Record Q2 Demand Buoys Multifamily Market

4.1%	83,000	188,200	+1.2%	$32.9B
Vacancy Rate	Completions (units)	Net Absorption (units)	Y-o-Y Rent Growth Rate	Investment Volume

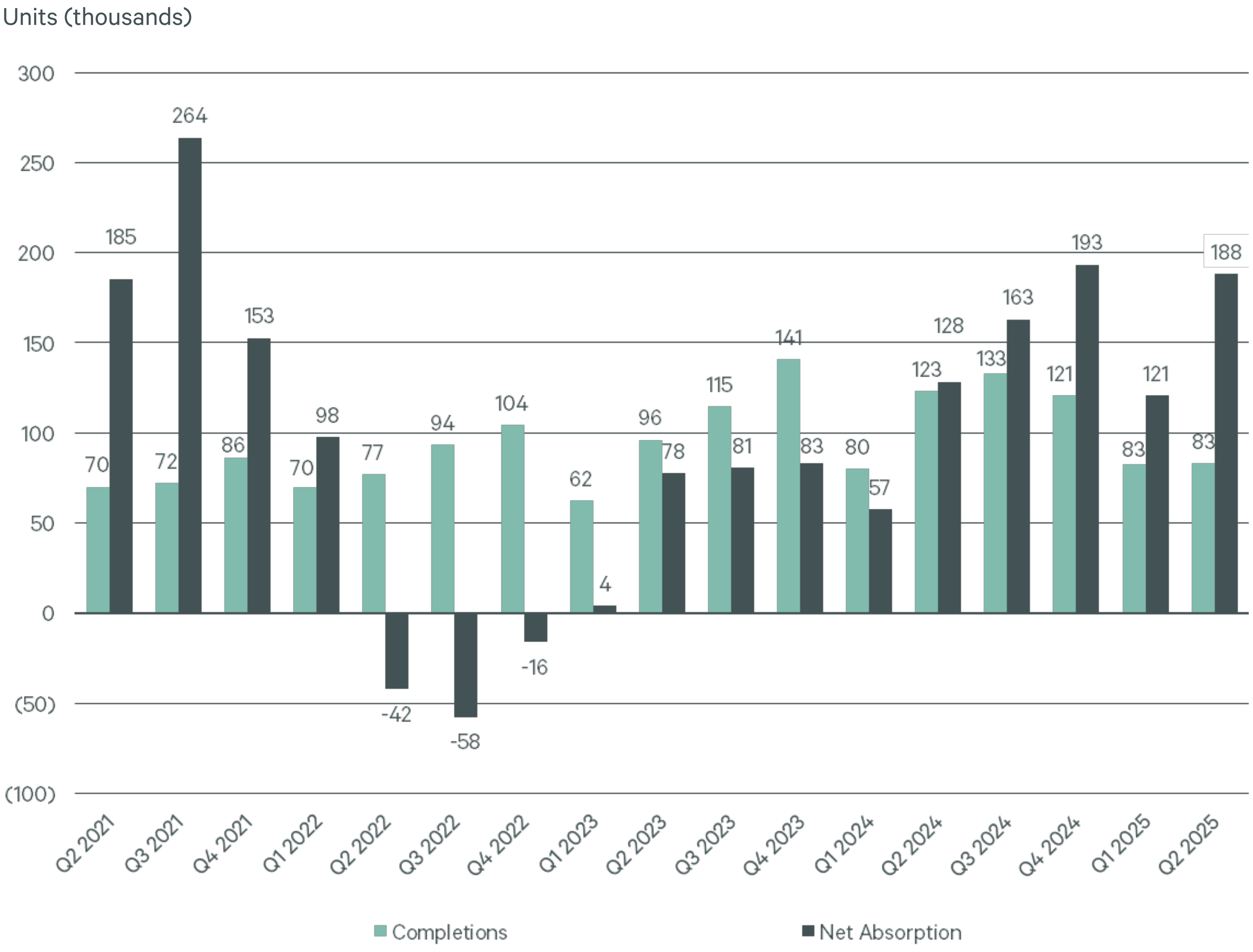
Note: Arrows indicate quarter-over-quarter change.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025. Based on the 63 markets that comprise CBRE EA's Sum of Markets.

Executive Summary

- The overall multifamily vacancy rate fell to 4.1% in Q2, as demand continued to outpace new deliveries.
- Average year-over-year effective rent growth increased to 1.2% in Q2, the first time in two years that rent growth exceeded 1%.
- Net absorption increased by 47% year-over-year to 188,200 units, the highest Q2 absorption on record and 44% above the pre-pandemic Q2 average.
- All 69 markets tracked by CBRE recorded positive net absorption in Q2.
- Construction completions held steady at 83,000 units in Q2, with fewer expected in coming quarters.
- Excluding Blackstone's entity-level acquisition of AIR Communities in 2024, Q2 multifamily investment volume increased by 7.1% year-over-year to $32.9 billion.

Figure 1
Demand far outpaces new supply

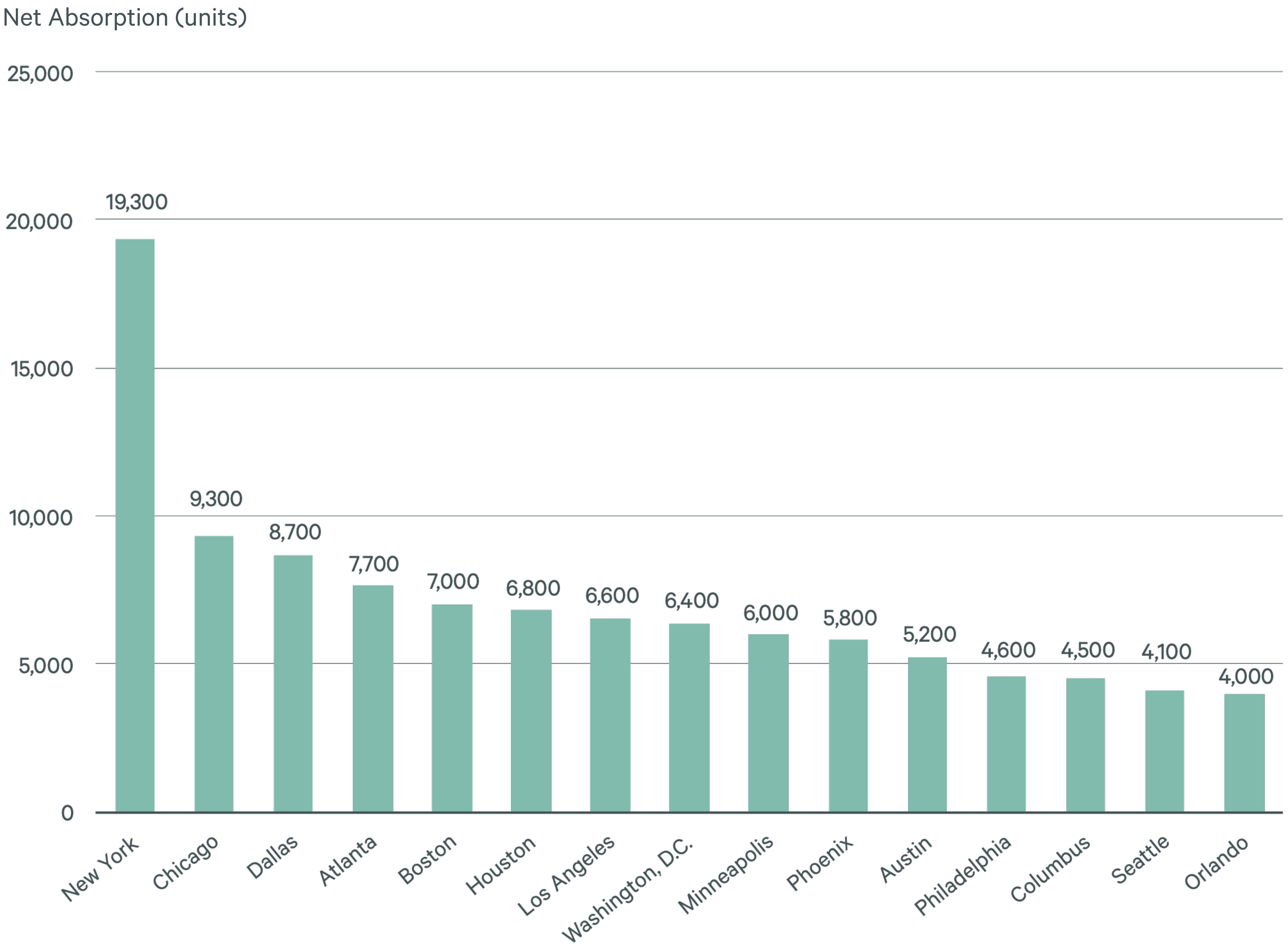
- Net absorption increased by 44% year-over-year to 188,200 units, the highest Q2 absorption on record and 44% above the pre-pandemic Q2 average.
- More than two units were absorbed for every unit completed in Q2. Rolling-four-quarter demand outpaced the 419,400 units added by 58%.
- Rolling-four-quarter net absorption of 665,000 units was only 5% below the record level. However, absorption is expected to moderate as vacancy and new deliveries continue to fall.



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

Figure 2
Top 15 markets for Q2 net absorption

- All 69 markets tracked by CBRE had positive net absorption in Q2, led by New York (19,300 units), Chicago (9,300) and Dallas (8,700).
- All markets recorded positive annual net absorption, led by New York (69,200 units), Dallas (33,300) and Houston (28,400). Sixty-six had year-over-year increases in annual net absorption.
- On a trailing-four-quarter basis, Sun Belt markets continued to outperform with the highest absorption rates as a percentage of total inventory, led by Raleigh (8.1%), Austin (7.4%) and Charlotte (7.2%).



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

Figure 3
Absorption outpaces new supply across nation

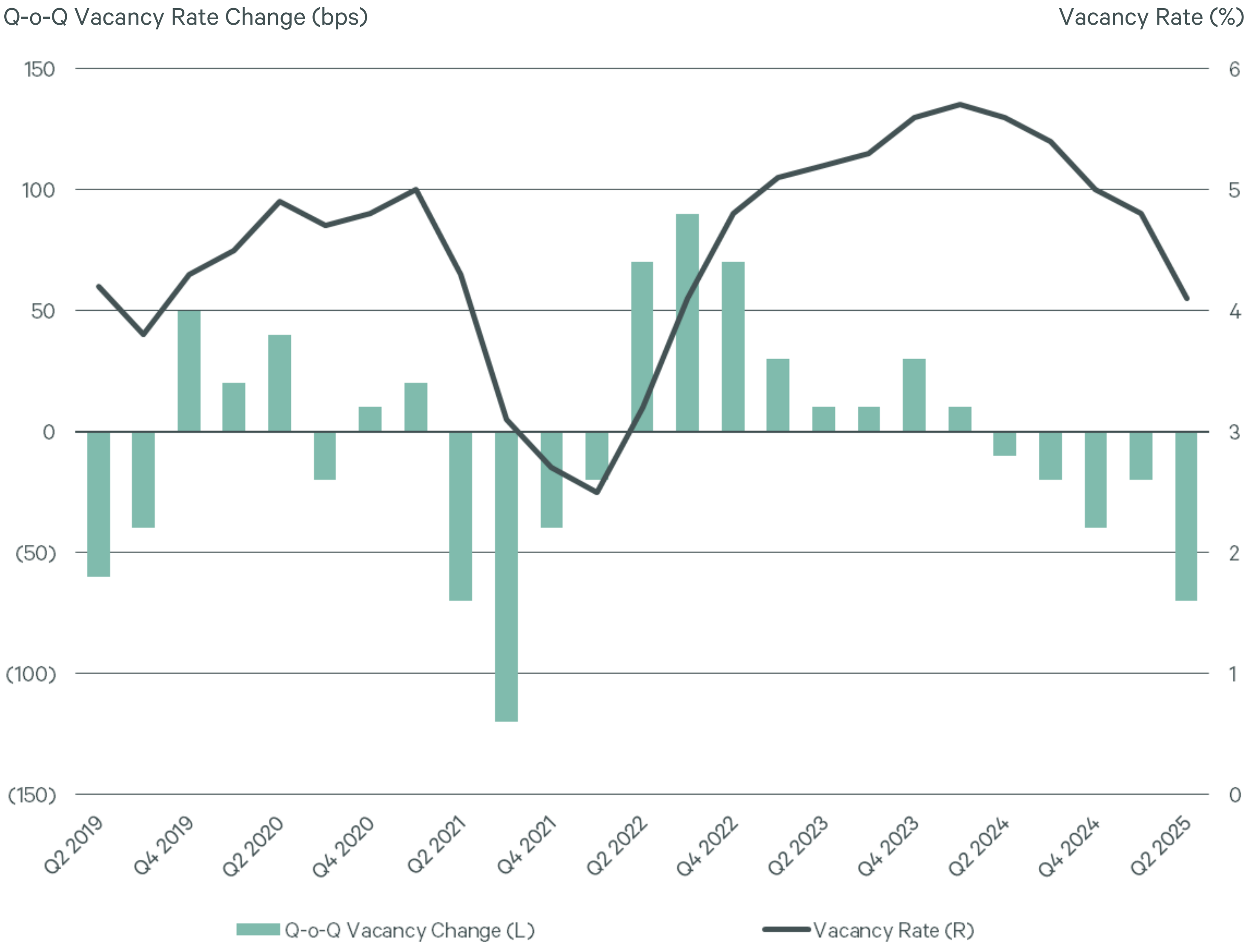
- On a rolling-four-quarter basis, all top 20 markets for new supply continued to see more absorption than completions.
- Sixty-eight markets saw net absorption exceed new completions in Q2, led by New York (+11,600 units), Chicago (+8,500) and Atlanta (+4,700). Miami absorbed the same number of new completions.
- All top 20 markets for new completions had positive net absorption in Q2 and on a rolling-four-quarter basis. They accounted for 69% of national completions and 64% of net absorption over the past four quarters.
- The top five markets for construction completions on a rolling-four-quarter basis (New York, Dallas, Austin, Washinton, D.C. and Atlanta) accounted for 29% of the national total. New York had 41,400 units completed, 10% of the national total.
- There were 572,600 units under construction in Q2, representing 3.2% of existing inventory. This is down from a peak of 760,400 units in Q1 2024. New York had the most units under construction (57,600), followed by Dallas (30,700) and Houston (24,200).

		Rolling 4-quarters as of Q2 2025		Q2 2025		As % of Inventory	
Rank by Annual Completions	Market	Completions	Net Absorption	Completions	Net Absorption	Completions	Net Absorption
	Sum of Markets	419,500	665,300	83,000	188,200	2.4	3.8
1	New York	41,400	69,200	7,700	19,300	1.7	2.8
2	Dallas	24,900	33,300	5,300	8,700	3.9	5.3
3	Austin	19,200	22,900	3,200	5,200	6.6	7.8
4	Washington, DC	18,200	27,700	4,000	6,400	2.7	4.2
5	Atlanta	16,600	26,300	2,900	7,700	3.3	5.3
6	Houston	16,100	28,400	3,600	6,800	2.3	4.1
7	Phoenix	16,000	21,800	3,700	5,800	3.9	5.3
8	Denver	14,200	16,100	2,100	3,200	3.8	4.3
9	Orlando	12,300	15,700	2,100	4,000	4.7	6.0
10	Raleigh	12,100	14,500	2,000	3,300	7.2	8.7
11	Charlotte	11,900	15,300	2,200	3,800	5.9	7.6
12	Seattle	11,400	17,100	1,500	4,100	2.6	3.9
13	Los Angeles	11,100	23,200	3,200	6,600	1.0	2.0
14	Miami	11,000	12,200	2,900	2,900	3.3	3.6
15	Nashville	9,800	11,500	2,200	3,400	5.3	6.2
16	Boston	9,600	16,200	3,000	7,000	1.8	3.0
17	Minneapolis	9,500	15,500	2,000	6,000	2.8	4.5
18	Philadelphia	9,100	13,600	1,700	4,600	2.7	4.0
19	Tampa	9,000	14,300	800	2,200	3.1	4.9
20	Jacksonville	7,500	10,000	1,400	1,900	5.5	7.4

Note: All ratios based on unrounded figures of four-quarter totals.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Figure 4
Strong demand lowers vacancy rate to 4.1%

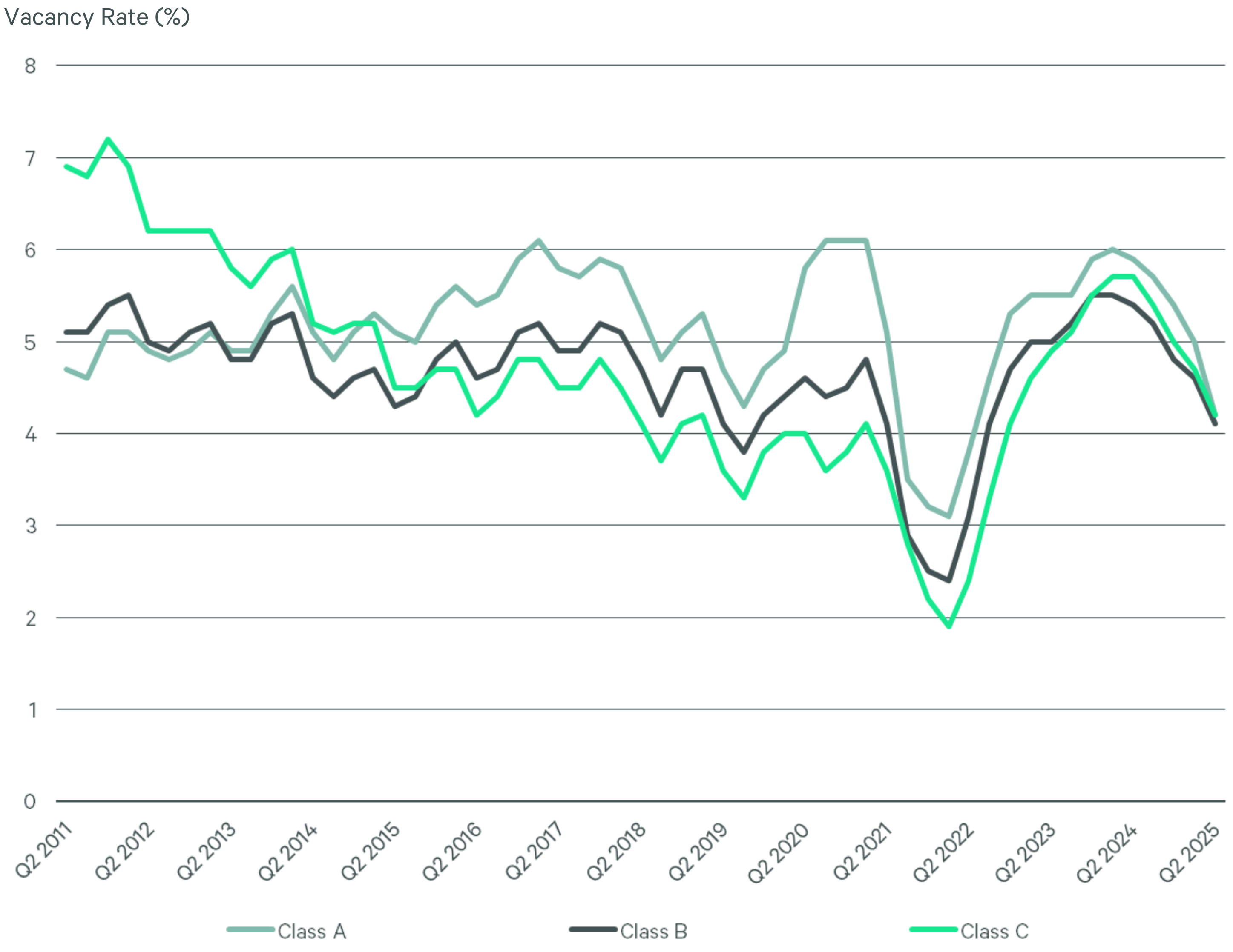
- Net absorption outpaced new deliveries for the fifth consecutive quarter, lowering the overall vacancy rate by 70 basis points (bps) to 4.1%. This was the second biggest Q2 vacancy decrease on record.
- Fifty markets now have vacancy rates below their pre-pandemic average, up from 38 markets in Q1, 30 in Q4 2024 and 19 in Q3 2024.
- Vacancy rates decreased quarter-over-quarter in 68 markets, up from 52 in Q1. This trend is expected to continue in the coming quarters as construction completions slow.
- Providence had the lowest vacancy rate at 2.3%, followed by New York at 2.7% and Long Island and Newark each at 2.8%.
- Twenty-nine markets finished Q2 with sub-4% vacancy rates, up from 11 markets in Q1. Twenty-one markets had vacancy rates of between 4% and 5% (down from 27 in Q1), while 19 markets had vacancy rates above 5% (down from 31).



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

Figure 5
Vacancy declines across all asset classes

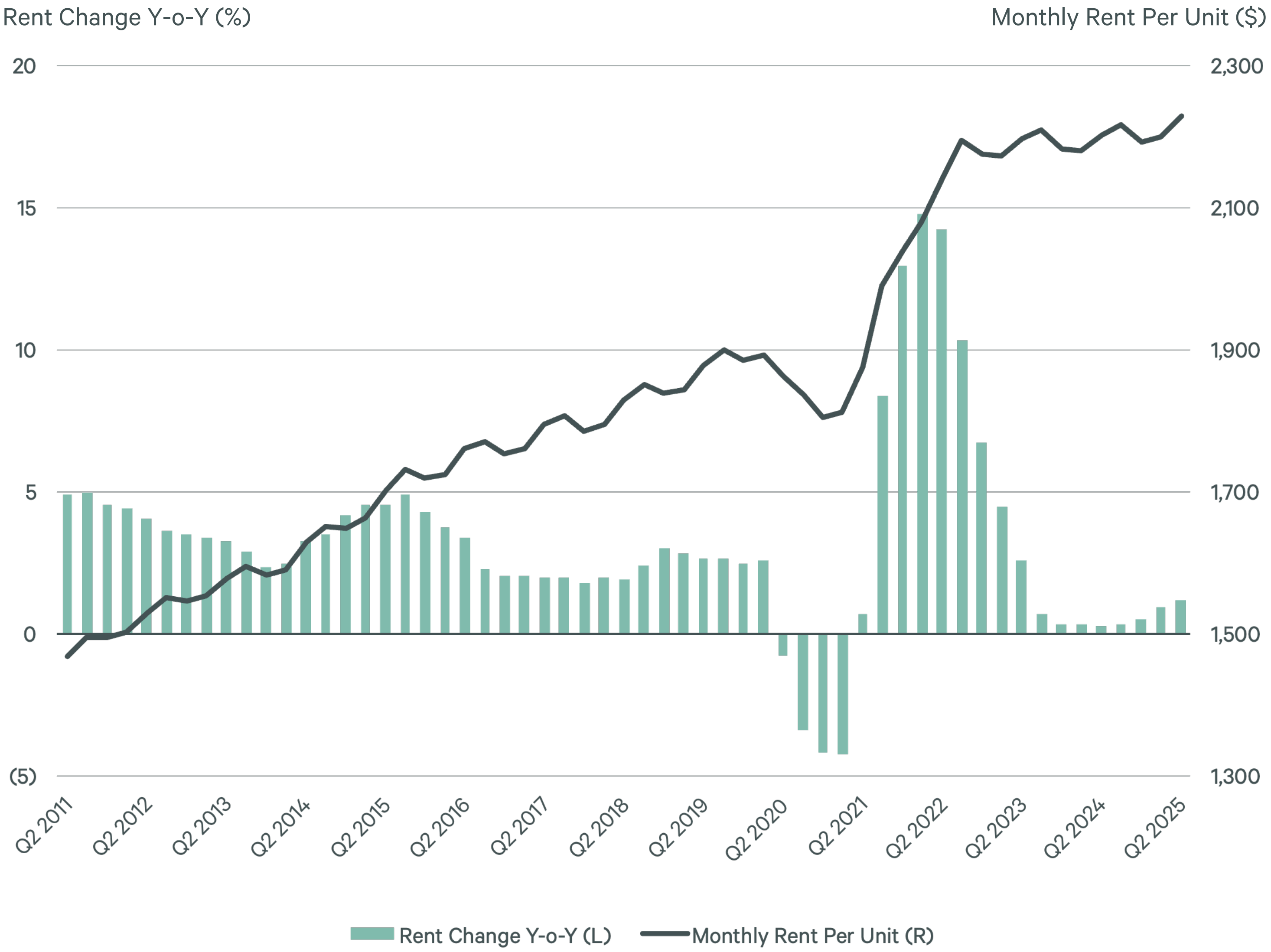
- The average vacancy rate for all three asset classes fell by 50 to 80 bps in Q2. Class A fell to 4.2%, Class B to 4.1% and Class C to 4.2%.
- The historically tight spread among asset class vacancy rates resulted in strong rent growth for both Class A (3.3%) and Class C (2.8%) assets. Class B has seen very little rent growth for eight quarters and rents are still 0.6% lower than their Q3 2022 peak.
- Q2 vacancy rates for all three classes were well below their 2011-2019 averages. Owners have been holding rents steady and offering concessions to increase occupancy levels, which now appear to have stabilized. This will likely result in accelerated rent growth in coming quarters.



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

Figure 6
Average rent grows by 1.2%

- Average monthly rent increased by 1.2% year-over-year and 1.3% quarter-over-quarter to $2,228. This is the first quarter rent has grown by more than 1% since Q2 2023.
- As negative rent growth continues to recede in markets with substantial new supply, overall average annual rent growth and occupancy levels will likely improve.



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

Figure 7
Rent growth by region

- The Midwest led the country for year-over-year rent growth with 3.7%, followed by the Northeast with 3.1% and the Pacific with 1.0%.
- Negative year-over-year rent growth moderated to 0.6% in the Southeast but accelerated to 2.2% in the South Central region and 3.7% in the Mountain region.
- Twenty-six markets had negative year-over-year rent growth in Q2, up from 18 in Q1. Sixteen markets had increases in negative rent growth quarter-over-quarter, up from eight in Q1.
- San Francisco had the biggest increase in year-over-year rent growth (240 bps), followed by Ventura (120 bps) and Chicago (110 bps). Corpus Christi had the biggest decrease of 230 bps.
- Austin, Phoenix and Denver had the highest year-over-year negative rent growth in Q2.

Rank	Market	Q2 % Rent Change Y-o-Y
	ALL MARKETS	
	Sum of Markets	**1.2**
	PACIFIC	
	Region	**1.0**
1	San Francisco	5.4
2	San Jose	3.7
3	Ventura	2.5
4	Orange County	2.2
5	Seattle	1.7
6	Oakland	1.0
7	Portland	0.2
8	Sacramento	0.1
9	Los Angeles	0.1
10	Inland Empire	0.0
11	Honolulu	-0.3
12	San Diego	-0.6
	MOUNTAIN	
	Region	**-3.7**
1	Albuquerque	0.9
2	Salt Lake City	-1.3
3	Las Vegas	-2.0
4	Tucson	-3.8
5	Colorado Springs	-4.0
6	Phoenix	-4.5
7	Denver	-4.8

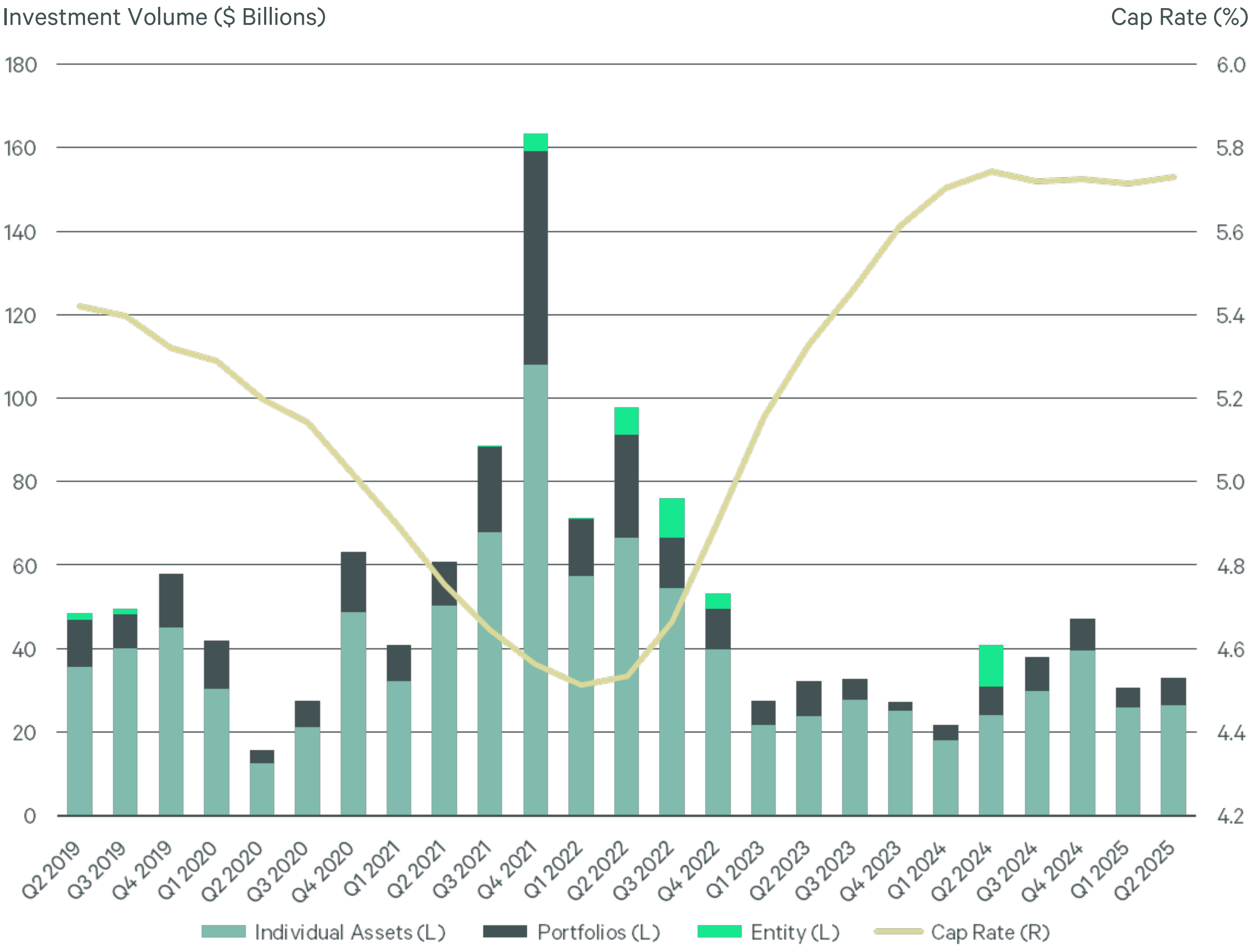
Rank	Market	Q2 % Rent Change Y-o-Y
	SOUTH CENTRAL	
	Region	**-2.2**
1	Tulsa	2.2
2	Oklahoma City	1.5
3	Houston	-0.5
4	El Paso	-0.6
5	Corpus Christi	-1.3
6	Ft. Worth	-1.8
7	Dallas	-2.2
8	San Antonio	-3.4
9	Austin	-7.2
	SOUTHEAST	
	Region	**-0.6**
1	Lexington	6.2
2	Richmond	3.3
3	Norfolk	2.5
4	Greenville	2.4
5	Miami	0.9
6	Tampa	0.9
7	Birmingham	-0.1
8	Louisville	-0.4
9	Greensboro	-0.4
10	West Palm Beach	-0.8
11	Memphis	-0.8
12	Ft. Lauderdale	-0.9
13	Charlotte	-1.2
14	Raleigh	-1.5
15	Jacksonville	-2.3
16	Orlando	-2.3
17	Nashville	-2.5
18	Atlanta	-2.6

Rank	Market	Q2 % Rent Change Y-o-Y
	MIDWEST	
	Region	**3.7**
1	Chicago	5.5
2	Omaha	4.4
3	Cincinnati	3.8
4	Kansas City	3.7
5	Dayton	3.6
6	Cleveland	3.1
7	Columbus	3.0
8	Madison, WI	2.9
9	Detroit	2.9
10	Milwaukee	2.7
11	Minneapolis	2.6
12	St. Louis	2.3
13	Indianapolis	1.3
	NORTHEAST	
	Region	**3.1**
1	Providence	5.7
2	Hartford	5.2
3	Long Island	3.4
4	Newark	3.3
5	New York	3.2
6	Pittsburgh	3.0
7	Boston	3.0
8	Washington, D.C.	2.6
9	Philadelphia	2.4
10	Baltimore	1.7

Note: based on effective same-store rents.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

Figure 8
Investment volume improves in H1

- Excluding Blackstone's entity-level acquisition of AIR Communities in 2024, multifamily investment volume rose by 22% year-over-year in H1 2025 to $63.6 billion.
- Q2 multifamily investment volume rose by 7.2% quarter-over-quarter and, excluding the Blackstone deal, by 7.1% year-over-year to $32.9 billion.
- The multifamily sector had the largest share of total commercial real estate investment volume in Q2 at 34%.
- The average multifamily cap rate held firm at 5.7% in Q2. CBRE's Q2 2025 Multifamily Underwriting Survey found that cap rates used to underwrite deals for core and value-add assets marginally improved in Q2. This will likely be reflected in Q3 deal closings.



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

Figure 9
Top markets for investment volume

- Dallas-Ft. Worth was the top market for rolling four-quarter investment volume with $11.3 billion, followed by New York with $10.7 billion and Los Angeles with $7.8 billion. Dallas-Ft. Worth had the largest absolute increase in investment ($3.8 billion) over the prior year, followed by New York ($3.2 billion) and Seattle ($2.8 billion).
- Annual investment volume for the six gateway markets of New York, Boston, Chicago, Los Angeles, San Francisco and Washington, D.C. totaled $39.2 billion, up by 18% from the prior year. These markets accounted for 27% of total U.S. multifamily investment volume in Q2.

	Market	Rolling 4-Quarter Investment ($B)	YoY Change (%)	% of Total	Cumulative % Total	Q2 2025 Investment ($B)	YoY Change (%)
	U.S. Total	148.91	21.8			32.93	-19.2
1	Dallas-Ft. Worth	11.26	50.8	7.6	7.6	2.92	63.4
2	New York Metro	10.68	42.6	7.2	14.7	2.54	-5.6
3	Greater Los Angeles	7.79	-5.1	5.2	20.0	1.96	-49.6
4	San Francisco Bay Area	6.73	34.5	4.5	24.5	2.08	-8.5
5	Atlanta	5.64	-0.4	3.8	28.3	1.39	0.4
6	Seattle	5.39	108.3	3.6	31.9	1.78	61.9
7	Boston	4.98	32.1	3.3	35.2	0.91	-35.3
8	Greater Washington D.C.	4.68	-20.0	3.1	38.4	0.62	-79.9
9	Denver	4.65	21.2	3.1	41.5	0.48	-49.1
10	Chicago	4.34	42.5	2.9	44.4	0.84	111.9
11	Phoenix	4.22	9.2	2.8	47.2	1.49	12.7
12	Miami-South Florida	4.06	-31.6	2.7	50.0	0.82	-77.3
13	Houston	3.70	5.9	2.5	52.5	0.81	-25.8
14	Charlotte	3.19	37.8	2.1	54.6	0.60	-24.2
15	San Diego	3.12	8.7	2.1	56.7	0.52	-47.8
16	Tampa	2.34	-6.0	1.6	58.3	0.62	-33.0
17	Austin	2.33	-27.8	1.6	59.8	0.04	-93.5
18	Orlando	2.22	9.4	1.5	61.3	0.32	-33.4
19	Las Vegas	2.10	377.3	1.4	62.7	0.30	81.4
20	Portland	2.06	89.3	1.4	64.1	0.40	114.5

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

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