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Leadership Viewpoint: Volume 3

The Investor Takeaway: Resilience Over Prediction



Author: Sridhar Marupudi,

Partner, Chief Executive Officer, Octave Holdings & Investments

The Wealth Gap Is Wide. The Window Is Open.

Nearly 9 in 10 Americans believe passive income is necessary to be financially secure in retirement, and 83% believe having multiple income streams is essential for financial security. Yet most people who want to build that kind of durable, generational wealth don't know where to put the first dollar. The stock market? Sure, it's accessible. But while 58% of Americans believe the stock market will provide better returns than real estate, 80% also believe that owning real estate is an important part of building long-term wealth.

That tension—between what's familiar and what actually works—is exactly the gap we built Octave Holdings and Investments (OHI) to bridge.

Our thesis has always been straightforward: the most resilient investments are anchored in things people *cannot stop needing*, regardless of what the economy is doing. That's how you reduce reliance on forecasts—and build income that can hold up across cycles.

In other words: we don't try to predict the next headline—we focus on owning what stays essential.

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When Uncertainty Rises, Necessity Wins

Markets are nervous right now. One example: in an April 2025 Wall Street Journal survey, economists put the probability of a recession in the next 12 months at about 45%. When the noise gets this loud, it's natural to want to pull back, sit in cash, and wait for clarity.

But here's what I've learned from working alongside institutional investors and building a portfolio through multiple cycles: lasting wealth isn't built by calling the turn. It's built by owning assets designed to perform even when the outlook is wrong—and *reorienting toward resilience* when uncertainty rises.

Grocery-anchored and open-air retail centers remained among the industry's most recession-resistant categories in 2025, benefiting from necessity-based tenancy, reliable foot traffic, and insulation from discretionary spending swings. That's not marketing language—it's structural. When consumers cut back, they cut discretionary first. Apparel. Electronics. Dining out. Groceries? Those receipts barely move.

Here's a concrete example. A mid-sized grocery-anchored center in a suburban market held 98% occupancy through 2024, while similar unanchored strip centers in the same area dipped below 85%. That 13-point gap is the difference between a steady dividend and a problem property—the difference between passive income and an active headache.

The Data Behind Our Core Strategy

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Let me put some numbers behind this, because it's not just a "gut feel." You can see the same story show up in consumer spending, in occupancy, and in where big investors are putting money to work.

For starters, essentials make up a big chunk of what people spend on—about 65% by some estimates from the U.S. Bureau of Economic Analysis. And when the economy feels uncertain, retailers don't suddenly stop caring about grocery-anchored real estate. If anything, interest goes up, because these centers tend to be among the steadiest performers.

You can also see it in what institutional capital is doing. Blackstone, for example, entered advanced talks in late 2024 to acquire ROIC (a major owner of U.S. shopping centers) in a deal valued around \$3.4 billion—part of a broader focus on high-traffic retail assets with resilient demand. I don't share that to name-drop. I share it because when capital like that leans into necessity retail, it's a signal worth noticing.

That's the bet we've been making at OHI for years. When you anchor a center with tenants like Publix, ALDI, Sprouts, or Target, you're not just filling square footage—you're creating consistent weekly traffic. And that traffic is what helps the rest of the tenant mix work, which is how you get stable, recurring income that can compound quietly over time.

The Next Frontier: Where Healthcare Meets Retail

Grocery-anchored retail will remain our bedrock. But Octave is also leaning into what we see as the next major necessity-based opportunity in commercial real estate: **medtail**.

Medtail—the convergence of medical services and retail real estate—isn't a niche trend. It's a structural shift in how Americans access healthcare. By 2025, "medtail" is no longer an emerging trend—it has become the industry standard, with providers ranging from urgent care operators to hospital-affiliated outpatient centers establishing storefronts in the same retail corridors where people shop, eat, and run their weekly errands.

The drivers are compelling. Despite an overall softening in the broader labor market, healthcare employment growth has remained among the strongest sectors tracked by the Bureau of Labor Statistics. An aging population, the shift from reactive to preventive care, and consumers' appetite for convenience are all structural tailwinds, not cyclical ones.

Medical tenants commit to long-term leases, pay premium rents, and bring employed, insured foot traffic that tends to benefit surrounding retailers. For our community of investors—many of them first-generation wealth builders who want durable income, not a speculative bet—medtail checks the same boxes that first drew us to grocery-anchored retail: necessity-driven demand, recession-resistant tenancy, and long-term structural tailwinds.

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What This Means If You're Just Getting Started

If you're at the beginning of your wealth-building journey, let me offer a reframe.

You don't need to own an entire shopping center. You don't need to be a real estate developer. What you need is exposure to assets that produce real, recurring cash flow—assets that don't disappear when the market has a bad quarter, because people will always need groceries, and people will always need healthcare.

I also like real estate because it's real—something you can point to. Done right, it can generate cash flow while the underlying property value grows over time. And because rents and prices tend to move with inflation, it can help protect purchasing power when the cost of everything else is going up.

The institutional investors we've worked with have known this for decades. Through OHI, we've built a model that extends the same access—to necessity-anchored, professionally managed, income-producing commercial real estate—to investors who are taking their first serious step toward building something that outlasts them.

Generational wealth doesn't require luck. It requires a foundation that can endure—and the discipline to prioritize resilience over prediction. We believe necessity retail (and increasingly, medtail) provides that foundation.

Outreach and Key Information:

- Get in touch: smarupudi@octavehi.com
- Scan barcode to access the Investor Portal

