

# Why Multifamily Remains a Core Investment Strategy



Multifamily real estate continues to stand out as one of the most resilient, income-producing asset classes in the U.S., supported by durable demand, structural housing undersupply and institutional-quality cash flow characteristics.

## PASSIVE WEALTH CREATION

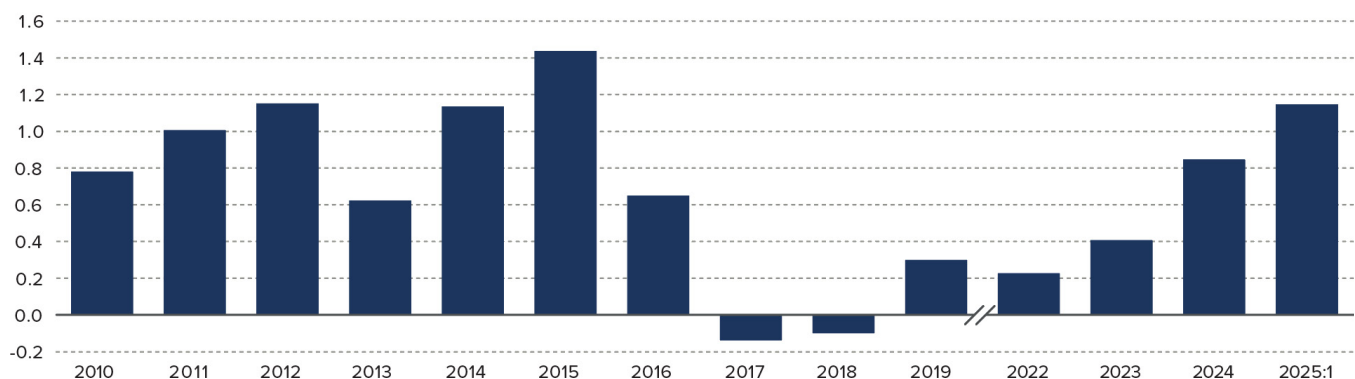
Professionally managed multifamily investments offer:

- Consistent income distributions
- Tax advantages (e.g., depreciation, cost segregation and bonus depreciation)
- Access to institutional-quality real estate without active management

## STRUCTURAL DEMAND TAILWINDS

- The U.S. faces a multi-million-unit housing shortage, with approximately 3.6 million homes needed to meet demand.<sup>1</sup>
- Demographics remain highly supportive:
  - Millennials and Gen Z are entering peak renting years.
  - High home prices and mortgage rates are delaying homeownership.<sup>2</sup>
- Multifamily demand remains strong, with positive net absorption and continued renter household formation.

Annual Change in Renter Households (Millions)



Note: Estimates for 2020 and 2021 are omitted due to data collection issues experienced during the pandemic.

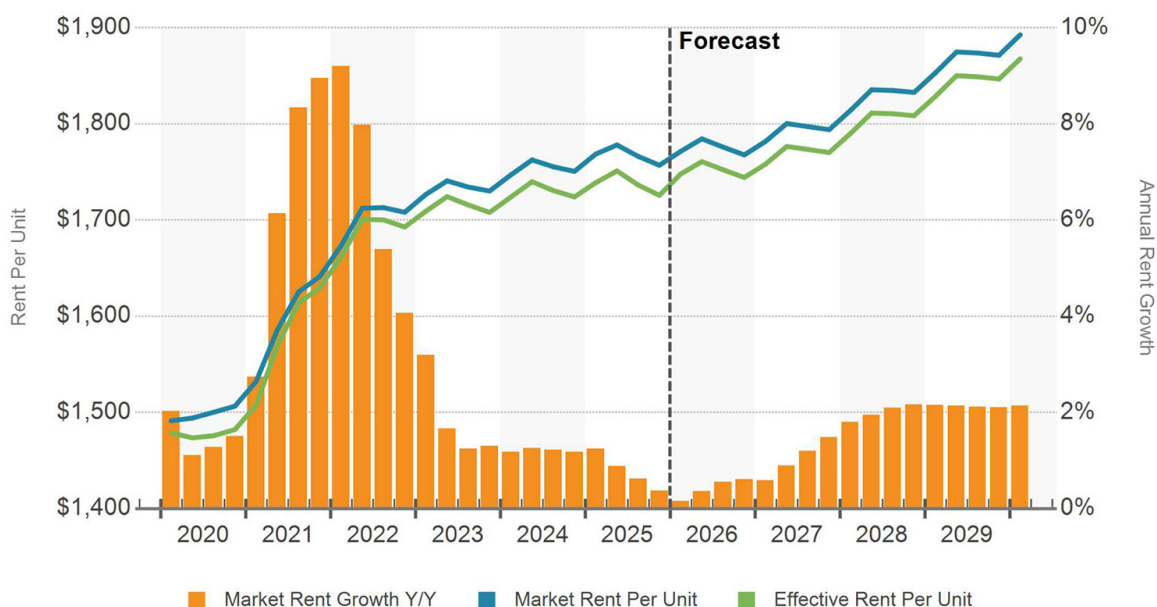
Source: "2025 State of the Nation's Housing," Joint Center for Housing Studies of Harvard University, 2025.

## POTENTIAL FOR RESILIENT INCOME & PREDICTABLE CASH FLOW

- Residential assets feature the lowest volatility and nearly the highest average annualized returns of the majority of property types.<sup>3</sup>

- Rental housing benefits from:
  - Short lease durations, meaning an ability to reset rents to market
  - A diversified tenant base, meaning reduced occupancy risk
- Absorption is expected to overtake new deliveries in 2026, setting the stage for rent growth.<sup>4</sup>

#### MARKET RENT PER UNIT & RENT GROWTH



Source: “United States Multi-Family National Report,” CoStar, 2026.

## INSTITUTIONAL STABILITY

- Multifamily is a demonstration of “essential-use demand.” Housing is non-discretionary.
- The construction pipeline has contracted approximately 50%, from 1.18 million units under construction in Q1 2023 to 578,000 units under construction in Q4 2025.<sup>5</sup>
- These dynamics support long-term occupancy and pricing power.

## THE BOTTOM LINE

Multifamily real estate investment offers a compelling combination of structural demand, resilient cash flow and operational upside, positioning it as a powerful vehicle for long-term, passive wealth creation in an uncertain economic environment.

Explore Capital Square’s latest multifamily offerings and discover how you can invest in income-producing real estate designed for long-term performance.

1. Peter Linneman, “The Linneman Letter,” Volume 25: Issue 1, Spring 2025. | 2. CBRE Research, CBRE Econometric Advisors, U.S. Census Bureau, Realtor.com®, FHFA, NAR, Oxford Economics, Q2 2025. | 3. “Annual Returns by Property Sector and Subsector: 1994 – 2025,” NAREIT, 2026. | 4. “United States Multi-Family National Report,” CoStar, 2026. | 5. Ibid.

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