

## National Multifamily Report

August 2022



## After Long Run, Rent Growth Stalls in August

- Multifamily rents finally hit a wall in August, presaging a deceleration that may extend through the second half of 2022. The economy is starting to feel the effects of higher interest rates, while migration is slowing and the increasing lack of affordability is affecting high-growth metros.
- The average U.S. asking rent decreased \$1 in August to \$1,718, marking the first month since June 2020 without significant growth. Year-over-year growth decelerated by 170 basis points to 10.9%. Nationally, asking rents are up 6.6% year-to-date. The U.S. occupancy rate was steady at 96.0%.
- The single-family sector continues to mirror the activity in multifamily. The average single-family asking rent decreased by \$2 in August to \$2,090, while year-over-year growth dropped by 170 basis points to 9.5%.

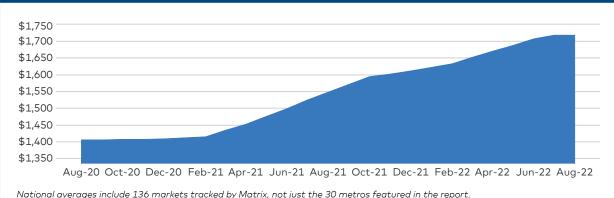
U.S. multifamily asking rents flattened in August —declining \$1 to \$1,718, the first month-overmonth decline since June 2020. Year-over-year growth slid more than a full percentage point for the second month in a row to 10.9%. However, rent growth remains solid in each of Yardi Matrix's Top 30 metros, and nationally rents are up 6.6% year-to-date, higher than any year prior to 2021.

The moderating rent growth is due to typical seasonality, slowing migration and the cooling economy. Rent growth tends to slow in the fall, but this year comes at the tail end of the unprecedented increases. The deceleration in August was strongest in many of the markets that have had the most growth over the past two years, a sign that affordability is becoming an issue. For example, year-over-year rent growth dropped 7 to 8 percentage points over the last two months in Orlando (16.9% in August), Miami (16.7%) and Tampa (14.0%).

The cooling housing market is a positive demand driver for multifamily, but inflation and a slowing job market are eroding residents' ability to pay. Rent declines were concentrated in high-end Lifestyle properties, which dropped 0.2% nationally in August. Lifestyle rent growth was negative in 21 of Yardi Matrix's Top 30 metros.

Despite the flattening rent growth, much about the market remains positive. Year-to-date rent growth is still higher than any previous year aside from 2021, and occupancy rates have been above 96% for the past 14 months.

The national occupancy rate was 96.0% for the fifth month in a row in July, although there are large variations among metros. Markets with declining occupancy rates include Las Vegas, Phoenix, Sacramento and Atlanta, high-growth metros with slowing in-migration and/or robust supply growth.



## 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.