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National Multifamily Report

December 2024

Multifamily Ends 2024 Down, Eyes 2025 Changes

- Multifamily finished 2024 on the downswing, with the average U.S. advertised rent falling $4 nationally in December to $1,742. Year-over-year rent growth, which remains positive albeit weak, was down 10 basis points to 0.6%.

- The trends that shaped 2024 remained in place to the end. Demand stayed robust throughout the year in most regions, so regional and market-level rent change was determined by the amount of local supply growth.

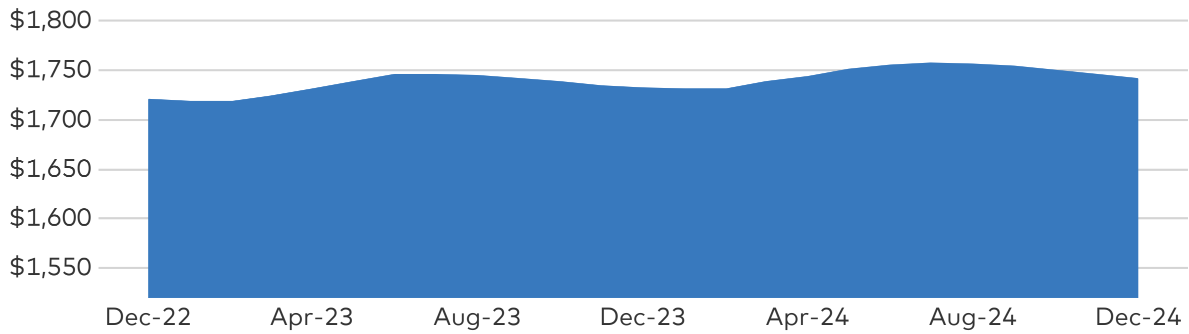
- After outperforming multifamily through most of the year, single-family rental rates also ended the year poorly. SFR advertised rents dropped $7 month-over-month in December to $2,141, with year-over-year growth dropping 40 basis points to -0.8%.

As the multifamily market says goodbye to 2024, a year with little change, it welcomes a year fraught with potential change. The market has been on a treadmill for a while. The average U.S. rent ended December 2024 at $1,742, which is $4 more than it was in May 2023 and $4 less than June 2023. Since then, metro-level performance has been mixed—high-supply growth metros have seen advertised rents turn negative, while metros with low supply have recorded moderate growth—but national year-over-year growth has been stuck between 0% and 1.0% for 16 straight months.

The market enters 2025 walking a tightrope, with heavy supply growth balanced by equally strong demand. Clearly, 2025 promises change. Starts have dropped, and completions will wane soon. On the demand side, absorption will be boosted by healthy job growth and demographics. But president-elect Donald Trump campaigned to reduce immigration, another source of demand. The U.S. Census Bureau recently increased its estimate of international immigration to 2.8 million in 2024, 84% of total U.S. population growth, while upping immigration estimates to 4 million combined in 2022 and 2023.

Multifamily also is bracing for less favorable interest rate conditions than expected. As inflation and economic growth receded, the Federal Reserve was expected to cut short-term rates through 2025 to the 3% to 4% range. But that forecast no longer seems likely. The drop in inflation has stalled, with consumer price growth rising to 2.7% in November, while Trump threatens tariff increases. The upshot is that investors' higher inflation expectations have pushed the 10-year Treasury rate up to 4.6%, creating ongoing pricing uncertainty that could keep deal flow muted.

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.