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Valuation Trends & State of the CRE Market

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SitusAMC

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2Q26 ODCE Index Results and Primary Return Drivers

Highest Quarterly Return in 4 Years

- The NFI-ODCE total return of 1.49% is the highest total return in a quarter since the 2Q 2022 prior peak.

NFI-ODCE RETURNS

	2Q26	1Q26	4Q25	3Q25	2Q25
Income	1.02%	1.00%	1.01%	0.99%	1.01%
Appreciation	0.47%	0.24%	-0.09%	-0.26%	0.01%
Total (Gross)	**1.49%**	**1.25%**	**0.91%**	**0.73%**	**1.03%**

High Interest Rates Remain, Cap Rates Stable, Income Yield Remain Durable

- New "Quiet Fed" Policy limited forward-looking statements from Fed and high interest rates persist. Cap rates remain stable and investors look to durable income and NOI growth to boost returns.

Sector Performance Divergence

- Retail sector continues to show strength; life science is the only sector with a negative total return in 2Q 2026.

Transaction Pace is Slowing in ODCE

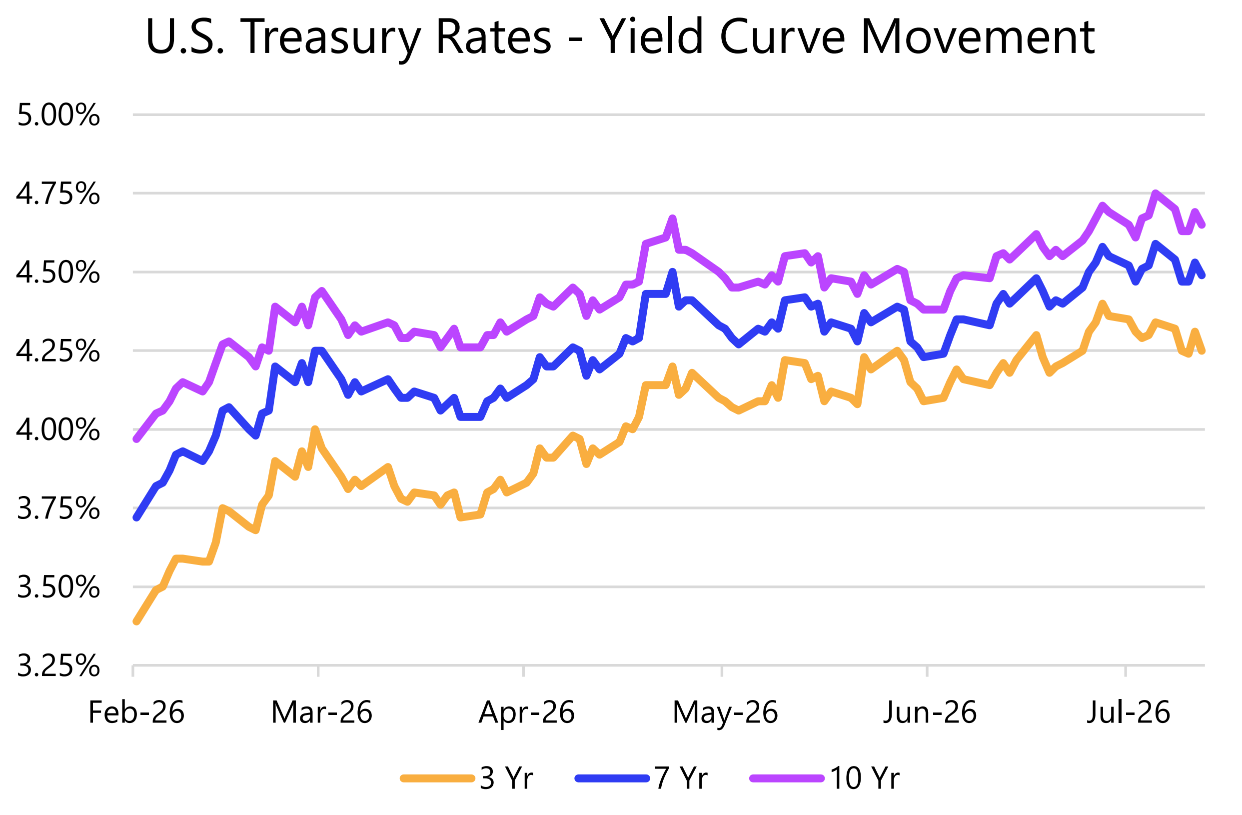
- Values and prices are relatively aligned, despite transaction volume shrinking across sectors within ODCE.

Demand Drivers of Tech, AI, and Power Highlighted in Geographical Performance

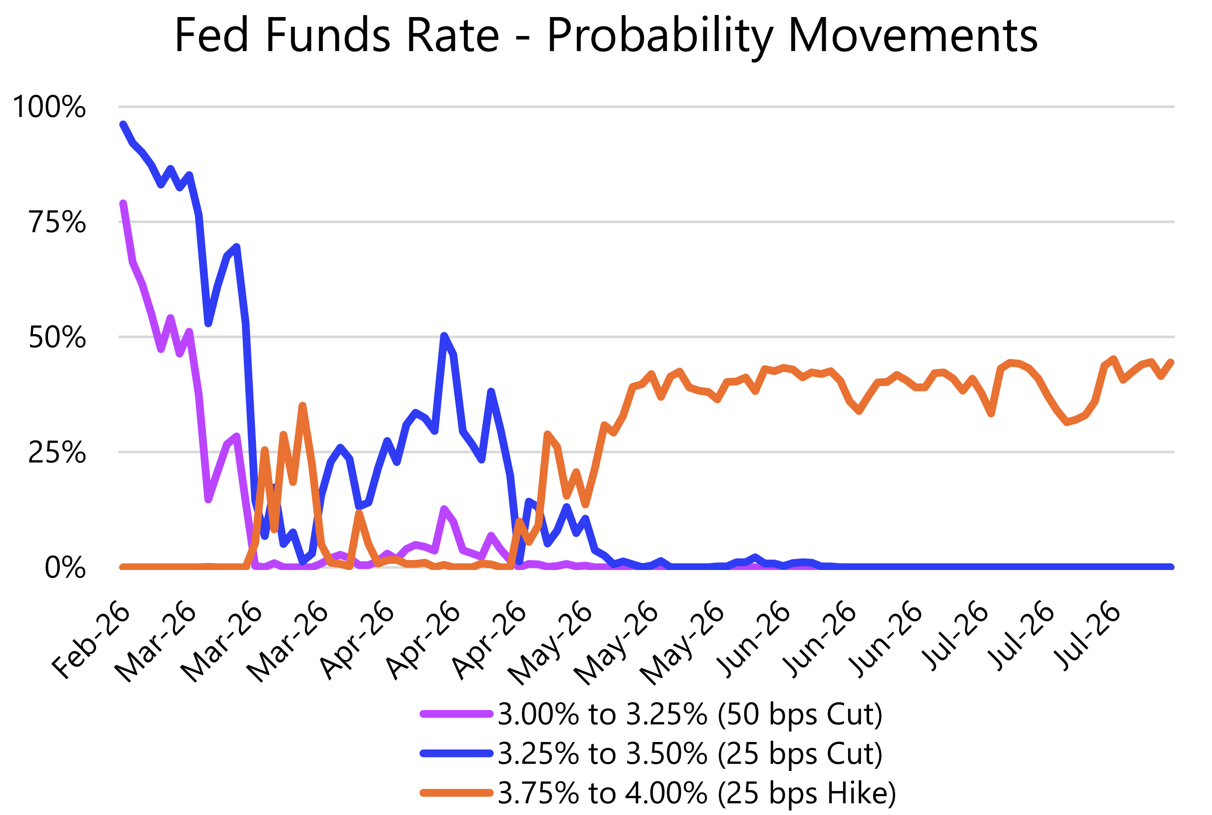
- Highest total returns in Bay Area.

Capital Markets: Higher for Longer

Uncertainty Driving Cost of Capital Higher & Material Movement in Fed Funds Rate Expectations

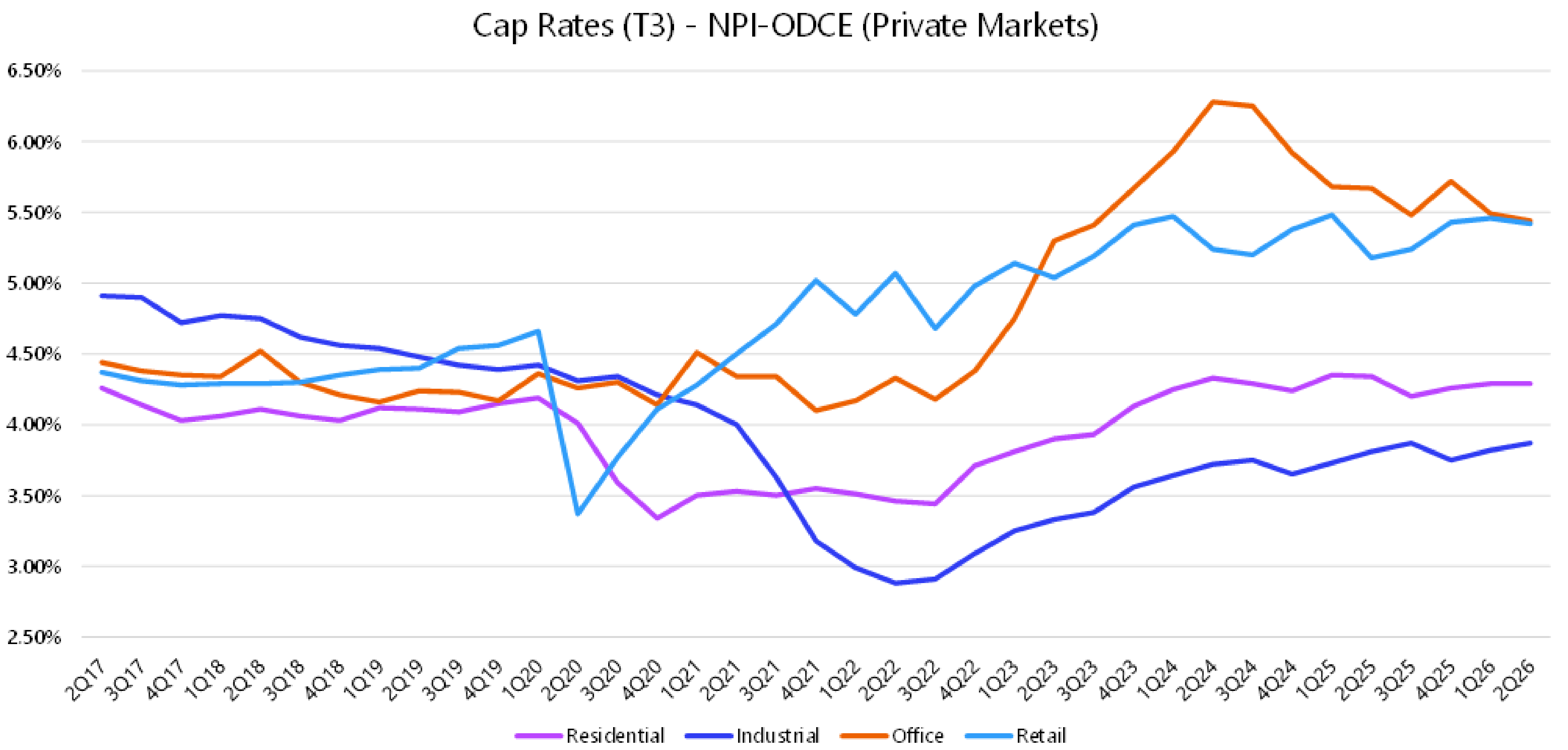


Source: US Treasury Dept., SitusAMC



Source: CME Group, SitusAMC

Cap Rates & Valuations: Market Takers – Cap Rates Stable Across Sectors

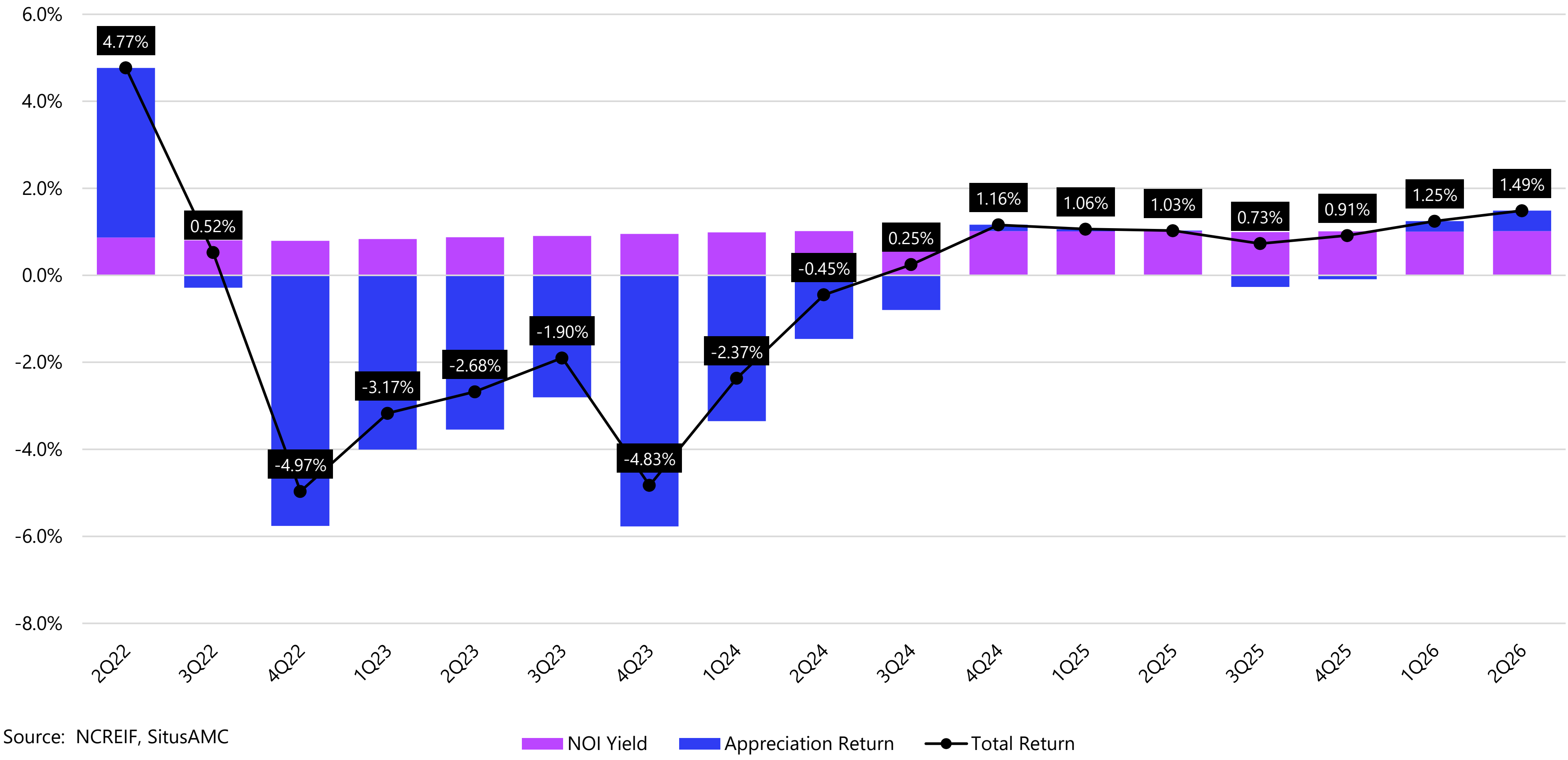


Source: NCREIF, SitusAMC

ODCE:
Positive and Stable
Quarterly Return Results

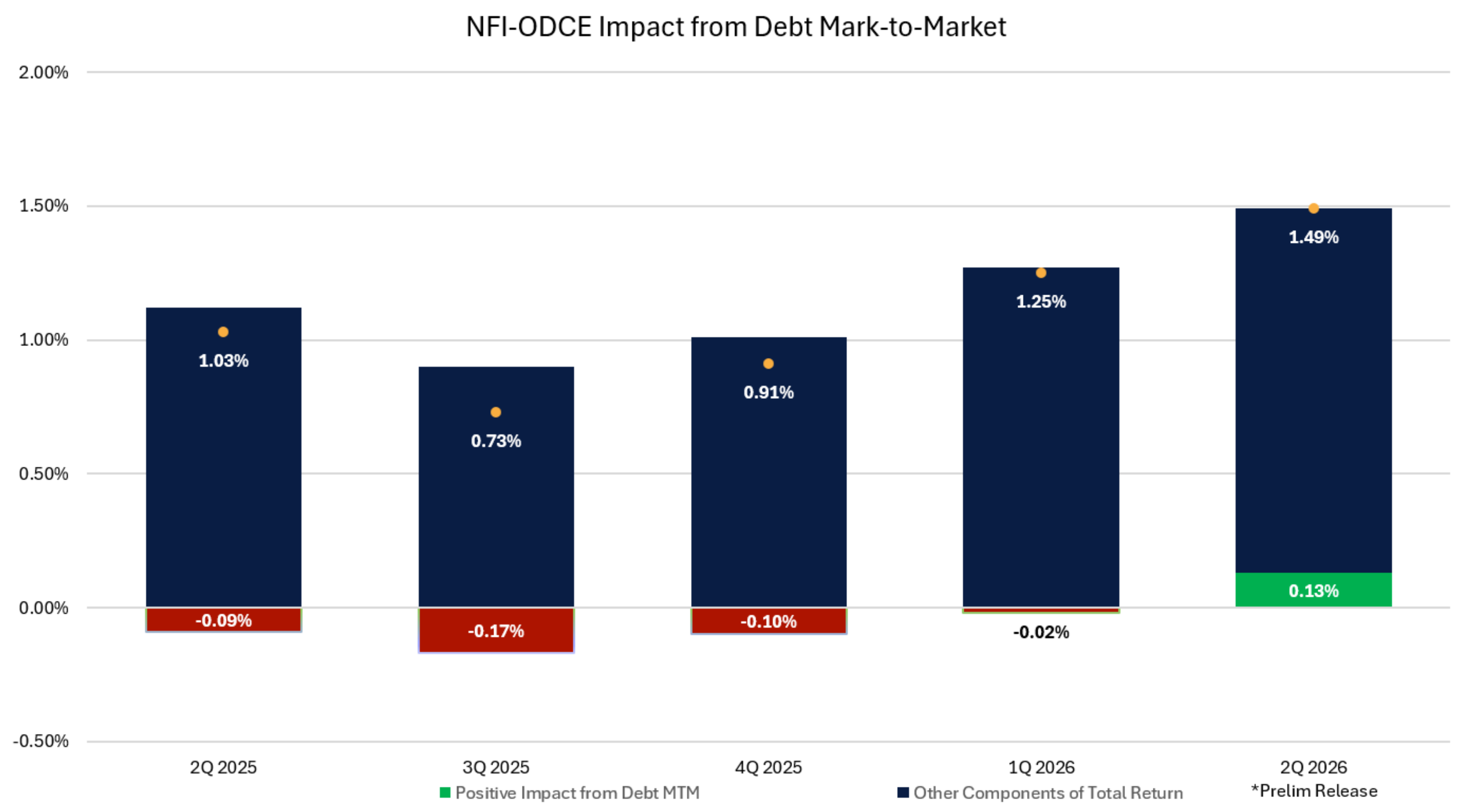
NFI-ODCE – Highest Quarterly Return in 4 Years!

NFI-ODCE - Quarterly Total Return Breakdown



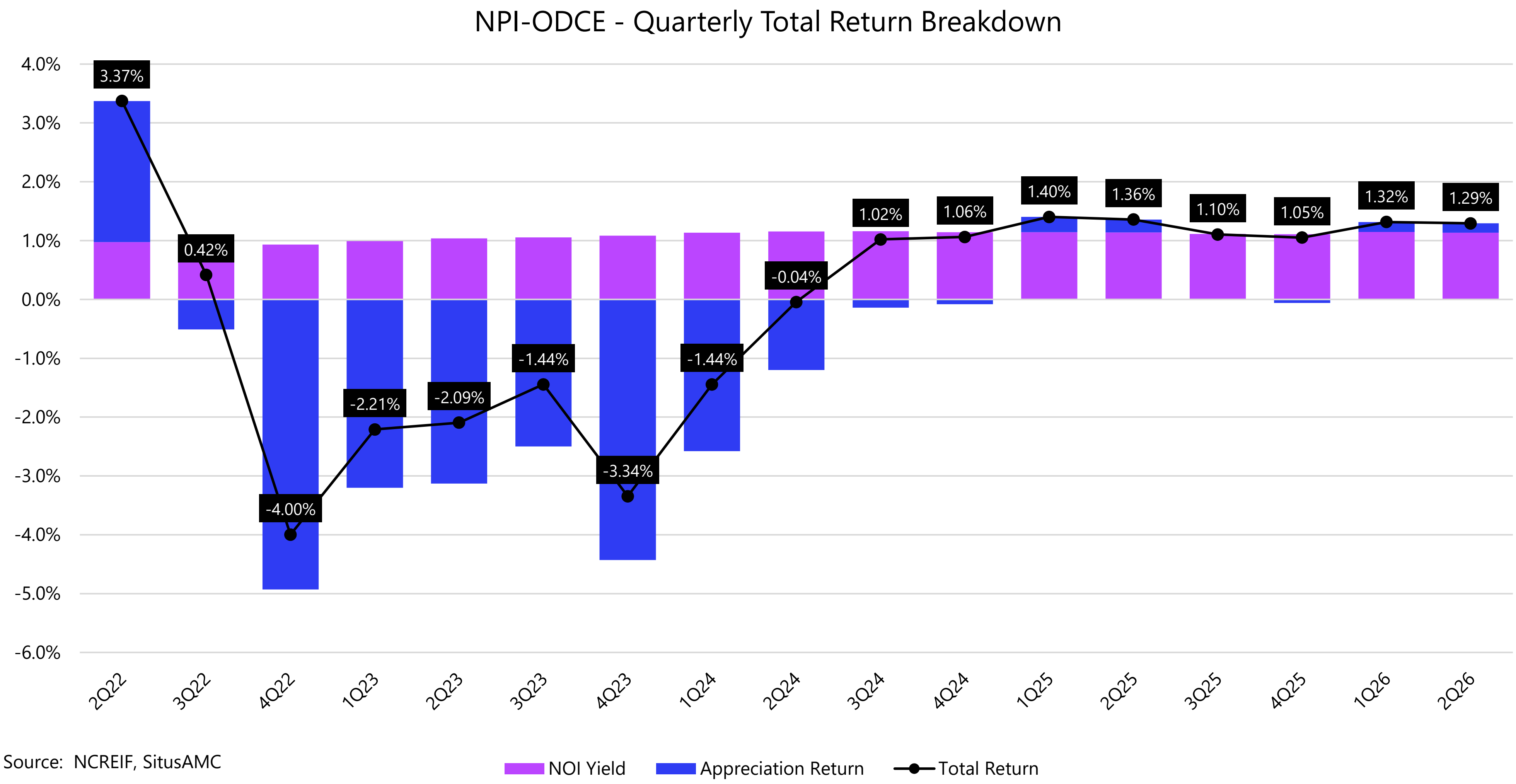
Source: NCREIF, SitusAMC

Favorable Debt Mark-to-Market Movement Helped Fund-Level Leveraged Returns in 2Q 2026



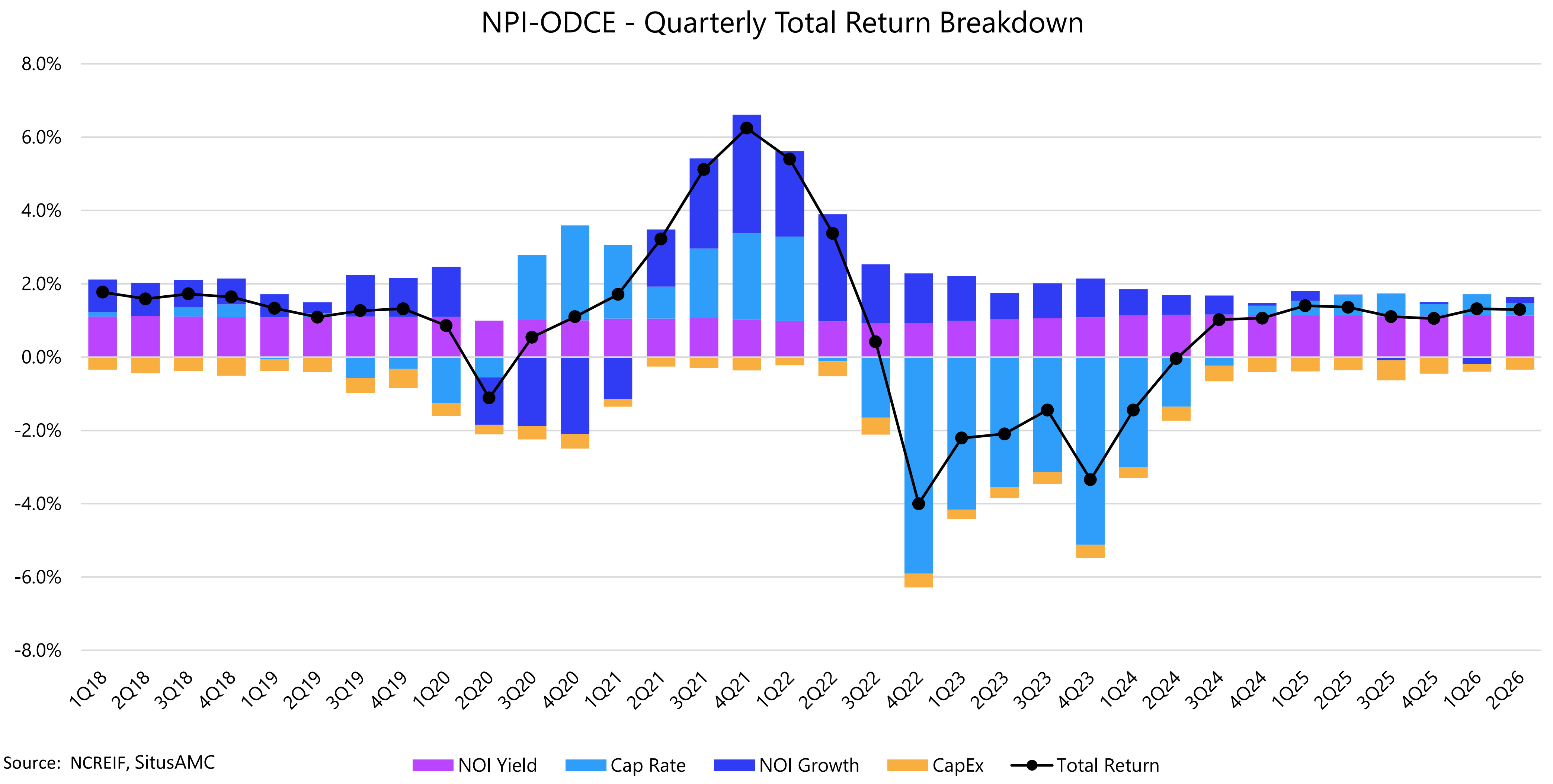
Source: NCREIF, SitusAMC

NPI-ODCE – Modest Property-Level Appreciation and Stable NOI Yields



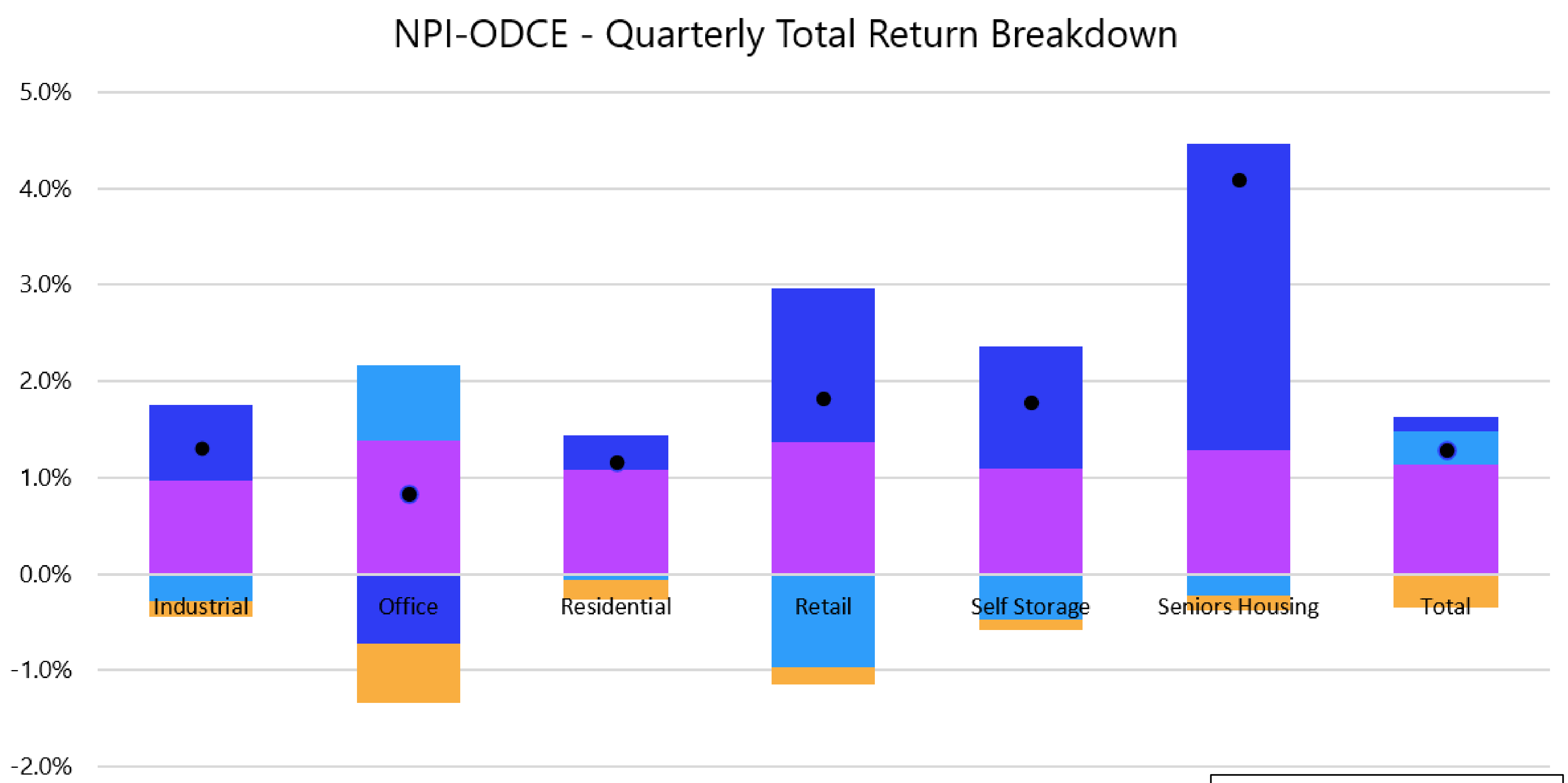
Source: NCREIF, SitusAMC

Composition of Total Return – NOI Growth Remains Weak



Source: NCREIF, SitusAMC

2Q26 Total Returns – Seniors Housing is a Standout, Retail and Storage Remain Consistent Leaders

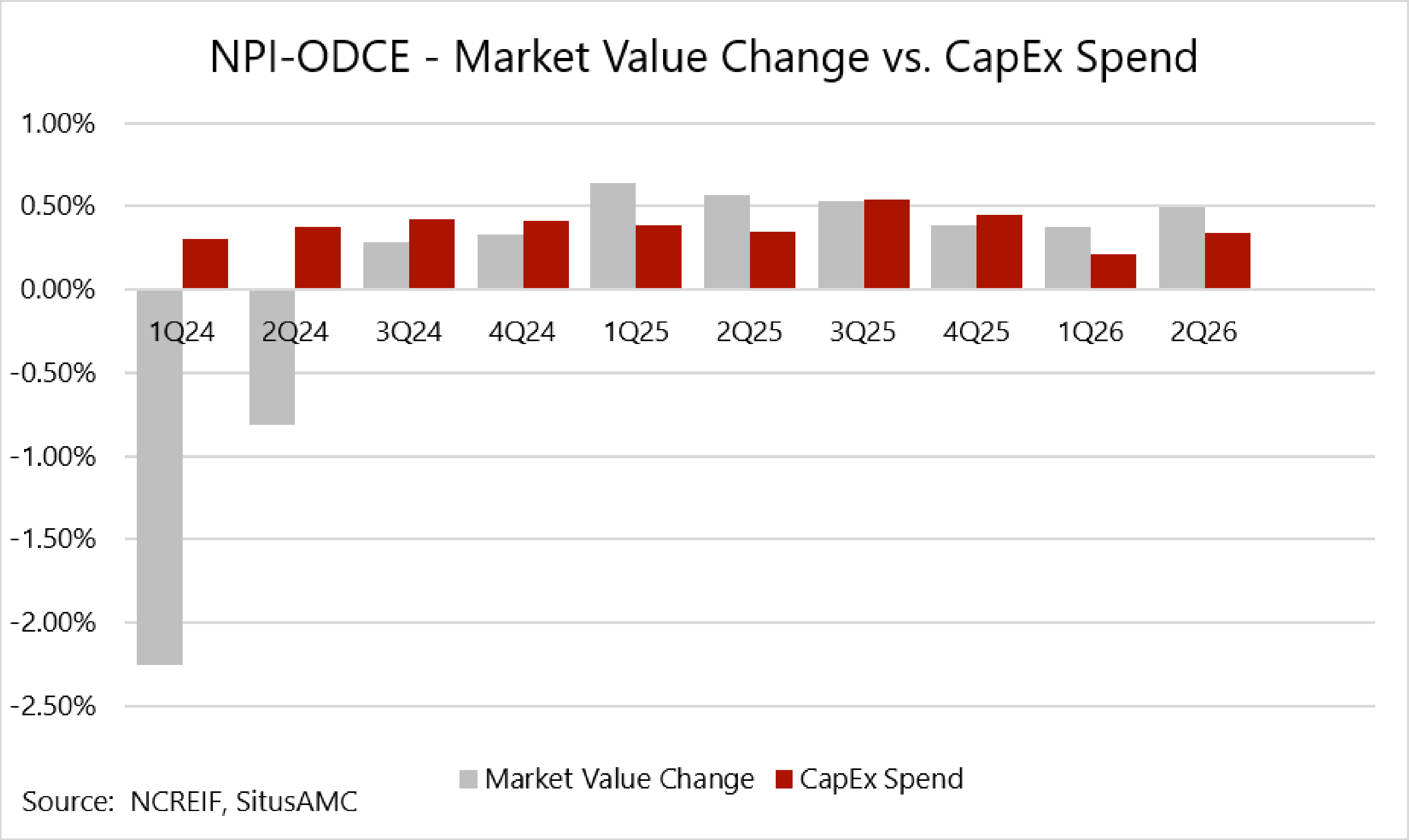


Source: NCREIF, SitusAMC

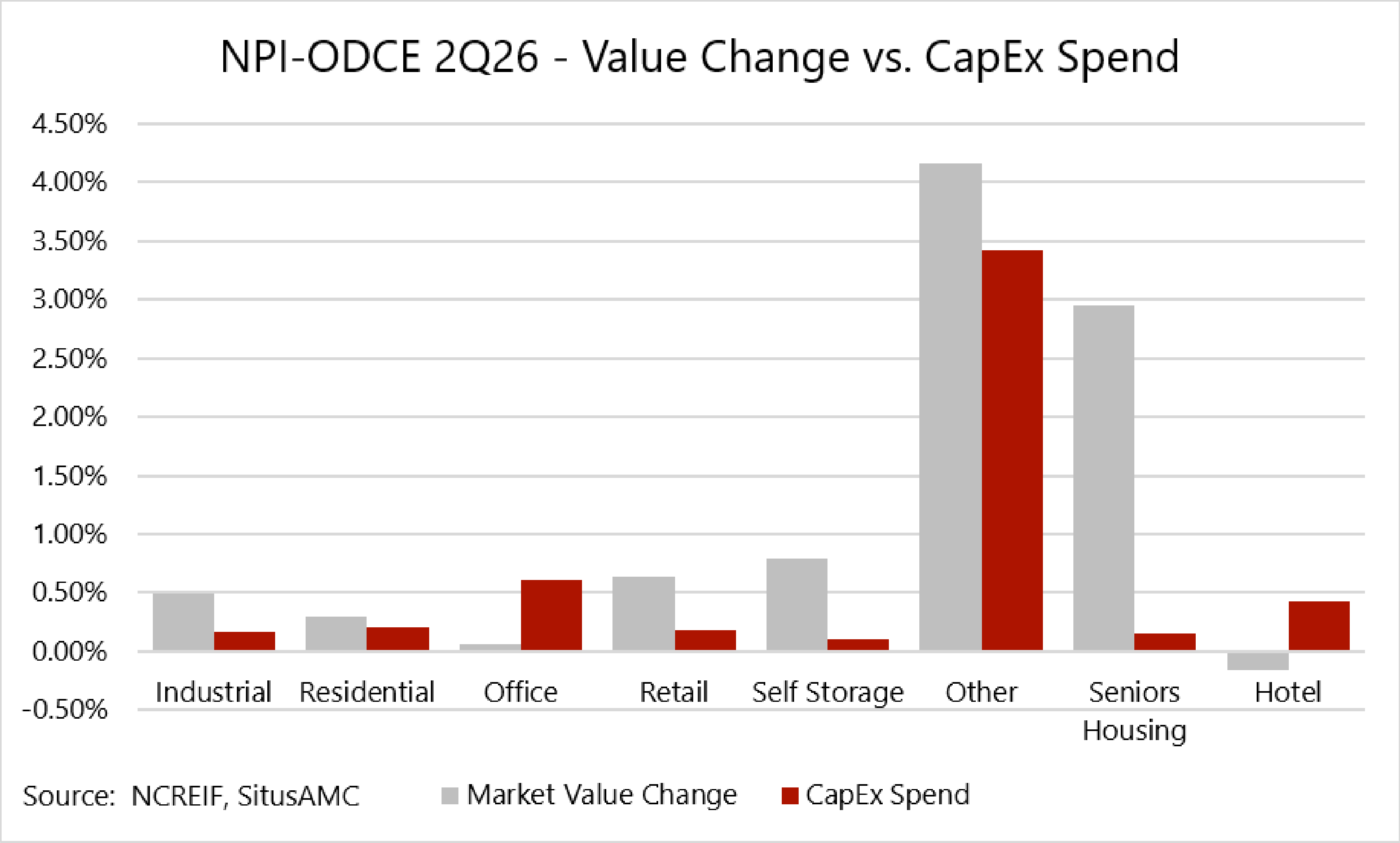
Seniors Housing Represents ~1% of NPI-ODCE MV

Market Values: Outpacing CapEx Spend

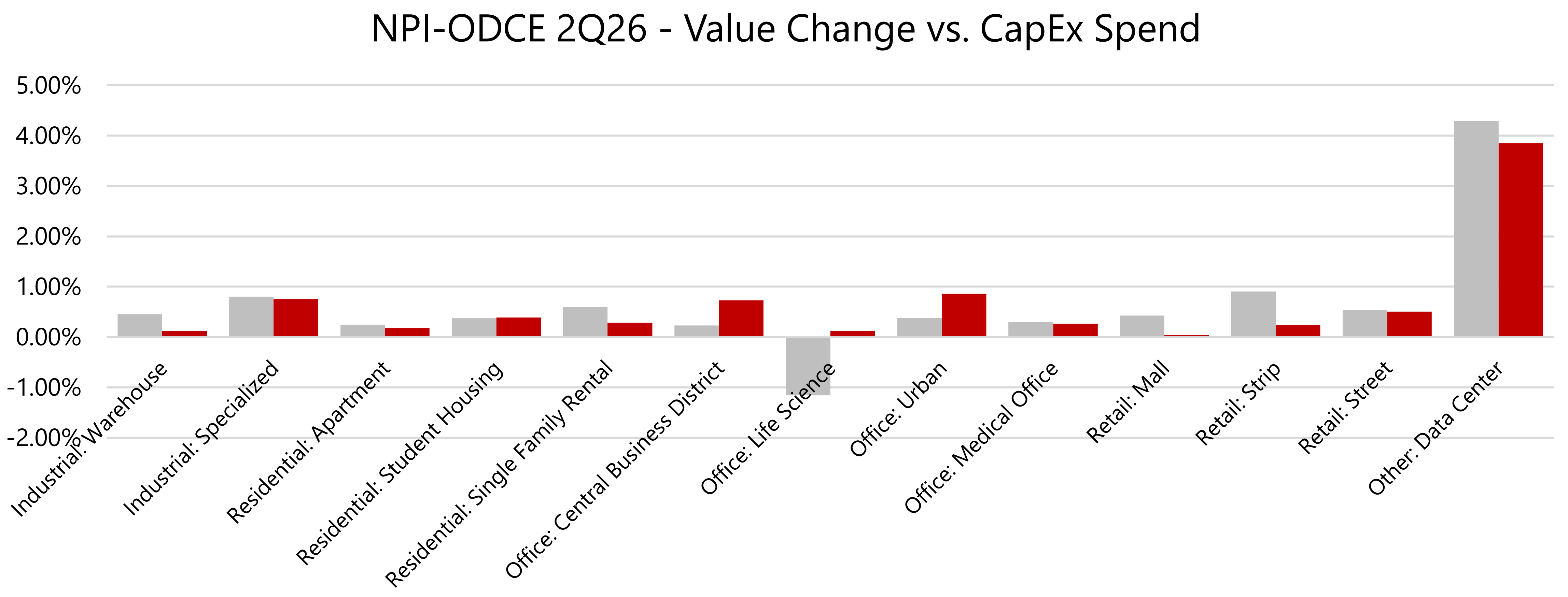
Quarterly Market Value Change – Eight Consecutive Quarters of Value Increases



2Q26 Market Value Change (By Property Type) – Alternatives & Retail Leading the Way



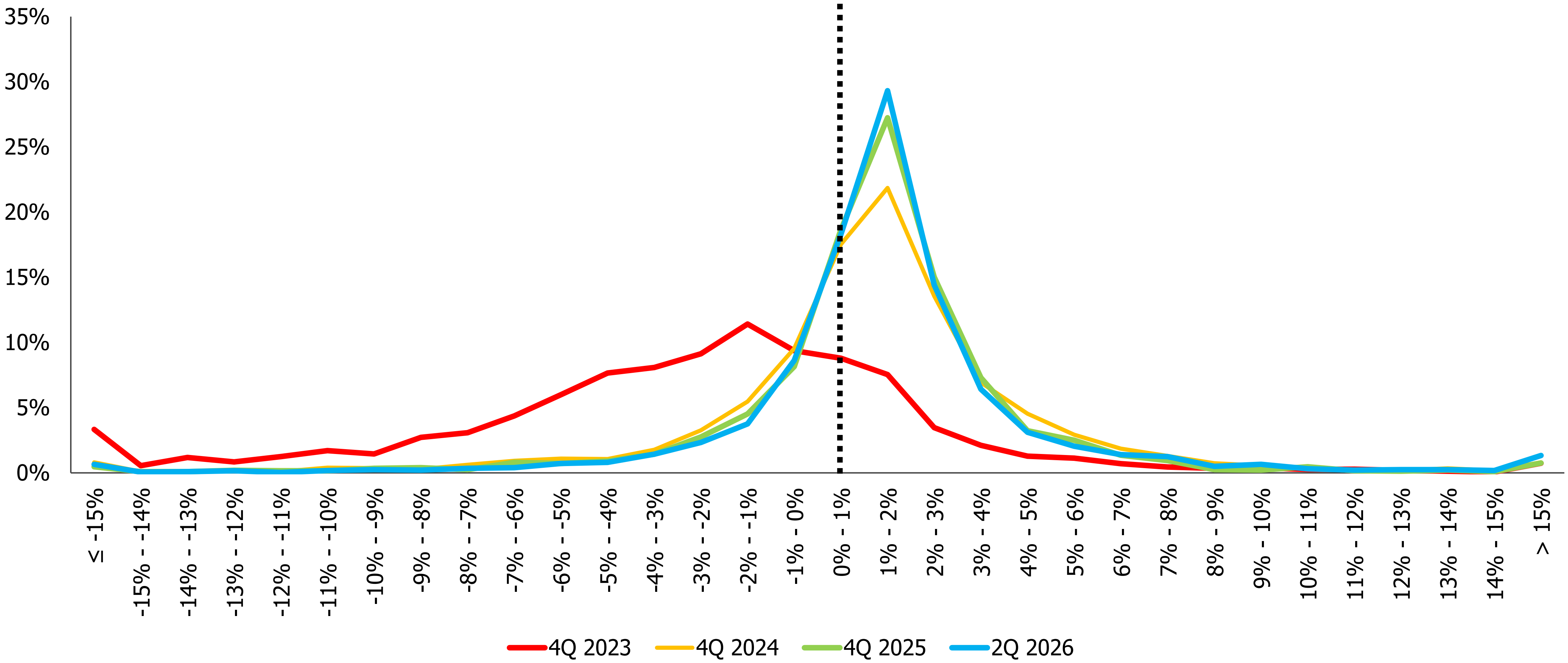
2Q26 Market Value Change (By Subtype)



Source: NCREIF, SitusAMC

Note: Subtypes Representing >1% Share of ODCE

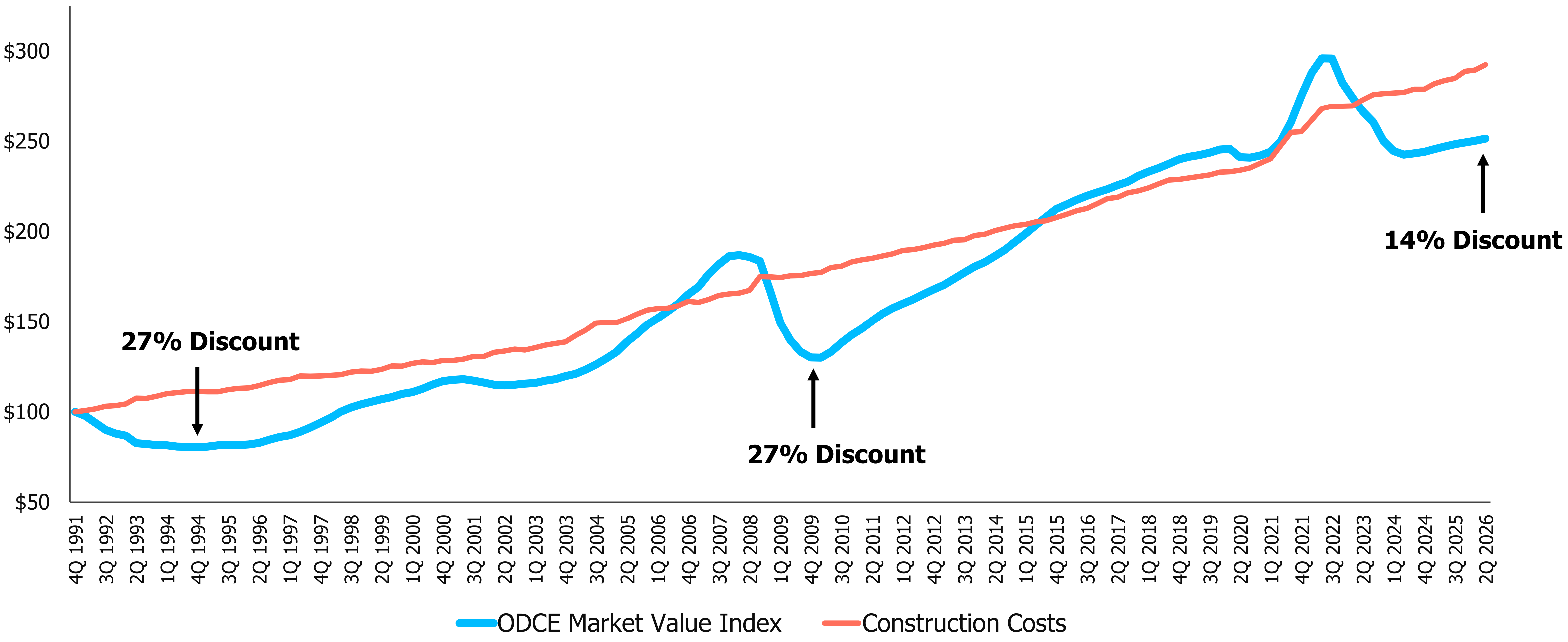
ODCE Property Valuation Change



Source: NCREIF, IDR. Chart depicts the shift in the distribution of property valuation changes for each time period. Data as of 2Q 2026.

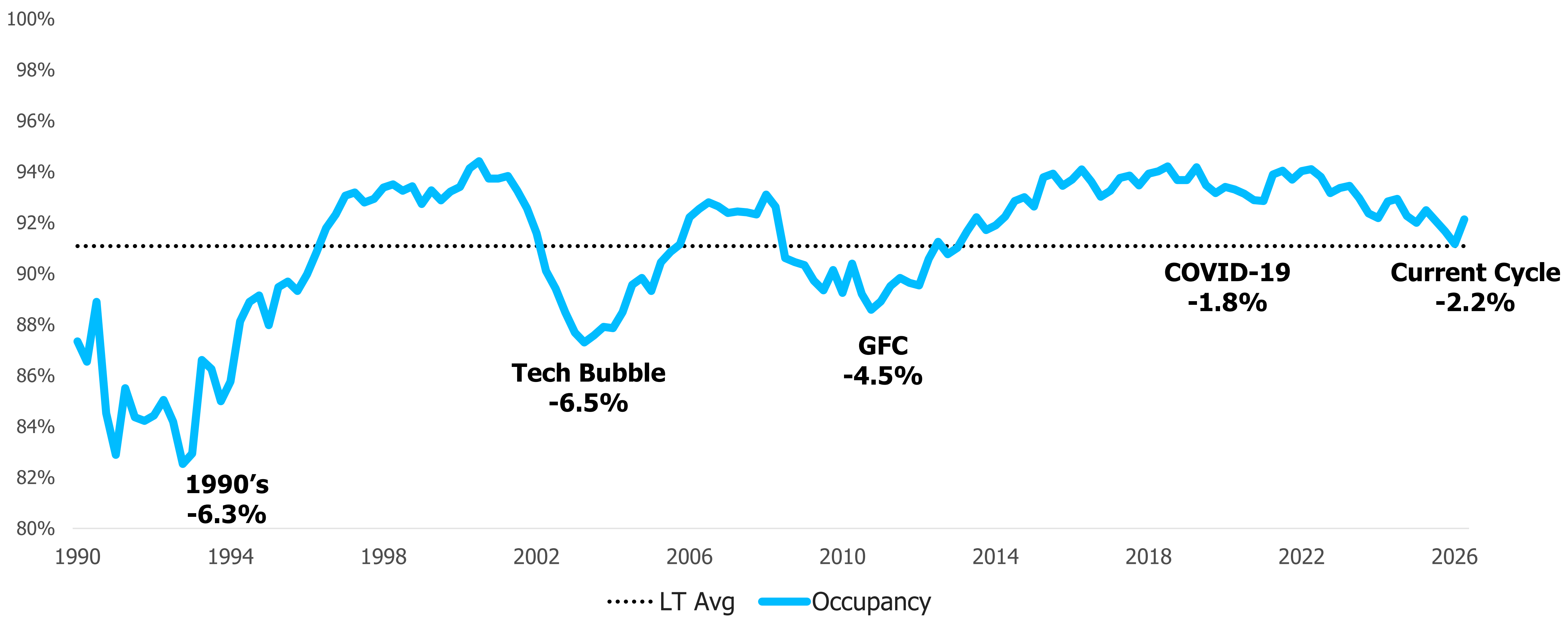
Performance Metrics: ODCE Fundamentals

ODCE Market Value Index & Construction Costs



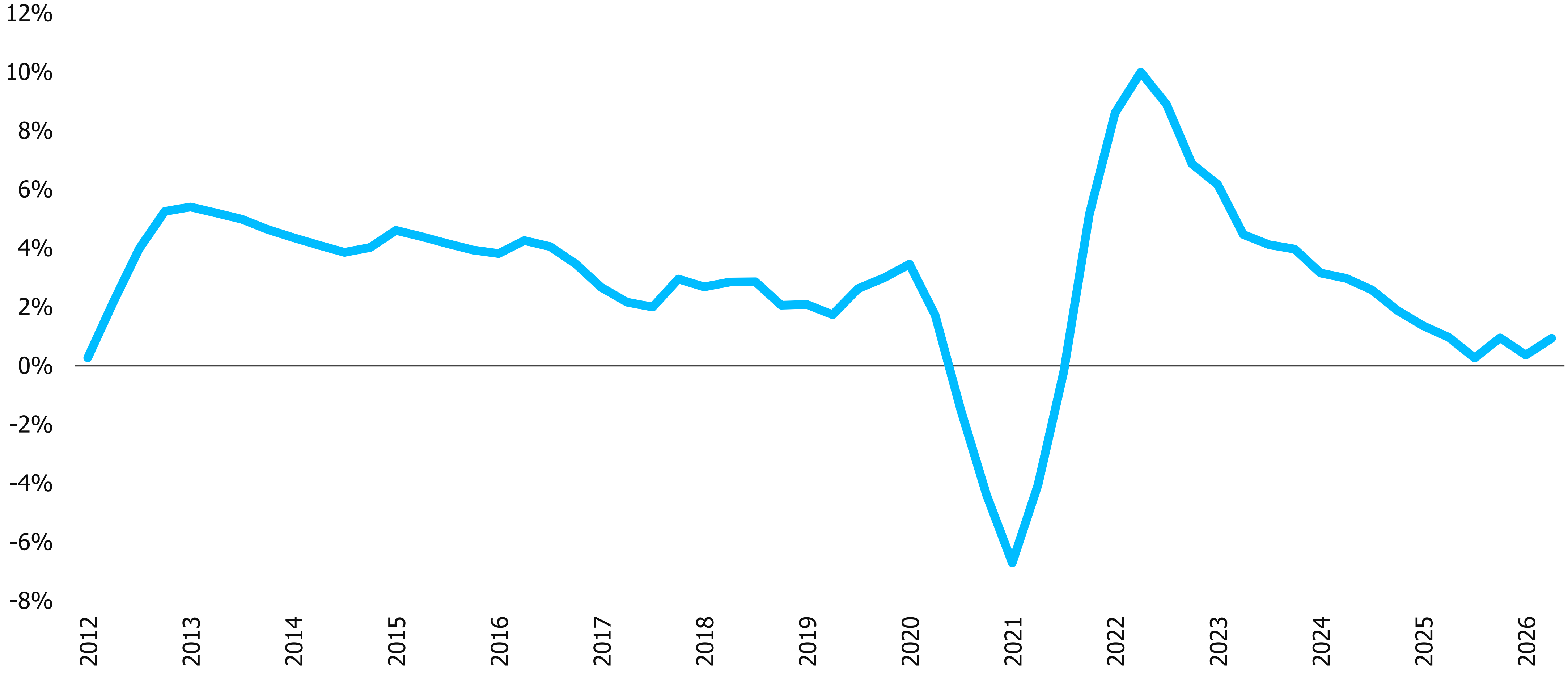
Source: IDR, NCREIF, ENR, Data as of 2Q 2026.

ODCE Occupancy, Long-Term Average & Peak-to-Trough Declines



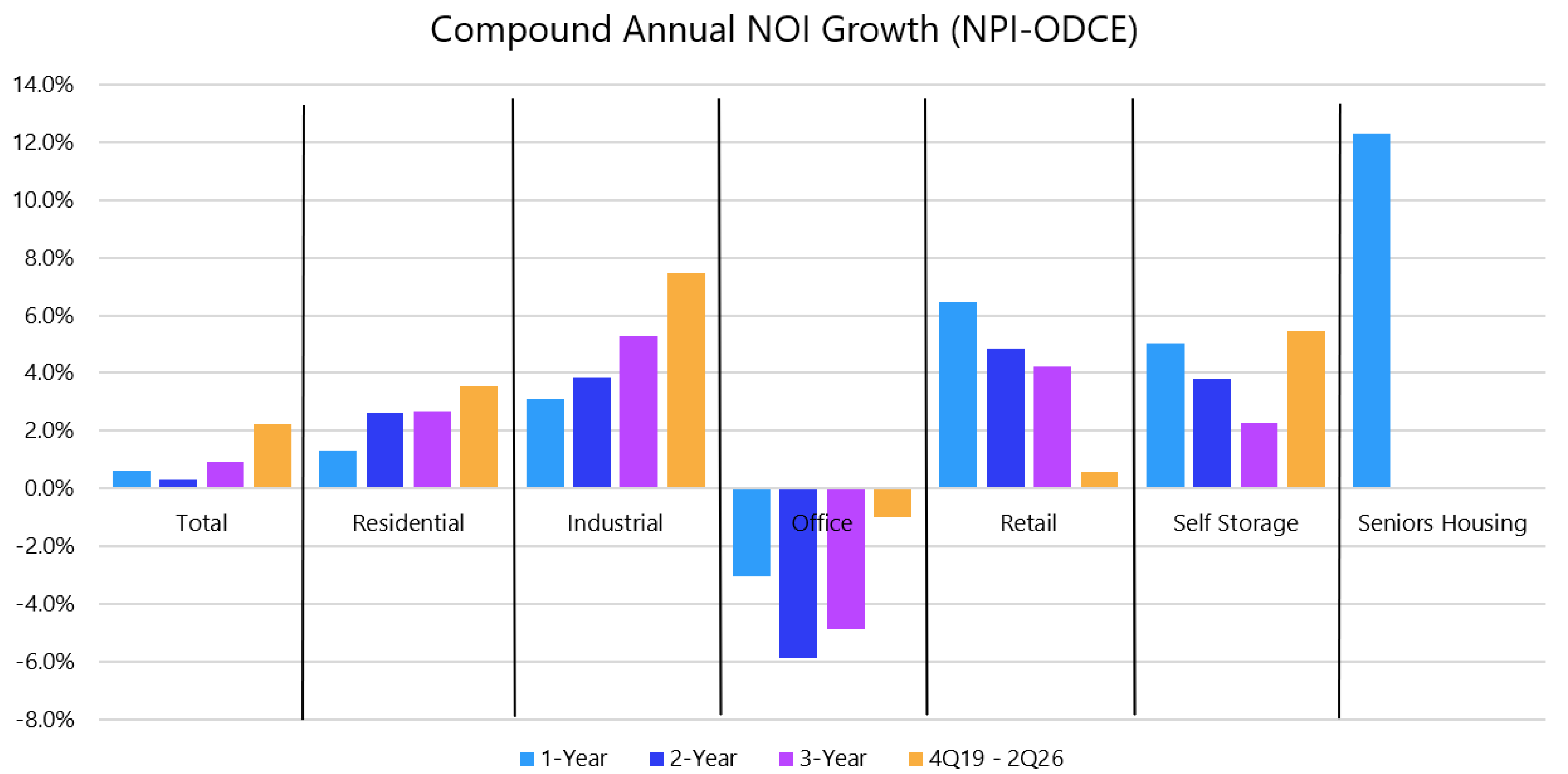
Source: IDR, NFI-ODCE. Peak-to-trough declines from 1990 – Present. Data as of 2Q 2026.

ODCE NOI Growth (1-Year Trailing)



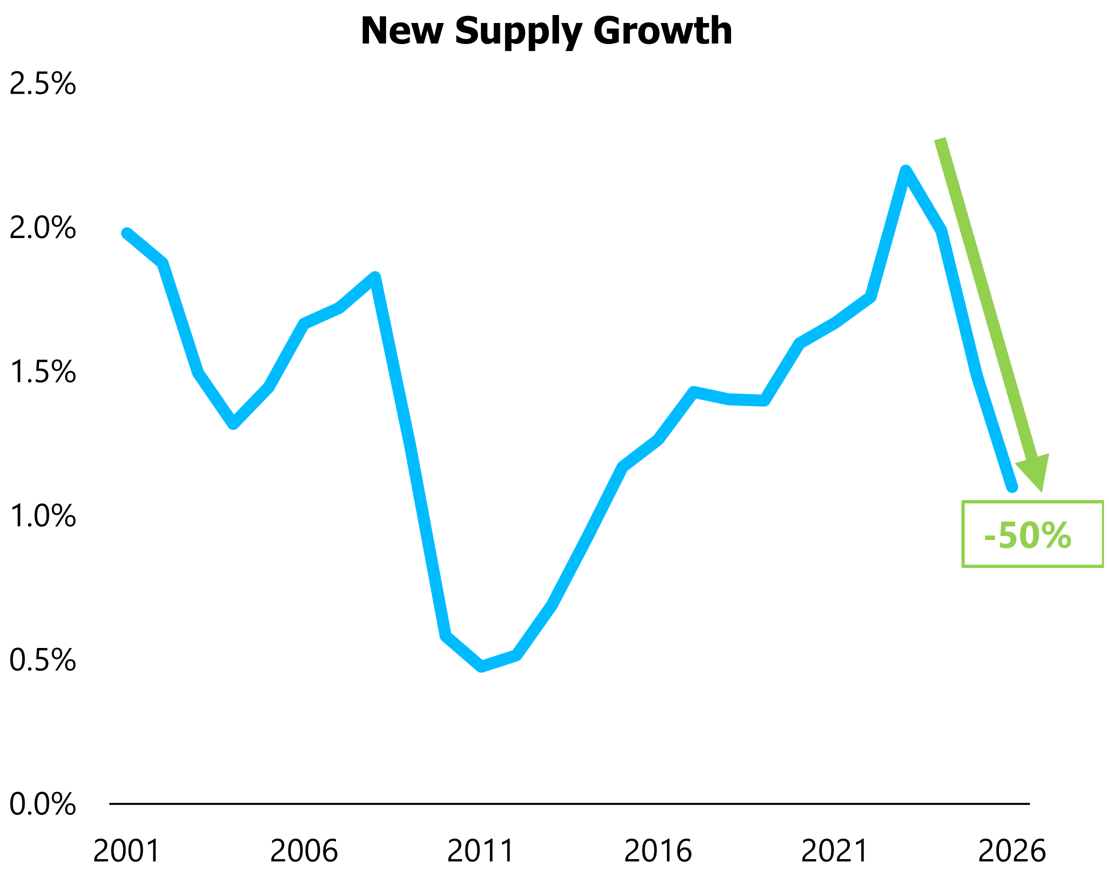
Source: IDR, NFI-ODCE. Data as of 2Q 2026.

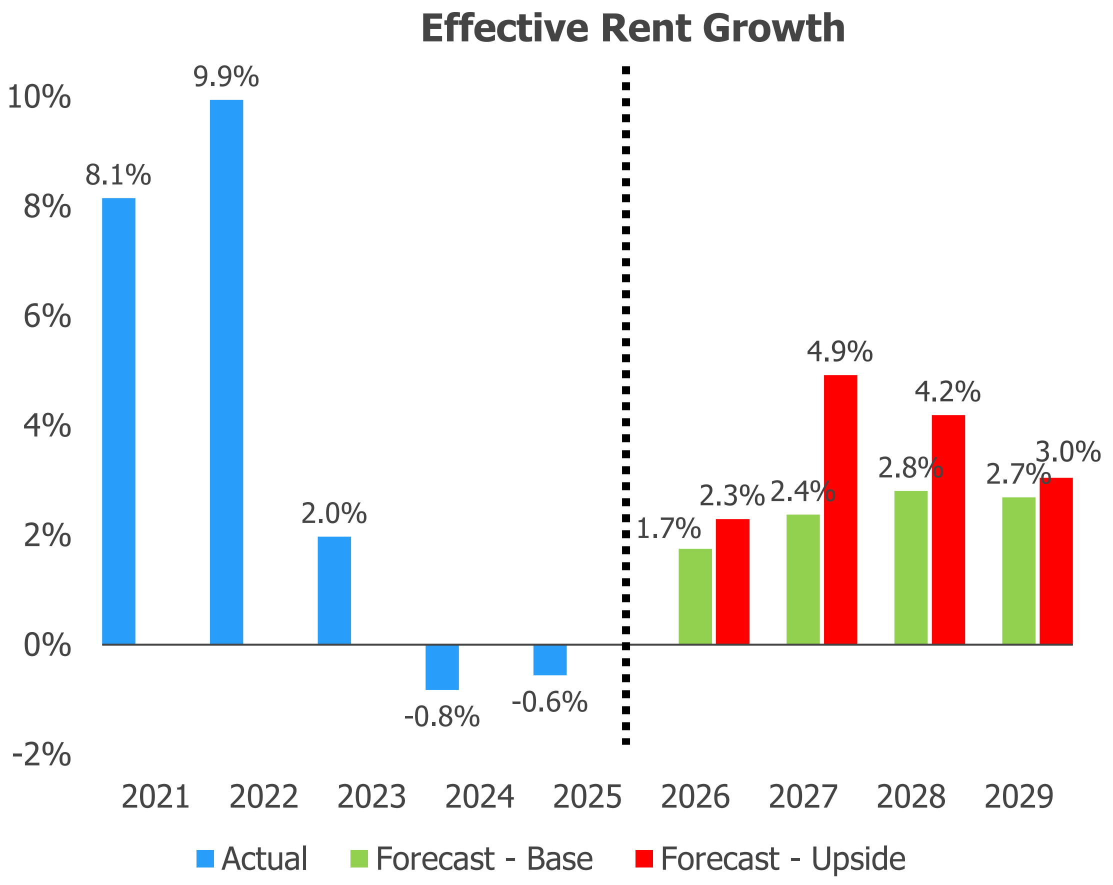
NOI Growth Cools Where Allocations Are Highest… Strength Concentrated in Smaller Sectors



Source: NCREIF, Compiled by SitusAMC

Supply Constraints Poised to Push Rents Higher

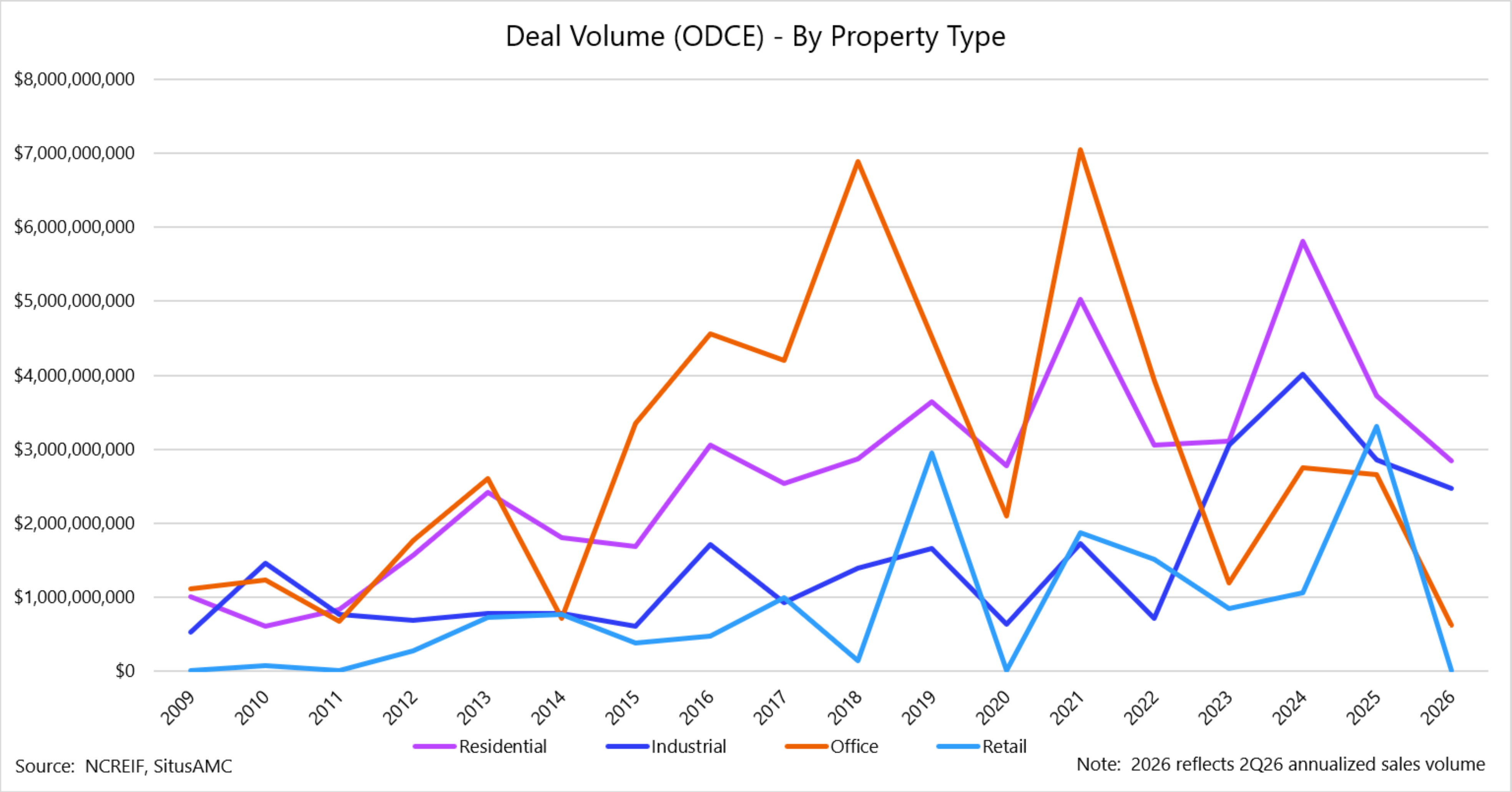




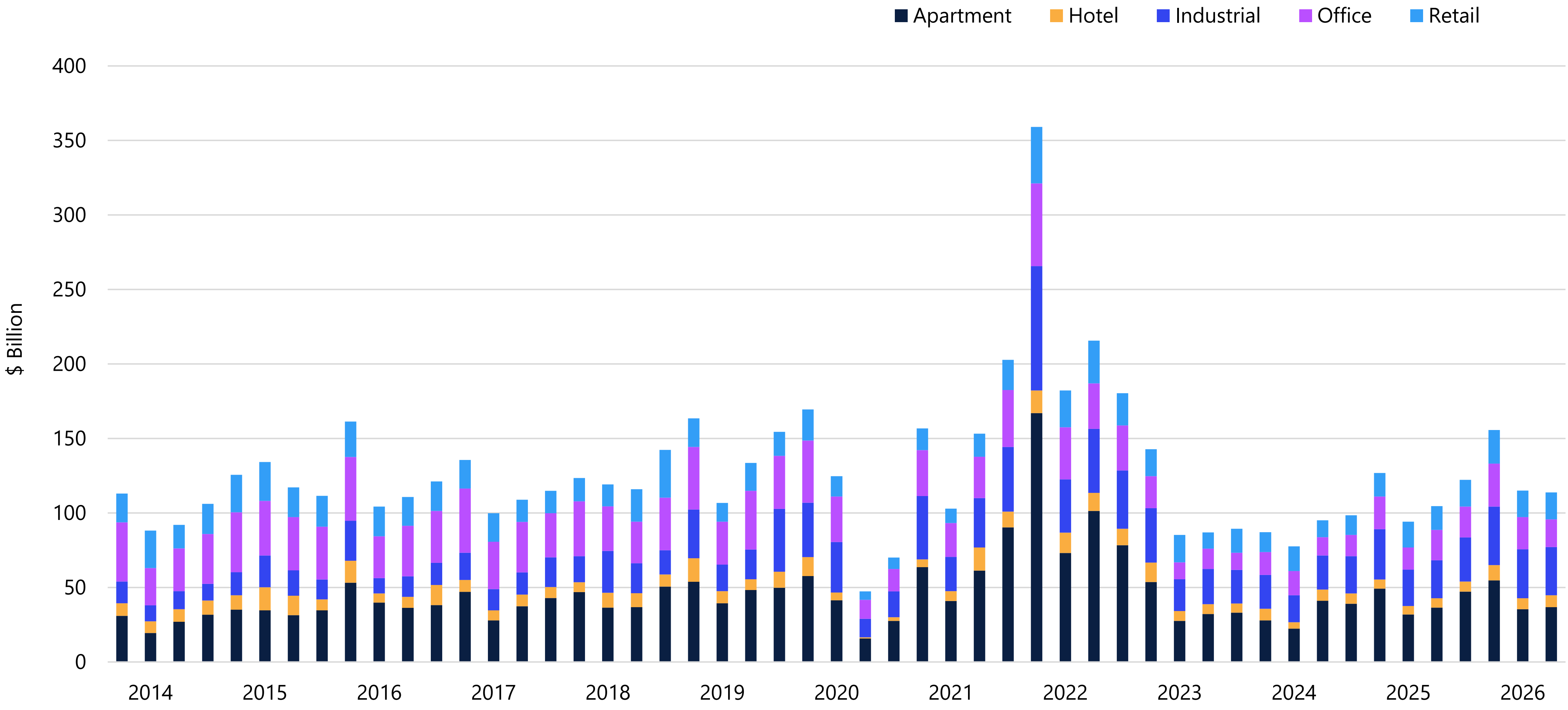
Source: IDR, Green Street, NCREIF.

Price vs. Value: Transactions Slowed

Deal Volume Trending Down Throughout 1st Half of 2026

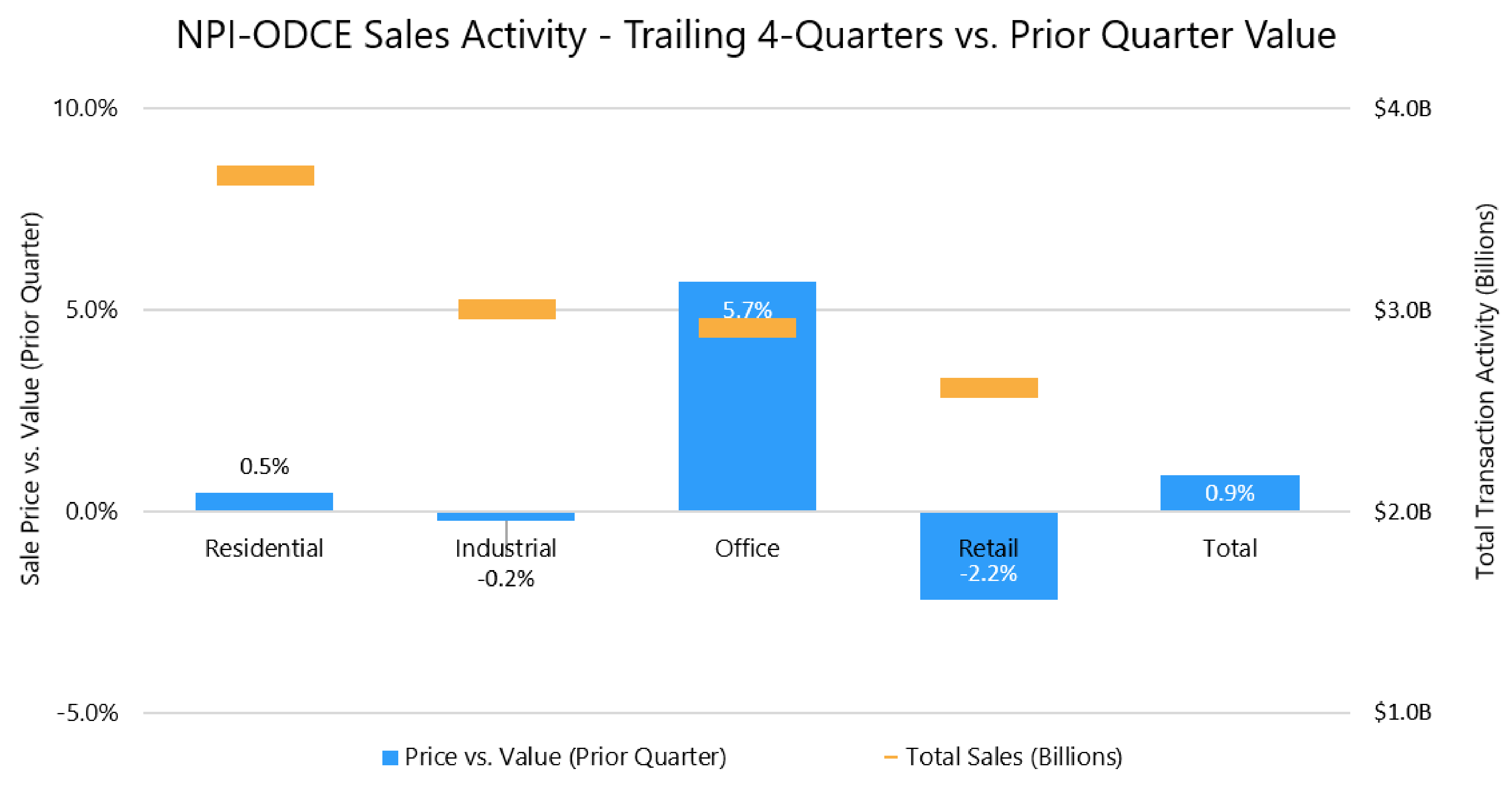


Overall Real Estate Transaction Volume Healthy – 15% Increase in 1H26 vs. 1H25



Source SitusAMC Insights, MSCI Real Assets, 2Q 2026.

ODCE Price vs. Value (0.9% Variance) – ~$12.2 Billion of Sales



Source: NCREIF, Compiled by SitusAMC

Looking Ahead: Income Durability

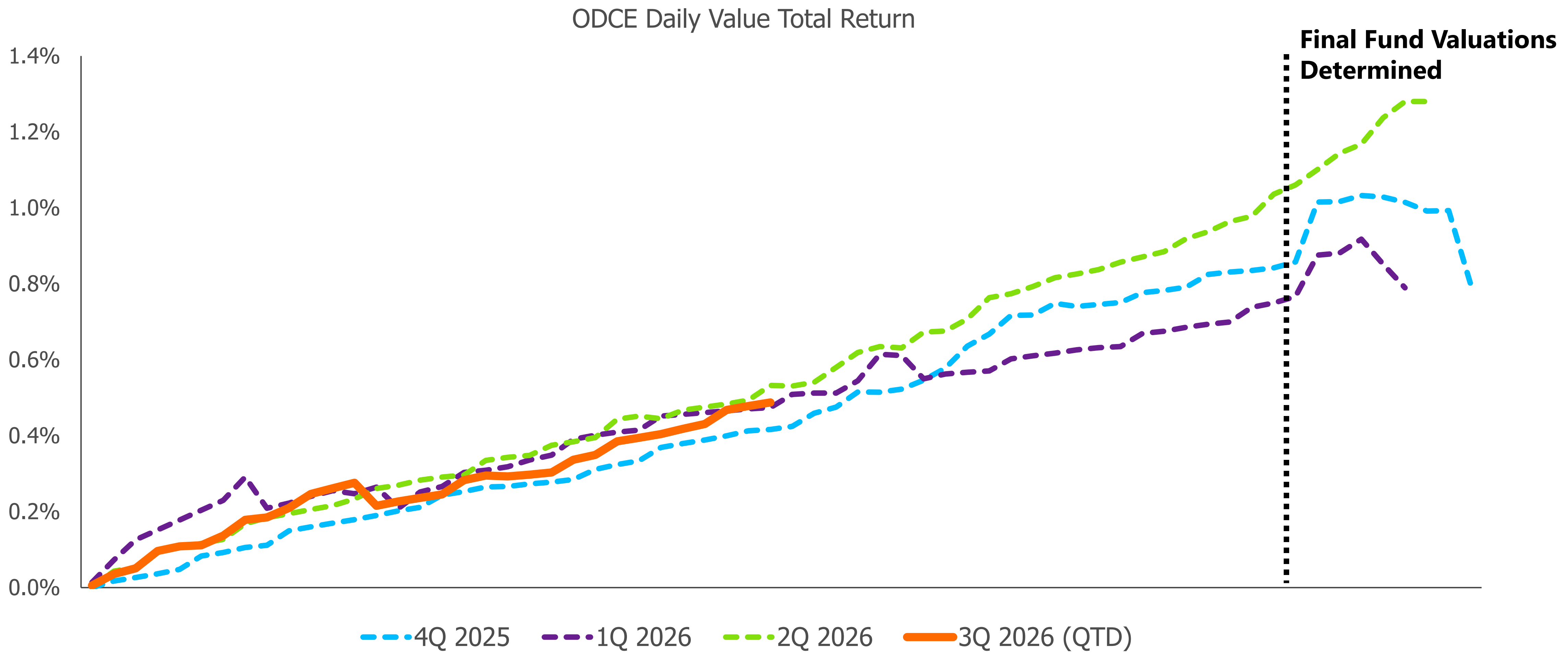
Early 3Q26 Trends Impacting Returns, Values, and Valuation Metrics

- **Interest Rate Concerns Remain Contained**
  - Despite a prolonged higher-for-longer environment, investment rates have not entered a period of expansion.
  - Capital flows, transaction activity, and investor underwriting assumptions continue to reflect a generally optimistic outlook for commercial real estate.

- **Tech-Oriented Markets Reawaken**
  - San Francisco posted the highest total return across major markets in 2Q26, supported by population growth and AI-driven employment.
  - Improving market fundamentals are contributing to value appreciation across multiple property types, including data centers, multifamily, industrial, retail, and select office assets.

- **Property Fundamentals are Driving Value Gains**
  - Cap rates remain largely stable across major property sectors, while rent growth, occupancy gains, and cash flow growth are key drivers of valuation performance.
  - Niche sectors come into focus as investors search for income growth – Manufacturing, Data Centers, Seniors Housing.
  - Transaction activity is expected to accelerate through the second half of the year, particularly for high-quality core assets with strong income profiles.

ODCE Daily Value Last Three Quarters & 3Q 2026 (QTD)



Source: IDR, ODCEX Daily Value. Data as of 3Q 2026 (quarter-to-date).

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