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# Multifamily Rent Forecast Update

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The October forecast suggests that 2026 will mark the low point for national rent growth, not the beginning of a deeper multifamily downturn. Annual growth is projected at 1.2%, but the weakness is concentrated in a relatively small group of heavily supplied markets rather than spread evenly across the country.

For owners and investors, the key distinction is between temporary lease-up pressure and weaker underlying demand. Austin, Phoenix and the Southwest Florida Coast still face significant inventory absorption, whereas tighter markets such as Honolulu, Manhattan, Providence and Albany retain stronger pricing power. As deliveries are absorbed, rent growth should recover gradually, although slower job creation, population growth and household formation will limit the pace of improvement.

The outlook is therefore better characterized as a prolonged rebalancing rather than a broad downturn. High-supply markets such as Austin, Phoenix, San Antonio, Asheville and the Southwest Florida Coast are likely to experience further rent declines, while tighter markets including Honolulu, Manhattan, Providence and Albany continue to produce comparatively strong growth. National performance should improve gradually after 2026, although the timing and strength of that recovery will depend heavily on local supply absorption, labor-market conditions and continued pressure on household purchasing power.

The broader environment has elevated uncertainty, with tariff policy, geopolitical tension and inflation continuing to erode real wage gains, making households cautious about stretching to absorb higher housing costs. The result is a national rent outlook that appears less like distress and more like a market finding its equilibrium: income growth creating a floor, supply absorption providing a path back upward, and the pace of recovery dependent on how quickly the most-exposed markets work through their excess inventory.

The pattern across markets is uneven, and the national average obscures that unevenness considerably. A handful of high-supply metros—Austin, Phoenix, the Southwest Florida Coast, Asheville and San Antonio among them—are forecast to see outright rent declines in 2026,

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in some cases approaching 2-3%. These are the same markets that absorbed the heaviest wave of new apartment construction over the past two to three years, and they are still working through that supply. At the other end of the spectrum, markets with tighter inventory and steadier demand—including Honolulu, Manhattan, Providence and Albany—are forecast for 3-4% rent growth or better in 2026, well above the national pace.

Looking back across recent forecast vintages, the trajectory has been one of steady deceleration from the rapid post-pandemic growth of the early 2020s, toward something closer to a long-run normal. This run confirms that the trough appears to be at hand in 2026, and that the path from here is gradual recovery rather than further deterioration.

The macroeconomic picture is best described as steady but unspectacular. GDP held roughly flat from the first to the second quarter of 2026, supported by government spending and continued investment in technology, particularly in healthcare and artificial intelligence, which remain consistent bright spots even as other parts of the economy have lost momentum. Job growth has been inconsistent, alternating between some recent months of outright softness in hiring and more robust increases in the most recent September and October figures. Household incomes, however, continue to edge higher, giving renters the capacity to absorb modest rent increases even as the labor market loses its earlier pace. Population growth has decelerated as well, extending a longer-running trend of slower household formation nationally.

Taken together, income rising while employment and population growth slow is a backdrop that restrains demand-driven rent pressure without pointing toward contraction. That combination is broadly consistent with the flat-to-modest growth picture the forecast paints for 2026 and early 2027, and with the gradual recovery the model projects as those forces rebalance over the subsequent few years.

Several developments introduce real uncertainty that the forecast cannot fully capture. Tariff policy and the ongoing conflict in Iran have added demand-side risk that is difficult to quantify at the market level, with the potential to affect both consumer spending and business investment in ways that are hard to anticipate this far out. High inflation continues to weigh on real wage gains, dampening purchasing power even as incomes rise nominally. Real wages are under pressure and below the rate of inflation, but recent productivity gains mean that unit labor cost growth is low or negative.

On the housing side, higher interest rates have made homeownership meaningfully less competitive than renting, which should continue to support rental demand. Meanwhile, those rates have not risen high enough to slow new multifamily construction starts materially, meaning supply growth in exposed markets is likely to persist through at least 2027. Additionally, high interest rates seem to be holding residents in place, with continued job growth, low unit labor cost growth and some internal migration enabling Sun Belt supply to be absorbed at a more slowly declining pace of rental growth.

The single-clearest pattern in this forecast is the trajectory of markets that were overbuilt in recent years. Rather than staying weak indefinitely, the model shows these markets following a consistent arc: continued flat-to-negative rent growth through roughly 2027, a rebound beginning around 2028 as excess supply is absorbed, a period of above-average growth through the early 2030s that partially compensates for the years of soft-

ness, and then a gradual return to a more moderate pace by the mid-2030s. This pattern shows up clearly in Austin, Phoenix, Denver, Asheville and the Southwest Florida Coast—all of which are projected to move from among the weakest performers in the country in 2026 to growth rates at or above the national average within a few years. Markets with only modest supply exposure should see only modest near-term weakness and move relatively quickly back toward normal growth.

For the national market, the near-term message is one of patience rather than alarm. This year is likely to be the slowest for rent growth in this cycle, concentrated in a known and identifiable set of high-supply markets, against a broader economic backdrop of steady but slowing growth. The more constructive story is further out: As those markets absorb their excess inventory and the economy continues on its slow-but-positive trajectory, national rent growth is expected to reach roughly 2.5-3% annually through the early-to-mid 2030s. That pace is consistent with the long-run relationship between rent and income growth, rather than a return to the unusual gains of a few years ago, and it is not a forecast that requires any particular optimism about the near term to believe.

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