



X-CALIBER

# MULTIFAMILY MARKET UPDATE

by Jay Parsons



## MARCH 2026 All Eyes on the Spring Leasing Season

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We're entering the leasing season – the months that could make or break an apartment operator's year. Spring is always critical in the apartment business, of course. But it kinda feels even MORE important here in 2026.

Why? Because it's been a tough few years and it's all supposed to "fix in '26" – or start to fix, anyway. And that will be decided largely over these next few months.

So, let's break down the key factors and potential storylines:

1. Supply is going down. This is the one thing we know for sure. Following back-to-back-to-back years of ultra-high supply (the biggest wave since the 1970s), peak deliveries are finally in the rearview mirror. Quarterly completions drop off materially here in Q1'26 compared even to Q4'25.
2. BUT there are still a ton of completions from 2024-25 working through prolonged lease-ups, so supply (and the lease-up concessions they bring) remains a factor.
3. Where is demand going? This is much less clear. It's murky. That's why operators keep talking about uncertainty. The latest job numbers plus potential fallout from the Iran conflict only add to that uncertainty.
4. Declining supply will help vacancy improve, but only if absorption holds up. We don't need to see massive absorption like we did in most of 2025. But we do need to see enough absorption to outpace supply and bring some vacancy improvement.
5. IF absorption outpaces supply enough for vacancy to materially improve, that should allow operators to reign back in some concessions (which are at their highest levels since the early 2010s). That would trigger some effective growth – and, in turn, allow for renewals to continue growing at a moderate pace.
6. However, IF absorption drops and vacancy does NOT show real improvement, operators will have a tough time pulling back on concessions or getting any effective rent growth on new leases.
7. IF we don't see any improvement in new lease pricing, that could result in a growing number of operators confronting a wider gain-to-lease scenario (new leases priced BELOW in-place rents), which would likely put downward pressure on renewal rents. (We're already hearing about pockets in Austin and Denver offering concessions on renewals.) Given that renewals have carried the rent rolls for the past few years, that'd obviously be a blow to NOIs.

## SO WHAT'S GOING TO HAPPEN?

I don't know. My guess is the market will be fine. Not great, not terrible. But okay.

**Remember:** Even absent questions about the economy, we knew going into the year we still had all those 2024-25 deliveries still leasing up. A prolonged lease-up means you're trying to fill newly built units at the same time your first leases expire – which means you're playing offense and defense at the same time.

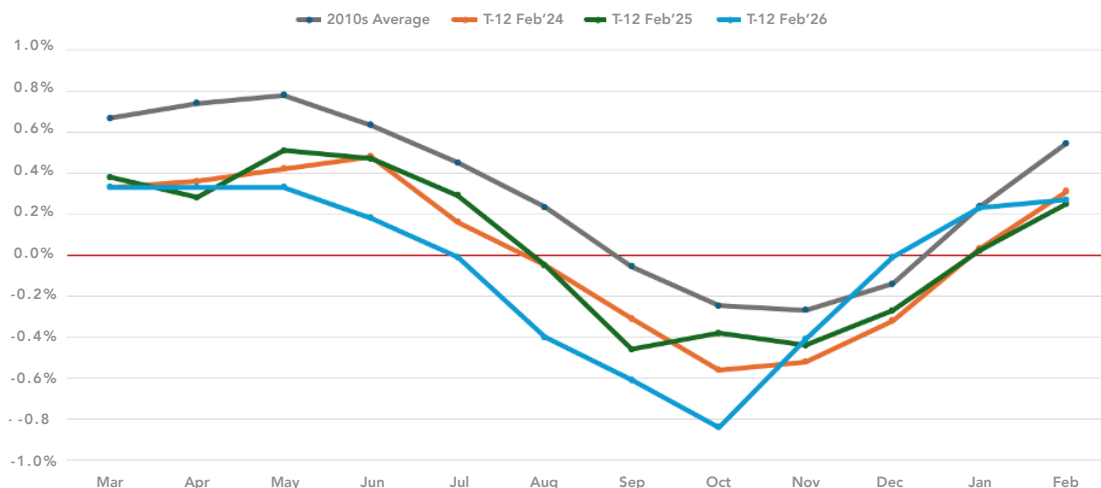
Some housing observers tend to err in thinking the big discount in renting versus buying means renters aren't gonna move out. In reality, renters have a ton of options today. They may be renting longer, but that doesn't mean they'll rent with YOU longer. It's still competitive for sure.

On top of supply, the growing questions about the job market complicates the near-term outlook. While most economists expect some improvement, it's not a given.

That could be a factor in February's rent data. While [CoStar](#) (+0.1%) and [RealPage](#) (+0.3%) both reported positive month-over-month rent gains in February, that gain was more muted than normal – and a bit less encouraging compared to the prior few months. (Not that the winter months were strong, but looked more normal-ish for rent movement than did the summer or fall.)

### Apartment Rents Grew in February, But a Bit Less Than Normal

U.S. Apartments: Sequential Month-Over-Month Effective Rent Change (Same-Store)



Source: Waymaker research, RealPage Market Analytics. Data reflects same-store effective asking rents for new leases inclusive of concessions.

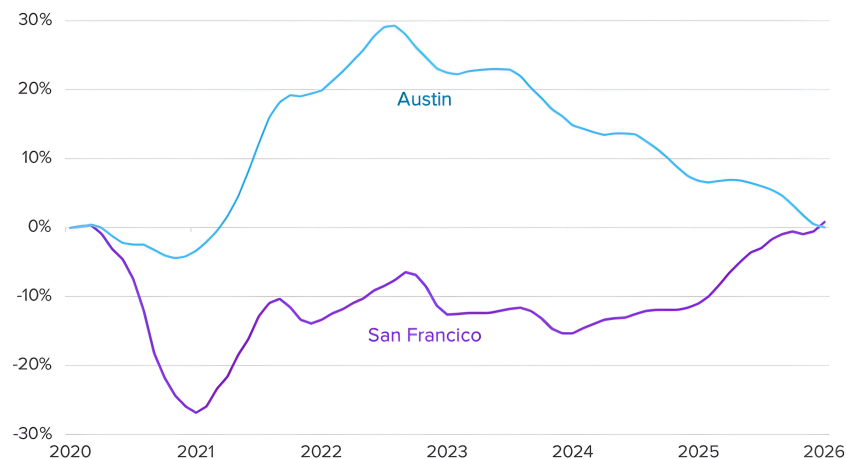


## HIGHLIGHTS FROM THE LATEST DATA

- It's still about supply. Looking at the [top 15 markets for T-12 rent growth](#) through February, the median supply growth rate was just 0.6%. And looking at the bottom 15 for rents? Their median supply growth rate was 5.0%! And the markets cutting rents still collectively had 2x more absorption than did the rent growth markets.
- [Yardi](#) (flat) and [RealPage](#) (+0.1%) both reported flat occupancy numbers for February.
- [Yardi's take](#): It's still a slow market, but... "Multifamily conditions are by no means dire. Lease renewals are strong and renewal rates continue to be positive. Core markets such as San Francisco and Chicago have bounced back, while Sun Belt markets retain healthy long-term growth characteristics... But economic trends signal softness heading into the spring leasing season and raise the possibility that 2026 could shape up to be a weak year for rent growth."
- [Radix's take](#) on slowing job growth: "For multifamily operators, this is a troubling signal heading into leasing season. Job growth is key to absorbing new supply and increasing occupancy rates, but employment has declined in three of the past five months."
- Top markets for year-over-year rent growth through February? The rankings depend on who you ask, but the markets near the top of most lists: San Francisco, Virginia Beach, San Jose, Chicago, Cincinnati, New York, Cleveland, Minneapolis and Kansas City.
- Biggest rent cuts? Again, depends on the source, but it's some mix of the usual suspects: Austin, Denver, Tampa, Phoenix, San Antonio.
- RealPage wrote about [Tampa apartment's market](#), which had at one point looked like it would be a Sun Belt leader in the rent recovery but has since lost significant momentum.
- Pre-leasing for [fall 2026 student housing](#) "continues to make notable progress," according to RealPage.
- Check out this great chart from [Apartment List](#) showing rents in Austin and San Francisco are back to pre-pandemic highs, albeit from taking very different paths.

### Rents in Austin and SF both back to 2020 levels

Rent Growth Since January 2020: Austin vs San Francisco



Source: Apartment List.

Apartment  List