Yardi® Matrix

Multifamily National Report

October 2019

Healthy Demand Buoys Multifamily Growth

- Multifamily rent growth inched upward in October, as the average U.S. multifamily rent increased by $1 to $1,476. Year-over-year rent growth remained at 3.2%.
- Although subject to some seasonality by metro, the multifamily market continues to consistently produce strong rent growth. Of the 30 major markets covered here, 17 saw year-over-year rent growth of at least 3.3% and only two (San Jose and Houston) were much below the 2.5% long-term average.
- The extended period of good performance has produced one bad side effect: legislation enacted in three states to limit rent growth and pressure to act in more states. After a period of below-par growth in housing stock, the U.S. needs more units built, but rent control moves the needle in the opposite direction.

The multifamily market continued its strong performance into the fourth quarter, as demand remains almost insatiable. Average U.S. rents rose $1 in October to $1,476, reaching yet another all-time high, and year-over-year growth has been at least 3.0% for more than a year.

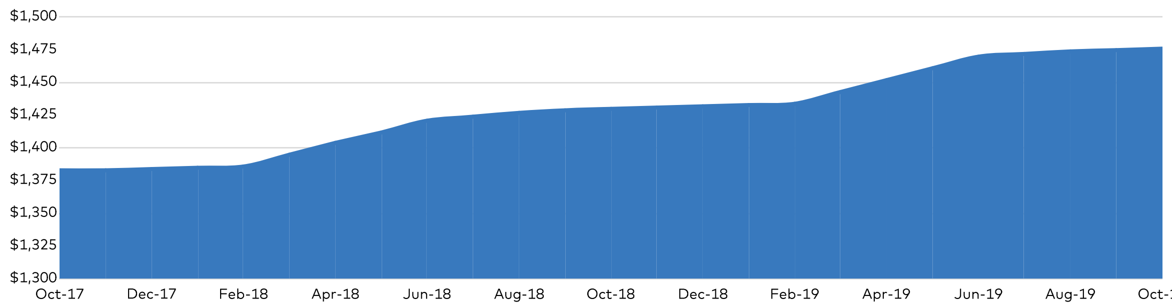
There is more seasonality displayed on the metro level, but other than Houston, no metro has remained near the bottom of our rankings for long. Those among the top gainers for years include Phoenix (7.9%), Las Vegas (6.4%) and Sacramento (4.8%). Those consistently above-trend but a notch below the leaders include Raleigh (5.1%), the Inland Empire (4.9%) and Charlotte (4.8%).

Nashville (4.6%) and Austin (4.3%) are high-growth metros that have had some seasonal weakness over the last 12 months but have bounced back due to exceptionally strong demand. Both have increased occupancy rates of stabilized properties year-over-year through September (Nashville by 60 basis points to 95.5% and Austin by 20 basis points to 95.0%) due to strong demand despite very active supply growth. In fact, both metros absorbed more than 4.2% of stock over the last 12 months.

Seattle, which celebrates its Major League Soccer championship this week, is the poster child for robust demand. The metro managed to increase occupancy by 40 basis points to 95.8% over the last year despite increasing total stock by more than 5.0%. Seattle led the nation in net absoption during that time at more than 14,000 units. The growth can continue as long as technology giants keep growing and Seattle remains popular among young knowledge workers.

One metro in a seasonal slump is San Jose. Rent growth in the metro fell to 1.2% year-over-year, matching Houston for last place. But fundamentals remain healthy, so the dip is likely based on affordability and should be temporary.

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.