Multifamily Real Estate Markets Update (February 2021)

The end of 2020 and beginning of 2021 saw national rents nearly climb back to pre-pandemic levels, while occupancy has remained strong. Although national rent and occupancy seem somewhat flat year-over-year, individual markets have seen huge volatility. Gateways markets were hurt the most and will likely recover at a much slower rate than other metros.

Below are key takeaways from the following reports:

U.S. Apartment Rents Near Recovery in January – *RealPage* – Link

Matrix National Multifamily Report – Winter 2021 – *Yardi Matrix* – Link

U.S. Apartment Rents Near Recovery in January

RealPage

- Average Rents for US apartments are almost back to the all-time highs seen in early 2020 before the start of the COVID-19 pandemic
    - Effective asking rents for new leases in January 2021 were only 0.3% below the rates seen at the start of 2020
    - Effective asking rent is now $1,382 per month on average across the nation
- Although the national average has begun to stabilize, there is an unusually large difference in rent growth from market to market
    - Riverside/San Bernardino and Sacramento lead all major markets (those with at least 100,000 units) with at least 8% growth each
    - Traditionally expensive markets such as San Francisco, San Jose and New York have all seen double-digit annual declines in pricing
        - These three markets have seen rent declines of -21.5%, -17.8% and -15.5% respectively
- Occupancy has held strong for the US
    - January 2021 occupancy was 95.4%, which matches the start of 2020

Matrix National Multifamily Report – Winter 2021

Yardi Matrix

- Job growth has been positive throughout the summer, but still 10 million jobs below the economy's peak
- Rent growth saw a huge variation across metros, but the national rent growth was only slightly declined
    - Gateway markets with a traditionally high cost of living took the largest hit in terms of rent and occupancy
    - More affordable markets such as the Sun Belt, Southwest, Midwest and Mid-Atlantic saw modest rent growth
- The pandemic slowed construction, with less than 300,000 delivered units
    - The markets with the highest expected deliveries include Dallas, Miami and Washington D.C.
    - Lease-up is expected to be slower in gateway markets due to the mass exodus during the height of the pandemic