Yardi® Matrix

Multifamily National Report

April 2019

Multifamily Rent Growth Remains Consistent

- U.S. multifamily rents increased by $5 in April to $1,436. Year-over-year growth fell to 3.0%, down 30 basis points from March, as the growth was less than in previous years.
- Market performance has been remarkably consistent over time and across geographic zones. Growth continues to be highest in lifestyle metros in the Southwest, Southeast and California, but other than Houston there aren't many markets in which growth trails long-term averages by any significant degree.
- Multifamily absorption remains robust, as the economy continues to pump out jobs and demographic factors are still positive. The occupancy rate for stable properties has dipped only 10 basis points year-to-date, though new supply continues to grow at about 300,000 units per year.

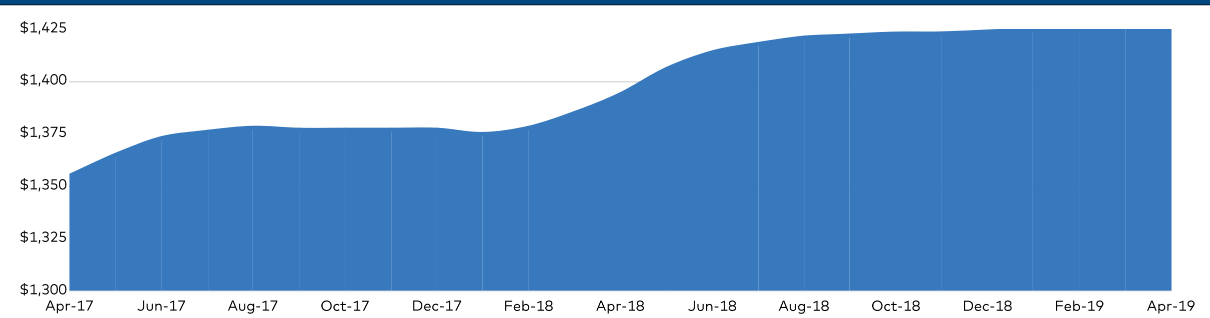
U.S. multifamily rents continue to increase at a steady rate, albeit slightly slower than in recent years. Nationwide, rents were up a healthy 3.0% year-over-year in April. Year-to-date, rents are up 0.8%, which is a solid number although less than the growth rate during that period in recent years.

With the prime rent growth season just starting, it remains to be seen whether this year's gains will be stellar or merely average, but in any event there seems to be no reason to think the multifamily juggernaut is going to hit the pause button. Absorption is strong, as the national occupancy rate for stable properties is 94.8% and has dropped only 10 basis points year-to-date despite the delivery pipeline adding some 300,000 units per year.

The economy continues to pump out 200,000 or so jobs each month, providing a good environment for young workers to form households. Meanwhile, the recent trend toward increasing homeownership hit a snag in the first quarter, as the homeownership rate dropped 60 basis points to 64.2%. Some of that undoubtedly had to do with the fourth quarter increase in mortgage rates. Interest rates have dropped again over the last couple of months, which might boost prospects, but the sensitivity to rates illustrates the fragility of the financial wherewithal of potential buyers.

On the metro level, the Southwest is king, as Phoenix caught up to Las Vegas in April for the highest growth rate at 7.3%. Four of the top 10 are in the Southeast: Atlanta (4.8%), Raleigh (3.7%), Tampa (3.6%) and Charlotte (3.4%). Growth remains consistent across regions, though. Mid-Atlantic metros—which have had weaker growth during this cycle owing to tepid population gains and low affordability levels—are uniformly solid. Philadelphia is up 3.0% year-over-year, while Baltimore is at 2.4% and Washington, D.C., at 2.3%. Houston ranked last with a 0.6% year-over-year gain. At 92.3%, it also has the lowest occupancy rate of our major metros.

National Average Rents



National averages include 127 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.