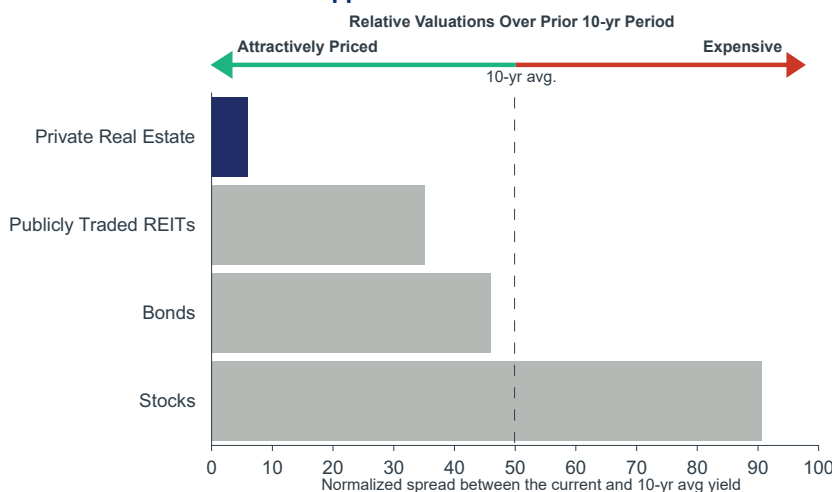


# Clarion Calls: A New Chapter for U.S. Private Real Estate

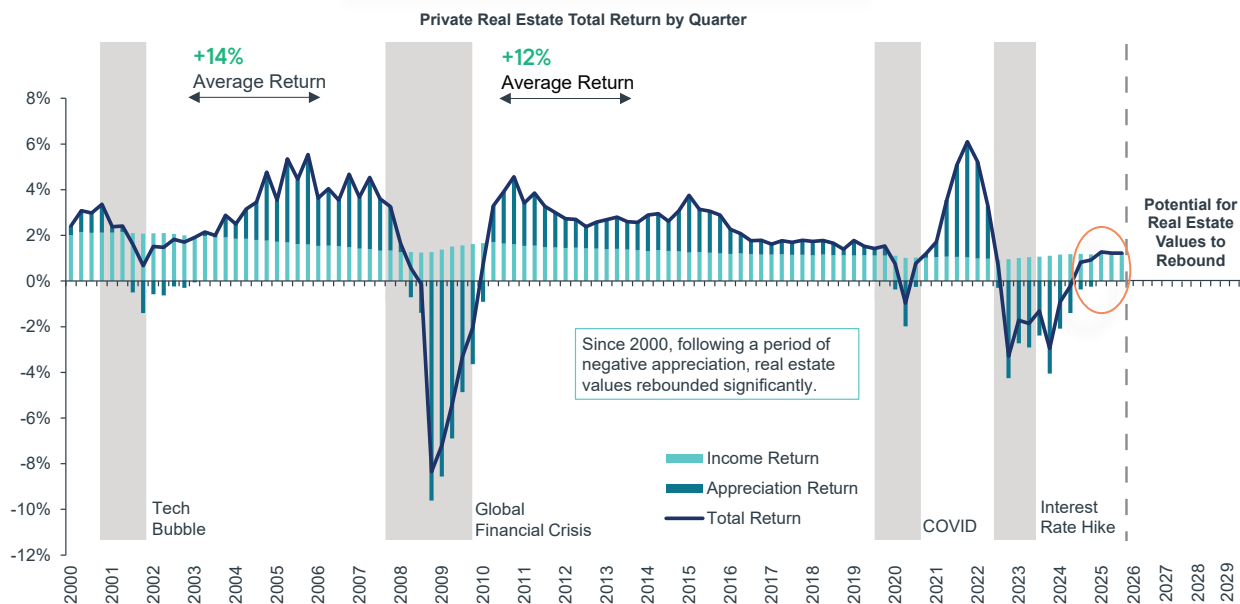
## What You Need To Know

- ✓ **Private real estate has been showing steady growth, with five straight quarters of positive returns** driven by stable income and slight property value gains
- ✓ **Strong demand and limited new supply are reducing vacancies and boosting rents**, which should drive growth in net operating income
- ✓ **Property types tied to demographics and innovation are expected to outperform**, with results varying by location and type

## Private Real Estate Appears Attractive Relative to Other Asset Classes



## A New Positive Cycle Has Begun



- › **Public Market Pricing Support:** The valuations of public REITs, which have often served as an early indicator for private real estate trends, support a commencing cycle.
- › **Resumption of Fed Rate Cuts Expected to Support Liquidity & Overall Economy:** Easing by the Federal Reserve should lower borrowing rates and benefit investment returns which we expect to increase transaction volume.
- › **Structural Benefits of Well-Leased Properties:** Stabilized, well-leased private real estate can serve as the foundation of investors' real estate portfolios, given its lower risk profile and strong risk-adjusted returns.

Source: NCREIF, Clarion Partners Global Research, 3Q25. The expanded NPI includes all NPI properties and all qualified alternative assets. Returns provided are USD. St. Louis Fed, Moody's Analytics, GSA, NAREIT, Clarion Partners Global Research, as of 3Q25. Private Real Estate = GreenStreet Nominal cap rate, Bonds = ICE BofA U.S. High Yield Index Semi-Annual Yield to Worst, Percent, Quarterly, Not seasonally adjusted, Public REITs = NAREIT All Equity REIT Cap rate Note: Valuation metrics: Corporate and high-yield bonds: yield-to-worst, direct CRE: cap rates, REITs: implied cap rate, stocks = S&P500: P/E Ratio. The asset classes are associated with different levels of volatility, liquidity, and other risks. The 3Q25 estimate for the REIT implied cap rate was calculated using the quarterly change in the Green Street market wtd. implied cap rate. Returns provided are USD. Past performance is not indicative of future results. This material does not constitute investment advice, nor does it constitute an offer in any product or strategy offered by Clarion Partners LLC and should not be viewed as a current or past recommendation to buy or sell any securities. Any specific investment referenced may or may not be held in a Clarion Partners client account. It should not be assumed that any investment, in any property or other asset, was or will be profitable. Investment in real estate involves significant risk, including the risk of loss. Investors should consider their investment objectives, and it is strongly suggested that the reader seek his or her own independent advice in relation to any investment, financial, legal, tax, accounting, or regulatory risks and evaluate their own risk tolerance before investing. There can be no assurance that market conditions will perform according to any forecast.