



Multifamily Real Estate Markets Update (February 2020)

The close of 2019 saw multifamily rent growth slow as it usually does during the winter months. The year overall was consistent as the top performers throughout the year remained at the top of the year-over-year in rent growth rankings. Looking forward to the year ahead, a slight reduction in rent growth is expected, but most markets will continue to stay strong.

Below are key takeaways from the following reports:

Multifamily 2020 Outlook – *Freddie Mac* – [Link](#)

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

Multifamily 2020 Outlook

Freddie Mac

- Multifamily Market performance remained strong during 2019 and is expected to continue into 2020. However, growth is expected to be modest in comparison to recent years.
 - Modest increases in vacancy rates despite elevated levels of new supply
- Some individual markets have slowing growth, but the overall market remains healthy
- Atlanta, Raleigh, Fort Worth, Charlotte and Colorado Springs are expected to see rent growth well above their long-run average next year
 - This is due to low vacancy rates combined with strong demand, even though in each area rent growth is projected to be lower in 2020 than 2019
 - Memphis, Norfolk, Cleveland and West Palm Beach will also show notable increases in rent in the year ahead
- New York, Riverside, DC, Orange County, Los Angeles and San Diego are expected to show rent growth below 2019 and their pre-recession averages
 - High levels of new supply are causing vacancy rates to increase and slow rent growth

National Multifamily Report (December 2019)

Yardi Matrix

- Multifamily rent decreased in December, as the average U.S. multifamily rent fell by \$1 to \$1,474
- Year-over-year rent growth remained between 3.0% and 3.3% throughout the entire year
- Rent growth was led by secondary markets in the West and Southeast, namely Phoenix and Las Vegas which lead all major markets in 2019
 - These two markets have had the two higher year-over-year rent growth for the 16 consecutive months
- Rents were largely flat throughout the fourth quarter, which is normal for this season