Renter-by-Necessity

- Multifamily asking rents increased by 6.3% on a year-over-year basis in June, the largest YoY increase in the history of our data set. Out of our top 30 markets, 27 had positive YoY rent growth.
- Phoenix (17.0%), Tampa and the Inland Empire (both 15.1%) topped the list with unprecedented year-over-year rent growth. Nine of the top 30 markets had double-digit YoY rent growth in June, driven by strong migration to these metros.
- Year-over-year Lifestyle rents (7.2%) grew faster than Renter-by-Necessity rents (5.8%) in June for the first time since 2011. Renters have benefited from increased government support, strong wage growth and increased personal savings rates, which has enabled renters to seek out higher-cost apartments.

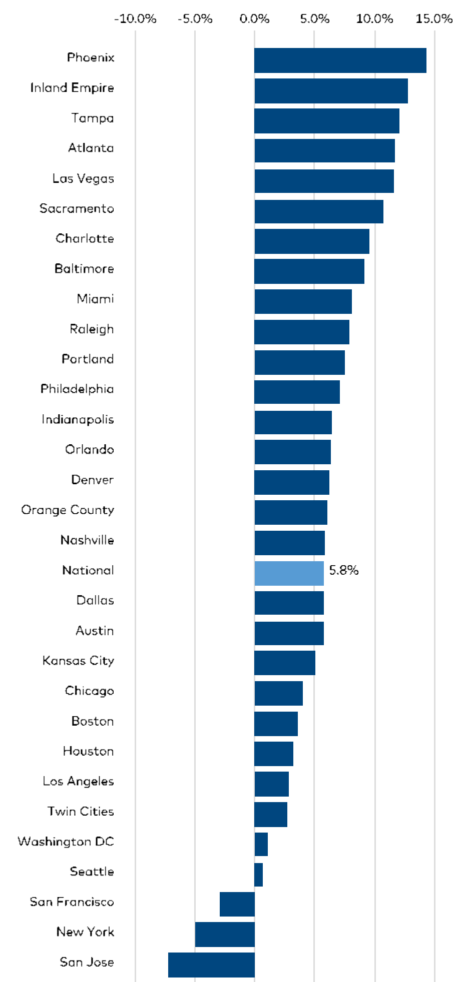
Year-Over-Year Rent Growth— All Asset Classes



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: All Top 30 Metros Performing Well

- Rents increased nationally by 1.6% in June on a month-over-month basis. For the third month in a row, all 30 metros had positive month-over-month rent growth.

- Tampa, Phoenix (both 2.5%), Austin (2.4%), and Miami (2.3%) had the strongest MoM gains.

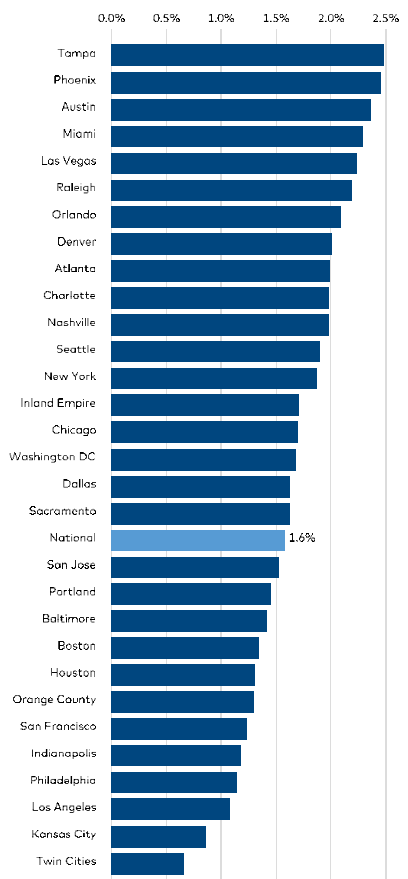
The strong demand for apartments is clear in the month-over-month numbers. Rents in 28 of the top 30 markets are up more than 1% MoM.

The migration to the Southwest and Southeast is driving rent increases to never-before-seen levels. But even on a national basis, all of the top 30 metros are performing well.

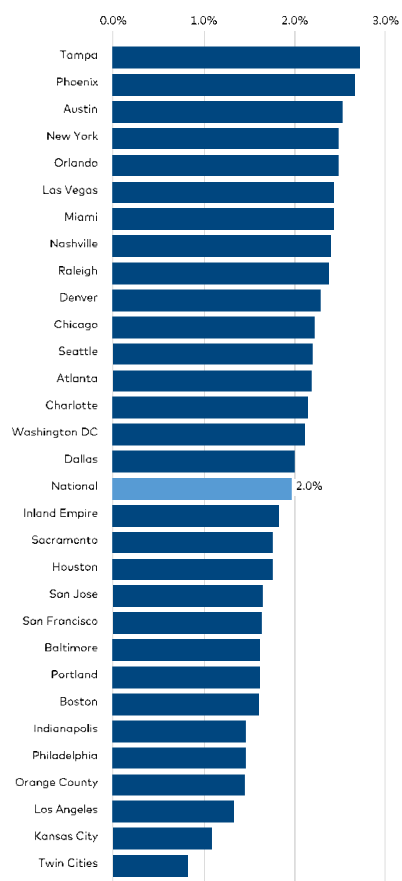
People are returning to urban cores in droves. New York, Seattle (both 1.9%), Chicago and Washington, D.C. (both 1.7%) are rebounding. Recent graduates who moved in with their parents during the pandemic are beginning to form their own households in the urban cores.

Just like the YoY numbers, Lifestyle rents (2.0%) are outpacing RBN rents (1.2%) on a MoM basis. Migration from higher-cost metros to lower-cost metros like Tampa and Phoenix is one factor driving the elevated prices in the Lifestyle sector.

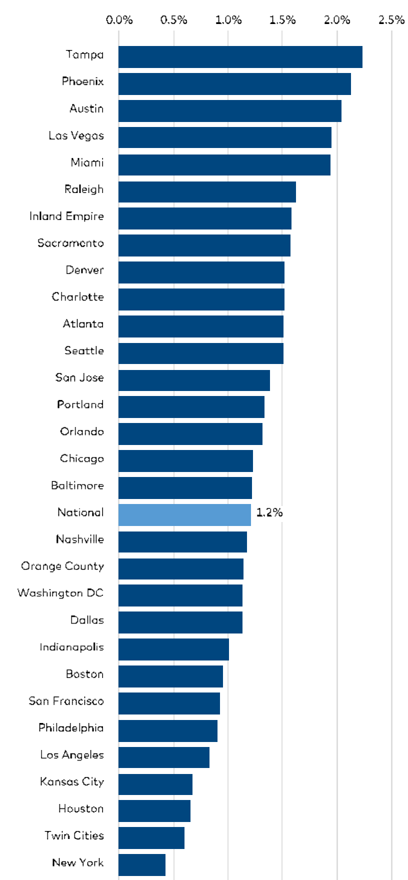
Month-Over-Month Rent Growth—All Asset Classes



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 unexpectedly rose to 373,000 for the week ending July 3. Even though many states have ended their emergency unemployment programs, there are still more than 10 million Americans enrolled, according to the Department of Labor.
- The unemployment rate rose to 5.9% in June, as a result of an increase in the labor participation rate, as new job formation was strong at 850,000. We expect strong job formation and declining unemployment as schools reopen and supplemental unemployment insurance benefits burn off.

The growth that we have seen in asking rents over the last few months across the country has reached levels not seen in decades. Four metros—Phoenix (17.0% YoY rent growth), Tampa and the Inland Empire (both 15.1%), and Las Vegas (14.6%)—have been on a tear for the last year, with no sign of slowing down.

Phoenix has been the poster child for migration this year. People are moving from higher-cost cities across the country, but especially from California, to Phoenix. The single-family housing market is performing equally as strong as the rental housing market, with prices up almost 22% on a year-over-year basis, according to the S&P Case Shiller Index.

Limited new supply in Phoenix is one factor contributing to the spike in rental and home prices. As of June, 3.2% of stock had been delivered in the last 12 months. Even though this falls in the top 10 of our 30 largest metros, it is not enough to keep up with the demand.

Overall rents in Phoenix have increased by $200 in the last year. The rapid rise in rents is even more pronounced when comparing the Lifestyle increases to the Renter-by-Necessity. Lifestyle rents in Phoenix have increased almost $265 over the last year, while Renter-by-Necessity rents have increased $145 in the same time period.

Many people moving into Phoenix are coming from higher-cost locations, where they are accustomed to higher rents. But for longtime residents of Phoenix, the swift price increases are driving them to downsize or find a lower-cost location to live.

Tampa has also seen an influx of new residents since last year. The same bifurcation in the Lifestyle and Renter-by-Necessity rents is present here. Lifestyle rents increased by $255 during the last year, while Renter-by-Necessity rents increased by $130 in the same time period.

Looking at the Inland Empire and Las Vegas, the trend is the same. People migrating into these cities are able to afford these large price increases. But the longtime residents are deeply affected by the accelerated rent growth.

These metros cannot sustain double-digit rent growth forever, but based on the lack of new supply and other demographic factors, it will likely continue for the foreseeable future.

Single-Family Rentals: Roaring Demand Continues

- We are now tracking the single-family rental asset class! Our national data set includes more than 90,000 units in 700 communities across the U.S.

- Tampa (31.3%), Phoenix (23.9%) and Miami (23.6%) topped the list this month with astounding YoY rent growth in June.

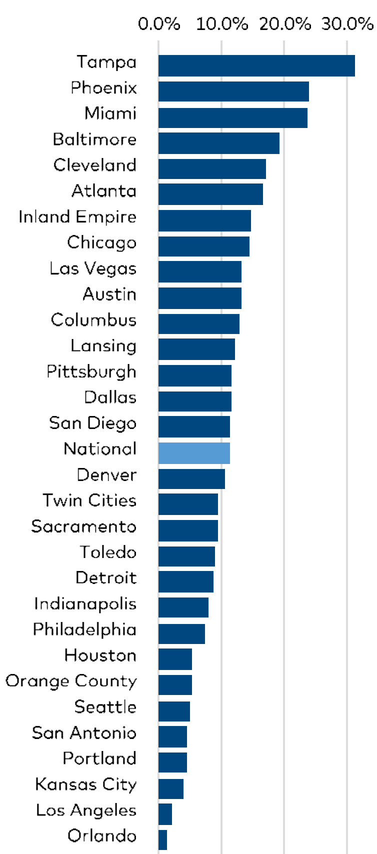
On a national level, rents are up 11.1% year-over-year. The demand for the SFR sector is holding strong as people continue to seek more space. The competitive housing market, driven in part by a lack of supply, is also sending would-be buyers to the SFR space.

All of our top 30 metros had positive YoY rent growth in June. More than half (17 out of 30) had double-digit rent growth.

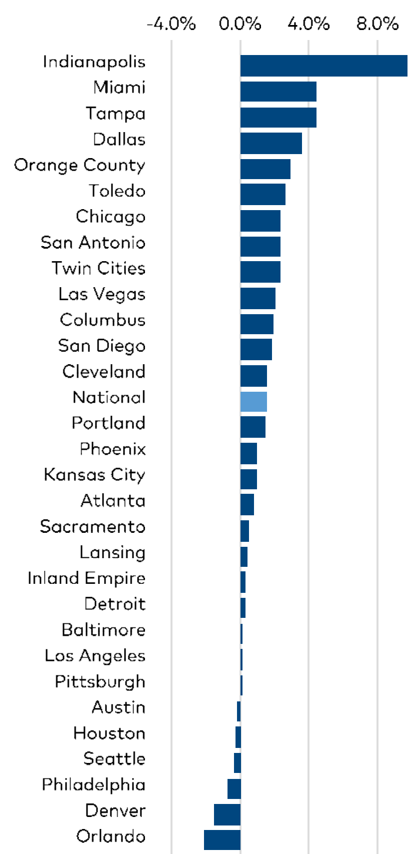
The top SFR markets align with the top markets for multifamily rent growth (Tampa and Phoenix). The rapid rent increases in these two metros can be attributed to the migration to these hot spots.

Nationally, occupancy was up 1.9% in May on a YoY basis. Across the top 30 metros, 24 had flat or increasing occupancy on a YoY basis in May.

Year-Over-Year Rent Growth—Single-Family Rentals



Year-Over-Year Occupancy Change—Single-Family Rentals



Source: Yardi Matrix

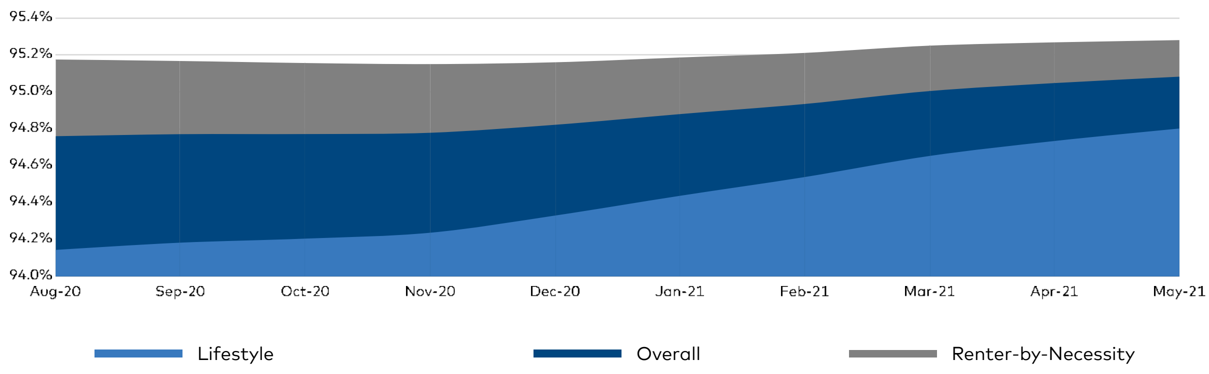
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Jun - 21	Forecast Rent Growth as of 6/30/21 for YE 2021	YoY Job Growth (6-mo. moving avg.) as of May - 20	Completions as % of Total Stock as of Jun - 21
Phoenix	17.0%	8.7%	0.1%	3.2%
Inland Empire	15.1%	7.1%	-0.8%	1.0%
Tampa	15.1%	6.4%	1.2%	2.6%
Las Vegas	14.6%	6.2%	-4.4%	1.0%
Miami Metro	11.2%	6.1%	-2.1%	3.2%
Sacramento	12.6%	5.7%	-1.7%	1.1%
Atlanta	13.3%	5.6%	-1.0%	2.9%
Portland	7.8%	5.2%	-3.3%	2.7%
Austin	8.9%	5.1%	1.5%	4.4%
Indianapolis	7.2%	4.6%	-0.1%	1.3%
Charlotte	10.6%	4.5%	0.2%	4.3%
Chicago	4.1%	4.5%	-3.4%	1.8%
Orlando	8.1%	4.3%	-5.5%	3.5%
Philadelphia	7.0%	4.0%	-1.8%	1.9%
Orange County	7.5%	4.0%	-4.0%	1.0%
Denver	8.1%	3.9%	-1.4%	3.2%
Nashville	7.7%	3.8%	0.6%	1.6%
San Jose	-5.8%	3.8%	-3.9%	2.8%
Dallas	7.3%	3.8%	0.5%	2.9%
Raleigh	10.2%	3.5%	0.7%	3.6%
Houston	4.7%	3.4%	-2.7%	2.1%
Kansas City	5.2%	3.2%	0.0%	3.0%
New York	-5.7%	3.1%	-5.0%	0.8%
Baltimore	9.0%	2.9%	-1.4%	1.3%
Twin Cities	1.9%	2.7%	-3.2%	3.7%
Washington DC	1.8%	2.6%	-2.2%	2.0%
Los Angeles	3.5%	2.6%	-5.7%	2.8%
Boston	2.4%	2.5%	-2.7%	2.9%
Seattle	0.9%	1.9%	-2.5%	2.9%
San Francisco	-3.2%	1.9%	-5.3%	2.9%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month



Source: Yardi Matrix

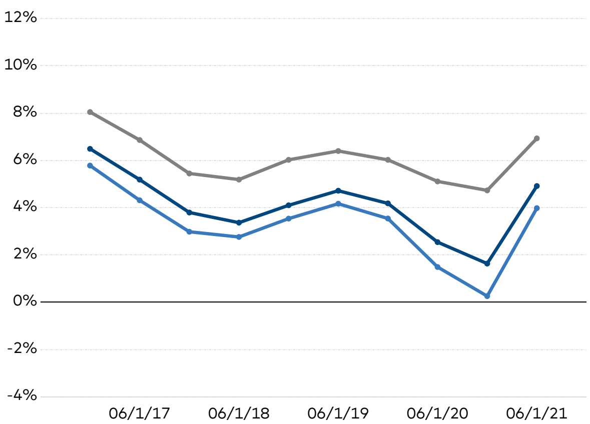
Year-Over-Year Rent Growth, Other Markets

Market	June 2021		
	Overall	Lifestyle	Renter-by-Necessity
NC Triad	9.9%	11.0%	8.7%
Long Island	8.4%	8.4%	8.5%
El Paso	7.3%	7.9%	6.8%
Indianapolis	7.2%	7.9%	6.5%
Bridgeport–New Haven	7.2%	7.0%	7.2%
San Fernando Valley	6.2%	7.1%	5.6%
St. Louis	5.0%	4.4%	5.3%
Louisville	4.4%	5.3%	4.3%
Central East Texas	4.2%	3.9%	4.6%
Tucson	14.4%	15.3%	14.1%
Colorado Springs	14.3%	14.4%	14.2%
Reno	14.3%	15.6%	13.4%
Albuquerque	13.6%	18.6%	10.6%
SW Florida Coast	13.3%	15.1%	10.2%
Jacksonville	12.7%	14.4%	9.3%
Central Valley	12.4%	15.5%	11.8%
Tacoma	11.3%	11.4%	10.9%
Salt Lake City	10.5%	10.3%	10.7%
Northern New Jersey	0.7%	-2.4%	3.7%

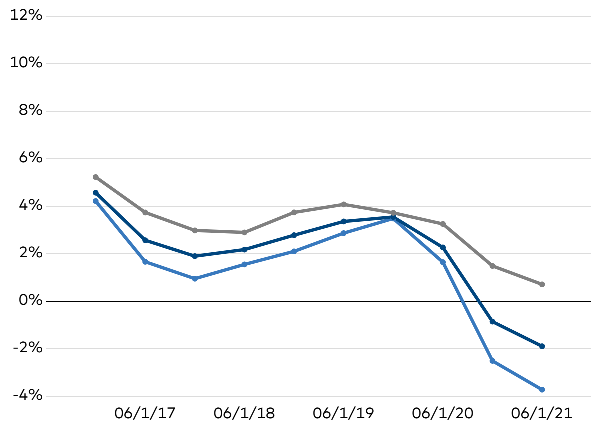
Source: Yardi Matrix

Market Rent Growth by Asset Class

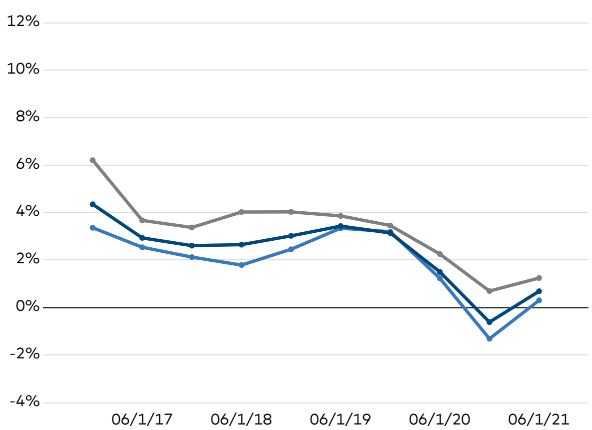
Atlanta



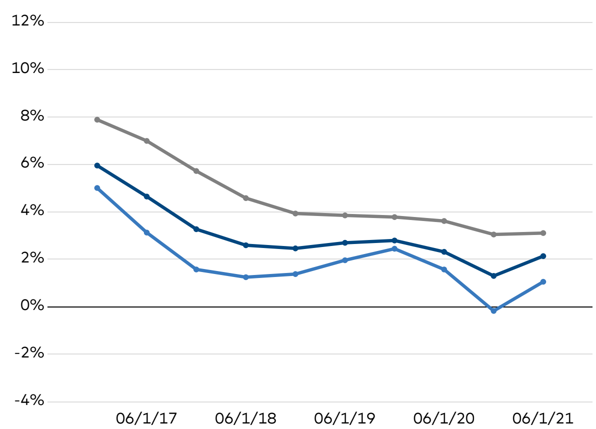
Boston



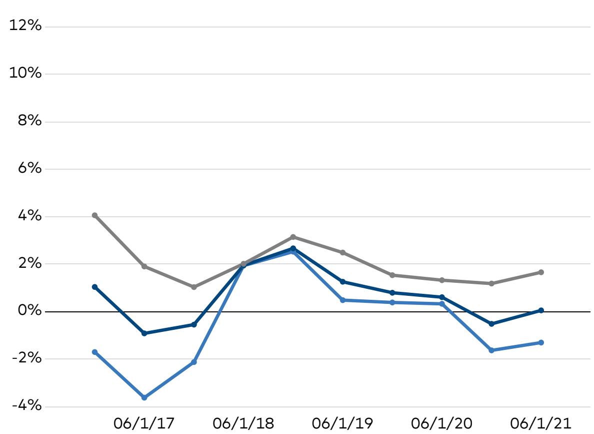
Denver



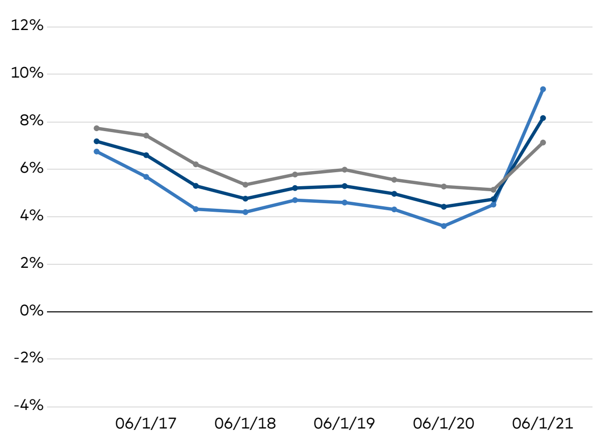
Dallas



Houston



Inland Empire

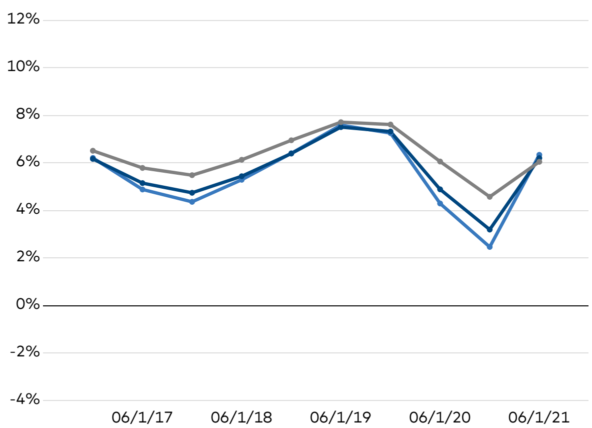


Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

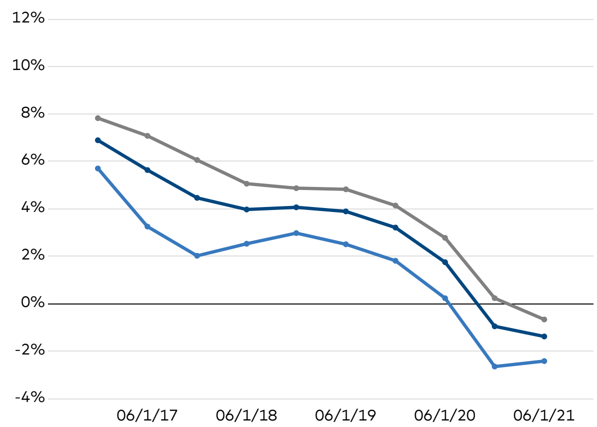
Source: Yardi Matrix

Market Rent Growth by Asset Class

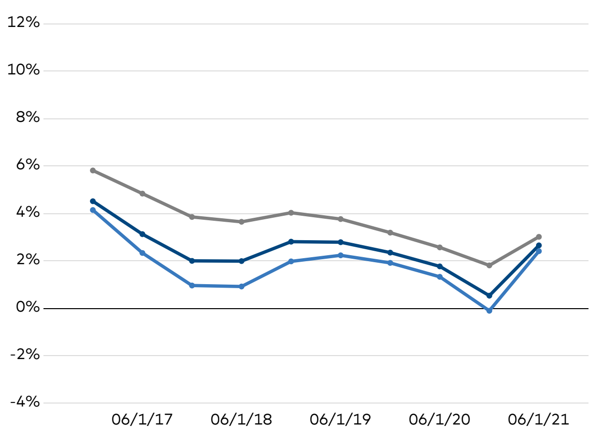
Las Vegas



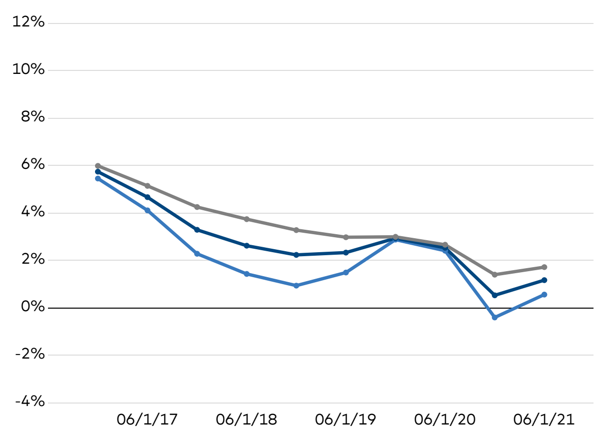
Los Angeles



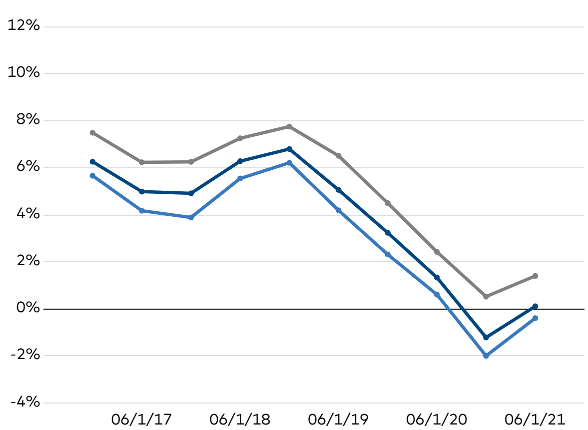
Miami



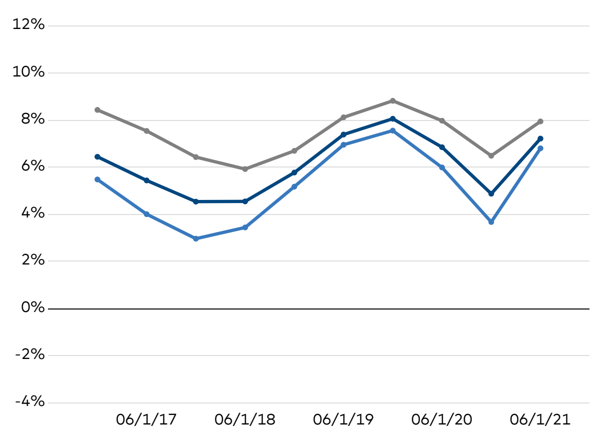
Orange County



Orlando



Phoenix

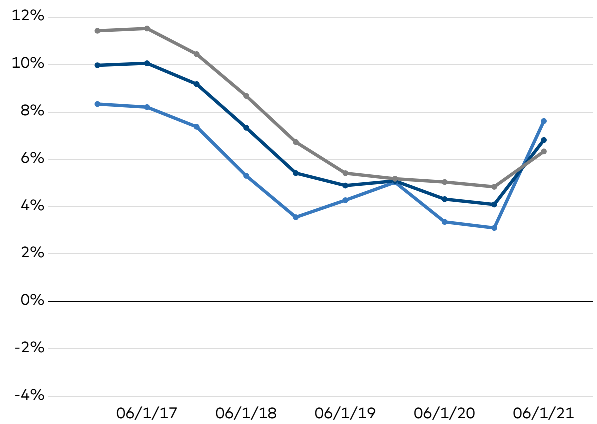


Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

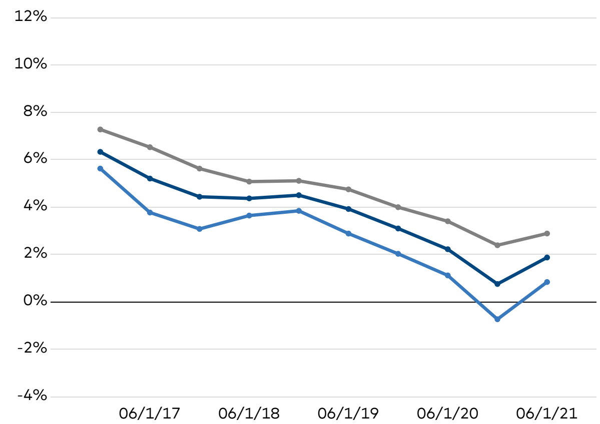
Source: Yardi Matrix

Market Rent Growth by Asset Class

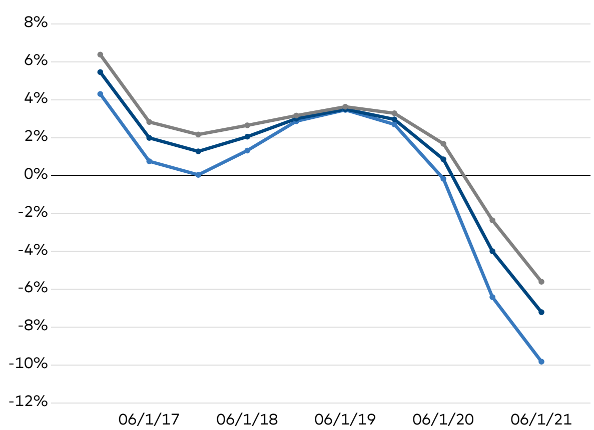
Sacramento



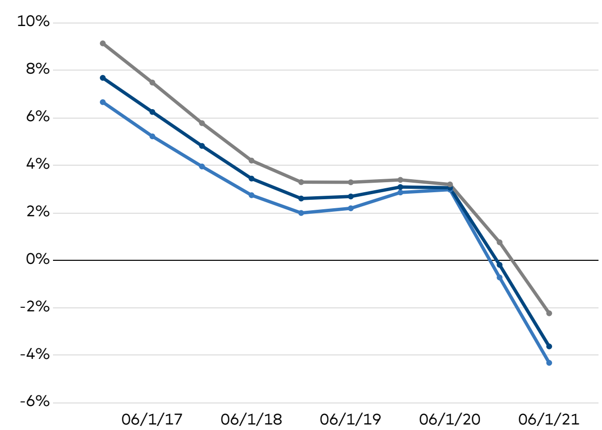
San Diego



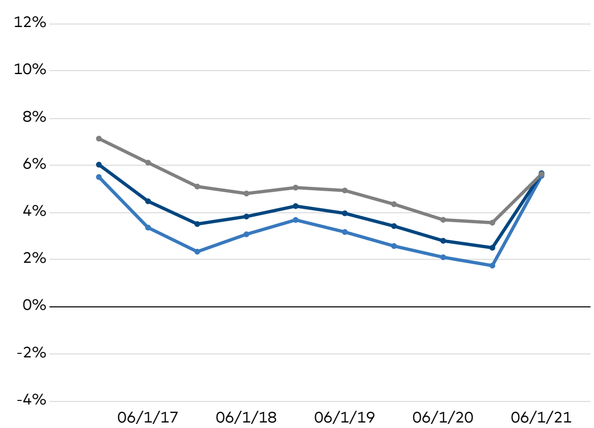
San Francisco



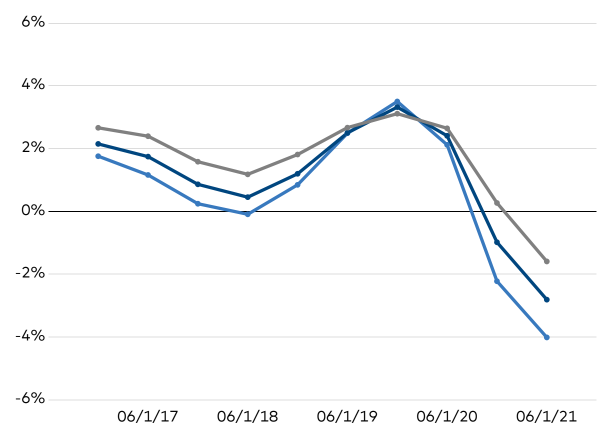
Seattle



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

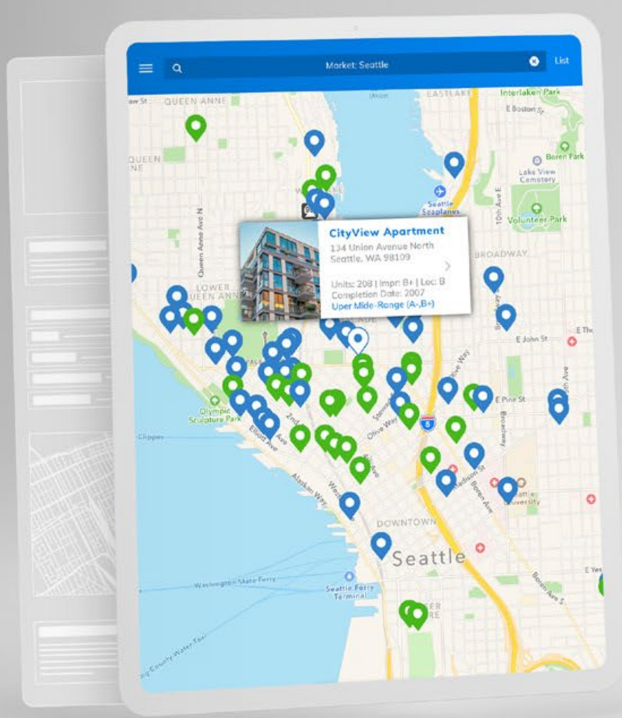
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

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, 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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