

WHITE PAPER

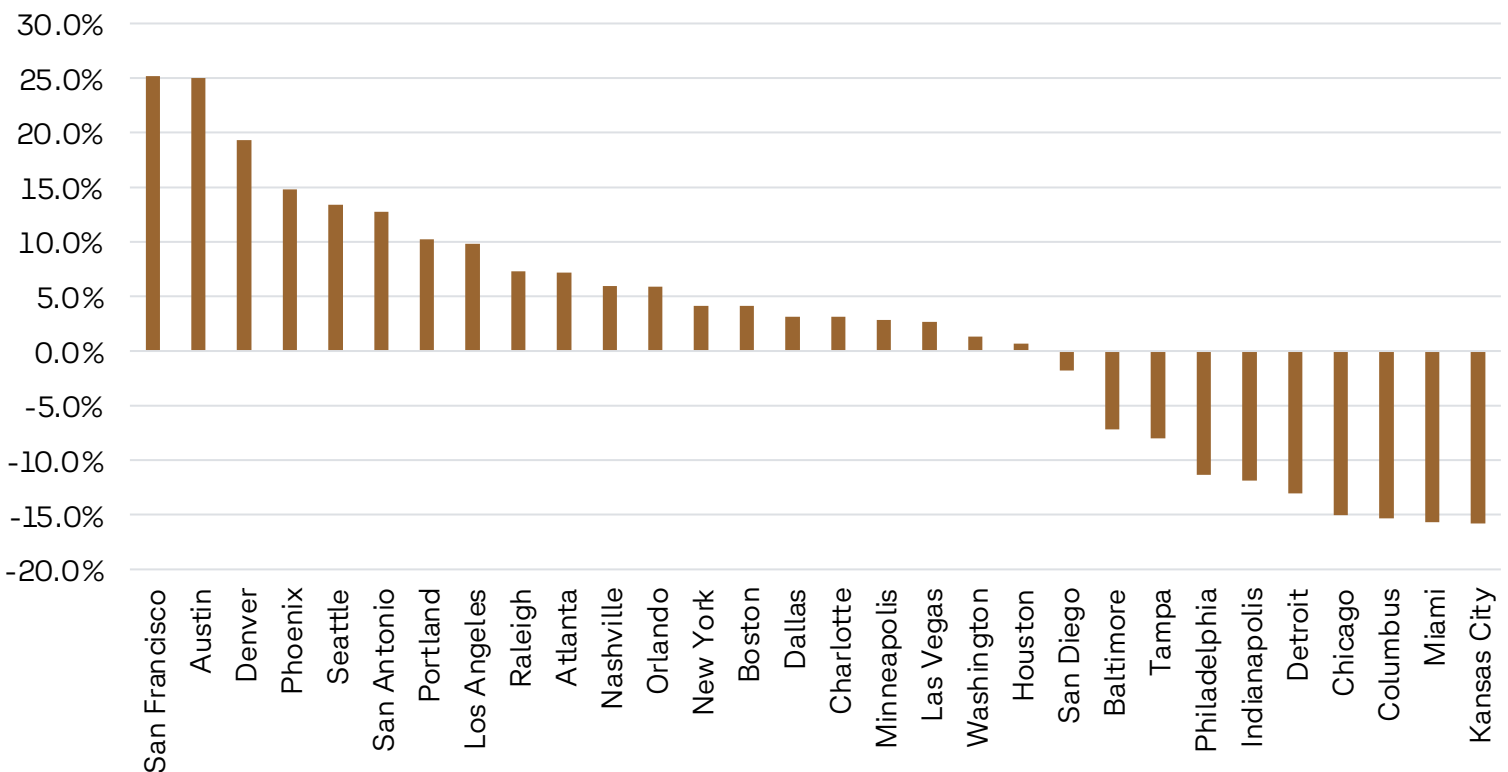
# IMPROVING AFFORDABILITY IN THE MULTIFAMILY SECTOR

JUNE 2026

The multifamily sector is transitioning from a recent period defined by elevated supply and demand toward one where a) new deliveries are set to decline materially, by roughly 65% nationally over the next several years b) demand has moderated alongside slower household formation, itself closely tied to decelerating employment growth and migration trends. Within this backdrop, improving affordability dynamics are beginning to take shape.

Since 2019, income growth has outpaced rent growth across many markets, as shown in **Exhibit 1**, providing a measurable easing in affordability pressures. This dynamic has been most pronounced in coastal markets that lagged during the early pandemic rent acceleration, as well as in several Sunbelt markets where recent rent declines (largely a function of elevated supply) have reset affordability levels. These conditions suggest a degree of embedded runway for rent growth in the coming years. By contrast, markets on the right-hand side of the exhibit, largely concentrated in the Midwest, have experienced stronger recent rent growth without a commensurate increase in incomes, indicating that affordability constraints may temper forward rent growth potential.

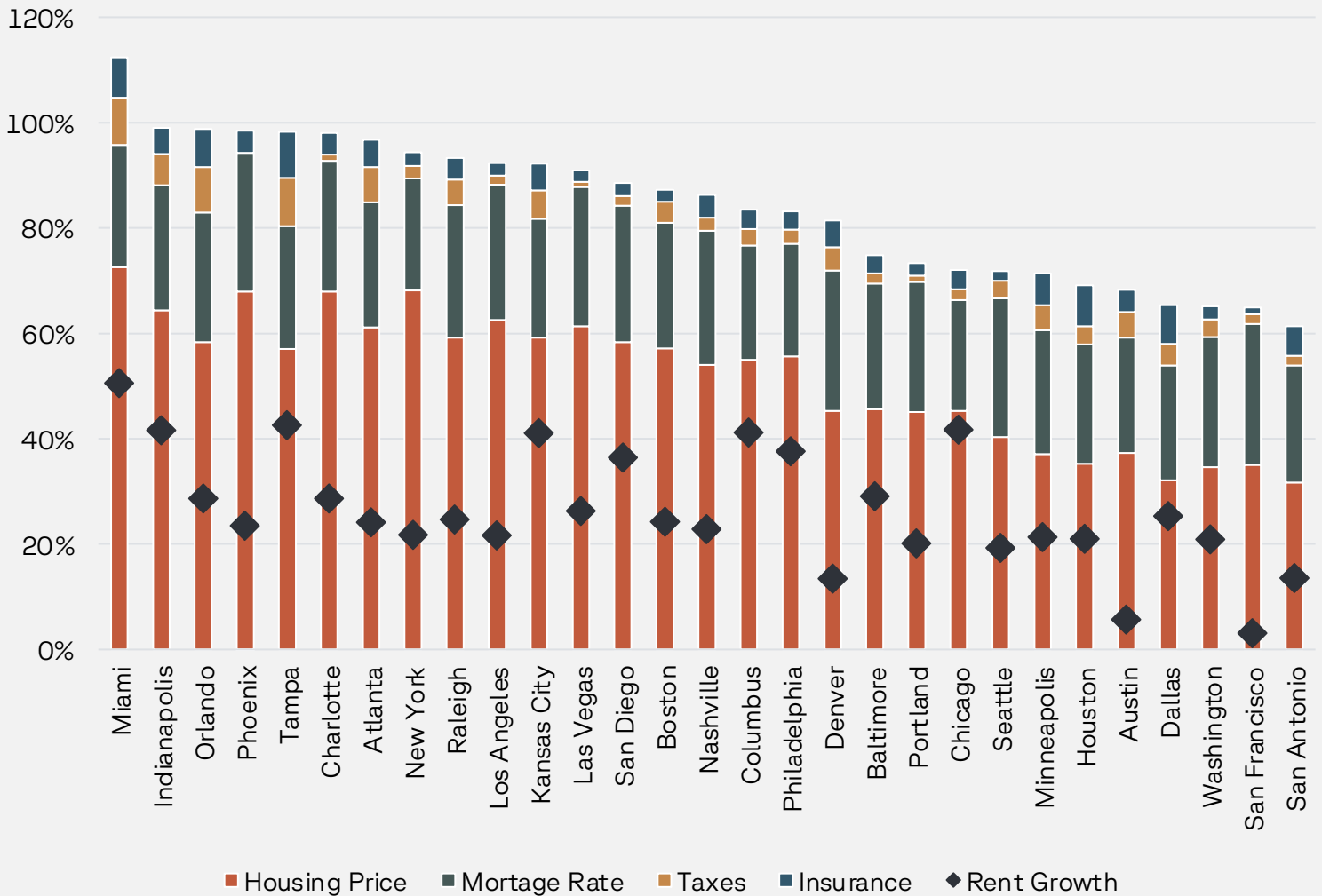
**Exhibit 1: DIFFERENCE IN MEDIAN HOUSEHOLD INCOME MINUS MULTIFAMILY RENT GROWTH | 2025 vs. 2019**



A second tailwind is the cost of homeownership relative to renting, which remains near historical highs. **Exhibit 2** breaks down the components of mortgage costs since 2019 across markets, highlighting that both home price appreciation and higher mortgage rates have been the primary drivers of increased ownership costs. The change in multifamily rents over the same period, shown by the blue diamonds, underscores that even with a meaningful decline in mortgage rates, the affordability gap would remain wide.

Markets such as Phoenix, New York, Atlanta, Los Angeles, and Orlando stand out as having experienced the most significant deterioration in homeownership affordability relative to renting. This dynamic should support multifamily demand and rent growth, as marginal household formation increasingly skews toward renters and higher-income households remain renters for longer.

**Exhibit 2: CHANGE IN AVERAGE MORTGAGE COSTS & AVERAGE MULTIFAMILY RENTS BY MSA | 2025 vs. 2019**



Source: Moody's Analytics, RealPage, ICE, Bloomberg, Affinius Capital Research

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