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The U.S. Housing Market Has Entered Another Era of Rentership

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KEY TAKEAWAYS

Multifamily fundamentals are normalizing as annual demand approaches trend while supply pressures fade. New construction is decelerating meaningfully, occupancy is stabilizing across many markets, and visibility into forward supply conditions is improving.

Rentership is increasingly structural, not cyclical. The rent-versus-own calculus remains unfavorable for many households, reinforcing rental tenure as a durable component of the U.S. housing system.

In our view, an attractive window for disciplined capital deployment is emerging. Multifamily pricing has adjusted, cap rates appear more stable, and market-level differentiation is emerging.

THE U.S. HOUSING MARKET HAS ENTERED ANOTHER ERA OF RENTERSHIP

At the beginning of 2026, multifamily fundamentals are poised for a gradual normalization toward recovery. With new construction decelerating and occupancy stabilizing in many markets, we can see reemerging signs of structural undersupply. Investors returning to the sector with disciplined capital will likely find cap rates stabilized and select regional markets that offer attractive rent growth prospects. In our view, multifamily stands out as a core asset class for the potential for income stability and capital appreciation ahead of the next upcycle.

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Signs of a recovery are unfolding against a broader, protracted shift in the U.S. housing system. We believe the market has entered another era of rentership—one defined by an altered rent-versus-own calculus that is fundamentally different than the post-GFC business cycle. The financial commitment required to own a home remains elevated, reflecting higher asset prices, financing costs, and rising ongoing expenses. As a result, the current environment makes a compelling case that renting is, for many households, a more efficient and flexible choice.

The economics are straightforward. Even as home price appreciation has moderated, the all-in cost of ownership remains historically high relative to renting. Mortgage payments, insurance, taxes, and maintenance continue to grow, while rental pricing—particularly within institutionally managed multifamily housing—has normalized as new supply has come online. This has helped restore balance to rent-to-income dynamics and improved rental affordability at the margin.

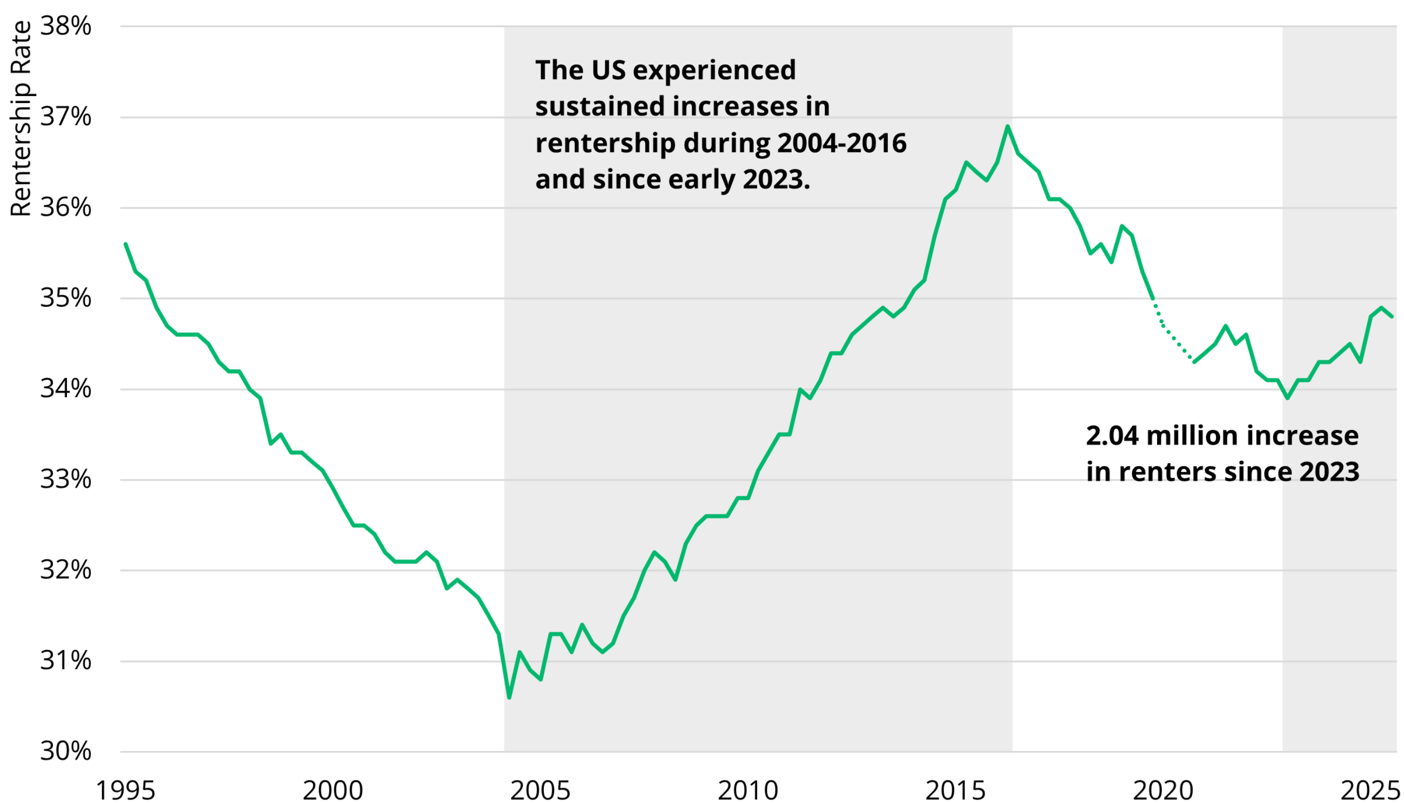
At the same time, the quality and availability of rental housing have materially improved. For households navigating an uncertain labor market, delayed family formation, or geographic mobility, renting increasingly aligns with lifestyle and financial priorities rather than serving as a transitional stopgap.

These themes are playing out as the housing market digests a late-cycle wave of multifamily deliveries. In the near term, elevated supply in select markets has weighed on rent growth and driven concessions. However, this period of adjustment is also serving an important role—allowing households to access higher-quality rental options and enabling markets to absorb inventory without compromising long-term fundamentals. In our view, the availability of institutional rental housing is helping many markets work through this phase efficiently.

Looking ahead, the construction pipeline is thinning meaningfully as higher construction costs and tighter capital conditions reduced the feasibility of many new developments. As supply growth decelerates and rental demand remains supported by both economic and lifestyle considerations, market conditions should gradually rebalance—particularly in markets that absorbed the bulk of recent deliveries.

The bottom line: in our view, the opportunity is clear. Pricing has adjusted, the outlook for new supply is improving, and long-term demand drivers are well established. We believe this is an attractive window to allocate capital to multifamily—capturing durable income today while positioning portfolios for operating leverage and value creation as the next upcycle takes hold.

The U.S. Is Entering a New Era of Rentership[1]



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ENDNOTES

1 U.S. Census Bureau via FRED, *Housing Vacancies and Homeownership,* Q3 2025.

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