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Multifamily Developer Confidence Falls in First Quarter

WASHINGTON, May 8 – Confidence in the market for new multifamily housing declined year-over-year in the first quarter, according to the Multifamily Market Survey (MMS) released today by the National Association of Home Builders (NAHB). The MMS produces two separate indices. The Multifamily Production Index (MPI) had a reading of 44, down three points year-over-year, while the Multifamily Occupancy Index (MOI) had a reading of 82, down one point year-over-year.

The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The index and all its components are scaled so that a number below 50 indicates that more respondents report conditions are poor than report conditions are good.

The MPI is a weighted average of four key market segments: three in the built-for-rent market (garden/low-rise, mid/high-rise and subsidized) and one in the built-for-sale (or condominium) market. The component measuring garden/low-rise dipped one point to 54, the component measuring mid/high-rise units fell eight points to 28, the component measuring subsidized units held even at 50 and the component measuring built-for-sale units posted a one-point decline to 38.

The MOI measures the multifamily housing industry's perception of occupancies in existing apartments on a scale of 0 to 100. The index and all its components are scaled so that a number above 50 indicates more respondents report that occupancy is good than report it is poor. The reading of 82 indicates existing apartment owners are positive about occupancy.

The MOI is a weighted average of three built-for-rent market segments (garden/low-rise, mid/high-rise and subsidized). All three components remain solidly in positive territory above 50: the component measuring garden/low-rise units fell two points to 82, the component measuring mid/high-rise units increased two points to 76 and the component measuring subsidized units dropped five points to 89.

“While occupancy in existing buildings remains strong, multifamily developers are remaining cautious about starting new projects, especially mid/high-rise and condominium projects,” said Debra Guerrero, senior vice president of strategic partnerships and government affairs at NRP Group in San Antonio and chairman of NAHB’s Multifamily Council. “Construction costs, regulatory barriers and financing are the main headwinds right now, with some developers also citing uncertainty about tariffs as a reason to be cautious.”

“The MPI of 44 is consistent with NAHB’s forecast for a modest decline in the rate of multifamily production for the remainder of 2025, followed by a modest recovery in 2026,” said NAHB Chief Economist Robert Dietz. “Like remodelers and single-family builders, multifamily developers are being affected by rising costs and economic policy uncertainty. In NAHB’s first quarter multifamily survey,

more than half of the developers reported that their suppliers have increased prices due to announced, enacted or anticipated tariffs.”

The MMS was re-designed in 2023 to produce results that are easier to interpret and consistent with the proven format of other NAHB industry sentiment surveys. Until there are enough data to seasonally adjust the series, changes in the MMS indices should only be evaluated on a year-over-year basis.

For additional information on the MMS, visit nahb.org/mms.

For more information on the NAHB Multifamily program, please visit NAHB Multifamily:
www.nahb.org/NAHB-Community/Community-Home/Multifamily.

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ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 700 state and local home builders associations around the country. NAHB's builder members will construct about 80% of the new housing units projected for this year.



Multifamily Market Survey

First Quarter 2025

Economics & Housing Policy Group

Introduction:

The National Association of Home Builders (NAHB) conducts a quarterly survey of its multifamily builder members that is used to generate the NAHB Multifamily Production Index (MPI) and the Multifamily Occupancy Index (MOI). The first quarter 2025 Multifamily Market Survey was sent to 1,337 multifamily developers. Responses were received from 79 of them.

To generate data for the MPI, the survey asks multifamily builders to rate the current conditions for multifamily starts in markets where they are active for four key market segments; three in the built-for-rent space (garden/low-rise, mid/high-rise, subsidized) and the built for sale; as “good”, “fair”, or “poor”. A component index is calculated from the percentage responses for each market segment using the formula $(\text{Good} - \text{Poor} + 100) / 2$. Each component index lies on a scale ranging from 0 to 100 with readings above 50 indicating that more respondents report conditions are improving than report conditions are getting worse. The overall MPI is a weighted average of the 4 components $(0.50 \times \text{Garden/Low-Rise} + 0.33 \times \text{Mid/High-Rise} + 0.12 \times \text{Subsidized} + 0.05 \times \text{Built-for-Sale})$.

To generate data for the MOI, the survey asks multifamily builders to rate the current conditions for occupancy of existing rental apartments in markets where they are active for three built-for-rent space market segments (garden/low-rise, mid/high-rise, subsidized) as “good”, “fair”, or “poor”. A component index is calculated from the percentage responses for each apartment class using the formula $(\text{Good} - \text{Poor} + 100) / 2$. Again, each component index lies on a scale ranging from 0 to 100 with a break-even point at 50, where higher numbers indicate increased occupancy. The overall MOI is a weighted average of the three components $(0.60 \times \text{Garden/Low-Rise} + 0.25 \times \text{Mid/High-Rise} + 0.15 \times \text{Subsidized})$.

TABLE 1



Multifamily Market Survey - Q1 2025

Multifamily Production Index (MPI)

(Not Seasonally Adjusted)

PRODUCTION OF NEW APARTMENTS

	2023				2024				2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Multifamily Production Index (MPI)	50	56	38	41	47	44	40	48	44
Garden/Low-Rise	57	64	45	51	55	53	48	52	54
Mid/High-Rise	41	47	28	26	36	29	28	39	28
Subsidized	51	55	39	41	50	51	46	52	50
Built for Sale	42	45	32	43	39	38	29	42	38

MPI components are based on questions asking if current conditions for multifamily starts are good, fair, or poor.

Numbers in the table are diffusion-type indices - calculated from the percentage responses using the formula $(\text{Good} - \text{Poor} + 100) / 2$.

The overall Multifamily Production Index is a weighted average of the 4 components:

$$0.50 \times \text{Garden/Low-Rise} + 0.33 \times \text{Mid/High-Rise} + 0.12 \times \text{Subsidized} + 0.05 \times \text{Built for Sale}$$

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Multifamily Occupancy Index (MOI)

(Not Seasonally Adjusted)

OCCUPANCY OF EXISTING RENTAL APARTMENTS

	2023				2024				2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Multifamily Occupancy Index (MOI)	82	89	82	77	83	81	75	81	82
Garden/Low-Rise	84	91	84	80	84	82	77	81	82
Mid/High-Rise	74	83	74	64	74	76	66	74	76
Subsidized	87	91	89	88	94	85	86	91	89

MOI components are based on questions asking if current conditions for occupancy of existing rental apartments are good, fair, or poor.

Individual occupancy indices are calculated from percentage responses using the formula $(\text{Good} - \text{Poor} + 100) / 2$.

The overall Multifamily Occupancy Index is a weighted average of the 3 components:

$$0.60 \times \text{Garden/Low-Rise} + 0.25 \times \text{Mid/High-Rise} + 0.15 \times \text{Subsidized}$$

The weights are derived from a statistical analysis of the relationship between the components and the American Housing Survey (AHS).

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Change in Overall Market Conditions

Percent of Respondents

	2023				2024				2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Better	5	15	5	14	9	12	7	10	14
About the same	67	70	61	63	64	63	71	69	70
Worse	28	15	33	23	27	26	22	21	16

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.

Q1 2025 results based on 79 responses.

Figure 1: NAHB Multifamily Market Survey (MMS)
Multifamily Production Index (MPI)
(Not Seasonally Adjusted)

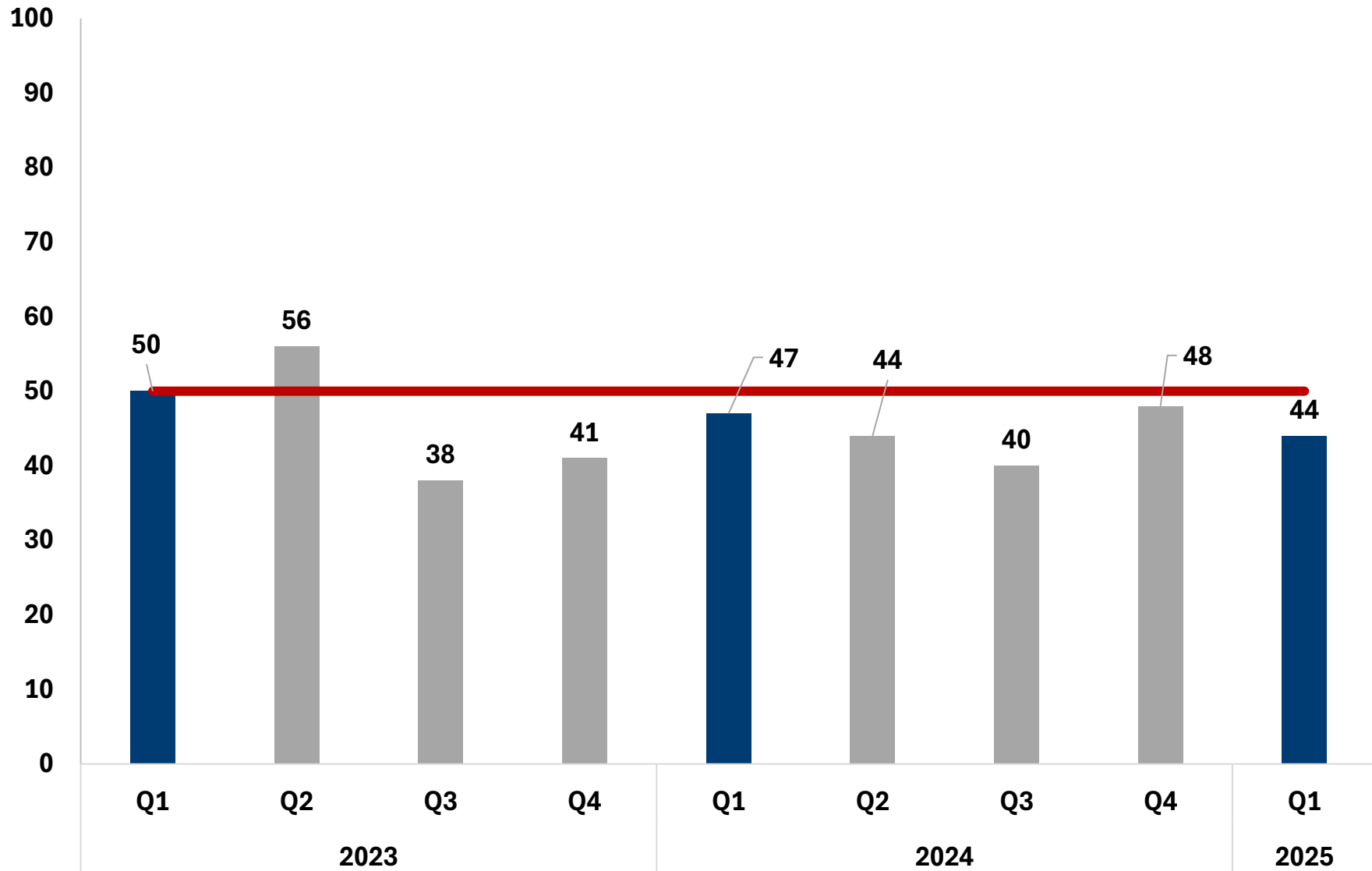
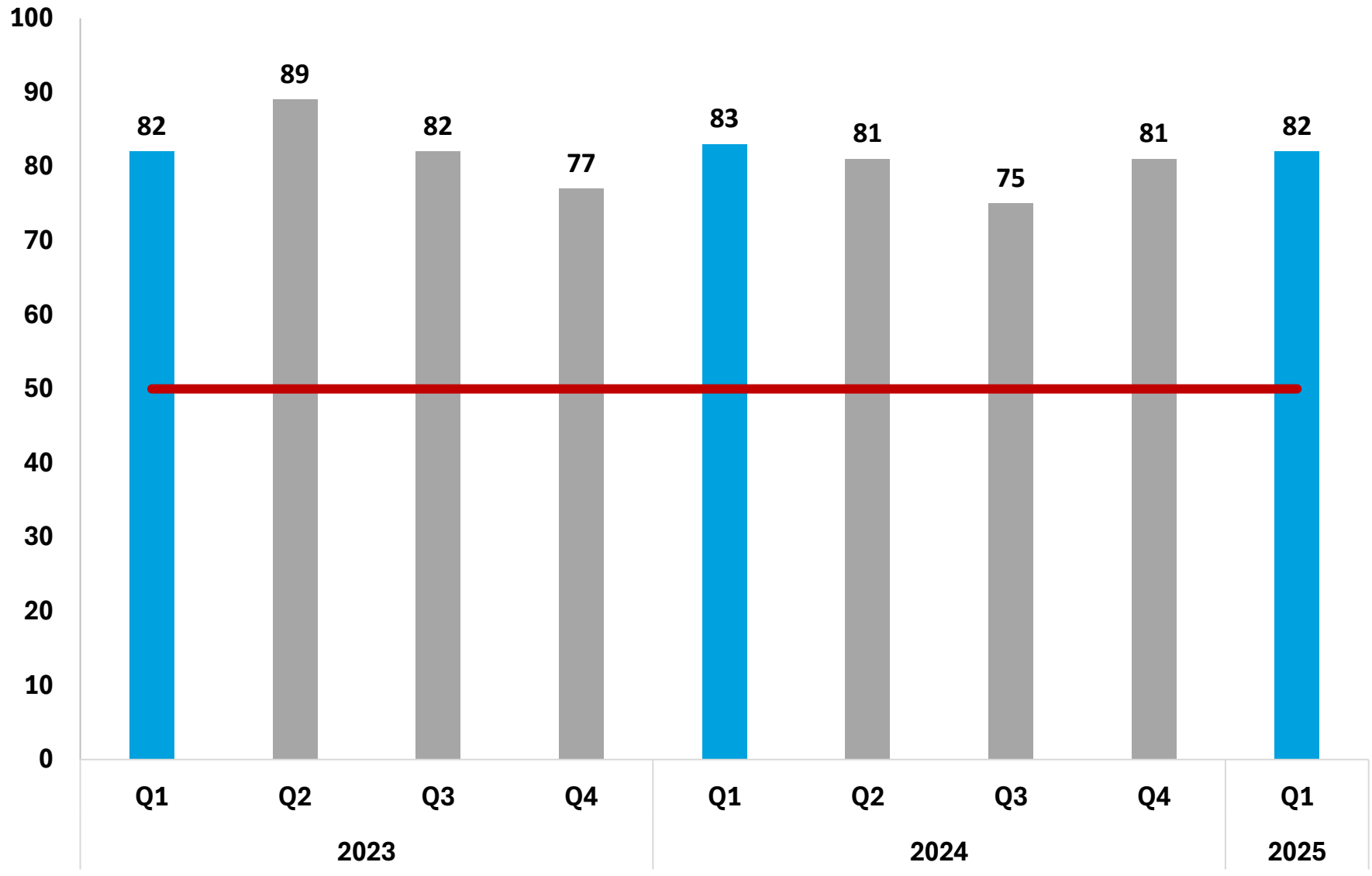


Figure 2: NAHB Multifamily Market Survey (MMS)
Multifamily Occupancy Index (MOI)
(Not Seasonally Adjusted)



National Association of Home Builders

Multifamily Market Survey

First Quarter 2025

1. Please rate current conditions for multifamily starts in markets where you are active.

(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)

Multifamily Starts	Good	Fair	Poor
Built for Rent			
Garden/Low-Rise*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mid/High-Rise*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subsidized**	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Built for Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

** Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

2. Please rate current conditions for occupancy of existing rental apartments in markets where you are active.

(OK. To leave a particular line blank if you don't have sufficient knowledge about that part of the multifamily market.)

Multifamily Rental Occupancy	Good	Fair	Poor
Garden/Low-Rise Rental Apartments*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mid/High-Rise Rental Apartments*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subsidized Rental Apartments**	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Garden/Low Rise buildings are typically 1 to 4 stories; Mid/High-Rise buildings are typically 5 stories or higher.

** Subsidized apartments are those supported by tax credits, tax-exempt bonds, or other government subsidy programs.

3. How would you rate the overall market for multifamily housing in areas where you are active compared to three months ago?

Better	About the Same	Worse
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Please let us know what is happening with multifamily housing in areas where you are active.
