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National Multifamily Report

February 2024



Multifamily Rents Stable Heading Into Spring

- U.S. multifamily rents rose slightly in February, their first increase in seven months, in a sign that the market is stable. The average U.S. asking rent rose \$1 during the month to \$1,713, while year-over-year growth was unchanged at 0.6%.
- The Northeast and Midwest continue to outperform over the short term, led by New York City. At 5.4%, the Big Apple not only leads major metros in rent growth over the last year but at 0.6% also was the top performer during the month of February.
- Single-family rents slipped slightly, but fundamentals remain strong. U.S. average single-family rents fell \$2 in February to \$2,133, while year-over-year growth fell 50 basis points to 1.2%. Rent growth was led by Boston, Raleigh and Orange County.

Multifamily rents rose by \$1 nationally in February and are basically at the same level as 18 months ago. The stability on the surface belies a host of changing trends that are keys to determining the direction the market takes from here.

One story is the supply-demand equation. Demand has remained healthy throughout the period that rents have been flat, as strong absorption was more than matched by an unusually high number of deliveries. The national occupancy of stabilized properties fell by 60 basis points year-over-year to 94.5% as of January, after peaking in late 2021 at 96.2%. Occupancy rates will likely slide further, particularly in markets with large numbers of units under construction, as we forecast 1 million units to come online through the end of 2025.

Another part of the equation is regional. Markets in the Northeast and Midwest continue to record

rent growth as rents are being dialed back in high-supply Sun Belt markets. New York City (5.6% year-over-year) and New Jersey (3.8%) are atop the rankings of major metros, fueled by the strong economy, high wages and a boost from a surge of immigration over the past two years. Despite having among the highest rents in the country—the average rent is \$4,829 in Manhattan, \$3,593 in Brooklyn and \$2,346 in New Jersey—the rent-to-income ratio is relatively low in those markets.

Meanwhile, affordability is a driver of rent performance in Midwest metros Columbus (3.6% year-over-year), Kansas City (3.3%) and Indianapolis (3.0%), all in the top six in the February rent rankings. Occupancy rates have dropped over the past year in all three—Indianapolis by 120 basis points, Kansas City by 90 and Columbus by 70—but rents continue to grow moderately, in large part because they remain well below the national average.

National Average Rents

