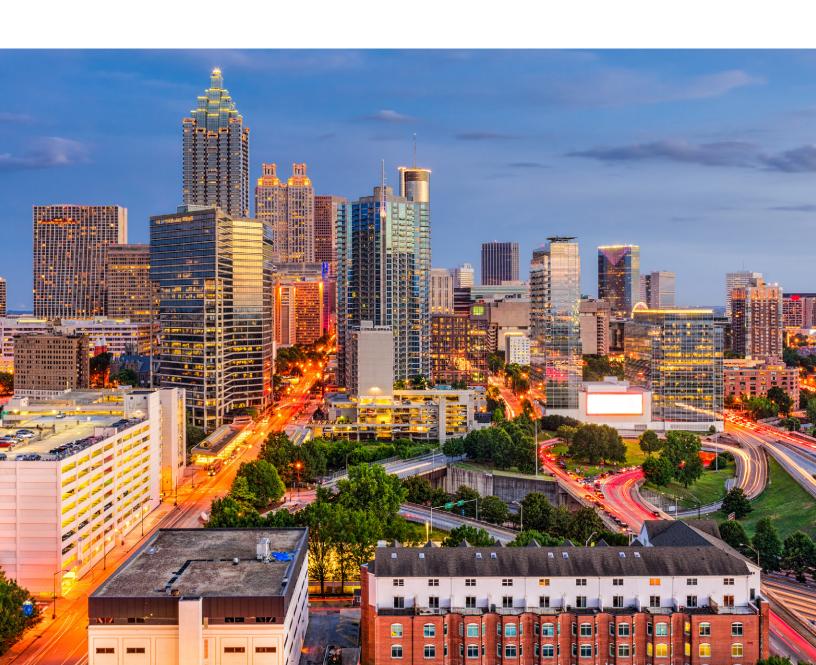
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Multifamily National Report

January 2019



Multifamily Shines Bright on Investment Landscape

- U.S. multifamily rents did not change in January, remaining at \$1,420, while year-over-year growth rose 10 basis points to 3.3%. Rents are at the same level they were in August.
- Market players are largely optimistic about the prospects for the sector's performance in 2019, based on the discussion at the National Multifamily Housing Council's annual conference in San Diego last week. Demand trends are expected to remain strong.
- Las Vegas (7.9%), Phoenix (6.5%) and Atlanta (5.9%) comprise the top 3 metros, with each producing growth in the normally slow winter season.

The National Multifamily Housing Council gathered in temperate San Diego last week as much of the country was blasted by extreme cold. The juxtaposition could be seen as a metaphor for the multifamily sector, which remains a bright spot on the investment landscape relative to other sectors both inside and outside commercial real estate.

Multifamily continues to run strong in terms of performance and popularity as an investment alternative. Other real estate property types—such as office, retail and hotel—have long-term structural demand issues, while non-real estate sectors including stocks, corporate bonds, emerging markets and housing are showing signs of strain as the cycle lengthens.

January's rent performance was once again healthy. Overall, U.S. rents remained flat at \$1,420 per month from December and have in fact stayed at the same level since August. The lack of growth during the winter is a normal seasonal pattern.

Year-over-year growth was up 10 basis points to 3.3% in January, and the annual growth rate has topped 3% for six months. Such performance gives no indication that multifamily rent growth is on its last legs in the cycle. Growth was led by Las Vegas (7.9%), Phoenix (6.5%) and Atlanta (5.9%).

Panelists at the NMHC conference were bullish on multifamily. Speakers by and large expect demand to remain strong up and down the age spectrum. The 20-to-34-year-old age category, which has the highest percentage of renter households, will continue to grow for several more years. Some speakers noted that household renters above that age group are increasingly remaining in rental housing (both single-family homes and multifamily) rather than purchasing homes. One noted that the demographic of some luxury apartment buildings encompasses an average age above 40 and average income above \$200,000. Retirees are also downsizing from suburban homes and divorcing at a faster rate, which creates apartment demand.

National Average Rents

