THOMPSON THRIFT
A REAL ESTATE COMPANY

SEPTEMBER 2026 • PREPARED FOR OUR PARTNERS

Multifamily Market Overview

The Next Multifamily Cycle Is Beginning.

After a 12-year multifamily bull run and a four-year market correction, improving fundamentals signal that the next cycle is taking root.

12-Year Expansion › 4-Year Correction › 2026 Inflection › New Cycle Taking Shape

2010–2022

A 12-Year Expansion

Multifamily benefited from a prolonged period of demand growth, rising rents and sustained investment.

2022–2025

A 4-Year Market Correction

The market absorbed record supply generated by elevated starts in 2021 and 2022. Demand reached record levels through the first half of 2025, but weaker second-half performance delayed the anticipated recovery.

2026

A Credible Inflection Point

Demand, occupancy and rent growth have improved meaningfully in 2026. Upgraded rent-growth projections provide further evidence that the recovery is taking root.

NEXT 3 YEARS

New Cycle Taking Shape

New multifamily starts have declined for four consecutive years, signaling materially lower deliveries ahead. Meanwhile, renter demand should remain durable as households are renting for longer amid limited for-sale affordability and lifestyle preferences.

2027 Opportunity

2027–BEYOND

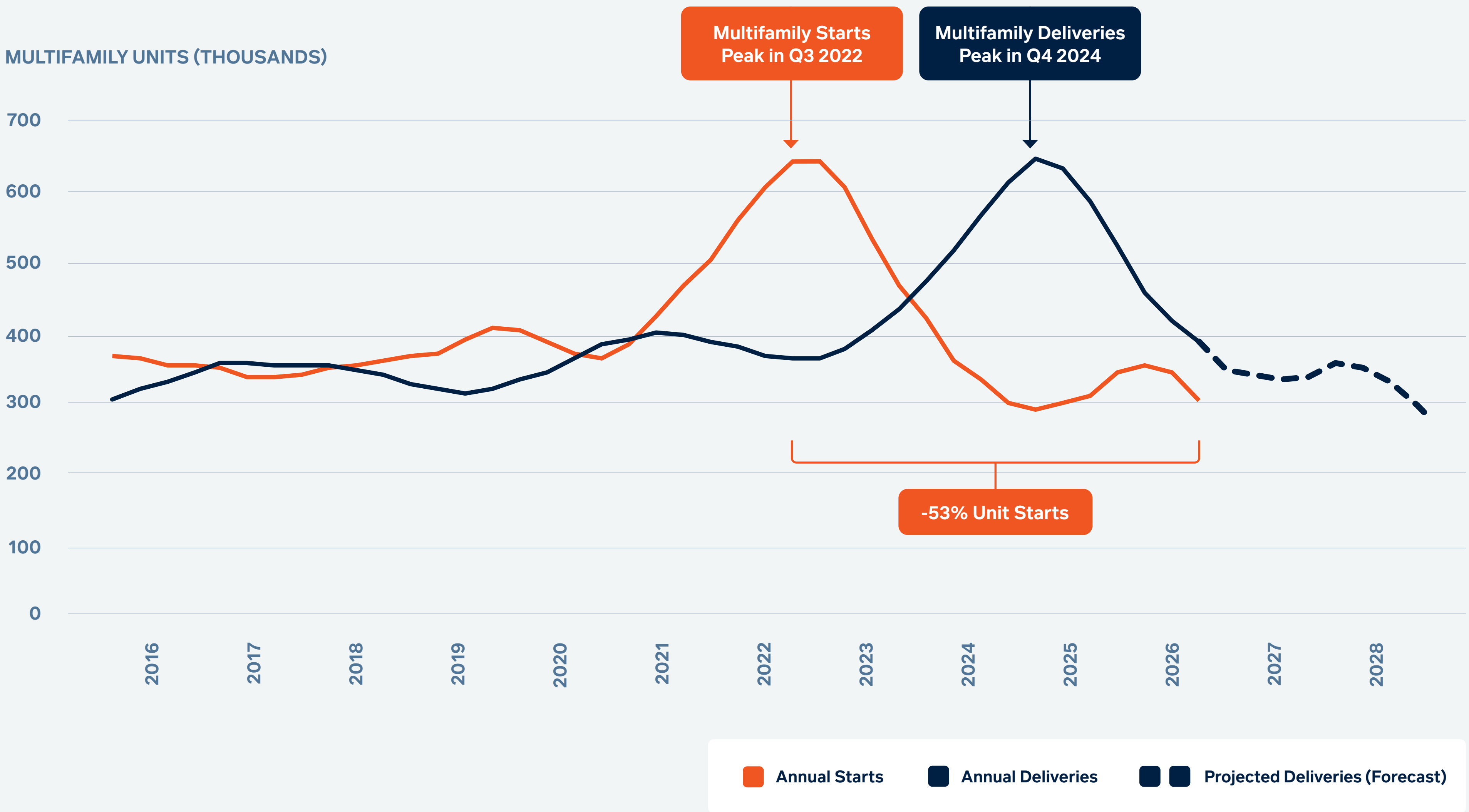
Favorable Development & Investment Environment

Together, these are expected to lead to a recovery in property values.

- Moderating supply for 3+ years
- Durable renter demand
- Unaffordability of home buying
- Lifestyle preferences
- Delayed life milestones for young Americans
- Recovering fundamentals and rent growth
- Reduced construction costs
- Increasing buyer investment activity

Contracting Multifamily Supply Expected to Continue for the Next Few Years

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



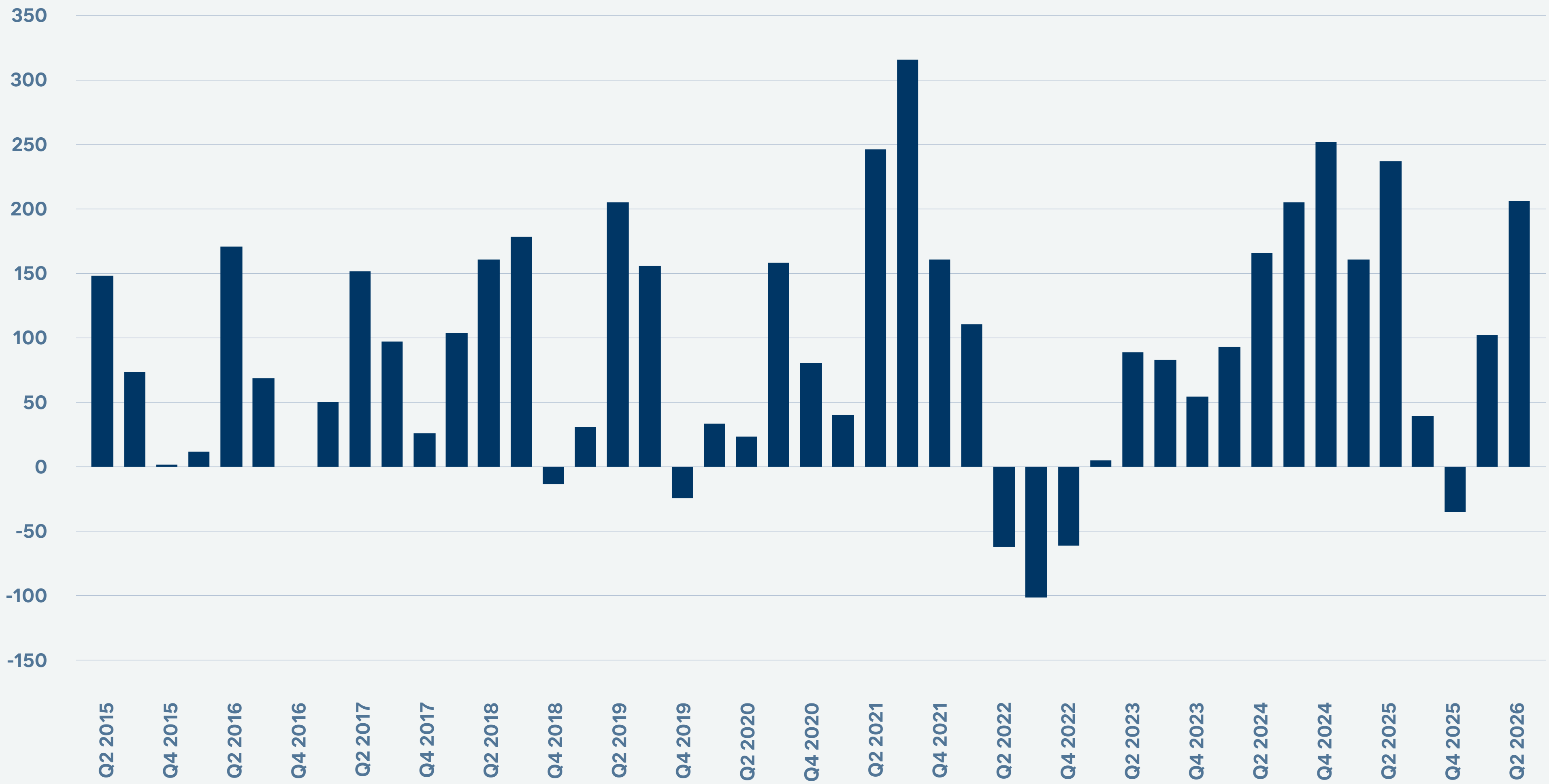
SOURCE: REALPAGE

Data as of Q2 2026

After Slowing in H2 2025, Quarterly Absorption Re-accelerated in H1 2026

Abnormally low levels of new demand in H2 2025 led operators to increase concessions to support absorption. With market dynamics stabilizing and absorption remaining resilient in 2026, this should support improving effective rent growth over the next several years.

NET ABSORPTION (UNITS, THOUSANDS)

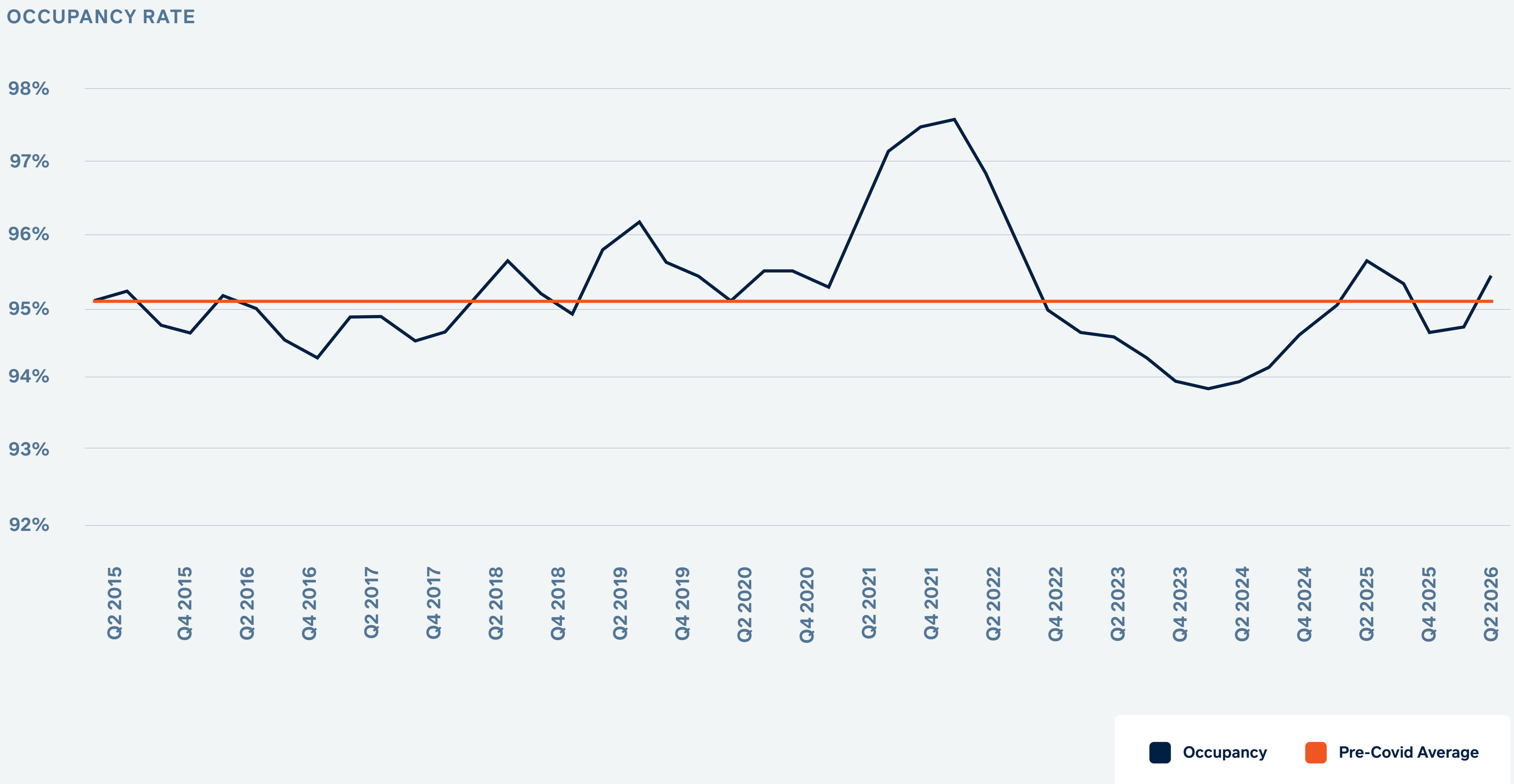


SOURCE: REALPAGE

Data as of Q2 2026

National Occupancy Seeing Stabilization

Despite the large wave of new multifamily supply delivered in recent years, occupancy has recovered from its 2023–2024 dip and is now above its pre-COVID average, signaling improving demand and market absorption.

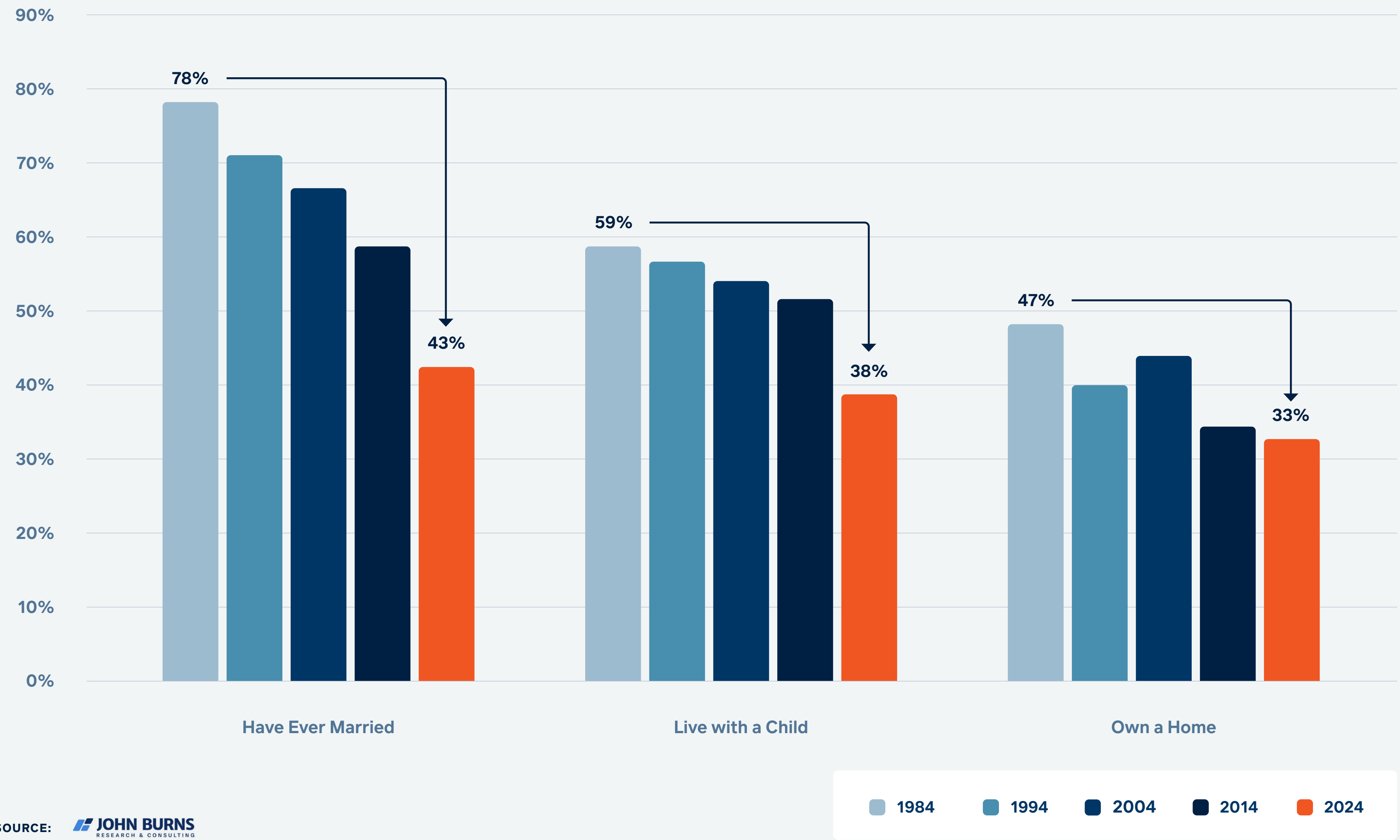


SOURCE: REALPAGE

Data as of Q2 2026

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.

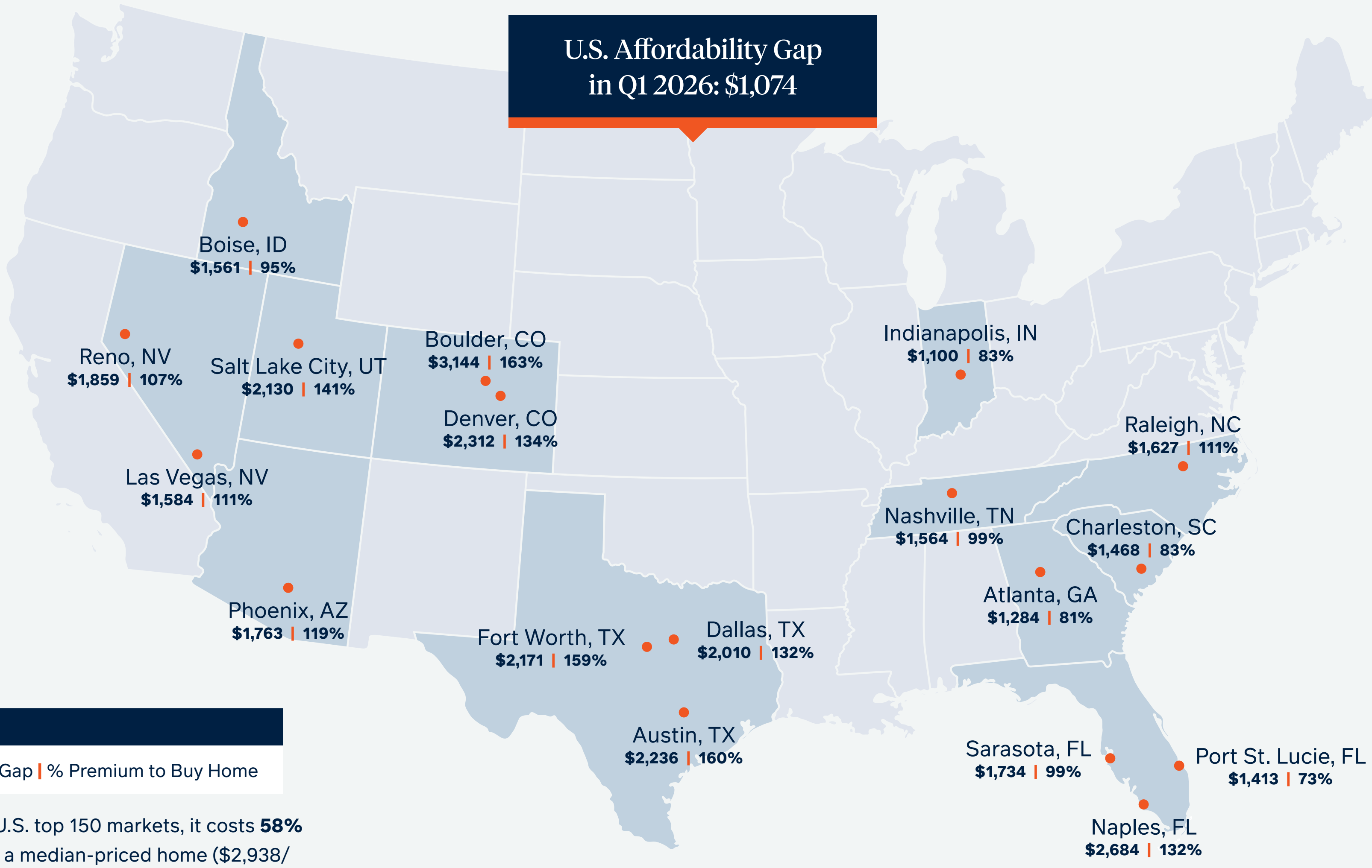


SOURCE: JOHN BURNS RESEARCH & CONSULTING

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

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.



Legend

$ Affordability Gap | % Premium to Buy Home

Across the U.S. top 150 markets, it costs **58%** more to buy a median-priced home ($2,938/month) than to rent an apartment ($1,864/month).

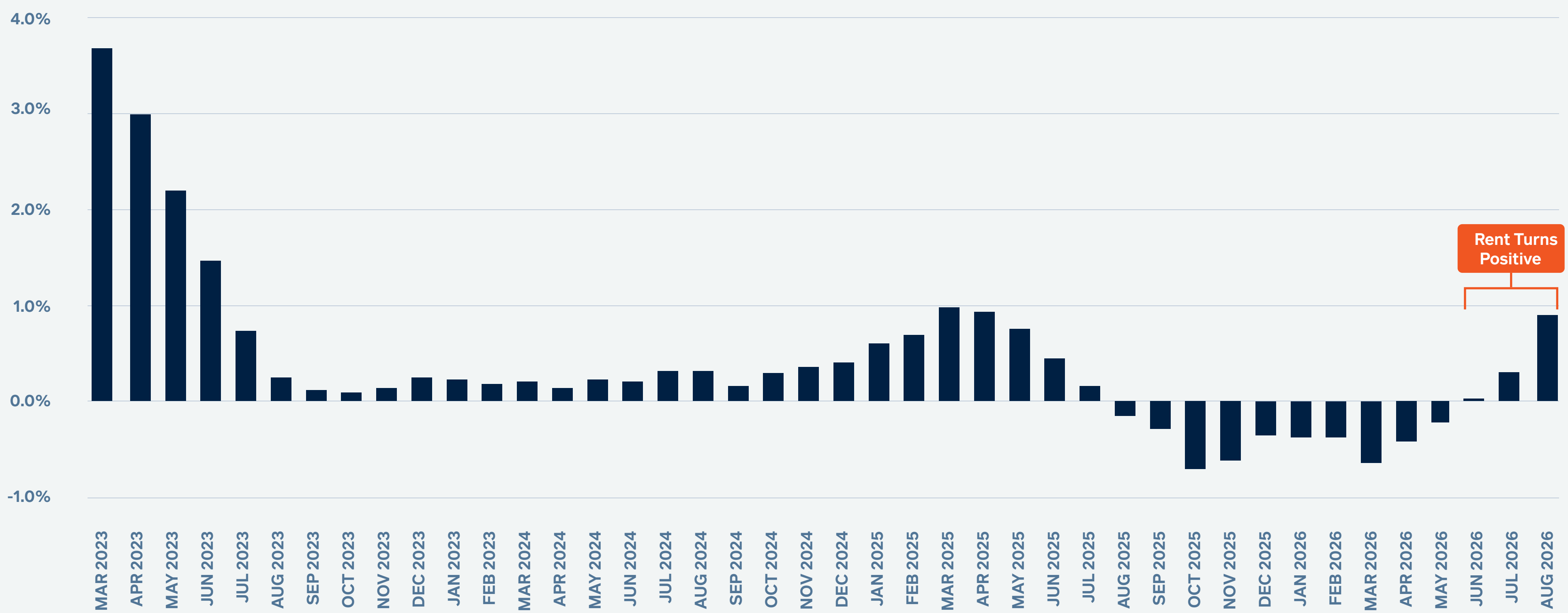
SOURCE: REALPAGE Federal Reserve Bank *of* Atlanta

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

National Rent Growth Has Reached An Inflection Point

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

NET EFFECTIVE RENT GROWTH (YEAR-OVER-YEAR)



SOURCE: REALPAGE

Data as of Q2 2026, US Top 150 Markets

Markets Are Now Recovering and Stabilizing

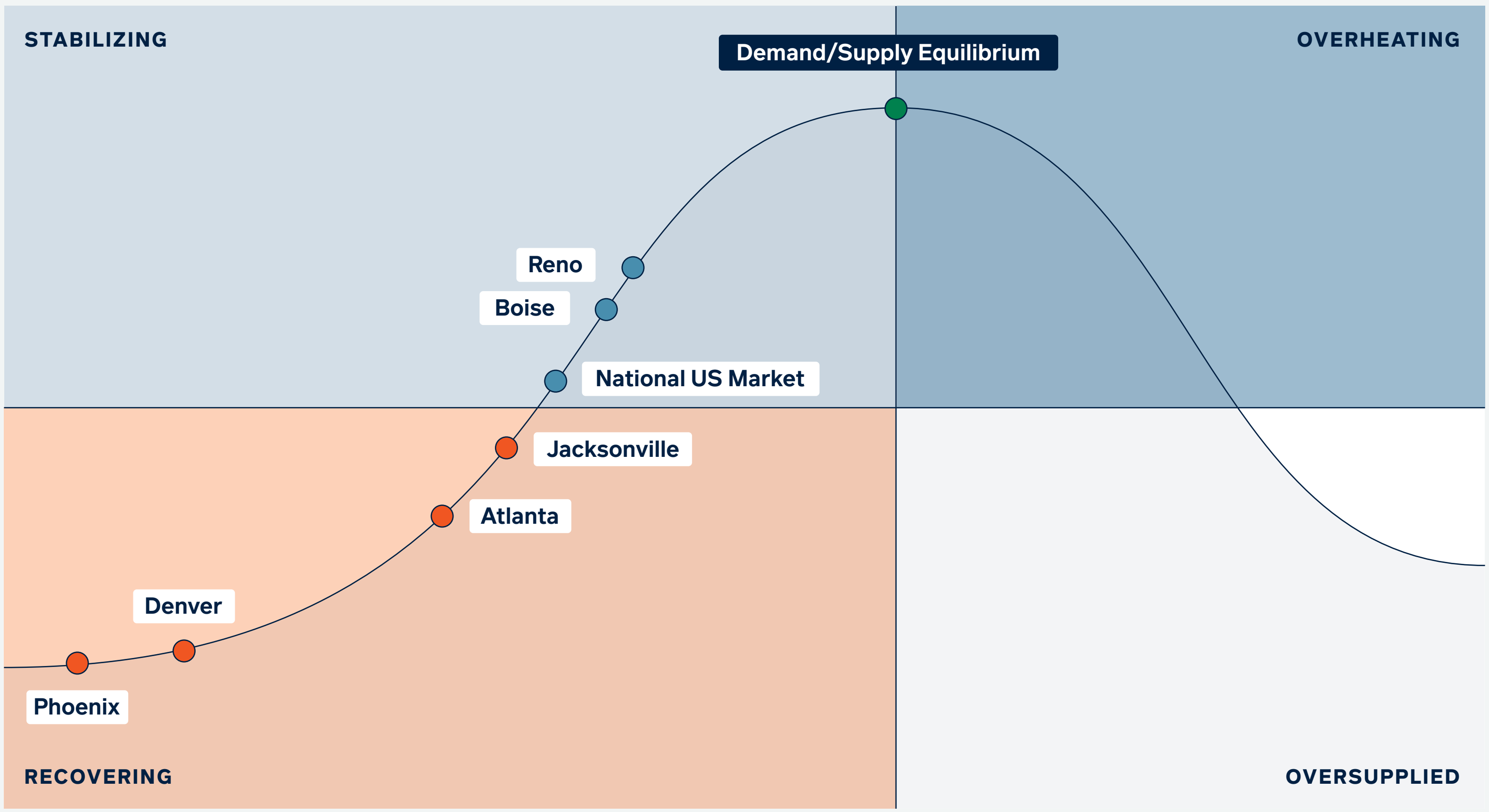
Most markets that experienced large supply waves are now recovering as new starts dwindle. Some are already recording positive rent growth.

SOURCE: THOMPSON THRIFT

Data as of Q2 2026

Occupancy drifts toward equilibrium which begins to drive rent growth positive.

New supply begins to place downward pressure on occupancy and rent growth.



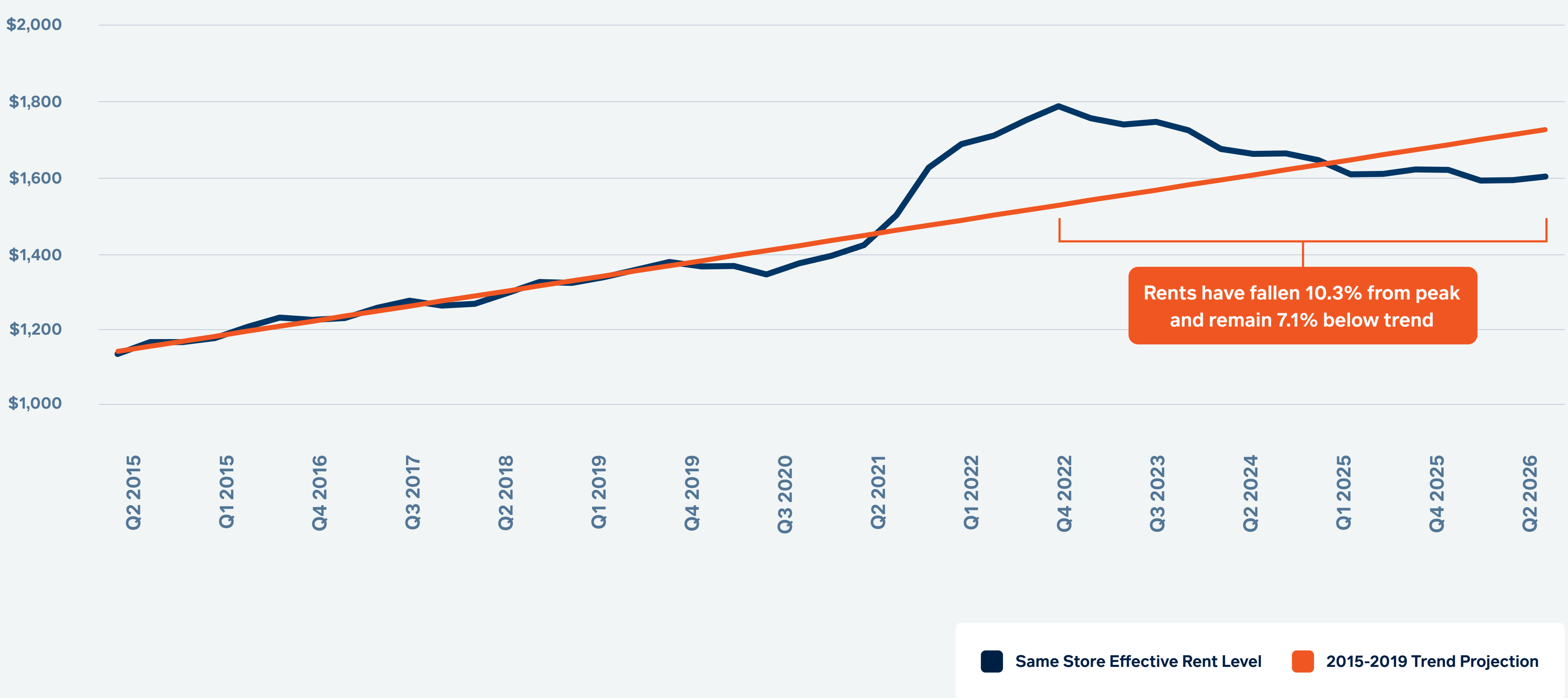
New supply wave begins to recede while negative rent growth moves toward positivity.

New supply outstrips new demand and drives occupancy below long-term average. Consequently, markets experience negative rent growth.

Atlanta, GA Rents Now 7.1% Below Trend

As a result of the recent supply wave, Atlanta's rents **have now fallen 10.3% below their peak and 7.1% below the trend line,** or where rents would be under more normal market conditions. As supply moderates and demand remains healthy, rents should begin trending back toward their stable trend levels.

NET EFFECTIVE RENT



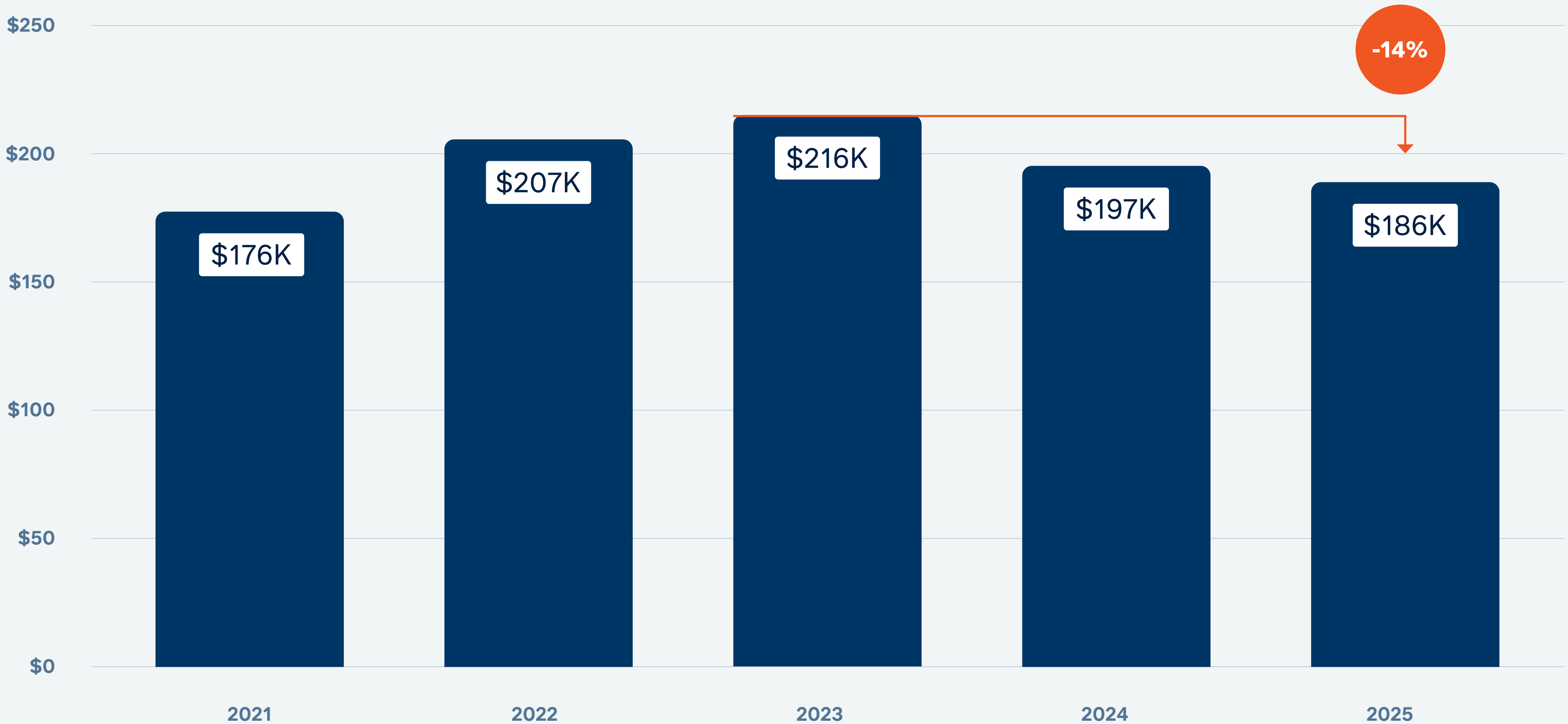
SOURCE: REALPAGE

Data as of Q2 2026

Per-Unit Construction Costs Down From Peak

Hard costs have fallen nearly **14%** from their peak in 2023. With the addition of lower land prices and other cost savings, total cost basis' have come down between **$30k and $40k per unit**, contributing to improved development opportunities and feasibility.

CONSTRUCTION HARD COSTS (THOUSANDS)



SOURCE: THOMPSON THRIFT

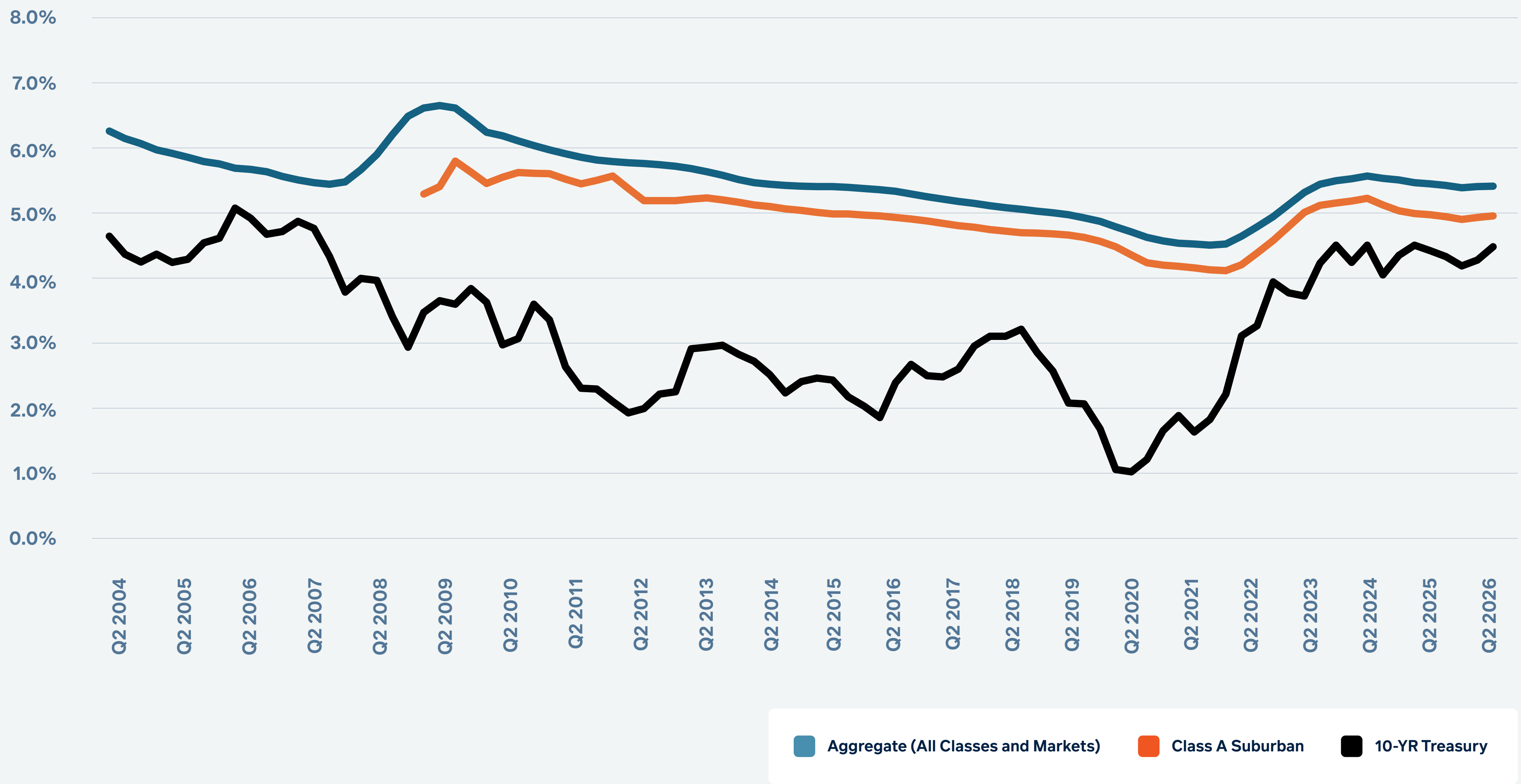
Data as of Q2 2026

These costs reflect the average hard costs for Thompson Thrift Classic communities ranging from 240 to 350 units and exclude soft costs and land costs.

U.S. Multifamily Cap Rates Remain Resilient Amid Market Volatility

There is a relationship between the 10-year Treasury and cap rates, but it is not one-to-one. Many other factors determine the spread including investment activity, borrowing costs and spreads, etc.

MULTIFAMILY CAP RATE, U.S. 10-YEAR TREASURY RATE



SOURCE: CBRE ECONOMETRIC ADVISORS, THOMPSON THRIFT

Data as of Q2 2026

Tracking of cap rates for Class A Suburban began in 2009.

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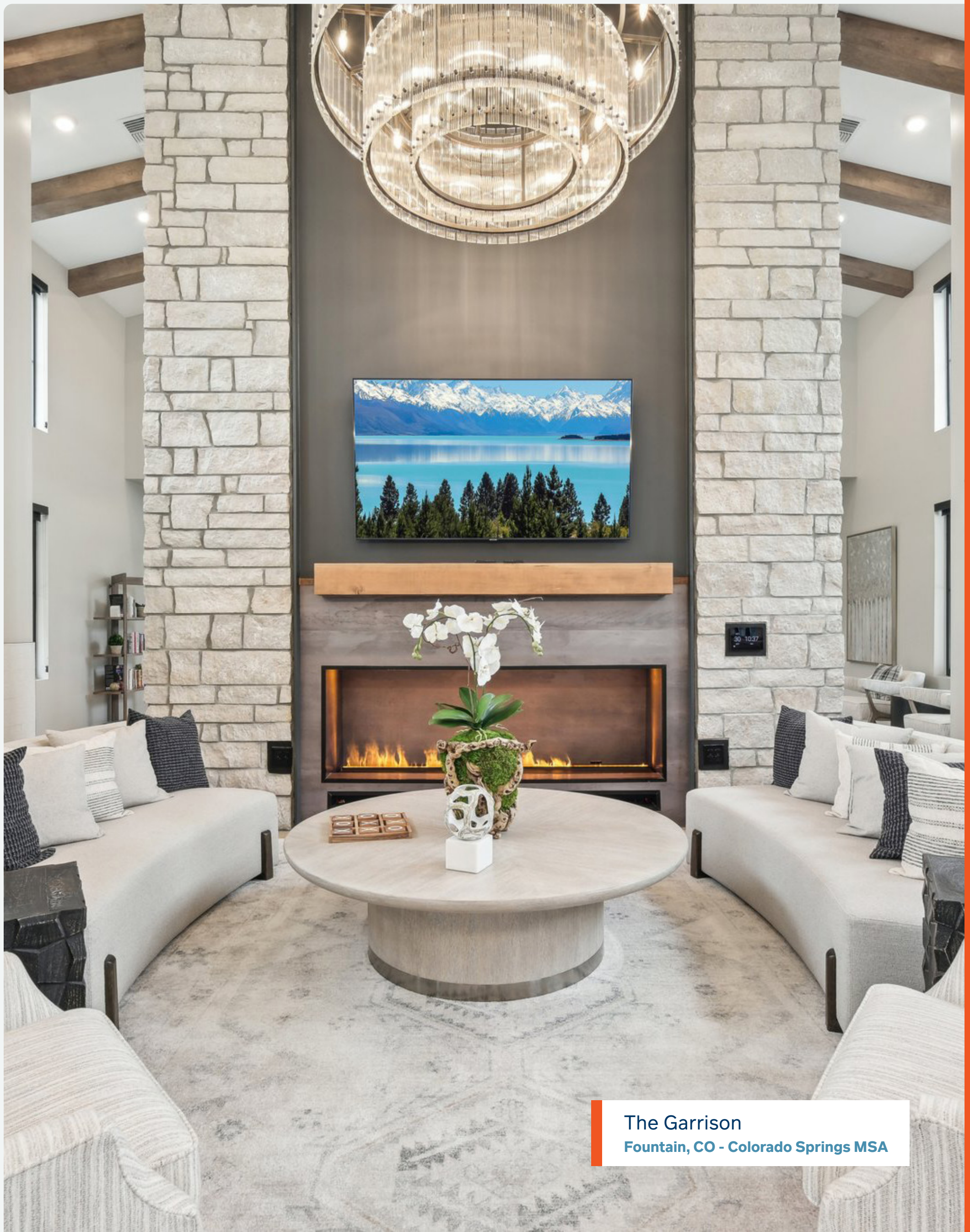

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