A&M REAL ESTATE ADVISORY SERVICES ("REAS")

US REAL ESTATE INVESTORS; 2025 YEAR END RECAP AND Q1 2026 HIGHLIGHTS

ALVAREZ & MARSAL

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Q1 2026 UPDATE

2026 Key Trends[1]

INDUSTRIAL AND OFFICE

Industrial and Office carry the strongest 2026 absorption outlook as of March 31, with forecasted demand materially above other sectors despite elevated Office vacancy.

HOSPITALITY

Hospitality entered 2026 with weaker forward operating expectations, as ADR and RevPAR forecasts declined while mortgage delinquency increased.

MULTIFAMILY

Multifamily fundamentals remain stable, supported by modest rent growth, though softer absorption expectations and higher delinquency suggest tighter financing conditions.

CAP RATES

Cap rates remain broadly unchanged across sectors, indicating pricing expectations have held steady despite uneven operating and credit fundamentals.

U.S. Real Estate Investors – Select Asset Classes

	Vacancy Rate[2]	Cap Rate[2]	Effective Rent / ADR[2]	Net Absorption Forecast[4] / RevPar[2]	Mortgage Delinquency Rate[3]
MULTIFAMILY	▲ **0.1%** 2026: 8.5%	▶ **-** 2026: 6.1%	▲ **1%** 2026: $1.8K per unit	▼ **(26%)** 2026: 330.8K units	▲ **51 bps** 2026: 7.15%
OFFICE	▼ **(0.7%)** 2026: 14.0%	▲ **1%** 2026: 9.1%	▶ **-** 2026: $37 per SF	▲ **352%** 2026: 15M SF	▲ **40 bps** 2026: 11.71%
RETAIL	▲ **2%** 2026: 4.4%	▶ **-** 2026: 7.3%	▶ **-** 2026: $25.88 per SF	▼ **(2843%)** 2026: 19.3M SF	▼ **30 bps** 2026: 6.62%
HOSPITALITY	▲ **16.2%** 2026: 43.8%	▶ **-** 2026: 9.3%	▼ **(2%)** 2026: $157.44 (ADR)	▼ **(12%)** 2026: $88.52 (RevPar)	▲ **70 bps** 2026: 7.31%
INDUSTRIAL	▶ **-** 2026: 7.7%	▶ **-** 2026: 7.3%	▼ **(0.1%)** 2026: $12.14 per SF	▲ **(65.5%)** 2026: 184.9M SF	▼ **15 bps** 2026: 0.65%

***Sources**: A&M Analysis; (1) 2026 Data and trends as of March 2026 (2) Costar – Metrics as of Mar. 31st, 2026, and A&M Research (3) TREPP. Please see the following pages for detailed metrics by asset class. (4) Absorption compares 2025 year-end performance with full year 2026 forecast as of March 2026*

See appendix for definition of commonly used metrics

A&M REAL ESTATE ADVISORY SERVICES (“REAS”)

U.S. REAL ESTATE INVESTORS – INDUSTRY OVERVIEW

KEY INVESTMENT INDICATORS

U.S. Real Estate Investors – Industry Overview

INVESTMENT SALES VOLUME

U.S. commercial real estate **transaction volume hit $150.6 billion in Q3 2025, up 25% year-over-year** and 24% quarter-over-quarter – the strongest acceleration in deal activity since the market froze in 2022–2023. 2025 Volume through September exceeded the same period in both 2023 and 2024, **signaling broad investor re-engagement and laying groundwork for sustained momentum in 2026**.(1)

CMBS ISSUANCE MOMENTUM

Private-label CMBS issuance rose ~21% in 2025 to $125.6B, its highest in nearly 20 years. The resurgence signals improving market liquidity and refinancing activity despite still-selective underwriting and lingering stress in weaker property types, suggesting credit markets are reopening, with underwriting discipline still firmly in place.(2)

DEBT CAPITAL ACTIVITY

Commercial and multifamily mortgage originations **surged 36% year-over-year in Q3 2025**, marking a decisive return of lender appetite as rate cut expectations increased and deal pipelines reopened. The rebound is broad-based across capital sources, though **underwriting remains selective and refinancing hurdles persist for overleveraged borrowers**.(3)

PRICING & VALUE TREND

U.S. commercial property prices **returned to modest growth in mid-2025**, with the RCA CPPI (Real Capital Analytics Commercial Property Price Index) showing **+2.4% year-over-year growth by August – the fastest appreciation since late 2022**. Price discovery is improving and values are stabilizing, but the recovery remains uneven across asset classes.(4)

MONETARY POLICY BACKDROP

As of year-end 2025, the federal funds rate was **3.64%, its lowest level since early 2022** following three consecutive cuts in late 2025. This **pivot from peak rates above 5.25%** signals a shift toward neutral policy aimed at sustaining the labor market as inflation trends toward target – **creating a more constructive environment for real estate fundamentals and cap rate compression**.(5)

***Sources**: A&M Analysis (1) Altus Group (2) Trepp (3) MBA (4) MSCI RCA / CRE Daily (5) Federal Reserve / FRED*

SELECTED SUMMARY OF METRICS – YOY CHANGE: 2025 VS 2024

U.S. Real Estate Investors – Select Asset Classes

	Vacancy Rate[1]	Q3 Cap Rate[1]	Effective Rent / ADR[1]	Net Absorption YTD / RevPar[1]	Mortgage Delinquency Rate[2]
MULTIFAMILY	▲ **0.1%** 2025: 8.4%	▶ **-** 2025: 6.1%	▲ **0.2%** 2025: $1.7K per unit	▼ **(21.4%)** 2025: 425K Units	▲ **200 bps** 2025: 6.6%
OFFICE	▲ **0.1%** 2025: 14.1%	▲ **10 bps** 2025: 9.0%	▲ **0.5%** 2025: $36.2 per SF	▲ **101.0%** 2025: 0.3M SF	▲ **30 bps** 2025: 11.3%
RETAIL	▲ **0.2%** 2025: 4.3%	▲ **10 bps** 2025: 7.3%	▲ **1.5%** 2025: $25.8 per SF	▼ **(126.2%)** 2025: (5.4)M SF	▼ **(50 bps)** 2025: 6.9%
HOSPITALITY	▼ **(0.7)%** 2025: 36.3%	▶ **-** 2025: 8.0%	▲ **1.4%** 2025: $161.3 (ADR)	▲ **2.4%** 2025: $102.7 (RevPar)	▲ **50 bps** 2025: 6.6%
INDUSTRIAL	▲ **0.6%** 2025: 7.5%	▼ **(10 bps)** 2025: 7.3%	▲ **(0.7%)** 2025: $12.01 per SF	▼ **(42.5%)** 2025: 62M SF	▲ **50 bps** 2025: 0.8%
BIO & LIFE SCIENCE	▲ **4.8%** 2025: 24.7%	*Private markets data sources require validation*	▼ **(4.3%)** 2025: $66.4 per SF	▼ **(43.8%)** 2025: (2.7)M SF	*Private markets data sources require validation*

Sources: *A&M Analysis; (1) Costar – Metrics as of Dec. 8th, 2025 and A&M Research (2) TREPP. Please the following pages for detailed metrics by asset class. See appendix for definition of commonly used metrics*

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U.S. REAL ESTATE INVESTORS – KEY TOPICS

AI'S EXPANDING INFLUENCE ACROSS REAL ESTATE ASSET CLASSES

U.S. Real Estate Investors – Key Topics

Although the effects of AI have been most acutely felt in construction of data centers, accelerating adoption is beginning to influence fundamentals, tenant behavior, and operating efficiencies across the broader real estate landscape.

	RECENT ACTIVITY
1. DIRECT INFRASTRUCTURE AI directly drives demand for purpose-built real estate and enabling infrastructure, most notably data centers and associated energy assets; the result has been near-term pricing pressure, accelerated development pipelines, and heightened capital deployment.	• **Auction Prices Hit Record Data-center Demand –** Reuters reports PJM's capacity auction cleared at record prices ($333.44/MW-day), reflecting supply constraints amid surging demand.[3] • **Data Center Investment Outlook** – AI, cloud, and enterprise digitization are driving sustained hyperscale and colocation demand well beyond historical growth curves with an expected CAGR of 14% over the next five years.[1]
2. AI-ADJACENT REAL ESTATE AI growth accelerates expansion across AI-adjacent industries and labor markets, generating incremental demand for office, residential, and specialized assets in technology hubs as companies scale operations to support AI adoption.	• **Tech Markets See Sizeable Rent Growth** – Renewed apartment demand in tech-heavy coastal markets – fueled in part by optimism surrounding artificial intelligence – is boosting rent growth to 4-7% in San Francisco and San Jose; this contrasts with the broader U.S. Market which experienced an average decline in rent of 0.7%[5] • **AI: The Next Catalyst for Office Space Demand** – Bifurcated pattern emerges as investment in AI drives high occupancy in tech hubs while other areas suffer an opposing effect from declining demand as AI-driven job displacement continues.[6]
3. REAL ESTATE OPERATIONS As AI adoption becomes more pervasive, it reshapes how real estate is used, operated, and monetized across asset classes, influencing space efficiency, tenant requirements, operating models, and revenue optimization rather than driving net new demand alone.	• **AI Ushers in a New Era for Industrial Real Estate** – AI-driven marketing could drive growth in e-commerce sales; related growth in demand may be offset by increased building and supply chain efficiencies that reduce the amount of space needed.[7] • **AI Enables Dynamic 'Surveillance Pricing'** – Barron's reports retailers and travel brands increasingly use AI for variable and personalized pricing, influencing tenant margins and consumer demand patterns.[4]

***Sources**: A&M Analysis; (1) JLL (2) SKIFT (3) Reuters (4) Barrons (5) Realpage (6) CBRE (7) NAIOP*

SELECT MARKET OBSERVATIONS AND RECENT SHIFTS

U.S. Real Estate Investors – Key Topics

	RECENT HEADLINES AND ACTIVITY
1. PRIVATE CAPITAL EXPANDS INTO NEW ASSET CLASSES Private equity and institutional investors are deploying capital into non-traditional real estate platforms – including lifestyle, infrastructure-like assets (e.g., golf course platforms) and other alternatives – extending beyond core office/retail/industrial/hospitality.	• **Bain Capital Buys Golf Course Company** – Bain Capital acquired Concert Golf Partners in a deal reportedly exceeding $1.3B, highlighting growing institutional interest in niche operating platforms.(1) • **Infrastructure Enters Structural Growth Cycle** – "The data center sector currently sits at the beginning of one of the largest infrastructure investment supercycles seen in the modern era."(2) • **PE, Infrastructure & Alternatives Allocations Rising** – Institutional investors are increasing allocations to broader real assets – including infrastructure, digital infrastructure, energy transition assets, and private credit – illustrating a strategic diversification beyond traditional CRE.(3)
2. REAL ESTATE DEAL VOLUME SHOWS SIGNS OF RECOVERY After declines in CRE transaction volume, deal flow is showing signs of recovery across key property types – particularly multifamily and industrial – with improving market confidence and increasing closed transactions.	• **U.S. CRE Deal Volume Up ~25% YoY in 3Q25** – MSCI Real Capital Analytics data shows an increase in U.S. commercial real estate transaction volumes year-over-year, signaling renewed activity and investor engagement.(4) • **CRE Investment Rises to ~$150B in Q3 2025** – The strongest quarterly performance since early 2022 — driven by large deals and rising institutional participation across multifamily, industrial, and office sectors.(5) • **U.S. CRE Prices & Transaction Volume Show Continued Recovery** – CoStar reports that trailing 12-month U.S. CRE sales volume increased ~27% by October 2025, alongside improving repeat-sale activity and early price stabilization in investment-grade assets, signaling strengthening liquidity and investor engagement.(6)
3. DEBT MARKETS RE-ENGAGING WITH PRIVATE CREDIT FILLING GAPS While traditional banks generally maintain tight or unchanged lending standards for CRE loans – with modest net tightening reported in some categories – large banks show only limited retrenchment, and smaller banks report varied demand by asset type, while debt markets (private credit, nonbank lenders, and structured finance) are re-engaging with renewed origination activity and capital formation.	• **CRE Debt Origination Rebound Continues in 2025** – According to MBA, commercial and multifamily mortgage loan originations increased ~36% YoY in Q3 2025, with growth across office, retail, hotel, and multifamily sectors.(7) • **More Active Debt Market Dynamics in 2025** – MSCI notes that while banks' market share has declined, the number of active banks has increased from 2024 lows, indicating broader (but smaller) bank participation. At the same time, the number of CMBS lenders is declining again following a post-2022 rebound, reinforcing the continued reconfiguration of lender composition.(4) • **Private Credit Expanding Real-Estate Lending Opportunities** – KKR commentary points to a high-watermark in lending opportunities and an expanding pipeline for real estate credit.(8)

Sources*: A&M Analysis; (1) Bisnow (2) Brookfield (3) U.S. Alternative Industry Report (4) MSCI (5) CRE Daily (6) Costar (7) MBA - Mortgage Brokers Association (8) KKR*

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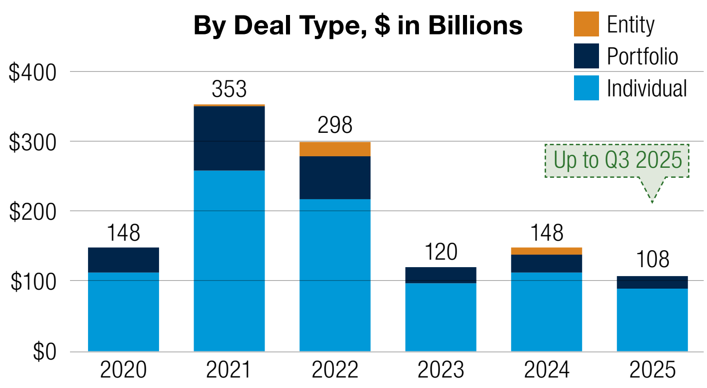
U.S. REAL ESTATE INVESTORS – INDUSTRY ANALYSIS BY ASSET CLASS

MULTIFAMILY

U.S. Real Estate Investors – Industry Analysis by Asset Class

MULTIFAMILY INVESTMENT VOLUME[1]



KEY METRICS[2]

U.S Multifamily Metrics	2024	2025	Change
Vacancy Rate	8.3%	8.4%	1.2%
Cap Rate (Q3)	6.1%	6.1%	0 bps
Effective Rent	$1,730	$1,734	0.2%
Net Unit Absorption YTD	541K SF	425K SF	(21.4%)
Mortgage Delinquency Rate[5]	4.6%	6.6%	200 bps

MAJOR HEADLINES

- **Apartment Demand Slows, Leading to Uncommon 3rd Quarter Rent Cuts:** ~22% of apartments offered concessions in 3Q with the average concession of ~6.2%, which can suppress effective rent growth until discounts burn off.[3]
- **National Multifamily Rent Forecast Adjusted Lower Despite Expected Drawdown Of Oversupply:** CoStar revised rent-growth to lower expectations, projecting new supply to outpace occupancy gains until late 2025 – keeping rent growth muted near-term.[2]
- **U.S. Apartment Rents Fall for Third Straight Month Amid Easing Occupancy:** National effective rents declined ~0.2% MoM, while tech-driven coastal markets (SF and San Jose) continue to post 3%–7% YoY rent growth in AI-linked demand.[3]
- **Tenant Retention Drives Multifamily Value:** Arbor Realty Trust's analysis stresses that tenant retention is critical because homebuying remains unaffordable—median household income trails the level needed to purchase by about $60,000. Longer tenancies reduce turnover costs and stabilize cash flows, making retention a key value driver.[4]

KEY TAKE-AWAYS

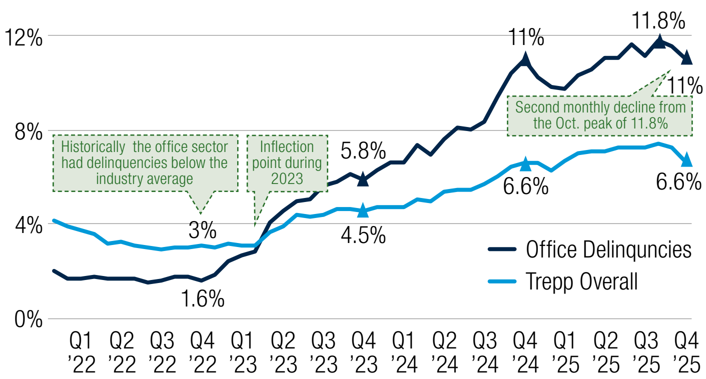
- **Investment activity** remains below prior-cycle peaks but is stabilizing, with 2025 volume tracking modestly in line with 2024 YTD as pricing expectations gradually reset and deal flow resumes.
- **Vacancy** has edged higher (+10 bps YoY) as new supply continues to deliver, though absorption remains positive, signaling demand resilience despite near-term pressure on fundamentals.
- **Cap rates** remained flat year-over-year, indicating valuation stability even as transaction volumes remain constrained by financing costs and bid-ask spreads.
- **Effective rent** growth tapered (+0.23% YoY), reflecting operators prioritizing occupancy and cash flow over aggressive rent growth in a competitive leasing environment.
- **Net absorption** declined YoY (by 21.4%) but remained positive in 2025, indicating continued tenant demand despite a slower pace of leasing compared to the prior year.
- **Mortgage Delinquencies** rose 200 bps YoY to 6.6%, signaling growing stress as legacy, pre-rate-hike loans mature and face refinancing hurdles at current levels.

***Sources**: A&M Analysis; (1) CBRE (2) Costar – Metrics as of Dec. 8th, 2025 (3) RealPage (4) Abor Realty Trust (5) TREPP*

OFFICE

U.S. Real Estate Investors – Industry Analysis by Asset Class

CMBS OFFICE DELINQUENCIES VS. MARKET AVERAGE[1]



KEY METRICS[2]

U.S Office Metrics	2024	2025	Change
Vacancy Rate	14.0%	14.1%	0.7%
Cap Rate (Q3)	8.9%	9.0%	10 bps
Effective Monthly Rent	$36.1	$36.2	0.5%
Net Unit Absorption YTD	(30.3) MSF	0.3 MSF	101.0%
Mortgage Delinquency Rate[4]	11.0%	11.3%	30 bps

MAJOR HEADLINES

- **US Office Late Payments Spike On New York City Loan Default, Fitch Says:** Following the default of a major Manhattan office loan, office delinquencies increased 42 bps MoM in September to 8.12%. Elevated financing costs and persistent hybrid work continue to extend distress across the office sector.[3]
- **Sales Of Distressed Commercial Properties Rise, Led By Offices:** Distressed-property sales rose as rate cuts improved deal flow, with office assets leading the increase in troubled transactions.[2]
- **Office Loan Delinquencies Pressure Regional Banks:** Reuters notes office delinquencies remain elevated (over ~11% delinquent per the analysis), keeping banks cautious and tightening refinance conditions. Investor implication: debt availability and repricing remain key determinants of office transaction volume.[3]
- **Office Demand Rebound Improves Sector Outlook:** CoStar upgraded its US office forecast as absorption turned positive in 3Q25 and vacancy growth moderated, underscoring improving fundamentals in higher-quality assets amid continued weakness in commodity stock.[2]

KEY TAKE-AWAYS

- **Distress** pressures continue to build beneath the surface, as office delinquencies have risen well above market averages and have yet to show a clear peak, signaling ongoing balance-sheet stress for lower-quality assets.
- **Tenant demand** is increasingly concentrated in high-quality space, with Class A and prime assets capturing the majority of leasing activity while commodity and obsolete buildings continue to struggle.
- **Rent growth** remains muted despite improving leasing momentum, reflecting elevated concessions and landlord competition as owners prioritize occupancy over pricing.
- **The market is transitioning toward a bifurcated recovery,** where institutional capital and tenant demand favor well-located, high-quality assets, while structurally challenged properties face prolonged vacancy and heightened downside risk.
- **Mortgage Delinquencies** increased modestly year-over-year (+30 bps) to 11.3%, suggesting stabilization following a volatile cycle, though levels remain elevated.

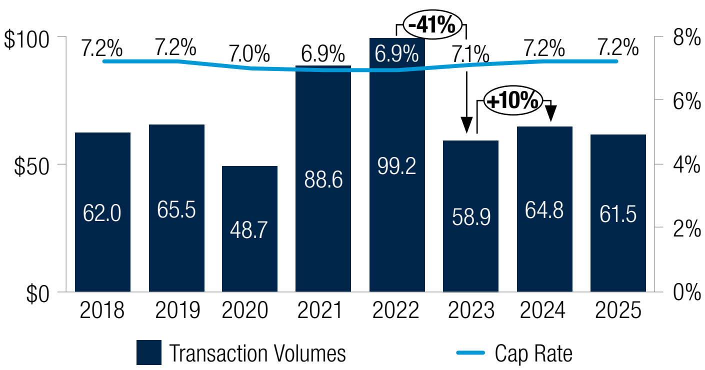
***Sources**: A&M Analysis; (1) TREPP (2) Costar – Metrics as of Dec. 8th, 2025 (3) Reuters (4) TREPP*

RETAIL

U.S. Real Estate Investors – Industry Analysis by Asset Class

RETAIL TRANSACTION VOLUME[1]

$ in Billions



KEY METRICS[2]

U.S Retail Metrics	2024	2025	Change
Vacancy Rate	4.1%	4.3%	4.9%
Cap Rate (Q3)	7.2%	7.3%	10 bps
Rent PSF	$25.4	$25.8	1.5%
Net Absorption YTD	20.6 MSF	(5.4) MSF	(126.2%)
Mortgage Delinquency Rate[2]	7.4%	6.9%	(50 bps)

MAJOR HEADLINES

- **Retailers Are Snatching Up Real Estate Again:** Retailers net absorbed ~5.5M SF in Q3, rebounding from weak absorption in H1 2025; national retail vacancy ~4.3% with construction near historic lows, supporting landlord leverage despite closures.[3]
- **SF Mall Sale Pitches Mixed-use, Not Just Stores:** CoStar notes buyers are underwriting large-mall deals with alternative-use and mixed-use repositioning strategies rather than pure in-line retail growth. As a result, the 'highest-and-best-use' playbook is increasingly central to mall value discovery.[1]
- **AI Enables Dynamic 'Surveillance Pricing':** Barron's reports that retailers and travel brands are increasingly deploying AI for variable and personalized pricing, altering consumer purchase costs and demand dynamics across markets.[4]
- **Private Equity Firms Bet $1.6B On Grocery-Anchored Retail:** Bain Capital Real Estate and 11North Partners have raised $1.6 billion to acquire grocery-anchored shopping centers.

KEY TAKE-AWAYS

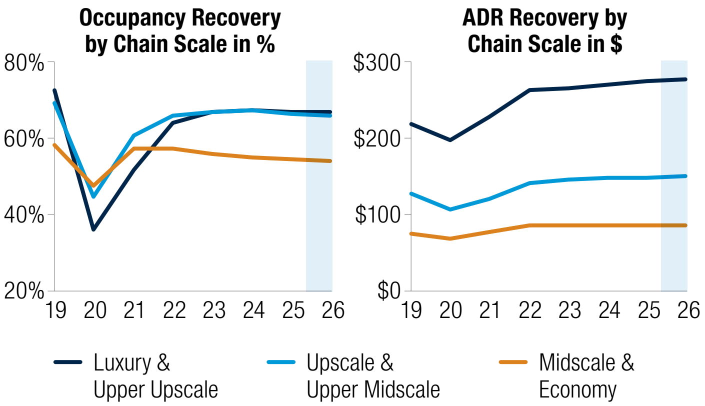
- **National vacancy** sits at near historic lows around 4-5%, despite a 20 bps increase accelerates.
- **Demand turned positive in Q3** after a softer first half, driven by backfill momentum and expansions in necessity retail, fitness, services, and discount formats.
- **Rent growth has moderated** but remained resilient and landlords are prioritizing occupancy over aggressive rate increases.
- **Construction starts hover near historic lows** and speculative development has virtually disappeared. Demolitions and repurposing of obsolete stock continue to outpace new builds.
- **Transaction volume is recovering** as pricing stabilizes, and bid-ask spreads narrow. Cap rate growth stagnated, and investor appetite remains concentrated in grocery-anchored centers, high-quality STNL, and durable credit, while secondary formats trade at meaningfully wider yields.
- **Mortgage Delinquencies** improved YoY (6.8%), reflecting continued operational recovery and stronger tenant fundamentals.

***Sources**: A&M Analysis; (1) Costar – Metrics as of Dec. 8th, 2025 (2) TREPP (3) WSJ (4) Barrons*

HOSPITALITY

U.S. Real Estate Investors – Industry Analysis by Asset Class

REVPAR RECOVERY BY CHAIN SCALE[1]



KEY METRICS[2]

U.S. HOSPITALITY & LEISURE METRICS	2024	2025	Change
Occupancy	63.0%	63.7%	-
Vacancy	37.0%	36.3%	-0.7%
Cap Rates (suburban)[4]	8.0%	8.0%	-
ADR	$159.1	$161.3	1.4%
RevPAR	$100.3	$102.7	2.4%
Mortgage Delinquency Rate[5]	6.1%	6.6%	50 bps

MAJOR HEADLINES

- **U.S. Hotel Construction Down For Ninth Consecutive Month:** CoStar Benchmark reports U.S. hotel rooms under construction declined for a ninth straight month demonstrating the trend of inaction as a result of uncertainty and high construction costs.[1]
- **The Ugly New Math Crushing Hotels:** Many U.S. hotels face a profitability squeeze as operating costs – labor, taxes, insurance – rise faster than revenue, eroding margins. A survey of ~6,000 hotels shows labor costs up ~9% per room, straining economics and likely reshaping investment and operating strategies.[2]
- **Luxury Hotels Outperform Midscale Segment In 2025:** Travel Weekly's 2025 year-in-review notes that U.S. hotels experienced their first RevPAR decline since 2020, but the pain was concentrated in economy and midscale segments. Luxury hotels continued to attract high-spending travelers, resulting in stronger average rates and higher occupancy.

KEY TAKE-AWAYS

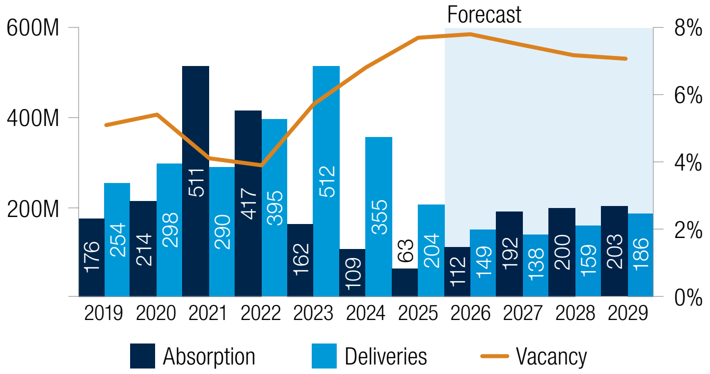
- **With occupancy** expected to remain flat in 2026, CoStar projects ~5% RevPAR growth driven primarily by a $7 increase in ADR. This continues the post-2022 pattern of RevPAR gains being led by rate growth rather than volume.
- **Compressed hotel margins** and limited RevPAR growth necessitate focus on value creation initiatives, particularly through cost control, active asset management, and operational efficiency.
- **Slower hotel construction** is limiting new supply, which may help stabilize ADR in markets with sustained demand.
- **RevPAR trends by segment** demonstrate a bifurcated pattern which mirrors patterns seen in the macro economy wherein luxury spend has remained healthy as economy and midscale segments have faltered.
- **Mortgage Delinquencies** rose 50 bps from the prior year to 6.6%, indicating some renewed pressure despite resilient travel demand.

***Sources**: A&M Analysis; (1) Costar – Key Metrics as of Dec. 8th, 2025 (2) SKIFT (3) Hospitalitynet (4) A&M Research (5) TREPP*

INDUSTRIAL & LOGISTICS

U.S. Real Estate Investors – Industry Analysis by Asset Class

NET ABSORPTION, NET DELIVERIES AND VACANCIES(1)



KEY METRICS(1)

U.S. INDUSTRIAL METRICS	2024	2025	CHANGE
Vacancy Rate	6.9%	7.5%	0.6%
Cap Rate (Q3)	7.4%	7.3%	(10 bps)
Asking Rent per SF	$12.1	$12.01	(0.7%)
Net Absorption YTD	109.1 MSF	62.7 MSF	(42.5%)
Mortgage Delinquency Rate(3)	0.3%	0.8%	50 bps

MAJOR HEADLINES

- **Industrial Vacancy Climbs; Tenant Leverage Increases:** CoStar notes the national industrial vacancy rate has risen steadily and now sits around 7.5%, shifting negotiating leverage toward tenants. Investor takeaway: rent growth is stalling in many markets; focus on best-performing nodes and smaller-bay demand.[1]
- **Small-Bay Industrial Outperforms Big-Box:** CoStar identifies small-bay leaders (e.g., Richmond, Tampa, Nashville, Columbus, Salt Lake City, Miami) driven by leasing momentum and rent gains. Implication: small-bay portfolios can offer resilience as big-box demand cools.[1]
- **Industrial Demand Drivers Remains Intact:** Bisnow reports a wave of manufacturing onshoring and reinvestment could improve industrial absorption outlook. Investor implication: target markets aligned with advanced manufacturing and supplier ecosystems–but watch execution timing and policy risk.[2]

KEY TAKE-AWAYS

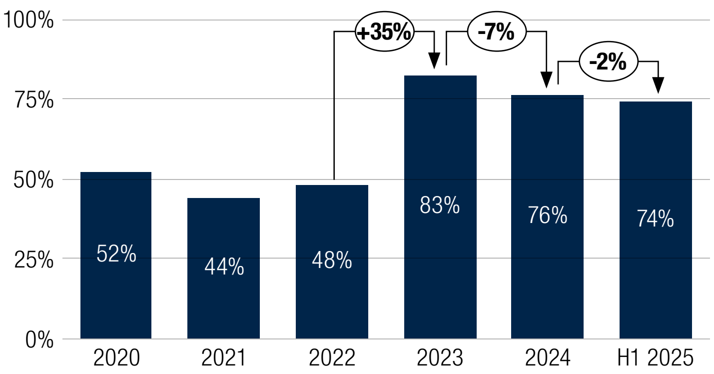
- **New Industrial deliveries** are slowing down as the market moves back toward balance, with absorption forecasted to improve following a period of macro-driven softness.
- **The supply pipeline** has reset sharply, as new deliveries fall to multi-year lows and development activity is expected to continue contraction in 2026 and 2027.
- **Tenant and investor demand** remains concentrated in modern, high-quality logistics assets, while older and functionally obsolete space continues to face pressure.
- **Rent growth** has moderated from post-pandemic highs; however, long-term demand drivers such as supply-chain reconfiguration and reshoring continue to support industrial fundamentals.
- **Industrial CMBS mortgage delinquencies** rose +50 bps YoY to 0.80%, but remain low relative to other asset classes, supported by the sector's concentration of purpose-built, single-tenant properties. Importantly, current levels are still within historical ranges for industrial and far below distress-period peaks.

***Sources**: A&M Analysis; (1) Costar – Metrics as of Dec. 8th, 2025 (2) Bisnow, (3) TREPP*

DATA CENTER

U.S. Real Estate Investors – Industry Analysis by Asset Class

PRELEASING RATE OF UNDER-CONSTRUCTION DATA CENTERS IN PRIMARY MARKETS[1]



KEY METRICS[2]

U.S. DATA CENTER METRICS	H1 2024	H1 2025	CHANGE
Avg Rental Rates for 250-500 kW	174.0 per kW / month	188.8 per kW / month	8.5%
Under Construction (MW)	3,871.7 MW	5,242.5 MW	35.4%
Preleased (MW)	3,056.4 MW	3,895.3 MW	27.4%
Net Absorption (MW)	547.3 MW	1,232.2 MW	125.1%

MAJOR HEADLINES

- **PJM Auction Prices Hit Record On Data-center Demand:** Reuters reports PJM's capacity auction cleared at record prices ($333.44/MW-day), reflecting supply constraints amid surging demand from data centers.[3]
- **Global Demand For Data Centers Is Surging, And Investors Are Responding Through Development Rather Than Acquisition:** MSCI estimates 47,000+ MW of capacity is under construction globally with the U.S. accounting for roughly ~67% of the pipeline[4]
- **When AI Meets Water Scarcity: Data Centers in a Thirsty World:** Artificial intelligence and cloud expansion are fueling a surge in data-center construction, often in water-stressed regions, making cooling water usage an operational and reputational risk.[4]
- **Desire for Data Centers Creates Carbon Dilemma for Property Investors:** MSCI notes data-centers are driving higher carbon footprints, creating complications for operators and investors who have climate targets.(4) The U.S. regulatory environment has been more favorable than those of the UK and EU.[5]

KEY TAKE-AWAYS

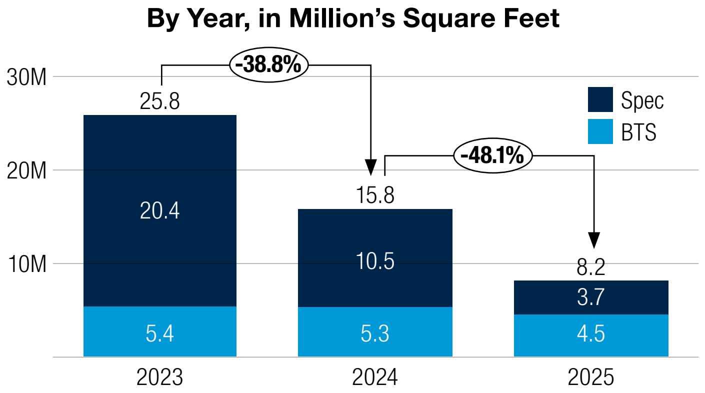
- 125% increase in **net absorption** and 35% growth of MW under construction in H1 2025 (from H1 2024) signals the market's rapid growth. Increasing data center construction was outpaced by demand resulting in an average rental rate increase of almost 8.5%.
- **Occupiers** demand flexible properties to enable facilities to adapt as the technological advancement of data centers accelerates. As the technology, use, and ability of AI continue to be dynamic, so too must be the data center infrastructure that supports it.
- **With surging demand** for data centers and the infrastructure that supports them, power availability and cost are now core underwriting variables for data center markets.
- **Demand growth** is increasingly AI-driven and power-dense, accelerating obsolescence risk for older facilities and elevating redevelopment, retrofit, or repurposing strategies as viable value-creation paths.

***Sources**: A&M Analysis; (1) CBRE (2) CoStar – Metrics as of Dec. 8th, 2025 (3) Reuters (4) MSCI (5) Bisnow*

BIO & LIFE SCIENCE

U.S. Real Estate Investors – Industry Analysis by Asset Class

BTS AND SPEC COMPLETIONS[1]



KEY METRICS[1]

U.S. BIO & LIFE SCIENCES METRICS	Mid-2024	Mid-2025	CHANGE
Total Inventory[2]	172 MSF	212 MSF	23.7%
Asking Rent	$69.4	$66.4	(4.3%)
Vacancy	19.9%	24.7%	4.8%
Net Absorption	($4.8M)	($2.7M)	(43.8%)**

MAJOR HEADLINES

- **AI reduces lab intensity as vacancies rise:** CoStar reports AI is changing how life-science tenants use space while millions of SF of lab inventory sit vacant. Investor takeaway: next-cycle demand may be less space-intensive, favoring flexible designs and prime campuses.[3]
- **Funding pullback sends lab vacancies soaring:** The Real Deal reports vacancies in major U.S. life-sciences markets have jumped sharply as venture funding slows and new supply delivers. Investor takeaway: expect rent softness and higher TI packages until absorption normalizes.[4]
- **Leasing outlook remains murky into 2026:** Bisnow reports landlords face cautious tenants amid funding cuts and more competition, limiting a near-term leasing rebound. Takeaway: stabilize via shorter-term deals and spec suites carefully; underwrite longer downtime.[5]

KEY TAKE-AWAYS

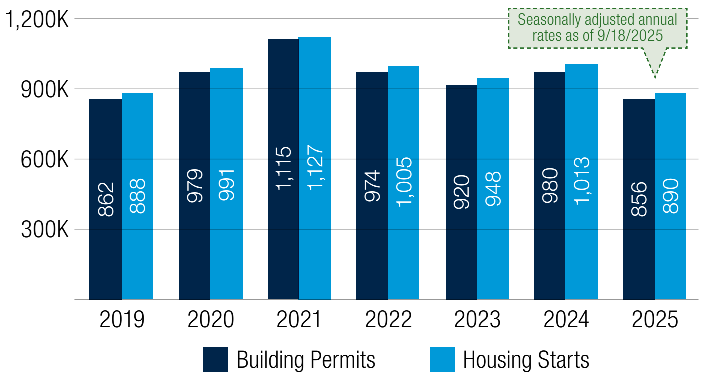
- **Life sciences fundamentals** are normalizing following a period of outsized growth, as elevated availability reflects supply digestion rather than a collapse in underlying demand.
- **Demand remains selective** and capital-driven, with leasing activity concentrated among well-funded tenants and top-tier markets, reinforcing a widening quality and location divide.
- **Development pipelines** are pulling back materially, reducing future supply risk and improving medium-term market balance as new groundbreakings slow.
- **Capital markets** remain cautious but engaged, with investment and leasing favoring stabilized, institutional-quality assets and markets with deep research ecosystems.
- **AI-enabled drug discovery** and R&D efficiency gains are reshaping space needs, supporting long-term lab demand even as near-term footprints are optimized.

***Sources**: A&M Analysis; (1) Cushman & Wakefield (2) CBRE (3) Costar (4) The Real Deal (5) Bisnow*
***Overall absorption improved – although the % change is negative (reflecting two negative periods), the underlying performance is positive.*

SINGLE FAMILY

U.S. Real Estate Investors – Industry Analysis by Asset Class

U.S. SINGLE-FAMILY HOUSING STARTS & PERMITS(1)



KEY METRICS

U.S. SINGLE FAMILY METRICS	Mid-2024	Mid-2025	CHANGE
Existing Home Sales[2]	4.1M	4.0M	(2.4%)
Housing Affordability Index[3]	102	95	(6.7%)
Single-Family Housing Starts[1]	1.0M	0.9M	(5.9%)
Home Price Index Growth[4]	429.3	436.7	1.7%

MAJOR HEADLINES

- **Single-Family Rent Growth Slows to 0.9% in October 2025:** National rent growth decelerated to its lowest level in over 15 years, with nearly half of major metros posting flat or declining rents.[5]
- **Sun Belt Single-Family Rents Under Pressure:** Elevated new supply and competitive multifamily deliveries are weighing on rent growth across several major Sun Belt markets.[5]
- **Occupancy Improvement Signals Strength in the SFR Sector:** Single-family rental occupancy rose to 94.5%, marking the strongest quarterly improvement in four years and supporting income stability.[6]
- **Trump Signs Executive Order to Ban Wall Street Investments in Single-Family Homes:** The ban aims to curb Wall Street's role in the housing market by stopping large funds from scooping up single-family homes.[7]

KEY TAKE-AWAYS

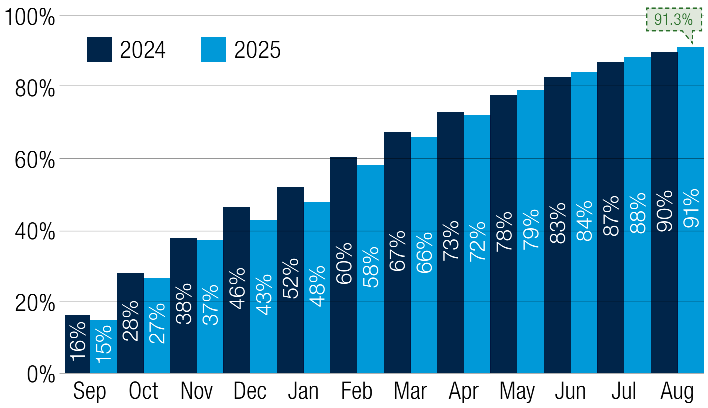
- **Affordability** is the primary constraint on demand, as elevated mortgage rates and home prices limit buyer mobility despite persistent housing need.
- **New supply** remains structurally insufficient, with declining single-family starts reinforcing long-term housing shortages, particularly for entry-level homes.
- **Home price growth** has moderated but remains resilient, supported by limited inventory and low existing-home turnover.
- **Geographic and price-tier bifurcation** is, with stronger performance in Midwest and supply-constrained markets relative to high-cost Sun Belt metros.
- **Single-family rental demand** remains supported, as affordability challenges in homeownership continue to push households toward rental alternatives.
- **Trump's order** prioritizes individual buyers by limiting federal support for institutional purchases and triggering antitrust review of large acquisitions—measures that, if enforced, could constrain future large-scale investor buying in single-family housing.

***Sources**: A&M Analysis; (1) NAHB / Census (2) NAR Existing Home Sales (3) NAR HAI (4) FHFA / Case-Shiller (5) Multi-Housing News (6) Arbor Realty Trust (7) The White House*

STUDENT HOUSING

U.S. Real Estate Investors – Industry Analysis by Asset Class

MONTHLY PRE-LEASE RATE[1]



KEY METRICS[1]

U.S. STUDENT HOUSING METRICS	Q3 2024	Q3 2025	CHANGE
Occupancy	91.9%	91.8%	-
Vacancy	8.1%	8.2%	0.10%
Delivered Beds	41.4k	34.7k	(16.2%)
Avg. Rent per Bedroom	$976	$1,006	3.1%
Price per Bed[3]	$107K	$98K	(8.4%)

MAJOR HEADLINES

- **Student Housing Occupancy Climbs to 95.1% for 2025–2026 Academic Year:** Occupancy across Yardi 200 universities increased to 95.1%, up from 93.6% the prior year, supported by strong preleasing activity.[4]
- **Student Housing Rent Growth Moderates:** Average rents rose 3.1% YoY (vs. materially higher growth in prior years driven by post-pandemic catch-up), while occupancy remained stable at ~92%, signaling continued strength alongside a normalization of growth.[4]
- **Student Housing Supply Pipeline Remains Elevated but Reflects Slowing Growth:** Only ~27,000 beds were delivered in 2025, down from ~35,000 in 2024 and ~44,700 in 2023, while ~38,500 beds are currently under construction with ~26,500 slated for 2026. This pipeline, though larger than 2025 deliveries, is part of a decelerating supply trend compared to prior peak levels.[5]
- **Investment Volume Reaches $3.7B Across 76 Transactions:** Investment activity reached $3.7B year-to-date, with deal flow concentrated near flagship universities and high-growth markets.[4]

KEY TAKE-AWAYS

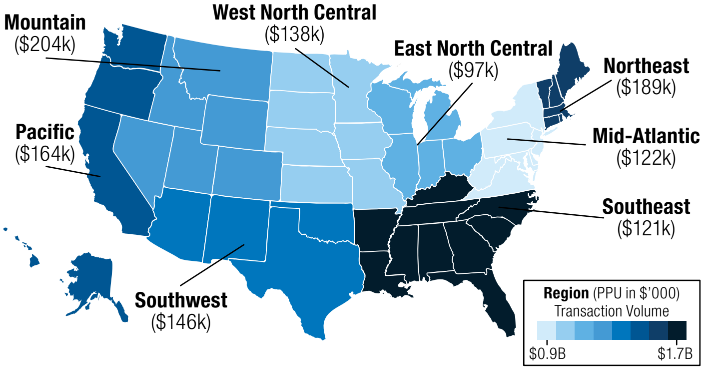
- **Fundamentals remain exceptionally strong**, with sustained high occupancy reinforcing student housing's strong positioning relative to other residential and commercial property types.
- **Demographic pressures** are building beneath the surface, as declining high school graduation rates and uneven international enrollment trends point toward increasing performance divergence across markets and institution types.
- **Operators are pivoting** from growth to optimization, emphasizing occupancy retention and NOI stability over the aggressive rent growth strategies that defined the post-pandemic period.
- **Supply dynamics continue** to favor performance, as constrained development pipelines and elevated construction costs limit competitive pressure across primary university markets through the medium term.
- **Capital markets remain selective but active**, with institutional allocators concentrating on stabilized, core-market assets despite persistently tight financing conditions and elevated borrowing costs.

***Sources**: A&M Analysis; (1) College House (2) CBRE (3) CushmanWakefield (4) Multi-Housing News (5) Yardi*

SENIOR LIVING

U.S. Real Estate Investors – Industry Analysis by Asset Class

SENIOR HOUSING Q1-Q3 TRANSACTION VOLUME AND PRICE PER UNIT (PPU)[1]



KEY METRICS[1]

U.S. STUDENT HOUSING METRICS	Q3 2024	Q3 2025	CHANGE
Occupancy	85.5%	88.7%	-
Vacancy	13.5%	11.3%	(2.20%)
Annual Rent Growth	4.2%	4.3%	10 bps
Annual Absorption	3.9%	3.5%	(40 bps)
Annual Inventory Growth	1.1%	0.7%	(40 bps)
Construction vs. Inventory	3.5%	2.4%	(110 bps)

MAJOR HEADLINES

- **Demand Still Pushing Senior Living Occupancy Higher as Openings Remain Low:** Throughout this year, senior living demand has pushed average occupancy higher for operators as other challenges kept construction at or near record-low levels.[2]
- **Average Price Per Unit Nears $175k In Senior Living:** The average pricing for senior housing units jumped 43% YoY to nearly $175k (as of Q3) as investors competed for limited high-quality assets.[3]
- **The Conversion Opportunity: Repositioning Underperforming Assets:** One of the most significant senior living trends involves converting underutilized properties into senior housing communities. Hotels, multifamily buildings, and nursing homes are being repositioned to meet growing demand.[4]
- **Financing Reopens For Senior Living Sector:** Following 17 consecutive quarterly increases in senior housing occupancy (as of Q3, 2025), financing availability improved in 2025 to enable senior housing transactions near their highest level since 2022.[3]

KEY TAKE-AWAYS

- **Strong fundamentals** have been driven by persistent demand (occupancy rates climbing to 88.7%) and supported by a lagging supply (limited inventory growth of a mere 0.7%). Despite a strong market for investors, construction starts sit at record lows.
- **A 43% YoY increase** in average price per unit of senior housing reflected constricted supply Investors should be prepared for compressed cap rates, especially in premier markets such as NYC, Phoenix, Nashville, and Boston.[1]
- **Demand is supported by demographic tailwinds**, as the 80+ population enters a multi-year growth phase with the aging of the Baby Boomer cohort.
- With both **pricing and activity** on the rise nationally, transaction volume is led by the Southeast, Northeast, and Pacific regions where demographic growth, healthcare access, and supply constraints are driving deeper buyer demand.
- **Uncertain development costs**, an average development cycle of 29 months, and rapidly rising prices for existing units are leading investors to conversion opportunities to fill the supply gap.

Sources: *A&M Analysis; (1) NIC MAP Data (2) Senior Housing News (3) Multi-Housing News (4) Paradigm Senior Living*

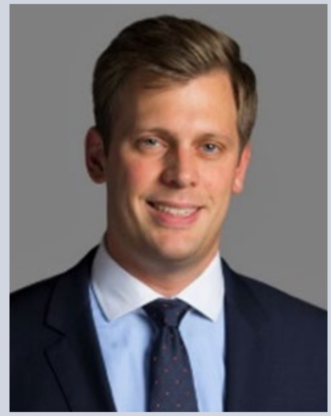
KEY CONTACTS

A&M Real Estate Advisory Services – Key Contacts

KEY CONTRIBUTORS

Hameer Vaid
Managing Director
NYC
hvaid@alvarezandmarsal.com

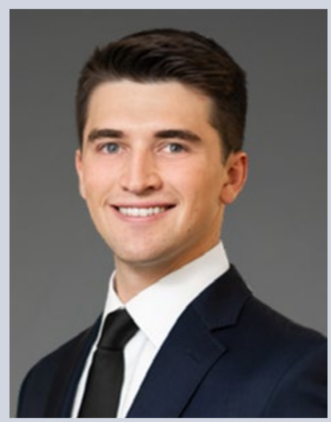
Hunt Holsomback
Managing Director
Denver
hholsombck@alvarezandmarsal.com



Philipp Drissen
Senior Director
NYC
pdrissen@alvarezandmarsal.com

Katy Saltz
Manager
NYC
ksaltz@alvarezandmarsal.com

George Elliott
Senior Associate
Denver
gelliott@alvarezandmarsal.com



Hudson Whittington
Analyst
NYC
hwhittington@alvarezandmarsal.com

A&M REAL ESTATE ADVISORY SERVICES (“REAS”)

APPENDIX

GLOSSARY OF KEY METRICS

Appendix

General[1]

Vacancy Rate – Expressed as a percentage - it identifies the amount of New/Relet/Sublet space vacant divided by the existing RBA. Can be used for buildings or markets.

Cap Rate – The income rate of return for a total property that reflects the relationship between one year's net operating income expectancy and the total price or value. Calculated by dividing the net operating income by the sale price or value.

Effective Rent – The average rent paid over the term by a tenant adjusted downward for concessions paid for by the landlord (such as free rent, moving expenses, or other allowances), and upward for costs that are the responsibility of the tenant (such as operating expense pass throughs).

Net Absorption – For existing buildings, the measure of total square feet occupied (indicated as a Move-In) less the total space vacated (indicated as a Move-Out) over a given period of time.

Mortgage Delinquency Rate[2] – Refers to the percentage of loans across all property types that are late on their payments by at least 30 days. The delinquency rate is calculated by dividing the delinquent balance by the total balance of loans outstanding.

Occupancy – Occupancy rate is one of the global hotel industry's foundational performance metrics, showing the percentage of rooms occupied in a property, segment or geographic area for any given time.

Hospitality

ADR – Average Daily Rate (ADR) is the measure of the average paid for rooms sold in a given time period. The metric covers only revenue-generating guestrooms. ADR is calculated by dividing room revenue by rooms sold. The metric is of course applicable for any currency.

RevPAR – Revenue Per Available Room (RevPAR) shows the revenue generated per room regardless of if rooms are occupied or not. Thus, RevPAR is calculated by dividing total room revenue by total rooms available. This metric is of course applicable to any currency.

Data Centers

Under Construction – Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building Under Construction, the site must have a concrete foundation in place.

Preleased – Preleased space refers to the amount of space in a building that has been leased prior to its construction completion, or its certificate of occupancy.

Bio & Life Sciences

Total Inventory – Existing inventory refers to the total square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space that is either planned, or under construction.

Sources*: A&M Analysis; (1) CoStar unless otherwise noted (2) TREPP (3) Cushman & Wakefield (4) NAR (5) NAHB / Census (6) FHFA / Case-Shiller (7) College House (8) NIC MAP Data*
**Definitions for a key metric correspond with the data source used for each metric where the data provider clearly defines the metric*

GLOSSARY OF KEY METRICS

Appendix

Single Family

Existing Home Sales[4] – Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from Multiple Listing Services. Changes in sales trends outside of MLSs are not captured in the monthly series. NAR benchmarks home sales periodically using other sources to assess overall home sales trends, including sales not reported by MLSs.

Housing Affordability Index[4] – The NATIONAL ASSOCIATION OF REALTORS® affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. To interpret the indices, a value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home.

Single-Family Housing Starts[5] – Calculated as the number of groundbreakings for single-family homes which are detached residences built on its own property. The key characteristics of a single-family home are: freestanding structure (typically), contains its own entrance, kitchen, bathroom(s), and living spaces, and usually includes a private yard or garden. The U.S. Census Bureau also considers some attached homes like townhouses, duplexes, and row houses to be single-family homes, as long as residences are separated by ground-to-roof walls.

Home Price Index Growth[6] – Comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities.

Student Housing

Occupancy[7] – Representing the portion of available beds that are currently occupied at a given point in the academic leasing cycle.

Delivered Beds[7] – the number of new student housing beds that have been completed and entered the market in a given period.

Avg. Rent Per Bedroom[7] – Average rent amount per individual bed (e.g., in dollars per bed per month).

Price Per Bed[3] – Valuation metric calculated by dividing the total transaction price of a property by the total number of beds (or resident capacity) in that facility.

Senior Living[8]

Occupancy – The average unit occupancy of reporting properties.

Annual Rent Growth – The annual growth rate of "Average Asking Rent" for properties reporting rent data in both the current quarter and the same quarter a year ago.

Annual Absorption – The change in the occupied units from the previous year.

Annual Inventory Growth – The change in inventory from the previous year.

Construction vs. Inventory – The number of units under construction divided by the inventory currently in the market.

***Sources**: A&M Analysis; (1) CoStar unless otherwise noted (2) TREPP (3) Cushman & Wakefield (4) NAR (5) NAHB / Census (6) FHFA / Case-Shiller (7) College House (8) NIC MAP Data*

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