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Special Report: Multifamily Rent Forecast Update

Advertised rent growth limped across the finish line in 2025, with national advertised rents continuing to slip a bit through the fourth quarter. This was mostly expected, as continued supply pressures across all the largest Sun Belt markets ran headfirst into weaker consumer expectations and a deteriorating job market. However, there was a wide distribution of market performance across geographies and city sizes, and for every big Sun Belt market like Austin that ended the year with negative growth there were two medium-size markets in the Midwest or Northeast like Youngstown or Albany that saw significantly better growth than historical averages.

We anticipate the story this year will be largely similar. The pipeline of properties expected to deliver in those same big Sun Belt markets is still historically large, and those markets are still struggling to absorb the massive influx of apartments that was turbocharged in the wake of demographic shifts from the pandemic. This isn't a forecast of doom and gloom for those Sun Belt markets, though—economically, they are generally doing well, and new apartments are getting absorbed. There just was—and continues to be—such a glut of new supply that it is taking a few years to work through.

There is still uncertainty over the path of inflation, but we expect that a weakening labor market will prompt the Fed to lower interest rates a few times in the second half of this year. Chairman Powell's term ends in May, and it appears likely that he will be succeeded by Kevin Warsh, a well-respected former Fed governor who is generally considered the most hawkish of the final candidates and who has expressed the importance of an independent central bank, helping to allay some fears of the administration having excess influence over monetary policy.

There is also concern over the economy taking on a K shape, with economic gains concentrated at the top while lower-income consumers are financially struggling. This will make it harder to attain average increases in advertised rents, as given a long enough timeframe, the bulk of growth across almost every single market we track comes

from the Renter-by-Necessity, workforce housing segment. Lifestyle apartments generally follow a boom-and-bust pattern, but workforce housing historically has seen steady, consistent growth in asking rents that outperforms Lifestyle in the long run. A K-shaped economy threatens that balance, as it will be more difficult to achieve gains in overall advertised rents if the people renting workforce apartments don't have steadily increasing incomes on average.

Nationally, we have lowered our near-term national forecast to 0.5% growth in advertised asking rents for 2026, 1.0% in 2027, and 2.3% in 2028 before returning to the long-run average of 3-4%.

—Andrew Semmes, Senior Research Analyst

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