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Special Report: Multifamily Rent Forecast Update

The multifamily sector is heading into the summer leasing season amid a complex mix of economic signals. Core indicators—including payrolls, consumer spending and household balance sheets—remain generally healthy, yet forward-looking measures such as consumer sentiment and ISM new orders suggest momentum is moderating. Overall, the balance of risk has tilted modestly toward slower growth, but a recession is not our base case.

Seasonal advertised asking rent growth has underperformed historical norms. From March through May 2025, national average rents increased just 0.2% per month, roughly half the 2010-19 spring average and well below the 0.4% pace seen during the same period last year. The softening is most pronounced in high-supply Sun Belt metros, but even many Midwest and Northeast markets are posting smaller gains than in 2024.

Recent adjustments to U.S. trade policy have been broader than many market participants expected. While higher tariffs could raise input costs for construction and consumer goods, some domestic manufacturers may benefit from reduced import competition.

Changes to immigration rules—including revisions to certain work-authorization programs—appear to be slowing labor-force growth. A smaller pool of available workers would temper household formation and apartment demand while also reducing the number of new jobs needed to keep unemployment steady.

Proposed federal tax reductions and ongoing deregulatory initiatives could support business investment and disposable incomes. The magnitude and timing of any boost to multifamily demand, however, remain uncertain and subject to debate among economists.

Headline job creation has been solid, yet underlying data point to a more nuanced picture. The Bureau of Labor Statistics reported a 625,000 decline in the total labor force between April and May, alongside a 0.2 percentage-point drop in the participation rate. A shrinking labor force lowers the “breakeven” pace of job growth required to hold