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MULTI-HOUSING NEWS

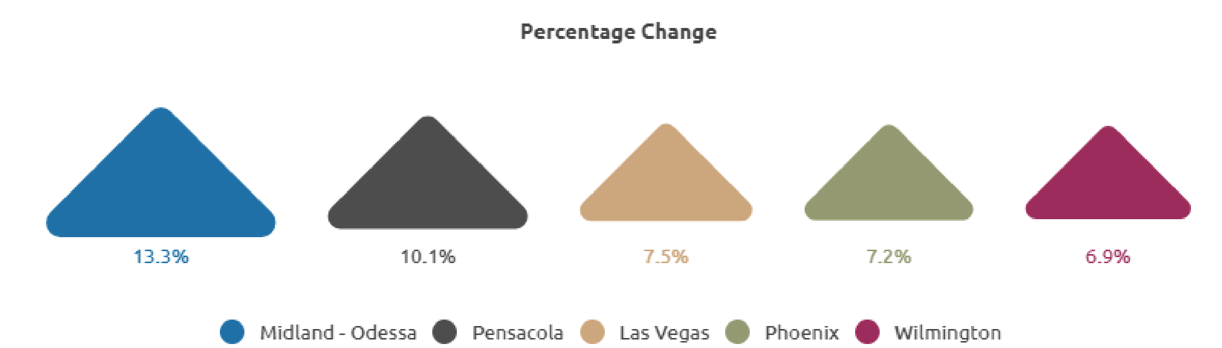
Top 5 Markets for Multifamily Rent Growth

Here’s a breakdown of the best-performing markets ranked by year-over-year rent increases through March 2019.

By **Razvan Cimpean**

Nationwide, multifamily rents rose by $4 in March to $1,430, with year-over-year growth down 20 basis points to 3.2 percent, according to Yardi Matrix. Rent growth was led by secondary and tertiary markets, as a result of their higher-than-average employment and strong demographic trends. Only three of the largest 30 metros in the U.S.— Las Vegas and Phoenix—made it to our top five.

Rank	Market	Rent March-18	Rent March-19	Percent Change
1	Midland - Odessa	1,337	1,515	13.3%
2	Pensacola	1,033	1,137	10.1%
3	Las Vegas	991	1,065	7.5%
4	Phoenix	1,052	1,128	7.2%
5	Wilmington	1,072	1,146	6.9%



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Yardi Matrix

5. WILMINGTON, N.C.

Strong population gains, a thriving job market and rather limited new supply are driving up rents in Wilmington, N.C., at an above-average rate. Rents in the metro rose 6.9 percent year-over-year through March, well above the 3.2 percent national rate. The average rent stood at $1,146, lower than the $1,430 U.S. average. Close to 500 units came online last year, 2.6 percent of the total multifamily stock. As demand continued to outpace supply, occupancy was high, at 97.0 percent, up 350 basis points year-over-year and the 13th highest in the country.

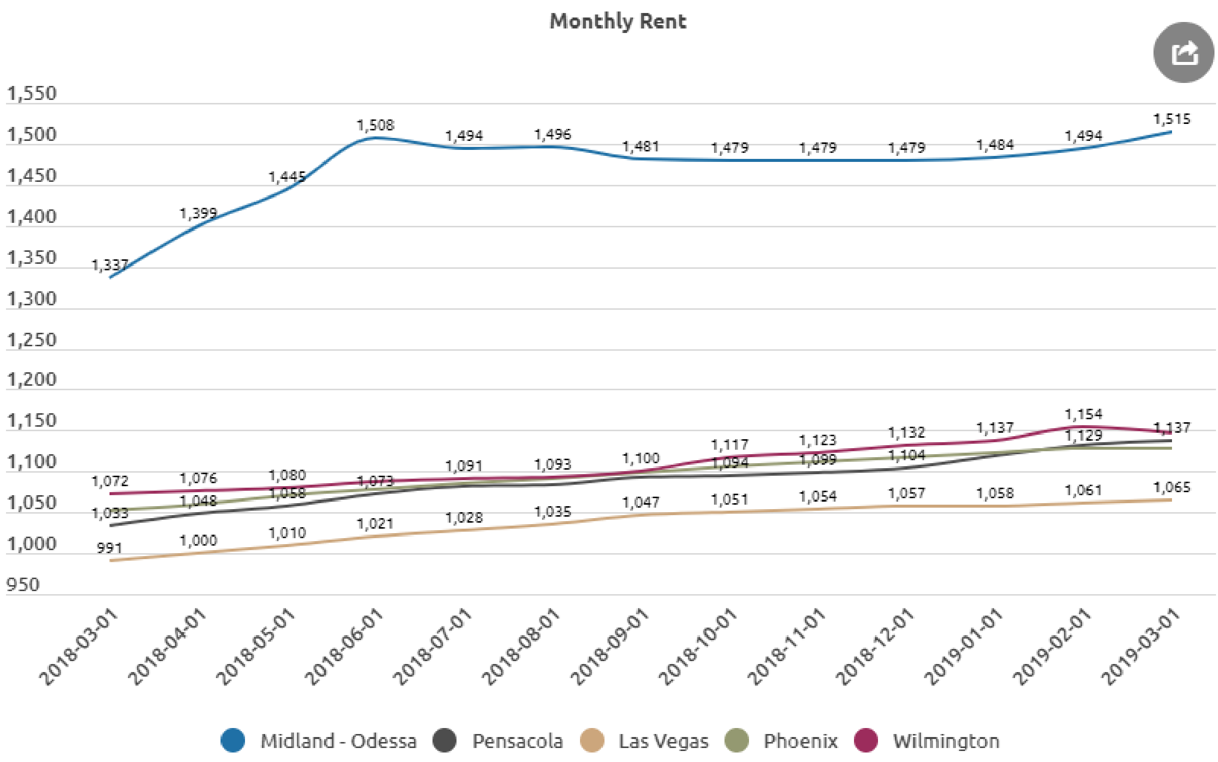
In March, Cohen Investment Group expanded its footprint with **the acquisition of Deerbrook**, a 152-unit asset in Wilmington.

4. PHOENIX

A diverse economy combined with a highly skilled talent pool helped Phoenix reinvent itself as a technology market and, as a result, the metro is now one of the most active economies in the country. In spite of a stock increase of more than 8,000 units in 2018, rent growth was more than double the national rate, at 7.2 percent year-over-year through March. However, the metro's average rent of $1,128 is still significantly below the national average. Additionally, the overall occupancy in stabilized properties remained virtually unchanged over the past four quarters, at 95.2 percent.

3. LAS VEGAS

Thanks to increased population and employment growth, demand has gone up in Las Vegas over the past few quarters. As a result, rents surged 7.5 percent year-over-year through March and stood at $1,065, the highest level in more than a decade. However, that's still way more affordable than most markets on the West Coast. A recent boom in supply, with more than 10,000 units delivered over the past three years, has not dented rent growth. Strong demand and a more diverse set of amenities presented by new properties have had the opposite effect. The average occupancy in stabilized properties has remained steady throughout this period, at roughly 95 percent. In February, Abode Properties Services, a joint venture subsidiary of TCI and Southern Properties Capital, unveiled Abode at Red Rock, a **308-unit luxury community** in the Spring Valley submarket of Las Vegas.



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Yardi Matrix

2. PENSACOLA, FLA.

With a flexible labor market, increased development activity and powerful economic incentives, the multifamily fundamentals in Pensacola, Fla., are as strong as ever. In 2018, a record 1,543 units came online here, 4.9 percent of the metro's total multifamily inventory. In addition, there are currently some 2,500 units in the works in Pensacola, the bulk of which is expected to be completed this year. All of this pushed the rent growth to 10.1 percent year-over-year through March, when the average rent was $1,137. Meanwhile, the metro also has one of the highest overall occupancy rates in the country, at 95.6 percent.

1. MIDLAND – ODESSA, TEXAS

Boosted by an improving and diversifying oil industry, which the metro's economy is dependent on, the multifamily market in Midland-Odessa, Texas, is on a roll. As construction activity significantly slowed down following a record 2,300 units completed in 2015, rents continued to go up. Two properties totaling 231 units came online last year, while three projects totaling 826 units are currently under development. Rent growth in the metro was 13.3 percent year-over-year through March, when average rents reached $1,515, 6.0 percent above the national average. Meanwhile, the overall occupancy rate in stabilized assets slid 150 basis points year-over-year, but remained the highest in the state.