

# Rising Rents and Cheap Money Flowing—So Apartment Prices Are Soaring

By [Douglas French](#)

Global Research, February 02, 2022

[Mises Wire](#) 1 February 2022

Region: [USA](#)

Theme: [Global Economy](#)

All Global Research articles can be read in 51 languages by activating the “Translate Website” drop down menu on the top banner of our home page (Desktop version).

To receive Global Research’s Daily Newsletter (selected articles), [click here](#).

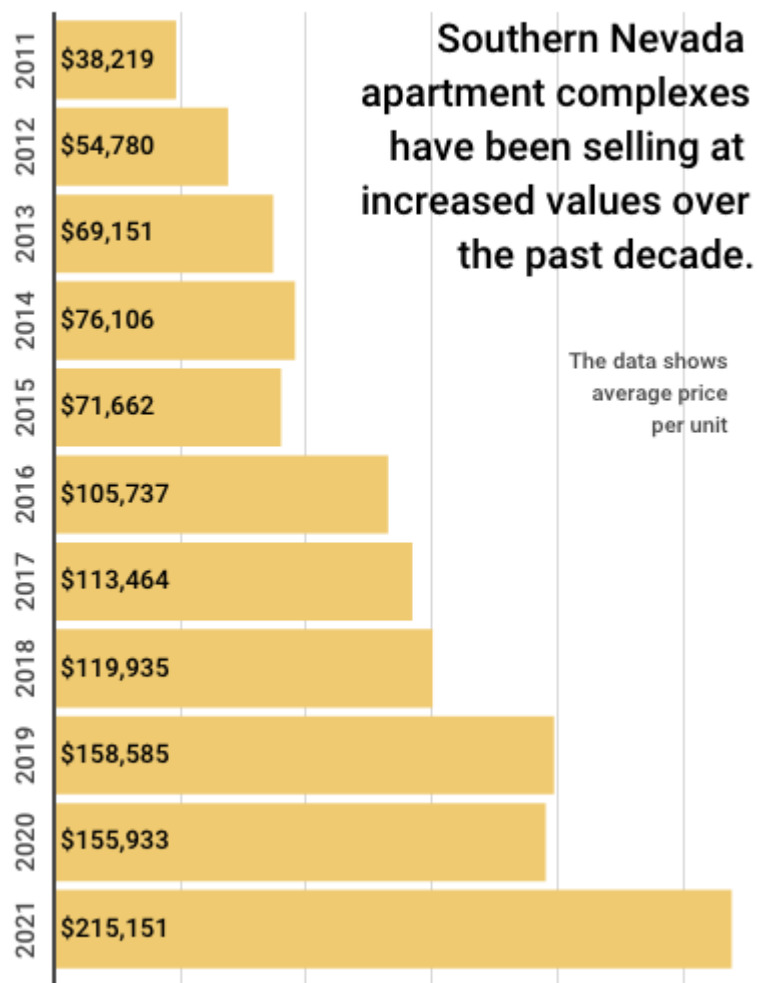
Visit and follow us on Instagram at [@globalresearch\\_crg](#).

\*\*\*

*Fannie Mae announced last week that it provided nearly \$70 billion in multifamily financing last year. The government lender crowed about \$9.6 billion of the total being for affordable housing projects and \$13.5 billion financing projects deemed “green and sustainable” units. This helped Fannie “grow its Multifamily Green MBS (mortgage backed securities) issuance to more than \$100 billion last year,” according to the [press release](#).*

Fannie Mae apartment loan pricing and terms are [attractive](#): the five-year fixed rate starts at 2.74 percent to the thirty-year fixed starting at 3.81 percent. Thirty-year amortizations are available and in some cases interest-only loans can be negotiated, as well as nonrecourse loans. The larger point is that with the Consumer Price Index at 7 percent in December, the real interest rate on these Fannie Mae loans is negative.

# Pricey rentals



Sources: Nevada State Apartment Association, CoStar

According to [Multi-Housing News](#), “On an annual basis through December, rents increased by double-digit percentages in 26 of the top 30 metros, six of which posted gains of 20 percent or more: Phoenix (25.3 percent), Tampa (24.6 percent), Miami (23.5 percent), Orlando (22.7 percent), Las Vegas (22.2 percent) and Austin (20.9 percent).”

So with rents rising and cheap money flowing, the prices of apartment projects are soaring. The latest Las Vegas multifamily announced sale is Ideal Capital Group’s purchase of the 287-unit Jade project near the Rio hotel and casino for \$124.5 million. That is a whopping \$433,798 per unit.

The COVID shutdown in 2020 slowed project sales as many renters lost their jobs. But “Las Vegas’ rental market has since heated up with fast-rising rents and shrunken availability, in part as people sought more space amid widespread work-from-home arrangements, and investor sales have rebounded,” reports Eli Segall for the [Las Vegas Review-Journal](#).

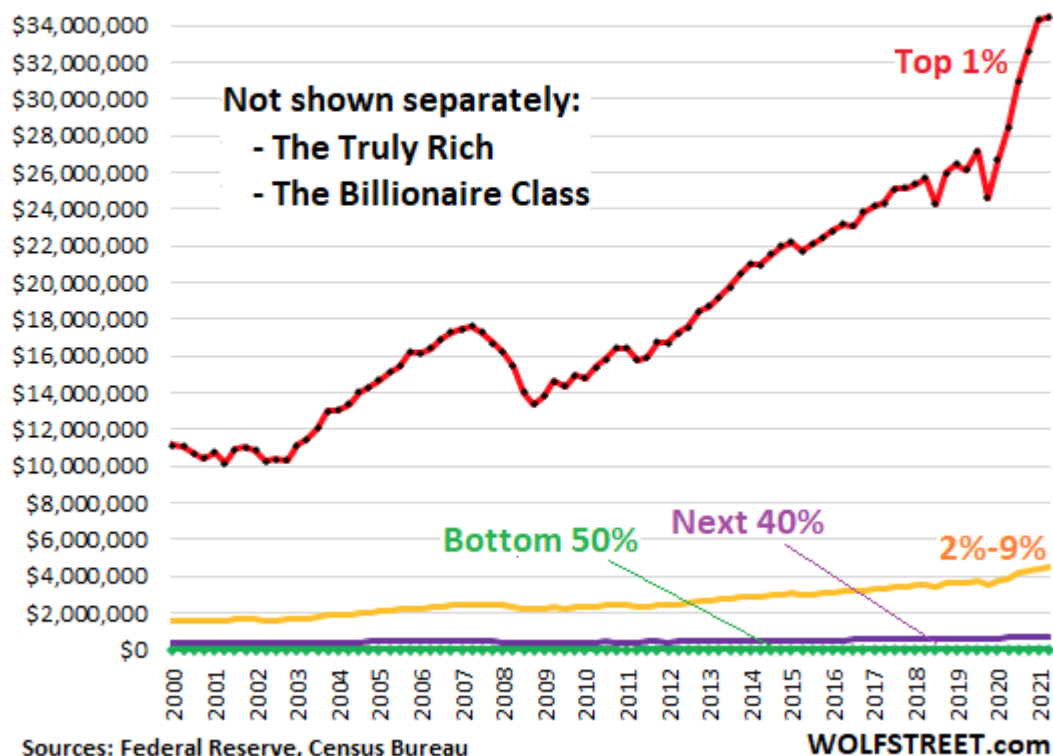
Jade went for double 2021’s average sales price per unit, \$215,151. Average apartment sales per unit have risen over 460 percent, from \$38,219 in 2011 to last year’s price.

Wolf Richter writes on his site, [wolfstreet.com](#), that working people are harmed by inflation

because their wages never catch up, while people with assets, inflated in value by low interest rates, reap the benefit. He writes, “[T]he wealth of the wealthiest 1% of households spiked, creating the biggest and worst wealth disparity ever to the bottom 50% and even to the bottom 99%, based on the Fed’s own wealth distribution data.”

## "Wealth Effect Monitor" in the Fed's Money-Printer Era

### Household Wealth: Top 1%, 2%-9%, Next 40%, Bottom 50%



Over lunch recently I expressed my astonishment over the \$400,000-per-unit sales to a developer (and apartment project owner) I used to bank. He told me units would be selling for \$500,000 by the end of this year.

I said rents would have to jump even more or capitalization rates would have to go to virtually nil for that to happen. He said emphatically, “Rents are going up.” People moving in from California believe rents in Vegas are cheap.

Not for long.

\*

Note to readers: Please click the share buttons above or below. Follow us on Instagram, @globalresearch\_crg. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

**Douglas French** is President Emeritus of the Mises Institute, author of [Early Speculative Bubbles & Increases in the Money Supply](#), and author of [Walk Away: The Rise and Fall of the Home-Ownership Myth](#). He received his master’s degree in economics from UNLV, studying under both Professor Murray Rothbard and Professor Hans-Hermann Hoppe.

Featured image is from Mises Wire

The original source of this article is [Mises Wire](#)  
Copyright © [Douglas French](#), [Mises Wire](#), 2022

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Douglas French](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)