Yardi® Matrix

National Multifamily Report

November 2020

Midwest Markets Show Strength

- Multifamily rents declined by 0.5% in November on a year-over-year basis, but more than 100 secondary and tertiary markets are doing better than the national average. Our published report covers a selection of the top 30 markets; however, our data service covers 135 markets, some of which may be referenced below.

- The Inland Empire (6.6%) and Sacramento (5.9%) led our top 30 markets for the second month in a row, with Phoenix (4.3%) and Indianapolis (3.9%) trailing closely behind.

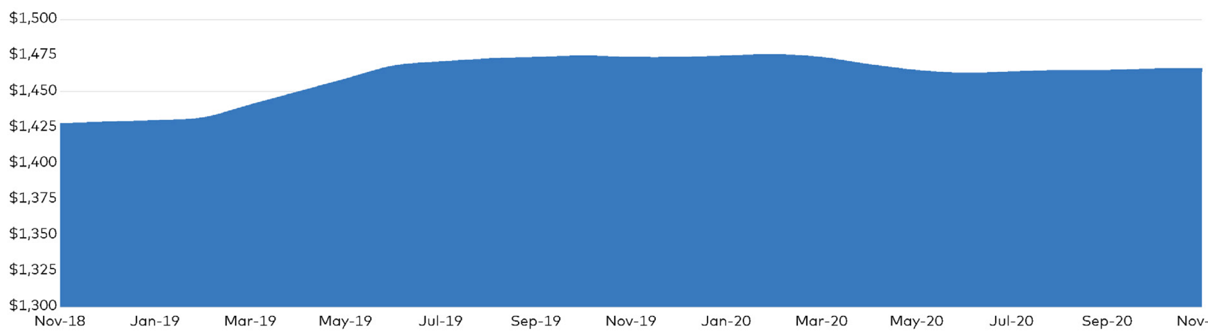
- All gateway markets showed larger declines in year-over-year rents this month than last month. Manhattan (-10.2%) led the pack, followed by San Francisco (-8.6%), Washington, D.C. (-3.9%), Chicago (-3.4%), Boston (-3.3%) and Los Angeles (-2.9%).

The pandemic-induced rent declines in the gateway markets continued into November. With the decreases getting steeper as the months go on, many are wondering, "When will rents reach the bottom and start to bounce back?" The positive vaccine news bodes well for the gateway markets, but it will likely take more than a vaccine for residents to return. Many prior residents have adjusted to their lives in the suburbs or have moved to an entirely different market and will need major incentives to return.

Midwestern markets like Indianapolis (3.9%) and Kansas City (2.4%) that rarely get the spotlight have seen consistent rent growth throughout the pandemic. In Chicago, the closest gateway market to Indianapolis and Kansas City, the average rent is about 34% more expensive than Kansas City and 32% more expensive than Indianapolis. Other top-performing Midwest markets include Detroit (4.3%), South Bend (3.9%), Toledo (3.2%), Columbus (3.1%) and Dayton (2.8%). In fact, all Midwest markets had positive year-over-year rent growth in November except for the Twin Cities (-0.5%) and Chicago (-3.4%).

The four Texas markets, which a year ago all had strong rent growth, have struggled—especially Austin (-4.1%) and Houston (-1.4%). Austin has been known as a strong tech hub market, with plenty of high-paying jobs. However, during the pandemic, these strong tech jobs have not been enough to offset the economic damage that has occurred at the lower end of the wage scale. Austin has lost about 22% of its leisure and hospitality jobs on a year-over-year basis—the most of the four Texas markets. Although the financial activities job sector has grown by about 11% on a YoY basis, it has not been enough to offset job losses in other sectors. New supply has also been a factor, with about 4.4% of stock completed so far this year.

National Average Rents



National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.