

# 2026 Multifamily Market: Essential Income and Expense Insights for Industry Stakeholders

for the Ohio Housing Council Spring Symposium



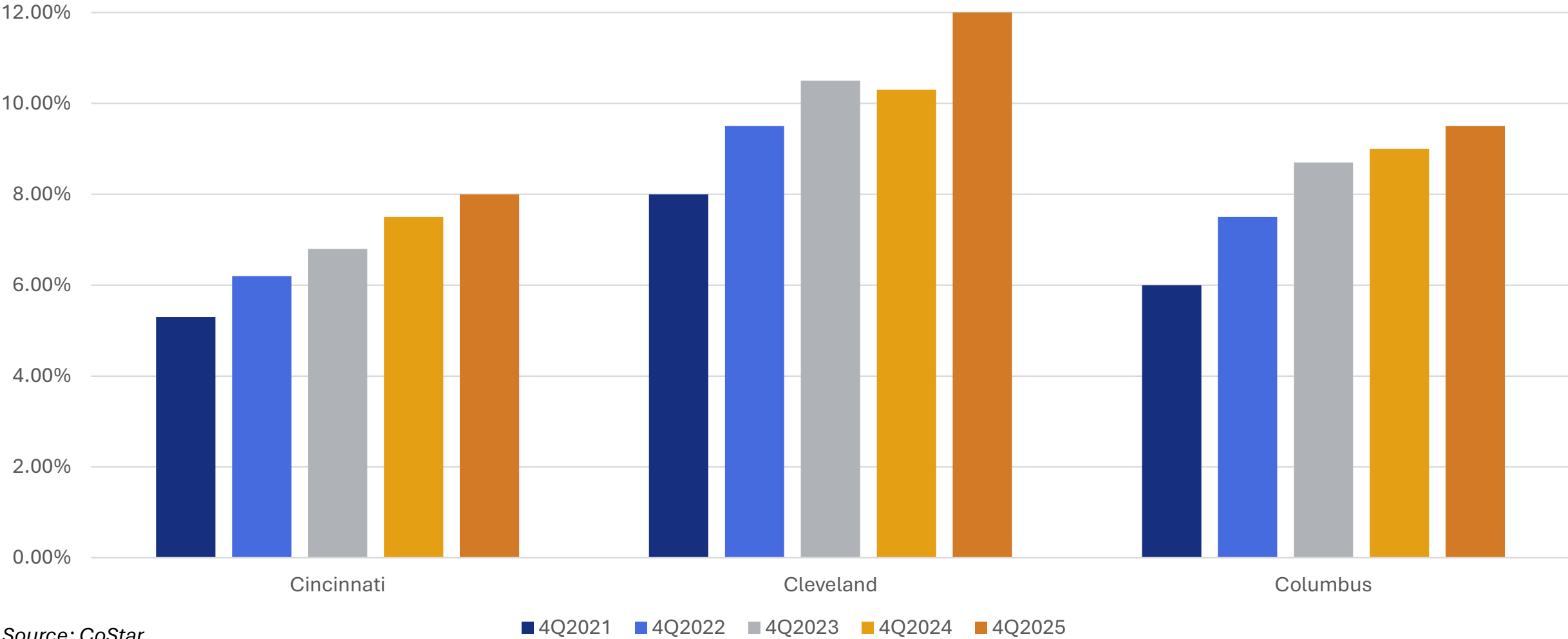
**Kelly Gorman**

Partner, Valuation Services Group

kelly.gorman@novoco.com

732.623.7005

# 4th Quarter 2025 vacancy rates were up in Cincinnati, Cleveland and Columbus.

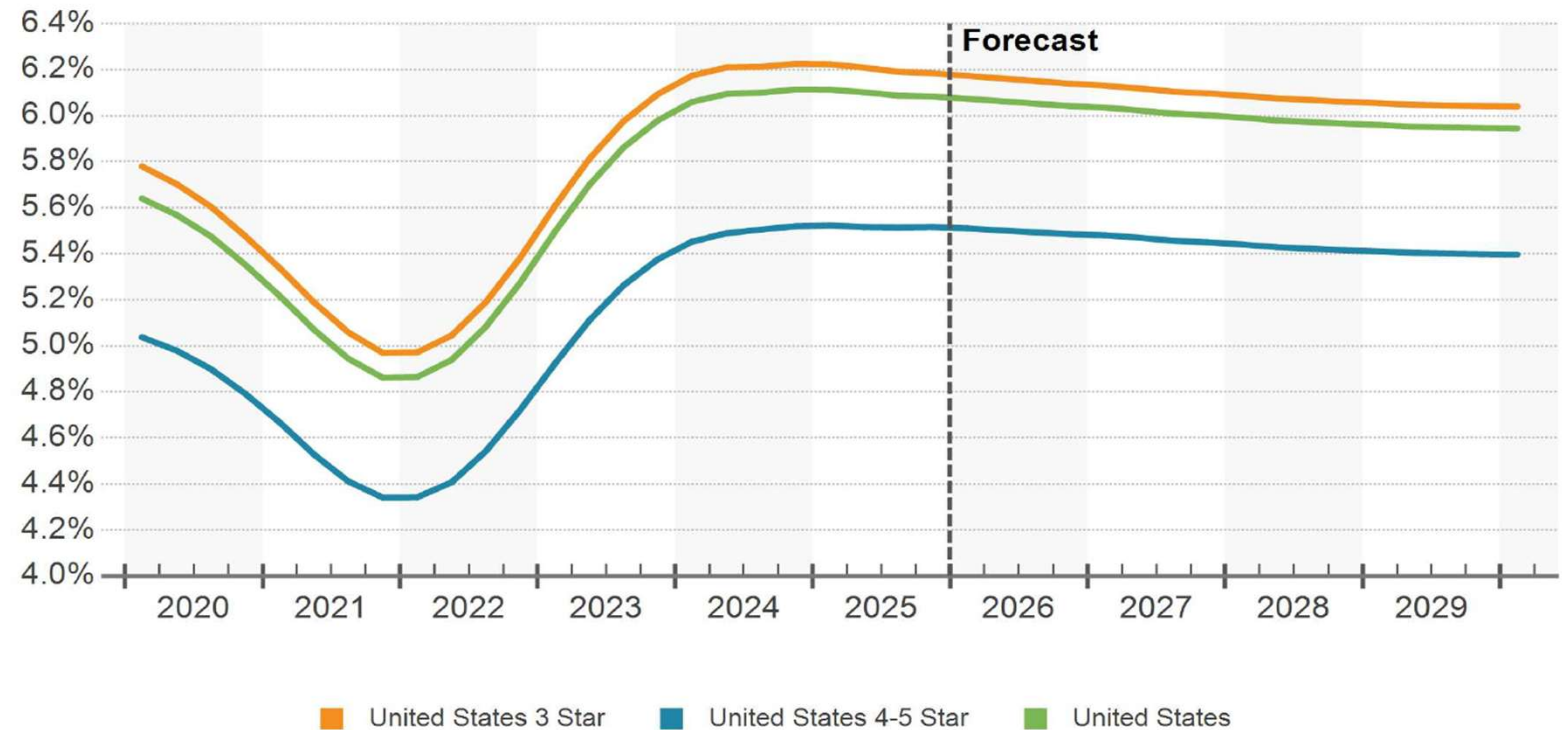


Source: CoStar

# Cap Rate Trends (National Trends)

- Cap rates have remained flat overall at 6.1% per Costar (below) and are expected to remain fairly flat until 2030, with a very slight downward tick.
- Most industry stakeholders report that 2026 should see flat if not slightly compressed cap rates, though there will continue to be notable variability among asset classes.
- General multifamily outlook is one of stability, as historic high pipeline levels taper off, while rent growth broadly will be more muted in certain markets and vacancy eases. Wide variation among markets, with Sunbelt markets continuing to feel the impact of supply surge, versus many Northeast markets remaining more balanced.

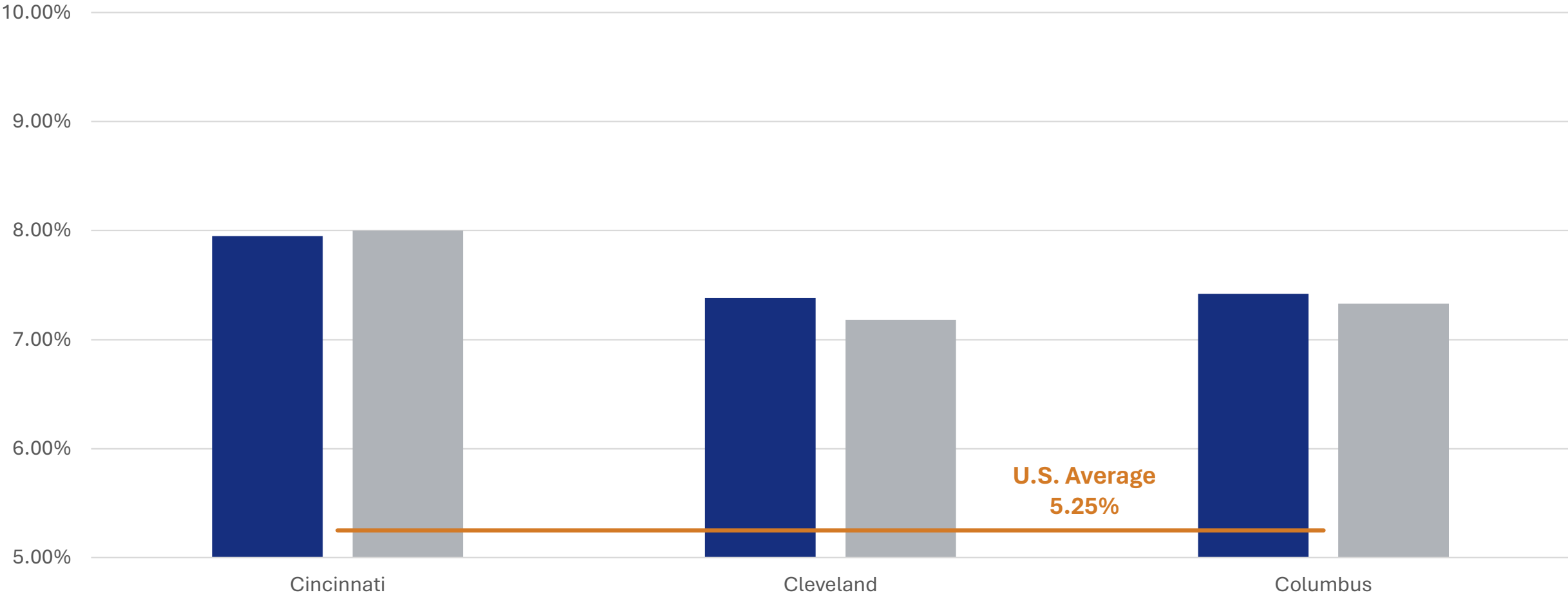
MARKET CAP RATE



<https://www.credaily.com/briefs/multifamily-cap-rates-expected-to-fall-in-2026/>

<https://www.cbre.com/insights/books/us-real-estate-market-outlook-2026/multifamily>

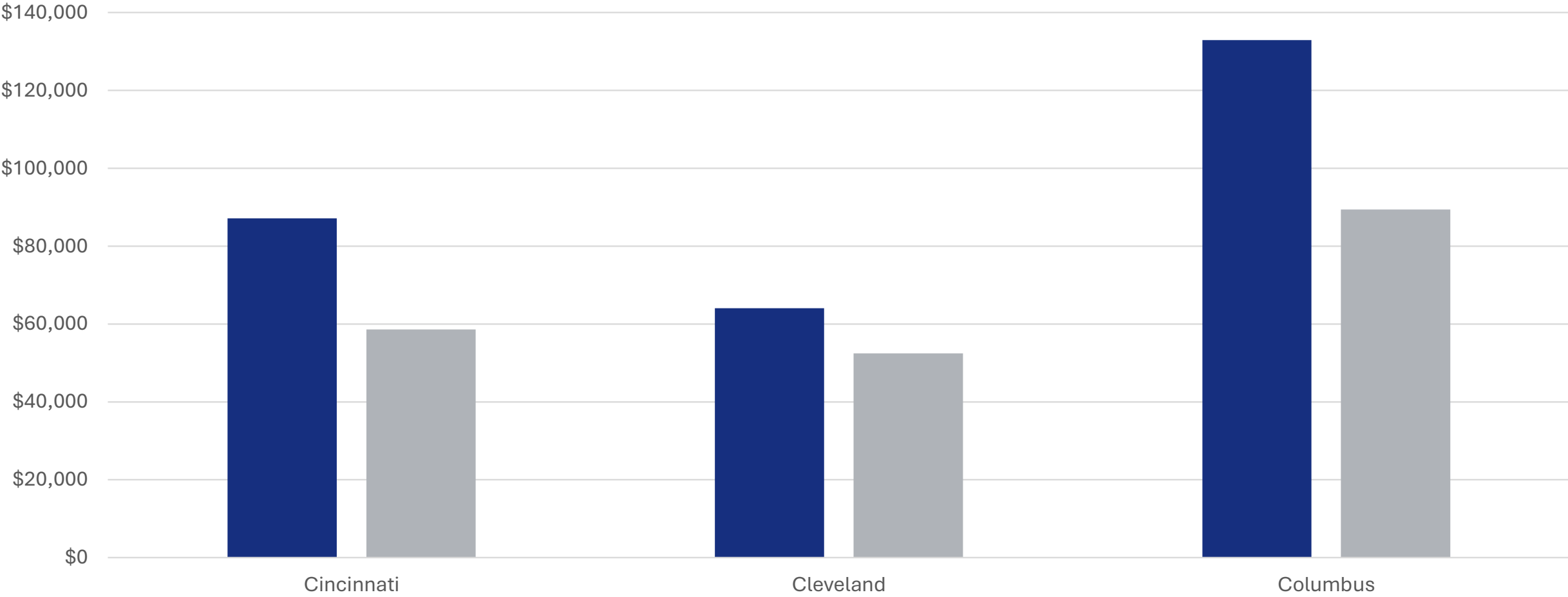
# Cap Rate Trends (Closed Transactions) Slightly Higher Than the US Average



Source: CoStar (12 months trailing sold as of Q1 2026)

■ Average   ■ Median   — U.S. Average

# Sales Price Per Unit Trends (Closed Transactions)



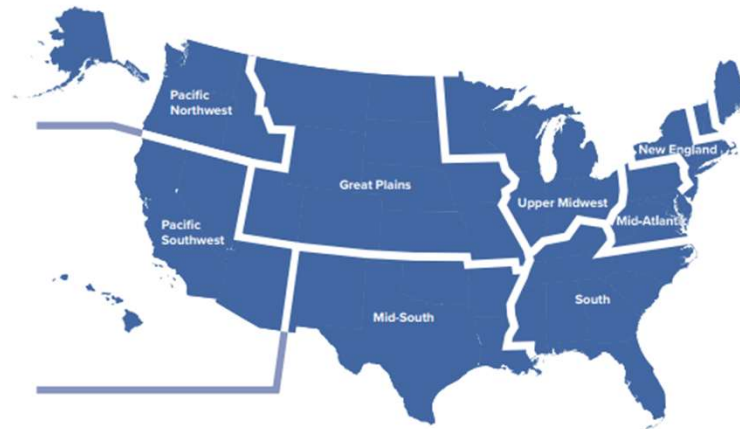
Source: CoStar (12 months trailing sold as of Q1 2026)

■ Average ■ Median



## 2025 Novogradac OpEx Report

Breakdowns where available at the **local regional level**



### New England

Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island.

### Mid-Atlantic

Washington, D.C., Maryland, Pennsylvania, Virginia, West Virginia.

### South

Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee.

### Upper Midwest

Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin.

### Mid-South

Arkansas, Louisiana, New Mexico, Oklahoma, Texas.

### Great Plains

Colorado, Iowa, Kansas, Missouri, Nebraska, Montana, North Dakota, South Dakota, Utah, Wyoming.

### Pacific Southwest

Arizona, California, Hawaii, Nevada.

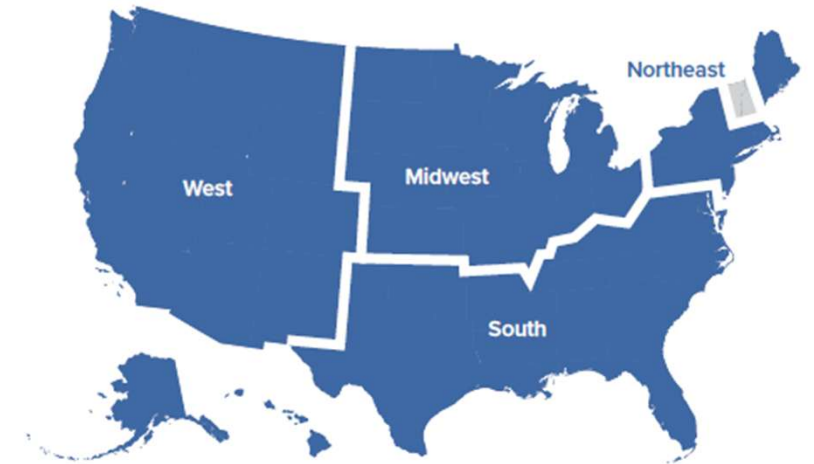
### Pacific Northwest

Alaska, Idaho, Oregon, Washington.

*Note: Delaware and Vermont are excluded from these lists because they are not represented in the sample.*

All other OpEx data presented at the **super regional level**

### Regional Analysis



### Northeast

Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island.

### South

Alabama, Arkansas, Washington, D.C., Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

### Midwest

Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin.

### West

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming.

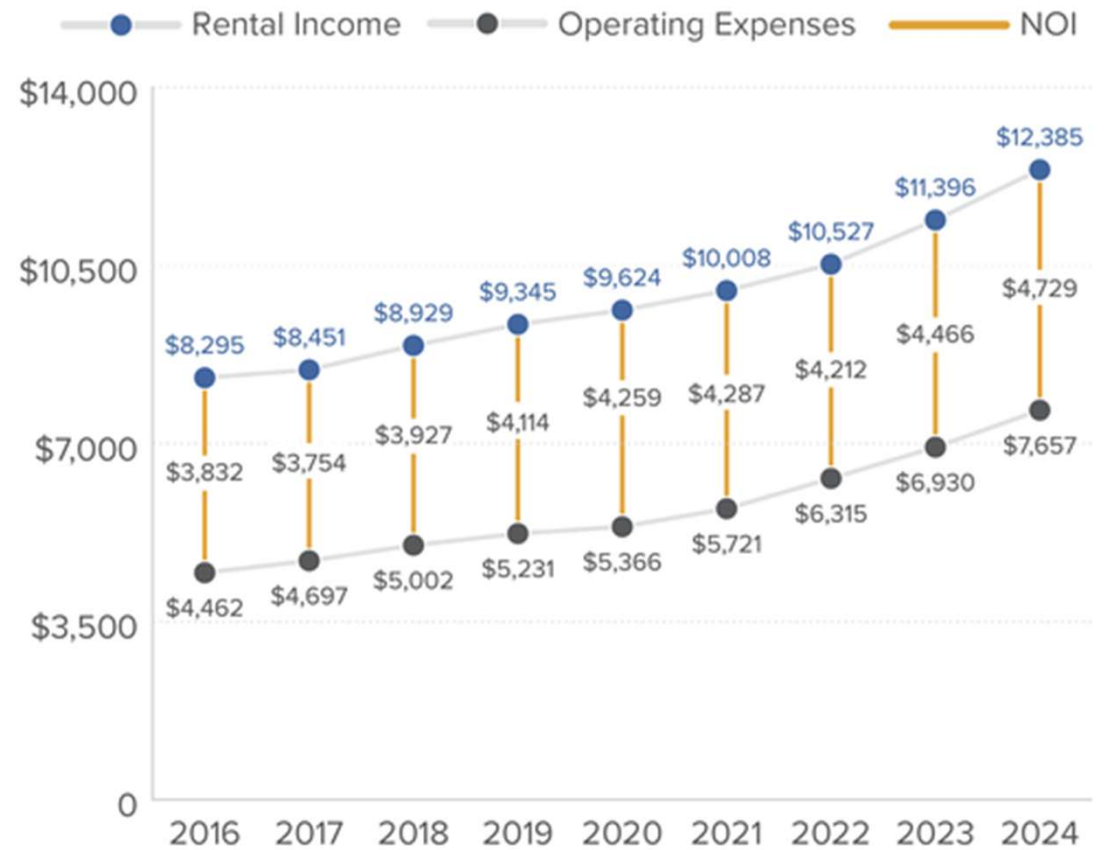
*Note: Delaware and Vermont are excluded from these lists because they are not represented in the sample.*

# 2024 OpEx Trends

The [2025 Novogradac OpEx Report](#) finds that:

- OpEx, rental income, and NOI all set record highs in 2024, the 9<sup>th</sup> year of data recorded and analyzed by Novogradac.
- Nearly 200,000 LIHTC apartment units among the data set.
- Income, OpEx, NOI all increased enough in 2024 to more than outpace the inflation rate of 2.9%.
- Insurance and repairs and maintenance make up the largest increases in OpEx over the past several years.
- OpEx Ratio Increased to 61.8%, compared to 53.8% in 2016.

## Rental Income, Operating Expenses, NOI All Set Records in 2024



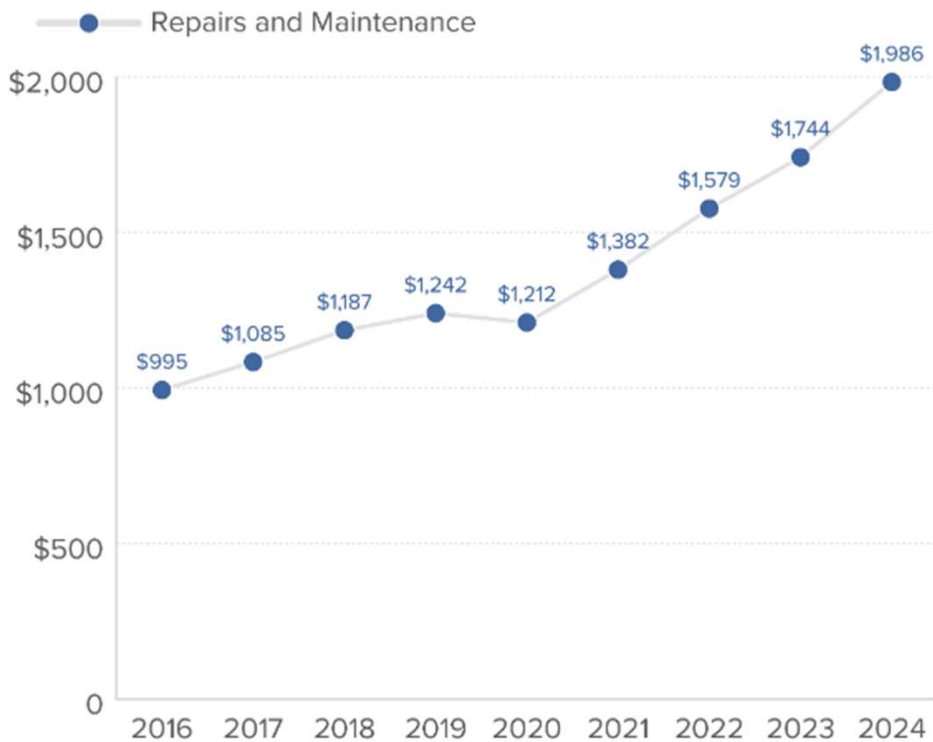
Source: Novogradac



<https://www.novoco.com/notes-from-novogradac/rental-income-operating-expenses-noi-all-hit-new-peaks-for-properties-in-novogradac-lihtc-data-set>

# OpEx Trends: R+M

## Big Increases Since 2020 in Repairs and Maintenance



Source: Novogradac



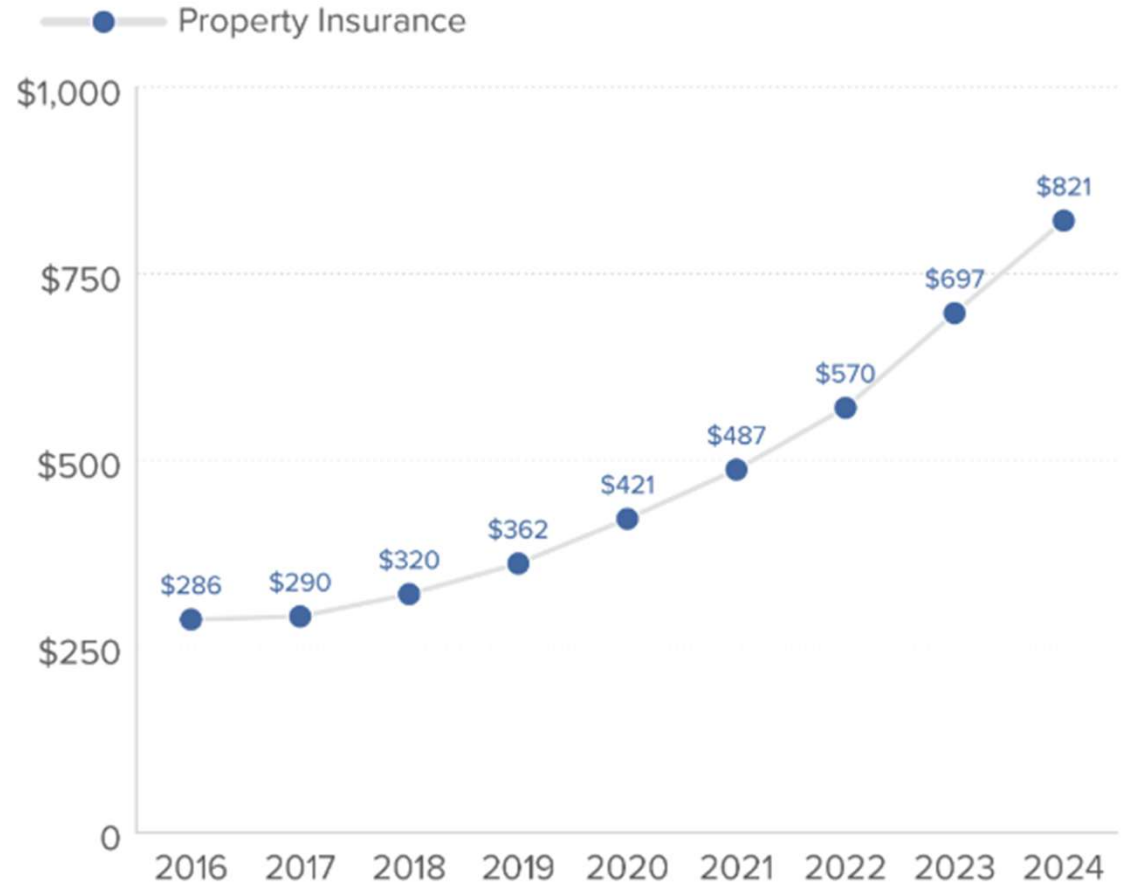
- Repairs and maintenance increased by a significant amount in 2024 – 13.8%, compared to a 10.5% increase among total operating expenses.
- Costliest expense category for properties analyzed in both 2023 and 2024; prior to then, payroll was the highest expense historically.
- This line item has historically outpaced growth of total expenses. Since 2016, R+M has increased more than 99%, compared to 71.6% for expenses overall.
- Among 8 local regions, the top 3 for R+M expenses include New England and Mid-Atlantic.
- With pandemic-delayed maintenance fading, the reason for the increase is likely construction and materials costs. Construction costs outstripped the rate of general inflation in recent years. Another factor may be that increased rental income has led property owners to spend on discretionary repairs and maintenance projects because they have increased cash flow.

<https://www.novoco.com/notes-from-novogradac/repairs-and-maintenance-property-insurance-expenses-continue-to-grow-rapidly-at-lihc-properties-in-novogradac-report>

# OpEx Trends: Insurance

- Insurance continues to climb and be problematic in many areas, largely due to the combination of rising construction costs and numerous climate disasters.
- 2024 marked the 6th consecutive year of double-digit increases; this expense increased 17.8% in 2024.
- Of the four super regions, the Northeast has the highest property insurance, at more than \$1,100 per unit. The cost increased in seven of eight local regions, although the spread in dollar cost per unit is wide.

## Property Insurance Continues Big Upswing



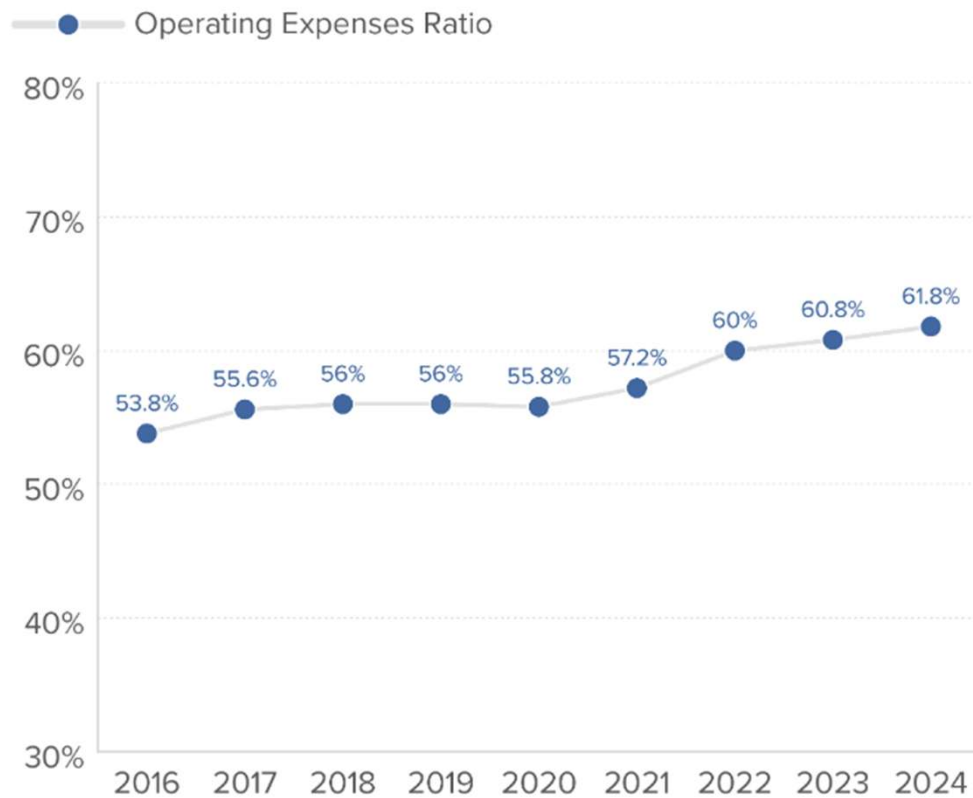
Source: Novogradac



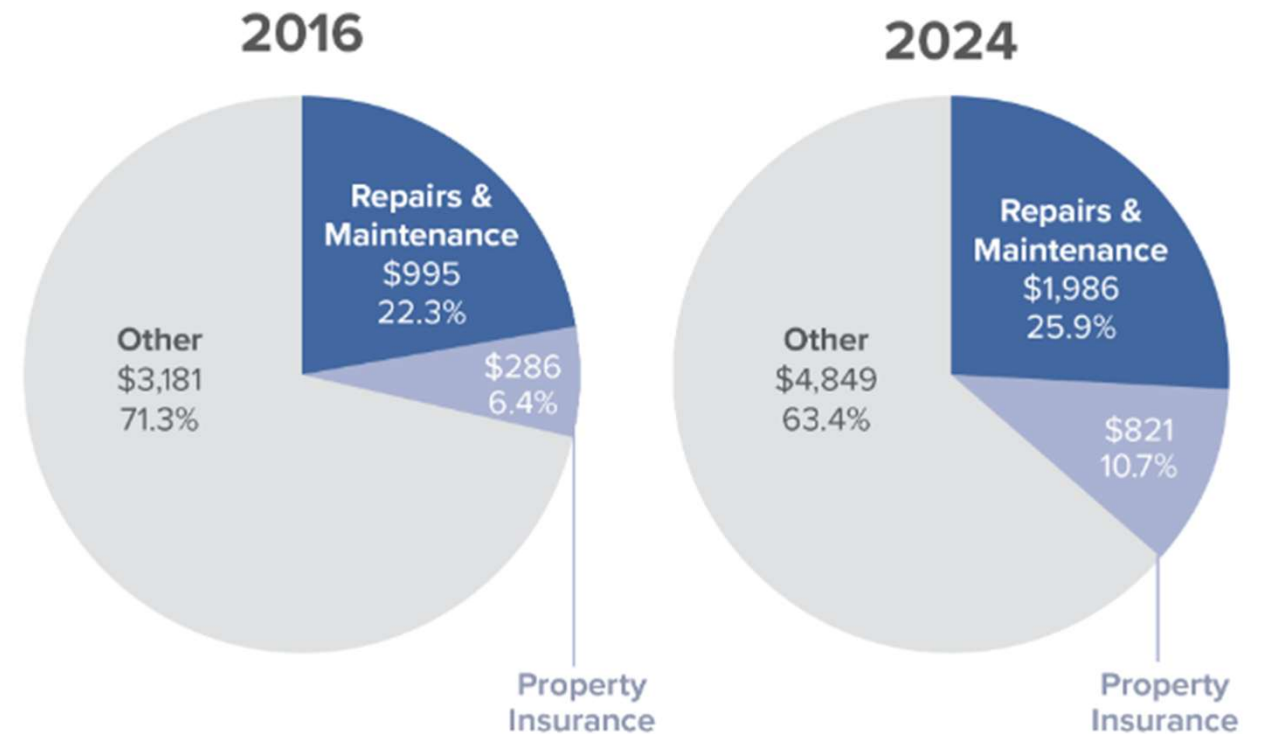
<https://www.novoco.com/notes-from-novogradac/repairs-and-maintenance-property-insurance-expenses-continue-to-grow-rapidly-at-lihtc-properties-in-novogradac-report>

# OpEx Trends: Shifts Over Time

## Operating Expenses Nearing 62% of Rental Income



## Repairs and Maintenance, Property Insurance Grow Over Time



# Market Rent Advantage Concerns

- Market Rent Growth in Many Areas More Muted
- LIHTC Rents continue to increase, even with imposed caps each year, growth in many areas is robust
- Gap narrows, particularly at higher AMI levels



# Market Rent Advantage Concerns

- 70 and 80% Rents (along with higher workforce housing set-asides) continue to push against Market Rents in many submarkets
- More Muted Market Rent Growth in past few years has compounded this issue
- As more Workforce Housing deals enter the market, where will actual achieved rents fall relative to max limits and market rent levels
  - In practice is there a 10% rent advantage once these deals are stabilized?



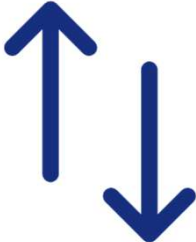
# 2026 Income Limits Outlook



ACS 1 year data for 2024 was released Sept. 11, 2025; 5 year data delayed to Jan 29, 2026



ACS data to be used to calculate 2026 income limits for HUD programs, LIHTC and tax-exempt bond developments



Novogradac estimates a 10% cap on 2026 income limit increases



HUD has targeted **May 1** as the release date for income limits



HUD will use the change in the per capita wage and salary as the trend factor to determine the 2026 income limits

Complete blog post:  
<https://www.novoco.com/notes-from-novogradac/what-to-expect-with-2026-income-limits>

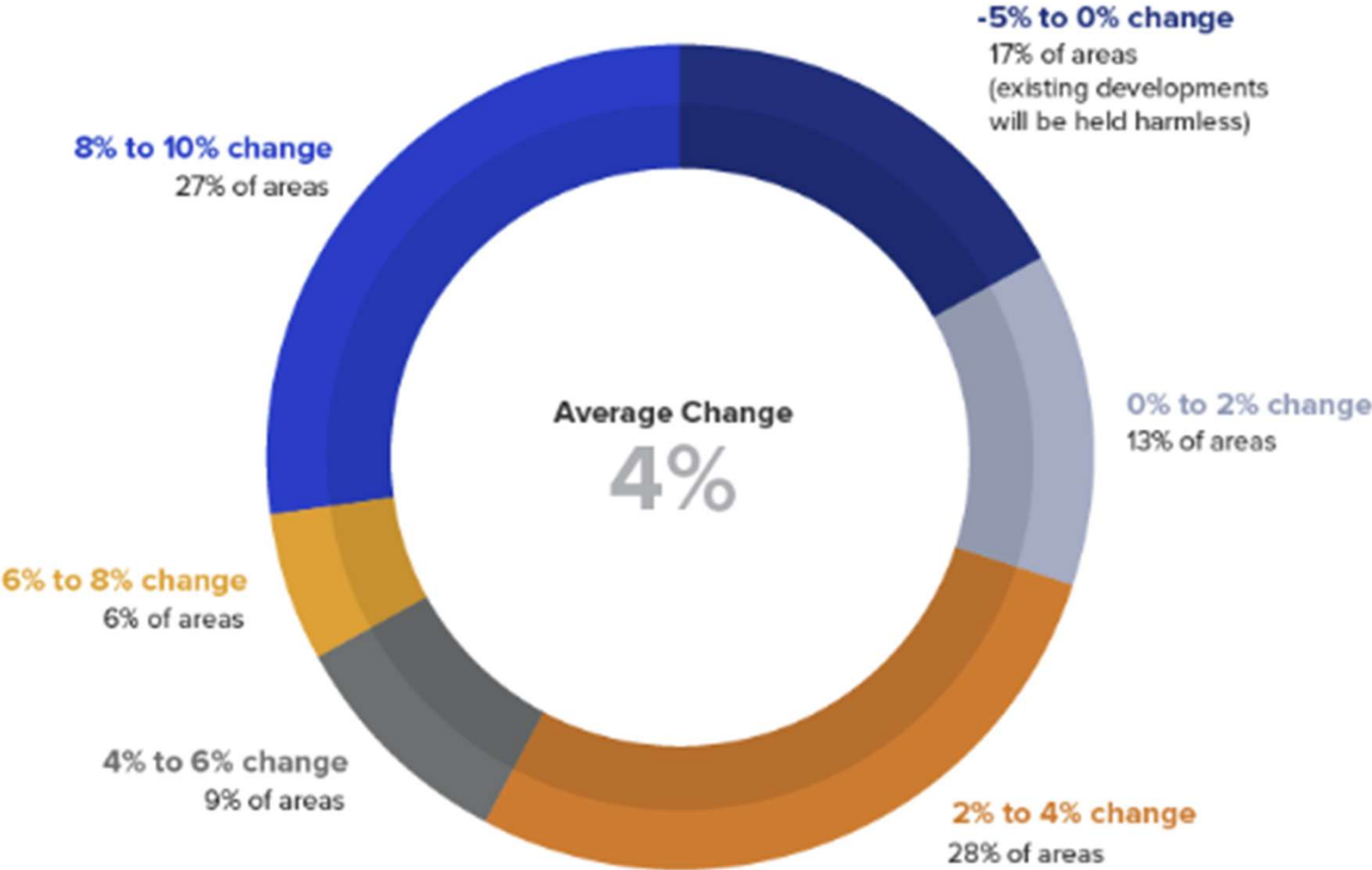
# 2026 Income Limits Outlook

Average change projected to be 4%

17% of areas projected to have a decrease, which is higher than in previous years (5% of areas had a decrease in 2025)

Less than 5% of areas projected to be capped, which is much lower than 2025 (27% of areas capped)

Complete blog post:  
<https://www.novoco.com/notes-from-novogradac/what-to-expect-with-2026-income-limits>



# Disclaimer

Novogradac & Company LLP (“Novogradac”) is the copyright owner of this slide deck. Novogradac is making the printed version (but not the PowerPoint file) of this slide deck and any other handouts branded with the Novogradac logo (collectively the “Materials”) available to attendees and/or viewers of this workshop for informational and/or educational purposes only. The Materials and attendance at the workshop are not a substitute for professional advice. By accessing the Materials and attending the workshop, you agree to the terms of this disclaimer. You agree not to make business, financial, and/or tax decisions based solely on the Materials and you agree that we are not responsible for any such business, financial and/or tax decisions made by you based on the information contained in the Materials. You agree not to make audio or video recordings of the workshop instruction. You may not copy, cite to, or distribute the Materials, in whole or in part, without the prior written consent of an authorized officer of Novogradac. All rights reserved 2026 by Novogradac & Company LLP.

# 2026 Multifamily Market: Essential Income and Expense Insights for Industry Stakeholders

for the Ohio Housing Council Spring Symposium



**Kelly Gorman**

Partner, Valuation Services Group

kelly.gorman@novoco.com

732.623.7005