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4Q 2025 Private Real Estate Performance[1]

Benchmark Insights

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Summary Highlights

- The NCREIF Property Index returned 1.1% for 4Q 2025. Total returns were mainly driven by income at 1.15%, while appreciation amounted to -0.01%. The one-year total returns were 4.9%, comprised of 4.8% income return and 0.2% appreciation.[2]
- During 2025, private real estate surpassed the listed REIT market but returns fell short of the bond markets (6.9%) and the stock market (17.9%).[3]
- Real estate values peaked in 2Q 2022 and declined -18.8% for the unleveraged NCREIF Property Index and -24.8% for the NFI-ODCE Index.
- In both the NPI and the NFI-ODCE, overall index values began stabilizing over the past few quarters. However, because valuation cap rate spreads remain narrow relative to bond yields and lower than transaction cap rates, there is a chance we may see additional depreciation in the real estate indices over the following year.

[1] Data is from the NCREIF Index, the NCREIF Property Trends report, the NFI-ODCE Index or Bloomberg as of 4Q 2025, except as noted.
[2] Values do not add due to rounding.
[3] Bloomberg; Bloomberg U.S. Aggregate Bond Index for bonds and S&P 500 for the stock market, as of December 31, 2025

Relative Performance

Exhibit 1: Performance Trends[4]

	4Q 2025	1-YEAR	5-YEAR	10-YEAR	20-YEAR
Private Real Estate (NPI)	1.14%	4.94%	3.90%	4.94%	6.39%
NFI - ODCE	0.90%	3.76%	3.37%	4.78%	5.65%
Listed REITs	-1.69%	2.95%	6.58%	5.71%	6.52%
S&P 500	2.65%	17.88%	14.42%	14.82%	11.00%
Bloomberg U.S. Aggregate Bond	0.90%	6.88%	-0.59%	2.16%	3.31%
Inflation (CPI)	2.70%	2.70%	4.52%	3.15%	2.56%
Federal Reserve Interest Rate	3.72%	4.15%	3.28%	2.21%	1.73%
2-Year Treasury Yield	3.48%	3.67%	3.28%	2.32%	1.89%
10-Year Treasury Yield	4.17%	4.19%	3.44%	2.69%	2.89%

- In 2025, the S&P 500 produced a total return of 17.9%, eclipsing most other asset classes.
- However, the S&P 500 is now trading at a multiple of 25.5x earnings, which is well ahead of its 10-year average of 20.8x.
- Conversely, valuation levels in the listed REIT market appear more reasonable when compared to the broader equity market. REITs are trading below their 10-year average (17.5x) at 16.7x.
- The spread between the 10- and 2-year Treasury bond yields remains attractive at 69 bps, indicating a low risk of recession over the next 12 months. The latest running GDP estimate published by the Atlanta Federal Reserve indicates the economy could grow 4.2% in 4Q 2025.[5]
- Inflation decelerated slowly over the past year from 2.8% at year-end 2024 to 2.7% at the end of 2025. Expected inflation, as measured by the Federal Reserve's preferred measure, was 2.2%.[6]
- The Federal Reserve lowered interest rates recently and the effective rate is now 3.6%, or 0.9% higher than inflation expectations. Thus, real interest rates remain high compared to history.

Property Sector Performance

- By major sector, senior housing, retail, and storage each outperformed the overall NPI, posting total returns of 10.6%, 6.8%, and 6.3%, respectively. Residential outperformed the index slightly at 5.3%

[4] Crow Holdings Capital Research & Strategy using data from Bloomberg and NCREIF as of December 31, 2025. Analysis and information provided on the real estate market is dependent upon many factors outside of CHC's control, including changes in the domestic and global economic environment. These views and opinions are not intended to provide nor relied upon for investment advice and represent observations based on the information available at the time and are subject to change.

[5] Atlanta Federal Reserve GDP Now estimate as of January 26, 2026.

[6] Federal Reserve Bank of St. Louis as of December 31, 2025. 5-Year, 5-Year Forward Inflation Expectation Rate.

(vs. 4.9%), and industrial fell just short of the index at 4.5%, while hotels (4.0%) and office (3.4%) lagged the overall index.

- By sub-type, for 2025, manufactured housing led the way with a total return of 11.3%, far surpassing the overall NCREIF total return of 4.9%.
- Senior housing, necessity strip retail, storage, malls, and apartments also outperformed the overall index while student housing was slightly lower than the index.
- Single-family rentals, office, life sciences office, and street retail all fell short of the index over the past year.

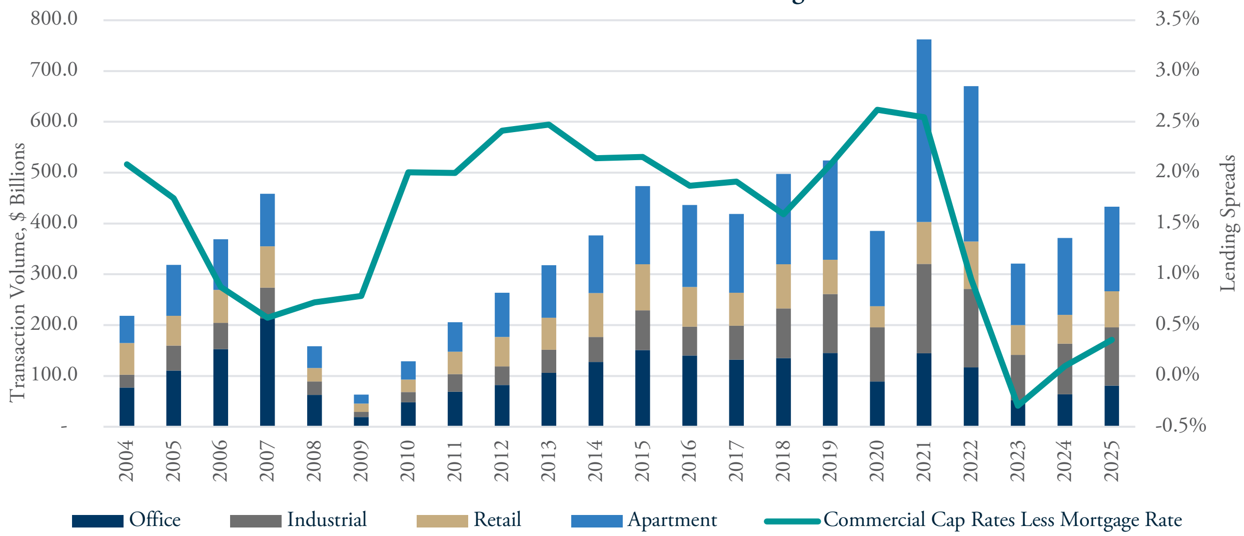
Exhibit 2: Performance Trends by Sector and Sub-Type[7]

PROPERTY SECTOR	NPI INDEX WEIGHT	INCOME	APPRECIATION	TOTAL RETURN	3-YR	5-YR	10-YR	20-YR	STANDARD DEVIATION
HOTEL	0.3%	6.6%	-2.4%	4.0%	6.9%	7.2%	2.6%	4.5%	11.6%
INDUSTRIAL	33.7%	4.1%	0.4%	4.5%	1.0%	11.0%	11.9%	9.8%	12.3%
OFFICE	18.0%	5.8%	-2.3%	3.4%	-7.3%	-3.8%	0.8%	4.2%	10.9%
Central Business District	8.1%	5.7%	-2.2%	3.4%	-10.0%	-6.6%	-0.9%	4.0%	12.8%
Life Science	2.6%	4.6%	-4.0%	0.4%	-4.4%	3.2%	7.7%	9.6%	14.3%
Medical Office	2.1%	5.7%	0.0%	5.7%	1.6%	4.2%	6.0%		5.2%
Suburban	1.5%	6.9%	-2.0%	4.8%	-4.5%	-0.8%	2.2%	3.7%	8.8%
RESIDENTIAL	29.1%	4.5%	0.8%	5.3%	-0.3%	5.0%	5.2%	6.2%	9.6%
Apartment	26.6%	4.5%	0.8%	5.3%	-0.5%	4.8%	5.1%	6.2%	9.6%
Manufactured Housing	0.3%	3.7%	7.4%	11.3%	9.4%				
Single Family Rental	1.0%	3.9%	-0.2%	3.7%	0.2%				
Student Housing	1.3%	5.1%	-0.4%	4.6%	4.0%	6.4%	6.5%		6.0%
RETAIL	12.7%	5.6%	1.1%	6.8%	3.7%	3.5%	2.8%	5.7%	7.8%
Mall	6.0%	5.5%	0.5%	6.1%	3.6%	2.7%	1.9%	6.1%	8.5%
Street	0.8%	4.6%	-1.8%	2.8%	-3.3%	-2.2%	-0.9%	4.1%	9.1%
Strip	5.9%	5.8%	2.1%	8.1%	4.9%	5.5%	4.5%	5.8%	7.2%
STORAGE	2.7%	4.3%	1.9%	6.3%	2.1%	10.2%	10.2%	10.9%	11.2%
SENIOR HOUSING	1.5%	5.6%	4.8%	10.6%	3.6%	3.4%	5.7%	8.5%	9.4%
TOTAL NPI	100.0%	4.8%	0.2%	4.9%	-0.8%	3.9%	4.9%	6.4%	9.3%

[7] Crow Holdings Capital Research & Strategy using data from Bloomberg and NCREIF as of December 31, 2025. Analysis and information provided on the real estate market is dependent upon many factors outside of CHC's control, including changes in the domestic and global economic environment. These views and opinions are not intended to provide nor relied upon for investment advice and represent observations based on the information available at the time and are subject to change.

Transaction Activity & Fundamentals

Exhibit 3: 2025 Transaction Volumes Were 23% Higher Year-over-Year[8]



- Transaction volumes continue to recover, up 23% year-over-year to $545.3 billion in 2025. Apartment and industrial property types continued to dominate deal activity, at $165.5 billion (up 9.4%) and $114.3 billion (up 15.0%), respectively. Retail transaction volumes were strong at $71.6 billion, up 26.4% in 2025. The office property type has also shown good recovery despite volumes remaining well below the 10-year average ($81.1 billion in 2025 vs. the 10-year average of $110.1 billion), up 26.5% year-over-year.[9]
- Higher transaction volumes can provide more comparable sales and lead to better price discovery for appraisals. However, transaction cap rates remain 80-100 basis points higher than appraisal cap rates for institutional-quality apartment and industrial assets.[10] Thus, there is a risk values in the NPI Index could decline further if those assets are valued closer to the transaction market.
- Despite the appraisal questions, assets within the index continue to exhibit attractive fundamentals compared to history except for the office market.
- The four-quarter NPI net operating income ("NOI") growth was 2.0% as of 4Q 2025, with office dragging the average down and other property types exceeding the average. Industrial NOI growth was 5.0% year-over-year, followed by apartments at 4.3%, and retail at 3.3%. Office remains the outlier with -5.4% year-over-year NOI growth at the end of 2025.
- Occupancy rates for apartments were 93.1% and were roughly in line with their 20-year average (93.5%). Apartments also produced NOI growth of 4.3% over the last 12 months. Industrial continues to perform quite well, with occupancy and NOI growth posting levels above their respective 20-year averages.

[8] MSCI/RCA as of December 31, 2025
[9] Ibid.
[10] Crow Holdings Research & Strategy, using data from NCREIF (appraisal cap rates) and Green Street Advisors (transaction cap rates), as of December 31, 2025. Appraisal cap rates for apartments and industrial property types are 4.2-4.4%, whereas Green Street cap rates are 5.2-5.2%.

- Retail occupancy rates remain above average at 92.7% while NOI grew 3.3%, which was above its 20-year average of 1.9%. NOI growth momentum is improving for retail due to the positive demand and low supply dynamic. The office market continues to struggle, with occupancy rates well below their 20-year average (85.6% vs 87.4%) along with the pace of NOI growth worsening (-5.4%).

Exhibit 4: Occupancy Rates by Property Sector[11]

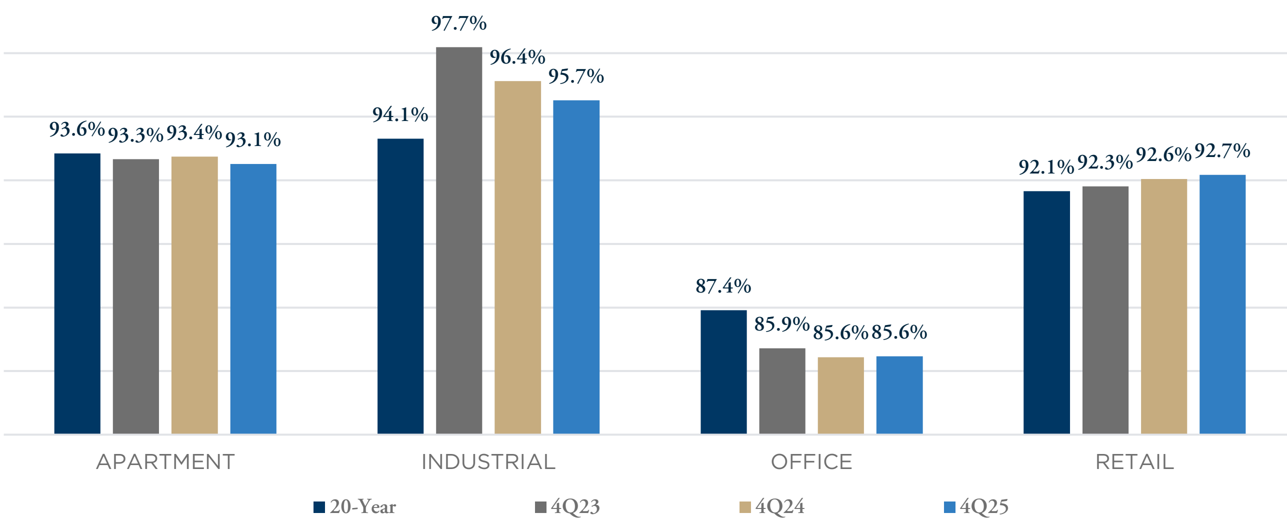
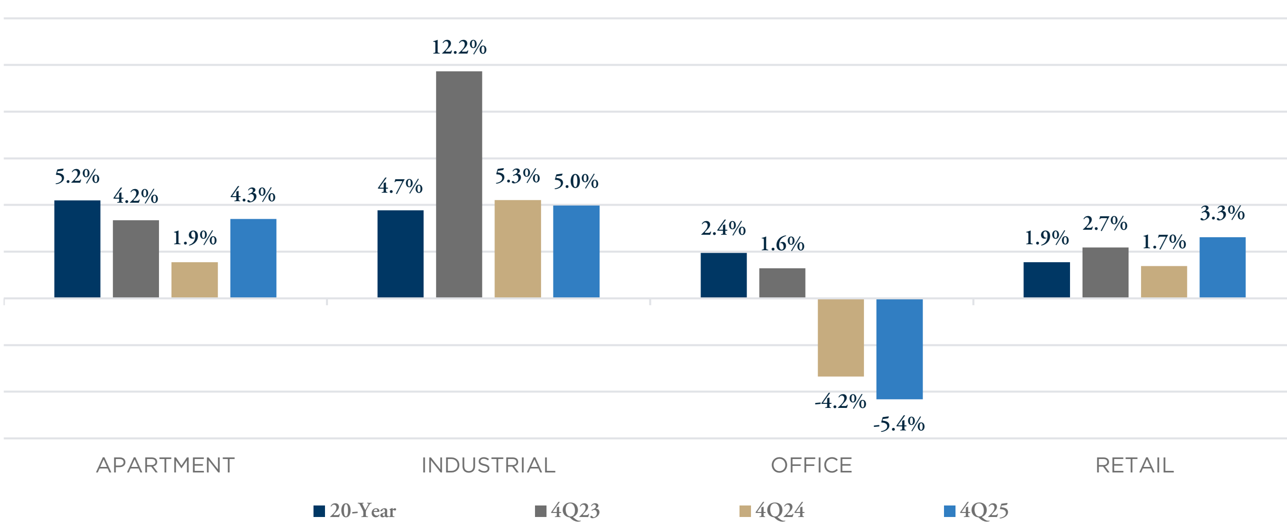


Exhibit 5: 4-Quarter NOI Growth by Major Property Sector[12]

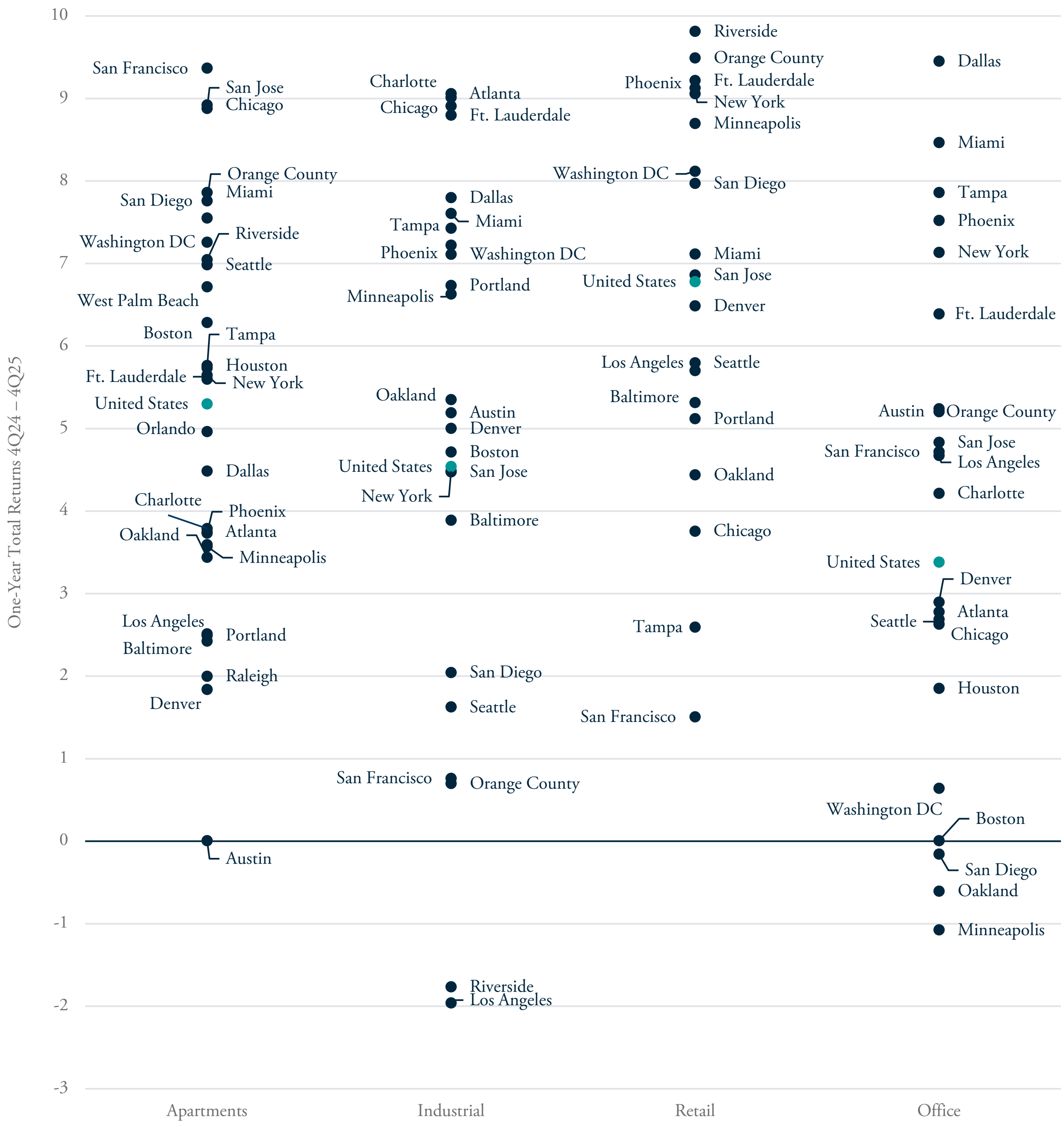


[11] Crow Holdings Research & Strategy using data from the NCREIF Performance Trends report, as of December 31, 2025.
[12] Ibid.

City-Level Performance[13]

Exhibit 6: One-Year NCREIF Total Returns by City and Sector

Retail, Multifamily and Industrial Leading – Fundamentals Driving Relative Performance



[13] Crow Holdings Research and Strategy using data from NCREIF MSA as of 4Q 2025. Analysis and information provided on the real estate market is dependent upon many factors outside of CHC's control, including changes in the domestic and global economic environment. These views and opinions are not intended to provide nor relied upon for investment advice and represent observations based on the information available at the time and are subject to change.

Apartments

- Supply is declining after two years of elevated deliveries. Construction starts have fallen sharply, down 56% from their peak in 2022. While 517,000 new units were delivered in 2025, we expect deliveries to decline to 278,760 units in 2026 and 220,253 units in 2027.[14] As a result, we expect occupancy and rents are likely to recover over the next year. Across the U.S., San Francisco was the top performing market (9.4%) followed by several other coastal markets such as San Jose, Orange County, Riverside, Miami, Seattle, and Washington, D.C. as well as Chicago to name a few where new construction did not increase as much over the last couple of years. Other markets such as Austin, Raleigh, Atlanta, Denver, Phoenix, L.A., Baltimore, and Portland lagged the overall market due to either high construction activity or weaker tenant demand.

Industrial

- Industrial market conditions are stabilizing following two years of rapid supply expansion and shifting occupier behavior. L.A. and Riverside industrial assets comprise nearly 25% of the sub-index, and the weaker relative performance of these markets dragged down the overall industrial index. Thus, the return distribution across cities is more asymmetrical with several markets spread across the U.S. outperforming the sub-index. Atlanta, Charlotte, Chicago, Ft. Lauderdale, Miami, and Dallas top the list with performance of 7.5% or more in 2025, while several West Coast markets (Southern California, San Francisco, San Diego, and Seattle) underperformed the sub-index.

Retail

- The retail market continues to improve due to resilient consumer sales and tenant demand along with limited new construction. Returns show far less dispersion across the U.S. than in other property sectors. Also, most cities posted higher total returns in 2025 compared to the overall index return of 4.9%. Riverside led the markets, followed closely by Orange County, Fort Lauderdale, Phoenix, and New York. Meanwhile, cities that lagged the retail sub-index are San Francisco, Tampa, Chicago, and Oakland. No markets produced negative total returns. With higher occupancy and cap rates than most other sectors, retail could continue to lead other sectors heading into 2026.

Office

- Dispersion across cities remains high in the office sector compared to other sectors. Some "return-to-office" mandates may have an impact in cities like New York. Other cities such as Dallas, Miami, Tampa, and Phoenix have shown greater resilience. Still, the sector remains the most challenged and is facing high vacancies and low-to-negative NOI growth. Thus, individual building characteristics may continue to drive performance versus market-level drivers.

[14] Co-Star as of 4Q 2025.