Northmarq

MARKET INSIGHTS

Rent growth remains modestly positive

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	50,582
UNITS DELIVERED	13,758

MARKET FUNDAMENTALS

VACANCY RATE	5.5%
YEAR-OVER-YEAR CHANGE	+40bps
ASKING RENTS	$2,125
YEAR-OVER-YEAR CHANGE	+1.0%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$178,800

NORTHEAST MULTIFAMILY
Q2 2026

HIGHLIGHTS

- Property fundamentals across the Northeast were mixed in the second quarter, with regional vacancy rising to 5.5%, up 40 basis points year over year. Four of the six markets posted increases, while Norfolk/Hampton Roads was the only market to tighten and Philadelphia held flat.
- Average rents in the Northeast closed the second quarter at $2,125 per month, up 1.0% from one year ago. Norfolk/Hampton Roads continued to lead the region, accelerating to 5.4% year over year, while Washington, D.C., remained the only market posting an annual decline.
- Construction activity continued at an elevated pace, with roughly 13,800 units delivered year to date and more than 50,500 units still under construction. Washington, D.C., Boston, and Philadelphia combined to total more than 43,000 units under construction at midyear.
- Investment activity picked up across most markets during the second quarter. The regional median sale price registered approximately $178,800 per unit, reflecting a transaction mix weighted toward Class B and Class C assets in several markets.

NORTHEAST MULTIFAMILY MARKET OVERVIEW

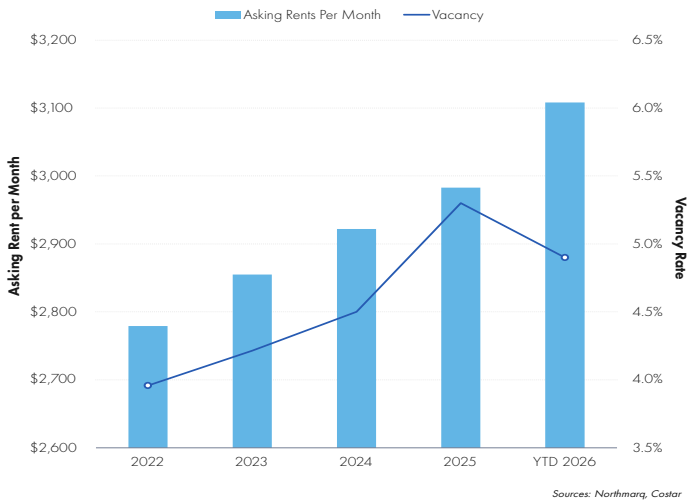
Vacancy held steady or declined in every Northeast market that was tracked this quarter, even in the handful of markets where the current vacancy rate is still higher than levels from one year ago. Stronger absorption emerged as more of a regional trend than a series of isolated improvements. The Washington, D.C., region posted the most notable turnaround, with positive net absorption recorded in the second quarter after net move-outs at the beginning of the year. The Washington, D.C., region has not fully recovered from the economic volatility recorded in recent years, and it remains the only market in the region with declining annual rent growth. In Boston, stronger renter demand was reflected in accelerating rent growth during the quarter. Among some of the region's smaller markets, Norfolk/Hampton Roads is posting accelerating annual rent growth, while rents in Baltimore have only recently begun to gain traction.

Median sale prices fell from 2025 levels in five of the six markets covered, but declines are a function of the composition of assets being traded and changes in market value. In Richmond and Baltimore, a handful of Class A trades carried most of the dollar volume while smaller Class B and Class C deals accounted for the bulk of the deal count. The same split occurred wherever pricing declined. Transaction activity diverged across the region, accelerating from the first quarter in Washington, D.C., Richmond, and Norfolk/Hampton Roads, while Boston and Baltimore posted slower deal flow.

BOSTON

Absorption more than doubled the pace of new deliveries.

VACANCY & RENT TRENDS



Sources: Northmarq, Costar

CONSTRUCTION | VACANCY | RENTS

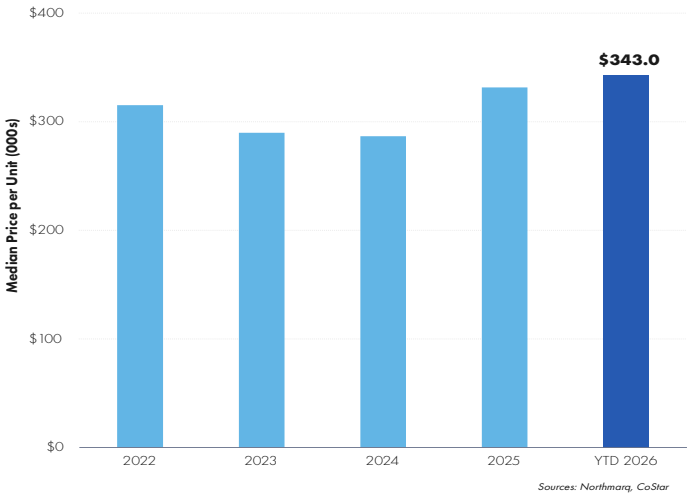
- Year to date, roughly 2,500 units have been delivered in Boston, down nearly 40% from the same period last year. Completions in the second quarter were led by projects in Revere, Quincy, and the New Hampshire suburbs, continuing a shift away from the urban core.
- Vacancy eased to 4.9% in the second quarter, down 20 basis points from the first quarter but up 10 basis points from a year ago. The quarterly improvement reflects absorption of roughly 2,500 units, more than double the number of new deliveries.
- Rent growth accelerated in the second quarter, posting the strongest quarterly gain since early 2023. Asking rents rose 2.1% during the past three months to $3,108 per month. Year over year, rents are up 1.4%.
- **FORECAST:** Developers are on pace to complete approximately 6,000 units in 2026, about 35% below the 2025 total and well under the 10-year average of roughly 8,800 units. With supply pulling back, vacancy is projected to end the year near 5.2%, and asking rents are forecast to reach approximately $3,060 per month, a 2.4% annual increase.

MULTIFAMILY SALES

- Investment activity slowed in the second quarter, with the number of deals falling to less than half the first-quarter pace and year-to-date transactions running 15% behind the same period in 2025. Property trades have also become smaller, with this year's median deal size just over 50 units, down from 120 units in 2025.
- The year-to-date median sale price rose to $343,000 per unit, up 3% from the 2025 full-year figure, even as buyers shifted decisively toward the suburbs. Three-quarters of this year's trades closed in suburban submarkets such as Metro West, Route 1 North, and the South Shore, compared with just seven deals across the urban core and inner neighborhoods.
- Cap rates averaged 6.0% year to date, up from 5.5% for all of 2025. The increase reflects a wide spread by property age, with recently built assets trading near 5.7% and pre-1980s properties, the largest share of this year's activity, averaging just over 6.1%.

The median sale price reached $343,000 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

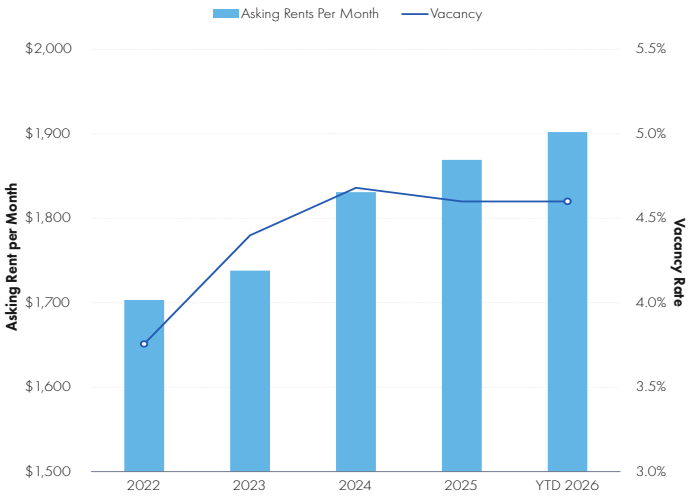
PHILADELPHIA

CONSTRUCTION | VACANCY | RENTS

- The Philadelphia metro delivered over 3,200 units in the second quarter, bringing year-to-date completions to more than 4,500 units. Urban submarkets accounted for 84% of deliveries by unit count during the period.
- Vacancy fell to 4.6% in the second quarter, down 20 basis points from the first quarter and essentially flat year over year. The rate has generally remained in the mid-4% range during the past year, even as deliveries continued at an elevated pace.
- Asking rents rose to $1,902 per month in the second quarter, up 2.3% year over year. Rent growth in the suburbs continues to exceed levels recorded in the urban area on an annual basis, up 2.4% compared with 1.9% for urban submarkets.
- **FORECAST:** Completions are projected to reach 9,000 units in 2026, above the elevated totals delivered in 2024 and 2025. Vacancy is projected to close the year at 4.7%, and asking rents are forecast to reach approximately $1,910 per month, a 2.2% annual increase.

Vacancy fell 20 basis points from the first quarter.

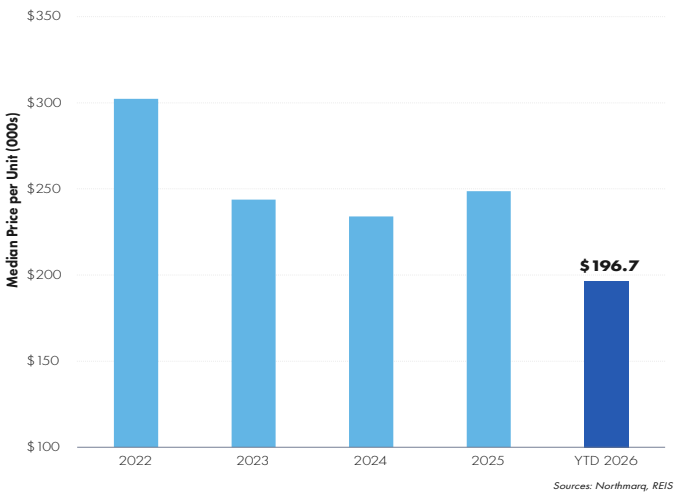
VACANCY & RENT TRENDS



Sources: Northmarq, Yardi

The median sale price fell to $196,700 per unit.

SALES TRENDS



Sources: Northmarq, REIS

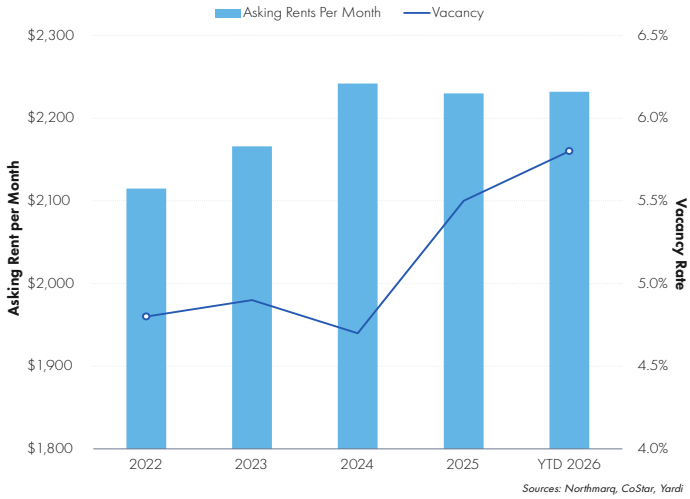
MULTIFAMILY SALES

- Transaction volume totaled approximately $439 million across 16 deals in the first half, down from $1.09 billion across 28 deals in the same period in 2025. Average deal size was roughly $27 million, down from $39 million a year earlier, as smaller assets made up a larger share of trades.
- The median sale price stood at $196,700 per unit through midyear, down 21% from the 2025 full-year figure of $248,700 per unit.
- New Castle County, Delaware, recorded the greatest concentration of sales activity after no first-half sales in 2025, while Philadelphia County posted six transactions, down from 14 one year earlier.

WASHINGTON, D.C.

Asking rents rose 0.4% from the first quarter.

VACANCY & RENT TRENDS



Sources: Northmarq, CoStar, Yardi

CONSTRUCTION | VACANCY | RENTS

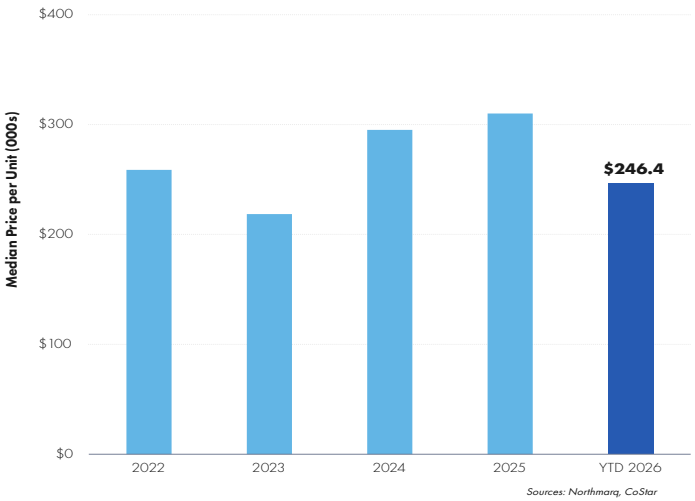
- The Washington, D.C., region delivered more than 3,200 units in the second quarter, bringing year-to-date completions to roughly 5,000 units. Northern Virginia and Suburban Maryland accounted for 82% of second-quarter supply, reversing the first-quarter trend when the District and Suburban Maryland led completions.
- Vacancy held at 5.8% in the second quarter, unchanged from the first quarter and ending three consecutive quarterly increases. Net absorption rebounded to roughly 2,800 units from a negative reading in the first quarter.
- Regional asking rents rose to $2,232 per month in the second quarter, up 0.4% from the first quarter, though rents remain down 1.1% year over year, marking the third consecutive quarter of annual declines.
- **FORECAST:** Deliveries are projected to fall to roughly 9,000 units in 2026, a 39% decline from 2025. Vacancy is projected to reach 6.0% by year-end, up 50 basis points from 2025, while asking rents are forecast to close the year at $2,242 per month, up 0.5%.

MULTIFAMILY SALES

- Investment activity accelerated in the second quarter, with 19 properties trading for a combined $1.4 billion, nearly double the volume recorded in the same period of last year.
- The year-to-date median sale price was $246,400 per unit, down from $306,000 per unit in 2025. Over the trailing 12 months, the median was closer to $264,000 per unit.
- Northern Virginia captured roughly 60% of regional dollar volume, more than double its share from a year earlier, while the District accounted for roughly 7% even as its transaction count held up.
- Cap rates averaged 5.8% in the trailing 12 months, in line with recent history, though the sample size remains limited to 15 qualifying trades after excluding an outlier.

Deal volume nearly doubled the year-ago pace.

SALES TRENDS



Sources: Northmarq, CoStar

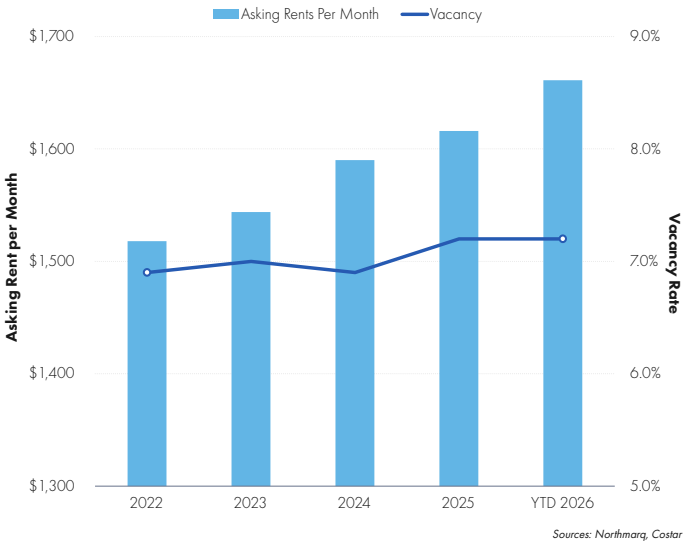
RICHMOND

CONSTRUCTION | VACANCY | RENTS

- Multifamily deliveries in Richmond totaled 510 units in the second quarter, bringing year-to-date completions to roughly 1,000 units. Approximately 4,500 units remain under construction.
- Vacancy was 7.2% in the second quarter, up 50 basis points year over year and roughly flat from the first quarter.
- Asking rents rose to $1,661 per month in the second quarter, up 1.1% year over year, but a softening from the 1.8% annual pace recorded in the first quarter.
- **FORECAST:** Extending the current pace, first-half completions would annualize to roughly 2,000 units for 2026, below the 10-year average and the lightest delivery year since 2019. Vacancy is projected to hold near 7.2% if the recent quarterly pattern continues, and asking rents are estimated to reach approximately $1,675 per month by year-end, up about 3% from 2025.

Asking rents in Richmond are up 1.1% year over year.

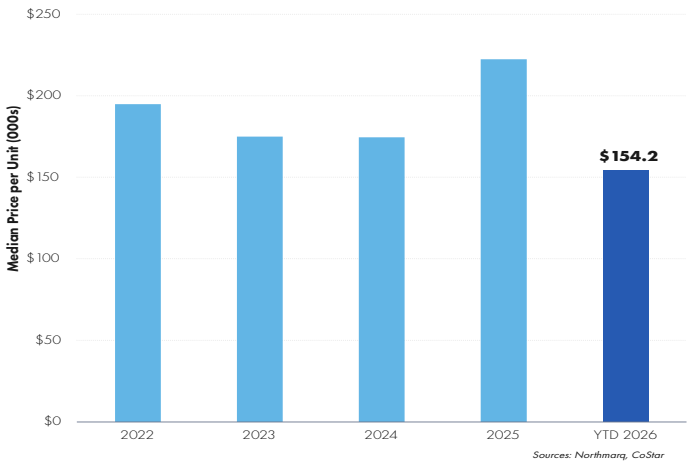
VACANCY & RENT TRENDS



Sources: Northmarq, Costar

The year-to-date median sale price was $154,200 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

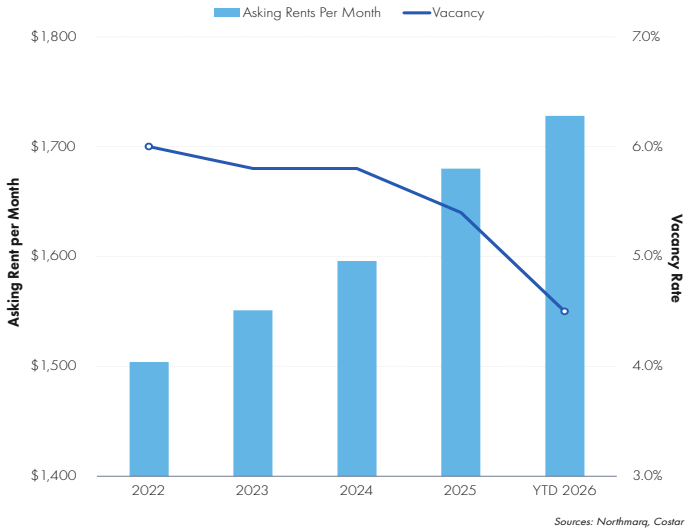
MULTIFAMILY SALES

- Investment activity accelerated in the second quarter, with 7 properties trading for a combined $269 million, pushing year-to-date volume to nearly $500 million. Four Class B and Class C trades accounted for a majority of second-quarter transactions, while three Class A communities captured roughly 81% of dollar volume.
- Year-to-date, the median sale price was $154,200 per unit, below recent full-year levels. The figure reflects a larger share of value-add trades. Class A properties have been pricing near $255,400 per unit compared to roughly $96,600 per unit for the combined Class B and Class C assets that traded.
- Downtown Richmond emerged as the most active cluster with three transactions spanning both value-add and Class A product. Goochland County recorded the year's largest single sale at $308,300 per unit.
- Cap rates on disclosed transactions ranged from 6.0% to 6.75% during the second quarter.

HAMPTON ROADS

Asking rents climbed 5.4% year over year.

VACANCY & RENT TRENDS



Sources: Northmarq, Costar

CONSTRUCTION | VACANCY | RENTS

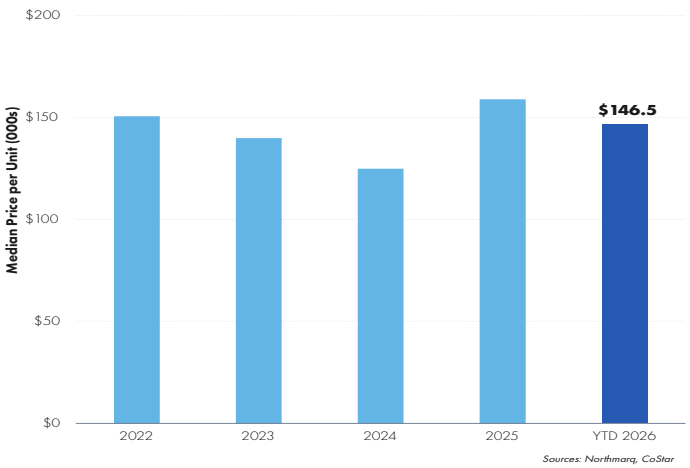
- No new properties were completed in the second quarter, following 132 units in the first quarter, extending the slowdown from the prior cycle. Approximately 2,100 units remain under construction, in line with the market's 10-year average annual completion pace.
- Regional vacancy tightened 70 basis points year over year to 4.5%. Net absorption of roughly 1,100 units in the second quarter ran well ahead of new deliveries.
- Asking rents reached $1,728 per month, up 5.4% year over year. The pace accelerated from 4.3% a year earlier, supported by steady absorption and a constrained supply pipeline.
- **FORECAST:** Vacancy is estimated to ease to approximately 4.3% by year-end, and asking rents are projected to advance to roughly $1,770 per month, up more than 5% for the full year.

MULTIFAMILY SALES

- Investment activity accelerated in the second quarter, with 7 properties trading for a total volume of $311 million, lifting year-to-date volume to $439 million across 11 deals. Class C product continued to account for the majority of activity by transaction count.
- Year to date, the median sale price registered $146,500 per unit, down roughly 8% from 2025. The decline reflects a transaction mix concentrated in Class C assets.
- Trades remained geographically dispersed across the region, with Newport News, Virginia Beach, and Norfolk each recording multiple transactions. The largest deal by dollar volume was a Class B community in Chesapeake.
- Per-unit pricing spanned a wide range, from roughly $62,500 per unit for older Class C assets to $327,900 per unit for stabilized suburban Class B assets. Additionally, two distressed Hampton properties sold well below typical market pricing.

Year to date, the median sale price is $146,500 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

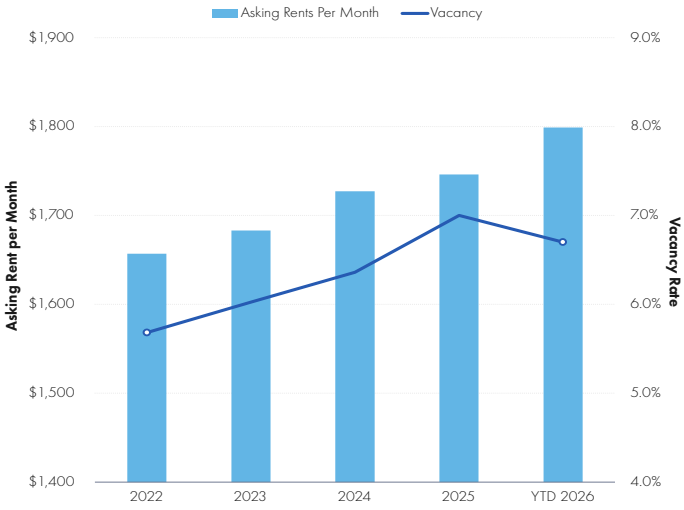
BALTIMORE

CONSTRUCTION | VACANCY | RENTS

- Multifamily deliveries in Baltimore totaled 474 units in the first half, drawing the construction pipeline down to just 701 units, the lowest level since 2021. Deliveries are expected to resume in the third quarter.
- Vacancy eased to 6.7% in the second quarter, down roughly 20 basis points from the prior three months, though still up 10 basis points year over year. Net absorption totaled more than 600 units.
- Asking rents rose to $1,799 per month in the second quarter, up 1.3% year over year, an acceleration from 0.7% annual growth recorded in the first quarter.
- **FORECAST:** With the pipeline nearly empty, full-year 2026 deliveries are on pace to land near 1,175 units, the lightest total since 2021. Vacancy is projected to ease further to approximately 6.5% by year-end, while asking rents are estimated to advance to roughly $1,820 per month, up about 3% for the full year.

The pipeline fell to its lowest level since 2021.

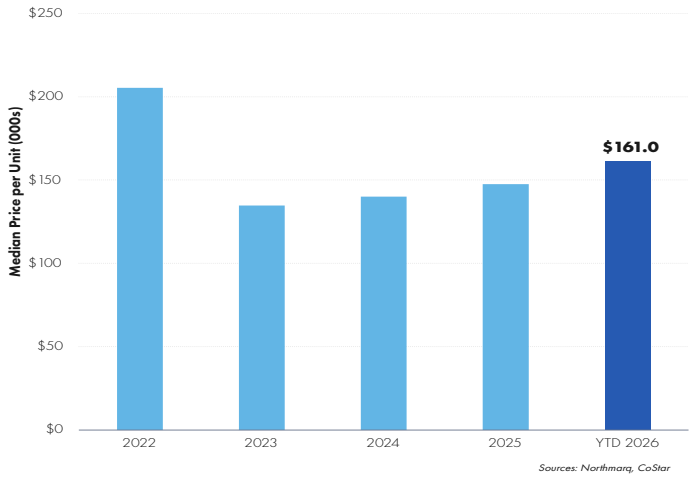
VACANCY & RENT TRENDS



Sources: Northmarq, Costar

The median sale price registered $161,000 per unit.

SALES TRENDS



Sources: Northmarq, CoStar

MULTIFAMILY SALES

- Investment activity moderated in the second quarter, with five properties trading for a total volume of roughly $238 million, down from seven deals and $343 million in the first quarter. Three Class A properties in the Baltimore City submarket anchored activity in the second quarter, closing for a combined $229 million.
- The median sale price registered $161,000 per unit year to date. Class C properties represented 42% of year-to-date deal volume but just 6% of dollar volume.
- Activity shifted from Baltimore County's first-quarter concentration into Baltimore City in the second quarter. Per-unit pricing ranged widely during the first half, from roughly $61,000 for older urban product to $270,000 for stabilized suburban Class A.
- Older, lower-basis assets continued to attract the most consistent buyer interest, with Class B and Class C product representing more than half of year-to-date transactions, even as Class A per-unit pricing remained the highest in the market.

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