bluevista®

HOUSING IN TRANSITION:

CONSTRAINT, MISMATCH & REPRICING

Executive Summary

The U.S. housing market is not moving in a single direction. It is transitioning across housing formats and tenures, price points, and geographies into a more segmented market. Some parts of the market are undergoing meaningful repricing, while others remain structurally constrained, and the interaction between these forces is reshaping how capital, development, and occupant demand intersect. A central feature of this transition is the continued constraint in the for-sale market, particularly at the entry level, which is displacing demand into rental housing.

> The U.S. housing market is increasingly defined not by a universal shortage, but by a growing mismatch between where housing has been delivered, what has been built, and where durable demand remains strongest.

Multifamily and Build-to-Rent (“BTR”) are in different stages of repricing. Multifamily is still absorbing one of the largest supply waves in its history, with rent growth already declining in many markets, lease-up timelines extending meaningfully, and elevated deliveries continuing to weigh on near-term performance. By contrast, BTR – while not immune to these pressures – is, in many markets, already transitioning into early recovery. Improving leasing velocity reflects not only a more favorable forward supply backdrop, but also sustained demand being redirected from a constrained for-sale market, where affordability remains stressed and starter-home supply limited. This is a staggered repricing across rental housing formats, driven by differences in supply intensity, product alignment, and the relative dysfunction of the ownership market.

Conversely, the for-sale housing market has not experienced a comparable pricing reset. Despite materially higher mortgage rates, home prices have remained durable across most markets, supported by constrained inventory and sufficient underlying demand.

These conditions are not contradictory. **Housing is not uniformly correcting or recovering, it is diverging.** Constraint, dispersion, and repricing are occurring simultaneously, but in different parts of the market, and the implications for capital are clear. Broad thematic exposure is no longer sufficient. Outcomes will be driven by precision of market, product, and execution.

Student housing presents a distinct contrast within the broader housing landscape. While other segments are navigating supply-driven repricing, capital market dislocation, or policy uncertainty, student housing fundamentals have remained comparatively steady. Demand is supported by the essential nature of higher education and a continued shift toward purpose-built housing, which has steadily taken share from legacy, non-institutional supply. That said, the sector is not without nuance. Enrollment growth is concentrating among stronger institutions against a slower-growth demographic backdrop, contributing to wider performance variation across universities and markets. As a result, student housing reflects a different form of selectivity, less about timing dislocation and more about institutional alignment, market positioning, and asset quality. In a market defined by volatility in other housing segments, student housing offers relative stability but not uniformity.

This transition is reshaping housing fundamentals while also changing where and how opportunity emerges across housing formats. In multifamily, the reset is increasingly occurring through the capital stack, where recapitalizations and restructurings are resetting basis and creating more attractive attachment points for new capital. In BTR, the opportunity is more layered. The sector remains underpinned by durable demand—driven by affordability constraints, demographic progression, and the persistent shortage of attainable for-sale housing—but is simultaneously working through dislocation. Elevated development activity, design misalignment, and competition from multifamily have pressured lease-ups and widened performance differences across projects and markets. At the same time, legislative overhang and policy uncertainty effectively stalled new capital formation across portions of the market, leaving a gap between emerging fundamentals and investor positioning. Importantly, the emerging policy framework does not eliminate the opportunity set—it clarifies certain pathways while narrowing others. Defined paths forward exist within certain segments of the BTR market, and as Treasury and HUD provide further implementation guidance, the opportunity set will favor investors with the regulatory fluency, market knowledge, and execution capability to navigate the framework.

For-Sale Housing: Structural Constraint, Segmentation, and Displacement

The for-sale housing market is widely interpreted through the lens of slowing transaction volumes and reduced affordability. However, these signals point to constraint more than underlying weakness.

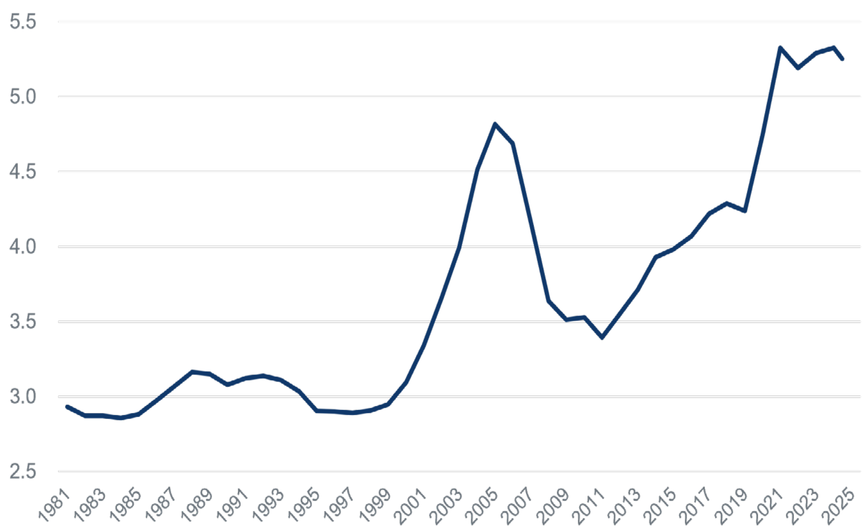
Mortgage rates have compounded, not created, an already stretched affordability backdrop

Affordability has deteriorated materially. Mortgage rates have increased the cost of ownership, while home prices – after more than a decade of appreciation – have remained durable and, in many markets, continue to grind higher. While wage growth has generally kept pace, rising insurance, tax, and maintenance costs have further increased the all-in cost of ownership, alongside broader inflationary pressure on household budgets. The result is not just a historically stretched affordability backdrop, but one that continues to tighten at the margin, pushing the financial threshold for homeownership further out of reach, particularly for first-time buyers. Even excluding financing costs, affordability has deteriorated materially over time, with home price-to-income ratios remaining well above long-term norms across much of the market. Mortgage rates have compounded, not created, an already stretched affordability backdrop.

Affordability Deterioration Predates the Mortgage Rate Shock

Entry-level home prices relative to household income have risen materially over time, reinforcing that affordability pressures extend beyond financing costs alone.

Entry-Level Median Home Price to Median Household Income



Source: John Burns Research & Consulting; Blue Vista

Under typical market conditions, this degree of affordability deterioration would result in broad-based price declines. That has not occurred. Instead, home prices have remained resilient across most markets, reflecting not only structural supply constraints but also the behavioral and policy dynamics embedded within homeownership. The mortgage rate lock-in effect has significantly reduced resale inventory, as homeowners are disincentivized from selling and taking on materially higher ownership or alternative housing costs. Meanwhile, embedded capital gains are creating an additional layer of friction, as the primary residence tax exclusion has not kept pace with nearly three decades of home price appreciation. For long-tenured homeowners, the after-tax cost of transacting can be meaningful, particularly given the substantial share of housing held free and clear, further discouraging turnover.

Analysis of AEI Housing Center FHA market data suggests that home price declines since peak levels in 2022 have been both limited in scope and unevenly distributed. While a subset of markets across Florida and Texas—generally those that experienced the most significant pandemic-era appreciation—have seen measurable declines, the majority of U.S. metros have remained broadly stable or continued to post modest gains. This distribution of outcomes reinforces that the housing market has not undergone a broad-based reset, but rather a selective normalization across higher-beta markets.

More importantly, supply conditions vary significantly by price tier. Lower-priced homes, defined as the lower segments of FHA price distributions, continue to exhibit materially tighter supply conditions than higher-priced segments. Months of supply in these tiers remain well below conventional equilibrium levels of 6-7 months, highlighting a critical dynamic: the housing market has not loosened—it has segmented. Entry-level housing remains undersupplied, even as mid- and higher-priced segments experience more balanced conditions. In a market where affordability is already stretched, limited attainable ownership supply does not suppress demand—it redirects it. Households that would otherwise transition into ownership are being priced out or constrained by financing conditions, shifting demand toward lower-cost rental options, including multifamily and, more directly, Build-to-Rent.

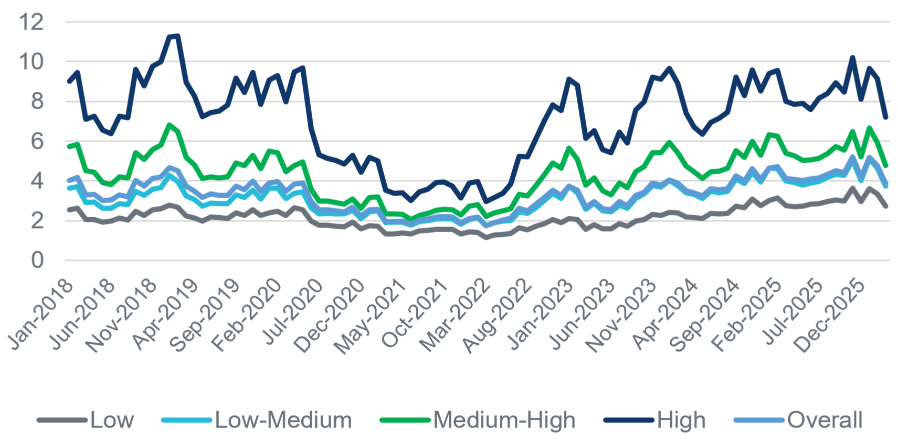
limited attainable ownership supply does not suppress demand—it redirects it

Supply Conditions Remain Tightest Within Attainable Ownership Segments

Inventory conditions remain materially tighter at the entry level, reinforcing that the housing market has loosened unevenly across price tiers despite broader increases in supply.

Homebuilders are responding to this environment through increased use of incentives. Rather than materially reducing asking prices, builders have relied on mortgage rate buydowns and concessions to support affordability while preserving nominal pricing. Incentives have increased significantly relative to historical norms, underscoring the depth of the affordability gap. Despite this, supply growth remains muted. Builders face both limitations in their ability to scale—driven by labor shortages and land costs—as well as reduced willingness to do so, particularly in the entry-level segment where margins and dollar profits are thinner. As a result, the for-sale market is inhibited at its most critical segment, where demand is organically generated through household formation and life-stage transitions, but increasingly unable to translate into homeownership. For many households, the issue is no longer whether ownership is desirable, but whether the traditional path toward the American Dream remains financially attainable.

Months' Supply by Home Price Tier



Sources: AEI Housing Center; Realtor.com; Zillow; Blue Vista

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This dynamic is evident in public homebuilders focused on starter-home communities. LGI Homes (LGIH), which targets entry-level and lower move-up price points below national averages, provides a useful proxy for affordability-driven demand. Monthly reported closings remain below prior-cycle levels, with volumes still negative on a 2- and 3-year stacked basis following the affordability shock of 2022–2024. Year-over-year trends into early 2026 suggest activity may be beginning to stabilize following sustained double-digit declines. Absolute levels, however, remain subdued, with demand continuing to bounce along a potential bottom and facing downside risks tied to moderating employment growth and persistent inflation pressures.

LGI Homes is referenced for illustrative purposes only as a proxy for entry-level homebuilder activity and is not a recommendation, solicitation or investment advice.

Taken together, these forces are limiting the conditions under which supply would typically respond. Housing inventory is not simply constrained; it is effectively anchored, preventing the type of price adjustment that would normally follow a deterioration in affordability. This reinforces the long-term investment case for attainable housing and supports the durability of rental demand across formats that serve this demographic.

The idea that the U.S. is structurally underhoused has become a dominant framework across economists, housing researchers, and industry stakeholders. Estimates of the national housing shortfall vary meaningfully by methodology, but many place the deficit between roughly 2-5 million units. While directionally useful, these estimates often treat housing demand as more uniform than current market conditions suggest.

Relatedly, the widely discussed mortgage rate lock-in effect should not be conflated with a structural housing shortage. While lock-in has materially reduced resale inventory and suppressed transaction volumes, it does not increase or decrease aggregate demand for housing units. Households choosing not to move still occupy housing stock and, if they were to transact, would generally require another form of shelter. In that sense, lock-in is primarily a mobility and liquidity constraint rather than a direct contributor to the aggregate housing deficit itself.

The housing deficit is concentrated across specific product types, geographies, and price points. In several segments where capital has concentrated most aggressively, particularly Class A multifamily and certain Sun Belt housing markets, supply has expanded meaningfully over the past several years. Multifamily deliveries recently reached some of the highest levels in decades, while builders simultaneously increased production of higher-priced for-sale product in markets that had experienced outsized migration and employment growth.

This dynamic is visible in inventory data. At the beginning of 2026, approximately 134,000 completed but unsold new homes were on the market, while total new-home inventory, including homes under construction and permitted but not started, also reached historically elevated levels[1]. Both measures now stand above every cycle observed since the 1970s outside of the 2005–2008 housing bubble. Inventory accumulation has been concentrated heavily across parts of Texas, Florida, and the broader Southeast—many of the same markets where institutional capital aggressively pursued multifamily, Build-to-Rent, and for-sale development simultaneously.

Builders' behavior reflects this imbalance. As previously outlined, sales incentives have expanded materially beyond long-term norms, with mortgage rate buydowns and concessions required to support absorption. This is less indicative of builders leaning into an unmet supply opportunity and more reflective of localized oversupply in specific product categories and markets.

At the same time, many aggregate housing deficit estimates continue to extrapolate long-run demand patterns without fully accounting for evolving demographic and policy dynamics. Migration and immigration have already moderated meaningfully from recent peaks, slowing incremental household formation relative to prior expectations, particularly in markets that had previously benefited disproportionately from inbound population growth.

None of this suggests that the broader housing shortage is resolved. Rather, the shortage is largely concentrated in attainable and workforce housing. The issue is not simply a lack of housing supply in aggregate, but a growing mismatch between where and what developers have built and where enduring demand is concentrated. Workforce housing and manufactured housing are important components of this broader affordability challenge, but they fall outside the scope of this paper. We expect to address these sectors in greater depth in future research, particularly as they relate to attainable housing supply, resident affordability, and institutional capital formation.

[1] Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Houses for Sale, retrieved from FRED, Federal Reserve Bank of St. Louis

Multifamily: Repricing, Supply Digestion, and Execution

The multifamily sector is currently absorbing one of the most significant supply waves in its history. Elevated development activity over the past several years has resulted in a surge of new deliveries, particularly in high-growth markets. This influx of supply has pressured rents, meaningfully increased concessions, and extended lease-up periods. After multiple years of elevated competition and weaker-than-expected absorption, operators have shifted toward prioritizing occupancy stabilization over pricing power. Meanwhile, rising operating expenses, including property taxes, labor, and insurance, have compounded pressures, compressing margins and further weighing on performance.

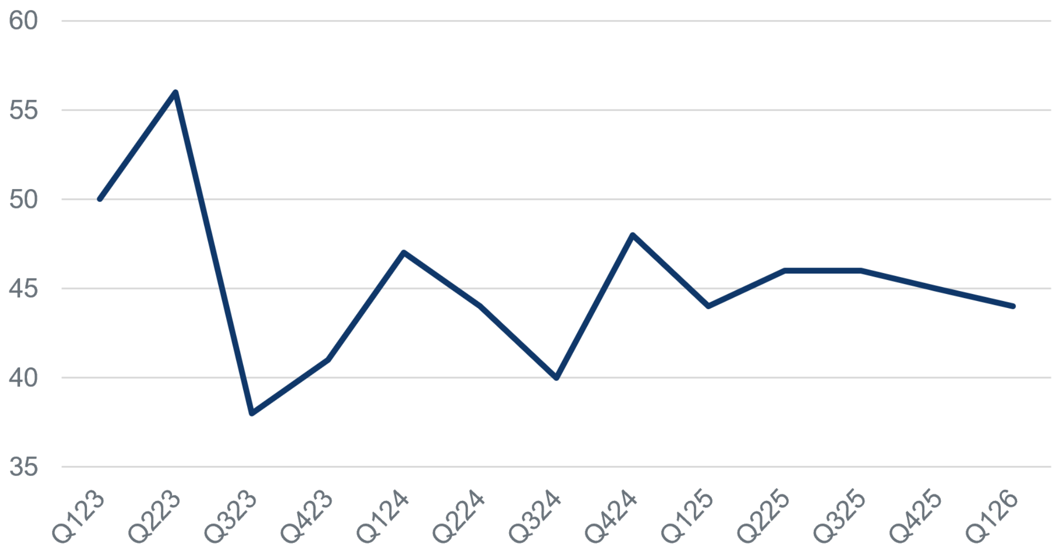
However, these conditions reflect a timing disconnect and cumulative supply wave that has remained elevated rather than outright structural weakness. Development starts have declined, but the existing pipeline continues to extend recovery timelines. Capital has largely remained engaged, driven by limited alternatives in other property types, continued weakness in the for-sale market, and residual momentum from the sector's outsized prior-cycle performance. Belief in long-term housing undersupply and durable renter demand has helped sustain this positioning, even as certain fundamentals softened. Still, persistent affordability constraints in the for-sale market continue to support renter demand despite weaker top-line leasing conditions. Turnover remains historically low across many markets, while renewal rents in many cases continue to outpace asking rents on new leases, reinforcing the degree to which existing residents remain anchored in place despite broader operating softness.

Developers continue trying to thread a narrowing window between elevated supply and still-durable demand. The outcome is a supply cycle that has extended beyond initial expectations, resulting in a longer and more uneven digestion period before fundamentals fully rebalance. This persistence is reflected in multifamily construction sentiment, which declined sharply through 2023 as elevated rates and weaker fundamentals pressured the sector, but has since stabilized rather than continuing to deteriorate. That resilience has helped sustain continued development activity and extend the multifamily supply digestion cycle.

Multifamily Development Sentiment Has Moderated, But Remains Persistent

The NAHB Multifamily Production Index is a sentiment diffusion index where readings below 50 indicate more developers view conditions as unfavorable than favorable. Despite weaker fundamentals and valuation resets, sentiment stabilized after its 2023 decline, helping sustain development activity and extending the supply digestion cycle.

NAHB Multifamily Production Index



Source: NAHB

This dynamic is not uniform. Gateway and select secondary and more affordable growth markets, where new supply has been more disciplined and constrained, are holding firmer and continue to see moderate rent growth, reinforcing the degree to which outcomes are being driven by supply intensity rather than demand variability. This divergence is not only geographic, but also product-driven, with newer, higher-priced assets in supply-heavy submarkets facing the greatest pressure, while more attainable and well-positioned product continues to demonstrate relative resilience.

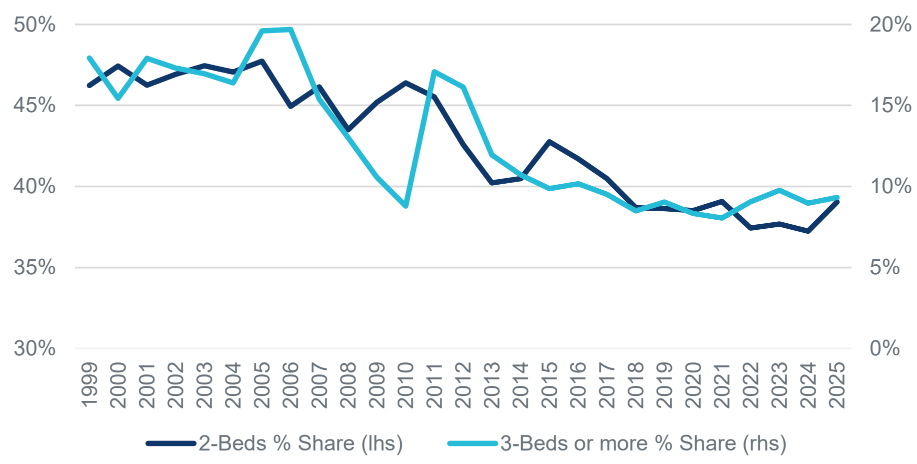
The prior cycle raised the cost basis of multifamily projects through an amenity arms race, but today's rent environment no longer reliably supports that higher-cost model

Elevated construction costs, rising operating expenses, and weaker rent growth are also redefining what successful multifamily product needs to deliver. The prior cycle raised the cost basis of multifamily projects through an amenity arms race, but today's rent environment no longer reliably supports that higher-cost model. Developers competed through oversized clubhouses, novelty-driven common areas, and elaborate amenity packages in an effort to capture elevated demand and justify premium pricing. Pandemic-era shifts in resident behavior magnified this escalation, as more time spent at home and the blending of living, working, and social space increased demand for highly amenitized environments. Yet the response often extended beyond durable resident utilization and became developer-led as competition for leasing velocity and rent growth intensified. With excess supply limiting rent growth and operating costs rising, the next generation of communities will need to pair more efficient and cost-effective design with amenities that justify their footprint through consistent use, operating efficiency, and long-term adaptability rather than visual impact or amenity scale alone.

Against this backdrop, the evolution of multifamily product over the past two decades has contributed to a structural gap in the market. Development has trended toward smaller unit formats, with a declining share of two- and three-bedroom units as operators optimized for yield and density. While this shift has been rational from a development perspective, it has reduced the availability of rental housing capable of accommodating family-oriented demand and for larger-format, lower-density living. Headline supply figures often obscure whether newly delivered product is actually aligned with the affordability, density, and lifestyle preferences driving long-term demand. In that context, BTR has emerged not simply as an alternative product type, but as a complementary solution—delivering greater space, privacy, outdoor access, and flexibility in ways traditional multifamily formats are less well equipped to provide.

Declining Share of Larger Multifamily Units

The share of two- and especially three-bedroom units has declined over time, reflecting a shift toward smaller-format multifamily product and reinforcing the need for alternative housing formats such as BTR.



Source: U.S. Census Bureau. *Characteristics of new housing*; Blue Vista

Altogether, these property-level distinctions help explain why stress is not appearing uniformly across multifamily assets, even as capital structures across the sector are moving through a more common reset. The extended supply cycle is now intersecting with capital structures put in place under a very different rate and operating environment. Bridge and construction loans are reaching the end of extended terms, forcing a growing number of ownership groups into decision points around refinancing, recapitalization, or disposition. In many cases, proceeds are insufficient to refinance on a like-for-like basis, particularly for assets still in lease-up or located in more supply-exposed submarkets. As a result, stress is increasingly being expressed through the capital stack rather than solely through operations.

This dynamic is creating a differentiated opportunity set. Capital adjustment is not occurring uniformly at the asset level, but rather through shifting attachment points, where new capital can enter at a basis more aligned with current fundamentals. These opportunities are most compelling when paired with operational strategy, where capital is deployed alongside a clear path to stabilization, lease-up, or repositioning. In this environment, operational control is separating stronger operating models from weaker ones. Assets reliant on traditional third-party management structures often lack full alignment and control over the resident experience, while more integrated platforms are better positioned to drive leasing velocity, customer engagement, and long-term performance.

The operating toolkit itself is evolving. Advances in data analytics and AI are reshaping how assets are managed, how prospects are engaged, and how marketing capital is deployed. The ability to optimize pricing, target demand, and manage customer interactions across the full lifecycle is central to driving returns on equity. In this context, integrated platforms with visibility across the resident journey, from initial lead generation through ongoing tenancy, are better positioned to translate operational insight into financial performance.

The ability to underwrite both capital structure and the path to asset stabilization is becoming a primary driver of prospective returns. More broadly, these shifts are reinforcing that housing demand is evolving not only around affordability, but also around space, flexibility, privacy, and product utility—dynamics that have helped drive the emergence of alternative rental formats such as Build-to-Rent.

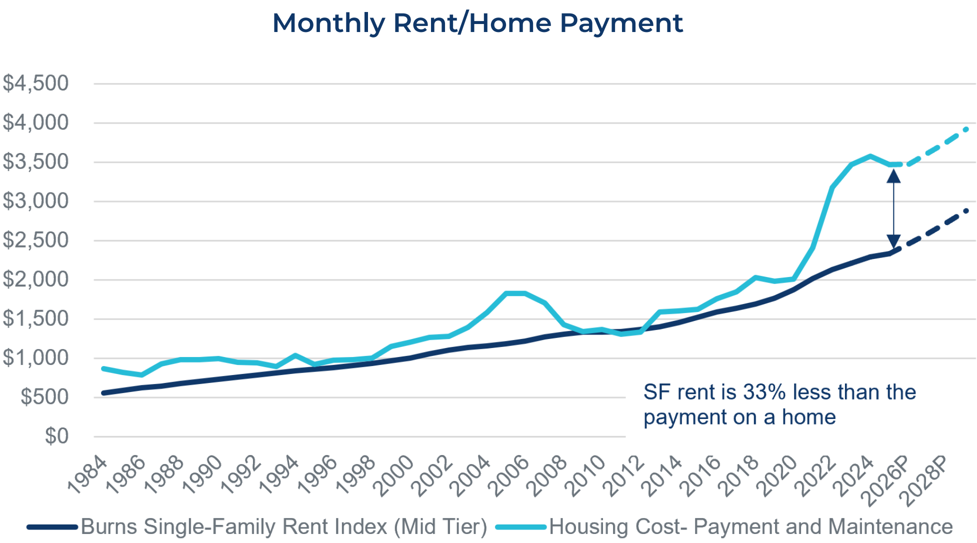
Built-to-Rent: Structural Tailwinds, Cyclical Dislocation, and Maturation

Build-to-Rent has emerged as a key component of the housing ecosystem, providing a scalable solution to meet demand for single-family living in a rental format. The sector is underpinned by durable tailwinds, including demographic progression, migration patterns, and affordability constraints that continue to limit access to homeownership. In this context, demand for single-family living has not diminished, but has progressively been redirected into rental housing, reflecting conditions in the for-sale market, where limited supply and affordability pressures are preventing natural transitions into ownership. Developers continue trying to thread a narrowing window between elevated supply and still-durable demand. The outcome is a supply cycle that has extended beyond initial expectations, resulting in a longer and more uneven digestion period before fundamentals fully rebalance. This persistence is reflected in multifamily construction sentiment, which declined sharply through 2023 as elevated rates and weaker fundamentals pressured the sector, but has since stabilized rather than continuing to deteriorate. That resilience has helped sustain continued development activity and extend the multifamily supply digestion cycle.

Cost of Renting vs Owning a Home

Monthly ownership costs have diverged materially from rents, reinforcing the economic barrier to homeownership and supporting demand for rental housing.

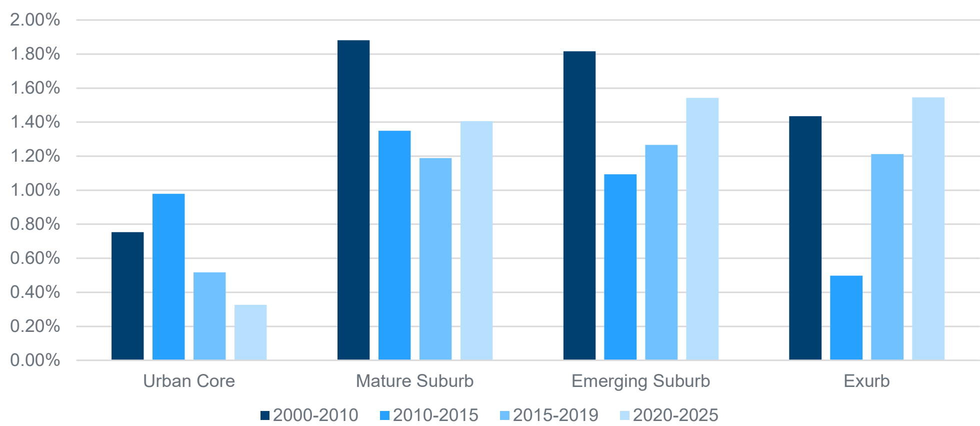
This demand shift is also supported by a longer-term reorientation of population growth across the U.S. Over multiple decades, population growth has concentrated in suburban and exurban markets, reflecting preferences for space, affordability, and access to schools and community infrastructure. This trend has persisted across cycles and accelerated in periods of economic and housing stress, reinforcing the alignment between BTR product and the geographic markets where demand is both growing and durable.



Source: John Burns Research & Consulting; Blue Vista

Population Growth by County Classification

Compound annual population growth continues to favor mature and emerging suburbs over urban cores across the largest U.S. metro areas reinforcing long-term structural demand for BTR-aligned housing formats.



Source: U.S. Census Bureau (Decennial Census, Population Estimates Program); classification methodology adapted from Brookings Metro; Blue Vista analysis[2]

[2] Reflects the 56 largest U.S. metropolitan areas (population ≥1,000,000); counties are classified as Urban Core, Mature Suburb, Emerging Suburb, or Exurb based on the share of county population within Census-defined urban areas, following Brookings Metro's methodology (Frey, 2022).
The 2020-2025 period reflects the Census Bureau's 2020 urban-area criteria, which redefined urbanized-area boundaries relative to the 2000-2019 periods; as a result, the underlying county classifications shifted meaningfully at 2020 (e.g., Exurb's population base roughly halved), so period-over-period CAGRs are internally consistent but the four periods are not built on identical geographic definitions throughout.

However, the sector is navigating a period of cyclical dislocation. Elevated development activity, combined with overlapping supply from multifamily in certain markets, has created pockets of oversupply. This has extended lease-up timelines and pressured rent growth. As a result, valuations have adjusted, and performance has become more uneven across assets and markets. This pricing correction is occurring within a structurally advantaged demand environment. Rather than undermining the underlying thesis, the current dislocation is accelerating a transition from narrative-driven growth to execution-driven outcomes. Development starts have moderated meaningfully, and a more favorable forward supply backdrop is beginning to emerge in many markets. This dislocation reflects not only elevated supply, but also how the sector was underwritten and capitalized in the prior cycle. During a period defined by rapid rent growth, limited supply, and strong absorption, both operators and capital providers extrapolated performance and leaned into thematic positioning, while underappreciating the pace at which the underlying supply-demand imbalance was being resolved. Recent migration trends proved directionally durable, but not at the pace or concentration implied by peak-cycle underwriting assumptions. Many of the markets that benefited most from inbound migration experienced meaningful price appreciation, reducing their relative affordability and shifting demand toward alternative locations. Often, this resulted in product misaligned with current demand—whether in pricing, density, or physical positioning—as conditions normalized and affordability pressures intensified.

During a period defined by rapid rent growth, limited supply, and strong absorption, both operators and capital providers extrapolated performance and leaned into thematic positioning, while underappreciating the pace at which the underlying supply-demand imbalance was being resolved

Capital allocators are stepping back too broadly—drawing conclusions from a cyclical phase rather than reassessing the sector with more precision. In several cases, capital retrenchment has moved faster than underlying demand deterioration, creating a more favorable entry environment, where capital can be deployed more strategically into assets and strategies aligned with structural demand, but repriced to reflect current conditions.

The current environment is reshaping both the relationship between homebuilders and institutional rental capital and the broader opportunity set within BTR. With for-sale absorption constrained by affordability, quality land values proving relatively sticky, and the BTR buyer universe narrowed by legislative uncertainty, builders are becoming more motivated counterparties. Legislative uncertainty is materially curtailing capital formation, imposing heightened discipline on marginal projects while leaving defined pathways forward in select segments of the market. As in multifamily, this environment is also creating opportunities within the capital stack, particularly for assets in lease-up or early stabilization where capital structures are being reset. Elsewhere, performance is being driven by communities more closely calibrated to local demand, density preferences, and affordability thresholds, which continue to outperform broader market trends. Meanwhile, evolving policy frameworks are beginning to create points of convergence between traditional site-built and factory-built housing solutions, introducing new pathways for investment, production, and cost efficiency while better aligning housing delivery with resident demand.

Taken together, these dynamics point to both a cyclical transition and the continued maturation of the BTR sector. As a relatively young asset class, the current environment represents an important inflection point where outcomes will favor investors able to navigate capital structure, market selection, product alignment, and regulatory complexity more effectively. While recent dislocation has raised the importance of selectivity, it has not altered the underlying demand thesis.

More broadly, this period represents an institutional moment for the sector, as capital shifts from thematic allocation toward more deliberate, execution-focused investment in a housing format that continues to provide a critical solution to the gap between renting and owning. As capital re-engages, the path forward will require greater discipline by aligning deployment with long-term demand rather than front-running it. The scalability of the sector remains intact, but future growth will be defined less by the pace of capital formation and more by the precision of deployment and business plan design.

Student Housing: Stability, Dispersion, and Operating Visibility

Student housing occupies a distinct position within the broader housing landscape. While other housing sectors are navigating supply-driven repricing and capital market dislocation, student housing fundamentals have remained comparatively stable and operationally resilient. Demand continues to be supported by the essential nature of higher education and the ongoing shift toward purpose-built student housing, which continues to take share from older, non-institutional housing stock. According to 2025 Axiometrics data, only 24% of students in the top 175 markets live in purpose-built student housing, while a much larger share remains in alternative or on-campus supply, reinforcing the continued capture opportunity for modern, purpose-built product.

The sector also benefits from relatively inelastic demand for housing proximate to campus. Students require housing near their institutions regardless of broader economic conditions, and the sector has historically demonstrated defensive characteristics during periods of economic weakness. College enrollment has increased in every recession since the 1950s[3], as periods of elevated unemployment and limited job creation often lead more people to pursue degrees or remain in school to improve employment prospects. This does not eliminate market- or asset-level risk, but it helps explain why student housing can offer more resilient demand characteristics than residential sectors more directly tied to employment-driven household formation.

Many student housing markets remain structurally supply constrained. Physical barriers near campus, limited land availability, university housing shortages, elevated construction costs, and rising investor return requirements continue to restrict new development in many established university markets. In 2025, new supply declined by roughly 22% versus the historical average[3], while occupancy has remained broadly stable, reinforcing the importance of existing well-positioned assets in markets where new supply is difficult to deliver.

At the same time, student housing reflects the broader theme of dispersion shaping the housing market. Each university effectively functions as its own micro-market, with outcomes driven by a combination of enrollment durability, supply conditions, institutional quality, off-campus housing dynamics, and competitive positioning. This dispersion is becoming more important as higher education itself consolidates around stronger institutions. While total enrollment across all U.S. universities declined at a modest rate from Fall 2015 to Fall 2024[4], enrollment across the 175 university markets tracked by Blue Vista increased over the same period[5], reinforcing the degree to which demand is concentrating around stronger schools. Operators with footprints across multiple student housing markets have a market-level vantage point into the localized leasing, supply, and resident demand conditions driving that dispersion, allowing their platforms to surface emerging trends earlier and evaluate opportunities with more informed judgment and greater conviction. International enrollment trends are adding another layer of sensitivity across the sector. While demand from international students remains strategically important for many universities, broader enrollment growth has become more volatile, with immigration policy, geopolitical dynamics, visa processing, and affordability considerations amplifying variability across universities and markets. Large flagship universities and nationally recognized institutions continue to attract durable international demand and, in many cases, maintain applicant pools deep enough to backfill fluctuations in international enrollment. By contrast, schools more reliant on marginal enrollment growth or tuition-driven expansion often face greater volatility. More broadly, enrollment, applications, and student demand are directionally consolidating toward universities with greater academic, financial, and brand strength.

[3] Source: U.S. Department of Education, National Center for Education Statistics (2024); U.S. Bureau of Economic Analysis (2024)
[4] Source: National Center for Education Statistics showing Integrated Postsecondary Education (IPED), National Student Clearinghouse Research Center
[5] Source: Axiometrics (2026). Fall enrollment data through 2024.

Recent divergence across student housing markets highlights the degree to which supply discipline and market positioning matter more than institutional prominence alone. In several high-profile university markets, elevated new supply and competition from conventional multifamily have pressured occupancy and rent growth despite strong enrollment trends and national visibility. Conversely, other universities with more stable enrollment profiles, limited new deliveries, and favorable off-campus housing dynamics have continued to experience strong fundamentals and pricing power. The contrast reinforces that student housing outcomes are driven by localized supply-demand balance and operating capability rather than broad thematic exposure to the sector.

Student housing performance often turns first at the market and asset level, through changes in leasing velocity, renewal behavior, concession activity, pre-leasing depth, pricing segmentation, reputation scores, and competitive supply pressure, before those shifts are fully visible in headline enrollment or university-level data. For experienced operators, data science and AI can help capture cross-cycle outcomes across owned and managed properties, creating deeper institutional memory. When combined with market ranking tools and risk rating processes, this analytical infrastructure can feed directly into underwriting discipline and portfolio oversight, providing a differentiated lens into localized dynamics.

As in other housing sectors, the next phase of student housing investment will reward disciplined market selection, operating capability, and real-time visibility into localized conditions more than thematic exposure alone. Scale, operating experience, and the ability to continuously evaluate changing market conditions have always been important in student housing, but widening dispersion is making differences in operator quality, data infrastructure, and market positioning more visible beneath otherwise stable headline fundamentals.

Student housing performance often turns first at the market and asset level...before those shifts are fully visible in headline enrollment or university-level data

Conclusion: Housing as a System, not a Single Market

The U.S. housing market is not undergoing a singular reset. It is transitioning into a more complex system where supply, affordability, capital, and demand are moving on different timelines across housing formats, geographies, and price points.

For-sale housing remains structurally constrained, particularly within attainable ownership segments. Multifamily and Build-to-Rent are correcting as they absorb recent supply. Student housing is navigating demographic variability and widening institutional dispersion. Together, these dynamics are reinforcing a housing market defined less by broad cycles and more by structural mismatch: between ownership and rental demand, between where supply has been delivered and where durable demand remains strongest, and between thematic exposure and execution-driven investing.

The next phase of housing investment may be defined less by aggregate supply narratives and more by identifying where supply and demand remain structurally mismatched, where repricing has created opportunity, and where operational alignment can capitalize on widening divergence across housing formats and markets.

Housing is not a trade driven by macro conditions alone. It is a system shaped by the interaction of supply, demand, capital, policy, and behavior. Understanding that system, and operating within it effectively, will define outcomes in the next phase of the cycle.

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Disclosures

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