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Yardi® Matrix

National Multifamily Report

January 2022

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2022: Out With the Old, In With the ... Same?

- Normally a tepid month for rent growth, January saw solid multifamily rent gains. Average U.S. asking rents rose $8 to a record $1,604. Year-over-year growth increased to 13.9%, a new high and up 30 basis points over December, but that number will decline as monthly increases decelerate compared to a year ago.

- An $8 monthly increase pales in light of the $22 average monthly gains between March and October 2021, but January's strong seasonal performance is a sign that the sector's fundamental drivers have not been exhausted.

- Single-family rentals also started the year strong. SFR rents are up 13.5% year-over-year through January. The national occupancy rate increased by 0.2% year-over-year through January.

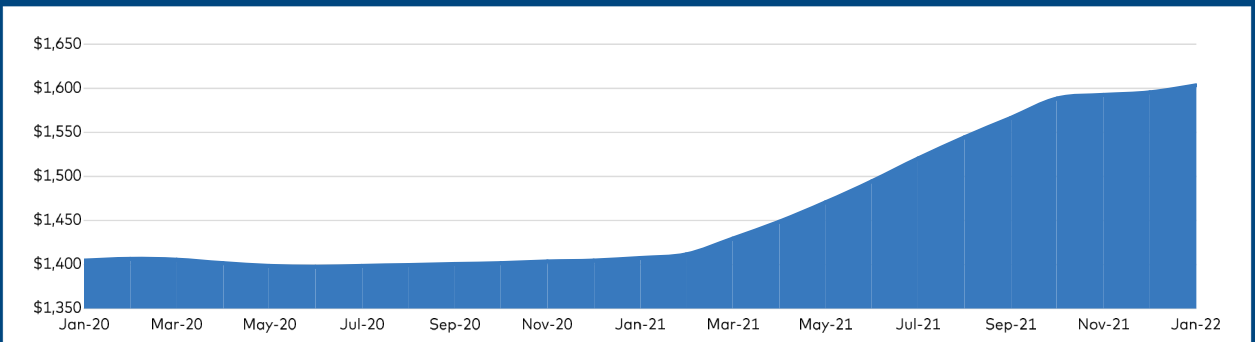
January is normally a seasonally weak month for rents, but multifamily asking rents bucked the deceleration trend, rising $8 during the month to an all-time high of $1,604. How hot is the market? It took only seven months for the average asking rent to hit $1,600 from $1,500, and only 10 months to reach $1,500 from $1,400.

While rents are unlikely to remain in the 13% growth range throughout 2022, January's performance is a sign that demand remains robust. Some 460,000 multifamily units were absorbed in 2021, according to Yardi Matrix data, more than double the previous year and more than 50% above the previous annual high.

Absorption in 2021 was led by Dallas and Houston. Five of the next six highest were gateway metros Miami, New York, Chicago, Washington and Los Angeles, all of which absorbed some 20,000 units or more. More important, as a percentage of stock, all but one of the seven gateway metros topped the 4.0% national average. The exception, New York, came in at a strong 3.8%. With absorption exceeding the growth of new stock, the national occupancy rate of stabilized properties rose 130 basis points year-over-year through December to 96.1%.

Freddie Mac's 2022 multifamily outlook sums up the solid circumstances. "The strong economic conditions along with unprecedented levels of demand for multifamily housing have combined to create robust apartment market conditions in 2021," the report said. "While there are still uncertainties, such as increasing inflation or more transmissible variants of the COVID-19 virus ... the multifamily market is expected to be on solid ground in the short term."

National Average Rents



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