Multifamily Capital Markets Update (February 2021)

The 10-year Treasury Yield has increased 30+ basis points to around 1.25%. Debt capital is available from the agencies but with reserves. Agency business continues to be robust.

Below are key takeaways from the following reports:

U.S. Multifamily Outlook – Winter 2021 – *Yardi Matrix* – Link

U.S. Multifamily Outlook – Winter 2021

Yardi Matrix

- Nationally rents declined slightly in 2020 but only because of large decreases in major gateway cities like New York and San Francisco
- Rent growth for renter by necessity continues to climb while lifestyle assets will record zero or negative growth
- Rents continue to decline in smaller markets located near larger gateway cities such as Sacramento and Las Vegas. This trend will continue into 2021.
- Supply of new deliveries declined slightly in 2020 but will increase in 2021 after a brief pause
- Most of the major sunbelt states will continue to see robust deliveries of new housing
- Sales volume declined by 80 Billion nationwide but is poised for a rebound in 2021. 2020 sales declined is attributed to about a 4-month pause in the spring of 2020.
- Sales volume is being limited by the reluctance of sellers and buyers given the low cap rate environment we are currently in
- Multifamily assets continue to attract large amounts of capital, which is keeping cap rates low
- Agency lending caps will decline slightly for 2021 but with the large amounts of capital in the marketplace, it should have no impact
- Low delinquency for GSE debt continues to be low at below 3%