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Special Report: Multifamily Rent Forecast Update

- Most markets see an upward revision in the near term as the vaccine rollout proceeds faster than expected and more states and cities begin to reopen.
- However, gateway cities are still lagging somewhat in their rebound and may not hit their full growth potential until 2022.
- Another month of lower-than-expected jobs numbers sends mixed signals on the recovery.
- Inflation concerns grow.

With an increase of 0.88% over April, May 2021 saw the largest month-to-month average percentage rent increase since Yardi Matrix started collecting rent data.¹ April 2021 recorded the third-largest monthly rent increase, and in the short term these trends are expected to continue as cities are able to fully reopen. Seasonal pressures should begin to put a damper on rent growth for most markets toward the end of the year, but that dampening effect will not be enough to offset the positive pressures from pent-up demand for the amenities that cities have to offer, and many markets will see record or near-record year-over-year growth by the end of the year. However, much of the gains in 2021 will merely be making up lost ground from 2020.

The largest adjustments made to our forecasts this month occurred in smaller-size, relatively affordable metros whose rental rates managed to avoid the brunt of the pandemic but are nonetheless poised to see increased windfall. Reno, the Tri-Cities, Macon, Harrisburg and Omaha top this list with significant upward revisions, and by the year's end these types of metros will comprise the bulk of the top performers. But many larger metros have shown significant improvements and are also expected to perform very well this year. Phoenix should see close to double-digit growth, while Suburban Atlanta, Tampa, Las Vegas, Portland, Austin and many others are in a position to exceed 5% year-over-year growth.

One caveat to the growth story, however, is the gateway cities. These cities were hit the earliest and the hardest during the pandemic, and

¹ Average of market-level survey data, unweighted