WHITE PAPER

A Once-in-a-Generation Real Estate Wealth Window

A full guide to understanding the 2026 real estate market and 12-month opportunity window.

Presented and developed by Roots

The Bottom Line

There are two verticals in real estate that may be entering one of the best buying windows since the years after the 2008 financial crisis.

Loans are coming due and builders and multifamily operators are entering a distressed period.

This time though, everyday investors now can participate and invest instead of just the hedge funds.

Important Disclosure

This paper is for education only. It is not investment advice, a solicitation, or an offer to buy or sell any security. All investing involves risk, including loss of principal. Real estate investing can involve illiquidity, market changes, operating risk, tax changes, and other risks. Past performance does not guarantee future results. The examples in this paper are based on public data and reasonable assumptions, but actual results may be very different. Readers should talk with qualified financial, tax, and legal advisors before making investment decisions.

About Roots

Roots is on a mission to bring institutional knowledge and opportunities to everyone, so that anyone can build wealth through real estate.

For most of history,

the kind of opportunity described in this paper was reserved for institutions, funds, and the already-wealthy. Roots exists to knock down those barriers to entry and make growing wealth simple and accessible.

That mission is already in motion. Roots has built a community of more than 200,000 people who have invested over $300 million together — a sign that everyday investors want real access to real estate wealth-building, and will show up when the barriers come down.

Who put this together.

This paper is not theory from the outside looking in. It comes from the Roots team that has spent careers buying, stabilizing, and operating real estate — through good markets and hard ones.

Together, **Joel Miller, CJ Russell, and Daniel Dorfman** bring more than 30 years of combined experience and over $25 billion in transaction volume across a wide range of markets and cycles. This team worked through the 2008 crash and came out the other side. That matters, because the opportunity described in this paper looks a lot like the one that followed that crash.

Joel Miller

President of Real Estate, Roots. Joel leads real estate at Roots and brings two decades of entrepreneurial and institutional experience in distressed multifamily acquisition and stabilization. He has led real estate teams for capital groups, advised on HUD (U.S. Dept. of Housing and Urban Development) agency debt programs, and has collectively overseen more than 30 multifamily acquisitions and turnarounds over the course of his career. He founded and exited a large multifamily turnkey contracting company, giving him an operator's command of what it takes to bring a struggling asset back to full performance. His specialty is the exact discipline at the center of this paper: acquiring quality properties under pressure and stabilizing them into durable, cash-flowing assets.

CJ Russell

Serial real estate investor, entrepreneur and Roots Partner, boasts over two decades of experience. Throughout his career, he has accumulated over $20 billion in transactional volume, primarily in the distressed real estate sector. Notably, he led the dispositions of distressed assets for Bank of America and was an early team member at Auction.com, a prominent distressed-property marketplace in the United States. His firsthand experience has allowed him to witness the transformation of distressed assets from states of stress to opportunities.

Daniel Dorfman

CEO & Co-Founder, Roots. Daniel founded Roots on the conviction that everyday people deserve access to the same wealth-building opportunities long reserved for institutions. He has helped thousands of families find a home and brings deep expertise in the single-family rental (SFR) sector. He leads Roots' strategy, capital structure, and platform. The machinery that turns the institutional thesis in this paper into something an ordinary investor can actually participate in.

This paper combines that hands-on experience and puts it into a simple, readable format. The goal is not to impress with jargon. It is to take knowledge that usually stays inside institutional real estate and make it clear enough for everyday investors to understand and act on.

Why this matters: The strategy in this paper — buying quality assets at a low basis when others are under pressure — is exactly what this team has done before, through exactly this kind of cycle.

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01.

Executive Summary

For generations, real estate has helped people build wealth.

But the best real estate deals usually happen when the market is timid and feels like it's the wrong time to buy. When market conditions look soft, strong buyers can buy good properties at lower prices.

In the 3 to 5 years following the 2008 financial crisis large institutions, and accredited investors with access bought apartments at very low prices. Many of those investors made large gains over the next 10 years as rents rose and property values recovered.

Back then, everyday investors were not able to participate. They were not accredited, did not have the cash, deal access, or structure to buy large apartment buildings.

Today, a similar window may be opening again.

2008
Financial Crisis

2010
Institutional Buying Window

2021
Cheap Debt

2025
Loan Stress Begins

2026
Loan Maturity Wall

The current real estate market is under pressure for four main reasons.

.01

A Wave of Loans Coming Due

Many real estate loans are coming due. About $875 billion in commercial real estate loans are expected to mature in 2026, after about $957 billion in 2025.[15] These two years combined represent 38% of all outstanding commercial mortgage debt.

.02

Refinancing at Higher Rates

Many owners borrowed when interest rates were low, using short term loans and 5 year terms. Many now must refinance at much higher rates.

.03

Oversupply Compresses Rents

An oversupply of multifamily construction, along with the rapid expansion of build-to-rent SFR from 2021 to 2025, has compressed multifamily rents and reduced expected revenues.

.04

Construction Slowdown

New home builders have been hit with speed bump after speed bump from material supply shortages, to tariffs, to reduced labor pool. The last 5 years have been tough on builders.

The market is creating motivated sellers.

This does not mean every real estate deal is good. It does not mean 2026 will be the same as 2010. And it does not mean investors cannot lose money.

It does mean one thing clearly: the market is creating motivated sellers. For patient investors with a long-term view, that can be powerful.

The Simple Idea

Wealth in real estate is often created by buying at a low basis — meaning a low purchase price — and then holding while rent, demand, and property values recover over time.

Key Takeaways

Real estate has a long history of strong returns.

A major 145-year study found that residential real estate delivered average real returns of more than 7% per year when rent income was included.[1]

A 12 month window is opening.

Real estate is cyclical, and a rare 12-month buying window tends to appear about once every ~10 years if you know where to look.

Private real estate has been a strong long-term asset class.

Invesco found that U.S. private real estate ranked first or second across every 10-year rolling period in its 29-year data set.[2]

A dependable real estate investment.

Multifamily is one of the most resilient types of real estate. People always need a place to live, even during recessions.[4]

Loan pressure is creating stress.

Many apartment owners financed properties at low rates in 2020–2022. Those loans are now resetting or maturing at much higher rates.

Big opportunity for buyers.

Some good assets may be owned by over-leveraged sellers. That can create opportunities for buyers with patient capital.

The best deals will be local.

Market selection, property condition, insurance, taxes, and operator skill matter.

What's different now: open access.

Everyday investors have more access than they did in 2010. REITs, open-ended funds, and real estate platforms have made participation easier than it was after the last crisis.

Not guaranteed.

This is still risky. Low prices do not remove risk. They only create a better starting point.

The Big Idea

The next 12-18 months may give patient investors a rare chance to buy real estate at comparatively lower prices, because many owners are being forced to sell or refinance at exactly the wrong time.

Loans Taken Out

Low interest rates and easy debt.

Rates Rise

Higher rates increase debt costs and pressure cash flow.

Owners Under Pressure

Loans reset or mature, cash flow is tight, and refinancing is difficult.

Forced Choice

Many owners must sell or refinance at the wrong time.

12 Month Buying Window

Patient investors can buy quality real estate at lower prices.

02.

Why Real Estate Matters

History Of Real Estate Investments

What Makes Apartments Special

Real estate has built wealth for a long time.

Real estate can seem like a "boring" investment but historically it has produced more millionaires than any other asset. It is powerful because it can work slowly, steadily, and repeatedly.

A large academic study called "The Rate of Return on Everything, 1870–2015" looked at 16 advanced economies over 145 years. The study found that residential real estate, including rental income, produced average real returns above 7% per year.[1]

That matters because many people only think about real estate prices. But real estate can create value in two ways:

- **Operating Income:** rent exceeding all expenses
- **Appreciation:** The property becoming worth more over time.

When both are counted, real estate has historically been one of the strongest major asset classes.

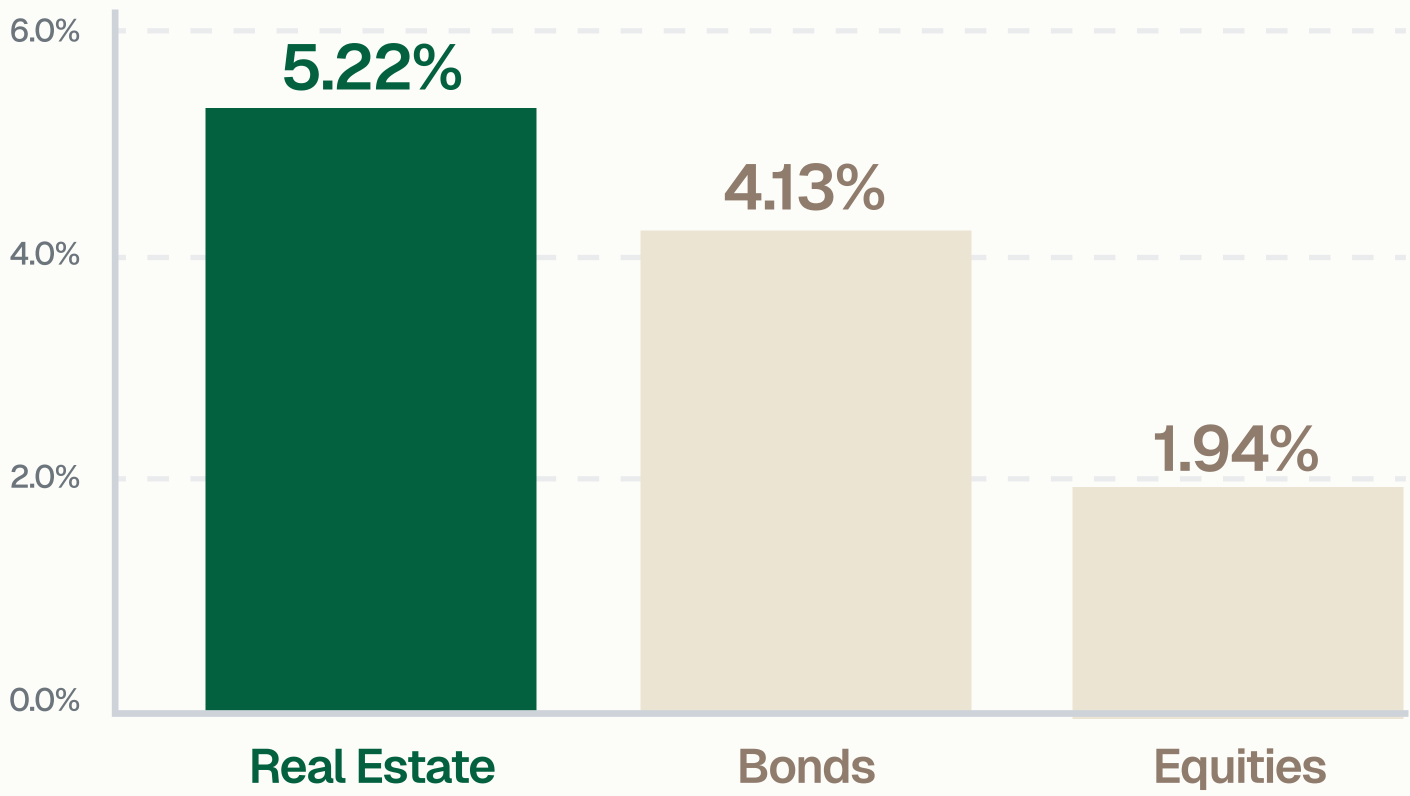
Private real estate can offer income and stability.

Invesco's research found that U.S. private real estate has often produced strong returns with less volatility than stocks.[2]

Over the past 20 years, average income returns from U.S. private real estate were about 5.22%, compared with 4.13% for U.S. bonds and 1.94% for U.S. equities.[3]

Average Annual Income Return By Asset Class (past 20 years)

Income return before appreciation



The key lesson is simple: real estate can pay investors while they wait.

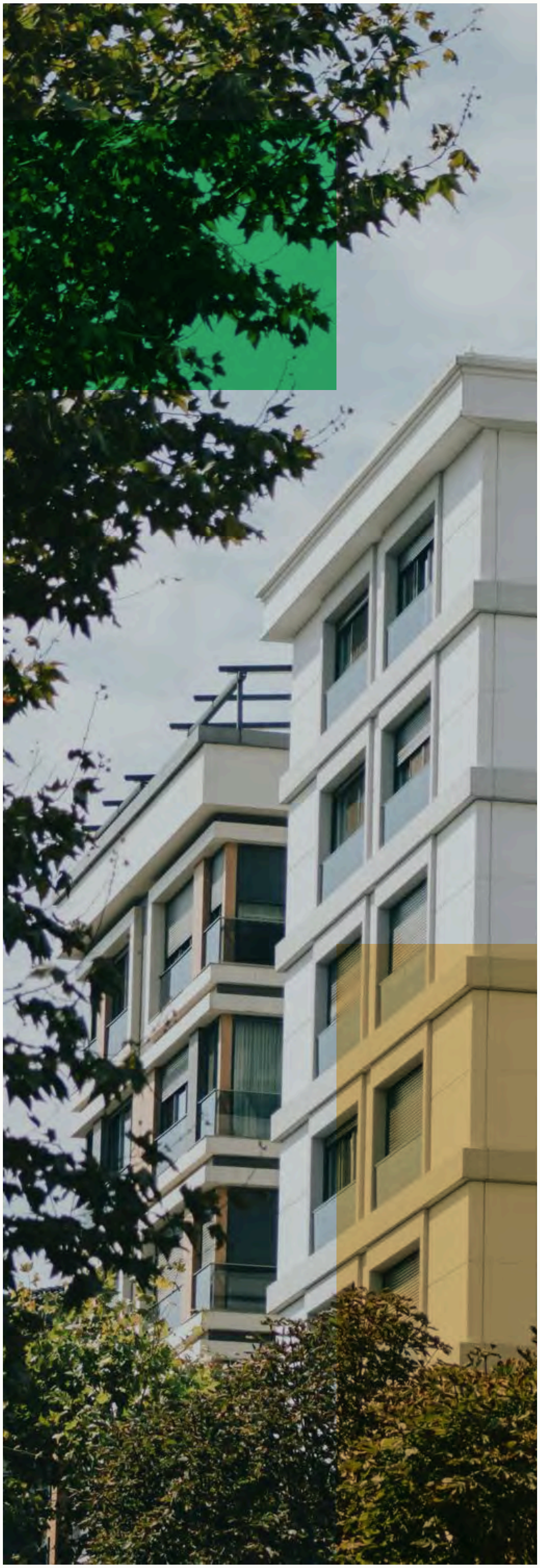
Why apartments are special.

Apartments are different from many other types of commercial real estate.

People can delay buying clothes, taking trips, or leasing office space. But people still need a place to live.

During past recessions, multifamily housing has often held up better than office, retail, and industrial property. CBRE found that during both the 2001 recession and the Great Recession, multifamily had smaller rent declines and recovered faster than other major property types.[4]

That does not make multifamily risk-free. But it does make the asset class important.



03.

What's Happening With Apartments

Stress On Multifamily Properties

Bad Debt Forces A Sale

Multifamily properties are showing real stress.

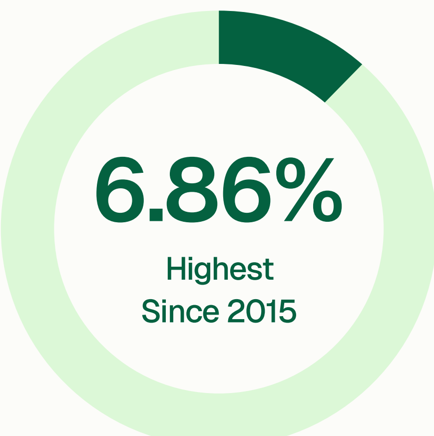
The biggest opportunity may not be in single-family homes. It may be in multifamily apartment buildings.

Trepp reported that multifamily CMBS delinquency (late payments on property loans) reached 6.86% in August 2025. That was the highest level since December 2015 and almost double the rate from one year earlier.[10]

CRED iQ data also showed that bank multifamily delinquencies rose sharply, with delinquent balances increasing from $2.4 billion to $8.9 billion over two years.[11]

CMBS Delinquency Rate

Q3 2025



Bank Delinquencies 243% ↑

Foreclosures

Up 14% in 2025

14% ↑

Delinquent Balances 271% ↑

The problem is often the operator, timing, and loan, not the building.

Many apartment buildings are not failing because nobody wants to live there. They are failing because the owner's underwriting assumptions, market conditions, and debt costs became too high.

The building may still be full. Renters may still be paying. But the loan no longer works.

That creates a forced choice:
1. Put in more cash.
2. Refinance at painful terms.
3. Give the property back to the lender.
4. Sell.

For buyers with cash and patience, option 4 can create opportunity.

Plain English version:

Some owners bought good buildings with bad debt and bad assumptions. When that debt resets, they may have to sell. A new buyer can buy the same building at a better cost basis.

An owner bought an apartment building in 2021.

The loan had a low interest rate of 3%.

The owner expected rents to keep rising.

Then interest rates jumped.

The loan reset to 7%.

Insurance, taxes, payroll, and repairs became more expensive.

Rent growth slowed or turned negative in some markets.

The loan maturity wall.

A “maturity wall” means many loans are coming due around the same time.

According to the Mortgage Bankers Association, about $875 billion in commercial real estate loans are scheduled to mature in 2026, after about $957 billion in 2025.[15]

That creates pressure. If an owner’s loan matures and the building cannot support a new higher-rate loan, the owner may have to sell. That is why the next 12 months could be a meaningful buying window.

Why this is not 2008.

This is not the same as the 2008 financial crisis.

In 2010, U.S. foreclosure filings were near 2.9 million. In 2025, filings were about 367,460.[13] That is higher than the prior year, but far below the crisis peak.

Today’s stress is more focused. It is concentrated in owners who borrowed too much, paid too much, or used floating-rate debt during the low-rate years, with exposure showing when supply stress is added.

That distinction matters. In 2008, the system was breaking. Today, many buildings are still useful, occupied, and needed. The problem is often the capital structure.

2008 Crisis vs Today’s Market

Factor	2008	2025-2026
Root Cause	Systemic failure, bad mortgages, bank collapse	Debt reset, higher rates, selective stress
Foreclosure Filings	~2.9 million (peak)	367,460 (2025) ~87% lower
Banking System	Severely weakened	Well-capitalized and regulated
Occupancy	Falling sharply	Generally stable in most markets
Distress Scope	Widespread across many asset types & borrowers	Concentrated in owners with high leverage or bad timing
Opportunity Type	System rescue and dire sales	Selective buying of good assets at better basis

04.

The Supply Story

New Construction Is Slowing

Frozen Housing Market

A Rough Time For Home Builders

New construction is slowing.

The apartment supply wave that pressured rents in 2023–2025 appears to be slowing.

CoStar and Apartments.com reported that U.S. multifamily construction starts fell to about 55,000 units in Q1 2026. That was down 73% from the early-2022 peak and was the lowest quarterly level since 2011.[37]

The number of units under construction also fell sharply, from about 1.18 million in early 2023 to about 579,000 by the end of 2025.[37]

That matters because supply affects rent.

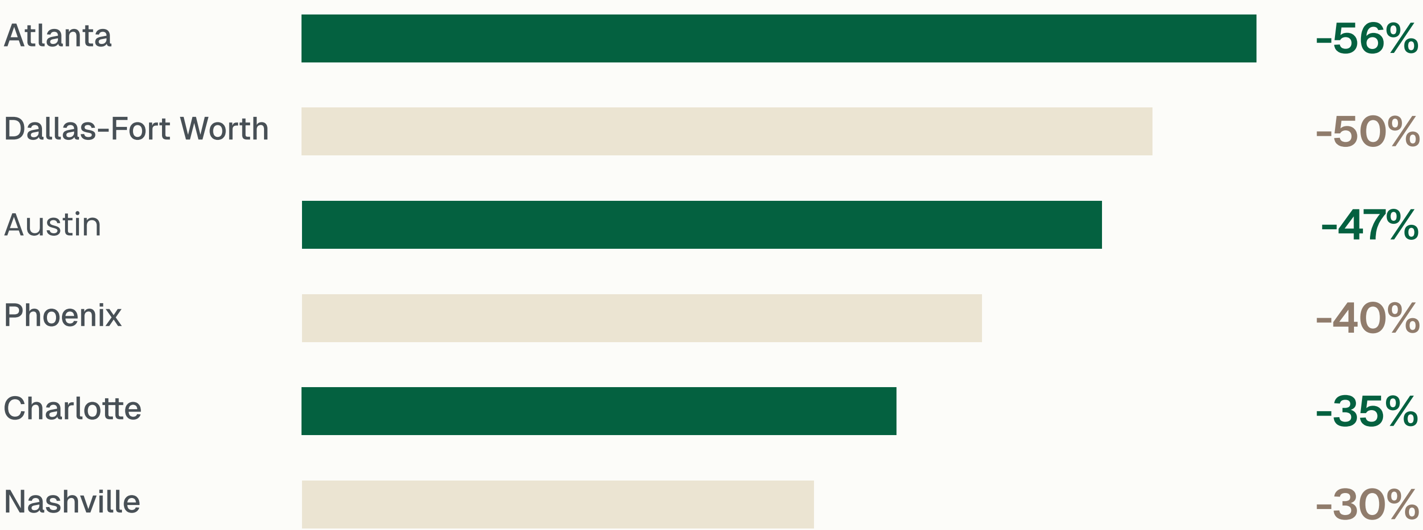
When many new apartments hit the market at once, renters have more choices and landlords have less pricing power. When construction slows, future competition can fall.

Some key markets may see fewer new apartments

Several priority markets are expected to see fewer deliveries. This is helpful for owners of existing properties. If fewer new apartments get built, existing properties may face less competition later.

Expected Supply Reduction By Market

Change in apartment deliveries



This is helpful for owners of existing properties. If fewer new apartments get built, existing properties may face less competition later.

Home builders have been hit with rough timing.

The pressure is not only on apartment owners. The companies that build new homes have been through one of the hardest stretches in memory.

Over the last several years, builders have absorbed one shock after another: COVID shutdowns, material and supply shortages, tariffs on building inputs, a stubborn shortage of skilled labor, and broad inflation in land, materials, and financing. Each one made it slower and more expensive to finish a project.

On top of that, builders typically carry debt. They borrow to buy land and to fund construction. So when interest rates stay high, their own carrying costs rise — the same squeeze hitting apartment owners.

And now demand has cooled. To keep homes moving, builders have leaned heavily on price cuts and incentives:

- Builder confidence has stayed below the break-even line of 50 on the NAHB/Wells Fargo Housing Market Index for nearly two years. The last reading above 50 was in April 2024.[41]
- About 40% of builders reported cutting prices in early 2026, with an average reduction near 6%, and roughly two-thirds were offering incentives such as mortgage-rate buydowns.[41]
- Single-family home construction fell about 7% in 2025, with builders pointing to affordability, tariffs, and the skilled-labor shortage.[41]
- Many builders entered 2026 with squeezed or even negative margins, and most were intentionally starting fewer homes than they were selling to work down inventory.[42]
- Even the largest builder, D.R. Horton, reported lower earnings and revenue, even while cutting prices to keep its order volume up.[42]

So builders are facing the same basic problem as distressed apartment owners: good properties, hard timing, and debt that has become expensive to carry.

Faced with soft for-sale demand and expensive debt, many builders, large and small, have made telling moves. Instead of selling homes to the retail market, they are keeping them and renting them out, or selling at a discount to BTR capital groups, who in turn rent them to the open market.

The housing market is stuck.

The U.S. housing market has been unusually slow.

Existing home sales in 2023 and 2024 were near the lowest levels since the mid-1990s.[6] A big reason is the "lock-in effect."

Many homeowners have mortgages below 6%.[7] If they sell and buy a new home, they may have to take a much higher mortgage rate. So they stay put.

That creates a frozen market:

- Fewer owners want to sell.
- Fewer buyers can afford today's payments.
- Homes sit longer.
- Price cuts become more common.

This is not a normal housing market. It is a market adjusting to higher interest rates.

Builder Stress Dashboard

Builder confidence	Below 50
Builder cutting price	40%
Average price reduction	~6%
Builders offering incentives	~66%
Single-family construction	~7%
Profit margins	Negative

Builders are cutting prices, offering incentives, and starting fewer homes while margins are under pressure.

Build-to-rent has grown from less than 2% of new single-family starts in the 1990s to more than 7% today, and over 321,000 build-to-rent homes have been built since 2012 — roughly three-quarters of them in just the last five years.[40] D.R. Horton, the largest homebuilder in the country, entered the rental business in 2016 and had become a top-ten multifamily developer by 2022. Lennar, the second largest, built rentals through its Quarterra platform and, in 2025, chose to place homes it could not sell at its target price into a rental venture rather than cut the price. Taylor Morrison, LGI, and Meritage have all launched their own rental brands.[40]

That sends a clear message: companies built around selling homes are forced to pivot and rent them.

The total impact is twofold: The homebuilding industry added yet even more rental supply in the short term, but also slowed future housing supply deliveries.

Oversupply of rentals—and the resulting soft rent rates—is a short-term story; future demand, in the right locations, is not.

05.

The Basis Argument

What "Basis" Means

Why Buying Low Matters So Much

The 2010 Example

Why The Current Entry Point May Be Interesting

What “basis” means.

Basis is the capital you put up to pay for an asset. Typically purchase price + capital expenditures (Capex), and usually some additional fees.

In real estate, your basis matters because it affects almost everything:

- How much debt the property can support.
- How much cash flow you may earn.
- How much room you have for repairs.
- How much safety you have if prices fall.
- How much upside you have if prices recover.

A low basis does not guarantee a good investment. But it gives the investment more room to work.

Why buying low matters so much.

Imagine two investors buy the same 300-unit apartment building.

- Investor A buys it for $12 million.
- Investor B buys it for $40 million.

The building is the same. The tenants are the same. The rent is the same.

But Investor A has a much better chance of making money because the starting price is lower.

That is why buying at the right point in the cycle matters.

Wealth is often created at the buy. If you buy well, time can become your friend. If you overpay, even a good building can become a bad investment.

Investor A		Investor B
$12,000,000	Purchase Price	$40,000,000
$40,000	Price Per Unit	$133,333
Same	Rent	Same
Same	Property	Same
Much More Room	Margin of Safety	Much Less Room
Much Higher	Upside Potential	Much Lower
Stronger Chance of Long-Term Success	Likely Outcome	Weaker Chance of Long-Term Success

The 2010 example.

After the financial crisis, some apartment buildings traded at very low prices.

This example is illustrative. It is not a promise.
But it shows the power of buying at a low basis. The original purchase price stays fixed while rent and value can grow.

Metric	2010 purchase	Approx. today
Price per unit	$40,000	Basis stays $40,000
Total purchase price	$12 million	—
Estimated property value	—	~$45 million
Average rent per unit	~$750/month	~$1,350/month
Cumulative gross rent	—	~$55 million

Why the current entry point may be interesting.

Some distressed multifamily assets are now appearing in pre-foreclosure as low as $30,000–$60,000[9] per door in selected markets.

That is important because:

- It is closer to the distressed basis seen after the last crisis.
- Rents today are higher than they were in 2010.
- Replacement cost is much higher than the distressed purchase price.

If a building costs $200,000 or more per unit to build new, but an investor can buy existing units for $60,000 per unit plus some renovation costs, that is a large discount to replacement cost.[21]

Replacement cost is the cost that it would take to rebuild the asset today. It matters because it tells you how hard it would be for new supply to compete with your basis.

06, 07

A Simple Investor Story

Investment Story

Why Open-Ended Real Estate Can Help

Numbers can feel abstract. So let's make this personal.

Imagine an everyday investor named Maria. In January 2010, Maria did two things:

1. **Invested $1,500 into a diversified real estate index.**
2. **She added $100 every month.**

She did not try to time the market. She did not buy an apartment building. She just started, kept going, and stayed invested.

Using FTSE Nareit All Equity REITs Index annual total returns, Maria would have contributed $20,700 by the end of 2025. Her balance would have grown to about $40,202.[31]

See how much Maria's wealth grows in 16 years by investing $100 every month.

Starting Investment

$1,500

Monthly Contribution

$100

Total Contributed

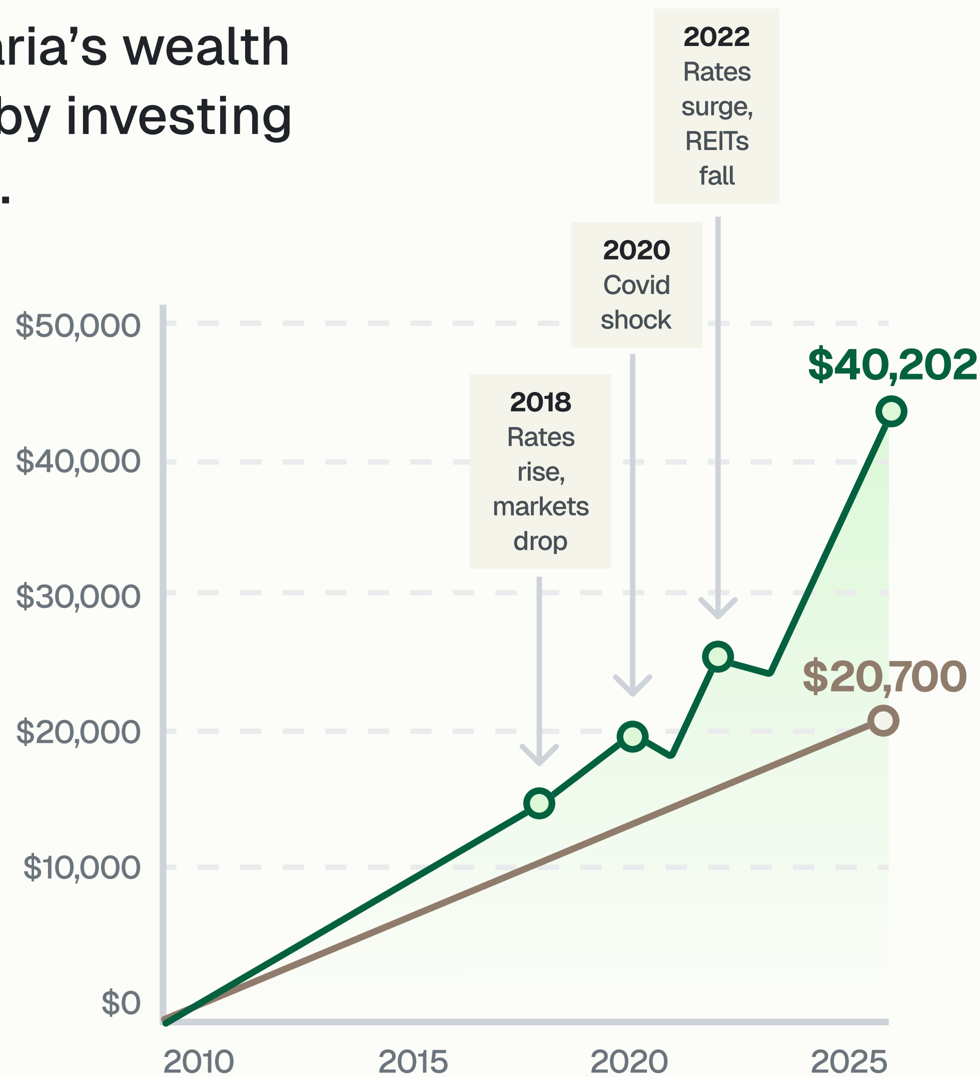
$20,700

Ending Balance

$40,202

Estimated Market Gain

$19,502



FTSE Nareit All Equity REITs Index

Small, steady investments compound into real wealth. That's the power of showing up every month.

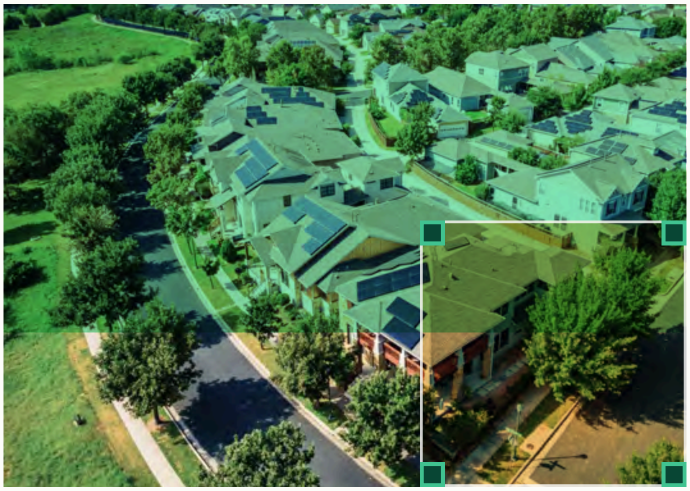
The lesson is not that REITs always win. In fact, the S&P 500 did better over that same period.

The lesson is that starting during a weak real estate market, adding consistently, and holding through scary years can create meaningful long-term results.

Maria had to live through hard years:

- 2018: REITs fell as rates rose.
- 2020: COVID shocked the market.
- 2022: REITs fell sharply as interest rates jumped.

She kept going anyway. **The habit mattered as much as the timing.** Maria's $100 monthly investment kept buying when prices were low. That helped her benefit when the market recovered.



Why open-ended real estate can help.

Some real estate funds have a forced end date. That can be a problem.

If a fund has to sell during a bad market, it may be forced to accept a low price.

Open-ended structures can be different. They are designed to hold assets over a longer period, collect rent, and buy more properties when good opportunities appear.

That can be useful in a market like this.
A patient structure can:

- Avoid forced selling.
- Hold through a downturn.
- Use new capital to buy distressed assets.
- Let rent and value compound over time.

Fannie Mae has noted that multifamily ownership often favors a long-term hold strategy because owners need time to improve properties and grow income.[23]

08, 09

Finding The Opportunity

What Investors Should Look For

Identifying Where To Buy

What investors should look for.

A weak opportunity often has:

- A low price only because the location is poor.
- Heavy deferred maintenance.
- Weak rent demand.
- Too much new supply nearby.
- High crime or safety issues.
- Flood, heat, or insurance problems that are not priced in.
- A sponsor without the right track record.

A strong distressed multifamily opportunity should usually have:

- **A low price per unit** compared with replacement cost.
- **Real renter demand** from workforce tenants.
- **Durable job anchors** nearby.
- A **manageable** renovation plan.
- **Conservative** debt.
- **Adequate** cash reserves.
- **Clear** insurance and tax assumptions.
- A **capable** local operator.
- A **long-term hold** strategy.

Identifying where to buy.

The macro story creates the window. But local markets decide the outcome. A low price in the wrong market can still be a bad deal.

The best opportunities should have four things:

1. **Durable jobs:** Hospitals, logistics, government, universities, industrial employers, data centers, and service jobs.
2. **Reasonable supply:** Not too many new apartments competing for the same renters.
3. **A low basis:** Purchase price well below replacement cost, with enough room for repairs and reserves.
4. **Community support:** City services that partner to promote clean, safe, and functional communities

Why workforce housing matters.

Workforce housing serves people with essential jobs.

These renters may include:

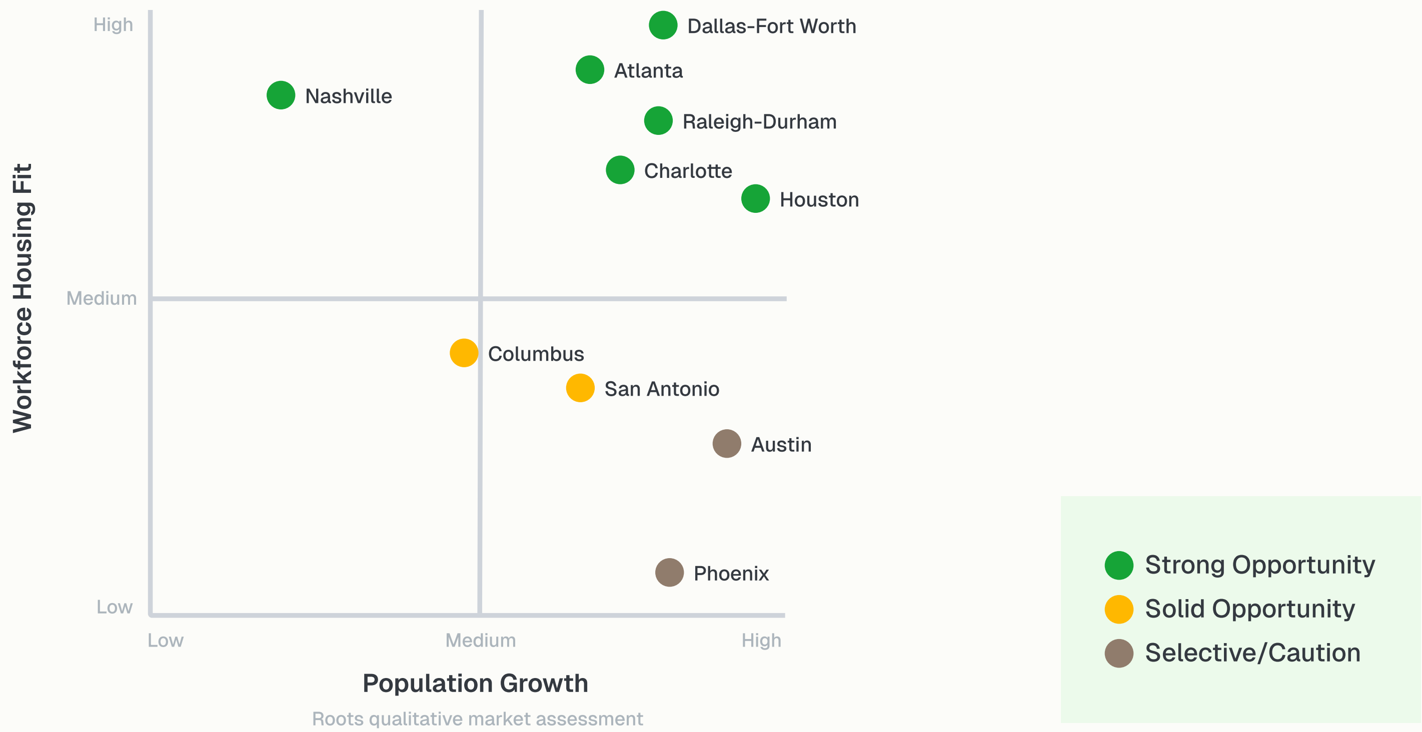
- Healthcare workers.
- Warehouse and logistics workers.
- Teachers.
- Tradespeople.
- Government employees.
- Service workers.
- Maintenance and operations workers.

Many of these jobs require physical presence. They are harder to replace with AI in the near term.

That makes workforce housing different from luxury apartments that depend heavily on high-income tech or finance jobs.

Priority market matrix.

Focus on markets with high population growth and strong fit for workforce housing.



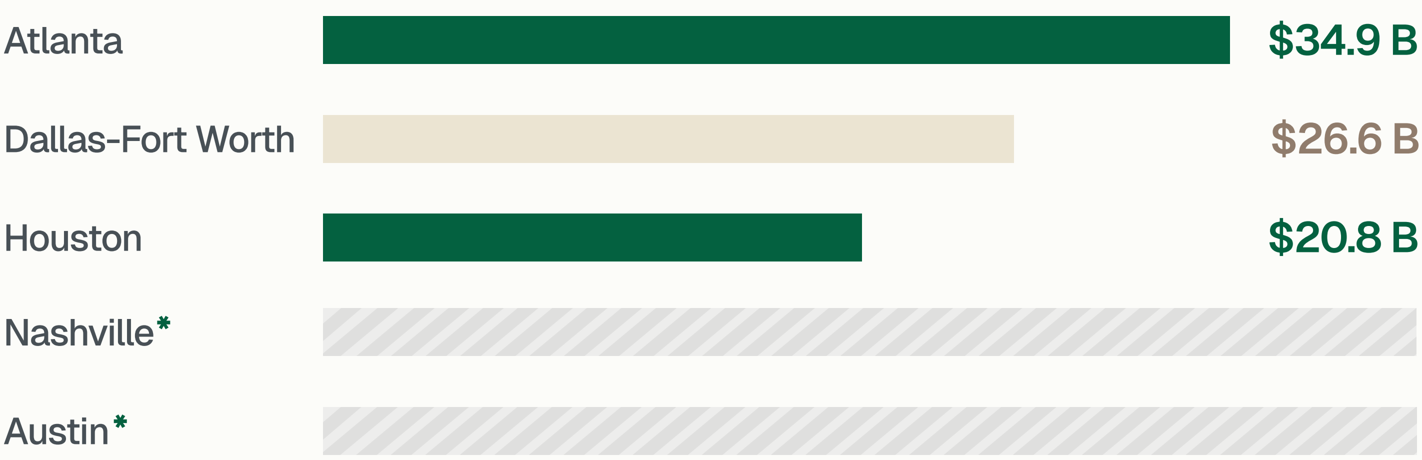
Where distress is concentrated.

The debt pressure appears to overlap with several priority markets.

Yardi Matrix data shows that large amounts of multifamily debt are maturing in markets such as Atlanta, Dallas, and Houston.[35] Avison Young also noted that Dallas-Fort Worth and Atlanta represent a large share of loan maturities among top multifamily markets over the next 24 months.[36]

Distressed Debt by Market

Large loan maturities create pressure in key markets.



Debt maturities are concentrated in markets with strong long-term fundamentals and high investor demand.

*Additional pressure markets: Nashville and Austin were also flagged for elevated maturity or squeeze-market risk, but no specific dollar amount was provided in the cited summary.

Short market notes.

Dallas-Fort Worth

A top target because of population growth, logistics, corporate relocation, data center activity, and no state income tax. Best opportunities should be near job centers and transportation corridors.

Atlanta

A strong fit because of logistics, population growth, airport-driven employment, and data center growth. Atlanta is also a home-market advantage for Roots.

Raleigh-Durham

Strong because of universities, healthcare, research, government, and steady job growth.

Charlotte

Strong because of healthcare, finance, logistics, and service jobs. The best workforce housing may be near hospitals and transit-accessible employment centers.

Houston

Strong population and job growth, but climate and insurance risk must be underwritten carefully. The right ZIP code matters.

Nashville

Healthcare and in-migration support demand. Investors should avoid overpaying in luxury-heavy areas.

Columbus

Potentially attractive because entry prices are lower and major employers are investing in the region.

Austin

Strong long-term story, but short-term caution is needed because of recent oversupply and high 2021–2022 pricing.

San Antonio

Offers Texas growth at lower prices than Austin or Dallas, with military, government, and healthcare anchors.

Phoenix

Growth is strong, but climate, water, heat, and insurance costs require a larger margin of safety.

10.

A Note About The AI Economy And Hard Assets

AI may change how people work. But AI still needs the physical world. AI needs land, power, data centers, coding systems, construction workers, maintenance workers, and housing for the people who build and support the infrastructure.

JLL's data center research shows that AI is driving major demand for data center infrastructure.[25]

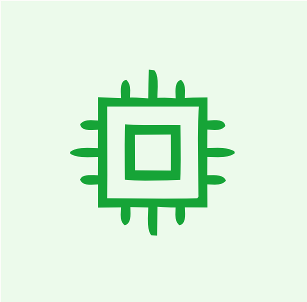
This supports the case for physical assets. AI can create software, analyze data, and automate tasks. But it cannot create more well-located land. It cannot replace the need for housing.

That is why hard assets may become more important, not less.

Land

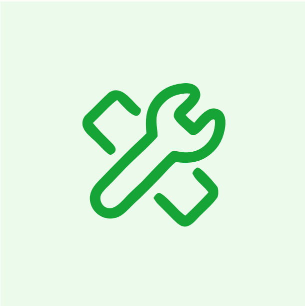
Power

Data centers



Coding systems

Construction workers



Maintenance workers

Housing for the builders

11.

The Tax Tailwind

One Big Beautiful Bill Act

Key Tax Law Changes

Key provisions from the One Big Beautiful Bill Act that supports real estate investors.

The One Big Beautiful Bill Act, signed July 4, 2025, includes several provisions that may help real estate investors.

100%

100% Bonus Depreciation

Permanently restores 100% bonus depreciation for qualified property placed in service after Jan 19, 2025.

20%

20% REIT Deduction Made Permanent

The 20% qualified business income deduction for REIT dividends is now permanent.

$40k

$40K Salt Cap Increase

State and local tax deduction cap increases from $10K to $40K for tax years 2025-2029.

25%

25% TRS Limit Increased

Taxable REIT Subsidiary (TRS) limit increases from 20% to 25% for tax years after Dec 31, 2025.

These changes can improve cash flow, after-tax income, and operational flexibility.

Tax rules are complex and can change. This section is a high-level summary only. Investors should speak with a qualified tax advisor.

100% bonus depreciation

The Act permanently restored 100% bonus depreciation for qualified property acquired and placed in service after January 19, 2025.[27]

In plain English, this can let real estate investors deduct certain improvement costs faster instead of spreading deductions over many years.

Permanent 20% REIT deduction

The 20% qualified business income deduction for REIT dividends was made permanent.[29]

That can improve after-tax income for some REIT investors.

Higher SALT cap

The state and local tax deduction cap increased from $10,000 to $40,000 for tax years 2025 through 2029, with phaseouts for higher-income taxpayers.[28]

This can help some investors in higher-tax states.

More REIT operating flexibility

The taxable REIT subsidiary limit increased from 20% to 25% for tax years after December 31, 2025.[30]

That may give REITs more flexibility for property management, services, and operations.

Key Tax Law Changes at a Glance

Provision	Plain-English impact
100% bonus depreciation	Can speed up deductions for certain improvements.
SALT cap raised to $40,000	May help investors in higher-tax states.
20% REIT deduction made permanent	May improve after-tax REIT dividend treatment.
REIT TRS limit raised to 25%	May give REITs more operating flexibility.

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Opportunity & Risk

Why The Window May Be Short

Risks And The Bear Case

Why the window may be short.

Distressed buying windows do not stay open forever.

They usually close for one of two reasons:

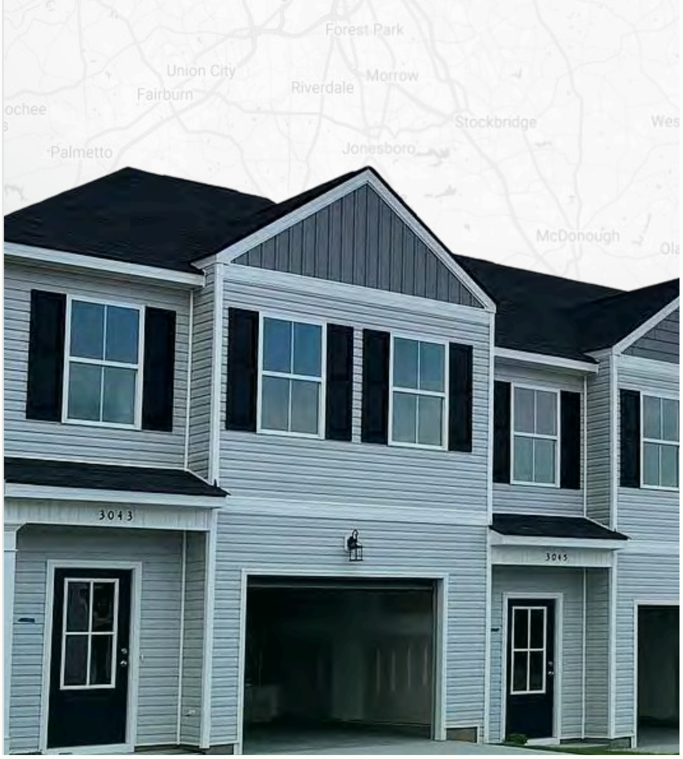
1. Rates fall enough for owners to refinance. That reduces forced selling.
2. Big investors start buying aggressively. That pushes prices back up.

Both outcomes can be good for investors who already bought at a low basis. But both can make it harder for investors who waited.
That is why the next 12 months matter.

The 2026 loan maturity wall may create motivated sellers. But if rates fall or institutional capital rushes in, pricing could recover quickly.

The opportunity is not just "real estate."

The opportunity is buying real estate when other owners are under pressure and fewer buyers can act.



Risks and the bear case.

This thesis is not guaranteed.
The risks are real.

Financing risk

The same thing hurting today's sellers can hurt future buyers.

If a buyer uses too much debt or floating-rate debt, they may face the same problem later. Conservative financing matters.

Oversupply risk

Some Sun Belt markets had too many new apartments delivered in 2023–2025.

If a property sits in an oversupplied submarket, rents may stay flat or fall even if the purchase price looks attractive.

Repair and maintenance risk

Distressed properties often need work.

A low purchase price may come with:

- Old roofs.
- Plumbing problems.
- HVAC issues.
- Deferred maintenance.
- Safety upgrades.
- Higher-than-expected renovation costs.

A deal that looks cheap can become expensive if repairs are underestimated.

Operator risk

A cheap building still needs a strong operator.

Success depends on:

- Property management.
- Tenant screening.
- Maintenance.
- Budget control.
- Local market knowledge.
- Leasing strategy.

A low basis in the hands of a weak operator can still produce poor results.

Insurance and tax risk

Insurance costs have risen sharply in many markets. Property taxes can also increase after a sale.

This is especially important in places like Houston, Phoenix, and coastal markets.

Liquidity risk

Real estate is not like a stock that can be sold instantly.

Investors should be prepared for a long holding period. Open-ended funds may have redemption schedules, limits, queues, or gates.

The bear case.

The bear case has three parts:

1. **Rates fall quickly**. Distressed sellers refinance instead of selling, and the buying window closes.
2. **A recession hurts renters.** Job losses reduce rent collections and occupancy.
3. **The opportunity is narrower than expected.** Distress may be limited to certain markets, properties, or borrowers.

These are not small risks. They are central to the thesis.

That is why discipline matters.

The goal is not to buy anything cheap. The goal is to buy the right assets, in the right markets, at a low basis, with enough reserves and a strong operator.

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Conclusion

The window is open, but it requires discipline.

The real estate market is under pressure.
That pressure is creating stress for some owners. But stress for one owner can become opportunity for another.

The core thesis is simple:

- Many apartment owners bought or refinanced when money was cheap.
- Their loans are now coming due at higher rates.
- Some will be forced to sell.
- Patient buyers may be able to buy good assets at lower prices.
- Buying at a low basis can create long-term upside if the property is well located, well operated, and held through the cycle.

This is not a promise. It is not a prediction of guaranteed returns. **It is a window.**

In 2010, large institutions had the capital and access to buy when others were afraid. Everyday investors mostly watched from the sidelines.

In 2026, access is different. More investors can participate through modern real estate structures, REITs, and platforms.

The opportunity is not automatic. It belongs to investors who are prepared, patient, and disciplined.

Every cycle creates fear.

The investors who benefit are often the ones who can act with discipline while others are forced to retreat.

Summary of the investment thesis.

- Real estate has historically been one of the strongest long-term wealth-building asset classes.
- Multifamily has been one of the most resilient parts of commercial real estate.
- The current market is creating pressure because many loans are maturing at higher rates.
- Some owners may be forced to sell good assets because their debt no longer works.
- Buying at a low basis can create a margin of safety.
- New apartment construction is slowing, which may reduce future competition.
- Workforce housing demand may stay durable because many essential jobs require physical presence.
- Tax changes may improve the environment for some real estate investors.
- The best opportunities will require careful market selection, conservative underwriting, and strong operations.
- The window may close when rates fall or institutional capital returns aggressively.

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