July 31, 2025

GRIFFIN CAPITAL MARKET RESEARCH NOTE

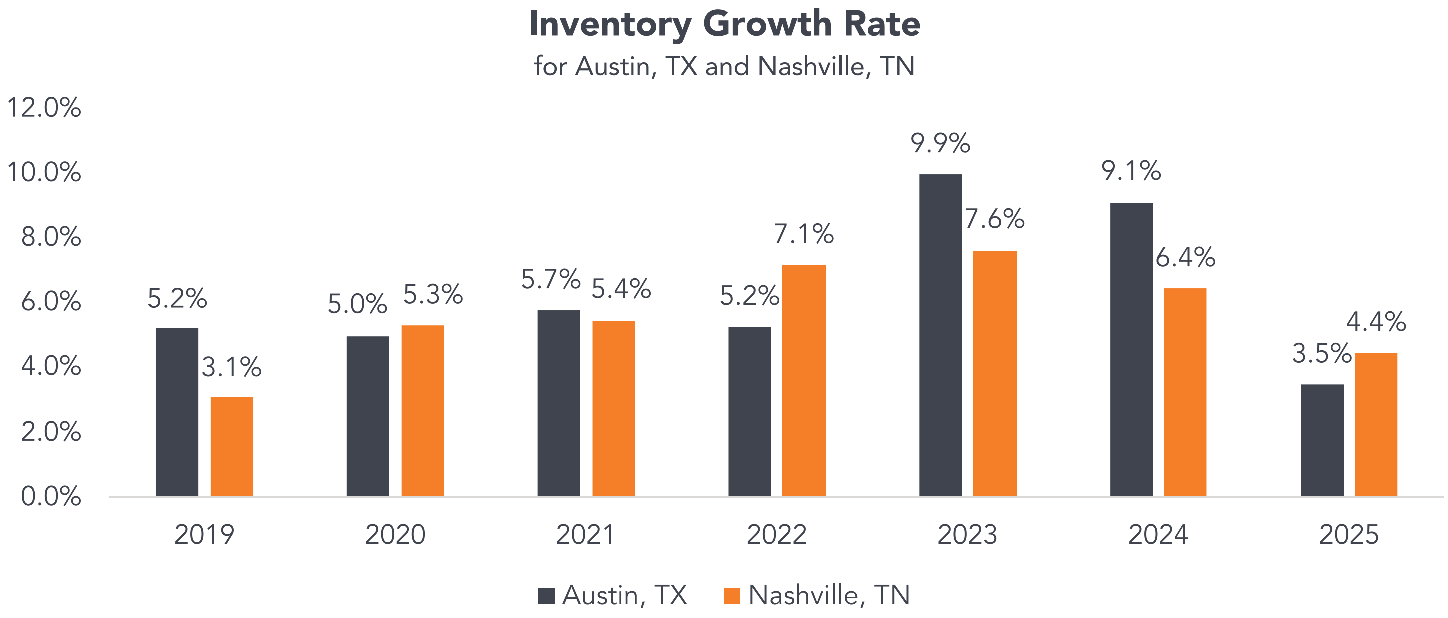
Multifamily Supply Trends

Steve Guggenmos
Director of Housing Market Research
Griffin Capital Company, LLC

Further Perspective on Slowing Across Markets

The multifamily housing market has undergone significant changes in recent years, particularly in terms of supply dynamics. In this analysis, we examine the changing conditions in the top 150 markets across the country to uncover dynamics beyond those in the most prominent markets. The results indicate a significant and widespread decline in the pace of new supply delivered, which is favorably impacting most markets. We will explore the historical context, current trends, and future projections, along with implications for investors.

In 2021 and 2022, multifamily markets were characterized by low vacancy rates and rising rents. Additionally, the low-interest rate environment provided favorable financing terms to market participants. In response, multifamily construction surged to the highest levels since the 1970s.



Source: CoStar.

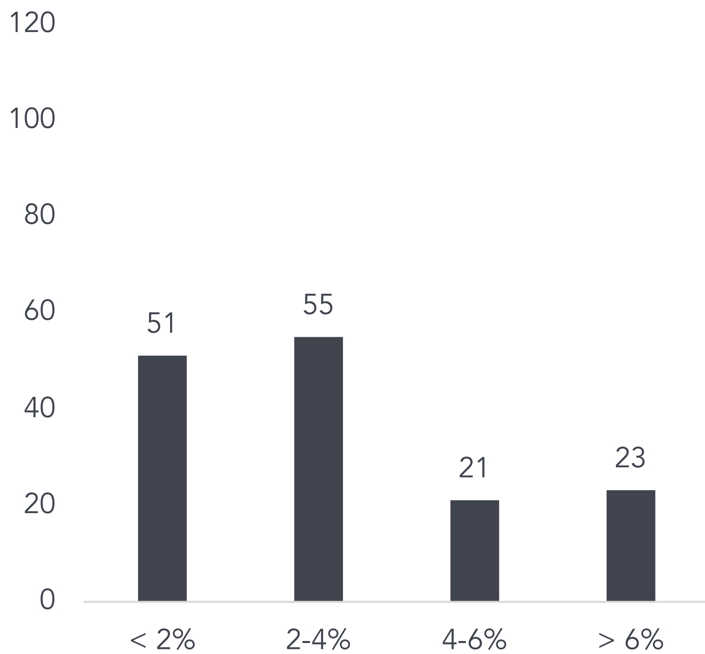
Sun Belt markets led the way in new apartment starts as demand was especially strong, sustained by strong job creation and inbound population migration. The resulting supply dynamics are illustrated in the Inventory Growth Rate chart for Austin, TX and Nashville, TN, which are two of the most prominent examples. In Austin, inventory grew more than 9% in two consecutive years from 2023-2024, but for 2025, that number is falling by a third, as new supply expansion will be a modest 3.5%, the lowest rate since 2012.

Nashville multifamily supply is exhibiting similar trends. Inventory growth increased more than 7% in 2022 and 2023, but is retreating to less than 5% in 2025. The short run of high supply expansion is over in these markets, providing a near-term tailwind to both the operating and investment environment as demand remains historically strong.

While the trend of diminishing supply expansion is most pronounced in the Sun Belt, it is more broadly pervasive. The exhibit below captures inventory growth across the top 150 markets. Over the past year, inventory grew 4% or more in nearly one-third of markets. Of these 44 markets, 21 grew 4-6%, and 23 grew 6% or more.

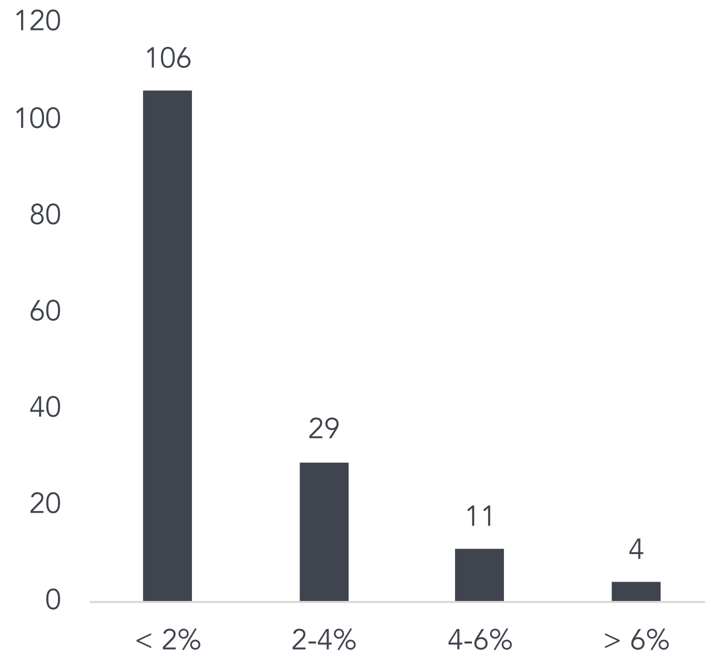
U.S. Top 150 Markets

Q1 2024 Inventory Growth



Source: CoStar.

Q1 2025 Inventory Growth

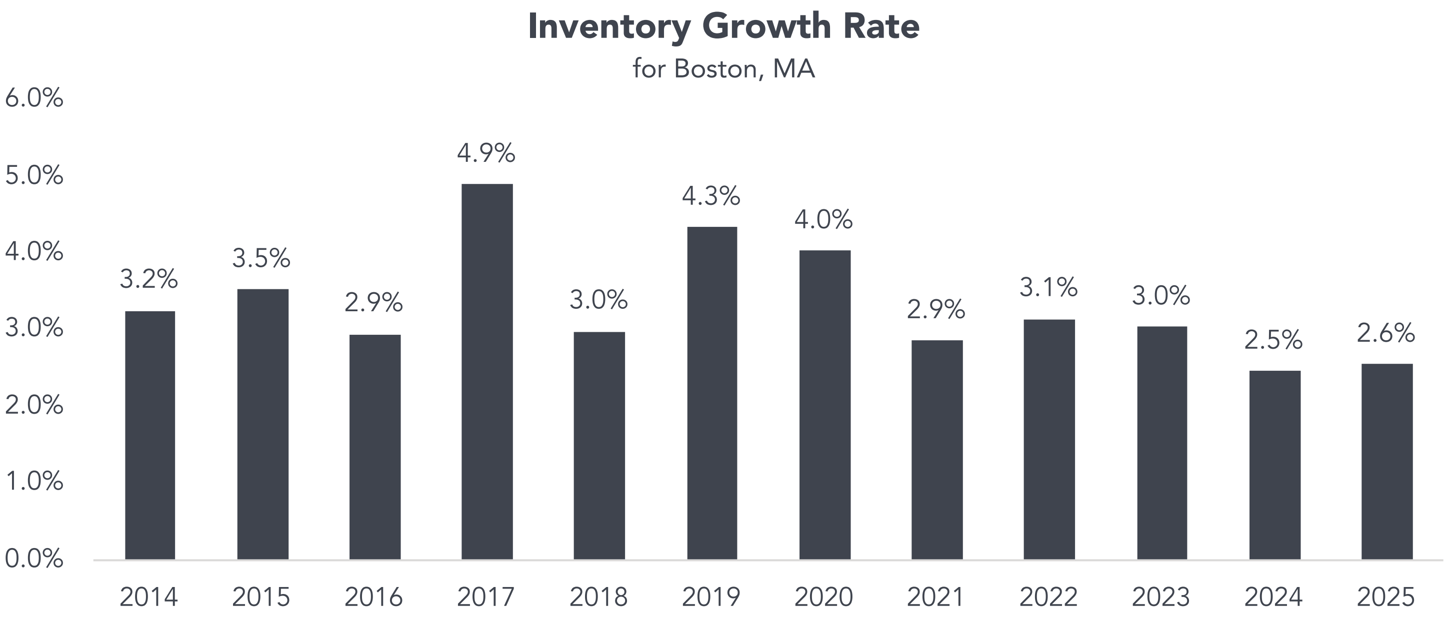


Source: CoStar.

If you examine the same dynamics across the identical 150 markets forecasted over the course of 2025, the shift is remarkable. Where there were 44 markets growing more than 4% over the past twelve months, in 2025, there are only 15, a decline of 75%. In 106 of 150 markets, apartment inventory will increase by less than 2%. Supply has not been this low across this many markets since the after-effects of the Great Financial Crisis.

In just one year, the number of markets with meager supply expansion of 2% or less rose by more than 100%, from 51 markets to 106 markets. The supply contraction story is both dramatic and broadly prevalent across the United States.

To further illustrate the shifting supply dynamics beyond the Sun Belt, the exhibit on the next page captures an individual market case study, the city of Boston which has consistently exhibited strong demand characteristics. Inventory in Boston has not grown more than 4% since 2021, despite increasing by 4% or more three times between 2017-2020. In 2025, Boston apartment inventory is set to grow by just 2.6%, marking the second consecutive year of modest supply growth, with each year seeing a smaller increase than the last since 2014. As highlighted in the previous chart, there are over 100 markets where conditions appear more favorable.



Source: CoStar.

Boston is an example of a single market but is indicative of what is happening across the country. With declining inventory growth being a broad-based trend across the top 150 markets, we believe a strong rebound in multifamily fundamentals will drive increases in cash flow and value. For investors, these dynamics may create an attractive entry point for multifamily investment opportunities.

GRIFFIN CAPITAL
guardians of wealth

Griffin Capital Company
266 Kansas Street
El Segundo, CA 90245

424.367.4250
www.griffincapital.com