

# Clarion Calls:

## Private Real Estate Dashboard 3Q 2025

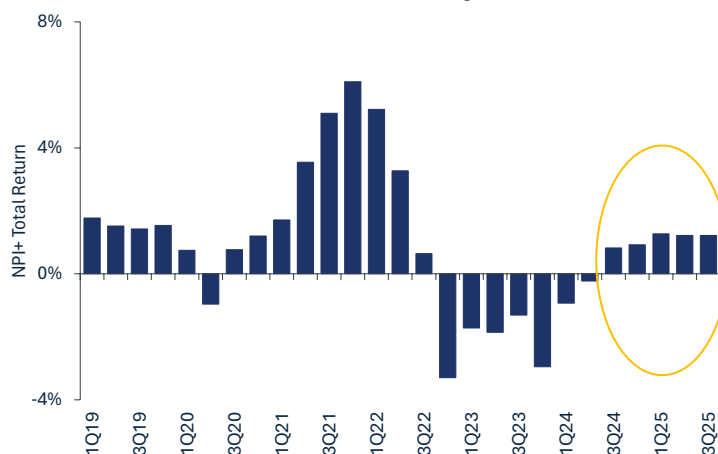
### Five Indicators to Measure the Health of Real Estate Capital Markets

#### Quarterly Private Real Estate Returns



- Private real estate performance has continued to improve, with the first three quarters of 2025 generating modestly positive returns.
- Historically, values have rebounded in locations and property types for which vacancies are low, demand is strong, and new supply is constrained.

#### Private Real Estate Quarterly Total Returns



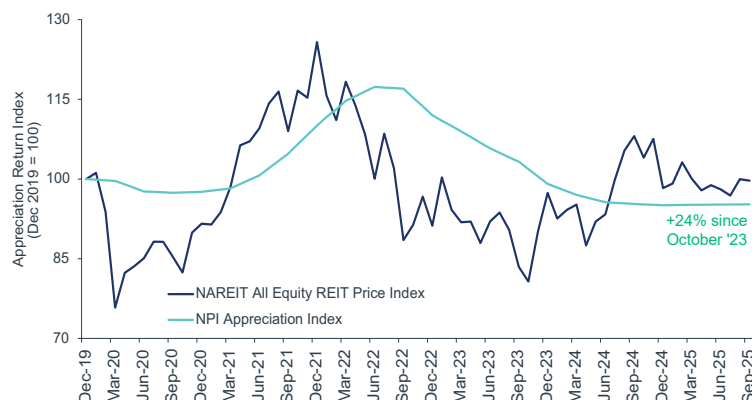
Source: NCREIF, Clarion Partners Global Research as of November 2025. Expanded NPI (NPI+) includes all NPI properties and all qualified alternative assets (alternative assets include storage, senior housing, data centers parking and others).

#### 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.
- After a decline in response to higher interest rates, public real estate has since rebounded and now show signs of stabilization.

#### Private vs. Public REIT Market Pricing



Sources: NAREIT (as of September 2025), NCREIF (as of 3Q 2025) Clarion Partners Global Research.

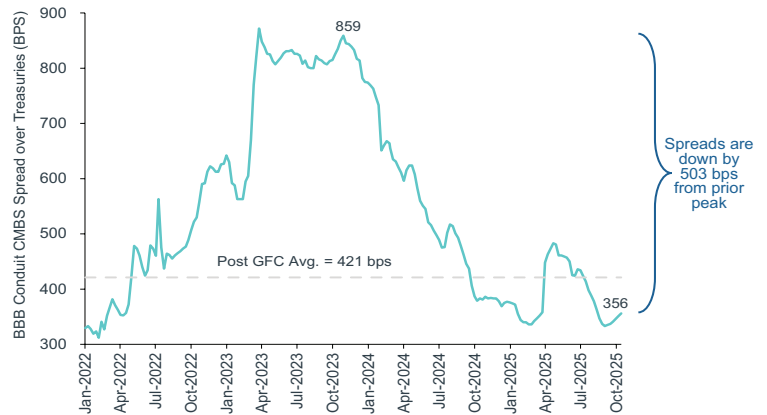
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## Public Real Estate Debt Spreads



- Following a widening of spreads through early 2025 in response to tariff-driven uncertainty, spreads narrowed in recent months, as anticipated rate cuts and healthy property fundamentals spurred demand for CRE debt.
- Overall, liquidity in the real estate debt markets continues to improve.

## Public Real Estate Debt Spreads over Treasuries



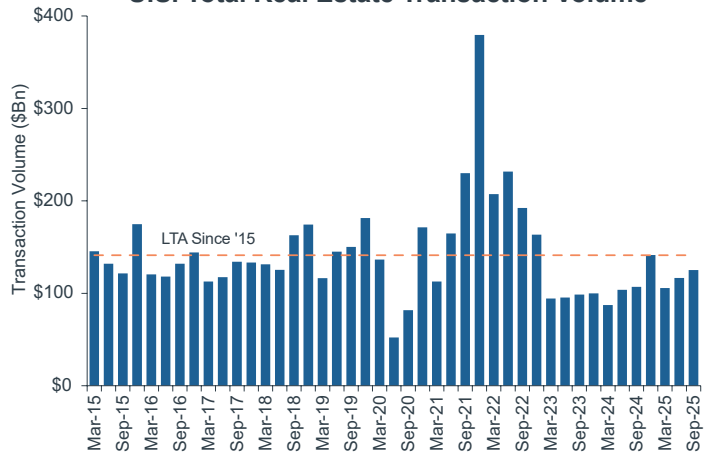
Sources: St. Louis Fed, Trepp, GSA, Clarion Partners Global Research, November 2025. Notes: Conduit CMBS BBB Spreads are over interpolated Treasuries (J+) after 2022 and spreads over Libor-based swaps (N+) prior to 2022; Post GFC Avg. = Starting in Jan 2012; last observation October 17, 2025.

## Quarterly Real Estate Transaction Volume



- Over the past decade, quarterly U.S. real estate transaction volumes averaged about \$141B, except for a post-COVID spike when fundamentals were strong and interest rates were historically low.
- Overall transaction volume remains below its long-term average. However, volumes have begun to stabilize, supported by industrial and apartment deal flow.

## U.S. Total Real Estate Transaction Volume



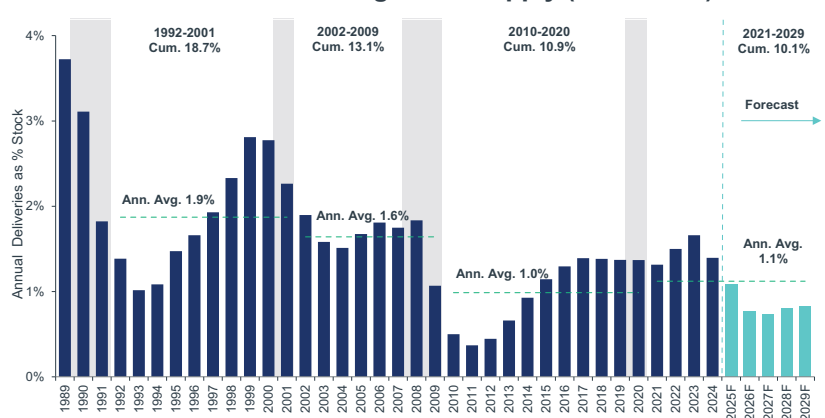
Sources: Real Capital Analytics, Clarion Partners Global Research, November 2025. All transactions are greater than \$2.5 million. Land transactions are not included.

## Real Estate Construction- New Supply



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

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



Sources: CBRE-EA, Clarion Partners Global Research, November 2025.

Note: Forecasts were provided by Clarion Partners Global Research from November 2025. 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.

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