

Class A fundamentals strengthen in 2026

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **1,921**

UNITS DELIVERED (YTD) **128**

MARKET FUNDAMENTALS



VACANCY RATE **4.6%**

YEAR-OVER-YEAR CHANGE **+40bps**

ASKING RENTS **\$1,682**

YEAR-OVER-YEAR CHANGE **+1.2%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$105,300**

CENTRAL VALLEY
MULTIFAMILY
Q1 2026

HIGHLIGHTS

- The Central Valley multifamily market started 2026 with modest changes, as vacancy was flat from the prior quarter and rent growth remained positive. Deliveries were minimal, but the number of new units in the construction pipeline expanded.
- The regional vacancy rate was 4.6% in the first quarter, matching the year-end 2025 figure. Vacancy has increased by 40 basis points year over year, although the rate among Class A assets has tightened during the past year.
- Asking rents averaged \$1,682 per month in the first quarter, a 1.2% annual increase. Madera County led the way with a 3.2% gain, while the Class A segment recorded the strongest quarterly growth.
- Investment activity was limited in the first quarter, with four properties trading at a median sale price of \$105,300 per unit. The trailing-12-month volume reached \$368 million across 25 transactions, led by Fresno.

CENTRAL VALLEY MULTIFAMILY MARKET OVERVIEW

The Central Valley multifamily market entered 2026 with some lingering pressure from last year's elevated deliveries, though the impact of new supply has been uneven across the region. The average vacancy rate has risen by 40 basis points in the past year, pushed higher by increases in San Joaquin and Stanislaus counties. While completions in the first quarter were limited, new projects continued to break ground and the number of units under construction is up 19% compared to one year ago. Most of the future development activity is concentrated in Bakersfield rather than spread across the market. Despite an increase in new inventory, Class A properties have generally outperformed the rest of the market in recent periods. Class A vacancy has tightened by 40 basis points year over year, while the rate has trended higher in Class C units in response to net move-outs.

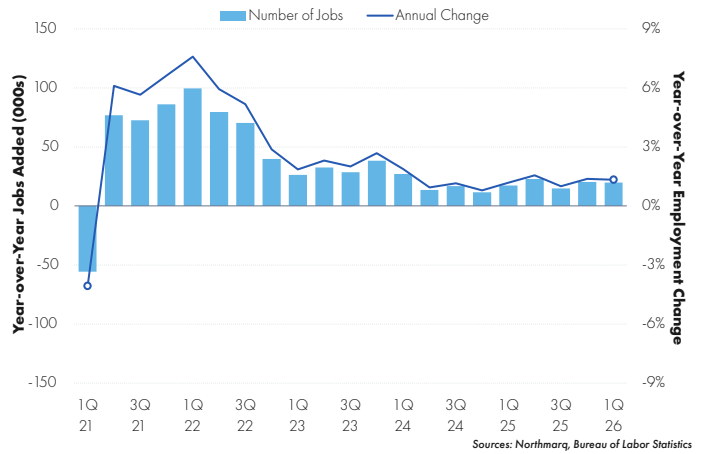
After surging at the end of last year, multifamily investment activity in the Central Valley returned closer to long-term average levels during the first quarter. A handful of transactions totaling nearly \$26 million closed in the first few months of the year, with all sales involving older Class B or Class C assets in Merced and Stanislaus counties. The sales mix kept per-unit pricing below the region's historical levels. During the past 12 months, sales volumes averaged closer to \$100 million per quarter, led by Fresno's deeper transaction base and stronger pricing in San Joaquin County. Buyers continue to favor smaller, stabilized assets where basis and financing risk are easier to manage, while the lack of larger Class A trades continues to limit price discovery at the top of the market.

EMPLOYMENT

- Employment in the Central Valley expanded by roughly 20,000 jobs year over year during the first quarter of 2026, building on similarly strong gains in 2025 and underscoring the region’s continued labor market resilience.
- The Stockton-Lodi area led the region in absolute job gains, adding more than 7,000 jobs during the past 12 months, with Fresno close behind with approximately 6,000 positions. Merced posted the fastest rate of growth at 3.4%, reflecting continued momentum across the region’s mid-sized metros.
- Employment drivers continue to diversify beyond agriculture, supported by the expanding regional impact of UC Merced, which generates roughly \$1 billion in annual economic output and supports approximately 7,700 jobs. Additional momentum comes from large-scale renewable energy and battery projects in Kern County, as well as industrial growth along northern Central Valley’s logistics and distribution corridors.
- **FORECAST:** Employment is projected to grow by approximately 10,000 jobs in 2026, a 0.7% increase. Gains in 2026 are expected to remain below the region’s 10-year average of roughly 27,000 jobs annually.

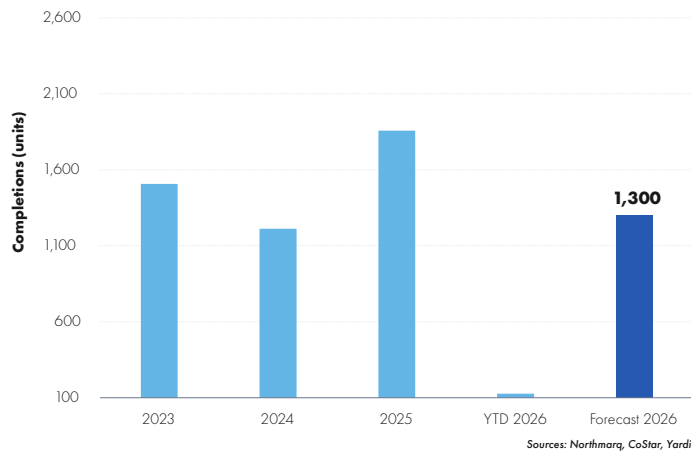
Year over year, roughly 20,000 jobs have been added.

EMPLOYMENT OVERVIEW



Nearly half of the construction pipeline is in Bakersfield.

DEVELOPMENT TRENDS

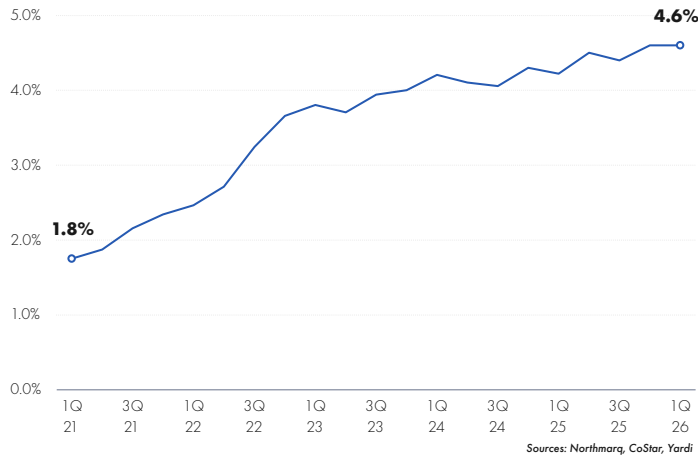


DEVELOPMENT & PERMITTING

- Just one project completed in the first quarter of 2026, a 128-unit property in Merced County, after 219 units delivered in the first quarter of 2025.
- At the end of the first quarter, the construction pipeline included 1,921 units across nine projects, up 19% year over year. Development is led by Bakersfield, including the 520-unit Park Center at Seven Oaks. Stanislaus County accounts for 718 units in Modesto and Turlock.
- Multifamily permitting totaled 367 units in the first quarter, nearly 40% higher than the 10-year first quarter average.
- **FORECAST:** Completions are projected to reach roughly 1,300 units in 2026, with Bakersfield representing nearly 70% of the total.

Class A vacancy compressed 40 basis points to 4.5%.

VACANCY TRENDS



VACANCY

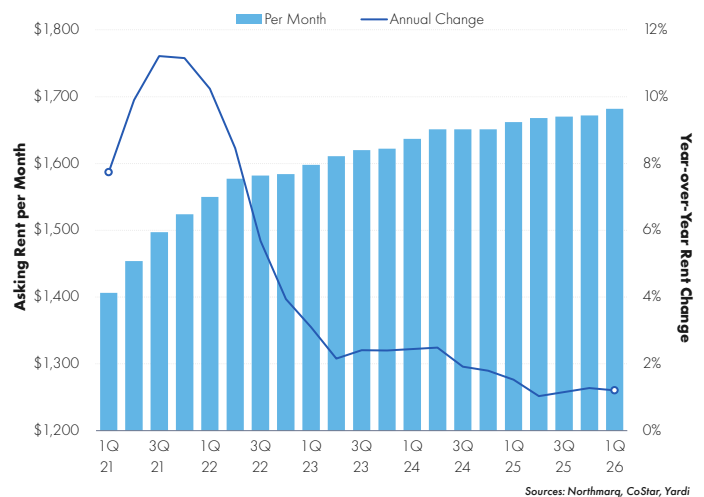
- Vacancy reached 4.6% in the first quarter of 2026, a 40-basis point increase year over year but flat from the previous quarter. Net absorption was positive, but new supply in northern counties offset improvements in the overall average.
- Vacancy in San Joaquin County has risen 100 basis points in the last year to 5.0%, while the rate rose 70 basis points in Stanislaus County to 4.9%. Outside of these counties, vacancies have generally remained fairly flat.
- Year over year, Class A vacancy compressed 40 basis points to 4.5%, while Class C vacancy increased 40 basis points to 4.8%.
- **FORECAST:** Vacancy is expected to remain relatively flat through 2026, though the concentrated deliveries of a few large projects may result in some supply-side pressures in a few submarkets.

RENTS

- Asking rents in the Central Valley reached \$1,682 per month in the first quarter, up 1.2% year over year. While rents continue to increase, annual growth has moderated since the fourth quarter of 2024.
- Madera, Kings, and Kern counties recorded the strongest annual rent growth at 3.2%, 2.6%, and 2.4%, respectively, supported by limited supply additions. Annual rent growth in San Joaquin County slowed to 0.3% as deliveries in 2025 increased competitive pressure.
- The Class C segment continued to lead regional rent growth at 1.6% year over year. That trend may be showing early signs of changing direction, as Class A properties posted the strongest quarterly increase, reflecting strengthening demand and tightening vacancy for newer product.
- **FORECAST:** Asking rents are projected to reach \$1,695 per month by the end of 2026, representing 2.0% annual growth.

Madera County recorded 3.2% annual rent growth.

RENTS TRENDS

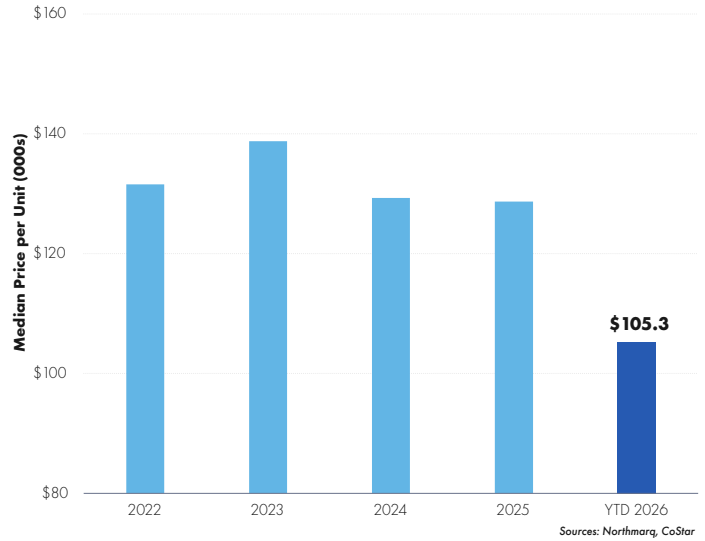


MULTIFAMILY SALES

- Transaction activity totaled four properties trading in the first quarter, matching the prior-year count, with volumes reaching nearly \$26 million. All four transactions were smaller Class B or Class C assets, with most properties consisting of fewer than 100 units.
- The year-to-date median price is \$105,300 per unit, down 10% from 2025, though the decline reflects transaction mix rather than a widespread decline in valuations. Over the past 12 months, the median price reached \$128,700 per unit, similar to the 2024 figure.
- Stanislaus and Merced counties accounted for all transactions during the first quarter. Pricing was higher in Stanislaus County.
- Trailing 12-month transaction activity totaled 25 sales and roughly \$368 million in volume. Fresno led the region with eight transactions, while San Joaquin County commanded the highest pricing at approximately \$243,000 per unit, well above the regional average.

The year-to-date median price is \$105,300 per unit.

INVESTMENT TRENDS

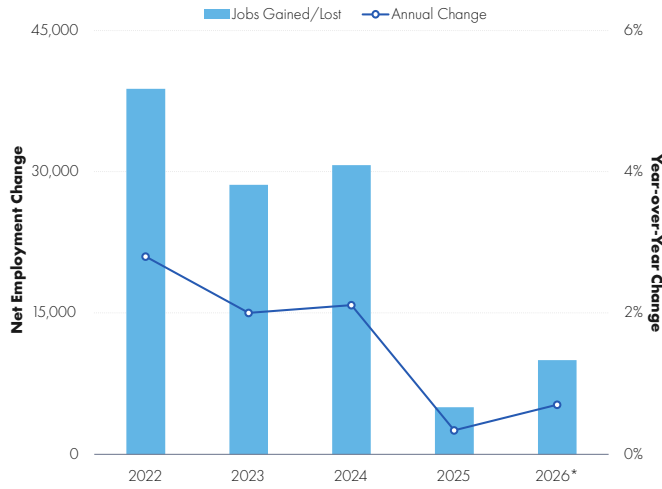


LOOKING AHEAD

The 2026 outlook is driven less by a change in demand than by a narrower supply burden. The market absorbed roughly 1,800 units in 2025 without a material break in occupancy or rents, and the remaining pipeline is no longer a broad regional headwind. Most near-term construction risk is concentrated in Bakersfield, while San Joaquin, Stanislaus, Fresno, and Tulare counties face a lighter competitive set than in the prior year. That shift should reduce concession pressure and give stabilized properties more control over renewals and rent pricing. Positive but below-average job growth should be enough to support continued absorption, though not enough to produce a sharp acceleration in rent growth.

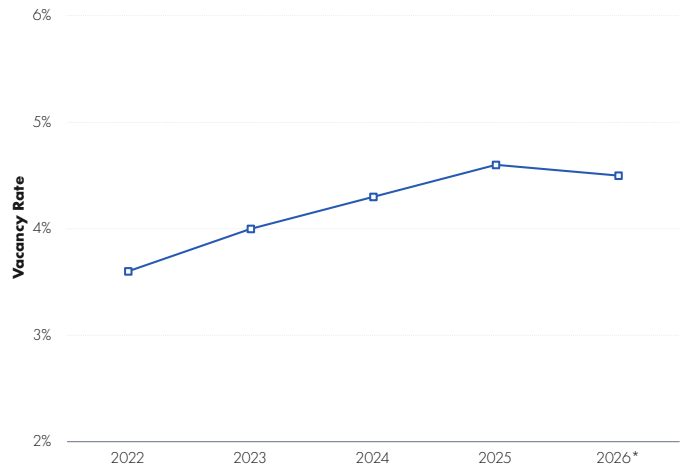
Sales activity is expected to continue rebuilding in 2026. The trailing 12-month median price holding flat against 2024 suggests values have stabilized for assets that can clear the market, though first-quarter activity shows liquidity is still concentrated in smaller, older properties where basis and financing risk are easier to underwrite. Fresno and San Joaquin counties are expected to remain attractive to a majority of buyers, with Fresno offering transaction depth and San Joaquin maintaining the region’s pricing premium. Larger and newer assets may take longer to trade, leaving most near-term activity concentrated in private-capital deals.

EMPLOYMENT FORECAST



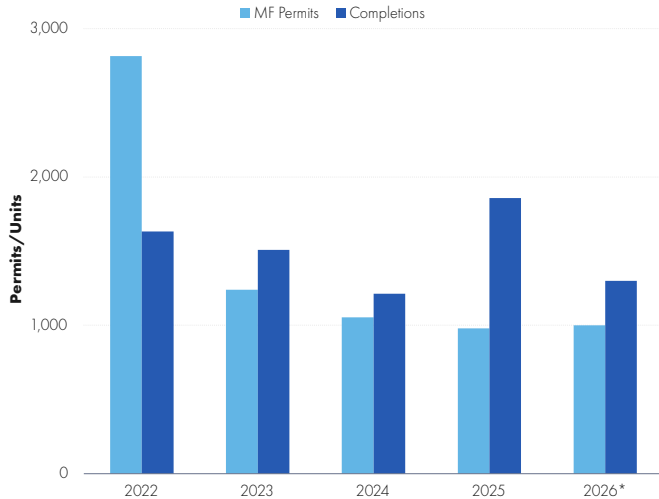
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



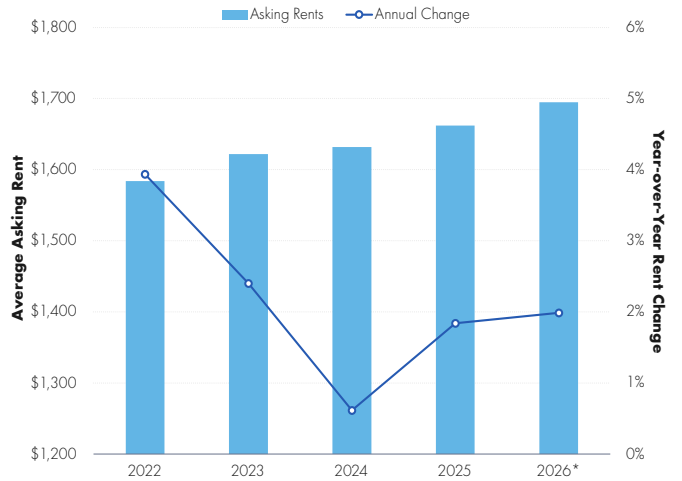
* Year End Forecast
Sources: Northmarq, CoStar, Yardi

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Census Bureau, CoStar, Yardi

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Yardi



FOR MORE INFORMATION, PLEASE CONTACT

ROBIN KANE

Managing Director, Investment Sales
559.552.0040
rkane@northmarq.com

NATHAN PROUTY

Managing Director, Debt + Equity
415.433.0209
nprouty@northmarq.com

BRENDAN KANE

Senior Vice President, Investment Sales
559.552.0041
bkane@northmarq.com

BRIANA DEHAAN

Senior Vice President, Debt + Equity
415.433.8840
bdehaan@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 \$80 billion and has completed \$91.3 billion in transactions over the past four years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report. ©2026. All rights reserved.