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# The Multifamily Digest



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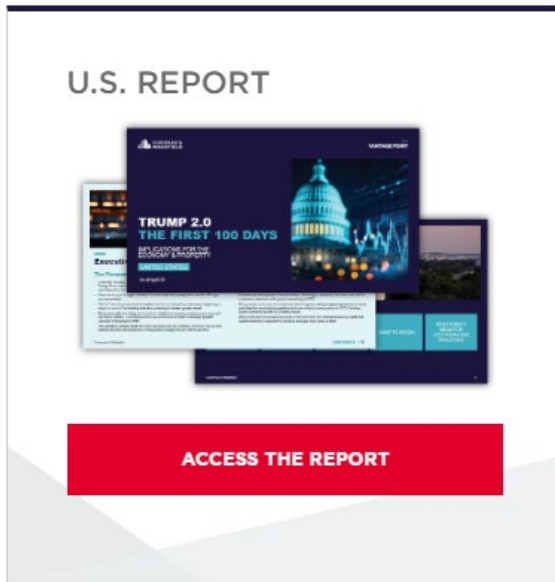
GREYSTON

May 2025

Good morning everyone,

Among the recent flurry of headlines, several have affected commercial real estate and the multifamily industry over the past several weeks. Our team in Cushman & Wakefield's Think Tank has been hard at work engaging with our clients to break down what it all means. We hosted a webinar the week after Liberation Day, and just released [Trump 2.0 – The First 100 Days](#), detailing the implications for the economy and commercial real estate.

## U.S. Key Takeaways



- The U.S. economy has remained resilient thus far, but the policy uncertainty is beginning to weigh on some of the leading indicators pointing to slower growth ahead.
- Recession odds are rising and short-term stagflation - meaning slower economic growth and sticky inflation - is emerging as the consensus for 2025. A stronger growth scenario is forming for 2026.
- The property sector has largely remained resilient through the first 100 days. The leasing fundamentals held steady and the capital markets recovery continued in Q1 2025.
- While credit and risk spreads may widen in the short-term, the gradual recovery in debt and capital markets is expected to continue and gain more pace in 2026.

This past quarter provided some encouraging data points that point to the Multifamily market's firm foundation. While the whipsaw in the equity markets happened post-quarter-close, early signs from our property management business (more on this later), as well as encouraging signs on the fundamentals side, point to relative resilience. The post-Liberation Day volatility has also settled, allowing the debt markets to remain functional and liquid. In fact, multifamily investors should be encouraged by the fact that the Agencies continued to quote new business through volatility, highlighting their essential function to the multifamily capital markets landscape.

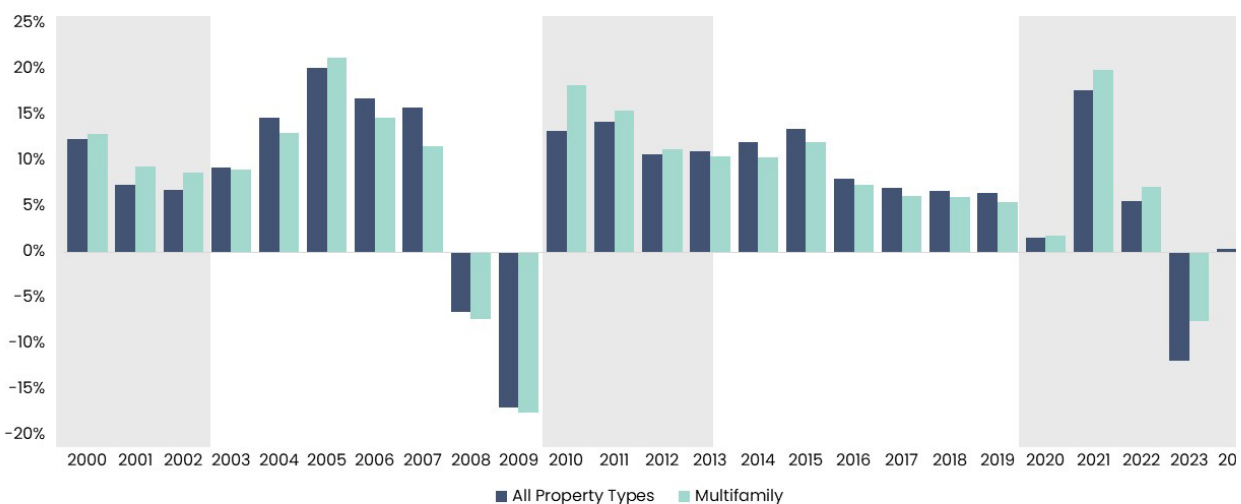
Multifamily remains CRE's most defensive asset class, which is already serving the market well, especially through this next period of volatility. We highlighted in the first quarter [Multifamily MarketBeat](#), that the market saw strong multifamily demand – in fact, the first quarter saw 12% more demand than last year's first quarter, and about 40% more net move ins than the pre-pandemic norm for the first quarter.

Demand, however, may pull back from this breakneck pace as the economy slows, but we remain encouraged as the supply wave has firmly crested, and the tide is ebbing. **New deliveries were down 25% compared to a year ago**, all as construction starts remain depressed and total construction activity pulls back to 2018 levels.

As one of the nation's largest property management firms, we have unique on-the-ground insights that we'll certainly be keeping a close eye on over the next few months. We fully intend to share these insights with our clients regularly as news develops. The multifamily market is uniquely situated to handle forthcoming uncertainty – it's when the industry thrives and returns outperform (as seen on the chart below), and we would expect that trend to continue moving forward.

### Multifamily Outperforms Following Dislocations

Multifamily's defensive nature serves owners during times of volatility



Source: NCREIF, Cushman & Wakefield Research

We'll continue to monitor these trends, and the economy at large, and plan to send another update sometime this summer.

Thank you



[Sam Tenenbaum](#), Head of Multifamily Insights, shares his thoughts and research on the multifamily market.  
Cushman & Wakefield



## Debt Update



[Abby Corbett](#), Senior Economist, Head of Investor Insights  
Cushman &  
Wakefield

### MARKET MATTERS UPDATE

The most recent issue highlights insights from a recent webinar and explores key economic themes affecting CRE property and the recovery in capital markets.

While volatility has calmed since the global tariffs were first announced by President Trump on April 2<sup>nd</sup>, the latest edition highlights portfolio rebalancing, Cushman & Wakefield's economic outlook and themes we're hearing from the front lines of our debt business.

For further details and access previous editions of Market Matters, [visit our website](#), and remember to subscribe.

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## FREDDIE MAC TAX-EXEMPT LOAN PROGRAM UPDATE

Greystone's recent article highlights how Freddie Mac's Tax-Exempt Loan (TEL) program, launched a decade ago, helps finance the development and preservation of affordable housing by streamlining transactions and lowering costs, making it easier to pair with Low-Income Housing Tax Credits. Since its launch, the TEL program has funded nearly \$12 billion for over 100,000 affordable housing units nationwide.

[Read the full write up here.](#)



## Operational Insights



[Avery Solomon](#), Executive Managing Director  
Investor Services, Multifamily Asset Services, Americas  
Cushman &  
Wakefield

## TOP TRENDS ACROSS CUSHMAN & WAKEFIELD'S MANAGED PORTFOLIO

This year is off to a strong start, despite economic headwinds, and we continue to help our clients navigate a volatile market.

Strong rental demand is driving higher occupancies across our portfolio, even amid competition from new supply. Retention rates also remain high, boosting property-level NOI. While economic uncertainty continues to weigh on the outlook, we are on solid footing and well-positioned to handle whatever the market brings.

Read our full analysis in our [First Quarter 2025 write up](#).



[Zach Bowyer](#), Executive Managing Director  
Head of Living Sectors for Valuation & Advisory  
Cushman &  
Wakefield

Our multifamily valuation activity is off to a strong start in 2025, with volume up over 30% year-over-year and bidding activity up over 60%, suggesting a significant increase in market liquidity. We are seeing continued interest in the specialty sectors, including manufactured housing communities, senior living and student housing.

Transaction volume is increasing throughout the Sunbelt, Midwest, and Northeast regions, which correlates well with markets where property market fundamentals (occupancy and rent growth) are strengthening. The percentage of our valuations where distress is prevalent is still creeping upward, representing approximately 3% of our overall valuations completed in the first quarter, and reaching up to 15% in select markets.

Going-in capitalization rates remained relatively flat from the fourth quarter 2024, which is mainly attributed to uncertainty around the impact of tariffs. Capitalization rates assumptions employed for valuations range from 4.5% to 6.0% for investment Class A mid- or high-rise properties. Capitalization rates for garden style apartments were underwritten in the 4.75% to 6.5% range, also for investment Class A properties, market location dependent.

One significant market shift to note is the reemergence of portfolio premiums, with several recent portfolio valuations completed, achieving portfolio premiums in the 2.5% to 5% range.

Cushman & Wakefield's Valuation & Advisory team regularly performs an internal cap rate survey to assess conditions by market, sub-property type and investment class. [Reach out to me](#) for any questions related to multifamily valuations or to receive a copy of our market level cap rate trends.

The data and insights quoted reflect sentiment around third-party valuations conducted by our V&A team and may not reflect broader investment activity in every

market.



## Recent Thought Leadership

### NEW STORYLINES EMERGING FROM THE LATEST CENSUS DATA

The U.S. Census Bureau's latest population estimates detail county-level growth trends shaping commercial real estate investment theses. While the South's strong population growth continues, some new themes have emerged, including the resilience – and global appeal – of the biggest cities in the U.S.

Read Cushman & Wakefield's [full analysis of the latest U.S. Census Data](#) and what it means for the multifamily industry across the country.



## Key Dates

Cushman & Wakefield will be at the **ULI Spring Event** from May 12-14 in Denver, Colorado. We hope to see you there!

### COMMERCIAL OBSERVER

Greystone's [Drew Fletcher](#) is one of the speakers at the upcoming **Commercial Observer National Finance Forum** in New York on May 6. If you are in attendance, be sure to join his session.

Furthermore, congratulations to our colleagues at both Cushman & Wakefield and Greystone who were recognized on the *Commercial Observer* [2025 Power Finance List](#).

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