New York Multifamily: Why This Cycle Is Different

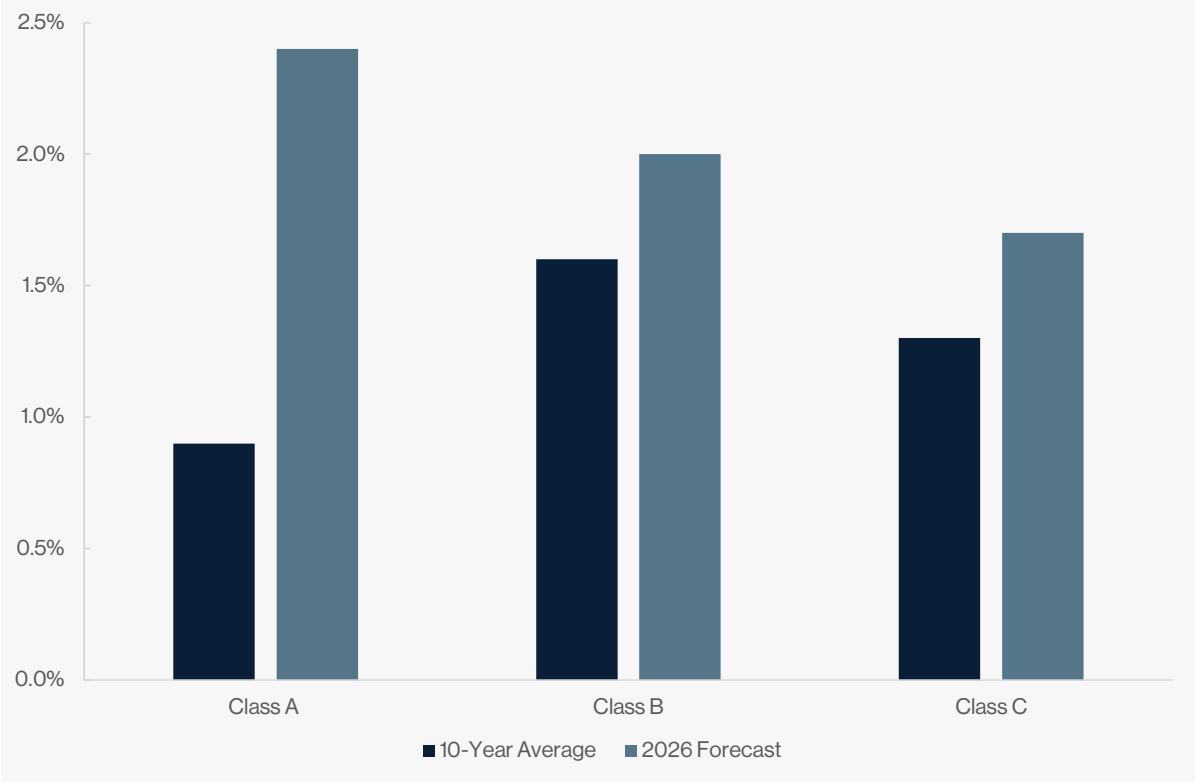
The New York multifamily market is entering a new cycle, but this recovery is taking shape differently from past periods. It is not being led by cheap debt, large institutional allocations, or trophy assets. Instead, the market is being defined by discipline, "a distinction that matters as we move into 2026," as noted by Lev Mavashev, Principal at Alpha Realty.[1]

Market Fundamentals

Market fundamentals for multifamily investors are gaining momentum across metro New York, even as political uncertainty continues to influence sentiment.

Demand, especially for premium rentals, is expected to remain robust, as employment growth continues to attract new residents. Deliveries in 2026 are expected to be the lowest in a decade, with vacancy forecasted to 2.8%, about 40 basis points above the 10-year average. In select submarkets, return-to-office mandates will continue to support leasing activity, with Class A vacancy in Midtown and Midtown South back to pre-pandemic levels below 4%.[2] As such, rent growth is forecasted across all classes of multifamily assets, as vacancies tighten and renters continue to compete for space.

CHART 1:
2026 Forecasted Rent Growth Outpaces 10-Year Average[3]



[1] Commercial Observer. 2026. *Listen to What the New York City Multifamily Market Is Trying to Tell You.*
[2] Marcus & Millichap. 2026. *Investment Forecast Multifamily New York City Metro Area.*
[3] IPA. 2026. *Investment Forecast Multifamily New York City.*

Capital Markets & Transaction Activity

Investment activity is accelerating, and the composition of that activity is as instructive as the volume. Multifamily transactions rose 4% year over year in 2025, while total dollar volume fell 2% as deal flow shifted toward small- and mid-sized buildings.[4] Free-market properties remained the main driver of investment activity, as buyers continued to avoid potential regulatory headwinds. Rent-stabilized assets, by contrast, traded at steep discounts as net operating income continued to erode under policy and cost pressures.[5]

As valuations come down and capital starts flowing into the market again, foreign investors are coming back into the market. This is a positive sign for the momentum of New York multifamily assets, which are offering attractive alternatives relative to replacement cost.

Outlook & Key Risks

Taken together, these signals suggest that New York is entering a new cycle. Capital is coming back into the market with limited new supply and resilient occupancy, creating a constructive backdrop for 2026. Although risks remain, as rent regulation and macroeconomic headwinds continue to influence the market, New York real estate is moving into an opportunistic phase. This environment is primed to reward disciplined execution and well-positioned assets for those acting on current market conditions before the window begins to narrow.

Authored By:
Harley Gold
President & CEO, Peakhill Capital

[4] Ariel Property Advisors. 2026. *Multifamily Year in Review New York City 2025.*
[5] GREA. 2026. *New York City's Multifamily Market Totaled $8.91 Billion in Sales Across 1,188 Transactions in 2025, GREA Report Shows.*