



Yardi® Matrix

National Multifamily Report

June 2024



Multifamily Meets First-Half Expectations

- Multifamily performance remained healthy in June, as strong demand is largely keeping up with rapid supply growth. The average U.S. advertised rent increased by \$4 to \$1,739, while year-over-year growth fell by 20 basis points to 0.6%.
- Although the market has headwinds such as above-trend expense growth and a large number of deliveries in some metros, absorption is steady due to strong employment gains, the low unemployment rate, foreign immigration and weak home sales.
- The single-family rental market experienced its first hiccup of 2024, with the average advertised rent declining by \$3 in June to \$2,166, while the year-over-year growth rate fell 30 basis points to 1.1%. Occupancy rates remained high at 95.4% in May.

The first half of 2024 is in the books, and multifamily performance was encouraging. Advertised rents increased 1.5% nationally in H1 2024 and 1.0% during the second quarter, according to Yardi Matrix. To put that in perspective, during the five years preceding the pandemic, advertised rent growth averaged 2.5% per year in the first half and 1.7% in the second quarter. During the two post-pandemic boom years in 2021 and 2022, advertised rents rose an average of 6.1% during the first half and 3.9% in the second quarter.

Given the market environment, a moderately positive result is a win. Demand has cooled from the 600,000-plus units absorbed in 2021, but the market is on track to absorb more than 300,000 units again in 2024, which is a healthy amount. The U.S. job engine keeps chugging along, and demand is boosted by the U.S. housing shortage, foreign immigration and

the low number of home sales, which keeps in place some renters who would prefer to buy homes but cannot.

Multifamily owners do have issues to solve, including interest rates and expenses. May's 2.6% annualized inflation print was the lowest number in three years, but the Federal Reserve's recent caution means interest rates seem set on a higher-for-longer path. That means transaction activity will continue to be slow and relief may not be coming soon for owners that need to refinance maturing debt.

Expenses have grown at above-trend levels for two years. Although growth is cooling this year, many property owners are being stretched by costs at a time when rent growth is slowing. Income growth in many markets is being driven by renewal rents, which grew 4.3% nationally as of April, per Matrix.

National Average Rents

