

MULTIFAMILY MATRIX MONTHLY

Yardi® Matrix

Rent Survey | November 2017

U.S. Multifamily Settles Into Moderate Growth Pattern

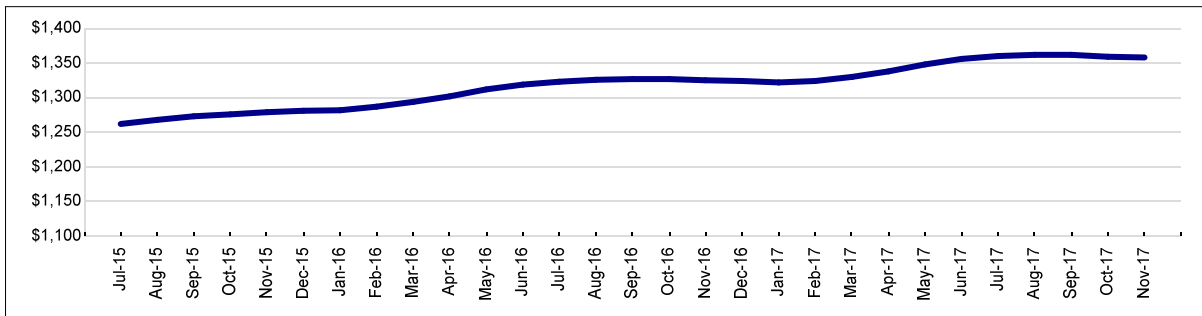
U.S. multifamily rents fell slightly for the second straight month, but the good news is that rates are stabilizing at moderate growth levels. Average U.S. rents fell \$1 in November, down to \$1,358, according to Yardi Matrix's monthly survey of 121 markets. Despite the slight drop in overall rents, though, the year-over-year rate of growth increased to 2.5% nationwide in November, up 10 basis points over October. Overall rents are now \$4 off their all-time high of \$1,362, which was achieved in September.

Despite the slight dip, which can be attributed in part to seasonal factors, November's survey signals the strength of the market. The overall growth rate remains steady amid headwinds that include a cycle high of new supply, the declining affordability of big coastal metros and a slowdown in technology industry employment growth that is starting to put pressure on rent gains in the Pacific Northwest. Apartments in the popular technology and lifestyle centers such as Seattle, San Jose, Denver and Portland have seemingly defied gravity for a long time, but rent growth rates have returned to moderate levels.

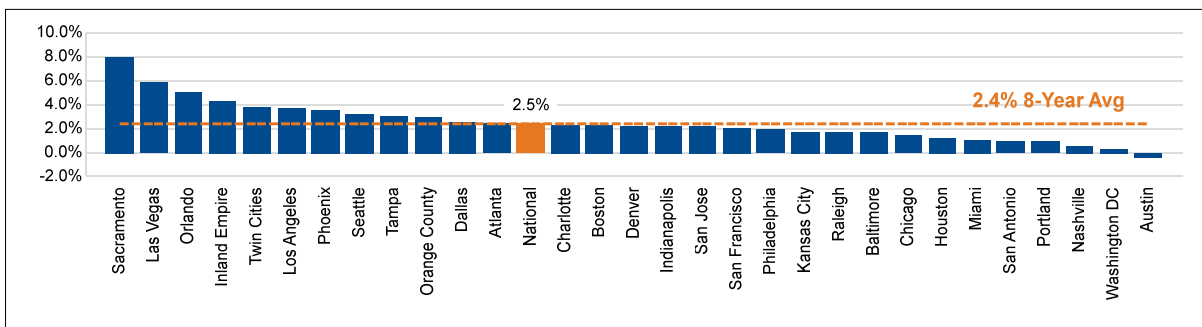
The deceleration is largely caused by the wave of supply in those metros that might be worse if not for the construction labor shortage that has delayed projects by an average of four to five months. As a consequence, even though Yardi Matrix tracks about 600,000 units under construction nationally, only about 300,000 units will be delivered in 2017.

Meanwhile, Houston continues to bounce back, due to the effects of Hurricane Harvey. After two years of negative growth, the metro had its second month in the black and is up 1.2% year-over-year. The hurricane displaced thousands of households, took upwards of 50,000 apartment units out of commission temporarily and slowed down the new construction pipeline.

National Average Rents



Year-Over-Year Rent Growth—All Asset Classes



National averages include 121 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.