

## Apartment Market Sets 9-Year High with 5.2% Rent Growth in 3Q

3Q Occupancy Highest Since Early 2001

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The national apartment market had its strongest summer in nine years and continued its phenomenal 2015, according to early third quarter 2015 numbers compiled from Axiometrics' apartment market research.

Annual effective rent growth was 5.2% in the third quarter, the early numbers show, a 10-basis-point (bps) increase from the 5.0% reported in the second quarter of 2015 and a 109-bps rise from the 4.1% in the third quarter of 2014. The rate is the highest since the third quarter of 2006, when rent growth was 5.3%.

Average effective rent nationally was \$1,247 in the third quarter, \$59 more than the \$1,186 recorded in the third quarter of last year, the apartment data shows.

The annual growth rate has been 5.0% for the first three quarters of 2015, the first time that's happened since 2006.

Meanwhile, the quarter-over-quarter effective rent growth of 2.0% was a 29-bps increase over the 1.7% reported in 3Q14 and the first time a third-quarter quarterly figure was 2.0% or higher since 2005. While the second quarter is historically the strongest for quarterly growth, the 77-bps quarterly-rate decrease for 3Q15 from 2Q15 was the smallest 3Q-2Q decrease since 2011.

QUARTERLY EFFECTIVE RENT GROWTH				
Quarter	2012	2013	2014	2015
First	0.6%	0.4%	0.5%	0.9%
Second	2.2%	2.1%	2.7%	2.7%
Third	1.3%	1.2%	1.7%	2.0%
Fourth	-0.6%	-0.9%	-0.3%	

Source: Axiometrics Inc.

Some 49 metros among Axiometrics' top 50 had positive quarterly effective rent growth, a strong indicator of apartment market strength. Only the Nassau County-Suffolk County submarket (Long Island) in New York recorded a negative quarter-over-quarter rate (-0.2%).

The occupancy rate set a 14½-year high at 95.3% in the third quarter. That rate represented a 5-bps increase from the second quarter and an 18-bps increase from the 95.1% of the third quarter of 2014. It was also the highest since the 95.7% occupancy of the first quarter of 2001.

One reason that 2015 has featured the strongest apartment market since the end of the Great Recession is that the strength is widespread nationwide. Metropolitan areas in the Northeast and Midwest that were down a year ago are resurgent, and the West, South and most of Texas remain strong. Job growth is better in all regions, and single-family home prices keep rising.

