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Regional Trends in Multifamily

- Multifamily property performance has been stellar throughout most of the country during the current economic cycle, but even so there have been distinct regional differences in fundamental measures, investor demand and economic growth.

- The West, Southwest and Southeast have outperformed in metrics such as rent growth, employment growth and transaction volume, according to a Yardi Matrix study of multifamily performance in 130 metros. Although growth was less robust in the Northeast and Midwest, those regions did exhibit steady gains in most fundamental categories.

- Yardi's study looked at rent growth, occupancy, supply growth and transaction activity over a four-year period between 2016 and 2019. We broke down performance by five major U.S. regions (Northeast, Midwest, West, Southwest and Southeast). We also looked at four-year employment and rent growth data by metro, region and several broader economic categories (gateway, secondary, tertiary and technology markets).

- The West and Southwest have led in rent growth for most of the economic cycle, but on a regional basis the gains converged in 2019. There was only a 30-basis-point difference between the metro with the most rent growth (the West, at 3.3%) and the Northeast and Southwest (3.0%).

- Occupancy rates of stabilized properties at the end of 2019 were at least 94.6% in every region but the Southwest (93.7%). The Northeast led with an extremely strong average occupancy rate of 96.5%.

- More than half (52.1%) of all the 298,000 units delivered in 2019 were in the Southeast (84,923) or West (70,434). All told, total completions fell 10.9% in 2019, as projects are taking longer from start to finish due to labor shortages and delays by local jurisdictions.

- Investment dollars are flowing to the Southeast and West, which accounted for 60.0% of the $119.5 billion of transaction activity in 2019. Deal flow lagged in the Midwest and Northeast.