

Multifamily Transactions — Looking Beneath the Headline Recovery

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Key Takeaways

Multifamily transactions are improving, but the recovery remains uneven, with headline volume recovering faster than the number of properties changing hands.

Improving credit availability is creating a more supportive environment for multifamily deal activity, as originations rise and depositories and CMBS lenders become more active.

Elevated rates and compressed cap-rate spreads remain key counterweights to a broader multifamily recovery, while upcoming debt maturities add pressure to existing capital structures.

U.S. CRE transaction activity has moved closer to pre-pandemic levels, but the recovery remains uneven. This is particularly evident within multifamily: headline dollar volume suggests the sector has largely recovered, while the underlying data tell a more nuanced story. Looking ahead, we believe several capital-market tailwinds and headwinds will help shape the extent and pace of further recovery.

Volume vs. Transaction Count — The Gap Between Dollars and Deals

Multifamily transaction activity is recovering, but dollar volume has rebounded faster than the number of properties trading. This divergence partly reflects higher asset values, with median pricing per unit rising 34%, from \$133,000 in 2016–2019 to \$178,000 over the past year.¹ As a result, fewer properties are generating comparable dollar volume, suggesting headline figures may overstate the breadth of market activity. A recovery driven by appreciation and larger deals differs from one in which transaction counts recover proportionally.

Financing as a Catalyst — Lending Is Opening Up

Against this backdrop, improving financing conditions and increased lender activity are creating a more supportive environment for multifamily transactions. The Federal Reserve's July 2026 Senior Loan Officer Opinion Survey showed that banks generally eased CRE lending standards, a notable shift from July 2025, when banks reported tighter standards across CRE loans.² While standards remain historically tight, the recent easing signals a more supportive lending environment.

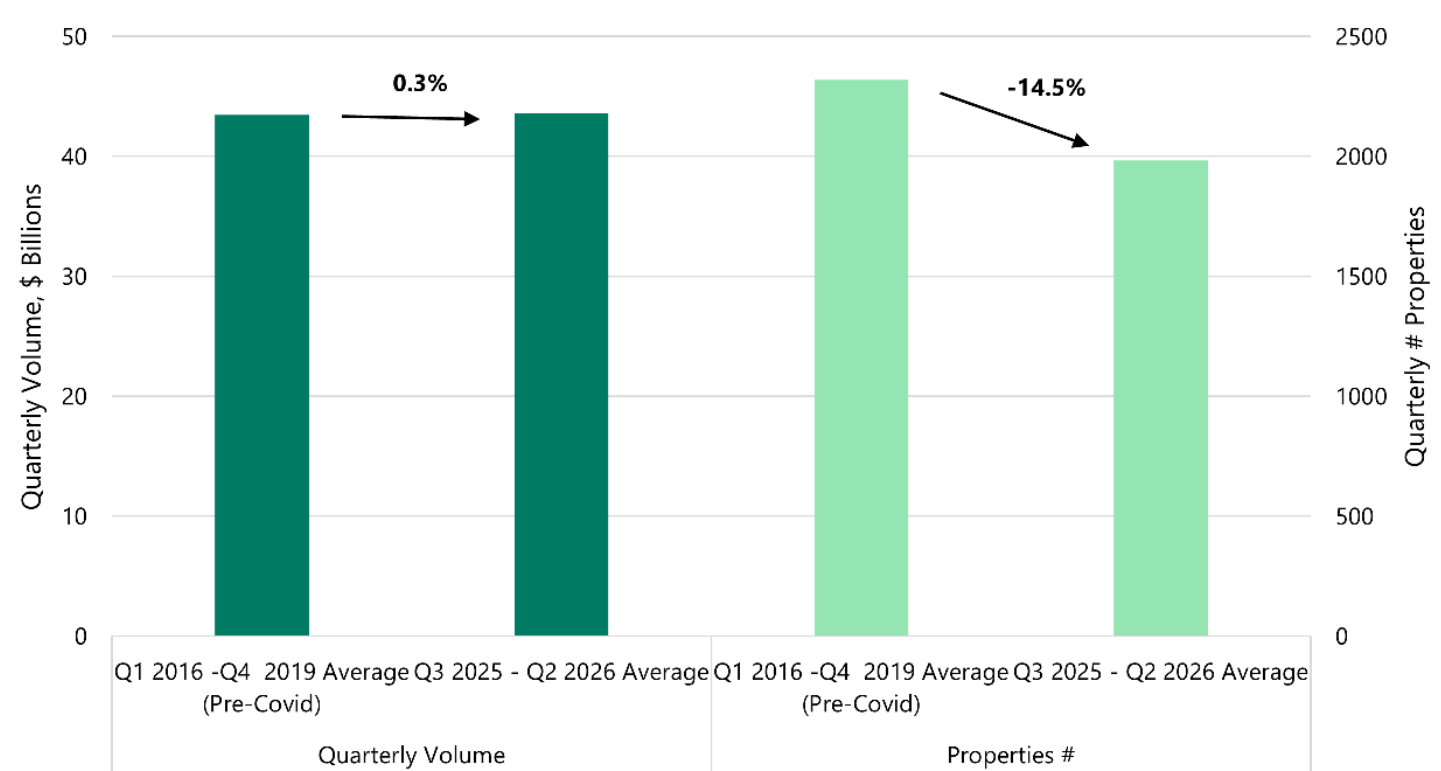
Origination volumes reinforce this trend. Commercial and multifamily mortgage originations rose 52% year-over-year in Q1 2026 and 16% in Q2. CMBS and depositories supported the increase, with Q2 originations up 68% and 61% YoY, respectively. This momentum is expected to continue, with the Mortgage Bankers Association forecasting \$806 billion in total commercial mortgage originations in 2026, approximately 14% above the 2025 total and 60% above 2024.³ While refinancing tied to upcoming maturities contributes to overall volumes, higher originations still point to greater lender participation and broader financing activity.

Remaining Headwinds — Rates and Refinancing Pressure

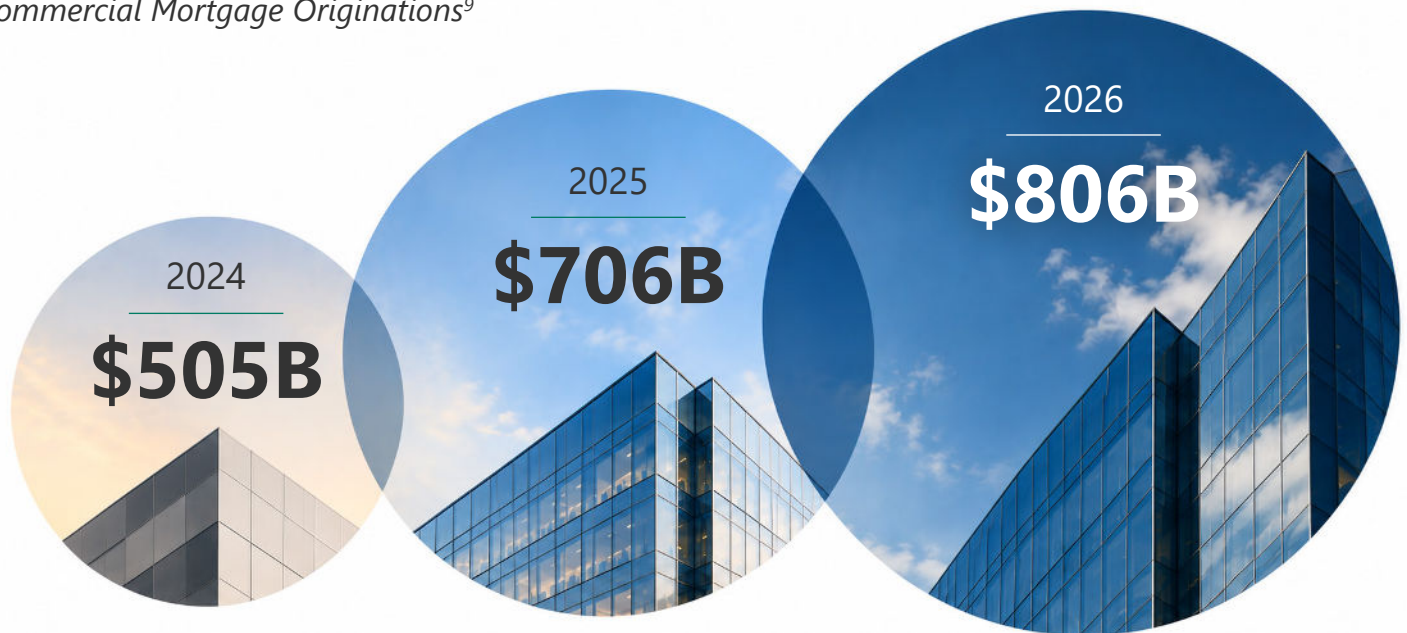
Despite improving availability, CRE debt remains expensive, with elevated benchmark rates continuing to weigh on borrowing costs. Furthermore, as of October 2026, the 10-year Treasury yield has climbed above 5%, well above the 3.8% median level at which CBRE survey respondents indicated a notable increase in CRE sales activity would occur.^{4,5} Multifamily cap rates have increased since 2022 but have not kept pace with the move in Treasury yields, leaving the yield premium well below pre-2022 levels.⁶ Compressed spreads can reduce leverage benefits and limit transactions that meet investor return requirements.

Refinancing pressure adds another dimension to the outlook. Approximately \$757 billion of multifamily debt is scheduled to mature from 2026-2028, requiring many owners to refinance in a higher-rate environment.⁷ Higher refinancing costs and potentially tighter loan proceeds could require additional equity, exacerbating pressure on challenged capital structures.

Multifamily Transaction Volume Is Recovering, While Individual Sales Continue to Lag⁸



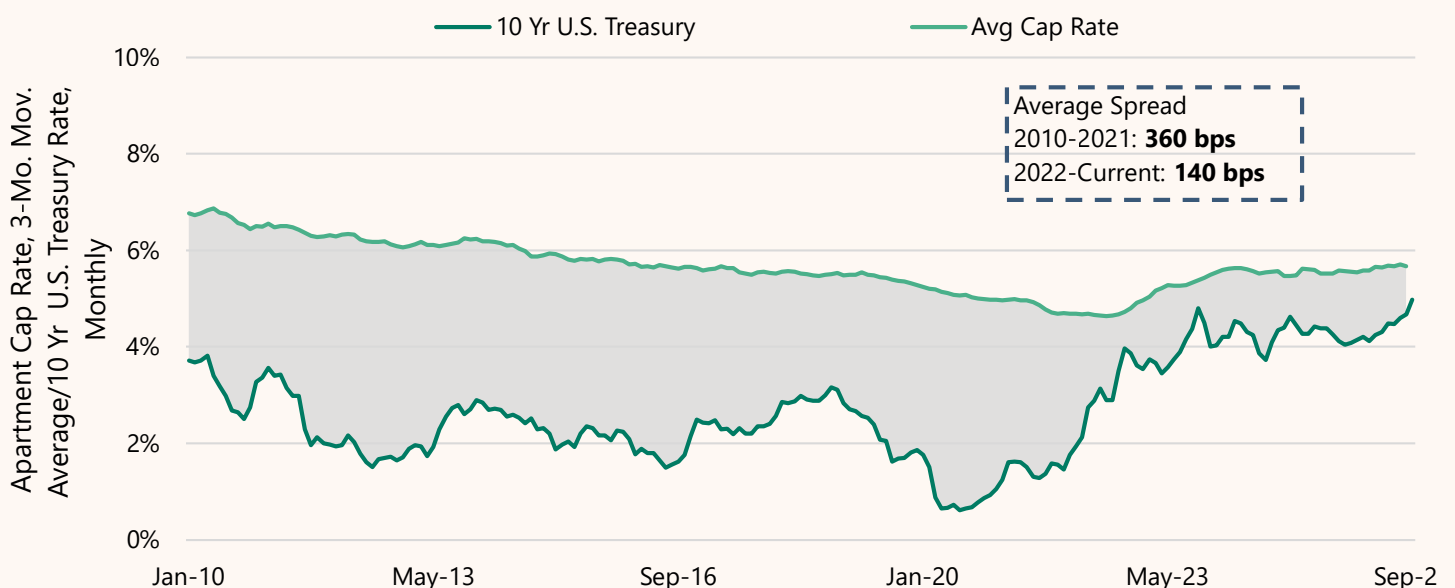
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The Path Forward — A Gradual and Selective Recovery

The multifamily transaction recovery is real but uneven. Improving financing conditions and rising origination volumes are constructive, yet elevated rates and compressed spreads mean the gap between performing and underperforming assets is widening, not narrowing. In this environment, headline volume recovery is less relevant than the ability to source transactions with durable NOI growth, manage through near-term debt maturities, and deploy capital selectively. The path forward favors operators with the underwriting discipline and balance sheet flexibility to act where others cannot.

Multifamily Yield Spreads Remain Well Below Pre-2022 Levels¹⁰



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Endnotes

1 RCA, as of Q2 2026.

2 Board of Governors of the Federal Reserve System, Senior Loan Officer Opinion Survey, July 2026 & July 2025.

3 MBA, *MBA Annual Report Finds Total Commercial Real Estate Borrowing and Lending Increased by 40 Percent in 2025*, April 28, 2026. MBA, *MBA CREF Forecast: Total Commercial Mortgage Originations to Increase 27 Percent to \$805 Billion in 2026*, February 9, 2026.

4 Board of Governors of the Federal Reserve System (US), Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, via FRED, October 8, 2026.

5 CBRE, U.S. Cap Rate Survey H1 2026, August 12, 2026.

6 RCA, Quarterly Caps, Yields & Spreads, as of August 2026. Bloomberg, as of October 8, 2026. Monthly Treasury yields represent the average of available daily observations within each calendar month.

7 The Wall Street Journal, *Apartment Landlords Have a \$2 Trillion Debt Problem That Is Only Getting Worse*, September 21, 2026.

8 RCA, as of Q2 2026.

9 MBA, *MBA Annual Report Finds Total Commercial Real Estate Borrowing and Lending Increased by 40 Percent in 2025*, April 28, 2026. MBA, *MBA CREF Forecast: Total Commercial Mortgage Originations to Increase 27 Percent to \$805 Billion in 2026*, February 9, 2026.

10 RCA, Quarterly Caps, Yields & Spreads, as of August 2026. Bloomberg, as of October 8, 2026. Monthly Treasury yields represent the average of available daily observations within each calendar month.