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# Multifamily Rent Forecast Update

Average asking rents in July rose month-over-month by 21 basis points as an unweighted average of the 134 markets that Yardi Matrix forecasts. Asking rents have increased by an average of 2.1% since January of this year, which is a much slower pace than the industry experienced in both 2021 and 2022 but is not particularly unusual when compared to pre-pandemic rental growth rates. In the 10 years prior to the pandemic (2010–2019), the highest year-to-date growth in asking rents in July was recorded in 2014 at 3.0%, and during that same 10-year period the mean year-to-date growth rate in July was 2.3% and the median was 2.1%.

The biggest difference in rental growth rates between this year and the years preceding the pandemic is geography. Markets that had been performing very well before the pandemic are generally not performing as well post-pandemic because their cost of living had already risen commensurately with rent increases and then work-from-home allowed people to relocate to areas with a lower cost of living while maintaining their income. Conversely, markets that had been fairly stagnant pre-pandemic were relative bargains and saw strong growth during the pandemic; that growth is continuing in smaller and midsize markets across the Midwest, South and Northeast.

The result is that while some markets in the West and in Florida are struggling, overall the Midwest, Northeast and South are holding up well. Fourteen markets have seen declines in asking rents since January: the Southwest Florida Coast, Metro Los Angeles, West Palm Beach, Wilmington, Portland, the East Bay Area, Phoenix, Austin, Lubbock, Las Vegas, Tacoma, Jacksonville, and both suburban and urban Atlanta. Other than Wilmington and Atlanta, every single one is either in Florida or in the West/Southwest.

An influx of supply in markets that saw rapid growth during the pandemic will limit the magnitude of rent increases in the short and medium term, but so far absorption rates have held up, and we expect that to continue. High mortgage rates will continue to constrain the single-family market, as homeowners are reluctant to move, and the barriers to homeownership will remain elevated for the foreseeable future, propping up demand for multifamily housing.

There were no major changes to the forecast for this update, and our overall economic outlook has also not changed. We still anticipate a mi-