Yardi® Matrix

National Multifamily Report

August 2021

Asking Rent Growth Breaks Records Across the Country

- Multifamily asking rents increased an astounding 10.3% in August on a year-over-year basis. Overall rents increased by $25 to $1,539. Overall occupancy was strong, as well, increasing by 0.9% from a year ago to 95.6%.
- Tech hub metros that have led the nation in rent growth over the last year and a half continued to outperform. Not only are tech hub markets doing well, all top 30 metros had positive YoY rent growth for the first time since the beginning of the pandemic.
- Single-family (built-to-rent) rents continue to grow at an even faster pace than multifamily, with national rents up 13.9% year-over-year. Occupancy continues to rise as well, up 1.1% year-over-year.

All metros that Yardi Matrix tracks had positive year-over-year rent growth in August, except for Queens (-0.5%) and Midland-Odessa (-5.5%). The rebound is no longer concentrated in tech hub metros in the Southwest and Southeast, although some YoY numbers may seem inflated, as they are comparing current rents to last summer, when many metros were struggling.

The recovery in rents is widespread, fueled by a return to urban cores, job growth and an increased savings rate. Many people who were living at home during the pandemic or were living with roommates are now able to afford their own apartments, creating a surge in demand.

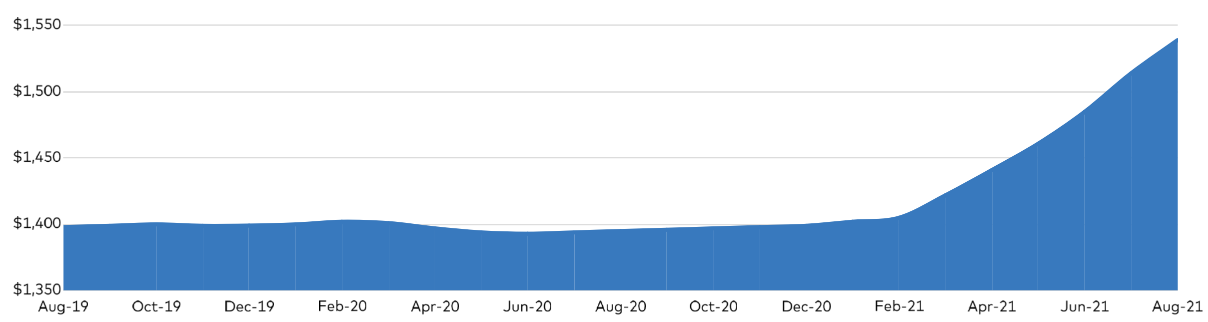
Nationally, overall asking rents increased by $140 year-to-date. The growth in Lifestyle rents (11.8%) continues to outpace the Renter-by-Necessity (8.4%) asset class.

On the occupancy side, Renter-by-Necessity typically outpaces Lifestyle. But this month Lifestyle occupancy increased by 1.5% from a year ago to 95.6%, while Renter-by-Necessity occupancy only increased by 0.5% to 95.7%—just barely above Lifestyle.

The eviction moratorium, which was reinstated by the Biden administration, was overturned by the U.S. Supreme Court last week. Now, evictions in states and cities that do not have a moratorium of their own can begin immediately.

The debate over whether there will be a wave of evictions continues. Based on data collected from the National Multifamily Housing Council's (NMHC) Rent Payment Tracker, a wave of evictions is unlikely—especially for professionally managed apartment units. In July 2021, 94.9% of apartment households made a full or partial rent payment.

National Average Rents

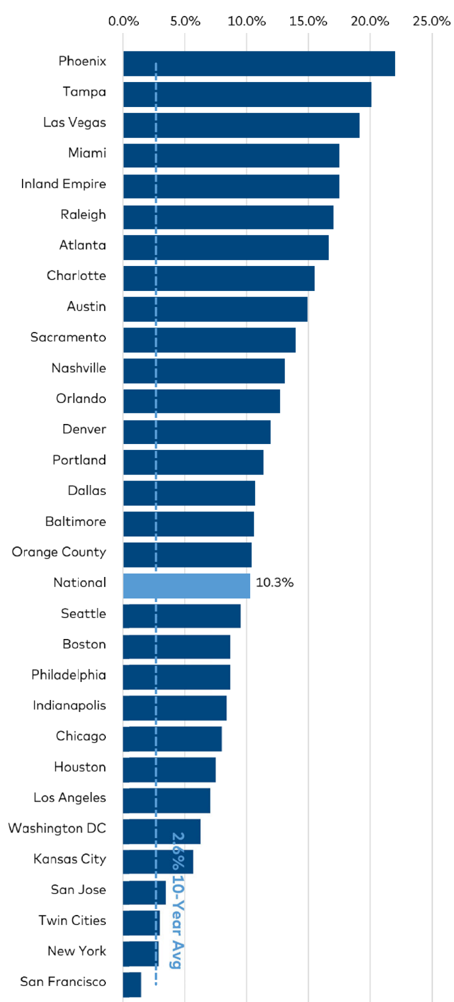


National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.

Year-Over-Year Rent Growth:
All Top 30 Metros Had Positive YoY Growth

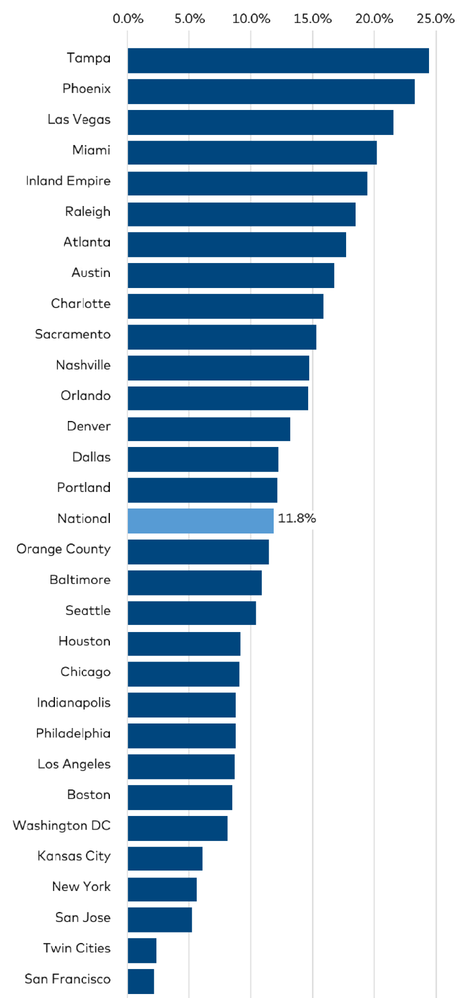
- National year-over-year rent growth was 10.3% in August, the first ever double-digit increase in the history of our dataset.
- Fast-growing tech hub markets continue to lead the list. Phoenix (22.0%), Tampa (20.2%) and Las Vegas (19.2%) are all benefiting from strong job growth coupled with excess savings that was built up over the last year and a half, enabling renters to afford higher-end apartments.
- All top 30 metros are now positive on a YoY basis for the first time since the beginning of the pandemic. Gateway metros are improving, but some of the positive YoY numbers are due to the comparison to last August, when gateway metros were struggling. New York (2.8%) and San Francisco (1.4%) remain at the bottom and still require rent increases to get back to pre-pandemic levels.

Year-Over-Year Rent Growth— All Asset Classes

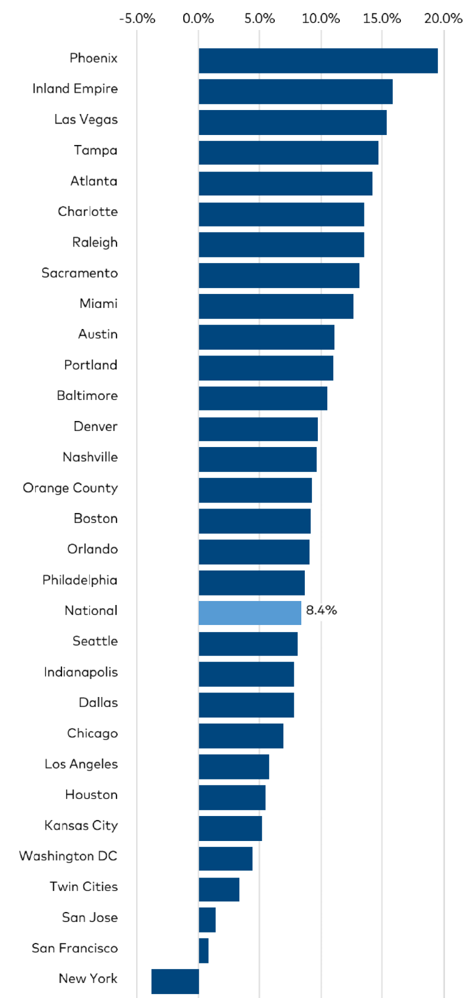


Source: Yardi Matrix

Year-Over-Year Rent Growth— Lifestyle Asset Class



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



Short-Term Rent Changes: Seattle Shows Signs of a Rebound

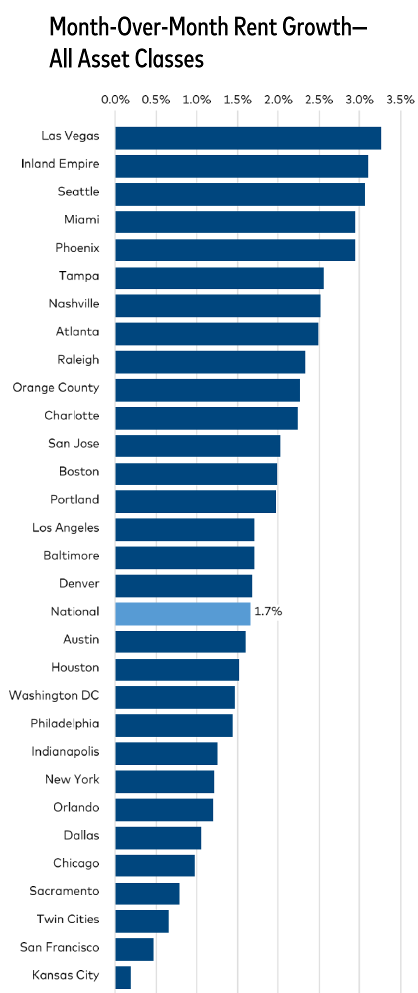
- Rents increased by 1.7% in August on a month-over-month basis. All top 30 metros had positive MoM rent growth and 26 out of 30 had 1.0% growth or greater.
- Las Vegas (3.3%), the Inland Empire and Seattle (both 3.1%) topped the list this month.

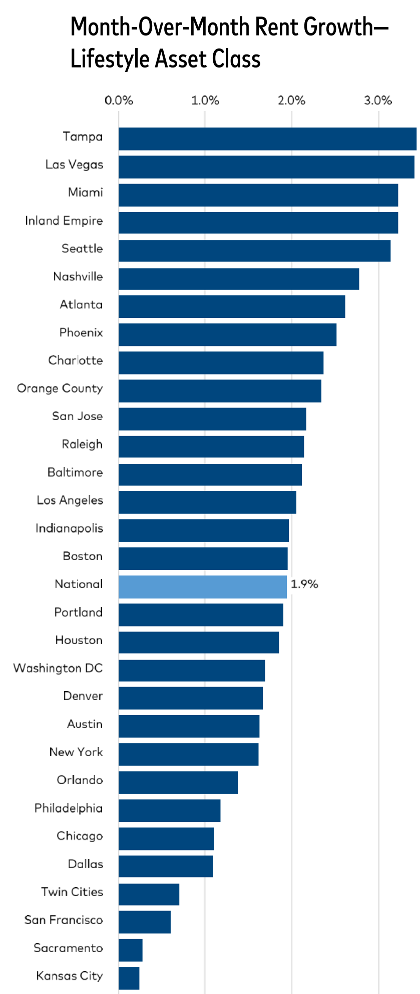
Most of the metros in the top 10 this month are secondary markets in the Southeast and Southwest that have performed well over the last year and a half.

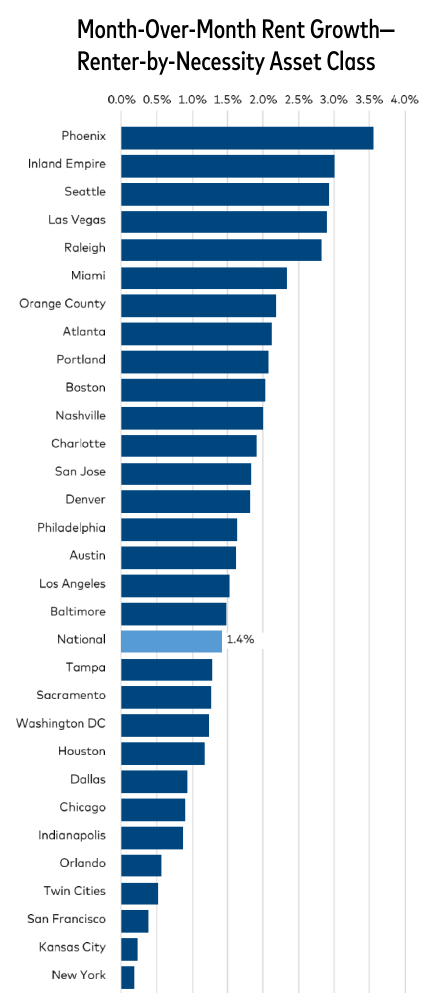
Seattle stands out as a metro that struggled throughout the pandemic, due in part to a surge in remote work, especially in the tech sector, that drove people to leave the metro. This month, however, rents increased by an astounding 3.1%.

Kansas City (0.2%), San Francisco (0.5%) and the Twin Cities (0.7%) fell at the bottom of the top 30 this month. San Francisco is still recovering from the migration out of the city during the pandemic, but new supply is also a factor. Over the last 12 months, 3.3% of stock was delivered in San Francisco.

Kansas City and the Twin Cities are falling back to typical growth rates for Midwest cities.







Source: Yardi Matrix

Employment and Supply Trends; Forecast Rent Growth

- In the week ending August 21, initial jobless claims rose by 4,000 from the previous week's level to 353,000.
- The national unemployment rate declined by 0.5 percentage points to 5.4% in July 2021. The economy added 943,000 jobs in July.
- Additional federal unemployment benefits that have been in place since March 2020 are set to expire the first weekend in September. Many are hopeful that without these extra unemployment benefits, the number of jobs added per month will continue to increase.

There is no doubt that the gateway markets are on the path to recovery. Most cities are fully open and are seeing an influx of people return and rent apartments.

But the strong year-over-year rent increases that we are seeing in the gateway metros are slightly misleading, as they are comparing rents to last August, when many gateway metros were at a low point.

To fully assess which metros have recovered to pre-pandemic levels, we can compare current rents to those in March 2020. Five of the seven gateway metros have surpassed their March 2020 rent levels, and Miami (16.2%) is in the double digits. Boston (7.0%), Chicago (6.4%), Los Angeles (4.9%) and Washington, D.C. (3.9%) have all recovered and continue to see strong increases in asking rents.

Miami and Chicago are also among the leaders in occupancy gains. Miami (1.7% increase in occupancy from last year) has been relatively "open" over the last year and a half, which likely helped fuel demand for apartments in the metro. Chicago (1.4% occupancy increase) had low occupancy last year to begin with (92.3%) and at 94.0% still falls near the bottom of the top 30 metros.

New York (-3.8%) and San Francisco (-3.2%) still have a little bit of ground to make up. People are returning to these cities, but not at the levels predicted a few months ago, due in part to the continuation of remote work. Many companies, including Amazon (employees will not return until January 2022), Facebook (January 2022), Google (January 2022) and Lyft (February 2022) are delaying office returns due to a surge in the Delta variant.

New supply is another factor hindering the recovery, especially in San Francisco. In the last 12 months, 3.3% of stock has delivered in the metro area. Most of this new supply is concentrated in the Lifestyle asset class, causing lease-ups to take a little longer than expected.

San Francisco and New York will likely continue to see improvement in the next few months. But with many companies delaying the return to office until next year, some employees who would be apartment renters might decide to push off their return to the urban core.

Single-Family Rentals:
Strong Fundamentals Fuel Institutional Investor Demand

- The growth in the single-family rental segment continues to be astonishing, outpacing multifamily with 13.9% YoY rent growth.

- Tampa (38.4%) and Miami (26.7%) topped the list this month. Interestingly, the other Florida metro in our top 30, Orlando (5.9%), was second to last for rent growth.

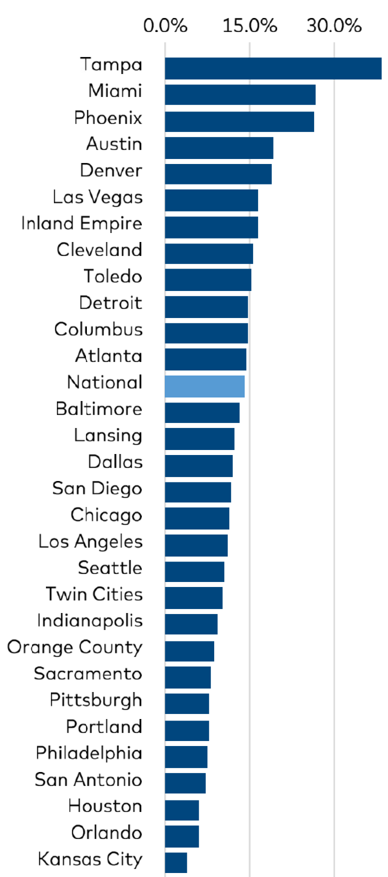
All top 30 metros, once again, had positive year-over-year rent growth, and 20 out of the top 30 had double-digit rent growth.

Nationally, occupancy was up 1.1% from a year ago. San Antonio (6.7%), Indianapolis and Houston (both 5.6%) led the way in occupancy gains. Atlanta (-2.8%) and Orlando (-1.1%) fell at the bottom of the list.

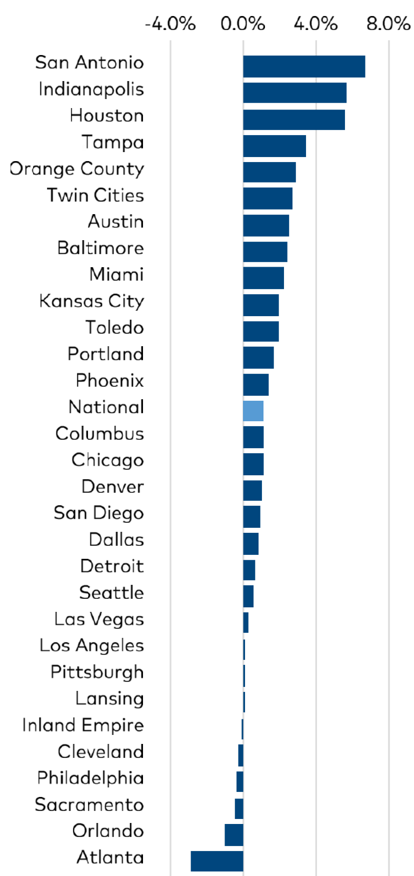
As the eye-popping rent growth continues in the SFR sector, institutional investors are getting more active. Blackstone Real Estate Income Trust Inc. and Invesco Real Estate Trust announced deals in June totaling a combined $11 billion.

As Millennials reach home-buying age, the price of single-family homes continues to be out of reach for many. The continued single-family home price appreciation, coupled with a need for more space, is fueling strong demand for the sector that is unlikely to slow.

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



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



Source: Yardi Matrix

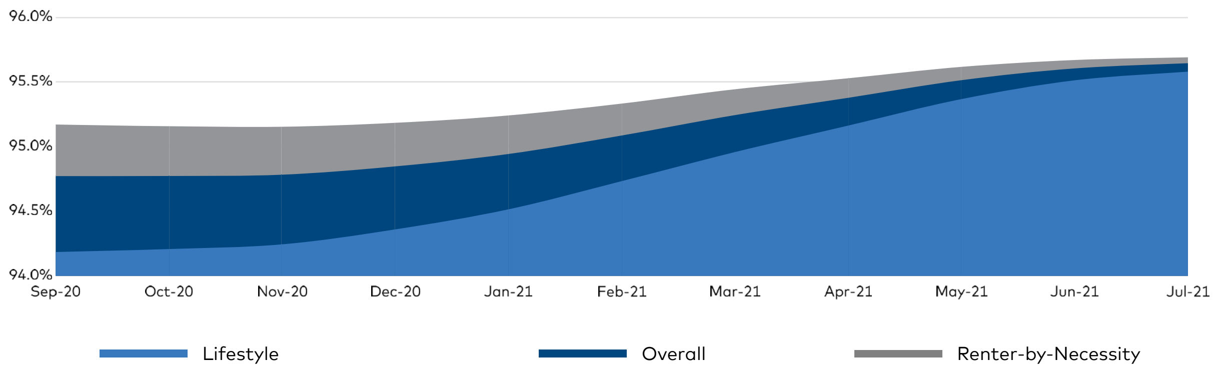
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Aug - 21	Forecast Rent Growth as of 8/31/21 for YE 2021	YoY Job Growth (6-mo. moving avg.) as of Jun - 21	Completions as % of Total Stock as of Aug - 21
Dallas	10.6%	9.5%	2.0%	2.9%
Portland	11.3%	9.1%	-0.7%	3.0%
Chicago	8.0%	8.9%	-1.0%	1.6%
New York	2.8%	8.8%	-1.5%	0.8%
Orange County	10.4%	8.0%	-1.0%	1.2%
Washington DC	6.2%	7.4%	-0.2%	1.9%
Indianapolis	8.3%	7.2%	1.5%	1.1%
Baltimore	10.6%	7.0%	0.7%	1.2%
Seattle	9.5%	7.0%	-0.3%	3.2%
Kansas City	5.6%	6.5%	1.8%	2.7%
Houston	7.5%	6.4%	-1.0%	2.3%
Philadelphia	8.6%	6.3%	0.8%	2.0%
Boston	8.7%	6.0%	0.5%	3.0%
Los Angeles	7.0%	6.0%	-2.9%	2.7%
San Francisco	1.4%	4.8%	-2.7%	3.3%
Twin Cities	3.0%	4.5%	-0.6%	3.6%
San Jose	3.4%	4.4%	-1.9%	3.3%
Phoenix	22.0%	15.7%	1.9%	2.9%
Tampa	20.2%	14.6%	2.6%	2.7%
Inland Empire	17.5%	13.1%	1.0%	1.0%
Las Vegas	19.2%	12.8%	0.2%	1.6%
Atlanta	16.7%	12.6%	0.9%	2.6%
Miami Metro	17.5%	12.1%	0.0%	3.2%
Raleigh	17.0%	12.1%	2.4%	3.8%
Sacramento	13.9%	11.9%	0.1%	0.7%
Orlando	12.7%	11.6%	-2.5%	3.8%
Austin	14.9%	11.6%	3.2%	4.1%
Nashville	13.0%	10.8%	2.5%	1.1%
Charlotte	15.4%	10.3%	1.7%	4.2%
Denver	11.9%	10.0%	0.8%	2.6%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month



Source: Yardi Matrix

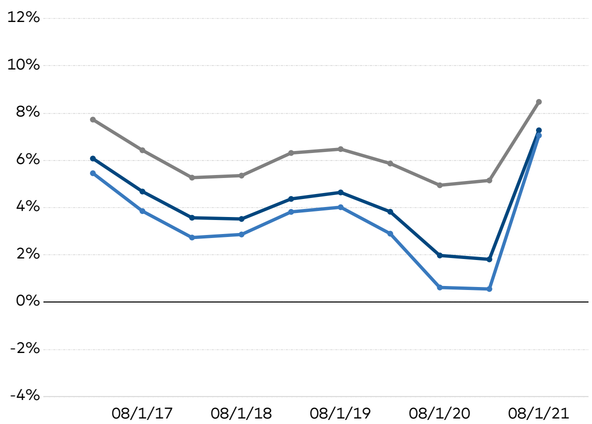
Year-Over-Year Rent Growth, Other Markets

Market	August 2021		
	Overall	Lifestyle	Renter-by-Necessity
SW Florida Coast	23.3%	26.3%	18.4%
Jacksonville	20.5%	24.4%	14.1%
Tucson	18.2%	21.4%	16.7%
Albuquerque	17.1%	25.2%	12.4%
Colorado Springs	16.2%	16.2%	16.3%
Reno	15.4%	13.7%	16.7%
Central Valley	14.4%	19.4%	13.2%
NC Triad	13.1%	12.8%	13.3%
Salt Lake City	12.6%	12.2%	13.1%
Tacoma	12.1%	12.5%	11.5%
El Paso	10.5%	12.2%	9.6%
Long Island	10.2%	9.6%	10.5%
San Fernando Valley	9.5%	11.0%	8.6%
Indianapolis	8.3%	8.7%	7.8%
Bridgeport–New Haven	7.6%	7.5%	7.8%
St. Louis	7.1%	8.5%	6.6%
Louisville	6.9%	8.1%	6.5%
Central East Texas	6.1%	5.9%	6.4%
Northern New Jersey	3.3%	1.4%	5.2%

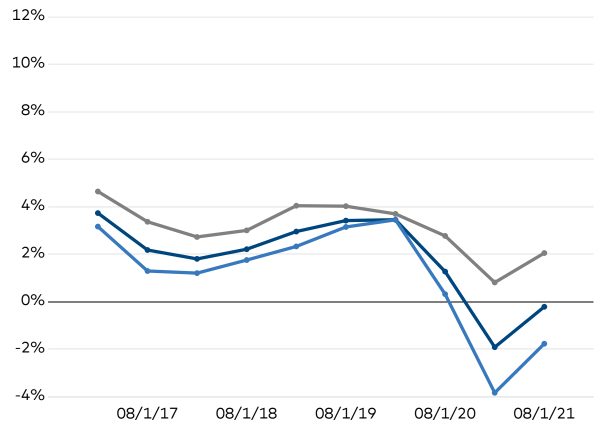
Source: Yardi Matrix

Market Rent Growth by Asset Class

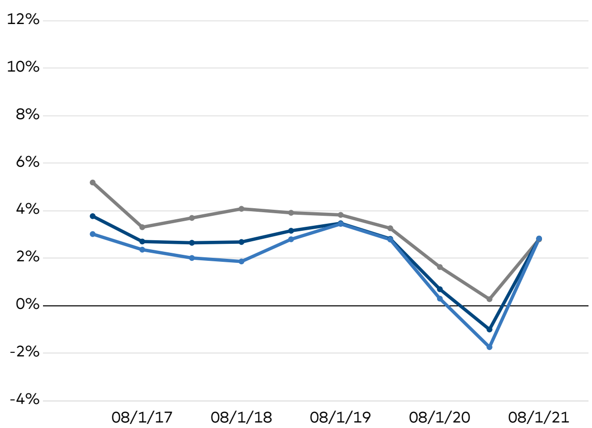
Atlanta



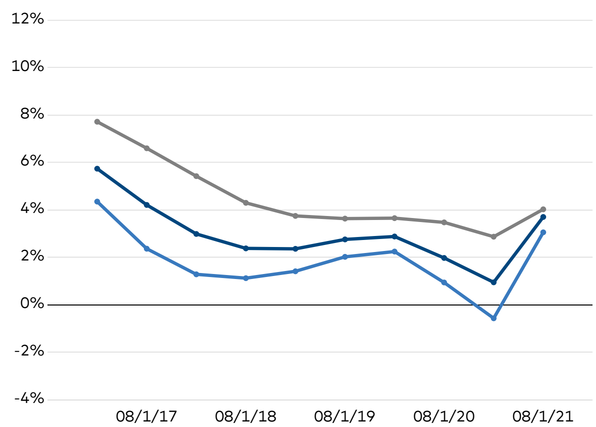
Boston



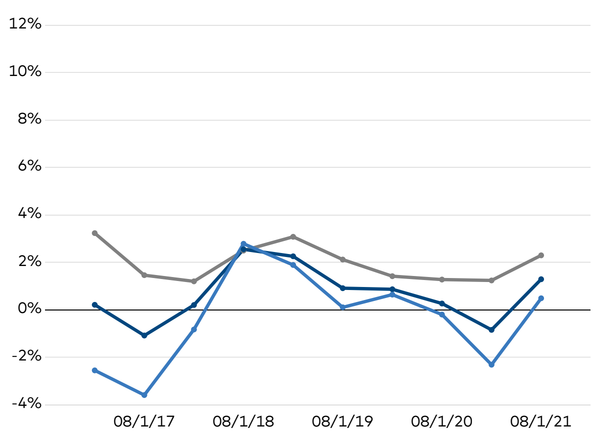
Denver



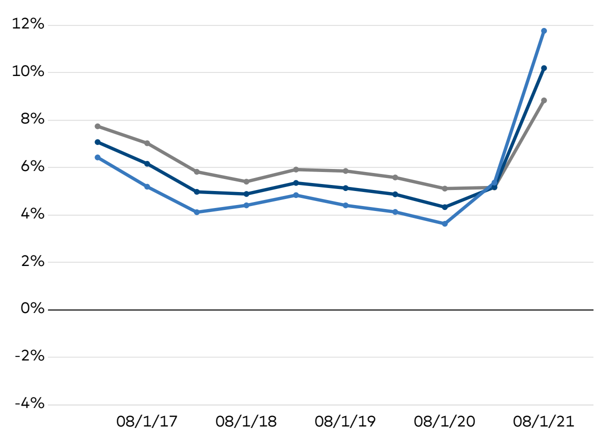
Dallas



Houston



Inland Empire

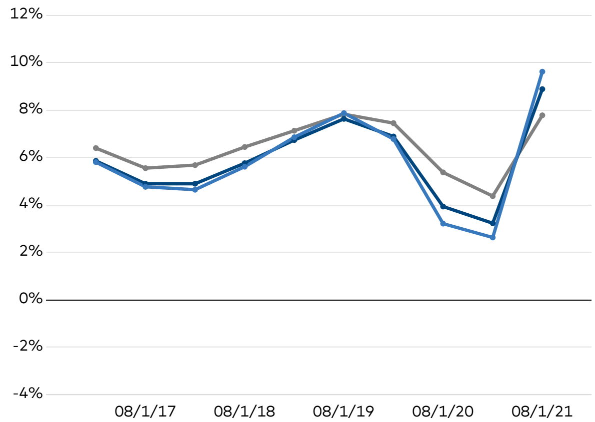


Trailing 12 Months Overall Trailing 12 Months Lifestyle Trailing 12 Months Renter-by-Necessity

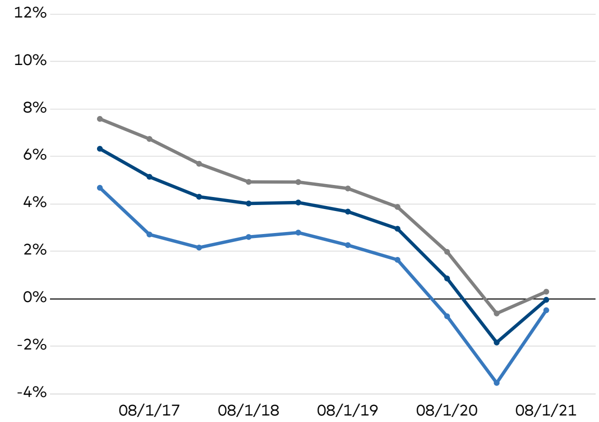
Source: Yardi Matrix

Market Rent Growth by Asset Class

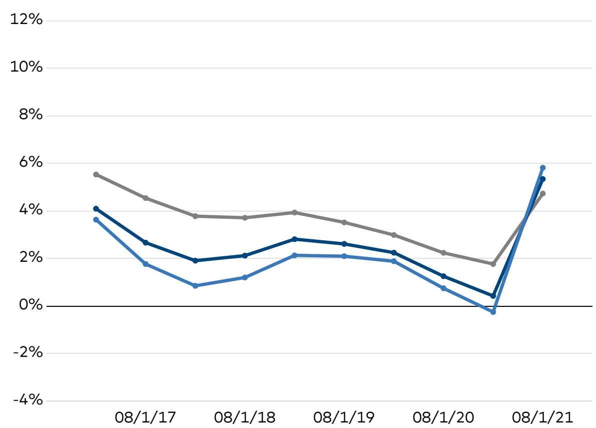
Las Vegas



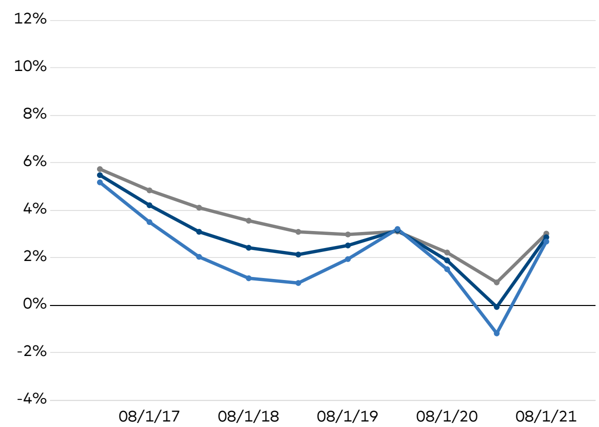
Los Angeles



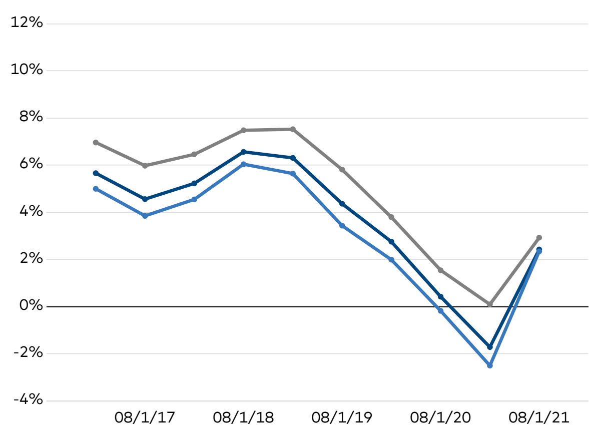
Miami



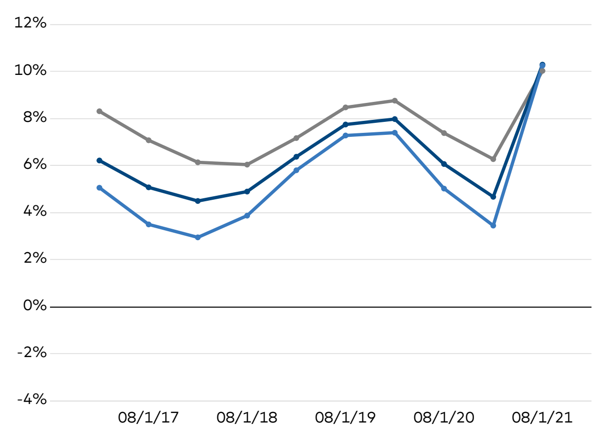
Orange County



Orlando



Phoenix

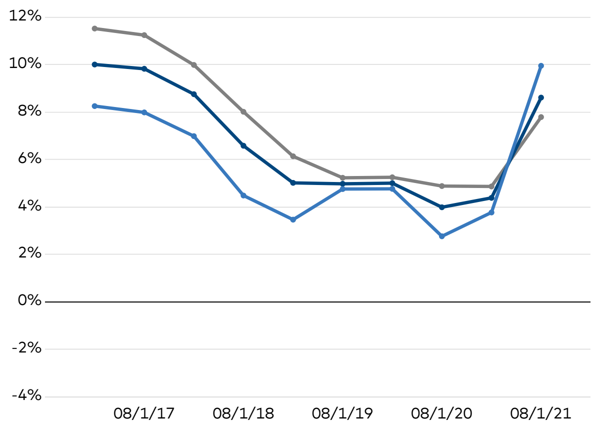


Trailing 12 Months Overall   Trailing 12 Months Lifestyle   Trailing 12 Months Renter-by-Necessity

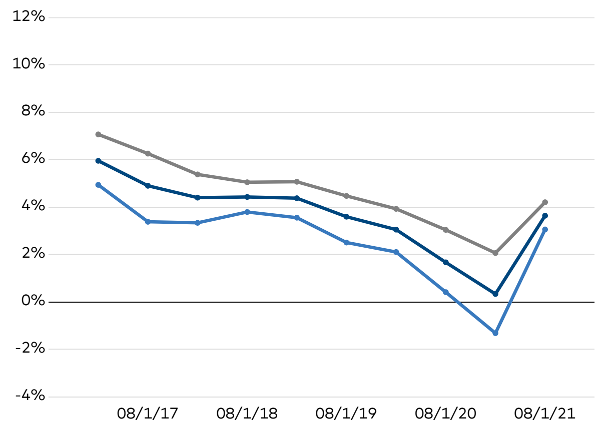
Source: Yardi Matrix

Market Rent Growth by Asset Class

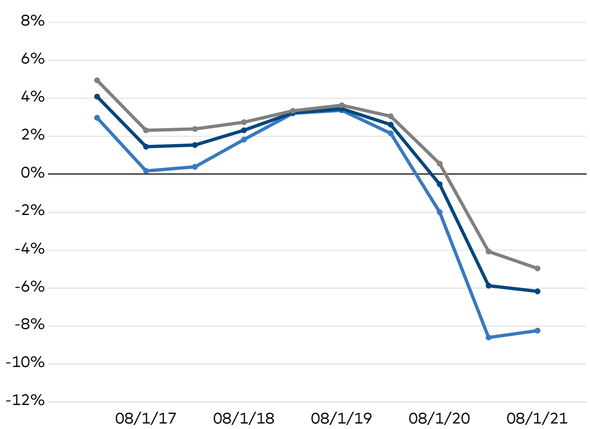
Sacramento



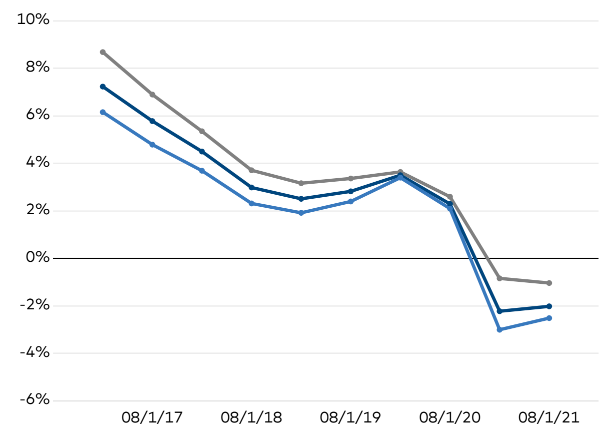
San Diego



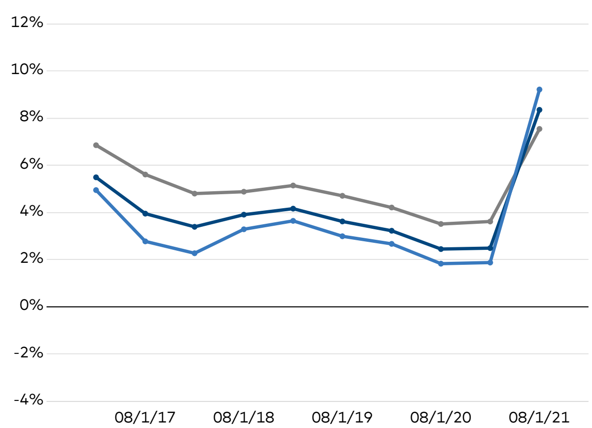
San Francisco



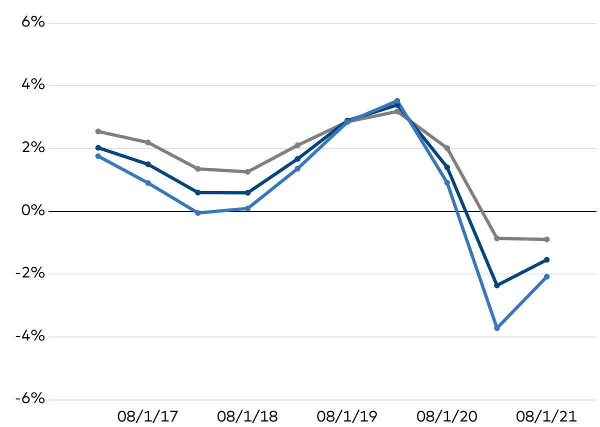
Seattle



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 140 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.

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