# EMBREY INSIGHTS

EMBREY

# DIGGING BENEATH THE HEADLINES:
## UNDERSTANDING IMMIGRATION AND MULTIFAMILY DEMAND

**DECEMBER 2025**

Research Publication

www.embrey.com

## Introduction

Recent immigration headlines have focused on enforcement actions, deportations, and the shift in federal policy. What has received less attention is how these changes intersect with U.S. housing, particularly the rental market. The record-breaking immigration surge of 2022–2024 has clearly moderated. As of June 2025 (the most recent figures available), the foreign-born population declined from its early-year peak of 53.3 million to 51.9 million.

Under normal circumstances, a pullback in immigration and an uptick in deportations would imply weakening apartment demand. Yet that isn't what's happened. Multifamily absorption has remained healthier than expected, even as immigration slowed and job growth softened.

Understanding why demand held up in 2025 is essential to understanding what comes next, especially as we move into a period of falling multifamily supply, normalized immigration inflows, and a more accommodative interest-rate environment.

## The 2025 Demand Puzzle

The resilience of multifamily demand in 2025 reflects several dynamics that do not show up in monthly immigration data.

Much of today's demand reflects:

- **Lagged household formation from the 2022–2024 immigration wave**
  New arrivals typically live with family or friends before forming independent households.

- **Pandemic-era living-at-home rates are normalizing**
  This shift is helping to support incremental household formation as some young adults form independent households.

- **Steady household formation among Lawful Permanent Residents (LPRs)**
  LPR arrivals continue, and these households reliably form at consistent rates even in lower-immigration years.

- **Deportations affecting construction labor more than rental demand**
  With roughly 30% of construction labor foreign-born, enforcement pressure shows up more in delayed deliveries than in current absorption.

## Immigrants and Household Formation

Immigrant households are an important and durable driver of rental demand. Green-card households account for more than one-fifth of U.S. rental households, and legal immigrant households are nearly 30% more likely to rent than U.S.-born households. In a typical year, international migration adds roughly 270,000 new households. During 2022–2024, that figure expanded, contributing an estimated 600,000 new renter households and supporting absorption across multifamily, single-family rental (SFR), and build-to-rent (BTR) housing.

## Immigration Composition Matters

Not all immigration drives the same type of housing demand. A growing share of new arrivals enter through high-skilled employment pathways, including H-1B and other employment-based visa categories. According to USCIS, the median H-1B salary exceeds $100,000, reflecting strong alignment with Class A and B rental product. Research from Brookings and others suggests that high-skilled immigrants disproportionately locate in higher-opportunity, higher-rent metros, challenging the narrative that immigrant demand is concentrated solely in Class C housing.

## Where We Are Now: Slower Immigration, Data Uncertainty

In 2025, foreign-born population counts declined. The Current Population Survey (CPS) reported a drop of 2.2 million people, a figure widely circulated but heavily debated. Jed Kolko with the Peterson Institute for International Economics pointed out that the Census Bureau itself cautioned against using CPS metrics to determine changes in immigration levels. Analysts from the American Economic Institute estimate that true net immigration in 2025 will likely land between –525,000 and +115,000, still a slowdown, but nowhere near the dramatic CPS headline figure.

Enforcement activity tells a similar story. The Department of Homeland Security reported over 605,000 forced deportations (removals) since January 20, 2025, as of early December. In contrast, the nonpartisan Migration Policy Institute estimated that strict ICE interior deportations (formal removals, excluding broader enforcement actions or voluntary departures) totaled approximately 340,000 for fiscal year 2025 (October 2024–September 2025), based on publicly available data. While significant, this is only marginally impactful to long-term housing demand and debatably below the historical average of 1.1 million annual deportations from 1977 to 2023.

Headline numbers suggest a large immigration decline. The underlying data suggests a more modest moderation.

## What Happens After 2026: Normalizing Immigration Meets Reduced Supply

Looking forward, the Congressional Budget Office (CBO) projects that immigration will gradually normalize beginning in 2027, supported by labor shortages, demographic pressures, and political recalibration. Even a low-immigration scenario, roughly 422,000 foreign-born entrants per year, would still generate 6.9 million new households between 2025 and 2035.

This anticipated rebound in immigration will converge with a slowing multifamily supply pipeline, with Witten Advisers anticipating net deliveries of less than 300,000 annually from 2026-2028, compared to the peak of more than 500,000 in 2024.

At the same time, Federal Reserve projections and futures markets point toward a more accommodative interest-rate environment, easing capital constraints for real estate investors.

## The Takeaway: The Stage is Set for Improving Operations

The immigration slowdown of 2025 is best understood as a temporary correction following an unsustainable surge, not a new structural baseline. We believe that immigration will begin reverting toward more typical levels by 2027. This normalization will occur just as multifamily supply tightens, economic conditions likely improve, and delayed household formation continues to unwind, setting the stage for significantly improved operations across the spectrum of rental housing.

# EMBREY INSIGHTS

EMBREY

Stay in the loop! Access expert research, along with data-driven insights and forecasts regarding the economic and capital market environments within the multifamily industry, by subscribing to our EMBREY Insights distribution:

**CLICK HERE TO SUBSCRIBE**


## Garrett Karam

**Chief Investment Officer**


Garrett Karam leads investment and capital markets activity for EMBREY. As a seasoned industry professional, he sets strategic direction and drives performance alongside a talented in-house investments team, with a focus on maximizing returns and building long-term relationships.

Interested in learning more about EMBREY's current investment opportunities? Click here or email garrett@embrey.com