



Yardi[®] Matrix

National Multifamily Report

December 2021



2021 in the Books: A Record Year for Multifamily

- U.S. multifamily rents rose modestly in December, increasing by \$2 to a record \$1,594, closing the book on an extraordinary year in which asking rents rose by 13.5% year-over-year. Rent growth in 2021 was more than double any previous year recorded by Matrix.
- Although we expect rent growth to decelerate in 2022, it should be a strong year nonetheless by historical standards, closer to the 5% annual increases recorded in the middle of the past decade. Demand for apartments remains robust, and the national occupancy rate has been at or near record highs for the last six months.
- Single-family rentals also remain in high demand, with the national occupancy rate up 0.4% year-over-year through December. SFR asking rents rose 13.8% in 2021.

December was a normal winter month, with nominal multifamily rent increases, but the year it closed was anything but normal. U.S. multifamily asking rents rose 13.5% during the year, 8 percentage points higher than the previous peak year in 2015. The average U.S. asking rent rose \$190 during the year.

A confluence of factors—some predictable but most unforeseen—led to the unprecedented gains. It was foreseeable that there was some pent-up demand coming out of the pandemic, especially with household savings rising as people sheltered. But through November nearly 600,000 apartment units were absorbed, about 50% more than the previous annual high, set in 2015, according to Matrix data.

We anticipate that 2022 will be another strong year for multifamily performance, albeit not

like the frenzied highs of 2021. Underpinning this forecast is that the economy should remain strong. Evercore ISI, for example, forecasts 4.5% real GDP growth with 3.5% inflation growth in 2022. Evercore's growth forecast is based on a multitude of factors, including massive monetary stimulus, higher wages, the unprecedented surge in consumer wealth and savings, the economy continuing to reopen, the easing of supply chain issues, and strong corporate profits.

Consumers' financial health should continue to feed growth of new households while the rapid increase in home prices will funnel much of that demand to multifamily and single-family rentals. Headwinds, including inflation and a new wave of COVID-19 infections, should keep the growth to moderate levels.

National Average Rents

