



U.S. Multifamily Outlook Summer 2025



Deliveries are key to rent growth

Capital markets are liquid ...

... but uncertainty slows deal flow



Market Analysis

Summer 2025

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Multifamily Maintains Strength Despite Uncertainty

- Multifamily performance remained strong in the first half of 2025, with demand nearly keeping pace with the heavy supply pipeline. Deliveries are waning as starts decline, feeding optimism about a new wave of rent growth on the other side of the supply peak.
- The U.S. economy has held up under the weight of sharp changes in policy, but there are risks from the impact of higher tariffs, volatility in the financial markets and general uncertainty about policy. Interest rates, critical to the multifamily industry, are unlikely to drop given the tug-of-war between weaker economic growth and potentially higher inflation.
- Multifamily advertised rent growth remains range bound, about 1% nationally, with gains in most Northeast and Midwest metros and negative growth in many high-supply Sun Belt markets. The supply-demand dynamic is likely to keep growth moderate in the second half.
- Following a record-setting year for multifamily deliveries in 2024, new supply is slowing, with starts dropping by nearly half. Over 500,000 units are still expected to come online in 2025, but the full impact of declining starts will become more apparent in 2026.
- Despite investors sitting on plenty of dry powder, transactions continue to dribble at last year's pace, as many sellers think they can get a better deal waiting for interest rates to drop. The 10-year Treasury remains in the mid-4% range, as the Federal Reserve has adopted a wait-and-see posture toward inflation.
- The debt market is liquid. CMBS is on pace for its highest issuance levels since 2007, and the GSEs, banks, insurers and debt funds are all active. Delinquency is rising, though not to crisis levels, and the plethora of rescue capital is serving to restructure loans that were extended in recent years.
- The expiration of the 2017 tax bill and change in administrations have highlighted the importance of policy. The House bill preserved many of the industry's tax breaks and increased funding for LIHTC and Opportunity Zones, but there are concerns about potential severe cuts to renter subsidy programs.