

2026

Multifamily Investor Sentiment

SURVEY

FEBRUARY 2026

BERKADIA[®]





Berkadia's second annual Multifamily Investor Sentiment Survey is here! This year's survey captures insights from over 250 senior-level Berkadia clients, highlighting the key themes they expect to shape multifamily investment in 2026. In addition, we surveyed 79 investment sales advisors and 131 mortgage bankers—208 respondents in total—to gather their unique perspectives on the current state of the commercial real estate (CRE) market. The survey examines the current investment climate, property performance, rent growth, and preferred investment profiles, with an emphasis on moderate portfolio expansion and Core-Plus and Value-Add strategies. It also forecasts the 10-Year Treasury Yield, Federal Reserve rate cuts, and preferred lending types.

Investor sentiment for the multifamily sector is largely positive heading into 2026, with most respondents expecting the investment climate to improve over the next 24 months. While fundamentals are uneven across markets—investors report some challenges making deals work and cite elevated interest rates, softening fundamentals, and increasing operating costs as top concerns—moderate portfolio expansion is anticipated in 2026 as confidence improves. Most investors forecast the 10-Year Treasury yield to remain below 4.0% and expect two Fed rate cuts in 2026, which should gradually ease financing costs.

Vacancy rates are expected to stabilize, and rental growth is viewed positively by a majority of respondents. Investors believe the Southeast, Midwest, and Northeast will lead the nation for multifamily opportunities in 2026. Distress may rise, especially for deals with higher leverage, and those originated in recent years at peak valuations. Despite near-term challenges, the long-term fundamentals of rental housing remain strong.

As the capital markets normalize and apartment supply absorption continues to improve, the multifamily sector is set to deliver attractive, risk-adjusted returns for investors.

In 2025, Berkadia closed \$35 billion in total loan production across over 1,610 loans and advised on \$16 billion in investment sales volume across over 610 transactions, and maintained a \$436 billion servicing portfolio with 21,084 actively serviced loans.

Overall, many investors remain optimistic about the multifamily market and anticipate the following themes to shape the capital markets landscape in 2026:

- **Moderate growth and improved investment conditions, with rental growth projected between 1.0-3.0%**
- **The 10-Year Treasury yield is anticipated to be between 3.5-4.0%, with two Fed rate cuts**
- **Core-Plus and Value-Add strategies are expected to be most desirable for investors achieving attractive risk-adjusted returns, with 72% of investors planning to moderately expand their portfolios**
- **Softening fundamentals, labor expenses, and insurance costs remain key challenges for the sector in the year ahead**

Ernie Katai
Executive Vice President – Head of Production
Berkadia

About The Multifamily Investor Sentiment Survey

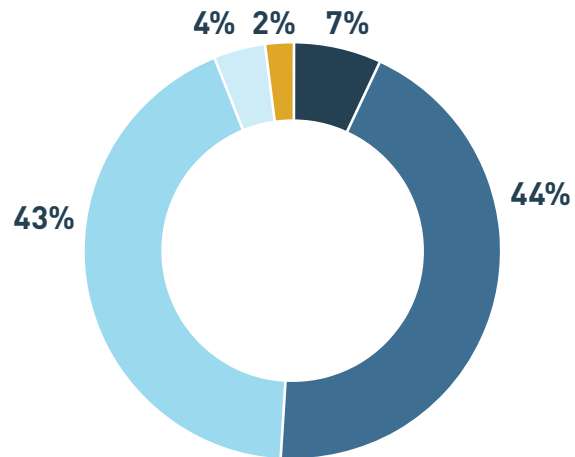
The second annual Multifamily Investor Sentiment Survey was conducted online by Berkadia in January of 2026 to assess anticipated transaction activity and opportunities within the multifamily sector in 2026. The survey received over 250 responses, with a majority holding senior-level titles at private investment companies.

Property Performance

Most respondents expect to increase or maintain their exposure to Class A multifamily relative to Class B and C in 2026. This makes sense to us because the Class A renter is less cost-burdened with an average rent to income ratio of less than 30%.

Based on your outlook for 2026, how likely are you to increase, maintain, or reduce your exposure to Class A multifamily compared to Class B and Class C?

- Significantly Increase
- Increase
- Maintain
- Reduce
- Significantly Reduce

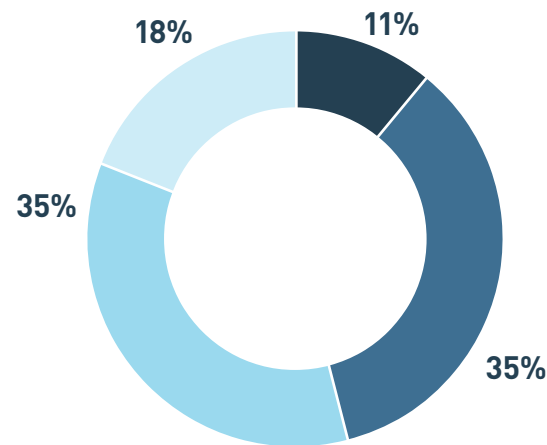


Investment Profiles

Respondents are split between Core-Plus and Value-Add as the most attractive risk-adjusted strategies for 2026. We are seeing more interest in Value-Add today compared to recent years, driven by investors' heightened focus on finding yield.

Which investment profile do you anticipate will generate the best risk-adjusted returns in the multifamily sector in 2026?

- Core
- Core-Plus
- Value-Add
- Development/Oppportunistic



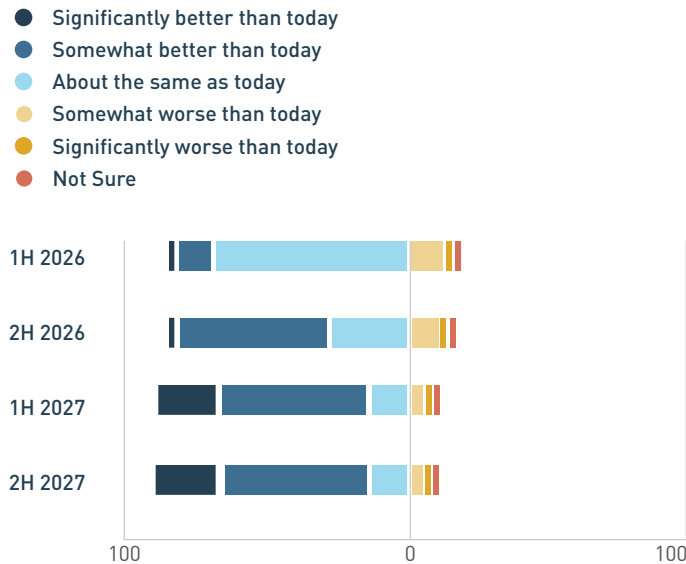
There is a consistent consensus among all respondents that owners will increase or maintain their Class A multifamily exposure relative to Class B and C in 2026.

In a shift from last year's survey, investors are now evenly split between Core-Plus and Value-Add as the preferred strategies for achieving the most attractive risk-adjusted returns. By contrast, in last year's flight to quality environment, core and core plus were a top choice amongst investors.

Investment Climate

While in the short term most investors are expecting the climate to remain as it is today, starting in the second half and accelerating through next year, optimism around investment conditions surges.

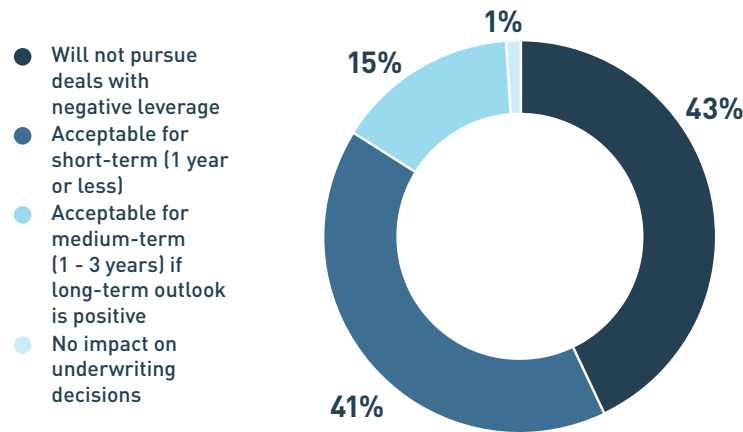
What is your outlook for the overall investment climate in the multifamily sector over the next 24 months?



Underwriting: Negative Leverage

Most respondents are conservative about accepting negative leverage on 2026 multifamily acquisitions. A majority are unwilling to pursue deals with negative leverage, especially in markets with little to no rent growth, since rent growth is viewed as essential to “growing out” of negative leverage.

How would you summarize your tolerance for negative leverage when underwriting new multifamily acquisitions in 2026?



Berkadia’s outlook is aligned with the investor community’s view that the multifamily investment climate is likely to improve over the next 24 months, with some improvements on the transaction side in the second half of 2026.

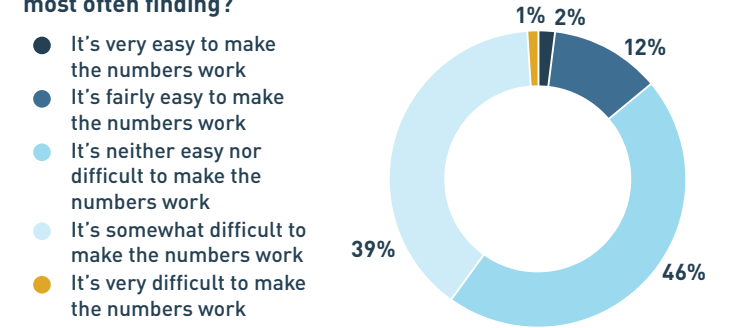
Between 2025 and 2026, investors’ views on underwriting new multifamily opportunities appear to have moderated. In the 2025 Investor Sentiment Survey, many respondents felt it was simply difficult to make the numbers work. By 2026, sentiment had shifted to a more nuanced middle ground:

Underwriting

Today, most respondents are underwriting deals yielding neutral to positive leverage, with fewer investors willing to underwrite or take negative leverage. Last year, 48% of respondents found it very or somewhat difficult to make the numbers work; this year, only 1% found it very difficult.

Investors find it easier today to underwrite deals than at this time last year; however, the transactions that are moving forward generally resemble a Core-Plus or Value-Add investment profile. Deals that are getting done typically share a common set of characteristics: high-quality product, strong locations, clean and stable financials with durable cash flow, and meaningful barriers to future supply. When those traits align, investors are more willing to underwrite.

When underwriting a new multifamily opportunity, what are you most often finding?



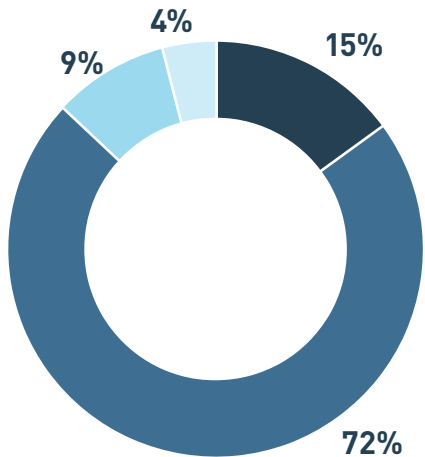
many now say it is neither easy nor difficult to underwrite new deals, while others still see it as somewhat difficult. Many markets still see a meaningful gap between seller expectations and buyer underwriting. This suggests a modest easing in perceived underwriting challenges year over year, though headwinds remain. Buyers generally are cautiously optimistic but disciplined while sellers are just more selective and have multiple options whether it is a sale, refinance, or recapitalizing.

Investment Strategy

Market conditions appear generally more favorable than they did a year ago as the volatility in the greater capital markets settles. Fundraising continues and there is a plethora of capital sitting on the sidelines earmarked for multifamily, driven by the long-term demand drivers as well as the ongoing reallocation of capital from other sectors.

What is your overall investment strategy for your multifamily portfolio in 2026?

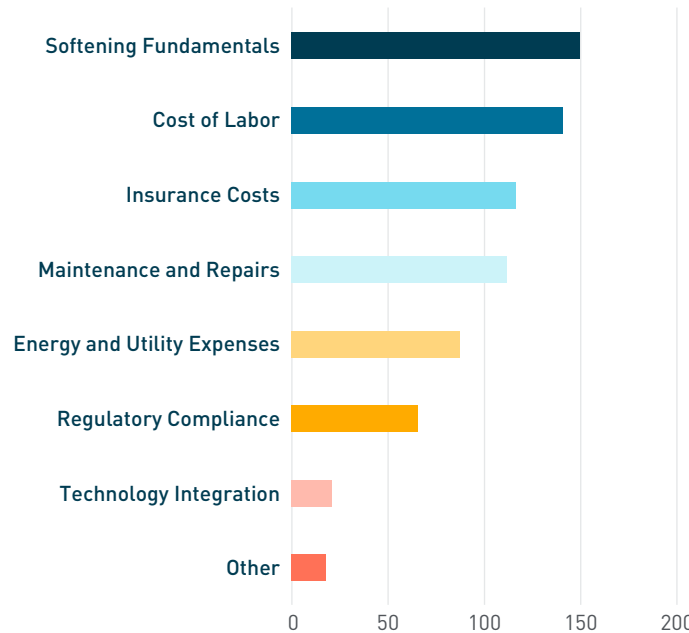
- Aggressively Expand Portfolio
- Moderately Expand Portfolio
- Maintain Current Portfolio
- Reduce Portfolio
- Exit the Market



Operational Challenges

Most investors believe softening fundamentals, labor costs, and insurance costs will have the greatest impact on operating performance in 2026. While insurance costs remain a concern, their rate of increase appears to be moderating. Berkadia’s House View aligns with the perspective that fundamentals will improve throughout 2026 as new supply fades, supporting a return to positive rent growth and more stable operating expenses.

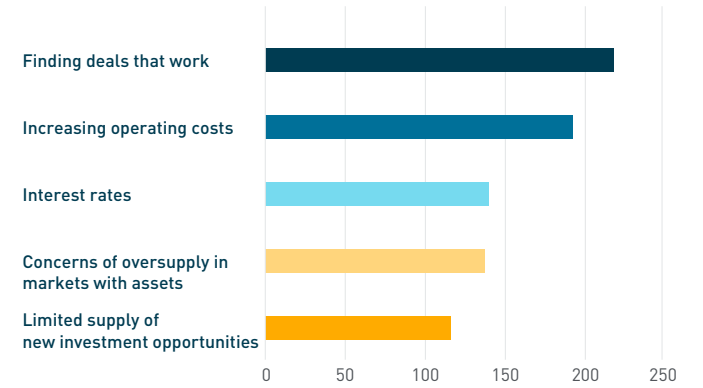
Which operational challenge do you expect to have the greatest impact to your company’s performance in the multifamily sector in 2026?



Macro Challenges

Finding deals that work, operating costs, and interest rates are the top challenges investors are facing with their multifamily portfolio today. Investors are focused on deals where there is a clear path to NOI growth.

What are the top five challenges your company is facing with your multifamily portfolio today?

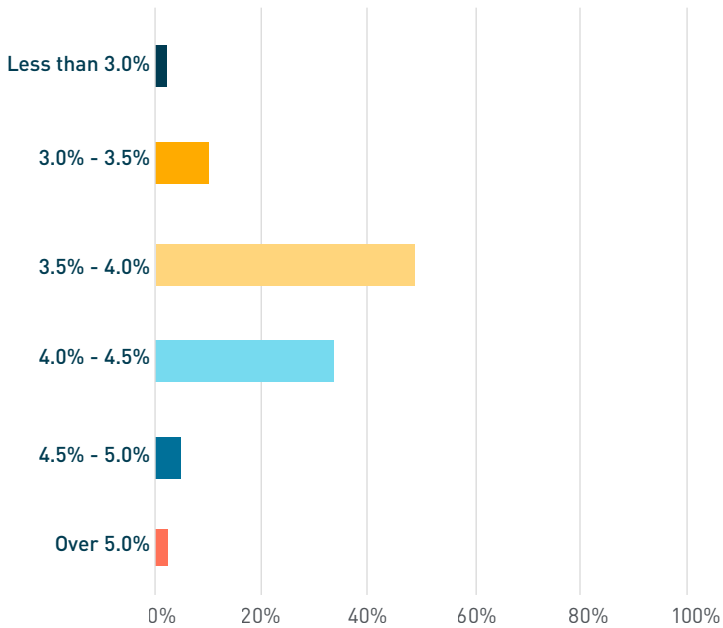


Investors are grappling with both operational and macro headwinds. They continue to view labor and insurance expenses as primary operational challenges in 2026, consistent with their outlook in 2025. Macro challenges center on finding deals that pencil, elevated operating costs, and persistent interest rate pressure across multifamily portfolios.

10-Year Treasury Yield

Investors overwhelmingly expect the 10-Year Treasury to retreat into a tighter, more favorable range by year-end 2026. Most respondents place the yield between 3.5% and 4.0%, signaling a clear belief that rate volatility has peaked and that the capital markets are stabilizing.

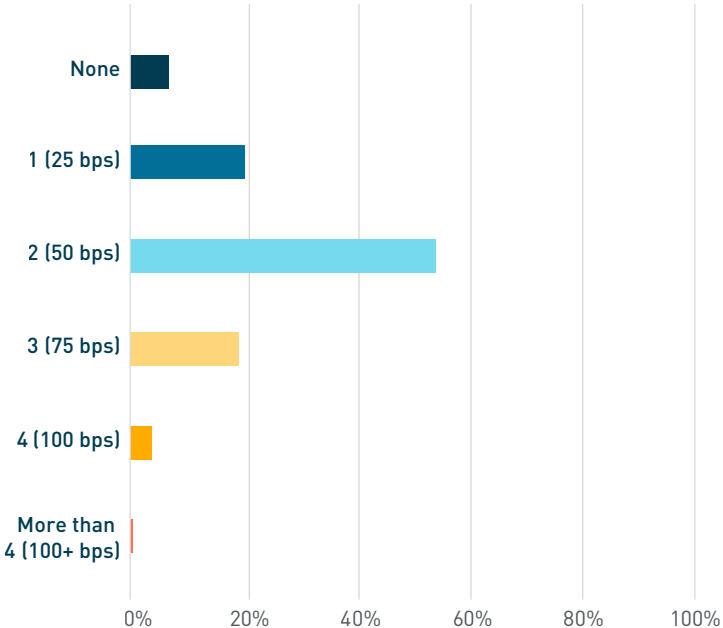
Where do you expect the 10-Year Treasury yield to be at year-end 2026?



Rate Cut

Investors are leaning into a more accommodative monetary policy narrative for 2026. With 175 basis points of rate cuts off the peak, the rate-relief cycle is well underway as most investors anticipate two additional cuts in 2026, totaling another 50 bps of easing.

How many Fed rate cuts do you expect in 2026?



According to Berkadia’s 2026 House View, the base case for the Macro State of the Union calls for the 10-Year U.S. Treasury to move out of its recent range and trade between 3.75% and 4.25% in 2026. This view reflects an expectation of a somewhat higher-for-longer rate environment.

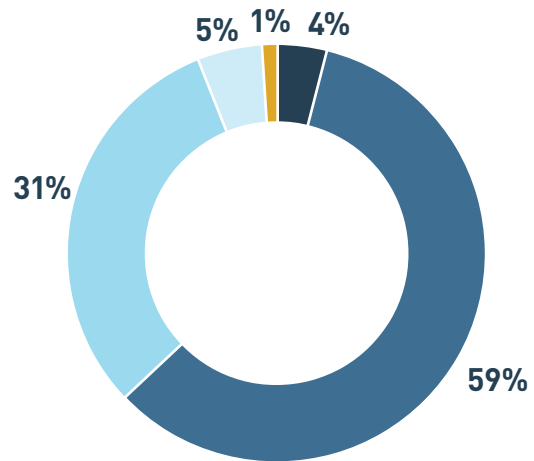
By comparison, our mortgage bankers, investment sales advisors, and investors are modestly more optimistic on rates. Across these three groups, the consensus is that the 10-Year U.S. Treasury will end 2026 in a slightly lower band of 3.5% to 4.0%, with an outlook that includes two 25 bps cuts (50 bps total).

Rental Growth

Most investors anticipate moderate rent growth in the multifamily sector in 2026, a view that is consistent with Berkadia’s House View. As the current wave of new supply is absorbed and the pipeline normalizes, investors expect fundamentals to stabilize, supporting steady – though not outsized – rental growth.

What are your expectations for rental growth in the multifamily sector in 2026?

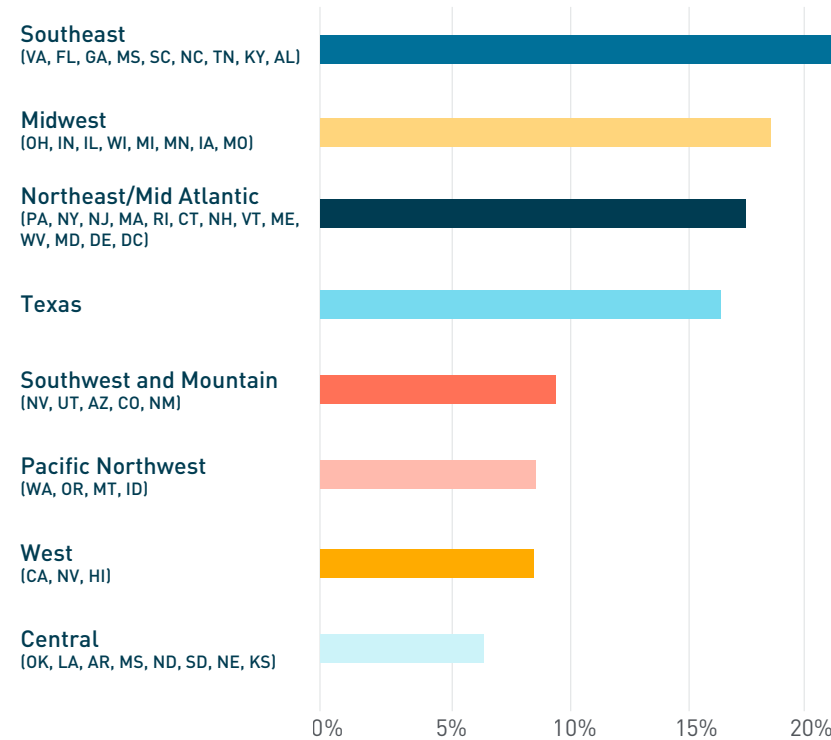
- Significant Increase (greater than a 3.0% increase)
- Moderate Increase (1.0% - 3.0% increase)
- Effectively No Change (-1.0% - 1.0%)
- Moderate Decrease (1.0% - 3.0% decrease)
- Significant Decrease (greater than a 3.0% decrease)



Geographic Regions

The Southeast, Midwest, and Northeast are expected to be the best for multifamily investment in 2026. While national rent growth assumptions are modest, it is clear that investors are favoring higher migration and strong labor markets in their regional selections.

From your perspective, which three geographic regions do you believe will be the best for multifamily investment in 2026?



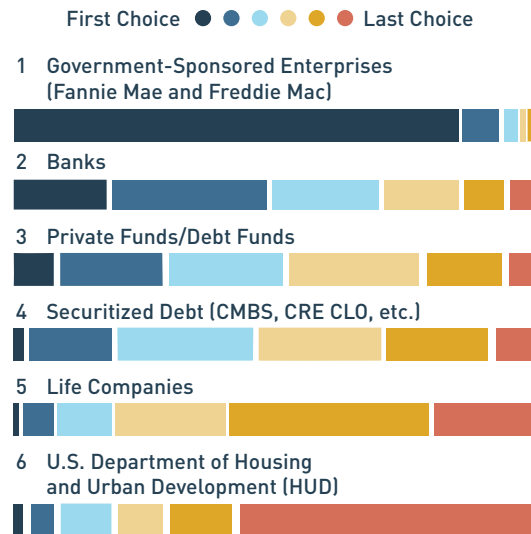
After record levels of apartment deliveries, supply has peaked. We expect deliveries to fall below long-term averages in 2026 and rent growth to resume.

Continued migration trends are expected to drive demand for apartments. The lower cost of living, warmer climates, and business-friendly environments are key factors and will drive new residents specifically to markets in the Southeast and Midwest. Historically, the Northeast has exhibited steady performance in attracting investors.

Lending Sources

Fannie and Freddie (the multifamily GSEs) are expected to be the most active lending sources in 2026. Following that, investors believe banks and private funds/debt funds to be active. There's no shortage of liquidity in today's marketplace. Debt capital is readily available for quality multifamily assets, and strong forecasted increase in commercial mortgage originations in 2026 reinforces the idea that liquidity is expanding.

Please rank the following lending sources by anticipated activity in the multifamily sector in 2026?



The Multifamily GSEs were viewed in 2025 as the most active lending sources and are widely expected to retain that position in 2026. Their multifamily loan purchase caps have increased to \$88 billion each, up 20% from 2025, for a combined total of \$176 billion, up from \$146 billion in 2025. Fannie Mae and Freddie Mac continue to play a crucial role in providing liquidity to the housing market, and this expanded capacity is complemented by increased lending activity from many banks. However, banks are approaching new originations more selectively—tightening credit standards, focusing on stronger sponsors and assets, and prioritizing deals that align with their balance-sheet and regulatory constraints.



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