Yardi® Matrix

Multifamily National Report

November 2019

Multifamily Rents Decline in November

- The average U.S. multifamily rent fell $3 in November to $1,473, while year-over-year rent growth declined by 20 basis points to 3.1%.
- Demand continues to be strong nationally. With 320,000 units absorbed to date, this is the sixth straight year with more than 250,000 units absorbed.
- Rent growth remains strong across the board, with metros in the Southwest, Southeast and California dominating the top 10 of the rankings. There is seasonal weakness in several metros in the Pacific Northwest, with three-month drops of 0.4% or more in San Jose, San Francisco and Seattle.

Average U.S. multifamily rents fell slightly in November to $1,473 per month as the winter seasonal slowdown starts to take hold. Rents are up 3.1% year-over-year and have been at 3.0% or higher since the spring of 2018, which demonstrates the strength and consistency of demand.

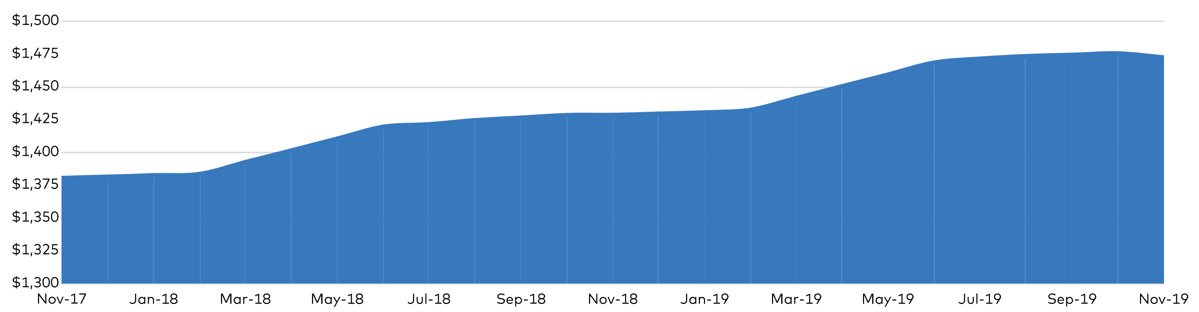
Already this year, more than 320,000 multifamily units have been absorbed nationally. While we don't expect absorption to reach 2016's cycle peak of 377,000 units, 2019 marks the sixth straight year with at least 250,000 multifamily units absorbed. Seattle, Denver and Dallas topped the absorption list, with Houston, Austin and Washington, D.C., also strong.

The Southwest and West continue to exhibit the highest rent growth, with Phoenix (7.5%), Las Vegas (6.0%) and Sacramento (5.3%) producing the strongest gains. The Southeast also is well represented, with Raleigh and Charlotte (both 4.6%) and Nashville (4.5%) in the top 10. Midwest contenders include Indianapolis (4.0%), the Twin Cities (3.7%) and Kansas City (3.5%).

On the weaker end are San Jose (0.1%), and San Francisco and Houston (both 1.4%). Houston has been near the bottom for some time; San Jose and San Francisco—along with fellow Northwest tech metro Seattle—posted sharply negative growth over the last three months. For reasons that are not entirely clear, these metros have developed the same pattern of larger-than-average seasonal changes in recent years, with high growth in the summer and rent declines in the winter.

Overall demand in all of these markets remains extremely high, and none have extreme winters, so the pattern doesn't have an obvious explanation. Rents may be affected by new deliveries that tend to come online in the fall. Job growth and in-migration continue to be strong in the Pacific Northwest, so we would expect rent gains to pick up again in the new year.

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.