

July 2025 Midyear Update

PRESENTED BY:



Neal Bawa
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grocapitus

Multifamily University

Disruptive 2025 Real Estate Trends

Investment Forecast – What You Really Need To Know

PRESIDENT AND CEO, GROCAPITUS

Meet Neal & Anna



Neal Bawa
CEO & FOUNDER



Anna Myers
COO



10

STATES

4,400

UNITS

17

METROS

\$660M

PORTFOLIO

25

PROPERTIES

1,200+

INVESTORS

GROCAPITUS

Our Partial Portfolio



Nova RTP Townhomes

NEW CONSTRUCTION
MULTIFAMILY
46 UNITS
DURHAM, NC



University Oaks

NEW CONSTRUCTION
MULTIFAMILY
16 PLEXES
HOUSTON, TX



Country Place

VALUE-ADD
MULTIFAMILY
137 UNITS
KILLEEN, TX



Botanica Oak Hills

NEW CONSTRUCTION
MULTIFAMILY
96 UNITS
SAN ANTONIO, TX



The Falls at
Crismon
Commons
NEW CONSTRUCTION
MULTIFAMILY
240 UNITS
MESA, AZ



Coyote Creek

NEW CONSTRUCTION
MULTIFAMILY
116 UNITS
ST GEORGE, UT



Mill Race Phase 1A

NEW CONSTRUCTION
STUDENT HOUSING
210 UNITS
PROVO, UT



The Grid: Main & Dodge

NEW CONSTRUCTION
STUDENT HOUSING
217 UNITS
BUFFALO, NY



Woods Cross Flex

NEW CONSTRUCTION
INDUSTRIAL
6 BUILDINGS
SALT LAKE CITY, UT



Equinox at Knight

VALUE-ADD
MULTIFAMILY
194 UNITS
ATLANTA, GA



Storage Depot

VALUE-ADD + NEW
SELF-STORAGE
873 UNITS
WEST MEMPHIS, AR



AND MANY
MORE....

Full-Cycle Success: Proven Results



Equinox on Prince

Purchased in March 2019, Equinox on Prince was a 114-unit property in Tucson AZ. Under market rents and tired units provided major value-add opportunities. The 51.4% actual IRR totally blew away the projected 17.3% IRR and the hold period was 3.25 years vs the projected 5 years

17.3%

PROJECTED IRR*

51.4%

ACTUAL IRR



630 Fairview

Acquired in Sep 2020, Fairview was a 120-unit value-add property in Greenville SC in a high rent growth area. This completely passive investment returned 2.2x in 1.6 years, versus the projected 1.92x in 5 years

16%

PROJECTED IRR

60%

ACTUAL IRR

INVESTOR TESTIMONIAL

Jennifer F

“

Neal does wonders with investor money. **The ROI with Neal beats all my projects with other firms.**

Neal manages each project with unbeatable efficiency. He has a great team, and I have been working with the same team today as I started four years ago.

Bottom line - Neal is a disruption force in his field, he has everything down to a science. He fuses the best practice of both technology and business, into his workflow. And he always seeks the truth. If you are with Neal, you are on the fastest train!”



INVESTOR TESTIMONIAL

Gurpreet P

“

I have worked with Neal and his team at Grocapitus for four years as a passive partner in his deals which have come full circle to completion. I also have the perspective of being a general partner in my own deals as well as a passive partner in deals with other syndicators.

Neal's datacentric approach gives him a near oracle-like insight into the vagaries of not just commercial real estate. His ethics are beyond reproach and his interests are clearly aligned with his passive partners. He is what you want in a partner.”

IMPORTANT

Two Cents From Our Lawyer

- We are not investment advisors, and this seminar is provided for educational purposes only.
- All investments involve different degrees of risk. You should be always aware of your risk tolerance level and financial situations.
- You are free to accept or reject all investment recommendations made by us.
All services that we offer are subject to market risk and may result in loss to your investment.
- As you know, a recommendation is not a guarantee for the successful performance of an investment, and we cannot guarantee against losses arising from market conditions.
- Do not invest your money on our recommendation alone. Consult a professional advisor.
- HOUSEKEEPING – Recording? Questions?

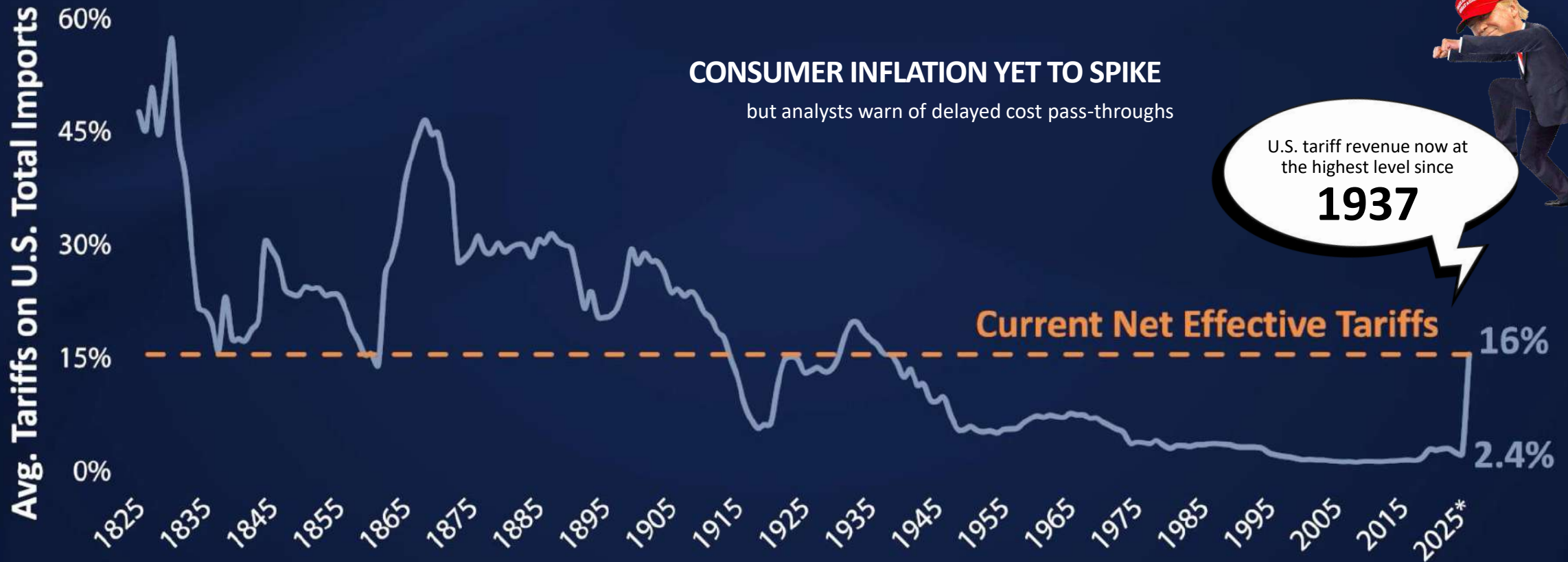


Trump Cards are Back

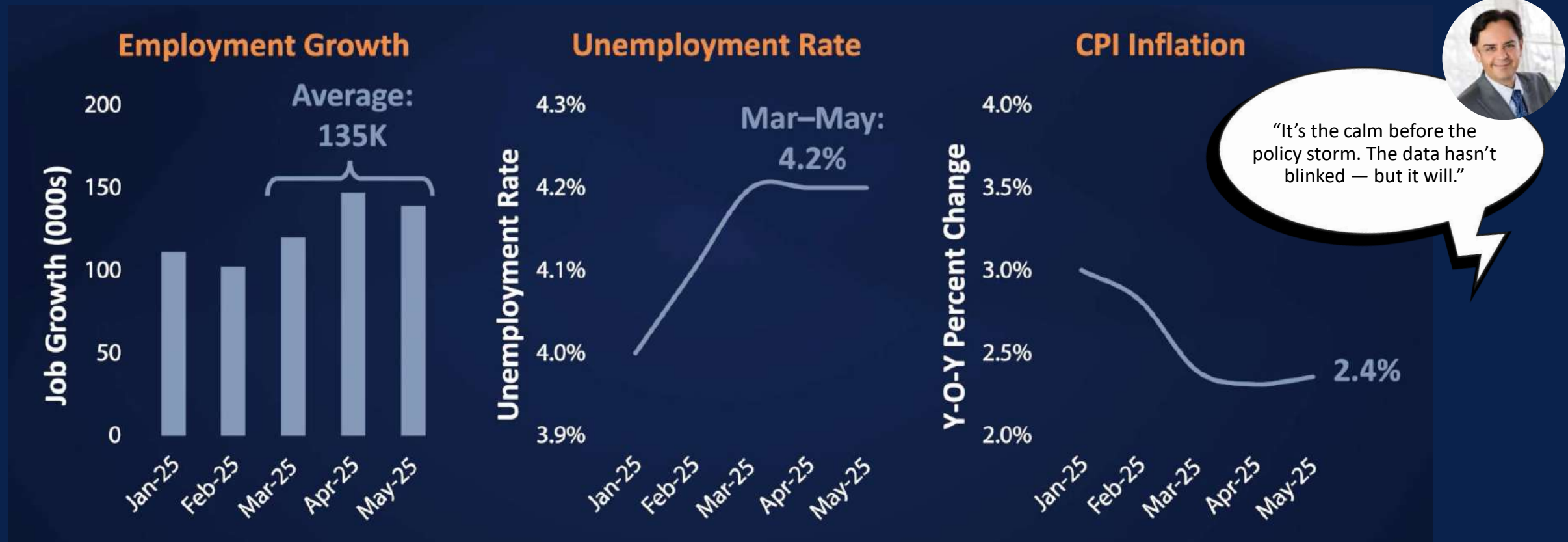
Trade Politics with a
Side of Uncertainty



Tariff Tsunami: Import Taxes Hit 90-Year High



Economy Steady as Tariff Effects Lag



10-YR TREASURY SPIKES TO 4.45%

Tariff Threats Spooked Bond Markets



FORECAST CUT 30% IN JUST 3 MONTHS

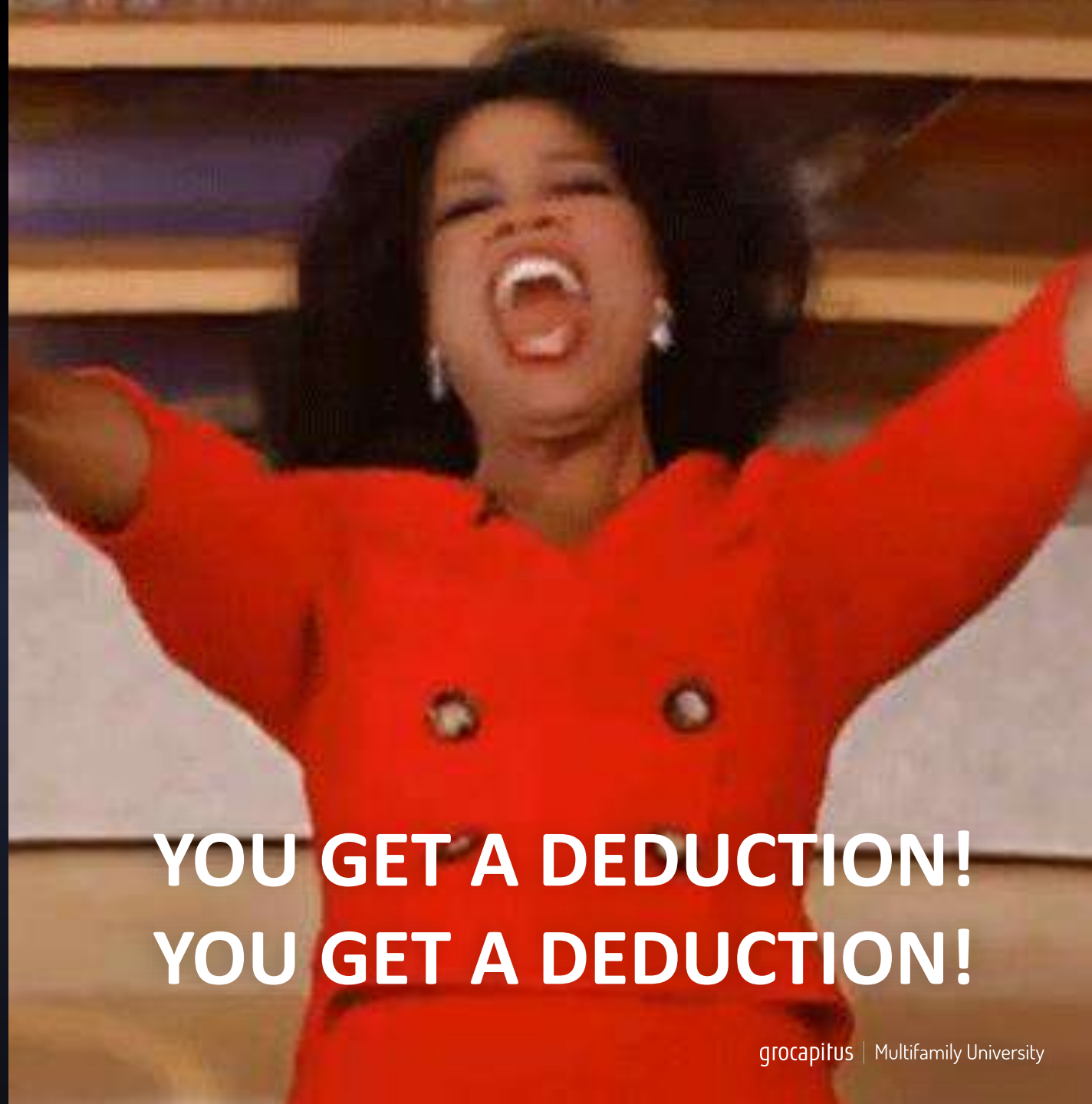
Tariff Shock: GDP Forecast Gets a Haircut



Tax Tailwinds Are Back

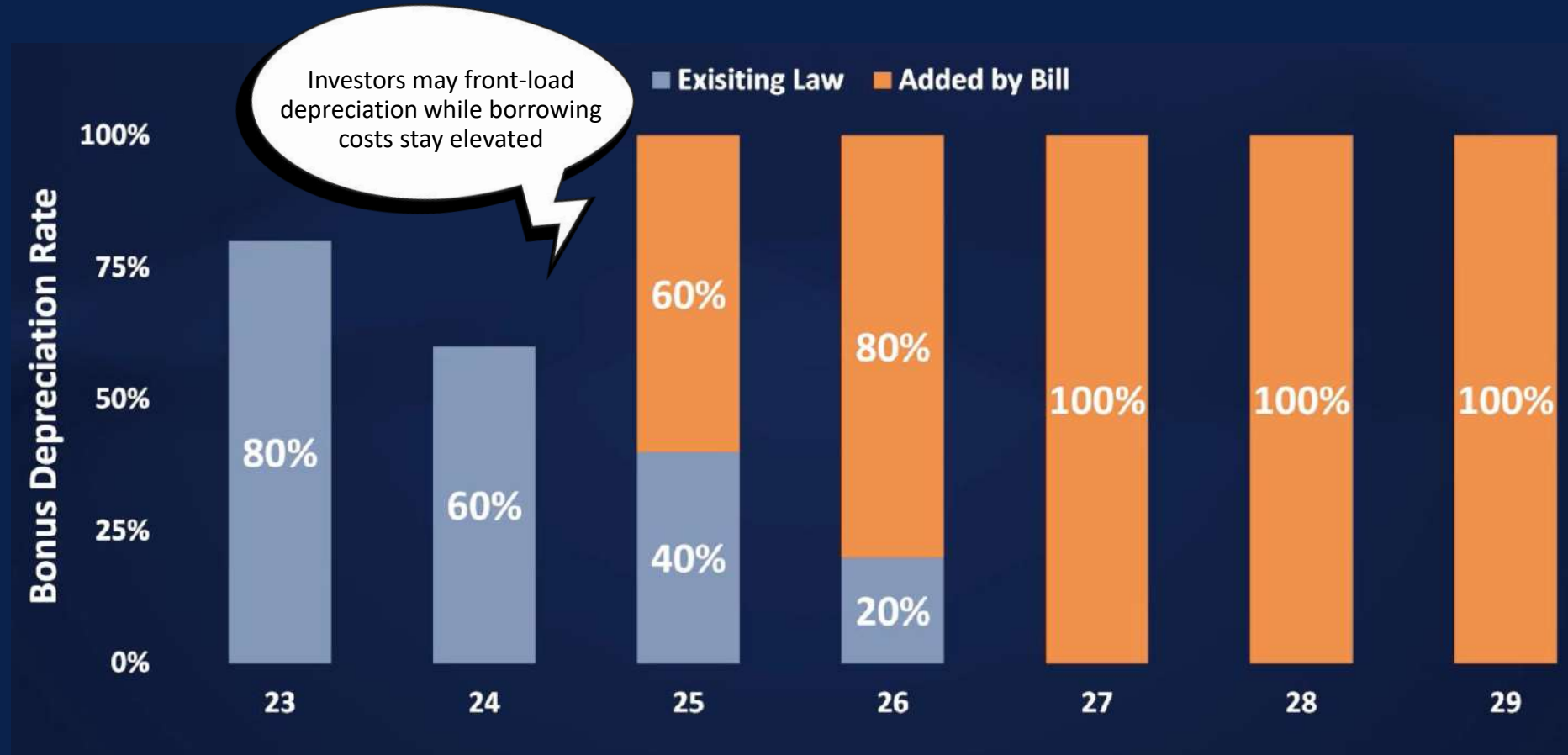
Proposed Incentives Could Recharge CRE Investor Advantages

Note: These tax changes are part of a proposed bill. Final passage and timelines may vary.



YOU GET A DEDUCTION!
YOU GET A DEDUCTION!

Bonus Depreciation + High Rates



100%

Bonus Depreciation
restoration (2025–2029) is
included in proposed bill

Creates a powerful
short-term incentive
to restart CRE deal
activity

With Treasury yields near
4.4%, these write-offs are
more valuable than ever

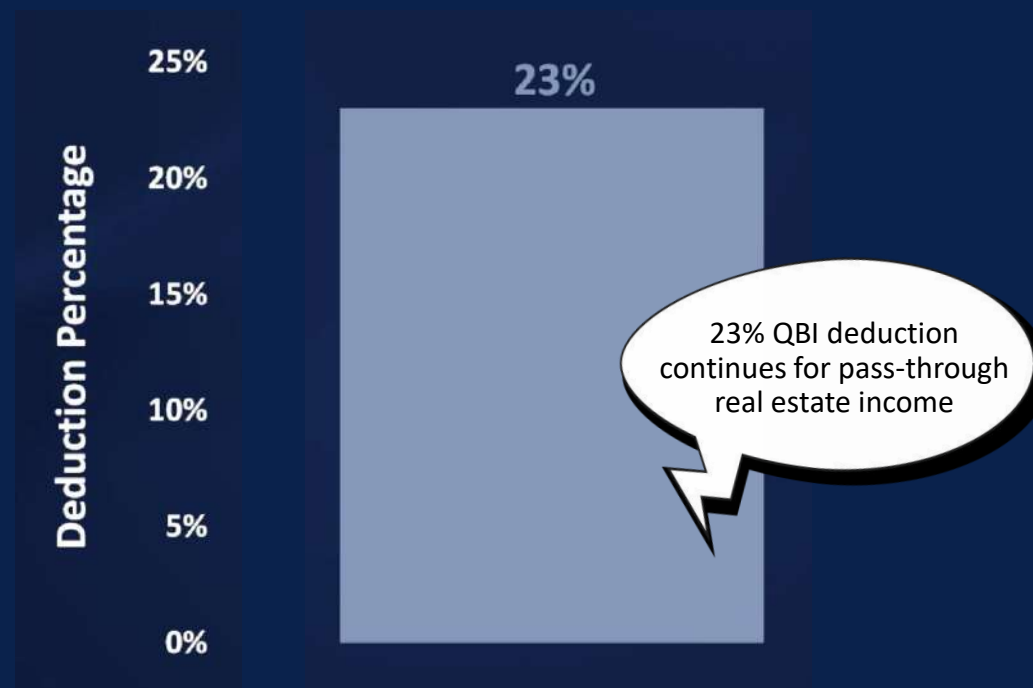


High Earners Win Big!

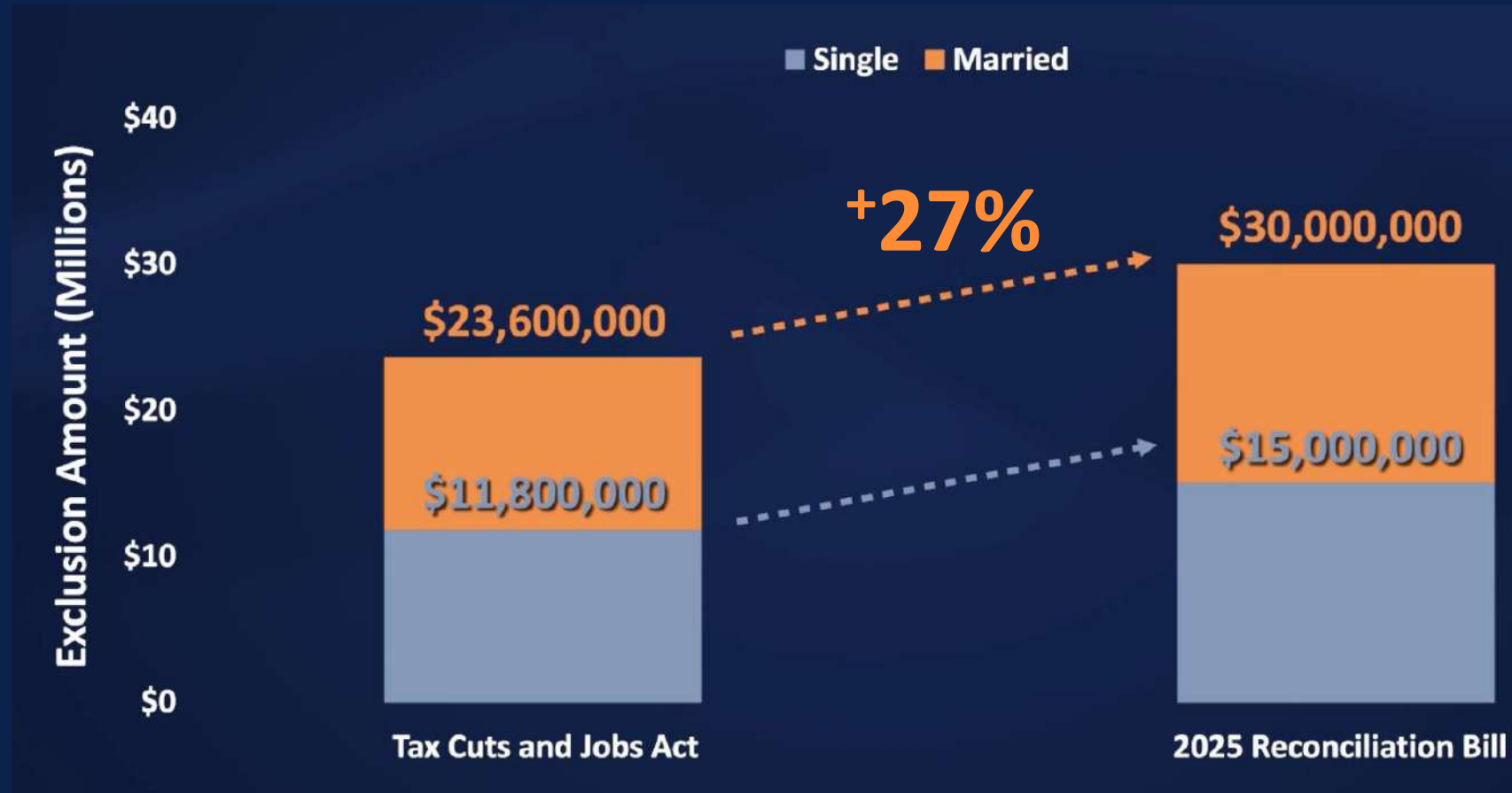
SALT DEDUCTION CAP



QUALIFIED BUSINESS INCOME DEDUCTION



\$30M Estate Exclusion: A CRE Legacy Play



Proposed exclusion rises to

\$30M
per couple



- ✓ Enables tax-efficient transfers of large CRE portfolios
- ✓ Spurs family office, trust & succession planning



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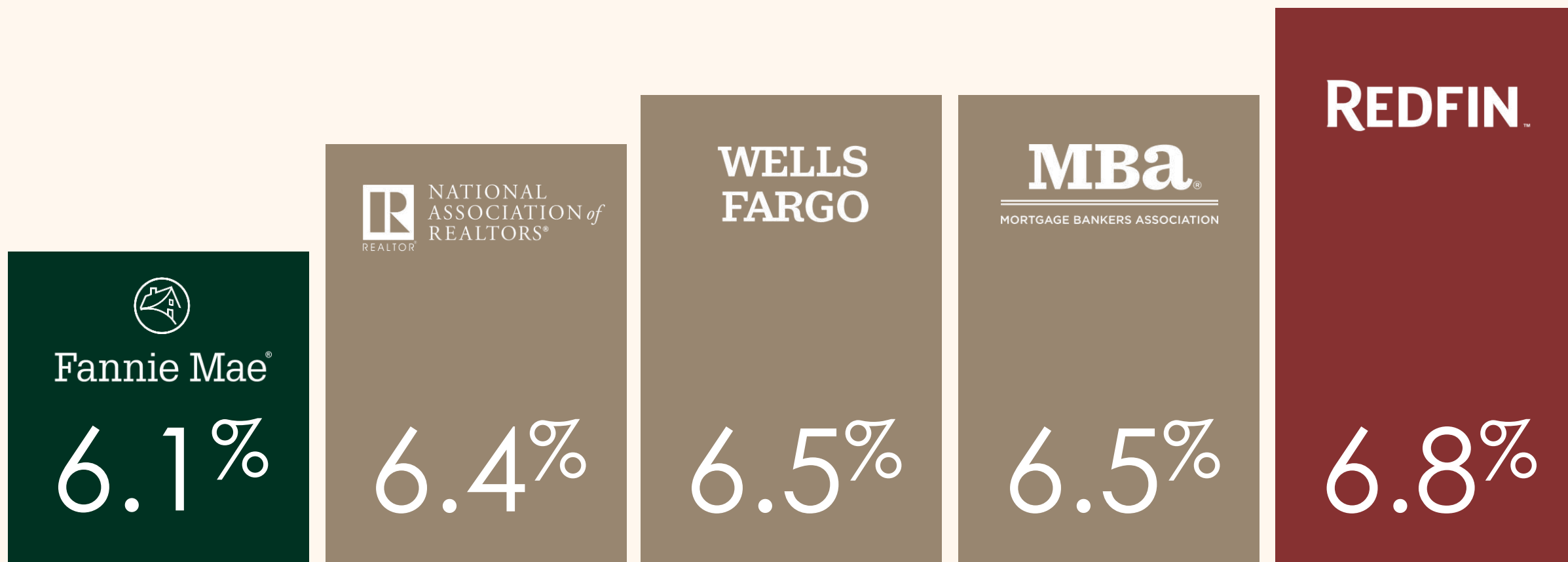
Multifamily University

Let's Dive into Real Estate

Yesterday and Tomorrow – Review & Forecasts for Single Family & Multifamily

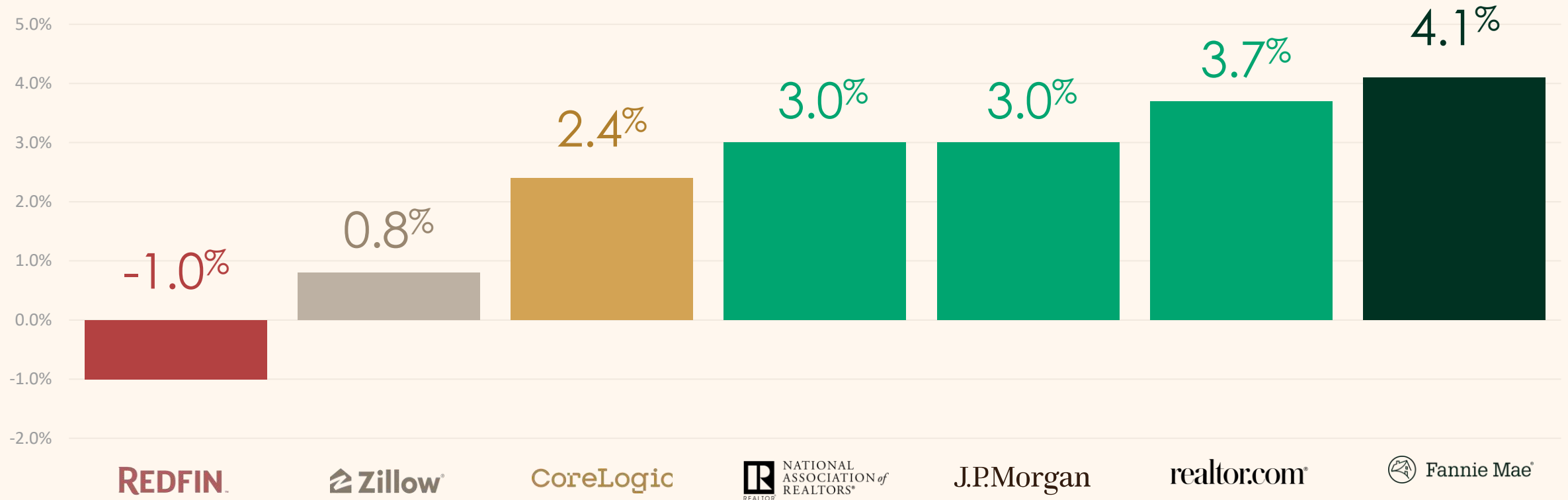
RATES STAY ELEVATED — 6–7% CONSENSUS

30 yr Mortgage Rates Predictions End-2025

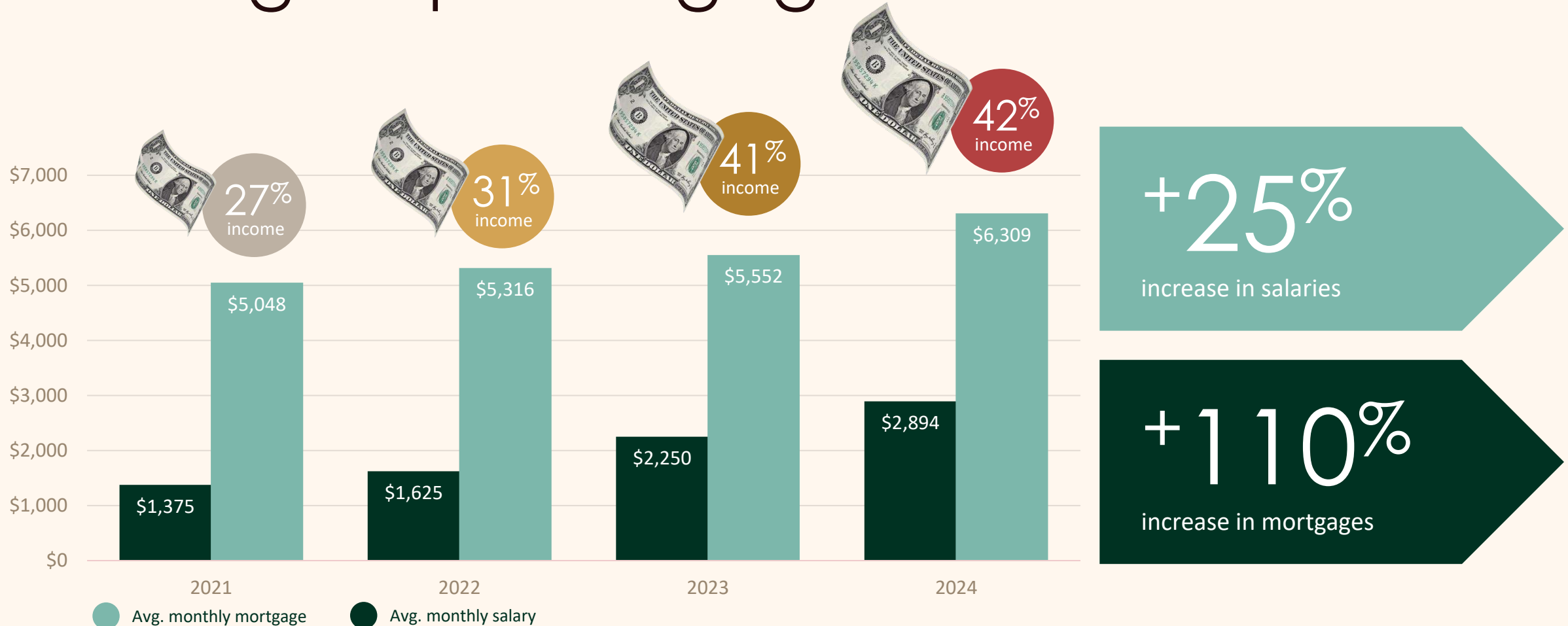


EXPERTS SPLIT ON WHERE 2025 PRICES GO NEXT

Home Prices: Still Climbing or About to Stall?



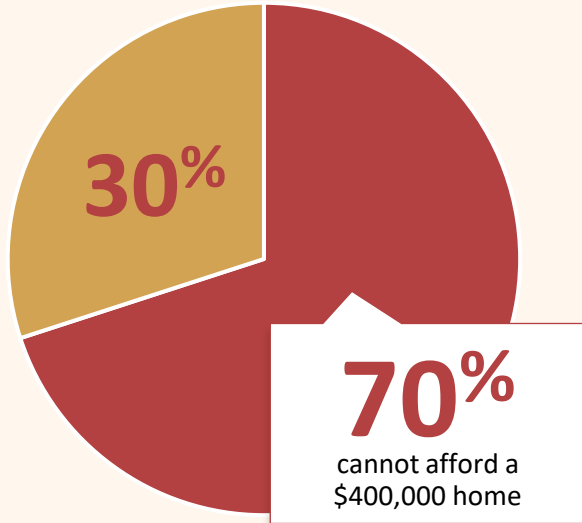
Growing Gap: Mortgages vs Salaries



Households Can't Afford a \$400K Home

\$460,000

Estimated Median Price Of
A New Home



Affordability of **\$400k home**

FOR
\$200k

HOME PURCHASE

AT
6.5%

MORTGAGE RATE



\$61,487

THE MINIMUM INCOME REQUIRED

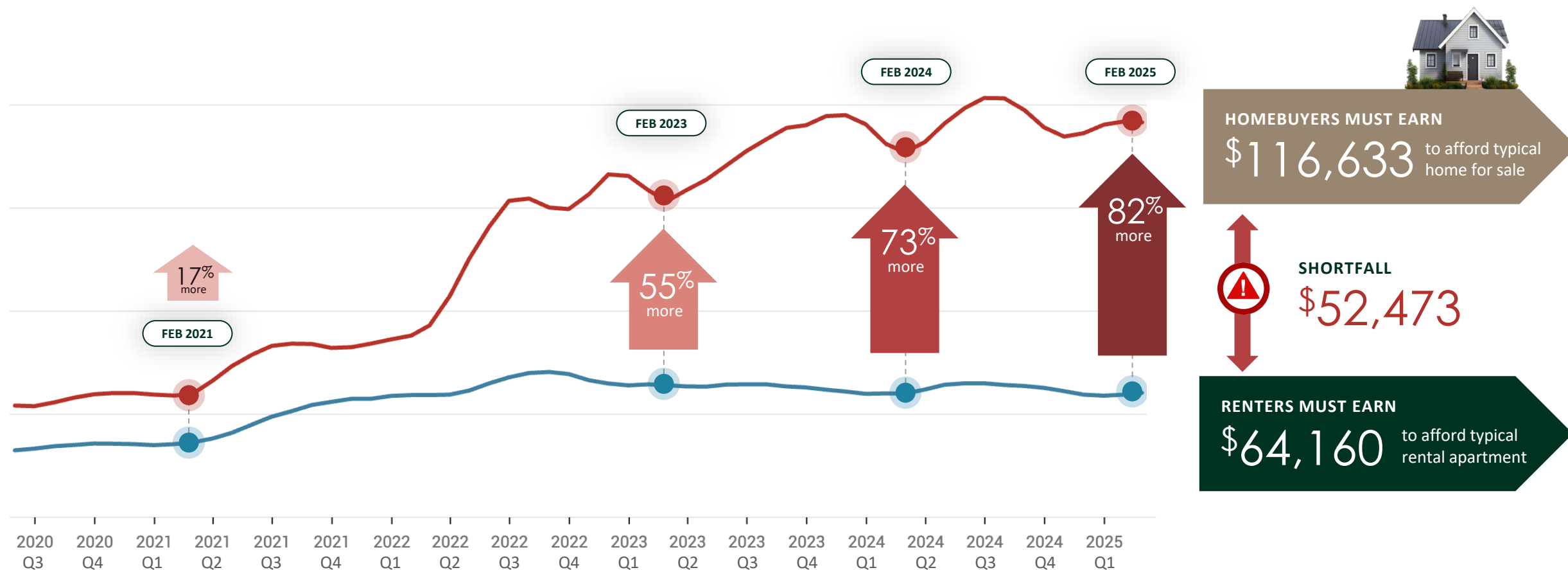


>> 52.87M

HOUSEHOLD CAN ONLY
AFFORD A \$200K HOME

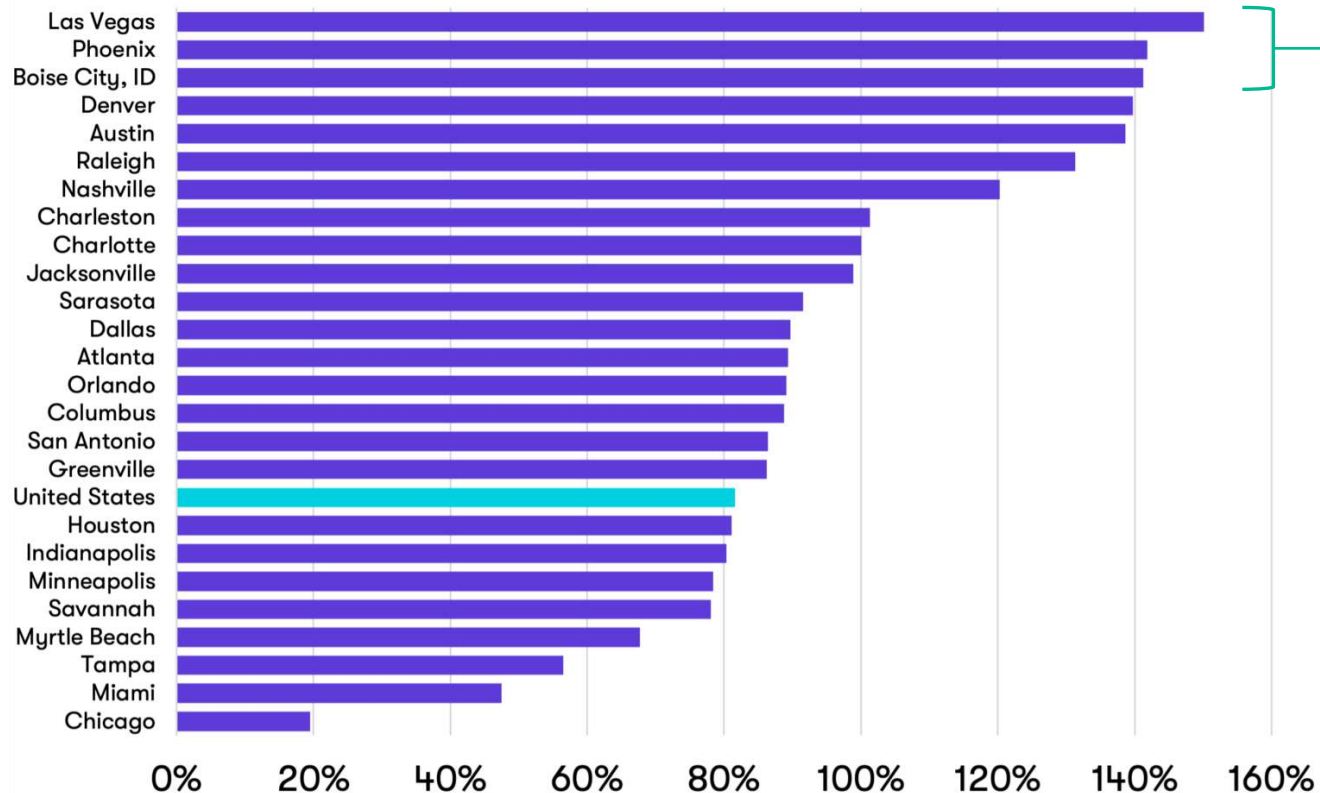
2025 BUY VS RENT INCOME GAP WIDENS FURTHER

Homebuyers Must Earn 82% > Renters



Buy vs. Rent: Not all cities are the same

Median Home Payment Premium vs 2-Bedroom Rent



140%+

PREMIUM

In Las Vegas,
Phoenix, and Boise,
owning costs over
140% more than
renting

20-40%

PREMIUM

In Chicago and Miami,
the cost gap is far
smaller, making
ownership somewhat
more accessible

BUYERS FINALLY GAIN THE UPPER HAND

500K Extra Homes for Sale

Estimated number of U.S. homebuyers and sellers actively in the housing market

Redfin: In April 2025, there were nearly 500,000 more U.S. home sellers than U.S. homebuyers



Redfin metro level analysis published in May 2025

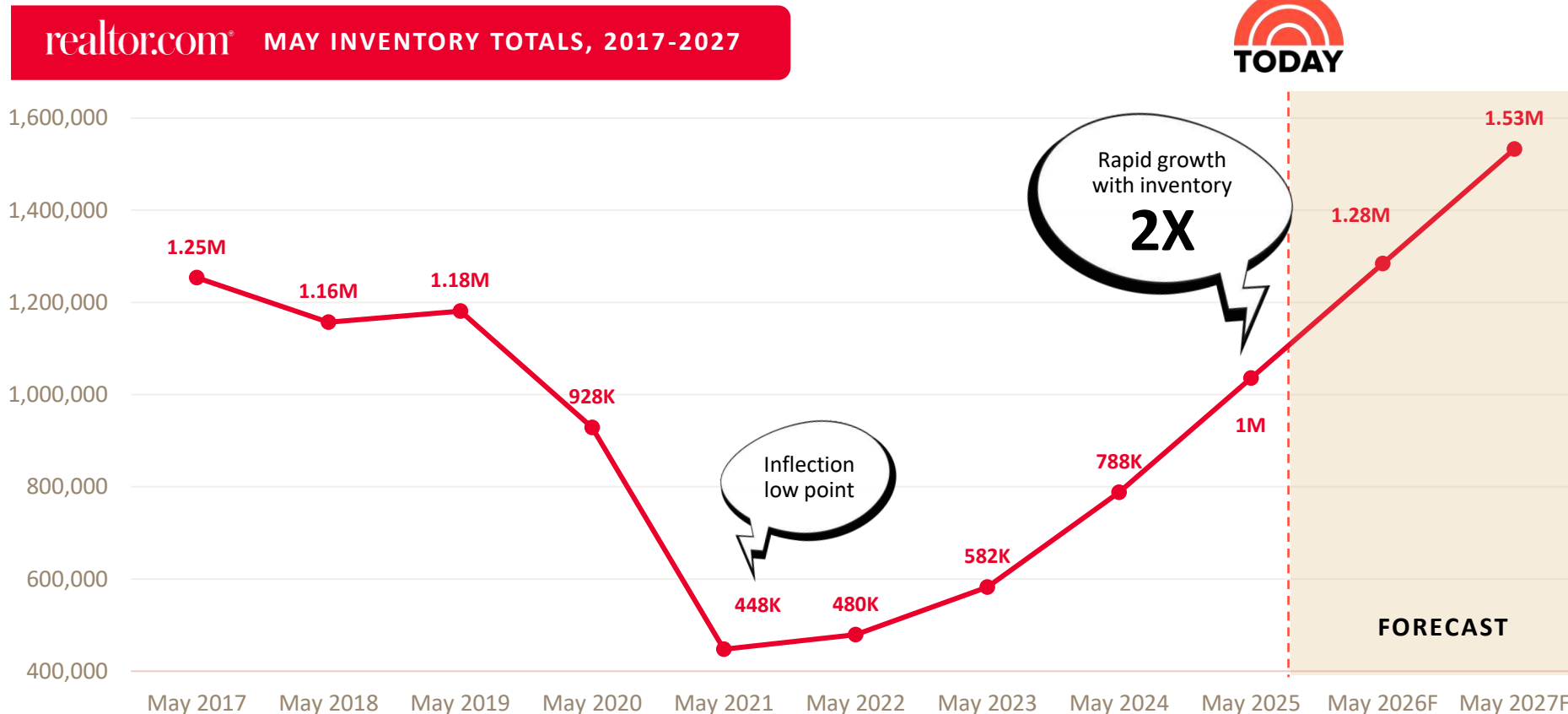
Metro area housing market	Balance of power	Home sellers	Homebuyers	% difference
Miami, FL	Buyer's market	21,672	7,280	198%
West Palm Beach, FL	Buyer's market	18,075	6,409	182%
Fort Lauderdale, FL	Buyer's market	21,018	7,525	179%
Austin, TX	Buyer's market	17,386	7,757	124%
Jacksonville, FL	Buyer's market	14,479	6,598	120%
Tampa, FL	Buyer's market	26,917	12,313	119%
Phoenix, AZ	Buyer's market	32,418	16,159	101%
Las Vegas, NV	Buyer's market	13,814	7,192	92%
Orlando, FL	Buyer's market	19,555	10,184	92%
Nashville, TN	Buyer's market	14,935	7,859	90%
San Antonio, TX	Buyer's market	17,915	9,687	85%
Dallas, TX	Buyer's market	32,020	17,774	80%
Houston, TX	Buyer's market	44,743	25,327	77%
Atlanta, GA	Buyer's market	36,862	22,651	63%
Riverside, CA	Buyer's market	17,991	11,151	61%
Fort Worth, TX	Buyer's market	13,646	8,507	60%
Charlotte, NC	Buyer's market	15,557	9,709	60%
Sacramento, CA	Buyer's market	7,014	4,841	45%
Los Angeles, CA	Buyer's market	20,189	13,941	45%
Denver, CO	Buyer's market	16,357	11,525	42%
Anaheim, CA	Buyer's market	6,685	4,821	39%
Oakland, CA	Buyer's market	6,565	4,820	36%
Portland, OR	Buyer's market	9,963	7,526	32%
San Francisco, CA	Buyer's market	3,188	2,432	31%
Indianapolis, IN	Buyer's market	8,538	7,070	21%
Detroit, MI	Buyer's market	6,526	5,580	17%
Columbus, OH	Buyer's market	8,308	7,147	16%



THE LIST CONTINUES



The Great Refill: Inventory Roars Back



If the current pace continues, we're on track for:

1.28M

listings by May 2026

1.53M

listings by May 2027

We're still only back to 2017 levels, not oversupply — just recovering from a decade of underbuilding.

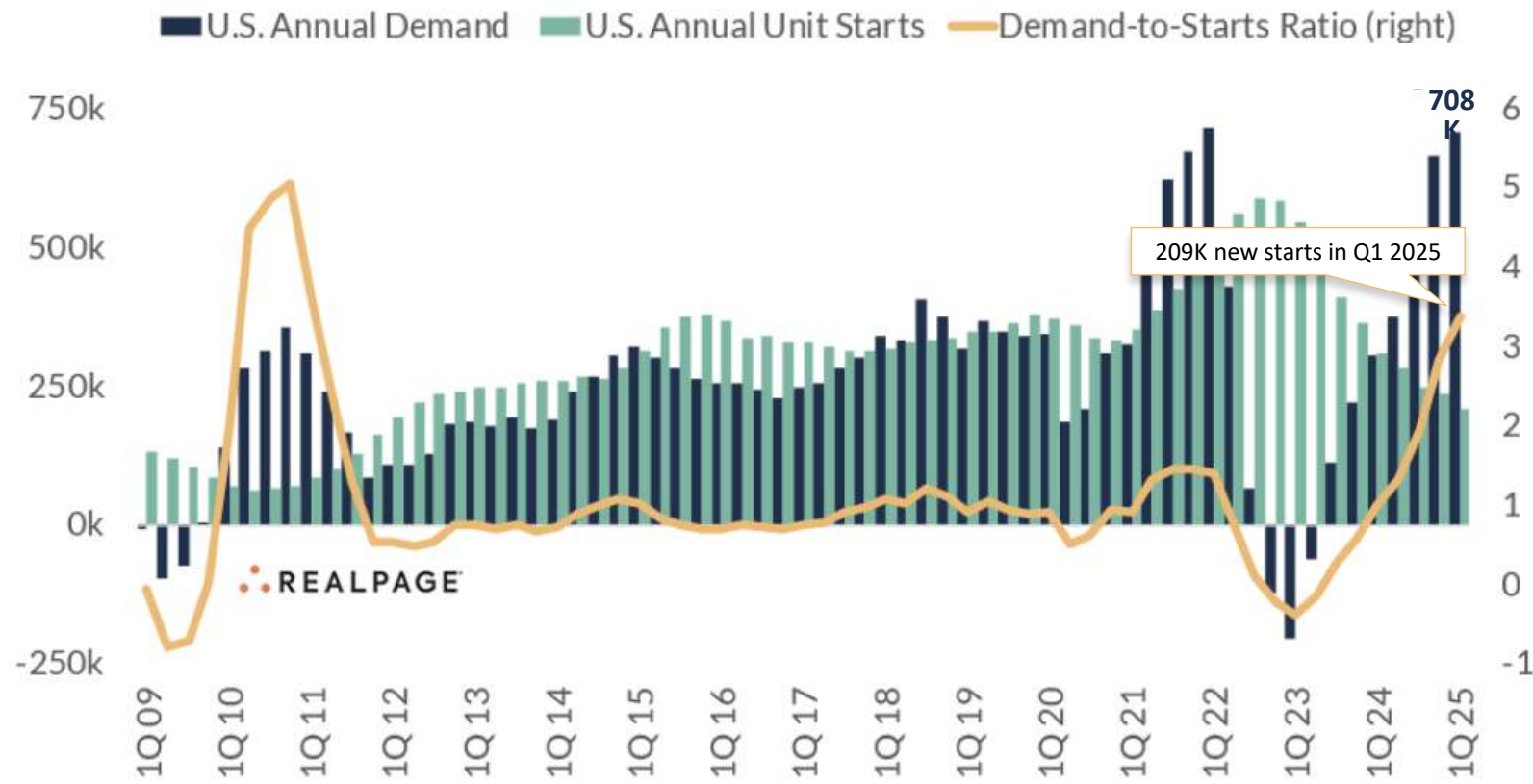
MIDWEST STILL LEADS AS SOUTH SLIPS

Multifamily: Rent Revival Stalls, Occupancy Holds



ABSORPTION SURGES TO HIGHEST POINT IN 2 YEARS

Multifamily: Demand 3X Stronger vs New Starts



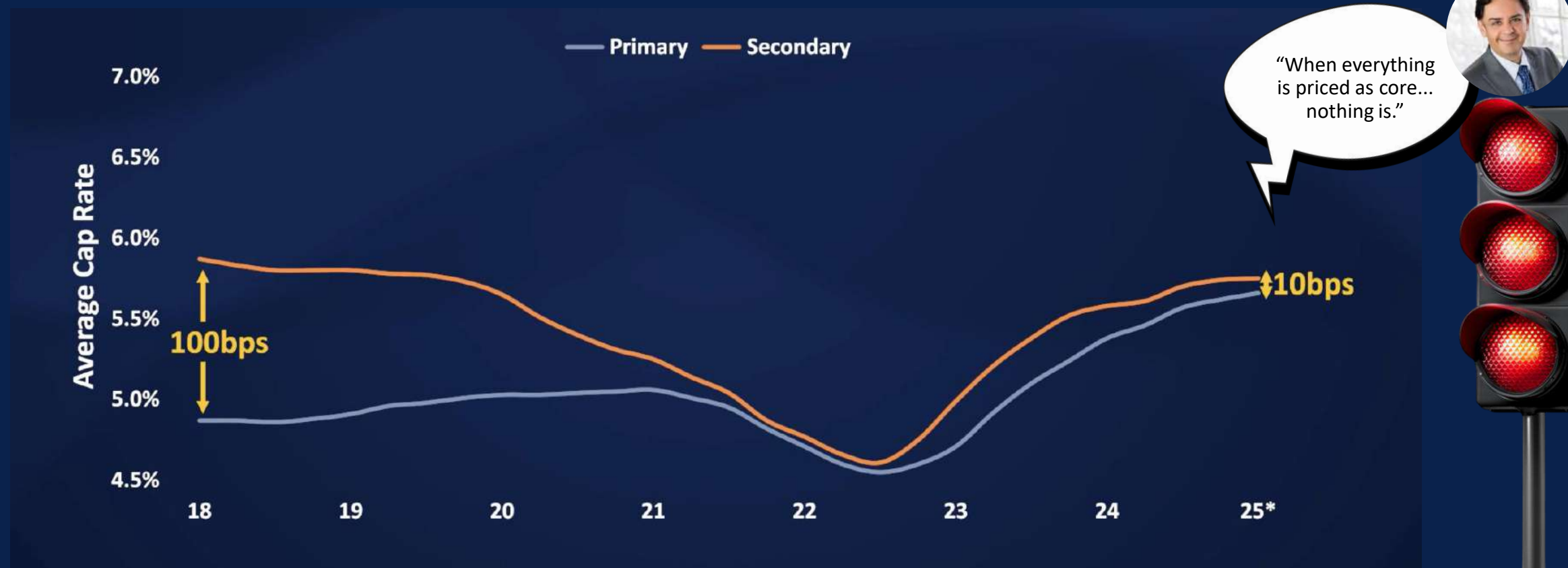
TAKEAWAYS

3:1 demand to starts (Q1)

- ✓ Historically, 1:1 ratio
- ✓ Driven by a sharp pullback in starts, not a huge spike in demand
- ✓ Indicates potential rent boom in 2026+ if trend holds

PRIMARY VS SECONDARY MULTIFAMILY GAP SHRINKS TO 10 BPS

Multifamily: No Discount Left for Secondary

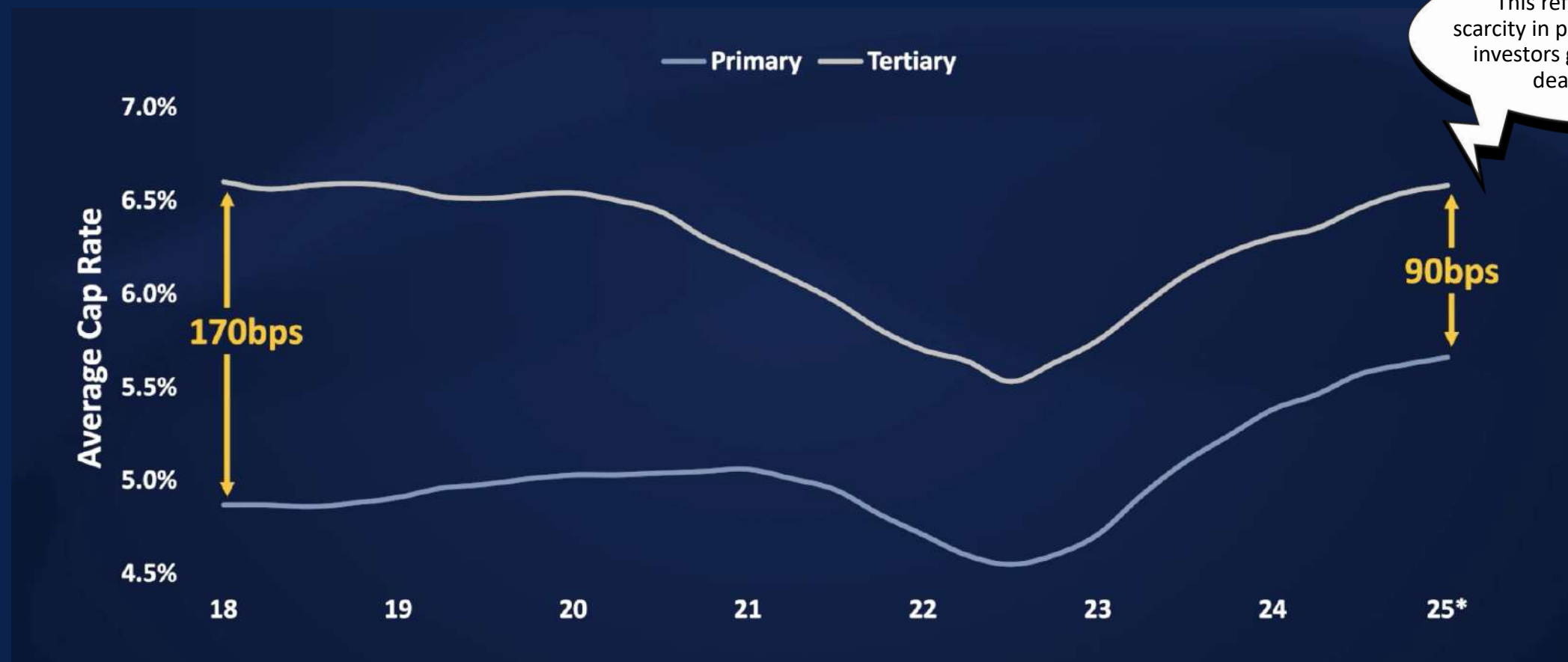


"When everything is priced as core... nothing is."



MULTIFAMILY SPREAD DROPS FROM 170 BPS TO 90 BPS

Investors Chase Yield in Tertiary Markets

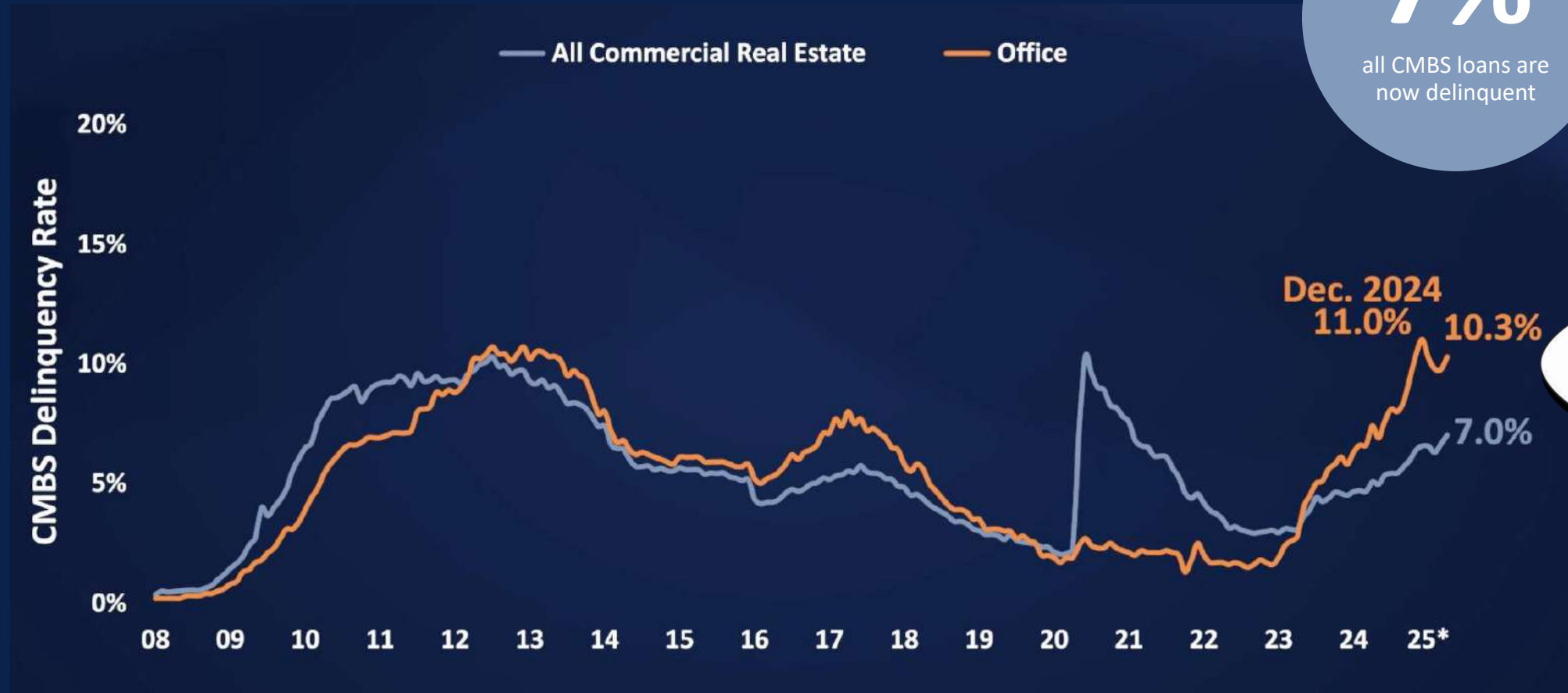


"This reflects capital scarcity in primary deals — investors go where the deals are."



DELINQUENCIES UP +200 BPS IN PAST YEAR, LED BY OFFICE

CRE Distress is Spreading...



7%

all CMBS loans are now delinquent

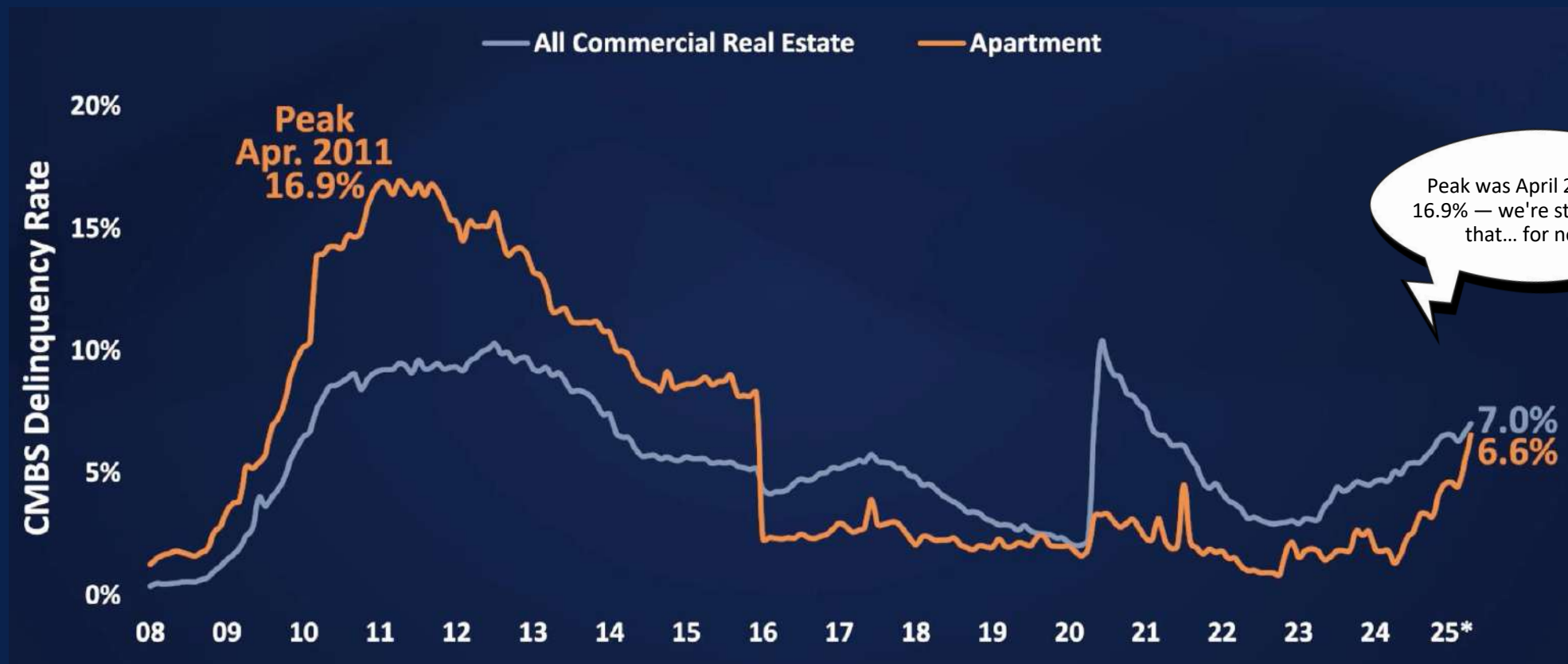


Delinquencies in past year
+200bps



6.6% DELINQUENCY VS. 7.0% OVERALL

CRE Distress - Multifamily Cracks Widen, But Not Breaking



Peak was April 2011 at 16.9% — we're still below that... for now

6.6%
multifamily delinquencies
now nearing overall
CRE average



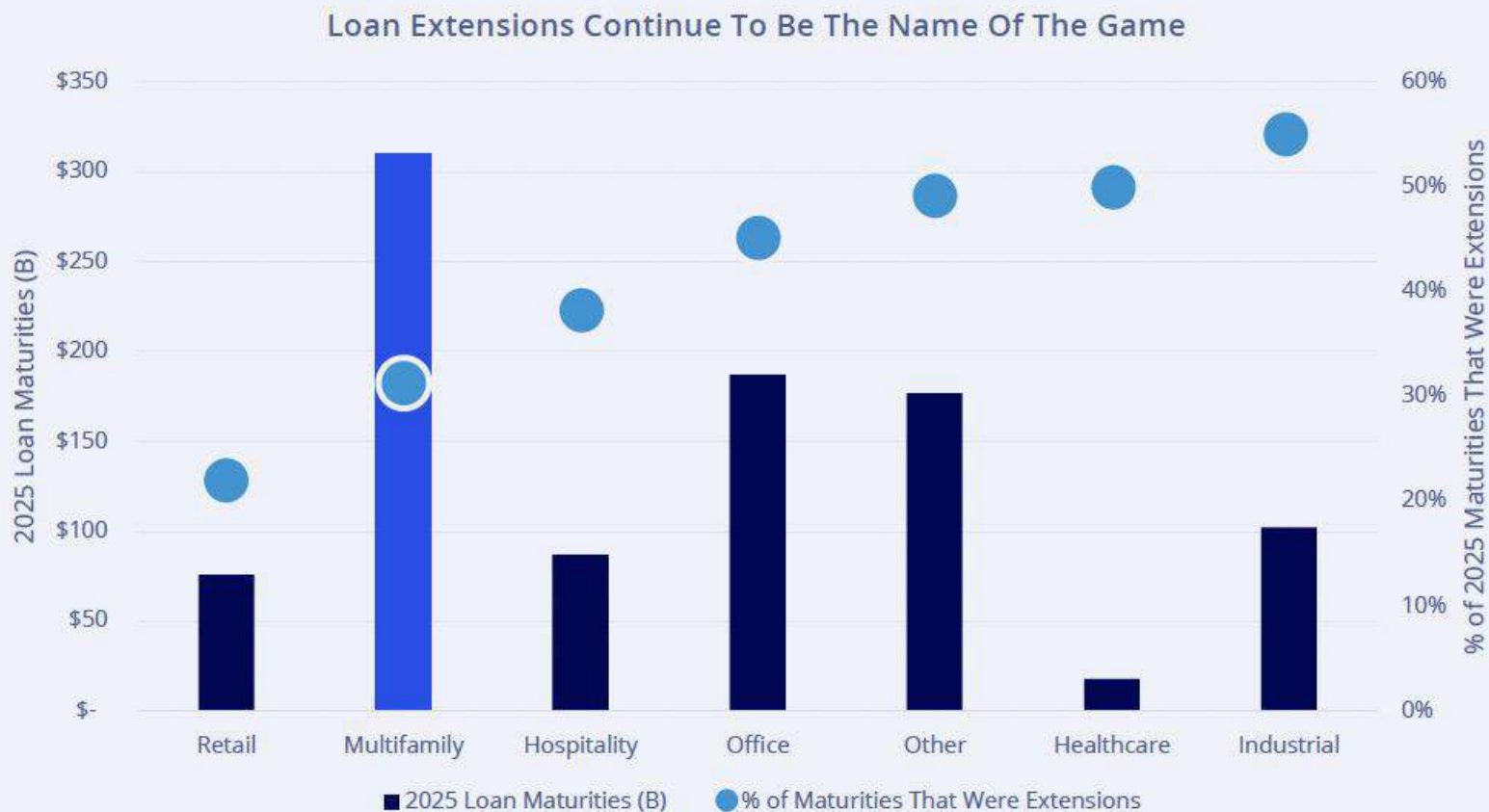
NEARLY \$1 TRILLION IN 2025 ALONE

CRE Faces a Wave of Maturities



Multifamily: Loan Extensions Picking Up

\$1.1 trillion in multifamily loans are due to mature through 2029.



TAKEAWAYS

- ✓ Loan extensions still dominate, but true resolution is only being delayed
- ✓ With capital costs still elevated, many owners face refi shortfalls or forced sales
- ✓ Could trigger increased transaction activity—but also distress

WHERE DO WE GO FROM HERE?

Why is This a Great Time to Buy Multifamily?

Rates Will Fall

Interest rates have peaked and are on their way down in 2024. Many institutions have already forecast interest rate cuts



Highly Discounted

Multifamily deals well below peak offers in 2022 with the highest purchase cap rates we've seen but will compress in 2025



Strong U.S. Economy

Our economy avoided a recession and is doing phenomenally well. Soft landing was achieved. Wage growth finally surpassed inflation



Rent vs Buy

The monthly purchase cost now exceeds rent by more than 50%. It's looking better to rent than to buy a home for the majority



Favorable Loans

Buying properties with fixed interest rate interest only loans is better than ever. Benefit from rates being high by buying assets with assumable fixed rates



Single Family Overvalued

Home prices overvalued in 88% of the U.S. according to Fitch Ratings. There's only potential for decline – but rate lockdowns prevent declines





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Time for the Shootout

Best Cities Ranked for 2025

THE FALLS
AT CRISMON COMMONS

12-13% Pref Equity Opportunity

Lower Risk / High Return

Help us complete lease up at our
240 unit Multifamily

6% Cashflow from day 1
+6-7% on Exit*

(*Accrued, Annualized Paid on Exit)



18mo

Investment Timeframe

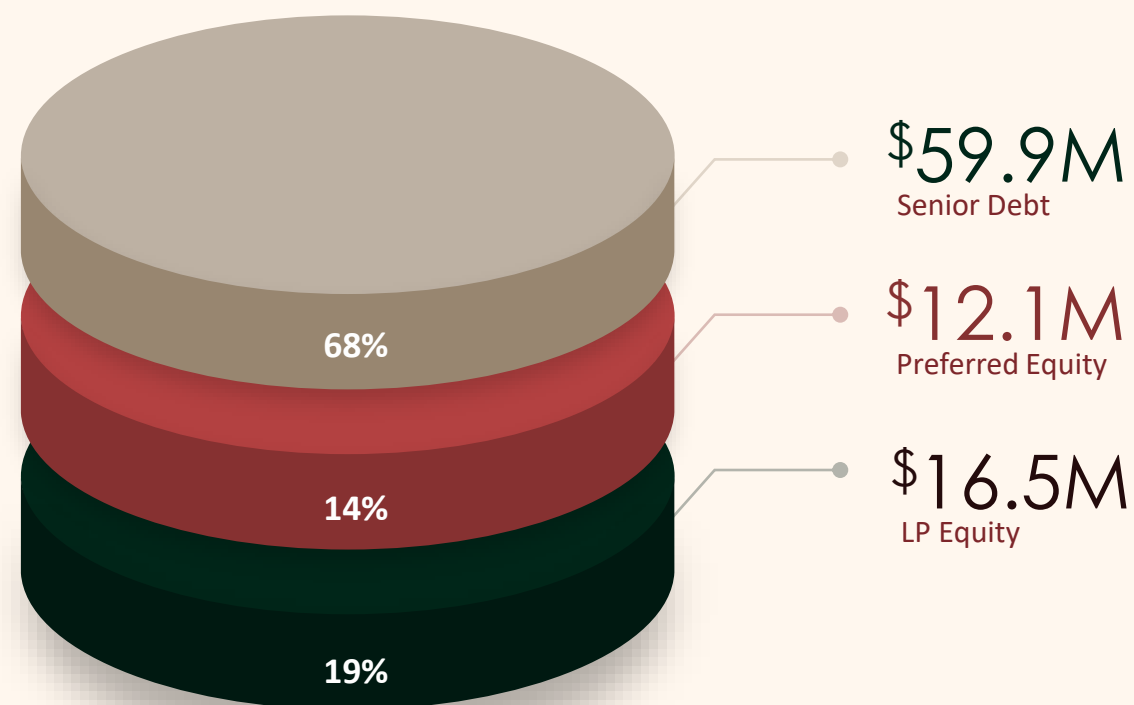
No
Constructio
n
Just Lease-Up & stabilize

6%

Cashflow distributions
start immediately

So... What is Pref Equity?

It's an equity tier that sits on top of (and senior to) regular equity and is considered highly lucrative



PREF EQUITY

Rare Pref Equity Opportunity for Accredited Investors

Earn from Day 1, cashflow raised in advance

6%

Annualized preferred return

12%

=

Annualized current pay

6%

+

Annualized and accrued paid on exit

6%

Pref is safer than equity investment, sits on top of

\$16.5M

\$16.5M in investor equity would have to be lost before your investment would lose money. That is an amazing cushion for an investment paying 12-13%.

Shorter timeframe

18 months

No rehab, no repositioning, no valued needed. Just lease up and sell in 18 months

506

C accredited investors only

* All Interest Rates are based on Annualized Percentages.

** Projected.

THE FALLS
AT CHISHOLM COMMONS

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HISTORY OF THE PROJECT

Falls at Crismon Commons

MESA, AZ 85209

PROPERTY DETAILS

240

total units

2024-2025

year built

~7.8

acres

255,611

total rentable SF

1,065

average unit size (SF)



Phoenix-Mesa: Top Rankings

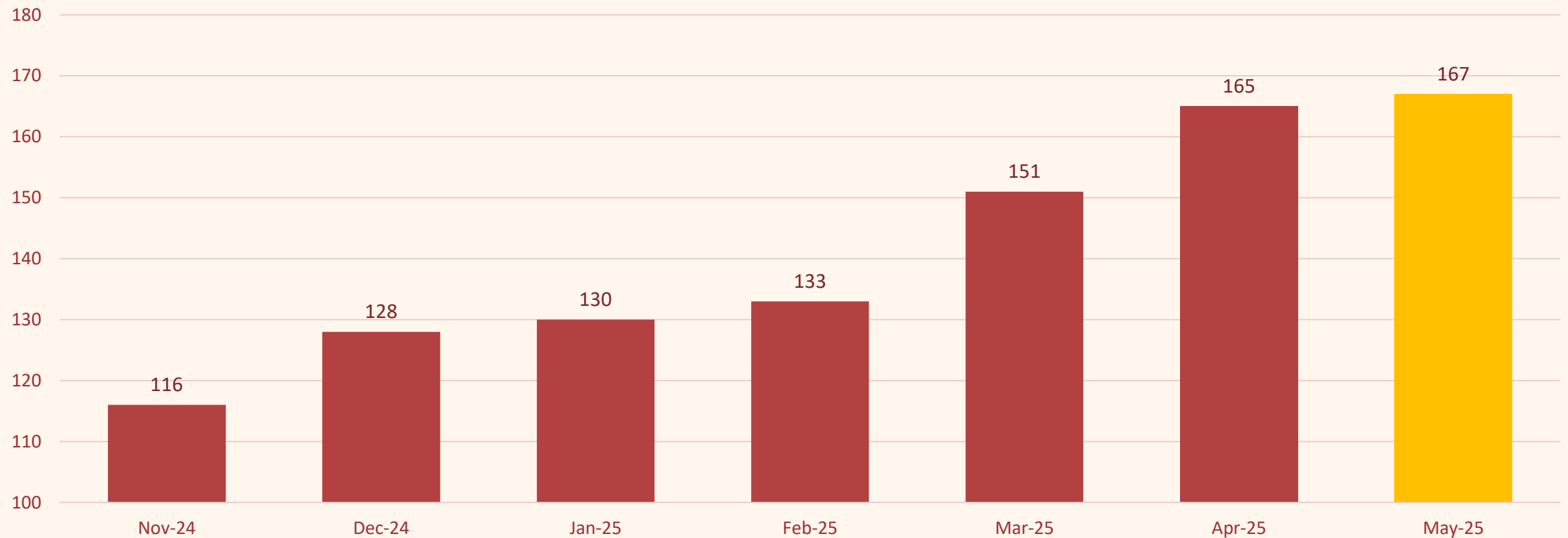


LEASING

Lease-up Progress: June 2025

68%

Leased
as of June 1, 2025
65% Occupied





Answer the Poll

Email: invest@grocapitus.com



Go To Live Investor Kit

Access Docs and **Invest Now:**

www.grocapitus.com/fcc-pe-kit





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Time for the Shootout

Best Cities Ranked for 2025

SOUTH CAROLINA TOPS LIST FOR FIRST TIME

U-Haul: 2024 Growth States

THE BIGGEST LOSERS

#49	Massachusetts (49)
#50	California (50)



THE BIGGEST WINNERS

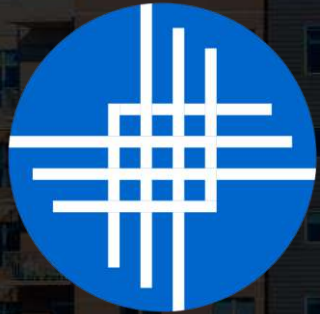
#1	South Carolina (4)
#2	Texas (1)
#3	North Carolina (3)
#4	Florida (2)
#5	Tennessee (5)
#6	Arizona (8)
#7	Washington (7)
#8	Indiana (27)
#9	Utah (13)
#10	Idaho (6)



Top New Home Sales Markets for 2025

Zonda ranks metros using its seasonally adjusted Pending Sales Index (PSI), which tracks contract signings for new homes.

#	Metro	Sales Activity MoM – May 2025	Sales Activity YoY – May 2025
1	Cincinnati, OH	11.8%	38.1%
2	New York, NY	-10.4%	13.6%
3	Charlotte, NC	-2.6%	8.9%
4	San Antonio, TX	1.2%	8.7%
5	Baltimore, MD	2.2%	8.2%
6	Minneapolis, MN	-4.0%	5.9%
7	Orlando, FL	-2.7%	5.5%
8	Jacksonville, FL	5.2%	3.8%
9	Washington, DC	1.9%	-1.1%
10	Philadelphia, PA	-1.9%	-2.1%

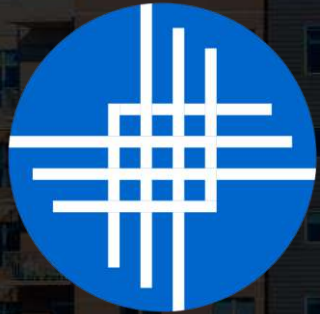


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Best Performing Large Cities: 2025

Mid-sized metros with strong high-tech sectors and housing affordability outperformed larger cities

#	Metro	2024 Rank	Job Growth (2023-24)	Wage Growth (2022-23)	High-tech GDP Growth (2022-23)
1	Raleigh, NC	2	+2.8%	+7.8%	+7.9%
2	Ogden, UT	26	+2.8%	+8.1%	+12.0%
3	Salt Lake City, UT	4	+2.3%	+7.8%	+7.0%
4	Huntsville, AL	16	+2.1%	+9.4%	+9.1%
5	Colorado Springs, CO	15	+1.9%	+9.1%	+8.7%
6	Austin, TX	1	+1.4%	+7.4%	+8.4%
7	Fayetteville, AR	7	+3.0%	+7.2%	+12.7%
8	Olympia, WA	9	+2.9%	+9.6%	+14.9%
9	Palm Bay, FL	25	+1.5%	+10.2%	+10.4%
10	Boise City, ID	3	+3.2%	+7.2%	+7.7%



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Best Performing Small Cities: 2025

Smaller city metros thrived on job growth, wage gains, population inflows, and affordability

#	Metro	2024 Rank	Job Growth (2023-24)	Wage Growth (2022-23)	High-tech GDP Growth (2022-23)
1	Gainesville, GA	3	+3.3%	+8.8%	+6.4%
2	St George, UT	4	+3.8%	+9.7%	+11.8%
3	Idaho Falls, ID	1	+3.0%	+4.9%	+6.5%
4	Bend, OR	6	+1.4%	+8.5%	+7.9%
5	Midland, TX	16	+1.7%	+16.1%	+43.8%
6	Jefferson City, MO	38	+2.2%	+8.7%	+6.7%
7	Coeur d'Alene, ID	2	+1.1%	+8.4%	+8.8%
8	Jacksonville, NC	9	+1.8%	+9.0%	+11.2%
9	Missoula, MT	18	+1.6%	+10.3%	+14.7%
10	Auburn, AL	14	+4.0%	+10.5%	+9.6%



Hottest Real Estate Markets of 2025

Buffalo was also predicted to be the hottest market of 2024, making it the first market to hold the title in back-to-back years

#	Metro	2024 Home Value Growth (Y/Y%)	2025 Home Value Growth Forecast (Y/Y%)
1	Buffalo, NY	+5.7%	+2.8%
2	Indianapolis, IN	+3.6%	+3.4%
3	Providence, RI	+6.7%	+3.7%
4	Hartford, CT	+6.5%	+4.2%
5	Philadelphia, PA	+4.6%	+2.6%
6	St. Louis, MO	+4.2%	+1.9%
7	Charlotte, NC	+1.6%	+3.2%
8	Kansas City, MO	+3.8%	+2.7%
9	Richmond, VA	+4.1%	+2.9%
10	Salt Lake City, UT	+2.8%	+2.3%

Marcus & Millichap

Top Ranking Multifamily Markets in 2025

Local delivery slates in Sun Belt and Coastal primary metros better aligned with household growth

#	Metro	2025 ESTIMATES			
		Job Growth	Rent Growth	Vacancy Rate	Inventory Growth
1	Miami-Dade, FL	+1.7%	+3.6%	4.5% ▼	+2.4%
2	Dallas-Fort Worth, TX	+1.9%	+2.2%	7.5% ▲	+3.7%
3	Orlando, FL	+1.6%	+4.5%	6.3% ▼	+2.8%
4	Las Vegas, NV	+1.6%	+3.3%	5.6% ▼	+1.7%
5	Houston, TX	+2.0%	+3.1%	7.5% ▲	+2.0%
6	Fort Lauderdale, FL	+2.1%	+4.1%	5.4% ▼	+2.0%
7	Salt Lake City, UT	+1.4%	+3.4%	5.7% ▼	N/A
8	Orange County, CA	+1.5%	+2.9%	3.7% ▼	+0.7%
9	Austin, TX	+2.1%	+1.5%	7.7% ▼	+7.0%
10	Phoenix, AZ	+1.4%	+2.5%	7.0% ▼	N/A



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Neal's Picks for 2025

Not Analyst Picks, but Neal's Personal 2025 Picks for Real Estate Investment

Best Up and Coming Market



+1.6%

job growth
forecast 2025
(Marcus & Millichap)

+6.4%

population growth
over last 3 years
(MacroTrends)

+3.3%

rent growth
forecast 2025
(Marcus & Millichap)

3,930

unit deliveries
forecast 2025
(Marcus & Millichap)

1.7%

Deliveries as % stock
forecast 2025
(Marcus & Millichap)

4.5X

vs 1.41% national avg.
over last 3 years

Best Market in the U.S

