Yardi Matrix

Affordable Housing National Report

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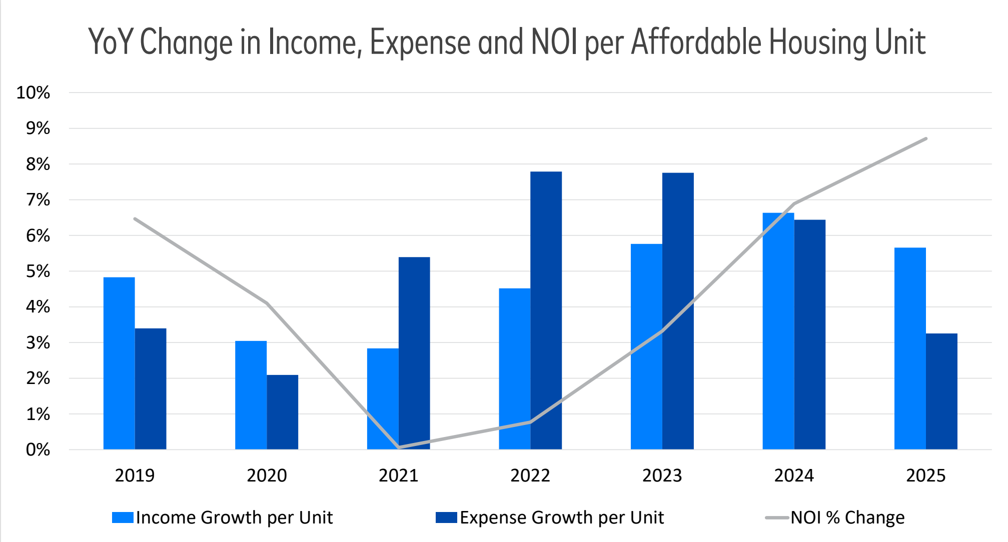
Affordable Multifamily Properties Post Strong Returns in 2025

On the back of stronger income growth, fully affordable properties outperformed market-rate properties in 2025, according to data from Yardi Matrix Expert. Fully affordable multifamily properties nationally recorded an average 5.7% income growth in 2025, compared to 2.1% for market-rate properties, per Matrix. That helped produce 8.7% growth in net operating income for fully affordable multifamily units in the U.S., while market-rate units saw NOI increase by only 2.2%.

2025 marks the second consecutive year fully affordable properties (defined as properties in which rents on 90% or more of units are limited to a level based on area median income in exchange for a subsidy) outperformed market-rate properties. The reason: Affordable property rents have grown higher over the last two years than market-rate advertised rents.

Market-rate advertised rent growth has been weak the last few years for reasons that include the rapid supply growth in Sun Belt markets. But the formulas used by the Department of Housing and Urban Development that govern affordable property rents increased more than usual in 2024 and 2025, reflecting higher post-pandemic inflation and wage growth. HUD publishes allowable rent increases for subsidized properties in more than 2,000 U.S. geographic areas.

In 2025, the average allowable increase across the HUD universe was more than 6.0%, with the highest rate at 9.2%. More than 70% of areas were allowed to raise rents by 5.0% or more, while a small number of areas had no growth. HUD's numbers serve as a limit, so individual properties don't necessarily increase rents by the full amount on renewal, but that allowable increases were relatively high demonstrates why income growth was strong.



Source: Yardi Matrix Expert