Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	50,583
UNITS DELIVERED	38,580

MARKET FUNDAMENTALS

VACANCY RATE	5.3%
YEAR-OVER-YEAR CHANGE	+30bps
ASKING RENTS	$2,084
YEAR-OVER-YEAR CHANGE	+1.2%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$235,600

NORTHEAST MULTIFAMILY

Q4 2025

MARKET INSIGHTS

Sales activity builds in the second half

HIGHLIGHTS

- Operating conditions across the Northeast were mixed in the fourth quarter, as rent growth held up in most markets while vacancy continued to trend higher. Developers completed approximately 38,600 units over the course of 2025.
- Regional vacancy ended the year at 5.3%, up 30 basis points from one year earlier. Philadelphia and Norfolk/Hampton Roads bucked the regional trend, posting year-over-year improvements of 10 and 60 basis points, respectively.
- Full-year rent growth varied considerably across the Northeast. Norfolk/Hampton Roads led the region at 3.4%, while Washington, D.C., was the only market to record a decline, finishing 2025 down 0.7% as elevated deliveries weighed on performance.
- Investment activity gained momentum in the second half of 2025. The regional median sale price for the year was approximately $235,600 per unit.

NORTHEAST MULTIFAMILY MARKET OVERVIEW

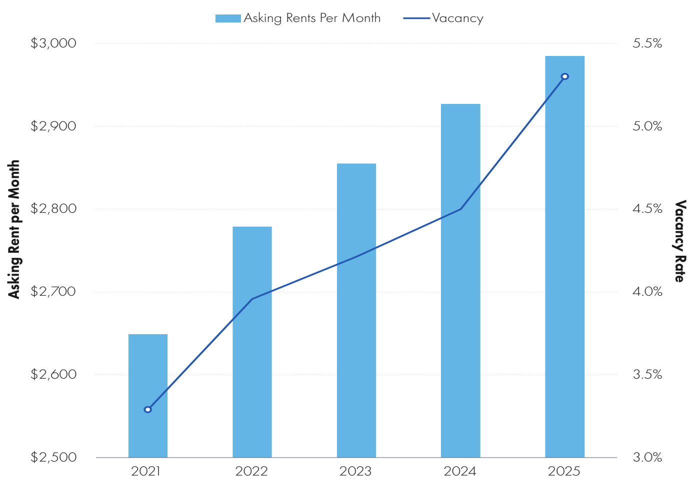
The Northeast multifamily market ended 2025 with performance split largely along supply lines. Philadelphia and Norfolk/Hampton Roads closed the year with tighter vacancy and rent growth above 2.0%, supported by pipelines that remained modest relative to the broader region. Washington, D.C., Boston, and Baltimore had heavier delivery volumes, and vacancy rose in each as completions outpaced absorption. Washington, D.C., which delivered approximately 14,300 units in 2025, recorded its first annual rent decline in five years. Across the region, developers expanded inventory by approximately 3.0%, and approximately 50,600 units remain under construction heading into 2026. Permitting activity slowed across most markets in 2025, and several metros are projecting deliveries well below recent averages in the coming year. Washington, D.C., is forecasting a 37% decline in completions in 2026, while Boston and Philadelphia are each approaching or have past peak deliveries. With renter demand remaining broadly stable throughout the cycle, the gradual easing of supply pressure is expected to support vacancy stabilization and modest rent recovery across most of the region in 2026.

Multifamily properties posted pricing gains across nearly every market in 2025, even as transaction velocity remained uneven. The regional median sale price finished the year at approximately $235,600 per unit, and the increases were broadly consistent regardless of deal volume. In most cases the driver was the same: a sales mix that tilted toward newer and higher-quality assets. Philadelphia led the region in transaction activity, recording a 39% increase in deal count as smaller private and regional buyers re-engaged alongside institutional capital, driving average deal size down from roughly $55 million to $35 million. Washington, D.C., closed the year on its strongest quarter despite trailing 2024 overall, with Northern Virginia absorbing a growing share of regional activity. Richmond and Baltimore each had deal counts decline, but both posted meaningful pricing gains as Class A and newer vintage assets dominated the sales mix. Cap rates across the region averaged in the 5.0% to 5.75% range for stabilized assets, with Washington, D.C., trading at the tighter end and Baltimore and Richmond reflecting wider spreads consistent with their higher vacancy environments and older inventory profiles.

BOSTON

Asking rents increased 2.1% annually.

VACANCY & RENT TRENDS



Sources: Northmarq, Costar

CONSTRUCTION | VACANCY | RENTS

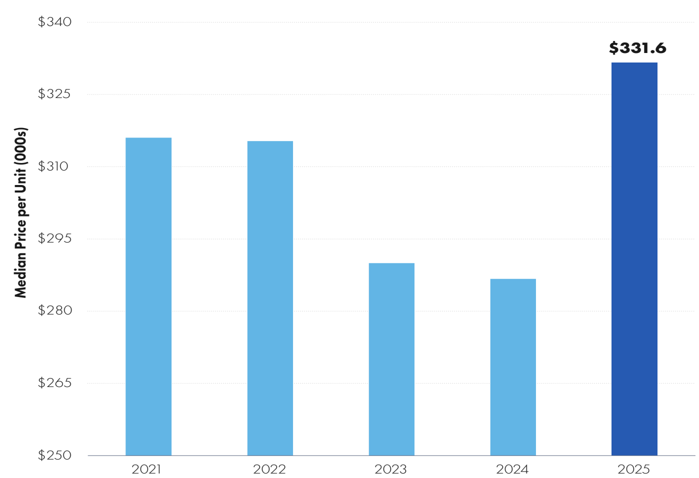
- The pace of multifamily deliveries in Boston picked up during the second half of 2025, as projects totaling more than 5,000 units came online. In total, roughly 9,200 units came online for the full year, slightly higher than the 2024 figure.
- The vacancy rate in Boston increased 30 basis points during the fourth quarter to 5.3%. Over the past 12 months, vacancies in the region have increased by a total of 80 basis points.
- Asking rents in Boston improved during the final three months of 2025, rising 0.4% to $2,985 per month. Annual rent growth finished 2025 up 2.1%, following a 2.5% increase in 2024.
- **FORECAST:** Deliveries in Boston are projected to reach approximately 10,000 units in 2026, about 15% above the five-year average. The added supply is expected to keep upward pressure on vacancy modest, with the rate forecast to rise 20 basis points to 5.5% by year-end. Rent growth is forecast to moderate in response, with asking rents projected to increase 1.9% for the full year, reaching approximately $3,040 per month.

MULTIFAMILY SALES

- Investment sales moderated in the second half of 2025 after a strong start to the year. Total transactions fell 15% compared to 2024, with front-loaded activity during the first quarter driving nearly 40% of all trades for the year.
- Transaction pricing on multifamily properties in Boston rose in 2025. The median sale price was $331,600 per unit, up 15% from levels recorded in 2024.
- The Mid-County submarkets of Malden and Melrose, alongside Lawrence/Haverhill and Quincy/Milton/Randolph, recorded the highest number of transactions in 2025. Investors targeted pre-2000 vintage assets, with properties in these areas trading at a median price of approximately $293,000 per unit.
- Cap rates went mostly unchanged from 2024 to 2025. While some sales closed with cap rates at 7.0%, the average cap rate across all transactions in 2025 was 5.75%.

In 2025 the median sale price rose to $331,600 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

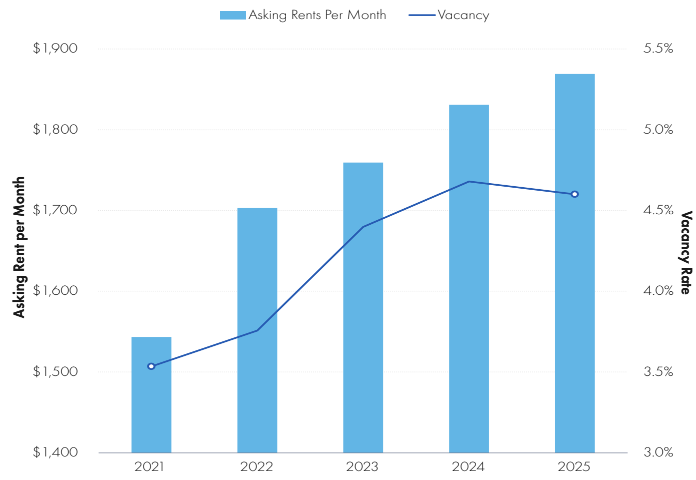
PHILADELPHIA

CONSTRUCTION | VACANCY | RENTS

- Developers in the Philadelphia metro completed approximately 8,300 units in 2025, just above the 2024 total of 7,800 and representing the market's most active supply cycle in more than a decade. Deliveries were skewed toward the urban core, which accounted for roughly 56% of new units, while suburban submarkets made up the remaining 44%.
- Regional vacancy tightened modestly year over year to 4.6%, reflecting a 10-basis-point improvement from the fourth quarter of 2024. Conditions remained stable despite the elevated delivery volume, reflecting steady absorption across the metro.
- Asking rents ended the year at $1,869 per month, a 2.1% annual gain. The pace of growth has slowed compared with the stronger gains recorded earlier in the year.
- **FORECAST:** Approximately 9,000 units are on pace to deliver across the Philadelphia region in 2026, led by the Northeast submarket with over 2,500 units and South Philadelphia emerging with more than 1,200 units underway. Vacancy is forecast to edge down to 4.5% by year-end, while asking rents are projected to rise 1.7% to approximately $1,900 per month.

Developers completed 8,300 units in 2025.

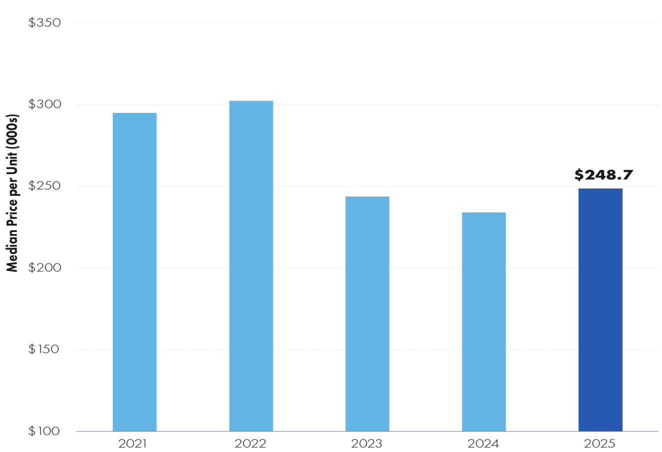
VACANCY & RENT TRENDS



Sources: Northmarq, Yardi

The median sale price reached $248,700 per unit in 2025.

SALES TRENDS



Sources: Northmarq, REIS

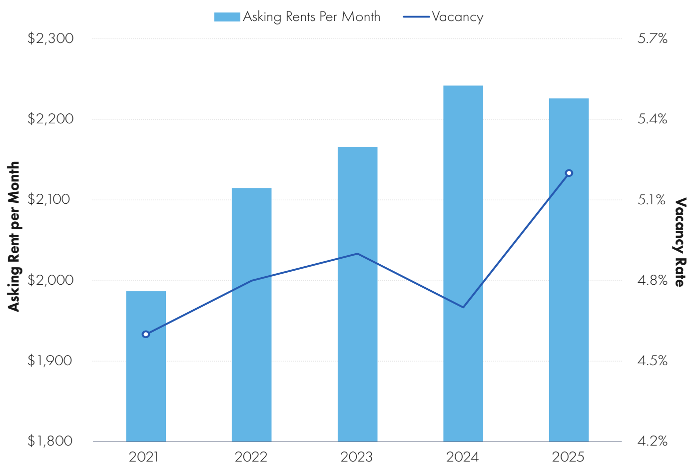
MULTIFAMILY SALES

- In 2025, Philadelphia's multifamily market recorded approximately $2.0 billion in transaction volume across 57 deals, a 39% increase in deal count from 2024. The average deal size fell from roughly $55 million to $35 million, reflecting a transaction mix weighted toward older vintage assets.
- The median sale price recovered to $248,700 per unit in 2025, a 6% gain over the prior year and the first increase since pricing peaked in 2022, though values remain approximately 18% below that high. Newer construction commanded a significant premium, averaging $335,000 per unit compared to $240,000 per unit for older vintage garden and mid-rise assets.
- Philadelphia's CBD posted the highest average pricing in the metro at $324,000 per unit across six transactions totaling $423 million, while Montgomery County led all submarkets in total volume at $531 million across 11 deals. Combined, these areas accounted for nearly half of the year's activity.

WASHINGTON, D.C.

Vacancy reached 5.2% in the fourth quarter.

VACANCY & RENT TRENDS



Sources: Northmarq, CoStar, Yardi

CONSTRUCTION | VACANCY | RENTS

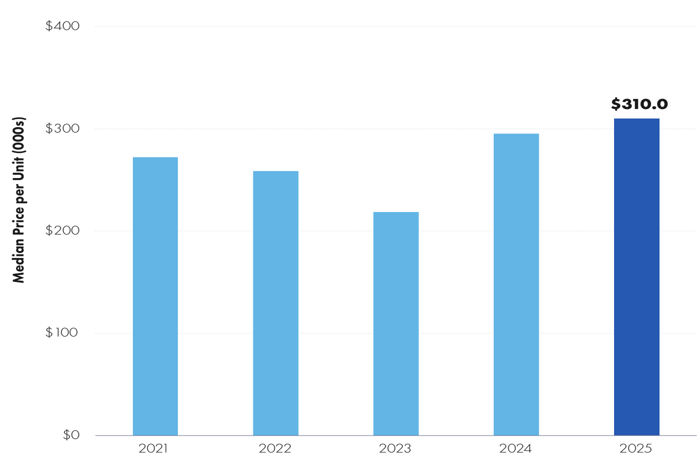
- Approximately 14,300 units were delivered across the region in 2025, roughly in line with the prior year's total. Within the District, more than 4,900 units came online, with the Southwest/Navy Yard cluster accounting for 2,179 of those deliveries, the highest concentration of any submarket in the city.
- Regional vacancy trended higher in the second half of 2025, reversing the modest tightening recorded earlier in the year. The rate rose 20 basis points in the final quarter to reach 5.2%, representing a 50-basis-point annual increase.
- Asking rents across the Washington, D.C., region finished 2025 at $2,226 per month, declining 1.1% during the fourth quarter and 0.7% annually. This marked the first year-over-year rent decline in five years.
- **FORECAST:** Regional deliveries are projected to reach a five-year low in 2026, with approximately 9,000 units expected to complete over the next 12 months. The pullback in supply is forecast to ease vacancy by 20 basis points to 5.0% by year-end, holding below the 5.5% historical average. Asking rents are projected to advance 1.1% to approximately $2,250 per month by the end of 2026.

MULTIFAMILY SALES

- Transactions in the Washington, D.C., region largely kept pace with previous levels in 2025. While the total number of properties sold was down 7% compared to 2024, sales velocity gained significant momentum toward the end of the year. Transaction counts jumped by more than 50% from the third quarter to the fourth quarter.
- Sales activity trends remained mixed throughout 2025. Assets within the District accounted for approximately 25% of total regional transactions, though activity levels in both the District and Maryland suburbs trailed 2024 levels. Sales velocity in the Northern Virginia suburbs increased by nearly 18% from 2024.
- Sale prices increased in 2025, with the median rising to $310,000 per unit, up 5% from 2024. Growth was supported by a higher share of sales in Northern Virginia, where per-unit pricing is typically the highest in the region.
- Cap rates across the Washington, D.C., metro area averaged approximately 5.5% in 2025, with most properties trading between 4.5% and 5.7%. This represents a moderate increase from 2024, when cap rates averaged closer to 5.2%.

The District accounted for 25% of total transactions.

SALES TRENDS



Sources: Northmarq, CoStar

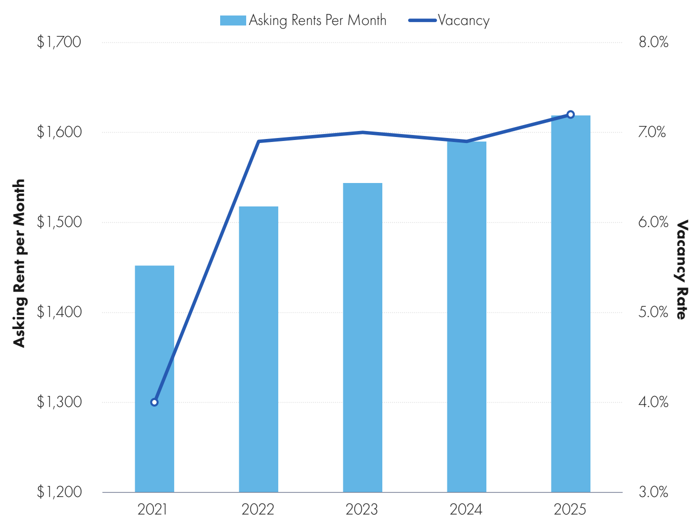
RICHMOND

CONSTRUCTION | VACANCY | RENTS

- The Richmond multifamily market remains in a supply growth phase. In 2025, builders completed approximately 3,400 units, exceeding the 10-year average of 2,600 units.
- Vacancy in Richmond improved in recent months after rising during the third quarter. Area vacancy declined by 20 basis points during the fourth quarter to 7.2%. Despite the recent improvement, the rate is up 30 basis points annually.
- Rents have dipped since the second quarter of 2025, declining from $1,631 per month to $1,619 per month by the end of the fourth quarter. Despite the recent decline, average rents are up 1.8% annually.
- **FORECAST:** Developers are projected to deliver approximately 3,500 units in 2026, roughly in line with the prior year. Continued absorption supported by employment and population growth is expected to temper vacancy pressure, though the rate is forecast to inch up to 7.4% by year-end. Asking rents are projected to rise 1.6% to approximately $1,645 per month.

Average rents in Richmond are up 1.8% annually.

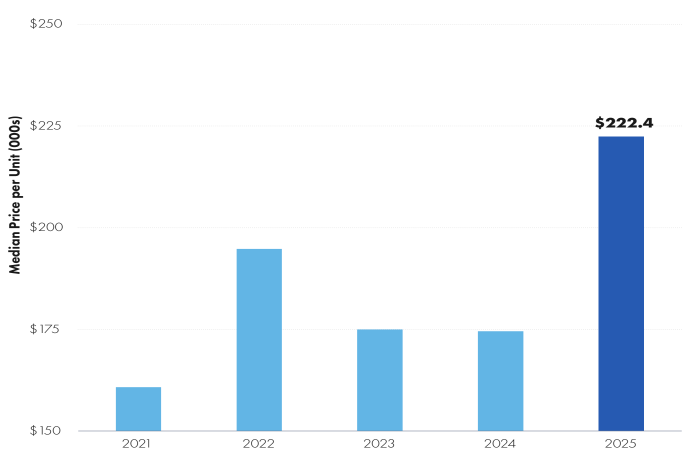
VACANCY & RENT TRENDS



Sources: Northmarq, Costar

The median sale price in 2025 was $222,400 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

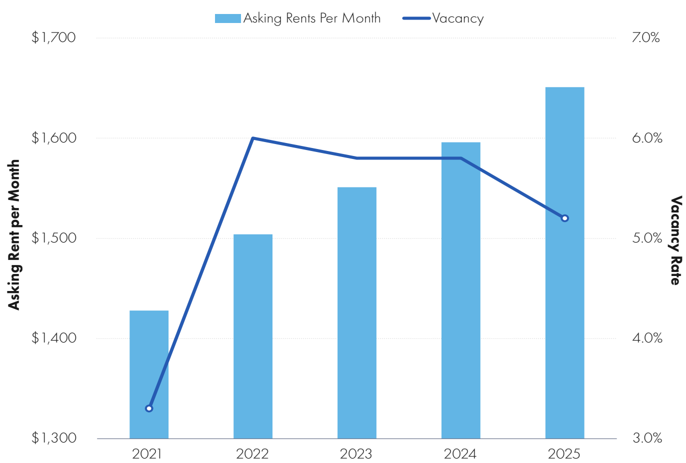
MULTIFAMILY SALES

- Since peaking in 2021, sales activity has slowed. In 2025, total sales in Richmond fell 15% from the previous year and nearly 60% since the 2021 cycle peak.
- The pace of Class C property sales slowed significantly in 2025, influencing overall pricing trends. Historically, Class C properties accounted for nearly 50% of total transactions in the Richmond market, but in 2025, they represented only 20% of the sales mix. This marked the fewest Class C sales in Richmond since 2020.
- With the sales mix dominated by Class A and newer Class B assets, per-unit prices pushed higher. The median sale price in 2025 was $222,400 per unit, up 27% from the prior year.
- Cap rates trended lower during 2025, compressing by roughly 25-50 basis points compared to 2024. Stabilized Class A properties traded between 5.0% to 5.5%, while core-plus and value-add assets ranged from 5.75% to 6.5%.

HAMPTON ROADS

Area vacancy dipped 50 basis points to 5.2% in 2025.

VACANCY & RENT TRENDS



Sources: Northmarq, Costar

CONSTRUCTION | VACANCY | RENTS

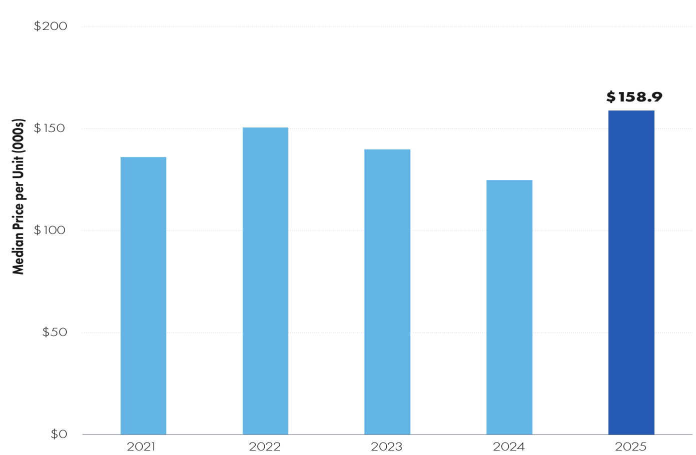
- Deliveries in Hampton Roads slowed considerably in 2025, with approximately 1,300 units completed over the course of the year. The pullback follows elevated volume in 2024 and has reduced the active pipeline to roughly 1,050 units, one of the thinnest levels recorded in recent years.
- Vacancy improved over the course of 2025, ending the fourth quarter at 5.2%. The rate declined 60 basis points year over year, supported by steady absorption as new supply slowed.
- Asking rents ended 2025 at $1,651 per month, a 3.4% increase from the prior year. Growth has remained strong relative to peer markets, reflecting an improving supply-demand balance.
- **FORECAST:** With only about 1,050 units currently under construction, new supply pressure in 2026 is expected to remain limited. This should allow vacancy to tighten modestly, with the rate forecast to reach 5.0% by year-end. Asking rents are projected to advance 3.0%, reaching around $1,700 per month, supported by sustained demand and a constrained pipeline.

MULTIFAMILY SALES

- The full-year 2025 median sale price reached $158,900 per unit, reflecting a 27% increase over 2024 levels. Investment activity accelerated in the second half of the year, with several large transactions closing in the third and fourth quarters.
- Transactions were broadly distributed across the region in 2025, with Chesapeake, Newport News, Norfolk City, and Virginia Beach each recording significant trades. Chesapeake attracted particularly strong interest, accounting for several of the year's largest trades across both Class A and value-add properties.
- Cap rates for market-rate assets generally held in the 5.0% to 5.5% range in 2025, with stabilized Class A properties trading near 5.0% and Class B assets typically pricing closer to 5.5%.

The median sale price in 2025 was $158,900 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

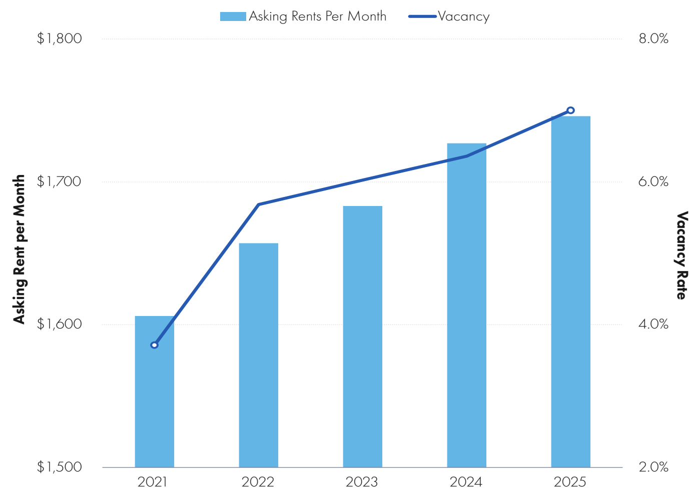
BALTIMORE

CONSTRUCTION | VACANCY | RENTS

- Baltimore's construction pipeline continued to ease in 2025, with approximately 2,100 units delivered for the full year. Projects under construction totaled roughly 3,200 units at year-end, indicating a modest increase in completions ahead.
- Vacancy closed 2025 at 7.0%, up 70 basis points year over year as new supply continued to absorb into a market still working through its recent construction cycle.
- Asking rents ended the year at $1,746 per month, reflecting 1.1% growth over the prior year. Rent gains remained modest but positive as the market navigated an elevated vacancy environment.
- **FORECAST:** With 3,200 units currently under construction, deliveries in 2026 are expected to remain near 2025 levels or rise slightly. Continued supply pressure will likely keep vacancy elevated, though stronger absorption may limit further increases. Asking rents are forecast to rise approximately 2.0% in 2026, reaching around $1,780 per month as market conditions stabilize.

Asking rents in Baltimore rose 1.1% year over year.

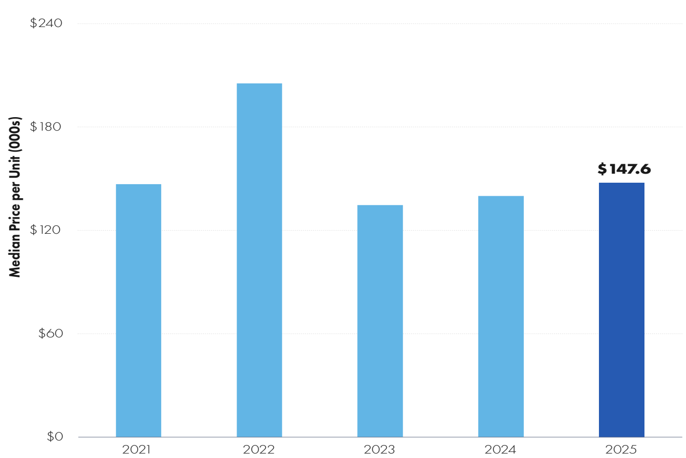
VACANCY & RENT TRENDS



Sources: Northmarq, Costar

The median sale price reached $147,600 per unit in 2025.

SALES TRENDS



Sources: Northmarq, CoStar

MULTIFAMILY SALES

- Multifamily investment activity in Baltimore picked up in the second half of 2025, with several significant trades closing in the third and fourth quarters. The full-year median sale price reached $147,600 per unit, up approximately 5% from 2024.
- Transaction activity in 2025 was concentrated in Baltimore County's western suburbs, with Owings Mills and Pikesville accounting for several of the year's largest trades by dollar volume. Within the city, Federal Hill and Downtown Baltimore remained the most active urban submarkets.
- Class C product continued to represent the majority of transaction activity by count, though Class A and Class B trades drove a larger share of overall dollar volume than in recent years. Stabilized institutional assets traded in the 5.0% to 5.75% cap rate range, while Class C assets had wider spreads, with some deals pricing at or above 7.0%.

FOR MORE INFORMATION, **PLEASE CONTACT**

BOSTON INVESTMENT SALES

BRETT CURTIS
Vice President
617.426.4454
bcurtis@northmarq.com

ALIX CURTIN
Associate Broker
339.222.5410
acurtin@northmarq.com

WASHINGTON, D.C. INVESTMENT SALES

CHRIS DOERR
Regional Managing Director
202.486.0229
cdoerr@northmarq.com

WILL HARVEY
Senior Vice President
703.477.0710
wharvey@northmarq.com

SHACK STANWICK
Associate
301.861.0094
sstanwick@northmarq.com

BALTIMORE INVESTMENT SALES

ARI AZARBARZIN
Senior Vice President
410.296.0709
aazarbarzin@northmarq.com

ANTHONY PINO
Senior Associate
410.296.6568
apino@northmarq.com

JAMIE GRANT
Associate
410.296.0703
jgrant@northmarq.com

PHILADELPHIA INVESTMENT SALES

LIZANN MCGOWAN
Managing Director
215.484.0321
lmcgowan@northmarq.com

BRYAN CHESKY
Associate
610.400.7169
bchesky@northmarq.com

PETE O'NEIL, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

JOHN SALTER, *Research Analyst* | 602.508.2231 | jsalter@northmarq.com

ABOUT **NORTHMARQ**

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over $78 billion and has completed $69.5 billion in transactions over the past three years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.