



U.S. multifamily market report

Q4 2024

**AVISON
YOUNG**

U.S. multifamily market trends

+72.9%

increase in multifamily absorption between 2023 and 2024

Multifamily demand remained strong through the fourth quarter of 2024, driving absorption rates to levels comparable to the all-time highs of 2021.

In 2024, absorption levels were 67.1% higher than annual averages seen between 2015 and 2019.

62.1%

of major multifamily markets had absorption as percentage of inventory increase by 3% in 2024

Absorption continued to increase across every major U.S. market, particularly in the Sunbelt where population growth continues to drive occupancy gains.

Meanwhile, rents in major markets are rising again, with Silicon Valley and San Francisco leading at 3% effective rent growth year over year from the fourth quarter of 2023.

73.1%

of top multifamily markets saw investment sales activity increase between 2023 and 2024

Multifamily remains the favored product, accounting for 34.7% of total investment activity since 2023, outpacing industrial sales by almost 20%.

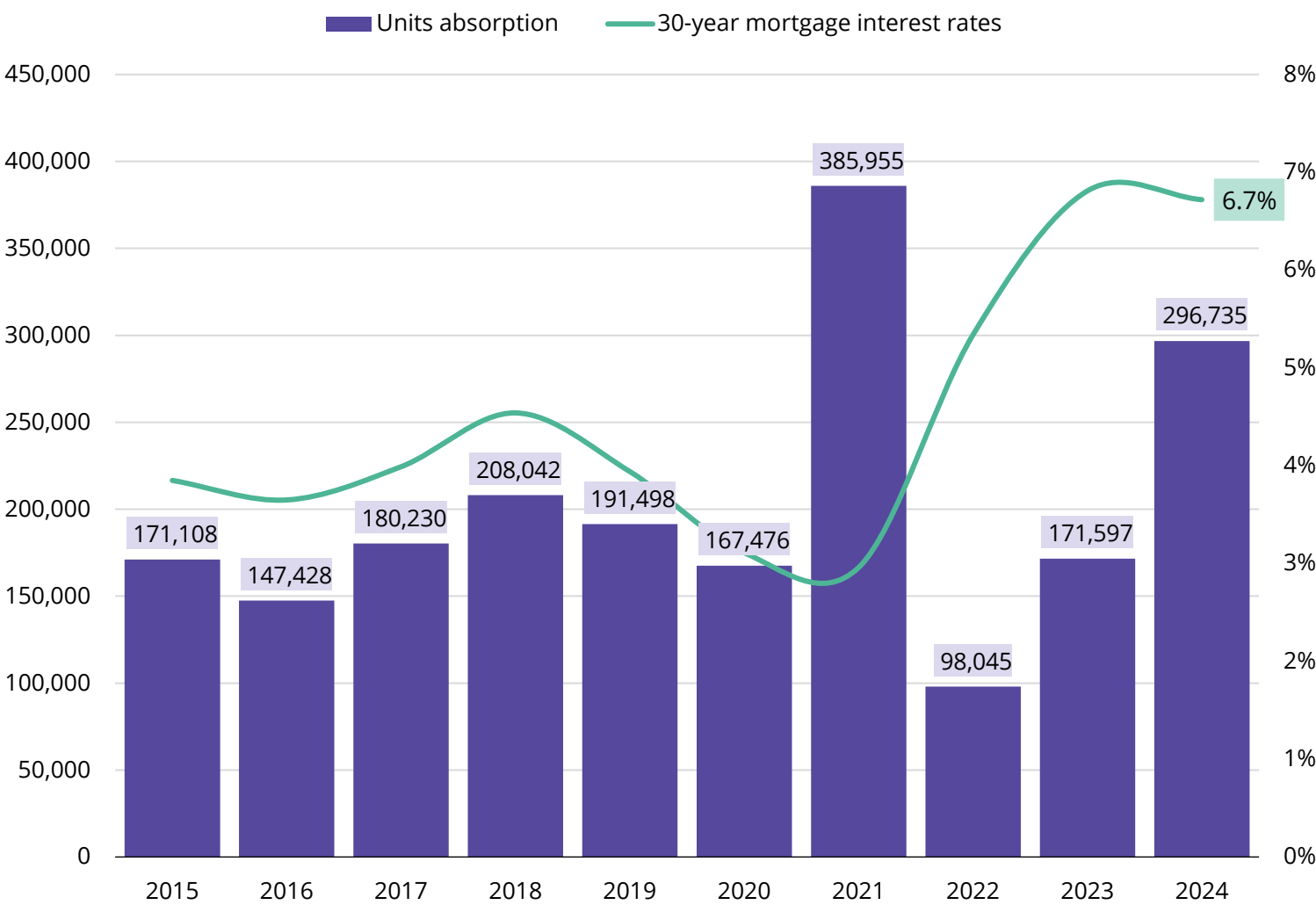
30.8% of the top MSAs saw investment volumes increase 40% or more over during the same period.

U.S. multifamily conditions

Let's examine prevailing multifamily trends.



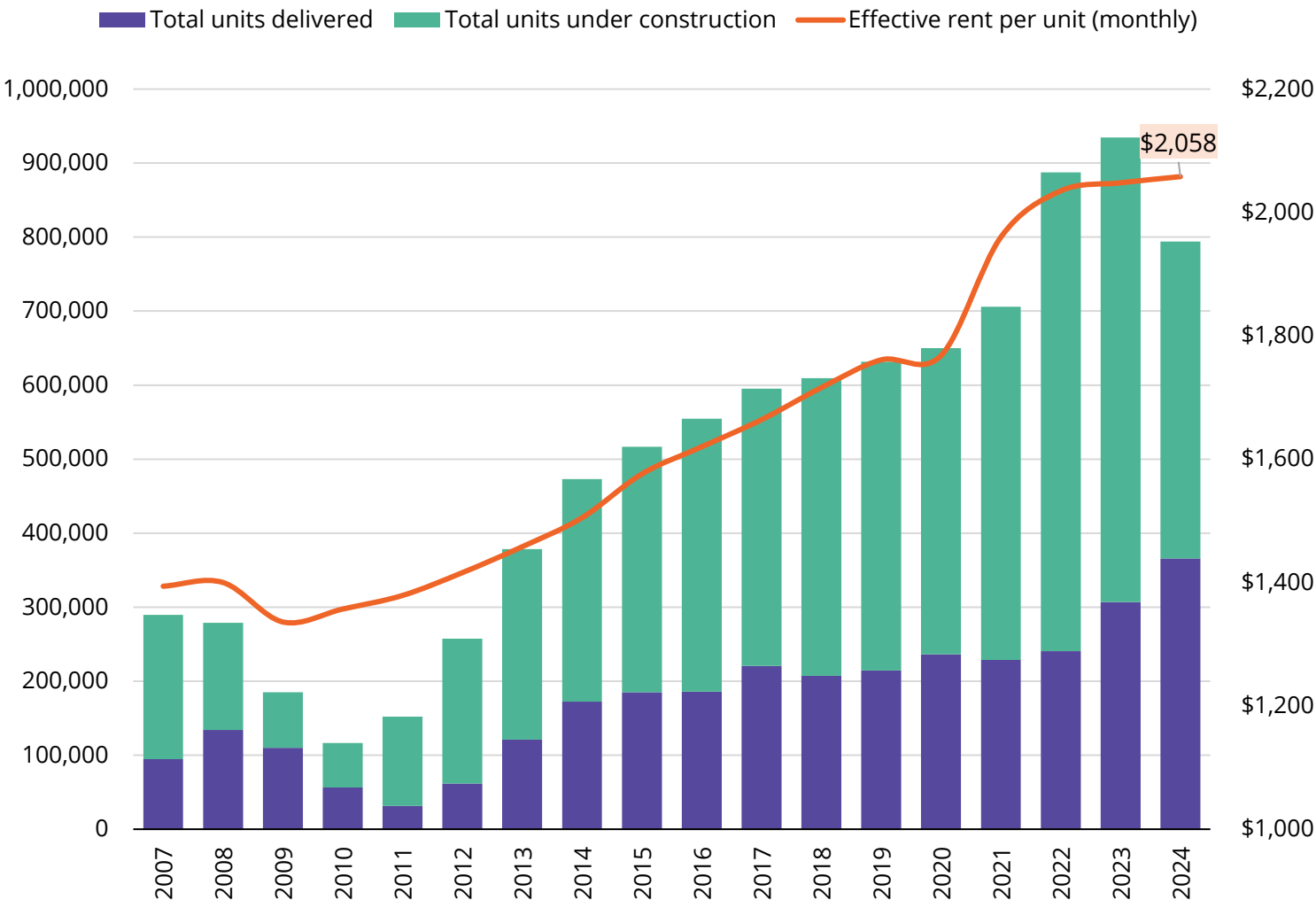
Multifamily absorption and mortgage rates



Multifamily demand remained strong through the fourth quarter of 2024, driving absorption rates to levels comparable to the record highs of 2021, as home interest rates remained well above recent lows.

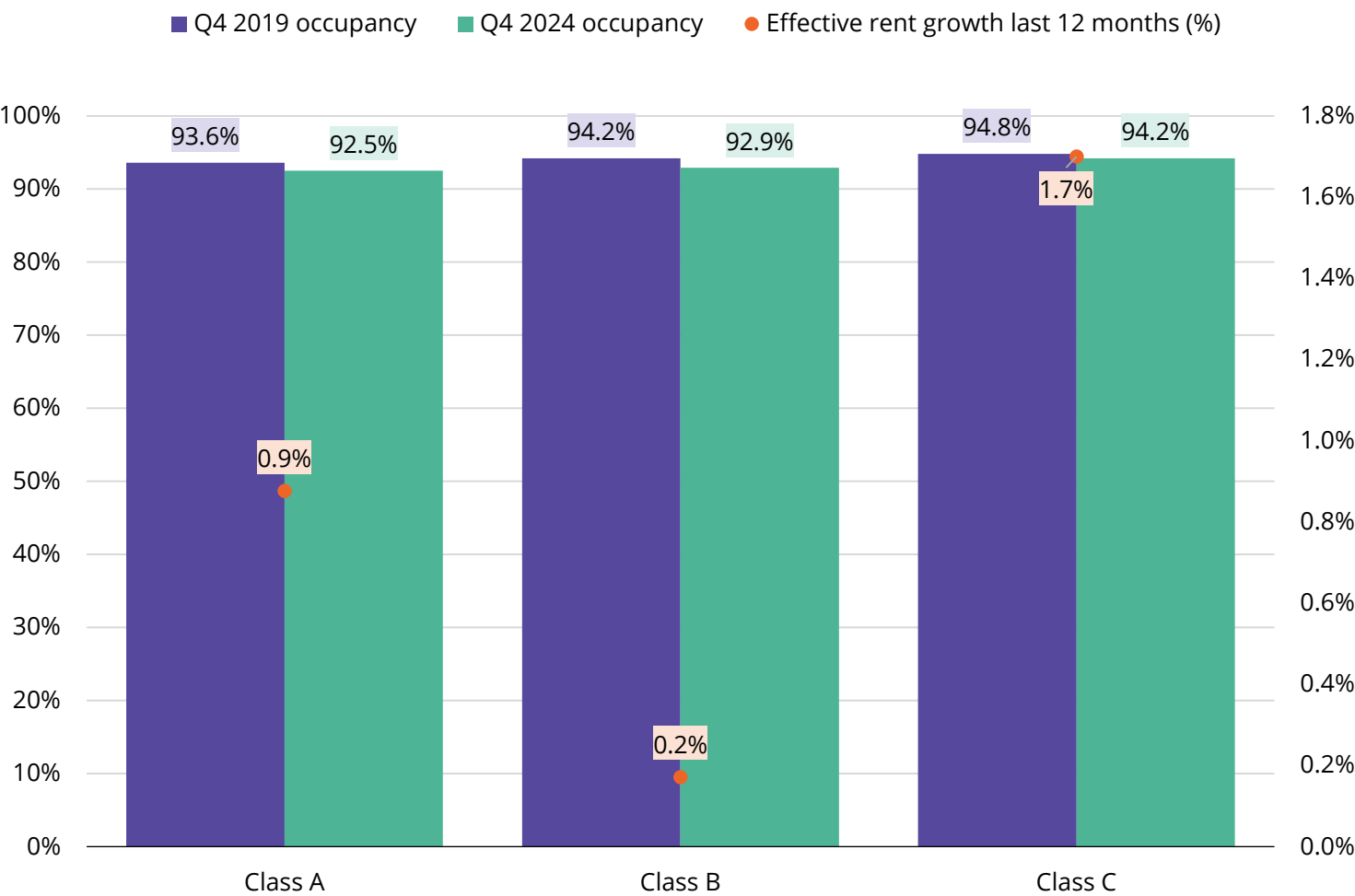
2024 absorption levels were 67.1% higher than annual averages seen between 2015 and 2019.

Multifamily development activity



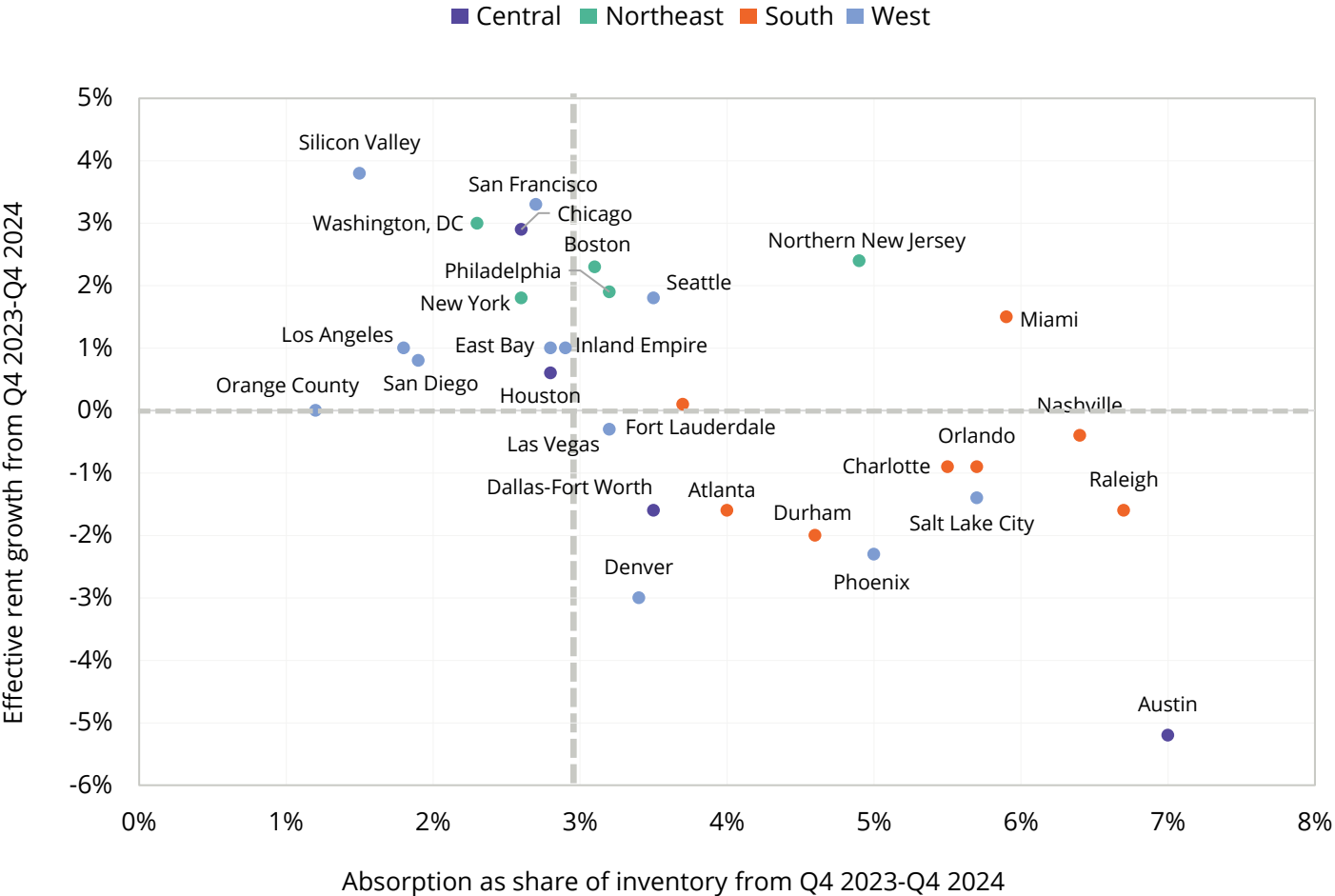
Construction activity dropped by 31.8% year over year in the fourth quarter of 2024. Rent growth has been minimal, but major markets are beginning to see it climb again.

Multifamily occupancy and rent growth



Despite the uptick in development activity, occupancy rates are hovering close to pre-pandemic levels, while class C assets continued to see year over year rental rate growth in the fourth quarter of 2024.

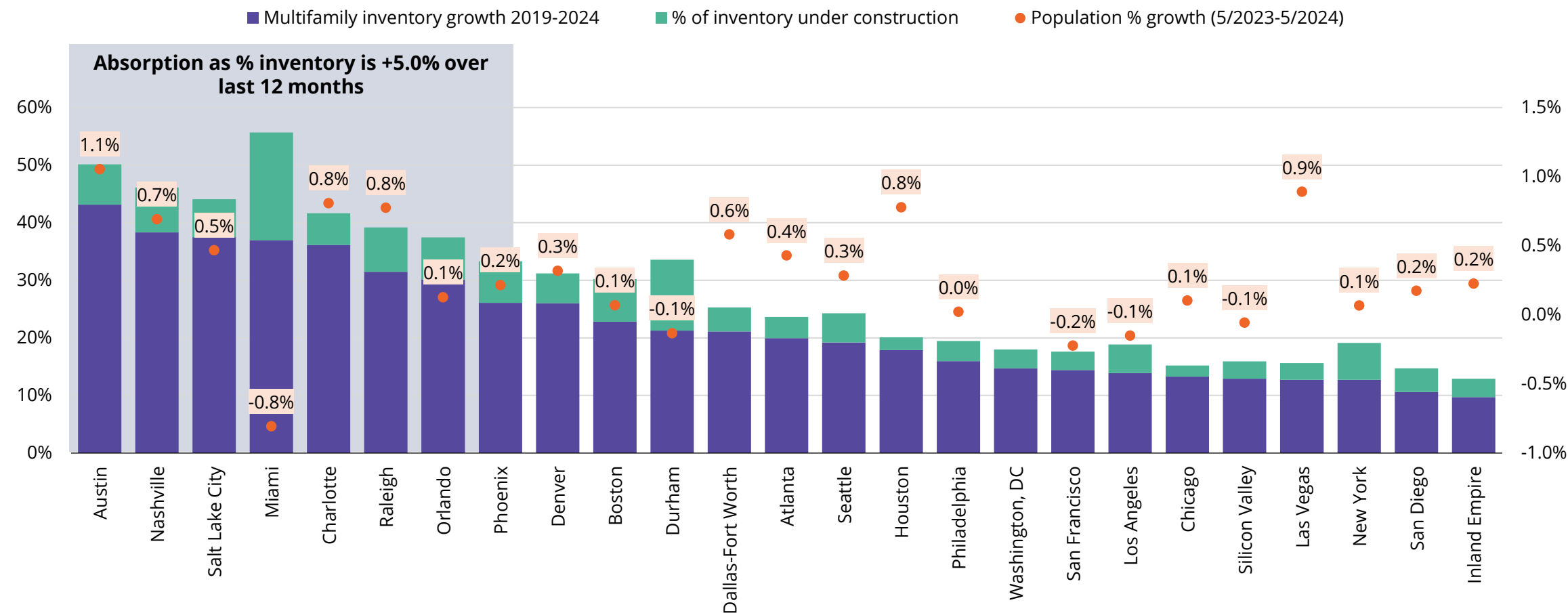
Effective rents and absorption by market



Absorption increased across every major U.S. market, particularly in the Sunbelt where population growth continues to drive occupancy gains.

Meanwhile, rents in major markets are rising again, with Silicon Valley and San Francisco leading at +3% effective rent growth.

Construction vs. multifamily inventory growth by MSA

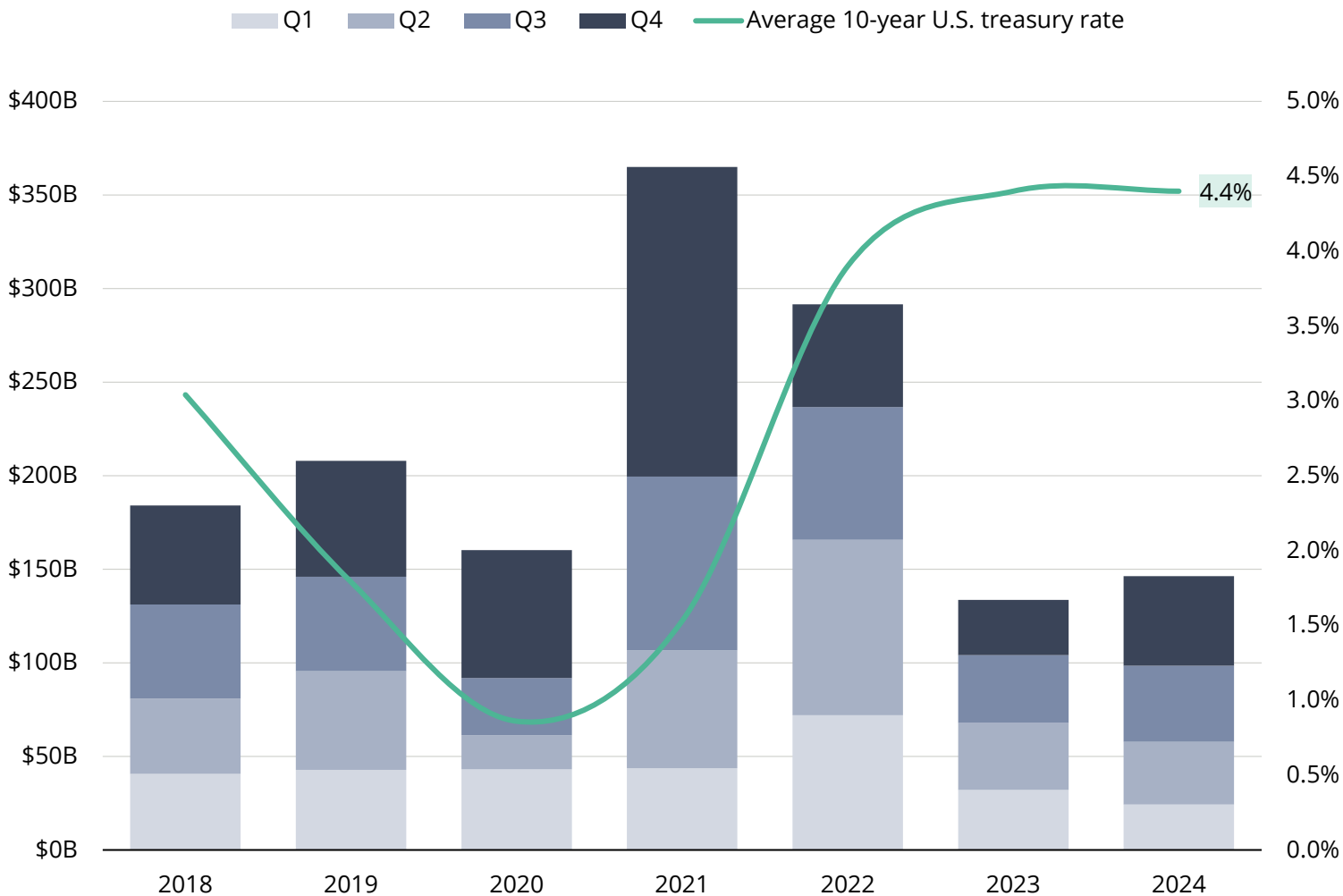


U.S. multifamily capital markets conditions

Let's examine capital market conditions.

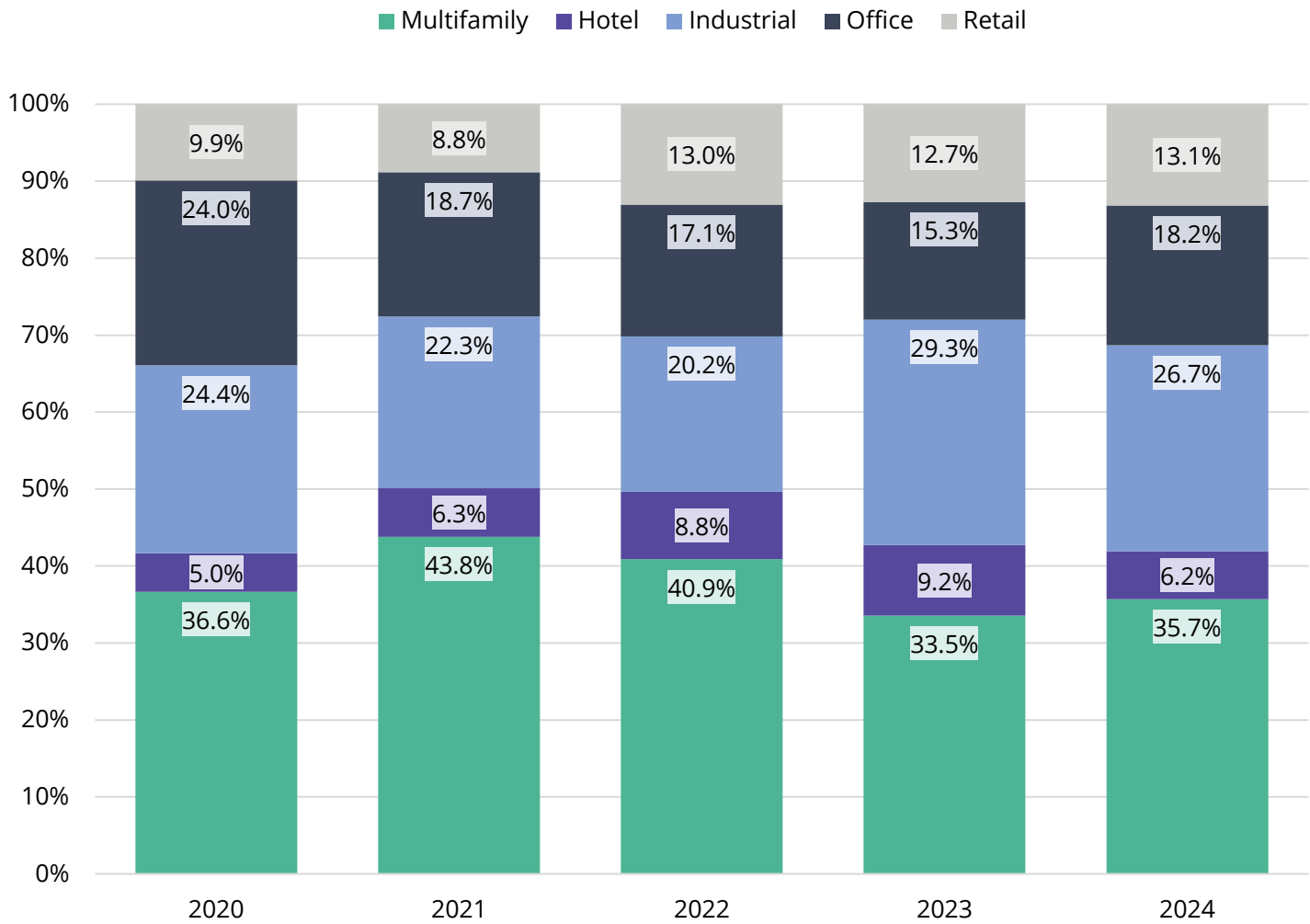


Multifamily sales volume and treasury rates



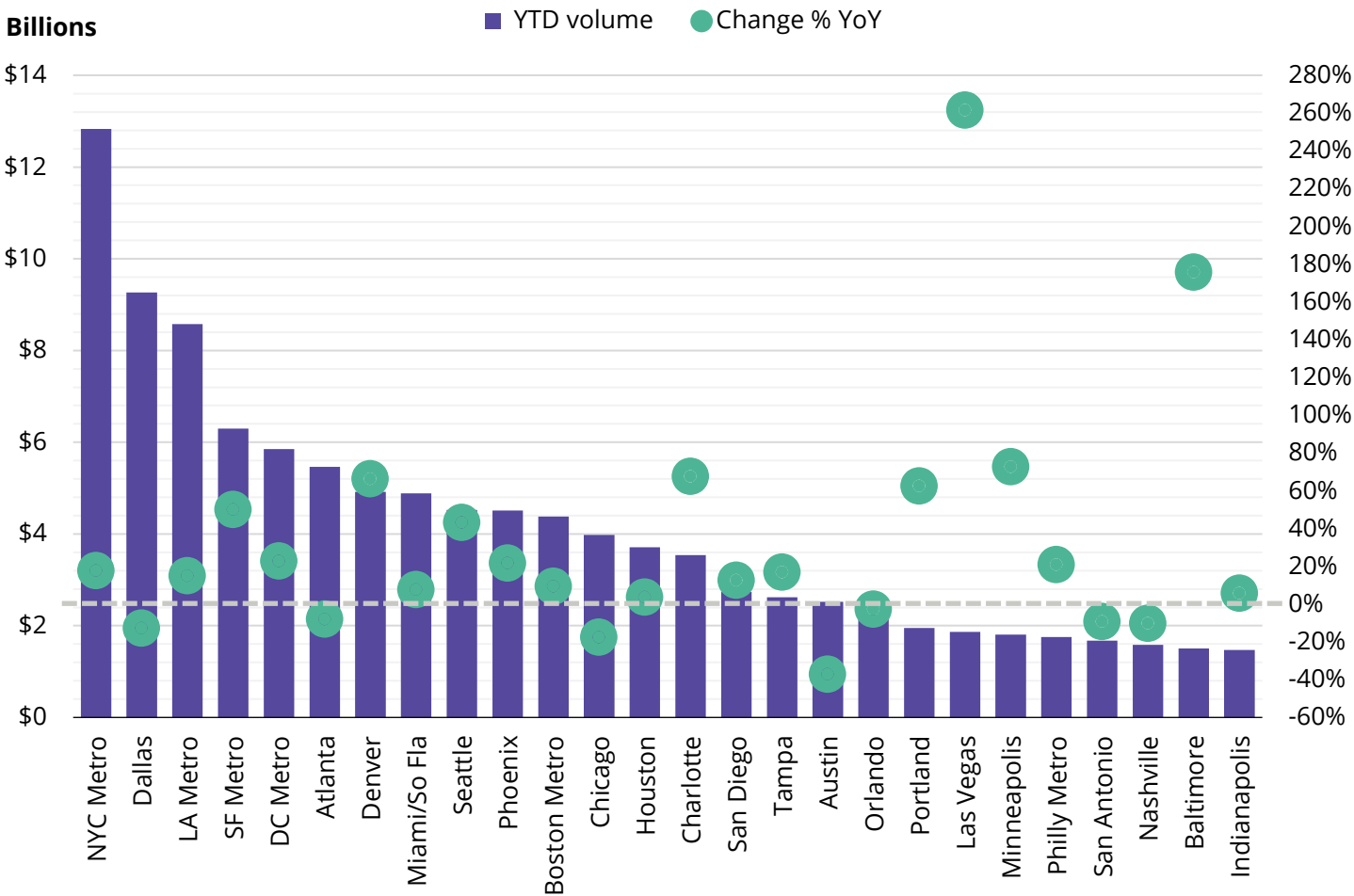
Multifamily sales activity increased by 9.5% between 2023 and 2024 but remain below prior highs due to elevated treasury rates.

Sales volume share by property type



Multifamily remains the favored product, accounting for 34.6% of total investment activity since 2023 and 35.7% of total sales volume in 2024.

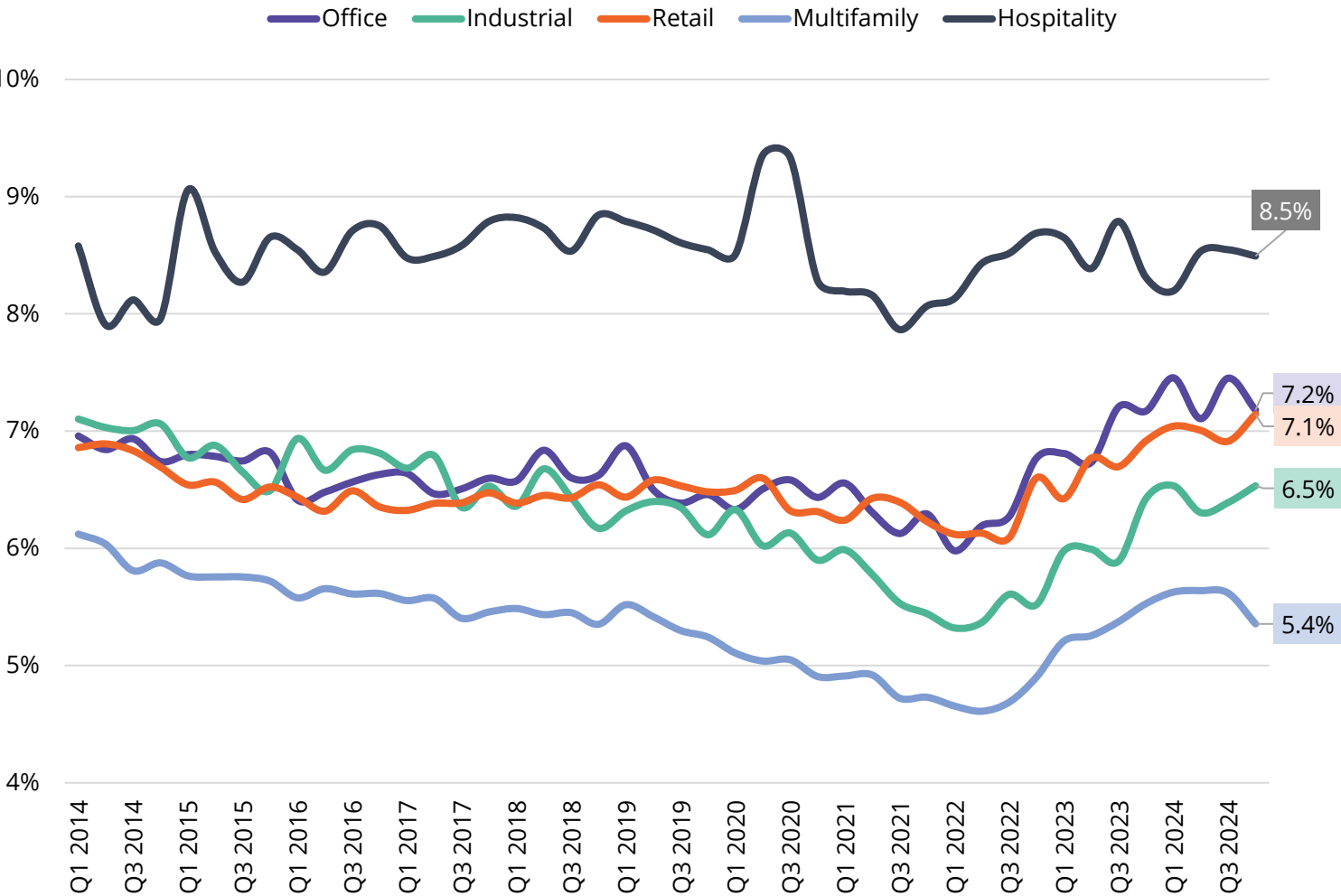
Top U.S. MSAs for multifamily investment sale volume



73.1% of multifamily markets' sales volume in 2024 saw investment volumes increase between 2023 and 2024.

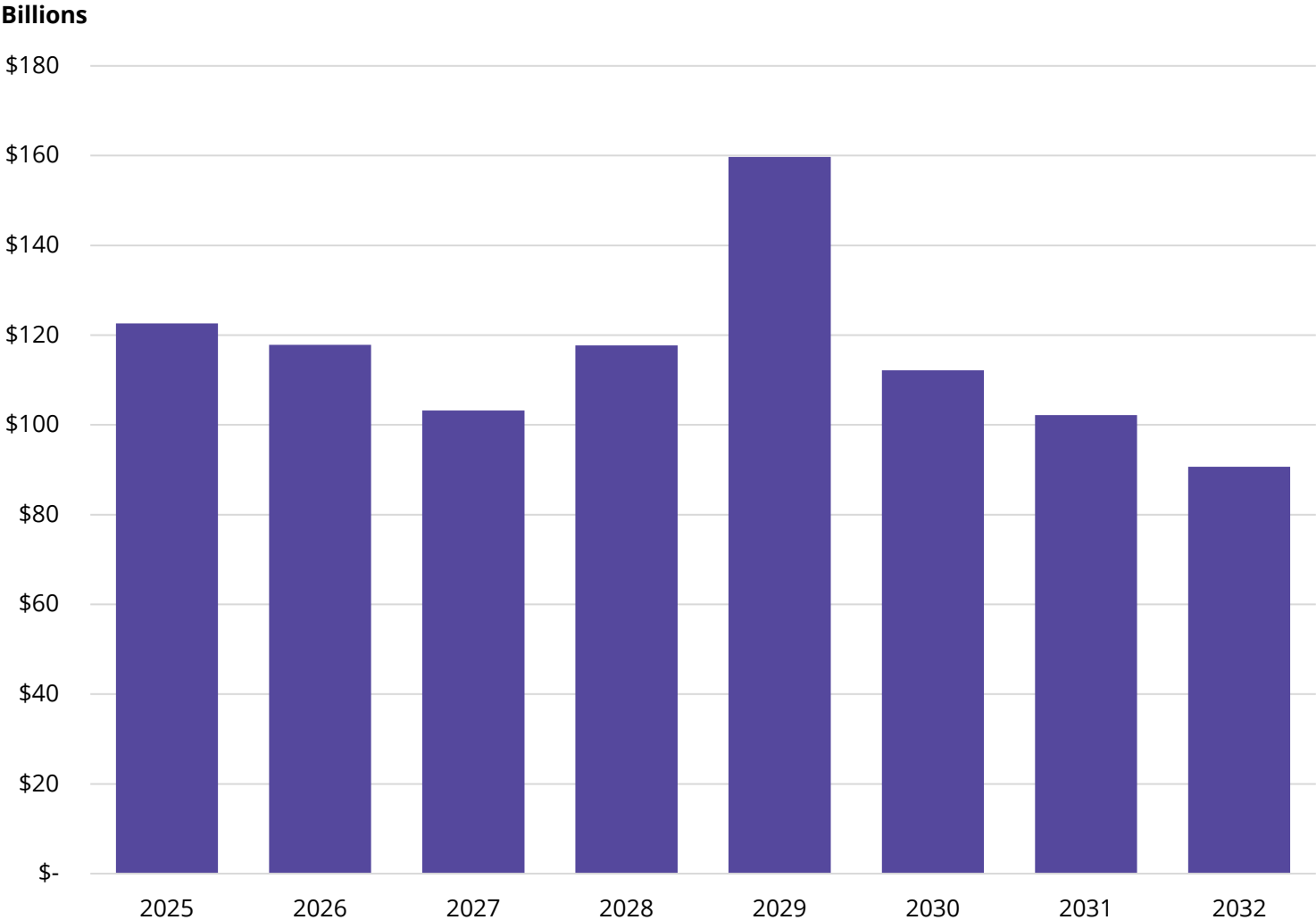
30.8% of the top MSAs saw investment volumes increase 40% or more over during the same period.

Average cap rates



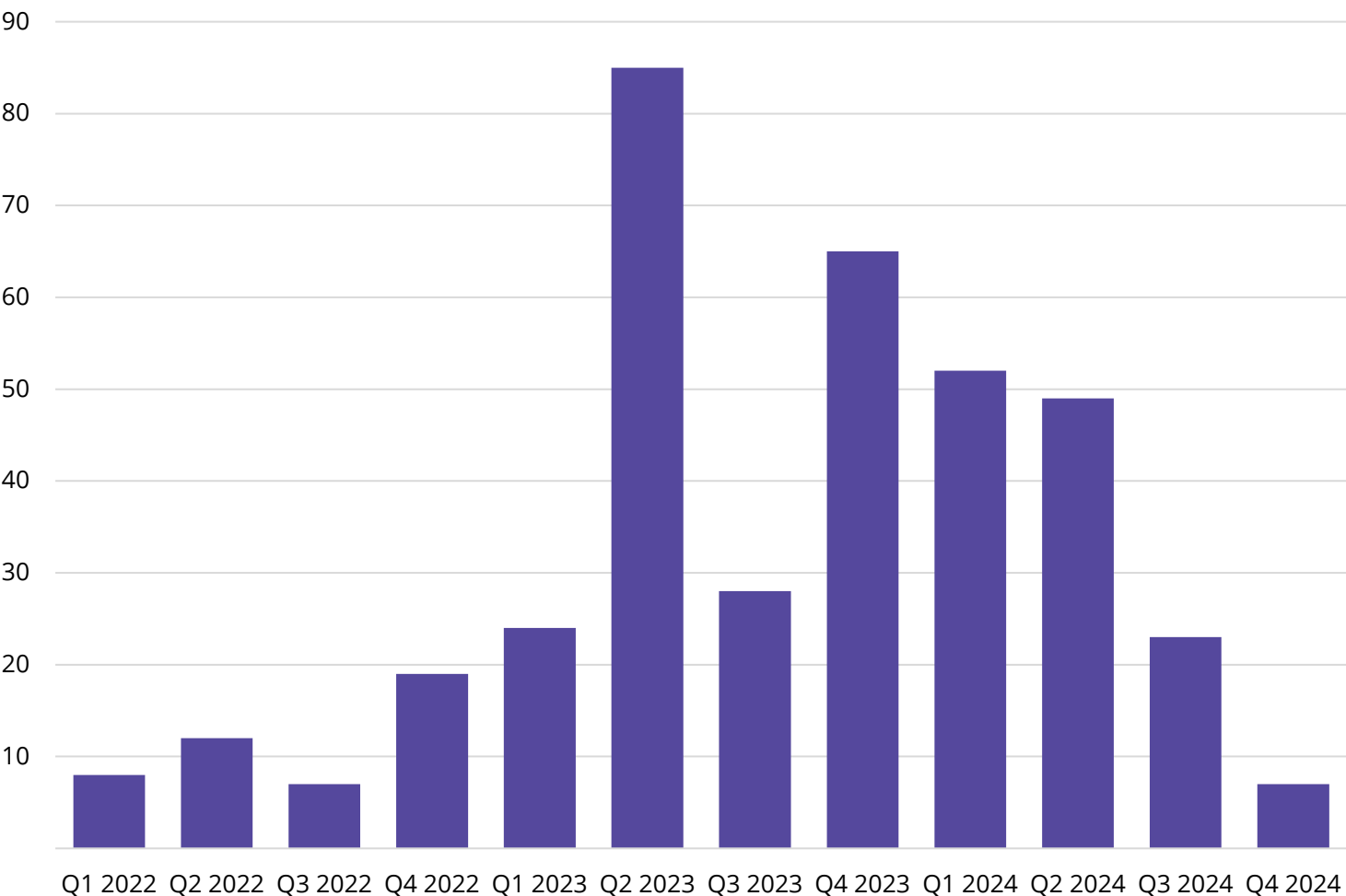
Multifamily cap rates improved quarter over quarter, shifting from 5.6% in the third quarter of 2024 to 5.4% in the fourth quarter of 2024.

Multifamily loan maturities



17.2% of multifamily loan maturities occurring over the next eight years are in 2029.

Multifamily foreclosure initiations



Correlating with the hike in interest rates beginning in the first quarter of 2023, a large quantity of foreclosures were initiated. Office and multifamily make up the majority.

However, the Fed’s September interest rate cut, coupled with improving multifamily and office market conditions, helped mitigate foreclosure initiation in the fourth quarter.

For more market insights and
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