Yardi® Matrix

National Multifamily Report

December 2024

Multifamily Ends 2024 Down, Eyes 2025 Changes

- Multifamily finished 2024 on the downswing, with the average U.S. advertised rent falling $4 nationally in December to $1,742. Year-over-year rent growth, which remains positive albeit weak, was down 10 basis points to 0.6%.

- The trends that shaped 2024 remained in place to the end. Demand stayed robust throughout the year in most regions, so regional and market-level rent change was determined by the amount of local supply growth.

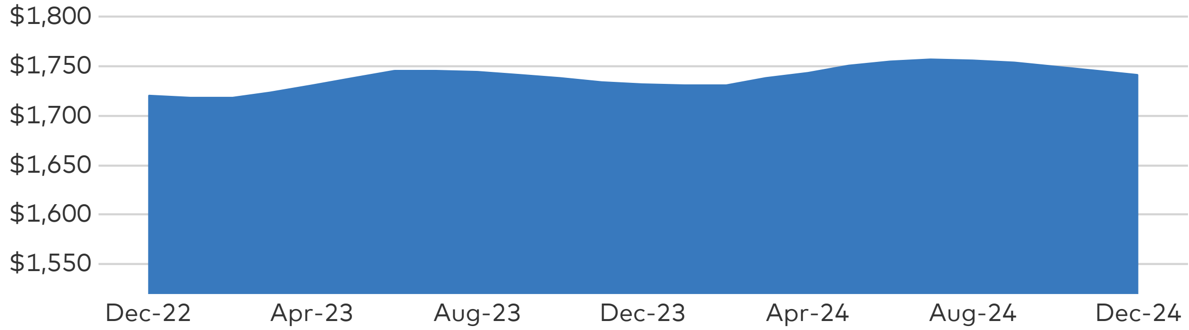
- After outperforming multifamily through most of the year, single-family rental rates also ended the year poorly. SFR advertised rents dropped $7 month-over-month in December to $2,141, with year-over-year growth dropping 40 basis points to -0.8%.

As the multifamily market says goodbye to 2024, a year with little change, it welcomes a year fraught with potential change. The market has been on a treadmill for a while. The average U.S. rent ended December 2024 at $1,742, which is $4 more than it was in May 2023 and $4 less than June 2023. Since then, metro-level performance has been mixed—high-supply growth metros have seen advertised rents turn negative, while metros with low supply have recorded moderate growth—but national year-over-year growth has been stuck between 0% and 1.0% for 16 straight months.

The market enters 2025 walking a tightrope, with heavy supply growth balanced by equally strong demand. Clearly, 2025 promises change. Starts have dropped, and completions will wane soon. On the demand side, absorption will be boosted by healthy job growth and demographics. But president-elect Donald Trump campaigned to reduce immigration, another source of demand. The U.S. Census Bureau recently increased its estimate of international immigration to 2.8 million in 2024, 84% of total U.S. population growth, while upping immigration estimates to 4 million combined in 2022 and 2023.

Multifamily also is bracing for less favorable interest rate conditions than expected. As inflation and economic growth receded, the Federal Reserve was expected to cut short-term rates through 2025 to the 3% to 4% range. But that forecast no longer seems likely. The drop in inflation has stalled, with consumer price growth rising to 2.7% in November, while Trump threatens tariff increases. The upshot is that investors' higher inflation expectations have pushed the 10-year Treasury rate up to 4.6%, creating ongoing pricing uncertainty that could keep deal flow muted.

National Average Rents



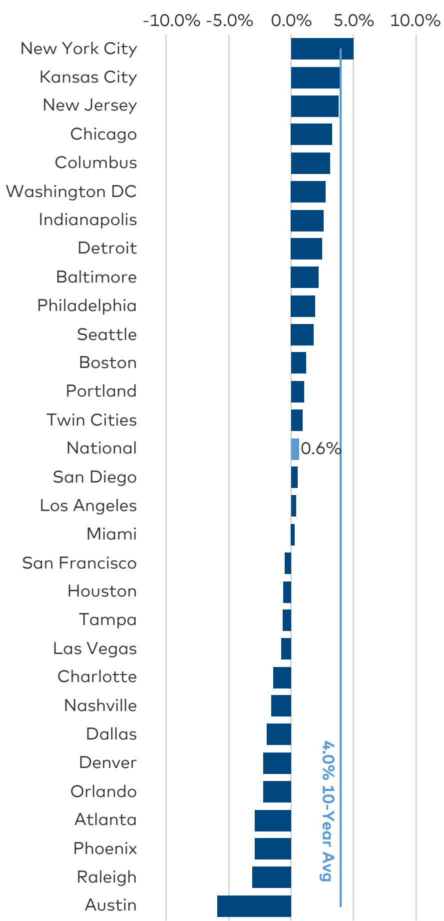
National averages include 140 markets tracked by Matrix, which include the 30 metros featured in the report.
All data provided by Yardi Matrix.

Year-Over-Year Rent Growth: Rents Dip Nationally as the Sun Belt Struggles

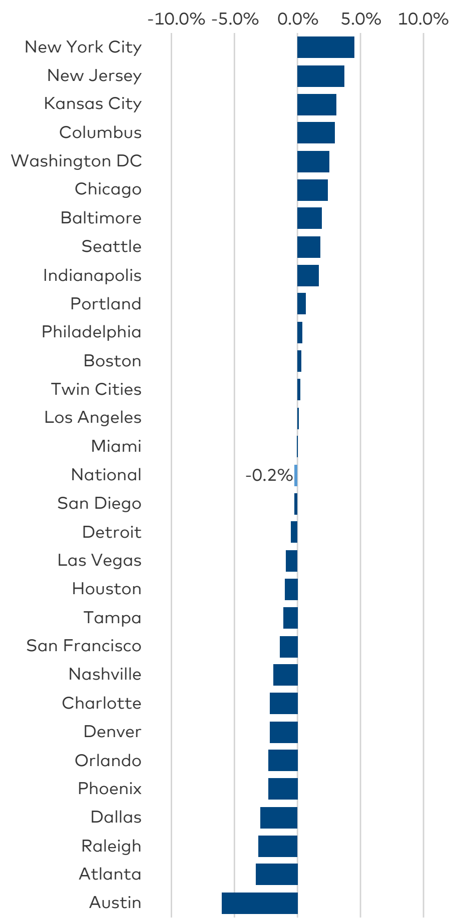
- The national average advertised asking rent fell $4 to $1,742 in December, with the year-over-year growth rate falling slightly to 0.6%. Gateway metros in the East and secondary markets in the Midwest recorded the highest rent growth, led by New York City (5.0% year-over-year), Kansas City (3.9%), New Jersey (3.8%), Chicago (3.3%) and Columbus (3.1%). Meanwhile, negative rent growth remains acute in many Sun Belt metros, led by Austin (-5.9%), Raleigh (-3.1%), Phoenix and Atlanta (both -2.9%) and Denver (-2.2%).

- The national occupancy rate in November was unchanged at 94.7%, as occupancy was flat even in many high-supply markets. For example, Austin's occupancy rate is down just 0.2% despite it leading metros in completions as a percentage of total stock at 7.5%. Similarly, Raleigh's occupancy rate was unchanged year-over-year despite it adding 6.2% to its stock. This is a good sign for high-supply markets, as it indicates ongoing strong absorption.

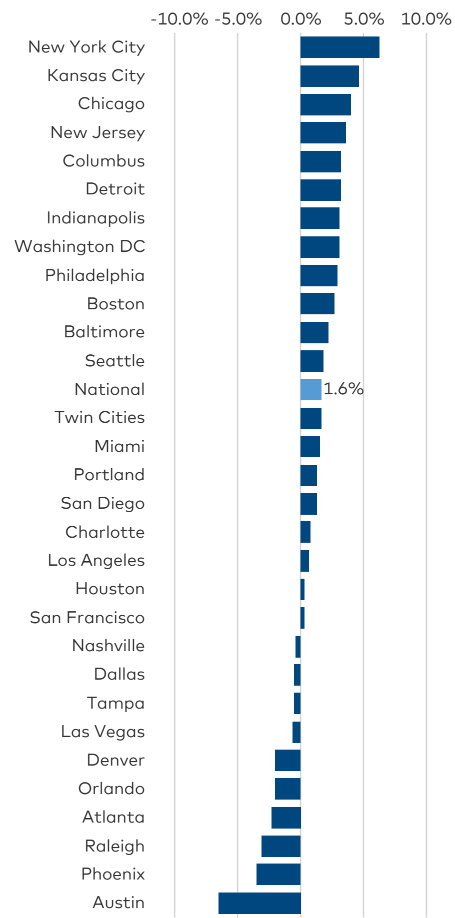
Year-Over-Year Rent Growth— All Asset Classes



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: Immigration Fuels Demand in the Northeast

- U.S. advertised rents fell 0.2% month-over-month in December, with declines in 20 of the top 30 metros.

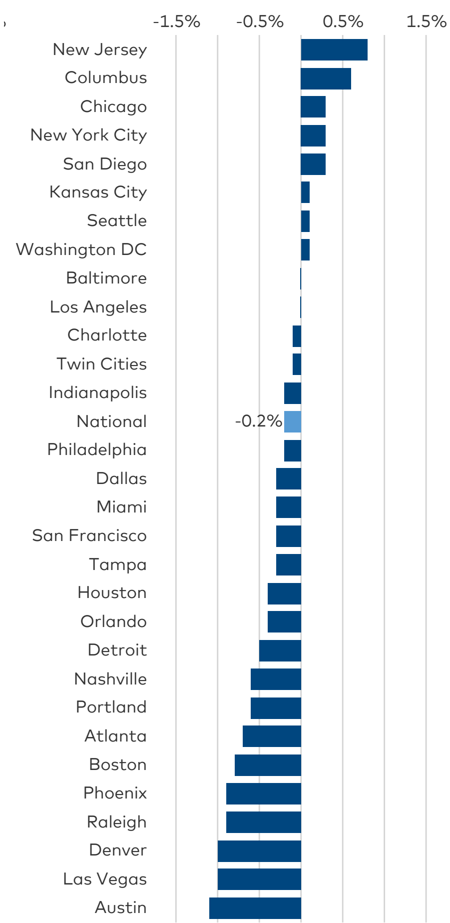
- Advertised rents fell 0.3% in the luxury Lifestyle segment during the month.

Nationally, asking rents fell $4 month-over-month in December, primarily driven by a 0.3% drop in Lifestyle, while Renter-by-Necessity declined by 0.1%.

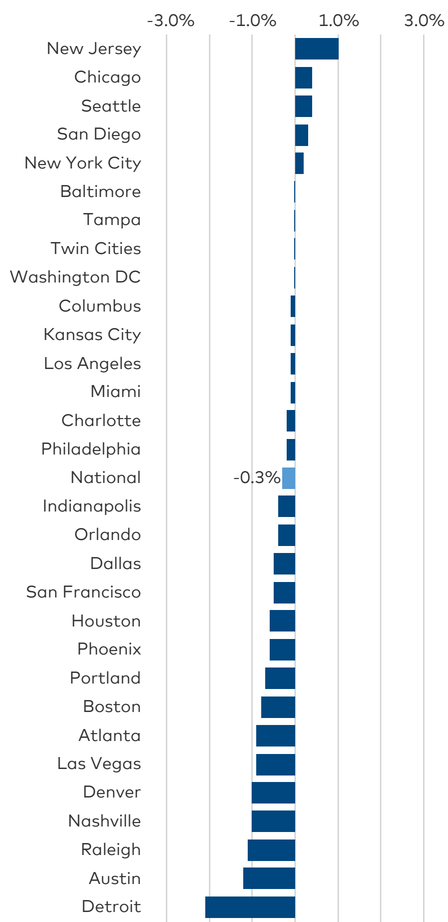
Rent growth was led by Northeast markets such as New York and New Jersey. In New York, advertised rents grew 0.3% month-over-month, including 0.2% in Lifestyle and 0.7% in RBN. In New Jersey, rents rose 0.8% month-over-month, including 1.0% in Lifestyle and 0.5% in RBN. These markets benefit from a relatively low number of deliveries, high immigration and fewer out-migrants compared to recent post-COVID years.

Meanwhile, high-supply markets continue to record some of the largest declines. In Austin, advertised rents fell 1.1% month-over-month, including -1.2% in Lifestyle and -0.8% in RBN. In Denver, rents fell 1.0% month-over-month, including -1.0% in Lifestyle and -0.9% in RBN.

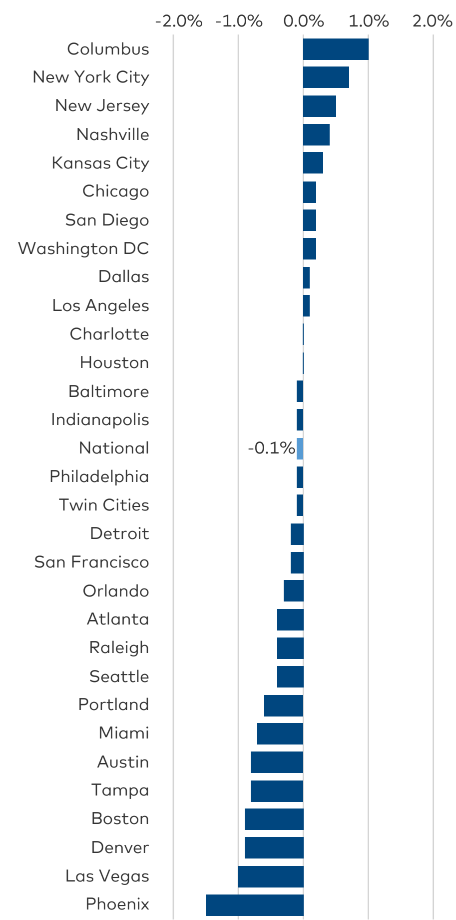
Month-Over-Month Rent Growth— All Asset Classes



Month-Over-Month Rent Growth— Lifestyle Asset Class



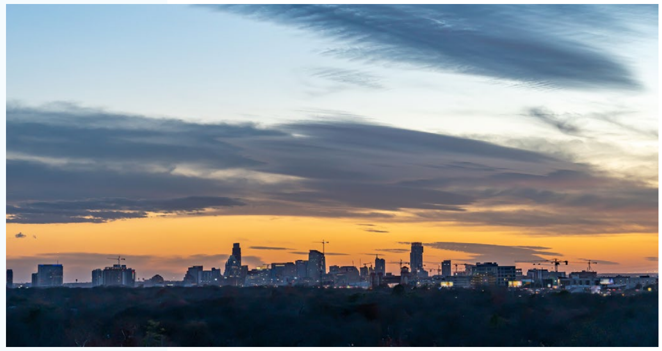
Month-Over-Month Rent Growth— Renter-by-Necessity Asset Class



Source: Yardi Matrix

Supply, Demand and Demographics: Absorption, Demand Strong, but Mix Varies by Market

- Multifamily absorption and supply growth were both strong nationally in 2024. However, the mix varied a great deal by market and region.
- Regions in which absorption was higher than supply growth recorded the most rent growth.
- Investors should study the nuances of the supply/demand fundamentals in each market.



Through the first 11 months of 2024, 404,000 multifamily units were absorbed nationally, according to Yardi Matrix, while 442,000 units were completed. Both of those numbers are high by historical standards. While relatively balanced overall, the numbers mask a regional divergence.

Nationally, 8.5% more units came online than were absorbed, but the regional differences are stark. More units were absorbed than completed in the Midwest (62,000 units absorbed, or 20% more than 51,500 completions) and the Northeast (53,000 units absorbed, or 14% more than 46,400 completions). Not surprisingly, advertised rents grew faster in the Northeast (3.3%) and Midwest (2.7%) than the 0.6% national level.

Rent growth was weaker in high-supply regions where completions outnumbered strong absorption. Advertised rents fell 1.1% in the Southwest, where completions (98,000) outnumbered absorption (78,600) by 20%, and rose only 0.6% in the West, where completions (91,000) outnumbered absorption (77,000) by 14.4%, and 0.4% in the Southeast, where completions (155,000) outnumbered absorption (134,000) by 13.5%.

Metro-level divergence was even wider. Some metros that stood out include Suburban Chicago, where 3,000 units were absorbed and only 900 completed, producing 3.9% advertised rent growth; Central New Jersey (4,400 units absorbed, 1,600 completed, 2.5% rents); Detroit (3,000 units absorbed, 1,400 completed, 3.0% rents); Connecticut (4,100 absorbed, 2,400 completed, 5.3% rents); Omaha (4,200 absorbed, 2,900 completed, 3.0% rents); Boise (2,100 units absorbed, 1,400 completed, 4.9% rents); and Northern New Jersey (10,100 absorbed, 7,300 completed, 2.7% rents).

Metros where completions outnumbered absorption include San Antonio, where 3,300 units were absorbed and 8,800 units completed, producing -1.5% advertised rent growth; the Southwest Florida Coast (2,800 absorbed, 5,700 completed, -4.0% rents); Nashville (5,900 absorbed, 10,100 completed, -1.1% rents); Austin (12,300 absorbed, 21,000 completed, -4.9% rents); Denver (11,000 absorbed, 17,000 completed, -1.3% rents); and Jacksonville (4,100 absorbed, 6,300 completed, -2.6% rents).

The gap between demand and supply is nuanced. Higher absorption relative to supply could mean strong demand, as in Boise, where absorption led the nation at 7.4% of stock. Or it could indicate low construction due to a burdensome entitlement process and NIMBYism. An example is Suburban Chicago, which added only 0.5% to stock in 2024. Higher supply relative to absorption could mean weak demand, but it also happens with strong demand that is attracting a large amount of construction capital because of solid growth prospects. In any case, it is important for investors to examine data and diagnose market conditions before proceeding with projects.

Single-Family Build-to-Rent Segment: SFR Rent Growth Slumps in Q4

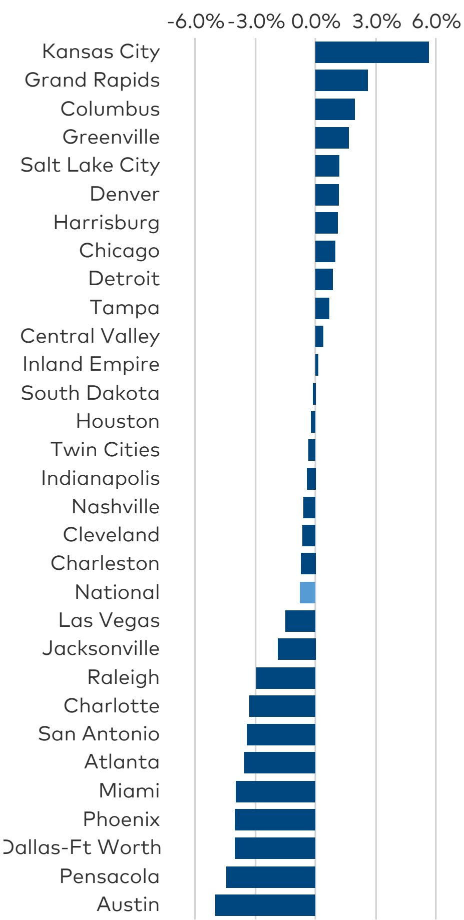
- Nationally, advertised rates for single-family rentals fell $7 in December to $2,141, while year-over-year growth dropped 40 basis points to -0.8%.

- U.S. SFR occupancy rates were unchanged in November at 95.0%, though Lifestyle occupancy fell 10 basis points to 94.9%.

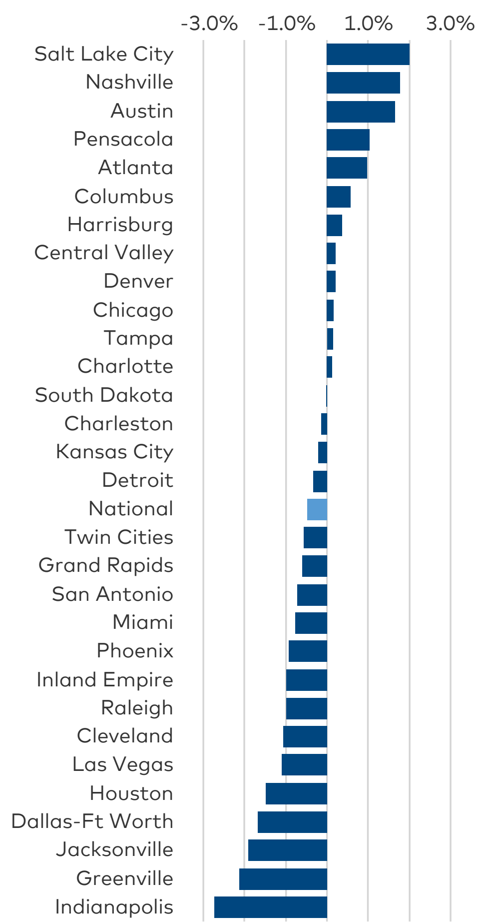
SFR/BTR advertised rent growth underperformed multifamily in 2024, with the results varying by location. SFR outpaced multifamily in some markets, primarily high-growth secondary metros such as Greenville, S.C., Salt Lake City, Denver and Nashville. Many of those markets have negative multifamily advertised rents because of rapid supply growth, while SFR/BTR total stock remains small enough not to overwhelm demand. In some metros, such as Miami and Cleveland, multifamily rent growth is positive while SFR growth is negative. In metros such as Phoenix and Jacksonville—where supply of both products is extremely high—both multifamily and SFR/BTR advertised rent growth are negative.

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

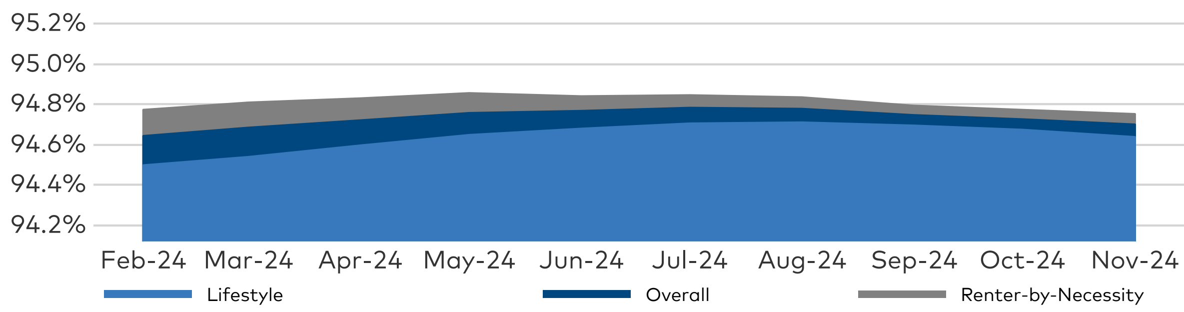
Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Dec - 24	Forecast Rent Growth as of 12/01/24 for YE 2025	YoY Job Growth (6-mo. moving avg.) as of Nov - 24	T12 Completions as % of Total Stock as of Dec - 24
New York City	5.0%	3.1%	1.7%	1.5%
Kansas City	3.9%	3.4%	1.3%	2.4%
New Jersey	3.8%	3.4%	1.6%	2.3%
Chicago	3.3%	2.7%	0.0%	1.6%
Columbus	3.1%	1.8%	0.1%	3.7%
Washington DC	2.8%	2.4%	0.7%	2.1%
Indianapolis	2.6%	2.5%	2.3%	2.9%
Detroit	2.5%	2.0%	0.4%	0.7%
Baltimore	2.2%	2.5%	0.3%	0.9%
Philadelphia	1.9%	2.5%	1.5%	1.8%
Seattle	1.8%	1.6%	0.9%	3.9%
Boston	1.2%	2.1%	0.9%	2.6%
Portland	1.0%	1.5%	-0.1%	3.9%
Twin Cities	0.9%	1.5%	-0.2%	3.6%
San Diego	0.5%	4.0%	0.7%	2.2%
Los Angeles	0.4%	2.3%	1.4%	1.7%
Miami Metro	0.3%	3.0%	2.1%	4.1%
San Francisco	-0.5%	1.6%	0.6%	2.6%
Houston	-0.6%	2.2%	2.1%	2.6%
Tampa	-0.7%	3.5%	1.4%	4.3%
Las Vegas	-0.8%	1.0%	2.3%	3.2%
Charlotte	-1.4%	1.2%	2.1%	5.9%
Nashville	-1.6%	1.2%	0.7%	5.8%
Dallas	-1.9%	2.0%	1.6%	3.4%
Orlando	-2.2%	1.9%	1.2%	5.4%
Denver	-2.2%	1.7%	0.4%	5.4%
Atlanta	-2.9%	1.3%	1.1%	3.7%
Phoenix	-2.9%	1.1%	2.0%	4.7%
Raleigh	-3.1%	1.7%	2.4%	6.2%
Austin	-5.9%	0.4%	1.6%	7.5%

Source: Yardi Matrix

Occupancy & Asset Classes

Occupancy—All Asset Classes by Month



Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	December 2024		
	Overall	Lifestyle	Renter-by-Necessity
Bridgeport–New Haven	5.3%	6.7%	3.9%
Louisville	4.3%	3.8%	4.7%
Cleveland–Akron	4.0%	5.4%	4.0%
Milwaukee	3.0%	1.4%	4.0%
Cincinnati	2.8%	0.9%	3.5%
Albuquerque	2.5%	2.9%	2.5%
Richmond–Tidewater	2.2%	0.2%	3.9%
San Jose	2.1%	2.1%	2.1%
Winston–Salem–Greensboro	1.8%	2.1%	1.8%
Sacramento	1.8%	3.4%	0.5%
St Louis	1.7%	-0.6%	2.9%
Orange County	1.5%	1.1%	1.9%
Central Valley	1.2%	-0.6%	1.5%
Greenville	1.1%	1.0%	1.2%
Inland Empire	0.9%	-0.4%	2.0%
North Central Florida	0.2%	1.7%	-1.0%
Charleston	-0.6%	-1.0%	0.1%
Salt Lake City	-2.0%	-1.8%	-2.4%
Colorado Springs	-2.1%	-2.8%	-1.1%
San Antonio	-2.4%	-3.2%	-1.0%
Jacksonville	-3.0%	-3.0%	-2.9%
Southwest Florida Coast	-4.7%	-5.7%	-2.4%

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

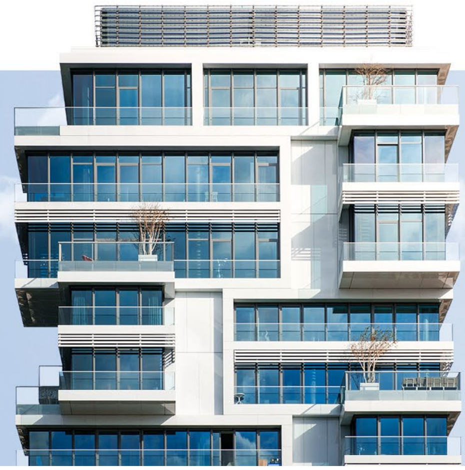
Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

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.

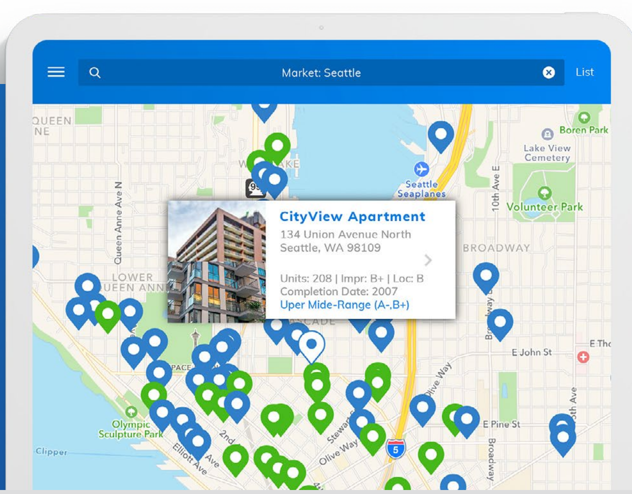
Yardi Matrix



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 **22.3+ million units**, covering over **92% of the U.S. population.**

YARDI

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

Contact us

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

Yardi® Matrix