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# National Multifamily Report

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November 2021



## Multifamily Rent Growth Decelerates

- Multifamily rents rose again in November, but only slightly, as the anticipated deceleration in rent growth finally appears to be taking hold. The average U.S. asking rent increased by \$4 in November to a record-high \$1,590.
- Nationally, asking rents were up 13.5% year-over-year in November, a slight increase over October. Demand continues to be torrid, with the average U.S. occupancy rate of stabilized properties maintained at 96.1% in October, up 1.4% year-over-year.
- Also remaining hot is the single-family rental market, with rent growth up 14.7% year-over-year in November. Although the single-family rental market is more varied than multifamily, occupancy rates rose 0.6% nationally year-over-year through October.

Coming out of the worst of the pandemic, the multifamily market experienced eight straight months of exceptionally high rent growth, with the average U.S. multifamily asking rent rising about \$180 between March and October. A slowdown is inevitable, and it started in November, when the average asking rent rose "only" \$4.

Even so, the market remains healthy. While November's rent performance represents a significant deceleration from the \$20-plus increases per month of the spring and summer, it also is the largest average rent increase in the month of November since before the Great Recession. Typically, rents flatten in November, as demand wanes and fewer people move. Going forward, rent growth seems likely to level off, both because of seasonality and because the extraordinary gains should revert to the mean.

Although a slow deceleration remains the likeliest scenario in coming months, it might be jumping the gun to count on normality returning after the events of the last two years. Multifamily demand remains exceptionally strong. Nearly 590,000 units were absorbed over the 12 months through October, and economic conditions could prove ripe for steady demand.

More than 6 million jobs were added year-to-date through November, producing a worrisome rise in inflation but also wage growth. That combined with household savings that remain elevated from the pandemic have given consumers strong purchasing power. At the same time, rising home prices have kept some high-income households as renters. All in all, conditions remain relatively favorable for multifamily.

National Average Rents

