

Rent Survey | April 2016

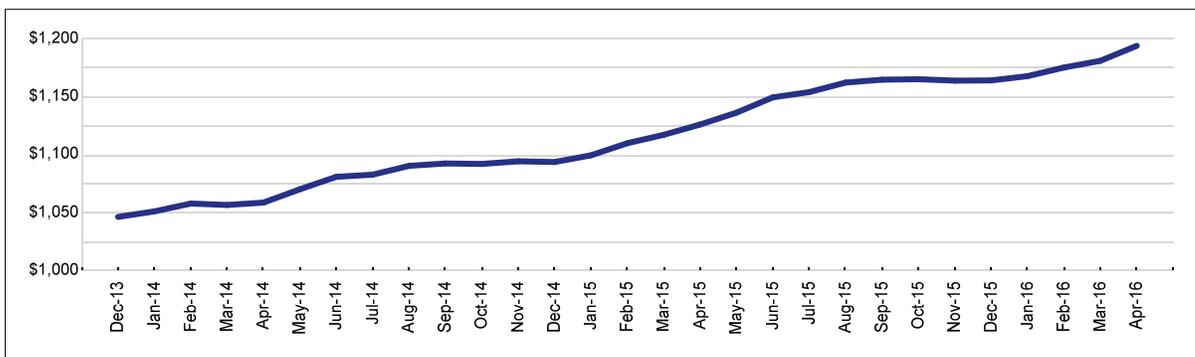
April Showers Bring Blooming Multifamily Rent Growth

Multifamily rent growth may moderate this year, but it is not happening just yet. The average national rental rate rose \$13 in April to its fourth straight all-time high of \$1,194, according to Yardi Matrix's monthly survey of 115 markets. Rents rose 1.1% month over month and are up 2.6% year to date and 6.0% year over year. The survey reverses the declining trend in year-over-year growth, which had fallen to 5.7% in March after peaking at 6.7% in October.

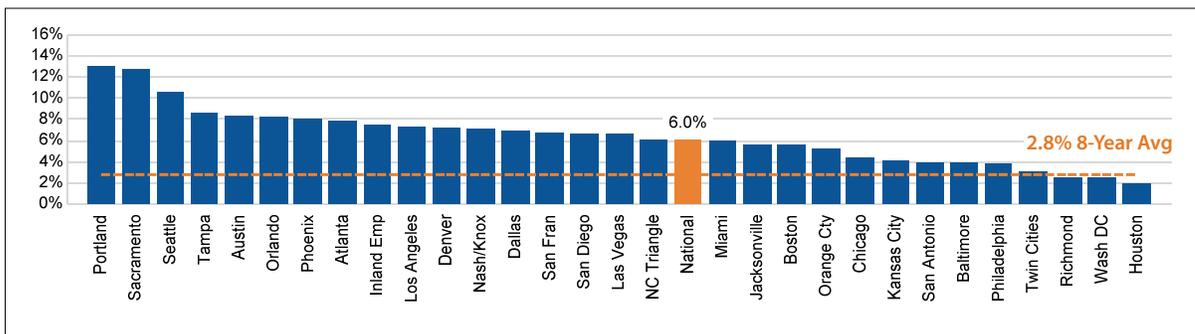
The strong performance comes as something of a surprise, since rent growth is expected to moderate this year after two years of above-trend increases. Certainly seasonality is a factor, as multifamily rents tend to grow the most in the spring. In 2015, rents grew 3.0% during the first four months and slowed in the second half on their way to a 6.4% annual increase. The same could happen again this year.

Even so, fundamentals continue to be supportive of steady rent growth. Occupancies remain at or near all-time highs in most metros. Nationally, the occupancy rate for stabilized and completed properties was 96.0% as of February, the highest in the current cycle, according to Yardi Matrix's database. The growing amount of supply—more than 300,000 units will come online in 2016—will increase vacancies in some submarkets, but by and large most metros have not been overbuilt. That's because demand remains bullish in most metros due to demographic factors that include the growing number of Millennials and the propensity of older Americans to rent. Underpinning everything is the employment market, which has seen 200,000-plus jobs created per month for going on six years. Not only is the job market strong in the popular Western and Lifestyle markets but the metros in the Northeast and Mid-Atlantic are showing signs of strength.

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.