

## Rent Survey | July 2016

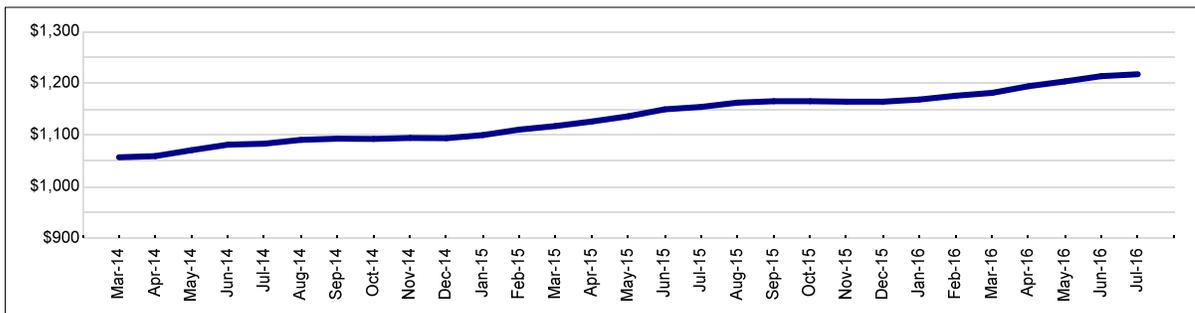
### Multifamily Rent Growth Slows Slightly Amid Supply Boom

U.S. apartment rents remained strong in July, amid signs that the recent run of robust growth is beginning to decelerate. Average U.S. rents increased by \$4 in July, to another monthly record of \$1,217, according to Yardi Matrix's monthly survey of 121 markets. On a year-over-year basis, rents were up 5.5%, down 10 basis points from June, 60 basis points from April and 120 basis points from the recent peak last October.

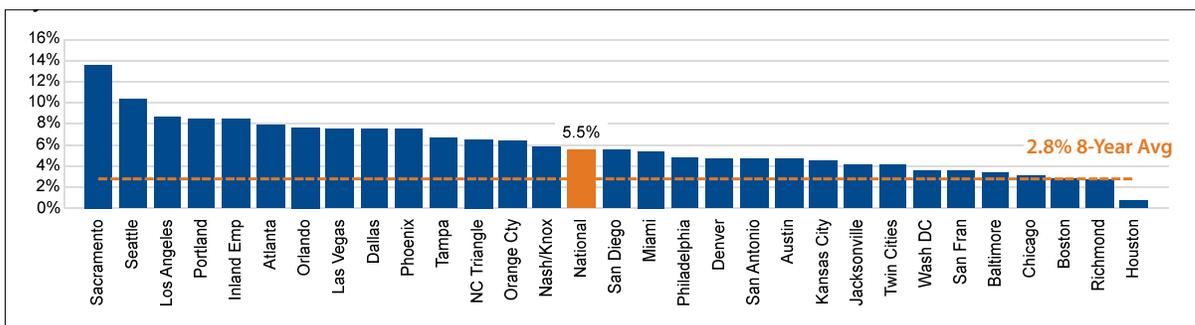
July's numbers show that the big picture about the multifamily market continues to be positive. Rent growth of 5.5% is a very solid foundation, and the vast majority of metros across the country are seeing healthy rent growth by historical standards. Although it is beginning to weaken in a handful of metros, demand remains strong nationally, driven by consistent job growth, rising household formations and the ongoing dip in homeownership. As a result, occupancy rates of stabilized properties stand at 96.0% overall and remain virtually unchanged in recent months despite the uptick of supply in many metros.

That said, there are a number of signs that gains will moderate going forward. One is seasonal: In recent years, rent increases slowed significantly in the second half of the year. Rents are up 4.6% year-to-date, already topping most full-year expectations, so the same pattern seems likely again in 2016. Fundamentally, some metros are feeling the impact of new supply and/or are bumping up against the limits of affordability. We expect more than 300,000 new units to be delivered in 2016, the most of any year during the current cycle. Meanwhile, deliveries are tilted toward the high end of the multifamily universe, which is having the biggest impact in the more expensive metros. In particular, rent growth has slowed in technology- and energy-led metros San Francisco, Denver, Austin and Houston due to some combination of the above factors.

#### National Average Rents



#### Year-Over-Year Rent Growth—All Asset Classes



National averages include 119 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.