Yardi Matrix

National Multifamily Report

June 2023

Multifamily Demand Steady, but Rent Growth Slows

- Multifamily rents are rising as demand remains healthy, but growth is slowing in some markets. The average U.S. asking rent rose $7 in June to $1,726, while year-over-year growth fell to 1.8%, down 70 basis points from May and—outside of the pandemic year—the lowest growth rate since 2011.
- Readers of the Matrix monthly report might notice that the Top 30 metros have been refreshed to provide a regionally diverse mix that reflects the highest amount of population and multifamily stock, along with the most growth.
- Single-family rental rates increased $5 in June to $2,103, while year-over-year growth fell 80 basis points to 1.3%. Occupancy rates are holding up, reflecting robust demand as home sales sputter.

The multifamily market can best be described as resilient. Though down from the 2021 peaks, occupancy rates have settled at a solid 95.0%. Likewise, rents are growing within a normal seasonal pattern, albeit well below the post-pandemic boom and even below pre-pandemic trends.

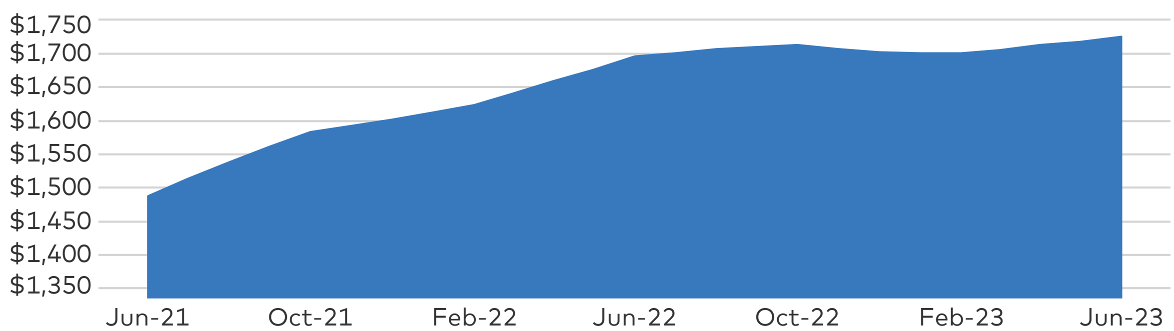
The average U.S. asking rent increased $7 in June to $1,726. Rents were up $20, or 1.2%, in the second quarter, and are up $23, or 1.4%, during the first half of 2023. First-half rent growth averaged more than 6.0% during the last two years, but closer to 2.5% in 2014-19. Demand has remained strong, driven by the job market, which added 1.5 million jobs during the first half of 2023, and weak home sales, which are presenting a challenge to first-time home buyers.

Worries coming into the year about a hard landing for multifamily seem to be unfounded, but the market's ongoing growth is somewhat fragile, given the Federal Reserve's attempt to cool the job market. That effort does not appear to be over, as officials have signaled more rate hikes to come. Thus, the ongoing crisis for properties in need of refinancing is far from over.

Furthermore, a growing number of metros are posting negative growth year-over-year. Nine of our top 30 metros were negative in June, mostly in the Sun Belt and West, where demand has cooled to normal from red-hot as a wave of new supply comes online.

A housekeeping note to longtime readers: We have refreshed the metros highlighted in this report to reflect the largest and geographic diversity. Those added to the top 30 include Columbus, Detroit, New Jersey (Central and Northern), Richmond and San Diego. We removed the Inland Empire, Kansas City, Orange County, Sacramento and San Jose.

National Average Rents



National averages include 136 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.