



Yardi® Matrix

Affordable Housing National Report

August 2026



Understanding Competition Between Market-Rate and Affordable Housing

The competitive environment between affordable and market-rate properties varies widely by location, according to a new analysis by Yardi Matrix. Some metros contain relatively little market-rate housing that is competitive with affordable developments, while others provide renters with a broad range of similarly priced market-rate alternatives.

The Matrix study—which draws on a database of approximately 120,000 multifamily properties totaling more than 24 million units in 168 markets, including roughly 27,000 fully affordable communities encompassing more than 3.6 million units—found that just over one-quarter of market-rate properties are competitively priced with affordable units nationally.

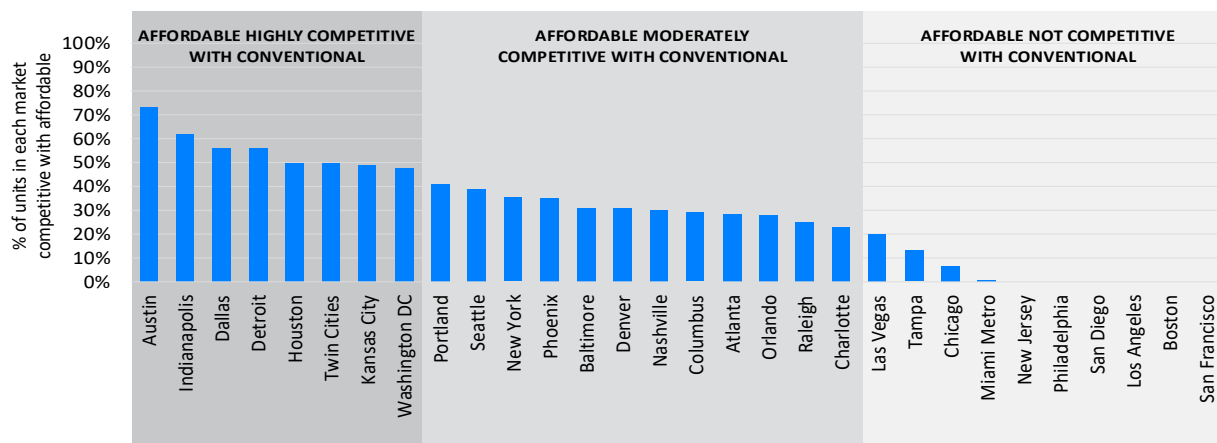
However, the level of competition varies widely by market, submarket and metrics such as number of bedrooms. More than half of market-rate properties are deemed competitive in metros

including Austin, Indianapolis, Detroit, the Twin Cities and Dallas, while very little competition exists in markets that include Boston, San Diego, Philadelphia, Los Angeles and New Jersey.

Matrix defines affordable properties as those in which at least 90% of units are income restricted through government subsidy programs. The study compares the average maximum net rent of affordable properties in a market with the average advertised rent of conventional properties. The two are considered competitive when the average rent of market-rate assets falls within 15% of the average rent for fully affordable housing, or within 10% in California markets.

Competitive conditions are largely determined by three market characteristics: the pricing premium maintained across high-cost coastal markets, the influence of recent apartment supply on existing inventory, and the concentration of older workforce and low mid-range apartment stock.

Percentage of Market-Rate Stock in Competition With Fully Affordable Rents



Percentage of stock is by number of units. Competing units are defined as a $\leq 15\%$ difference in unit rents between market-rate and fully affordable LIHTC. Data as of July 2026 | Source: Yardi Matrix

Matrix's findings have numerous implications for the affordable housing market. One application is identifying noncompetitive areas that lack affordable housing. That doesn't mean, however, that areas with high levels of competition lack demand for affordable housing. Instead, it may point to a need for certain types of affordable housing, improved property quality or preservation of existing stock. For operators, competitiveness levels can determine how much they can raise rents or how to market their units.

Yardi Matrix has previously published studies that evaluate competition between market-rate and affordable housing using AMI-based affordability thresholds. This report examines those competitive relationships for the first time by comparing maximum net affordable rents with the average rents of four market-rate asset classes (in order of quality, high to low): Discretionary, Upper Mid-Range, Low Mid-Range and Workforce. The resulting competitiveness score measures the share of conventional apartment inventory priced closely enough to compete directly with affordable housing. While this report evaluates competition at the asset-class level,

Matrix maintains the same data at the bedroom level, providing the methodology and the tools to support a deeper analysis.

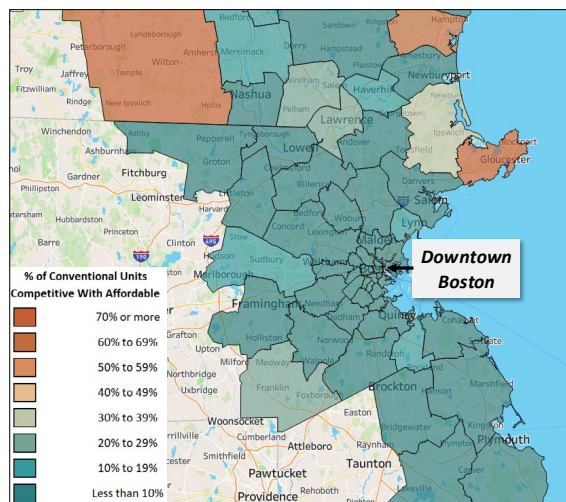
Affordable Demand In High-Cost Markets

Pricing establishes the baseline for competition. High-cost coastal markets exhibit the least competition because conventional rents are expensive across asset classes. Boston, for example, has one of the highest average market-rate rents among the Matrix Top 30 at nearly \$2,900 per month, more than \$1,000 above the metro's average affordable rent, resulting in a 0% rent competitiveness score. With limited competition from market-rate properties, Boston's affordable occupancy was among the highest in the nation at 97.3% in July.

Other metros with low competitiveness scores include Los Angeles, San Francisco and San Diego, where average market-rate rents are well above those for affordable housing. None of the four market-rate asset classes fall within the competitive pricing threshold in those metros.

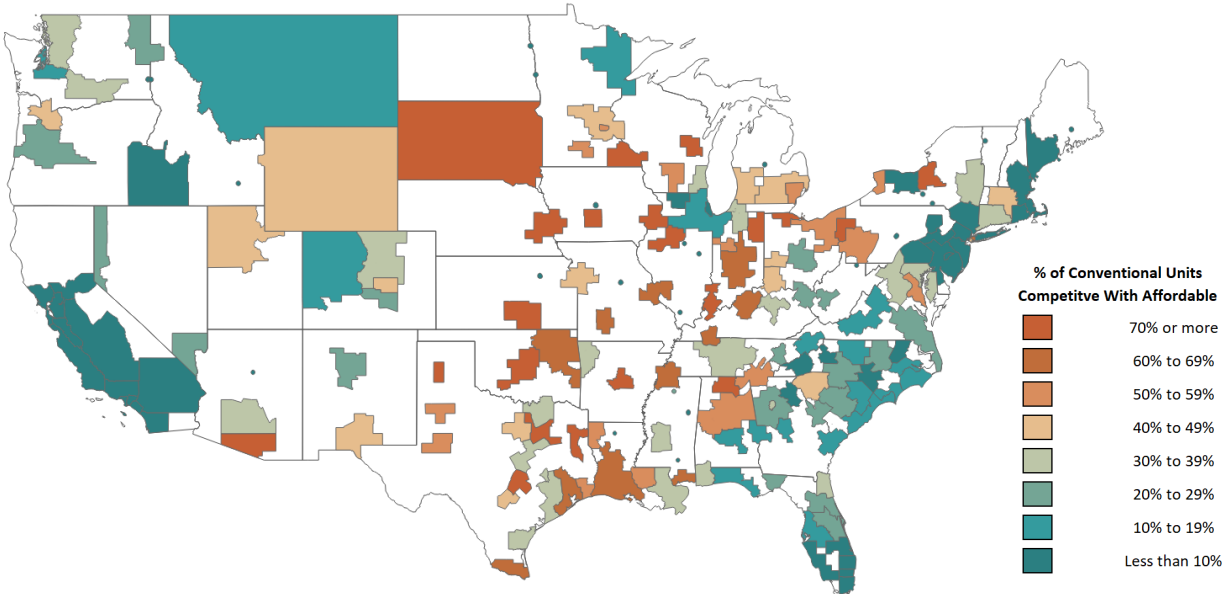
Another factor in the competitive environment is the composition of the conventional inventory. Metros in which market-rate apartment stock is weighted toward higher-end Discretionary and Upper Mid-Range properties are less competitive because rent premiums persist even during periods of market softening. In Miami, for example, more than half of market-rate inventory is concentrated in the Discretionary and Upper Mid-Range asset classes, while only about one-quarter of units fall within the Low Mid-Range and Workforce segments. With relatively little moderately priced inventory available, affordable housing maintains a level of high demand, with comparatively few conventional alternatives.

Competitive Landscape Based on Rent



Source: Yardi Matrix

% of Conventional Units Competitive With Affordable



Rent competition defined as a $\leq 15\%$ difference in unit rents between market-rate and fully affordable LIHTC ($\leq 10\%$ in California).
Data as of July 2026 | Source: Yardi Matrix

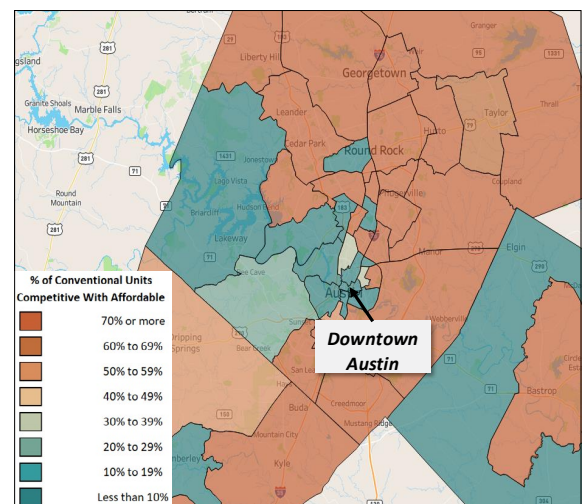
Apartment Supply Influences Competition

The level of new supply also plays a role in the competition between market-rate and affordable multifamily. Although many new deliveries occur at the upper end and rarely compete directly with affordable housing, they create a ripple effect in the market. With an influx of supply, pricing adjusts throughout the existing inventory, expanding the amount of conventional housing that rents within the competitive threshold.

Austin experienced that transition more than any other metro in the Matrix Top 30. Largely due to the robust amount of new supply added over the last few years, the average market-rate rent declined to approximately \$1,593 per month, slightly below the metro's average maximum net affordable rent of \$1,622. Renters in Austin can lease market-rate properties at prices similar to those of affordable properties. Most market-rate asset classes are within Matrix's competitive threshold, producing a rent competitiveness score of 73%.

Given the option, many tenants may prefer market-rate properties and their less stringent application process. As a result, Austin's affordable occupancy measured only 88.8% in July, the lowest among Matrix's top 30 metros. Nearly half of Austin's conventional inventory is classified as

Competitive Landscape Based on Rent



Source: Yardi Matrix

Upper Mid-Range, allowing pricing adjustments across that segment to substantially expand the amount of market-rate housing competing with affordable developments.

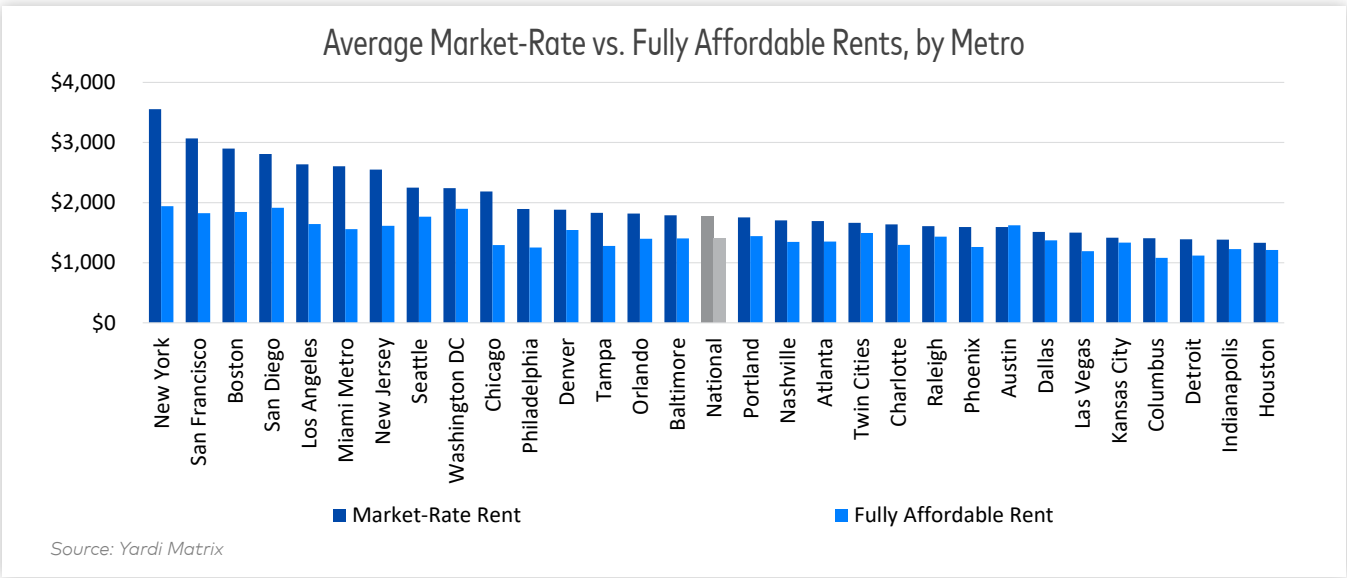
Another market with a consistently strong delivery pipeline is Dallas, which recorded a 56% rent competitiveness score. Pricing adjustments spread beyond newly completed communities and into the existing apartment inventory, increasing the amount of market-rate apartment inventory within the competitive threshold. Unlike high-cost coastal markets, where market-rate rents remain separated from affordable housing across every quality segment, competition increased in Dallas because more existing apartments became attainable for income-qualified renters.

Understanding Inventory Composition

Competition between market-rate and affordable housing is also affected by structural factors, such as the age of conventional stock. The distribution of apartment quality ultimately determines how much of the existing market is capable of competing directly with affordable housing. For example, competitiveness is higher in metros with a preponderance of older stock that is often referred to as naturally occurring affordable stock because it may not be well-maintained or located in a desirable submarket. Although many of these conventional communities compete on price, they are typically older properties with fewer amenities and in need of maintenance.

Markets in which apartment inventory is weighted toward Workforce and Low Mid-Range communities naturally contain more conventional inventory priced near affordable levels, while a wide gap in pricing exists in metros dominated by higher-end Discretionary and Upper Mid-Range properties.

An example of the former is Detroit, which achieved a 56% rent competitiveness score despite a development pipeline considerably smaller than that in Dallas. Nearly 80% of Detroit’s conventional apartment stock is concentrated within the Workforce (50% of total stock) and Low Mid-Range (28%) segments, which are priced at rates substantially closer to affordable housing than newer apartment product. That creates a supply of conventional units that compete directly with fully affordable developments. Another



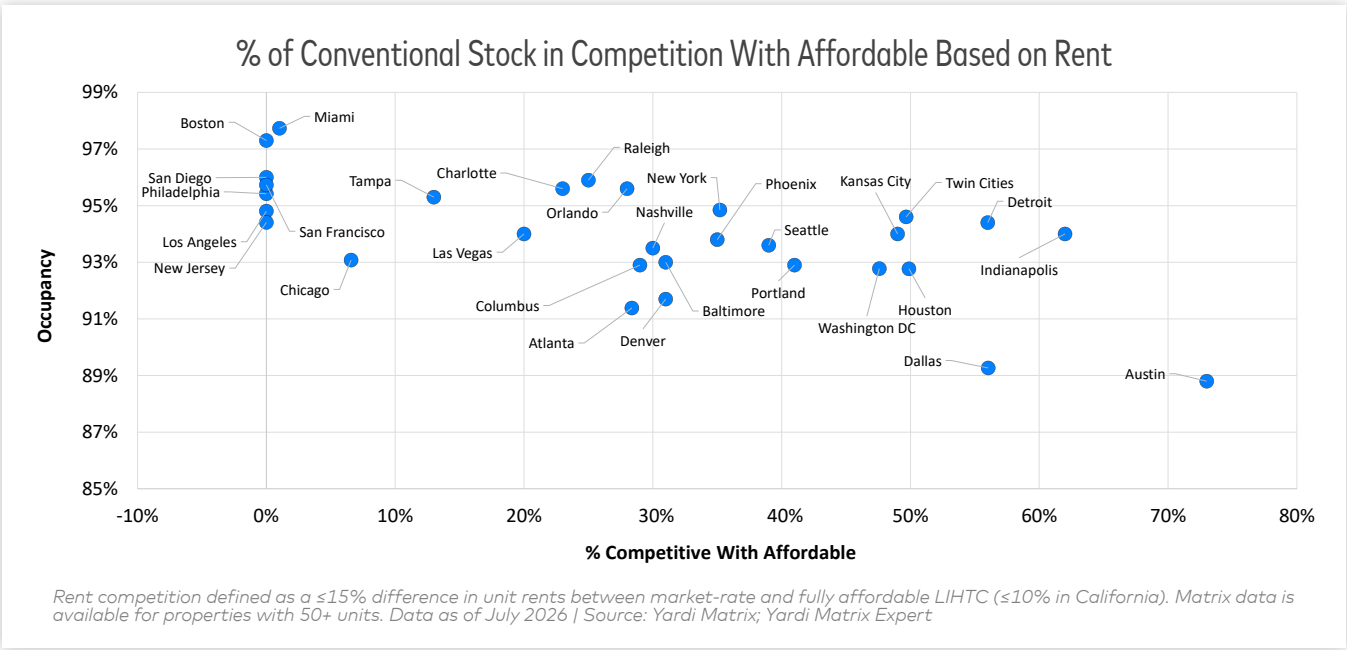
example of this dynamic is Indianapolis, where more than half of market-rate inventory is concentrated in the Low Mid-Range and Workforce segments, contributing to one of the highest rent competitiveness scores in the Matrix Top 30 (62%) despite relatively modest levels of recent apartment construction.

The contrast in rent competition shows why inventory composition matters. Miami, where approximately half of conventional apartment inventory is classified as Discretionary or Upper Mid-Range, recorded one of the nation's lowest levels of competition because much of the market remains concentrated in higher-priced apartment communities. Although Miami is a high-cost coastal market, this is also true in some lower-cost metros such as Las Vegas. At \$1,191, Las Vegas has the third-lowest average affordable unit rent in the Matrix Top 30, behind only Detroit (\$1,119) and Columbus (\$1,082). Despite the low cost, only 20% of market-rate properties in Las Vegas are competitive with affordable units, putting it in the lower third of metros in competitiveness. This is largely due to the concentration of inventory in Discretionary (20% of total stock) and Upper Mid-Range (35%) units, which are priced \$400 to \$600 more per month than average maximum affordable rents.

The upshot is that new affordable housing competes on product quality, energy efficiency and long-term affordability in addition to price. Where the existing inventory already provides relatively inexpensive housing, the value proposition of new affordable development shifts from simply delivering lower rents to replacing aging housing stock with higher-quality communities that preserve affordability over the long term.

Development Implications

Affordable housing is traditionally evaluated using measures such as household income, housing cost burden, demographic growth and the availability of subsidized housing. Those indicators remain fundamental to affordable housing planning, but they do not capture how the conventional apartment market influences affordable housing performance. The rent competitiveness score complements traditional measures by quantifying the amount of market-rate inventory competing for the same renter population.



Metros with limited competition generally provide affordable housing with a more distinct position because relatively few conventional apartments serve the same households. Boston, Los Angeles and San Diego—each recording a 0% rent competitiveness score—are markets where rents have far exceeded incomes and the need for affordable housing remains high. In these metros, preserving and expanding affordable housing addresses demand that is unlikely to be met by the conventional apartment market regardless of broader apartment market conditions.

Markets exhibiting greater competition present a different investment environment. In metros such as Austin (73% rent competitiveness score), Indianapolis (62%) and Dallas (56%), substantial portions of the conventional apartment inventory already compete for income-qualified renters. That shifts, rather than diminishes, the demand for affordable housing. In markets and submarkets where renters have access to a broad range of competitive market-rate alternatives, affordable property operators must emphasize project location, product quality and long-term operating performance more than in markets where affordable housing occupies a distinct competitive position.

Competition also provides additional context for acquisition and preservation strategies. Affordable housing located in markets with limited competition may represent an especially important component of the local housing stock because conventional substitutes remain scarce. Markets where competition is driven by older Workforce and Low Mid-Range inventory present a different opportunity. Preserving affordability remains critical, but redevelopment and rehabilitation can simultaneously improve housing quality while maintaining long-term affordability for future residents.

Competition Informs Operational Strategy

Differences in pricing, apartment supply and inventory composition create fundamentally different competitive environments in markets around the country. High-cost coastal metros remain the most insulated from competition because conventional rents exceed affordable rents even at the lower end of the market. Competition is higher in supply-driven markets where a large volume of deliveries puts downward pressure on market-rate pricing. Markets with aging inventory derive competition from the composition of their apartment stock, as a larger share of conventional housing already rents closer to affordable levels.

The methodology presented in this report introduces another lens for evaluating those competitive relationships. By comparing average rents across market-rate asset classes with fully affordable housing, the rent competitiveness score measures how much conventional apartment inventory competes directly with affordable housing rather than relying solely on traditional affordability metrics. Competition is shaped not simply by cost but by how pricing, apartment supply and inventory composition determine where conventional apartment rents overlap with affordable housing.

As affordable housing resources become increasingly constrained, understanding those competitive relationships provides additional perspective for developers, investors and policymakers. Recognizing that markets facing similar affordability challenges can operate within very different competitive environments serves to strengthen underwriting, improve capital allocation and support more informed development decisions.

*—Paul Fiorilla, Director of Research,
and Jacob Gonzalez, Senior Analyst, Yardi Matrix*



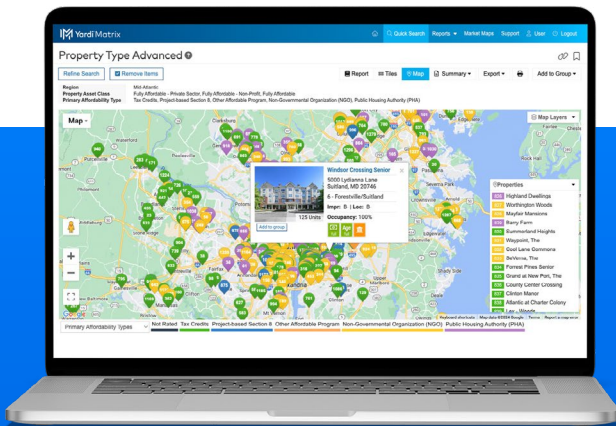
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