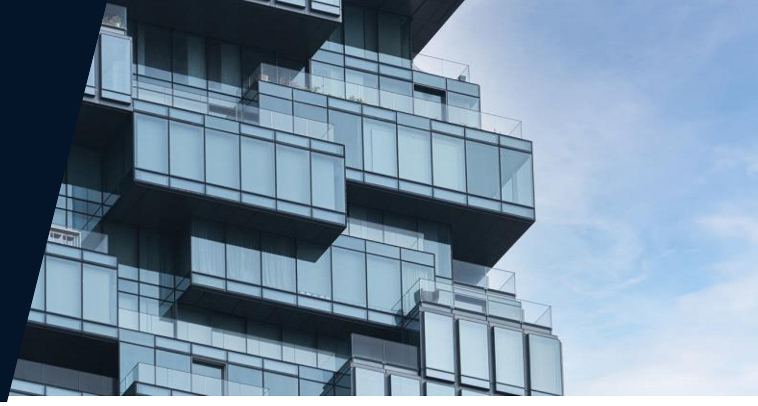


Priced Out, Rented In

The Rise of Workforce Multifamily

Why Workforce Multifamily Housing Should Gain Investor Attention

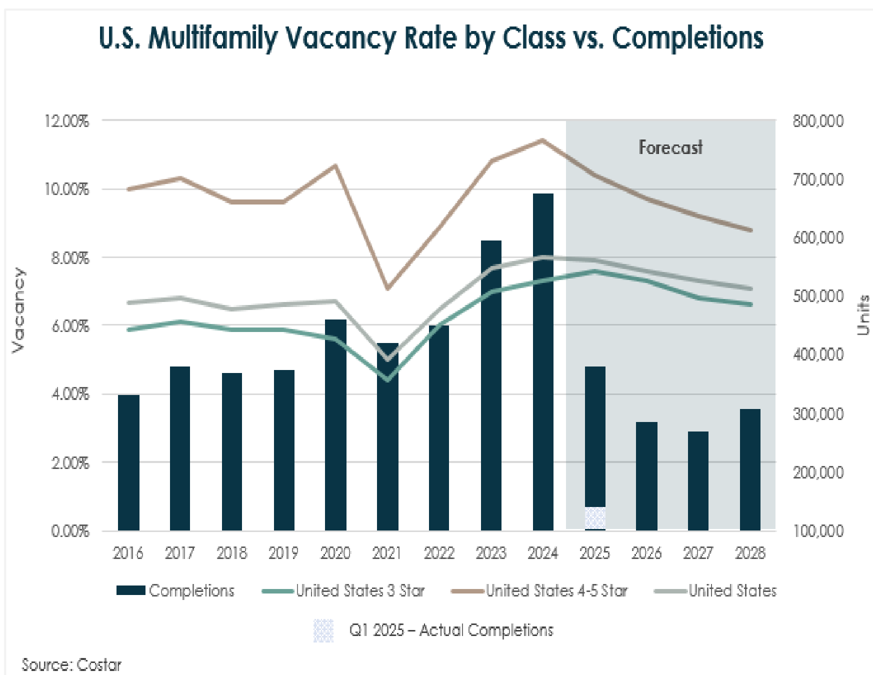
Housing affordability in the U.S. has reached its lowest point since 1984. Restoring affordability today would require either a 28% drop in home prices, a 400-basis-point decrease in mortgage rates, or a staggering 60% increase in household incomes—none of which appear likely in the near term[1]. As homeownership becomes increasingly out of reach for many, rental demand continues to rise, particularly in the workforce housing segment.

Current Market Pressures:

- **Affordability crisis:** Income growth isn't keeping up with home prices and mortgage rates.
- **Supply squeeze:** Construction starts are down nearly 44% year over year, with continued delays[2].
- **Luxury oversaturation:** Most new multifamily units serve the top end of the market, not the middle.

Supply and Demand Mismatch

Despite strong underlying demand, the market has failed to deliver the right kind of housing. Most new multifamily developments have skewed toward luxury units, leaving workforce housing—rental properties designed for middle-income tenants—woefully underserved. At the same time, overall multifamily construction starts declined 41.2% YoY through Q1 2025, with further decreases expected[2]. Developers continue to face headwinds in delivering new units, with 68% of developers citing economic feasibility as a cause of delay[3].



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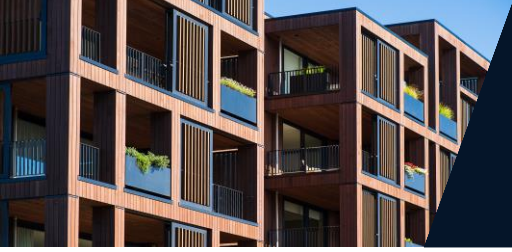

Priced Out, Rented In

The Rise of Workforce Multifamily

A shrinking supply pipeline and persistent affordability issues are driving long-term potential to an overlooked segment. Workforce housing is emerging as a more stable and resilient corner of the multifamily market. It appeals to a growing tenant base priced out of both homeownership and luxury rentals, yet still in need of quality, reasonably priced living options. Moreover, this segment often benefits from higher occupancy rates, consistent cash flow, and the potential for inflation protection—all while avoiding the oversupply risks associated with higher-end developments.

Investors Take Action

Strategies that target distressed or mismanaged workforce housing assets in high-growth markets can tap into this dynamic. By repositioning these properties and leveraging a vertically integrated approach, it's possible to deliver strong, income-driven returns with institutional-level execution.

As affordability pressures persist and new construction continues to lag, workforce housing represents a timely and compelling path for investors looking to align long-term demand with durable real estate fundamentals.

Sources*: 1 Black Knight – Mortgage Monitor Sept 2023,
2 Costar Multifamily Market Report
3 NMHC Quarterly Survey of Apartment Construction & Development Report – March 2025

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