



COMMERCIAL REAL ESTATE

U.S. Market Multifamily

Q4 2025

© 2026 Transwestern | Confidential & Proprietary | All Rights Reserved



The Transwestern Takeaway

MULTIFAMILY Q4 2025 REPORT

Demand for Space Weakening Nationally

The U.S. recorded negative absorption in Q4 for the first time since 2022. This is a nationwide trend with the bottom 10 metros' absorption scattered across every region of the country.

Rent Hikes in Development-Strained Markets

The markets with the highest rent growth were concentrated in the Midwest and along the coasts — where we saw a lower level of development versus Sunbelt counterparts. With limited supply, landlords have been able to increase rent in these markets.

Quality is Demanding a Premium

Senior Housing and Mid/High Rise apartments saw solid increases in sale price per unit over the last year. This follows the trends we've seen of higher-quality product finding more investment sales success, with lower-rent product struggling.

↓ 40,379

Net Absorption

FIRST LOSS SINCE 2022

↓ 89,399

Completions

DOWN 39K FROM 2-YEAR AVERAGE

↑ 5.2%

Vacancy Rate

UP 60 BPS IN Q4

↑ \$1,854

Effective Rent

1.5% ANNUAL GROWTH

Economic Highlights

- The Federal Reserve followed up its quarter-point rate cut in September with two additional 25-bps cuts during Q4 to close the year with a target range of 3.50% - 3.75%.
- The delayed Q3 GDP report stated that the U.S. economy grew at an annual rate of 4.4%, the strongest expansion in two years. Projections for Q4 are to exceed 4.0%, with some forecasting growth above 5.0%.
- The U.S labor market experienced its weakest growth since the pandemic in 2025 with the unemployment rate closing at 4.4%, a 30-bps increase YoY.
- The University of Michigan’s consumer sentiment survey measured 56.4 in January 2026, down from 71.5 one year prior. The January 2026 measurement is about 2% higher than the average over the second half of 2025, but well below the 10-year average of 79.8.
- The average rate on a 30-year fixed mortgage was 6.15% at the end of the year, down over 150-bps from a peak of 7.8% in October of 2023.
- December of 2025 saw a seasonally adjusted annual rate of 1.53 million privately-owned housing completions. This is only 0.1% below the December 2024 seasonally adjusted annual rate.

Historical

Index of Consumer Sentiment



30-Year Fixed Rate Mortgage Average

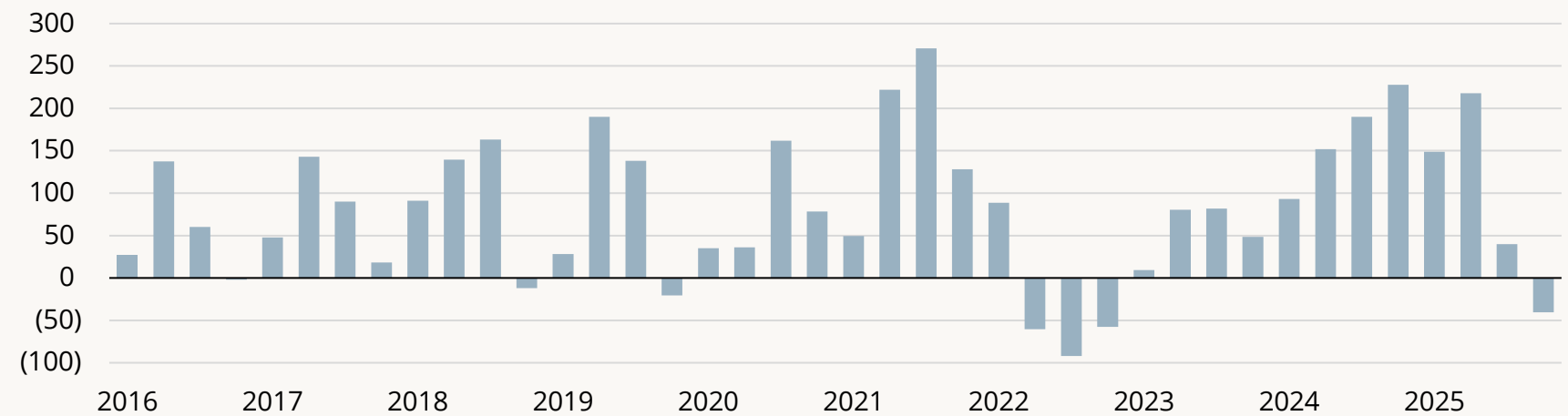


Market Highlights

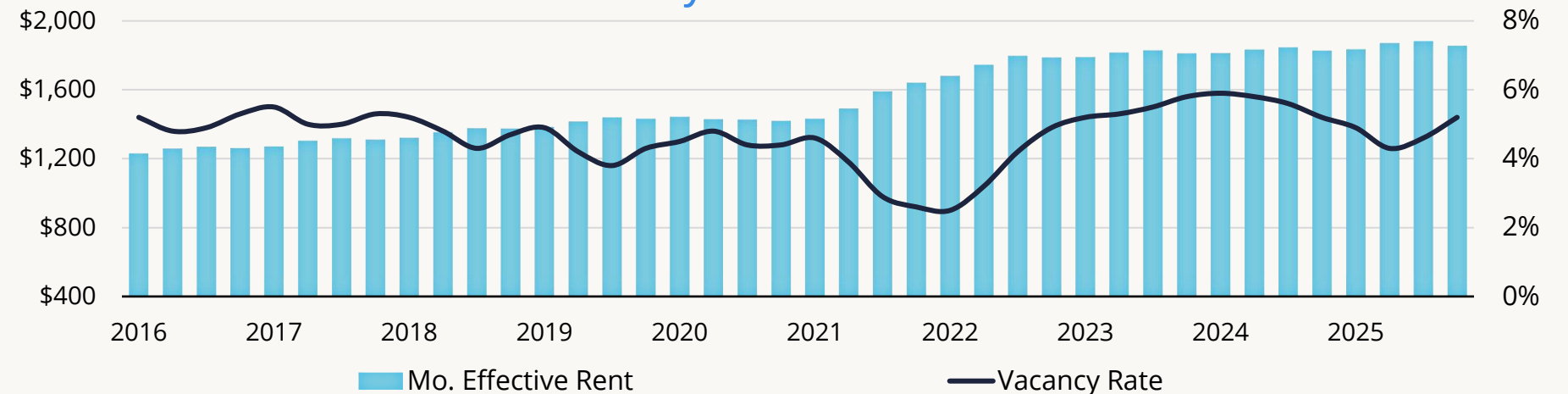
- The U.S. multifamily market saw a decline in apartment demand in Q4 with negative net absorption of 40,379 units. This was the first negative quarter for the market since Q4 of 2022.
- This poor quarter comes on the heels of a strong run from mid-2024 through Q2 of 2025, where the U.S. multifamily market saw its highest Y-O-Y absorption figure since at least the year 2000.
- Currently, the United States absorbed 365,919 units across 2025, the lowest trailing four quarter net absorption since Q1 of 2024.
- There were just 44,202 units that started construction in Q4 of 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 534,000 units under construction across the country, the lowest figure since Q3 of 2015. This is roughly half of the number of units underway that the U.S. saw during the multifamily construction boom in 2022 and 2023, when the U.S. peaked at 1,101,000 units under construction in Q1 of 2023.
- 89,399 units were completed in Q4 of 2025, 13,300 fewer than the quarter prior.
- Despite the poor performance in the second half of 2025, the tapering of new supply should eventually lower vacancy rates and increase effective rents over the next few years, eventually leading to a new development cycle.

Historical

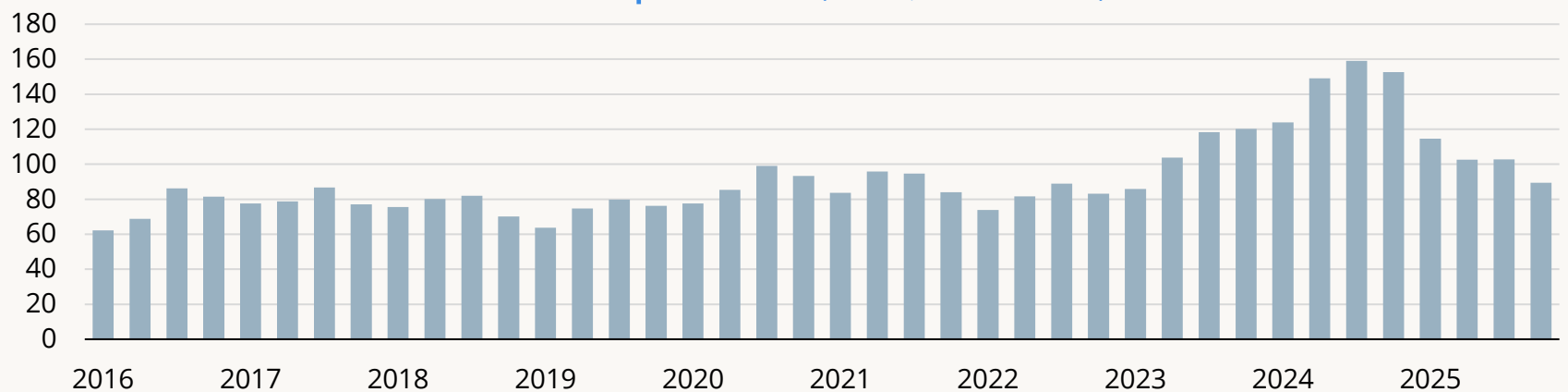
Net Absorption (Units, Thousands)



Vacancy vs Effective Rent

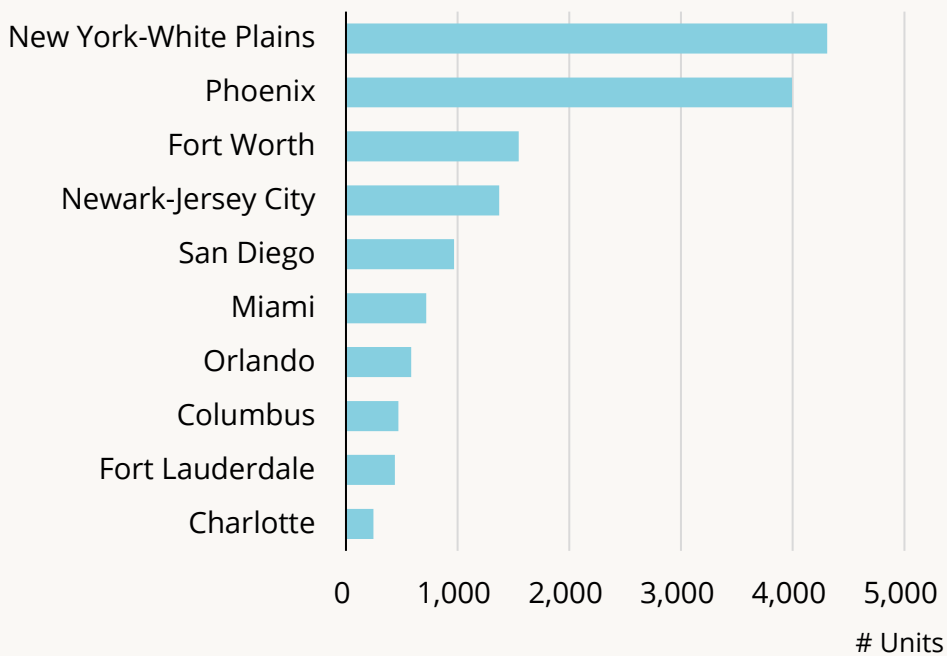


Completions (Units, Thousands)



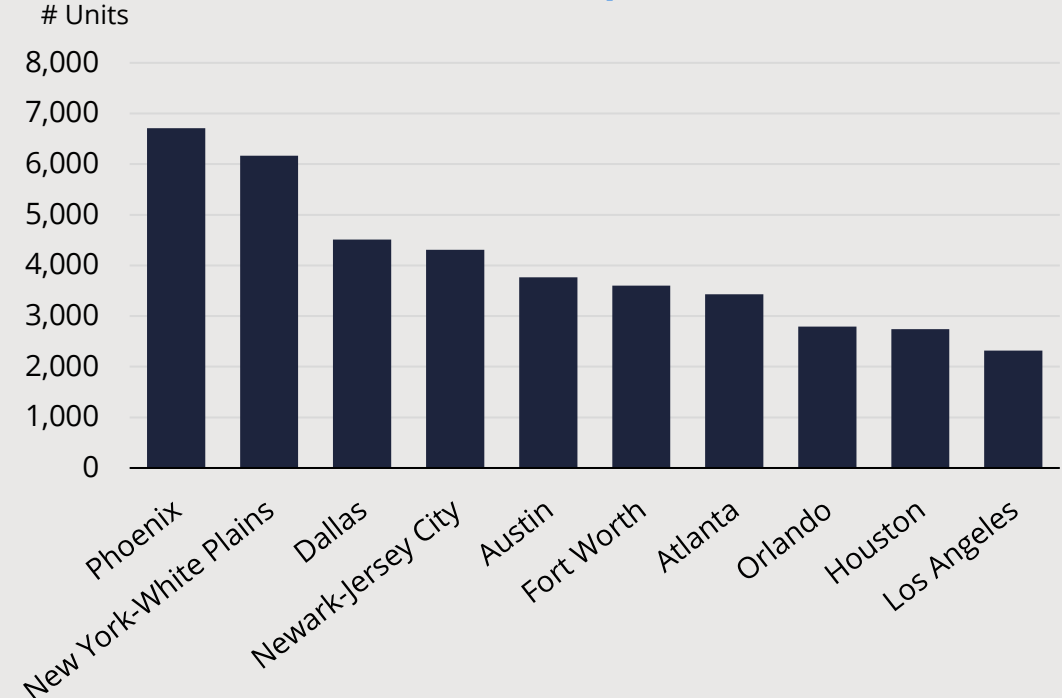
Net Absorption

Q4 2025 Net Absorption



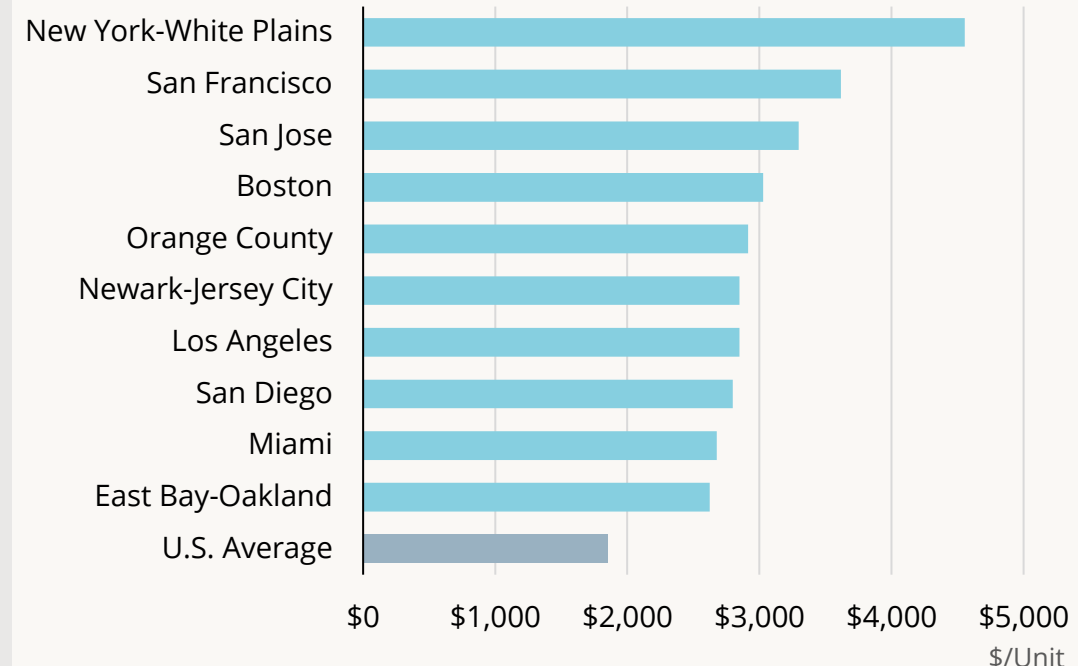
Completions

Q4 2025 Completions

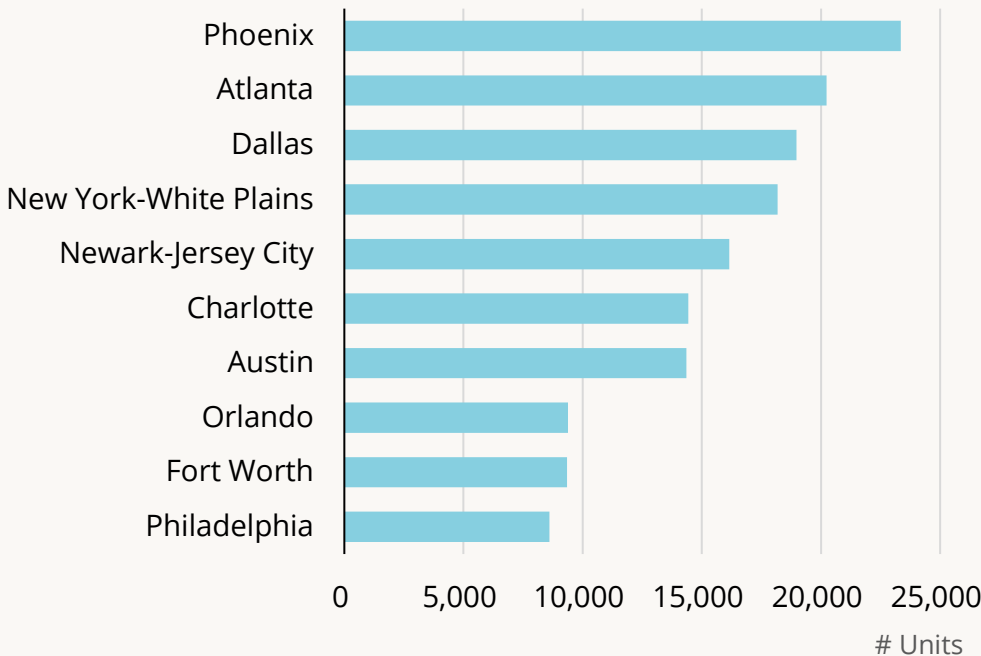


Effective Rents

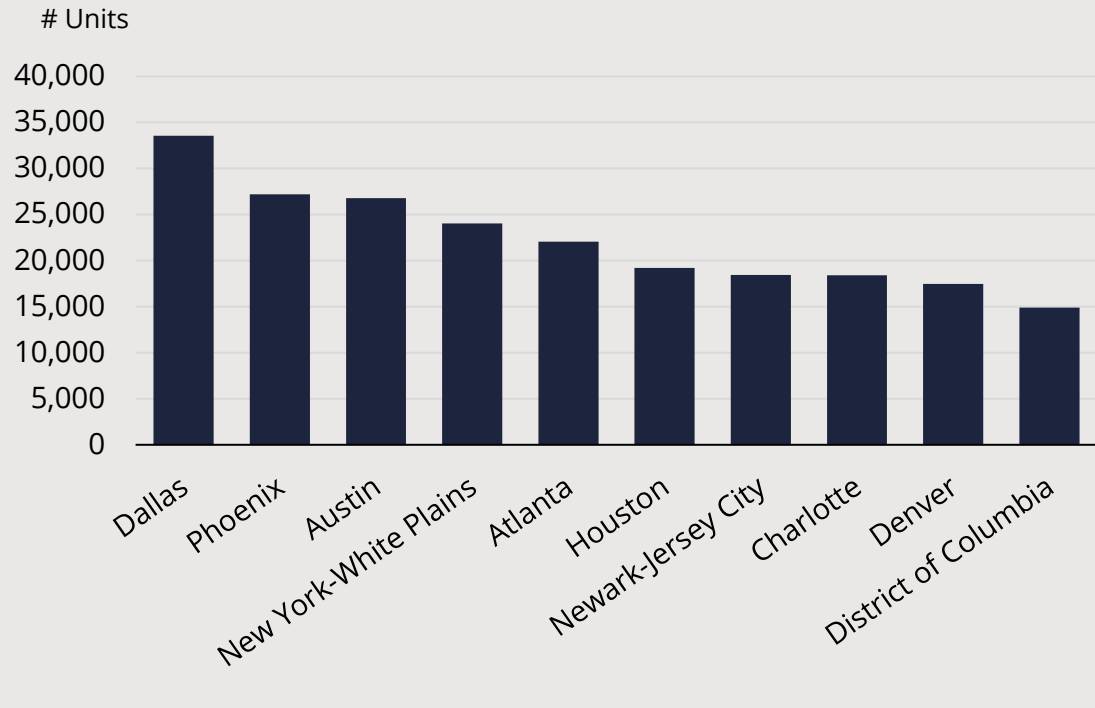
Q4 2025 Mo. Effective Rents



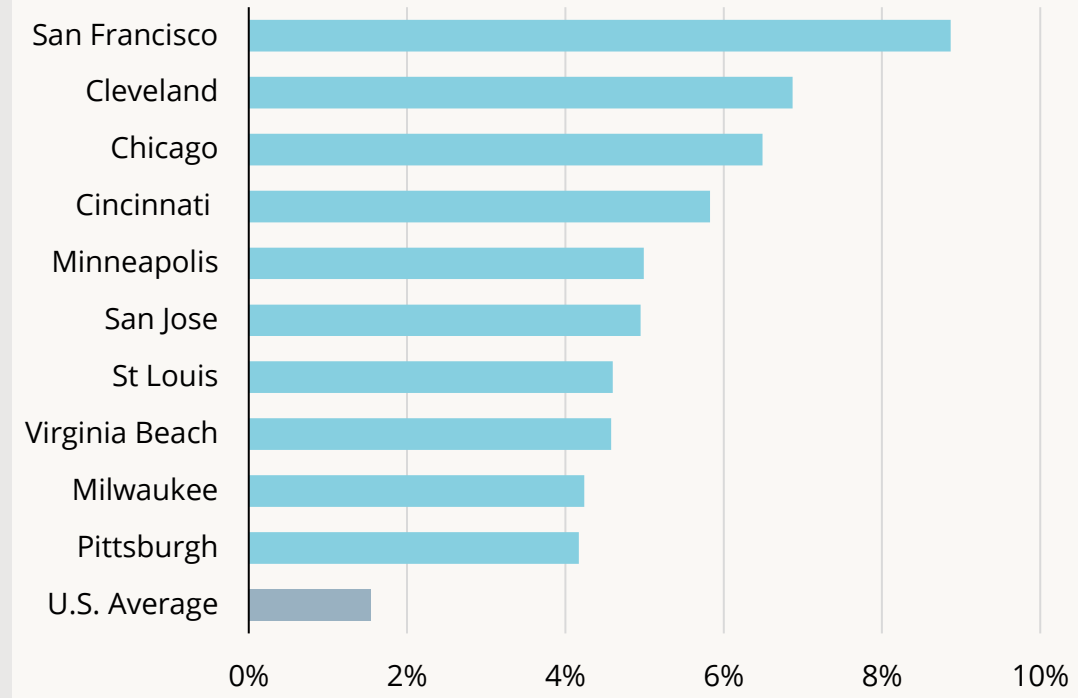
Trailing 4-Qtr Net Absorption



Trailing 4-Qtr Completions

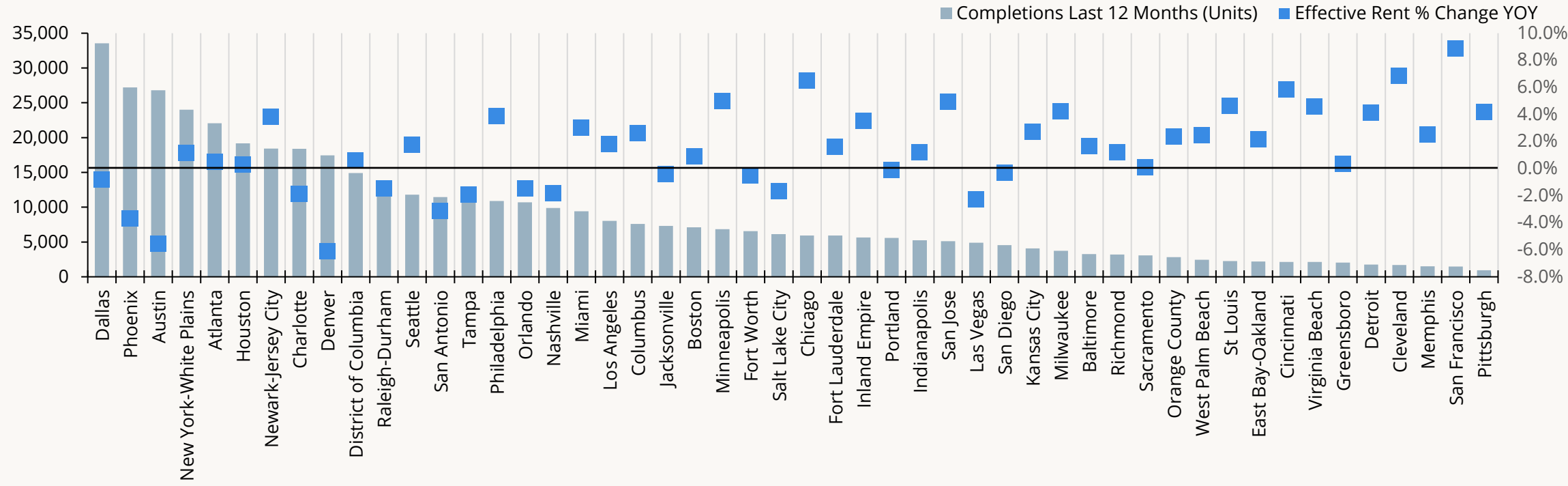


Year-Over-Year Rent Change



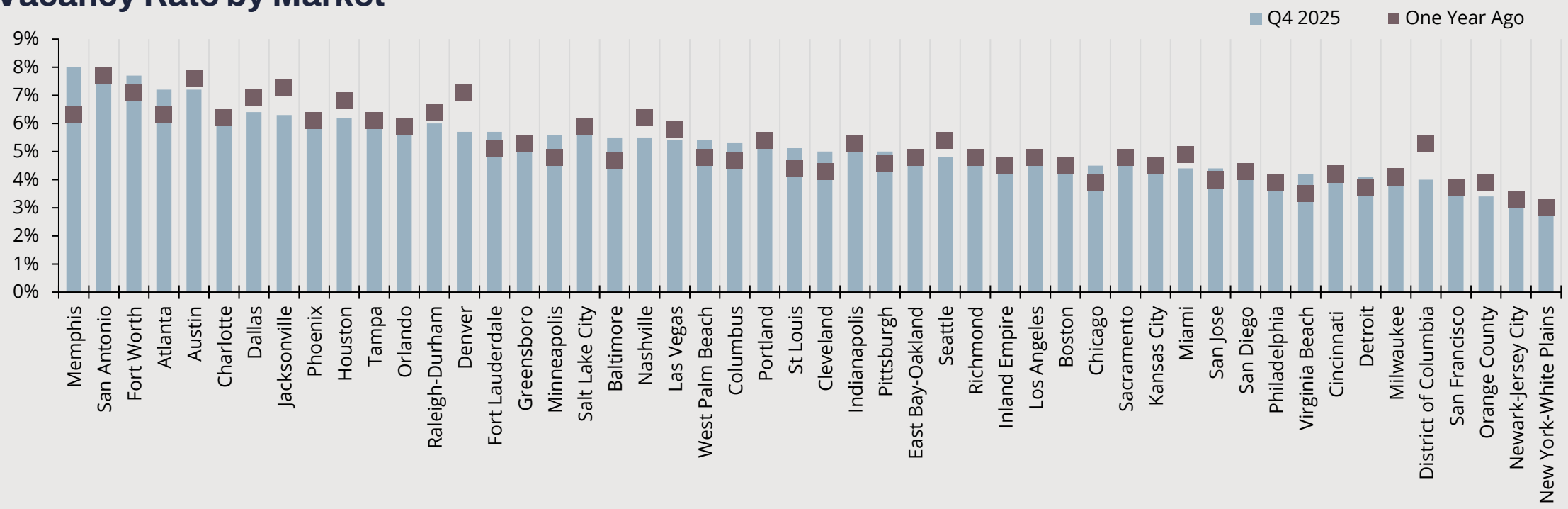
Source: Transwestern Research, RealPage.

Completions and Effective Rent Change by Market



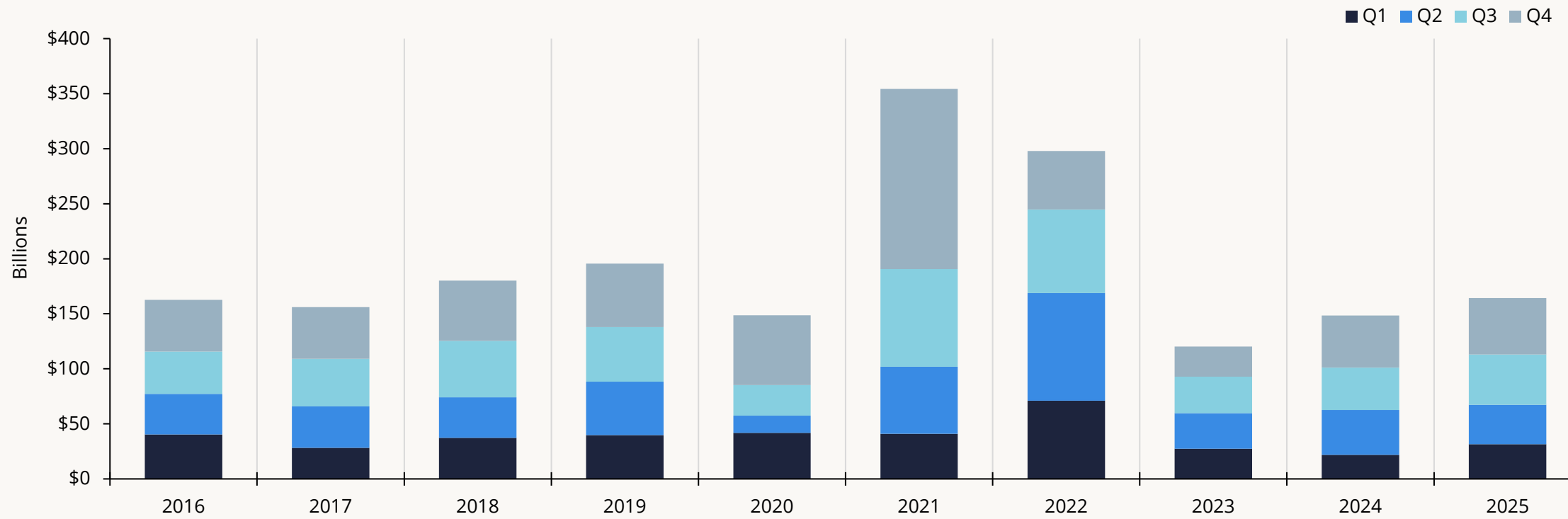
- The average change in effective rents among the top 10 markets with the most completions was -1.2%.
- In total, 16 markets saw a year-over-year decline in effective rent. Austin, Denver, and Phoenix continue to suffer the biggest losses.
- Many sunbelt markets continue to see rental rates decline due to an over-abundance of supply outpacing tenant demand. This increase in development was a response to population growth and in-migration to the region over the last 5-10 years.

Vacancy Rate by Market



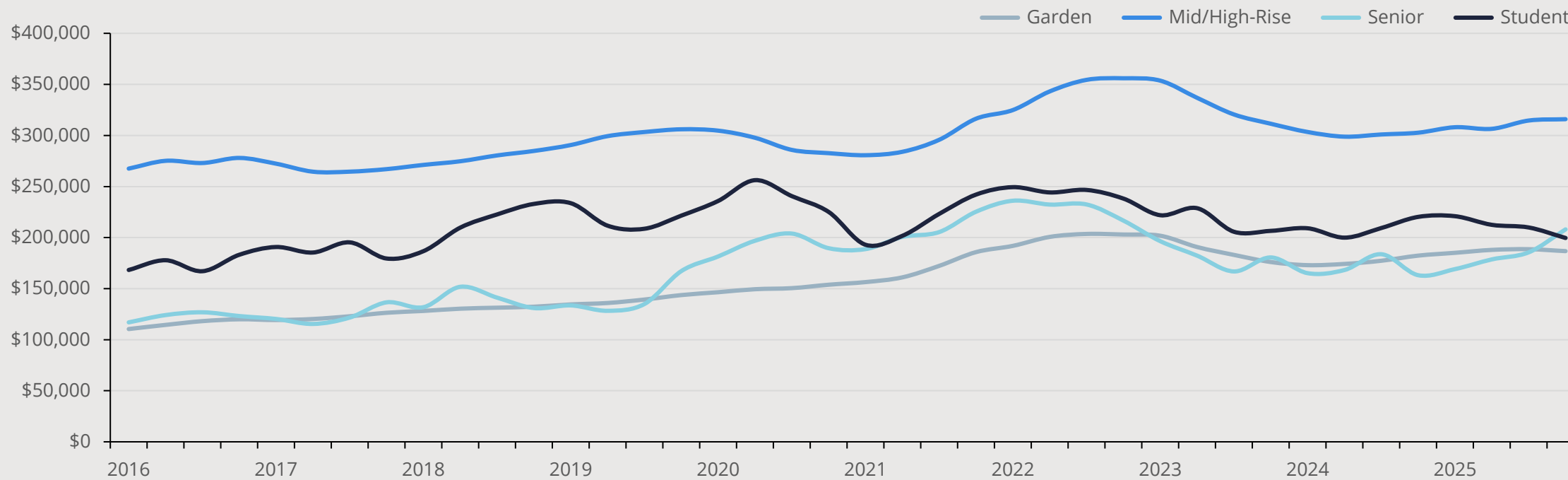
- Across the top 50 MSAs, the tightest markets are New York-White Plains, Newark-Jersey City, and Orange County.
- Denver and the District of Columbia saw the largest year-over-year decreases in vacancy rate at 1.4% and 1.3%, respectively.
- The top 50 MSAs were split, with 21 seeing a decrease in vacancy rates year-over-year, 25 seeing an increase, and 4 with no change.
- The increases and decreases were similar among the next 100 biggest markets, with 42 of them rising over the last year, led by New Haven's 2.6% increase.

Historical Investment Volume



- The U.S. saw about \$164 billion in investment sales volume for 2025, the largest year since 2022. Q4 of 2025 saw over \$51 billion trade, the best sales volume quarter nationally since Q4 of 2022.
- Single asset sales increased 20% year-over-year, while portfolio and entity sales decreased 22% from 2024.
- The largest multifamily sale in 2025 was Naftali Group’s purchase of 800 5th Avenue in New York City for \$810 million (\$3.9 million per unit).
- Deal volume grew across every subtype and metro tier in 2025.

Price Per Unit by Property Type



- Apartment sale prices fell 1.3% in 2025, an improvement from the year prior when 2024 saw a 3.0% decline.
- Senior Housing and Mid/High-Rise saw increases in average price per unit across 2025, while Student Housing had a 9.5% decline year-over-year.
- Dallas was the most active U.S. market for the eleventh-consecutive year behind \$9.6 billion in sales volume across 211 deals.
- Atlanta, Seattle, Los Angeles, and Houston rounded out the top five in 2025, with Seattle seeing a 54% increase in volume from 2024.

Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Monthly Effective Rent	YOY Rent Change
Atlanta	594,750	-416	20,232	3,428	16,643	6.3%	\$1,584	0.5%
Austin	348,537	-230	14,349	3,764	16,964	7.6%	\$1,396	-5.5%
Baltimore	240,055	-886	3,130	79	1,567	4.7%	\$1,749	1.7%
Boston	439,637	-1068	7,905	2,034	8,249	4.5%	\$3,028	0.9%
Charlotte	256,661	247	14,437	2,291	14,510	6.2%	\$1,519	-1.9%
Chicago	768,005	-2788	8,109	1,085	4,216	3.9%	\$2,209	6.5%
Cincinnati	172,252	-703	1,302	513	1,977	4.2%	\$1,499	5.8%
Cleveland	178,689	-420	2,678	232	1,473	4.3%	\$1,406	6.9%
Columbus	216,903	470	8,003	1,864	7,996	4.7%	\$1,387	2.6%
Dallas	744,641	-1852	18,973	4,512	24,190	6.9%	\$1,521	-0.8%
Denver	361,007	-2021	5,529	2,162	11,284	7.1%	\$1,723	-6.1%
Detroit	284,603	-78	2,382	179	1,256	3.7%	\$1,393	4.1%
District of Columbia	704,941	-4998	1,055	1,866	10,687	5.3%	\$2,212	0.6%
East Bay-Oakland	224,793	39	1,274	219	1,149	4.8%	\$2,624	2.1%
Fort Lauderdale	212,805	438	5,783	1,059	4,644	5.1%	\$2,441	1.6%
Fort Worth	248,589	1547	9,342	3,603	8,339	7.1%	\$1,364	-0.6%
Greensboro	115,408	-224	2,173	504	1,849	5.3%	\$1,244	0.4%
Houston	796,817	-3203	6,880	2,743	12,376	6.8%	\$1,360	0.3%
Indianapolis	185,848	-753	2,752	738	3,372	5.3%	\$1,314	1.2%
Inland Empire	202,679	-196	4,248	331	4,240	4.5%	\$2,293	3.5%
Jacksonville	152,261	-645	2,467	695	4,182	7.3%	\$1,432	-0.4%
Kansas City	190,111	-642	3,513	821	3,968	4.5%	\$1,391	2.7%
Las Vegas	240,393	-366	3,144	735	4,384	5.8%	\$1,411	-2.3%
Los Angeles	1,166,607	-3422	6,075	2,318	8,962	4.8%	\$2,849	1.8%
Memphis	112,846	-808	2,969	101	1,108	6.3%	\$1,226	2.5%

Source: Transwestern Research, RealPage.

Market	Inventory	Absorption	Absorption 12-Month	Completions	Completions 12-Month	Vacancy Rate	Monthly Effective Rent	YOY Rent Change
Miami	343,249	718	5,062	2,170	7,066	4.9%	\$2,677	3.0%
Milwaukee	167,891	-524	3,453	351	3,576	4.1%	\$1,674	4.2%
Minneapolis	338,487	-1735	5,515	290	3,131	4.8%	\$1,657	5.0%
Nashville	205,724	-264	6,275	1,553	8,223	6.2%	\$1,581	-1.8%
New York-White Plains	1,976,111	4308	18,174	6,165	25,089	3.0%	\$4,555	1.2%
Newark-Jersey City	588,616	1373	16,151	4,310	16,517	3.3%	\$2,850	3.8%
Orange County	273,084	-505	813	367	2,058	3.9%	\$2,914	2.4%
Orlando	293,491	583	9,380	2,792	9,658	5.9%	\$1,707	-1.5%
Philadelphia	427,811	-964	8,600	1,672	7,714	3.9%	\$1,909	3.9%
Phoenix	457,923	3994	23,349	6,712	24,407	6.1%	\$1,469	-3.7%
Pittsburgh	152,620	-1583	1,115	177	604	4.6%	\$1,635	4.2%
Portland	249,036	-763	2,619	1,071	3,622	5.4%	\$1,730	-0.1%
Raleigh-Durham	213,078	-731	6,010	1,541	7,513	6.4%	\$1,455	-1.5%
Richmond	119,900	235	3,077	740	3,362	4.8%	\$1,570	1.2%
Sacramento	162,979	-391	736	284	2,068	4.8%	\$1,979	0.1%
Salt Lake City	139,802	-295	3,471	703	4,180	5.9%	\$1,498	-1.7%
San Antonio	244,160	-441	7,339	1,414	7,269	7.7%	\$1,155	-3.1%
San Diego	333,726	967	5,140	1,912	5,588	4.3%	\$2,798	-0.3%
San Francisco	254,872	-732	1,595	431	1,439	3.7%	\$3,618	8.9%
San Jose	190,373	-600	4,414	390	3,919	4.0%	\$3,298	5.0%
Seattle	390,270	-2973	4,910	1,285	8,508	5.4%	\$2,279	1.7%
St. Louis	174,467	-591	2,759	370	1,631	4.4%	\$1,389	4.6%
Tampa	300,829	-384	7,749	2,027	8,008	6.1%	\$1,788	-1.9%
Virginia Beach	146,681	100	2,144	377	1,118	3.5%	\$1,612	4.6%
West Palm Beach	132,059	123	2,015	312	1,324	4.8%	\$2,525	2.5%
United States	20,260,023	-40,379	365,919	89,399	409,449	5.2%	\$1,854	1.5%



Primary Author

Spencer Papciak

National Multifamily Research Leader
Research Services

Spencer.Papciak@transwestern.com

404 842 6585

For More Information

Hans Nordby

Executive Managing Director
Research & Investment Analytics

Hans.Nordby@transwestern.com

214 572 9830

Elizabeth Norton

Sr. Managing Director
Research Services

Elizabeth.Norton@transwestern.com

202 775 7026

About the Transwestern Companies

Transwestern is a preeminent, vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$57 billion¹ in assets and have completed or commenced development on more than \$9 billion of real estate projects since 2012. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

¹Includes the Transwestern organization and RIA AUM as of June 30, 2025.

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).