The Due Diligence Edge:
How Pros Evaluate Multifamily Real Estate Deals

The Entrust Group

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Today's Agenda

- Introducing Shining Rock Equity
- Market Context: 2021 - Today
- Examining the Opportunity and Risk
- Market Selection Best Practices
- Examining Underwriting Assumptions
- Closing Framework & Case Study
- Q&A Time

Meet Your Host

Rachel Stolrow

- Over 9 Years at Entrust
- Educates investors and professionals on tax-preferred retirement accounts

About Entrust

- Self-Directed IRA Administrators
- Monthly Educational Webinars
- Knowledgeable Staff with CISP Certifications

About Entrust

$6B

Assets Under Administration

24k+

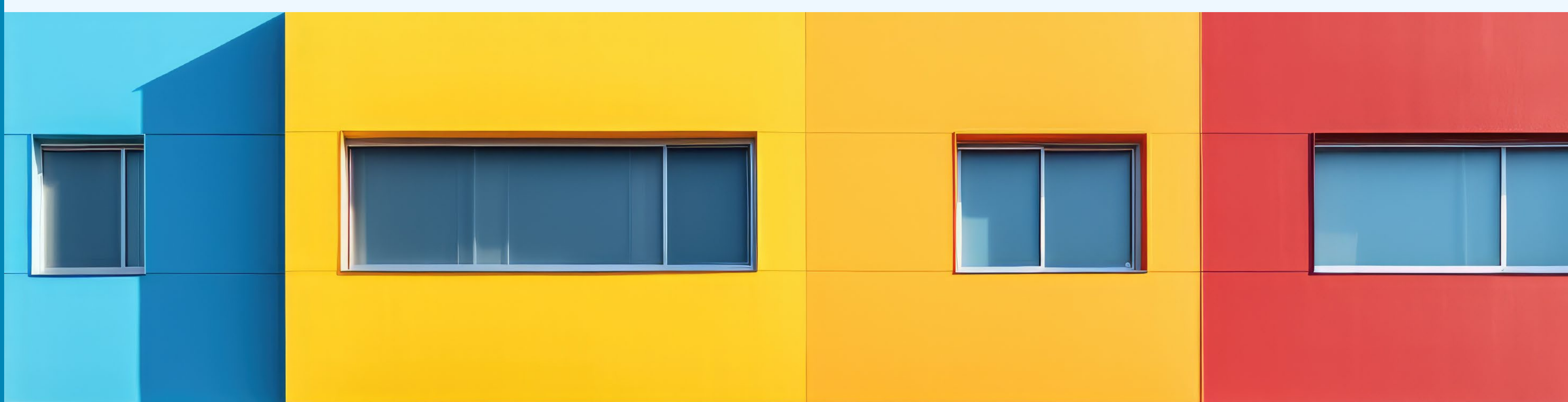
Active Investors

45

Years of Service

1

Point of Contact



SHINING ROCK
-EQUITY-

Key Multifamily Financial Assumptions for 2026

The Shining Rock Equity Team

SRE was formed in 2022 to bring vetted real estate investments to ourselves, friends, family, and broader investor network. We pride ourselves on due diligence, transparency, and a great investor experience.

Robert Stanley
Managing Partner

Clay Stanley
Partner

Kim Solomon
Partner

Sara Stanley
Marketing Director

ShiningRockEquity.com

Market Context: 2021 → Today

2021 — 2022 — 2023 — 2024 — 2025 — 2026

2021–2022

- Low rates → aggressive pricing
- Record new apartment starts
- Rent growth pulled forward

2023–2025

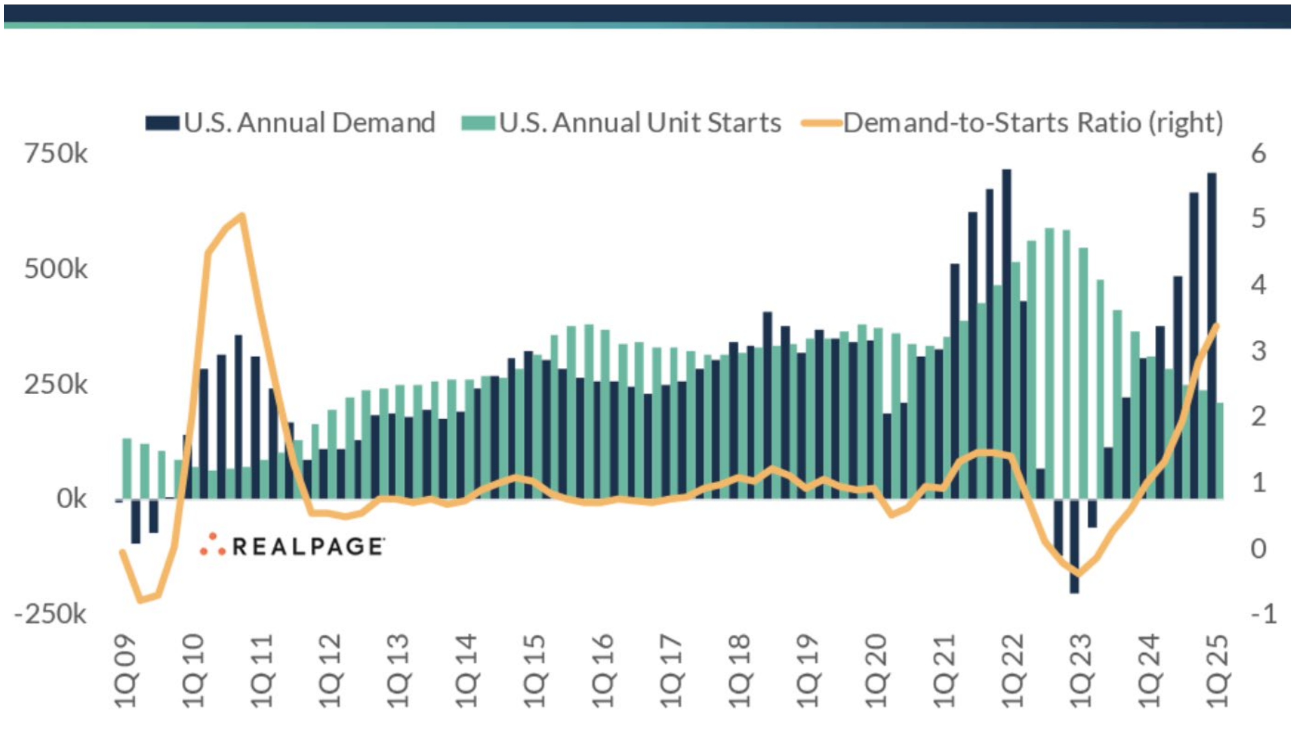
- Rate shock → pricing reset
- Construction costs increased
- New apartment starts slowed

2026 Setup

- New apartment supply still elevated
- Rent growth uneven
- Capital more selective

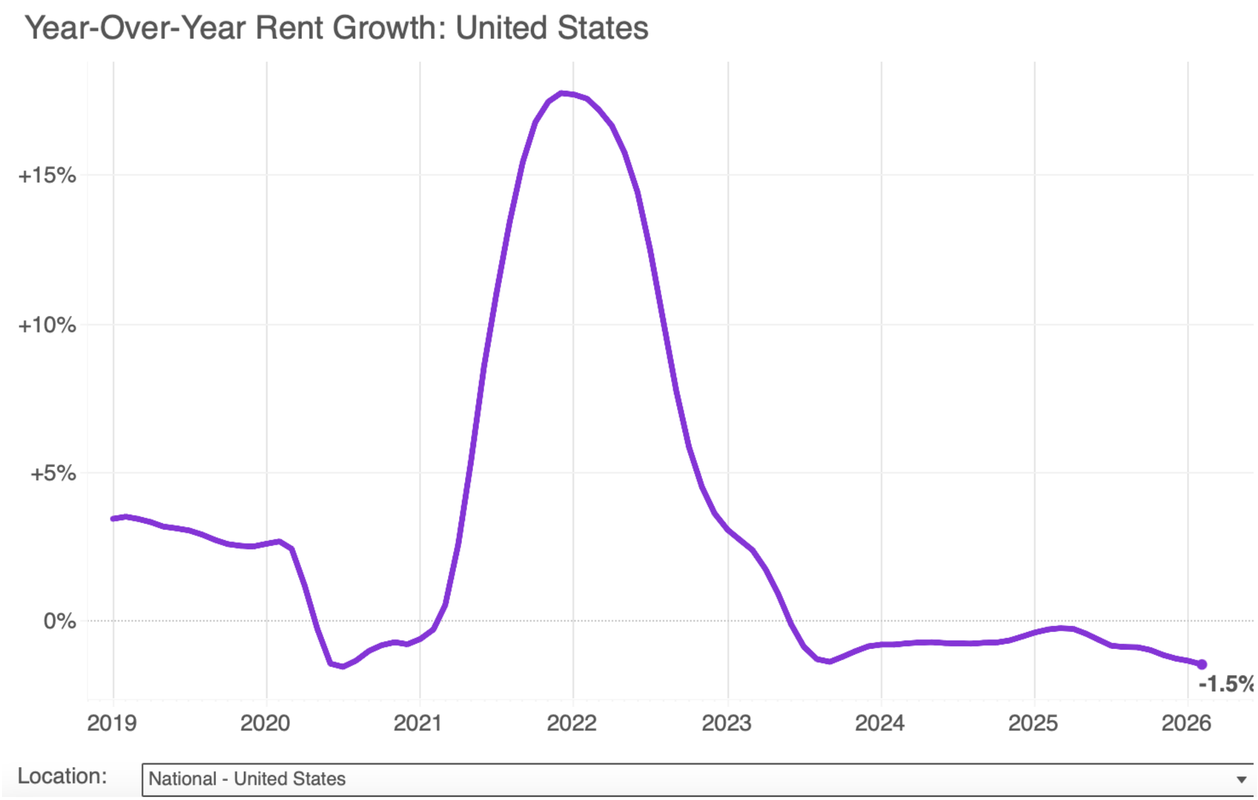
KEY TAKEAWAY | **We're in a transition period—not distressed, not stabilized**

Market Context: 2021 → Today



Source: RealPage Market Analytics

Market Context: 2021 → Today



Market Context: 2021 → Today

Apartment Rent Growth Leaders, Year-Ending 2Q 2026

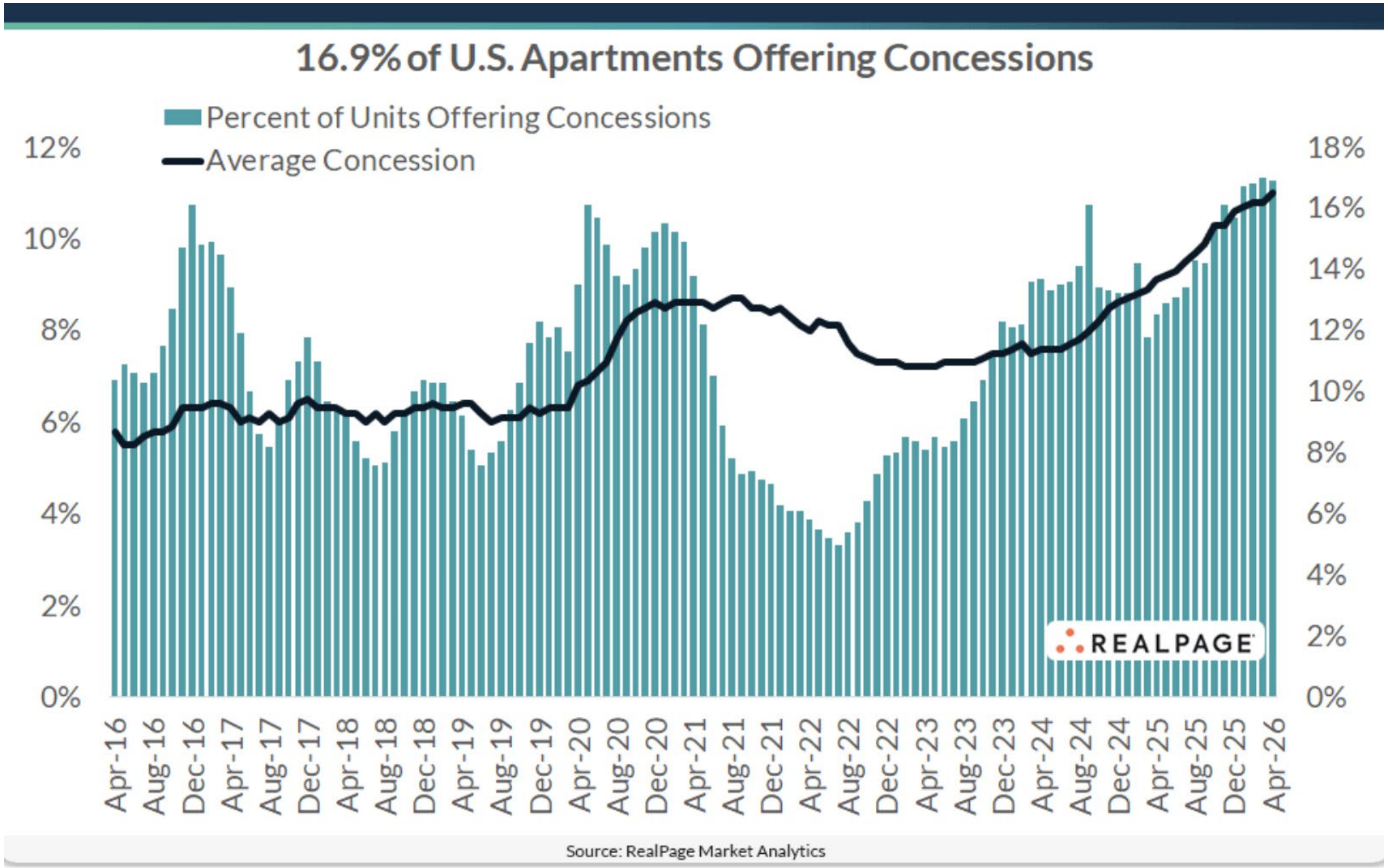
Rank*	Market	Annual Effective Rent Change	Annual Supply	Annual Inventory Growth
1	San Francisco	10.6%	942	0.4%
2	San Jose	6.1%	1,002	0.5%
3	Virginia Beach	4.9%	954	0.7%
4 (t)	Oakland	3.4%	640	0.2%
4 (t)	Milwaukee	3.4%	1,672	1.0%
6	New York	3.2%	18,574	0.9%
7	Chicago	2.9%	3,906	0.4%
8	St. Louis	2.1%	1,438	0.8%
9 (t)	Minneapolis	1.9%	2,083	0.6%
9 (t)	Pittsburgh	1.9%	1,354	0.6%

**Among Top 50 Apartment Markets by Existing Unit Count*

Source: RealPage Market Analytics

REALPAGE

Market Context: 2021 → Today



The Current Opportunity (and Risk)

Opportunity

- Buy at reset pricing
- Ahead of Net Operating Income (NOI) recovery
- Concessions burning off may drive **10–20% effective rent growth,** even with flat market rent growth

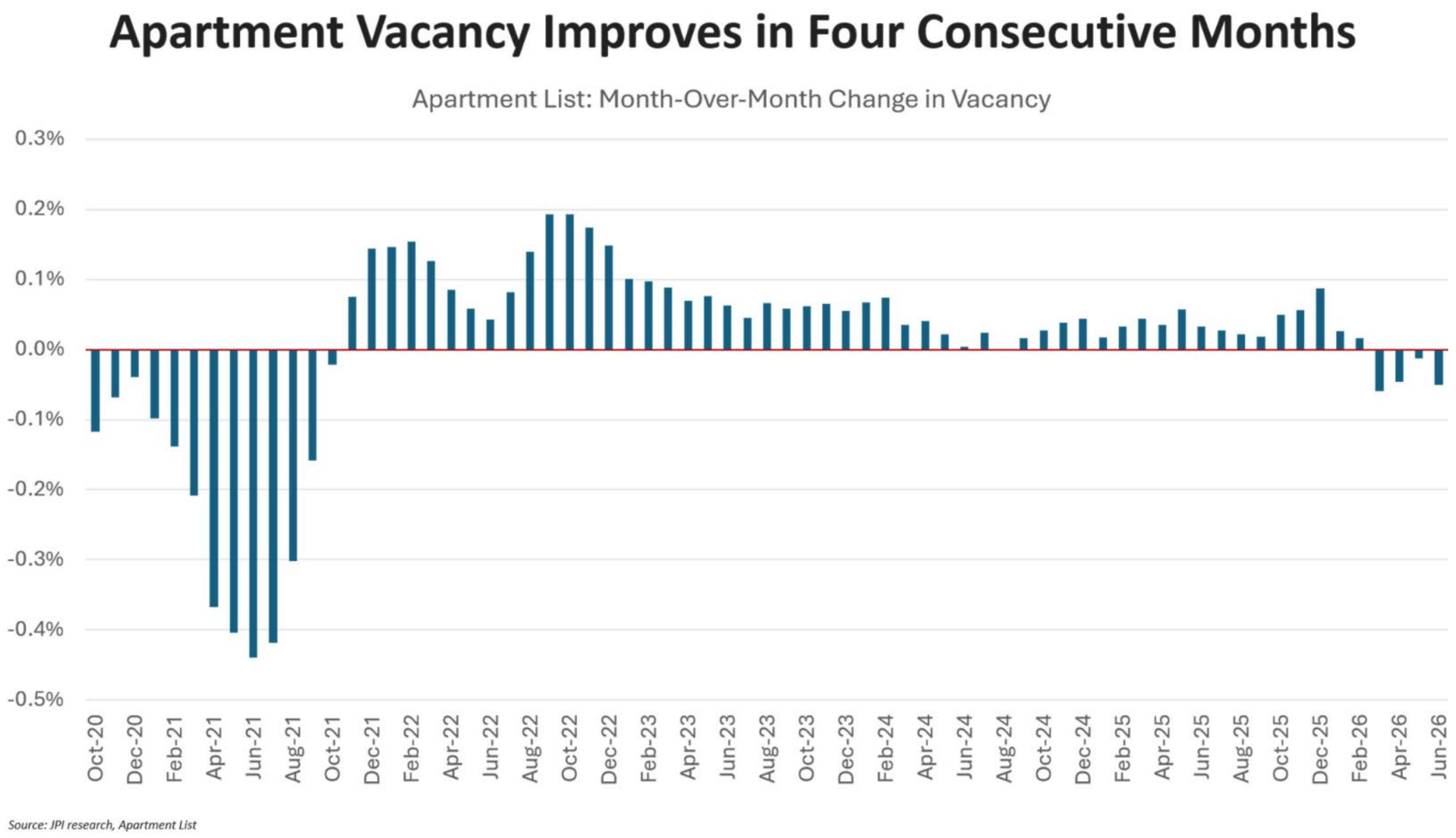
Risk – Catching a Falling Knife

- Slower-than-expected concession burn-off
- Continued rent declines
- Demand uncertainty; supply is easier to forecast

CORE POINT

**Supply—not demand—
is driving outcomes near term**

The Current Opportunity (and Risk)



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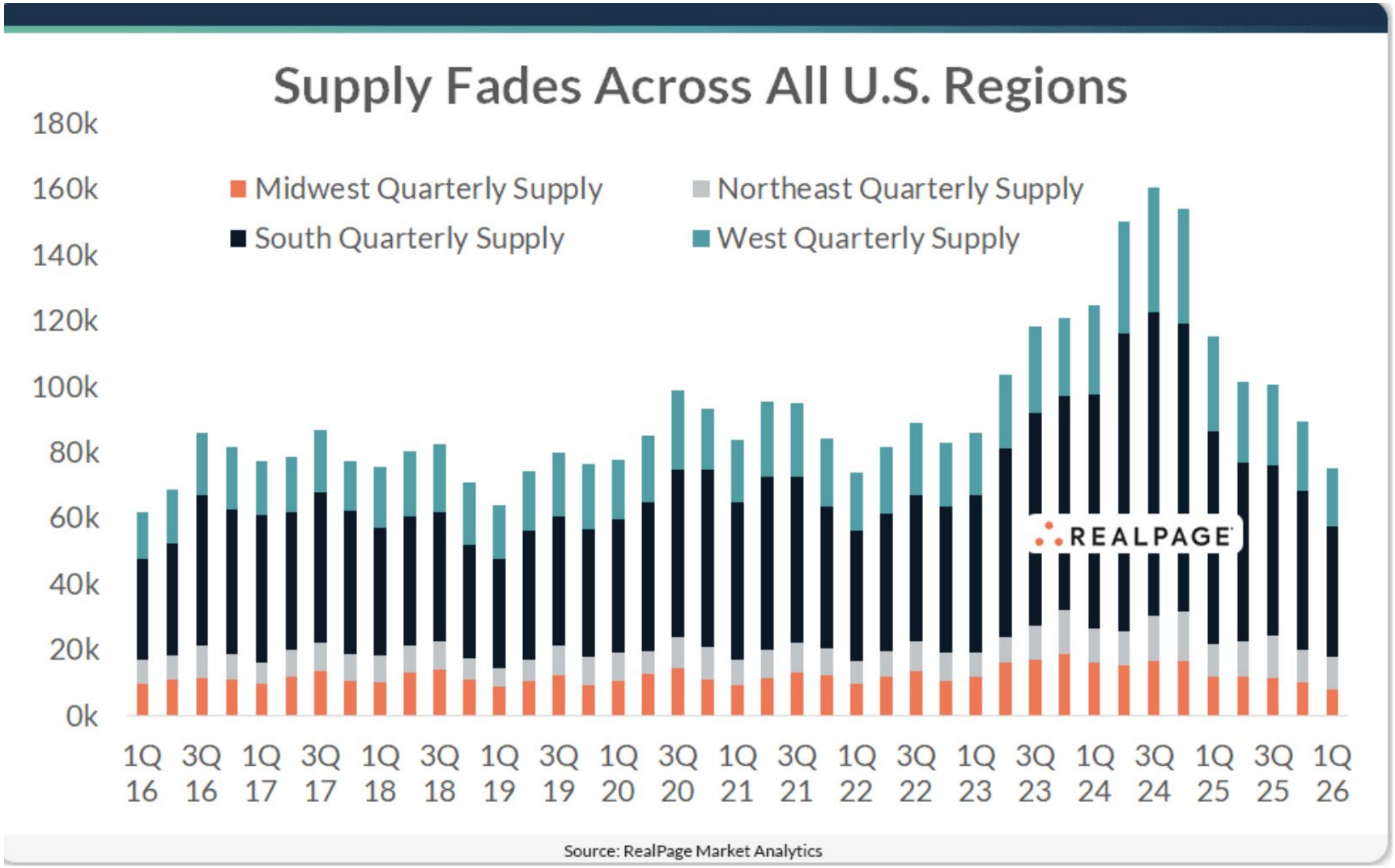

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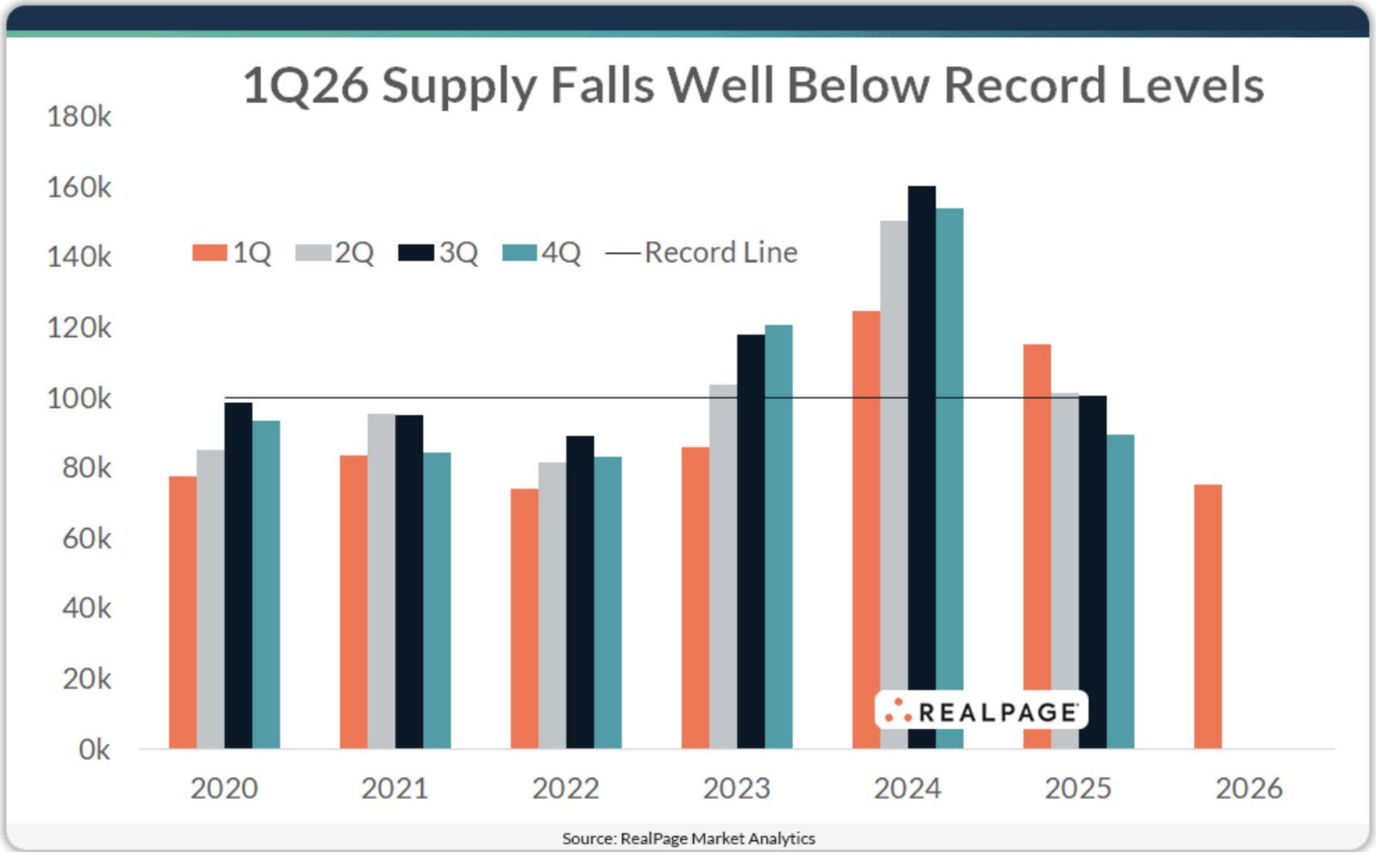

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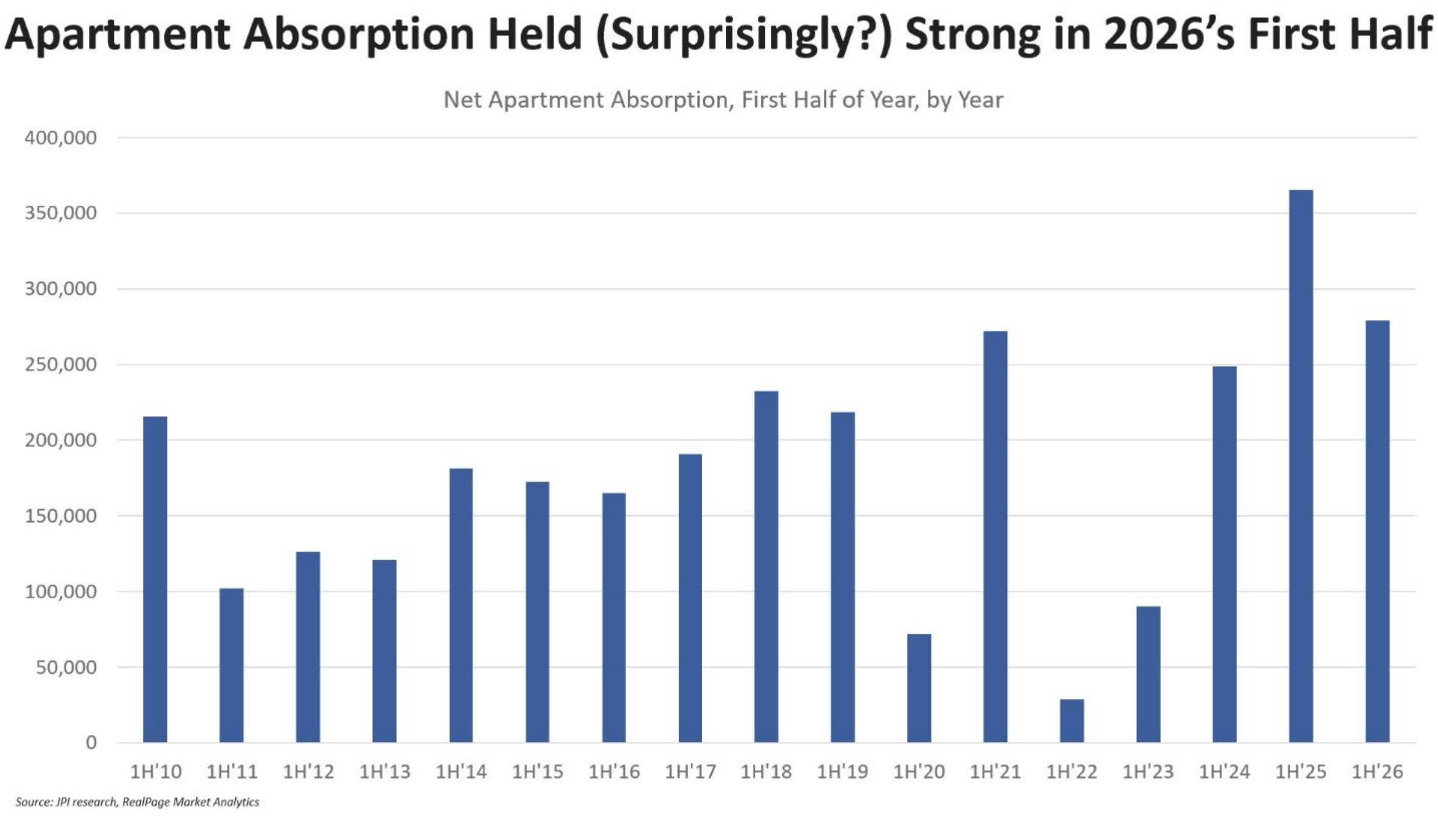
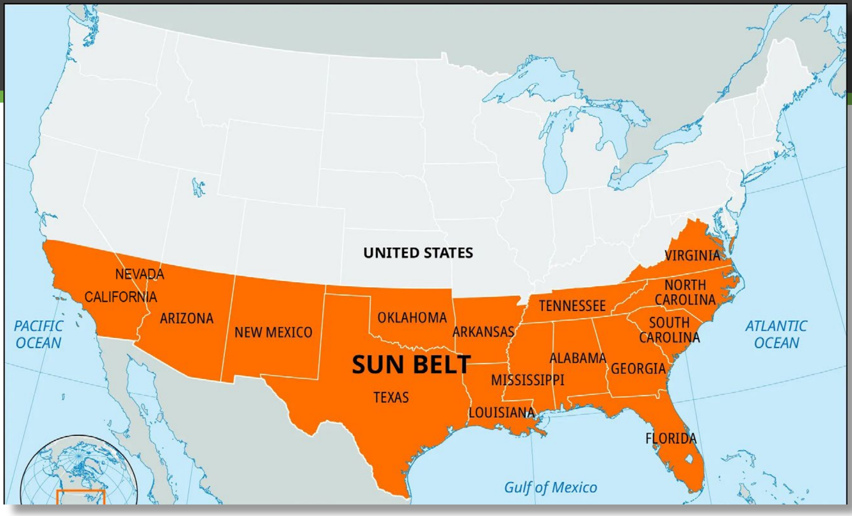


Market Selection: What Matters Now



If investing in the Sunbelt:

- Be selective at the **submarket level**

Key filter

- New apartment supply as % of existing stock
  - Target: **≤ 3%**

Where to look

- 1-mile radius → direct competition
- 3-mile radius → broader pressure

Positioning

- "Low supply is the closest thing to downside protection right now."

Limited Partner TAKEAWAY

Ask operators: New supply as a % of existing units within a 1- and 3-mile radius

Underwriting Assumptions That Matter

Common UW Issues We See

- Market-driven rent growth layered on top of renovation rent growth
- Underwriting aggressive rent increases in a market with limited rent growth
- Traditional ‘value-add’ is limited today, though future cycles may present new opportunities
- Concessions burning off too fast
- Renewal Risk (Concession chasing)
- Higher turnover costs not accounted for
- Gain to lease vs loss to lease
- Insurance costs are still volatile

WHAT TO LOOK FOR

Is rent growth driven by the market, or by raising current rents to market levels (loss-to-lease)?

Underwriting Assumptions That Matter

Gain-to-Lease / Loss-to-Lease

Definition: Loss-to-lease reflects the potential to increase income by raising in-place rents to market levels

Gain-to-Lease reflects the scenario where market rents are lower than your current lease rents.

What Matters

Is it real?

- Clearly visible in the current rent roll.

Or is it projected?

- Based on pro forma assumptions and comparable properties.

Best case

- When loss-to-lease is clear in the rent roll, rent growth is more predictable

KEY QUESTION | **"How much of Year 1 growth is already in place versus dependent on execution?**

Closing Framework

How we evaluate deals today

- ✓ Micro-level supply pressure
- ✓ Real vs projected rent growth
- ✓ Timing of concession burn-off
- ✓ Expense realism

Close

- There is opportunity—but selectivity matters
- We stay focused on:
  - ✓ Downside protection
  - ✓ Alignment with operators
  - ✓ Realistic underwriting

Focus on rent growth, expense control, financing, and exit assumptions

SIMPLE LENS

“What must go right for this deal to succeed?”

Case Study


Preserve at Copperleaf
14811 West Road | Houston, TX 77095
Lone Star Capital

Case Study

Why the Deal was Attractive to SRE

- Location
- Low Execution Risk
- Operator Strength
- Projected Returns
- Hold Period
- Upside Potential / Tax Abatement Strategy

SHINING ROCK
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THANK YOU!

Contact us to learn more, or visit ShiningRockEquity.com

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Scan the QR code above to access your due diligence checklist.

Let’s Wrap Up

Getting Started With an IRA in 3 steps

Open an Entrust Account

Fund Your Account

Direct Custodian to **Purchase** Your Asset

What’s Next?

Sending you replay & additional resources

Our follow-up email will include video replay, slides, and more education

Register for August’s Webinar

How to Build an Investing Strategy that Fits Your Priorities

What's Next?

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Question & Answer Session