

FIGURES | U.S. MULTIFAMILY | Q3 2024

# Multifamily Availability Tightens as Demand Outpaces New Supply



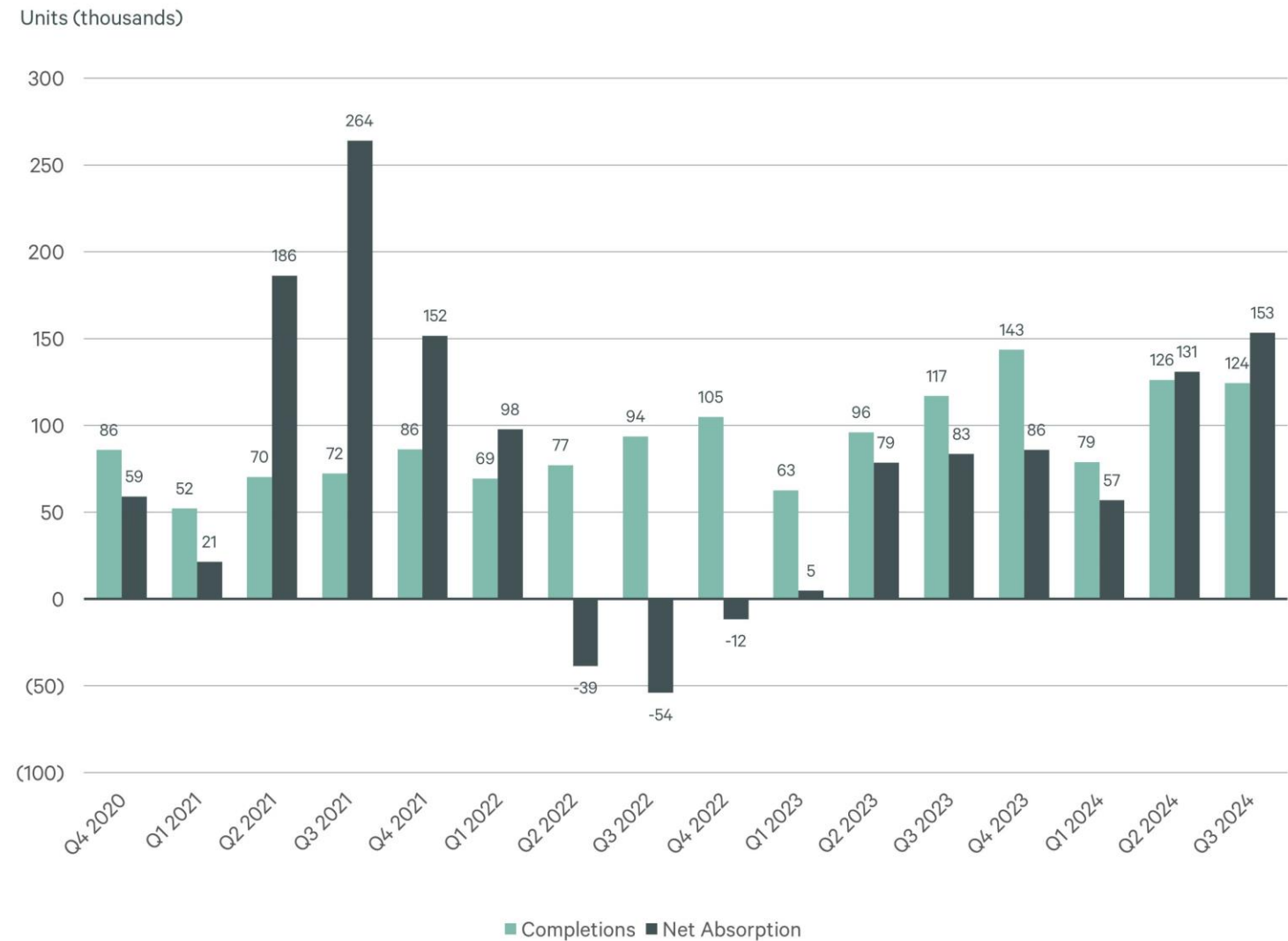
Note: Arrows indicate year-over-year change.

## Executive Summary

- The overall multifamily vacancy rate fell to 5.3% in Q3 as demand outpaced new deliveries. The vacancy rate is soon expected to return to its long-run average of 5.0%.
- Year-over-year rent growth held steady at 0.3% in Q3. Average annual rent growth is expected to begin accelerating alongside higher occupancy.
- Construction completions of 124,300 units in Q3 boosted the rolling-four-quarter total by 24% year-over-year to a record 473,000 units.
- Net absorption of 153,300 units was the second highest Q3 total since CBRE began tracking the market in 1985 and 72% above the pre-pandemic Q3 average. Quarterly demand surpassed new completions for the second consecutive quarter, further shrinking the completions-over-demand gap on an annual basis.
- Multifamily investment volume decreased by 16% quarter-over-quarter to \$34.2 billion. However, excluding Blackstone’s \$10 billion entity-level acquisition of AIR Communities in Q2, single-asset and portfolio investment volume was up by 12%.

Figure 1  
Net absorption exceeds new supply in Q3

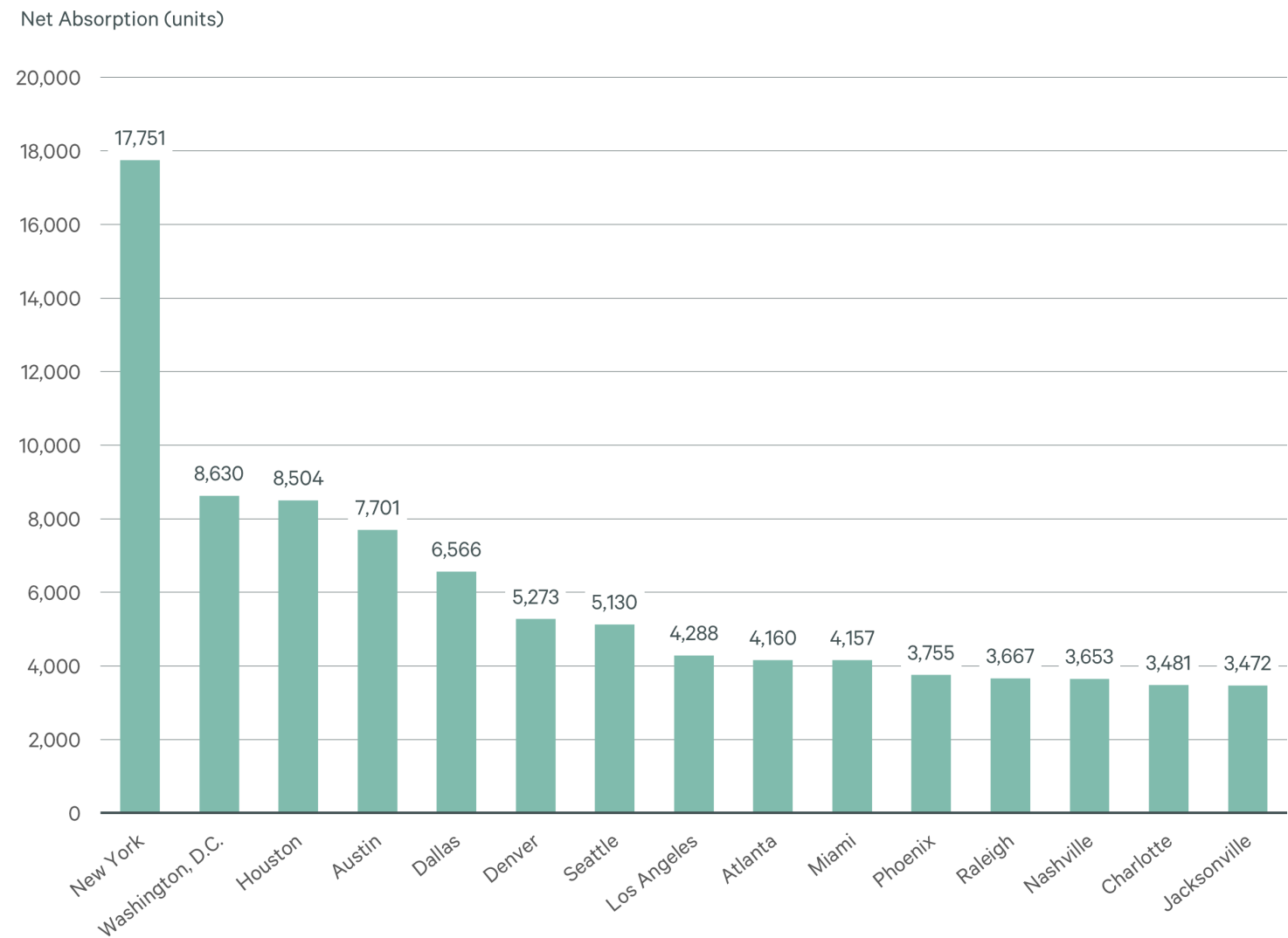
- Net absorption increased by 17% quarter-over-quarter and 84% year-over-year to 153,300 units, 72% above the pre-pandemic Q3 average.
- Rolling-four-quarter net absorption of 426,881 units—62% above the pre-pandemic average—was nearly triple the 155,200-unit total of a year ago.
- Construction completions of 124,300 units in Q3 boosted the rolling-four-quarter total by 24% year-over-year to a record 473,000 units. Quarterly demand surpassed new completions for the second consecutive quarter, further shrinking the completions-over-demand gap on an annual basis.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024. Based on the 63 markets that comprise CBRE EA's Sum of Markets.

Figure 2  
Top 15 markets for Q3 net absorption

- Sixty-seven of the 69 markets tracked by CBRE recorded positive net absorption in Q3, led by New York (17,800 units), Washington, D.C. (8,600) and Houston (8,500). Fort Lauderdale and Hartford were the only two markets with negative net absorption.
- All but three (New York, Washington, D.C. and Los Angeles) of the top 15 markets for net absorption have grown their inventory by more than 3% over the past year, above the national average of 2.7%. Most of the top 15 have construction pipelines greater than 5% of their existing inventory.
- Sixty-eight markets recorded positive net absorption on a rolling four-quarter basis, led by New York (32,300 units), Austin (24,700) and Dallas (22,900). Sixty-six improved their rolling-four-quarter net absorption totals from a year ago.
- Net absorption increased in 41 markets quarter-over-quarter, down from 55 in Q2.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

Figure 3  
Total annual completions slightly exceed net absorption

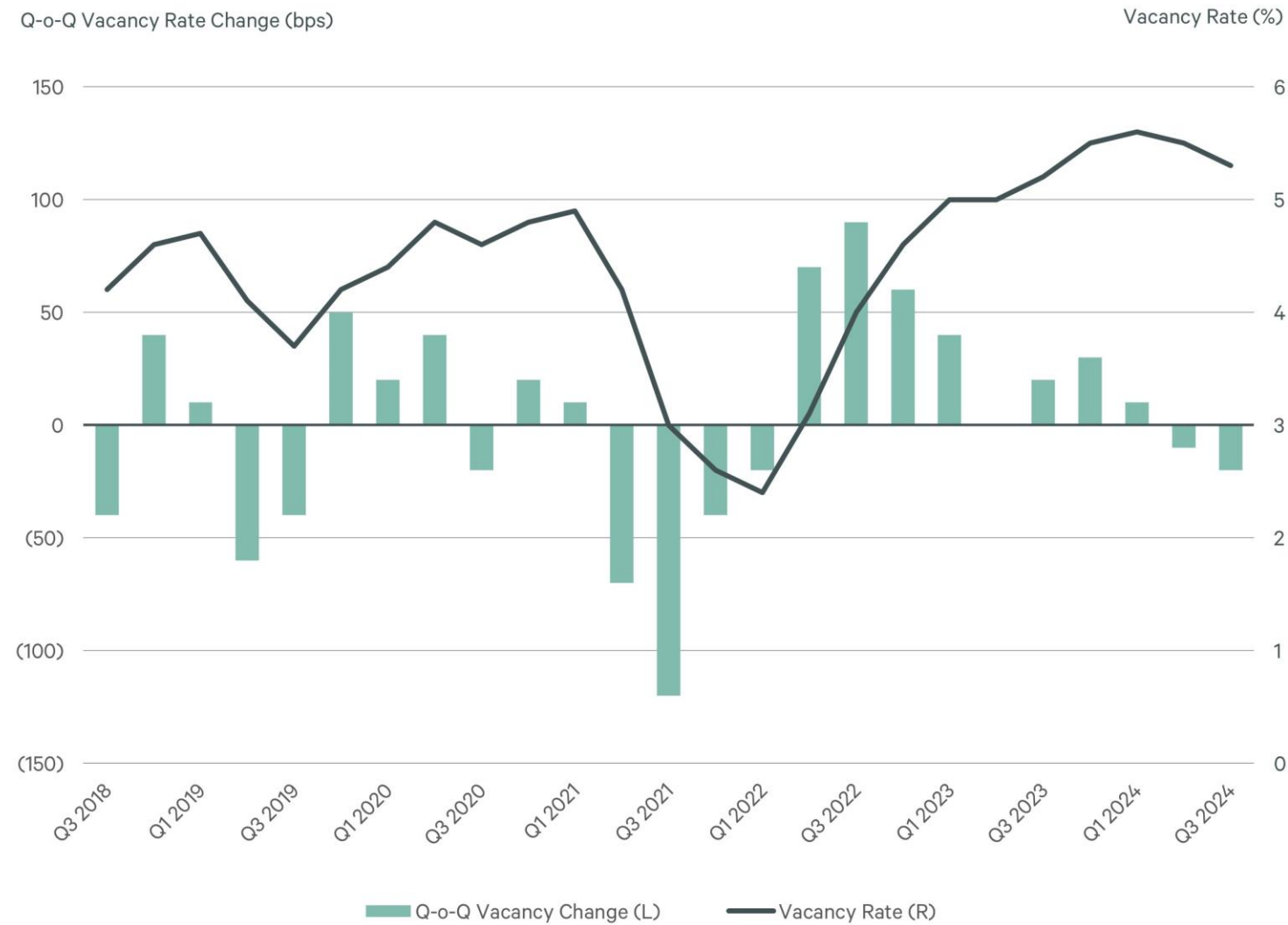
- Over the past four quarters, 19 of the top 20 markets for new supply have seen slightly more completions than absorption. Only Washington, D.C. had absorption exceeding completions, which has given it a faster declining vacancy rate and 3.5% rent growth over that time.
- Of the 20 leading markets for new supply, 15 had more quarterly net absorption than new completions in Q3.
- Fifty markets saw net absorption exceed new supply in Q3, led by Chicago (+4,200 units), Washington, D.C. (+3,900) and Houston (+2,700). This was up from 45 markets in Q2 and 24 in Q1.
- All top 20 markets for new supply had positive net absorption in Q3 and on a rolling-four-quarter basis. These top markets accounted for 70% of national completions and 68% of net absorption.
- The top five markets for construction completions over the past four quarters (New York, Austin, Dallas, Houston and Atlanta) accounted for 30% of the national total. New York delivered 38,800 units or 8% of the national total.
- Approximately 661,300 units were under construction as of Q3, representing 3.6% of total existing inventory for the markets tracked by CBRE. This is down from a peak of 760,400 units under construction in Q1. New York had the most units under construction (66,000), followed by Dallas (37,100) and Austin (31,400).

Rank by Annual Completions	Market	4 Quarters Ending Q3 2024		Q3 2024		Completions As % of Inventory	Net Absorption As % of Inventory
		Completions	Net Absorption	Completions	Net Absorption		
	Sum of Markets	473,000	426,900	124,300	153,300	2.7	2.5
1	New York	38,800	32,300	13,500	17,800	1.6	1.3
2	Austin	29,600	24,700	8,000	7,700	11.0	9.2
3	Dallas	27,800	22,900	5,000	6,600	4.6	3.8
4	Houston	24,600	22,400	5,800	8,500	3.6	3.3
5	Atlanta	22,700	18,900	3,900	4,200	4.7	4.0
6	Denver	17,600	15,600	4,900	5,300	4.9	4.3
7	Washington, DC	16,900	18,900	4,800	8,600	2.6	2.9
8	Phoenix	15,200	14,700	3,700	3,800	3.8	3.7
9	Seattle	14,800	14,700	3,900	5,100	3.5	3.4
10	Orlando	14,500	12,800	3,200	3,000	5.8	5.1
11	Tampa	13,700	11,200	3,400	3,100	4.9	4.0
12	Miami	12,700	12,300	4,400	4,200	3.9	3.8
13	Nashville	12,000	10,900	3,600	3,700	6.8	6.1
14	Minneapolis	11,300	9,100	2,100	1,900	3.4	2.7
15	Los Angeles	11,300	8,700	2,100	4,300	1.0	0.8
16	Philadelphia	10,600	9,600	2,600	2,900	3.2	2.9
17	Charlotte	10,500	8,600	3,300	3,500	5.4	4.4
18	San Antonio	9,800	7,900	2,600	2,600	4.6	3.7
19	Raleigh	9,500	8,100	3,600	3,700	5.9	5.0
20	Boston	9,300	7,600	1,800	1,800	1.7	1.4

Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.  
All ratios based on unrounded figures of four-quarter totals.

Figure 4  
Overall vacancy rate falls to 5.3%

- The overall multifamily vacancy rate fell to 5.3% in Q3. Demand continued to outpace new deliveries, signaling that the vacancy rate should soon return to its long-run average of 5.0%.
- Vacancy rates in most markets remained above their long-term averages due to high amounts of new supply over the past several quarters. This has caused a deceleration in rent growth.
- Fifty of 69 markets tracked by CBRE had quarter-over-quarter decreases in their vacancy rates, up from 45 in Q2.
- Providence and New York had the lowest vacancy rates at 2.7% and 3.0%, respectively.
- Six markets had vacancy rates of less than 4% (the same as in Q2), while 21 had rates of between 4% and 5% (up from 14 in Q2). Forty-two markets had vacancy rates of 5% or more (down from 49 in Q2).



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.  
Based on the 63 markets that comprise CBRE EA's Sum of Markets.

Figure 5  
All asset classes see lower vacancy

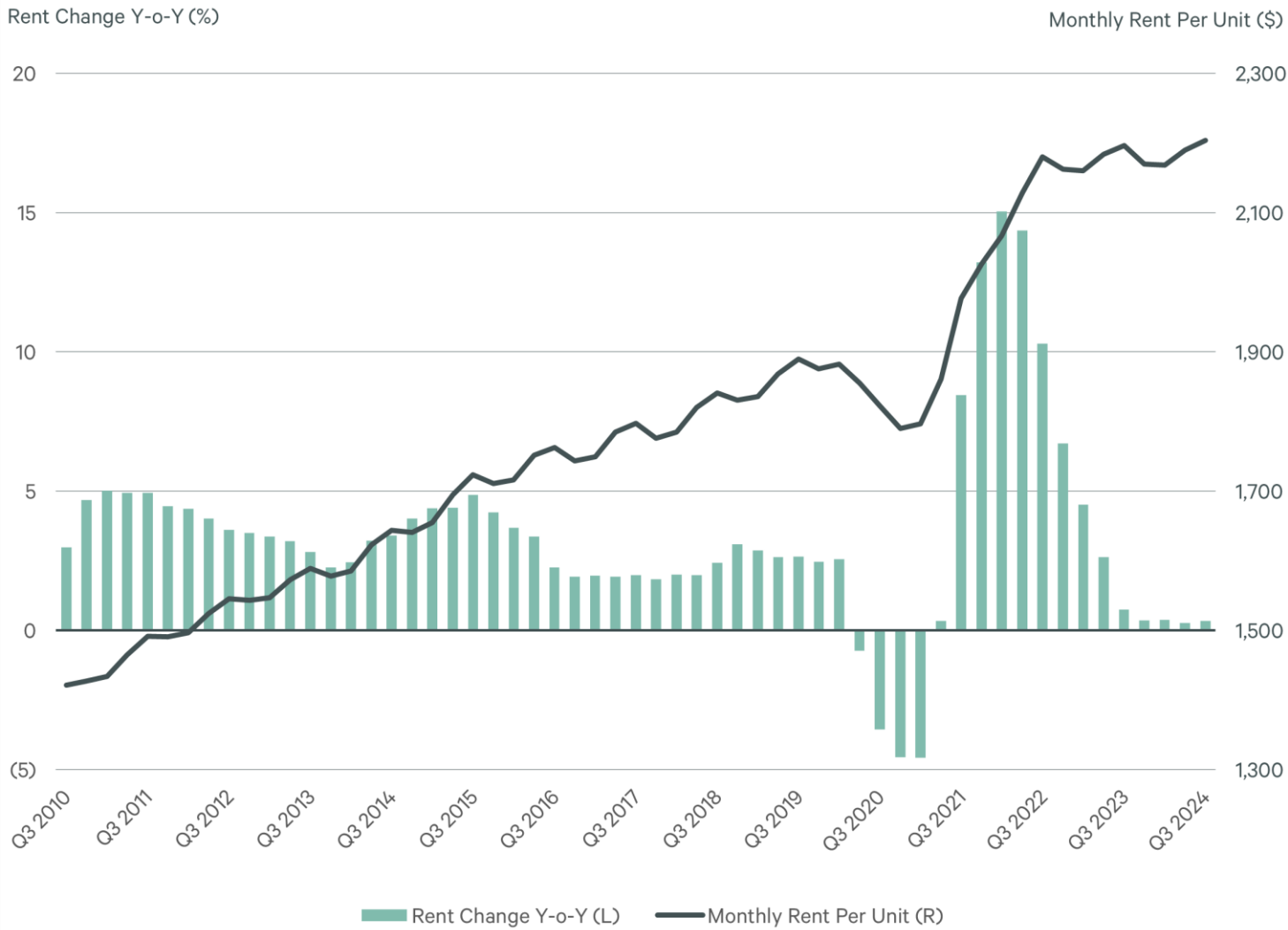
- The average vacancy rate for all three asset classes fell by 20 basis points (bps) in Q3. Class A fell to 5.6%, Class B to 5.2% and Class C to 5.3%.
- With Class C rent growth outpacing both that of Class A and B assets, more renters are upgrading to better-quality units. This has resulted in one of the narrowest vacancy spreads among the three asset classes since 2015 even though there have been record Class A construction deliveries.
- Vacancy rates for all three classes were 0.7 to 1.4 percentage points above their Q1 2020 levels. The Class A and B vacancy rates were 50 bps above their 2011-to-2019 averages, while the Class C vacancy rate was 30 bps higher.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024.

Figure 6  
Average annual rent growth remains at 0.3%

- Average monthly rent increased by 0.6% quarter-over-quarter and 0.3% year-over-year to \$2,203. Average annual rent growth is expected to begin accelerating alongside higher occupancy.
- Many markets had negative rent growth, which is expected to continue in the short term until excess new supply is absorbed.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2024  
Based on the 63 markets that comprise CBRE EA's Sum of Markets.

Figure 7  
Rent growth by region

- The Northeast, Midwest and Pacific regions recorded positive year-over-year rent growth in Q3. The Midwest led with 2.7%, followed by the Northeast with 2.3% and the Pacific with 0.2%.
- The Southeast, South Central and Mountain regions all had negative year-over-year rent growth in Q3.
- Twenty-six of the 69 markets tracked by CBRE had negative year-over-year rent growth in Q3, down from 29 in Q2. Eight markets had negative but improving rent growth in Q3 (down from 12 in Q2), while 18 had bigger declines.
- Richmond had the biggest jump in quarter-over-quarter rent growth (160 bps), followed by San Jose (150 bps), Honolulu (140 bps) and Portland (130 bps). Tucson had the biggest decrease of 210 bps.
- Austin, Jacksonville and Raleigh had the most negative rent growth in Q3. Jacksonville was the only one of those three to not see negative rent growth worsen in Q3.

Rank	Market	Q3 Percentage Rent Change Y-o-Y
ALL MARKET		
	Sum of Markets	0.3
PACIFIC		
	Region	0.2
1	Honolulu	5.4
2	San Jose	2.3
3	San Francisco	1.9
4	Sacramento	1.5
5	Orange County	1.4
6	Seattle	1.3
7	Portland	0.5
8	Ventura	0.4
9	Inland Empire	0.2
10	Los Angeles	-0.8
11	Oakland	-1.5
12	San Diego	-1.7
MOUNTAIN		
	Region	-1.8
1	Albuquerque	0.5
2	Las Vegas	0.0
3	Denver	-0.6
4	Colorado Springs	-2.5
5	Salt Lake City	-2.8
6	Tucson	-2.9
7	Phoenix	-4.1

Rank	Market	Q3 Percentage Rent Change Y-o-Y
SOUTH CENTRAL		
	Region	-2.6
1	Tulsa	3.2
2	Oklahoma City	2.6
3	El Paso	2.4
4	Houston	-0.6
5	Corpus Christi	-1.8
6	Ft. Worth	-2.3
7	Dallas	-3.4
8	San Antonio	-4.4
9	Austin	-8.1
SOUTHEAST		
	Region	-1.7
1	Louisville	4.3
2	Lexington	4.2
3	Norfolk	2.8
4	Richmond	2.4
5	Greensboro	2.3
6	Miami	0.7
7	West Palm Beach	-0.7
8	Greenville	-1.0
9	Ft. Lauderdale	-1.1
10	Memphis	-1.2
11	Birmingham	-1.5
12	Nashville	-2.2
13	Orlando	-2.6
14	Charlotte	-3.2
15	Tampa	-3.3
16	Atlanta	-4.5
17	Raleigh	-4.7
18	Jacksonville	-4.9

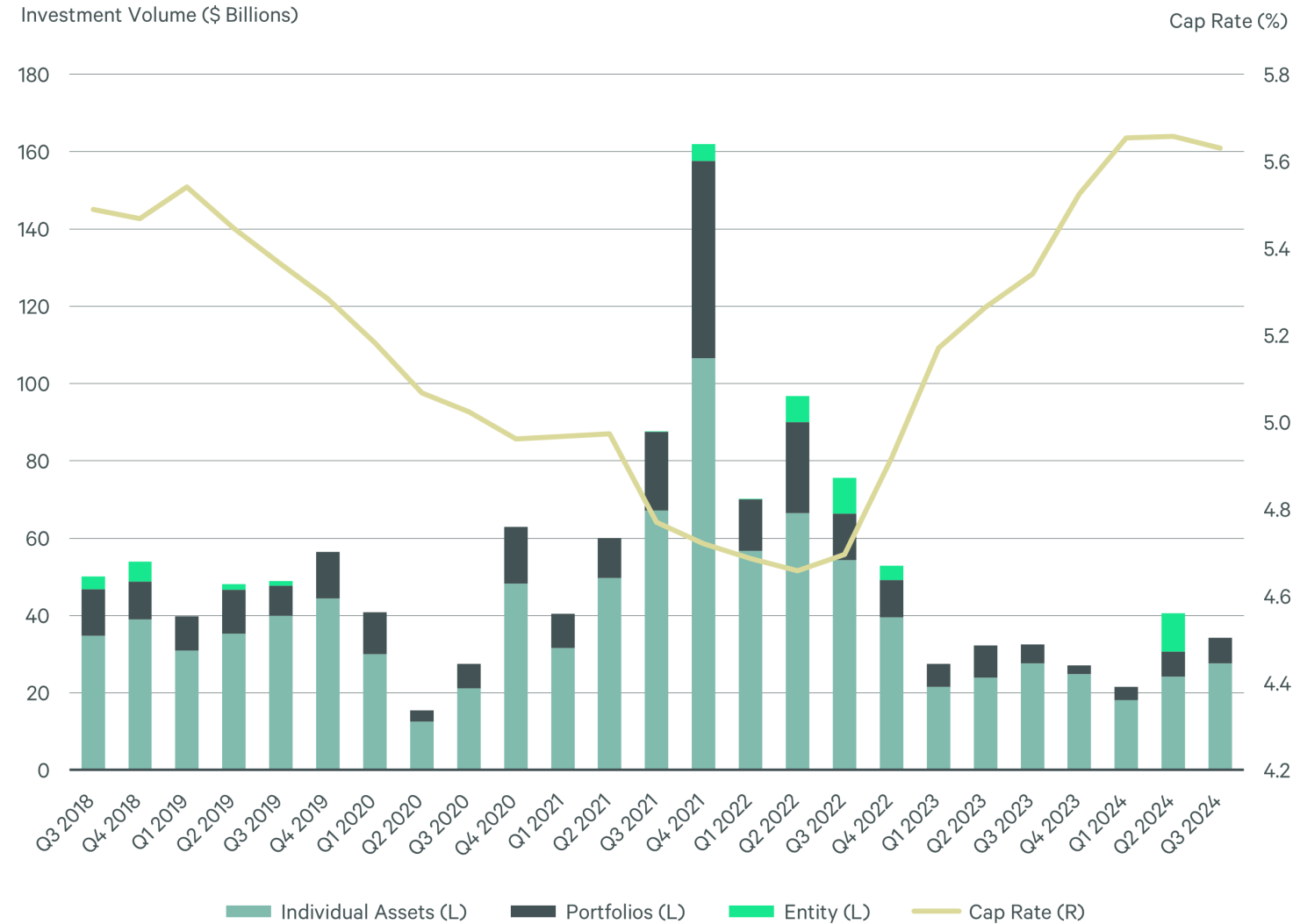
Rank	Market	Q3 Percentage Rent Change Y-o-Y
MIDWEST		
	Region	2.7
1	Dayton	4.7
2	Omaha	3.8
3	Kansas City	3.7
4	Milwaukee	3.5
5	Madison, WI	3.3
6	Cleveland	3.1
7	Detroit	3.0
8	Columbus	2.8
9	Chicago	2.8
10	Cincinnati	2.8
11	Indianapolis	2.5
12	St. Louis	1.9
13	Minneapolis	1.2
NORTHEAST		
	Region	2.3
1	Hartford	4.7
2	Providence	4.6
3	Washington, D.C.	3.5
4	Boston	2.6
5	Newark	2.6
6	Pittsburgh	2.4
7	Long Island	2.2
8	New York	2.0
9	Philadelphia	1.8
10	Baltimore	1.7

Source: CBRE Research, CBRE Econometric Advisors, Q3 2024  
Based on effective "same-store" rents.



Figure 8  
Investment volume falls in Q3

- Q3 multifamily investment volume fell by 16% quarter-over-quarter to \$34.2 billion. However, excluding Blackstone’s \$10 billion entity-level acquisition of AIR Communities in Q2, single-asset and portfolio investment volume was up by 12%.
- Rolling-four-quarter investment volume increased by 1.3% quarter-over-quarter to \$123.4 billion.
- The multifamily sector accounted for the largest share of total commercial real estate investment volume in Q3 (36%).
- The average multifamily cap rate fell for the first time in two years to 5.6% in Q3, following the first Fed rate cut in two years in September. CBRE’s [Q3 2024 Multifamily Underwriting Survey](#) found that cap rates used to underwrite deals for core and value-add assets fell for the second consecutive quarter.



Source: CBRE Research, CBRE Econometric Advisors, MSCI Real Assets, Q3 2024.

Figure 9  
Top markets for investment volume

- Los Angeles was the top market for rolling-four-quarter investment volume in Q3 with \$8.8 billion, followed by New York with \$7.5 billion and Dallas-Ft. Worth with \$7.2 billion. New York had the biggest year-over-year decrease of 34%, followed by Dallas-Ft. Worth with a 30% drop.
- Rolling-four-quarter investment volume for the six gateway markets of New York, Boston, Chicago, Los Angeles, San Francisco and Washington, D.C. totaled \$35.1 billion and accounted for 28% of total U.S. multifamily investment volume.
- Most Sun Belt markets in the top 20 (Dallas, South Florida, Atlanta, Houston, San Diego, Austin, Tampa Orlando and Nashville) had quarter-over-quarter decreases in rolling-four-quarter investment volume. Only two, Phoenix and Charlotte, had increased investment volume.

	Market	Rolling 4-Quarter Investment (\$B)	YoY Change (%)	% of Total	Cumulative % Total	Q3 2024 Investment (\$B)	YoY Change (%)
	U.S. Total	123.35	-14.9			34.17	5.0
1	Greater Los Angeles	8.76	9.5	7.1	7.1	1.84	44.1
2	New York Metro	7.50	-34.0	6.1	13.2	1.95	0.6
3	Dallas/Ft. Worth	7.24	-29.8	5.9	19.1	2.58	-8.2
4	Greater Washington D.C.	6.41	19.4	5.2	24.2	1.67	30.3
5	Miami-South Florida	5.46	12.6	4.4	28.7	0.73	-36.6
6	Atlanta	5.32	-27.9	4.3	33.0	1.73	-13.3
7	San Francisco Bay Area	5.20	31.2	4.2	37.2	0.80	37.0
8	Denver	4.32	42.8	3.5	40.7	1.58	46.5
9	Boston	4.12	2.0	3.3	44.0	1.47	35.3
10	Phoenix	3.97	-18.4	3.2	47.3	1.43	8.1
11	Houston	3.24	-24.7	2.6	49.9	0.77	-5.8
12	Seattle	3.10	-8.3	2.5	52.4	1.06	94.1
13	Chicago	3.08	-40.8	2.5	54.9	1.01	5.1
14	San Diego	2.72	-1.0	2.2	57.1	0.63	-14.9
15	Austin	2.57	-38.6	2.1	59.2	0.62	-50.1
16	Charlotte	2.46	-4.1	2.0	61.2	0.62	10.0
17	Philadelphia	2.31	32.2	1.9	63.0	0.21	-48.9
18	Tampa	2.21	13.4	1.8	64.8	0.61	-33.7
19	Orlando	1.93	-31.8	1.6	66.4	0.55	-13.9
20	Nashville	1.73	-12.6	1.4	67.8	0.47	-3.4

Source: CBRE Research, MSCI Real Assets, Q3 2024.

Contact

Richard Barkham, Ph.D., MRICS

Global Chief Economist & Head of  
Americas Research

[richard.barkham@cbre.com](mailto:richard.barkham@cbre.com)

Matt Vance

Senior Director, Americas Head of  
Multifamily Research & Senior Economist

[matthew.vance@cbre.com](mailto:matthew.vance@cbre.com)

Kelli Carhart

Executive Managing Director  
Head Capital Markets, Multifamily

[kelli.carhart@cbre.com](mailto:kelli.carhart@cbre.com)

Kyle Draeger

Senior Managing Director  
Capital Markets, Multifamily

[kyle.draeger@cbre.com](mailto:kyle.draeger@cbre.com)

Dan Winzeler

Managing Director  
Debt & Structured Finance  
Business Lending, Capital Markets

[dan.winzeler@cbre.com](mailto:dan.winzeler@cbre.com)

Travis Deese

Associate Director  
Multifamily Research

[travis.deese@cbre.com](mailto:travis.deese@cbre.com)

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