IBIS
Capital

Real Asset Market Brief

Market Conditions, Investment Approach & Pipeline

Q4 2026

MARKET SNAPSHOT

Markets are up. So is the cost of everything else.

Data as of OCT 5, 2026

37%	5.31%	$100	$3.8T
TOP 10 S&P WEIGHT	10-YR TREASURY	BRENT CRUDE	PE EXIT BACKLOG

Over the past six months, higher borrowing and energy costs have added pressure to budgets already stretched by years of rising prices. The 10-year Treasury ended September at 5.29%, nearly a full percentage point above its March close. Consumer prices were 3.4% higher in August than a year earlier, and the Federal Reserve raised rates in September as it continued its effort to bring inflation under control. Energy remains another source of economic stress, with Brent crude above $100 at the start of October and the national average for regular gasoline near $4.40 per gallon and diesel at $6.35. Markets keep climbing, but day-to-day life just feels harder to maintain, creating a disconnect where the headline metrics look great, but nobody on the ground actually feels it.

For commercial real estate, that disconnect puts the focus on what tenants can afford to pay and what owners can earn after higher operating and borrowing costs. CBRE began the year projecting modest cap-rate compression. By midyear, they expected cap rates to remain largely unchanged and more of investors' returns to come from income. CBRE still expects volume to rise, and we agree, though most of it will be sellers who have to transact rather than buyers who want to.

THE 2021 MATH STOPPED WORKING

Some asset owners have floating-rate loans whose payments have risen as interest rates climbed. Others have loans coming due and underwrote their acquisitions assuming they could refinance at lower rates. If a new loan does not cover the old balance, owners must add cash, negotiate more time with the lender, or sell. Lower rents and higher expenses can make that shortfall larger.

Multifamily is the clearest example of financing and operating assumptions failing at the same time. Much of what traded in 2021 and 2022 went at low initial yields with floating-rate debt, on the assumption rents would keep climbing. Instead, debt costs went up while new supply landed in the same markets. CBRE's midyear review describes landlords prioritizing occupancy over rent growth.

These pressures affect commercial real estate broadly, but multifamily is getting hit hardest. Older office buildings need real capex to keep tenants. Industrial is more mixed and depends on location, access, and what the building can actually provide. Across the board, insurance, taxes, maintenance, and leasing costs are taking a larger share of cash flow.

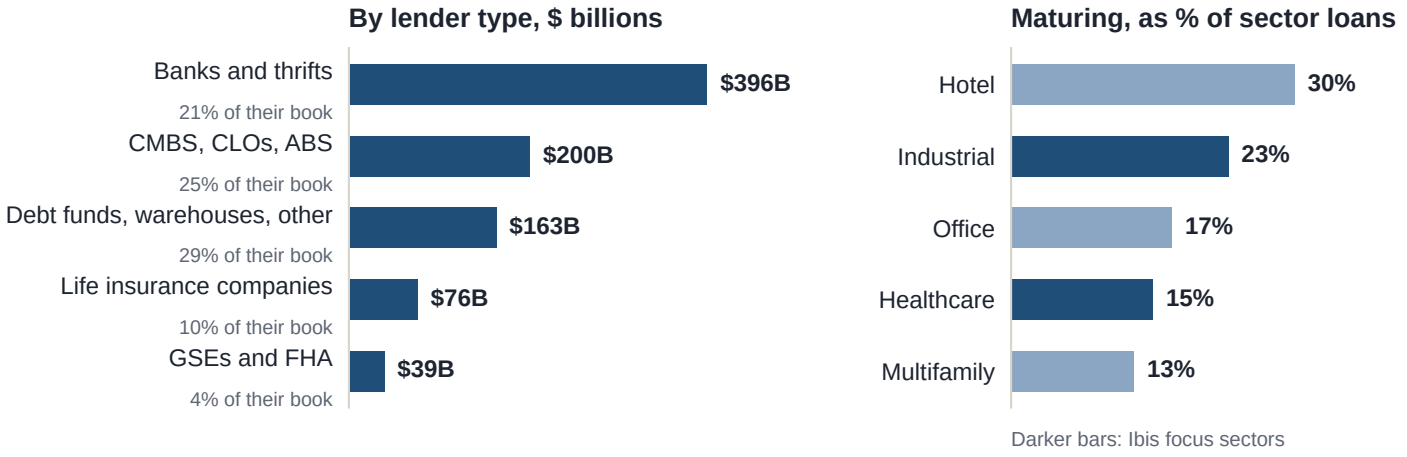
CHEAP ISN'T THE SAME AS A GOOD DEAL

Sellers don't always sell at their own discretion. A loan matures, a lender asks for more equity, a fund hits the end of its term, or a partner wants out. When that is why a deal is on the table, there is usually room to negotiate on price, terms, or timing.

A property with established tenant demand and an owner facing a financing gap may offer an attractive entry point. A property losing tenants or requiring substantial work to address deferred maintenance may still not pencil, even after a large price reduction. We focus on sustainable income against the true total cost of ownership. Just because an asset is priced at a discount to replacement cost or where it traded historically doesn't mean the deal works on its own.

$875 billion of commercial and multifamily mortgages mature in 2026

17% of the $5.0 trillion outstanding, down 9% from the $957 billion that matured in 2025



Source: Mortgage Bankers Association, Commercial Real Estate Survey of Loan Maturity Volumes (February 2026). Chart: Ibis Capital.

INVESTMENT APPROACH

Underwriting to a 7–8% cash yield.

Ibis is underwriting Fund I to target an average annual cash yield of 7–8% over the fund's life and a 14–15% net IRR to investors, both net of fund fees and expenses. These targets reflect the combined portfolio; annual distributions will vary as investments are acquired, operated, and sold.

As we build the allocation model, we look at what each investment does for both targets. A lower-yielding asset has to bring more total-return upside to earn its place. A higher-yielding one, which could include a debt position, helps fund distributions but will likely appreciate less. We track the blended income, capital needs, and cash flow timing as the portfolio takes shape.

INCOME COMES FIRST

Our review starts with how much cash is actually left for investors after operating expenses, debt service, capital needs, and reserves. We separate income that existing leases already support from income that depends on leasing up space, raising rents, or improving operations. Fund fees and expenses come out as well, so they are in that math.

A low basis only helps if we know what else the asset is going to need. Deferred maintenance, tenant improvements, carrying vacant space, and working capital are all part of what we are really paying. Replacement cost is useful context, but it doesn't pay distributions. An income forecast we can defend does.

We look hard at tenant credit, how long the lease runs, what happens at renewal, and what it would cost to replace a tenant who leaves. The financing and exit assumptions also have to hold up if results come in below plan. Cap-rate compression is great upside at exit, but it shouldn't be what makes the deal appealing at the onset.

A MEANINGFUL CAPITAL PARTNER FOR OUR OPERATORS

Our network of more than a dozen operators generates acquisition discussions across healthcare and industrial assets, including off-market and pre-market opportunities. Transactions generally involve acquisition costs of $25M or less, where competition is more often from local operators and sponsors than large institutional buyers.

We are discussing a programmatic approach under which a capitalized Ibis fund would provide $3M to $7M of equity per transaction. Operators would gain a reliable capital partner and reduce the need to assemble numerous smaller commitments. Ibis could deploy as opportunities meet its requirements, without raising capital separately for each acquisition.

Participation as a majority limited partner or joint-venture capital partner would strengthen our position when negotiating investment terms and investor protections. Terms may include lower acquisition, asset management, or property management fees, or participation in sponsor carry. All negotiated fee savings and carry participation accrue to the fund, not to Ibis as the manager.

We also seek approval rights over additional borrowing, material budget changes, and a sale, together with defined reporting and information rights. We negotiate these deal by deal, and we pay attention to whether the operator is set up to actually execute the plan.

DIVERSIFICATION BEYOND PROPERTY TYPE

Diversification is more than owning several property types. Two different assets can carry the same tenant, geography, operator, lease-expiration, or debt-maturity risk, and we track all of those. Having a dozen-plus operators across healthcare and industrial is what lets us stay patient; we don't have to do a deal just to put capital to work. Each acquisition still has to stand on its own underwriting and pull its weight on income, total return, and concentration.

PIPELINE & OUTLOOK

Why healthcare and industrial hold up through the rate cycle.

We focus on healthcare and industrial because the demand behind them doesn't depend on where rates go next. People are getting older and need more care, and providers keep pushing procedures out of hospitals into cheaper outpatient settings. That is good for well-located medical space, even with reimbursement and labor costs compressing provider margins.

On the industrial side, reshoring and supply chain changes are driving demand for specialized production facilities and logistics sites. IOS fills the related need for yards where tenants keep equipment, fleets, and service vehicles close to customers and routes. These operations do move with the business cycle, but tenants rely on them every day, which creates a stickiness.

Our three primary seed investments remain active in the pipeline as of October 2026. Together, they represent approximately $54.8M in combined asset value and a target fund investment of approximately $10M, subject to diligence and final terms. They provide different sources of income and potential growth.

MEDICAL OUTPATIENT

A 160,000-square-foot, two-building campus is 75% leased to a public university health system through 2032. The proposed basis is approximately $168 per square foot, compared with a replacement-cost estimate above $400. The lease includes annual rent increases and operating-cost recoveries.

The health system has put its own money into specialized clinical build-out, which makes it less likely to leave. The two vacant floors are upside, and we underwrite them separately from the rent already in place. How much capital it takes to get there depends on local demand, improvement costs, and how long leasing takes.

NET-LEASED INDUSTRIAL

A 285,000-square-foot manufacturing plant is occupied by a global automotive supplier under a triple-net lease through September 2039, with 3% annual rent increases. The proposed basis is approximately $60 per square foot.

The plant matters to the tenant's U.S. production, and the lease gives us a clear view of income through 2039. Diligence is focused on tenant credit, the condition of the building, and which party bears capital expenditures.

INDUSTRIAL OUTDOOR STORAGE

The IOS opportunity comprises 7.74 acres of fully leased infill industrial land. Approximately 81% of income comes from an equipment-rental operator under leases running through 2029. The proposed basis is approximately $32 per land square foot, with sponsor estimates placing rents about 20% below market.

There isn't much competing land nearby, which is the supply argument. Leases rolling during the hold give us the opportunity to reset rents to market, though that also means renewal and downtime risk. We are testing whether local leasing activity actually supports the increases the sponsor is projecting.

DISTRESSED ASSETS, OPPORTUNISTICALLY AND THROUGH OUR OPERATORS

We will also look at distressed assets opportunistically, where they fit our healthcare and industrial focus and come through operators we would want in the portfolio. An owner's debt obligations may require a negotiated resolution with its lending institution, creating an opportunity to acquire at a lower basis. Those discussions take time, and we are not going to force it.

Across the pipeline, we start with whether the income works, then underwrite the property and the operator against our mandate. Sourcing across several asset classes and a dozen-plus operators is what lets us be patient and wait for the right deal rather than forcing one in a market that isn't offering it.

Sources: U.S. Treasury; U.S. Bureau of Labor Statistics; Federal Reserve; AAA Gas Prices; CBRE 2026 Midyear Outlook and IOS research; Mortgage Bankers Association.

ABOUT IBIS CAPITAL

Ibis Capital is an RIA and real asset manager investing in diversified, income-producing property across the lower middle market. The firm invests $3M to $7M in equity alongside experienced operators in sub-institutional investments. Ibis seeks value through transactions typically too small for institutional capital yet beyond the reach of most individual investors. The portfolio is anchored in healthcare real estate and industrial & storage, with opportunistic investments across other real-asset sectors.

Ibis Capital is currently raising Ibis Capital Fund I. The fund sources, underwrites, and manages lower middle market investments in the $5M to $25M range alongside experienced operators. The raise targets $50M+, spanning diversified sectors and targeting a mix of current yield and capital appreciation.

The firm was founded by Kevin Van Hoesen. Kevin spent close to a decade in corporate strategy and business planning at Micron Technology, one of the world's largest semiconductor manufacturers, working alongside multi-billion dollar capital allocation in a capital-intensive, highly cyclical industry. He subsequently served as Vice President of Portfolio Management at an institutional asset manager, where he helped build, source, and underwrite an alternative real asset platform for a national life insurer.

Kevin Van Hoesen, Managing Partner
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Pipeline descriptions and figures reflect the August 2026 seed portfolio materials and remain subject to diligence and final terms. Replacement costs and market-rent comparisons are sponsor estimates subject to independent review. Fund return and distribution targets are underwriting objectives, not guarantees. Annual cash yield may vary during deployment and over the fund's life.

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