

Q4 2025

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Multifamily Supply Forecast Notes

For the Q4 2025 update, the Yardi Matrix Multifamily Supply Forecast was increased 6.8% for full-year 2025, 2.5% for 2026, and 12.8% for 2027. For the later years, the forecast is unchanged.

Year	4Q 2025	3Q 2025	% Chg
2025	584,875	547,779	6.8%
2026	440,702	430,061	2.5%
2027	406,757	360,558	12.8%
2028	410,823	410,205	0.2%
2029	425,073	425,287	-0.1%
2030	451,959	453,668	-0.4%

Source: Yardi Matrix

Near-Term Forecast: 2025 and 2027

The Q4 forecast update has increased forecast completions for the years 2025 through 2027. Yardi Matrix continues to expect new supply to decline through 2027. However, a larger-than-expected under-construction pipeline has led to upward forecast revisions for 2025 and 2026. At the end of Q3, the overall under-construction pipeline had declined by 5.1% on a quarter-over-quarter basis to approximately 969,000 units. Despite the decline, the size of the current under-construction pipeline easily supports the increased forecast for 2025 and 2026.

For 2027, the forecast has increased to nearly 407,000 units from last quarter's 361,000 units, a rise of 12.8%. New multifamily development activity continues to maintain its momentum, with year-to-date new-construction activity slightly ahead of what was seen over the same period in 2024.

Where full-year 2025 construction starts ultimately end is uncertain, but 400,000 units starting construction in 2025 looks increasingly likely. Current construction completion times are averaging around 24 months, making 2025's new-construction activity a strong indicator that a minimum of 400,000 units will be completed in 2027.

Forecast Coverage

The supply forecast covers market-rate, partially affordable, senior and single-family rental multifamily property types. Since most under-construction and planned properties have identified property types, 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
Market*	311,803	327,030	376,036	327,874	407,631	529,852	443,319	334,379	311,171
Affordable	41,340	45,653	47,755	56,850	67,654	97,971	87,006	69,601	57,966
Senior**	10,152	12,168	10,457	9,961	13,037	13,006	9,812	10,710	7,576
SFR	6,731	7,873	11,516	18,678	36,234	44,176	44,738	26,012	30,044
Total	370,026	392,724	445,764	413,363	524,556	685,005	584,875	440,702	406,757

Notes: *Market: Includes both market-rate and partially affordable properties. **Senior: Includes both fully and partially age-restricted properties.
Source: Yardi Matrix

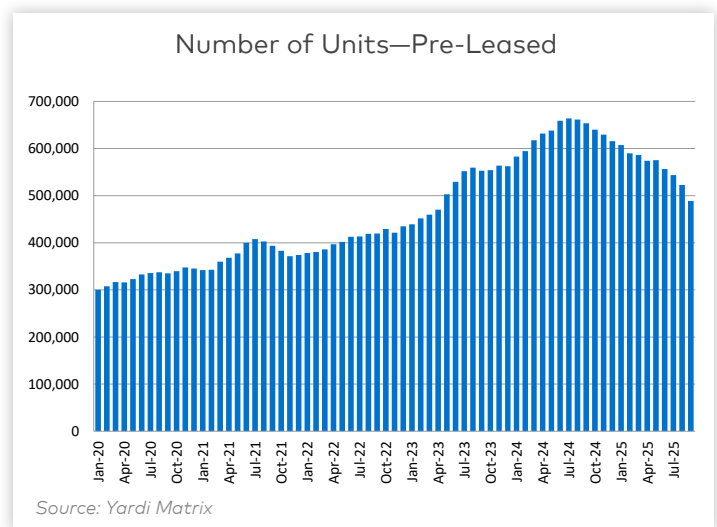
Current Matrix data shows multifamily new supply peaked in 2024 at 685,005 units, a 53.7% increase from 2021's level. From 2019 to 2021, approximately 84% of new supply comprised market-rate apartments, while affordable made up 11% and SFR 2%. However, from 2021 to 2024 the product mix changed. The share comprising market-rate apartments fell to 77%, while the affordable share rose to 14% and the SFR share increased to 6%.

For the years 2025 through 2027, the product mix is forecast to remain relatively stable. Market-rate apartments will continue to comprise around 77% of new supply, with affordable making up between 14% and 16%, and SFR at about 7%.

Under-Construction Pipeline

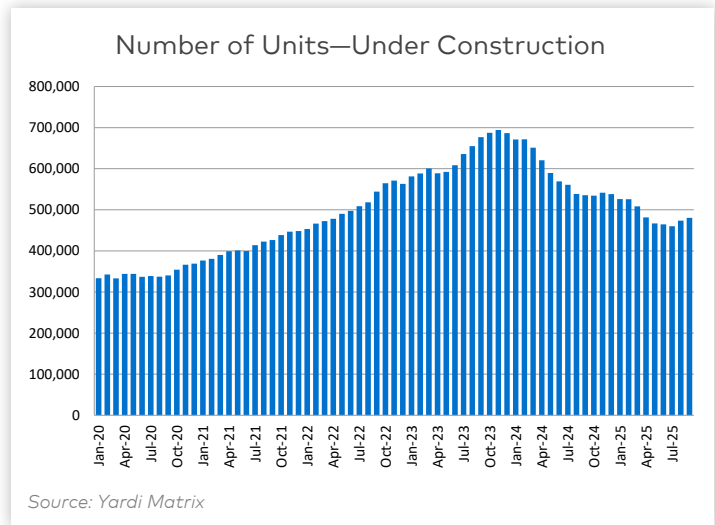
Among markets tracked by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q3 2025 with 968,999 units, a 5.1% decline quarter-over-quarter and an 18.5% decline year-over-year. The under-construction pipeline peaked in March 2024 at 1.269 million units and has since declined by 23.6%.

The decline in the under-construction pipeline in Q3 was driven exclusively by units in pre-lease. At the close of Q3, 488,607 under-construction units were in pre-lease, a 12.2% decline quarter-over-quarter and a 25.2% decline year-over-year. The number of under-construction units in pre-lease peaked in July 2024 at 663,776. Most of this inventory should be complete by mid-year 2026.



During Q3, the number of units under construction but not in pre-lease increased by 3.4% to 480,392. Matrix data indicates that year-to-date 2025 construction starts are running slightly above 2024's level; this increased level of new development is most likely driving the increase observed in Q3.

On a year-over-year basis, units under construction but not in pre-lease have declined 10.3%. This segment of the development pipeline peaked in November 2023 at 694,254 units. This inventory is earlier in the development process compared to units in pre-lease and will take longer to complete. Most of these units should be complete later in 2026 or in 2027.

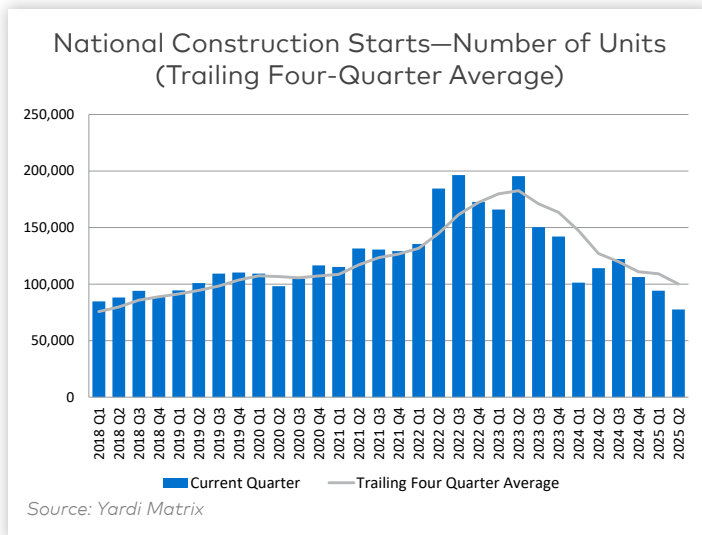


Construction Starts

Q2 2025 multifamily construction starts tracked by Yardi Matrix currently stand at 77,595 units.

Year-to-date, the Matrix research team has currently identified 207,847 units starting construction, a 4.5% increase compared to the same period in 2024.

Matrix starts data is collected with a lag. Therefore, Q3 construction starts data is incomplete and the number of units discussed here will increase. That said, given the trends in the 2025 data compared to 2024, it is increasingly likely that full-year 2025 construction starts will end up at or above 400,000 units.



The U.S. Census Bureau's Residential Construction Report is a more current measure of new multifamily development. Its data does not closely track Matrix data in levels but does track the directional change and provides some insight into where Matrix starts data will ultimately land.

For August, the Census Bureau reported 403,000 units started on a seasonally adjusted, annualized basis for buildings with five or more units, a decline from the outside 453,000 units reported in July. The trailing 12-month average increased to 373,000 units.

The Census Bureau reported starts not seasonally adjusted year-to-date at 263,200 units, 17.5% above the level recorded for the same period in 2024.

Both Matrix and Census Bureau data indicate that multifamily construction starts through the end of Q3 2025 are running above the pace recorded in 2024. While some degree of uncertainty clouds the overall economic environment to close out the year, 2025 construction starts look likely to be at or above 400,000 units.

Given current construction completion times, 2025 construction starts are likely to be completed in 2027. Previous updates had anticipated 2025 construction starts ranging between 350,000 and 375,000 units. This has proven not to be the case. This year's improved new-development activity relative to 2024 is the primary driver of this quarter's increase in 2027's forecast new supply.

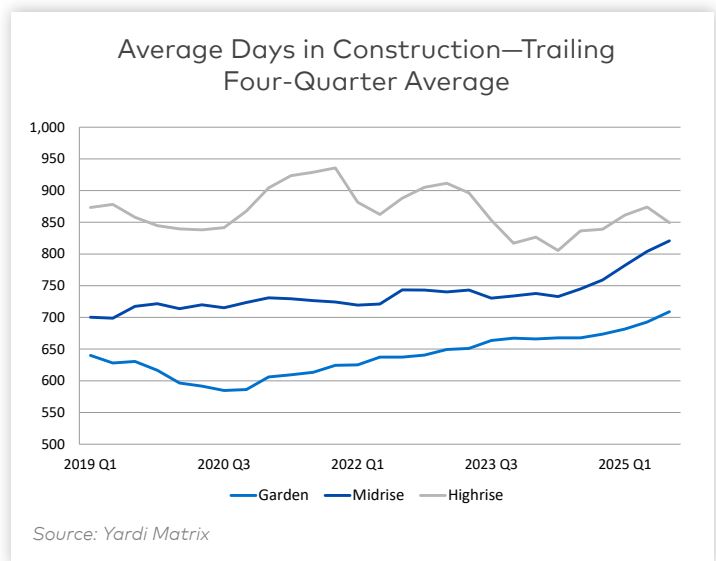
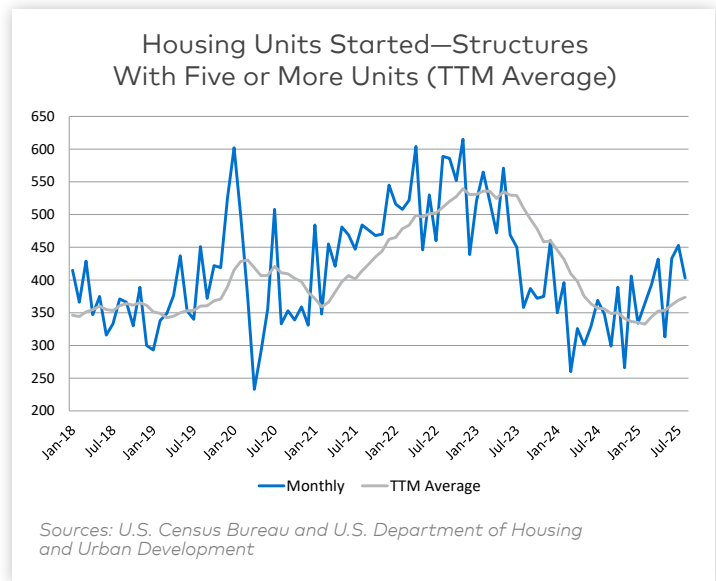
Days in Construction

Days in construction remains elevated for both garden and midrise build types, with both reaching series highs in Q3. High-rise property completion times, on the other hand, have moderated over the last two quarters.

For garden properties completed in Q3, the average completion time increased to 741 days (24.7 months), a cycle high and above the trailing four-quarter average of 709 days (23.6 months).

Mid-rise properties completed in Q3 averaged 825 days (27.5 months), a cycle high and slightly above the trailing four-quarter average of 821 days (27.4 months).

The average completion time for high-rise properties retreated in Q2 to 761 days (25.4 months). This is well below the trailing four-quarter average of 849 days (28.3 months).



Long-Term Forecast: 2027 Through 2030

The longer-term forecast remains unchanged from previous quarters.

Current trade and immigration policy continues to introduce a level of uncertainty into the broader economy. However, it is not large enough to push the economy into recession. Fiscal policy remains unusually supportive and is set to increase in 2026 as the One Big Beautiful Bill Act's fiscal policies begin to be implemented.

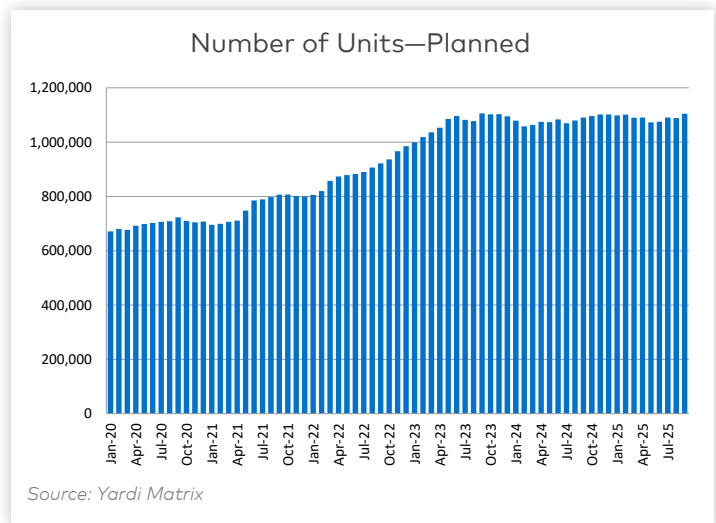
The longer-term forecast, therefore, continues to model steady but unspectacular economic growth, a weaker employment outlook, continued deceleration in service-related inflation and a transitory increase in goods-related inflation. The Federal Reserve will look past trade-related inflation impacts and react to weakening labor markets with continued short-term monetary easing in Q4 2025 and into 2026.

Lower short-term rates will provide some relief on construction loan pricing, while continued modest economic growth supports rental rate growth and new-supply absorption. Markets in the Midwest, Northeast and Coastal areas that did not participate in the post-pandemic development bonanza will likely see relatively stronger levels of new development, while Western and Sun Belt markets will see new supply normalize to pre-pandemic levels. Construction starts in 2026 are therefore expected to remain at a level similar to 2025. The end result for the longer-term supply outlook is forecast new supply ending up at around 410,000 units in 2028, increasing to over 450,000 units by 2030.

Planned and Prospective Pipelines

The combined planned and prospective pipelines held 4.605 million units at the end of Q3 2025. The combined pipelines expanded a modest 1.7% quarter-over-quarter and 9.3% year-over-year. This growth was primarily driven by continued steady expansion in the prospective pipeline.

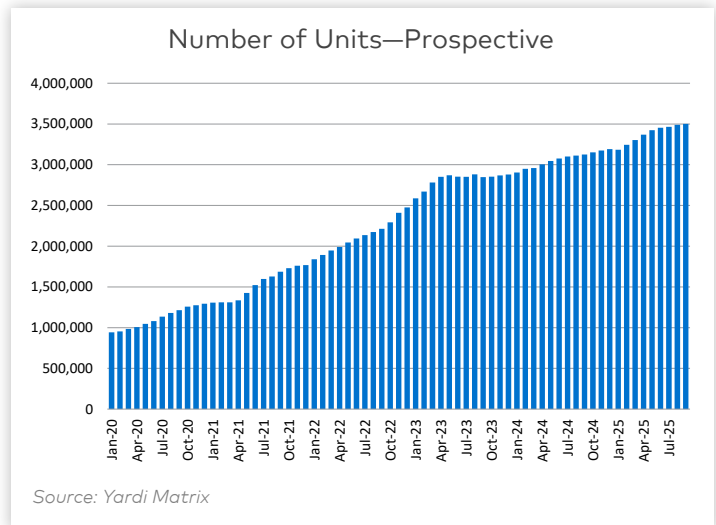
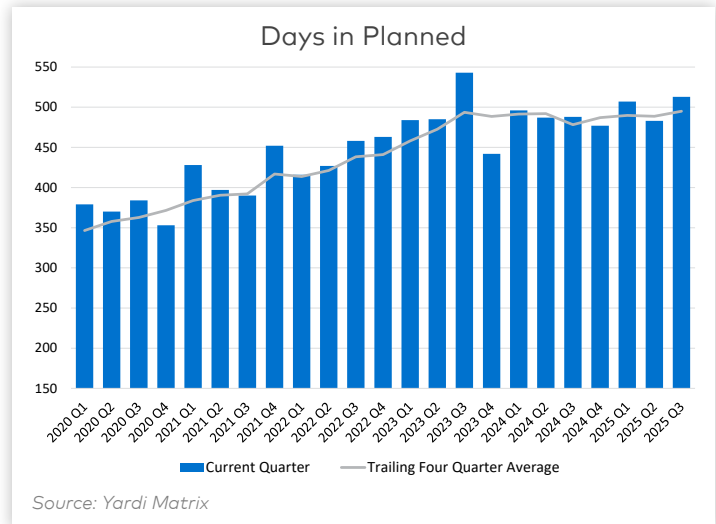
The planned pipeline peaked in September 2023 at 1.105 million units and has more or less remained at this level since then. At the end of Q3, the planned pipeline contained 1.104 million units, a 2.8% increase quarter-over-quarter and a 1.3% increase year-over-year.



Since mid-year 2023, days in planned has remained centered around 500. Properties starting construction in Q3 2025 on average spent 513 days (17.1 months) in the planned phase, slightly above the trailing four-quarter average of 495 days (16.5 months).

The prospective pipeline continues to expand, reaching a new high of 3.500 million units at the end of Q3 2025, a 1.4% increase quarter-over-quarter and a 12.0% increase year-over-year. Since January 2024, the prospective pipeline has expanded in 20 of the previous 21 months.

The continued growth in the prospective pipeline is being driven by an increased number of new projects entering the pipeline, while the number of projects graduating to planned has remained relatively stable since early 2024.



Bottom Line

The overall under-construction pipeline continues to contract, driven by a decline in under-construction units in pre-lease. However, year-to-date 2025, new-construction activity is running slightly above 2024 levels. This has resulted in the number of units under construction and not in pre-lease increasing on a quarterly basis for the first time since Q4 2023.

Despite the continued decline in the overall under-construction pipeline, it still contains 968,999 units. The forecast for full-year 2025 was therefore increased by 6.8% to nearly 585,000 units, while forecast new supply for 2026 was increased by 2.5% to 441,000 units.

Year-to-date 2025 construction starts also suggest that a total of 400,000 units will likely start construction in 2025. Given current construction completion times, 2025 construction starts will

likely be complete in 2027. The forecast for 2027 has, therefore, been increased by 12.3% to approximately 406,000 units.

For the longer term, 2028 through 2030, the forecast is unchanged. Yardi Matrix continues to expect slower but still positive economic growth as well as a moderate reduction in short-term interest rates to support new-development activity in 2026 and beyond. The forecast anticipates later-year new supply will be approximately 410,000 units in 2028, and will increase to over 450,000 units by 2030.

As always, Yardi Matrix is extremely focused on accurately maintaining our development pipeline data and identifying any changes in its evolution that will have a meaningful impact on future new supply.

—Ben Bruckner, Senior Research Analyst

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