Q3 2026

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Multifamily Supply Forecast Notes

For the Q3 2026 update, the Yardi Matrix Multifamily Supply Forecast has increased forecast completions for 2026 by 2.5%. The remaining years are relatively unchanged from the Q1 forecast update.

Year	Q3 2026	Q2 2026	% Chg
2026	490,362	478,239	2.5%
2027	444,343	443,051	0.3%
2028	455,442	449,450	1.3%
2029	455,821	451,749	0.9%
2030	460,278	455,559	1.0%
2031	460,381	456,537	0.8%

Source: Yardi Matrix

Near-Term Forecast: 2026 Through 2028

The Q3 forecast update has increased forecast completions for 2026 by 2.5% and 2028 completions by 1.3%, while 2027 is unchanged. Overall, the shape of the forecast has not changed materially. The forecast continues to anticipate a bottom in new supply to occur in 2027 at around 444,000 units, with a modest rebound taking hold in subsequent years.

The forecast for 2026 and 2027 is primarily driven by the current under-construction pipeline. The modest increase in 2026 forecast new supply reflects updates to Yardi Matrix under-construction pipeline data, not a change in overall forecast expectations. The number of units under construction and in prelease continues to decline, suggesting new supply in 2026 and 2027 will be below what was recorded in 2024 and 2025.

2028's modest increase is driven by slightly better-than-anticipated 2026 year-to-date construction starts. Current year-to-date construction starts are roughly 20% above the same period one year ago. Given current average completion times, this suggests 2028's forecast new supply will see an increase over 2027 levels. Our starts data is collected with a lag, so near-term estimates are likely to change over time.

The near-term forecast assumes the overall economic backdrop remains largely unchanged. Sizeable U.S. fiscal deficits will continue to support economic demand and help maintain moderate employment and income growth as well as household formation. The Iran War and tariff policy combined keep inflation modestly elevated; as a result, a reduction in either short- or longer-term interest rates seems unlikely.

In other words, more of the same: High-supply locations will see continued reductions in market-rate supply, with affordable and partially affordable properties conspiring to keep new supply higher than what some market observers expect, while markets that did not participate in the post-pandemic supply wave will continue to maintain or incrementally increase new supply.

Forecast Coverage

The supply forecast covers Market Rate, Partially Affordable, Fully Affordable, Senior Housing and Single-Family-Rental (SFR-BTR in communities of ≥50 units) multifamily property types. Since most under-construction and planned properties have an identified property type, the first three years of the forecast can be broken out by property type.

	<<< Actual Completions							Forecast Completions >>>		
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Market	265,440	276,553	310,395	262,076	331,577	432,215	395,532	261,878	249,561	256,006
Partially Affordable	50,440	56,015	67,663	69,764	80,335	105,497	96,581	86,351	72,187	97,708
Fully Affordable	42,957	46,726	48,355	58,262	68,399	100,011	94,254	85,692	83,877	73,848
Senior*	10,066	12,288	9,835	10,262	12,396	13,444	10,398	10,400	13,200	15,788
SFR	7,617	8,059	12,098	19,698	37,872	45,932	53,323	46,041	25,518	12,092
Total	**376,520**	**399,641**	**448,346**	**420,062**	**530,579**	**697,099**	**650,088**	**490,362**	**444,343**	**455,442**

**Includes both fully and partially age-restricted properties.*
Source: Yardi Matrix

As observed in previous forecast notes, the composition of multifamily new supply has been changing over time. The current forecast expects overall new supply to total 444,343 units in 2027, a 10% increase compared to 2020. However, the increase is not driven by market-rate apartments. Compared to 2020, 2027 new market-rate supply will decline by 11%, or nearly 27,000 units.

Increases in new supply in the coming years relative to pre-pandemic levels will be driven primarily by affordable and partially affordable properties. Yardi Matrix defines a partially affordable property as having some (between 5% and 89%) but not all of its units designated as affordable. In 2027, 72,187 partially affordable units will be delivered, a 22% increase over 2020 levels. Likewise, fully affordable properties will supply 83,877 units in 2027, a 44% increase over 2020 levels.

SFR construction starts noticeably decreased in the second half of 2025, and remained depressed to start 2026. New SFR supply increased significantly from 2023 through 2025. The recent slowdown in new SFR construction activity suggests this product type will see significantly fewer completions in 2027 and 2028.

Under-Construction Pipeline

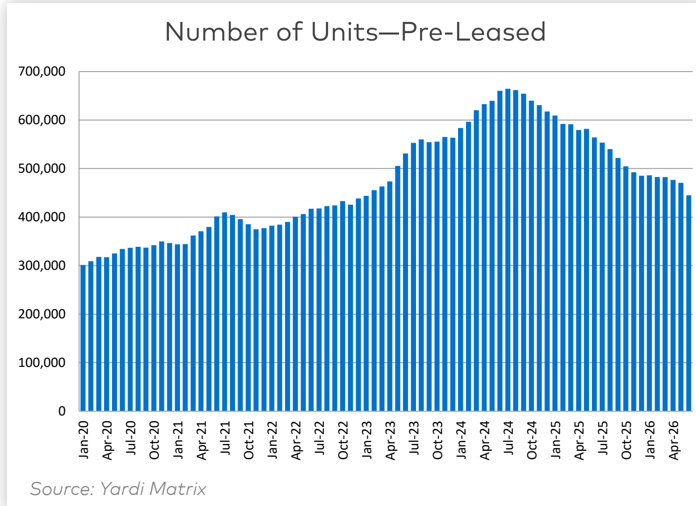
For markets covered by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q2 2026 with 948,195 units, a slight 0.5% decline quarter-over-quarter and a 6.6% decline year-over-year. The under-construction pipeline peaked in March 2024 at 1.27 million units.

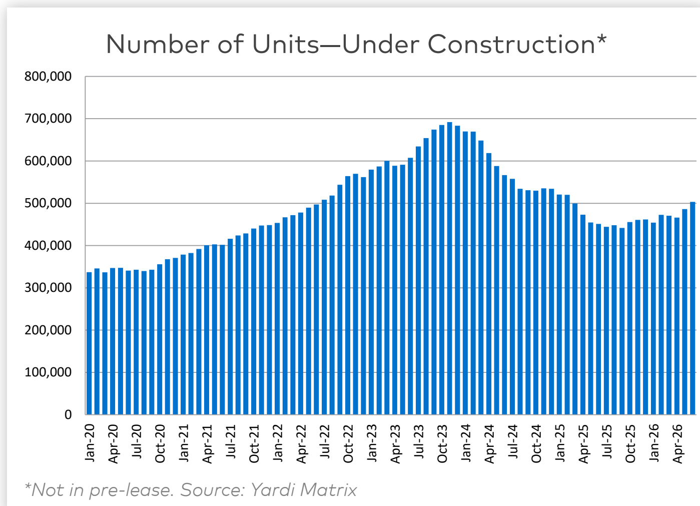
The number of units under construction and in pre-lease stood at 444,981 units at the end of Q2. This represents a 7.8% quarterly drop and a 21.1% decline year-over-year. This inventory is further along in development and will most likely be completed in the second half of 2026 or the first half of 2027.

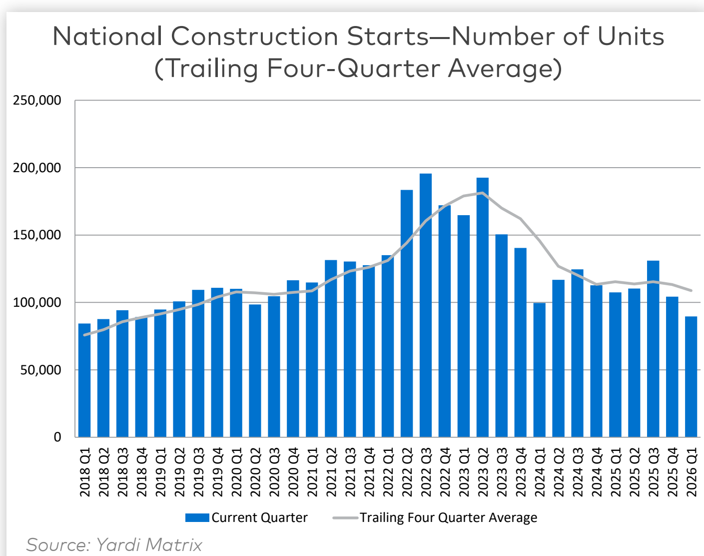
The number of units under construction and not in pre-lease ended Q2 at 503,214, increasing 7.0% on a quarterly basis and 11.5% on a year-over-year basis. At a national level, construction starts increased marginally in 2025, and year-to-date 2026 construction starts are running ahead of those for the same period one year ago. As a result, this segment of the under-construction pipeline has been expanding since September 2025. These units will not be completed until the second half of 2027 or later.

Construction Starts

New construction activity appears to be increasing above the level of previous years. National multifamily construction starts peaked in 2022 at 688,304 units and fell to approximately 455,000 units in 2024 and 2025. Through the end of Q2 2026, the Yardi Matrix research team has confirmed construction starts on 124,080 units, approximately 20% above the level during the same period in 2025.





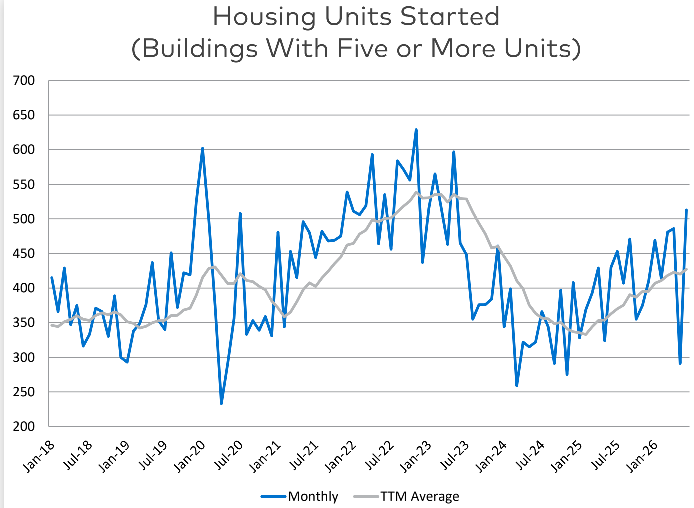


Currently, Yardi Matrix has confirmed construction starts on 89,599 units in Q1 2026. Our starts data is collected with a lag, so this number, and the year-to-date number referenced earlier, will likely be revised higher.

After an unusually steep decline in May, the U.S. Census Bureau reported housing starts in buildings with five or more units rose to a seasonally adjusted annualized rate of 513,000 units. The trailing 12-month moving average for this data series has been increasing since early 2025 and currently stands at 427,000 units.

2025 full-year national construction starts have fallen roughly 34% from the high point set in 2022. For some markets, the fall has been dramatic. In Austin, Texas, starts have declined 69%, falling from 34,523 units in 2022 to 10,770 units in 2025. In Denver, Colo., starts have declined 51%, from 23,923 units in 2022 to 11,640 units in 2025.

Despite the slowdown in new development activity, 21 markets in the Yardi Matrix database still have over 8% of inventory in the under-construction pipeline. For these markets, new supply will continue to be problematic over the next 18 months.



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development

Under-Construction Units Above 8% of Stock

Market	Units Under Construction	% of Stock
Southwest Florida Coast	18,278	15.37%
Asheville	3,888	14.77%
Montana	3,460	13.95%
Port St. Lucie	3,077	13.64%
NW Arkansas	6,035	12.64%
Omaha	12,126	11.76%
Appleton–Oshkosh	2,088	11.13%
Miami	20,069	10.48%
South Dakota	3,922	10.22%
Brooklyn	18,062	9.91%
Wilmington	2,829	9.60%
North Central Florida	6,632	9.53%
Charlotte	24,369	9.27%
Portland ME	1,744	9.21%
Salt Lake City	13,289	8.75%
New Jersey–Northern	24,681	8.37%
West Palm Beach–Boca Raton	6,938	8.30%
Knoxville	3,909	8.27%
Spokane	3,599	8.22%
Savannah–Hilton Head	4,736	8.16%
Allentown–Bethlehem	2,917	8.10%

Source: Yardi Matrix

Conversely, several markets saw 2025 construction starts reach their highest level in the past 10 years. Apart from the Piedmont Triad (Winston-Salem-Greensboro), all of these markets are located outside of the Sun Belt and Mountain West, a reversal from the post-pandemic development boom. It is also worth noting that, of these markets, only Omaha, Neb. (11.8%) and Columbus, Ohio (7.0%) currently have a high level of under-construction units as a percent of existing stock.

All-Time-High Construction Starts

Market	2025 Starts	Units Under Construction	Percent of Stock
Columbus	10,872	16,087	7.0%
Dayton	2,231	2,966	5.6%
Manhattan	6,990	19,691	5.8%
Omaha	5,606	12,126	11.8%
Philadelphia–Suburban	5,155	7,955	3.2%
Pittsburgh	2,582	3,935	3.8%
Providence	2,267	2,814	4.5%
Winston–Salem–Greensboro	2,733	5,219	5.1%

Source: Yardi Matrix

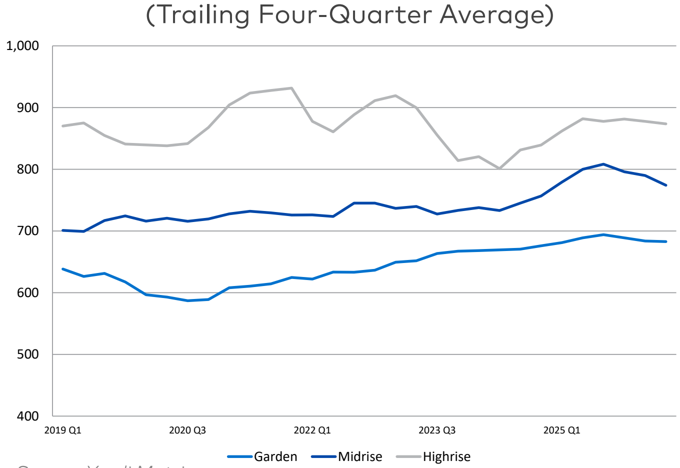
Days in Construction

Days in construction has been trending modestly lower in 2026. Both garden and mid-rise build types have seen their trailing four-quarter average decline for three consecutive quarters.

In all, 266 garden properties were completed in Q2 2026, on average taking 691 days (23.0 months) to reaach that point. This is slightly above the trailing four-quarter average of 683 days (22.8 months). After peaking in Q3 2025, the trailing four-quarter average has declined for the past three quarters.

Seventy-eight mid-rise properties were completed in Q2 2026, averaging 747 days (24.9 months). This is below the trailing four-quarter average of 774 days (25.8 months). As with garden properties, the mid-rise trailing four-quarter average peaked in Q3 2025 and has declined over the past three quarters.

Average Days in Construction
(Trailing Four-Quarter Average)



Source: Yardi Matrix

Only 19 high-rise properties were completed in Q2 2026. On average, these properties spent 828 days (27.6 months) under construction. This is well below the trailing four-quarter average of 874 days (29.1 months).

Long-Term Forecast: 2029 Through 2031

The longer-term forecast has increased by a slight 1.0% for all years. The increase reflects the better-than-anticipated level of 2026 construction starts compared to previous years. However, the forecast continues to assume that over the longer term there is little to suggest new supply meaningfully expands or contracts from current levels. Therefore, the current forecast update has national new supply expanding from 455,821 units in 2029 to 460,381 units by 2031.

A continued robust fiscal stimulus supports incomes, household formation and the broader economic demand though 2027 and beyond. A recession is therefore viewed to be unlikely over the longer term. In addition, the Iran War remains unresolved. Prices in the energy and petrochemical markets have risen, but fortunately to a level well below the direst predictions, and they currently do not seem to be a binding constraint on new construction.

Resilient economic demand and a continuing energy shock will combine to keep both short- and long-term interest rates elevated and suppress new-development valuations. For market-rate apartments, advertised rental rate growth will drive new-supply levels. Markets that record steady incremental increases in advertised rental rates will continue to see steady incremental increases in new supply. High-supply markets with weak to negative advertised rental rate growth will experience weaker supply growth.

Elevated interest rates, an energy shock and weak advertised rental-rate growth are bearish for longer-term new-development activity. However, the recently enacted 21st Century ROAD to Housing Act along with 2025's One Big Beautiful Bill Act broadly supports continued investment in new multifamily development. Among other things, the legislation expands low-income housing tax credits, creates incentives for municipalities to streamline permitting and reduce regulation, and updates FHA multifamily loan limits.

Higher long-term interest rates will limit multifamily new development. On the flip side, they also keep the single-family housing market locked up and support rental demand. Some proportion of renter households that would otherwise be looking to make a home purchase will continue to rent over the longer term.

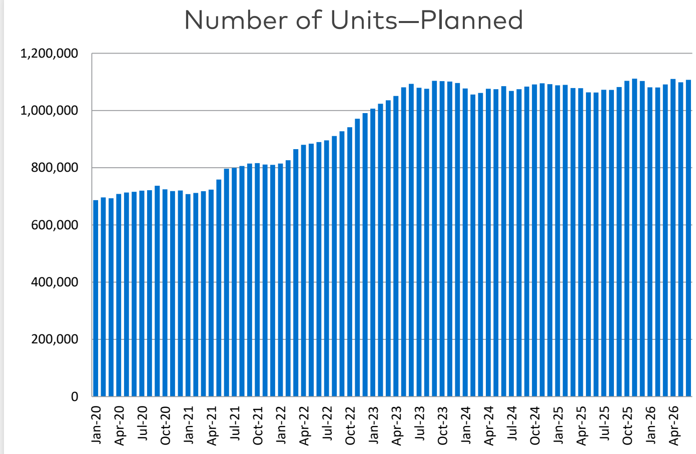
Planned and Prospective Pipelines

Combined, the planned and prospective pipelines contained 4.7 million units at the close of Q2 2026, a 1.0% increase over Q1 and a 4.2% increase year-over-year.

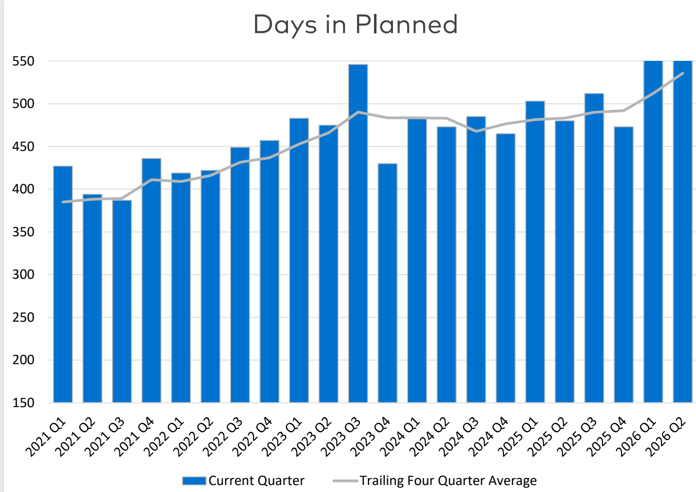
The planned pipeline continues to be centered around 1.1 million units. At the close of Q2, the planned pipeline contained 1.107 million units, a 1.5% increase over Q1 and a 4.2% increase year-over-year. The planned pipeline has been at or around 1.1 million units since September 2023.

Properties starting construction in Q2 2026 spent an average of 592 days (19.1 months) at the planned level, well above the trailing four-quarter average of 536 days (17.9 months). This is the second consecutive quarter where days in planned is noticeably elevated over the level of the past two years.

The prospective pipeline's growth moderated in Q2, increasing 0.8% to end the quarter at 3.6 million units. On a year-over-year basis, the prospective pipeline increased by 4.2%. Through mid-year, the prospective pipeline increased by 1.3%, considerably below 2025's 9.9% expansion.



Source: Yardi Matrix



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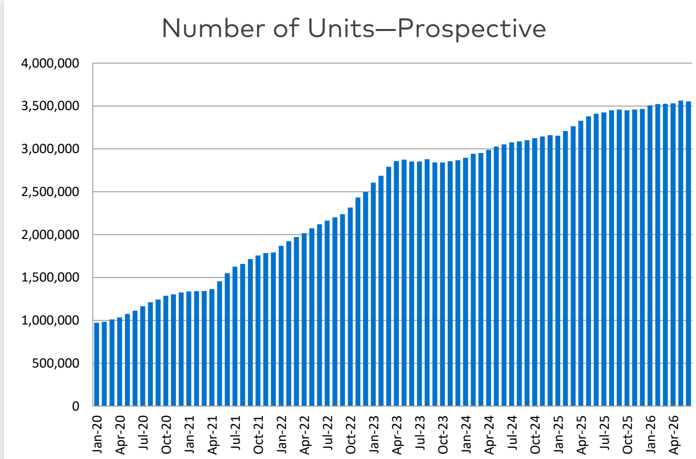

Source: Yardi Matrix

Bottom Line

Current Yardi Matrix development pipeline data suggests multifamily new supply should bottom in 2027 at around 444,343 units. Through mid-year, 2026 construction starts were running slightly ahead of the pace seen in 2024 and 2025. Given current completion times, this suggests that 2028 new supply will increase modestly over 2027 levels.

2027 new-construction activity is assumed to be at a similar level to 2026. This translates to 2029 new supply being at a similar level to 2028, or roughly 455,821 units.

Over the longer term, new supply is forecast to expand only marginally—to 460,381 units by 2031. Continued fiscal deficits support the general economy and multifamily demand. This comes at the expense of elevated long-term interest rates, which suppress valuations and new development activity. As such, a return to 2024 and 2025 new-supply levels is highly unlikely.

On the other hand, a sharp decline in new supply is equally improbable. Solid but unspectacular economic growth supports rental demand, and recent federal legislation provides ample supply-side incentives for multifamily investment and new development. Lastly, affordable and partially affordable multifamily properties will continue to play a larger role in the new-development mix.

Finally, relatively higher long-term interest rates will continue to constrain activity in the single-family housing market. Some amount of would-be homebuyers will continue to rent, providing an additional source of multifamily demand.

—Ben Bruckner, Senior Research Analyst