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# National Multifamily Report

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February 2022



## Multifamily Rent Gains Solid as Occupancy Rises

- Multifamily rent growth continues to exceed normal seasonal patterns, as average U.S. asking rents rose \$10 in February to yet another record of \$1,628. Year-over-year growth increased to 15.4%, a new peak and up a full percentage point from January.
- The solid demand that created last year's explosive rent growth seemingly has not been satiated. Nationally, occupancy rates are up 120 basis points year-over-year. Occupancy growth is strong in Texas and Florida metros, but also in gateway markets that lost residents during the pandemic.
- Multifamily's exceptional rent performance is matched by single-family rentals. SFR rents increased by 14.9% year-over-year through February, while the national occupancy rate remained the same.

Just when it seemed multifamily asking rent growth had nowhere to go but down, the market defied expectations in February and rose to a new high of 15.4%. Of the top 30 metros, 90% saw double-digit rent growth year-over-year, with the Twin Cities having the slowest growth at 5.3%.

The sustained growth illustrates the long-term shortage in America's housing supply, which has been exposed to a surge in demand. Single-family home prices jumped 18.8% in 2021, according to the S&P Case-Shiller Index, while multifamily rents have kept apace as absorption has been robust in virtually every market. In January 2021, occupancy rates were 95.0% or higher in just 13 of the top 30 markets, but a year later only two of the top 30 are below that level.

Some of that occupancy growth represents a rebound in markets that saw an exodus during the

first year of the pandemic. New York (2.9% increase year-over-year through January), San Jose (2.8%) and Chicago (2.6%) fit that category. But healthy demand also pushed occupancy rates up in high-growth/high-supply metros such as Nashville (2.3% increase) and Austin (2.1%).

Occupancy rate growth has been weak in only a handful of major metros: Phoenix, Sacramento and the Inland Empire (-0.2% change year-over-year through January) and Las Vegas (0.1%). Yet all of those metros have exceptional asking rent growth, as occupancy rates were already extremely high, and they welcome a steady stream of renters coming from more expensive locations.

Rent growth is likely to start decelerating soon relative to the big increases that began in March 2021, but demand shows little sign of slowing.

### National Average Rents

