

### Market Momentum

2026 is off to an interesting start, with mixed investor sentiment, and optimism higher than last year for a strong year across property transaction volume, absorption, and asset pricing. Treasury yields moved higher the past couple weeks as investors weigh the state of the U.S. economy. Current commercial property price indices show a mixed but generally resilient market from late 2025 into the early start of 2026, with some broad indices showing slight increases (+2.9% year-over-year as of Sept 2025), while others, like the Federal Reserve's Commercial Real Estate Price Index (CREPI), reflect recent drops (Q3 2025 level of 302,886, down from prior periods). Key drivers include improving transaction volumes and stabilizing/slight price growth, but higher rates and economic uncertainty remain factors, with sectors like sectors like multifamily seeing declines while industrial shows strength.

One theme that stands out for this year is resilience & recovery. Despite higher rates, CRE prices have shown resilience, with improved liquidity and increasing transaction volumes in late 2025. Strong performance in industrial and office sectors contrasts with challenges in some retail and multifamily segments.

Diving into the debt markets, we believe there are several debt investment opportunities brought about by this wave of maturities. These include hybrid capital options including junior debt, rescue finance, and bridge loans, as well as senior loans that offer downside mitigation. These are intended for owners and lenders filling funding shortages, as well as sponsors needing more time.

Additionally, we see potential in credit-like investments, such as triple net leases, land finance, and certain core-plus assets with resilient and consistent cash flow. Equity is saved for extraordinary prospects that offer distinct competitive advantages due to efficient asset management, appealing sustained income yields, and secular trends.

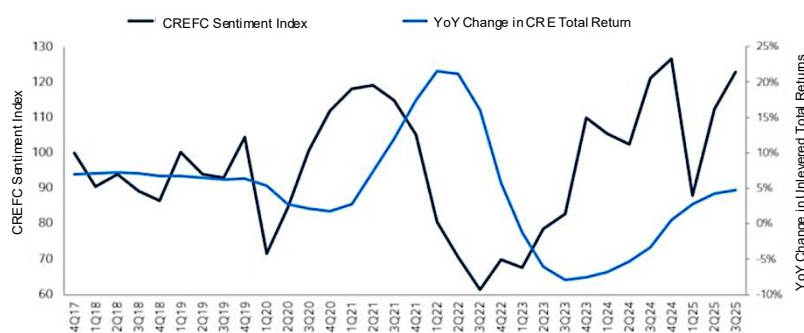
This past year, investors have viewed student housing, affordable housing, and data centers as safe havens because they have characteristics similar to infrastructure, like steady cash flows and the ability to endure macroeconomic turbulence. We don't see these sectors of focus changing in 2026. In this cycle, we believe success will depend on disciplined execution, strategic agility, and deep expertise, not market momentum. Industrial starts the year with continued strong demand continues, fueled by e-commerce and manufacturing incentives, though some oversupply exists in speculative builds, with AI adoption being a key driver. Office remains highly bifurcated, with high-quality, amenity-rich buildings for tech/AI tenants are performing well, while older assets struggle, leading to conversions and a focus on experience. Retail continues to gain significant investor interest, specifically Grocery-anchored and neighborhood centers show solid momentum, but demand is shifting towards experiential and hybrid models. Multifamily focus is shifting to workforce housing (Class B/C) due to affordability, with high demand in lower-cost markets. Medical Office Buildings are expected to record rent growth due to low supply and high demand for affordable care.

As of January 26, 2026

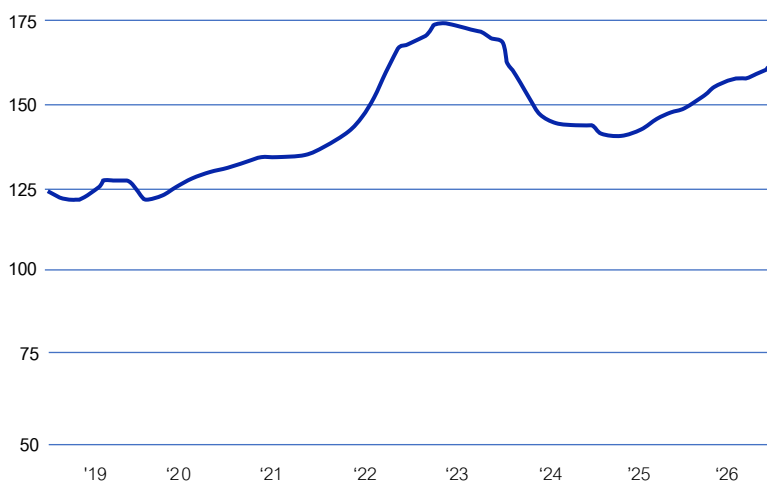
Indicator	Actual	Estimate
GDP	+4.4%	+3.8%
CPI (core YoY)	+2.6%	+2.8%
PCE price index, excl. food, energy	+2.8%	+2.7%

### Capital Trends

#### CREFC Sentiment Index vs YoY Changes in Private CRE Total Returns



#### National All-Property Index (CPPI)



All Property CPPI weights: retail (20%), apartment (15%), health care (15%), industrial (12.5%), office (12.5%), lodging (7.5%), data center (5%), net lease (5%), self-storage (5%), and manufactured home park (2.5%).

#### Change in CPPI: US Commercial-Property Prices Slightly Increased in November & December Reported modest Q4 2025 gains (0.25% quarter-over-quarter for equal-weighted), with smaller assets recovering faster than larger ones.

Prices slightly increased into the start of Q1 2026

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	0.0%	0.4%	3.4%	-18.3%	-10.2%	7.0%
Office - CBD	-0.7%	-1.4%	-1.9%	-43.9%	-47.8%	-39.6%
Office - Sub	0.3%	1.3%	2.7%	-12.8%	-3.2%	15.6%
Industrial	0.5%	1.4%	5.1%	13.3%	44.3%	105.2%
Retail	-0.1%	-0.3%	2.4%	-2.8%	15.8%	16.1%
Commercial	0.2%	0.7%	3.1%	-1.4%	13.7%	32.9%
Apartment	-0.2%	-0.7%	-1.4%	-16.0%	5.8%	59.5%
All Types	0.0%	0.3%	1.6%	-6.8%	10.2%	42.0%
6 Major Metros All Types	-0.2%	-0.4%	-2.1%	-11.2%	-3.4%	18.8%
Non-Major Metros All Types	0.1%	0.6%	3.0%	-4.6%	15.9%	52.4%