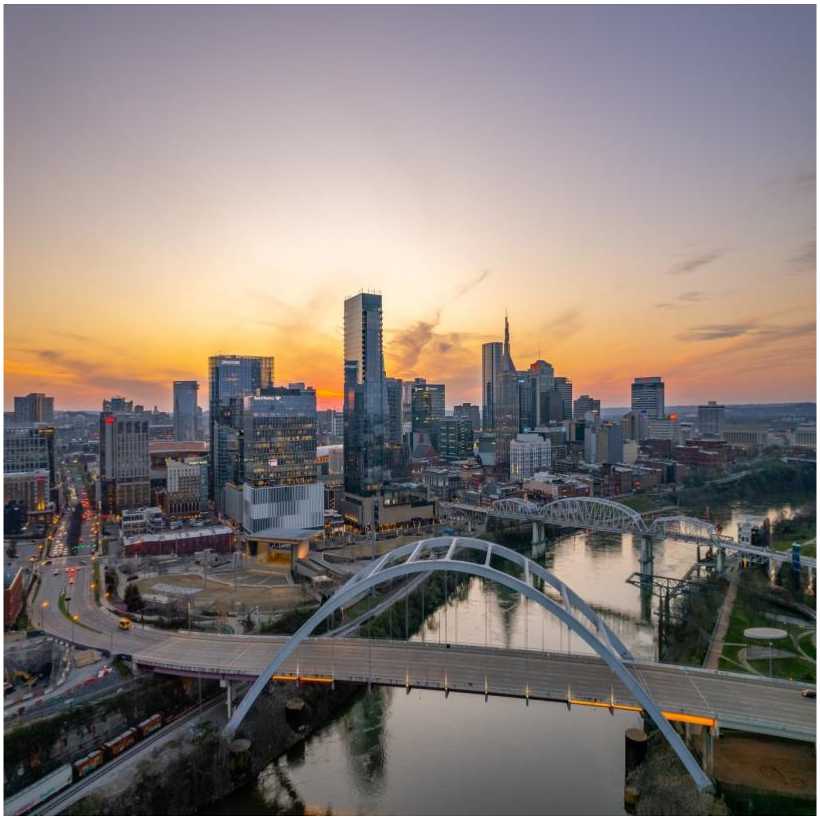
US multifamily construction boom eases further, slowed by these Sun Belt cities

Building across 50 of the largest apartment markets drops back from peaks



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The post-pandemic apartment development surge keeps losing steam across the United States, with construction dropping across the 50 largest multifamily markets.

Construction starts have fallen as slower rent growth, elevated financing costs and persistently high development expenses make profitable ground-up projects harder to build.

The result is a pipeline that is not just shrinking but returning to normal levels: the retreat in building of that property type in every major metropolitan area comes in the form of a decline from the peak in the number of units under construction as a share of existing inventory.

As a gauge of how much supply is in the pipeline relative to a market's existing apartment base, units under construction as a share of inventory have fallen from peak levels by an average of 401 basis points across the top 50 markets.

The breadth suggests the construction pullback is no longer confined to a few overheated metropolitan areas, and the more widespread pullback improves the odds of easing supply pressure once projects currently under construction reach completion and eventually lease up.

The largest construction swings are concentrated in fast-growth areas that ramped up the building of apartments the most, with the Texas capital of Austin showing the steepest retreat, with its under construction as a share of inventory dropping 1,455 basis points, to 4.9% in the first quarter of 2026 from a peak of 19.4% in the same period of 2023.

More broadly, the biggest construction pullbacks are concentrated in the South and Mountain regions. Those are the same areas that drew outsized renter demand and investment capital during the pandemic-era migration wave.

In some markets with the greatest pullback in apartment construction, the post-peak adjustment already appears to be advanced. After pulling back sharply from prior peaks, San Antonio, Texas, and Jacksonville, Florida, now post lower pipeline exposure. San Antonio's under construction assets as a share of inventory is 1.9%, with Jacksonville at 2.1%.

Declines have been smaller in several high-cost coastal markets, including Orange County, San Francisco and Los Angeles in California, as well as in Chicago, where development never reached the same level of construction exposure. In those areas, high land and construction costs, lengthy entitlement processes and political constraints combined to keep apartment pipelines from swelling as dramatically as they did in the Sun Belt.

Miami remains the most apartment construction-heavy market in the top 50. Even after a 391-basis-point decline from its peak in the first quarter of 2023 to reach a 10.8% share of inventory under construction, the South Florida apartment market has the highest share among the top 50 U.S. multifamily markets at 6.9% in the first quarter of 2026. That suggests supply relief from slower construction starts may arrive later than in markets where the amount of under construction units as a share of inventory has already fallen back toward historical levels.

Supply pressure can persist even as construction pipelines contract, because many markets with the largest construction declines have already seen a significant expansion in apartment inventory over the past four years. The pullback in new projects getting underway is occurring long after a wave of new projects financed earlier in the cycle are still adding to the supply and extending the rebalancing timeline.

From the first quarter of 2022 through the same period of this year, several metropolitan areas expanded their apartment stocks at a much faster rate than the national average.

On a percentage basis, the fastest-growing markets expanded inventories by roughly 20% to 30% in just four years, with Austin, Charlotte, North Carolina, and Nashville, Tennessee, leading the group. In terms of raw unit counts, Austin and Phoenix each added more than 80,000 units, while the Dallas–Fort Worth area added more than 130,000 units, about a 17% increase for that market's inventory.

By contrast, the slowest-growing U.S. apartment markets tended to share structural constraints — often slower underlying demand growth or higher barriers to new development, such as land and construction costs, and entitlement and other regulatory frictions — that curtailed inventory expansion in those markets over the past four years.

U.S. markets where a large share of the remaining pipeline is still under construction — and where inventories expanded rapidly — are likely to see a longer period of elevated concessions and slower rent growth. Those areas where a larger share of the construction pipeline has already been delivered may stabilize sooner as absorption catches up.

The pullback in construction is unlikely to immediately relieve supply pressure in most markets with the largest post-peak declines, because the number of units under construction remain elevated and a meaningful volume of recent deliveries is still in lease-up phase.

Even so, the fact that every top-50 market is now past peak construction exposure sets the stage for a gradually improving supply backdrop as absorption catches up — though where a larger share of the pipeline has yet to hit the market, rebalancing is likely to take longer.