Rent Survey | May 2016

Multifamily in May: Rent Growth Redux

U.S. apartment rents increased $10 in May, driving the average to yet another all-time high of $1,204, according to Yardi Matrix's monthly survey of 119 markets. On average, rents rose 0.9% during the month and were up 6.0% from 12 months earlier, which aligns closely with trends reported for April. Clearly, rent growth deceleration hasn't happened yet.

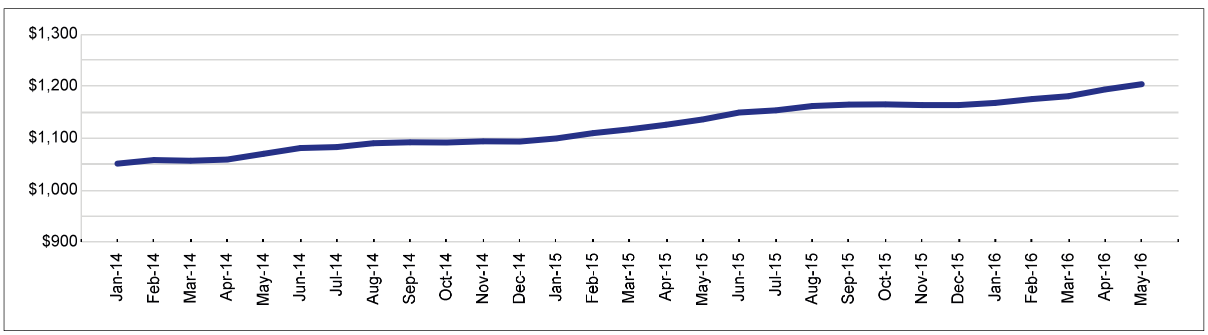
On a year-over-year basis, Seattle, Sacramento and Portland achieved the most significant rent growth, with all three markets seeing gains in excess of 11%. Phoenix and Atlanta followed with year-over-year growth in the mid-8% range. Conversely, San Francisco, Denver and Houston continued to decelerate.

Stabilized apartment properties maintained high occupancy rates during the past month. Nationwide, the occupancy rate was 96.0% in April, down 10 basis points from March but flat with the first-quarter average.

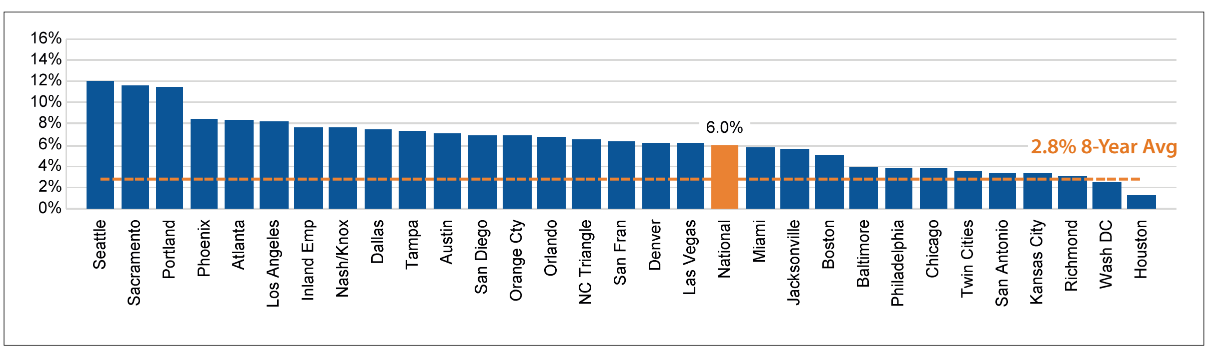
Another month of above-average rent growth and elevated occupancy demonstrates the strength of the U.S. apartment sector, particularly when viewed against the backdrop of rising completions. During May, however, there were some shifts in market-level performance. Tampa, Austin and Orlando fell in the rankings, while Atlanta and Los Angeles crept up.

Consistent job growth and the aging of Millennials into their prime renting years remain key drivers of apartment demand. The U.S. economy posted its 74th consecutive month of employment growth, pushing the net gain to date in this expansion to 13.5 million jobs. Meanwhile, growth in the prime renter age cohort is expected to support the formation of an estimated one million households annually for the next few years.

National Average Rents



Year-Over-Year Rent Growth—All Asset Classes



National averages include 119 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.