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National Multifamily Report

October 2021



Record Growth Extended for Another Month

- Recent signs that multifamily rent growth might slow down proved to be premature, as the average U.S. asking rent increased by \$23 in October to a record high \$1,572. Asking rents were up 13.7% year-over-year, also a record high recorded by Matrix.
- The growth is driven by an ongoing surge in demand that started in the spring and has yet to subside. The average U.S. occupancy rate of stabilized properties reached a record-high 96.1% in September, up 1.4% year-over-year.
- Single-family home rents also continued their upswing and were up 14.7% nationally year-over-year. Demand is especially strong in fast-growing regions in Florida and the Southwest that are seeing a wave of in-migration.

October has brought yet another month of record growth in multifamily fundamentals. Since March, the average U.S. asking rent has increased by \$179, or roughly the amount of increase over the previous five years combined. Asking rents were up 13.4% year-to-date through October, and rent growth was above-trend across the country.

The unprecedented growth is driven by demand. Through September, some 475,000 units were absorbed nationally, per Matrix, already topping the all-time annual high. That led occupancy rates of stabilized properties to increase by 140 basis points year-over-year, and high-end Lifestyle units closed the historical occupancy gap with Renter-by-Necessity units, with both at 96.1% as of September.

The question now is how long before the market begins to decelerate to some semblance of normal growth. If typical seasonal patterns hold, growth will soon recede. Rent increases tend to flatten between September and March. In the previous six Octobers between 2015 and 2020, rents increased by \$2 on average.

But 2021 is not a normal year. The combination of pent-up demand, rapid job growth, increase in single-family prices keeping renters in place, long-term shortage of supply, and rapid migration to markets with low-cost housing has created seemingly inexhaustible demand. Growth should start to slow as short-term factors such as the impact of stimulus and pent-up demand wane, but long-term growth factors will remain in place.

National Average Rents

