Yardi® Matrix

National Multifamily Report

September 2024

Multifamily Rents Fall, But the News Is Good

- Amid continued healthy demand, multifamily advertised rents fell slightly in September due to seasonality and supply growth in the Sun Belt. The average U.S. advertised rent fell by $3 in September to $1,750, while year-over-year growth was unchanged at 0.9%.
- Supply growth remains the bright line determining advertised rent growth. Among the Matrix top 30 metros, advertised rent growth was positive in eight of the 10 metros with the least supply growth and negative in eight of the top 10 with the most supply growth.
- Single-family rental rates softened slightly in September. Advertised rents fell $3 nationally to $2,167, while the year-over-year growth rate dropped 30 basis points to 0.6%. The national occupancy rate remains high at 95.3%, but is down 30 basis points year-over-year.

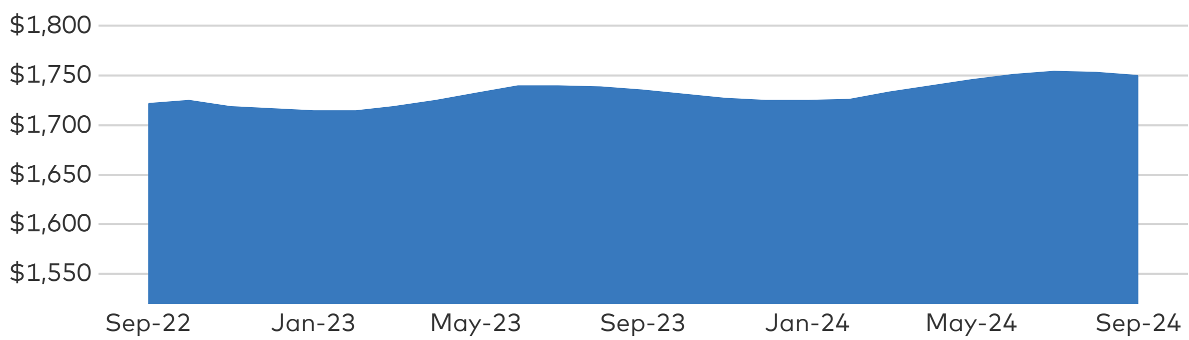
The recent spate of good news about interest rates and economic growth has buoyed the spirits of the commercial real estate industry. The Federal Reserve cut interest rates by an unexpected 50 basis points in late September and is on a path to further cuts in coming months. That is welcome because it relieves some pressure on refinancings and helps spur transactions.

Economic news also has been positive of late. U.S. GDP was revised upward to 3.0% in the second quarter, allaying fears of a slowdown. September's 254,000 new jobs number also calmed concerns of weakening employment. Inflation has been steadily decreasing, to 2.5% in August, which keeps further rate cuts on the table.

All that has boosted sentiment. The CRE Finance Council's third quarter Board of Governors Sentiment Index survey—representing market players polled in the first half of September—jumped 18% over the prior quarter. Respondents cited the economy, interest rates, optimism about industry fundamentals, improving transaction volume and debt market liquidity. As an example, CMBS late-September year-to-date volume of $67.8 billion was up 126% year-over-year, per Green Street.

The strong economy has been a major driver of multifamily demand. More than 300,000 apartment units were absorbed nationally through the first three quarters of 2024, and more than 1.7 million units since the pandemic lockdowns in Q1 2020. Absorption has been particularly strong in the Sun Belt and Mountain West, driven by in-migration and job growth. Rents have flattened or turned negative in some metros in those regions because of the wave of supply growth. With the typically slower winter months approaching and the supply wave set to continue through 2025, advertised rent growth in those regions will likely stay weak in coming months.

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.