Yardi Matrix

National Multifamily Report

December 2025

Multifamily Rents End 2025 Where They Started

- 2025 ended on a down note for multifamily, as weak late-year performance wiped out all the gains from earlier in the year. The average U.S. advertised rent fell $5 to $1,737 in December, with year-over-year growth dropping 20 basis points to 0.0%.
- Years without growth are rare. The last one with no average national advertised rent recorded was the 2020 pandemic year. Before that, the last one without a national rent increase was the recovery from the global financial crisis in 2010. We expect modest increases in 2026.
- Single-family build-to-rent units are maintaining strong occupancy, but advertised rates are weakening as well. The average BTR advertised rent declined by $4 in December to $2,180, while the year-over-year growth rate fell to -1.0%.

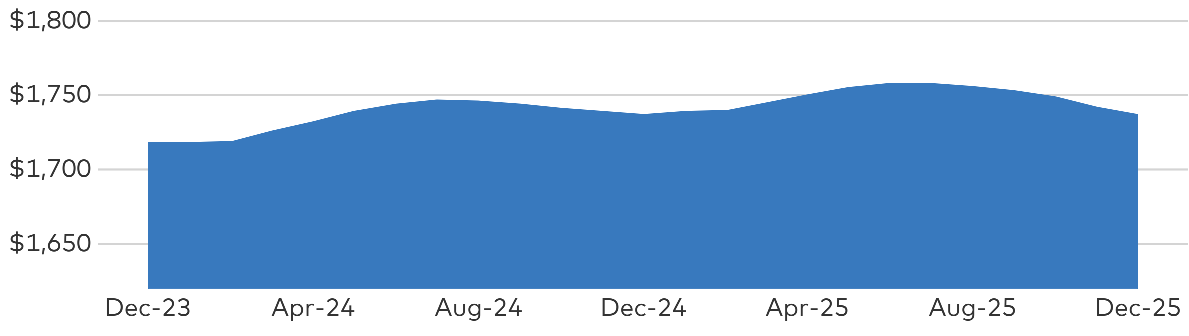
December extended the downward trend in national rents, with advertised rents falling $5, or 0.3%, month-over-month. The quarterly picture was even weaker, as rents declined $16, or 0.9%, to end 2025. Fourth-quarter performance marked the weakest showing since the global financial crisis, raising concerns about near-term multifamily demand.

Regional disparities that defined recent years persisted through 2025. Rent growth remained concentrated in coastal markets and the Midwest, while the weakest performance was largely confined to the Sun Belt, where elevated new supply continues to weigh on pricing. Although record absorption helped offset new deliveries in the first half of the year, absorption has since moderated, even as it remains healthy by historical standards.

Current market conditions reflect both cyclical and structural factors. Rents surged 22% between 2021 and 2022, making some degree of normalization inevitable. At the same time, demand has slowed amid flattening job growth and the impact of immigration policy. However, one notable bright spot is occupancy, which has remained firm as more renters stay in place and fewer transition into homeownership. This resilience also reflects owners' strategy to prioritize retention through lower renewal increases and concessions. Renter behavior remains bifurcated, with lifestyle occupancy up 0.2% year-over-year while RBN occupancy declined 0.2%. That reflects heightened price sensitivity among lower-income renters owing to inflation and slowing wage growth.

Looking ahead, despite ongoing economic uncertainty, stronger GDP growth in the fourth quarter points to improving momentum. Greater stability in 2026 could help lift consumer confidence and support a gradual rebound in rental demand.

National Average Rents



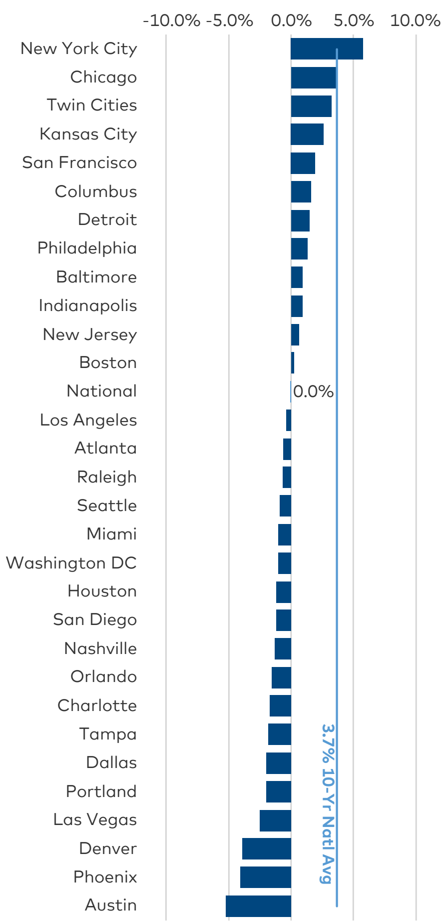
National averages comprise 140 markets tracked by Matrix, which include the 30 metros featured in the report.
All data provided by Yardi Matrix.

Year-Over-Year Rent Growth:
Rents Slide, Occupancy Remains Stable

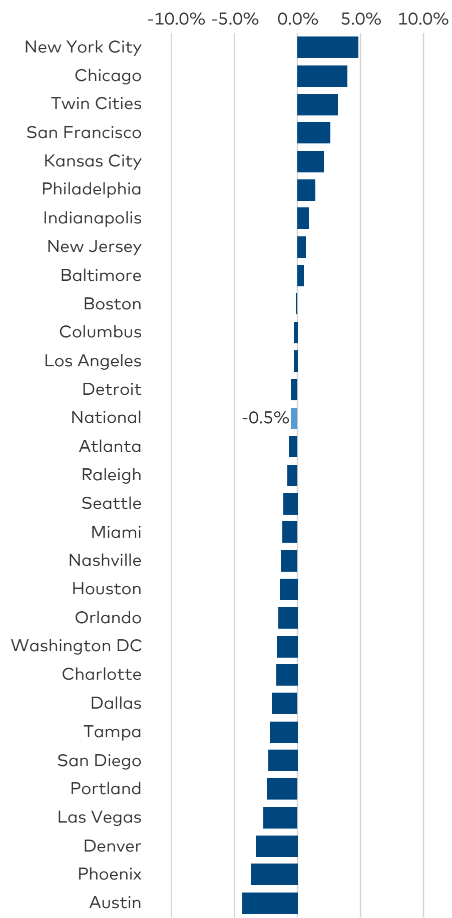
- The national average advertised asking rent fell $5 to $1,737 in December, while the year-over-year growth rate was flat. Rent growth was strongest in gateway and Midwest markets, led by New York (5.8% year-over-year), Chicago (3.6%), the Twin Cities (3.2%), Kansas City (2.6%) and San Francisco (1.9%). Meanwhile, advertised rent growth was negative in many Sun Belt and Western metros, with Austin (-5.2%), Phoenix (-4.1%), Denver (-3.9%), Las Vegas (-2.5%) and Portland (-2.0%) the worst performers.

- The national occupancy rate fell slightly to 94.6% in November but is flat compared to the same period a year ago. Occupancy was resilient, with several metros posting year-over-year occupancy gains despite weak rent growth, suggesting demand is holding up better than pricing power. Some Sun Belt markets, such as Atlanta (up 0.9% year-over-year) and Phoenix (0.3%), saw higher occupancy, indicating new units are being absorbed, albeit at the cost of concessions and weak growth.

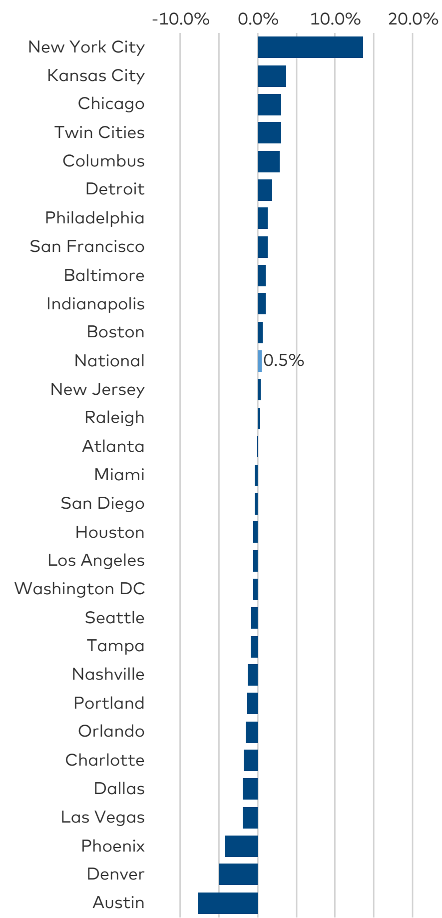
Year-Over-Year Rent Growth—All Asset Classes



Year-Over-Year Rent Growth—Lifestyle Asset Class



Year-Over-Year Rent Growth—Renter-by-Necessity Asset Class



Source: Yardi Matrix

Short-Term Rent Changes: Rents Fall as Midwest Outperforms

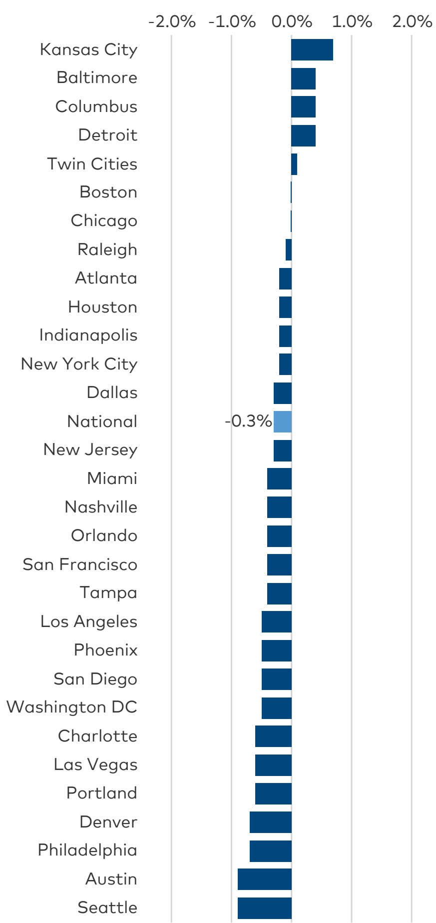
- U.S. advertised rents fell 0.3% month-over-month in December, with only six of the Matrix top 30 markets posting gains.

- Lifestyle rents declined 0.3% for the month, while Renter-by-Necessity fell 0.2%.

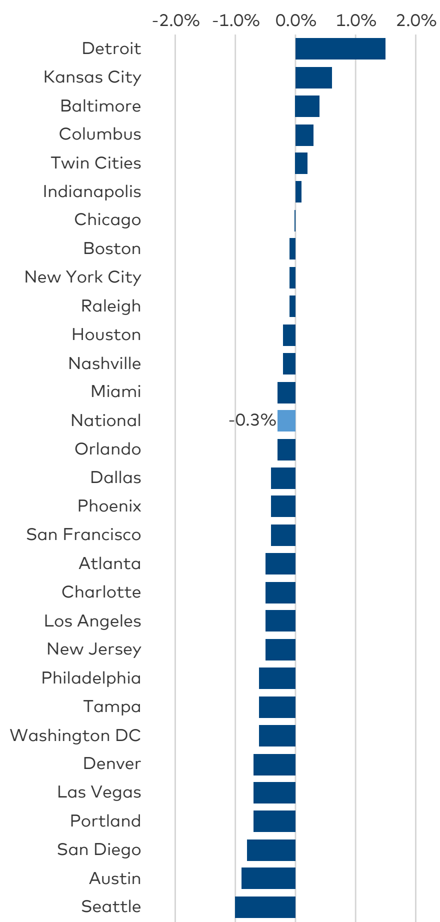
December was a challenging month, as only six of Matrix's top 30 metros recorded positive advertised rent growth. Advertised rents fell in both the Lifestyle and RBN categories. Markets with positive growth were largely concentrated in the Midwest, led by Kansas City (0.7% overall), Columbus, Baltimore and Detroit (all 0.4%). Meanwhile, negative growth was led by Seattle and Austin (both -0.9%), Denver and Philadelphia (both -0.7%).

This performance highlights a widening geographic divide. Midwest metros have emerged as some of the most resilient, driven by limited new supply and greater affordability. In contrast, many Sun Belt markets are still absorbing a wave of deliveries from recent years, which has weakened pricing amid softer demand. Meanwhile, coastal markets—despite avoiding significant supply growth—are facing affordability constraints, as already-high rent levels leave them especially sensitive to economic uncertainty and shifts in renter demand.

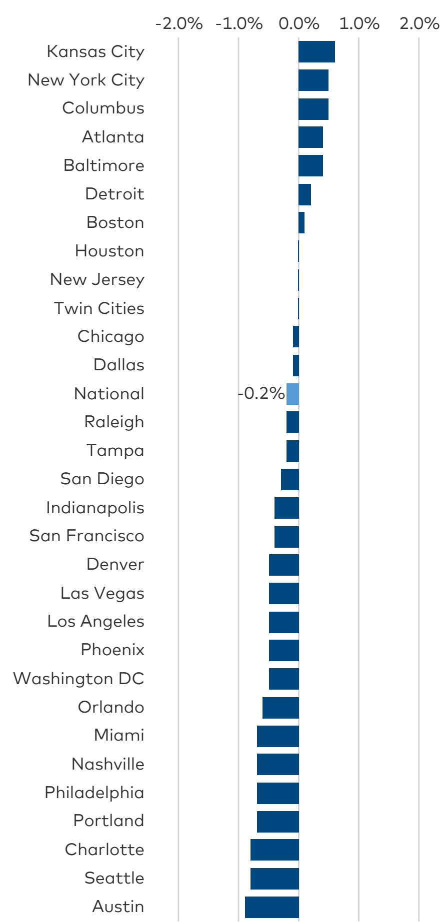
Month-Over-Month Rent Growth— All Asset Classes



Month-Over-Month Rent Growth— Lifestyle Asset Class



Month-Over-Month Rent Growth— Renter-by-Necessity Asset Class



Source: Yardi Matrix

Supply, Demand and Demographics: Investors Still Paying Up for Gateway Multifamily

- Multifamily transaction volume increased only slightly in 2025. Demand is strong, but counteracted by pricing uncertainty.
- High-growth secondary markets led by Dallas, Seattle and Phoenix attracted the most investor dollars in 2025.
- Yet gateway markets such as San Francisco and Manhattan continue to produce the lowest capitalizaion rates, as investors still exhibit faith in trophy assets.

A growing share of investor dollars is headed to fast-growing secondary markets, but investors still pay higher prices in gateway markets, according to Yardi Matrix. The pricing trend occurred amid modest increases in multifamily sales in 2025. Activity is likely to continue to grow in 2026 since capital liquidity is strong and rates are more likely to decline than increase.

Sales volume in 2025 totaled $83.2 billion (though more deals will likely be added), up from $82.4 billion in 2024 and $69.5 billion in 2023. Activity was highest in secondary and Sun Belt markets, led by Dallas and Seattle (both $3.9 billion), Phoenix and Miami (both $3.5 billion), and Atlanta ($3.4 billion). But traditional gateway markets—Chicago ($3.6 billion), Boston and Los Angeles ($2.8 billion), and New York, Washington, D.C., and San Francisco (all $2.4 billion)—all came in among the top 14 markets in volume.

That investor demand remains strong in gateway metros is evidenced by the low capitalization rates paid in those markets. According to an analysis of 1,000 multifamily transactions in 85 markets by Matrix Virtuoso, an artificial intelligence service that is in development for use in Yardi Matrix, investors paid lower cap rates to acquire properties in primary markets.

The lowest average acquisition cap rate in 2025 was in San Francisco's South Bay, at 3.8%, followed by the San Francisco Peninsula and Manhattan (4.1%), Los Angeles (4.3%), Washington, D.C./suburban Maryland (4.5%) and Boston (4.6%). Cap rates were slightly higher in high-volume markets such as Phoenix (5.4%), North Dallas (5.2%), Seattle (4.7%), Miami (5.6%) and urban Atlanta (5.5%). Markets with the highest average 2025 sales cap rates included Memphis (6.1%), Kansas City (5.9%) and Las Vegas (5.8%).

Pricing continues to be tight almost everywhere relative to mortgage rates. Acquisition yields are often equal to or less than mortgage rates, which generally range from 5.0% to 6.0% depending on property location, quality and leverage level. The tight premiums highlight the large amount of dry powder looking to acquire multifamily. Competition to win deals is fierce, while many buyers expect to raise rents and increase net income.

To be sure, the average cap rate represents a wide range of transactions and differs depending on location and property quality. Cap rates are lowest in gateway markets, followed by secondary and tertiary markets, while lifestyle properties traded at lower cap rates than workforce and fully affordable housing. Within gateway markets, Matrix Virtuoso found that the average cap rate ranged from 4.2% for upper mid-range properties to 5.2% for lower workforce and 5.6% for fully affordable properties. Within secondary markets, the average cap rate ranged from 5.2% for upper mid-range properties to 6.2% for lower workforce and 6.6% for fully affordable properties. Within tertiary markets, the average cap rate ranged from 5.6% for upper mid-range properties to 6.6% for lower workforce and 7.0% for fully affordable properties.

Single-Family Build-to-Rent Segment: SFR Rents Hit Decade-Low Growth Rate

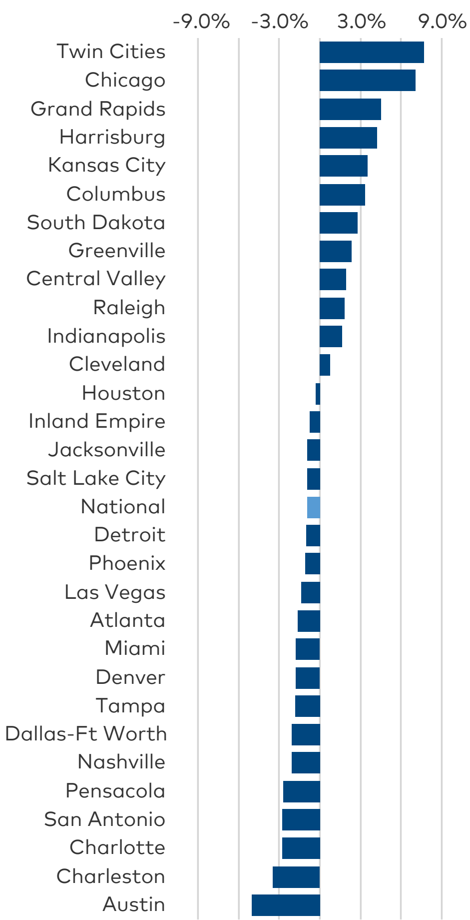
- Nationally, advertised rates for single-family build-to-rent units fell $4 to $2,180 in December, down 1.0% year-over-year.
- U.S. single-family rental occupancy rates were solid at 94.9% in November, an increase of 0.1% year-over-year. Occupancy was 96.2% at RBN and 94.7% at Lifestyle properties.

The 1.0% year-over-year decline in SFR advertised rents this month marks the steepest drop in more than a decade, exceeding November's 0.7% decline. As with multifamily, pockets of strength persist in the Midwest, where annual rent growth remains elevated in markets such as the Twin Cities (7.7%), Chicago (7.0%) and Grand Rapids (4.5%).

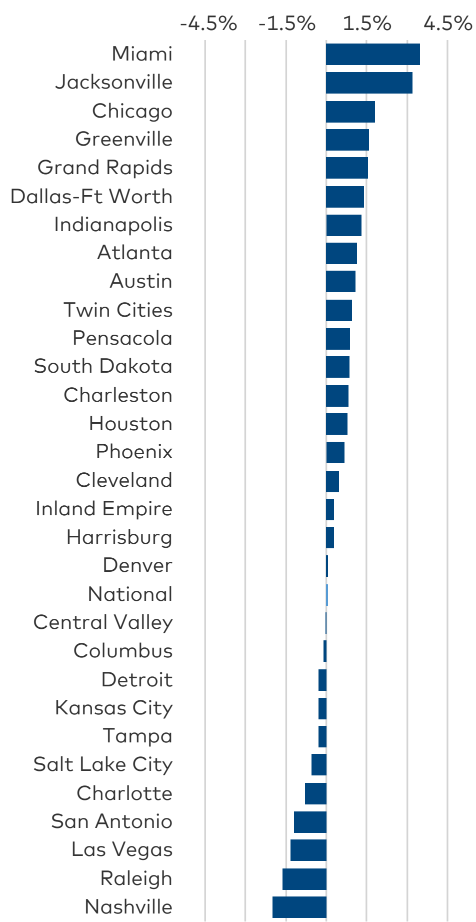
The national rent declines are not the result of weak demand, as occupancy rates are stable. Slow single-family home sales continue to support SFR demand. While mortgage rates may edge slightly lower, they are likely to remain near current levels, keeping many would-be homebuyers on the sidelines. And SFR owners are willing to moderate rent growth to maintain occupancy, especially in high-supply markets.

Note: Yardi Matrix covers single-family build-to-rent communities of 50 homes and larger.

Year-Over-Year Rent Growth—Single-Family Rentals



Year-Over-Year Occupancy Change—Single-Family Rentals



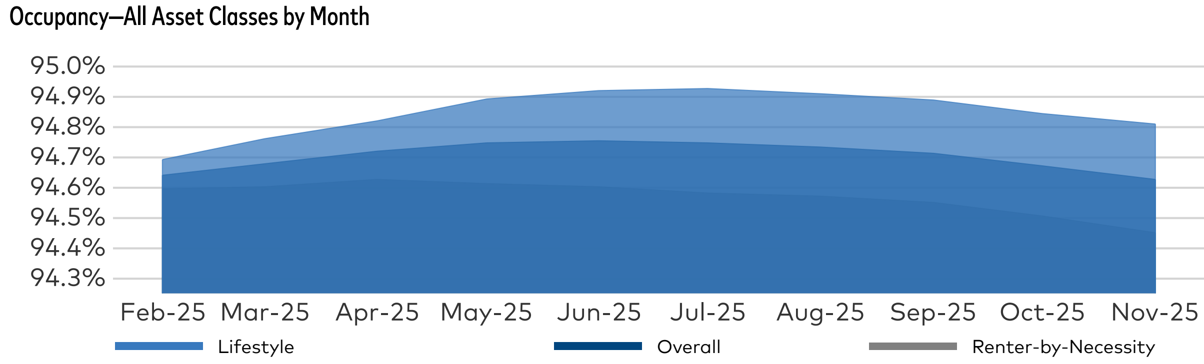
Source: Yardi Matrix

Employment and Supply Trends; Forecast Rent Growth

Market	YoY Rent Growth as of Dec-25	Forecast Rent Growth as of 10/09/25 for YE 2025	YoY Job Growth (6-mo. moving avg.) as of Sep-25	T12 Completions as % of Total Stock as of Dec-25
New York City	5.8%	4.5%	1.5%	2.5%
Chicago	3.6%	3.5%	0.6%	0.9%
Twin Cities	3.2%	2.2%	0.8%	2.0%
Kansas City	2.6%	3.3%	0.1%	2.1%
San Francisco	1.9%	1.8%	-0.5%	1.9%
Columbus	1.6%	2.8%	1.6%	2.7%
Detroit	1.5%	2.8%	0.6%	0.8%
Philadelphia	1.3%	2.4%	1.5%	1.9%
Baltimore	0.9%	1.8%	0.2%	1.3%
Indianapolis	0.9%	2.0%	0.7%	2.6%
New Jersey	0.6%	2.5%	1.2%	2.7%
Boston	0.2%	2.0%	0.2%	2.6%
Los Angeles	-0.4%	0.6%	0.5%	2.3%
Atlanta	-0.6%	-0.9%	0.3%	3.1%
Raleigh	-0.7%	-0.7%	1.7%	5.2%
Seattle	-0.9%	0.9%	0.6%	2.8%
Miami Metro	-1.0%	0.6%	1.2%	3.5%
Washington DC	-1.0%	2.1%	0.3%	2.4%
Houston	-1.2%	0.1%	1.1%	1.9%
San Diego	-1.2%	0.0%	0.7%	2.2%
Nashville	-1.3%	-0.6%	1.2%	5.2%
Orlando	-1.5%	-0.9%	1.6%	4.7%
Charlotte	-1.7%	-0.5%	2.5%	7.1%
Tampa	-1.8%	0.2%	1.0%	4.1%
Dallas	-2.0%	-1.1%	1.0%	3.5%
Portland	-2.0%	0.4%	-0.2%	3.0%
Las Vegas	-2.5%	-0.7%	0.4%	2.1%
Denver	-3.9%	-2.6%	0.1%	4.9%
Phoenix	-4.1%	-2.3%	0.8%	4.9%
Austin	-5.2%	-3.9%	1.0%	8.1%

Source: Yardi Matrix

Occupancy & Asset Classes



Source: Yardi Matrix

Year-Over-Year Rent Growth, Other Markets

Market	December 2025		
	Overall	Lifestyle	Renter-by-Necessity
Cleveland–Akron	3.2%	1.2%	3.5%
Cincinnati	2.8%	1.1%	3.5%
San Jose	2.4%	2.5%	2.3%
St Louis	2.2%	1.3%	2.5%
Bridgeport–New Haven	2.0%	1.6%	2.3%
Richmond–Tidewater	1.7%	1.9%	1.4%
Milwaukee	1.1%	0.1%	2.1%
Orange County	1.1%	1.5%	0.7%
Central Valley	0.8%	-0.8%	1.4%
Inland Empire	0.7%	-0.2%	1.3%
North Central Florida	0.6%	-0.7%	1.7%
Louisville	0.5%	1.3%	0.0%
Greenville	0.1%	0.8%	-0.6%
Winston–Salem–Greensboro	-0.6%	-0.4%	-0.4%
Sacramento	-0.8%	-1.6%	-0.3%
Salt Lake City	-1.0%	-1.4%	-0.4%
Albuquerque	-1.0%	-3.5%	0.7%
Charleston	-1.0%	-0.9%	-1.3%
Jacksonville	-1.7%	-1.2%	-2.6%
San Antonio	-3.5%	-3.6%	-2.8%
Colorado Springs	-4.3%	-4.1%	-4.5%
Southwest Florida Coast	-5.5%	-5.2%	-6.1%

Source: Yardi Matrix

Definitions

Reported Market Sets:

National multifamily rent and occupancy values derived from all 136 markets with years of tracked data that makes a consistent basket of data.

Market: Generally corresponds to a Standard Metropolitan Statistical Area (SMSA), as defined by the United States Bureau of Statistics, though large SMSA are split into 2 or more markets.

Metro: One or more Matrix markets representing an economic area. Shown with combined Matrix markets when necessary, and do not necessarily fully overlap an SMSA.

Average Market Rent: Average rent rolled up from the unit mix level to metro area level and weighted by number of units. Rent data is stabilized, meaning rent values for properties are only included 12 months after the properties' completion date.

Rent Growth, Year-Over-Year: Year-over-year change in average market rents, as calculated by same month.

Forecast Rent Growth: Year-over-year change in average forecast market rents, as calculated by same month.

Renewal Lease Rent Per Unit: Monthly rent per unit for renewal leases.

Renewal Lease Rent Change Percent: Percentage of monthly rent change between renewals and their corresponding previous leases for the same resident. Only includes renewal leases where the lease term length is no more than 3 months longer or shorter than the previous lease.

Expiring Lease Renewal Percent: Percentage of expiring leases for which residents have renewed. Excludes leases from which the tenant moved out prior to the month of the expiration.

Rent-to-Income Ratio: Rent is the monthly rent as stated, no fees or utilities. Income is as stated on applications.

Occupancy Rates: Ratio of occupied unit count and total unit count, as provided by phone surveys and postal records. Excludes exception properties: closed by disaster/renovation, affordable and other relevant characteristics.

Completions as % of Total Stock: Ratio of number of units completed in past 12 months and total number of completed units.

Employment Totals: Total employment figures and categories provided by the Bureau of Labor Statistics, seasonally adjusted.

Single-Family Rental: A property where 50% or more of the units are either stand-alone buildings OR have direct access garages with no neighbors above or below the unit.

Ratings:

Lifestyle/Renters by Choice

- Discretionary—has sufficient wealth to own but choose rent

Renters by Necessity

- High Mid-Range—has substantial income but insufficient wealth to acquire home/condo
- Low Mid-Range—Office workers, police officers, technical workers, teachers, etc
- Workforce—blue-collar households, which may barely meet rent demands and likely pay distortional share of income toward rent

Market Position	Improvement Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

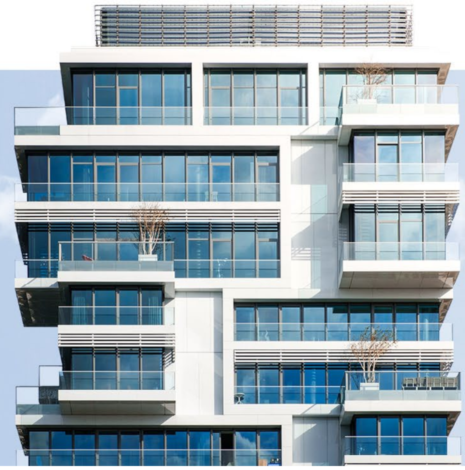
The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

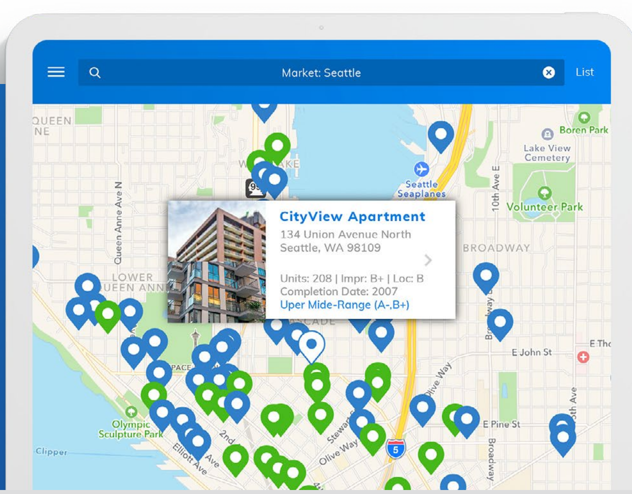
Yardi Matrix

Power your business with the industry's leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23.5 million units,** covering over **92% of the U.S. population.**

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Learn more at yardimatrix.com/**multifamily**

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