



THE GARRISON
FOUNTAIN, COLORADO

THOMPSON THRIFT

Multifamily Market Research Presentation

PREPARED FOR OUR PARTNERS

JUNE 2026

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THE MADDOX
BUCKEYE, ARIZONA

The State Of The Market

THE ECONOMY AND DEMOGRAPHICS

- Job growth is 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

- Units under construction have dropped more than 50% since peaking in 2023, resulting in fewer new deliveries over the next few years
- New leasing decelerated in the back half of 2025 but reaccelerated in Q1 2026
- Vacancy for stabilized assets remains healthy (5.1%), 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
- In many markets, rents have now fallen 10-15% below where they likely would have been under more normal market conditions.

STRUCTURAL MULTIFAMILY TAILWINDS

- Persistent nationwide housing shortage of approximately 3.5M
- Mortgage Lock-In Effect: 67.4% of existing mortgages have 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)

Key Multifamily Themes Shaping the Outlook

SUPPLY AND DEMAND WILL SOON FIND BALANCE AND RENT GROWTH WILL GAIN MOMENTUM

The pipeline of new multifamily developments continues to shrink, while renter demand continues absorbing the units delivered over the past several years. 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, particularly in high-growth Sun Belt and Mountain region markets where job growth and migration trends remain strongest.

LONG-TERM STRUCTURAL SHIFTS WILL UNDERPIN MULTIFAMILY PERFORMANCE

Homeownership remains unaffordable for many, and renters are renting for longer. A housing shortage will continue favoring multifamily, while major life milestones are happening later in life for younger cohorts. Domestic migration continues to favor the Sun Belt and Mountain regions, and emerging lifestyle trends have led to more renters renting by choice and seeking greater flexibility. These trends have created a stickier base of renter households that should support multifamily performance for years longer.

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 retain existing ones. As the supply pipeline continues to shrink and new units are leased, rent discounts and other concessions should become less necessary, allowing owners to transition from preserving occupancy to rebuilding rent growth and improving net operating income.

ECONOMIC TURBULENCE IS CAUSING HEARTBURN FOR CONSUMERS

Ongoing geopolitical tensions, persistently volatile interest rates, inflation, and a sluggish labor market have caused consumer sentiment to fall to recessionary levels and are weighing on household formation. Inflationary pressures could influence the Federal Reserve's path on interest rates, though improving inflation and labor market conditions may create a more supportive backdrop for real estate fundamentals over time.

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

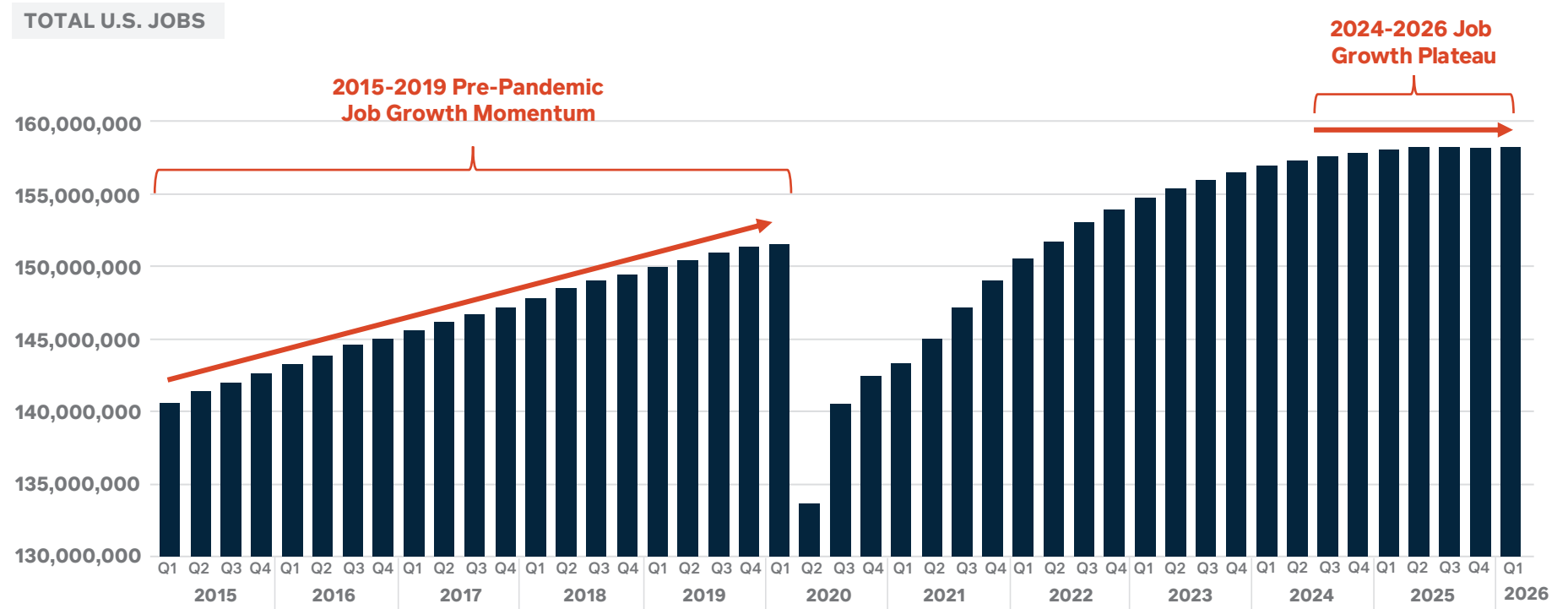
As market fundamentals improve, supply is absorbed, and rent growth turns positive, investment activity is expected to accelerate. Larger institutional investors will come off the sidelines and put upward pressure on property values; however, investors will likely remain selective, favoring high-quality, well-located properties. As buyers become more comfortable underwriting positive NOI growth, values should resume their recovery.

SECTION 1

Economy & Demographics

Job Growth Has Slowed Amid Economic Uncertainty

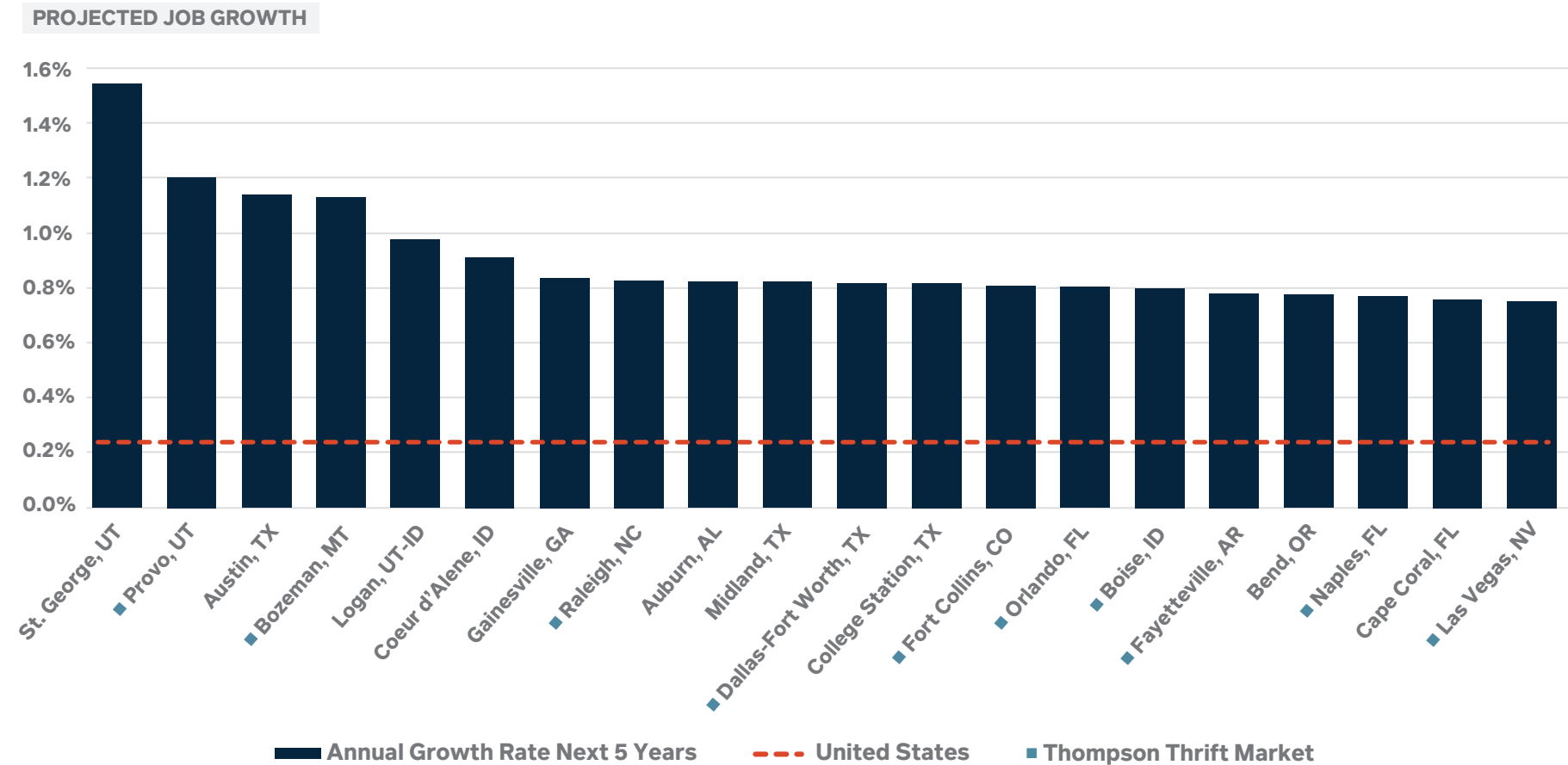
The recent years of persistently high inflation and higher interest rates, ongoing global geopolitical tensions, the uncertainty surrounding U.S. economic policy, has driven a slowdown in the labor markets.



SOURCE:  OXFORD ECONOMICS
Data as of Q1 2026 (Total Nonfarm Payrolls)

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

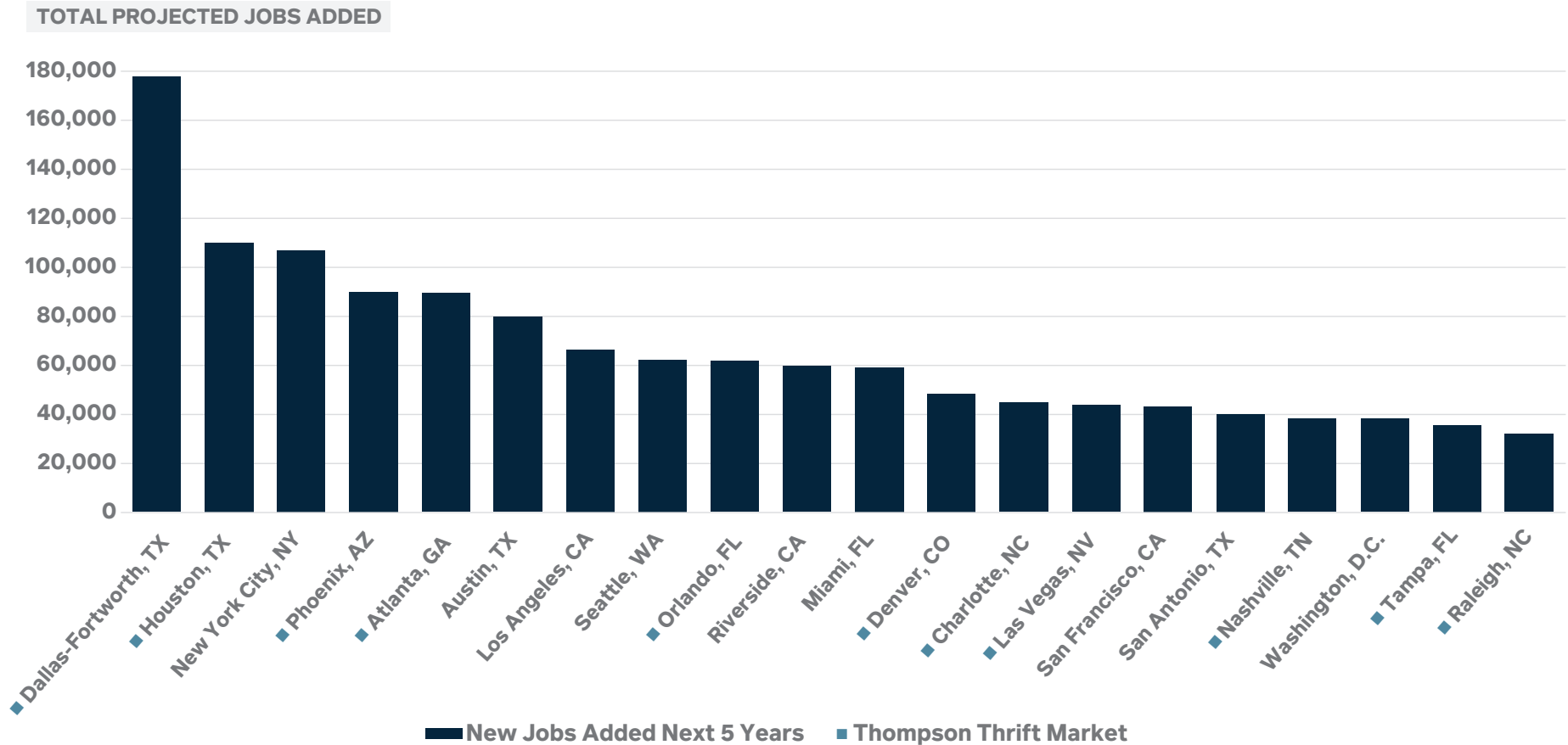
Markets across the Sun Belt and Mountain regions lead in annual job growth rates. Utah, Texas, Idaho, and Florida are home to the majority of the fastest growing markets.



SOURCE:  OXFORD ECONOMICS
 Data as of Q1 2026 (Total Nonfarm Payrolls)

Top 20 Markets Projected To Add Jobs Over The Next Five Years

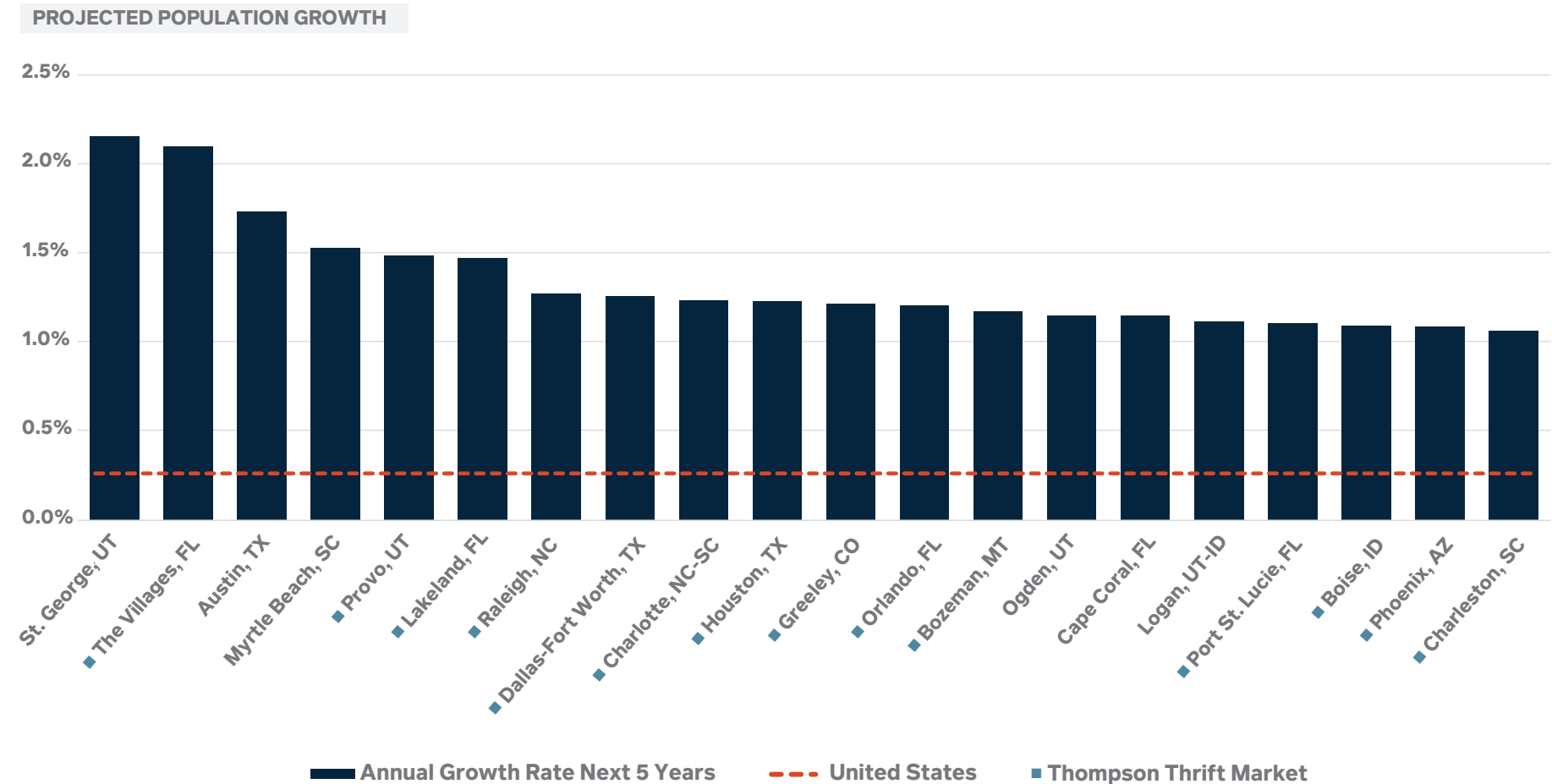
Looking ahead, markets across the Sun Belt & Mountain regions will continue adding the most new jobs to the U.S. economy. Fortunately, this list includes many of the markets with elevated supply pipelines.



SOURCE:  OXFORD ECONOMICS
Data as of Q1 2026 (Total Nonfarm Payrolls)

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

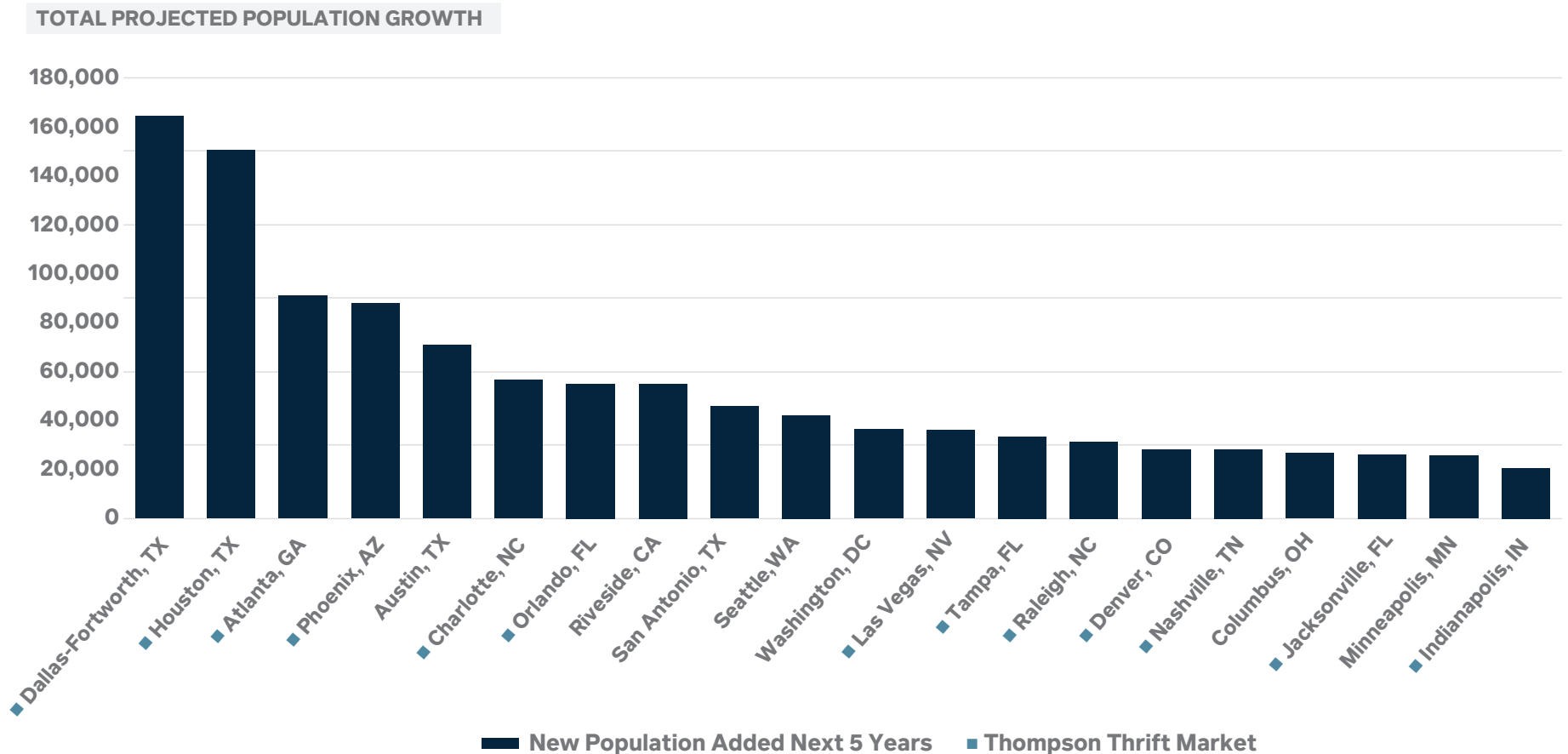
Living up to their status as growth markets, Sun Belt and Mountain hot spots will continue to lead with the fastest growth rates in the country.



SOURCE:  OXFORD ECONOMICS
Data as of Q1 2026

Top 20 Markets Projected To Add New Population Over The Next Five Years


The Sun Belt is expected to capture a significant share of U.S. population growth, consistent with job expansion and established demographic trends. Seven of the top twenty markets are in Texas and Florida alone.



SOURCE:  OXFORD ECONOMICS
Data as of Q1 2026

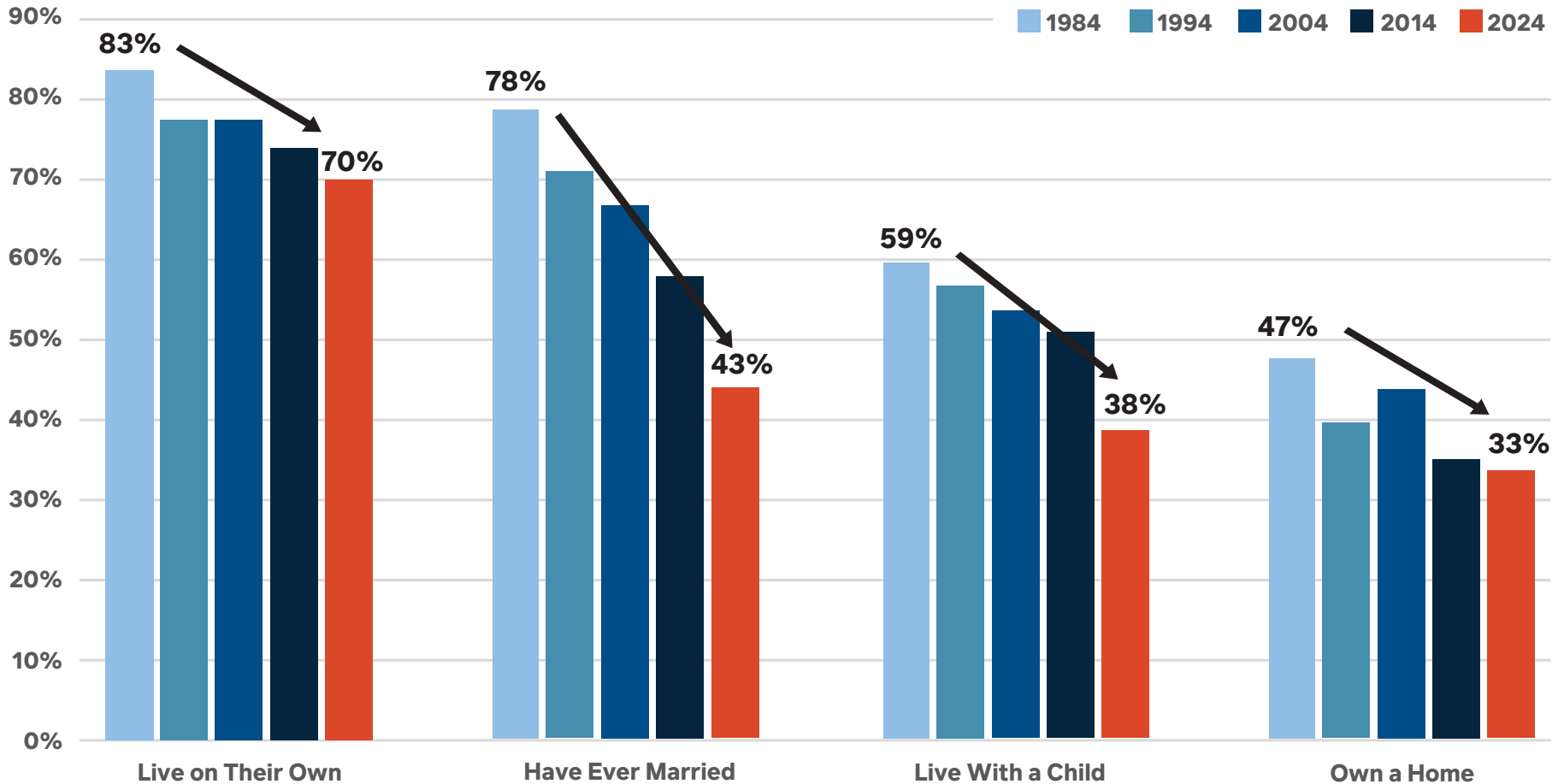
Today's Demand Drivers

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.

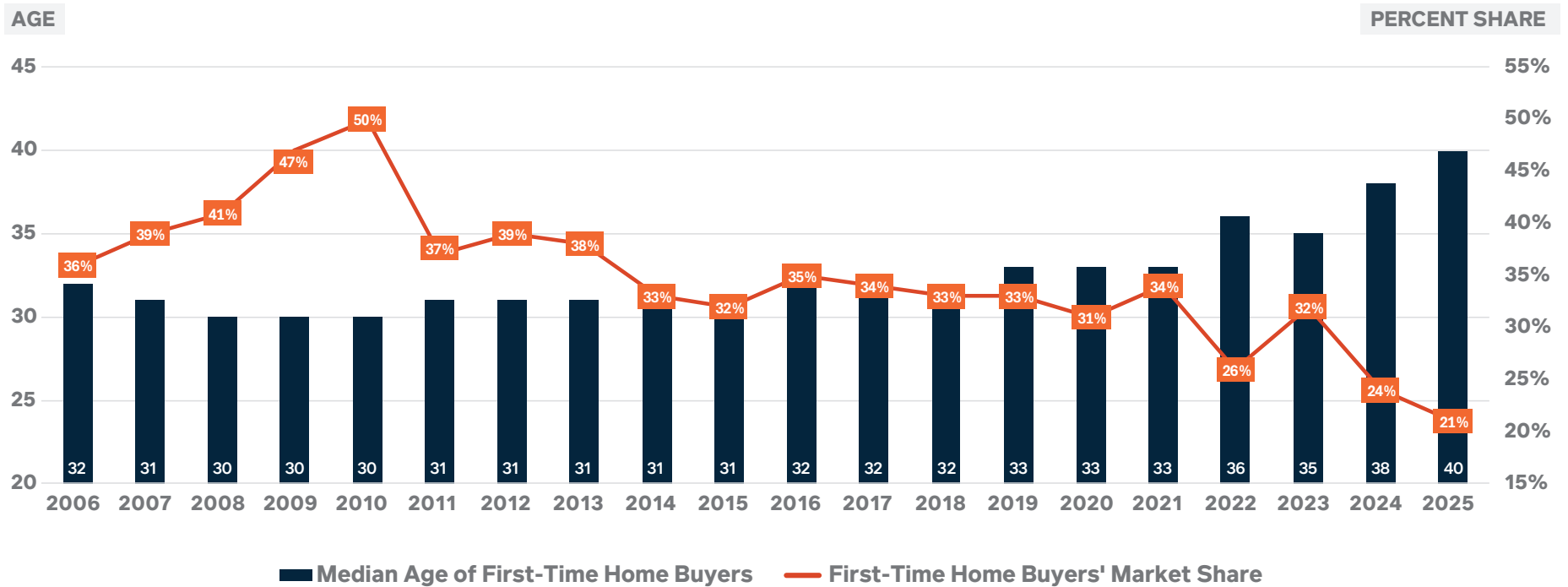


SOURCE: **JOHN BURNS**
RESEARCH & CONSULTING

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.

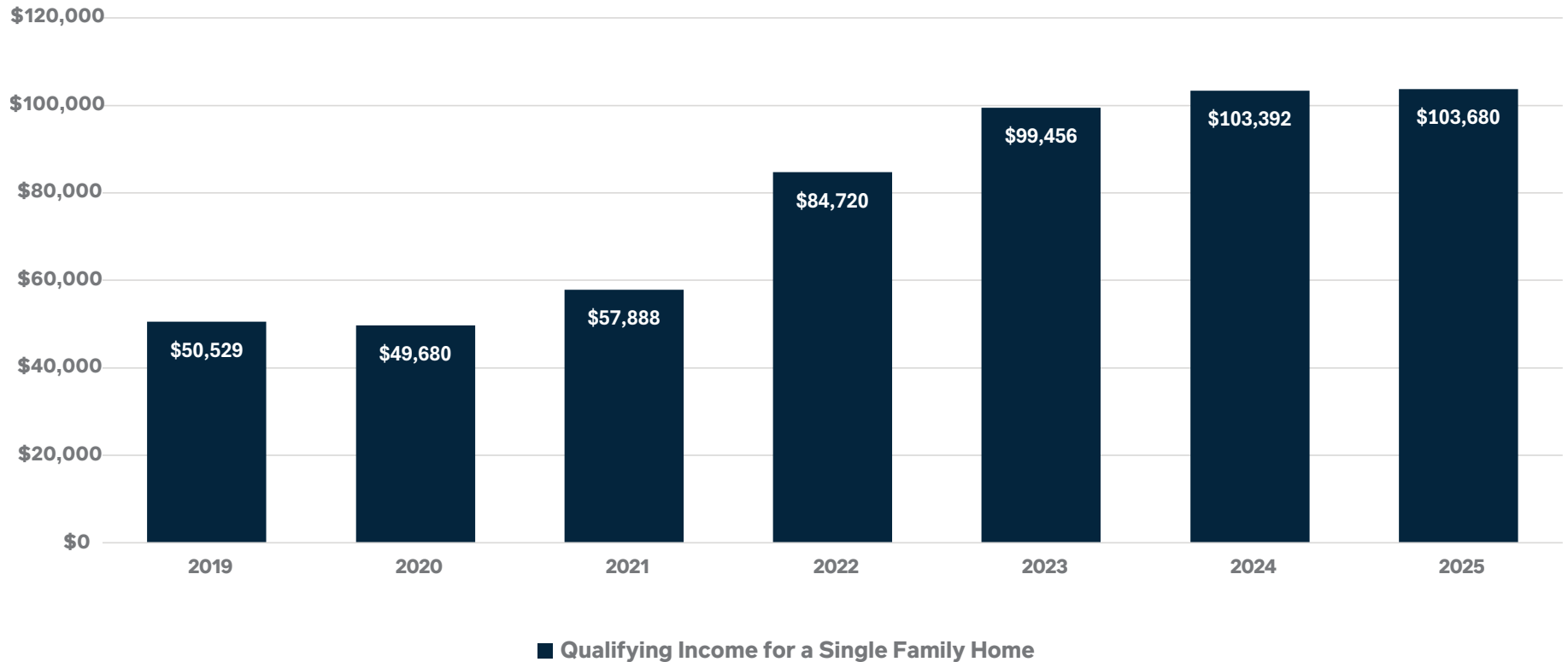


SOURCE: NATIONAL ASSOCIATION OF REALTORS®

2025 Profile Of Home Buyers and Sellers

Single-Family Homeownership Remains Out Of Reach

The median price of an existing single-family home increased 53% from \$274,600 in 2019 to \$419,300 in 2025, and with elevated mortgage rates, the household income required to purchase a median-priced home jumped 105% from \$50,500 to \$103,700 in the same period.



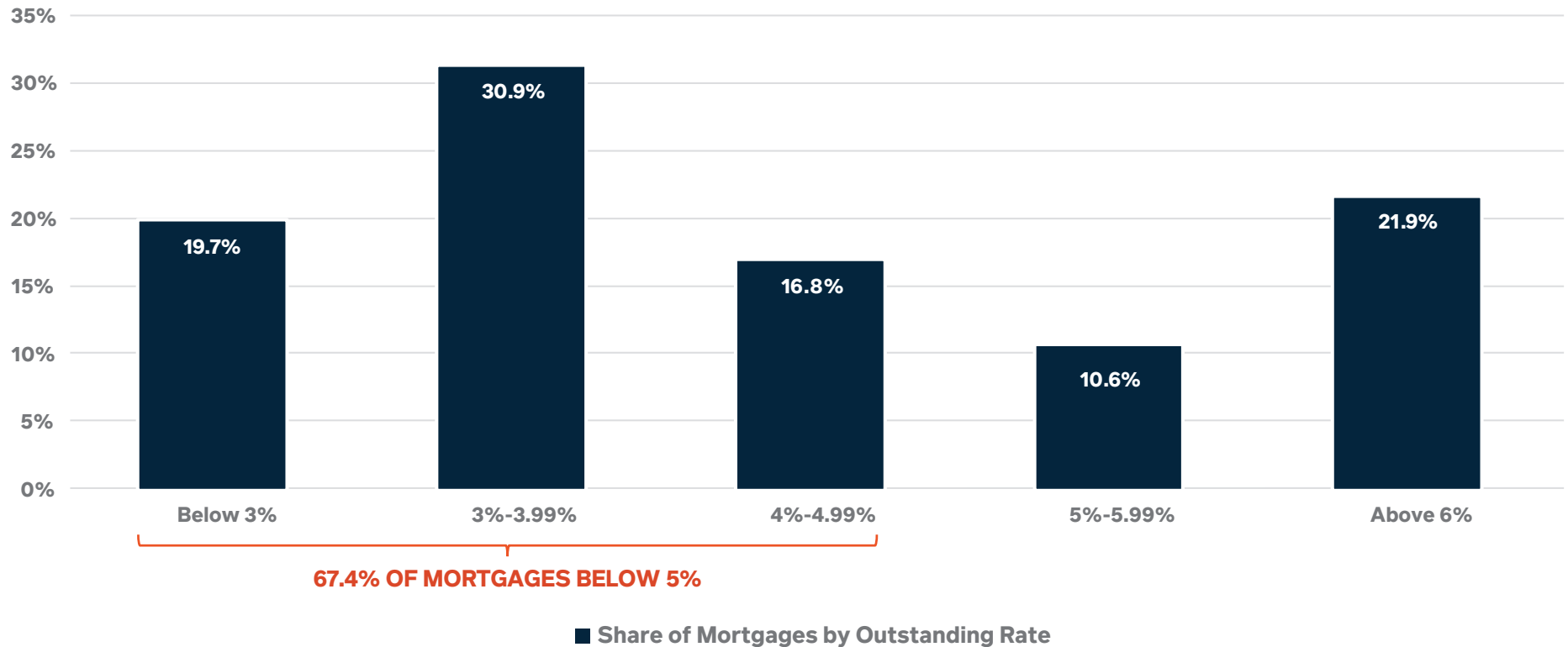
SOURCE:  NATIONAL ASSOCIATION OF REALTORS®

NAR Housing Affordability Quarterly Index, Q4 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, and the sticky prices that come along with it.

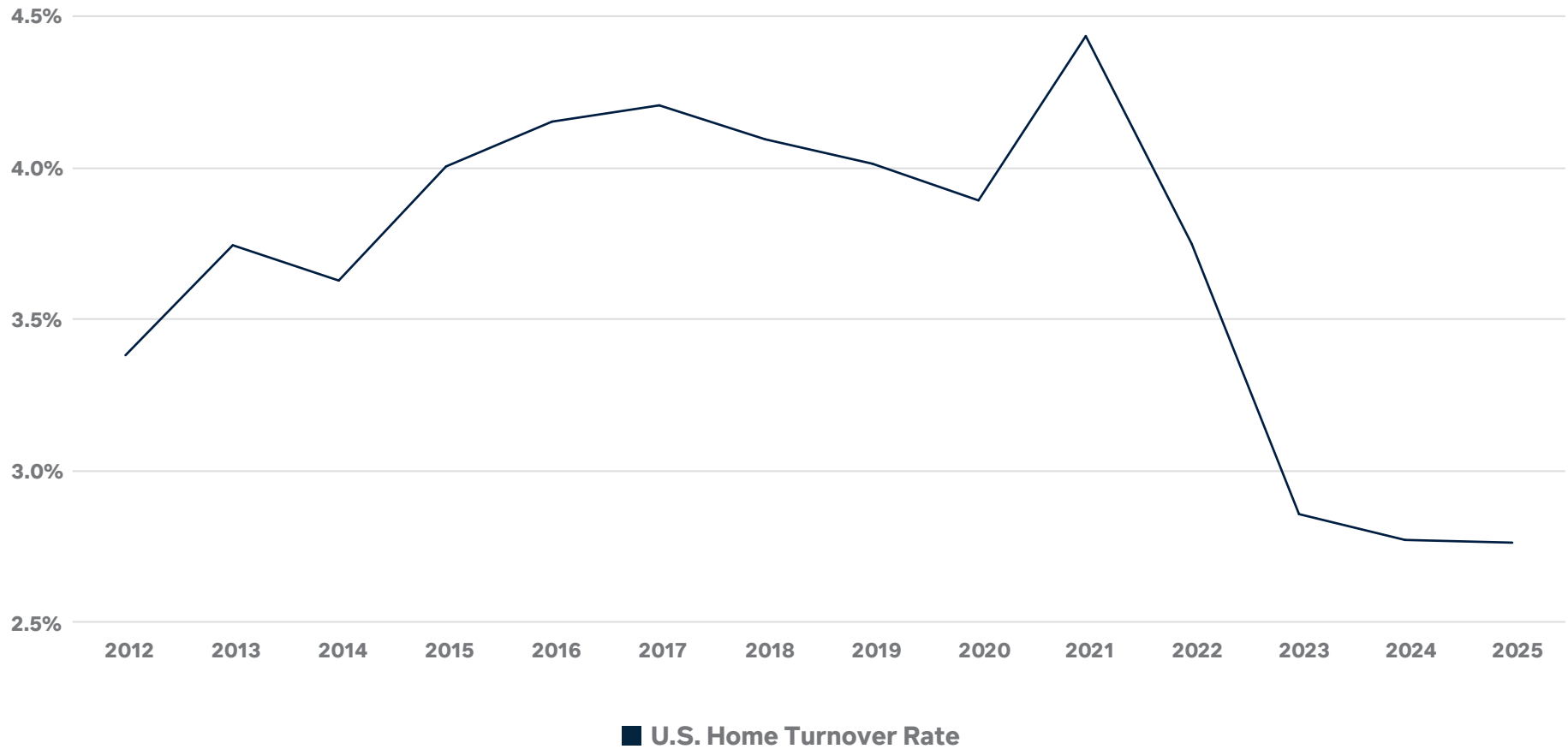


SOURCE: 

FHFA, National Mortgage Database, Data as of Q4 2025

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

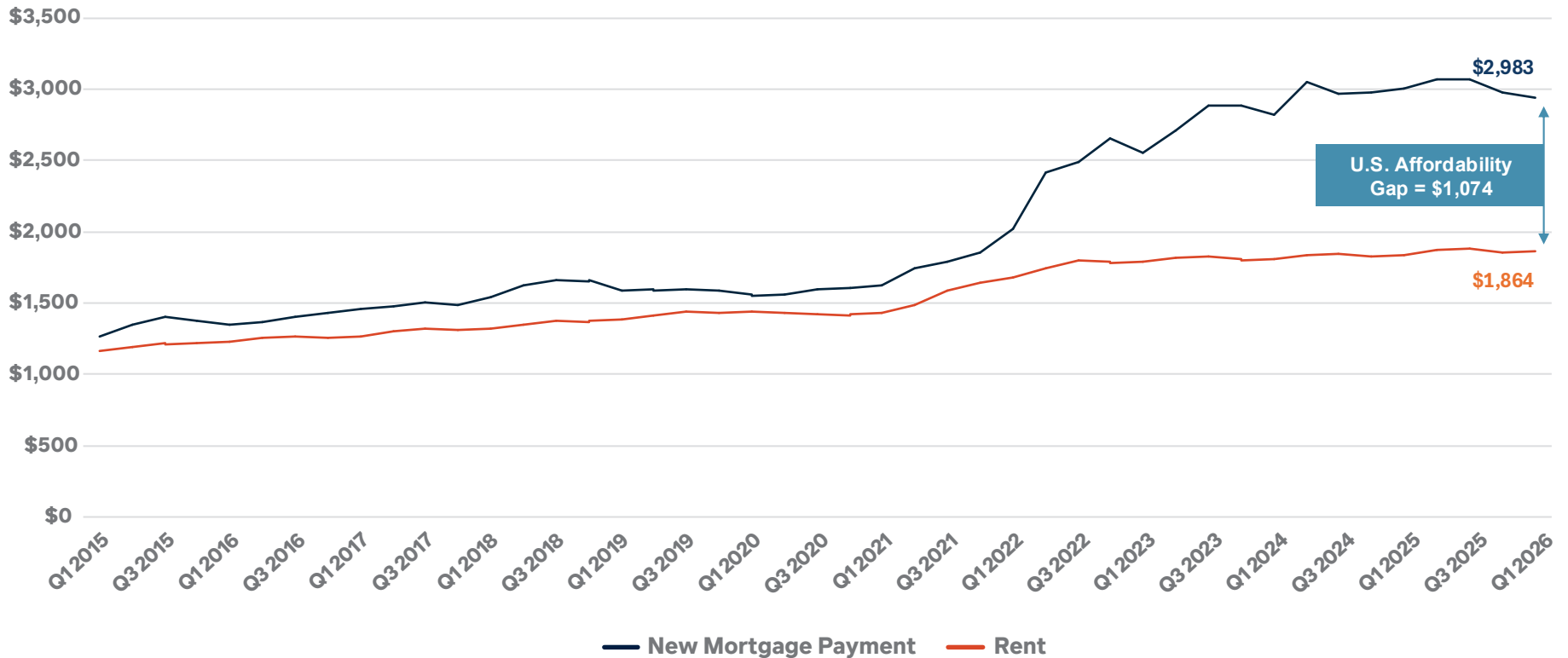
Only 2.8% of U.S. homes have changed hands in the first nine months of 2025, the lowest turnover rate for that period in at least three decades.



SOURCE: **Redfin**
Powered by Rocket

Buying vs Renting in America

Buying a Home? Not So Fast... In Q1, the U.S. monthly payment for a home was \$1,074 higher than monthly effective rent, this means it costs 58% more to buy a home than rent. This is keeping renters renting for longer and helping preserve existing occupancies.

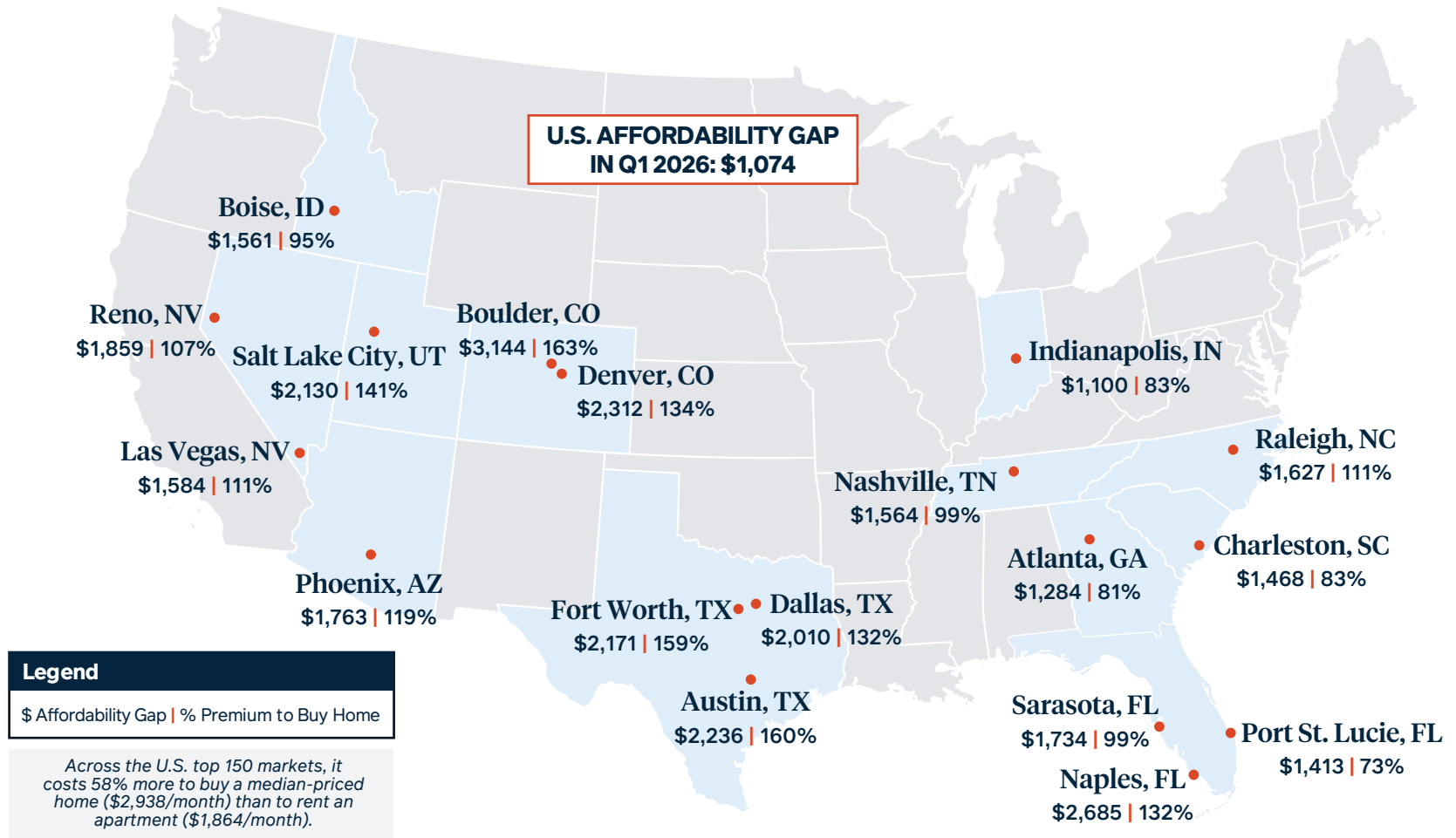


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

Q1 2026 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 Q1 2026, the national Affordability Gap was \$1,074 per month.

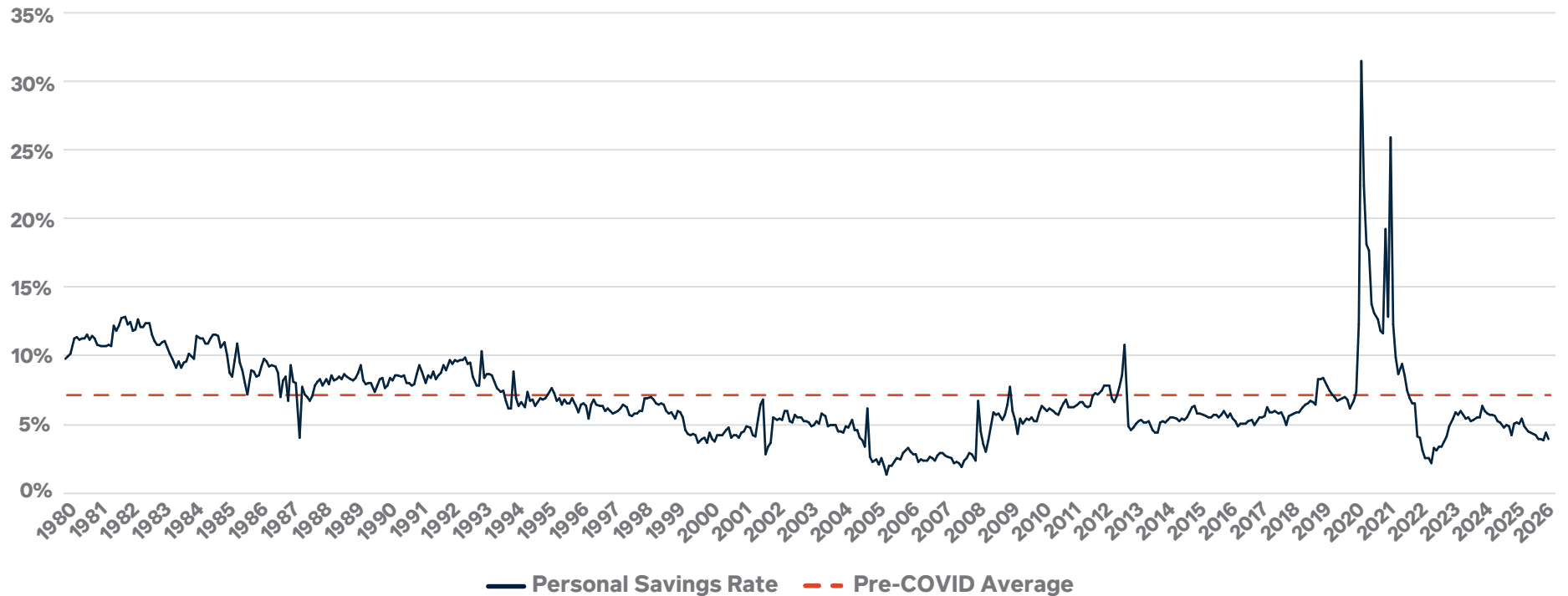


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

Q1 2026 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 4.0% of disposable income as of February, 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.

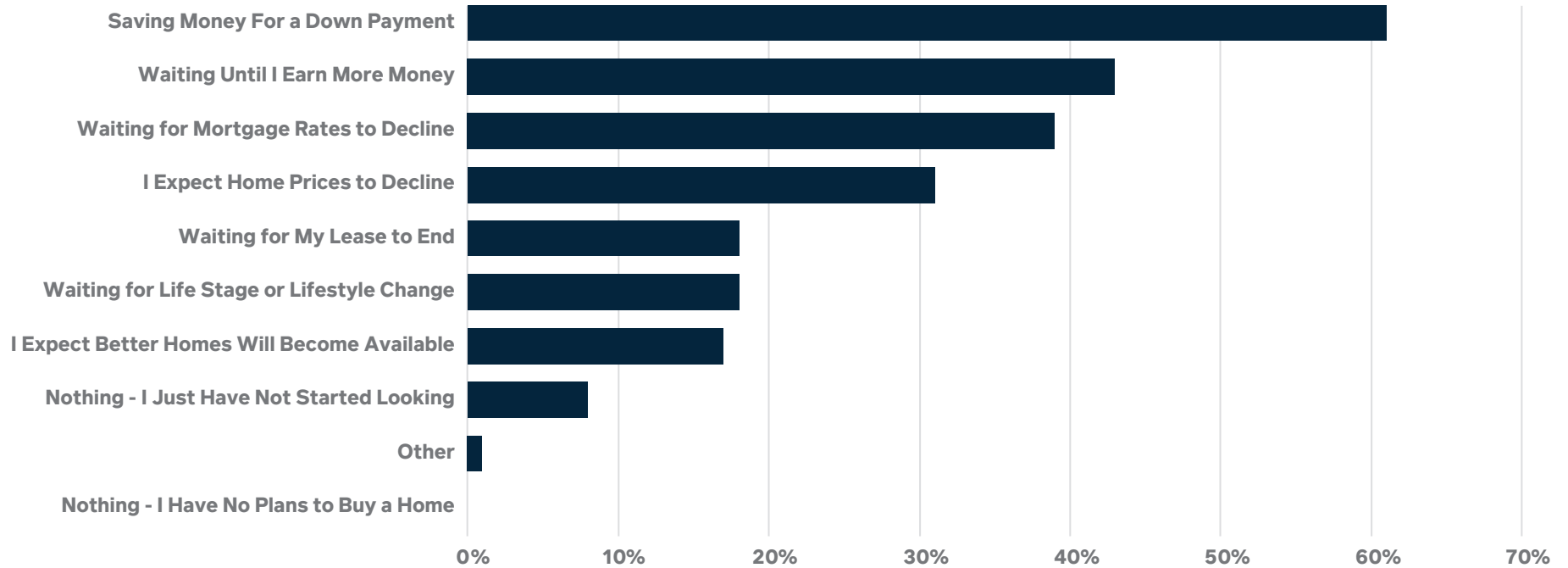


SOURCE:  Bureau of Economic Analysis

U.S. Bureau of Economic Analysis, Personal Savings Rate Jan 1980 - February 2026, 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.

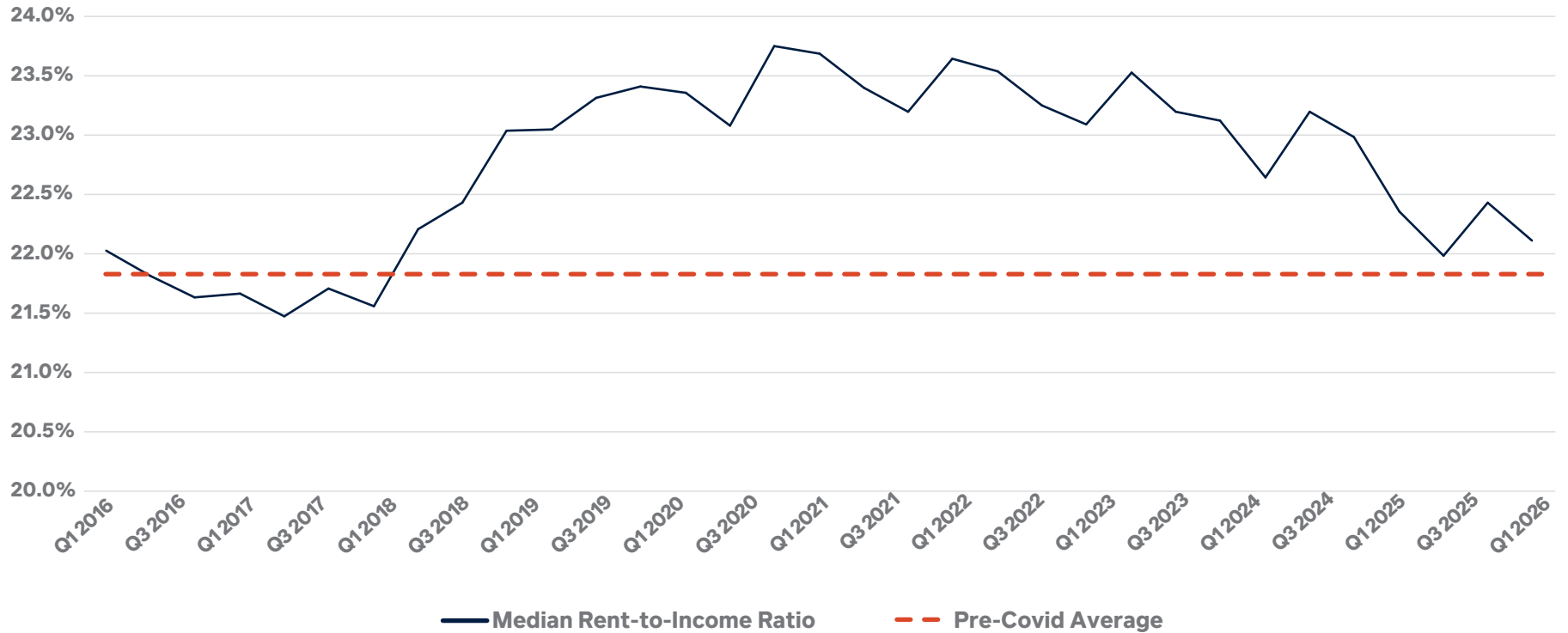


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

RealPage Same-Store Effective Rent Growth, Atlanta Fed Wage Growth Tracker, Data as of Q1 2026

Median Rent-To-Income Ratio In Market Rate Apartments

For renter households with incomes over \$75k, only 15% are cost burdened with rent-to-income ratios above 30%.



SOURCE: REALPAGE

Data as of Q1 2026

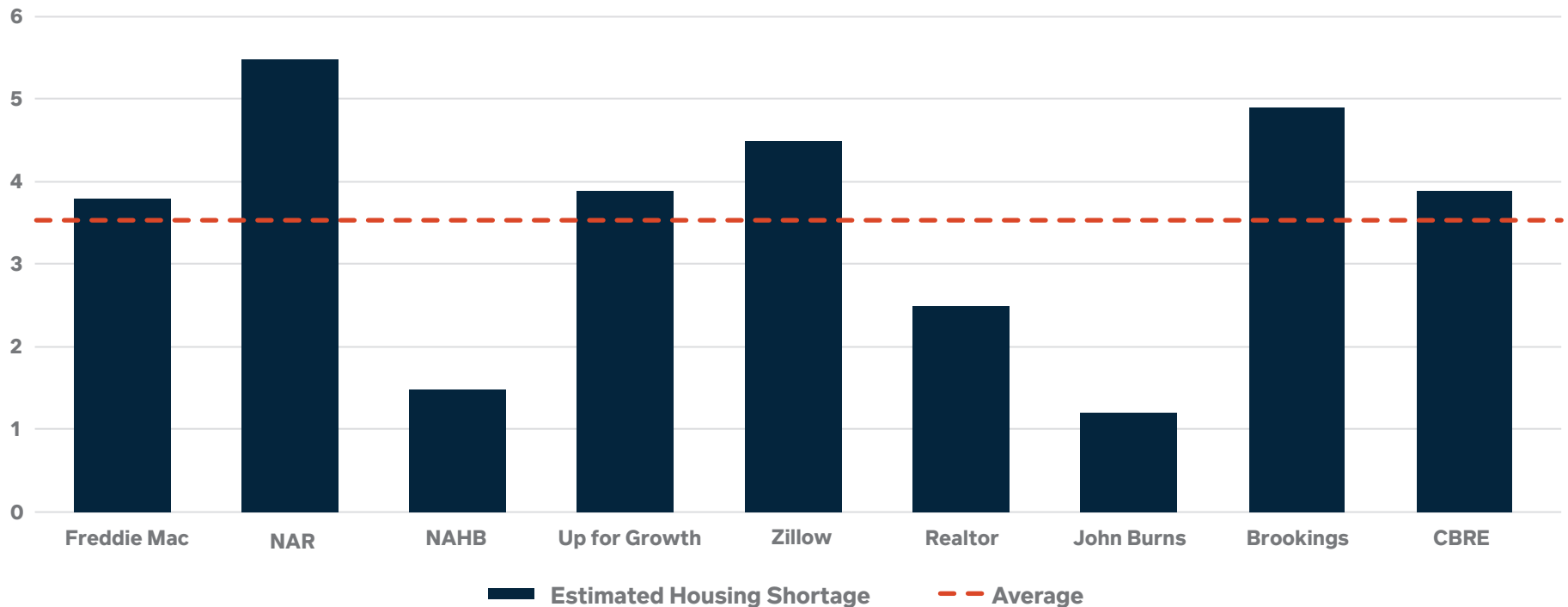
SECTION 2

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.

MILLIONS OF UNITS

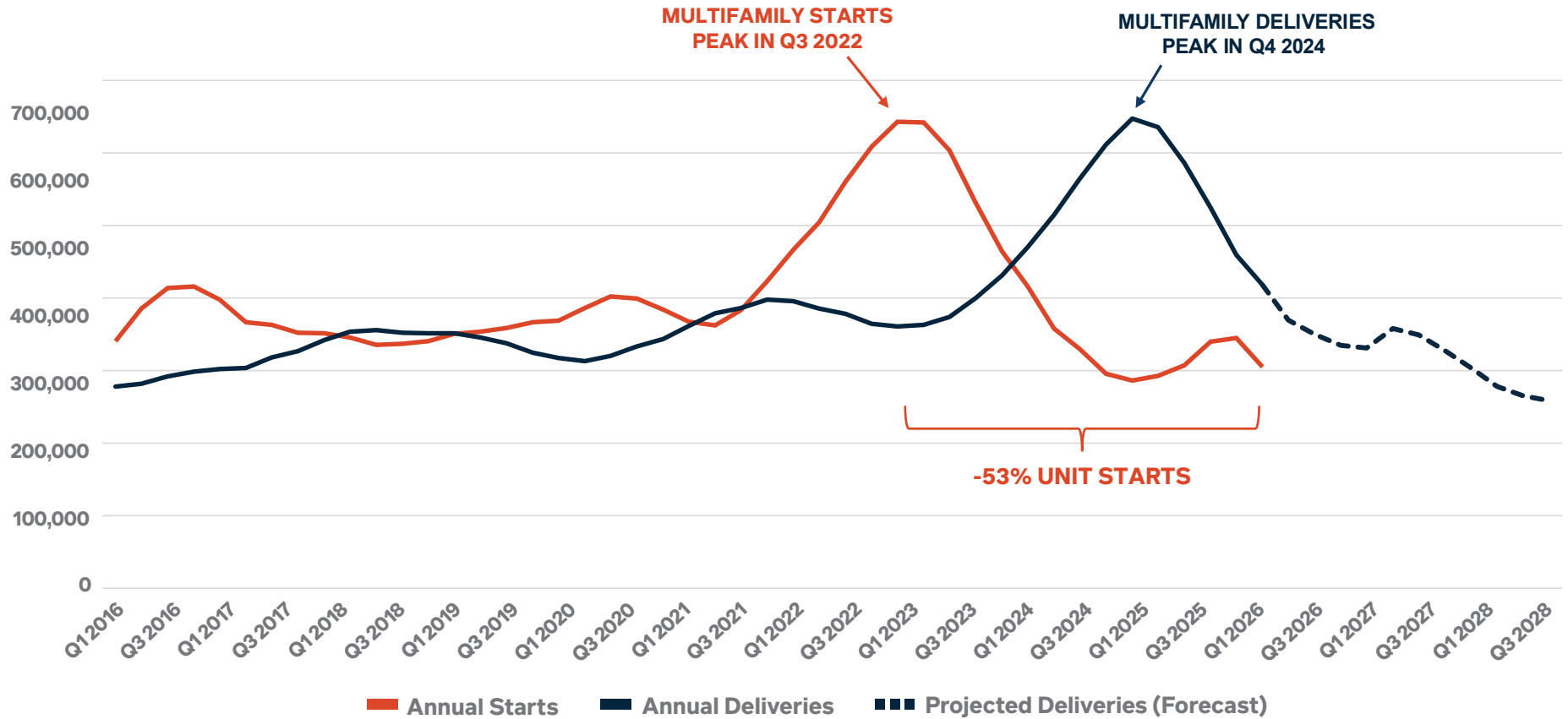


SOURCE: **BROOKINGS** **CBRE** **JOHN BURNS**
RESEARCH & CONSULTING

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

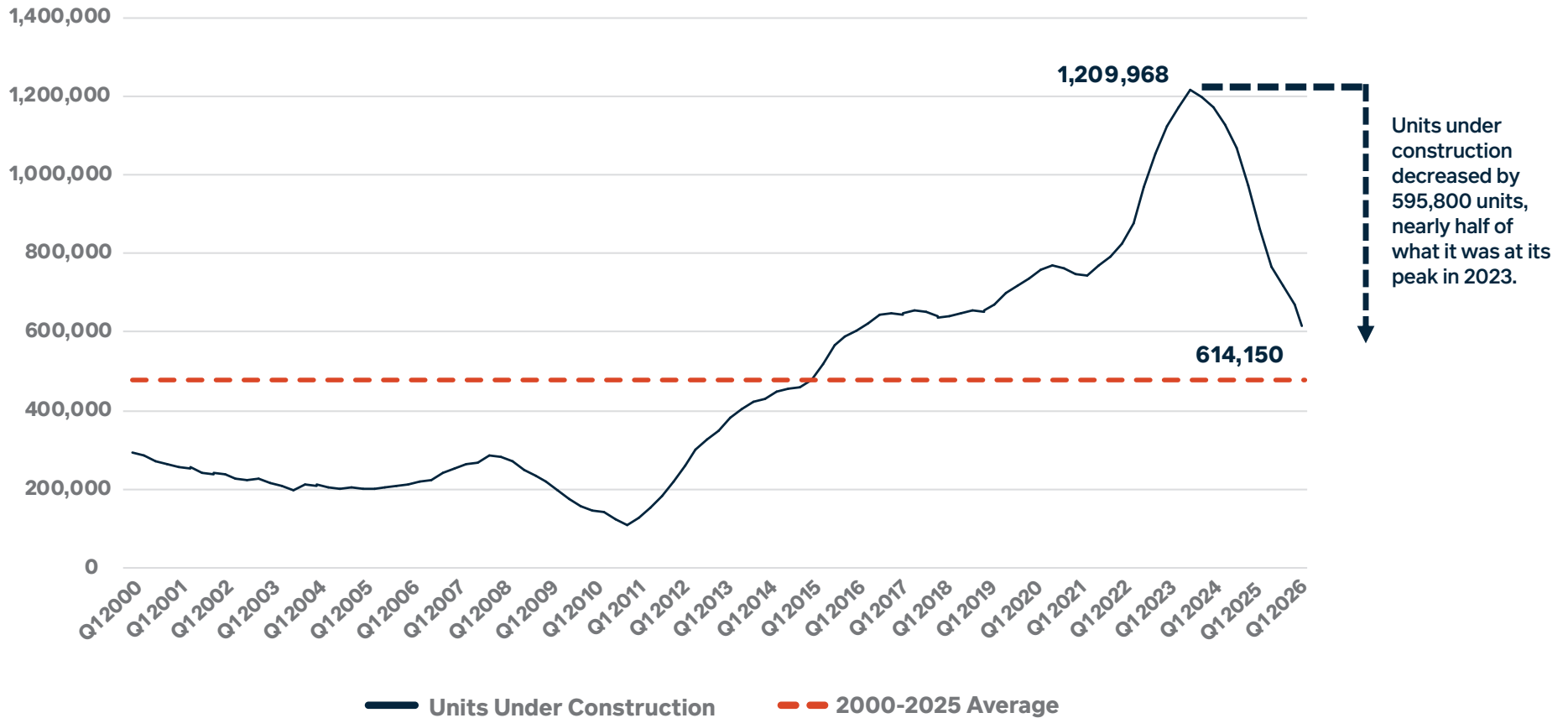
National multifamily starts remain 53% below their 2022 peak, leading to lower multifamily supply in the coming years.



SOURCE: **REALPAGE**
Data as of Q1 2026

Multifamily Development Drops After Historic Highs

The number of multifamily units currently under construction is down nearly 50% from the 2023 peak because of new starts falling in 2023, 2024, and 2025.



SOURCE: REALPAGE

Data as of Q1 2026

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.

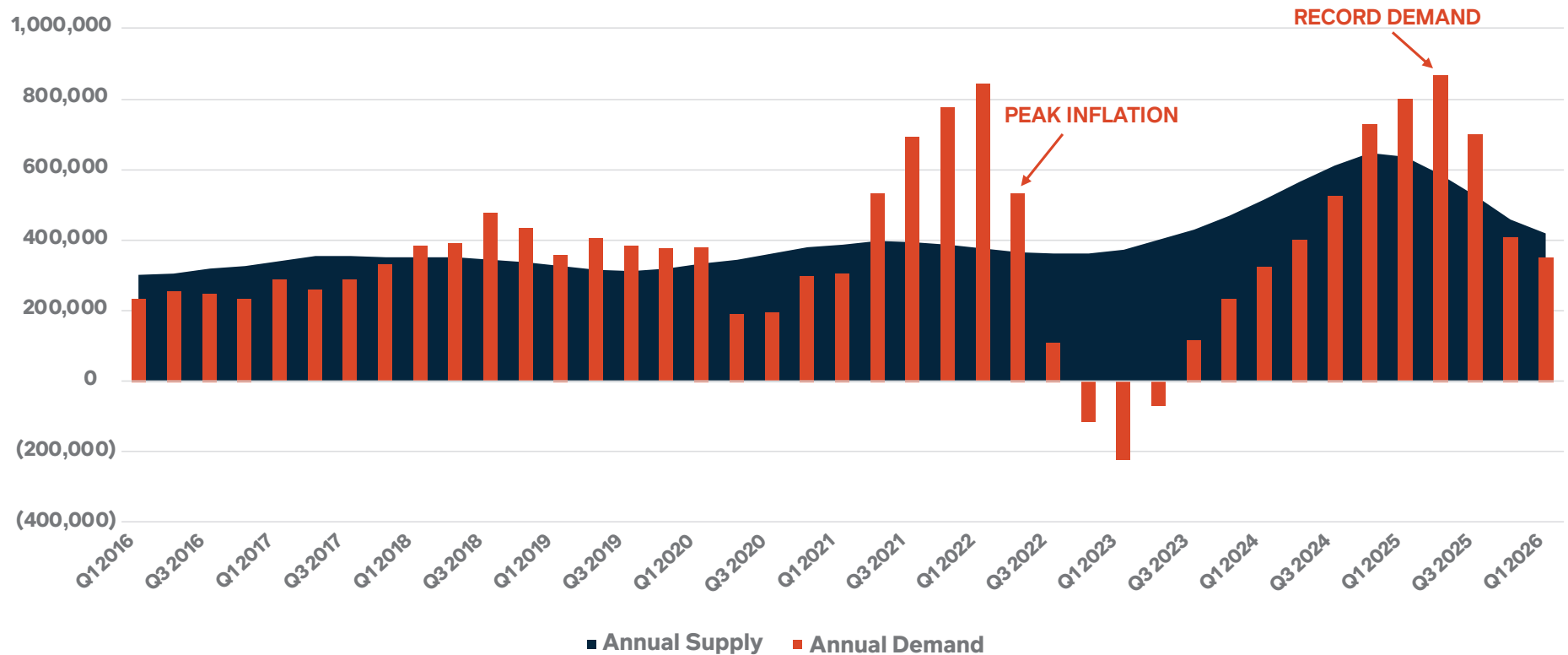
Location	Units Under Construction	Construction (as a % of Inventory)	2026-2028 Job Growth	2026-2028 Population Growth
Fort Myers, FL	5,046	8.1%	1.4%	2.1%
Sarasota, FL	6,026	7.7%	1.1%	1.5%
Raleigh, NC	15,966	7.4%	1.6%	2.5%
Charlotte, NC	18,297	7.1%	1.2%	2.4%
Phoenix, AZ	27,505	6.0%	1.4%	2.0%
Newark, NJ	33,987	5.7%	0.3%	0.0%
Nashville, TN	11,685	5.6%	1.1%	1.6%
Miami, FL	18,534	5.4%	0.7%	0.0%
Orlando, FL	13,728	4.7%	1.6%	2.1%
Austin, TX	16,171	4.6%	2.3%	3.4%
Dallas, TX	33,630	4.5%	1.5%	2.4%
Columbus, OH	9,123	4.2%	0.6%	1.4%
Richmond, VA	5,027	4.2%	0.4%	0.7%
West Palm Beach, FL	5,235	4.0%	0.7%	0.0%
Salt Lake City, UT	5,525	3.9%	1.3%	1.2%
Top 150 Markets	552,135	2.7%	0.4%	0.4%

SOURCE:  

Data as of Q1 2026

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.

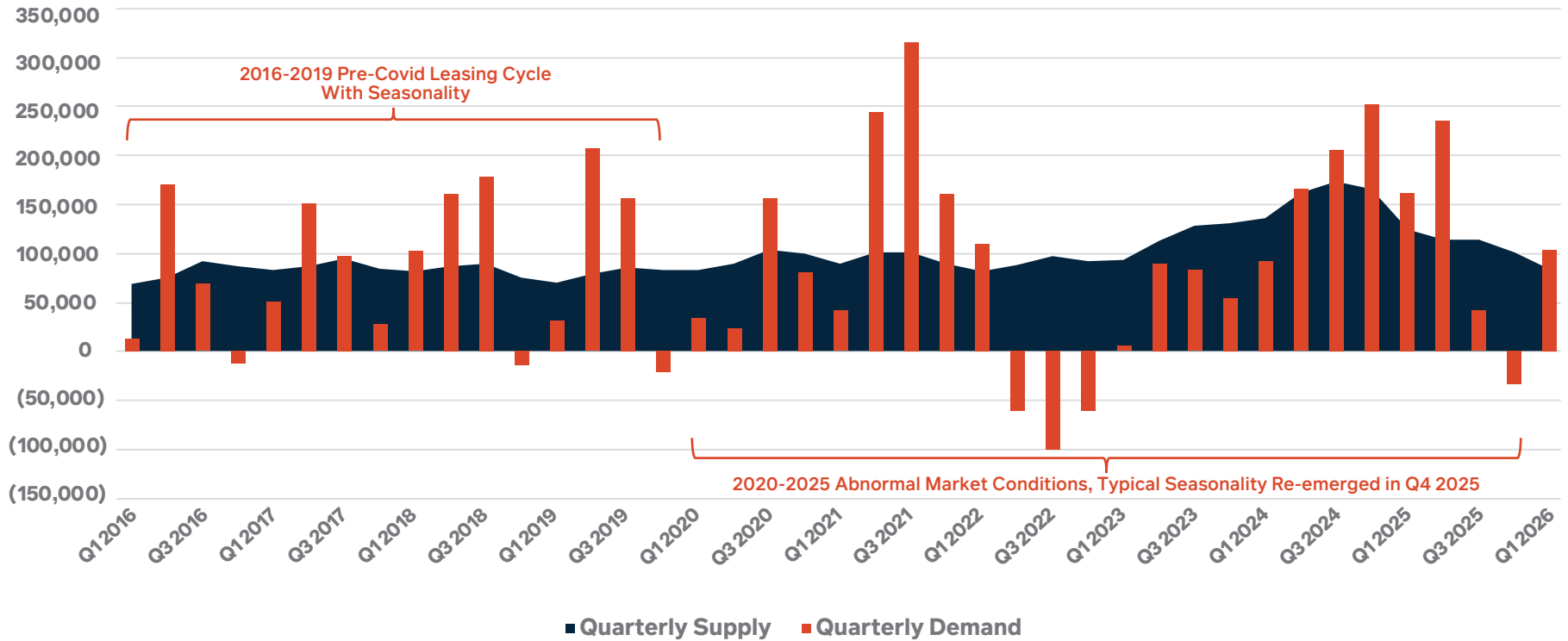


SOURCE: **REALPAGE**

Data as of Q1 2026, Peak inflation = 9.2% in June 2022.

After Slowing In H2 2025, Absorption Reaccelerated In Q1 2026

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. Fortunately, rent discounts are supporting healthy leasing trends.

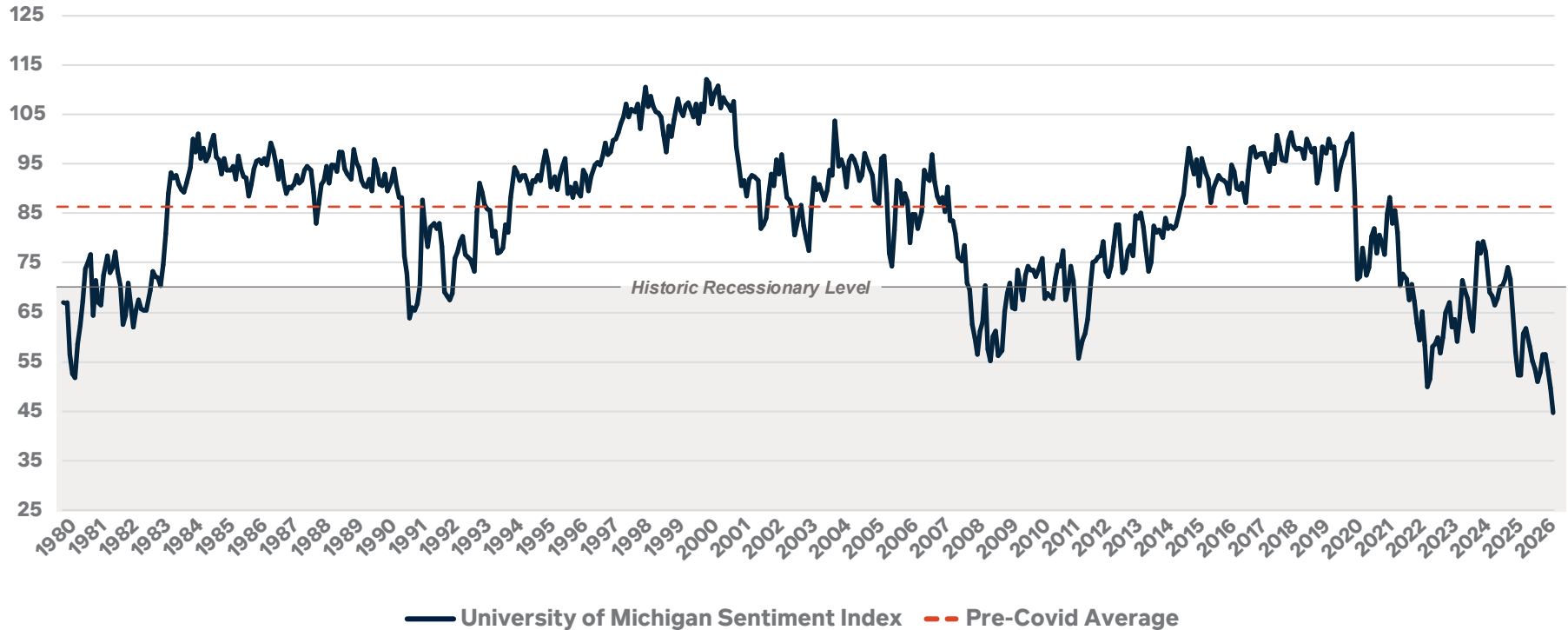


SOURCE: **REALPAGE**

Data as of Q1 2026

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.

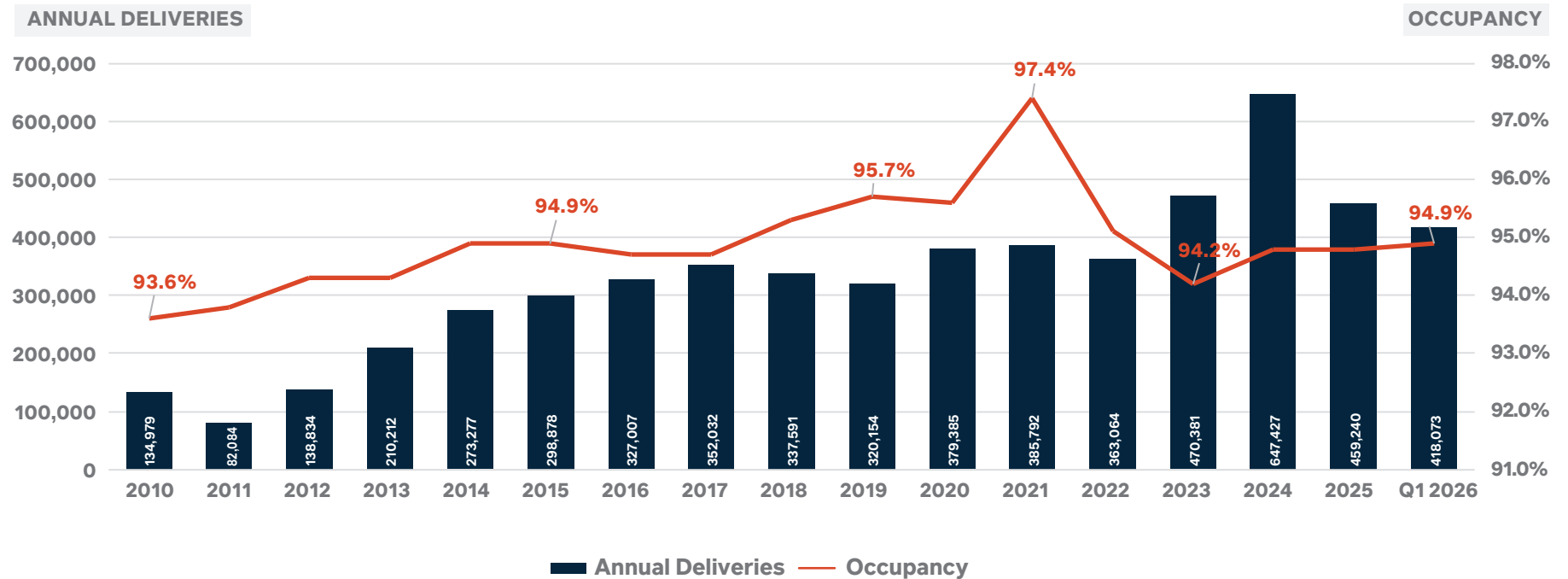


SOURCE: [surveys of consumers](#)
UNIVERSITY OF MICHIGAN

University of Michigan's Surveys of Consumers Consumer Sentiment Index January 1980 – May 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 Q1 2026

U.S. Effective Rent Growth

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

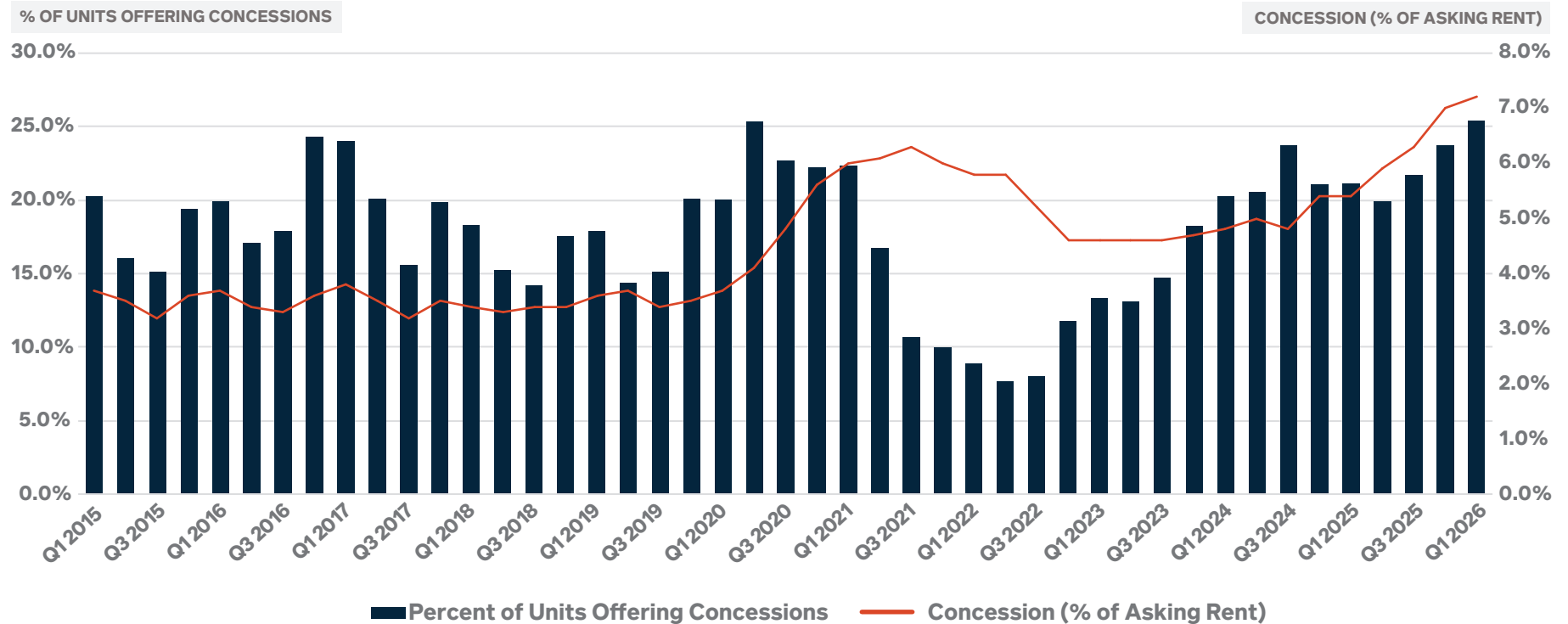


SOURCE: REALPAGE

Data as of Q1 2026

Concessions Remain Elevated And Continue To Trend Upward In Q1 2026

Owners are competing aggressively and using discounts to rent in order to attract new tenants and fill vacant units.



SOURCE: REALPAGE

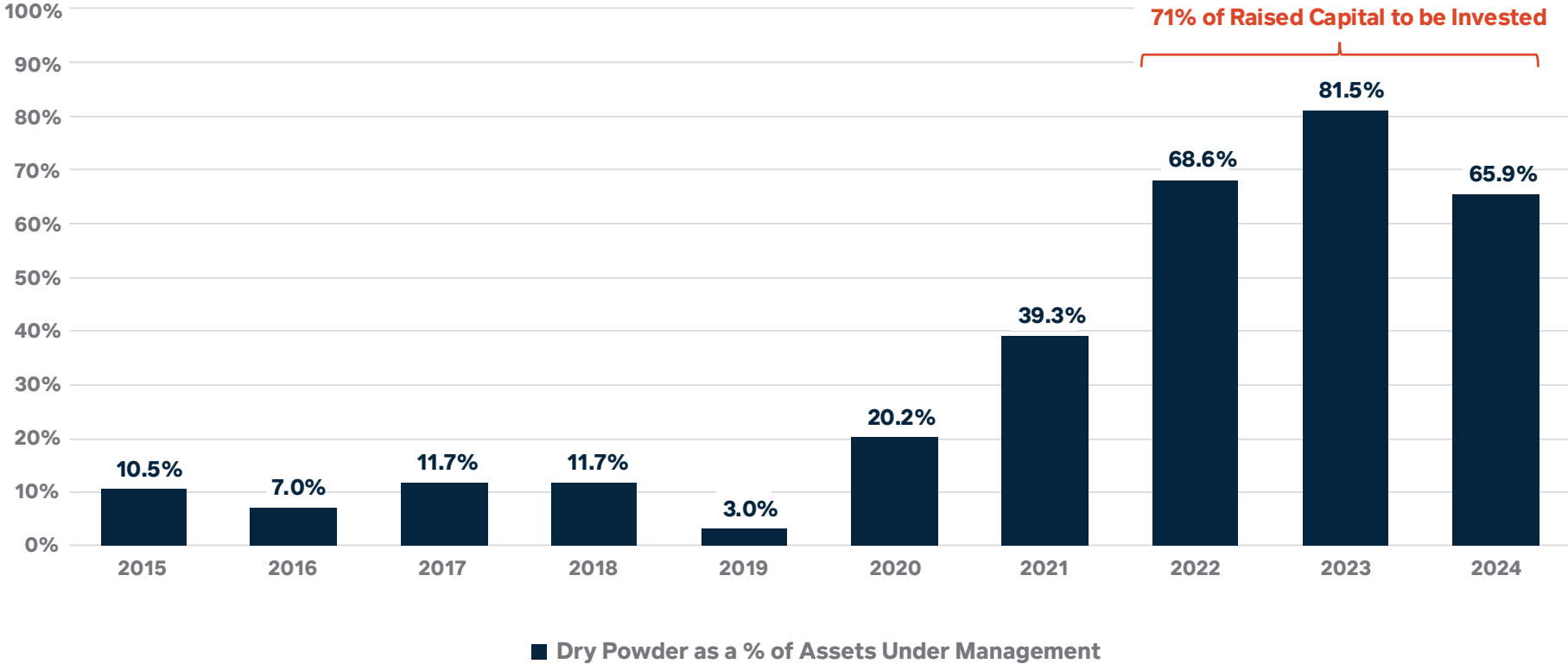
Data as of Q1 2026

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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