NYMT Multifamily

Multifamily Real Estate Markets Update (June 2020)

The Effects of COVID-19 are beginning to take effect, as asking rents are declining in most major markets. Renters by necessity are relatively stable in terms of rent growth, by lifestyle rents are being hit the hardest. Rents are declining at rates that have not been seen since before the Great Recession.

Below are key takeaways from the following reports:

U.S. Apartment Market Performance Deteriorates in May – *RealPage* – Link

Matrix National Multifamily Report – April 2020 – *Yardi Matrix* – Link

U.S. Apartment Market Performance Deteriorates in May

RealPage

- May's national occupancy level dropped to 95.2%. Occupancy fell 0.4 percentage points since mid-March.
- After month-to-month rent drops in both April and May, effective asking rents are now down on an annual basis for the first time since the middle of 2010
    - There's a decline of 0.5% in effective asking rents from May 2019 to May 2020
        - The biggest drops in effective asking rents are in expensive West region markets
            - Listed prices have been slashed 4.9% in San Francisco and 4.4% in San Jose. Declines run around 3% in Los Angeles, Oakland and Denver.
        - Tourism-heavy markets such as Orlando are declining as well, where asking rents were cut approximately 3%
- Most markets are seeing significant rent cuts for newly executed leases in May.
    - Boston, Detroit, New York, Salt Lake City, San Francisco and San Jose all experienced price cuts of more than 8%
    - Only 7 Markets are seeing positive growth:
    - More than 2% annual growth in Cincinnati, Columbus, Memphis, Milwaukee, Nashville, Pittsburgh and Virginia Beach

Matrix National Multifamily Report – April 2020

Yardi Matrix

- April rent growth began to show signs of weakness, with more than 33 million Americans filing for unemployment in the last seven weeks
    - April rents grew by 1.6% on a year-over-year basis
        - This is down $8 from March, which puts rents right back where they were in August 2019. This is the largest one-month decline since before the Great Recession.
- Lifestyle rents are feeling the sharpest impact
    - 10 of the top 30 markets are already showing year-over-year declines in rent growth
    - 27 of the top 30 markets had negative rent growth on a month-over-month basis
- Renter-by-Necessity rent growth remains positive in all the top 30 markets
- Major gateway markets and tech hubs have already seen declining rents on a month-over-month basis
    - Many of these markets have had some of the highest COVID-19 infections in the country
    - Tourist-based and oil heavy markets will likely be the hardest hit