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Multifamily Developer Confidence Increases in Third Quarter, But Still in Negative Territory

WASHINGTON, Nov. 6 – Confidence in the market for new multifamily housing increased year-over-year in the third 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 46, up six points year-over-year, while the Multifamily Occupancy Index (MOI) had a reading of 74, 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 increased three points to 51, the component measuring mid/high-rise units increased nine points to 37, the component measuring subsidized units rose nine points to 55, and the component measuring built-for-sale units posted a six-point gain to 35.

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 74 indicates existing apartment owners are positive about occupancy overall, but this is the lowest reading recorded over the last 11 quarters on this measure. Sentiment for mid/high-rise apartments is noticeably weaker than it is for the other two rental market segments.

The MOI is a weighted average of three built-for-rent market segments (garden/low-rise, mid/high-rise and subsidized). The component measuring garden/low-rise units dipped one point to 76, the component measuring mid/high-rise units held steady at 66 and the component measuring subsidized units dropped five points to 81.

“We are seeing a degree of bifurcation in the multifamily market, as developers of low-rise market-rate and subsidized rental properties express increased optimism, while developers of mid- and high-rise properties and condominiums remain less confident,” said Debra Guerrero, senior vice president of strategic partnerships and government affairs at The NRP Group in San Antonio and chairman of NAHB’s Multifamily Council. “Significant challenges such as the current regulatory environment, rising construction costs and difficulties in securing project financing continue to affect the multifamily sector as a whole.”

“The MPI and MOI are giving us a mixed picture of the multifamily market, with strength in some market segments, but weakness concentrated in the mid-to-high-rise developments that tend to be common in high-density metro areas," said NAHB Chief Economist Robert Dietz. "This is consistent with NAHB's Home Building Geography Index, which shows multifamily construction activity growing in areas with low population densities but weakening in the larger metros."

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 indices, changes in the MPI and MOI should only be evaluated on a year-over-year basis.

For more recent information about the market, the survey contains a separate question asking multifamily developers to compare current market conditions to conditions three months earlier. In the third quarter of 2025, 10% of respondents said the current market is better, and 22% said it is worse. However, the vast majority of developers—68%—said that the market is currently about the same as it was three months ago.

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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Multifamily Market Survey

Third Quarter 2025

Economics & Housing Policy Group

National Association of Home Builders

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 third quarter 2025 Multifamily Market Survey was sent to 1,435 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 (Good - Poor + 100) / 2. Each component index and 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×Garden/Low-Rise + 0.33×Mid/High-Rise+ 0.12×Subsidized+ 0.05×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 (Good - 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×Garden/Low-Rise + 0.25×Mid/High-Rise+ 0.15×Subsidized).

TABLE 1

Multifamily Market Survey - Q3 2025

Multifamily Production Index (MPI)

(Not Seasonally Adjusted)

PRODUCTION OF NEW APARTMENTS

	2023				2024				2025		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Multifamily Production Index (MPI)	**50**	**56**	**38**	**41**	**47**	**44**	**40**	**48**	**44**	**46**	**46**
Garden/Low-Rise	57	64	45	51	55	53	48	52	54	50	51
Mid/High-Rise	41	47	28	26	36	29	28	39	28	36	37
Subsidized	51	55	39	41	50	51	46	52	50	61	55
Built for Sale	42	45	32	43	39	38	29	42	38	35	35

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 (Good - Poor + 100) / 2.
The overall Multifamily Production Index is a weighted average of the 4 components:
*0.50×Garden/Low-Rise + 0.33×Mid/High-Rise + 0.12*Subsidized + 0.05*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	Q2	Q3
Multifamily Occupancy Index (MOI)	**82**	**89**	**82**	**77**	**83**	**81**	**75**	**81**	**82**	**82**	**74**
Garden/Low-Rise	84	91	84	80	84	82	77	81	82	84	76
Mid/High-Rise	74	83	74	64	74	76	66	74	76	73	66
Subsidized	87	91	89	88	94	85	86	91	89	90	81

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 (Good - Poor + 100) / 2.
The overall Multifamily Occupancy Index is a weighted average of the 3 components:
0.60×Garden/Low-Rise + 0.25×Mid/High-Rise + 0.15×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	Q2	Q3
Better	5	15	5	14	9	12	7	10	14	12	10
About the same	67	70	61	63	64	63	71	69	70	65	68
Worse	28	15	33	23	27	26	22	21	16	23	22

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.
Q3 2025 results based on 79 responses.

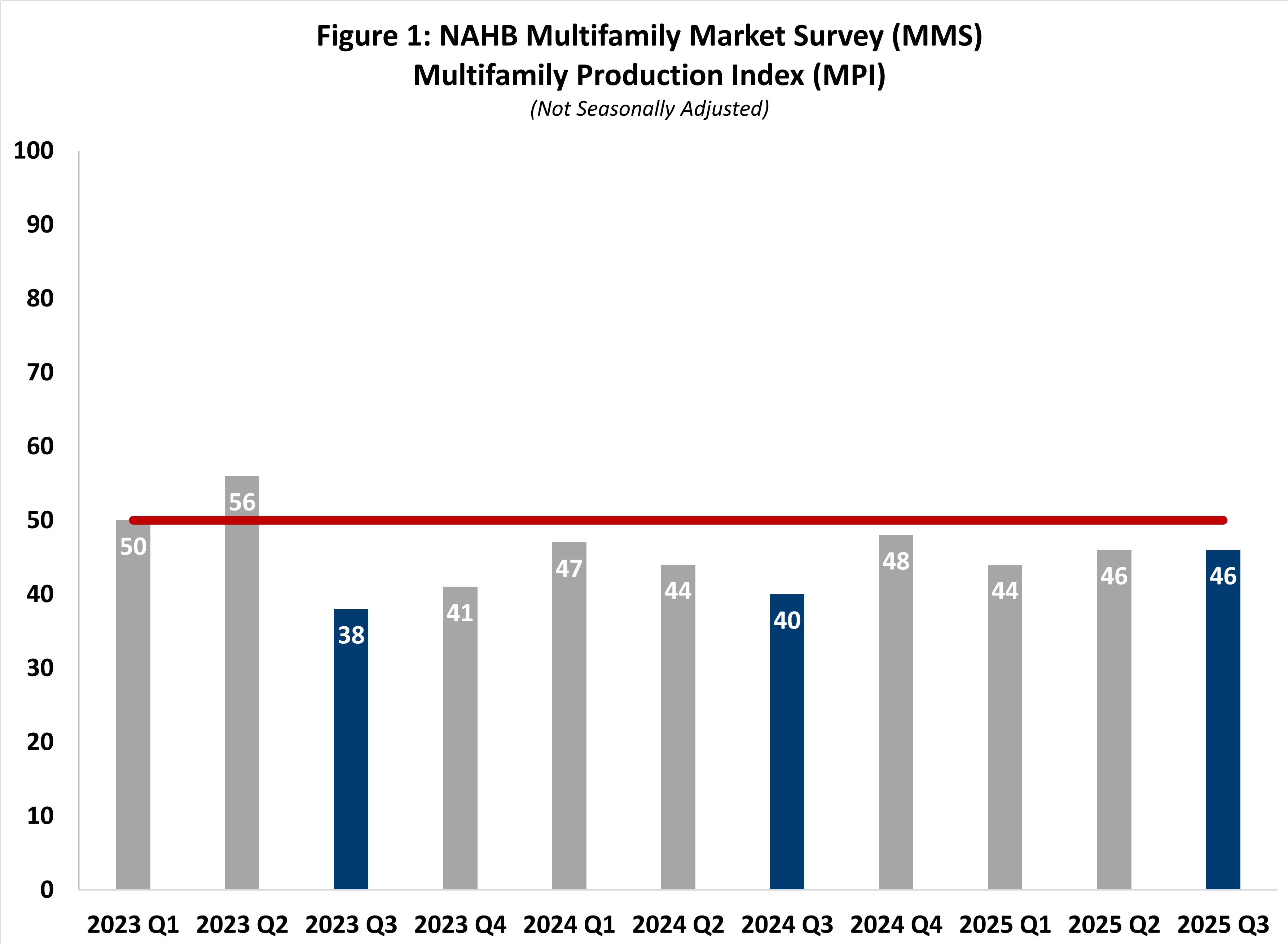
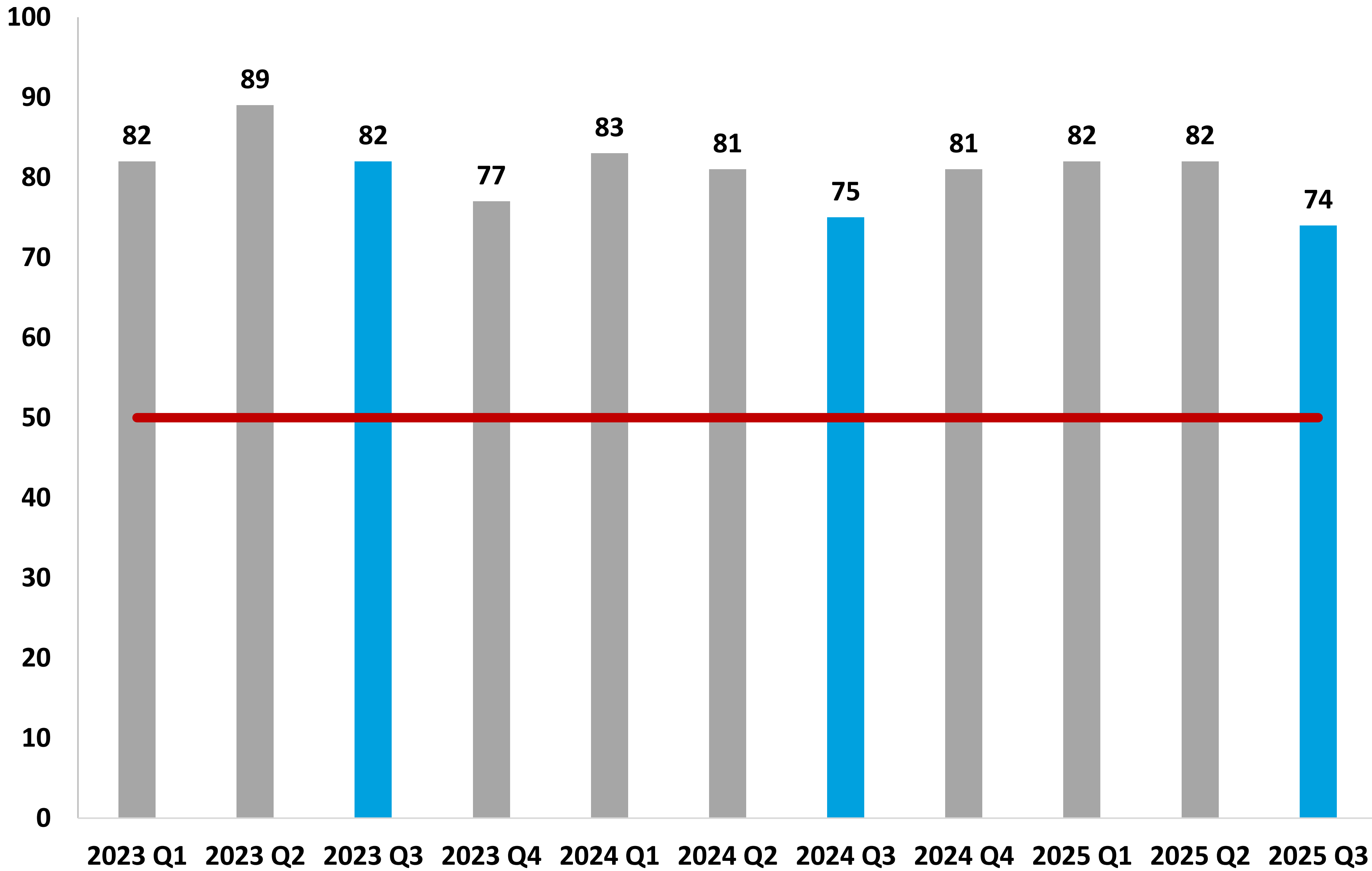


Figure 1: NAHB Multifamily Market Survey (MMS)
Multifamily Production Index (MPI)
(Not Seasonally Adjusted)
100
90
80
70
60
50
40
30
20
10
0
50
56
38
41
47
44
40
48
44
46
46
2023 Q1
2023 Q2
2023 Q3
2023 Q4
2024 Q1
2024 Q2
2024 Q3
2024 Q4
2025 Q1
2025 Q2
2025 Q3

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



National Association of Home Builders

Multifamily Market Survey *Third Quarter 2025*

1. Please rate current conditions for <u>multifamily starts</u> 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*	☐	☐	☐
Mid/High-Rise*	☐	☐	☐
Subsidized**	☐	☐	☐
Built for Sale	☐	☐	☐

* 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 <u>occupancy of existing rental apartments</u> 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*	☐	☐	☐
Mid/High-Rise Rental Apartments*	☐	☐	☐
Subsidized Rental Apartments**	☐	☐	☐

*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
☐	☐	☐

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

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