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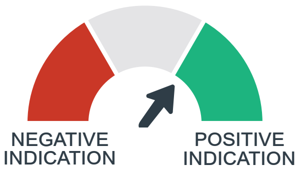
Clarion Calls:
Private Real Estate Dashboard 2Q 2025

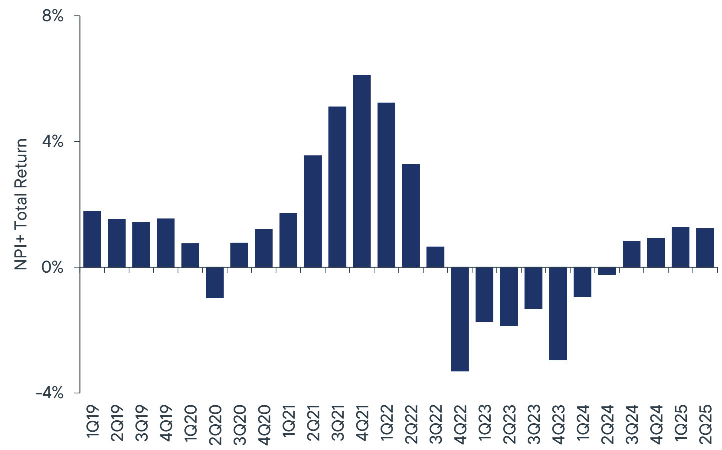
Five Indicators to Measure the Health of Real Estate Capital Markets

Quarterly Private Real Estate Returns



- Private real estate performance has continued to improve, with the first half of 2025 generating modestly positive returns.
- Historically, values have rebounded in locations and property types for which vacancies are low, demand is strong and new supply is constrained.

Private Real Estate Quarterly Total Returns

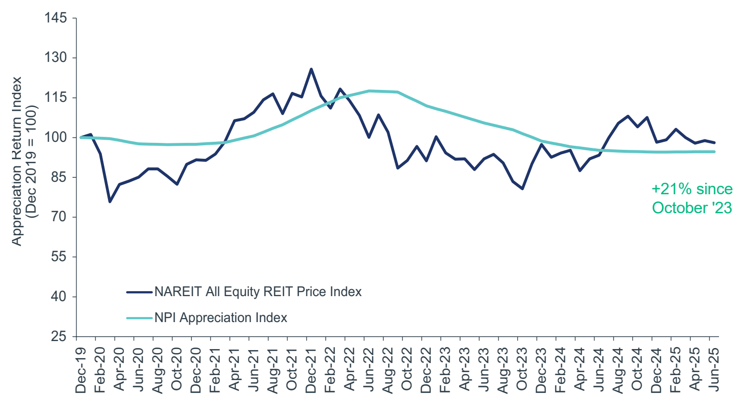


Source: NCREIF, Clarion Partners Global Research as of August 2025. Expanded NPI (NPI+) includes all NPI properties and all qualified alternative assets (alternative assets include storage, senior housing, data centers parking and others).

Private vs. Public Real Estate Valuations

- Public real estate markets tend to be more volatile than the private markets, but can also be a leading indicator of values due to increased liquidity.
- After a declined in response to higher interest rates, public real estate has since rebounded and now show signs of stabilization.

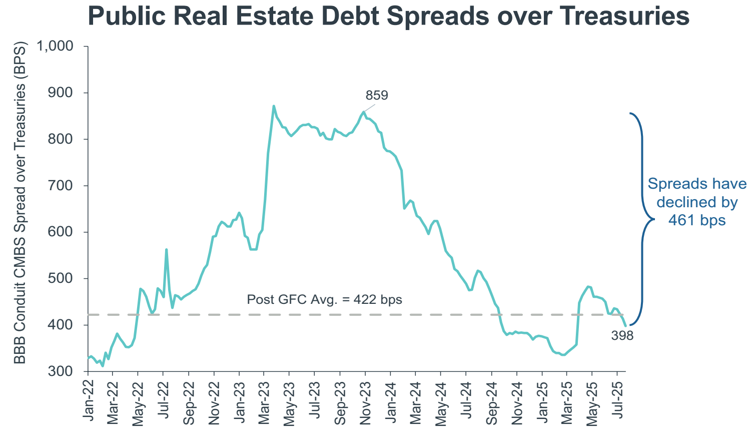
Private vs. Public REIT Market Pricing



Sources: NAREIT (as of June 2025), NCREIF (as of 2Q 2025) Clarion Partners Global Research.
The information contained above represents the views and opinions of Clarion Partners and is based upon the knowledge and experience of the Clarion Partners Global Research team.

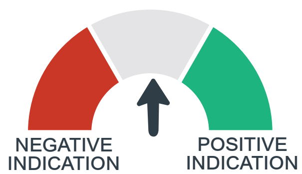
Public Real Estate Debt Spreads

- Publicly traded real estate debt securities have traded at an average spread of 422 bps over U.S. treasuries post-GFC.
- The spread had widened in the previous quarter in response to heightened, tariff-driven uncertainty; but recently credit availability has improved resulting in tightening over the last quarter.
- Overall, liquidity in the real estate debt markets remains much improved from earlier in the cycle.

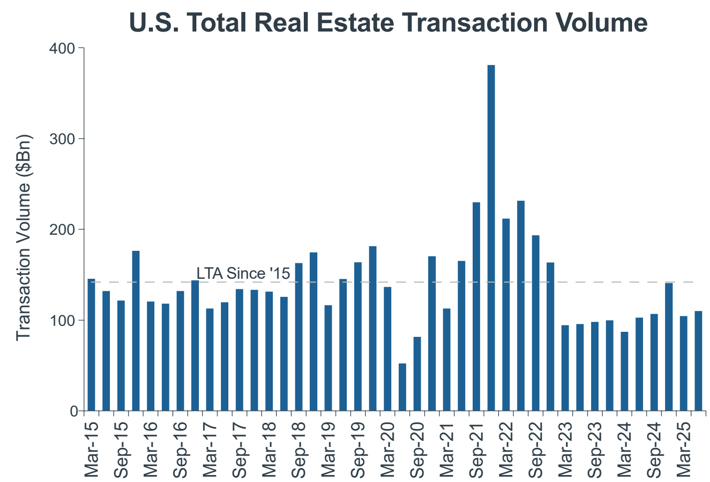


Sources: St. Louis Fed, Trepp, GSA, Clarion Partners Global Research, August 2025. Notes: Conduit CMBS BBB Spreads are over interpolated Treasuries (J+) after 2022 and spreads over Libor-based swaps (N+) prior to 2022; Post GFC Avg. = Starting in Jan 2012; last observation July 25, 2025.

Quarterly Real Estate Transaction Volume



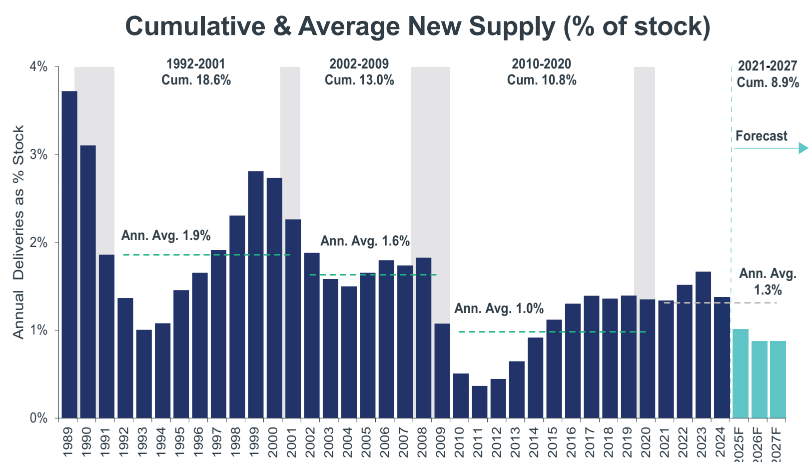
- Over the past decade, quarterly U.S. real estate transaction volumes ranged between $100B-$200B, outside of a post-COVID spike when real estate fundamentals were strong and interest rates were historically low.
- Overall transaction volume remains below its long-term average. However, volumes have begun to stabilize, supported by industrial and apartment deal flow.



Sources: Real Capital Analytics, Clarion Partners Global Research, August 2025. All transactions are greater than $2.5 million. Land transactions are not included.

Real Estate Construction- New Supply

- Strong post-COVID demand and rent increases resulted in a moderate supply wave across the stronger property types.
- Higher construction and financing costs, combined with slower rent growth, higher required yields, and less investment capital, has resulted in an estimated 40%-50% decline in new construction starts for residential and industrial properties over the next several years.



Sources: CBRE-EA, Clarion Partners Global Research, May 2025.
Note: Forecasts were provided by Clarion Partners Global Research from April 2025. Cumulative new supply was calculated from the beginning of the cycle to the end of the recession. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future performance. The information contained above represents the views and opinions of Clarion Partners and is based upon the knowledge and experience of the Clarion Partners Global Research team.