Yardi Matrix

National Multifamily Report

October 2021

Record Growth Extended for Another Month

■ Recent signs that multifamily rent growth might slow down proved to be premature, as the average U.S. asking rent increased by $23 in October to a record high $1,572. Asking rents were up 13.7% year-over-year, also a record high recorded by Matrix.

■ The growth is driven by an ongoing surge in demand that started in the spring and has yet to subside. The average U.S. occupancy rate of stabilized properties reached a record-high 96.1% in September, up 1.4% year-over-year.

■ Single-family home rents also continued their upswing and were up 14.7% nationally year-over-year. Demand is especially strong in fast-growing regions in Florida and the Southwest that are seeing a wave of in-migration.
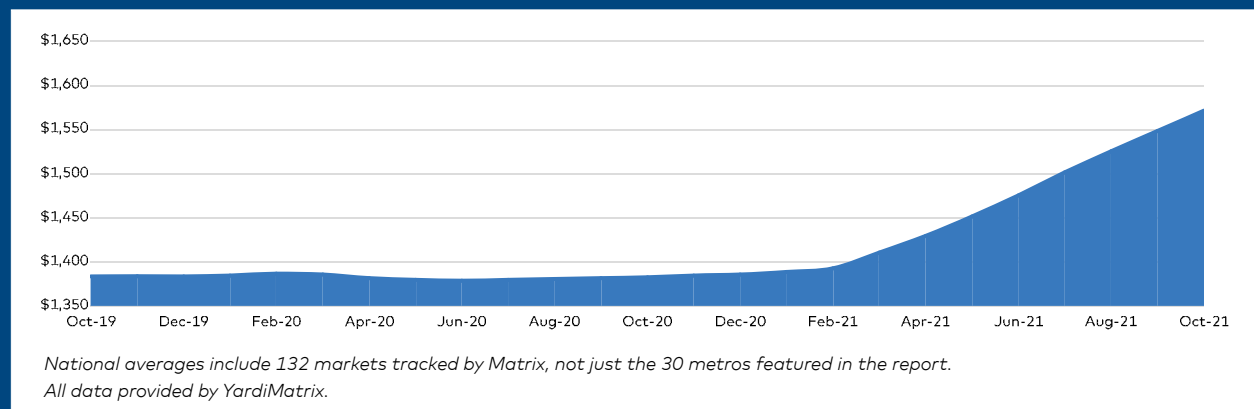
October has brought yet another month of record growth in multifamily fundamentals. Since March, the average U.S. asking rent has increased by $179, or roughly the amount of increase over the previous five years combined. Asking rents were up 13.4% year-to-date through October, and rent growth was above-trend across the country.

The unprecedented growth is driven by demand. Through September, some 475,000 units were absorbed nationally, per Matrix, already topping the all-time annual high. That led occupancy rates of stabilized properties to increase by 140 basis points year-over-year, and high-end Lifestyle units closed the historical occupancy gap with Renter-by-Necessity units, with both at 96.1% as of September.

The question now is how long before the market begins to decelerate to some semblance of normal growth. If typical seasonal patterns hold, growth will soon recede. Rent increases tend to flatten between September and March. In the previous six Octobers between 2015 and 2020, rents increased by $2 on average.

But 2021 is not a normal year. The combination of pent-up demand, rapid job growth, increase in single-family prices keeping renters in place, long-term shortage of supply, and rapid migration to markets with low-cost housing has created seemingly inexhaustible demand. Growth should start to slow as short-term factors such as the impact of stimulus and pent-up demand wane, but long-term growth factors will remain in place.

National Average Rents

National averages include 132 markets tracked by Matrix, not just the 30 metros featured in the report.
*All data provided by YardiMatrix.*

Year-Over-Year Rent Growth:
Warm-Weather Markets Are Hot

■ Rents were up by 20% or more in almost a quarter of Matrix's top 30 markets, led by Phoenix (26.3%), Tampa (25.8%) and Las Vegas (23.0%). In 23 of the top 30, rents were up by at least 10%, and in only one metro—Minneapolis at 4.8%—were asking rents up less than 5%. Normally slow-growth metros including Baltimore (13.0%), Philadelphia (10.7%) and Indianapolis (10.4%) have also experienced rapid gains.

■ The great performance is not limited to large markets. Of 20 metros outside the top 30, 14 had double-digit year-over-year rent growth—led by the Southwest Florida Coast (29.1%), Jacksonville (21.7%) and Tucson (20.1%)—and every market was up by at least 7.3% year-over-year.
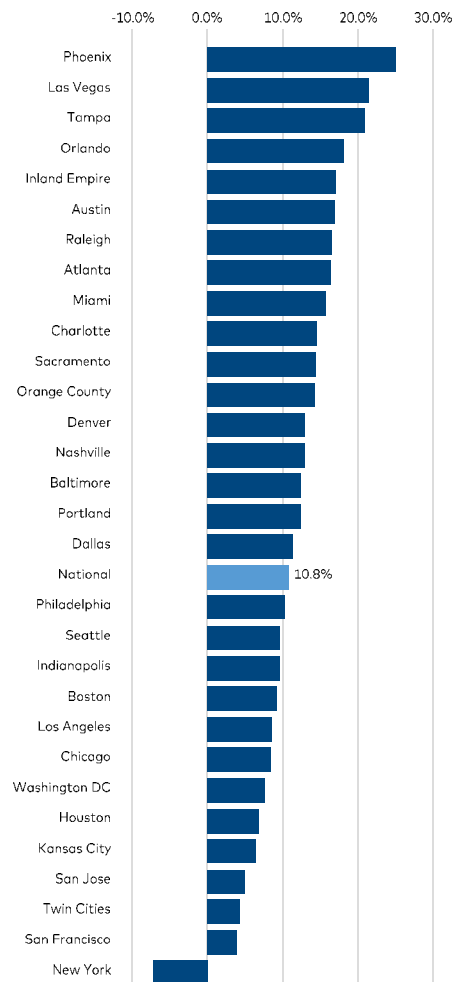
Year-Over-Year Rent Growth—All Asset Classes
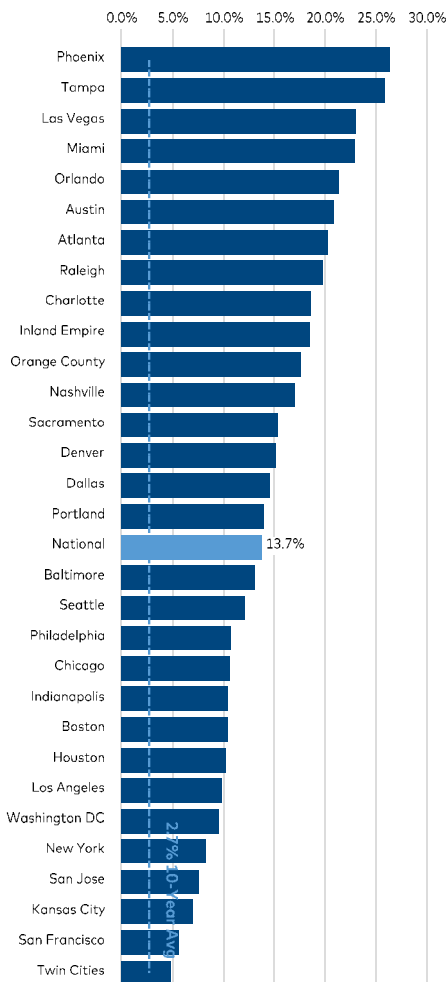
Year-Over-Year Rent Growth—Lifestyle Asset Class
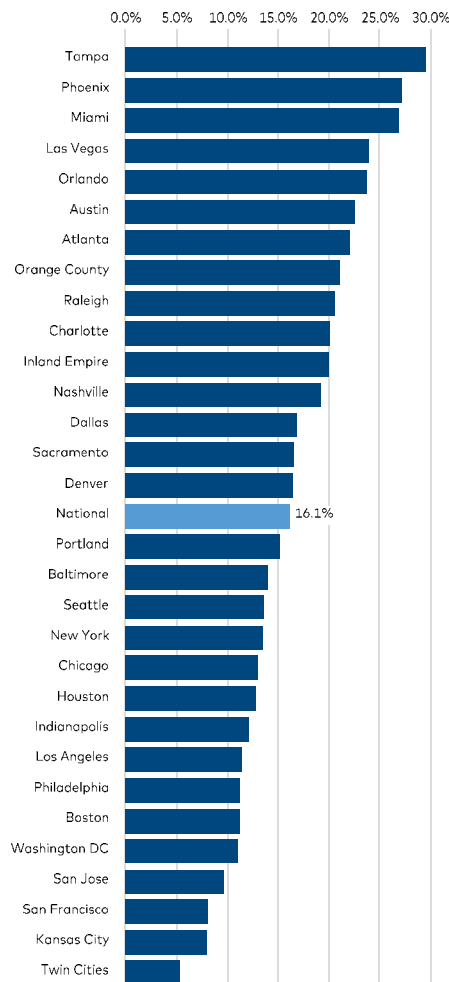
Year-Over-Year Rent Growth—Renter-by-Necessity Asset Class

Source: Yardi Matrix

Short-Term Rent Changes:
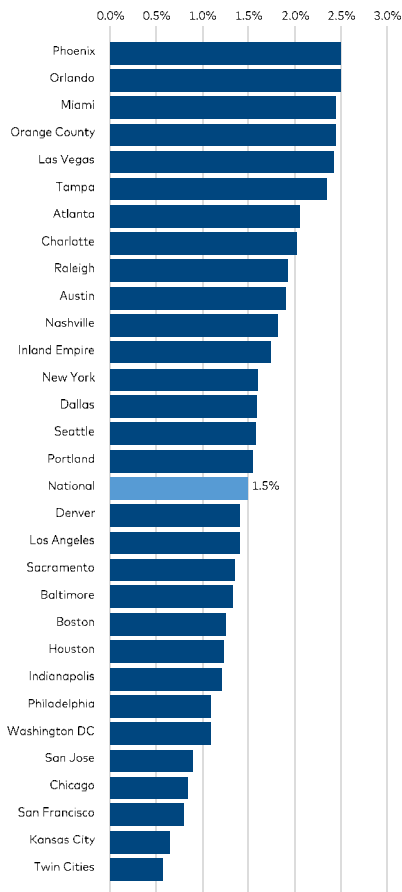# Southeast Leads Accelerating Monthly Growth

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- Asking rents nationally increased 1.5% in October, a 50-basis-point acceleration from September.

- Rents in high-end Lifestyle units increased by 1.6% month-over-month in October, while Renter-by-Necessity units increased by 1.2%.

The market continues to post extraordinary gains in every region of the U.S., with the average gain in October representing an acceleration in rent growth after a stretch of strong growth. The Southeast has been especially strong,

representing eight of the top 11 spots. Rents increased by 2.0% or more in eight metros: Phoenix and Orlando (2.5%), Miami, Orange County and Las Vegas (2.4%), Tampa (2.3%), Atlanta (2.1%) and Charlotte (2.0%).

In a reversal from September, no metros registered negative growth overall. Asking rents in Renter-by-Necessity properties fell in New York, but overall the city saw gains in October. Although not at the top of the list, gateway metros saw solid gains, including New York (1.6%), Los Angeles (1.4%), Boston (1.3%) and Washington, D.C. (1.1%).

Month-Over-Month Rent Growth—All Asset Classes

Month-Over-Month Rent Growth—Lifestyle Asset Class
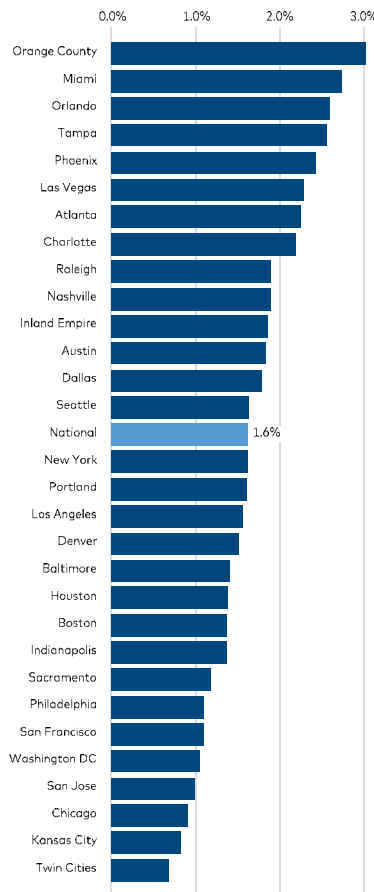
Month-Over-Month Rent Growth—Renter-by-Necessity Asset Class
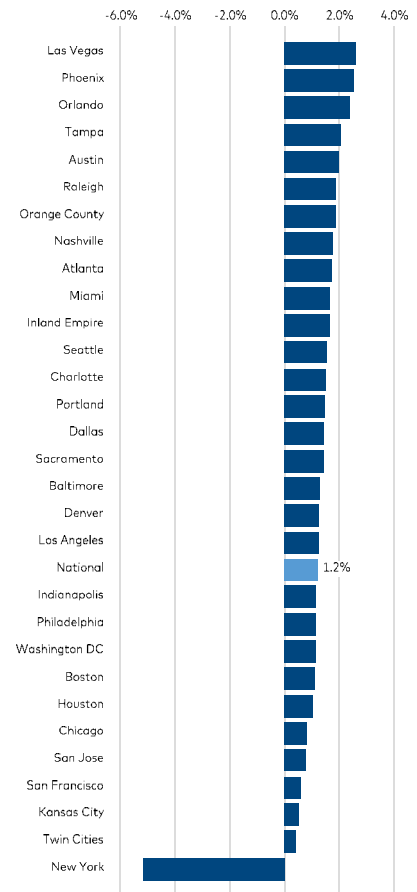
Source: Yardi Matrix

Employment and Supply Trends;
Forecast Rent Growth

■ Extraordinary demand has produced record levels of absorption in 2021.

■ Demand has been strong across regions and market size.

■ Gateway metros have rebounded from the pandemic-driven exodus a year ago.

Headed into 2020, it's fair to say no prognosticators foresaw a global pandemic and the impact it would have on gateway markets. At the same time, headed into 2021, few if any market participants would have foreseen the rapid upswing in multifamily demand—led by gateways.

Multifamily absorption in the U.S. totaled 475,000 units year-to-date through September, and absorption topped 100,000 units four quarters in a row. Both of those represent unprecedented performance. The drivers of demand coming out of the pandemic—including robust economic growth, the decline in unemployment, pent-up demand coming out of the pandemic, and strong household savings—are by now well known.

If there is a surprise with the 2021 demand numbers, it comes from the turnaround of the gateway markets. Gateway markets—which we define as New York, Boston, Washington, D.C., Miami, Chicago, San Francisco and Los Angeles—saw negative absorption in 2020. With offices and recreation venues closed, some renters left for the suburbs and less expensive markets.

In 2021, office attendance remains limited. Amenities and services have reopened, albeit to a limited degree in some cities with mask and vaccination mandates. Yet people are returning to gateway markets, which absorbed 108,000 units through the past three quarters, or 3.8% of total stock. That ranks gateways first when looking at metros by size, ahead of secondary markets (3.7%) and tertiary markets (2.2%). Demand in secondary and tertiary markets remained consistent, even during the pandemic. Migration to less expensive and warmer markets with a growing corporate base has been ongoing for decades.

It's not a given that gateways can maintain this year's success. All of them have challenges that include expensive rents, high taxes, concerns about crime and schools, and movement of corporate headquarters to tech hubs in the South and Southwest. Plus, growth in work-from-home policies means fewer knowledge workers will be compelled to live near urban office towers. That said, multifamily performance in 2021 demonstrates that gateway markets continue to have an allure for many, including young workers looking for life experience and retirees seeking amenities, which should provide a consistent base of demand.

Single-Family Build-to-Rent Segment:
Texas Metros Lead in Occupancy Gains

■ Single-family asking rents, continuing to rise at an exceptional rate, were up 14.7% year-over-year through October, with some metros topping 40%.

■ Demand from renter households looking for detached living space is expected to remain strong.

Asking rents are climbing in the single-family rental market, up 14.7% year-over-year. One difference is that there is a larger divergence in growth in the single-family market. Growth on the metro level is led by Miami (41.9%), Tampa (41.0%) and Phoenix (24.8%), with a large gap between those metros and those at the bottom of the rankings:

San Antonio (6.9%), Kansas City (6.4%) and Pittsburgh (6.2%). Still, growth is strong across the board, even in markets not used to large jumps, including Detroit (19.5%), Los Angeles (18.7%), Cleveland (18.1%) and Baltimore (17.2%).

Nationally, the occupancy rate was up 0.8% year-over-year through September. However, the results are inconsistent on a metro level. Texas metros Houston (9.1%), San Antonio (7.0%) and Austin (3.3%) led the nation in occupancy growth, while nine metros saw flat or negative occupancy growth.

Note: Yardi Matrix covers Single-Family Built-to-Rent communities of 50 homes and larger.

**Year-Over-Year Rent Growth—
Single-Family Rentals**
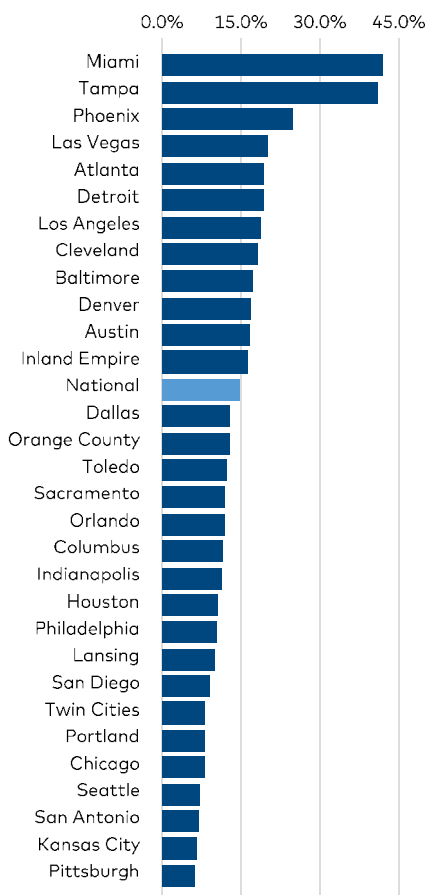
**Year-Over-Year Occupancy Change—
Single-Family Rentals**
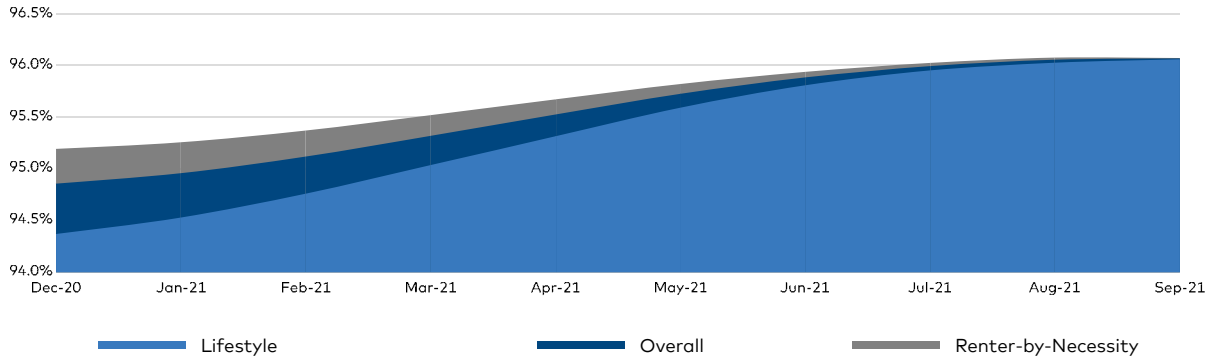

Source: Yardi Matrix
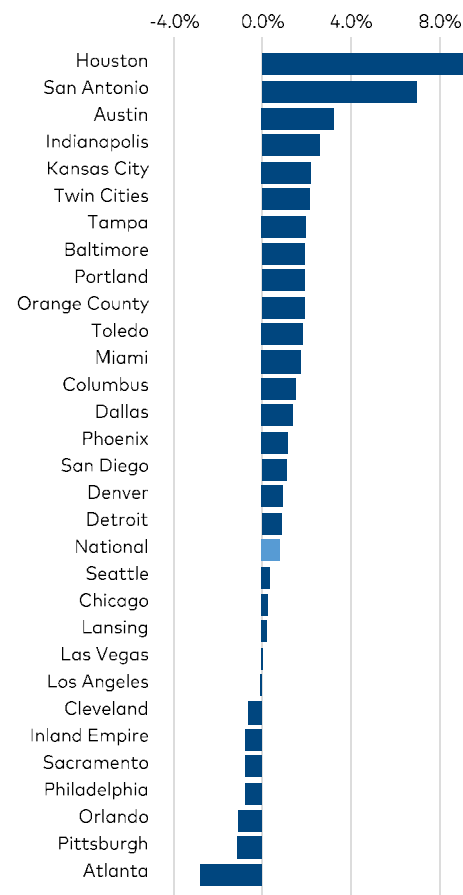
Employment and Supply Trends;
Forecast Rent Growth

Market	YoY Rent Growth as of Oct - 21	Forecast Rent Growth as of 10/31/21 for YE 2021	YoY Job Growth (6-mo. moving avg.) as of Aug - 21	Completions as % of Total Stock as of Oct - 21
Las Vegas	23.0%	22.8%	9.1%	1.6%
Tampa	25.8%	22.6%	5.2%	2.3%
Phoenix	26.3%	21.4%	5.5%	2.9%
Miami Metro	22.9%	20.6%	4.5%	4.1%
Raleigh	19.7%	20.1%	5.7%	3.3%
Charlotte	18.6%	20.0%	4.6%	5.3%
Inland Empire	18.5%	18.8%	5.0%	1.4%
Austin	20.7%	18.6%	6.7%	5.0%
Nashville	17.0%	17.6%	6.1%	2.5%
Atlanta	20.2%	16.8%	4.7%	3.0%
Orlando	21.4%	16.1%	3.7%	4.4%
Denver	15.1%	15.6%	4.6%	2.7%
Seattle	12.1%	14.8%	4.3%	2.7%
Portland	14.0%	14.5%	4.2%	3.2%
Dallas	14.6%	14.4%	5.2%	2.7%
New York	8.3%	13.7%	5.1%	0.6%
Sacramento	15.4%	13.1%	3.8%	0.3%
Orange County	17.5%	12.6%	5.9%	1.0%
Baltimore	13.0%	11.9%	4.7%	1.0%
San Jose	7.6%	10.8%	2.5%	3.4%
Boston	10.3%	10.3%	6.2%	2.4%
Washington DC	9.5%	10.3%	3.5%	1.8%
Houston	10.3%	9.9%	3.1%	2.6%
Chicago	10.6%	9.7%	3.2%	1.5%
Philadelphia	10.7%	9.5%	5.3%	1.6%
Indianapolis	10.4%	9.1%	4.2%	1.0%
Los Angeles	9.8%	8.4%	3.5%	2.4%
Kansas City	7.0%	7.9%	5.0%	2.6%
San Francisco	5.6%	7.0%	2.9%	3.1%
Twin Cities	4.8%	4.2%	3.9%	3.3%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month

Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	October 2021		
	Overall	**Lifestyle**	**Renter-by-Necessity**
SW Florida Coast	29.9%	32.6%	24.9%
Jacksonville	21.7%	25.0%	16.8%
Tucson	20.1%	21.8%	19.5%
Albuquerque	18.5%	24.4%	14.6%
Salt Lake City	17.6%	17.9%	17.0%
Colorado Springs	16.0%	15.6%	16.7%
Central Valley	15.6%	18.4%	14.8%
NC Triad	15.4%	17.2%	13.8%
Tacoma	14.0%	14.1%	13.9%
El Paso	13.3%	15.2%	12.4%
Reno	13.1%	12.7%	13.5%
San Fernando Valley	12.6%	14.6%	11.2%
Indianapolis	10.4%	12.1%	9.7%
Long Island	10.4%	10.2%	10.5%
Bridgeport - New Haven	9.2%	8.7%	9.5%
St. Louis	8.2%	8.0%	8.7%
Central East Texas	7.6%	7.8%	7.6%
Northern New Jersey	7.4%	8.3%	6.6%
Louisville	7.3%	7.9%	6.9%

Source: Yardi Matrix

Market Rent Growth by Asset Class

Atlanta
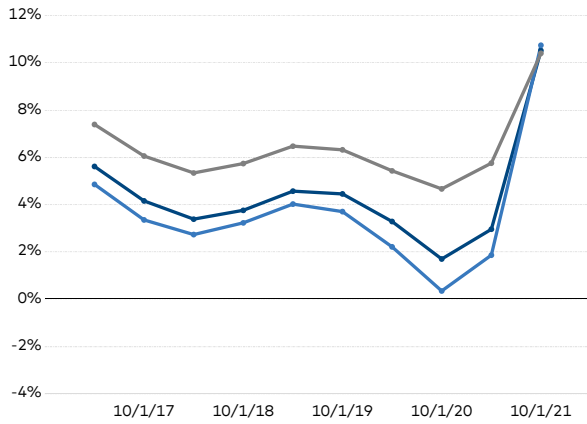
Boston
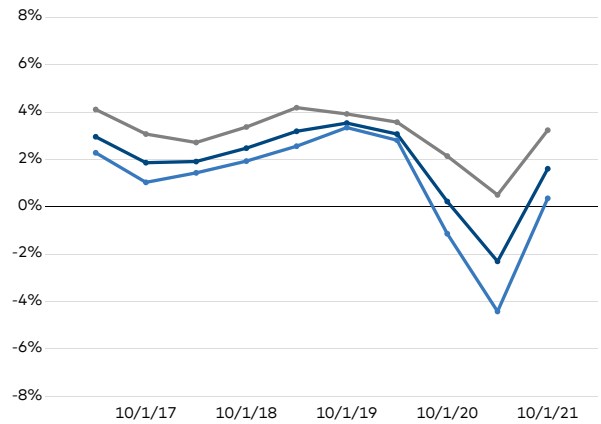
Denver
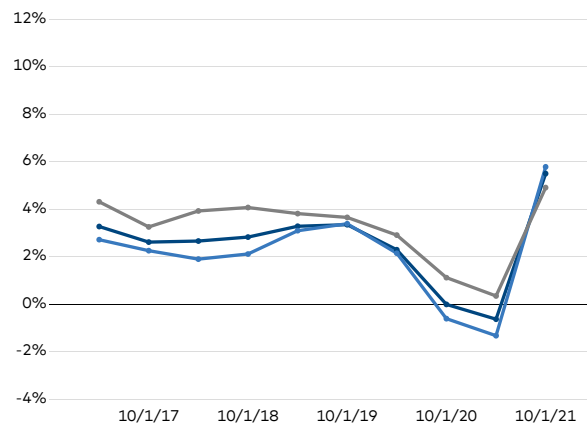
Dallas
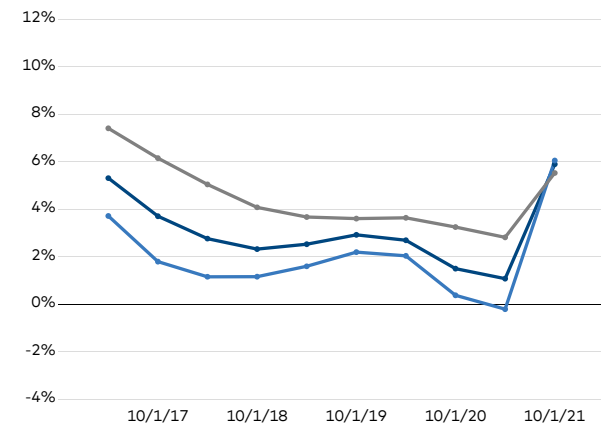
Houston
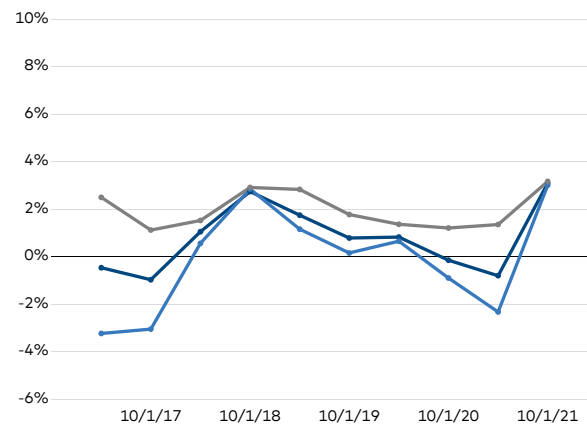
Inland Empire
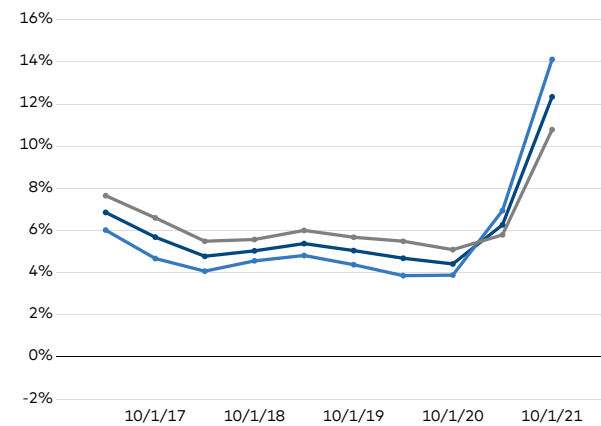
■ Trailing 12 Months Overall   ■ Trailing 12 Months Lifestyle   ■ Trailing 12 Months Renter-by-Necessity

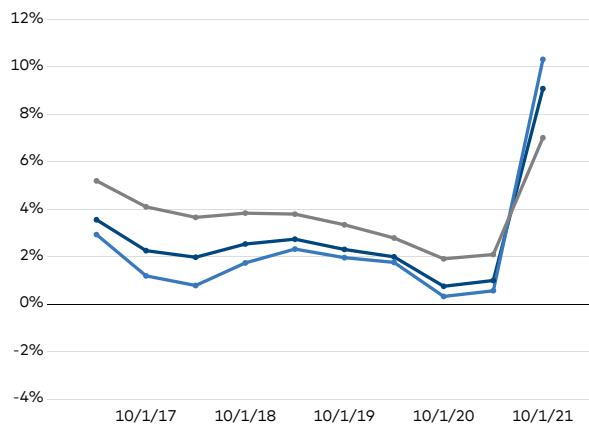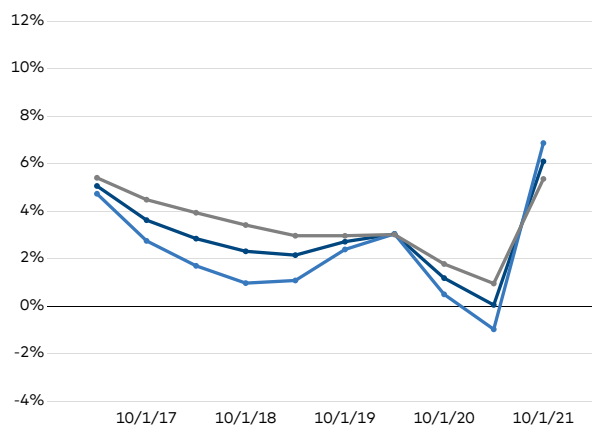*Source: Yardi Matrix*
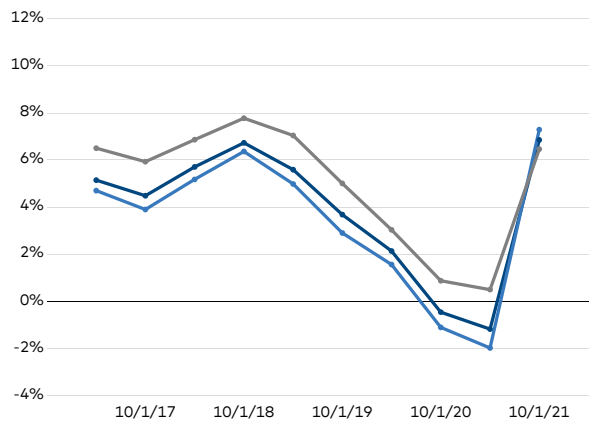
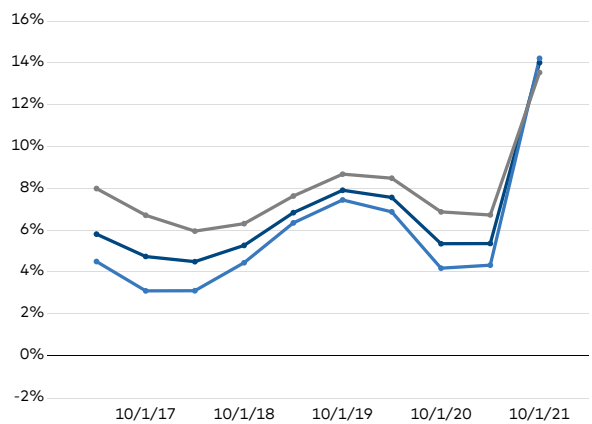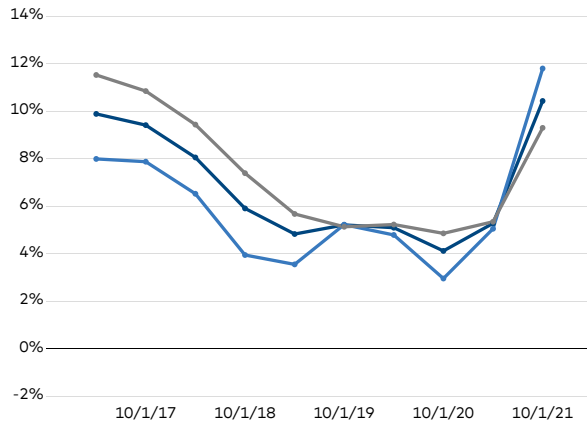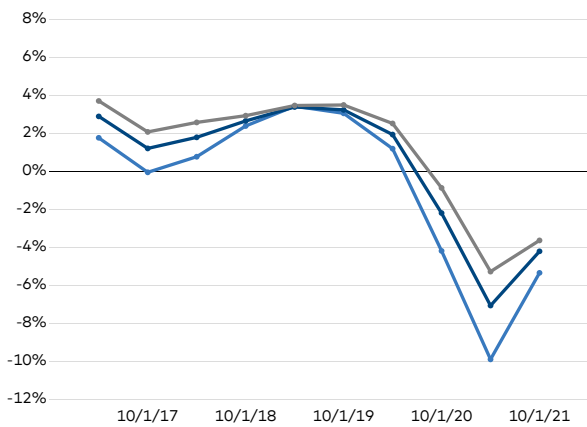# Market Rent Growth by Asset Class

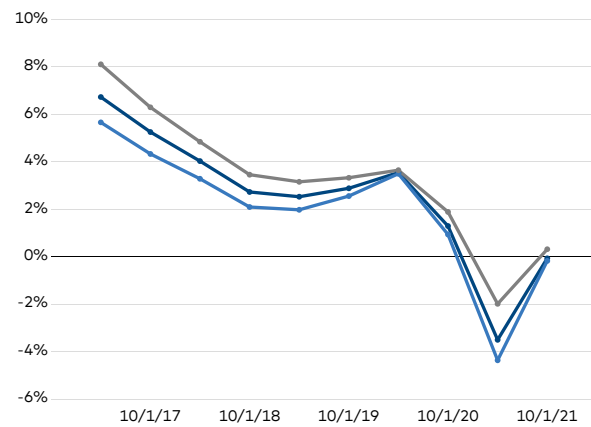## Las Vegas
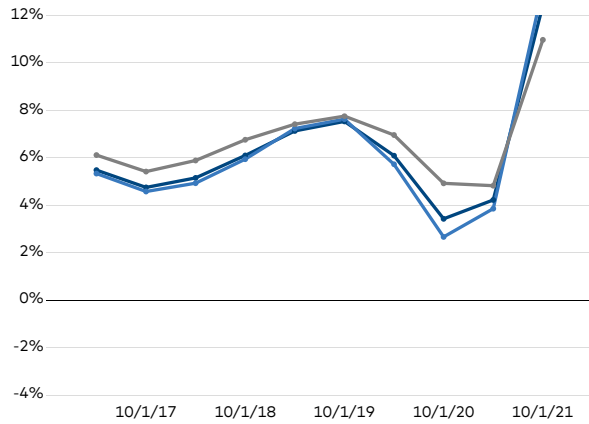
Los Angeles
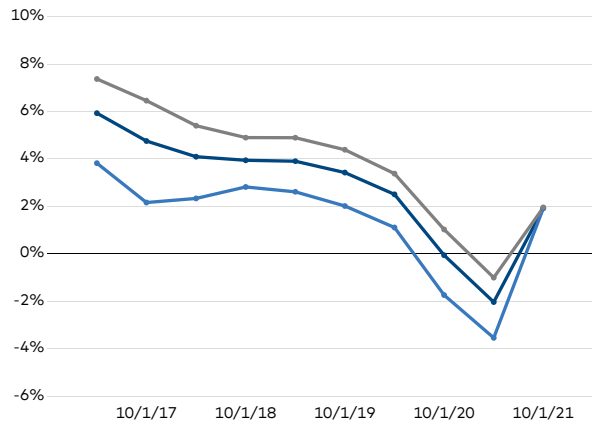
Miami

Orange County

Orlando

Phoenix

Trailing 12 Months Overall Trailing 12 Months Lifestyle Trailing 12 Months Renter-by-Necessity

Source: Yardi Matrix

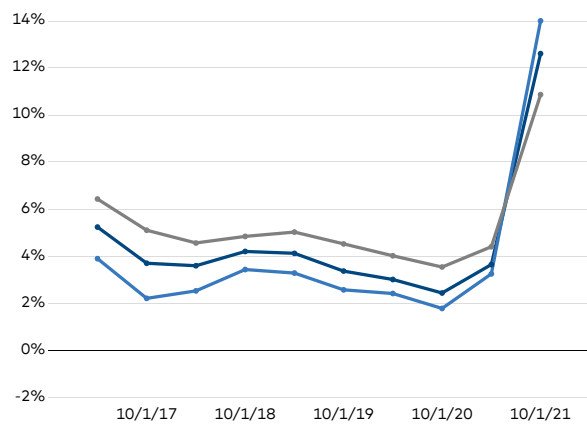# Market Rent Growth by Asset Class

Sacramento

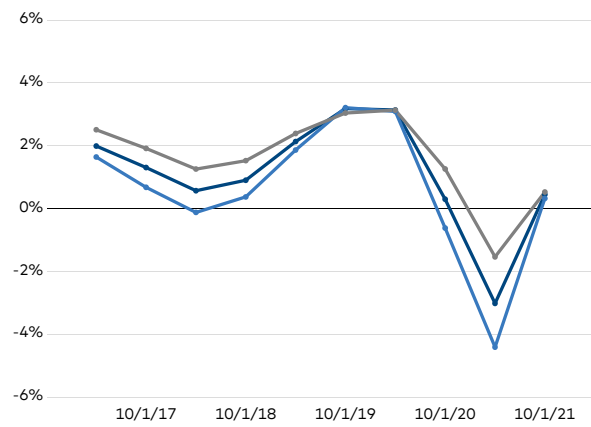## San Diego
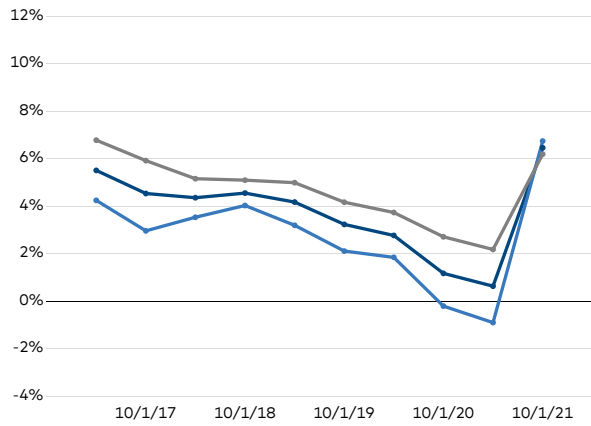
San Francisco

Seattle

Tampa

Washington, D.C.

— Trailing 12 Months Overall   — Trailing 12 Months Lifestyle   — Trailing 12 Months Renter-by-Necessity

Source: Yardi Matrix

Definitions

Reported Market Sets:

- National rent values and occupancy derived from all 140 markets with years of tracked data that makes a consistent basket of data

Average Rents: Average Same-Store index rent (mean), rolled up from unit mix level to metro area level, weighted by units

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month

Rent Growth, Quarterly: Year-over-year change in average market rents, as calculated by same-quarter average. Partially completed quarters are only compared to partial quarters.

Forecast Rent Growth: Year-over-year change in average forecasted market rents, as calculated by same month

Market rent: Converted rent that reflects the effect of differences in relevant attributes that hold reasonably quantifiable value

Actual (effective) rent: Monthly rate charged to residents to occupy an apartment and is shown as-is without additional concessions or adjustments.

Same-Store index rent: Rents adjusted to new supply as it joins the market

Employment Totals: Total employment figures and categories provided by Bureau of Labor Statistics, seasonally adjusted

Employment Data Geography: Comprises entirety of United States, which Matrix data covers 90% of US metro population. Reported information is for MSAs that overlap Matrix Markets.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more Markets

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable, and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units

Ratings:

- Lifestyle/Renters by Choice

- Discretionary—has sufficient wealth to own but choose rent

- Renters by Necessity

- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo

- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc

- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent

- Other Categories

- Student—may span range of income capability

- Military—subject to relocation

- Subsidized—Partially to fully subsidized by a governmental agency subsidy. Can extend to middle-income households in high-cost markets.

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.

Yardi® Matrix

Power your business with the industry's leading source for originating,
pre-underwriting and managing assets for profitable loans and investments.
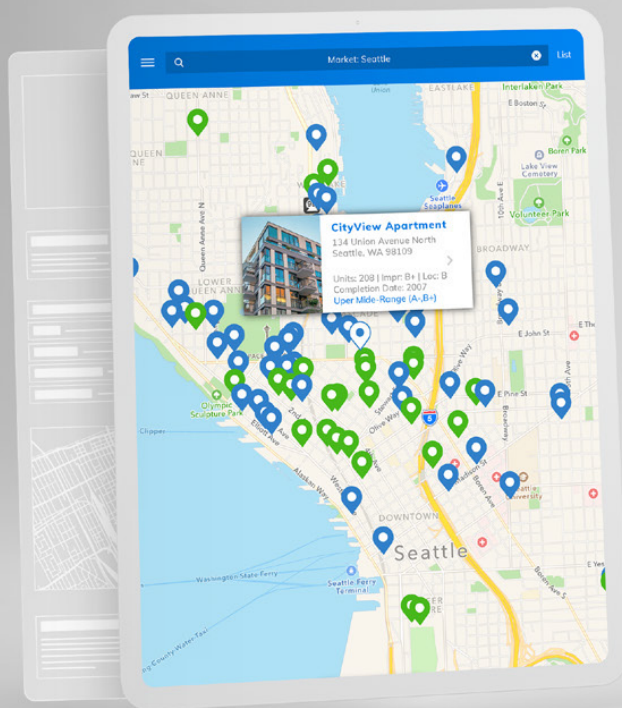
Yardi Matrix Multifamily provides accurate data on **19+ million units**, covering over **90% of the U.S. population**.

Key features

- Pierce the LLC every time with true ownership and contact info

- Leverage patented improvement and location ratings, unit mix, rental, occupancy and current manager information

- Gain complete new supply pipeline information at the asset, competitive set and market level

- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators

- Access exclusive aggregated and anonymized residential revenue and expense comps

See how we can help you achieve your investment goals.
Request a personalized demo at yardimatrix.com/**contact-us**

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