Yardi Matrix

National Multifamily Report

December 2020

Bifurcation Among Markets Widens to End 2020

- Multifamily rents declined by 0.8% in December on a year-over-year basis, a 30-basis-point decline from November.
- Overall rents declined by $4 to $1,462, the largest one-month decline since the beginning of the pandemic, when overall rents dropped by $5 in April.
- The extreme bifurcation between gateway markets and lower-cost metros continues. The Inland Empire (7.3% year-over-year rent growth) and Sacramento (6.1%) sit atop the list, where they have been for the last four months. San Jose (-13.7%) and New York (-11.7%) fall at the bottom of the list. San Jose has been at the bottom of the list for seven consecutive months, with the metro's overall rents falling by 14.1% since March.

2020 will go down as the year COVID-19 changed everything. As the pandemic became rampant, many initially feared that rents would rapidly decline. But many metros have emerged from 2020 unscathed, and some have even enjoyed significant rent growth. Others have not been so lucky, especially expensive coastal markets.

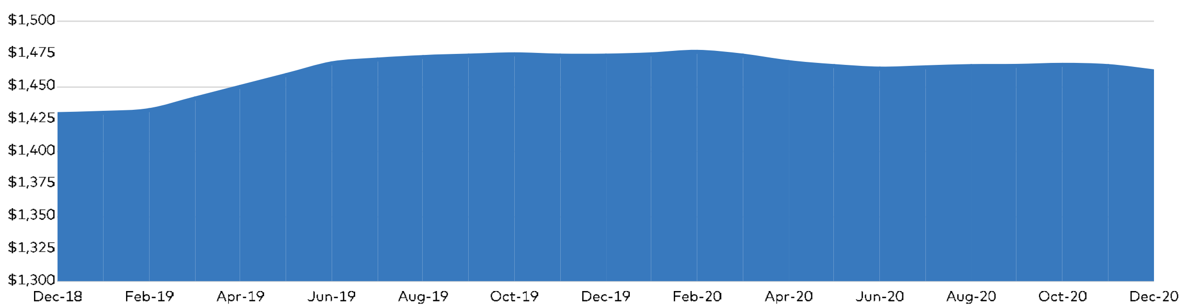
Initial fears also included an imminent decline in collections. Up until November, that fear proved to be untrue. According to NMHC's Rent Payment Tracker, more than 94% of professionally managed apartment rents were fully or partially paid through October. Noticeable declines began to emerge in November and December, although most tenants still seemed to be prioritizing rent payments, with 93.8% of rent payments fully or partially made by the end of December.

With the recent pandemic relief bill passed, including $600 direct payments to most Americans and an additional $300 in weekly unemployment benefits, collections should hold up. Additionally, with the Senate now controlled by Democrats, additional stimulus in the coming months is likely.

The labor market was turned upside down in 2020, losing almost 1.4 million jobs in March and 20.8 million jobs in April. In May, jobs began to be added back, although at a significantly slower pace than they were lost. Job gains continued until December, when 140,000 jobs were lost—likely due to business closures as a result of a dramatic increase in coronavirus caseloads.

When the pandemic first began, many predicted a rapid decline followed by a very strong V-shaped recovery. Nine months in, however, we are still on shaky economic ground. By the second half of 2021, the vaccine distribution process across the U.S. should be coming to an end, and we can begin the road to full economic recovery.

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.