Yardi Matrix

National Multifamily Report

November 2023

US Multifamily Rents Drop, With Winter Slowdown Ahead

- Multifamily rents are stalling, reflecting both seasonality and reaching the tail end of the post-pandemic bull run. The average U.S. asking rent fell $6 to $1,713 in November, while year-over-year growth remained the same, at 0.4%.
- Performance continues to be mixed by region, with close to an even mix between metros of year-over-year gains and losses. Among the Matrix top 30 metros, the Northeast and Midwest remain rent growth leaders, while Sun Belt and West metros lag.
- U.S. average single-family rents declined by $8 to $2,117, but there is no sign of a let-up in demand. Year-over-year growth dropped 30 basis points to 0.7%.

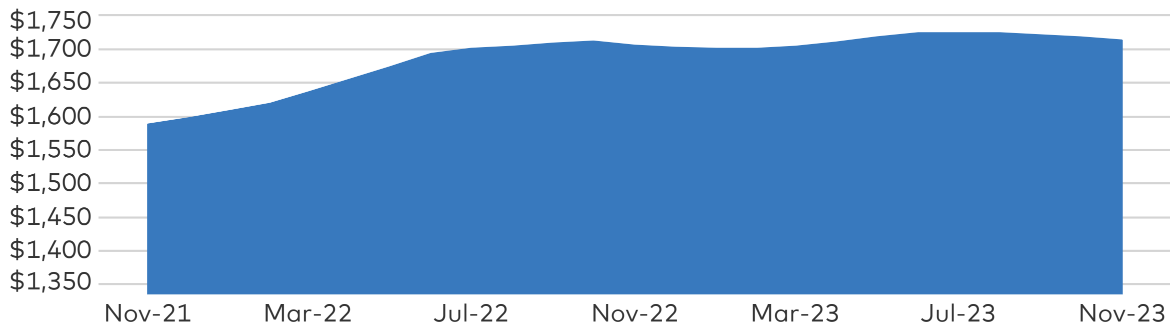
The U.S. multifamily market heads into the winter with three months of declining rents, looking to hold on to post-pandemic gains until the spring. Average U.S. asking rents fell $6 in November to $1,713, and rents are off $12 from the all-time high set in the summer of 2023. Rents typically don't change much in November, as relatively few people move during the holidays, but that pattern was disrupted in recent years, both on the upside and downside.

One could say the multifamily market is metaphorically hunkering down for the winter. Property owners face the prospect of weak near-term rent growth due to inflation, the loosening job market and a surge in deliveries in some markets, while values and capital markets liquidity deteriorate as interest rates remain higher-for-longer.

Uncertainty about pricing and the direction of interest rates has led to paralysis in property sales and mortgage activity, despite no shortage of capital for acquisitions or lending. Billions have been raised for debt funds and value-add opportunistic funds, which have been itching on the sidelines for more than a year. The problem, however, is whether the capital available is at a price that sellers/borrowers want to accept.

Illustrating the stalemate in transactions is the decision by the Federal Housing Finance Agency to reduce the 2024 allotments of government-sponsored enterprises Fannie Mae and Freddie Mac to $70 billion, $5 billion less than the agencies' $75 billion allotment in 2023. In a nod to the overwhelming need for affordable housing, the FHFA will require that at least half of the agencies' origination volume be dedicated to affordable housing, while loans meeting the standard for workforce housing set in the FHFA's Conservatorship Scorecard will be entirely exempt from the allocation limits.

National Average Rents



National averages include 140 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.