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National Multifamily Report

July 2022



Economy, Cooling Demand Slow Rent Growth

- Multifamily performance continued to improve steadily in July, albeit modestly. National asking rents increased \$10 last month, bringing the average rent in the U.S. to a record \$1,717. Year-over-year growth decelerated by 110 basis points to 12.6%, 260 basis points off the February peak of 15.2%.
- Demand and rent growth remained strong throughout the country. Rent growth increased at least 10% year-over-year in 24 of Yardi Matrix's top 30 metros. National occupancy rates were 96.0% for the third month in a row.
- The single-family sector continues to grow at a steady pace. The average single-family asking rent increased by \$7 in July to \$2,092, while year-over-year growth dropped by 60 basis points to 11.2%.

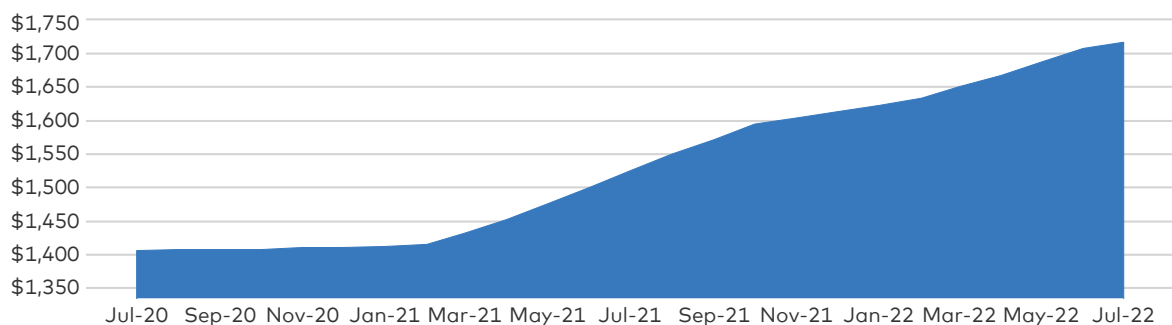
Deceleration in multifamily rents came into full view in July. Average U.S. multifamily rents rose \$10 to \$1,717 during the month, the lowest increase since January. Year-over-year growth slid more than a full percentage point to 12.6%. Rent growth remains lofty just about everywhere by historical standards, but the rate of increase in high-growth metros is falling. For example, year-over-year rent growth in Orlando (20.2% in July), Miami (19.5%) and Tampa (17.4%) is still high but dropped 3 to 4 percentage points in each market compared to the previous month.

The moderating rent growth may be a product of an inevitable return to the mean, coincidental to the suddenly slowing economy, or some combination of the two. Record rent growth in 2021 was driven by record-high absorption of 580,000 units in 2021, per Yardi Matrix. Absorption has "slowed" to roughly half that pace in 2022, more in line with a normal healthy year.

Meanwhile, economic growth is slowing, and consumer confidence is waning as the Federal Reserve has raised policy rates 150 basis points over the last two months in an effort to slow inflation. A weaker economy could cool gains, though apartment asking rents may not immediately respond to the Fed's actions because rising mortgage rates have slowed the for-sale housing market. That might help demand for apartments as first-time homebuyers continue to rent and wait for a more opportune time to buy.

Occupancy rates nationally remain firm, but are declining in some high-growth metros, owing to the robust number of new deliveries and a slow-down in net migration. The national occupancy rate of stabilized properties remains at 96.0%, a strong performance that is led by gateway/coastal metros, which occupy the top seven slots in year-over-year occupancy rate growth.

National Average Rents



National averages include 136 markets tracked by Matrix, not just the 30 metros featured in the report.
All data provided by Yardi Matrix.