EHP CAPITAL

Multifamily Investment Landscape

Where Values Meet Returns

INVESTOR PERSPECTIVE | JUNE 2026

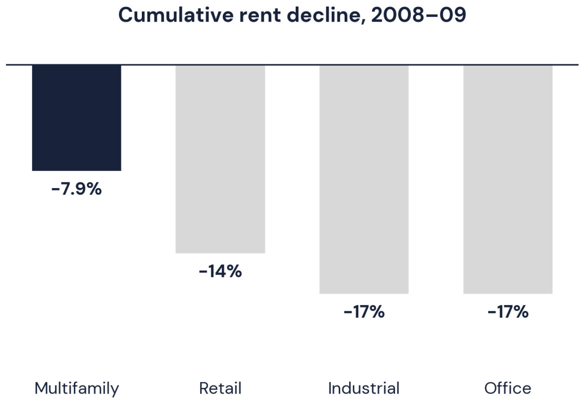
THE LONG-TERM CASE

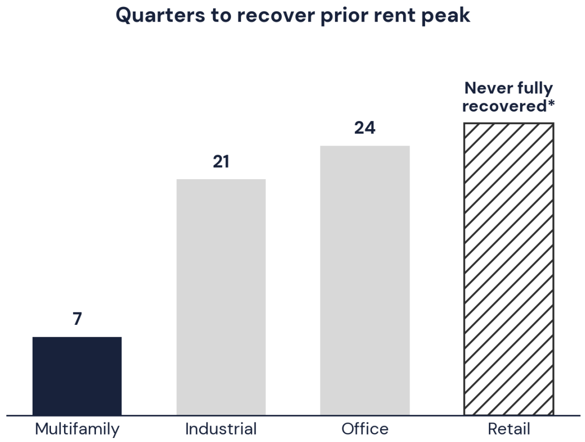
The Case for Long-Term Conviction with Near-Term Optionality

In any market cycle, the question investors must ask is not whether volatility will arrive, but whether their position can withstand it. In multifamily real estate, the historical answer is clear: **time is the most reliable hedge.** A study of NCREIF Property Index data from 1990 through 2020 examined every possible return scenario across 3-, 5-, 7-, and 10-year holding periods and found that multifamily consistently delivered the highest average returns with among the lowest volatility of all major commercial property types, including industrial, office, and retail (NCREIF Property Index / Breneman Capital). Over a separate 25-year study period, multifamily produced the highest average annual total returns of any commercial real estate sector at 9.75%, with the second-lowest level of volatility at 7.75%, according to research cited by CBRE. When measured on a risk-adjusted basis using the Sharpe Ratio, multifamily outperformed not only other commercial real estate sectors but also stocks, bonds, and commodities (Thomson Reuters Datastream / CBRE).

> "In multifamily real estate, the historical answer is clear: time is the most reliable hedge."

Recession performance tells a similar story. During the Great Recession of 2008 to 2009, CBRE Economic Advisors found that multifamily experienced a cumulative rent decline of just 7.9%, compared to roughly 17% in industrial and office and approximately 14% in retail. It took multifamily only seven quarters to recover to its prior rent peak, versus 21 quarters for industrial and 24 for office. Retail, hurt by the rise of e-commerce, has in some measures never fully recovered (CBRE / National Multi Housing Council).

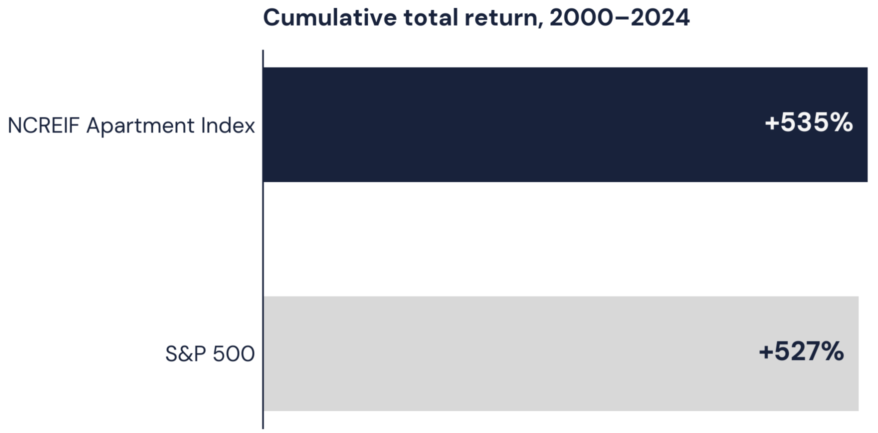




Source: CBRE Econometric Advisors / National Multi Housing Council. *Retail rents have in some measures never returned to their prior peak. Past performance is not indicative of future results.

In the current cycle, multifamily values have declined approximately 18 to 19% from their mid-2022 peak, as measured by the MSCI Commercial Property Price Index. Yet even with that repricing, multifamily posted 5.48% annualized returns in Q3 2025 per the NCREIF Property Index, outpacing the broader All Property Index for the sixth consecutive year (Newmark / NCREIF). The pattern holds: **entry points that feel uncomfortable in the short term have historically rewarded patient capital.**

Our approach is to acquire with a long-term thesis, targeting hold periods where the historical data most strongly favors the investor, while structuring for optionality. If market conditions accelerate and an early exit becomes attractive, we are positioned to act. If conditions require patience, we are structured to hold. The NCREIF data tells us that across five-, seven-, and ten-year holding periods and across every U.S. region, average unadjusted returns for multifamily ranged from roughly 8.6% to 10.3%, outperforming every other commercial real estate sector (NCREIF Property Index / NMHC). From 2000 through 2024, investors with an allocation to private multifamily real estate both increased portfolio performance and reduced volatility. Over that window, the NCREIF Apartment Index produced a cumulative total return of 535% (7.8% annualized), slightly exceeding the S&P 500's return of 527% over the same period (NCREIF / Origin Investments). The probability of a satisfactory outcome rises the longer capital remains deployed in this asset class.



Source: NCREIF Apartment Index / Origin Investments. Past performance is not indicative of future results.

> "Our risk, in other words, is mitigated by duration."

PERFORMANCE AT A GLANCE

9.75%
Highest average annual total return of any CRE sector over a 25-year period (CBRE)

7.75%
Second-lowest volatility among major commercial property types (CBRE)

+535%
NCREIF Apartment Index cumulative total return, 2000–2024 — ahead of the S&P 500's +527% (NCREIF)

5.04%
Average multifamily cap rate across the 30 most active U.S. markets, up from the 4.1% trough in 2021 (Yardi Matrix)

-74%
Decline in construction starts from the 2021 peak — 30% below the pre-pandemic average (CBRE Research)

12.7%
Share of renters who can currently afford to purchase a median-priced home — roughly 1 in 8 (CBRE Research)

Past performance is not indicative of future results. All figures as reported by the cited sources.

MARKET POSITIONING

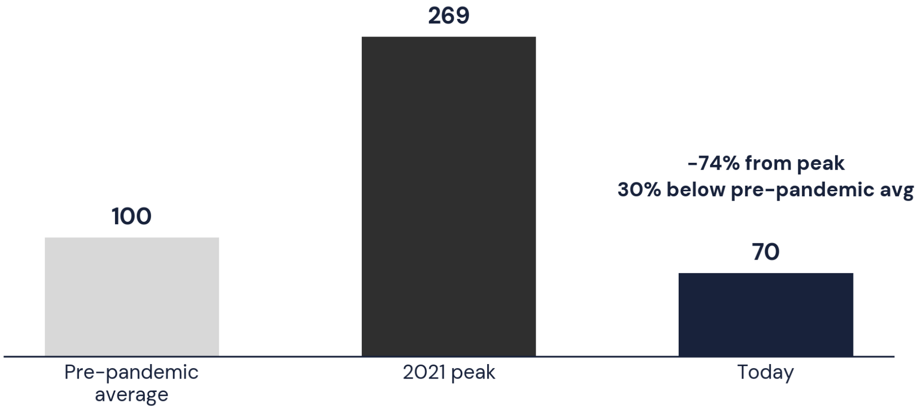
Intellectual Honesty in Market Positioning

John Kenneth Galbraith once observed that there are two kinds of forecasters: those who don't know, and those who don't know they don't know. We would like to believe we belong to the former camp. We study the data, underwrite conservatively, and position our portfolios with discipline, but we hold no illusions about our ability to time the precise bottom of any cycle. What we can say, grounded in observable market data, is that the current environment presents a favorable entry point relative to recent history.

The numbers support this view. Multifamily property values have declined approximately 19% from their 2022 peak (MSCI CPPI). Average multifamily cap rates across the 30 most active U.S. markets stood at approximately 5.04% through September 2025, up from the 4.1% trough in 2021 (Yardi Matrix / Bisnow). Construction starts have fallen 74% from their 2021 peak and sit 30% below their pre-pandemic average (CBRE Research), which points to a supply reduction on the horizon that should support rent growth and valuations.

> "The discount to replacement cost is so compelling that cap rates are compressing and valuations remain resilient."
>
> — KELLI CARHART, PRESIDENT & HEAD OF MULTIFAMILY CAPITAL MARKETS, CBRE (H2 2025 CAP RATE SURVEY)

Multifamily construction starts (indexed, pre-pandemic avg = 100)



Source: CBRE Research. Indexed levels derived from reported percentage changes.

Freddie Mac projects continued positive rent growth, CBRE expects rent growth to run above its pre-pandemic average over the next five years, and demand fundamentals remain solid. Renter household formation rose 2.7% year-over-year as of mid-2025 (Newmark), and CBRE analysis shows that only about 1 in 8 renters (12.7%) can currently afford to purchase a median-priced home (CBRE Research).

We believe this environment represents a relatively discounted market — **a window where pricing reflects the dislocation of the past two years rather than the fundamentals of the next five.** Transaction activity is already responding, with CBRE reporting volumes up year-over-year and its most recent cap rate survey showing a meaningful increase in respondents who expect multifamily cap rates to decline, with most expecting them to hold steady rather than rise. The multifamily sector was identified as the most preferred asset class for commercial real estate investors in 2025, and the NCREIF data shows it outperforming other property types for six consecutive years. But we also know we don't know for certain. The path of interest rates, the pace of absorption, and the trajectory of the broader economy remain uncertain.

> "What gives us conviction is not a prediction about the next quarter. It is a 40-year body of evidence showing that disciplined, long-term multifamily investment has been among the most reliable paths to wealth preservation and growth across every cycle the modern market has produced."

DATA SOURCES REFERENCED

- **NCREIF Property Index** (National Council of Real Estate Investment Fiduciaries) — historical hold-period returns, annualized performance, and sector comparisons (1978–2025)
- **MSCI Commercial Property Price Index (CPPI)** — multifamily property value changes and peak-to-trough analysis
- **CBRE Econometric Advisors / CBRE U.S. Cap Rate Survey H2 2025** — cap rate data, recession-era rent performance, replacement cost analysis, and investor sentiment
- **Freddie Mac Multifamily Outlook 2025** — rent growth projections, vacancy forecasts, and supply/demand dynamics
- **Fannie Mae Multifamily Market Commentary** — vacancy rates, property value trends, and underwriting conditions
- **Yardi Matrix** — transaction volume and cap rate data across the top 30 U.S. multifamily markets
- **Thomson Reuters Datastream** — Sharpe Ratio and cross-asset-class risk-adjusted return comparisons
- **National Multi Housing Council (NMHC)** — recession-era rent performance research and holding-period return study ("Explaining the Puzzle of High Apartment Returns," 1987–2016)
- **Newmark Research** — Q3 2025 NCREIF sector return comparisons
- **Origin Investments** — NCREIF Apartment Index vs. S&P 500 cumulative return comparison (2000–2024)

CONTACT

EHP Capital LLC | Kansas City · Miami
info@ehpcapital.com · +1 (786) 540-0660 · www.ehpcapital.com · @EHPCapital