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THOMPSON THRIFT

Multifamily Market Research Presentation

PREPARED FOR OUR PARTNERS

AUGUST 2026



**THOMPSON
THRIFT**
A REAL ESTATE COMPANY

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THE MADDOX
BUCKEYE, ARIZONA

The State Of The Market

THE ECONOMY AND DEMOGRAPHICS

- Job growth accelerated in H1 2026. This could be the start of the expected 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 should 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 nearly 50% since peaking in 2023, and result in fewer new deliveries over the next few years.
- Leasing activity accelerated in H1 2026 after a brief slowdown in H2 2025.
- Vacancy in stabilized properties has declined to 4.5%, nationally. Although this is now below its pre-pandemic levels, 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: 66.7% 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 58% more to buy a median priced home than to rent the average 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 spur the recovery in values.
- Cap rates have remained relatively 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 being delivered. At the national level, stabilized apartment vacancy has fallen below pre-pandemic levels, highlighting the strength of renter demand. 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 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. Although units under construction remain elevated, multifamily starts have declined 53% from their Q3 2022 peak, indicating that the supply pipeline will continue to contract over the next few years. 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 incomes.

ECONOMIC TURBULENCE IS CAUSING HEARTBURN FOR CONSUMERS

Ongoing geopolitical tensions, persistently volatile interest rates, inflation, and uncertainty in the labor market have contributed to weak consumer sentiment that remains at recessionary levels, weighing on household formation. Because labor market conditions have improved in 2026, the Federal Reserve will likely remain focused on inflation, reducing the likelihood of interest rate cuts and raising questions about potential rate increases.

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

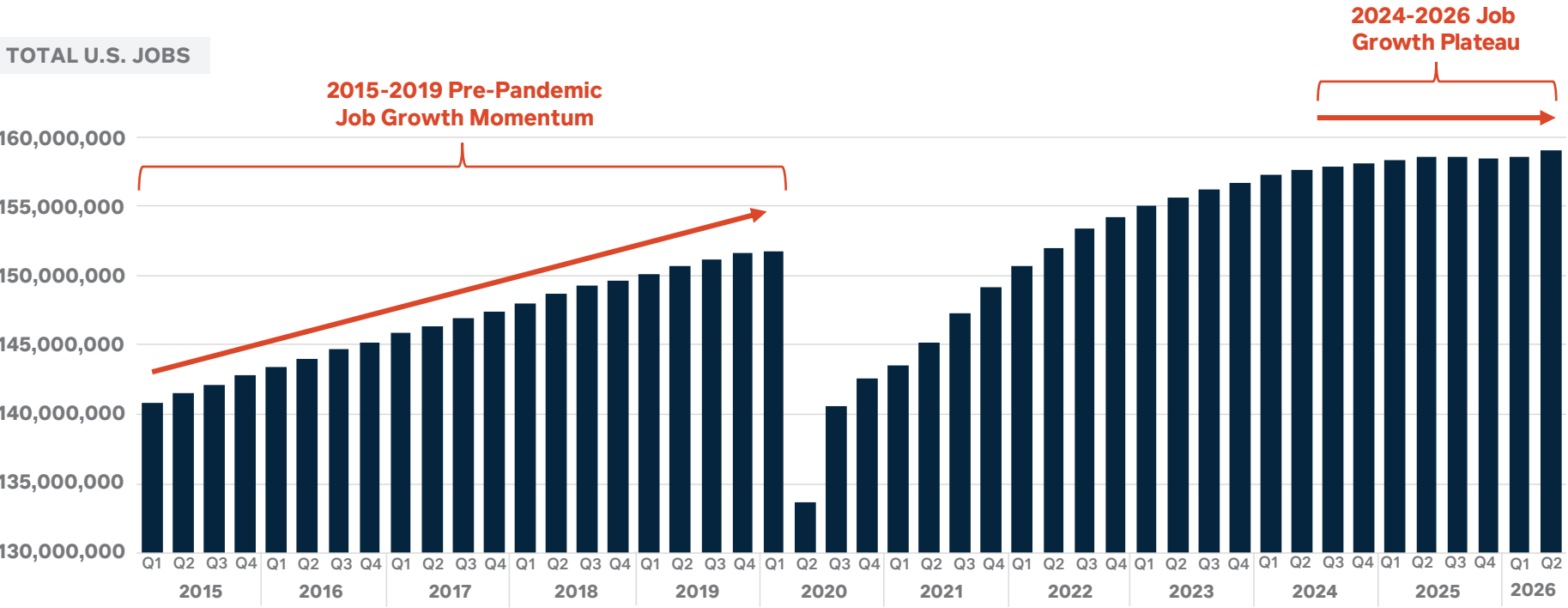
As market fundamentals improve, supply is absorbed, and rent growth turns positive, investment activity is expected to accelerate. Larger institutional investors will come off the sidelines and put upward pressure on property values; however, investors will likely remain selective, favoring high quality,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

SECTION 1

Economy & Demographics

Job Growth Has Slowed Amid Economic Uncertainty

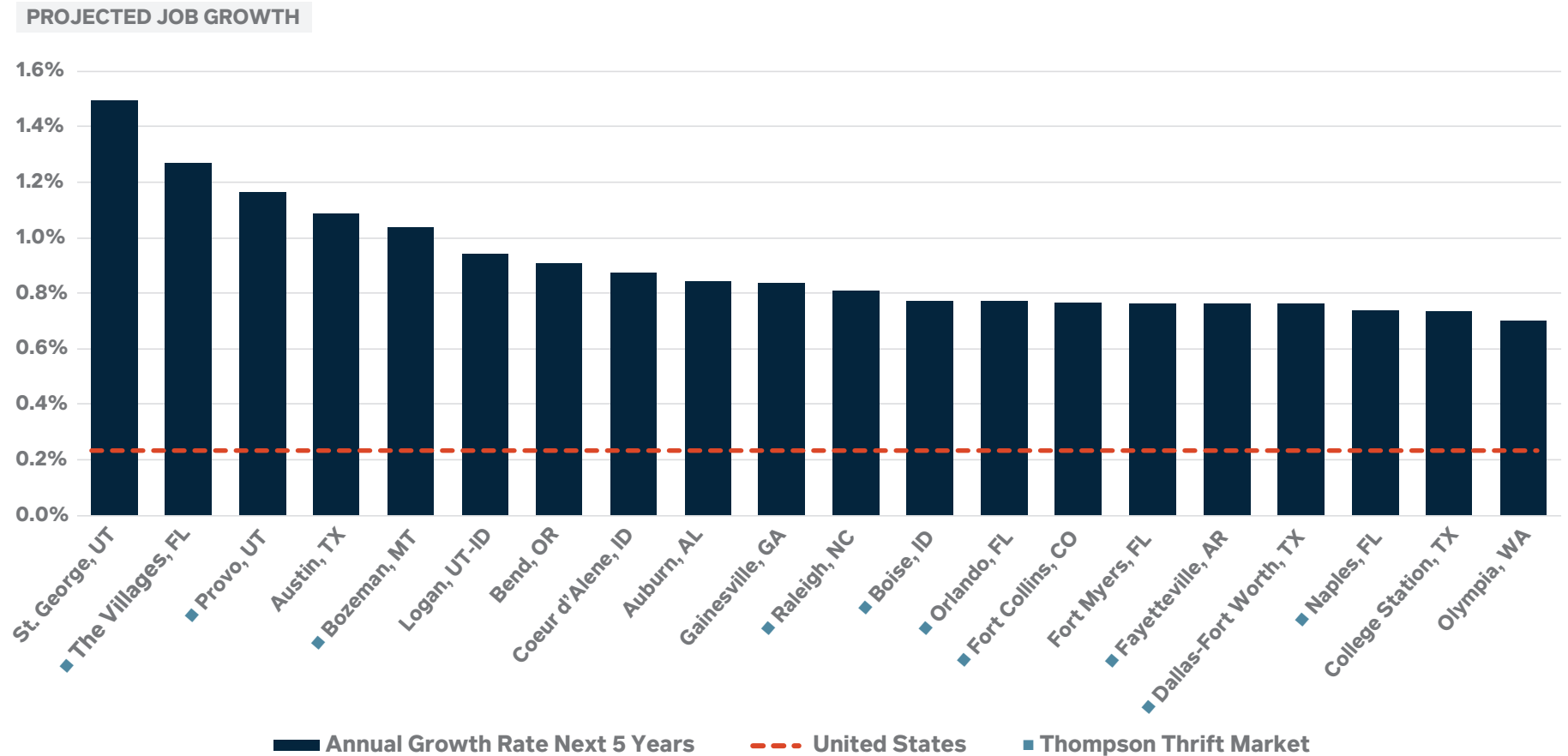
The recent years of persistently high inflation and higher interest rates, ongoing global geopolitical tensions, the uncertainty surrounding U.S. economic policy, has driven a slowdown in the labor markets. Although H1 2026 did gain much needed momentum.



SOURCE:  OXFORD ECONOMICS
Data as of Q2 2026 (Total Nonfarm Payrolls)

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

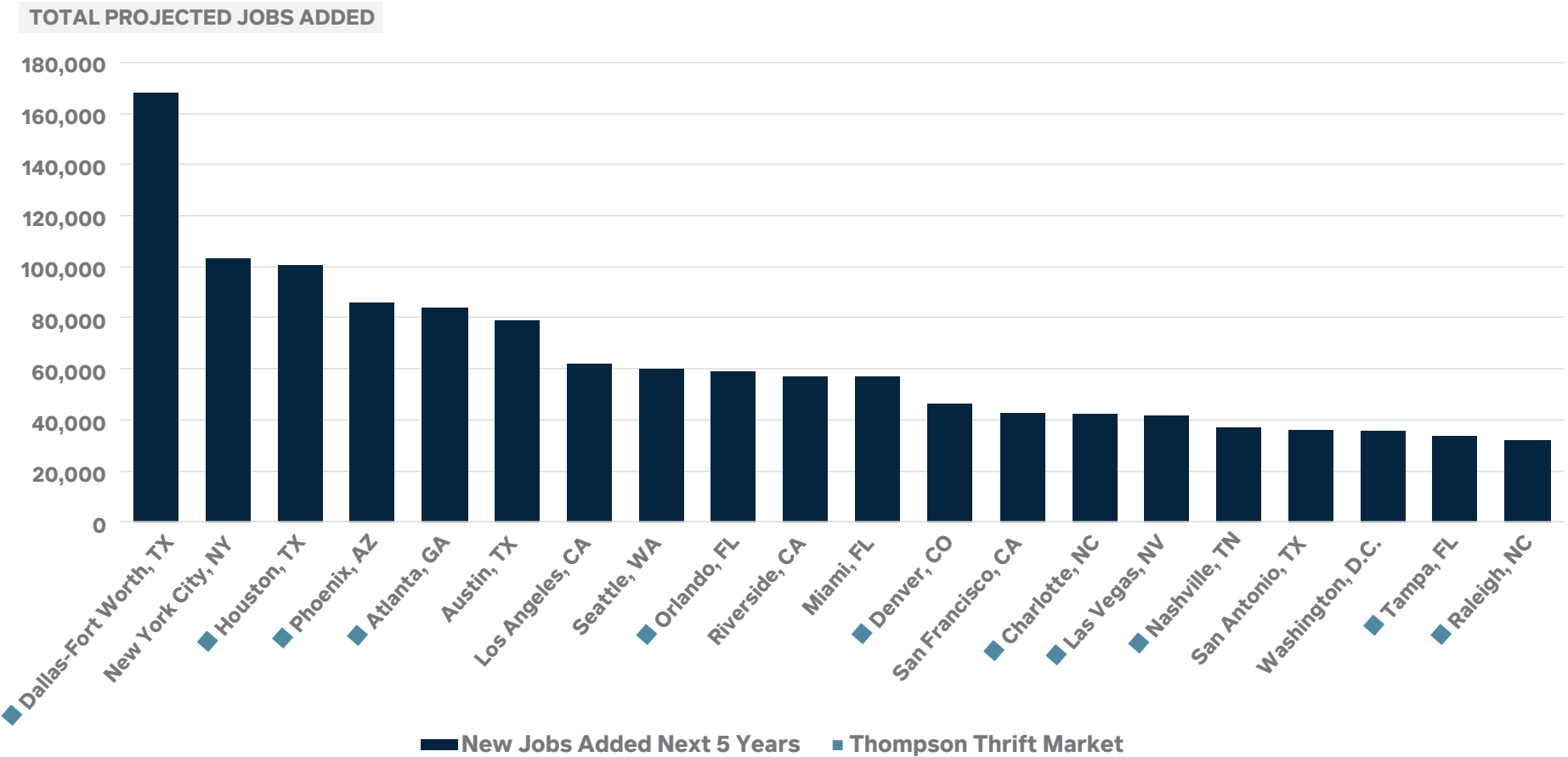
Markets across the Sun Belt and Mountain regions lead in annual job growth rates. Utah, Texas, Idaho, and Florida are home to the majority of the fastest growing markets.



SOURCE:  OXFORD ECONOMICS
Data as of Q2 2026 (Total Nonfarm Payrolls)

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

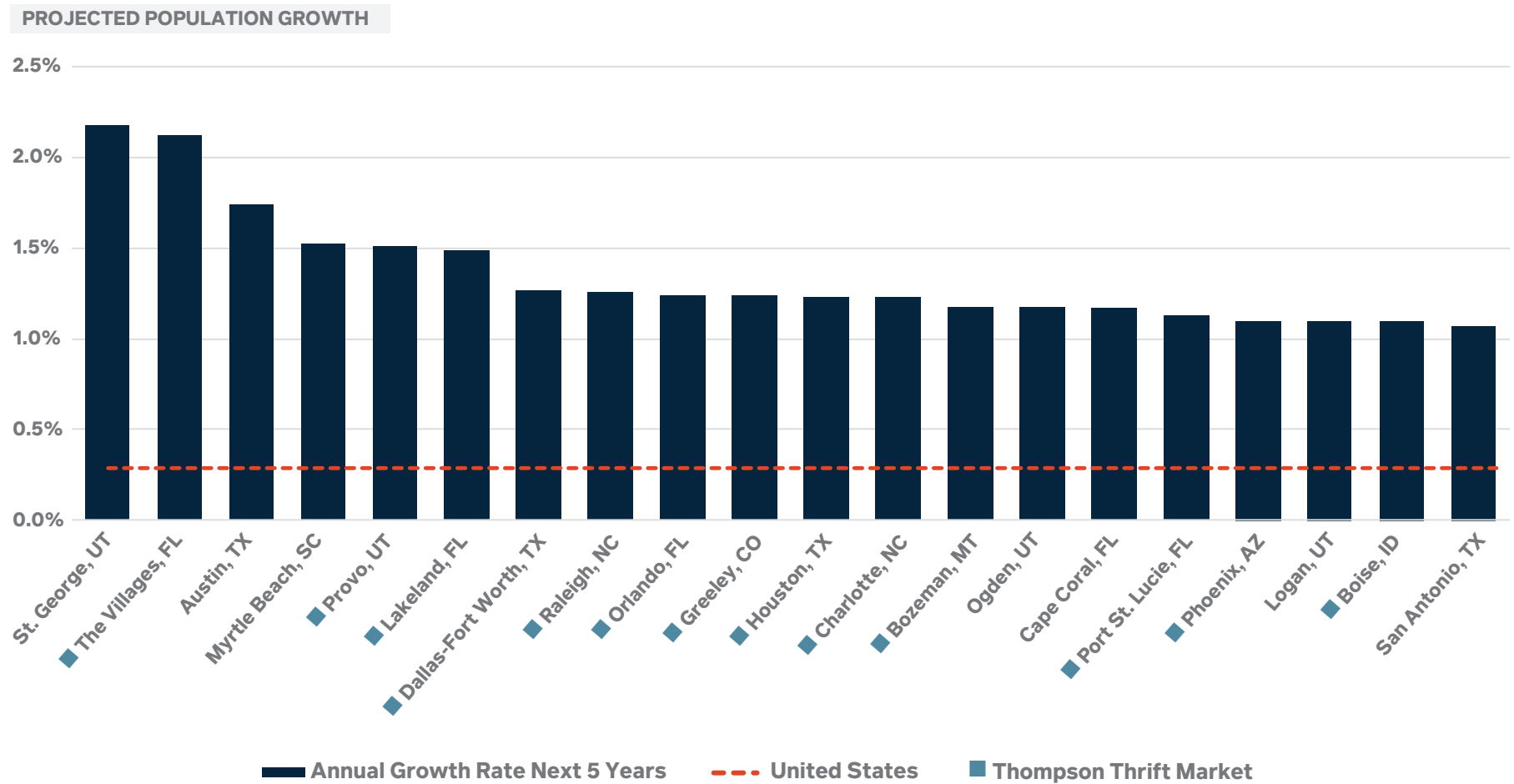
Looking ahead, markets across the Sun Belt & Mountain regions will continue adding the most new jobs to the U.S. economy. Fortunately, this list includes many of the markets with elevated supply pipelines.



SOURCE: OXFORD ECONOMICS
Data as of Q2 2026 (Total Nonfarm Payrolls)

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

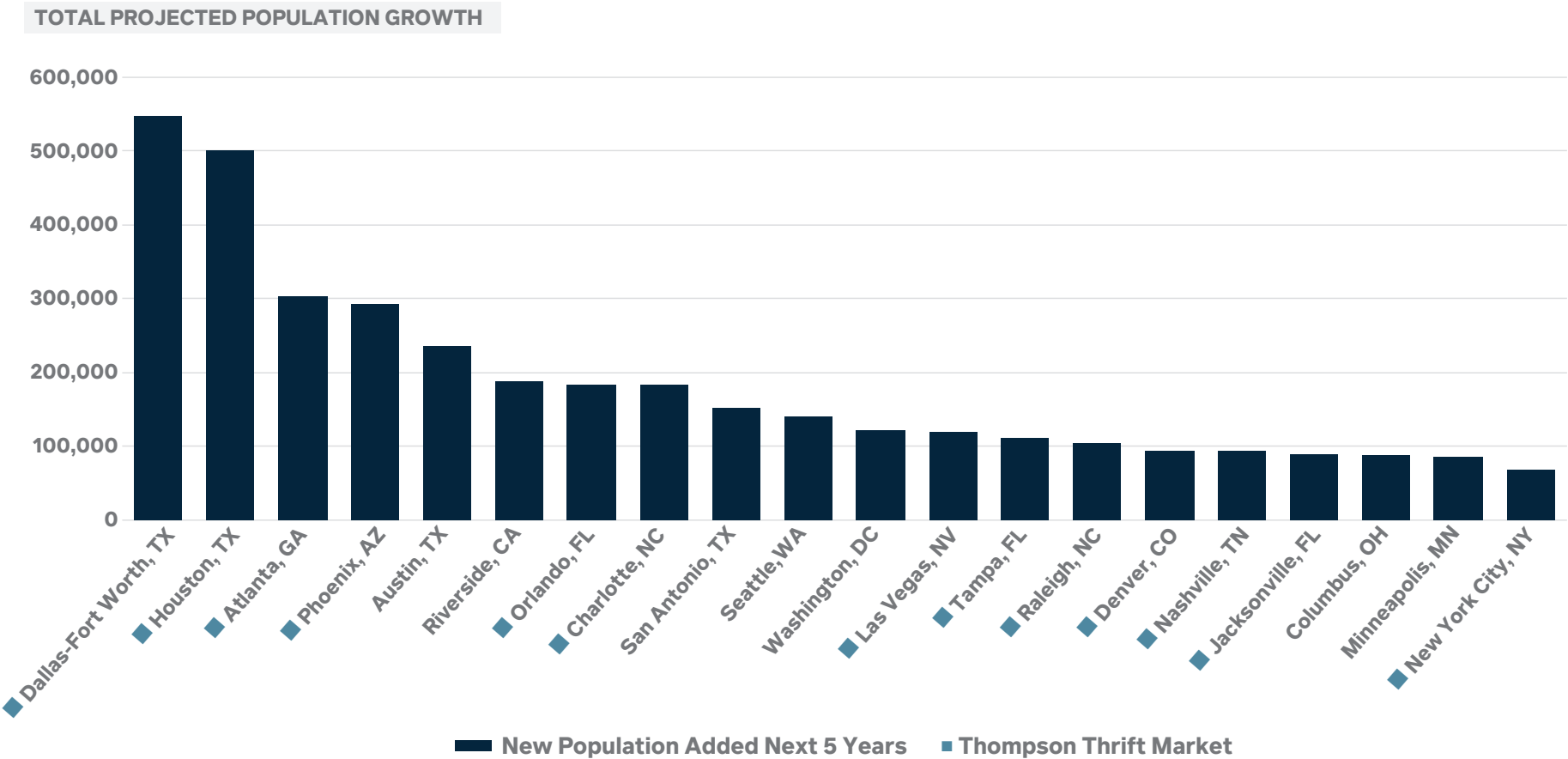
Living up to their status as growth markets, Sun Belt and Mountain hot spots will continue to lead with the fastest growth rates in the country.



SOURCE:  OXFORD ECONOMICS
Data as of Q2 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 Q2 2026

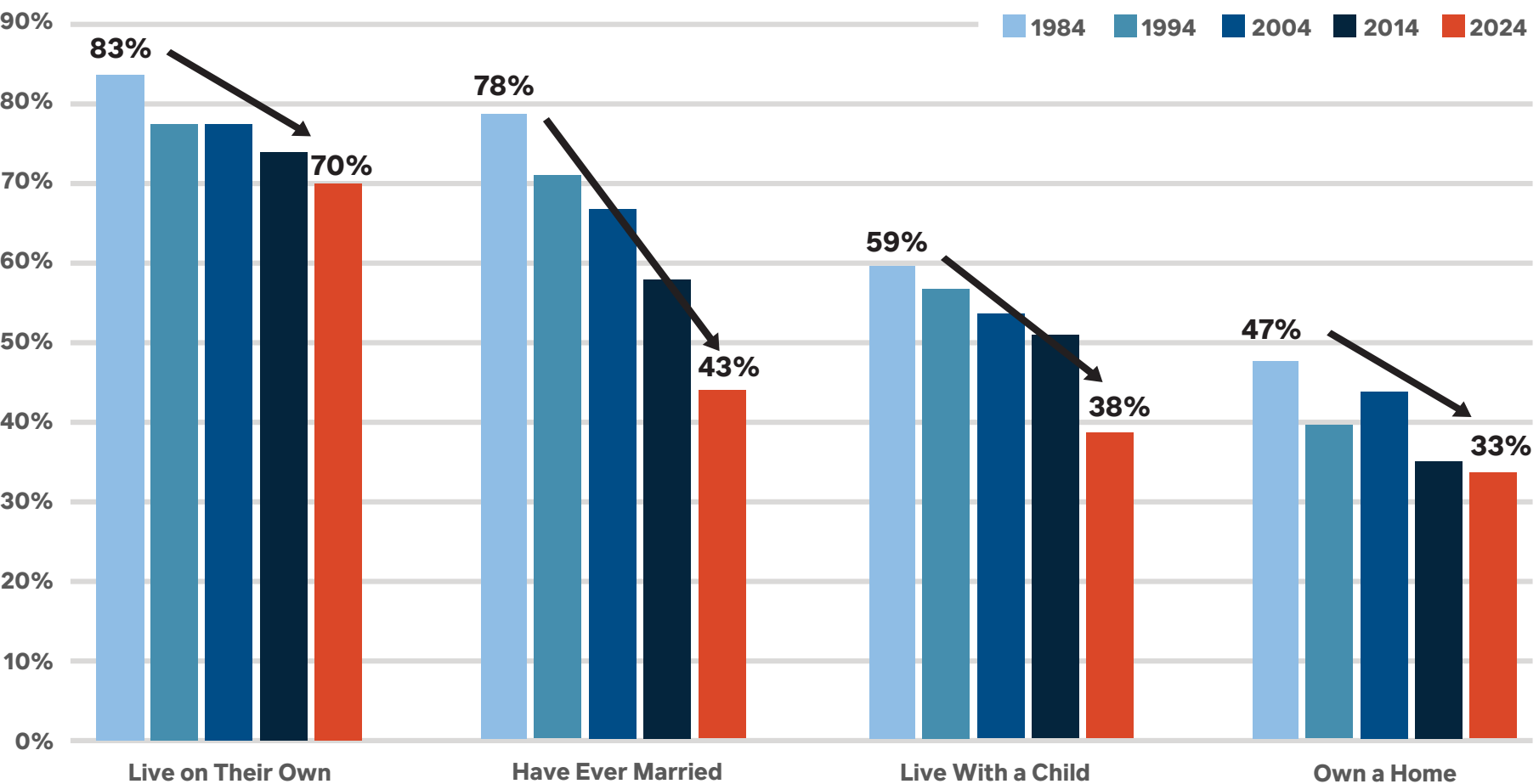
Today's Demand Drivers

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



Estimated % Of 30-Year-Olds Reaching Adult Milestones

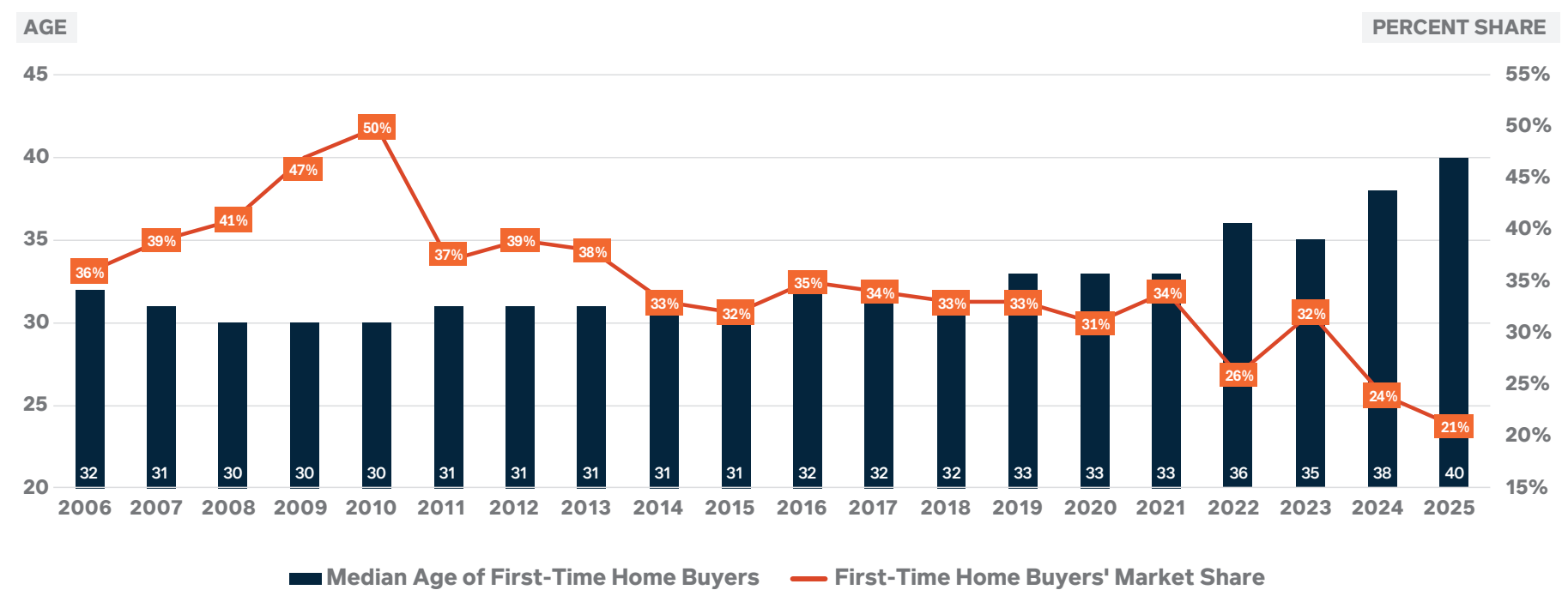
Americans are reaching adult milestones such as getting married and having children later in life. Homeownership has also become unaffordable for most, and renters are renting for longer than ever.



SOURCE: **JOHN BURNS**
RESEARCH & CONSULTING
U.S. Demographics, Insights and Strategies, September 2025

Percentage Of First-Time Homebuyers Decreases While Median Age Increases

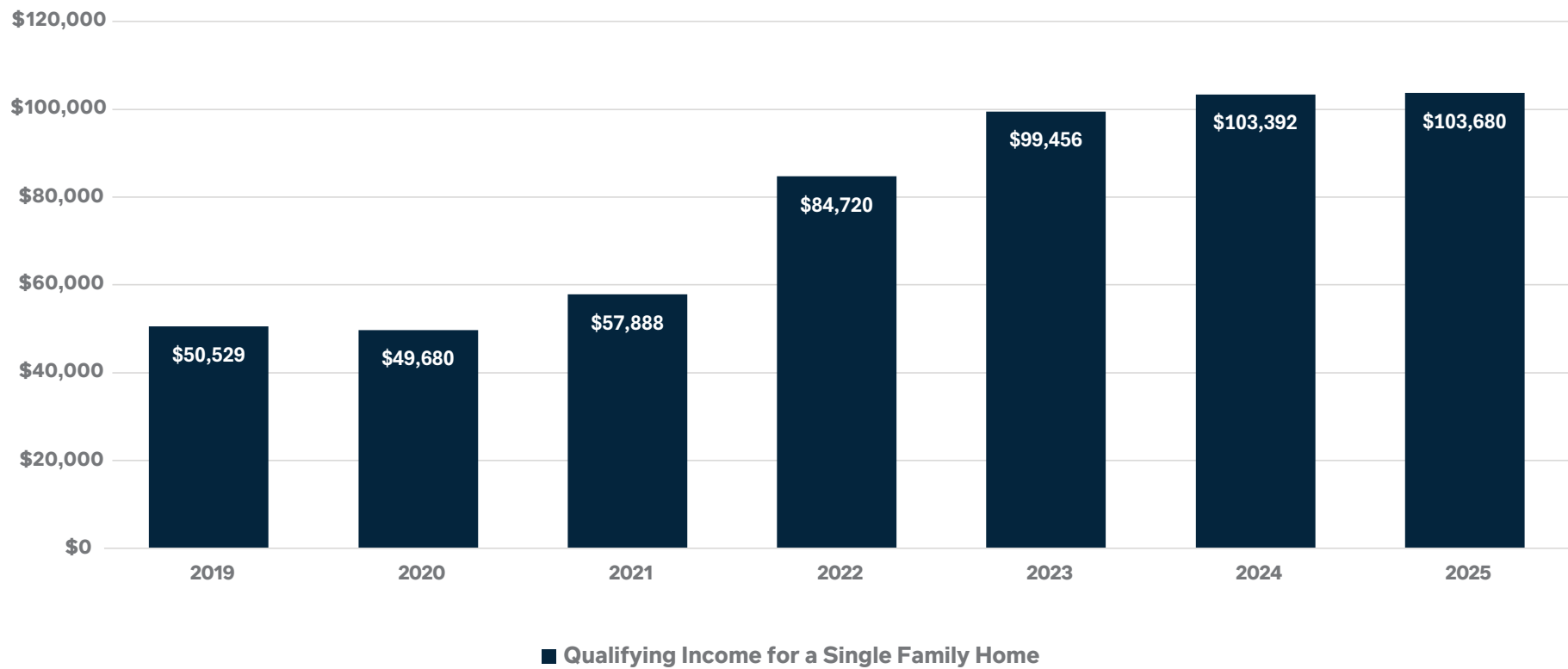
Affordability challenges have caused a drop in the percentage of first-time homebuyers from 50% in 2010 to a record low of 21% in 2025, while the median age of first-time homebuyers has increased from 35 in 2023 to a record high of 40 in 2025.



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.



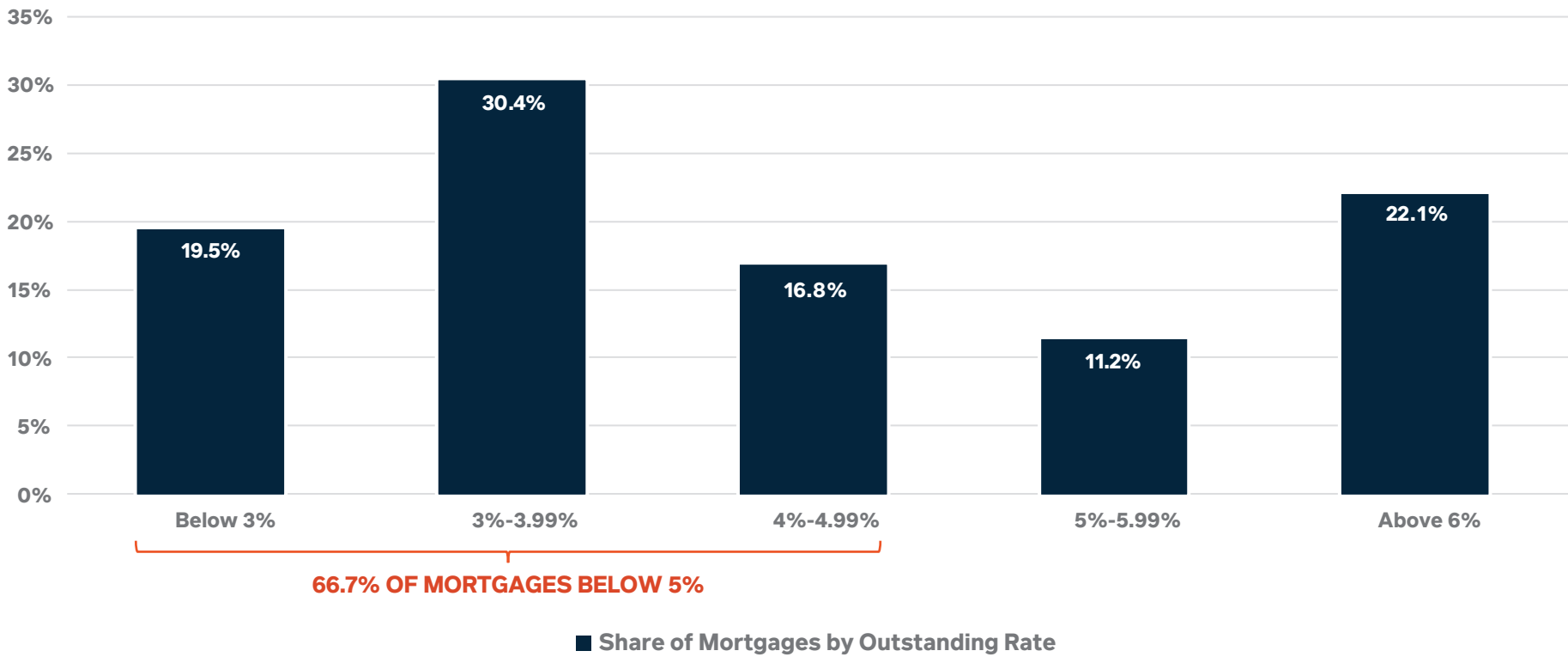
SOURCE:  NATIONAL ASSOCIATION OF REALTORS®

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

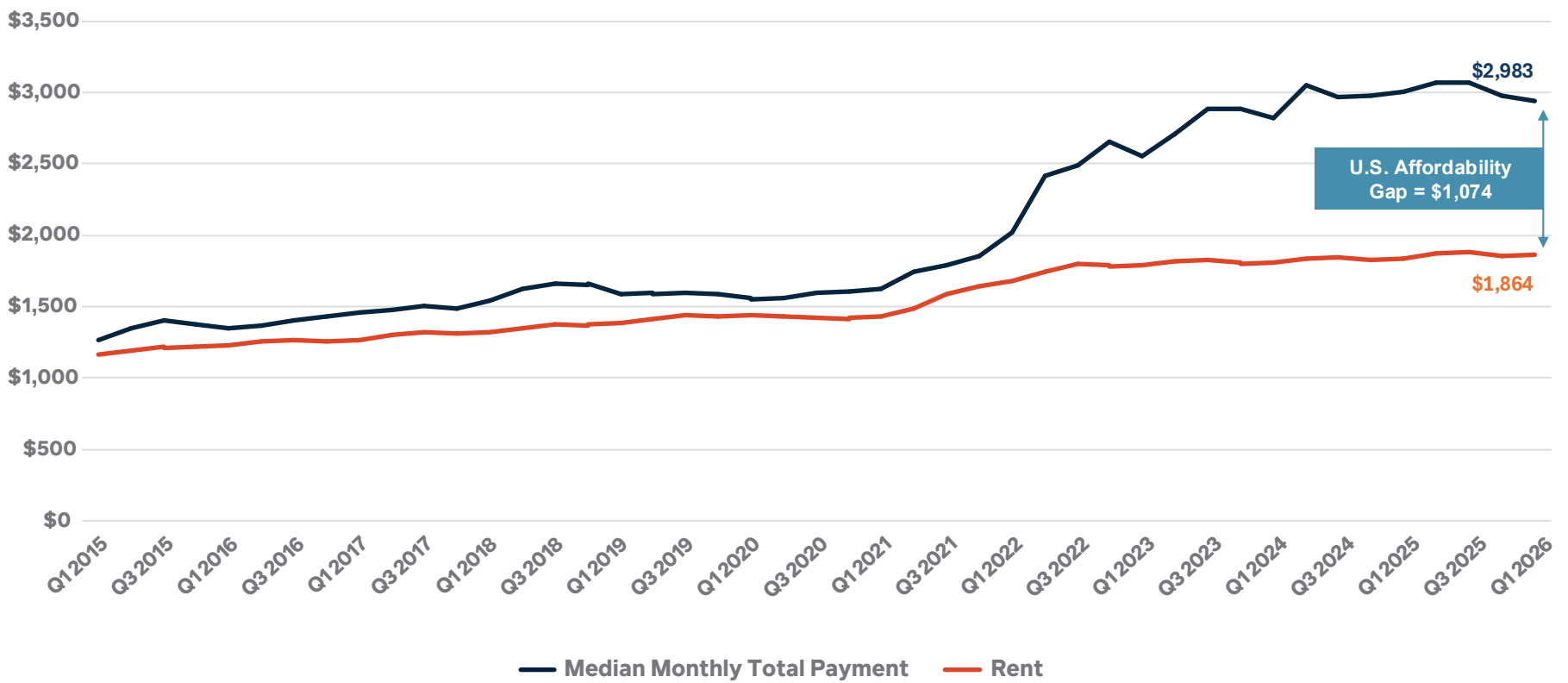
Elevated mortgage rates are causing a “lock-in” effect as homeowners are hesitant to trade their existing mortgage for a 6%+ rate, leading to lower than normal single-family for-sale inventory, and the sticky prices that come along with it.



SOURCE: 
FHFA, National Mortgage Database, Data as of Q1 2026

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.

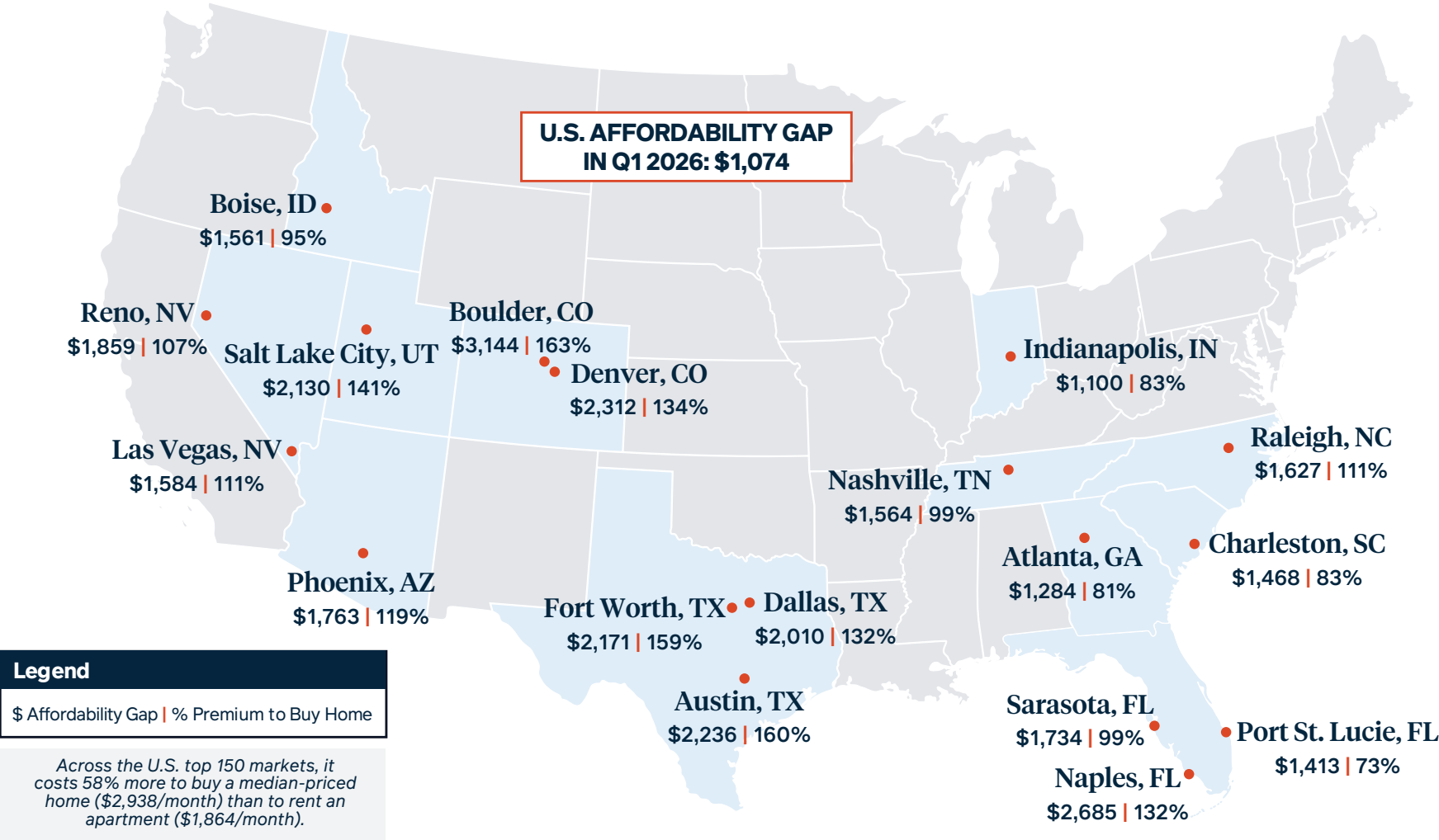


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

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.

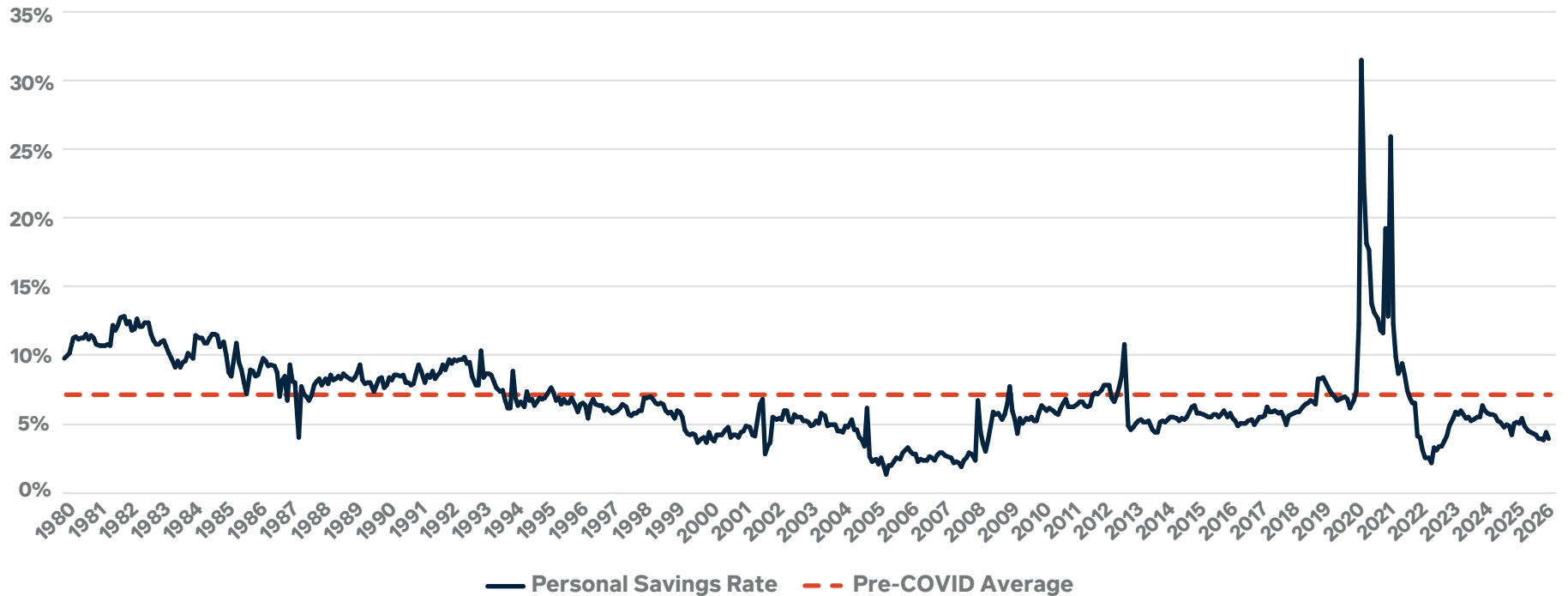


SOURCE: REALPAGE Federal Reserve Bank of Atlanta

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 3.0% of disposable income as of May, trending below the pre-COVID average of 6.8% and making it more difficult to save for a down payment on a home.

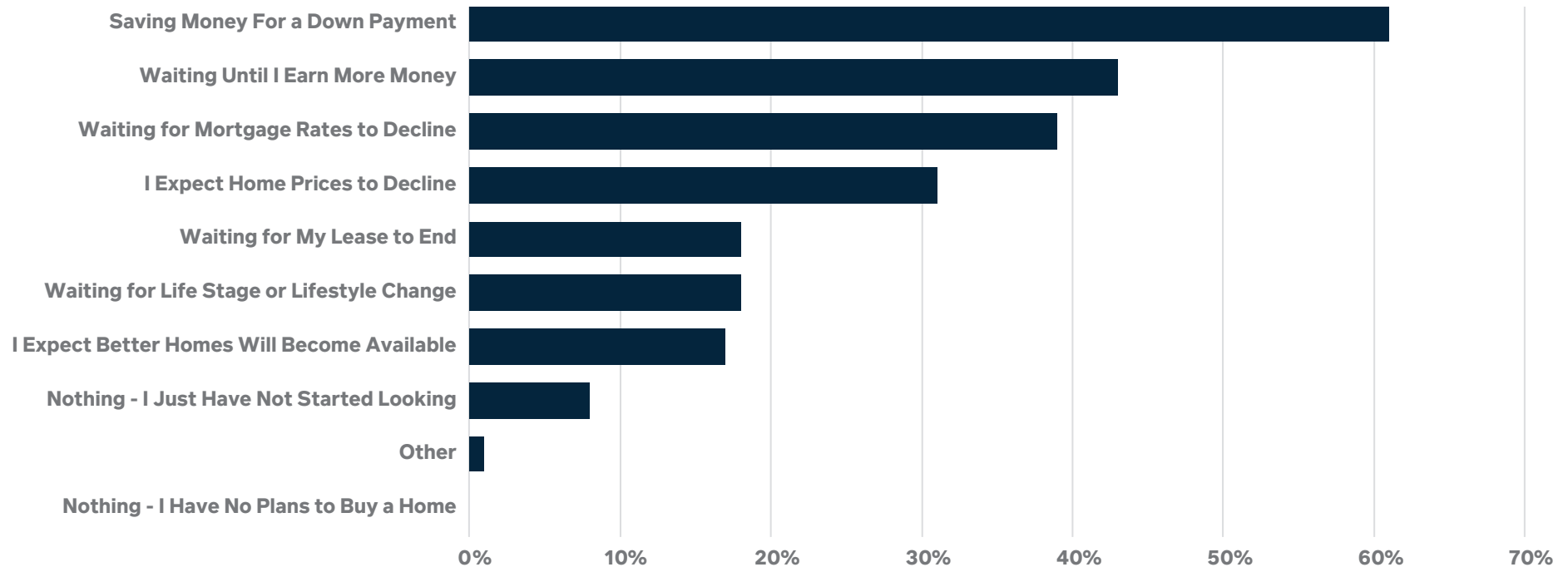


SOURCE:  bea

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

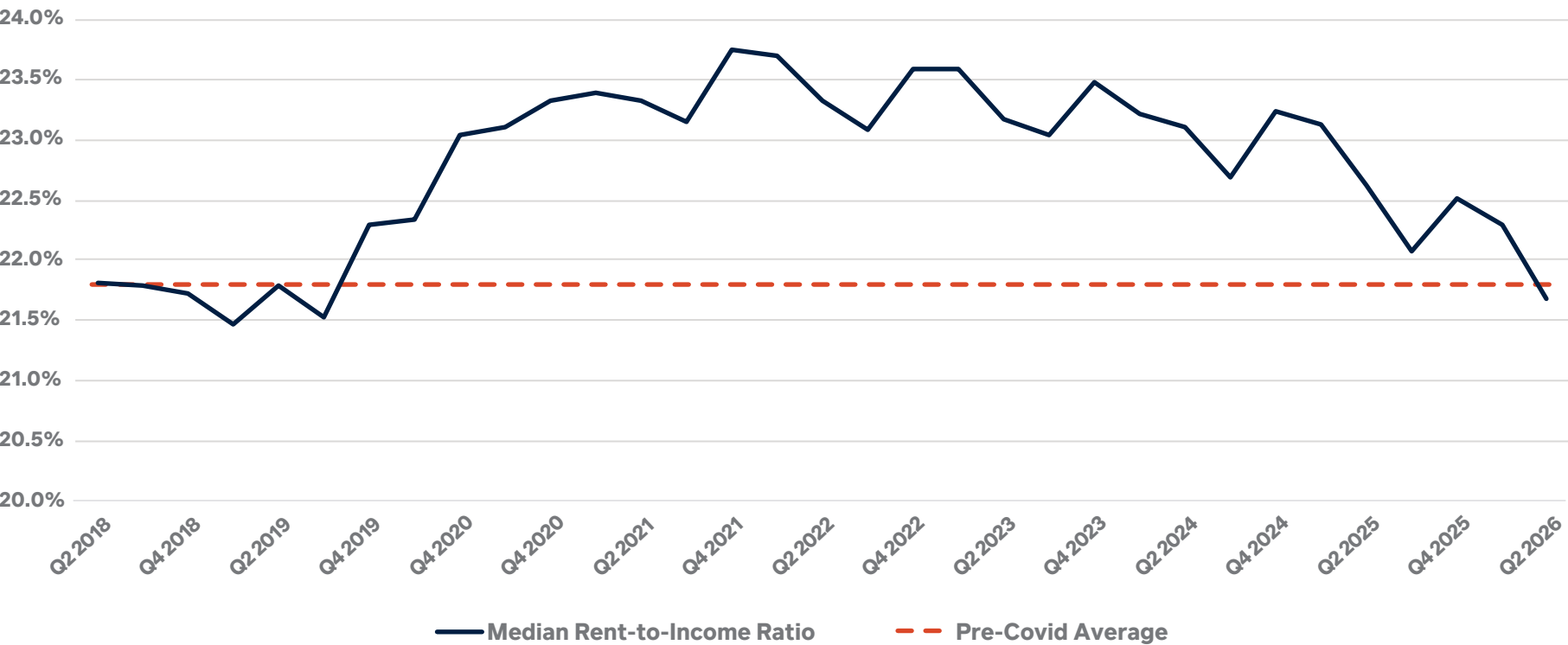
Wage growth has dramatically outpaced rent growth since Q1 2023, improving the affordability of apartments and establishing multifamily as a more affordable alternative to homeownership.



SOURCE: **REALPAGE** Federal Reserve Bank of Atlanta
RealPage Same-Store Effective Rent Growth, Atlanta Fed Wage Growth Tracker, Data as of Q2 2026

Median Rent-To-Income Ratio In Market Rate Apartments

As rents continue falling in certain markets alongside rising wages, the ratio of rent-to-income that today’s renters are paying has now improved to pre-pandemic levels, enhancing the affordability of renting and creating room for future rent growth.



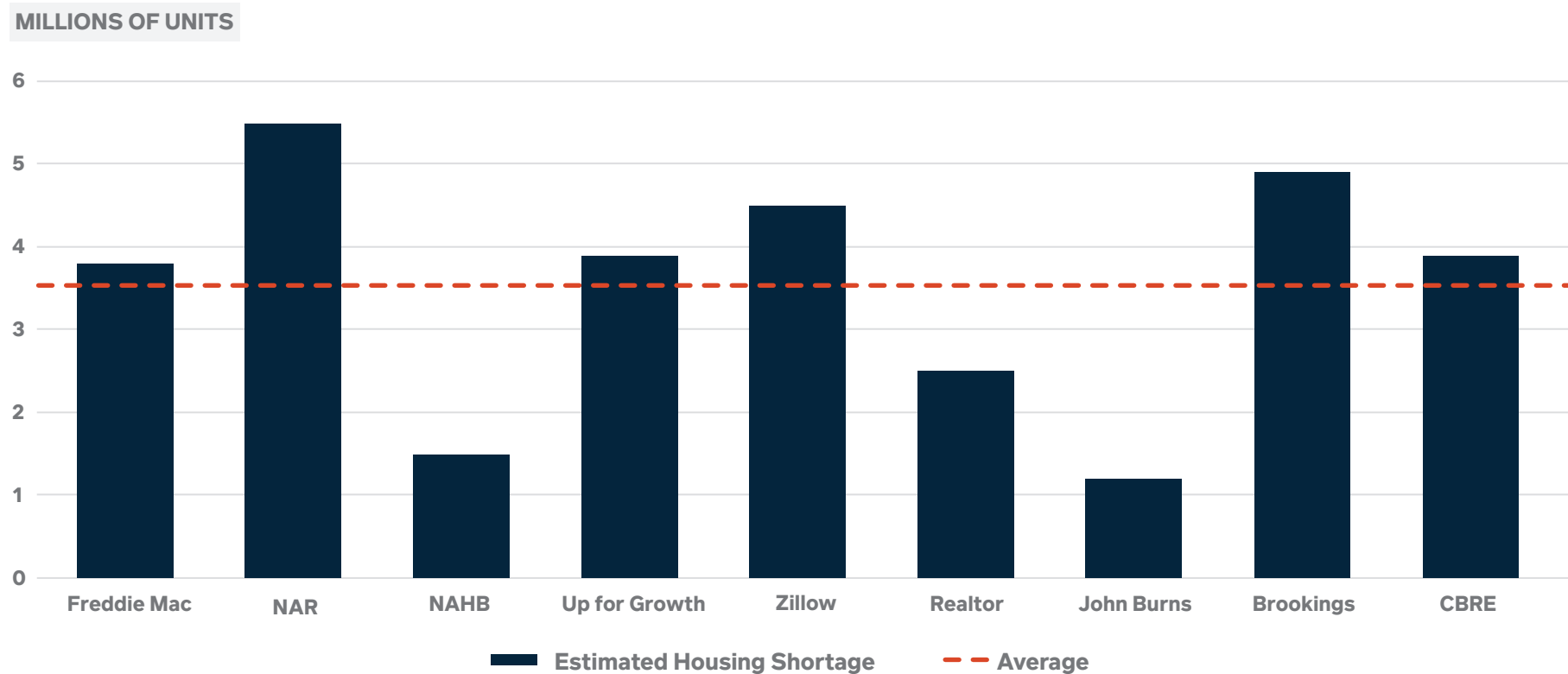
SOURCE: REALPAGE
Data as of Q2 2026

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.

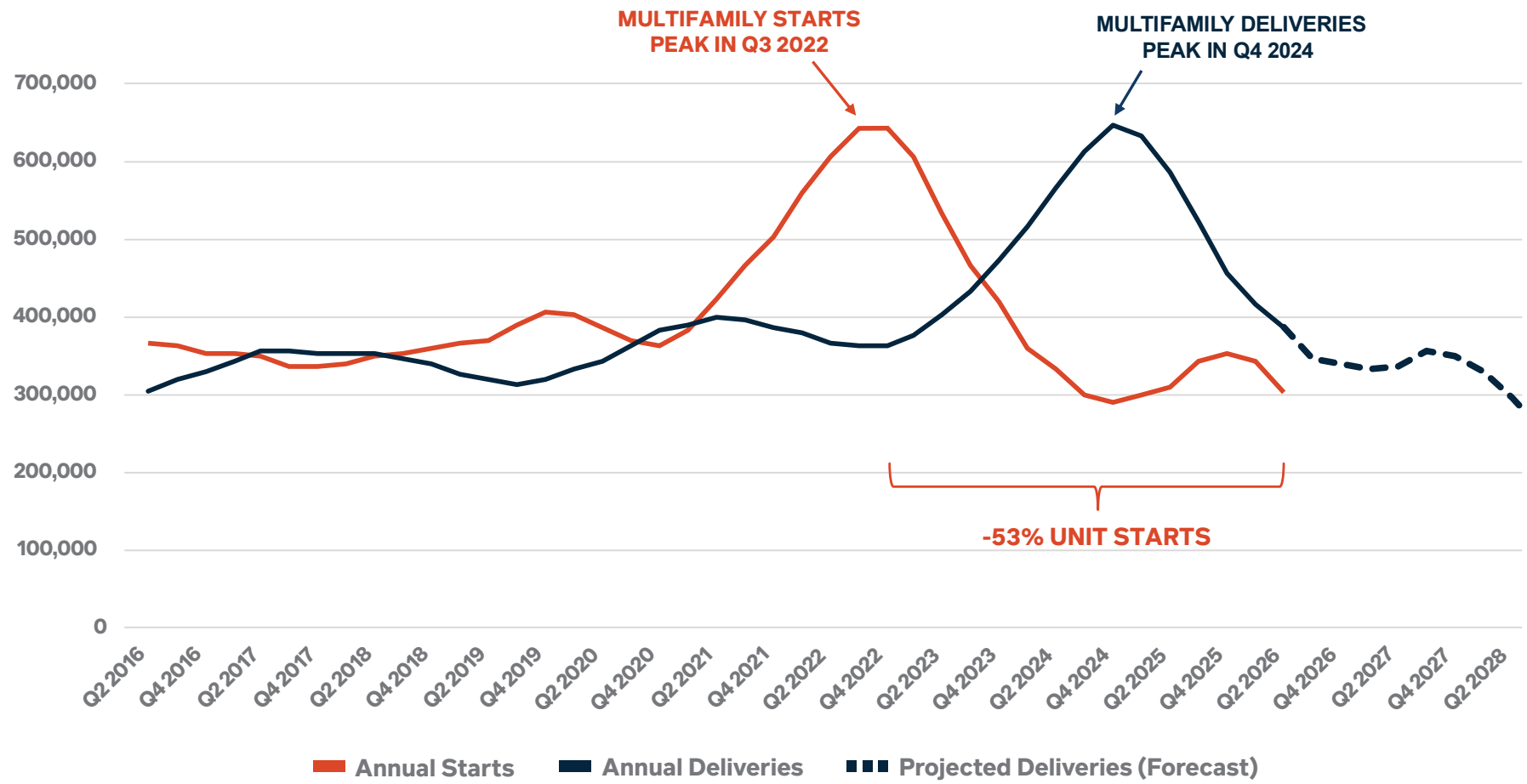


SOURCE: **BROOKINGS** **CBRE** **JOHN BURNS**
RESEARCH & CONSULTING

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 Coming

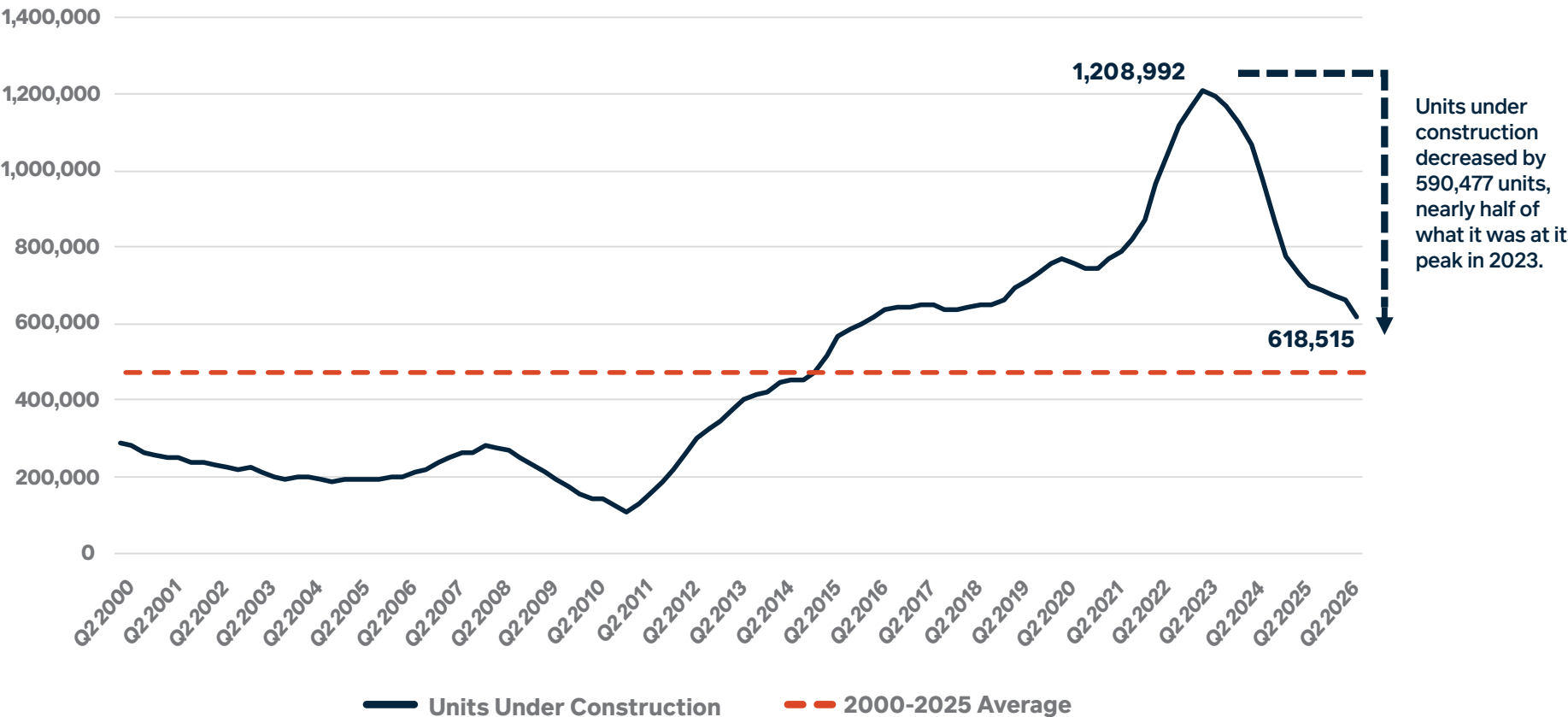
National multifamily starts remain 53% below their 2022 peak, leading to lower multifamily supply in the coming years.



SOURCE: REALPAGE
Data as of Q2 2026

Multifamily Development Continues Dropping After Historic Highs

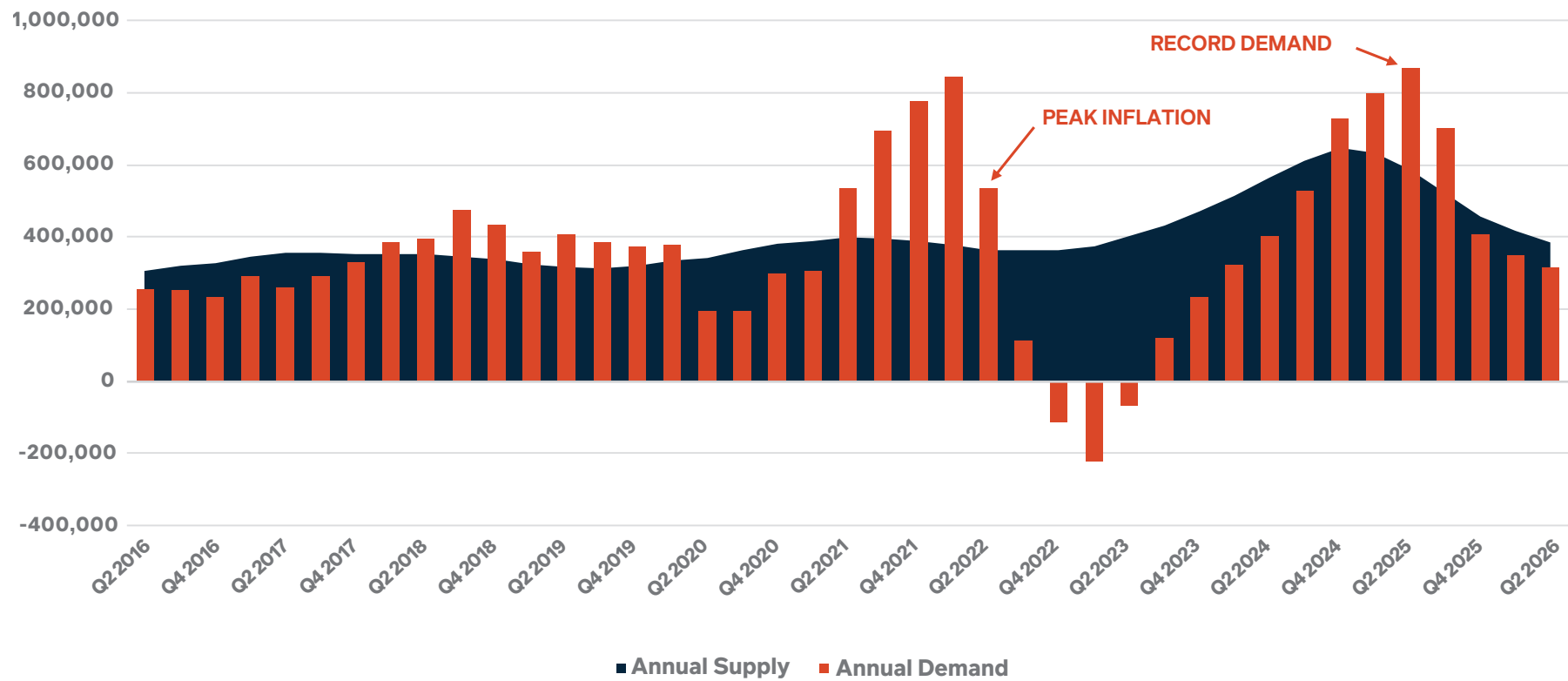
The number of multifamily units currently under construction is down nearly 50% from the 2023 peak because of new starts falling in 2023, 2024, and 2025.



SOURCE: REALPAGE
Data as of Q2 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 remain healthy throughout 2026.

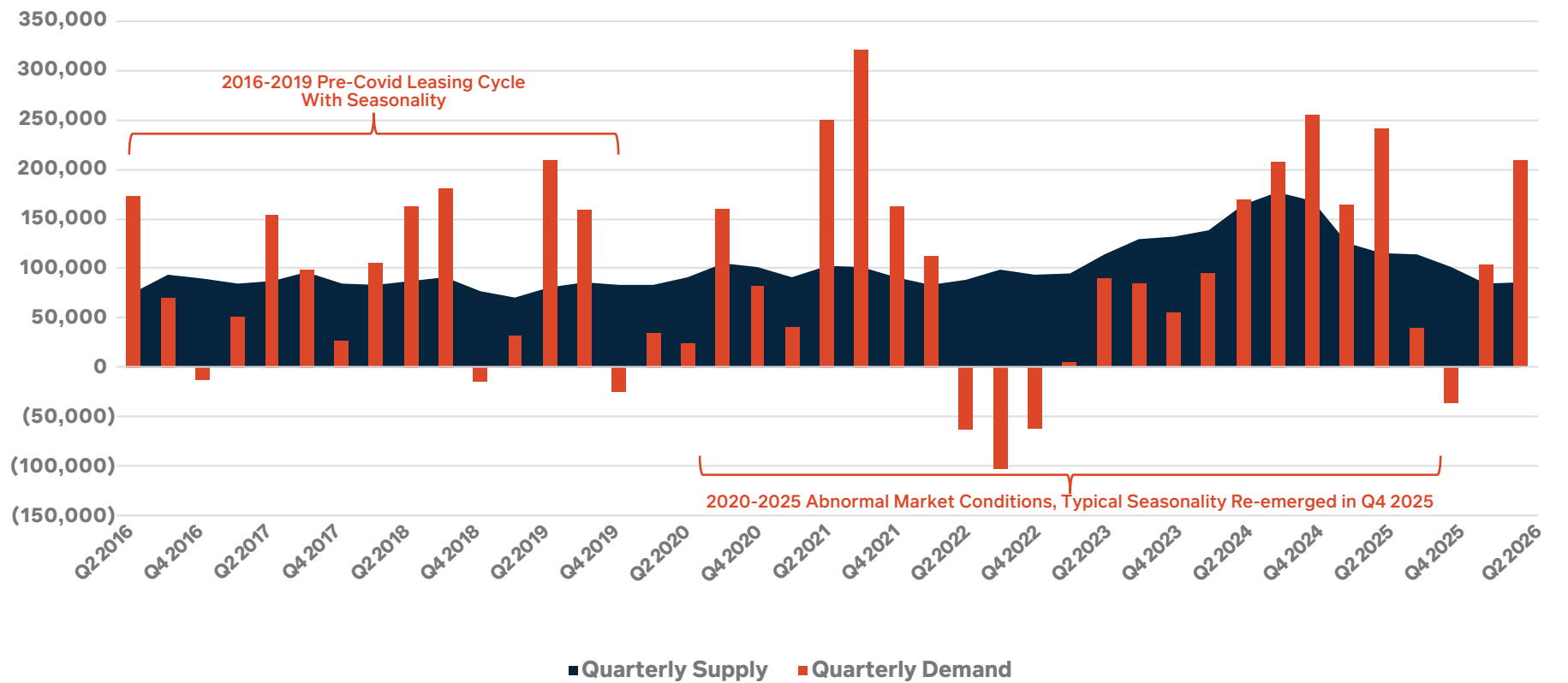


SOURCE: **REALPAGE**

Data as of Q2 2026, Peak inflation = 9.2% in June 2022.

After Slowing In H2 2025, Absorption Reaccelerated In H1 2026

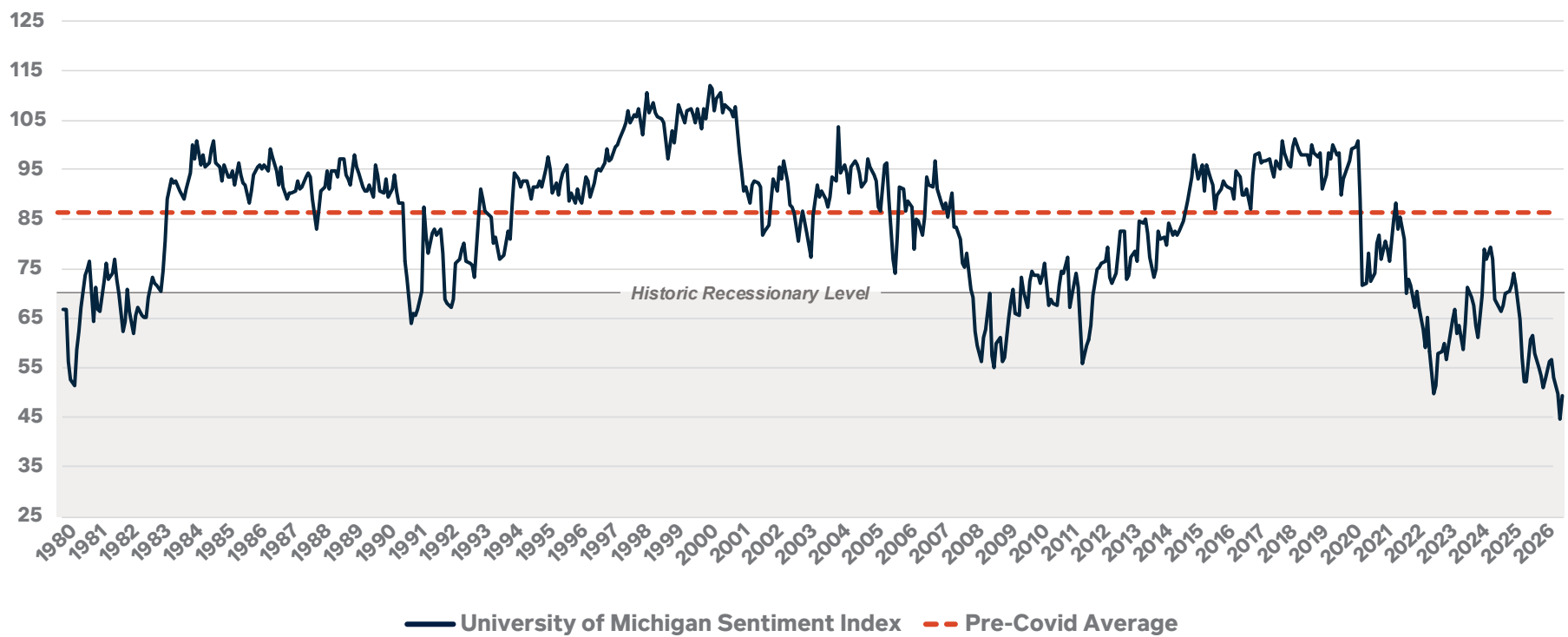
Economic uncertainty, persistently elevated interest rates and inflation, and an uncertain labor market have caused consumer confidence to drop and has weighed negatively on household formation. Fortunately, rent discounts are supporting healthy leasing trends.



SOURCE: **REALPAGE**
Data as of Q2 2026

Consumer Sentiment Remains Below Recessionary Levels

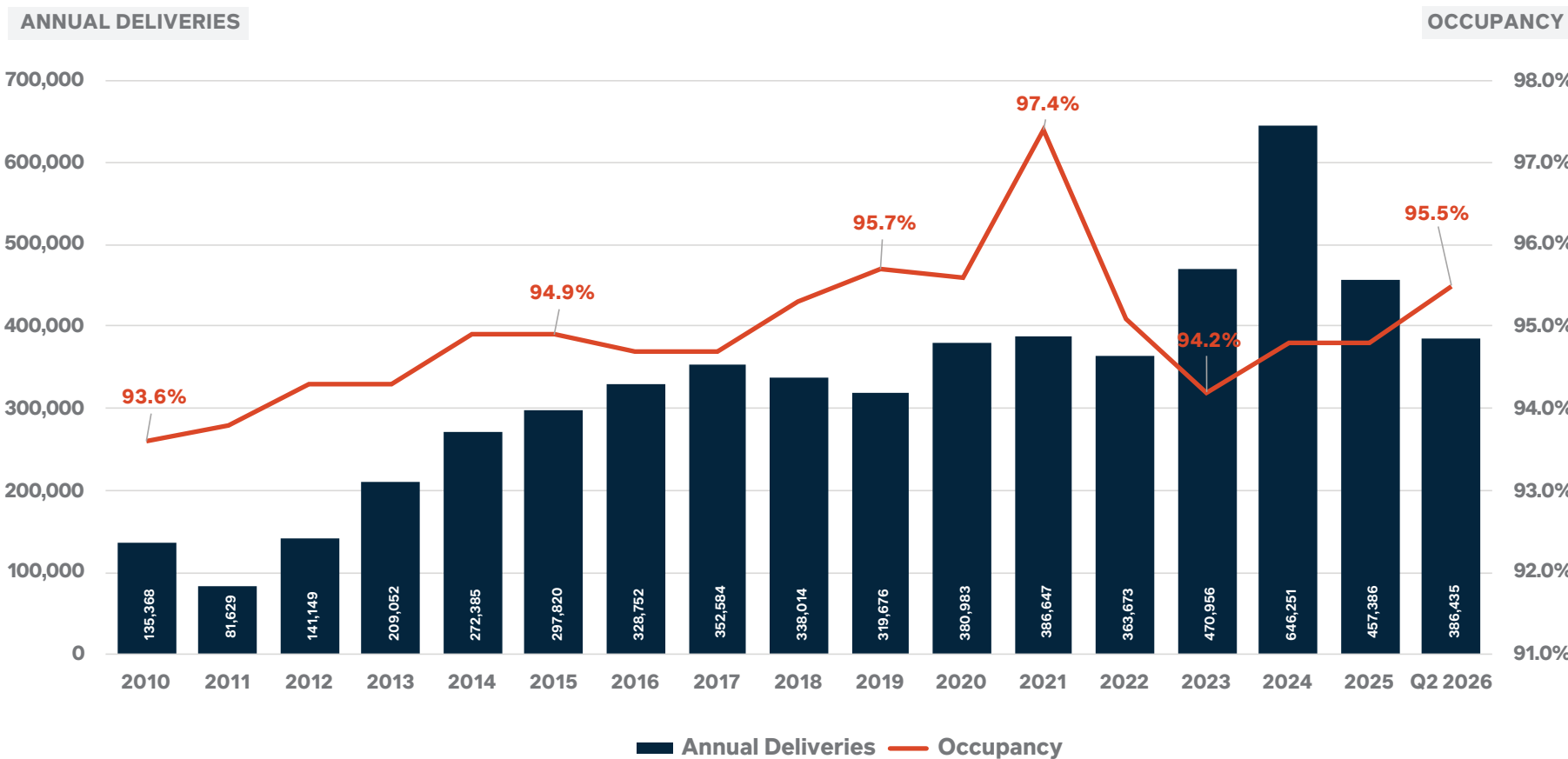
Low consumer sentiment brought on by persistently high inflation and interest rates, an uncertain labor market and ongoing economic uncertainty has weighed negatively on household formation and housing demand in recent months.



SOURCE: [surveys of consumers](#) UNIVERSITY OF MICHIGAN
University of Michigan's Surveys of Consumers Consumer Sentiment Index January 1980 – June 2026, Seasonally Adjusted Annual Rates

National Occupancy Remains Healthy For Stabilized Properties

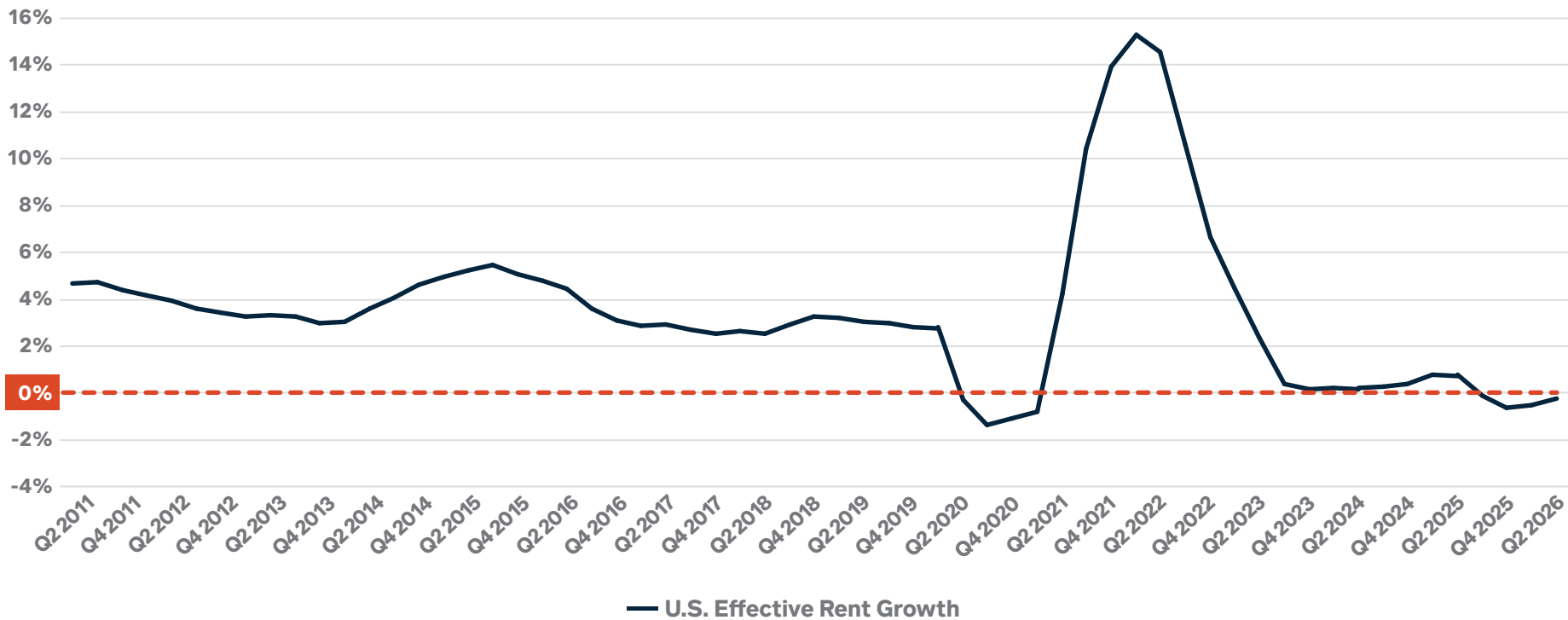
Despite record levels of new supply, increased demand for multifamily continues to support a positive trend in the occupancy of stabilized properties (this excludes properties in lease-up).



SOURCE:  **REALPAGE**
Data as of Q2 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 Q2 2026

Rent Concessions Have Increased Sharply In Recent Years

Owners continue competing aggressively on rent pricing to attract new tenants and retain existing ones. The average concession value has climbed to roughly 11% of asking rent (nearly 6 weeks of free rent on average), the highest level in more than a decade.

Average Concession Value (Discount from Asking Rent) Among Stabilized Apartments



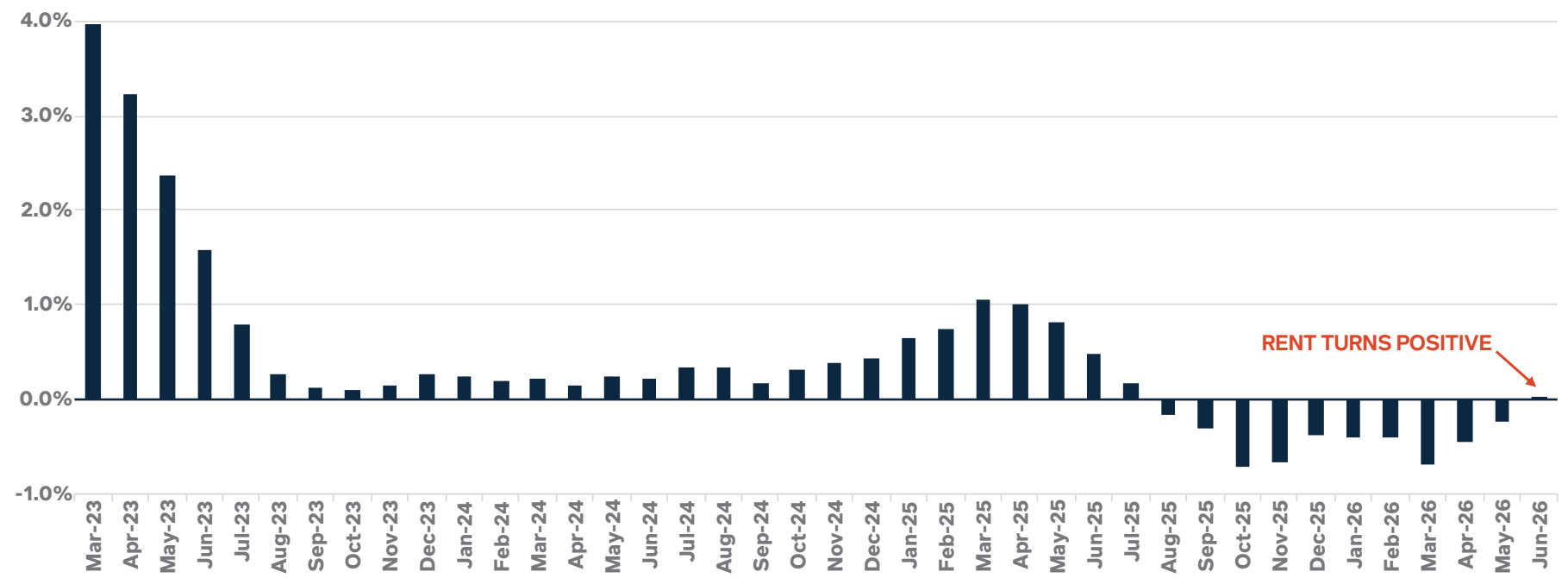
SOURCE:  REALPAGE

Data as of Q2 2026, US Top 150 Markets

National Rent Growth Has Reached An Inflection Point

On a monthly basis, national year-over-year effective rent growth for market-rate apartments turned positive in June 2026, marking the first positive annual reading after ten consecutive months of negative rent growth.

Year-Over-Year Change in Effective Rents for U.S. Market-Rate Apartments (Includes Concessions)



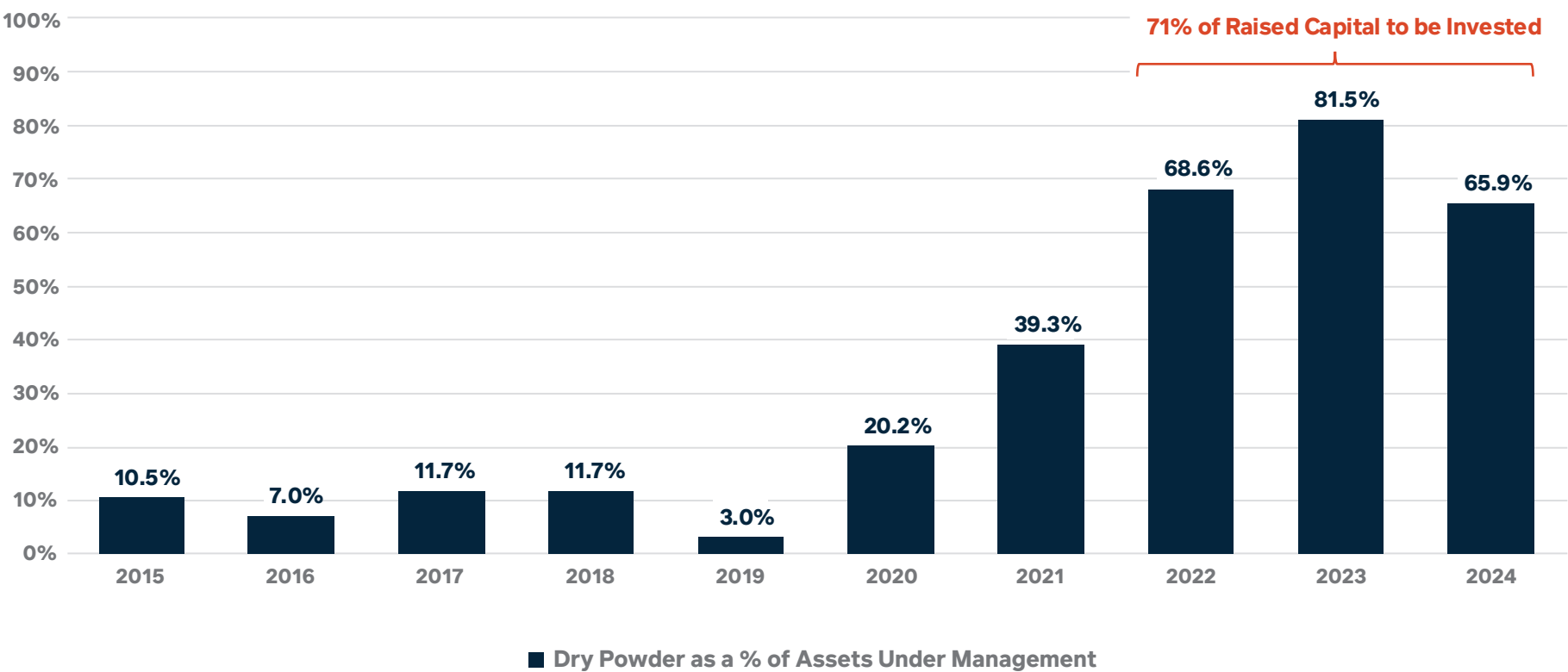
SOURCE:  REALPAGE
Data as of Q2 2026, US Top 150 Markets

SECTION 3

Capital Markets

Capital Is Ready To Deploy

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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Private investments are illiquid, speculative and carry the risk of complete loss. Real estate development risks include, but are not limited to, legal, contractual, and/or practical restrictions, fluctuations in rents, adverse changes in occupancy rates and operating expenses, adverse changes in interest rates, adverse changes in real estate zoning laws and land use regulations, environmental issues including discovery of hazardous waste or other unsafe conditions on such property, acts of God, adverse changes in supply and demand for housing, failure of tenants to pay rent, vandalism, adverse use of adjacent or neighboring real estate, over-supply of available residential units, reduced employment in the area of a property, and ongoing need for capital improvements.

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THE CONCORD
SARASOTA, FLORIDA

Paul Thrift

CEO

Thompson Thrift

812-242-1151

pthrift@thompsonthrift.com

Dan Sink

PRESIDENT, CFO

Thompson Thrift

317-237-3238

dsink@thompsonthrift.com

Matt Vance

CHIEF MARKET STRATEGIST & ECONOMIST

Thompson Thrift

970-652-4050

mvance@thompsonthrift.com

Josh Purvis

MANAGING PARTNER

Thompson Thrift Residential

317-454-8021

jpurvis@thompsonthrift.com

Brian Southworth

PARTNER, SVP, ACQUISITIONS

Thompson Thrift Residential

317-454-8027

bsouthworth@thompsonthrift.com

JR Plyler

CHIEF INVESTMENT OFFICER

Thompson Thrift

317-671-7245

jplyler@thompsonthrift.com

Greg Fedorinchik

SVP, EQUITY CAPITAL MARKETS

Thompson Thrift

463-274-4334

gfedorinchik@thompsonthrift.com

Carrie Thrift LaFay

VP, EQUITY CAPITAL MARKETS

Thompson Thrift

317-454-8016

cthrift@thompsonthrift.com

Terre Haute

901 Wabash Avenue, Suite 300
Terre Haute, IN 47807
812-235-5959

Indianapolis

111 Monument Circle, Suite 1500
Indianapolis, IN 46204
800-687-0012

Phoenix

2390 E Camelback Road, Suite 130-1368
Phoenix, AZ 85016
602-313-8631

Houston

20333 State Highway 249, Suite 200
Houston TX 77070
281-971-4016

Denver

5619 DTC Parkway, Suite 800
Greenwood Village, CO 80111
303-276-6307

