



Strategic Advantage

Navigating CRE Volatility by Metro and Sector

Stewart Rubin, Senior Director,
Head of Strategy and Research
Matt Wnek, Director
Marshall Swett, Associate

March 2026

Investment decisions reflect a range of considerations, including expectations around market volatility. Volatility can represent both risk and opportunity, increasing potential gains and losses. While volatility can move in a single direction, it more commonly manifests as a movement in both. Some markets tend to be less volatile because they are anchored by strong base economies that provide a floor on how low rents can fall during a recession. Other markets exhibit less volatility for a different reason: limited investment activity. In these environments, rents and values typically move within a narrow band, and supply and demand do not lurch far out of equilibrium. Such markets may be suitable for debt strategies but are often less compelling for equity investment.

Importantly, volatility is not static. Certain markets that were historically volatile may exhibit more stability going forward, while others have underlying characteristics that remain largely unchanged and are therefore likely to experience similar gyrations in the future. Understanding the source of past volatility is critical to determining whether those patterns are likely to repeat.

Volatility scores are presented by metro area for multifamily, office, and industrial property types. The analysis also explores the factors driving each metro's score and, most importantly, the extent to which historical volatility is likely to persist. The volatility metric can be applied across debt, equity, and CMBS strategies. A complete ranking of markets by volatility is provided in the addendum.

The analysis begins by describing the methodology used to measure volatility, followed by a discussion of the key themes that emerge from this metric.

Volatility Calculation Method

The 2015-2025 observation period captures the years before and after the COVID-19 pandemic, which involved an unusually rapid pandemic-induced recession that did not resemble a typical economic cycle. Rather than a conventional downturn, the period reflects a sudden shock from an unforeseeable black swan event, followed by a rapid economic rebound and materially different economic and demographic trends that were accelerated by households and corporations' newfound geographical flexibility. These dynamics were then followed by elevated inflation and a swift shift to restrictive monetary policy.

Expanding the observation period to 2005-2025 incorporates the years surrounding the Global Financial Crisis but introduces its own limitations, including incomplete coverage across a meaningful number of markets. In addition, as the analysis extends further back in time, the historical economy becomes less comparable to present conditions. Accordingly, the 2015-2025 period was chosen as the most reflective window for evaluating recent, short-term volatility.

Expense and capital expenditure data were not consistently available across all metro areas and years within the observation period. As a result, the analysis relies on rent and occupancy. The primary performance metric is calculated as the product of rent and occupancy.

All rent figures are adjusted for inflation using the national CPI (Consumer Price Index). While local CPI data are available for 17 markets from 2015 to 2025, they were not incorporated in order to maintain consistency across the full sample.

Consequently, volatility may be modestly overstated or understated in metros where local inflation diverged meaningfully from the national index. The 17 metro-level CPI series and their divergence from the national measure are summarized below. Based on these differentials, volatility is likely understated in Seattle and Miami and overstated in Chicago and Houston.

Figure 1:

Average Divergence from National CPI Inflation (2015-2025)			
Higher than National CPI		Lower than National CPI	
Market	Divergence	Market	Divergence
Seattle, WA	0.74%	Boston, MA	-0.01%
Miami, FL	0.73%	Detroit, MI	-0.12%
Tampa, FL	0.68%	Philadelphia, PA	-0.22%
San Diego, CA	0.67%	New York, NY	-0.23%
Atlanta, GA	0.53%	Minneapolis, MN	-0.26%
Los Angeles, CA	0.35%	St. Louis, MO	-0.26%
Denver, CO	0.35%	Chicago, IL	-0.29%
San Francisco, CA	0.34%	Houston, TX	-0.40%
Dallas, TX	0.21%		

Source: U.S. Bureau of Labor Statistics, New York Life Real Estate Investors

The volatility score is derived using a two-standard-deviation framework, reflecting the statistical convention that approximately 95% of observations fall within two standard deviations of the mean. Metros are ranked based upon the percentage deviation from the mean inflation-adjusted product of rent and occupancy.

Among the three property types analyzed, multifamily exhibited the lowest volatility, with market scores ranging from 2.6% at the low end to 19.1% at the high end. Office was the most volatile sector, with scores spanning 6.2% to 51.0%. Industrial fell between the two, with market volatility scores ranging from 2.3% to 34.7%.

Themes in Low Volatility Markets

Multifamily

Historically, multifamily volatility was lowest in markets anchored by government employment, large and diversified economies, or significant retiree populations. Over the 2015–2025 period, however, several of these traditional stabilizers weakened as major economic, demographic, and political shifts reshaped demand patterns.

Figure 2:

Multifamily Inflation- and Occupancy-Adjusted Effective Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile		
Market	Volatility (2005-2025)	Rank
Chicago - IL	4.4%	1
Buffalo - NY	4.6%	2
Pittsburgh - PA	4.7%	3
Albany - NY	4.9%	4
Cleveland - OH	5.2%	5
Kansas City - MO	5.2%	6
Baltimore - MD	5.3%	7
Philadelphia - PA	5.5%	8
Omaha - NE	5.7%	9
Washington - DC	6.0%	10
Boston - MA	6.0%	11
Columbus - OH	6.1%	12
Louisville - KY	6.2%	13
Oklahoma City - OK	6.4%	14
Saint Louis - MO	6.5%	15
Tulsa - OK	6.9%	16
Rochester - NY	6.9%	17
New Haven - CT	7.0%	18
Honolulu - HI	7.1%	19
Houston - TX	7.4%	20

Source: CoStar Group. As of 2025

Metros with meaningful federal, state, or military employment traditionally exhibited lower volatility because public sector payrolls tended to remain relatively stable across economic cycles. Markets such as Baltimore, Norfolk, Washington, San Antonio, and Austin long benefited from this dynamic. Since 2020, however, demographic shifts have diluted that historical pattern. Pandemic-driven outmigration from states such as Maryland and Virginia weighed on Baltimore, Washington, and Norfolk, while Sunbelt markets including San Antonio and Austin experienced strong in-migration and surging demand, resulting in greater volatility in both directions.

More recently, efforts to curtail the federal workforce have further reduced the extent to which a large federal employment footprint can be viewed as a structural floor for stability. Over a 2000–2019 time frame,¹ each of the aforementioned markets exhibited clear stability, but as soon as the COVID period is incorporated, that historical relationship weakens materially.

¹ Rubin, S., & Firenze, D. (2020, Fall). *Metros, sectors, and market volatility*. New York Life Real Estate Investors Strategy & Research Group publication in AFIRE Summit Journal.

Traditional Florida retiree hubs, such as Palm Beach, Fort Lauderdale, and Miami, long ranked among the least volatile multifamily markets, reflecting income streams less directly tied to cyclical employment conditions. During the pandemic, however, Florida experienced an unprecedented wave of migration that drove outsized rent growth and an aggressive development response, increasing volatility relative to historical norms.

Meanwhile, retiree-heavy markets in the Midwest and Northeast, including Albany, Buffalo, Cleveland, and St. Louis remained stable as slow growth and limited investment continually constrained both upside and downside swings. Over time, however, legacy pension-supported income bases are gradually being phased out, which could leave some of these markets more exposed to downside risk in future cycles.²

One stabilizing factor that remains firmly intact is a strong education and healthcare presence. Markets with elevated location quotients (LQs)³ in these sectors have consistently exhibited lower multifamily volatility. Universities and major hospital systems anchor employment bases that are relatively resilient during downturns and less susceptible to relocation, remote work adoption, or cyclical contraction.

Educational Services:

- **Chicago** (LQ 1.15; U. of Chicago, Northwestern, DePaul, Loyola)
- **Albany** (LQ 1.90; SUNY Albany, RPI, Siena, Union)
- **New Haven** (LQ 4.67; Yale University)
- **Pittsburgh** (LQ 1.82; Carnegie Mellon, U. of Pittsburgh)
- **Boston** (LQ 2.22; Harvard, MIT, Northeastern, Tufts, Boston College)
- **Philadelphia** (LQ 1.78; U. of Pennsylvania, Drexel, Temple, Villanova)

Health Care and Social Assistance:

- **Hartford** (LQ 1.15; Hartford HealthCare)
- **New Haven** (LQ 1.29; Yale New Haven Hospital)
- **Cleveland** (LQ 1.15; Cleveland Clinic, University Hospitals)
- **Boston** (LQ 1.14; Massachusetts General Hospital)
- **Milwaukee** (LQ 1.16; Milwaukee Regional Medical Complex, Aurora Health Care, ThedaCare)
- **Philadelphia** (LQ 1.78; major teaching hospitals affiliated with Penn, Temple, Drexel, and Jefferson)

Unlike many tradable, market-driven industries such as technology or finance, education and healthcare employment is less mobile, less amenable to remote substitution, and less sensitive to corporate relocation decisions. Many of these markets, being in the Midwest and Northeast, face longer-term demographic and growth challenges, but those same characteristics have historically dampened multifamily volatility by limiting extreme swings in supply and demand. While traditional predictors of multifamily stability such as government concentration, large diversified economies, and retiree presence have weakened in the post-pandemic environment, a strong “eds and meds” employment base remains a consistent anchor of relative stability.

Office

Office volatility over the 2015–2025 period reflects a somewhat different set of drivers than multifamily. While traditional stabilizers such as government employment and large diversified economies still matter, the pandemic and the rise of hybrid and remote work materially altered demand patterns.

Figure 3:

Office Inflation- and Occupancy-Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile		
Market	Volatility (2005-2025)	Rank
San Antonio - TX	8.5%	1
Salt Lake City - UT	11.0%	2
Dallas-Fort Worth - TX	11.3%	3
Minneapolis - MN	12.0%	4
Indianapolis - IN	12.2%	5
Pittsburgh - PA	12.4%	6
Richmond - VA	12.5%	7
Raleigh - NC	12.6%	8
New Haven - CT	13.0%	9
Philadelphia - PA	13.6%	10
Worcester - MA	13.7%	11
Columbus - OH	13.9%	12
Kansas City - MO	13.9%	13
Oklahoma City - OK	14.1%	14
Portland - OR	14.4%	15
Jacksonville - FL	14.9%	16
Chicago - IL	15.2%	17
Cleveland - OH	15.5%	18
Memphis - TN	16.1%	19
Denver - CO	16.2%	20

Source: CoStar Group. As of 2025

² Rubin, S., & Firenze, D. (2019, Fall). *Remeasuring the metro*. New York Life Real Estate Investors Strategy & Research Group publication in AFIRE Summit Journal.

³ A location quotient (LQ) measures an industry's concentration in a specific market relative to the national average and is used to identify

areas of industrial specialization. It is calculated by dividing the industry's share of local employment by its share of national employment. All LQ data used in this analysis are based on U.S. Bureau of Labor Statistics data as of Q4 2025 obtained through Oxford Economics.

Two themes stand out. First, markets with limited exposure to office-using industries tend to be more stable. Second, growing office hubs with low barriers to development and business-friendly environments that attracted both significant population inflows and corporate relocations in office-using industries can also exhibit relative stability, as supply can to recalibrate alongside increased demand.

Metros with below-average location quotients in traditional office-using sectors, such as Information, Finance and Real Estate (FIRE), and Professional and Business Services (PBS), generally exhibited lower volatility. In these markets, office demand is not a dominant driver of the local economy, limiting extreme swings in absorption and rents.

Examples include:

- **Logistics and manufacturing hubs:** Inland Empire, Lehigh Valley, Lakeland (FL), Memphis, Dayton
- **Markets with a substantial military presence:** Norfolk, San Diego
- **Education and healthcare anchors:** Worcester, New Haven
- **Leisure and hospitality-driven economies:** Las Vegas, Sarasota, Orlando
- **Commuter-oriented markets:** Ventura, Lakeland

Because office-using employment represents a smaller share of total economic activity in these metros, shifts in workplace utilization have had a more muted impact on fundamentals. Stability in these markets often reflects limited upside as much as limited downside.

A second group of relatively stable office markets includes growing, business-friendly metros with low or moderate supply barriers. In these markets, legal and geographic flexibility allows development to respond to changes in demand, reducing the likelihood of prolonged undersupply or extreme overheating. In many of these markets, overall inventory was more modest entering the pandemic and there were lower concentrations of legacy commodity office stock, limiting the amount of space that could be vacated and rendered obsolete. At the same time, post-2020 construction has been more disciplined and tenant-conscious, concentrated in high-quality, amenity-rich product aligned with evolving preferences. As people and firms relocated to these markets in search of warmer climates and more business-friendly environments, supply was able to recalibrate accordingly.

Florida metros broadly fall into this category, given their strong business climate and generally lower regulatory barriers. While Tampa and Fort Lauderdale face some geographic constraints due to coastal location, most Florida markets retain relatively elastic supply conditions.

Raleigh, Dallas, Phoenix, and San Antonio similarly combine pro-business environments with comparatively low development barriers. Several of these markets are also expanding their office-using employment bases, particularly in Finance and Real Estate (FIRE):

- **Jacksonville (1.77 FIRE LQ):** Bank of America, Wells Fargo, BBVA, Truist, and TIAA
- **Tampa (1.75 FIRE LQ):** JPMorgan Chase, Citi, MUFG, Raymond James, PGIM
- **Phoenix (1.59 FIRE LQ):** Bank of America, Wells Fargo, Charles Schwab, American Express, USAA
- **San Antonio (1.63 FIRE LQ):** USAA, Frost Bank, JPMorgan Chase
- **Fort Lauderdale (1.22 FIRE LQ):** Bank of America, American Express, First Citizens Bank, AIG
- **Dallas (1.65 FIRE LQ)⁴:** JPMorgan Chase, Bank of America, Goldman Sachs, Fidelity, Charles Schwab, Wells Fargo

Raleigh, NC occupies a unique position, reflecting elements of both stabilizing themes in the office sector. Historically anchored by education and government, with major employers including Duke University, UNC, and NC State, the market has long benefited from stable “eds and meds” employment. Over the past two decades, and accelerating in the wake of the pandemic, it has cultivated a significant biotechnology presence centered around Research Triangle Park.

More recently, Raleigh has emerged as a leading technology and life sciences hub, with elevated concentrations in Information (1.83 LQ) and Professional and Business Services (1.39 LQ)⁵. Major employers such as IBM, Cisco, Pfizer, and Lenovo reinforce its expanding office-using base. At the same time, its pro-business climate and relatively flexible development conditions have helped moderate volatility compared with higher-barrier coastal technology markets.

In contrast to high-barrier coastal markets, where supply constraints can magnify both rent spikes and subsequent corrections, these lower-barrier metros have been better positioned to adjust incrementally as conditions shift.

The post-COVID environment has also weakened several traditional predictors of office stability. Markets heavily concentrated in office-using industries proved more exposed to hybrid work adoption and corporate space reductions, particularly in higher-tax or less business-friendly environments. By comparison, metros with diversified but not overly office-centric economies, or those that paired in-migration and job growth with pro-business climates and relatively elastic supply conditions, generally experienced more moderate volatility.

⁴ Rubin, S., & Swett, M. (2025, Fall). *Dallas - The Buckle of the Sunbelt and America's Fastest Growing Financial Center*. New York Life Real Estate Investors Strategy & Research Group publication in CREFC World.

⁵ Many life sciences and biotechnology firms are classified within the “Professional, Scientific, and Technical Services” subsector of the BLS framework, which is a component of Professional and Business Services. Raleigh’s LQ within this subsector is 1.60.

Industrial

The industrial sector has undergone a significant transformation to meet the demands of e-commerce and modern supply chains. Much of this shift, and the associated increase in volatility to the upside, has been concentrated in high-growth markets. By contrast, many of the more stable industrial metros are in demographically slower-growing regions, including parts of the Midwest and portions of the Pacific Coast. As a result, these markets did not experience the same pronounced surge in industrial demand seen across several high-growth Sunbelt metros.

Figure 4:

Industrial Inflation- and Occupancy- Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile		
Market	Volatility (2015-2025)	Rank
Houston - TX	5.8%	1
Kansas City - MO	8.0%	2
Cleveland - OH	9.4%	3
Minneapolis - MN	9.7%	4
Milwaukee - WI	9.7%	5
Pittsburgh - PA	13.8%	6
Saint Louis - MO	13.9%	7
Dayton - OH	15.6%	8
Indianapolis - IN	16.3%	9
Stamford - CT	17.2%	10
Hartford - CT	17.5%	11
Baltimore - MD	17.8%	12
Chicago - IL	18.8%	13
Oklahoma City - OK	19.1%	14
Norfolk - VA	19.3%	15
New Haven - CT	19.5%	16
Memphis - TN	20.1%	17
San Antonio - TX	20.1%	18
San Francisco - CA	20.2%	19
Lehigh Valley - PA	20.3%	20

Source: CoStar Group. As of 2025

Houston stands somewhat apart. The market benefits from demand generated by its major port, particularly as supply chains have diversified away from China. In addition, the widening of the Panama Canal has allowed larger ships to dock in Houston area ports. At the same time, its relatively low supply barriers have allowed new development to respond quickly to demand shifts, enabling the market to recalibrate and limiting more extreme volatility.

Themes in Higher Volatility Markets

Multifamily

High volatility in the multifamily sector was most evident in both the winners and losers of Covid-era migration trends.

Figure 5:

Multifamily Inflation- and Occupancy- Adjusted Effective Rent Volatility (2*Standard Deviation/Mean), #1 is the Most Volatile		
Market	Volatility (2005-2025)	Rank
Dayton - OH	29.4%	1
Sacramento - CA	23.1%	2
Inland Empire - CA	21.9%	3
Las Vegas - NV	21.8%	4
Phoenix - AZ	20.4%	5
Stockton - CA	19.3%	6
Tucson - AZ	19.2%	7
Fort Myers - FL	18.9%	8
Colorado Springs - CO	18.3%	9
Palm Beach - FL	18.3%	10
Ventura - CA	17.8%	11
Tampa - FL	17.7%	12
Fresno - CA	17.7%	13
Atlanta - GA	16.4%	14
Orange County - CA	15.7%	15
Greensboro - NC	15.5%	16
McAllen - TX	15.4%	17
Orlando - FL	15.1%	18
Sarasota - FL	14.9%	19
Jacksonville - FL	14.8%	20

Source: CoStar Group. As of 2025

Markets that experienced significant outmigration in the wake of COVID, including San Francisco and the East Bay, saw rents decline and vacancy rise as remote work reduced the need for proximity to major tech employment centers. Within California, secondary markets such as Fresno and Sacramento benefited from spillover demand as households sought more affordable alternatives to coastal California, leading to population gains and increased volatility.

Conversely, markets that absorbed substantial migration, particularly across Florida as well as Tucson, Austin, and Las Vegas, experienced sharp increases in occupancy-adjusted rent during 2021 and early 2022. Rapid population inflows and tight near-term supply drove pronounced rent spikes.

Given that many of these metros operate in business-friendly environments with relatively low barriers to development, multifamily construction accelerated quickly. As a significant wave of new deliveries came online, several markets overshot equilibrium, resulting in elevated vacancy and moderating rent growth.

Importantly, this dynamic differs from the office sector. In office markets, lower supply barriers and pro-business climates have in some cases supported relative stability, as more modest pre-pandemic inventory and limited construction reduced the possibility of extreme dislocation. In multifamily, by contrast, pandemic-era household formation and migration produced an unusually sharp demand surge, followed by an equally aggressive development response. The magnitude and speed of that supply wave contributed to greater cyclical volatility over the full period.

Office

Office markets exhibiting the highest volatility during the 2015–2025 period generally fall into three groups: established financial and technology hubs disproportionately exposed to remote work and outmigration, legacy markets facing structural headwinds, and smaller high-growth markets.

Figure 6:

Office Inflation- and Occupancy-Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Most Volatile		
Market	Volatility (2005-2025)	Rank
San Francisco - CA	53.6%	1
Las Vegas - NV	40.4%	2
San Jose - CA	38.5%	3
Inland Empire - CA	30.1%	4
Orange County - CA	27.9%	5
Phoenix - AZ	27.1%	6
East Bay - CA	26.7%	7
Austin - TX	26.6%	8
Stamford - CT	26.2%	9
Ventura - CA	25.3%	10
Sacramento - CA	24.1%	11
Detroit - MI	24.1%	12
Seattle - WA	23.3%	13
Hartford - CT	23.0%	14
Palm Beach - FL	22.9%	15
New York - NY	22.4%	16
Sarasota - FL	22.4%	17
Lakeland - FL	22.0%	18
Houston - TX	21.5%	19
Northern New Jersey - NJ	21.3%	20

Source: CoStar Group. As of 2025

Several historically dominant financial and technology centers saw elevated volatility as hybrid work adoption reduced tenants' space needs and pandemic-era outmigration weakened overall demand. These include New York (plus Stamford), Chicago, Boston, Los Angeles and Orange County, Washington, DC, and Seattle. As firms reassessed footprints and adopted hybrid models, absorption weakened and vacancy rose sharply. In many cases, higher taxes and operating costs compounded the demand shock, amplifying downward corrections.

San Francisco, along with the East Bay and San Jose, stands apart. San Francisco has a uniquely elevated level of volatility, at 51%, over the 10-year period since 2015 versus 24.8% for the next most volatile market. This pattern extends to earlier cycles and reflects the region's outsized exposure to the technology sector. San Jose, San Francisco, and the East Bay have consistently exhibited elevated volatility in line with their reliance on tech employment. Previous boom and bust cycles, particularly following the dot-com crash in 2000, resulted in sharp swings in rent levels.

These markets also face significant supply constraints. Bounded by the Pacific Ocean and the San Francisco Bay, with much of the surrounding land mountainous and heavily protected, developable land is limited. Combined with a less business-friendly regulatory environment, construction is difficult and slow to respond to changes in demand. The interaction of tight supply and heavy tech concentration has produced pronounced cycles. With that volatility comes both opportunity and risk. The region has generated generational investment gains, but also periods of steep losses, making timing of entry and exit critical. Most recently, inflation- and occupancy-adjusted rents declined during the pandemic but have begun to recover as local leadership has pursued more business-friendly policies. Additionally, the Bay Area has benefited from renewed momentum in technology, primarily AI-driven expansion.

Another group of markets that experienced high volatility to the downside includes legacy markets that were already contending with slower growth or structural economic challenges prior to the pandemic. Markets such as Pittsburgh, Hartford, and Baltimore saw existing pressures intensified, contributing to volatility relative to their historical norms.

A third, smaller category consists of two high-growth markets with two distinct volatility stories: Austin and Palm Beach.

Leading into the pandemic, Austin was already experiencing robust technology hiring and corporate expansion, which pushed inflation- and occupancy-adjusted rents from roughly \$38 per square foot in 2015 to more than \$45 per square foot by 2019. Developers responded aggressively, with the construction pipeline reaching approximately 8.5% of inventory in Q4 2019. Even as pandemic-driven migration trends led Austin to attract major relocations, including Tesla, Samsung, and Oracle, technology employment proved more cyclical than anticipated and remote work adoption remained elevated.

Despite substantial population and employment gains, the office market appeared overbuilt relative to evolving utilization preferences. The result was pronounced volatility in vacancy and rent performance, with inflation- and occupancy-adjusted rents receding to just over \$34 per square foot, below 2015 levels.

As discussed earlier, Raleigh experienced strong technology employment growth similar to Austin, but its economic profile differs in important respects. Raleigh's expansion has been more closely anchored to research institutions, biotechnology, and a diversified professional and business services base, resulting in a more measured and durable growth trajectory.

By contrast, Austin's heavier concentration in software- and hardware-oriented technology, industries characterized by sharper hiring cycles and more variable leasing patterns, contributed to wider swings in office fundamentals.

Palm Beach represents a different form of volatility, driven by upside momentum. Starting from a relatively small inventory base, the market experienced a dramatic surge in demand during the pandemic as firms and high-income households relocated to the area. Inflation- and occupancy-adjusted rent increased 35.1% from 2015 to 2025, the largest gain among markets in the sample. Unlike Austin, Palm Beach did not enter the pandemic with a large development pipeline. Instead, volatility stemmed from an outsized demand shock off a very low base, amplified by an influx of wealthy residents that was quickly followed by hedge funds and wealth management firms, including Wells Fargo's recently announced wealth management headquarters.⁶

Importantly, Palm Beach's story contrasts with the lower-volatility Sunbelt office metros discussed earlier. In those markets, office-oriented economies that were already more established, particularly in finance, continued to expand during the pandemic, supporting more measured growth. In Palm Beach's case, however, inflation- and occupancy-adjusted rent began from a much lower base and moved sharply upward, contributing to a more pronounced volatility profile.

Industrial

Industrial has been a property type in structural transformation, as supply chain reconfiguration and the growth of e-commerce have shifted demand from retail storefronts to warehouse and distribution facilities over the past 15 years, accelerating meaningfully during the pandemic.

Figure 7:

Industrial Inflation- and Occupancy-Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Most Volatile		
Market	Volatility (2015-2025)	Rank
Nashville - TN	54.5%	1
Inland Empire - CA	48.3%	2
Miami - FL	44.3%	3
San Jose - CA	42.8%	4
Orlando - FL	42.7%	5
Fort Lauderdale - FL	42.2%	6
Atlanta - GA	40.7%	7
Los Angeles - CA	40.2%	8
Las Vegas - NV	39.2%	9
Northern New Jersey - NJ	39.0%	10
Charlotte - NC	37.7%	11
East Bay - CA	37.5%	12
Sacramento - CA	36.2%	13
New York - NY	34.6%	14
Dallas-Fort Worth - TX	34.6%	15
Tampa - FL	34.3%	16
Richmond - VA	33.6%	17
Orange County - CA	33.4%	18
Austin - TX	33.2%	19
Phoenix - AZ	33.1%	20

Source: CoStar Group. As of 2025

At the national level, inflation- and occupancy-adjusted rent increased 33.6% from 2015 to 2025. By comparison, the same metric contracted by 14.3% for multifamily and 28.3% for office over the same period.

Across the more volatile industrial metros, the dominant theme was volatility to the upside. Many high-growth markets experienced sustained increases in inflation- and occupancy-adjusted rent, including Salt Lake City, Dallas-Fort Worth, Lakeland (FL), Charlotte, Phoenix, Jacksonville, Richmond, Atlanta, Orlando, and Nashville. These markets benefited from population growth, expanding consumption bases, and their strategic positioning within regional distribution networks.

Florida markets including Miami, Fort Lauderdale, and Tampa also saw volatility to the upside. In these metros, industrial demand is supported by rapid population growth and import activity, but land constraints and high alternative use values, particularly for multifamily, limit the extent of warehouse development. In many cases, the highest and best use of infill land remains residential rather than industrial, reinforcing pricing power and contributing to upside volatility during demand surges.

⁶ Altus, K. (2026, January 20). *Wells Fargo becomes first major bank to relocate wealth operations headquarters to Florida*. FOX Business.

New Orleans represents a more nuanced case. While the metro itself has not matched the broader Southeast in economic or demographic growth, it benefits from its port infrastructure and serves as a lower-cost alternative within the Gulf and Southeast logistics corridor, maintaining relevance and seeing upside volatility despite slower metro-level momentum.

Despite demographic trends shifting away from the Midwest and Northeast in the wake of the pandemic, markets with strong logistics infrastructure and proximity to large consumer bases, such as Columbus, Northern New Jersey, and Philadelphia, exhibited elevated upside volatility. Their roles as major distribution hubs within national supply chains amplified the effects of shifting trade patterns and e-commerce demand.

However, as is often the case following periods of rapid expansion, development activity eventually overshot demand. Nationally, inflation- and occupancy-adjusted rent has moderated over the past year. While many growth markets have experienced only gradual slowdowns, the Inland Empire saw one of the more pronounced pullbacks. After peaking in 2023, rents began to decline as supply surged and global trade patterns shifted. Nearshoring and reshoring trends, coupled with unpredictable tariff policies and efforts to reduce dependence on China, have altered import flows and introduced a new phase of recalibration for major port-proximate logistics markets.

In sum, industrial volatility over this period has largely reflected structural growth rather than demand erosion. The most volatile markets were those most exposed to rapid expansion in e-commerce, migration-driven consumption growth, and shifting trade dynamics, resulting in increases in inflation- and occupancy-adjusted rent.

Conclusion

Historic volatility varies meaningfully by metro area and property type. Volatility increases risk, but it also creates the potential for outsized returns when capital is deployed and harvested at favorable points in the cycle. Conversely, less volatile markets may limit extreme upside while offering steadier and more predictable performance. Some highly volatile markets exhibit sharp downward rent corrections following periods of rapid expansion, exposing investors to both pronounced drawdowns and uncertain recovery timelines.

Interpreting past volatility requires understanding its underlying drivers, which differ not only across metros but also by property type within the same metro. Industry mix, migration patterns, and barriers to development all influence outcomes, but their effects are not uniform across multifamily, office, and industrial. The critical question is whether the forces that generated past volatility were cyclical in nature or structural and therefore more likely to persist.

Ultimately, past volatility is not a forecast, but it is a diagnostic tool. Assessing whether a metro's economic underpinnings have fundamentally shifted, or remain largely intact, is essential to determining the probability and direction of future volatility.

Appendix

Multifamily Inflation- and Occupancy-Adjusted Effective Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile

Market	Volatility (2005-2025)	Rank	Volatility (2015-2025)	Rank	Market	Volatility (2005-2025)	Rank	Volatility (2015-2025)	Rank	Market	Volatility (2005-2025)	Rank	Volatility (2015-2025)	Rank
Chicago - IL	4.4%	1	2.6%	1	Salt Lake City - UT	9.6%	31	9.9%	50	Raleigh - NC	13.4%	61	12.8%	69
Buffalo - NY	4.5%	2	3.8%	7	Norfolk - VA	9.7%	32	10.9%	57	East Bay - CA	13.4%	62	15.1%	81
Pittsburgh - PA	4.7%	3	4.7%	13	Charleston - SC	9.7%	33	9.5%	46	Denver - CO	13.5%	63	10.9%	56
Albany - NY	4.9%	4	3.5%	5	Los Angeles - CA	9.7%	34	8.5%	40	Albuquerque - NM	13.5%	64	14.3%	78
Cleveland - OH	5.2%	5	4.3%	10	Miami - FL	9.7%	35	6.9%	30	Austin - TX	13.6%	65	17.7%	87
Kansas City - MO	5.2%	6	3.5%	6	New York - NY	9.8%	36	8.6%	41	San Francisco - CA	13.8%	66	17.5%	85
Baltimore - MD	5.3%	7	6.4%	26	El Paso - TX	9.8%	37	10.3%	52	Fort Lauderdale - FL	14.1%	67	10.7%	54
Philadelphia - PA	5.5%	8	5.3%	17	Milwaukee - WI	10.0%	38	4.5%	11	Baton Rouge - LA	14.4%	68	13.1%	70
Omaha - NE	5.7%	9	2.7%	2	Detroit - MI	10.1%	39	6.3%	25	San Diego - CA	14.5%	69	8.4%	39
Washington - DC	6.0%	10	6.8%	28	New Orleans - LA	10.1%	40	6.9%	31	Jacksonville - FL	14.8%	70	14.0%	76
Boston - MA	6.0%	11	4.9%	14	Richmond - VA	10.1%	41	8.3%	37	Sarasota - FL	14.9%	71	17.5%	84
Columbus - OH	6.1%	12	5.1%	15	Portland - OR	10.3%	42	7.4%	34	Orlando - FL	15.1%	72	11.8%	65
Louisville - KY	6.2%	13	3.5%	4	Indianapolis - IN	10.3%	43	9.8%	48	McAllen - TX	15.4%	73	12.6%	68
Oklahoma City - OK	6.4%	14	6.1%	22	San Antonio - TX	10.3%	44	13.5%	71	Greensboro - NC	15.5%	74	14.2%	77
Saint Louis - MO	6.5%	15	4.2%	8	Worcester - MA	10.3%	45	6.2%	24	Orange County - CA	15.7%	75	9.8%	49
Tulsa - OK	6.9%	16	7.7%	35	Lehigh Valley - PA	10.6%	46	9.4%	45	Atlanta - GA	16.4%	76	13.8%	73
Rochester - NY	6.9%	17	6.5%	27	Providence - RI	11.0%	47	8.1%	36	Fresno - CA	17.7%	77	14.0%	75
New Haven - CT	7.0%	18	4.3%	9	Stamford - CT	11.1%	48	5.2%	16	Tampa - FL	17.7%	78	14.6%	79
Honolulu - HI	7.1%	19	5.5%	20	Savannah - GA	11.2%	49	11.2%	62	Ventura - CA	17.8%	79	9.3%	43
United States of America	7.4%	20	6.1%	23	Boise - ID	11.2%	50	11.2%	61	Palm Beach - FL	18.3%	80	15.0%	80
Houston - TX	7.4%	21	9.1%	42	Columbia - SC	11.3%	51	8.3%	38	Colorado Springs - CO	18.3%	81	13.9%	74
Northern New Jersey - NJ	7.6%	22	4.7%	12	Dallas-Fort Worth - TX	11.4%	52	9.9%	51	Fort Myers - FL	18.9%	82	19.1%	89
Hartford - CT	7.6%	23	3.5%	3	Seattle - WA	11.8%	53	7.2%	32	Tucson - AZ	19.2%	83	17.7%	86
Cincinnati - OH	7.7%	24	5.4%	18	Charlotte - NC	12.0%	54	10.5%	53	Stockton - CA	19.3%	84	11.5%	63
Greenville - SC	8.3%	25	6.8%	29	Bakersfield - CA	12.2%	55	11.6%	64	Phoenix - AZ	20.4%	85	17.4%	83
Long Island - NY	8.6%	26	5.5%	19	Memphis - TN	12.4%	56	11.2%	60	Las Vegas - NV	21.8%	86	17.8%	88
Little Rock - AR	8.7%	27	6.0%	21	San Jose - CA	12.7%	57	11.0%	58	Inland Empire - CA	21.9%	87	15.6%	82
Nashville - TN	8.8%	28	10.8%	55	Knoxville - TN	13.2%	58	12.3%	67	Sacramento - CA	23.1%	88	13.7%	72
Minneapolis - MN	9.1%	29	11.1%	59	Grand Rapids - MI	13.3%	59	9.4%	44	Dayton - OH	29.0%	89	7.3%	33
Birmingham - AL	9.6%	30	9.5%	47	Lakeland - FL	13.3%	60	11.9%	66					

Source: CoStar Group; New York Life Real Estate Investors. As of 2025

Office Inflation- and Occupancy-Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile

Market	Volatility (2005-2025)	Rank	Volatility (2015-2025)	Rank	Market	Volatility (2005-2025)	Rank	Volatility (2015-2025)	Rank
San Antonio - TX	8.5%	1	10.2%	19	Los Angeles - CA	19.3%	32	18.3%	50
Salt Lake City - UT	11.0%	2	12.7%	30	San Diego - CA	19.4%	33	10.4%	20
Dallas-Fort Worth - TX	11.3%	3	9.9%	16	Miami - FL	19.4%	34	10.6%	21
Minneapolis - MN	12.0%	4	13.1%	32	Boston - MA	19.8%	35	17.3%	47
Indianapolis - IN	12.2%	5	11.1%	25	Dayton - OH	20.6%	36	8.2%	6
Pittsburgh - PA	12.4%	6	16.8%	46	Washington - DC	20.6%	37	20.0%	55
Richmond - VA	12.5%	7	11.5%	27	Lehigh Valley - PA	20.7%	38	8.8%	11
Raleigh - NC	12.6%	8	8.6%	9	Norfolk - VA	20.8%	39	9.8%	15
New Haven - CT	13.0%	9	8.5%	8	Honolulu - HI	20.9%	40	15.4%	41
Philadelphia - PA	13.6%	10	13.2%	33	Charlotte - NC	20.9%	41	12.7%	29
Worcester - MA	13.7%	11	8.2%	5	Orlando - FL	21.1%	42	8.3%	7
Columbus - OH	13.9%	12	14.4%	39	Northern New Jersey - NJ	21.3%	43	10.7%	23
Kansas City - MO	13.9%	13	13.4%	34	Houston - TX	21.5%	44	23.4%	57
Oklahoma City - OK	14.1%	14	18.6%	52	Lakeland - FL	22.0%	45	9.3%	12
Portland - OR	14.4%	15	16.0%	43	Sarasota - FL	22.4%	46	8.1%	4
Jacksonville - FL	14.9%	16	7.3%	3	New York - NY	22.4%	47	24.8%	61
Chicago - IL	15.2%	17	16.3%	44	Palm Beach - FL	22.9%	48	15.6%	42
Cleveland - OH	15.5%	18	14.0%	37	Hartford - CT	23.0%	49	19.0%	54
United States of America	15.6%	19	16.6%	45	Seattle - WA	23.3%	50	24.1%	59
Memphis - TN	16.1%	20	9.3%	14	Detroit - MI	24.1%	51	14.1%	38
Denver - CO	16.2%	21	18.7%	53	Sacramento - CA	24.1%	52	12.7%	31
Atlanta - GA	16.2%	22	10.7%	22	Ventura - CA	25.3%	53	9.9%	17
Fort Lauderdale - FL	16.5%	23	6.9%	2	Stamford - CT	26.2%	54	21.0%	56
New Orleans - LA	16.6%	24	14.0%	36	Austin - TX	26.6%	55	18.2%	49
Milwaukee - WI	16.7%	25	14.5%	40	East Bay - CA	26.7%	56	24.0%	58
Long Island - NY	17.1%	26	11.3%	26	Phoenix - AZ	27.1%	57	9.3%	13
Nashville - TN	17.3%	27	10.8%	24	Orange County - CA	27.9%	58	18.4%	51
Tampa - FL	18.1%	28	10.0%	18	Inland Empire - CA	30.1%	59	6.2%	1
Saint Louis - MO	18.6%	29	13.7%	35	San Jose - CA	38.5%	60	24.6%	60
Baltimore - MD	18.7%	30	17.4%	48	Las Vegas - NV	40.4%	61	8.7%	10
Cincinnati - OH	19.2%	31	12.39%	28	San Francisco - CA	53.6%	62	51.0%	62

Source: CoStar Group; New York Life Real Estate Investors. As of Q4 2025

Industrial Inflation- and Occupancy-Adjusted Market Rent Volatility (2*Standard Deviation/Mean), #1 is the Least Volatile

Market	Volatility (2015-2025)	Rank	Volatility (2005-2025)	Rank	Market	Volatility (2015-2025)	Rank	Volatility (2005-2025)	Rank
Houston - TX	5.8%	1	2.3%	1	Sarasota - FL	28.7%	32	22.5%	40
Kansas City - MO	8.0%	2	6.2%	4	Portland - OR	28.8%	33	14.5%	20
Cleveland - OH	9.4%	3	4.0%	2	United States of America	28.8%	34	19.3%	34
Minneapolis - MN	9.7%	4	6.3%	5	Salt Lake City - UT	29.5%	35	23.2%	43
Milwaukee - WI	9.7%	5	7.8%	7	San Diego - CA	29.7%	36	18.8%	33
Pittsburgh - PA	13.8%	6	5.5%	3	Boston - MA	29.7%	37	20.7%	37
Saint Louis - MO	13.9%	7	7.3%	6	Philadelphia - PA	30.3%	38	27.9%	52
Dayton - OH	15.6%	8	13.0%	15	Denver - CO	30.5%	39	10.3%	10
Indianapolis - IN	16.3%	9	12.3%	12	Columbus - OH	30.9%	40	23.5%	45
Stamford - CT	17.2%	10	14.5%	19	Jacksonville - FL	32.5%	41	26.9%	50
Hartford - CT	17.5%	11	16.1%	24	Seattle - WA	32.8%	42	17.8%	30
Baltimore - MD	17.8%	12	17.1%	29	Phoenix - AZ	33.1%	43	26.7%	49
Chicago - IL	18.8%	13	12.7%	14	Austin - TX	33.2%	44	15.6%	22
Oklahoma City - OK	19.1%	14	9.8%	9	Orange County - CA	33.4%	45	20.3%	35
Norfolk - VA	19.3%	15	16.5%	26	Richmond - VA	33.6%	46	29.3%	53
New Haven - CT	19.5%	16	16.1%	23	Tampa - FL	34.3%	47	31.0%	56
Memphis - TN	20.1%	17	16.2%	25	Dallas-Fort Worth - TX	34.6%	48	23.8%	46
San Antonio - TX	20.1%	18	11.8%	11	New York - NY	34.6%	49	18.5%	32
San Francisco - CA	20.2%	19	9.6%	8	Sacramento - CA	36.2%	50	27.4%	51
Lehigh Valley - PA	20.3%	20	18.0%	31	East Bay - CA	37.5%	51	15.5%	21
Cincinnati - OH	21.2%	21	16.7%	28	Charlotte - NC	37.7%	52	26.7%	48
Honolulu - HI	22.0%	22	14.0%	17	Northern New Jersey - NJ	39.0%	53	30.9%	55
Washington - DC	22.9%	23	20.8%	38	Las Vegas - NV	39.2%	54	29.4%	54
Ventura - CA	23.8%	24	14.5%	18	Los Angeles - CA	40.2%	55	23.2%	42
Long Island - NY	24.5%	25	16.5%	27	Atlanta - GA	40.7%	56	32.3%	58
Detroit - MI	25.3%	26	13.3%	16	Fort Lauderdale - FL	42.2%	57	31.2%	57
Raleigh - NC	25.9%	27	20.3%	36	Orlando - FL	42.7%	58	33.3%	61
New Orleans - LA	27.1%	28	23.4%	44	San Jose - CA	42.8%	59	12.3%	13
Palm Beach - FL	27.6%	29	21.9%	39	Miami - FL	44.3%	60	32.9%	59
Lakeland - FL	28.3%	30	24.2%	47	Inland Empire - CA	48.3%	61	33.0%	60
Worcester - MA	28.4%	31	22.8%	41	Nashville - TN	54.5%	62	34.7%	62

Source: CoStar Group; New York Life Real Estate Investors. As of Q4 2025

DISCLOSURE

NYL Investors LLC: The information presented has been prepared by Real Estate Investors for informational purposes only and sets forth our views as of this date. The underlying assumptions and our views are subject to change. This does not constitute investment advice and should not be used as a basis for any investment decision. There is no guarantee that market expectations will be achieved.

The comments, opinions, and estimates contained herein are based on and/or derived from publicly available information from sources that Real Estate Investors believes to be reliable. We do not guarantee the accuracy of such sources or information. Past performance is not a guarantee of future results.

Real Estate Investors is an investment group within NYL Investors LLC. NYL Investors LLC ("NYL Investors") is a direct wholly-owned subsidiary of New York Life Insurance Company. NYL Investors is comprised of the following investment groups: (i) Fixed Income Investors, (ii) Private Capital Investors and (iii) Real Estate Investors.

NYL Investors is not registered in every jurisdiction and their products or services of are not available, and materials relating to them will not be distributed, to any person domiciled in any jurisdiction or region where such distribution would be contrary to local law or regulation.

NYL Investors affiliates may develop and publish research that is independent of, and different than, the views expressed.

CoStar Realty Information, Inc.: The forward-looking information prepared by CoStar Realty Information, Inc. ("Licensor") and presented herein is based on information from public and proprietary sources, as well as various assumptions concerning future events that are uncertain and subject to change without notice. Actual results and events may differ materially from those expressed or implied by the Licensor data presented. All Licensor data contained herein speaks only as of the date referenced, may have materially changed since such date, and is provided "as is" with no guarantee or warranty of any kind. Licensor has no obligation to update any of the Licensor data contained herein. None of the Licensor data contained herein should be construed as investment, tax, accounting or legal advice.



"New York Life Investment Management" is the brand name and service mark used to represent a group of affiliated investment advisors of New York Life Insurance Company, including New York Life Investment Management LLC, a registered investment advisor. Securities are distributed by NYLIFE Distributors LLC, 30 Hudson Street, Jersey City, NJ 07302. NYLIFE Distributors LLC is a Member FINRA/SIPC.