



Top Markets for Multifamily Investment Report

Fall 2025



Key Findings

- Nashville, TN, is the most appealing metropolitan market for multifamily investing due to its robust labor market, strong performance fundamentals, business-friendly tax climate, and youthful population profile.
- Six of the top 10 markets are in the Midwest, underscoring how the region's blend of stability, affordability, and newfound economic dynamism is leading to multifamily success.
- Strengthened by regional momentum and labor market diversification, Indianapolis, IN, and Columbus, OH, finished second and third, respectively.





Overview

While growth has stalled in many asset classes, the tide has started to turn for multifamily real estate investment. Following a two-year price correction, [multifamily valuations](#) are trending higher in 2025, bolstered by steady rent gains and growing interest rate optimism. As anticipation builds for the next shift in the cycle, actionable insights into the best locations to deploy capital are invaluable.

The Arbor Realty Trust-Chandan Multifamily Opportunity Matrix analyzes a wide range of factors — such as liquidity, affordability, population growth, and demographics — to assess the economic strength and durability of the largest 50 U.S. metropolitan areas. This fall, a mix of maturing, dynamic markets and affordable, opportunity-rich metros outperformed.

From Nashville, TN, to Indianapolis, IN, to Columbus, OH, our biannual report is a roadmap designed to guide multifamily investors to the top locations for capital deployment.



Top Ranked Markets

Nashville

Nashville ranked first in the Fall 2025 Multifamily Opportunity Matrix due to its strong labor market, healthy performance fundamentals, business-friendly tax environment, and youthful population.

According to a comprehensive [study](#) by the Tax Foundation, Tennessee has the eighth most competitive set of tax laws, policies, and regulations in the country, which has attracted substantial inflows of new residents and investment capital (*Table 1*). Nashville's unemployment rate has held steady near 3.0% so far this year, which underscores the strength of the local economy.

For a full breakout of the Fall 2025 scores and rankings, see *Table 4* in the Appendix at the back of the report.

Table 1

Arbor-Chandan Fall 2025 Opportunity Matrix: Top 10 Ranked Markets

Average Market Score = 0

Sources: Arbor Realty Trust; Chandan Economics

Fall 2025 Rank	Metro	2025 H1 - 2025 H2 Change	Composite Score
1	Nashville	2	0.36
2	Indianapolis	10	0.35
3	Columbus	-2	0.35
4	Salt Lake City	17	0.30
5	Seattle	28	0.30
6	Chicago	31	0.23
7	Charlotte	-2	0.19
8	Kansas City	22	0.19
9	Cincinnati	10	0.19
10	Oklahoma City	19	0.16



On a risk-adjusted basis, Nashville has a rare alignment of growth and stability — one where demographic momentum, business dynamism, and cultural vitality converge to support durable multifamily returns.

Indianapolis

Indianapolis, IN, continues to distinguish itself as one of the most balanced and resilient multifamily markets in the country. The metro's diversified economy — anchored by healthcare, logistics, and advanced manufacturing — has helped it maintain steady employment gains and attract a growing roster of corporate investment. With an unemployment rate below the national average and annual wage growth outpacing many of its Midwest peers, second-place Indianapolis provides investors with a stable economic backdrop with room for upside.

Affordability is at the heart of the success of Indiana's capital city, where the average household needs an annual income of \$61,293 to comfortably rent a home. Even as rents climbed in recent years, Indianapolis has remained one of the most cost-effective major markets for both residents and businesses, supporting a consistent flow of migration from higher-cost metros. The city's expanding tech corridor, supported by initiatives from firms like [Salesforce and Eli Lilly](#), has also added momentum to housing demand in the downtown area.

Columbus

Columbus, ranked first in the Spring 2025 Multifamily Opportunity Matrix, ranked third this fall. Ohio's capital city continues to be one of the nation's most consistently strong-performing multifamily markets. Anchored by Ohio State University and a diverse employment base spanning education, healthcare, and advanced manufacturing, Columbus has undergone a broad-based economic expansion. Recent and planned large-scale investments, including Intel's multibillion-dollar semiconductor [project in nearby Licking County](#) and [Anduril Industries'](#) next-generation manufacturing campus in Pickaway County, have elevated the city's long-term growth trajectory and have acted as a catalyst to ongoing regional development. Industrial and infrastructure investment has also added substantial demand for housing, particularly in suburban submarkets located near new job centers. As a result, per capita multifamily originations in Columbus have continued to be among the highest in the nation.



Table 2

Combined Category Scores for Top 3 Metros

Average Market Score in Each Category = 0

Sources: Arbor Realty Trust; Chandan Economics

Metro	Nashville	Indianapolis	Columbus
Multifamily Investment	-0.2	-0.1	1.0
Performance Fundamentals	2.8	1.5	-0.1
Taxes	0.9	-0.1	-0.6
Labor Market Performance	0.4	1.2	-0.2
Population	0.8	0.1	0.3
Demographics	-0.1	-0.7	-0.8
Rental Vacancy	-0.9	-0.7	0.8
Climate / Insurance	0.3	0.7	1.0
Market Hotness	-1.0	0.6	1.3
Rental Affordability	0.2	0.8	0.7





Performance Fundamentals

The Federal Reserve Bank of Atlanta's [Commercial Real Estate Market Index \(CREMI\)](#) for multifamily properties, which compares metro-level multifamily sectors relative to historical patterns in categories that include net operating income (NOI), cap rates, and valuation, was a significant factor in the Arbor Realty Trust-Chandan Multifamily Opportunity Matrix's calculations.

With every market having a long-term average score of zero in the CREMI index, only 15 of the 50 largest metros (30%)

continued to see above-average multifamily sector performance through Q2 2025. However, there were several significant standouts this year, with Nashville, fall 2025's first-place market, leading the way (*Chart 1*).

Salt Lake City, fourth overall, scored second highest in the CREMI index, part of the steady outperformance of the Midwest. Of the 15 markets with a positive score, seven were in the Midwest: Indianapolis, IN; Milwaukee, WI; Cincinnati, OH; Chicago, IL; Grand Rapids, MI; Cleveland, OH; and Kansas City, MO.

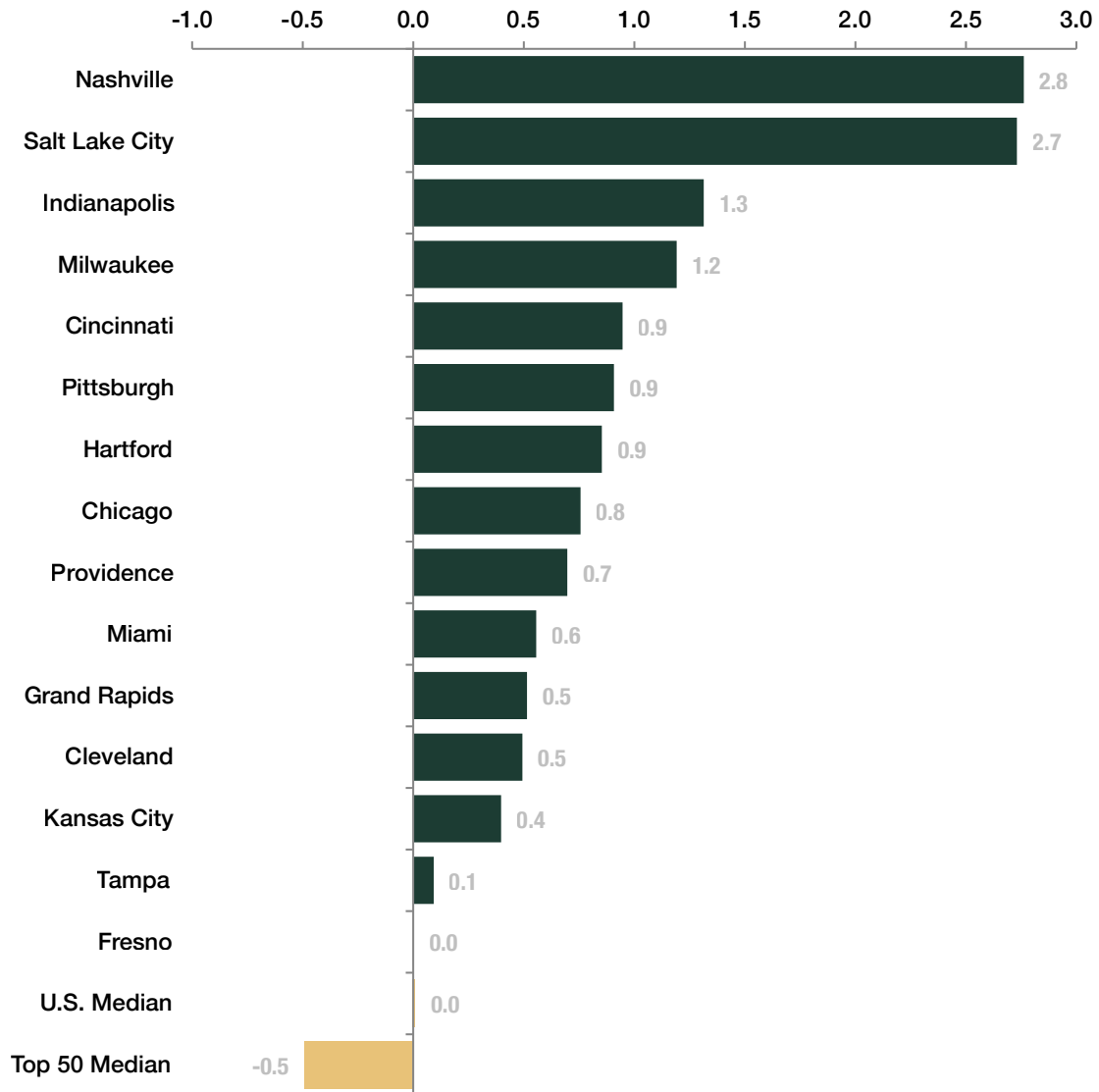


CHART 1

Commercial Real Estate Market Index: Multifamily

Markets Performing Above Long-Term Avg., Long-Term Avg. = 0, Through Q2 2025

Source: Atlanta Federal Reserve





Tax Climate

Tax climate can have a profound impact on local economies. For multifamily investors, tax competitiveness can tilt long-term return profiles and influence migration-driven demand fundamentals. The Multifamily Opportunity Matrix weighs data from the [Tax Foundation's 2025 State Business Tax Climate Index](#) to assess the relative tax competitiveness to rank how favorable — or punitive — each metro's policy environment is to multifamily investment and future growth.

Across all 50 states and the District of Columbia, the three most tax-competitive states are Wyoming, South Dakota, and Alaska — although none of them include any of the 50 most populous metro areas on our list. Among states with a top 50 metro, Florida and Texas led the way. Neither state has an individual income tax, an attractive feature to high earners. At the other end of the spectrum, New York and California rank among the least tax-competitive states that have qualifying metros. According to a [Chandan Economics analysis of U.S. Census Bureau data](#), Florida and Texas are among the most common destinations among households relocating from New York and California, underscoring how tax climates influence living decisions.





Property Insurance Prices

Insurance pricing acts as a neutral arbiter of localized climate and hazard risk. Through an evaluation of insurance dynamics, this analysis shows how environmental exposure and market-level real estate risk perceptions translate into ongoing expense factors for multifamily assets.

For a comprehensive view of prices and coverage rates, the matrix considers three factors:

1. Annual property insurance prices as a percentage of home values
2. Share of homes in a market without property insurance
3. The 10-year change in the share of homes without coverage

Taken together, these factors provide a market-based proxy for how risk and cost exposure may affect operating margins, long-term asset resilience, and liquidity.

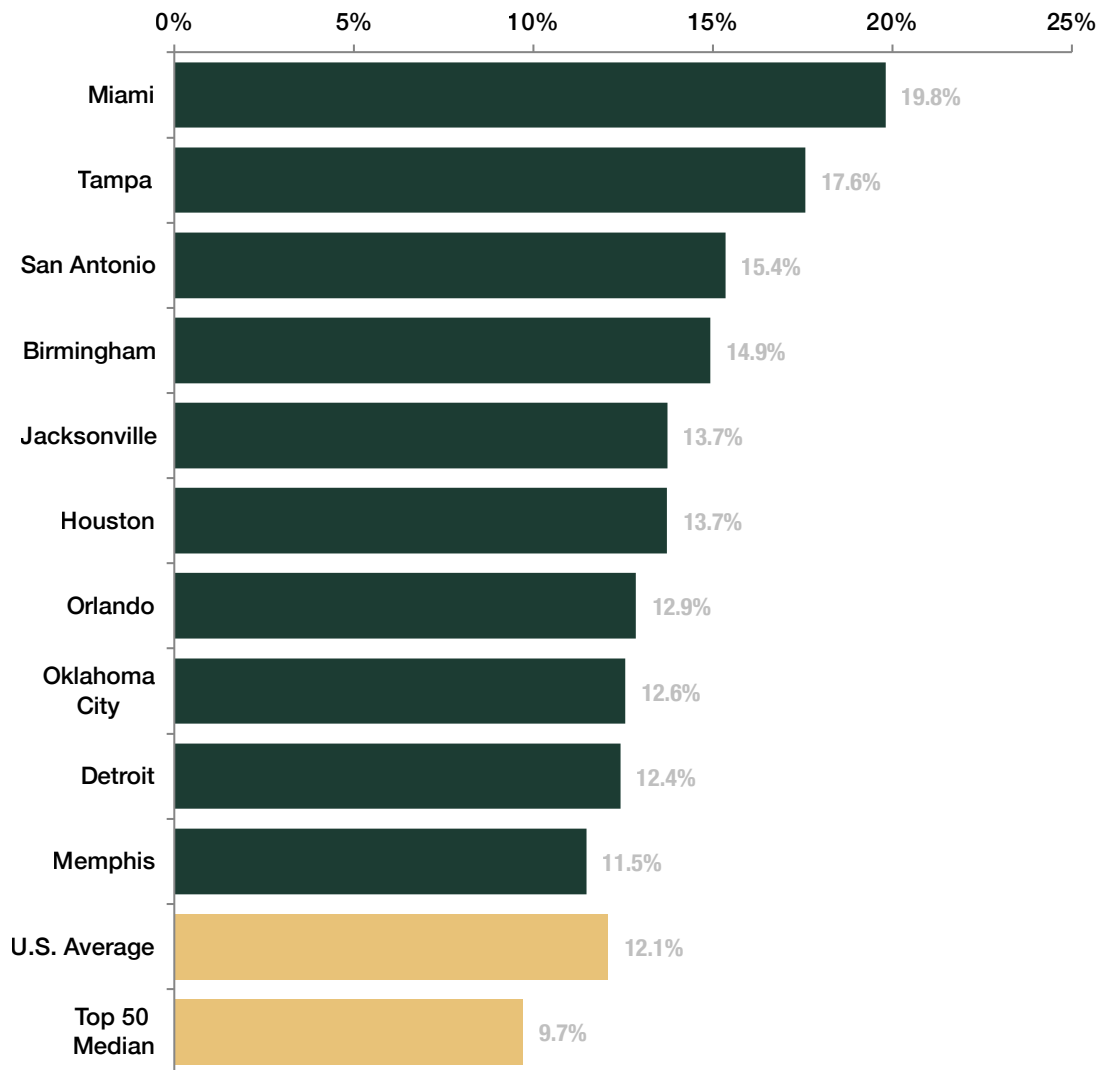
Zeroing in on the share of homes in each metro that are insured, nationally, 12.1% of homeowners did not have insurance coverage in 2023. Within our sample of 50 markets, the share of homes without insurance trends lower, with 41 metros having uninsured rates below the national average. However, there are notable outliers. Florida's Miami and Tampa both jump off the page, with uninsured rates reaching 19.8% and 17.6%, respectively (*Chart 2*).



CHART 2

Share of Households Without Property Insurance Through 2023

Sources: U.S. Census Bureau; American Community Survey; IPUMS; Chandan Economics





Multifamily Investment

To locate areas of liquidity and opportunity, Chandan Economics analyzed a pool of multifamily loans originated between Q3 2024 and Q2 2025, which were tracked across the largest 50 metros, for both multifamily investment sales and refinancings. The analysis considered total loan volume, volume per capita, and average cap rates at origination over the past year. For a

potential real estate investor deciding in which market to deploy capital, our research teams determined higher property-level yields to be more attractive. Within this framework, metros within the Midwest had the highest cash flow returns. Cleveland, OH (6.8%), had the highest average cap rates in the sample, followed by Oklahoma City, OK (6.6%), and Minneapolis, MN (6.3%) (*Chart 3*).

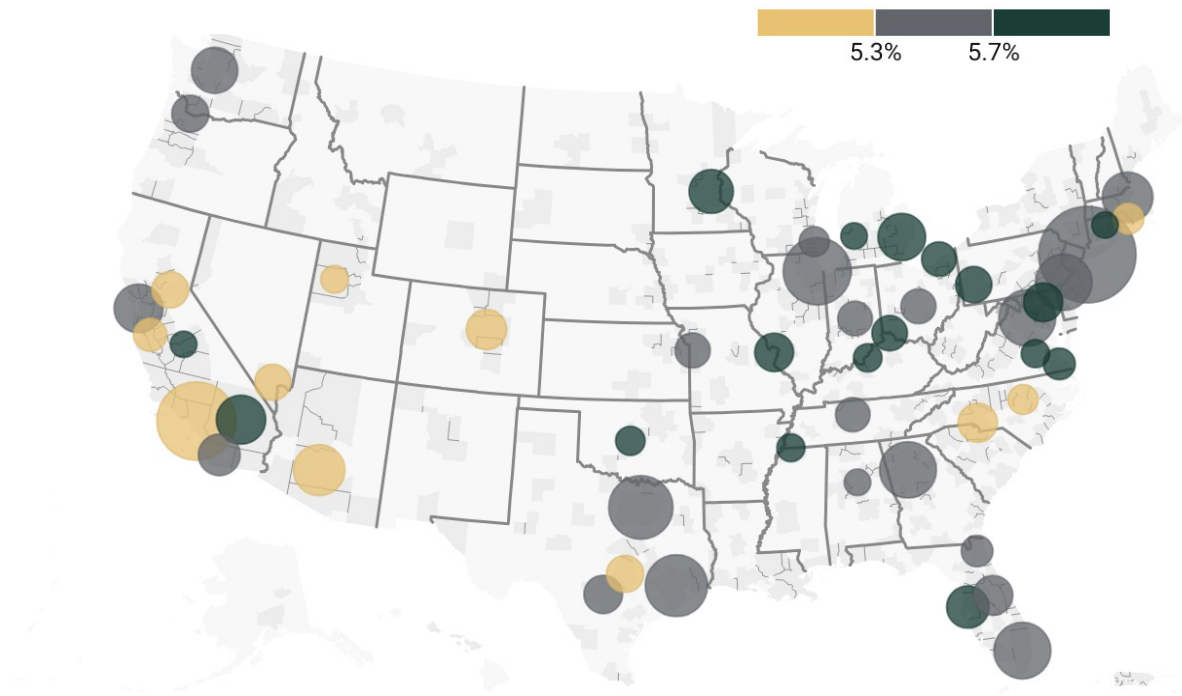


CHART 3

Average Multifamily Cap Rates

Measured Over the Year Ending in Q2 2025, 50 Largest Metro Areas by Population

Source:Chandan Economics



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Rental Affordability

Housing affordability remains a primary concern for U.S. renters. According to an analysis of the U.S. Census Bureau's [Current Population Survey](#), a desire for lower-priced housing, better/new housing, a more desirable neighborhood, or another housing-centric reason motivated the moving decisions of more than one-third (35.9%) of renters in the survey.

Housing affordability in the Multifamily Opportunity Matrix was determined by reviewing [Waller, Weeks, and Johnson Rental Index](#) data, which calculates the minimum income required in each metropolitan area for a household not to be considered rent-constrained. Markets that have lower income thresholds for affordability scored higher in our matrix because they are more attractive to budget-conscious renters.

Louisville, KY, led the country in rental affordability in the rankings, with an average monthly rental price of \$1,369 through August 2025. Households earning \$54,750 or more are not considered rent-burdened there (*Chart 4*). Just behind Louisville was Oklahoma City, OK, where the rent-burdened threshold was slightly higher at \$55,083. Rounding out the top five in rental affordability were St. Louis, MO (\$56,904), Birmingham, AL (\$56,965), and Cleveland, OH (\$57,731).

Meanwhile, coastal cities have seen very different trends. The threshold to be considered not rent-constrained is more than twice as high in several major coastal markets at the opposite end of the affordability spectrum, including New York, NY (\$143,467), San Jose, CA (\$141,988), and San Francisco, CA (\$126,624).

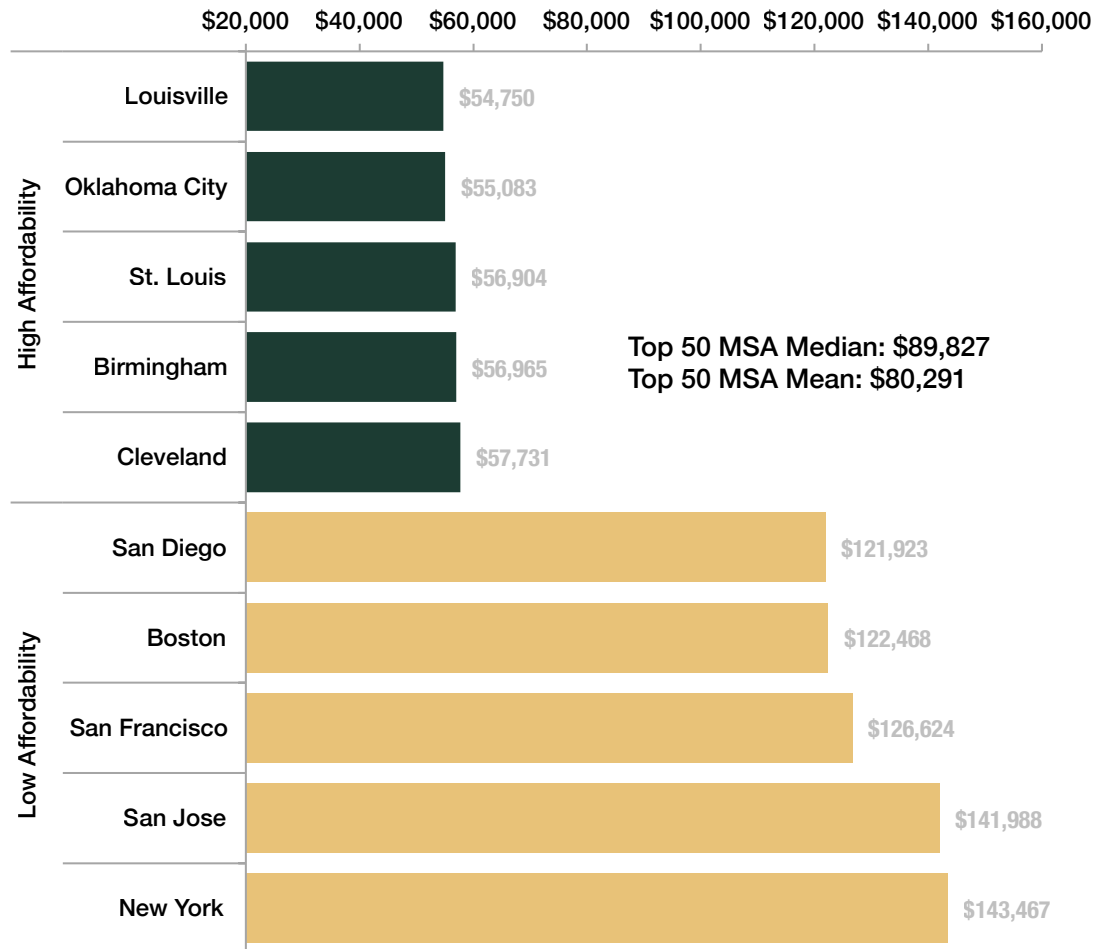


CHART 4

Minimum Income Needed to Not Be Rent Burdened

Measured Using the WWJ Rental Index, Through August 2025

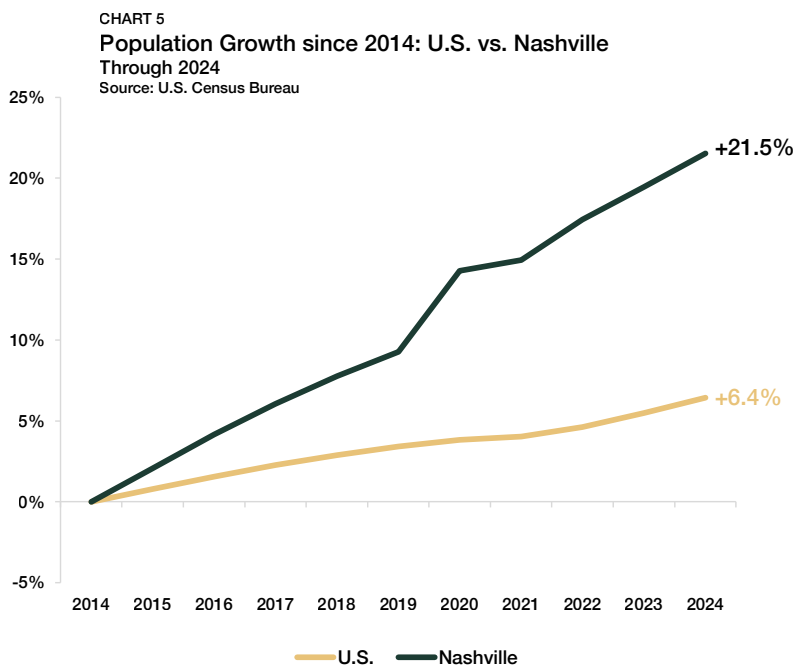
Sources: Waller, Weeks, and Johnson Rental Index; Florida Atlantic University; Florida Gulf Coast University; The University of Alabama; Zillow



Market Spotlight: Nashville

Nashville has firmly established itself as one of the most dynamic metros in the United States, combining strong demographic tailwinds, a [deepening economic base](#), and a vibrant cultural identity that fuels both population and job growth.

Over the past decade, Nashville has [consistently ranked](#) among the fastest-growing large metros in the country. In the past 10 years, Nashville's base of residents has swelled by 21.5%, more than triple the national growth rate of 6.4% (*Chart 5*). Nashville's population growth has been propelled by new residents arriving from higher-cost coastal markets, drawn to the city's relative affordability, low tax environment, and high quality of life.



The metro's age and education profile further enhances its investment appeal, as Nashville attracts a steady inflow of [young professionals](#) and families seeking employment opportunities and lifestyle amenities in an expanding urban area. Within our sample of 50 metros, Nashville had the third-highest share of renters under 35 years old.

Nashville's evolution from a regional healthcare and music hub to a diversified, innovation-driven economy is one of the country's most notable metropolitan success stories. The city's healthcare management and services cluster — anchored by major employers like [HCA Healthcare](#) and [Vanderbilt University Medical Center](#) — provides a stable employment foundation. Beyond that, the metro has rapidly expanded into technology, advanced manufacturing, finance, and professional services, attracting both Fortune 500 investment and startup activity. The city's strong airport connectivity, central location, and pro-business environment have also spurred expansions from firms such as Amazon, Oracle, and Bridgestone, cementing Nashville's status as a Southeastern economic engine.

Capital inflows and infrastructure upgrades continue to reshape the metro's skyline and economic trajectory. The construction of [Oracle's East Bank campus](#) — projected to employ thousands — has catalyzed broader redevelopment efforts along the Cumberland River. Investments in [transit](#), [airport expansion](#), and downtown mixed-use projects have elevated Nashville's urban profile, transforming it from a regional center into a national growth hub.

Investors tend to benefit from strong underlying fundamentals, competitive yields relative to coastal markets, and an economic environment that supports long-term asset appreciation. Nashville's landlord-friendly regulatory framework and comparatively low property tax burden enhance its appeal, particularly for institutional investors seeking both income stability and growth potential.

Overall, Nashville's ascent shows little sign of slowing. Its combination of robust job creation, young and growing population, and expanding corporate presence provides a foundation for enduring housing demand and attractive multifamily performance across cycles. With large-scale investment continuing to transform its urban fabric, the market's long-term trajectory points toward sustained value creation. For multifamily investors, the market presents a compelling case for long-term outperformance as its economic diversification, sustained in-migration, and stable supply fundamentals converge to create favorable risk-adjusted returns.



Outlook

The multifamily housing sector enters the final stretch of 2025 in a moment of growing optimism. With [the broad recalibration of asset prices now in the rearview](#), 70% of national apartment markets have seen positive rent growth in a more accommodative interest rate environment. Altogether, cyclical headwinds are fading. For metros with the right blend of stability, affordability, and magnetic vibrancy, the alignment of structural and cyclical momentum could make 2026 a pivotal springboard year. But with U.S. population growth [forecasted to slow](#), cross-market competition for residents is likely to escalate, making market knowledge a crucial advantage to real estate investors. ■



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The Opportunity Matrix

- 1. Multifamily Investment:** measured as a proxy for the availability of debt financing, overall liquidity, cash-flow opportunity, and a market's ability to support additional multifamily investment. Both acquisitions and refinancing are tracked in this analysis.
- 2. Performance Fundamentals:** a comprehensive mix of recent multifamily sector performance and momentum.
- 3. Tax Conditions:** tax burdens for firms, properties, and individuals — measuring monetary and human capital attractiveness.
- 4. Labor Market:** topline profile of key labor market performance indicators, including market growth, unemployment rate, change in the unemployment rate over the past year, and wage growth.
- 5. Population Growth:** overall growth of a metro over the short and medium term.
- 6. Renter Demographics:** spending power and age profile of existing renters (higher household incomes and younger householders assumed as conducive to higher levels of multifamily demand).
- 7. Renter Vacancy:** measures the current market tightness for all existing metro-level rental inventory.
- 8. Market Equilibrium:** considers the pace of incoming housing demand against existing housing supply using [Realtor.com's Market Hotness Index](#) as a proxy.
- 9. Affordability:** minimum income needed to rent an apartment without being rent-burdened, included to capture a market's attractiveness for incoming rental demand.
- 10. Climate Risk:** a mix of property insurance prices and coverage rates offers a market-based proxy for how risk and cost exposure may affect operating margins, long-term asset resilience, and liquidity.



Table 3

Arbor-Chandan Fall 2025 Multifamily Opportunity Matrix

Composite Categories	Variables	Weight	Source
Multifamily Investment	Multifamily Lending Volume per Capita	3.33%	Chandan Economics; Measured Q3 2024—Q2 2025
	Multifamily Lending Volume per Capita	3.33%	
	Multifamily Cap Rates	3.33%	
Performance Fundamentals	Commercial Real Estate Market Index: Multifamily	10.00%	Atlanta Federal Reserve; Through Q2 2025
Tax Conditions	Property Tax Rate for Apartment Properties	5.00%	Lincoln Institute of Land Policy; Through 2024
	State Tax Competitiveness Index	5.00%	Tax Foundation; Through 2024
Labor Market	Employment Level (1-Year Change)	2.50%	U.S. Bureau of Labor Statistics; Through August 2025
	Unemployment Rate	2.50%	
	Unemployment Rate (1-Year Change)	2.50%	
	Wage Growth (1-Year Change)	2.50%	
Population	1-Year Population Growth Rate	10.00%	U.S. Census Bureau; Through 2024
Demographics	Household Rentership Rate	2.00%	U.S. Census Bureau; 2025 Annual Social and Economic Supplement of the Current Population Survey; IPUMS
	U35 Household Rentership Rate	2.00%	
	Percent Share of Renters U35	2.00%	
	Renter Household Income	2.00%	
	U35 Renter Household Income	2.00%	
Rental Vacancy	Rental Vacancy Rate	5.00%	U.S. Census Bureau; Through Q2 2025
	1-Year Change in Rental Vacancy Rate	5.00%	
Rental Affordability	Minimum Annual Income Needed to Not Be Rent Burdened	10.00%	Waller, Weeks, and Johnson Rental Index; Through August 2025
Market Equilibrium	Realtor.com Market Hotness Index	10.00%	Realtor.com; Through August 2025
Climate Risk / Insurance	Insurance Prices as Share of Home Value	3.33%	U.S. Census Bureau; 2023 American Community Survey; IPUMS
	Share of Homes with Property Insurance	3.33%	
	Share of Homes with Property Insurance (10-Year Change)	3.33%	
		100.00%	





Methodology

This report presents an analytical framework to develop a cross-market comparison for opportunistic multifamily investments. The largest 50 U.S. metropolitan areas¹ are ranked using the Arbor-Chandan Multifamily Opportunity Matrix based on a weighted average of performance metrics. It considers how well metro-level economies have maintained strength over the past year and their ability to handle shifting market conditions through 2025 and beyond. The Multifamily Opportunity Matrix includes factors a multifamily investor might consider in their market selection process. All 10 categories received equal weighting. In categories with more than one variable, each variable received equal weighting.

¹ The top 50 metros are based on population estimates. All metros are reported at the Metropolitan Statistical Area (MSA) level.



Appendix

Table 4
Arbor-Chandan Fall 2025 Opportunity Matrix Market Rankings and Scores

Metro	Composite Score	Fall 2025 Ranking	Spring 2025 Ranking	Change
Nashville	0.36	1	3	2
Indianapolis	0.35	2	12	10
Columbus	0.35	3	1	-2
Salt Lake City	0.30	4	21	17
Seattle	0.30	5	33	28
Chicago	0.23	6	37	31
Charlotte	0.19	7	5	-2
Kansas City	0.19	8	30	22
Cincinnati	0.19	9	19	10
Oklahoma City	0.16	10	29	19
Las Vegas	0.16	11	15	4
Louisville	0.14	12	16	4
Pittsburgh	0.14	13	26	13
Orlando	0.12	14	10	-4
Cleveland	0.11	15	11	-4
Dallas	0.10	16	14	-2
Richmond	0.10	17	6	-11
Atlanta	0.09	18	22	4
Raleigh	0.06	19	2	-17
Boston	0.05	20	27	7
Minneapolis	0.05	21	38	17
Miami	0.02	22	35	13
Milwaukee	0.02	23	9	-14
Houston	0.01	24	8	-16
St. Louis	-0.00	25	23	-2
Tampa	-0.03	26	18	-8
Philadelphia	-0.04	27	40	13
Sacramento	-0.04	28	36	8
Jacksonville	-0.06	29	42	13
Virginia Beach	-0.06	30	28	-2
Austin	-0.07	31	13	-18
Washington, D.C.	-0.07	32	24	-8
Grand Rapids	-0.09	33	7	-26
New York	-0.09	34	43	9
Phoenix	-0.10	35	17	-18
Denver	-0.10	36	25	-11
San Jose	-0.10	37	45	8
Providence	-0.12	38	4	-34
Hartford	-0.12	39	-	-
Detroit	-0.13	40	34	-6
San Antonio	-0.13	41	41	0
San Diego	-0.15	42	48	6
San Francisco	-0.16	43	44	1
Riverside	-0.18	44	50	6
Los Angeles	-0.22	45	49	4
Fresno	-0.22	46	39	-7
Baltimore	-0.23	47	32	-15
Memphis	-0.27	48	31	-17
Birmingham	-0.43	49	46	-3
Portland (OR)	-0.51	50	47	-3





About Us

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