Discipline Over Predictions: A Framework for Real Estate Investing

By Tyler Chesser and Bryan Flaherty
CF CAPITAL

The first half of 2026 offered a reminder of how difficult it can be to invest based on macroeconomic forecasts alone.

Inflation remained uneven, interest rate expectations shifted, geopolitical tensions persisted, and trade policy uncertainty continued to influence markets. Yet despite those challenges, many asset classes proved more resilient than expected. In multifamily real estate, transaction activity began to recover, agency lending volumes improved, and capital slowly returned to opportunities sidelined over the previous several years.

A Different Kind of Recovery

The multifamily market appears to be stabilizing, with easing supply pressures, moderating demand and lenders are re-engaging.

This recovery, however, looks different than prior cycles. Rather than rewarding broad market exposure alone, the next phase may increasingly reward operators that demonstrated discipline throughout the downturn.

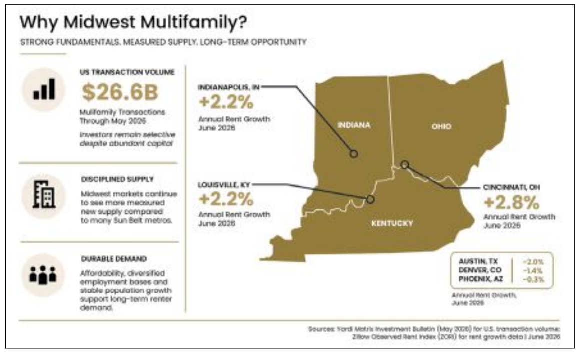
The last four years tested nearly every aspect of multifamily investing. Rising interest rates, tighter credit conditions, higher operating expenses, and slower rent growth created meaningful pressure across the industry. In many ways, the cycle served as a filter, separating sponsors with durable business models from those that relied on abundant liquidity and favorable market conditions.

Manager Selection Drives Outperformance

For family offices and wealth advisors evaluating private real estate allocations, this environment reinforces an important principle: manager selection often matters more than market timing.

Strong markets can temporarily mask weak execution. More challenging environments reveal the importance of conservative underwriting, prudent leverage, operational excellence, and transparent communication with investors.

As the second half of 2026 unfolds, advisors evaluating multifamily investment managers may wish to focus on questions like how quickly and efficiently value-add programs are executed? What does tenant retention look like through cycles? How tightly are bad debt and operating expenses managed relative to underwriting? How often do actual results deviate from initial projections—and in which direction?



Responses should signal repeatability. Manager red flags include underwriting that leaves little margin for error, insufficient reserves relative to business plan complexity, misaligned or unclear fee structures, or short-duration debt supporting longer-duration strategies.

Each of these can erode otherwise sound investment theses and favorable market conditions.

The Case for Midwest Multifamily

This framework is particularly relevant in markets such as Louisville, Indianapolis, Columbus, Cincinnati, and surrounding Midwest communities.

While these markets rarely attract the relative attention of larger coastal or Sun Belt metros, they continue to benefit from relative affordability, diversified employment bases, favorable housing economics, and measured development activity. As housing costs remain elevated in many gateway markets, affordability continues to support migration and rental demand throughout portions of the Midwest.

As important, many of these markets avoided some supply imbalances that emerged elsewhere during the previous cycle. As a result, performance is often driven less by speculative appreciation and more by occupancy, resident retention, operational execution, and disciplined capital allocation.

The first half of 2026 showed uncertainty remains constant. The managers most likely to outperform will not necessarily be those who forecast every turn correctly, but those who built resilient businesses capable of performing across multiple scenarios.

In the years ahead, the competitive advantage in real estate may belong less to those making the boldest predictions and more to those following the most disciplined process. ■

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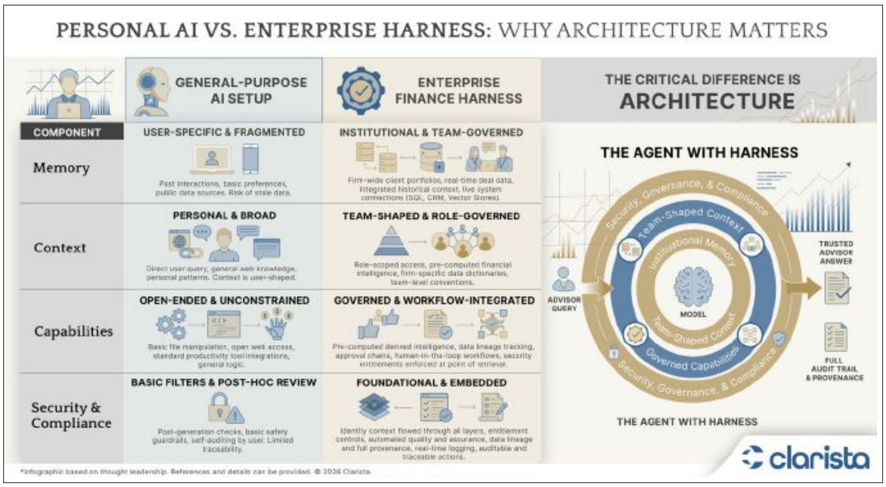
Seeing the Whole Client: The Missing Layer in Modern Wealth Management

By Suvrat Bansal
CLARISTA

In any advisory practice in 2026, a familiar paradox persists. Advisors have more technology than ever: modern CRM, AI notetakers recording each client conversation, advanced portfolio management, financial planning tools, performance reports, and document vaults. Yet many advisors admit that, before a client review, they spend an hour piecing the picture together themselves.



Each system solves an operational problem: tracking contacts, recording meetings, modeling portfolios, or generating plans. None presents the complete client. Data exists but remains siloed. Almost none connect to external signals shaping client conversations, such as state estate tax changes, federal rate decisions, tariff shocks to concentrated stocks, or shifts in client interests. The practice works reactively. Outreach follows calendars, not signals. Personalization stops at the greeting.

The Midyear Shift

In 2026, it's not just about accessible AI models; it's about mature architecture. Advisors become active builders, using platforms like Claude Cowork to assemble agents for meeting prep, research, and client communication. This democratization is real and welcome, but it also brings new risks.

A model becomes trustworthy only when it sits within a secure, auditable, and contextual data layer, which we call an enterprise AI *harness*. The harness governs what data the agent sees, what tools it can use, what it remembers, and which guardrails keep it honest. Stanford research has shown that the same model can produce a 6x performance difference depending on the harness it is placed in. For a deeper treatment of why the harness, not the model, is the real product in regulated finance, see this recent piece I shared on the topic.

Innovate, But Compliantly

For fiduciaries, regulations remain firm through the AI cycle. Reg S-P still governs client data protection and disposal. SEC Rule 204-2 requires the preservation, access, and audit of books and records, including AI-generated outputs. Rule 206(4)-7 mandates written policies to prevent violations, now including AI use. Any agent who drafts emails, summarizes portfolios, or makes recommendations creates a record. If your architecture can't verify the data seen, the authorization, and the output, productivity gains become compliance risks.

Ultimately, the firms that win the second half of 2026 will be those that pair democratized AI with disciplined governance: a contextual layer beneath the agents that delivers a true 360-degree view of holdings, planning, life events, and the macro, market, and regulatory events bearing on each household, while preserving the audit trail regulators expect. That is how outreach becomes proactive, how advisors finally scale without diluting depth, and how the industry, at long last, lets the advisor see the whole client. ■

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