STATE OF THE MARKET REPORT

MULTIFAMILY

2026

SVN | Research

SVN Research explores the current state of the multifamily sector, examining supply and demand dynamics, rent trends, and pricing conditions as the market adjusts following a significant development cycle. This report provides a national perspective alongside key market insights, highlighting how multifamily real estate is moving toward a more balanced and stabilized environment.

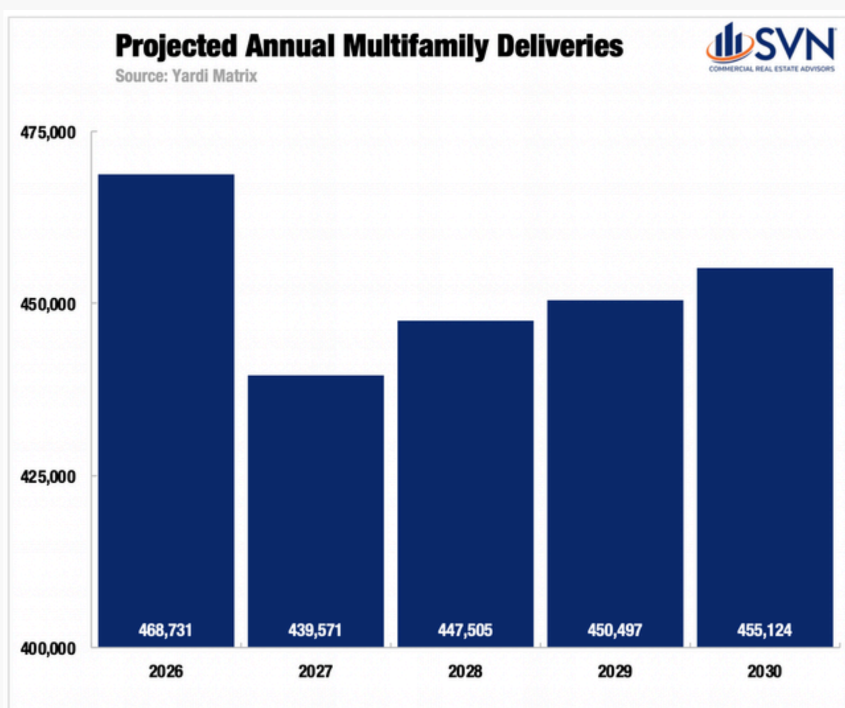
Table of Contents

National Overview

Early in the decade, remote work and pandemic-era migration drove housing demand across many US regions, particularly in the Sun Belt. As home values rose, borrowing tightened, and American households faced accelerated cost-of-living increases, **a home affordability crisis has taken hold.**

Municipalities and states across the country have accelerated efforts to expand housing supply, and the apartment sector has been critical to meeting demand. However, more recently, operators in these regions have worked to navigate the consequences of **the massive supply wave that has followed.**

Several Sun Belt metros recorded negative year-over-year growth throughout 2025. In early 2026, **16.6% of stabilized apartments offered rent concessions**, the highest share in over a decade. Even so, apartment deliveries have peaked nationally, **laying the groundwork for a new equilibrium.**



According to the National Association of REALTORS®, **apartment deliveries dropped 26%** between December 2024 and 2025. Yardi forecasts that Multifamily development activity will continue to fall in 2026, **projecting roughly 469,000 deliveries during the year—a 24% decline from last year.** As regional over-supply issues settle, apartment rents will begin to stabilize around new equilibrium levels.

Crucially, **new development trends are becoming increasingly uneven across markets.** While construction activity has slowed in many high-growth metros, smaller and more supply-constrained markets continue to see steady development.

Sun Belt and Mountain West markets continue to be magnets for population growth, while Midwestern markets see rising opportunities amid stable demand and relative affordability. Despite the supply wave, rental market occupancy rates remain solid nationwide, **sitting above 95% in 30% of markets**, while rent growth appears to be stabilizing following a period of deceleration—albeit at modest levels.

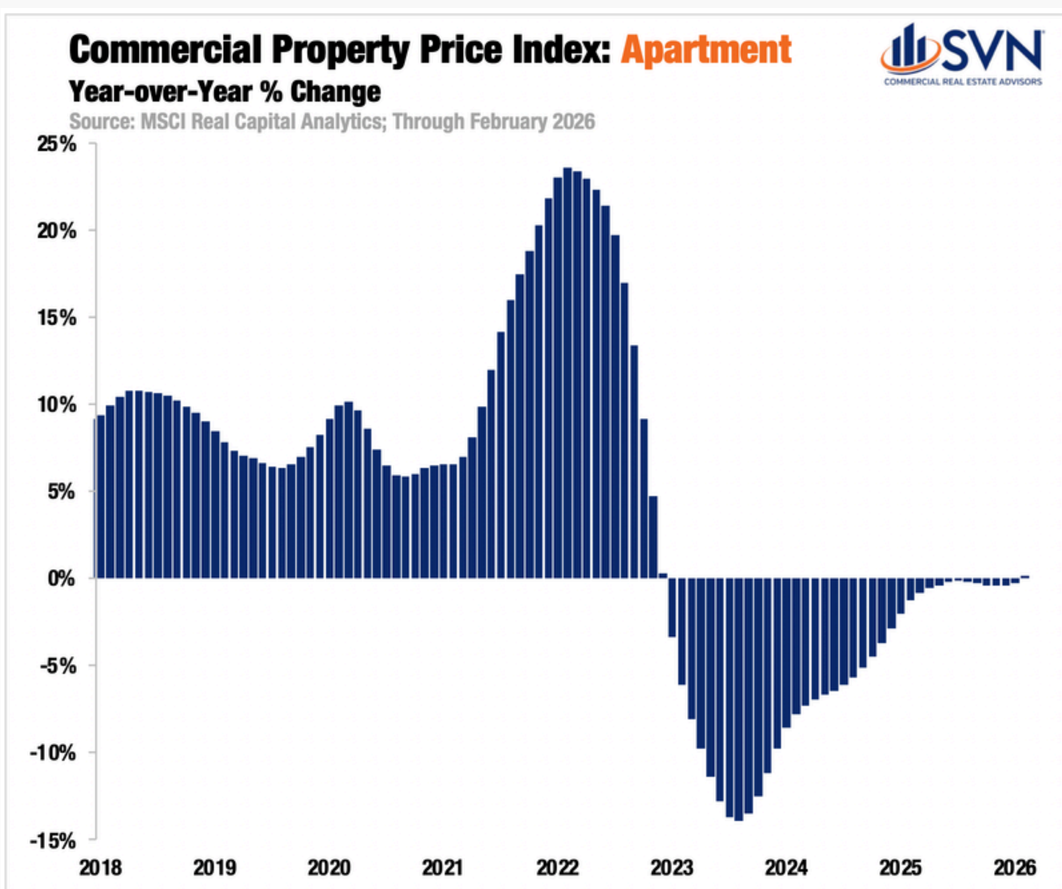
Overall homebuilding activity is likely to remain constrained by high rates and labor mismatches in the near term. Still, as the same borrowing environment dampens home purchase activity, households are seeking cost-competitive alternatives in the rental sector, and Multifamily operators are key to filling the gap.

Pricing

According to MSCI Real Capital Analytics' CPPI, Multifamily pricing **remained under modest pressure in 2025**, with asset values **declining 0.5% on a year-over-year basis** by December.

While pricing softened through much of the year, declines were generally measured, reflecting a sector that was **adjusting rather than repricing sharply.**

Momentum began to shift toward the end of the year. After several months of modest declines, Multifamily prices increased on a month-over-month basis in each of the final three months of 2025, **signaling a gradual stabilization in valuations.**



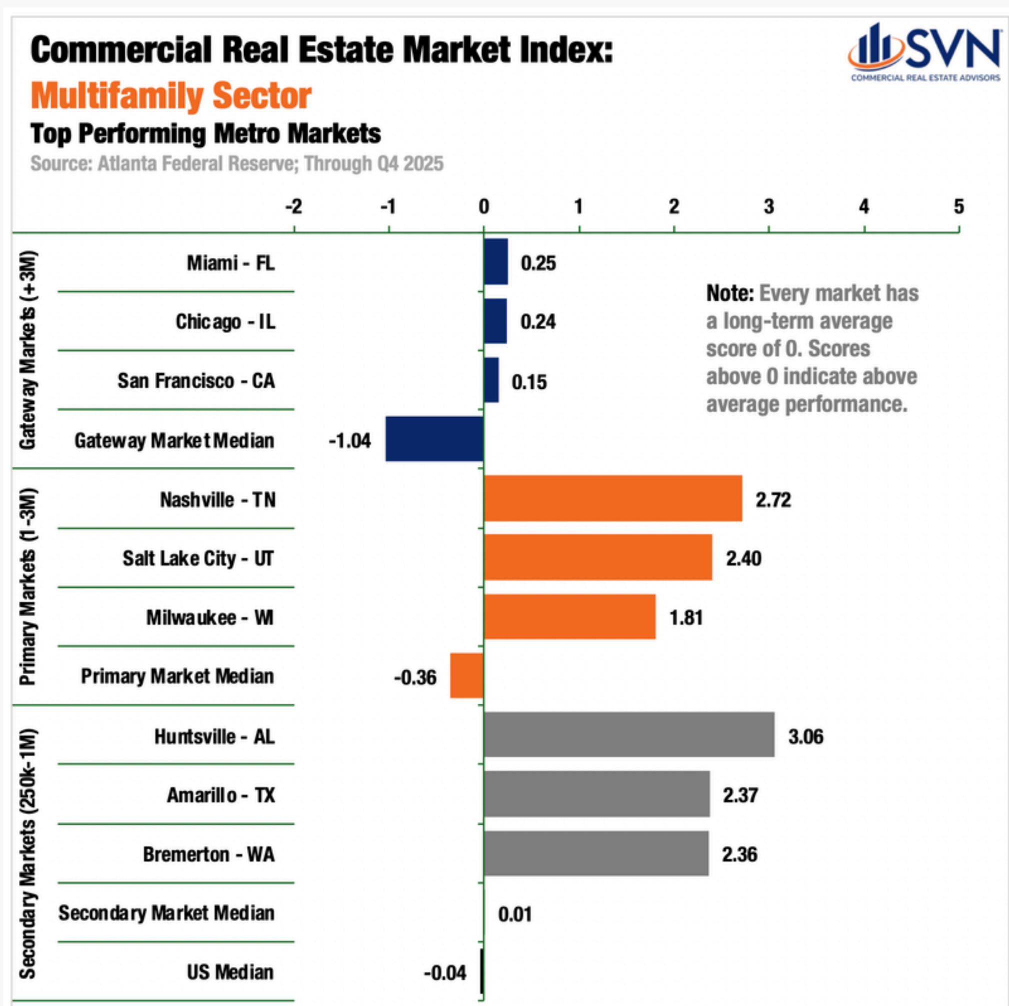
That improvement has carried into early 2026. Through February, **prices have risen for five consecutive months**, with **year-over-year growth turning slightly positive at 0.1%.**

While the magnitude of gains remains limited, the recent pattern of consistent monthly increases suggests that **pricing conditions have begun to firm** following an extended period of adjustment.

Taken together, these trends point to a Multifamily sector that has largely moved past the steepest phase of its correction and is **entering a more stable pricing environment**, supported by improving momentum at the start of the year.

Standout Markets

To identify standout Multifamily markets in the past year, the SVN Research Team utilized the Atlanta Federal Reserve Bank's Commercial Real Estate Market Index (CREMI). The CREMI **provides a holistic view of a CRE sector's performance within every major US metro — incorporating factors such as occupancy rates, net operating incomes, cap rates, asset pricing, absorption, and broader economic conditions.** Unless otherwise noted, market-level statistics are sourced from the National Association of REALTORS® Commercial Real Estate Metro Market Dashboard, which leverages CoStar data.



GATEWAY MARKET STANDOUT: MIAMI, FL

Miami's multifamily market continues to be **supported by strong underlying demand drivers**, even as conditions normalize from prior highs. Over the past year, the market recorded 6,251 units of absorption, with quarterly leasing activity improving to 1,555 units by year-end, indicating that **demand remains active despite a large influx of new supply.** While population growth turned slightly negative in 2025 (-0.1%), this follows an extended period of outsized in-migration and reflects a moderation rather than a reversal in demand trends.

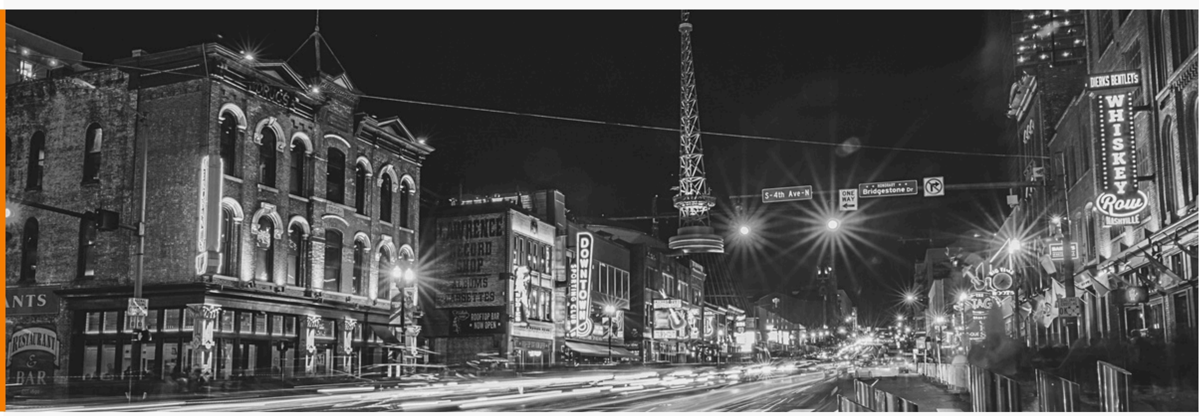
According to CoStar data, asking rents increased modestly by 0.4% over the past year, while vacancy rose from 6.9% to 7.6% as inventory expanded by more than 8,000 units. Effective rents edged slightly lower, suggesting that **concessions have become more prevalent in response to heightened competition.** Even so, Miami's ability to continue absorbing units at a meaningful pace underscores the depth of its renter base.

With deliveries beginning to slow and demand remaining durable, Miami appears **well-positioned to transition toward more balanced conditions**, with stabilization in occupancy likely to support firmer rent performance over time.

MAJOR MARKET STANDOUT: NASHVILLE, TN

Nashville remains **one of the most dynamic multifamily markets**, supported by continued population growth of 1.6% in 2025 and strong leasing fundamentals. Annual absorption totaled 8,959 units, reflecting sustained demand driven by in-migration and a growing employment base. While quarterly absorption eased slightly to 1,352 units, **overall leasing activity remains elevated relative to historical norms.**

Supply continues to shape near-term performance. Asking rents declined 1.4% over the past year, following a modest decline in 2024, while vacancy, although improving from 12.1% to 11.3%, remains above long-term averages. These trends largely reflect the pace of recent deliveries, as **inventory expanded by more than 8,500 units over the year.**



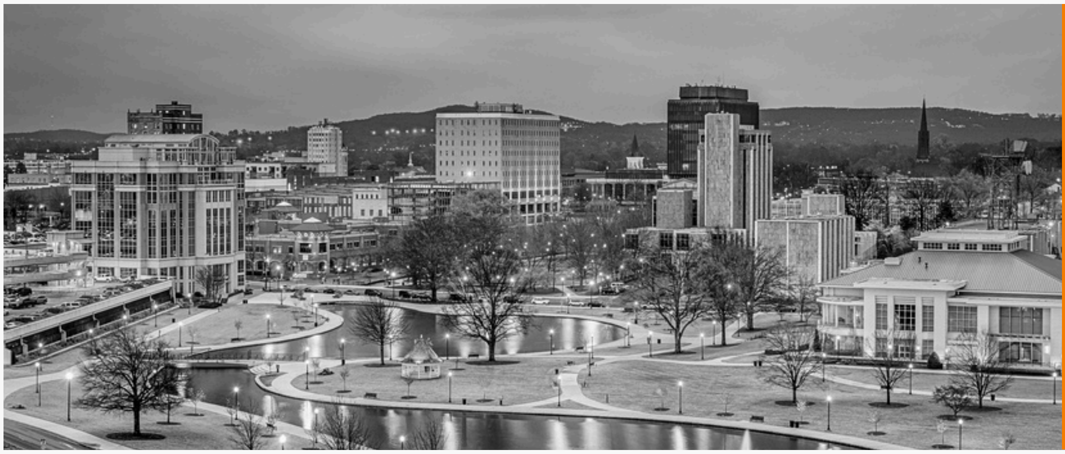
Encouragingly, construction activity has begun to slow, helping to moderate the pace of new supply. At the same time, cap rates compressed slightly from 5.6% to 5.5%, pointing to improving investor sentiment.

With demand fundamentals intact and supply pressures beginning to ease, Nashville is **well-positioned for gradual improvement in occupancy and rent growth.**

SECONDARY MARKET STANDOUT: HUNSTVILLE, AL

Huntsville **continues to stand out among smaller multifamily markets**, supported by strong population growth of 2.6% in 2025 and robust demand fundamentals. Annual absorption totaled 3,187 units, following an even stronger 2024, reflecting continued renter demand driven by in-migration and a healthy labor market.

Recent performance, however, has been shaped by elevated supply. Asking rents declined 3.2% over the past year, while vacancy, though improving from 19.1% to 18.2%, remains elevated as the market works through a significant wave of new deliveries. **Inventory expanded by roughly 3,400 units**, representing a sizable increase relative to the market's base.



Despite these pressures, there are **early signs of rebalancing.** Deliveries slowed meaningfully in 2025, reducing the pace of inventory growth, while cap rates held steady at 6.1%, suggesting stable investment conditions.

With strong population growth and demand drivers still in place, Huntsville appears **well-positioned to gradually absorb excess supply**, with improving occupancy likely to lead a recovery in rent performance.

ABOUT SVN®

SVN® is the world's leading commercial real estate franchise. SVN's growing network includes over 2,000 Advisors, staff, and independent owner-operators who support clients across markets nationwide.

Built on a foundation of innovation, collaboration, and shared success, SVN Advisors openly share data, knowledge, and opportunities across the entire commercial real estate industry. This industry-leading **Shared Value Network®** approach delivers better outcomes for clients and expands access to deals and information nationwide.

SVN believes that a healthy commercial real estate market is at the heart of every thriving community and is committed to creating Shared Value by aligning strong business performance with meaningful, lasting impact — for our clients, our communities, and the commercial real estate industry.

www.svn.com