

## Rent Survey | December 2017

### Apartment Rent Gains Slow in 2017. What's in Store for 2018?

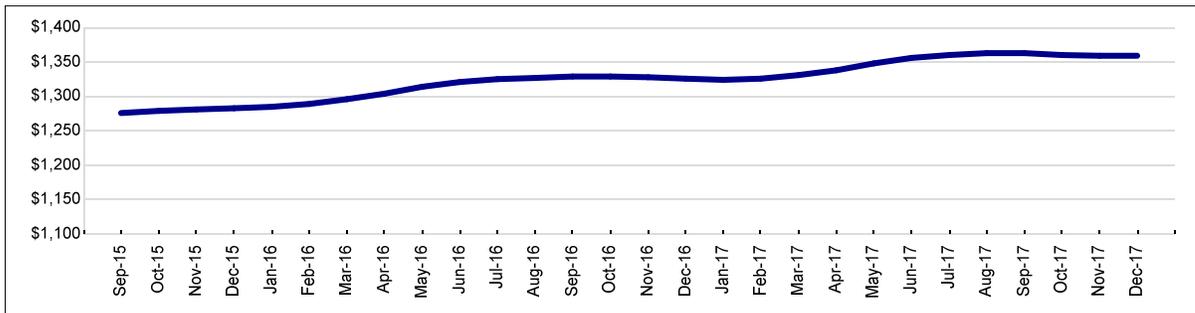
U.S. multifamily rents did not change in December, remaining at \$1,359, and ended the year up 2.5%, according to Yardi Matrix's monthly survey of 121 markets. While that represents a solid gain, it also is the smallest annual increase since 2010, when rents fell 0.4%. Since then, rents have grown by at least 3.3% every year, peaking at 5.4% in 2015 and declining to 3.4% in 2016.

December's year-over-year 2.5% increase was up 20 basis points over the previous month, and overall rents are \$4 off their all-time high of \$1,363, which was achieved in September. Rents were down 0.3% in the fourth quarter, which is only the second negative quarter of growth nationally since the second quarter of 2010 (rents also fell 0.2% in the fourth quarter of 2016). Although the results are somewhat negative compared to recent history, what's notable is how consistently strong the market has performed during the entire recovery.

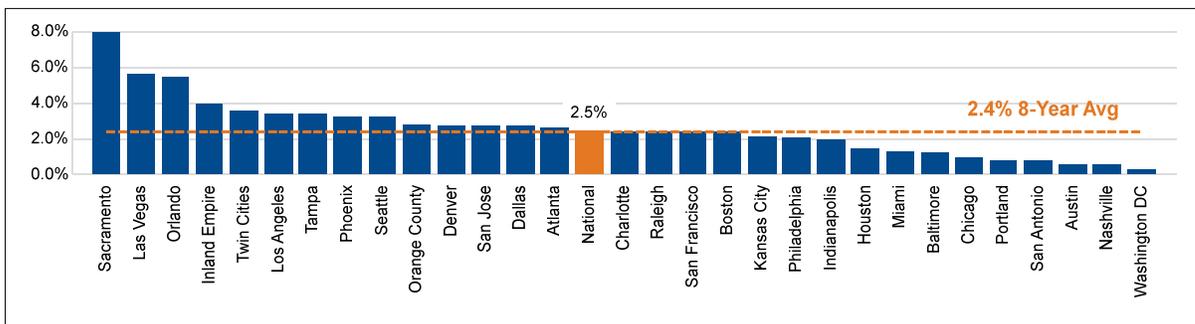
The question for 2018 is how much more steam is left in the market, whether the deceleration will continue or if it will level off or turn negative. Our view is that growth will continue at roughly the same rate nationally, led by strong demand. The economy shows no signs of slowing down, as GDP comes off two strong quarters and should get at least a boost from lower corporate and personal tax rates, while job growth continues to impress. Combined with the growth of the young adult population, household formation should remain robust.

The consistent national numbers mask a great deal of movement on the metro and submarket level. Secondary markets such as Sacramento, Orlando, Las Vegas, Salt Lake City and Colorado Springs with affordable rents and growing populations should see above-trend increases. Business-friendly markets such as Dallas and Atlanta should see a slowdown in rent increases, but see moderate gains nonetheless, while expensive coastal markets such as New York City and markets with excessive supply growth are likely to see little or no gains.

#### 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.