



# WESTERN U.S. *MULTIFAMILY* BY THE NUMBERS

*2026 Market Forecast*



# MULTIFAMILY WILL CONTINUE TO FIND ITS FOOTING IN 2026

*The multifamily sector enters 2026 with a gradual return to stability following several years of muted activity.*

Elevated interest rates, economic uncertainty, and a historic wave of new construction created meaningful headwinds throughout 2024 and 2025. More recent indicators, however, point to steadier conditions ahead. Vacancy rates, while still above pre pandemic norms, have largely stabilized, and a significant slowdown in new development is laying the groundwork for healthier balance in the future. Demand remains quiet as slower job growth weighs on leasing activity, yet persistent barriers to homeownership continue to support solid occupancy levels.

The Western U.S. multifamily investment market is navigating ongoing volatility as state and local governments continue to advance a wide range of policy initiatives. Regulatory initiatives are shaping return expectations, influencing future supply pipelines, and introducing added complexity to rent growth forecasts. While the long term effects are still evolving, these policy dynamics remain a key focus for market participants.



## RISING HOME OWNERSHIP COSTS FUEL MULTIFAMILY RENTAL DEMAND

*A widening affordability gap between renting and owning a home continues to underpin multifamily demand.*

Nationally, the average mortgage payment (\$2,339) is nearly 35% higher than the average multifamily rent (\$1,737). However, some analysts estimate that the total monthly cost associated with purchasing a median priced home is more than double the cost of renting. High mortgage rates, elevated home prices, and an acute shortage of available inventory all contribute to this disparity.

Compounding the challenge, more than half of all outstanding mortgages carry interest rates below 4%, discouraging existing owners from selling and then re-entering at today's higher interest rate. As a result, many households are remaining renters for longer periods, supporting strong renewal activity and occupancy stability.





## INVESTMENT ACTIVITY REBOUNDS AS 2025 CAPITAL MARKETS STABILIZE

*After a period of price adjustments and lower transaction volume, investment activity improved significantly in 2025.*

Capital markets stabilized as interest rate volatility diminished and underwriting assumptions became clearer. The Western U.S. aggregate transaction volume approached \$40B in 2025, supported by continued liquidity from lenders and greater investor confidence. Stabilizing cap rates, more predictable pricing, and expectations for gradually lower borrowing costs through late 2026 have further improved sentiment. Investors are increasingly positioning themselves ahead of projected tightening in fundamentals as multifamily starts fall sharply and the total number of units under construction declines.

However, policy driven volatility as evolving state and local regulations reshape both future investment activity and investment return expectations.

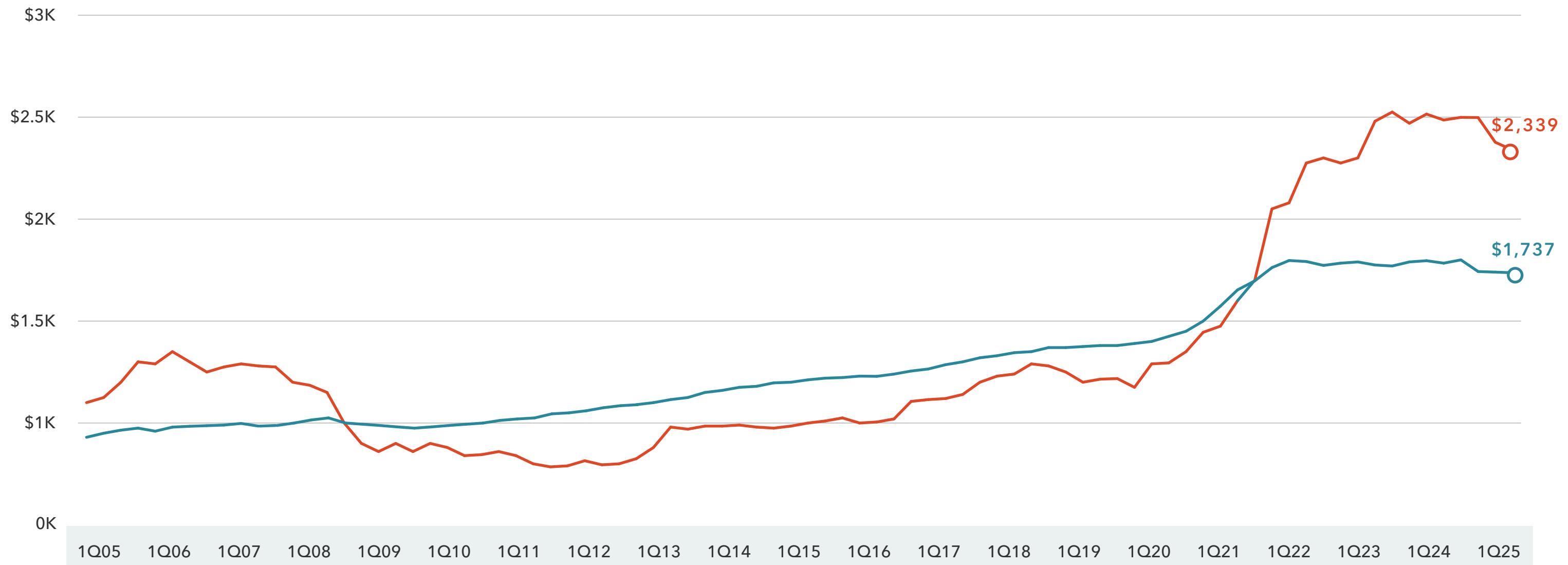


## STRONG RENTAL DEMAND AND INVESTMENT MOMENTUM TO PERSIST

*Multifamily performance in 2026 is expected to reflect the overlap of affordability, decreased supply levels, and improving capital flows.*

While economic uncertainty and slower job growth may temper near-term rent growth, particularly in high-supply markets, strong leasing and renewal activity, combined with ongoing homeownership challenges, should support stable occupancy. As construction pipelines continue to contract and affordability challenges persist, the sector is positioned for stable rent growth and healthier occupancy balance in the years ahead. Investors anticipate a multi-year runway of opportunity as the market resets and demand strengthens.

## MORTGAGE PAYMENTS VS MULTIFAMILY RENT

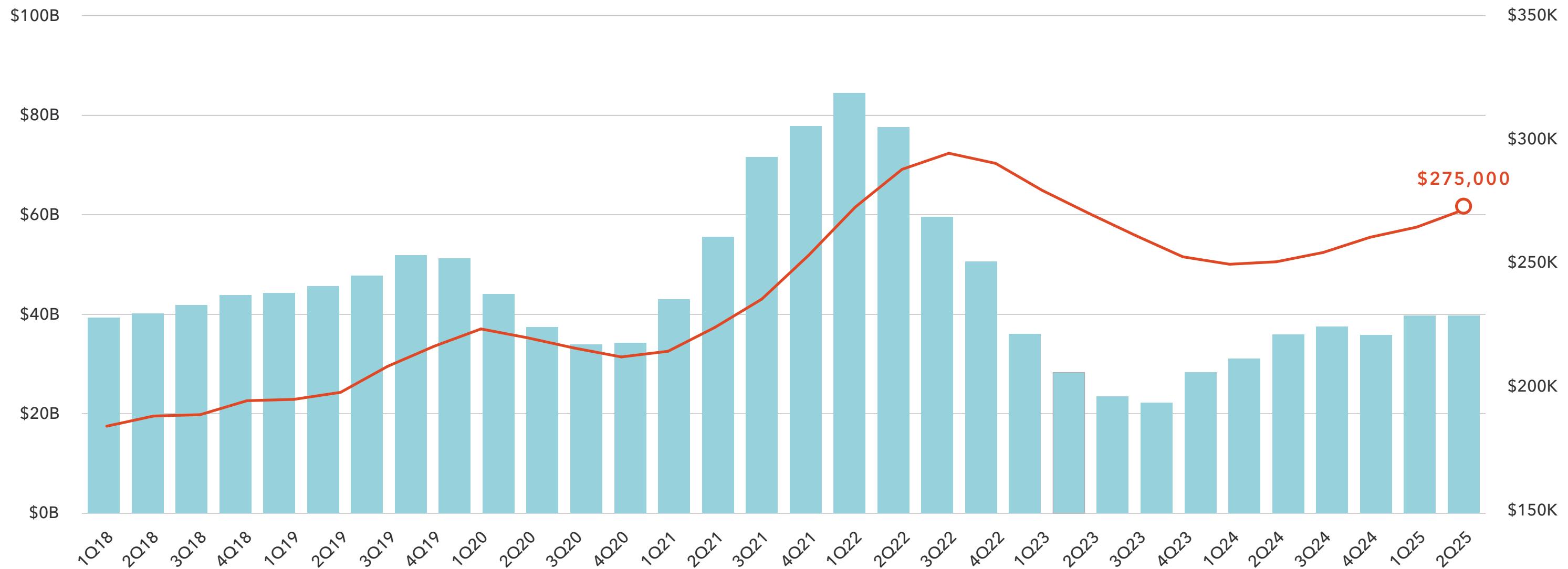


Source: Yardi Matrix; National Association of Realtors; Freddie Mac

— AVERAGE MORTGAGE PAYMENT

— AVERAGE MULTIFAMILY RENT (\$/UNIT)

# SALES VOLUME CONTINUES TO REBOUND

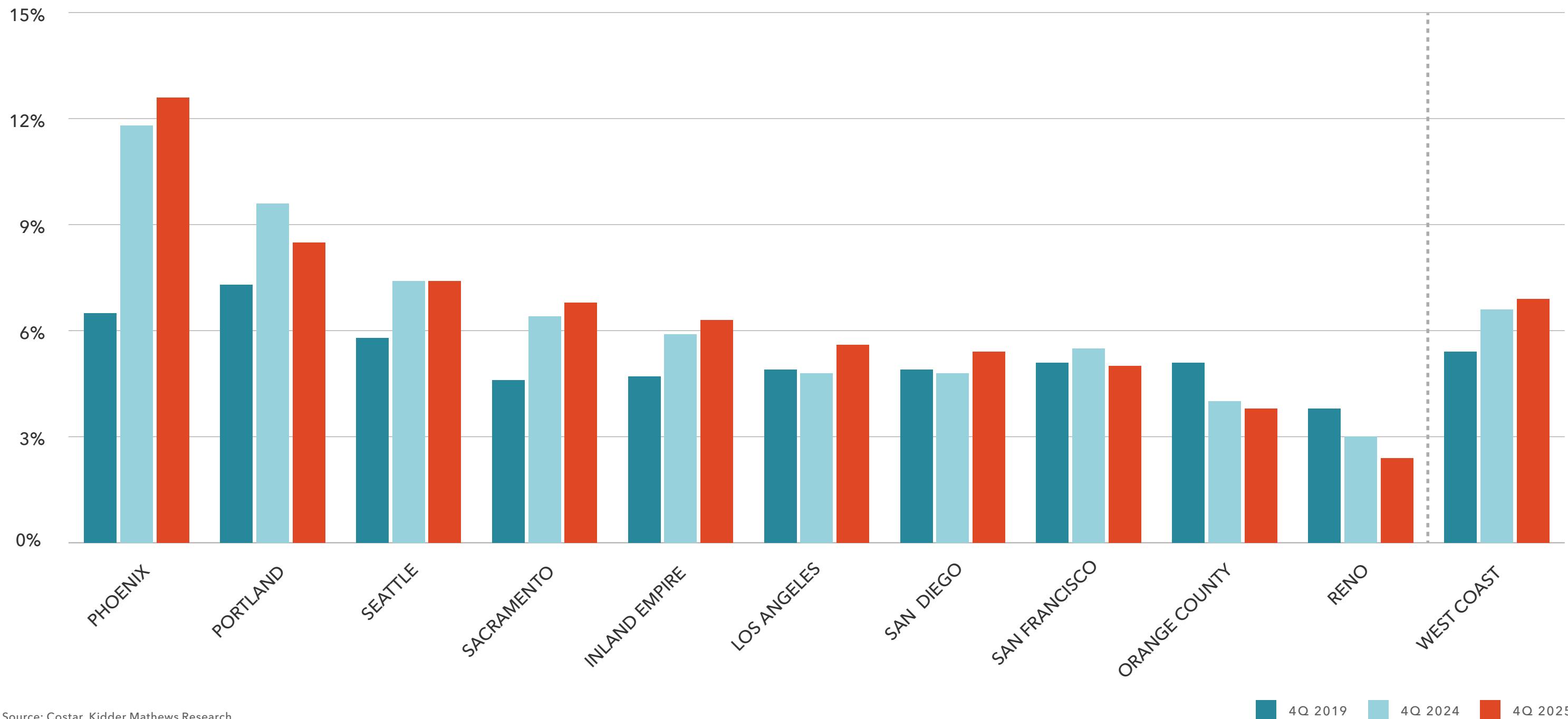


Criteria: Sales located in WA, OR, ID, NV, CA, AZ that were 5+ units and \$1M+ in sale price

Source: Costar, Real Capital Analytics

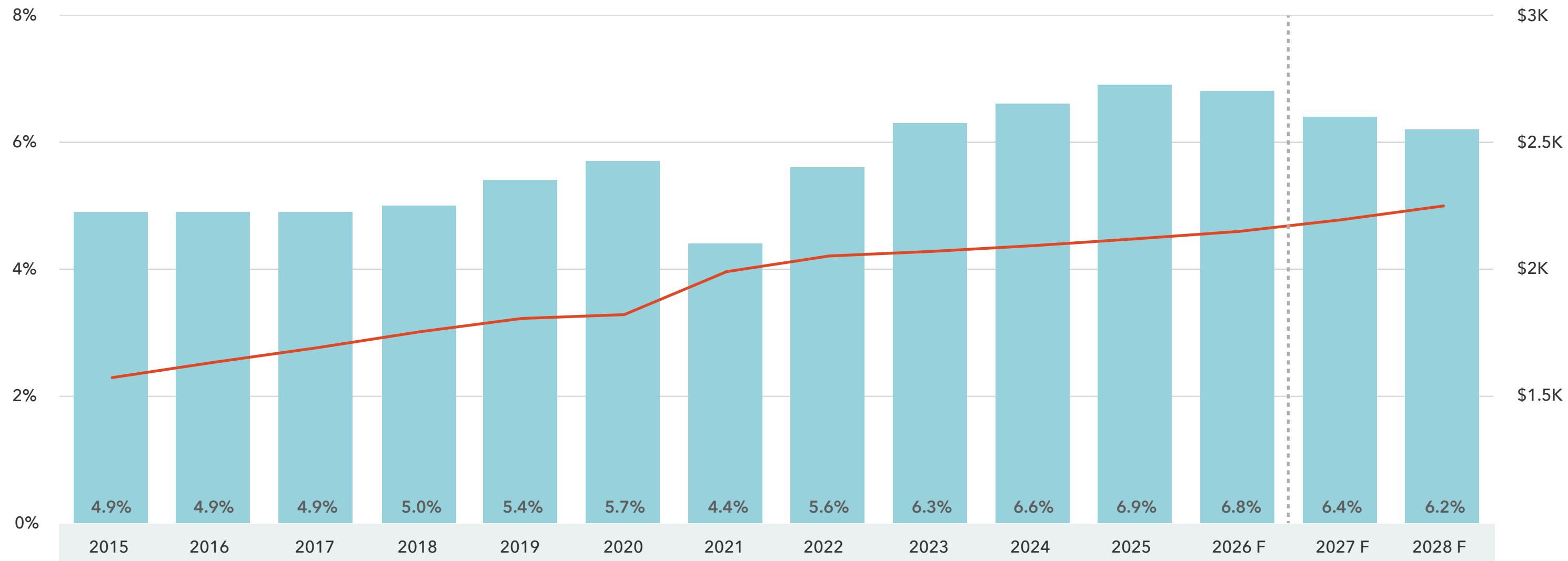
WEST COAST TOTAL SALES VOLUME (4-QTR ROLLING AVG)

AVERAGE \$/UNIT (4-QTR ROLLING AVG)

VACANCY RATE *BY MARKET*

Source: Costar, Kidder Mathews Research

■ 4Q 2019 ■ 4Q 2024 ■ 4Q 2025

WESTERN U.S. *FORECAST*

Source: Costar, Kidder Mathews Research

VACANCY RATE

AVERAGE ASKING RATE (\$/UNIT)

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The information in this report was  
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We offer a complete range of brokerage, appraisal, asset services, consulting, and debt equity finance services for all property types.

### COMMERCIAL BROKERAGE

**\$9B**  
AVERAGE ANNUAL  
TRANSACTION  
VOLUME

**32.4M+**  
ANNUAL SF  
OF SALES

**32.5M+**  
ANNUAL SF  
OF LEASING

### ASSET SERVICES

**54M SF**  
MANAGEMENT  
PORTFOLIO SIZE

**800+**  
ASSETS  
MANAGED

**250+**  
CLIENTS  
SERVED

### VALUATION ADVISORY

**2,700+**  
AVERAGE ANNUAL  
ASSIGNMENTS

**42**  
TOTAL NO. OF  
APPRASERS

**23**  
WITH MAI  
DESIGNATIONS