These Markets Are Setting the Pace for Multifamily Growth in 2025

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A new wave of rental growth and occupancy strength is reshaping key multifamily markets across the United States, highlighting a shift in investor attention toward regions marked by resilience and robust fundamentals. According to Berkadia's mid-year 2025 national report, data-driven standouts reveal how certain cities are separating themselves from the pack, both in terms of rent resilience and ongoing development cycles.

Chicago sits at the forefront of effective rent growth, with average rents climbing 8.1% over the past year — reaching $2,187 as of the second quarter. That performance is closely tracked by Lexington, Omaha and Cincinnati, all showing year-over-year rent increases exceeding 6%. Madison, Cleveland and Wichita also join the ranks of high-performers, each registering rent gains above 5% through mid-2025.

Meanwhile, San Jose and Reno have continued their upward momentum, with effective rents advancing by 5% and 4.9% respectively. Notably, these same markets also maintain healthy occupancy, generally hovering near or above 96%, underscoring that rent increases have not come at the expense of resident retention.

highlights a full recovery from the supply-and-demand turbulence seen earlier in the decade. Omaha, Lexington, Chicago, Ventura County, and Ann Arbor each report occupancy at or just under 97%, reinforcing the national theme of high-rent, high-occupancy environments. Importantly, this momentum reflects a national vacancy rate of just 4.3% for stabilized properties, per Berkadia's data, as of the second quarter of 2025.

High-flying performance in rent and occupancy is occurring even as new supply remains a force in many high-demand metros. The nation's largest multifamily construction pipelines remain concentrated in regions like Dallas–Fort Worth, Austin, Denver, Phoenix, New York and South Florida.

Dallas–Fort Worth, in particular, leads the country with far more units in lease-up or under construction than any other metro, holding a sizable margin over other fast-growing cities. Developers in Charlotte, Houston, Atlanta and Northern New Jersey are also delivering thousands of new apartments, driven by persistent migration inflows and sustained demand from young professional renters and newcomer households.

Strong labor market trends — especially within private education and healthcare — remain a critical backdrop for multifamily market momentum. As Baby Boomers age and demand for medical services grows, these sectors are expanding rapidly, adding a significant number of jobs in key metro markets.

Berkadia's findings reveal that this economic tailwind has helped support steady absorption, even as new apartment deliveries have peaked. Despite mounting concerns about rising interest rates and supply chain pressures, the development pipeline is showing signs of moderation, with new starts

Nationally, effective rent advanced 2.1% over the past year, reaching an average of $1,869 in the second quarter, while occupancy touched 95.7%, the highest average in nearly three years. Class A units, typically offering more amenities, notched even stronger rent growth of 3.1% year-over-year, but at a price point still under the average monthly mortgage payment by $264.

Factors such as elevated mortgage rates and persistent affordability barriers continue to channel demand into rentals, especially in urban centers with high concentrations of new and young residents. As a result, landlords have been able to scale back concessions, and lease renewals have risen, reflecting both strong resident demand and limited options for would-be buyers amid a challenging homeownership environment.

While the new supply wave remains a fixture in development-heavy markets, many metros are seeing renewed investor interest as rents and occupancies trend higher even in the face of significant new deliveries. With developers recalibrating plans and residents finding limited affordability elsewhere, key markets are proving that high occupancy and effective rent growth can coexist — a signal that the U.S. multifamily sector remains fundamentally sound heading into the second half of 2025, Berkadia concluded.
