

December 2024

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# Special Report: Multifamily Rent Forecast Update

The multifamily industry faces a complex outlook over the medium term. Key dynamics that will shape the market over the next year include a continuing supply glut in many larger Sun Belt markets that will depress rental growth, robust rental growth in many secondary markets—particularly in the Midwest and Northeast—and the uncertainty surrounding economic and policy developments as a new administration takes office.

Continuing record levels of new multifamily supply are expected to cap rent growth in markets that experienced rapid expansion during the pandemic. Cities like Austin, Phoenix, Charlotte and Atlanta—which are adding units at an unprecedented pace—are forecast to see rent growth continue to stagnate or even decline over the next two years, as new units gradually get absorbed by demand. These markets, while fundamentally strong, are facing near-term headwinds as developers continue to deliver projects initiated during the pandemic boom.

Secondary markets, particularly in the Midwest and Northeast, are showing consistent and solid rent growth. Cities such as Lafayette, Ind., Youngstown, Ohio, and Rochester, N.Y., continue to benefit from affordability, steady population growth and economic stability. These regions are less prone to exposure from overbuilding and are likely to continue to experience solid growth over the medium term.

The broader economic outlook for 2025 remains subdued. Inflationary pressures have mostly eased, although there is concern that they could rise again if the new administration follows through on threats of wide-ranging tariffs and deportations. Consumer sentiment is still recovering from the shocks of recent years and is likely fragile. Credit delinquencies remain a concern, particularly among lower-income households, as rising interest rates and depleted savings weigh on budgets. We are not forecasting a recession, but lower GDP growth and a more difficult job market will likely continue to weigh down consumer sentiment, impacting renters' decisions about how much they are willing to spend on housing. This restrained economic backdrop is likely to temper rent growth nationwide.