Yardi® Matrix

National Multifamily Report

November 2024

Steady Multifamily Market Awaits Policy Changes

- Multifamily advertised rents dropped $5 nationally in November to $1,744, as a rapid influx of supply continues to counteract strong demand in high-growth Sun Belt markets. Year-over-year rent growth fell 10 basis points to 0.9%.

- Nationally, rent growth has been steady at just under 1.0% throughout the year, but performance is mixed by region. Sixteen of the Matrix top 30 metros have recorded positive advertised rent growth year-over-year, while 14 are negative.

- Due to a seasonal slowdown and rising competition from deliveries, particularly in Florida and Texas, single-family rental rates are slumping. SFR advertised rents dropped $7 month-over-month in November to $2,150, and are down $25 since peaking during the summer.

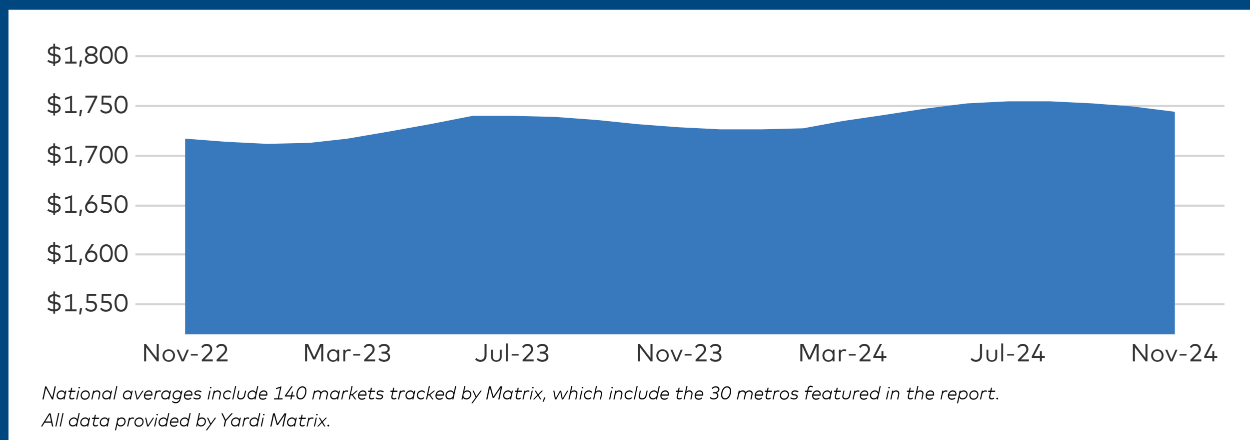
November tends to be a calm month for multifamily, with rents barely changing, as the moving season is past and renters settle in for winter. Over the last 10 Novembers, since 2015, the average U.S. advertised rent has changed more than $3 only three times. The question this year is whether the calm belies turbulence ahead, as the industry anticipates changes to policy and interest rates.

On the policy front, worries about the federal government implementing rent control are gone. Regulatory agencies including the Consumer Financial Protection Bureau are likely to be sidelined, and new banking mandates related to Basel III are likely to be put on hold. Corporate tax breaks for real estate and deductions for pass-through entities from the 2017 tax law are likely to be extended or expanded.

Fannie Mae and Freddie Mac, the most active multifamily lenders, will likely face change. The first Trump administration made noises about removing them from receivership, where they have been since 2008, and possible privatization, but it ran out of time and votes. With another bite at the apple and four more years, change in the way the agencies operate is much more probable. The Federal Housing Finance Agency recently increased their 2025 lending volume cap by $3 million to $73 million, with the requirement that at least 50% be mission-driven lending and with workforce housing loans exempt from the cap.

At the same time, threats to implement steep tariffs and deport immigrants that comprise a solid chunk of construction workers raise concerns about rising costs, development delays and reduced demand for housing. Higher inflation could keep interest rates elevated and potentially stall increased transaction activity.

National Average Rents

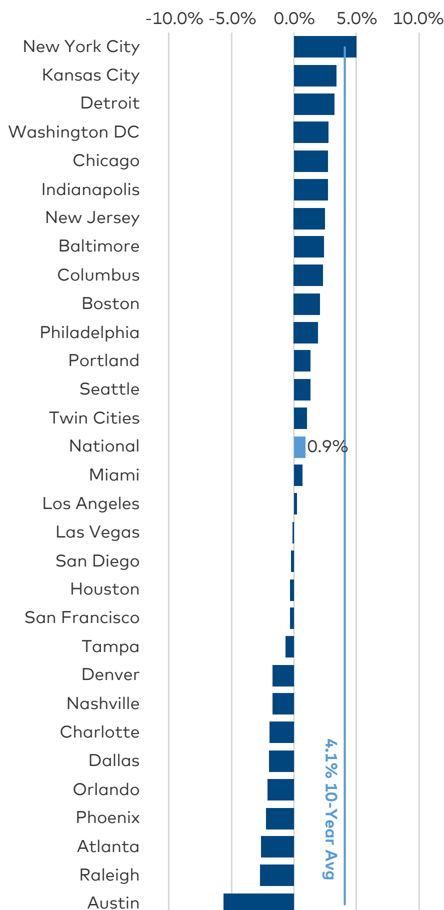


National averages include 140 markets tracked by Matrix, which include the 30 metros featured in the report.
All data provided by Yardi Matrix.

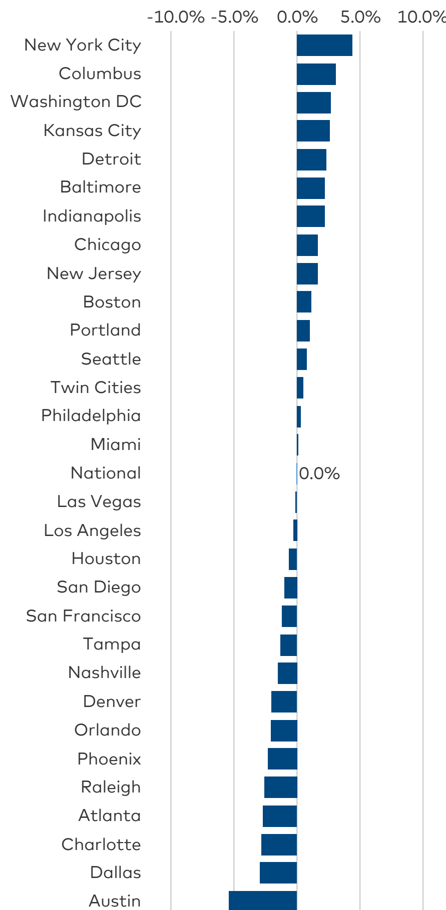
Year-Over-Year Rent Growth: Rebound in Demand Boosts Las Vegas Occupancy

- The national average advertised asking rent fell $5 to $1,744 in November, with the year-over-year growth rate falling slightly to 0.9%. Rent growth remains highest in gateway metros in the East and secondary markets in the Midwest, led by New York City (5.0% year-over-year), Kansas City (3.4%), Detroit (3.2%), Washington, D.C. (2.8%), and Chicago and Indianapolis (2.7%). Meanwhile, many Sun Belt metros continue to see negative rent growth, led by Austin (-5.6%), Raleigh (-2.7%), Atlanta (-2.6%), Phoenix (-2.2%) and Orlando (-2.1%).
- The national occupancy rate in October was 94.7%, with growth unchanged year-over-year. Las Vegas outperformed with a 100-basis-point year-over-year rate increase to 93.7%. The metro benefits from strong job growth and a rebound in absorption in 2024 that makes up for two years in which demand lagged new supply. Other metros with strong year-over-year occupancy rate growth include Portland and Detroit (both 0.6%), Baltimore (0.4%) and San Francisco (0.3%).

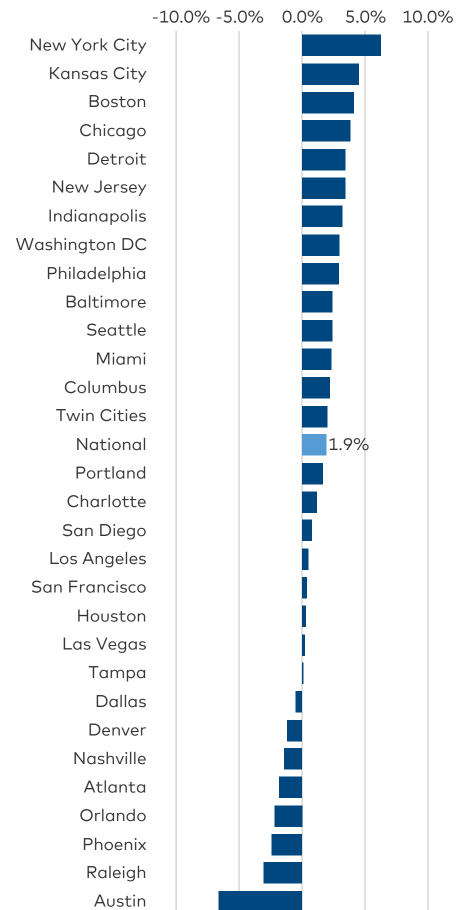
Year-Over-Year Rent Growth—All Asset Classes



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:
Tampa Posts Strong Growth in November

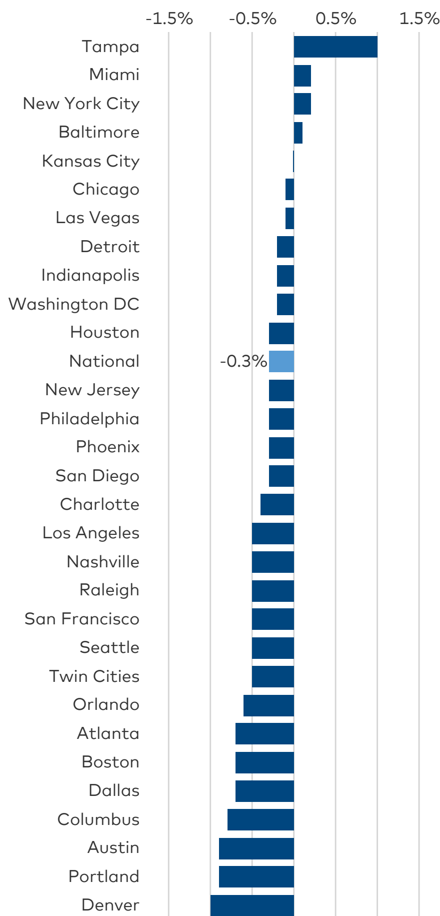
- U.S. advertised rents fell 0.3% month-over-month in November, with declines in 25 of the top 30 metros.
- Advertised rents fell 0.3% in the luxury Lifestyle segment during the month.

Advertised rents fell 0.3% in November, led by a 0.3% drop in Lifestyle, while Renter-by-Necessity declined by 0.1%. Rent growth was unchanged or negative in 25 of the top 30 metros in Lifestyle and 23 of the top 30 in RBN.

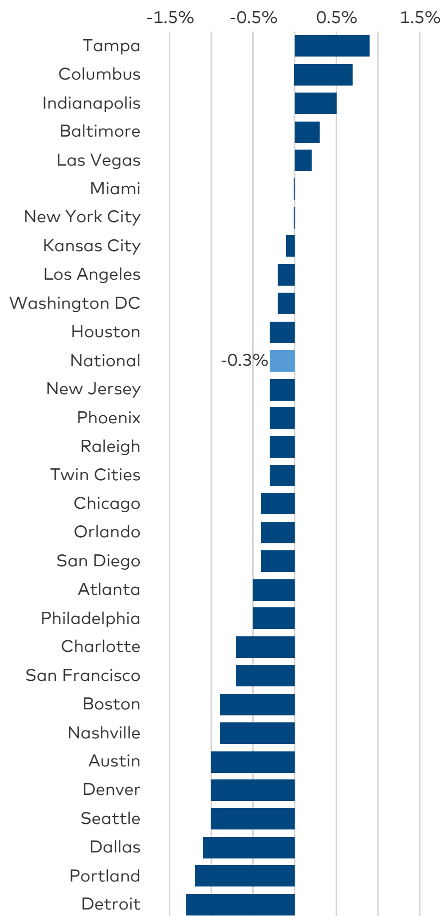
Tampa, where rents have dropped over the past year due to the high volume of deliveries, bucked the trend and posted strong gains in November. Advertised rents in Tampa rose 1.0% overall month-over-month, including an increase of 1.2% in RBN and 0.9% in Lifestyle. Some demand came from homeowners who were displaced by Hurricane Milton and are renting an apartment temporarily.

Meanwhile, Denver and Austin, both high-supply markets, recorded some of the largest declines. In Denver, advertised rents fell 1.0% month-over-month, including -1.0% in Lifestyle and -0.9% in RBN. In Austin, rents fell 0.9% month-over-month, including -1.0% in Lifestyle and -0.8% in RBN.

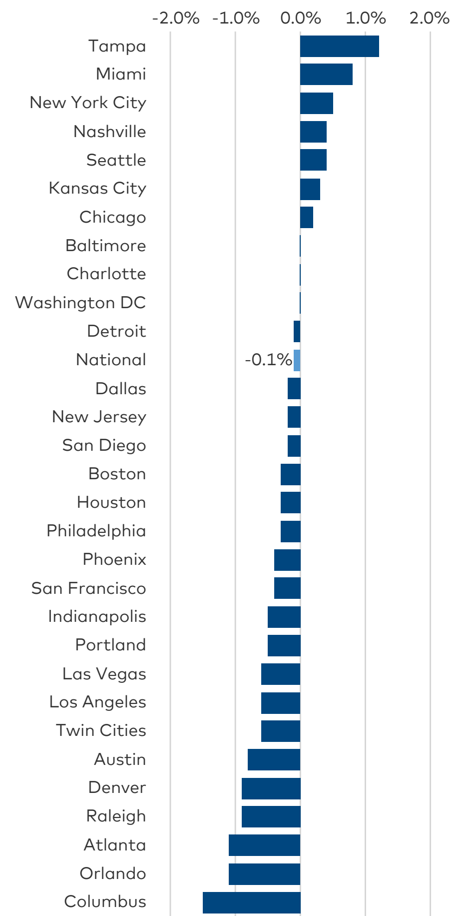
Month-Over-Month Rent Growth—All Asset Classes



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: Expense Growth Is Moderating, but Still a Worry

- After increasing rapidly during the post-pandemic inflation episode, multifamily expense growth is decelerating.
- Even with higher expense growth, net operating income has remained positive due to strong income gains.
- Because rent growth will likely remain moderate until the current apartment supply wave is absorbed, controlling expenses should remain a priority.

After two years of rapid increases, multifamily expense growth is beginning to moderate, though it is too soon for property owners to relax. Through October, expenses in U.S. market-rate properties rose an average 4.0% year-to-date, down from 9.0% in 2023 and 7.1% in 2022. Expenses per multifamily unit in affordable housing properties increased by 5.1% year-to-date through October, down from 8.3% in 2023 and 7.7% in 2022. (All numbers are on a trailing 12-month analysis derived from Yardi Matrix Expert.)

Net operating income growth continues to be positive in the market rate and affordable segments, as revenue streams remain positive. In market-rate properties, income growth of 2.6% year-to-date has produced a 1.9% increase in NOI. Affordable properties have recorded 6.0% revenue growth year-to-date through October, producing a 7.1% increase in NOI over that time.

The two segments have diverged in performance this year. Advertised rent growth nationally in market-rate properties is up only slightly, at 0.9% year-over-year through November. Growth in Northeast and Midwest metros is positive due to continued demand, but market-rate properties in the Sun Belt are feeling the impact of high supply, driving down advertised rents. Income growth in conventional properties is boosted by renewal rate increases, which at 3.5% year-over-year through September continue to run ahead of growth in advertised rents.

Affordable properties don't have the same reaction to market forces because rents are limited by the federal Department of Housing and Urban Development (HUD), which sets a cap each year tied to the area median income and inflation. The cap was set at an unusually high 10% in 2024 because inflation has been so high. As a result, affordable properties were allowed to raise rents more than normal in 2024.

Expense growth for market-rate and affordable properties will likely continue to moderate going forward, in part because the drivers of growth such as insurance are slowing. Insurance per unit more than doubled between January 2020 and October 2024 in both market-rate and affordable properties as insurers and re-insurers increased rates to make up for weather-related damage payouts. However, property insurance increases have largely leveled off in 2024, as the higher premiums have helped insurers get back on solid footing. Growth in other expense categories such as labor and maintenance has also moderated and should remain muted unless driven up again by exogenous events or changes in policies such as tariffs or deportations.

Rent growth will remain moderate until the current wave of supply in many markets is absorbed, which could take another year or more. Consequently, improving operating efficiency to keep costs down should remain a priority for property owners.

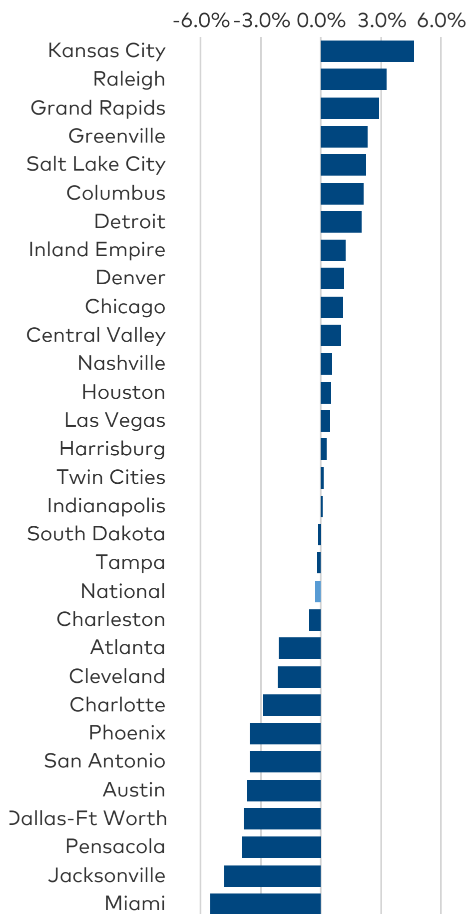
Single-Family Build-to-Rent Segment:
SFR Rents, Occupancy Rates Fall From Recent Highs

- Nationally, advertised rates for single-family rentals fell $7 in November to $2,150, putting year-over-year growth at 0.3%.
- SFR occupancy rates were 95.1% in October, down 40 basis points year-over-year. RBN occupancy was a strong 96.6%, while Lifestyle occupancy was 94.7%.

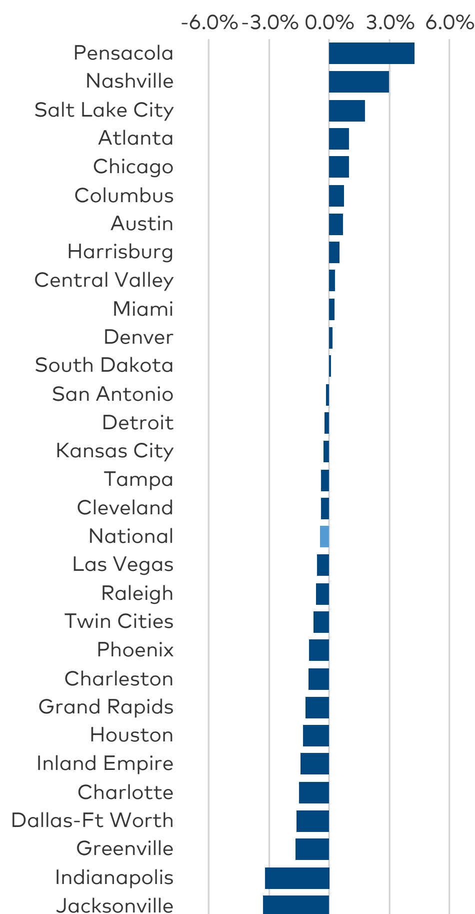
Matrix forecasts build-to-rent single-family rental stock will hit a record 36,683 deliveries this year, but a sharp drop in starts will limit new supply in the second half of 2025 and beyond. The number of starts of SFR properties in communities with 50 or more units peaked in 2023 at 45,700, per Yardi Matrix, up from the previous record high of 39,000 in 2022. However, through three quarters in 2024, the number of starts in SFR communities has dropped to slightly more than 13,000. The sector is impacted by the same factors limiting housing production of all types, including the cost of materials and labor, rising rates of construction financing, and concerns about oversupply in markets with robust multifamily development.

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

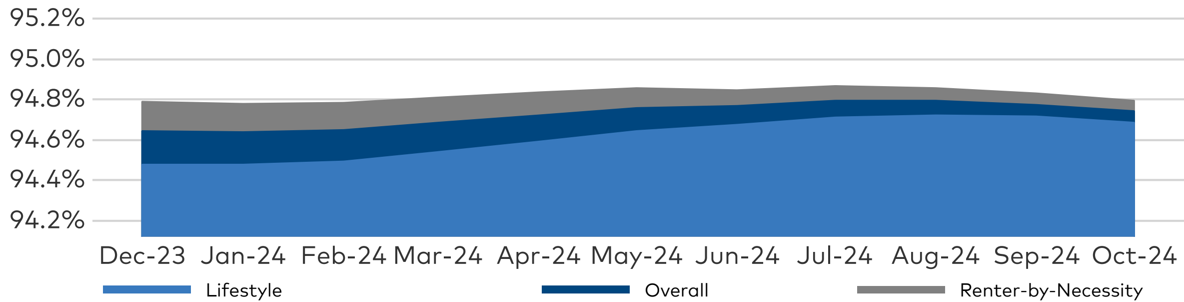
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Nov - 24	Forecast Rent Growth as of 11/01/24 for YE 2024	YoY Job Growth (6-mo. moving avg.) as of Sep - 24	T12 Completions as % of Total Stock as of Nov - 24
New York City	5.0%	4.7%	1.7%	1.5%
Kansas City	3.4%	4.0%	1.5%	2.4%
Detroit	3.2%	1.8%	0.3%	0.8%
Washington DC	2.8%	3.2%	0.6%	1.9%
Indianapolis	2.7%	3.4%	2.3%	2.7%
Chicago	2.7%	2.8%	0.1%	1.3%
New Jersey	2.5%	3.3%	1.7%	2.6%
Baltimore	2.4%	1.4%	0.0%	1.3%
Columbus	2.3%	3.3%	0.5%	3.5%
Boston	2.1%	3.3%	0.8%	2.9%
Philadelphia	1.9%	2.1%	1.6%	1.9%
Seattle	1.3%	1.6%	1.2%	4.0%
Portland	1.3%	0.3%	-0.4%	3.8%
Twin Cities	1.0%	1.3%	0.3%	3.7%
Miami Metro	0.7%	2.0%	2.4%	4.2%
Los Angeles	0.2%	0.0%	1.2%	1.7%
Las Vegas	-0.1%	-0.4%	3.3%	2.7%
San Diego	-0.2%	0.3%	0.8%	2.3%
San Francisco	-0.3%	-0.7%	0.6%	2.7%
Houston	-0.3%	0.3%	2.3%	2.5%
Tampa	-0.7%	-1.3%	1.7%	4.2%
Denver	-1.7%	0.9%	0.2%	5.5%
Nashville	-1.7%	-1.4%	0.6%	5.9%
Charlotte	-1.9%	-1.5%	1.8%	5.7%
Dallas	-2.0%	-1.3%	1.6%	3.3%
Orlando	-2.1%	-2.1%	1.5%	5.1%
Phoenix	-2.2%	-2.8%	2.2%	4.5%
Atlanta	-2.6%	-2.6%	1.3%	3.5%
Raleigh	-2.7%	-2.6%	2.4%	6.4%
Austin	-5.6%	-4.5%	1.7%	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	November 2024		
	Overall	Lifestyle	Renter-by-Necessity
Bridgeport–New Haven	5.2%	5.3%	5.3%
Louisville	3.7%	3.0%	4.3%
Cleveland–Akron	3.6%	2.3%	4.3%
Milwaukee	3.3%	1.3%	4.9%
Richmond–Tidewater	3.1%	1.8%	4.0%
St Louis	2.8%	1.2%	3.6%
Winston–Salem–Greensboro	2.6%	2.0%	3.7%
San Jose	2.4%	2.4%	2.5%
Cincinnati	2.4%	-0.4%	3.6%
Albuquerque	2.1%	1.7%	2.4%
Central Valley	2.0%	0.2%	2.5%
Sacramento	1.8%	2.9%	0.9%
Orange County	1.7%	1.3%	2.1%
Inland Empire	1.1%	1.2%	0.8%
Greenville	0.2%	0.3%	0.1%
North Central Florida	-0.2%	-0.6%	0.3%
Charleston	-0.3%	-0.7%	0.6%
Colorado Springs	-1.3%	-1.6%	-0.7%
Salt Lake City	-1.8%	-1.4%	-2.3%
San Antonio	-1.9%	-2.1%	-1.4%
Jacksonville	-2.7%	-2.9%	-2.2%
Southwest Florida Coast	-3.9%	-4.8%	-1.7%

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

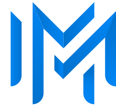
- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent

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.



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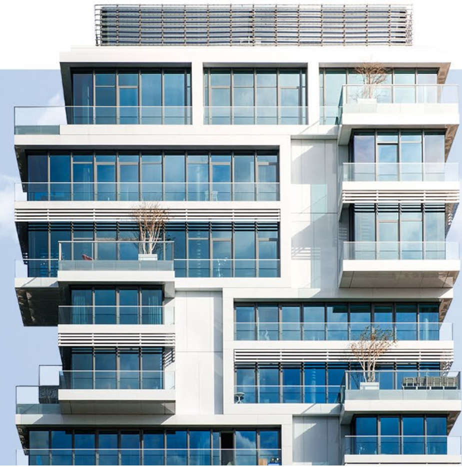

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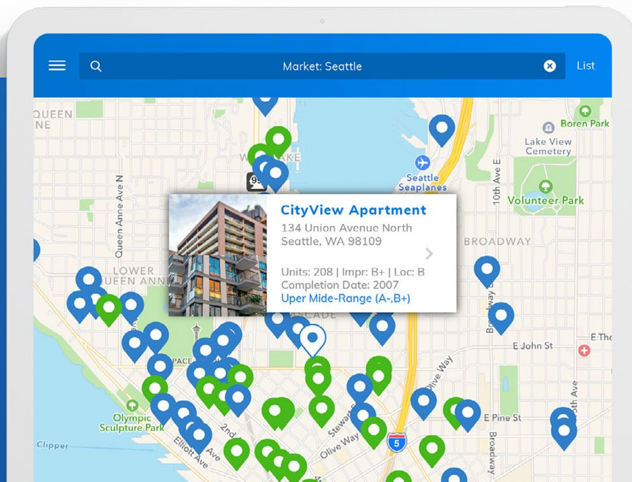
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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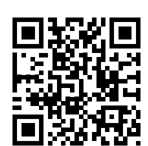

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