



Top Markets for Multifamily Investment Report Spring 2026





Key Findings

- Indianapolis, IN, ranked first in Arbor's Spring 2026 Opportunity Matrix, supported by strong labor market conditions, tight occupancy levels, and a favorable affordability profile.
- Midwestern markets, which feature stability, affordability, and steady renter demand, were well represented, capturing seven of the top 20 spots.
- High-growth Sun Belt and Mountain West markets ranked highly, with Raleigh, NC, Salt Lake City, UT, and Nashville, TN, all in the top five, underscoring the importance of economic expansion and demographic momentum.





Overview

Multifamily real estate's durable demand and central role in the nation's housing needs continue to make it stand out as an investment class. With competition high, investors are increasingly focused on identifying favorable conditions and finding new opportunities within metropolitan areas.

The Spring 2026 Arbor Realty Trust–Chandan Economics Multifamily Opportunity Matrix (*Chart 1*) evaluated the nation's 50 largest metropolitan areas to pinpoint the most attractive areas for investment right now.

After examining a wide range of factors that influence multifamily performance and investment conditions — including liquidity, supply absorption, renter demand, affordability, labor market momentum, and demographic trends — our matrix reveals the U.S. metropolitan areas that are bursting with opportunity.

From the stable cash flows of the Midwest to the population magnets of the Sun Belt — and everything in between — this biannual report highlights the markets where economic resilience, investor activity, and housing demand align most favorably for multifamily investors.

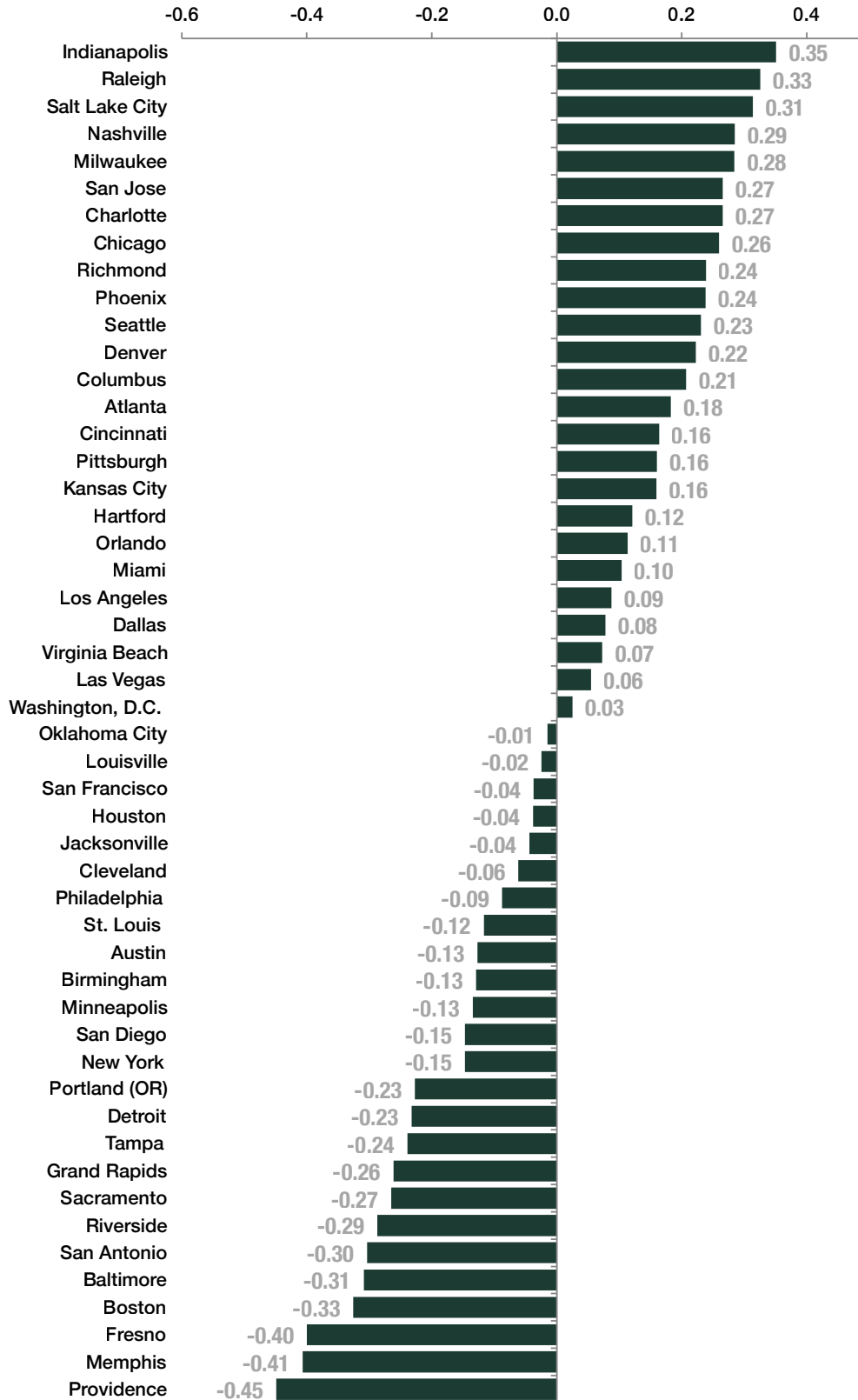


CHART 1

Arbor-Chandan Spring 2026 Opportunity Matrix Market Composite Scores

Average Market Score = 0

Sources: Chandan Economics; Arbor Realty Trust



Metro-Level Trends

Midwest Stability Shines

Midwestern metropolitan areas continued to perform well in the Arbor-Chandan Opportunity Matrix. Indianapolis, remained the overall leader, while Milwaukee, WI, and Chicago, IL, both placed within the top 10. Cincinnati, OH, Columbus, OH, and Kansas City, MO, remained firmly in the upper tier (*Table 1*). Multifamily markets in the Midwest continued to benefit from a combination of strong rental affordability, stable labor market conditions, and relatively attractive [yields](#).

For a full breakout of the Spring 2026 scores and rankings, see Table 3 in the Appendix.

Table 1
Arbor-Chandan Spring 2026 Opportunity Matrix: Top 10 Ranked Markets

Average Market Score = 0

Sources: Arbor Realty Trust; Chandan Economics

Spring 2026 Rank	Metro	Composite Score	Primary Strength	Secondary Strength
1	Indianapolis	0.35	Rental Vacancy	Labor Market
2	Raleigh	0.33	Population Growth	Tax Conditions
3	Salt Lake City	0.31	Performance Fundamentals	Tax Conditions
4	Nashville	0.29	Performance Fundamentals	Tax Conditions
5	Milwaukee	0.28	Renter Demand	Performance Fundamentals
6	San Jose	0.27	Demographics	Renter Demand
7	Charlotte	0.27	Population Growth	Tax Conditions
8	Chicago	0.26	Renter Demand	Capital Markets
9	Richmond	0.24	Capital Markets	Performance Fundamentals
10	Phoenix	0.24	Population Growth	Climate Risk / Insurance



While population growth in the Midwest typically trails faster-growing regions, steady demand supported by diversified employment bases, including healthcare, logistics, and advanced manufacturing, has helped maintain consistent absorption and occupancy levels. As investors place greater emphasis on income durability and downside protection, Midwestern markets remain compelling for their blend of stability and cash flow.

Growth Markets in the Sun Belt Continue to Compete

The Sun Belt remains a central force in the multifamily investment landscape, with several high-growth markets ranking near the top of this year's matrix. Raleigh, NC, Salt Lake City, Nashville, Charlotte, NC, and Phoenix, AZ, all placed within the top 10, reflecting the continued strength of their demographic and economic fundamentals.

These metro areas benefit from sustained population inflows, relatively young renter bases, and expanding employment in sectors such as technology, advanced manufacturing, and business services. Importantly, strong renter demand — as reflected in elevated engagement and search activity — continues to support high leasing activity even as new supply has expanded. For investors, Sun Belt markets can provide exposure to long-term growth, supported by durable demand drivers and favorable demographic trends.

Demand Strength Lifts Select Coastal Markets

While many high-cost coastal markets continued to rank in the middle or lower tiers of the Opportunity Matrix, some benefited from stronger renter demand and labor market fundamentals. San Jose, CA, ranked in the top 10 this spring, while Seattle, WA, and Los Angeles, CA, also placed in the upper tier. Coastal cities are still facing structural challenges, including higher operating costs and lower affordability compared to interior markets. However, strong income growth, deep labor markets, and elevated renter demand have supported leasing activity and stabilized performance in these markets.

As a result, the highest-ranked markets increasingly reflect a balance between demand intensity and economic stability. For multifamily investors, the report's findings suggest that while affordability remains important, markets with strong underlying demand still offer attractive opportunities despite higher costs.





Multifamily Absorption

The Federal Reserve Bank of Atlanta's [Commercial Real Estate Market Index \(CREMI\)](#) tracks a comprehensive set of metro-level indicators to gauge multifamily sector conditions. For this analysis, the Opportunity Matrix incorporated three of CREMI's underlying subcomponents (absorption, net operating income (NOI) growth, and changes in asset values) to help gauge market momentum and the strength of local multifamily fundamentals.

Among these subcomponents, absorption provides a particularly clear signal of how multifamily markets are balancing new supply with rental demand. A handful stood out for having absorption levels well above historical averages. Nashville, Milwaukee, and Salt Lake City led the way, each posting significantly elevated absorption scores (*Chart 2*). Cincinnati and Hartford, CT, also scored highly, reflecting robust demand conditions relative to new supply. As new inventory continues to be delivered, absorption trends will remain a critical indicator of how well markets are adjusting to shifting supply-demand dynamics.

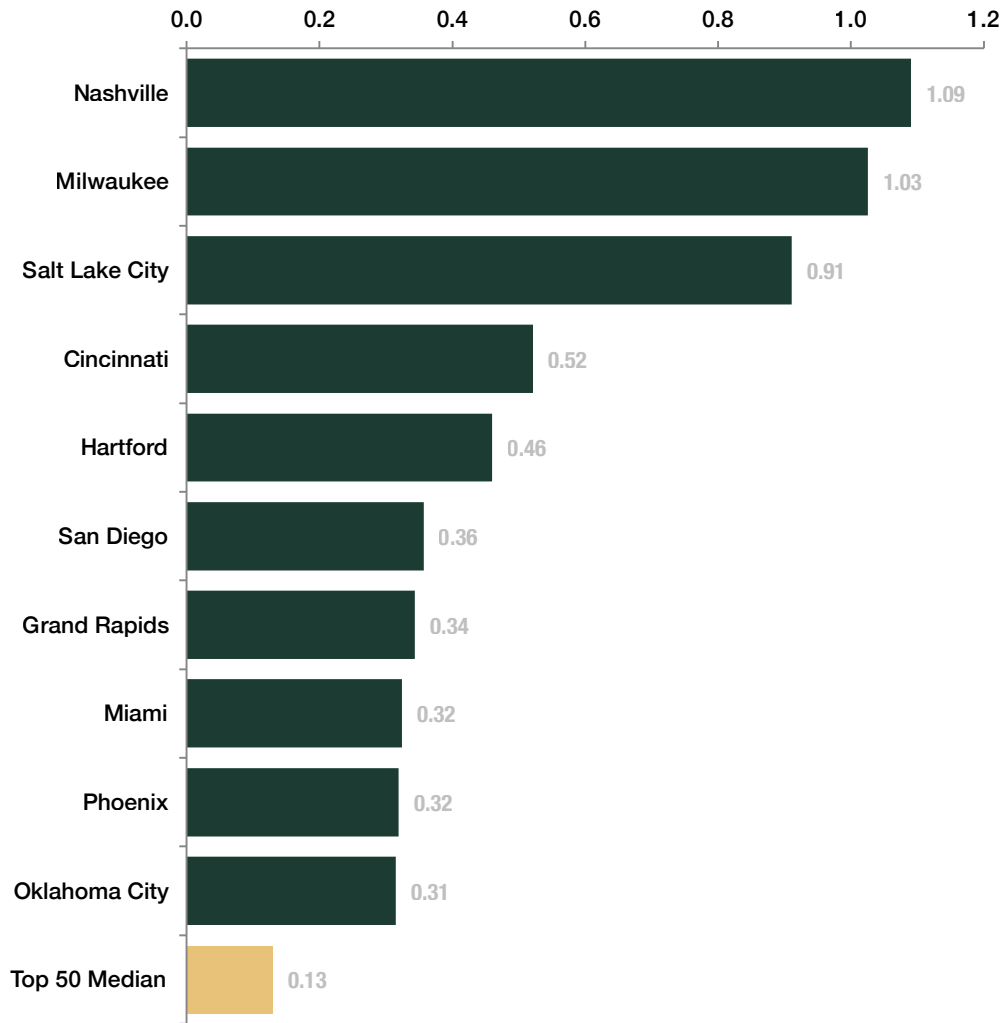


CHART 2

Commercial Real Estate Market Index: Multifamily Absorption Sub-Index

Markets Performing Above Long-Term Avg., Long-Term Avg. = 0, Through Q3 2025

Source: Atlanta Federal Reserve's Commercial Real Estate Market Index





Labor Market

In all cycles, labor market conditions are a foundational driver of rental housing demand, influencing household formation, rent-paying capacity, and tenant stability. The Opportunity Matrix evaluated metro-level labor performance by analyzing job growth, unemployment, changes in unemployment, and wage growth to determine the strength and durability of local economies.

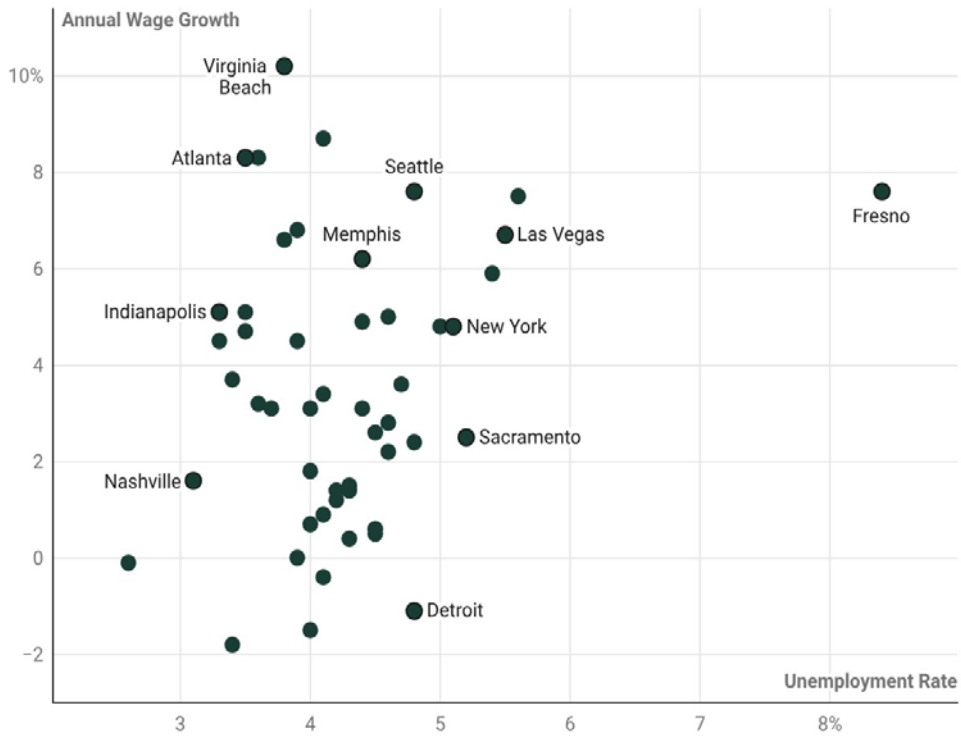
After several years of robust expansion, labor market momentum has slowed. National job growth stalled at the start of 2026, with private payrolls turning negative in February and total net job gains for the year slightly exceeding 100,000, a sharp downshift from the pre-pandemic period.

While national level growth slowed, several markets continued to demonstrate strong labor fundamentals. Salt Lake City, Raleigh, and Nashville stand out for both solid employment growth and relatively low unemployment rates, reflecting a balanced and expanding labor profile.

A separate group of markets, including Virginia Beach, VA, Atlanta, GA, and Indianapolis, is distinguished for a different reason: the combination of wage growth and low unemployment. In these markets, strong income growth paired with relatively tight labor conditions has reinforced tenants' rent-paying capacity and overall demand stability (*Chart 3*). In an environment where demand is expected to remain durable but expand less, the combination of income growth and labor market tightness provides a particularly supportive backdrop for rental housing demand.



CHART 3
Unemployment Rate vs. Annual Wage Growth
 Through December 2025
 Source: U.S. Bureau of Labor Statistics





Demographics

Demographic trends are critical to understanding long-term rental housing demand, particularly through the age distribution and income profile of renter households. The Opportunity Matrix evaluated these dynamics using a range of indicators, including rentership rates, renter incomes, and the share of renters under age 35, a key signal of future demand.

Several interior and high-growth metro areas, including Grand Rapids, MI, Denver, CO, Austin, TX, and Salt Lake City, posted the highest shares of renters under 35 (*Chart 4*). By contrast, high-cost coastal markets, such as New York, NY, and Los Angeles, ranked highly in demographic strength due to higher average incomes and large renter bases. Although markets like these tend to have lower shares of young renters, they tend to have larger overall populations under 35.

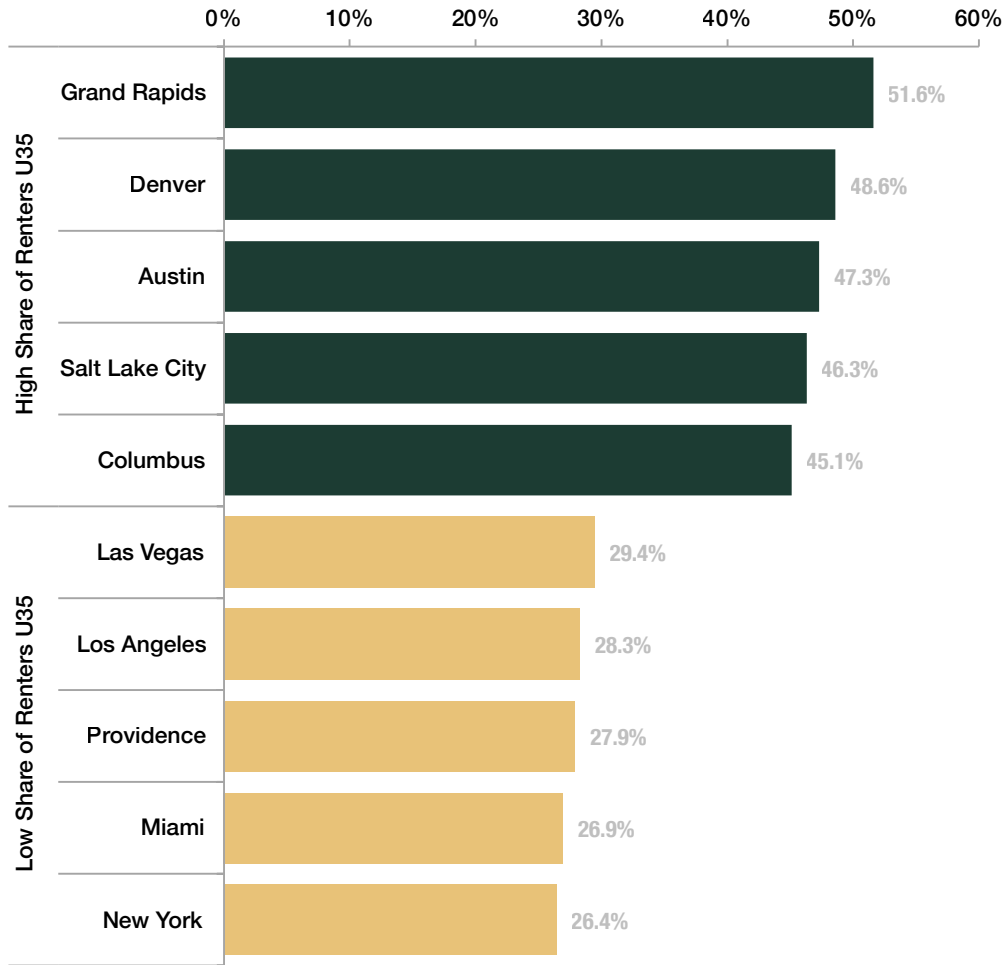


CHART 4

Share of Renter Households Under 35

Through 2024

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

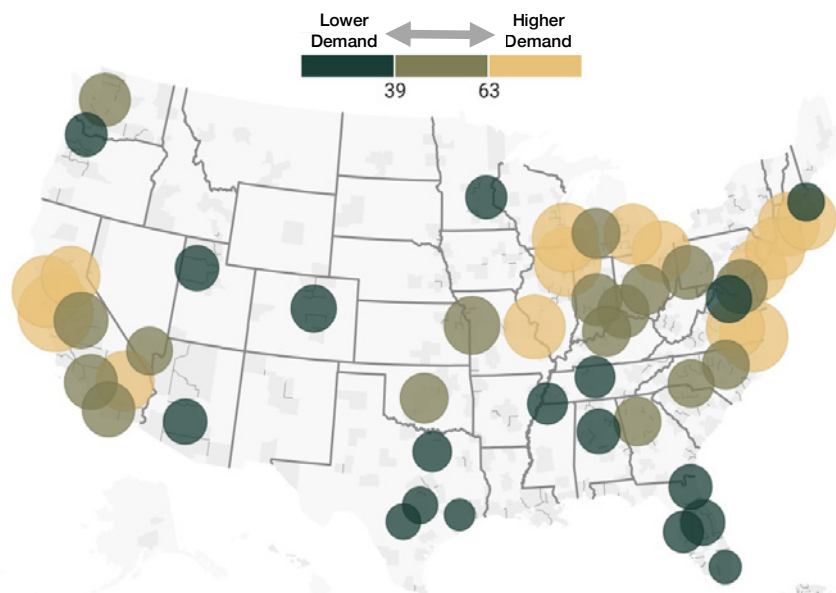


Renter Demand

To illustrate demand-side momentum in rental housing markets, the Opportunity Matrix incorporated [Zillow's Observed Renter Demand Index \(ZORDI\)](#), which tracks relative levels of renter search activity.

Supported by stabilized pricing and return-to-office trends, coastal and gateway markets were the strongest performers of early 2026. San Jose and San Francisco, CA, led this ranking, with elevated demand also observed in Chicago and several Northeast metro areas, including Hartford and Philadelphia, PA (*Chart 5*).

CHART 5
Zillow Observed Renter Demand Index
50 Largest Metro Areas by Population, Through February 2026
Source: Zillow



By contrast, several high-growth Sun Belt markets, particularly in Florida and Texas, posted comparatively weaker renter demand signals. In many cases, the shift reflects the cumulative impact of recent supply expansions in emerging markets. As a whole, our analysis points to a partial rebalancing in renter demand, with momentum shifting back toward supply-constrained markets.





Rental Affordability

Housing affordability continues to shape renter behavior. According to an analysis of the U.S. Census Bureau's [Current Population Survey](#), housing-related factors, including the search for lower-cost units, improved housing quality, or more desirable neighborhoods, account for more than one-third of renter moves.

Within the Opportunity Matrix, rental affordability is measured using the [Waller, Weeks, and Johnson Rental Index](#), which estimates the minimum income required for a household to avoid being rent-burdened in each metropolitan area. Markets with lower income thresholds ranked more favorably, reflecting stronger accessibility for a broader base of renters.

Midwestern and Southern metro areas continue to lead the nation on affordability. Oklahoma City remained the most affordable market, where a household earning \$53,377 is not considered rent-burdened (*Chart 6*). Louisville, KS (\$53,982), San Antonio, TX (\$54,477), Birmingham, AL (\$54,985), and Cleveland, OH (\$55,220) also ranked among the most affordable markets.

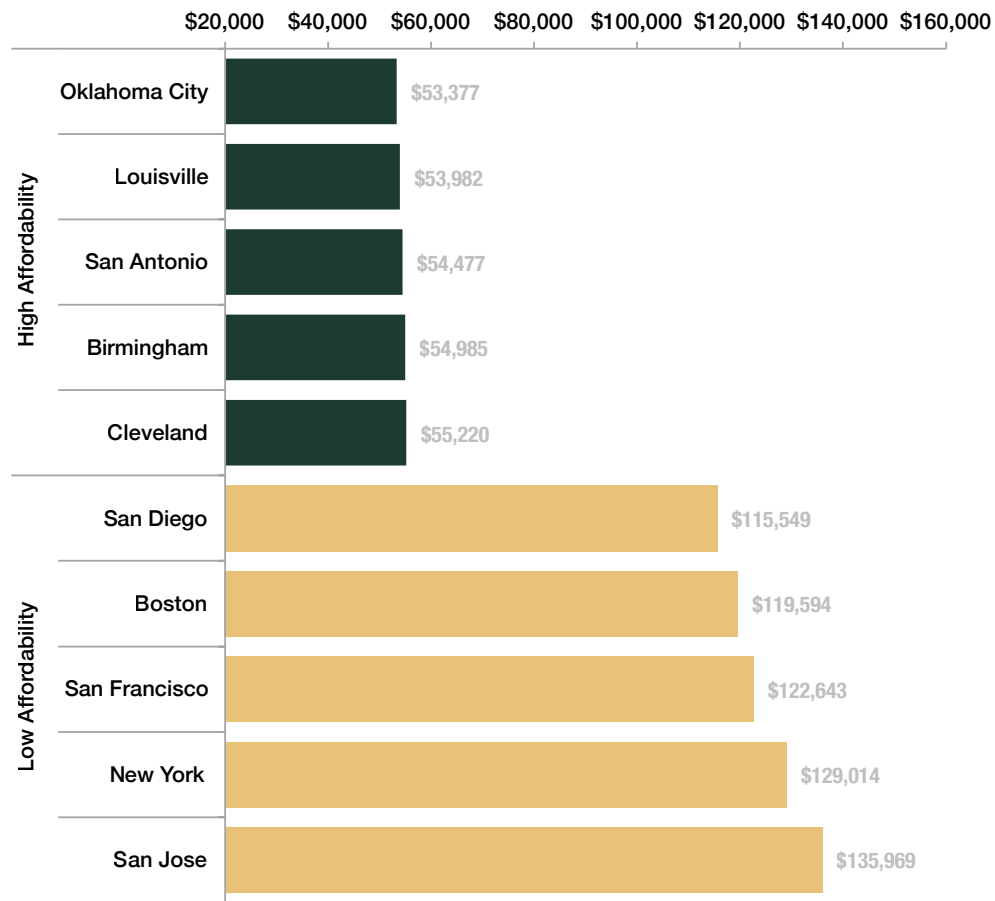


CHART 6

Minimum Income Needed to Not Be Rent Burdened

Measured Using the WWJ Rental Index, Through December 2025

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



By contrast, affordability pressures have remained most acute in high-cost coastal markets. In New York, a household must earn \$129,014 to avoid being rent-burdened, while the threshold in San Jose is now \$135,969. San Francisco (\$122,643), Boston, MA (\$119,594), and San Diego, CA (\$115,549) are also among the least affordable markets in the country. The disparity in affordability underscores the persistent divide between lower-cost interior markets and high-cost coastal markets, key drivers of migration patterns and renter demand.





Market Spotlight: Indianapolis

Indianapolis ranked as the top market in our Spring 2026 Opportunity Matrix, and its position is rooted more in balance than outsized growth. Although it does not lead the nation in job creation, Indiana's capital has maintained a steady labor market profile, with relatively low unemployment and consistent wage gains. At a time when the national labor market is cooling, Indianapolis' stability has become increasingly valuable.

Indianapolis' operating fundamentals are another one of its differentiators. According to [U.S. Census Bureau data](#), it recorded the largest increase in rental occupancy among the 75 largest U.S. markets in 2025, up 7.9 percentage points year-over-year. A lower vacancy rate reflects a market where demand has kept pace with — and in many cases outstripped — new supply, pushing conditions toward tight equilibrium. As a result, Indianapolis now ranks among the [tightest rental markets in the country](#).

High occupancy rates have influenced local rent performance as well. As national rent growth moderated, Indianapolis outperformed, with annual rent growth exceeding the U.S. average for 30 consecutive months through early 2026 (*Chart 7*). This trend demonstrates the sustained relative strength of the market, a significant distinction in the current phase of the cycle.

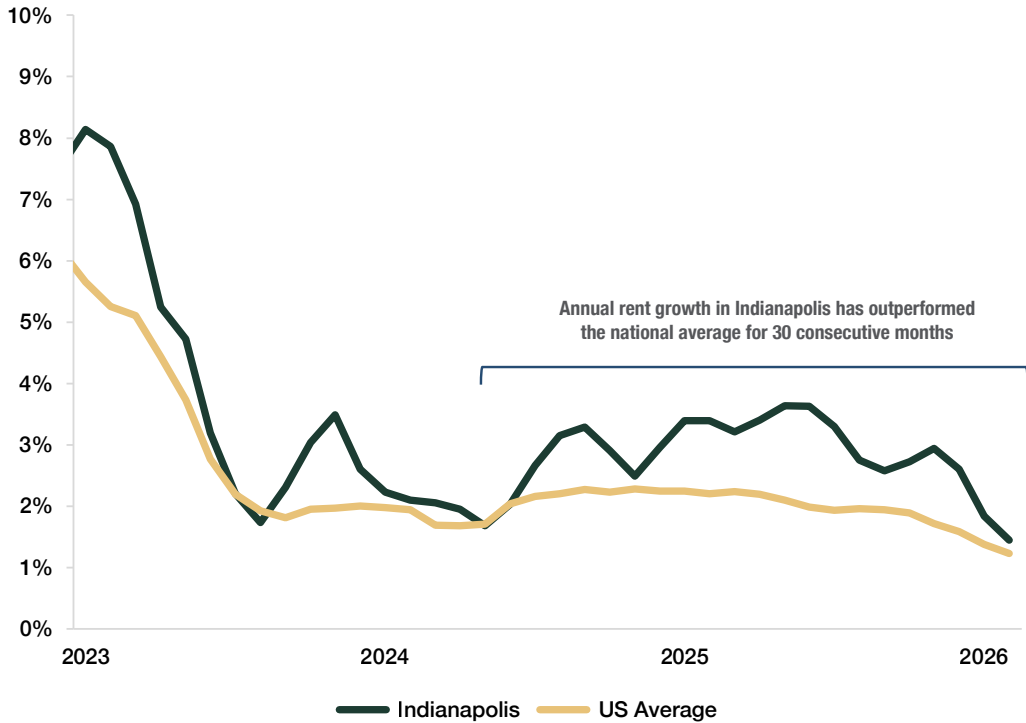


CHART 7

Multifamily Rent Growth: Indianapolis vs. U.S. Average

Through February 2026, Year-over-Year % Change, Smoothed, Seasonally Adjusted

Source: Zillow



Affordability remains a central part of Indianapolis’ recent success. Relative to coastal cities, it offers a significantly lower cost of entry for renters, supporting both in-migration and household formation. A renter household would need to earn \$59,776 annually to comfortably afford the market’s average rent of \$1,494 per month. Its relative affordability is paired with strong quality-of-life fundamentals, contributing to Indianapolis ranking as the 11th most livable city in the U.S. in a recent [RentCafe analysis](#).

At the same time, the metro area’s economic base broadened. Indianapolis has a diverse mix of industries — including logistics, healthcare, advanced manufacturing, and life sciences — which helped to insulate it from sector-specific volatility. Recent investments, including [Eli Lilly’s expansion initiatives](#) and the development of the [LEAP Innovation District](#) in nearby Lebanon, further reinforced the region’s long-term trajectory by anchoring high-quality job growth within commuting distance of its urban core.

In today’s economic climate, Indianapolis’ market balance — between growth, affordability, and operating performance — is a valuable characteristic for multifamily investors.



Outlook

America's rental housing is in a period of growing stability. With a supply surge largely in the rearview, rents are once again growing in a broad share of markets, with nearly 9-in-10 metro areas posting year-over-year gains. Altogether, cyclical headwinds are easing, and operating conditions have become more balanced.

For markets with the right blend of stability, affordability, and economic momentum, the alignment of structural and cyclical forces could position 2026 as a year of steady progress. At the same time, macro and demographic conditions have shifted. Job growth has [cooled](#),

and U.S. population growth is [expected to slow](#) amid a sharp decline in net international migration.

In this environment, demand is expected to remain durable but less expansive. As growth moderates, cross-market competition for residents is likely to intensify, making precise market selection — not just asset selection — a defining factor for performance in the current cycle. ■



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How the Opportunity Matrix Measures Markets

- 1. Capital Markets:** 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:** measures core indicators of multifamily operating performance, including net operating income (NOI) growth, asset price appreciation, and absorption.
- 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 metropolitan area over the short and medium term.
- 6. 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. Rental Vacancy:** measures the current market tightness for all existing metro-level rental inventory.
- 8. Renter Demand:** measures rental demand using Zillow's Observed Renter Demand Index (ZORDI), which tracks relative levels of renter search activity across metropolitan areas.
- 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 / Insurance:** 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 2

Arbor-Chandan Spring 2026 Multifamily Opportunity Matrix

Composite Categories	Variables	Weight	Source
Capital Markets	Multifamily Lending Volume	3.33%	Chandan Economics; Measured Q1 2025—Q4 2025
	Multifamily Lending Volume per Capita	3.33%	
	Multifamily Cap Rates	3.33%	
Performance Fundamentals	Commercial Real Estate Market Index: Multifamily Absorption Sub-Index	3.33%	Atlanta Federal Reserve; Through Q2 2025
	Commercial Real Estate Market Index: Multifamily NOI Sub-Index	3.33%	
	Commercial Real Estate Market Index: Multifamily Asset Price Growth Sub-Index	3.33%	
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 December 2025
	Unemployment Rate	2.50%	
	Unemployment Rate (1-Year Change)	2.50%	
	Wage Growth (1-Year Change)	2.50%	
Population Growth	1-Year Population Growth Rate	10.00%	U.S. Census Bureau; Through 2024
Demographics	Household Rentership Rate	2.00%	U.S. Census Bureau; 2024 American Community 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 Q4 2025
	1-Year Change in Rental Vacancy Rate	5.00%	
Affordability	Minimum Annual Income Needed to Not Be Rent Burdened	10.00%	Waller, Weeks, and Johnson Rental Index; Through December 2025
Renter Demand	Zillow Observed Renter Demand Index	10.00%	Zillow; Through February 2026
Climate Risk / Insurance	Insurance Prices as Share of Home Value	3.33%	U.S. Census Bureau; 2024 American Community Survey; IPUMS
	Share of Homes with Property Insurance	3.33%	
	Share of Homes with Property Insurance (10-Year Change)	3.33%	
		100%	





Methodology

This report presents an analytical framework to develop a cross-market comparison for opportunistic multifamily investments. The largest 50 U.S. metropolitan areas 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 2026 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 3
Arbor-Chandan Spring 2026 Opportunity Matrix Market Rankings and Scores

Metro	Composite Score	Spring 2026 Ranking	Fall 2025 Ranking	Change
Indianapolis	0.35	1	2	1
Raleigh	0.33	2	19	17
Salt Lake City	0.31	3	4	1
Nashville	0.29	4	1	-3
Milwaukee	0.28	5	23	18
San Jose	0.27	6	37	31
Charlotte	0.27	7	7	0
Chicago	0.26	8	6	-2
Richmond	0.24	9	17	8
Phoenix	0.24	10	35	25
Seattle	0.23	11	5	-6
Denver	0.22	12	36	24
Columbus	0.21	13	3	-10
Atlanta	0.18	14	18	4
Cincinnati	0.16	15	9	-6
Pittsburgh	0.16	16	13	-3
Kansas City	0.16	17	8	-9
Hartford	0.12	18	39	21
Orlando	0.11	19	14	-5
Miami	0.10	20	22	2
Los Angeles	0.09	21	45	24
Dallas	0.08	22	16	-6
Virginia Beach	0.07	23	30	7
Las Vegas	0.06	24	11	-13
Washington, D.C.	0.03	25	32	7
Oklahoma City	-0.01	26	10	-16
Louisville	-0.02	27	12	-15
San Francisco	-0.04	28	43	15
Houston	-0.04	29	24	-5
Jacksonville	-0.04	30	29	-1
Cleveland	-0.06	31	15	-16
Philadelphia	-0.09	32	27	-5
St. Louis	-0.12	33	25	-8
Austin	-0.13	34	31	-3
Birmingham	-0.13	35	49	14
Minneapolis	-0.13	36	21	-15
San Diego	-0.15	37	42	5
New York	-0.15	38	34	-4
Portland (OR)	-0.23	39	50	11
Detroit	-0.23	40	40	0
Tampa	-0.24	41	26	-15
Grand Rapids	-0.26	42	33	-9
Sacramento	-0.27	43	28	-15
Riverside	-0.29	44	44	0
San Antonio	-0.30	45	41	-4
Baltimore	-0.31	46	47	1
Boston	-0.33	47	20	-27
Fresno	-0.40	48	46	-2
Memphis	-0.41	49	48	-1
Providence	-0.45	50	38	-12





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