



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.

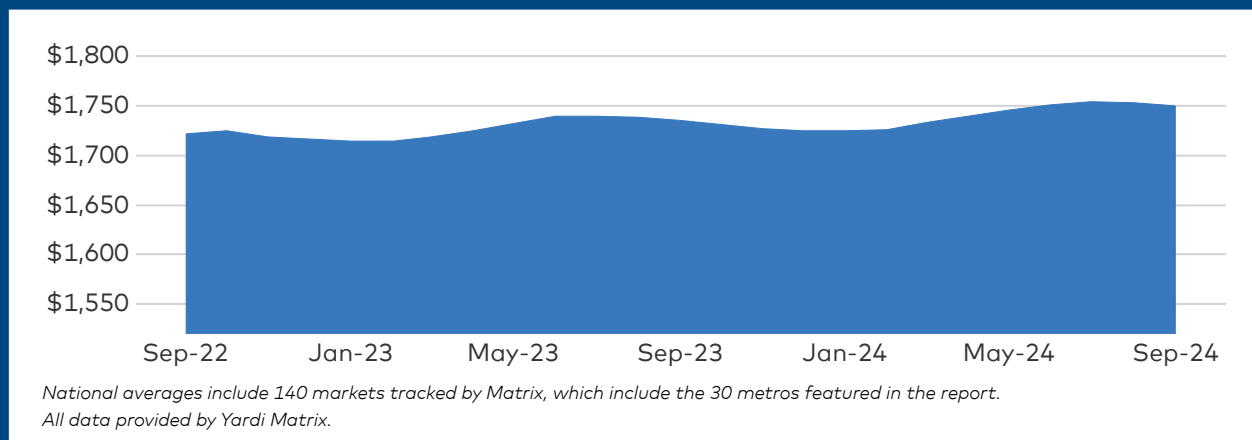
Economic news also has been positive of late. U.S. GDP was revised upward to 3.0% in the second quarter, allaying fears of a slowdown. September's 254,000 new jobs number also calmed concerns of weakening employment. Inflation has been steadily decreasing, to 2.5% in August, which keeps further rate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

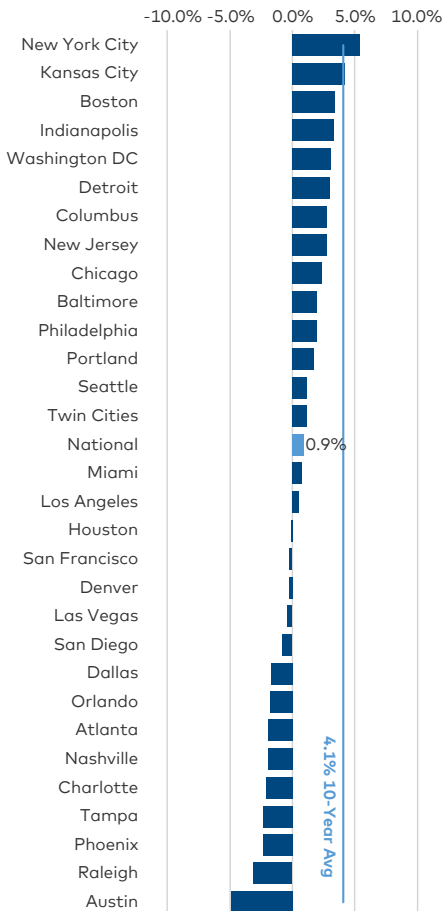
National Average Rents



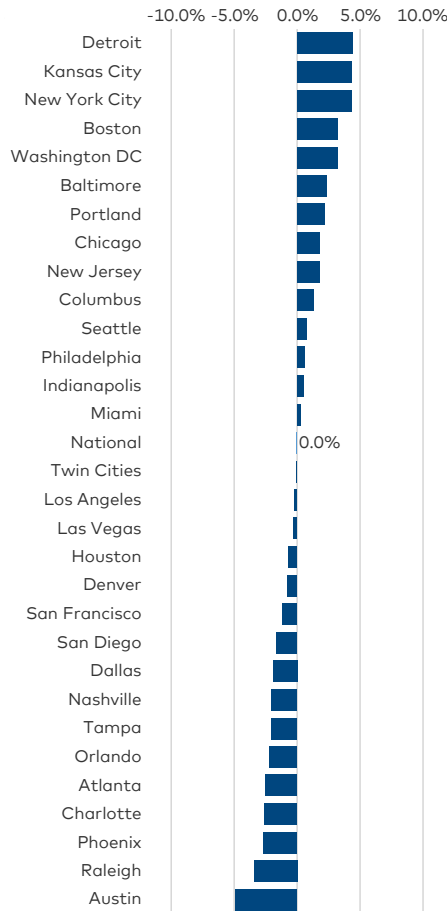
Year-Over-Year Rent Growth: Strong Demand Stabilizes Occupancy Rates

- The national average advertised asking rent fell \$3 to \$1,750 in September, with the year-over-year growth rate unchanged at 0.9% for the third consecutive month. Gateway metros in the East and secondary markets in the Midwest recorded the highest rent growth, led by New York City (5.4% year-over-year), Kansas City (4.2%), Boston (3.4%), Indianapolis (3.3%) and Washington, D.C. (3.1%). Meanwhile, negative rent growth remains acute in many Sun Belt metros, led by Austin (-4.9%), Raleigh (-3.1%), Phoenix (-2.4%), Tampa (-2.3%) and Charlotte (-2.1%).
- The national occupancy rate in September was 94.8% for the fourth straight month, while growth was unchanged year-over-year. The majority of markets had either modest gains or declines, with most metros falling between -0.2% and 0.2% growth. Notably, Las Vegas outperformed this range, leading growth at 1.2% year-over-year with an occupancy rate of 93.8%. Detroit and Portland (both 0.5%), San Francisco (0.4%) and Baltimore (0.3%) round out the rest of the top five.

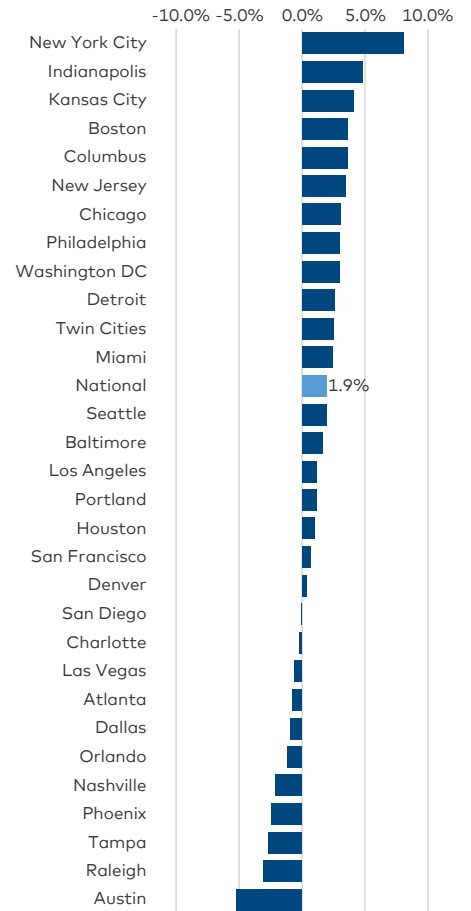
**Year-Over-Year Rent Growth—
All Asset Classes**



**Year-Over-Year Rent Growth—
Lifestyle Asset Class**



**Year-Over-Year Rent Growth—
Renter-by-Necessity Asset Class**



Source: Yardi Matrix

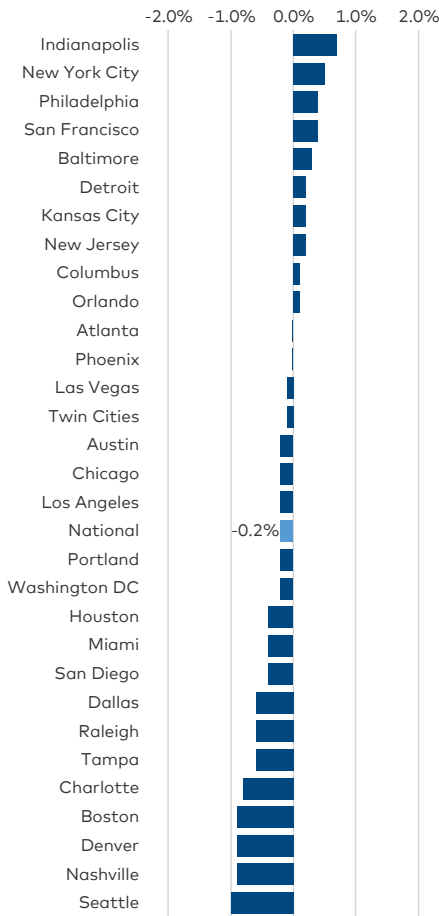
Short-Term Rent Changes: Rents Soften, Driven by Lifestyle Segment

- U.S. advertised rents fell 0.2% month-over-month in September, with declines in 18 of the top 30 metros.
- Advertised rents fell 0.3% in the luxury Lifestyle segment during the month.

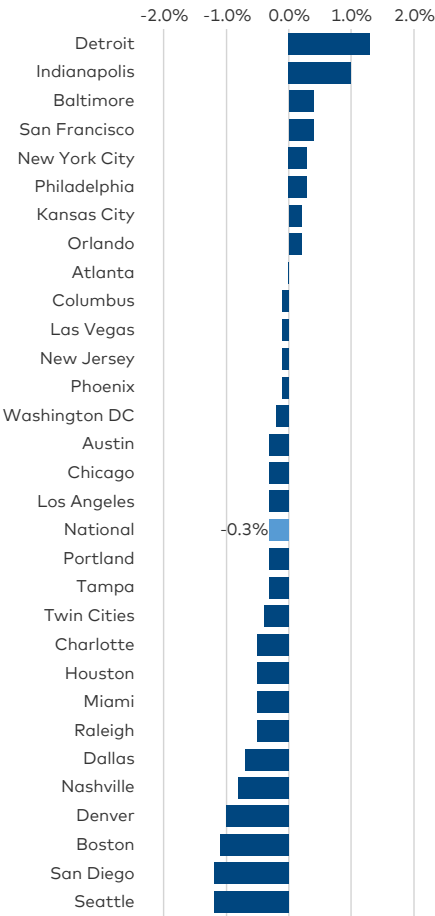
Nationally, asking rents fell \$3 month-over-month in September. The drop was entirely due to the Lifestyle segment, where rents dropped \$6 to \$2,065. Denver (-1.0%), Boston (-1.1%), San Diego and Seattle (-1.2%) had the worst performance. Metros with Lifestyle gains include Detroit (1.3%), Indianapolis (1.0%), Baltimore and San Francisco (both 0.4%).

Unchanged overall, the Renter-by-Necessity segment recorded strong growth in high-cost, low-supply markets. New York led monthly growth in the RBN segment at 0.9%, followed by Philadelphia (0.6%), Indianapolis (0.5%), New Jersey, San Diego and San Francisco (all 0.4%). The month-over-month numbers were positive for several markets that have been going through a downturn. San Francisco, for example, may be rebounding after a large exodus of residents in the post-pandemic era. Similarly, Detroit, benefiting from a rebound in its manufacturing sector, posted strong growth numbers in overall advertised rents (0.2%) and in Lifestyle (1.3%).

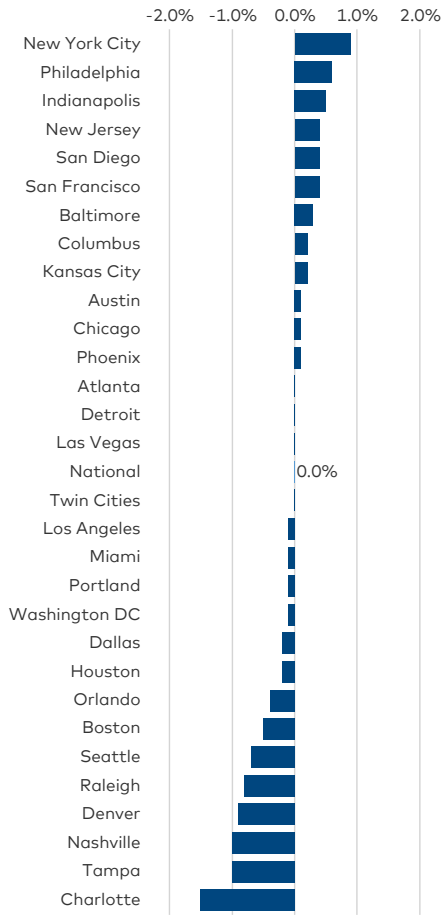
**Month-Over-Month Rent Growth—
All Asset Classes**



**Month-Over-Month Rent Growth—
Lifestyle Asset Class**



**Month-Over-Month Rent Growth—
Renter-by-Necessity Asset Class**



Source: Yardi Matrix

Supply, Demand and Demographics: Post-Pandemic Apartment Demand Stays Robust

- The aftermath of the Covid-19 pandemic kicked off a burst of apartment absorption.
- Since the first quarter of 2020, 1.7 million apartment units have been absorbed nationally, more than 10% of current stock.
- Demand has remained strong due to economic and employment growth, immigration and demographics.



The aftermath of the pandemic set off a wave of apartment demand that has produced strong performance. Between March 2020 and August 2024, some 1.72 million multifamily units were absorbed nationally, an average of 10.8% of current stock, according to Yardi Matrix data.

Absorption has been strong through most of the country. Of the 132 markets surveyed, slightly more than half (68) absorbed at least 10.0% of current stock during the period. No market experienced negative absorption, while only 10 recorded less than 4.0% of units absorbed as a percentage of stock. Looking at market size, secondary metros led with 934,000 units (12.1% of stock), followed by gateway (334,000 units, or 10.7%) and tertiary (455,000 units, or 8.9%).

The Southeast was the leading region, with 564,000 units absorbed (12.2% of stock), but no region fared poorly. Western markets absorbed 345,000 units (10.6%), followed by the Southwest (320,000 units, or 10.5%), Midwest (256,000 units, or 10.1%) and Northeast (237,000 units, or 9.7%). Weak supply growth pushed occupancy rates up in the Northeast and Midwest, and high supply pushed occupancy down in other regions.

The pandemic created a migration in 2021 from large coastal centers to suburbs and less expensive areas, especially the Sun Belt and Mountain West. Absorption remains high due to the strong

job market, an immigration boom and the ongoing effects of work from home. Although some factors such as economic growth and immigration are expected to weaken, demand is unlikely to drop too much. There are few signs of a recession or large-scale layoffs. Immigration is set to slow after two years—with three million migrants entering the country, per the Congressional Budget Office—but more likely to “normal” immigration levels. Plus, demographics remain favorable for the rest of the decade, with growth coming in two age cohorts—20- to 34-year-olds and retirees—that are responsible for strong demand.

Total absorption since Q1 2020 is led by Dallas (108,000), Houston (71,000) and Washington, D.C. (60,000). Other markets with absorption between 44,000 and 49,000 units include Denver, Austin, Phoenix, Orlando and Northern New Jersey. Metros with extremely strong absorption as a percentage of stock include Mountain West stalwarts Boise (27.7%) and Salt Lake City (19.7%), along with secondary Southeast markets Charleston, S.C. (24.6%), Pensacola (24.5%), the Southwest Florida Coast (24.1%), Savannah, Ga. (17.7%) and Huntsville, Ala. (17.6%).

While small markets led in absorption, they also posted the weakest numbers. Post-pandemic absorption laggards include Jackson, Miss.; Anchorage, Alaska; and tertiary markets in Texas and Pennsylvania.

Single-Family Build-to-Rent Segment: SFR Rents Cool in September

■ Nationally, advertised rates for single-family rentals fell \$3 in September to \$2,167, while year-over-year growth dropped 30 basis points to 0.6%.

■ U.S. SFR occupancy rates were unchanged in August at 95.3%, though Lifestyle occupancy fell 10 basis points to 94.9%.

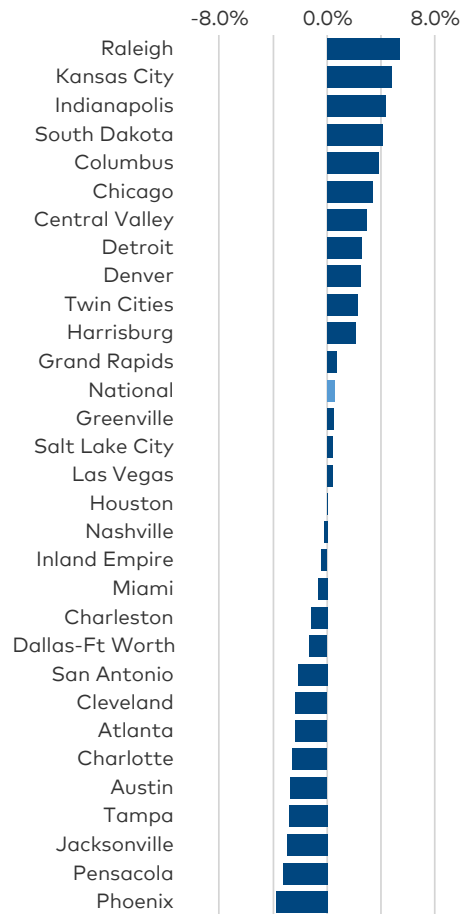
Many of the same factors that impact multi-family performance are also in play in the SFR market. SFR advertised rent growth is strong in Midwest metros where fundamentals are boosted by manufacturing sector growth and limited

supply. Kansas City (4.7% year-over-year), Indianapolis (4.3%), Columbus (3.8%), Chicago (3.4%) and Detroit (2.6%) are among the metros with the highest advertised rent growth.

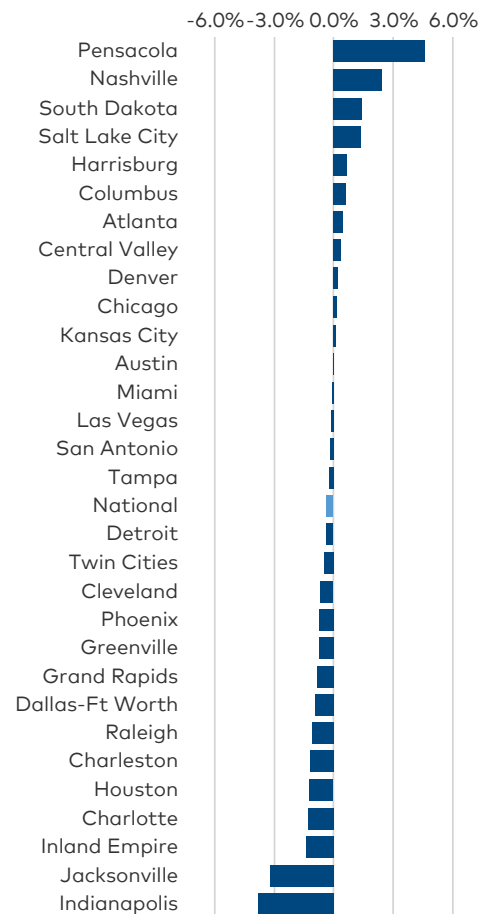
Meanwhile, SFR rents are softening in markets with low occupancy rates, such as Phoenix (advertised rents -3.8% year-over-year and a 92.6% occupancy rate), Jacksonville (-2.9%, 90.9%), Austin (-2.7%, 90.8%), Charlotte (-2.6%, 92.7%) and San Antonio (-2.1%, 92.9%).

Note: Yardi Matrix covers single-family build-to-rent communities of 50 homes and larger.

**Year-Over-Year Rent Growth—
Single-Family Rentals**



**Year-Over-Year Occupancy Change—
Single-Family Rentals**



Source: Yardi Matrix

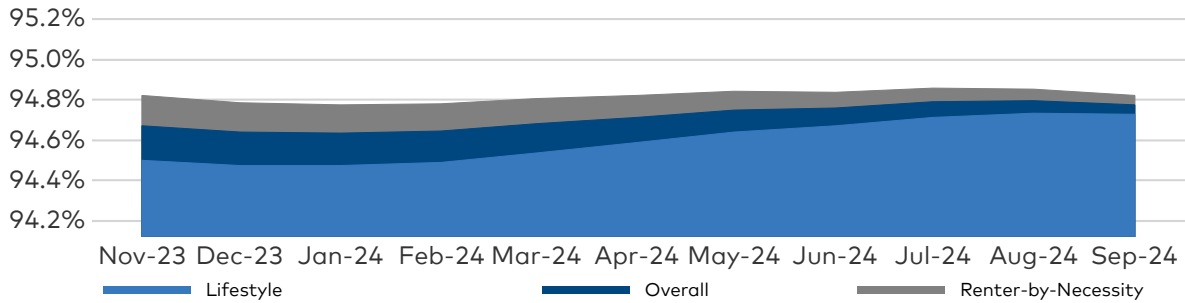
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Sep - 24	Forecast Rent Growth as of 09/01/24 for YE 2024	YoY Job Growth (6-mo. moving avg.) as of Jul - 24	T12 Completions as % of Total Stock as of Sep - 24
New York City	5.4%	4.7%	1.3%	1.2%
Kansas City	4.2%	4.0%	1.4%	1.8%
Boston	3.4%	3.3%	0.6%	2.5%
Indianapolis	3.3%	3.4%	2.1%	2.7%
Washington DC	3.1%	3.2%	0.7%	2.2%
Detroit	3.0%	1.8%	0.2%	1.0%
Columbus	2.8%	3.3%	0.7%	3.6%
New Jersey	2.8%	3.3%	1.4%	2.7%
Chicago	2.4%	2.8%	0.1%	1.7%
Philadelphia	1.9%	2.1%	1.5%	1.8%
Baltimore	1.9%	1.4%	-0.2%	1.1%
Portland	1.7%	0.3%	-1.0%	4.3%
Twin Cities	1.2%	1.3%	0.7%	3.8%
Seattle	1.2%	1.6%	1.1%	3.8%
Miami Metro	0.8%	2.0%	2.4%	4.3%
Los Angeles	0.5%	-0.1%	0.8%	1.9%
Houston	-0.1%	0.3%	2.3%	2.6%
San Francisco	-0.2%	-0.7%	0.5%	3.0%
Denver	-0.3%	0.9%	0.5%	4.1%
Las Vegas	-0.4%	-0.4%	3.6%	2.1%
San Diego	-0.8%	0.3%	0.8%	2.0%
Dallas	-1.7%	-1.3%	1.6%	3.0%
Orlando	-1.8%	-2.1%	1.7%	4.6%
Atlanta	-2.0%	-2.5%	1.2%	4.0%
Nashville	-2.0%	-1.4%	0.6%	6.0%
Charlotte	-2.1%	-1.5%	1.6%	5.4%
Tampa	-2.3%	-1.3%	1.9%	3.2%
Phoenix	-2.4%	-2.8%	2.3%	4.1%
Raleigh	-3.1%	-2.6%	2.4%	5.6%
Austin	-4.9%	-4.5%	2.0%	7.5%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy--All Asset Classes by Month



Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	September 2024		
	Overall	Lifestyle	Renter-by-Necessity
Bridgeport–New Haven	5.2%	4.6%	5.7%
Louisville	4.9%	3.1%	6.3%
Milwaukee	4.0%	2.9%	4.9%
St Louis	3.7%	2.9%	4.4%
Richmond–Tidewater	3.4%	2.7%	4.2%
Cincinnati	3.0%	-0.7%	4.8%
Cleveland–Akron	3.0%	-3.2%	4.8%
Central Valley	2.7%	1.6%	2.9%
Winston-Salem–Greensboro	2.6%	2.6%	2.7%
San Jose	2.0%	2.2%	1.8%
Inland Empire	0.9%	0.4%	1.4%
Orange County	0.8%	0.3%	1.4%
Albuquerque	0.7%	-1.3%	1.9%
Sacramento	0.5%	0.1%	0.6%
Charleston	0.0%	-1.7%	2.6%
Greenville	-0.4%	-0.8%	0.2%
Salt Lake City	-1.6%	-1.2%	-2.5%
North Central Florida	-2.0%	-3.8%	-0.2%
Colorado Springs	-2.0%	-2.1%	-1.7%
Jacksonville	-2.3%	-2.7%	-1.8%
San Antonio	-2.4%	-3.4%	-1.5%
Southwest Florida Coast	-3.9%	-4.6%	-2.6%

Source: Yardi Matrix

Definitions

Reported Market Sets:

National multifamily rent and occupancy values derived from all 136 markets with years of tracked data that makes a consistent basket of data.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more markets.

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Average Market Rent: Average rent rolled up from the unit mix level to metro area level and weighted by number of units. Rent data is stabilized, meaning rent values for properties are only included 12 months after the properties' completion date.

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month.

Forecasted Rent Growth: Year-over-year change in average forecasted market rents, as calculated by same month.

Renewal Lease Rent Per Unit: Monthly rent per unit for renewal leases.

Renewal Lease Rent Change Percent: Percentage of monthly rent change between renewals and their corresponding previous leases for the same resident. Only includes renewal leases where the lease term length is no more than 3 months longer or shorter than the previous lease.

Expiring Lease Renewal Percent: Percentage of expiring leases for which residents have renewed. Excludes leases from which the tenant moved out prior to the month of the expiration.

Rent-to-Income Ratio: Rent is the monthly rent as stated, no fees or utilities. Income is as stated on applications.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units.

Employment Totals: Total employment figures and categories provided by the Bureau of Labor Statistics, seasonally adjusted.

Single-Family Rental: A property where 50% or more of the units are either stand-alone buildings OR have direct access garages with no neighbors above or below the unit.

Ratings:

Lifestyle/Renters by Choice

- Discretionary—has sufficient wealth to own but choose rent

Renters by Necessity

- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



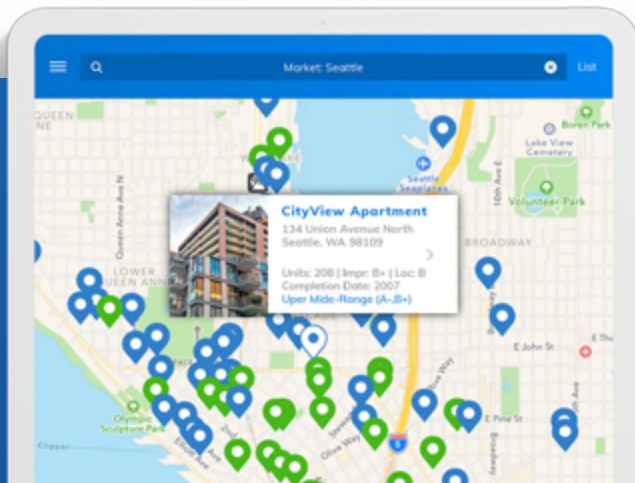
Yardi® Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
22.3+ million units, covering over
92% of the U.S. population.



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