



**THE GARRISON**  
FOUNTAIN, COLORADO

THOMPSON THRIFT

# Multifamily Market Research Presentation

PREPARED FOR OUR PARTNERS

APRIL 2026

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THE MADDOX  
BUCKEYE, ARIZONA

# Key Multifamily Themes

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## **ECONOMIC TURBULENCE IS CAUSING HEARTBURN FOR CONSUMERS**

Ongoing geopolitical tensions, persistently volatile interest rates and inflation, and a sluggish labor market have caused consumer sentiment to fall to recessionary levels, and is weighing on household formation and leasing activity.

## **LONG-TERM STRUCTURAL SHIFTS WILL UNDERPIN MULTIFAMILY PERFORMANCE IN THE LONG-TERM**

Homeownership remains unaffordable for many, and renters are renting for longer. A housing shortage will continue favoring multifamily. Major life milestones are happening later in life for younger cohorts. Domestic migration will continue favoring the Sun Belt and Mountain regions. Emerging lifestyle trends have led to more renters renting by choice and the preference for more flexibility. Hybrid work models are driving demand for more suburban lifestyles with lower rents and larger spaces than urban high-rises. All of these factors drive more demand for multifamily housing.

## **SUPPLY AND DEMAND WILL FIND BALANCE AND RENT GROWTH WILL GAIN MOMENTUM**

The pipeline of new multifamily developments continues to shrink and renter demand is absorbing the units being delivered. Most markets are expected to achieve positive rent growth in 2026 while a few may have to wait until 2027. Rent growth is expected to accelerate considerably in 2027-2030. This trend will be most pronounced in high growth markets across the Sun Belt and Mountain regions where job growth and migration trends remain strongest.

## **APARTMENT OWNERS ARE CURRENTLY AGGRESSIVELY PRICING RENTS, FAVORING OCCUPANCY ABOVE REVENUE**

In markets with the most new supply being delivered, owners are competing aggressively on rent pricing to attract new tenants and to retain existing ones. As the supply pipeline continues to shrink, and the new units are leased, the rent discounts and other concessions will no longer be needed and rent growth will begin accelerating again.

# The State Of The Market

## THE ECONOMY AND DEMOGRAPHICS

- Job growth expected to remain sluggish in 2026 before a recovery that will favor Sun Belt and Mountain Regions (~70% of jobs added over the next 5 years are projected to be added to these regions)
- Wage growth has continued to outpace rent growth since Q1 2023, propping up affordability for multifamily
- Hybrid work models are driving demand for more suburban lifestyles
- Migration patterns will continue favoring the Sun Belt and Mountain regions and drive above average housing demand and multifamily leasing activity

## TODAY'S FUNDAMENTALS

- The number of units under construction has dropped more than 50% since peaking in 2023, and result in fewer new deliveries in over the next few years
- New leasing decelerated in the first half of 2025, and Q4 marked the return of more typical seasonality
- Vacancy for stabilized assets remains healthy (5.2%), but the additional vacancy from properties in lease-up remains elevated
- Today's owners are favoring occupancy and sacrificing rent growth to fill vacant units

## STRUCTURAL MULTIFAMILY TAILWINDS

- Persistent nationwide housing shortage of approximately 3.5M
- Mortgage Lock-In Effect: 68.6% of existing mortgages with a rate under 5%, limiting buying opportunities and keeping home prices sticky
- The affordability gap between buying and renting remains at all-time highs; across the U.S. top 150 markets, it costs 62% more to buy a median-priced home than to rent an apartment
- Delayed Life Milestones: Median age of first-time homebuyers is 40 today, up from 35 just three years ago

## CAPITAL MARKETS

- Investment activity will accelerate as new supply falls, rents recover, and concessions burn off over the next 12-24 months. Together, these trends, and the increased competition for multifamily properties, will put upward pressure on property values, and will bring the recovery to property values
- Cap rates have remained stable since mid-2024, and we expect incremental compression over the next few years
- Annual multifamily investment activity continues growing each year (up 9.1% in 2025)

# The Outlook

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## **REAL ESTATE FUNDAMENTALS WILL PROVIDE CLEAR EVIDENCE OF A RECOVERY.**

Supply and demand will continue working towards harmony. Household formation and new renter demand continue absorbing the new supply being delivered across much of the Sun Belt and Mountain regions, and 2026 will be a transitional year for these markets.

Owners, who today are focused more on preserving their existing occupancies at the cost of rent growth, will finally begin transitioning toward reducing rent discounts and working toward healthier net operating incomes.

Certain markets will lead and others will lag, but there is strong and consistent data coming from markets like Atlanta that indicate the recovery is already underway and that other markets are not far behind.

## **THE STRUCTURAL DRIVERS OF TODAY'S RENTER DEMAND WILL PERSIST IN 2026 (AND BEYOND).**

Many households are renting by choice. They're having children later, getting married later, and enjoy the flexibility and convenience of renting in professionally managed communities. Many others face an unaffordable for-sale housing market and don't have the ability to move into homeownership. These trends have created a stickier base of renter households that will last for years longer.

## **A COIN FLIP: WILL INFLATION OR THE LABOR MARKETS DRIVE FED DECISIONS?**

The decision of the Federal Reserve to keep rates steady through the end of the year (or target between one and two 25 basis point cuts) will hinge on the trajectory of both inflation and the labor markets.

If inflation remains sticky under greater economic uncertainty and geopolitical tensions, it seems the Fed will likely hold steady until 2027. On the other hand, if labor markets slip further, and we see greater widespread job losses, we could see a pivot with one or two rate cuts in the second half of the year to buoy job growth and maintain full employment.

Given that inflation seems range-bound and the labor markets remain sluggish, we expect at least one 25 basis point cut by year-end, which will pop up consumer sentiment and multifamily leasing trends.

## **INVESTMENT ACTIVITY AND ASSET VALUE RECOVERY WILL FOLLOW THE RECOVERY IN FUNDAMENTALS, BUT INVESTORS WILL REMAIN SELECTIVE.**

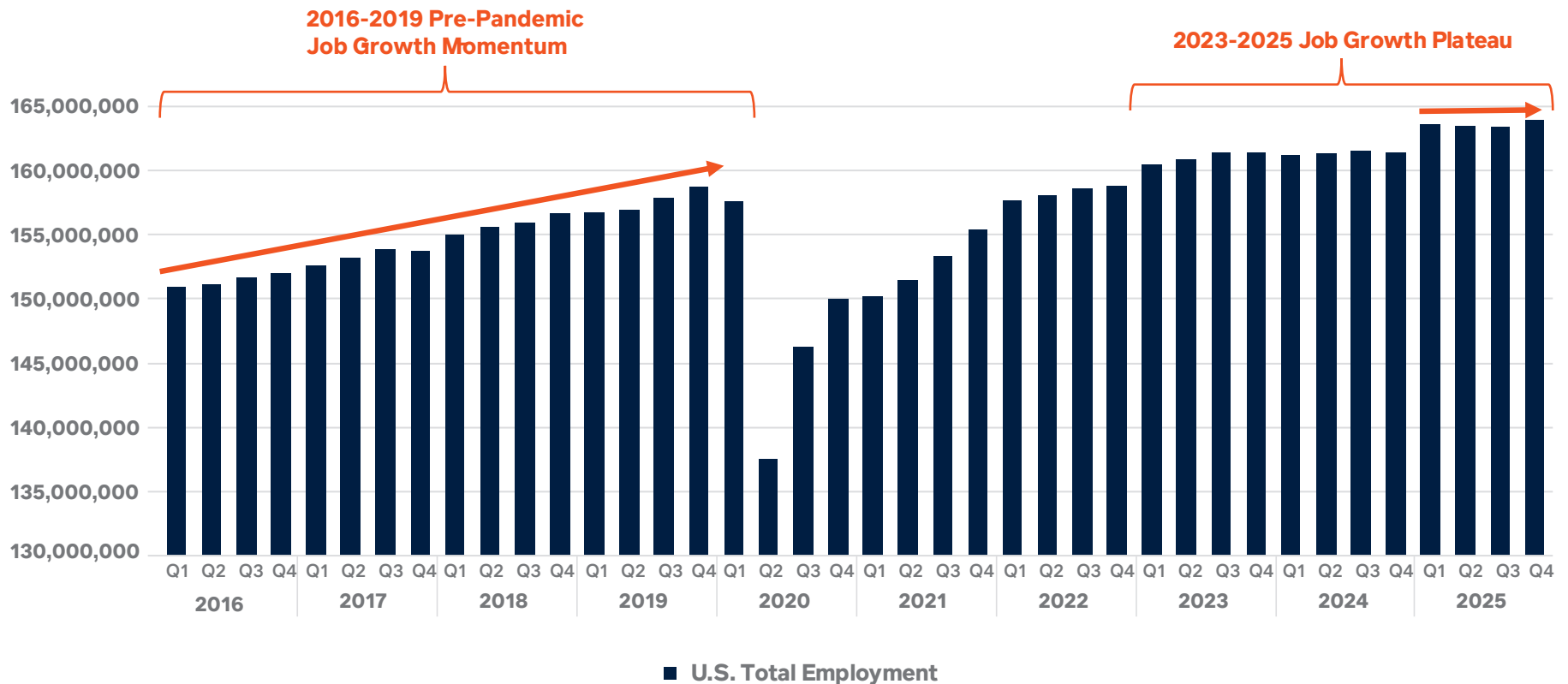
As market fundamentals improve throughout the year, supply is absorbed, and rent growth turns positive in most markets, many larger "institutional" investors will come off the sidelines, and put upward pressure on property values. Investors will continue favoring high-quality and well-located properties, and as buyers become comfortable underwriting positive NOI growth, values will resume their recovery.

SECTION 1

# Economy & Demographics

# Job Growth Has Slowed Amid Economic Uncertainty

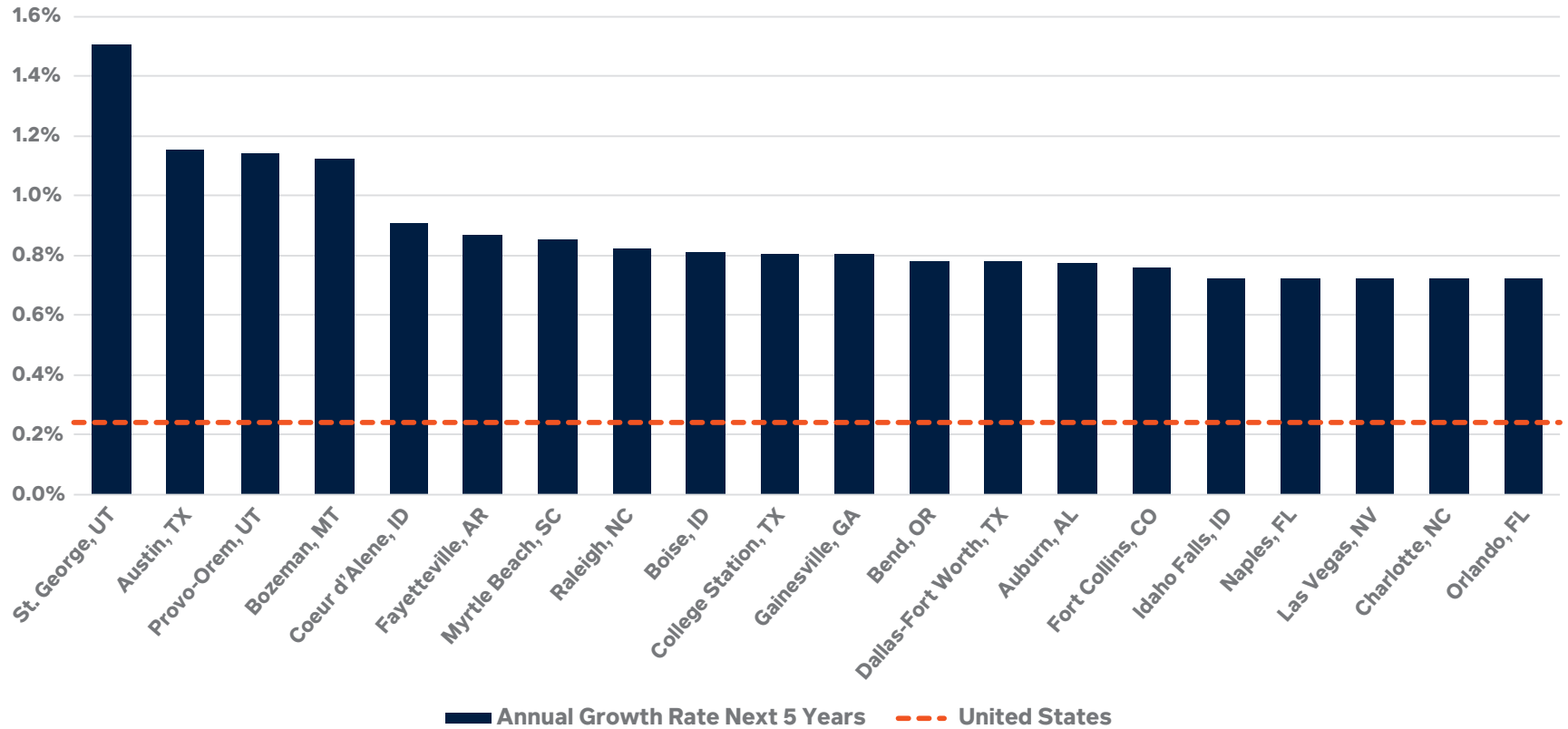
The recent years of persistently high inflation and higher interest rates, ongoing global geopolitical tensions, the uncertainty surrounding U.S. economic policy, has driven a slowdown in the labor markets.



SOURCE:  OXFORD ECONOMICS  
Data as of Q4 2025

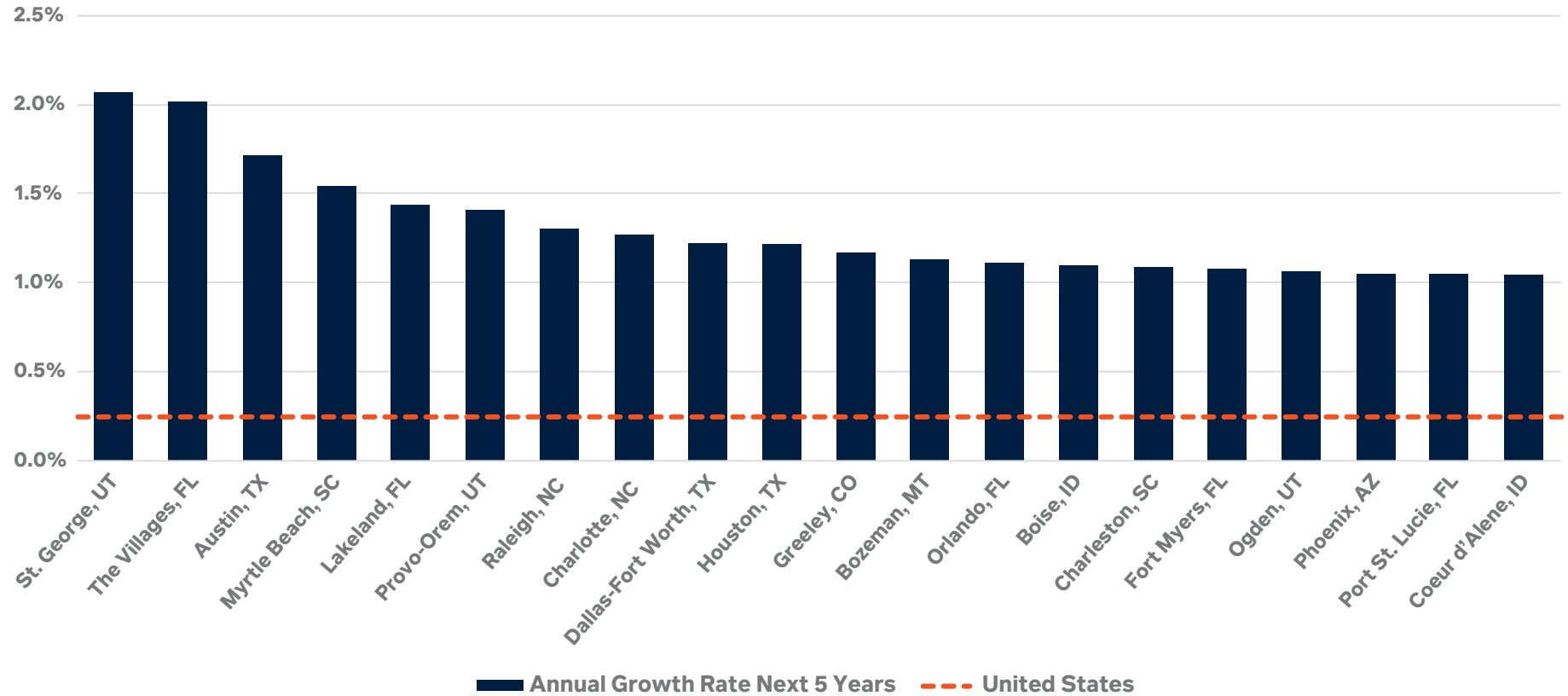
# Top 20 Markets Annual Job Growth Rate Over The Next Five Years

Sun Belt and Mountain markets also lead in annual job growth rates, as smaller mid-size markets emerge in the rankings.



# Top 20 Markets Annual Population Growth Rate Over The Next Five Years


Living up to their status as growth markets, Sun Belt and Mountain hot spots will continue to lead with the fastest growth rates in the country.



SOURCE:  OXFORD ECONOMICS

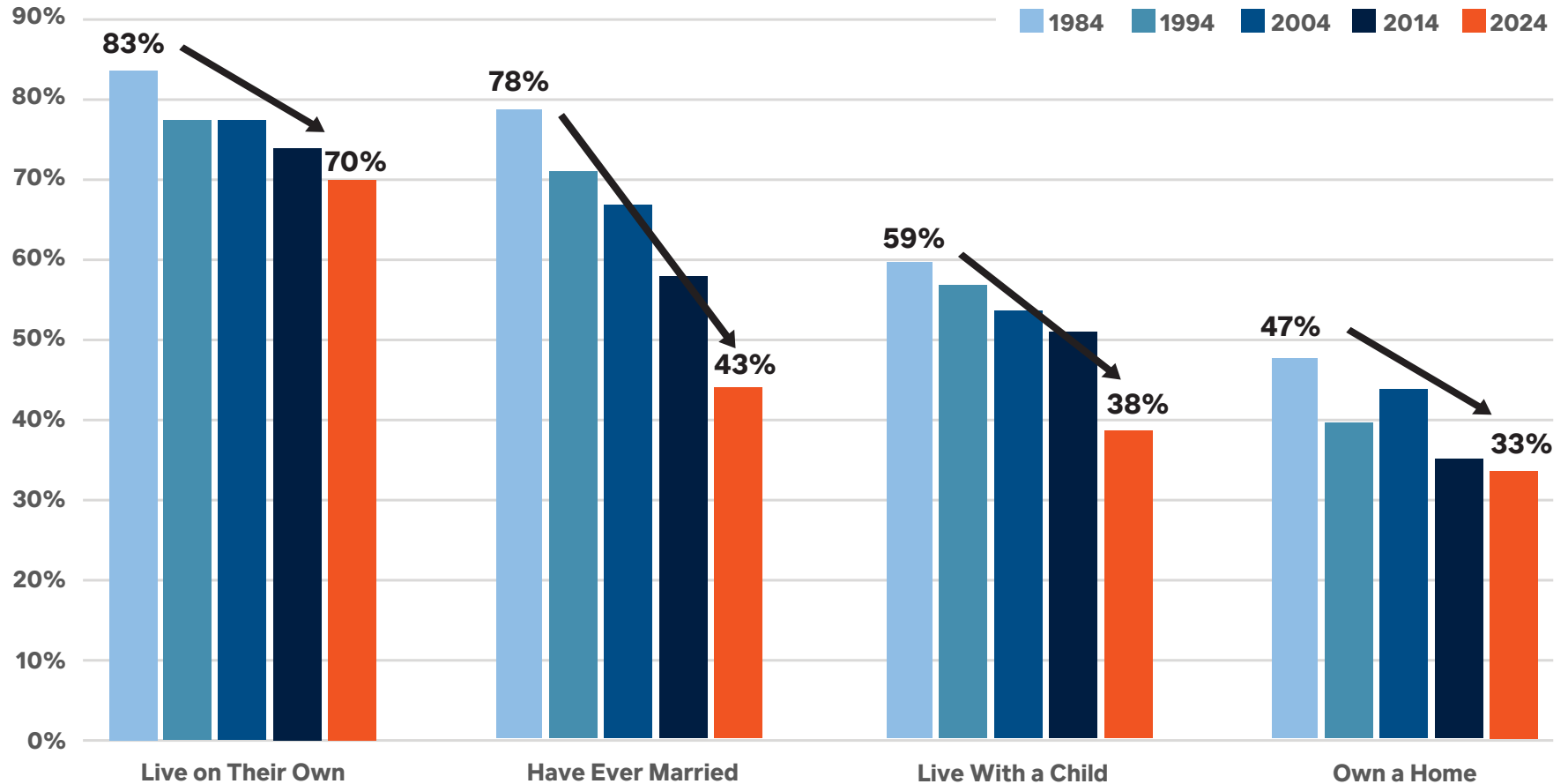
# Today's Demand Drivers

There are additional structural elements that are keeping renters in place for longer than ever as well as driving new renter demand.



# Share Of 30-Year-Olds Reaching Adult Milestones

Americans are reaching adult milestones such as getting married and having children later in life. Homeownership has also become unaffordable for most, and renters are renting for longer than ever.

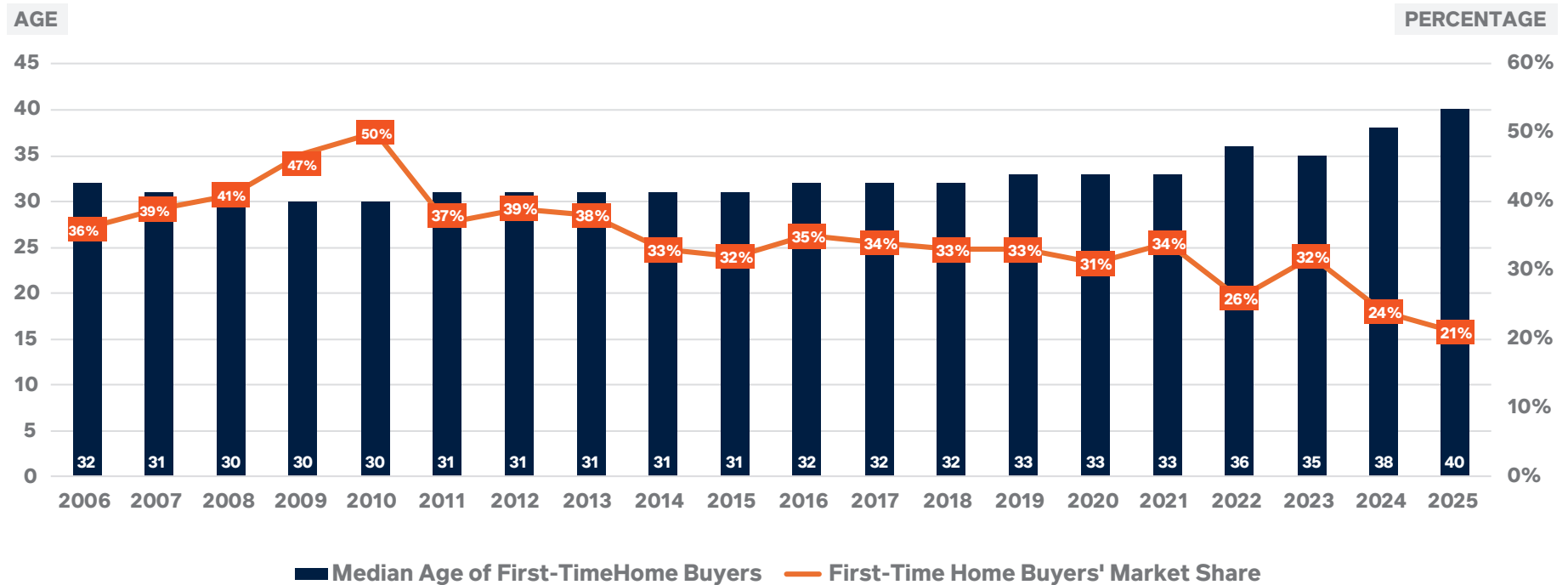


SOURCE: **JOHN BURNS**  
RESEARCH & CONSULTING

U.S. Demographics, Insights and Strategies, September 2025

# Percentage Of First-Time Homebuyers Decreases While Median Age Increases

Affordability challenges have caused a drop in the percentage of first-time homebuyers from 50% in 2010 to a record low of 21% in 2025, while the median age of first-time homebuyers has increased from 35 in 2023 to a record high of 40 in 2025.

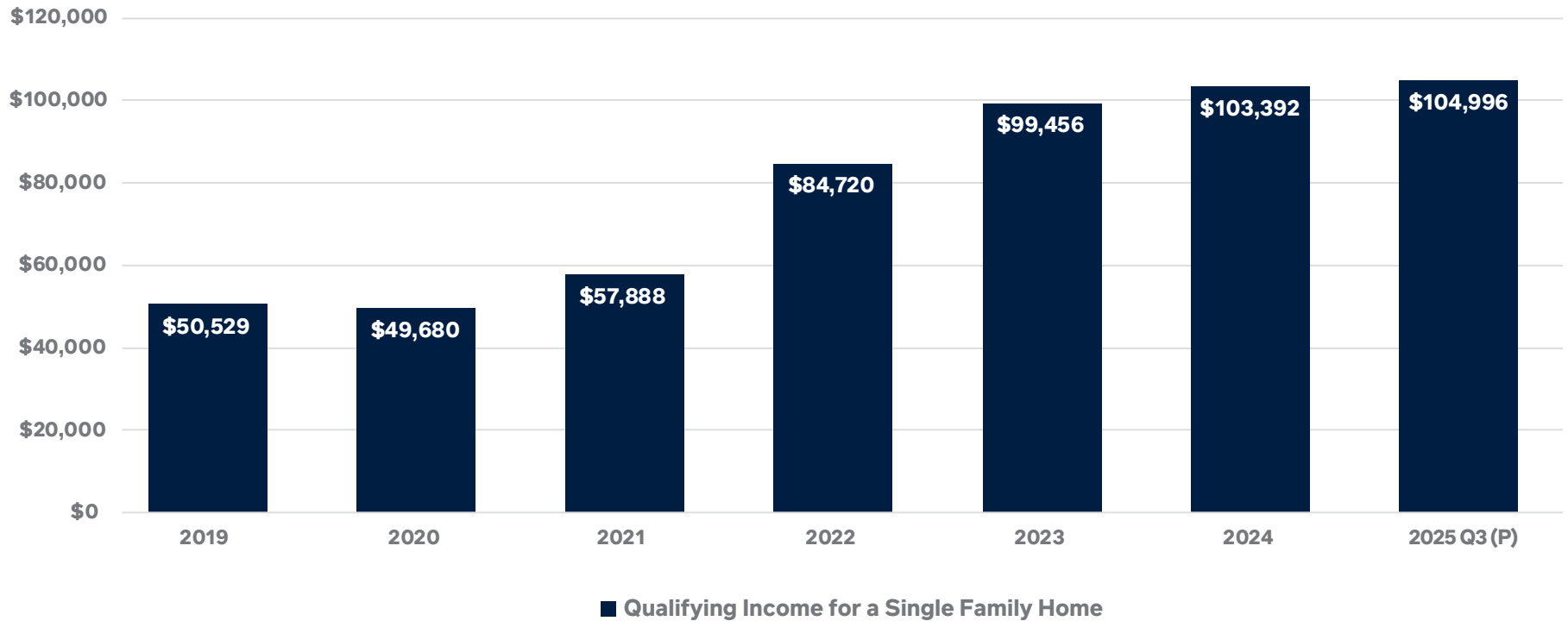


SOURCE: NATIONAL ASSOCIATION OF REALTORS®

2025 Profile Of Home Buyers and Sellers

# Single-Family Homeownership Remains Out Of Reach

The median price of an existing single-family home increased 56% from \$274,600 in 2019 to \$426,800 in 2025, and with elevated mortgage rates, the household income required to purchase a median-priced home jumped 108% from \$50,600 to \$105,000 in the same period.



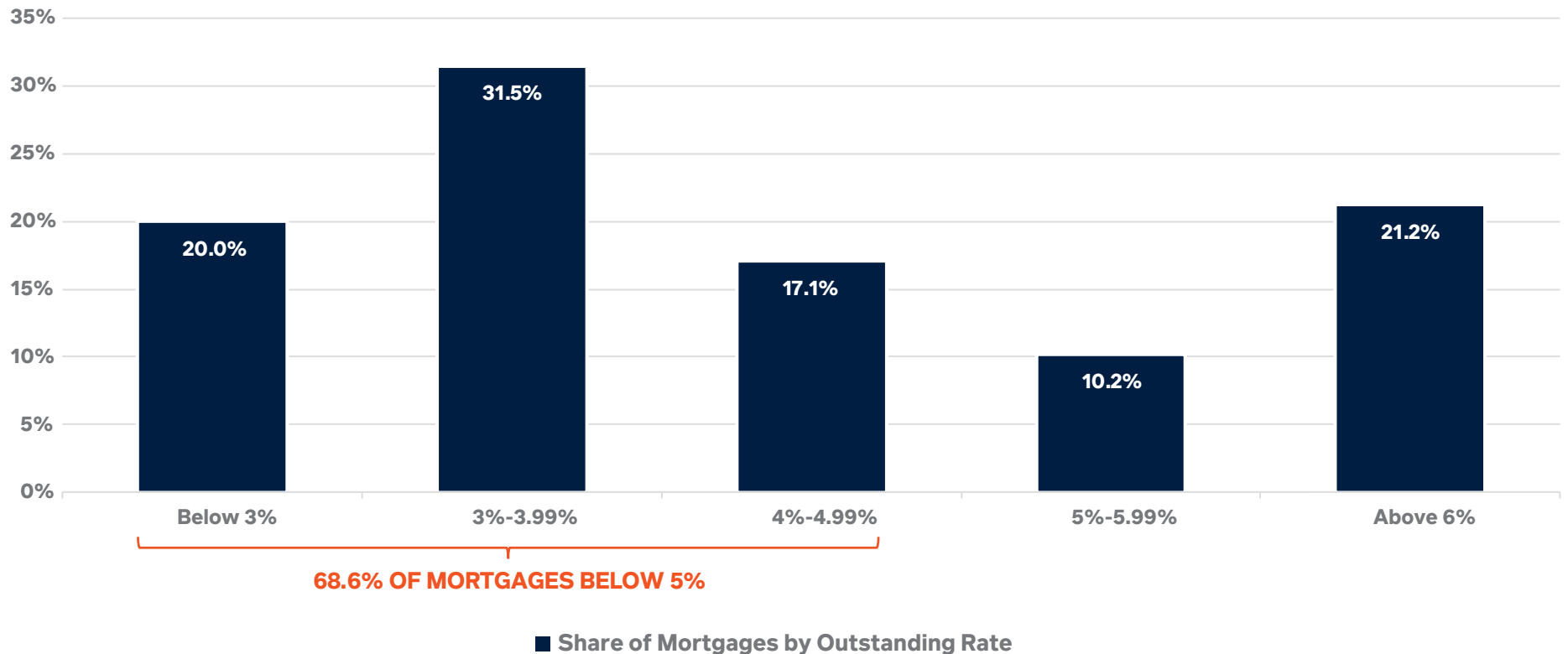
SOURCE:  NATIONAL ASSOCIATION OF REALTORS®


NAR Housing Affordability Quarterly Index, Q3 2025

\*Qualifying income is the annual income required for a household to keep monthly principal and interest payments at or below 25% of gross income, assuming a 20 percent down payment and a 30-year mortgage.

# 30-Year Mortgage Rates Causing Lock-In Effect

Elevated mortgage rates are causing a “lock-in” effect as homeowners are hesitant to trade their existing mortgage for a 6%+ rate, leading to lower than normal single-family for-sale inventory, fewer buying opportunities, and the sticky prices that come along with it.

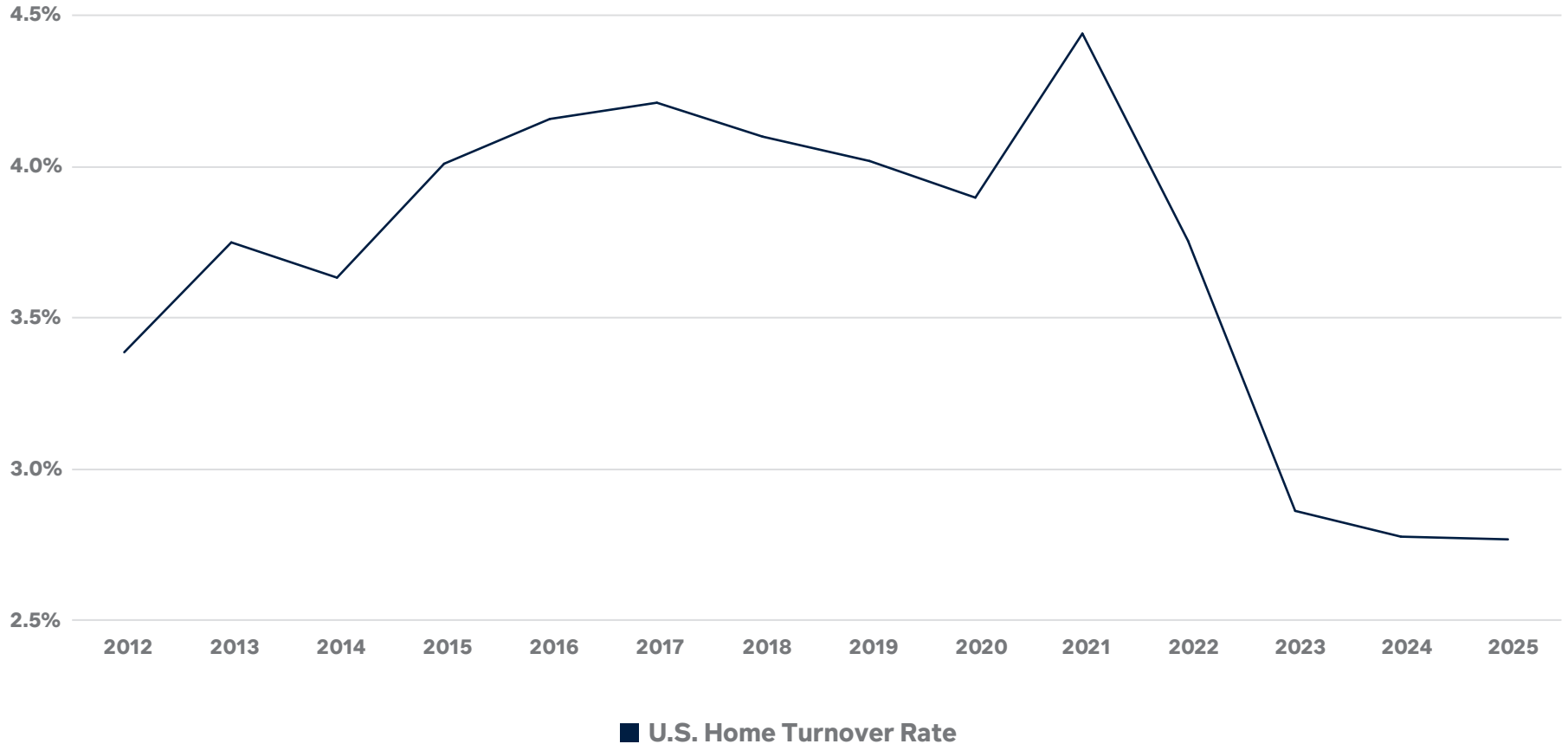


SOURCE: 

FHFA, National Mortgage Database, Data as of Q2 2025

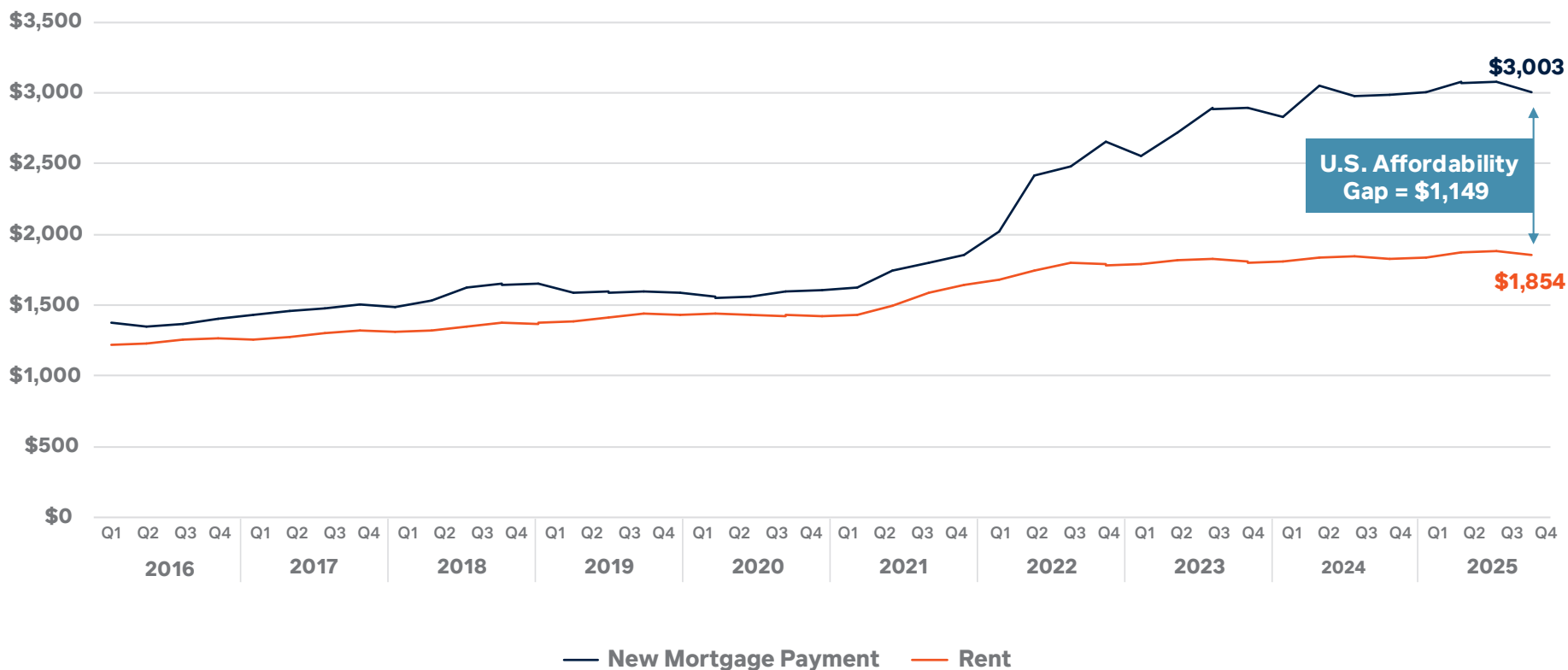
# U.S. Single Family Home Turnover Is At Is Lowest Rate In Decades

Only 2.8% of U.S. homes changed hands in the first nine months of 2025, the lowest turnover rate for that period in at least three decades.



# Buying vs Renting in America

Buying a Home? Not So Fast... In Q4, the U.S. monthly payment for a newly purchased home was \$1,149 higher than monthly effective rent, this means it costs 62% more to buy a home than rent. This is keeping renters renting for longer and helping preserve existing occupancies.

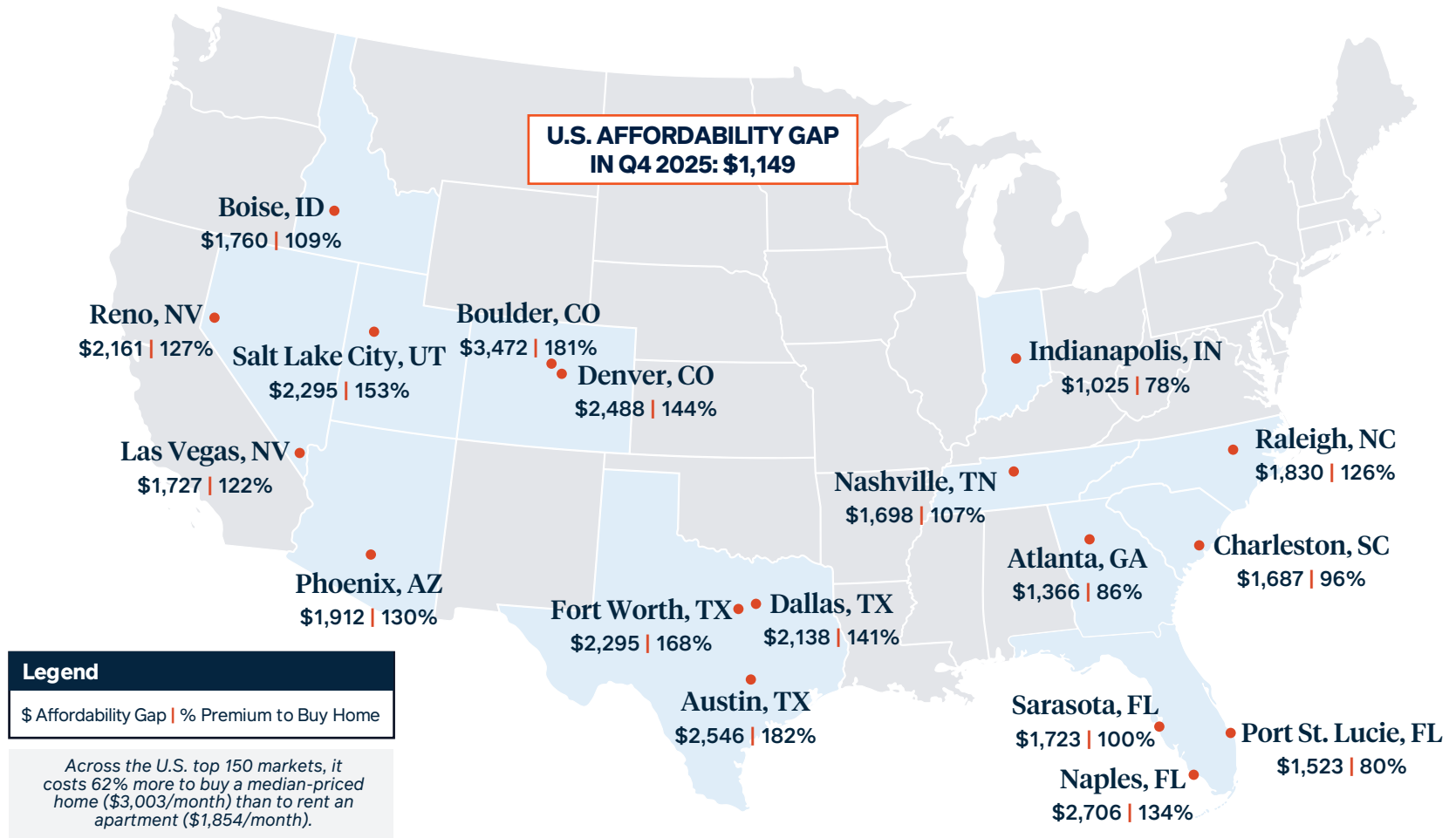


SOURCE: **REALPAGE** Federal Reserve Bank of Atlanta

Q4 2025 Affordability Gap is calculated using the ATL Federal Reserve's Median Monthly Total Payment (P&I, Tax, Insurance, PMI) versus RealPage's Effective Rent

# Larger Than Average Affordability Gap Persists In Many Thompson Thrift Target Markets

The Affordability Gap, or monthly cost difference between renting an apartment and buying a home, remains prohibitively high. As of Q4 2025, the national Affordability Gap was \$1,149 per month.

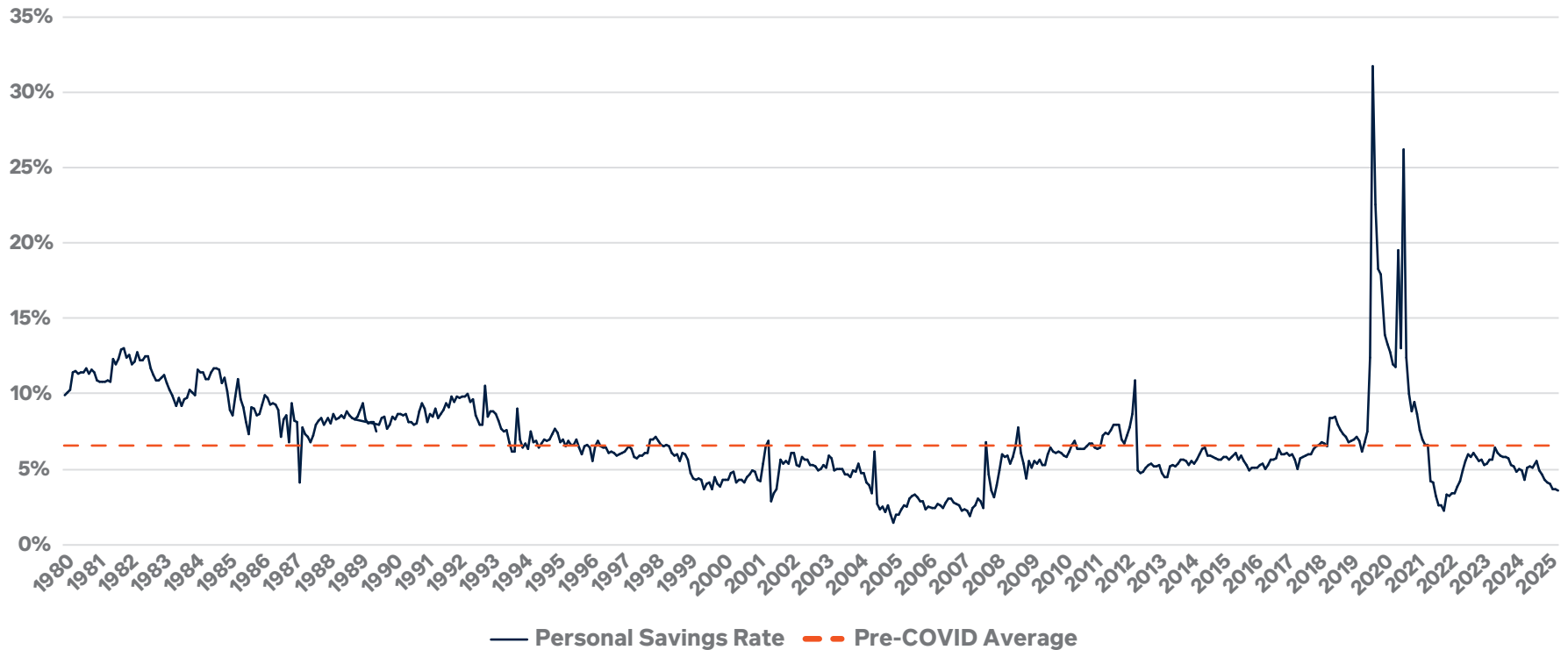


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

Q4 2025 Affordability Gap is calculated using the ATL Federal Reserve's Median Monthly Total Payment (P&I, Tax, Insurance, PMI) versus RealPage's Effective Rent

# Personal Savings Rates Below Pre-Covid Trend

Personal savings have fallen to 3.6% of disposable income as of December, trending below the pre-COVID average of 6.8% and making it more difficult to save for a down payment on a single-family home.

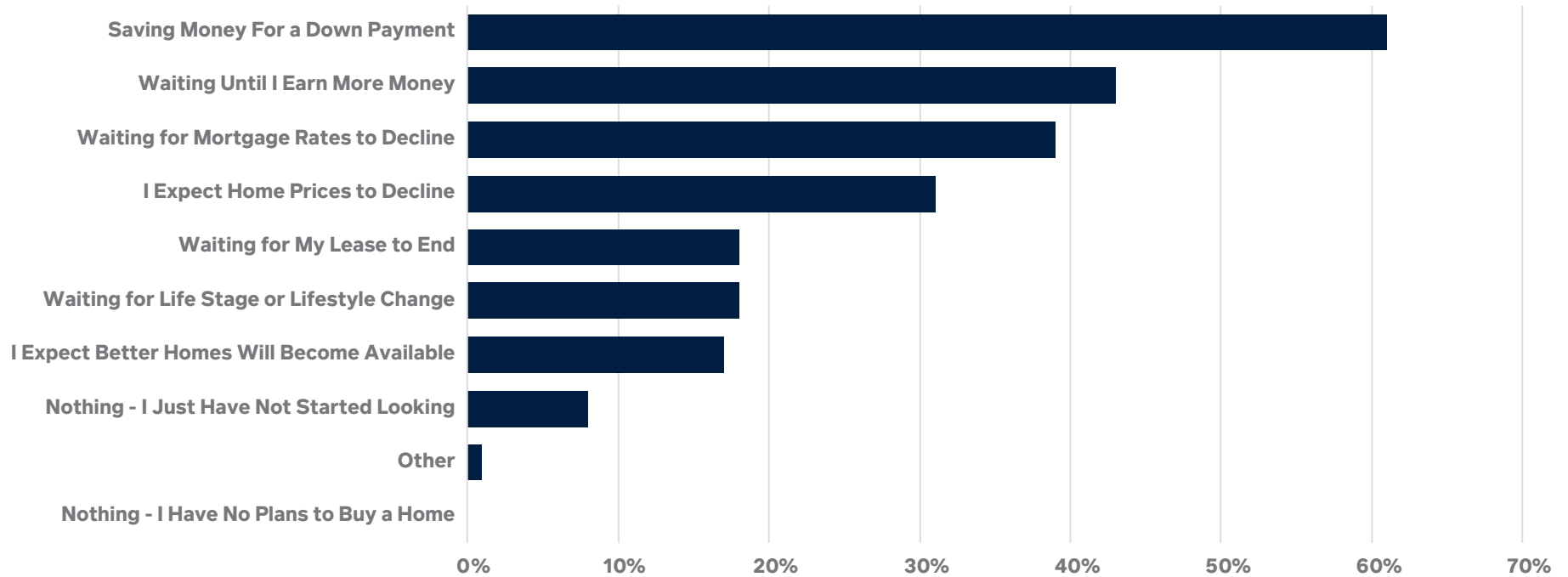


SOURCE:  Bureau of Economic Analysis

U.S. Bureau of Economic Analysis, Personal Savings Rate Jan 1980 - December 2025, Seasonally Adjusted Annual Rates

# Barriers To Single-Family Homeownership

Survey data indicate that affordability pressures are preventing renters from acquiring their first home.

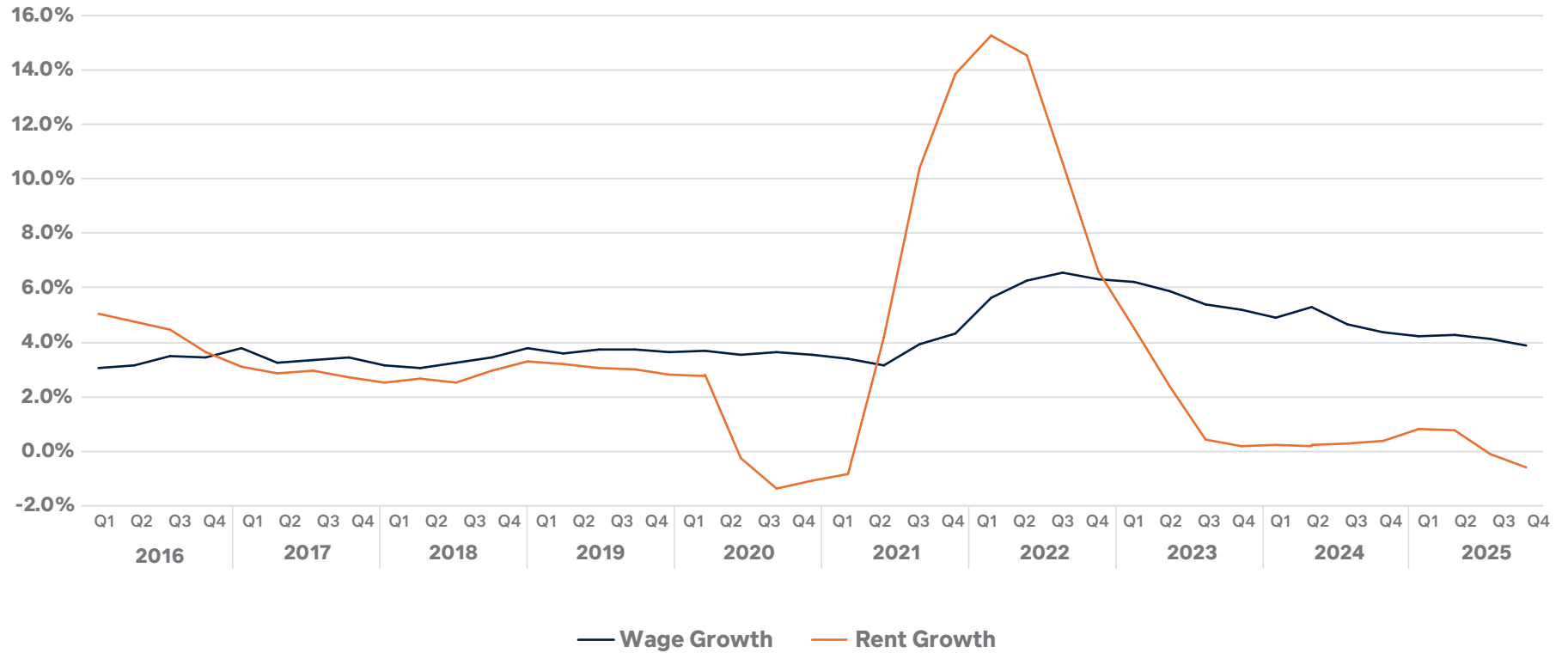


SOURCE: **JOHN BURNS**  
RESEARCH & CONSULTING

U.S. Housing Analysis and Forecast, July 2025. Respondents were instructed to select all that applied. Results will not total to 100%.

# Wage Growth Outpacing Rent Growth Is Fueling Demand

Wage growth has dramatically outpaced rent growth since Q1 2023, improving the affordability of apartments and establishing multifamily as a more affordable alternative to homeownership.



SOURCE: REALPAGE Federal Reserve Bank of Atlanta  
RealPage Same-Store Effective Rent Growth, Atlanta Fed Wage Growth Tracker, Data as of Q4 2025

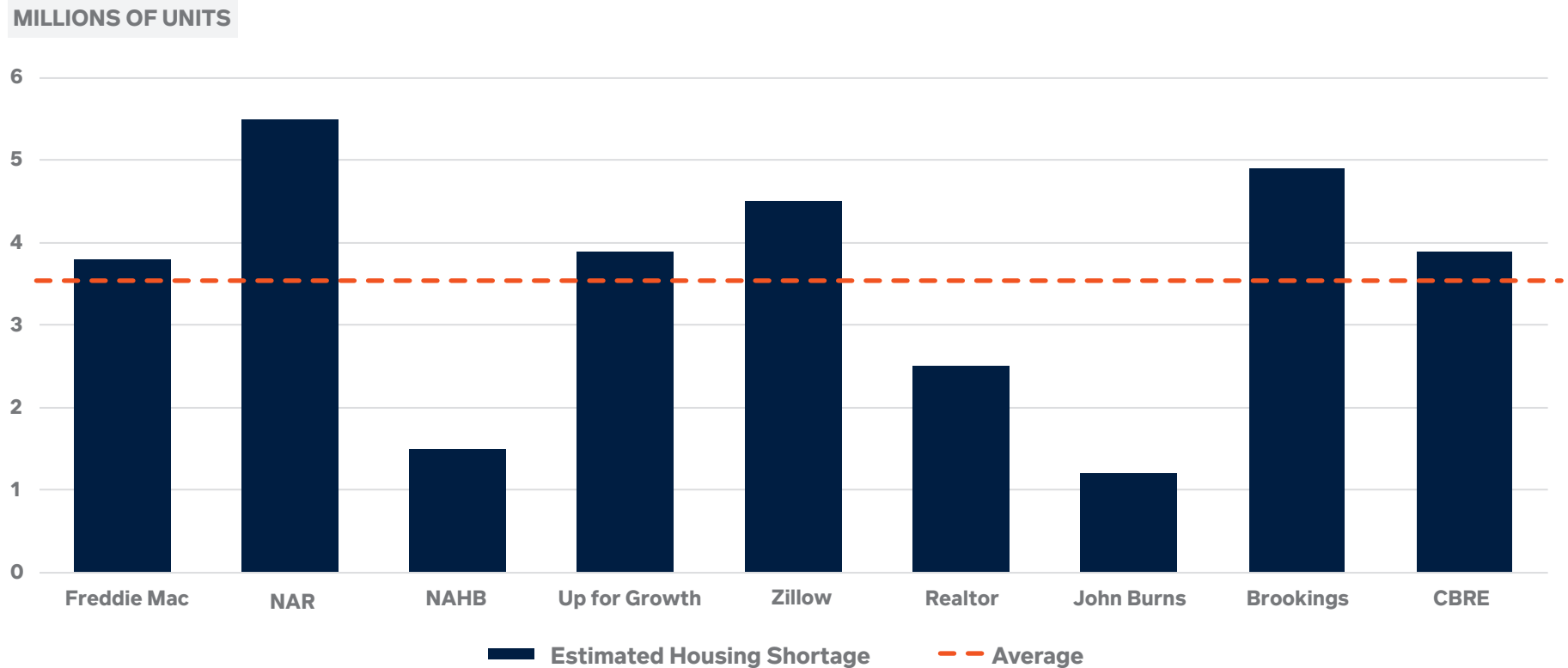
**SECTION 2**

# Multifamily Fundamentals



# Structural Housing Shortage

The U.S. continues to face a structural housing deficit of approximately 3.5 million homes, driving more people to rental housing. Nearly all of this shortage is in the single-family and smaller multi-unit dwellings and is helping keep renters renting for longer.

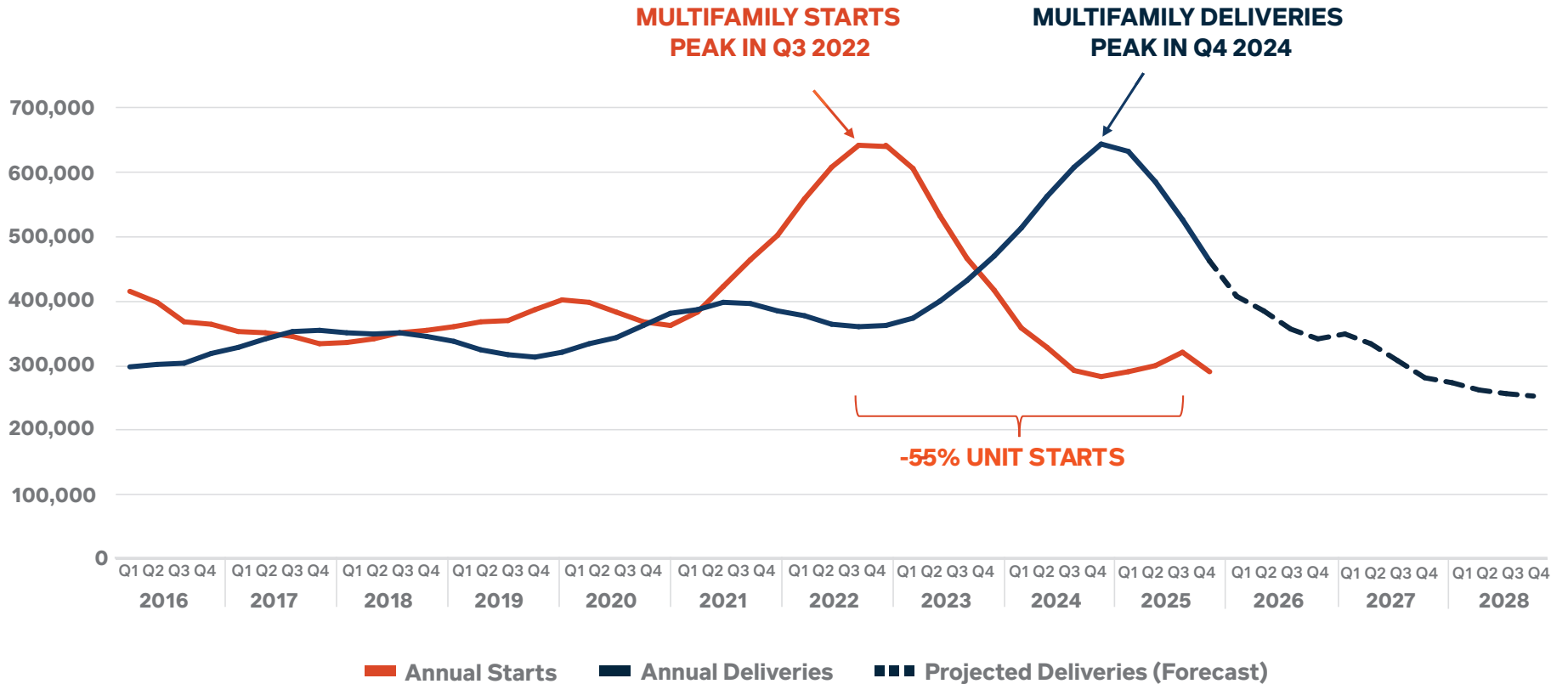


SOURCE: **BROOKINGS** **CBRE** **JOHN BURNS**  
RESEARCH & CONSULTING

Brookings "Make It Count: Measuring Our Housing Supply Shortage," CBRE Multifamily State of the Market Q1 2025, and John Burns US Demographics Insights and Strategies, October 2025

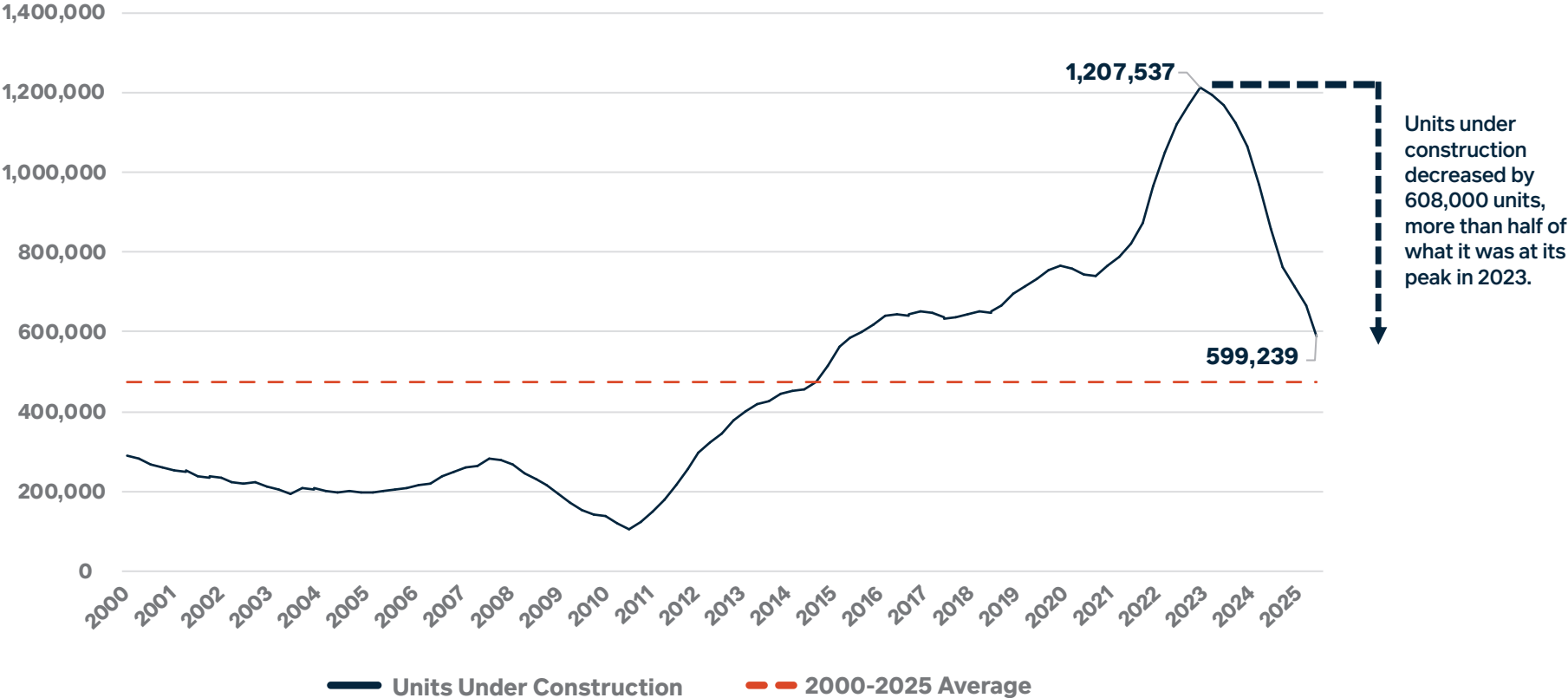
# Significant Multifamily Supply Contraction Underway

National multifamily starts have dropped 55% since their 2022 peak, leading to less new multifamily supply in the coming years.



# Multifamily Development Drops After Historic Highs

The number of multifamily units currently under construction is down more than 50% from the 2023 peak.



SOURCE: REALPAGE

Data as of Q4 2025

## Supply Headwinds – Strong Construction Pipeline

Supply headwinds are strongest across the Sun Belt. Fortunately, that demand-driving job growth is also expected to be strongest in many of these same markets.

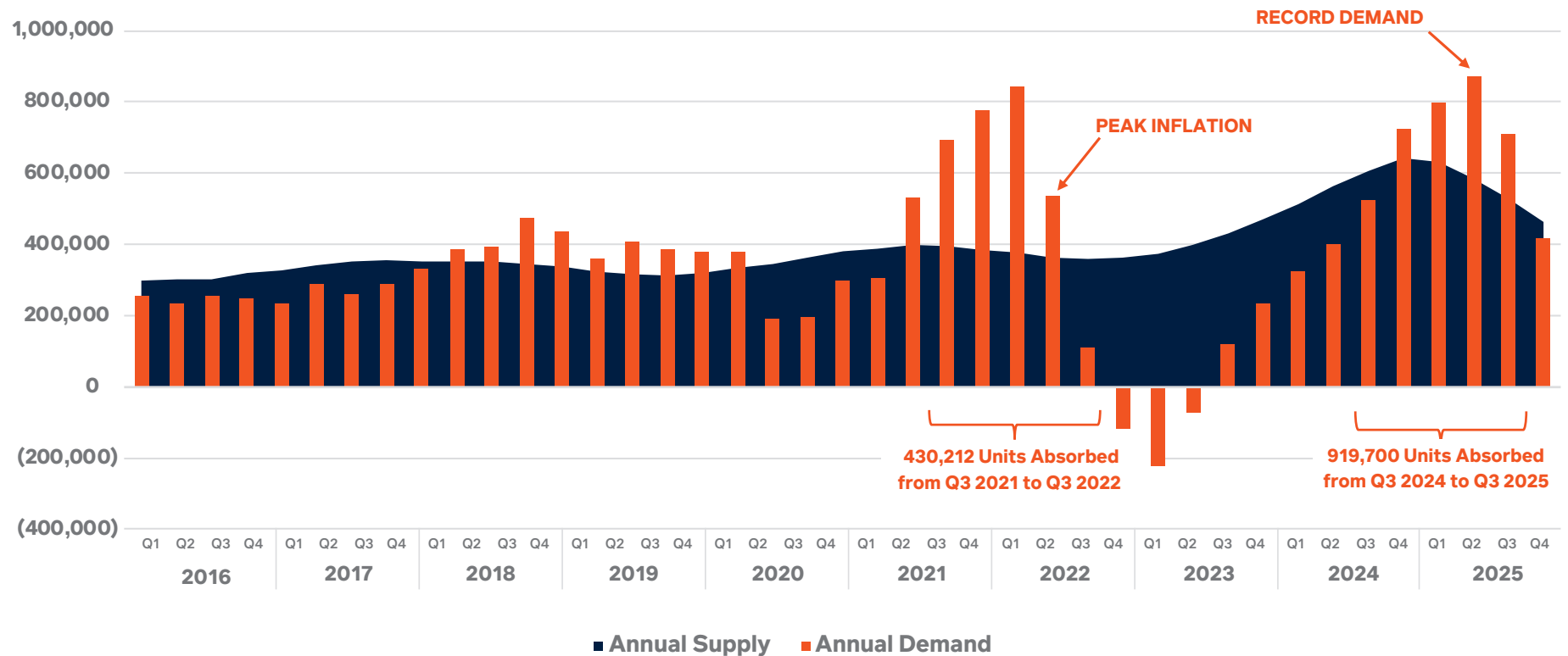
Location	Units Under Construction	Construction (as a % of Inventory)	2026-2028 Job Growth	2026-2028 Population Growth
Fort Myers, FL	6,363	10.4%	1.5%	2.1%
Sarasota, FL	5,183	6.7%	1.1%	1.4%
Charlotte, NC	16,875	6.6%	1.2%	2.4%
Raleigh-Durham, NC	12,917	6.1%	1.6%	2.5%
Phoenix, AZ	26,723	5.8%	1.4%	2.0%
Newark, NJ	32,182	5.5%	0.3%	0.3%
Nashville, TN	10,860	5.3%	1.1%	1.6%
Miami, FL	18,074	5.3%	0.7%	0.0%
Austin, TX	16,595	4.8%	2.4%	3.3%
Dallas, TX	32,763	4.4%	1.5%	2.3%
Orlando, FL	12,745	4.3%	1.6%	2.1%
Columbus, OH	8,931	4.1%	0.6%	1.4%
Salt Lake City, UT	5,733	4.1%	1.3%	1.2%
Fort Worth, TX	9,939	4.0%	1.5%	2.3%
West Palm Beach, FL	5,027	3.8%	0.7%	0.0%
<b>Top 150 Markets</b>	<b>534,166</b>	<b>2.6%</b>	<b>0.4%</b>	<b>0.4%</b>

SOURCE:  

Data as of Q4 2025

# Demand For Multifamily Housing Looks Healthy On An Annual Basis

Favorable demographics and the lack of affordability in the for-sale market continue driving healthy demand. Household formation and new renter demand will likely continue decelerating throughout 2026 as deliveries moderate and the labor markets remain slow-to-hire and slow-to-fire.

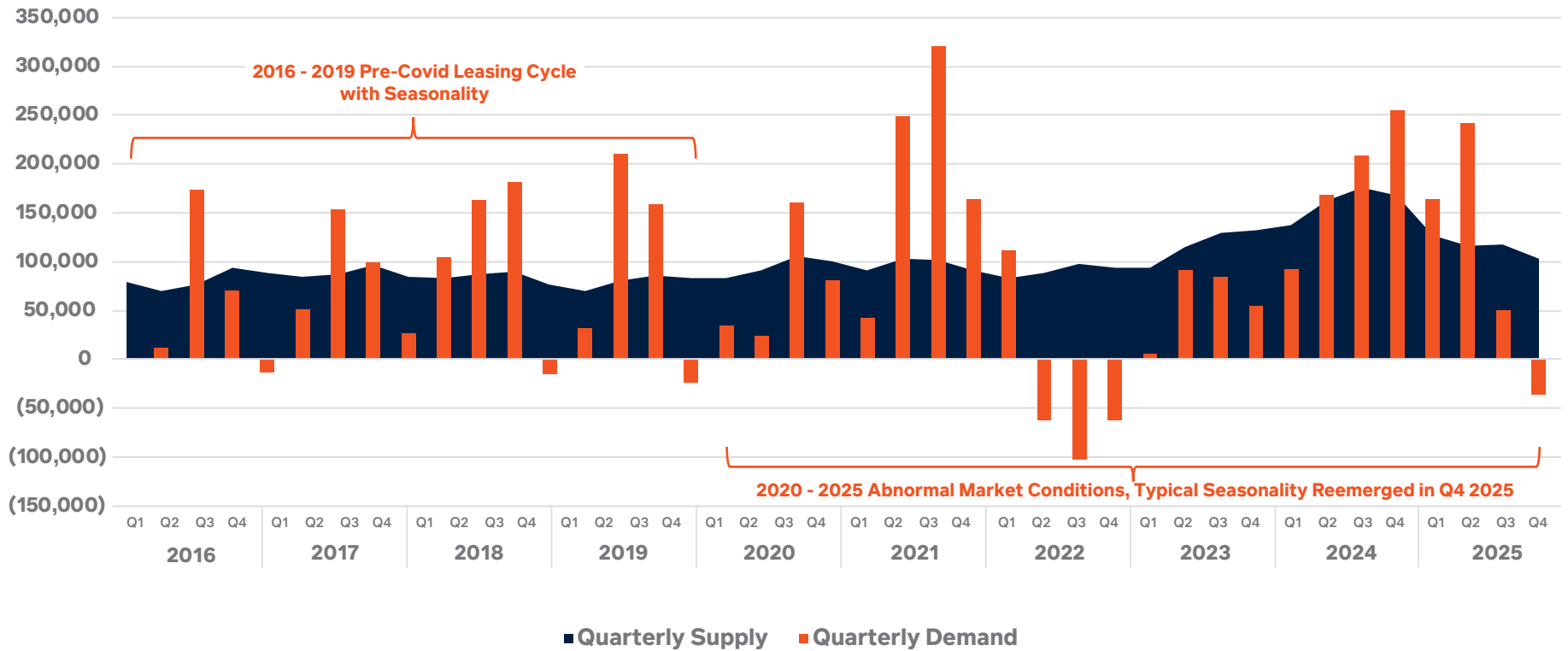


SOURCE: REALPAGE

Data as of Q4 2025, Peak inflation = 9.2% in June 2022.

# Absorption Slowed In Q3 2025 & Seasonality Returned In Q4 2025

Economic uncertainty, persistently elevated interest rates and inflation alongside a sluggish labor market have caused consumer confidence to drop and has weighed negatively on household formation. We've also seen a return to more traditional seasonality in Q4 2025.

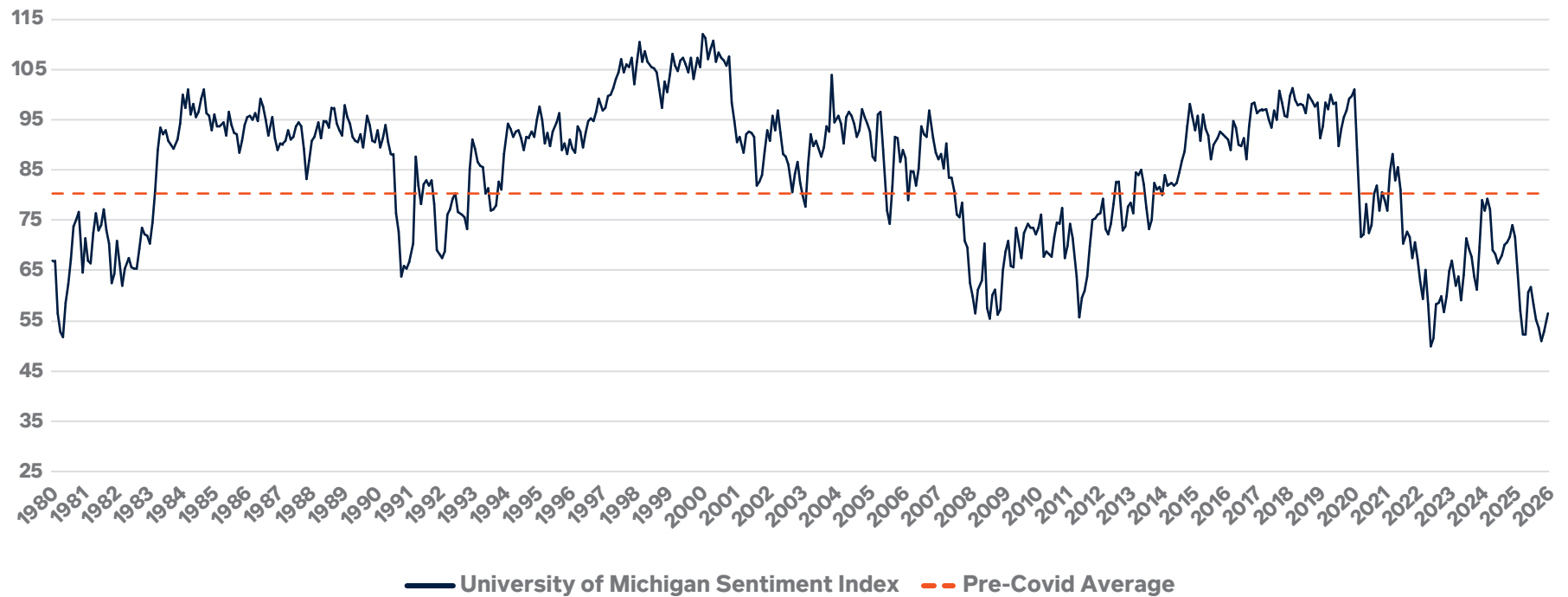


SOURCE: REALPAGE

Data as of Q4 2025

# Consumer Sentiment Remains Below Recessionary Levels

Low consumer sentiment brought on by persistently high inflation and interest rates, a sluggish labor market and ongoing economic uncertainty has weighed negatively on household formation and housing demand in recent months.

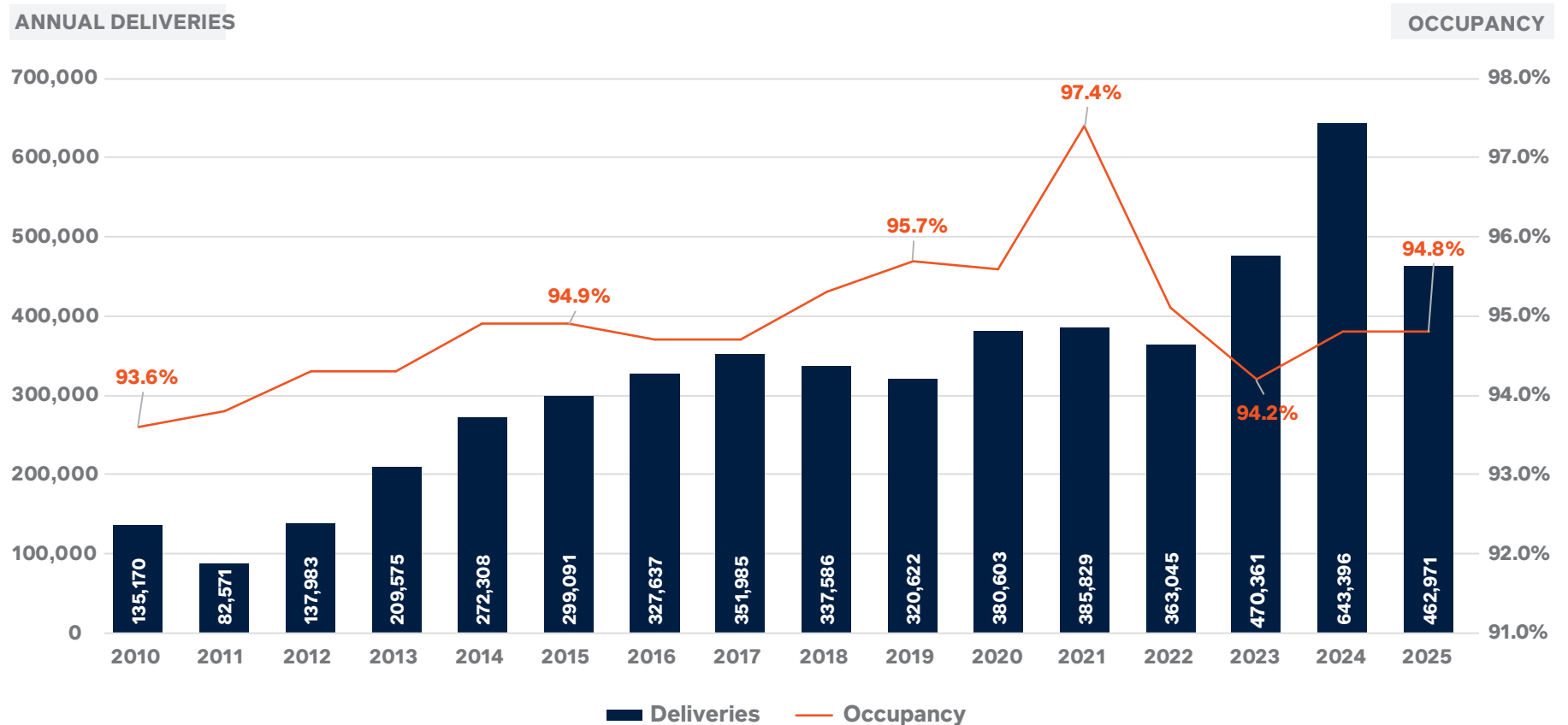


SOURCE: [surveys of consumers](#)  
UNIVERSITY OF MICHIGAN

University of Michigan's Surveys of Consumers Consumer Sentiment Index January 1980 – January 2026, Seasonally Adjusted Annual Rates

# National Occupancy Remains Healthy For Stabilized Properties

Despite record levels of new supply, increased demand for multifamily continues to support a positive trend in the occupancy of stabilized properties (this excludes properties in lease-up).

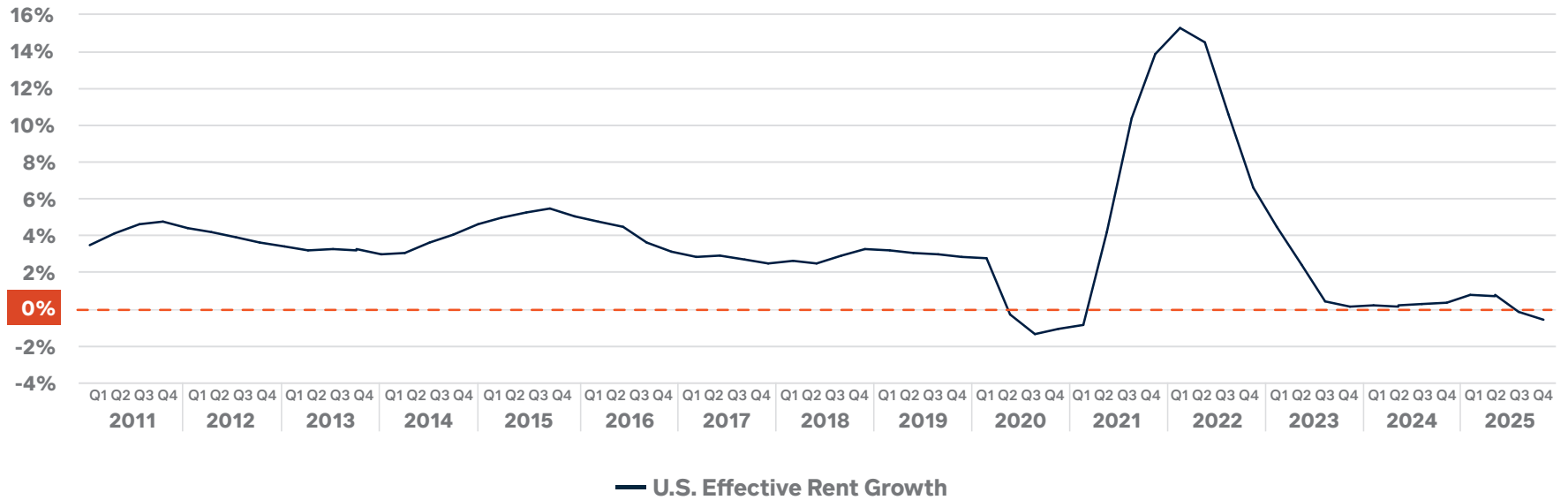


SOURCE:  REALPAGE

Data as of Q4 2025

# U.S. Effective Rent Growth

National rent growth has stalled while the market works through this 50-year high wave of supply.



SOURCE:  REALPAGE

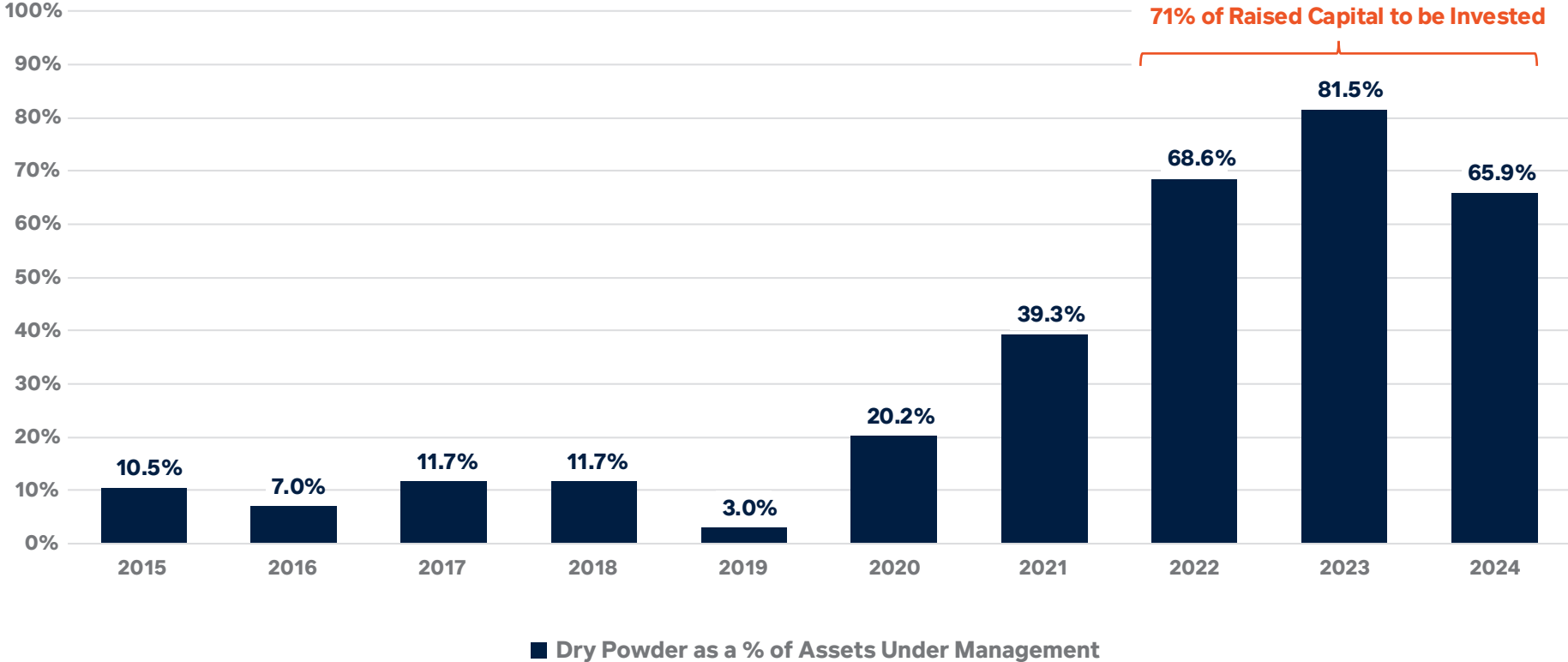
Data as of Q4 2025

SECTION 3

# Capital Markets

# Investors Eager To Deploy Raised Capital

Private commercial real estate funds launched between 2022 and 2024 have deployed just 29% of capital raised, or \$78.5 billion out of \$274.5 billion.



SOURCE: **NEWMARK**  
Q1 2025 Multifamily Capital Markets Report

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