

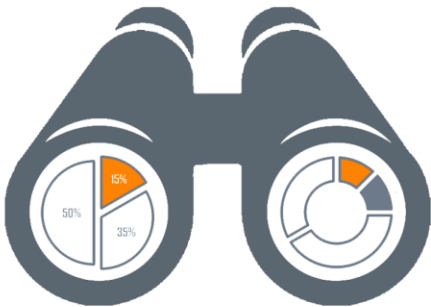
COMMERCIAL REAL ESTATE

U.S. MARKET | Multifamily

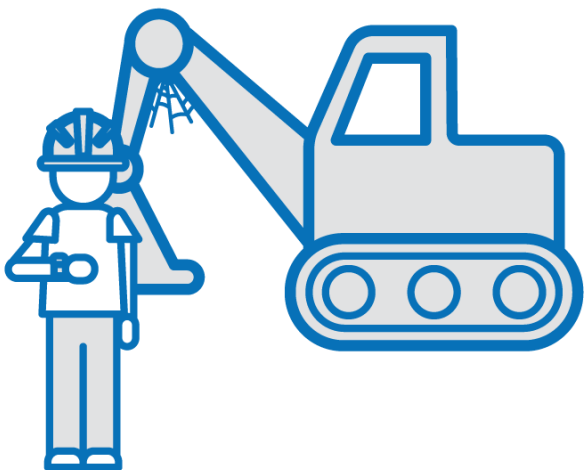
Q2 2025



THE VIEW FROM HERE



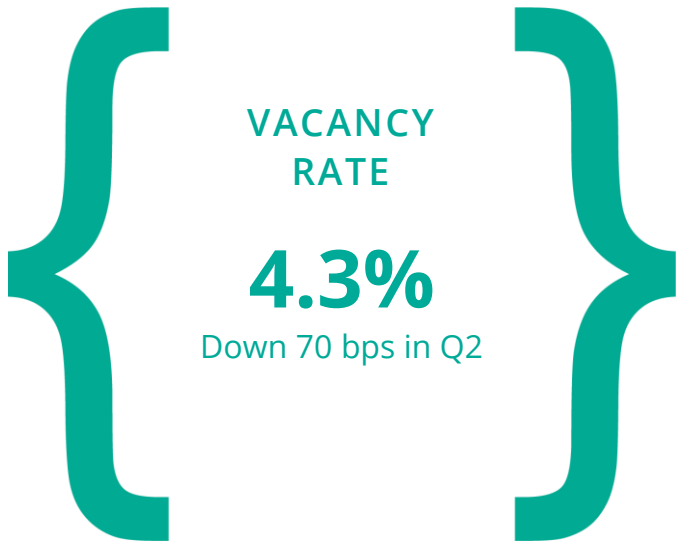
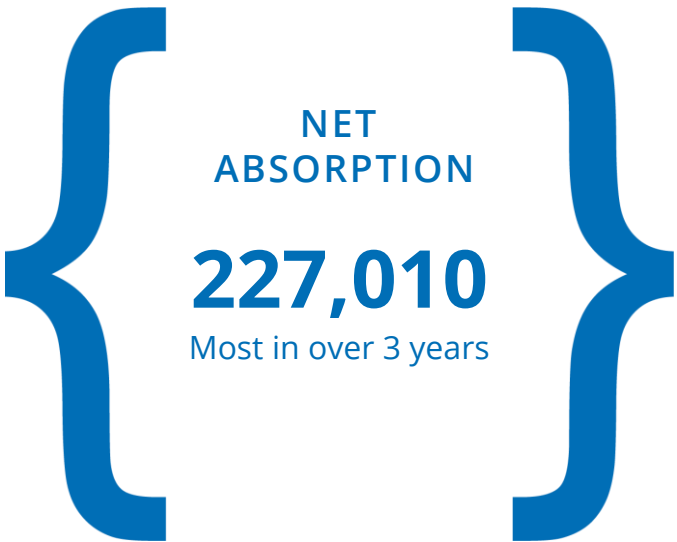
National year-over-year absorption is at an all-time high thanks to demand-led growth and potential buyers remaining in the rental pool.



The number of units under construction nationally has fallen 50% over the last three years.



All top-50 MSAs saw a decrease in vacancy year-over-year among stabilized assets.

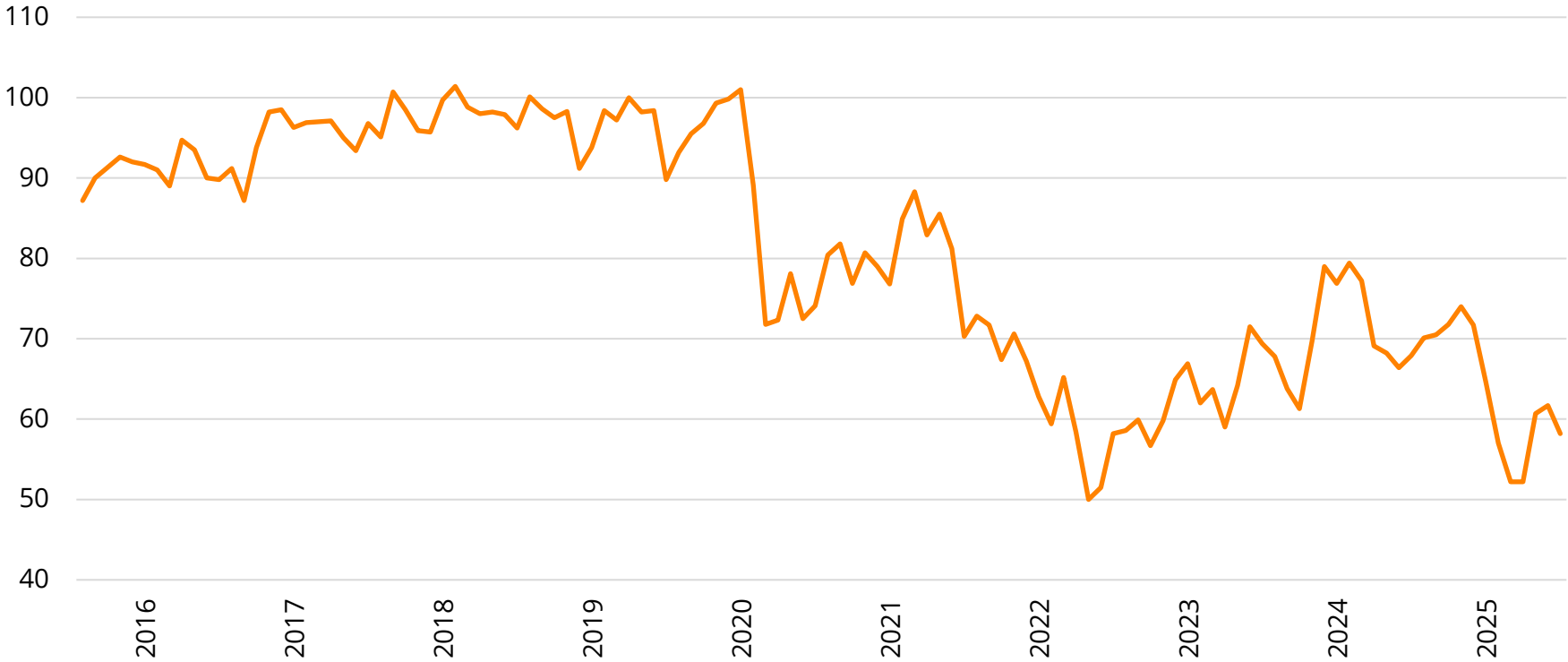


ECONOMIC HIGHLIGHTS

- The U.S. unemployment rate rose to 4.2% in July of 2025 but has held in a narrow range between 4.0% and 4.2% since May of 2024.
- Nonfarm job growth, a major driver of multifamily demand, has added just 106,000 jobs over the last three months (May-July). Over the last year, the U.S. has added an average of 128,000 jobs per month, significantly higher than the 35,000 average since May.
- The University of Michigan’s consumer sentiment survey measured 58.2 in August, down from 61.7 in July. This is about 11% higher than April and May of 2025, but 10% below the measurements from 6 and 12 months ago. Consumer sentiment is still well below the 10-year average of 80.9.
- The average rate on a 30-year fixed mortgage was 6.8% at the end of the quarter, down a full percentage point from a peak of 7.8% in October of 2023.
- July of 2025 saw a seasonally adjusted annual rate of 1.42 million privately-owned housing completions. This is 13.5% below the July 2024 seasonally adjusted annual rate of 1.64 million.

HISTORICAL

INDEX OF CONSUMER SENTIMENT



30-YEAR FIXED RATE MORTGAGE AVERAGE



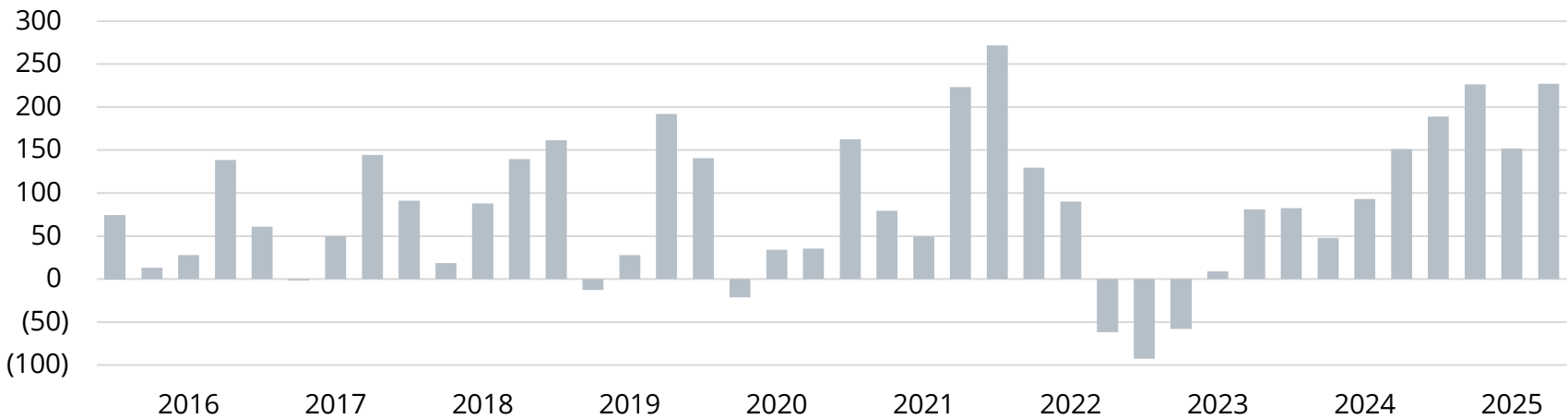
Source: Transwestern Research, FRED, The University of Michigan, BLS, U.S. Census Bureau

MARKET HIGHLIGHTS

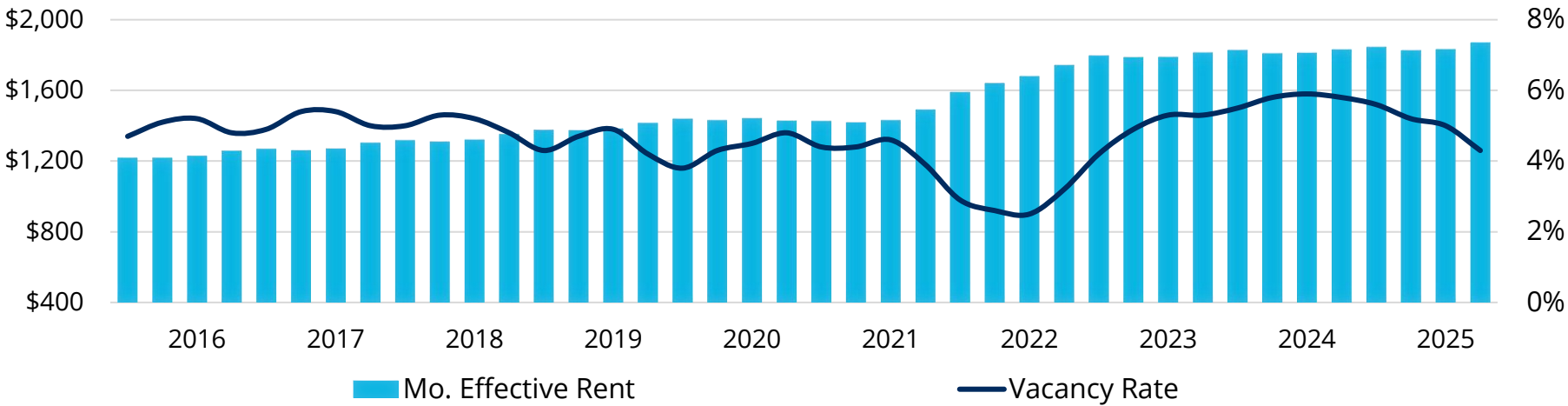
- There was strong apartment demand in Q2 2025 with 227,010 units absorbed. This was the tenth-consecutive quarter with positive absorption, and the most units absorbed since Q3 2021.
- Year-over-year the U.S. market has absorbed 794,160 units, the highest Y-O-Y figure since at least the year 2000.
- There were only 34,910 units that started construction in Q2 2025, the lowest quarterly figure since 2011. The U.S. saw a groundbreaking peak in 2021 and 2022, averaging over 130,000 units beginning construction per quarter over those two years.
- There are currently 542,000 units under construction across the country, the lowest figure since Q3 2015. This is roughly half the units underway during the multifamily construction boom of 2022, when the U.S. peaked at 1,081,000 units under construction in Q2 2023.
- 108,175 units were completed in Q2 2025, just over 8,000 fewer than the quarter prior.
- This tapering of new supply should continue to gradually lower vacancy rates and increase effective rents over the next few years. The national vacancy rate fell for the fifth-consecutive quarter in Q2 2025, dropping 70 basis points to 4.3%.
- National renewal conversions have risen over the last year from 54.6% to 55.4%, while average new lease term length (12.6 months) and average days vacant (29) have not seen any change.

HISTORICAL

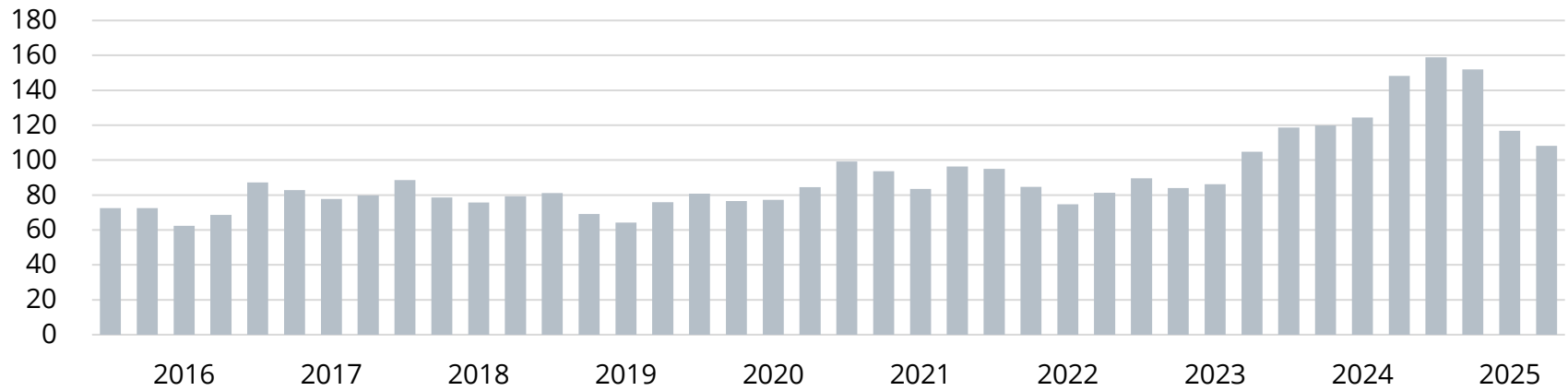
NET ABSORPTION (UNITS, THOUSANDS)



VACANCY VS EFFECTIVE RENT



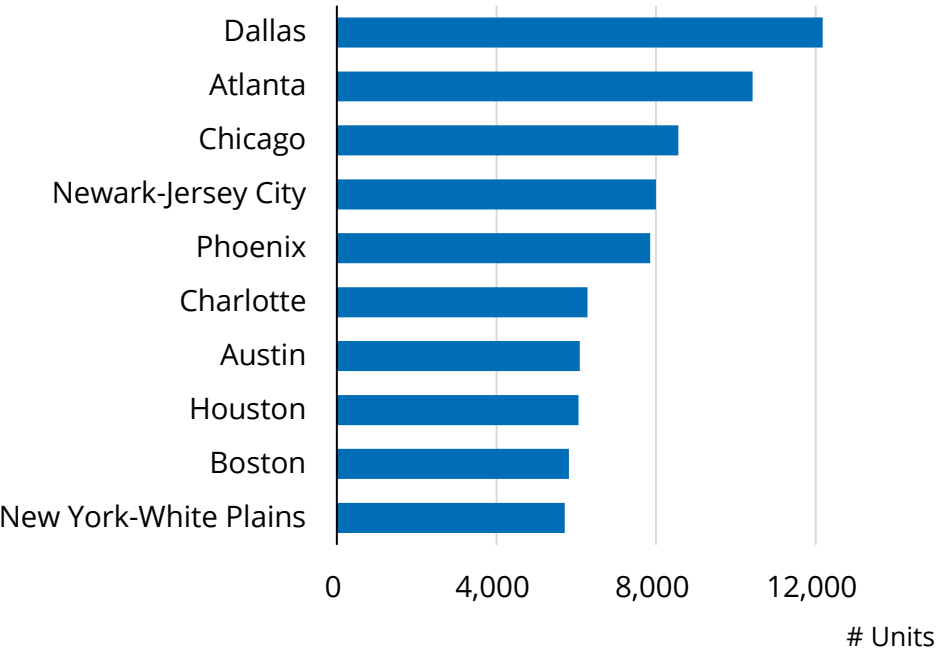
COMPLETIONS (UNITS, THOUSANDS)



Source: Transwestern Research, RealPage.

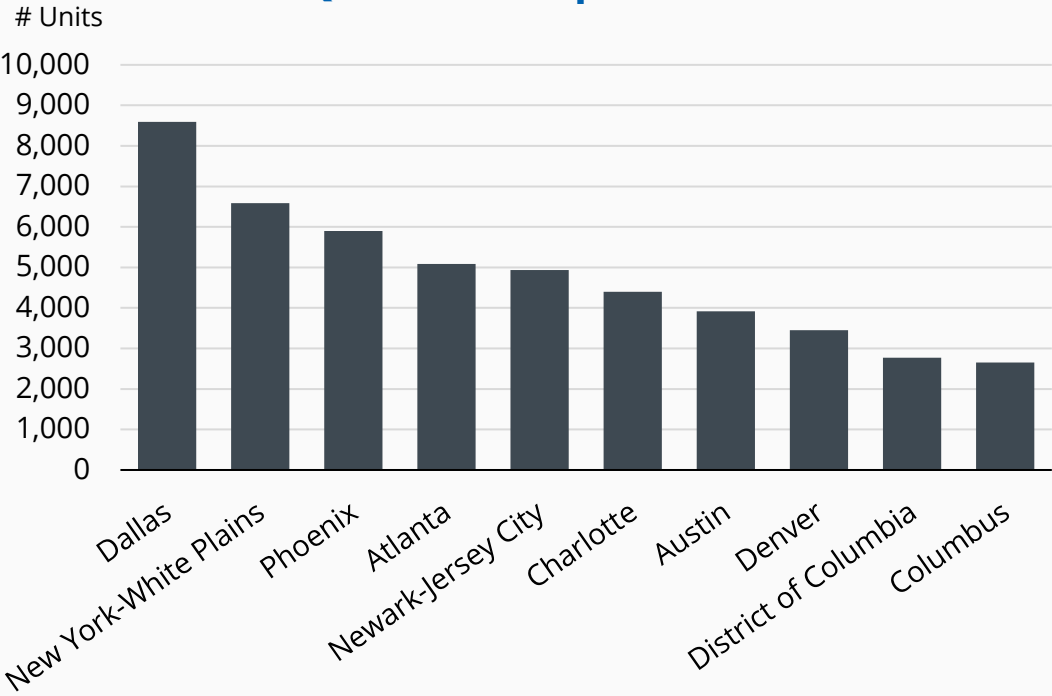
NET ABSORPTION

Q2 2025 Net Absorption



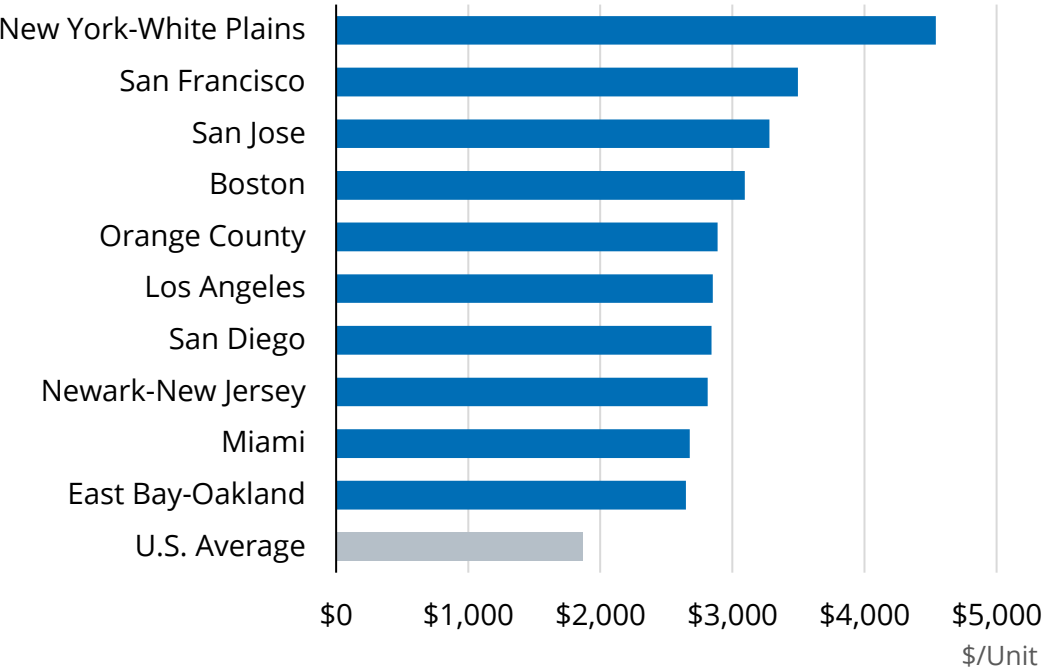
COMPLETIONS

Q2 2025 Completions

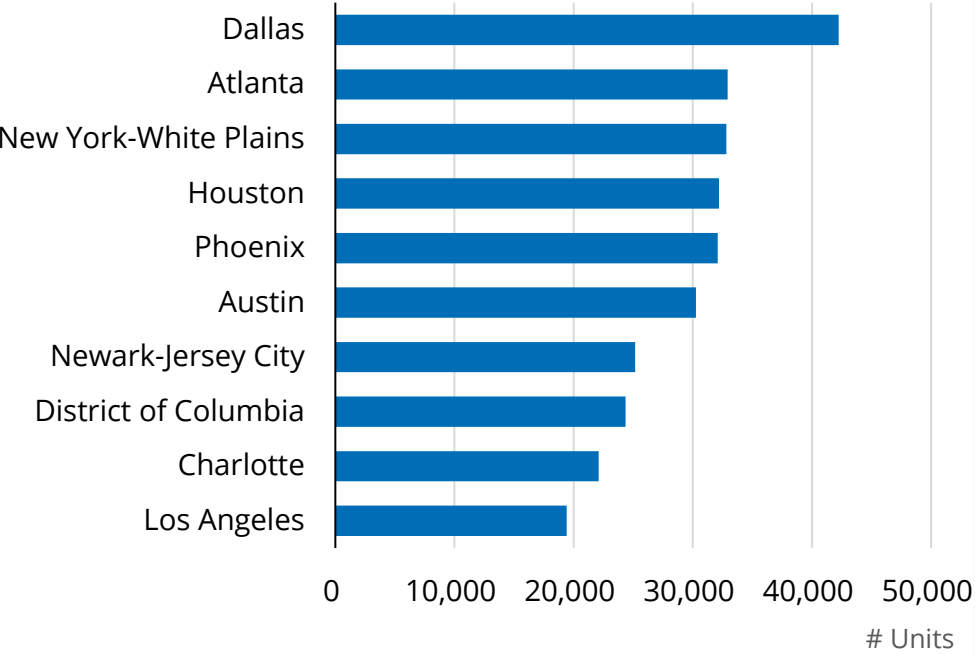


EFFECTIVE RENTS

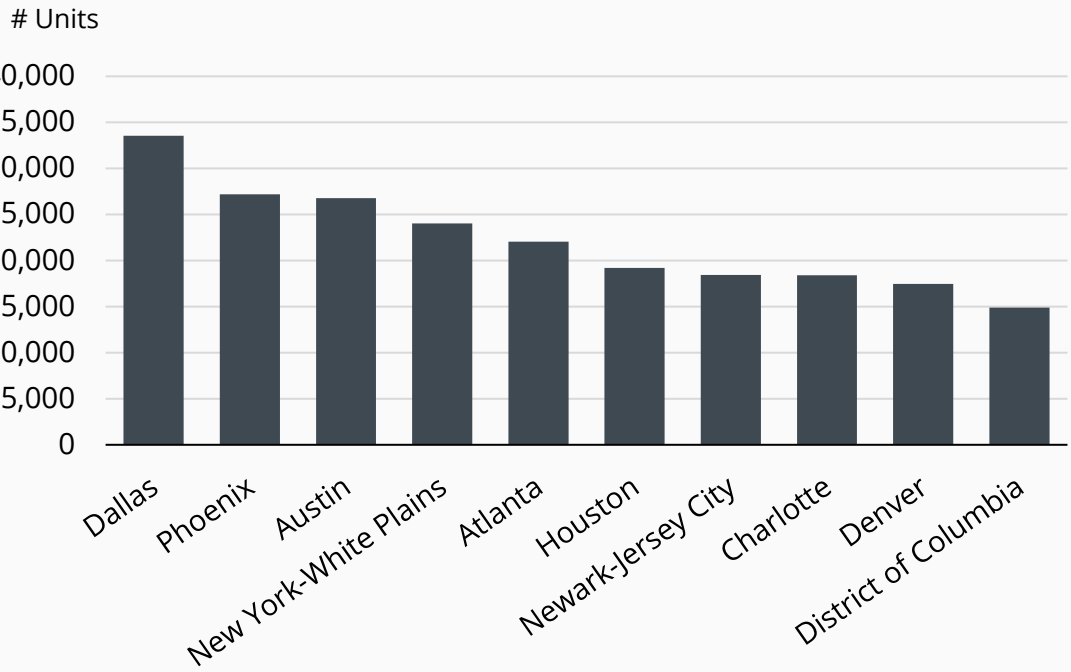
Q2 2025 Mo. Effective Rents



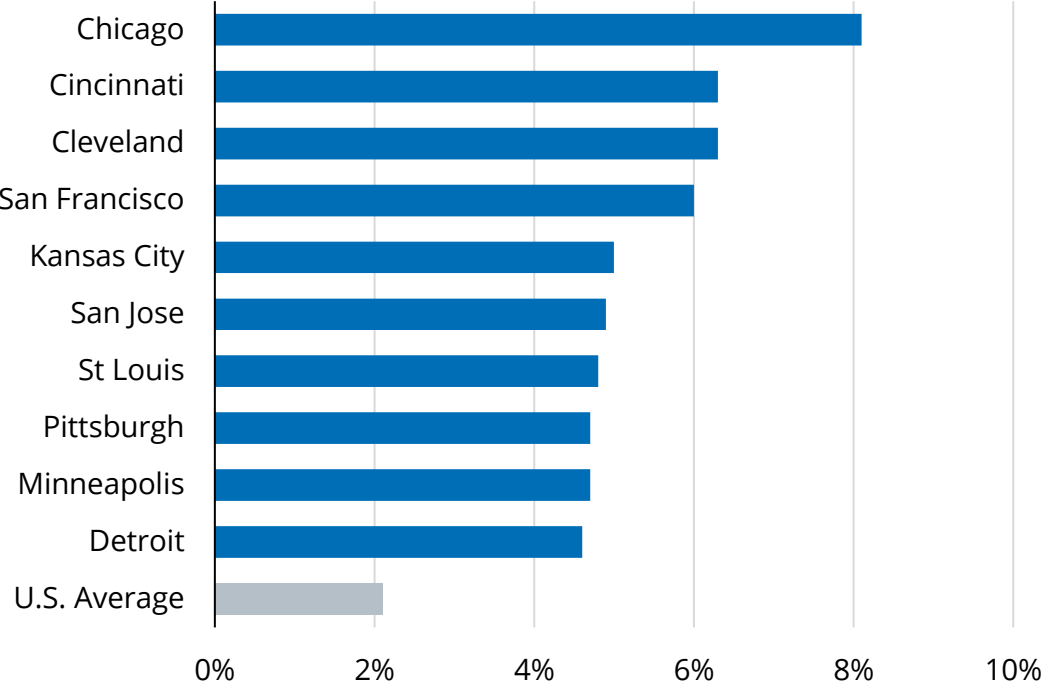
Trailing 4-Qtr Net Absorption



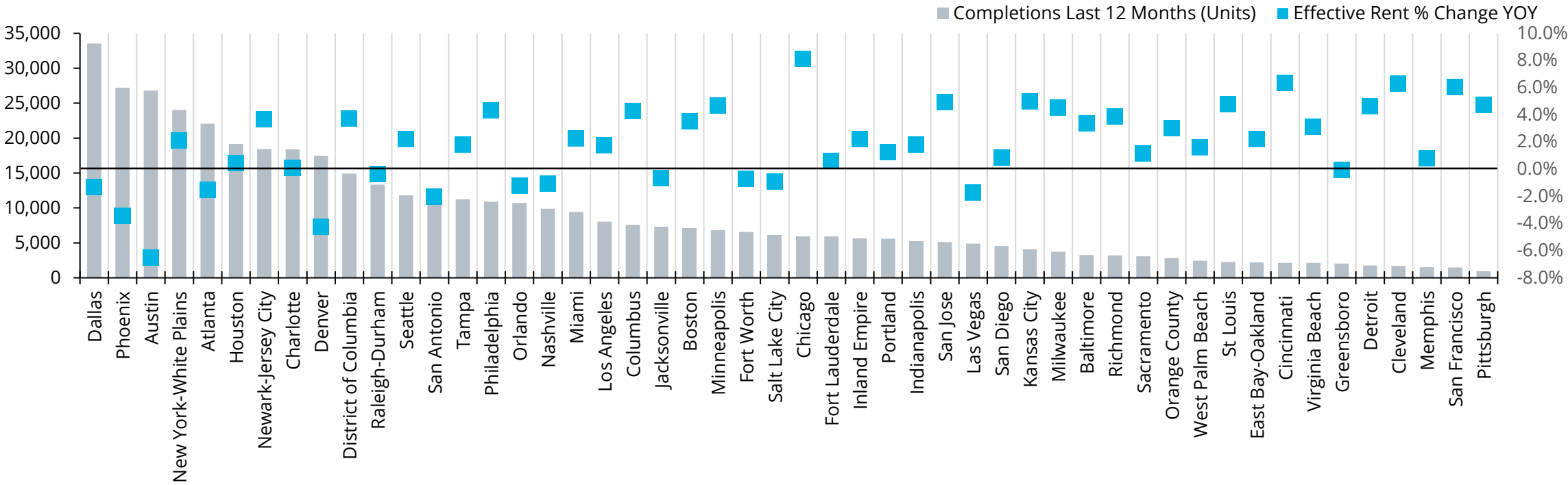
Trailing 4-Qtr Completions



Year-Over-Year Rent Change

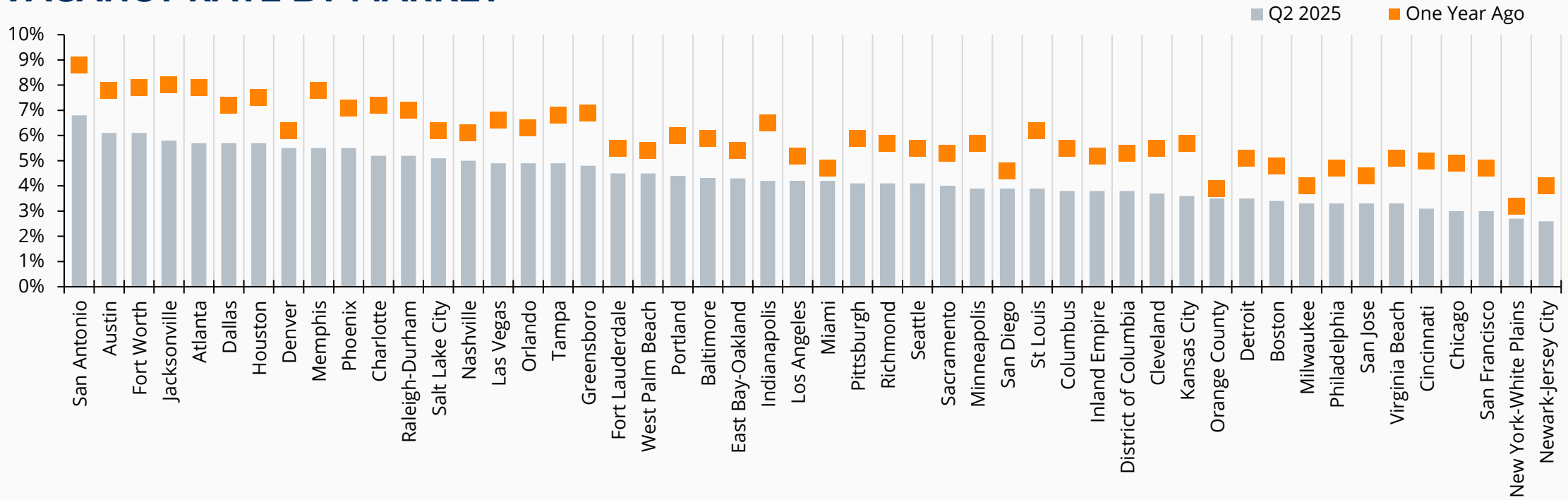


COMPLETIONS AND EFFECTIVE RENT CHANGE BY MARKET



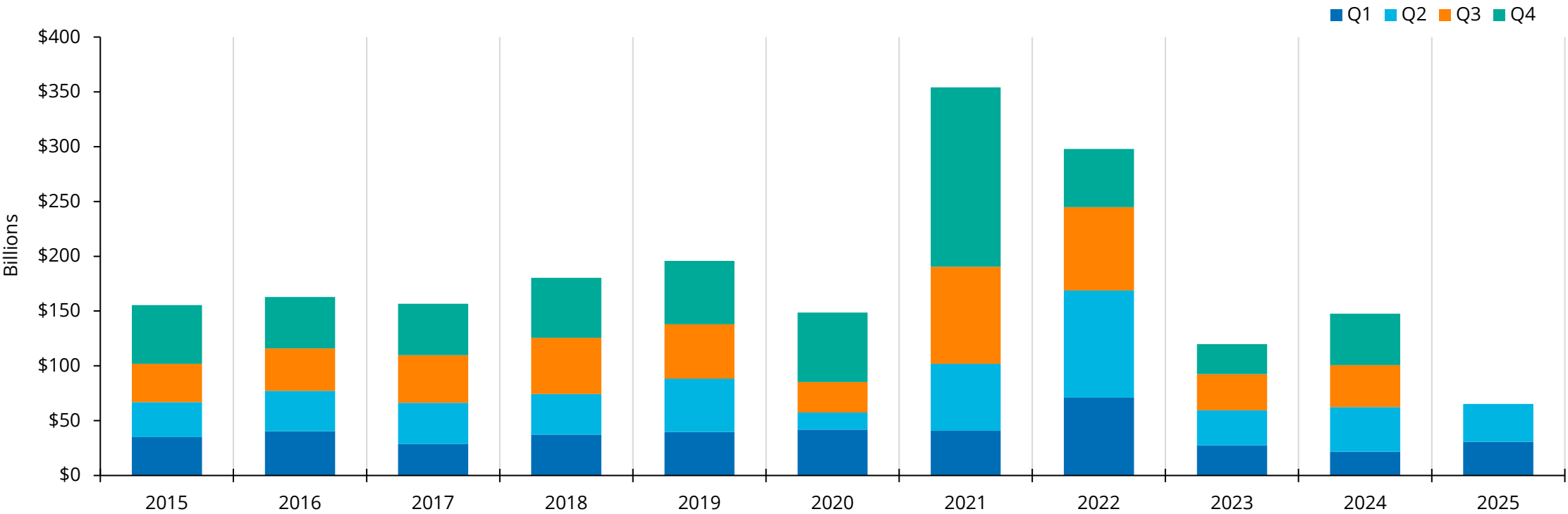
- The average change in effective rents among the 10 markets with the most completions was -0.7%.
- In total, 14 markets saw a year-over-year decline in effective rent. Austin, Denver, and Phoenix suffered the biggest losses.
- Many sunbelt markets that have seen population increases and rapid multifamily development over the last few years have experienced rental rate declines as (temporarily) supply is outpacing demand.

VACANCY RATE BY MARKET



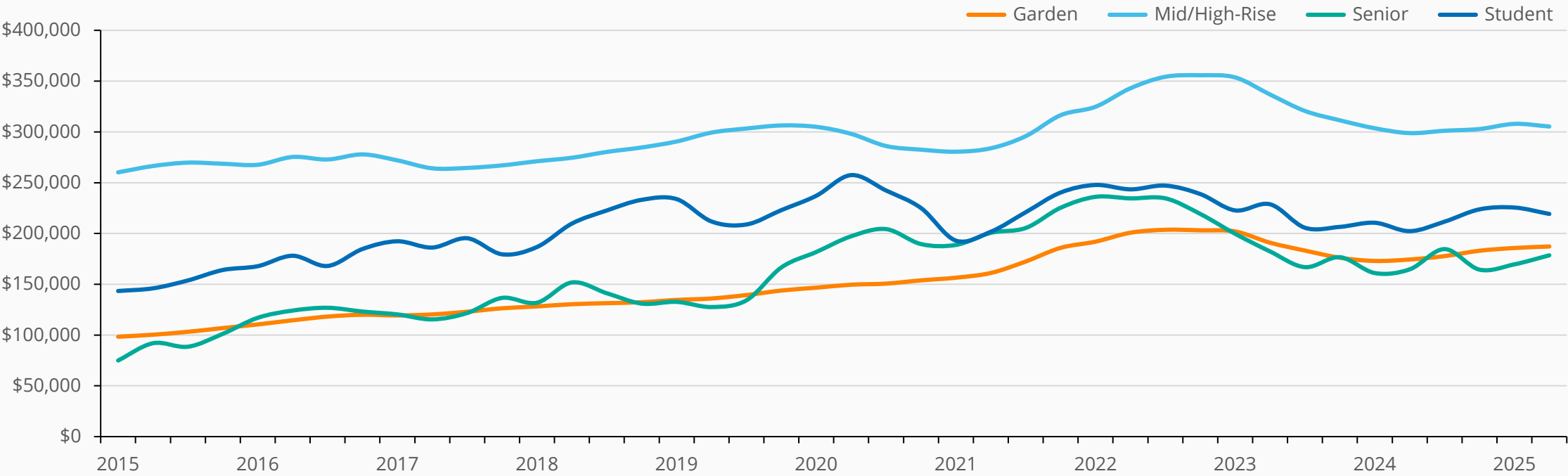
- Across the top 50 MSAs, the tightest markets are Newark-Jersey City, New York-White Plains, and San Francisco.
- The largest decreases in vacancy rate year-over-year have taken place in Memphis, Los Angeles, and St. Louis (all at 2.3%), followed by Jacksonville and Atlanta (2.2%).
- All top 50 MSAs saw a decrease in vacancy rates year-over-year.
- Only 5 of the top 150 markets saw a vacancy increase: Madison WI, Lincoln NE, Naples FL, Youngstown OH, and McAllen, TX.

HISTORICAL INVESTMENT VOLUME



- The U.S. has seen about \$65 billion in investment sales volume across the first two quarters of 2025, a figure that is in-line with the first two quarter totals from 2023 and 2024, which saw \$59 billion and \$62 billion in sales respectively.
- Volume in Q2 fell compared to Q2 last year, but this was due in part to the purchase of AIR Communities by Blackstone for \$10 billion.
- Individual asset sales accounted for \$28 billion of the \$35 billion that transacted in Q2 of 2025.

PRICE PER UNIT BY PROPERTY TYPE



- Prices across property types have remained relatively stable over the last year, with the Mid/High-Rise product averaging \$305,239/unit in Q2.
- Year-over-year, there has been a 27% decrease in investment volume among Mid/High-Rise buildings, while Garden style apartments have seen just a 3% decrease, with \$21 billion in Q2 volume.
- Dallas remains the most active market by sales volume, followed by Seattle, Atlanta, Los Angeles, and Phoenix. The Dallas market has seen over \$5.6 billion in transactions through the first half of 2025.

Source: Transwestern Research, Real Capital Analytics.

Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Monthly Effective Rent	YOY Rent Change
Atlanta	588,185	10,416	32,917	5,088	22,065	5.7%	\$1,598	-1.5%
Austin	341,612	6,086	30,254	3,913	26,789	6.1%	\$1,453	-6.5%
Baltimore	240,309	1,675	6,769	425	3,266	4.3%	\$1,765	3.4%
Boston	435,656	5,815	12,586	2,232	7,094	3.4%	\$3,093	3.5%
Charlotte	250,645	6,283	22,106	4,397	18,405	5.2%	\$1,561	0.1%
Chicago	766,710	8,560	18,819	942	5,943	3.0%	\$2,187	8.1%
Cincinnati	171,413	2,137	5,124	303	2,132	3.1%	\$1,491	6.3%
Cleveland	177,987	1,950	4,750	553	1,694	3.7%	\$1,375	6.3%
Columbus	213,884	4,532	9,807	2,651	7,597	3.8%	\$1,409	4.3%
Dallas	736,946	12,176	42,230	8,594	33,545	5.7%	\$1,542	-1.3%
Denver	356,113	4,215	18,928	3,454	17,462	5.5%	\$1,831	-4.3%
Detroit	284,231	2,014	6,345	562	1,772	3.5%	\$1,376	4.6%
District of Columbia	702,077	5,378	24,364	2,775	14,893	3.8%	\$2,256	3.7%
East Bay-Oakland	224,648	1,469	4,274	291	2,207	4.3%	\$2,648	2.2%
Fort Lauderdale	211,411	2,556	7,746	1,310	5,938	4.5%	\$2,471	0.6%
Fort Worth	242,935	3,523	10,281	1,487	6,552	6.1%	\$1,385	-0.7%
Greensboro	114,957	1,437	4,311	723	2,048	4.8%	\$1,248	-0.1%
Houston	793,057	6,058	32,190	2,562	19,190	5.7%	\$1,368	0.4%
Indianapolis	183,788	2,152	9,222	780	5,261	4.2%	\$1,316	1.8%
Inland Empire	200,997	2,216	8,146	1,460	5,638	3.8%	\$2,287	2.2%
Jacksonville	150,794	1,736	10,006	1,144	7,317	5.8%	\$1,459	-0.7%
Kansas City	188,351	2,509	7,798	1,030	4,078	3.6%	\$1,405	5.0%
Las Vegas	238,173	2,192	8,569	1,271	4,910	4.9%	\$1,455	-1.7%
Los Angeles	1,162,162	4,923	19,417	1,621	8,021	4.2%	\$2,852	1.8%
Memphis	112,831	2,506	3,944	416	1,493	5.5%	\$1,241	0.8%

Source: Transwestern Research, RealPage.

Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Monthly Effective Rent	YOY Rent Change
Miami	339,594	1,811	10,704	1,767	9,417	4.2%	\$2,678	2.2%
Milwaukee	166,887	2,572	4,708	1,215	3,725	3.3%	\$1,671	4.5%
Minneapolis	337,824	4,682	12,451	1,001	6,829	3.9%	\$1,646	4.7%
Nashville	201,513	2,714	11,509	1,495	9,902	5.0%	\$1,606	-1.1%
New York-White Plains	1,963,555	5,709	32,816	6,589	24,017	2.7%	\$4,540	2.1%
Newark-Jersey City	579,792	7,996	25,160	4,937	18,431	2.6%	\$2,812	3.7%
Orange County	272,871	1,479	3,868	799	2,820	3.5%	\$2,888	3.0%
Orlando	287,041	3,466	13,942	1,540	10,688	4.9%	\$1,755	-1.2%
Philadelphia	424,210	5,287	16,340	2,217	10,894	3.3%	\$1,902	4.4%
Phoenix	447,281	7,853	32,087	5,897	27,194	5.5%	\$1,524	-3.4%
Pittsburgh	152,436	1,492	3,546	74	931	4.1%	\$1,621	4.7%
Portland	247,388	2,340	9,198	853	5,581	4.4%	\$1,768	1.2%
Raleigh-Durham	211,056	3,689	16,265	2,262	13,345	5.2%	\$1,503	-0.4%
Richmond	118,407	1,972	4,957	1,188	3,207	4.1%	\$1,588	3.9%
Sacramento	162,206	1,194	4,716	681	3,068	4.0%	\$2,008	1.2%
Salt Lake City	138,166	1,743	7,135	1,291	6,098	5.1%	\$1,544	-0.9%
San Antonio	241,220	3,217	15,083	1,421	11,464	6.8%	\$1,205	-2.1%
San Diego	330,092	1,290	6,887	315	4,555	3.9%	\$2,843	0.9%
San Francisco	254,049	2,137	5,715	489	1,464	3.0%	\$3,495	6.0%
San Jose	189,588	2,307	6,915	1,163	5,122	3.3%	\$3,280	4.9%
Seattle	388,035	4,225	16,052	2,238	11,792	4.1%	\$2,303	2.2%
St. Louis	174,038	2,368	6,212	381	2,258	3.9%	\$1,377	4.8%
Tampa	296,689	3,017	16,168	1,724	11,246	4.9%	\$1,847	1.8%
Virginia Beach	146,330	1,076	4,535	42	2,124	3.3%	\$1,578	3.1%
West Palm Beach	131,503	702	3,460	257	2,450	4.5%	\$2,499	1.6%
United States	20,087,215	227,010	794,160	108,175	535,805	4.3%	\$1,869	2.1%

Source: Transwestern Research, RealPage.



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ABOUT THE TRANSWESTERN COMPANIES

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).

RESEARCH METHODOLOGY

The information in this report is a compilation of multifamily properties located in select U.S. metropolitan areas. All properties evaluated in this report for vacancy and rental rates are stabilized assets no longer in the lease-up period. A property is considered stabilized once it becomes 85% occupied (per standard RealPage methodology).