



# NATIONAL MULTIFAMILY REPORT

2023 | MIDYEAR

**BERKADIA**<sup>®</sup>



## Jobs Added / Lost

LAST 12 MONTHS

3,792,000

↑ 2.5%

## Unemployment

MIDYEAR 2023

3.6%

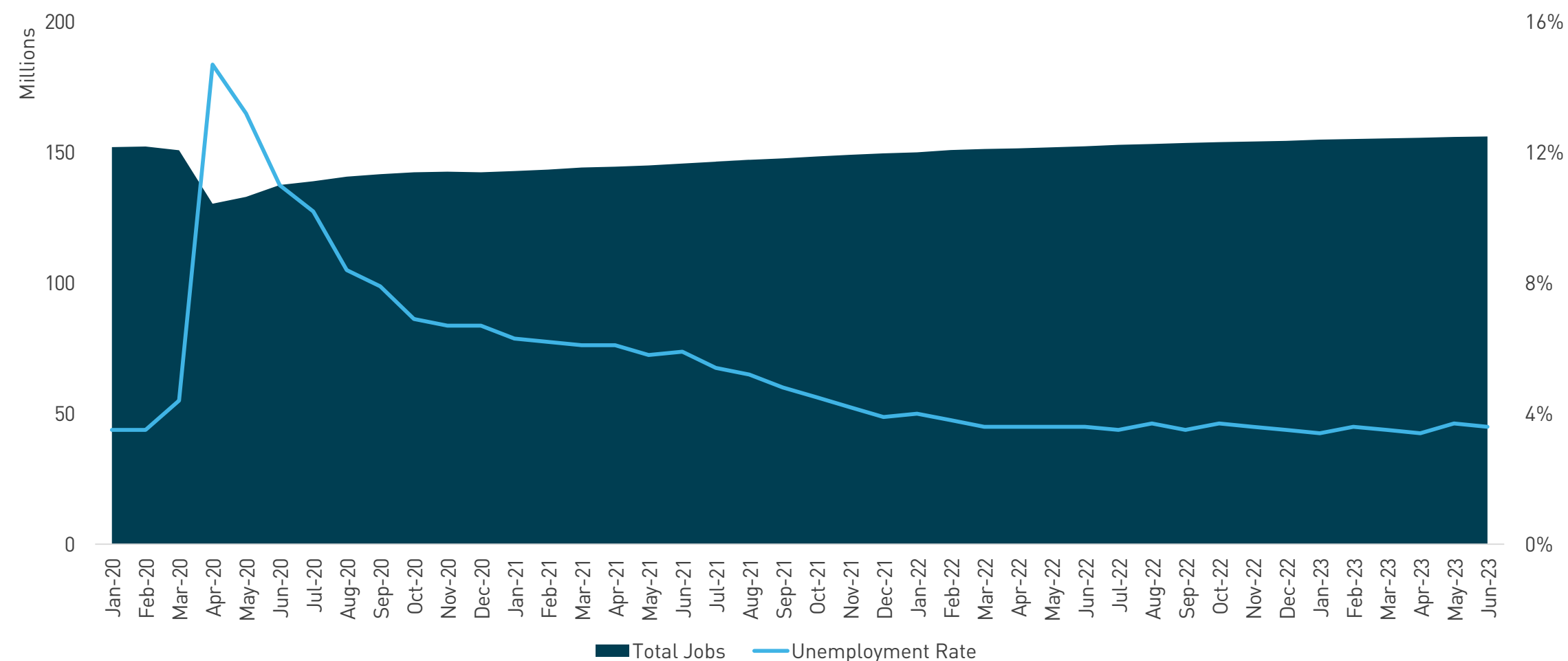
⊙ 0 BPS YOY

# NATIONAL EMPLOYMENT

The U.S. economy exhibited resilience from the initial impact of the pandemic when payrolls contracted by more than 21.9 million jobs. By midyear 2022, the national workforce exceeded the pre-pandemic high. The pace of hiring decelerated in the last year as seasonally adjusted nonfarm employment grew by an average of 316,000 positions each month. Even with the moderation, job creation during the most recent year significantly outpaced the monthly average during the pre-pandemic growth cycle of approximately 186,700 hires. While every employment sector posted gains since mid-2022, more than 1 million private education and healthcare workers across the U.S. led all others. These in-demand

occupations have seen annual wage growth on par with or higher than the national average. A competitive environment for workers contributed to strong salary increases across the U.S. Rising 5.6% annually through June 2023, the latest national wage growth was double the average during the pre-pandemic growth cycle. Continued higher and robust wage growth has been reflected in an increase in the Conference Board's Consumer Confidence Index in June 2023. The positive economic conditions benefited the apartment market, especially at the start of this year. Apartment operators reported positive net absorption during the first six months of 2023, a reversal from the second half of last year.

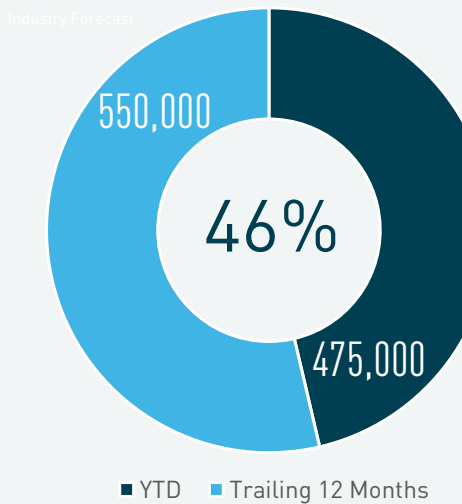
## Employment Trends



Source: Moody's Analytics

## Who's Hiring?

PRIVATE EDUCATION & HEALTHCARE INDUSTRY



16% OF ALL JOBS IN THE U.S.

\$96,800 AVERAGE ANNUAL SALARY

## Top Private Education & Healthcare Employers



400,000 JOBS



313,800 JOBS



219,000 JOBS

## In The News

[United Airlines to hire 50,000 workers through 2025](#)

[IRS to hire 30,000 staff over two years](#)

[Boeing to hire 10,000 in 2023](#)



## 2023 Units\*

### DELIVERIES

502,375

### ABSORPTION

376,276

## 2024 Units\*

### DELIVERIES

656,875

### ABSORPTION

624,342

\*Projected

# NATIONAL DELIVERIES & ABSORPTION

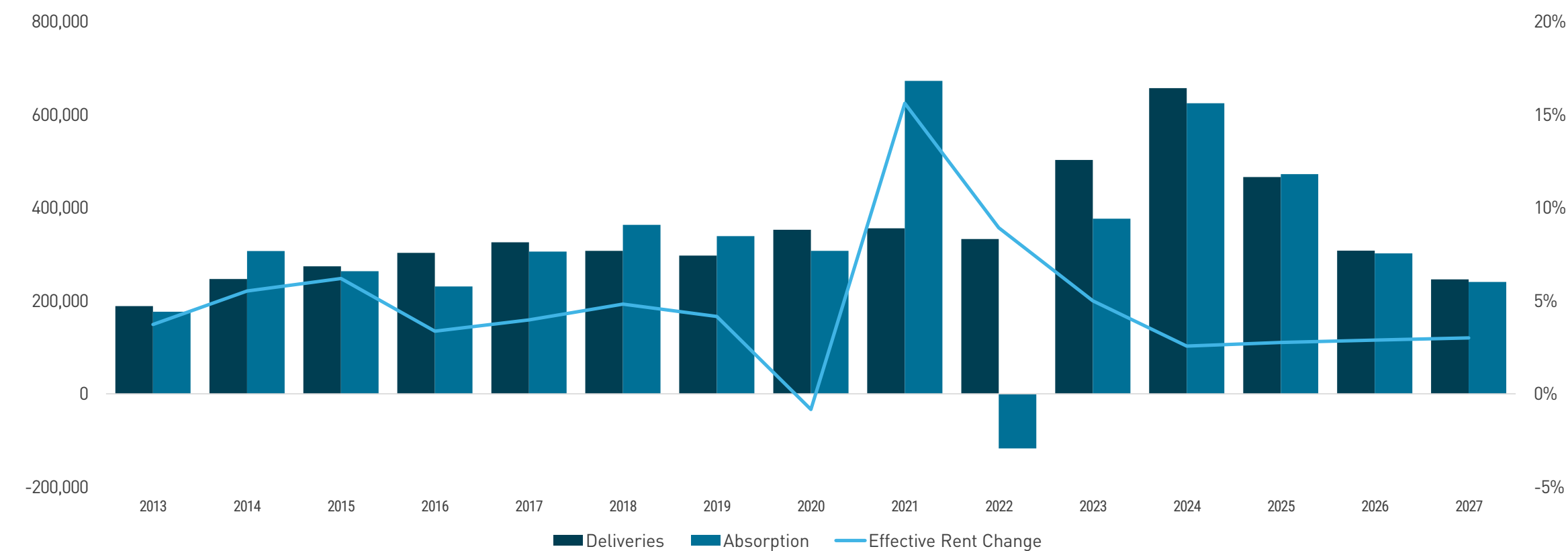
After a historic year for leasing activity in 2021, apartment operators witnessed a significant downshift in net absorption during 2022. Many renters chose to stay in place, with an average lease renewal of 56%, up from the 52% average during the five years leading up to the pandemic. At the same time, other renters chose to live with roommates or family. These factors contributed to negative net absorption in 2022.

The start of this year showed signs of a positive shift as economic conditions remained favorable. During the first half of 2023, renters moved into more than 98,800 units than moved out. Renters continued to show a preference for Sun Belt markets, with net absorption highest so far

this year in Phoenix, Houston, and Dallas-Fort Worth. These markets benefitted from continued hiring and the cost of renting lower than the national average.

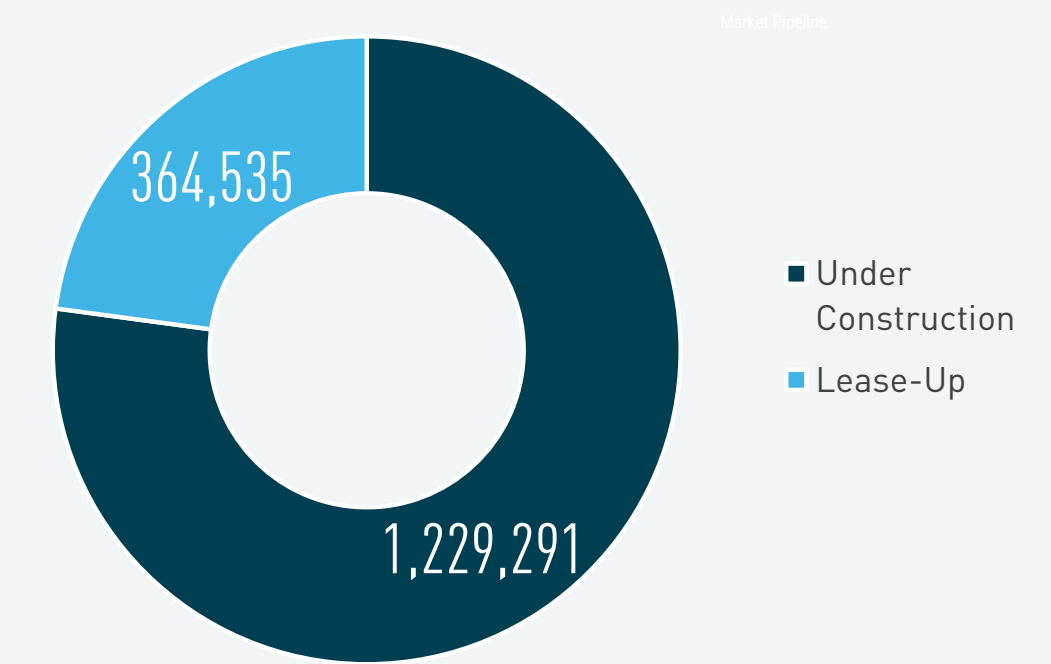
Also facilitating leasing activity was an influx of new apartment inventory. As apartment builders work to fill a housing gap in recent years, completions are surging. The inflow of apartments was capped by more than 198,800 units coming online in the first half of 2023. Elevated activity is expected to continue through this year and beyond with more than 1.2 million units under construction at the midpoint of 2023.

## Deliveries, Absorption, & Effective Rent Change

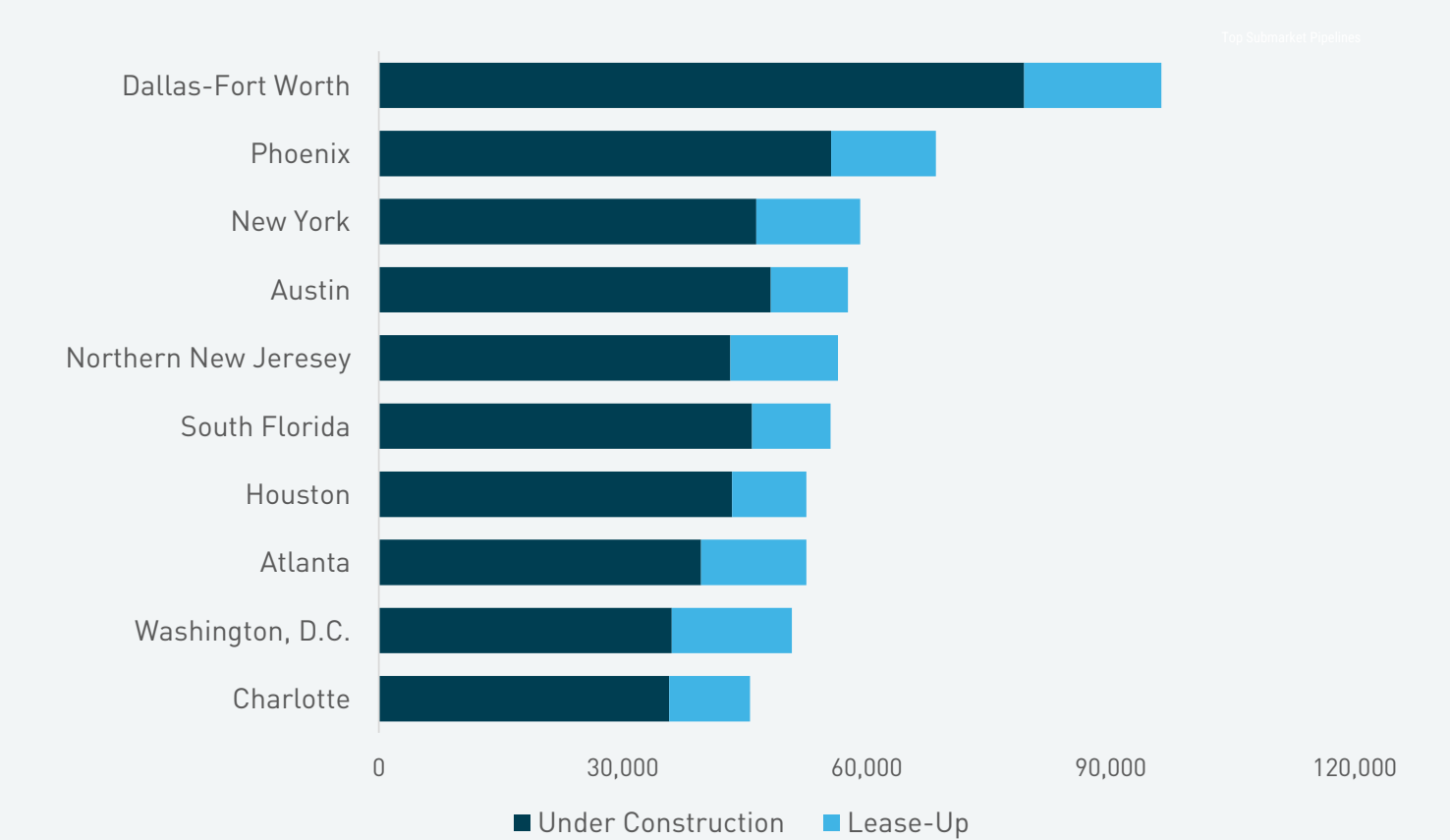


Source: RealPage

## National Pipeline

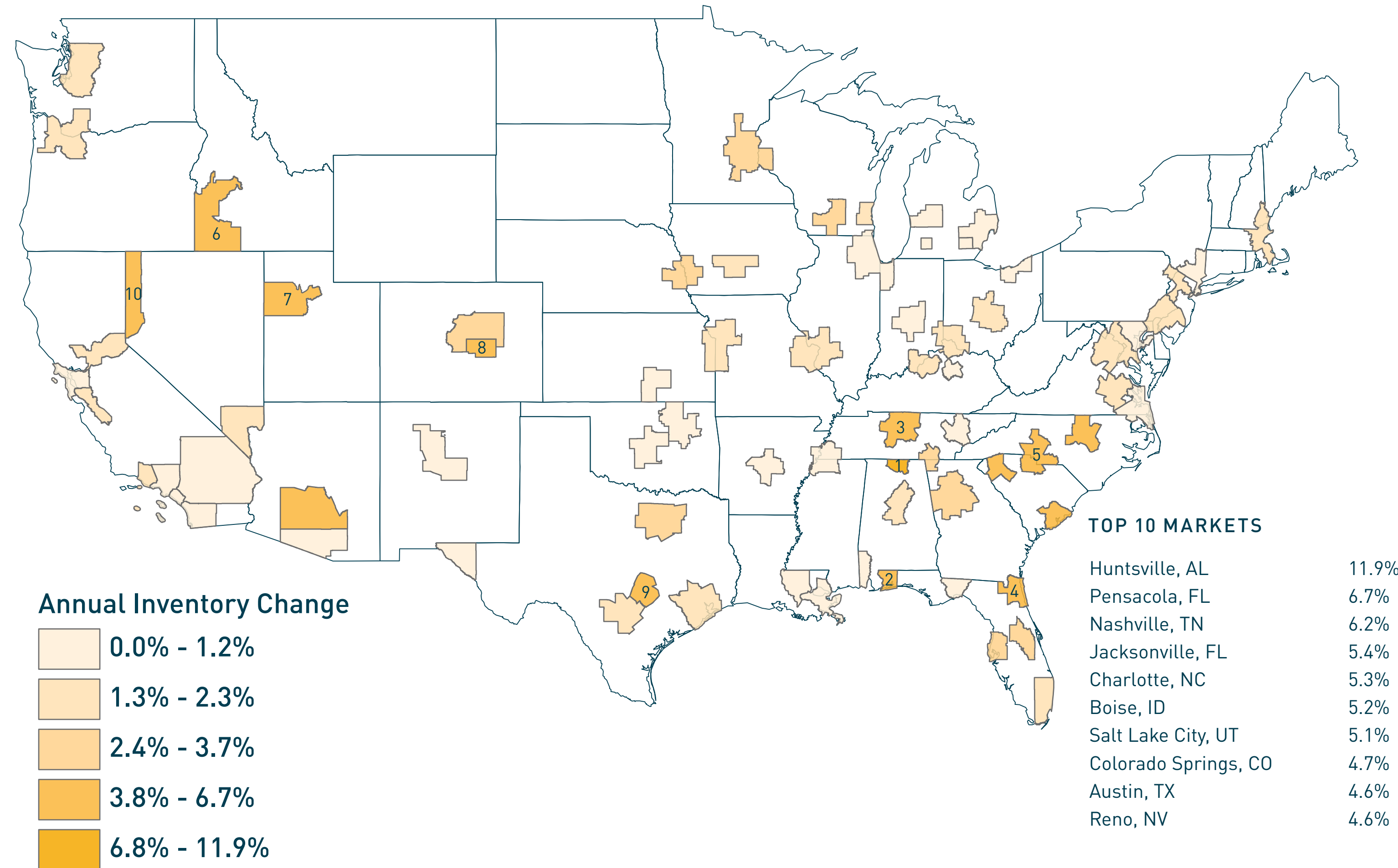


## Top 10 Market Pipelines





# NATIONAL ANNUAL INVENTORY CHANGE





# NATIONAL RENT & OCCUPANCY

## Effective Rent

**Q2 2023**  
**\$1,809**  
 ⬆️ 4.0% YOY

## Occupancy

**Q2 2023**  
**94.7%**  
 ⬇️ 210 BPS YOY

U.S. apartment operators experienced a more competitive market as over 376,400 units came online in the last year. As a result, 13.1% of market-rate properties offered concessions to entice renters during the second quarter of 2023, up from an average of 7.6% one year prior.

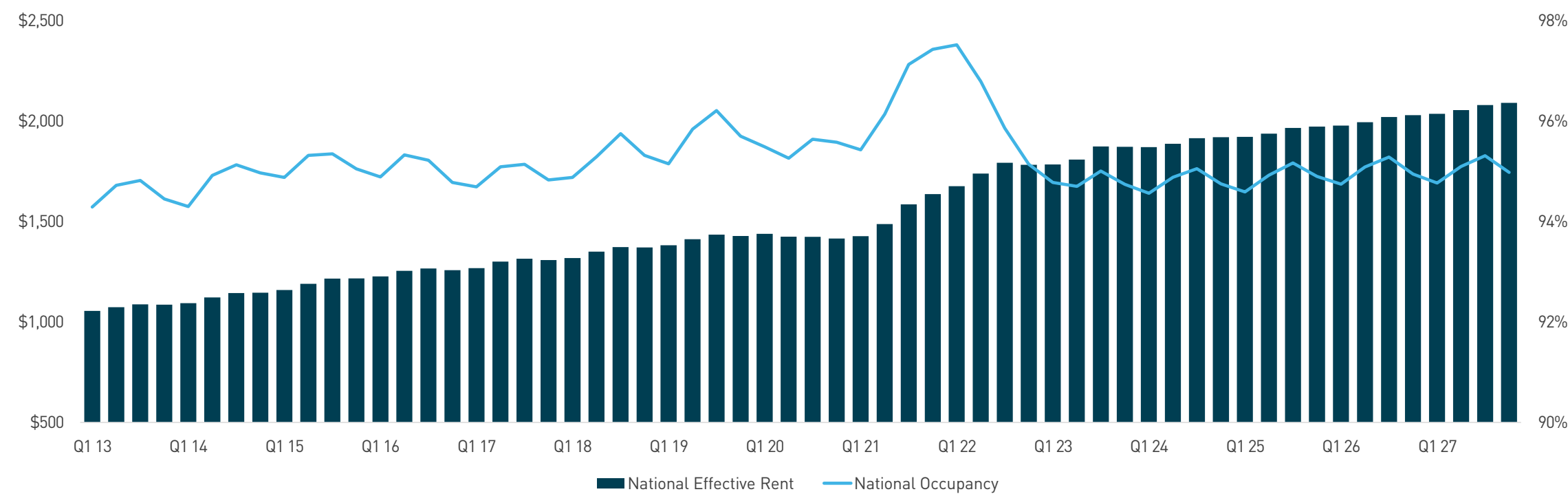
This move contributed to a positive swing in leasing activity across the country, especially in Houston. Approximately one out of every five properties in the market offered concessions as net apartment absorption nearly reached 5,000 units in the second quarter of 2023.

While the share of apartments offering concessions across the nation increased year over year, the average concession amount dropped at the same time. At 4.5% of

asking rent in the most recent quarter, concessions were down from 5.7% at mid-2022.

Consequently, U.S. monthly effective rent averaged \$1,809 in the second quarter of 2023. The 4.0% increase since mid-2022 decelerated significantly from the 16.9% increase during the year before. Apartment operators became more measured with rent increases as occupancy dropped to 94.7% in the second quarter of 2023 from 96.8% one year prior. Even so, the latest U.S. occupancy rate was on par with the pre-pandemic cycle average from 2010 to 2019.

## National Effective Rent & Occupancy



Source: RealPage

## Top Market Performance

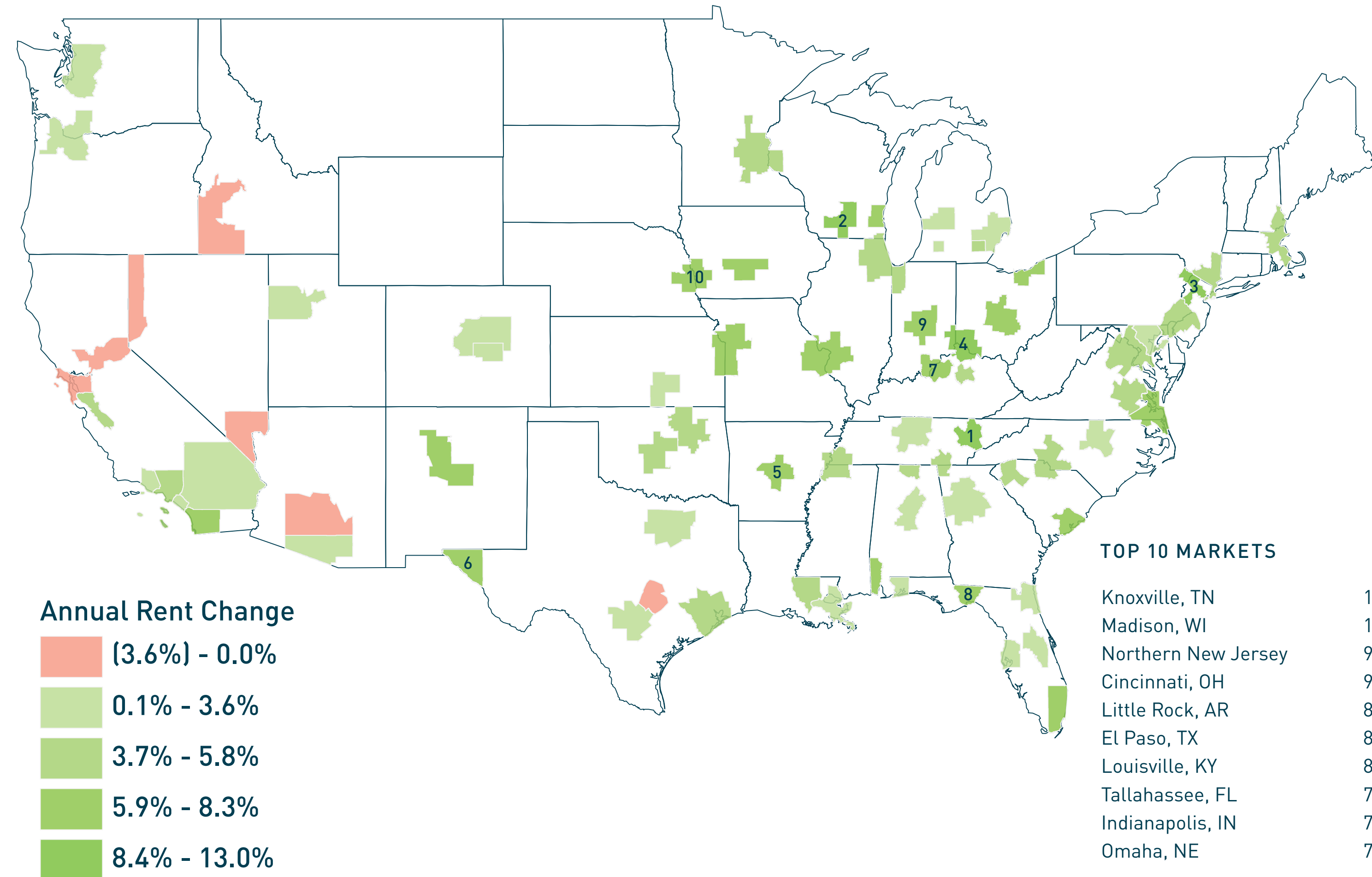
MARKET (BY OCCUPANCY)	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Madison	98.2%	-60	\$1,426	11.2%
Northern New Jersey	97.0%	-120	\$2,587	9.9%
New York	97.0%	-130	\$4,401	5.8%
Milwaukee	96.9%	-80	\$1,504	6.7%
Omaha	96.7%	-90	\$1,167	7.7%
San Diego	96.6%	-170	\$2,829	7.3%
West Michigan	96.5%	-160	\$1,223	3.6%
Knoxville	96.3%	-220	\$1,439	13.0%
Orange County, CA	96.2%	-190	\$2,738	2.4%
Ventura County, CA	96.2%	-130	\$2,686	3.1%

MARKET (BY RENT GROWTH)	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Knoxville	96.3%	-220	\$1,439	13.0%
Madison	98.2%	-60	\$1,426	11.2%
Northern New Jersey	97.0%	-120	\$2,587	9.9%
Cincinnati	95.8%	-200	\$1,338	9.5%
Little Rock	94.3%	-210	\$1,028	8.3%
El Paso	95.7%	-180	\$1,050	8.1%
Louisville	94.5%	-220	\$1,191	8.1%
Tallahassee	92.9%	-310	\$1,391	7.9%
Indianapolis	94.2%	-260	\$1,249	7.7%
Omaha	96.7%	-90	\$1,167	7.7%



NATIONAL

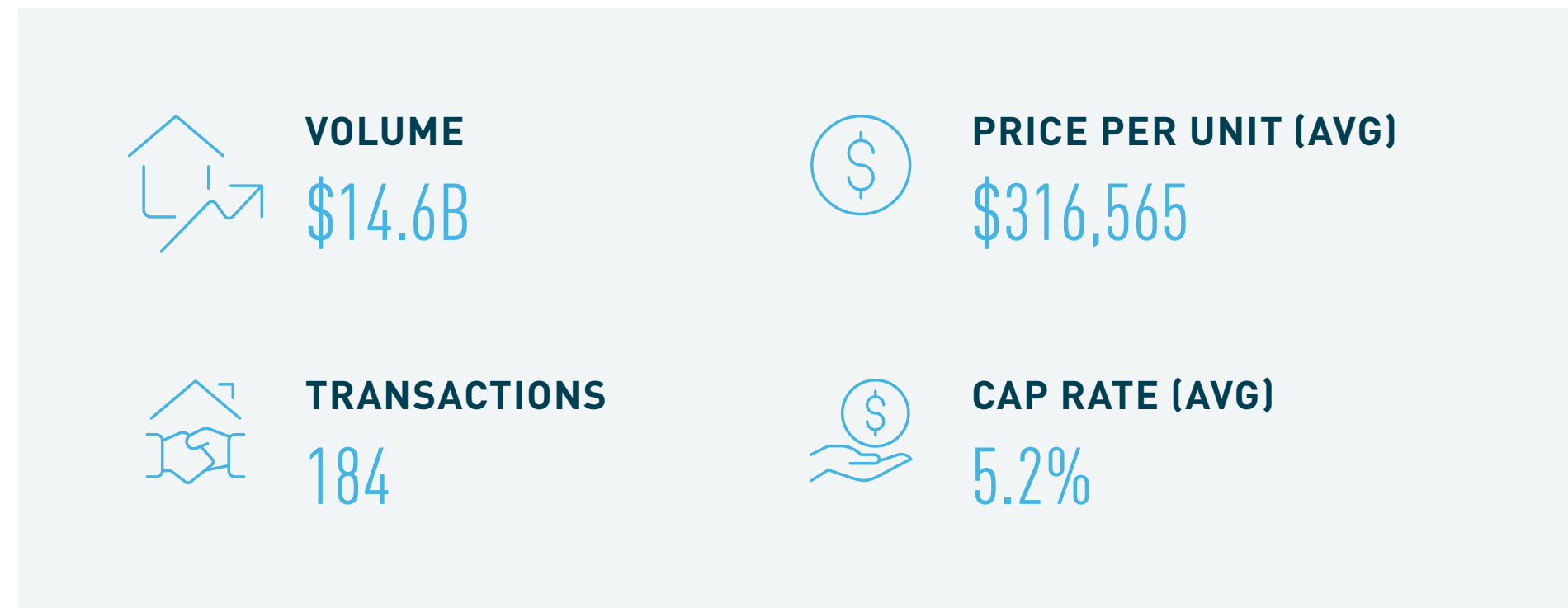
# ANNUAL EFFECTIVE RENT CHANGE



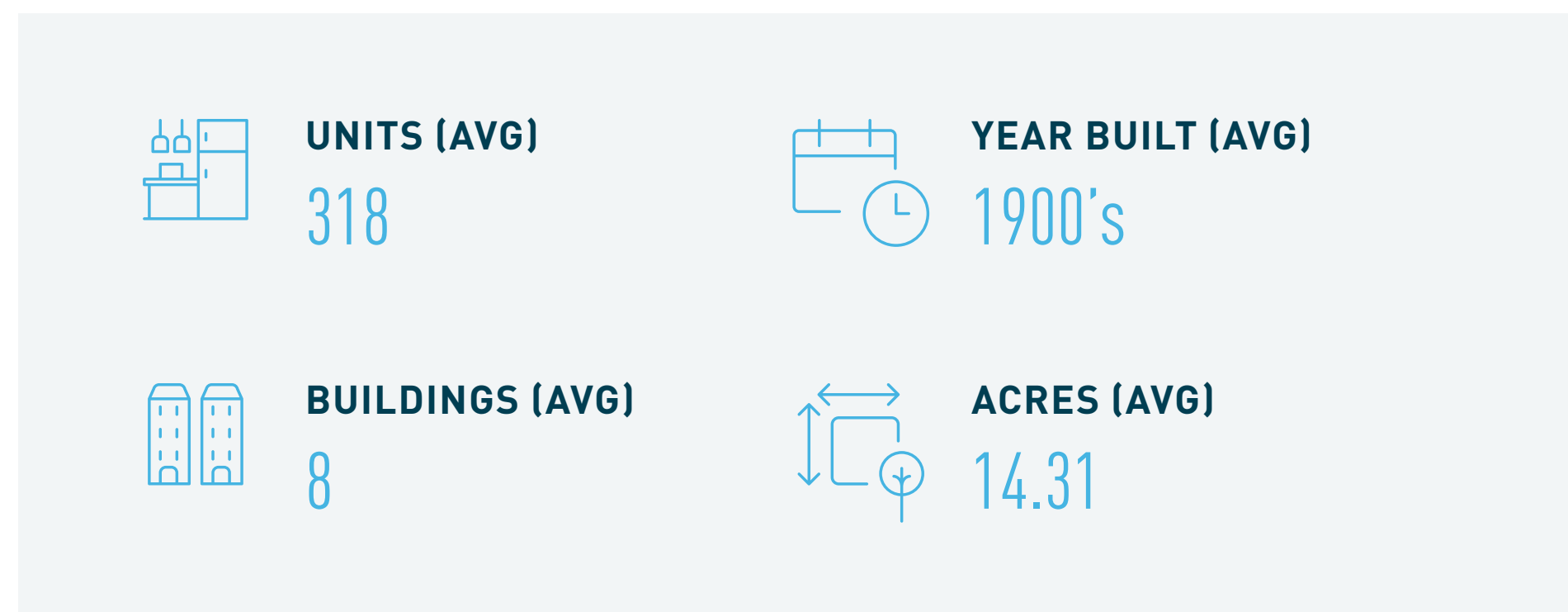


# NATIONAL SALES

2023 Year to Date\*



What's Trading?\*



Source: Real Capital Analytics  
\*\$50m+

Top Buyers\*\*

BUYER	LOCATION
Blackstone	New York
Starwood Capital	Miami Beach, FL
Cortland	Atlanta
Greystar	Charleston, SC
TIAA	New York

Top Sellers\*\*

SELLER	LOCATION
Greystar	Charleston, SC
AIG	New York
Brookfield Asset Management	Toronto, Canada
Alliance Residential Co.	Phoenix
Crow Holdings	Dallas

\*\*Past 24 Months

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Sources: RealPage; Moody's Analytics; Real Capital Analytics ; CoStar Group

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