

Macro Roundup Article

Headline: [The Multifamily Supply Surge—and Credit Crunch](#)

Article Link: <https://www.apricitas.io/p/the-multifamily-supply-surgeand-credit>

Author(s)	Joseph Politano
Publication	Apricitas Economics
Publication Date	April 04, 2024

Tweet: Though real rents remain at a record high, a 50-year peak in apartment completions is exerting downward pressure and has sharply reduced rental inflation. @JosephPolitano

Summary: Real fixed investment in multifamily construction climbed more than 30% between 2019 and 2023, easily surpassing the pre-Great Recession peak. Today, those projects started in 2021/2022 are finally paying dividends as new units come online—apartment completions hit a 50-year high in February, approaching a rate of 650k per year. That surge in completions, combined with a slowdown in income and employment growth, is helping to steadily cool US rental inflation. Indices of newly signed rental prices from Zillow and ApartmentList both show prices increasing at a slower rate than the pre-pandemic norm and well below their 2022 peaks. That is actually a somewhat unusual situation—in the short term, the kind of tighter monetary policy we’ve seen over the last few years can increase measured housing inflation by driving would-be buyers into the rental market and cutting the production of new housing units. Yet while higher mortgage rates have certainly suppressed US homebuyer activity, they have not yet reduced the supply of newly-completed rental units.

Related Articles: The Boomer-Millennial Housing Battle Cools and The US Housing Market Is Very Quickly Becoming Unaffordable and Higher For Longer and The 2024 Housing Outlook

Primary Topic: Business Cycle

Topics: Business Cycle, Database, GDP, Housing, Inflation, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/though-real-rents-remain-at-a-record-high-a-50-year-peak-in-apartment-completions-is-exerting-downward-pressure-and-has-sharply-reduced-rental-inflation-josephpolitano?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2024/04/Great-Rent-Disinflation.png>