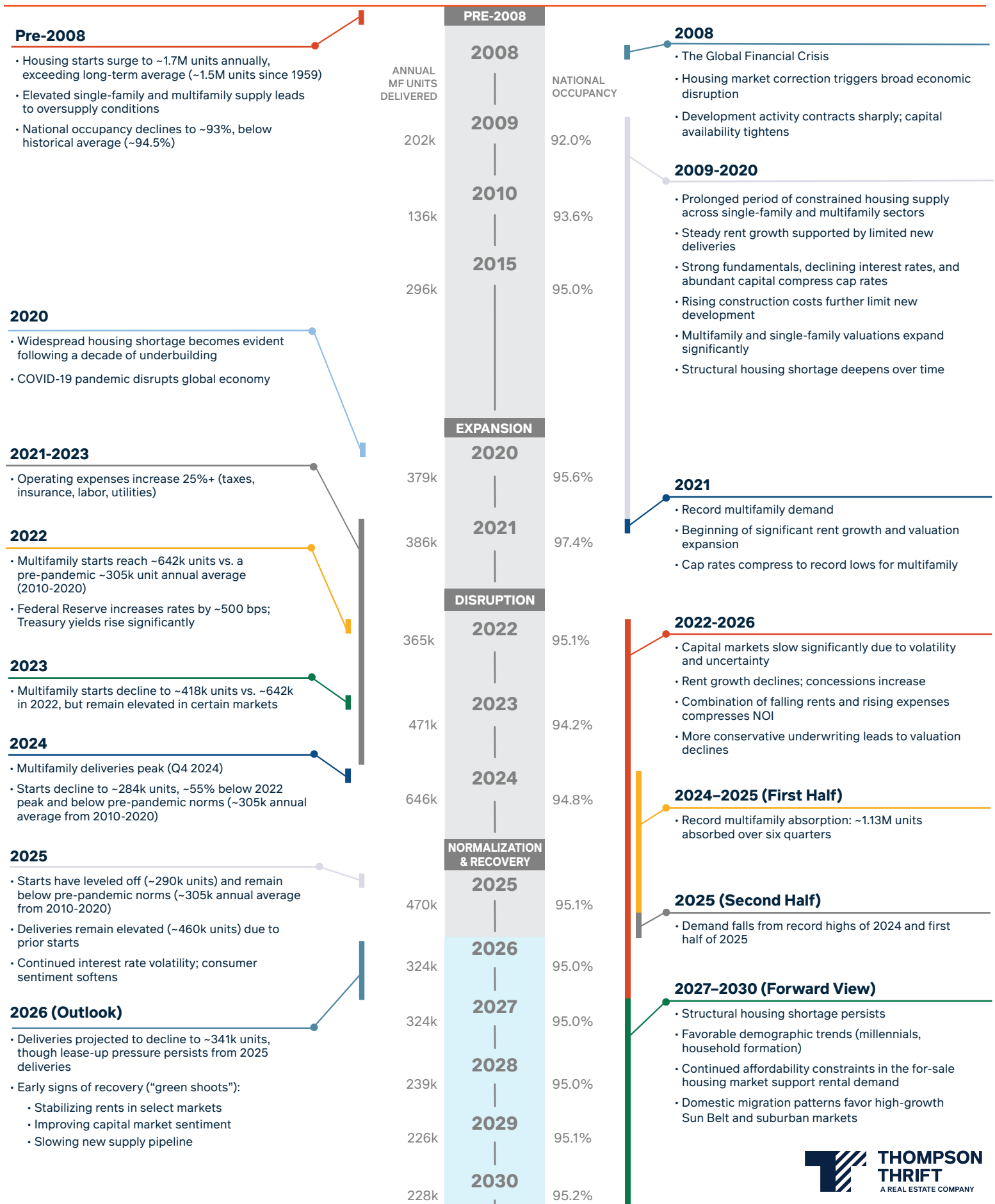


# The Multifamily Housing Cycle: Historical Trends, Outlook and Forward View

The current multifamily landscape is best understood within the context of the past eighteen years (2008-2026)



## Pre-2008

- Housing starts surge to ~1.7M units annually, exceeding long-term average (~1.5M units since 1959)
- Elevated single-family and multifamily supply leads to oversupply conditions
- National occupancy declines to ~93%, below historical average (~94.5%)

## 2020

- Widespread housing shortage becomes evident following a decade of underbuilding
- COVID-19 pandemic disrupts global economy

## 2021-2023

- Operating expenses increase 25%+ (taxes, insurance, labor, utilities)

## 2022

- Multifamily starts reach ~642k units vs. a pre-pandemic ~305k unit annual average (2010-2020)
- Federal Reserve increases rates by ~500 bps; Treasury yields rise significantly

## 2023

- Multifamily starts decline to ~418k units vs. ~642k in 2022, but remain elevated in certain markets

## 2024

- Multifamily deliveries peak (Q4 2024)
- Starts decline to ~284k units, ~55% below 2022 peak and below pre-pandemic norms (~305k annual average from 2010-2020)

## 2025

- Starts have leveled off (~290k units) and remain below pre-pandemic norms (~305k annual average from 2010-2020)
- Deliveries remain elevated (~460k units) due to prior starts
- Continued interest rate volatility; consumer sentiment softens

## 2026 (Outlook)

- Deliveries projected to decline to ~341k units, though lease-up pressure persists from 2025 deliveries
- Early signs of recovery ("green shoots"):
  - Stabilizing rents in select markets
  - Improving capital market sentiment
  - Slowing new supply pipeline

## PRE-2008

2008

2009

2010

2015

## EXPANSION

2020

2021

## DISRUPTION

2022

2023

2024

## NORMALIZATION & RECOVERY

2025

2026

2027

2028

2029

2030

## 2008

- The Global Financial Crisis
- Housing market correction triggers broad economic disruption
- Development activity contracts sharply; capital availability tightens

## 2009-2020

- Prolonged period of constrained housing supply across single-family and multifamily sectors
- Steady rent growth supported by limited new deliveries
- Strong fundamentals, declining interest rates, and abundant capital compress cap rates
- Rising construction costs further limit new development
- Multifamily and single-family valuations expand significantly
- Structural housing shortage deepens over time

## 2021

- Record multifamily demand
- Beginning of significant rent growth and valuation expansion
- Cap rates compress to record lows for multifamily

## 2022-2026

- Capital markets slow significantly due to volatility and uncertainty
- Rent growth declines; concessions increase
- Combination of falling rents and rising expenses compresses NOI
- More conservative underwriting leads to valuation declines

## 2024-2025 (First Half)

- Record multifamily absorption: ~1.13M units absorbed over six quarters

## 2025 (Second Half)

- Demand falls from record highs of 2024 and first half of 2025

## 2027-2030 (Forward View)

- Structural housing shortage persists
- Favorable demographic trends (millennials, household formation)
- Continued affordability constraints in the for-sale housing market support rental demand
- Domestic migration patterns favor high-growth Sun Belt and suburban markets