Northmarq

CONSTRUCTION ACTIVITY

| | |
|---|---|
| UNDER CONSTRUCTION | 34,406 |
| UNITS DELIVERED | 4,918 |

MARKET FUNDAMENTALS

| | |
|---|---|
| VACANCY RATE | 6.1% |
| YEAR-OVER-YEAR CHANGE | +30bps |
| ASKING RENTS | $1,584 |
| YEAR-OVER-YEAR CHANGE | 1.5% |

TRANSACTION ACTIVITY (YTD)

| | |
|---|---|
| MEDIAN PRICE PER UNIT | $196,100 |

MIDWEST MULTIFAMILY

Q1 2026

MARKET INSIGHTS

# Rent growth strengthens to open 2026

## HIGHLIGHTS

- Multifamily operating conditions in the Midwest were mixed during the first quarter, as vacancy increased while asking rents moved higher. More than 4,900 units were delivered in the opening three months of the year, while roughly 34,400 units remain under construction.
- The vacancy rate continued to tick higher in the first quarter, rising 20 basis points to 6.1%. Year over year, regional vacancy increased by 30 basis points.
- Asking rents rebounded at the start of the year, with quarterly rent growth reaching 0.7% after a decline in the fourth quarter of 2025. During the past 12 months, asking rents have risen 1.5% to $1,584 per month.
- Multifamily investment activity in the Midwest gained momentum in the first quarter, with 25% more transactions taking place than in the same period of 2025. Year to date, the median sale price is $196,100 per unit, up 5% from last year, while cap rates have remained relatively stable at an average of 5.9%.

## MIDWEST MULTIFAMILY MARKET OVERVIEW

The majority of the individual markets within the Midwest recorded similar shifts in rents and vacancy during the past 12 months, with vacancy rates rising and asking rents increasing by roughly 1.0% to 1.5%. Still, there were some outliers. Minneapolis-St. Paul greatly outperformed the rest of the region. It was the only market to post a decline in vacancy, while asking rents rose 4.5% year over year, leading the region by a wide margin. Cincinnati was the only other market where annual rent growth exceeded 1.5%. Chicago also stood out as the only market besides Minneapolis-St. Paul where vacancy did not increase, remaining unchanged during the past year. The pace of deliveries slowed or remained stable across most Midwest markets, though Cincinnati stood out with total inventory expanding 1.1% in the first quarter alone.

The strong pace of multifamily sales in the Midwest continued into the first quarter, with transaction counts rising 25% from the same period in 2025 and more than doubling the number of sales recorded at the start of 2024. Chicago and St. Louis led the region in transaction count growth, as the number of sales during the first quarter exceeded levels recorded in the same period of last year by 60% in both markets. Shifts in pricing trends varied across the Midwest, though the region-wide median sale price recorded a 5% overall increase from 2025 to $196,100 per unit year to date. Among the markets where median sale prices declined from 2025 levels, all but one remained above their 2024 pricing levels. Chicago was the exception, though pricing in the market remains generally in line with the trailing two years. Recent declines reflect shifts in the transaction mix rather than depreciation among comparable assets.

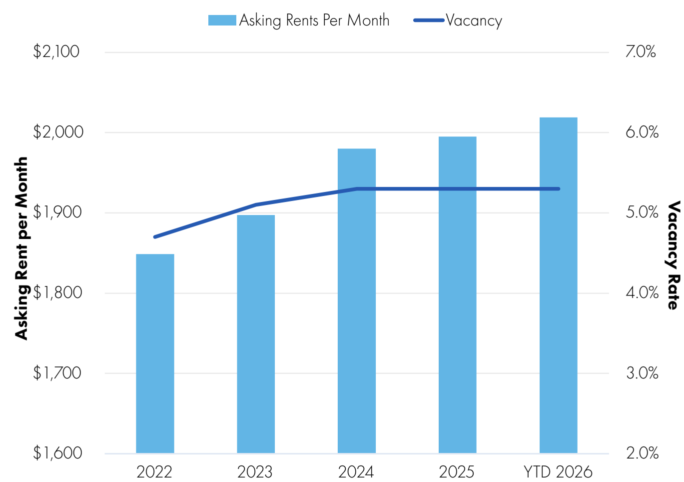
CHICAGO

## CONSTRUCTION | VACANCY | RENTS

- Multifamily deliveries in Chicago continued to slow, with roughly 700 units delivered during the first quarter, down more than 50% from one year ago. The construction pipeline has grown 16% since the same period last year, with approximately 8,200 units under construction.
- The vacancy rate in Chicago remained at 5.3% in the first quarter. While it has fluctuated in recent periods, it matches levels recorded one year ago.
- Asking rents climbed again after decreasing in recent months, ticking 1.2% higher in the first quarter. Year over year, asking rents are up 1.5% to $2,019 per month.
- **FORECAST:** Roughly 5,000 units are on pace for completion in 2026, up 23% from 2025. Even as deliveries increase, the vacancy rate is forecast to decline 40 basis points by year-end to 4.9%. Asking rents are projected to climb 3.0% annually to roughly $2,055 per month.

*Year over year, asking rents are up 1.5%.*

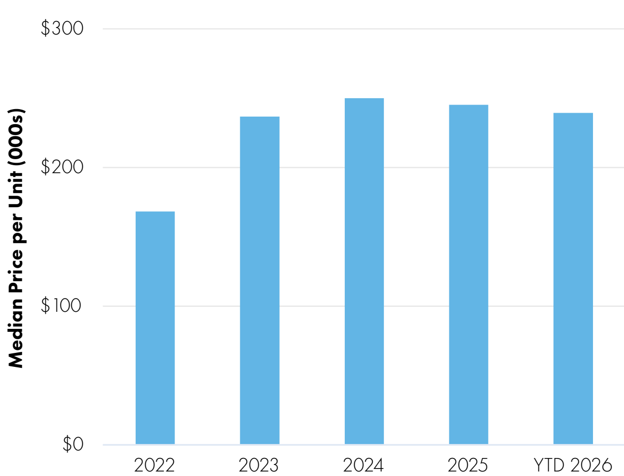
VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

*The median sale price is $239,500 per unit.*

SALES TRENDS




*Sources: Northmarq, CoStar*

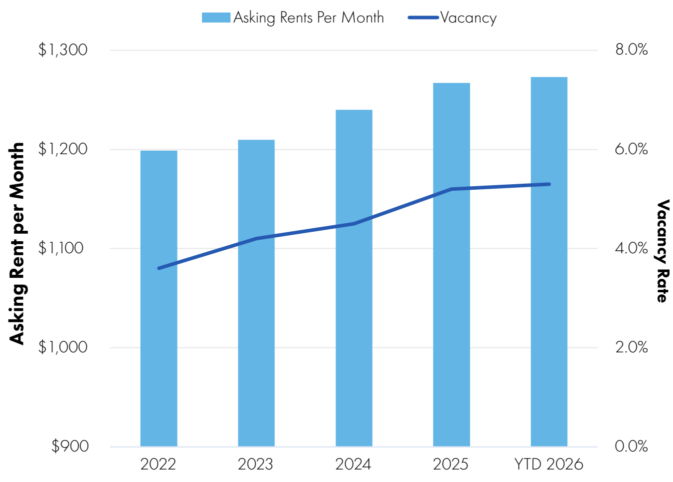
## MULTIFAMILY SALES

- Transaction activity was strong at the start of the year, as first-quarter multifamily trades nearly doubled the number of deals that were recorded during the first quarter of 2025.
- As activity picked up, pricing inched lower. The median sale price in Chicago during the first quarter was $239,500 per unit, down 2.0% from last year. The properties that have sold so far this year have been 10 years older on average than those sold in 2025, contributing to the shift in pricing.
- Cap rates moved upward during the opening months of the year. In the first quarter, multifamily properties sold with cap rates between 6.0% and 6.5% on average, representing an increase of approximately 50 basis points compared to 2025.

## CINCINNATI

*Year over year, asking rents increased 2.2%.*

VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

## CONSTRUCTION | VACANCY | RENTS

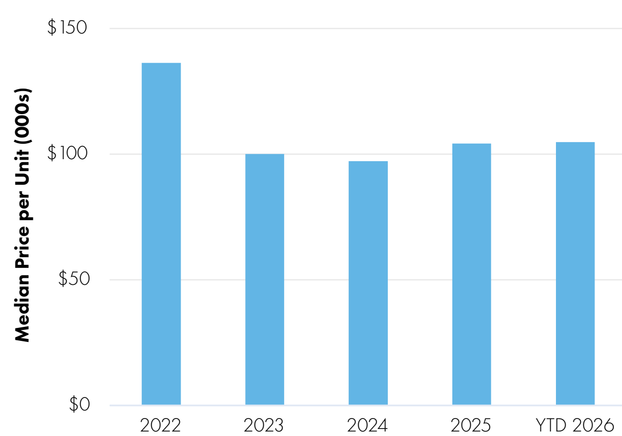
- Cincinnati multifamily deliveries picked up considerably in the first quarter as projects totaling nearly 1,400 units came online, up 60% from one year ago. There are over 3,600 units currently under construction.
- Vacancy inched higher in the first quarter, rising 10 basis points following greater increases throughout the past year. In the past 12 months, the vacancy rate has trended higher by 90 basis points to 5.3%.
- Asking rents in Cincinnati climbed 0.5% during the first quarter, reaching $1,273 per month. Year over year, asking rents have increased by 2.2%.
- **FORECAST:** While first-quarter deliveries were elevated, total deliveries this year are set to decrease 24% from 2025, with roughly 2,700 units slated for completion for the full year. Vacancy is expected to continue ticking higher, rising 50 basis points in 2026 to 5.7%. Asking rents are forecast to end the year at roughly $1,290 per month, up 2.0% annually.

## MULTIFAMILY SALES

- Multifamily sales activity in Cincinnati remains limited in 2026, with the number of transactions in the first quarter roughly matching the first quarter of 2025. There was an even mix of Class B and Class C property transactions, in line with last year.
- Pricing data is limited to this point in the year. During the past 12 months, the median sale price was $104,800 per unit. Sales prices varied widely, from below $100,000 per unit to nearly $300,000 per unit.
- Cap-rate data is also limited at this point in the year. In the past 12 months, cap rates on multifamily sales have generally ranged between 6.5% and 7.0%. While this is in line with 2024, this range is roughly 100 basis points higher than what was recorded in 2022 and 2023.

*Sales activity in Cincinnati remains limited.*

SALES TRENDS




*Sources: Northmarq, CoStar*

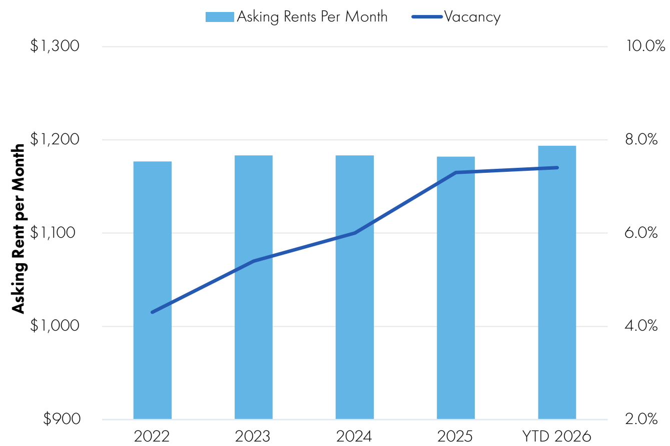
INDIANAPOLIS

## CONSTRUCTION | VACANCY | RENTS

- The pace of multifamily deliveries in Indianapolis has been steady in recent months. In the first quarter, projects totaling 600 units were completed, on par with the same period last year. Approximately 4,700 units are currently under construction.
- The vacancy rate inched higher in the first quarter, rising 10 basis points to 7.4% following greater increases in 2025. Year over year, the vacancy rate increased by 120 basis points.
- Asking rents in Indianapolis posted strong growth in the first quarter, rising 1.0% in the opening three months of the year to $1,194 per month. Year over year, rents increased by 1.1%.
- **FORECAST:** Total deliveries in 2026 are set to trail 2025 by 27%, with around 3,500 units scheduled for delivery. As deliveries taper, vacancy is forecast to improve from current levels, ending the year at 7.3%. Asking rents are expected to tick higher, ending 2026 at around $1,200 per month.

*Asking rents rose 1.0% during the first quarter.*

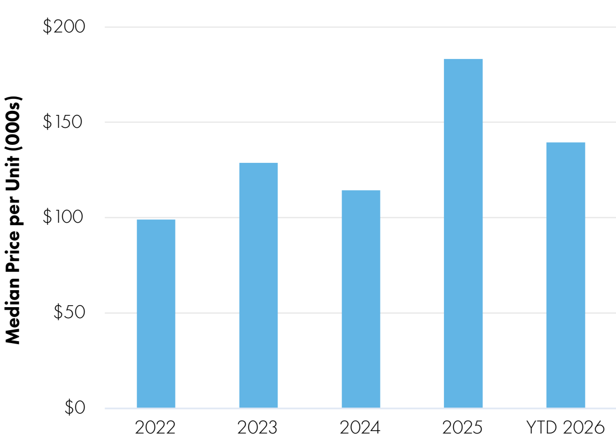
VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

*The median sale price was $139,400 per unit.*

SALES TRENDS




*Sources: Northmarq, CoStar*

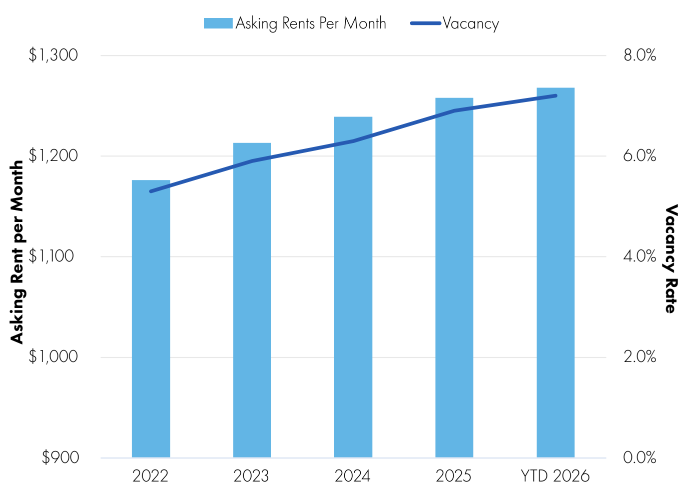
## MULTIFAMILY SALES

- There were roughly the same number of multifamily sales in Indianapolis during the first quarter of 2026 as there were in the first quarter of 2025. Class B assets accounted for around 50% of the transaction mix, similar to last year.
- Pricing is down at this point in the year. In the first quarter, the median sale price was $139,400 per unit, down 24% from last year. Pricing in 2025 was particularly high. Compared to 2024, the current median price is up 22%.
- Cap rates have remained within the same range since early 2025. Multifamily cap rates are generally between 6.0% and 6.5%. Cap rates have not deviated much from this range since 2023, when they increased by 50 basis points on average.

KANSAS CITY

*Year over year, asking rents are up 1.5%.*

VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

## CONSTRUCTION | VACANCY | RENTS

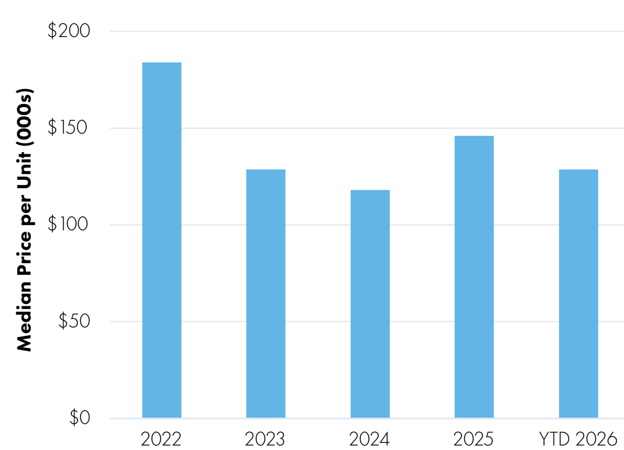
- Multifamily deliveries in Kansas City were light in the first quarter, declining 70% from the same period last year to 740 units. Projects totaling more than 6,900 units remain under construction.
- The vacancy rate softened in the first quarter, increasing by 30 basis points to 7.2% during the opening three months of 2026. Year over year, vacancy is up 70 basis points.
- Asking rents improved during the first quarter, increasing 0.8%. Year over year, asking rents are up 1.5%, reaching $1,268 per month.
- **FORECAST:** There are approximately 5,200 new units on track for delivery this year, up 24% from 2025. This rise in deliveries will contribute to a projected 60 basis point rise in vacancy to 7.5% by year-end. Asking rents are forecast to rise 2.0% to around $1,280 per month by year-end.

## MULTIFAMILY SALES

- Investment sales activity in Kansas City during the opening three months of the year remained in line with recent periods. The number of multifamily sales recorded in the first quarter roughly matched the 2025 quarterly average.
- Pricing softened on the properties that changed hands during the first quarter. The median sale price was $128,600 per unit, down 12% from last year. This was driven by a dip in Class B pricing while these properties made up the largest share of trades so far this year.
- Cap rates in Kansas City have remained fairly steady in recent years. In the first quarter of this year, cap rates averaged roughly 5.0%. In 2025, cap rates remained within the 4.5% to 5.5% range.

*The median sale price was $128,600 per unit.*

SALES TRENDS




*Sources: Northmarq, CoStar*

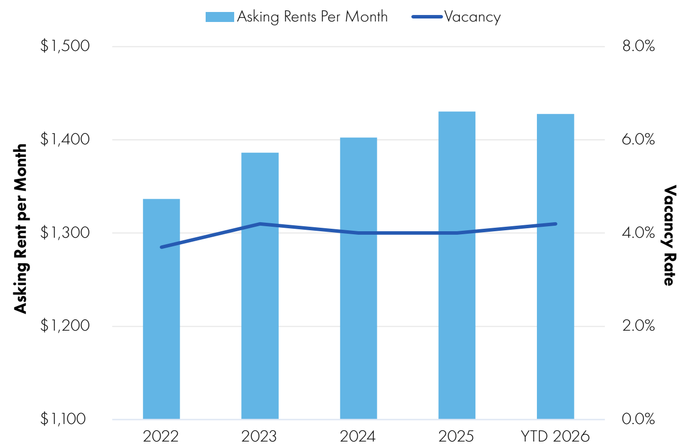
MILWAUKEE

## CONSTRUCTION | VACANCY | RENTS

- Deliveries in Milwaukee came to a halt in the first quarter, with no new projects coming online. Still, there are over 2,700 units currently under construction.
- The vacancy rate continued to inch higher in recent months, increasing 20 basis points to 4.2%. In the past 12 months, vacancy has risen by 30 basis points.
- Asking rents in Milwaukee went effectively unchanged in the first quarter, decreasing 0.2%, or a difference of roughly $3 per month. Year over year, asking rents are up 1.1% to $1,428 per month.
- **FORECAST:** New units will begin to deliver again in the coming months, though the total number of new units on track for completion in 2026 is around 900. With this expected decline in deliveries, the vacancy rate is expected to improve slightly in the coming months, ending the year around 4.0%. Rent growth is forecast to outpace last year, rising roughly 1.5% in 2026.

*Year over year, asking rents are up 1.1%.*

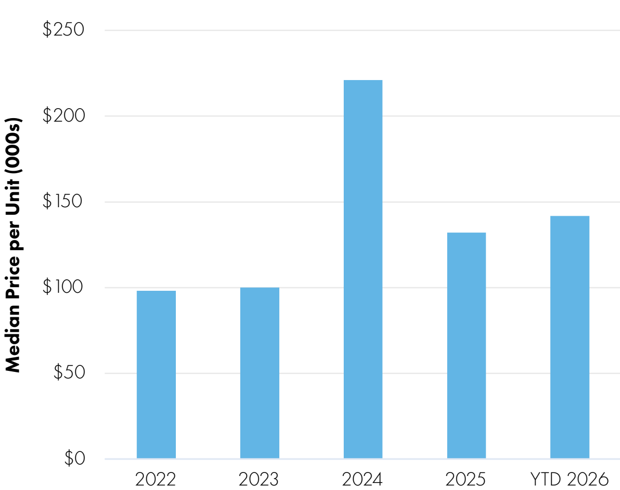
VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

*The median sale price was $141,700 per unit.*

SALES TRENDS




*Sources: Northmarq, CoStar, MSCI Real Capital Analytics*

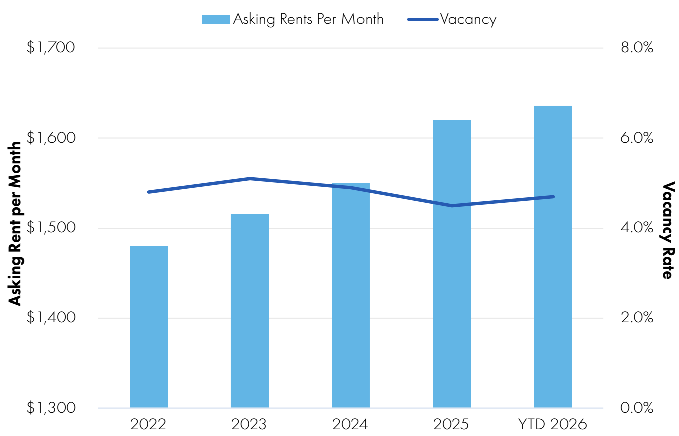
## MULTIFAMILY SALES

- Multifamily sales activity in Milwaukee continues to rise, though it remains limited compared to other Midwest markets. There were roughly the same number of transactions during the first quarter of 2026 as there were during the entire first half of 2025.
- Pricing has increased year to date but remains below peak levels recorded in 2024. In the first quarter, the median sale price was $141,700 per unit, up 7% from last year. In 2024, the median sale price was $221,000 per unit.
- Cap rates in Milwaukee have remained within roughly the same range as in 2025. First-quarter sales posted cap rates between 5.75% and 6.5%. From early 2023 to late 2024, cap rates ranged from around 6.0% to 7.25%.

MINNEAPOLIS

*Year over year, asking rents are up 4.5%.*

VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

## CONSTRUCTION | VACANCY | RENTS

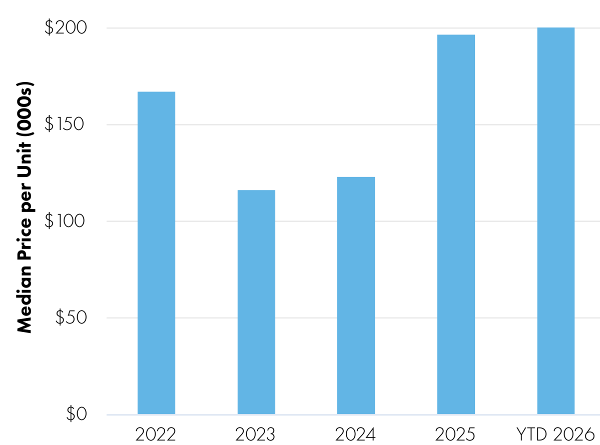
- Development activity in Minneapolis-St. Paul during the first quarter of 2026 was closely in line with the first quarter of last year, with roughly 1,100 units delivered. There are approximately 6,100 units currently under construction.
- Vacancy conditions softened in recent months, with the vacancy rate increasing by 20 basis points in the first quarter to 4.7%. Compared to the first quarter of last year, vacancy is down 10 basis points.
- Rent growth continued at a strong pace during the first quarter, with asking rents rising 1.0% to $1,636 per month. Year over year, asking rents are up 4.5%.
- **FORECAST:** Projects totaling approximately 4,200 units are on pace for completion in 2026, down 22% from last year. As completions taper, the vacancy rate should recover from the recent increase, ending the year at 4.5%, in line with the end of 2025. Asking rents are forecast to rise 3.4% this year to $1,675 per month.

## MULTIFAMILY SALES

- Transaction activity in Minneapolis-St. Paul continued at a steady pace in the first quarter, with the number of sales in this period roughly matching the trailing five-year average for first-quarter activity.
- The median sale price in Minneapolis-St. Paul is up 11% from 2025 levels, reaching $219,100 per unit. The rise has been largely driven by the share of Class B properties, which account for roughly 60% of transactions and have recorded a 21% increase in pricing this year.
- Cap rates have remained within the high-4% to mid-5% range so far this year. By comparison, multifamily cap rates in Minneapolis-St. Paul compressed by roughly 25 to 50 basis points during 2025.

*The median sale price is up 11% this year.*

SALES TRENDS




*Sources: Northmarq, CoStar*

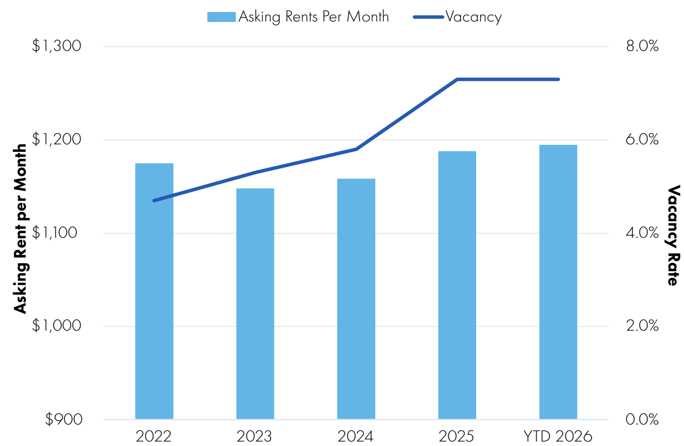
OMAHA

## CONSTRUCTION | VACANCY | RENTS

- Multifamily deliveries in Omaha were light during the first quarter, with just 200 units coming online, down from over 600 units during the same period in 2025. Projects totaling roughly 3,900 units remain under construction.
- The vacancy rate went unchanged during the first quarter, remaining flat at 7.3%. Compared to one year ago, the vacancy rate in Omaha increased by 80 basis points.
- Asking rents rose 0.6% during the first quarter after decreasing during the later months of 2025. Year over year, area rents are up 1.0% to $1,195 per month.
- **FORECAST:** New supply is expected to accelerate in the coming months, though total completions in 2026 are projected to reach 3,000 new units, down 24% from last year. The vacancy rate is forecast to continue softening, ending the year at roughly 8.0%. Asking rents are expected to improve, rising 2.0% in 2026 to approximately $1,210 per month.

*Year over year, asking rents are up 1.0%.*

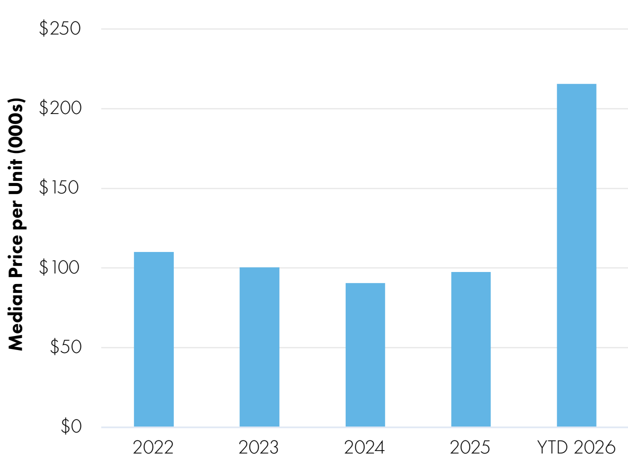
VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

*The median sale price was $215,600 per unit.*

SALES TRENDS




*Sources: Northmarq, CoStar*

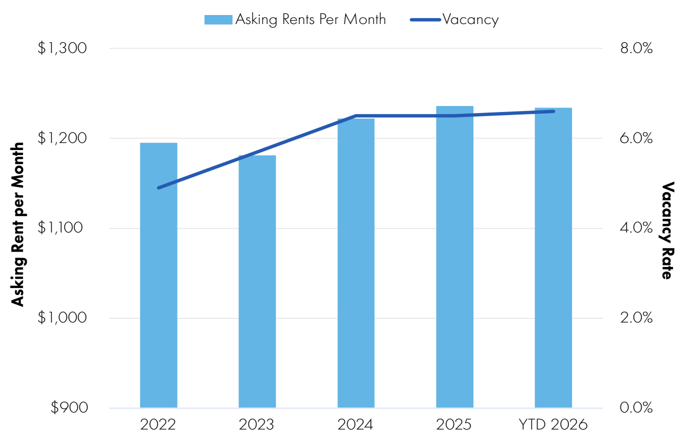
## MULTIFAMILY SALES

- There was a considerable uptick in transaction activity at the start of the year. There were more multifamily sales in the first quarter of 2026 than during all of 2025. In the first quarter of 2025, only one property changed hands.
- Pricing has also increased considerably this year. In the first quarter, the median sale price was $215,600 per unit, nearly doubling the previous peak recorded in 2022. This was primarily due to the Class A-heavy transaction mix, with three Class A properties trading in the first quarter of 2026, while only four have sold in the trailing 10 years.
- Cap rates in Omaha have tightened as a larger share of transactions has shifted toward Class A and Class B properties. First-quarter sales recorded cap rates between 5.5% and 6.0%, down roughly 100 basis points from last year.

ST. LOUIS

*Asking rents increased 1.3% year over year.*

VACANCY & RENT TRENDS




*Sources: Northmarq, Reis*

## CONSTRUCTION | VACANCY | RENTS

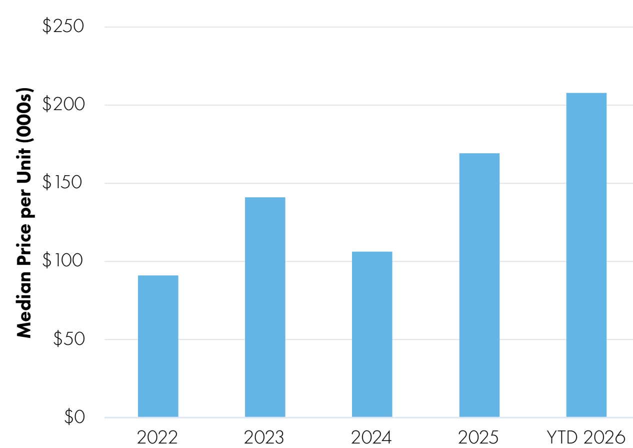
- Multifamily deliveries slowed in the first quarter, with a single property coming online totaling 152 units. Development activity has slowed over the past three years in St. Louis.
- Vacancy ticked higher in the first quarter, rising by 10 basis points to 6.6%. Compared to the first quarter of last year, the vacancy rate is up 20 basis points.
- Asking rents went effectively unchanged in the opening three months of the year, decreasing by just $2 per month to $1,234 per month. In the past 12 months, asking rents have increased by 1.3%.
- **FORECAST:** Deliveries are expected to remain limited in 2026, with roughly 1,200 units projected to come online, about half the volume recorded last year. Vacancy is expected to improve throughout the year, declining by 30 basis points. Asking rents are forecast to rise 1.0% in 2026 to around $1,250 per month.

## MULTIFAMILY SALES

- Compared to the first quarter of last year, there were approximately twice as many multifamily transactions in the first quarter of 2026. There were nearly the same number of trades in the opening three months of this year as there were in the entire second half of 2025.
- Alongside the rise in transaction activity, pricing also moved higher. The median sale price in the first quarter climbed 23% from last year to $207,900 per unit. Much of the increase reflects a lower share of Class C transactions, while Class B assets accounted for roughly 70% of all sales.
- Cap rates remained in line with levels recorded last year. In the first quarter, the average cap rate in St. Louis was approximately 6.5%. In 2024, cap rates averaged between 5.0% and 5.5%.

*The median sale price climbed 23% from last year.*

SALES TRENDS




*Sources: Northmarq, CoStar*

FOR MORE INFORMATION, **PLEASE CONTACT**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## 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.