

MATRIX MONTHLY

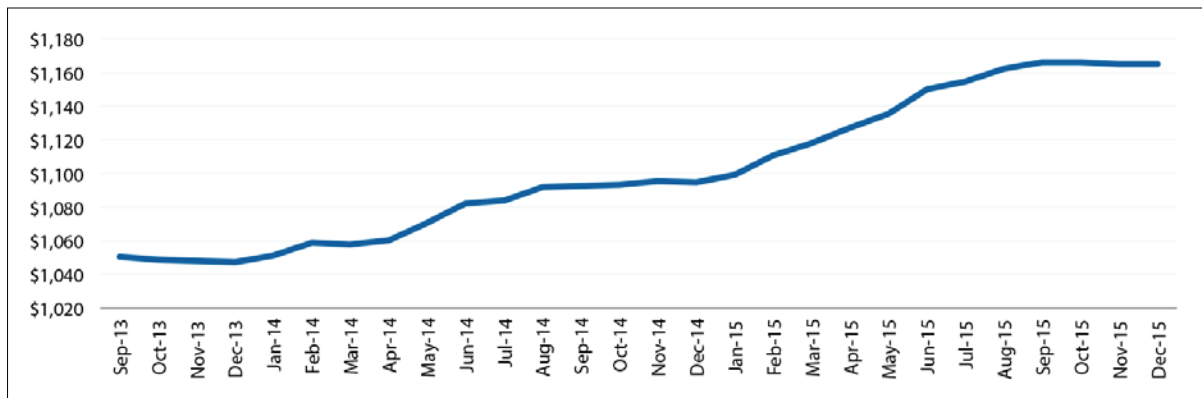
YARDI® Matrix

Rent Survey | December 2015

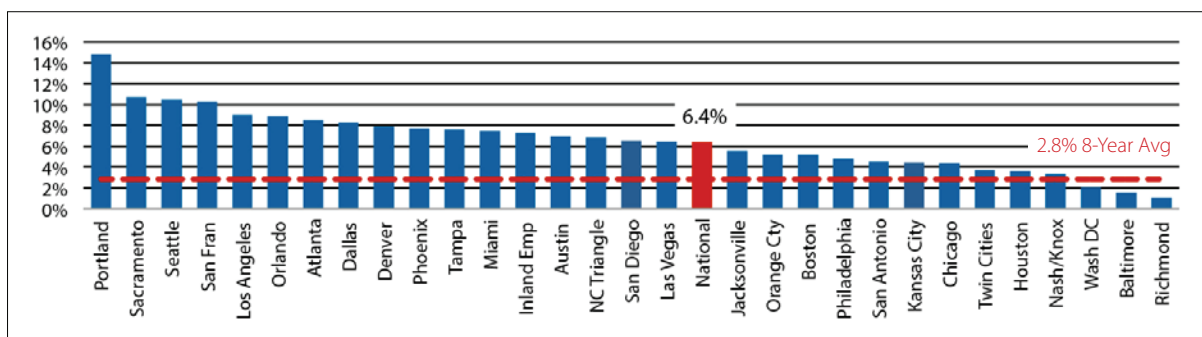
2015 Ends with Multifamily Rents on a High Note

- Although U.S. multifamily rents were unchanged in December and have not increased for four months, 2015 proved to be a banner year for property owners. Rents were up by 6.4% on a year-over-year basis in December, among the highest increases in recent years and 190 basis points more than the 4.5% recorded in 2014. The growth continues to be far higher than the 2.8% long-term average.
- Nationwide, average rents remained at \$1,165, or \$1 less than the all-time peak that was reached in September and October. December's 6.4% year-over-year increase is the same as November and 30 basis points less than the cyclical peak of 6.7% that was reached in the fall. The year-end flattening is consistent with a normal seasonal pattern.
- The final results for 2015 show that rent gains were led by outside increases in metros on the West Coast and in the Pacific Northwest. Portland (14.8%), Sacramento (10.7%), Seattle (10.5%) and San Francisco (11%) all produced double-digit increases, with Los Angeles (9%) rounding out the Top 5.
- Going forward, we expect rent growth to cool somewhat but continue to be above the historical average. Nationwide, demand will remain robust as the large Millennial generation reaches renter age and many of its members form households, while empty-nest Baby Boomers increasingly trade down from oversize houses. That will enable the market to absorb the increase in supply in most metros. We anticipate 335,000 completions in 2016, a 2.9% increase in stock, but absorption will keep vacancy rates low. The economy should continue to produce roughly 200,000 jobs a month. Given all those factors, we project rents will grow by 4.5% in 2016.

National Average Rents



Year-Over-Year Rent Growth—All Asset Classes



National averages include 111 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.