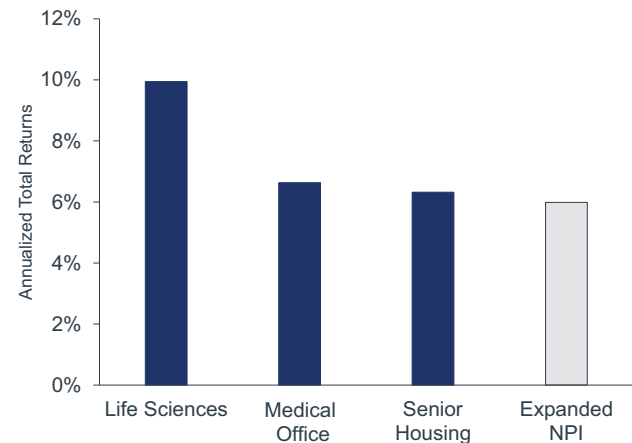


Trends within Demographics, Innovation, and Resiliency Provide Tailwinds

What You Need to Know

- ✓ Secular and demographic tailwinds lead to a positive prognosis for healthcare driven property types.
- ✓ Advancements in healthcare technologies and growth in funding continue to rapidly accelerate.

Healthcare Sectors Deliver 10-Year Outperformance



Source: Clarion Partners Investment Research, NCREIF, 3Q24

Demand/Supply Drivers

› The U.S. population is aging overall; by 2040, 1-in-5 Americans will be 65-yr or older

- This cohort is expected to grow at an average annual rate of 3% through 2030.
- Historically spends more than twice as much on healthcare than the overall population.

› Construction starts expected to slow post-2025

- Elevated development and borrowing costs have led to shrinking supply pipelines across all sectors.
- Will contribute to tighter healthcare fundamentals over the next five years.

› Resiliency in spending and functionality propelling growth

- U.S. healthcare expenditures are expected to reach \$7.7 trillion by 2032, a 73% increase from 2022.
- Ongoing demand for modern, efficient, and specialized healthcare generate attractive investment opportunities.

Sector Impacts

› Life Sciences

- While current market conditions are challenged, growth in R&D spending and venture capital investment are reasons for optimism moving forward.
- Properties located in established clusters and/or owned and operated by experienced sponsors should outperform.

› Medical Office

- Relative steady performance historically can be attributed to its long-term lease structure, sticky tenant base, and need-based demand drivers.
- As healthcare systems look for ways to reduce costs, the continued shift from in-patient to out-patient care will support demand.

› Senior Housing

- Longer life expectancies and the size of the aging Baby Boomer cohort should result in outsized demand.
- Favorable demographic trends combined with continued post-pandemic recovery support expectations for the sector's outperformance.

Based on Expanded NPI data, which includes all NPI properties and all qualified alternative assets. As of 3Q24.
Source: Pitchbook, JLL, NICMAP, RevistaMed, Moody's Analytics, and Centers for Medicare and Medicaid Services. 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. Past performance is not indicative of future results. NCREIF Property Index ("NPI") is a primary benchmark for the commercial real estate industry calculated and maintained by the National Council of Real Estate Investment Fiduciaries. 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.