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National Multifamily Report

July 2024



Hopeful Signs for Multifamily in July Data

- Multifamily advertised rents rose for the sixth straight month in July as demand coming from economic growth and demographics remained consistent. The average U.S. advertised rent increased by \$4 to \$1,743, while year-over-year growth rose by 20 basis points to 0.8%.
- Although year-over-year rent numbers are weak by historical standards, July produced encouraging signs, including a rebound in growth in some Sun Belt metros that have struggled over the past year due to the heavy delivery pipeline.
- Single-family rental properties continued their strong performance in July, with advertised rents rising \$5 nationally to a record-high \$2,171. The year-over-year growth rate moderated again, declining 10 basis points to 1.0%. Occupancy rates fell 10 basis points to 95.3% in June.

Multifamily rent growth is weak nationally compared to long-term levels, but the market is exhibiting strength in many ways. Advertised rents were up only 0.8% year-over-year through July, but growth remained consistent through the beginning of the summer.

First and foremost, demand has not faltered, boosted by the strong economy. U.S. GDP grew by 2.8% in the second quarter, while the economy added 1.3 million jobs in the first half of 2024. There are signs the economy will cool, but the worst-case scenario is likely to be a soft landing rather than a hard recession.

Inflation is receding as well, giving rise to hope for interest rate relief for the industry. The consumer price index's rate of growth (CPI) slowed to 3.0% in June, while the personal consumption expenditures price index's rate of growth, a metric closely tracked by the Federal Reserve,

decelerated to 2.5%. That increases the chances that short-term rates will be cut sooner and more deeply than expected. High rates are stymieing property sales and the refinancing of mortgages originated before rates rose.

Meanwhile, data appears to show a rebound in Sun Belt markets where rent growth turned negative due to rapid supply growth. Advertised rents increased in July in Austin, Dallas, Charlotte, Denver, Raleigh and Phoenix, metros that have recorded negative rent growth as deliveries boomed and occupancy rates dropped, giving renters choices. Over the past three months, 24 of the Matrix top 30 metros have posted rent gains and only four have been negative.

Although performance so far has been encouraging, we expect continued high levels of new deliveries for the next 15 to 18 months, so there's a lot more to contend with ahead.

National Average Rents

