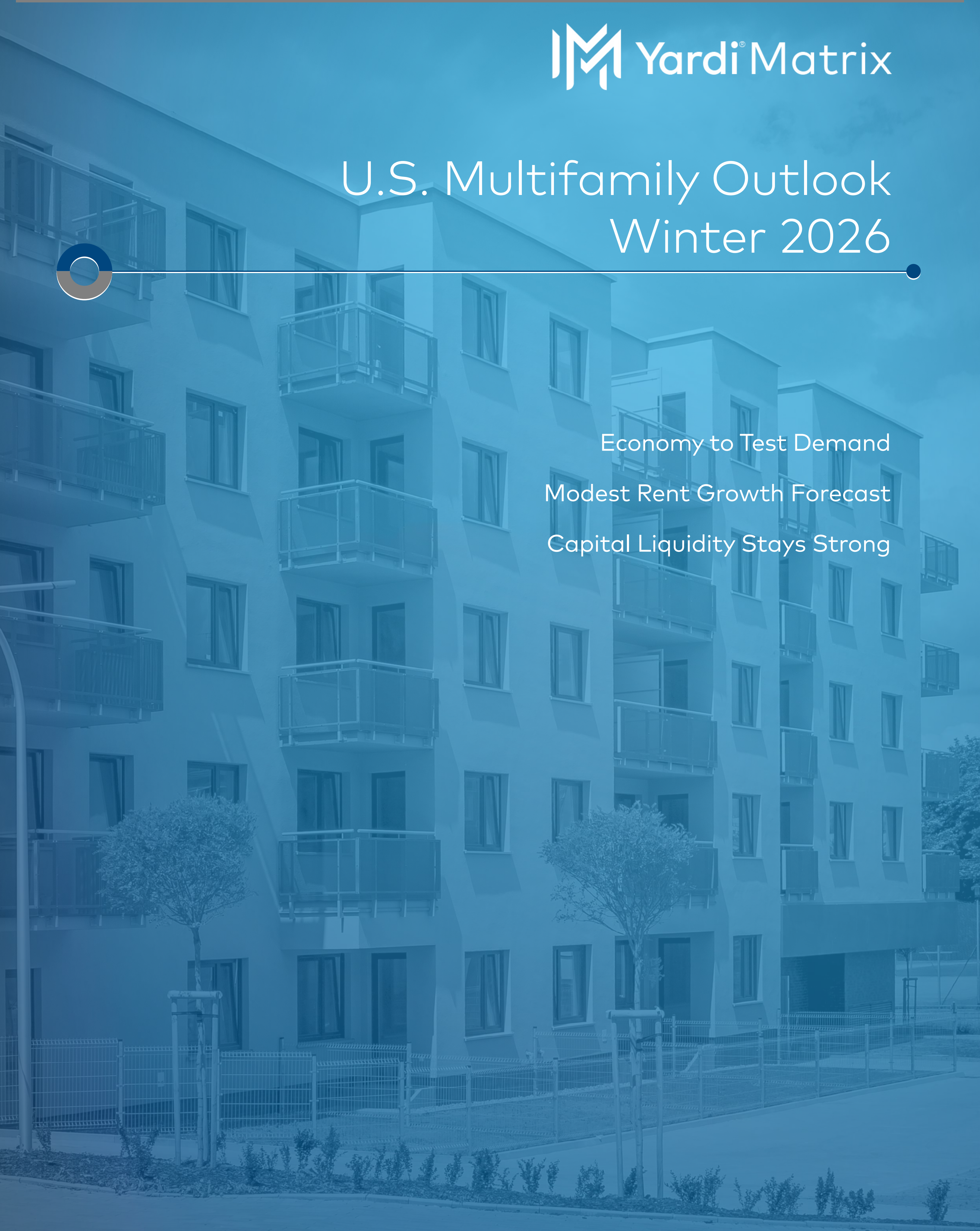

Yardi® Matrix

U.S. Multifamily Outlook
Winter 2026

Economy to Test Demand

Modest Rent Growth Forecast

Capital Liquidity Stays Strong

Market Analysis

Winter 2026

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Multifamily 2026: A Question of Demand

- Multifamily begins 2026 with weak performance metrics that should improve during the year. Demand cooled in the second half of 2025, while rent growth is feeling the impact of high-supply markets battling the result of years of robust supply growth. But performance will pick up in 2026 as the economy regains its footing and excess supply gets absorbed.

- The economy remains a big question mark, particularly around employment growth, the health of consumers in the bottom half of income distribution and interest rates. Job creation and consumer confidence must improve for multifamily demand to return to robust levels. A new Federal Reserve chair will push for lower interest rates to stimulate growth, with the effect of boosting multifamily capital markets.

- Although we expect apartment demand to pick up after a slow start to the year, advertised rent growth is likely to remain modest for the third straight year, with Matrix forecasting 1.2% national growth. We expect a continuation of the regional trend that has seen moderate growth in the low-supply markets in the Northeast and Midwest, while the Sun Belt and Mountain West have strong demand and supply growth.

- A sharp drop in apartment starts provides hope that the robust delivery pipeline will slow and alleviate some pressure on lease-ups in rapidly growing markets. Matrix forecasts 450,000 units to be delivered in 2026, a drop from recent years but not enough of a decline to push rents to robust levels.

- As the favored sector for most commercial property investors, multifamily has abundant capital for acquisitions. The momentum in transaction activity seen in the second half of 2025 is likely to continue, but questions about whether pricing is justified may prevent a return to the robust volume levels before interest rates rose in 2022.

- Like equity investors, lenders are eager to put out capital. In anticipation, Fannie Mae and Freddie Mac received 20% allocation increases for 2026. Banks are returning to construction lending, while other types of lenders such as the GSEs, securitization programs and life companies are going full bore. Lenders are expected to increase workouts of underwater pre-2022 vintage loans that have been extended.