

## Rent Survey | June 2017

### No Swoon: Multifamily Rents Jump by \$12 in June

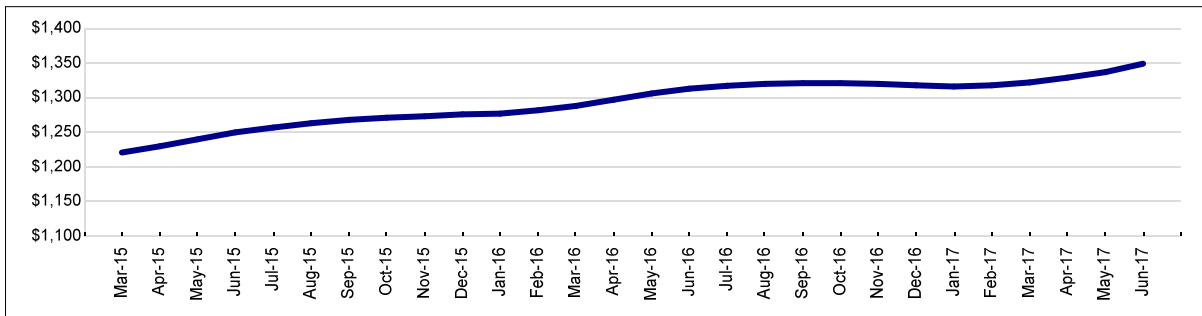
U.S. multifamily rents stopped their long, slow deceleration in a big way in June, posting the largest one-month increase in several years. Overall, average U.S. monthly rents rose \$12 to \$1,349, according to Yardi Matrix's monthly survey of 121 markets. On a year-over-year basis, rents were up 2.7% nationwide in June, 30 basis points above May. Although actual rents now have increased for several months in a row, June marked the first month since January 2016, when rents hit 5.7% year-over-year growth, in which the rate of growth increased from the previous month.

The strong showing should provide some comfort to the market. Although fundamentals have continued to be healthy, with no let-up in demand in most metros and occupancy rates relatively high, the long period of a sliding rate of rent growth led to worries that the market was on track for a sustained correction. But there appears to be some steam left in the rally.

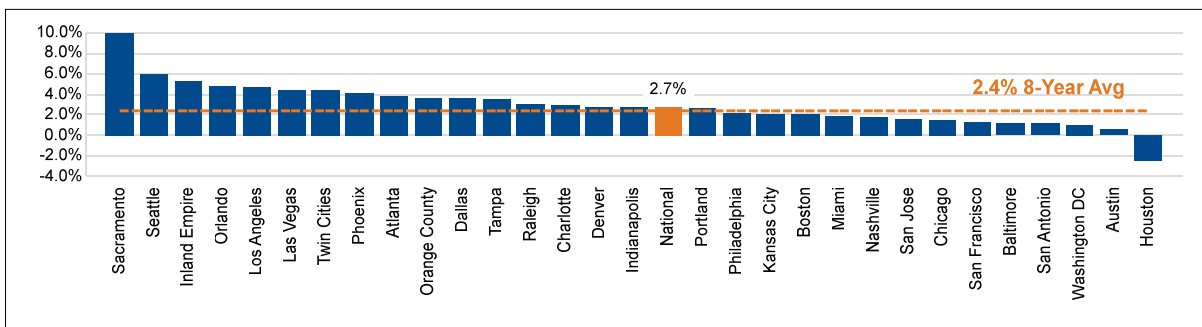
June's heady performance was due to several factors. In part it was seasonal, as rent growth tends to be stronger in the spring. Another factor is that there was a rebound in markets such as Seattle, Denver, Boston and San Francisco, which in recent months had fallen off their once-robust pace. Those were among the metros with healthy gains in the trailing three-month survey, which tracked second quarter results. Also noteworthy is the ongoing strength of some secondary and tertiary metros, such as Reno, Tacoma and Colorado Springs. Reno is benefiting from the influx of economic activity created by Tesla's huge battery plant, while Tacoma and Colorado Springs are reaping the spillover effect from nearby Seattle and Denver.

Despite June's positive gains, deceleration in multifamily rents is likely to continue as a result of the 360,000-plus new units coming online this year and expectations for a weaker second half (more on this later).

#### National Average Rents



#### Year-Over-Year Rent Growth—All Asset Classes



National averages include 121 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.