Yardi® Matrix

National Multifamily Report

May 2024

Rents Rise as Demand Balances Supply Growth

- Rents rose for the fourth straight month in May, but gains have been moderate. The average U.S. asking rent increased by $6 to $1,733, while year-over-year growth was unchanged at 0.6%.
- Multifamily performance continues to reflect a balancing act. Rents are rising in a normal seasonal pattern, as demand and absorption remain strong, but the growth is mitigated by the rapid delivery pipeline in many markets, particularly the Sun Belt.
- The single-family rental market is outperforming multifamily. The average rent increased $6 in May to $2,166. Although the year-over-year growth rate fell 10 basis points, at 1.4% it remains higher than the growth rate for apartments. Occupancy rates fell 10 basis points to 95.3% in April.

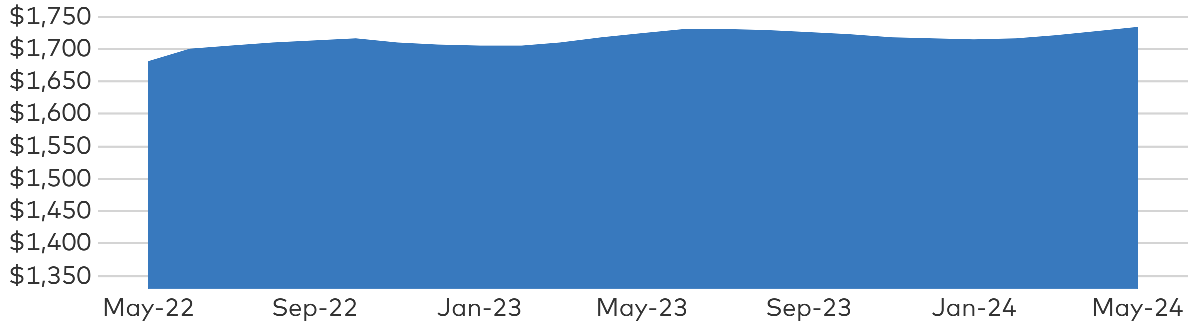
May's multifamily performance was a mixed bag, reflecting the balance of conditions in the market. Rents rose $6 nationally to $1,733, while year-over-year growth remained tepid at 0.6%. Occupancy rates were down 0.6% year-over-year through April. Rents are rising seasonally, but the 1.0% year-to-date increase is about half of the average growth rate for the five years before the pandemic.

The good news is that demand remains positive as the economy continues to create jobs, with 2.8 million added in the 12 months ending in April, according to the Bureau of Labor Statistics. Job growth is starting to slow and the unemployment rate has ticked up, but it remains under 4.0%. Demand is also fueled by growth in foreign immigration and high mortgage rates, which have slowed home sales and keep homeownership out of reach for some would-be first-time homebuyers.

There are counterbalancing headwinds, though, led by the rapid supply growth in Sun Belt markets. Looking at the Matrix top 30 metros, there are nine with year-over-year rent growth of -1.5% or worse, all of which are high-growth Sun Belt markets with an extensive delivery pipeline that we forecast will persist through the end of 2025. Each of these markets has had strong absorption over the past year, but the supply glut has eroded occupancy rates and rent growth, at least temporarily. Occupancy rates have fallen below 93.0% in Dallas, Houston, Austin and Atlanta.

With inflation not falling as quickly as expected, high interest rates present another challenge. Transaction activity remains weak, with sales down more than 20% year-over-year. Property owners must contend with refinancing debt in a high-rate environment and trying to cut rapidly growing expenses.

National Average Rents



National averages include 140 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.