

1Q 2026 Private Real Estate Performance¹

Benchmark Insights

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Summary Highlights

- The NCREIF Property Index returned 1.23% in 1Q 2026, driven almost entirely by income at 1.15%, while appreciation remained flat (0.08%), reflecting a market still in the late stages of repricing. The one-year total returns were 4.9%, comprised of 4.7% income return and 0.2% appreciation.²
- Private real estate outperformed stocks (-4.3%) and bonds (-0.2%) during the quarter but lagged listed REITs (4.8%).³
- Real estate values remained below peak levels (down ~19% in the NPI and ~25% in ODCE since 2Q 2022), though declines have moderated in recent quarters, suggesting early signs of stabilization.
- Despite improving transaction activity, valuation risk persists as appraisal cap rates remain below transaction levels and spreads to Treasuries remain compressed, indicating potential for downward adjustments.
- Fundamentals remain generally resilient outside of the office sector, with stable occupancy across most other sectors, while dispersion in performance continues to widen at both the sector and market level.

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 March 31, 2026

Relative Performance

Exhibit 1: Performance Trends⁴

	1Q 2026	1-YEAR	5-YEAR	10-YEAR	20-YEAR
Private Real Estate (NPI)	1.23%	4.94%	3.81%	4.84%	6.27%
NFI - ODCE	1.24%	3.96%	3.19%	4.69%	5.52%
Listed REITs	4.84%	6.79%	5.80%	5.56%	6.02%
S&P 500	-4.33%	17.80%	12.06%	14.16%	10.53%
Bloomberg U.S. Aggregate Bond	-0.20%	3.86%	0.24%	1.79%	3.35%
Inflation (CPI)	3.30%	2.93%	4.56%	3.21%	2.56%
Federal Reserve Interest Rate	3.64%	3.98%	3.46%	2.29%	1.72%
2-Year Treasury Yield	3.80%	3.65%	3.46%	2.40%	1.88%
10-Year Treasury Yield	4.32%	4.22%	3.57%	2.76%	2.88%

- Over the past year, the S&P 500 produced a total return of 17.8%, eclipsing most other asset classes.
- However, the S&P 500 Index was trading at a multiple of 23.6x as of March 31, 2026, and has since increased to 25.8x as of April 24, 2026, as equity markets rallied, well ahead of their 10-year average of 21.0x.
- Valuation levels in the listed REIT market are more reasonable compared to the broader equity markets, at 17.1x as of March 31, 2026. Even with the more recent rally in the equity markets, listed REIT valuations are 18.3x as of April 24, 2026, vs. their 10-year average of 17.5x.
- The spread between the 10- and 2-year Treasury bond yields remains attractive at 52 bps, indicating a low risk of recession over the next 12 months. GDP grew at a 2.0% annualized rate in 1Q 2026, supported by stronger business investment driven by increased AI-related spending, and accelerated from the 4Q 2025 GDP growth rate of 0.5%.⁵
- Inflation ticked back up to 3.3% in March 2026 due to higher oil prices as geopolitical tensions continue. Expected inflation, as measured by the Federal Reserve's preferred measure, was 2.1%.⁶

⁴ Crow Holdings Capital Research & Strategy using data from Bloomberg and NCREIF as of March 31, 2026. 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 U.S. Bureau of Economic Analysis (BEA) as of April 30, 2026

⁶ Bloomberg as of March 31, 2026. 5-Year, 5-Year Forward Inflation Expectation Rate.

- The effective Federal Funds rate is now 3.6%,⁷ or 0.3% higher than inflation. Thus, real interest rates remain high compared to history but low compared to the Federal Reserve's target rate of 1.1% as implied in their Summary of Economic Projections.⁸

Property Sector Performance

- By sector, senior housing, self-storage, and retail outperformed the overall NPI, posting total returns of 12.8%, 7.8%, and 6.9%, respectively. Residential performed in-line with the index at 4.9%, and industrial fell just short of the index at 4.4%, while hotels (2.0%) and office (3.9%) lagged the overall index.

Exhibit 2: Performance Trends by Sector and Sub-Type⁹

PROPERTY SECTOR	NPI INDEX WEIGHT	INCOME	APPRECIATION	TOTAL RETURN	3-YR	5-YR	10-YR	20-YR	STANDARD DEVIATION
HOTEL	0.3%	6.3%	-4.1%	2.0%	5.6%	7.3%	2.3%	4.2%	11.5%
INDUSTRIAL	33.4%	4.1%	0.2%	4.4%	1.6%	10.2%	11.7%	9.7%	12.2%
OFFICE	17.4%	5.7%	-1.8%	3.9%	-5.6%	-3.7%	0.7%	4.0%	10.8%
Central Business District	8.0%	5.6%	-1.3%	4.3%	-7.7%	-6.3%	-0.8%	3.9%	12.7%
Life Science	2.4%	4.5%	-5.4%	-1.1%	-4.0%	2.5%	7.2%	9.2%	14.9%
Medical Office	2.2%	5.6%	0.3%	5.9%	2.5%	4.2%	6.1%		
Suburban	1.4%	6.8%	-1.3%	5.4%	-3.1%	-0.9%	2.1%	3.6%	8.7%
RESIDENTIAL	29.6%	4.4%	0.4%	4.9%	0.7%	4.8%	5.0%	6.1%	9.4%
Apartment	26.8%	4.4%	0.5%	5.0%	0.5%	4.7%	5.0%	6.0%	9.5%
Manufactured Housing	0.3%	3.7%	9.5%	13.5%	12.6%				
Single Family Rental	1.0%	3.8%	-1.6%	2.2%	1.0%				
Student Housing	1.4%	5.1%	-1.2%	3.8%	4.2%	6.5%	6.2%		5.6%
RETAIL	12.5%	5.6%	1.2%	6.9%	4.1%	4.0%	2.7%	5.7%	7.7%
Mall	5.8%	5.6%	0.6%	6.2%	3.7%	3.1%	1.6%	5.9%	8.5%
Street	0.9%	4.9%	-2.6%	2.2%	-1.4%	-0.6%	-0.3%	4.4%	8.7%
Strip	5.8%	5.8%	2.4%	8.3%	5.6%	5.8%	4.5%	5.8%	7.0%
STORAGE	2.7%	4.3%	3.3%	7.8%	3.2%	10.1%	9.9%	10.7%	11.2%
SENIOR HOUSING	1.5%	5.7%	6.8%	12.8%	4.9%	4.0%	5.8%	8.4%	8.5%
TOTAL NPI	100.0%	4.7%	0.2%	4.9%	0.2%	3.8%	4.8%	6.3%	9.3%

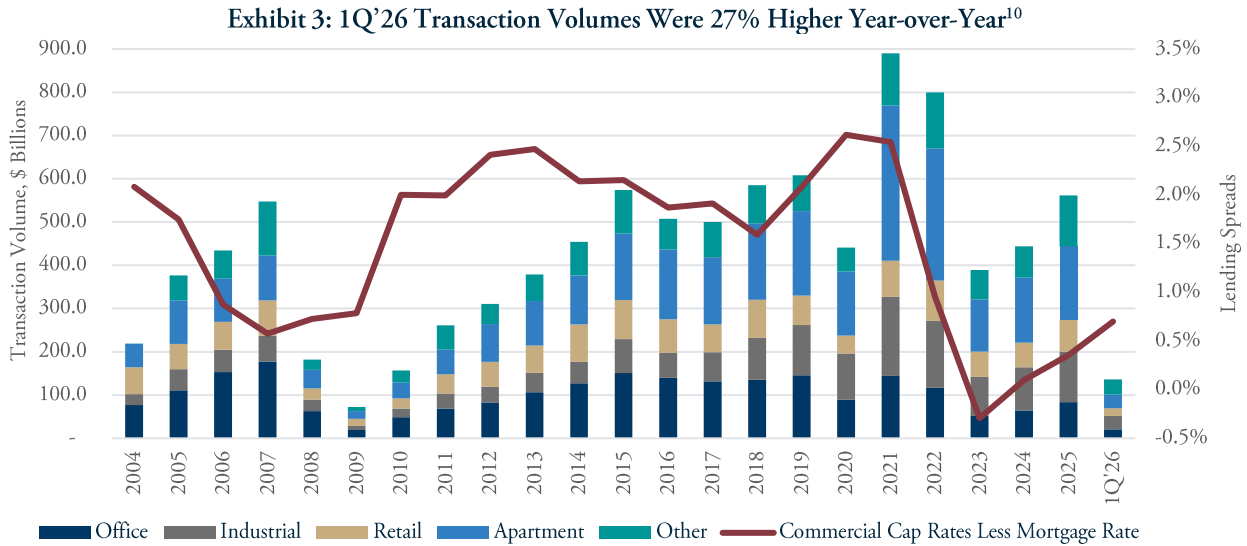
⁷ Bloomberg, as of March 31, 2026.

⁸ Federal Reserve Federal Open Market Committee, Summary of Economic Projections, released March 18, 2026. The "implied" real interest rate was determined by comparing the long-run FOMC rate projections of 3.1% less their 2.1% projection for Core PCE.

⁹ Crow Holdings Capital Research & Strategy using data from NCREIF as of March 31, 2026. 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.

- By sub-type, manufactured housing led the way with a total return of 13.5%, far surpassing the overall NCREIF total return of 4.9%.
- Senior housing, strip retail, self-storage, malls, apartments, medical office, and suburban office also outperformed the overall index.
- Single-family rentals, student housing, office, life sciences, and street retail underperformed the index over the past year.

Transaction Activity & Fundamentals



- Transaction volumes recovered further, up 27% year-over-year, to reach \$135.8 billion in 1Q 2026. The trailing 12 months transaction volumes rose to \$590.7 billion, up 27.6% year-over-year. Apartment and industrial property types continued to dominate deal activity over the past 12 months, at \$170.4 billion (up 6%) and \$123.5 billion (up 17%), respectively. Retail transaction volumes were strong at \$73.6 billion, up 27% in 2025. The office property type continues to show recovery at \$89.1 billion, up 41% year-over-year, but remains below the 10-year average of \$110.1 billion.¹¹
- 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.¹² Thus, there is a risk that values in the NPI Index could decline further if those assets are valued closer to the transaction market.
- 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 0.4% as of 1Q 2026, with office and residential dragging the average down and other property types exceeding the average. Senior housing NOI growth was 18.9% year-over-year, followed by industrial at 2.6%, self-storage at 1.8%, and retail

¹⁰ MSCI/RCA as of March 31, 2026

¹¹ Ibid.

¹² Crow Holdings Research & Strategy, using data from NCREIF (appraisal cap rates) and Green Street Advisors (transaction cap rates), as of March 31, 2026. Appraisal cap rates for apartments and industrial property types are 4.2-4.4%, whereas Green Street cap rates are 5.2-5.2%.

at 1.5%. Office remains the outlier with -4.9% year-over-year NOI growth for the four quarters ending March 31, 2026.

- Occupancy rates for apartments were 93.8%, slightly above their 20-year average (93.7%). Apartment NOI growth was 0.2% year-over-year. Industrial performance continues to be solid with NOI growth at 2.6% year-over-year, and even if occupancy declined it remains slightly above the 20-year average.
- Retail occupancy rates remain above average at 92.7% while NOI grew 1.5%, which was slightly below its 20-year average of 1.8%. The low supply and positive demand environment are supportive of retail fundamentals. The office market continues to struggle, with occupancy rates close to 200 bps below the 20-year average, along with the pace of NOI growth worsening (-4.9%).

Exhibit 4: Occupancy Rates by Property Sector¹³

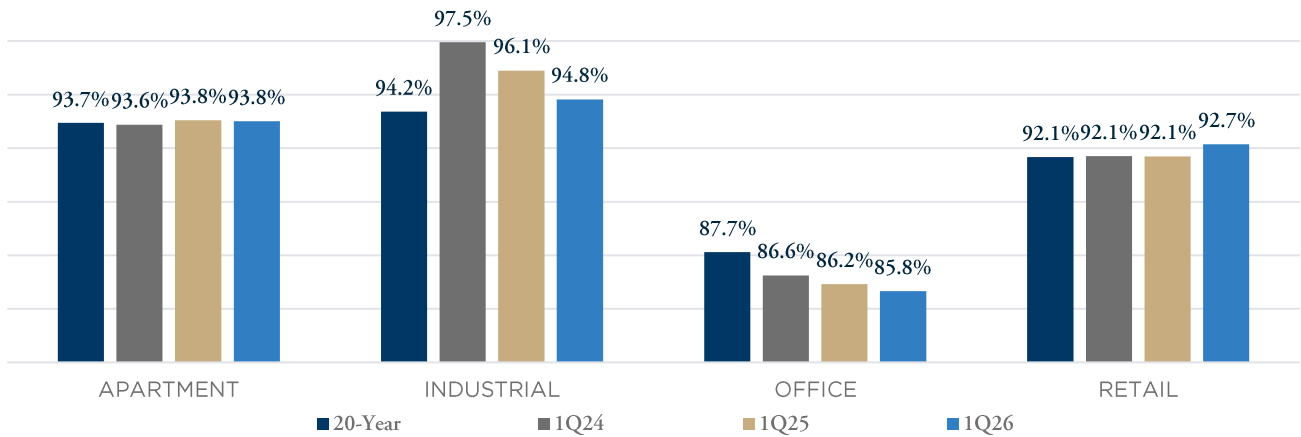
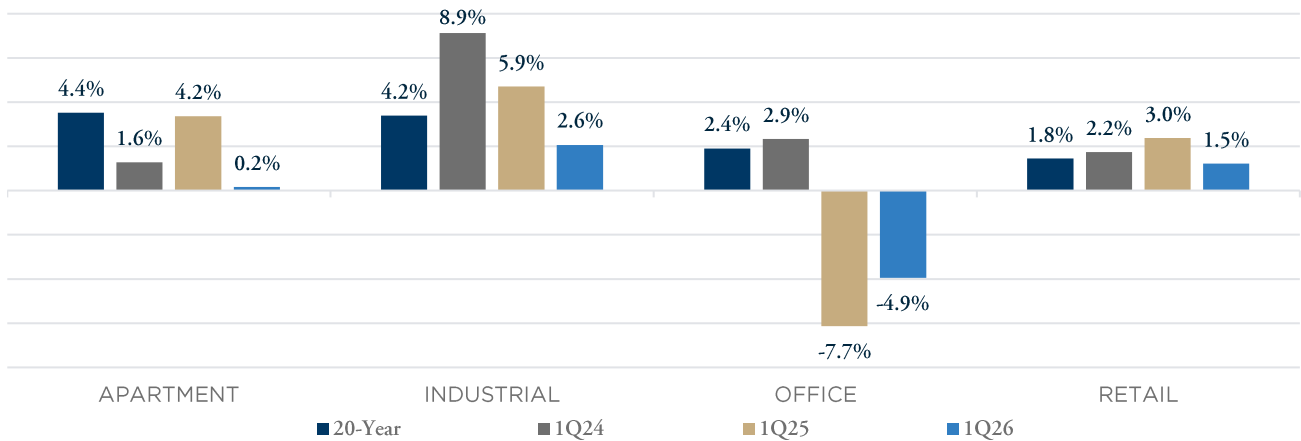


Exhibit 5: 4-Quarter NOI Growth by Major Property Sector¹⁴



¹³ Crow Holdings Research & Strategy using data from the NCREIF Performance Trends report, as of March 31, 2026.

¹⁴ Ibid.

Apartments

- After two years of elevated deliveries in 2023 and 2024, supply is now declining with 493,500 units delivered during the year ending March 31, 2026, 8.1% above the 10-year average, and projected to drop to 385,261 units in 2026 and 291,409 units in 2027.¹⁶ This decrease is expected to drive substantial recovery in occupancy and rents beginning in 2027. San Francisco was the top performing market (12.3%) followed by several other coastal markets where construction remained modest, such as Chicago (9.1%), San Jose (8.9%), Miami (7.5%), Orange County (7.3%), Riverside (6.9%), San Diego (6.7%), and West Palm Beach (6.6%), to name a few. In contrast, Austin, Washington, D.C., Denver, Portland, Los Angeles, Raleigh, Nashville, and Dallas 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. Deliveries are expected to total 208 million SF in 2026, and 163 million SF in 2027, representing a year-over-year decline of -18.6% in 2026 and -21.7% in 2027.¹⁷ L.A. and Riverside industrial assets comprise nearly a quarter 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. Nashville (11.7%), Houston (10.8%), Charlotte (9.7%), Atlanta (8.9%), Raleigh (8.4%), and Chicago (8.4%) top the list, while several West Coast markets (Los Angeles, Riverside, San Diego, Orange County, San Francisco, and Seattle) underperformed the sub-index.

Retail

- The retail market is strengthening due to steady consumer sales, tenant demand, and limited new construction. Deliveries made up just 0.2% of inventory for the year ending March 31, 2026.¹⁸ Returns are more consistent nationwide compared to other sectors, with Nashville standing out at 20% versus the 6.9% index average. Other strong performers include Phoenix (10.7%), San Diego (10.3%), Raleigh (10.3%), Tampa (10.1%), Atlanta (9.7%), and Austin (9.3%). Underperformers include San Francisco (1.5%), Portland (3.9%), Baltimore (4.7%), and Dallas (4.8%). No markets posted negative total returns. Higher occupancy and cap rates suggest retail may outperform other sectors over the next couple of years.

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 Tampa, Dallas, Miami/Ft. Lauderdale, Raleigh, Phoenix, and San Francisco 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.

¹⁶ CoStar as of 1Q 2026.

¹⁷ Ibid.

¹⁸ Ibid.