Marcus & Millichap

‘26 MULTIFAMILY

National Investment Forecast

TO OUR VALUED CLIENTS

Multifamily investment activity is poised to gain additional momentum in 2026 as financing costs and debt capital liquidity remain accretive. While some uncertainty may temper hiring and domestic migration in the near term, household formation should remain positive, supporting demand for multifamily housing. A slowdown in apartment construction stands to benefit asset performance, especially in the Sun Belt. Still, vacancy rates in these metros will likely only gradually decline.

Markets that did not see a sizable influx of multifamily development will likely be favored by lower-than-average vacancy rates and modestly stronger rent growth. Elevated young adult unemployment could delay new household creation until the economy gains more momentum. Nonetheless, long-term demographic and economic drivers continue to underpin the sector while significant barriers to homeownership will keep renters in place longer, offsetting much of the impact of slowing new renter demand.

Beyond broadly sound fundamentals, greater capital liquidity should boost investment activity. Cap rates appear to have stabilized, offering investors positive leverage in many cases, and equity capital has begun to accumulate. The mix of favorable short- and long-term drivers suggests 2026 will be an active investment year.

To help commercial real estate investors capitalize on the unique investment opportunities of the coming year, Marcus & Millichap presents the 2026 National Multifamily Investment Forecast.

The Marcus & Millichap team stands ready to assist you in achieving your multifamily investment goals in 2026.

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CLIENT SERVICES

Developed by Marcus & Millichap Research Services.

Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

EXECUTIVE SUMMARY

NATIONAL MULTIFAMILY INDEX (NMI)

- Metros from the Southeast, Midwest, Southwest, and the West Coast all land in the top 10 of this year's Index, reflecting how the sector's momentum is carrying through multiple regions. Steep barriers to homeownership, robust revenue growth, and demographic tailwinds help markets like San Francisco, Chicago, and Raleigh land in this high echelon.

- Markets with low and falling vacancy, yet softer labor markets, tend to lead the second half of the Index, including Minneapolis-St. Paul. New supply pressure, meanwhile, continues to keep vacancy comparatively higher in metros such as Nashville. Several markets with improving property fundamentals, but less dynamic populations, land in the lower tier of this year's Index.

NATIONAL ECONOMY

- The U.S. economy is entering 2026 on a moderate growth path, shaped by trade and other public policies, a cooling labor market, and interest rates still above relatively recent lows. An aging population and declining immigration are slowing labor force growth, placing a greater emphasis on increasing employee retention. Advances in artificial intelligence could help support productivity gains amid a tighter labor supply.

- Large companies have maintained steadier hiring than smaller firms and are better positioned to withstand economic softening. As many of these employers continue to scale back hybrid work, housing demand near corporate hubs may rise. The multifamily sector is well positioned to withstand a moderate economic downturn, as housing demand would likely only be deferred.

NATIONAL MULTIFAMILY OVERVIEW

- The multifamily market is favorably situated to navigate a period of potential uncertainty. Entering 2026, rental demand was similar across property classes and suburban vs. urban settings. Still, weaker labor conditions may weigh on property performance, especially for Class B and C units. Class A rentals may be more insulated amid a sharp drop in deliveries for this year.

- Households are historically less likely to move during uncertain periods, which may help apartment renewal rates. Yet, many households took advantage of prodigious concessions to lease units at newly completed projects. As those discounts expire, some of these households may be forced into a financially motivated move. An economic downturn would exacerbate the effect.

CAPITAL MARKETS

- Capital for multifamily investment sales is becoming more readily available. Banks, in particular, stepped up their lending activity last year after spending 2023 and 2024 repairing their balance sheets. Government-sponsored agencies, meanwhile, remain the most common lenders for apartments. Each agency's lending cap was increased by more than 20 percent for 2026, signaling ample liquidity to meet market demand as financing activity increases. The agencies also received moderately more funding to support low-income housing development.

- Private equity is more active now than in the past. Their focus on short-term financing translates into higher rates, although recent cuts by the Federal Reserve have marginally brought those costs down. Overall, the Mortgage Bankers Association expects multifamily lending to increase more than 10 percent this year. Greater capital liquidity will help more well-priced assets change hands in 2026.

INVESTMENT OUTLOOK

- The combination of recent Federal Reserve rate cuts, a broader lender pool, and higher available leverage should allow more deals to pencil in 2026. Already, investment activity improved by more than 15 percent in 2025, as a portion of the dry powder capital accumulated during and after the pandemic was deployed. Both private investors and institutions have become more engaged in the market than in 2023 or 2024. While the outlook for U.S. public policies and the economy is uncertain for this year, investors with longer-term hold strategies are unlikely to be deterred, given the favorable, structurally sound demand drivers for multifamily housing.

- Population migration continues to be an influential factor for investment sales. The top 10 metros for net in-migration over the past five years are also projected to rank among the nation's top relocation destinations through at least 2030. This provides ample demographic tailwinds to the housing sectors of markets such as Dallas-Fort Worth, Phoenix, Atlanta, and Tampa-St. Petersburg. Markets in the Northeast and Midwest, meanwhile, note appealingly low vacancy compared to historical norms.

Property Performance Outlook for 2026 Across Regions

MIDWEST

3.9%	0 bps	+22K
Vacancy	Y-O-Y Change	Net Absorption

All major markets in the Midwest entered 2026 with high-3 percent to mid-4 percent vacancy.

Chicago, Minneapolis-St. Paul, and Columbus each note less new supply during 2026, despite leading the region in net absorption last year.

Regional Outlook: Demand exceeds new supply in six major Midwest metros this year; however, moderate vacancy increases are noted in Chicago and Ohio markets.

MOUNTAIN

5.4%	-20 bps	+25K
Vacancy	Y-O-Y Change	Net Absorption

At 3.6 percent, Reno entered 2026 with the lowest vacancy among major Mountain metros, followed by Salt Lake City.

For a second straight year, Phoenix accounts for more than half of the apartments absorbed across the region.

Regional Outlook: Aided by continued in-migration, five metros register moderate vacancy declines, translating to a second straight year of regional compression.

NORTHEAST

3.5%	+10 bps	+36K
Vacancy	Y-O-Y Change	Net Absorption

Seven major Northeast markets entered 2026 with sub-5 percent vacancy, led by New York and Philadelphia.

Federal workforce fluctuations could impact rental demand in Washington, D.C., where a moderate vacancy increase is projected for 2026.

Regional Outlook: The Northeast's three lowest-cost rental markets notch vacancy declines, allowing regional vacancy to hold below 4 percent for a 14th straight year.

SOUTHEAST

5.2%	-20 bps	+60K
Vacancy	Y-O-Y Change	Net Absorption

Miami-Dade and West Palm Beach each entered 2026 with vacancy below the regional average.

Atlanta and Charlotte appear well positioned after 2025, when they collectively made up more than 40 percent of the units absorbed across the Southeast.

Regional Outlook: Relocations to the Southeast aid rental demand, with nine of the region's 11 major markets projected to record vacancy compression this year.

TEXAS

6.2%	-10 bps	+42K
Vacancy	Y-O-Y Change	Net Absorption

Dallas-Fort Worth, Houston, and San Antonio each entered this year with vacancy below their long-term average.

Demand for new apartments is apparent across Texas. Last year's net absorption total matched or exceeded deliveries in the state's four major markets.

Regional Outlook: The state's lower cost of living continues to foster population growth, enabling rental demand to slightly outpace supply additions in 2026.

WEST

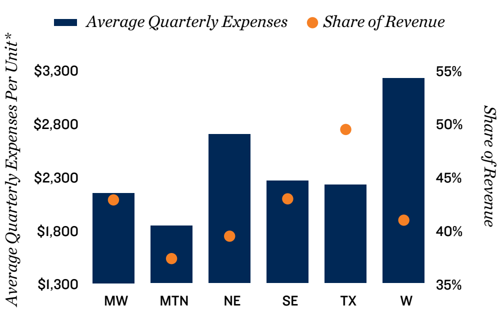
4.2%	-10 bps	+29K
Vacancy	Y-O-Y Change	Net Absorption

All major West Coast metros entered 2026 with vacancy in the mid-3 percent to high-4 percent range, with conditions tightest in Orange County and San Jose.

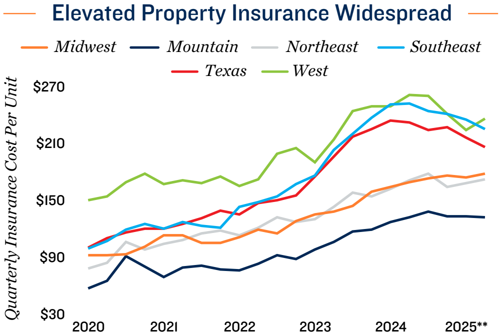
Vacancy in nearly all Pacific Northwest and Bay Area markets is below those metros' long-term averages.

Regional Outlook: Barriers to homeownership foster steadfast rental demand that translates to a slight reduction in regional vacancy.

Expenses as a Share of Revenue Varies



Elevated Property Insurance Widespread



** As of 3Q 2025 ** As of 2Q 2025*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc; RealPage, Inc.

Property Expenses Impact Investment Decisions, With Insurance a Focal Point

Revenue metrics favorable amid rising costs. Quarterly expenses rose nearly 50 percent per unit on average over the past five years. Expenses as a percentage of revenue, however, rose only moderately during the same period, entering 2026 around 45 percent. This indicates that owners have leaned on rent increases, utility-related upgrades, and management efficiencies to offset the impact of rising costs on a property's revenue. Moving forward, investors seeking areas where expenses have less influence on revenue may eye Mountain markets, where quarterly property costs accounted for less than 40 percent of revenue last year. This metric and near-term growth projections may enhance the appeal of apartment ownership in the region's major markets.

Rise in weather events has long-term consequences. Apartment insurance rates more than doubled from 2020 to 2025, with the Southeast, Northeast, and Mountain regions recording the largest spikes, and the West the highest-cost region per unit. The record count of flash flood warnings issued last year, and the number of damaging tornadoes, hurricanes, and wildfires, indicate rising rates are likely for the foreseeable future. As such, investors may increasingly factor potential rate hikes and limited new policy availability into their acquisition criteria and offers.

Construction, Migration, and Affordability Among the Factors Steering this Year's Market Index

A variety of trends highlighted in the 2026 rankings. Metros from the Southeast, Midwest, Southwest, and the West Coast all land in the top 10 of this year's National Multifamily Index, reflecting how the sector's momentum carries through multiple regions. One of the common influences is the ongoing high cost of homeownership. Over half of this group, led by San Francisco (#10) and Orange County (#4), have some of the highest home prices relative to local incomes in the country. Meanwhile, a favorable combination of low vacancy and minimal new supply earns Chicago (#2) a top spot this year. Raleigh (#8) and Houston (#9) benefit from growing populations of rental-oriented young professionals. Other major Sun Belt metros, such as Dallas-Fort Worth (#17), Phoenix (#18), and Austin (#21), fall lower on the Index as elevated construction, prompted by robust post-pandemic in-migration, may now pose a short-term constraint if tighter immigration policies interrupt that momentum.

Development activity and demographics play a role throughout. Leading the second half of the Index are multiple metros with low and falling vacancy that nevertheless are contending with softer labor markets. These include Riverside-San Bernardino (#27), Minneapolis-St. Paul (#28), and Oakland (#31). Vacancies in Nashville (#35) and Jacksonville (#36), meanwhile, remain elevated. Here, comparatively greater new supply pressure and lower barriers to homeownership compared to other metros may affect properties' stabilization efforts. Despite tying for the nation's lowest vacancy rate, New York City (#32) ranks similarly, as some proposed policies could prove challenging for property owners. The lower echelon of the Index, meanwhile, includes several markets with improving property fundamentals but less-dynamic populations or subdued hiring expectations for 2026. These include Milwaukee (#47) and St. Louis (#50). Washington, D.C. (#45) gets off to a slow start in the year following the federal government shutdown. However, the metro's ongoing trend toward less reliance on the public sector aids the market's long-term outlook.

Index Methodology

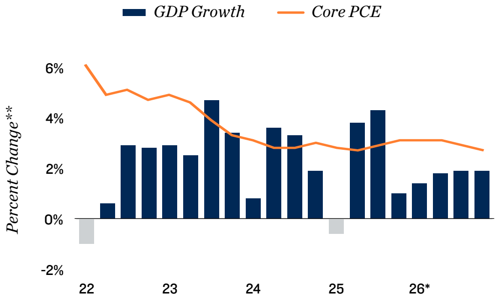
The NMI ranks 50 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores across indicators, including projected job growth, vacancy, construction, housing affordability, rents, and household growth. Weighing the history, forecasts, and incremental change over the next year, the Index is designed to show relative supply-and-demand conditions at the market level. Index rankings do not account for insurance costs or natural disaster risks.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be interpreted carefully. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

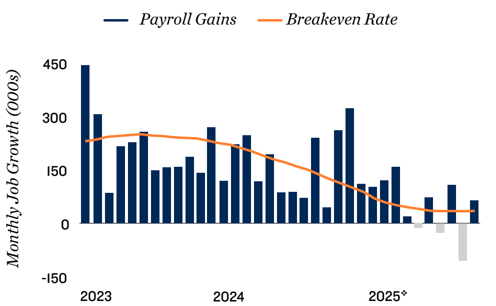
RANK	MARKET
1	*Fort Lauderdale*
2	*Chicago*
3	*Miami-Dade*
4	*Orange County*
5	*West Palm Beach*
6	*San Jose*
7	*Seattle-Tacoma*
8	*Raleigh*
9	*Houston*
10	*San Francisco*
11	*Tampa-St. Petersburg*
12	*Charlotte*
13	*Columbus*
14	*San Antonio*
15	*Atlanta*
16	*Indianapolis*
17	*Dallas-Fort Worth*
18	*Phoenix*
19	*Las Vegas*
20	*Orlando*
21	*Austin*
22	*Boston*
23	*Los Angeles*
24	*Salt Lake City*
25	*Philadelphia*
26	*Reno*
27	*Riverside-San Bernardino*
28	*Minneapolis-St. Paul*
29	*Kansas City*
30	*San Diego*
31	*Oakland*
32	*New York City*
33	*New Haven-Fairfield County*
34	*Northern New Jersey*
35	*Nashville*
36	*Jacksonville*
37	*Cleveland*
38	*Detroit*
39	*Cincinnati*
40	*Louisville*
41	*Norfolk-Virginia Beach*
42	*Portland*
43	*Pittsburgh*
44	*Denver*
45	*Washington, D.C.*
46	*Baltimore*
47	*Milwaukee*
48	*Sacramento*
49	*Tucson*
50	*St. Louis*

[1] *See National Multifamily Index Note on page 64*

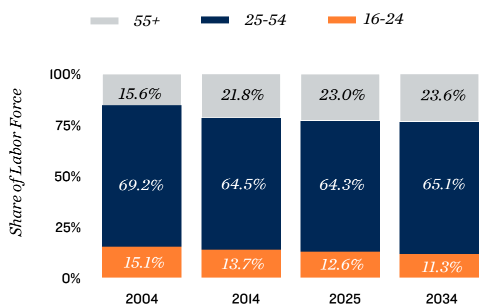
Inflation and Growth Outlook Stable



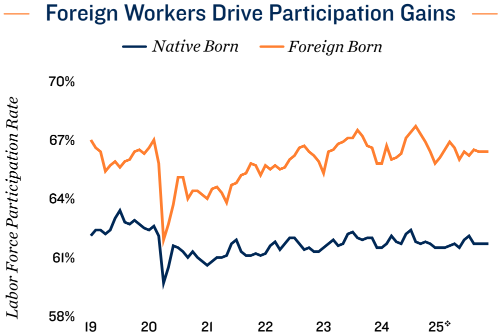
Hiring and Breakeven Rates Decline Together



Older Workers Growing Share of Labor force



Foreign Workers Drive Participation Gains



** Forecast ** Annualized quarterly percent change for GDP; year-over-year percent change for Core PCE*

✧ Through November

Economy Poised for Measured Expansion as Workforce Constraints Shift Hiring Standards

Growth expected through market transition. The U.S. economy is entering 2026 on a moderate growth path, shaped by trade and immigration policies, a cooling labor market, and interest rates above relatively recent lows. Hiring has softened across most sectors, with health care emerging as the primary source of job creation amid ongoing demand for essential services. Tariff-related cost pressures have likely contributed to weaker hiring, though milder-than-expected duties and supply chain adjustments have limited their impact on GDP growth and inflation. Productivity has also been elevated, rising by about 3.3 percent year-over-year in mid-2025, supporting output even as new immigration restrictions slow labor force growth. Advances in artificial intelligence could further reinforce these efficiency gains. Meanwhile, although inflation risks remain persistent, the Federal Reserve appears positioned to slightly extend gradual rate cuts, fostering conditions for slow but steady expansion. GDP growth is projected to firm up to roughly 1.8 percent by year-end, signaling a resilient economy adapting to lingering cost pressures and policy shifts.

Employment norms being recast. An aging population and declining immigration are slowing labor force growth, redefining "healthy" hiring. The Dallas Fed estimates the break-even pace of job growth dropped from about 250,000 per month in mid-2023 to near 30,000 by late 2025, meaning even modest payroll gains can hold the unemployment rate steady. With fewer workers needed to maintain stability, the labor force composition will reshape hiring trends. Older employees make up a growing share of the workforce and are staying longer, temporarily reducing turnover. Even as entry-level hiring has slowed, weaker immigration is expected to keep labor availability tight, exacerbating a market that relies more on retaining workers than new entrants. Fewer foreign arrivals may also constrain output in the near term as labor-intensive firms find it more difficult to scale. Over time, a tighter labor supply could raise wages and draw some individuals back into the labor force. Firms may also expand apprenticeships and university partnerships to upskill the workforce and help offset retiring workers, potentially supporting higher wage floors and more sustainable housing demand.

2026 NATIONAL ECONOMIC OUTLOOK

- **Low labor turnover weighs on domestic migration.** Amid a low-hiring environment, the quits rate has also fallen to around 1.9 percent, the lowest level since 2016 outside pandemic disruptions. This job-stagnation dynamic is likely to dampen cross-metro migration, with Sun Belt metros potentially seeing fewer arrivals while slower-growth metros experience reduced out-migration of working-age residents.

- **Corporate stability fuels city-center leasing.** Large companies have maintained steadier hiring than smaller firms and are better positioned to withstand economic softening. As many of these employers scale back hybrid work, housing demand near major corporate hubs may rise. CBD apartment vacancy fell below the suburban rate in September, reaching 4.3 percent, highlighting the growing appeal of urban living.

- **Recession not serious concern for housing needs.** The multifamily sector is well positioned to withstand a moderate economic downturn. Housing demand deferred in the short term would likely manifest later, once conditions improve.

Encouraging Demand Across the Rental Spectrum Fortifies Sector From Potential Headwinds

Notable vacancy movement unlikely over the near term. The multifamily market is well positioned to navigate a period of potential uncertainty. Entering 2026, rental demand was similar across property classes, with overall vacancy slightly below the prior decade-long average. Suburban and urban vacancy rates were also comparable. Together, these indicators point to broad-based demand for rentals across major metros and quality levels. Still, weaker labor conditions and a higher underemployment rate may weigh on property performance. Class B and C apartments stand to be most impacted, as the labor market downturn is expected to slow the pace of household formation among middle- and lower-income renters. Class A properties should be more insulated from these conditions, with the sector benefiting from sizable barriers to homeownership that will keep many higher-earning households in the renter pool. These dynamics are occurring alongside a decline in construction. Approximately 270,000 units are slated for delivery in 2026, the lowest annual total since 2014, with 47 of 50 major metros noting reductions. Less supply-side pressure will aid leasing efforts at existing properties, enabling overall supply and demand to align, despite near-term headwinds.

Renter turnover important consideration for 2026. Households are historically less inclined to make life-changing decisions during uncertain periods. As such, renters may move less in 2026, which would bode well for renewal rates. The proportion of renters renewing leases climbed to a more than three-year high late last year, with the highest levels at Class C properties near 60 percent. With renewals serving as the primary driver of rent growth last year, property owners are likely to intensify their retention efforts in 2026. This will prove especially important for renters who entered leases recently with elevated concessions. The share of units offering discounts exceeded 50 percent in some markets last year, equating to multiple months of free rent for certain leases at recently completed properties. As these terms end, some renters may need to relocate, adding pressure to both recent builds and competing properties.

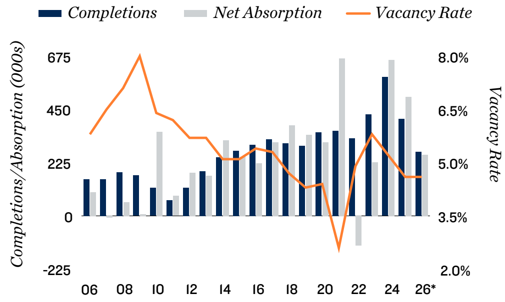
2026 NATIONAL MULTIFAMILY OUTLOOK

- **Apartment owners benefit from out-of-reach home prices.** Nearly every major rental market entered 2026 with an affordability gap — the difference between a metro's average effective rent and mean monthly payment on a 30-year, fixed-rate mortgage — larger than $1,000. These disparities, and expectations for mortgage rates to remain volatile, point to only a select number of renters buying a home in 2026.

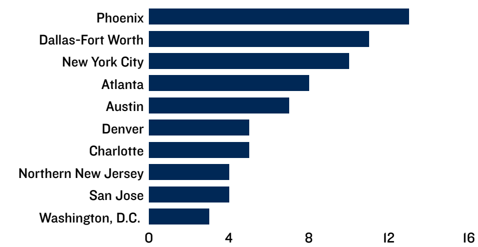
- **White House policies play a role in development pullback.** Stricter enforcement of President Trump's immigration mandates will tighten the construction labor pool in 2026. As such, workforce shortages are likely to materialize in certain metros. The combination of this hurdle and higher material costs will directly impact ongoing projects' timelines, while also driving up the cost of proposed developments.

- **Properties lean on larger specials.** While the average incentive rose in 2024 and 2025 to a mean of one month of free rent, reduced supply-side pressure could shift some concession dynamics. For renters who stretched budgets at the discounted rates, this shift may be challenging. These financially necessitated moves would be exacerbated in the short term in the event of a downturn, affecting all class levels.

Supply and Demand Remain Aligned

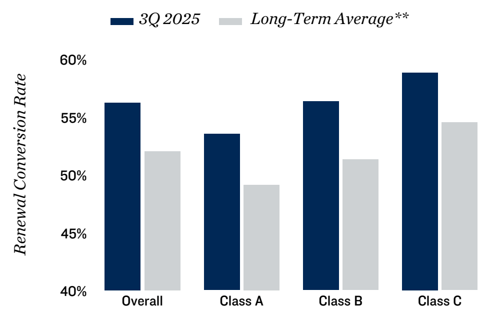


Sizable Declines in Completions Widespread

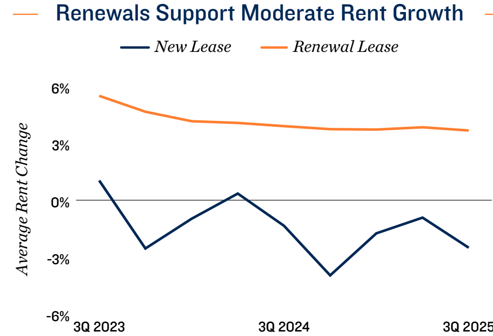


*2025 vs. 2026 - Decline in Unit Completions (000s)**

Conversion Rates Above Historical Norms



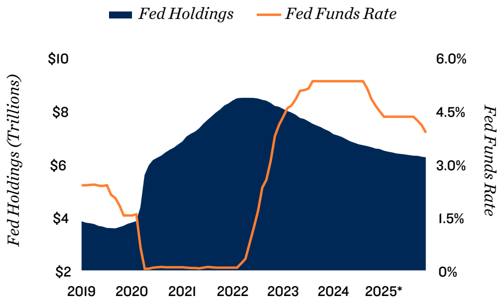
Renewals Support Moderate Rent Growth



** Forecast*

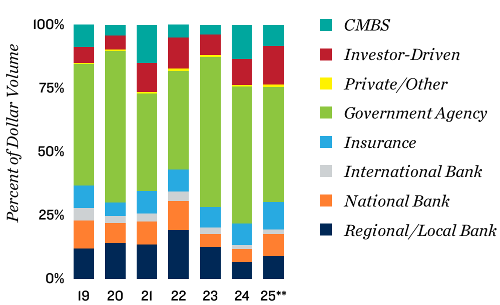
*** Long-term average since 2010*

Fed Reduces Rates and Balance Sheet

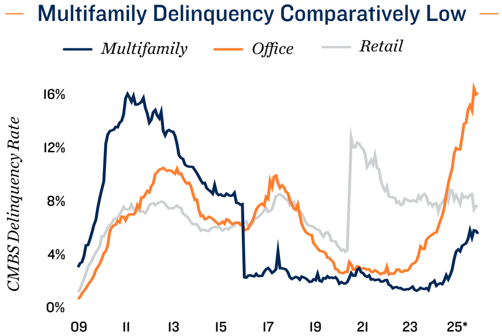


Treasury Yield Trends

Multifamily Lender Composition✣



Multifamily Delinquency Comparatively Low



** Through November*

*** 1H 2025*

✣ Sales $2.5 million and greater

Capital Market Conditions Continue to Move in Directions that Support New Investment Activity

Looser monetary policy benefiting borrowers. The new year began with interest rates slightly lower after multiple cuts by the Federal Open Market Committee at the end of 2025. Future rate moves are less certain, but many financial market participants appear to favor further reductions. More than half of FOMC members indicated last December that the appropriate overnight rate to end 2026 would be under 3.5 percent, the lower bound entering this year. Meanwhile, the 10-year yield faces crosscurrents. Inflation remains a concern and could push bond yields higher if consumer price hikes accelerate. At the same time, the Treasury Department's focus on issuing short-term bonds should help suppress the 10-year yield, all else equal. Even upticks in common benchmarks like the 10-year may not spell higher rates for borrowers. Across property types, interest rates on commercial real estate loans were down an average of 50 basis points in late 2025 compared to a year prior, when the 10-year was actually higher. Borrowing rates may also come under downward pressure from increased capital availability.

Multifamily liquidity continues to improve. While never scarce, more capital for multifamily investment became available last year as some lenders ceased tightening standards. The Mortgage Bankers Association expects this momentum to continue, with origination activity for the property type to rise more than 10 percent year-over-year in 2026. Banks, in particular, have stepped up market engagement after spending 2023 and 2024 repairing their balance sheets. While these institutions represented 26 percent of multifamily lending on average between 2015 and 2019, they accounted for only 13 percent of volume in 2024. That ratio began to climb again last year, however. Government-sponsored agencies, meanwhile, remain the most common apartment lender, supplying nearly half of funds loaned. Each agency's lending cap was increased 20.5 percent for 2026 to $88 billion apiece, signaling that Fannie Mae and Freddie Mac will have ample liquidity to meet market demand as financing activity increases. Private equity is also more active than in the past, including funds opting out of direct acquisitions. Their focus on short-term financing translates to higher rates in the mid-6 to mid-8 percent range, while agency debt is available in the high-4 percent zone. Bank rates lie in between. Overall, greater capital liquidity and lower borrowing costs set the stage for more well-priced assets to change hands in 2026.

2026 CAPITAL MARKETS OUTLOOK

- **Agency actions consistent for now.** As of early 2026, the possibility of Freddie Mac or Fannie Mae going public remains speculation. In the meantime, their multifamily mission statements are unchanged. An increased capital allowance of $2 billion to fund low-income housing development may, in conjunction with last year's tax reform, lead to more groundbreakings, especially in rural areas.

- **Fundraising offers positive signs.** Going into 2026, nearly as many investment funds were active in raising capital as during the 2021 peak, albeit at about half the average volume. This suggests additional reserves are being built for future deployment.

- **Distress in apartments remains in manageable zone**. While multifamily CMBS loan delinquency has been rising since May 2024, the rate of roughly 6 percent as of late last year was only a third of the peak rate during the global financial crisis.

Investor Activity Gaining Momentum as Long-Term Drivers Bolster Sector Outlook

Long-term outlook for rental demand quells investors' near-term concerns. A portion of the dry powder capital accumulated during and after the pandemic flowed into the multifamily sector in 2025, supporting a year-over-year increase in transaction velocity of more than 15 percent. Notable increases in deal flow were registered across class cuts and price tranches as more private investors and institutional groups reengaged with the marketplace — frequently acquiring assets below asking price. This year, the combination of recent Federal Reserve rate cuts, a broader lender pool, and higher available leverage should lower debt costs for borrowers, allowing more deals to pencil. Still, the trajectory of longer-term rates is unclear, as the 10-year Treasury often moves independently of the overnight rate. As such, opportunities to capitalize on favorable yield spreads may be limited for active investors, many of whom may adopt a more selective approach to asset procurement during a slower-growth period. Buyers with longer hold strategies, however, are unlikely to be deterred by near-term hurdles. Significant disparities in average rents for class cuts, which limit mobility among renters, and recent construction dynamics support a positive outlook beyond this year.

Markets in various stages of growth remain on investors' radars. Population migration continues to influence investment sales. The top 10 metros for net in-migration over the past five years include all major Texas metros, Phoenix, Atlanta, Orlando, Tampa, Charlotte, and Raleigh. Well-located apartments across this group of Sun Belt markets remain high on investors' target lists, as each will likely rank among the nation's top relocation destinations through at least 2030. Additionally, all but one of these markets is projected to record vacancy compression this year. Elsewhere, buyer competition may be most apparent in metros with the largest disparity between current vacancy and their prior 10-year average. Most of these markets are in the Midwest, Northeast, or Bay Area, where moderate inventory growth supports strong demand for existing rentals despite slower population growth.

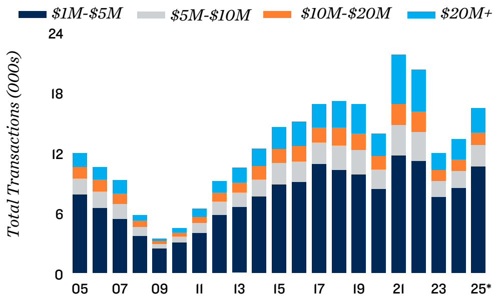
2026 INVESTMENT OUTLOOK

- **Construction pullback enhances appeal of newer properties.** More than 2.1 million units were delivered over the past five years, many by developers with short-term hold or merchant-build strategies. As such, newer complexes are likely to account for larger shares of total deal flow and sales volume in 2026. Recently completed properties that have yet to reach stabilization may trade more frequently if investors willing to tackle lease-up risk can obtain pricing at or below replacement costs.

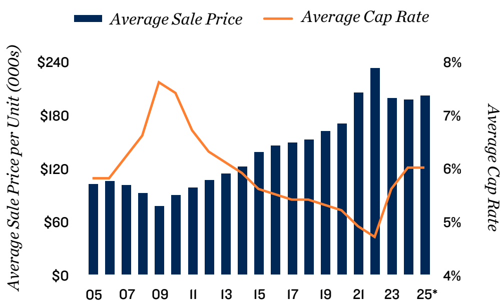
- **Smaller-market deals accumulate.** Mirroring activity from prior years, trading in areas outside the nation's top 50 major metros accounted for more than one-third of total deal flow in 2025. Amid uncertainty, few institutional groups are likely to target listings in these markets, curtailing competition for other investors.

- **Property income metrics still favorable.** On a national scale, a rental property's net operating income (NOI) as a percentage of revenue has shifted nominally over the past two years, hovering near 56 percent. This positive reflection of multifamily property performance should provide buyers with added confidence.

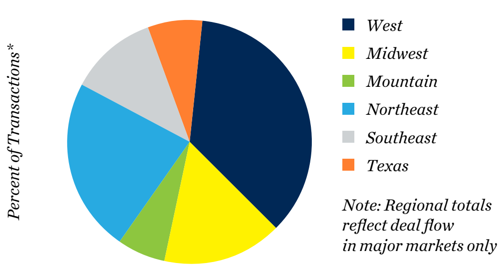
Multifamily Transaction Activity



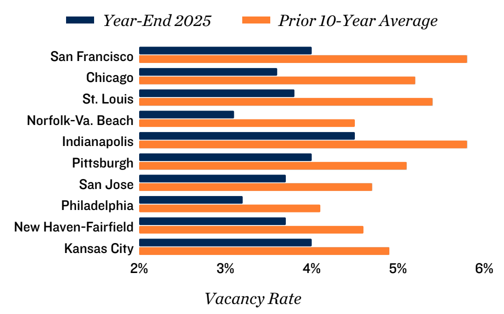
Price vs. Cap Rate



Distribution of Multifamily Deal Flow



Favorable Vacancy Rates May Attract Investors

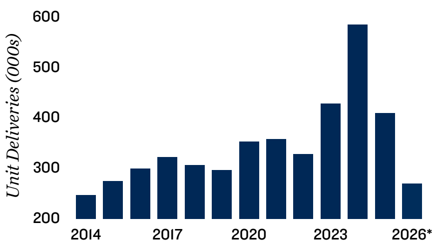


* Trailing 12-month period ending in 3Q 2025

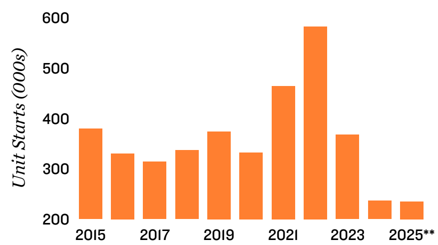
Pullback in Multifamily Construction a Boon for Existing Rental Properties

Decline in Apartment Deliveries Coincides With a Similar Slowdown in Single-Family Homebuilding

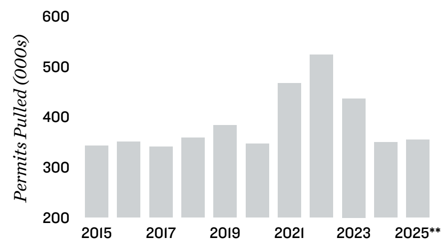
Stark Drop in Apartment Completions Evident



Starts Activity Notably Trails Prior 10-Year Average



Recent Permit Volumes Have Implications Beyond This Year

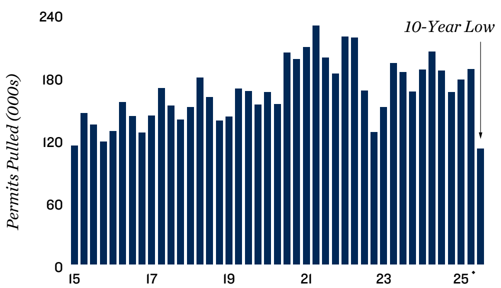


Supply Pressure Tempers Across All Regions

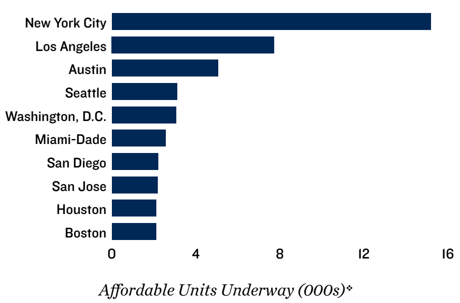
REGION	2026 DELIVERIES	Y-O-Y CHANGE IN UNITS DELIVERED
Midwest	*23,500*	*-26.9%*
Mountain	*24,300*	*-50.1%*
Northeast	*44,000*	*-35.0%*
Southeast	*58,700*	*-27.8%*
Texas	*41,500*	*-36.6%*
West	*25,900*	*-39.3%*
United States	***270,000***	***-34.2%***

Note: Regional completion totals reflect development projections for major markets and are not a sum across every city in the region.

Single-Family Permitting Also Slowing



Largest Affordable Housing Pipelines



Starts and Permitting Activity Point to Multiyear Span of Reduced Development

Multifamily pipeline is constricting. The number of apartments underway at the start of 2026 was the lowest since the midpoint of 2015, when roughly 510,000 units were being built. This construction slate is poised to shrink further, as unit starts and permitting data suggest developers have become more selective when breaking ground on new projects. Across the Northeast and Mountain regions, the number of unit starts for the 12 months ending last September was down more than 10 percent year-over-year. Meanwhile, the West notched a moderate decline in annual groundbreakings, while starts were up slightly in the Midwest, Southeast, and Texas. During the third quarter of 2025, however, builders started construction on only 37,000 units, which is the lowest three-month tally since at least 2014. Concurrently, permit activity fell nearly 40 percent on a quarterly basis, a record decline. Amid rising costs for construction financing and labor, activity at these pipeline stages is likely to lag historical norms in the near term. Starts were at historically low levels across all regions during the third quarter of 2025.

Single-Family and Affordable Housing Construction Impact Conventional Rental Demand

- **Homebuilding poised to cool.** Single-family permit activity fell 17 percent year-over-year during the first nine months of 2025. The number of single-family permits pulled during the third quarter of last year also represented the lowest tally for three months since 2014, mirroring the multifamily sector. Should historically subdued permitting extend through 2026, options for prospective buyers seeking new homes could be limited, aiding upper- and mid-tier leasing dynamics.

- **Income-restricted projects may impact Class C vacancy.** As of last October, construction was underway on approximately 100,000 affordable housing units with deliveries extending into 2028. While ongoing projects in California, New York, and Texas accounted for nearly half of this total, at least 14 major metros outside these states had active pipelines larger than 1,250 units. This broad increase in income-restricted development has the potential to impact pockets of Class C rental performance.

** Forecast ** 12-month period ended in 3Q 2025 • Through 3Q 2025*
✣ As of October 2025

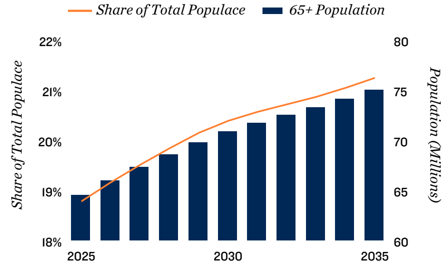
Demographic Dynamics Influence Future Rental Demand

AGES 65+

At least 7 million adults aged 65 and older rent. This cohort is poised to expand, as the 65+ population is projected to account for a growing share of the nation's total resident population over the next 10 years.

Growth of the 65+ populace is coinciding with a notable pull-back in senior housing development. In the first quarter of last year, construction began on 1,100 such units — a near-historic low that bodes well for conventional rentals.

Number of Older Renters Poised to Increase



16.4%

Projected 10-Year Growth Rate of the 65+ Cohort

8.3%

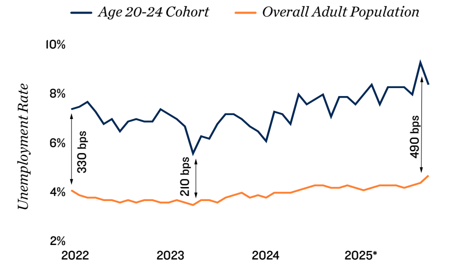
Unemployment Rate Among 20- to 24-Year-Olds (November 2025)

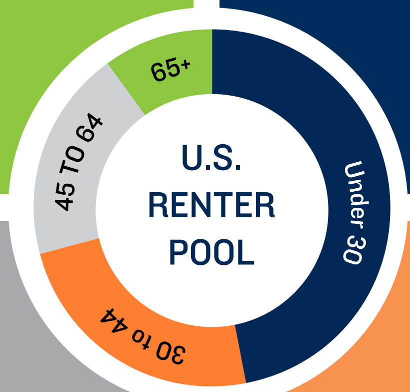
AGES 20-24

Unemployment among 20- to 24-year-olds was historically high during the latter half of last year — a dynamic that may require more young adults to live with family in 2026.

Urban rental demand may be most impacted by heightened unemployment among younger adults. Fortunately, 90 percent of the nation's largest markets recorded declines in CBD vacancy in the 12 months that ended in the third quarter of 2025.

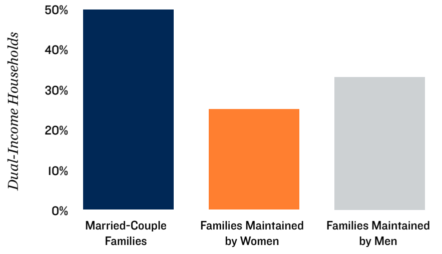
Unemployment Higher Among Young Adults





MULTIPLE RENTER COHORTS

Dual-Income Households Impact Renewals



Half of all married couples are dually employed, and many single-parent households also rely on more than one earner. The prevalence of multiple-income households has positive implications for apartment renewals and in-market relocations, as long-distance moves are typically more difficult for families with multiple income sources.

49.6%

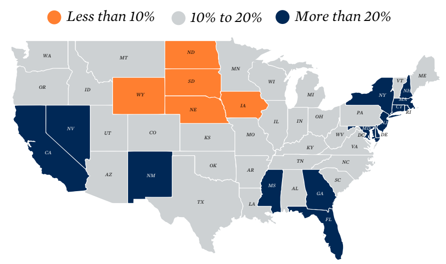
Percent of married couples who are dual-income households (2024)

19.2%

Share of adults ages 25 to 34 living with parents (2023)

AGES 25-34

Young Adults Ages 25-34 Living with Parents

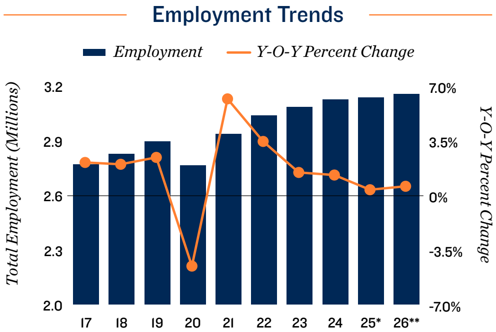


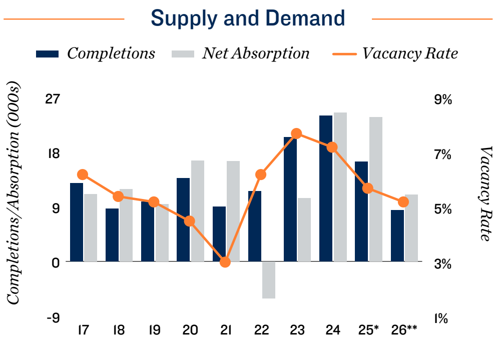
The share of adults ages 25 to 34 who live with parents or in-laws is historically high at more than 19 percent. This arrangement is most frequent in California, Florida, and the Northeast, which will impact household formation rates and rental demand in these areas' major metros.

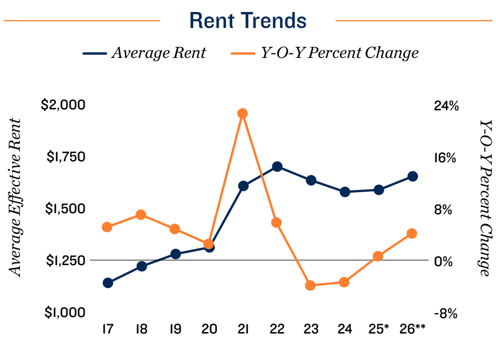
Decline in Immigrant Population Also Has Implications for Lower-Cost Rentals

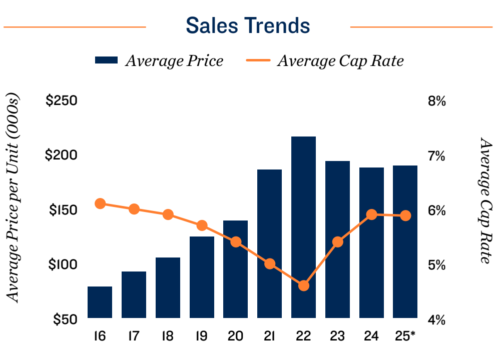
White House policies may alter Class C rental demand. The number of immigrants living in the United States declined by 1.4 million from January to June of 2025, marking the first drop since the 1960s. The immigrant base was likely to fall further in the second half of 2025, as the Trump administration's policies were more fully implemented. The impact on rental demand in 2026 — including on Class C properties — should be most apparent in California, Southeast Florida, and Texas, where immigrants account for more than 20 percent of the local population. Fortunately, Class C vacancy is below the national average in most California and Florida markets, providing some layer of insulation from this headwind. Major Texas markets, however, may be more exposed. Dallas-Fort Worth, Austin, and San Antonio each entered 2026 with Class C vacancy at 7 percent-plus.

* *Through November 2025*









** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

ATLANTA

Supply Pressure Eases for the Majority of the Metro While Investors Target Yield-Driven Assets

Core and select suburban submarkets lead vacancy decline. Despite the 7 percent expansion to Atlanta's inventory over the past three years, renter demand exceeded supply additions in both 2024 and 2025, cutting vacancy to its lowest level since the post-pandemic recovery. Record net absorption was fueled by both net in-migration and local population growth, with the CBD — including Buckhead, downtown, and Midtown Atlanta — posting some of the strongest fundamentals. In 2026, supply pressure will ease. This, combined with continued in-migration, will support a further reduction in metro vacancy. In the core, this will be evident in downtown and Midtown Atlanta, where fewer than 600 units are scheduled to open. Suburbs where renter demand has recently strengthened may also see vacancy compression. Southwest Atlanta, Duluth, and Sandy Springs stand out for their limited construction slates. Conversely, areas like Buford and Buckhead will face elevated deliveries, potentially placing upward pressure on vacancy.

Lower entry costs draw out-of-market capital. Average pricing for Atlanta apartments was among the lowest of any primary metro last year, a dynamic that should attract investors from outside Georgia to area listings in 2026. Additionally, transaction velocity edged higher last year as cap rates stabilized just under 6 percent, suggesting that price discovery may be underway. This may be most evident in the $1 million to $10 million price tranche, which also saw an increase in trading activity last year. Sales were concentrated in Gwinnett County, Cumberland, and Midtown, where a combination of strong demographic tailwinds and limited future supply may reinforce buyer confidence again this year. Elsewhere, Clayton County listings should also capture investors' attention. Here, Class C 1980s-era assets are recording vacancy improvement, yet remain available at price points comparable to the aforementioned areas.

2026 MARKET FORECAST

NMI RANK 15	***The combination of vacancy compression, rent growth, and a limited construction pipeline earns the metro a top 20 ranking.***

+0.6% **EMPLOYMENT:** Atlanta's labor base will grow by 19,000 jobs — the fourth-highest tally in the nation. Office-using employment is slated to grow by 4,500 new roles, also the fourth most in the U.S.

8,400 *units* **CONSTRUCTION:** Completions in 2026 will fall by nearly half from 2025, marking the least active year in over a decade. Inventory growth slows to 1.4 percent, just above the national mean.

-50 bps **VACANCY:** Atlanta continues to rank among the nation's top metros for net in-migration. This dynamic and easing supply will foster demand for existing rentals, lowering vacancy to 5.2 percent.

+4.1% **RENT:** After reversing two years of rent declines in 2025, the metro will rank second highest among major markets for mean effective rent growth in 2026, raising the local average to $1,650 per month.

INVESTMENT: *The Mercedes-Benz "1MB" facility in Sandy Springs is expected to create up to 500 new corporate jobs by summer, potentially garnering investor interest in Class A assets near the area.*

Shifting Economic Fundamentals Leading to Repositioning for More Sustainable Growth

Supply headwinds finally abating, aiding ongoing vacancy drops. Austin has been one of the fastest-growing cities in the country in the past five years, with employment expanding by roughly 25 percent since 2020, fueled by broad-based job gains. In response, apartment inventory surged 33 percent from 2020 to 2025 — the fastest rate nationwide. Both trends are expected to decelerate in 2026. The short-term outlook for Austin's labor market has become more cautious. In the metro's tech sector, infrastructure strain and return-to-office mandates requiring employees to report to headquarters outside Texas may reduce the size of the metro's white-collar workforce. However, a sharp slowdown in completions should help offset the impact this dynamic may have on high-end renter demand. The pullback in local development is slated to be most pronounced in fast-growing northern suburbs such as Pflugerville and Round Rock, where rates hovered around 7 percent in late 2025.

Investor sentiment optimistic as market nears inflection point. Despite Austin witnessing four consecutive years of rent declines, signs of investor confidence remain evident. For example, Austin boasts the lowest average cap rate nationwide outside of California. In the low-5 percent range, the metro's mean first-year return as of late 2025 reflected not only the metro's newer apartment stock but also a belief that recent corrections are cyclical rather than structural. With the market approaching a tipping point in 2026 toward more controlled growth, investors may find a window for strategic acquisitions — particularly in high-demand infill areas near employment centers, such as Midtown and North Austin. Additionally, recent Class C apartment transactions have been concentrated within the narrow corridor between Interstate 35 and Highway 1, suggesting that prime locations and strong connectivity remain top priorities for investors.

2026 MARKET FORECAST

NMI RANK 21 — ***Strong household growth and a rising young renter population position Austin in the top half, despite relatively higher vacancy.***

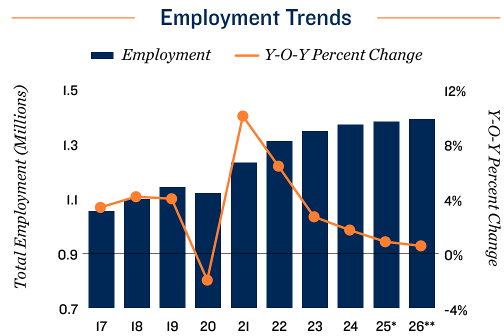
+0.6% — **EMPLOYMENT:** Hiring is expected to slow in Austin this year, with about 8,000 jobs added metrowide — placing the city's growth rate in the mid-tier among major U.S. metros.

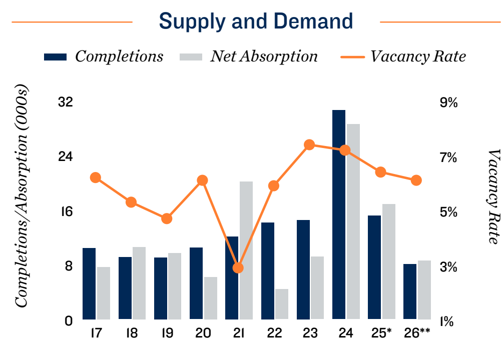
8,000 *units* — **CONSTRUCTION:** The post-pandemic supply wave is easing, with this year's delivery slate set to be the metro's smallest in more than a decade, though inventory growth still ranks in the top 10 nationally.

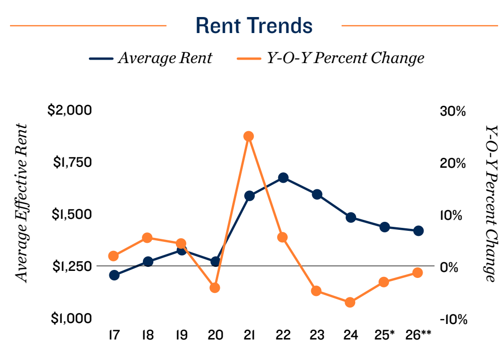
-30 bps — **VACANCY:** Despite slower renter demand, net absorption is projected to outpace completions this year. As a result, the metrowide vacancy rate will drop to 6.1 percent, the lowest since 2022.

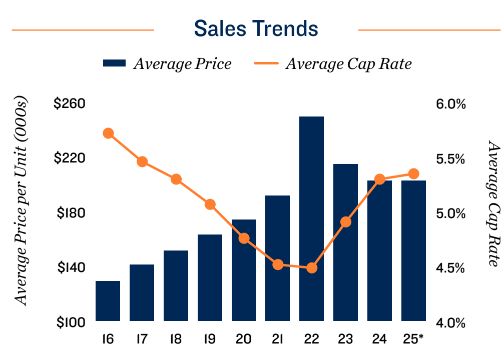
-1.3% — **RENT:** The pace of rent decline eases this year as apartment additions slow. At $1,415 per month, the average effective rent here is on par with Houston and below that of Dallas-Fort Worth.

INVESTMENT: *Vacancies dropped sharply in 2025 south of the Colorado River across from downtown. Long-term investors could target properties here to capitalize on CBD proximity and planned infrastructure upgrades.*









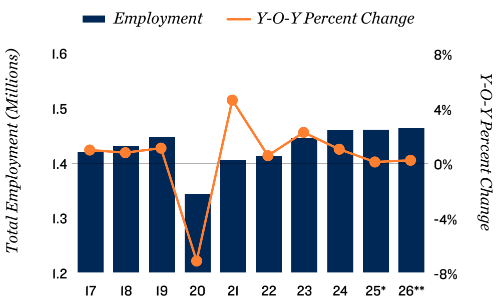
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

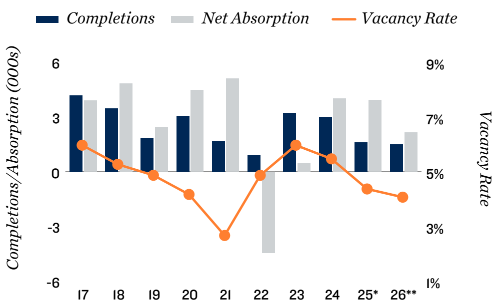
BALTIMORE

Vacancy Tightens Even as Impact of Federal Downsizing Begins to Appear

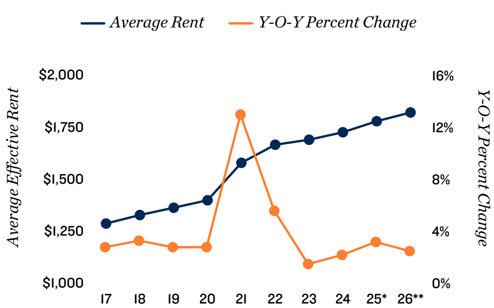
Employment Trends



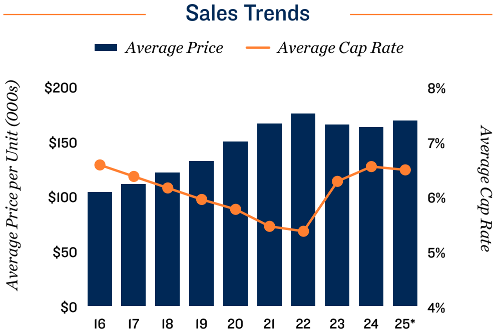
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

CBD seeks equilibrium as city vacancy compresses. Though exposed to federal downsizing, Baltimore fared better than Washington, D.C., in 2025. Moving forward, while net job losses will likely be avoided, modest local employment growth may impact apartment demand. Submarkets surrounding the core are well positioned to tackle potential headwinds, as vacancies here fell by more than 100 basis points last year. Outlying suburban communities like Columbia and Towson are also in a favorable spot, as they entered 2026 with the lowest vacancy metrics. In the city center, vacancy was essentially unchanged last year, even though local inventory increased roughly 4 percent. Still, Class C vacancy has been elevated here since 2024, at around 9 percent to start the year, compared to a Class A measure closer to 4 percent. Amid economic volatility, demand for lower-cost downtown rentals may improve in the near term, aiding the submarket's overall vacancy rate.

Suburban development brings potential and risk. Uncertainty surrounding government employment and tariffs may have weighed on sales last year. The metro's relative endurance to these challenges and exposure to European markets, rather than Chinese imports, may encourage deal flow going forward. In recent quarters, private buyers were most active in Baltimore. Substantial drops to vacancy north and west of downtown may attract more sales activity in the $1 million to $10 million price tranche this year. Outside the core, investors may make smaller opportunity plays in one of the metro's least vacant submarkets, Columbia-Laurel. Here, a sizable redevelopment proposal near Interstate 95 — Gateway Plaza — could aid future apartment leasing as office and retail tenants move in. Concurrently, Howard County has unveiled new tax credits in two enterprise zones around the site that could spur job creation and housing needs.

2026 MARKET FORECAST

NMI RANK 46 — ***Baltimore's rank weighs its compressing vacancy and minimal supply pressure against its lack of population growth.***

+0.2% — **EMPLOYMENT:** Baltimore's employment base expands by 3,000 positions, recovering by year-end from losses that began in 2025. This growth rate falls between Philadelphia and Washington, D.C.

1,500 *units* — **CONSTRUCTION:** Contrasting the broader national dynamic, the market's delivery slate adjusts modestly in 2026, translating to a second straight year of 0.6 percent inventory growth.

-30 bps — **VACANCY:** Metro vacancy declines for a third straight year, reaching its lowest level since 2021. At 4.1 percent, the year-end rate is also 90 basis points below the trailing decade mean.

+2.4% — **RENT:** Baltimore's average effective rent rises to $1,813 per month in 2026. As a year-over-year percentage change, this ranks Baltimore fourth highest among 13 major East Coast metros.

INVESTMENT: *Sales activity in Towson and Hunt Valley has been sporadic year-to-year since 2021. Still, an absence of deliveries and a vacancy rate in the upper-3 percent range may warrant investor interest in 2026.*

Housing Shortage Remains a Concern Amid Economic Uncertainty, Boding Well for Apartment Demand

Stable absorption and tight vacancy underscore multifamily momentum. Boston recorded its strongest net absorption since 2021 last year, driving a notable decline in vacancy, despite the delivery of 8,000 units metrowide. While cuts to university research grants and a sustained drop in international student enrollment may weigh on renter demand in 2026, Boston's population growth continues to outpace other Northeastern metros, offering some resilience. Ongoing housing affordability challenges will also aid property performance, specifically in the Class C sector, where vacancy is expected to remain tightest in 2026. Meanwhile, citywide zoning reforms — particularly the MBTA Communities Act — are facilitating rental development in first-ring suburbs with vacancy rates of 4 percent or lower, such as East Middlesex County, Quincy, and Waltham-Newton-Lexington. Downtown Boston and Cambridge will maintain similarly low vacancy in 2026, underscoring the enduring strength of the core. Combined, these fundamentals point to a stable near-term outlook for Boston's multifamily sector.

Investors focus on urban properties and key transit corridors. A decade-low delivery slate, comparable vacancy across class cuts, and some of the Northeast's lowest cap rates position Boston's multifamily sector for continued capital inflows in 2026. While active investors should be drawn to core listings, transit-oriented properties outside the CBD may continue to drive deal flow and overall pricing dynamics. Investor demand across property classes should be apparent in Lynn, Salem, and Beverly along the Newburyport/Rockport Line, as these areas were epicenters of transaction activity last year. Metrowide, post-2010 builds are likely to remain in high demand this year. Properties of this vintage comprise nearly 30 percent of the metro's rental stock and will benefit from persistent housing shortages and the pullback in multifamily construction.

2026 MARKET FORECAST

NMI RANK 22 — ***High barrier to homeownership sustains a large renter base, keeping Boston in the top half of the rankings.***

+0.2% **EMPLOYMENT:** Boston's employment base will see a moderate 6,000-job uptick this year, the largest year-end gain since 2023. The growth rate of 0.2 percent is on par with the nationwide average.

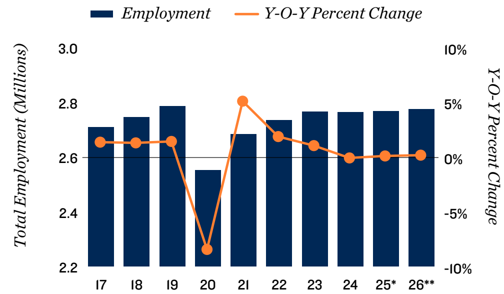
5,000 *units* **CONSTRUCTION:** The metro's delivery pipeline will equal about two-thirds of the decade-long average of 7,200 units. The 1.1 percent inventory growth represents the lowest gain since 2013.

+30 bps **VACANCY:** Metrowide vacancy will rise moderately, reaching 4.2 percent after a particularly strong 2025. Still, the metric is 20 basis points below the metro's previous 20-year average.

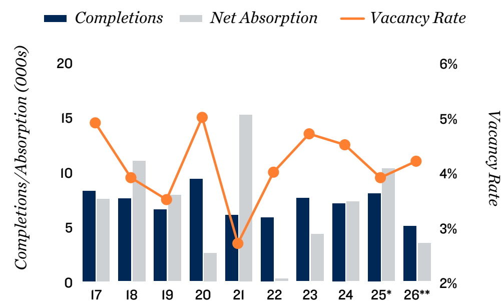
+2.2% **RENT:** Comparatively slower net absorption this year will limit the pace of rent growth. Nevertheless, the average effective rate will stand at $3,170 per month, one of the highest levels nationwide.

INVESTMENT: *Hasbro's new headquarters in the Seaport District signals renewed business interest in the area. With limited apartment development, investors may find compelling value-add opportunities nearby.*

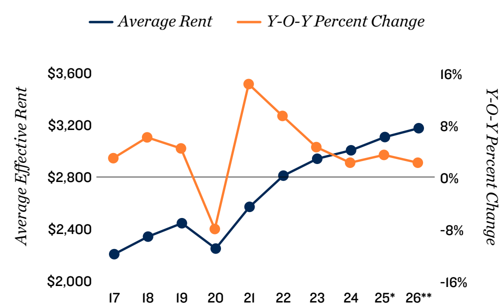
Employment Trends



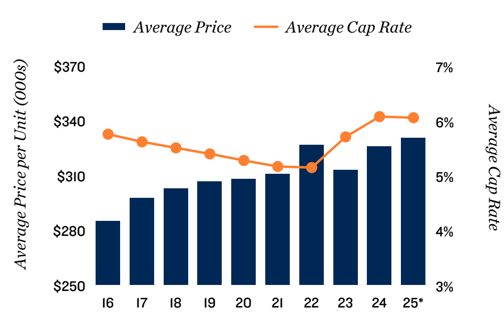
Supply and Demand



Rent Trends



Sales Trends



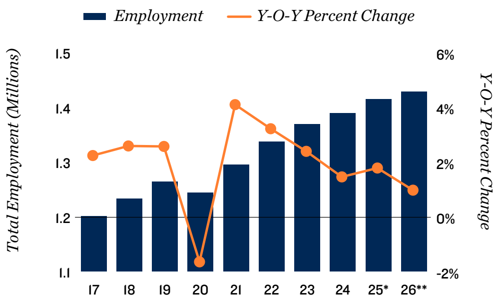
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

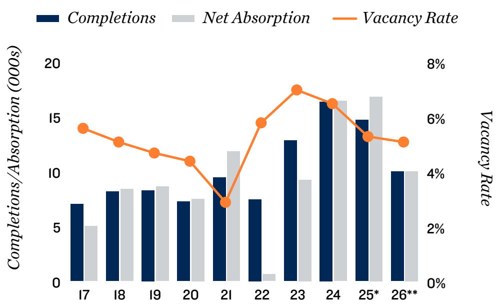
CHARLOTTE

Dynamics Diverge as Southern Areas Gain Relief and Northern Corridor Faces Ongoing Pressure

Employment Trends



Supply and Demand



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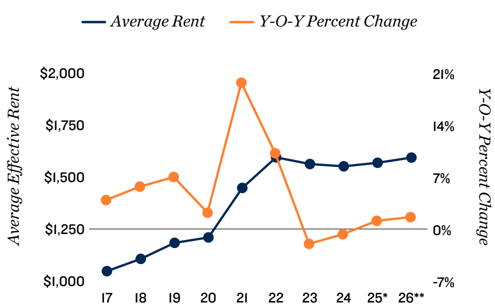

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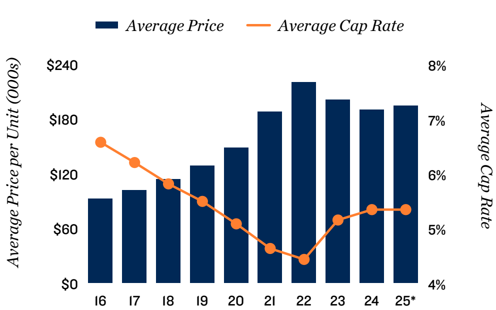


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Demographic tailwinds and moderating supply additions support positive outlook. Young adults moving to the market for job opportunities, especially in white-collar settings, will help sustain momentum in Charlotte's apartment sector in 2026. Meanwhile, concession usage across the metro should be common, particularly in areas like the corridor from North Charlotte to Cornelius, where elevated construction activity has been evident over recent years. Vacancy here may edge higher in 2026, as anticipated deliveries outpace the 2025 total. In contrast, southern infill submarkets, including Uptown-South End and Southwest Charlotte, are entering a period of sharply reduced development following a prior surge, with both areas expecting about half of 2025's additions. The combination of slowing construction and continued in-migration will support further vacancy compression and strengthen rent growth prospects in these neighborhoods. Longer term, the marketwide outlook is also favorable as construction starts in late 2025 fell to their lowest level since 2019.

Shifting market conditions create investment opportunities. While local transaction activity held relatively steady in 2025, easing near-term headwinds could spur growth in the coming years. Tempering construction can support effective rent growth while stabilizing pricing and cap rates, potentially improving underwriting conditions. In supply-saturated areas, owners facing maturing construction loans amid tight lending standards may create opportunities for buyers seeking discounted valuations. At the submarket level, East Charlotte stands out with vacancy hovering around 200 basis points below its long-term average, supported by strong infrastructure and a growing workforce-renter base. Lower-tier assets in South Charlotte are also well positioned after the area recorded some of the metro's largest Class B/C vacancy declines in 2025.

2026 MARKET FORECAST

NMI RANK 12 — ***Strong employment growth helps Charlotte rank in the top quartile, despite one of the most substantial delivery slates.***

+1.0% — **EMPLOYMENT:** Charlotte will add 14,000 jobs in 2026, outpacing the 0.2 percent national growth rate. Since 2021, the metro has ranked among the 15 fastest growing major markets for employment.

10,000 *units* — **CONSTRUCTION:** Total inventory is projected to expand by 3.9 percent in 2026, moderating from last year's 6.1 percent gain, but still representing the fastest growth among major U.S. markets.

-20 bps — **VACANCY:** A pullback in construction and softer overall employment gains combine to hold vacancy relatively steady at 5.1 percent, 140 basis points below the metro's long-term average.

+1.6% — **RENT:** Annual rent growth is projected to exceed 2025's gain of 1.1 percent, lifting the year-end average to $1,590 per month — still slightly below the mid-2023 peak of roughly $1,600.

INVESTMENT: *The Catawba Two Kings Casino Resort is expected to add 2,000 jobs to Kings Mountain when it opens in 2027, potentially spurring multifamily-investor interest along Interstate 85 and in nearby Gastonia.*

Diverse Labor Pool Supports Stable Outlook Amid Developing Demographic Headwind

Minimal construction benefits select submarkets. Chicago's inventory expanded at the fourth-slowest pace among major markets over the past three years, a trend that will continue in 2026 as deliveries fall below 4,000 units for the first time since 2012. With CBD vacancy at its lowest level since at least 2006, existing properties in the urban core will benefit from this scant construction. Similarly, South Cook and Will counties will add a limited number of units, which may keep vacancy near 2 percent. In contrast, Lake County-Kenosha is slated to receive the most completions in 2026. These deliveries may put upward pressure on local vacancy. However, the area entered this year with roughly 3 percent availability. Metrowide, the 20- to 34-year-old renter cohort continues to shrink, remaining a headwind. Fortunately, Chicago's diverse economy provides near-term stability to the local labor market and helps mitigate risks from a potential national downturn. No sector accounts for more than 13 percent of the region's GDP — one of the most balanced compositions among major U.S. metros.

Investor appeal holds firm amid accelerating large-scale trades. After an active 2025, private capital interest is likely to continue rising, particularly along the North Lakefront-Rogers Park corridor. Here, strong lifestyle amenities, transit connectivity, and a slowing construction pipeline are set to support near-term fundamentals. Ongoing property tax uncertainty tied to evolving Cook County assessment practices, however, may complicate underwriting and delay some closings as investors seek clarity on long-term operating costs. Still, transactions that sold for more than $20 million picked up notably in 2025, supported by the strongest annual Class A rent growth since 2022. Moving forward, investor interest should continue to strengthen as supply pressure eases amid historically tight vacancy, bolstering property performance metrics.

2026 MARKET FORECAST

NMI RANK 2 — *A narrow development pipeline, strong rent growth, and low vacancy combine to place Chicago near the top of the rankings.*

+0.3% — **EMPLOYMENT:** Total employment expands by 13,000 jobs in 2026. While this growth falls short of the metro's long-term average of 0.6 percent, it is still faster than this year's national pace of 0.2 percent.

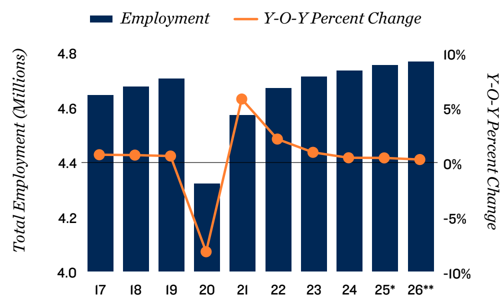
3,900 *units* — **CONSTRUCTION:** Completions in 2026 are projected to expand inventory by 0.5 percent, nearly matching last year's pace and tying six other major markets for the fifth-smallest increase nationwide.

+20 bps — **VACANCY:** Slower hiring impacts household formations, a dynamic that will push vacancy higher in 2026. Still, the year-end rate of 3.8 percent is 200 basis points below the metro's long-term average

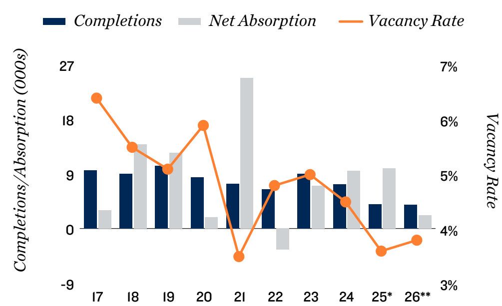
+2.9% — **RENT:** Amid a modest vacancy increase, rent growth in Chicago will slow in 2026, following a roughly 50 percent gain over the prior five years. The year-end mean reaches $2,300 per month.

INVESTMENT: *A planned intermodal facility in Minooka-Channahon, which is expected to create 6,500 logistics-related jobs by 2028, may heighten investor interest in Chicago's southwest suburbs.*

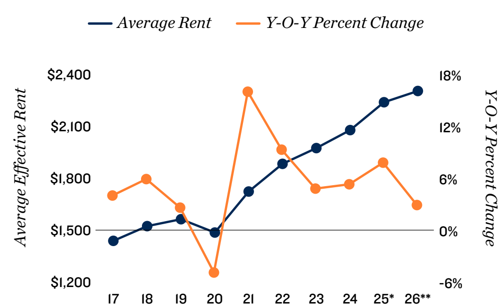
Employment Trends



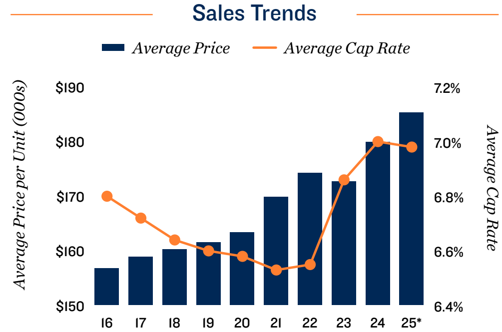
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

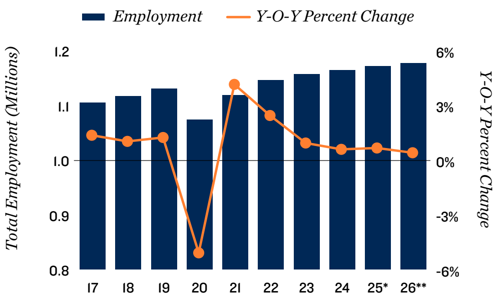
CINCINNATI

Evolving Submarket Conditions Sustain Class-Cut Bifurcation as Value-Add Opportunities Emerge

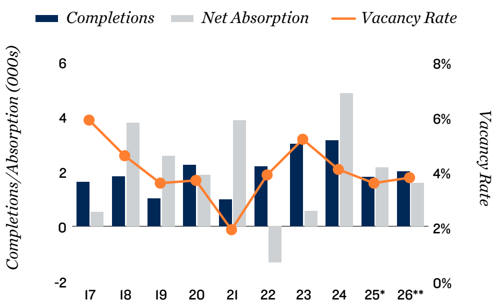
Short-term divergence amid slower hiring. Net absorption exceeded deliveries in Cincinnati over the past two years, yet Class A concession usage held relatively steady in 2025, compared to drops in the lower tiers. Vacancy also tightened across all segments, falling below the prior 10-year average in each sector. Leasing momentum at Class A properties, however, may slow in the near term, particularly in submarkets that are expected to see the bulk of new supply, such as Northeast Cincinnati-Warren County and Southeast Cincinnati. Softer labor conditions, especially in traditional office-using sectors, may also temper Class A demand before a sharp drop in the development pipeline beginning in the fourth quarter of 2026 helps rebalance the upper end of the market. Concurrently, another year of pronounced rent growth across mid- and low-tier properties is likely, supported by sub-4 percent vacancy.

Stable rent growth and lower entry costs buoy investment appeal. Private buyers targeting deals in the $1 million to $5 million range continued to drive Cincinnati's transaction activity in 2025. Recording one of the sharpest vacancy declines among submarkets, the corridor spanning North Cincinnati to Hamilton may continue to attract buyers pursuing lower-tier assets after a notable pickup in deal flow last year. Metrowide, Class A sales remained muted for the second consecutive year, though the outlook is becoming more favorable. The segment's vacancy rate fell by roughly 100 basis points in 2025, outpacing Class B and C declines and indicating that demand drivers remain intact amid an expected pullback in new supply by late 2026. Across asset classes, the average price per unit has remained relatively flat over the past two years, hovering around $140,000. This dynamic, combined with rent growth that stands out nationally, may spur interest among investors targeting value-add opportunities in lower-cost secondary markets.

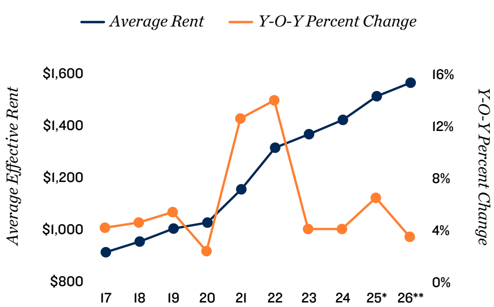
Employment Trends



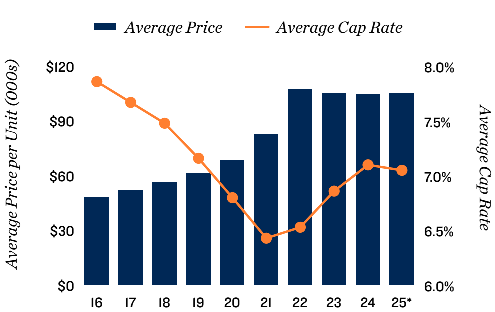
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 39 — ***This year's bump in vacancy, combined with slow household formation, contributes to Cincinnati's lower-half ranking.***

+0.4% — **EMPLOYMENT:** Cincinnati is on track for its sixth consecutive year of job growth in 2026, adding roughly 5,000 jobs, though hiring momentum will likely fall short of last year's 0.7 percent gain.

2,000 *units* — **CONSTRUCTION:** Anticipated deliveries in 2026 expand local rental stock by 1.2 percent, exceeding last year's increase and roughly aligning with the forecasted national inventory change.

+20 bps — **VACANCY:** Metro vacancy is expected to reach 3.8 percent by year-end as inventory growth surpasses the metro's long-term pace. Still, availability remains well below the 5.9 percent historical average.

+3.4% — **RENT:** The average effective rent in Cincinnati is projected to reach $1,560 per month, tying it with three other metros for the fifth-fastest growth rate among major markets in 2026.

INVESTMENT: *Investor interest may rise in the northeast section of Cincinnati. Medpace's headquarters expansion in Madisonville is expected to create 1,500 jobs by mid-2027, likely bolstering nearby apartment demand.*

Steady Hiring Sustains Apartment Demand as Construction Pullback Fuels Class A Recovery

Multifamily outlook stable despite headwinds. Metro apartment fundamentals improved in 2025, with suburban submarkets standing out for rent growth that ranks among the best in the country. The CBD, meanwhile, began to recover modestly from elevated vacancy levels. This, despite persistent demographic headwinds, as Cleveland led the nation in household consolidation amid weak population growth and net migration. Looking ahead, vacancy should remain tight due to a pullback in 2026 deliveries, particularly in East Cleveland, and recent multifamily permit activity, which ranked among the lowest nationally at the end of last year. This constrained pipeline may help sustain Class A tightening after upper-tier vacancy fell below 2024 levels, dropping by nearly 300 basis points by mid-2025. Moreover, job creation in retail trade and local government — where median salaries are at or below $65,000 — may reinforce Class B and C fundamentals this year. This may be most visible in Medina County, where more retail openings could bolster already solid Class B and C conditions.

Investor activity improves as smaller assets lead market momentum. Transaction velocity inched up in 2025, ending a two-year slowdown, though Cleveland's trade activity trailed other secondary markets. The CBD and adjacent infill areas should remain investor targets, supported by revitalization projects like the Riverfront redevelopment. With overall apartment development slowing, these efforts are expected to strengthen long-term multifamily performance. Trading activity metrowide will continue to concentrate on Class C assets priced below $10 million, as investors favor the segment's notably low vacancy, near 3 percent, entering the year. Meanwhile, University Circle may draw heightened investor interest, given its concentration of major education and medical institutions, which reinforces occupancy stability and long-term demand.

2026 MARKET FORECAST

NMI RANK 37 — ***Despite strong rent growth and easing supply pressures, Cleveland ranks in the bottom half as demographic challenges persist.***

+0.7% — **EMPLOYMENT:** Cleveland will welcome 8,000 jobs in 2026, ranking among the top 20 major markets for roles added. Total employment will approach its 2019 peak, erasing pandemic-era losses.

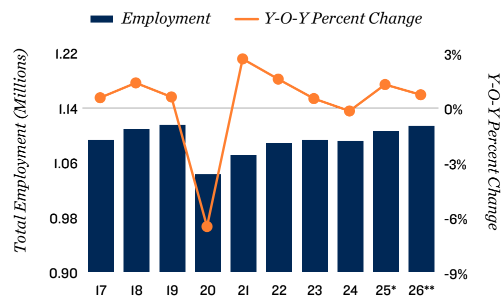
1,100 *units* — **CONSTRUCTION:** Completions draw down to the lowest level since 2021, as inventory growth falls to 0.6 percent. New supply will be heaviest in Richmond Heights, followed by the CBD.

+10 bps — **VACANCY:** Vacancy remains tight despite easing demand, edging up only slightly to 4.2 percent by year's end. The 2026 measure will rest roughly 200 basis points below Cleveland's long-term average.

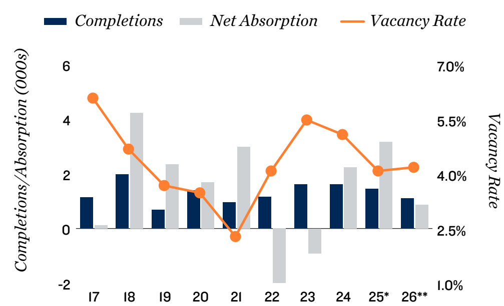
+3.3% — **RENT:** The average effective rent will rise to $1,415 per month, as Cleveland ranks eighth for annual rent growth among major metros, yet retains the eighth-lowest overall payment.

INVESTMENT: *Sherwin-Williams' new downtown headquarters will reach full occupancy in 2026, bringing more than 3,000 employees to the CBD, which may attract investors to urban-core listings.*

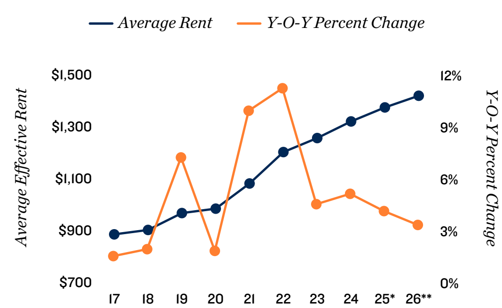
Employment Trends



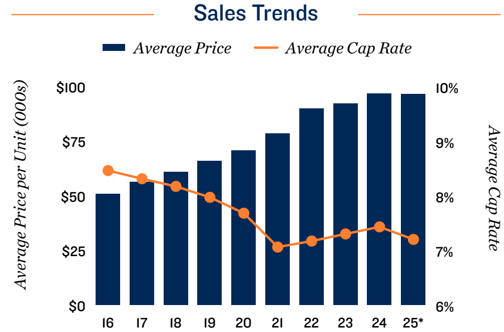
Supply and Demand



Rent Trends



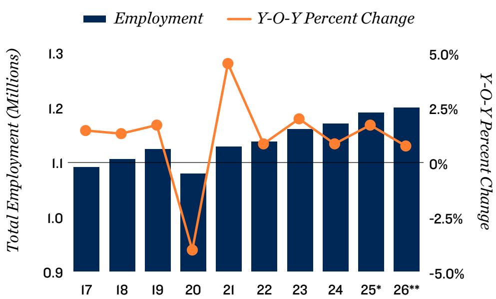
Sales Trends



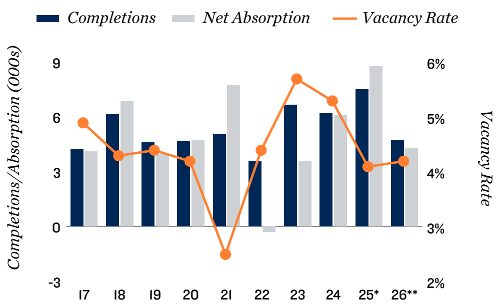
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Employment Trends



Supply and Demand



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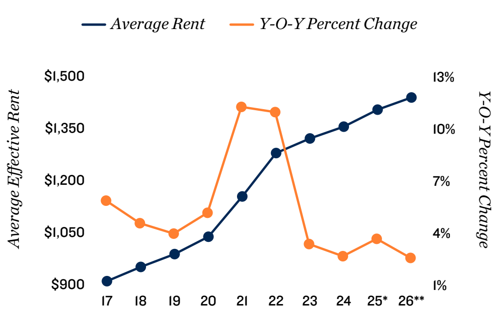
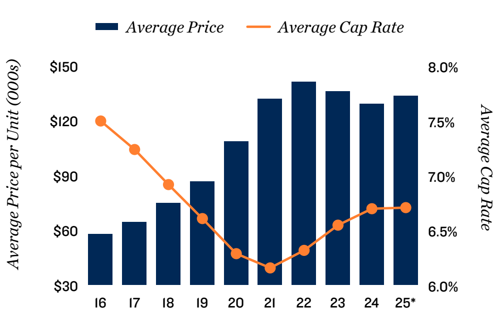


Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

COLUMBUS

Investor Confidence Holds as Columbus Navigates More Tempered Economic Expansion

Industrial project delays could weigh on near-term renter demand. Since the pandemic, Columbus has seen a steady inflow of capital, particularly in the technology sector. This has fueled higher-paying jobs, pushing household income growth to rank among the top 10 nationally and second highest in the Midwest in 2025. Major corporate expansions, including Intel's semiconductor facility, the Honda-LG EV battery plant, and Anduril's Arsenal-1, have been central to this momentum. However, this growth is slowing, as Intel's Ohio One project has been delayed to 2030, and Amazon and Google's data center expansions in New Albany are facing growing scrutiny from residents. These uncertainties could soften renter demand in the short term, contributing to a modest uptick in the metro's vacancy rate this year. Meanwhile, near-term deliveries are concentrated in the Downtown-University area and Far East Columbus near Reynoldsburg. As a result, urban areas are expected to post slightly higher vacancy — around 6 percent — while suburban submarkets remain tighter, with rates below 4 percent.

Long-term rent growth and liquidity attract capital. Trades completed across Columbus in 2025 produced an average cap rate in the mid- to upper-6 percent band, ranking among the lowest in the Midwest. Still, Columbus offered higher yields than most East Coast markets. As such, out-of-state buyers were particularly active last year, accounting for over 80 percent of total dollar volume. This activity contributed to transaction velocity rising 40 percent year-over-year metrowide, with the acceleration most notable downtown and in New Albany. Looking ahead, the combination of low vacancy and favorable entry costs should bolster multifamily investment activity. The metro's robust pipeline of industrial and tech expansions could strengthen rent growth over the coming decade — a boon for private investors seeking upside.

2026 MARKET FORECAST

NMI RANK 13 — ***Columbus ranks in the top quartile nationally as ongoing household growth bolsters the renter pool.***

+0.8% — **EMPLOYMENT:** Job growth will moderate this year as white-collar hiring slows locally. The projected gain of 9,000 roles is also below the metro's long-term average of nearly 13,000 annually.

4,700 *units* — **CONSTRUCTION:** The delivery pipeline level will contract below its prior 10-year average. However, an inventory growth rate of 2.2 percent still ranks among the top 10 nationwide.

+10 bps — **VACANCY:** Following a triple-digit basis-point drop last year, the vacancy rate will rise modestly to 4.2 percent by the end of 2026 — 50 basis points below the national measure.

+2.5% — **RENT:** The average effective rent will increase to $1,435 per month despite a slight rise in vacancy. The metro's year-end monthly payment will sit about 40 percent higher than its average in 2020.

INVESTMENT: *Class C rent growth is outpacing other quality tiers, particularly in northern and eastern Columbus. Investors interested in value-add strategies could target assets here amid standout in-migration.*

Shifting Submarket and Asset-Class Dynamics Guide Investment Momentum and Market Outlook

Mid-tier properties favorably positioned. Renter demand in Dallas-Fort Worth is bolstered by population gains that will rank among the nation's 10 fastest in 2026. In Fort Worth, new residents will align with accelerating supply only in the Haltom City-Meacham corridor. Many areas that had elevated supply in recent years, like South Fort Worth, South Arlington-Mansfield, and North Fort Worth-Keller, anticipate substantial pullbacks. In Dallas, the recently supply-laden Allen-McKinney and Frisco submarkets represent expanding local employment hubs, supported by sizable office and retail development pipelines. At the same time, apartment deliveries are set to be less than half of 2025's level. Marketwide, newly delivered assets may still face pressure tied to longer stabilization timelines as they adjust to the recent supply surge. However, concession usage remains most pervasive in Class C. Mid-tier assets appear best positioned moving forward, following notable vacancy improvement in 2025. After several years of comparatively subdued rent growth, this tier may rebound toward historical norms.

Airport-adjacent pockets attract investors. Robust in-migration and corporate relocations position Dallas-Fort Worth as a prime target for multifamily investors in 2026. Trading accelerated over the past year, driven by deals exceeding $20 million, and many involved properties with more than 300 units. Out-of-state investors expanded their presence, while REITs accounted for much of the uptick in acquisitions as institutions maintained a steady share of buyer composition but reduced dispositions. Pockets surrounding Dallas Fort Worth International Airport may continue to attract investment following some of the largest vacancy declines among submarkets in 2025. Class A buyers will gravitate toward North Dallas-North Irving, Las Colinas, and areas near Grapevine, while value-focused investors will target areas southwest toward Fort Worth.

2026 MARKET FORECAST

NMI RANK 17 — ***Although Dallas-Fort Worth anticipates relatively elevated deliveries, falling vacancy helps secure a top-20 ranking.***

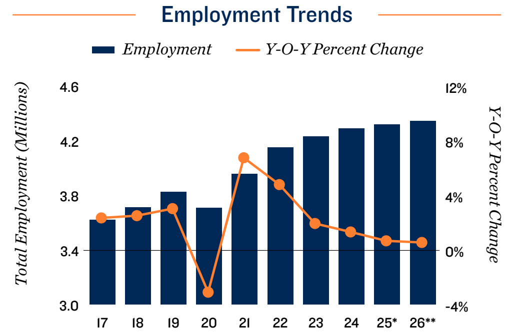
+0.6% — **EMPLOYMENT:** The metroplex adds 25,000 jobs in 2026, tying New York and Philadelphia for the largest total nationally. Still, the rate of employment growth trails the long-term mean of 2.2 percent.

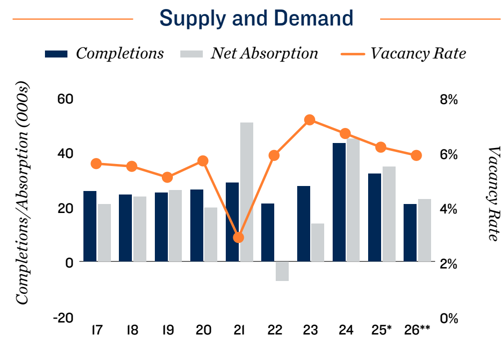
21,000 *units* — **CONSTRUCTION:** While inventory growth is projected to moderate to 2.1 percent in 2026, from 3.3 percent the year before, the metro still ranks among the nation's 10 fastest-expanding major markets.

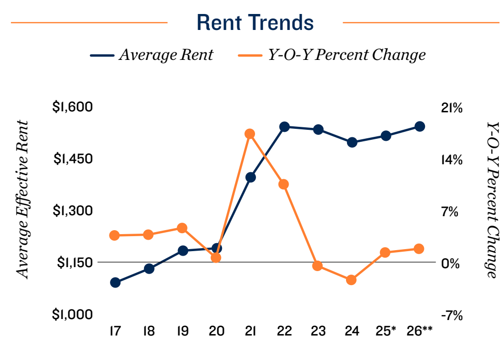
-30 bps — **VACANCY:** Softer hiring coincides with a slowing development pipeline, shifting vacancy down to 5.9 percent by year-end, 80 basis points below the metroplex's long-term average.

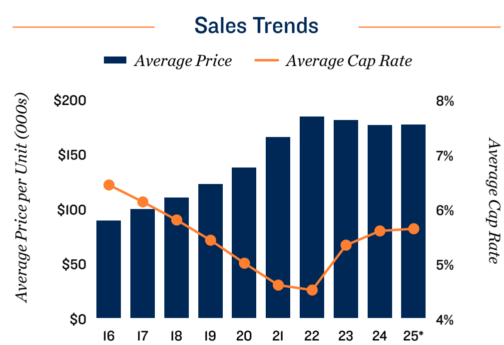
+1.8% — **RENT:** Tightening vacancy will continue to support rent growth, projected to be roughly in line with the national forecast, bringing the year-end average to $1,540 per month.

INVESTMENT: *Private buyers seeking lower capital commitments may look to Denton, where robust population growth has spurred greater transaction activity in 2025, especially among sub-50-unit Class B/C assets.*









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

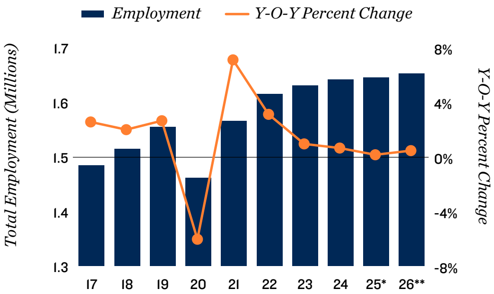
DENVER

Local Dynamics Take Center Stage in 2026 as Apartment Outlook Overcomes Demographic Hurdles

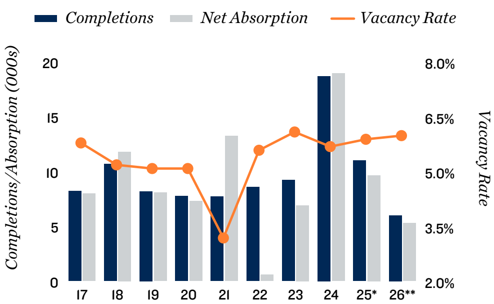
Affluent west side outperforms as the east side sees drop in immigration. Apartment demand in Denver is expected to remain uneven in 2026 as demographic and labor headwinds persist. The local unemployment rate trended lower in 2025 despite modest hiring, suggesting a smaller labor pool likely influenced by tighter immigration enforcement. With foreign migration driving more than 60 percent of Denver's population growth since 2020, reduced inflows may restrain household formation. East-side neighborhoods with larger immigrant populations — such as North Aurora, Glendale, and Commerce City — face the most pressure, as vacancy climbed above 6 percent in 2025. In contrast, vacancy across the west side and key suburban job centers — including Broomfield, Arvada, and the Tech Center — has held vacancy below 5 percent. Moving forward, these latter areas are well-positioned, given their generally more affluent renter bases. Metrowide, completions in 2026 are projected to be the lowest in more than a decade, which will help to contain the extent of upward vacancy movement.

Income stability lifts Denver trading above Sun Belt metros. Multifamily investment in Denver continued to rebound in 2025, recording more trades than Sun Belt metros like Atlanta and Phoenix. Private investors have dominated activity, acquiring stabilized sub-20-unit assets for around $200,000 per unit. Higher-earning households and a lower rent-to-income ratio in Denver should support stronger rent collections than in those markets. West Denver neighborhoods like Wheat Ridge, Lakewood, and Arvada are likely to remain active, due to vacancy near metro lows around 5 percent and limited construction. On the east side, investors have shifted away from Aurora — where vacancy rose more than 100 basis points in 2025 — toward central areas like Capitol Hill, where vacancy held steady and proximity to major employment centers supports leasing.

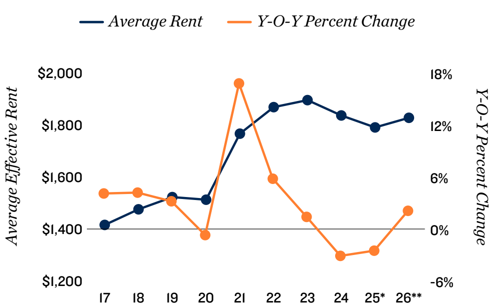
Employment Trends



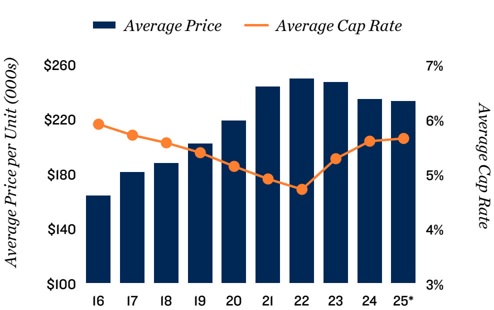
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 44 — ***Denver will rank near the bottom this year, driven by elevated vacancy and sluggish employment trends in the short term.***

+0.5% — **EMPLOYMENT:** Job growth improves slightly in 2026 with the addition of 8,000 roles, aided by modest gains in office-using industries. Education and healthcare hiring is also expected to hold firm.

6,000 *units* — **CONSTRUCTION:** Deliveries will decline by more than 3,000 units from 2025, totaling less than one-third of the 2024 peak. At 1.7 percent, inventory growth will be roughly half the past decade's average.

+10 bps — **VACANCY:** Labor and immigration headwinds impact renter demand. However, fewer completions help limit vacancy increases. At 6.0 percent, Denver has the fifth-highest rate among major markets.

+2.1% — **RENT:** Denver's average effective rent is expected to rise in 2026 as lease-up concessions at recently delivered properties phase out, lifting the rate to $1,825 per month after two years of declines.

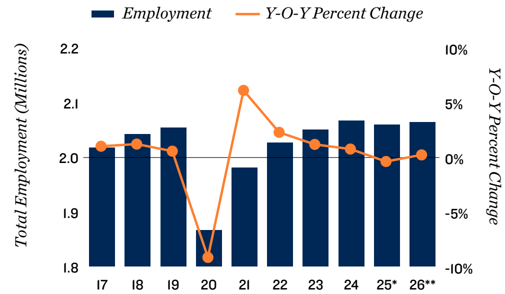
INVESTMENT: *Denver's $600 million downtown revitalization effort may spur multifamily investment. Last year, $68 million was approved for the redevelopment of the Denver Pavilions mall and nearby lots.*

Suburban Areas Stand Out as High Cap Rates Continue to Facilitate Investment

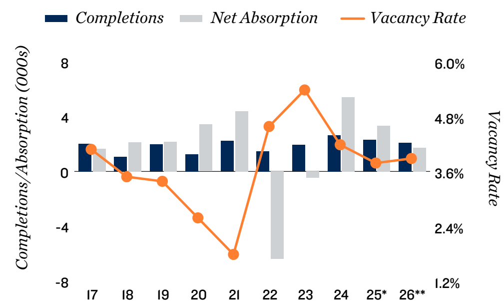
Demand rising, but stricter policy enforcement a headwind. In 2024, immigration-driven demographic momentum fueled Detroit's strongest net absorption since 2015. That trend softened in 2025, however, as the metro posted its first population decline since 2022, reflecting outmigration among 20- to 34-year-olds and likely slowing immigration under recent federal policy shifts. These patterns present challenges for apartment demand as new supply is expected to roughly double the long-term annual average for a third consecutive year. The CBD, especially, has struggled to absorb moderate new supply, with vacancy in the mid-6 percent range at the end of last year. Conversely, suburban areas were comparatively tight near 4 percent, well below the historical norm of 6.2 percent. The outlying Novi-Livingston submarket stands out with vacancy near 2 percent in late 2025, ranking among the 10 lowest nationwide for submarkets with 20,000 or more units, while construction activity is poised for a sharp pullback in 2026.

Attractive first-year returns draw out-of-state capital. Although the metro's mean monthly rent rose at the 10th-fastest rate among major U.S. markets over the past two years, buyers remain cautious amid concern over rising property expenses. As a result, Detroit continues to offer some of the highest cap rates among major metros in 2026, drawing strong interest from out-of-state investors. Submarkets such as Pontiac-Waterford-Auburn Hills and Southwest Wayne County saw stronger transaction velocity in 2025 and are poised to remain key investment targets. Both areas offer strong connectivity, above-metro-average population growth, and limited development pipelines, conditions that should keep vacancy near 3 percent through 2026. In the former, investors will likely focus on smaller Class C assets priced between $1 million and $5 million, while Southwest Wayne County more often offers mid- to lower-tier properties over 100 units.

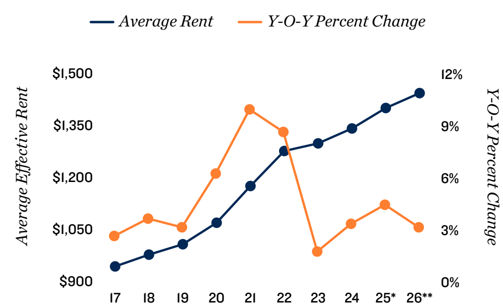
Employment Trends



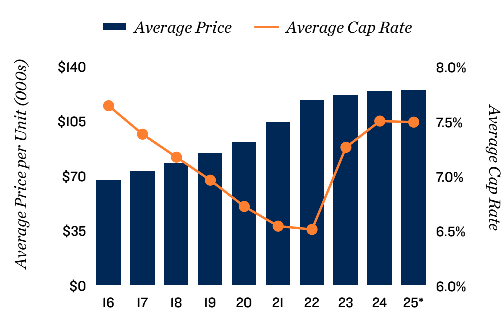
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 38 — ***Strong revenue growth cannot offset weak household formation and rising vacancy, landing Detroit in the lower quartile.***

+0.2% — **EMPLOYMENT:** This year's job gains are expected to total 5,000, representing a modest rebound from 2025's decline. Still, this growth rate will rank third slowest among major Midwest markets.

2,100 *units* — **CONSTRUCTION:** Supply growth remains elevated in the metro in 2026, with total inventory expanding by 0.7 percent. Nearly 900 new units are slated for delivery in Westland-Canton-Livonia.

+10 bps — **VACANCY:** Following two years of consecutive declines, Detroit's vacancy rate is forecast to nudge up to 3.9 percent by the end of 2026, still well below the metro's long-term average of 5.8 percent.

+3.1% — **RENT:** Although rent growth is projected to slow slightly in 2026, the metro's rate of increase ranks among the top 10 nationally, with the average monthly payment rising to $1,440 by year-end.

INVESTMENT: *Class C vacancy in the Royal Oak-Oak Park submarket is extremely tight, supporting some of the metro's fastest rent gains in the segment and sustaining investor demand for lower-tier assets.*

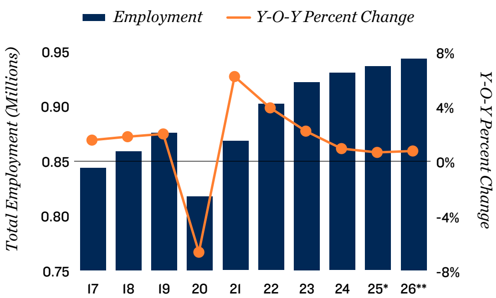
FORT LAUDERDALE

Steady Job Gains and Upscale Leasing Demand Anchor Local Apartment Outlook

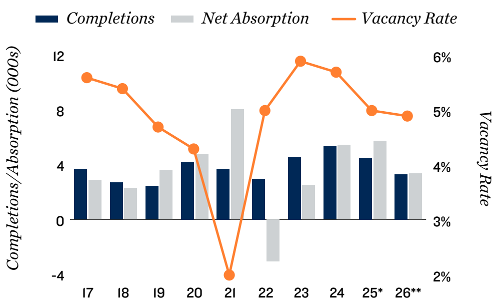
Central Fort Lauderdale outperforms amid white-collar hiring. Expanding employment in financial and professional services is expected to bolster apartment demand in the metro despite broader economic headwinds. Office-using hiring helped downtown vacancy decline throughout 2025, and a sharp drop in 2026 deliveries here should support further tightening. Metrowide, Class A operators began achieving rent increases on new leases again in late 2025 — the first time since 2022 — indicating a more balanced supply-and-demand backdrop. Nevertheless, softer job creation in other industries and stricter immigration policies may temper leasing, particularly outside the core, where vacancy trended higher late last year. Hollywood's elevated construction pipeline could place some pressure on vacancy, though its relatively affluent renter base should help to absorb luxury units. Meanwhile, minimal construction in Pembroke Pines, Plantation, and Coral Springs will contain vacancy risk even if household formation slows.

Buyers target higher yields in established submarkets. A sharp decline in vacancy last year fueled stronger investment, and with the 2026 measure projected to stay about 100 basis points below its 2024 peak, trading momentum may continue to build. Hollywood is expected to remain a key focus for investors, as vacancy declined by more than 100 basis points in 2025 to its lowest level since 2022, settling below 6 percent. Buyers may continue to expand west along the Florida Turnpike into nearby Pembroke Pines, where higher household incomes and limited construction activity should support stable fundamentals. In Central Fort Lauderdale, uniformly tight vacancy across all asset classes could broaden the range of viable investment strategies. Investors are likely to favor stabilized assets to minimize downside risk amid lingering uncertainties, while properties priced below $200,000 per unit should continue to offer attractive entry costs.

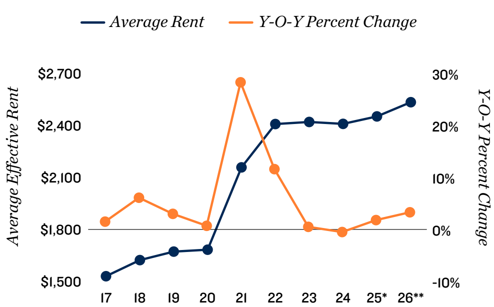
Employment Trends



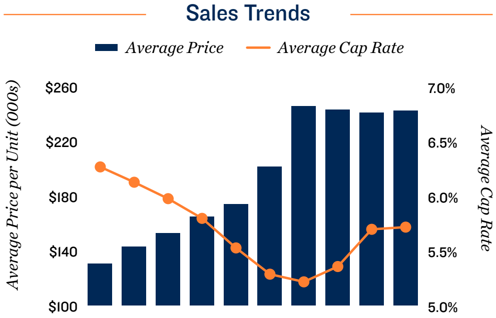
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK | ***A growing population, combined with high ownership barriers and constrained new supply, gives Fort Lauderdale the top spot.***

+0.7% — **EMPLOYMENT:** Job growth in 2026 is expected to mirror last year's pace of hiring. The traditionally office-using sector will likely account for about half of all new positions for a second year in a row.

3,300 units — **CONSTRUCTION:** Deliveries in 2026 will mark the smallest total since 2022, roughly aligning with the past decade's average. Completions will concentrate in Central Fort Lauderdale and Hollywood.

-10 bps — **VACANCY:** A decline in openings and steady demand from higher-income households will help vacancy edge down slightly in 2026. At 4.9 percent, the rate will match the trailing 10-year average.

+3.3% — **RENT:** Fort Lauderdale is expected to record the fifth-fastest pace of rent growth among major metros in 2026, amid stabilizing fundamentals. The average effective rent will reach $2,530 per month.

INVESTMENT: *A planned 60-acre tech-entertainment campus near Central Fort Lauderdale is expected to create more than 1,000 high-paying jobs, likely strengthening local rental demand and reinforcing investment.*

Performance Split as Urban Pipeline Contracts and Suburban Growth Holds Steady

Local fundamentals begin to diverge. Rent growth was evident across much of Houston in late 2025, with outer-ring hubs such as Conroe, Baytown, and Galveston continuing to post consistent gains. Urban core areas — where average monthly rents exceed $2,000, and vacancy rates hover near 5 percent — also held firm. Going forward, rents should continue to improve even as household formation slows. Houston's construction pipeline is set to further contract, with completions in 2026 falling to the lowest level since 2013. The slowdown is most pronounced inside the Interstate 610 Loop, where deliveries will equal just 10 percent of the 2025 total. In contrast, suburban development remains active. High-growth areas, such as Katy, Sugar Land-Stafford, and Northwest Houston along Highway 249, will face the most notable supply headwinds. While this wave of suburban deliveries and late-2025 vacancy upticks may weigh on property performance, overall availability well below the metro's long-term mean points to healthy demand.

Private investors gaining ground in Houston. Among Texas' major metros, Houston offers the highest average cap rate, which is proving attractive for investors. As of late 2025, transaction activity for properties under $10 million surged 60 percent year over year, compared with a 33 percent increase for deals above this threshold, where cap rates are generally more compressed. Building on last year's strong momentum, private buyers are expected to stay active in 2026, particularly if borrowing costs decline and pricing becomes more attractive. Investor focus has shifted toward areas with limited new supply, such as River Oaks. Southeast Houston submarkets like Clear Lake, Pearland, Pasadena, and Galveston — where vacancy rates have stayed below the metro average — are also drawing interest, supported by steady demand from a growing working-class population locally amid the nationwide trend of softening white-collar job creation.

2026 MARKET FORECAST

NMI RANK 9 — ***A rising renter population helps mitigate Houston's relatively higher vacancy, securing a top-10 national ranking.***

+0.2% **EMPLOYMENT:** Job growth in Houston continues to slow, with 8,000 jobs added this year. This gain marks the second-lowest annual increase since 2016, surpassed only by net job loss in 2020.

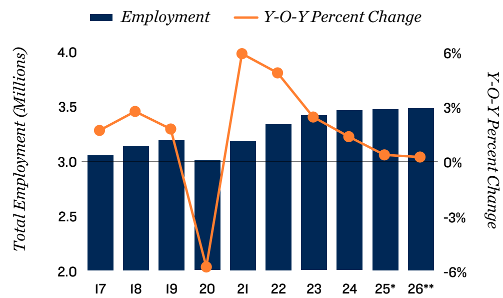
9,000 *units* **CONSTRUCTION:** This year's pipeline is only half the prior five-year average and is increasingly concentrated. Katy alone is set to receive 2,000 units — more than twice as many as any other area.

+20 bps **VACANCY:** The vacancy rate is projected to rise to 6.3 percent. While this figure ranks among the top three nationally, it remains 120 basis points below the metro's long-term average.

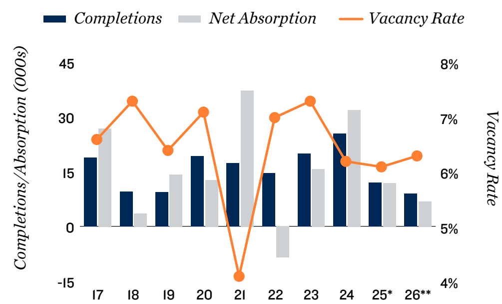
+2.3% **RENT:** The pace of rent increase stays consistent, with the average rent reaching $1,410 per month this year. Still, Houston is the lowest-cost primary market — a draw for in-migration and future rent gains.

INVESTMENT: *Transaction velocity for assets built after 2000 rose 50 percent year-over-year in 2025. Investors are targeting newer, stabilized properties for more reliable cash flow, especially in downtown areas.*

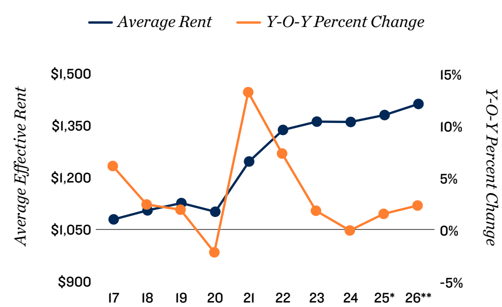
Employment Trends



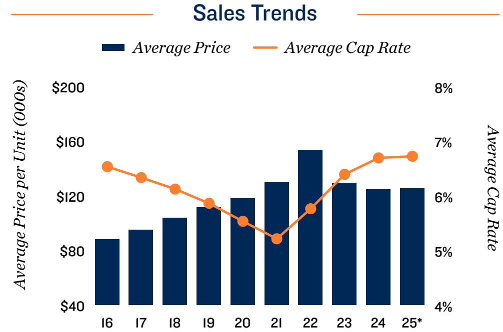
Supply and Demand



Rent Trends



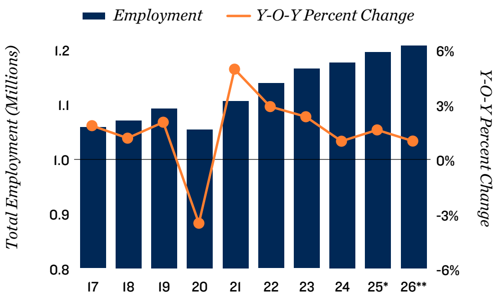
Sales Trends



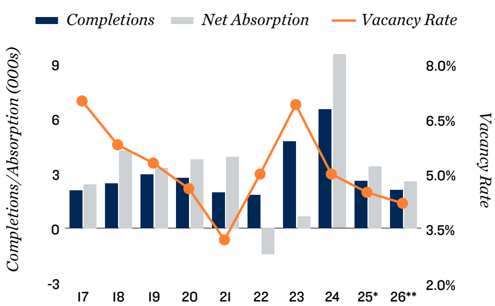
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

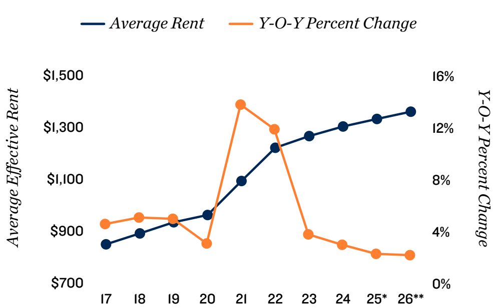
Employment Trends



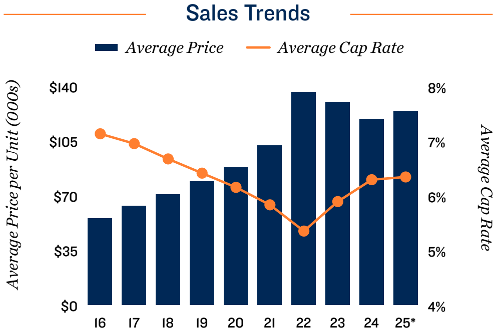
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

INDIANAPOLIS

Growing Communities Boost Apartment Performance as Large Commercial Developments Emerge

Suburban expansion and core resilience define outlook. Indianapolis' multifamily sector continues to be boosted by job creation and net in-migration levels that rank among the highest in the Midwest. Since 2020, outlying counties such as Boone, Hamilton, and Hancock have seen population increases of more than 10 percent. The resulting new renter demand has pushed monthly rates up as much as 50 percent over the past five years — far outpacing the CBD's 19 percent rise. Even so, downtown vacancy remains below its long-term average, supported by limited supply since mid-2024 and by corporate relocations, such as Elanco's move of over 700 employees to its new global headquarters. These factors will likely push the CBD rate into the low-5 percent range for the first time since 2022, sustaining rent growth throughout this year. Smaller submarkets such as Lawrence and Greenwood-Johnson County will capture a larger share of apartment completions in 2026, while deliveries in Carmel will comprise more than half of the metro's deliveries. Elsewhere, a broader pullback in groundbreakings is materializing, which should aid fundamentals at existing properties beyond this year.

Investor activity broadens beyond core. Transaction velocity rose slightly in 2025, as did the metro's average price point, reflecting healthy investor competition for listings. Of late, buyers have focused on lower-tier properties under $10 million, with trading concentrated in downtown Indianapolis. This area may draw additional investment in 2026 as tightening core vacancy drives rent growth and enhances market appeal. Elsewhere, investors may target cities such as Whitestown, Westfield, and Fishers in the affluent northern counties of Boone and Hamilton. Commercial development is accelerating across these counties, with roughly 1.2 million square feet of industrial and 650,000 square feet of office space pre-leased and set to deliver this year.

2026 MARKET FORECAST

NMI RANK 16 — ***Strong employment growth supports the metro's ranking, but supply pressures keep it outside of the top 15.***

+1.0% — **EMPLOYMENT:** Indianapolis will add 12,000 jobs in 2026, driven by expansions in healthcare and professional services. The metro's employment growth rate ranks fifth among major markets.

2,100 units — **CONSTRUCTION:** Deliveries fall below the long-term average as inventory growth slows to 1.1 percent. Submarkets in Hamilton County continue to receive an outsize portion of new supply.

-30 bps — **VACANCY:** For a third straight year, renter demand exceeds supply, translating to moderate vacancy compression in 2026. At 4.2 percent, the metro's rate is on par with nearby Cleveland and Columbus.

+2.1% — **RENT:** The metro's mean effective rent will rise to $1,355 per month. However, the year-over-year pace of change will be less than half the prior decade's average of 5.6 percent.

INVESTMENT: *Investors with prior value-add experience may target southwest Indianapolis. Here, local rents sit near record highs, yet the area remains one of the metro's lowest-cost submarkets for Class B and C units.*

Property Performance Varies by Class Cut Amid Sustained Demographic Momentum

Corporate relocations and expanding population support apartment demand. Jacksonville's population growth ranked among the top 10 major markets in 2025 for the third consecutive year, continuing to support apartment demand. This in-migration has been well timed, as the metro continues to navigate one of the nation's fastest inventory expansions over the same period, with stock up roughly 15 percent. Corporate relocations such as Intercontinental Exchange's planned mortgage-technology headquarters will continue to support demand for higher-end rentals — a segment that led rent growth in 2025. Although concession usage has eased since peaking in 2024 across Class A properties, it remains prevalent at Class B complexes. Meanwhile, the metro's overall net absorption slightly lagged unit deliveries last year. This supply-demand dynamic, coupled with a cooling labor market, points to potential near-term softening. The longer-term outlook, however, is more favorable as the metro anticipates a sharp drop in ongoing construction activity following the third quarter of 2026.

Overall investment outlook brightens, yet select submarket stands out. Higher insurance premiums and interest rates have weighed on investor sentiment in Jacksonville in recent years. Conditions are improving, though, as insurance costs have fallen substantially from their 2024 peak, and borrowing costs eased slightly in late 2025. Transaction velocity has already accelerated modestly over the past year, driven mainly by trades in the $1 million to $10 million price range, though a notable gain in transactions over $20 million was also evident. On the West Side, closings nearly doubled year-over-year as the corridor posted the sharpest vacancy decline and strongest rent growth among submarkets. With limited new development, larger Class B/C assets in this area will likely continue to attract investors.

2026 MARKET FORECAST

NMI RANK 36 — ***Household formation is outweighed by elevated, rising vacancy, placing the metro in the lower third of the Index.***

+0.7% — **EMPLOYMENT:** Jacksonville's employment base will grow by 6,000 positions in 2026. This gain, however, lags slightly behind 2025's total and remains well below the trailing decade average of 2.3 percent.

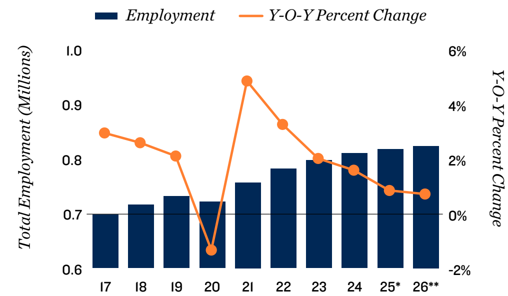
3,500 *units* — **CONSTRUCTION:** Completions in Jacksonville are projected to nearly match last year's pace, driving 2.3 percent inventory growth — the sixth-fastest pace among major U.S. markets in 2026.

+20 bps — **VACANCY:** The near-term delivery slate is expected to weigh on vacancy, pushing the rate up to 6.7 percent by year-end. This metric ranks second highest among major U.S. rental markets.

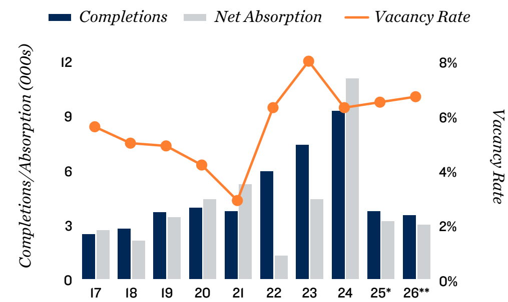
+0.3% — **RENT:** Rising vacancy, while moderate, weighs on rent growth, keeping the metro's annual rate of increase below other major Florida markets. The year-end average is projected at $1,485 per month.

INVESTMENT: *Baymeadows vacancy fell by triple-digit basis points last year, ranking it the tightest local submarket. Limited availability and a shrinking construction pipeline should enhance the appeal of area listings.*

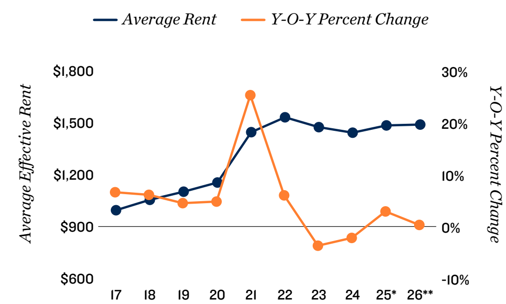
Employment Trends



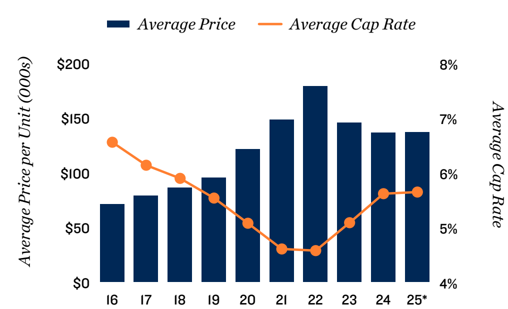
Supply and Demand



Rent Trends



Sales Trends



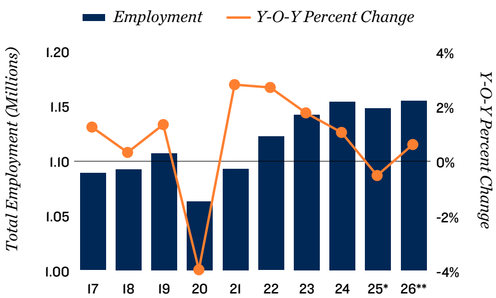
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

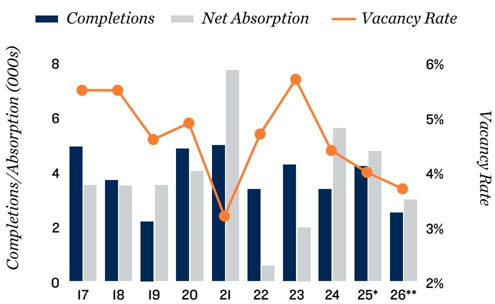
KANSAS CITY

Third Straight Year of Vacancy Decline Prompts Greater Attention From Investors

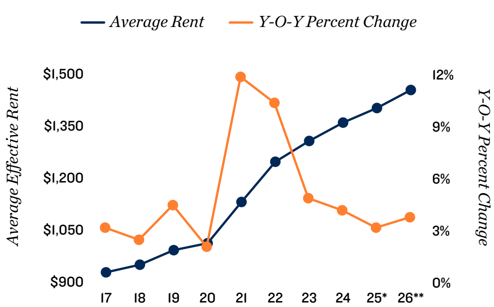
Employment Trends



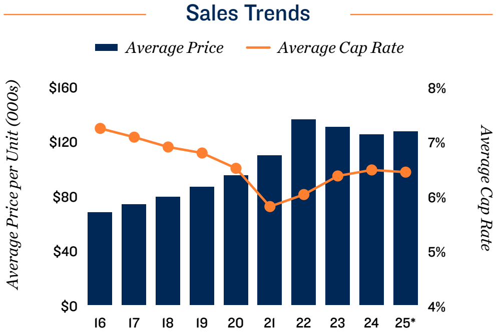
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Manufacturing and healthcare projects buttress favorable multifamily outlook. Kansas City's suburban apartments have seen increased demand over the past two years, with vacancy in Platte and Clay counties and the greater Grandview area dropping by more than 200 basis points in that time. In 2026, multiple in-place tailwinds are poised to sustain rental demand in these submarkets. Panasonic's battery manufacturing plant in De Soto has already generated around a quarter of its planned 4,000 permanent jobs, supporting current and future housing needs in certain western suburbs. The planned mixed-use redevelopment of Black & Veatch's headquarters also stands to generate future housing demand in south Overland Park while also adding to multifamily inventory. This year, however, fewer units will open in total than in 2025, which will aid operations. Even in settings like Clay County, where local deliveries will pick up year-over-year, vacancy will likely remain relatively stable amid recent population gains.

Modest flight-to-quality shifting activity across submarkets and vintages. Investment sales across the metro improved by more than 50 percent in 2025, with the expanded buyer pool potentially benefiting listings this year. Investors appear to be focusing on quality even more than in recent years, as the share of transactions involving assets built after 1989 doubled from 2024 to 2025. This trend may continue this year amid less certainty regarding the national economic outlook. Lee's Summit-Blue Springs, Grandview, Overland Park, and Olathe-Gardner continue to draw the most trades. Activity also increased last year in the Plaza area, situated between the city center and Overland Park. This neighborhood and others with strategic locations within the market may continue to foster appeal even when available inventory skews older.

2026 MARKET FORECAST

NMI RANK 29 — ***Among the higher-ranked Midwest markets, Kansas City benefits from comparatively low vacancy and appreciable rent growth.***

+0.6% — **EMPLOYMENT:** After a workforce contraction last year, mainly in the white-collar sector, employers are expected to add 7,000 jobs in 2026. Manufacturing and health care should benefit most.

2,500 *units* — **CONSTRUCTION:** Nearly half as many units will open this year as in 2025, marking the slowest inventory expansion since 2019. Roughly one-third of openings will be in central Kansas City.

-30 bps — **VACANCY:** The total decline in vacancy since 2023 will reach 200 basis points, as the metrowide rate falls to 3.7 percent by December. This metric is 260 basis points under the long-term mean.

+3.7% — **RENT:** Vacancy compression will support a rent growth pace in 2026 that ranks tops among major Midwest markets. As such, the metro's average effective rate will increase to $1,450 per month.

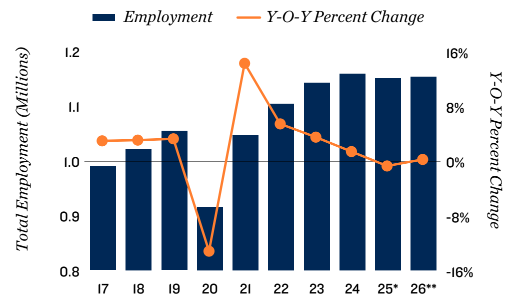
INVESTMENT: *Meta's interest in establishing new local data centers may draw more investors to northern suburbs. Construction and operation roles tied to these centers tend to pay higher, benefiting Class A and B assets.*

Favorable Apartment Fundamentals Challenged by Tourism Reliance; Out-of-State Buyers Undeterred

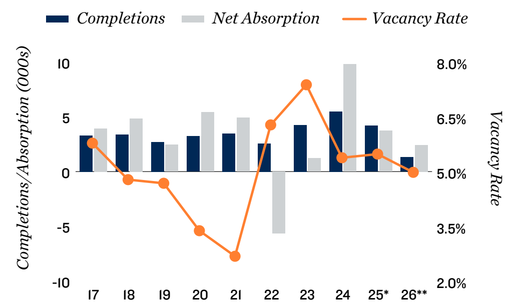
Continued inflow of new residents preserves below-average vacancy. In-migration to Las Vegas over the past three years supported a level of rental demand that mitigated the impact of a historically large influx of units. In 2026, comparable population growth is anticipated. This has Las Vegas' multifamily sector well positioned to handle a period of local economic volatility. Last year, both domestic and international visitor counts declined. Should a subpar year for tourism materialize in 2026, hiring in the leisure and hospitality and retail sectors could suffer. The ramifications of these potential job losses hold more significance in Las Vegas than in other major metros. The two sectors account for 45 percent of the metro's total workforce, compared with a national level of 29 percent. With employees in these segments historically slotting into the rental pool, demand for apartments could be impacted. Fortunately, a notable pullback in construction activity is underway, which should usher in a period of reduced supply-side pressure that favors demand for existing apartments.

Metro lends itself to various investment strategies. Las Vegas continues to offer multifamily investors some of the most favorable entry costs in expanding Sun Belt markets. This, along with expectations for long-term population growth, should support activity among two distinct buyer pools in 2026. Local private buyers are likely to pursue smaller Class C properties in Central Las Vegas and other lower-cost neighborhoods where pricing below $200,000 per unit is common. Meanwhile, institutional investors from out of state may also find larger Class B listings of relatively older vintage below this pricing threshold. Those with an eye for newer rentals may find more near-term opportunities, as developers added nearly 20,000 units over the past five years.

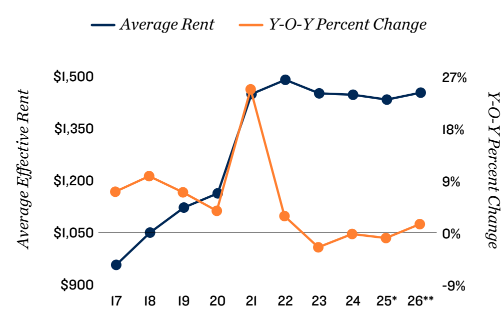
Employment Trends



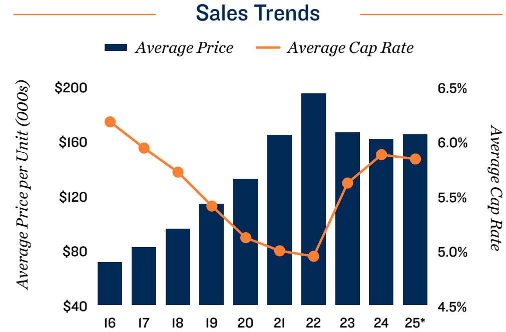
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 19 — ***Las Vegas ranks high among Rocky Mountain metros, with new households driving an above-average drop in vacancy.***

+0.3% — **EMPLOYMENT:** After recording moderate job losses last year, Las Vegas is expected to notch positive — albeit slight — employment growth in 2026, with its workforce expanding by 3,000 positions.

1,300 units — **CONSTRUCTION:** A supply addition pullback is realized in 2026, with apartment stock increasing by just 0.5 percent. Over the prior three years, inventory grew by an average annual rate of 2.0 percent.

-50 bps — **VACANCY:** Net in-migration amid a notable reduction in apartment construction allows rental demand to exceed new supply. The positive net absorption that results lowers metro vacancy to 5.0 percent.

+1.4% — **RENT:** Vacancy compression allows the trajectory of rent growth to shift course, with the average effective rate reaching $1,450 per month. This mean still ranks low among major Mountain markets.

INVESTMENT: *Listings in North Las Vegas may attract more investor attention. The area registered the largest vacancy compression among submarkets last year, and its scant pipeline is poised to aid existing properties.*

LOS ANGELES

Rental Demand Proves Steadfast, but Metro Faces Heightened Exposure to Broader Headwinds

Emerging and longstanding tailwinds limit the impact of near-term hurdles. After two years of moderate vacancy compression, Los Angeles' rental market will face several challenges in 2026 that could alter the trajectory of local demand. Home to the nation's fourth-largest immigrant population — more than 4 million people as of 2023 — the market will continue to be acutely affected by stricter immigration policies, which reduced the number of individuals arriving to the U.S. legally last year. The ongoing decline in local film- and entertainment-related jobs may also affect the metro's renter pool. Over the past three years, the number of Los Angelenos employed in the motion picture industry has declined by at least 40,000. Fortunately, the market will face limited supply pressure in 2026, as approximately 6,200 units are slated for delivery — the lowest total since 2015. This, along with the metro's longstanding barriers to homeownership, will counter the headwinds affecting the renter pool, keeping the metro in a low-vacancy state over the near term.

Private investor interest apparent. Los Angeles tallied the most transactions among major markets last year, with sub-$5 million sales accounting for nearly 90 percent of deal flow. Home to below-average rent and Class C vacancy in the 3 percent to 4 percent range, Greater Inglewood, Long Beach, and other parts of South Bay should continue to attract upside-seeking buyers targeting assets that command similar capital infusions. Exhibiting comparable fundamentals, the San Gabriel and San Fernando valleys will represent additional centers of Class C trading in 2026, with investors often acquiring assets via 1031 exchange. In Los Angeles proper, investor demand for these assets will be impacted by recent changes to the city's rent stabilization ordinance, which now caps rent increases for apartments built before 1978 at 4 percent or 90 percent of CPI.

2026 MARKET FORECAST

NMI RANK 23 — *A reduction in deliveries offsets a slowing rate of household formation, placing the metro in the middle of the rankings.*

+0.1% — **EMPLOYMENT:** Aided by healthcare hiring, Los Angeles registers a second straight year of modest job creation that translates to the addition of 6,000 positions.

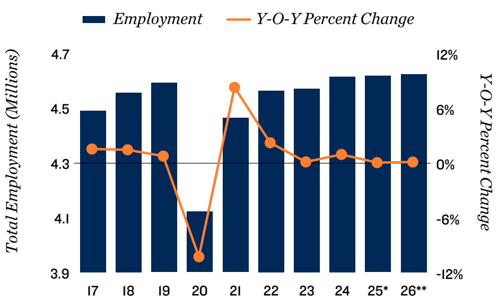
6,200 *units* — **CONSTRUCTION:** For the fifth consecutive year, local apartment inventory expands by less than 1 percent. Deliveries in Los Angeles proper account for nearly half the units added metrowide.

-10 bps — **VACANCY:** Supply and demand remain aligned despite the metro's exposure to several significant headwinds. As such, vacancy dips slightly to 4.3 percent — on par with the market's long-term average.

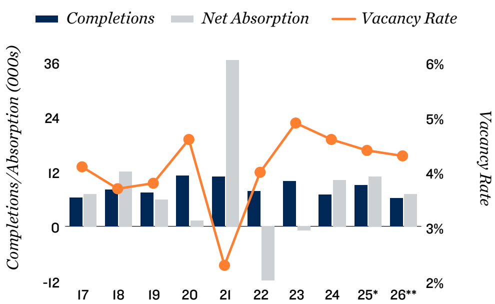
+1.7% — **RENT:** Four-year-low vacancy, fueled partially by encouraging renewal activity, supports moderate rent growth in 2026. The metro's average effective rate ends this year at $2,950 per month.

INVESTMENT: *After last year's devastating Palisades and Eaton fires, local apartment insurance rates are likely to continue rising, which investors will factor into their acquisition criteria and offers.*

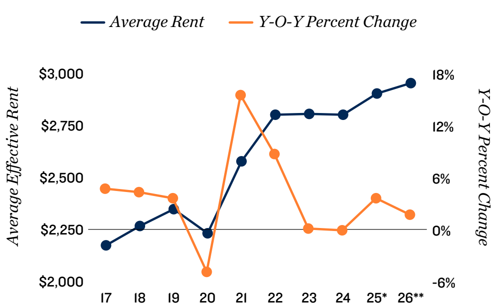
Employment Trends



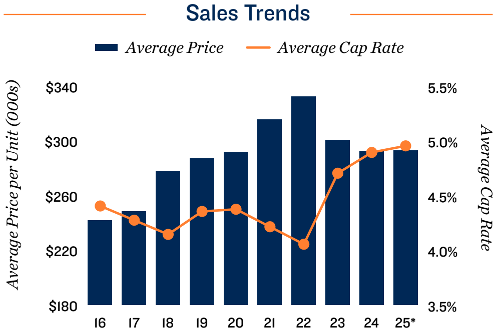
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

LOUISVILLE

Steady Job Growth Contributes to More Balanced Fundamentals

Supply headwinds abating in select areas. Multifamily property performance has diverged notably on the banks of the Ohio River in recent years. The Indiana side of the metro recorded over 5 percent annual inventory growth since 2022, outpacing all other submarkets in Louisville. Renter demand kept pace, with vacancy rates holding near 4 percent throughout 2025, among the lowest in the metro. In 2026, the delivery pipeline is contracting sharply here, as completions are expected to fall to less than 10 percent of the prior year's volume. A similar pullback in new supply is also expected across the river in Southwest Louisville. Demand here is growing, boding well for the submarket, which had the metro's highest vacancy rate as of late 2025. As supply pressure eases, vacancies on both sides of the river are converging toward the metrowide rate. These trends are most notable in submarkets such as downtown, Northeast, and South-Central Louisville, all of which are benefiting from steady renter absorption.

Louisville continues to attract capital as a comparatively steady Midwest market. Historically dominated by private buyers, the market is now seeing a rise in institutional activity, aided by consistent performance across vacancy, rent growth, and net absorption. The trend is also reflected in the observation that, as of late 2025, transaction velocity rose about 40 percent year-over-year across all price tranches, while sales of properties priced over $10 million doubled. An average cap rate of 6.6 percent here last year is among the lowest in the Midwest but still provides a decent margin for out-of-state investors, especially compared to markets in the Northeast. On the submarket level, sales increased in Crescent Hill, St. Matthews-Lyndon, and Southeastern Indiana — areas with falling vacancy rates and limited supply pressure. These close-in suburbs may offer competitive pricing for investors seeking long-term upside.

2026 MARKET FORECAST

NMI RANK 40	***The metro's modest home prices present competition to rentals, although steady employment benefits Louisville's rent outlook.***

+1.0% **EMPLOYMENT:** Employers will add approximately 7,500 positions in 2026, led by gains in the healthcare and education sectors. The metro's job growth rate ranks among the top five major U.S. markets.

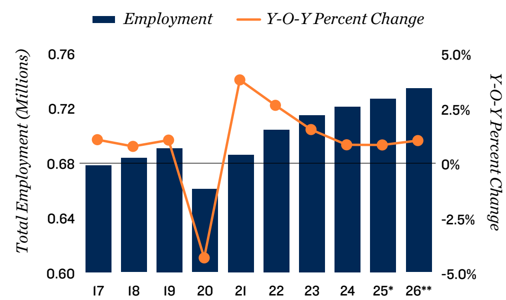
1,050 *units* **CONSTRUCTION:** This year's delivery volume will total only half of 2025's completions, bringing inventory growth down to 1.0 percent — the slowest annual rate of change since 2012.

+10 bps **VACANCY:** The metrowide vacancy rate will edge up slightly, reaching 4.5 percent by December. The figure remains 150 basis points below the metro's long-term average.

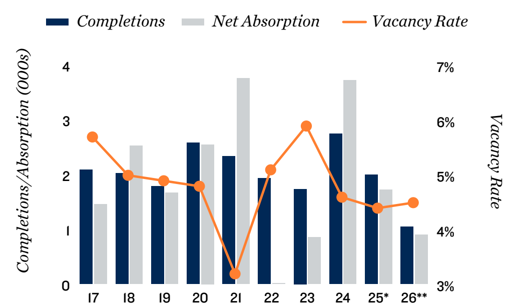
+3.0% **RENT:** Tight vacancy conditions continue to support rent growth. The average monthly rate will rise about 3 percent for the fourth consecutive year, reaching $1,330 by the end of 2026.

INVESTMENT: The Downtown Development Strategy should continue to improve foot traffic in the urban core. Investors could target infill areas such as NuLu and Paristown Point to capture growing renter demand.

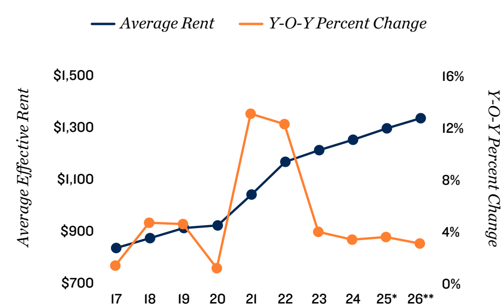
Employment Trends



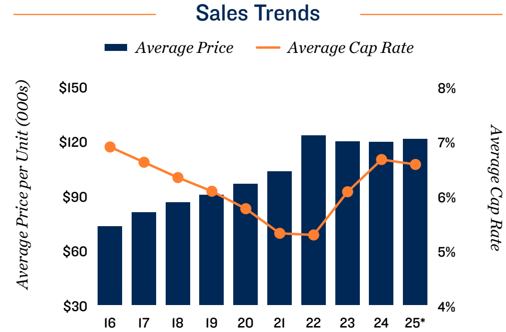
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

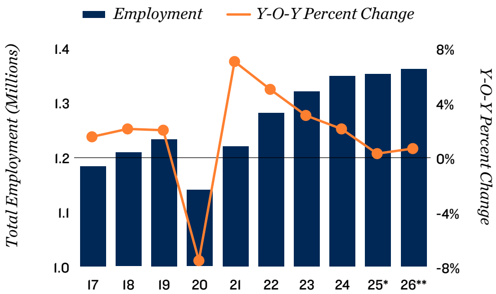
MIAMI-DADE

Rising Retention and Easing Development Support Multifamily Market Amid New Leasing Challenges

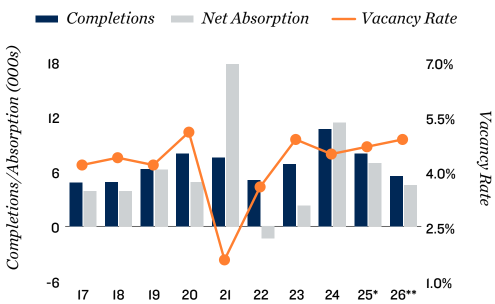
Targeted deliveries and renewal strength steady performance. As slower job growth and reduced net in-migration temper apartment demand, a shift in new supply may help weather headwinds. Deliveries are increasingly concentrated in downtown and Northeast Miami, where affluent renters and a domestic labor base support leasing. Meanwhile, suburbs that saw elevated completions in recent years, such as Hialeah and Homestead, are seeing a pullback in construction, which should limit vacancy risk. Nevertheless, Miami-Dade has one of the nation's largest foreign-born populations, with more than half of its residents born abroad, heightening exposure to new immigration policies. Slower inflows may weigh most on lower- and mid-tier apartment demand. However, existing tenants priced out of higher-end units are likely to stay in place. The spread between the average Class A and Class B rent reached a record of over $800 per month in 2025, contributing to the highest renewal conversion rate since 2022.

Recovering pricing supports deal flow despite selectivity. In 2025, Miami's average per-unit sales price surpassed its 2022 peak, topping $250,000. This rebound may create more favorable conditions for owners to exit and reinforce investment activity in 2026. Amid labor and immigration strains, investors in working-class areas such as Little Havana and Hialeah will likely pursue acquisitions selectively, favoring assets with strong in-place income. Some buyers may increasingly look toward northern Miami neighborhoods, supported by higher-earning residents and Class C vacancy near 4 percent. North Beach properties are likely to remain attractive, particularly among out-of-state investors, as land constraints limit new supply and the area's rising appeal to families strengthens housing demand. A $28 million expansion of the Lehrman Community Day School should reinforce this shift, bolstering the submarket's appeal to investors.

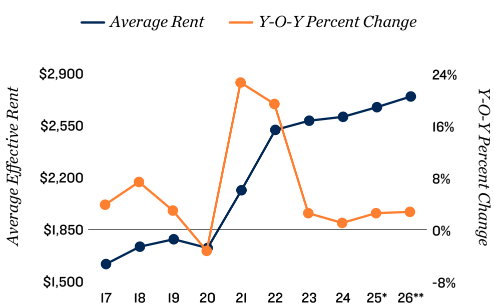
Employment Trends



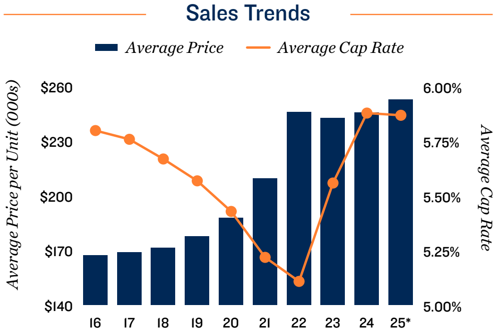
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 3 — ***Miami ranks near the top of the Index as residents seeking higher-paying jobs continue to reinforce demand.***

+0.7% — **EMPLOYMENT:** Miami adds 9,000 jobs in 2026. Professional services, education, and health care are expected to drive gains, while hospitality, manufacturing, and retail may continue to see losses.

5,500 *units* — **CONSTRUCTION:** Inventory growth will ease to 1.6 percent this year, tied for the slowest pace in the past decade and matching Fort Lauderdale for the slowest rate among major Florida metros.

+20 bps — **VACANCY:** Despite fewer completions, vacancy edges up to 4.9 percent as immigration headwinds weigh on rental demand. The metro's rate will stand about 80 basis points above the past decade's average.

+2.7% — **RENT:** While rent growth will remain modest this year, a pullback in deliveries may support upper-tier gains. Miami's average effective rent is projected to reach $2,740 per month by year-end.

INVESTMENT: *A proposed $2 billion, 1,000-acre mixed-use project in West Kendall aims to create a "15-minute city" with new employment hubs led by entertainment and aerospace, which may attract multifamily investors.*

Healthy Fundamentals Renew Investor Confidence as Demographic, Employment Hurdles Remain

Mid-tier rentals lead as Class A assets show resiliency. Milwaukee's elevated home prices and mortgage costs continue to expand the renter pool, sustaining demand for attainable Class B and C apartments where vacancy and rent trends are strong among tertiary metros. On the other hand, uneven Class A demand across submarkets is leading to softer annual rent growth and more prevalent concessions in the CBD and Brown Deer-Whitefish. Employment headwinds and limited population gains may further restrain higher-end leasing, though a slowdown in CBD deliveries offers some relief. In contrast, suburbs in Waukesha and Washington County are poised for stronger rent growth as net absorption outpaces new supply following 2025's record delivery wave. Meanwhile, Milwaukee County recorded the fastest annual wage growth among Wisconsin counties in early 2025, and household income growth in 2026 is expected to rank among the nation's strongest — signaling continued support for leasing momentum.

Local buyers most active as multifamily fundamentals strengthen. Trading activity in 2025 was focused near Concordia and Avenue West, where in-state investors targeted well-performing Class B and C assets. This trend reflected strong demand for affordable rentals, driven by the area's lower median incomes. Nearby Waukesha County may remain an investment focus in 2026, supported by sub-$100,000 per-unit entry costs and proximity to employment centers. Investors seeking higher cash flow may also look south of the CBD toward the area spanning West Allis, St. Francis, and Greenfield. In that area, rent growth for lower-tier properties hovered near 10 percent, and Class A vacancy has held steady near its long-term average. Milwaukee's transaction landscape should benefit from a stable multifamily outlook, as the metrowide vacancy rate dips below 4 percent — marking the steepest year-over-year decline of any Midwestern metro.

2026 MARKET FORECAST

NMI RANK 47 — ***A vacancy rate among the best in the nation is offset by a weak labor report, pushing the metro into the bottom of the rankings.***

-0.9% — **EMPLOYMENT:** The loss of 8,000 jobs in 2026 will rank as the third largest among major U.S. metros. Total employment this year will be roughly 1,200 positions below 2024's level.

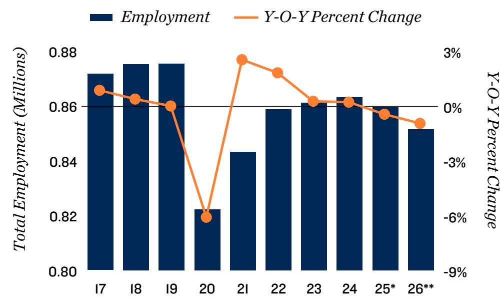
850 *units* — **CONSTRUCTION:** Deliveries this year will fall to their lowest level since 2013, down almost 3,000 units from last year's record addition. The CBD is set to record an 85 percent drop in completions in 2026.

-10 bps — **VACANCY:** As a result of plummeting new supply and steady renter demand in the metro, vacancy will edge down to 3.6 percent. The level is 20 basis points below the metro's prior decade-long average.

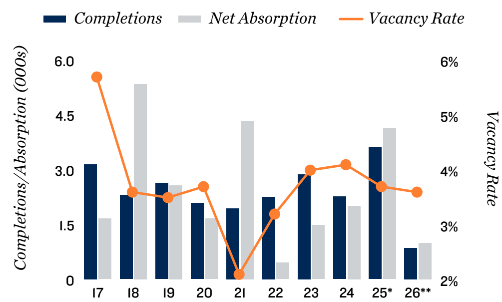
+2.2% — **RENT:** Despite favorable fundamentals, the average effective rent will rise only to $1,692 per month, as Milwaukee's year-over-year rent growth slows to its lowest level since 2020.

INVESTMENT: *Milwaukee Tool's $42 million expansion in Menomonee Falls is expected to create roughly 300 jobs — more than triple the 100 units slated to deliver this year — potentially boosting investor interest locally.*

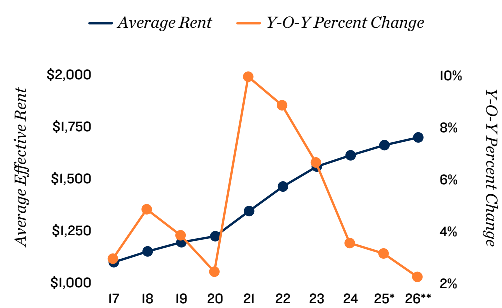
Employment Trends



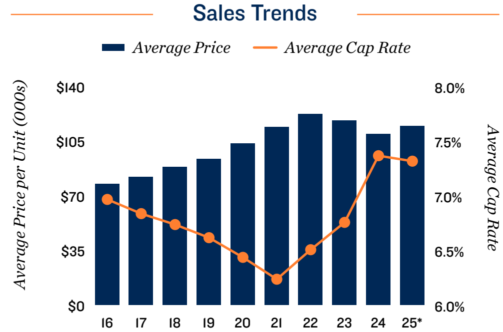
Supply and Demand



Rent Trends



Sales Trends



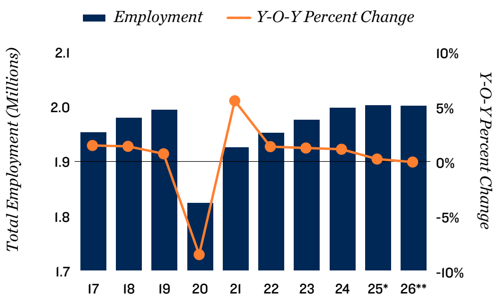
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

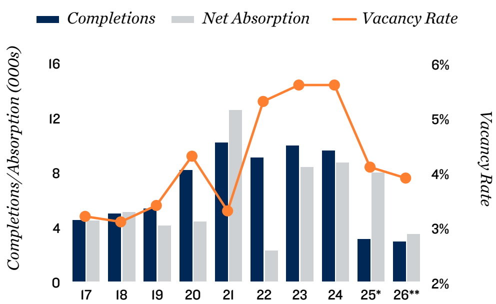
MINNEAPOLIS-ST. PAUL

Investor Activity Increases While Demand Normalizes After Five-Year Growth Phase

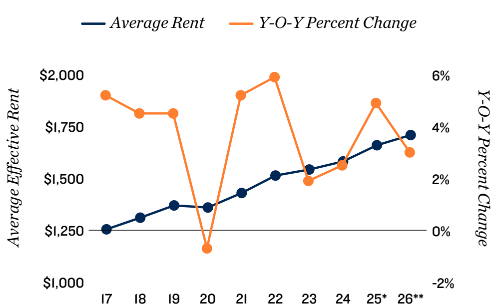
Employment Trends



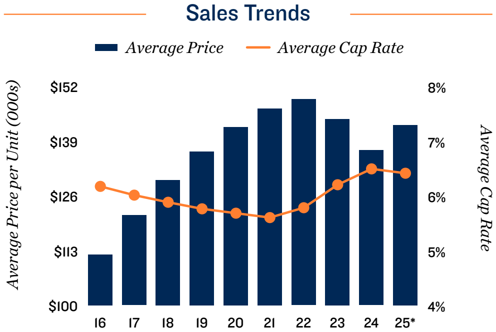
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Vacancy eases despite slower net absorption. From 2020 through early 2025, deliveries and demand remained elevated, but conditions began to cool late last year. This moderation is projected to extend into 2026, with net absorption returning to its long-run average amid slower population gains and a softer labor market. As a result, rent growth should ease modestly, leaving the Twin Cities firmly positioned among the Midwest's highest-rent markets. Metrowide, a slight reduction in completions should help leasing efforts, particularly in Downtown Minneapolis and Uptown-St. Louis Park, where no supply of note opened in 2025, nor will it in 2026. In St. Paul, deliveries will rise following the city council's 2025 amendment exempting post-2004 properties from the 3 percent rent cap. East St. Paul will capture much of this activity, which could ease rent growth after entering 2026 with one of the metro's strongest annual improvements.

Pricing gains and increased trades reflect growing confidence. In 2025, out-of-state buyers targeting $20 million-plus assets helped drive transaction volume higher, propelling the metro's average price per unit up at the fastest rate among Midwestern markets outside Chicago. That momentum could carry into 2026 as investors focus on suburbs to the west of the core — such as Plymouth, Maple Grove, and Minnetonka — where low vacancy and above-average rent growth continues. Across the river, the submarket spanning Mounds View-Falcon Heights-Vadnais Heights is poised for stronger trading activity after robust Class B and C rent gains last year. As the only St. Paul submarket with fewer deliveries slated for 2026, it may also see Class A rent growth and occupancy strengthen. Longer term, the large concentration of over 15 Fortune 500 firms — among the nation's top on a per capita basis — bolsters employment stability and economic depth, supporting consistent renter demand and long-term multifamily investment.

2026 MARKET FORECAST

NMI RANK 28 — *Low vacancy will offset lackluster net hiring, placing Minneapolis-St. Paul near the median of the rankings.*

-0.05% — **EMPLOYMENT:** Minneapolis-St. Paul is projected to record its first annual job loss since 2020, though the modest decline this year will keep the total employment figure above 2 million.

2,900 *units* — **CONSTRUCTION:** Completions will decline marginally from last year's level, keeping inventory growth at 0.9 percent, with most new supply slated to deliver in the second half of the year.

-20 bps — **VACANCY:** Availability falls to 3.9 percent, below its prior 10-year average, while ranking third in annual decline among Midwestern metros and posting the third-lowest rate across secondary markets.

+3.0% — **RENT:** Among metros experiencing a sharper contraction in demand this year, only three will record a larger annual rent growth metric. The mean effective rent will rise to $1,705 per month.

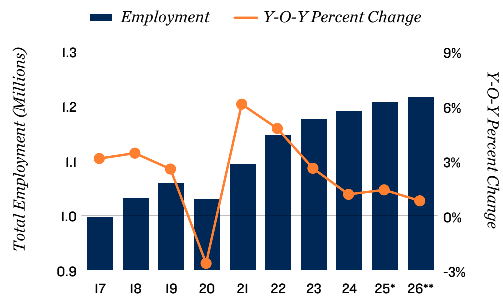
INVESTMENT: *Boston Scientific's 400,000-square-foot Maple Grove facility, which opened in late 2025, will support about 1,600 employees — a key demand driver for local multifamily investment.*

Corporate Commitments Drive Multifamily Vacancy Compression and Investor Reengagement

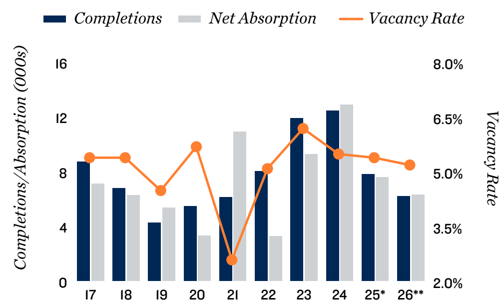
Household formation continues amid a construction slowdown. Nashville's vacancy rate will shrink again in 2026, following the supply surge during 2023-2024. Housing demand continues to be stoked by lower living costs and long-term employment opportunities, including high-profile developments such as Amazon's second tower at Nashville Yards and Oracle's $1.2 billion campus. Other corporate investments, such as Gap Inc.'s $58 million facility in Gallatin, are helping drive greater residential development in suburban counties like Sumner. Although metrowide construction has slowed, developers remain active, with 6,200 units slated for delivery in 2026. New supply should be well received in the CBD, where Class A vacancy fell below Class B last year. Mid-tier apartments are likely to outperform in the suburbs, where they have a stronger appeal to cost-conscious renters. While vacancy tightens in 2026, new supply and softer employment growth will likely restrain rent gains.

Market corrects from recent volatility. Transaction volume has remained subdued since 2023, but 2026 may bring a gradual rebound amid easing monetary policy and improving fundamentals. While the average price per unit declined to $220,000 in 2025, strong fundamentals remain, reflected in low vacancy and rent growth. Cap rates in the 6 percent to 7 percent range for Class B and C assets create favorable entry points. In 2025, out-of-state investors targeted Central Nashville and bordering submarkets, typically making fewer acquisitions but at a higher median transaction price of $14 million. Meanwhile, in-state investors often deployed capital to suburban submarkets such as Murfreesboro, with a median sale of $3 million. Similar behavior is expected this year. Notably, a major public REIT executed the metro's first significant REIT acquisition since 2022, signaling renewed institutional confidence.

Employment Trends



Supply and Demand



2026 MARKET FORECAST

NMI RANK 35	***Although Nashville exhibits strong employment growth, low rent gains rank the metro just above the lower quartile.***

+0.8% **EMPLOYMENT:** Total employment will rise by 10,000 jobs, down from the previous year's gain. The metro, however, will remain among the top 10 U.S. markets for job growth.

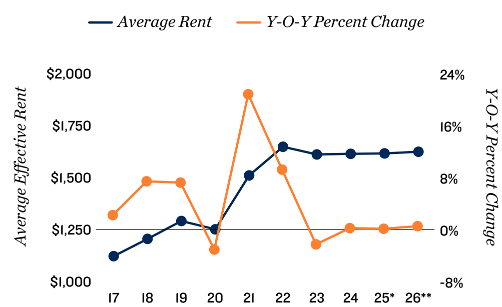
6,200 *units* **CONSTRUCTION:** Inventory growth will slow to 3.0 percent, the slowest pace since 2019. Still, it is the second-fastest rate among major U.S. markets this year.

-20 bps **VACANCY:** Fewer completions and ongoing household formation will help vacancy tick down to 5.2 percent in 2026. The measure will still be higher than the national rate of 4.7 percent.

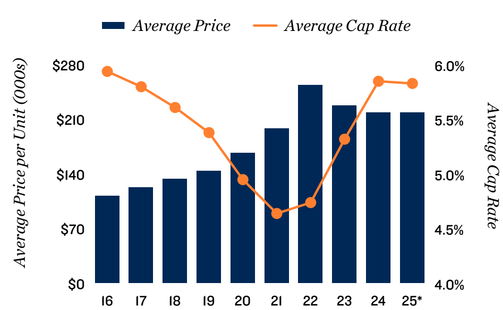
+0.5% **RENT:** Tightening vacancy enables the average effective rent to edge up to $1,620 per month. However, still-elevated deliveries will result in the third weakest rent performance among major markets.

INVESTMENT: *With over 10 million square feet of logistics space under development, Lebanon is emerging as a regional hub. The resulting job creation could increase renter demand and investor interest for multifamily assets.*

Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

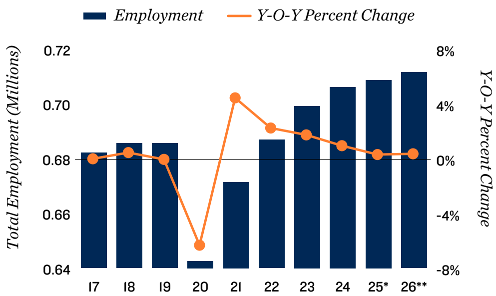
NEW HAVEN-FAIRFIELD COUNTY

New Haven Faces Policy, Supply Hurdles; Balanced Pipeline, Affluent Renters Backstop Fairfield County

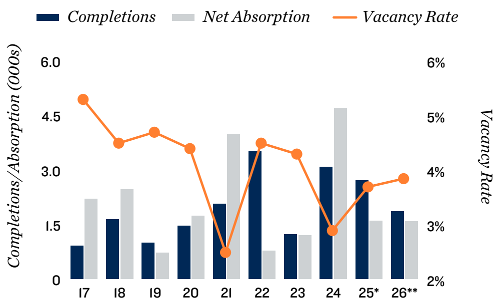
Construction and regulation test New Haven leasing. Elevated deliveries lifted local apartment vacancy more than 100 basis points in 2025, led by Class A vacancy near 7 percent — about twice the Class B and C rates. Another 800 units set for 2026 delivery may extend softness, as demand eased late last year amid new federal policies. International student arrivals to the U.S. fell 19 percent year-over-year in August due to stricter visa screening. At least 17 NIH grants to Yale researchers were also cut, impacting key renter bases. Even so, Yale remains a national leader in research funding, and growth in the city's innovation district, bolstered by September's $50 million state investment in infrastructure and technology firms, should reinforce employment and housing needs. As homeownership barriers keep residents in rentals longer, investment will likely stay strong, even as multifamily transactions rose 40 percent year-over-year in 2025. Some investors may favor outlying suburbs with less construction activity and higher yields.

Limited availability and easing development lift Fairfield County's outlook. Despite modest increases, multifamily vacancy in Fairfield County held around 4 percent in 2025, driven by consistent absorption from higher-income households. Fewer apartment openings in 2026 will contain further vacancy expansion and should help reinforce investment activity. Investors are likely to focus on Norwalk, Stamford, and Greenwich due to their proximity to New York City, large concentrations of wealthy residents, and easing development outlooks. Rail-accessible assets in these areas are expected to be key targets as Manhattan's congestion pricing encourages commuters to seek alternatives to driving. Cities like Bridgeport, however, face near-term headwinds as a large foreign-born population and manufacturing base create exposure to immigration policies and tariff adjustments, restraining sales activity until greater clarity emerges.

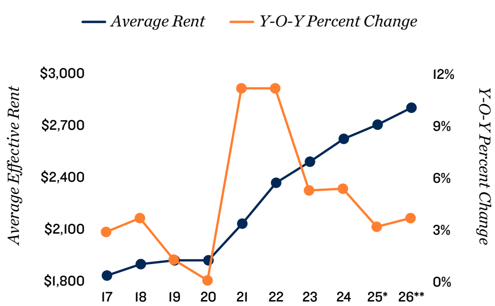
Employment Trends



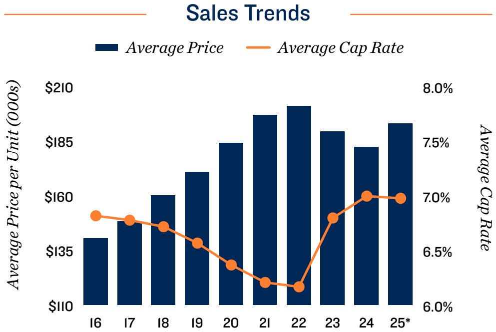
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NMI RANK 33 — ***A slight rise in vacancy and softer household growth places the market near the middle of the rankings despite rent gains.***

+0.4% **EMPLOYMENT:** Fairfield County will welcome 2,000 jobs in 2026, while New Haven will see the addition of 900 roles, reflecting employment growth of approximately 0.3 percent in both counties.

1,850 *units* **CONSTRUCTION:** In Fairfield County, completions will fall by about 700 units, to roughly 1,000 in total, in 2026. New Haven County deliveries will dip by 200 to around 800 units, clustered in the city.

+20 bps **VACANCY:** Fairfield's vacancy edges up to 3.5 percent, as New Haven's blended rate moves to 4.2 percent, with both areas holding tight Class B and C conditions even as new supply raises Class A vacancy.

+3.6% **RENT:** Fairfield County outpaces New Haven in rent growth, with average rates at $3,230 and $2,350 per month, respectively. Class A assets in New Haven, net of concessions, will see continued pressure.

INVESTMENT: *Despite recent softness in rent growth, New Haven has logged one of the largest rent increases among Northeast markets since 2020, potentially drawing investors anticipating a return to prior growth trends.*

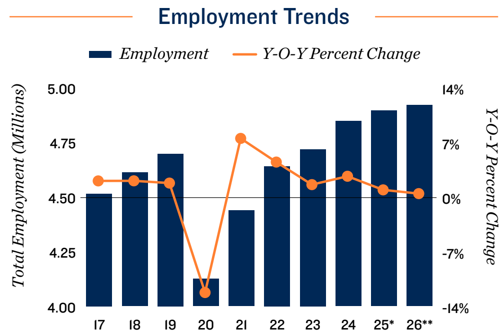
** Estimate; ** Forecast*

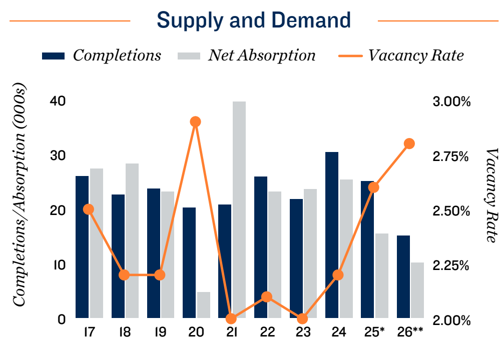
Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

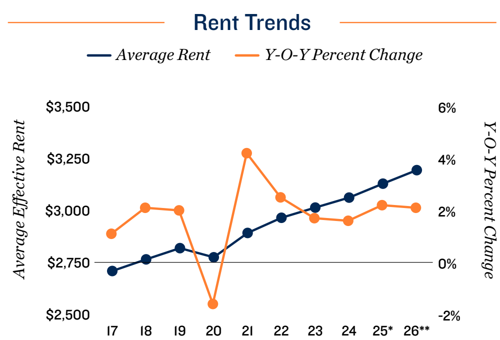
Tightening Market-Rate Supply Reinforces Outlook, While Pressures Mount for Regulated Apartments

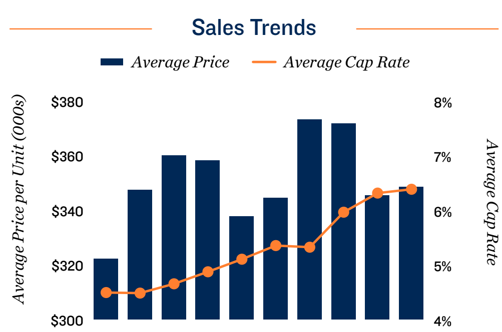
Leasing remains firm in prime submarkets, despite rising lower-tier strain. New York City sustained strong apartment demand through late 2025, particularly for higher-end supply. Class A vacancy in Midtown and Midtown South returned to pre-pandemic levels below 4 percent, and rent growth neared 5 percent, supported by return-to-office mandates. Affluent Brooklyn neighborhoods such as Williamsburg and Greenpoint posted similar rent gains, and a sharp drop in 2026 deliveries should help maintain steady fundamentals despite softer-than-expected job and immigration growth. These headwinds, however, may weigh most on lower-income households and reduce demand for Class C and rent-regulated properties. In this environment, regulatory compliance, rent collection, and expense discipline become priorities for sustaining performance. Manhattan operators will likely be better positioned to preserve cash flow, as Rent Guidelines Board data show 84 percent of rent-stabilized buildings in core Manhattan contain free-market units, compared with roughly 40 percent in Brooklyn and 25 percent in the Bronx.

Election uncertainty enhances appeal of unregulated assets. In 2025, New York City recorded the sixth-largest annual increase in sales activity among major metros, driven by private-buyer demand. Meanwhile, the recent mayoral election could slow momentum amid calls for a four-year rent freeze on stabilized buildings. A multiyear pause would be unprecedented, however, and likely face legal scrutiny given the board's obligation to align rent adjustments with measurable economic conditions. Full mayoral control of the board could also take several years, with October marking the earliest window for the proposal's consideration. Nevertheless, properties outside the main rent-regulation regime — such as assets under six units or built after 1974 — are expected to become increasingly attractive as investors seek to avoid potential regulatory headwinds.









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 32 — ***New York City ranks near the middle, as policy uncertainty and weak household growth offset declining construction activity.***

+0.5% — **EMPLOYMENT:** Employers will add about 25,000 jobs in 2026, roughly half of last year's total. New York City's 0.5 percent job growth rate will still rank second among major Northeast metros.

15,000 *units* — **CONSTRUCTION:** Deliveries in 2026 will be the lowest total in over a decade, as supply growth slows to 0.7 percent. Brooklyn will lead the pullback, receiving about 9,000 fewer units than last year.

+20 bps — **VACANCY:** Sluggish job growth and economic headwinds are expected to temper renter demand, lifting vacancy slightly to 2.8 percent — about 40 basis points above the prior 10-year average.

+2.1% — **RENT:** Easing new supply may bolster upper-tier rents, yet softer leasing will keep overall growth below 3 percent for a fifth straight year as the average effective rent reaches $3,190 per month.

INVESTMENT: *Approved in September 2025, the Brooklyn Marine Terminal redevelopment will modernize 122 acres of Red Hook with major port and commercial upgrades that could enhance multifamily investment appeal.*

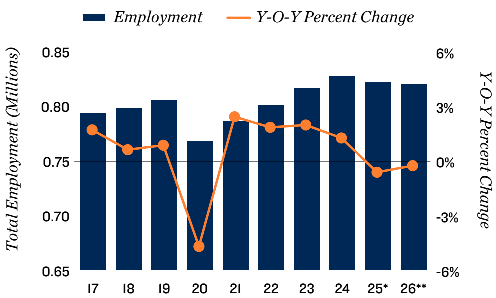
NORFOLK-VIRGINIA BEACH

Tourism and Shipbuilding Reinforce Outlook for Apartments Despite Some Leasing Headwinds

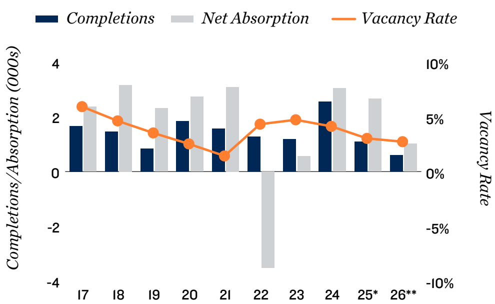
Submarket employment trends may aid local demand. Most major submarkets achieved vacancy rate declines of 100-plus basis points in 2025. Going forward, domestic travel will help the tourism market minimize employment backsliding in Virginia Beach, where the multifamily vacancy rate measured around 3 percent in December. Expanded hotel demand last summer points to an active 2026, with more vacationers expected from a growing nearby Richmond. Possible reduced travel from Washington, D.C., may somewhat dampen that benefit. In the heavy-industry-oriented Newport News submarket, however, net absorption turned negative in late 2025. Job losses in the heavy industry sector last year likely impacted the local Class C renter base, although hiring from shipbuilders is already rebounding to help meet a wave of new government contracts. This may shore up demand near industrial hubs. At the market level, dissipating supply pressure compensates for limited demand growth, tightening vacancy.

Upcoming projects raise profile of rentals. The Norfolk-Virginia Beach metro's transaction velocity rose by roughly 40 percent last year, with this increase more pronounced in the price tranche between $1 million and $10 million. In Norfolk, which is the busiest submarket for deal flow in most years, a pool of largely private buyers targeted older Class C properties near Ghent and the Neon District. Improved cash flow this year, following one of the market's best occupancy improvements in 2025, will likely sustain investor interest. In addition to the improved fundamentals, a new Norfolk casino and resort should be completed in 2027. Surrounding rentals may benefit from more appealing nightlife opportunities and from an influx of casino and resort employees. Construction on the Norfolk floodwall project, which began last year and should be finished in 2032, could also boost confidence in the local property market, encouraging trades.

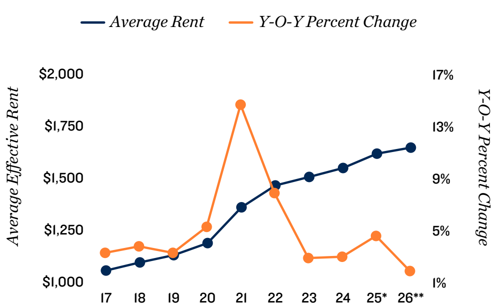
Employment Trends



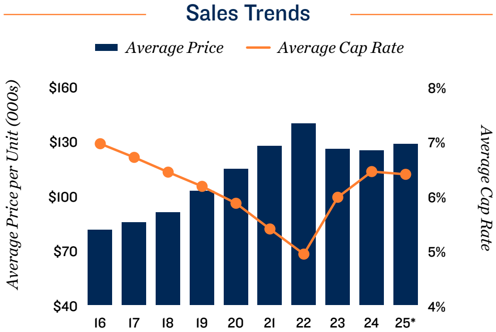
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 41 — ***Workforce cuts offset nationally low vacancy, placing the metro ahead of its closest neighbors, but below the median.***

-0.2% — **EMPLOYMENT:** Employers are expected to subtract 2,000 positions on net in 2026. As a year-over-year percent change, this wedges the metro between Baltimore and Washington, D.C.

600 units — **CONSTRUCTION:** Completions will continue to decline from the 2024 peak, falling to a decade-low 600 units this year. Only three other major markets will have similar or lower supply-growth rates.

-30 bps — **VACANCY:** Norfolk-Virginia Beach's vacancy rate inches downward to 2.8 percent, aligning with New York and Reno for the lowest rate among major markets.

+1.8% — **RENT:** The average effective rent takes a smaller step forward this year amid weak job gains. Reaching $1,640 per month, the metro will record the slowest growth pace since 2016.

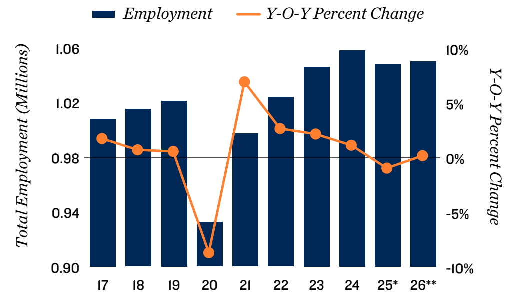
INVESTMENT: *The Portsmouth-Suffolk submarket saw a small uptick in trade activity last year, and the 2027 opening of the Landing Hotel attached to the existing Rivers Casino may add to strategic interest this year.*

Investors Navigate Diverging Vacancy Trends and Rising Regulatory Headwinds

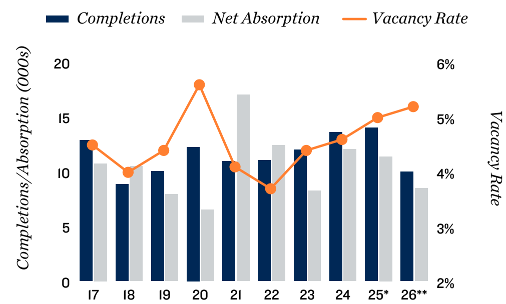
Submarket performance splits as urban deliveries rise. Vacancy trends varied across Northern New Jersey in late 2025. Heavy deliveries in Jersey City lifted rates in Hudson County while conditions largely tightened elsewhere. More than 4,000 additional units are slated to deliver in Jersey City in 2026, likely keeping upward pressure on vacancy. A shrinking pipeline in Union, Essex, and Bergen counties, however, will reduce competition for existing rentals. While recent hiring softness in traditionally office-using sectors may slow demand for higher-end units, a nearly decade-high Class A retention rate should help sustain occupancy. Less new supply competition and steady job gains in middle-income sectors, such as education and health care, are also expected to reinforce Class B property performance. In contrast, weaker hiring in lower-wage sectors and rising household budget strain could weigh more heavily on lower-tier apartment leasing. Nevertheless, Class C vacancy across the metro remained the fifth tightest nationally, closing out last year at under 3 percent, keeping these properties well positioned.

Local rent laws prompt capital shifts. In September 2025, Passaic City adopted one of the region's strictest rent-control laws. It caps annual increases at 3 percent and eliminates the ability to raise rents when units turn over. The policy limits income potential and reduces the appeal of value-add strategies, likely contributing to a drop in sales last year. Meanwhile, Hoboken and Jersey City banned algorithmic rent-setting software, adding administrative burdens and potentially reducing operating efficiency. Even so, investment in these areas could strengthen as investors pivot from New York City's comparatively heavier regulatory environment. Less restrictive cities such as Bayonne may attract additional capital, benefiting from improved connectivity as a new ferry terminal opens and construction is slated to begin on the Newark Bay Bridge expansion in 2026.

Employment Trends



Supply and Demand



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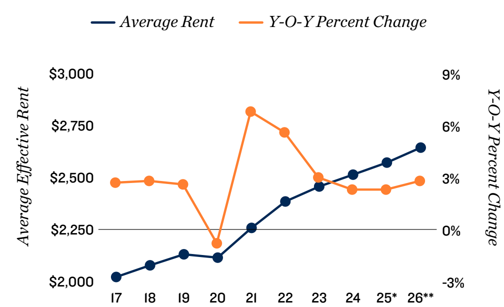
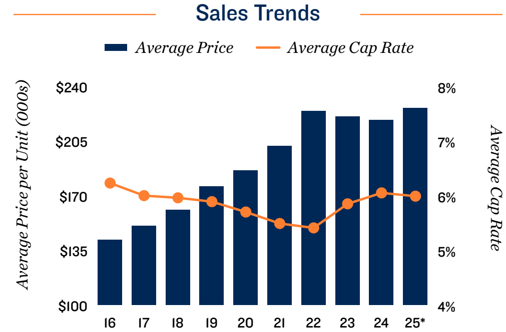


Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 34 — ***Weak hiring trends and softer household formation will push Northern New Jersey to the lower half of the rankings.***

+0.2% — **EMPLOYMENT:** Hiring will remain restrained in 2026, with only 2,000 new roles added. Education and health care will likely drive gains, as they were among the few sectors to avoid job cuts last year.

10,000 *units* — **CONSTRUCTION:** Deliveries in 2026 fall by about 4,000 units from last year, marking the lowest total in a decade. The metro's 2.0 percent inventory growth rate will still lead major Northeast markets.

+20 bps — **VACANCY:** Weak employment gains will dampen net absorption, keeping vacancy trending higher. At 5.2 percent, the metro's rate will stand 80 basis points above the prior 10-year average.

+2.8% — **RENT:** Rent growth will stay below 3 percent for a third consecutive year amid weaker new demand. The metro's average effective rent will reach $2,640 per month, the 10th highest among major markets.

INVESTMENT: *New Jersey introduced a $500 million manufacturing tax credit in August 2025 to spur industrial growth and job creation, which may boost housing demand and investor interest near major industrial hubs.*

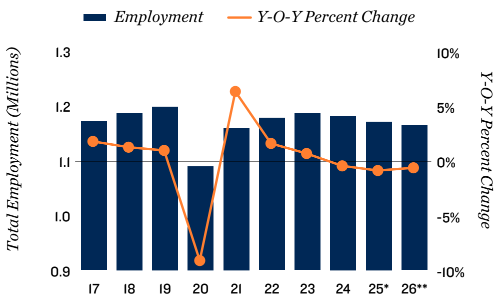
OAKLAND

Shrinking Pipeline and New Investor Interest Improve Outlook for Multifamily

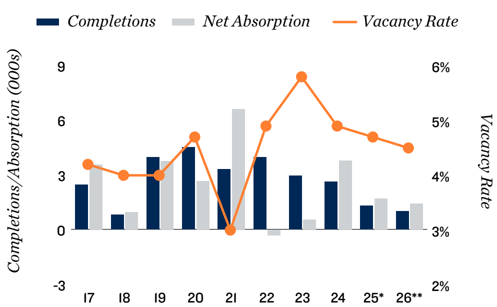
Market fundamentals improving, aided by reduced inventory growth. Oakland's metrowide vacancy rate is expected to land around the nationwide average following a third straight year of contraction. Despite the metro seeing continued annual job losses — a trend common across the Bay Area in recent years — renter demand is expected to hold up, as homeownership remains out of reach for many. This dynamic is helping maintain upward momentum for rent growth amid a lack of new supply. While the state's CEQA reform and SB 79 legislation may facilitate multifamily development in the long run, the delivery pipeline in Oakland for 2026 and 2027 remains very limited. Only the Oakland-Berkeley and Livermore-Pleasanton submarkets are expected to see meaningful additions. As a result, tight submarkets just outside the core — such as Fremont and Richmond — should continue to see vacancy rates below 4 percent. Class C properties are expected to perform especially well in these infill areas, which offer slightly more affordable rents and convenient access to employment centers around the Bay Area.

Private investment carries momentum in Oakland. Transaction velocity in the metro rose about 60 percent year-over-year as of late 2025, with the number of deals over $20 million more than doubling. This surge in activity was driven in part by an influx of new tech wealth, which has helped generate a wave of private capital investment. Last year, private investors accounted for over 60 percent of total sales volume. Additionally, Oakland offers the highest average cap rate among major West Coast markets, and average price per unit remains below 2019 levels, making the market attractive to private investors bullish about the area's long-term outlook. Several distressed sales have occurred in 2025, but the return of market liquidity and growing interest from opportunistic capital suggest a cautiously optimistic investor sentiment.

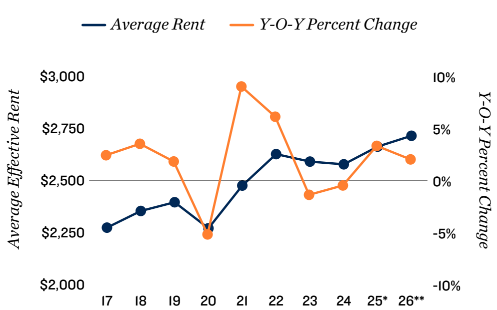
Employment Trends



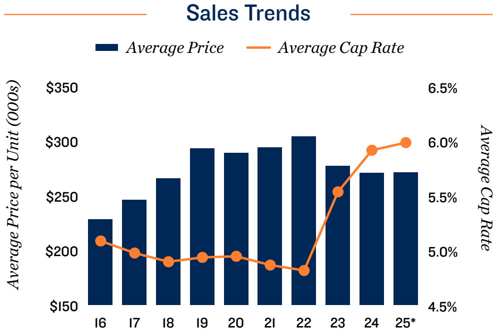
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 31 — ***Limited supply pressure cannot fully offset slower population and job growth, placing Oakland in the Index's middle third.***

-0.6% — **EMPLOYMENT:** Oakland is projected to lose another 7,000 jobs by December, continuing its employment decline. However, growth in education and healthcare roles is expected to provide some offset.

1,000 *units* — **CONSTRUCTION:** This year's delivery pipeline will be the metro's lowest since 2018. The inventory growth rate of 0.4 percent is also among the five smallest nationwide.

-20 bps — **VACANCY:** By year-end, Oakland's metrowide vacancy rate is expected to reach 4.5 percent, a five-year low and in line with the metro's prior decade-long average.

+2.0% — **RENT:** Continued vacancy compression will support further rent growth. At $2,710, the average monthly rent remains notably lower than rates in nearby Bay Area metros.

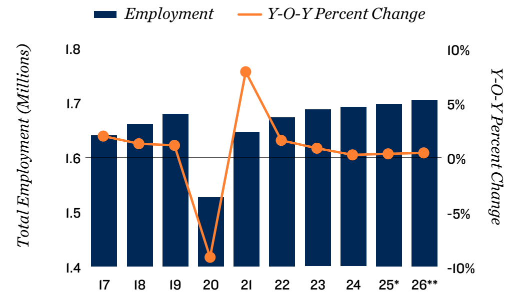
INVESTMENT: *Downtown Oakland saw transactions double last year. Investors seeking urban infill properties should continue to target this area for its strong transit connectivity to San Francisco.*

Consistent Employment Gains Keep Market Tight and Poised for Long-Term Growth

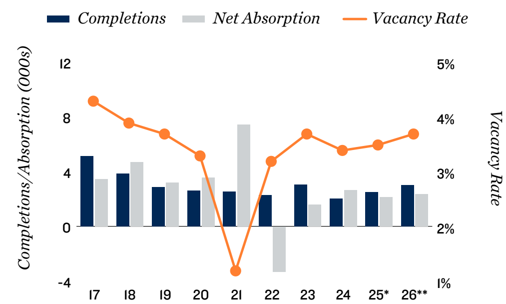
Property fundamentals remain healthy, despite an uptick in apartment deliveries. Orange County is projected to be one of only five major U.S. metros where 2026 deliveries exceed those in 2025, though the total remains relatively small. Limited land availability has supported a consistent pipeline in the 2,000- to 3,000-unit range since 2018, helping keep metrowide vacancy below 4 percent. This year's completions are concentrated in North and South Irvine, the two submarkets with the highest average rents in the metro after Newport Beach. Absorption of these new units is expected to be strong, as Class A vacancy held flat and rents climbed faster than other tiers last year. Looking ahead, Orange County's concentration of high-income, office-based employment — reinforced by return-to-office trends — should continue to underpin multifamily demand. The metro is expected to remain the second-least vacant market on the West Coast.

Private buyers are increasingly active, drawn by minimal lease-up risk. Due to the Irvine Company's tight control over land in Irvine, most multifamily transactions occur in other parts of the metro, which is supported by lower near-term supply pressure. Transaction activity has notably increased in Garden Grove, Santa Ana, and Anaheim. These submarkets also posted the metro's strongest rent growth at approximately 5 percent year-over-year, with the Class C pace outdistancing Class A. Median household incomes here are comparatively lower than the rest of the metro. Investors pursuing value-add strategies focused on workforce housing are expected to remain active in these areas, as housing affordability remains a key policy issue in Southern California. Strong local renter demand, limited supply risk, and outperforming rent growth underscore potential opportunities for long-term growth, even with an average cap rate below 5 percent in 2025 and despite broader economic uncertainty.

Employment Trends



Supply and Demand



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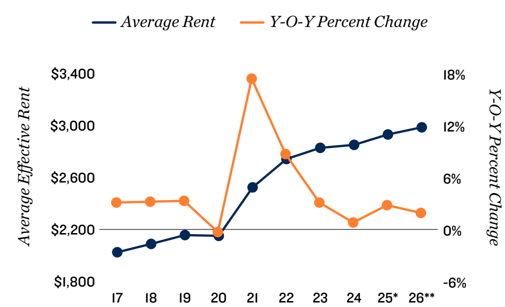
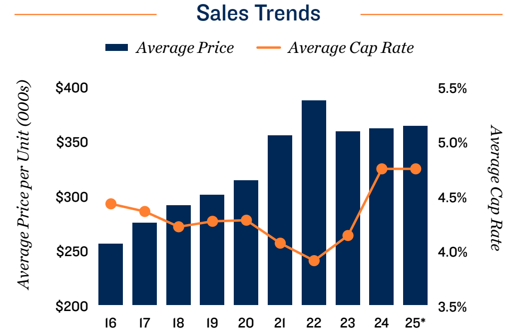


Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 4 — ***Low apartment vacancy and high homeownership costs place Orange County in the top five of the 2026 NMI.***

+0.4% — **EMPLOYMENT:** Orange County is expected to add approximately 7,500 jobs in 2026, tying with San Diego and Seattle-Tacoma for the fastest employment growth among West Coast metros.

3,000 *units* — **CONSTRUCTION:** The metro will see its second-highest level of deliveries since 2018, though completions align with its prior decade-long average, underscoring the steady nature of the pipeline.

+20 bps — **VACANCY:** With increased new supply entering the market, the metrowide vacancy rate is projected to edge up to 3.7 percent, still ranking as the seventh lowest among major U.S. markets.

+1.9% — **RENT:** The increase in vacancy may place some downward pressure on rent growth, but the average monthly rent will still reach $2,980 by year-end — the highest among all Southern California metros.

INVESTMENT: *OC Streetcar's 2026 launch, combined with SB 79's transit-oriented upzoning, positions Santa Ana and Garden Grove for stronger renter demand and creates opportunities for investors locally.*

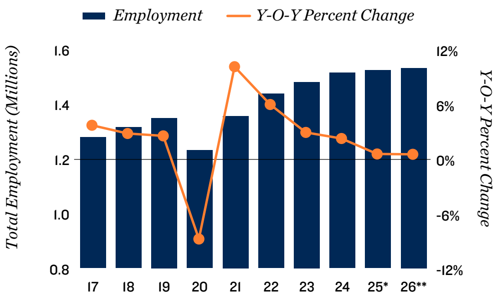
ORLANDO

Investment Appeal Strengthening in Higher-Tier Assets Amid Reemerging Rent Growth

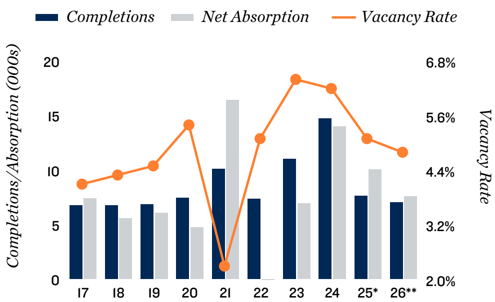
Development patterns shifting across submarkets. Underpinned by the nation's second-fastest rate of net in-migration in 2025, Orlando heads into 2026 on a solid footing. However, this growth is showing signs of decelerating. The metro also continues to contend with inventory expanding more than 20 percent over the past five years, one of 10 major markets facing such pressure. The longer-term outlook is promising, given that the number of units under construction by late 2025 fell to its lowest level since at least 2020. But submarkets such as Ocoee-Winter Garden-Clermont, South Orange County, and Kissimmee-Osceola County will still face notable supply pressure in the months ahead. In contrast, areas like the CBD and northwest Orlando maintain favorable positioning after seeing some of 2025's largest vacancy declines and anticipate limited supply pressure in the coming years. Metrowide, the mean effective rent has posted progressively smaller year-over-year declines since 2022, and vacancy is poised to tighten in 2026 for a third consecutive year, signaling an imminent return to rent growth.

Trading more evenly distributed across asset classes. After a slow start to the year, investment sales accelerated in the second half of 2025, led by trades above $20 million, particularly in pockets such as North Orlando and the Northeast Lake Buena Vista corridor along Interstate 4. Activity was more evenly distributed across asset classes than in 2024, when Class C deals accounted for more than half of all transactions. Despite the influx of new supply over recent years, Class A properties remain well-positioned going forward, having recorded the steepest vacancy decline among the tiers and reduced concession usage in 2025. In the lower tiers, trading is concentrating in the CBD, Kissimmee, and near Conway. Class B assets in these areas will likely remain appealing targets after posting some of the segment's sharpest vacancy declines among submarkets.

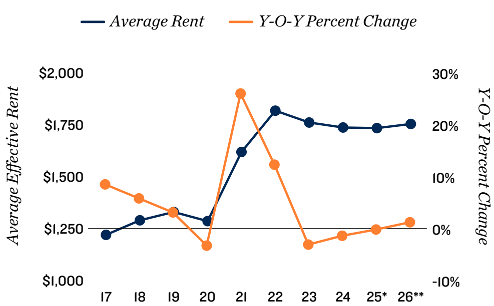
Employment Trends



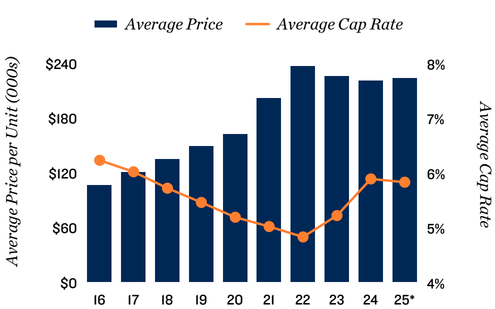
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 20 — ***Substantial construction and weak revenue growth, yet strong household formation, place Orlando in the middle ranks.***

+0.6% — **EMPLOYMENT:** Orlando anticipates adding 8,500 positions in 2026, representing employment growth that matches last year's gain but lags the trailing decade's annual average of 2.6 percent.

7,000 *units* — **CONSTRUCTION:** Completions in 2026 are set to nearly reach last year's volume, expanding inventory by 2.4 percent — the fifth-fastest pace among major U.S. markets.

-30 bps — **VACANCY:** Following a triple-digit basis-point decline in vacancy in 2025, the metro's rate will fall to 4.8 percent by year-end, its lowest level since 2021 and the tightest across major Florida markets.

+1.2% — **RENT:** Contracting vacancy will support a return to rent growth in 2026, lifting the average to $1,750 per month. Still, over the past five years, rent gains have ranked 11th slowest among major markets.

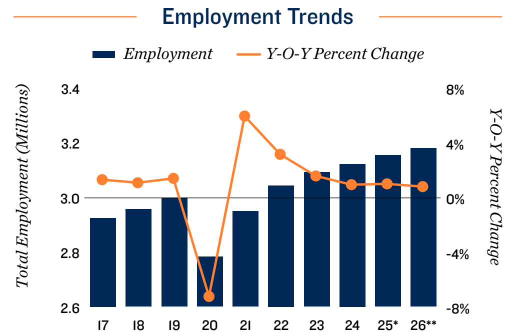
INVESTMENT: *Siemens Energy plans to relocate its regional headquarters to Lake Nona Town Center by 2027, bringing roughly 3,000 employees and likely elevating nearby apartment demand and investment interest.*

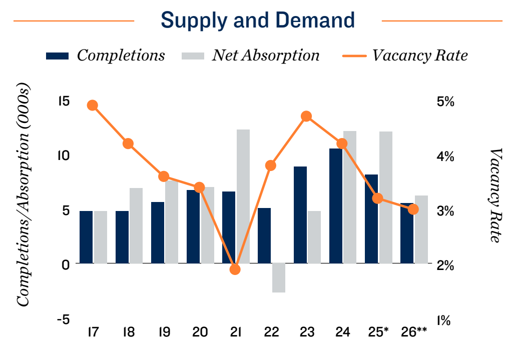
PHILADELPHIA

Robust Labor Market Stokes Leasing During Broader National Hesitancy

Hiring pulls demand to commercial centers. Greater Philadelphia's annual employment growth rate ranked among the top 15 major metros last year. Even the somewhat softened pace in 2026 will be a tailwind to multifamily leasing. The healthcare sector has led the way in adding new positions in the metro, followed by professional and business services. This will again steer renter demand toward submarkets with hospitals and medical offices, such as University City-Southwest Philadelphia, where apartment vacancy fell about 100 basis points last year. It may also aid submarkets with low or improving traditional office vacancy, such as Norristown-Valley Forge. The multifamily availability measure there fell into the 3 percent range in 2025, declining alongside the local office metric. More generally, a sustained rental appetite and falling metrowide deliveries point toward rosy fundamentals in 2026.

Revitalization efforts boost center city appeal. As sales activity rose roughly 25 percent year-over-year in 2025, deal flow in north and northeast Philadelphia increased even faster. Investors may have been encouraged by low-3 percent Class C vacancy rates, a condition likely to extend into 2026. Past buyers have found options for both smaller assets and, at times, properties with over 50 units. Center City also remained a leading submarket for trades, though velocity remained steady as other areas gained momentum. The first phase of the Avenue of the Arts 2.0 project will be completed this spring, with additional upgrades over the next two years, enhancing aesthetics and walkability. Insurance giant Chubb will open its new fully leased U.S. headquarters in 2026, boosting apartment demand near Center City. As supply pressure there decreases by 60 percent this year, these headlines and demand drivers may draw more investor attention.





2026 MARKET FORECAST

NMI RANK 25	*A thriving job market and narrow vacancy keep Philadelphia in the middle of ranked markets, as rent growth is lower.*

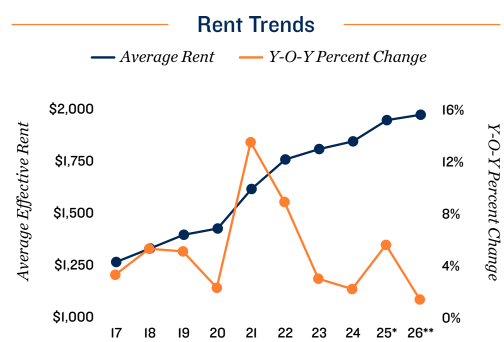
+0.8% **EMPLOYMENT:** Philadelphia's job market proved more resilient than other metros in late 2025, putting it in a better position to add 26,000 jobs in 2026.

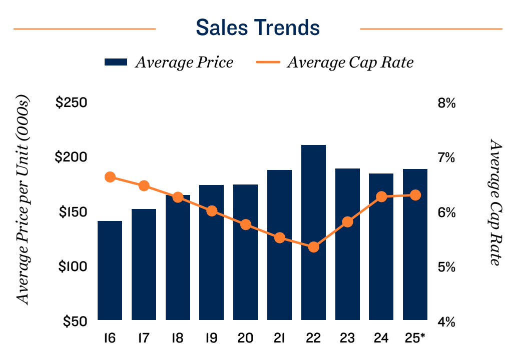
5,500 *units* **CONSTRUCTION:** About two-thirds as many units come online this year as last, increasing stock by 1.3 percent. While declining, this rate remains the strongest among the major mid-Atlantic markets.

-20 bps **VACANCY:** The metro vacancy rate declines only 20 basis points this year, but remains the fourth-tightest in the nation at 3.0 percent despite comparatively high supply pressure.

+1.3% **RENT:** A prolonged stretch of vacancy around 3 percent will help push rent growth above Philadelphia's peer metros. The average effective rate for an apartment rises to $1,966 per month.

INVESTMENT: *An upswing in dealmaking followed rapidly narrowing vacancy in North Montgomery County. A GSK factory starting construction in King of Prussia may raise the profile of well-positioned apartments.*





* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

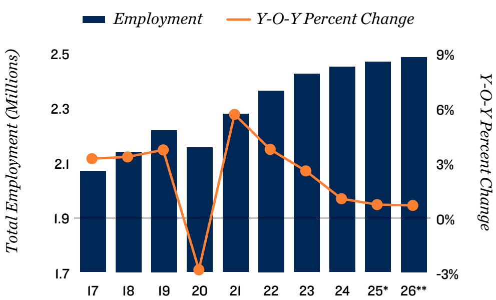
PHOENIX

East Valley Leads Multifamily Improvements as Construction Pullback Tempers Softness in the West

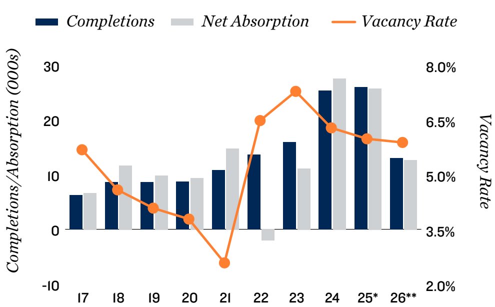
Fewer deliveries aid higher-end apartments as value segments stay strained. Despite hiring volatility and immigration headwinds, Phoenix's multifamily market is expected to continue to recover as supply pressures ease and local inflation — among the nation's lowest at below 2 percent last year — allows incomes to catch up to asking rents. Performance will likely remain split by submarket, as vacancy trended down late last year in the East Valley and North Phoenix-Scottsdale corridors, supported by affluent residents and steady job creation in healthcare and white-collar industries. With completions projected to fall by nearly 50 percent across the market in 2026, existing properties will face less competition from new supply, positioning Class A fundamentals to strengthen and potentially regain rent growth. In contrast, centrally located neighborhoods and the West Valley may lag, as lower-income renters face weaker hiring in sectors such as manufacturing, logistics, and hospitality, keeping pressure on Class B and C rentals.

Private buyers position for long-term growth amid favorable pricing. While institutional activity accelerated in 2025, private investors remained relatively cautious amid elevated financing costs and challenges facing lower-tier assets. The Arcadia-Camelback corridor has been a focal point, as the area's affluent renter base and central location reinforce leasing. Cave Creek and Mesa have also drawn more attention, with investors acquiring 1970s- and 1980s-vintage assets, as per unit pricing below the 2022 peak offers attractive entry points. Investment in downtown may continue to build after maintaining the strongest absorption relative to inventory among any CBD in the country in 2025. Plans such as ASU's new health-campus headquarters, slated to open in 2028, should reinforce long-term employment growth in the core, potentially enhancing the appeal of value-add opportunities aimed at attracting higher-income renters.

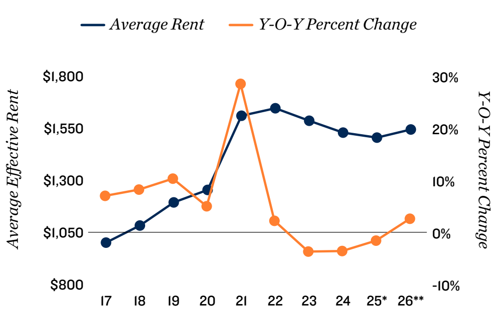
Employment Trends



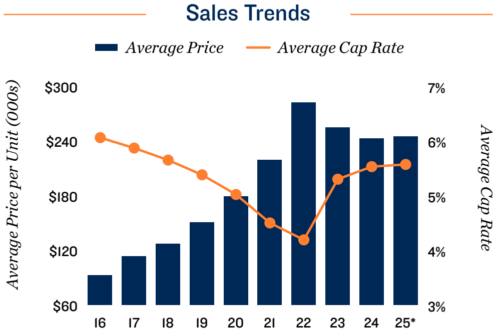
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 18 *Phoenix secures a top-half ranking, as sustained population growth drives robust absorption of new supply.*

+0.7% **EMPLOYMENT:** Hiring will moderate in 2026, with 17,000 new roles added. Even so, Phoenix's job growth rate will be more than twice the U.S. average and the fastest among major Mountain West metros.

13,000 *units* **CONSTRUCTION:** Completions in 2026 will fall by nearly 50 percent from the record delivery waves of the previous two years. The metro's inventory growth will rank fourth among major U.S. markets.

-10 bps **VACANCY:** Phoenix's vacancy rate is expected to edge down slightly amid a sharp reduction in new supply. At 5.9 percent, the metro's rate will remain about 70 basis points above its 10-year average.

+2.6% **RENT:** Rents will firm as supply pressures ease. The average rate hits $1,540 per month — about 20 percent below the U.S. mean — sustaining appeal among renters relocating from higher-cost markets.

INVESTMENT: *TSMC's late-2025 announcement to fast-track expansion and acquire additional land should bolster nearby multifamily demand and investment, with Deer Valley already posting record net absorption in 2025.*

Investment Environment Shifts Into New Gear as Eastern Submarket Leads Operational Gains

Market to retain low vacancy as local entrepreneurship supports renter demand. Pittsburgh is on track to end 2026 with vacancy below 4 percent, only the fourth time in the past 25 years. Though the market is showing modest population decline, particularly in the 20- to 34-year-old cohort, demand growth should still exceed new supply as the pace of annual inventory growth falls to under half a percent. Enrollment is also rising at the metro's many well-regarded higher education institutions. This could aid the young adult demographic, as long as there are compelling employment opportunities to keep recent graduates in the market. While venture capital remains limited nationally outside of some large AI-related deals, successful local fundraising by firms such as Abridge and Gecko Robotics last year highlights an active startup culture. Oakland-Shadyside, in particular, benefits from a well-established life sciences research sector, with local apartment vacancy falling by more than 300 basis points last year. The lowest vacancy level, however, remains in Westmoreland and Fayette counties at sub-2 percent.

A much more active 2025 offers upside for future transaction landscape. The market entered the new year on ample investment momentum as more sales were completed in the third quarter of 2025 than in any prior three-month period since 2021. These trades illustrated the opportunities found in the metro, aligning with buyers targeting Class C assets for entry costs under $100,000 per unit. A mean cap rate in the mid-6 percent zone, while unchanged from 2024 amid slightly easing interest rates, still marks a seven-year high sufficient to facilitate trades in the year ahead. Broadly improved operations benefit many of Pittsburgh's inner suburbs, with Beaver County also considered an option. While the market remains centered around in-state buyers, the lowest unit prices of any major Northeast metro continue to attract some regional capital.

2026 MARKET FORECAST

NMI RANK 43 — ***Near-zero net household growth pushes Pittsburgh lower on the 2026 Index, despite a nationally low vacancy level.***

+0.5% — **EMPLOYMENT:** Having surpassed the pre-2020 headcount last year, the market's total employment base will expand by another 6,000 roles this year. The rate of change is about on par with 2019.

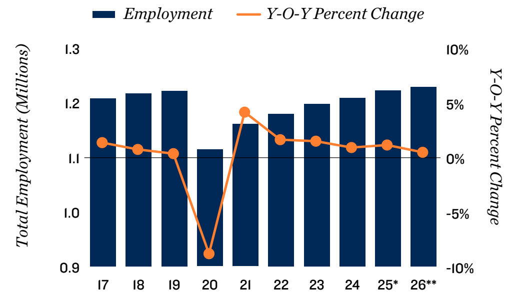
600 *units* — **CONSTRUCTION:** Development activity will slow for the second consecutive year as total openings hit a seven-year low. Completions are concentrated in Oakland-Shadyside and South Pittsburgh.

-20 bps — **VACANCY:** After dropping a combined 160 basis points over the past two years, the much tighter vacancy rate will dip modestly in 2026 to 3.8 percent. Vacancy last broke this threshold in 2022.

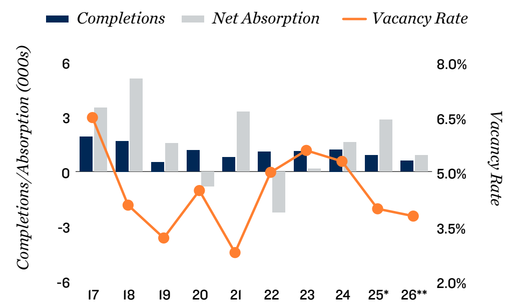
+2.6% — **RENT:** Tight operations across property classes will support rent growth for a sixth straight year. The metro's average effective rate will climb to $1,685 per month by December.

INVESTMENT: *Westmoreland and Fayette counties typically record few trades. However, low vacancy here may elicit buyer attention. As the densest local community, Greensburg historically captures the most transactions.*

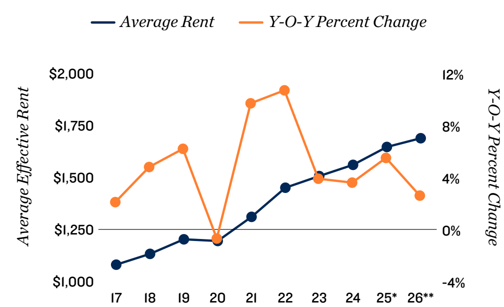
Employment Trends



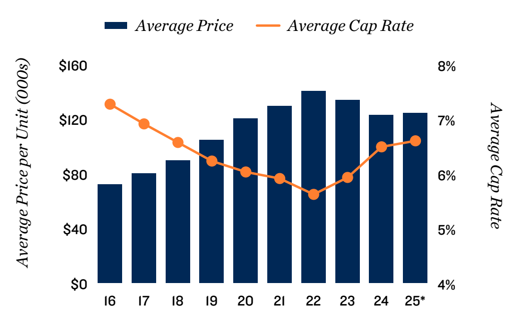
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

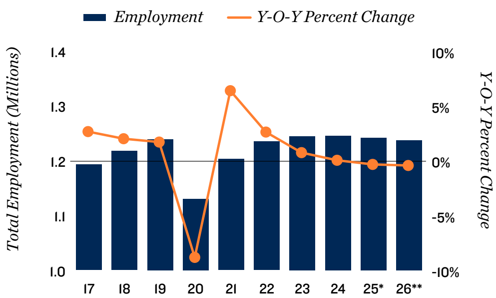
PORTLAND

Vacancy and Rent Metrics Quietly Improve as Tailwinds Settle on the Demand Side

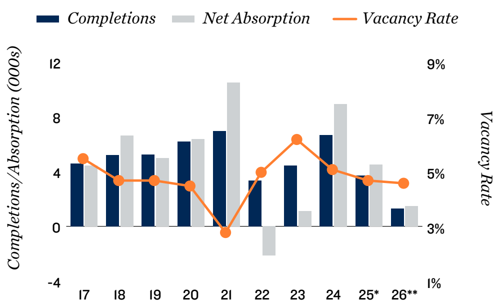
Limited supply helps hold vacancy steady. The marketwide apartment delivery slate is expected to decline by about 60 percent year-over-year, following a de-escalation in supply growth the prior year. That said, development continues as usual in one rapidly growing area. Vancouver's 2026 inventory addition will be around 3.0 percent, similar to 2025. The area's population growth, while slowing from the region-leading 9.4 percent jump recorded from 2017 to 2022, continues to warrant more units. In contrast to Vancouver, Portland's central business district will see few new buildings open. Its vacancy rate ranked among the metro's most improved in 2025, and this delivery shortfall may support further progress, even amid dampened new-renter demand. Marketwide, modest workforce reductions are expected to continue, and population growth is unlikely to accelerate in 2026, providing fewer additional boosts to leasing. This will leave property fundamentals close to their year-end levels.

Private buyers increasingly active. Deal flow in the metro was on the upswing entering 2026, with rising transactions in both the $20 million-plus and under $10 million price ranges. In Vancouver, where exchanges nearly doubled year-over-year in 2025, Class C, sub-100-unit buildings that are insulated from new supply pressures may be most coveted this year. The segment vacancy rate there fell to its lowest level since 2023, warranting interest. Buyers from Oregon and Washington may similarly look to lower entry-cost properties on the west side of the metro. The submarkets covering Aloha-West Beaverton, Tigard, and Portland's southwest side saw resurgent trading last year, with a mean price per unit just under $200,000 and a median unit count of 23. If the areas' Class C vacancy patterns remain below market this year, value-add buyers may focus on local listings.

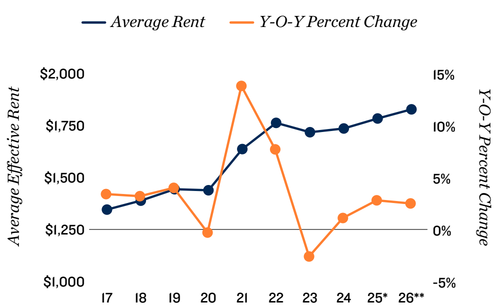
Employment Trends



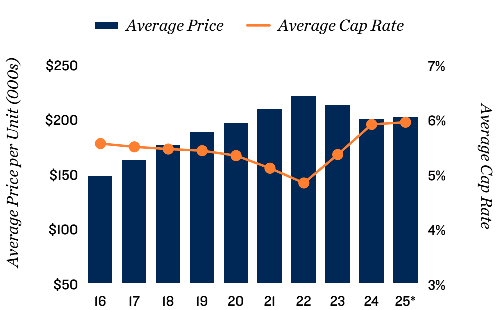
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 42 — ***Portland's limited competing supply inhibits upward vacancy pressure, but employment losses lower the metro's rank.***

-0.4% — **EMPLOYMENT:** Total employment in Portland will contract by 4,800 jobs this year, as the downward trend seen in 2025 continues into the first half of the new year.

1,300 *units* — **CONSTRUCTION:** Only about a third as many apartments will open in 2026 as last year, which was itself half of the 2024 total. Overall inventory will expand by just 0.5 percent this year as a result.

-10 bps — **VACANCY:** The vacancy rate falls slightly to 4.6 percent. Quickly receding deliveries will likely match the pace of the softening growth in renter demand.

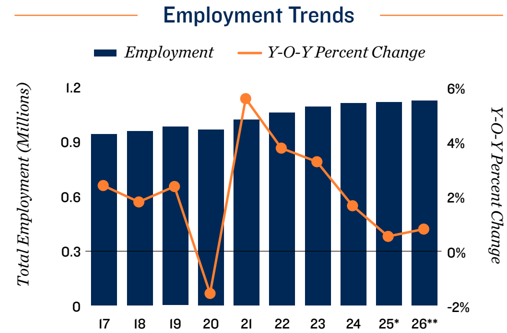
+2.5% — **RENT:** The marketwide average effective rent grows at a marginally slower pace than in 2025, continuing on a path guided by a similar vacancy measure. The per-month rental rate comes to $1,824.

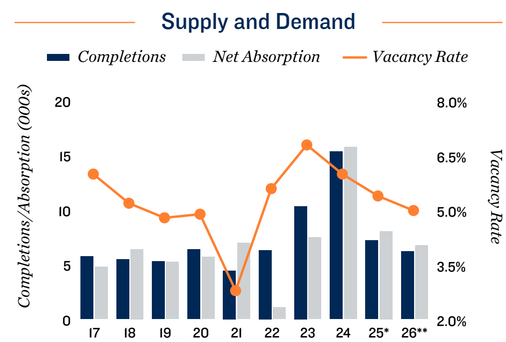
INVESTMENT: *Ending last year with one of the metro's lowest Class C vacancy rates, Southwest Portland's appeal is bolstered by Interstate 5. Low retail vacancy further underscores the area to investors.*

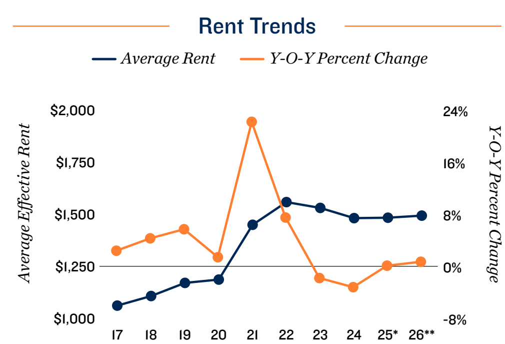
Effects of Recent Supply Expansion Begin to Subside, as Investor Confidence Improves

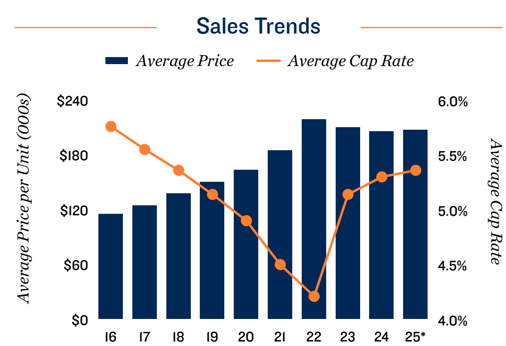
Rent growth builds momentum as construction slows. In 2026, the rate of change in both supply and demand will ease roughly 15 percent annually, with completions and net absorption returning to their prior 10-year averages. Even as the market finds more balance, rent growth entering 2026 remains subdued. This reflects 2025's elevated concessions and the lingering effects of the 2023-2024 supply surge, when more than 25,000 units were delivered — expanding inventory by about 15 percent. This may be particularly true of East Durham and Northeast Raleigh, where upcoming openings are limited and greater demand for mid- and high-tier rentals began lifting monthly payments last year. A sharper decline in deliveries this year should allow for greater upward momentum in rents as the market progresses through the recent delivery wave. Some submarkets, however, will still face headwinds from incoming supply, such as the Apex-Cary area, where record completions in 2026 may pressure rents even as vacancy holds near the mid-5 percent band. Conversely, downtown Durham, where openings will drop nearly 90 percent — the steepest annual decline in a decade — could see rents firm later in the year.

Improving fundamentals spark broader investor engagement. Transaction velocity rose last year following 2024's slowdown, as the average price per unit posted its first annual gain since 2022. The price increase was driven by Class C assets, which also recorded a notable rise in deal flow. While trades above $20 million remained common, activity among sub-$10 million assets increased, particularly in downtown Raleigh and Durham. This trend may continue in 2026 if private investors remain active amid looser monetary policy and an improving fundamental outlook. At the same time, institutional capital may be reengaged after three years of subdued activity, targeting properties built in the early 2000s that offer competitive performance at a lower entry cost.









2026 MARKET FORECAST

NMI RANK 8 — ***Resting within the top 10, Raleigh's NMI ranking is supported by strong household growth and robust employment gains.***

+0.8% — **EMPLOYMENT:** Raleigh's employment base will expand by 9,000 jobs in 2026, ranking 10th in annual growth among major metros, driven by gains in healthcare and professional services.

6,200 *units* — **CONSTRUCTION:** Northwest Raleigh will see no new supply for the second straight year amid the metro's broader slowdown that will bring Raleigh's annual inventory growth down to 2.9 percent.

-40 bps — **VACANCY:** Despite a moderate pullback in net absorption, vacancy will decline to 5.0 percent — its lowest level since 2021 — marking the third consecutive year of tightening.

+0.7% — **RENT:** The average effective rent rises to $1,490 per month, placing it among the higher levels for tertiary metros, though its growth rate will rank second slowest among this group.

INVESTMENT: *NC Children's Health, a major children's hospital and research campus in Apex, is expected to employ about 8,000 people by the early 2030s, underscoring the area's long-term growth potential.*

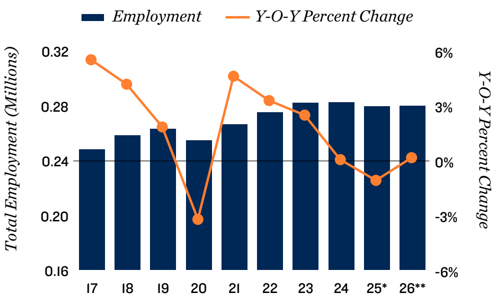
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

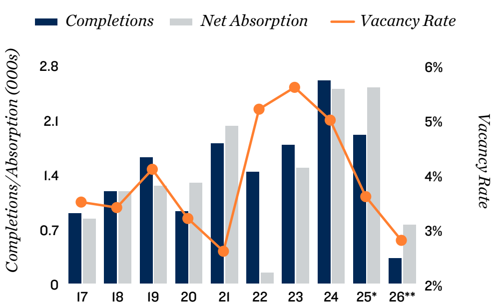
RENO

More Households Arrive in One of the Nation's Least Vacant Apartment Markets, Lifting Outlook

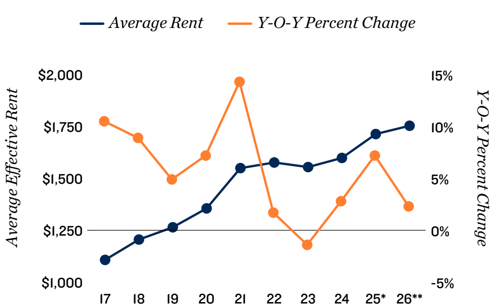
Employment Trends



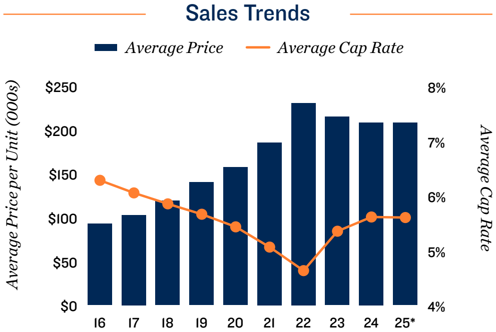
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Strong net in-migration continues amid a supply shortfall. In 2026, Reno's multifamily market will see a sharp decline in development to less than one-fifth of the 2025 delivery level. Most of the limited new inventory is concentrated in central Reno, where vacancy fell by 140 basis points in 2025. Metrowide demand remains strong across asset classes, with Class B and C properties supported by a workforce primarily employed in moderate-wage sectors, such as trade, transportation, and utilities. Meanwhile, those sectors remain resilient as the metro solidifies its position as an inland freight hub. Class A assets benefit from office-based employment in submarkets like South Reno and Sparks, where top-tier vacancy is the lowest in the metro. Strong net in-migration, particularly from households priced out of nearby states like California, supports the demand outlook. However, a rise in permitting in 2025 suggests increased construction potential after 2026, though elevated material costs will likely weigh on development.

Investor caution prevails despite attractive pricing. Deal flow held relatively steady in 2025, with an average price per unit near $208,000, indicating a stable market environment and limited volatility. Private buyers accounted for most of the activity, with B and C properties built after 1960 representing most of trades. Downtown remained the most active, though it saw fewer trades than in prior years. In-state investors led in transaction count, while California buyers dominated in total dollar volume, reflecting tighter regional concentration. Cap rates remained elevated, relative to the past five years, allowing investors to continue acquiring assets at attractive entry points. For California investors, especially, the existing yield spread remains compelling, offering higher returns on average than their home markets. This dynamic helped drive a few large institutional acquisitions and may support further capital deployment through 2026.

2026 MARKET FORECAST

NMI RANK 26 — ***Household formation drives vacancy rates to near-record lows, but limited inventory keeps Reno's ranking mid-tier.***

+0.2% — **EMPLOYMENT:** Following a loss of 3,000 jobs in 2025, the metro's labor market will see modest growth in 2026. Employers will add 500 net new positions by year-end.

325 *units* — **CONSTRUCTION:** Completions fall below 400 units, marking the lowest annual total in over a decade. This contraction creates space for recently delivered inventory to be absorbed efficiently.

-80 bps — **VACANCY:** Limited apartment deliveries will push many renters to existing properties, resulting in a vacancy rate of just 2.8 percent by December, tied for the lowest among major U.S. markets.

+2.3% — **RENT:** Effective rents continue to climb, reaching a record-high average of $1,750 per month. Class B properties have led the metro with a strong upward trend over the past decade.

INVESTMENT: *With StoneGate's proposed rezoning, which would cut housing units but boost the total industrial footprint, North Reno may draw multifamily investors anticipating rental demand from incoming labor.*

Apartment Vacancy Declines for Second Year Even Amid Trade Challenges to Staple Industries

Job market supporting hiring outside logistics sector. The Inland Empire's largest submarkets entered 2026 with varying vacancy trends. In the Palm Springs-Coachella Valley, home to the metro's largest rental stock, vacancy rose above 6 percent last year. An annual decline of roughly 60 percent in deliveries will relieve some pressure, but near-term demand forces are mixed. Resilient tourism spending should help hiring in a key local industry. However, national logistics challenges weigh on regional employers. Even so, the opening of the Desert Hot Springs Amazon Warehouse should boost local Class C rental demand. In Riverside proper, vacancy temporarily rose 50 basis points last year due to a spike in deliveries. However, marginal completions are projected there this year. Similarly, the city of San Bernardino continues to record limited inventory growth, with vacancy likely to hold in the 4 percent range this year.

Private investors active throughout the Inland Empire. Deal flow in 2025 rose the most in Victorville and outlying San Bernardino County, where almost all trades were priced under $10 million. Buyers targeted Class B/C rentals, typically those with fewer than 50 units. The potential for near-term vacancy reductions in these areas could spur additional activity in 2026. Meanwhile, in Riverside County, 100-plus-unit complexes near state Routes 91 and 60 supported local deal flow. Buildings with 20 or fewer units, priced between $1 million and $4 million, were also acquired in Riverside proper. The mid- and low-tier vacancy metrics in this area fell below 3 percent at times last year, warranting interest in 2026. In San Bernardino County, trades involving garden-style Class C properties have comprised the bulk of sales lately. Fontana-Rialto has been an epicenter for these transactions. The submarket posted sub-4 percent segment vacancy in late 2025, a dynamic that may heighten competition among buyers for local listings.

2026 MARKET FORECAST

NMI RANK 27 ***Inland Empire apartments benefit from low and improving vacancy, but job losses pull the metro's rank closer to the middle.***

+0.1% **EMPLOYMENT:** The metro gains 2,500 jobs in 2026, the smallest annual increase since 2020. As a year-over-year growth rate, this is near the median of major West Coast metros, tied with Los Angeles.

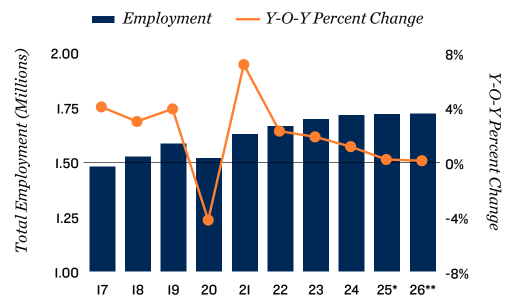
2,300 *units* **CONSTRUCTION:** Following two straight years of 2 percent-plus inventory growth, multifamily stock expands by just 1.1 percent in 2026 — matching the metro's prior 10-year average.

-30 bps **VACANCY:** The Inland Empire is projected to record one of the steepest year-over-year vacancy declines among primary U.S. metros, bringing vacancy to 4.0 percent by December.

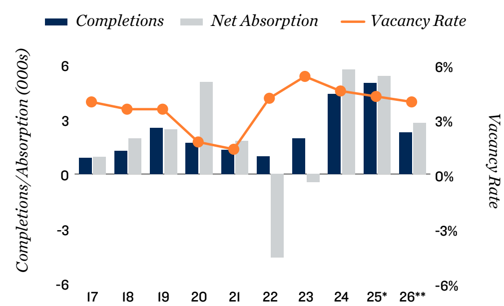
+2.2% **RENT:** The market's average effective rent rises to $2,350 per month. Though it is slowing year-over-year, this growth rate will be the fastest among the four major Southern California markets.

INVESTMENT: *Western portions of San Bernardino County, including Ontario, present opportunities to acquire rentals near low-vacancy office buildings. A reduced local delivery slate should fuel competition for listings.*

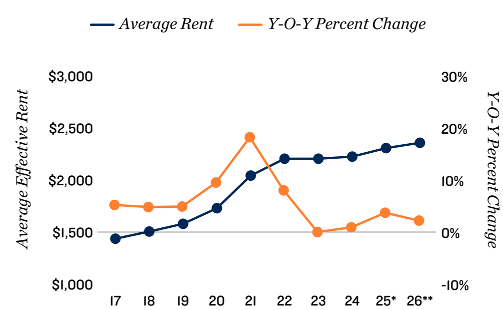
Employment Trends



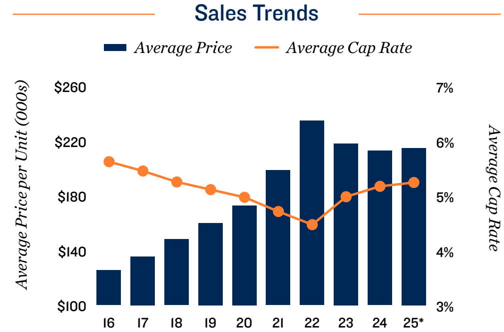
Supply and Demand



Rent Trends



Sales Trends



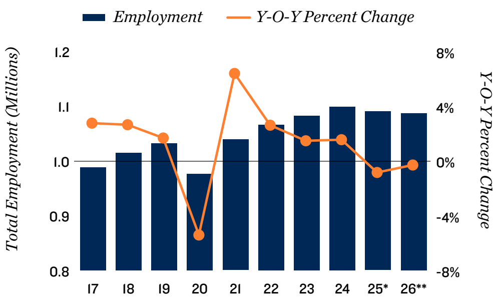
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

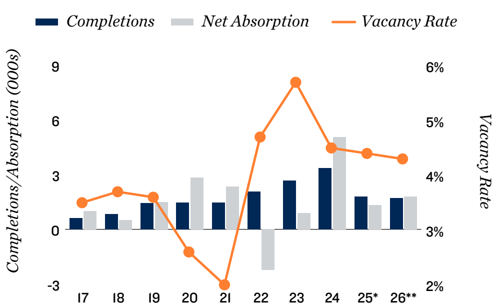
SACRAMENTO

Diverging Fundamentals Between City and the Suburbs Add Nuance to the Outlook

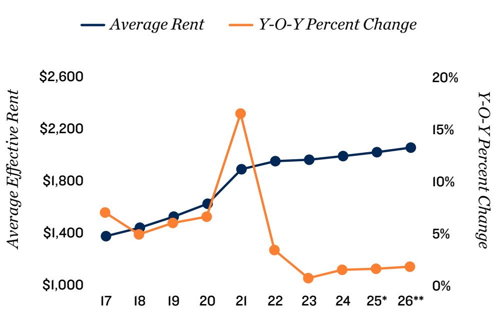
Employment Trends



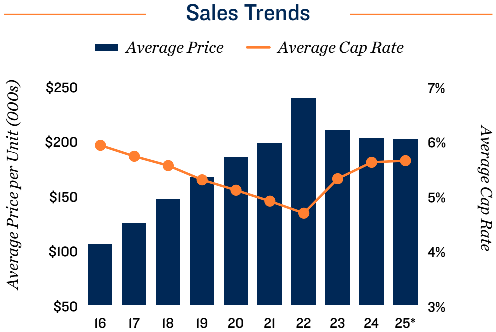
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Central Sacramento poised for a rebound in renter demand. Sacramento recorded historic levels of apartment deliveries in 2023 and 2024, but this year's total is projected at roughly half of the 2024 peak. The California state government's return-to-office mandate has been officially delayed until July 2026, a decision that has kept vacancy rates elevated in central Sacramento. As of late 2025, vacancy hovered around 7 percent here. That prompted concessionary offers on about half of all leases and contributed to year-over-year rent declines across quality tiers. If the policy takes effect as planned, however, central Sacramento could see a surge in apartment demand this year, benefiting recent and upcoming completions in the area. This year's openings will be concentrated in the CBD and along the Interstate 80 Corridor, including Natomas and Roseville-Rocklin, where vacancy rates have been stable at around 4 percent and 3 percent, respectively.

Investor activity remains focused on suburban areas for now. Stronger multifamily fundamentals in the suburbs, compared to the CBD, have driven a 50 percent year-over-year increase in suburban transaction velocity. At the same time, activity in the urban core has remained flat. Submarkets with limited new supply, such as Arden-Arcade, Carmichael, and Citrus Heights, are seeing robust sales growth. Among the metro's most affordable areas for renters, these submarkets tend to attract blue-collar renters — a relatively stable demographic even during economic shifts — reinforcing their appeal during economic uncertainty. Cap rates on recent trades here have also delivered higher yields. Central Sacramento could see a notable increase in transactions as both the return-to-office mandate and continued absorption of recent supply support a gradual recovery in the CBD. Investors anticipating these shifts may look to acquire assets ahead of a potential rebound in renter demand and urban activity.

2026 MARKET FORECAST

NMI RANK 48 — *Slower population growth outweighs slight vacancy compression, keeping Sacramento in the lower tier of the rankings.*

-0.3% — **EMPLOYMENT:** Job losses are expected to slow this year, with a net decline of about 3,000 positions. Resilience in government, education, and healthcare sectors continues to support the labor market.

1,700 units — **CONSTRUCTION:** Deliveries will reach their lowest level since 2021, though the total aligns with the metro's decade-long average, suggesting that supply pressure remains a factor.

-10 bps — **VACANCY:** Net absorption is projected to just exceed new supply, pushing vacancy down to 4.3 percent — 50 basis points below Sacramento's long-term average, reflecting improving renter demand.

+1.7% — **RENT:** Sustained vacancy compression over the past three years has supported steady rent growth. At $2,045 per month, Sacramento remains the most affordable major market in California.

INVESTMENT: *Some investors may opt for early acquisitions near the Railyards, positioning for long-term appreciation as new housing, infrastructure, and amenities drive renter demand and reshape downtown.*

Outlook Lifted by Diminishing Supply Overhang, Growth in Core and Neighboring Communities

Suburban momentum leads improving market vacancy. Salt Lake City's multifamily sector enters 2026 on firmer footing as many suburban submarkets recorded 100-basis-point-plus vacancy rate declines last year. Areas like Sandy-Draper and the southwestern communities, including Tooele, should see further improvements this year. Downtown, the openings of the Astra, Luma, and Worthington apartments have together added over 900 luxury units since 2024, pressuring operations. Fortunately, the 2026 delivery slate there will be two-thirds smaller, with supply growth weaker in the market as a whole. Sustained government and healthcare hiring should drive additional demand near hospitals and public-sector offices. Together, these trends should help to compress the metro's vacancy rate further in 2026, offering upward momentum to rent growth.

Private buyer interest swells downtown and in growing nearby cities. As sales activity picked up from 2024 to 2025, deal flow improved most in downtown Salt Lake City and Provo. In the city center, buyers focused on small, Class C buildings, with fewer than 50 units and a median age of 67 years. The popularity of these older assets is notable, given that 40 percent of downtown's total stock was constructed after 2010. Private buyers may continue to acquire facilities less exposed to Class A construction, while larger investors willing to accept some lease-up risk may look to acquisition opportunities among those recent deliveries. Outside Salt Lake City proper, investors targeting student demand may continue to seek 10- to 20-unit low-rise properties south of the Brigham Young University campus. The Provo-Orem area's vacancy rate has fallen roughly 200 basis points since a reading near 7.0 percent in early 2024. Buyers interested in growing Wasatch Front suburbs, such as those in Davis County or South Salt Lake-Murray, will likely remain active here in 2026, as well.

2026 MARKET FORECAST

NMI RANK 24 — ***High household formation drives vacancy declines even with sizable deliveries, ranking the metro just above the midpoint.***

+0.4% — **EMPLOYMENT:** Salt Lake City's employment total posts a net gain of 6,000 jobs, as hiring picks up later after a soft winter. This is a middle-of-the-pack measure among the ranked Southwest metros.

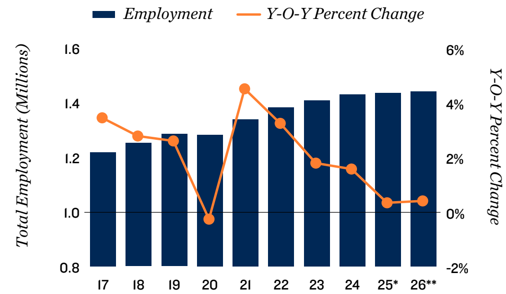
3,200 *units* — **CONSTRUCTION:** Although roughly 1,200 fewer apartments will open this year than last, an inventory growth rate of 1.9 percent remains among the 10 fastest paces among ranked markets for 2026.

-20 bps — **VACANCY:** The vacancy rate falls to 4.5 percent, as new renter demand turns toward the decade average following record highs. Eleven major markets experience a similar or smaller drop in vacancy.

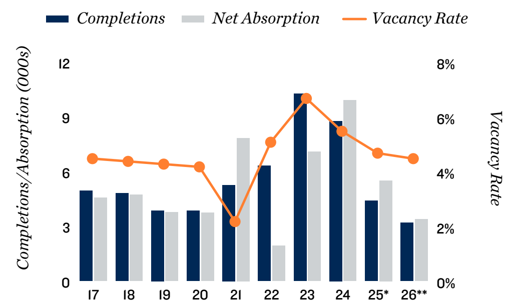
+1.5% — **RENT:** The metro's average effective rent rises to $1,554 per month in 2026. Growth in the metric has taken some time to return to this pace after declines in 2023 and 2024.

INVESTMENT: *Expanded hiring by Williams International and ACS Manufacturing are planting seeds for future job growth in Ogden and Layton. Strong net absorption in 2025 may also sustain buyer interest.*

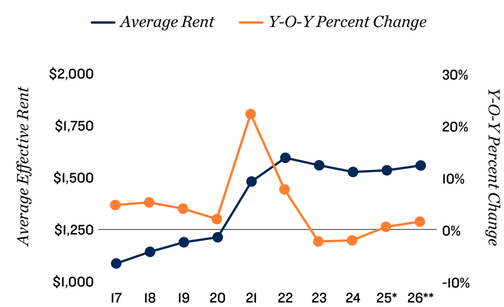
Employment Trends



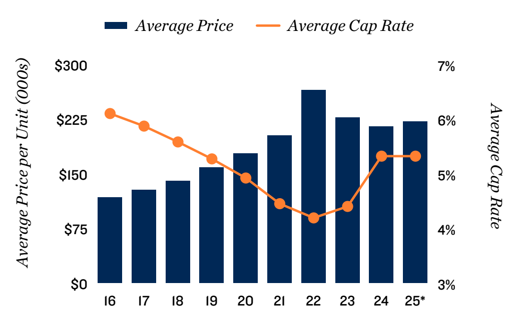
Supply and Demand



Rent Trends



Sales Trends



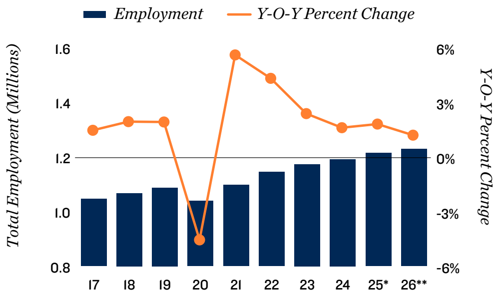
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

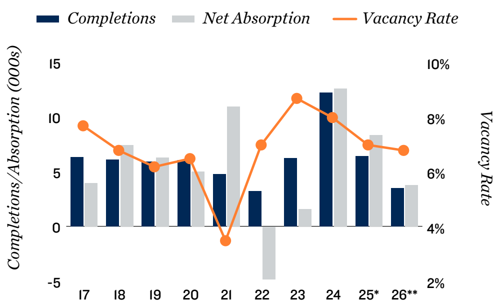
SAN ANTONIO

Continuing Appeal for Early Professionals Signals Optimistic Long-Term Outlook

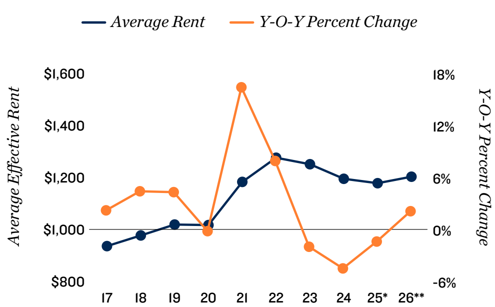
Employment Trends



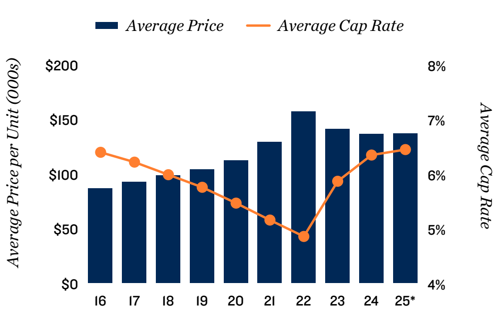
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Rent growth expected to return as supply dwindles. San Antonio's affordability continues to attract young adults, earning the metro a top-five ranking nationwide for population growth among 20- to 35-year-olds over the past three years. This influx supports the metro's expanding job base, which is projected to rank second in employment growth among all major markets this year. Driven by its healthcare, government, and defense-based sectors, the metro's economy should remain resilient in a slowing job market. With a reduced pipeline, the vacancy rate will stand 200 basis points below the 2023 peak of near-9 percent. As a result, the metro is poised to end a three-year trend of rent declines. Despite having a midsize population and apartment inventory, San Antonio has the highest vacancy rate and the lowest average rent among major U.S. metros. This combination signals substantial upside potential as new supply diminishes.

Growing submarkets in the north and west garner investor attention. Transactions have been intensifying in San Antonio's Far Northwest and North Central submarkets, which benefit from proximity to major employment centers, especially in health care. These areas are experiencing strong population growth and the lowest vacancy rates in the metro, contributing to local transaction volume nearly doubling last year. With minimal apartment deliveries expected in 2026, fundamentals in these submarkets should remain tight, offering attractive conditions for investors seeking to mitigate lease-up risk. Meanwhile, the Far West submarket is emerging as a new growth node, supported by affordability and rising business activity. AT&T's relocation of its regional headquarters from downtown to the Far West side this year underscores the area's development momentum. The submarket's concentration of middle-income roles enhances its appeal for value-add strategies, particularly in Class B and C properties.

2026 MARKET FORECAST

NMI RANK 14 — ***Strong employment and population growth secure San Antonio a top-15 ranking, despite elevated apartment vacancy.***

+1.2% — **EMPLOYMENT:** San Antonio will add 15,000 jobs this year. The level is slightly below the metro's long-term average of 18,000 annually, yet it ranks among the top 10 metros nationwide.

3,500 *units* — **CONSTRUCTION:** The local delivery pipeline continues to contract following its record level in 2024. This year's completions represent just three-fifths of the metro's annual average over the last decade.

-20 bps — **VACANCY:** Net absorption will outpace new supply for the third consecutive year, pushing the vacancy rate down to 6.8 percent, the lowest level since 2021.

+2.1% — **RENT:** Fueled by robust employment-driven renter demand, the average effective rent is projected to rise for the first time in four years. The metric will land at $1,200 per month by the end of 2026.

INVESTMENT: *The newly approved San Antonio Spurs stadium downtown, along with UT San Antonio's downtown expansion, is reinforcing the urban core. Investors may target properties that align with revitalization trends.*

Younger Renter Pool, Out-of-Reach Home Prices Allow Apartment Sector to Remain in a Low-Vacancy State

Completions temper outside of still active Balboa Park. San Diego's vacancy rate adjusted nominally over the past three years, holding in the low-4 percent band despite the addition of 13,000 units. The size of the metro's 20- to 34-year-old demographic, who face significant homeownership barriers, is partially to credit for this steadfast demand. Entering 2026, this cohort accounted for 22 percent of the local population, the third-largest share nationally. With San Diego State University, Cal State San Marcos, and the University of California San Diego posting record enrollment, the metro's younger renter pool should remain sizable for the foreseeable future. As such, developers are most active in areas popular among recent graduates and other younger professionals, highlighted by the 1,700 units underway in Balboa Park-adjacent neighborhoods, including Bankers Hill. Elsewhere, supply pressure will be modest in 2026, with demand exceeding completions. This will counteract the effects the Balboa Park-centered supply wave has on overall fundamentals, supporting slight vacancy compression.

Broad price spectrum supports diverse pool of private investors. San Diego recorded the most multifamily transactions among U.S. secondary markets in each of the past three years, despite having the highest average entry cost among the group. Standout Class C deal flow is to credit, with these complexes accounting for 85 percent of last year's trades. Lower-tier assets should remain coveted among private investors as local Class C vacancy ranks second lowest among West Coast markets. Additionally, the $500-per-month gap between local Class B and C effective rates will limit renter mobility, aiding property performance. Buyers targeting sub-$300,000-per-unit pricing will find the most prospects in East County and South Bay. Those undeterred by price tags above $500,000 per unit will be active in coastal communities and the Balboa Park area.

2026 MARKET FORECAST

NMI RANK 30 — ***San Diego lands outside the top half of the Index as local revenue and employment growth metrics prevent a higher ranking.***

+0.4% — **EMPLOYMENT:** Hiring improves modestly across San Diego, translating to an additional 6,000 roles. The traditional office-using sector, however, may continue to record job losses over the near term.

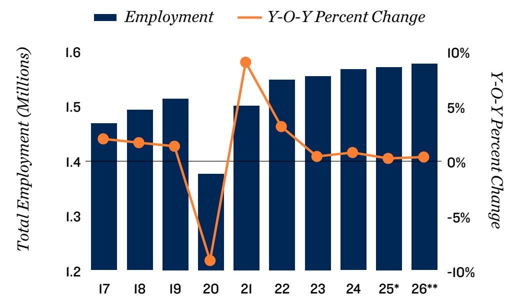
2,200 *units* — **CONSTRUCTION:** For the 14th straight year, developers add more than 2,000 units. The 0.7 percent stock growth projected for 2026, however, ranks as the metro's smallest annual increase since 2012.

-20 bps — **VACANCY:** Demand slightly outpaces supply, lowering vacancy to 4.0 percent. While this ranks San Diego among the 15 least vacant major markets, this rate also exceeds the metro's prior 10-year mean.

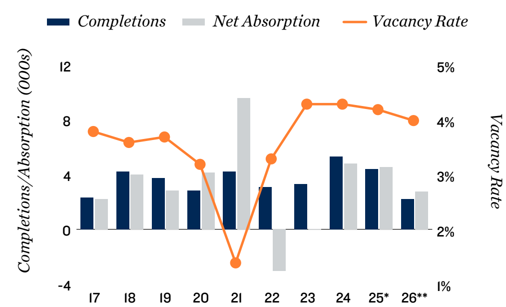
+1.2% — **RENT:** Mirroring the broader national trend, renewals are expected to drive local rent growth in 2026. At $2,880 per month, the metro's year-end effective rate ranks as the nation's seventh-highest average.

INVESTMENT: *Nearly 2,000 affordable units were underway in San Diego to start 2026. This dynamic and stricter immigration policies may impact local Class C demand and, ultimately, private investors' decision-making.*

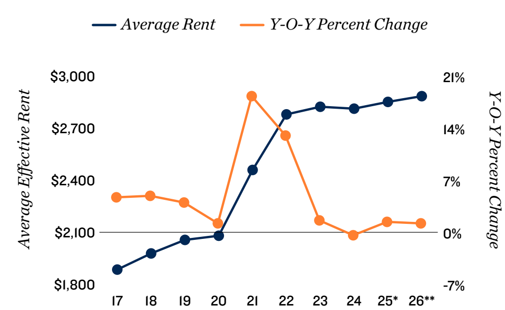
Employment Trends



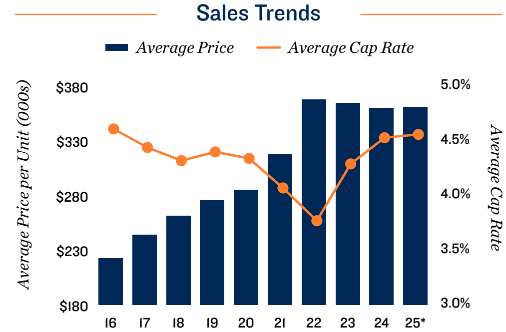
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

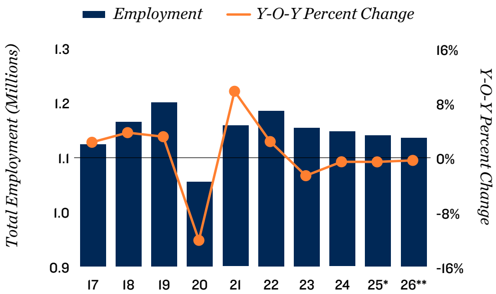
SAN FRANCISCO

Market Poised to Benefit From Regional Economic Upswing Amid Emerging Polarizing Trends

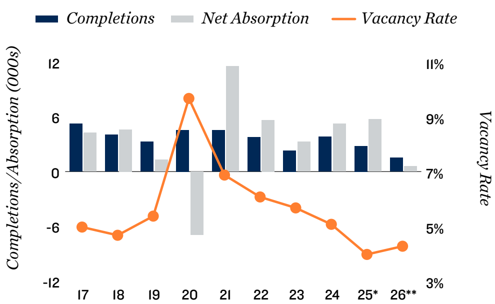
Solid rent-by-choice demand boosts luxury buildings in select submarkets. San Francisco's multifamily market is expected to stabilize this year after a strong 2025, which saw a triple-digit basis-point drop in vacancy. The city's growing role in AI and tech innovation, fueled by downtown startups that capitalize on the urban setting, continues to create high-paying jobs and reinforce renter demand. As a result, rent growth has been most pronounced in downtown submarkets like SoMa and Mission Bay, both of which posted year-over-year gains of over 10 percent as of late 2025. The impact of higher-income renter demand is also reflected in the performance of Class A properties: metro-wide, their average monthly rent rose by nearly 10 percent. San Mateo-Burlingame, meanwhile, has seen Class A vacancy rates above 10 percent. Slower job growth than the core, amid ongoing layoffs by some major local employers, was impacting performance; however, Class B and C vacancy rates remain below 4 percent here as of late 2025.

Investors focusing on areas in and around the urban core. Transaction activity in San Francisco picked up substantially last year, with the metro recording its highest annual sales volume since 2020. Among major U.S. markets, only San Francisco and San Jose saw this level of recovery. Even with new zoning reforms aimed at expanding future development, existing properties priced below replacement cost should remain attractive to investors, with sales picking up across the CBD and nearby infill areas. Specifically, transactions doubled in neighborhoods such as Sunset-Lakeshore, Haight-Ashbury, Noe Valley-Mission District, Marina-Pacific Heights, and downtown San Francisco, while activity remained mostly flat in cities across San Mateo County. With the metro's average price per unit still 25 percent below peak levels from 2019 and 2020, investors bullish on the Bay Area's long-term prospects may find compelling buying opportunities.

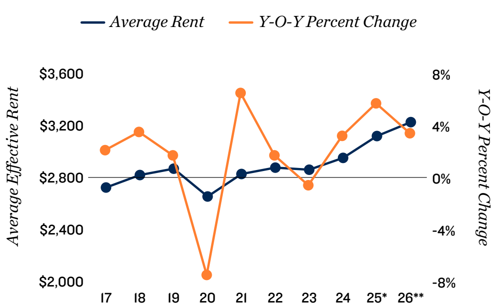
Employment Trends



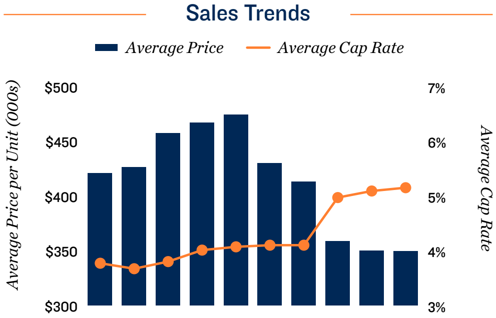
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 10 — ***High barriers to homeownership and a shrinking pipeline support rent growth, placing the metro in the top 10 of the NMI.***

-0.4% — **EMPLOYMENT:** San Francisco will see fewer jobs lost in 2026 than in any of the prior three years, but the loss of white-collar roles continues to outweigh gains in other sectors.

1,500 units — **CONSTRUCTION:** The delivery pipeline will contract further this year, marking the lowest level the metro has seen since 2012. Two-thirds of total deliveries will open in San Mateo and Redwood City.

+30 bps — **VACANCY:** After the strong compression in vacancy rates metro-wide last year, the overall metric will tick up to 4.3 percent by December, still 70 basis points below the metro's long-term average.

+3.4% — **RENT:** Rents will continue to steadily increase in San Francisco as the growth rate ranks among the top five major U.S. markets. The average effective rent will reach $3,220 per month by year-end.

INVESTMENT: *Multifamily assets built after 2000 are seeing stronger sales activity, signaling a continued flight-to-quality. Investors could prioritize newer builds to better align with market demand in San Francisco.Ferum*

Tech-Driven Capital Continues to Fuel Tightening in Multifamily Market

Delivery plunge provides additional tailwind in a well-performing market. Limited land availability and high home prices have kept San Jose one of the least vacant multifamily markets nationwide since the pandemic. The tech sector's high-paying jobs remain the backbone of the local economy, supporting the strongest rent growth in the U.S. in 2026. Submarket performance remains uneven: Mountain View, Palo Alto, Los Altos, and North Sunnyvale — the heart of Silicon Valley — posted near-3 percent vacancy rates in late 2025, with year-over-year rent growth exceeding 6 percent. In contrast, East and South San Jose, the metro's less affluent areas, saw rent increases below 2 percent. This divergence is unlikely to shift in 2026 if tech momentum holds, though a broader economic slowdown could disproportionately impact the metro due to its industry concentration. Still, the steep drop in apartment deliveries — with the 2026 pipeline just 10 percent of 2025's volume — should help stabilize fundamentals even if demand softens.

Investors target vintage properties in the core of Silicon Valley. Despite an overall slower job market, the tech sector's wealth-generating momentum continues to support multifamily transactions. As of late 2025, sales doubled year-over-year in Mountain View, Sunnyvale, and Palo Alto, and tripled in Santa Clara, Cupertino, and Los Gatos, while downtown San Jose remained steady. Investor activity surged among pre-1970s buildings, but declined for post-2000s assets, suggesting a shift in appetite toward properties with repositioning potential. Lower Class C vacancy rates compared to Class A across much of the metro should sustain investor interest in older properties, which offer stronger value-add upside. Looking ahead, tech-driven capital will likely continue to flow into Western San Jose, while East and South San Jose may attract investors seeking lower entry costs amid tight supply.

2026 MARKET FORECAST

NMI RANK 6 — ***Historically low vacancy, limited supply pressure, and high home prices keep San Jose near the top of the rankings.***

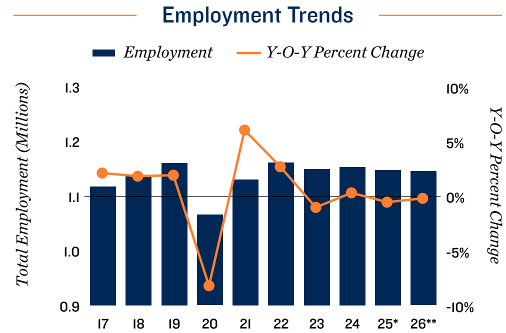
-0.2% — **EMPLOYMENT:** Despite a fourth straight year of white-collar job losses, San Jose's total employment decline in 2026 will be modest, with only about 2,000 jobs shed metrowide on net.

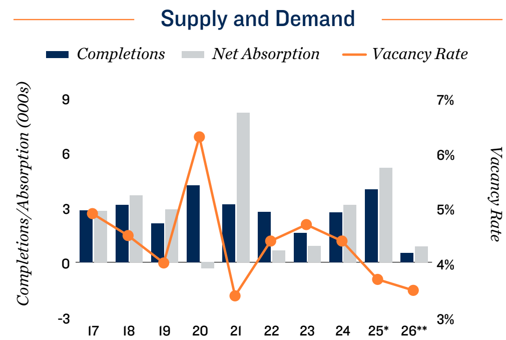
500 *units* — **CONSTRUCTION:** This year's delivery pipeline will be the metro's smallest since 2011. Inventory growth, at just 0.3 percent, ranks lowest among all major U.S. markets.

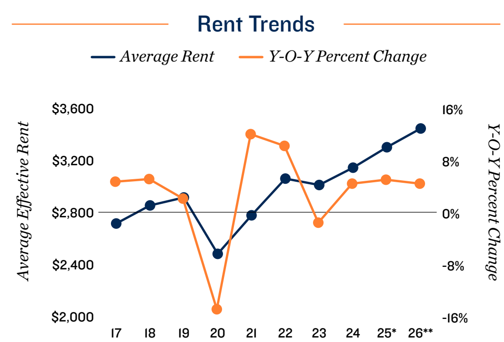
-20 bps — **VACANCY:** Ending 2026 at 3.5 percent, the metrowide vacancy rate will be the second lowest level the metro has seen in 20 years — just 10 basis points above the 2021 trough.

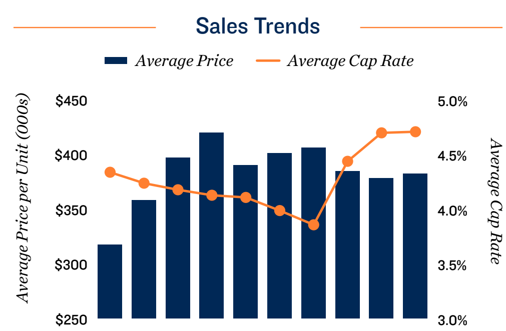
+4.4% — **RENT:** The average monthly rent will climb to $3,438, the highest in the nation. San Jose's rent growth will also lead all major U.S. markets, substantially outpacing the national level of just 1.8 percent.

INVESTMENT: *Downtown San Jose remains the most traded submarket metrowide, backed by ongoing city incentives for multifamily development. Investors could target the area for its cost savings from tax benefits.*









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

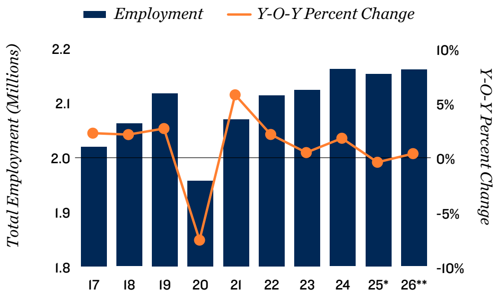
SEATTLE-TACOMA

City Center Seeks to Preserve Vacancy Progress While Tacoma Draws Increased Investor Interest

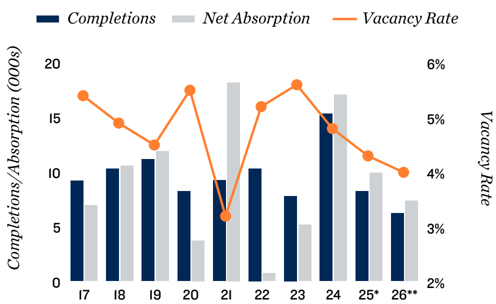
Leasing staying ahead of openings in supply-pressured neighborhoods. Vacancy has compressed since 2024 across the largest submarkets in Seattle proper and is likely to continue to a lesser extent this year. South Lake Union and Queen Anne both returned to around 4.0 percent vacancy rounding out last year, due to net absorption that accelerated past deliveries. However, some submarkets, such as Capitol Hill, the University District, and downtown Seattle, had concessions applied to around 25 percent of local units. Tapering deliveries should ease that pressure in the former areas, but downtown Seattle is slated to receive similar new stock this year. Demand drivers from population expansion and labor market growth are expected to soften overall, although the region's AI industry presents some upside. The number of open tech positions in the metro has favored roles that require AI skills. If firms tied to creating and operating AI tools hire more, it could drive Class A demand in the metro's tech hubs, including downtown.

Buyers and sellers finding agreement. Deal flow grew the fastest in the latter months of 2025 above the $20 million price point, but buyers also closed more transactions in the $1 million-to-$10 million tranche. Tacoma exemplified the increased deal flow in the lower band, with buyers targeting 20- to 50-unit builds constructed in the 1970s and 1980s. The average cap rates on properties traded there also increased, while median prices per unit declined, bringing the average time to sale closer to five months. Investors may have been responding to year-over-year declines in Class C vacancy in North-Central Tacoma and Lakewood, which could draw attention in 2026 if they continue. Elsewhere, submarkets with a recent history of comparatively low or improving office vacancy on the metro's north side, or those with the tightest retail vacancy on the east, may garner more interest, given labor market uncertainty.

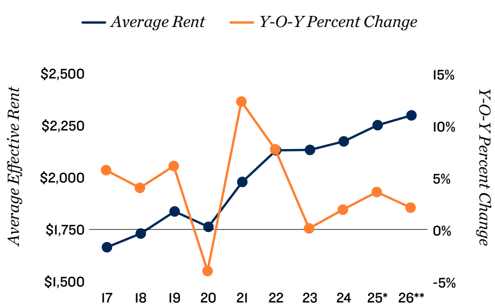
Employment Trends



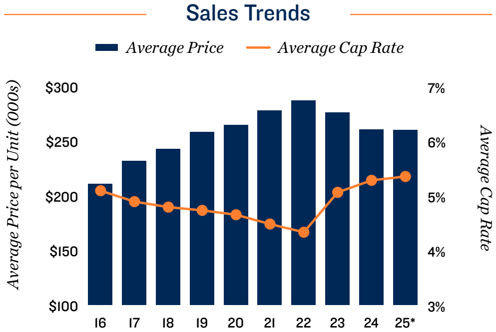
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 7 — ***High barriers to homeownership are contributing to a notable improvement in the vacancy rate, placing the metro in the top 10.***

+0.4% — **EMPLOYMENT:** Growth returns to Seattle's employment base after shedding roles on net in 2025. With 8,000 new jobs, the market's annual percentage increase is tied with San Diego and Orange County.

6,200 *units* — **CONSTRUCTION:** A delivery slate of 6,200 units represents a 25 percent decline in new rentals compared to 2025. This is also the metro's slowest inventory expansion since 2011.

-30 bps — **VACANCY:** The vacancy rate falls to 4.0 percent. This metric is 80 basis points below the decade mean. Seattle's year-over-year change is 10 basis points above the major West Coast market average.

+2.1% — **RENT:** The metro's average effective rent rises to $2,295 per month, with a more moderate vacancy rate decline than the previous year, dialing back the pace of rent increases.

INVESTMENT: *Ballard and Fremont may see further interest this year if compressed vacancy rates are held without expanded concessions. State Route 99 and 15th Avenue NW, two key areas last year, could be a focus in 2026.*

Vacancy, Sales Activity at Historically Favorable Marks Steering Metro Through Softer Hiring Landscape

St. Louis' multifamily sector performing at an uncommonly high level. This year began with metrowide apartment vacancy under 4 percent — a feat achieved only once in the past 20 years. While weaker hiring conditions are expected to persist this year and weigh on new renter demand, overall availability will still be among the lowest in recent memory. Higher-income neighborhoods are set to outperform, with submarkets such as St. Charles County and Chesterfield likely to sustain Class A vacancies in the mid- to high-3 percent zone. Rentals in lower-income areas, such as northeast St. Louis County, may continue to experience headwinds, however. Contracting employment in industries such as retail trade, where employees tend to fall into the renter-by-necessity pool, could affect Class C housing demand. Construction activity, meanwhile, is modest, although a higher concentration of deliveries this year in the suburbs west of Forest Park may heighten near-term competition for renters.

Local submarket dynamics intact as overall liquidity improves. Outside of 2021 and 2022, which saw historic transaction activity both locally and nationally, more St. Louis apartment properties changed hands last year than at any other time. Liquidity should stay similarly high in the months ahead amid favorable fundamentals and a six-year-high average cap rate. The suburbs west of Forest Park and South St. Louis are likely to remain the most active submarkets, with the former attracting both private investors looking for sub-20-unit properties and larger groups seeking 100-unit-plus assets. Buyers targeting properties of intermediate size may also find options here, as well as in St. Charles and Jefferson counties. Assets in St. Charles County historically command price points above the metro's average. In contrast, listings on the Illinois side of the metro are the most likely to trade for less than $100,000 per unit.

2026 MARKET FORECAST

NMI RANK 50 — ***Modest apartment absorption and household formation make for a less dynamic year and a lower ranking for 2026.***

-0.8% — **EMPLOYMENT:** The metro's employment base will contract for the second straight year in 2026, shedding about 11,000 jobs. Headwinds continue to face sectors such as manufacturing and logistics.

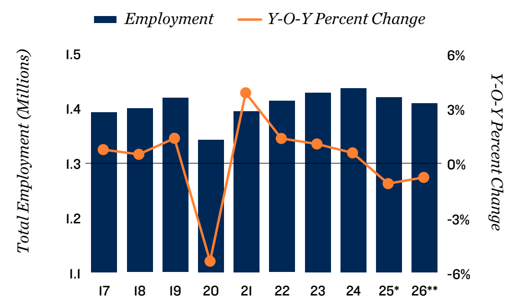
1,700 *units* — **CONSTRUCTION:** Approximately 200 more units will be completed this year than in 2025, although the resulting 1.0 percent increase to inventory falls short of the metro's trailing-decade average.

+40 bps — **VACANCY:** After dropping 240 basis points over the past two years, the metrowide vacancy rate will inch up to 4.2 percent by December as fewer job opportunities weigh on household formation.

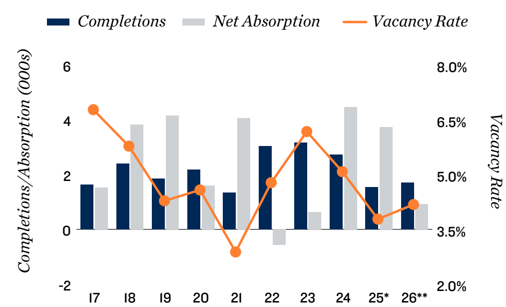
+1.0% — **RENT:** Demand that slightly trails added supply will curtail the pace of rent growth this year. The average effective rate will, nevertheless, advance modestly to $1,386 per month.

INVESTMENT: *Investors may need to broaden their acquisition criteria in North St. Louis after the loss of a federal grant may derail ICL's development plans for a battery component manufacturing plant in the area.*

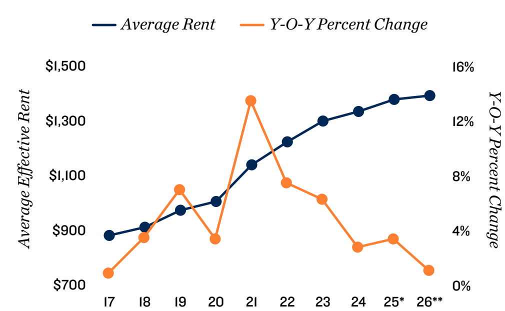
Employment Trends



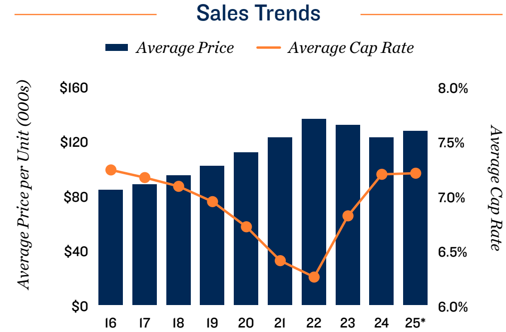
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

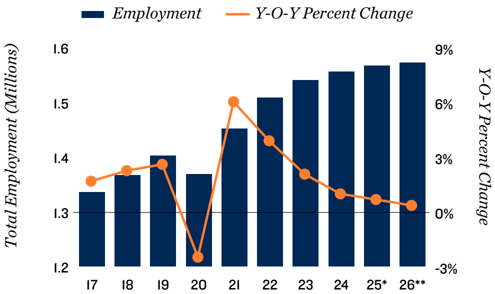
TAMPA-ST. PETERSBURG

Moderating Population and Supply Growth Coincide With Acceleration in Private Purchases

Outlook hinges on shifting market dynamics. In the coming year, Tampa's apartment market will enter a rebalancing phase as new supply and demand patterns take shape. On the demand side, select pockets, including Hernando and Pasco counties, continue to attract an outsize share of new residents. However, the broader slowdown in Sun Belt in-migration is evident in the metro, which is projected to post its slowest annual population growth since 2011. This cooling has already contributed to sharply reduced net absorption figures in the second half of 2025, following six consecutive quarters above 2,000 units. On the supply side, slowing deliveries should bring relief to areas that faced heavy construction in recent years, including West Pasco County-Hernando, the Peninsula, and South St. Petersburg. Conversely, submarkets such as Central Tampa and New Tampa-East Pasco County will continue to see elevated completions, likely pushing local vacancy rates higher through 2026. In both cases, however, no deliveries are currently scheduled for 2027, offering a more favorable longer-term outlook.

Smaller capital commitments drive increased activity. Tampa's buyer mix leaned further toward private capital in 2025 amid an uptick in transaction velocity fueled by Class C deals under $10 million. The steepest annual vacancy decline among segments, alongside an 11 percent increase in the average effective rent since 2022, may sustain investor interest in similar properties this year. The Class A mean rent rose only 6 percent in the same span, while the Class B rate declined modestly. Geographically, the Peninsula and downtown St. Petersburg noted sharp rises in Class C trading. The former holds strong 2026 positioning after noting one of the largest overall vacancy drops and fastest rent gains in 2025. In the latter, rebounding rent growth and Class C vacancy near 4 percent, roughly 220 basis points below its long-term average, should sustain investor demand.

Employment Trends



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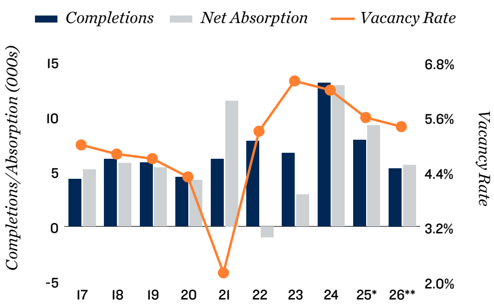
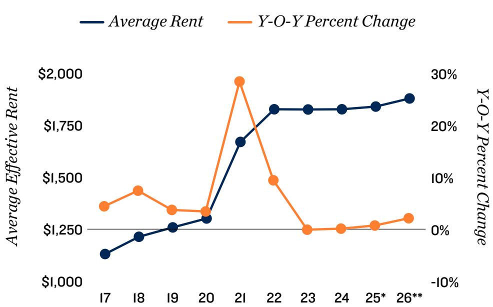


Rent Trends



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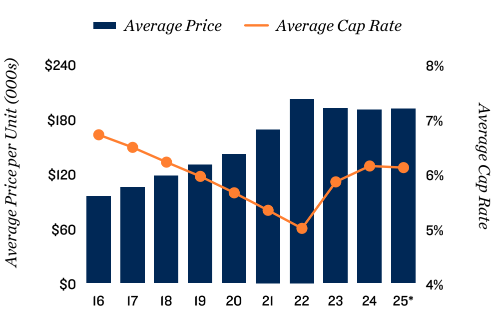


** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 11 — ***Household formation that remains strong relative to other major metros this year supports Tampa's ranking in the top quartile.***

+0.4% — **EMPLOYMENT:** Tampa's employment base is expected to add 6,000 jobs in 2026, marking the fourth consecutive year of decelerating growth. Still, it will outpace the national 0.2 percent gain.

5,300 *units* — **CONSTRUCTION:** Completions in 2026 are set to fall to the lowest level since 2020. Even so, with inventory expanding 1.8 percent, the metro will still place in the top quartile of major markets for growth.

-20 bps — **VACANCY:** Vacancy is projected to tighten to 5.4 percent by year-end. Although this marks the third consecutive year of improvement, the level will still rank eighth among major markets.

+2.1% — **RENT:** Contracting vacancy will help spur the metro's fastest rent growth since 2022. At $1,875 per month, rents will have climbed about 12 percent over five years, trailing the 17 percent national gain.

INVESTMENT: *Improvements to the Howard Frankland Bridge and I-275, along with 1,000 jobs from GEICO's new regional hub, will likely draw investor interest in multifamily assets near Tampa International Airport.*

Demand Apparent in Key Development Zones, Signs Point to Renewed Investor Confidence

Moderating economic conditions influence short-term market performance. Despite a decelerating pipeline, development remains focused on Casas Adobes-Oro Valley and West Tucson. The former submarket has recently demonstrated strong net absorption, with vacancy declining over the past two years, despite a nearly 15 percent increase in inventory. This bodes well for an 800-unit luxury development in Casas Adobes, which will contribute approximately 160 units in 2026, with additional stages planned for subsequent years. West Tucson is similarly well positioned after vacancy fell to its pre-pandemic, 2015-2019 average in 2025. Metrowide, the share of units offering concessions remains elevated compared to 2020-2023, particularly in the lower tiers. Minimal job creation and slowing in-migration could have an outsize impact on Class C rentals in the near term. Overall, though, vacancy is expected to remain relatively stable at more than 100 basis points below its long-term average, supporting marginal rent growth.

Activity rising across all price ranges. Weaker fundamentals and elevated interest rates dampened investor sentiment through 2024 and early 2025. However, improving conditions returned some optimism in the second half of 2025. The market entered 2026 on the back of accelerating transaction velocity across price tranches and properties with over 100 units. Meanwhile, the sharpest annual vacancy decline in the segment last year highlights Class C assets in the Central Tucson-University submarket, which bodes well for trading in 2026 after the submarket led in deal flow last year. To a lesser degree, the Catalina Foothills also saw an uptick in activity after a subdued 2024. The area may see rent growth return after a brief decline, supported by vacancy tightening to near 4 percent — the lowest among submarkets — and steady leasing conditions amid a generally well-educated, more affluent renter base.

2026 MARKET FORECAST

NMI RANK 49 — ***Subdued revenue growth and comparatively elevated vacancy contribute to Tucson's high ranking this year.***

+0.1% — **EMPLOYMENT:** Tucson anticipates the addition of 500 jobs in 2026. While modest, it still represents an improvement from the prior two years, when the market lost jobs in aggregate.

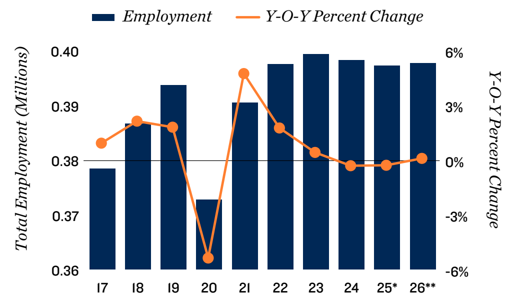
660 *units* — **CONSTRUCTION:** The metro's inventory expands by 0.7 percent in 2026, marking its first sub-1 percent increase since 2020 — a threshold surpassed in only three other years since 2000.

-10 bps — **VACANCY:** A reduced delivery slate is expected to modestly lower vacancy. Still, at 5.4 percent by year-end, the rate will tie for the ninth highest among major U.S. markets.

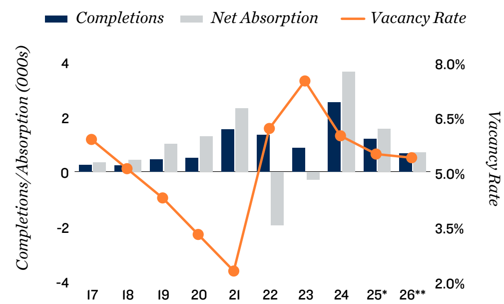
+1.1% — **RENT:** Rent growth is forecast to reemerge after two years of decline, pushing the average to $1,200 per month, tying San Antonio for the most affordable major market.

INVESTMENT: *The fastest rent growth in the past three years and large-scale industrial projects that bring hundreds of jobs may heighten investment appeal in the Tucson International Airport-Drexel Heights corridor.*

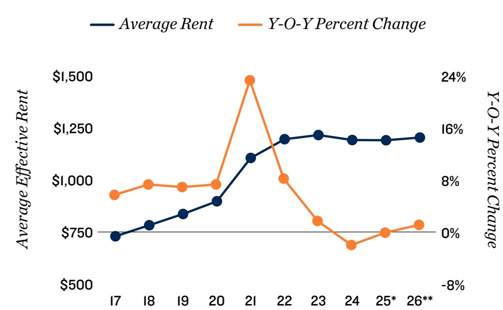
Employment Trends



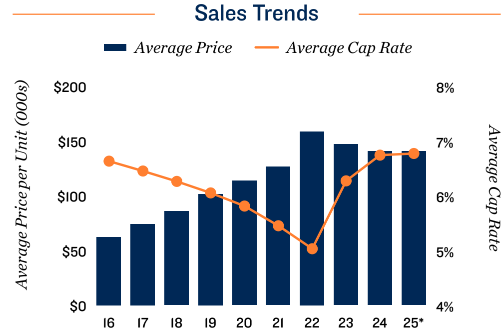
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

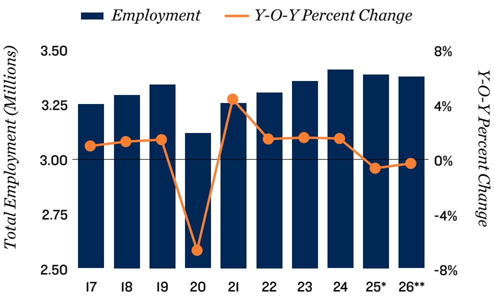
WASHINGTON, D.C.

Class C-Oriented Submarkets Well-Positioned; Private Owners Welcome Advantageous New Rules

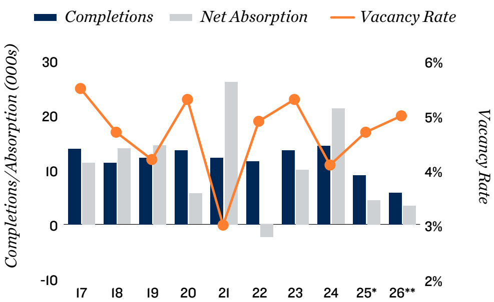
Working-class renter demand holding fast. The metro's job losses last year weighed on leasing, but not enough to fully reverse vacancy rate reductions from 2024. With job losses mostly confined to white-collar roles and steadier hiring in hospitality and construction, Class C properties may maintain performance, despite leading class cuts in vacancy declines last year. Separately, a handful of areas may benefit from acute supply pullbacks. In the Navy Yard-Capitol Hill South submarket last year, new supply pushed the vacancy rate into the 6 percent band. A nearly blank slate due in 2026, however, will give existing properties a reprieve. The Hyattsville-Riverdale area and Bethesda-Chevy Chase will also see this dynamic, though at a smaller scale. This should help Class A and B properties sustain occupancy levels even as the metro navigates ongoing headwinds.

Policy changes seek to bolster liquidity. The year begins on a strong note after transaction velocity rose by about 40 percent year-over-year in 2025, especially in the $1 million to $10 million range. The D.C. city council's RENTAL Act, passed last fall, is likely to influence trades this year, as an exemption from TOPA right-of-first-refusal could reduce deal timelines. Court-procedure reforms could also benefit operations at certain properties. The Anacostia-Southeast Side submarket may interest investors searching for older, smaller properties. The submarket's vacancy rate narrowed into the 3 percent range last year, the lowest in the Washington, D.C., core. Northern Virginia's West Fairfax County, which includes Centreville and Chantilly, held a vacancy rate below 4 percent. Move-ins by the DEA and AT&T created varied employment opportunities, adding to renter demand in 2025. An IKEA planned for this spring highlights corporate confidence in the area's residential base, potentially drawing more multifamily investors toward this Class B-oriented submarket in 2026.

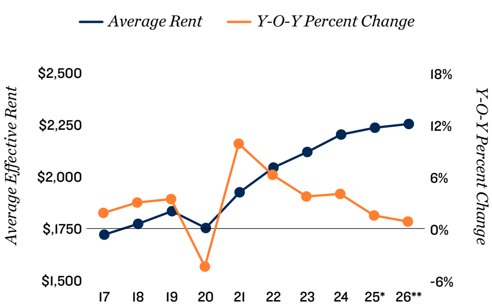
Employment Trends



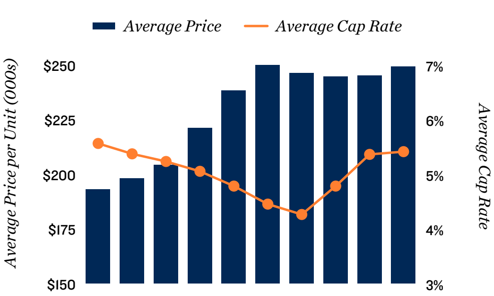
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2026 MARKET FORECAST

NMI RANK 45 *The market features above-average home prices and supply barriers, but recent performance challenges have affected its rank.*

-0.3% **EMPLOYMENT:** About 10,000 jobs are likely to be shed on net this year, fewer than in 2025. Most of the cuts are likely to be in the white-collar sector.

5,800 units **CONSTRUCTION:** New apartment rollouts wind down further in 2026, expanding inventory by 0.8 percent year-over-year. This rate of stock growth is near the middle of major mid-Atlantic markets.

+30 bps **VACANCY:** Cuts to government and contracting jobs, alongside the federal shutdown, were felt most strongly in 2025. Lingering effects in the first half of 2026 will raise the vacancy rate to 5.0 percent.

+0.8% **RENT:** A higher vacancy rate impedes rent growth, bringing the monthly average effective rent to $2,250. The District may continue to lead gains, followed by northern Virginia and suburban Maryland.

INVESTMENT: *Investors focused on Virginia suburbs may look to the broader Manassas, Reston, or Arlington areas, given a relatively stable recent vacancy trend expected to continue in 2026.*

Wealth Inflows Help Offset Leasing Softness While Suburban Investment Gains Momentum

Office expansion and tourism activity reinforce housing needs. Palm Beach County's multifamily market is well-positioned heading into 2026, despite some divergence across renter pools. The region's affluent residents and expanding professional workforce should bolster Class A fundamentals, where vacancy continued to compress late last year. The metro also registered record office leasing across its commercial districts in the third quarter of 2025, signaling sustained business confidence and future job growth. This strength should help the concentration of new supply in downtown West Palm Beach be well-received, while fostering continued tightening in submarkets with limited deliveries, like Boca Raton and Delray Beach. Lower-income renters may benefit from the county's tourism sector, where visitor volumes set a record high in the first half of 2025 despite nationwide declines — reinforcing staffing levels in hospitality and retail. Even so, softer hiring in sectors like manufacturing and tighter household budgets may keep pressure on middle- and lower-tier housing, where vacancy increased last year.

Yield premiums and ownership constraints steer capital to suburbs. Despite measured private buyer transactions in 2025, institutional activity reaccelerated, reflecting confidence in the metro's long-term outlook. High barriers to homeownership are expected to keep many suburban households renting, sustaining demand in areas with larger shares of younger residents priced out of buying, such as Lake Park, Wellington, and Riviera Beach. Private investors increasingly targeted 1980s- and 1990s-vintage assets in these neighborhoods last year, with cap rates trading in the 6 to 7 percent range, offering attractive yields relative to historical norms. Should financing conditions continue to loosen, buyers may broaden their focus to higher-priced southern submarkets such as Boca Raton, where Class C vacancy was at metro lows under 3 percent in 2025.

2026 MARKET FORECAST

NMI RANK 5 — ***West Palm Beach ranks among the top five, as strong job growth and high barriers to homeownership underpin rental demand.***

+0.8% — **EMPLOYMENT:** Hiring is expected to moderate in 2026, with the creation of 6,000 roles. Still, West Palm Beach's 0.8 percent job growth rate will rank among the top 10 major U.S. markets.

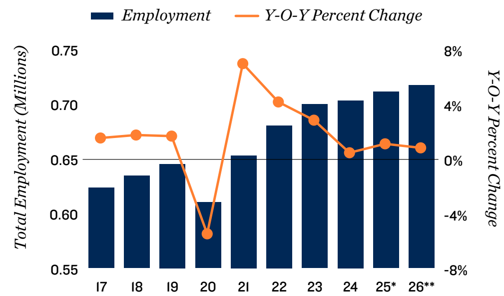
2,200 *units* — **CONSTRUCTION:** Deliveries will rise in 2026 but stay in line with the past decade's average and half of the 2024 peak. Downtown West Palm Beach will receive the most new supply, with about 1,500 units.

+20 bps — **VACANCY:** Vacancy will edge higher in 2026 amid softer job growth. At 4.9 percent, the metro's rate will sit 20 basis points below the past decade average and align with Miami and Fort Lauderdale.

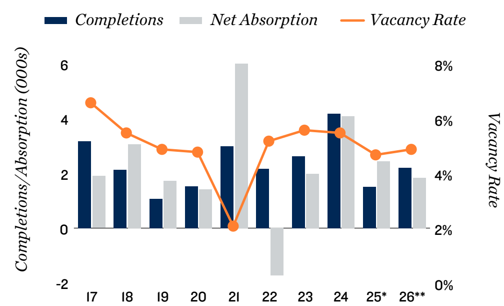
+2.2% — **RENT:** The metro's average effective rent will reach $2,575 per month by the end of 2026, with growth remaining modest but stronger than the muted gains recorded in 2023 and 2024.

INVESTMENT: *Aided by resilient hospitality hiring, Class C multifamily vacancy in downtown West Palm Beach fell to its lowest level since 2022, reaching 3.2 percent in 2025 and potentially attracting more investors.*

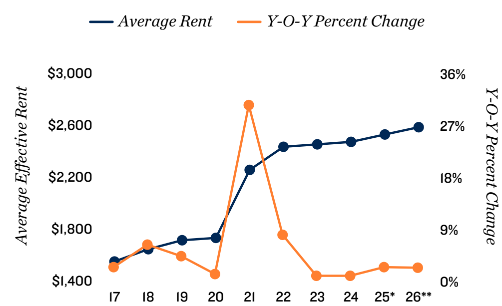
Employment Trends



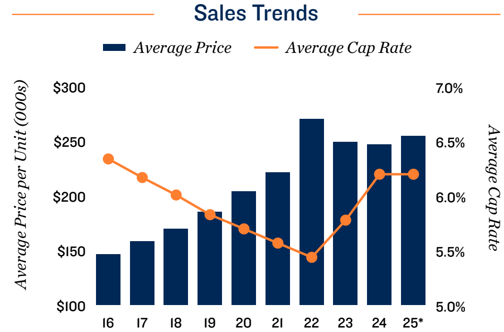
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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[1] National Multifamily Index Note: Employment and apartment data forecasts for 2026 are based on the most up-to-date information available as of December 2025 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2025. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Federal Reserve; Joint Center for Housing Studies at Harvard University; Las Vegas Convention and Visitors Authority; Migration Policy Institute; Moody's Analytics; Mortgage Bankers Association; National Association of Home Builders; National Association of Realtors; National Investment Center for Seniors Housing and Care; National Travel and Tourism Office; New York Rent Guidelines Board; Pew Research Center; Preqin; The Palm Beaches; Real Capital Analytics; RealPage, Inc.; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; various city and government websites; Yardi Matrix; ZipRecruiter

STATISTICAL SUMMARY

MARKET NAME	EMPLOYMENT GROWTH[2]				COMPLETIONS (UNITS)[2]				VACANCY RATE[2]				EFFECTIVE MONTHLY RATE[2]				AVERAGE PRICE PER UNIT[2]			MARKET NAME
	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	2026**	2023	2024	2025*	
Atlanta	1.5%	1.3%	0.4%	0.6%	20,500	24,000	16,400	8,400	7.7%	7.2%	5.7%	5.2%	$1,631	$1,575	$1,585	$1,650	$193,100	$187,300	$189,000	Atlanta
Austin	2.7%	1.7%	0.9%	0.6%	14,500	30,500	15,100	8,000	7.4%	7.2%	6.4%	6.1%	$1,590	$1,479	$1,433	$1,415	$214,700	$202,400	$202,400	Austin
Baltimore	2.2%	1.0%	0.1%	0.2%	3,200	3,000	1,600	1,500	6.0%	5.5%	4.4%	4.1%	$1,682	$1,718	$1,771	$1,813	$165,200	$163,000	$168,900	Baltimore
Boston	1.1%	-0.0%	0.1%	0.2%	7,600	7,100	8,000	5,000	4.7%	4.5%	3.9%	4.2%	$2,935	$3,000	$3,102	$3,170	$312,800	$325,800	$330,600	Boston
Charlotte	2.4%	1.5%	1.8%	1.0%	12,800	16,400	14,700	10,000	7.0%	6.5%	5.3%	5.1%	$1,559	$1,548	$1,565	$1,590	$200,800	$189,900	$194,500	Charlotte
Chicago	0.9%	0.4%	0.4%	0.3%	9,000	7,300	4,000	3,900	5.0%	4.5%	3.6%	3.8%	$1,970	$2,074	$2,235	$2,300	$172,600	$179,800	$185,200	Chicago
Cincinnati	1.0%	0.6%	0.7%	0.4%	3,000	3,100	1,800	2,000	5.2%	4.1%	3.6%	3.8%	$1,362	$1,417	$1,508	$1,560	$104,800	$104,500	$105,000	Cincinnati
Cleveland	0.5%	-0.2%	1.3%	0.7%	1,600	1,600	1,450	1,100	5.5%	5.1%	4.1%	4.2%	$1,252	$1,316	$1,370	$1,415	$92,100	$96,700	$96,500	Cleveland
Columbus	2.0%	0.9%	1.7%	0.8%	6,600	6,200	7,500	4,700	5.7%	5.3%	4.1%	4.2%	$1,317	$1,351	$1,400	$1,435	$136,000	$129,100	$133,400	Columbus
Dallas-Fort Worth	2.0%	1.4%	0.7%	0.6%	27,500	43,200	32,000	21,000	7.2%	6.7%	6.2%	5.9%	$1,531	$1,494	$1,513	$1,540	$180,700	$175,900	$176,700	Dallas-Fort Worth
Denver	1.0%	0.7%	0.2%	0.5%	9,200	18,700	11,000	6,000	6.1%	5.7%	5.9%	6.0%	$1,893	$1,834	$1,788	$1,825	$246,900	$234,300	$232,800	Denver
Detroit	1.2%	0.8%	-0.4%	0.2%	1,900	2,600	2,300	2,100	5.4%	4.2%	3.8%	3.9%	$1,295	$1,338	$1,397	$1,440	$121,300	$123,800	$124,400	Detroit
Fort Lauderdale	2.2%	0.9%	0.6%	0.7%	4,600	5,300	4,500	3,300	5.9%	5.7%	5.0%	4.9%	$2,416	$2,405	$2,448	$2,530	$243,000	$240,900	$242,200	Fort Lauderdale
Houston	2.4%	1.3%	0.3%	0.2%	19,900	25,400	12,000	9,000	7.3%	6.2%	6.1%	6.3%	$1,359	$1,358	$1,378	$1,410	$129,200	$124,400	$125,200	Houston
Indianapolis	2.3%	1.0%	1.6%	1.0%	4,700	6,500	2,600	2,100	6.9%	5.0%	4.5%	4.2%	$1,261	$1,298	$1,327	$1,355	$130,000	$119,100	$124,300	Indianapolis
Jacksonville	2.0%	1.6%	0.9%	0.7%	7,300	9,200	3,700	3,500	8.0%	6.3%	6.5%	6.7%	$1,470	$1,438	$1,480	$1,485	$145,300	$136,500	$137,000	Jacksonville
Kansas City	1.8%	1.1%	-0.5%	0.6%	4,300	3,400	4,200	2,500	5.7%	4.4%	4.0%	3.7%	$1,303	$1,356	$1,398	$1,450	$130,400	$124,700	$127,000	Kansas City
Las Vegas	3.5%	1.4%	-0.7%	0.3%	4,300	5,500	4,200	1,300	7.4%	5.4%	5.5%	5.0%	$1,448	$1,444	$1,430	$1,450	$166,400	$161,500	$164,700	Las Vegas
Los Angeles	0.1%	1.0%	0.1%	0.1%	9,900	7,000	9,000	6,200	4.9%	4.6%	4.4%	4.3%	$2,802	$2,798	$2,900	$2,950	$300,600	$292,600	$293,100	Los Angeles
Louisville	1.5%	0.8%	0.8%	1.0%	1,700	2,700	2,000	1,050	5.9%	4.6%	4.4%	4.5%	$1,207	$1,247	$1,291	$1,330	$119,900	$119,400	$121,000	Louisville
Miami-Dade	3.1%	2.1%	0.3%	0.7%	6,800	10,700	8,000	5,500	4.9%	4.5%	4.7%	4.9%	$2,577	$2,603	$2,668	$2,740	$242,600	$245,700	$252,800	Miami-Dade
Milwaukee	0.3%	0.2%	-0.4%	-0.9%	2,900	2,300	3,600	850	4.0%	4.1%	3.7%	3.6%	$1,552	$1,606	$1,655	$1,692	$118,100	$109,500	$114,600	Milwaukee
Minneapolis-St. Paul	1.2%	1.1%	0.2%	-0.0%	9,900	9,600	3,100	2,900	5.6%	5.6%	4.1%	3.9%	$1,539	$1,578	$1,656	$1,705	$144,200	$136,800	$142,800	Minneapolis-St. Paul
Nashville	2.6%	1.2%	1.4%	0.8%	11,900	12,500	7,800	6,200	6.2%	5.5%	5.4%	5.2%	$1,607	$1,610	$1,612	$1,620	$227,200	$218,400	$218,100	Nashville
New Haven-Fairfield County	1.8%	1.0%	0.5%	0.4%	1,200	3,100	2,700	1,850	4.3%	2.9%	3.7%	3.8%	$2,482	$2,614	$2,696	$2,794	$189,300	$182,200	$193,100	New Haven-Fairfield County
New York City	1.7%	2.7%	1.0%	0.5%	21,700	30,300	25,000	15,000	2.0%	2.2%	2.6%	2.8%	$3,010	$3,058	$3,125	$3,190	$371,700	$345,400	$348,500	New York City
Norfolk-Virginia Beach	2.0%	1.3%	-0.6%	-0.2%	1,200	2,600	1,100	600	4.8%	4.2%	3.1%	2.8%	$1,499	$1,542	$1,611	$1,640	$125,700	$124,900	$128,400	Norfolk-Virginia Beach
Northern New Jersey	2.2%	1.1%	-0.9%	0.2%	12,000	13,600	14,000	10,000	4.4%	4.6%	5.0%	5.2%	$2,453	$2,510	$2,568	$2,640	$220,600	$218,500	$226,300	Northern New Jersey
Oakland	0.7%	-0.4%	-0.8%	-0.6%	2,900	2,600	1,300	1,000	5.8%	4.9%	4.7%	4.5%	$2,586	$2,573	$2,658	$2,710	$277,400	$270,900	$271,500	Oakland
Orange County	0.9%	0.3%	0.4%	0.4%	3,000	2,000	2,500	3,000	3.7%	3.4%	3.5%	3.7%	$2,822	$2,845	$2,925	$2,980	$358,700	$361,400	$363,700	Orange County
Orlando	3.0%	2.3%	0.6%	0.6%	11,000	14,700	7,600	7,000	6.4%	6.2%	5.1%	4.8%	$1,757	$1,733	$1,730	$1,750	$225,700	$220,700	$223,400	Orlando
Philadelphia	1.6%	1.0%	1.0%	0.8%	8,800	10,500	8,100	5,500	4.7%	4.2%	3.2%	3.0%	$1,801	$1,838	$1,940	$1,966	$188,300	$183,600	$187,800	Philadelphia
Phoenix	2.6%	1.1%	0.7%	0.7%	15,900	25,400	26,000	13,000	7.3%	6.3%	6.0%	5.9%	$1,582	$1,525	$1,501	$1,540	$254,900	$242,900	$245,000	Phoenix
Pittsburgh	1.5%	0.9%	1.2%	0.5%	1,100	1,200	900	600	5.6%	5.3%	4.0%	3.8%	$1,503	$1,557	$1,643	$1,685	$134,100	$123,100	$124,600	Pittsburgh
Portland	0.8%	0.1%	-0.3%	-0.4%	4,400	6,700	3,700	1,300	6.2%	5.1%	4.7%	4.6%	$1,714	$1,732	$1,780	$1,824	$212,800	$200,000	$201,400	Portland
Raleigh	3.3%	1.7%	0.5%	0.8%	10,300	15,300	7,200	6,200	6.8%	6.0%	5.4%	5.0%	$1,527	$1,478	$1,480	$1,490	$209,800	$205,300	$207,100	Raleigh
Reno	2.5%	0.1%	-1.1%	0.2%	1,800	2,600	1,900	325	5.6%	5.0%	3.6%	2.8%	$1,551	$1,595	$1,710	$1,750	$215,100	$208,600	$208,100	Reno
Riverside-San Bernardino	1.9%	1.2%	0.2%	0.1%	1,900	4,400	5,000	2,300	5.4%	4.6%	4.3%	4.0%	$2,197	$2,217	$2,299	$2,350	$218,100	$212,800	$214,800	Riverside-San Bernardino
Sacramento	1.5%	1.6%	-0.8%	-0.3%	2,700	3,400	1,800	1,700	5.7%	4.5%	4.4%	4.3%	$1,952	$1,980	$2,010	$2,045	$209,800	$202,600	$201,500	Sacramento
Salt Lake City	1.8%	1.6%	0.3%	0.4%	10,300	8,800	4,400	3,200	6.7%	5.5%	4.7%	4.5%	$1,555	$1,523	$1,531	$1,554	$227,200	$214,700	$221,900	Salt Lake City
San Antonio	2.4%	1.6%	1.8%	1.2%	6,200	12,200	6,400	3,500	8.7%	8.0%	7.0%	6.8%	$1,248	$1,192	$1,175	$1,200	$140,700	$136,400	$136,600	San Antonio
San Diego	0.4%	0.8%	0.3%	0.4%	3,300	5,300	4,400	2,200	4.3%	4.3%	4.2%	4.0%	$2,819	$2,808	$2,847	$2,880	$364,900	$360,300	$361,100	San Diego
San Francisco	-2.6%	-0.6%	-0.6%	-0.4%	2,300	3,800	2,800	1,500	5.7%	5.1%	4.0%	4.3%	$2,854	$2,945	$3,113	$3,220	$358,800	$350,200	$349,700	San Francisco
San Jose	-1.0%	0.3%	-0.5%	-0.2%	1,600	2,700	4,000	500	4.7%	4.4%	3.7%	3.5%	$3,004	$3,137	$3,294	$3,438	$384,700	$378,300	$382,200	San Jose
Seattle-Tacoma	0.5%	1.8%	-0.4%	0.4%	7,800	15,300	8,200	6,200	5.6%	4.8%	4.3%	4.0%	$2,129	$2,170	$2,248	$2,295	$276,200	$260,800	$260,300	Seattle-Tacoma
St. Louis	1.1%	0.6%	-1.1%	-0.8%	3,200	2,700	1,550	1,700	6.2%	5.1%	3.8%	4.2%	$1,293	$1,328	$1,372	$1,386	$131,900	$122,600	$127,200	St. Louis
Tampa-St. Petersburg	2.1%	1.0%	0.7%	0.4%	6,700	13,100	7,900	5,300	6.4%	6.2%	5.6%	5.4%	$1,822	$1,823	$1,836	$1,875	$191,800	$190,000	$191,000	Tampa-St. Petersburg
Tucson	0.5%	-0.3%	-0.3%	0.1%	900	2,500	1,200	660	7.5%	6.0%	5.5%	5.4%	$1,212	$1,188	$1,187	$1,200	$147,000	$140,600	$140,500	Tucson
Washington, D.C.	1.6%	1.5%	-0.6%	-0.3%	13,600	14,400	9,000	5,800	5.3%	4.1%	4.7%	5.0%	$2,115	$2,199	$2,232	$2,250	$244,800	$245,100	$249,300	Washington, D.C.
West Palm Beach	2.9%	0.5%	1.1%	0.8%	2,600	4,200	1,500	2,200	5.6%	5.5%	4.7%	4.9%	$2,443	$2,462	$2,519	$2,575	$249,100	$246,900	$254,500	West Palm Beach
United States	**1.7%**	**1.3%**	**0.4%**	**0.2%**	**429,200**	**586,200**	**410,000**	**270,000**	**5.8%**	**5.2%**	**4.6%**	**4.7%**	**$1,810**	**$1,826**	**$1,881**	**$1,915**	**$198,300**	**$196,600**	**$201,400**	**United States**

** Estimate ** Forecast, availability of underlying data constrained by federal government shutdown*

[2] See Statistical Summary Note on Page 64.

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