

# CLARION CALLS

## Private Real Estate Dashboard

### 4Q 2025

February 2026

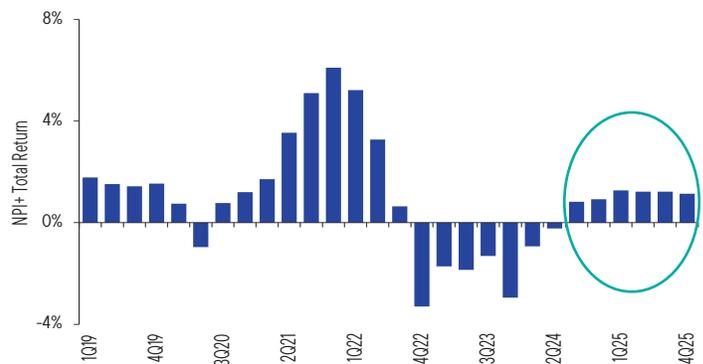
## Five indicators to measure the health of real estate capital markets

### 1 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



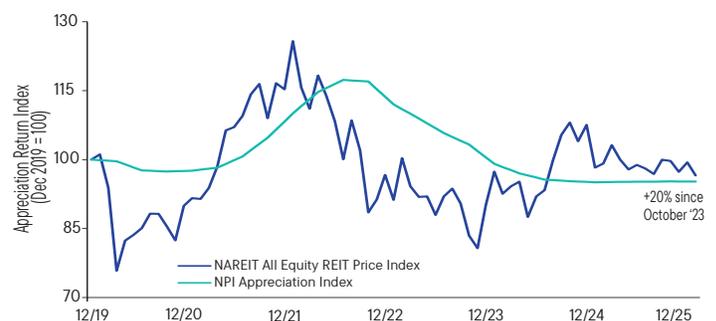
Source: NCREIF, Clarion Partners Global Research as of February 2026. Expanded NPI (NPI+) includes all NPI properties and all qualified alternative assets (alternative assets include storage, senior housing, data centers parking and others).

### 2 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.

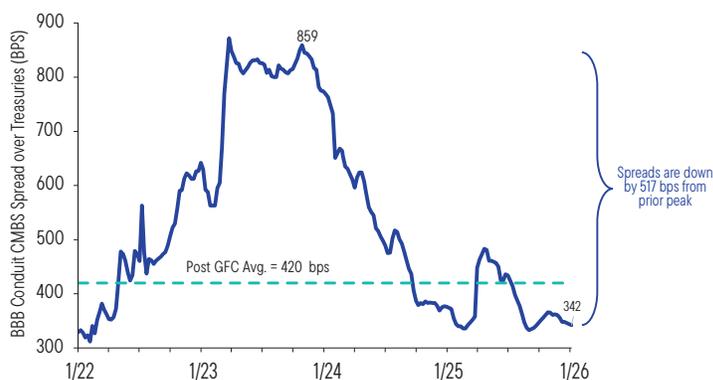
The information contained above represents the views and opinions of Clarion Partners and is based upon the knowledge and experience of the Clarion Partners Global Research team.

### 3 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.

### Private real estate debt spreads over Treasuries



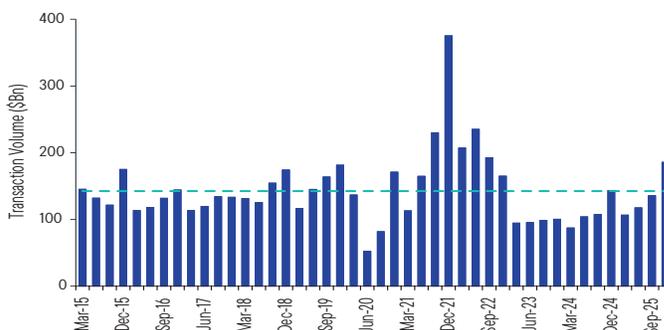
Sources: St. Louis Fed, Trepp, GSA, Clarion Partners Global Research, November 2025. Notes: Conduit CMBS BBB Spreads are over interpolated Treasuries (J+) after 2022 and spreads over Libor-based swaps (N+) prior to 2022; Post GFC Avg. = Starting in Jan 2012; last observation January 9, 2026.

### 4 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



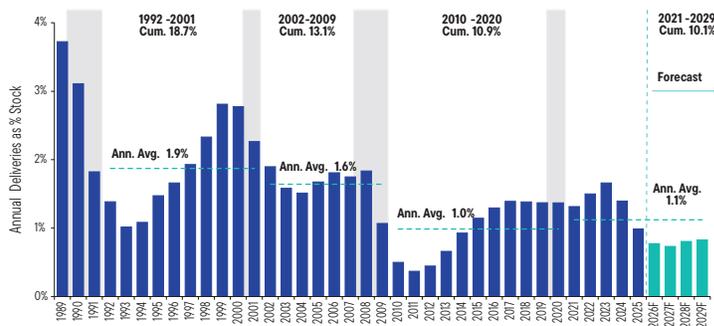
Sources: Real Capital Analytics, Clarion Partners Global Research, February 2026. All transactions are greater than \$2.5 million. Land transactions are not included.

### 5 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. There can be no assurance that market conditions will perform according to any forecast.

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.

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. This material may not be reproduced, distributed or published without prior written permission from Franklin Templeton.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The underlying assumptions and these views are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market. There is no assurance that any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets will be realized. The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is not necessarily indicative nor a guarantee of future performance. All investments involve risks, including possible loss of principal.

Any research and analysis contained in this material has been procured by Franklin Templeton for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. Data from third party sources may have been used in the preparation of this material and Franklin Templeton ("FT") has not independently verified, validated or audited such data. Although information has been obtained from sources that Franklin Templeton believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and may be subject to change at any time without notice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase, hold or sell any securities, and the information provided regarding such individual securities (if any) is not a sufficient basis upon which to make an investment decision. FT accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments, opinions and analyses in the material is at the sole discretion of the user.

Franklin Templeton has environmental, social and governance (ESG) capabilities; however, not all strategies or products for a strategy consider "ESG" as part of their investment process.

Products, services and information may not be available in all jurisdictions and are offered outside the U.S. by other FT affiliates and/or their distributors as local laws and regulation permits. Please consult your own financial professional or Franklin Templeton institutional contact for further information on availability of products and services in your jurisdiction.

**Brazil:** Issued by Franklin Templeton Investimentos (Brasil) Ltda., authorized to render investment management services by CVM per Declaratory Act n. 6.534, issued on October 1, 2001. Canada: Issued by Franklin Templeton Investments Corp., 200 King Street West, Suite 2000, Toronto, ON, M5H3T4, Fax: (416) 364-1163, (800) 387-0830, [www.franklintempleton.ca](http://www.franklintempleton.ca). Offshore Americas: In the U.S., this publication is made available by Franklin Templeton, One Franklin Parkway, San Mateo, California 94403-1906. Tel: (800) 239-3894 (USA Toll-Free), (877) 389-0076 (Canada Toll-Free), and Fax: (727) 299-8736. U.S.: Franklin Templeton, One Franklin Parkway, San Mateo, California 94403-1906, (800) DIAL BEN/342-5236, [franklintempleton.com](http://franklintempleton.com). Investments are not FDIC insured; may lose value; and are not bank guaranteed.

**Issued in Europe by:** Franklin Templeton International Services S.à r.l. – Supervised by the Commission de Surveillance du Secteur Financier – 8A, rue Albert Borschette, L-1246 Luxembourg. Tel: +352-46 66 67-1 Fax: +352-46 66 76. Poland: Issued by Templeton Asset Management (Poland) TFI S.A.; Rondo ONZ 1; 00-124 Warsaw. Saudi Arabia: Franklin Templeton Financial Company, Unit 209, Rubeen Plaza, Northern Ring Rd, Hittin District 13512, Riyadh, Saudi Arabia. Regulated by CMA. License no. 23265-22. Tel: +966-112542570. All investments entail risks including loss of principal investment amount. South Africa: Issued by Franklin Templeton Investments SA (PTY) Ltd, which is an authorised Financial Services Provider. Tel: +27 (21) 831 7400 Fax: +27 (21) 831 7422. Switzerland: Issued by Franklin Templeton Switzerland Ltd, Stockerstrasse 38, CH-8002 Zurich. United Arab Emirates: Issued by Franklin Templeton Investments (ME) Limited, authorized and regulated by the Dubai Financial Services Authority. Dubai office: Franklin Templeton, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E. Tel: +9714-4284100 Fax: +9714-4284140. UK: Issued by Franklin Templeton Investment Management Limited (FTIML), registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. Tel: +44 (0)20 7073 8500. Authorized and regulated in the United Kingdom by the Financial Conduct Authority.

**Australia:** Issued by Franklin Templeton Australia Limited (ABN 76 004 835 849) (Australian Financial Services License Holder No. 240827), Level 47, 120 Collins Street, Melbourne, Victoria 3000. Hong Kong: Issued by Franklin Templeton Investments (Asia) Limited, 62/F, Two IFC, 8 Finance Street, Central, Hong Kong. Japan: Issued by Franklin Templeton Investments Japan Limited. Korea: Issued by Franklin Templeton Investment Advisors Korea Co., Ltd., 3rd fl., CCMM Building, 101 Yeouigongwon-ro, Yeongdeungpo-gu, Seoul, Korea 07241. Malaysia: Issued by Franklin Templeton Asset Management (Malaysia) Sdn. Bhd. & Franklin Templeton GSC Asset Management Sdn. Bhd. This document has not been reviewed by Securities Commission Malaysia. Singapore: Issued by Templeton Asset Management Ltd. Registration No. (UEN) 199205211E, 7 Temasek Boulevard, #38-03 Suntec Tower One, 038987, Singapore.

Please visit [www.franklinresources.com](http://www.franklinresources.com) to be directed to your local Franklin Templeton website.



[franklinresources.com](http://franklinresources.com)