



Multifamily Real Estate Markets Update (December 2019)

Multifamily Occupancy is at its highest rate since 2000, and rental growth stays relatively strong. US homeownership rates are rising, even though apartment occupancy is rising as well. Rental increase limits have been passed in three states, with a dozen more entertaining the same idea.

Below are key takeaways from the following reports:

U.S. Apartment Performance Remains Strong in October – RealPage – [Link](#)

National Multifamily Report (October 2019) – Yardi Matrix – [Link](#)

U.S. Homeownership Rate Rises Alongside Apartment Occupancy - RealPage [Link](#)

U.S. Apartment Performance Remains Strong in October

RealPage

- Demand during the summer months pushed U.S. occupancy to its highest rate in two decades.
- Occupancy peaked in August as levels reached as high as 96.3% nationwide
 - Although these past few months have been historically strong, demand is likely to slow as we move into the winter months
- Only eight of the nation's fifty largest apartment markets are less occupied in October 2019 than they were in October 2018
- Rent Growth has stayed relatively strong over the past 9 months, hovering around 3% consistently
- The markets with the highest annual rent growth have remained constant as well:
 - Phoenix continues to lead with 8.1% annual growth
 - Las Vegas (6.2%) and Nashville (5.5%) are close behind
 - Florida and California Markets are experiencing slowing growth

National Multifamily Report (October 2019)

Yardi Matrix

- Multifamily rent growth increased in October, as the average U.S. multifamily rent grew by \$1 to \$1,476. Year-over-year rent growth remained at a healthy 3.2%.
- Of the major markets, 17 saw year-over-year rent growth of 3.3% or more
 - Only two of the major markets were below the long-term average of 2.5%
- Strong growth in multifamily rents has led to political efforts to counteract rent-burdened households
 - Three states (California, Oregon, New York) have put measures in place to limit rent increase, and more than a dozen additional states are considering similar laws

U.S. Homeownership Rate Rises Alongside Apartment Occupancy

RealPage

- Although it is commonly expected that homeownership rates and apartment occupancy run in negative correlation, that is not the case
 - Q3 2019 saw the highest multifamily occupancy rate since the tech boom in the second half of 2000
 - The percentage of U.S. homes that were occupied by their owners was at 64.8% in 3rd quarter
 - This matches the four-year high reached at the end of 2018 and tops the five-year average of 63.9%
 - Homeownership rates increased in Q3 after falling for two consecutive quarters previously