

Q1 2026

Contacts

Jeff Adler

Vice President & General
 Manager of Yardi Matrix
 Jeff.Adler@Yardi.com
 (303) 615-3676

Ben Bruckner

Senior Research Analyst
 Ben.Bruckner@Yardi.com
 (800) 866-1124 x25199

Doug Ressler

Media Contact
 Doug.Ressler@Yardi.com
 (480) 695-3365

Multifamily Supply Forecast Notes

For the Q1 2026 update, the Yardi Matrix Multifamily Supply Forecast has increased by 6.0% to 8.0% for the years 2026 through 2029.

Year	1Q 2026	4Q 2025	% Chg
2025	—	584,875	—
2026	468,731	440,702	6.4%
2027	439,571	406,757	8.1%
2028	447,505	410,823	8.9%
2029	450,497	425,073	6.0%
2030	455,124	451,959	0.7%
2031	455,514	—	—

Source: Yardi Matrix

Near-Term Forecast: 2026 and 2028

The Q1 forecast update has increased forecast completions for the years 2026 through 2028. The under-construction pipeline declined 1.6% in Q4 2025 to end at approximately 950,000 units, more than previously anticipated.

Under-construction inventory's slower-than-anticipated decline is primarily driven by continued resilience in new construction starts. High-supply markets have seen a significant drop in new construction starts, but some new development is still occurring in these markets. Meanwhile, smaller markets that did not experience a rapid growth in new supply during the last market cycle continue to record steady levels of new development.

Current levels of under-construction inventory necessitate a 6.4% increase in 2026 forecast completions to 468,731 units and 8.1% in 2027 forecast completions to 439,571 units.

Affordable and partially affordable properties are comprising an increasingly larger share of the overall new-supply mix and are also helping to support new development. Annual completions for market-rate apartments will decline to pre-pandemic levels by 2028. Conversely, affordable and partially affordable new supply will remain near cycle highs.

This update judges that broader economic activity will be generally supportive for the multifamily industry in 2026. Continued fiscal stimulus will support incomes and employment, while sluggish existing home sales aid underlying multifamily demand. Combined, these factors should support rental rates and new-supply absorption.

2026 construction starts are therefore expected to remain at a similar level to the past few years, roughly 450,000 units. 2028's forecast has therefore been increased by 8.9% to 447,505 units.

Forecast Coverage

The supply forecast covers market-rate, partially affordable, fully affordable, senior and single-family rental (SFR-BTR communities of at least 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.

The composition of multifamily new supply has been changing over time. SFR-BTR has increased from just 2% of new supply in 2020 to 8% of new supply in 2025. The share of partially affordable and fully affordable properties has remained relatively stable over the past five years, at 15% and 14% respectively, while market-rate properties declined from 69% of new supply in 2020 to 63% in 2025.

	<<< Actual Completions						Forecast Completions >>>		
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Market Rate	273,955	309,752	259,708	327,887	428,042	374,285	256,028	250,216	260,074
Partially Affordable	55,043	67,481	69,296	81,246	104,946	85,440	85,427	76,028	83,921
Fully Affordable	45,990	47,574	57,001	67,950	99,212	77,842	84,536	72,846	79,151
Senior*	12,354	10,069	10,371	13,038	13,211	9,171	12,162	10,318	12,310
SFR	8,009	11,712	19,052	37,039	44,883	47,668	30,578	30,163	12,049
Total	395,351	446,588	415,428	527,160	690,294	594,406	468,731	439,571	447,505

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

Current under-construction inventory contains a larger proportion of affordable and partially affordable properties compared to the past five years. As a result, by 2028 as much as 19% of new supply will be partially affordable and another 18% will be fully affordable.

Thus, by 2028 market-rate new supply is forecast to decline by 31% from 2025 levels, to 260,074 units, an amount last seen in 2019. On the other hand, partially affordable and fully affordable new supply will remain close to the levels achieved in 2025.

Yardi Matrix defines a partially affordable property as having some but not all of its units (between 5% and 89%) designated as affordable. Nationally, the number of affordable units in a partially affordable

property has averaged 22% over the past five years. Yardi Matrix data does not indicate that this ratio has been increasing over time.

However, the fact that partially and fully affordable properties are forecast to comprise 36% of new supply by 2028 suggests that local municipalities and multifamily developers are responding to the issue of housing affordability.

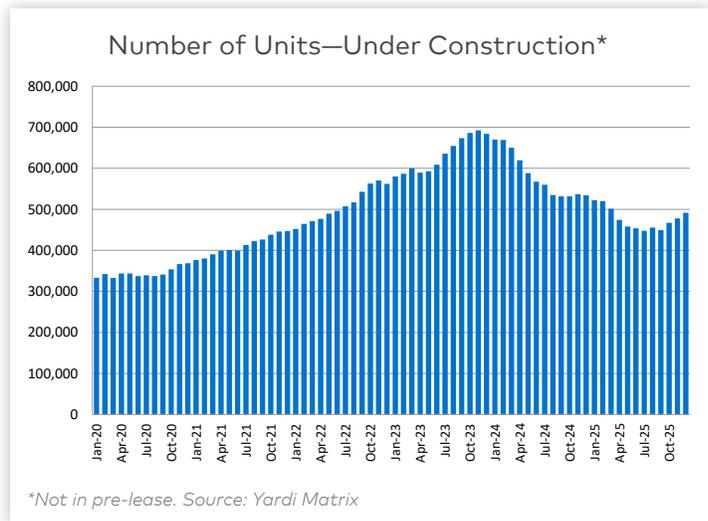
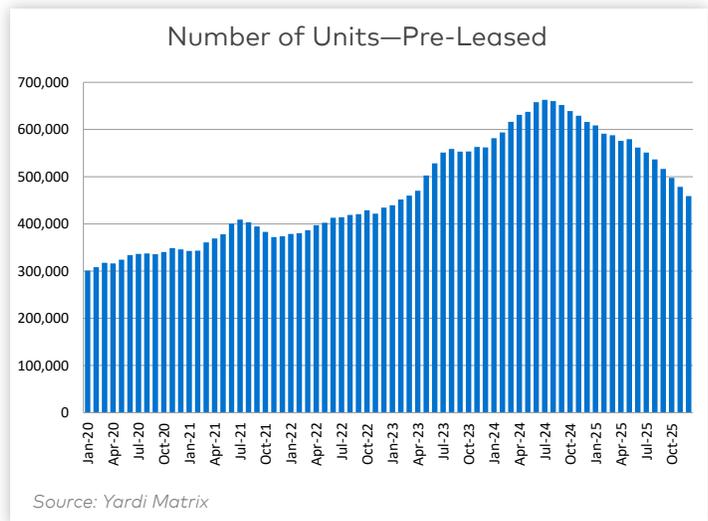
Under-Construction Pipeline

For markets tracked by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q4 2025 with 950,968 units, a 1.6% decline quarter-over-quarter and a 17.3% decline year-over-year. The under-construction pipeline peaked in March 2024 at 1.27 million units.

Units in pre-lease continue to drive the decline in the under-construction pipeline. This segment contained 458,863 units at the close of Q4 2025, declining by 11.2% quarter-over-quarter and 25.5% year-over-year. Nearly all of this inventory should be complete in 2026.

Yardi Matrix construction starts data for 2025 is running ahead of 2024's pace. As a result, the number of units under construction but not in pre-lease has begun to increase. This segment bottomed in July 2025 at around 448,000 units, increasing to 491,835 units by the end of Q4 2025. Despite the recent uptick in new-development activity, the current under-construction inventory is well below the peak of 692,753 units achieved in November 2023.

This inventory is earlier in the development process than units in pre-lease and is not expected to be complete until 2027 or later.

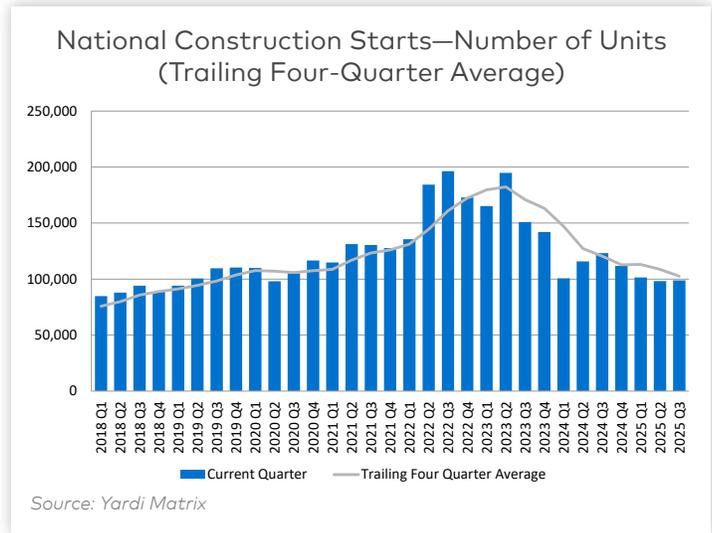


Construction Starts

Q3 2025 multifamily construction starts tracked by Yardi Matrix currently stand at 98,920 units. For full-year 2025, 322,061 units have been identified so far. Compared to the same period a year ago, 2025 construction starts are running 3.4% above 2024's level.

Our starts data is collected with a lag. As a result, Q4 data is incomplete and both the Q3 and full-year 2025 numbers reported here will increase. For reference, full-year 2024 construction starts totaled 452,251 units.

It is entirely possible that at a national level 2025 construction starts will approach or exceed 450,000 units.



Previous iterations of this forecast anticipated that construction starts would decline to below 400,000 units by 2024. This has not come to pass. One reason is that high-supply markets continue to produce a smaller—but still relatively large—number of new projects.

Construction starts peaked in 2022 at 692,976 units. The following table lists the top 12 markets in terms of construction starts in 2022, as well as their construction starts in 2024, the percentage change, construction starts year-to-date in 2025, and the average number of starts from 2015 to 2020.

Market	2022	2024	% Chg 2022 to 2024	2025 YTD	Average 2015 to 2020
Austin	34,524	15,410	-55%	8,881	12,858
Denver	23,925	9,813	-59%	9,854	12,120
Charlotte	21,249	12,744	-40%	10,205	8,172
Phoenix	21,177	20,941	-1%	13,962	10,061
Houston–West	19,399	8,997	-54%	9,174	11,084
Orlando	17,882	12,328	-31%	10,894	8,481
Atlanta–Suburban	17,271	13,033	-25%	7,082	3,468
Dallas - North	16,651	13,028	-22%	8,300	13,134
Dallas–Suburban	15,949	7,588	-52%	6,274	5,532
Seattle	14,518	6,824	-53%	4,846	11,520
Raleigh–Durham	14,457	6,497	-55%	4,070	5,221
Nashville	14,048	7,641	-46%	5,790	6,611

Source: Yardi Matrix

These high-supply markets accounted for 33% of construction starts in 2022, and on average have experienced a 41% decline in construction starts from 2022 to 2024. Despite the decline, these same markets accounted for 30% of construction starts in 2024 and 28% of those identified so far in 2025. New development in many high-supply markets has declined, but to a level that approximates pre-pandemic averages, not a complete standstill.

Likewise, many markets in the Midwest and Northeast never went through the boom and bust of the Sun Belt and Mountain West regions. As a result, markets such as Buffalo, Columbus and Dayton, Ohio, Manhattan and Omaha have seen continued growth in construction starts through 2024 and 2025.

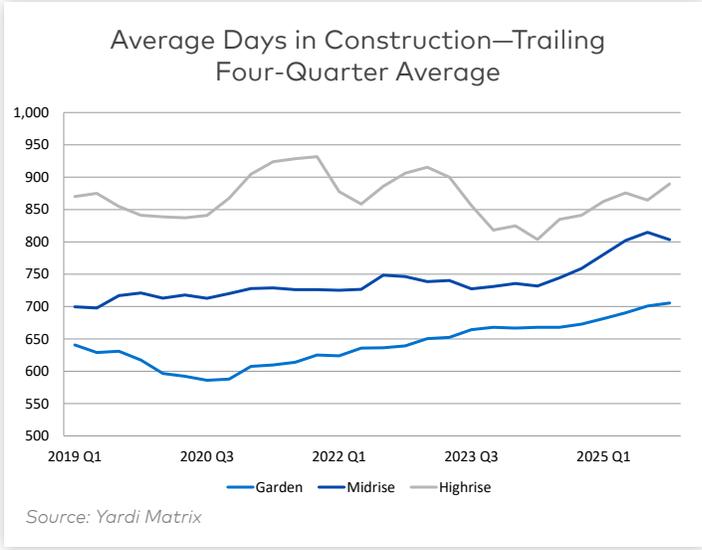
Days in Construction

For all build types, there were few signs of moderation in construction completion times in Q4 2025. Average days in construction for garden properties continues to increase, while for high-rise properties completion times are trending towards previous cycle highs. Mid-rise construction completion times moderated in Q4 2025, but the trailing four-quarter average remains near cycle highs.

For garden properties completed in Q4, average completion times decreased slightly to 705 days (23.5 months). The trailing four-quarter average is also 705 days (23.5 months).

Mid-rise properties completed in Q4 averaged 766 days in construction (25.5 months), a pullback from Q3's 815 days. This is below the trailing four-quarter average of 803 days (26.8 months).

Average completion times for high-rise properties completed in Q4 increased to 971 days (32.4 months), well above the trailing four-quarter average of 890 days (29.7 months).



Long-Term Forecast: 2029 Through 2031

The longer-term forecast has increased new supply for 2029 by 6.0% to approximately 450,000 units.

Trade and immigration policy introduced significant economic headwinds in 2025. Despite this, the broader economy expanded at a relatively solid rate. The forecast assumes continued solid but not spectacular growth will persist over the longer term.

A gradual deceleration in inflationary pressures should allow for a small amount of additional monetary easing by the Federal Reserve in 2026, with rates on hold in 2027. Continued robust fiscal stimulus will also support economic growth, rents and new-supply absorption. However, the unusually large fiscal deficit will conspire to keep long-term interest rates elevated despite the modest reduction in short-term rates.

Elevated long-term interest rates will contain terminal valuations, transaction activity and new development over the longer term. The effect, however, is not strong enough to suppress all new development.

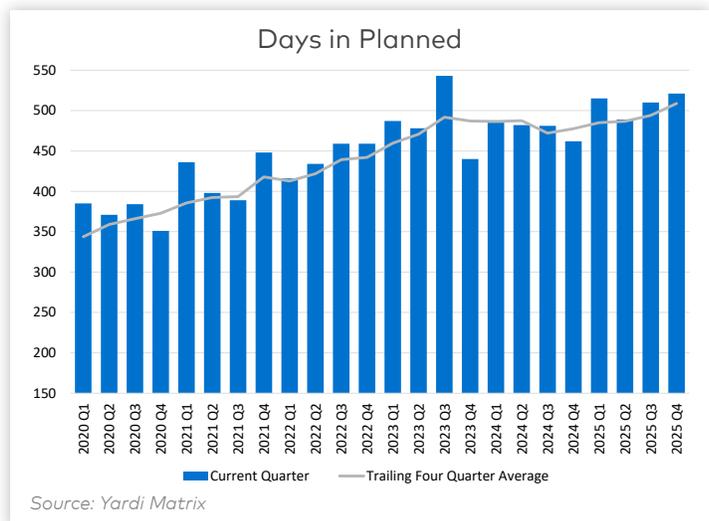
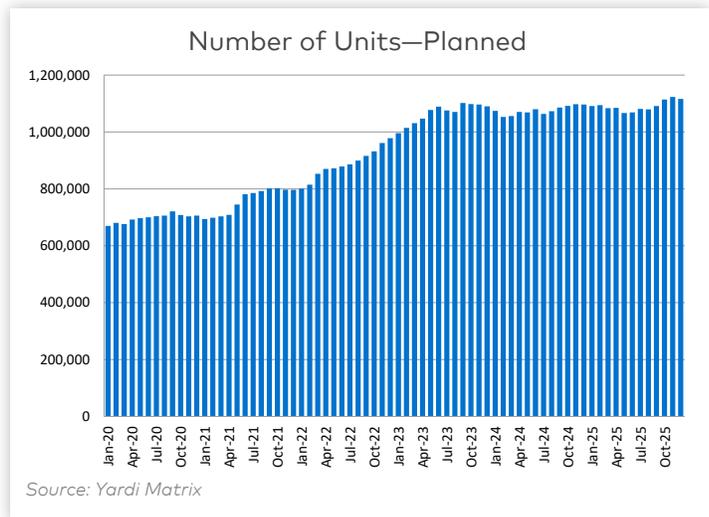
Markets in the Midwest, Northeast and Coastal area that did not experience a large post-pandemic supply surge will see continued steady new supply, while the Sun Belt and Mountain West markets that experienced a sharp increase in post-pandemic rents and new development will see new supply normalize to pre-pandemic levels. The longer-term forecast, therefore, models new supply stabilizing around 455,000 annual units for 2030 and 2031.

Planned and Prospective Pipelines

Combined, the planned and prospective pipelines held 4.60 million units at the close of Q4 2025. That represented a minor 0.8% increase quarter-over-quarter and an 8.1% increase year-over-year.

The planned pipeline has been remarkably stable, containing roughly 1.1 million units since mid-year 2023. At the close of Q4, the planned pipeline totaled 1.12 million units, a 2.3% increase quarter-over-quarter and a 1.8% increase year-over-year.

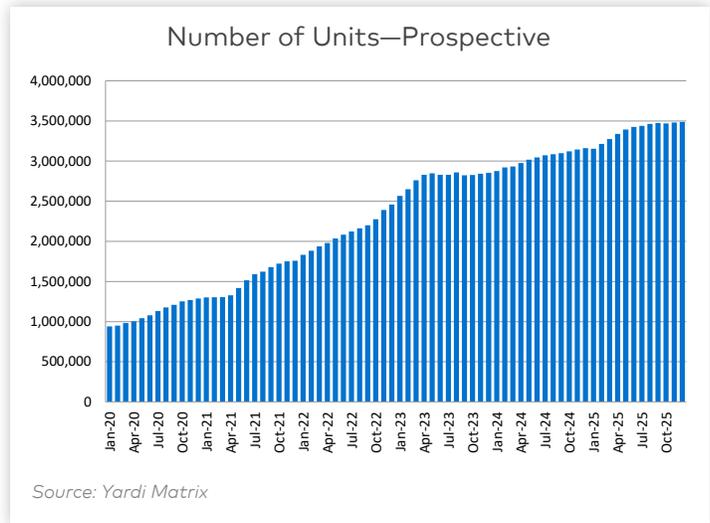
Days in planned has also been relatively stable since mid-year 2023, averaging 491 days over



that period. In Q4 2025, properties that started construction spent an average of 521 days (17.3 months) in planned status, slightly above the trailing four-quarter average of 509 days (17.0 months).

Prospective pipeline growth moderated in Q4, expanding to 3.49 million units at quarter's close. That represented a 0.4% increase quarter-over-quarter and 10.3% year-over-year.

As noted in last quarter's update, the prospective pipeline's growth in 2025 was driven by an increase in properties entering the initial development process as opposed to fewer properties graduating to a planned status.



Bottom Line

The Q1 2026 forecast update increased forecast new supply for nearly all years. Previous forecasts had anticipated the reduction in new-construction activity that was recorded in 2024 would continue into 2025. This assumption has turned out to be incorrect. As a result, the supply forecast no longer anticipates new supply bottoming in 2027 at or below 400,000 units.

National construction starts have exceeded expectations. High-supply markets experienced a sizable but not complete reduction in new-development activity. For these markets, new development has been reduced to roughly pre-pandemic levels, while markets that missed the recent supply wave continue to record steady or increasing levels of new development.

Sustained levels of new development can in part be attributed to affordable and partially afford-

able properties. These market segments are an increasing part of the new-supply mix. Affordable new supply will remain at or near the 2024 levels.

However, market-rate new supply will continue to decline from 2024 cycle highs to a level last seen in 2019.

For the longer term, robust fiscal performance and a softening inflation outlook will support steady but unspectacular rental rate growth and supply absorption. The economic and financial backdrop that supported 2025's new-development activity is judged in this update to remain substantially unchanged through 2028. As a result, new supply in the later years is forecast to stabilize around 455,000 annual units.

—Ben Bruckner, Senior Research Analyst

Disclaimer

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

Copyright Notice

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, LLC dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, LLC. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, LLC, the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2026 Yardi Systems, LLC. All Rights Reserved.