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Special Report: Multifamily Rent Forecast Update

Of the 136 multifamily markets that Yardi Matrix forecasts, 56 had month-over-month declines in asking rents in September, compared to 53 markets with declining rents in August and 18 markets with declining rents in July. Of the Yardi Top 30, 22 markets saw asking rents fall MoM in September, versus 21 markets in August and seven in July. Nationally, the unweighted market average of asking rents rose less than one-tenth of one percent, which is the smallest month-over-month increase for September since 2017, and only 35% of the average growth in asking rents for the month of September over the past 15 years. After approximately 18 straight months of record-breaking rent increases in nearly all markets, national rent growth has ground to a halt.

As usual, most of the volatility is being driven by Lifestyle buildings, where asking rents are down an average of 0.15% MoM across all 136 markets we forecast, and down an average of 0.41% MoM in the Yardi Top 30. Asking rents in Lifestyle buildings increased in only five of the Yardi Top 30—Miami, Nashville, Boston, Baltimore and Kansas City—while an equal number—Indianapolis, Chicago, Atlanta, the Inland Empire and Seattle—saw monthly declines in Lifestyle asking rents of more than 1%. In contrast, asking rents for Renter-by-Necessity buildings are up an average of 0.23% across all 136 markets, and an average of 0.17% for the Top 30. This growth is in line with historical norms for RBN buildings at this time of year.

While we are not currently in a recession, it is becoming increasingly likely that we will find ourselves in one within the next year. The jobs market has remained surprisingly resilient, with the latest jobs report finding that 263,000 jobs were added in September. While a very strong number and higher than economists expected, that is a significant slowdown for a jobs market that has been white-hot for the past 18 months. At the same time, the most recent wholesaler inflation report found that the producer price index rose 0.4% in September, which was also significantly higher than the majority of economists predicted. Jobs reports that add more jobs than expected and inflation reports that find higher inflation than expected give the Fed every reason to continue raising interest rates, even as economists and politicians from across the spectrum warn of the risks of overtightening. But the Fed is not in an enviable position: If it accedes to outward pressure and slows its rate of increases, it risks losing credibil-