Yardi Matrix

National Multifamily Report

May 2022

Multifamily Posts Broad Gains in May

- Multifamily performance continues to outpace every year other than 2021. The average U.S. asking rent rose $19 in May to an all-time high of $1,680. Year-over-year growth decelerated by 40 basis points to 13.9%. That's 130 basis points off the peak last summer, but still exceptional performance.
- Demand and rent growth continue to increase throughout the country. Rent growth rose at least 10% year-over-year in 26 of Yardi's top 30 metros.
- The average single-family asking rent increased by $19 in May to $2,038, as year-over-year growth dropped by 70 basis points to 12.7%. Although the national occupancy rate fell 0.2%, the sector will continue to ride strong demand, especially as home sales wane due to higher interest rates.

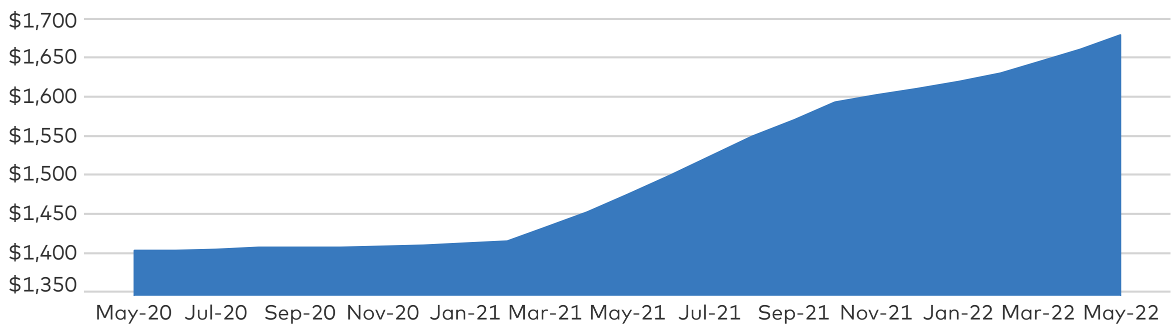
Multifamily rents continue to defy gravity, increasing a robust $19 in May to a U.S. average of $1,680. Decelerating economic growth and concerns about gas prices and inflation have not eroded multifamily demand much nor slowed down the upward climb of rents. On average, U.S. rents increased 1.1% in May, rising 3.0% over the past three months and 13.9% over the past year. Rent growth in recent months is consistently a bit less than it was in 2021, but considerably above any previous year.

Although the biggest gains were recorded in rapidly growing Sun Belt metros—Miami, Orlando and Tampa are all above 20% growth year-over-year—rent increases and demand were well above trend throughout the entire country. The Twin Cities, at 5.2% year-over-year, was the only metro in the Matrix top 30 with rent growth below 8.7%.

Each region has its drivers of demand and rent. Metros in the Sun Belt and states such as Florida, Texas and Arizona are benefiting from migration stemming from the inflow of population and jobs. Gateway metros continue to rebound from the pandemic slump, backfilling the renters who moved to suburbs and/or more affordable locales with a new set of households that want an urban experience. Occupancy rates in San Jose, New York, Chicago and San Francisco rose at least 1.5 percentage points over the past year.

Signs of the inevitable cooling may well come from the weakening occupancy rates in some high-growth metros. Seven metros—led by Las Vegas (-1.1% year-over-year), Sacramento and Phoenix (-0.7%)—have seen occupancy rates decline over the past year. A robust delivery pipeline could be the root cause in some, but new supply in others is on par with the national average. While rents are up at least 13% year-over-year in each, it may portend an easing of demand.

National Average Rents



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