Multifamily Roundup | August 2026

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Rent Growth Recovery In Multifamily Will Take Until 2030s

Yardi Matrix forecasts that multifamily rent growth will remain subdued for several more years, with national rents expected to increase only 1.4% in 2026 and not return to a more typical growth rate of approximately 3.5% until the early 2030s. The primary challenge is an oversupply of apartments in several Sunbelt and high-growth markets, including Austin, Phoenix, Denver, San Antonio, and parts of Southwest Florida, where rent growth remains flat or negative as new deliveries outpace demand. Despite these headwinds, some markets with limited new construction and stable demand, such as Honolulu, Scranton-Wilkes-Barre, and South Bend, are projected to achieve stronger rent growth of 5% to 6% in 2026. Yardi expects overbuilt markets to begin recovering around 2028 as excess inventory is absorbed, followed by a period of above-average rent growth in the early 2030s.

Key takeaway: The multifamily sector is experiencing a prolonged supply-driven slowdown rather than a decline. Investors who can navigate the next few years of modest rent growth may benefit from stronger rent increases in the early 2030s as excess apartment supply is absorbed and market fundamentals normalize.

Multifamily Rents Grew in July, Buoyed by Sun Belt: Yardi

According to Yardi Matrix, multifamily rents continued to rise in July 2026, with the average advertised rent increasing $4 month over month to $1,771 and posting a modest 0.2% year-over-year gain. Demand for apartments remains healthy despite elevated levels of new supply, helped by slowing apartment completions and persistently high mortgage rates that make homeownership less affordable. While concessions remain elevated and economic uncertainties such as inflation, borrowing costs, and geopolitical tensions continue to weigh on the market, Yardi's outlook for multifamily remains "cautiously positive." The report also found that several Sun Belt and Mountain West markets are beginning to recover from supply-driven rent declines, though cities such as Austin, Denver, Phoenix, Tampa, and Houston continue to report negative annual rent growth.

Key takeaway: The multifamily market is showing signs of stabilization and recovery, particularly in previously overbuilt Sun Belt markets. Although rent growth remains modest and regional disparities persist, strong renter demand and slowing new supply suggest improving fundamentals for the sector over the coming years.

Exploring the Potential Of Mixed-Income Multifamily Housing

A new Urban Institute study highlights mixed-income multifamily housing as a promising approach to addressing three major housing challenges: supply, affordability, and access to opportunity. Using Massachusetts as a case study, the report found that mixed-income developments, which combine market-rate and below-market-rate units, accounted for nearly 60% of large multifamily communities and 65% of new residential units completed in the five years leading up to 2026. The study also found that these developments are more likely to be located in high-opportunity neighborhoods with stronger access to jobs, education, and economic mobility, providing meaningful benefits for lower-income residents. While mixed-income housing contributes significantly to affordable housing production, the report emphasizes that it should complement, rather than replace, fully affordable housing initiatives.

Key takeaway: Mixed-income housing can be an effective tool for expanding housing supply, increasing affordability, and providing lower-income households with access to higher-opportunity communities. However, the most successful housing strategy combines mixed-income development with continued investment in fully affordable housing and policies that encourage broader housing production.

Multifamily Absorption Hits Near-Record Pace in First Half of 2026

Multifamily demand reached a near-record pace in the first half of 2026, with apartment absorption totaling 279,000 units, the second-highest level on record and more than double the long-term average. Strong renter demand is being driven in part by the high cost of homeownership, which remains significantly more expensive than renting, causing many households to remain renters longer. At the same time, multifamily construction activity is slowing as rising development costs and tighter financing make new projects more difficult to start, helping the market gradually work through the large supply wave delivered between 2022 and 2024. While rents remain soft in some markets, declines are moderating, and Newmark expects rent growth to return to positive territory by the fourth quarter of 2026.

Key takeaway: The multifamily market is moving toward a healthier supply-demand balance as exceptionally strong renter demand coincides with a slowdown in new development. Investors may benefit from improving fundamentals, but success will increasingly depend on selecting markets where supply pressures are easing and demand remains strong.

The Growing Role of 721 Exchanges in Multifamily Deals

The article explains the growing popularity of 721 exchanges as an alternative to traditional 1031 exchanges for multifamily and commercial real estate owners seeking tax deferral while reducing direct property ownership responsibilities. In a 721 exchange, a property owner contributes real estate to a partnership, fund, or REIT in exchange for ownership units, allowing the investor to diversify holdings without immediately recognizing capital gains. The structure is gaining traction as more private REITs, real estate funds, and wealth managers incorporate it into long-term investment and estate-planning strategies. While 721 exchanges can offer diversification, succession-planning benefits, and relief from active management, investors must carefully evaluate the sponsoring partnership, including its strategy, governance, leverage, and liquidity provisions.

Key takeaway: 721 exchanges are becoming an increasingly attractive option for multifamily owners who want to defer taxes, diversify away from a single property, and transition to a more passive real estate investment strategy. However, the success of the transaction depends less on the exchanged property itself and more on the quality, structure, and management of the partnership or fund receiving it.

Equity Hurdles Slow Multifamily Transactions Even as Debt Flows

Despite ample debt capital being available for multifamily transactions, securing equity has become the primary challenge slowing deal activity across the sector. Industry leaders speaking at GlobeSt.'s Multifamily Owners Summit noted that investors have become increasingly selective, requiring stronger underwriting, clearer return projections, and more differentiated investment opportunities before committing capital. While many firms have raised significant amounts of capital, deploying it has been difficult because relatively few deals meet investors' heightened expectations. Affordable housing remains a notable exception, with strong demand for tax-exempt financing and capital sources allowing transactions to close more efficiently than in the conventional multifamily market.

Key takeaway: The multifamily market is not suffering from a lack of capital; rather, it is facing an equity bottleneck. Investors are demanding higher-quality, more compelling opportunities, meaning the deals that succeed are those with clear differentiation, strong fundamentals, and a convincing path to returns.

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