Locked In

Housing Market Frictions and Multifamily Opportunities

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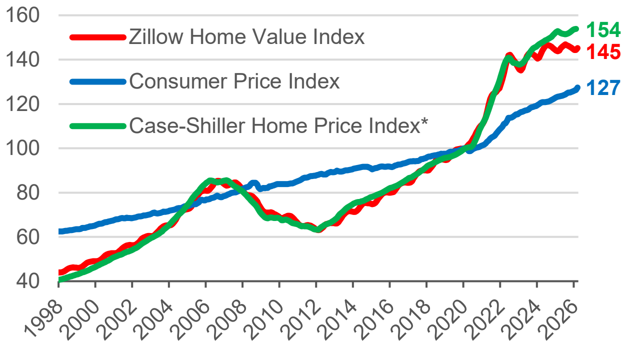
Introduction

The U.S. housing market remains structurally constrained, defined by increased home prices, elevated mortgage rates, and limited supply, providing a broad tailwind to the multifamily sector. Since February 2020, home prices have risen by roughly 45% according to the Zillow Home Value Index and 54% according to the S&P Cotality Case-Shiller U.S. National Home Price Index, both significantly outpacing inflation.[1] Meanwhile, average 30-year fixed mortgage rates have remained persistently elevated, at 6% or higher for nearly four years.[2] This combination has suppressed sales volumes, with existing home sales since 2023 near levels last seen in the wake of the 2008 Global Financial Crisis.

Figure 1: Home Values vs. CPI Inflation
(Indexed, February 2020=100)



Source: Zillow Research, U.S. Bureau of Labor Statistics, S&P Dow Jones Indices.
*ZHVI and CPI through Mar. '26, Case-Shiller through Feb. '26.

Limited inventory, driven in part by the "lock-in effect," in which homeowners with mortgage rates below market rates defer selling when they otherwise would, has further constrained market liquidity. Elevated construction costs and zoning rigidity also limit the extent to which new supply can be added in certain markets to meaningfully ease price pressures.

Against this backdrop, multifamily emerges as the clear beneficiary. As the path to homeownership lengthens for many, the renter pool expands, driven by economic necessity rather than preference. While supply-demand dynamics vary across markets, this environment provides structural support for multifamily performance and investment returns.

The Making of the Current Environment

The current housing imbalance is rooted in the extraordinary conditions of the COVID-19 pandemic. The near-zero interest rate policy implemented in response to the sudden economic shock drove mortgage rates to historic lows, significantly reducing borrowing costs. At the same time, higher-earning households that retained employment during the brief pandemic-induced recession accumulated excess savings as discretionary spending declined.

[1] The Zillow Home Value Index (ZHVI) is a model-based, hedonic index that estimates typical home values across the full housing stock using a range of property and market data, including both listed and unlisted homes. In contrast, the S&P Cotality Case-Shiller Index is a repeat-sales index that measures price changes based on matched transactions of the same single-family homes over time, capturing realized appreciation from closed sales.

[2] All references in this report to average 30-year fixed mortgage rates are based on data from Freddie Mac. The rate decreased to 5.98% during the week of February 26, 2026, marking the first observation below 6% since 2022. It has since returned above 6% as geopolitical tensions have pushed Treasury yields higher.

Zillow Home Value Index (ZHVI)

% Change Since Pandemic Began (Feb 2020 - Mar 2026)

Rank	Market	%	Rank	Market	%	Rank	Market	%
1	Knoxville, TN	76.5%	28	Milwaukee, WI	50.4%	54	Los Angeles, CA	42.2%
2	New Haven, CT	69.8%	29	Richmond, VA	50.0%	55	Las Vegas, NV	42.0%
3	Hartford, CT	66.6%	30	Albany, NY	49.9%	56	New York, NY	41.2%
4	Rochester, NY	65.8%	31	Boise City, ID	49.6%	57	Seattle, WA	41.1%
5	Bridgeport, CT	61.5%	32	Philadelphia, PA	49.5%	58	North Port, FL	40.9%
6	Albuquerque, NM	60.0%	33	Riverside, CA	48.9%	59	San Jose, CA	40.0%
7	Providence, RI	59.3%	34	Salt Lake City, UT	48.6%	60	Cape Coral, FL	38.7%
8	Buffalo, NY	58.4%	35	Tampa, FL	48.1%	61	Little Rock, AR	38.7%
9	McAllen, TX	58.1%	36	Atlanta, GA	47.9%	62	Oxnard, CA	38.7%
10	Worcester, MA	58.0%	37	Omaha, NE	47.1%	63	Birmingham, AL	38.2%
11	Allentown, PA	58.0%	38	Raleigh, NC	46.4%	64	Dallas, TX	36.7%
12	El Paso, TX	57.7%	39	Nashville, TN	46.3%	65	Houston, TX	33.0%
13	Grand Rapids, MI	57.6%	40	Lakeland, FL	46.1%	66	Baltimore, MD	32.8%
14	Charlotte, NC	55.8%	41	Fresno, CA	45.6%	67	Pittsburgh, PA	32.3%
15	Cleveland, OH	55.1%	42	Virginia Beach, VA	45.4%	68	Washington, DC	30.8%
16	Charleston, SC	54.1%	43	Phoenix, AZ	45.3%	69	Colorado Springs, CO	30.8%
17	Indianapolis, IN	52.9%		**United States**	**45.3%**	70	Stockton, CA	30.6%
18	Miami, FL	52.8%	44	Detroit, MI	45.1%	71	Sacramento, CA	29.8%
19	Greenville, SC	52.7%	45	Orlando, FL	45.0%	72	Portland, OR	29.3%
20	Columbia, SC	52.6%	46	St. Louis, MO	44.8%	73	Minneapolis, MN	29.2%
21	Cincinnati, OH	52.5%	47	Jacksonville, FL	44.8%	74	Denver, CO	28.2%
22	Greensboro, NC	52.4%	48	Boston, MA	44.5%	75	Urban Honolulu, HI	27.8%
23	Tulsa, OK	51.9%	49	Oklahoma City, OK	44.4%	76	San Antonio, TX	27.0%
24	Bakersfield, CA	51.6%	50	Memphis, TN	44.0%	77	Austin, TX	26.2%
25	San Diego, CA	51.5%	51	Chicago, IL	43.4%	78	Baton Rouge, LA	23.3%
26	Columbus, OH	51.1%	52	Tucson, AZ	43.2%	79	San Francisco, CA	20.3%
27	Kansas City, MO	50.8%	53	Louisville, KY	43.1%	80	New Orleans, LA	4.5%

Southeast
Northeast
Southwest
Pacific Coast
Intermountain West
Midwest

Source: Zillow Research. As of March 2026

Note: ZHVI is a measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range.

Remote and hybrid work arrangements expanded geographic flexibility. As more people worked from home, often alongside children learning remotely, a premium was placed on space, increasing demand for lower-cost areas with larger homes. This shift drove new housing demand across Sun Belt markets, as well as suburban and exurban areas of established gateway markets. Additional demographic tailwinds, particularly millennial household formation, further boosted demand nationwide. Together, these forces produced a housing surge marked by intense bidding activity and rapid price escalation across many parts of the country, as shown in the table above.

As pent-up consumer demand, fueled by pandemic-era savings and fiscal stimulus, charged the overall economy in late 2021, and energy shocks following the onset of the Russia-Ukraine war in 2022 trickled through global supply chains, inflation rose to its highest level in over 40 years. In response, the Federal Reserve embarked on an aggressive tightening cycle, raising the federal funds rate by more than 500 basis points over 16 months. Mortgage rates followed, more than doubling from pandemic-era lows.

From July 2023 through September 2024, the federal funds rate remained in the 5.25% to 5.50% target range, during which the average 30-year fixed mortgage rate ranged from approximately 6.1% to 7.8%.

Figure 3: Average Weekly 30-Year Fixed Mortgage Rate (%)

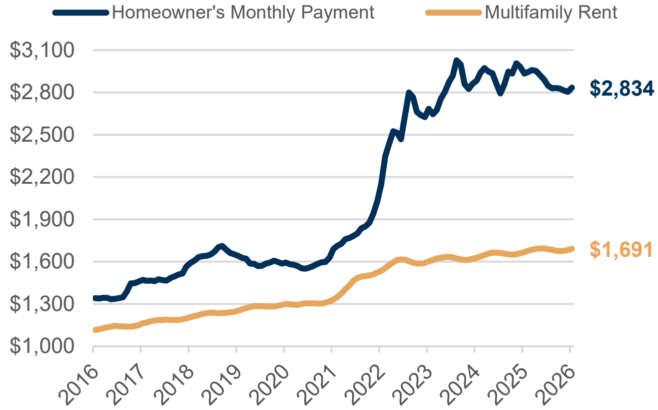
Source: Freddie Mac; Federal Reserve Economic Data. As of May 7, 2026

Rising financing costs, combined with significant home price appreciation, have pushed monthly ownership costs well above apartment rents. As a result, the cost gap between owning and renting has averaged -41.5% over the past four years (see Figure 5), a sharp reversal from the -20.9% average in the preceding four-year period.[3]

At the same time, undersupply has kept prices elevated, exacerbated by the "lock-in effect." Homeowners with mortgage rates well below prevailing market levels are disincentivized from selling, even when life events would otherwise prompt a move, effectively removing supply from the market.

[3] Homeownership costs are measured using Zillow's Zillow Home Value Index (ZHVI) Total Monthly Payment, which estimates the monthly cost of purchasing a typical home at current mortgage rates. This measure includes mortgage payments (assuming a 20% down payment), property taxes, homeowner's insurance, and a maintenance allowance equal to 0.5% of the home's value. Tax and insurance rates vary by region. Rental costs are measured using the Zillow Observed Rent Index (ZORI), a dollar-denominated series that reflects the typical market rent for multifamily units in each metro.

Figure 4: Est. Monthly Cost of Homeownership vs. Rentership



Source: Zillow Research. As of March 2026

Figure 5: Est. Monthly Rentership Discount to Homeownership

Source: Zillow Research. As of March 2026

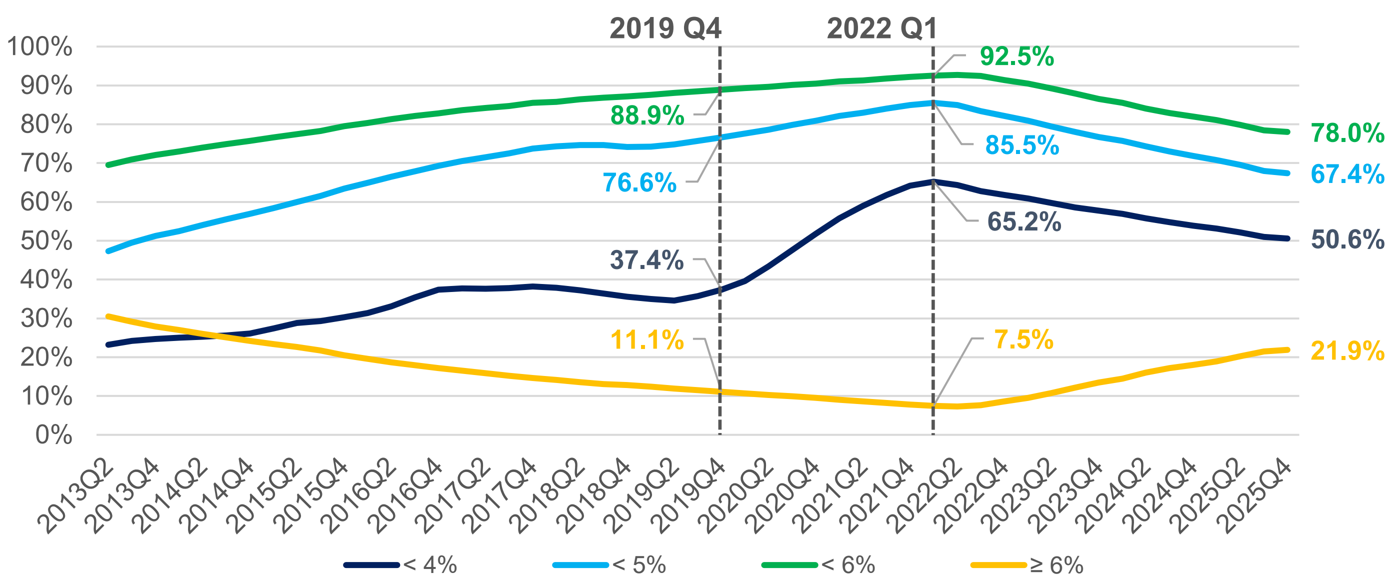
A 2024 Federal Housing Finance Agency working paper estimates that this dynamic prevented approximately 1.72 million home sales between Q2 2022 and Q2 2024 and contributed to a roughly 7% increase in home prices.[4]

The scale of this effect is reflected in the unusually large share of homeowners holding low-rate mortgages. Sub-4% mortgages accounted for less than 40% of outstanding loans prior to the pandemic but rose to over 65% by the first quarter of 2022, just before the Federal Reserve began its tightening cycle. Although this share has declined, it still represents roughly half of outstanding mortgages. With market mortgage rates averaging about 6.7% over the past three years, many homeowners remain reluctant to trade into a substantially higher rate.

This has constrained resale inventory, kept supply offline, and added upward pressure to home prices.

Tax policy adds another layer of friction. Under current law, homeowners can exclude up to $250,000 of capital gains from the sale of a primary residence for single filers and up to $500,000 for married couples. Any gain above those thresholds is subject to capital gains tax. For many longtime homeowners, substantial home price appreciation has pushed the difference between current value and their original basis well beyond these exclusion limits, creating the prospect of a significant tax liability upon sale. This can encourage some owners to delay selling or retain properties until death, when heirs may benefit from a step-up in basis and avoid taxes on value gains.[5]

Figure 6: Mortgages by Interest Rate Threshold
(As a % of Total Outstanding Residential Mortgages)

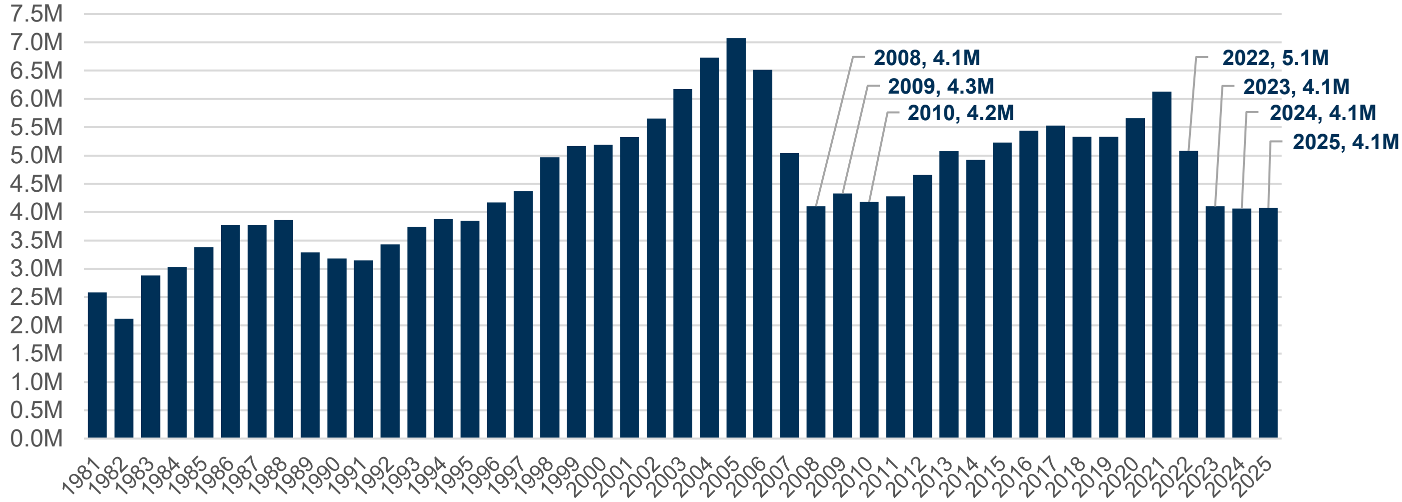


Source: U.S. Federal Housing Finance Agency National Mortgage Database. As of Q4 2025.

[4] Batzer, R. M., Coste, J. R., Doerner, W. M., & Seiler, M. J. (2024). *The lock-in effect of rising mortgage rates.* (FHFA Working Paper No. 24-03). Federal Housing Finance Agency.

[5] Tax Foundation. *Step-up in basis*. TaxEDU Glossary.

Figure 7: Annual Existing Home Sales
(Seasonally-adjusted annualized rate, annual average)



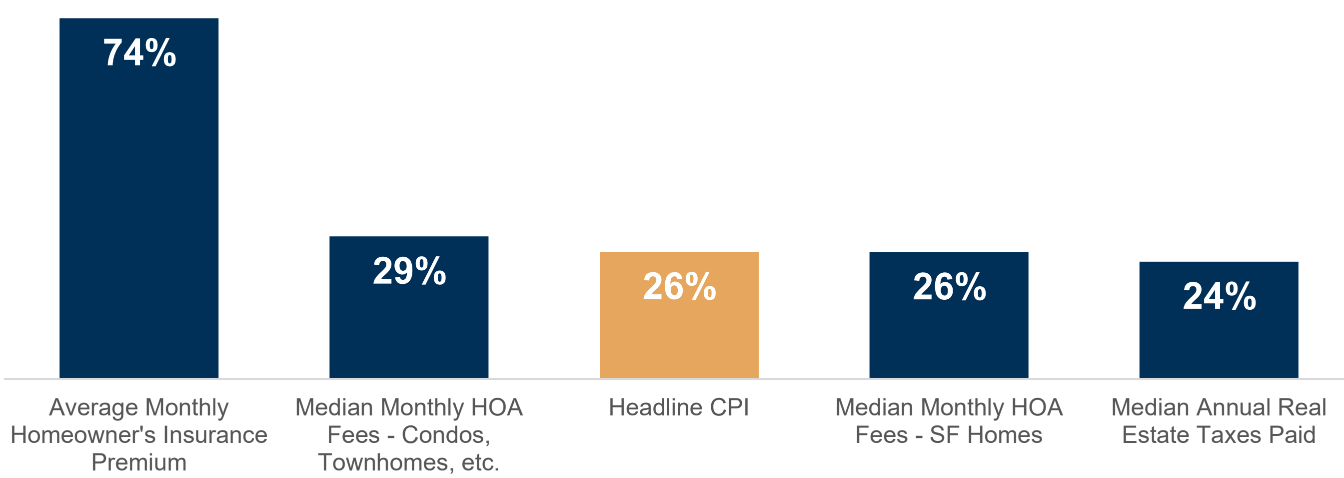
Source: National Association of Realtors

As a result, home sales activity since 2023 has resembled levels last seen during the Global Financial Crisis, even as median existing home prices have reached record highs.

The lock-in effect is particularly pronounced in California, the largest U.S. state by population and housing stock,[6] where Proposition 13 creates a further drag on liquidity. By keeping property taxes well below market levels for long-tenured homeowners, the policy further discourages sales and limits housing turnover within the state.[7]

In addition, several recurring costs associated with homeownership have risen in recent years. Average monthly homeowners insurance premiums rose 74% from 2019 to 2025.[8] Homeowners association fees also climbed, rising 26% for single-family homes and 29% for condos, townhomes, row homes, and co-ops, creating cost headwinds in regions where these fees are prevalent.[9] Property taxes also increased 24% over the same period.[10] Although HOA fees and property taxes grew closer in line with overall inflation, they still contribute to meaningful affordability pressures.

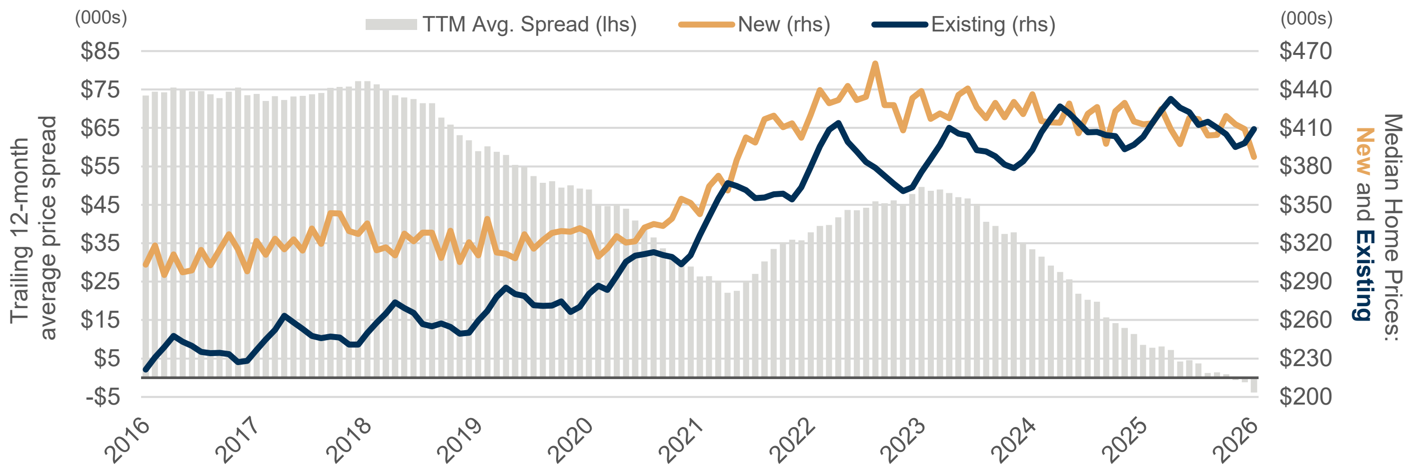
Figure 8: Change in Homeownership Expenses vs Headline CPI Inflation
(6-Year Change, 2019-2025)



Sources: U.S. Bureau of Labor Statistics (CPI), Realtor.com (HOA Fees), Federal Reserve Bank of Dallas (Homeowners' Insurance Premiums), and U.S. Census Bureau (Real Estate Taxes). Data for all sources range from year-end 2019 to year-end 2025, except for real estate taxes, which cover 2018 to 2024 due to the American Community Survey's one-year lag.

[6] U.S. Census Bureau, American Community Survey (ACS) 1-Year Estimates, tables S0101 and B25001. As of 2024.
[7] Proposition 13 mandates a property tax rate of 1%, requires that properties be assessed at market value at the time of sale, and allows assessments to rise by no more than 2% per year until the next sale. Wasi, N., & White, M. J. (2005, February). *Property tax limitations and mobility: The lock-in effect of California's Proposition 13*. National Bureau of Economic Research.
[8] Federal Reserve Bank of Dallas. (2026, March 24). *Home insurance premiums influence mortgage delinquencies, relocations and financial distress*.
[9] Friedman, N. (2026, April 9). *Surging HOA fees are pushing homeowners to the brink*. The Wall Street Journal.
[10] U.S. Census Bureau, American Community Survey (ACS) 1-Year Estimates, table B25103. As of 2024.

Figure 9: Median Sales Price of New vs. Existing Homes
(thousands, monthly, not seasonally-adjusted)



Source: U.S. Census Bureau, National Association of Realtors. As of March 2026
Note: Trailing 12-month average spread reflects the difference between new and existing home median sales prices over a 12-month trailing average

Supply constraints are most acute in markets with significant barriers to new construction. However, even in Sun Belt markets that experienced a post-pandemic surge in single-family development and some recent price moderation, sales activity remains subdued. This is evident in the homebuilding sector, where pricing dynamics have shifted. Historically, the median price of a new home has exceeded that of an existing home, but this spread has narrowed considerably. While median prices are subject to seasonal variation, in the 25 years prior to 2024 there were only two months in which existing home prices exceeded new home prices; over the past two years, this has occurred in 11 months.

Homebuilders have responded to price-constrained demand by offering concessions, including mortgage rate buydowns, to support sales.[11] While large builders have the capacity to absorb margin compression and are not subject to the same financing trade-offs or tax considerations as existing homeowners, overall affordability remains anchored to the resale market. With transaction volumes depressed, price discovery is limited, and the housing market remains increasingly stagnant.

Outlook and Implications for Multifamily Real Estate

Looking ahead, a meaningful improvement in housing affordability would require some combination of lower mortgage rates and a stabilization or reduction in home prices, allowing incomes to catch up. The timing and magnitude of either remains uncertain. On the financing side, mortgage rates are driven by broader macroeconomic conditions, incorporating a spread over the 10-year Treasury yield.

While policy actions, such as government-sponsored enterprises' (GSE) purchases of mortgage-backed securities as directed by President Trump in January, could place some downward pressure on mortgage rates relative to Treasuries, the underlying benchmark remains sensitive to inflation expectations, monetary policy, and broader market volatility.[12]

Meanwhile, home prices themselves are a function of supply and demand. While demand has been price-constrained, it is likely to prove elastic and rebound if affordability conditions improve. Supply, however, remains limited, with estimates suggesting a housing shortage of roughly 3 to 6 million units.[13] From 1990 to 2008, the market produced an average of 1.03 single-family housing starts for each net new household formed per year, a level broadly consistent with healthy supply growth. Since 2008, however, construction has failed to keep pace with household formation. From 2008 to 2026, the ratio has averaged just 0.79 single-family starts per net new household per year. On an absolute basis, the cumulative increase in net new households has exceeded single-family housing starts by roughly 6 million units over that period, underscoring the scale of the overall supply shortfall (see Figure 10).

Against this backdrop, the multifamily sector is the clear structural beneficiary, as elevated homeownership costs lead households to delay purchasing decisions and extend rental tenures. This trend is reflected in the median age of first-time homebuyers, which has increased by seven years since 2021. This dynamic provides a demand tailwind for the sector at large, though performance is likely to vary by region.

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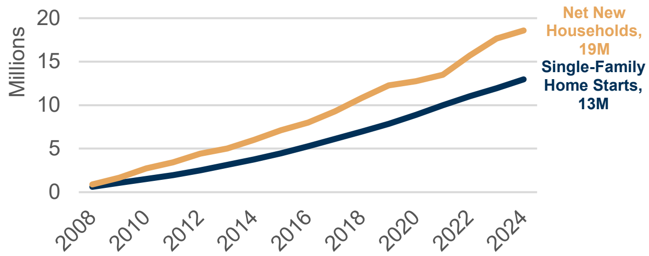
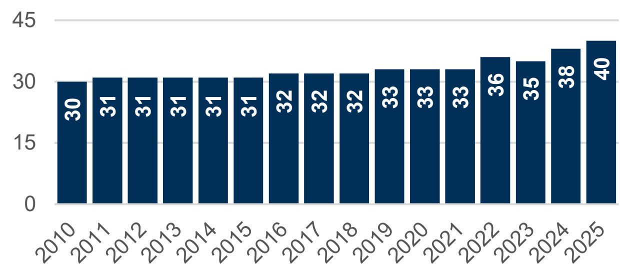
[11] Mettela, T. (2025, September 17). *Homebuilders boost incentives for buyers—including cash at closing*. Realtor.com.
[12] Jackson, J. (2026, January 21). *Will MBS purchases from Freddie and Fannie help housing affordability?* J.P. Morgan Asset Management.
[13] Jones, K., & Weinstock, L. R. (2025, December 15). Estimates of a "housing shortage" (CRS Insight No. IN12628). Congressional Research Service.

Figure 10: Net New Households vs. Single-Family Home Starts
(thousands, monthly, not seasonally-adjusted)



Source: U.S. Census Bureau, Oxford Economics. As of 2024

Figure 11: Median Age of First-Time Home Buyers



Source: National Association of Realtors. As of 2025

At the national level, multifamily fundamentals remain pressured, with elevated vacancy, flat rent growth, and a supply overhang, particularly across Sun Belt markets. Regional dynamics, however, diverge meaningfully.[14]

Despite population losses, coastal markets with limited new supply have maintained relatively low vacancy rates, including New York (2.9%), San Francisco (4.0%), Providence (4.5%), Los Angeles (5.8%), and Boston (6.5%), all below the national average of 8.5%. These tighter conditions have supported stronger rent growth. By contrast, Sun Belt markets, which have benefited from strong in-migration but face fewer barriers to development, have experienced a more pronounced supply wave, resulting in higher vacancy rates in markets such as Orlando (10.8%), Nashville (11.2%), Phoenix (11.9%), Dallas-Fort Worth (12.4%), and Austin (13.4%). However, the development pipeline is narrowing, which should support a gradual rebalancing of fundamentals. Even so, elevated homeownership costs have likely mitigated downside, as evidenced by lower move-out-to-buy rates (tenants vacating multifamily units to purchase single-family homes) across the country. If affordability constraints persist, demand should continue to support absorption of new supply, particularly in higher-growth markets.

In high-cost coastal markets such as New York, Boston, Seattle, and the Bay Area, home prices have not increased as rapidly as the national average, but they remain unaffordable for many potential buyers, particularly under current financing conditions. Structural barriers to single-family development, including legal, environmental, and geographic constraints, combined with persistent affordability challenges, are likely to support steady multifamily demand, especially in suburban submarkets.

Renting in Pacific Coast markets remains significantly more affordable than owning, with larger cost discounts than in many Sun Belt markets. While regulatory considerations remain an important underwriting factor and could limit upside in certain cases, these markets benefit from large, diverse economies and supply constraints that may support sticky occupancy, lower turnover, and reduced move-out-to-buy activity.

The Midwest presents a more mixed case. Like many coastal markets, Midwestern metros have experienced relatively stagnant demographic growth, but limited construction has helped keep multifamily vacancy lower and rent growth stronger than in many Sun Belt markets.

Chicago, for example, has experienced out-migration but limited construction in recent years. With just 0.9% of inventory delivered over the past year, among the lowest levels nationally, the market has maintained a vacancy rate of roughly 5% and rent growth that has outpaced the U.S. both over the past year (3.1% vs. 0%) and since the pandemic (23.3% vs. 17.4%).

However, the homeownership affordability dynamic is a less pronounced tailwind in the Midwest, as home prices are generally lower on an absolute dollar basis. As shown in the table below, even large, established Midwestern metros continue to maintain home values broadly in line with secondary Sun Belt markets.

In fact, despite population losses earlier in the pandemic, the Midwest has emerged as a destination for some households seeking affordability as housing costs have remained elevated elsewhere. From July 2024 to July 2025, total U.S. population growth of 0.5% was outpaced by Cincinnati at 0.6%, Grand Rapids at 0.7%, Kansas City at 0.8%, and Omaha, Columbus, and Indianapolis at 1.0% each.

Sun Belt markets, including Austin, Dallas, Atlanta, Nashville, Charleston, Charlotte, and Raleigh, have experienced strong home price growth since the pandemic, driven in part by domestic migration from coastal and Midwestern markets. Despite relatively lower home prices and overall cost of living compared to coastal markets, homeownership remains out of reach for many households in these regions, as reflected in homebuilder concessions and subdued move-out-to-buy rates.

Elevated multifamily supply in response to population growth in these markets has led to relatively high vacancy rates and rent declines. However, as the construction pipeline continues to slow, ongoing demographic and economic tailwinds should support improved performance over time, especially if homeownership affordability constraints persist. Additionally, these markets maintain rent-to-income ratios below the national average, suggesting potential for apartment rent growth as supply-demand dynamics rebalance in the sector.[15]

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[14] All mentions of CRE fundamentals (vacancy, rent growth, construction) from CoStar Group, Q1 2026

[15] Data in the following table is based on Zillow's "New Renter Affordability" dataset, which is a measure of the share of income the

Zillow Home Value Index (ZHVI)

Typical Value for Homes in 35th to 65th Percentile Range

Rank	Metro Area	Mid-Tier Home ($)	Rank	Metro Area	Mid-Tier Home ($)	Rank	Metro Area	Mid-Tier Home ($)
1	San Jose, CA	$1,611,712	28	Austin, TX	$422,024	54	Columbus, OH	$325,647
2	San Francisco, CA	$1,139,119	29	Fresno, CA	$410,026	55	Kansas City, MO	$322,329
3	Los Angeles, CA	$962,935	30	North Port, FL	$402,394	56	Greenville, SC	$311,263
4	San Diego, CA	$939,109	31	Baltimore, MD	$399,611	57	Houston, TX	$306,208
5	Oxnard, CA	$882,323	32	New Haven, CT	$398,024	58	Cincinnati, OH	$304,921
6	Urban Honolulu, HI	$853,862	33	Richmond, VA	$390,633	59	Omaha, NE	$303,694
7	Seattle, WA	$741,913	34	Hartford, CT	$390,183	60	Lakeland, FL	$297,212
8	Boston, MA	$728,840	35	Charlotte, NC	$386,438	61	Indianapolis, IN	$290,359
9	New York, NY	$718,688	36	Minneapolis, MN	$384,835	62	Buffalo, NY	$279,514
10	Bridgeport, CT	$676,796	37	Orlando, FL	$384,807	63	San Antonio, TX	$278,080
11	Riverside, CA	$583,985	38	Philadelphia, PA	$384,136	64	Louisville, KY	$277,226
12	Washington, DC	$577,711	39	Milwaukee, WI	$379,854	65	Rochester, NY	$274,134
13	Sacramento, CA	$577,173	40	Atlanta, GA	$377,885	66	St. Louis, MO	$270,442
14	Denver, CO	$566,726	41	Virginia Beach, VA	$369,183	67	Greensboro, NC	$263,945
15	Salt Lake City, UT	$560,320		**United States**	**$365,545**	68	Detroit, MI	$262,397
16	Portland, OR	$544,657	42	Albany, NY	$362,929	69	Birmingham, AL	$259,599
17	Stockton, CA	$529,607	43	Bakersfield, CA	$362,798	70	New Orleans, LA	$257,386
18	Providence, RI	$514,035	44	Knoxville, TN	$362,343	71	Columbia, SC	$253,158
19	Boise City, ID	$484,476	45	Dallas, TX	$362,216	72	Tulsa, OK	$250,246
20	Miami, FL	$472,262	46	Allentown, PA	$357,764	73	Baton Rouge, LA	$245,738
21	Worcester, MA	$472,004	47	Tampa, FL	$357,222	74	Cleveland, OH	$244,606
22	Nashville, TN	$452,378	48	Grand Rapids, MI	$349,706	75	Oklahoma City, OK	$244,107
23	Colorado Springs, CO	$452,340	49	Albuquerque, NM	$348,307	76	Memphis, TN	$244,054
24	Phoenix, AZ	$446,470	50	Jacksonville, FL	$348,307	77	El Paso, TX	$230,773
25	Raleigh, NC	$434,680	51	Chicago, IL	$345,060	78	Little Rock, AR	$227,779
26	Las Vegas, NV	$429,334	52	Tucson, AZ	$341,374	79	Pittsburgh, PA	$223,744
27	Charleston, SC	$429,085	53	Cape Coral, FL	$338,460	80	McAllen, TX	$193,125

Southeast
Northeast
Southwest
Pacific Coast
Intermountain West
Midwest

Source: Zillow Research. As of March 2026

Zillow Rental Discount Monitor

Monthly Rentership Discount to Homeownership across U.S. Metro Areas

Rank	Metro Area	%	Rank	Metro Area	%	Rank	Metro Area	%
1	San Jose, CA	-66.3%		**Top 80 Markets Avg.**	**-40.3%**	54	Philadelphia, PA	-32.1%
2	San Francisco, CA	-58.3%	28	Washington, DC	-40.0%	55	Charleston, SC	-32.0%
3	Seattle, WA	-56.0%	29	Minneapolis, MN	-39.9%	56	Allentown, PA	-31.6%
4	Salt Lake City, UT	-55.4%	30	Bakersfield, CA	-39.8%	57	Virginia Beach, VA	-31.3%
5	Los Angeles, CA	-55.0%	31	Providence, RI	-39.5%	58	Lakeland, FL	-30.3%
6	San Diego, CA	-53.9%	32	Riverside, CA	-38.9%	59	Louisville, KY	-30.3%
7	Austin, TX	-52.9%	33	San Antonio, TX	-38.2%	60	New Haven, CT	-29.9%
8	Urban Honolulu, HI	-52.6%	34	Columbus, OH	-37.8%	61	Cleveland, OH	-29.6%
9	Portland, OR	-52.3%	35	Kansas City, MO	-37.5%	62	McAllen, TX	-29.6%
10	Denver, CO	-52.2%	36	Oklahoma City, OK	-36.9%	63	St. Louis, MO	-29.3%
11	Oxnard, CA	-50.4%	37	Tulsa, OK	-36.6%	64	Greensboro, NC	-28.9%
12	Raleigh, NC	-46.7%	38	Charlotte, NC	-35.8%	65	Memphis, TN	-27.3%
13	Sacramento, CA	-46.4%	39	El Paso, TX	-35.5%	66	Knoxville, TN	-26.4%
14	Boise City, ID	-45.1%	40	Richmond, VA	-35.4%	67	Indianapolis, IN	-26.4%
15	Albany, NY	-43.4%	41	Atlanta, GA	-35.0%	68	Cincinnati, OH	-26.2%
16	Phoenix, AZ	-43.1%	42	Jacksonville, FL	-34.1%	69	Greenville, SC	-25.9%
17	Colorado Springs, CO	-43.0%	43	New York, NY	-33.9%	70	New Orleans, LA	-25.9%
18	Tucson, AZ	-42.5%	44	Hartford, CT	-33.7%	71	Tampa, FL	-25.6%
19	Dallas, TX	-42.4%	45	North Port, FL	-33.7%	72	Miami, FL	-25.2%
20	Albuquerque, NM	-41.4%	46	Boston, MA	-33.6%	73	Baton Rouge, LA	-24.8%
21	Stockton, CA	-41.4%	47	Grand Rapids, MI	-33.3%	74	Rochester, NY	-24.3%
22	Bridgeport, CT	-41.3%	48	Houston, TX	-33.2%	75	Detroit, MI	-23.0%
23	Milwaukee, WI	-41.0%	49	Little Rock, AR	-32.7%	76	Chicago, IL	-22.8%
24	Las Vegas, NV	-40.9%	50	Worcester, MA	-32.7%	77	Buffalo, NY	-22.0%
25	Fresno, CA	-40.8%	51	Baltimore, MD	-32.7%	78	Birmingham, AL	-21.8%
26	Omaha, NE	-40.6%	52	Cape Coral, FL	-32.6%	79	Columbia, SC	-13.7%
27	Nashville, TN	-40.5%	53	Orlando, FL	-32.3%	80	Pittsburgh, PA	-11.7%

Southeast
Northeast
Southwest
Pacific Coast
Intermountain West
Midwest

Source: Zillow Research. As of March 2026

median household would spend to lease the typical new rental. Typically, spending more than 30% of income on housing is considered unaffordable.

Zillow Rent Burden Index

Share of Household Income Spent on Rent

Rank	Market	%	Rank	Market	%	Rank	Market	%
1	New York, NY	38.0%	27	Columbia, SC	24.8%	54	Phoenix, AZ	21.9%
2	Miami, FL	37.4%	28	Charleston, SC	24.8%	55	McAllen, TX	21.9%
3	Los Angeles, CA	33.9%	29	Cape Coral, FL	24.7%	56	Tulsa, OK	21.8%
4	Lakeland, FL	31.5%	30	Greensboro, NC	24.4%	57	Colorado Springs, CO	21.7%
5	Riverside, CA	31.0%	31	Las Vegas, NV	24.4%	58	Buffalo, NY	21.7%
6	Urban Honolulu, HI	30.7%	32	Allentown, PA	24.3%	59	Indianapolis, IN	21.6%
7	Fresno, CA	30.2%	33	Memphis, TN	24.0%	60	Cincinnati, OH	21.6%
8	Boston, MA	30.1%	34	San Jose, CA	23.6%	61	Albany, NY	21.6%
9	San Diego, CA	29.9%	35	Philadelphia, PA	23.3%	62	Pittsburgh, PA	21.5%
10	Providence, RI	29.7%	36	Richmond, VA	23.3%	63	Baltimore, MD	21.5%
11	Oxnard, CA	29.5%	37	Jacksonville, FL	23.3%	64	Oklahoma City, OK	21.3%
12	North Port, FL	29.4%	38	Hartford, CT	23.3%	65	Washington, DC	21.1%
13	New Orleans, LA	29.3%	39	Cleveland, OH	23.0%	66	Birmingham, AL	21.1%
14	Stockton, CA	29.0%	40	Greenville, SC	22.9%	67	Louisville, KY	21.0%
15	Tampa, FL	28.7%	41	Nashville, TN	22.8%	68	Columbus, OH	20.6%
16	Bakersfield, CA	27.9%	42	Boise City, ID	22.8%	69	Portland, OR	20.3%
17	El Paso, TX	27.9%	43	Tucson, AZ	22.7%	70	Kansas City, MO	20.3%
18	Chicago, IL	27.4%	44	Rochester, NY	22.7%	71	San Antonio, TX	20.1%
19	Orlando, FL	27.1%	45	Grand Rapids, MI	22.7%	72	Dallas, TX	20.0%
20	Bridgeport, CT	27.0%	46	Charlotte, NC	22.6%	73	Little Rock, AR	19.8%
21	Knoxville, TN	26.5%	47	Houston, TX	22.4%	74	St. Louis, MO	19.7%
	United States	**26.4%**	48	Baton Rouge, LA	22.4%	75	Minneapolis, MN	19.5%
22	San Francisco, CA	26.4%	49	Seattle, WA	22.3%	76	Denver, CO	19.5%
23	New Haven, CT	26.4%	50	Atlanta, GA	22.2%	77	Omaha, NE	18.9%
24	Sacramento, CA	25.5%	51	Milwaukee, WI	22.0%	78	Raleigh, NC	18.4%
25	Worcester, MA	25.1%	52	Detroit, MI	21.9%	79	Salt Lake City, UT	18.2%
26	Virginia Beach, VA	25.0%	53	Albuquerque, NM	21.9%	80	Austin, TX	18.1%

- Southeast
- Northeast
- Southwest
- Pacific Coast
- Intermountain West
- Midwest

Source: Zillow Research. As of March 2026

Conclusion

The U.S. housing market is constrained by a clear set of forces: home prices that rose 40–50% since 2020, mortgage rates that have remained above 6% for nearly four years, and a supply backdrop that has failed to keep pace with household growth. Together, these factors have pushed the cost of owning well above renting and significantly reduced housing market activity.

The lock-in effect has reinforced this dynamic. A large share of homeowners hold mortgages well below current rates, discouraging sales and limiting inventory. This is further compounded by tax considerations, as price appreciation has pushed many owners beyond capital gains exclusion thresholds, increasing the cost of selling. At the same time, rising non-mortgage expenses, including insurance, property taxes, and HOA fees, have increased the all-in cost of homeownership, adding another layer of friction.

While national multifamily fundamentals remain pressured by recent supply, particularly in the Sun Belt, the broader housing backdrop is acting as a stabilizer. Lower move-out-to-buy rates are supporting occupancy across markets.

Regionally, affordability constraints continue to shape outcomes. In coastal markets, where ownership is most expensive, these dynamics complement balanced fundamental profiles with steady occupancy and lower turnover. In the Sun Belt, elevated supply has weighed on near-term fundamentals, but affordability pressures are still limiting the transition to homeownership and supporting absorption. In the Midwest, where home prices are lower, the home-affordability-driven demand tailwind is less pronounced, but stable supply conditions are supporting relatively balanced multifamily fundamentals.

Continued pressure on affordability and constrained for-sale inventory are likely to reinforce reliance on rental housing. In this environment, multifamily remains the most direct beneficiary of housing market frictions.

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