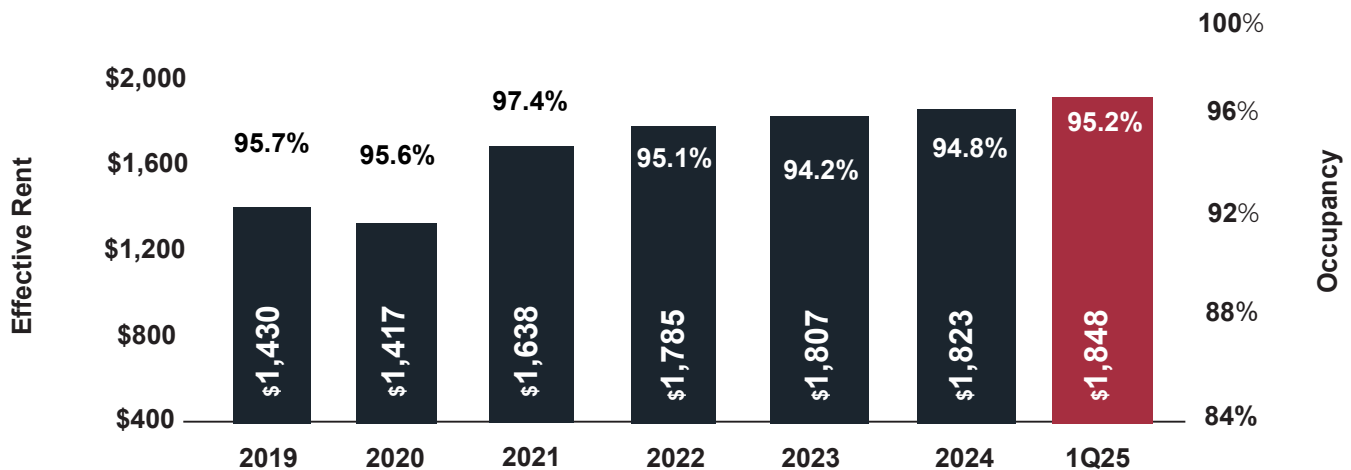


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ultifamily Begins 2025 with Record Absorption

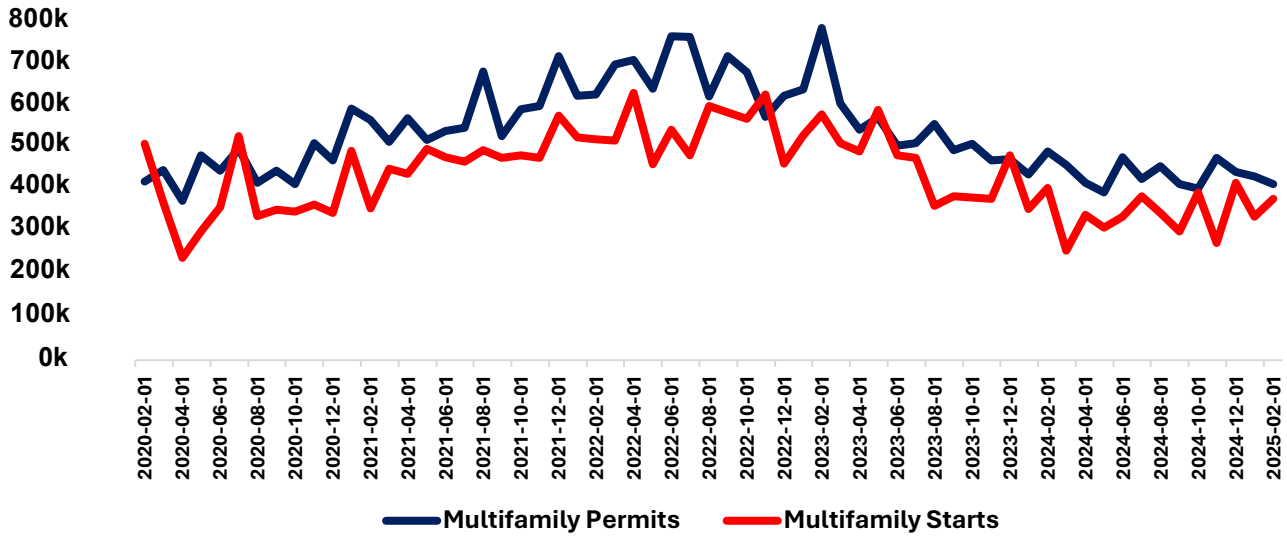
Limited for-sale housing inventory coupled with a wage increase of 3.8% YoY contributed to strong demand for multifamily units in 1Q25 that helped drive rent and occupancy gains in the quarter.¹ According to RealPage, 138,300 market-rate multifamily units were absorbed in 1Q25, the strongest first-quarter demand figure ever recorded by RealPage and 22,200 units more than the 116,100 units that were delivered. Strong absorption contributed to occupancy increasing to 95.2% nationwide and effective rents increasing by 1.1% YoY. Gateway and secondary markets in the Midwest and Northeast recorded the strongest rent growth. These markets include New York City (5.5%), Chicago (3.7%), Kansas City (3.7%), Columbus (3.5%) and Philadelphia (3.2%).² In contrast, rents continued to fall in Southern markets with high inventory such as Austin (-5.4%), Phoenix (-3.0%), Dallas (-1.7%) and Atlanta (-1.6%).

Permitting for multifamily projects also fell by 16% YoY in February to a seasonally adjusted annual figure of 404,000 units while construction starts fell by 7% YoY to 370,000.³ February's permitting and starts figures were well off the seasonally adjusted annual peaks they reached in 2022 when more than 700,000 permits were issued and over 600,000 starts were recorded. Reflecting this decline, RealPage is forecasting that new supply will fall from the 589,000 units that were delivered in 2024 to levels that are more consistent with historic norms by 2026 and barring a sudden increase in activity, deliveries will continue to fall in 2027 and 2028.



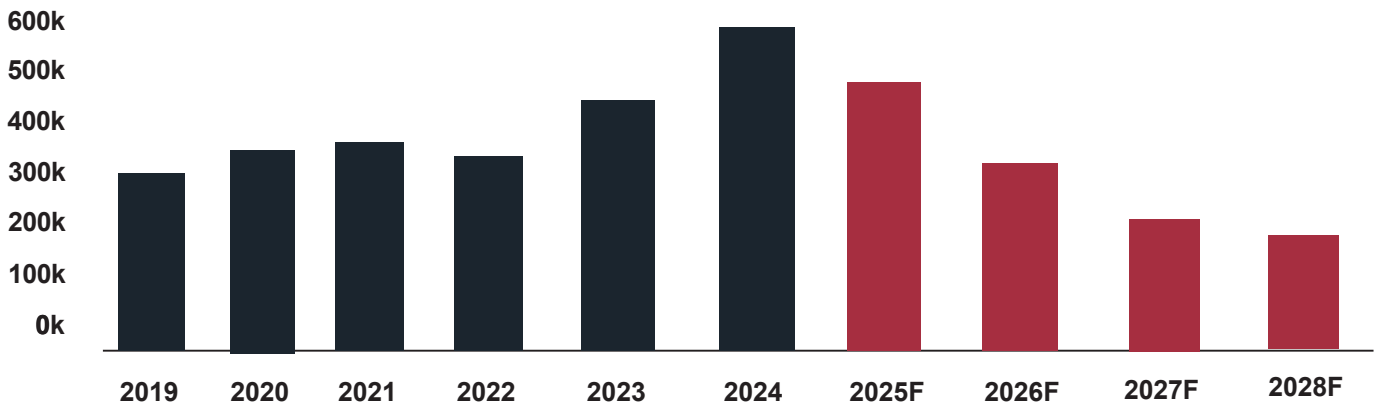
Source: RealPage

Multifamily Permits and Starts



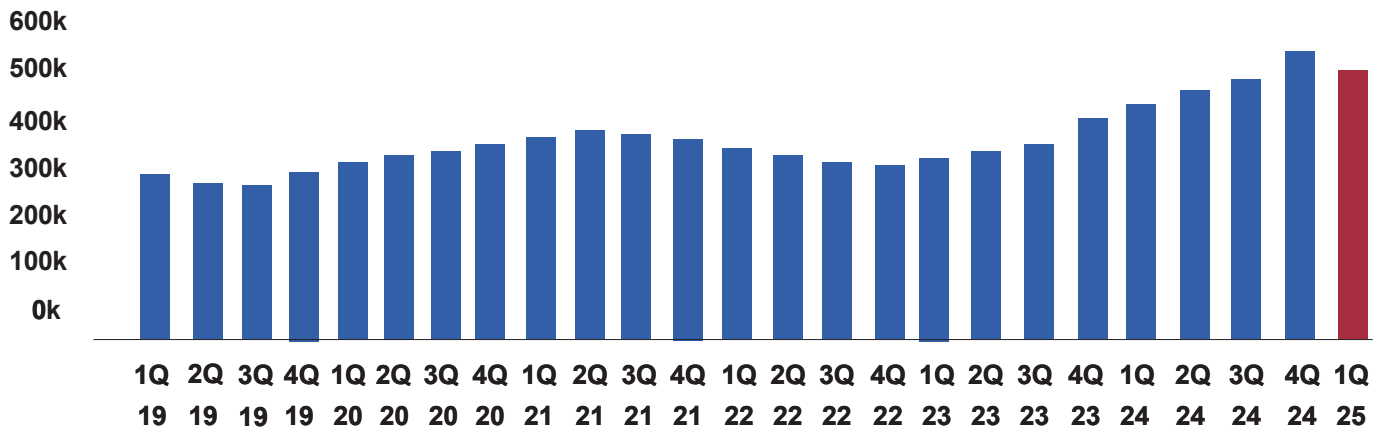
Source: U.S. Census Bureau; seasonally adjusted annual multifamily permits and starts

Annual Deliveries



Source: RealPage

Trailing 12-Month Deliveries



Source: RealPage



Endnotes

1. Bureau of Labor Statistics
2. Yardi Matrix. National Multifamily Report. March 2025
3. U.S. Census Bureau

Disclosures

ABR Capital Partners (“ABR”) is an independent real estate investment manager specializing in core-plus, value-add, and opportunistic investments in the middle market. ABR takes a focused yet flexible approach regarding market, property type, and capital structure, with the goal of achieving attractive risk-adjusted returns at both the asset and portfolio levels. This report is for informational purposes only and does not constitute an offer to buy or sell any securities or investments. Visit abrcapital.com for more information.

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