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Multifamily Developer Confidence Weakens in Second Quarter

WASHINGTON, Aug. 6 – Confidence in the market for new multifamily housing weakened year-over-year in the second 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 43, down three points year-over-year, while the Multifamily Occupancy Index (MOI) had a reading of 74, down eight points 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 units dipped two points to 48, the component measuring mid/high-rise units fell four points to 32, the component measuring subsidized units dropped seven points to 54 and the component measuring built-for-sale units increased three points 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. While the reading of 74 indicates existing apartment owners are positive about occupancy overall, it is significantly weaker than it was a year ago.

The MOI is a weighted average of three built-for-rent market segments (garden/low-rise, mid/high-rise and subsidized). Although all three components declined year-over-year, they all remained above the break-even point of 50. The component measuring garden/low-rise units fell seven points to 77, the component measuring mid/high-rise units dropped 11 points to 62 and the component measuring subsidized units decreased eight points to 82.

“Multifamily developer sentiment is currently constrained by regulatory barriers and difficulty obtaining financing,” said Kip Lewis, director of construction management at OCCH in Columbus, Ohio, and chairman of NAHB’s Multifamily Council. “The recently enacted 21st Century ROAD to Housing Act should provide some help with respect to these challenges, but these policies will take time to implement. Meanwhile, rental housing demand is being supported by improving job growth during the second quarter of 2026.”

“It is clear that supply-side headwinds continue to weigh on multifamily developer sentiment,” said NAHB Chief Economist Robert Dietz “In addition to relatively high interest rates and other financing issues, developers are finding it difficult to obtain approvals and utility connections in some parts of the country. High material prices and shortages of skilled labor also remain significant impediments."

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 is 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 second quarter of 2026, 14% of respondents said the current market is better, and 15% said it is worse. However, the majority of developers—71%—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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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

Second Quarter 2026

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 second quarter 2026 Multifamily Market Survey was sent to 1,335 multifamily developers. Responses were received from 80 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 - Q2 2026

Multifamily Production Index (MPI)

(Not Seasonally Adjusted)

	2023			2024				2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Multifamily Production Index (MPI)	**56**	**38**	**41**	**47**	**44**	**40**	**48**	**44**	**46**	**46**	**45**	**44**	**43**
Garden/Low-Rise	64	45	51	55	53	48	52	54	50	51	54	48	48
Mid/High-Rise	47	28	26	36	29	28	39	28	36	37	31	35	32
Subsidized	55	39	41	50	51	46	52	50	61	55	47	56	54
Built for Sale	45	32	43	39	38	29	42	38	35	35	36	37	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 (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

				2024				2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Multifamily Occupancy Index (MOI)	**89**	**82**	**77**	**83**	**81**	**75**	**81**	**82**	**82**	**74**	**74**	**69**	**74**
Garden/Low-Rise	91	84	80	84	82	77	81	82	84	76	76	71	77
Mid/High-Rise	83	74	64	74	76	66	74	76	73	66	62	59	62
Subsidized	91	89	88	94	85	86	91	89	90	81	88	80	82

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

				2024				2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Better	15	5	14	9	12	7	10	14	12	10	14	21	14
About the same	70	61	63	64	63	71	69	70	65	68	68	60	71
Worse	15	33	23	27	26	22	21	16	23	22	18	19	15

Source: Multifamily Market Survey, NAHB Economics and Housing Policy Group.
Q2 2026 results based on 80 responses.

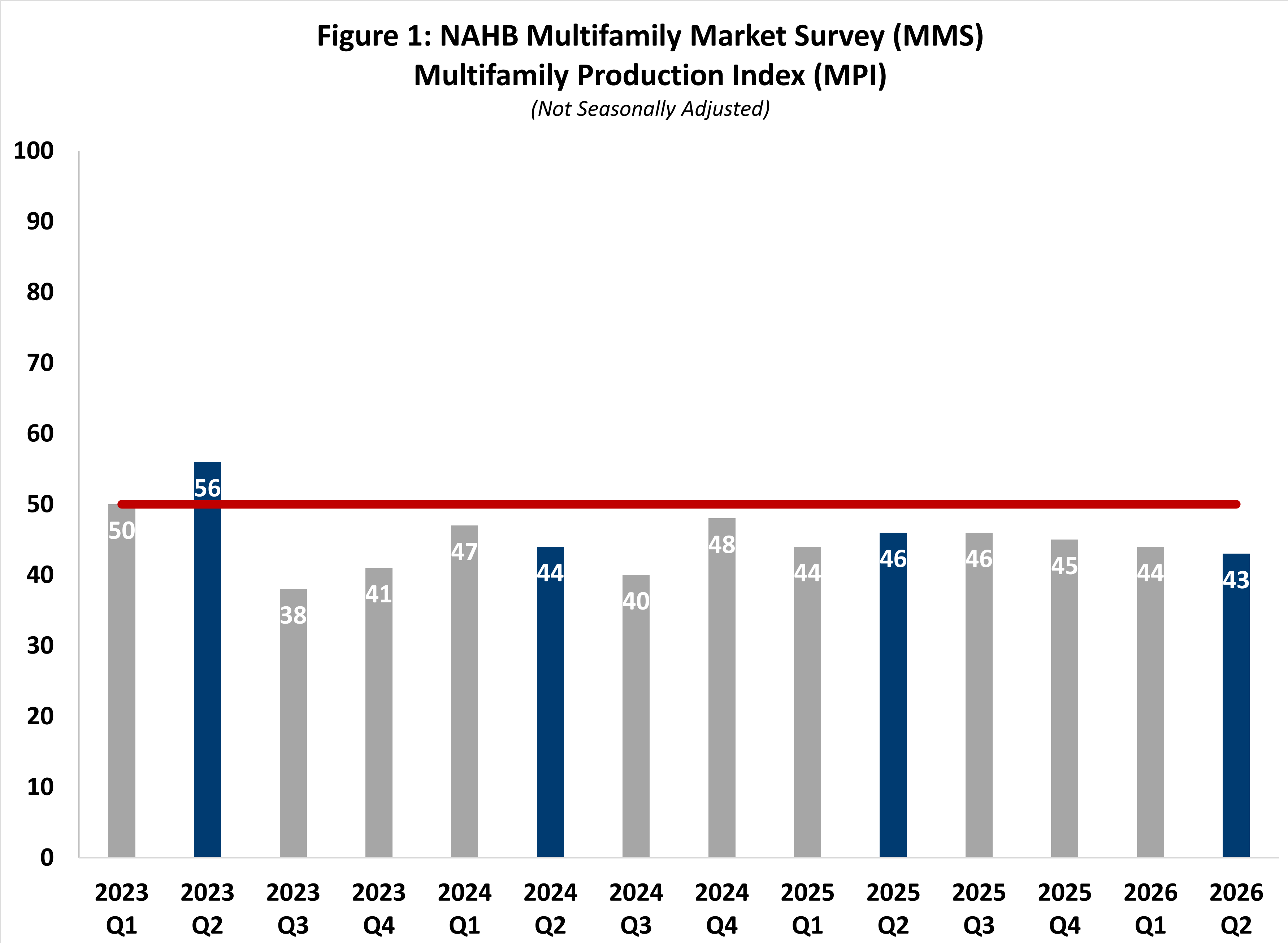
Figure 1: NAHB Multifamily Market Survey (MMS)
Multifamily Production Index (MPI)
(Not Seasonally Adjusted)
100
90
80
70
60
50
40
30
20
10
0
50
56
38
41
47
44
40
48
44
46
46
45
44
43
2023 Q1
2023 Q2
2023 Q3
2023 Q4
2024 Q1
2024 Q2
2024 Q3
2024 Q4
2025 Q1
2025 Q2
2025 Q3
2025 Q4
2026 Q1
2026 Q2

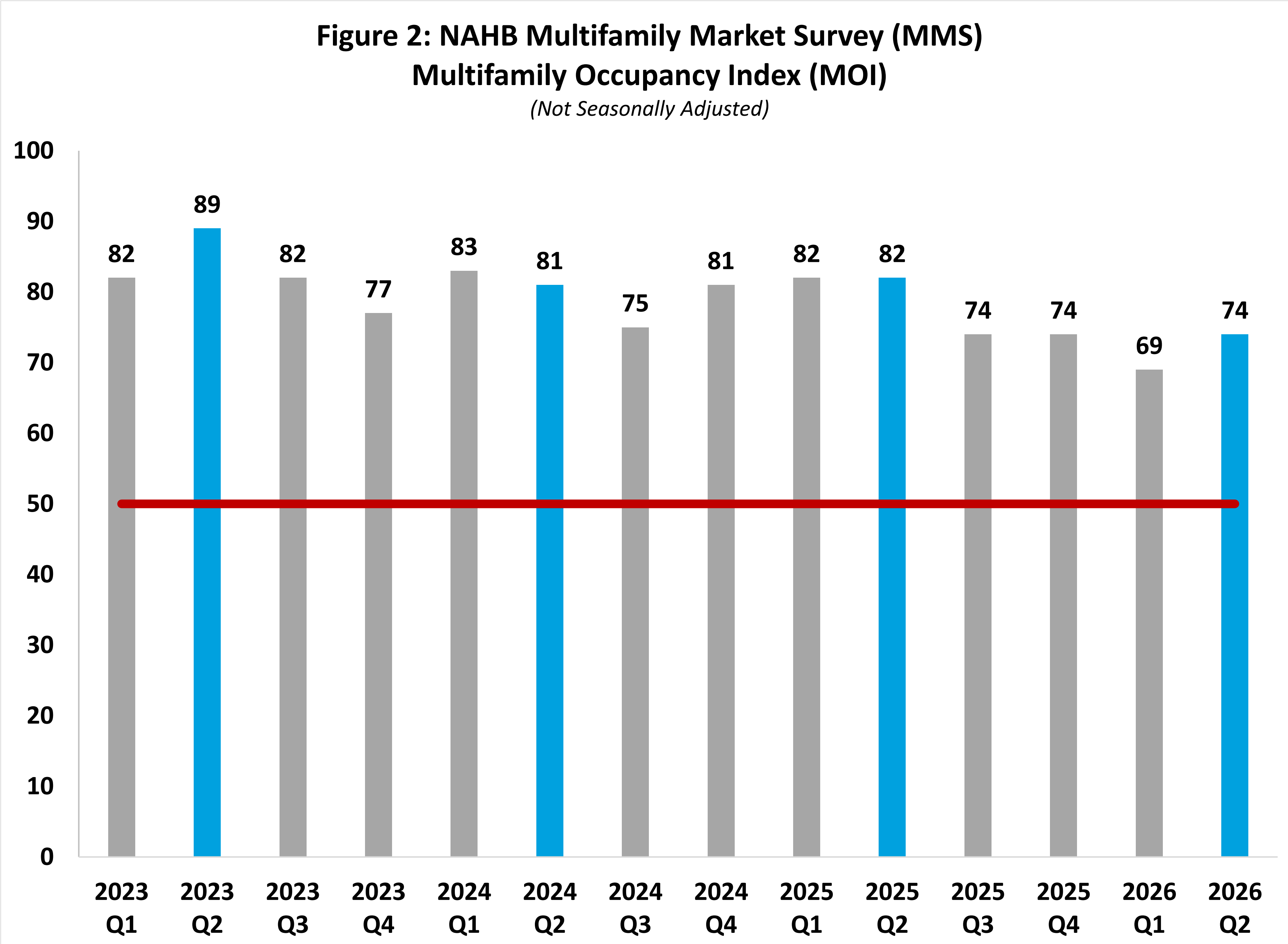
Figure 2: NAHB Multifamily Market Survey (MMS)
Multifamily Occupancy Index (MOI)
(Not Seasonally Adjusted)
100
90
80
70
60
50
40
30
20
10
0
82
89
82
77
83
81
75
81
82
82
74
74
69
74
2023 Q1
2023 Q2
2023 Q3
2023 Q4
2024 Q1
2024 Q2
2024 Q3
2024 Q4
2025 Q1
2025 Q2
2025 Q3
2025 Q4
2026 Q1
2026 Q2

National Association of Home Builders

Multifamily Market Survey *Second Quarter 2026*

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*	☐	☐	☐
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 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*	☐	☐	☐
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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