

Rent Survey | October 2017

U.S. Multifamily Rents Fall in October; Houston Back in Black

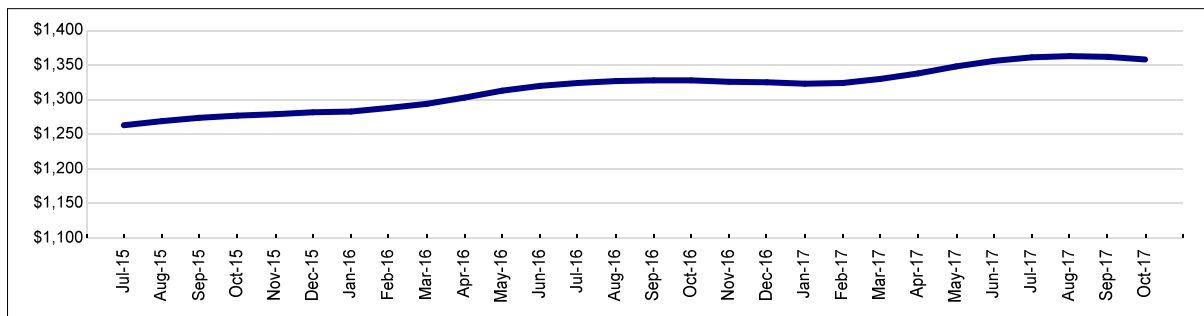
Amid some topsy-turvy results on the metro level that include a rebound in Houston, U.S. monthly rents fell \$4 in October, down to \$1,358, according to Yardi Matrix's monthly survey of 121 markets. The national deceleration on a year-over-year basis continued, with rents up 2.3% nationwide in October, a 30 basis-point decline from September.

Overall, the drop on a national level is no surprise. It comes at the beginning of the fourth quarter, when rent growth tends to slow due to seasonal factors. Moreover, the multifamily segment is in the midst of an extended deceleration from the cycle highs of 2016. Nationally, rents are only \$5 off their all-time peak set in August and are \$30 above their level a year ago.

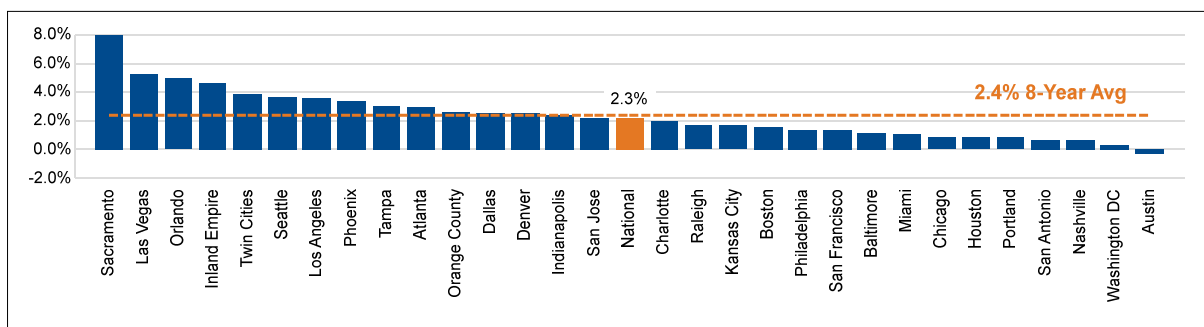
That said, some of the results run counter to recent performance. Although Sacramento (up 7.9% year-over-year, a whopping 260 basis points higher than its nearest competitor) remains seemingly unshakeable atop the top 30 metros in our ranking, the performance of other metros is evolving. Las Vegas (5.3%) climbed to second place in the rankings after a strong showing over the last few months. Meanwhile, Seattle (3.7%) fell from the second spot to sixth, and the entire Pacific Northwest is showing signs of weakness. The region was consistently among the top in rent growth through much of the current cycle, but is now a prime example of the deceleration caused in large part by heavy construction of luxury supply.

October was the first month in which the aftereffects of Hurricane Harvey could be measured, and it has given Houston a bounce. Rent growth in Houston is up 0.8% year-over-year through October, a 100-basis point improvement over -0.2% in September and the metro's first positive month since July 2016. Upward of 45,000 apartment units and 100,000 housing units went out of commission as a result of Harvey.

National Average Rents



Year-Over-Year Rent Growth—All Asset Classes



National averages include 121 markets tracked by Matrix, not just the 30 metros featured in the report. All data provided by YardiMatrix.