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National Multifamily Report

March 2022



Record Gains Despite Emerging Headwinds

- Multifamily performance was strong once again in March, though rent growth has decelerated slightly from 2021 levels. The average U.S. asking rent rose \$14 in March to an all-time high of \$1,642, with year-over-year growth dropping 50 basis points to 14.8%.
- Asking rents increased by \$34 nationally, up 2.1%, in the first three months of 2022, which is record growth for a first quarter. However, rent growth is unlikely to keep pace with 2021, as last year's explosive movement started in the second quarter. Plus, economic growth is set to slow as inflation takes hold and the war in Ukraine pushes energy prices up and creates an element of uncertainty.
- Rents for single-family rentals continue to rise, though the rate of growth is decelerating. The average U.S. rent rose \$14 to \$1,999 in March, while year-over-year growth dropped 90 basis points to 14.1%.

The big picture that emerges from March multifamily data is that the market remains healthy, though signs point to the inevitable deceleration in some markets. Meanwhile, economic conditions and global events contain headwinds that justify the expectations of moderation and caution.

Rents continue their steady rise. U.S. asking rents went up \$34, or 2.1%, in the first quarter, more than in any prior year. The average U.S. asking rent increased by \$14 in March, which pales only in comparison to 2021's meteoric rise. Nationally, asking rents are a remarkable \$212 higher than they were last March.

Rent growth continues to be a national phenomenon, led by the migration to the Southeast and Southwest. The top five metros—Miami, Orlando, Tampa, Las Vegas and Phoenix—all sported asking rent increases of 23% or more.

The above-trend gains are spread out across regions and market size, with only three of the top 30 metros below 10.0% in growth. Demand for housing continues to be robust, led by young workers whose rapidly rising wages provide the wherewithal to form independent households apart from parents and roommates.

However, household formation is likely to moderate in 2022. Although official numbers for 2021 have not been released, some estimates put the number of new households formed in 2021 in the two million range, which makes sense given record multifamily absorption of nearly 500,000. Household growth and absorption are likely to slow to more normal levels in 2022, to about half of last year. That would presage healthy—albeit more moderate—gains in multifamily fundamentals.

National Average Rents

