

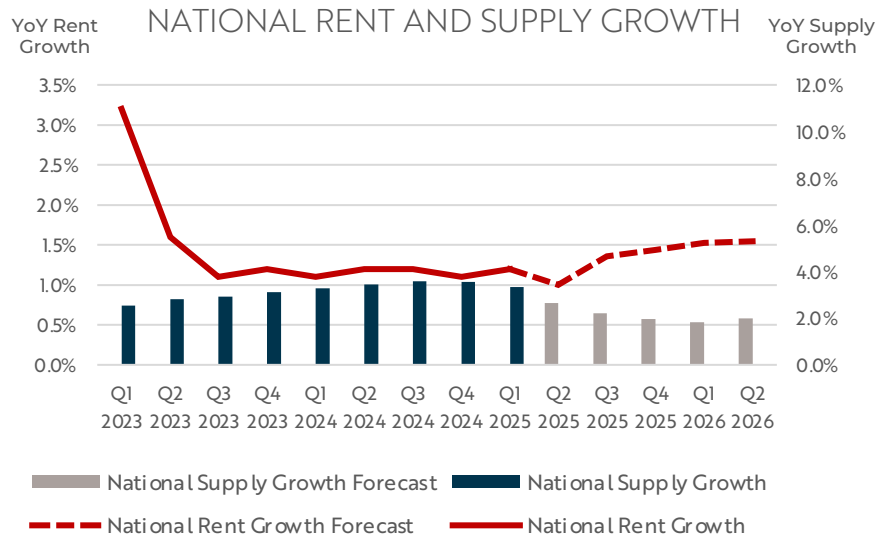
PREDICTING THE FUTURE OF MULTIFAMILY

Where and When to Find the Strongest Multifamily Markets in 2025 and Beyond

The multifamily market is at a turning point, and clear projections are more important than ever.

Drastic shifts in multifamily supply are playing out against the backdrop of economic uncertainty, and accurate forecasts are essential for investors looking for opportunities in the current environment.

Gray Capital's proprietary forecasting model provides a clear look at the future of the multifamily market, utilizing key apartment supply and demand drivers to show investors **where and when apartment performance will be the strongest.**



Sources: CoStar, Bureau of Labor Statistics, Gray Capital Analysis

National year-over-year rent growth is expected to increase in the second half of 2025, going from 1% to 1.5% by Q2 2026, and our forecast shows supply growth slowing from 2.65% to 2%, driving further rent growth in 2026 and 2027.

KEY MULTIFAMILY SUPPLY AND DEMAND FACTORS

MULTIFAMILY OUTLOOK FOR URBAN SUPPLY AND ECONOMICS



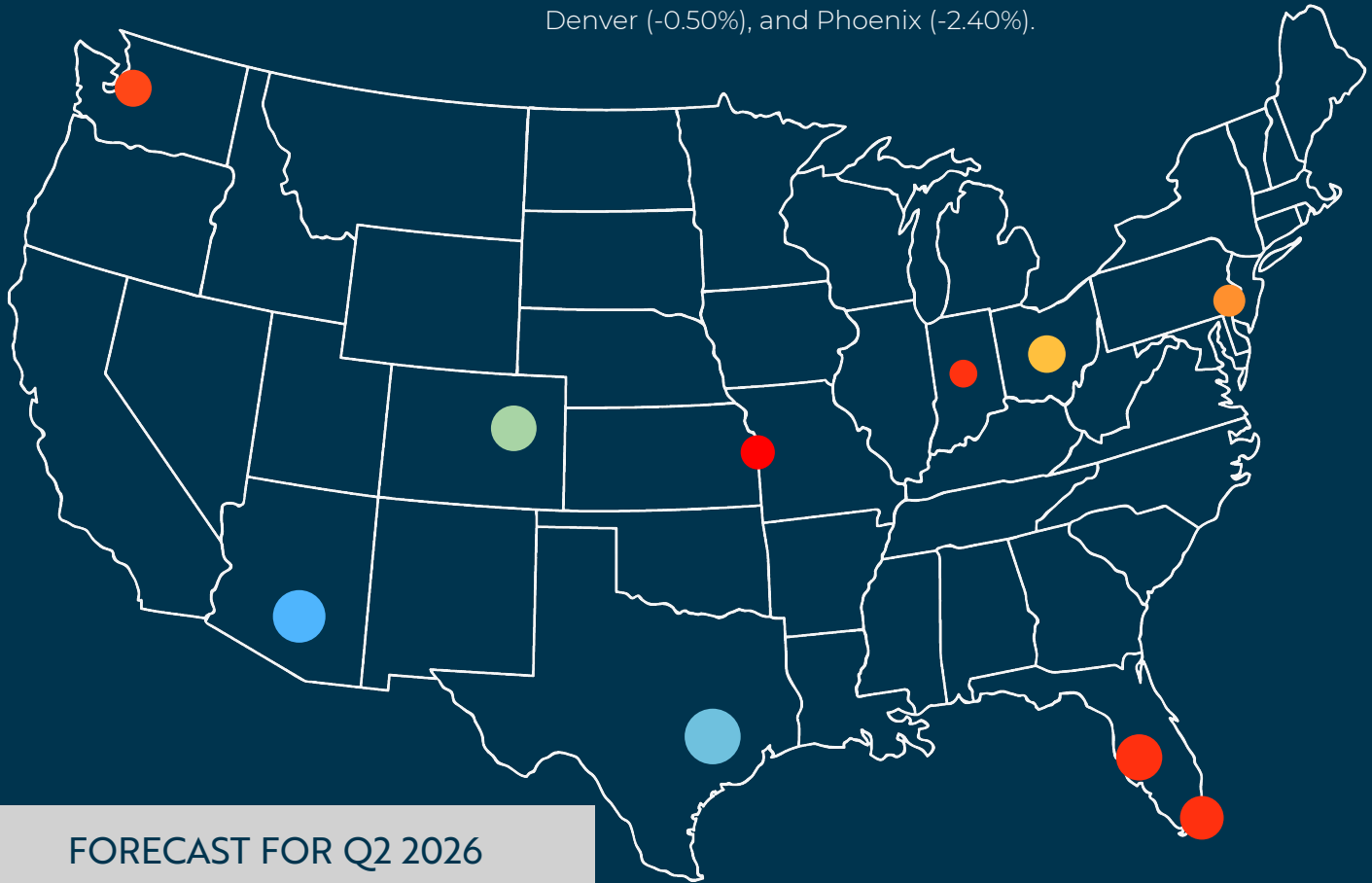
The graph on the left describes the market dynamics between job growth, supply, and vacancy that factor into our analysis.

As job growth increases, and supply growth cools, the market moves into a period of positive rent growth. As supply growth increases to meet the demand of higher job growth, the market enters a period of reduced rent growth and eventually, oversupply and negative rent growth.

The strength of these factors, however, is unique to each market, which can be seen in our individual market projections.

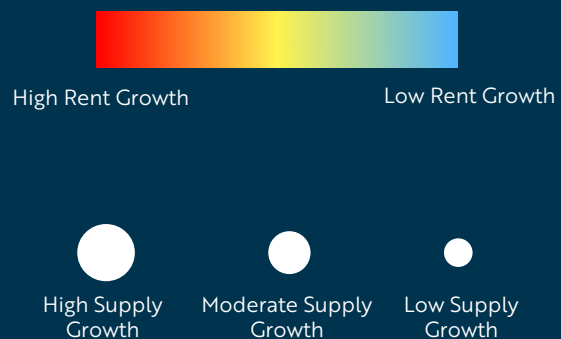
INDIVIDUAL MARKET PROJECTIONS

- Recovery underway in the Southeast with elevated rent growth projected in Tampa (3.21%) and Miami (3.16%).
- Midwest markets like Indianapolis have lower supply growth (1.49%) and higher rent growth (2.59%) projected.
- Higher supply persists in the Southwest, driving down our rent growth projections for markets like Austin (-1.25%), Denver (-0.50%), and Phoenix (-2.40%).



FORECAST FOR Q2 2026

Market	Rent Growth	Supply Growth
Kansas City, MO	3.48%	2.59%
Tampa, FL	3.21%	4.61%
Miami, FL	3.16%	4.18%
Seattle, WA	2.68%	3.07%
Indianapolis, IN	2.59%	1.49%
Philadelphia, PA	1.58%	2.20%
Columbus, OH	1.35%	3.16%
Denver, CO	-0.50%	4.50%
Austin, TX	-1.25%	6.19%
Phoenix, AZ	-2.40%	5.65%



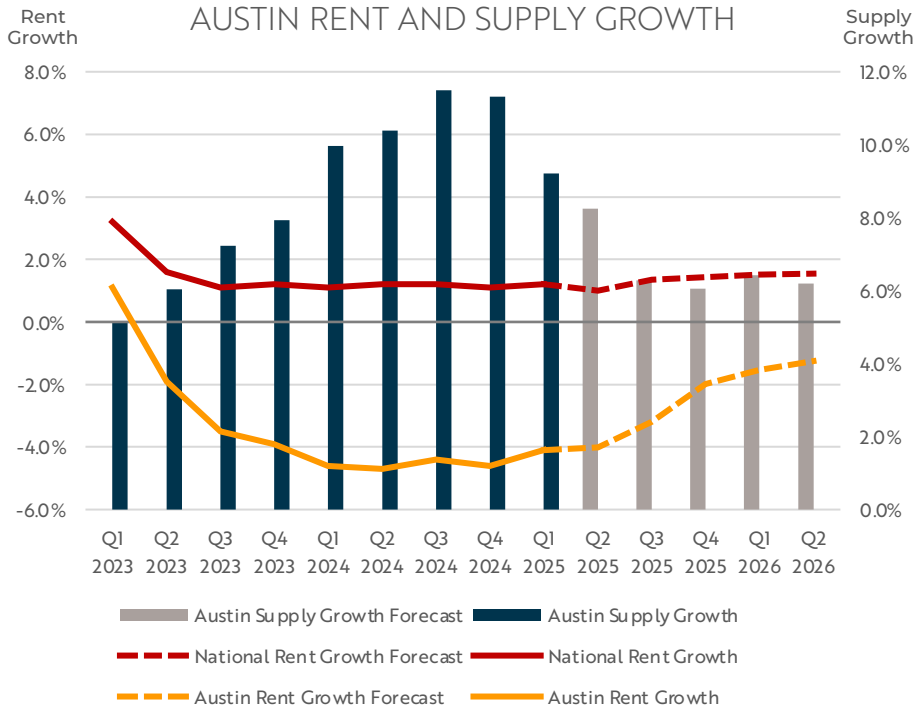
Sources: CoStar, Bureau of Labor Statistics, Gray Capital

DISCLAIMERS: This report is for informational purposes only and does not constitute an offer or solicitation to buy or sell securities or investments. Any offer to invest would be open to accredited investors only.



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MARKET PROJECTIONS AND DETAILS



Austin, TX

- Very Strong Job Growth
- Very High Supply Growth
- Rent Growth Recovering Slowly

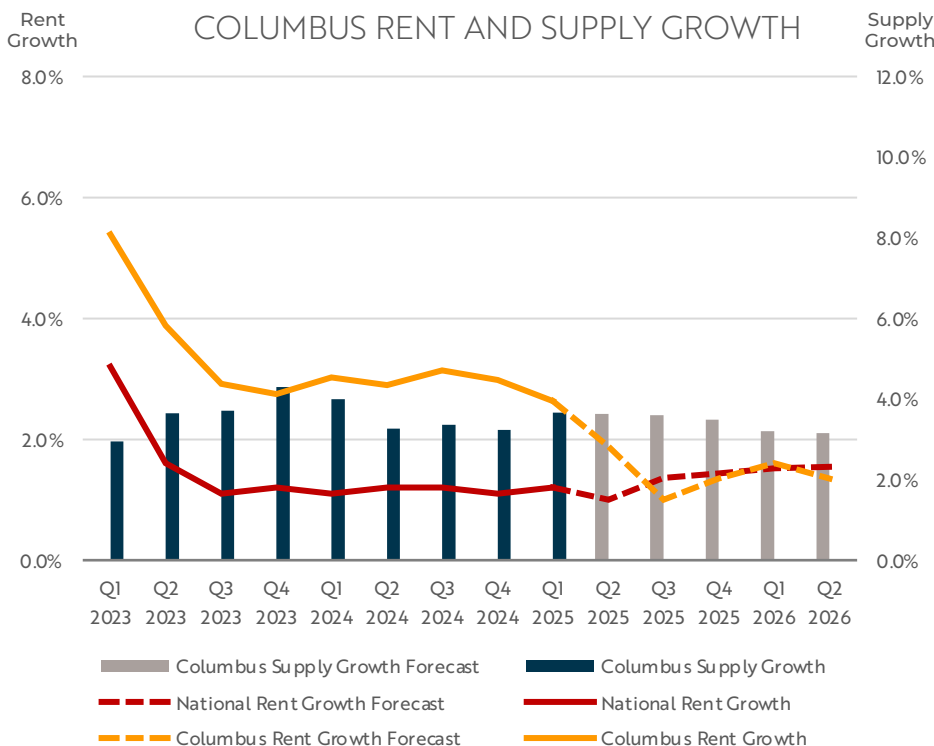
-1.25%

Rent Growth
Projection
Q2 2026

6.19%

Supply Growth
Projection
Q2 2026

With close to the highest job growth in the country, continued demand could drive a gradual recovery in Austin rent growth, but the extreme supply wave could depress future rent growth beyond what is indicated by our forecast.



Columbus, OH

- Moderate Job Growth
- Low/Moderate Supply Growth
- Moderate Rent Growth

1.35%

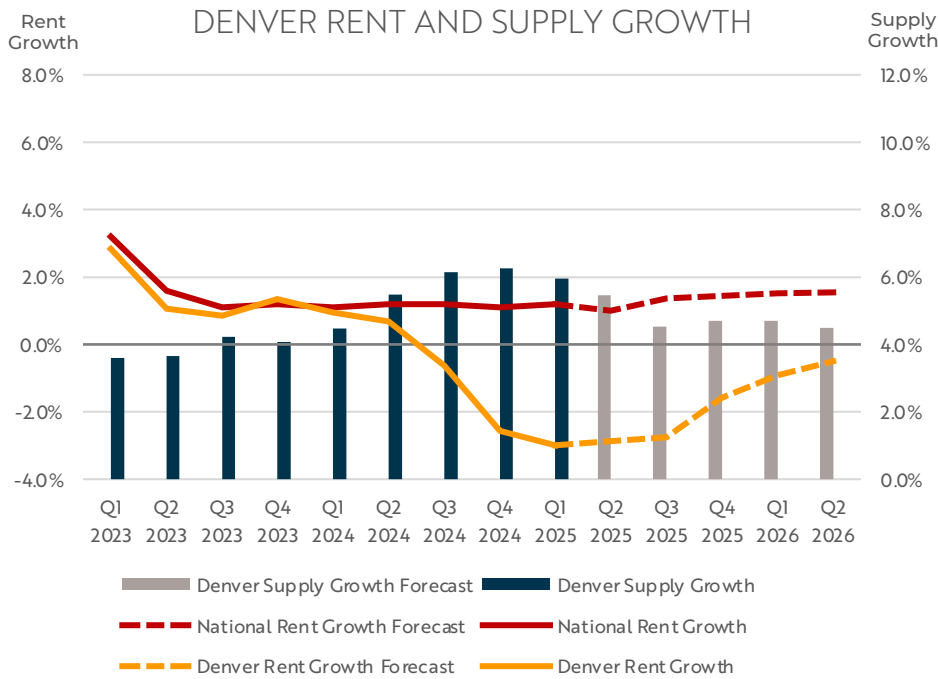
Rent Growth
Projection
Q2 2026

3.16%

Supply Growth
Projection
Q2 2026

Columbus's stable rent, job, and supply growth point to continued steady performance. Slightly elevated supply may dampen rent growth, but projections of future economic development could drive demand higher than current forecasts indicate.

MARKET PROJECTIONS AND DETAILS



Denver, CO

- Moderate Job Growth
- Elevated/High Supply Growth
- Rent Growth Stabilizing

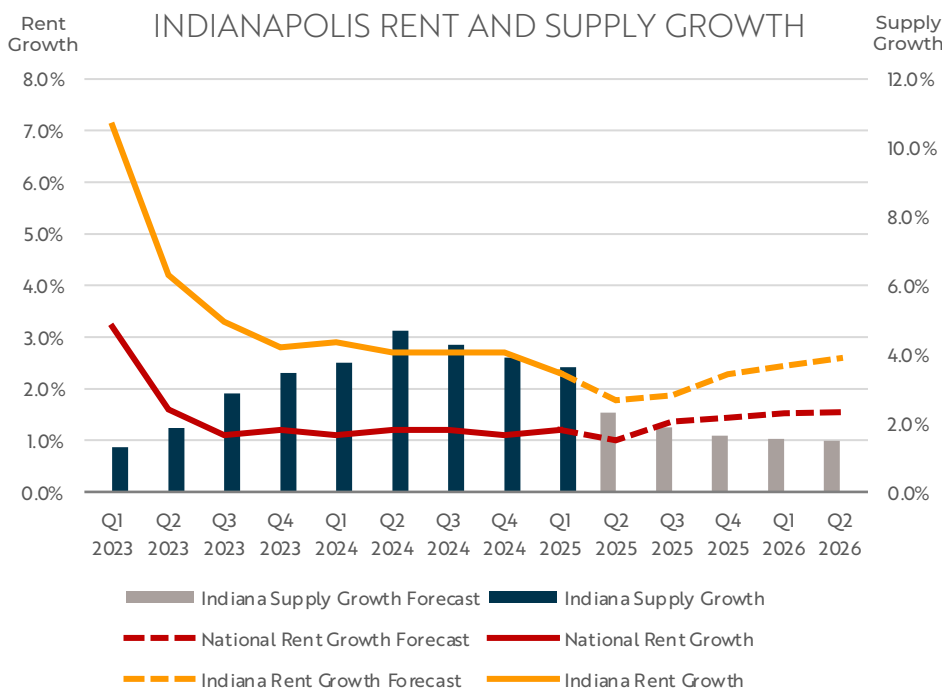
-0.50%

Rent Growth
Projection
Q2 2026

4.5%

Supply Growth
Projection
Q2 2026

Denver's job growth was among the highest in the nation at its peak in early 2022, but it has moderated more rapidly than other markets, and elevated supply growth could extend Denver's rent growth cooldown well into 2026.



Indianapolis, IN

- Elevated Job Growth
- Low Supply Growth
- Rent Growth Increasing

2.59%

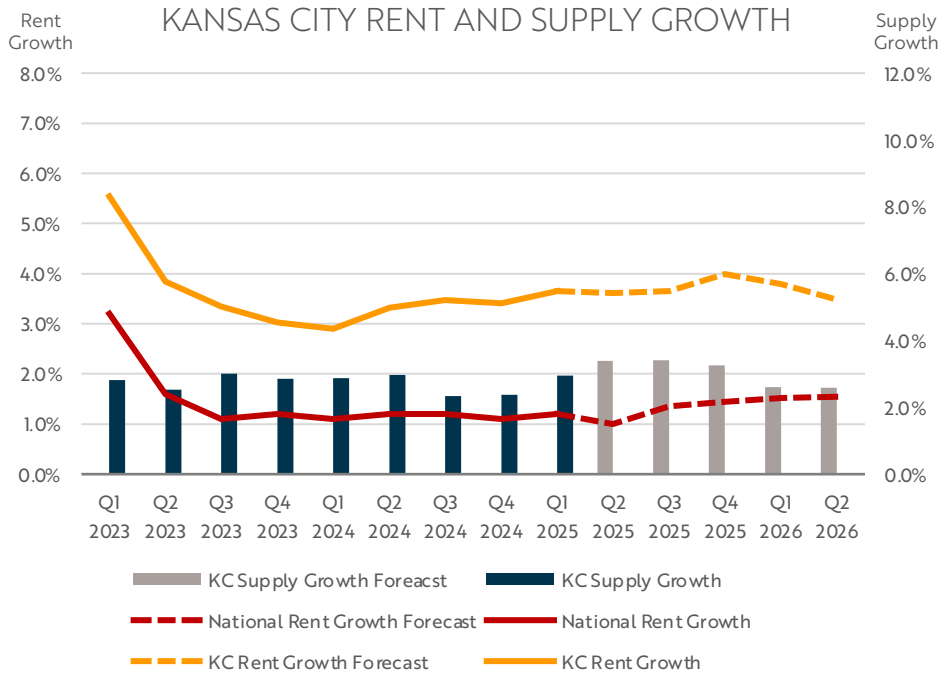
Rent Growth
Projection
Q2 2026

1.49%

Supply Growth
Projection
Q2 2026

Indianapolis's elevated job growth has been close to the same rate as the high growth Sunbelt markets in our sample, but its supply has grown at less than half the rate of those markets. With our analysis projecting a persistent falloff in new supply, rent growth will continue to increase beyond 2026.

MARKET PROJECTIONS AND DETAILS



Kansas City, MO

- Moderate Job Growth
- Slow and Steady Supply Growth
- Very Strong Rent Growth

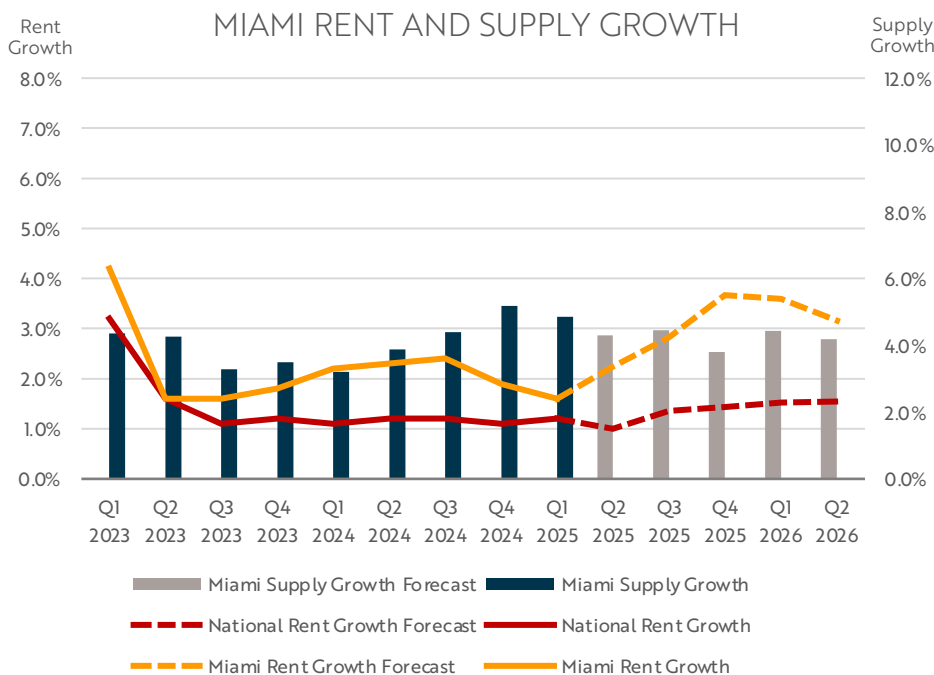
3.48%

Rent Growth
Projection
Q2 2026

2.59%

Supply Growth
Projection
Q2 2026

Manageable supply and healthy job growth have led to strong performance for Kansas City, and these trends are expected to continue in 2026. Kansas City's low, stable vacancy rate is another major factor in our projections of elevated rent growth.



Miami, FL

- Strong Job Growth
- Moderate Supply Growth
- Rent Growth Increasing

3.16%

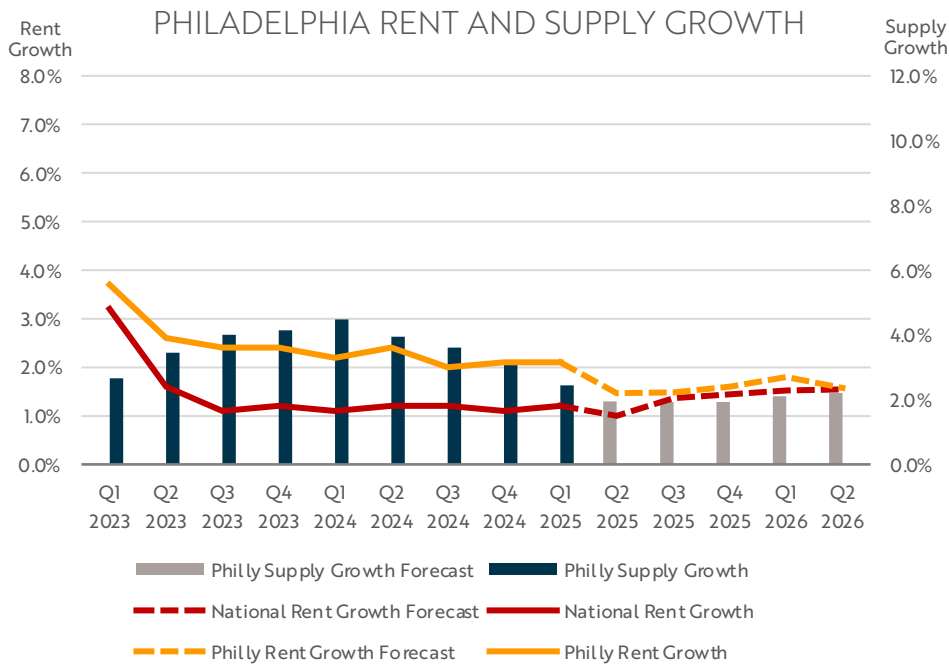
Rent Growth
Projection
Q2 2026

4.18%

Supply Growth
Projection
Q2 2026

Miami's lower supply trends point to a more favorable rent growth scenario compared to Austin. In addition to strong job growth, apartment performance may be boosted further by demand from retirees not reflected in typical employment data.

MARKET PROJECTIONS AND DETAILS



Philadelphia, PA

- Elevated Job Growth
- Low Supply Growth
- Rent Growth Stable

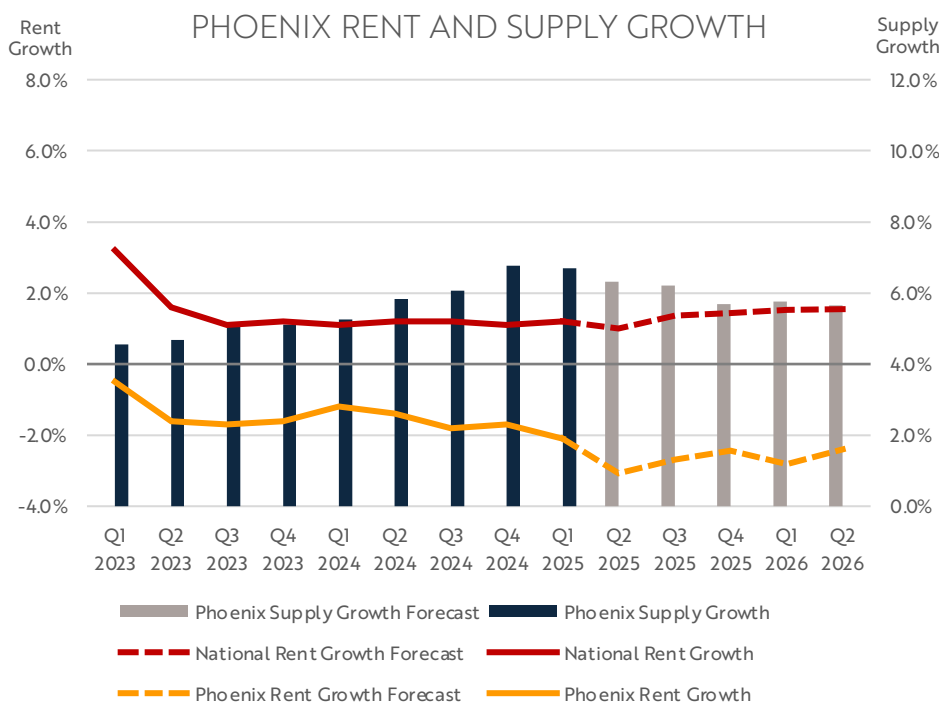
1.58%

Rent Growth
Projection
Q2 2026

2.20%

Supply Growth
Projection
Q2 2026

Strong job growth and low supply growth are promising indicators for stronger performance in Philadelphia in 2026, but elevated vacancy levels moderate the rent growth forecast for the market, which is stable but not increasing.



Phoenix, AZ

- Very High Job Growth
- High Supply Growth
- Tempered Rent Growth

-2.40%

Rent Growth
Projection
Q2 2026

5.65%

Supply Growth
Projection
Q2 2026

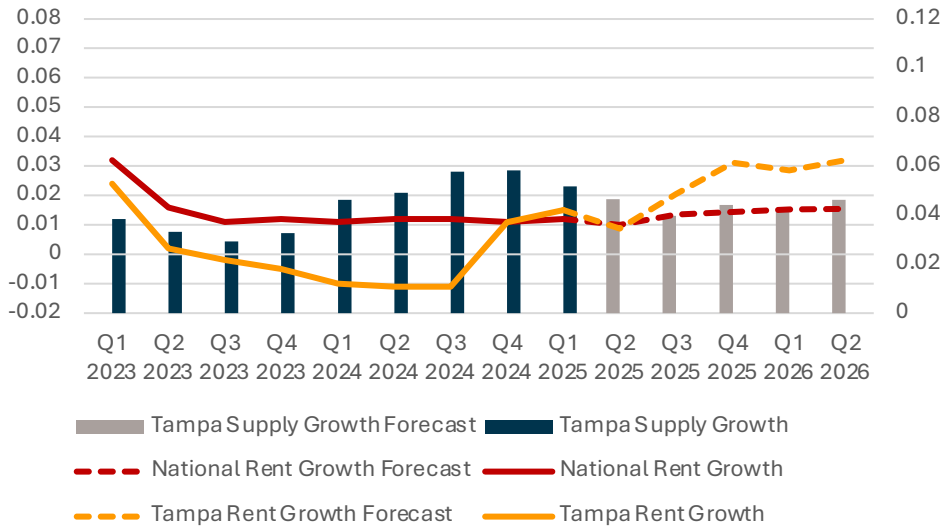
Phoenix's supply growth has outpaced demand for new housing, and rent growth has been on a negative trajectory for a sustained period. Forecasts indicate that without a sharp drop-off in supply, rents will continue to stay suppressed.

MARKET PROJECTIONS AND DETAILS

Rent
Growth

Supply
Growth

Tampa Rent and Supply Growth Forecast



Tampa, FL

- Moderate Job Growth
- Decreasing Supply Growth
- Rent Growth Increasing

3.21%

Rent Growth
Projection
Q2 2026

4.61%

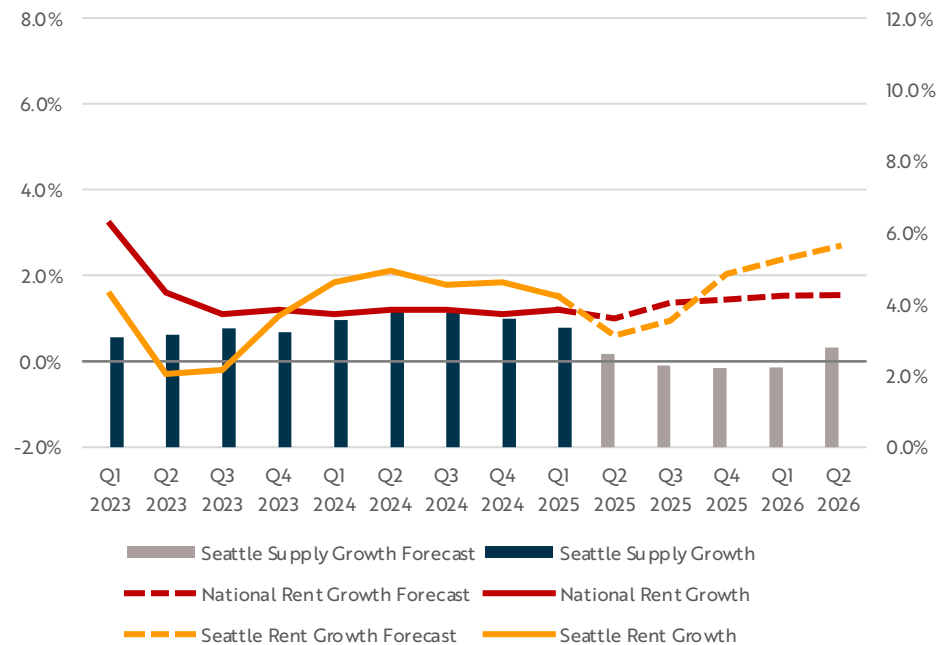
Supply Growth
Projection
Q2 2026

Increasing demand and a cooldown in supply growth indicates a positive rent growth trend into 2026. While Tampa's job growth is weaker than other Sunbelt markets, rent growth expectations are higher based on its larger retiree population growth.

Rent
Growth

SEATTLE RENT AND SUPPLY GROWTH

Supply
Growth



Seattle, WA

- Strong Job Growth
- Moderate Supply Growth
- Rent Growth Increasing

2.68%

Rent Growth
Projection
Q2 2026

2.78%

Supply Growth
Projection
Q2 2026

Seattle has attracted many younger households while supply growth has been relatively low. Forecasts indicate an above average rent growth starting in the last quarter of 2025, which is further supported by consistently low vacancy in the past few years.