



Multifamily Rent Growth Forecast: Midwest & Southeast Outpace Sun Belt



Key Takeaways

- **Moderate But Steady Growth Expected:** Multifamily rent growth is projected to rise from ~1% in mid-2025 to 1.5% by Q2 2026 as supply expansion slows from 2.65% to 2.0% annually.
- **Regional Outperformance:** The Midwest and Southeast are forecasted to lead rent growth, buoyed by strong job gains and limited new supply. In contrast, Sun Belt markets such as Austin, Denver, and Phoenix face downward rent pressure amid continued elevated deliveries.

Select Metro Projections for Q2 2026:

- Indianapolis: 2.59% rent growth; supply growth 1.49%
- Kansas City: 3.48% rent growth
- Miami: 3.16% rent growth; supply growth 4.18%
- Austin: Rent projected to fall ~1.25%; supply 6.19%
- Phoenix: Rent decline ~2.4% due to ~5.65% supply growth



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- **Target Under-Supplied Markets:** With supply easing in the Midwest and Southeast, investors should prioritize metros like Indianapolis, Kansas City, and Miami for value-add and stabilized multifamily exposure.
- **Over-Supply Caution in Sun Belt:** High-supply markets such as Austin, Phoenix, and Denver present rent headwinds—evaluating concessions or deferring acquisitions may be prudent.
- **Job Growth as a Rent Driver:** Favor metros with consistent employment gains across diverse sectors—from logistics to healthcare—to anchor sustained demand.
- **Mitigate Rent Slowdowns with Strategy:** In overbuilt metro areas, proactive retention strategies and targeted lease incentives can help maintain occupancy while rents lag.

Why It Matters

This nuanced forecast highlights a structural shift away from the Sun Belt dominance seen earlier in the decade. With rent growth now expected to rebound in supply-constrained regions, the Midwest and Southeast emerge as key battlegrounds for multifamily opportunity. Meanwhile, elevated supply in the Sun Belt continues to temper growth and investor sentiment.

Conclusion: A Strategic Inflection Point

The multifamily rent landscape in 2025–2026 is redefining itself: steady economic demand and restrained supply are the twin engines powering growth in the Midwest and Southeast. Conversely, Sun Belt metros remain challenged by oversupply, signaling caution.

The smart play? Blend strategic patience in overbuilt markets with targeted capital deployment in high-demand, low-supply metros, locking in rent growth before the broader wave returns.



Opportunity Zones & Apartment Development: How Housing Builds, Inflation Eases



Key Takeaways

- Between 2020 and 2024, Opportunity Zones (OZs) witnessed an average 4.6% annual apartment construction rate, outpacing both non-OZ areas (3.7%) and similarly distressed but non-designated census tracts (2.7%)
- With housing representing about one-third of the Consumer Price Index (CPI), increased supply within OZs could help temper inflationary pressures by easing cost burdens in tight markets

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- Leveraging Impact via Supply Expansion

Opportunity Zones have proven effective at funneling development capital into underserved neighborhoods that historically lacked new housing. This mechanism has delivered meaningful supply growth—and could help stabilize rents and reduce shelter-driven inflation risks.

- Capital & Social Value Alignment

The program aligns tax-neutral private capital with public policy goals—supply expansion, affordable housing production, and community revitalization—making OZs a rare example of policy that blends financial return with social outcomes.



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- Focus on Strategic Markets

Identify OZ metro tracts where construction momentum is strongest but investment remains below peak. These areas likely offer the best combination of tax benefits, growth potential, and limited competition.

- Inflation Hedge Potential

By boosting housing inventory in markets where supply has historically lagged, OZ developments can ease upward pressure on rents—a key factor influencing broader inflation metrics.

Objective	Strategy
Bolster Supply-Driven Value	Invest in OZs with high construction growth to support local affordability
Maximize ROI + Social Impact	Pair equity deployment with affordable housing objectives
Prioritize Underdeveloped OZs	Target zones with below-average investment but needed supply
Leverage Inflation Relief	Position multifamily investments as inflation-resilient assets via added supply

Conclusion: A Dual-Purpose Playbook

Opportunity Zones have already proven capable of accelerating housing development in areas that need it most—and may even help dial down inflation in the process. For investors and policymakers alike, OZs offer a rare alignment of capital efficiency, social mission, and macroeconomic benefit.

Housing Market Upside-Down: Baby Boomers Reclaim the Homebuyer Crown



Key Takeaways

- Boomers Lead the Market Again
- In 2024, Baby Boomers accounted for 42% of all U.S. homebuyers, outpacing Millennials at 29% and Gen Z at just 3% of buyers . Boomers also represent 53% of home sellers, underscoring their dominant market position
- Cash Is King
- Over half of older boomers and 40% of younger boomers bought properties entirely with cash, leveraging decades of home equity—not just financing power.
- Millennials & Gen Z Locked Out
- Younger generations are settling into longer rental trajectories. First-time buyers now average age 38, reflecting affordability constraints and reduced mobility
- Wealth Transfer Is Brewing
- With boomers owning ~41% of U.S. real estate (roughly \$19.7 trillion) and millennials holding only ~20%, the upcoming intergenerational wealth transfer could shape housing outcomes for decades



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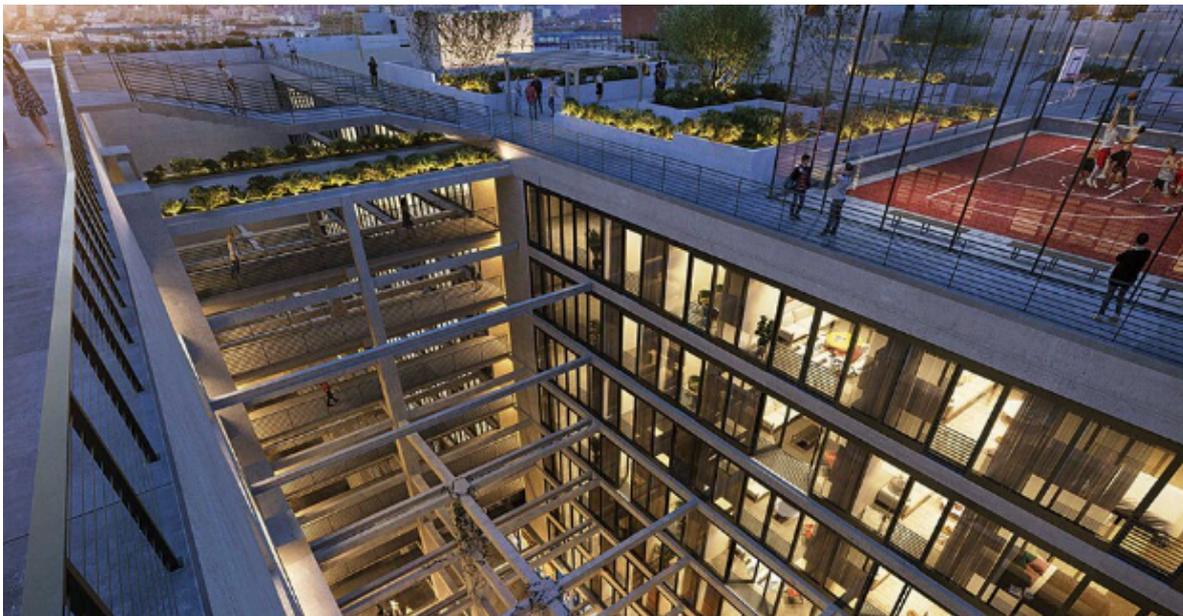
- Strategic Asset Allocation
- Boomer-dominated buying trends suggest continued strength in luxury, secondary-home, and downsized inventory plays. Repositioning for adult and senior living sectors is strategic.
- Partner with Cash Buyers
- Family offices, legacy capital, and high-net-worth boomers increasingly compete in acquisition pipelines. Structure offerings with quick closes, JV options, and flexible equity terms.
- Plan for Wealth Hand-Off
- Trusted generational capital is shifting. Aligning with early inheritors—Millennial or Gen Z investors—may open new partnership paths in residential and legacy property.
- Focus on Affordability & Transit
- As younger generations delay purchasing, demand is shifting toward rent-return models and walkable, value-rich metros. Supply-constrained, aging-rich areas may offer opportunity.

Final Thought

The housing market is navigating a generational realignment. Baby boomers aren't just homeowners—they're calling the market signals. For investors and developers, understanding their influence—and the approaching wealth transfer—may be the defining insight of the next decade.



NYC Office-to-Residential Conversions: Opportunity Meets Policy Risk



Key Highlights

- Developers are turning vacant Manhattan offices into apartments as conversion economics now work: steep discounts (office values down ~56% compared to apartments), streamlined zoning, and tax incentives make redevelopments financially viable.
- The average discount necessary—roughly 50% below apartment values—is being eclipsed thanks to market corrections. In 2025, office assets in NYC sold for only 20–30 cents on the dollar.
- Commercial-to-residential conversions reduce leasable area by ~25%—requiring these cost savings and incentives, such as NYC’s 467-m program, to sustain project attractiveness.
- Rent Freeze Risk Emerges: Mayoral frontrunner Zohran Mamdani proposes a citywide freeze on rent-stabilized units—a move that could apply to the required 25% affordable units in conversion projects eligible for tax relief. That would significantly undermine projections of returns.



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- 🏗️ Deploy in High-Discunt Markets
- Gateway cities with deep office distress, especially NYC, offer rare conversion entry points—just ensure structural feasibility and manage build complexity.
- ⚖️ Policy Diligence is Essential
- Proposed rent freeze legislation may affect long-term cash flow projections. Build flexibility into financing models and pursue policy carve-outs where possible.
- 🛠️ Mitigate Capex Risks
- Conversions carry significant retrofitting costs—plan thoroughly for light wells, floorplate alterations, and infrastructure upgrades.
- ⚡ Speed-to-Market Advantage
- Conversions can deliver units in ~18 months—faster than new construction—and provide responsive temporary housing solutions.

Conclusion

Office-to-residential conversions represent one of the few scalable solutions to NYC's housing and office oversupply crisis—but success hinges on navigating uncertain policy waters. With redevelopment economics shifting favorably, investing now requires both speed and caution.

Family Offices Are Reinventing Themselves – 10 Trends Shaping a New Era



Family offices are no longer the private, conservative clubs many assume. As outlined in GlobeSt’s recent report, they’re transforming into sophisticated, nimble power brokers—especially in commercial real estate (CRE) 🔑

🔓 Broader Industry Context

- The global family office footprint is expanding rapidly. Deloitte estimates 8,030 single family offices today, growing to over 10,700 by 2030, with assets under management projected to exceed \$5.4 trillion.
- UBS highlights that trade war risks, geopolitical conflict, and inflation are top concerns for 2025. Many are now shifting into active management, hedge funds, and developed-market equities for lower volatility and yield.
- Succession planning, cybersecurity, and governance remain persistent governance challenges, as most offices scale to multi-generational enterprises.



Key Trends

1. Institution-Like Sophistication
2. Family offices now operate on par with institutional capital, bringing expertise, resources, and speed to complex CRE deals.
3. Flexibility as Their Edge
4. Not bound by rigid guidelines, they can pivot quickly—acquiring, lending, or holding long term as market cycles shift.
5. Heightened Risk Appetite
6. Especially in distressed or value-add plays, many target high-teen to 20%+ IRRs—stepping in where larger investors step back.
7. Advanced In-House Platforms
8. Staffed with seasoned professionals managing preferred equity, JV structures, mezzanine debt, and programmatic strategies.
9. Private Credit Supply Growth
10. As banks retreat, family offices provide bridge financing, construction loans, and redevelopment capital in underserved sectors.
11. Belonging Beyond Borders
12. Increasingly global in mandate, many now pursue co-investment and partner with counterparts worldwide.
13. Discerning Deal Partners
14. They act quickly but with discipline—deep in due diligence and strategic in selecting opportunities.
15. Long-Term Investment Horizon
16. While opportunistic, their patient capital allows them to lead through recovery cycles and distressed windows.

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- Forge Strategic Partnerships: Design deal structures (JV, preferred equity) that match family offices' flexibility and speed.
- Engage with Lead Capital: Family offices increasingly fill CRE capital gaps—target equity, credit, and co-invest roles for faster execution.
- Tailor to Specialized Asset Classes: Focus on distressed office, credit/debt, or redevelopment plays where family offices are most active.
- Design for Strategic Exit/JV Paths: Their optionality means they may partner on upfront deals and co-invest or exit mid-term—structure accordingly.

Conclusion:

Family offices are no longer background players—they are front-line innovators and liquidity providers in today's CRE markets. With high agility, global reach, and institutional-grade professionalism, they offer unique potential as both capital partners and buyers.