Yardi Matrix

National Multifamily Report

June 2022

Multifamily Growth Rolls Along in June

- Multifamily performance remained strong in June despite economic deceleration in some other markets. The average U.S. asking rent increased $19, bringing overall rent to a new all-time high of $1,706. Year-over-year growth decelerated by 50 basis points to 13.7%. That's 130 basis points off the February peak of 15.2%, but still exceptional performance.

- Demand and rent growth remained strong throughout the country. Rent growth increased at least 10% year-over-year in 25 of Yardi's top 30 metros. National occupany rates were 96%.

- The single-family sector continues to grow on par with multifamily as homeownership becomes out of reach for more households. The average single-family asking rent increased by $23 in June to an all-time high of $2,071, as year-over-year growth dropped by 90 basis points to 11.8%.

The multifamily market started to show signs of deceleration in June but was still performing at extremely high levels. Year-over-year rent growth was 13.7% in June, down 50 basis points from May. While rent growth in 2022 is still higher than any previous year on record, that was the fourth consecutive month that year-over-year rent growth declined.

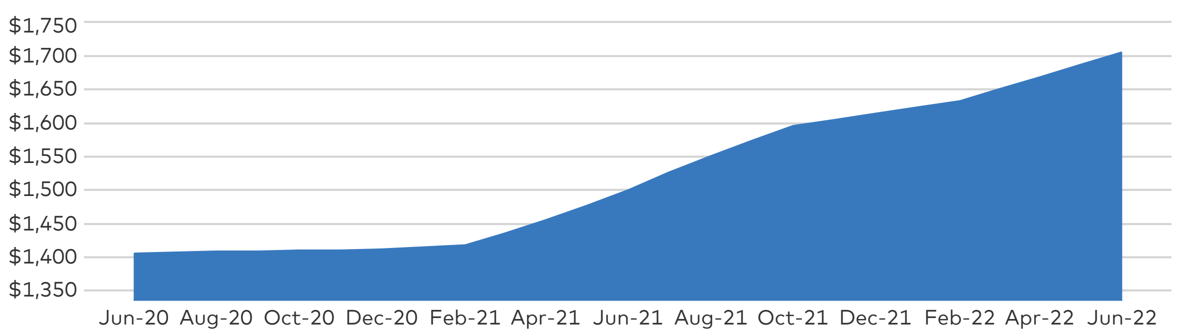
Despite that deceleration, U.S. asking rents increased $19 in June to a U.S. average of $1,706. U.S. rents increased an average of 1.1% in June, 3.3% during the second quarter and 5.7% through mid-year.

As the economy begins to cool down, the strong labor market will allow rents to continue to increase but at slower rates as the year progresses. Inflation and increasing interest rates have started to cool down the for-sale market, keeping more households in multifamily and single-family rental markets. However, inflation rates will take a while to ebb, causing consumers to cut into savings as their ability to afford increasing rental rates lessens.

While the U.S. economy will probably show contraction again for the second quarter, multifamily is still poised for strong growth this year. Household formation is expected to increase steadily, even as migration is showing signs of slowing.

Rent growth remains strong in Sun Belt and West Coast metros, despite signs of slowing migration and/or household formation. Occupancy rates have decreased year-over-year in markets such as Las Vegas (-1.6%), Phoenix (-1.1%), Sacramento (-1.0%) and the Inland Empire (-0.8%). Meanwhile, occupancy continues to recover in the larger metros that saw population loss during the pandemic, such as San Jose (2.0%), New York (1.5%) and Chicago (1.4%).

National Average Rents



National averages include 136 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.