Q3 2025

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Multifamily Supply Forecast Notes

For the Q3 2025 update, the Yardi Matrix Multifamily Supply Forecast was increased by about 2.0% for the years 2025 and 2026 and by 2.9% for 2027. For the later years, the forecast is unchanged.

Year	3Q 2025	2Q 2025	% Chg
2025	547,779	536,278	2.1%
2026	430,061	422,301	1.8%
2027	360,558	350,257	2.9%
2028	410,205	406,856	0.8%
2029	425,287	426,461	-0.3%
2030	453,668	451,670	0.4%

Source: Yardi Matrix

Near-Term Forecast: 2025 and 2026

The Q3 forecast update has increased forecast completions for 2025 and 2026 by roughly 2.0%. The increase was driven by a slightly larger-than-anticipated under-construction pipeline at mid-year 2025. On a year-over-year basis, the under-construction pipeline has declined by 16.4% to 1.027 million units. Despite the decline, this level easily supports a modest increase in forecast completions to nearly 550,000 units for 2025 and 430,000 units in 2026.

For 2027, the forecast has been increased by 2.9%, primarily driven by a better-than-anticipated level of construction starts through mid-year. Year-to-date construction starts are currently at a similar level to the same period in 2024. The current forecast anticipates a modest reduction in starts for the second half of 2025 and a corresponding bottom in new supply in 2027 at 360,000 units. If construction starts in the latter half of 2025 remain at 2024 levels, subsequent forecasts for 2027 will need to be revised higher.

Forecast Coverage

The supply forecast covers market rate, partially and fully affordable, and senior, a multifamily property types, as well as single-family rental units. Since most under-construction and planned properties have identified property types, the first three years of the forecast can be broken out by sector.

	Actual Completions						Forecast Completions		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Market*	309,758	325,195	375,558	325,420	401,814	518,471	421,647	324,060	278,196
Affordable	41,486	44,890	47,516	57,250	67,550	95,859	75,496	71,919	49,031
Senior**	9,853	11,739	10,457	10,046	13,230	12,805	9,888	6,843	8,512
SFR	6,510	7,663	10,982	17,659	33,733	42,404	40,748	27,239	24,819
Total	367,607	389,487	444,513	410,375	516,327	669,539	547,779	430,061	360,558

*Notes: *Market: Includes both market-rate and partially affordable properties. **Senior: Includes both fully and partially age-restricted properties.*
Source: Yardi Matrix

Completions peaked in 2024 at nearly 670,000 units, a 50.6% increase over the new supply delivered in 2021. The increase was not evenly distributed between property types. Market rate new supply increased 38.1%, while affordable new supply more than doubled and SFR new supply nearly quadrupled.

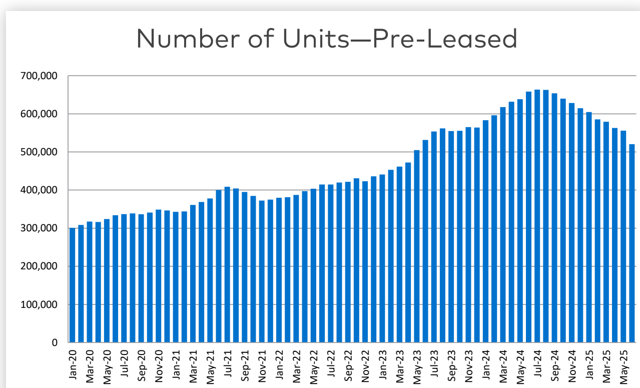
Completions are forecast to decline through 2027. But like the trend in completion history, the decline in forecast completions will not be evenly distributed. Market rate apartment deliveries are forecast to decline by 37.5% in 2026 compared to 2024, a much steeper drop than affordable (-25.0%) or single-family build-to-rent (-35.8%) segments over that period.

This disparity could be even larger. The recently enacted One Big Beautiful Bill Act includes a 12.5% increase in federal funds for Low-Income Housing Tax Credits that will increase the size of the program to $14 billion. It also reduces the tax-exempt bond financing threshold to receive LIHTC credits from 50% to 25%. Combined, these two policy changes increase both funding and eligibility for affordable housing projects.

Under-Construction Pipeline

For markets tracked by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q2 2025 with 1.027 million units, a 6.5% decline quarter-over-quarter and a 16.4% decline year-over-year. The under-construction pipeline peaked in March 2024.

The decline in the under-construction pipeline was driven primarily by units in pre-lease. At the close of Q2, 520,217 under-construction units were in pre-lease, a 10.2% decline quarter-over-quarter and a 21.0% decline year-over-year. Most of this inventory should be completed over the next nine months.

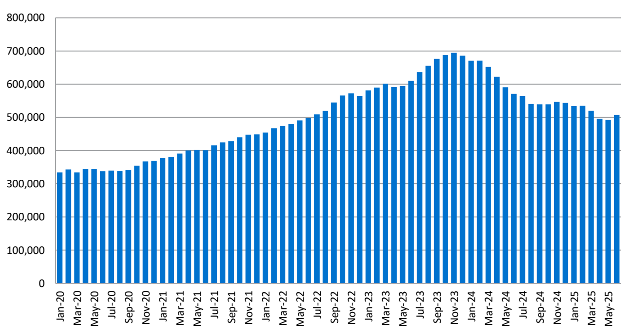


Source: Yardi Matrix

The number of units under construction but not in pre-lease peaked in November 2023 at 694,457. Since then, this segment of the development pipeline declined 27.0% from the peak to stand at 506,962 units at the end of Q2 2025. This represents a 2.5% decline quarter-over-quarter and an 11.2% decline year-over-year.

This inventory is earlier in the development process compared to units in pre-lease and should take longer to complete. Most of these units should be completed in the second half of 2026 or in 2027.

Number of Units—Under Construction



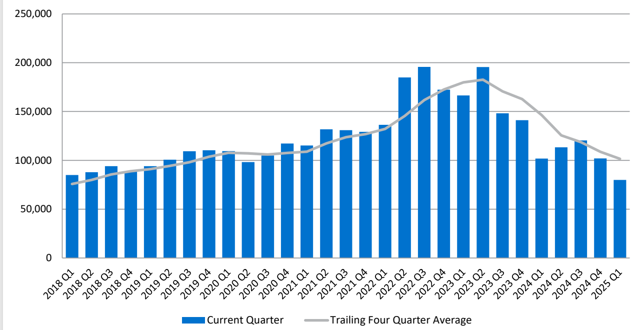
Source: Yardi Matrix

Construction Starts

Q1 2025 multifamily construction starts tracked by Yardi Matrix currently stand at 79,958 units. For the full year, our research team has identified construction starts on 119,878 units. Matrix starts data is collected with a lag, so 2025 data will increase. However, year-to-date construction starts are currently at a level similar to the same period in 2024.

The U.S. Census Bureau's Residential Construction Report is a more current measure of new multifamily development. While their data does not closely track Yardi Matrix data in levels, it does track the change and provides some insight into where Matrix starts data will eventually land.

National Construction Starts—Number of Units (Trailing Four-Quarter Average)

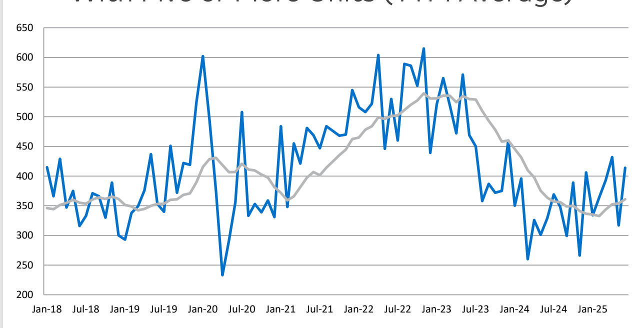


Source: Yardi Matrix

In June, the Census Bureau reported 414,000 units started on a seasonally adjusted and annualized basis for buildings with five or more units, rebounding from a weak 317,000 units reported in May. The data series is noisy on a monthly basis but has been trending slightly upwards in 2025, after bottoming in 2024.

Both Yardi Matrix and Census Bureau data show construction starts through mid-year 2025 at a similar-to-better pace than was recorded in 2024. Given current completion times, units started in 2025 will likely be completed in 2027. The current forecast assumes full-year 2025 construction starts will end up slightly below 2024's level. If current trends persist, subsequent forecasts for 2027 will likely be revised higher.

Housing Units Started—Structures With Five or More Units (TTM Average)



Source: U.S. Census Bureau/U.S. Department of Housing and Urban Development

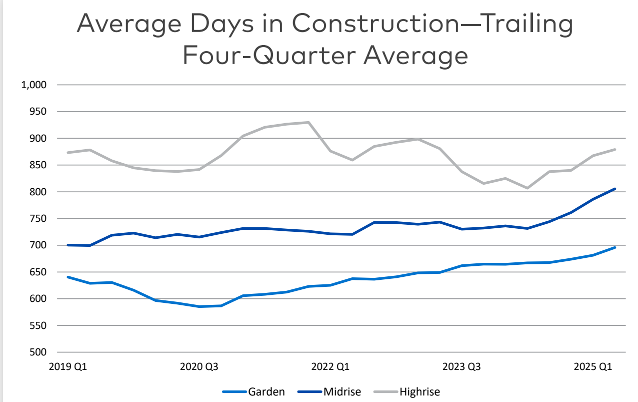
Days in Construction

Days in construction remains elevated. Completion times for garden properties completed in Q2 2025 increased to a series high. Q2 mid-rise completion times moderated but remain near the series highs recorded in Q1.

For garden properties completed in Q2, the average completion time increased to 722 days (24.1 months), a series high and above the trailing four-quarter average of 696 days (23.2 months).

Mid-rise properties completed in Q2 averaged 804 days (26.8 months), a modest retreat from the record high observed in Q1 and nearly in line with the trailing four-quarter average of 806 days (26.9 months).

Average completion times for high-rise properties retreated in Q2 to 811 days (27.0 months). This is well below the trailing four-quarter average of 879 days (29.3 months)



Source: Yardi Matrix

Long-Term Forecast: 2027 Through 2030

For this quarter's forecast update, the longer-term forecast is substantially unchanged.

The uncertainty around the Trump administration trade policy looks to be resolving itself. Recently announced tariff agreements have settled around a 15% rate, lower than initially proposed in April. The Budget Lab at Yale currently estimates the average effective tariff rate to be 18.2%, which reduces real GDP growth by 0.5 percentage points in 2026 and 0.4 percentage points over the longer term.

While tariff policy introduces a headwind to the broader economy, it is not sufficiently large enough to push the economy into recession. The recently passed One Big Beautiful Bill Act will continue to provide an unusually high level of fiscal support to the economy and makes a near-term recession an unlikely possibility.

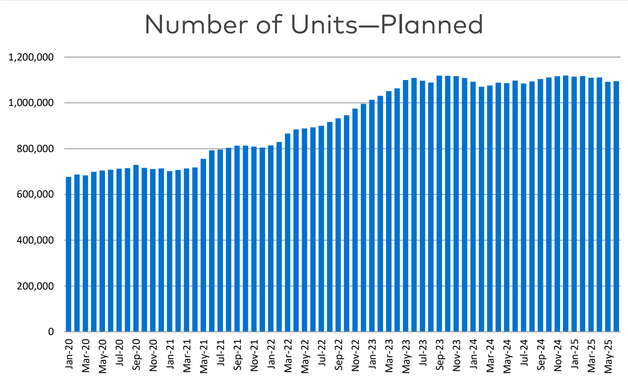
Thus, the longer-term forecast assumes continued steady but unspectacular economic and employment growth, continued deceleration in service-related inflation, and a transitory increase in goods-related inflation. This leaves room for the Federal Reserve to lower short-term rates by 50 basis points in late 2025, with additional moderate easing to follow in 2026.

Lower interest rates and continued modest economic growth provide a tailwind for new multifamily development in 2026. As a result, the forecast continues to model construction starts bottoming in 2025 and rebounding in 2026, with further growth in new development activity in subsequent years. The end result is new supply increasing to 410,000 units in 2028 and gradually increasing to more than 450,000 units by 2030.

Planned and Prospective Pipelines

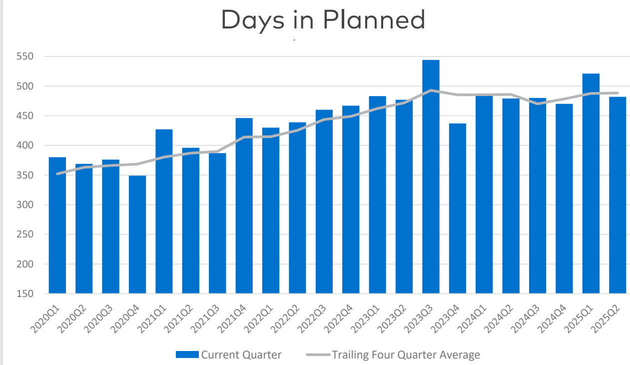
Together, the planned and prospective pipelines held 4.577 million units at the end of Q2 2025. The combined pipelines expanded 3.1% quarter-over-quarter and 8.7% year-over-year, driven by continued growth in the prospective pipeline.

The planned pipeline remains nearly stationary. At mid-year, the planned pipeline contained 1.095 million units, or roughly 2.5 times the number of units begun in 2024, and represents a 1.3% decline quarter-over-quarter and 0.2% decline year-over-year.



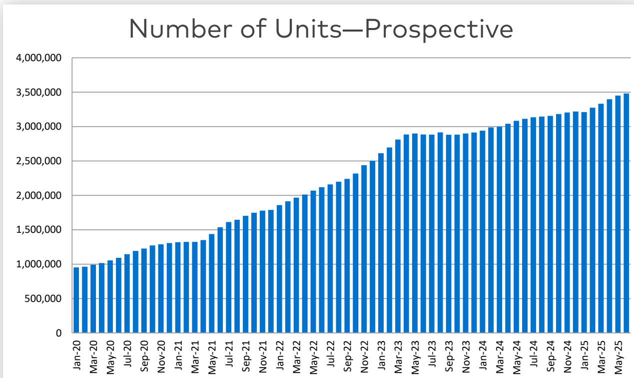
Source: Yardi Matrix

Days in planned for projects with construction started in Q2 declined to an average of 482 days (16.1 months), slightly below the trailing four-quarter average of 488 days (16.3 months). Days in planned has been relatively stable since mid-year 2023.



Source: Yardi Matrix

Unlike the under-construction or planned pipelines, the prospective pipeline continues to expand. It has now recorded month-over-month growth in 17 of the last 18 months. At mid-year, there were 3.482 million units in the prospective pipeline, a 4.5% increase quarter-over-quarter and an 11.1% increase year-over-year. Consistent growth in the prospective pipeline suggests long-term development interest remains robust.



Source: Yardi Matrix

Bottom Line

The under-construction pipeline continues to contract, declining 6.5% quarter-over-quarter and 16.4% year-over-year. However, it still contains 1.027 million units. As a result, the Q3 multifamily supply forecast update has increased forecast completions for full-year 2025 by 2.1% to 547,779 units and 2026 by 1.8% to 430,061 units.

Construction starts through mid-year 2025 are on a pace similar to 2024 construction starts. As a result, the forecast for 2027 has been increased by 2.9% to 360,558 units. The forecast currently models a slight decrease in construction starts for the remainder of 2025. If this fails to verify, 2027 completions in future forecast updates will be revised higher.

For the longer term, 2028 through 2030, the forecast is unchanged. Yardi Matrix continues to expect moderate economic growth and financial easing to support a rebound in new development activity taking hold in 2026, with increasing levels of new supply starting in 2028.

As always, Yardi Matrix is extremely focused on accurately maintaining our development pipeline data and identifying any changes in its evolution that will have a meaningful impact on future new supply.

—Ben Bruckner, Senior Research Analyst