

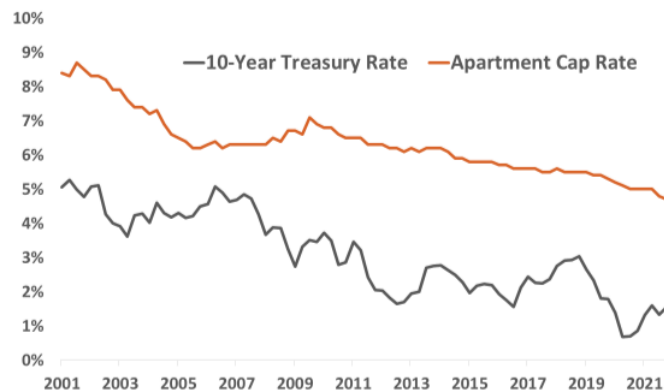
APARTMENT WIRE

APARTMENT INDUSTRY WELL-POSITIONED AMIDST RISING INTEREST RATES

Rising interest rates don't necessarily lead to higher cap rates.

- The 10-year Treasury yield rose 1.3 percentage points from 3Q 2020 to 1Q 2022, but apartment cap rates tracked by Real Capital Analytics decreased to a [record low](#) of 4.7% amidst [historic rent growth](#).

Apartment Cap Rate Vs. 10-Year Treasury



Source: Federal Reserve Bank of St. Louis; Real Capital Analytics.

The correlation between long-term interest rates (represented by yields on the 10-year Treasury) and cap rates is not particularly strong.

Why This Could Change: The Fed runs the risk of stifling economic growth prospects and triggering a recession as it begins to increase rates more aggressively to control inflation. Cap rates are likely to rise if this occurs, but it also depends on the length and severity of the recession:

- During the Great Recession, apartment cap rates tracked by Real Capital Analytics rose from 6.3% (1Q 2008) to 7.1% (3Q 2009).
- During the COVID-19 Recession, which lasted just two months, we observed no such rise in cap rates.

What to Watch: Investors should look to whether apartment rent growth continues to outpace inflation. Apartments' typically shorter lease terms are uniquely positioned to re-price rents during inflationary periods to offset rising costs (including the rising cost of capital due to higher rates).

- Rents for professionally managed apartments tracked by RealPage grew an average of 6.9% per year from 1Q 2020 to 1Q 2022, while consumer prices rose by an average annual rate of just 4.9% during this period.

SHARE FINDINGS

[CELEBRATE PRIDE MONTH WITH NMHC](#)

NMHC members are invited to celebrate the LGBTQ+ community (allies included) in the D.C. metro area at District Winery on June 28 at 5:30 p.m. ET. This reception is complimentary and registration is required. NMHC acknowledges the many contributions of the LGBTQ+

Multifamily Markup



FANNIE AND FREDDIE EQUITY PLANS AIM TO BREAK DOWN BARRIERS FOR RENTERS

Last week, FHFA released the Enterprises' housing equity plans that address barriers in single-family and multifamily housing and outline recommendations to increase equity and access.

What We're Watching: The multifamily-specific plans cover a number of topics that could have a direct impact on industry operations—including housing affordability, credit equity, tenant and landlord protections.

[READ MORE](#)

OPTECH SESSION IDEAS DUE TODAY!

NMHC is revising how we tap into the collective experience of our members to develop the OPTECH Conference and Expo program. [Take the survey and submit your ideas](#), comments and speaker proposals by the end of day today.



SAVE THESE DATES FOR NMHC SUMMER EVENTS

Virtual:

- [June 30 – The State of Multifamily Technology: Exclusive Member Survey Results](#)
- [July 20 – NMHC Women in Multifamily: Technology As A Community Design Trend](#)

In-Person:

- [August 25 – NMHC Women in Multifamily Networking Series – Oakland, Calif.](#)



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