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Yardi Matrix

National Multifamily Report

April 2022

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Slowdown in Multifamily Rents? Not Yet

- Despite the U.S. economy's recent hiccups, multifamily performance continues to be stellar. The average U.S. asking rent rose $15 in April to (yet another) all-time high of $1,659. Year-over-year growth moderated by 50 basis points but remains high at 14.3%.
- Although there is a small handful of weak numbers, multifamily demand and rent growth remain incredibly strong throughout the country. Of our top 30 metros, rent growth was up at least 8.8% over the last year in all but one. Rent growth was positive in each of the top 30 metros over the last one-month, three-month and 12-month periods.
- The average single-family asking rent in the U.S. topped $2,000 for the first time and stood at an all-time high of $2,018 in April. Year-over-year growth dropped 110 basis points to 13.2%.

Coming off a record year of growth, in a weakening economy, there was not much doubt that multifamily growth would slow down in 2022, but by how much? So far, two months into the spring leasing season, the market is holding up well.

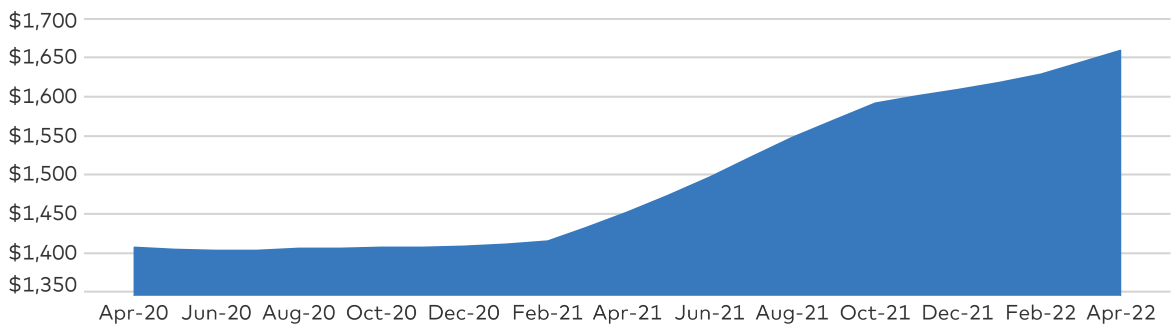
The average U.S. multifamily asking rent increased $15 in April, $30 over the last two months, and $50 year-to-date. The year-over-year growth rate declined to 14.3%, and it has been at least 14% for five straight months.

Rent growth continues to be strong across regions and market sizes. Markets in Florida and the Southwest maintained their grips on the top spots in the year-over-year rankings, but in recent months metros including Boston, New York, San Jose and Philadelphia that are recovering from COVID-19 downturns have been among the best performers.

Certainly, deceleration will happen, and there are warning signs on the horizon. The U.S. economy unexpectedly contracted by 1.4% in the first quarter of 2022, owing to issues that include surging inflation, ongoing supply-chain issues, shrinking business inventories, and the omicron outbreak in January. The Federal Reserve is expected to maintain its tightening policies that could further dampen growth.

The demand-supply equation for multifamily, however, should remain favorable even in the event of a modest economic slowdown. The job market is strong, and household finances remain healthy, as evidenced by a robust increase in consumer spending during the first quarter. Higher mortgage rates have put a crimp in the for-sale housing market, which is likely to keep some renters in apartments, while household formation growth is expected to remain strong.

National Average Rents



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