



Yardi Matrix

National Multifamily Report

January 2024



Demand Keeps Multifamily Rents Firm Amid Supply Boom

- Ongoing strong demand is keeping U.S. multifamily rents steady, even as supply growth exerts downward pressure. The average U.S. asking rent was unchanged in January at \$1,710, while year-over-year growth rose 10 basis points to 0.5%.
- The Northeast and Midwest continue to outperform in the short term. Demand is created by the strong economy and job growth, while large urban markets are benefiting from two years of high immigration inflows.
- Single-family rental performance remains robust. U.S. average single-family rents rose \$2 in January to \$2,130, while year-over-year growth rose 20 basis points to 1.5%. Seven of the top 13 metros for rent growth are in the Midwest.

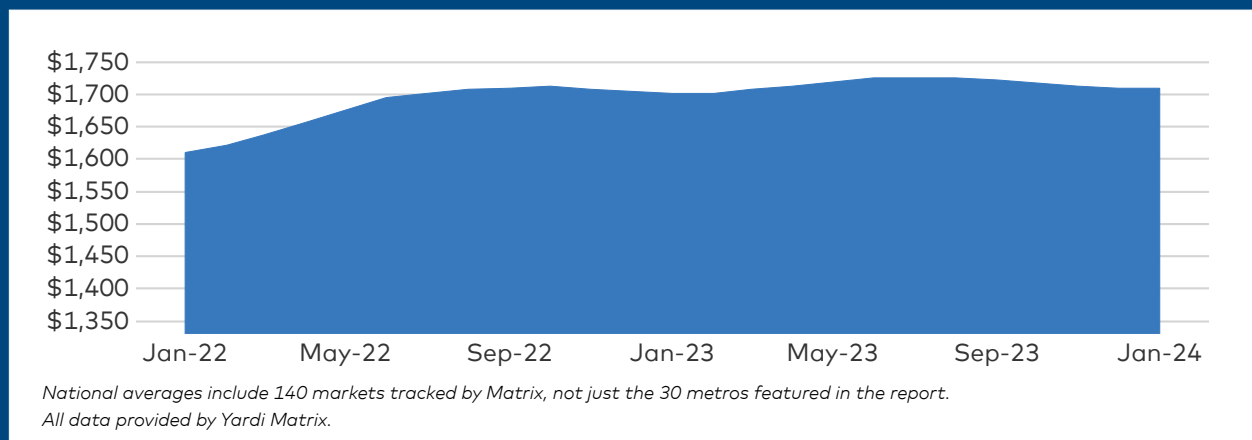
The topic of supply was intertwined in virtually every aspect of the National Multifamily Housing Council's annual conference, held Jan. 29 to Feb. 1 in San Diego. Whether the issue was how much rent growth in 2024 will be affected by the current wave of deliveries, the impact of the high cost of construction financing on future deliveries, or how to create the new supply needed to meet the nation's housing needs and alleviate the affordable housing crisis, the discussion kept returning to the question of supply.

Multifamily rent growth is now at 0.5% year-over-year nationally. Another year of weak growth is expected in 2024, largely due to the rapid increase in deliveries that stems from the sector's strong performance, high liquidity, and favorable treatment in the 2017 tax bill. Yardi Matrix forecasts a record 540,000 units to be delivered in 2024 and another 460,000 units completed in 2025.

New supply, however, is not spread evenly. Deliveries are greatest in high-demand and fast-growing tertiary markets such as Huntsville, Ala.; Port St. Lucie, Fla.; Colorado Springs; Boise, Idaho; and secondary markets such as Austin, Miami, Charlotte, Denver, Phoenix and Nashville. Despite continued strong absorption in Sun Belt and Western regions, rent growth will be weak in 2024 while the new units get leased up. Many markets in the Northeast and Midwest have the opposite situation: Demand is only moderately positive, but occupancy is stable and rents are rising, as supply growth is weak.

Completions will peak in 2024, but starts are declining as debt capital grows more expensive. Per Matrix, multifamily starts peaked at 678,000 units in 2022. Then, after waning in the second half of 2023, they finished the year at roughly 500,000 starts. Starts will continue to decline in 2024, especially in market-rate apartments.

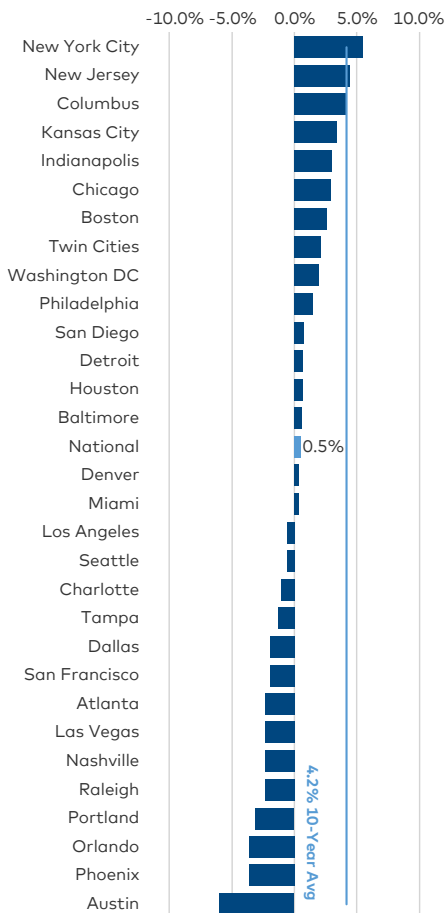
National Average Rents



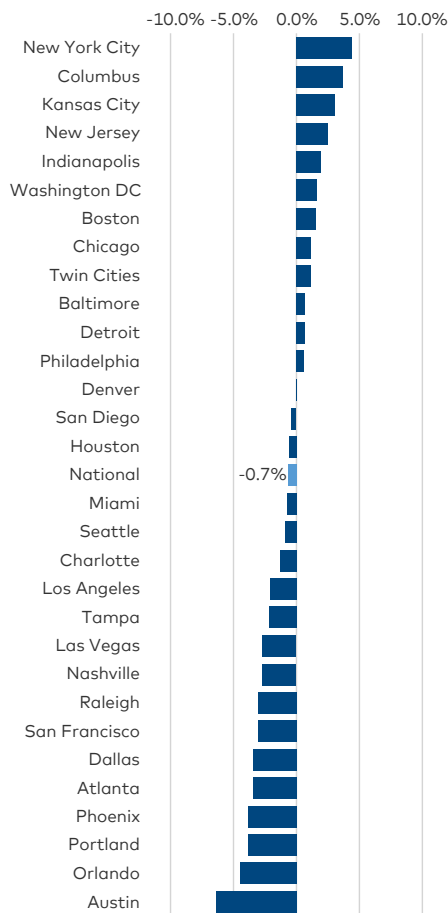
Year-Over-Year Rent Growth: Occupancy Rates Slide in Most Top 30 Markets

- The national average asking rent was unchanged at \$1,710 in January, with the year-over-year growth rate rising slightly to 0.5%. Rent growth continues to be highest in the Northeast and Midwest, led by New York City (5.5% year-over-year), New Jersey (4.4%), Columbus (4.2%), Kansas City (3.4%) and Indianapolis (3.0%). The number of metros with sharp declines is growing, as four of Matrix's top 30 markets are down by 3.0% or more year-over-year. Austin had the biggest decline, at 6.0%, fueled by the surge in new units hitting many Sun Belt markets.
- The national occupancy rate was 94.6% in December, unchanged from the previous month but down 50 basis points year-over-year and 160 basis points lower than the cycle's peak. Occupancy rates are either down or flat year-over-year in all but three markets: Seattle (0.1%), and San Francisco and New York (both unchanged). Meanwhile, occupancy in three of Matrix's top 30 markets are down by 1.0% or more: Atlanta (down 1.2%), Indianapolis (1.1%) and Austin (1.0%).

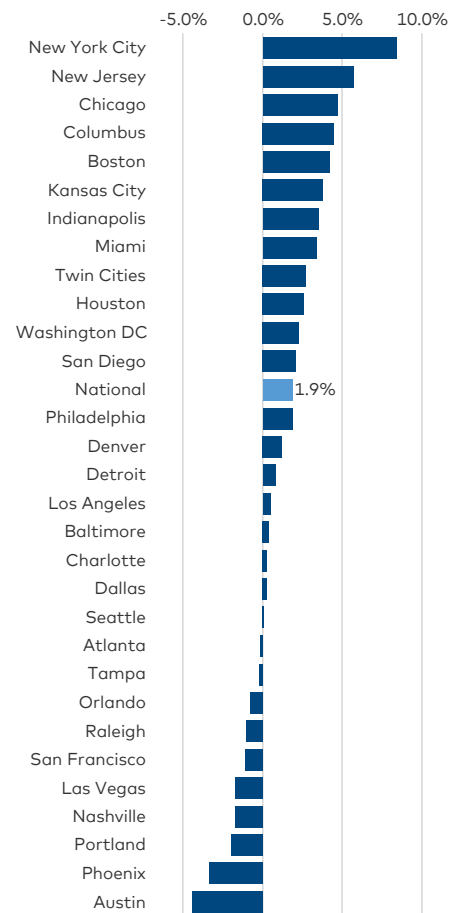
Year-Over-Year Rent Growth—
All Asset Classes



Year-Over-Year Rent Growth—
Lifestyle Asset Class



Year-Over-Year Rent Growth—
Renter-by-Necessity Asset Class



Source: Yardi Matrix

Short-Term Rent Changes: RBN Ticks Up, Lifestyle Flat in January

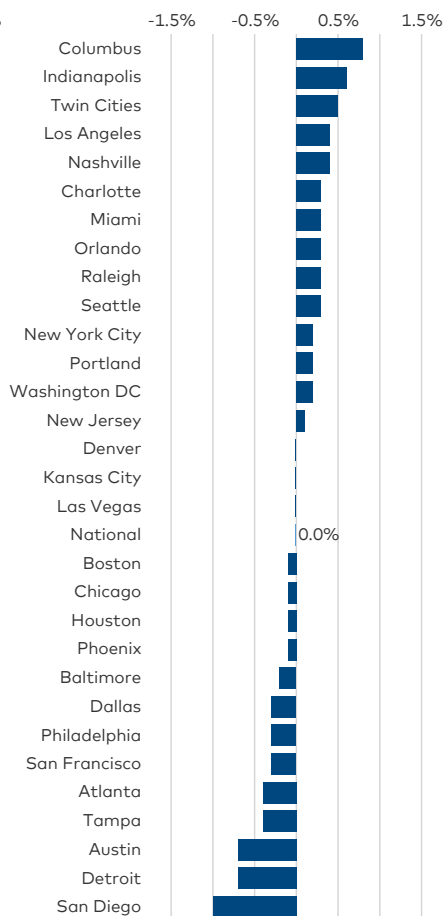
- Overall, rents were unchanged in January, with performance mixed on the metro level.
- Rents were up 0.1% month-over-month in the Renter-by-Necessity segment and unchanged in the luxury Lifestyle segment.

Nearly half of Matrix top 30 markets recorded monthly gains in overall rent, led by Columbus (0.8%), Indianapolis (0.6%) and the Twin Cities (0.5%). San Diego recorded the largest drop (1.0%), while all other markets either were unchanged or posted modest change.

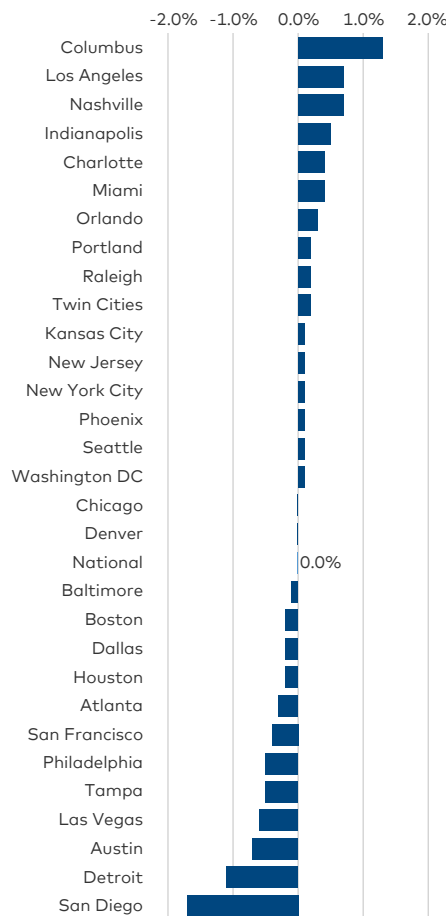
Asking rents rose in January in the Renter-by-Necessity segment (0.1%) and were unchanged in Lifestyle. Rent growth was negative in 12 of the top 30 metros in Lifestyle and 15 of the top 30 in RBN. The most significant declines in both segments were recorded in Austin (down 0.7% in both Lifestyle and RBN) and Detroit (down 1.1% in Lifestyle and 0.7% in RBN).

Rent and occupancy continue to decline in areas that have had a high volume of deliveries. Examples include Austin, Miami, Charlotte and other Sun Belt markets that have had a large number of completions as a percentage of total stock. Meanwhile, metros such as New York with fewer deliveries are posting strong rent growth.

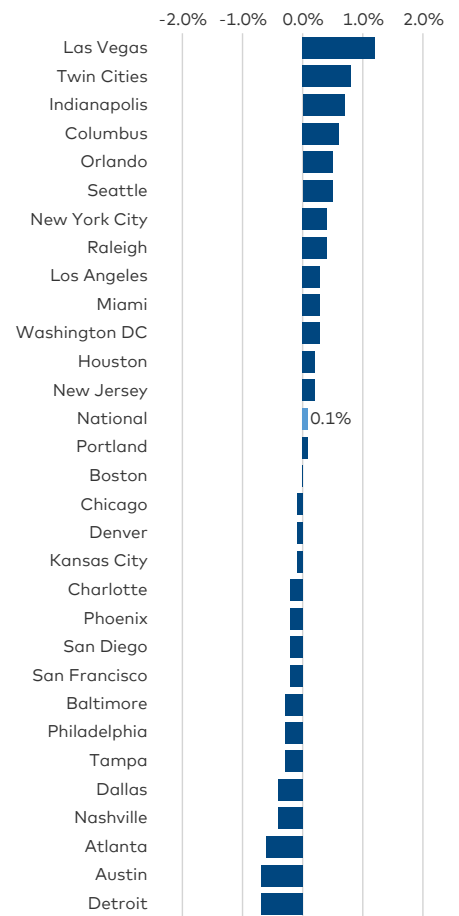
**Month-Over-Month Rent Growth—
All Asset Classes**



**Month-Over-Month Rent Growth—
Lifestyle Asset Class**



**Month-Over-Month Rent Growth—
Renter-by-Necessity Asset Class**



Source: Yardi Matrix

Transacted Rents: Renewal Rent Growth Decelerates—Slowly

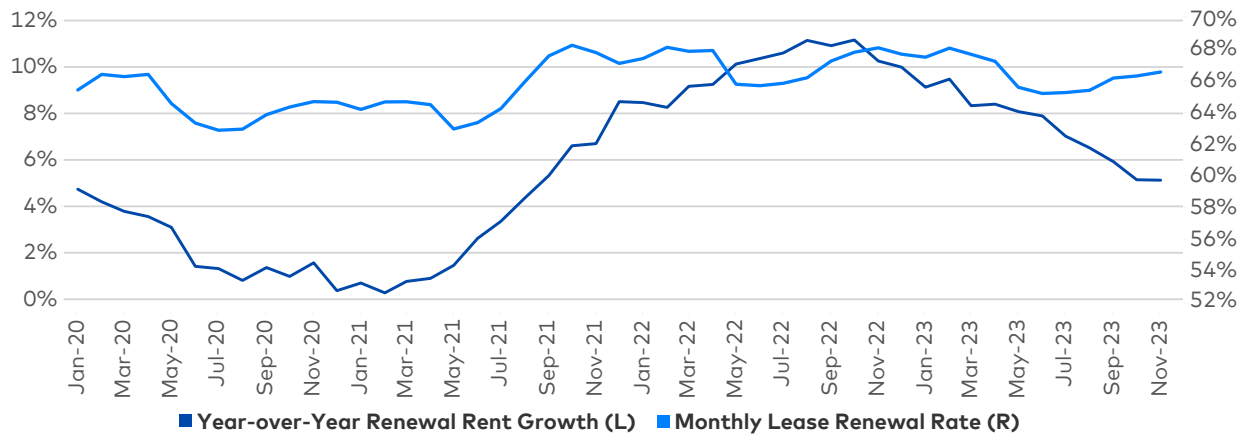
- Rent growth for renewal leases is decelerating, mirroring the broader rent growth trend. Renewal rents, the change for residents that are rolling over existing leases, fell to 5.1% nationally year-over-year in November, down 10 basis points from October. Kansas City had the highest renewal rent growth (9.5%), followed by Miami (8.9%) and Portland (7.8%). Metros with both the lowest renewal rent growth and negative asking rent growth include Phoenix (0.4% renewal rate) and Austin (0.6%). Phoenix and Austin have had a robust delivery pipeline, which drives greater competition from new units.
- The national lease renewal rate averaged 66.6% in November. Lease renewal rates have settled into a range, having been between 65.2% and 67.0% for the last seven months. Lease renewal rates were highest in New Jersey (81.9%) and lowest in Los Angeles (48.6%).

Market	YoY Renewal Rent Growth	Monthly Lease Renewal Rate
Kansas City	9.5%	71.2%
Miami Metro	8.9%	72.9%
Portland	7.8%	65.0%
San Diego	7.1%	59.0%
Philadelphia	7.0%	77.5%
New Jersey	6.9%	81.9%
Indianapolis	6.9%	69.5%
Boston	6.8%	66.4%
Tampa	6.5%	67.2%
Orlando	6.2%	68.2%
Atlanta	6.0%	65.8%
Columbus	6.0%	66.0%
Raleigh	5.2%	67.5%
Detroit	4.7%	73.3%
Washington DC	4.6%	61.8%

Market	YoY Renewal Rent Growth	Monthly Lease Renewal Rate
Los Angeles	4.4%	48.6%
Charlotte	4.3%	66.1%
Chicago	4.1%	66.7%
Denver	4.1%	64.4%
Las Vegas	4.0%	65.0%
Twin Cities	3.6%	67.8%
New York City	3.5%	67.4%
Dallas-Ft. Worth	3.3%	64.8%
Nashville	3.2%	60.9%
Seattle	3.0%	62.3%
Houston	2.8%	66.9%
Baltimore	2.4%	70.6%
San Francisco	1.2%	50.9%
Austin	0.6%	58.0%
Phoenix	0.4%	63.6%

Source: Yardi Matrix Expert, data as of December 2023

National Lease Renewals and Renewal Rent Growth



Source: Yardi Matrix Expert

Supply, Demand and Demographics: Affordable, SFRs Increase Share of Supply Pipeline

- Multifamily demand is strong, boosted by the job market and unexpectedly high foreign immigration.
- NMHC and other trade groups have banded together to create a coalition to advocate for pro-housing policies.
- Affordable and SFR units are a growing share of the multifamily development pipeline.



Apartment demand hit record levels during the post-pandemic period in 2021 and has remained strong. Demand is being driven by the resilient economy, strong job growth, robust wage increases that once again are above rent increases, and the bump from immigration that was noted by NMHC panelist Cristian deRitis, the deputy chief economist at Moody's Analytics.

A recent Congressional Budget Office report said that foreign immigration totaled 2.6 million in 2022 and 3.3 million in 2023, a large rebound from weak immigration totals during the previous few years. The CBO report noted that the inflow was a mix of new permanent residents, students, illegal immigrants and asylum seekers who are released into the country awaiting hearings. The CBO expects immigration numbers to recede closer to one million new residents annually in coming years, but it still represents a significant component of demand. Immigration boosted demand in primary urban areas such as New York City and Chicago that have lost residents migrating to Sun Belt markets.

Household growth and the long-term weakness in construction permitting have contributed to the national shortage of housing, leading to rapid rent growth and declining affordability for low- and middle-income families. In an effort

to change that situation, NMHC, the National Apartment Association and more than 20 other industry trade groups have joined forces to create the Housing Affordability Coalition, which advocates for legislation that encourages housing production. These policies include expansion of the federal low-income housing tax credit (LIHTC), restoration and expansion of the deductibility of business interest, extension of bonus depreciation for long-term investments such as multifamily, and increasing small business expensing, which incentivizes development and rehabilitation of multifamily properties.

Amid the roadblocks to new supply, the growing number of affordable housing and single-family rental starts is a positive development. Although both affordable housing and SFR starts fell somewhat in 2023 coming off record 2022 numbers, construction in both segments is well above previous years. Affordable housing starts totaled 67,000 in 2023 (that number will rise as more year-end starts are tallied), more than three times the totals in 2013 and 2014. Similarly, starts of SFR communities with 50-plus units reached 32,600 in 2022, a tenfold increase from 2013 and 2014. Accordingly, the share of affordable/SFR units as a percentage of multifamily construction rose to 19.2% in 2023 from 7.9% in 2014.

Single-Family Build-to-Rent Segment: SFR Rents Gain Ground in January

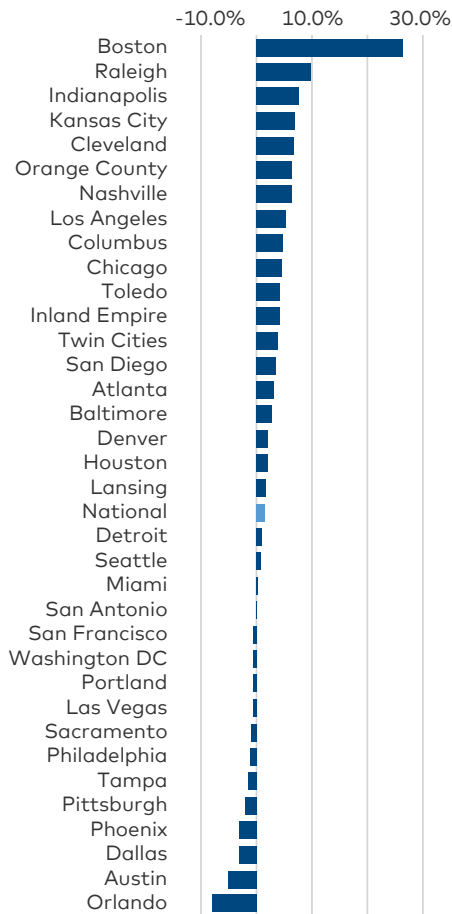
- Nationally, asking rates for single-family rentals rose \$2 in January to \$2,130, while year-over-year growth increased 20 basis points to 1.5%.
- U.S. SFR occupancy rates in December rose 10 basis points year-over-year and were unchanged from the previous month at 95.7%.

Growth of the institutional investor SFR segment has slowed as rising interest rates and low for-sale home inventory have reduced scattered-site acquisitions. However, private equity giant Blackstone made a big vote of confidence in the

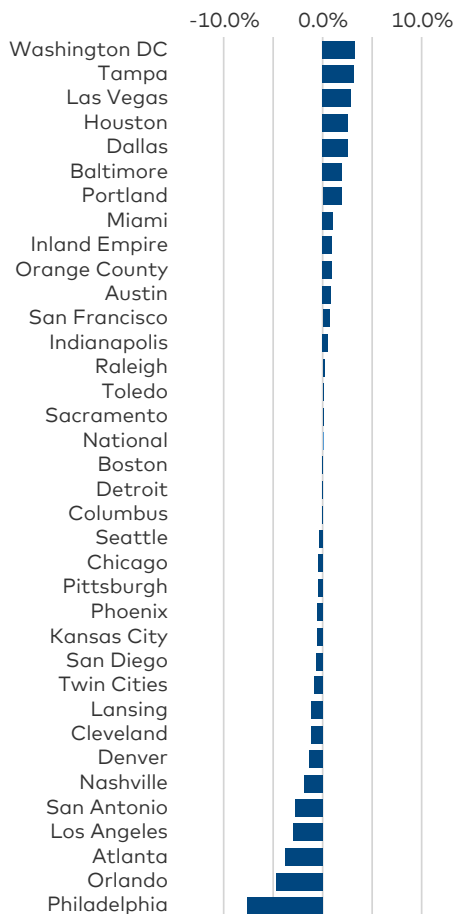
sector recently by reaching an agreement to buy Tricon Residential, a Toronto-based REIT that owns 36,000 SFRs in the U.S. and Canada. Blackstone, which already owns more than 17,000 SFRs in the U.S., said it intends to complete Tricon's development pipeline, which encompasses \$1 billion of build-to-rent homes in the U.S. and \$2.5 billion of apartments in Canada. Wall Street analysts say Blackstone can also increase earnings by implementing more efficient property management procedures.

Note: Yardi Matrix covers single-family build-to-rent communities of 50 homes and larger.

**Year-Over-Year Rent Growth—
Single-Family Rentals**



**Year-Over-Year Occupancy Change—
Single-Family Rentals**



Source: Yardi Matrix

Multifamily Rent-to-Income Ratios As of December 2023

Market	All Units	Lifestyle Units	Renter-by-Necessity Units
Central New Jersey	37.9%	43.6%	35.6%
Washington DC	33.8%	31.9%	35.1%
Baltimore	33.7%	31.1%	34.9%
New York	33.6%	24.9%	45.6%
San Diego	33.3%	31.9%	36.9%
Nashville	31.8%	27.7%	35.6%
Orlando	31.6%	31.1%	32.4%
Tampa	31.4%	29.8%	33.6%
Boston	31.2%	27.6%	38.6%
Denver	31.0%	28.8%	34.2%
Portland	30.7%	28.8%	33.8%
San Francisco	30.5%	26.7%	35.4%
Los Angeles	30.2%	29.0%	31.6%
Twin Cities	30.1%	26.8%	33.3%
Philadelphia	29.9%	27.9%	31.3%
Chicago	29.9%	27.0%	31.8%
Atlanta	29.8%	29.0%	31.9%
Miami	29.7%	29.0%	32.1%
Northern New Jersey	29.4%	26.0%	40.3%
Las Vegas	28.9%	27.5%	32.2%
Phoenix	28.6%	27.1%	30.5%
Charlotte	28.6%	28.4%	28.9%
Seattle	28.5%	26.5%	32.8%
Dallas	28.0%	27.2%	29.6%
Houston	27.9%	26.3%	30.9%
Columbus	27.3%	23.5%	28.2%
Raleigh	27.1%	26.7%	28.1%
Detroit	26.6%	25.8%	26.7%
Indianapolis	26.0%	23.4%	27.5%
Austin	25.9%	25.3%	27.7%
Kansas City	25.7%	22.3%	28.8%

*Rent-to-Income ratios sorted by all units, highest to lowest. Source: Yardi Systems Screening Data
The Yardi Matrix data service covers rent-to-income ratios monthly back to January 2019 for 112
markets broken out by property type*

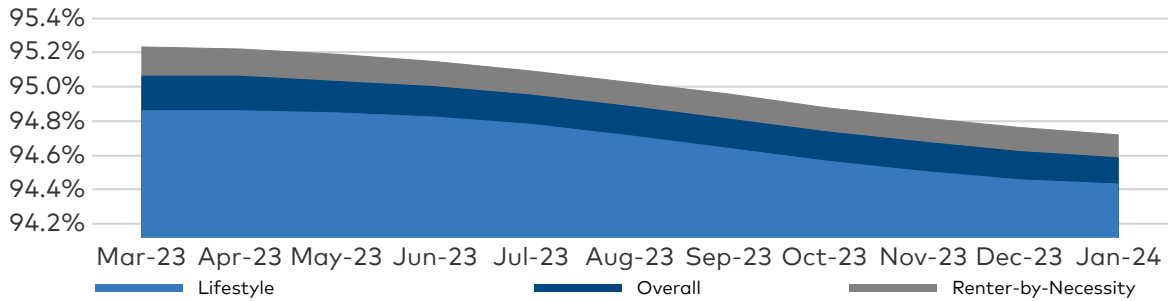
Employment and Supply Trends; Forecast Rent Growth

Market	Forecast Rent Growth			
	YoY Rent Growth as of Jan - 24	as of 01/01/24 for YE 2024	YoY Job Growth (6-mo. moving avg.) as of Nov - 23	Completions as % of Total Stock as of Jan - 24
New York City	5.5%	1.4%	2.2%	1.3%
New Jersey	4.4%	1.8%	2.3%	2.6%
Columbus	4.2%	2.4%	0.8%	3.2%
Kansas City	3.4%	2.2%	2.4%	2.1%
Indianapolis	3.0%	2.3%	2.5%	1.6%
Chicago	2.9%	2.3%	1.2%	1.7%
Boston	2.6%	1.4%	2.4%	1.7%
Twin Cities	2.1%	1.9%	1.7%	3.2%
Washington DC	1.9%	1.4%	1.8%	2.1%
Philadelphia	1.5%	1.8%	2.9%	1.6%
San Diego	0.8%	0.8%	2.0%	1.4%
Houston	0.7%	2.1%	2.8%	2.3%
Detroit	0.7%	2.7%	0.7%	0.9%
Baltimore	0.6%	1.5%	1.4%	1.3%
Miami Metro	0.4%	0.8%	2.7%	4.5%
Denver	0.4%	1.0%	0.5%	3.0%
Seattle	-0.6%	1.3%	2.6%	2.7%
Los Angeles	-0.6%	0.5%	2.0%	2.4%
Charlotte	-1.1%	1.3%	3.4%	4.9%
Tampa	-1.3%	1.1%	2.8%	3.2%
San Francisco	-1.9%	0.7%	1.9%	2.5%
Dallas	-1.9%	0.7%	4.1%	2.4%
Atlanta	-2.3%	2.0%	2.2%	3.4%
Las Vegas	-2.3%	1.2%	4.1%	1.1%
Raleigh	-2.4%	0.8%	3.5%	4.9%
Nashville	-2.4%	0.3%	3.1%	4.3%
Portland	-3.1%	0.1%	2.4%	2.3%
Orlando	-3.6%	0.0%	2.4%	4.1%
Phoenix	-3.6%	1.0%	2.1%	3.7%
Austin	-6.0%	0.9%	3.2%	4.6%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy--All Asset Classes by Month



Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	January 2024		
	Overall	Lifestyle	Renter-by-Necessity
Louisville	4.2%	3.0%	5.0%
Bridgeport–New Haven	4.2%	2.3%	6.0%
Milwaukee	4.0%	2.5%	4.8%
Cincinnati	3.6%	0.8%	4.6%
Cleveland–Akron	3.0%	2.1%	3.0%
St Louis	2.6%	0.8%	3.4%
Charleston	2.4%	0.7%	4.8%
Orange County	2.3%	2.3%	2.3%
Winston-Salem–Greensboro	2.1%	1.8%	2.5%
Albuquerque	2.0%	1.1%	2.7%
Central Valley	1.8%	0.6%	2.1%
Richmond–Tidewater	1.7%	1.3%	1.9%
Greenville	0.9%	-0.9%	2.5%
San Jose	0.5%	-0.5%	1.7%
Inland Empire	0.4%	0.0%	0.9%
Sacramento	-0.5%	-0.3%	-0.7%
North Central Florida	-1.3%	-2.7%	-0.2%
San Antonio	-1.7%	-2.7%	-0.1%
Salt Lake City	-2.5%	-2.3%	-2.9%
Colorado Springs	-3.1%	-2.1%	-4.1%
Jacksonville	-3.8%	-4.2%	-2.9%
Southwest Florida Coast	-5.1%	-6.3%	-2.0%

Source: Yardi Matrix

Definitions

Reported Market Sets:

National multifamily rent and occupancy values derived from all 136 markets with years of tracked data that makes a consistent basket of data.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more markets.

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Average Market Rent: Average rent rolled up from the unit mix level to metro area level and weighted by number of units. Rent data is stabilized, meaning rent values for properties are only included 12 months after the properties' completion date.

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month.

Forecasted Rent Growth: Year-over-year change in average forecasted market rents, as calculated by same month.

Renewal Lease Rent Per Unit: Monthly rent per unit for renewal leases.

Renewal Lease Rent Change Percent: Percentage of monthly rent change between renewals and their corresponding previous leases for the same resident. Only includes renewal leases where the lease term length is no more than 3 months longer or shorter than the previous lease.

Expiring Lease Renewal Percent: Percentage of expiring leases for which residents have renewed. Excludes leases from which the tenant moved out prior to the month of the expiration.

Rent-to-Income Ratio: Rent is the monthly rent as stated, no fees or utilities. Income is as stated on applications.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units.

Employment Totals: Total employment figures and categories provided by the Bureau of Labor Statistics, seasonally adjusted.

Single-Family Rental: A property where 50% or more of the units are either stand-alone buildings OR have direct access garages with no neighbors above or below the unit.

Ratings:

Lifestyle/Renters by Choice

- Discretionary—has sufficient wealth to own but choose rent

Renters by Necessity

- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.



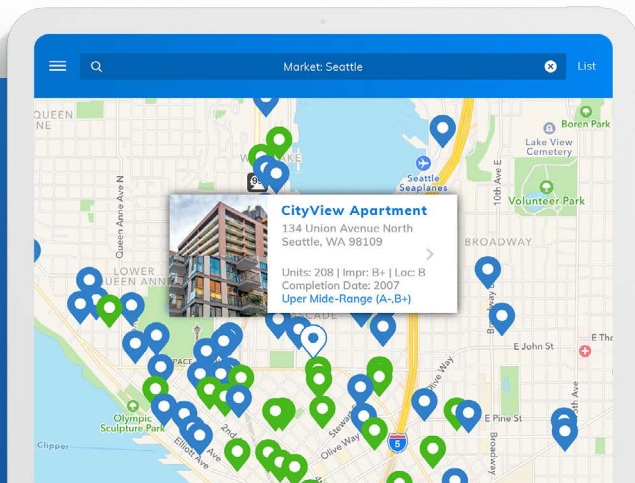
Yardi® Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
19.7+ million units, covering over
92% of the U.S. population.



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