



# U.S. multifamily insights

Q3 2023

**AVISON  
YOUNG**

# U.S. multifamily market trends

**+13.4%**

## Increase in multifamily inventory since 2020

On average, over 700 new multifamily units have delivered each day since 2020. As new deliveries have flooded the market, rent growth has slowed to +1.1% so far in 2023 while occupancy levels are experiencing downward pressure.

**-58.6%**

## Change in year-over-year construction starts

New construction activity has dropped significantly as new supply and elevated interest rates have limited overall returns. None of the top U.S. multifamily markets have experienced both occupancy and effective rent growth over the last 12 months.

**57.7%**

## Percentage of dry powder targeted for multifamily

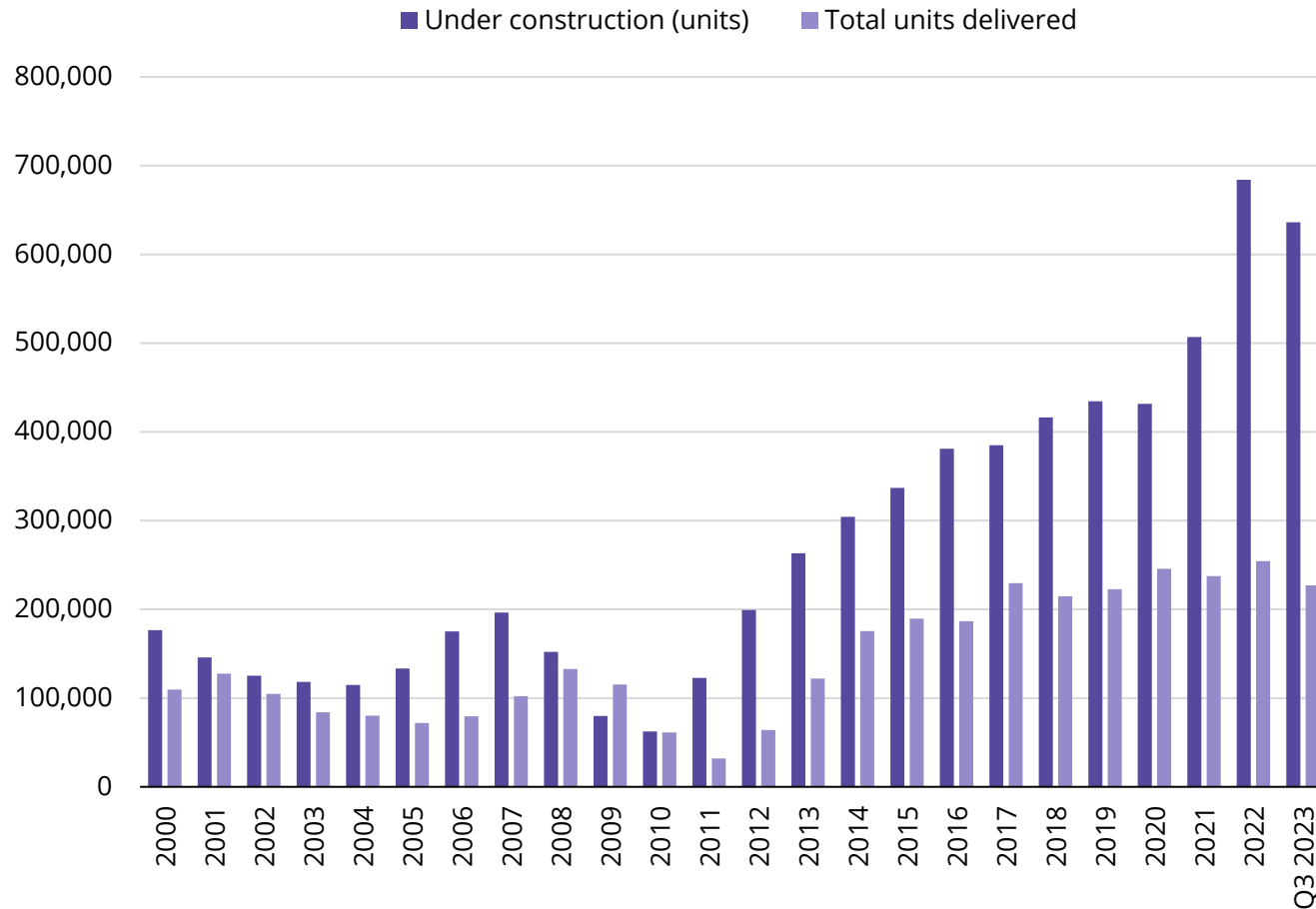
Though the multifamily sector has accounted for just 8.4% of sales volume since 2022, multifamily assets have become more attractive investments relative to offices. However, elevated 10-year Treasury rates of 4.7% compared to cap rates at 5.0% limit near-term investment activity.

# U.S. multifamily conditions

Let's examine prevailing multifamily trends.

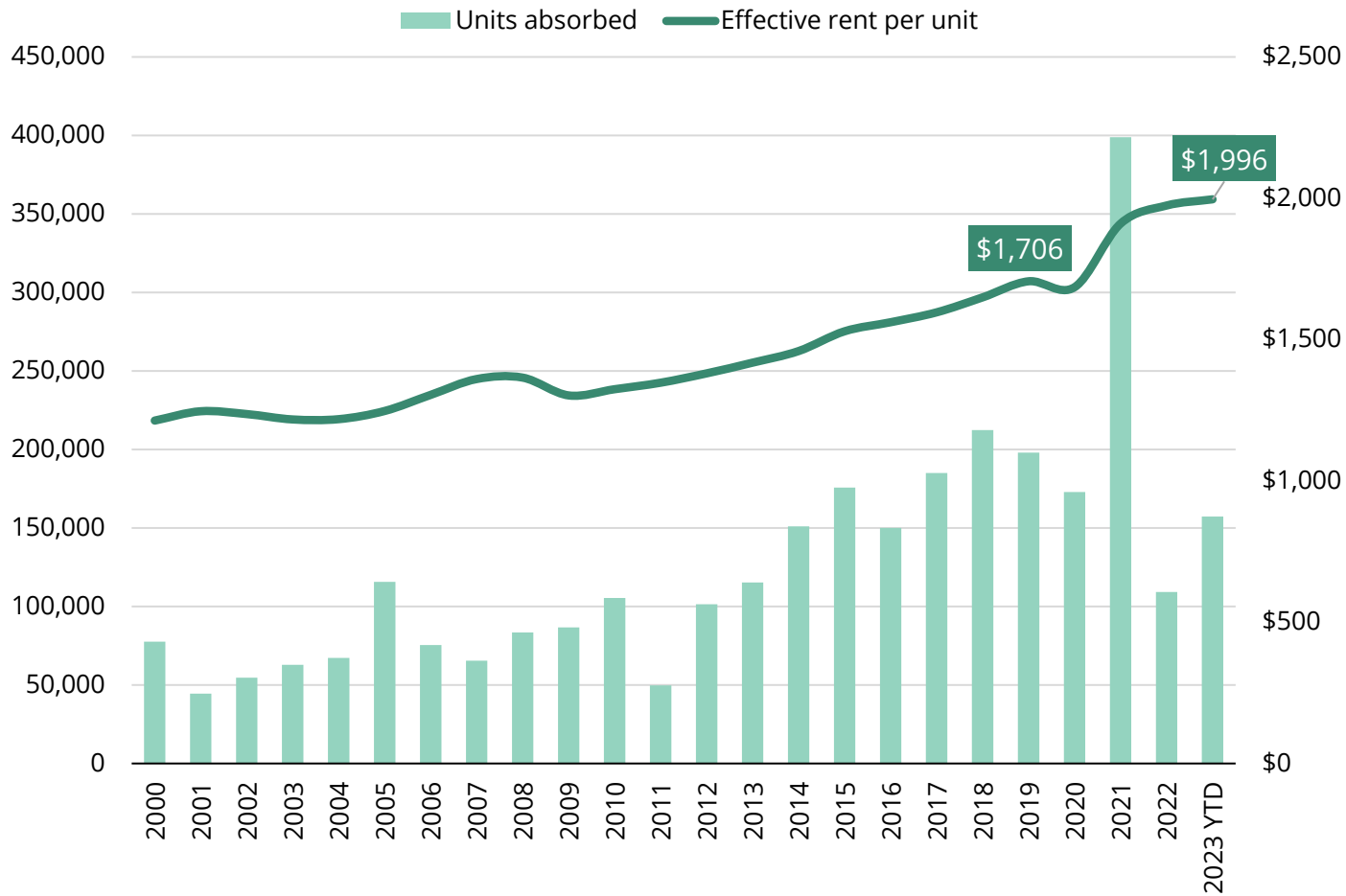


# Multifamily development activity



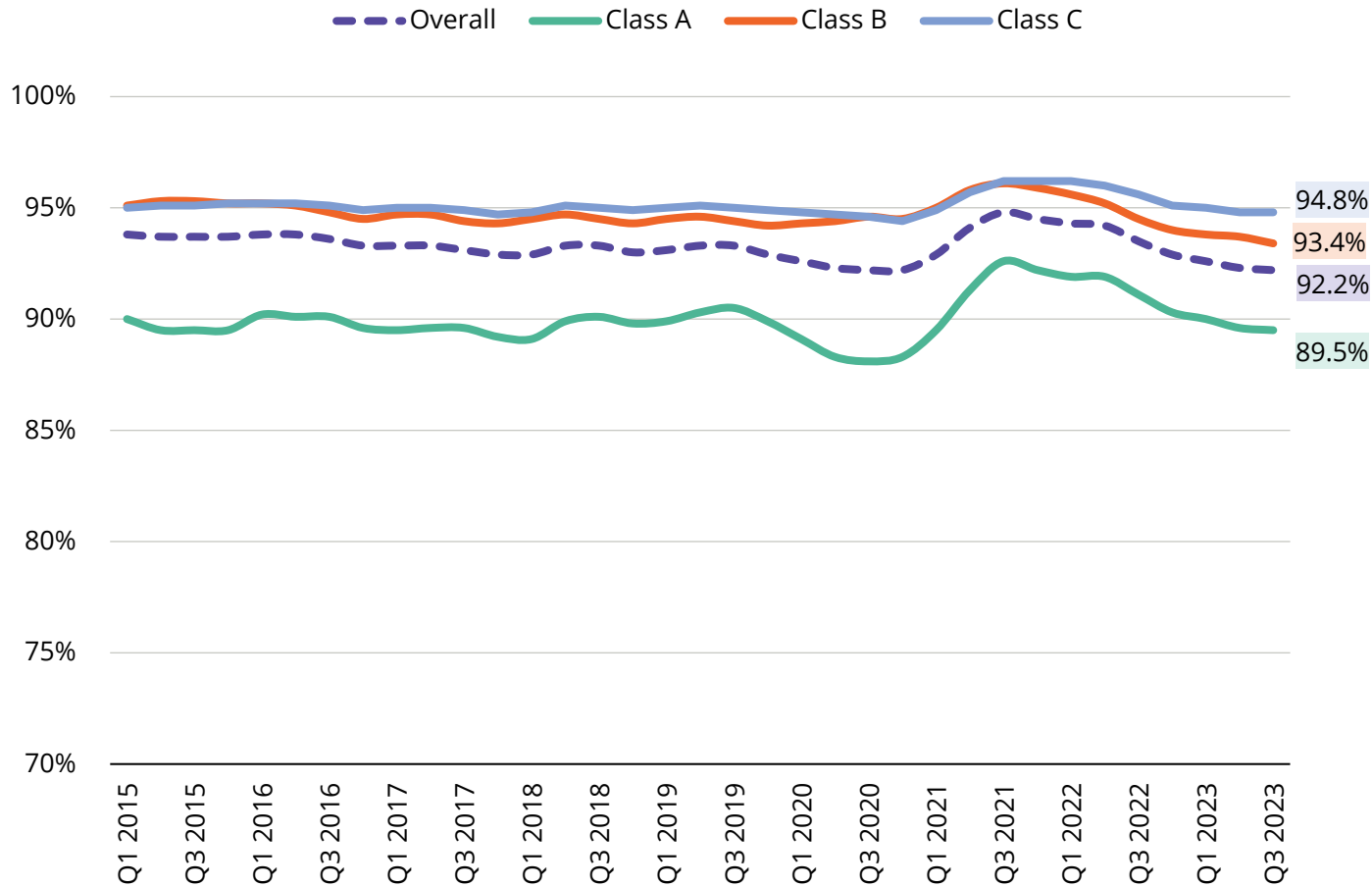
**On average, over 700 new multifamily units have delivered each day since 2020, increasing the overall U.S. multifamily inventory by 13.4%.**

# Multifamily demand and pricing



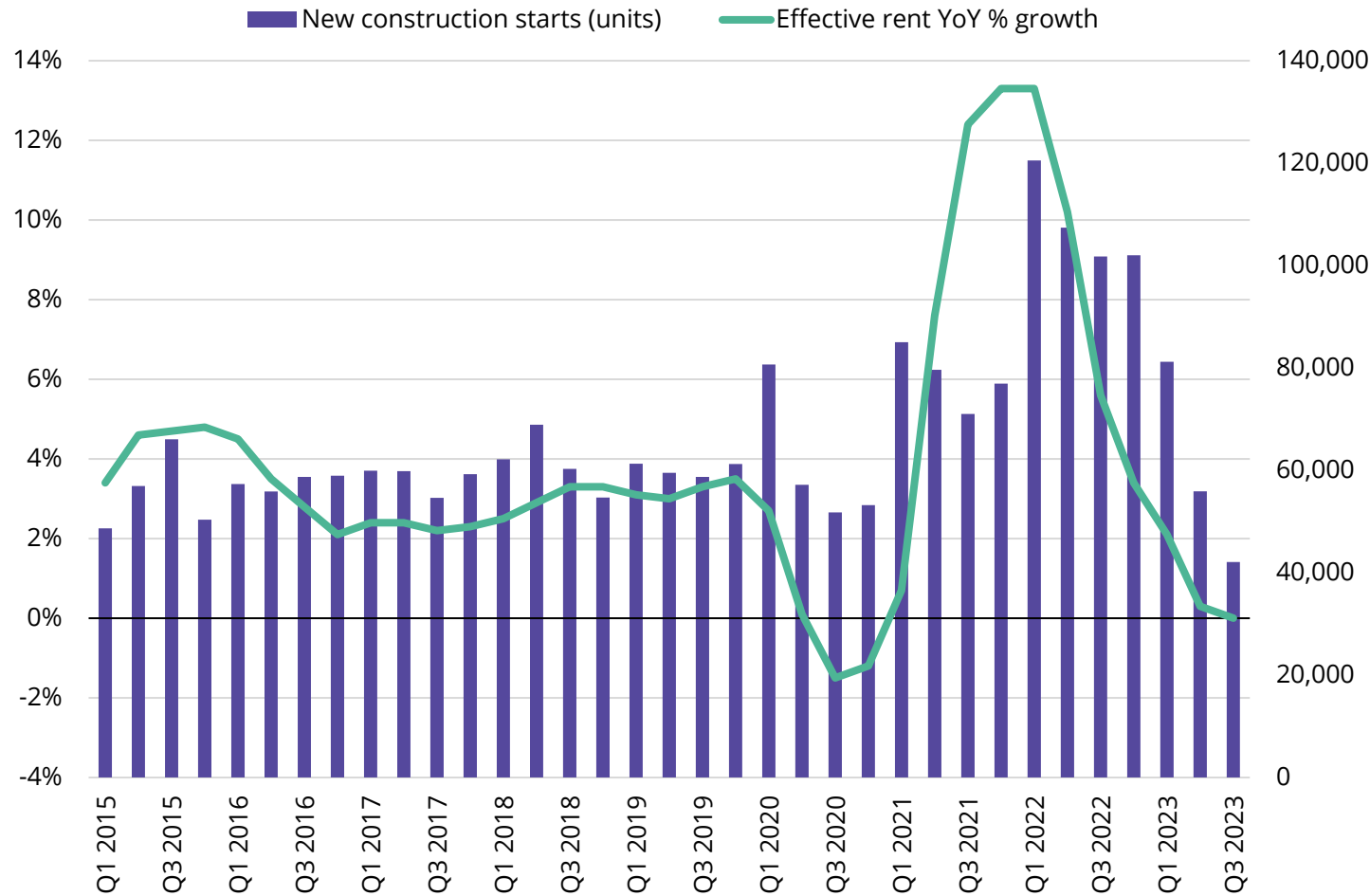
**Multifamily demand is on pace to reach 2018 levels while effective rent growth has slowed, increasing by just 1.1% since 2022.**

# Occupancy by class



**After reaching historic highs in 2021, occupancy rates have steadily declined over the last six quarters as new deliveries flood the market.**

# New construction starts and rents



**As rent and occupancy growth has slowed, new construction starts have dropped by almost 60% over the last 12 months.**

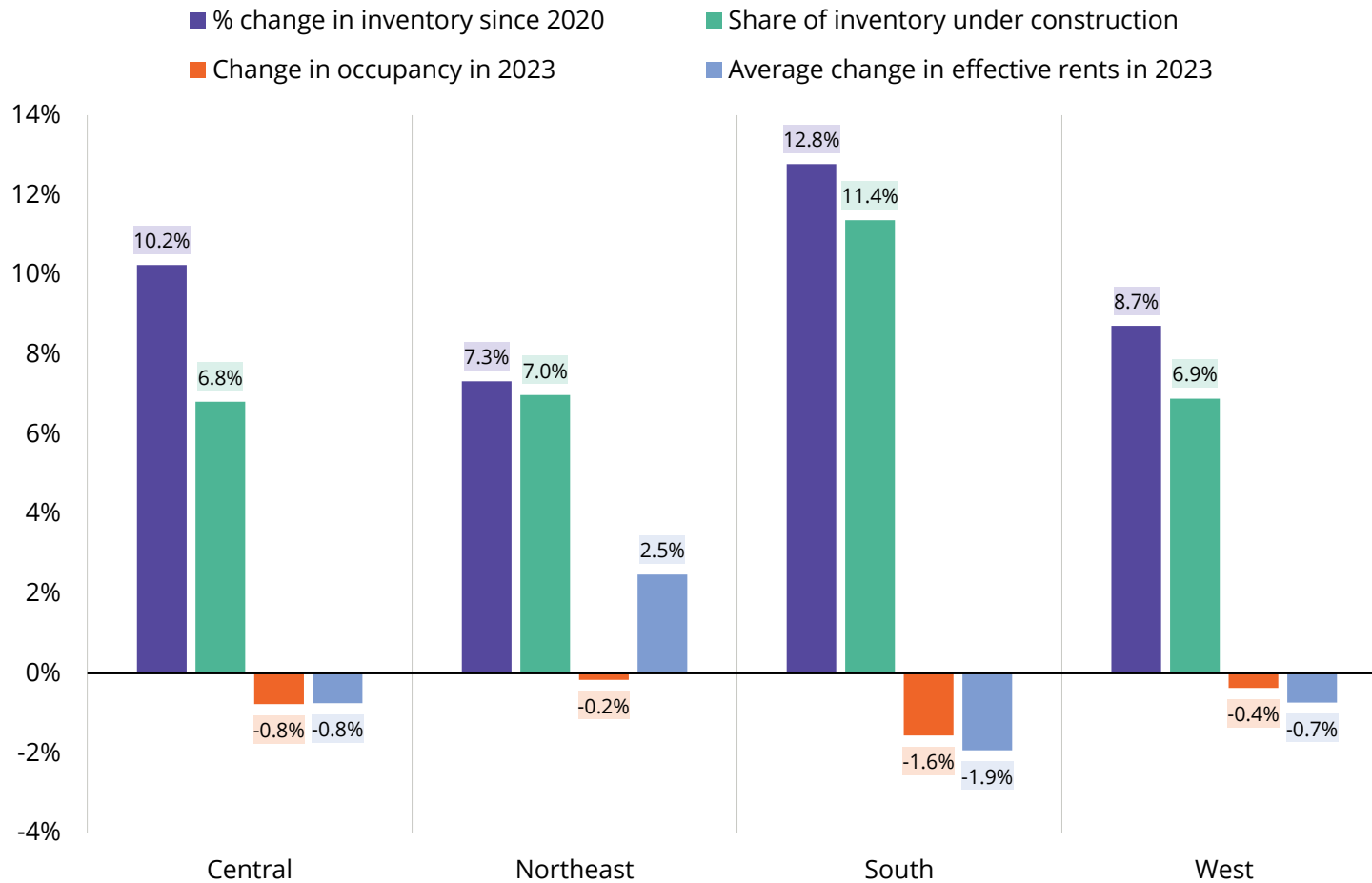
# Regional multifamily conditions

Let's examine regional  
multifamily trends.





# Regional market snapshot



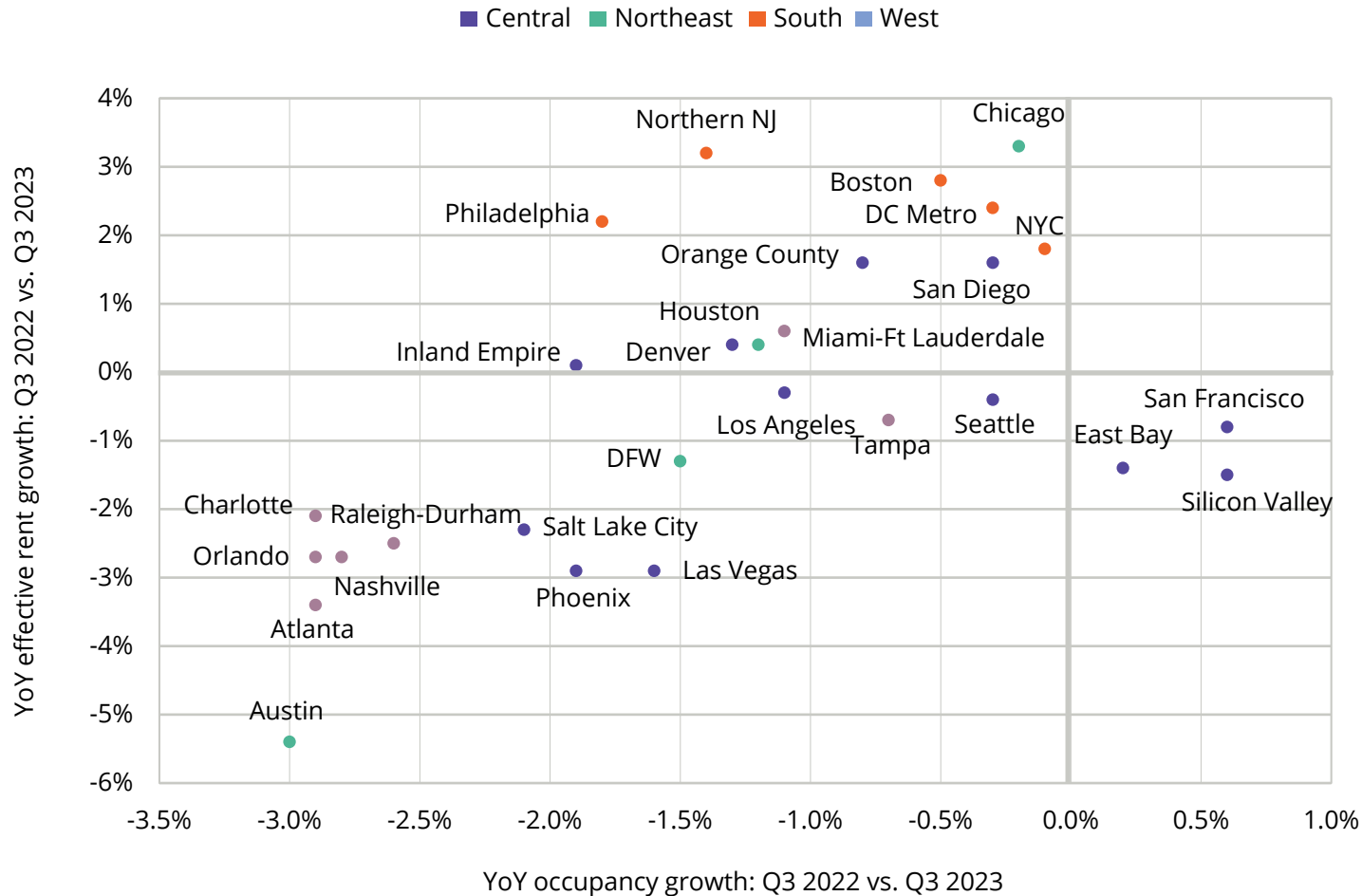
**As an abundance of new product has delivered, occupancy and rental rates have faced downward pressure, particularly in the South.**

# Occupancy by year and region



Occupancy levels have rebounded to pre-pandemic levels across the U.S., though the South region is facing a risk for oversupply.

# Change in rent and occupancy by market



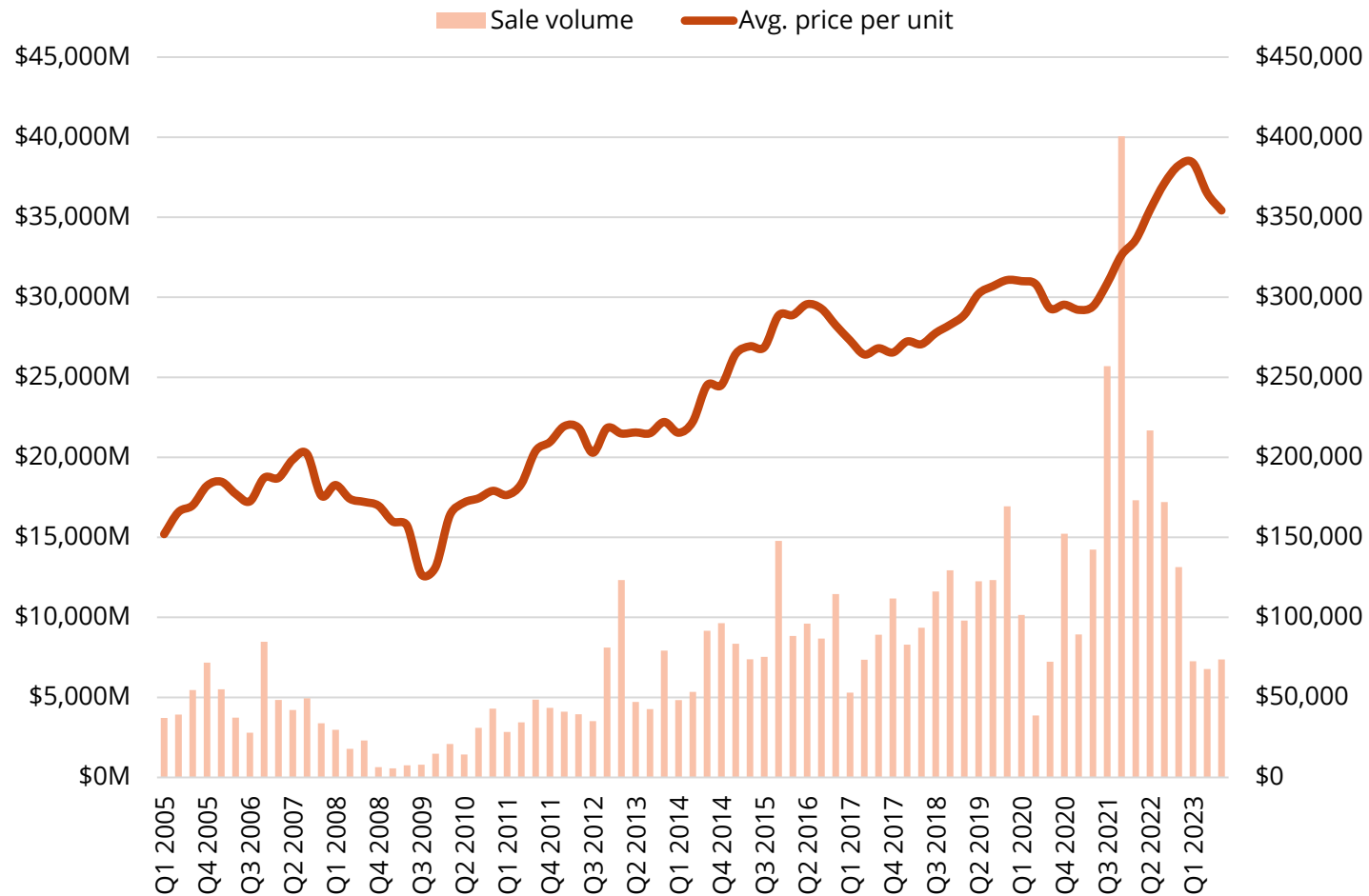
**Rent growth has continued across the Northeast, Southern California, and high-demand markets while occupancy growth has been minimal across the U.S.**

# U.S. multifamily capital markets conditions

Minimal rent growth coupled with increased interest rates have slowed overall transaction activity so far in 2023.

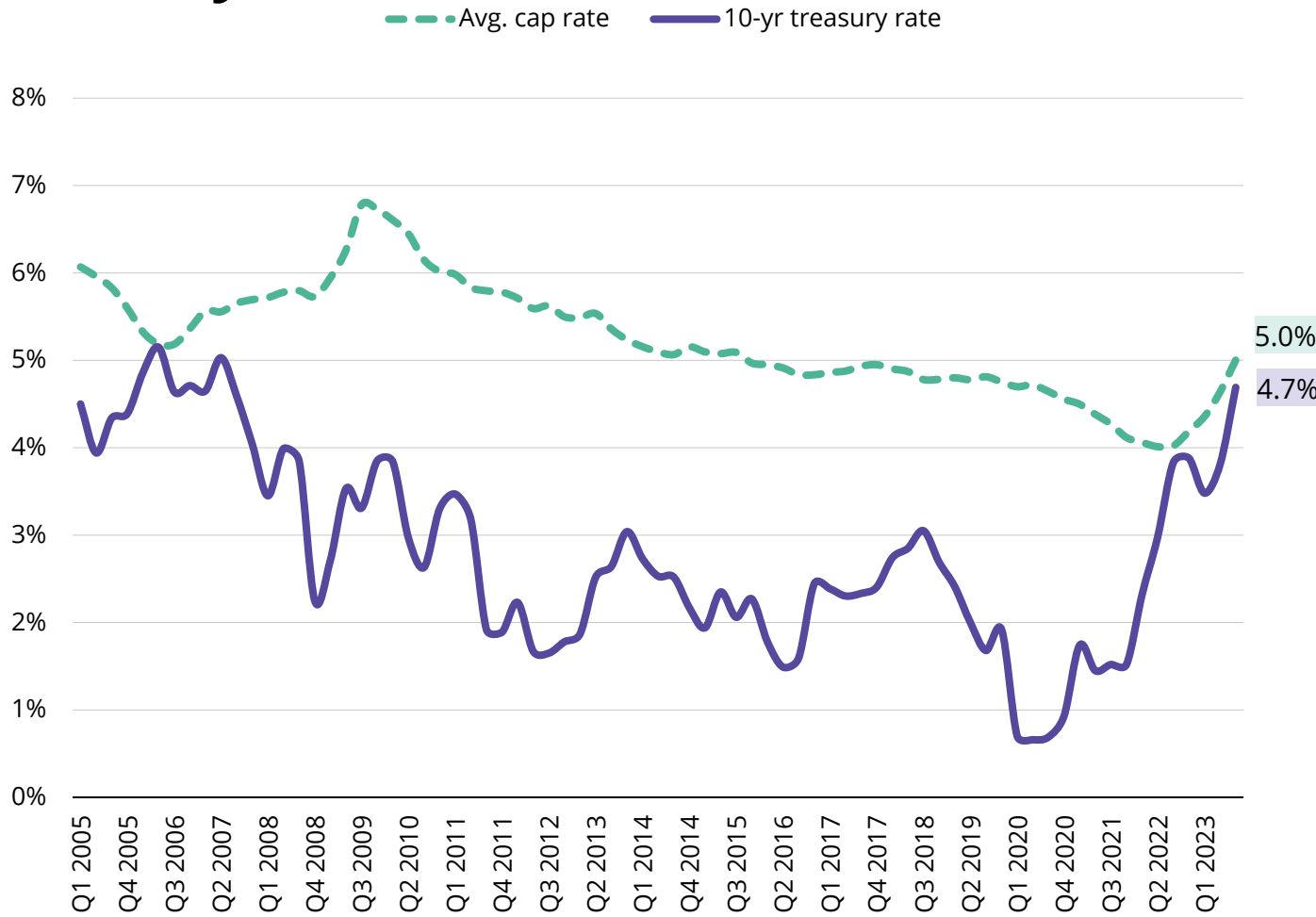


# Investment sales volume and pricing



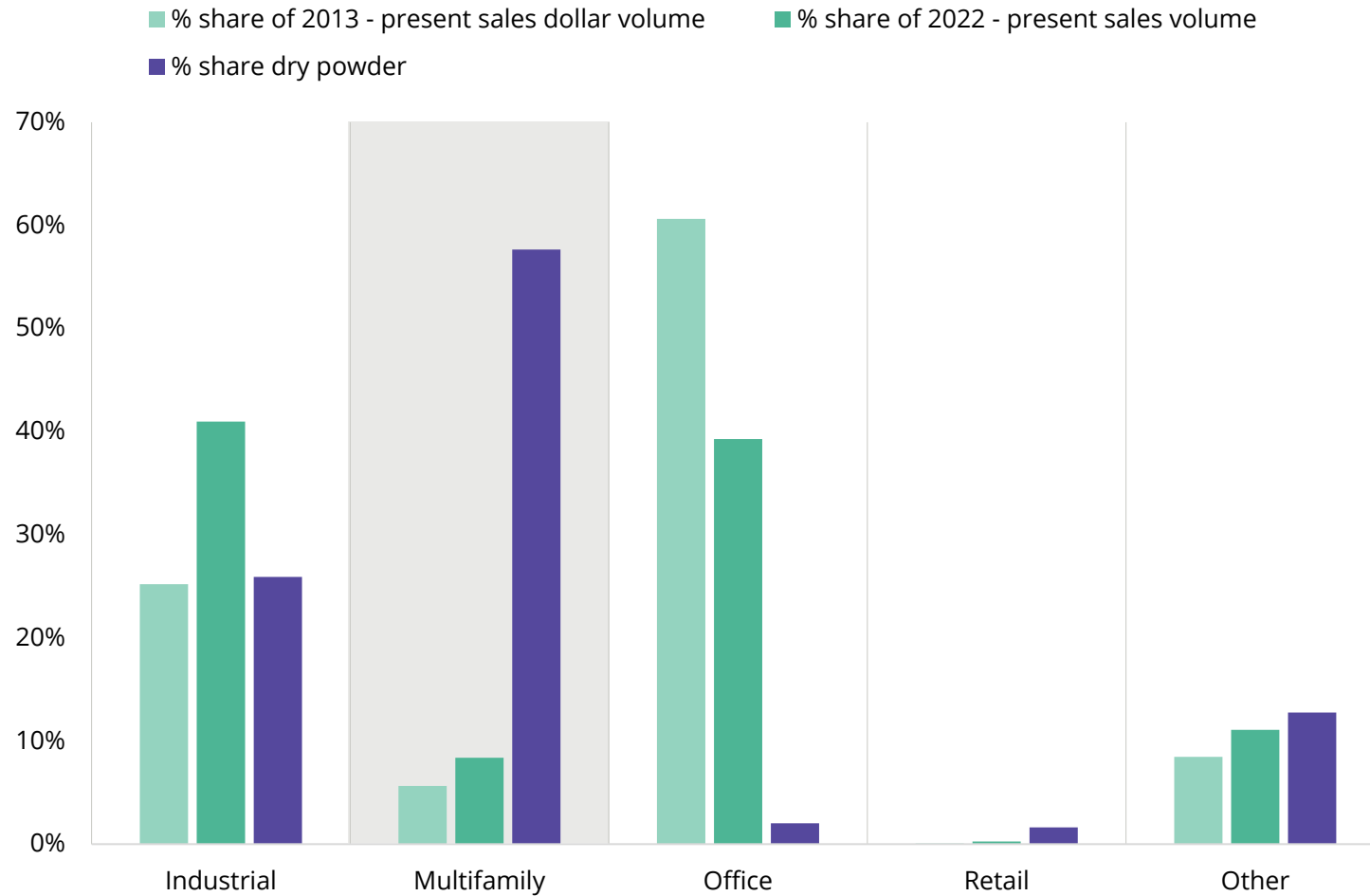
**Sales volumes for Q1-Q3 2023 have declined by -61.9% compared to 2022 while pricing has dropped by 7.8% since Q1 2023.**

# Multifamily average cap rate & 10-year treasury



**The average cap rate has steadily risen over the last 12 months as treasury rates have steadily climbed, limiting returns.**

# Dry powder vs. historical sales activity



**Alternative sectors such as data centers and mainstay multifamily assets have become more attractive investments relative to offices.**

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