X-CALIBER

MULTIFAMILY MARKET UPDATE

by Jay Parsons

FEBRUARY 2026

Rents Gain Momentum to Start 2026

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It's not the big rebound everyone is looking for, but it's a start: The big three apartment data providers all reported positive month-over-month rent growth in January.

CoStar: "U.S. apartment rents grew [0.2%] in January… This uptick marks a continuation of positive monthly rent change that began in December 2025. Prior to December, the monthly trend was flat or negative for five consecutive months."

RealPage: "Effective asking rents increased in January, for the first time in seven months. U.S. prices climbed 0.2% over December rates, marking a change in performance after a long period of decline."

Yardi: "U.S. multifamily advertised rents rose $3 in January to $1,741 after five consecutive months of declines."

Another way to say it: After an abnormally weak summer and fall, apartment rent movement looks more seasonally normal this winter.

Occupancy rates have largely held steady over the winter, as well, according to both [Yardi](#) and [RealPage](#). And while CoStar shows higher vacancy, their data shows occupancy rates IMPROVED in higher-tier properties (4 and 5 star, in their vernacular) while further declining in lower-tier properties, suggesting a continued *"flight to quality" among renters*, as well as potentially more demand-side challenges in the those units as well.

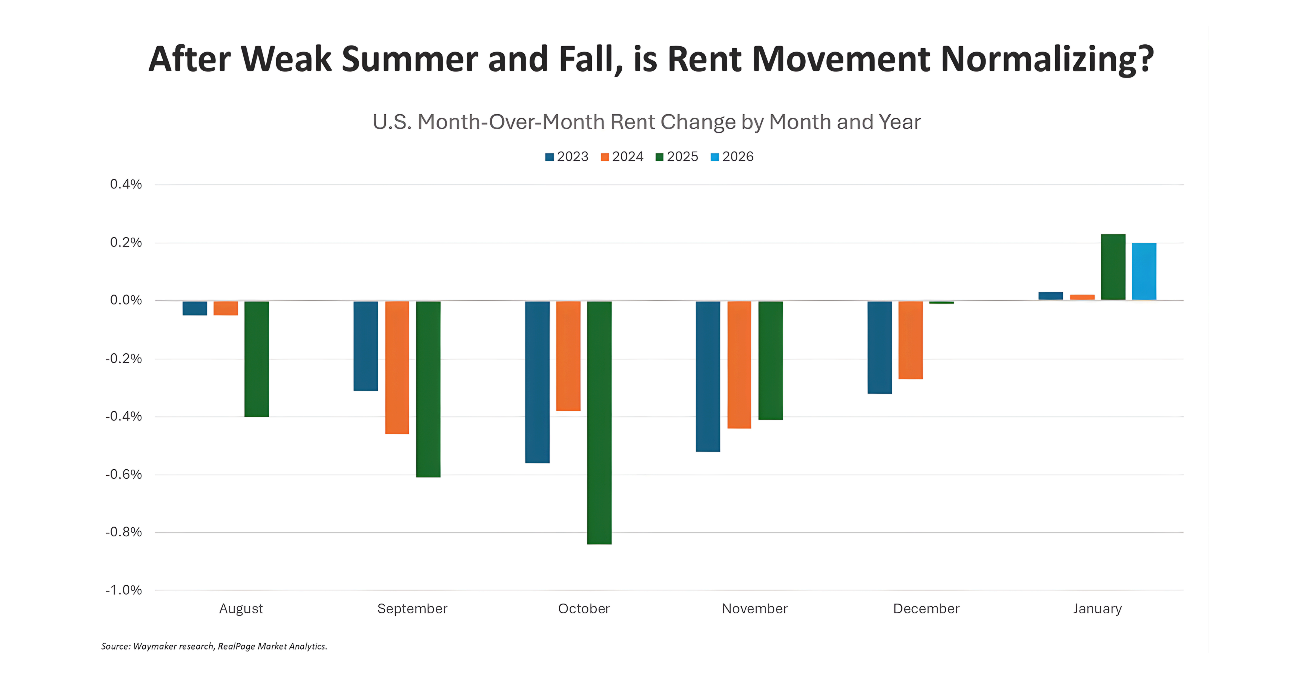
The positive momentum spurred an *upward forecast revision from CoStar,* which says it now expects positive rent growth in Q1'26 after previously anticipating cuts.

That's good news, but of course, what matters more is what happens from here, as the critical spring leasing nears. Furthermore, it's worth a reminder that 2025 got off to a solid start before sputtering in the second half of the year. Apartment operators are widely expecting (hoping for?) the inverse this year, with better growth expected in 2H'26 as supply pressures continue to ease.

But 2026 won't be without its speed bumps, thanks to high completions in 2025 still leasing up this year, as well as soft job growth and low consumer confidence.

Yardi: "Supply-side pressure on rents is likely to persist—particularly in Sun Belt markets—unless demand strengthens meaningfully. However, the demand outlook remains uncertain. According to the Conference Board's latest report, consumer confidence has fallen to its lowest level in more than a decade—below even pandemic-era performance. If households increasingly view the economy as moving in the wrong direction, renter household formation is likely to slow."

And *CoStar:* "While many markets have moved past peak supply, a substantial, though easing, inventory overhang continues to weigh on rent growth across the country."



REGIONAL BREAKDOWNS

It remains a familiar story: San Francisco and New York continue to see strong growth, while the Midwest remains solid, and higher-supplied markets lag (though some are seeing upward momentum).

CoStar: "Markets with the highest levels of new construction are seeing the weakest rent performance, while more supply-constrained metros — particularly in the Midwest and select coastal areas — continue to outperform. In select markets, however, falling employment and softening demand may also be contributing to weaker rent growth."

Those "select markets" include Boston and Washington, DC, which started strong in 2025 but dropped off due to weakening demand.

RealPage noted that rent cuts in the South and the West "are not quite as bad as they were just a few months ago." That includes momentum in key markets like Dallas and Atlanta, which were singled out as green shoot markets by some of the apartment REITs.

OTHER HIGHLIGHTS

- *RealPage* shows five MSAs now topping 3.5% rent growth year-over-year: San Francisco, San Jose, New York, Virginia Beach and Chicago. *CoStar* includes Cincinnati in its top five, with New York ranking sixth. *Yardi's* rankings put Minneapolis and Kansas City in the top five.
- The five weakest markets for rent cuts, according to both, *RealPage* and *CoStar*, remain Austin, Denver, San Antonio, Phoenix and Tampa. Yardi puts Las Vegas in its bottom five.
- For month-over-month in January, *CoStar* showed rent gains in 42 of the 50 largest MSAs. The biggest laggards were Oklahoma City, Louisville and Memphis.
- *Radix* reported "a resilient start to 2026" in its economic update.
- While CoStar, RealPage and Yardi all reported rent momentum in January, *ApartmentList* reported continued backtracking.
- RealPage reported *"notable improvement"* in student housing pre-leasing for the fall 2026 semester.