

Yardi® Matrix

# U.S. Multifamily Outlook

Summer 2019

## Strong Fundamentals Support Lasting Growth

Rent Gains Show  
No Signs of Letup

Investor Appetite  
Boosts Capital Markets

Labor Shortage  
Hinders Completions



## Market Analysis

Summer 2019

### CONTACTS

#### Jeff Adler

*Vice President & General  
Manager of Yardi Matrix*  
Jeff.Adler@Yardi.com  
(800) 866-1124 x2403

#### Jack Kern

*Director of Research and  
Publications*  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

#### Paul Fiorilla

*Associate Director of Research*  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

#### Chris Nebenzahl

*Institutional Research Manager*  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

## Still Room to Run for Multifamily, Despite Prolonged Cycle

- At mid-year 2019, the multifamily market is continuing its strong fundamental performance with prospects for the next few years remaining bullish. Rent growth has stabilized at just over 3%, and we expect a 2.6% increase for the full year—the seventh straight year above the 2.5% long-term average.
- Rent growth is led by metros in the Southwest and South with fast-growing economies and relatively affordable housing, but strong gains are being recorded in most metros across the country. The healthy economy and employment market, along with demographic and social factors, are creating healthy demand for apartments.
- Although growth remains steady, there are concerns about the U.S. economy as the strong and steady growth trajectory of the last few years has begun to show some cracks. Trade tensions, slowing global growth and an inverted Treasury yield curve may be starting to outweigh healthy employment, steady energy prices and continued growth of the technology industry.
- Supply nationally has increased by about 300,000 units annually, and we expect that to continue for another couple years. There are 600,000 units under construction but, with the construction labor shortage, the units are taking longer from start to finish.
- Capital markets are supportive of a healthy market. Investor demand for U.S. apartments is robust, as the sector is seen as a safe haven in an increasingly uncertain environment. The 100-basis point drop in the 10-year Treasury yield also restores a high premium over borrowing costs. Demand for debt is so high that agency lenders are burning through their allocations and other lenders are picking up any slack.