

Rent Survey | August 2016

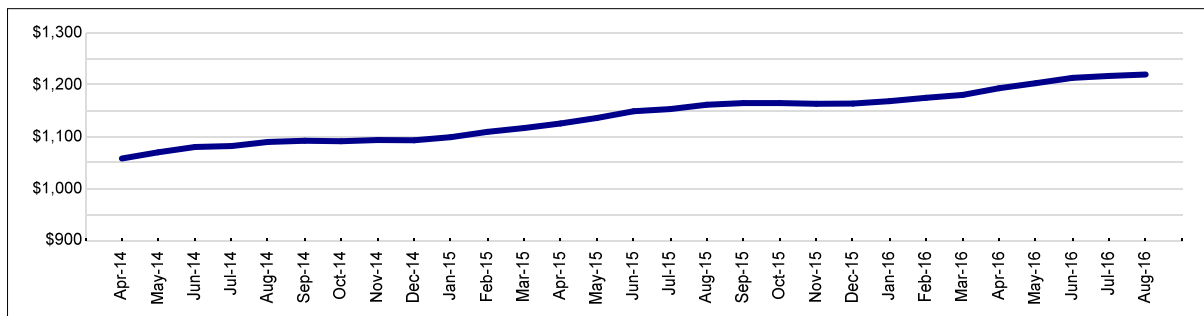
Multifamily Rents Decelerate as Tech Metros Slide

U.S. multifamily rents inched up in August as the anticipated deceleration in growth started to take hold. Average U.S. rents increased by \$3 in August, to their eighth consecutive monthly record of \$1,220, according to Yardi Matrix's monthly survey of 120 markets. On a year-over-year basis, rents were up 5.0%, which is down 50 basis points from the previous month, 110 basis points from April and 170 basis points from the recent peak last October.

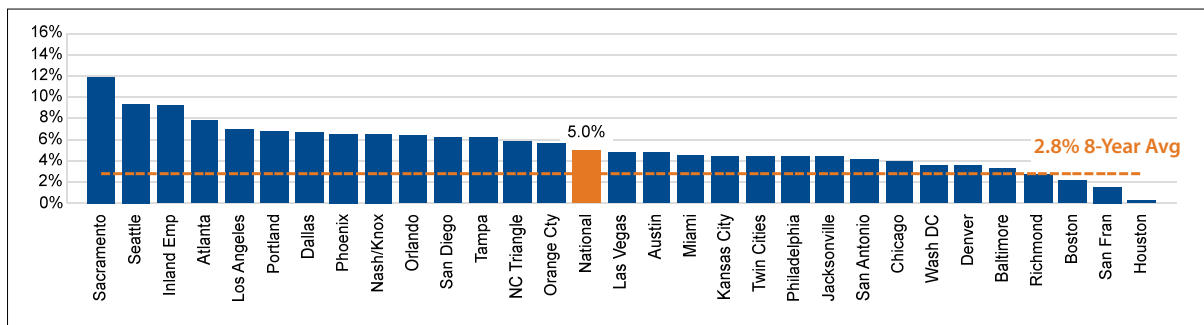
Even though overall rent growth is cooling, fundamentals in most of the country remain strong. Occupancy rates have declined slightly, but they remain extremely high across the country. Job growth has slowed a bit, but continues at a pace of roughly two million per year, enough to keep apartment demand generally robust. The number of metros with outsize year-over-year rent gains has declined to a small number compared to the second half of 2015 and early 2016, but 18 of Yardi Matrix's top 30 metros—60%—have seen solid growth of between 4 and 7% over the past year. Rent increases were led by Sacramento (11.9%), Seattle (9.3%) and the Inland Empire (9.2%).

The recent deceleration has been most pronounced in some technology-centric metros, which are coming back to earth due to the combination of waning demand and affordability issues in the face of growing supply. San Francisco, which had 12% growth in rents in 2015, has slowed to 1.6% year-over-year through August. Denver's year-over-year growth rate has fallen to 3.5% in August after rising by 11% in 2015. Other markets that have seen significant deceleration include Austin (up 4.8% year-over-year through August compared to 6.9% growth in 2015) and Boston (2.2%) year-over-year, compared to 5.2% in 2015). Although these metros were not as frothy as San Francisco or Denver, they are both tech-led markets in which growth has declined by about four percentage points in recent months.

National Average Rents



Year-Over-Year Rent Growth—All Asset Classes



National averages include 119 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.