

Akerman Lens

Multifamily at the Crossroads: The Maturity Wall, the Recovery, and the Decisions in Between

June 11, 2026

By Michael D. Napoli



Related People

Michael D. Napoli

Related Work

Bankruptcy and Reorganization
Corporate Finance and Lending
Distressed Transactions and Corporate Restructuring

As \$162 billion in apartment loans come due this year, the gap between market fundamentals and legacy capital structures is forcing difficult decisions — and creating significant opportunities.

The U.S. multifamily sector has reached a critical juncture. After absorbing the largest wave of new apartment supply since the 1980s — nearly 1.8 million units delivered over the past three years — the national vacancy rate now stands at approximately 8.5%, materially above the long-term average of 6.9%. National asking rent growth has

decelerated to near zero, the weakest pace since 2010. Yet the picture is far from uniformly bleak. The construction pipeline has contracted more than 50% from its peak, starts have plummeted to their lowest level in over a decade, and most forecasters expect absorption to overtake deliveries by the second half of this year. Vacancy appears to have peaked. The question for lenders and investors is not whether the market recovers, but how quickly — and which assets and markets will lead the way.

The geographic divergence in performance is significant and has direct implications for collateral quality across secured lending portfolios. Markets like Austin (13.7% vacancy, rents down 4.8% year-over-year), Denver (12.1% vacancy, rents down 3.6%), Phoenix (12.2% vacancy, rents down 2.9%), and Dallas-Fort Worth (12.2% vacancy, rents down 2.1%) are working through a painful correction driven by oversupply and softening population growth. Early signs of stabilization are emerging — Phoenix vacancy edged down to 11.8% in Q1 as absorption outpaced deliveries for the first time this cycle, and Denver's construction pipeline has contracted sharply — but concessions such as free rent remain standard across these markets. In contrast, supply-constrained markets are posting robust results: San Francisco leads the nation at 6.5% rent growth, New York maintains a 3.1% vacancy rate (the lowest nationally), and Chicago is growing at nearly 3%.

That gap is being tested now by a formidable maturity wall. Approximately \$162 billion in multifamily loans are scheduled to mature in 2026 — a 56% increase from the prior year — with another \$168 billion in 2027. Borrowers who locked in rates between 3% and 4.5% during the 2019–2022 origination window now face refinancing at roughly 6.2%, creating a rate increase of 150 to 250 basis points. For properties where asset values have reset 20–30% below their acquisition price and net operating income has been compressed by near-zero rent growth and rising insurance costs, the math produces a funding gap that fresh equity, mezzanine

capital, or a discounted payoff must fill. Critically, CMBS multifamily delinquencies have climbed to 7.71% while bank-reported delinquencies sit at approximately 1.37%. The divergence is real but partly structural: banks retain significant discretion to extend and modify without triggering a formal delinquency classification. Recent academic research, however, suggests that “latent distress” — loans that are current but economically underwater — may exceed reported bank delinquencies by a factor of four, meaning that bank portfolios are not that much better off.

For secured lenders weighing their options over the next 12 to 18 months, several considerations deserve emphasis. First, debt yield has emerged as the single most reliable predictor of refinancing outcomes — loans with debt yields below 8% consistently show the highest delinquency and refinancing risk, regardless of property type or geography. Underwriting teams should be stress-testing their portfolios against this threshold now, not at maturity.

Second, the timing of workout decisions matters enormously in this market. Fundamentals are forecast to improve meaningfully by 2027–2028, with national rent growth projected at 1.5% and 2.2% respectively. Lenders holding loans on well-located assets with sound underlying demand may find that a structured modification preserving flexibility produces a better credit outcome than forced liquidation at cyclical-trough pricing.

Third, however, indiscriminate forbearance carries its own risks: extending underwater loans to thinly capitalized sponsors who cannot invest in the property delays market clearing, depresses submarket rents through aggressive concessions, and ultimately impairs recovery for the broader portfolio. Properties deteriorate quickly without ongoing maintenance and refreshing — two items that suffer when owners face liquidity problems. The distinction between constructive patience and loss

avoidance is one that every lender needs to be cognizant of.

For well-capitalized investors, the maturity wall is generating a steady pipeline of acquisition and rescue-capital opportunities that may not recur for another decade. Assets are trading at basis levels well below replacement cost in markets where the supply correction is most advanced. The institutional dry powder targeting multifamily distress is substantial — and growing. The borrowers and lenders who navigate these changes with analytical discipline, granular submarket knowledge, and a willingness to act decisively will be positioned to capture the recovery ahead.