

Yardi® Matrix Multifamily Monthly

January 2018



New Year Brings Little Change In U.S. Multifamily Rents

- U.S. multifamily rents continue to muddle along, rising \$1 in January to \$1,362, the same level they were at in July. On a year-over-year basis, rents have increased 2.8% through January, up 20 basis points from December.
- After two years of consistent, above-trend increases, rent growth has remained within a fairly narrow band over the past year, with a high of 3.0% and a low of 2.4%. Rent growth tends to be flat through the winter, so the next few months should provide a clue as to the type of growth we will see in 2018. We expect multifamily rent growth to remain in the 2.5% range.
- At the metro level, rent growth is trending toward the median. A full two-thirds of our top 30 metros are within 100 basis points of the national average.

The U.S. multifamily market started the year much as it ended the last one, with little change in rents overall. And while the outsize growth of 2015 and 2016 has largely petered out, some late-stage metros are still performing well above the average.

Sacramento tops the list of metros once again, with 8.1% year-over-year growth that is 220 basis points above the next metro. Sacramento rents have mushroomed in recent years, up a full 40% over the past four years. The average rent in Sacramento did not reach the \$1,000 mark until February 2014, yet it stood at \$1,393 in January 2018. The metro continues to benefit from its proximity to its expensive neighbor San Francisco, where the average rent is \$2,545, forcing residents to go far afield to find affordable

housing. Sacramento rents are also boosted by a weak supply pipeline. Only 0.3% was added to apartment stock over the past 12 months, and the occupancy rate of stabilized properties was 96.7% as of December. Other top metros for rent growth are Las Vegas (5.9% year-over-year), Orlando (5.6%) and Tampa (4.2%). These three metros have some common elements: All are low-cost markets with warm climates, growing populations and strong job growth.

Weather may also be a minor factor. Some of the Florida metros have additional demand from people fleeing Puerto Rico, where parts of the island remain without power after Hurricane Maria. Houston has rebounded from Hurricane Harvey, with rents up 2.1% year-over-year.

National Average Rents

