

The State of the U.S. Multifamily Market



1

The Economy

The 10Y treasury is expected to remain above 4% for several years.

Expect slower economic growth through the rest of 2025 as both inflation and interest rates remain elevated.

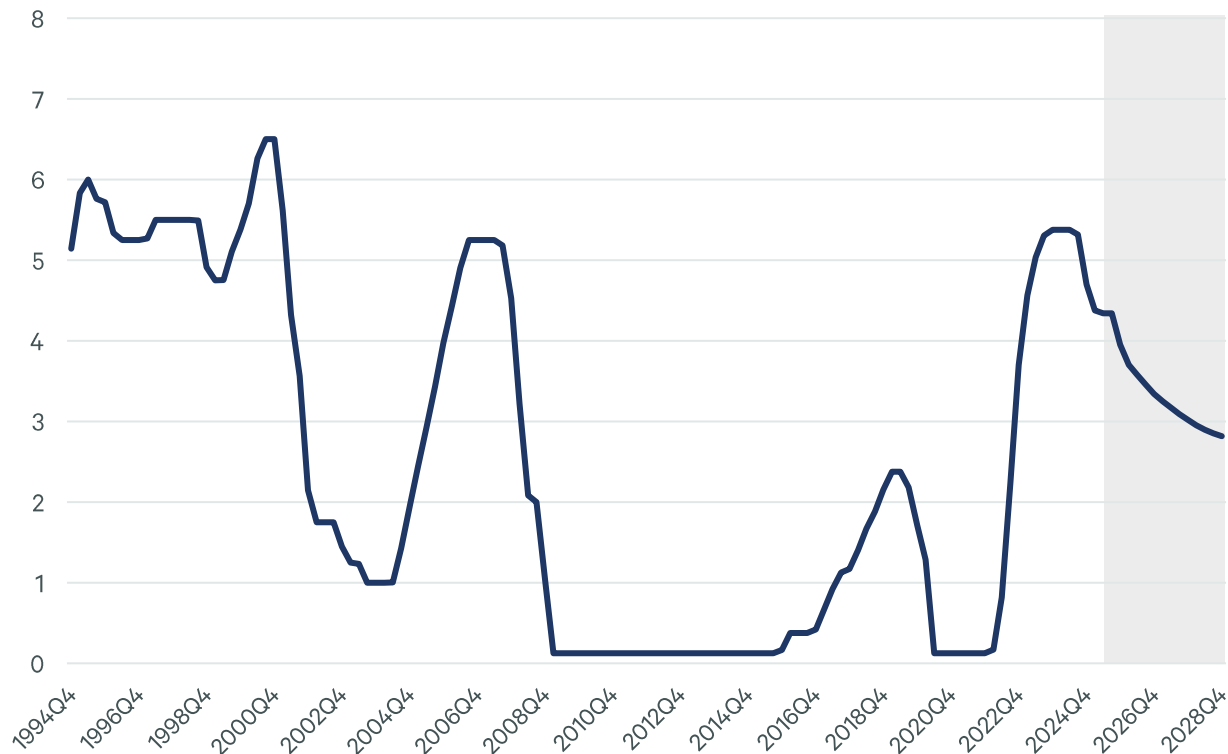
CBRE House View – Key Indicators Expected to Stabilize

	2025	2026	2027 – 2029 (Average)
Fed Funds Rate (Q4)	3.75% to 4.00%	3.25% to 3.50%	2.75% to 3.00%
10-Year Treasury (Q4)	4.3%	4.1%	4.1%
GDP (Q4 YoY)	0.9%	2.3%	2.2%
CPI (Q4)	3.3%	3.3%	2.7%

Source: CBRE House View, August 2025.

CBRE House View
expects the Fed will
lower their rate target
later this year.

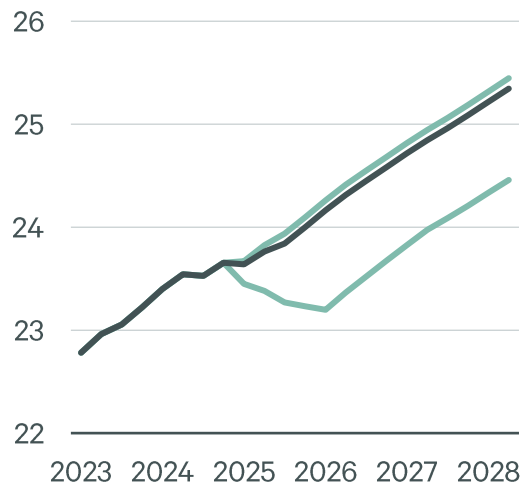
Fed Funds Effective Rate (%)



Source: CBRE Research, CBRE Econometric Advisors, August 2025.

Scenarios matters during periods of uncertainty

'Baseline' Scenario, GDP, Trillions (USD)

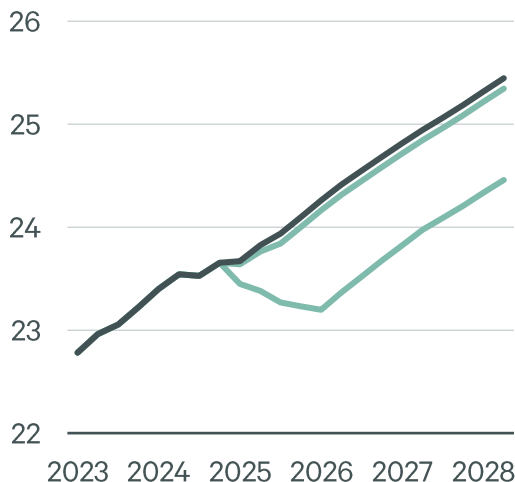


Source: Oxford Economics, CBRE Econometric Advisors, August 2025.

- The Baseline Scenario assumes that growth slows during H2 2025 as firms and households adopt a more risk-off posture. CPI increases to over 3%.
- The Baseline expects that the most troubling policy threats are softened and stronger growth resumes during 2026.

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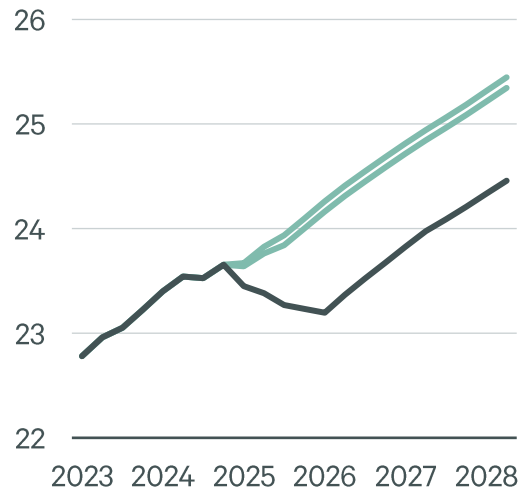
'Trade War De-escalation' Scenario, GDP, Trillions (USD)



Source: Oxford Economics, CBRE Econometric Advisors, August 2025.

- Our upside, or 'Trade War De-escalation' Scenario, is only slightly stronger than our Baseline given that the U.S. economy is currently operating near full potential.
- This scenario assumes that more of the tariffs are scaled back, and the effective tariff rate falls to 8% by mid-2026.

'Stagflation' Scenario, GDP, Trillions (USD)

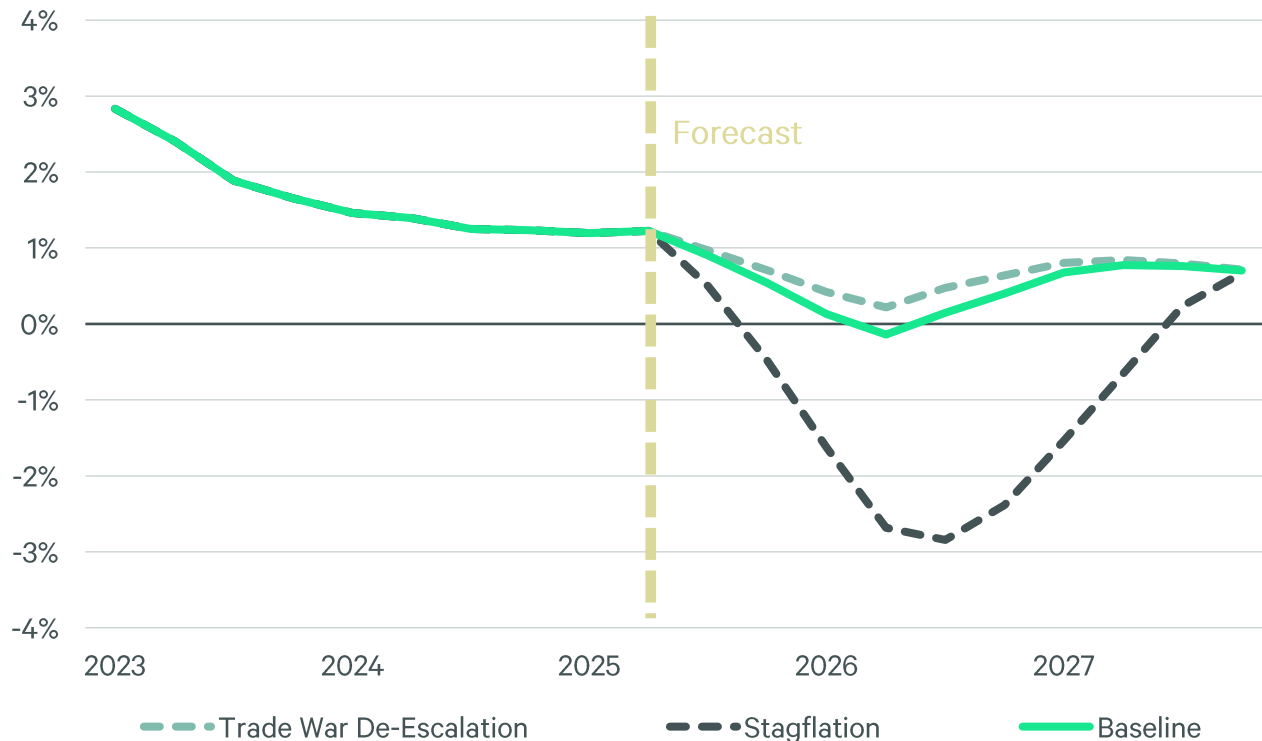


Source: Oxford Economics, CBRE Econometric Advisors, August 2025.

- Recent trade deals unravel, and the effective tariff rate increases to 30%. Trading partners retaliate and higher trading costs erode economic activity.
- Higher tariffs reignite inflation, which will hit 5% by year-end 2025. This scenario would be the first bout of stagflation in the U.S. since the 1970s.

Weakened sentiment and delayed investment will weigh on hiring plans through 2026. Our Baseline shows a slight Y-o-Y decline in employment levels. Should the trade war escalate and cause full-blown stagflation, severe job losses would occur.

U.S. Employment Change by Scenario (% , Year-over-Year)



Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors, August 2025.

ECONOMY

The consumer is critically important for renter demand.

Consumer loan delinquencies have returned to historic norms, and although student loan delinquencies have spiked, we expect they will stabilize in coming quarters.

% Newly Delinquent Loans in U.S. (Loans moving from current to 30-days+ delinquent)



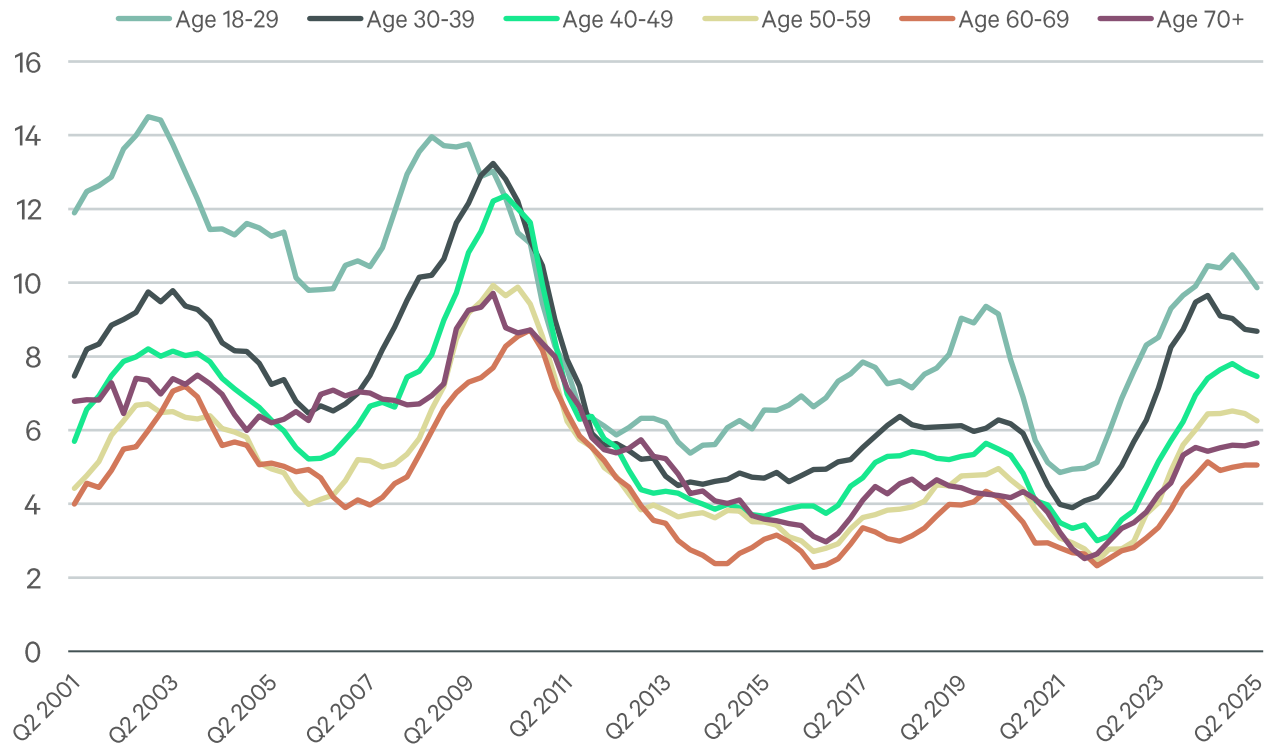
Source: CBRE Research, Federal Reserve Bank of New York, Q2 2025.

— ECONOMY

Credit card delinquency is not isolated to one group and has been rising across all age cohorts.

Those under 40, the largest group of renters, are the cohorts with the most pronounced delinquency rates. Fortunately, we're seeing signs of stability.

Delinquency for Credit Cards in U.S. (90 days+ delinquent) by Age Group (%)

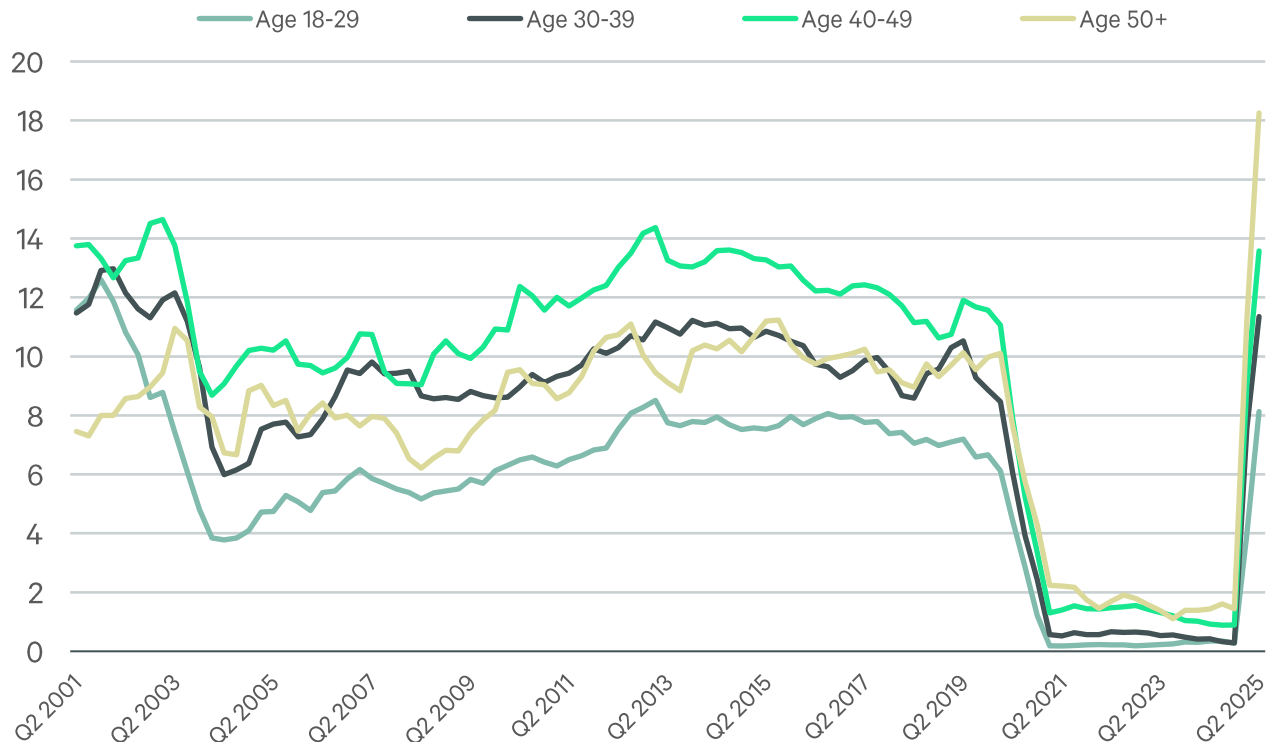


Source: CBRE Research, Federal Reserve Bank of New York, Q2 2025.

Student loan delinquency has finally begun rising as repayments have resumed.

Although younger cohorts are not at concerning levels, this will be one area to watch in coming quarters.

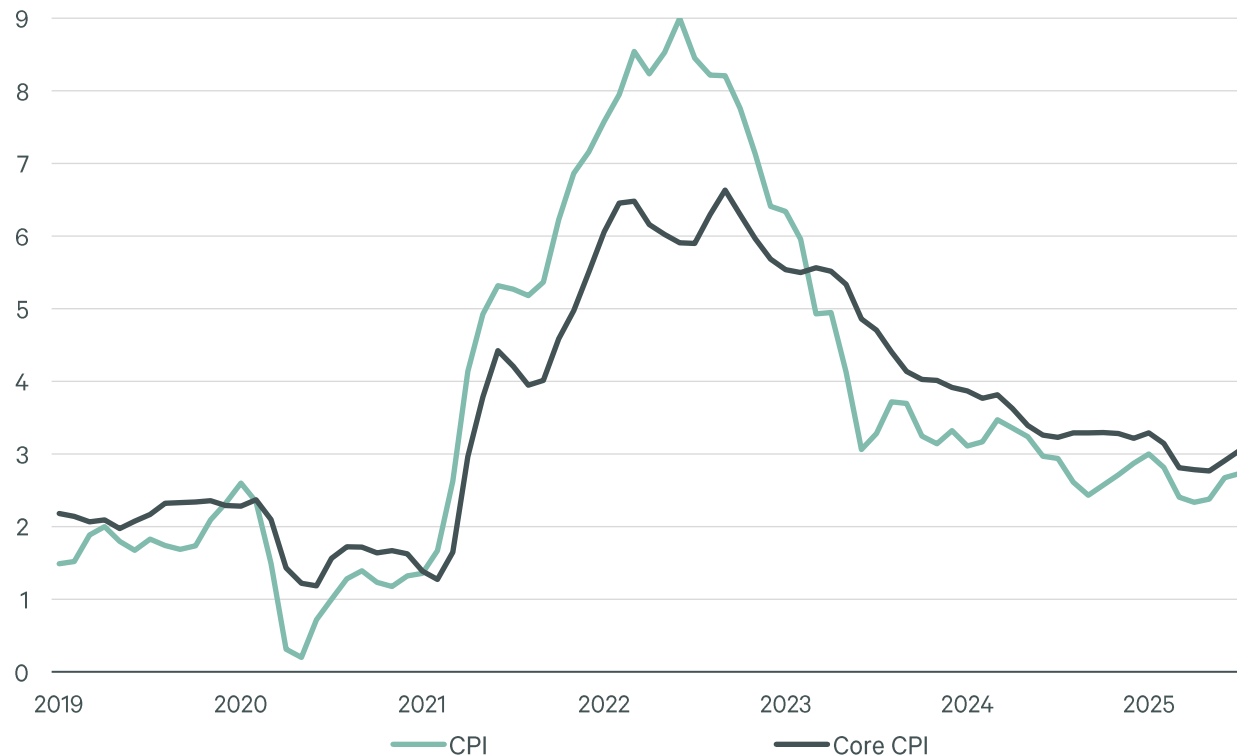
Delinquency for Student Loans in U.S. (90 days+ delinquent) by Age Group (%)



Source: CBRE Research, Federal Reserve Bank of New York, Q2 2025.

As expected, core inflation—which strips out the more volatile prices of food and energy—is continuing to trend down, albeit slowly.

U.S. CPI, Core CPI (year-over-year % change)

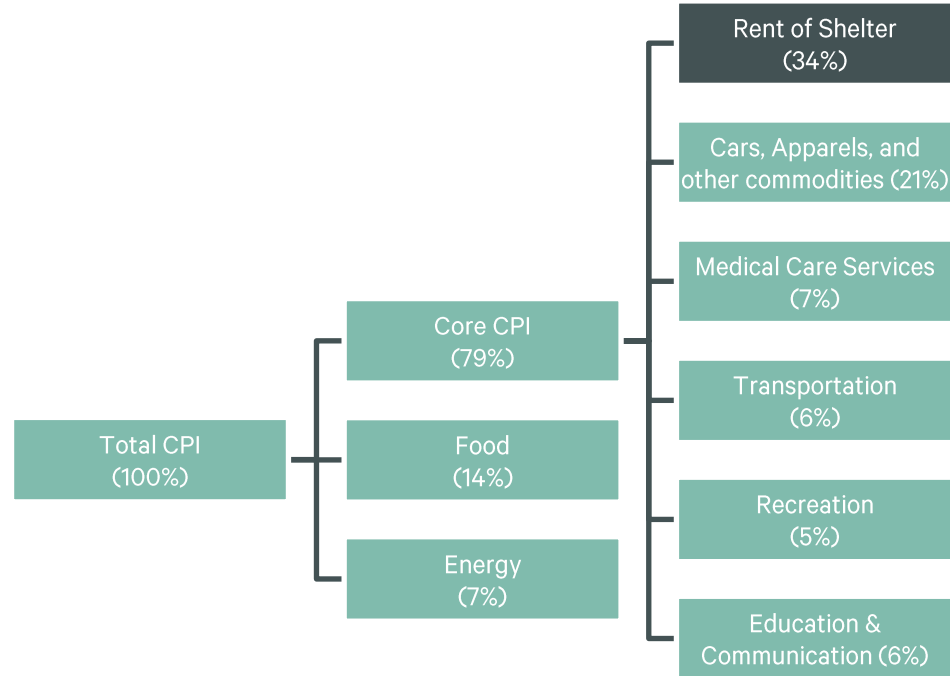


Source: CBRE Research, CBRE Econometric Advisors, BLS, Q2 2025.

Deconstructing Inflation and the Role of Shelter:

Rent growth accounts for 34% of Total CPI and 43% of Core CPI.

Because the Fed is watching inflation most closely, rent growth is critical in developing interest rate expectations.

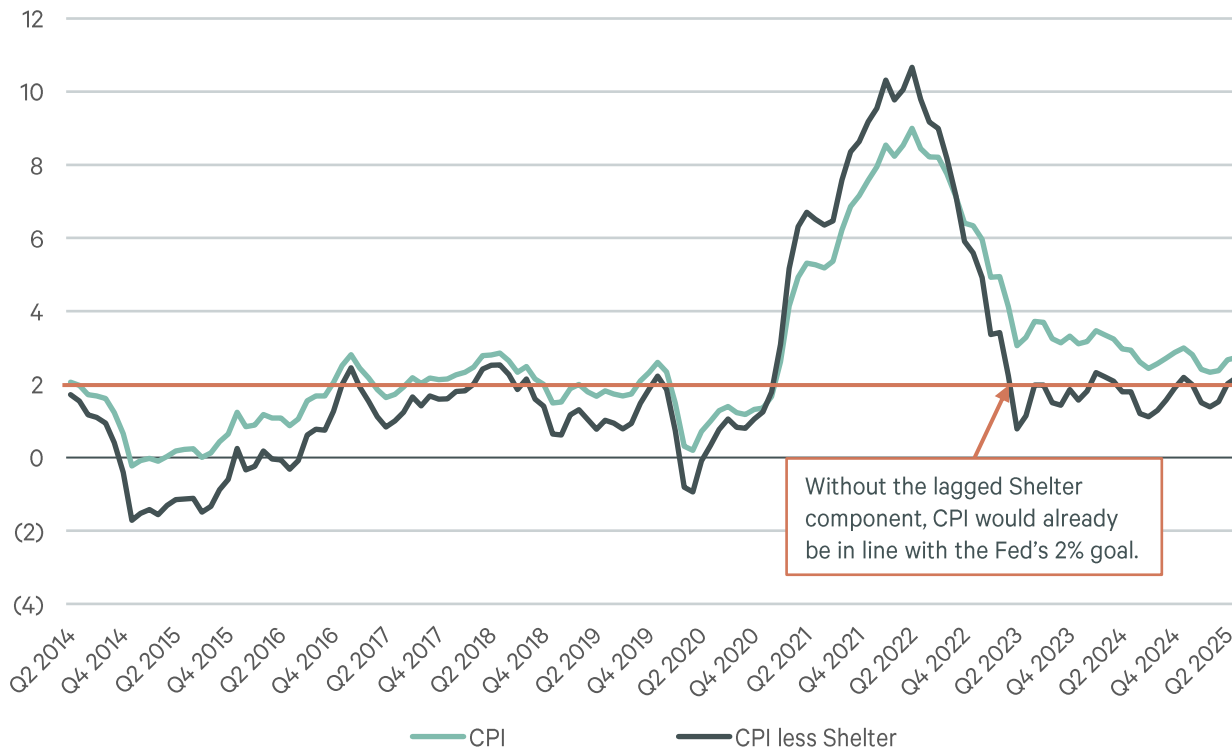


Source: CBRE Research, CBRE Econometric Advisors, BLS, Q2 2025.

We have been anticipating a slowdown in CPI because of the lagged nature in the way the Bureau of Labor Statistics measures rent growth.

CPI rent growth is still playing catch up with reality.

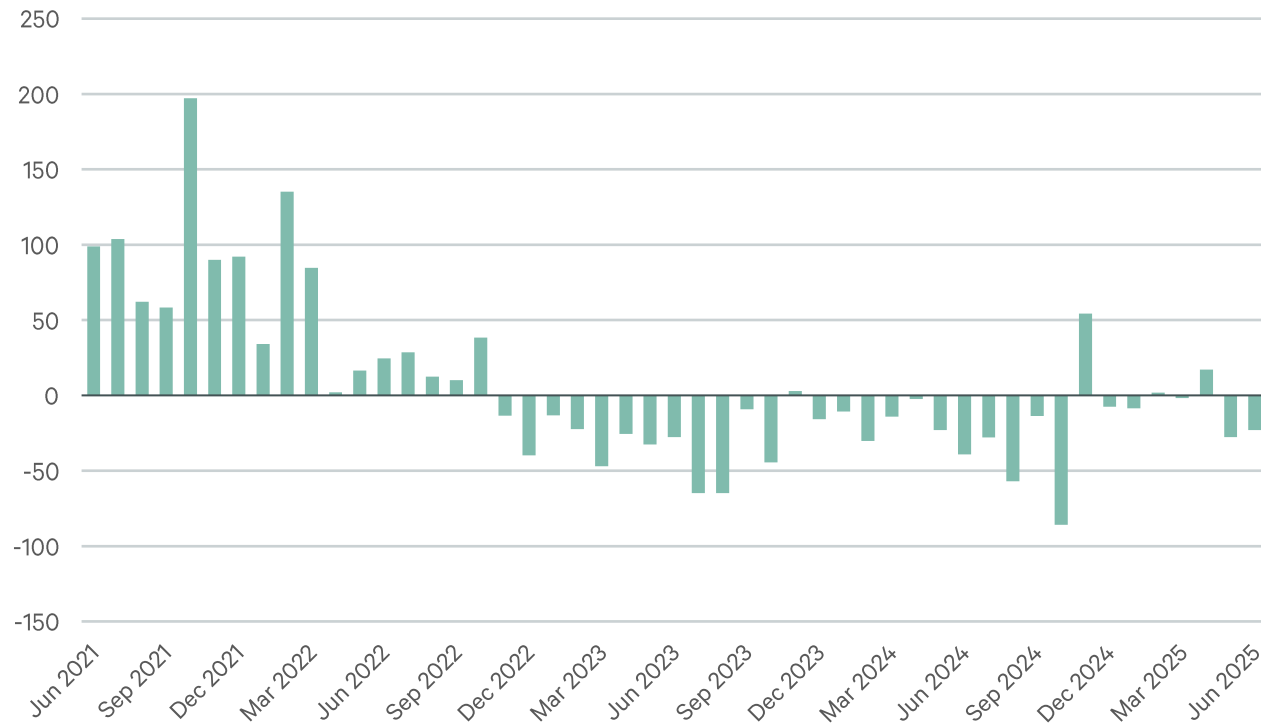
CPI and CPI less Shelter Change (year-over-year, %)



Source: CBRE Research, BLS, Q2 2025.

Growth in cycle sensitive jobs has been slightly negative for nearly three years.

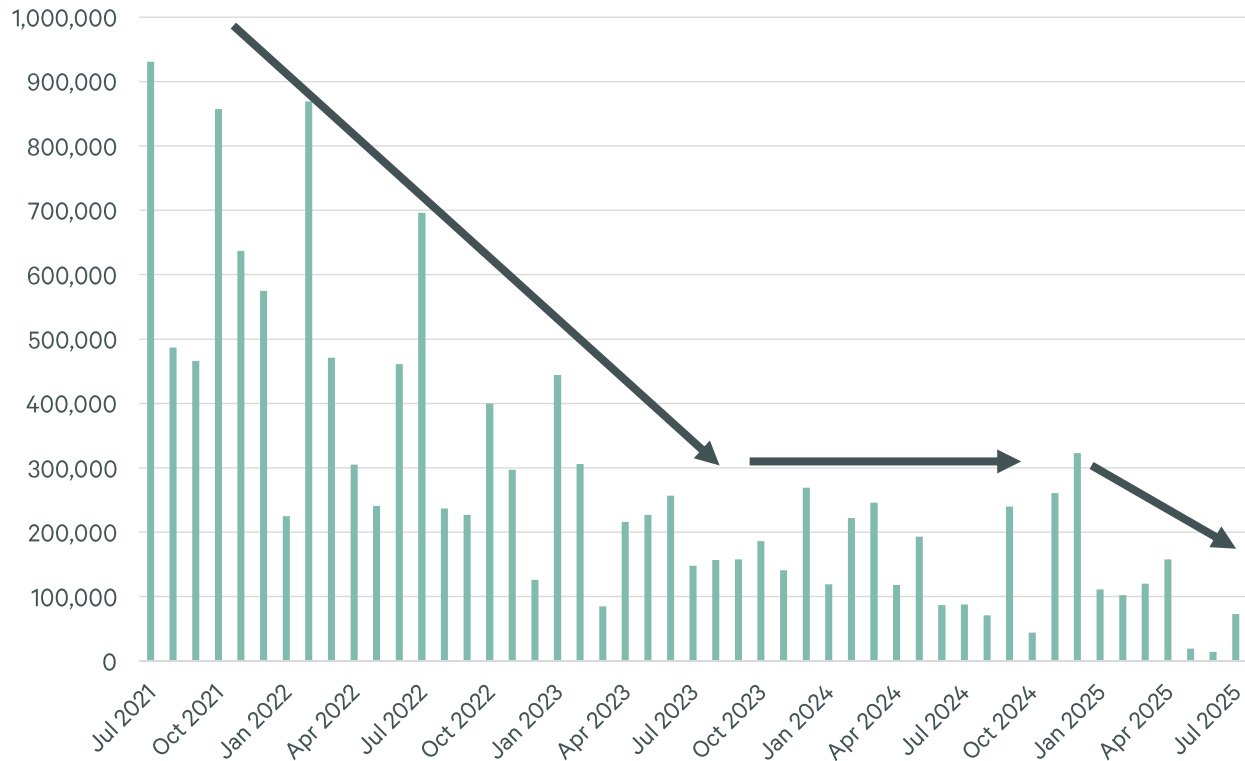
Monthly job growth (thousands) in Residential Building Construction, Trucking, Manufacturing, and Temp Workers



Source: CBRE Research, BLS, Q2 2025.

After stabilizing in 2024, there has been an additional period of slowing job growth in 2025.

Total Non-Farm Payroll Job Gain (month-over-month)



Source: CBRE Research, BLS, Q2 2025.

Job openings have nearly trended back to pre-pandemic levels this year as companies postpone hiring decisions amid ongoing economic uncertainty.

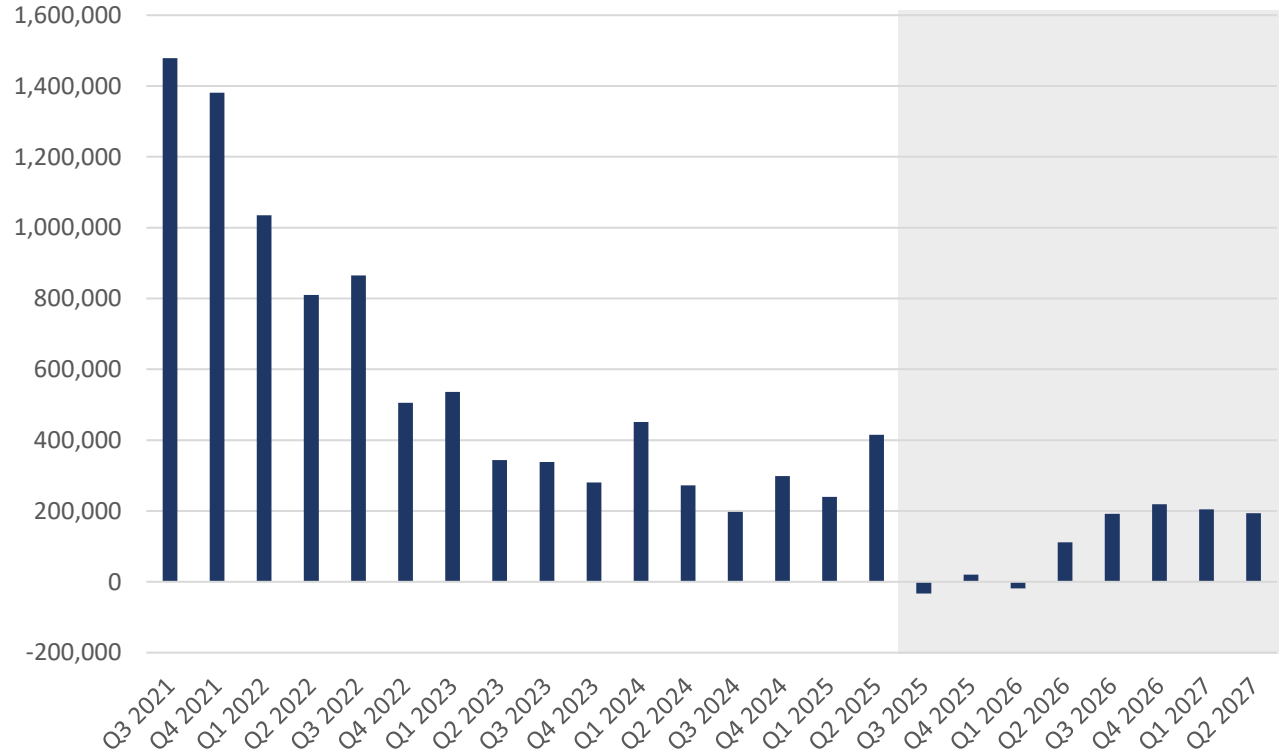
Job Openings (Millions)



Source: CBRE Research, BLS, Q2 2025.

Weakened sentiment and delayed investment will weigh on hiring plans through the rest of 2025 and into 2026.

New Jobs Added Nationally*

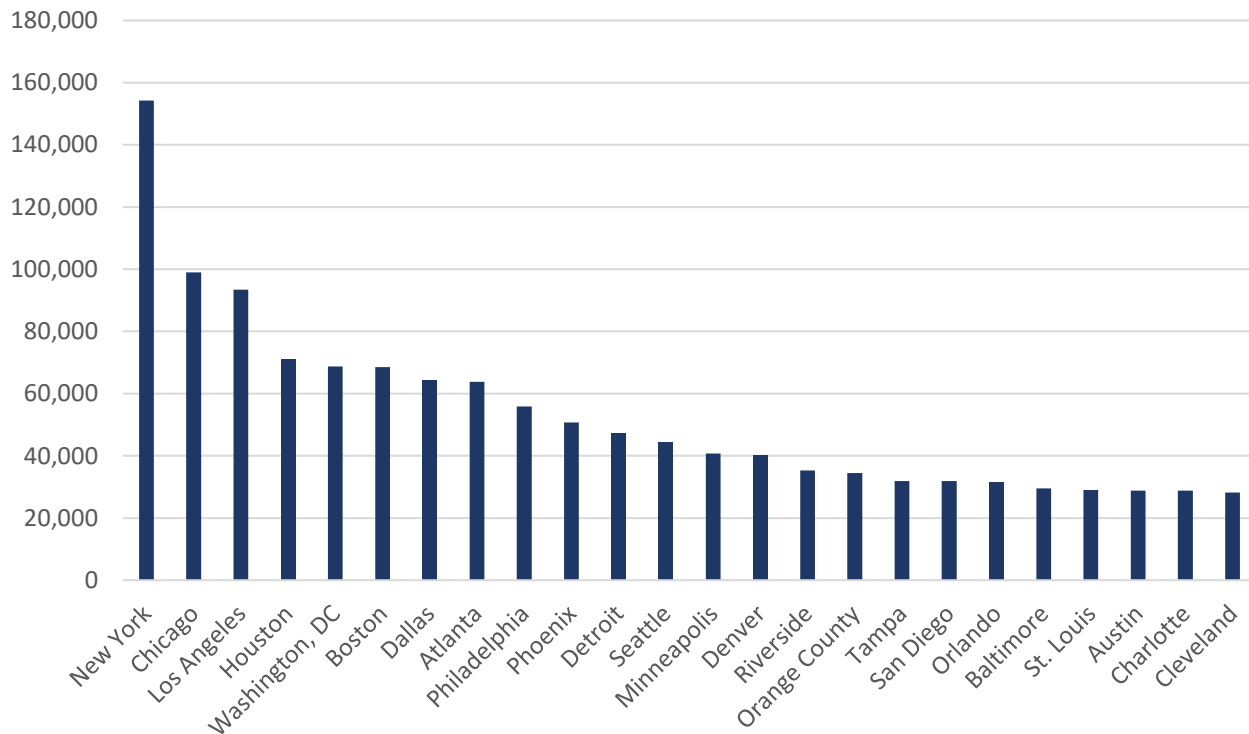


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025. *Note: The largest 63 U.S. markets comprise the national figures.

Looking further ahead, larger markets will continue adding the most new jobs to the U.S. economy.

Fortunately, this list includes many of the markets still struggling with elevated supply pipelines.

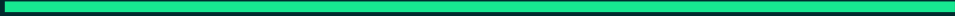
New Jobs Added (Next 5 Years), Top 20 Markets



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

2

Fundamentals



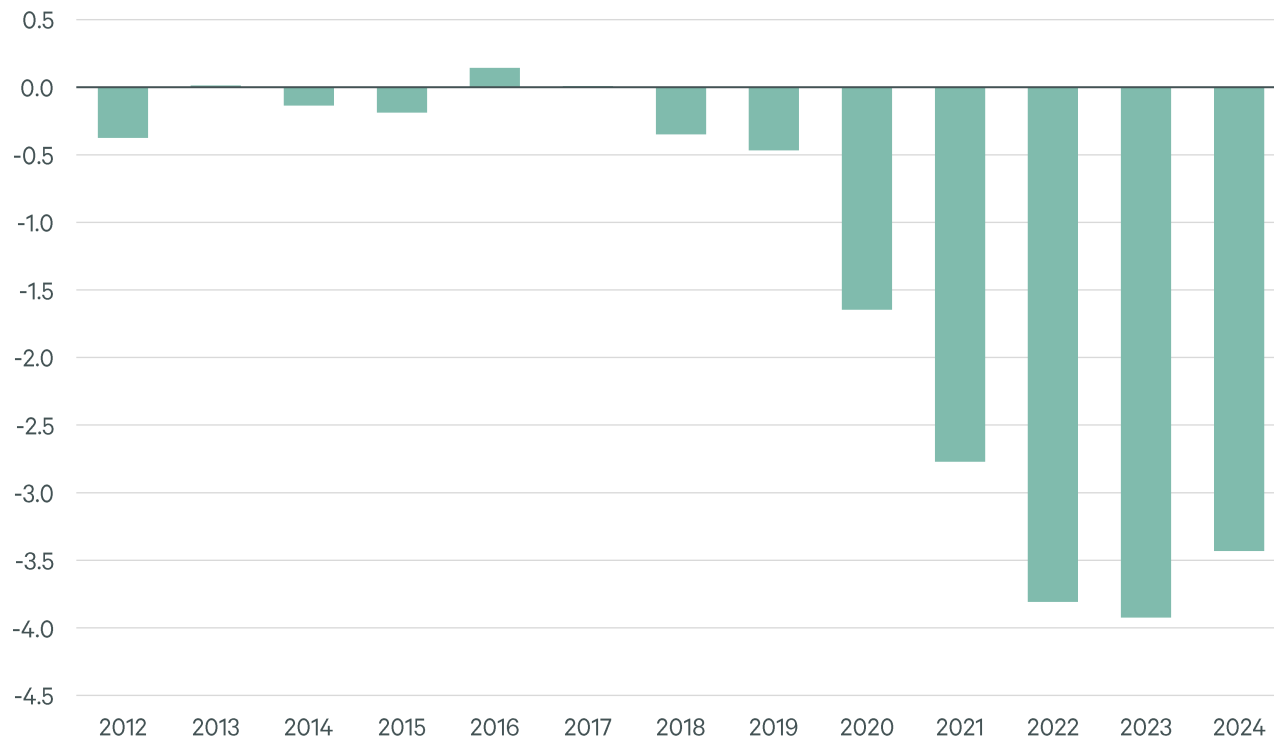
2.a

Supply & Construction

To start 2025, there was a shortage of at least 3.4 million homes in the U.S., down from 3.9 million in 2023, and the first improvement in 7 years.

This improvement in the housing shortage is a direct result of the current wave of multifamily construction.

Housing Surplus/Shortage (Millions of Units)

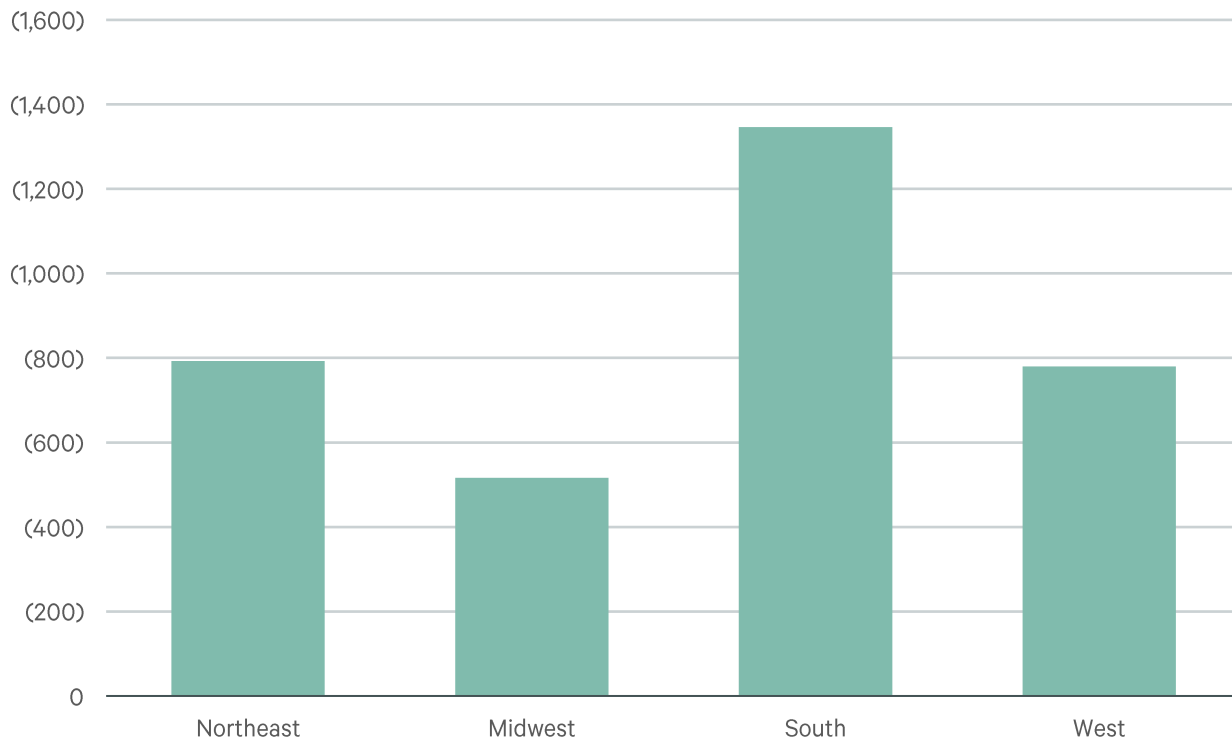


Source: CBRE Research, Q2 2025.

The shortage is most dramatic in the South region. The Midwest boasts the lowest housing shortage by volume.

The housing shortage improved in the Midwest, South and West in 2024. The Northeast held its shortage firm from 2023.

Share of Housing Shortage in Units (000's)

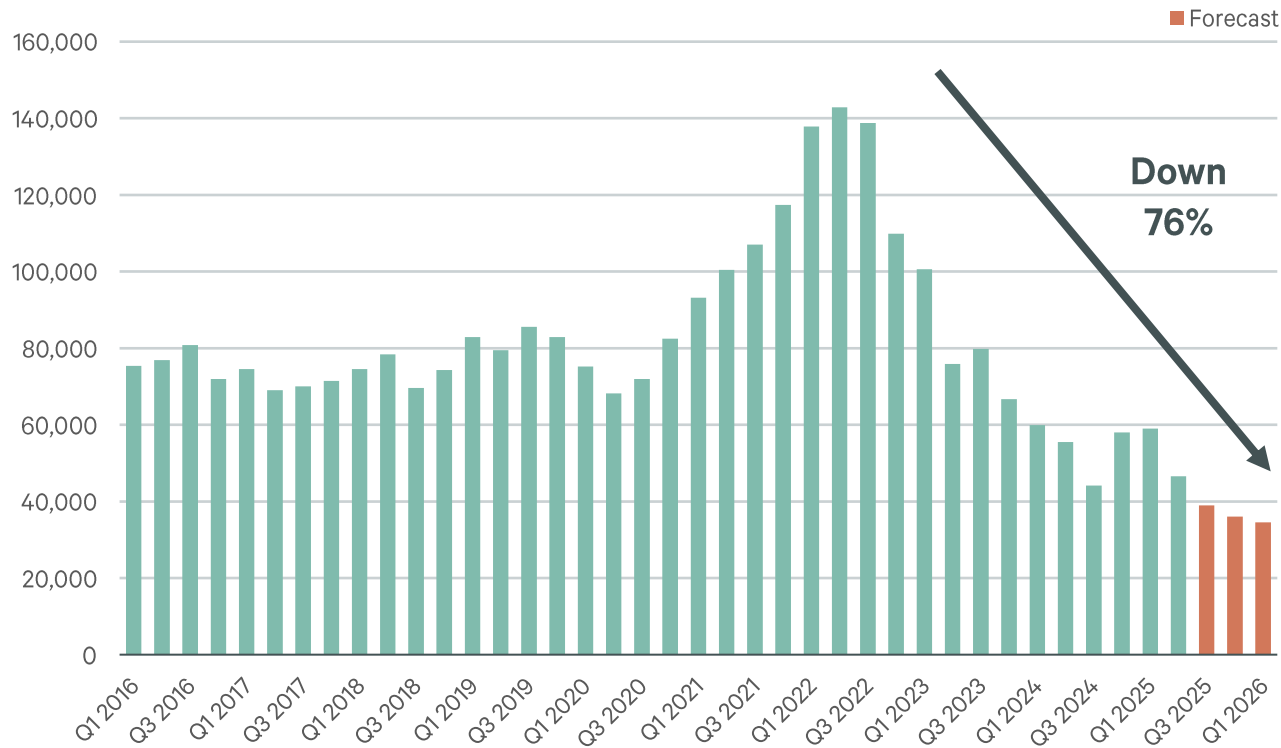


Source: CBRE Research, Q2 2025.

Due to the rapid increase in the cost of construction financing (as well as softer fundamentals), construction starts are down significantly.

Conservatively, starts are expected to fall at least 56% from their pre-pandemic average, 76% from their peak.

Estimated Quarterly U.S. Multifamily Starts (units)

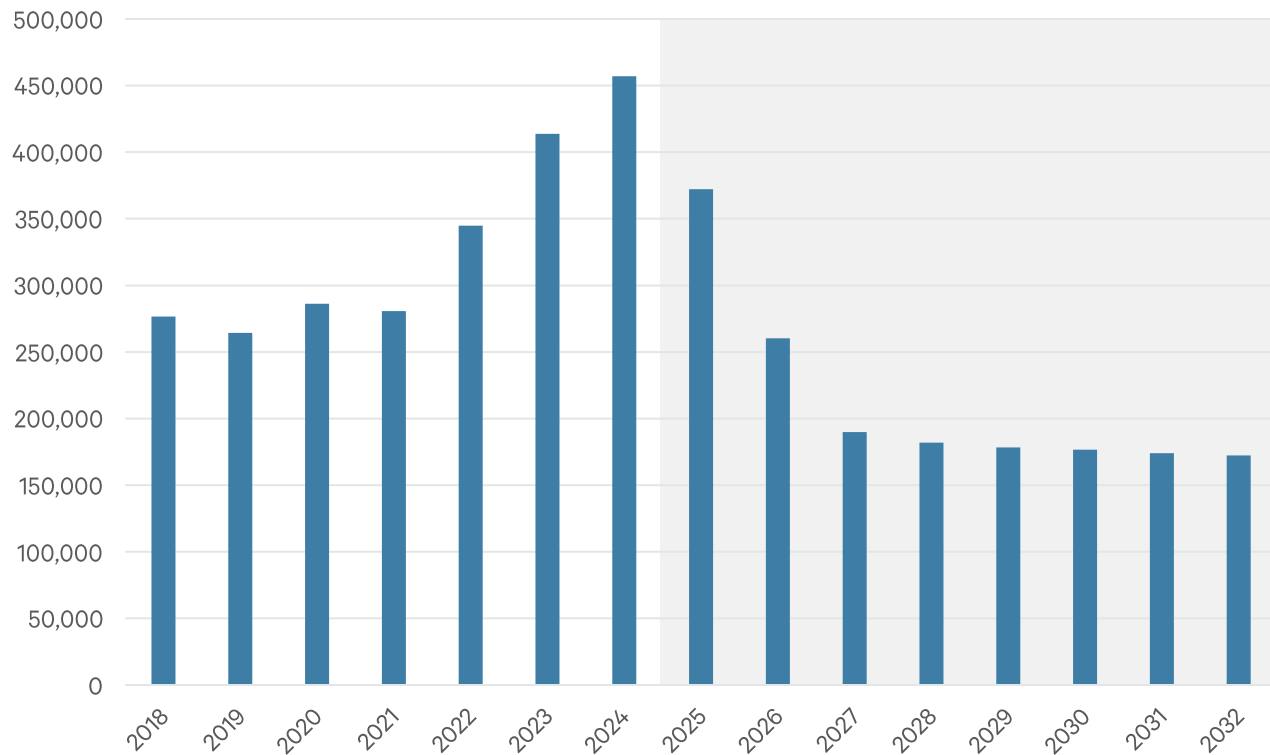


Source: CBRE Research, Q2 2025.

Developers have brought a record number of new apartment units to the market over the past two years. However, new supply is starting to slow.

By early 2026, new supply is expected to fall to less than half the current levels.

U.S. Completions (units)

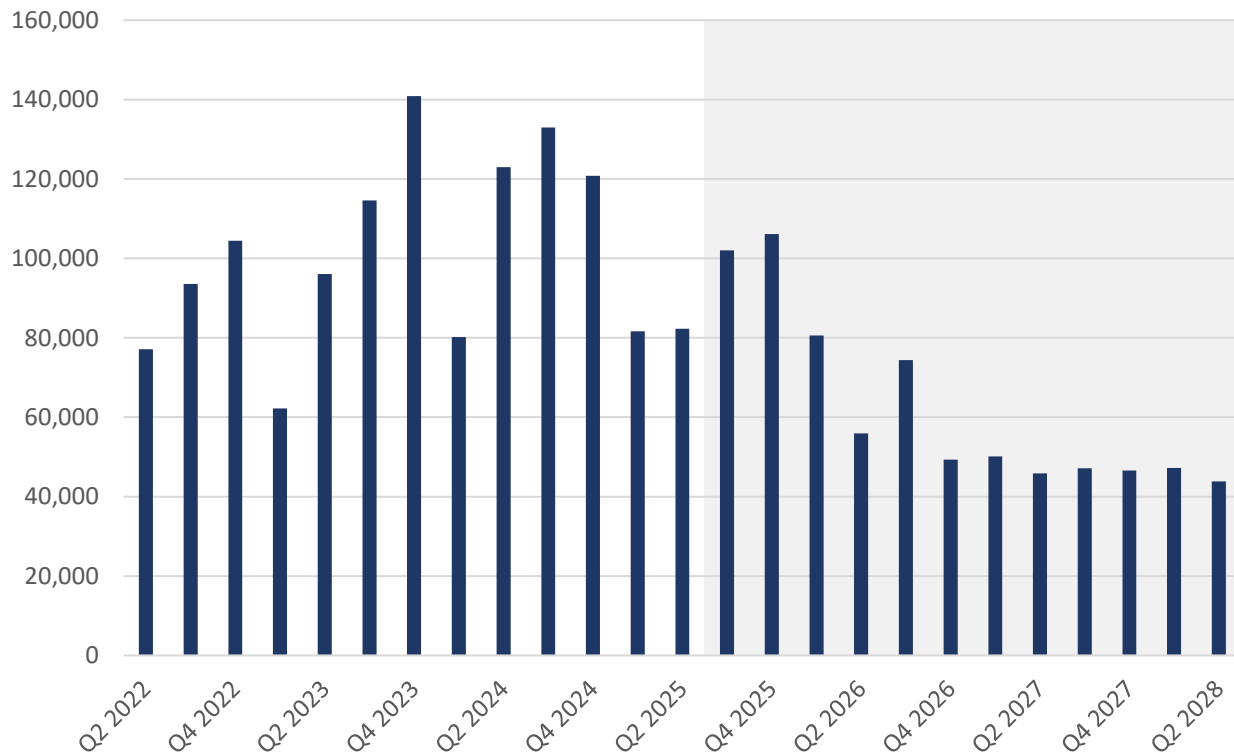


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

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U.S. Completions (units)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Supply headwinds are strongest across the Sun Belt.

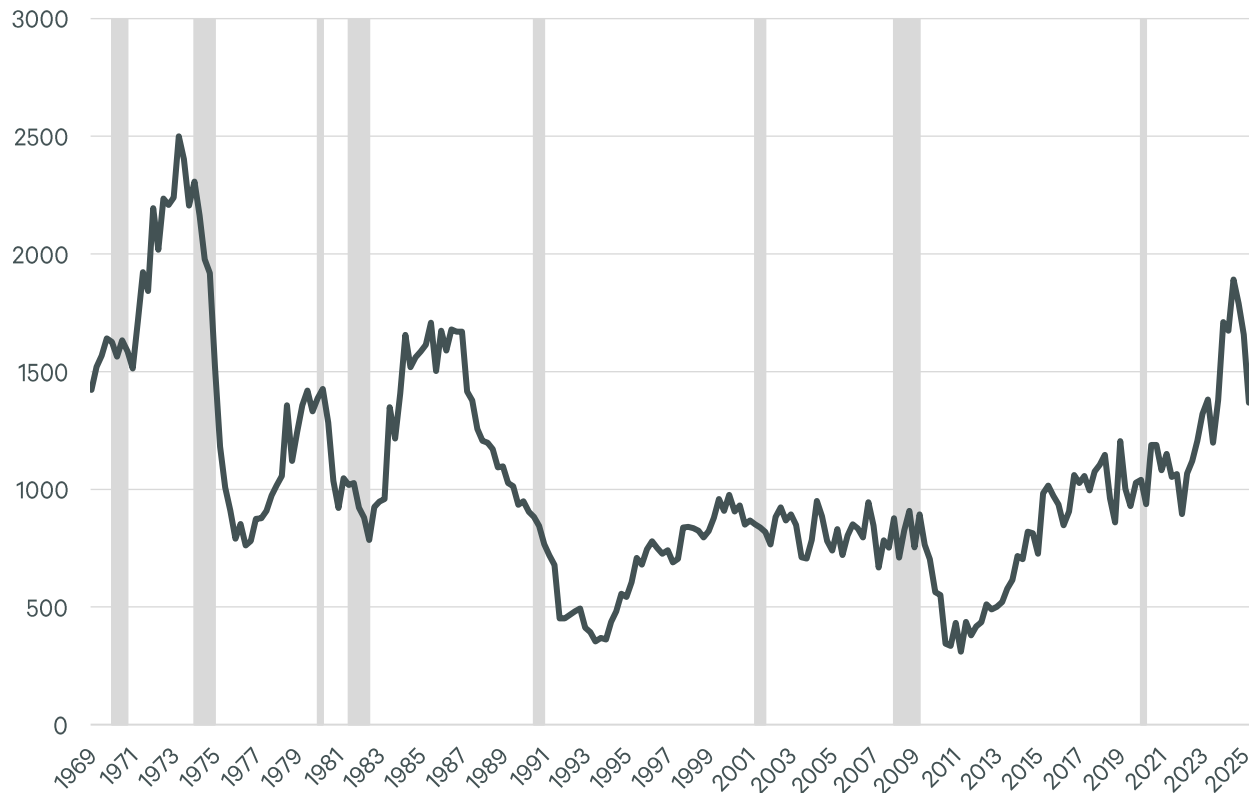
Fortunately, demand-driving job growth is also expected to be strongest in many of these markets.

		Units Under Construction	Construction (as a % of Inventory)
1	Charlotte	22,862	10.7
2	Raleigh	15,113	8.4
3	Austin	23,455	7.5
4	Columbus	12,157	6.3
5	Salt Lake City	7,427	6.1
6	Orlando	13,979	5.1
7	Fort Worth	10,413	5.1
8	Phoenix	21,364	5.0
9	Miami	16,812	4.9
10	Dallas	30,678	4.7
11	Tampa	13,262	4.5
12	Kansas City	7,849	4.4
13	San Antonio	10,159	4.4
14	Fort Lauderdale	8,870	4.1
15	Nashville	7,979	4.1

Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

U.S. multifamily supply within a longer historical context shows that today's record supply reached a new 50-year peak.

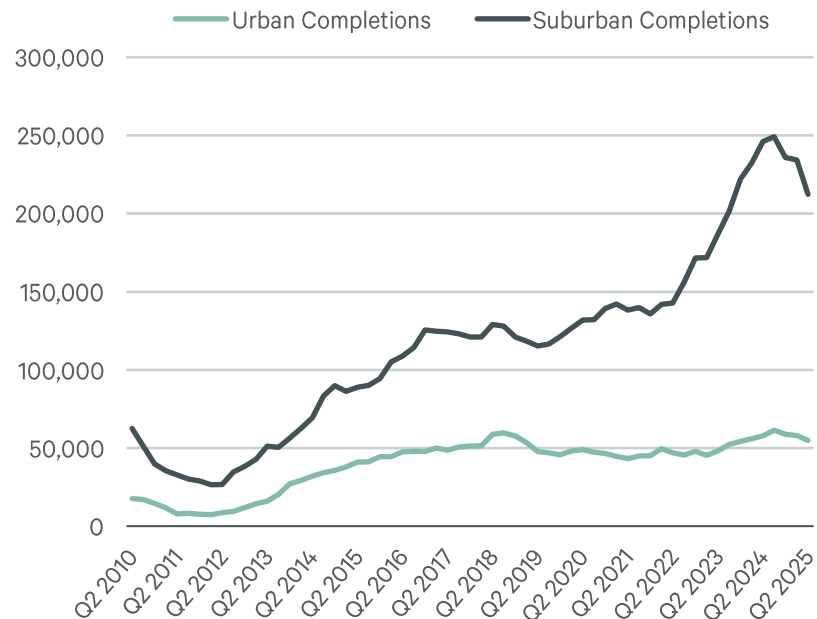
U.S. Multifamily Completions (000's)



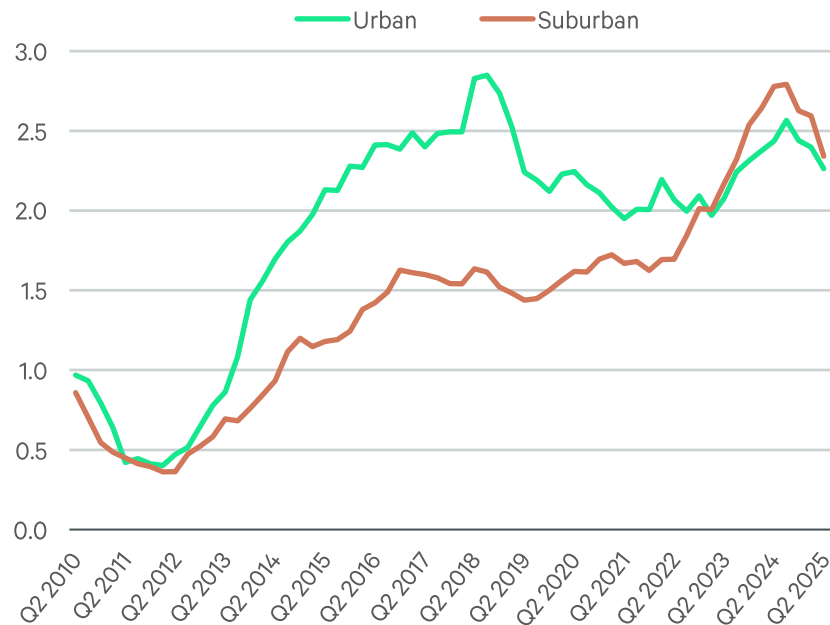
Source: CBRE Research, Federal Reserve Bank of St. Louis, Q2 2025.

Suburban Development Dwarfs Urban Deliveries

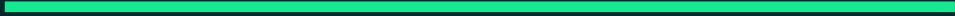
Annual Completions by Quarter



Annual Completions as a % of Inventory



Source: CBRE Research, CBRE Econometric Advisors, BLS, Q2 2025.

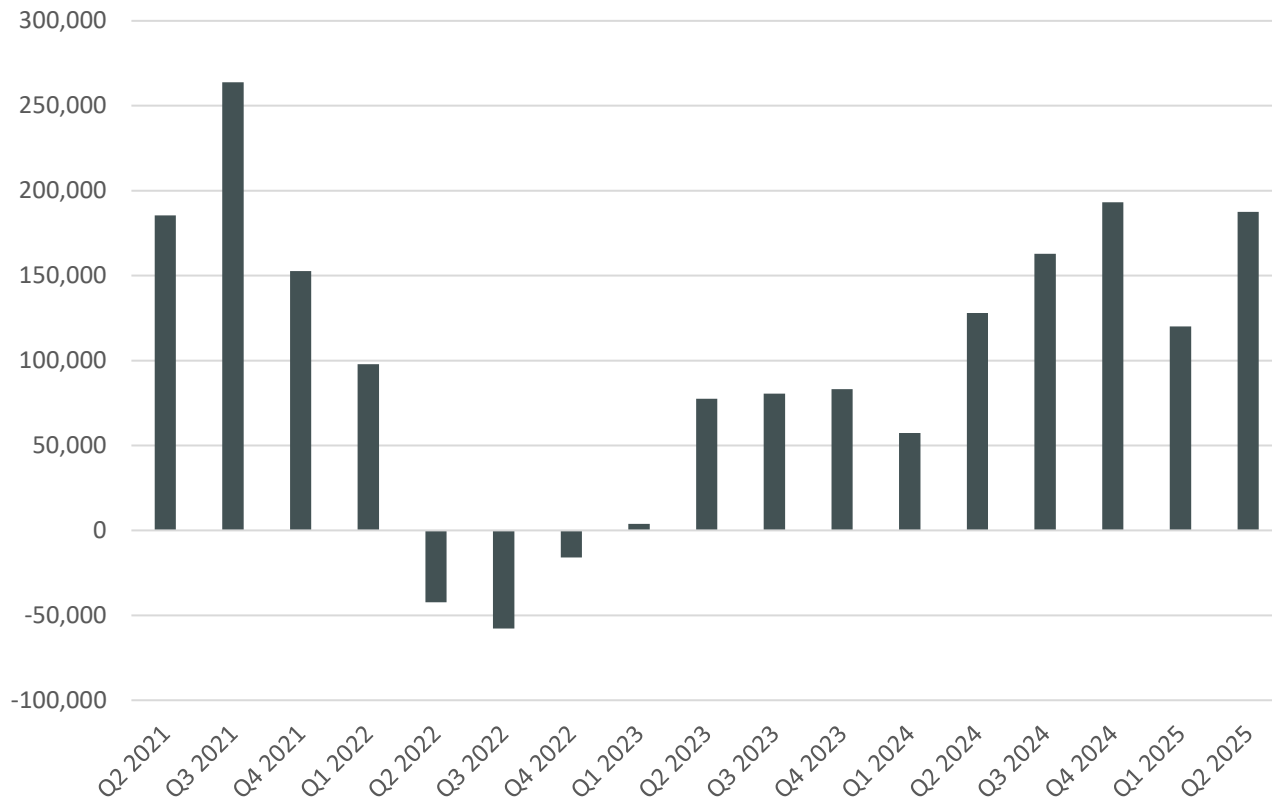


2.b

Demand & Absorption

Strong renter demand continues setting records. With nearly 188,000 units absorbed, Q2 absorption was the strongest second quarter on record.

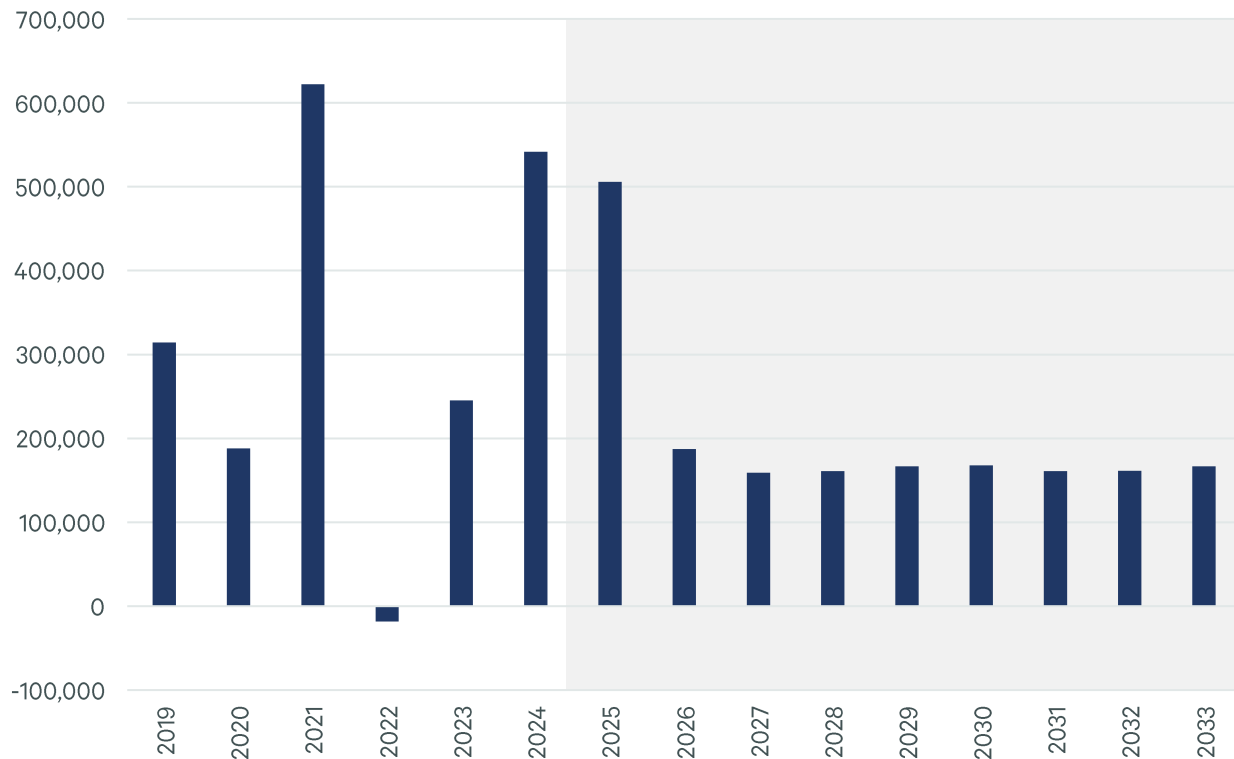
U.S. Net Absorption (units)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

On-going supply-induced demand (i.e. renters taking advantage of concessions), as well as the unaffordable for-sale housing market, will continue fuelling renter demand.

U.S. Net Absorption (units)

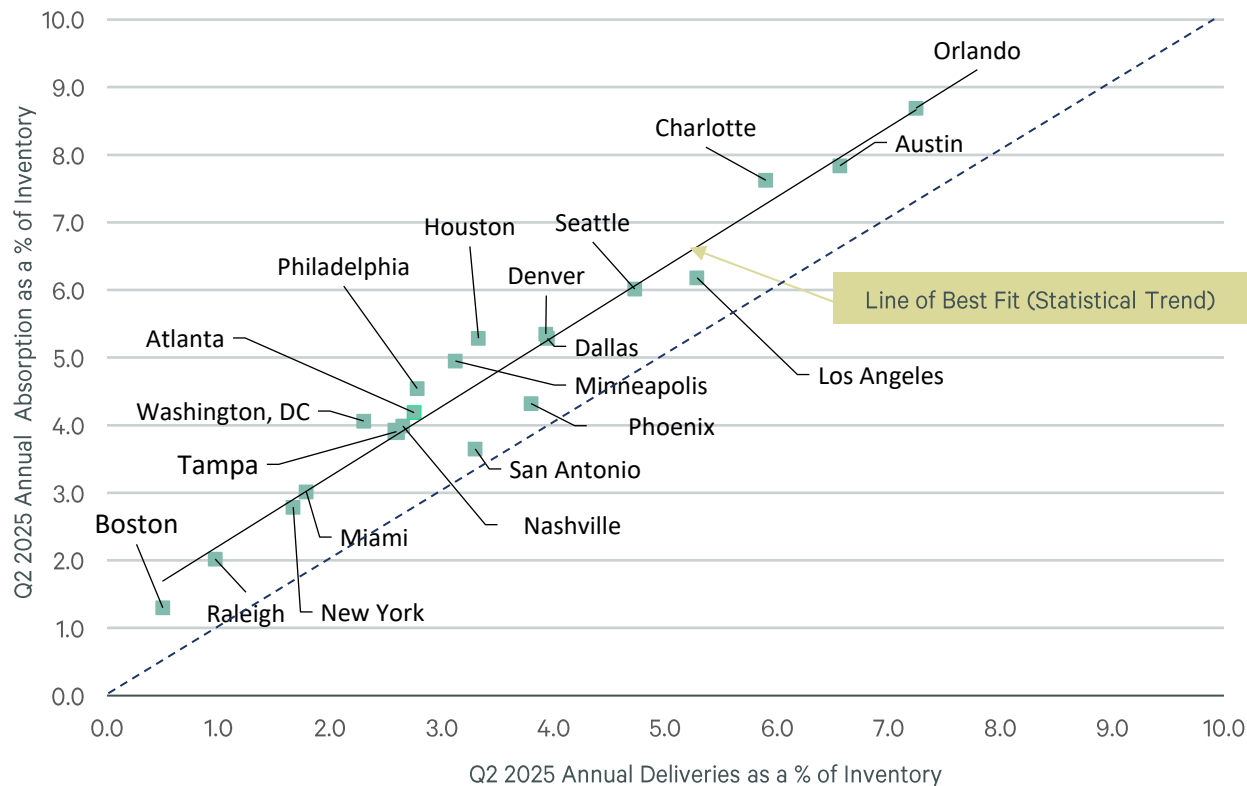


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Developers have correctly anticipated where demand would be the strongest.

There is a tight correlation between the absorption and delivery of new units across all markets.

Top 20 Markets for Deliveries as of Q2 2025

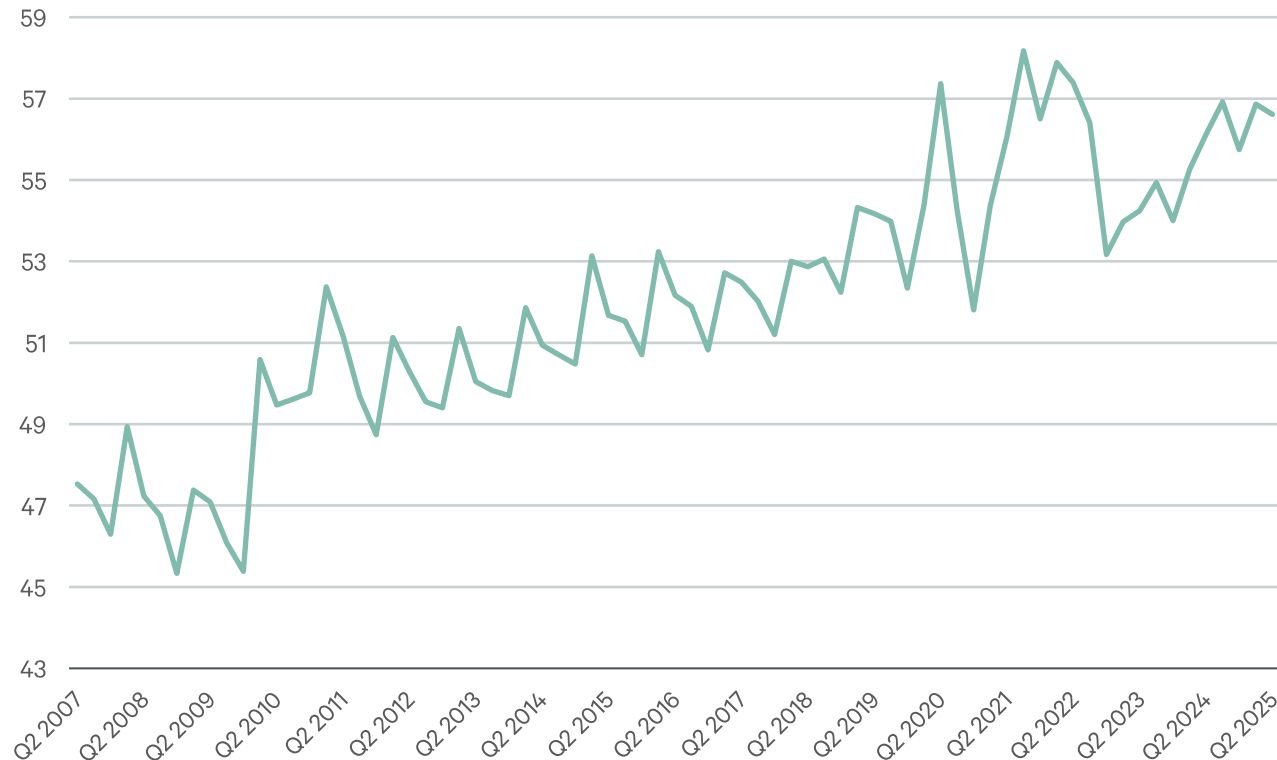


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Renewals have increased over time.

Today, this helps owners and investors because renewal rent growth is outpacing new leases—particularly in high-supply markets.

Renewal Conversion Rate – EA Market Set (%)



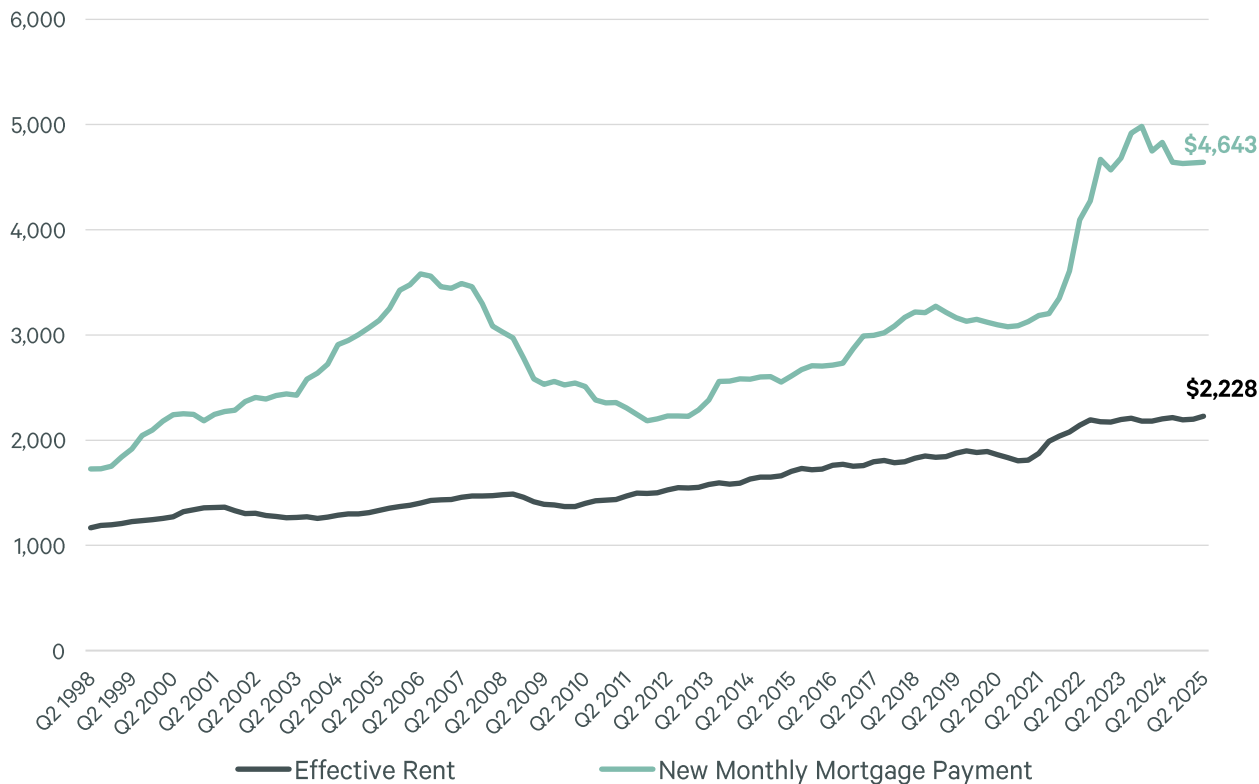
Source: CBRE Research, CBRE Econometric Advisors, Real Page Inc., Q2 2025.

Buying a Home? Not So Fast...

In Q2, the monthly payment premium for a newly purchased home was 108% nationally.

This is keeping renters renting for longer and helping preserve existing occupancies.

U.S. Average Rent vs. New Mortgage Payment (\$)

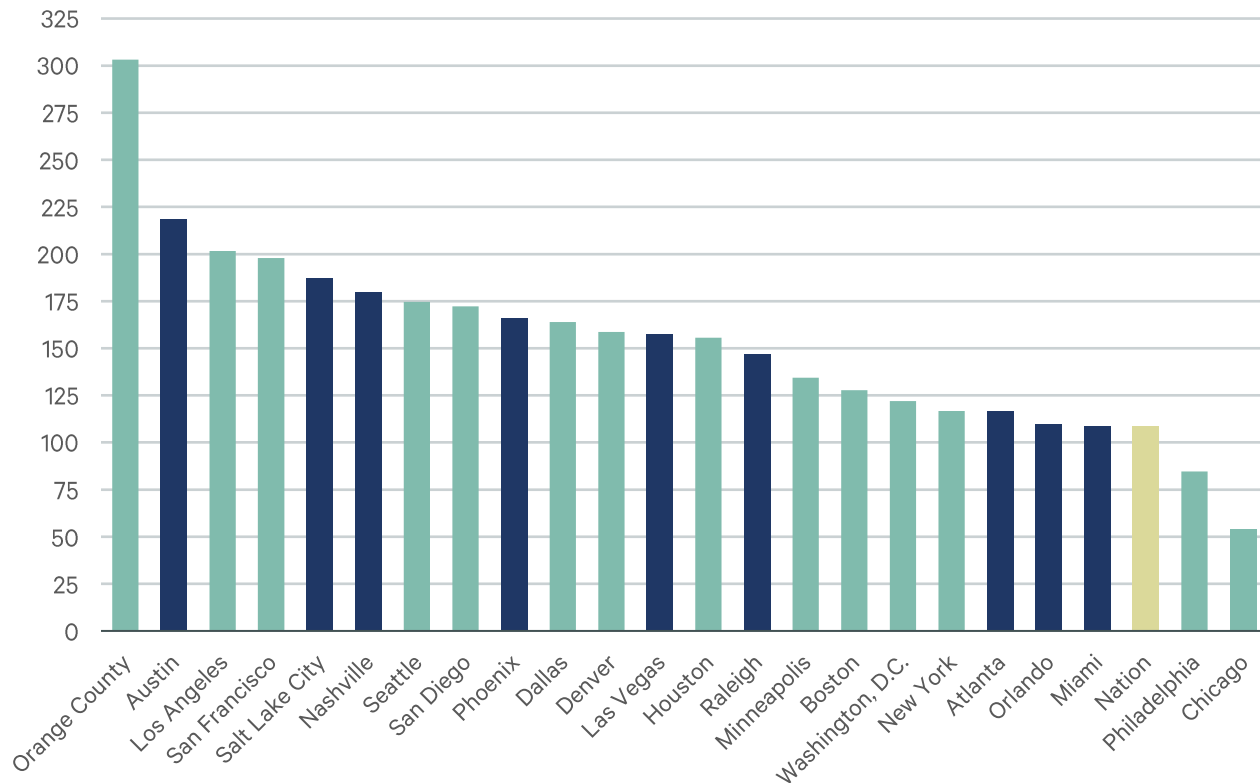


Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q2 2025.

The premium exceeds 100% in many markets.

Blue markets indicate those with high concentrations of new supply. Current multifamily owners will take all the help they can get to maintain occupancy.

Monthly Payment Premium of Buying Over Renting (%)



Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q2 2025.



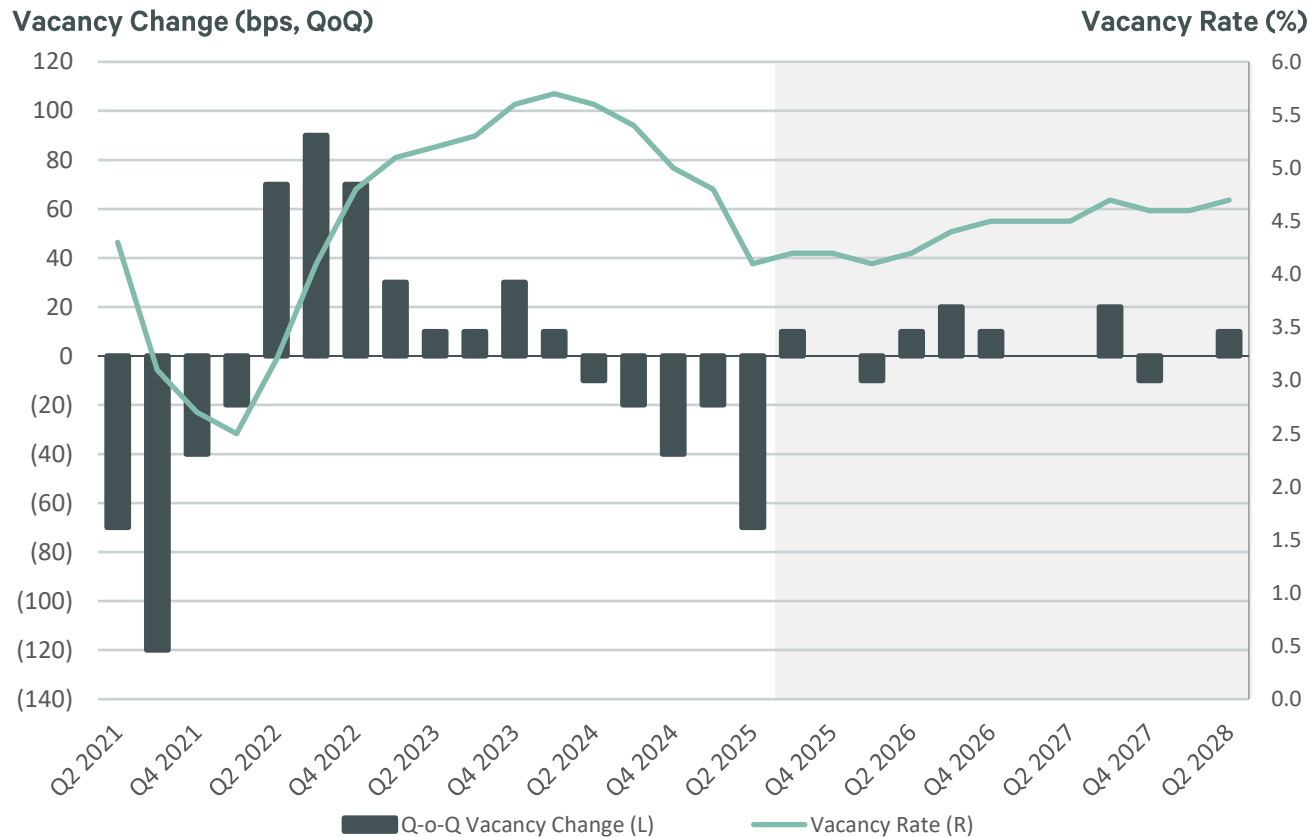
2.C

Vacancy

FUNDAMENTALS

Renter demand continues to outpace new supply.

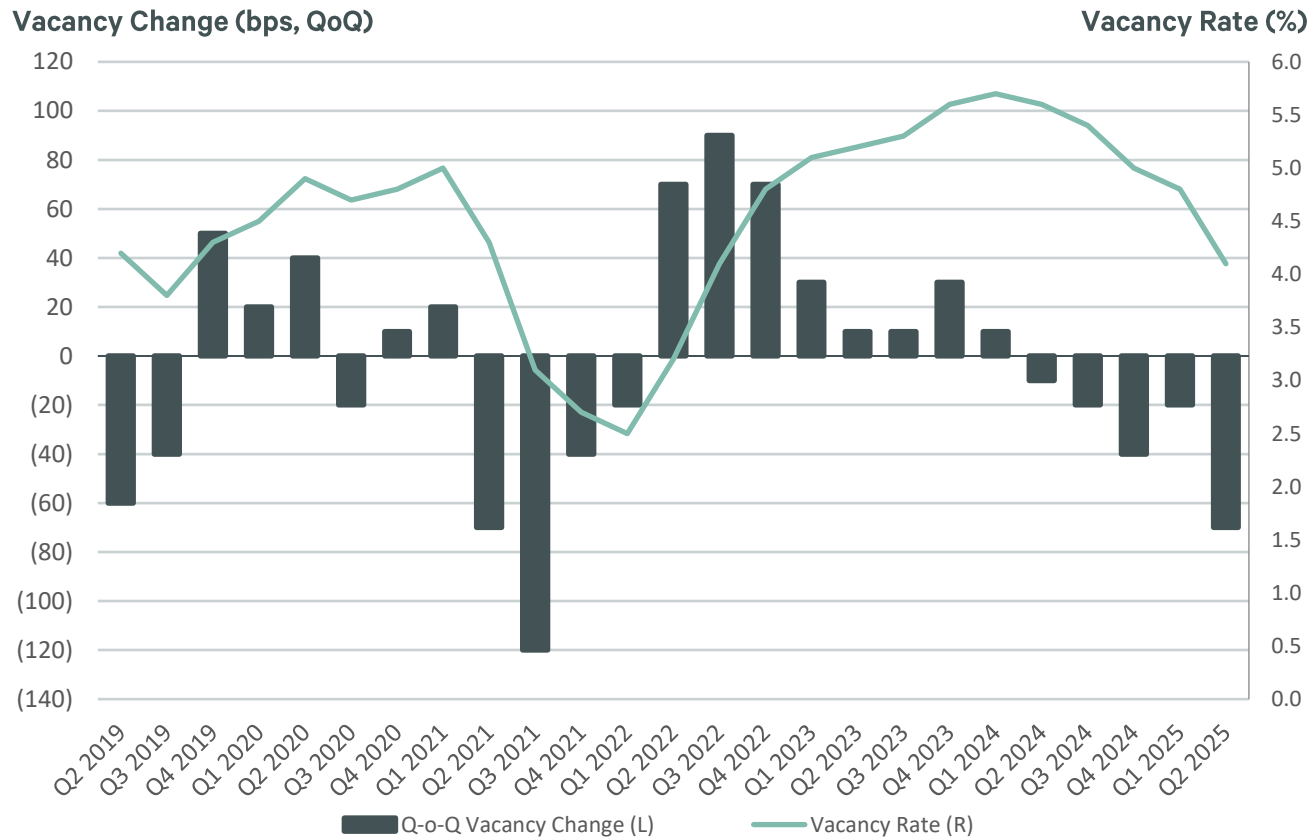
Vacancy has fallen to just 4.1% in Q2 and is now well-below its long-run average. Rent growth is expected to follow as the remaining new supply is absorbed.



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

FUNDAMENTALS

Vacancy improved dramatically because of this record demand. Falling another 70bps in Q2, vacancy compressed to just 4.1%.



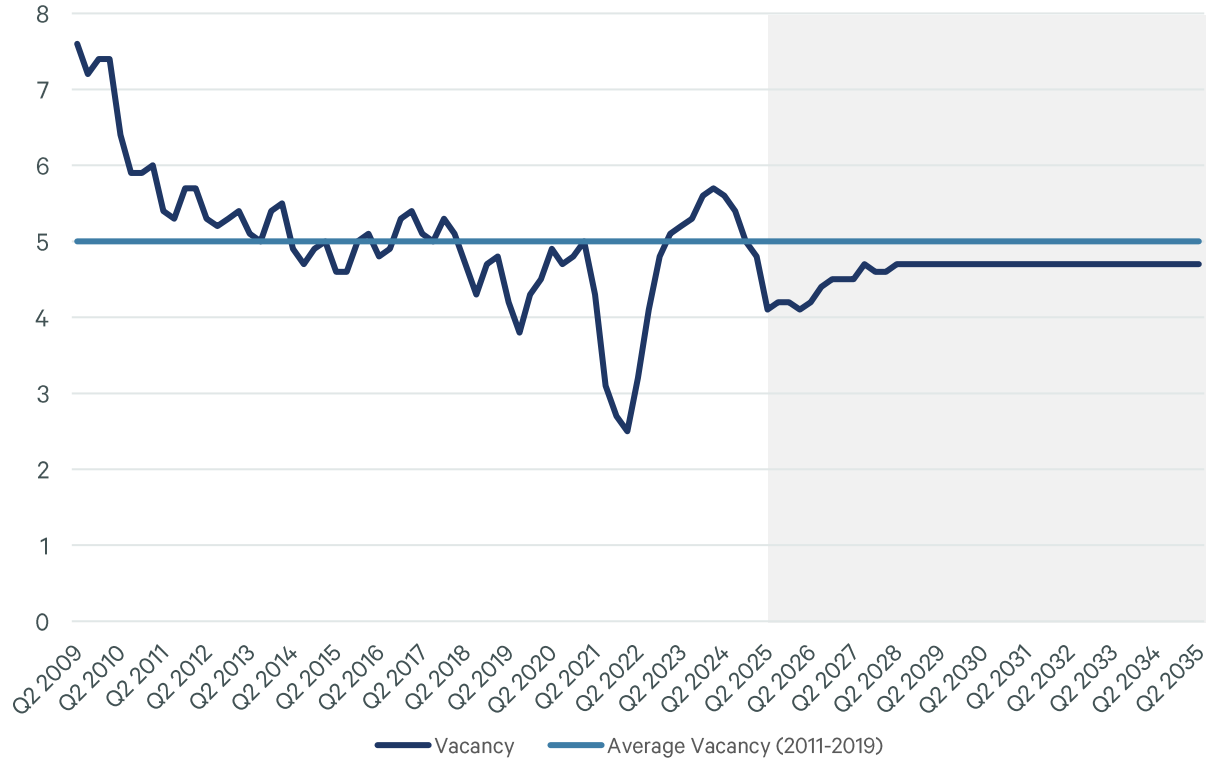
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

FUNDAMENTALS

At 4.1% in Q2 2025, vacancy is now well-below its pre-pandemic average level of 5.0%.

As we enter a relatively supply constrained period with robust renter demand, vacancy is expected to remain below pre-pandemic levels and drive above average rent growth.

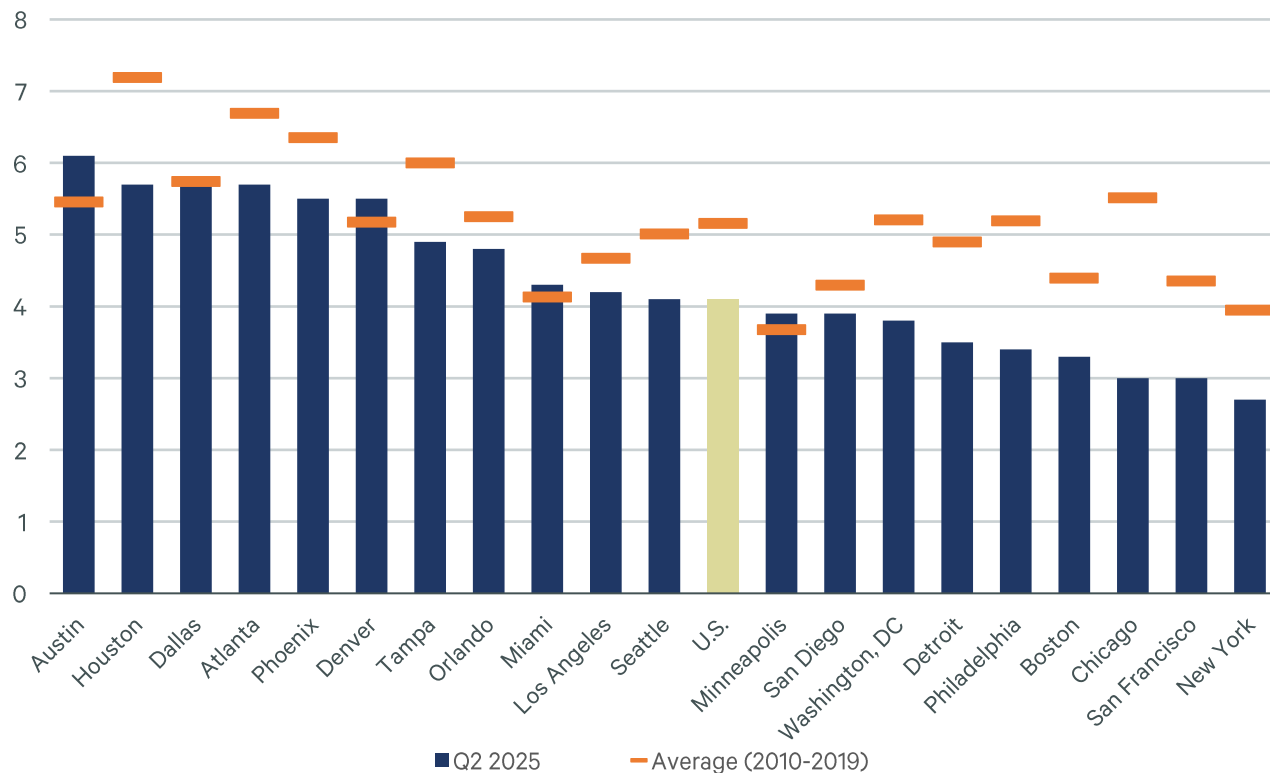
U.S. Vacancy Rate Outlook, Forecast (%)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Vacancy across many of the largest markets has now more than fully recovered to well-below pre-pandemic trends.

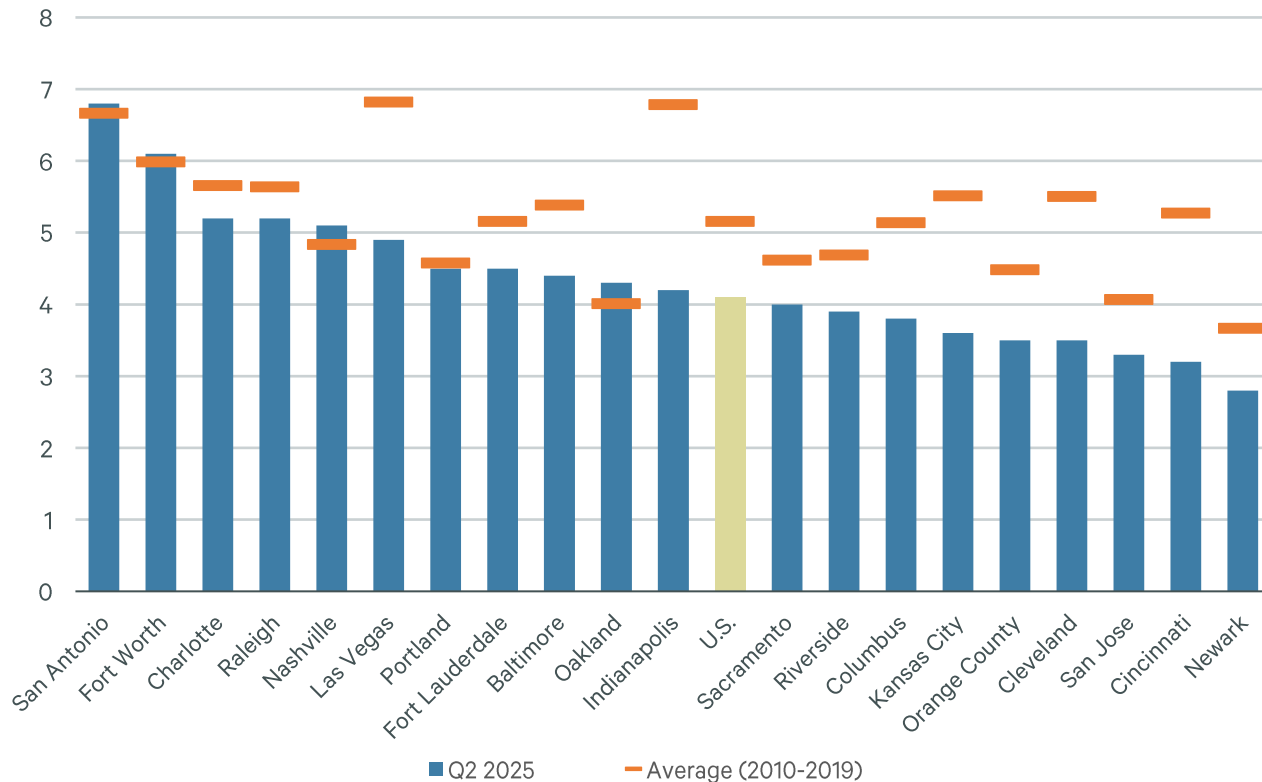
Vacancy Rate (%) – 20 Largest Markets



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

In general, no individual market vacancy rates remain much above their pre-pandemic cycle average.

Vacancy Rate (%) – Next 20 Largest Markets



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

FUNDAMENTALS

Lower quality assets had been out-performing with lower average vacancy rates.

However, vacancy across the classes have now converged and all remain very low.

Vacancy by Class (%)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Just like the convergence of vacancy across classes, urban and suburban vacancy rates are trending very similarly.

Vacancy Rate (%)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

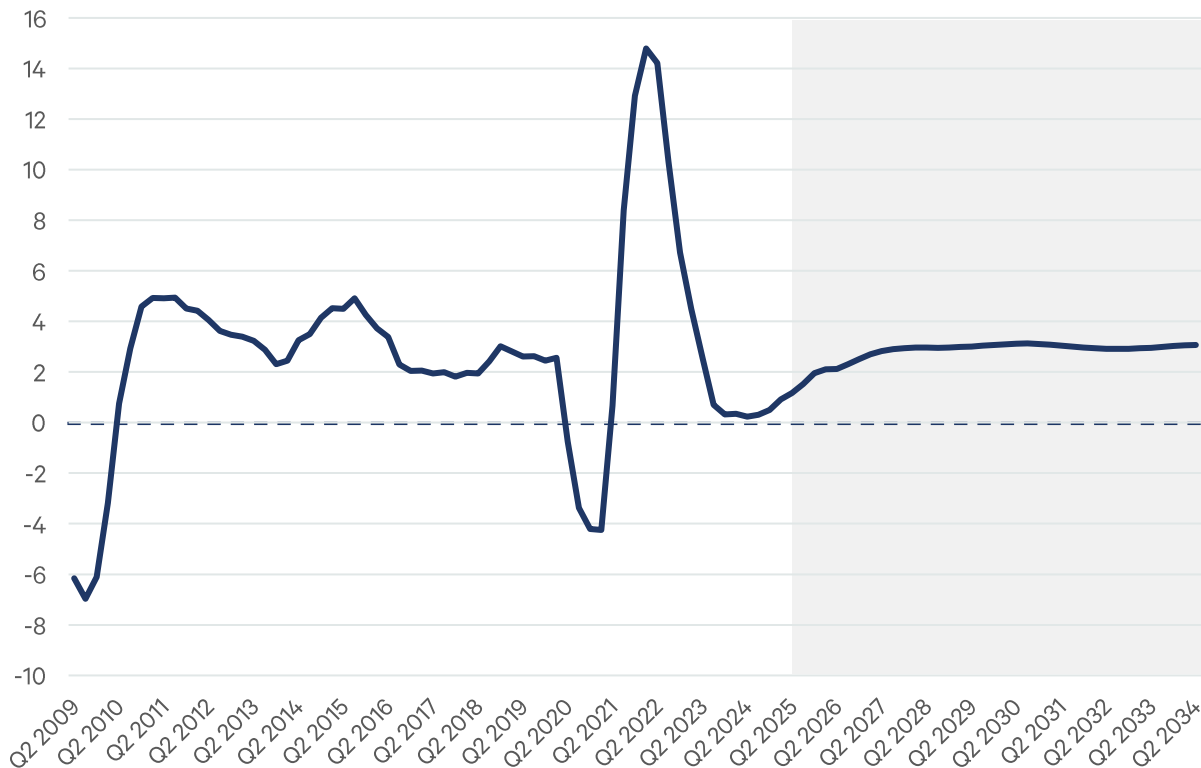
2.d

Rent Growth & Affordability

National rent growth is expected to gain some much needed momentum this year as the remaining new supply is absorbed.

With only a few exceptions, CBRE expects all markets to achieve positive rent growth in 2025.

U.S. Effective Rent Growth Outlook, Forecast (%)

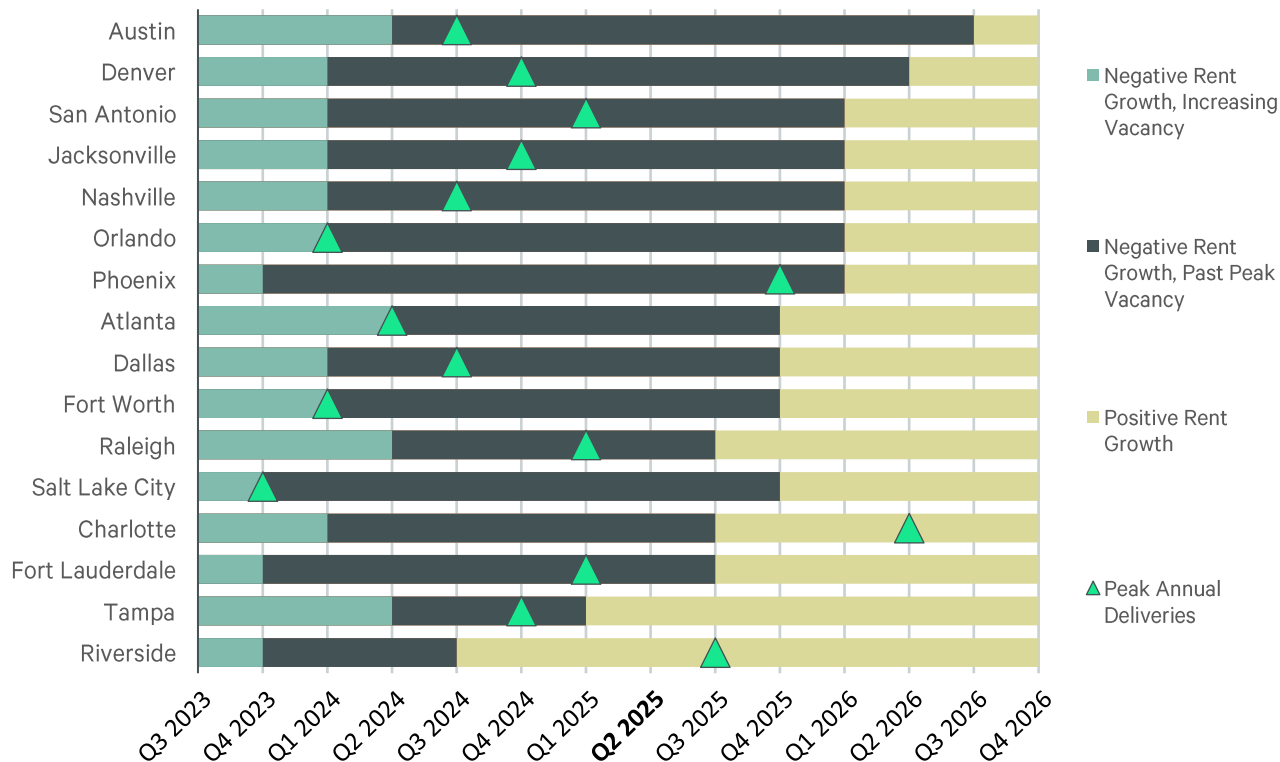


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

For those markets with high-supply, and consequently negative rent growth, CBRE anticipates many will achieve positive rent growth by the end of 2025.

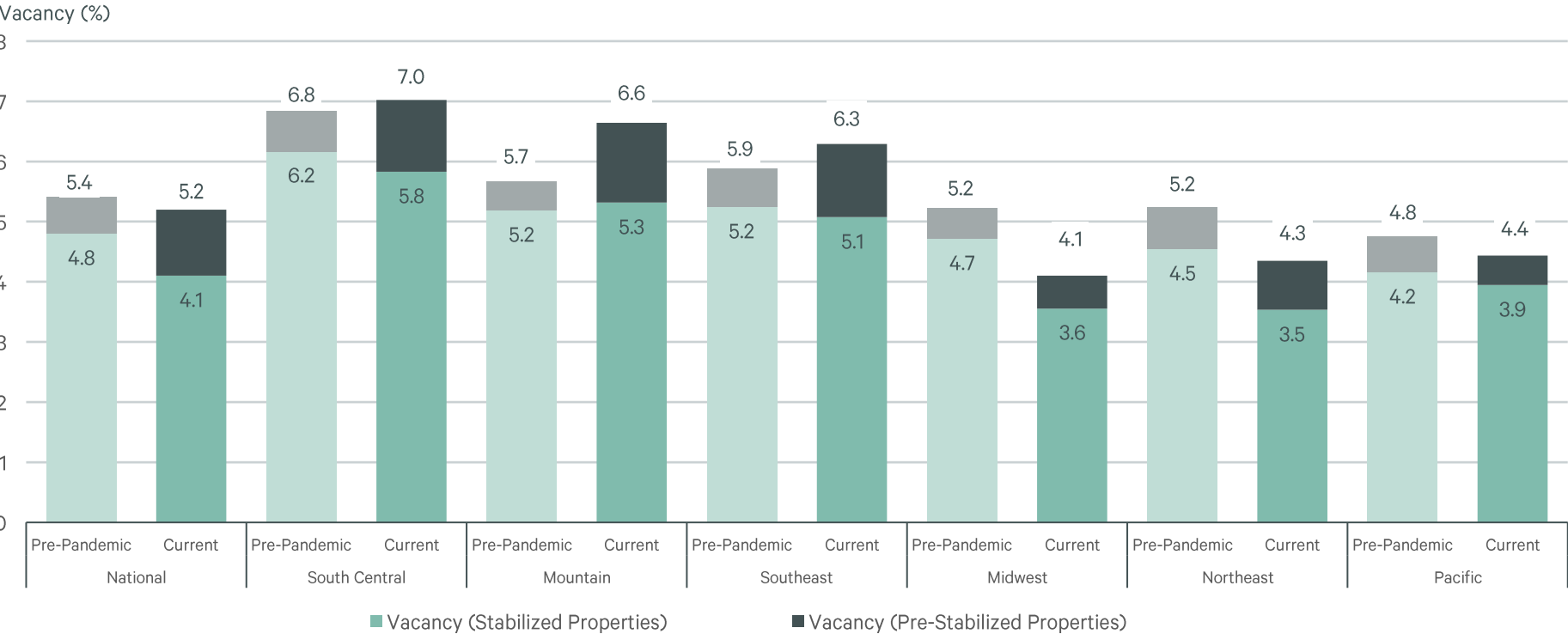
A few recovery timelines have been extended under less favorable near-term economic conditions.

Recovery Timeline for High-Supply Markets with Negative Rent Growth



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Pre-Stabilized Assets in Lease-Up Help Explain the Lagging Rent Growth in Certain Regions

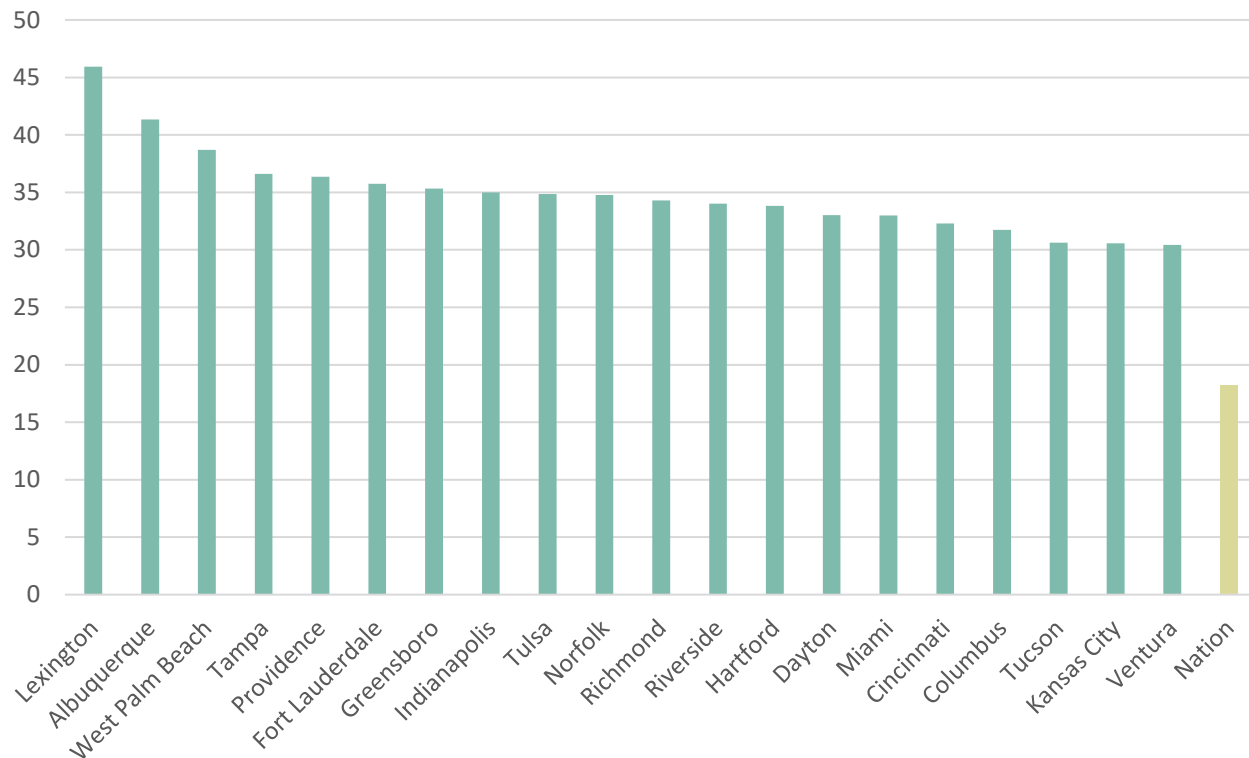


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Many Sun Belt markets rank among the top 20 markets for cumulative rent growth since 2019. Including some that are experiencing negative growth today.

However, Midwest and Northeast markets who have not experienced negative rent growth have been gaining ground.

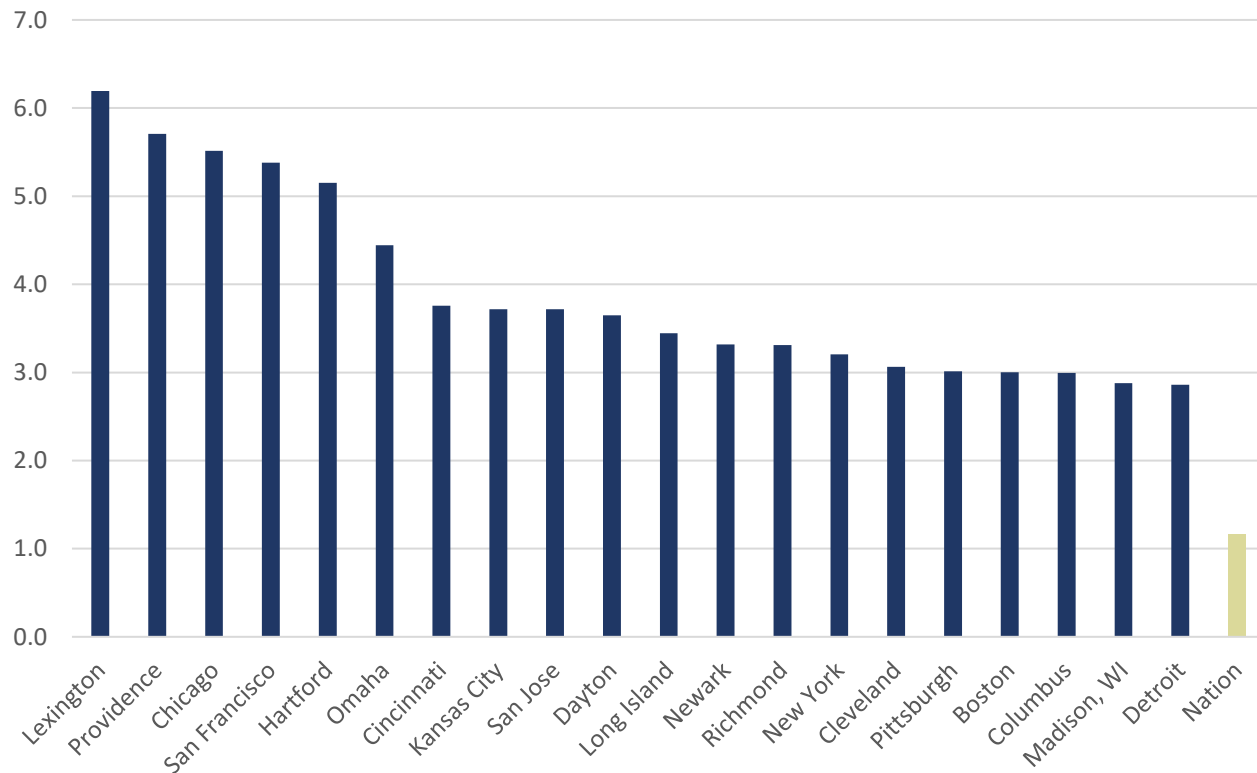
Cumulative Effective Rent Growth: Q4 2019 – Q2 2025 (%)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Smaller Midwest and Northeast markets—and a few large urban hubs like Chicago, the Bay Area, and New York—dominate the top 20 markets for rent growth over the last 12 months.

Effective Rent Growth – Last 12 Months (% YoY)

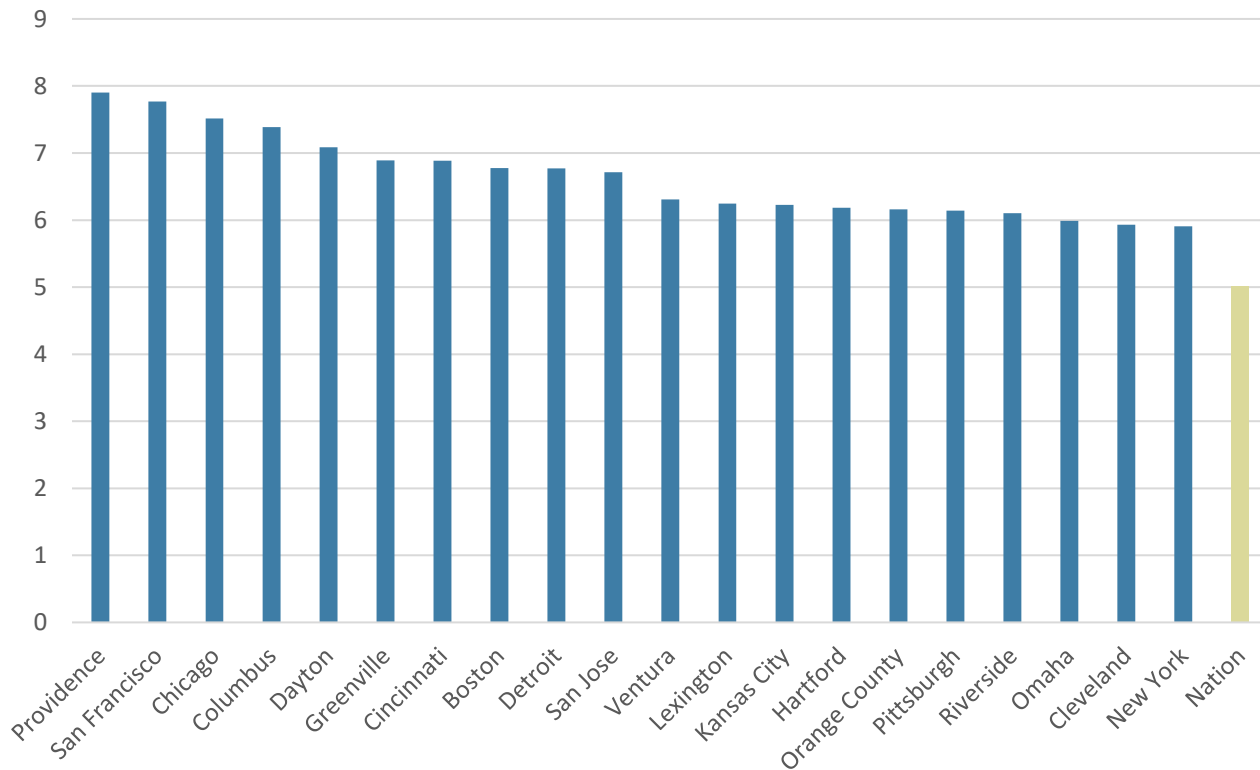


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Looking ahead, we expect those Midwest, Northeast, and urban hubs to continue outperforming in the near-term.

Select West Coast markets are also expected to perform well over the next two years.

2-Year Projected Cumulative Effective Rent Growth (%) – Top 20 Markets

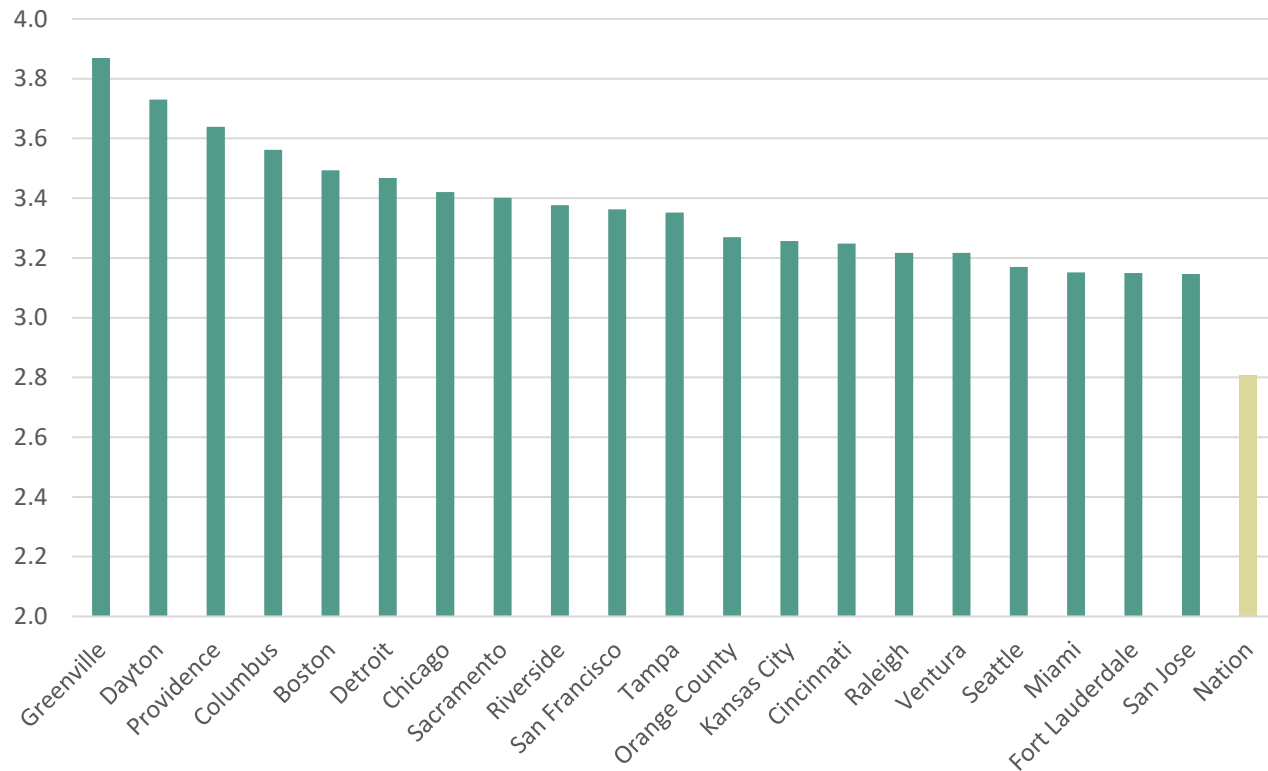


Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Looking further ahead, we expect rent growth to converge across markets and regions with less variation in performance.

Sun Belt markets are not far behind this list of the top 20—many with above average 5-year outlooks.

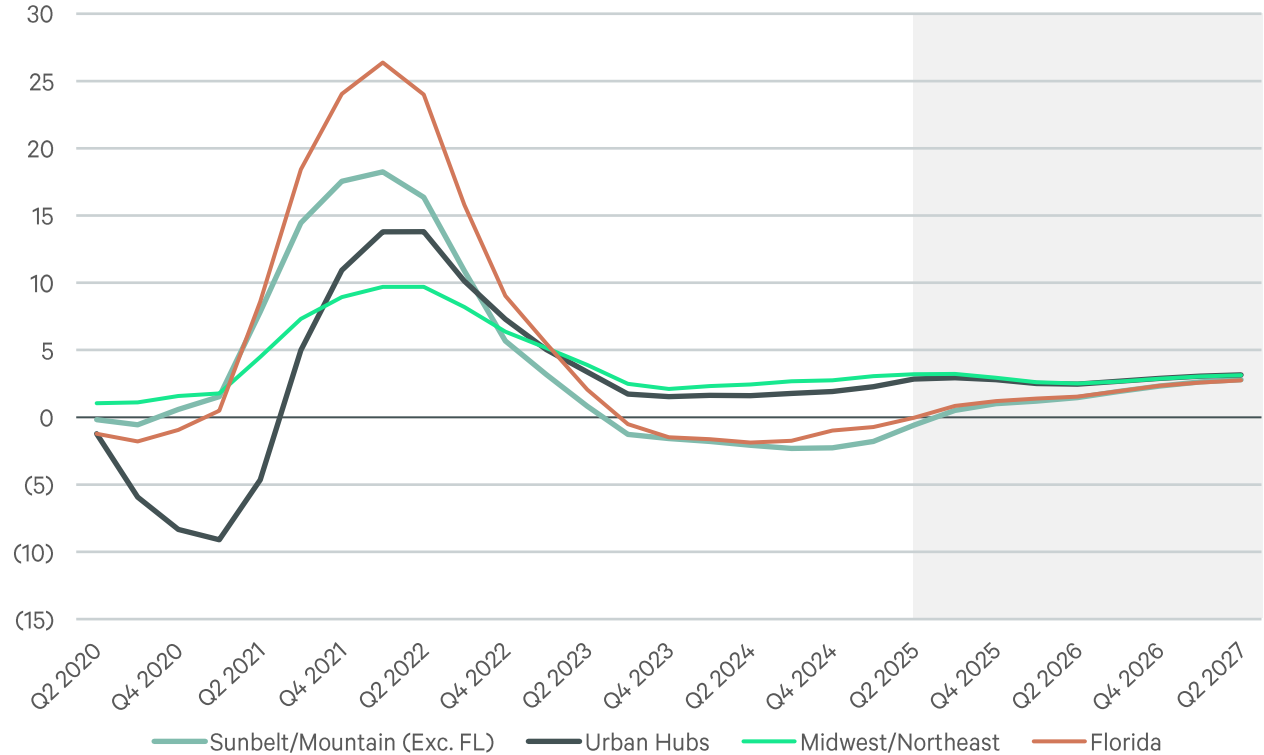
5-Year Projected Effective Rent Growth (% CAGR) – Top 20 Markets



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

The Midwest, Northeast, and major urban hubs are expected to perform similarly for above average rent growth—outpacing most Sun Belt and Mountain region markets through 2026 and into 2027.

Effective Rent Growth Outlook by Region, Forecast (%)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

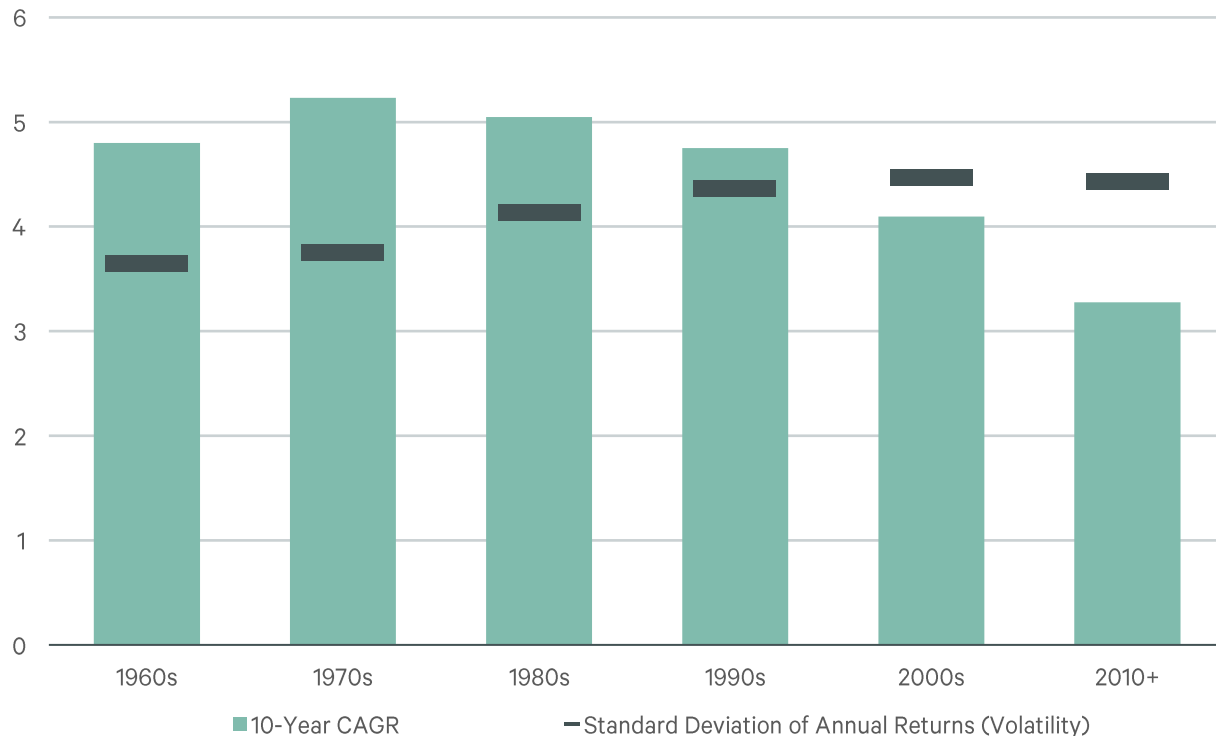
As the vacancy rates across classes of multifamily drop, we are also beginning to see rent growth emerge. However, it is only in class A and C product currently.

Y-o-Y Rent Growth by Class (%)

Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Older properties not only average a higher rent growth but also have lower volatility—meaning they are less impacted by negative shocks like economic downturns.

Rent Growth by Decade of Construction (% CAGR) & Volatility



Note: A lower standard deviation indicates a lower level of volatility.

Source: CBRE Research, CBRE Econometric Advisors.

The Rent Growth Lifecycle for the Average Property:

As the average property ages into the second and third decade of its life, it begins outperforming with above market average rent growth.

Annual Rent Growth (%)



Note: Period of analysis was 25 years and excludes properties that were renovated.

Source: CBRE Research, CBRE Econometric Advisors.

Suburban and urban rent growth nearly identical since the end of 2021.

Rent Growth (year-over-year, %)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

FUNDAMENTALS

High-rise properties slightly out-perform compared to garden style. Much of this is likely due to the amount of garden product being delivered across the Sun Belt in suburban areas, and the relative strength in some large coastal metros with higher concentrations of high-rise properties.

Rent Growth (year-over-year, %)



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Nationally, the rent-to-income ratio for newly signed leases now hovers around 30% (the common threshold of being considered cost burdened).

Some markets above 30% have always been elevated as those markets provide residents with outsized Live Work Play value.

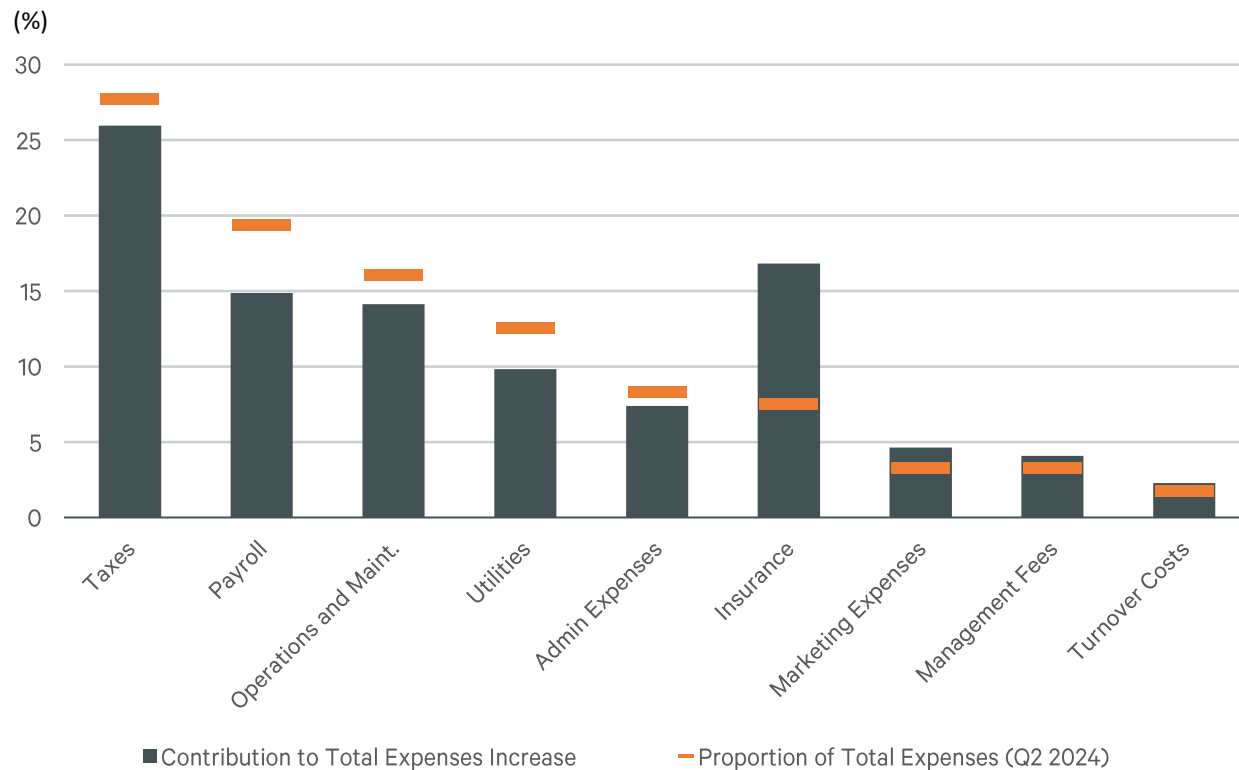
Rent-to-Income Ratio (%)



Source: CBRE Research, Yardi Matrix, Q2 2025.

Although property insurance is only the 6th largest contributor to overall operating expenses (orange dashed lines), it ranks second overall for the largest impact on overall expense *growth* since 2019.

Contribution to total expenses increase by component (Q4 2019 to Q2 2024)



Source: CBRE Research, Real Page Inc., CBRE Econometric Advisors.

3

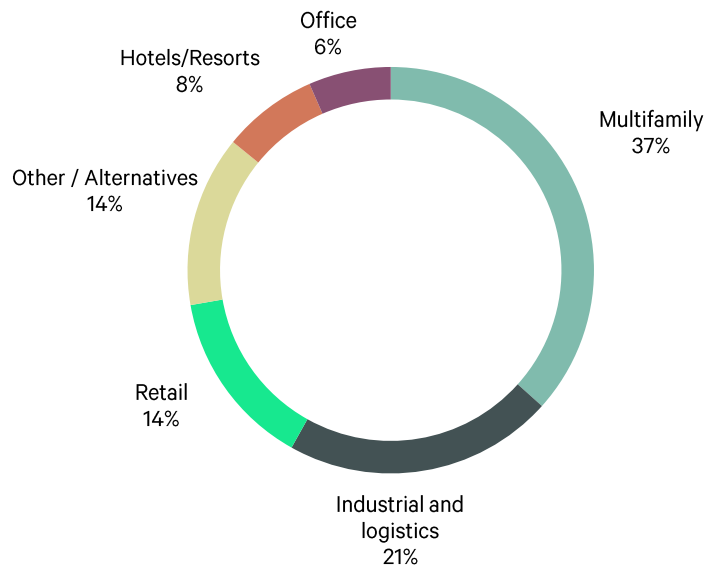
Capital Markets

3.a

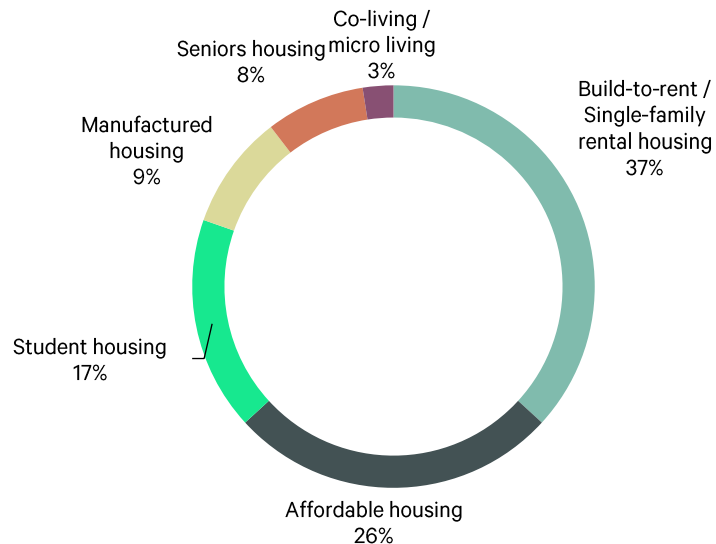
Investment Trends

Multifamily Remains Most Preferred Sector in the U.S.

U.S. Investors' Sector Preference in 2025



Investors' Favored Residential Alternative

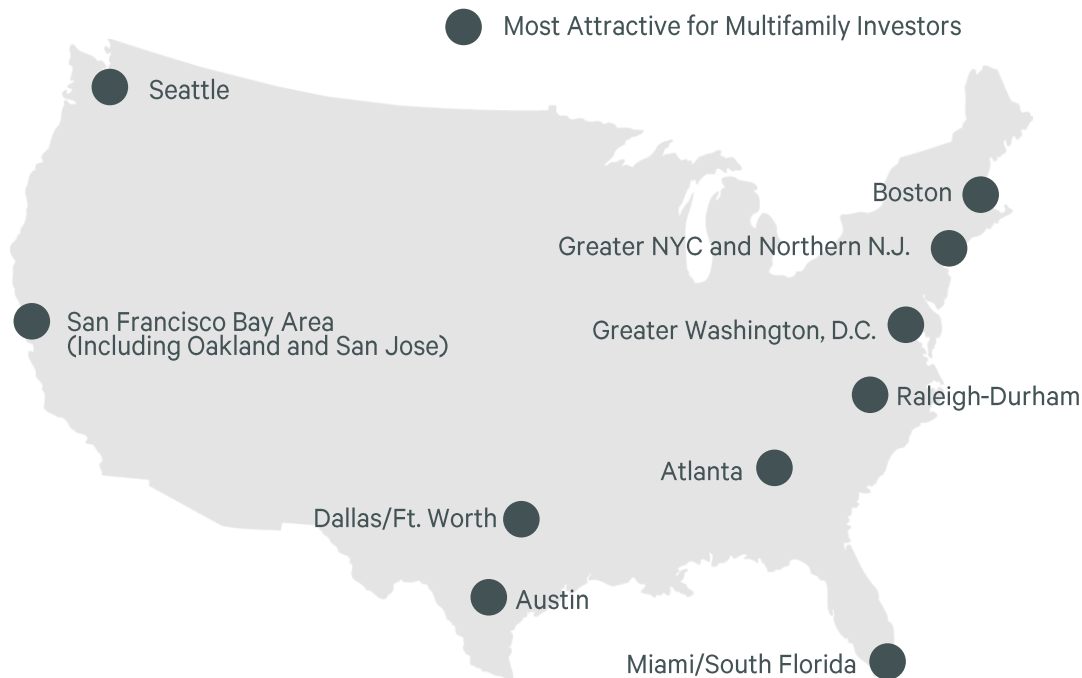


Source: U.S. Investor Intentions Survey, CBRE Research, December 2024.

Investors Consider Select Gateways and Sun Belt Cities as Most Attractive

Top 10 Most Attractive Markets

- 1 Dallas / Ft. Worth
- 2 Boston
- 3 Miami / South Florida
- 4 Raleigh - Durham
- 5 Atlanta
- 6 Austin
- 7 San Francisco Bay Area
- 8 Greater Washington, D.C.
- 9 Greater New York City
- 10 Seattle

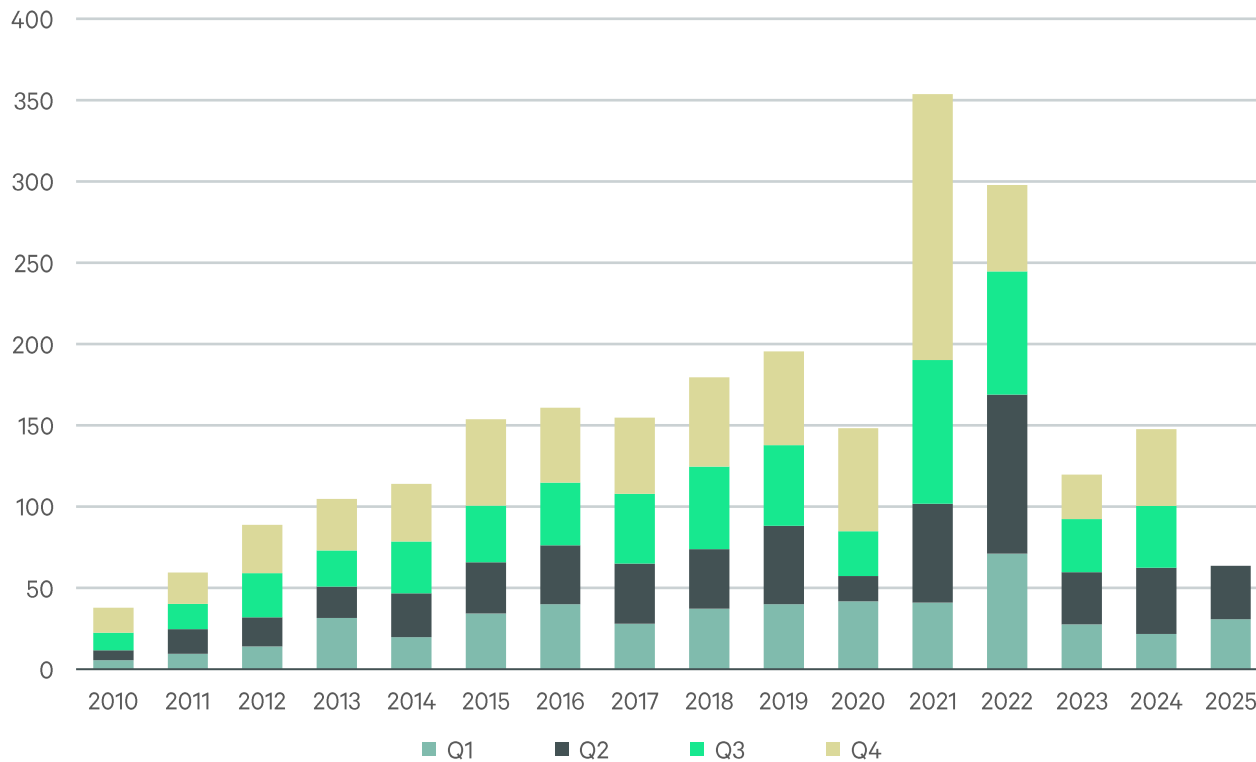


Source: U.S. Investor Intentions Survey, CBRE Research, December 2024.

Multifamily investment volume in H1 2025 increased by 2% year-over-year to \$63.6 billion. Excluding Blackstone's entity-level acquisition of AIR Communities in H1 2024, H1 2025 volume increased by 22%.

We expect volumes to continue their recovery throughout 2025.

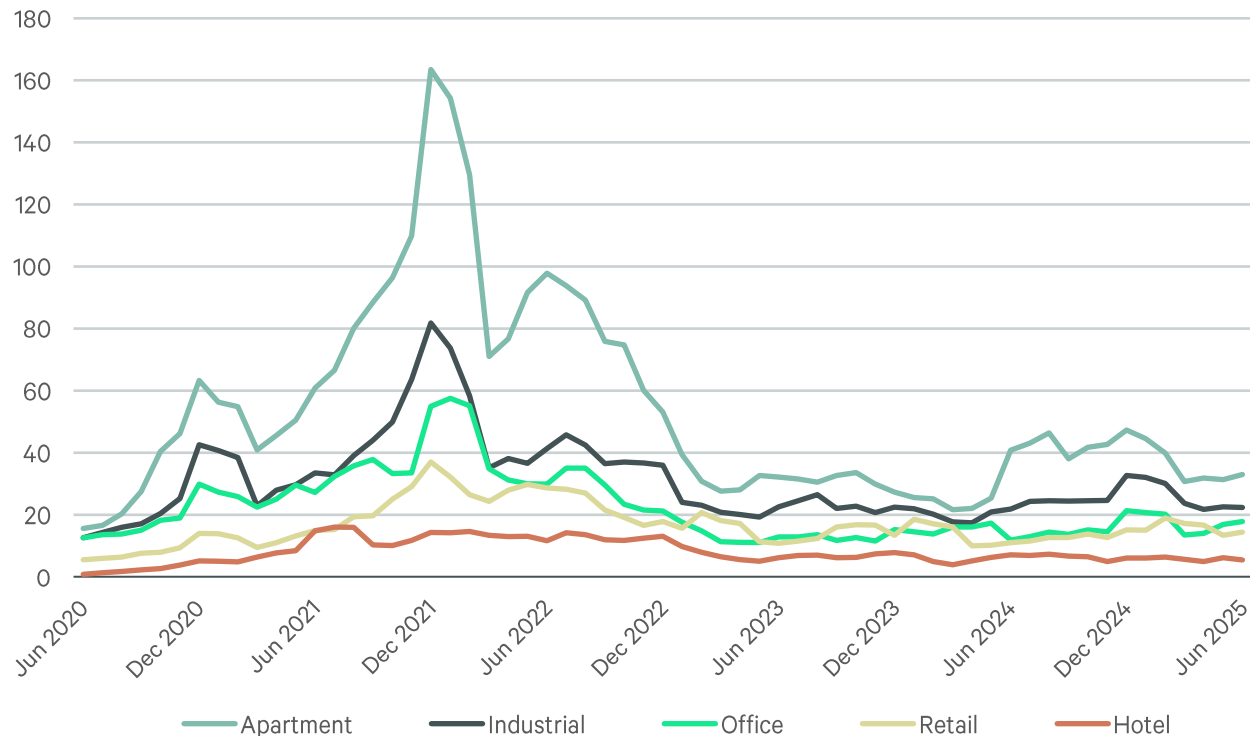
U.S. Multifamily Investment Volume (\$, billions)



Source: CBRE Research, MSCI Real Assets, Q2 2025.

The multifamily sector has maintained the largest share of U.S. commercial real estate investment in recent years, with a 35% share in Q2 2025.

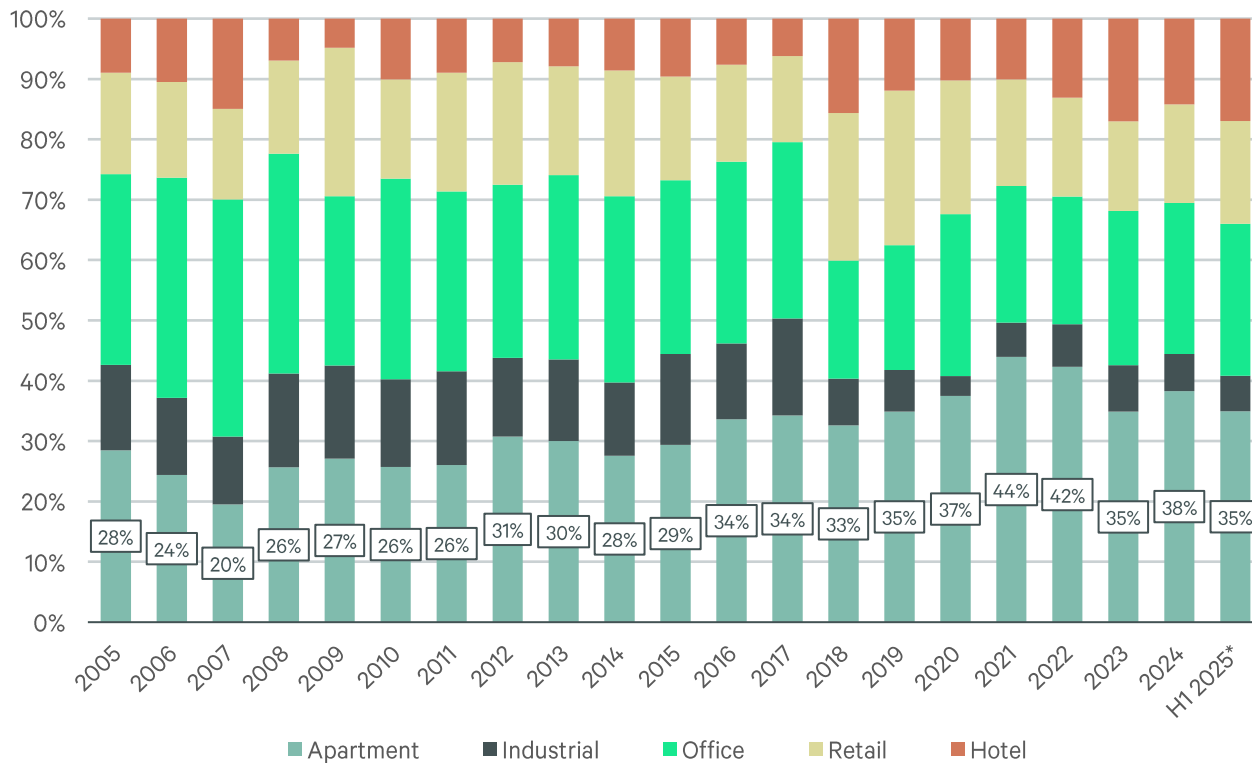
Total Investment Volume (rolling 3-month total, \$ billions)



Source: CBRE Research, MSCI Real Assets, Q2 2025.

Multifamily has steadily become the leader with the largest share of total investment into U.S. commercial real estate.

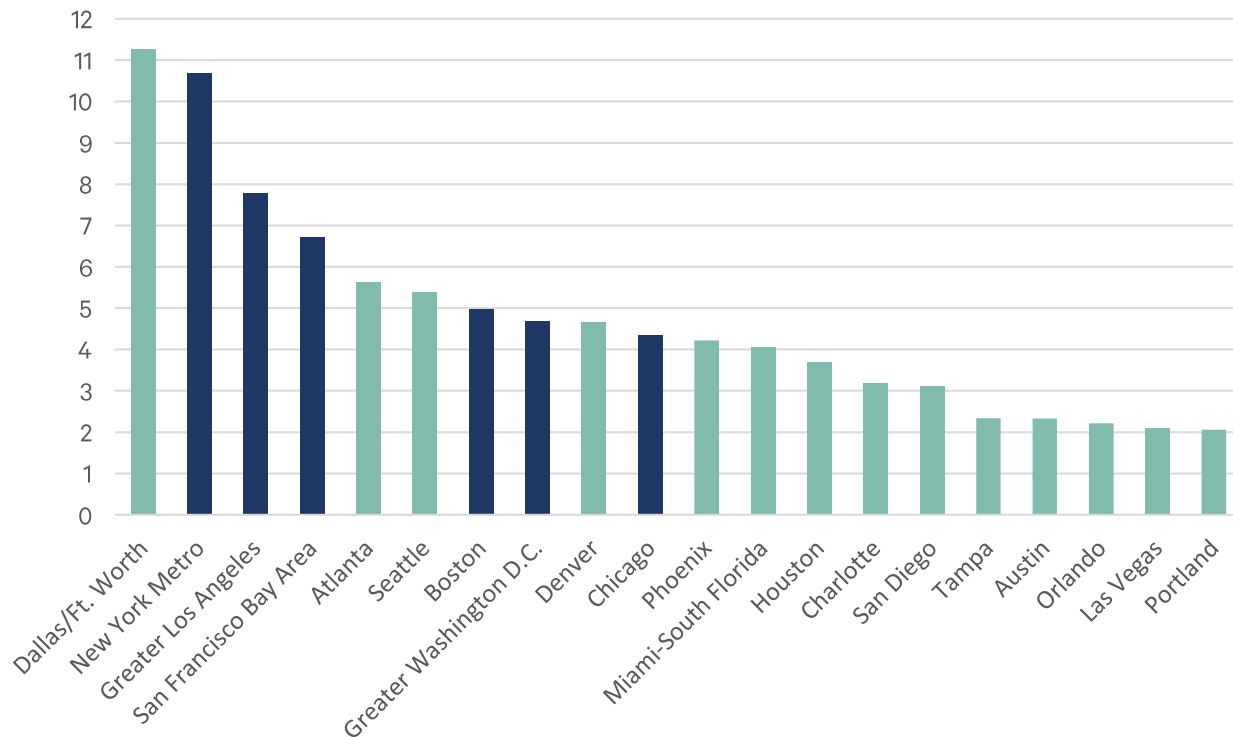
Share of Total Investment



Source: CBRE Research, MSCI Real Assets, Q2 2025. *Based on rolling 4-quarter totals.

Investment volume for the six gateway markets totaled \$39.1 billion and accounted for **26%** of total U.S. multifamily investment volume over the last 4 quarters.

Rolling 4-Quarter Multifamily Investment (\$, billions)

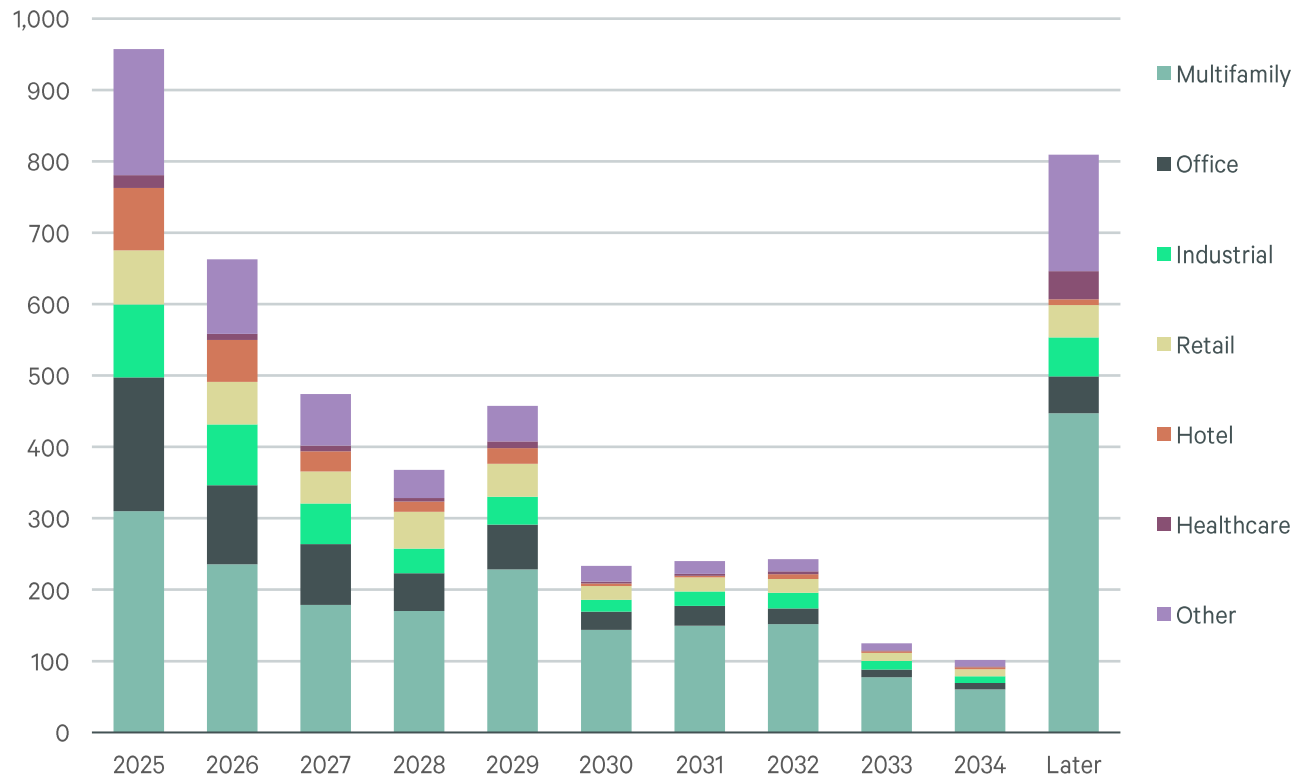


Source: CBRE Research, MSCI Real Assets, Q2 2025.

Almost 84% of the commercial mortgages that were due to mature in 2024 were extended and will be maturing in the coming years.

This trend will likely continue through the end of 2025 as lenders work with borrowers.

Commercial and Multifamily Mortgage Maturities by Property Type (\$ billion)

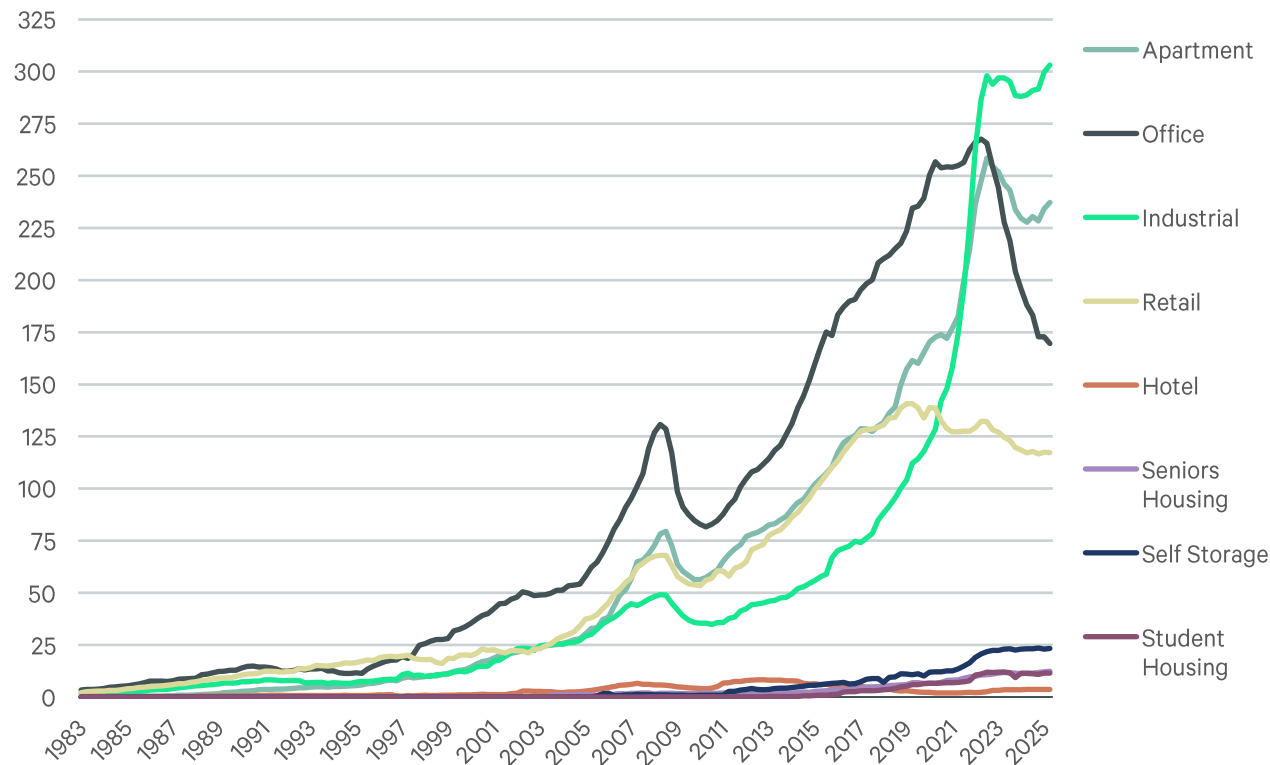


Source: Mortgage Bankers Association, CBRE Research, 2025.

Multifamily overtook the office sector for the first time in 2022—right behind Industrial.

A trend not likely to reverse itself soon as both multifamily and industrial will remain the most preferred asset types for U.S. CRE investment.

Total Market Cap of NCREIF by Property Type (\$ billions)



Source: CBRE Research, NCREIF, Q2 2025.

3.b

Returns & Cap Rates

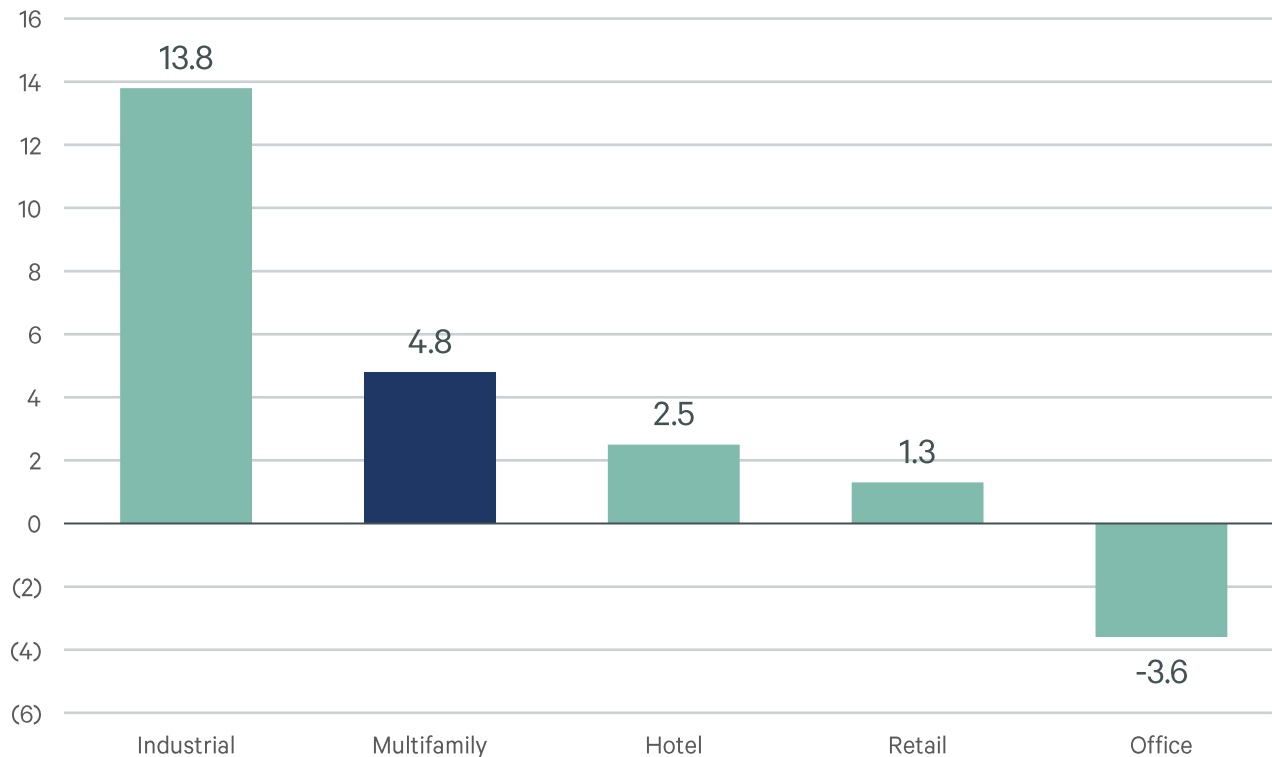
Multifamily offers
critical benefits beyond
returns.

Easier to place large
amounts of capital

Best inflation hedge

Incredible stability

Average Annual Total Returns (%) – Past 5 Years



Source: CBRE Research, NCREIF, Q2 2025.

There is a relationship between cap rates and long-term government bond yields. Though it is not one-to-one.

The 10-Year Treasury and Multifamily Cap Rates (%)

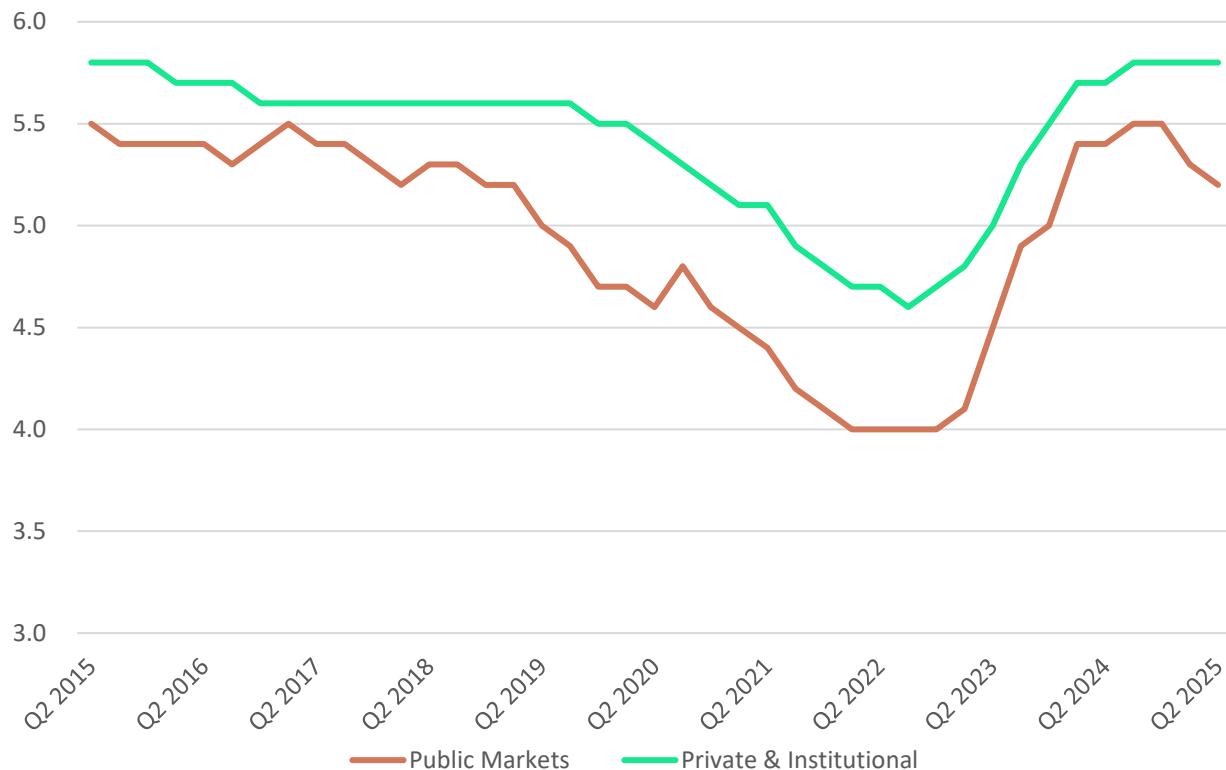


Source: CBRE Research, MSCI Real Assets, Federal Reserve Bank of St. Louis, Q2 2025.

CAPITAL MARKETS

Public market volatility had been overstating the change in yields while private markets seemed to understate the change due to the lagged nature of the transactional data. The two had begun re-aligning in recent quarters but have started to diverge again as of H1 2025.

Average Cap Rates (%)

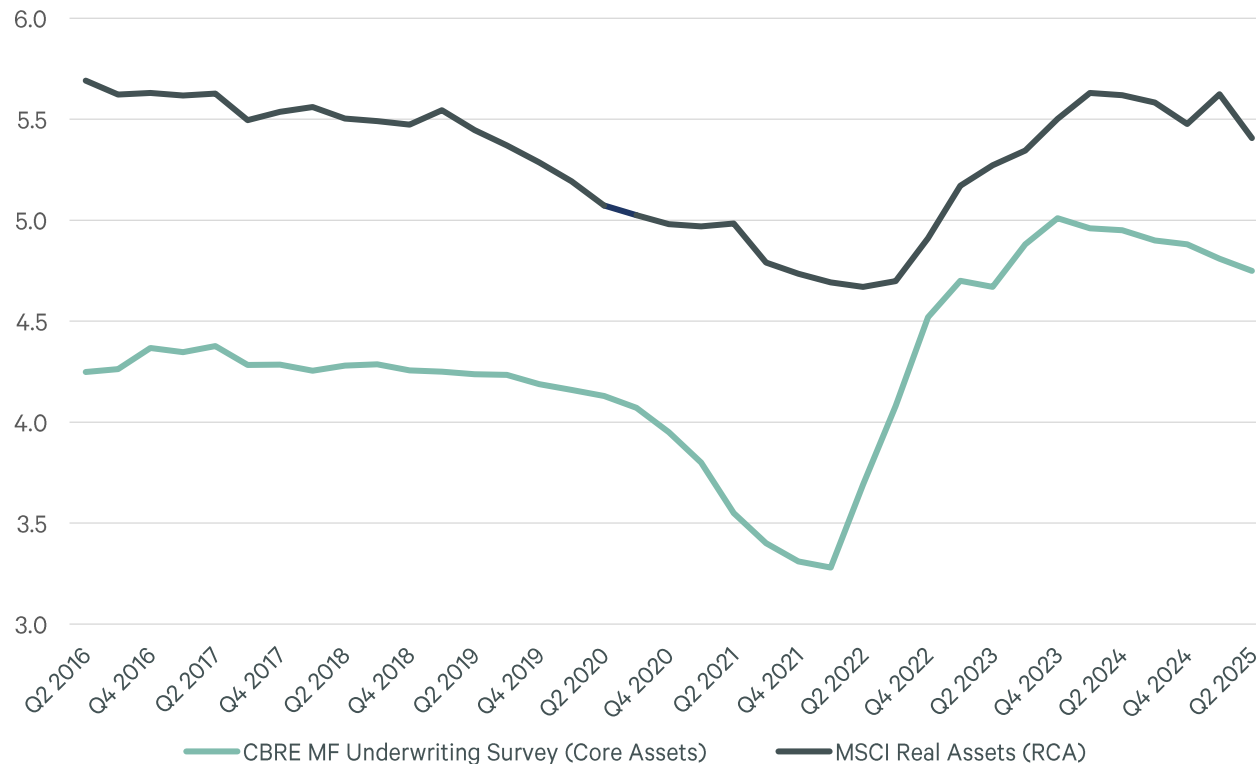


Source: CBRE Research, MSCI Real Assets, Q2 2025.

How are cap rates actually moving?

Data from CBRE's Multifamily Underwriting Survey suggests cap rates for core assets have seen slight compression over the last year.

Cap Rates (%)



Source: CBRE Research, MSCI Real Assets, Q2 2025.

Both the average core and value-add multifamily going-in cap rate appear to have peaked going into 2024.

Recent bond market volatility and policy uncertainty have likely paused any significant cap rate compression for now.

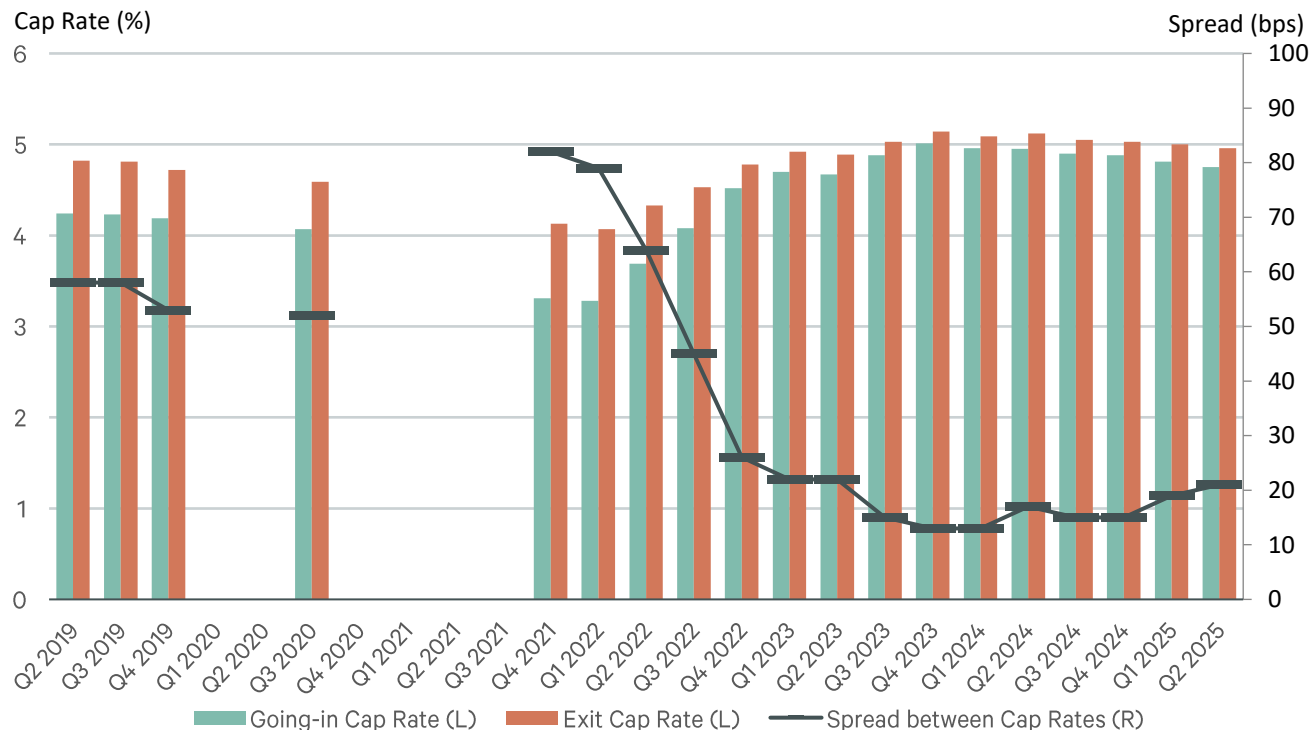
CBRE Multifamily Underwriting Survey – Historical Summary of Underwriting Assumptions

Quarter	Average Annual Rent Growth Underwriting First 3 Years (%)		Unlevered IRR Target (%)		Going-in Cap Rate (%)		Exit Cap Rate (%)		Spread Between Going-in and Exit Cap Rates	
	Core	Value-Add	Core	Value-Add	Core	Value-Add	Core	Value-Add	Core	Value-Add
Q2 2024	2.1	2.9	7.84	9.91	4.95	5.31	5.12	5.53	17	22
Q3 2024	2.5	3.0	7.75	9.69	4.90	5.16	5.05	5.41	15	25
Q4 2024	2.7	3.0	7.73	9.60	4.88	5.21	5.03	5.37	15	16
Q1 2025	2.7	3.1	7.67	9.60	4.81	5.28	5.00	5.39	19	11
Q2 2025	2.8	3.3	7.70	9.58	4.75	5.20	4.96	5.38	21	18
Movement in	%	%	bps	bps	bps	bps	bps	bps	bps	bps
Q3 2024	0.4	0.1	-9	-22	-5	-15	-7	-12	-2	3
Q4 2024	0.2	0.0	-2	-9	-2	5	-2	-4	0	-9
Q1 2025	0.0	0.1	-6	0	-7	7	-3	2	4	-5
Q2 2025	0.1	0.2	3	-2	-6	-8	-4	-1	2	7

Source: CBRE Research, Q2 2025.

The market appears confident that the future will not look worse than conditions do today. The spread between going-in and exit cap rates remains very low.

Historical Comparison of Going-In & Exit Cap Rates (Core Assets)



Note: Survey was not conducted for six quarters throughout the COVID-19 pandemic due to lack of trendable market activity and price discovery.

Source: CBRE Research, Q2 2025.

The spread between core and value-add cap rates remains relatively tight.

Risk metrics have remained stable or improved in most markets through Q2 2025.

CBRE Multifamily Underwriting Survey – Current Underwriting Assumptions by Market

Market	Average Annual Rent Growth Underwriting First 3 Years (%)		Unlevered IRR Target (%)		Going-in Cap Rate (%)		Exit Cap Rate (%)	
	Core	Value-Add	Core	Value-Add	Core	Value-Add	Core	Value-Add
Atlanta	1.0 - 3.0	2.0 - 4.0	7.50 - 9.00	9.00 - 11.00	4.60 - 5.35	5.00 - 5.50	4.75 - 5.25	5.00 - 5.50
Austin	2.5	3.0	6.00 - 6.76	8.00 - 10.00	4.00 - 4.75	4.00 - 4.75	4.50 - 5.00	4.75 - 5.25
Boston	3.5	4.5	7.00	8.00	4.25 - 4.50	4.50 - 4.75	4.50 - 4.75	4.75 - 5.00
Charlotte	2.7	3.0	8.50	9.25	4.75	5.25	5.00	5.50
Chicago	4.0	4.0	7.50 - 8.25	8.00 - 8.50	5.25 - 5.50	5.50 - 5.75	5.00 - 5.25	5.25 - 5.50
Dallas	2.0	3.0	7.50 - 8.75	10.50	4.00 - 5.00	4.75	4.75 - 5.25	5.25
Denver	2.0	3.0	8.50 - 9.50	12.00	4.75 - 5.15	5.75 - 6.50	5.00 - 5.25	5.75 - 6.25
Houston	3.0	3.0	8.00 - 9.00	10.00 - 12.00	4.50 - 5.00	4.75 - 6.00	5.00 - 5.25	5.25 - 6.50
Indianapolis	3.0	3.0	7.50 - 8.00	9.50 - 10.00	5.25 - 5.75	6.00 - 6.50	5.75	6.50
Los Angeles	3.0	2.75 - 3.00	8.00	13.50	4.25 - 4.50	5.00 - 5.50	4.75	5.25 - 5.50
Miami	3.0	3.0	7.50 - 8.50	8.50 - 9.00	4.75 - 5.00	4.95 - 5.25	4.75 - 5.00	5.25 - 5.50
Nashville	2.0	3.0	7.00 - 8.50	9.00 - 11.00	4.50 - 5.00	5.25 - 5.75	4.75 - 5.25	5.00 - 5.50
New York	3.0	3.5 - 5.0	7.00 - 7.50	8.50 - 10.00	4.75 - 5.00	4.50 - 5.75	4.75 - 5.00	5.00 - 5.25
Philadelphia	3.0	3.0	7.00 - 8.50	8.25 - 9.50	5.00 - 5.50	4.75 - 6.00	5.25 - 5.50	5.50 - 6.00
Phoenix	0.0 - 5.0	0.0 - 4.0	7.00 - 8.00	7.50 - 10.00	4.25 - 4.75	5.00 - 5.75	4.50 - 5.00	5.00 - 5.75
San Francisco	1.5 - 3.0	2.0 - 3.0	7.00 - 8.00	*	4.50 - 5.00	4.75 - 5.25	4.75 - 5.25	4.90 - 5.40
Seattle	4.5	4.0	7.00 - 7.50	10.00	4.50	5.00	4.75	5.25
Tampa	3.0	3.00 - 4.00	8.00	10.00	4.80	6.00 - 6.50	5.25	6.00 - 6.50
Washington, D.C.	3.0	3.0	6.00 - 6.75	8.00 - 8.50	4.75 - 5.25	5.00 - 5.50	5.00 - 5.25	5.25 - 5.75
Average	2.8	3.3	7.70	9.58	4.75	5.20	4.96	5.38

*Unreported

Note: Estimates are based on the expert opinion of local CBRE investment professionals.

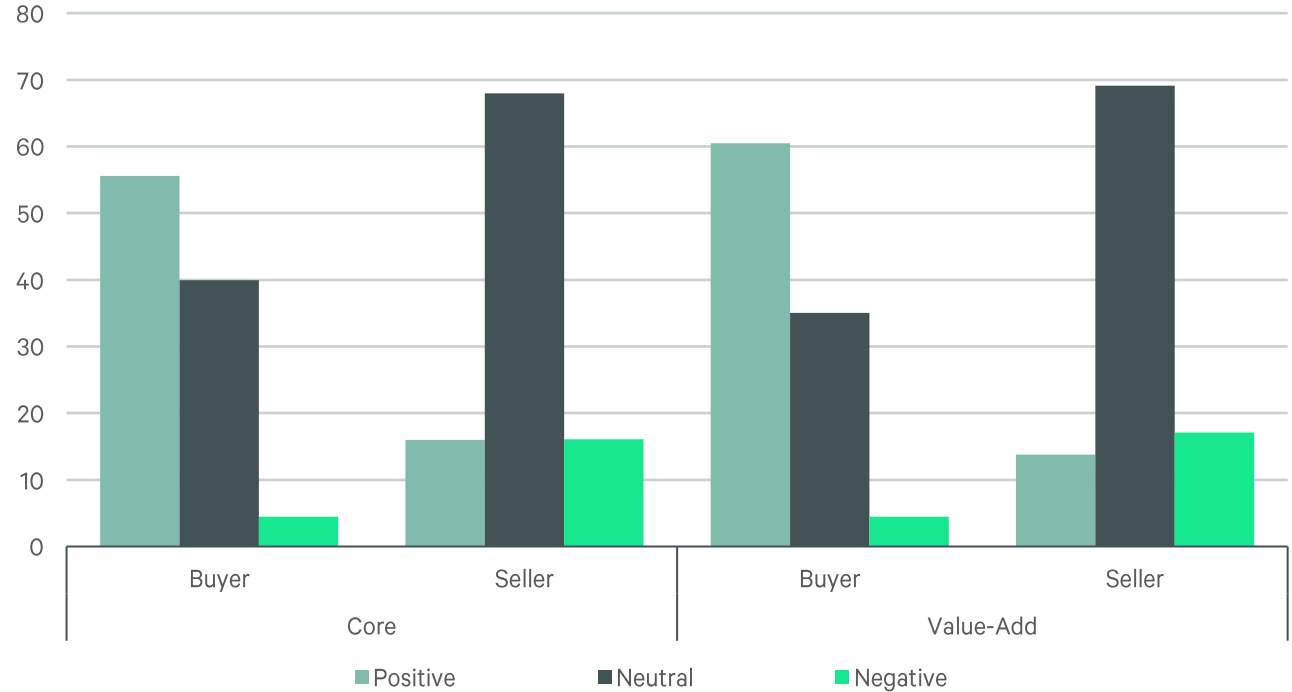
Source: CBRE Research, Q2 2025.

Buyer sentiment for both Core and Value-Add assets remain neutral-to-positive.

Seller sentiment remains largely neutral across both Core and Value-Add investments.

Buyer & Seller Sentiment for Core and Value-Add Assets

Survey Respondents (%)



Note: Estimates of sentiment are based on the expert opinion of local CBRE investment professionals.
Source: CBRE Research, Q2 2025.

Historically, Garden assets have maintained a cap rate spread over Mid/Highrise assets.

That spread had tightened considerably from 2020 through 2023 but has since seen a reversion back to a traditional spread over the last year and a half.

Cap Rates (%)

Source: CBRE Research, MSCI Real Assets, Q2 2025.

CBRE Cap Rate Survey H1 2025

As the discussion around Workforce or Essential Housing intensifies, CBRE's semi-annual Cap Rate Survey sheds some much needed light on the relative yields across classes of multifamily properties.

Infill Properties			Suburban Properties		
	Stabilized	Value Add		Stabilized	Value Add
Class A	5.1%	5.3%	Class A	5.2%	5.2%
Class B	5.5%	5.7%	Class B	5.5%	5.6%
Class C	6.4%	6.7%	Class C	6.3%	6.4%

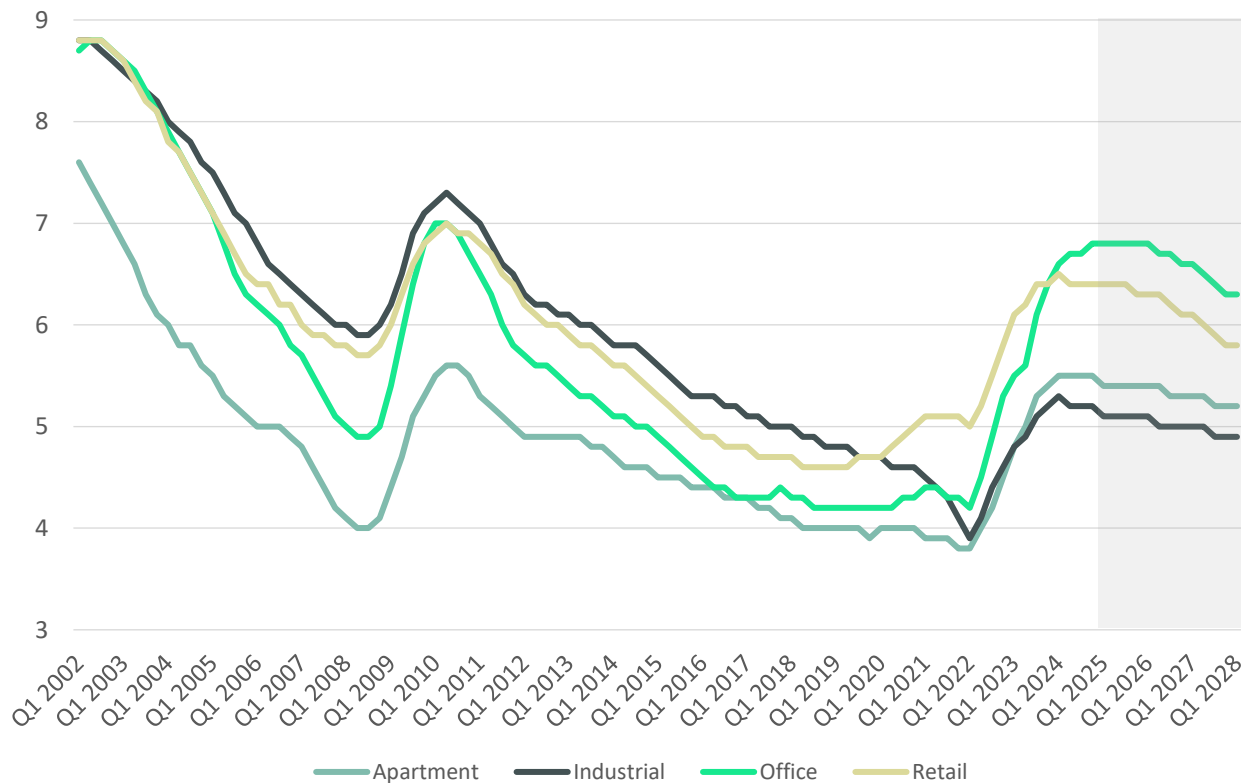
Source: CBRE Research, CBRE Econometric Advisors, CBRE Cap Rate Survey, H1 2025.

The drivers of cap rates

(e.g. GDP, inflation, interest rates, fundamentals, risk spreads, investment activity etc.)

are all expected to put modest downward pressure on cap rates for several years—though cap rates will likely remain relatively stable through 2025.

U.S. Cap Rates (%) by Sector with Forecast



Source: CBRE Research, CBRE Econometric Advisors, Q1 2025. Update available August 21, 2025.

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