ativore
Asset Management

US REAL ESTATE · MULTIFAMILY

Market Outlook

JULY · 2026

Q2 2026 · V2026.06

ativore Asset Management

Agenda

02

SECTION 02

Macro Environment

Growth, inflation, monetary policy, and the cost of capital that set the investment environment — where rates settle, and what moves them.

What changed in the macro environment

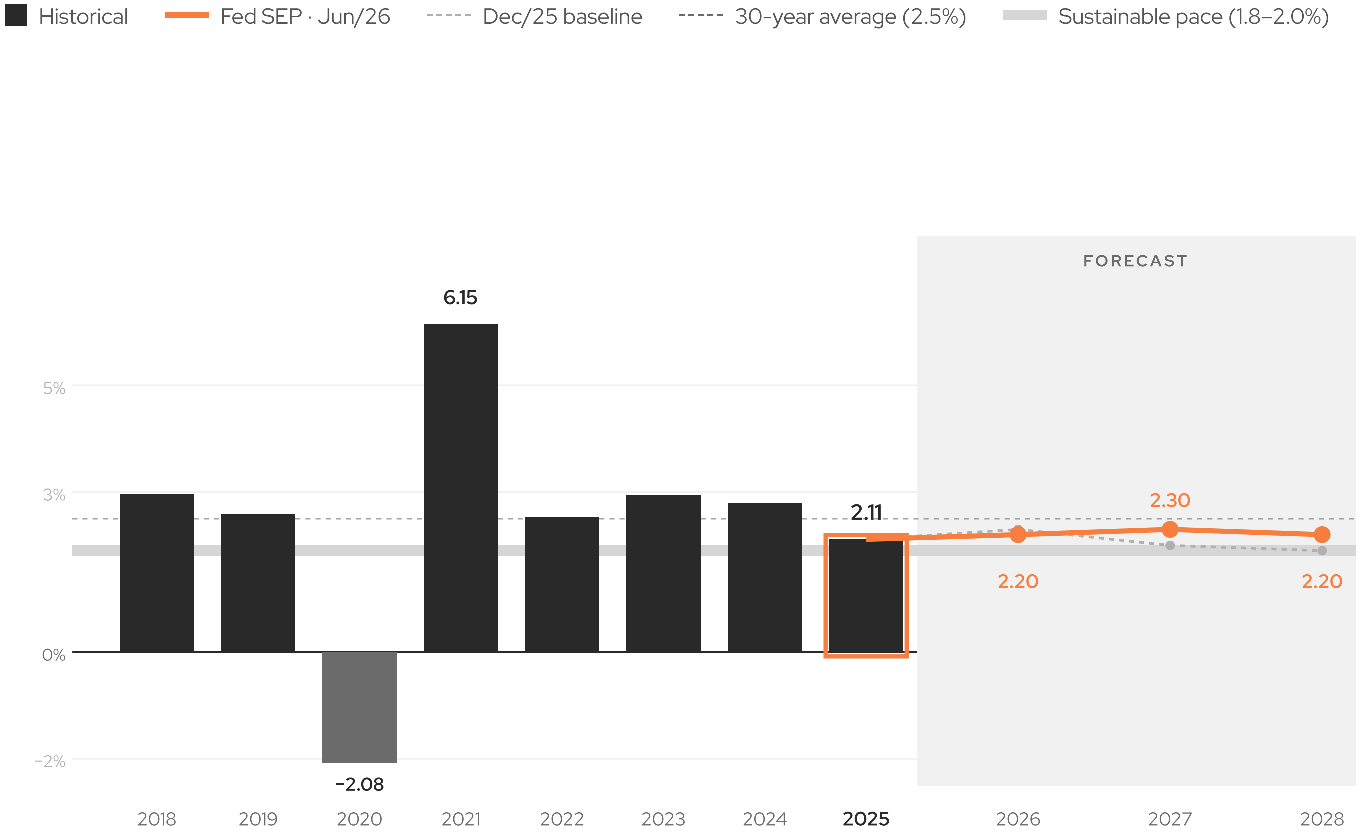
GDP	The Fed slightly cut this year's growth projection and held the following years.	▼
PCE	The Fed raised the near-term inflation projection and held the long-run estimate.	▲
FED FUNDS · T10Y	The Fed paused rate cuts, and long-term yields moved above this year's projection.	▲

▲▼ INDICATOR DIRECTION · COLOR: EFFECT FOR REAL ESTATE

Sources · Comparison with the Q1 2026 edition · FRED · Fed SEP Jun/2026

GDP · GROWTH

Growth holds near trend — the small trim to 2026 is normalization.



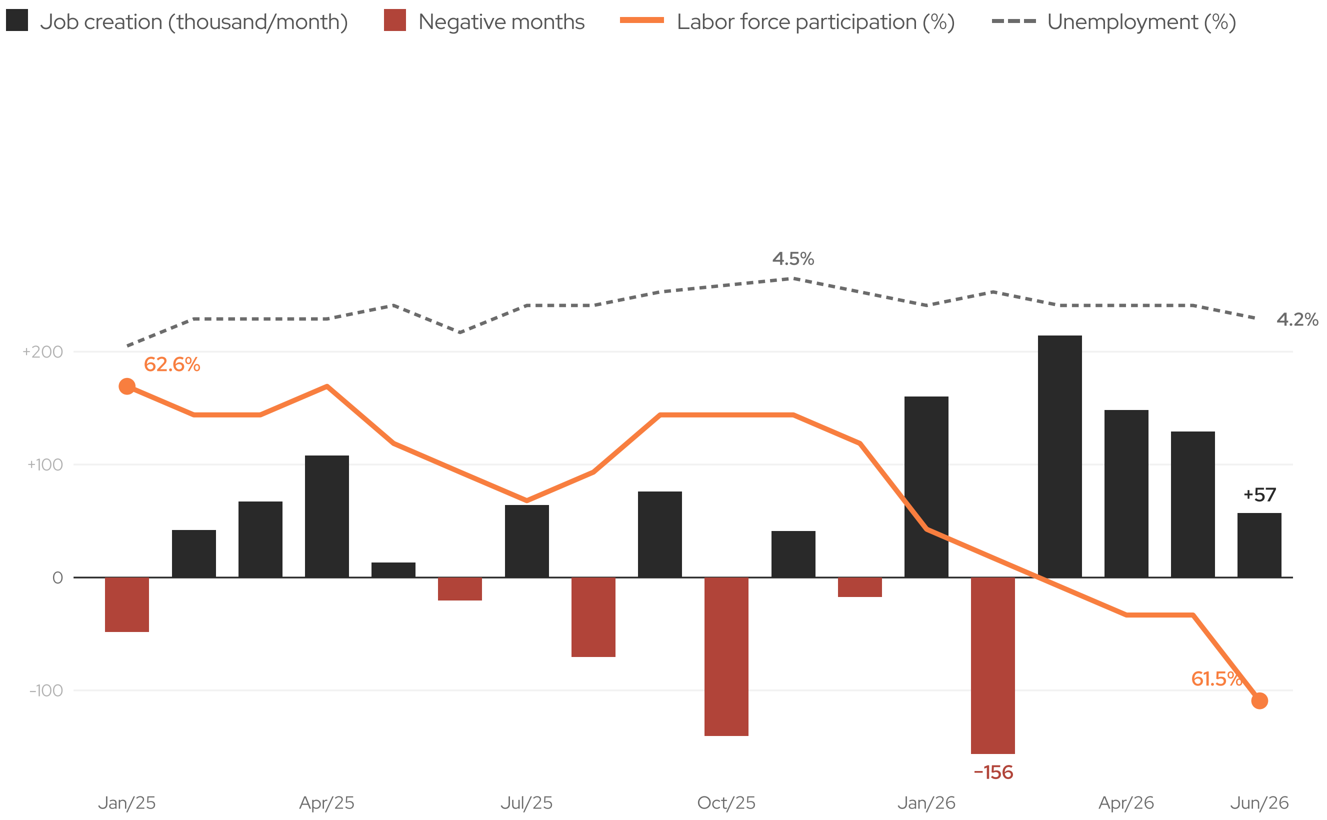
- **Monetary tightening:** the delayed effect of higher rates reaches big-ticket purchases and business investment.
- **Real income:** wage gains sustain services spending and limit the slowdown.
- **Productivity:** AI-linked gains may be lifting the economy's sustainable pace.
- **Fiscal support:** carries much of 2026 and fades after 2027.

Sources · FRED · GDPC1 (GDP); PAYEMS, UNRATE, CIVPART (labor) · Fed SEP Jun/2026 vs baseline Dec/2025

ativore Asset Management

GDP · LABOUR SUPPLY

Slower hiring is consistent with a smaller labour force.



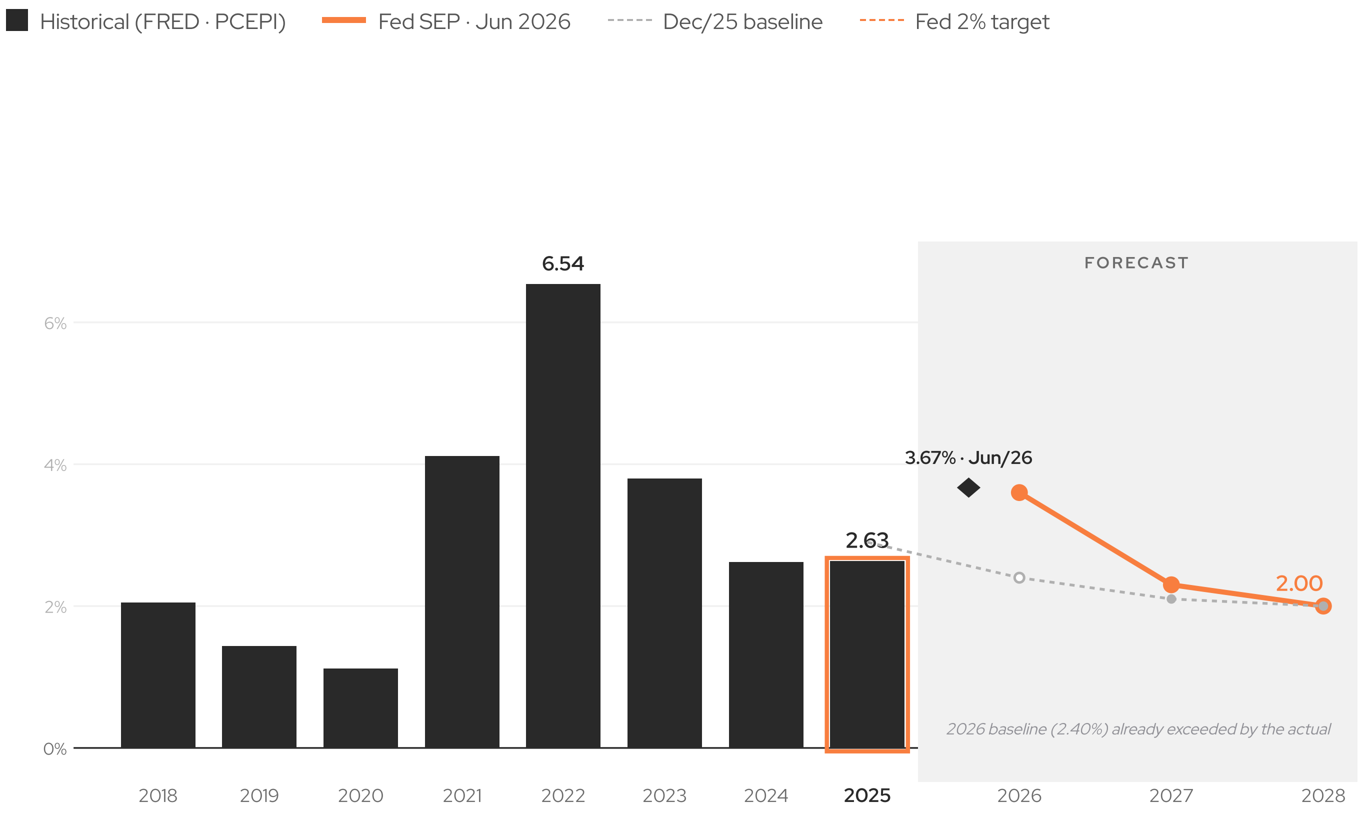
WHAT'S BEHIND IT

- **Participation:** a smaller labour force lowers the jobs needed to hold unemployment steady.
- **Unemployment:** holds near 4.2%, stable despite weaker hiring.
- **Productivity:** with less labour, growth depends on efficiency gains.

ativore Asset Management

INFLATION · PCE

Inflation rose on tariffs and oil – the Fed keeps the path to 2%.

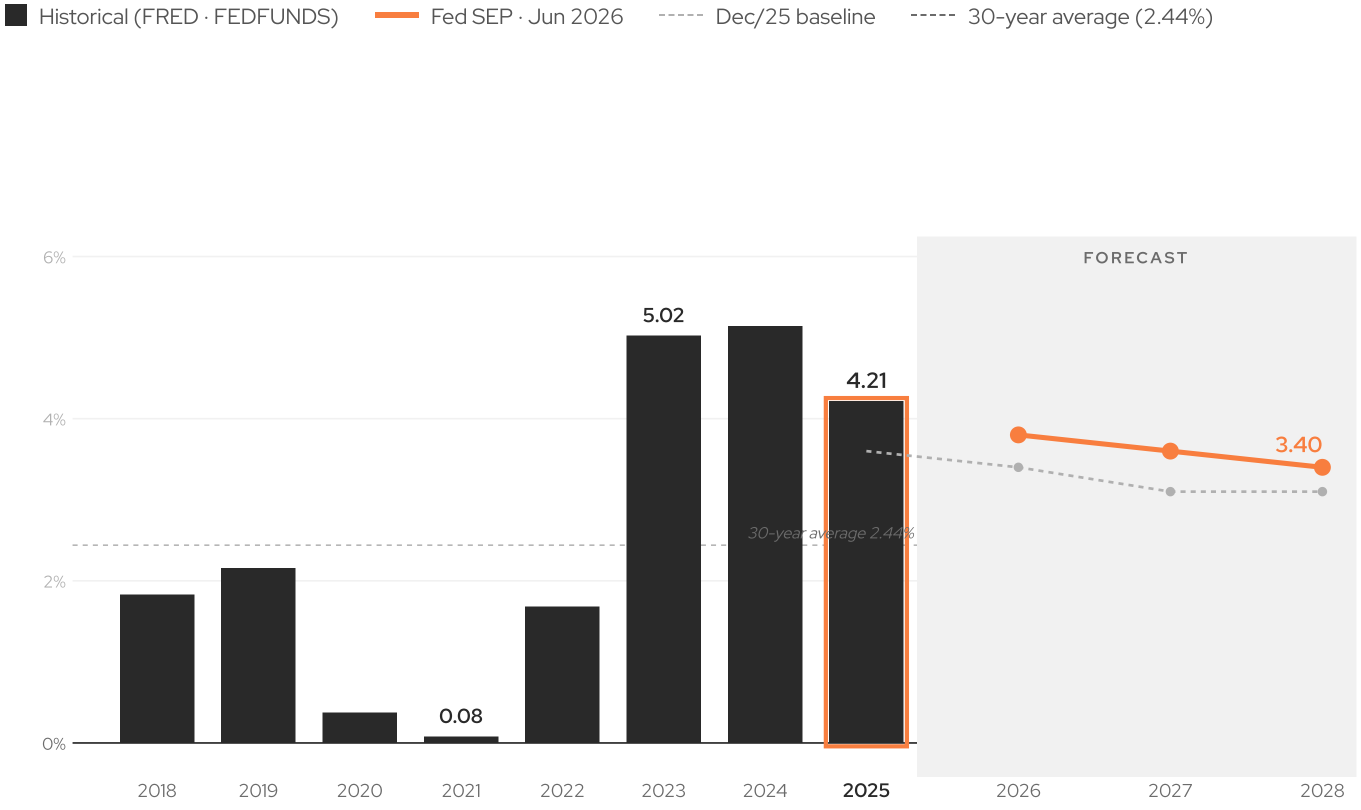


- **Tariffs:** account for most of the upward revision to 2026.
- **Oil:** the renewed Iran war adds fresh cost pressure.
- **Services:** track wages and contract renewals – the last stretch to 2% is the slowest.
- **Expectations:** remain anchored – the Fed reads a price-level shock, not a trend change.

Sources · FRED · PCEPI · Fed SEP Jun/2026 vs baseline Dec/2025 · CBO Feb/2026 · Dallas Fed Research

FED FUNDS · MONETARY POLICY

Rate cuts get smaller and later — the neutral rate is unchanged.

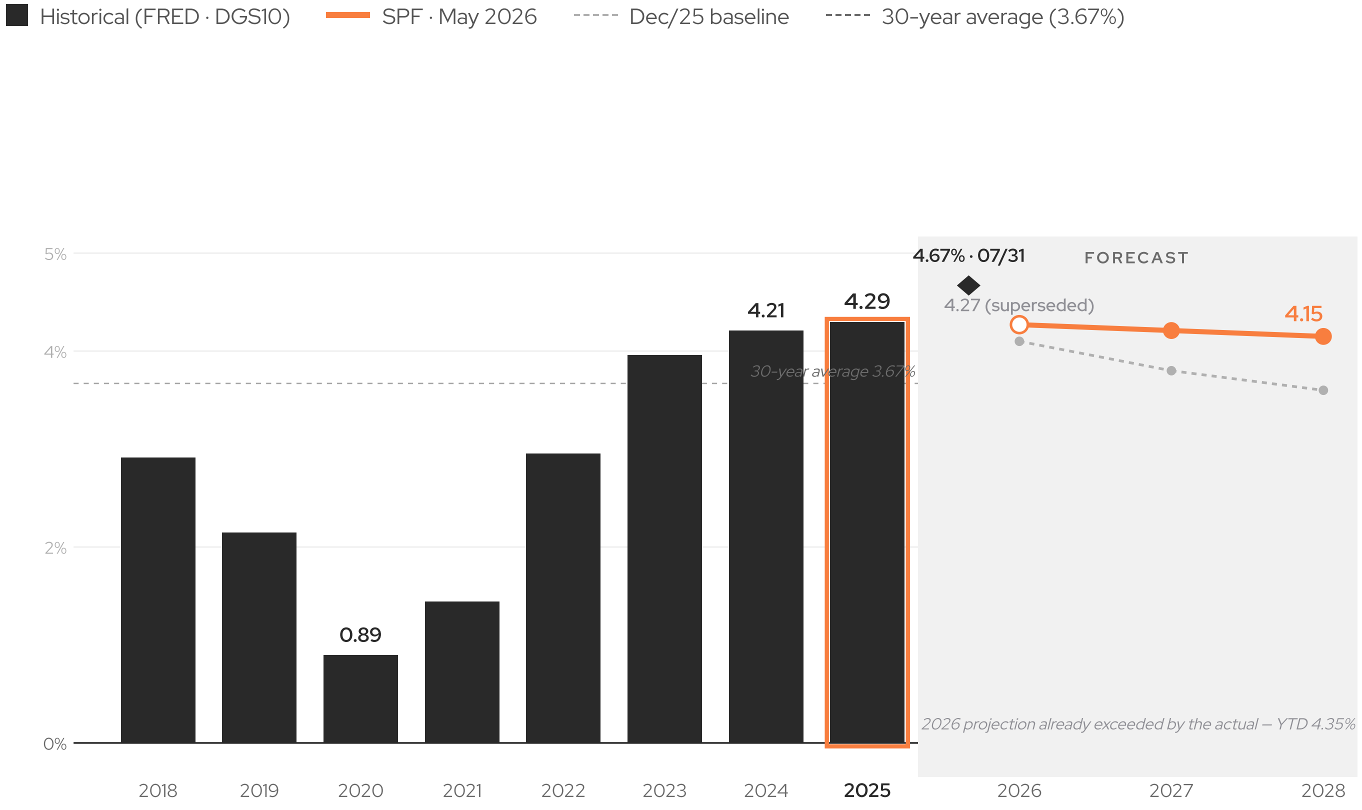


- **Next move:** the Fed's bias shifted from cutting to a possible hike.
- **Path:** the Fed paused and lifted its 2026–27 path along with its inflation view.
- **Remaining relief:** after 150 bps of cuts, what remains is smaller and ends higher.
- **Neutral rate:** held at 3.1% — the tightening is tariff-driven and cyclical, not structural.

ativore Asset Management

TREASURY 10Y · LONG RATES

The 10-year Treasury holds above 4% — forecasters see only gradual relief.



- **Decoupling:** long rates barely responded to falling short rates.
- **Federal debt:** at 101% of GDP, requires persistent issuance and supports yields.
- **Term premium:** safe-haven demand for Treasuries weakened, and the premium is rising again.

Term premium · the extra return investors demand to hold long-term bonds.

MACRO CONCLUSIONS

The economy normalizes – but the cost of capital stays structurally higher.

- **Growth holds near trend** – the small trim to 2026 is normalization.
- **Inflation rose on tariffs and oil** – the Fed keeps the path to 2%.
- **Rate cuts get smaller and later** – the neutral rate is unchanged.
- **The 10-year Treasury holds above 4%** – forecasters see only gradual relief.

Sources · FRED · BEA · Fed SEP Jun/2026 · CBO Feb/2026

03

SECTION 03

Multifamily Sector

Credit, supply and demand, and price formation — the financing constraint of the new cycle, where the operating recovery shows up first, and where that opens the opportunity.

ativore Asset Management

What changed in the multifamily sector

CAPITAL MARKETS	Lending volume hit its highest level since 2021 and the loan risk premium fell, still concentrated in refinancing.	▲
FUNDAMENTALS	Rents turned positive again and delivery volume passed its peak this quarter.	▲
PRICING	The cap rate rose far less than the loan cost, narrowing the spread between the two.	▼

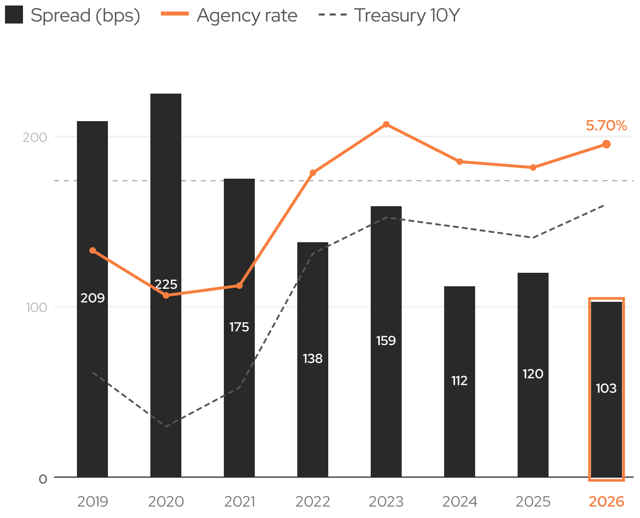
▲▼ INDICATOR DIRECTION · COLOR: EFFECT FOR REAL ESTATE

Sources · Comparison with the Q1 2026 edition · CoStar DataExport · CBRE

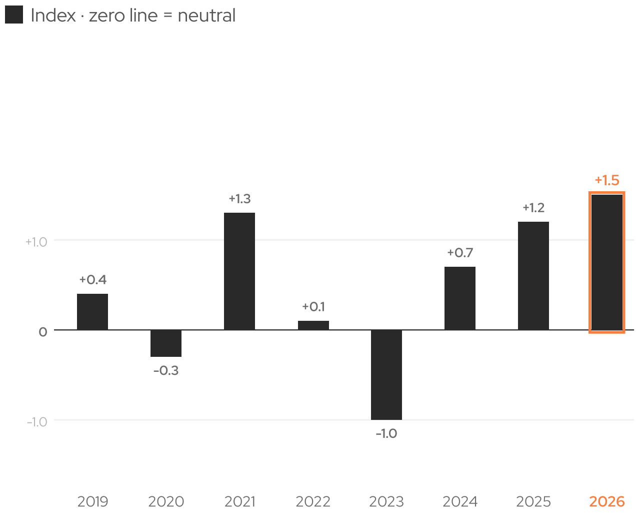
CREDIT · DEBT & LIQUIDITY

Credit supply reopened — but the cost of debt remains elevated.

Derived agency spread & rate



Credit activity (CBRE Lending Momentum Index)



- **Competition:** debt funds and agencies compete for loans, compressing the risk premium.
- **Cost:** the agency loan costs 5.70%, with the Treasury 10Y still elevated.
- **Refinancing:** the maturity wall — $162 billion coming due through 2027 — creates credit and acquisition opportunities.
- **Credit quality:** agency credit stays healthy in multifamily; delinquency concentrates in CMBS.

Sources · CBRE Agency Pricing Index (Fig. 18) · CBRE Lending Momentum Index Q1 2026 (Fig. 2) · FRED DGS10 · Trepp CMBS Delinquency Jun/2026 · MBA Mortgage Maturity Volumes

ativore Asset Management

FUNDAMENTALS · RENT & OCCUPANCY

Rents turned positive as deliveries recede — the oversupply is cyclical.

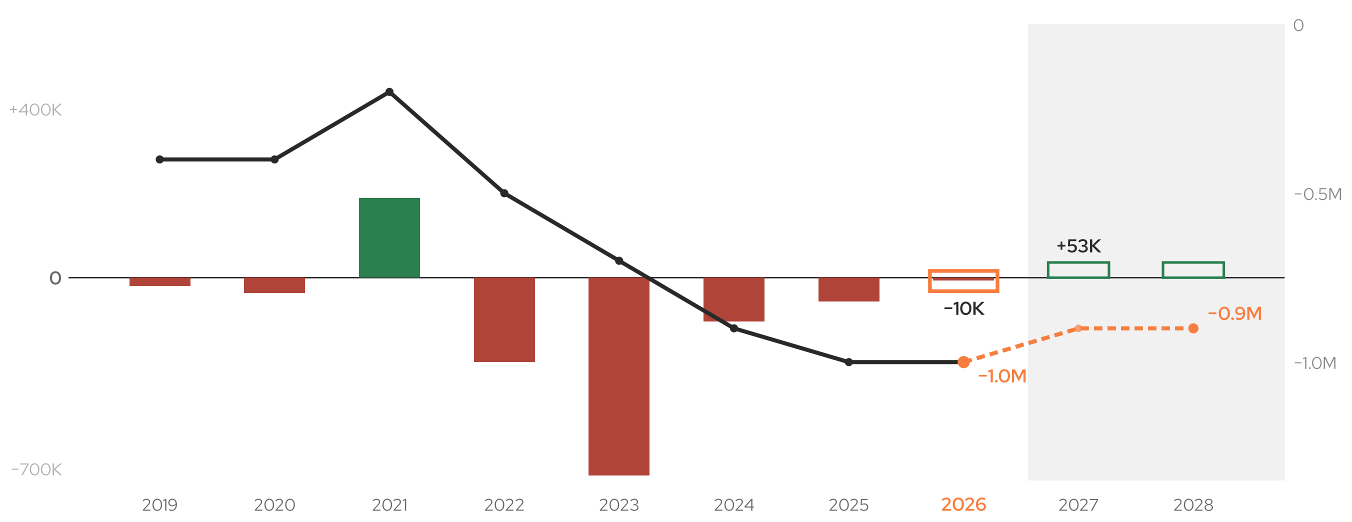
VACANCY
8.2%
−0.3 pp YoY · compressing

RENT GROWTH
+0.1%
+0.8 pp YoY · turned positive

PIPELINE / STOCK
2.7%
−0.5 pp YoY · pulling back

SUPPLY-DEMAND BALANCE · ANNUAL GAP + CUMULATIVE DEFICIT · 2019 → 2028

Negative annual gap · Positive annual gap · Cumulative deficit · Forecast



- **Supply:** today’s deliveries are a legacy of the low-rate cycle.
- **Demand:** holds firm, with buying costing nearly 90% more than renting.
- **Construction starts:** fell to the decade’s lowest level, thinning deliveries through 2028.
- **Housing shortage:** built since 2000, it sustains demand beyond the cycle — jobs and income set absorption.

ativore Asset Management

CAP RATES · PRICING

Entry pricing is the cheapest of this cycle — and financing moved against buyers.

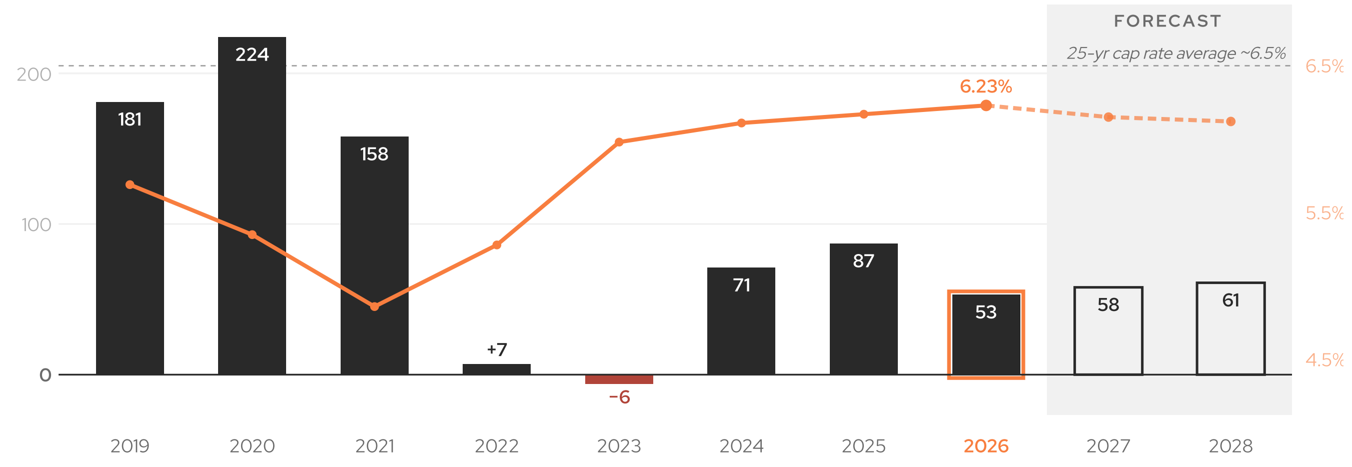
LIQUIDITY Transaction Volume (trailing 12 months) HEALTHY

127.6 $B

+10.8% YoY · recovering

LEVERAGE SPREAD (BPS) VS CAP RATE (%) · 2019 → 2028

Leverage spread (bps, left) — Cap rate (%, right) ---- 25-year cap rate average (~6.5%)



- **Repricing:** prices absorbed the rate shock and transaction volume is recovering.
- **Leverage spread:** narrowed — the loan cost rose more than the cap rate.
- **Return:** now comes from the entry price and NOI, not from debt.
- **Recovery:** rents and vacancy improved, and the cap rate has not repriced it yet.

OPPORTUNITY · ENTRY WINDOW

The entry window precedes full recovery.

THE THREE CONDITIONS OF THE ENTRY WINDOW

PRICING	**The price has already corrected**: buying today costs about 20% less than the 2022 peak, and the return holds on identifiable NOI growth, without relying on further cap rate compression or a decline in the cost of debt.
CREDIT	**Competition for acquisitions remains limited**: the maturity wall — $162 billion coming due through 2027 — pushes owners to sell and widens credit opportunities.
FUNDAMENTALS	**Future supply is declining**: the delivery peak has passed and new construction starts are falling, while the roughly 970,000-home deficit sustains demand, provided employment stays resilient.

SOURCES · COSTAR DATAEXPORT · MBA MORTGAGE MATURITY VOLUMES · FREDDIE MAC/NAR HOUSING GAP · ATIVORE ANALYSIS

04

SECTION 04

Scenarios

The three scenarios, one per page, from the expected path to the deviations: what triggers each one and what it does to debt, fundamentals and pricing.

SCENARIOS · MULTIFAMILY · BASE CASE

The cost of debt eases slowly — rents and occupancy carry the return.

01 BASE CASE EXPECTED PATH

Gradual relief

Inflation slows without breaking employment, and the Fed cuts slowly. The recovery comes from falling supply, not cheaper money.

DEBT	Eases slowly, to **~5.2%** by 2028 — above pre-2022 levels
FUNDAMENTALS	Vacancy eases and rents recover gradually
PRICING	Cap rates hold steady — price follows rents

WHAT IT MEANS

The return comes **from rent and occupancy**, not cap rate compression.

ativore Asset Management

SCENARIOS · MULTIFAMILY · DOWNSIDE

The cost of debt rises – credit keeps earning; equity requires distress pricing.

02 DOWNSIDE

MEDIUM CONVICTION

Persistent inflation

Tariffs, oil and AI-linked demand keep inflation high, and the Fed stops cutting. With units still empty, owners cannot pass inflation into rents.

DEBT	Rises **above 6%** – the 2023 level, when transactions stopped
FUNDAMENTALS	Follow the base case
PRICING	Cap rates rise and prices fall beyond the correction

WHAT TO DO

Position in credit, **which keeps demand in both paths**, and buy only at distressed pricing.

ativore Asset Management

SCENARIOS · MULTIFAMILY · UPSIDE

Debt costs fall early — equity captures the recovery, in a short window.

03 UPSIDE

LOW CONVICTION

Benign disinflation

Tariff inflation fades while hiring holds, and the Fed resumes cutting early. Financing and income improve together — the one combination that lifts prices.

DEBT	Falls **below 5.5%**, earlier than expected
FUNDAMENTALS	Occupancy recovers earlier and rents accelerate already in 2027
PRICING	Cap rates compress as capital rotates

WHAT TO DO

Position in equity and **commit capital fast** — the window is short.

05

SECTION 05

Strategy & Directives

Conviction by strategy and the directives that translate it into underwriting criteria.

ativore Asset Management

CONVICTION BY STRATEGY · BASE CASE

Credit strategies sustain broad allocation – equity strategies stay selective.

#	STRATEGY	TYPE	VERDICT
01	Value-Add	EQUITY	● DEPLOY
02	Mezz / Pref Equity	CREDIT	● DEPLOY
03	Senior Debt	CREDIT	= OVERWEIGHT
04	Core / Core+	EQUITY	○ SELECTIVE
05	BTR	EQUITY	○ SELECTIVE

RATIONALE

- **Credit:** $162 billion in maturing debt guarantees refinancing demand, with spreads still wide.
- **Equity in Deploy:** the return comes from the purchase discount and execution – not from the market recovery.
- **Equity in Selective:** the rent and occupancy recovery hasn't been confirmed yet; enter only on today's income.

EXECUTION

With the cost of debt structurally elevated, execution demands discipline in every model assumption.

01

Market Selection

Prioritize metropolitan regions with a diversified private-sector employment base, outside the activities most exposed to tariffs.

02

Acquisition & Financing

Pay a price where today's income covers **the deal's own** cost of debt — not the market average — without pricing in a cap rate decline.

03

Rent Growth

Underwrite rent growth at the market's pace, and only after this submarket's deliveries are absorbed.

04

Lease Structure

Favor short lease terms with inflation-linked escalation, since inflation stays **above target** through 2028.

05

Expense Growth

Grow operating expenses and capital reserves at least with inflation, without using the seller's history as a base.

06

Hold Period

Require a dated exit set after this submarket's deliveries are absorbed.

07

Exit Cap

Require an exit cap rate that **does not embed a decline in long-term rates**, and reject deals that only work with rates below today's level.

The leverage spread narrowed 34 bps, to +53 bps: leverage only adds to returns while the cap rate stays above the cost of debt.

ativore Asset Management

The return now comes from NOI, not from leverage.

WHERE THE VALUE COMES FROM

From rental income and the **entry discount** – no longer from cheap debt or cap rate compression.

DEBT

$162 billion matures through 2027, and origination is paid for by that locked-in demand in any scenario.

EQUITY

The property costs **~20% less** than the 2022 peak and sits below **replacement cost**, with rent rising.

THE WINDOW

Enter **through ~Q2–Q3 2027**, while new supply shrinks; exit in **2027–2028**, as financing improves.

→ Creating value today means selecting well and executing better.

PREPARED BY

Ativore Asset Research

contact@ativore.com

MARKET OUTLOOK · Q2 2026 EDITION

Important Information

Informational material · Research and macroeconomic analysis

LEGAL DISCLAIMER

This material has been prepared by **Ativore Gestora de Recursos Ltda.** ("Ativore") and is intended exclusively for informational and educational purposes. It does not constitute an offer, solicitation, recommendation, or commitment to invest, nor does it establish a binding agreement of any kind.

INFORMATION & SOURCES

All information provided herein is based on data available at the time of preparation and is subject to change without prior notice. Projections, scenarios, and opinions reflect Ativore's interpretation as of the preparation date and rely on third-party sources (including FED SEP, CBO, IMF, CBRE, CoStar, and others cited in this material). While Ativore endeavors to provide accurate and reliable information, no representations or warranties, express or implied, are made as to the completeness, accuracy, or suitability of the information provided.

INVESTMENT DECISIONS

Investment decisions should consider the investor's financial situation, objectives, and risk profile, and should be preceded by professional advisory. There is no assurance that the professionals currently working at Ativore will continue in their roles, nor that past performance is indicative of future results. Ativore does not assume responsibility for decisions made based on this material. For inquiries or additional information, please contact us directly at **contact@ativore.com**.

CONFIDENTIALITY

This material is strictly confidential and intended solely and exclusively for its recipient(s). It must not be copied, reproduced, transmitted, or distributed, in whole or in part, without Ativore's express authorization.