Yardi® Matrix

National Multifamily Report

January 2025

Multifamily Rents Off to Positive Start in 2025

- The multifamily market started the year on a positive note, breaking a six-month streak of declining rents. The average U.S. advertised asking rent increased $3 nationally in January to $1,746, while year-over-year rent growth rose by 20 basis points to 0.8%.
- Market players at last week's National Multifamily Housing Council annual conference were generally optimistic that 2024's strong demand will continue. However, there are headwinds with the economy and interest rates that will provide challenges.
- Single-family build-to-rent rental rates also rebounded after several down months. SFR BTR advertised rents increased $5 month-over-month in January to $2,157, with year-over-year growth improving 20 basis points from last month to -0.2%.

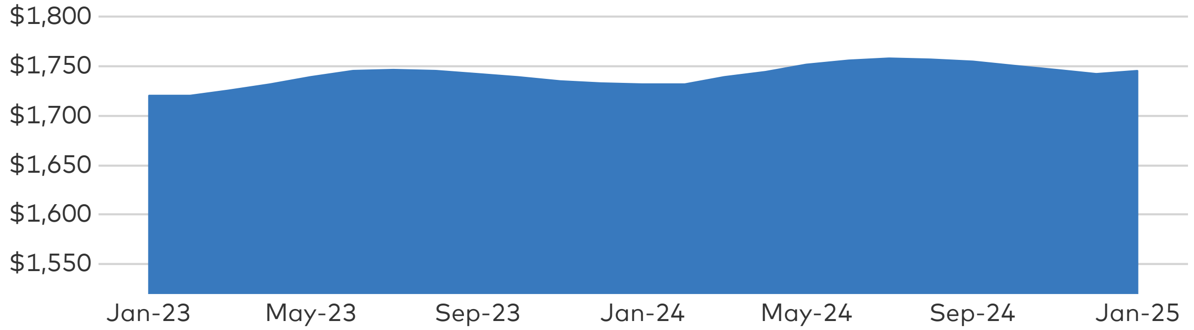
Multifamily got the year rolling in a positive direction, with rents in January breaking a six-month negative growth streak. The average U.S. advertised asking rent rose by $3 to $1,746 in January, with rent growth continuing to be led by metros in the Northeast (New York City, New Jersey, Philadelphia) and Midwest (Detroit, Kansas City, Chicago).

One of the questions the industry faces in 2025 is whether demand will repeat 2024's red-hot level. Yardi Matrix recorded roughly 400,000 units absorbed in 2024, one of the highest years on record. January's performance is an encouraging sign, and many of the drivers of apartment demand still appear to be in place. For example, the economy continues to crank out jobs, including 256,000 in December. The percentage of young adults that live with their parents has declined in recent years after peaking during the pandemic.

Meanwhile, high mortgage rates and the lack of for-sale homes on the market are leading to extremely high apartment retention rates. Mike Carney, a vice president of investment research at Heitman, said during the research panel at last week's NMHC Apartment Strategies conference that move-outs to homeownership are at all-time lows in his firm's property portfolio.

Despite the strong absorption, the robust supply pipeline has caused the occupancy rate to decrease in many markets. Nationally, the occupancy rate for stabilized properties fell to 94.5% in December, according to Matrix, its lowest level since the first quarter of 2014. That reflects the large number of deliveries in fast-growing markets such as Austin, Raleigh-Durham, Charlotte, Nashville, Denver and Phoenix, where advertised rent growth is negative and the occupancy rate is falling despite strong demand.

National Average Rents



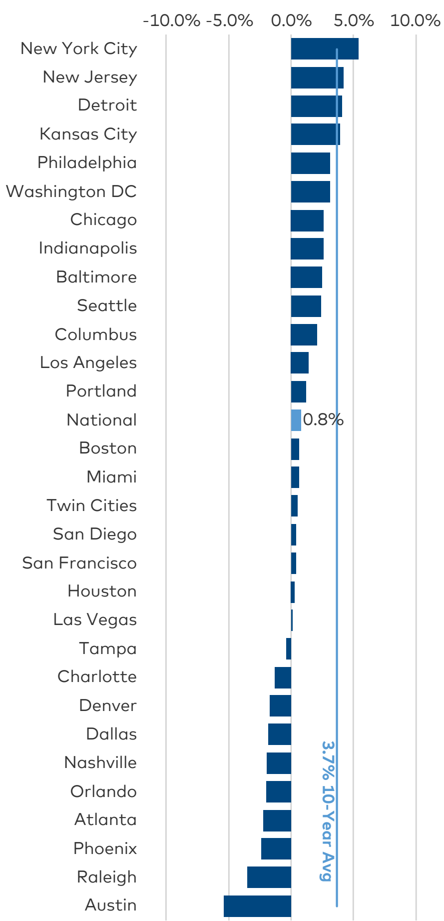
National averages include 140 markets tracked by Matrix, which include the 30 metros featured in the report.
All data provided by Yardi Matrix.

Year-Over-Year Rent Growth: Occupancy Lowest in a Decade

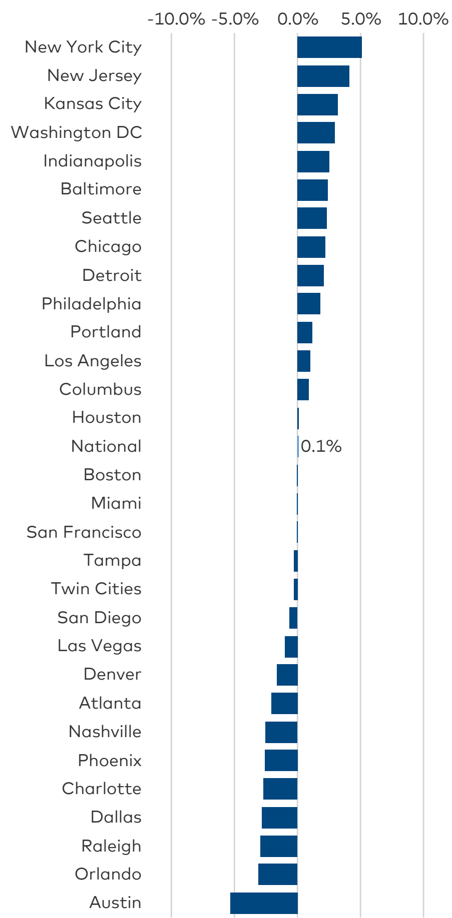
- The national average advertised asking rent rose $3 to $1,746 in January, with the year-over-year growth rate rising to 0.8%. Gateway and secondary metros in the Northeast and secondary markets in the Midwest recorded the highest rent growth, led by New York City (5.4% year-over-year), New Jersey (4.2%), Detroit (4.1%), Kansas City (3.9%) and Philadelphia (3.1%). Meanwhile, negative rent growth remains persistent in many Sun Belt metros, led by Austin (-5.4%), Raleigh (-3.5%), Phoenix (-2.4%), Atlanta (-2.2%) and Orlando (-2.0%).

- The national occupancy rate in January was 94.5%, which is not only down 0.1% year-over-year but the lowest rate recorded in more than 10 years. While many markets posted modest changes, the highest negative growth is still heavily concentrated in the Sun Belt. This region continues to contend with a large volume of deliveries that is outpacing the steady absorption numbers being posted in high-supply metros.

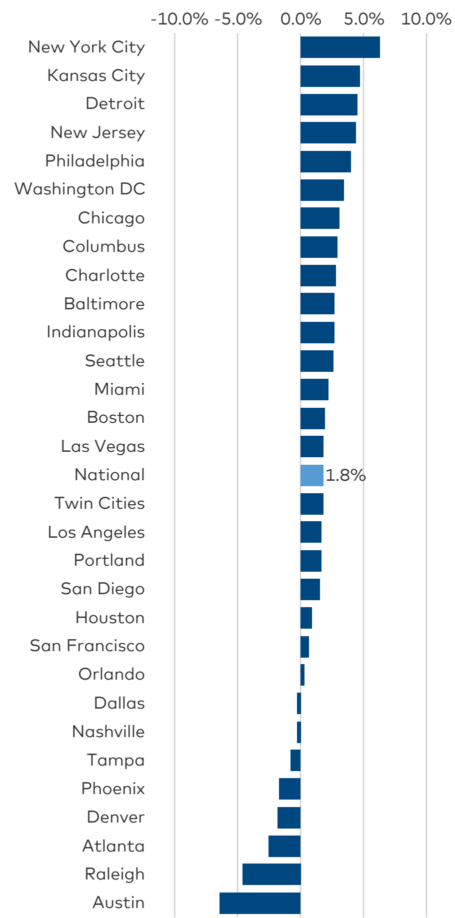
Year-Over-Year Rent Growth—All Asset Classes



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:
A Diverse Array of Markets Post Gains

- U.S. advertised rents rose 0.2% month-over-month in January, with declines in just nine of the top 30 metros.
- Advertised rents increased 0.3% in the Renter-by-Necessity segment during the month.

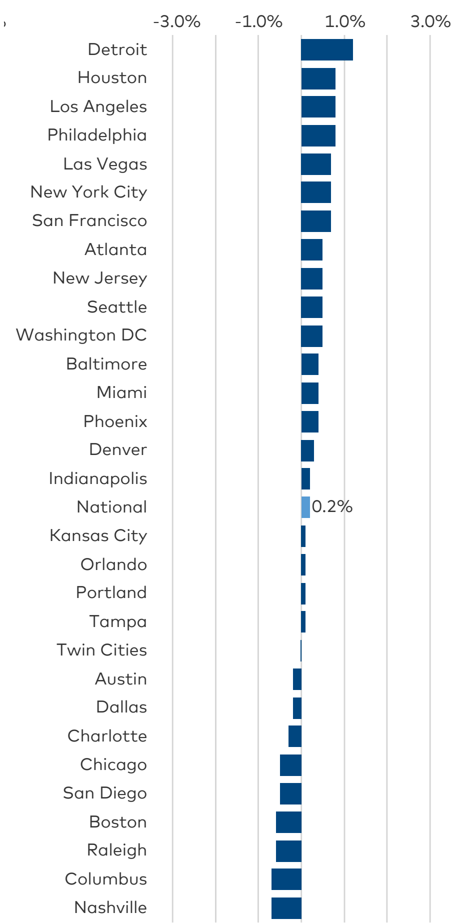
Nationally, asking rents rose $3 month-over-month in January, driven by a 0.3% increase in Renter-by-Necessity and 0.1% in Lifestyle.

Rent growth was led by a variety of markets. While Northeast and Midwest markets led short-term rent growth during much of last year, a largely new mix were top performers in January. Detroit, which led advertised rents at 1.2% month-over-month, increased 2.3% in Lifestyle and 1.0% in RBN. The top five also include Houston, Los Angeles, Philadelphia (each 0.8% month-over-month overall) and San Francisco (0.7%).

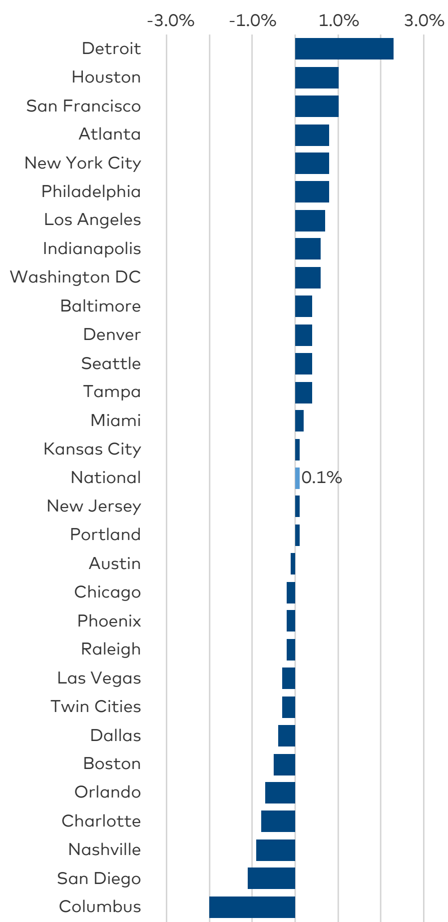
There has also been a shake-up in the bottom performers. Columbus (down 0.7% month-over-month overall) and Chicago (-0.5%) were rent growth leaders through most of 2024 but posted negative growth in January.

High-supply markets continue to record some of the largest declines. Austin's advertised rents fell 1.1% and Denver's 1.0% month-over-month.

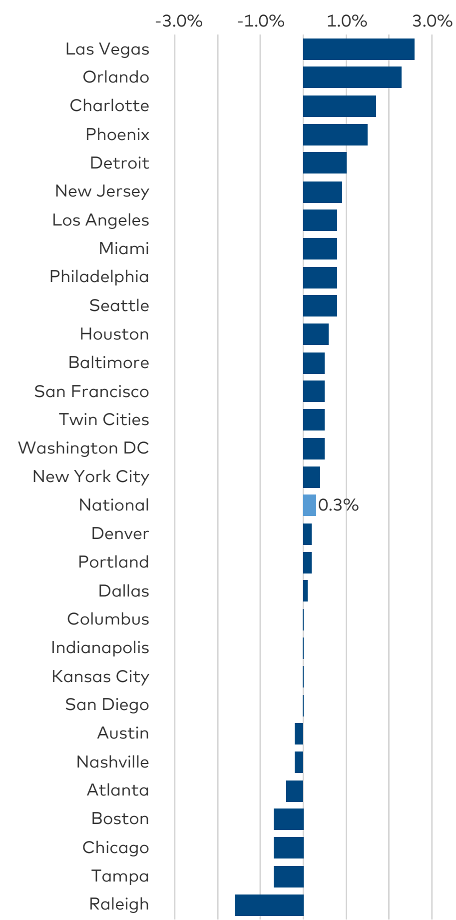
Month-Over-Month Rent Growth—All Asset Classes



Month-Over-Month Rent Growth—Lifestyle Asset Class



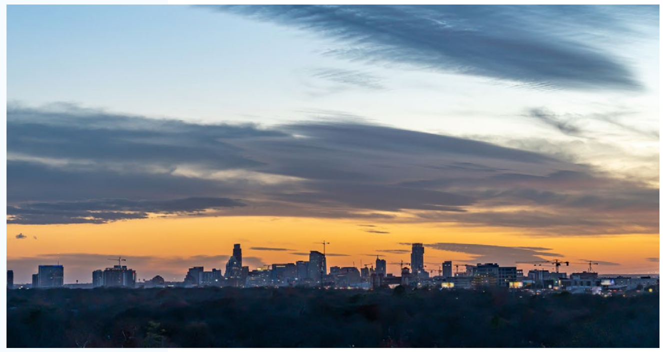
Month-Over-Month Rent Growth—Renter-by-Necessity Asset Class



Source: Yardi Matrix

Supply, Demand and Demographics: 2025 Market Sentiment a Mix of Optimism and Caution

- Market players expressed a mix of optimism and concern at last week's NMHC annual conference.
- Strong job growth and demand and healthy liquidity provide fuel for optimism about the market in 2025.
- Caution is related to policy uncertainty and persistently elevated interest rates that stymie deal flow.



The National Multifamily Housing Council's annual meeting in Las Vegas last week delivered both optimism and cause for caution. The optimism was fueled by the strong economy, expectations that 2024's robust demand will stay in place and the segment's favorable status with investors, which provides liquidity in the capital markets. Caution stems from expectations that interest rates will remain higher than expected, creating another year of subdued transaction activity, along with heightened policy uncertainty.

The apartment strategies conference was kicked off by Justin Wolfers, professor of economics and public policy at the University of Michigan and senior fellow at the Brookings Institution, who said he expected economic growth to remain near 3%, fueled by new business formations, which have been riding high since the post-pandemic period starting in 2021. Wolfers cited the fact that inflation was falling at the same time the unemployment rate remained consistently low as a tribute to the strength of the U.S. economy.

Wolfers also noted potential headwinds that include uncertainty, tariffs and immigration. Tariffs could increase the cost of construction materials from Mexico and Canada such as lumber, plastics and flooring, and might trigger retaliation. Immigration has boosted job growth and apartment demand, so curtailing it is a "potential negative shock." Wolfers also said that policy uncertainty could retard investment because companies tend to invest more when they feel more certain about the future business environment and rules.

Panelists in other sessions noted that although there was ample liquidity in the market, both debt and equity, transactions will be difficult to complete in an elevated interest rate environment. Property sales will be slow if the 10-year Treasury stays above 4.5%, which makes it more difficult to create positive leverage, especially when cap rates remain tight.

Apartment starts last year dropped by more than half compared to 2022, but many investors continue to go forward with projects. Sources of development funds include private domestic firms but also foreign capital and high-net-worth families. While some developers are sitting on the sidelines, others are building with the strategy of delivering in two years, when supply growth is much lower, or taking a long-term approach and building core assets that will produce steady yields over time.

Construction debt is readily available and terms are loosening, but there are strings. Commercial banks are willing to write construction loans for clients with banking relationships and if they can get permanent take-out financing. Life companies are also active, as are debt funds, which are a higher-cost, higher-leverage option. One speaker on the panel focused on development said her firm recently got more than 40 bids when it put out a request for a construction loan.

Single-Family Build-to-Rent Segment: SFR Financing in Demand

- Nationally, advertised rates for single-family rentals rose $5 in January to $2,157, while year-over-year growth increased 20 basis points to -0.2%.

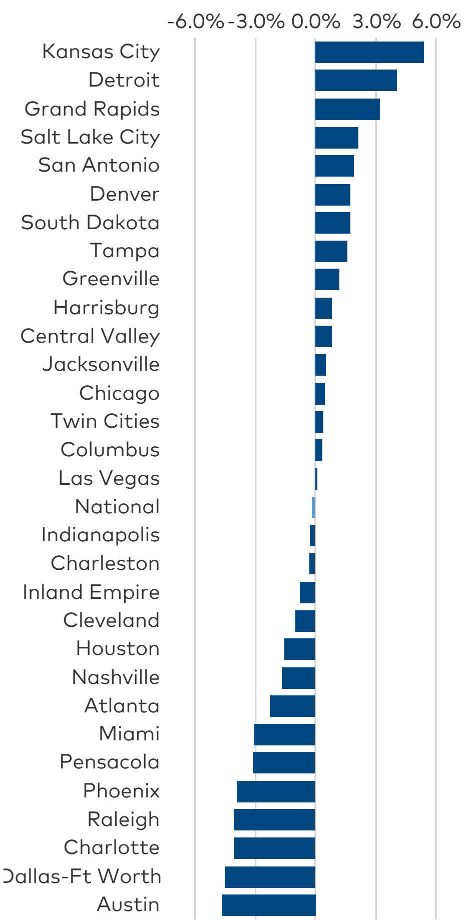
- U.S. SFR occupancy rates were unchanged in January at 94.7%, but year-over-year they are down 0.7%.

Ongoing challenges surrounding home affordability will fuel SFR demand in 2025. According to the National Association of Realtors, home sales totaled slightly over 4 million in 2024, the lowest they've been in 30 years.

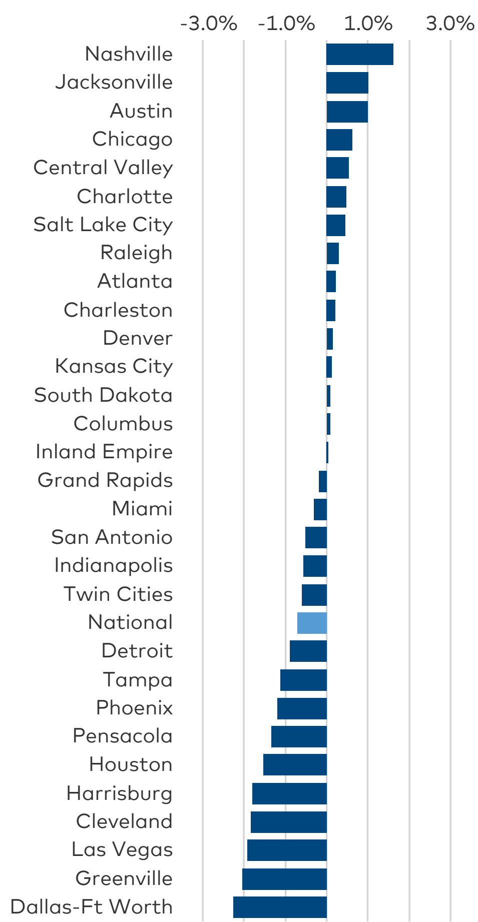
Strong investor demand is fueling a sharp increase in SFR MBS. Issuers floated $7.8 billion of bonds backed by SFR in 2024, up 118.7% year-over-year, acccording to "Asset-Backed Alert." While this is still below the peak of $16.9 billion in 2021, last year's issuance represents one of the highest totals in market history. The most-active SFR issuers in 2024 included Pretium Partners ($3.0 billion), Tricon Residential ($2.1 billion), Amherst ($826 million) and Invitation Homes ($825 million).

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



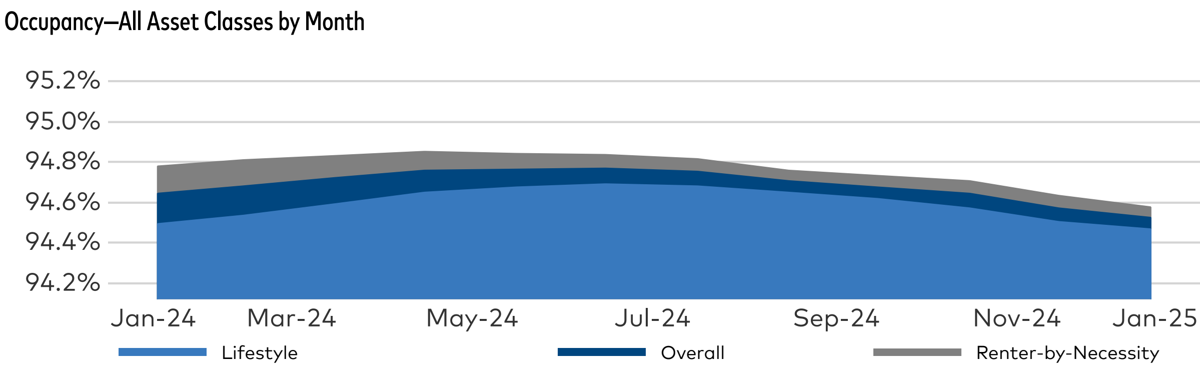
Source: Yardi Matrix

Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Jan-2025	Forecast Rent Growth as of 1/01/25 for YE 2025	YoY Job Growth (6-mo. moving avg.) as of Nov - 24	T12 Completions as % of Total Stock as of Jan - 25
New York City	5.4%	3.1%	1.7%	1.5%
New Jersey	4.2%	3.3%	1.6%	2.2%
Detroit	4.1%	2.0%	0.4%	0.6%
Kansas City	3.9%	3.4%	1.3%	2.7%
Philadelphia	3.1%	2.6%	1.5%	1.8%
Washington DC	3.1%	2.4%	0.7%	2.1%
Chicago	2.6%	2.7%	0.0%	1.8%
Indianapolis	2.6%	2.5%	2.3%	2.7%
Baltimore	2.5%	2.5%	0.3%	1.0%
Seattle	2.4%	1.6%	0.9%	4.1%
Columbus	2.1%	1.8%	0.1%	3.8%
Los Angeles	1.4%	2.3%	1.4%	1.7%
Portland	1.2%	1.5%	-0.1%	3.9%
Boston	0.6%	2.1%	0.9%	2.7%
Miami Metro	0.6%	3.0%	2.1%	4.6%
Twin Cities	0.5%	1.5%	-0.2%	3.9%
San Diego	0.4%	4.0%	0.7%	2.2%
San Francisco	0.4%	1.6%	0.6%	2.6%
Houston	0.3%	2.2%	2.1%	2.4%
Las Vegas	0.1%	1.0%	2.3%	3.6%
Tampa	-0.4%	3.5%	1.4%	4.9%
Charlotte	-1.3%	1.2%	2.1%	5.4%
Denver	-1.7%	1.7%	0.4%	5.8%
Dallas	-1.8%	2.0%	1.6%	3.6%
Nashville	-1.9%	1.2%	0.7%	5.7%
Orlando	-2.0%	1.9%	1.2%	5.7%
Atlanta	-2.2%	1.3%	1.1%	3.9%
Phoenix	-2.4%	1.1%	2.0%	5.0%
Raleigh	-3.5%	1.7%	2.4%	5.9%
Austin	-5.4%	0.4%	1.6%	8.7%

Source: Yardi Matrix

Occupancy & Asset Classes



Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	January 2025		
	Overall	Lifestyle	Renter-by-Necessity
Cleveland–Akron	4.1%	5.0%	4.2%
Bridgeport–New Haven	3.7%	2.4%	5.3%
Milwaukee	3.4%	3.2%	3.2%
Louisville	3.2%	3.5%	3.1%
Cincinnati	2.6%	-1.6%	4.5%
St Louis	2.6%	0.7%	3.6%
Albuquerque	2.0%	1.8%	2.5%
Richmond–Tidewater	2.0%	-0.1%	3.9%
Orange County	1.9%	1.7%	2.3%
San Jose	1.7%	1.4%	2.4%
Winston–Salem–Greensboro	1.4%	1.5%	1.8%
Sacramento	1.0%	5.1%	-2.0%
Central Valley	0.6%	0.5%	0.7%
Charleston	0.4%	-0.9%	2.4%
North Central Florida	0.3%	0.2%	0.5%
Greenville	0.1%	0.3%	0.2%
Inland Empire	-0.4%	-1.1%	0.3%
Salt Lake City	-0.7%	-0.3%	-1.3%
Colorado Springs	-1.4%	-1.8%	-0.5%
San Antonio	-1.9%	-1.0%	-3.2%
Jacksonville	-2.0%	-0.9%	-3.8%
Southwest Florida Coast	-4.8%	-5.4%	-3.4%

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

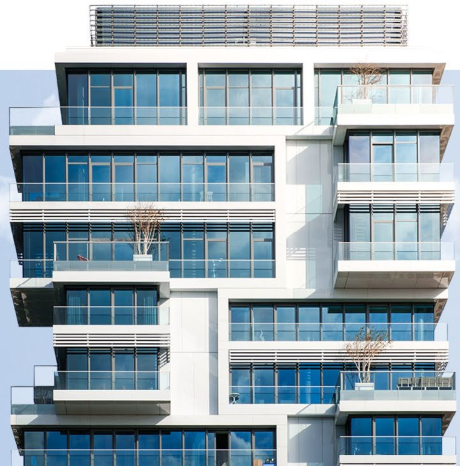
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

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 x14006.

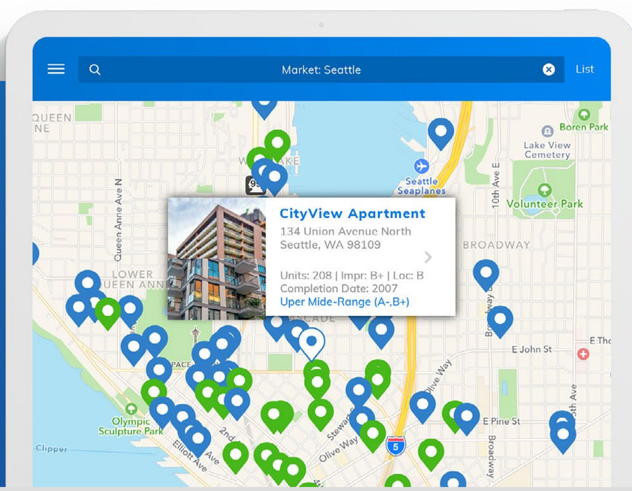
Yardi® Matrix

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 nearly **23 million units**, covering over **92% of the U.S. population.**

YARDI

(800) 866-1144
Learn more at yardimatrix.com/**multifamily**

Contact us

©2025 Yardi Systems, Inc. All Rights Reserved. Yardi, the Yardi logo, and all Yardi product names are trademarks of Yardi Systems, Inc.

Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Paul Fiorilla
Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x15849

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Authors

Paul Fiorilla
Associate Director of Research

Brittney Peacock
Senior Research Analyst

DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (http://www.yardimatrix.com/Terms) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2025 Yardi Systems, Inc. All Rights Reserved.

Yardi Matrix