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# Multifamily Roundup | May 2026

**Curated for industry professionals, the Multifamily Roundup is a periodic digest of noteworthy developments, insights, and market shifts shaping the multifamily and affordable housing industry. For more in-depth analysis, visit our Multifamily Matters blog.**

## The Apartment Megamerger That Shows Landlords Are in Trouble – Wallstreet Journal

*Regarding the Avalon Bay and Equity Residential $69 Billion Merger*

"A megamerger agreement last week to create America's largest apartment owner followed years of sluggish industry profits and a rent slowdown. . . . 'Everyone is in that grow or die mode,' according to Jonathan Morgan, co-chief executive of Morgan Properties, the country's second-largest apartment owner. . . . AvalonBay and Equity Residential expect to save $175 million in costs within 18 months after the merger closes later this year. . . . The combined firm will be by far the largest apartment owner in the market with more than 180,000 units across the country, surpassing the current leader Greystar Real Estate Partners, which has about 119,000 units. . . . In an era of weak landlord pricing power, this merger is the latest in a series of deals as these firms seek scale and greater efficiencies to survive." **Key takeaway:** Scale is survival in a softening rental market.

## Bond Market Heads Toward Crash, Signaling Warning for Lending – Globe Street

A sharp selloff in the bond market is pushing yields higher, signaling increased risk and tighter financial conditions that are likely to constrain lending activity across real estate and broader credit markets. As borrowing costs rise and volatility increases, lenders are becoming more cautious, which could further slow deal flow and refinancing despite already strained capital conditions. **Key takeaway:** Rising yields are tightening the credit spigot.


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**Top Economists Warn of up to 6% Inflation by Fall – Globe Street**

Rising inflation expectations—potentially reaching 5-6%—alongside higher Treasury yields, energy costs, and geopolitical uncertainty are increasing the risk of slower growth and tighter financial conditions. These pressures could dampen real estate performance by raising borrowing costs, reducing deal activity, and heightening the risk of an economic slowdown or contraction. **Key takeaway:** Resurgent inflation is putting CRE back on the defensive.

**The Next Fed Chair: What Multifamily Investors Should Know Before the Headlines Hit – RSN Property Group**

While the Fed chair does not unilaterally set interest rates, they exert significant influence over policy direction by shaping consensus, communication, and meeting agendas. A more dovish chair could support multifamily investment through lower borrowing costs, stronger asset values, and cap rate compression. However, outcomes are not determined solely by the Fed, as bond markets, inflation expectations, and investor confidence ultimately drive long-term rates that matter most for real estate. Leadership changes alone won't override broader macroeconomic forces, meaning investors should temper expectations for rapid rate relief. **Key takeaway:** The Fed chair influences direction, but multifamily performance is ultimately driven by broader market forces.

**How Capital Rotation Repriced Newly Built Multifamily – Globe Street**

The pullback of core and core‑plus capital from multifamily has inverted traditional pricing dynamics, with newer Class A assets trading at higher cap rates than older value‑add properties as value‑add investors dominate bidding. This shift is pressuring developers and recent lease‑ups, forcing them to accept lower valuations or delay exits until long‑term capital returns and restores pricing norms. **Key takeaway:** When core capital exits, value‑add investors reset the market.


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**Debt-for-Equity Exchanges: What to Consider When Your Lender Becomes Your Partner – Geoff White, Andrew Botts, Josh Brock | FBT Gibbons**

Debt-for-equity exchanges are emerging as a key tool for resolving distressed CRE loans, but when lenders become equity partners, the transaction effectively turns into a complex joint venture requiring upfront agreement on valuation, control, governance, and exit rights. The success of these deals depends on aligning incentives early, as issues like ownership structure, management roles, and legacy liabilities are not secondary details but fundamental to the outcome. **Key takeaway:** When lenders become partners, the workout becomes a full-fledged JV.

**Urban Multifamily Development: The Ultimate Love-Hate Relationship – Brad Butler, Multifamily & Affordable Housing Business**

Urban multifamily development works best for experienced sponsors who can manage complexity — because while demand, capital, and long-term fundamentals are strong, the combination of cost, regulation, and execution risk makes successful deals highly dependent on disciplined underwriting and expertise.

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## Multifamily Matters Blog

**Providing relevant legal perspectives to keep developers, investors, and lenders at the forefront of the multifamily industry in our footprint.**

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