Yardi® Matrix

Multifamily National Report

July 2019

Multifamily Rent Growth Remains a Good Bet

- The average U.S. multifamily rent increased by $3 in July to $1,469. Year-over-year growth increased to 3.4%, up 10 basis points from June. Rent growth has remained at the 3.0% level or higher all year.
- In this prolonged positive cycle going back at least six years, the consistency and geographic diversity of rent growth remain the most remarkable elements. Fast-growing metros in the South and Southwest, metros with strong technology industries, established metros in the Northeast and Midwest—all are producing healthy gains.
- Las Vegas (8.0% year-over-year growth) continues to produce the fastest rent growth, even as it catches up to the national average in rent. Las Vegas rents are only 25% below the national average.

Multifamily rents continued their impressive and consistent performance, increasing by $3 in July to $1,469. Other than persistent weakness in a very small number of metros, particularly Houston, one has to strain very hard to find bad news in the national apartment rent numbers.

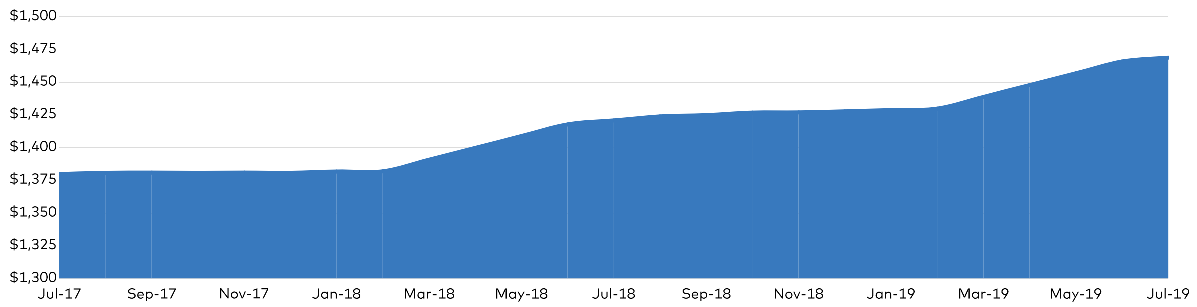
Rapidly growing Southwest standbys Las Vegas (8.0%) and Phoenix (7.1%) continue to have the top gains. Sacramento is no longer top dog, but it is still among the biggest gainers. These metros continue to produce robust increases, even as they are no longer as inexpensive relative to the rest of the country as they used to be.

The list of top rent gainers includes Southeast metros Charlotte (4.6%), Raleigh (4.4%), Atlanta (4.3%) and Nashville (4.0%). Rents in each of these metros are rising rapidly despite a healthy amount of new supply. Nashville, where new supply represents 4.5% of existing stock, and Charlotte (4.0% of existing stock) are among the national leaders in completions as a percentage of stock over the last 12 months. Raleigh's new apartments represent 3.3% of stock, while only Atlanta, at 2.1%, is close to the national average in deliveries.

Metros known for their concentrations of technology industries—Boston, Portland and Seattle (all 0.9% on a trailing three-month basis)—have had the fastest-growing rents in recent months. Even Chicago has come to life, with gains of 0.8% over the last three months and 3.5% for the year. Only Miami (2.4%) and Houston (0.8%) are below the long-term average among major metros.

The healthy fundamental performance takes place amid questions about the economy. In the short run, lower interest rates convey benefits for multifamily. Property owners are rushing to lock in long-term mortgage rates, and multifamily should see strong capital inflows from investors seeking healthy and safe returns. But there is potential for market volatility and slower growth.

National Average Rents



National averages include 127 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.