

# Clarion Calls: Private Real Estate Dashboard 4Q 2025

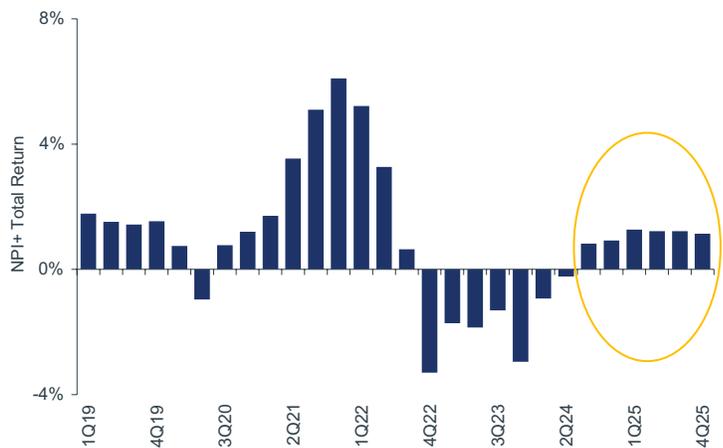
## Five Indicators to Measure the Health of Real Estate Capital Markets

### Quarterly Private Real Estate Returns



- Private real estate performance has continued to show stability, with six consecutive quarters of positive returns.
- Historically, values rebounded more strongly in locations and property types for which vacancies are low, demand is strong, and new supply is constrained.

Private Real Estate Quarterly Total Returns



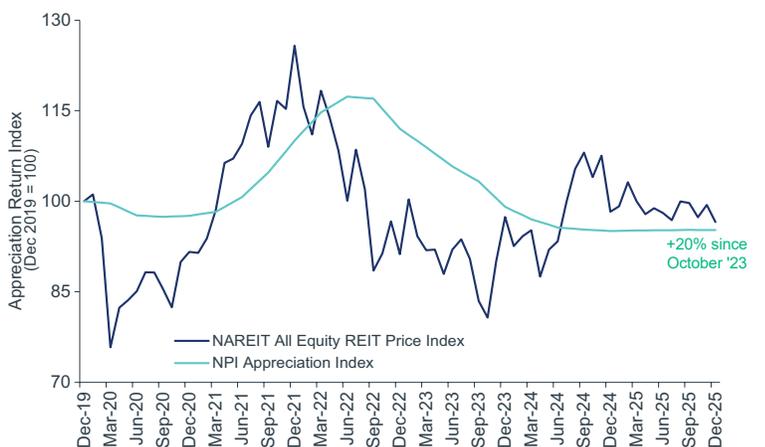
Source: NCREIF, Clarion Partners Global Research as of February 2026. Expanded NPI (NPI+) includes all NPI properties and all qualified alternative assets (alternative assets include storage, senior housing, data centers, parking and others).

### 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.
- Capital appreciation has been modestly positive in three of the last six quarters.
- After experiencing declines driven by higher interest rates, public real estate has since rebounded and stabilized.

Private vs. Public REIT Market Pricing



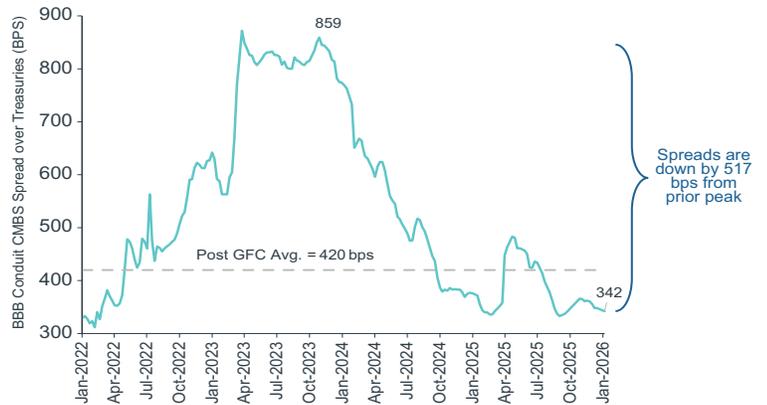
Sources: NAREIT (as of December 2025), NCREIF (as of 4Q 2025) Clarion Partners Global Research. The information contained above represents the views and opinions of Clarion Partners and is based upon the knowledge and experience of the Clarion Partners Global Research team.

## Public Real Estate Debt Spreads



- Spreads widened in early 2025 in response to tariff-driven uncertainty, but have since narrowed as anticipated rate cuts and healthy property fundamentals spurred demand for CRE debt.
- Debt market liquidity remains robust, and available financing is becoming more accretive to asset-level returns.

### Public Real Estate Debt Spreads over Treasuries



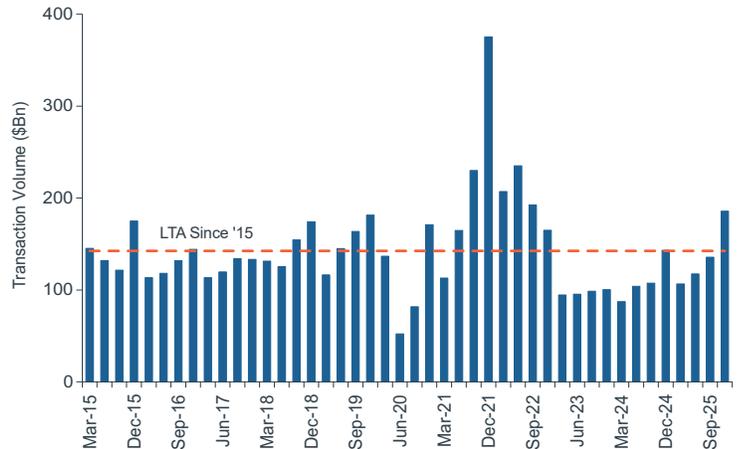
Sources: St. Louis Fed, Trepp, GSA, Clarion Partners Global Research, February 2026. Notes: Conduit CMBS BBB Spreads are over interpolated Treasuries (J+) after 2022 and spreads over Libor-based swaps (N+) prior to 2022; Post GFC Avg. = Starting in Jan 2012; last observation January 9, 2026.

## Quarterly Real Estate Transaction Volume



- Over the past decade, quarterly U.S. real estate transaction volumes averaged about \$143B, except for a post-COVID spike when fundamentals were strong and interest rates were historically low.
- Overall transaction volume has recently returned to its long-term average range, supported by industrial and residential deal flow.

### U.S. Total Real Estate Transaction Volume



Sources: Real Capital Analytics, Clarion Partners Global Research, February 2026. All transactions are greater than \$2.5 million. Land transactions are not included.

## Real Estate Construction- New Supply



- Strong post-COVID demand and rising rents led to a surge in supply across high-performing property types in 2022 and 2023.
- Higher construction and financing costs, combined with slower rent growth, higher required yields, and less investment capital, have resulted in an estimated 40%-50% decline in new construction starts for residential and industrial properties over the next several years contributing to a sharp slowdown in near-term construction completions.

### Cumulative & Average New Supply (% of stock)



Sources: CBRE-EA, Clarion Partners Global Research, January 2026.

Note: Forecasts were provided by Clarion Partners Global Research from January 2026. 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. 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.