Yardi Matrix

National Multifamily Report

September 2022

Rent and Occupancy Rates Flatten in September

- Multifamily rents fell flat in September, as the market continues to decelerate along with the rest of the economy. The average national asking rent was $1,718, the same rate as August. Year-over-year growth decelerated 150 basis points to 9.4%. National occupancy rates remained steady at 95.9%.
- After five months of declining lease renewals, the lease renewal rate increased 60 basis points in August to 59.1%. Year-over-year renewal rent growth also increased 50 basis points, to 10.8%. In addition, rent-to-income ratios rose 9 basis points nationally for all units in August.
- Rents decreased in the single-family sector for the second month in a row in September. The average single-family asking rent decreased by $7 to $2,081, while year-over-year growth dropped by 170 basis points to 7.8%. Overall occupancy also decreased 10 basis points, to 1.1%.

U.S. multifamily asking rents stabilized at $1,718 in September as the economy continued to cool and the Fed increased rates to bring down inflation. Year-over-year rent growth slid more than a full percentage point for the third month in a row, bringing it below 10% for the first time since July 2021. However, rent growth remains solid in each of Yardi Matrix's top 30 metros.

Two new enhancements have been added to this report, including lease renewal percentages and renewal rent growth (page 5) and rent-to-income ratios (page 8). These will be included in our monthly reports moving forward.

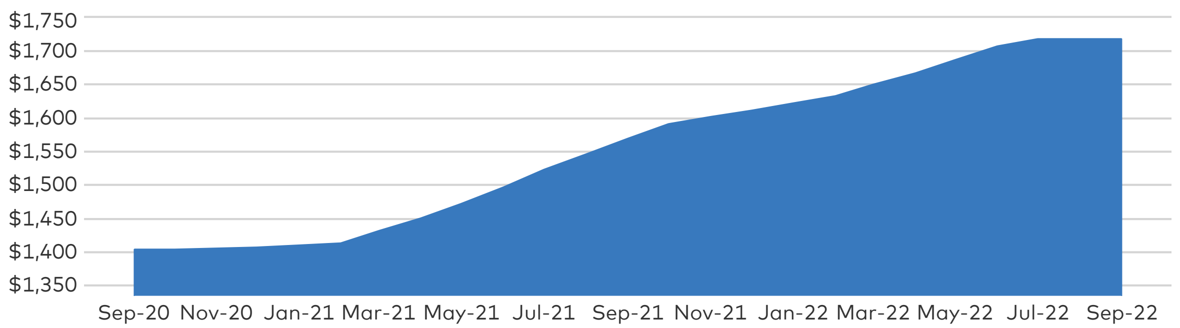
Monthly lease renewals increased in August after falling each month since February of this year. With the Fed hiking up interest rates, homebuying has grown out of reach for many, and renewal rent growth, while high, is typically lower than rent growth for a new lease.

National rent-to-income ratios for all units were 29.0% in August, 9 basis points higher than July. Rent-to-income ratios were higher for Renter-by-Necessity units at 30.6%, but dropped 3 basis points from July, while Lifestyle units had an average rent-to-income ratio of 27.4% in August, an increase of 14 basis points over the month.

The cooling economy is beginning to show its effect on multifamily. However, key fundamentals remain strong. Rent decreases continue to be concentrated in high-end Lifestyle units, which dropped 0.3% nationally in September. Rents increased 0.2% for Renter-by-Necessity units and stabilized nationally for all units.

Despite the flattening rent growth, much about the market remains positive. National asking rents are still at record highs, and national occupancy rates have been hanging around 96% since June of 2021.

National Average Rents



National averages include 136 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.