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2026 Midyear Real Estate Outlook

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Executive Summary

As we noted in our outlook earlier this year, real estate and economic conditions remain bifurcated across the U.S. Some markets and sectors continue to generate healthy tenant demand but face elevated availability; others have limited space and stronger growth. Given the dispersion in market conditions, our outlook emphasizes the importance of identifying the relative value across sectors and geographic markets, favoring cities and sectors with higher occupancy, disciplined new construction, resilient tenant demand, and attractive entry yields. More specifically:

- We believe the U.S. economy remains resilient, though growth is increasingly uneven. Output continues to expand, but job creation has followed fluctuations in GDP and unemployment rates remain low.
- Inflation is still above the Federal Reserve's target, driven in part by supply-side shocks. The Federal Reserve has reiterated its commitment to price stability. The bond market indicates rates may rise 25 bps by year-end 2026.
- Employment growth in the Sunbelt cities averaged 0.4% over the last year compared to the non-Sunbelt cities, which declined by -0.3%.
- Transaction activity has improved, leading to better price discovery and lender activity. Assets trading in the transaction market appear to offer attractive risk premiums compared to valuation cap rates.
- Retail remains one of the more attractive sectors, supported by higher occupancy, limited new supply, resilient consumer demand, and relatively attractive cap rates. Currently, strip retail may be comparatively attractive as leasing activity in spaces of less than 5,000 square feet captured roughly 80% of all lease transactions in 2025 compared to big-box and department stores.[1]

[1] CoStar, December 2025

- Manufactured housing continues to benefit from housing affordability pressures. Occupancy rates remain high and rents are growing equal to or higher than current inflation. At the same time, new supply represents less than 0.1% of inventory annually in 2024 and 2025.[2]
- Industrial fundamentals are normalizing after a period of elevated supply and softer absorption, with increasingly diverging performance between modern and older assets. Modern assets built since 2020 captured 540 MSF of net absorption in 2024 and 2025 compared to older buildings, which had negative net absorption.[3] Modern, efficient space remains better positioned, particularly in markets with balanced supply pipelines and durable logistics demand.
- Multifamily tenant demand has been strong over the last year as the homeownership rate declined. We still see quite a dispersion across the U.S. as some markets remain oversupplied, although new construction is subsiding and coming into balance with tenant demand.
- Office should be viewed as an asset-level strategy rather than a broad sector allocation. Early signs of stabilization exist, but weak occupancy, structural demand shifts, and high capital expenditure provide headwinds.

2026 Midyear Economic Outlook – Growing Despite Geopolitical Risks

At the beginning of the year, we expected the economy would grow 2.0% - 2.3% in 2026. Despite the unanticipated war with Iran and the ensuing volatility in oil prices leading to swings in inflation, the economy is holding up well. In 1Q2026 the economy grew 2.1% on an annualized basis and 2.7% on a year-over-year basis decelerating to 1.5% annualized in 2Q2026.[4] Given the strength of household balance sheets, the surge in productivity, and its impact on corporate profits and wages, we continue to believe the economy could grow between 2.0% and 2.3% for the year.

In the first two quarters of 2026, there have been clear shifts in the composition of economic growth. On a quarter-to-quarter basis in the first quarter, personal consumption only grew 0.5%, government spending jumped to 4.4%, while private domestic investment surged, growing 7.9%.[5] In the second quarter, private investment was still strong, increasing 3% while personal consumption and government spending reversed their trend.[6] Personal consumption jumped to 3.2% while government spending pulled back and declined -0.8%.[7] With some relief on tariffs due to various court rulings, imports increased relative to exports and the trade deficit widened, which detracted from domestic growth. In the first and second quarters, the trade deficit subtracted 37 bps and 101 bps from growth, respectively.[8]

For real estate investors looking for new construction to subside, it was quite evident, as residential and commercial construction fell -7.8% and -4.7% respectively in the first quarter.[9] In the second quarter, residential construction edged slightly higher growing 1.5%, while commercial construction continued its downward trend declining -5.0%.[10] Why did private investment surge despite the general pullback in real estate construction in the first half of the year? It's mainly due to tech-related spending. Software spending was up

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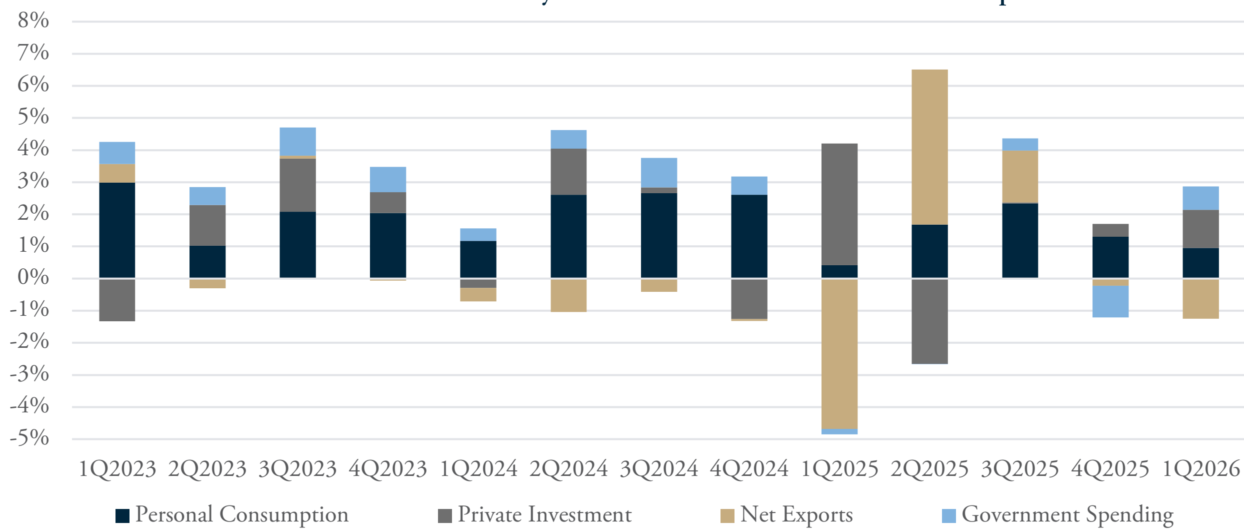
[2] CoStar as of December 2025.
[3] Cushman & Wakefield, Vacancy Bifurcation Trend Widening, April 2026.
[4] BEA, July 30, 2026
[5] Ibid.
[6] BEA 2Q2026
[7] Ibid.
[8] BEA 1Q2026 and 2Q2026
[9] BEA 1Q2026
[10] BEA 2Q2026

23.3% and 11.4% in the first and second quarters, respectively.[11] Also, information processing spending surged 39.9% and 8.3% in the first and second quarters.[12]

Exhibit 1: GDP Growth Driven by Private Investment and Personal Consumption[13]



Despite these surges and pullbacks in various components of economic growth, one of the greatest strengths in the U.S. economy today is the surge in productivity, which reflects output per hours worked. Through 1Q2026, productivity increased by 2.9% on a year-over-year basis compared to its 10-year average of 2.0%.[14] Notably, manufacturing productivity was 1.2%, yet business sector and nonfinancial corporation productivity increased 3.0% and 3.7%, respectively.[15]

The source of productivity acceleration is difficult to isolate, although AI-related capital investment and tight labor markets may be contributing. The investment in AI is influencing private investment while the war in Iran is shifting government spending to defense capabilities. How is this impacting the rest of the economy?

Productivity is the elixir that can support both corporate profits and wages. Corporate profits have grown 12.8% for the year compared to the 10-year average of 7.5%.[16] At the same time, nominal wages are growing 3.6% compared to their 10-year average of 3.9%.[17] While inflation is impacting inflation-adjusted wage growth (-0.8%), it is not yet showing up in retail sales. Nominal retail sales ex-gas grew 5.8% and slightly ahead of its 10-year average of 5.6%.[18]

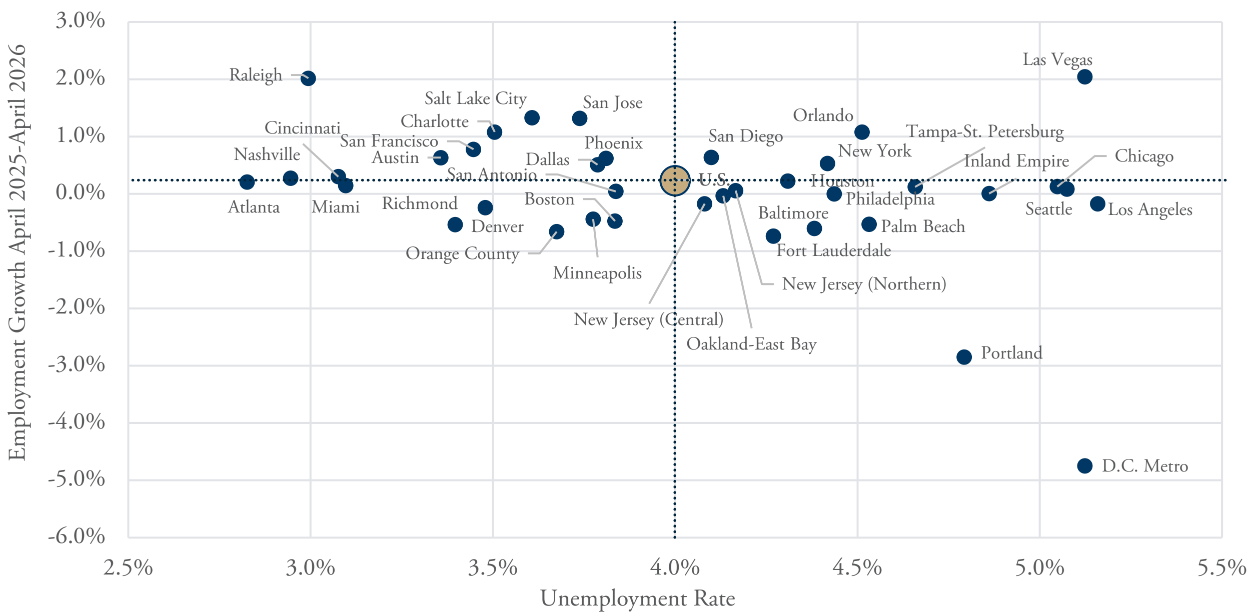
When we look at the savings rate, it shows households are only saving 2.7% of their disposable income compared to their median savings rate of 5.8% over the last 10 years.[19] At least for now, consumers are financing their spending by saving slightly less versus taking on additional debt. Indeed, with even a modestly lower

[11] BEA 1Q2026 and 2Q2026
[12] Ibid.
[13] BEA, as of May 2026
[14] BLS, as of 1Q2026 covering the period 2016-2026.
[15] Ibid.
[16] BEA, March 31, 2026, reflecting year-over-year growth and 10-year average growth from 1Q2016 to 1Q2026.
[17] BLS, June 2026 versus the 10-year average of 3.9% from June 2016 to June 2026.
[18] Bloomberg, May 2026
[19] BEA, June 2026.

savings rate, household debt as a share of GDP has fallen from 66.8% a year ago to 66.2%.[20] Despite higher interest rates, household debt service payments as a percentage of disposable income remain well below the 20-year average at 11.2%.[21]

The shifts in GDP seem to be influencing job growth across the U.S. and may impact tenant demand for property. With less government spending over the last year, employment in Washington D.C. fell -4.7% while the unemployment rate rose to 5.1% compared to the U.S. average of 0.2% employment growth and 4.0% unemployment.[22] Tech-heavy and research and development markets saw greater job growth in such cities as Raleigh (2%), San Jose (1.3%), Charlotte (1.1%), San Francisco (0.8%), and Austin (0.6%). Each of these cities also has an unemployment rate that is 3.7% or less.

Exhibit 2: Job Growth by City vs Unemployment[23]



With decent wage growth and discretionary spending, leisure- and hospitality-driven markets such as Las Vegas (2%) and Orlando (1.1%) also witnessed relatively high job growth. In general, we offer a word of caution on leisure and hospitality employment as employment in that sector declined by -61,000 jobs recently.[24]

With a low unemployment rate and lower immigration, one area of caution is the job market. Job creation has become volatile fluctuating from -157,000 to +214,000 jobs added per month over the past year and averaging 37,000 new jobs per month, far below the 10-year average of 125,000.[25] The low unemployment rate is largely due to lower labor force participation, which was 61.5% in June 2026, below the 10-year average of 63.4%.

[20] Bloomberg as of 1Q2026
[21] Federal Reserve Board of Governors accessed through FRED updated June 22, 2026.
[22] BLS April 2025 – April 2026, accessed through Greenstreet.
[23] Crow Holdings Capital Research & Strategy using data from the Bureau of Labor Statistics accessed through Green Street Advisors. The year-over-year employment growth reflects the change from April 2025 to April 2026 and unemployment by metro is as of April 2026, the latest data available.
[24] BLS June 2026 vs May 2026.
[25] BLS, data accessed through Bloomberg, as of June 30, 2026.

Fortunately, there were 7.6 million jobs available across a range of industries at the end of May 2026, slightly greater than the number of those unemployed (7.1 million).[26] This "pent-up" demand for labor could limit the rise in unemployment rates. Still, we expect to see a slow pace of employment growth and caution investors to consider this in their tenant demand estimates. That said, employment growth in the largest Sunbelt cities averaged 0.4% over the last year compared to the non-Sunbelt cities, which averaged -0.3%. Likewise, the unemployment rate in the Sunbelt cities averaged 3.9% versus 4.2% in the non-Sunbelt cities.

Capital Market Trends & Interest Rates

Since the beginning of the year, the Federal Funds rate range held steady at 3.5-3.75%, but the 10-Year Treasury yield unexpectedly increased to ~4.6% as of July 2026.[27] Inflation has moved higher, to 3.5% year-over-year in June 2026,[28] largely due to higher oil prices stemming from the war in Iran. Energy prices have increased markedly, with the energy component of the Consumer Price Index up 15.7% year-over-year in June 2026. Other inflation components that moved higher include food at 3.0% and commodities at 4.0%. Inflation for shelter rents was lower at 3.3% compared to a year ago at 3.8%.[29] The energy component of CPI could decline over the next couple of months if we see a marked decline in oil prices.

In the meantime, Federal Reserve policy remains accommodative, though we are mindful this may not last. Clearly, the inflation-adjusted Federal Reserve Funds rate is low at 0.13%.[30] Also, the growth in real money supply was 1.4% versus its 10-year average of 1.5%.[31] On July 29, 2026, the FOMC maintained the Federal Funds Rate target range at 3.50-3.75% with three dissenting members in favor of a 25-bps increase. The bond market has noticed and currently believes there is a 65% probability that the Federal Reserve will increase interest rates 25bps to a range of 3.75-4.0% in the third quarter of this year.[32]

However, consensus forecasts call for inflation of 3.5% in 2026. Longer-term, the 5-year breakeven inflation rate was 2.3% as of July 29, 2026.[33] While inflation remains above target, slower job creation and a decline in oil prices could reduce the need for additional tightening. Nevertheless, we have increased our base case for the 10-year Treasury yield in 2026 to 4.25-4.5% from 4.15%-4.30%.[34] We don't anticipate major shifts in the 10-year Treasury yield unless inflation falls substantially or unemployment rises more than expected.

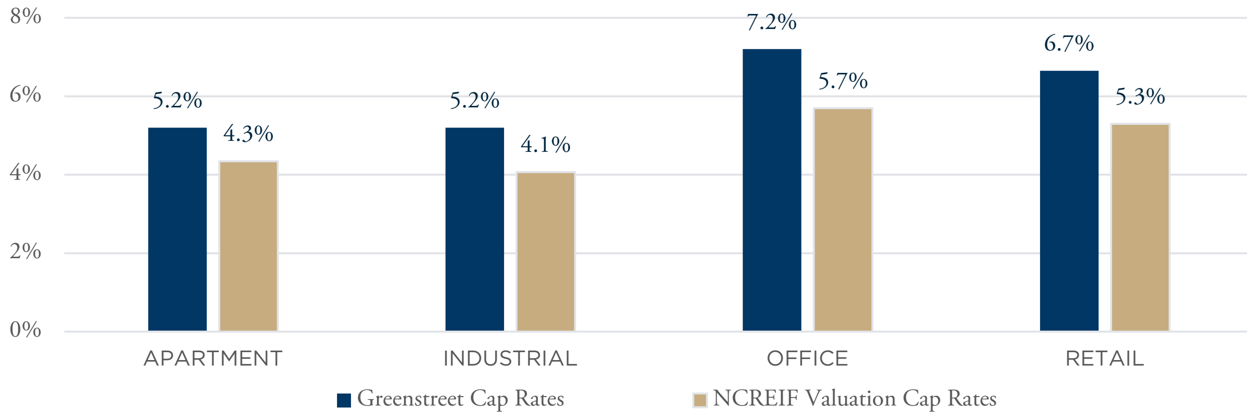
Over the last 10 years, the current value cap rates within the NCREIF Index averaged 4.64% and provided an approximately 180 bps spread over the 10-year Treasury yield, which averaged 2.76%. At the end of 2Q 2026,

[26] BLS, U.S. Job Openings by Industry, April 2026. Total Unemployed Workers, May 2026.
[27] Bloomberg, as of July 16, 2026
[28] BLS
[29] BLS
[30] Crow Holdings Research using data from the BLS and Federal Reserve Board as of May 2026. The effective Fed Funds rate is 3.63% and subtracting 3.5% inflation as of June 2026 results in a low real interest rate of 0.13%.
[31] Growth in Real M2 Money Stock May 2016-May 2026 accessed through FRED. 1.5% represents the median growth over the last 10 years.
[32] Bloomberg World Interest Rate Probability U.S., July 29, 2026
[33] Bloomberg for the Consensus Forecast as well as the U.S. Federal Reserve Five-Year Breakeven Inflation Rate, as of July 29, 2026. The median PCE inflation forecast for 2026 from the U.S. Federal Reserve's latest Summary of Economic Projections ("SEP") was 3.6% with a range of 3.5%-3.7%, released June 17, 2026.
[34] Crow Holdings Capital Research & Strategy using a 30-year analysis (1995-2025) of the difference between the 10-Year Treasury yield and the Fed Funds rate. Over this time, the Fed Funds averaged 2.44% and the 10-year Treasury yield was 1.19% higher at 3.64%. Since the Fed Funds rate is higher at between 3.38% and 3.64%, the spread is narrower. At these levels the spread to the 10-year Treasury narrows to a historical range of between 0.70%-0.80%.

current value cap rates were 4.6% and provided 20 bps spread over the 10-Year Treasury yield of 4.4%.[35] The valuation income yield risk premium appears low for the assets included in the NCREIF Index.

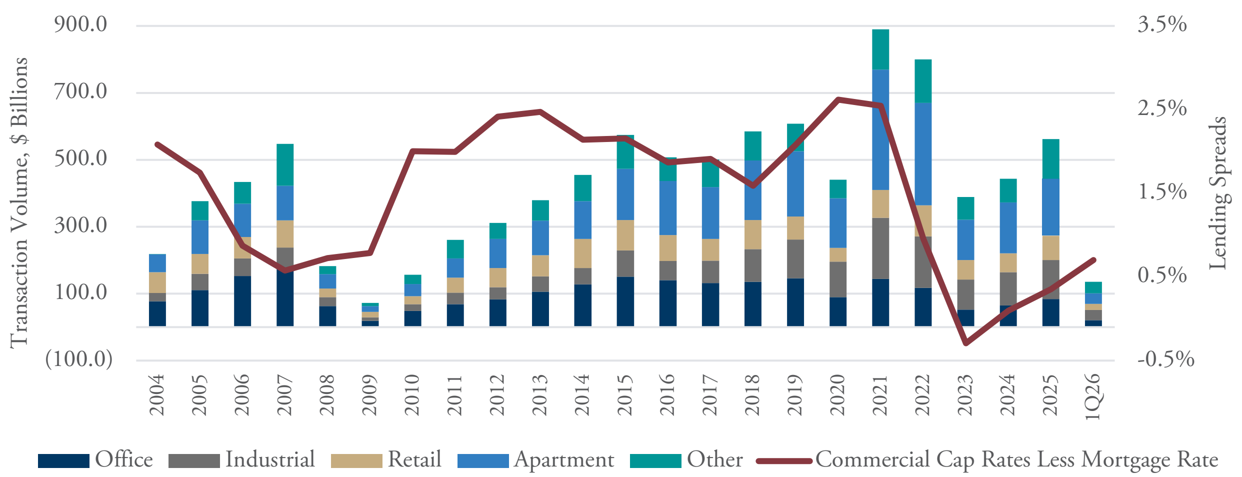
Conversely, assets in the transaction market seem to be trading at higher cap rates than those within the index. As seen in Exhibit 3, assets in the transaction market have been repriced to more favorable levels and seem to provide a healthier risk premium over the 10-year Treasury yield.

Exhibit 3: Transaction Cap Rates Remain Higher than Valuation Cap Rates[36]



In time we expect valuation cap rates and spot transaction cap rates could converge as greater transaction volume leads to better price discovery. Transaction activity rebounded in 2025 and continued into 1Q2026 with improved liquidity across most sectors. Transaction volume reached $562 billion in 2025, up 26% year-over-year, on par with the 2015-2019 average.[37] In 1Q2026, transaction volume was $135 billion, up 27% year-over-year.

Exhibit 4: Transaction Volumes Were 26% Higher in 2025[38]



[35] NPI Trends Report for the current value cap rate and Bloomberg for the 10-year U.S. Treasury yield as of June 30, 2026. The 10-year yield represents the average over the quarter.
[36] NCREIF Trends report for NCREIF Valuation Cap Rates and Greenstreet for transaction cap rates as of June 30, 2026.
[37] MSCI Real Capital Analytics, as of 1Q 2026
[38] Ibid

Also, while delinquency rates on loans made by commercial banks have risen from 1.0% in 2023 to 1.6%, they remain below their 20-year average of 2.6%.[39] Likewise, default rates remain low. Life insurance company loan default rates were 1.19% as of June 2026, down from 1.47% in March 2026, while FHA and GSE loan balance default rates edged slightly higher to 1.06% and 1.11%, respectively.[40] One area of weakness is delinquency rates on CMBS office loans. Those have risen to 9.3% compared to the 10-year average of 2.9%.[41] As for other CMBS sectors, delinquency rates remain near their long-term averages. And as we note below, CMBS spreads remain below average reflecting the overall health of the real estate market outside of the office sector.

Lenders remain active but selective, concentrating capital in markets and property types with stable fundamentals while also favoring those sponsors who managed through a difficult cycle. Lending rates have declined 90-116 bps from their 2023 highs to +/-5.3% for apartments and +/-6.3% for other property types.[42] With lower lending rates, higher debt-service coverage, less new construction, stable to rising occupancy rates and additional capital available from core and non-core funds, we expect to see slightly higher transaction volume in 2026.

Real Estate Cycle Leading Indicators Appear Balanced

We track several indicators that can influence conditions in the real estate market. Today, most all the indicators lie within their normal range, which implies a balanced sentiment towards the asset class today. These indicators cover the economy, supply, valuations, and credit conditions. This analysis serves to provide an objective "report card" on the state of the market. Investors may use this report card as a sentiment indicator to guide whether they might consider allocating more, less, or remain neutral to the asset class.

Exhibit 5: Real Estate Cycle Leading Indicators Remain Balanced[43]

	LEADING INDICATOR	20-YEAR AVERAGE	RANGE	2Q 2026	SIGN
Economy (Demand)	Yield Curve: 10-Year less 2-Year yield	99 bps	101 bps	67 bps	⇔
	Credit Spread (BBB OAS)	151 bps	87 bps	89 bps	⇔
Supply	Commercial Construction (% of GDP) *	4.2%	0.9%	2.8%	⇧
REITs	REIT NAV Premium+/Discount- (Mkt Cap)	+6.4%	+11.4%	+12.3%	⇔
Valuations	Cap Rate	4.9%	0.7%	4.6%	⇔
	Cap Rate Spread to Treasuries	2.0%	1.2%	0.2%	⇩
	Cap Rate Spread to BBB	1.7%	1.4%	0.1%	⇩
Mortgage Debt	Commercial Mortgage Debt (% of GDP) *	14.3%	1.4%	12.4%	⇧
	Real Estate Loan Growth (4Q MA) *	3.9%	4.9%	2.8%	⇔
	CMBS Option-Adjusted Spread (OAS)	184 bps	194 bps	78 bps	⇔

[39] Federal Reserve accessed through the FRED database for commercial real estate loans, all commercial banks 1Q2006-1Q2026.
[40] Mortgage Bankers Association, July 30, 2026, for the period ending June 2026.
[41] Bloomberg for CMBS delinquency rates from 2Q2016-2Q2026.
[42] MSCI Real Capital Analytics Debt Metrics, as of March 31, 2026
[43] Crow Holdings Research & Strategy. Yield curve data and credit spread data from the FRED database; Construction US BEA National Income and Product Accounts – Nonresidential commercial and health care structures. REIT NAV data from Greenstreet; Cap rate data from NCREIF; commercial mortgage debt as a share of nominal GDP using data from the FRED database versus GDP from the BEA. Real estate loan growth from the Federal Reserve. CMBS Investment Grade Bonds Option-Adjusted Spread (LC09OAS) from Bloomberg. Data as of 2Q 2026 and reflects the 20-year period from 2Q 2006-2Q 2026. *Data as of 1Q 2026

We compare the most recent reading of these indicators to their 20-year average and determine whether the indicator currently sits within its historical range, defined as one standard deviation. If an indicator currently sits within its historical range, it is assigned to a neutral designation. If it is outside the range, then it can imply either an offensive or defensive approach to the asset class is supported. More specifically:

- Real estate has a correlation of 65% to GDP growth over the last 20 years.[44] As such, real estate performance can suffer during a recession. An inverted yield curve can be an indicator of a future recession. Today, the slope of the yield curve is positive and within its normal range, which indicates the risk of a recession over the next year is low. Also, the New York Federal Reserve reported that the probability of a recession through June of 2027 is low at 16%.[45]
- Widening credit spreads can provide a stress signal for the economy as fixed income investors seek to be compensated for higher defaults. Both corporate credit spreads and CMBS option-adjusted spreads are trading well inside their long-term average, suggesting limited credit risk in the economy.
- The public REIT market can provide an early indicator of future private real estate performance. When public REITs trade at a premium to the net asset value of the underlying real estate, it can lead to positive trends in the private real estate market and vice versa. At the end of 2Q2026, public REITs were trading at a 12.3% premium to NAV, which translated into good performance. On a year-to-date basis, public REITs produced a total return of 19.3% versus the S&P 500, which produced a total return of 9.4%.[46]
- While lower commercial construction can lead to lower GDP growth, declining supply relative to demand can be an early indicator of future rent and NOI growth in real estate. Today, commercial construction as a share of GDP is well below its 20-year average and indicates a positive sign for future real estate performance.
- Current value cap rates relative to bond yields are trading below average and remain a weak indicator for real estate. That said, transaction cap rates are 90-170 bps higher and offer a better risk premium in our opinion.[47] At these levels, real estate appears more attractive compared to bonds.
- While lending activity has increased, the amount of mortgage debt outstanding as a share of GDP (12.4%) and real estate loan growth by banks (2.8%) are both below their 20-year averages. This is a sign that the asset class does not appear overleveraged. When these conditions existed in the past, private real estate returns over the ensuing five years were typically above average.

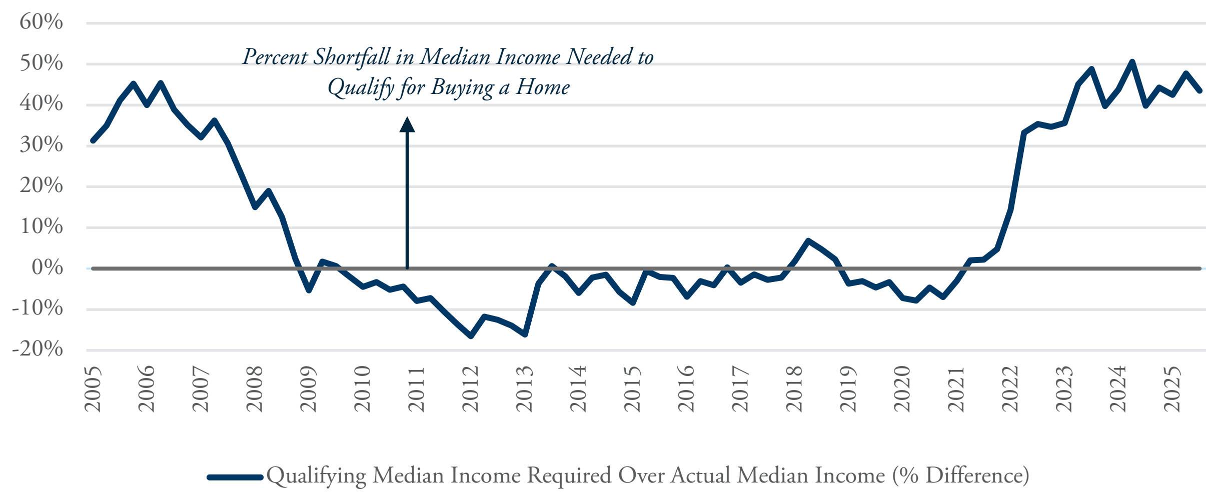
Spotlight On Residential: Affordability Issues Remain

Affordability remains a key driver of rental demand. Despite mortgage rates easing to 6.56% from 6.89% a year ago,[48] homeownership costs remain prohibitive as median home prices remain high relative to median income. Single-family housing is considered affordable if a homeowner spends less than 30% of their income on housing. Today, with median home prices of $403,350, the estimated qualifying income required to purchase such a home is $123,258.[49] Yet, actual median household income was only $85,994 as of April 2026. Because the income required to purchase a home is 43% greater than actual median household income as shown in Exhibit 6, single-family housing remains out-of-reach for many households. In addition, rent-control measures could

[44] Crow Holdings Research using annual total returns from NCREIF and GDP growth from the BEA. 2005-2025.
[45] New York Federal Reserve, updated July 7, 2026.
[46] S&P 500 and MSCI U.S. REIT Index accessed through Bloomberg, January 1, 2026 – July 17, 2026.
[47] As reported by Greenstreet, transaction cap rates for apartments and industrial are 5.2%, 6.5% for retail and 7.2% for office as of July 2026.
[48] Bankrate.com, June 15, 2026.
[49] Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor, April 2026.

have an impact on the single-family housing sector. For example, rent controls may reduce the taxable value of an apartment complex and result in lower property tax collections. If municipal expenses weren't reduce to reflect lower tax collections, the tax burden might be passed on to single-family homes and commercial property.

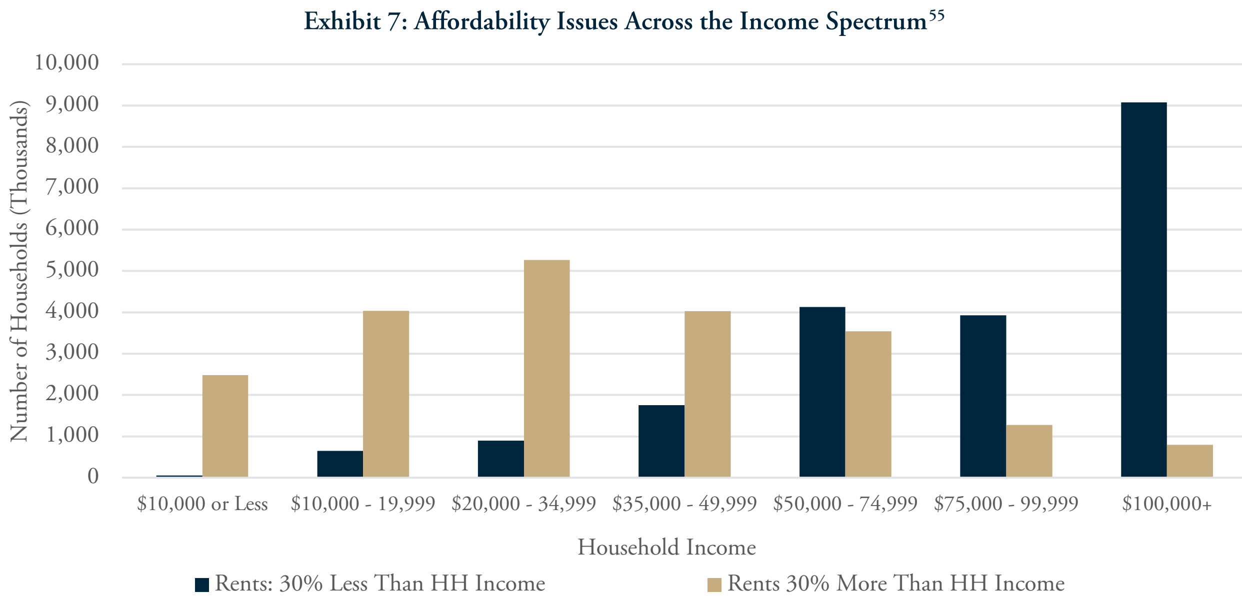
Exhibit 6: Low Housing Affordability Supports Renter Demand[50]



Perhaps contrary to conventional wisdom, rental housing affordability is not confined to only lower-income households. As seen in Exhibit 7, fully 49% of renter households in the U.S., or 20.5 million renter households, spend more than 30% of their household income on rent and utilities.[51]

Given these trends, the homeownership rate has shifted lower. At the end of 2Q2026, the homeownership rate was 65% down from 66% three years ago.[52] With nearly 135 million households in the U.S., this downward shift may account for over 900,000 additional renter households over the last three years exclusive of household formation.[53] Thus, many may decide to keep renting due to this affordability gap, particularly in higher-quality assets where tenants are trading up to a higher class of property. According to CoStar, Class A occupancy rates increased 20 bps during 1Q 2026, compared to Class B and C properties, where occupancy rates declined 10 bps.[54] As fundamentals improve over the next few years and Class A rents begin rising it may put these units out-of-reach for some tenants who traded up. These affordability issues could eventually lead to greater tenant demand for Class B assets. Thus, there may be an opportunity to target existing Class B communities that have capital stack distress to capitalize upon future shifts in tenant demand.

[50] Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor, April 2026. U.S. Census Bureau American Community Survey for median household income.
[51] Crow Holdings Research using data from the U.S. Census Bureau "Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months" reflecting data from the 2024 American Community Survey, 5-Year Estimates Detailed Tables, Table B25074 reflecting the latest date available and accessed July 21, 2026.
[52] U.S. Census Bureau for 2Q 2026, released July 28, 2026, comparing the homeownership rate in 1Q2023.
[53] U.S. Census Bureau accessed through the FRED database updated April 28, 2026.
[54] CoStar as of March 2026.



Multifamily: Diminishing Supply

After three years of elevated deliveries, multifamily fundamentals are beginning to stabilize as the supply of new units decelerates. 493,500 new units were delivered during the 12 months, ending 1Q2026, compared to the prior three years when they averaged 588,370 units per year.[56] Given the declining trend in starts, we expect deliveries could subside to less than 350,000 units over the next year. Conversely, more units were absorbed over the last 12 months compared to the prior three years. As of 1Q2026, 412,364 units were absorbed compared to the prior three years when an average of 352,632 units were absorbed each year.[57]

Over the last year, deliveries outpaced demand leading to a slight decline in occupancy from 91.7% a year ago to 91.5% as of 1Q 2026. With occupancy still below its 20-year average of 92.9%, rents grew only 0.2% over the past year.[58] Notably, rents as measured by CoStar grew at the same pace as net operating income ("NOI") as reported by NCREIF, although the measures cover different property universes.[59] With rents and NOI growing at roughly the same pace, it implies landlords are maintaining control over expenses. We suspect tenant retention has been higher while the growth in taxes and insurance may have subsided. Capex expenses have been lower, improving property-level cash flows.[60]

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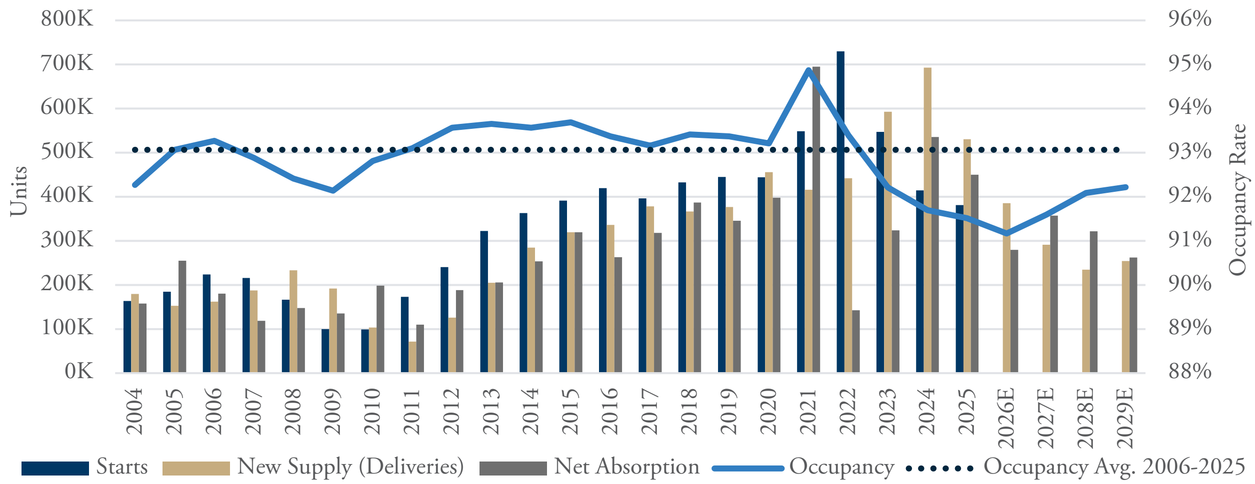
[55] Ibid.
[56] CoStar 1Q2023-1Q2025 as of 1Q2026.
[57] Ibid.
[58] CoStar, as of 1Q 2026
[59] NCREIF Trends Report, 1Q 2026
[60] Crow Holdings Research using analysis of capex from NCREIF as of 1Q2026. After reaching a peak in 2Q2024, capex as a share of market value has declined from 1.05% to 0.84%.

Exhibit 8: Multifamily Supply is Diminishing[61]



Meanwhile, new construction starts have fallen sharply to 322,000 units as compared to an average of 549,893 over the preceding four years.[62] We estimate it requires 22-24 months to complete the average multifamily complex.[63] This implies it could be another two years before the current starts translate into deliveries. Thus, if demand trends hold, we should see demand start to outpace deliveries over the next year with occupancy rates rising and rent growth improving.[64]

We expect performance to vary widely across the U.S. Markets with limited new supply, such as San Francisco, Chicago, West Palm Beach, New York, and Orange County, are positioned for faster recovery. Despite high job growth and strong demand, several Sunbelt markets are grappling with excess supply and lower occupancy rates leading to elevated concessions in cities such as Austin, Charlotte, Denver, Nashville, Phoenix, and Raleigh. Conversely, certain coastal markets such as New York and the Bay Area are showing rising occupancy and better rent growth due to less new construction and higher tenant demand.

For non-core strategies, development opportunities appear favorable in markets that are expected to post equilibrium occupancy rates by 2027, including Chicago, the Bay Area, Orange County, Seattle, Houston, and West Palm Beach. In the short run, one should be more selective developing properties in those markets that currently have an excess inventory such as Austin, Denver, Fort Lauderdale, Los Angeles, Miami, Phoenix, and Tampa. Assuming tenant demand remains favorable in these markets, we expect a more favorable climate to deliver new units starting in 2028.

Manufactured Housing: Affordability in an Expensive Housing Market

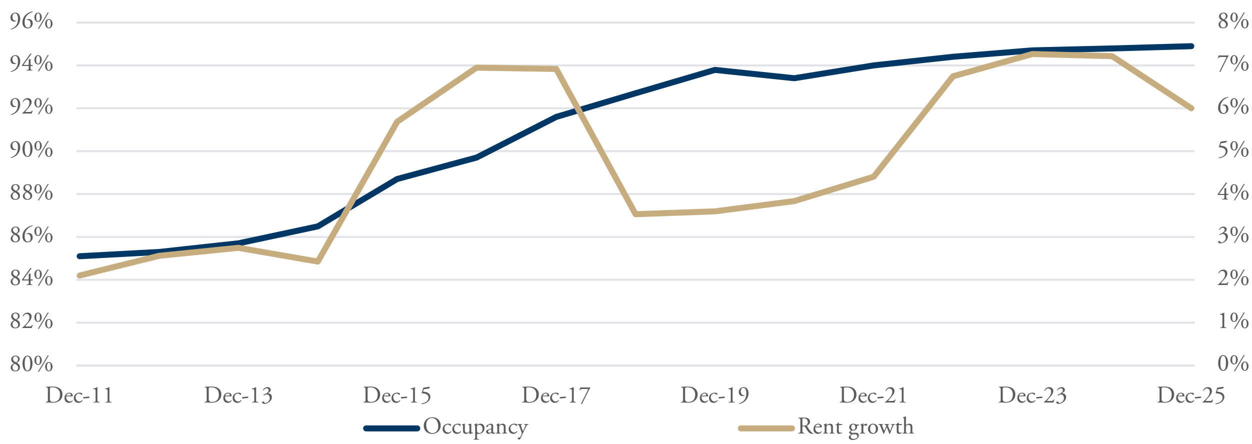
The manufactured housing sector continues to deliver good performance, driven by persistent supply shortages and low housing affordability. With high zoning restrictions, supply growth was less than 0.1% of inventory in 2024 and 2025, equal to its annual average over the last decade.[65] At the same time, demand remains robust as

[61] Crow Holdings Research & Strategy using data from CoStar as of June 15, 2026. 2026 - 2029 reflects CoStar's estimate.
[62] CoStar, as of 1Q 2026. As of the first quarter in 2022, 2023, 2024, and 2025, construction starts totaled 600K, 721K, 481K, and 398K, respectively, averaging 549,893 units annually.
[63] Crow Holdings Research using data from CoStar from 2005-2025. We simply divided annual starts by deliveries which resulted in a ratio of 1.9 units started to each unit delivered which translates into 22.8 months average delivery time across the U.S. Average unit delivery time varies by market.
[64] CoStar forecasts, as of 1Q 2026 calls for rent growth of 0.6% in 2026, 1.5% in 2027, and 2.1% in 2028.
[65] CoStar, as of December 2025.

households seek lower-cost alternatives to single-family homes and apartments. Manufactured housing sits at the most affordable end of the housing spectrum, and resident tenure tends to be long, as tenants own their homes and only pay rent on the underlying pad. This structure supports exceptionally stable occupancy and low turnover.

Occupancy reached 94.9% in 2025 and pad rents grew 6.0% year-over-year,[66] reflecting strong fundamentals. Rent growth has been durable, averaging 5.6% annually over the trailing ten years, and gains were broad-based across regions in 2025, led by the West (+7.4%) and Midwest (+7.2%), with the South, the largest region for manufactured housing, close behind at +6.8%.[67]

Exhibit 9: Manufactured Housing Occupancy and Rent Growth[68]



Developing manufactured housing communities is difficult due to zoning and other regulatory hurdles. Construction starts have been muted with only 896 units started in 2024 and 736 units started in 2025 for the entire nation, representing less than 0.1% of inventory.[69] New supply in manufactured housing communities has been the lowest compared to major property types, which sets up the sector well for improved fundamentals in occupancy and rent growth.

Capital market activity improved over the course of 2025 with transaction volumes accelerating 26% compared to 2024. Pricing continued to move higher: the median sale price for "average" quality pad sites rose 2% to $52,200 per pad site, the third time in four years that pricing has topped $50,000 per site.[70] Notably, higher quality pad sites likely trade at higher prices.

The manufactured housing industry is highly fragmented, with institutional ownership – comprising real estate private equity and REITs – estimated to represent just 9.5% of the approximately 44,000 investable manufactured home communities.[71] We expect more sales will likely come from private sellers.

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[66] Datacomp, as of Dec. 31, 2025
[67] Northmarq, as of December 31, 2025, with data from Datacomp.
[68] Crow Holdings Capital with data from Northmarq and Datacomp, as of December 31, 2025.
[69] CoStar, as of June 30, 2026
[70] Northmarq, as of December 31, 2025, with data from CoStar.
[71] Mobile Home Park Homeowners Allegiance (MHPHOA). "Investors." MHPHOA.com. Accessed October 13, 2025. https://mhphoa.com/investors.

Active asset management can create value by addressing deferred maintenance, improving amenities such as playgrounds and community centers, and upgrading infrastructure. When executed in cooperation with the tenants, such improvements can add value for both the tenant homeowner and the investor. The supply and demand fundamentals may provide a supportive backdrop for the sector, although investment outcomes will depend on attractive pricing and financing, asset quality and future market conditions.

Student Housing: Highly Dispersed

There is significant dispersion in student housing performance. While enrollment growth remains healthy at 1.5% in 2025,[72] demand is increasingly concentrated at primary state schools in the South and West.

The Fall 2026 pre-lease season was strong with 78% of student housing beds pre-leased for the coming school year, above the market's decade average of 74.5%.[73] However, there is significant dispersion by region and by school size. Enrollment in the Southeast has exceeded the other three regions combined, at 130,730 students from 2022 to 2025, a growth rate of 6.9%.[74] In contrast, growth rates in the Northeast, Midwest, and West ranged from 1.3% to 4.7%. Primary state schools remain resilient with enrollment growth rates of 6.1%, far exceeding the average of 4.9% during 2022-2025.[75] Indeed, there is divergence in enrollment trends with the winners being primary state schools in Southeast and West regions. Schools facing enrollment declines include some private institutions and secondary and tertiary schools. In addition, some secondary and tertiary schools have rising online enrollment that have hidden onsite declines.

Supply growth has slowed sharply, averaging 58,832 beds annually since 2021 versus 101,427 per year during the prior 2010s cycle (2012-2020).[76] More recently, supply totaled 44,370 beds in 2025, which was 3.1% of inventory. Deliveries are expected to continue to decline, averaging 27,000 beds annually from 2026 to 2029, which should help to stabilize fundamentals. However, demand is expected to trend slightly lower than supply, thus resulting in declining occupancy. Rent growth was 3.1% in 2025 and is expected to be in a similar range from 2026 to 2029.

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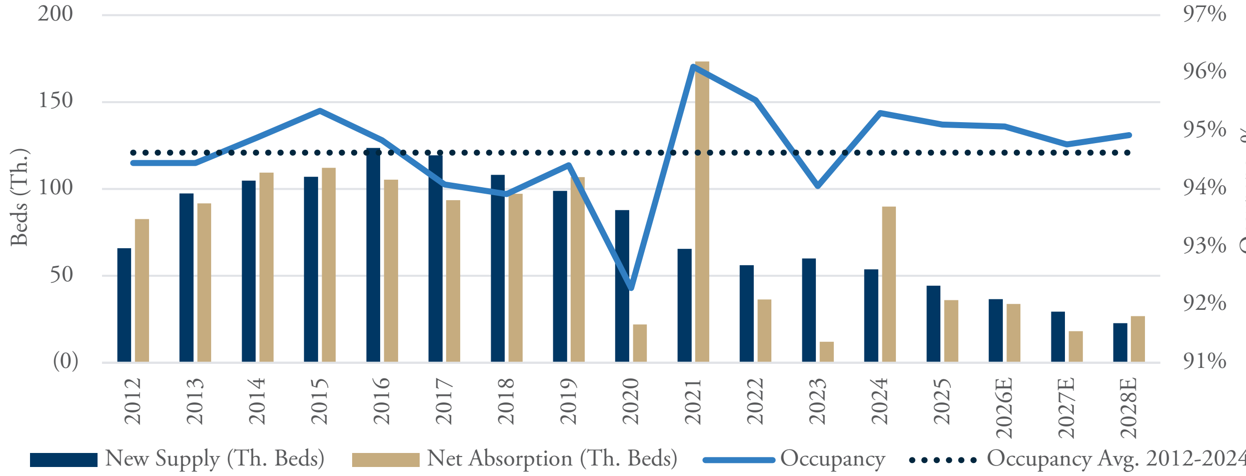
72 Yardi Matrix, Student Housing National Outlook, Spring 2026
73 RealPage Analytics, "May 2026 Student Housing Update: Fall 2026 Pre-Leasing Near 80% as Momentum Begins to Moderate," June 12, 2026
74 Yardi Matrix, Student Housing National Outlook, Spring 2026
75 Yardi Matrix, Student Housing National Outlook, Spring 2026
76 RealPage, as of June 2026. Data is for RealPage 175 universities, privately-owned student housing only.

Exhibit 10: Student Housing Supply and Demand[77]



Fundamentals for student housing properties appear relatively attractive at primary state schools in high population growth states such as Florida, South Carolina, Texas, and Tennessee, where enrollment trends remain strong. However, investment outcomes will be dependent on several factors such as financing costs, initial pricing and future market conditions, to name a few. Investors should also be wary of supply, which is concentrated in a handful of large markets and a few developers largely in the Southeast. Markets with less supply but still good enrollment trends include Virginia, Kentucky, Iowa, and Pennsylvania.

Retail: Strengthening Tenant Demand and Limited Supply

With high occupancy rates, limited construction, and high cap rates relative to other sectors, retail conditions appear favorable. Bricks-and-mortar retail is regaining momentum after years of e-commerce disruption. As reported by NCREIF, strip retail and malls produced total returns of 8.3% and 6.2%, respectively, outperforming the NPI, which produced a total return of 4.9% over the last year.[78]

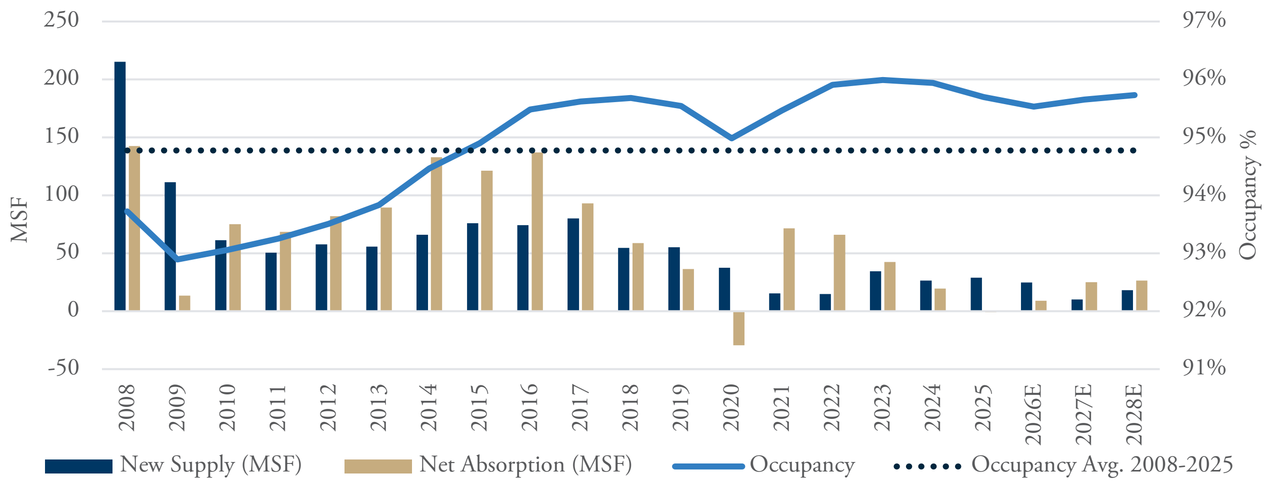
As of 1Q2026, occupancy was 95.6% and equal to its 10-year average, while asking rents grew 2.5% over the last year.[79] Given the tight leasing conditions, net absorption has been limited though the median time to lease remains near historic lows.[80] Supply of new space is also limited with deliveries totaling only 0.2% of the existing inventory and starts equaling only 0.4% of inventory over the last year.[81] At the same time, there seems to be resilient demand from service-oriented tenants such as medical, personal services, food and beverage retailers, and health and wellness tenants.[82] Also, according to CoStar, retail spaces under 5,000 square feet represented 80% of all lease transactions in 2025 in contrast to big-box spaces and department stores.[83]

Because of the tight conditions in strip retail, there appears to be an opportunity for landlords to recapture space and mark leases to market. On average, rents on new leases are +/-29% higher than in-place rents leading

[77] RealPage, as of June 2026. Data is for RealPage 175 universities, privately-owned student housing only.
[78] NCREIF trailing one-year returns as of 1Q2026.
[79] CoStar, as of 1Q 2026
[80] CoStar, as of 1Q 2026
[81] CoStar, 29 million square feet of retail space delivered as of 1Q2026 compared to an inventory of 11.7 billion square feet in the U.S. represents an inventory growth rate of 0.24%.
[82] JLL "Med-tail in transition," April 2025.
[83] CoStar, December 2025.

to blended cash leasing spreads of 14% as of 1Q 2026.[84] As this space is recaptured by landlords, it may be reasonable to expect net operating income growth of 4.0% in 2026, 4.1% in 2027, and 3.5% in 2028.[85]

Exhibit 11: Retail – High Occupancy & Limited New Construction Supports Rent Growth[86]



Transaction activity has also improved with volumes increasing 28% year-over-year for the 12 months ending in May 2026, led by multi-tenant strip centers of 30,000 SF or more, where transaction volume increased 38% over the last year.[87] Transaction activity is now on par with the pre-pandemic average during 2015-2019.

Active management remains critical, with opportunities to recapture space to capitalize on wide re-leasing spreads. Several markets may provide positive investment opportunities because they have high occupancy rates, low new construction, positive in-migration, and stable employment growth, namely, Charlotte, Phoenix, Nashville, Atlanta, Raleigh, Boston, and Dallas. Conversely, caution is warranted in Portland, Baltimore, Seattle, Los Angeles, and the Bay Area due to weaker relative real estate fundamentals. For non-core investors, development opportunities may exist in several undersupplied markets, including Phoenix, Atlanta, Tampa, Raleigh, Charlotte, and Houston. The tables in the appendix provide our ranking of markets.

Convenience & Gas: Attractive Vacancy Rates and Cash Yields

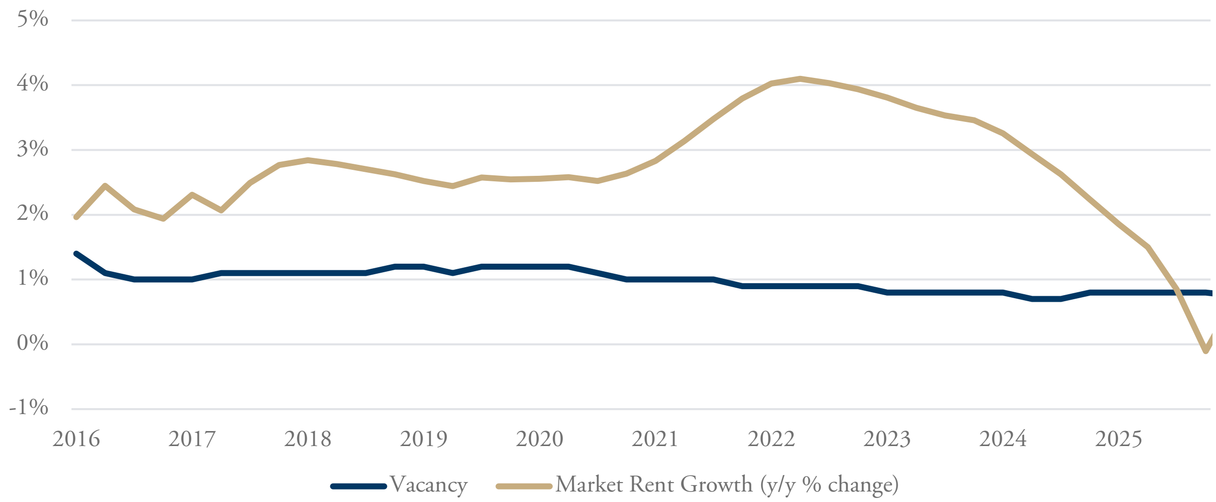
The supply and demand fundamentals for convenience and gas real estate appear attractive as vacancy rates and new construction are low. Also, due to their long-term triple-net lease structure, cash yields can range from 5.5% to 6.0% for institutional-grade, corporate-backed properties. These cash yields are currently 2.5%-3.0% higher than cash yields as reflected in the NFI-ODCE Index.[88] While the cash yield is high, rent growth may be fixed given the sale-leaseback structure.

As of 1Q2026, vacancy remained low at 0.75%[89] as compared to the 10-year average of 1.3%.[90] New supply is constrained by regulatory, licensing requirements, and the pool of qualified operators. Over the last year, 386

[84] Green Street Advisors, as of 1Q 2026. Data for strip centers.
[85] Green Street Advisors, as of 1Q 2026. Data for strip centers.
[86] CoStar, as of 1Q 2026
[87] MSCI, as of May 2026
[88] Source: MSCI, CoStar and NCREIF – ODCE
[89] CoStar, as of 1Q 2026
[90] Ibid.

buildings totaling 1.9 million square feet and representing just 0.6% of the inventory were delivered.[91] Because vacancy is tight, net absorption was nearly equal to new supply at 2 million square feet.[92]

Exhibit 12: Vacancy and Rent Growth of Convenience & Gas Retail[93]



Rent growth has been steady at an average of 2.7% annually over the past 10 years[94] but was flat more recently at 0.7% due to the nature of how assets are traded. Oftentimes, in a sale-leaseback transaction, the purchase price is somewhat fixed, and the going-in rent is set to reflect the desired cash yield. As interest rates rose, going-in rents were adjusted higher in exchange for lower rent growth over the lease term.

Given the increase in interest rates and the higher cost of capital over the last few years, transaction volumes declined from their peak of $7 billion in 2021 to $5 billion by the end of 2024. However, transaction volume rebounded 40% in 2025 back to $7.0 billion.[95] It is reasonable to expect sustained liquidity given the tax advantages offered by convenience and gas stations. Subject to IRS criteria and revenue tests, certain convenience and gas stations can qualify for 15-year depreciation compared to typical commercial properties that are depreciated over 39 years.[96] Eligible components may also qualify for additional first-year depreciation. Tax treatment is property- and taxpayer-specific and should be confirmed with tax counsel. In 2025, Congress permanently restored 100% bonus depreciation for property acquired or placed in service after January 19, 2025.[97]

Finally, investor ownership of convenience and gas retail properties is fragmented and dominated by private investors and owner-occupiers. Private investors represent 56% ownership, owner-occupiers control 33%, and public REITs and institutional owners comprise 6% and 4%, respectively.[98] Given the fragmented ownership

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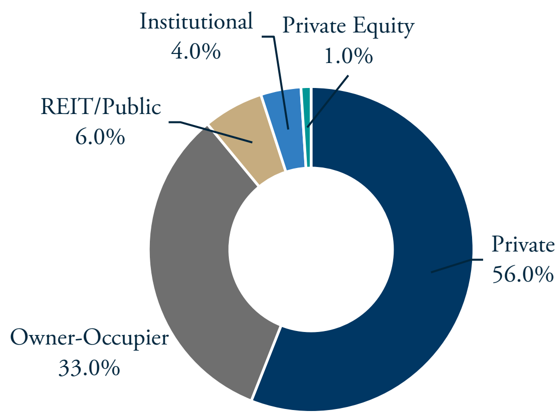
[91] Ibid.
[92] Ibid.
[93] Source: Crow Holdings Research & Strategy with data from CoStar, as of January 5, 2026. Data used cover existing retail properties up to 10,000 SF that are categorized as service stations or convenience stores
[94] Ibid.
[95] CoStar, as of June 30, 2026
[96] B + E Insights, September 9, 2025.
[97] Ibid.
[98] Source: Crow Holdings Research & Strategy, with data from CoStar, as of June 30, 2026. Data used cover existing retail properties up to 10,000 SF that are categorized as service stations or convenience stores.

and the small average asset size, investors may be able to aggregate smaller portfolios and receive a portfolio size premium when selling.

Exhibit 13: Ownership of Convenience & Gas Retail Real Estate Inventory

Asset Value by Owner Type



Industrial: Stabilizing with Secular Demand Drivers

With the amount of new construction decelerating and net absorption improving, conditions seem to be stabilizing in the industrial market. GDP growth of 2.7%[99] and rising business inventories underscore a stable economic backdrop.[100] Given stable growth in retail sales and personal consumption,[101] the total business inventory-to-sales ratio ("I/S") was 1.28 in May 2026 compared to its 10-year average of 1.38. With brisk consumer and business sales, wholesalers and retailers may be trying to replenish inventories as various Purchasing Managers' Indices ("PMI") indicate expanding demand.[102] A below-average I/S ratio combined with an expanding PMI is typically a positive indicator for near-term warehouse tenant demand.

In addition, e-commerce captured 16.9% of total retail sales,[103] matching the pandemic-era high. According to Green Street Advisors, e-commerce sales growth was 5.5% in 2025 and is forecasted to grow 6.0% in 2026.[104] Also, as seen in Exhibit 14, manufacturing on shoring is beginning to take shape as net absorption in cities with announced investments in semiconductors, electric vehicles and batteries, pharmaceuticals, aviation and medical devices comprised 70% of national warehouse demand.[105] Combined, these macro drivers continue to support a steady baseline of industrial tenant demand.

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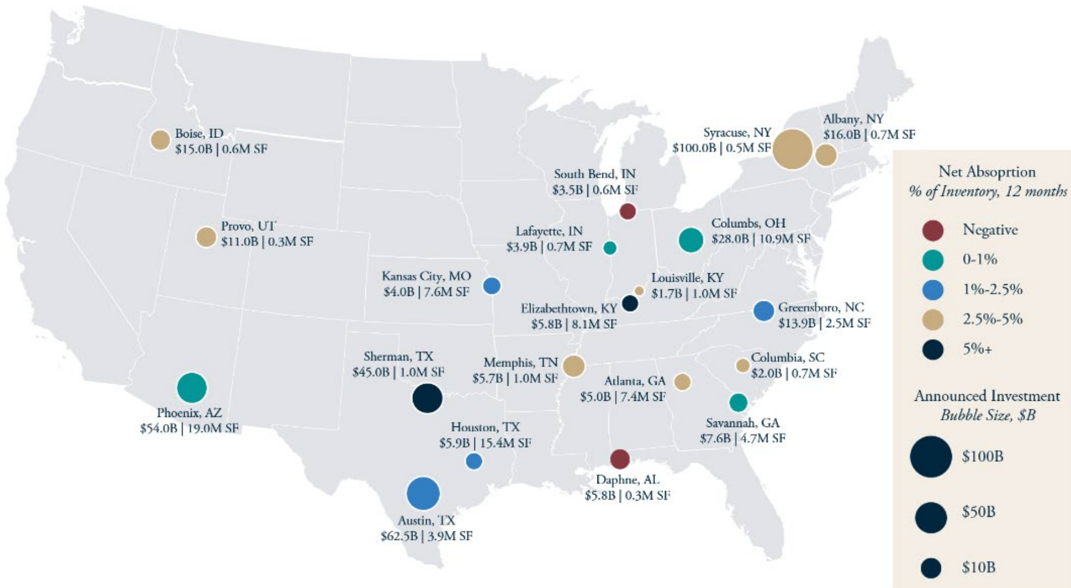
[99] Bureau of Economic Analysis ("BEA"), 1Q2026, revised on June 25, 2026
[100] Manufacturers and trade inventories were up 2.7% year-over-year to $2.1 trillion in April 2026, according to the U.S. Census Bureau
[101] U.S. Census Bureau, Retail sales ex-gas grew 5.8% year-over-year as of May 2026, while the BEA reported personal consumption expenditures grew 2.1% as of 1Q2026.
[102] S&P Global US Flash PMI, July 2026; Composite Output Index, Business Activity and Manufacturing were 53.6. Figures above 50 indicate expansion.
[103] U.S. Census Bureau, as of May 18, 2026
[104] Green Street Advisors, Industrial Sector Update as of May 21, 2026
[105] Data from Industrial Sage, U.S. Manufacturing Investment Trackers and Atlas Public Policy for announce investments. Net absorption data from CoStar as of 1Q2026.

Exhibit 14: Announced Investment by City and Industrial Net Absorption[106]



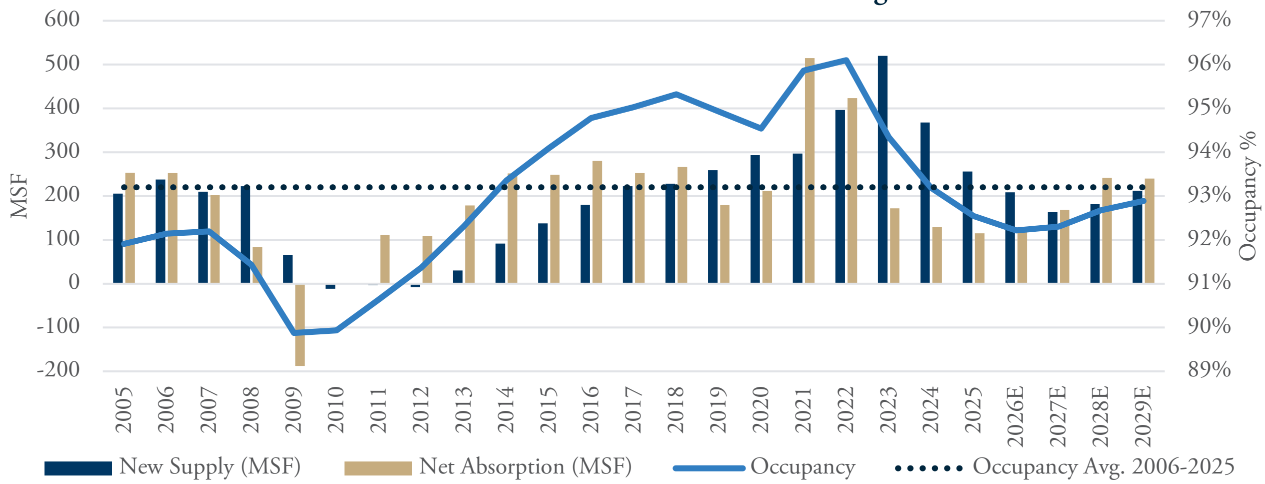
Industrial supply growth has reverted to its long-term average. After peaking in 2023 at 2.9% of inventory, representing 519.6 million square feet ("MSF"), new deliveries declined 54% to 240 MSF, representing 1.3% of total inventory, equal to its 20-year average.[107] Also, with new starts declining 69% from their peak in 2022 to 53 MSF in 1Q 2026, deliveries are expected to fall further to 209 MSF, representing 1.1% of inventory by 1Q2027.[108]

Given uncertainty over tariffs and trade policy, tenant demand (net absorption) softened to 121 MSF and was below its 10-year average of 255 MSF.[109] In turn, national vacancy rose 50 bps to 7.5% in 1Q2026, while asking rent growth decelerated to 1.5%.[110] Tariff volatility has subsided materially, though with recent announcements, it still remains a risk to warehouse tenant demand.

Despite lower net absorption in 2025, it appears tenants are consolidating into modern, highly efficient facilities. For example, buildings built since 2020 captured 540 MSF of net absorption in 2024 and 2025, compared to older buildings, which saw negative net absorption of -247 MSF.[111]

[106] Ibid.
[107] CoStar, 1Q 2026
[108] Ibid.
[109] Ibid.
[110] Ibid.
[111] Cushman & Wakefield, Vacancy Bifurcation Trend Widening, April 2026.

Exhibit 15: Industrial Fundamentals Stabilizing[112]



Capital markets remain active but highly selective. Modern, well-located assets with strong credit and functional layouts continue to trade competitively at cap rates of 4.5%-5.35%. Assets lacking functional features or longer-term leases to creditworthy tenants are clearing at wider yields as investors discount obsolescence and lease-up risk.

Performance varies substantially across the U.S. Supply-heavy markets such as Austin and San Francisco may face a slower path to equilibrium.[113] By contrast, Chicago, Charlotte, Nashville, Raleigh, Tampa, Dallas, Phoenix, and Houston exhibit stronger occupancy, balanced supply pipelines, and favorable demographic and employment trends.

For non-core strategies, development opportunities are most attractive in markets expected to regain occupancy equilibrium within the next two to three years. These include markets such as Atlanta, Chicago, Houston, Dallas, Phoenix, and Nashville. Markets with higher excess inventory, such as Los Angeles, Riverside, the Bay Area, Austin, Miami, Denver, San Diego, Seattle, and Raleigh, warrant caution. Also, with fewer construction starts, construction costs have declined slightly.

Self-Storage: Stabilizing with Investor Interest Potentially Rising

After several years of weaker demand tied to depressed home sales and lower population mobility, the self-storage sector may be stabilizing. Anecdotally, more recent self-storage demand may come from downsizing into smaller living spaces and life events such as relocation and family formation rather than from home sales.

With some self-storage demand indicators improving, the average national asking rate held flat year-over-year in 2025. Many operators scaled back discounts amid slowing supply and steadier vacancy. In addition, national asking rent per square foot is expected to rebound ~2.5% in 2026. [114]

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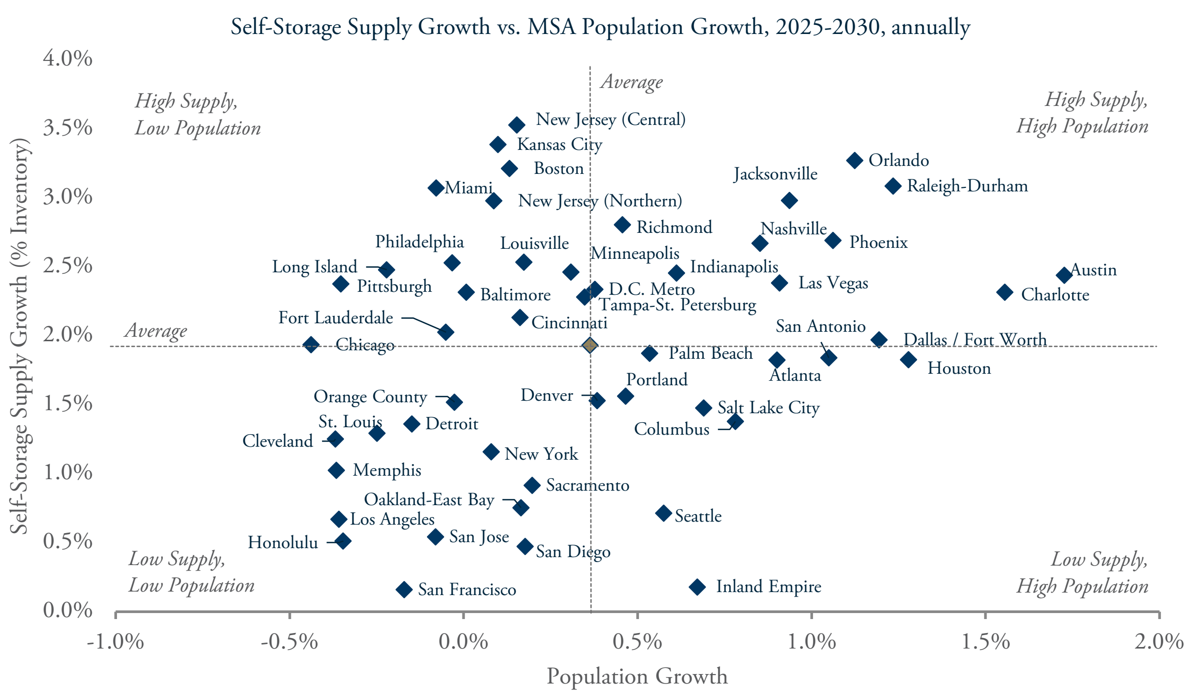
[112] Crow Holdings Research & Strategy using data from CoStar as of March 31, 2026. 2026-2029 reflects Co-Star's estimates.
[113] Occupancy equilibrium: The analysis compares a market's current occupancy to its 10-year average occupancy. If current occupancy is above average, there is a supply deficit. If occupancy is below average, there is a surplus of supply. The amount of space currently under construction is added to the deficit/surplus to arrive at total stock available for lease. This total availability is divided 10-year average net absorption which indicates the number of years of demand required to lease up space to allow occupancy to rise to its 10-year or "equilibrium" occupancy rate.
[114] Marcus & Millichap, 2026 Self-Storage National Investment Outlook.

The sector may offer better relative value as supply growth moderates, but product quality and format are likely to matter more going forward as tenants prioritize modern features. New supply peaked at 5.1% of inventory in 2019 but declined to 1.5% in 2025 and is expected to remain in a 1.5%-2.2% range from 2026-2030. [115] Within this lower-supply environment, modern climate-controlled facilities appear better positioned to capture premium rents, particularly given the limited availability of newer product and the difficulty of upgrading older non-climate-controlled assets. Modern facilities may also require less land due to higher floor-area ratios, improving development feasibility in select markets.

Self-storage transaction activity is sharply below the peak achieved in 2021 due to higher financing costs and slower fundamentals. During 2025, transaction volumes increased 13.3% year-over-year to $6.5 billion. Year-to-date through May 2026, approximately half of the buyers consisted of institutional investors, showing that investor interest is rising in the sector.[116]

Performance varies meaningfully between high-supply markets such as Phoenix, Tampa, Central New Jersey, Orlando, Miami, and Philadelphia, and lower-supply markets where occupancy and NOI trends are more stable, such as Salt Lake City, Seattle, and Inland Empire. We favor markets with higher population growth in dense markets with favorable supply dynamics. Looking ahead, supply is expected to diminish in many key markets, and rent growth is expected to rebound starting this year. The near-term investment case is more dependent on supply discipline, product quality, and market-level fundamentals rather than a broad sector call.

Exhibit 16: Markets with Above-Average Population Growth and Lower Supply Growth Screen Better



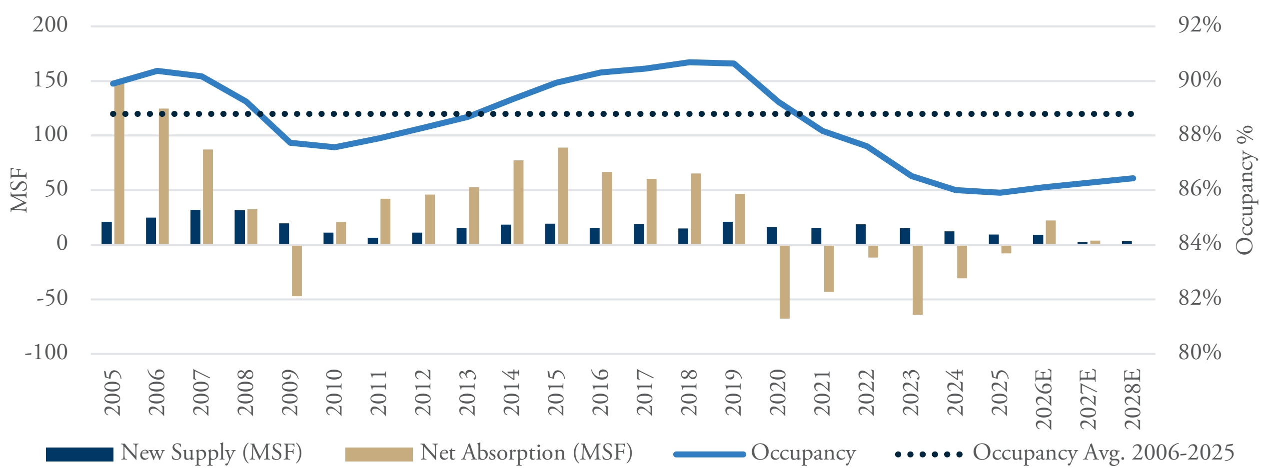
115 Green Street Advisors, as of March 31, 2026.
116 MSCI, as of June 30, 2026

Office: Challenges Persist Requiring an Asset Level Approach

Fundamentals remain weak with national occupancy rates remaining near 20-year lows. Net operating growth remains negative as NCREIF reported a -3.0% decline for the year as of 2Q2026.[117] After six years of negative net absorption totaling over 225 million square feet of space, net absorption may turn slightly positive in 2026, with estimates calling for 22 million square feet of demand.[118] Currently, the national occupancy rate averages 86%, well below its 20-year average of 89%.[119] In order for occupancy to recover to its 20-year average rate, nearly 230 million square feet of space either needs to be demolished or absorbed. Average annual demand over the last 20 years averaged 37 million square feet.[120] Even in the best of circumstances, it could take four to six years before there is a widespread recovery in the sector.

Remote work persists, limiting demand for traditional office space. Kastle's Back-to-Work Barometer improved during 2025 but remains at only half of pre-pandemic norms, underscoring structural shifts in workplace behavior.[121] Estimates for office-using job growth also vary. Our estimate indicates office employment declined an average of -0.6% annually over the last three years compared to the 10-year average of 1.1%.[122]

Exhibit 17: Office Occupancy Remains Near Historic Lows



At the end of 2025, transaction volume had increased 29% to $83 billion.[123] With $20 billion in activity recorded in 1Q2026, the market is on track to match the pace from last year. This may be welcome news for investors seeking to rebalance their portfolio. Still, the office sector comprised only 15% of total transaction activity last year, or half the 30% share it commanded prior to COVID.[124]

The office market is sharply dispersed. Class A assets continue to attract tenants and record much higher net absorption of 21.0 MSF for the 12 months ending 1Q 2026, while Class B properties lost tenancy, with net

[117] NCREIF Trends report as of June 30, 2026.
[118] CoStar as of 1Q2026.
[119] Ibid.
[120] Ibid.
[121] Kastle through Bloomberg, as of June 10, 2026. Kastle Back to Work Barometer was 56.5% of pre-pandemic levels as of June 10, 2026.
[122] Crow Holdings Research and Strategy using data from the U.S. Bureau of Labor Statistics ("BLS") as of May 2026. Our estimate aggregates employment from the finance, information and professional business sectors.
[123] MSCI – RCA as of 1Q2026
[124] Ibid., Office share of total transaction volume was 30% from 2001-2020.

absorption of -15.9 MSF[125] Thus, investing in office properties carries high idiosyncratic risk. Outcomes are building-specific, and capital expenditure requirements can be substantial, often representing a significant share of acquisition costs. Thus, we believe it is essential to require a significant discount to replacement cost.

Conclusion

The outlook for private real estate investment appears more constructive than it has been in recent years; however, the recovery is likely to remain uneven and dependent on asset selection and market selection. The risk of a recession appears low, transaction activity has improved, lenders remain active, and assets in the transaction market appear to offer attractive risk premiums relative to valuation-based cap rates. At the same time, inflation is higher than the target rate of 2%, long-term interest rates remain higher, and there is slower job creation. As a result, better relative total returns are more likely to be driven by those types of investments that provide reliable income returns, lower capital expenditures, and reasonable assumptions for net operating income growth.

In our opinion, retail remains one of the most attractive sectors, supported by high occupancy, limited new supply, and relatively attractive cap rates. Landlords may have an opportunity to recapture space at lower in-place rates and lease space at higher market rents. Manufactured housing provides a more affordable housing alternative leading to higher tenant demand at a time when new construction is less than 0.1% of the inventory. We believe the sector appears to offer strong relative investment value. Meanwhile, industrial fundamentals are normalizing as tenant demand is increasing and new construction has subsided. In markets with balanced supply pipelines and durable tenant demand, we believe modern space remains better positioned. Multifamily has faced headwinds due to excess supply in certain markets. Still, the homeownership rate has declined leading to high tenant demand. Finally, we believe the office sector should be approached as an asset-level strategy rather than a broad sector allocation. Early signs of stabilization are offset by weak occupancy, structural demand shifts, and high capital expenditure needs.

A bifurcated market can provide clearer signals on relative value, reinforcing the need for disciplined capital allocation and selective positioning. As shown in the exhibits below, cities and sectors that have higher occupancy, less new construction, and more resilient tenant demand may be better positioned comparatively, although actual investment performance will depend on several additional factors, such as the investment basis and future market conditions, to name a few. Conversely, markets with excess inventory, weaker employment trends, or soft demand trends warrant greater selectivity. In this environment, relative performance will likely depend less on broad market beta and more on disciplined sector allocation, market selection, and asset-level execution.

[125] CoStar, as of 1Q2026

RANGE KEY

Above Average / Strong — Below Average / Weak

Exhibit 18: Apartment Market Relative Ranking[i]

Apartment Market							
City	NPI Index Weight	NPI Income Yield 1Q26	Job Growth 1Q26	Household Growth 1Q26	Occupancy 1Q26 Less 20-Year Average	Inventory Growth 1Q26 Less 20-Year Average	Rent Growth 1Q26
San Francisco	2.8%	4.1%	-0.4%	0.9%	1.4%	-0.2%	7.9%
Chicago	4.4%	4.8%	0.1%	0.3%	1.8%	-0.3%	3.1%
San Jose	2.0%	4.3%	-0.6%	0.5%	1.0%	-0.8%	4.7%
West Palm Beach	1.6%	4.7%	0.6%	1.0%	0.9%	-1.2%	1.6%
New York	7.1%	4.3%	0.3%	0.7%	0.3%	0.9%	2.3%
Orange County	2.2%	4.5%	-0.1%	-0.1%	0.3%	-0.2%	0.9%
Minneapolis	0.6%	4.7%	0.1%	0.9%	-0.7%	-0.5%	2.5%
Oakland	1.4%	3.9%	-0.7%	0.5%	-0.6%	-0.7%	1.9%
Riverside	1.3%	4.5%	0.3%	0.6%	-1.0%	0.8%	0.0%
Seattle	4.6%	4.1%	-0.1%	1.2%	-1.0%	-0.5%	-0.1%
Los Angeles	4.9%	4.2%	-0.1%	-0.2%	-1.1%	0.3%	-0.3%
Baltimore	0.4%	5.5%	-0.5%	0.4%	-1.4%	-0.8%	0.5%
Boston	3.2%	4.1%	-0.3%	0.6%	-1.2%	0.5%	-0.1%
San Diego	2.6%	4.3%	0.2%	0.2%	-1.3%	1.0%	-0.5%
United States	**79.4%**	**4.2%**	**0.1%**	**0.7%**	**-1.7%**	**0.5%**	**0.0%**
Ft. Lauderdale	1.9%	4.7%	-0.1%	0.5%	-1.4%	0.6%	-0.8%
Miami	2.4%	4.3%	-0.4%	0.4%	-1.7%	1.8%	-0.7%
Portland	1.1%	4.4%	-1.1%	0.6%	-1.8%	-0.5%	-1.1%
Washington, DC	2.6%	3.9%	-1.8%	1.1%	-1.7%	-0.5%	-2.1%
Atlanta	4.7%	4.1%	0.3%	1.4%	-2.3%	0.7%	-1.2%
Orlando	2.0%	4.5%	-0.5%	1.4%	-2.4%	0.8%	-2.0%
Raleigh	1.4%	4.4%	0.7%	2.2%	-2.6%	-0.1%	-2.4%
Houston	2.7%	4.6%	0.0%	1.8%	-3.0%	-0.4%	-1.4%
Nashville	1.1%	4.0%	1.1%	1.4%	-3.3%	0.3%	-1.7%
Phoenix	2.8%	4.2%	0.5%	1.4%	-3.0%	2.3%	-3.5%
Dallas	5.8%	3.8%	0.1%	1.7%	-3.7%	1.1%	-2.7%
Charlotte	2.3%	3.8%	1.7%	2.1%	-4.0%	1.7%	-2.4%
Tampa	0.9%	4.3%	0.5%	0.9%	-3.1%	0.4%	-4.5%
Denver	5.0%	3.9%	0.5%	0.7%	-4.3%	0.7%	-4.6%
Austin	3.4%	3.6%	0.4%	2.3%	-4.7%	0.4%	-5.1%

Exhibit 19: Industrial Market Relative Ranking

Industrial Market							
City	NPI Index Weight	NPI Income Yield 1Q26	Job Growth 1Q26	Household Growth 1Q26	Occupancy 1Q26 Less 20-Year Average	Inventory Growth 1Q26 Less 20-Year Average	Rent Growth 1Q26
Chicago	5.2%	4.4%	0.1%	0.3%	2.1%	-0.3%	4.6%
Houston	2.0%	4.7%	0.0%	1.8%	-1.6%	0.3%	1.3%
Phoenix	2.4%	4.4%	0.5%	1.4%	-1.8%	0.1%	4.1%
Dallas	4.8%	4.2%	0.1%	1.7%	-0.8%	-0.3%	4.0%
Nashville	1.3%	4.1%	1.1%	1.4%	-0.2%	0.4%	3.2%
Tampa	0.4%	4.4%	0.5%	0.9%	-1.0%	0.4%	2.1%
Raleigh	0.3%	4.3%	0.7%	2.2%	-1.2%	1.8%	3.0%
Atlanta	3.3%	4.0%	0.3%	1.4%	0.5%	-0.2%	2.3%
Charlotte	0.7%	4.0%	1.7%	2.1%	-1.6%	1.0%	4.1%
San Jose	0.6%	4.3%	-0.6%	0.5%	0.0%	1.5%	1.2%
Portland	1.3%	4.4%	-1.1%	0.6%	-2.3%	0.2%	2.1%
United States	**67.8%**	**3.9%**	**0.1%**	**0.7%**	**-0.7%**	**0.1%**	**1.5%**
Ft. Lauderdale	1.1%	4.0%	-0.1%	0.5%	-1.1%	0.1%	1.0%
Minneapolis	0.2%	3.6%	0.1%	0.9%	0.4%	0.1%	3.4%
Denver	1.4%	4.3%	0.5%	0.7%	-2.8%	-0.5%	-2.0%
Boston	1.0%	4.0%	-0.3%	0.6%	-1.3%	0.4%	1.8%
San Francisco	0.5%	4.8%	-0.4%	0.9%	-6.8%	1.6%	0.5%
Austin	0.9%	4.7%	0.4%	2.3%	-6.5%	1.4%	-1.1%
Oakland	3.0%	4.2%	-0.7%	0.5%	-1.9%	-0.1%	-1.5%
San Diego	1.4%	4.1%	0.2%	0.2%	-2.5%	0.6%	0.1%
Baltimore	1.8%	3.7%	-0.5%	0.4%	-0.4%	0.6%	2.1%
Washington, DC	0.5%	3.3%	-1.8%	1.1%	1.5%	0.7%	4.0%
Seattle	2.5%	3.9%	-0.1%	1.2%	-4.0%	0.4%	2.4%
New York	3.2%	3.7%	0.3%	0.7%	-1.8%	0.4%	-0.4%
Miami	3.5%	3.6%	-0.4%	0.4%	-2.7%	0.0%	0.7%
Orange County	2.9%	3.7%	-0.1%	-0.1%	-2.1%	0.7%	-0.5%
Riverside	13.5%	3.4%	0.3%	0.6%	-2.6%	-1.4%	-2.6%
Los Angeles	8.0%	3.3%	-0.1%	-0.2%	-2.9%	0.3%	-3.7%

Exhibit 20: Retail Market Relative Ranking

Retail Market							
City	NPI Index Weight	NPI Income Yield 1Q26	Job Growth 1Q26	Household Growth 1Q26	Occupancy 1Q26 Less 20-Year Average	Inventory Growth 1Q26 Less 20-Year Average	Rent Growth 1Q26
Phoenix	3.6%	6.7%	0.5%	1.4%	3.2%	0.2%	6.0%
Charlotte	0.8%	6.1%	1.7%	2.1%	1.8%	-0.3%	6.8%
Nashville	0.3%	5.1%	1.1%	1.4%	1.0%	-0.3%	5.5%
Atlanta	2.2%	5.7%	0.3%	1.4%	2.1%	-0.5%	5.4%
Minneapolis	1.1%	6.5%	0.1%	0.9%	1.1%	-0.2%	6.3%
Raleigh	1.3%	6.6%	0.7%	2.2%	1.8%	-0.4%	6.2%
Boston	0.8%	5.3%	-0.3%	0.6%	0.6%	-0.5%	4.2%
Dallas	2.0%	5.6%	0.1%	1.7%	1.1%	0.0%	3.1%
San Jose	2.9%	4.8%	-0.6%	0.5%	0.4%	-0.1%	2.1%
Austin	2.0%	5.5%	0.4%	2.3%	1.3%	0.0%	2.3%
Denver	1.0%	5.8%	0.5%	0.7%	1.1%	-0.5%	3.0%
United States	**59.0%**	5.7%	**0.1%**	**0.7%**	**0.9%**	**-0.3%**	**2.3%**
San Diego	5.4%	5.1%	0.2%	0.2%	-0.1%	-0.1%	1.6%
Oakland	2.9%	5.0%	-0.7%	0.5%	-1.0%	-0.2%	2.4%
New York	2.9%	5.3%	0.3%	0.7%	0.1%	-0.1%	1.8%
Tampa	1.3%	6.0%	0.5%	0.9%	1.2%	-0.2%	2.0%
Chicago	4.8%	5.9%	0.1%	0.3%	1.6%	-0.4%	1.3%
Houston	6.0%	5.8%	0.0%	1.8%	0.6%	-0.7%	2.6%
Ft. Lauderdale	0.5%	6.0%	-0.1%	0.5%	1.0%	-0.5%	1.7%
Orange County	2.4%	5.7%	-0.1%	-0.1%	0.3%	-0.2%	0.9%
Miami	1.9%	5.3%	-0.4%	0.4%	0.3%	-0.6%	0.9%
Seattle	1.6%	5.8%	-0.1%	1.2%	0.2%	-0.1%	1.3%
Baltimore	1.5%	5.3%	-0.5%	0.4%	-0.4%	-0.3%	0.7%
Riverside	2.0%	6.5%	0.3%	0.6%	0.7%	-0.2%	1.2%
Washington, DC	0.6%	6.5%	-1.8%	1.1%	0.1%	-0.7%	2.9%
Portland	1.2%	5.4%	-1.1%	0.6%	-0.1%	-0.2%	-0.4%
Los Angeles	5.1%	5.4%	-0.1%	-0.2%	-1.2%	-0.2%	-0.7%
San Francisco	1.0%	5.2%	-0.4%	0.9%	-1.9%	0.1%	-1.1%

Exhibit 21: Office Market Relative Ranking

Office Market							
City	NPI Index Weight	NPI Income Yield 1Q26	Job Growth 1Q26	Household Growth 1Q26	Occupancy 1Q26 Less 20-Year Average	Inventory Growth 1Q26 Less 20-Year Average	Rent Growth 1Q26
San Francisco	10.0%	6.1%	-0.4%	0.9%	-10.6%	-0.4%	3.8%
Ft. Lauderdale	0.4%	7.9%	-0.1%	0.5%	-1.5%	-0.7%	2.9%
Atlanta	2.0%	5.4%	0.3%	1.4%	-2.7%	-1.0%	1.7%
Boston	8.9%	5.2%	-0.3%	0.6%	-5.2%	0.2%	0.5%
Miami	0.7%	5.4%	-0.4%	0.4%	1.1%	-0.9%	3.5%
Chicago	4.6%	4.2%	0.1%	0.3%	-3.8%	-0.8%	1.0%
Baltimore	0.2%	5.5%	-0.5%	0.4%	-0.7%	-1.3%	0.3%
Raleigh	0.8%	6.0%	0.7%	2.2%	-2.7%	-1.6%	3.0%
Charlotte	0.8%	5.8%	1.7%	2.1%	-4.1%	-0.8%	2.7%
Washington, DC	4.8%	6.0%	-1.8%	1.1%	-4.2%	-1.4%	0.1%
Tampa	0.6%	7.1%	0.5%	0.9%	0.1%	-0.6%	3.8%
Phoenix	0.5%	6.5%	0.5%	1.4%	-1.2%	-2.0%	1.8%
Nashville	0.7%	6.1%	1.1%	1.4%	-3.4%	-0.4%	1.2%
New York	12.1%	4.1%	0.3%	0.7%	-3.9%	-0.4%	1.2%
United States	**80.5%**	5.7%	0.1%	0.7%	-2.8%	-0.7%	1.4%
Seattle	4.7%	5.9%	-0.1%	1.2%	-7.1%	-1.2%	0.4%
Dallas	2.3%	5.7%	0.1%	1.7%	-2.1%	-0.9%	2.3%
San Jose	3.4%	7.5%	-0.6%	0.5%	-3.5%	-1.3%	2.6%
Denver	2.1%	6.7%	0.5%	0.7%	-5.7%	-0.8%	0.8%
Orange County	1.6%	5.7%	-0.1%	-0.1%	-0.2%	-1.0%	2.1%
Oakland	1.9%	5.5%	-0.7%	0.5%	-4.7%	-0.1%	1.7%
Minneapolis	0.6%	7.0%	0.1%	0.9%	-3.1%	-0.3%	1.3%
Los Angeles	8.0%	6.5%	-0.1%	-0.2%	-4.9%	-0.3%	0.4%
Houston	2.8%	6.3%	0.0%	1.8%	-5.3%	-1.1%	0.5%
San Diego	3.1%	5.2%	0.2%	0.2%	-1.4%	-0.8%	-0.1%
Portland	0.5%	8.6%	-1.1%	0.6%	-5.5%	-0.6%	-0.3%
Austin	2.3%	6.6%	0.4%	2.3%	-4.8%	-0.7%	1.4%

[i] These rankings shown in Exhibits 18 – 21 are research screens and not intended as recommendations as other factors may also influence investment outcomes. The factors shown are selective ones which may influence the relative ranking and are not exhaustive. The ranking is subject to change as market conditions evolve.