



Yardi<sup>®</sup> Matrix

# National Multifamily Report

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January 2023



## Rents Flat in January; Job Market Remains Strong

- After declining in the fourth quarter as growth decelerates, multifamily rents were flat in January. U.S. asking rents averaged \$1,701, unchanged from December. Year-over-year growth continues to decline, and is now 5.5%, down 70 basis points from the previous month.
- Participants at the annual National Multifamily Housing Council conference in Las Vegas last week were generally optimistic about demand fundamentals, but concerns centered around issues such as the wave of proposed rent control measures, increasing expenses and high mortgage rates.
- The single-family rental market remained strong amid volatility in the homebuying sector. The average U.S. asking rent increased \$1 in January to \$2,070, while the year-over-year increase fell by 85 basis points to 4.2%.

The multifamily market played par in January, with U.S. average asking rents remaining at \$1,701. All things considered, the performance is a positive indicator for the sector. Going into the year—since it would be impossible to maintain the growth of the last two years—the debate was about how much demand would decline and the impact on rents.

Early signs are encouraging. Rents remained consistent during the month in the middle of the seasonally slow winter season. And although markets where rents were well above trend in 2022—such as Miami, Tampa, Orange County and Nashville—have come back to the pack, overall growth is steady in most of Yardi Matrix's top 30 metros.

Another good sign is the economy, which would indicate that demand will remain healthy. Concerns about a hard-landing recession that would reduce household formation are being alleviated

by the continuing stellar performance of the job market. The economy created 517,000 new jobs in January on the heels of nearly 5 million new jobs in 2022, per the Bureau of Labor Statistics. January job growth was broad-based, led by leisure and hospitality (128,000), professional and business services (82,000), government (74,000) and health care (58,000). The unemployment rate dropped to 3.4%, while at the same time wage growth shows no signs of spiraling.

Nothing about the numbers would indicate a weakening of household finances that would lead housing demand to drop sharply. If there is a cloud in the outlook for the industry, it would be that the Federal Reserve might take the strong labor market as a sign to keep pushing short-term interest rates higher, which is a headwind for the commercial property market. The upshot, however, is that early data indicates solid evidence for a multifamily soft landing in 2023.

### National Average Rents

