Yardi Matrix

National Multifamily Report

February 2021

Economic Recovery Is Underway

- Multifamily rents declined by 0.1% on a year-over-year basis in February. But while national rent growth was negative this month, year-over-year rents have steadily shifted closer to positive since October. If this trend continues, February could be the last month where we see a national decline.
- Overall rents increased by $3 in February to $1,399. This is the ninth consecutive month where overall rents have increased or remained flat, pointing to signs of recovery.
- Outside of the gateway and top 30 markets, we saw a large pop in month-over-month rents in many secondary and tertiary markets. Out of our 133 markets surveyed this month, 111 had positive MoM rent growth.

The U.S. economic recovery is underway, with many economists projecting close to 6% GDP growth for 2021. Economic activity was boosted in January and February by the passage of a COVID relief bill in December 2020.

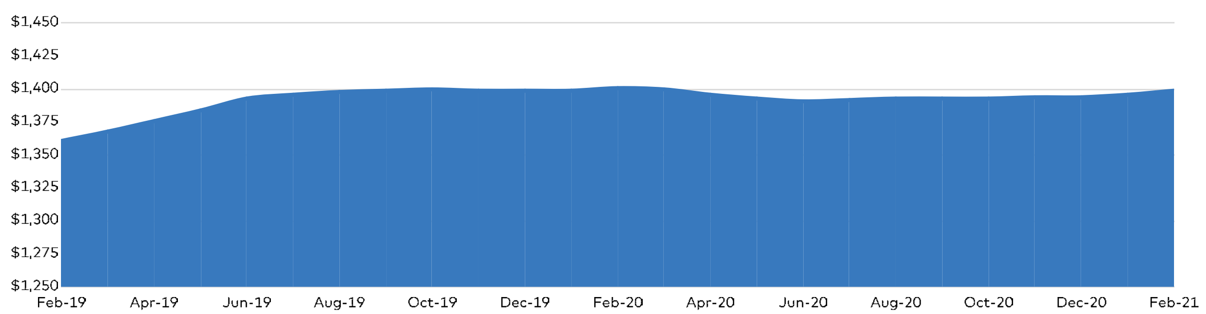
Another $1.9 trillion stimulus bill was just passed that will boost economic activity even further. The newest bill will send $1,400 checks to most Americans, aid schools and colleges in reopening, and provide funding for vaccine distribution, among other things. All of this government stimulus is expected to propel the U.S. to a growth rate that has not been seen in decades, but economists warn to keep an eye on inflation.

The trends that we have been discussing since the beginning of the pandemic continued into February. Lower-cost markets are outperforming, while expensive gateway markets that were the most locked down due to COVID-19 restrictions continue to struggle—although not at the rate we initially saw.

Rents in New York, San Jose and San Francisco (-9.9%) are still down significantly on a year-over-year basis, but their month-over-month declines have tapered from the dramatic declines we saw in the summer and fall.

The Inland Empire (7.6%) and Sacramento (6.4%) continued to hold the top spots for year-over-year rent growth in February. Both markets are also among the top three for occupancy growth. Occupancy in the Inland Empire was up 2.2% on a YoY basis in January, and occupancy in Sacramento was up 1.2% during the same period. While migration and lower costs are at play, other fundamentals like limited new supply contributed to strong rent growth. Both markets only saw 1.6% of existing stock completed in the 12 months ending in February 2021.

National Average Rents



National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.