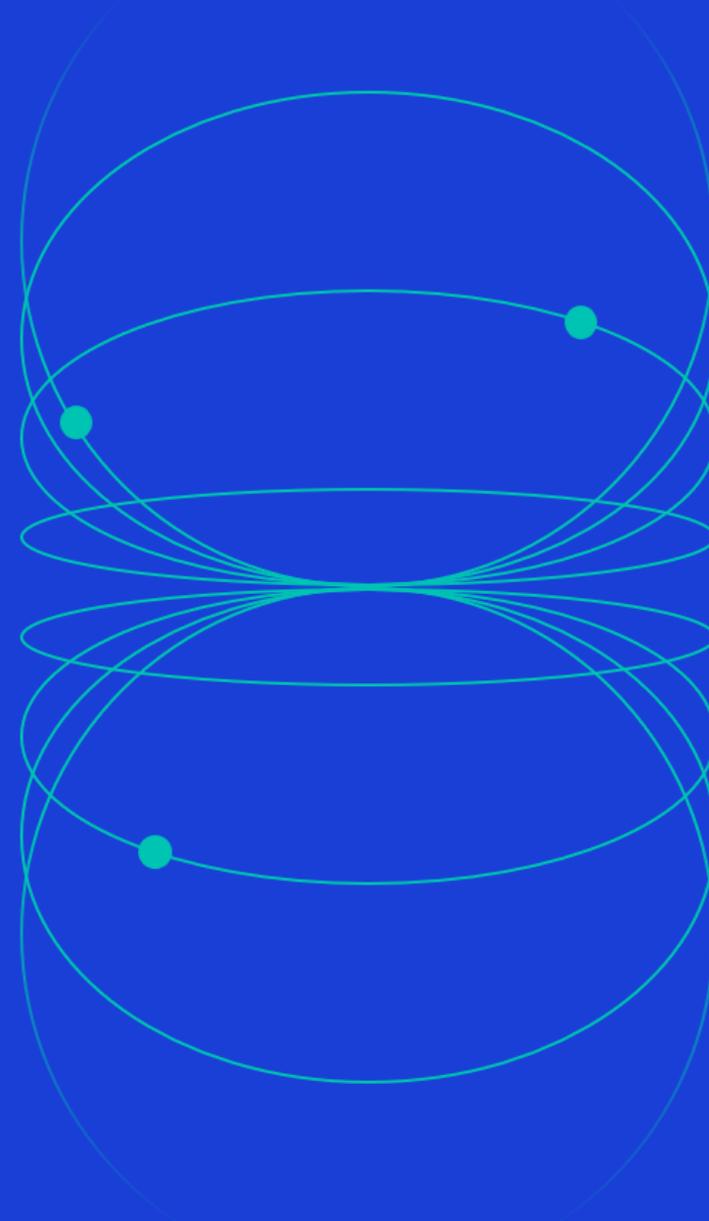




Real Estate in Focus: US

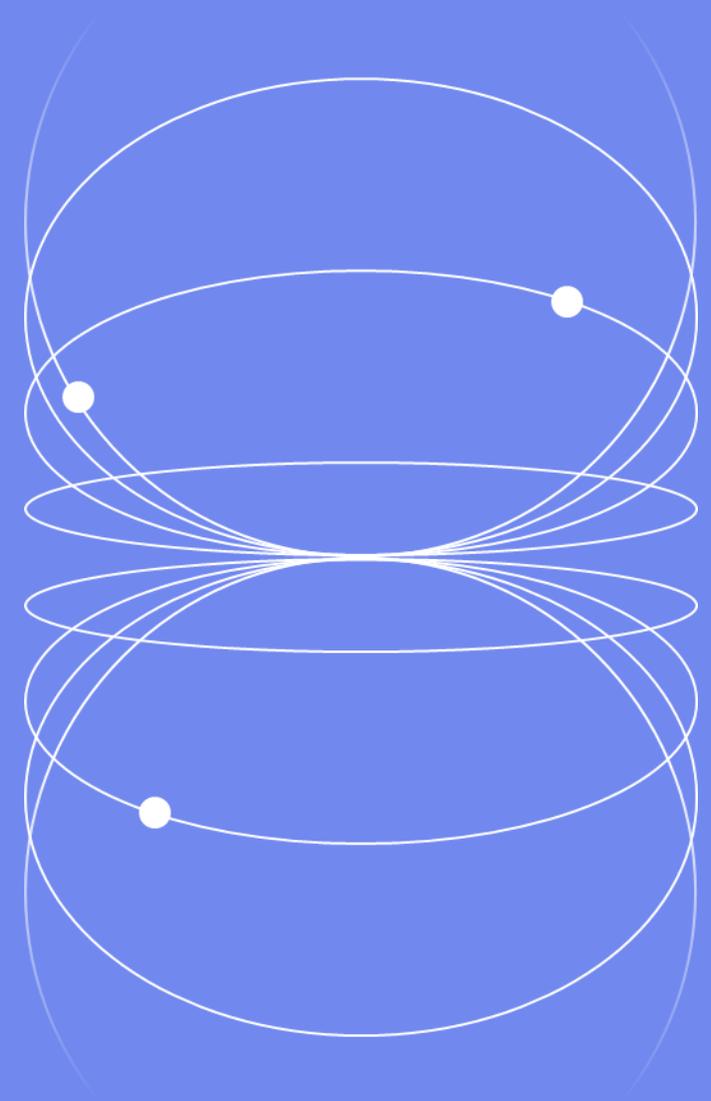
January 29, 2026



AGENDA

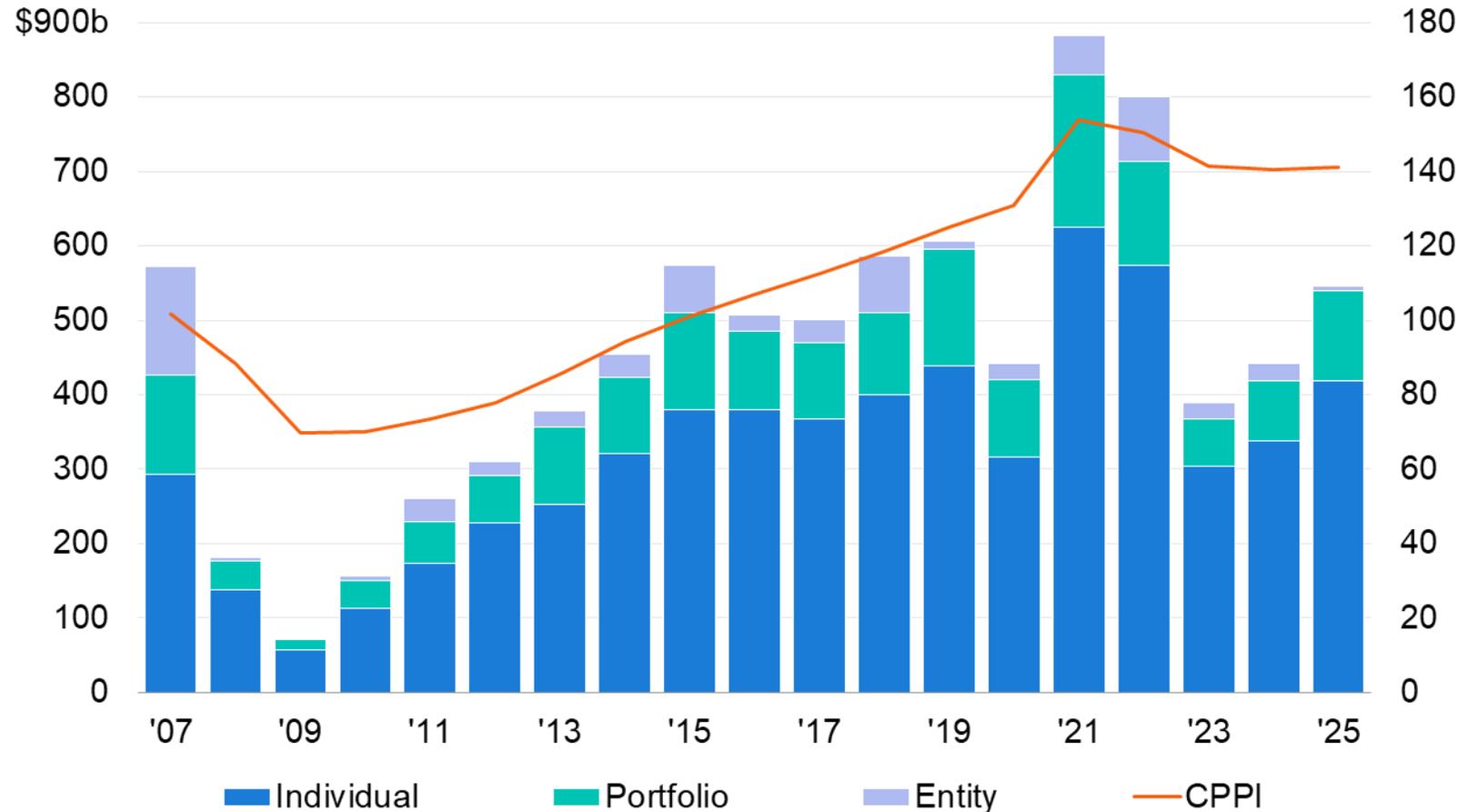
- **Investment Trends for 2025**
- **Megadeal Potpourri**
- **Cross Border Investment**
- **Thoughts on the Year Ahead**

Investment Trends for 2025



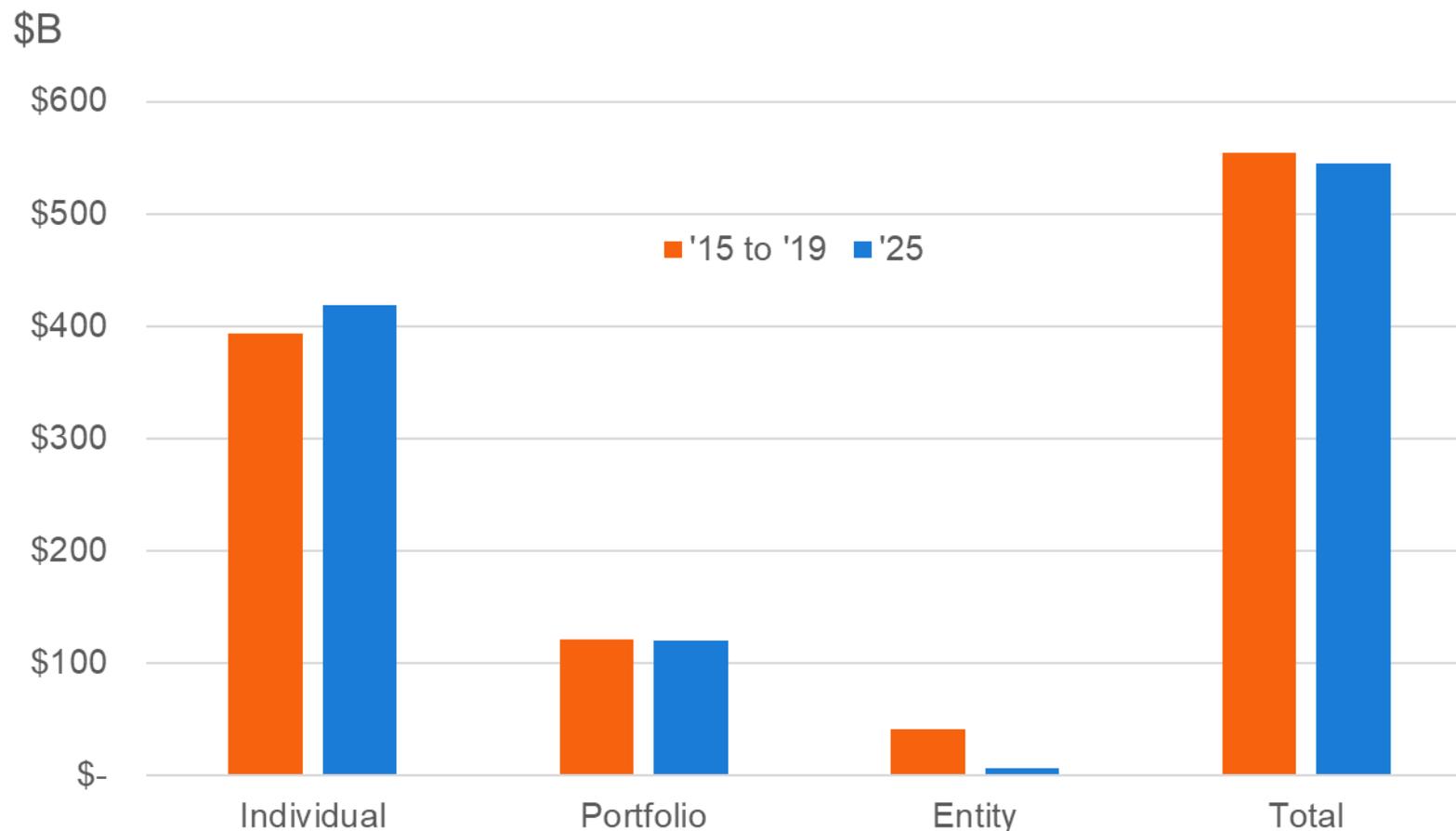
Deal Volume in 2025 was not that Bad

- Deal volume was up 23% in 2025 relative to 2024.
- Prices in total were effectively flat.
- If overall activity seems to be back on a healthy pace, why so much concern in the market?



Entity-Level Activity was a Laggard for the Year

- Individual asset sales climbed 24% in 2025 from the pace set in 2024.
- Individual asset sales in 2025 were 6% higher than the average pace set from 2015 to 2019.
- Portfolio sales effectively the same.
- Entity-level sales were down 84% from the pre-pandemic pace.



Deal Volume Grew Almost Everywhere in 2025

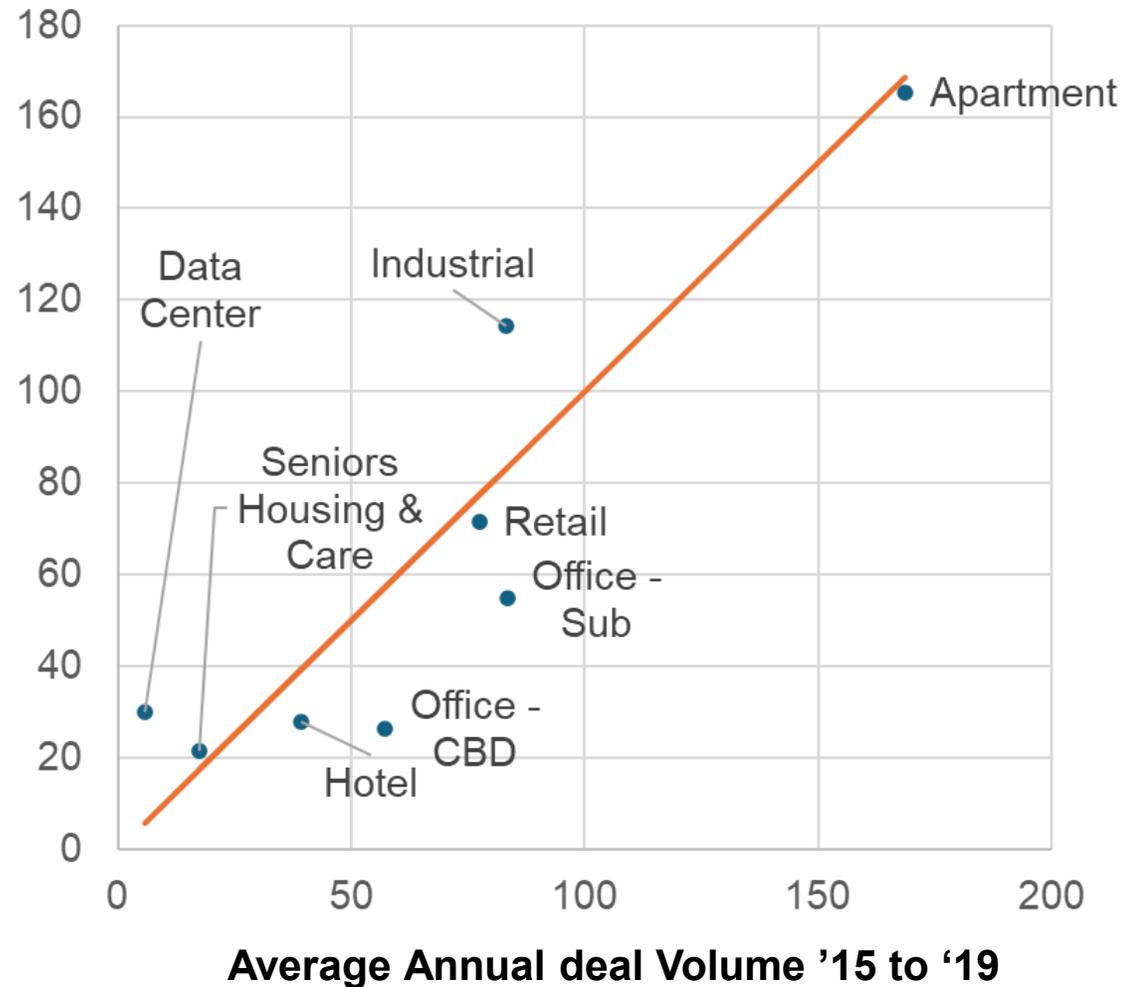
- Growth in sales everywhere in 2025 across all sectors.
- Data center activity was largely one deal that some do not consider to be an actual sale (but we do). Without that growth there would still be growth in deal volume but not as great.
- Less portfolio activity without that one data center deal.

	Q4 2025		2025		RCA CPPI	
	Vol (\$b)	YOY	Vol (\$b)	YOY	Cap Rate	YOY
Office	26.7	23%	81.1	26%	7.5%	2.8%
Industrial	34.9	3%	114.3	15%	6.4%	2.0%
Data Center	27.2	542%	29.9	274%		
Retail	20.6	31%	71.6	26%	7.0%	0.2%
Apartment	51.0	4%	165.5	9%	5.6%	-1.3%
Hotel	9.6	57%	27.9	13%	8.2%	-1.3%
Snr Hsg & Care	7.2	22%	21.4	47%	7.2%	
Dev Site	8.5	25%	33.5	44%		
Total	185.8	30%	545.3	23%		0.2%
Portfolio & Entity	56.0	94%	126.5	22%		
Single Asset	129.8	13%	418.8	24%		

Industrial and Apartment are still the most Liquid Sectors

'25 Deal Volume

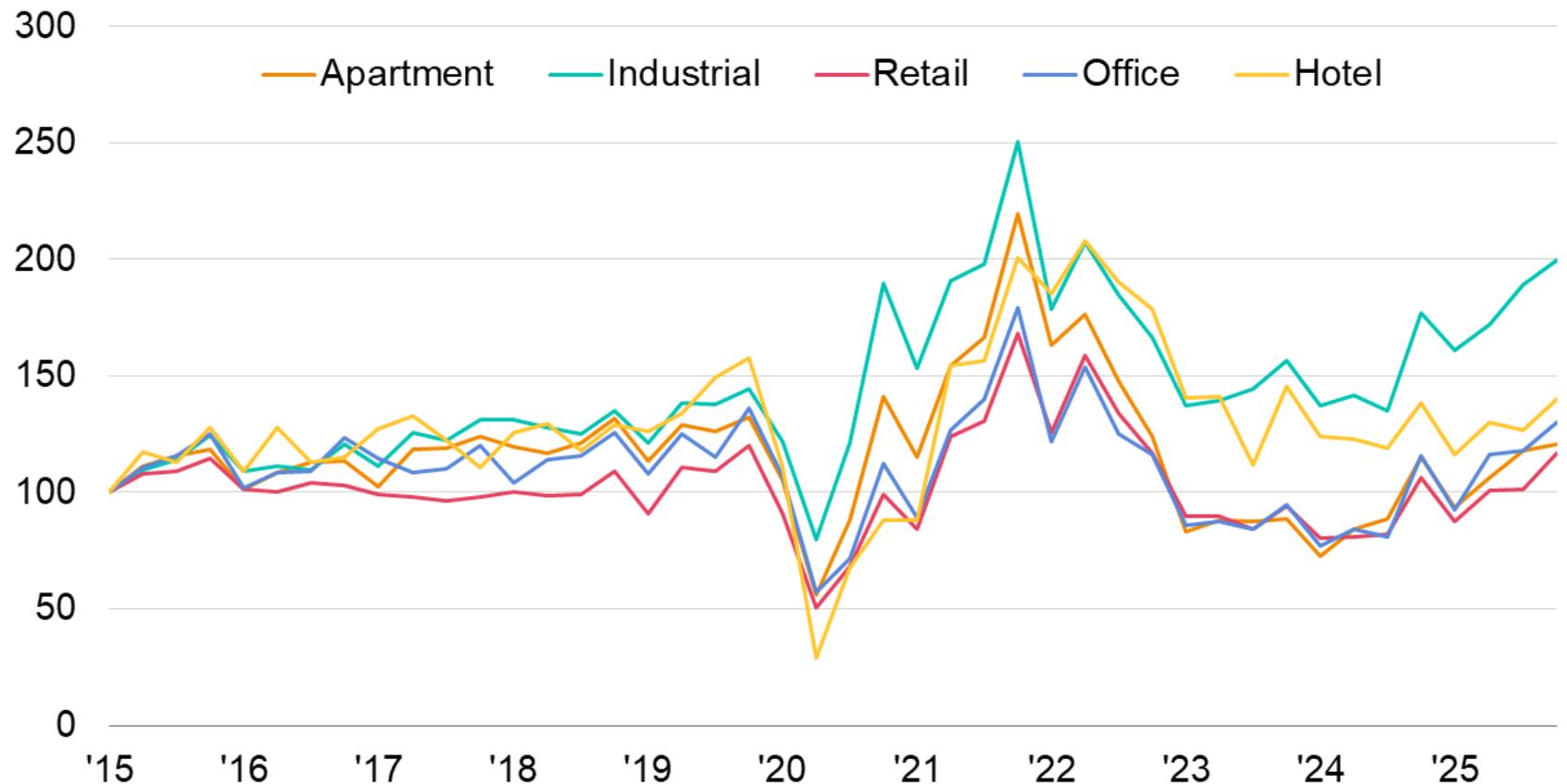
- Deal volume is concentrated more in the industrial and apartment sectors than in the pre-pandemic world.
- Office sector activity is down the most.
- Hotel is an interesting case. Less deal volume but by other measures it is now a more liquid market.



Liquidity is More than Just Deal Volume: Buyer Counts Matter

- If there is only one firm buying assets, even if deal volume is high, it will not have the same impact as a market where there are multiple buyers.
- Office, Retail, and Apartment had slipped below pre-pandemic trends on buyer counts but are trending up again.
- Hotel is up on counts because of smaller properties selling.

Unique Buyers, Q1'15 =100



Top Markets for CRE Investment in 2025

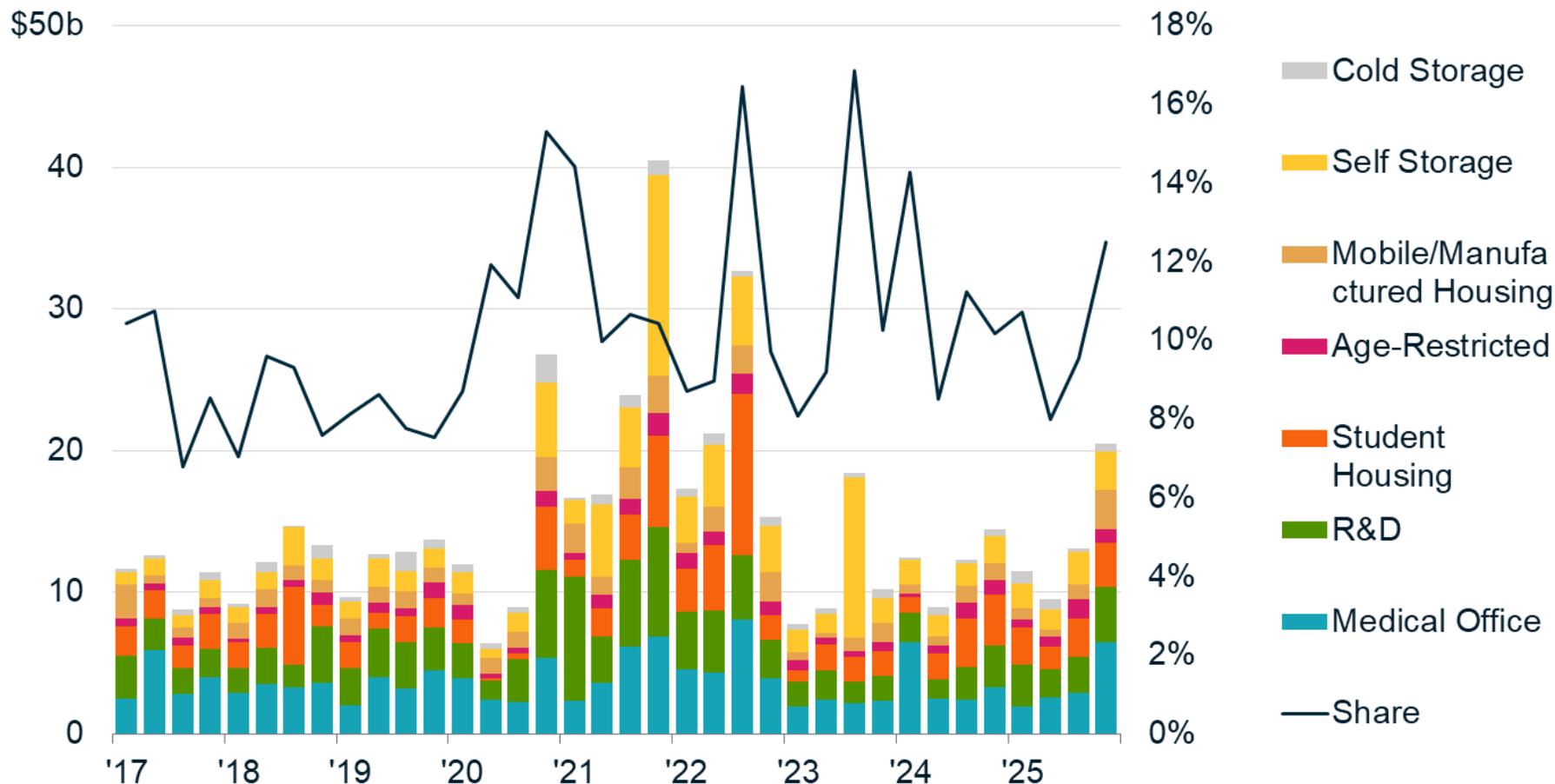
- Dallas is still in the lead, but Manhattan climbed to #2 again.
- Office repricing helping Manhattan and it is the biggest sector for the market once again.
- Data centers helped the Northern Virginia suburbs of DC.

2024	2025	Market	Sales Volume (\$m)	YOY Change
1	1	Dallas	26,295	20%
3	2	Manhattan	21,162	32%
2	3	Los Angeles	20,410	9%
7	4	Houston	18,499	46%
4	5	Atlanta	16,534	7%
6	6	Phoenix	16,001	21%
5	7	Chicago	13,604	0%
11	8	Seattle	13,337	47%
8	9	Boston	10,924	-1%
14	10	No NJ	10,634	38%
9	11	DC VA burbs	10,179	1%
12	12	Miami/Dade Co	9,420	8%
16	13	NYC Boroughs	8,681	30%
24	14	San Francisco	8,435	60%
19	15	San Jose	8,354	45%
10	16	Denver	8,234	-10%
15	17	San Diego	7,774	9%
13	18	Charlotte	7,723	0%
22	19	Orange Co	7,537	39%
20	20	Minneapolis	6,527	14%



Investment in Alternative CRE Sectors (Ex. Data Centers)

- Alternative investment was up 13% in 2025 from the pace set in 2024.
- The share of the total market climbed into the year end.
- The 12.5% share into the fourth quarter of 2025 is slightly elevated relative to trend since 2017 and the medical office sector provided the year-end boost.



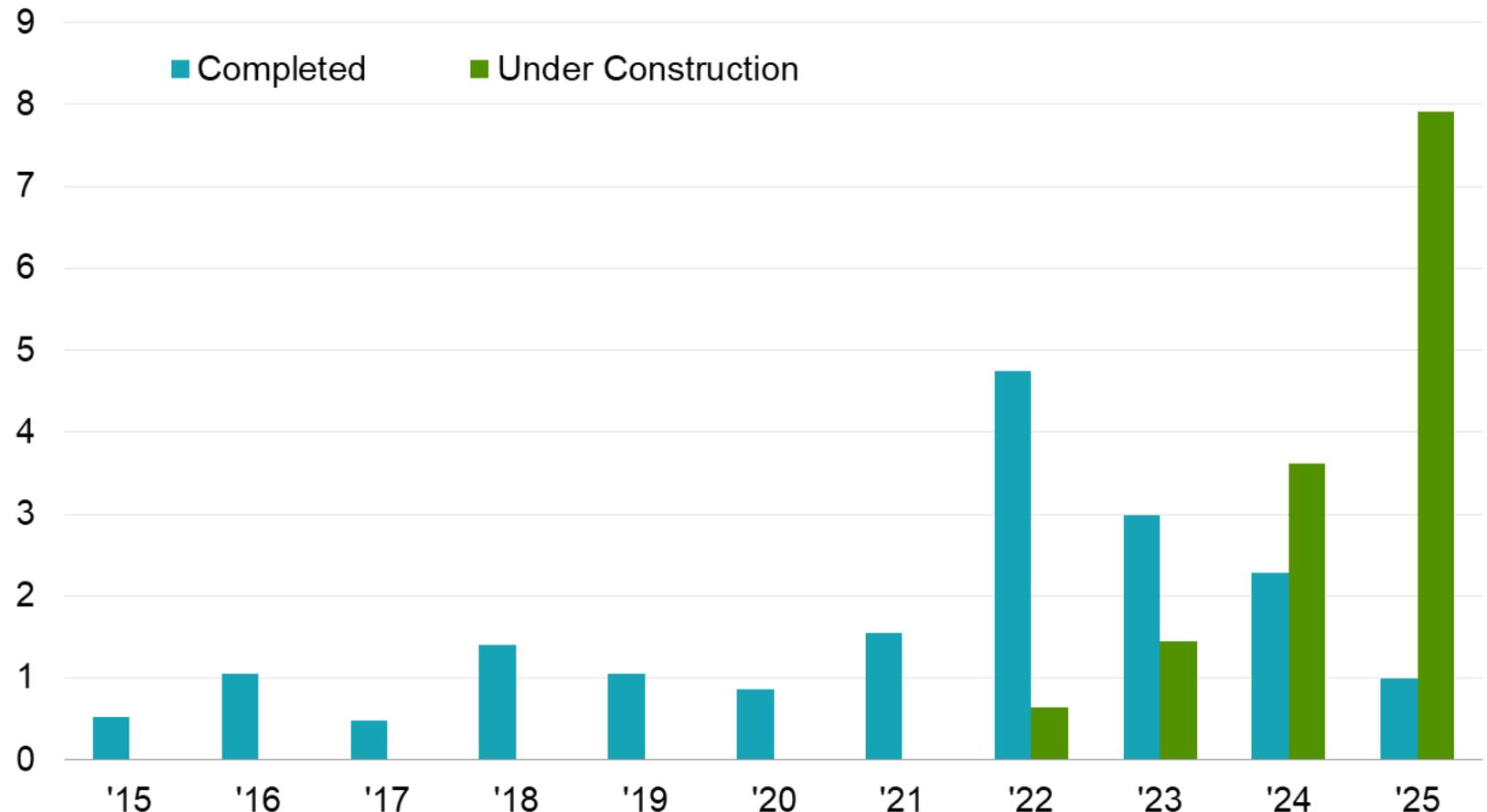
Breakdown of Alternative CRE Investment (ex. Data Centers)

	2025 Volume (\$b)			
	Single Asset	Portfolio & Entity	Total	YOY Change
Medical Office	8.7	5.2	13.8	-6%
Mobile/Manuf Hsg	2.9	2.2	5.1	42%
R&D	8.9	2.5	11.4	32%
Self Storage	4.8	3.5	8.2	22%
Student Housing	6.9	3.1	10.0	1%
Age-Restricted	2.9	0.6	3.5	16%
Cold Storage	1.9	0.5	2.4	60%

Capital Flows into Data Centers Had been a Construction Story

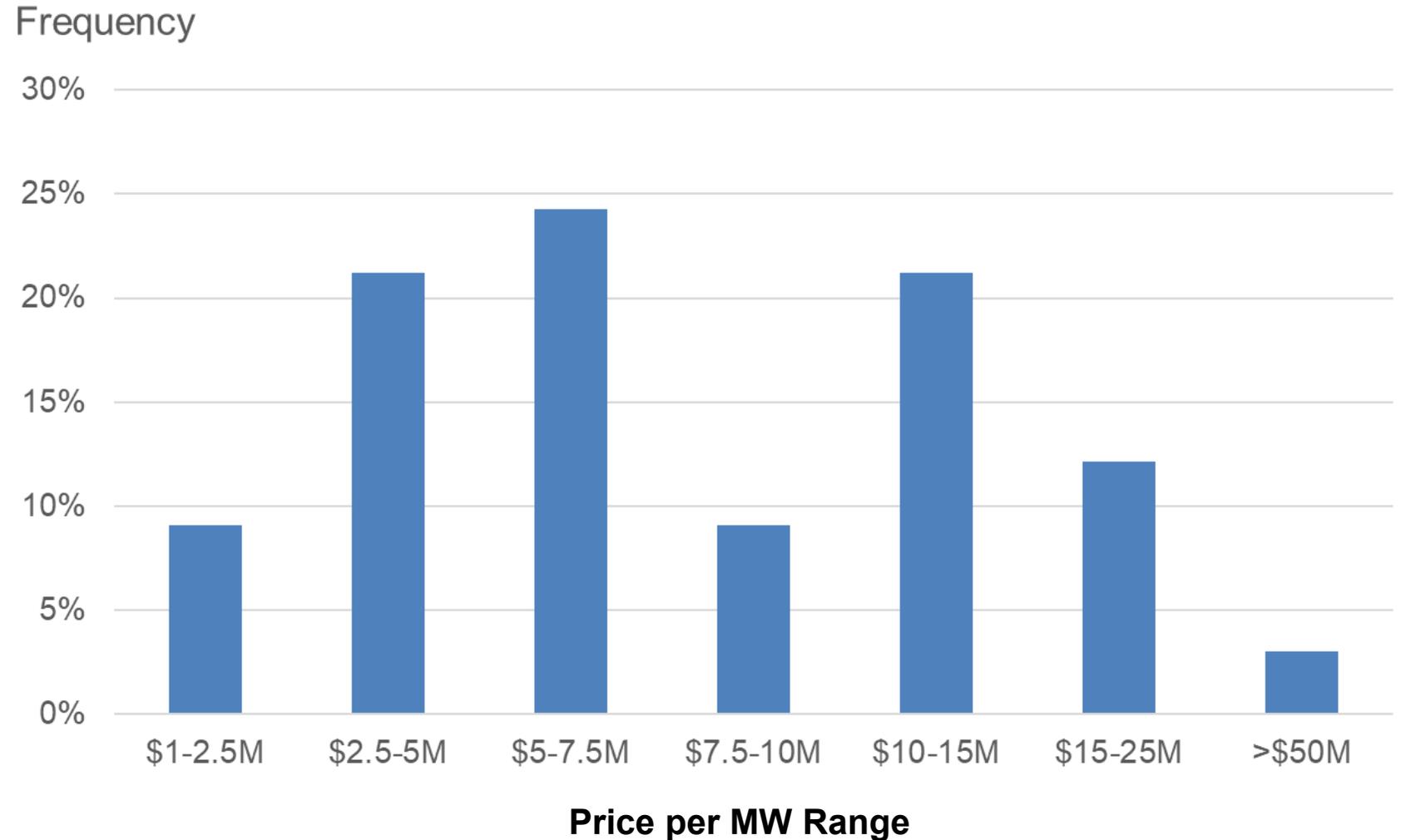
- Measuring data centers not in terms of square feet (though we track that) but in the metric that measures for performance: electrical capacity.
- For comparison U.S. consumed 4,000 GW in 2022 according to the EIA
- Kilowatt 1,000 watts
- Megawatt 1m watts
- Gigawatt 1b watts

Gigawatts



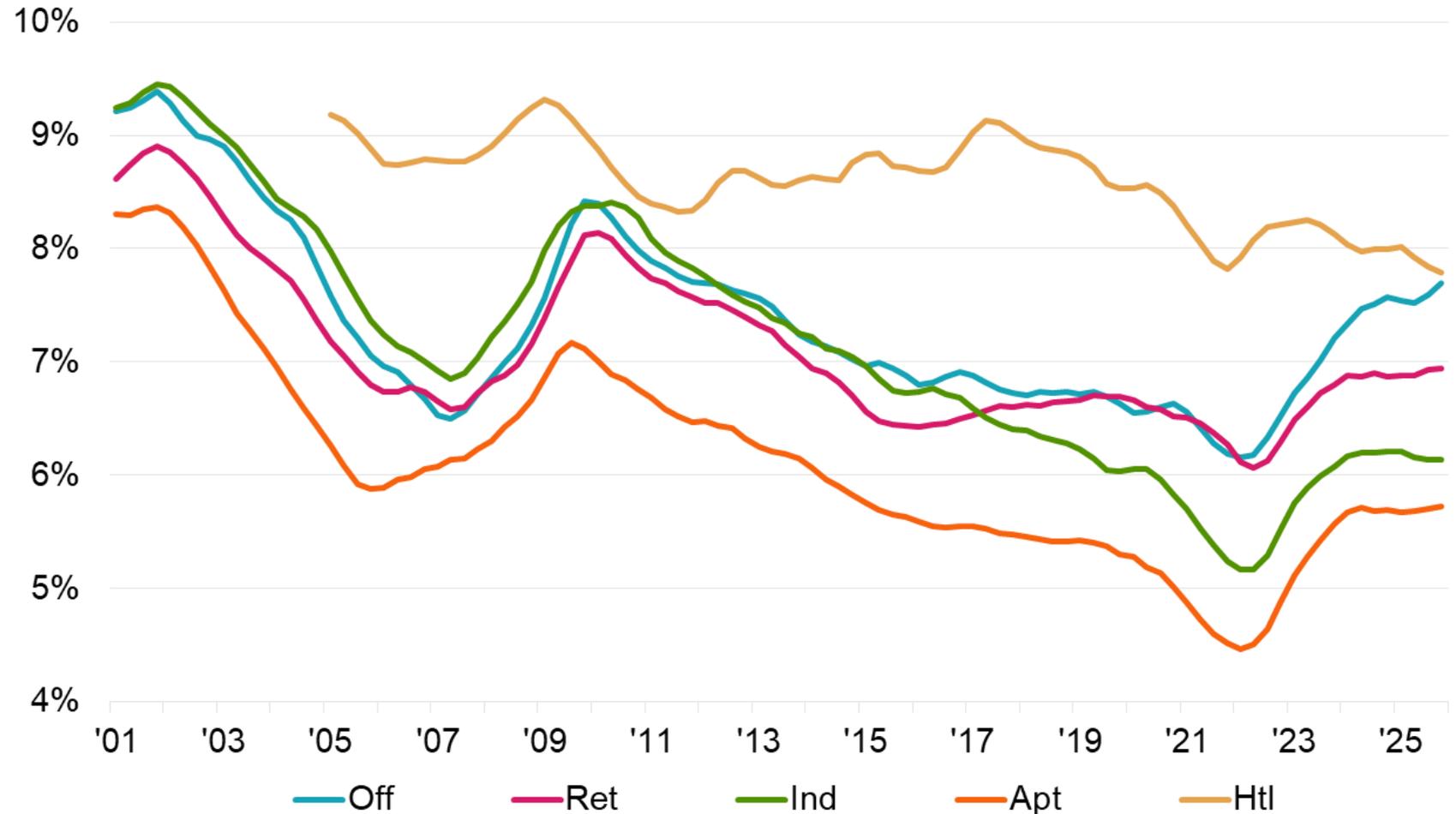
Distribution of Price per MW for Qualified Deals in 2025

- Thin market here but only looking at qualified sales transactions for 2025, 33 deals in total.
- Our understanding the price paid for the Blue Owl deal suggests a price for planned MW of \$15m.
- Puts that deal in the top %15 of the price distribution for the year.



Cap Rates Mostly Flattened in 2025

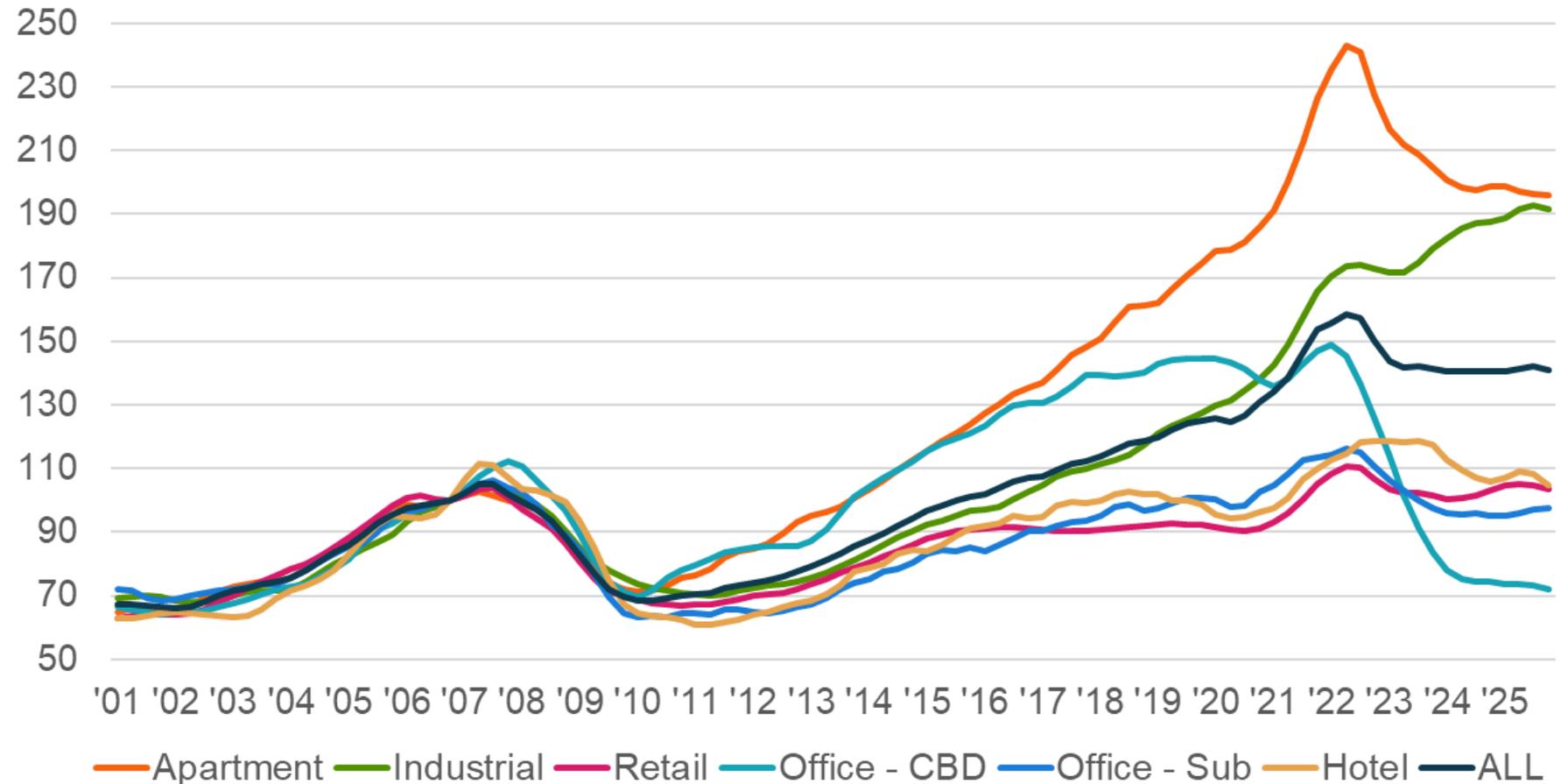
- For most sectors, cap rates flattened in 2025.
- 30 bps increase in office cap rates from last year.
- 20 bps decrease in hotel cap rates over same period.
- Office is out of line with history with cap rates higher than long run average since 2001.



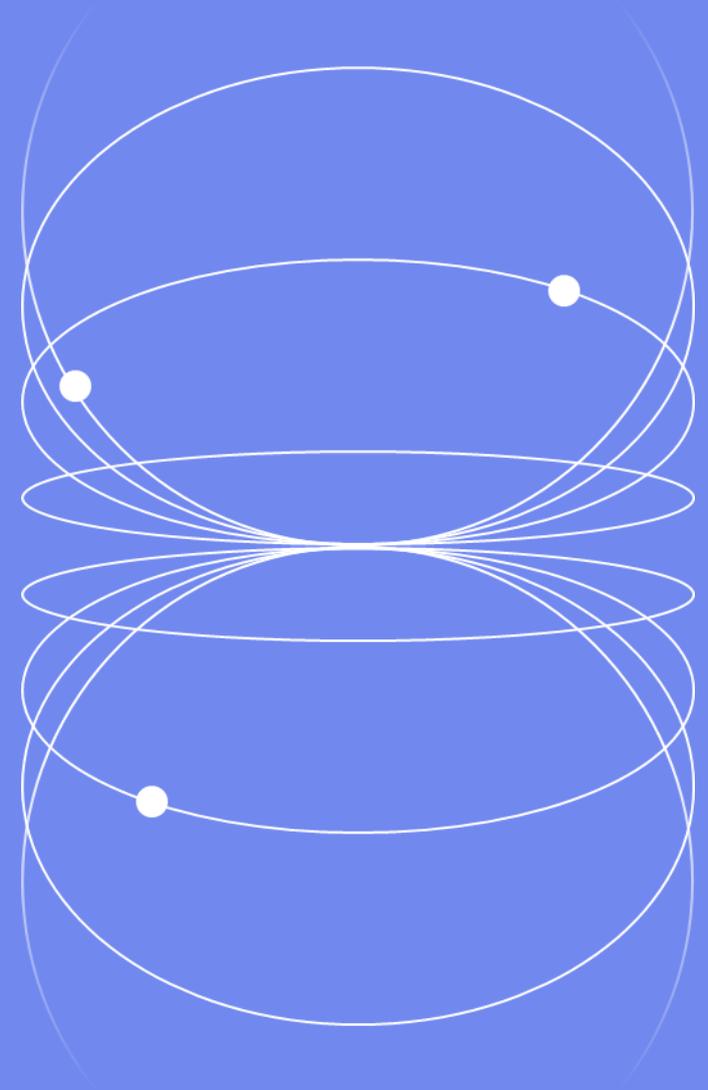
RCA CPPI by Property Sector

- Slight increase in All-Sector CPPI for 2025, 0.2%
- Annualized change from Q3 to Q4 is a 3.5% decline.
- CBD office prices still declining but generally at an improving pace ... though weaker in Q4.

Q4'06 = 100



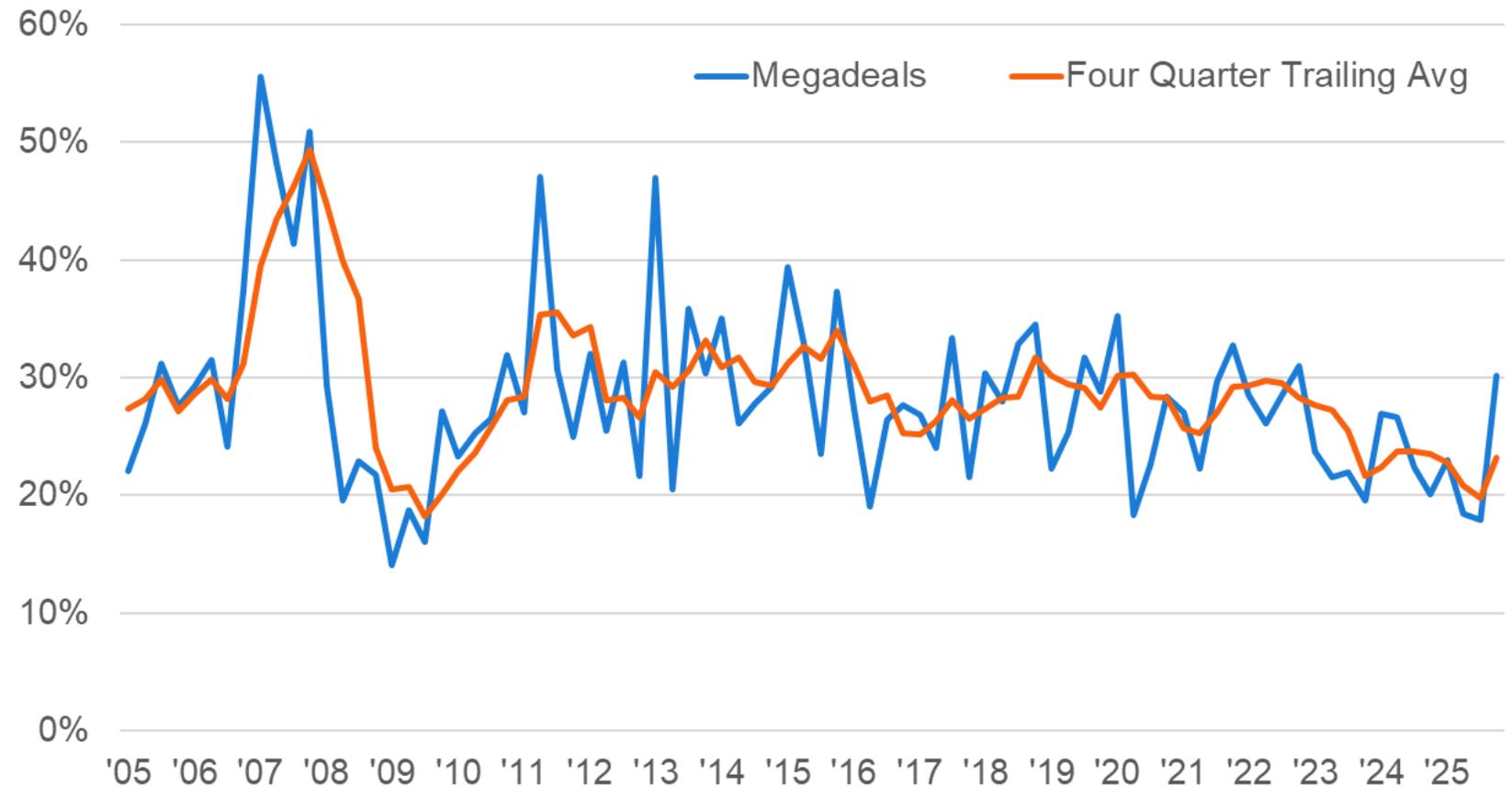
Megadeals, Sector Rotation, and Relative Pricing



Megadeals Trending Lower as a Share of the Market

- Megadeals means the sum of portfolio sales and entity-level deals.
- Surge in such deals in prelude to GFC as take-private transactions for REITs surged.
- An after-echo from 2011 to 2013 as failed deals were unwound.
- Activity ran close to 30% of the market while investors bulked up on industrial.
- Less need for sector rotation moves the share to 20%.

Share of Deal Volume



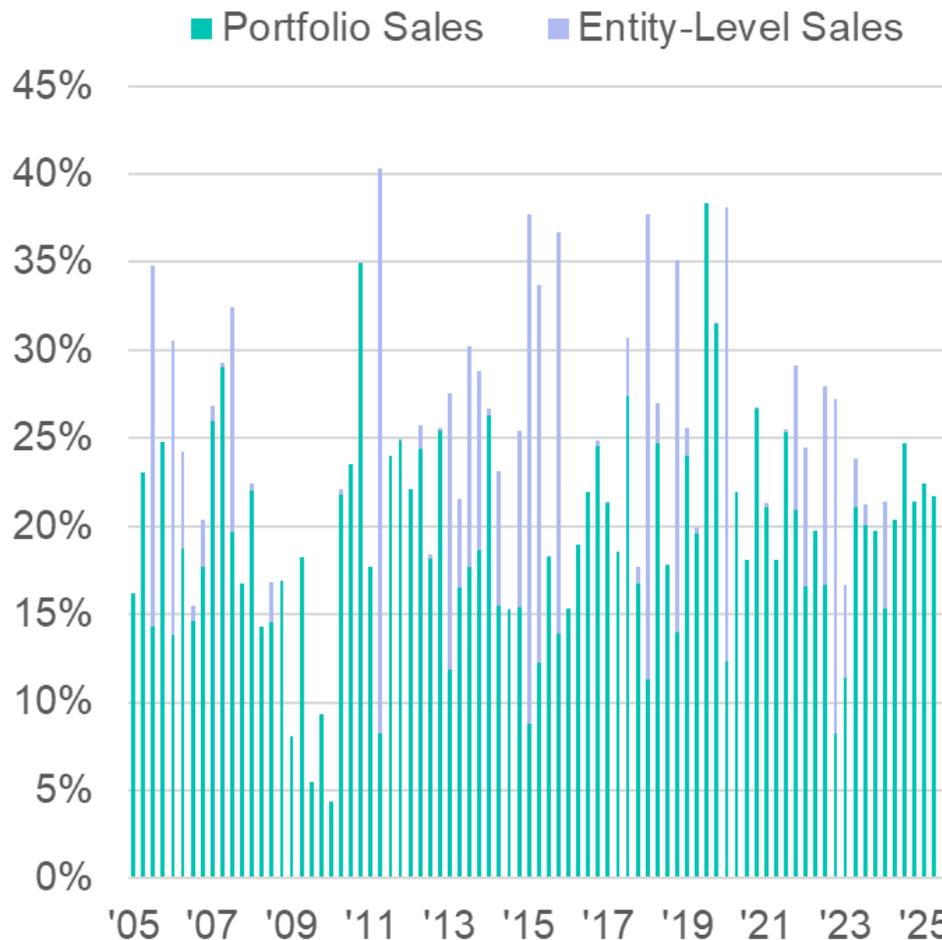
Industrial Sector is the Big Reason for Megadeal Decline

Megadeal Shares of Total Activity

	2010 to 2019	2022 to 2025	2025
Office	22%	20%	18%
Apartment	26%	23%	18%
Retail	32%	21%	20%
Industrial	40%	29%	25%
Hotel	34%	20%	13%

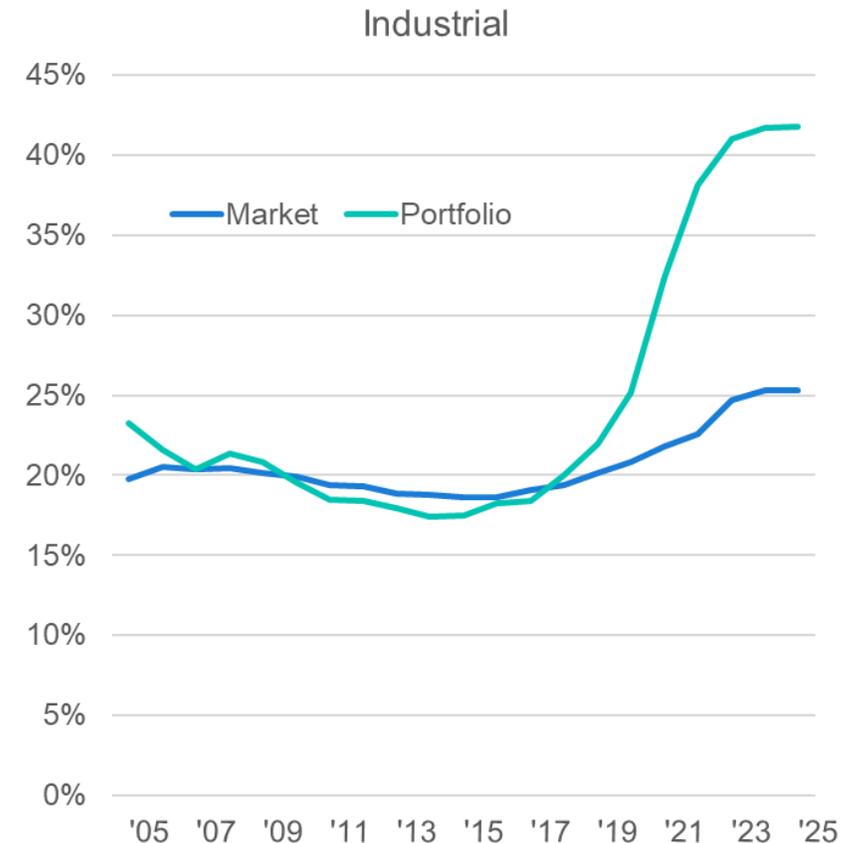
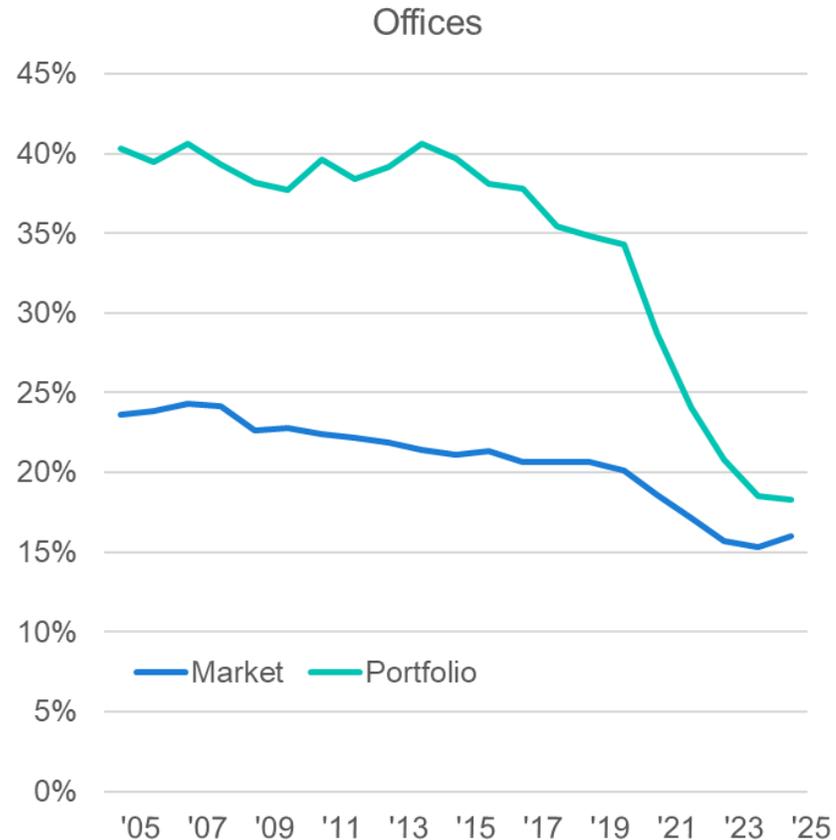
- Industrial sector was heavily weighted to Megadeals from 2010 to 2019
- Share of market in portfolio sales somewhat stable in post-GFC world.
- Dearth of entity-level sales for industrial since is big driver here.

Share of Industrial Deal Volume



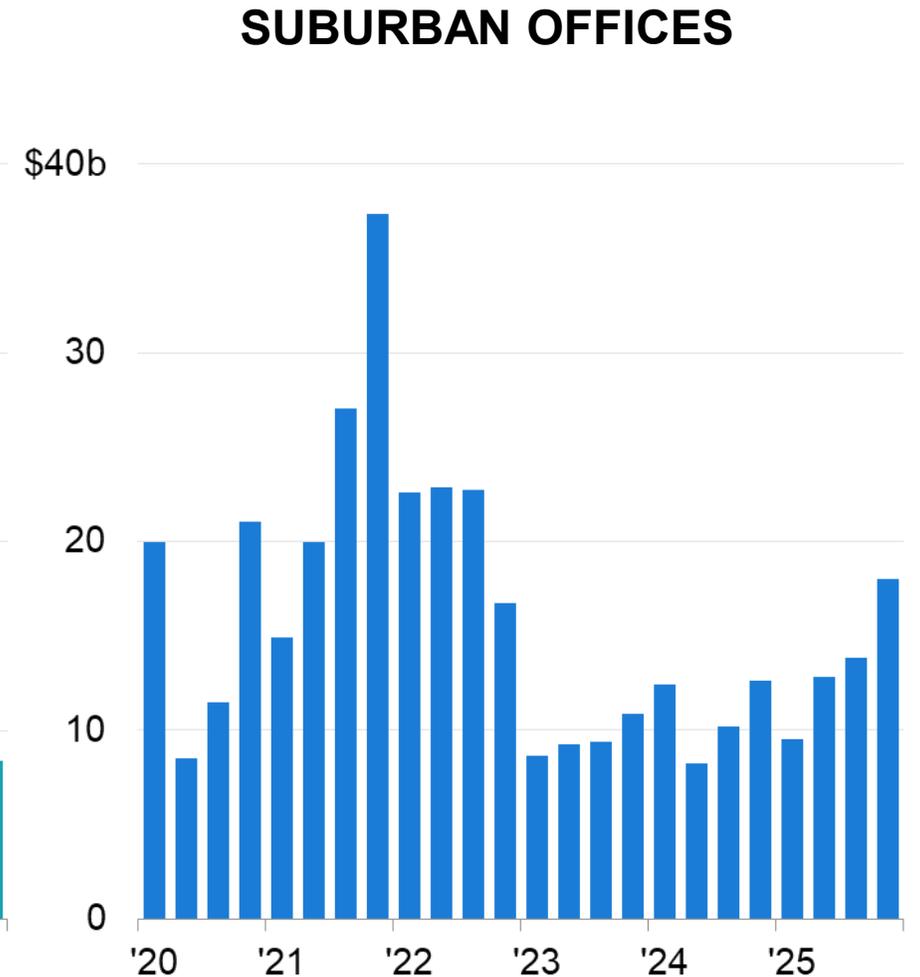
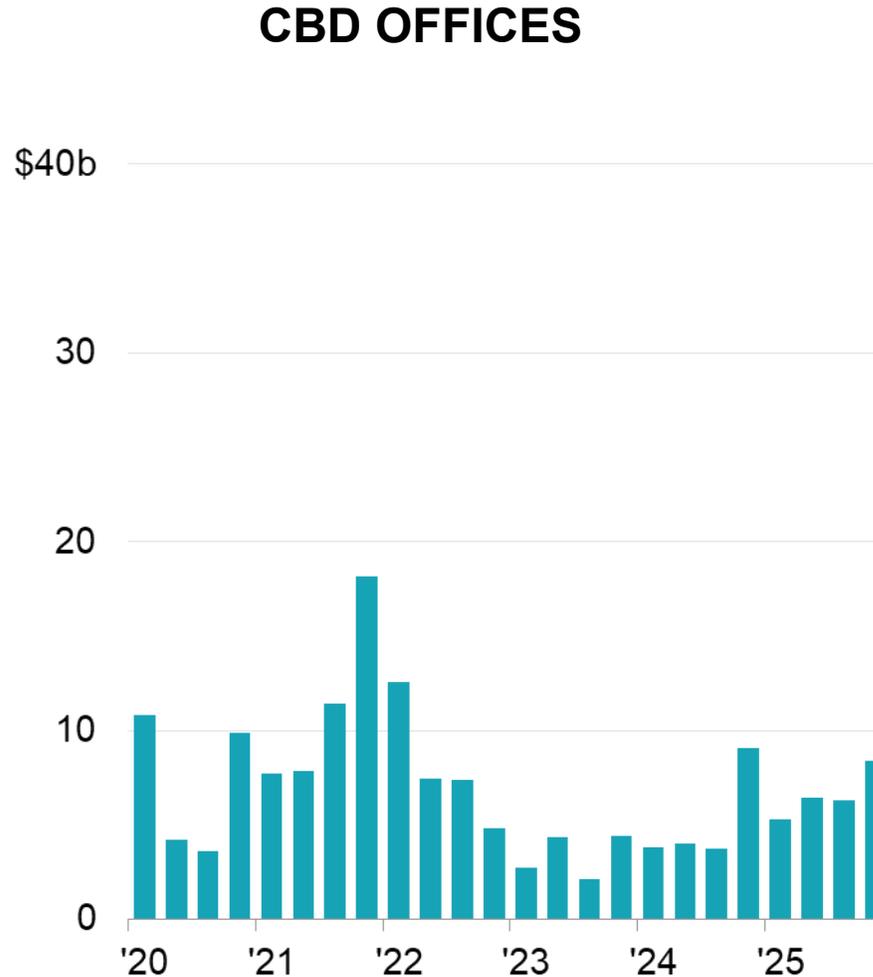
Moving all your Eggs from the Office to the Industrial Sector

- Market is the relative share of asset value across five main property sectors for all existing assets.
- Portfolio is relative share across MSCI U.S. Quarterly Property Index.
- Investors have acquired so much industrial space that it represents 42% of the institutional portfolios we track.



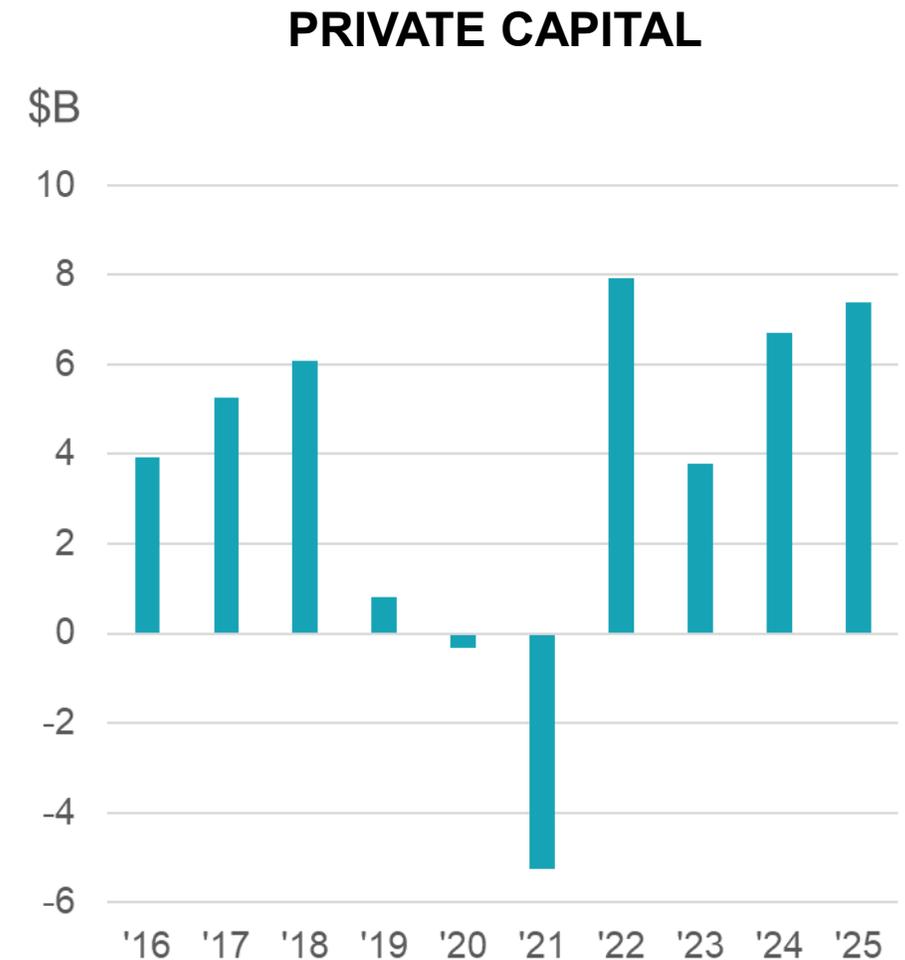
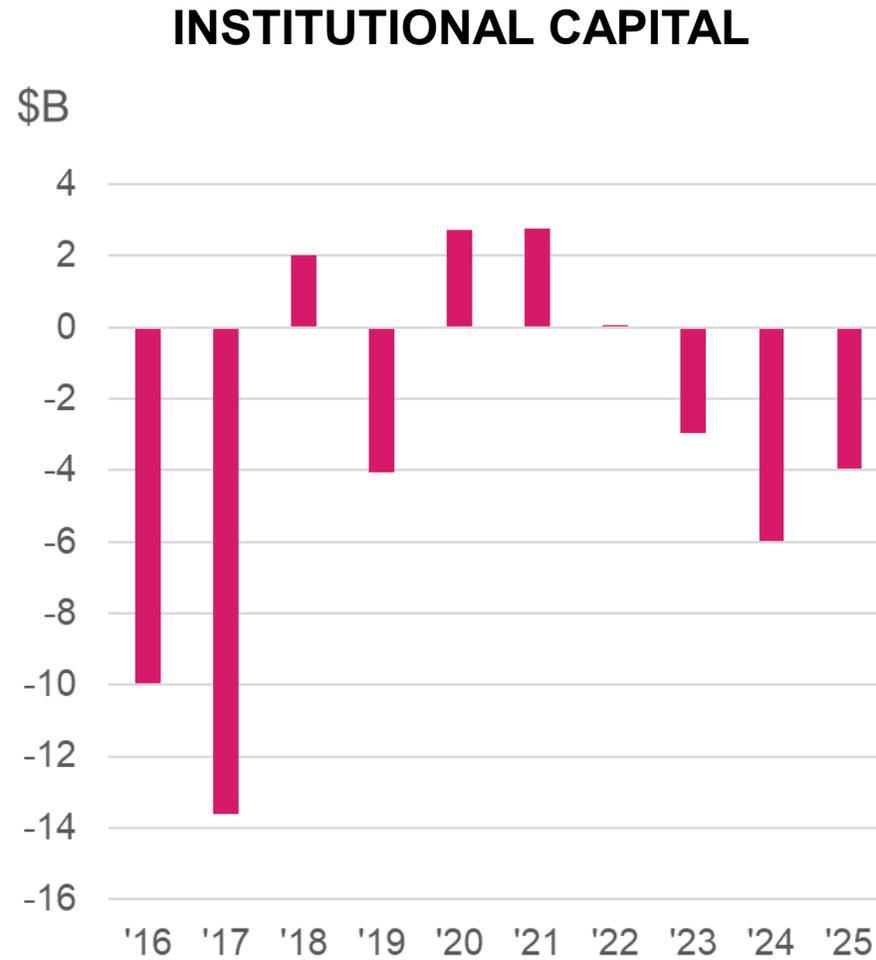
Growth in Office Property Sales across Subtypes in 2025

- CBD office sales grew 27% in 2025 from the pace set in 2024 on volume of \$26.3b.
- For suburban offices, sales totaled \$51.4b, up 25% from 2024.
- CBD office sales 54% lower than the '15 to '19 pace in 2025.
- Suburban office sales only 35% lower.



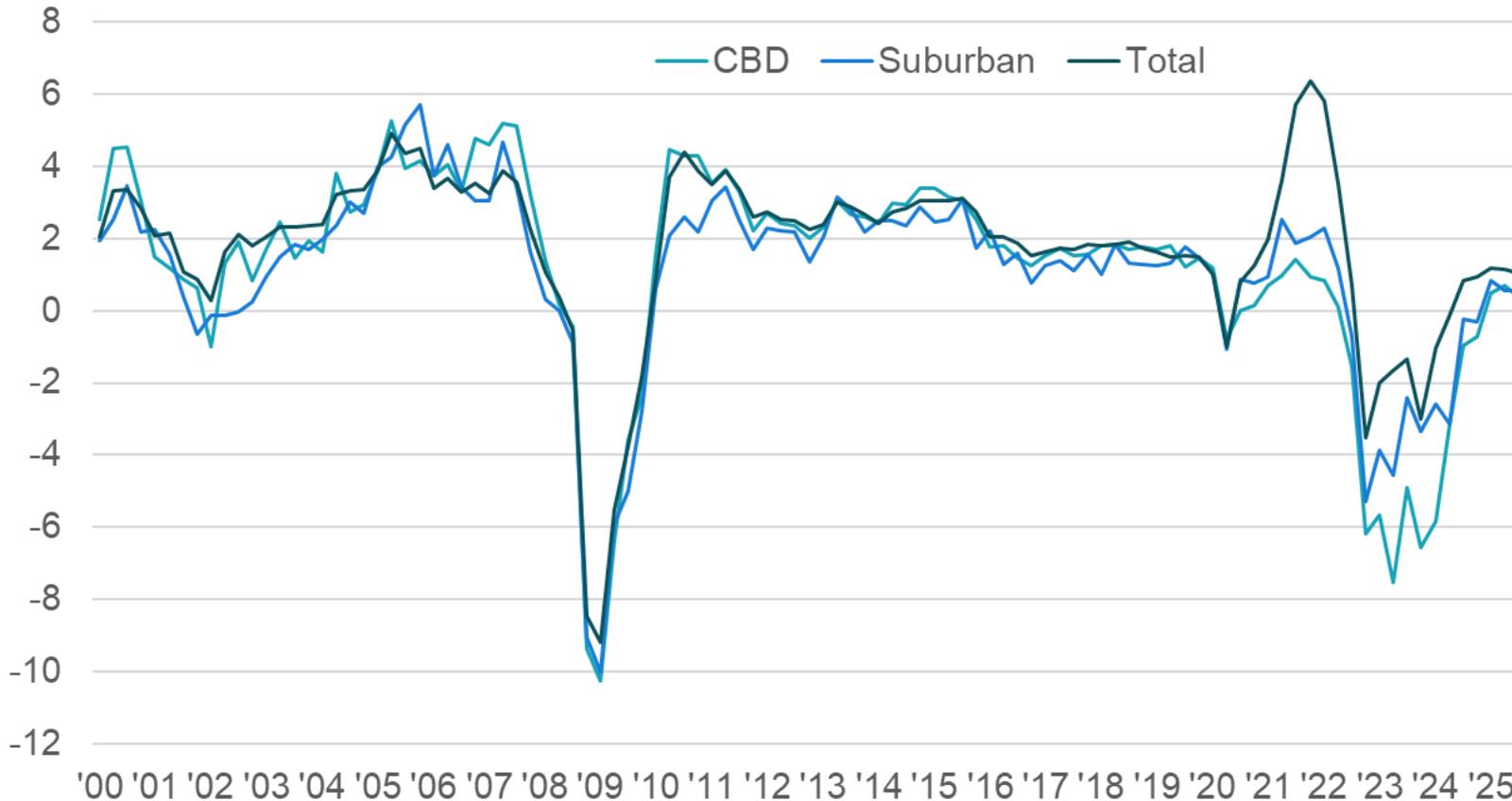
Net Investment in Offices for Key Investor Types to 2025

- While office performance is stabilizing, it is not the institutional capital moving yet.
- Office sales by institutional buyers exceeded purchases by \$3.9b in 2025.
- Purchases of office assets by private capital exceeded sales by \$7.4b as these buyers can move earlier.



Lower Office Returns Explain the Low Institutional Investment

Total Quarterly Return, %



Quarterly CBD office returns averaged 87bps lower than total CRE returns in the U.S. over the four quarters to Q3'25.

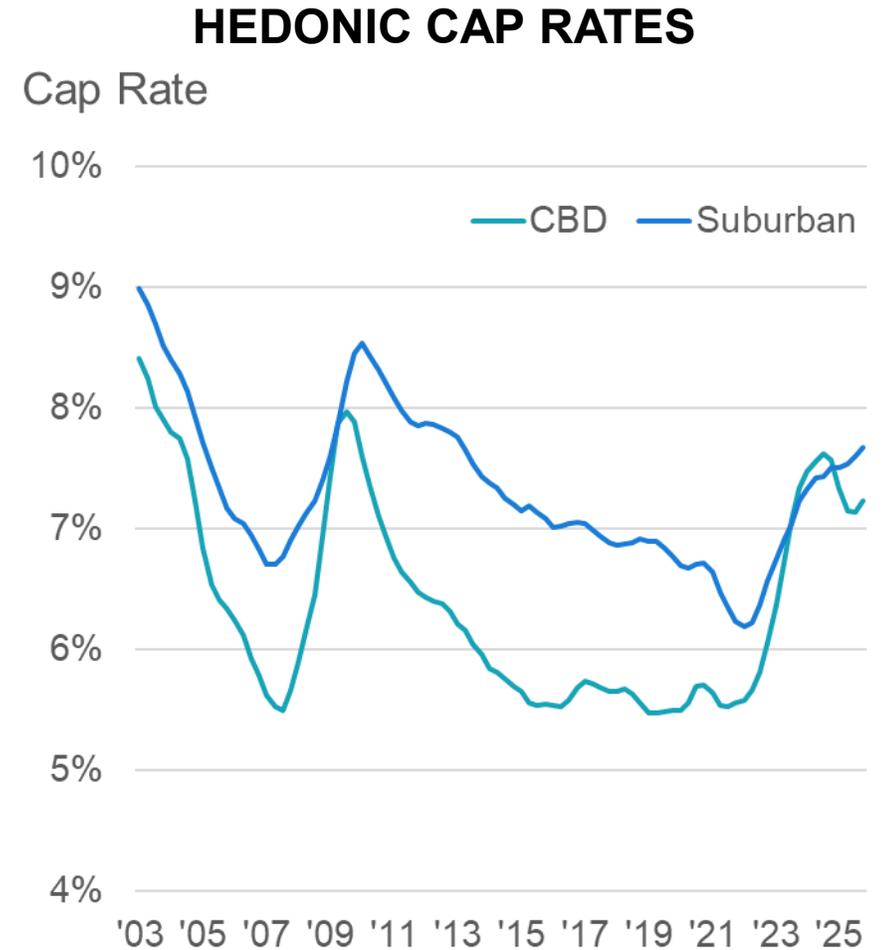
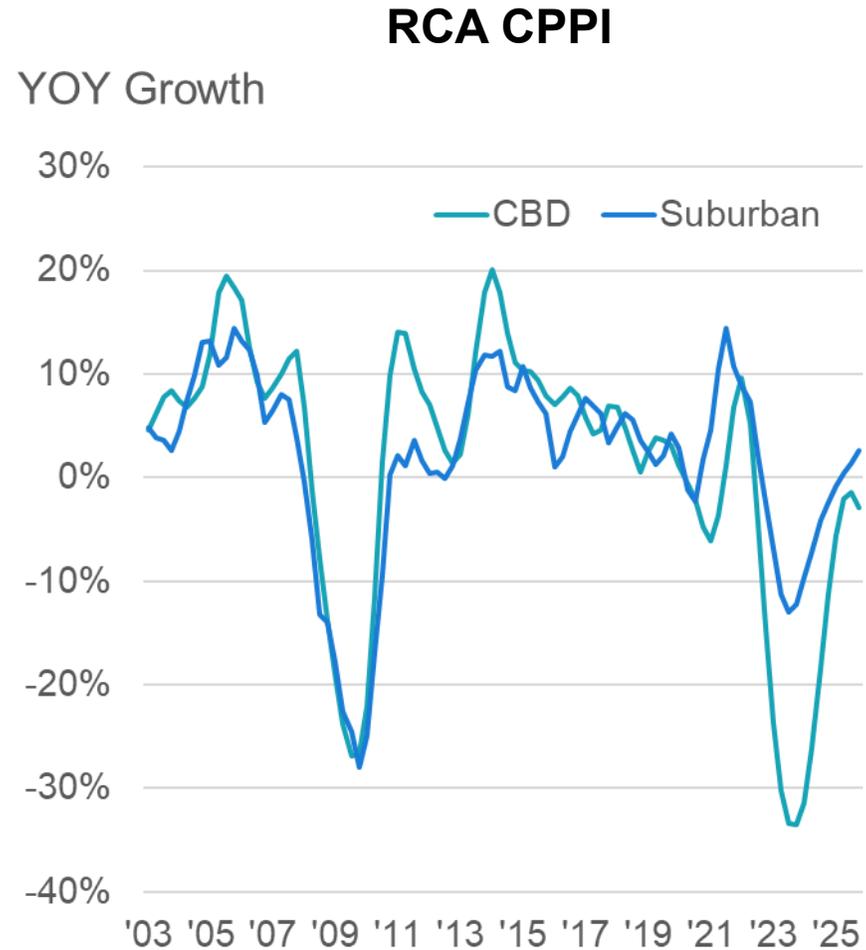
Quarterly Suburban office returns were better but still lower than total, 67bps lower on average.

Office returns turned positive in 2025 which is great news for investors focused on the sector, but as long as it underperforms, the institutional capital sources will still have difficulty putting capital to work.

Source: MSCI U.S. Quarterly Property Index

Price Metrics for Offices have gone through Gyration

- Sharper CBD office price declines through 2024 than seen even through the calamity of the GFC.
- Cap rates increased sharply but never quite hit the post-GFC highs.
- Income has been a challenge for the office sector.



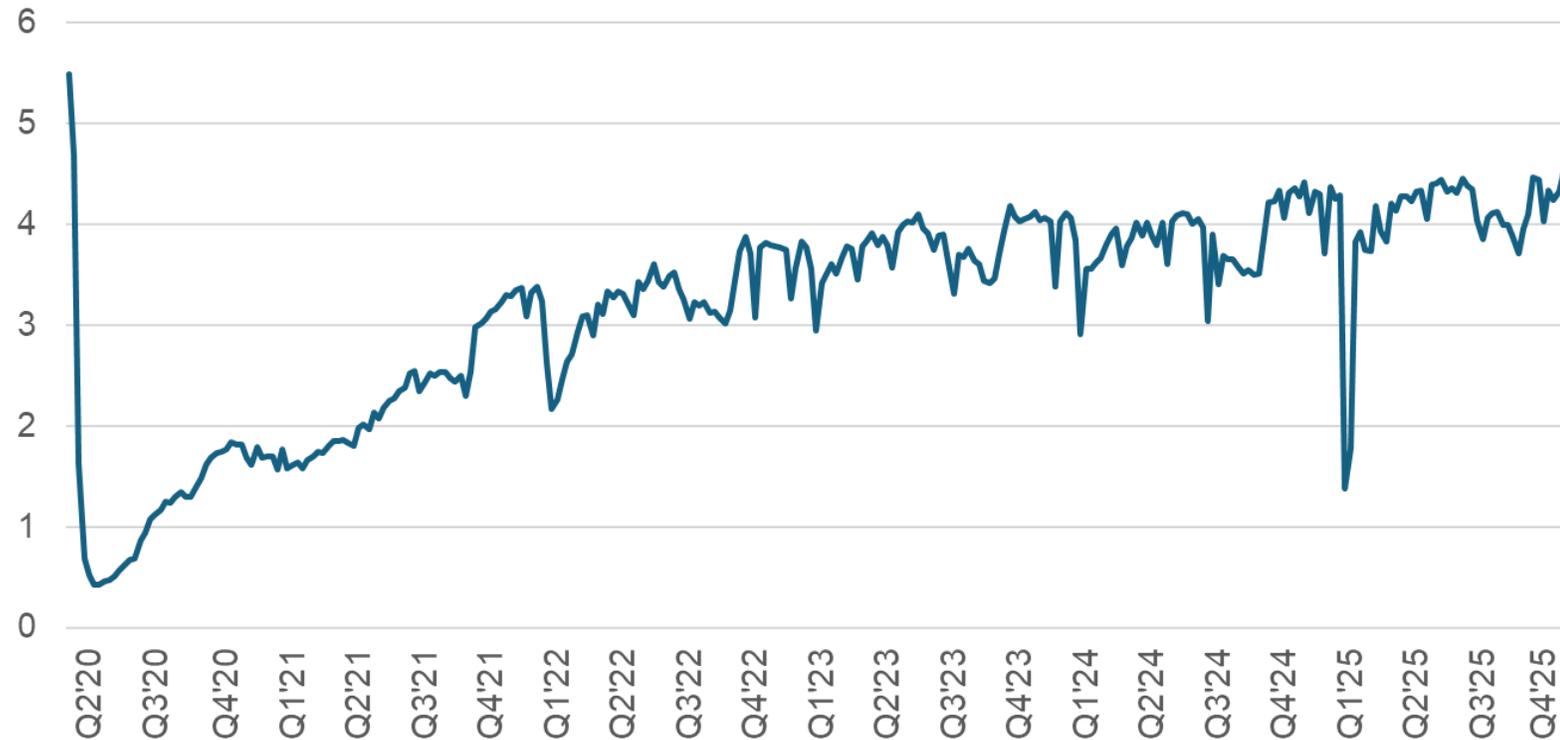
Income Growth Expectations by Property Sector

- Observed NOI Growth from MSCI U.S. Quarterly Property Index. Everything else is a derived measure.
- Office is different than every other sector. The observed trend is for still falling income.
- Recent sale prices suggest expectations of stronger income ahead for offices.
- Retail outperforms on expectations as well.
- Industrial and apartment less so.



New York Subway Ridership Trends ... For Wednesdays

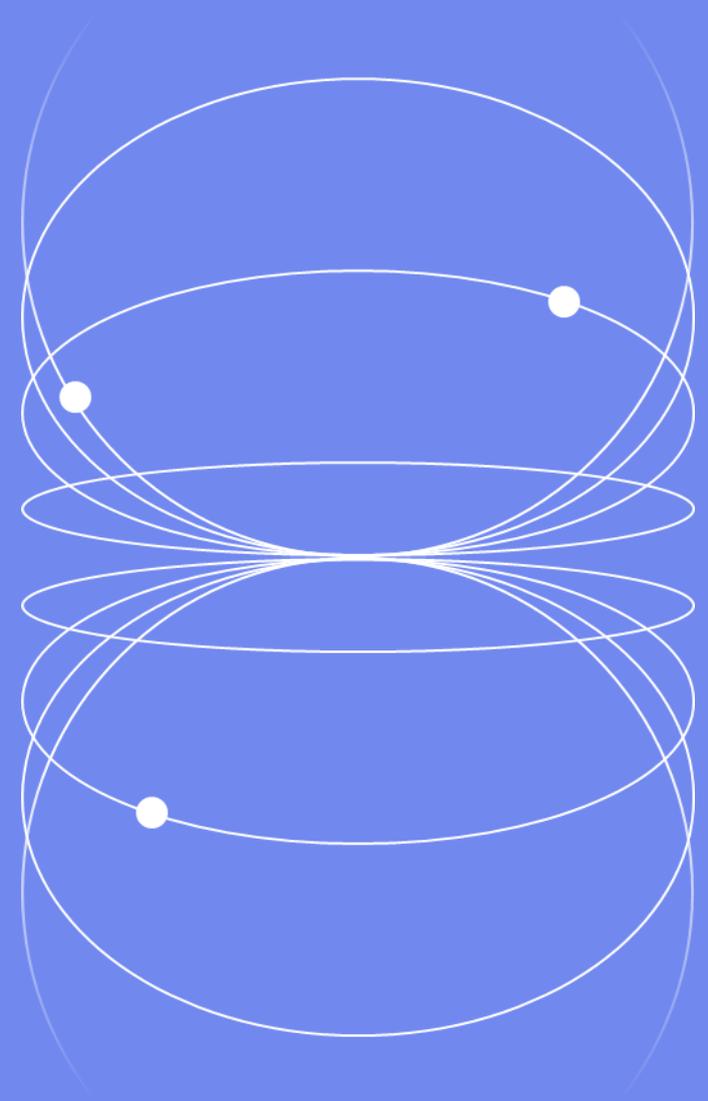
Number of Rides, x 1 Million



- Wednesday seems to be the biggest day of the week for back to the office.
- Ridership grew quickly from 2021 to 2023 but only incrementally since.
- Even with incremental growth, hitting post-pandemic highs into Q4'25.

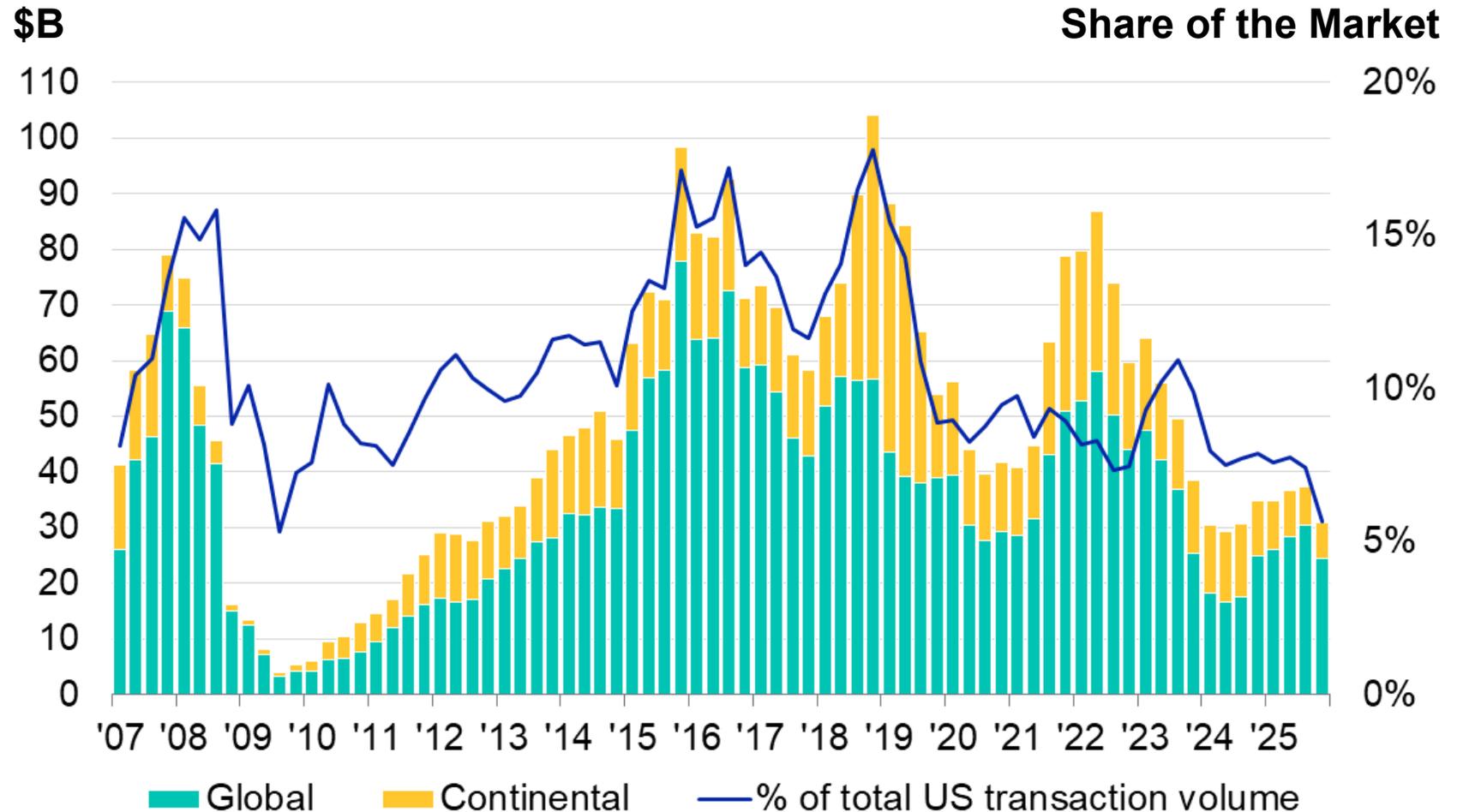
Source: Metropolitan Transit Authority

Cross Border Investment



Cross Border Activity Fell off in 2025

- Cross-border investment represented only 5.7% of the direct property purchases in 2025.
- The previous low for this activity was in the third quarter of 2009 when the chaos from the GFC still reigned.
- Continental capital, mostly Canada, fell off more than capital from the rest of the world. But both fell for the year.
- All cross-border activity fell 11% from 2024.



Slide Notes: Trailing 4-Quarter totals

Top Origins of Cross-Border Capital Into the U.S. for 2025

2023	2024	2025	Country	# Props	Share of CB Total	Volume (\$m)	Volume YOY Change
1	1	1	Canada	233	21.8%	7,455.1	-25%
3	3	2	Japan	69	11.8%	4,043.8	23%
4	2	3	Sweden	63	8.2%	2,789.3	-53%
12	10	4	Australia	17	6.8%	2,324.1	90%
5	4	5	United Kingdom	29	6.5%	2,235.9	-17%
26	5	6	Norway	27	6.0%	2,041.1	5%
16	13	7	Israel	75	5.7%	1,950.0	197%
8	7	8	Germany	13	5.5%	1,864.7	34%
2	6	9	Singapore	49	4.5%	1,542.0	4%
14	21	10	Mexico	7	3.2%	1,109.3	2069%
13	16	11	South Korea	47	3.2%	1,087.7	526%
10	8	12	Bahrain	39	2.9%	982.1	-28%
19	11	13	France	46	2.7%	922.3	-9%
15	9	14	Switzerland	13	1.8%	608.4	-50%
6	15	15	Spain	5	1.8%	598.2	91%

Cross Border Share of Total Sales by Market Type

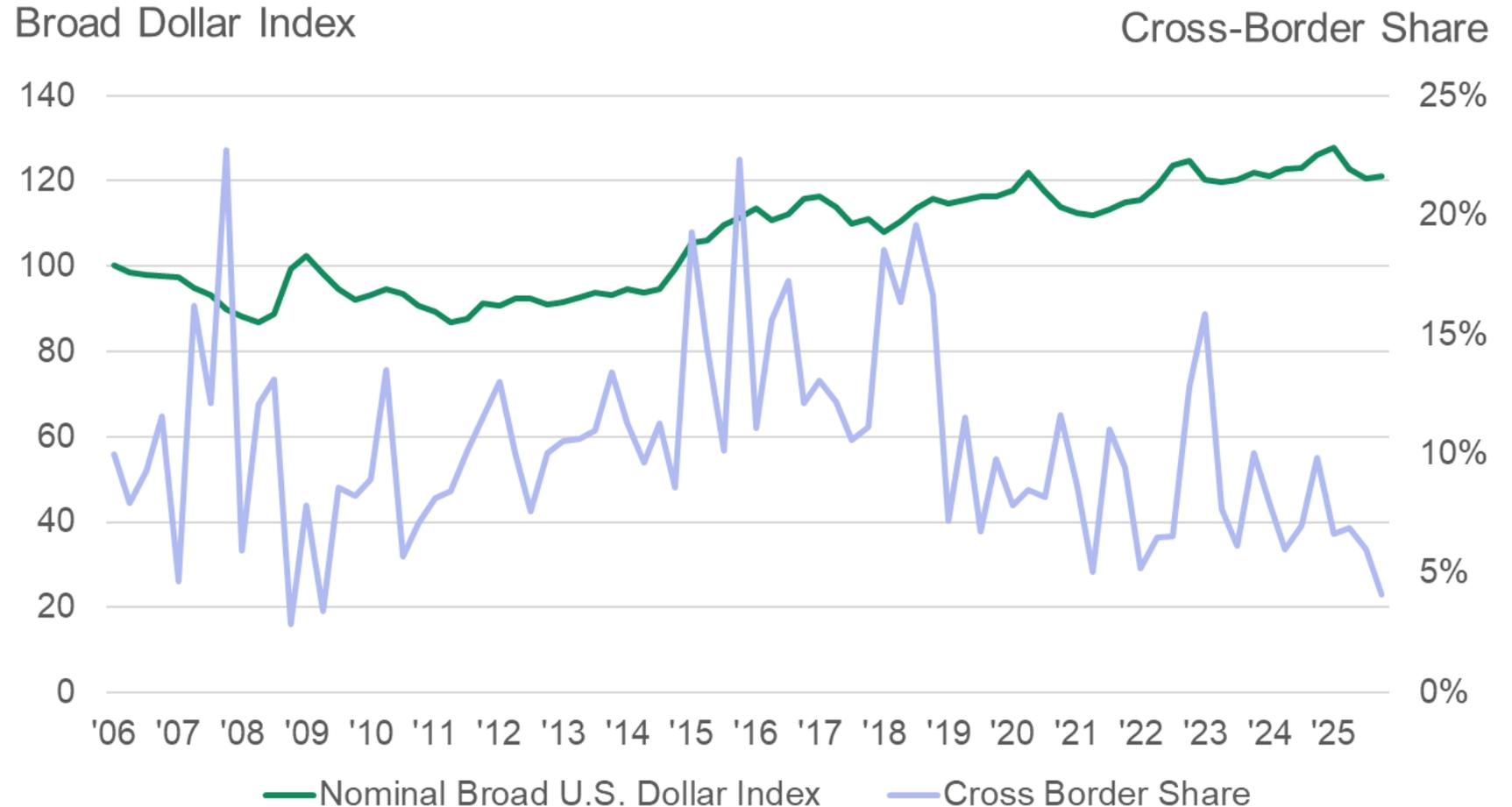
- Cross-border investment has historically been a bigger share of the 6 Major Metros (6MM).
- Bigger assets in the 6MM at higher sticker prices provide the large lot sizes needed by cross border investors.
- From '15 to '19, the cross-border share of the 6MM averaged 12.2% vs. 6.6% in 2025.
- The decline was less harsh for NMM: 10.8% average down to 5.3%.



Slide Notes: Trailing 4-Quarter totals

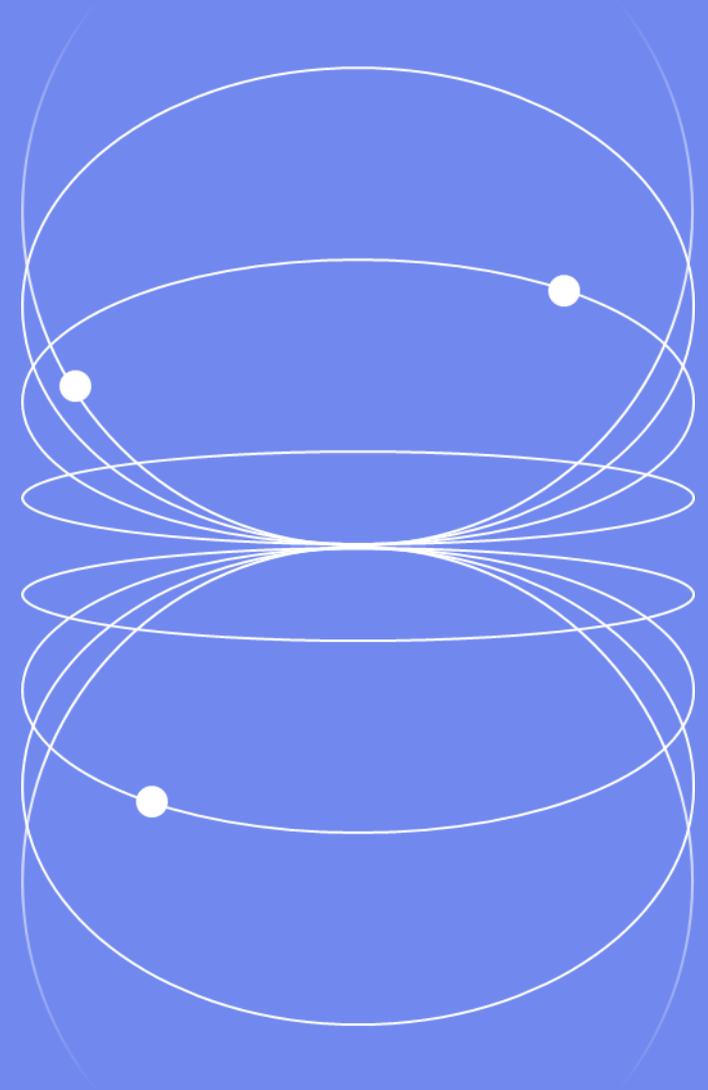
Does the Level of the Dollar Drive Cross-Border Investment?

- The U.S. Dollar has fallen 7.4% against a broad base of currencies since the peak value set in January of 2025. Will cross-border investors jump in because the U.S. is now cheap?
- There was some decrease in the cross-border share as the dollar rose after 2020 but other reasons can explain the drop.
- A weak dollar is usually a sign of a weak economy. Will NOI falter if the economy is weak?



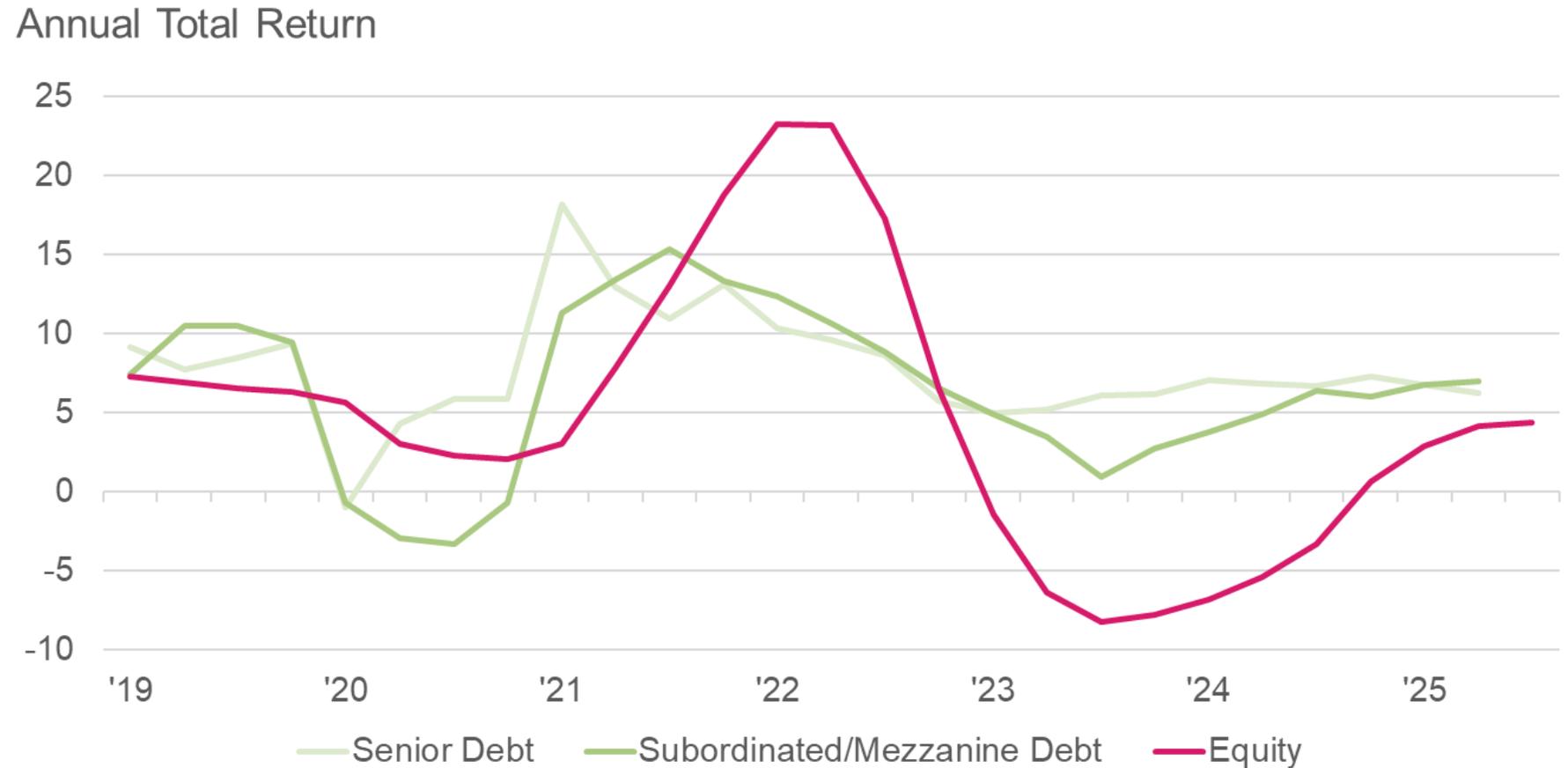
Slide Notes: Cross-border share shown on a quarterly basis, Dollar index from Fed FRED series DTWEXBGS

What's Next for CRE



Equity Returns Still Underperforming CRE Debt Returns

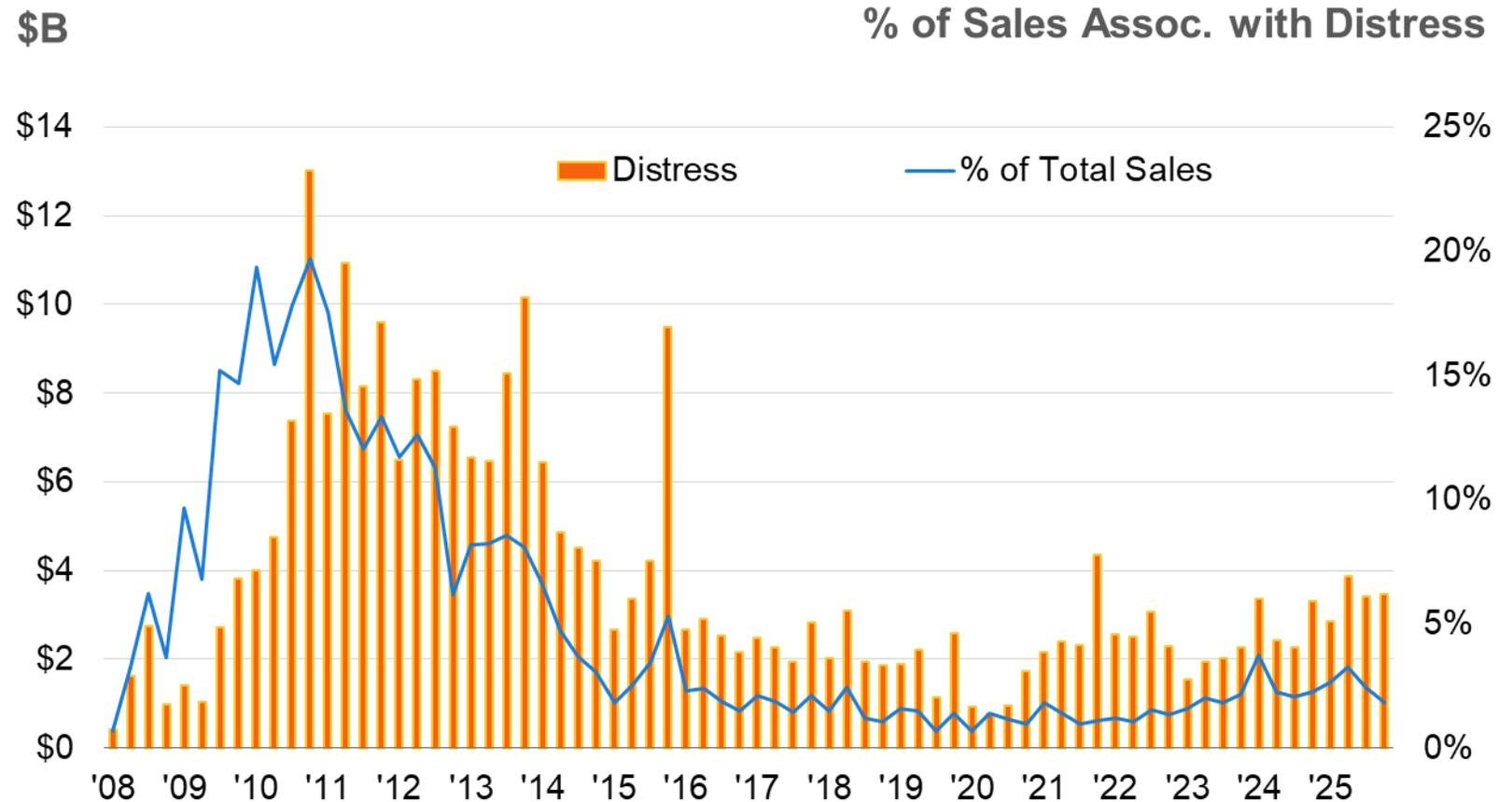
- Comparing the MSCI/PREA AFOE for equity against two return series created from our PCS platform for debt funds.
- Risk in the debt world is not like equity, Core, Value Add, Opportunistic, these do not identify risk. Risk is the legal structure in the debt type.
- Debt has less event risk than equity so with lower returns, equity still facing a difficult time.



Sources: MSCI/PREA AFOE Index, Custom indexes from MSCI Private Capital Solutions on debt funds

Distress Sales not Following the Patterns Seen Post GFC

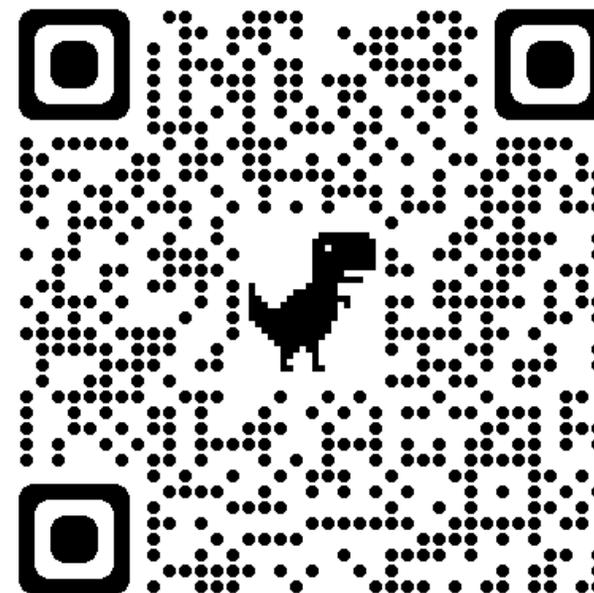
- Same amount of time between start of GFC and peak pace of distress sales as with start of interest rate spikes and today.
- Nearly 20% of the market was distress then but less than 5% today.
- Stripping out the Blue Owl deal, Q4 share would have been flat relative to Q3 but still lower than Q2 pace.



Questions?



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