Yardi® Matrix

Multifamily National Report

January 2020

Steady Start to 2020

- The average U.S. rent fell $1 in January to $1,463, marking the third consecutive month of declining rents. Year-over-year growth, however, remained steady at 3.0%.
- The slight month-over-month decline in rents can be attributed to seasonality and could continue for the next few months, until we move into spring. Occupancy dipped slightly to 94.8%, but remains within range of 95%.
- 2020 is nonetheless off to a steady start, with 16 of the top 30 markets posting year-over-year rent growth above the national average and no markets displaying negative year-over-year rent growth. Phoenix (7.4%), Las Vegas (5.4%) and Sacramento (5.1%) are the top markets, and we expect the strongest growth to continue in the Western and Southwestern markets in 2020.

The multifamily market continued its steady performance into the first quarter. Average U.S. rents fell $1 in January and year-over-year rent growth remained at 3.0%.

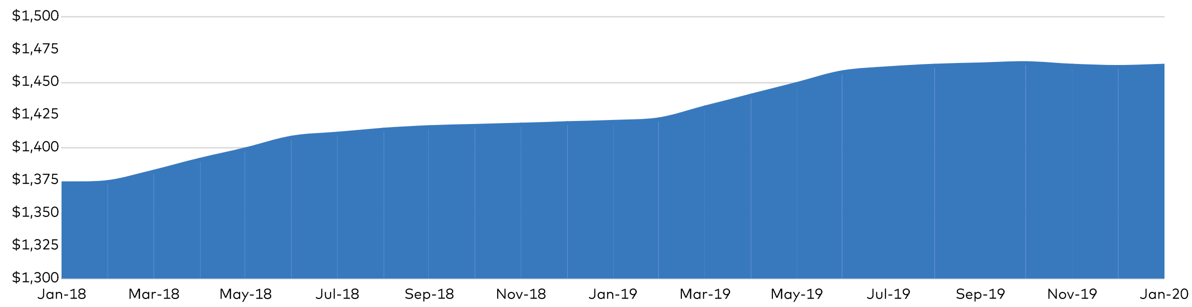
As we begin a new year, the state of the economy continues to be top of mind. Despite the coronavirus scare that has temporarily shocked the markets, the economy is experiencing slow but steady growth. The slowing economy has had little effect on multifamily, but one potential headwind to keep in mind for 2020 is regulatory risk, as evidenced by statewide rent control (California, New York and Oregon), and increased local regulation on security deposits (Cincinnati) and resident acceptance criteria (Seattle). However, this risk does not present an insurmountable barrier nationally.

Nashville (4.5%) and Charlotte (4.2%) have benefited from corporate relocations from higher-cost cities. AllianceBerstein, a New York-based firm, recently relocated to Nashville and brought more than 1,000 jobs. Honeywell recently moved its headquarters from New Jersey to Charlotte and brought 750 jobs to the city. Nashville and Charlotte continue to have among the lowest unemployment rates, at 2.4% and 3.1%, respectively.

The Florida markets have been top performers over the last few years, but they are beginning to show some signs of weakness. Orlando (1.6%) and Tampa (2.5%) each had peak rent growth in 2015 and 2016, but have declined since. A significant amount of deliveries over the last two years—13,964 units in Orlando and 12,140 in Tampa, or about 6% of existing stock in each market—has contributed to softening rent growth.

National supply deliveries came in just above 300,000 units in 2019. Moving into 2020, expect a decline in national deliveries, as multifamily construction loan originations are at a five-year low and the increased cost of labor and materials continues to be an issue.

National Average Rents



National averages include 127 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by YardiMatrix.