ESSENTIAL REALTY CAPITAL

The Multifamily Tsunami

2026 Thesis Paper — Briefing Edition

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KEY FINDINGS

Three independent forces are converging on US multifamily: a wall of maturing debt, an AI-era capital cycle arriving where new supply has collapsed, and structural demographic demand. This briefing carries the thesis in summary; the full designed edition follows. The argument in full, with every source, lives at essentialrealtycapital.com/thesis.

01 The maturity wall is documented, dated, and large.

Yardi Matrix estimates ~$525B of multifamily loans mature through 2029, peaking near $107B in 2028 (Mar 2024). The MBA counted ~$875B of commercial/multifamily mortgages scheduled to mature in 2026 alone — ~17% of the ~$5.0T outstanding (Feb 2026).

02 Values are reset and stress is measurable.

US apartment values sat ~16% below their level of three years earlier as of Nov 2025 (MSCI RCA CPPI, Dec 2025). Multifamily CMBS delinquency reached 7.23% in June 2026 (Trepp, via Connect CRE, Jul 2026).

03 AI-era capex is landing in our markets.

Data-center construction spending hit ~$41B in 2025 (+~32% y/y; 4x+ the 2020 level) and manufacturing-facility construction ~$220B (+~192% vs 2020), per US Census data (full-year 2025). TSMC alone has announced ~$165B of planned investment centered on Phoenix (Mar 2025).

04 Supply is rolling over just as that demand arrives.

Multifamily starts fell ~35% from ~548K units (2022) to ~354K (2024) per Census/NAHB (Jun 2026). After a 38-year completions high of ~608K units in 2024 (NAHB, Feb 2026), Yardi Matrix projects deliveries falling to ~441K (2026) and ~407K (2027) (Oct 2025). Projections are estimates, subject to revision.

05 Demographics keep households renting longer.

Buying a median-priced home cost ~108% more per month than renting in Q2 2025, vs a ~68% pre-pandemic norm (CBRE, Sep 2025). The median first-time buyer is now 40 — a record (NAR, Nov 2025). US renter households hit a record ~46.1M in 2025, ~79% of all household growth (Arbor/Chandan, Apr 2026).

IMPORTANT DISCLOSURES

This briefing is market commentary for informational purposes only. It is not investment, legal, or tax advice, and nothing in it constitutes an offer to sell or a solicitation of an offer to buy any security. Offerings, if any, are made exclusively to accredited investors through definitive offering documents. Any targeted returns are objectives only — targets are not guarantees, and there can be no assurance they will be achieved. Investing in real estate involves substantial risk, including illiquidity, the use of leverage, and possible loss of the entire principal amount invested. Data is drawn from third-party sources believed reliable as of the dates indicated; Essential Realty Capital has not independently verified it and it is subject to revision. Past performance is not indicative of future results.