

COMMERCIAL REAL ESTATE

U.S. MARKET | Multifamily

Q2 2023



THE VIEW FROM HERE




Due to increase of competitive supply, rent growth is slowing considerably and expected to remain soft for 2023



Deliveries remain elevated but starts have plunged – primarily due to lack of construction financing which will continue into next year



Across-the-board rise in expenses, most notably property taxes and insurance, will put pressure on NOI growth

NET ABSORPTION

83,449

Second consecutive positive quarter

COMPLETIONS

107,416

Strongest quarter on record

VACANCY RATE

5.3%

Up 10 bps in Q2

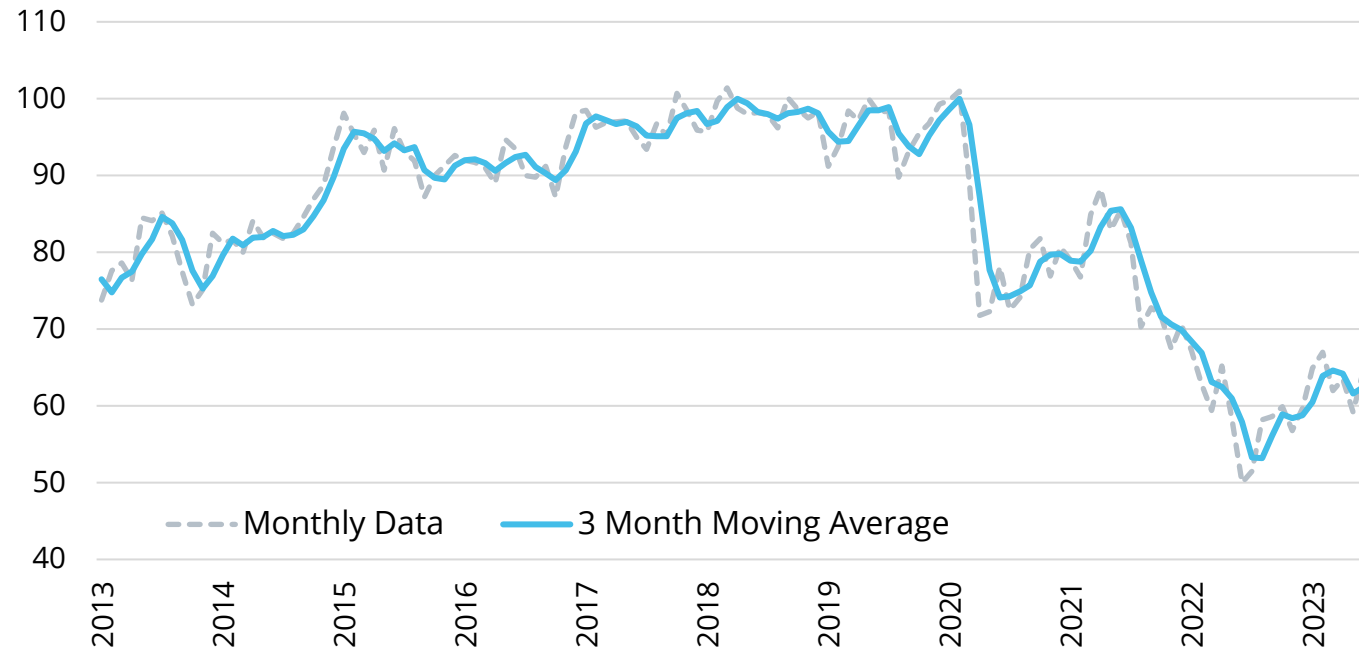
EFFECTIVE RENT

\$1,809

1.1% annual growth

HISTORICAL

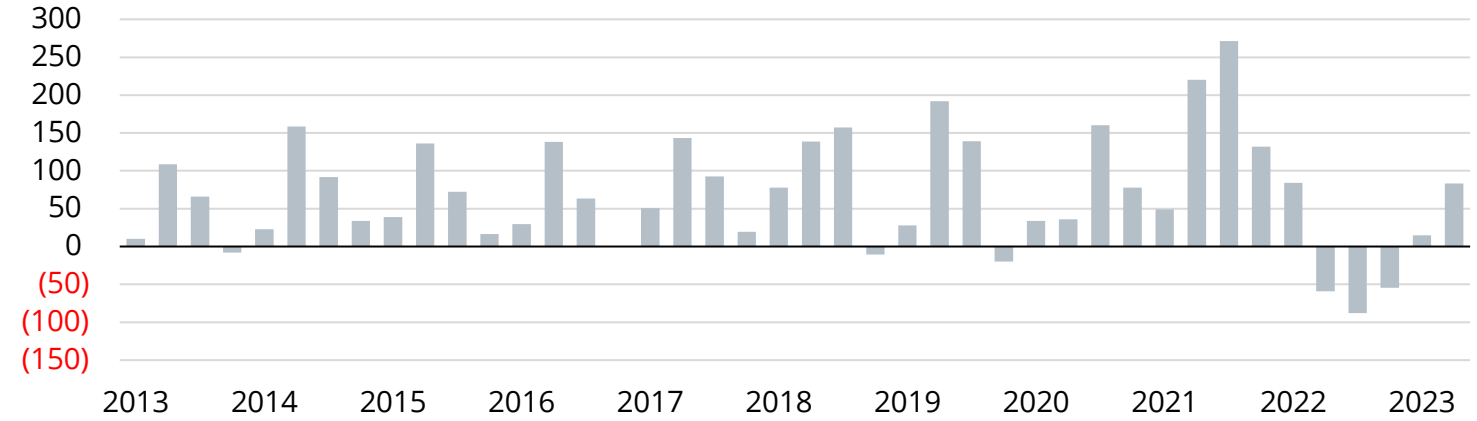
UNIVERSITY OF MICHIGAN: CONSUMER SENTIMENT



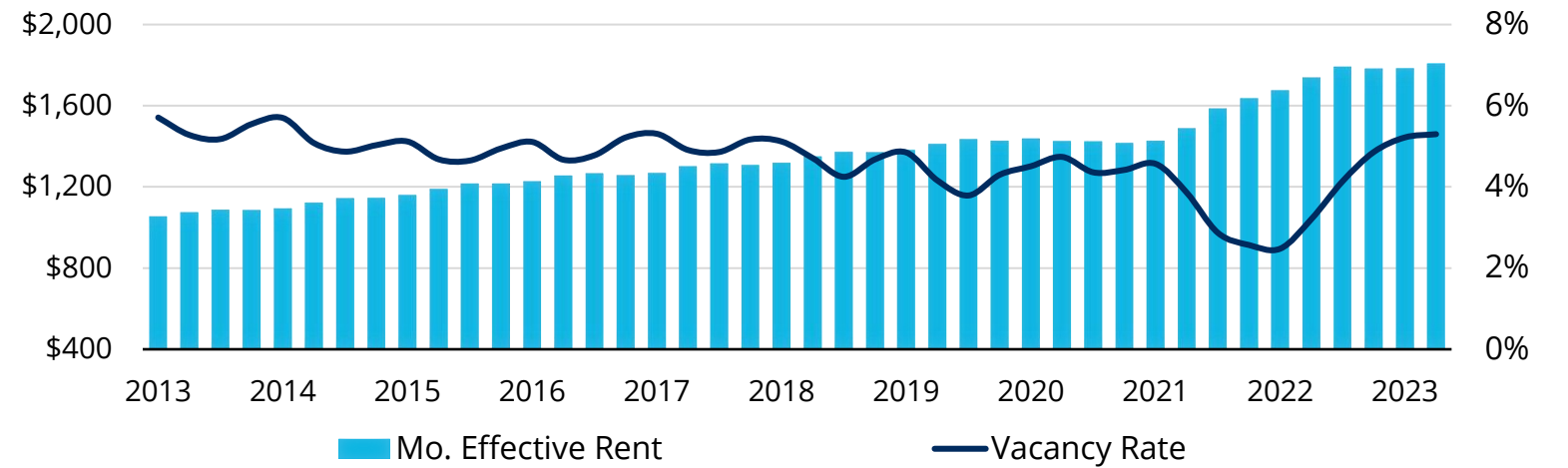
30-YEAR FIXED RATE MORTGAGE AVERAGE



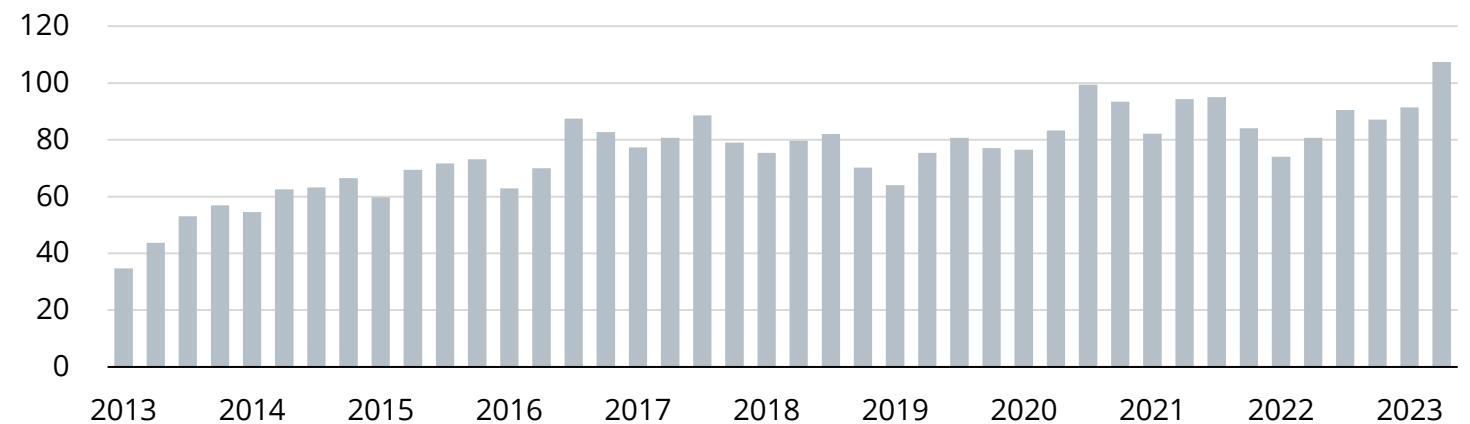
NET ABSORPTION (UNITS, THOUSANDS)



VACANCY VS EFFECTIVE RENT



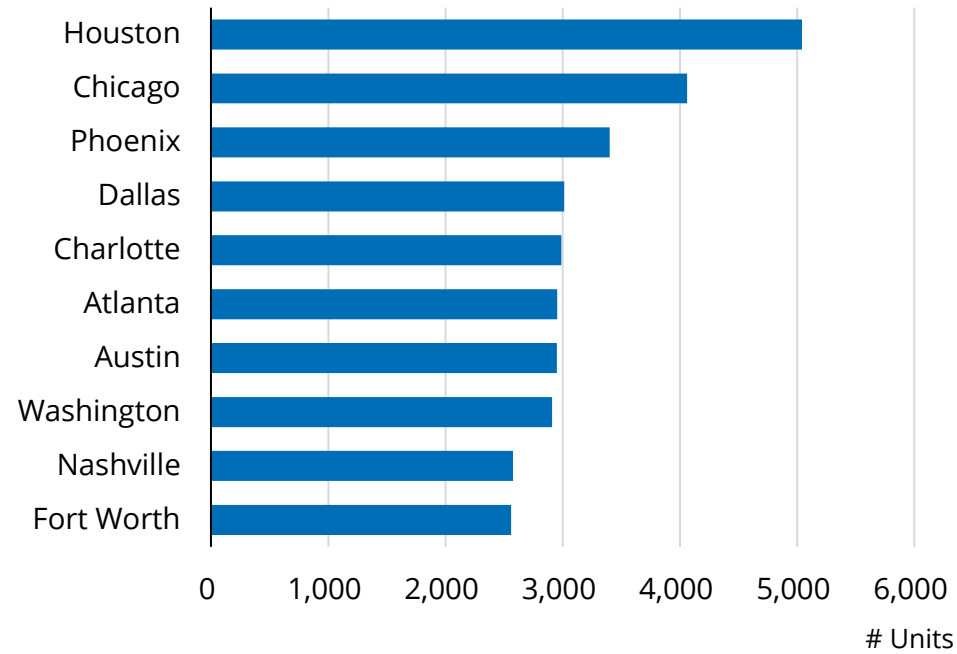
COMPLETIONS (UNITS, THOUSANDS)



Source: Transwestern Research, FRED, RealPage.

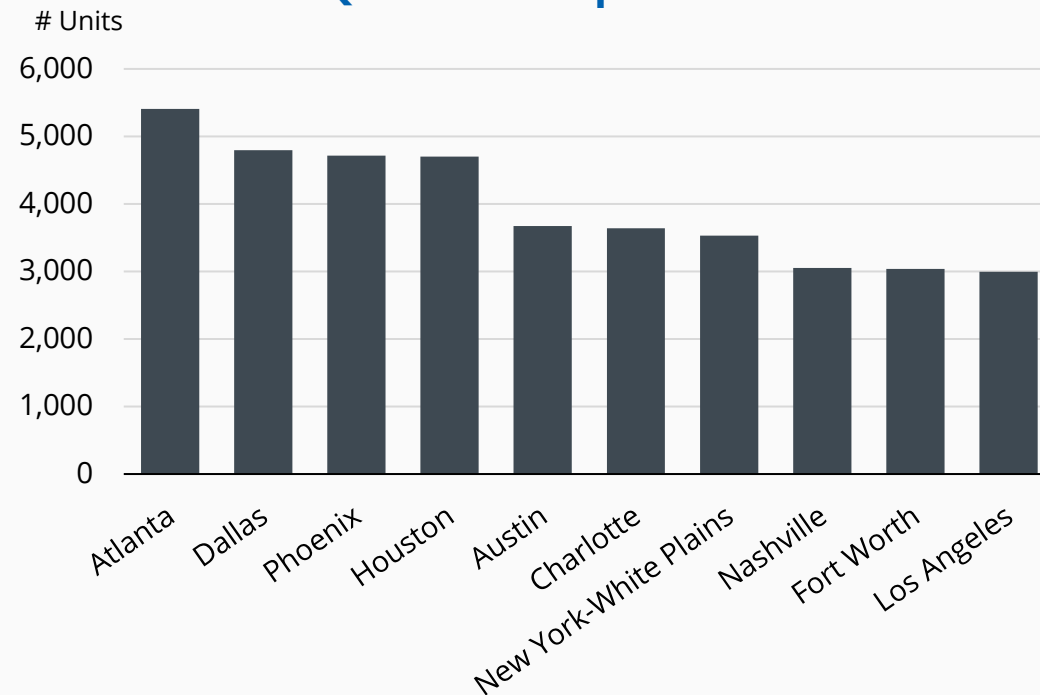
NET ABSORPTION

Q2 2023 Net Absorption



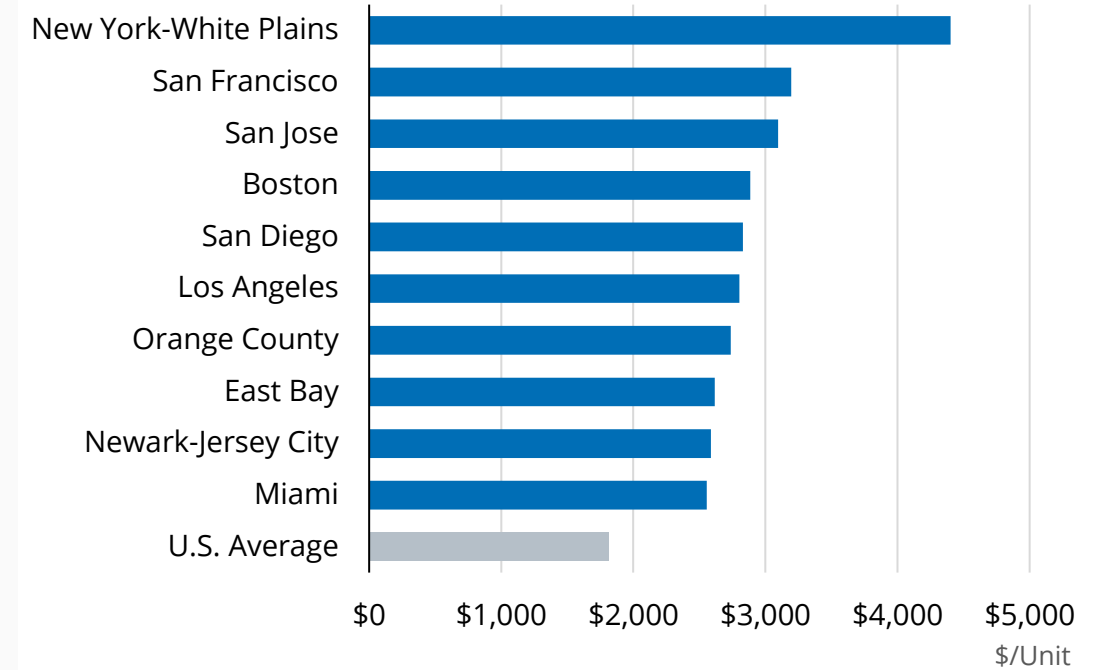
COMPLETIONS

Q2 2023 Completions

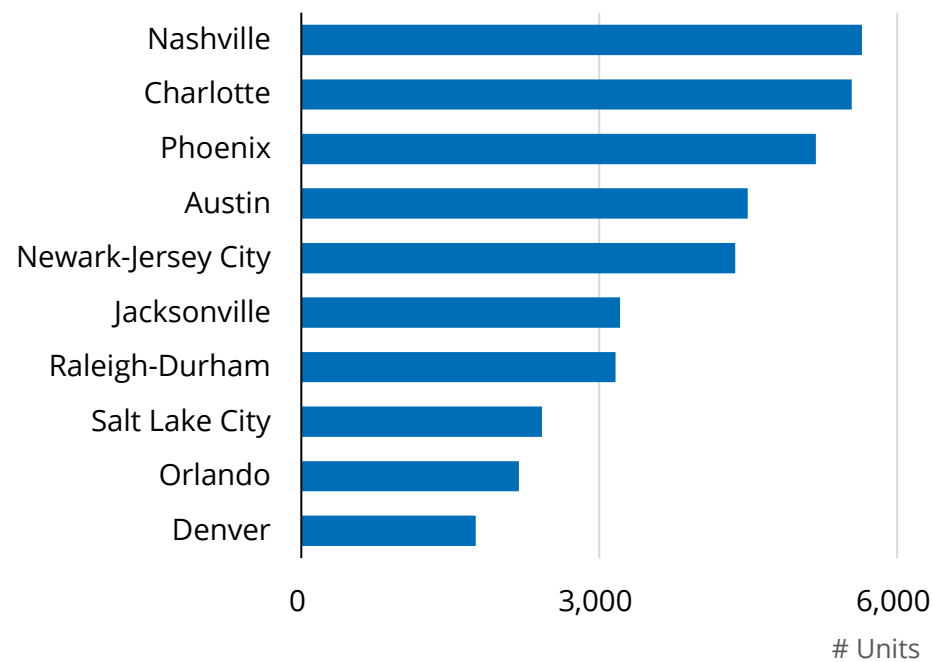


EFFECTIVE RENTS

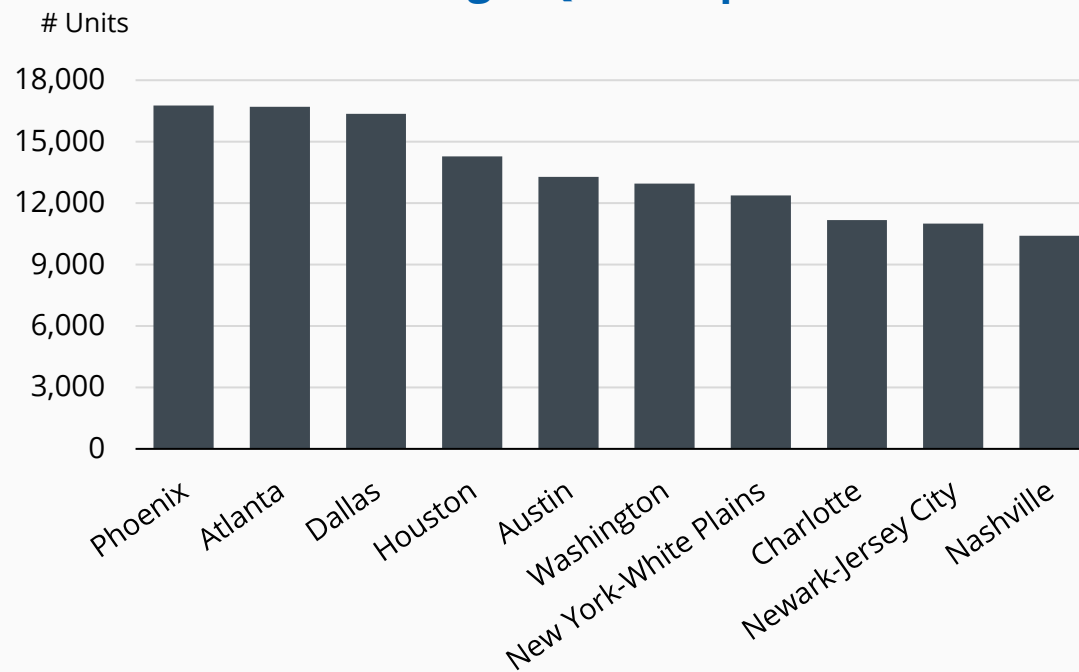
Q2 2023 Mo. Effective Rents



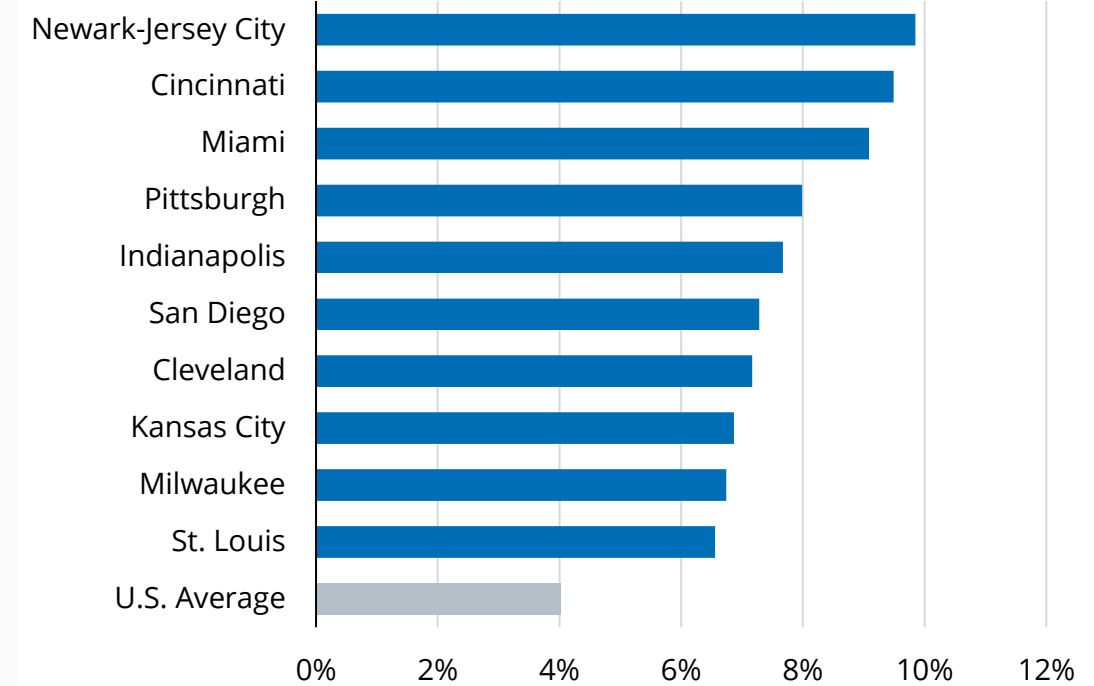
Trailing 4-Qtr Net Absorption



Trailing 4-Qtr Completions



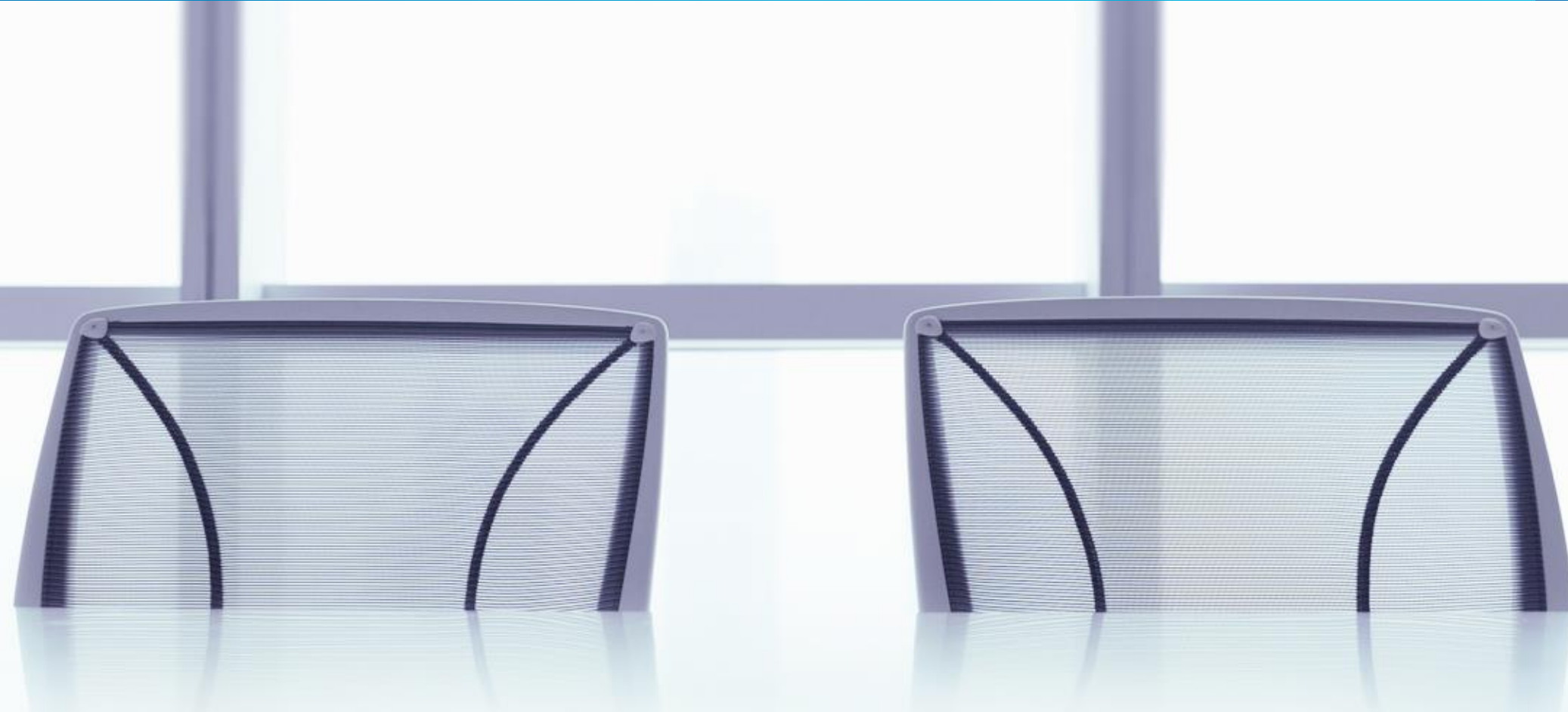
Year-Over-Year Rent Change



Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Mo. Effective Rent	YOY Rent Change
Atlanta	554,948	2,952	455	5,408	16,715	7.0%	\$1,692	0.8%
Austin	292,046	2,949	4,495	3,671	13,280	6.5%	\$1,667	-0.8%
Baltimore	238,185	517	(2,394)	907	2,430	5.3%	\$1,675	3.1%
Boston	420,411	847	896	1,315	6,549	4.2%	\$2,886	5.6%
Charlotte	220,656	2,987	5,544	3,637	11,172	6.2%	\$1,600	3.8%
Chicago	753,613	4,062	(2,493)	2,488	6,761	4.5%	\$1,932	5.7%
Cincinnati	167,019	1,123	(406)	1,080	3,033	4.3%	\$1,338	9.5%
Cleveland	171,388	101	(2,223)	418	1,506	4.7%	\$1,226	7.2%
Columbus	200,351	1,465	42	1,867	4,436	5.0%	\$1,308	6.4%
Dallas	678,531	3,013	(3,493)	4,797	16,367	6.5%	\$1,587	3.8%
Denver	328,220	2,361	1,756	2,500	8,834	5.9%	\$1,898	2.2%
Detroit	278,924	6	(7,068)	447	1,404	5.3%	\$1,278	3.3%
East Bay	221,038	274	(138)	527	4,116	5.2%	\$2,616	0.4%
Fort Lauderdale	201,586	1,082	(947)	1,524	3,225	5.1%	\$2,450	3.8%
Fort Worth	229,648	2,560	909	3,036	7,864	7.0%	\$1,418	3.2%
Greensboro	111,228	12	(1,937)	387	2,060	7.0%	\$1,205	2.2%
Houston	748,788	5,042	(2,926)	4,699	14,292	7.1%	\$1,358	4.4%
Indianapolis	171,154	398	(2,531)	677	2,029	5.9%	\$1,249	7.7%
Inland Empire	195,042	(77)	(4,653)	395	854	4.9%	\$2,239	2.8%
Jacksonville	135,466	1,562	3,209	2,030	7,057	6.7%	\$1,530	0.7%
Kansas City	183,712	1,230	382	1,240	4,371	5.1%	\$1,276	6.9%
Las Vegas	227,280	1,023	(2,622)	1,007	3,317	6.8%	\$1,474	-2.4%
Los Angeles	1,144,987	(776)	(11,975)	2,994	9,175	4.5%	\$2,803	3.9%
Memphis	109,663	(147)	(3,060)	208	1,202	7.7%	\$1,219	4.3%
Miami	323,216	(274)	410	1,133	7,332	4.4%	\$2,557	9.1%

Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Mo. Effective Rent	YOY Rent Change
Milwaukee	160,845	905	1,321	466	2,683	3.1%	\$1,504	6.7%
Minneapolis	321,280	2,098	1,308	1,760	7,963	5.6%	\$1,536	4.6%
Nashville	179,161	2,577	5,647	3,052	10,403	5.7%	\$1,653	1.7%
New York-White Plains	1,927,094	(3,296)	(11,909)	3,532	12,377	3.1%	\$4,401	5.8%
Newark-Jersey City	554,252	2,171	4,371	2,336	10,995	3.0%	\$2,587	9.9%
Orange County	269,460	131	(3,490)	639	1,974	3.8%	\$2,738	2.4%
Orlando	263,200	2,019	2,191	2,539	9,037	5.4%	\$1,824	3.3%
Philadelphia	407,419	1,339	(1,741)	1,915	6,958	4.3%	\$1,780	5.0%
Phoenix	399,093	3,401	5,182	4,716	16,763	6.8%	\$1,612	-3.6%
Pittsburgh	148,278	614	(2,229)	395	1,293	5.7%	\$1,487	8.0%
Portland	233,425	876	(1,565)	1,597	3,572	5.5%	\$1,753	2.6%
Raleigh-Durham	184,435	1,929	3,163	2,531	7,700	6.4%	\$1,562	1.6%
Richmond	112,576	413	(461)	753	2,680	5.8%	\$1,495	4.1%
Sacramento	156,875	616	(1,416)	1,197	2,445	5.5%	\$1,953	-0.1%
Salt Lake City	124,452	1,453	2,422	1,848	6,006	5.7%	\$1,592	0.7%
San Antonio	223,491	1,171	(3,139)	1,833	4,494	7.7%	\$1,272	1.8%
San Diego	321,480	1,127	(2,800)	610	2,617	3.4%	\$2,829	7.3%
San Francisco	251,257	660	(77)	287	1,533	4.8%	\$3,196	-0.4%
San Jose	184,567	572	712	343	2,964	4.2%	\$3,096	3.8%
Seattle	371,612	1,921	1,058	1,571	7,580	5.2%	\$2,174	1.8%
St. Louis	169,321	527	775	369	2,643	5.1%	\$1,251	6.6%
Tampa	276,900	637	(132)	1,943	7,468	5.9%	\$1,837	2.5%
Virginia Beach	143,879	786	(1,908)	208	1,222	4.7%	\$1,481	6.2%
Washington	677,087	2,909	1,001	2,879	12,953	5.1%	\$2,078	4.0%
West Palm Beach	125,471	549	405	1,155	2,570	5.7%	\$2,445	3.4%
United States	19,082,477	83,449	(44,096)	107,416	376,443	5.3%	\$1,809	4.0%

Source: Transwestern Research, RealPage.



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RESEARCH METHODOLOGY

The information and analysis in this report is based on a compilation of commercial real estate investing and transactions data from Real Capital Analytics (RCA) on select property types within the United States.