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MULTIFAMILY MARKET UPDATE

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AUGUST 2026 **Five Big Signs that U.S. Apartments are Regaining Momentum**

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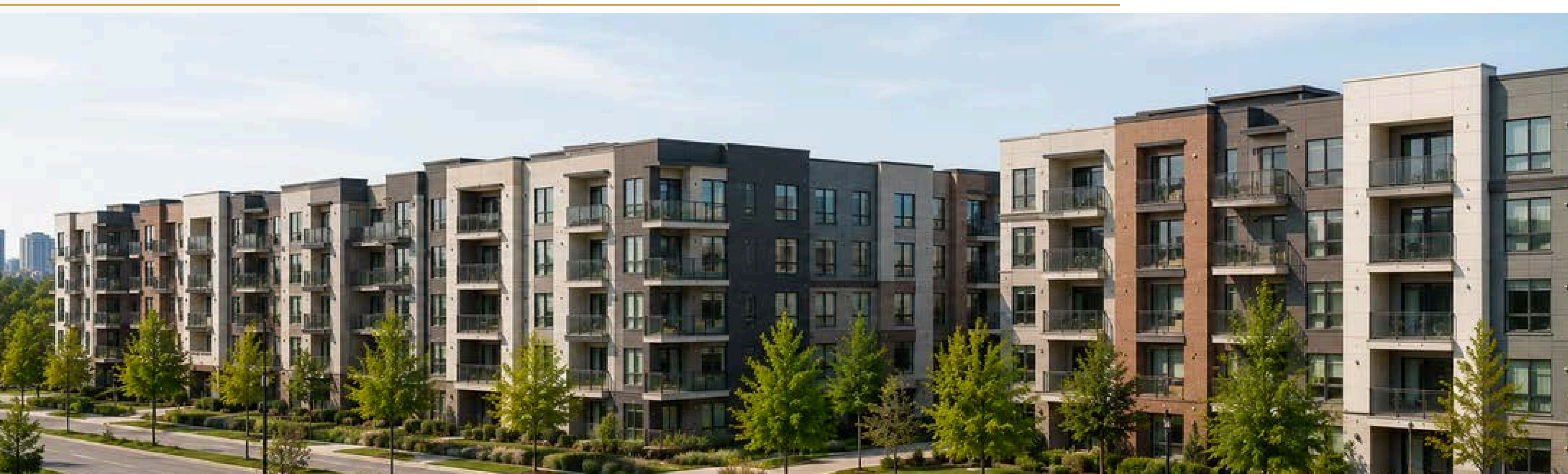
I am well aware that some of you are tired of me talking about "green shoots" in the apartment market, particularly in higher-supplied areas. The cynic in you points out: I (and others) have been saying this since December! But for another group, they eagerly consume any sign of hope amid more than three years of flat-to-falling rents.

Well, whether you like it or not, I'm going to say it: There are more and more green shoots. It's not a full-blown rebound. But the momentum is real, and it's accelerating.

Some people won't acknowledge any positive momentum in the market until occupancy rates normalize and rents are popping again. My argument to them: Anyone can wait until it's sunny to declare, "It's daytime!" But it's more useful to point out when the sun is starting to rise or set.

Enough with the preamble. Here are the latest signs of momentum—the green shoots—in the apartment market, with emphasis on the supply-drenched markets in the Sun Belt and Mountains, which are working their way out of the biggest supply wave since the 1970s.



1. Major data providers are reporting occupancy growth for the first time in four years.

You can nitpick any one provider's methodology, especially for occupancy, but when nearly all of them report the same core trend, that's telling you something. Most of this traces to simple economics: New completions are thinning down, and demand is outpacing supply again, allowing occupancy rates to move upward.

- CoStar reported the U.S. apartment sector's first year-over-year vacancy improvement in 17 quarters, dating back to Q1 2022. CoStar's Grant Montgomery said, "The national supply-demand balance has become increasingly favorable over the past year."
- RealPage data shows occupancy rates bottoming in December 2025, then rebounding 60 bps so far in 2026. RealPage's Kim O'Brien wrote: "Helping occupancy and rent growth fundamentals, the U.S. absorbed more than 187,000 units in the April to June timeframe, marking one of the strongest spring leasing seasons in recent years."
- Apartment List reported vacancy improvement in each of the past five months, snapping a long cold streak dating back to late 2021. In fact, prior to the start of the upward trend in March 2026, vacancy rates nationally had improved in only one month since November 2021. Apartment List's economists noted the supply/demand story is "finally changing, as we see multifamily occupancy also hitting an inflection point in tandem with rent growth."

2. Rent momentum is shifting, and CoStar just upgraded its forecast.

The Sun Belt momentum, plus continued strength in lower-supplied markets in the Midwest and Northeast, as well as the Bay Area, has pushed up the rent trend nationally. All major data providers are showing improved momentum.

- CoStar recently raised its rent forecast for 2026 from +0.5% to +1.9%, noting the sector's "significant progress made in the first half of the year in absorbing the excess inventory."
- RealPage reported positive year-over-year effective rent growth in July 2026, the first time that's occurred in 12 months.
- Yardi wrote that "rents continued to rebound in July," and that July's nominal month-over-month rent bump of $4 was "the largest July increase since 2015 outside the exceptional post-pandemic boom years."

3. Austin leads the nation in rent *momentum*—and that's saying something.

Austin, Texas, is the poster child for excess supply. Its apartment base expanded faster than any other major MSA this decade. Rents fell as a result. But demand stayed strong, supply is now plunging, and fundamentals are starting to improve.

To be clear: Rents are still falling in Austin, and it's still very much a renter's market right now. But the pace of cuts has cooled substantially.

Back in March, effective rents in Austin were down 7.5% year over year. In July, rent cuts had eased to 2.8%. Still falling, yes, but look at the second derivative: the change in the change. It's a 480 bps swing between March and July, the biggest swing among major U.S. markets over that time. And the 2.8% rent cut is Austin's smallest in 38 months, according to RealPage data.

That is real momentum. It's not a full-blown rebound yet—but real momentum.

4. Look who's back on the rent growth leaderboard.

Boise, Idaho?! Wilmington, N.C.?! Charleston, S.C.?! Reno, Nev.?! These are four poster children for smaller markets that faced huge supply waves, especially the first three. Not long ago, rents were falling in all four. Fast forward to today, and all four cracked the Top 20 leaderboard, with rent growth topping 3% in Boise and 6% in Reno.

West Palm Beach is close to joining them, with rents now up 2.4% year over year, a 41-month high.

Remember all those commentators saying the boom was over in cities like Boise when rents fell? They missed the real story: Falling rents were never about weak demand, just high supply. Now supply is down, and demand is still strong. So, rents are up.

Smaller markets like these tend to be more volatile, and volatility swings both ways. The latest upward swing may be a leading indicator for what happens in larger markets in the Sun Belt and Mountains as supply drops off.

5. Rent momentum is shifting in other key Sun Belt markets—and nationally, too.

Beyond Austin and high-flying secondary/tertiary markets, we're seeing a similar pattern (albeit, to a lesser degree) in other previously high-supplied markets.

- Denver, Tampa, and Phoenix—which all ranked with Austin as the nation's biggest rent-cutting markets earlier this year—have seen 220-280 bps upward swings in year-over-year effective rent change since March. Still negative, yes, but much less so than before.
- Year-over-year rent change is nearing positive territory again in Fort Lauderdale (0.0%) and Jacksonville (-0.1%).
- Raleigh/Durham, Orlando, Dallas, Miami, San Antonio, and Houston have all seen upward swings of 100+ bps.

Momentum Is Real, But Can It Be Sustained?

There's no question that U.S. apartments are, so far, seeing upward momentum for the first time since early 2022. But can it be sustained? That's a different question and a fair topic for debate. There's a case to be made both ways.

On the downside: We've got choppy job growth, especially for young adults (more of whom are living with their parents), plus re-accelerating inflation and very low consumer confidence.

On the upside: We've got significantly improved rent affordability for Class A/B renters, in particular, significantly reduced supply pressures, better-than-expected absorption, and a big discount to rent versus buy.

Bottom line: We don't know what the future holds. But we do know supply, not demand, has been the biggest headwind for apartments these past four years. And supply is going down. So, barring a material economic slowdown, there's a case to be made that the apartment outlook is bright.