Yardi Matrix

National Multifamily Report

August 2024

Multifamily Rents Flat in August, as Change Is on the Horizon

- The multifamily market's run of rent gains ended in August, as seasonality and the high number of deliveries in the Sun Belt served to mute growth. The average U.S. advertised rent fell by $1 in August to $1,741, while year-over-year growth was unchanged at 0.8%.
- Despite the end of the six-month streak of positive rent growth, the news was not all bad. Demand continues to hold up, keeping the national occupancy rate unchanged at 94.7% in the face of rapid supply growth.
- Single-family rental rents hit a bump in August, with advertised rents falling $7 nationally to $2,164. The year-over-year growth rate dropped 40 basis points to 0.7%. The national occupancy rate fell 10 basis points to 95.3% in July.

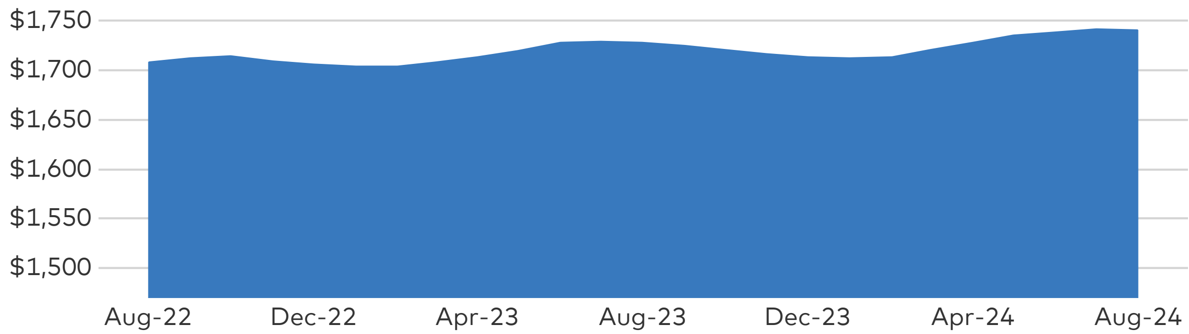
Multifamily advertised rents were essentially flat in August as the market prepared to adjust to evolving economic conditions, which include potentially lower interest rates and slower growth. While likely to be incremental rather than drastic, change is nontheless brewing.

After months of debate about timing, a rate cut in late September now appears to be imminent. The Consumer Price Index has dropped under 3.0%, and with the housing component continuing to decelerate, inflation is getting close to the Fed's 2.0% target rate. Lower rates will be a relief to multifamily, potentially unlocking asset sales and refinancings, while reducing the pressure on properties that are underwater on their mortgages.

The flip side of rate relief, however, is that it is a result of the economy slowing. Recent revisions now estimate job gains for the 12 months ending in March at 800,000 fewer than originally reported. That downgraded the job market from exceptionally robust to merely strong. The declining quits rate and weakness in office-using job growth are other signs of slowing, which could turn into a drag on consumers and apartment demand. Absorption has been a big story in recent years, and with supply growth on track to be strong through 2025, it is vital to multifamily's health.

Recent performance confirms the importance of the supply/demand balance. Of the Matrix top 30 metros, 13 have occupancy rates of 95.0% or more for stabilized properties. Over the past year, those 13 added an average of 2.5% to stock while posting average advertised rent growth of 1.7%. Conversely, there are 12 metros in the Matrix top 30 with occupancy rates for stabilized properties of less than 94.5%. Over the past year, those metros have added an average of 4.1% to stock while advertised rents have declined by an average of 1.8%.

National Average Rents



National averages include 140 markets tracked by Matrix, which include the 30 metros featured in the report.
All data provided by Yardi Matrix.