

Q2 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 Q2 2026 update, the Yardi Matrix Multifamily Supply Forecast has increased forecast completions for 2026 by 2.0%. The remaining years are substantially unchanged from the Q1 forecast update.

Year	Q2 2026	Q1 2026	% Chg
2026	478,239	468,731	2.0%
2027	443,051	439,571	0.8%
2028	449,450	447,505	0.4%
2029	451,749	450,497	0.3%
2030	455,559	455,124	0.1%
2031	456,537	455,514	0.2%

Source: Yardi Matrix

Near-Term Forecast: 2026 Through 2028

The Q2 forecast update has modestly increased forecast completions for 2026 by 2.0% to reflect updates to our under-construction pipeline. For 2027 and 2028, the forecast remains unchanged. Over the past quarter, the development pipeline data maintained by Yardi Matrix evolved in a manner consistent with previous forecasts.

The current under-construction pipeline drives the forecast for 2026 and 2027. Construction starts did not begin to meaningfully moderate until 2024, and as a result the under-construction pipeline and new supply remained elevated through 2025 for most markets.

However, since March 2024, the under-construction pipeline has consistently declined. As a result, 2026 will be the first year to record a meaningful decline in new supply since the post-pandemic supply wave. A further modest decline in new supply is forecast for 2027.

The supply forecast for 2028 is dependent on how new construction activity evolves in 2026. Through the first three months of 2026, Yardi Matrix starts data was running ahead of 2025's pace by roughly 25%. Our starts data is collected with a lag, so near-term estimates can be volatile.

However, the broader economic backdrop remains largely supportive for multifamily new development. Despite the recent supply wave, a structural U.S. housing shortage persists. Further, sizeable U.S. fiscal deficits continue to contribute to broad-based demand, supporting income growth and household formation. Lastly, underlying inflationary pressures continue to moderate, providing room for a modest reduction in monetary policy rates later this year. The Iran War clouds the near-term outlook. A prolonged disruption in global energy supply would materially increase construction costs and depress economic growth. This update judges the conflict will be resolved sooner rather than later, and any economic dislocation will be comparatively short-lived.

Therefore, the forecast assumes 2026 new-construction activity will be at a similar pace to 2024 and 2025: Roughly 450,000 units will end up breaking ground, suggesting that 2028 new supply will end up around 450,000 units, as well.

Forecast Coverage

The supply forecast covers market rate, partially affordable, fully affordable, senior and single-family rental (SFR-BTR in 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 a forecast 9% of new supply in 2026, while the share of partially affordable and fully affordable properties has remained relatively stable over the past five years, remaining at 15% and 14%, respectively. On the other hand, market rate properties have declined from 69% of new supply in 2020 to 61% in 2025.

	<<< Actual Completions							Forecast Completions >>>		
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Market Rate	264,124	274,882	311,271	261,545	330,063	430,876	390,164	253,659	257,106	251,431
Partially Affordable	50,001	55,057	67,723	69,705	81,244	105,434	92,324	79,217	79,503	98,656
Fully Affordable	42,361	46,495	48,439	58,313	67,783	99,410	90,726	90,391	71,424	77,179
Senior*	10,152	12,354	9,835	10,406	12,665	13,093	10,215	10,349	12,930	11,751
SFR	7,518	8,009	11,886	19,362	37,881	45,326	52,548	44,623	22,088	10,433
Total	374,156	396,797	449,154	419,331	529,636	694,139	635,977	478,239	443,051	449,450

*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. By 2028, as much as 22% of new supply will be partially affordable and another 17% will be fully affordable.

Market rate properties, on the other hand, are forecast to decline by 31% from 2025 levels, to 251,431 units, below the level recorded in 2019. On the other hand, partially affordable and fully affordable new supply will remain close to or above the levels achieved in 2025.

Yardi Matrix defines a partially affordable property as having some (between 5% and 89%) but not all of its units 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 partial and fully affordable properties are forecast to make up 36% of new supply by 2028 suggests that local municipalities and multifamily developers are responding to the issue of housing affordability.

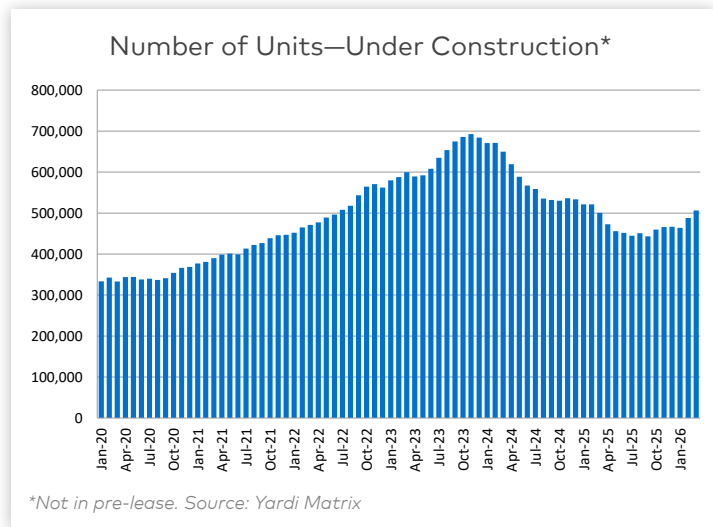
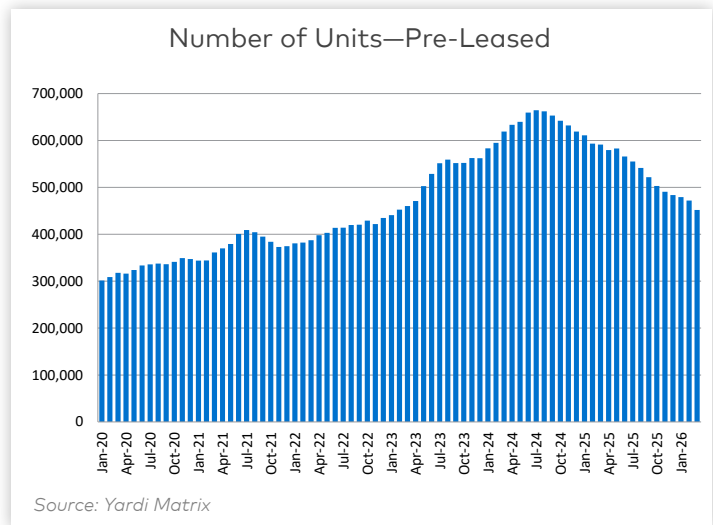
Under-Construction Pipeline

For markets covered by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q1 2026 with 958,495 units, a 0.9% decline quarter-over-quarter and a 12.2% decline year-over-year. The under-construction pipeline peaked in March 2024 at 1.268 million units.

The number of under-construction units in pre-lease continues to decrease. At the end of Q1 2026, this segment contained 451,993 units, declining 6.5% quarter-over-quarter and 23.6% year-over-year. Nearly all pre-lease units should be completed in 2026. The number of pre-lease units peaked in July 2024.

The number of units under construction and not in pre-lease continues to increase. This segment of the pipeline peaked in November 2023, eight months earlier than the pre-lease pipeline. After bottoming in September 2025 at 443,366 units, it has since increased to 506,502 units at the end of Q1 2026.

This inventory is earlier in the development process compared to units in pre-lease and is not forecast to be completed until 2027 or later.



Construction Starts

Q4 2025 multifamily construction starts tracked by Yardi Matrix currently stand at 87,567 units; for full-year 2025, Yardi Matrix has identified 423,759 units. Our starts data is collected with a lag. As a result, Q1 2026 data is incomplete, and both the Q4 and full-year 2025 figures cited here will likely be revised higher. Given past trends in how our data has evolved, 2025 construction starts will most likely end up very close to 2024's 452,824 units.

Despite the delay in our methods, an early read on 2026 starts data shows new development activity has maintained its momentum. As of April 1, Yardi Matrix had identified 41,897 units starting construction in 2026, some 25% above the 33,390 units that were identified at the same period a year ago.

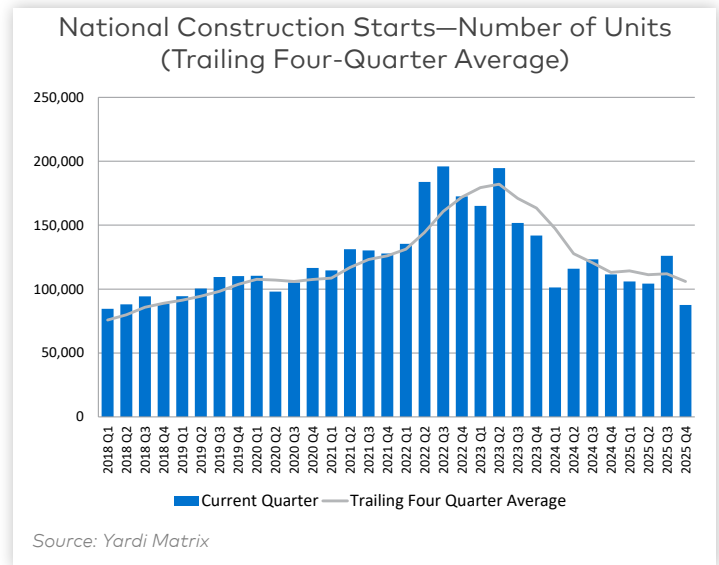
National construction starts have fallen 34% from the 2022 peak of 687,694 units to approximately 452,000 units in 2024, with 2025 construction starts likely to be at a similar level. Despite precipitous declines in many high-supply markets, new-construction activity remains slightly above pre-pandemic levels.

This is driven in part by high-supply markets remaining as such. The following table outlines the top 10 markets in terms of peak annual construction starts, the year the maximum was reached, 2025 construction starts, the 2025 decline from peak, and the pre-pandemic average. Despite steep declines, seven of these 10 markets' 2025 construction starts exceed their pre-pandemic average.

Top 10 Markets—Construction Starts

Market	Max	Year	2025	% Chg	Average 2015 to 2020
Dallas	39,322	2023	20,079	-49%	18,666
Austin	34,523	2022	10,174	-71%	12,858
Atlanta	29,062	2022	14,155	-51%	11,265
Phoenix	25,013	2023	15,200	-39%	10,060
Denver	23,925	2022	10,953	-54%	12,120
Charlotte	21,249	2022	10,564	-50%	8,172
Orlando	17,882	2022	12,506	-30%	8,414
Tampa—St Petersburg	17,667	2023	9,007	-49%	6,360
Raleigh—Durham	15,431	2023	5,241	-66%	5,221
Seattle	14,518	2022	6,231	-57%	11,520

Source: Yardi Matrix



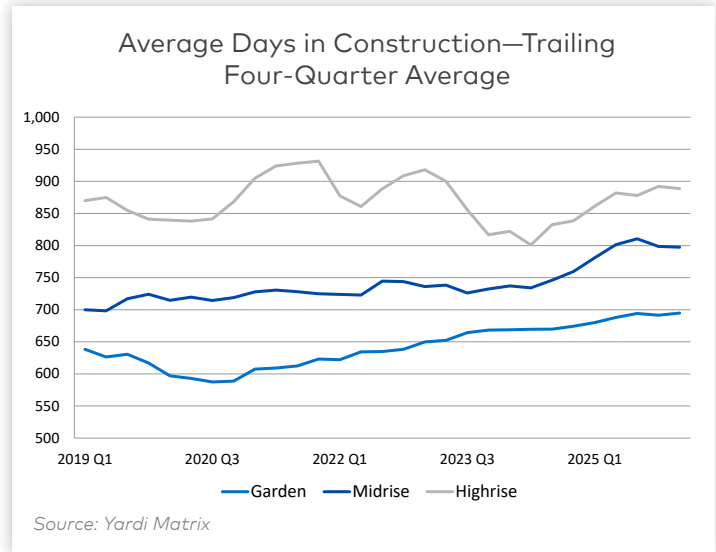
Days in Construction

For all build types, average days in construction remained elevated in Q1 2026. Construction durations for completions in Q1 2026 remain at or near cyclical highs across all build types.

Currently, 224 garden properties completed construction in Q1 2026, on average taking 710 days (23.7 months) to be built. This is above the trailing four-quarter average of 695 days (23.2 months). Both the current quarter and trailing four-quarter average represent all-time highs.

The 58 mid-rise properties completed in Q1 averaged 812 days in construction (27.1 months), reversing the decline observed in Q4 2025. The trailing four-quarter average for mid-rise properties stands at 798 days (26.6 months). Both current quarter and trailing four-quarter average completion times for mid-rise properties are marginally lower than the high points set in 2025.

Twenty Q1 high-rise property completions have so far been identified. These completions averaged 941 days (31.4 months). The trailing four-quarter average currently stands at 889 days (29.6 months).



Long-Term Forecast: 2029 Through 2031

The longer-term forecast is unchanged from the Q1 update. The forecast continues to assume that over the longer term, there is little to suggest new supply meaningfully expands or contracts from current levels. As such, the longer-term portion of the forecast has new supply modestly expanding, from 451,749 units in 2029 to 456,537 units in 2031.

As noted in the short-term discussion, continued strong fiscal spending supports incomes, household formation and the broader economy into 2027 and beyond. As a result, a recession is viewed to be unlikely over the longer term. However, continued fiscal deficits keep longer-term interest rates elevated and suppress multifamily new-development valuations. Weak to negative advertised rental rate growth in high-supply markets also suppresses new-development activity.

The forecast update also assumes that the Iran War is resolved sooner rather than later, with any disruption to energy and petrochemical markets relatively short-lived. Should this prove not to be the case, future forecast updates may be substantially different.

Elevated longer-term interest rates, a short-term energy shock and weak advertised rental rate growth are bearish for new development activity. However, the One Big Beautiful Bill Act has expanded low-income housing tax credits, made permanent the 20% Qualified Business Income deduction, and restored the 100% bonus depreciation for qualifying property investments. Combined, these and other provisions are broadly supportive of continued capital investment in new multifamily development.

In addition, while higher long-term interest rates suppress new development valuations, they also keep the single-family housing market locked up. Some proportion of renter households that would otherwise be looking to make a home purchase will continue to rent over the longer term.

Finally, secondary markets that never experienced a post-pandemic supply wave will see continued steady advertised rental rate growth and incremental new-supply growth.

Planned and Prospective Pipelines

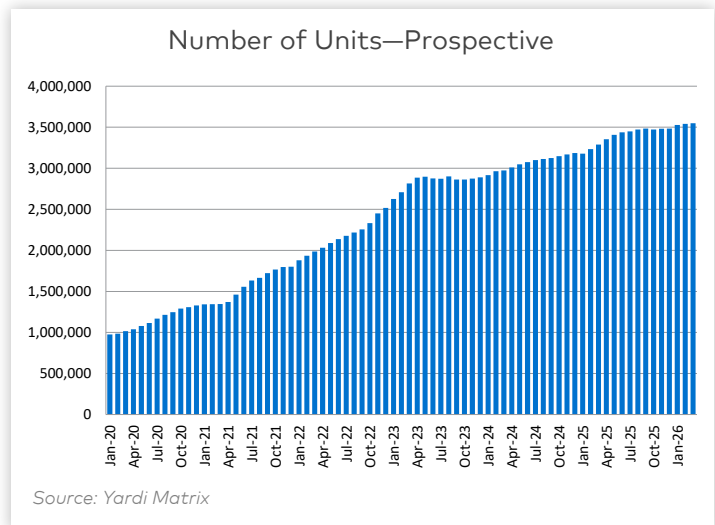
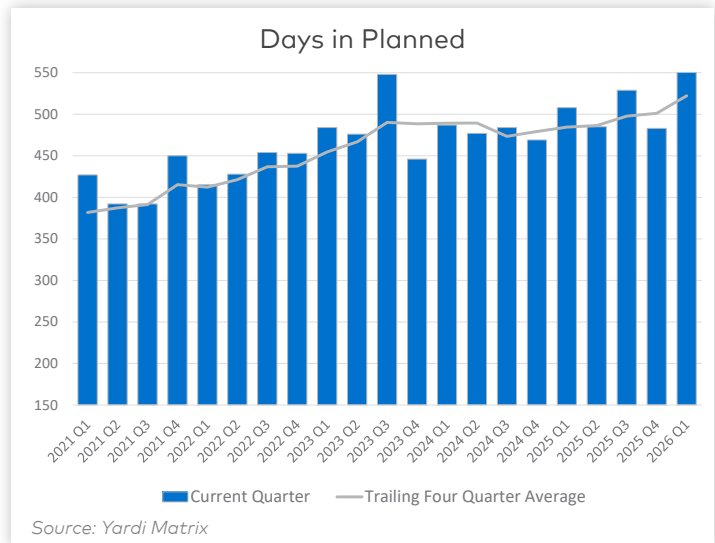
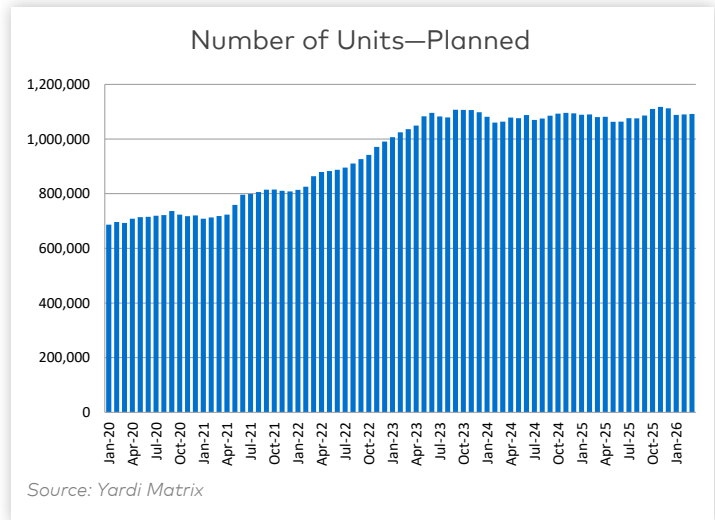
Combined, the planned and prospective pipelines held 4.634 million units at the close of Q1 2026, a 0.9% increase quarter-over-quarter and a 6.2% increase year-over-year.

Growth in the planned pipeline remains flat. Since reaching 1.1 million units in September 2023, it has never exceeded 1.12 million units or fallen below 1.06 million units. At the close of Q1 2026, the planned pipeline contained 1.091 million units, a 1.9% decrease quarter-over-quarter and a 1.0% increase year-over-year. The current planned pipeline is roughly 2.3 times the number of units forecast to be completed in 2026.

Q1 2026 days in planned increased. Properties starting construction last quarter spent an average of 592 days (20 months) in planned status. This is well above the trailing four-quarter average of 522 days (17 months)

The prospective pipeline expanded modestly in Q1 2026 to 3.548 million units, a 1.8% increase quarter-over-quarter and a 7.9% year-over-year.

On a quarterly basis, the number of units entering the prospective pipeline has gradually decreased from roughly 200,000 units in early 2024 to less than 150,000 units in Q1 2026. Should this trend persist, the prospective pipeline will begin to plateau around the current level of 3.5 million units.



Bottom Line

Multifamily new development continues to muddle along. Construction starts have contracted from the 2022 and 2023 highs to a level at or slightly above pre-pandemic numbers. As a result, near-term new supply is forecast to be 478,239 units in 2026 and to fall to 443,051 units in 2027.

The longer-term economic backdrop for multifamily new development is generally neutral. Therefore, a very modest rebound in new supply takes hold in 2028 through 2031.

Any impact from the Iran War is currently assumed to be short-lived. Strong fiscal spending continues to support the economy but keeps interest rates elevated, while advertised rental rate growth will

remain subdued in higher-supply markets. Markets that never experienced a post-pandemic supply wave will see continued incremental advertised rental rate growth and modest increases in new-supply completions.

Over the longer term, a continued structural housing shortage helps support multifamily demand, while implementation of the One Big Beautiful Bill Act broadly supports the supply of multifamily investment and development capital. The net effect is steady but unspectacular growth in new supply through the end of 2031.

—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.