

Effective Rent Growth Holds at 5.0%

Annual effective rent growth for the U.S. apartment market in April 2015 remained steady at 5.0%, the third straight month it has been at or above 5%. The figure represents the highest April rate since at least 2009, when Axiometrics began reporting the metric monthly. April 2009's effective rent growth was -5.0%.

The February-April 2015 period is the first three-month stretch of 5.0% or higher rent growth since June-August 2011. The annual rate hasn't swayed more than 11 bps from 5.0% (up or down) since December 2014.

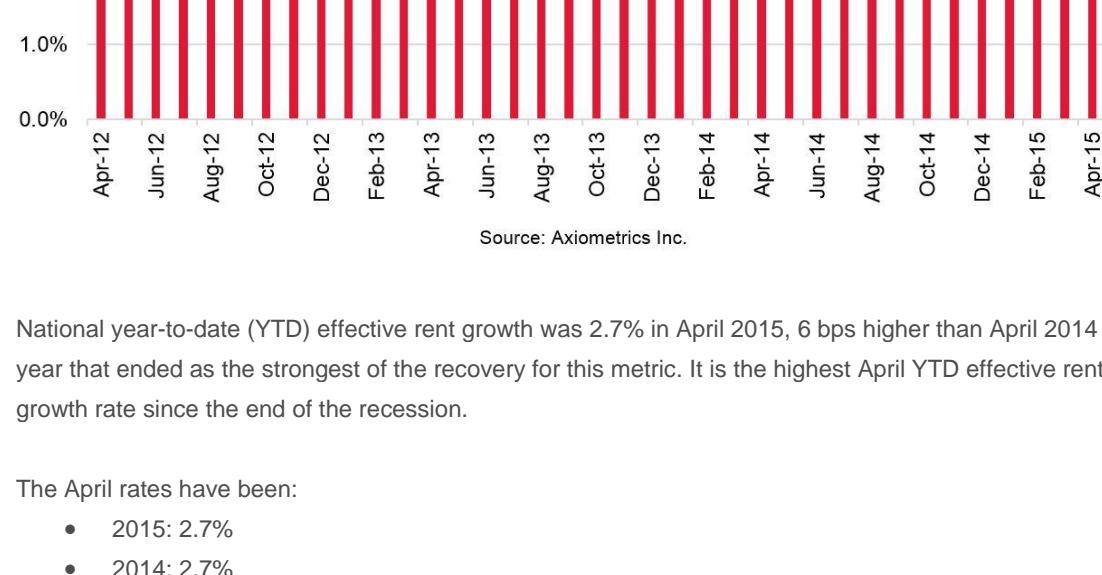
Taken to two decimal places, the March 2015 figure of 5.04% is 1 basis point (bps) higher than the February 2015 rate of 5.03% and 159 bps above the 3.45% of April 2014. Annual effective rent growth in this latest hot streak did not reach 3% until March 2014, 4% until August 2014 and 5% until December 2014.

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National Annual Effective Rent Growth



National year-to-date (YTD) effective rent growth was 2.7% in April 2015, 6 bps higher than April 2014 – a year that ended as the strongest of the recovery for this metric. It is the highest April YTD effective rent growth rate since the end of the recession.

The April rates have been:

- 2015: 2.7%
- 2014: 2.7%
- 2011: 2.6%
- 2012: 2.6%
- 2010: 2.1%
- 2013: 2.1%

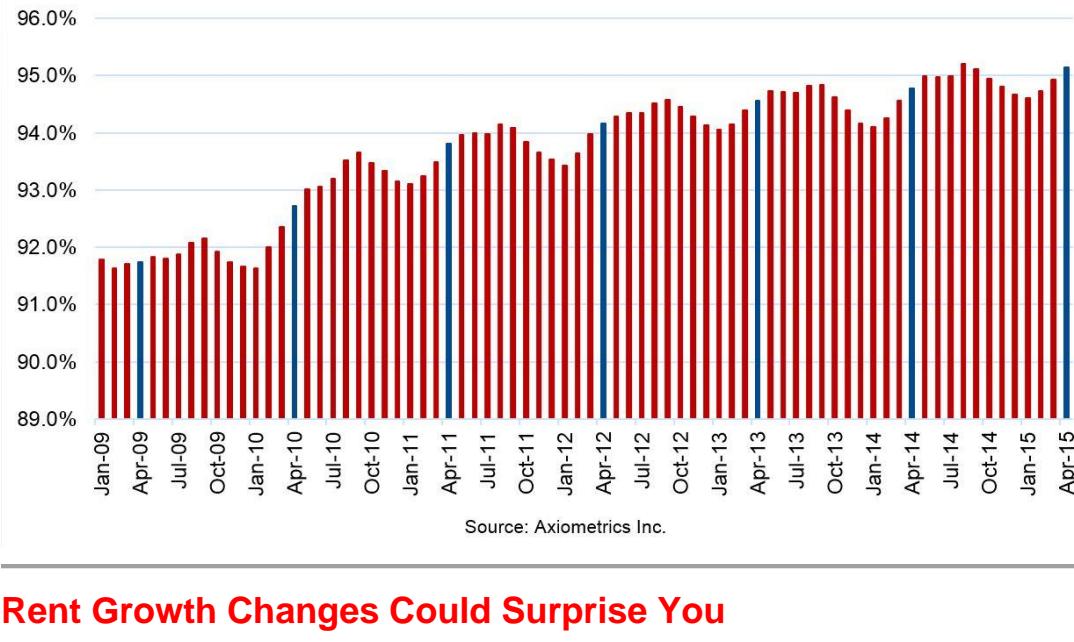
National Year-to-Date Effective Rent Growth



Occupancy Regains 95% Milestone

The national occupancy rate was 95.2% in April, up 22 bps from March's 94.9%. Occupancy last reached 95.2% in August 2014, the first time it had attained this level since Axiometrics began reporting occupancy rates monthly in April 2008.

National Occupancy Rate



Rent Growth Changes Could Surprise You

The section below lists the top 17 apartment markets by annual effective rent growth, and there's no doubt they are the strongest in the country. But there's one thing you wouldn't know from that list: Six of those markets were among those that experienced the greatest decline in rent-growth rates from March to April among Axiometrics' top 50 markets, based on number of units.

On the other hand, the 10 markets among the Axio top 50 with the largest increases in their growth rates include not only some emerging metros, but also others that are rebounding from a weak period. To see Detroit, for example, on a list of top gainers could take some by surprise.

Of course, one noteworthy month-to-month increase or decrease in the rate of growth may be part of an overall trend – or it could be a one-time blip on the radar caused by the actions of a few properties. Still, it's worth noting the growth-rate change in a market, if only to see if the trend continues in the coming months.

The 10 markets with the *greatest* increases in their rates of effective rent growth:

Metro	Annual Effective Rent Growth		Change (bps)
	March 2015	April 2015	
Portland, OR	9.4%	10.6%	127
Long Island, NY	3.4%	4.5%	107
Detroit, MI	1.7%	2.7%	96
San Antonio, TX	3.3%	4.1%	82
Memphis, TN	0.8%	1.6%	78
Raleigh, NC	4.7%	5.5%	75
Charlotte, NC	4.5%	5.3%	73
Minneapolis, MN	2.9%	3.4%	50
Silver Spring, MD	0.8%	1.2%	46
Austin, TX	4.0%	4.4%	41

Source: Axiometrics Inc.

The market with the greatest increase in its rate of growth, Portland, certainly is no fluke, reaching double-digits for the first time since April 2011 – exactly five years ago. After rent growth moderated somewhat during the summer of 2014, the growth rate has increased 515 bps since August 2014.

A year ago, San Antonio was the laggard among Texas metros in rent growth. Now, the Alamo City and its environs are doing much better; they are within 1 bps of Houston, which is headed in the opposite direction because of fluctuating oil prices. San Antonio is also not too far behind Austin, which itself is rebounding from a short lull that saw rent growth drop below 4% in December 2014 and January 2015 – the first time this happened since August 2010.

Memphis is just two months removed from a two-month period in which its effective rent growth was negative. Memphis sported the lowest annual effective rent growth among the Axio top 50 in February. But its April 2015 rate was the highest for the metro since March 2014.

Minneapolis' effective rent growth was its best since September 2013 and has been on a generally upward trend since September 2014. The Silver Spring/suburban Washington metro effective rent growth exceeded 1% for the first time since July 2013 – just as the DC metro itself at 1.1% was its highest since April 2013.

The 10 markets with the greatest *decreases* in their rates of effective rent growth:

Metro	Annual Effective Rent Growth		Change (bps)
	March 2015	April 2015	
San Francisco, CA	11.1%	9.3%	-188
West Palm Beach, FL	7.9%	6.4%	-144
San Jose, CA	12.0%	10.8%	-125
Warren, MI	3.8%	2.8%	-93
Indianapolis, IN	1.9%	1.2%	-67
Oakland, CA	15.4%	14.8%	-66
Chicago, IL	5.3%	4.6%	-65
Hartford, CT	1.7%	1.2%	-54
Fort Lauderdale, FL	6.7%	6.3%	-38
Seattle, WA	8.0%	7.6%	-36

Source: Axiometrics Inc.

Landlords in the San Francisco Bay Area probably weren't too worried about the decrease in annual effective rent growth, since they're able to increase rents by 9-15%, depending if they're west, south or east of the bay. But this was the second straight month of a decline in the rate of growth in Oakland and San Jose; the third straight month in San Francisco, and it could be a signal that rent-growth moderation might be under way.

West Palm Beach and Fort Lauderdale rates of rent growth have been decreasing the past three months, as new supply has taken its toll in South Florida. Rent growth in nearby Miami, in fact, dropped below 4% in April for the first time since September 2013.

The rent-growth rate in the Warren, MI metro is now almost equal to that of next-door Detroit, but Warren's growth rate is declining while Detroit's is rising. Farther east, Hartford was the darling of the eastern apartment market in November 2014 with 6.9% annual effective rent growth. That was a blip on the screen, with a 570 bps drop since then.

California Dominates Top of Chart

Eight California markets were among the 17 markets with the highest annual effective rent growth in April within Axiometrics' top 50 markets, based on total units. Oakland again topped the chart with annual effective rent growth of 14.8% for April. The East Bay market also had the highest occupancy, 96.7%.

Denver regained second place, with 11.5% annual effective rent growth, as San Jose dropped to third. Portland, OR broke the Bay Area's long-lasting streak of holding three of the top four places by reaching No. 4 in April. San Francisco dropped to No. 5.

Orlando achieved the biggest rise among the top 17 in April, moving from 15th place to 10th, with effective rent growth of 6.7%. Across Florida, West Palm Beach (6.4% annual effective rent growth) sustained the steepest drop, going from eighth place in March to 14th..

Meanwhile, the Riverside, CA market entered the chart at No. 11 in April, as Fort Worth dropped off the list from its No. 10 perch in March.

Among the "Selected Other Markets" in Axiometrics' top 120 markets based on units, the drop in oil prices over the past year affected the Odessa, TX apartment market. The West Texas area ranked No. 2 among the top 120 in March, but was No. 21 in April, as annual effective rent growth plummeted 684 bps from 13.4% in March to 6.6% in April.

Rank	MSA	Annual Effective Rent Growth		Occupancy Rate		Revenue Growth	
		14-Apr	15-Apr	14-Apr	15-Apr	14-Apr	15-Apr
1	Oakland, CA	9.4%	14.8%	96.8%	96.7%	9.9%	14.7%
2	Denver, CO	8.0%	11.5%	95.8%	96.1%	8.3%	11.9%
3	San Jose, CA	9.3%	10.8%	96.3%	96.2%	9.4%	10.7%
4	Portland, OR	6.7%	10.6%	96.2%	96.6%	7.0%	11.1%
5	San Francisco, CA	7.7%	9.3%	95.6%	95.5%	7.7%	9.2%
6	Sacramento, CA	6.4%	8.9%	96.0%	96.4%	8.2%	9.2%
7	Seattle, WA	6.8%	7.6%	96.2%	95.9%	7.0%	7.4%
8	Atlanta, GA	7.0%	6.9%	94.0%	94.6%	7.8%	7.6%
9	Phoenix, AZ	4.4%	6.7%	94.2%	95.2%	5.0%	7.7%
10	Orlando, FL	4.0%	6.7%	94.9%	95.6%	4.2%	7.3%
11	Riverside, CA	4.9%	6.6%	95.2%	95.9%	5.6%	7.3%
12	Charleston, SC	3.6%	6.6%	95.1%	95.0%	5.6%	6.5%
13	Anaheim, CA	2.1%	6.5%	95.4%	95.6%	2.3%	6.8%
14	West Palm Beach, FL	5.8%	6.4%	95.7%	95.5%	6.8%	6.2%
15	Fort Lauderdale, FL	5.2%	6.3%	95.7%	95.8%	6.1%	6.5%
16	Los Angeles, CA	4.1%	6.3%	95.9%	96.2%	4.8%	6.6%
17	San Diego, CA	4.4%	6.2%	96.1%	96.0%	4.6%	6.1%
National		3.5%	5.0%	94.9%	95.2%	3.7%	5.4%
Selected Other Markets							
3	Naples, FL	10.2%	11.1%	98.1%	97.7%	10.0%	10.7%
4	Santa Rosa, CA	9.3%	11.0%	97.1%	97.0%	9.3%	10.8%
7	Cape Coral, FL	7.5%	10.2%	95.9%	97.3%	8.2%	11.5%
8	Salinas, CA	3.1%	9.7%	96.1%	98.1%	4.7%	11.7%
10	Deltona, FL	4.1%	9.0%	96.2%	96.5%	7.2%	9.3%

*Rank is based on annual effective rent growth in April 2015 for Axiometrics' Top 50 Markets. Selected other markets are based on Axiometrics' Top 121 Markets. Axi tracks properties in more than 450 MSAs throughout the country.

Source: Axiometrics Inc.

Please contact us if you have any questions.

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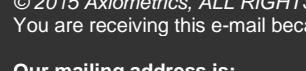
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Axiometrics improves property and portfolio performance for apartment investments.

Confident investment decisions begin with reliable, timely information. No one has more accurate, detailed, and up-to-date research on the apartment and student housing markets.



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