Strong Q2 Absorption Drives Down Multifamily Vacancy Rate

▲ 4.3%	▼ 77,700	▼ 167,500	▼ +0.5%	▼ $34.9B
Vacancy Rate	Completions (units)	Net Absorption (units)	Rent Growth	Investment Volume

Notes: Arrows indicate year-over-year change.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Executive Summary

- The overall multifamily vacancy rate fell by 50 basis points (bps) quarter-over-quarter to 4.3%, just 10 bps higher than a year ago.
- Net absorption of 167,000 units in Q2 outpaced construction completions for the second consecutive quarter but was down from 191,000 units a year ago.
- All 69 markets tracked by CBRE recorded positive net absorption in Q2, up from 65 in Q1.
- Average monthly rent increased by 0.5% year-over-year and 1.5% quarter-over-quarter in Q2 to $2,257. The quarterly increase is consistent with typical pre-pandemic seasonality.
- Construction completions totaling 77,700 units fell by 14% year-over-year in Q2 and are expected to further decline through year-end.
- Multifamily investment volume fell by 2.7% year-over-year in Q2 to $34.9 billion. Individual property sales declined by 10.4% to $26 billion, while portfolio sales decreased by 19% to $5.6 billion. Those declines were partially offset by $3.4 billion in entity-level transactions, up from zero a year ago.

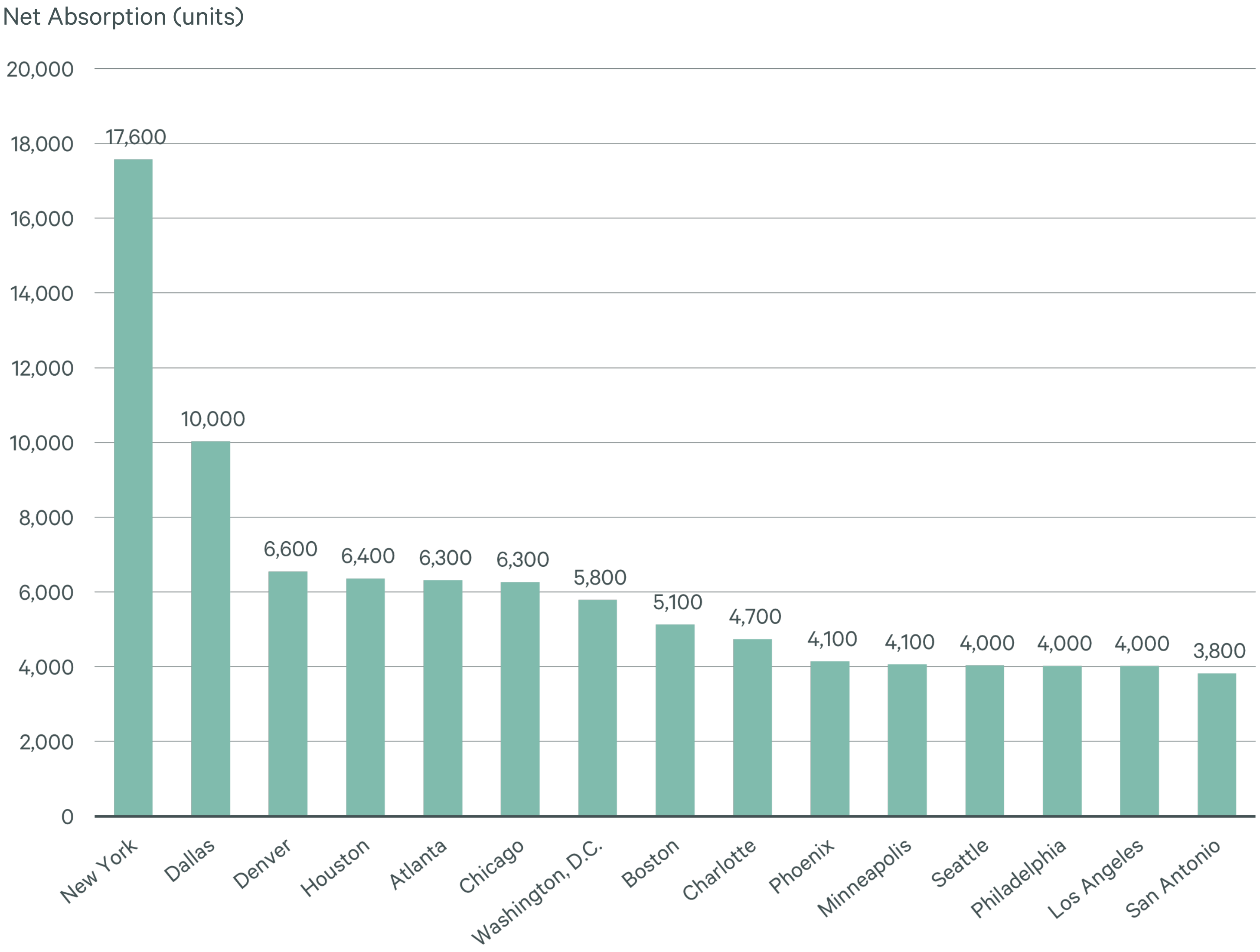
Figure 1
Absorption outpaces new completions

- Total net absorption of 167,500 units in Q2 was nearly double the 84,300 units absorbed in Q1 but down from the 191,000 absorbed in Q2 2025.
- Absorption outpaced new construction completions for the second consecutive quarter. Over the past four quarters, completions outstripped demand by 15%.
- Job creation is expected to support demand later this year as the labor market improves.

Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 2
Top 15 markets for net absorption

- All 69 markets tracked by CBRE had positive net absorption in Q2, up from 65 in Q1. New York led with 17,600 units absorbed, followed by Dallas (10,000) and Denver (6,600).
- All 69 markets also recorded positive net absorption over the past four quarters. New York again led with 37,400 units, followed by Dallas (16,300) and Charlotte (13,300).
- Birmingham had the largest rebound from negative net absorption in Q1 with 635 units. It was followed by Omaha (587), Corpus Christi (328) and Lexington (206).



Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 3
Demand outstrips new supply

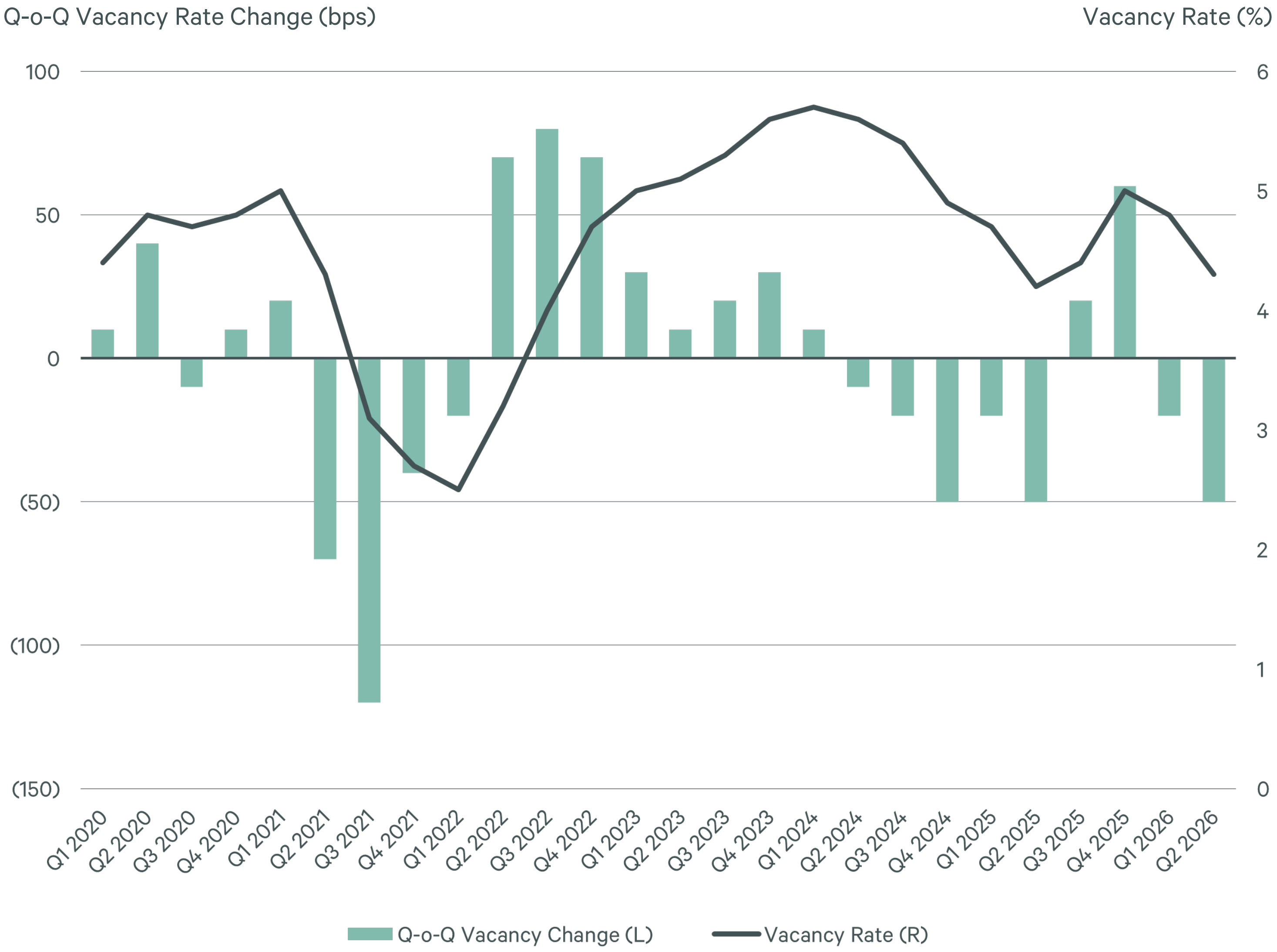
- Sixty-eight markets saw net absorption exceed construction completions in Q2, up from 47 in Q1 and three in Q4 2025.
- All the top 20 markets for new supply saw more absorption than completions in Q2. The top 20 accounted for 68% of national completions and 65% of total net absorption.
- All the top 20 markets for new completions had positive net absorption for the second consecutive quarter.
- Sun Belt markets continued to outperform with the highest absorption rates as a percentage of total inventory. Charlotte led with 5.8%, followed by Austin (3.9%) and Raleigh (3.6%).
- The top five markets for construction completions over the past four quarters (New York, Dallas, Austin, Charlotte and Phoenix) accounted for 30% of the national total. New York had 38,700 units completed, 11% of the national total.
- There were 561,500 units under construction in Q2, representing 3% of existing inventory. New York had the largest construction pipeline at 57,200 units, followed by Dallas (27,600) and Houston (23,200).

		Trailing-4-quarters ending Q2 2026		Q2 2026			
Rank by Annual Completions	Market	Completions	Net Absorption	Completions	Net Absorption	Completions as % of Inventory	Net Absorption as % of Inventory
	Sum of Markets	338,800	294,600	77,700	167,500	1.9	1.6
1	New York	38,700	37,400	8,500	17,600	1.5	1.5
2	Dallas	20,100	16,300	6,200	10,000	3.1	2.5
3	Austin	14,800	12,800	1,100	3,400	4.7	4.1
4	Charlotte	14,700	13,300	3,600	4,700	6.9	6.2
5	Phoenix	12,400	13,000	2,700	4,100	2.9	3.1
6	Atlanta	12,300	11,100	3,500	6,300	2.4	2.1
7	Washington, D.C.	11,500	4,000	2,700	5,800	1.7	0.6
8	Boston	11,300	7,900	2,000	5,100	2.1	1.4
9	Los Angeles	10,300	5,300	2,300	4,000	0.9	0.5
10	Tampa	9,800	6,900	2,300	3,200	3.3	2.3
11	Houston	9,500	5,000	1,700	6,400	1.3	0.7
12	Miami	8,900	8,400	2,700	3,600	2.6	2.4
13	Seattle	8,100	5,600	1,900	4,000	1.8	1.2
14	Columbus	8,000	7,000	2,200	3,300	4.1	3.6
15	Raleigh	7,600	6,700	1,500	2,700	4.3	3.7
16	Orlando	7,200	5,700	1,600	2,800	2.6	2.1
17	Denver	7,200	5,900	2,300	6,600	1.8	1.5
18	San Diego	6,500	6,500	700	1,900	2.0	2.0
19	San Antonio	6,500	6,100	2,400	3,800	2.8	2.6
20	Newark	6,300	5,500	800	1,800	2.6	2.3

Note: All ratios based on unrounded figures of four-quarter totals.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 4
Vacancy rate falls to 4.3%

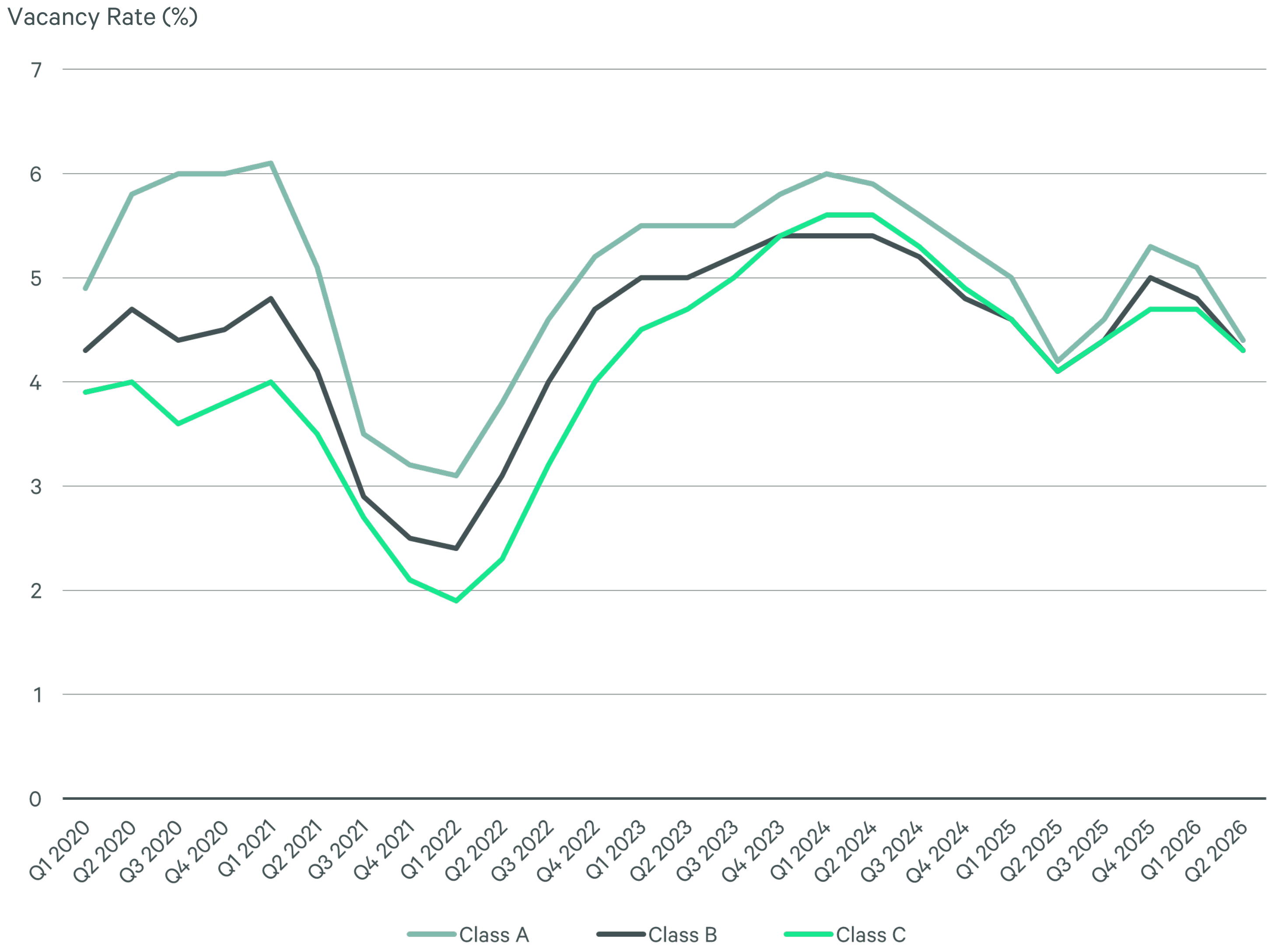
- The overall vacancy rate declined by 50 bps in Q2 to 4.3%, as net absorption outpaced construction completions.
- Fifty-two markets had a vacancy rate below their pre-pandemic average, up from 42 in Q1 and 39 in Q4 2025.
- Vacancy rates decreased quarter-over-quarter in 68 markets, up from 42 in Q1. Madison, WI was the only market with an increase (+20 bps).
- Honolulu and San Francisco had the lowest vacancy rates at 2.4% each, followed by Milwaukee and Norfolk at 2.6% each.
- Twenty-six markets finished Q2 with a sub-4% vacancy rate, up from 14 in Q1. Twenty-three markets had a vacancy rate of between 4% and 5% (down from 27 in Q1), while 20 markets had a vacancy rate above 5% (down from 28 in Q1).



Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 5
Vacancy rates by asset class

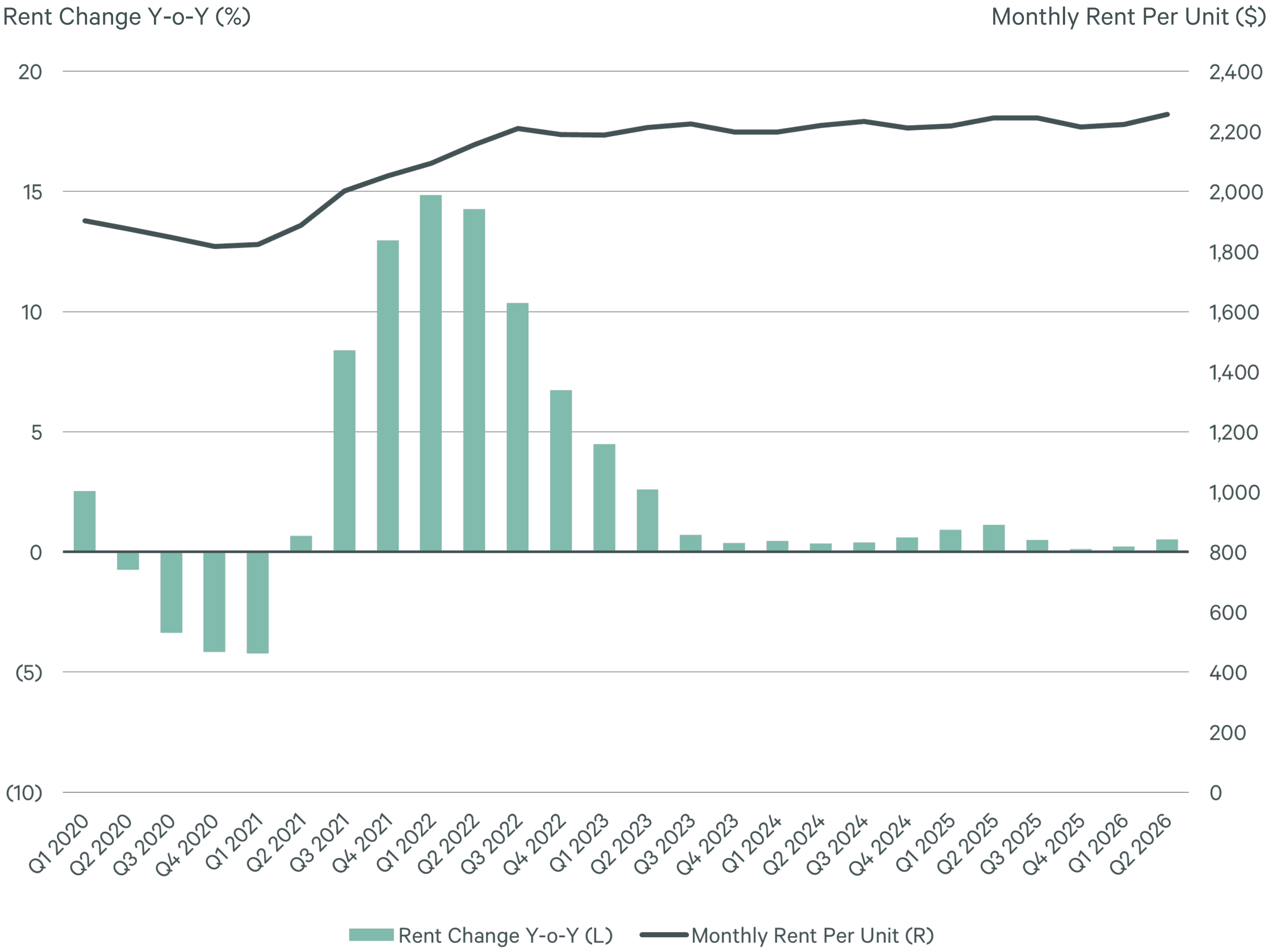
- The average vacancy rate for all three asset classes fell in Q2. Class A decreased by 70 bps to 4.4%, Class B by 50 bps to 4.3% and Class C by 40 bps to 4.3%.
- Vacancy rates for Class A assets in Q2 were 70 bps below their 2011-2019 annual averages, while Class B and C rates were 20 bps and 80 bps above their pre-pandemic averages, respectively.



Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 6
Average annual rent increases by 0.5%

- Average monthly rent increased by 0.5% year-over-year and 1.5% quarter-over-quarter to $2,257. The quarter-over-quarter change aligns with typical pre-pandemic Q2 seasonality.
- Positive rent growth continued in the Pacific, Midwest and Northeast regions, while negative rent growth in high-supply Sun Belt markets slowed.
- Class A rents grew by 0.5% year-over-year. Class B rent growth turned positive at 0.8%, up from negative 0.5% in Q1. Class C rent growth was negative 0.3%.



Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 7
Rent growth by region

- The Midwest led the nation in year-over-year rent growth with 2%, followed by the Northeast with 1.7% and the Pacific region with 1.4%.
- The Southeast region recorded negative 1.1% year-over-year rent growth, followed by the South Central region with negative 2.8% and the Mountain region with negative 3.7%.
- Thirty-three markets had negative year-over-year rent growth in Q2.
- San Francisco led all markets for year-over-year rent growth at 11.4%, followed by Honolulu (7%) and San Jose (6.4%).
- The markets with the largest year-over-year declines in average rent were San Antonio (-5.8%), Denver (-5.5%) and Austin (-4.6%).

Rank	Market	Q2 2026 Y-o-Y (%)	Q2 2025 Y-o-Y (%)	Chg vs. Q2 2025 (bps)
	ALL MARKET			
	Sum of Markets	**0.5**	**1.1**	**-60**
	PACIFIC			
	Region	**1.4**	**1.0**	**+41**
1	San Francisco	11.4	5.2	+623
2	Honolulu	7.0	-0.3	+734
3	San Jose	6.4	3.6	+271
4	Oakland	3.3	1.0	+234
5	Orange County	1.3	2.2	-84
6	Riverside	0.1	0.1	-1
7	Seattle	0.0	1.8	-179
8	San Diego	-0.6	-0.6	+4
9	Sacramento	-0.8	0.2	-98
10	Los Angeles	-0.9	0.0	-93
11	Portland	-2.1	0.3	-241
12	Ventura	-2.2	2.5	-468
	MOUNTAIN			
	Region	**-3.7**	**-3.7**	**-3**
1	Albuquerque	-0.8	0.8	-157
2	Salt Lake City	-1.1	-1.4	+35
3	Tucson	-2.4	-3.7	+122
4	Las Vegas	-2.5	-1.8	-62
5	Colorado Springs	-2.6	-3.9	+121
6	Phoenix	-3.7	-4.6	+83
7	Denver	-5.5	-4.7	-74

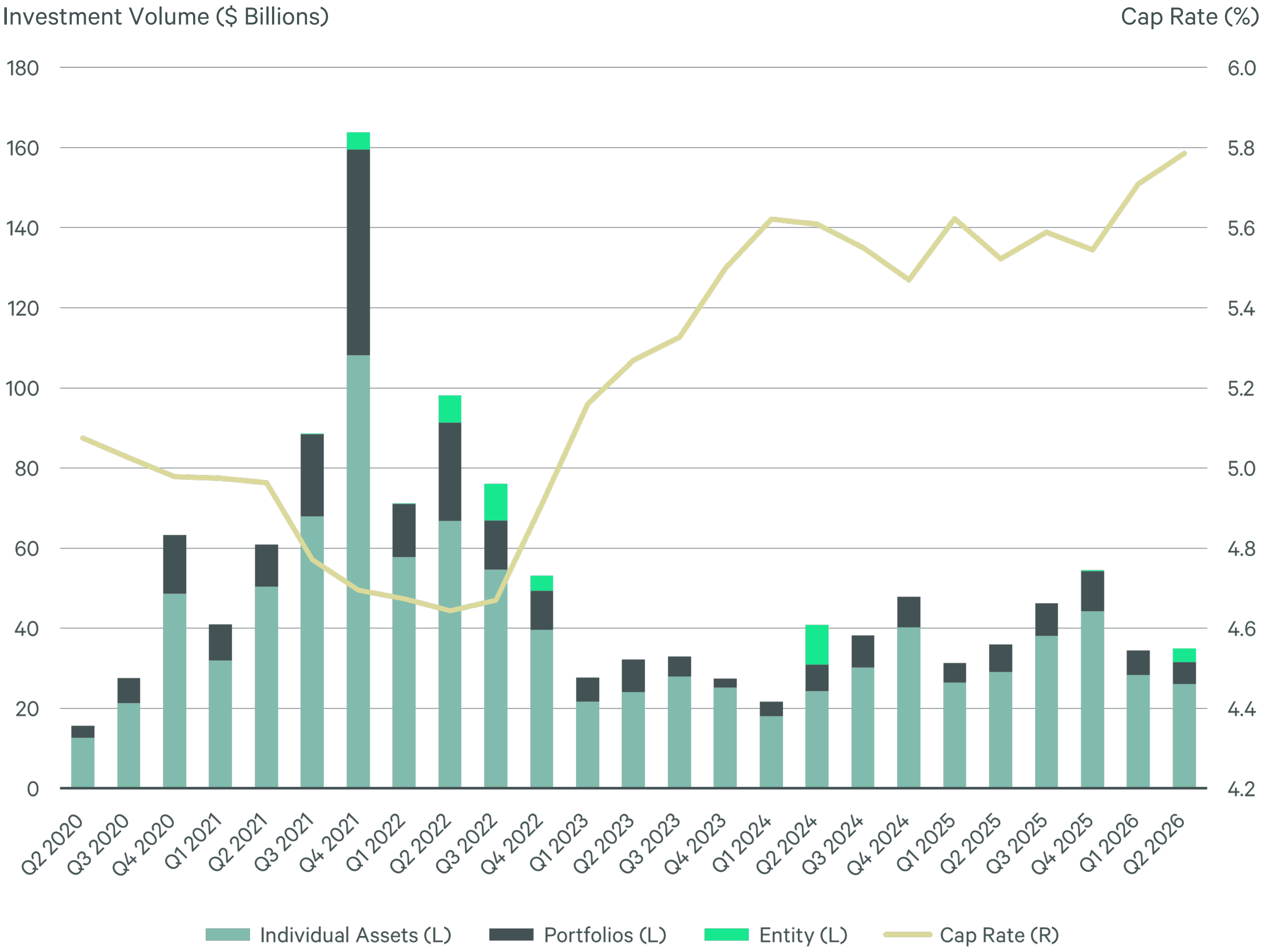
Rank	Market	Q2 2026 Y-o-Y (%)	Q2 2025 Y-o-Y (%)	Chg vs. Q2 2025 (bps)
	SOUTH CENTRAL			
	Region	**-2.8**	**-2.1**	**-67**
1	El Paso	2.8	-0.5	+331
2	Tulsa	1.0	2.1	-118
3	Oklahoma City	0.6	1.7	-112
4	Corpus Christi	0.0	-1.4	+132
5	Fort Worth	-2.2	-1.7	-50
6	Dallas	-2.6	-2.2	-45
7	Houston	-2.7	-0.5	-224
8	Austin	-4.6	-7.1	+249
9	San Antonio	-5.8	-3.5	-234
	SOUTHEAST			
	Region	**-1.1**	**-0.6**	**-45**
1	Norfolk	5.0	2.6	+242
2	West Palm Beach	1.6	-0.8	+237
3	Lexington	1.4	6.4	-497
4	Richmond	1.3	3.2	-188
5	Birmingham	-0.2	-0.3	+8
6	Jacksonville	-0.2	-2.3	+206
7	Greensboro	-0.2	-0.4	+18
8	Miami	-0.3	0.8	-105
9	Louisville	-0.3	-0.3	-7
10	Greenville	-0.6	2.3	-292
11	Fort Lauderdale	-1.0	-0.8	-13
12	Atlanta	-1.1	-2.5	+138
13	Memphis	-1.4	-0.7	-70
14	Orlando	-2.0	-2.2	+17
15	Nashville	-2.0	-2.4	+34
16	Raleigh	-2.1	-1.4	-67
17	Charlotte	-3.1	-1.3	-185
18	Tampa	-4.4	0.9	-528

Rank	Market	Q2 2026 Y-o-Y (%)	Q2 2025 Y-o-Y (%)	Chg vs. Q2 2025 (bps)
	MIDWEST			
	Region	**2.0**	**3.7**	**-172**
1	Milwaukee	3.4	2.7	+74
2	Chicago	3.1	5.5	-237
3	St. Louis	2.4	2.3	+9
4	Cleveland	2.0	2.9	-89
5	Minneapolis	2.0	2.5	-53
6	Dayton	1.9	3.5	-159
7	Kansas City	1.5	3.7	-223
8	Cincinnati	1.0	3.6	-265
9	Detroit	0.9	2.8	-189
10	Omaha	0.9	4.4	-352
11	Madison, WI	0.8	3.0	-219
12	Columbus	0.4	2.9	-254
13	Indianapolis	0.2	1.5	-126
	NORTHEAST			
	Region	**1.7**	**3.0**	**-131**
1	New York	2.7	3.2	-42
2	Long Island	2.2	3.8	-156
3	Pittsburgh	1.9	2.9	-97
4	Philadelphia	1.8	2.3	-43
5	Providence	1.2	5.8	-463
6	Newark	1.1	3.3	-221
7	Hartford	0.9	5.1	-428
8	Baltimore	0.7	1.6	-95
9	Boston	-0.1	3.0	-303
10	Washington, D.C.	-1.8	2.7	-446

Note: Based on effective same-store rents.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2026.

Figure 8
Quarterly investment volume dips, annual volume climbs

- Multifamily investment volume fell by 2.7% year-over-year in Q2 to $34.9 billion. Individual asset sales declined by 10.4% to $26 billion, while portfolio sales decreased by 19% to $5.6 billion.
- Trailing four-quarter multifamily investment volume rose by 11% year-over-year to $170.2 billion.
- The multifamily sector had the biggest share of total commercial real estate investment volume in Q2 with 27%.
- The average multifamily cap rate increased by 26 bps year-over-year to 5.8%.



Source: CBRE Research, CBRE Econometric Advisors, MSCI Real Assets, Q2 2026.

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