2026

Mid-Year Multifamily Pulse

SURVEY

AUGUST 2026

BERKADIA®

Berkadia's second-annual Mid-Year Multifamily Pulse Survey ("Survey") offers a broad overview of the anticipated challenges and expectations for multifamily investors in the second half of 2026 and beyond. Conducted in June 2026, the survey gathered responses from more than 100 participants primarily consisting of Principals and Directors, with the majority representing private investor companies. The survey explores changes in investment sentiment amid market volatility, first-half operating performance relative to budget, underwriting assumptions for rent growth and exit cap rates, plans for portfolio growth, and key commercial real estate market and macroeconomic changes investors expect over the next 24 months.

The Survey highlights a constructive long-term outlook for multifamily investment, supported by favorable economic and demographic trends, even as investors navigate near-term headwinds from market volatility and challenging operating fundamentals. Volatility has continued to weigh on sentiment and transaction activity, with many respondents describing transactions as a scarcity and more difficult to execute in the current environment. Other key challenges identified include interest rate volatility, market uncertainty, debt and equity structuring, and sourcing the right opportunities.

Ernie Katai
Executive Vice President – Head of Production
Berkadia

About the Mid-Year Multifamily Pulse Survey

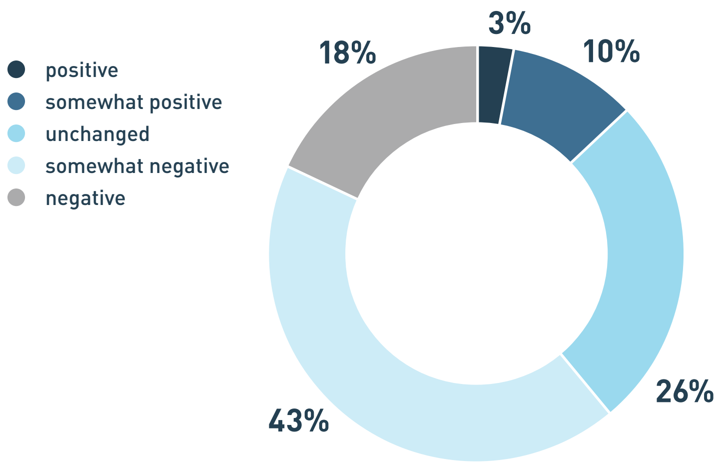
The second annual Mid-Year Multifamily Pulse Survey was conducted online by Berkadia in June of 2026 to assess anticipated transaction activity and opportunities within the multifamily sector in the second half of 2026. The survey received over 100 responses primarily consisting of Principals and Directors, with the majority representing private investor companies.

Impact of Volatility on Outlook

Volatility has continued to weigh heavily on investor sentiment during the first half of 2026. A combined 61% of respondents said volatility has made their outlook either negative (18%) or somewhat negative (43%), while only 13% said it has made them somewhat positive or positive. RCA reports a 5.7% decline in apartment transaction volume* in 1H 2026 compared with 1H 2025. In contrast, Berkadia recorded a 16.8% increase in multifamily sales volume, reaching $5.6 billion in 1H 2026 versus $4.8 billion in 1H 2025. This suggests that, despite ongoing uncertainty and volatility, the market remains active and transactions continue to get done.

*Volume based on RCA reported seller broker, closed sales transactions.

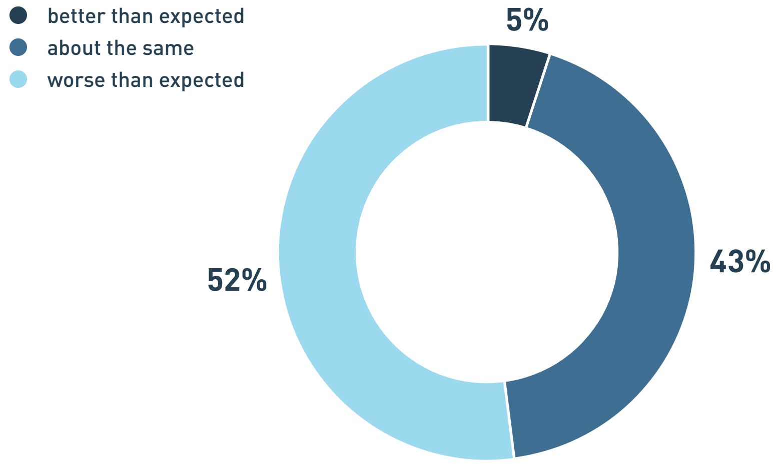
How has volatility changed your investment outlook for the second half of 2026?



Year-to-Date Performance vs. Expectations

The first half of the year fell short of investor expectations and performed worse than expected for more than half of the respondents (52%), while 43% said performance has been about the same and only 5% said it has been better than expected.

Has the first half of the year performed in line with your expectations?



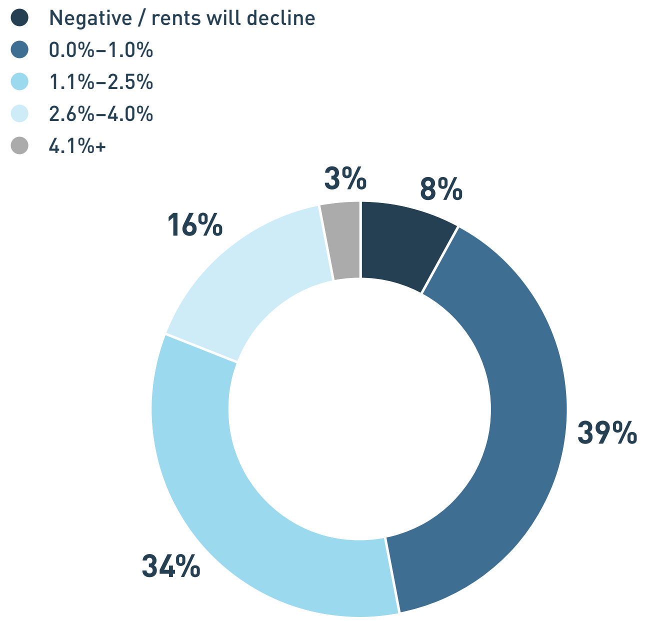
Key Takeaway

Investors are entering the second half of 2026 with a measured but constructive outlook. While market volatility has prompted greater selectivity and year-to-date performance has trailed expectations for some, many see an opportunity to reposition portfolios and capitalize on improving market conditions ahead.

Rent Growth Expectations

Most respondents expect modest rent growth over the next 18 months. In total, 73% anticipate rent growth of up to 2.5%, with the largest share expecting growth of 0.0% to 1.0% (39%), followed by 1.1% to 2.5% (34%). This is a positive sign given rent growth expectations have been tempered by recent market volatility and softer operating conditions, yet most respondents still expect fundamentals to remain positive.

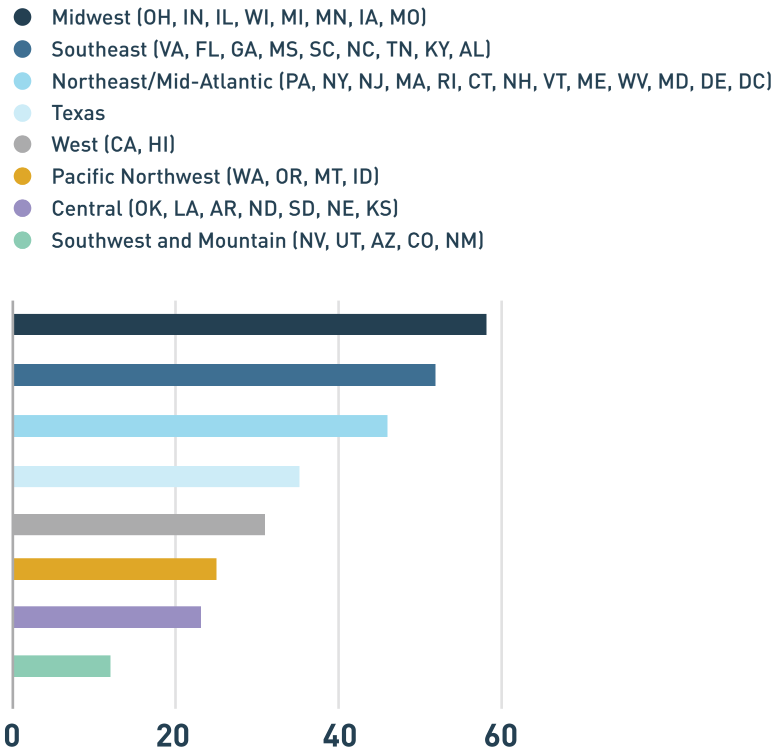
What are your medium-term rent growth expectations over the next 18 months?



Preferred Regions for Investment

The Midwest ranked as the most preferred U.S. region for multifamily investment in the second half of 2026, followed by the Southeast and the Northeast/Mid-Atlantic, suggesting that investors are prioritizing regions with a balance of stable fundamentals, stronger yield potential, and resilient demand.

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



Key Takeaway

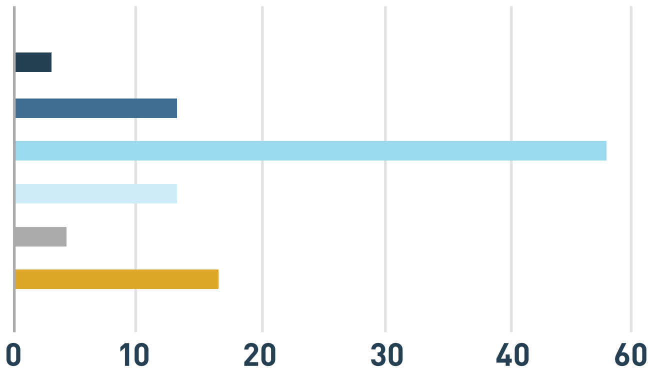
The survey's preferred-investment-region results are broadly consistent with recent regional rent trends, particularly in the Midwest and Northeast. For the second half of 2026, respondents identified the Midwest as the top region for U.S. multifamily investment, followed by the Southeast and Northeast/Mid-Atlantic regions. That ranking aligns with RealPage regional data through the first quarter of 2026, which shows the Midwest posting the strongest year-over-year effective rent growth at 4.6%, followed by the Northeast at 3.2%, while the broader South region was essentially flat at -0.1% year over year. The results suggest investors are gravitating toward regions where rent performance has remained more durable, while continued interest in Southeast and Mid-Atlantic markets likely reflect a longer-term conviction in the region's demographic and demand fundamentals despite near-term supply pressure.

Exit Cap Rate Underwriting

Underwriting remains disciplined. Nearly half of respondents (48%) are assuming exit cap rate expansion of 25–50 basis points over their going-in cap rates. Smaller groups are assuming 51–100 basis points of expansion (13%) or using different exit cap rates depending on the asset or market (16%). Very few are underwriting cap rate compression.

How are you underwriting exit cap rates today?

- Assuming +51–100 bps compression over the going in cap rate
- Assuming +25-50 bps compression over the going in cap rate
- Assuming +25–50 bps expansion over the going in cap rate
- Assuming +51–100 bps expansion over the going in cap rate
- Assuming more than +100 bps expansion over the going in cap rate
- Using different exit cap rates criteria not shown above



Key Takeaway

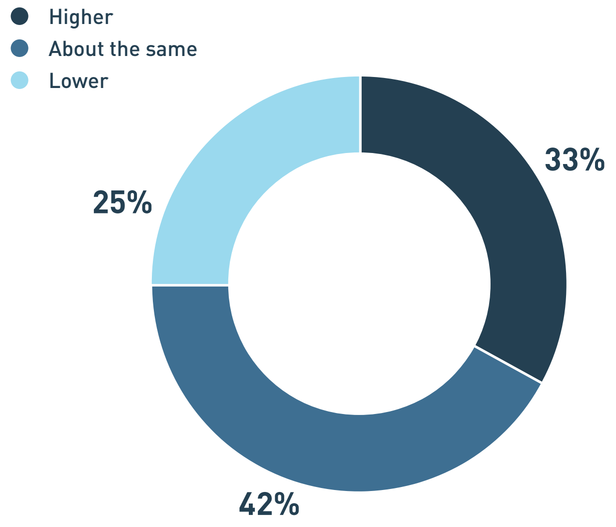
Underwriting remains disciplined as investors continue to account for capital markets uncertainty and the prospect of higher-for-longer rates. With nearly half of respondents assuming exit cap rate expansion of 25 to 50 basis points and very few underwriting cap rate compressions, the survey suggests investors are remaining cautious on valuations and prioritizing downside protection over a near-term rebound.

Transaction Volume Outlook

Respondents' expectations for 2026 transaction activity are relatively balanced. 42% expect activity to be about the same as in 2025, while 33% anticipate an increase and 25% anticipate a decline. Berkadia's multifamily sales transaction volume totaled $6.4 billion in 2H 2025. Historically*, about 60% of Berkadia's closed multifamily volume has occurred in the second half of the year, which provides some optimism for the remainder of 2026.

*Based on 2024 and 2025 Berkadia multifamily investment sales closed volume

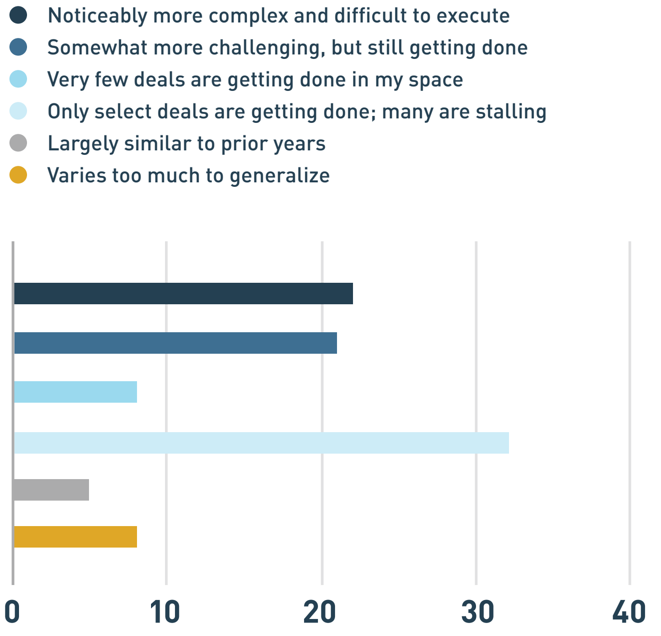
Do you expect investment transaction activity in 2026 to be higher or lower than 2025?



How Deals Are Getting Done

The prevailing view (32%) is that only select deals are getting done, while 22% said deals are noticeably more complex and difficult, and 21% said they are somewhat more challenging but still getting done. These findings point to a market where capital is still active, but conviction is narrower, execution is more difficult, and only the most attractive deals are consistently clearing the market.

How are deals getting done in today's environment (structure, leverage, pricing)?



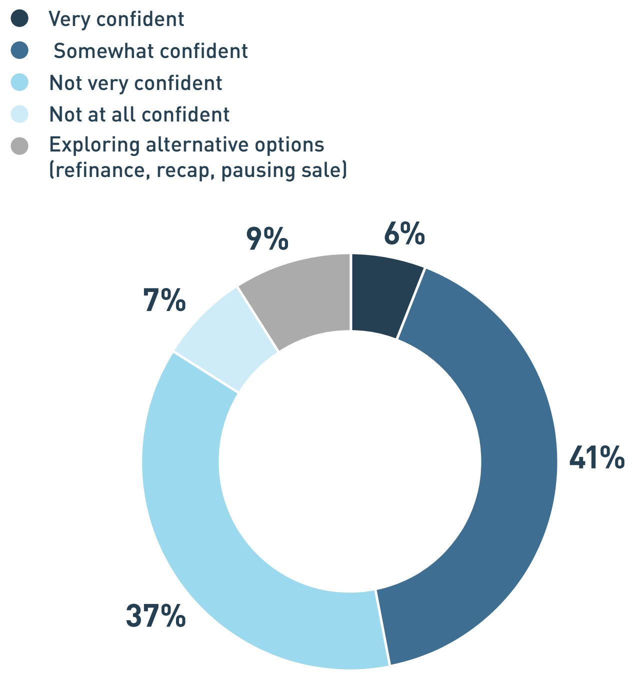
Key Takeaway

Expectations for 2026 transaction volume remain relatively balanced, with the largest share of respondents anticipating activity will be in line with 2025. At the same time, results suggest that market activity is being shaped by a highly selective execution environment, where only certain deals are getting done and many require greater complexity in structure, leverage, and pricing. Overall, the findings point to a market that remains active but disciplined.

Confidence a Property Will Trade

Confidence remains mixed when it comes to taking a property to market. 41% of respondents said they are somewhat confident a property will trade, followed by 37% who said they were not very confident. Only 6% said they feel very confident. While that figure remains low, Berkadia's investment sales activity ($7.95 billion in total transaction volume in the first half of 2026) suggests there is still momentum in the market.

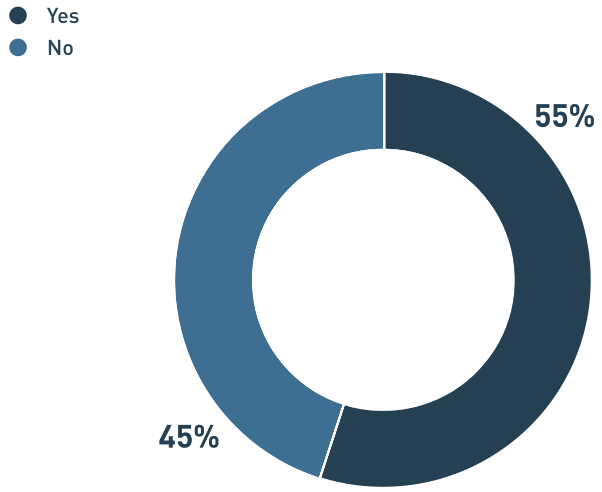
When you take a property to market today, how confident are you that the property will trade?



Disposition Plans

Views were relatively divided on planned dispositions: 55% of respondents said they are putting them on hold due to current volatility, while 45% said they are not. Given current market volatility, "bridge to sale" has become a more common capital event than a straight-out sale.

Are there any dispositions you had planned that you're putting on hold due to the current volatility?



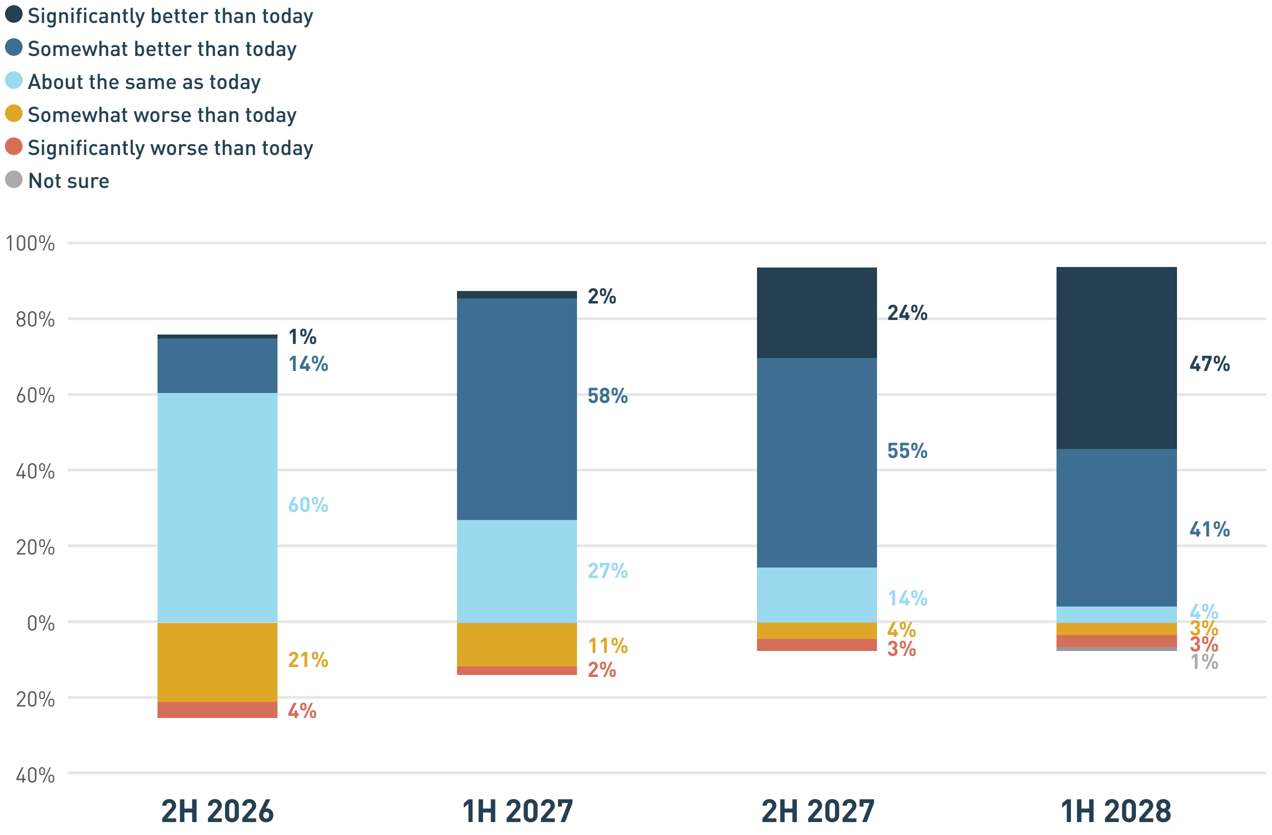
Key Takeaway

In the first half of 2026, Berkadia brought more listings to market than during the same period in 2025, with launched deal count increasing 5.7% from 442 to 467. Although respondents expressed heightened caution around volatility and indicated that some planned dispositions were on hold, Berkadia's listing data suggests market activity has remained more resilient than sentiment alone would imply.

Forward-Looking Investment Outlook

Looking ahead, many respondents (57%) anticipate conditions to improve gradually over time. These responses suggest investors remain cautious in the near term but are increasingly constructive over the medium term, with expectations that market conditions will improve as volatility eases and fundamentals begin to stabilize. The outlook becomes notably more positive further into 2027 and early 2028, as a growing share of respondents expect conditions to be better than they are today and fewer anticipate further deterioration.

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



Investor Survey Comparison

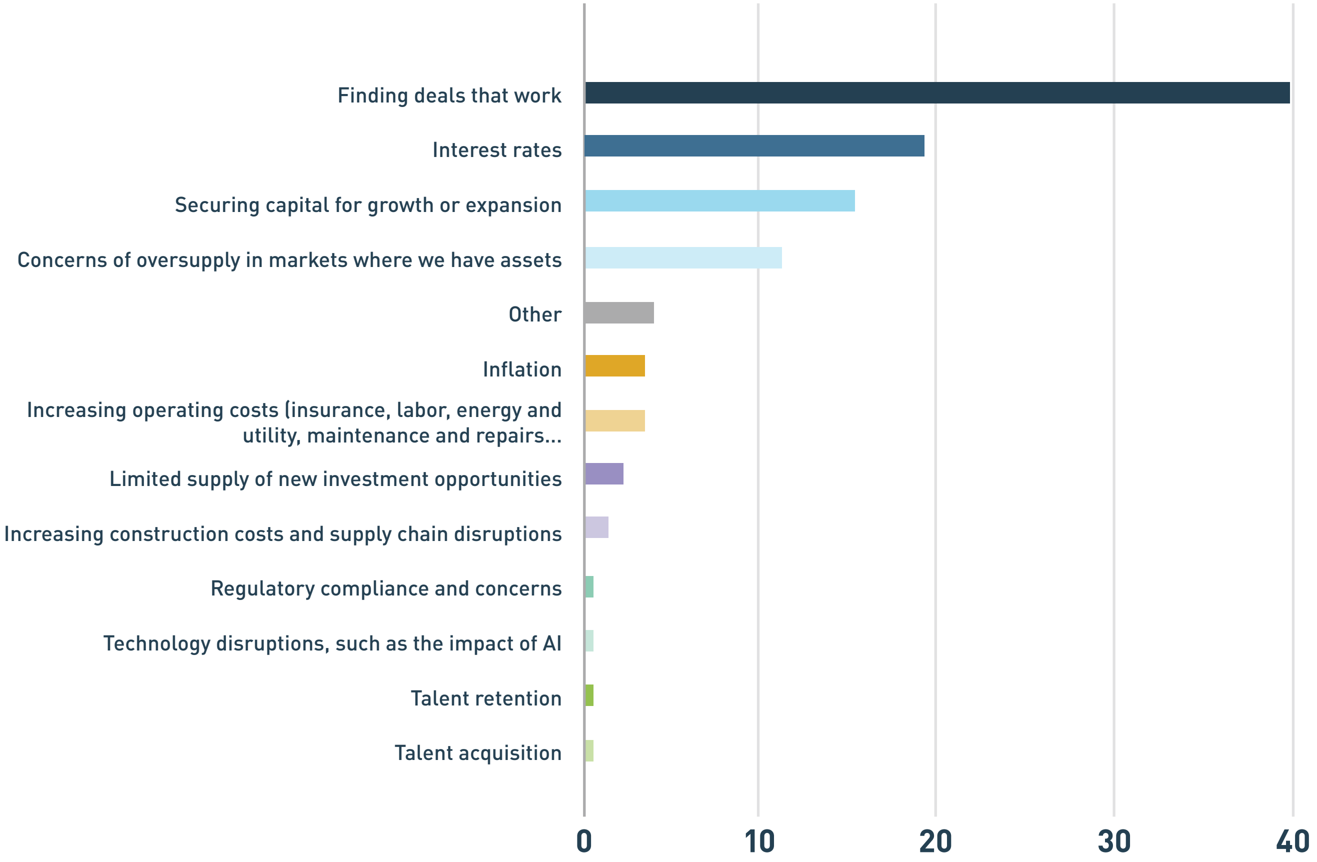
Results from Berkadia's 2026 Mid-Year Multifamily Pulse Survey indicate an improved forward-looking investment outlook relative to the beginning of 2026. At the start of the year, most respondents to our 2026 Multifamily Investor Sentiment Survey expected the multifamily investment climate to remain broadly stable over the following 24 months, with any meaningful improvement occurring in the second half of 2026. By contrast, the mid-year findings suggest a more positive trajectory, with respondents increasingly expecting conditions to improve gradually over time.

Although near-term expectations for the second half of 2026 remain somewhat mixed, the outlook for 2027 and into the first half of 2028 is more favorable, with a greater share of respondents anticipating that market conditions will be somewhat or significantly better than current levels (83%) and a smaller share expecting deterioration (6%).

Greatest Challenge in 2026

The greatest challenge cited was finding deals that work, followed by interest rates, securing capital for growth or acquisitions, and concerns of oversupply in some markets. We also continue to see a bid/ask spread.

What's your greatest challenge in 2026 given the current environment?



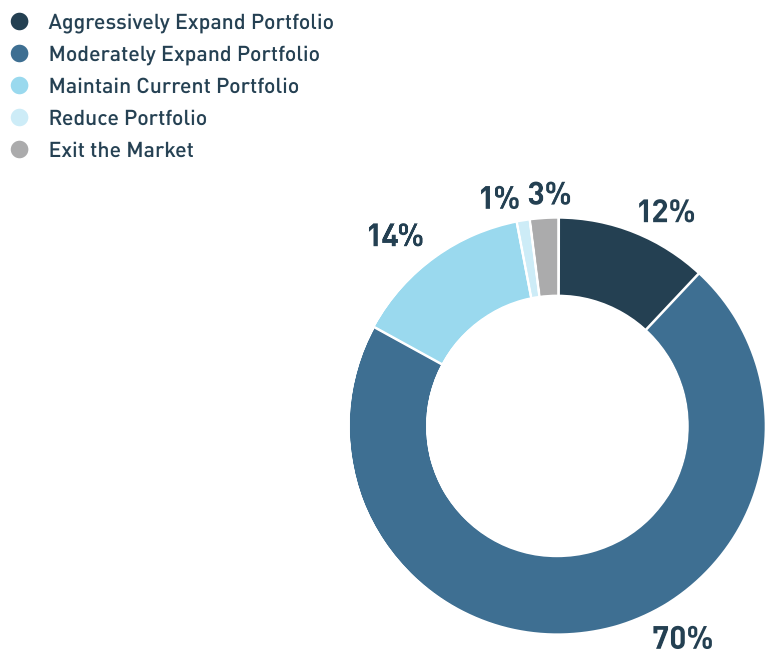
Investor Survey Comparison

Relative to Berkadia's 2026 Multifamily Investor Sentiment Survey, conducted in January of this year, our 2026 Mid-Year Multifamily Pulse Survey findings indicate a modest shift in investor challenges. Finding deals that work was the leading challenge in both surveys, with interest rates continuing to rank among the top headwinds. However, from January to June, investor focus has shifted somewhat from operating costs to capital availability and concerns of oversupply in some markets. Overall, the findings suggest that while certainty of execution and the cost of capital remain top of mind, many investors are increasingly focused on access to growth capital and evolving market-level supply conditions.

Portfolio Strategy

Despite current volatility, most respondents are still oriented towards growth. 70% said they plan to moderately expand their portfolios and 14% expect to maintain their current portfolios, while only a very small minority plan to reduce exposure or exit the market.

What is your overall investment strategy for your multifamily portfolio?



Investor Survey Comparison

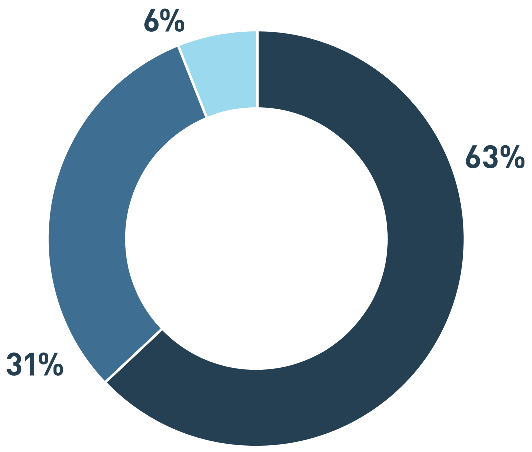
Berkadia's 2026 Mid-Year Pulse Survey shows investor sentiment remains growth-oriented, though more measured than at the start of the year. While 87% of respondents in January said they planned to moderately or aggressively expand their portfolios, mid-year results show continued interest in growth with a clearer tilt toward moderation and holding existing assets. Overall, confidence in multifamily remains intact, but expansion strategies have become more disciplined.

Best Strategy in High-Supply Markets

In markets facing heavy new supply, most respondents believe the best long-term strategy is to prioritize occupancy through concessions as keeping units leased helps protect cash-flow, limit vacancy loss, and maintain competitive positioning until excess supply is absorbed.

In markets with high supply deliveries, which strategy do you believe is most effective for maintaining long-term asset value?

- Prioritizing occupancy through concessions
- Lowering base asking rents
- Holding firm on pricing

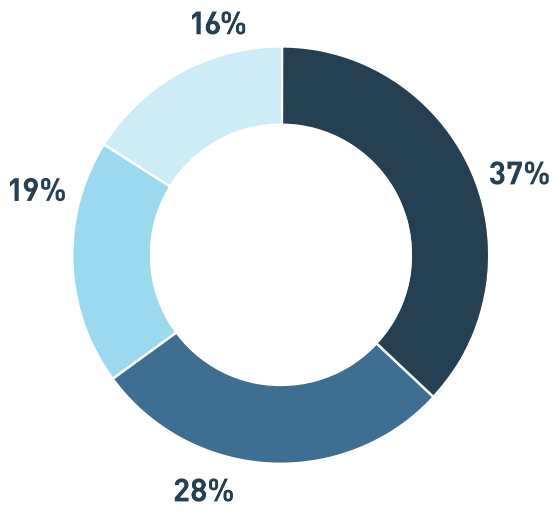


AI and Portfolio Strategy

AI adoption appears to be measured rather than aggressive, with 65% of respondents planning to implement AI in some way to improve day-to-day operations, while a smaller share said it is not a priority right now.

How is AI influencing your investment decisions and portfolio strategy for the remainder of the year?

- We are exploring options but limiting capital spend
- We are piloting it but evaluating ROI
- It's not a priority right now
- It's a primary focus for deal sourcing/efficiencies



What is your greatest challenge in 2026 given the current environment?

The following comments are taken directly from survey responses.

1. Interest rate volatility, inflation, and the high cost of debt are making it difficult to confidently underwrite deals and secure attractive financing.

2. Many respondents are struggling to find acquisitions that pencil, especially when cap rates remain below borrowing costs and many of the opportunities coming to market offer negative leverage.

3. A major challenge is the continued disconnect between buyer and seller expectations, which is preventing transactions from getting done.

4. Raising equity and finding willing capital partners remains difficult in the current environment, particularly as investors are more cautious and selective.

5. Oversupply in many markets is putting downward pressure on rents, increasing concessions, and delaying the return of meaningful rent growth.

6. Owners are facing operational headwinds as revenue softens while expenses such as insurance, payroll, and other property-level costs continue to rise.

7. Market uncertainty, including economic volatility, government policy changes, and political risk, is making it harder to make long-term investment decisions.

8. Maintaining performance in existing portfolios is increasingly challenging due to weaker leasing conditions, resident turnover, and lower cash flow.

9. Finding it difficult to identify where future demand drivers and market momentum will come from, especially in markets with soft fundamentals.

10. Regulatory and political issues, particularly around rent control and local housing policy, are creating added underwriting and operational complexity.

11. Limited transaction activity and a shortage of real, actionable sellers are reducing acquisition opportunities.

12. Overall, the market is challenging because firms must balance soft operating fundamentals, constrained capital, and elevated uncertainty while still trying to generate acceptable risk-adjusted returns.

Key Takeaway

Respondents described a difficult investment environment marked by high debt costs, soft operating fundamentals, and ongoing uncertainty around market conditions, policy, and pricing. Many said it remains challenging to find deals that pencil, raise capital, and drive performance as rent growth weakens and expenses rise. Regulatory risk is becoming increasingly significant, particularly because many investors have not historically incorporated it meaningfully into their underwriting. As a result, we expect investors to place greater emphasis on evaluating regulatory exposure as part of their overall investment analysis going forward.

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