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Special Report: Multifamily Rent Forecast Update

Multifamily asking rents saw marginally positive growth of 0.07% in January, breaking a five-month streak of sequential average declines. As expected, Renter-by-Necessity properties performed better than Lifestyle properties, with RBN units averaging 0.08% in month-over-month increases while Lifestyle units averaged 0.04% growth. Among the 61 markets that saw declines in January, the average drop was -0.37% and the median was -0.31%. Of the 71 markets that saw increases in January, the average was 0.49% and the median was 0.38%. Ten markets were flat, with no change in average asking rents.

Geographical patterns that we have been following and anticipating have mostly continued, with the largest increases generally happening in midsize cities in the Northeast and South. Of the seven markets that experienced a greater than 1% increase in asking rents in January, five—White Plains, Buffalo, Birmingham, Worcester-Springfield and Columbus, Ga.—are midsize cities in the Northeast or South. The largest decreases in asking rents continue to be mostly concentrated in Western markets and Florida, with San Diego, Orange County, North Central Florida and Jacksonville all among the five worst-performing markets in January.

We begin to see some bifurcation in those geographical distributions if we break it down further and look at Lifestyle and Renter-by-Necessity units separately. The best performance in Lifestyle asking rents was concentrated in midsize cities in the South and Midwest, with midsize Northeastern cities conspicuously absent from the group. Of the 14 markets that saw a greater than 1% increase in MoM asking rents among Lifestyle properties, 10 of them—El Paso, Birmingham, Corpus Christi, Cleveland-Akron, Columbus in Georgia, Columbus in Ohio, Madison, Dayton, Pittsburgh and Lubbock—are midsize cities in the South or Midwest. The remaining four cities that had more than 1% growth in Lifestyle rents were Honolulu, the Inland Empire, Miami and the Central Coast—geographically some of the farthest markets from the Northeast.

However, when we concentrate solely on Renter-by-Necessity units, the geography flips back, with the strongest performers concentrated in midsize cities in the South and Northeast, and no Midwestern markets realizing a greater-than-1% increase in asking rents. Of the 11 mar-