

## Rent Survey | September 2017

### U.S. Multifamily Rents Stagnant in Third Quarter

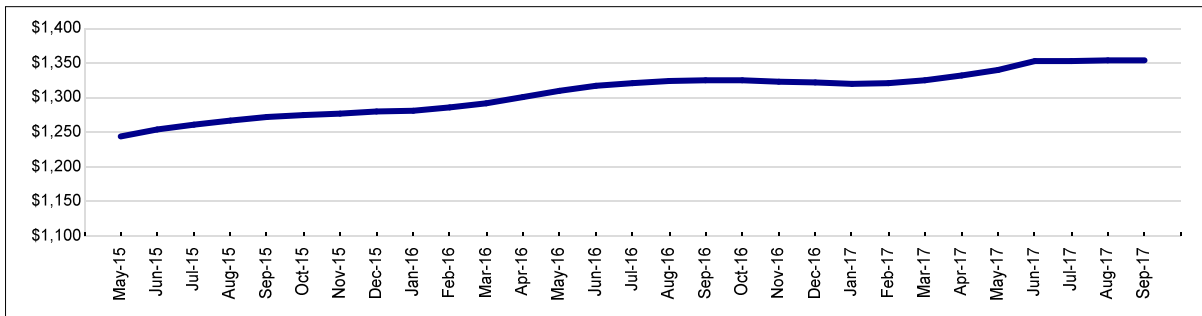
U.S. monthly rents were flat in September, remaining at \$1,354, according to Yardi Matrix's monthly survey of 121 markets, yet they continue to decelerate on a year-over-year basis. Rents were up 2.2% nationwide in September, a 10-basis-point decline from August. After a strong first half, in which average rents grew by \$33, they experienced a summer slowdown, increasing by only \$1 in the third quarter.

Through three quarters, rents have grown 2.6% this year. While that's a solid increase, it falls short of the sector's stellar performance in recent years. Rents rose 3.4% through three quarters in 2016, 4.9% in 2015, 4.0% in 2014 and 3.1% in 2013. Rent growth tends to slow down in the fourth quarter, when fewer people move, so if things hold to form, gains for the year could be already baked in.

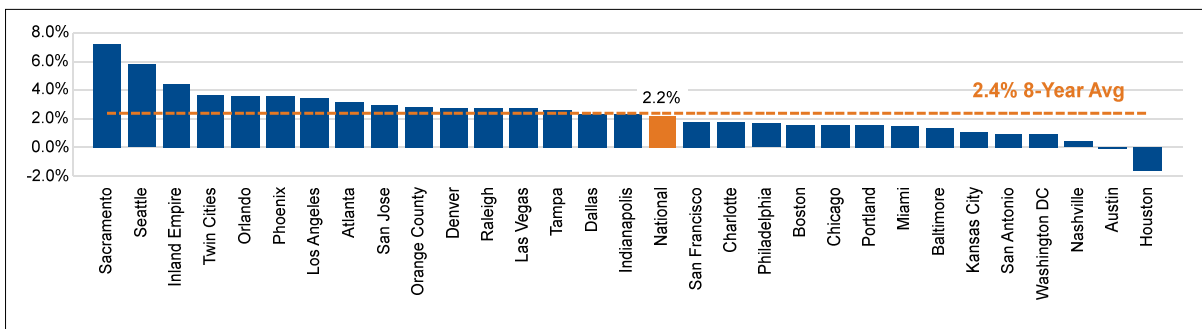
The direction of rents depends on several factors, including the performance of the economy, the pace of new deliveries, and in some metros the impact of the recent major hurricanes. The economy continues to churn out 150,000 to 200,000 jobs per month, which is a positive for demand. Meanwhile, deliveries are slowing. Despite a cycle-high 480,000 apartment units under construction, the number of deliveries has declined throughout the year, as developers are finding it hard to find qualified workers. One-third of construction firms reported that labor quality was their biggest problem, according to the August survey of the National Federation of Independent Businesses, a small-business trade group based in Washington, D.C. Some 88 percent of all survey respondents said they found it hard to fill some jobs.

The labor shortage is expected to worsen in some areas as workers migrate to Houston and Florida to assist in the efforts to rebuild after Hurricanes Harvey and Irma. Upwards of 50,000 multifamily units suffered damage in Houston, where the multifamily market should get a boost as displaced households find a temporary spot to relocate.

#### National Average Rents



#### Year-Over-Year Rent Growth—All Asset Classes



National averages include 121 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.