Kidder Mathews

WESTERN U.S. *MULTIFAMILY* BY THE NUMBERS

2026 Mid-Year Market Forecast

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MULTIFAMILY MOVES TOWARD BALANCE AS DEMAND STRENGTHENS

The multifamily sector is gradually returning to more balanced conditions following a significant wave of new apartment deliveries.

Elevated interest rates, slower job growth, and increased supply created headwinds throughout 2024 and 2025. However, market fundamentals began to improve in early 2026 as demand strengthened and new construction slowed.

Persistent affordability challenges also continue to support rental housing demand. High home prices, elevated mortgage rates, and limited for-sale inventory have kept many households in the renter pool, helping maintain healthy occupancy levels as the market continues to absorb recent deliveries.

INVESTMENT ACTIVITY *GAINS MOMENTUM* AS CONFIDENCE RETURNS

Multifamily investment activity is gaining momentum as capital markets stabilize and investor confidence improves.

Activity strengthened meaningfully during 2025 and into 2026 as lower interest rate volatility, improving lender activity, and clearer underwriting assumptions brought more buyers back to the market. Western U.S. transaction volume approached $40 billion in 2025 and remained near that pace during the first six months of 2026.

Investor interest is also being supported by growing expectations that market fundamentals will strengthen as new supply declines. With apartment starts and under-construction volumes continuing to fall, many investors are positioning for tighter market conditions and improving long-term performance.

LIMITED SUPPLY SUPPORTS CONTINUED MULTIFAMILY RENT GROWTH

The Western U.S. multifamily market remains one of the most expensive and supply-constrained regions in the country.

Steady job growth, limited housing inventory, and persistent affordability challenges continue to support rents, even as growth has moderated in some markets. Demand for quality multifamily housing remains resilient across major coastal metros.

San Francisco remains the most expensive apartment market in the United States, with average rents of $3,894 per unit across all sizes. Rents have continued to rise as workers return to the city and AI-focused hiring drives renewed demand. Looking ahead, rents are expected to trend upward over the near term, particularly in supply-constrained coastal markets, as solid employment growth forecasts and limited new housing deliveries support healthy occupancy and pricing power.

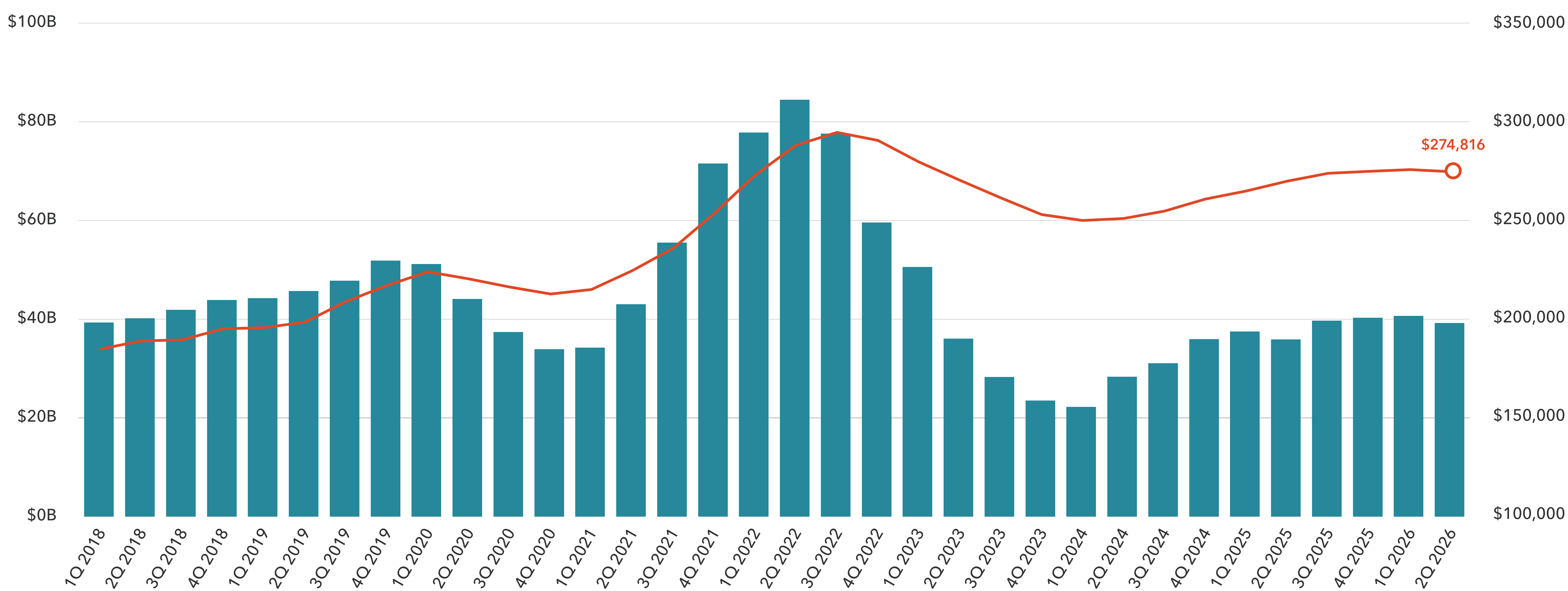
MULTIFAMILY OUTLOOK: *POSITIONED FOR GRADUAL STRENGTHENING*

The multifamily sector remains positioned for steady performance and gradual strengthening.

Strong renter demand continues to offset the effects of slower economic growth and elevated interest rates. The widening affordability gap between renting and homeownership remains one of the sector's strongest demand drivers, as high mortgage rates, elevated home prices, and limited housing inventory keep many households in the rental market longer.

Although rent growth is expected to remain modest in the near term, particularly in markets still absorbing recent deliveries, occupancy levels have generally stabilized and leasing activity remains healthy. At the same time, a sharp decline in new construction starts is reducing future supply pressure and setting the stage for improving fundamentals. Combined with growing investor interest and more stable capital markets, these trends support a favorable outlook for the sector over the next several years.

INVESTMENT MARKET *ACTIVITY*



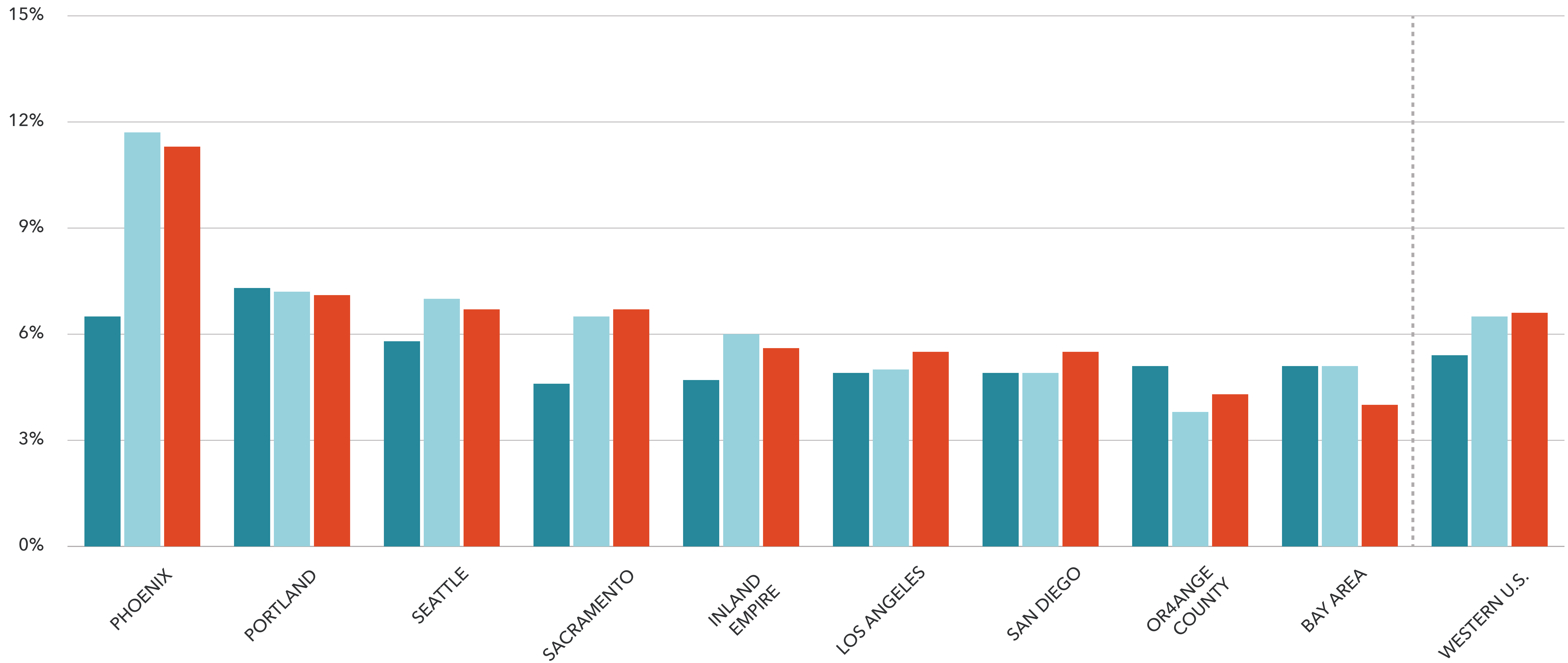
Criteria: Sales located in WA, OR, ID, NV, CA, AZ that were 5+ units and $1M+ in sale price

Source: Costar, Real Capital Analytics

TOTAL SALES VOLUME (ROLLING 4-QTR TOTAL)

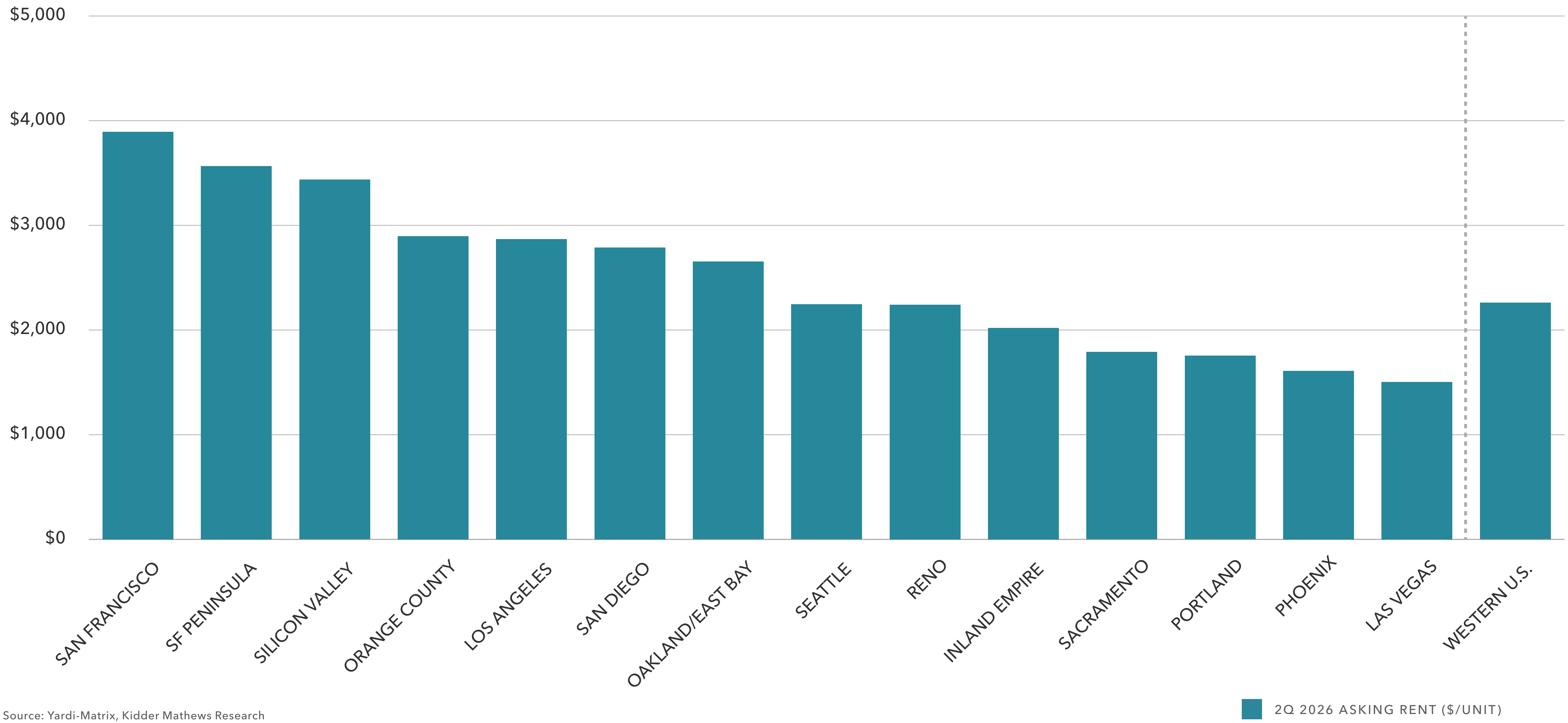
AVG $/UNIT (4-QTR ROLLING AVG)

VACANCY RATE *BY MARKET*



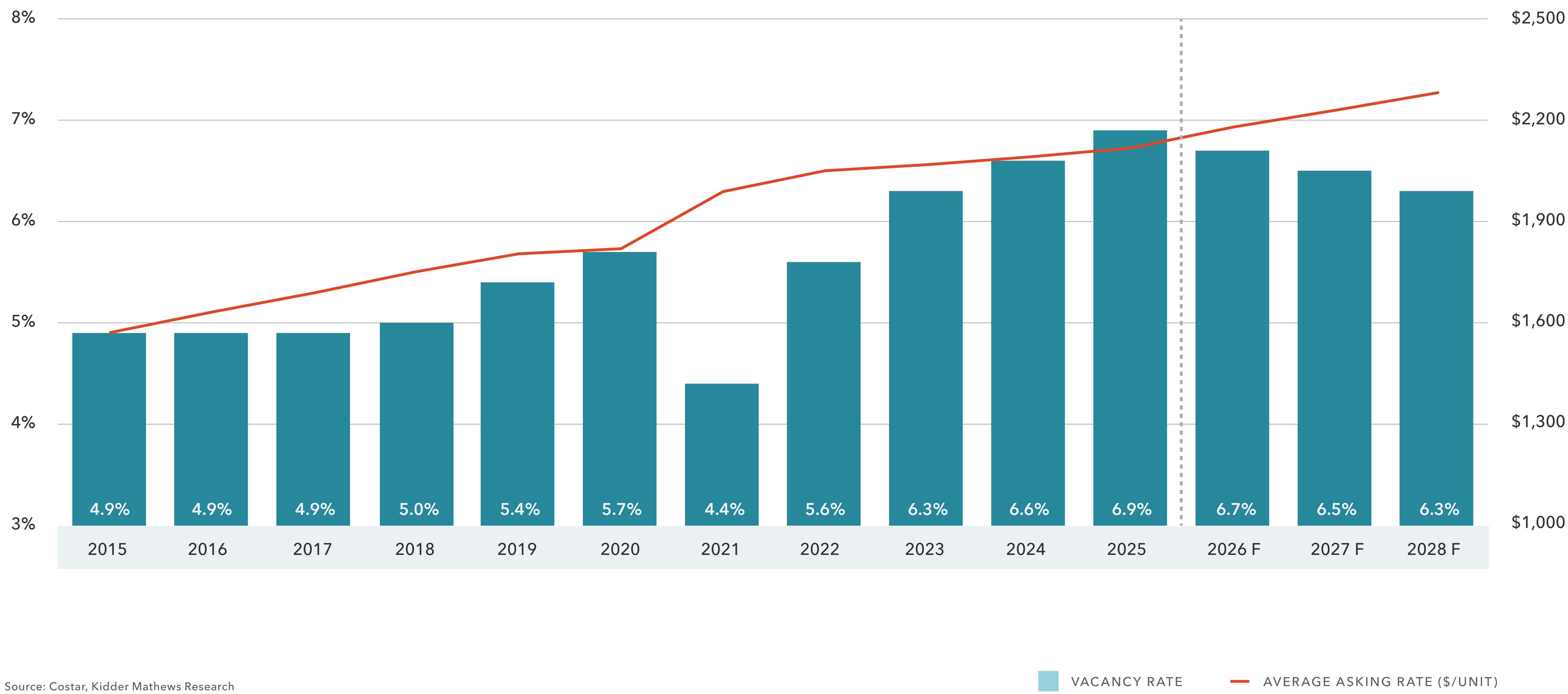
Source: Costar, Kidder Mathews Research

WESTERN U.S. *RENTS*



Source: Yardi-Matrix, Kidder Mathews Research

WESTERN U.S. *FORECAST*



Source: Costar, Kidder Mathews Research

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The information in this report was composed by the Kidder Mathews Research Group.

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Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S. with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona.

We offer a complete range of brokerage, appraisal, asset services, consulting, and debt equity finance services for all property types.

COMMERCIAL BROKERAGE

$9B	32.4M+	32.5M+
AVERAGE ANNUAL TRANSACTION VOLUME	ANNUAL SF OF SALES	ANNUAL SF OF LEASING

ASSET SERVICES

54M SF	800+	250+
MANAGEMENT PORTFOLIO SIZE	ASSETS MANAGED	CLIENTS SERVED

VALUATION ADVISORY

2,700+	42	23
AVERAGE ANNUAL ASSIGNMENTS	TOTAL NO. OF APPRAISERS	WITH MAI DESIGNATIONS