Multifamily Rents Rise Slightly as New Construction Slows

▲ 4.7%	▼ 89,500	▲ 63,900	▲ +1.5%	▲ $112.3B
Vacancy Rate	Completions (units)	Net Absorption (units)	Rent Growth	Investment Volume

Notes: Arrows indicate year-over-year change.
Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

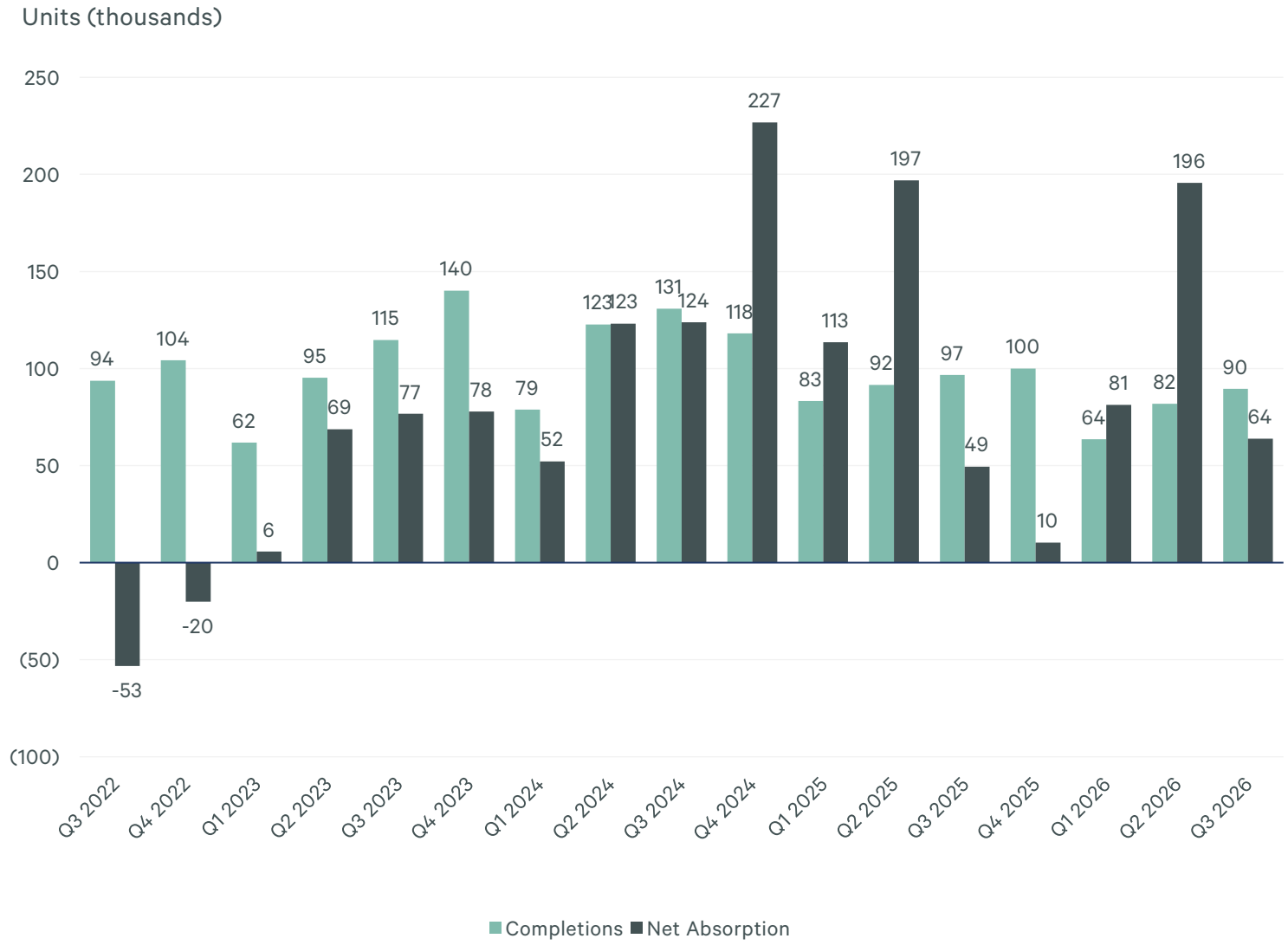
Executive Summary

- The overall multifamily vacancy rate rose by 20 basis points (bps) in Q3 to 4.7%, as completions outpaced net absorption for the first time since Q4 2025.
- Net absorption totaled 63,893 units in Q3, up from 49,464 a year ago and bringing the year-to-date total to 340,800 units.
- Average monthly rent increased by 1.5% year-over-year in Q3 and 0.9% quarter-over-quarter to $2,284.
- Construction completions totaling 89,540 units fell by 7% year-over-year in Q3.
- Multifamily investment volume rose by 140% year-over-year in Q3 to $112.3 billion due to a $69.6 billion entity-level transaction. Excluding that deal, volume was down by 8.7%.
- Individual asset sales declined by 15% to $32.7 billion, while portfolio sales increased by 20.7% to $10 billion.

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Figure 1
Q3 construction completions outpace absorption

- Total net absorption of 63,893 units in Q3 was notably more than the 49,464 absorbed a year ago.
- Year-to-date net absorption of 340,800 units was down by 5% from Q3 2025 but up by 39% from the 2015–2019 average of 244,300 units.
- Construction completions outpaced absorption in Q3. Over the past four quarters, however, absorption of 351,100 units exceeded completions of 335,000 units, and the overall vacancy rate declined by 10 bps year-over-year.
- Absorption is expected to decrease further in coming quarters as completions continue to slow.

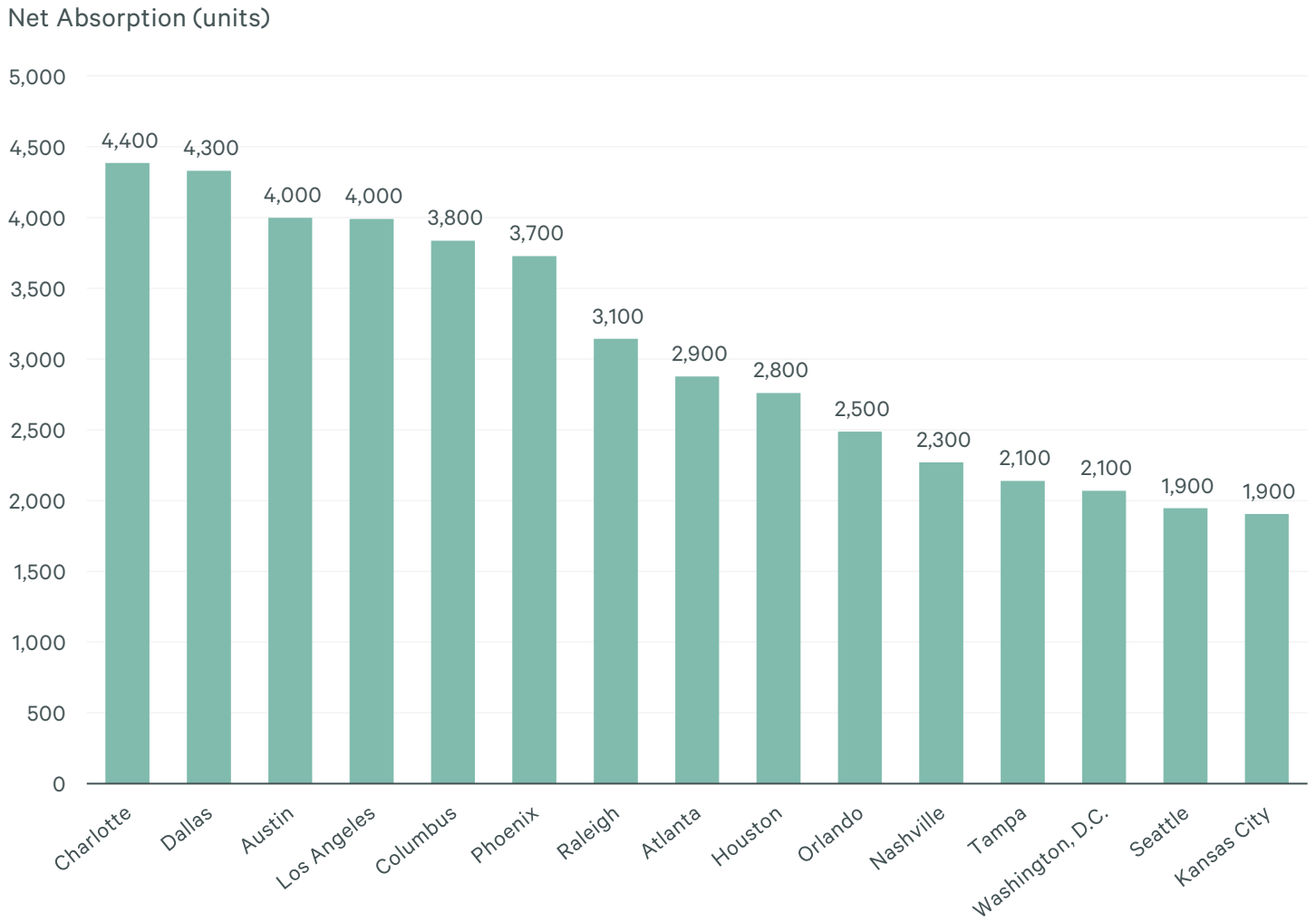


Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 2
Top 15 markets for net absorption

- Net absorption was positive in 60 of the 69 markets tracked by CBRE in Q3, down from all 69 in Q2. Charlotte led with 4,400 units, followed by Dallas (4,300) and Austin (4,000).
- Over the past four quarters, all 69 markets recorded positive net absorption.
- Markets with the highest absorption rates as a percentage of total inventory over the past four quarters were Charlotte (4.8%), Columbus (4.8%) and Austin (4.2%).



Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 3
Supply boom nears end

- Eighteen of the top 20 markets for new construction completions had positive net absorption in Q3. New York and Chicago were the exceptions.
- There were 559,400 units under construction in Q3, representing 3% of existing inventory. New York had the largest construction pipeline with 55,700 units, followed by Dallas (31,000) and Houston (24,000).
- Construction completions continued to decline in most markets as the 2023–2025 supply boom nears its end. Elevated interest rates and construction costs are expected to moderate new construction starts through 2027.

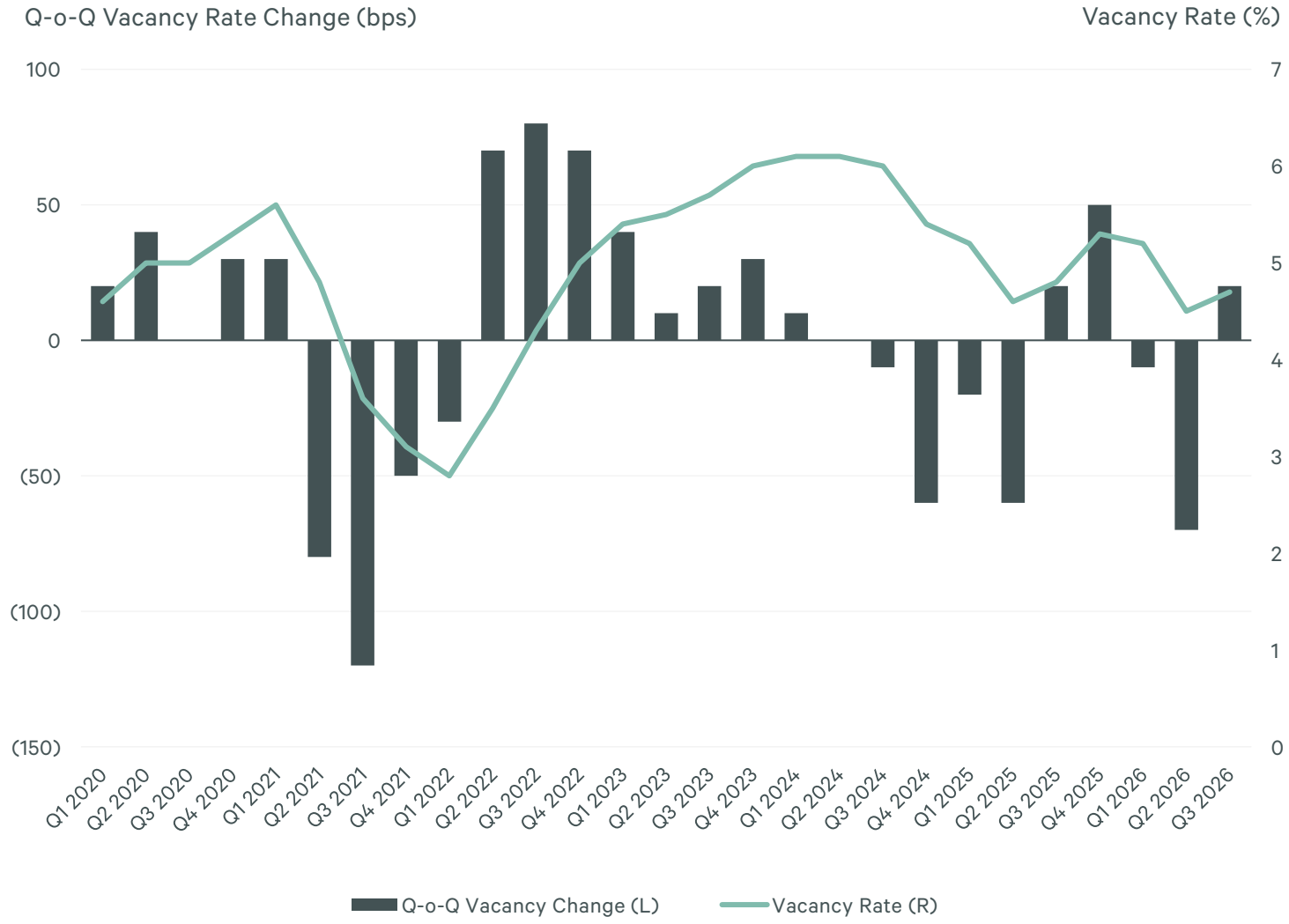
		Trailing 4-quarters as of Q3 2026		Q3 2026		As % of Inventory	
Rank by Annual completions	Market	Completions	Net Absorption	Completions	Net Absorption	Completions	Net Absorption
	Sum of Markets	335,000	351,100	89,500	63,900	1.8	1.9
1	New York	36,500	47,100	6,200	(2,000)	1.4	1.9
2	Dallas	17,500	18,000	2,700	4,300	2.6	2.7
3	Charlotte	13,000	11,100	5,100	4,400	5.9	5.1
4	Phoenix	12,700	13,500	4,500	3,700	3.0	3.2
5	Austin	12,200	13,900	2,500	4,000	3.8	4.4
6	Atlanta	11,900	12,100	2,300	2,900	2.3	2.3
7	Houston	11,500	10,100	4,000	2,800	1.6	1.4
8	Columbus	11,300	9,900	4,000	3,800	5.8	5.0
9	Los Angeles	11,100	9,700	4,200	4,000	1.0	0.8
10	Boston	10,700	8,900	3,400	1,600	2.0	1.6
11	Washington, D.C.	9,800	7,300	1,700	2,100	1.4	1.1
12	Miami	9,300	9,300	1,900	700	2.7	2.7
13	Seattle	8,800	8,000	2,600	1,900	1.9	1.8
14	Tampa	8,000	7,600	1,700	2,100	2.7	2.5
15	Orlando	7,500	7,000	3,000	2,500	2.7	2.5
16	Raleigh	6,800	6,900	3,200	3,100	3.7	3.8
17	Denver	6,500	7,300	1,300	0	1.7	1.9
18	San Diego	6,400	6,100	1,000	100	2.0	1.9
19	Chicago	6,200	2,600	1,300	(4,200)	0.8	0.3
20	Kansas City	6,200	5,700	2,100	1,900	3.5	3.2

Note: All ratios based on unrounded figures of four-quarter totals.
Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 4
Vacancy rate rises to 4.7%

- The overall vacancy rate rose by 20 bps in Q3 to 4.7% as construction completions outpaced net absorption.
- Vacancy rates increased quarter-over-quarter in 38 of 69 markets.
- Vacancy rates increased the most in Madison, WI (110 bps), followed by Honolulu (100 bps) and Albuquerque (90 bps).
- Norfolk had the lowest vacancy rate at 2.5%, followed by San Jose at 2.7% and Hartford and El Paso at 3.0% each.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 5
Vacancy rates by asset class

- The average vacancy rate for all three asset classes increased in Q3. Class A increased by 10 bps to 4.6%, Class B by 20 bps to 4.7% and Class C by 10 bps to 4.6%.
- Vacancy rates for Class A and Class C assets in Q3 were each 60 bps below their 2011-2019 annual averages, while Class B rates were 20 bps below their pre-pandemic average.

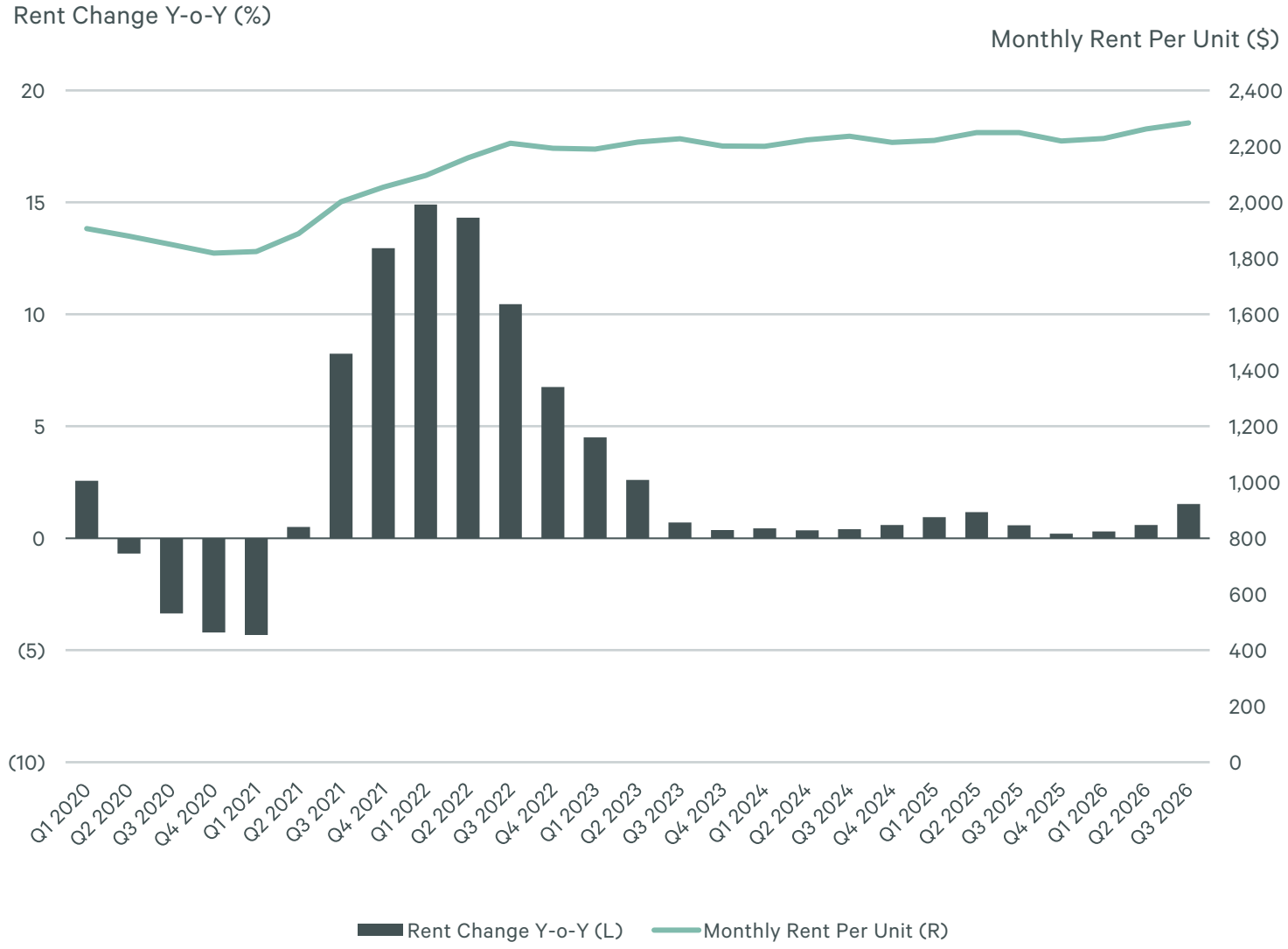


Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 6
Average monthly rent increases by 1.5%

- Average monthly rent increased by 1.5% year-over-year and 0.9% quarter-over-quarter to $2,284.
- Class A and Class B rents grew by 1.8% each year-over-year, while Class C rents had no change.



Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 7
Rent growth by region

- The Pacific region led the nation in year-over-year rent growth with 2.6%, followed by the Northeast (2.3%), Midwest (2.1%) and Southeast (0.5%)..
- The Mountain region recorded a 1.4% year-over-year rent decrease, followed by the South Central region with a 1.2% loss. Twenty-one markets had year-over-year rent decreases in Q3, down from 32 in Q2.
- San Francisco led all markets for year-over-year rent growth at 15.4%, significantly outpacing the next-strongest markets, San Jose (8.6%) and Norfolk (6.6%).
- Markets with the largest year-over-year declines in average rent were San Antonio (-3.5%), Denver (-2.9%) and Charlotte (-2.0%).

Market	Q3 2026 Y-o-Y (%)	Q3 2025 Y-o-Y (%)	Chg vs. Q3 2025 (bps)
ALL MARKET			
Sum of Markets	**1.5**	**0.6**	**95.0**
PACIFIC			
Region	**2.6**	**0.9**	**170**
San Francisco	15.4	6.7	867.0
San Jose	8.6	3.4	518.0
Oakland	6.1	1.9	417.0
Honolulu	5.0	0.7	430.0
Riverside	2.1	-1.0	313.0
Orange County	1.9	1.5	39.0
San Diego	1.0	-1.4	245.0
Sacramento	0.9	-1.6	241.0
Seattle	0.2	1.2	-98.0
Los Angeles	-0.5	0.3	-80.0
Ventura	-0.6	-1.0	37.0
Portland	-1.0	-0.9	-3.0
MOUNTAIN			
Region	**-1.4**	**-4.9**	**355**
Tucson	1.0	-3.8	482.0
Salt Lake City	0.9	-1.6	246.0
Albuquerque	-0.3	-0.7	40.0
Colorado Springs	-0.4	-5.3	498.0
Las Vegas	-0.8	-3.2	239.0
Phoenix	-1.3	-5.0	368.0
Denver	-2.9	-7.1	422.0

Market	Q3 2026 Y-o-Y (%)	Q3 2025 Y-o-Y (%)	Chg vs. Q3 2025 (bps)
SOUTH CENTRAL			
Region	**-1.2**	**-2.8**	**163**
El Paso	3.2	0.2	298.0
Oklahoma City	1.4	0.4	102.0
Tulsa	1.4	1.3	7.0
Corpus Christi	0.6	-1.8	233.0
Austin	-0.8	-7.0	617.0
Dallas	-0.9	-2.9	205.0
Fort Worth	-1.2	-1.6	44.0
Houston	-1.9	-1.5	-39.0
San Antonio	-3.5	-4.6	109.0
SOUTHEAST			
Region	**0.4**	**-0.8**	**128**
Norfolk	6.6	2.2	447.0
West Palm Beach	3.4	0.1	337.0
Miami	1.7	0.3	146.0
Jacksonville	1.3	-1.6	297.0
Richmond	1.0	1.0	-1.0
Birmingham	0.9	0.0	89.0
Greenville	0.7	0.8	-15.0
Lexington	0.7	3.6	-292.0
Memphis	0.5	-0.7	121.0
Raleigh	0.3	-1.8	210.0
Fort Lauderdale	0.1	-0.7	82.0
Atlanta	0.1	-1.3	141.0
Louisville	0.0	-0.8	78.0
Orlando	-0.4	-2.9	252.0
Greensboro	-0.7	-0.9	14.0
Nashville	-0.9	-2.1	111.0
Tampa	-1.7	-0.3	-143.0
Charlotte	-2.0	-1.9	-10.0

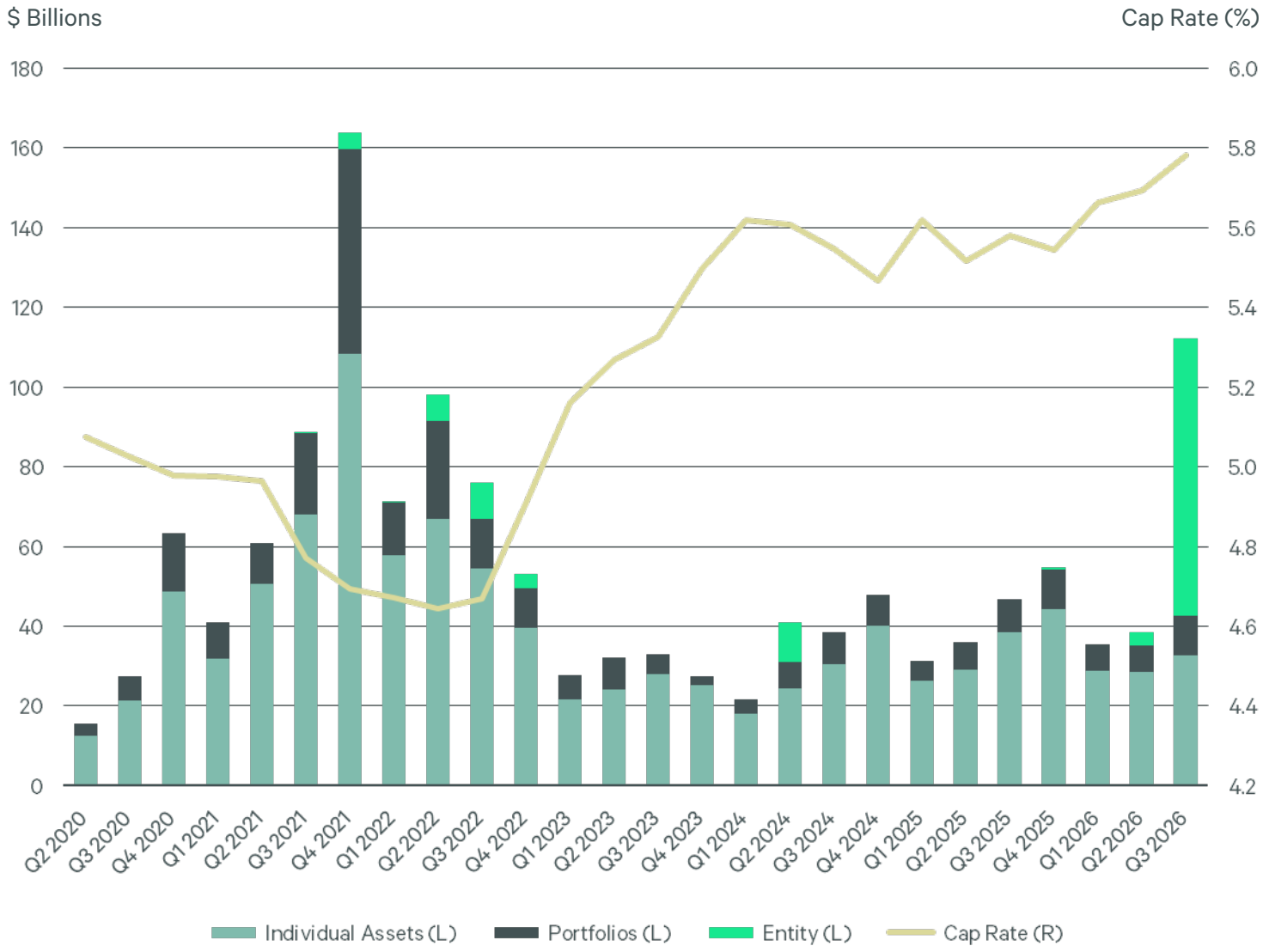
Market	Q3 2026 Y-o-Y (%)	Q3 2025 Y-o-Y (%)	Chg vs. Q3 2025 (bps)
MIDWEST			
Region	**2.1**	**2.7**	**-62**
Milwaukee	4.6	1.5	309.0
Chicago	2.8	4.6	-182.0
Cleveland	2.8	1.5	127.0
St. Louis	2.5	1.5	108.0
Minneapolis	2.1	2.7	-58.0
Kansas City	2.0	2.1	-13.0
Detroit	2.0	1.2	78.0
Dayton	1.6	3.2	-162.0
Indianapolis	1.5	0.5	101.0
Columbus	0.8	1.4	-61.0
Cincinnati	0.8	2.9	-213.0
Omaha	0.6	2.9	-231.0
Madison, WI	-0.2	2.2	-246.0
NORTHEAST			
Region	**2.3**	**2.2**	**11**
New York	3.3	2.7	64.0
Long Island	3.2	2.9	30.0
Hartford	2.3	2.6	-31.0
Philadelphia	2.0	2.0	-2.0
Pittsburgh	1.7	3.5	-176.0
Baltimore	1.6	0.7	93.0
Providence	1.2	5.0	-385.0
Boston	0.7	1.2	-48.0
Newark	0.6	3.3	-270.0
Washington, D.C.	-0.6	0.4	-104.0

Note: Based on effective same-store rents.
Source: CBRE Research, CBRE Econometric Advisors, Q3 2026.

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Figure 8
Quarterly investment jumps by 140%

- Multifamily investment volume rose by 140% year-over-year in Q3 to $112.3 billion, driven by the $69.6 billion merger of Avalon Bay and Equity Residential.
- Excluding the Avalon Bay/Equity Residential entity-level transaction, Q3 volume fell by 8.7% year-over-year to $42.7 billion, while year-to-date volume increased by 2% to $116.5 billion. We expect sales volume to finish 2026 at $173.9 billion (excluding the Avalon/Equity deal), up by 3% over last year.
- Individual asset sales declined by 15% to $32.7 billion, while portfolio sales increased by 20.7% to $10 billion.
- The average multifamily cap rate increased by 20 bps year-over-year to 5.8%.



Source: CBRE Research, CBRE Econometric Advisors, MSCI Real Assets, Q3 2026.

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Figure 9
Top markets for investment volume

- The Avalon Bay/Equity Residential merger drove significant transaction volume in the major coastal metros, where most of the combined portfolio assets are located.
- Los Angeles led Q3 investment volume with $15.4 billion, followed by New York ($11.5 billion) and the San Francisco Bay Area ($11.4 billion).
- New York led all markets in multifamily investment volume over the past four quarters with $26.9 billion, followed by Los Angeles ($22 billion) and the San Francisco Bay Area ($17.7 billion).
- Washington, D.C. had the biggest trailing-four-quarter percentage increase among the top 20 markets at 292%, followed by Los Angeles (147%) and Boston (117%). San Diego had the largest quarter-over-quarter increase at 764%.
- Trailing four-quarter volume declined in five of the top 20 markets: Orlando (-38.4%), Charlotte (-26.2%), Phoenix (-9.8%), Minneapolis (-7.4%) and Houston (-5.1%).
- Annual investment volume for the six gateway markets of New York, Boston, Chicago, Los Angeles, San Francisco and Washington, D.C. totaled $101.8 billion, accounting for 42% of total U.S. multifamily investment volume.

	Market	Trailing-4-Quarter Investment ($B)	YoY Change (%)	% of Total	Cumulative % Total	Q3 2026 Investment ($B)	YoY Change (%)
	U.S. Total	240.9	48.6			112.3	140.1
1	New York Metro	26.9	100.7	11.2	11.2	11.5	184.0
2	Greater Los Angeles	22.0	147.0	9.1	20.3	15.4	379.7
3	San Francisco Bay Area	17.7	99.9	7.4	27.7	11.4	343.2
4	Greater Washington D.C.	17.2	291.9	7.1	34.8	10.6	605.4
5	Dallas-Ft. Worth	10.5	4.9	4.4	39.2	4.0	93.9
6	Seattle	10.0	60.9	4.1	43.3	7.0	235.7
7	Boston	10.8	116.5	4.5	47.8	7.2	344.5
8	Atlanta	9.2	68.9	3.8	51.6	3.9	134.9
9	Miami-South Florida	8.8	59.3	3.7	55.3	4.1	92.9
10	Chicago	7.2	58.9	3.0	58.3	1.8	46.7
11	Houston	4.6	-5.1	1.9	60.2	0.9	-46.8
12	Denver	4.7	17.8	1.9	62.1	3.0	216.0
13	San Diego	5.5	83.2	2.3	64.4	3.5	764.3
14	Phoenix	3.9	-9.8	1.6	66.0	0.8	-45.6
15	Austin	4.3	61.4	1.8	67.8	1.8	81.2
16	Charlotte	2.4	-26.2	1.0	68.8	1.0	43.3
17	Orlando	1.9	-38.4	0.8	69.6	0.5	-67.7
18	Minneapolis	2.2	-7.4	0.9	70.5	0.5	-32.9
19	Raleigh-Durham	2.7	53.0	1.1	71.6	1.0	161.7
20	Philadelphia	2.2	6.5	0.9	72.5	0.3	8.6

Source: CBRE Research, CBRE Econometric Advisors, MSCI Real Assets, Q3 2026.

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