

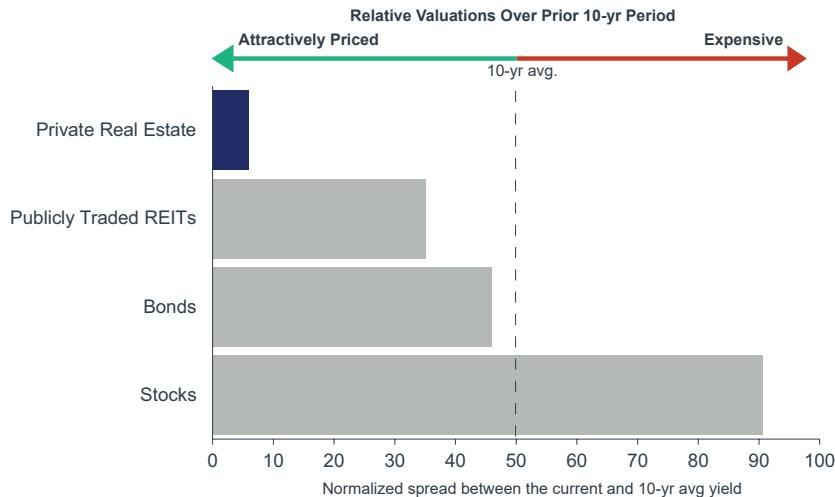
Clarion Calls: A New Chapter for U.S. Private Real Estate

DECEMBER 2025

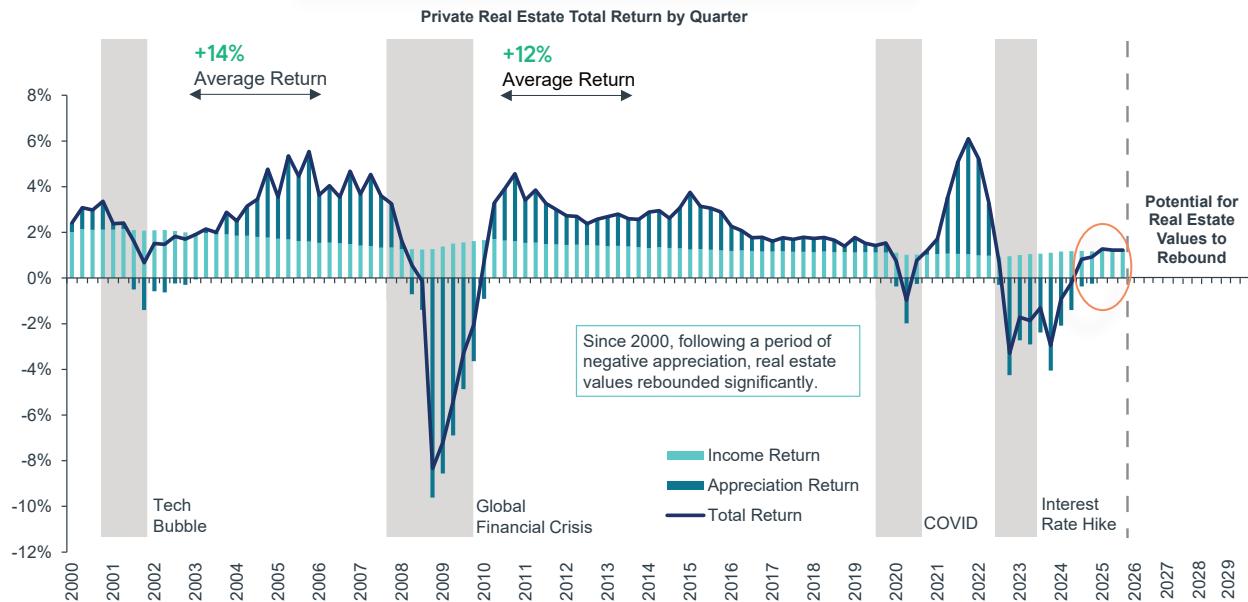
What You Need To Know

- ✓ 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



Signs 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 potentially 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 the potential for strong risk-adjusted returns.

Source: NCREIF, Clarion Partners Global Research, 3Q25. The expanded NPI (NCREIF Property Index) 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 Private Real Estate: 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. Returns provided are USD.

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