

**Brookfield**

# Better together: Unlocking stronger results across the housing sector

U.S. housing isn't a monolithic market—but a complex ecosystem segmented by geography, income and demographics

MAY 2026



# Key Takeaways

- The U.S. housing market is increasingly out of balance, resulting in a structural supply-demand gap that spans age groups, regions and income brackets.
- Tight supply and demographic shifts are driving demand changes faster than the market can adapt, creating tailwinds across housing subsectors.
- These subsectors do not move in lockstep. They respond differently to factors such as interest rate moves and economic growth, and no subsector wins in every market cycle.
- The relatively low correlation between housing subsectors creates opportunities for institutional capital to invest across the housing spectrum, reducing risk and boosting returns.

## Housing represents one of the largest components of U.S. GDP, spanning household spending, investment and credit formation across the financial system. But it isn't a monolithic market. Instead, U.S. housing is a complex ecosystem segmented by geography, income and demographics.

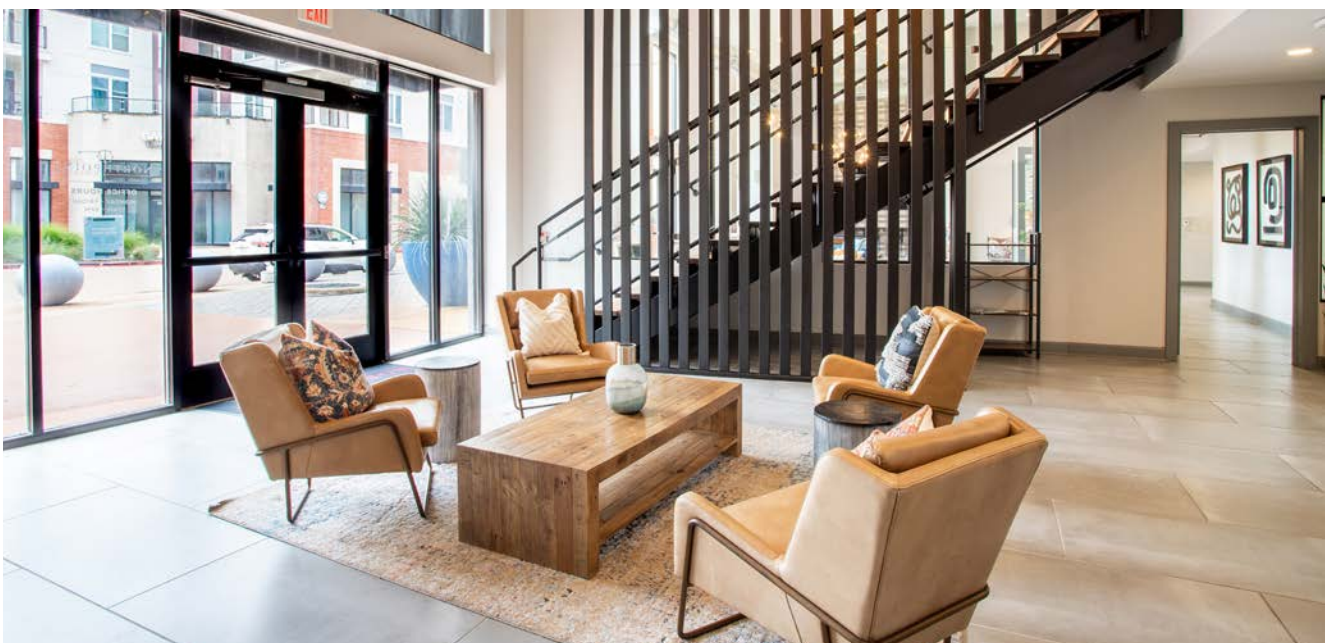
Today, the market is more imbalanced than at any point in recent history, with a structural shortage of approximately 3 million homes.<sup>1</sup> Underbuilding, zoning restrictions and higher building costs are all playing a role in limiting new supply, making a rapid rebalancing unlikely.

A key piece of the supply imbalance is the lack of starter homes for first-time buyers. Construction has lagged for decades, driving a surge in prices, including record gains in the aftermath of the Covid-19 pandemic. With the median U.S. home price now north of \$436,000—more than 50% higher than in February 2019<sup>2</sup>—buying a new house requires roughly twice the income it did just six years ago, and the median age of a first-time buyer has hit 40, up from 33 in that same period.<sup>3</sup>

Affordability has deteriorated sharply, combining with tighter lending standards and elevated mortgage rates to keep many potential buyers on the sidelines.

These supply and demand dynamics are not temporary. The most affordable types of housing are often the most difficult to build. And household formation continues to outpace housing completions, pushing home prices up faster than wages.

As a result, Americans are renting apartments for longer<sup>4</sup>, seeking out purpose-built rental houses and gravitating to manufactured housing, which can provide a path to homeownership. In addition to affordability constraints, some Americans have also come to prefer the lifestyle and financial flexibility offered by renting. Meanwhile, an aging population is driving demand for senior housing, and strong enrollment growth at large flagship universities is fueling demand for purpose-built student accommodations.

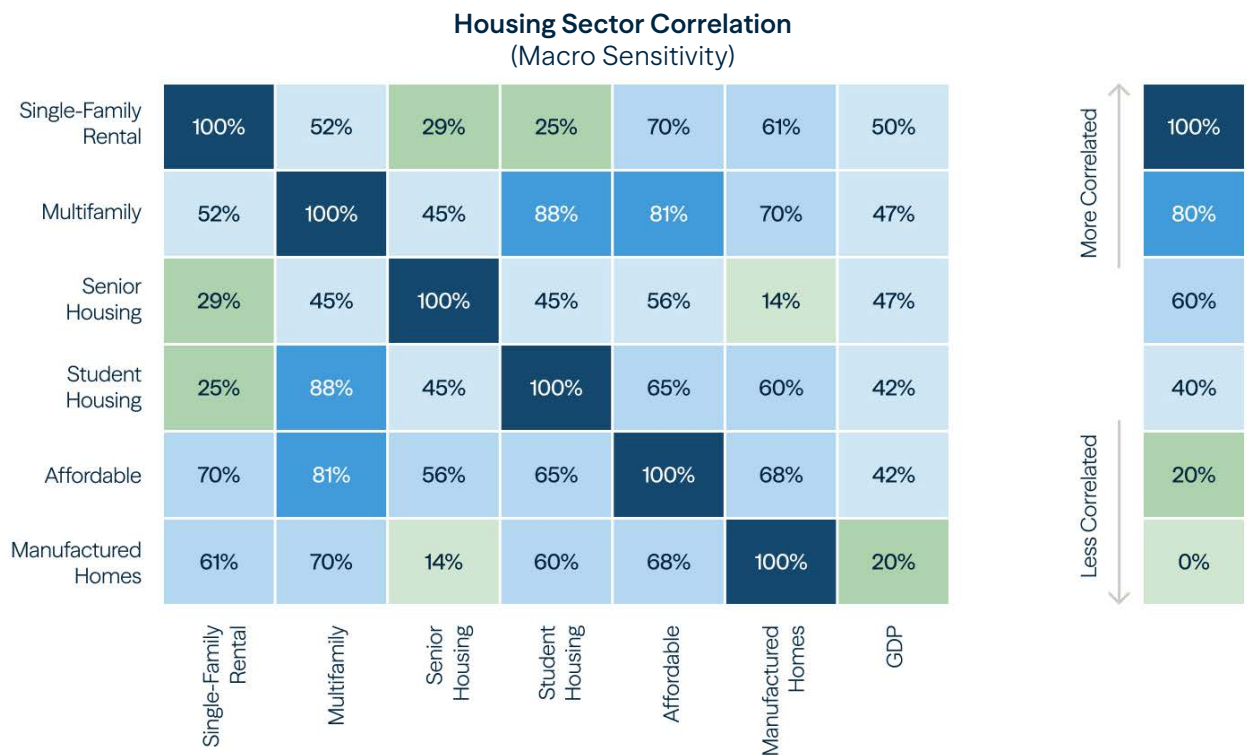


### MULTIPLE MARKETS

While the same supply/demand dynamic is playing out across the U.S. housing landscape, it’s important to note that the different segments do not move in lockstep. Multifamily, affordable housing, build-to-rent, senior housing, student housing and manufactured housing each have their own drivers and react differently to economic factors.

Historically, investors have gained exposure to U.S. housing through individual subsectors or strategies. But the relatively low correlation of returns across these housing segments—and their differing sensitivity to GDP growth—highlights the benefits of a more diversified approach. Allocating across subsectors can enhance returns, reduce volatility and provide downside protection.

**Figure 1: Varying correlations**  
The six subsectors of U.S. housing react differently to GDP growth



Source: GDP sourced from FRED, as of May 2026. Sector data sourced from Green Street’s CPRI, except for Affordable Housing, which used internal Brookfield calculations.

Manufactured housing, for example, exhibits one of the lowest correlations to GDP growth. Occupancy and rents tend to remain stable even in weaker economic environments, supported by a resident base that is less transient and more price sensitive. Operating leverage is also relatively low compared to subsectors such as senior housing, where staffing intensity and operational complexity are higher. As a result, manufactured housing and senior housing show limited correlation with one another.

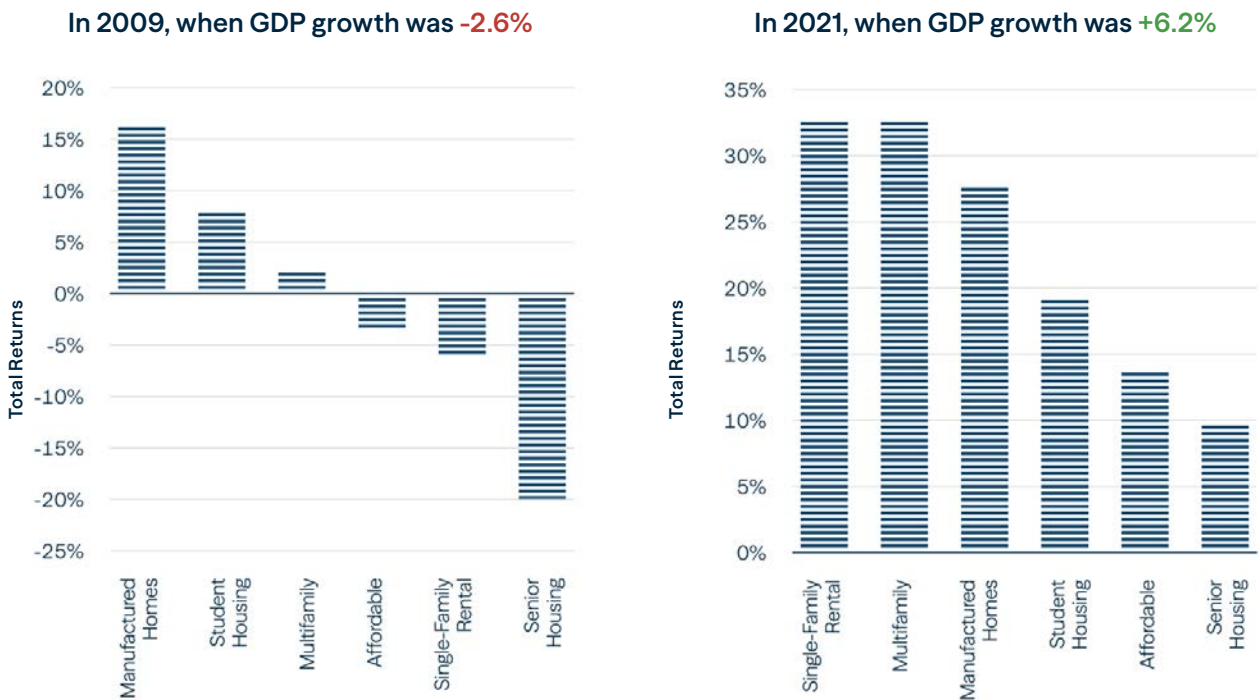
By contrast, conventional multifamily is more closely tied to economic growth. Strong labor markets and rising wages support demand and rent growth, particularly in large urban centers. This dynamic has been evident in markets such as New York and San Francisco, where growth in technology and finance has driven both occupancy and rents.

Student housing sits somewhere in between. While rent growth can be more constrained in weaker economies, demand tends to remain resilient as

enrollment often rises when labor markets soften. As a result, the subsector exhibits moderate correlation to GDP growth and relatively low correlation to other housing types.

These differences create opportunities for investors to actively allocate across subsectors. More defensive segments, such as manufactured housing, may outperform during periods of economic stress, while more cyclical subsectors, such as multifamily, tend to benefit earlier in a recovery.

**Figure 2: Changing fortunes**  
Housing subsectors respond differently to macroeconomic conditions



Source: GDP sourced from FRED, as of May 2026. Sector data sourced from Green Street’s CPRI, except for Affordable Housing, which used internal Brookfield calculations.

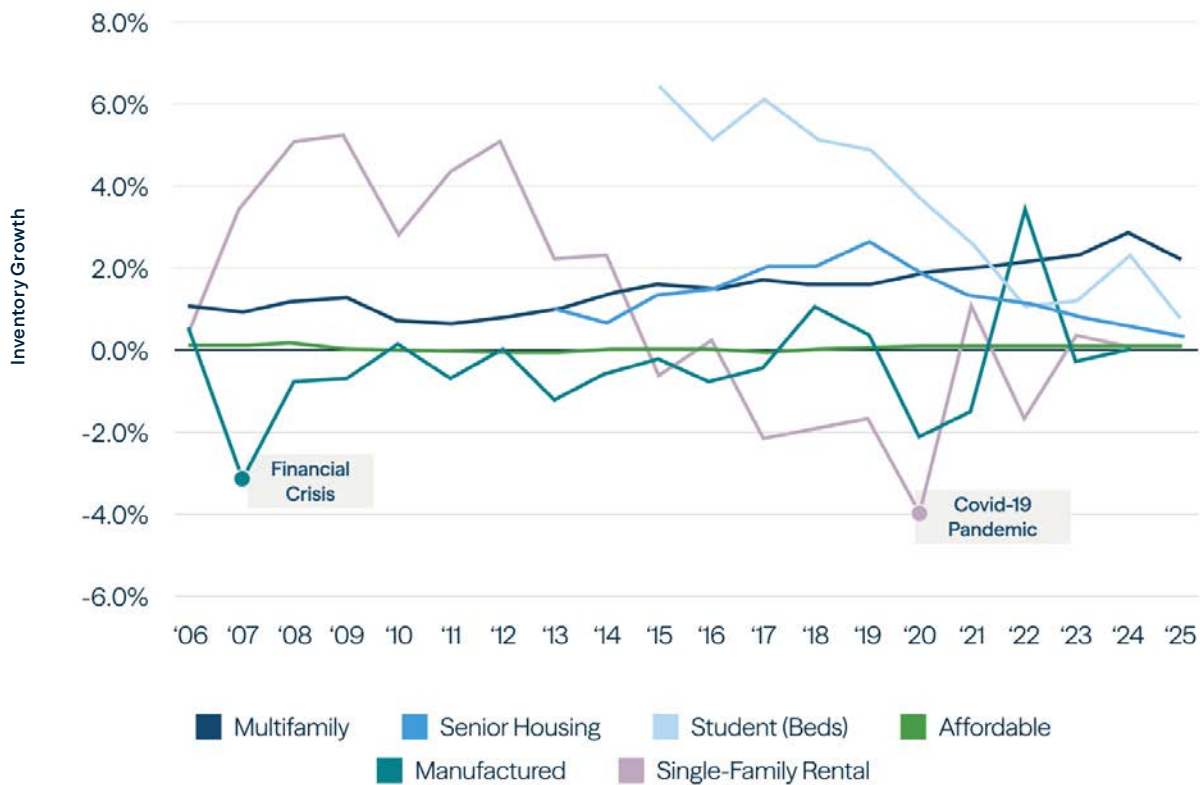
GDP growth serves as a useful proxy for overall economic conditions, which in turn influence both demand and new supply across housing segments.

For example, during the mid-2000s housing boom, development activity concentrated in single-family and multifamily housing, while manufactured housing supply declined. A similar dynamic emerged in 2020, when low mortgage rates and pandemic-driven demand fueled suburban homebuilding at the expense of other segments.



**Figure 3: Shifting inventory**

While overall supply is constrained, the housing that’s built varies depending on the economic cycle



Source: Green Street 2026 Annual Apartment Sector Outlook (Apartment); Moody’s Analytics Commercial Real Estate Data Hub, May 2026 (Senior Housing, Student Housing); CoStar, May 2026 (Affordable); American Community Survey and Brookfield internal calculations based on IPUMS USA, March 2026 (Mobile Home, Single Family Rental).

Although overall housing supply remains constrained, the composition of new development continues to shift with the economic cycle.

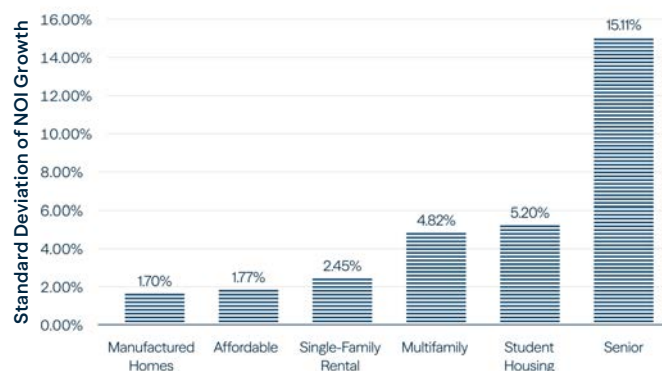
In recent years, construction of senior and student housing has slowed, in part due to weaker operating performance in the immediate aftermath of the pandemic. At the same time, multifamily development accelerated as affordability challenges kept more households in the rental market. While rent growth has softened in some markets as new supply has been delivered, construction activity now appears to be moderating.

Differences in net operating income growth—and in the volatility of that growth—further reinforce the diversification benefits across housing subsectors.

**Figure 4: Different swings**

Net operating income growth can be volatile across housing segments

**Net Operating Income Volatility (2015 – 2025)**



Source: Sector data sourced from Green Street, May 2026, except for Affordable, (sourced from CoStar); calculated based on same-store NOI growth.

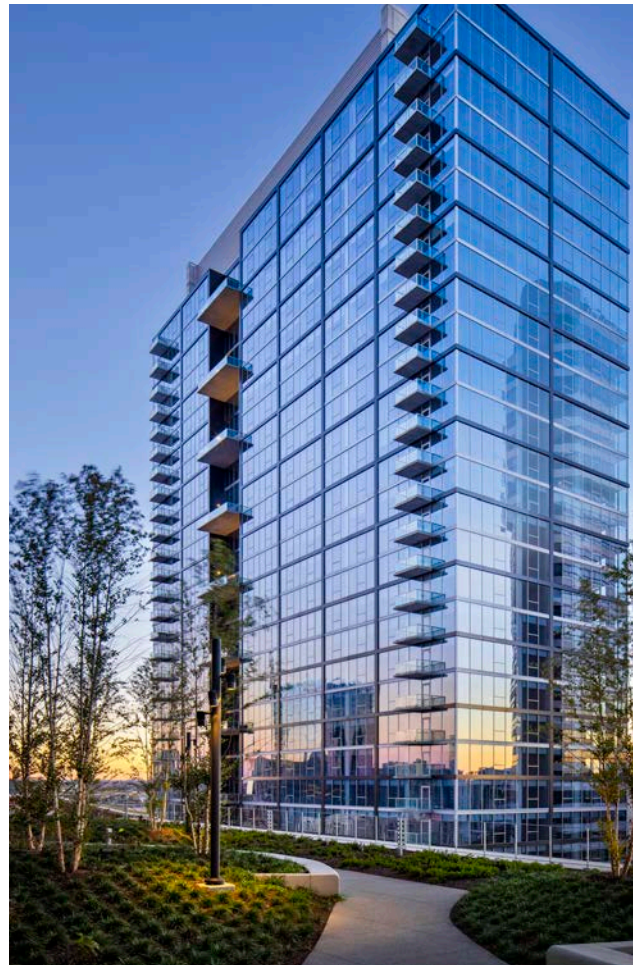
What ties these dynamics together is a structural imbalance in U.S. housing: constrained supply, persistent demand, and significant barriers to new development.

In this environment, dispersion across housing subsectors is likely to persist. For investors, that creates an opportunity to build more resilient portfolios by allocating across segments—leveraging scale, operating expertise, and local market insight to dynamically adjust exposure over time.

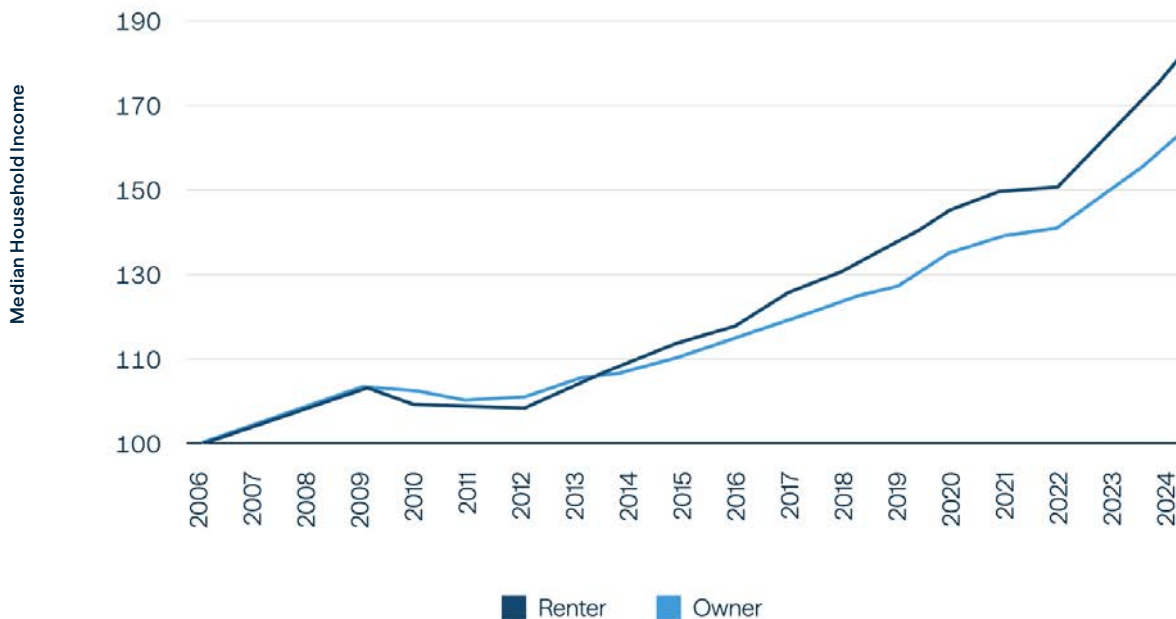
### CONVENTIONAL MULTIFAMILY

One of the clearest ways to understand the imbalance in U.S. housing is to look at the demographics of renters. Simply put, they've gotten older and wealthier: a report from Zillow found that 37% of renters now have a child at home, an increase from 29% in 2022.<sup>5</sup>

In a housing market with a steady supply of starter homes, many of these families would have purchased property, moving from an urban center to a surrounding town, trading a shorter commute for more space. Instead, they're staying in apartments longer, particularly in cities with strong job markets where workers have returned to offices.



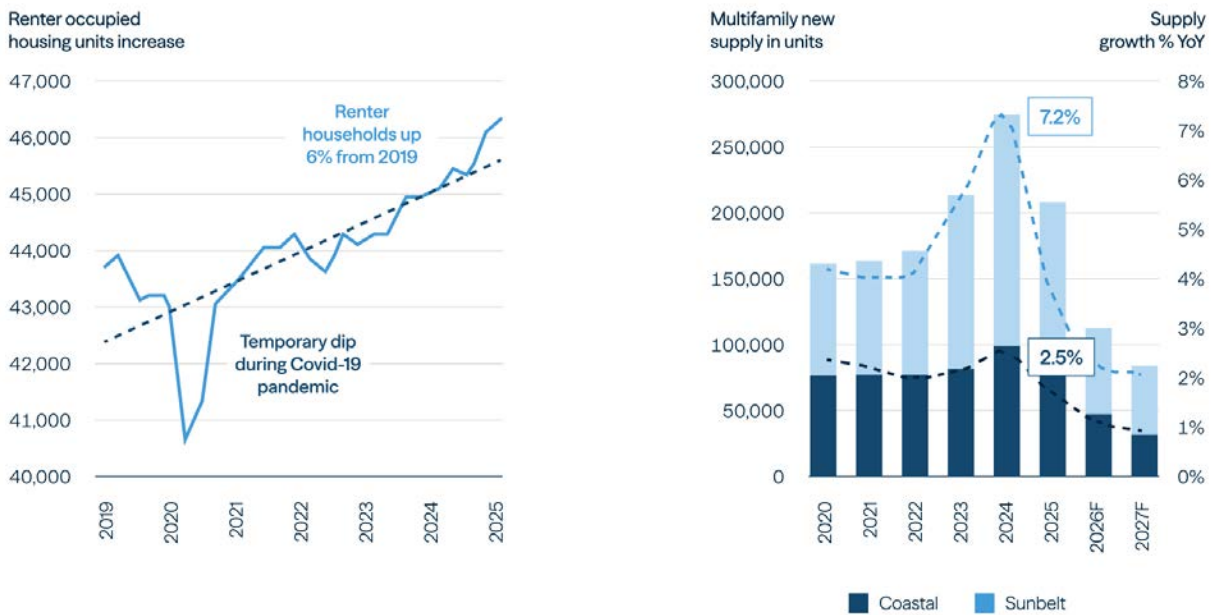
**Figure 5: Getting wealthier**  
Wealth is growing faster in households that rent compared to those that own their home



Source: American Community Survey March 2026, Brookfield internal calculations based on IPUMS USA; indexed to 100 in 2006.

**Figure 6: More demand, less supply**

Affordability challenges have increased the number of renters, while multifamily construction starts are sliding



Source: FRED, as of November 2025 (chart 1); CoStar, as of 2025 (chart 2).

There has also been a rise of “lifestyle renters”— young professionals who prefer to invest money they might otherwise use for a downpayment, while enjoying the flexibility to move that comes with not having a mortgage.<sup>6</sup>

New York and San Francisco have each seen apartment rents surge and vacancy levels drop as workers in core industries return to offices.<sup>7</sup> And, as with other areas of housing, higher construction costs and interest rates have made it difficult to finance new apartment buildings, pushing rents higher at existing buildings and illustrating the opportunity for large-scale operators to drive value through investment and improved operations.

The case for multifamily housing isn’t limited to major cities. Muted wage growth in many industries and surging costs for everything from groceries to healthcare have made it difficult to save for a down payment. And with higher interest rates and tighter lending standards, Americans across the country are renting for longer and seeking other housing alternatives.

**AFFORDABLE APARTMENTS**

The surging cost of housing in recent years, combined with tepid income growth across much of the U.S. economy, has boosted demand for apartments that are officially designated as “affordable.” In this segment of the multifamily market tenants typically pay rent that is limited to a percentage of area median income or subsidized by the government. Demand comes from working-class families who struggle to afford market-rate rent.

Supply has been constrained in this subsector, in large part because higher building costs have pushed developers to focus construction on the high end of the market in major cities. Today, for renters at or below 50% of area median income, there are just 54 affordable units available for every 100 households in need.<sup>8</sup>

### BUILD-TO-RENT

Homes that are designed and built to be rented are a key piece of the U.S. housing market, providing affordable single-family housing options for families that need or prefer to rent.

In many cases, build-to-rent communities allow price-sensitive families to live in neighborhoods they would otherwise not be able to afford, giving them access to the backyards, extra bedrooms, good schools and safe neighborhoods they desire. In fact, roughly 85% of renters in this type of home would not be able to afford to purchase the property

The structural factors reshaping U.S. housing mean that the opportunity in build-to-rent housing appears considerable, with the population of renters growing three times faster than that of homebuyers.<sup>9</sup>

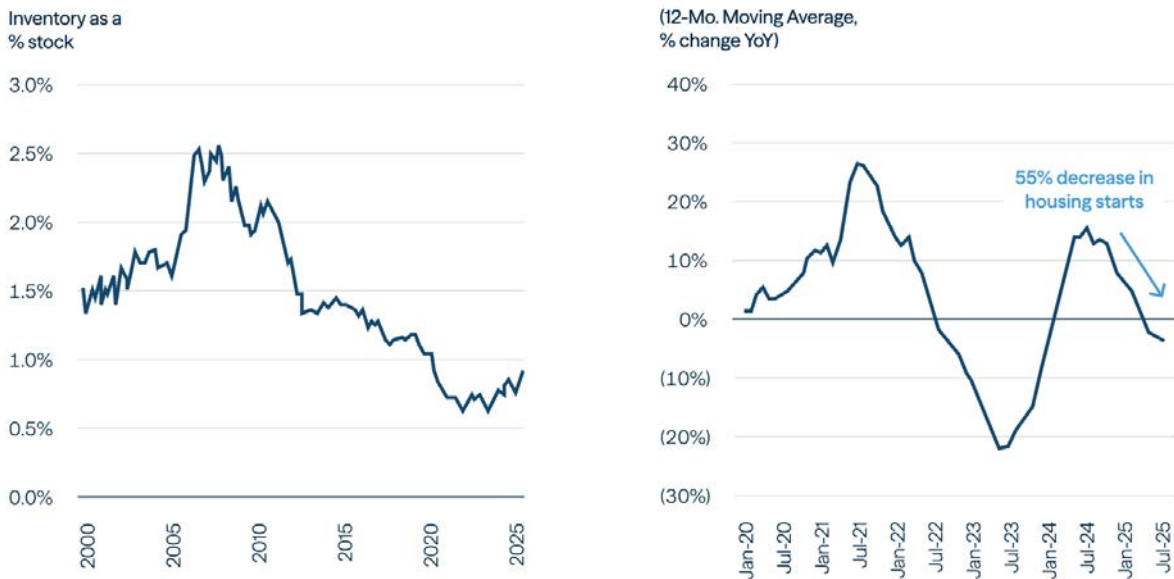
The demand for this type of housing is structural and persistent—with elevated mortgage rates and home prices keeping many families from buying houses, even though they continue to seek the amenities of a single-family house.

Despite the demand, the subsector is seeing constrained supply, with new build-to-rent deliveries expected to decline 55% over the next year, limited by higher construction and financing costs.

Operating these portfolios is complex, favoring scaled operators with the capital to improve the residents’ experience, helping increase retention and occupancy.

**Figure 7: Supply squeeze**

The number of homes for sale is well below historic levels and construction starts are also lagging



Source: U.S. Census Bureau, Morgan Stanley Research (chart 1); U.S. Census Bureau (chart 2), August 2025.



**SENIOR HOUSING**

The U.S. population is aging faster than at any point in its history. The oldest Baby Boomers will turn 80 this year,<sup>10</sup> with the U.S. octogenarian population on track to more than double by 2040.<sup>11</sup> This generation has accumulated wealth and they’re living longer, creating demand tailwinds for senior housing.

New construction has not kept pace. In fact, by 2030, deliveries of senior-living property will satisfy less than one third of the expected demand,<sup>12</sup> driving a compelling investment outlook for this subsector.

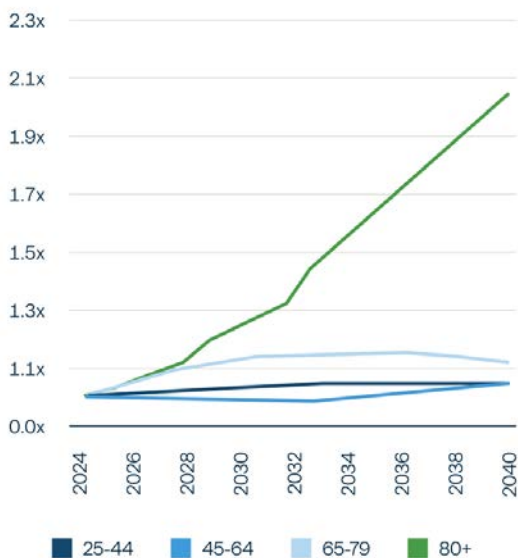
Senior living communities can be complex to operate and benefit from hands-on management from experienced operators. Improvements to these communities, including enhanced unit finishes and modernized common spaces, can drive higher occupancy, fueling outperformance when the properties are operated well.

Green Street forecasts double-digit NOI growth over the next several years, making senior living one of the strongest areas of the real estate market today.

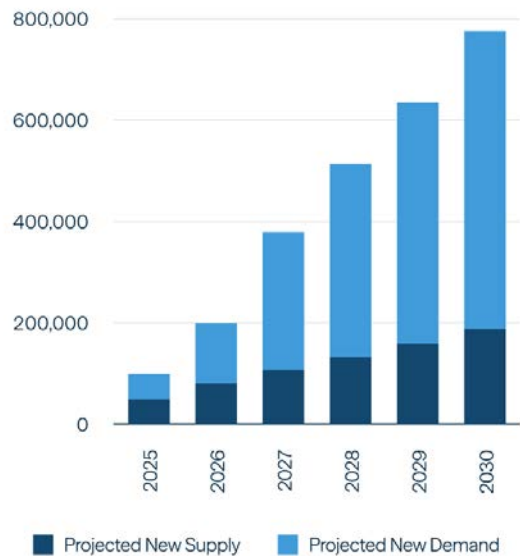
**Figure 8: Silver tsunami**

America’s octogenarian population is surging and the supply of senior housing is not expected to keep pace with the increased demand

U.S. Population Growth



Units, Cumulative



Source: U.S. Census (chart 1); NIC MAP (chart 2); Morgan Stanley (June 2024).

### STUDENT HOUSING

Student housing is being reshaped not by how many students attend college but by where they choose to go. While overall college enrollment across the U.S. has remained relatively flat, demand is increasingly concentrated in a subset of large, public universities, particularly in the Southeast, where strong campus cultures, major athletic programs and warmer climates are drawing students from across the country.

This shift is especially evident in the “Power Four” athletic conferences, where out-of-state enrollment at some flagship universities exceeds 40-50% of the student body,<sup>13</sup> driving incremental demand for housing that local supply has struggled to keep pace with.

Between 2015 and 2025, student housing construction starts declined by roughly 75%, while rents increased by more than 30%<sup>14</sup>—a clear indication of tightening market conditions that are expected to persist. In many top-tier university markets, purpose-built student dorms house

less than half of total enrollment, leaving a sizable portion of demand to be absorbed by older or less institutional-quality stock.

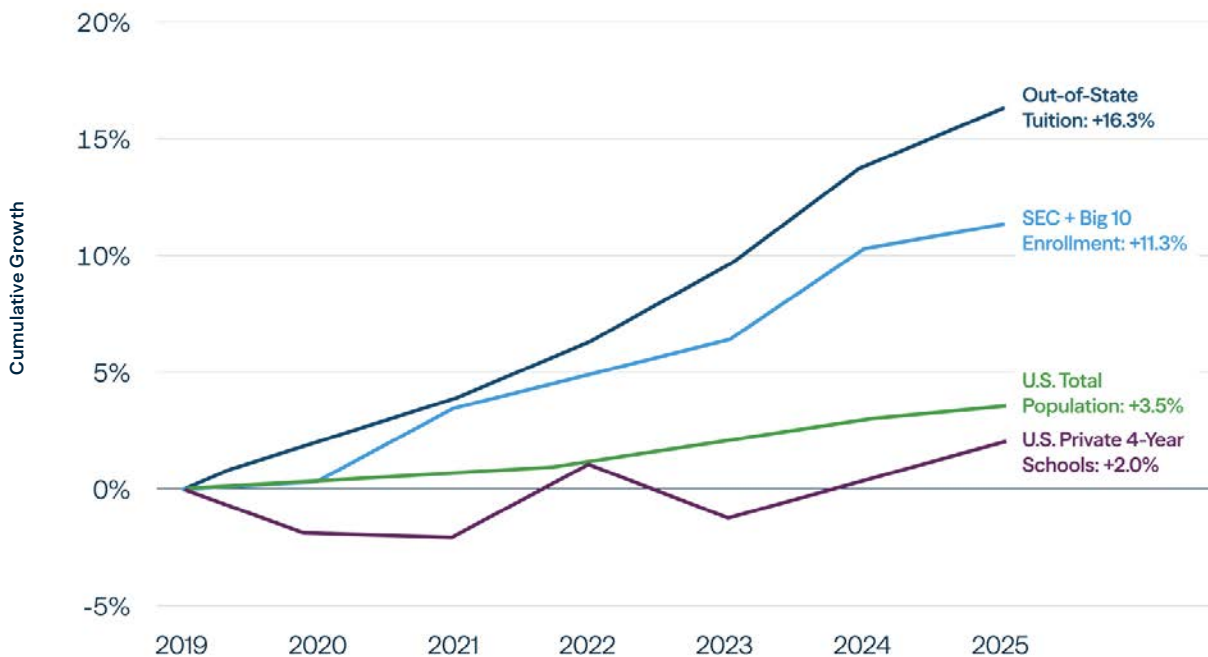
The result is a structurally undersupplied segment in high-growth university markets, where demand is deep and recurring.

Student housing also exhibits counter-cyclical characteristics. During periods of economic uncertainty, enrollment often stabilizes or increases as individuals return to school to enhance skills and improve employment prospects. This dynamic supports occupancy and rent growth even in softer labor markets.

For institutional investors, this creates an attractive opportunity to own and operate purpose-built student housing in markets where enrollment continues to rise and supply is constrained, supported by predictable leasing cycles and durable cash flows.

**Figure 9: Going public**

U.S. students have been flocking to large flagship universities, with schools in the SEC and Big 10 conferences seeing large gains



Source: Real Page Market Analytics; U.S. Department of Education, National Center for Education Statistics; IPEDS (November 2024); U.S. Bureau of Economic Analysis, Federal Reserve Bank of St. Louis (May 2026).



## MANUFACTURED HOUSING

Manufactured housing communities are often misunderstood. Far from the outdated “mobile home parks” many associate with the subsector, these are increasingly well-maintained, professionally managed communities with amenities such as clubhouses, pools and shared green space. And, in many cases, residents have the option to own their homes and lease the land beneath them, creating a stable, community-oriented living environment.

It also represents one of the most affordable forms of housing in the U.S., with all-in monthly payments roughly 45% lower for a manufactured house compared to a single-family home.<sup>15</sup> As affordability pressures mount, this has driven sustained demand, with high occupancy and consistent rent growth across the subsector.

At the same time, new supply has been virtually nonexistent for over a decade. Zoning restrictions, land scarcity and permitting challenges have made it difficult to develop new communities, while many existing properties remain under non-institutional ownership.

The result is a highly supply-constrained subsector with durable demand and a fragmented ownership base.

We have found that targeted operational improvements ranging from infrastructure upgrades to enhanced amenities and professional management can meaningfully improve resident experience while driving occupancy and long-term value creation.

## U.S. HOUSING IS MANY MARKETS

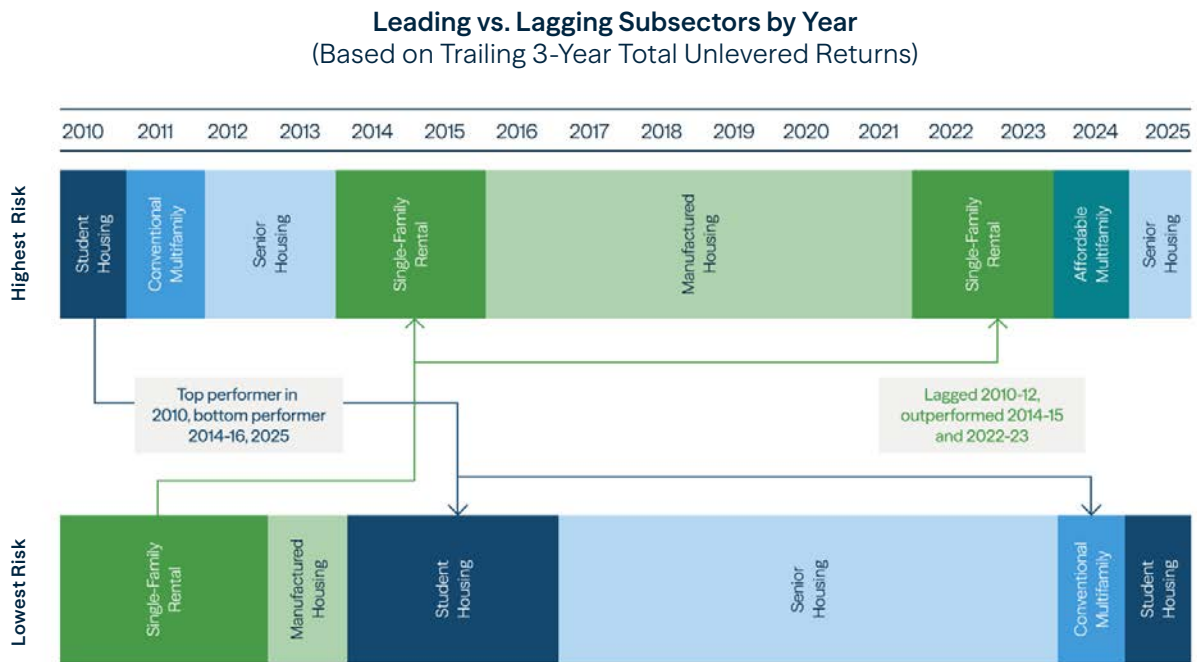
U.S. housing is the most institutionalized housing market in the world, accounting for roughly 18% of national GDP—comparable in scale to the size of Japan’s economy. This roughly \$5 trillion ecosystem is underpinned by durable, needs-based demand. At the same time, persistent supply constraints and shifting market conditions continue to reshape where and how capital is deployed.

Housing combines characteristics of both real estate and infrastructure: it is supported by essential demand and relatively stable income streams, while also reflecting local market dynamics and changing economic conditions.

But housing comprises many segments. And as the chart illustrates, performance varies meaningfully across these segments, with different subsectors leading or lagging at different points in the cycle.

**Figure 10: Changing leaders**

No single housing subsector wins in every economic cycle, highlighting the benefits of diversified exposure



Source: Green Street’s Commercial Property Return Index, except for Student Housing (Green Street until 2022, Brookfield internal calculations from 2022 to 2025), Single-Family Rental and Affordable Housing (Brookfield internal calculations). Returns shown are calculated at the asset level and are not illustrative of fund-level returns, which may differ materially due to leverage, fees, expenses, timing and assets.

Given this dispersion, a diversified, multi-sector approach provides a balanced way to gain exposure to U.S. housing. Such an approach allows for participation in areas of relative strength while moderating exposure to more cyclical segments.

Rather than relying on a single source of returns, outcomes are shaped by a combination of structural demand, demographic trends, and active portfolio management, supporting more consistent performance across cycles.

## FOOTNOTES

1. JPMorgan (2025)
2. Redfin, "Home Price Growth Edged Up Nationally in January While the West Coast Began Seeing Red," February 2019; Redfin.com, May 2026
3. National Association of Realtors, "2025 Profile of Home Buyers and Sellers," November 2025; CBRE, "Digging Out of the U.S. Housing Affordability Crisis," August 2025
4. Redfin, "Renters Are Staying Put Longer," September 2024
5. Zillow, "Renters: Consumer Housing Trends Report," October 2025, July 2022
6. Arbor Realty, "Lifestyle Renters Put a New Spin on The American Dream," January 2025
7. Bloomberg News, "Manhattan Apartment Hunters Face Record Rents and Bidding Wars," August 2025; New York Times, "Renting a San Francisco Apartment in the A.I. Boom?" October 2025
8. National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes," March 2025
9. Redfin, "The Number of Renter Households is Growing Three Times Faster Than Homeowner Households," November 2025
10. Pew Research Center, "The oldest Baby Boomers turn 80 in 2026," January 2026
11. Joint Center for Housing Studies (Harvard University), "Housing America's Older Adults," 2023
12. NIC MAP (data service), Q1, 2025
13. College Transitions, Enrollment by Residency, November 2025
14. CoStar, 2025
15. Joh Berkadia, FRED of St. Louis, Business Insider, Forbes

## DISCLOSURE

This commentary and the information contained herein are for educational and informational purposes only and do not constitute, and should not be construed as, an offer to sell, a solicitation of an offer to buy, or an advertisement for, any securities, related financial instruments or investment advisory services. This commentary discusses broad market, industry or sector trends, or other general economic or market conditions. It is not intended to provide an overview of the terms applicable to any products sponsored by Brookfield Asset Management Ltd. and its affiliates (together, "Brookfield").

This commentary contains information and views as of the date indicated and such information and views are subject to change without notice. Certain of the information provided herein has been prepared based on Brookfield's internal research and certain information is based on various assumptions made by Brookfield, any of which may prove to be incorrect. Brookfield may have not verified (and disclaims any obligation to verify) the accuracy or completeness of any information included herein including information that has been provided by third parties and you cannot rely on Brookfield as having verified such information. The information provided herein reflects Brookfield's perspectives and beliefs.

Investors should consult with their advisors prior to making an investment in any fund or program, including a Brookfield-sponsored fund or program.

**Brookfield**