2025 US REAL ESTATE MIDYEAR OUTLOOK

Clarity Through the Clouds:

Finding Opportunity in the Upcycle

GLOBAL AND DOMESTIC OUTLOOK

Finding Clarity through the Clouds in 2025

We believe that US real estate is no longer merely poised for a cycle turn—it is already stepping onto a firmer path. Asset values have largely completed their reset, and early-cycle price discovery continues to fuel the momentum of high conviction capital.

Finding *Clarity through the Clouds* in the dawning upcycle of US commercial real estate requires finding adequate signal through the noise. In the first half of 2025, we have seen larger-than-normal shifts in macroeconomic conditions, global trade relationships, increasing geopolitical tensions and escalation of conflicts—these are only a few contributors of noise the impedes the ability to see signal.

Our view: 2025 rewards managers who convert today's high conviction themes into decisive capital deployment. We believe the outlook is most attractive for living strategies (i.e., multifamily, build-to-rent, seniors), modern small-bay logistics & advanced manufacturing, and private real-estate credit.

WHERE WE WERE RIGHT AND WHERE WE WERE EARLY IN 2025

Capturing Value in a Changing Environment

H1 2025

Surprises and Early Expectations

Global momentum moderated sharply. Growth expectations have come in as widening trade frictions unsettled supply chains, softened export orders, and dented business sentiment.

Short-term softening economic conditions exist, but the long-term outlook is positive. We anticipate trade policy will settle and provide greater certainty for businesses and consumers.

Markets anticipate short-term interest rate cuts while a longer-term “high for longer” view reflects the balance of risk between potential inflation and otherwise solid private-sector fundamentals.

H2 2025

Evolving Economic Outlook

The US remains on solid footing by strong household balance sheets and on-shoring investment, positioning real-asset sectors—rental housing, modern logistics, digital infrastructure, and private credit—to capture opportunity for robust risk-adjusted returns as macro stability improves broadly.

2025 & BEYOND

Where We See Opportunities

Our high conviction areas hold consistent year-over-year. Sectors with consumer- and demographic-driven tailwinds are likely to perform well, in our view. Market dislocation may continue to emerge in select sectors, presenting attractive opportunities as well.

ADAPTING TO FIVE YEARS OF SHOCKS AND VOLATILITY

Real Assets Are Adapting to the New Normal

Early Pandemic Shocks and Responses | Shift to High Inflation | Policy Shifts and Escalating Conflicts

2020 – 2025

- Five Years of Not Normal (2020–2025)
- Exceptional Stability to Exceptional Instability (2020–2025)

2020
- CARES Act
- Paper Towels (Pandemic Panic Buying)
- Consolidated Appropriations Act
- Everything Bubble Concerns Increase (2020–2022)
- M2 Money Supply Surge (2020–2021)

2021
- American Rescue Plan Act
- Transitory Inflation
- The Evergreen (Suez Canal Blockage)
- Delta and Omicron Variants

2022
- Reversal of 40 Years of Falling Sovereign Yields
- Ukraine War
- The Consumer Is Not OK
- Inflation Reduction Act
- CHIPS and Science Act
- Emergence of Scalable Artificial Intelligence
- Increased Market Volatility
- Food Inflation (2022–2023)
- Fed Begins Aggressive Rate Hikes (2022–2023)
- Yield Curve Inversion (2022–2024)
- Globalism 2.0 Is Still Undefined (2022–2025)
- Multiple, Consecutive Once-in-a-Generation Shocks (2022–2025)

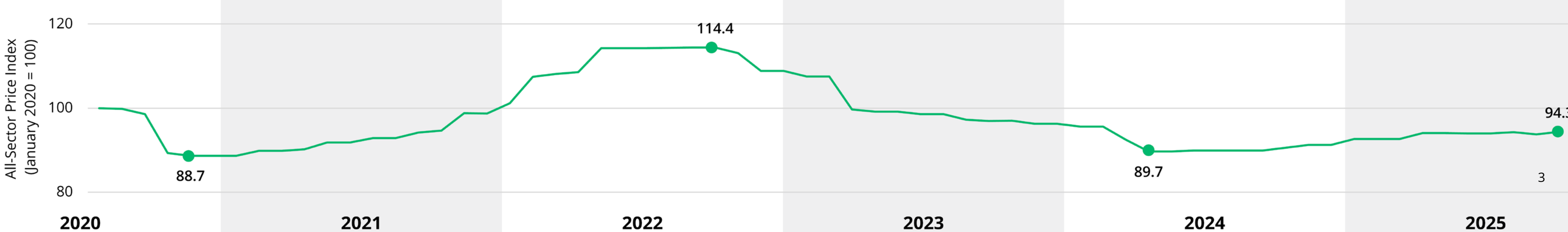
2023
- Distress and the Wall of Maturities
- Collapse of Banks (SVB, Signature)
- Debt Ceiling Crisis
- War in Gaza

2024
- Federal Reserve starts cutting rates
- US elections signal changes in White House and Congress

2025
- Federal staffing cuts
- New tariff regime
- Volatility in public markets
- War in Iran

US Commercial Real Estate asset values have weathered a storm of global shocks and domestic headwinds, and the outlook is improving.

US Real Asset Values Weather Multiple Shocks and Headwinds

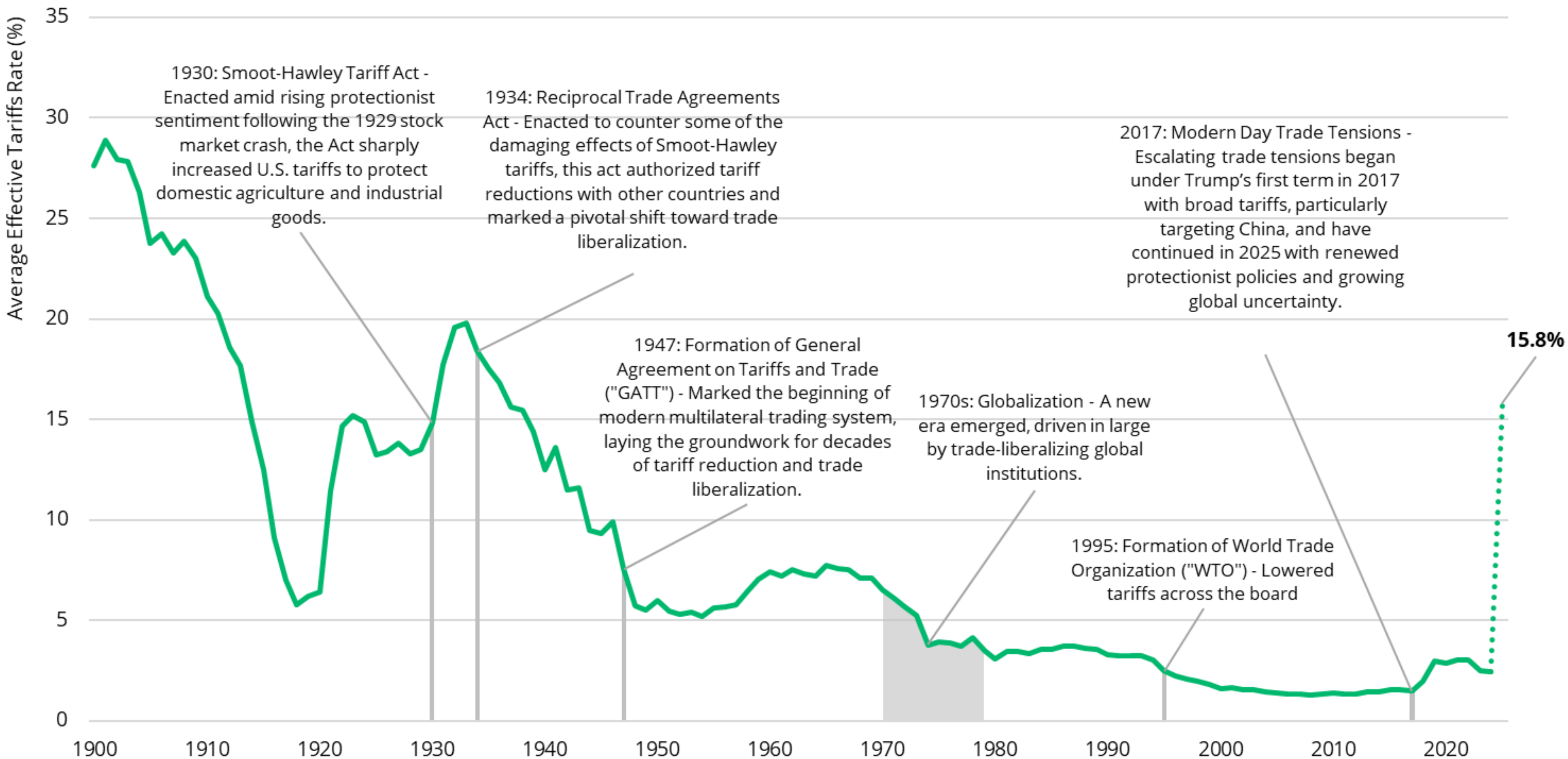


POLICY SHIFTS

New Tariff Policies Will Require Adaptation

The US effective tariff rate has climbed to its highest point in nearly a century, reversing decades of post-WWII trade liberalization and international economic cooperation, increasing costs across key sectors and likely prompting a shift in the broader global trade and supply chain landscape.

The US Sees a Historically High Average Effective Tariff Rate in 2025[1]



1. Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab at Yale analysis

POLICY SHIFTS

The *One Big Beautiful Bill Act* and the Implications for the Economy, Real Assets, and Related Tax Benefits

US Economy.

The combination of **broad-based tax cuts and targeted fiscal support** are expected to provide modest GDP growth over several years.

Several estimates for GDP growth range between 0.4% and 1.0% annually over the next five to seven years, with the Council of Economic Advisors releasing more optimistic growth projections.[1]

Expanded economic activity generally translates into greater demand for commercial and industrial real estate.

Real Assets.

Stronger growth trajectories also tend to support higher absorption rates across most property types.

Affordable rental housing will see expanded benefits that could result in the financing of over 1.2 million additional units.[2]

Low Income Housing Tax Credit (LIHTC) expansions include a permanent 12% increase in annual 9% tax credit allocations, lower private activity bond financing thresholds, and basis boosts for rural and tribal developments.

Related Tax Benefits.

Broader benefits include making permanent the tax deduction for qualifying pass-through income; provides permanent estate tax relief; offers 100% bonus depreciation for certain situations; and less restrictive limits on interest deducibility.

Opportunity Zones, created by the 2017 Tax Cuts and Jobs Act, are made permanent instead of sunsetting at year-end 2026. Restored short-term tax benefits and new benefits for investment in rural areas complement an already successful program facilitating investment in underinvested areas.

1. Tax Foundation, Committee for a Responsible Federal Budget, Congressional Budget Office as of July 2025. 2. National Low Income Housing Coalition as of July 2025.

COMMERCIAL REAL ESTATE

US CRE Outlook

CLARITY BEYOND THE CLOUDS:

A Year of Opportunity

We believe that 2025 marks the dawn of a new cycle for alternatives, with attractive opportunities ranging from real estate to private real asset credit strategies.

Private Real Estate Credit

Poised for growth amid constrained conventional lending. Focus on refinancing and origination opportunities in resilient residential and industrial sectors.

Living Strategies

Record high absorption to start 2025 as multifamily completions decelerate. Rising affordability challenges and more diverse renter demographics are likely to reshape demand dynamics over the next cycle.

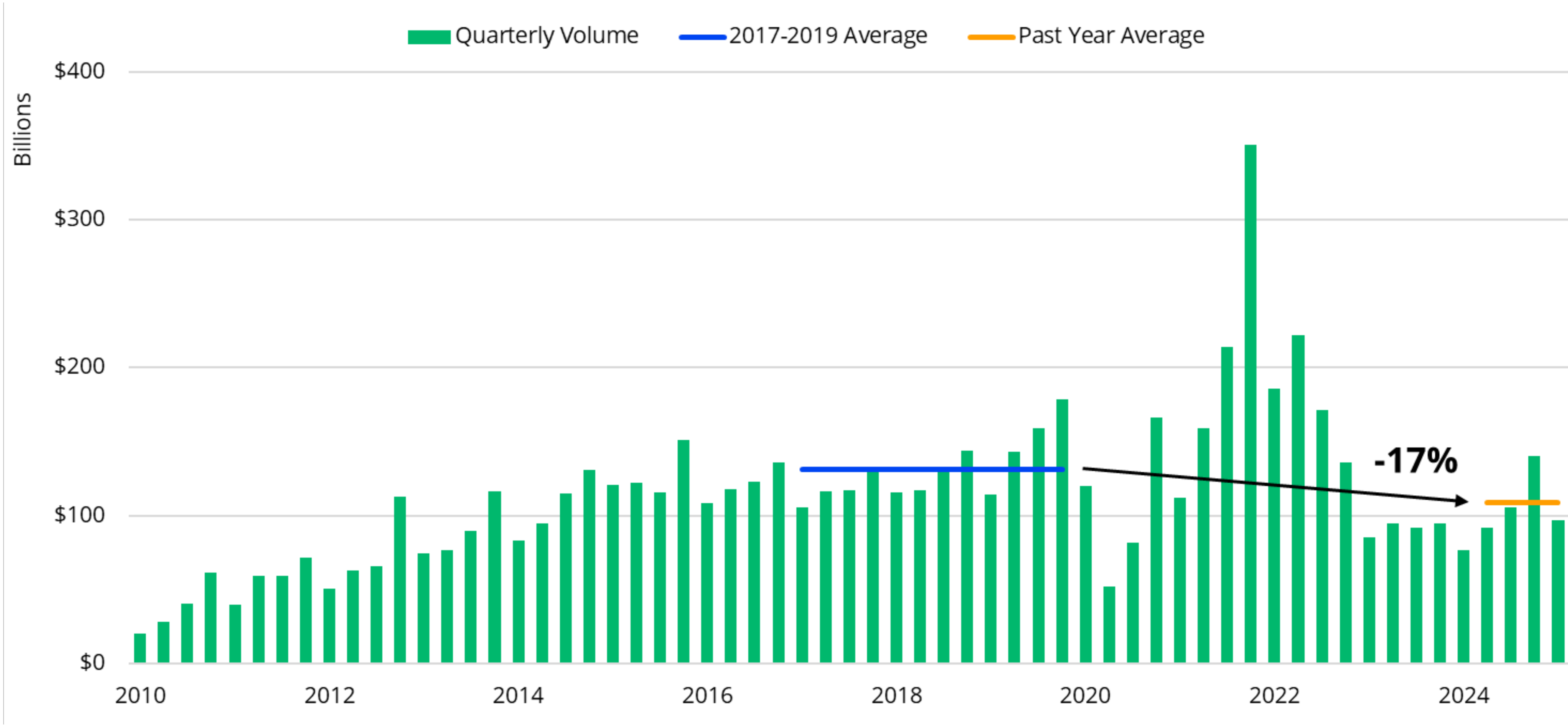
Industrial and Logistics

A sharp rebound expected in H2 2025 as supply pipelines contract. Opportunities lie in small bay urban properties, technology-driven assets, and advanced manufacturing facilities.

US Deal Volume Is on the Road to Recovery

The US remains a large, transparent, and dynamic real estate market. As history shows, periods of uncertainty often sow the seeds of the next upcycle.

Annual Deal Volume Recovering and Now Only 17% below Pre-Pandemic Averages[1]



1. MSCI Real Capital Analytics, as of Q1 2025.

HIGHLIGHTS OF THE UPCYCLE

Higher Cap Rates Reset Values

Across US CRE sectors, cap rates have reset at levels higher than pre-2020 levels. After compressing through 2022, cap rates have increased due to a confluence of higher costs of capital, working through elevated late-cycle supply, expense inflation, and other crucial factors. As these factors reverse, we anticipate moderate cap rate compression in the coming years.

50-110 BPS*
IN 2022

Investor confidence in a risk-on environment contributed to fast cap rate compression from 2020 to 2022.

60-210 BPS*
SINCE 2022

Higher costs, tighter NOI margins, and elevated supply

1. Green Street, as of Q1 2025.

COMMERCIAL REAL ESTATE

Private Credit

REAL ESTATE PRIVATE CREDIT

Private Credit: Key Themes Informing the Outlook

MIDYEAR 2025

Key Themes and Cross-currents

Higher-for-Longer Interest Rates as The Fed is holding rates high, pushing up borrowing costs and reducing margins. Lenders are responding with stricter terms, lower leverage, and higher spreads.

CRE Debt Maturity Wall Around $1.0 trillion in CRE debt matures by 2026. Refinancing is difficult as higher rates and tighter credit standards widen funding gaps.

Tight Liquidity and Banks are Retreating due to regulatory pressure. Private credit is stepping in to fill the gap with more flexible capital.

OUTLOOK FOR 2026

Emerging Trends

Distress-Driven Restructuring More borrowers are not able refinance or exit cleanly in the current financing environment. Rescue capital and workouts are on the rise, with private lenders stepping in across the capital stack.

Flight to Quality Capital is shifting towards assets in resilient sectors such as, residential, industrial based on solid fundaments.

CAPTURING VALUE

Where We See Opportunities

We see opportunities in refinancing and bridge loans, where sponsors need time to stabilize or exit and rescue capital for fundamentally sound assets. Credit in Multifamily in stable, supply constrained markets, industrial near logistics hubs offer promising opportunities.

PRIVATE REAL ESTATE DEBT

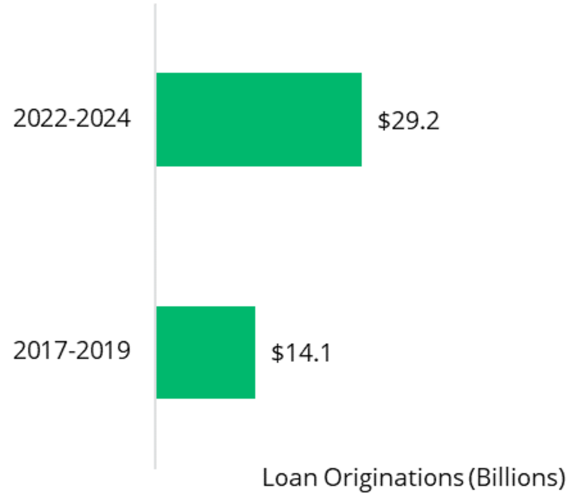
Private Real Estate Credit Poised for Growth Amid Volatility

Rising borrower demand and constrained bank lending creates opportunities for private lenders to address flexible financing needs.

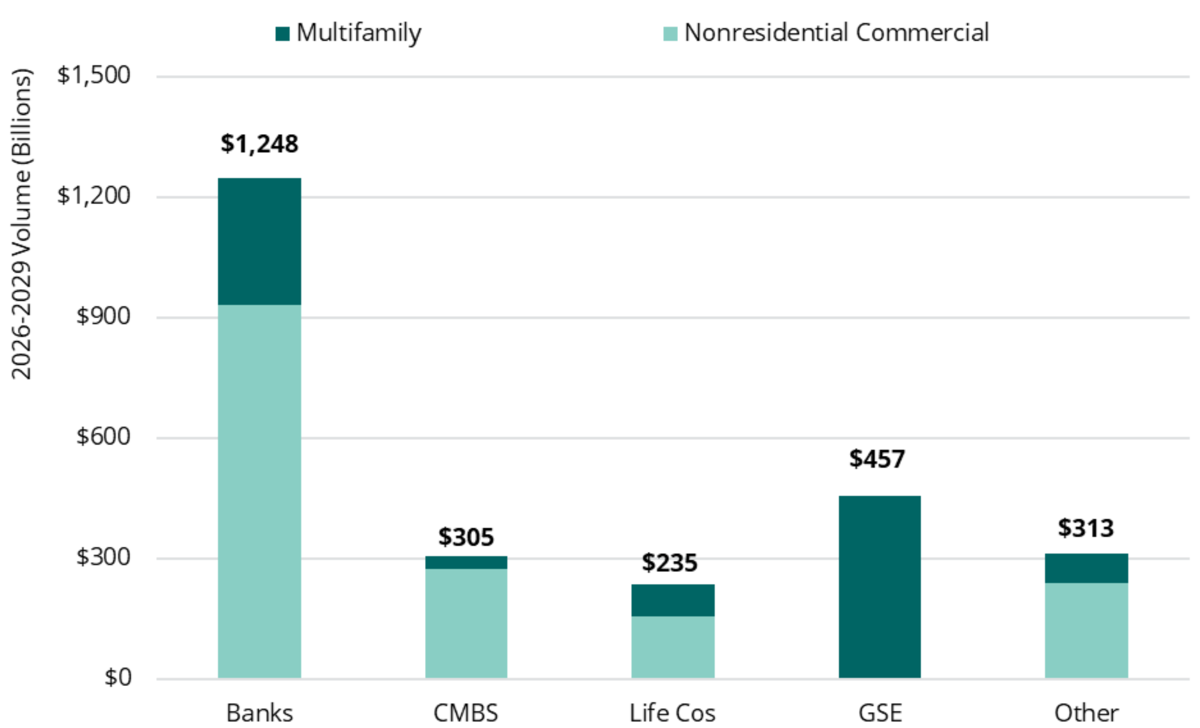
With over $2 trillion in CRE debt maturing in the next four years, sector focus is key. We believe that resilient sectors like residential and industrial in demographically supported areas provide balanced risk-reward.

2x

Surge in private credit origination volume over the past three years[2]



Over $2 Trillion Worth of CRE Mortgages Are Maturing in the Next Four Years[1]



1. Trepp, Inc., as of Q3 2024. 2. MSCI Real Capital Analytics, as of June 2025.

LIVING STRATEGIES

Multifamily

MULTIFAMILY

Multifamily: Key Themes Informing the Outlook

MIDYEAR 2025

Key Themes and Cross-currents

Multifamily is often considered the most macro-resilient sector as people need a place to live regardless of economic cycles, but it's not immune to the forces at play.

Immigration is a major variable for apartments. The surge of immigration in 2022–2024 provided a significant boost to rental demand; curbs could lead to labor shortages in construction, and the pipeline for new multifamily deliveries may shrink.

Trade policy's effect on multifamily is indirect but worth noting: should a trade war induce a recession or higher unemployment, that could hurt renters' ability to pay and lead to doubled-up households (reducing housing demand).

OUTLOOK FOR 2026

Emerging Trends

We are already seeing developers pull back on new starts due to high costs and financing challenges. Beyond 2025, fewer new projects could mean tighter supply, supporting occupancy for existing properties.

Tariffs on home-building materials are likely to raise construction costs for single-family homes, which could keep more people in the rental market longer (since new homes become pricier).

CAPTURING VALUE

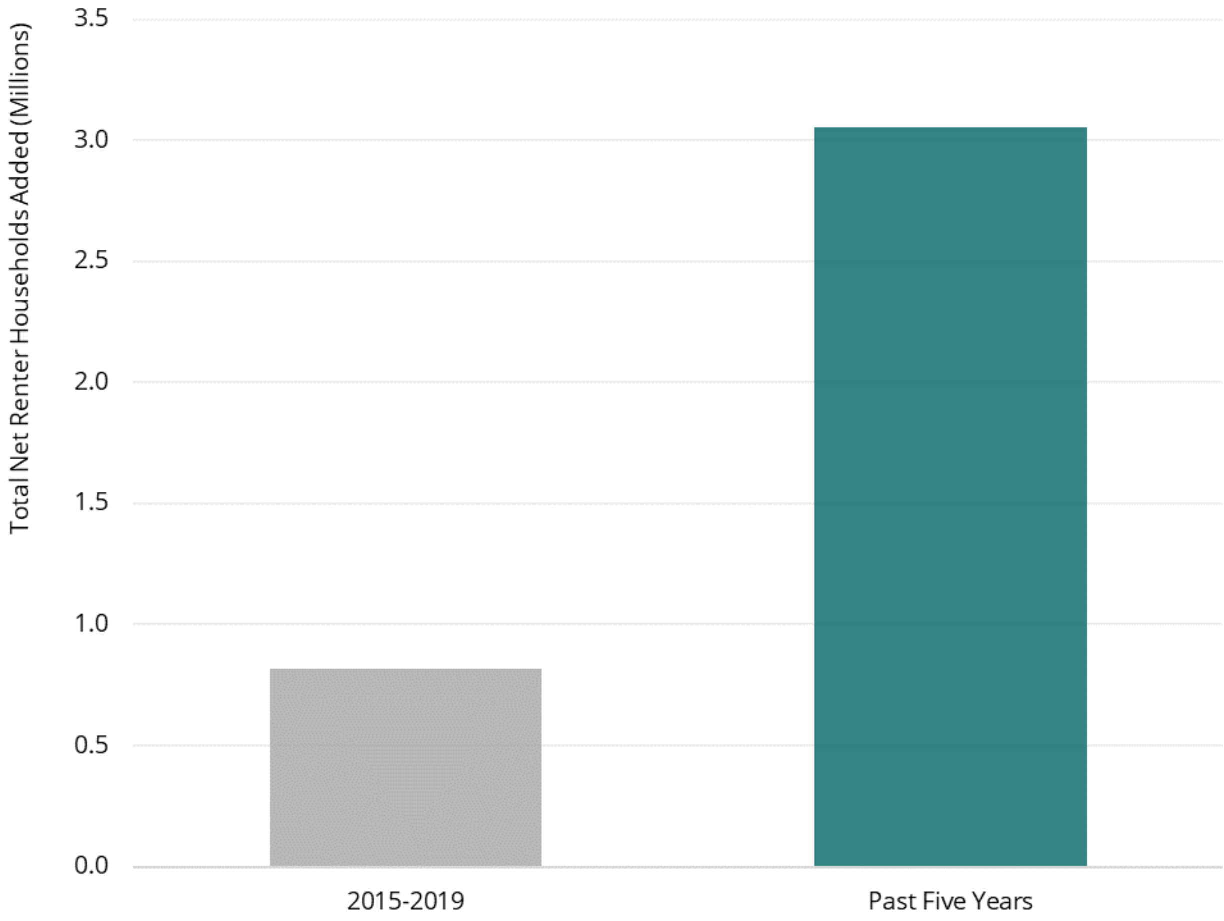
Where We See Opportunities

We remain confident in the resilience of multifamily, especially for quality Class B product that can appeal to a deep renter pool with more attainable rents. Markets with favorable demand tailwinds present the most enduring upside opportunities, in our view.

High Home Costs Keeping More Households in Rentals

Elevated home prices and mortgage rates have put homeownership out of reach for many households, which we believe is fueling the 3.7x surge in renter household growth that has extended across markets, income bands, and age cohorts over the past five years.

Renter Household Formation Has Shot Up 3.7x[1]



49%
Jump in existing home prices since 2019[2]

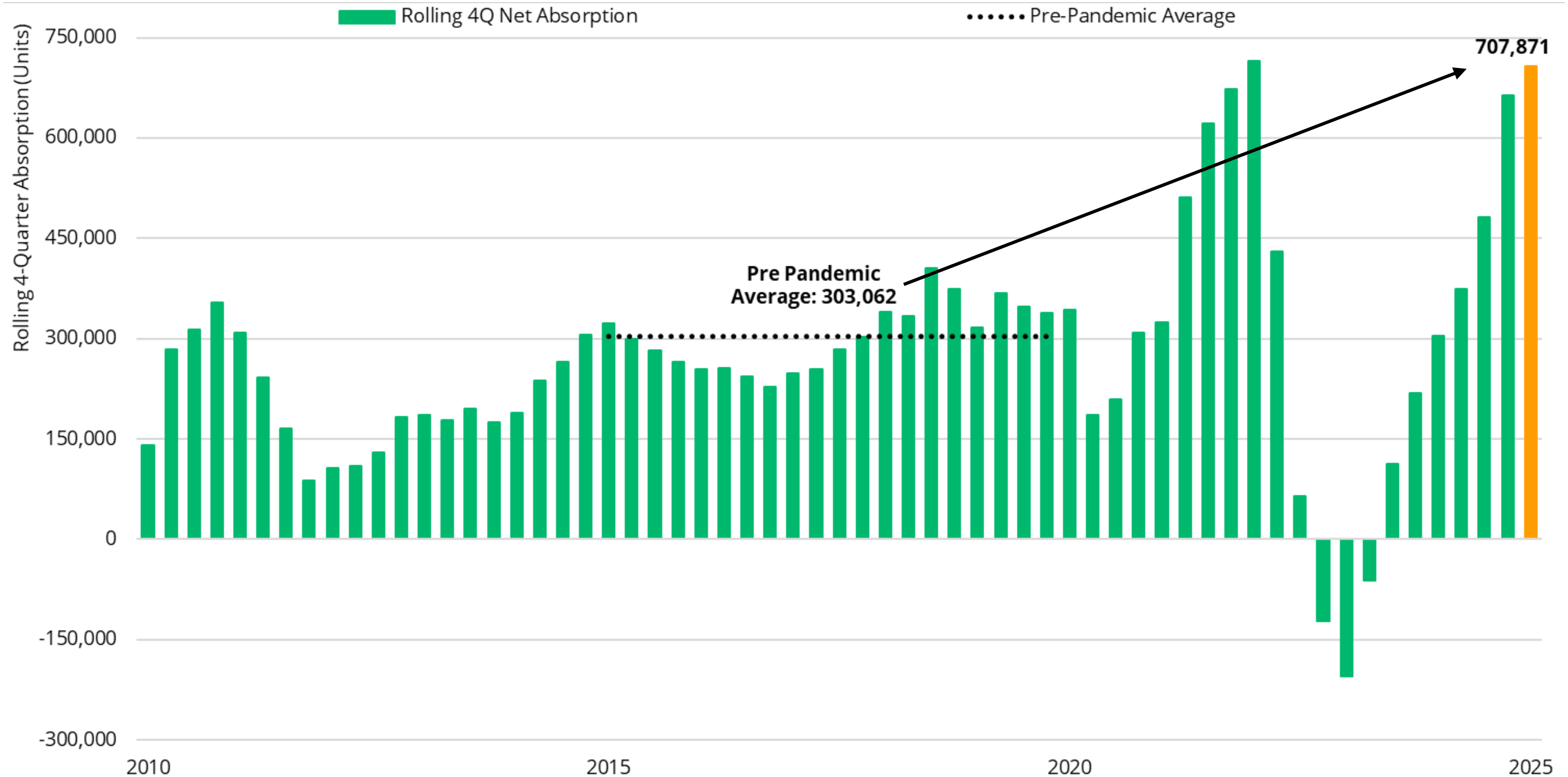
24%
Increase in median household income since 2019[2]

1. US Census Bureau, Quarterly Housing Vacancies Survey, as of Q1 2025. 2. Moody's Analytics, as of Q1 2025. RealPage, as of Q1 2025.

Annual Absorption Climbs to Double the 2017-2019 Average

Multifamily absorption is surging in lockstep with new supply, which in our views highlights the depth of pent-up housing demand as vacancy rates have dropped approximately 90 bps over the past year.

Rolling Four-Quarter Net Absorption Has Nearly Hit a 25-Year High[1]



1. RealPage, as of Q1 2025.

Most Markets to Reach Early Expansion by End-2026

Our analysis suggests 37 of the top 50 markets will finish 2026 with 1%+ rent growth and occupancy above the historical average, if absorption between now and then matches the 2020-Q1 2025 average. Supply outlook is well-established, so maintaining demand momentum will be the critical factor.

Early Expansion

Above-average occupancy
Accelerating rent momentum

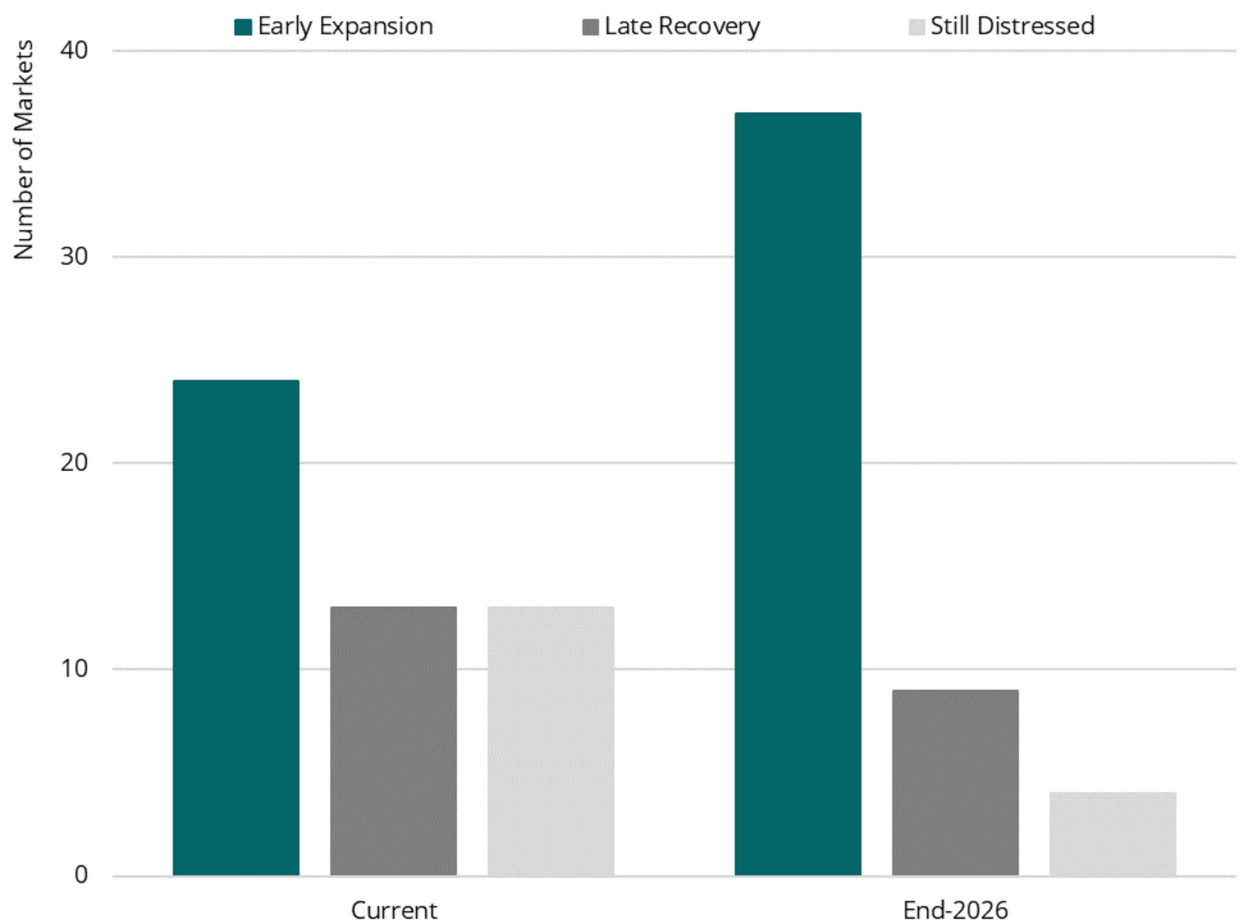
Late Recovery

Near-average occupancy
Subpar rent growth

Still Distressed

Below-average occupancy
Rents falling

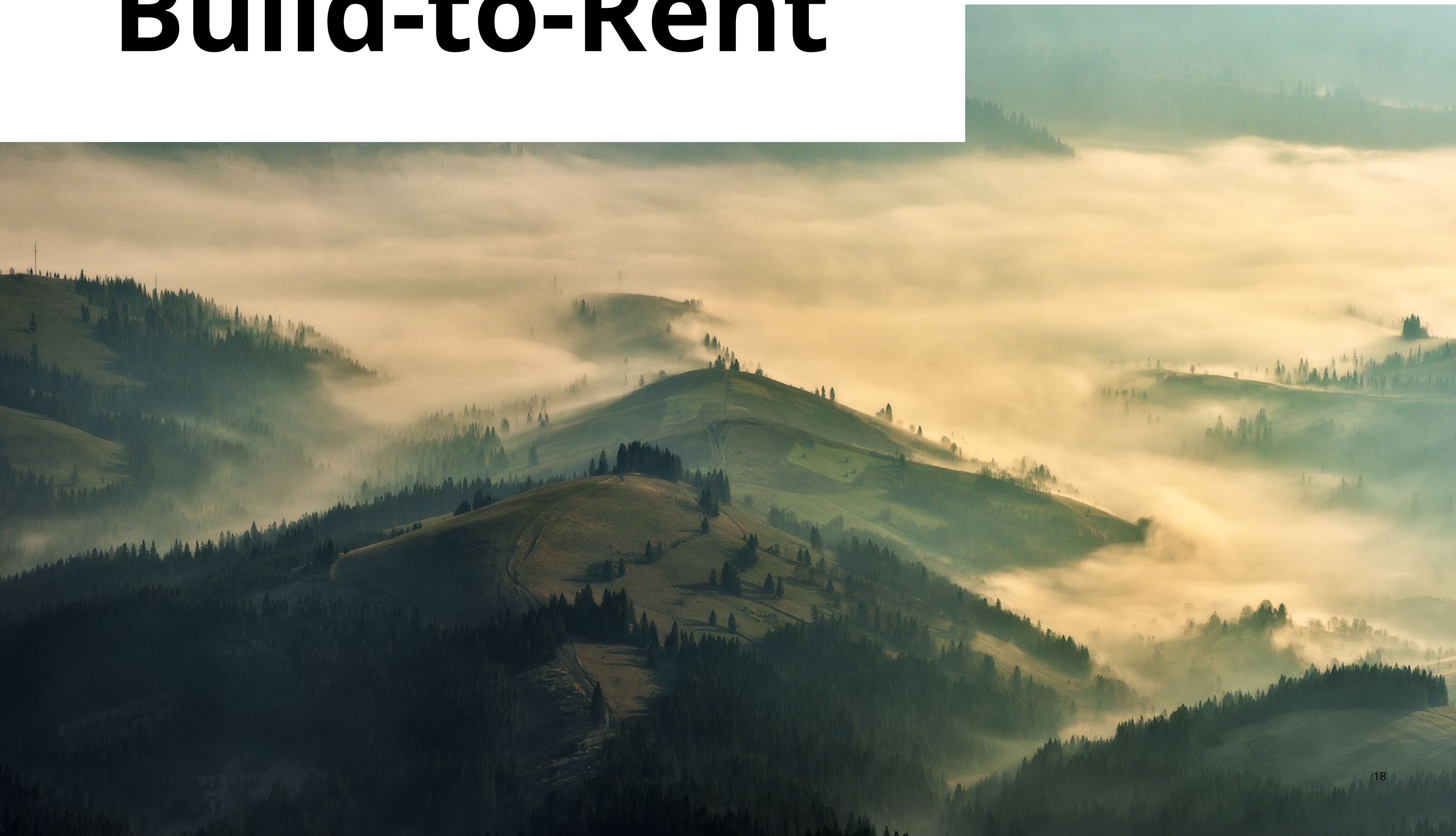
Current & Projected End-2026 Conditions for Top 50 Markets[1]



1. RealPage, as of Q1 2025.

LIVING STRATEGIES

Build-to-Rent



BUILD-TO-RENT

Build-to-Rent: Key Themes Informing the Outlook

MIDYEAR 2025

Key Themes and Cross-currents

BTR demonstrating relative steadiness as maturing millennials propel the sector to a new phase of demand growth.

A tight market for existing homes and high prices have put homeownership out of reach for many, keeping more households in rentals.

Deliveries peaked in 2024 and are expected to decelerate in coming years.[1] Institutional capital is rotating into build-to-rent development, deepening long-term exit potential, though the challenged price and lending environment is likely to tamp down competitive supply deliveries in the short-term.

OUTLOOK FOR 2026

Emerging Trends

Deliveries peaked in 2024 and are starting a retreat that will carry into the next two to three years, including in heavy-supply markets in the Southeast and Southwest.

Build-to-rent presents a distinct fundamental profile compared to scattered-site single-family rentals, marked by higher occupancies in recent years. The sector's shift toward build-to-rent also suggests a potential recalibration toward a more favorable risk-return tradeoff.

CAPTURING VALUE

Where We See Opportunities

Sunbelt markets will remain the key focus for BTR investment. With robust job growth and migration, we expect performance in these markets to rebound as supply conditions stabilize.

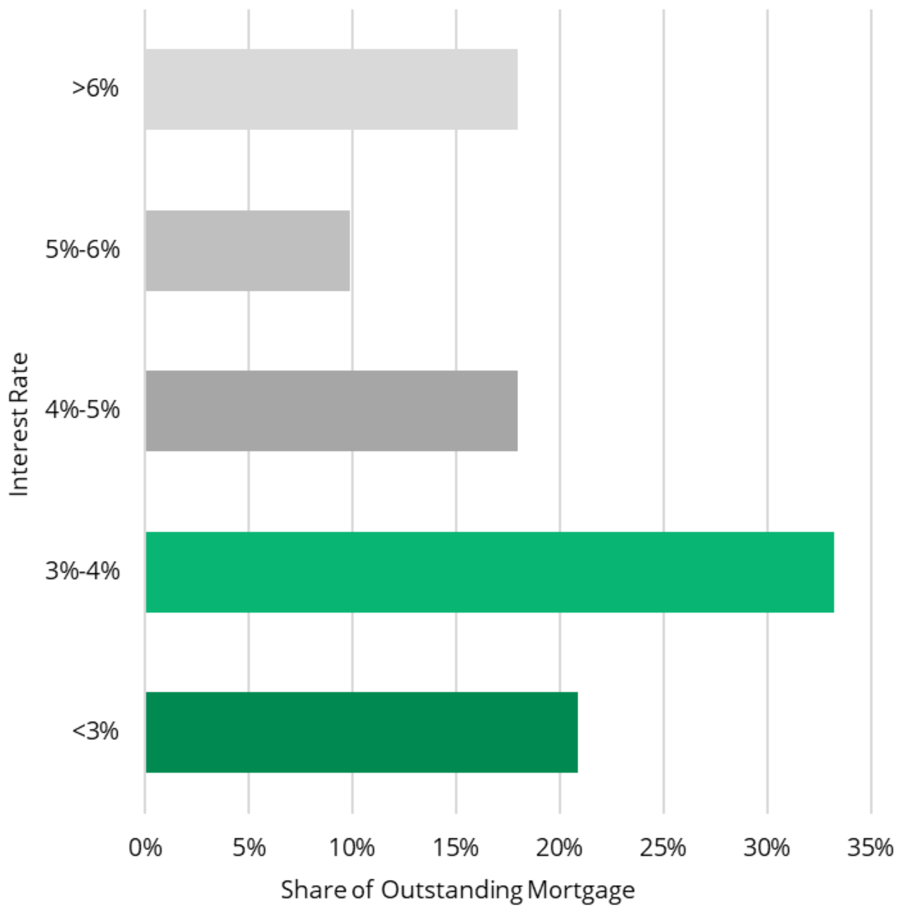
BRIDGE INVESTMENT GROUP

1. RealPage, as of Q1 2025.

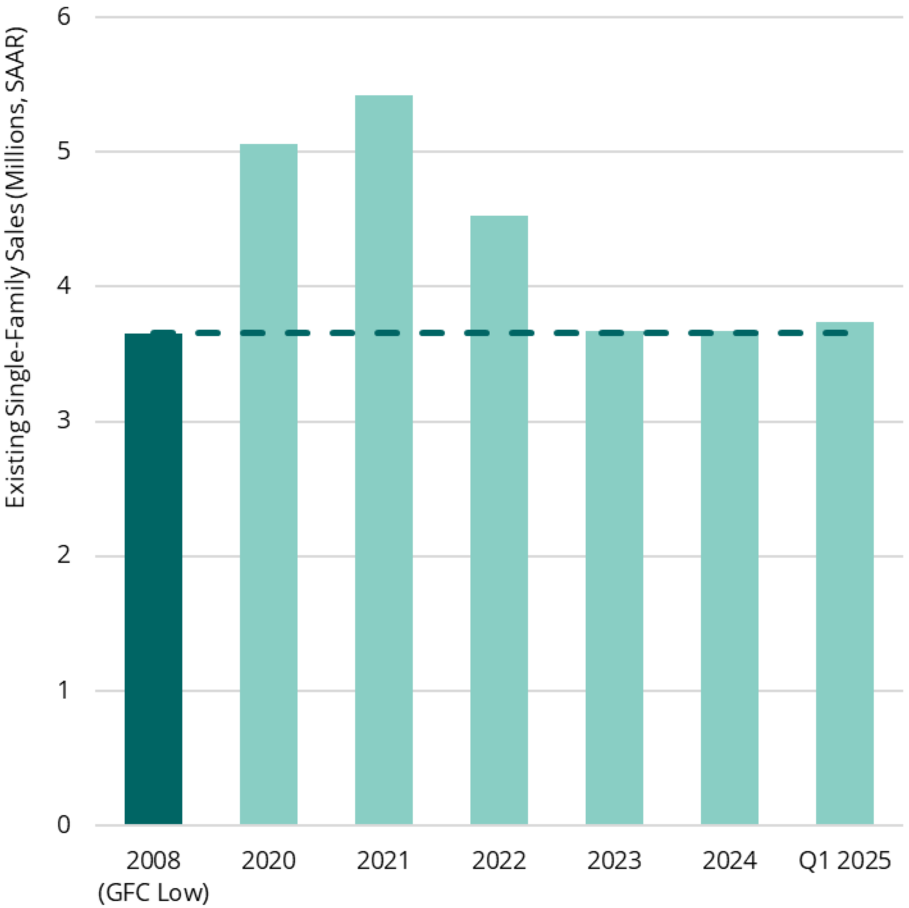
Still-Slow Sales Activity Supporting Home Prices

Near three-quarters of outstanding mortgages have <5% interest rates, suggesting homeowners will remain deterred from selling; limited listings should support prices.

54% of Outstanding Mortgages Are Locked In Below 4%[1]



Home Sales Still Hovering Near GFC Lows[2]



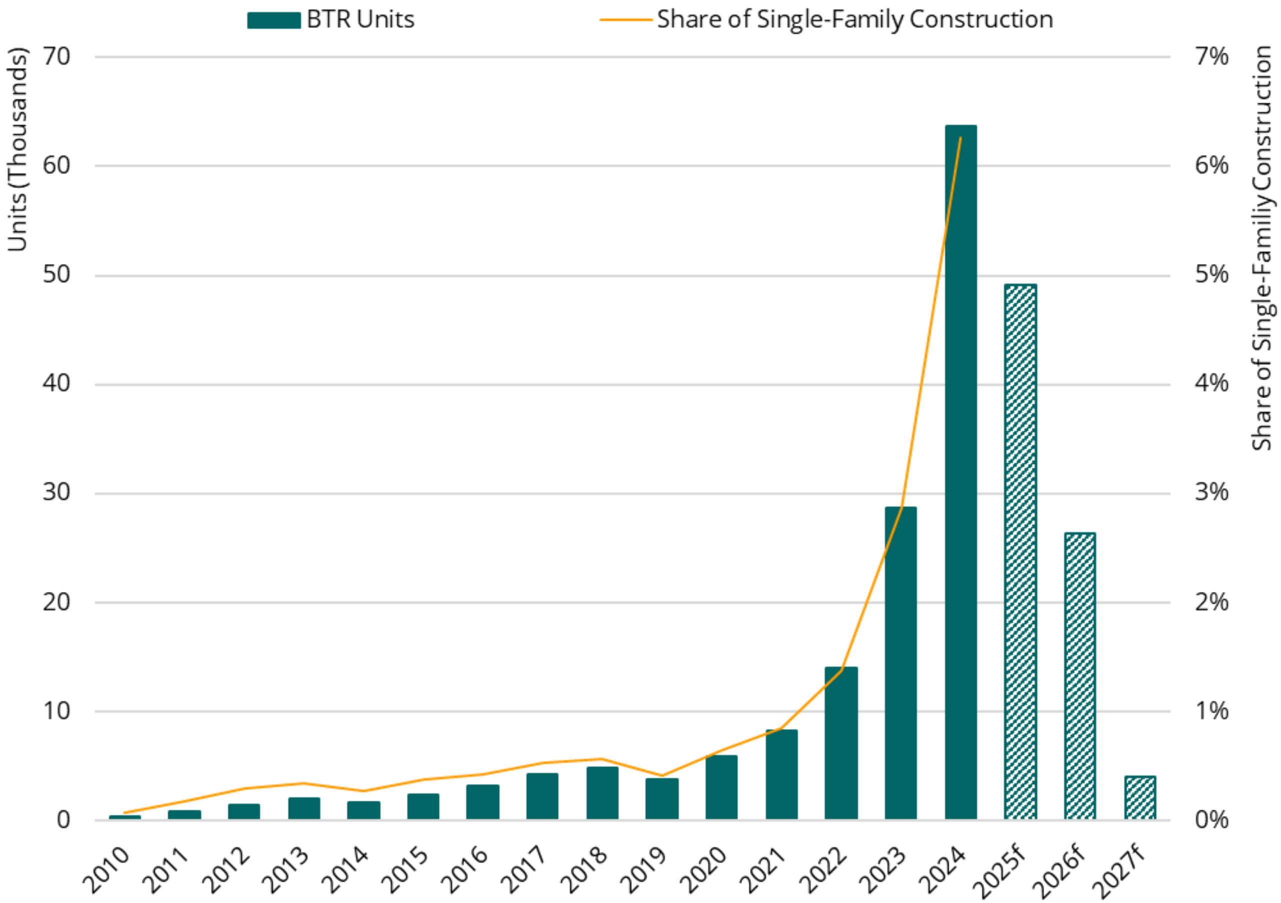
BRIDGE INVESTMENT GROUP

1. Federal Housing Finance Agency, National Mortgage Database, as of Q4 2024. 2. Moody's Analytics, Baseline Scenario, as of June 2025. Existing Single-Family Home Sales are seasonally adjusted annual rates. 2025YTD refers to the period from Q4 2024 to Q1 2025.

BTR Development Activity Peaked In 2024

The pace of BTR deliveries has leapt 11x from 2020 to 2024 as institutional capital has rotated into the asset subtype in pursuit of economies of scale and streamlined operations. However, deliveries are projected to rapidly decline in 2025-2027 due to challenged pricing and lending conditions.

BTR Deliveries Are Staging a Rapid Retreat[1]



260,000
Institutionally owned BTR units[2]

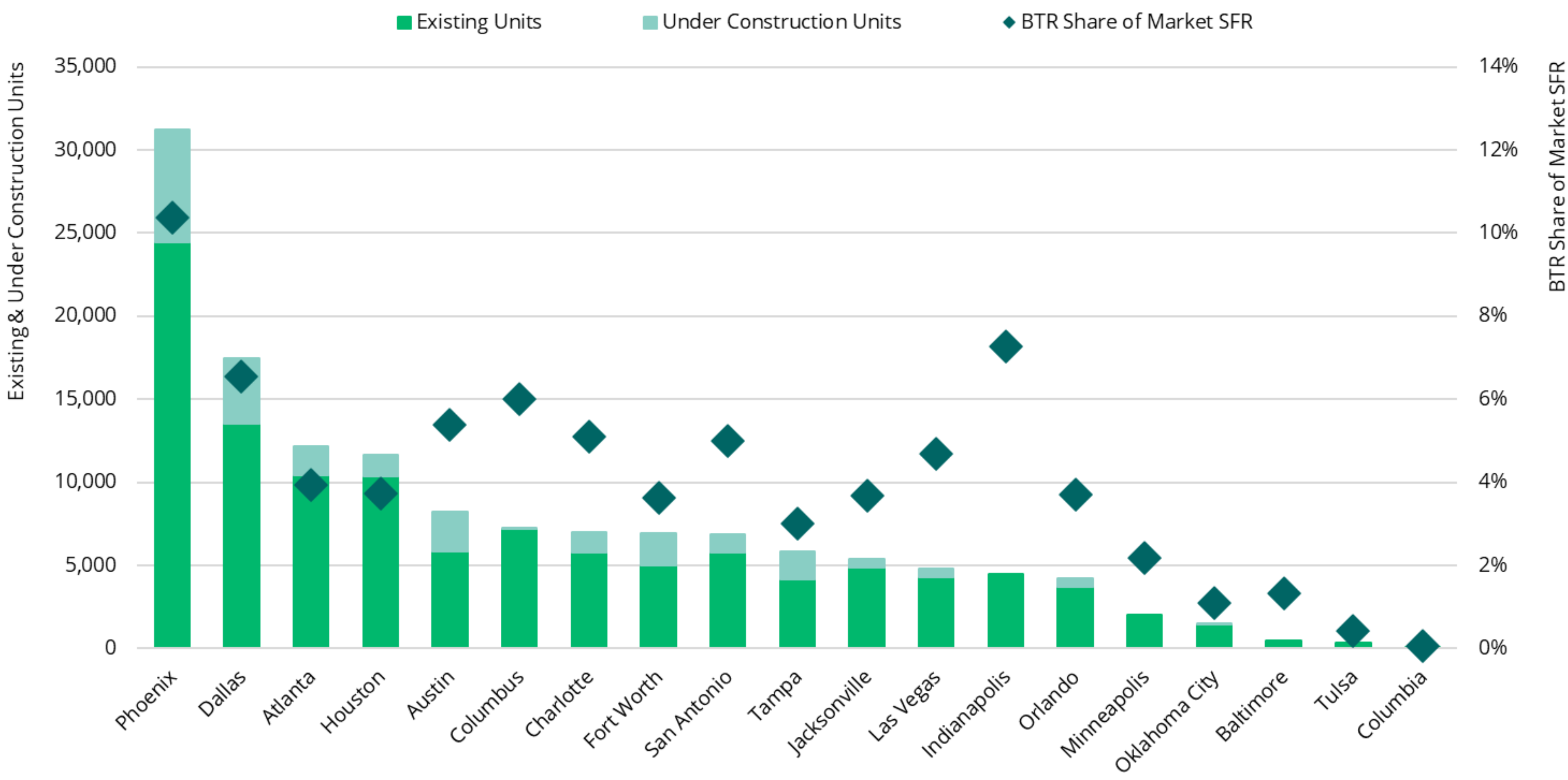
1.8%
Institutional BTR share of all single-family rental inventory[2]

1. RealPage, Quarterly Property Performance, as of Q1 2025. US Census Bureau, New Residential Sales, as of May 1, 2025. 2. Green Street, US Single-Family Rental Outlook, January 24, 2025. Census Bureau, American Community Survey 1-Yr Estimate, 2023. RealPage, Quarterly Property Performance, as of Q1 2025.

BTR Activity Has Not Broken out of the Sunbelt Bubble

Similar to scattered-site SFR activity, BTR inventory is heavily concentrated in the Southeast and Southwest where new BTR construction is heavily concentrated.

The Largest BTR Markets Are Predominantly in the Sunbelt[1]



1. RealPage, Quarterly Property Performance, as of Q1 2025. RealPage, US Pipeline Property Details, as of June 15, 2025. Census Bureau, American Community Survey 1-Yr Estimate, 2023.

LIVING STRATEGIES

Seniors Housing

SENIORS HOUSING

Seniors Housing: Key Themes Informing the Outlook

MIDYEAR 2025

Key Themes and Cross-currents

Demand tailwind as Boomers age. The 80+ age group is set to grow by ~30% in the next five years, fueling long-term demand.[1]

Insulation from policy shocks and business cycles. Even in the face of policy changes, Seniors Housing demand is expected to remain stable because rents are typically funded by residents or their family. Additionally, limited dependence on current employment trends reduces vulnerability to broader economic cycles.

Strict immigration policies could curb labor supply and impact net operating income as labor shortages and rising wages could potentially strain operational margins, especially in care-intensive segments.

OUTLOOK FOR 2026

Emerging Trends

Inventory growth has slowly declined, and construction has gradually slowed due to a combination of mid-2010s market saturation, escalating construction costs, COVID-19 disruptions, and tighter capital markets, which signals emerging supply constraints.

Technological advancements and improvements in medical care could delay enrollment and reduce the number of older adults who need assisted living.

CAPTURING VALUE

Where We See Opportunities

Our conviction remains strong in select sectors within Seniors Housing, supported by demographic momentum and operational upside. Markets with stable occupancy and aging populations continue to offer durable performance. We also see upside in distressed assets as capital market dislocation creates selective entry points.

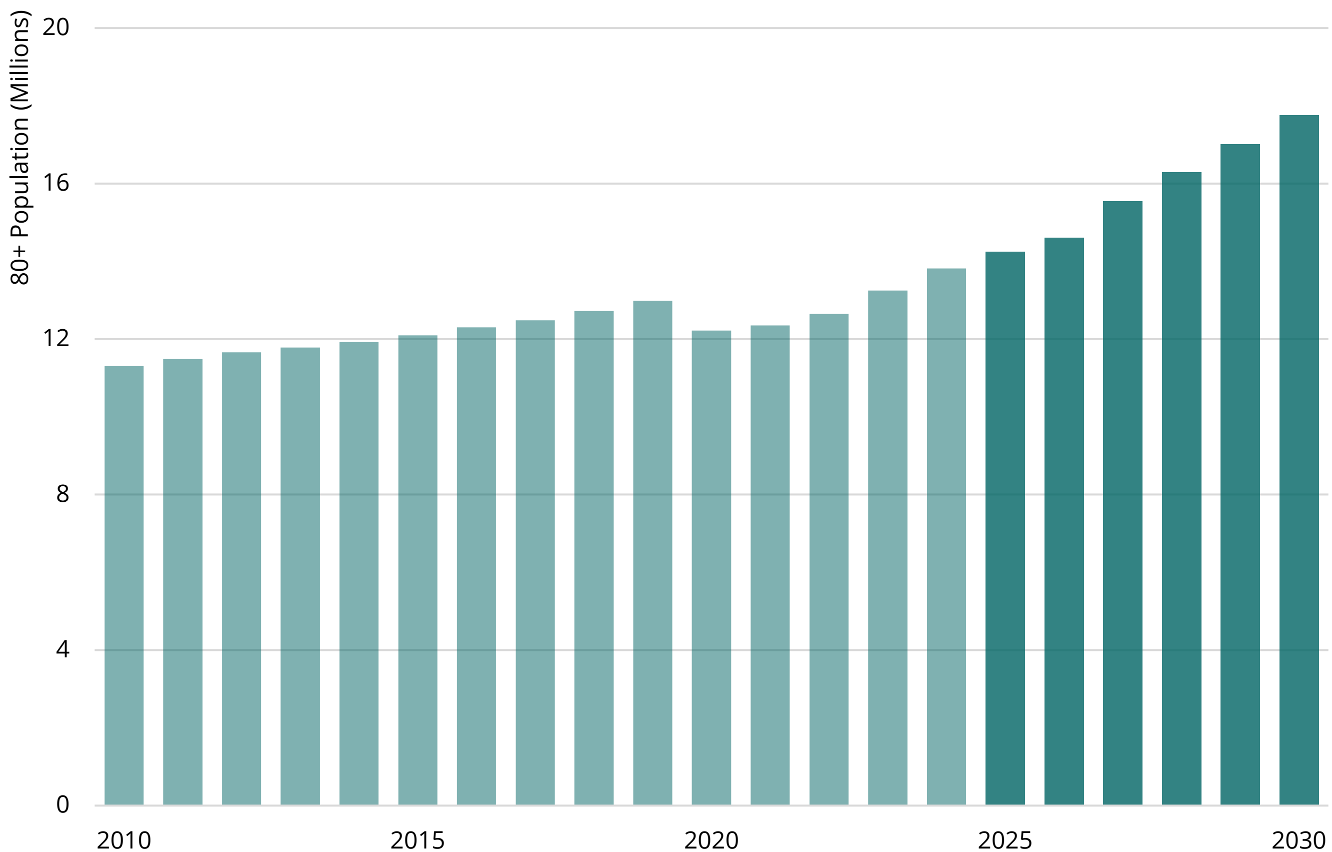
1. Moody's Analytics, as of June 2025.

Ageing Boomers Driving Seniors Housing Demand

80+ Population is Set to Outpace Overall US Population Growth by 13x.[1]

This unprecedented demographic surge coupled with increasing affordability will significantly expand the addressable market for seniors housing, creating a strong foundation for long-term occupancy and rent growth.

Unprecedented Growth Ahead for US Seniors Aged 80 and Older[1]



3.9 million
increase in the 80+ population expected through 2030.[1]

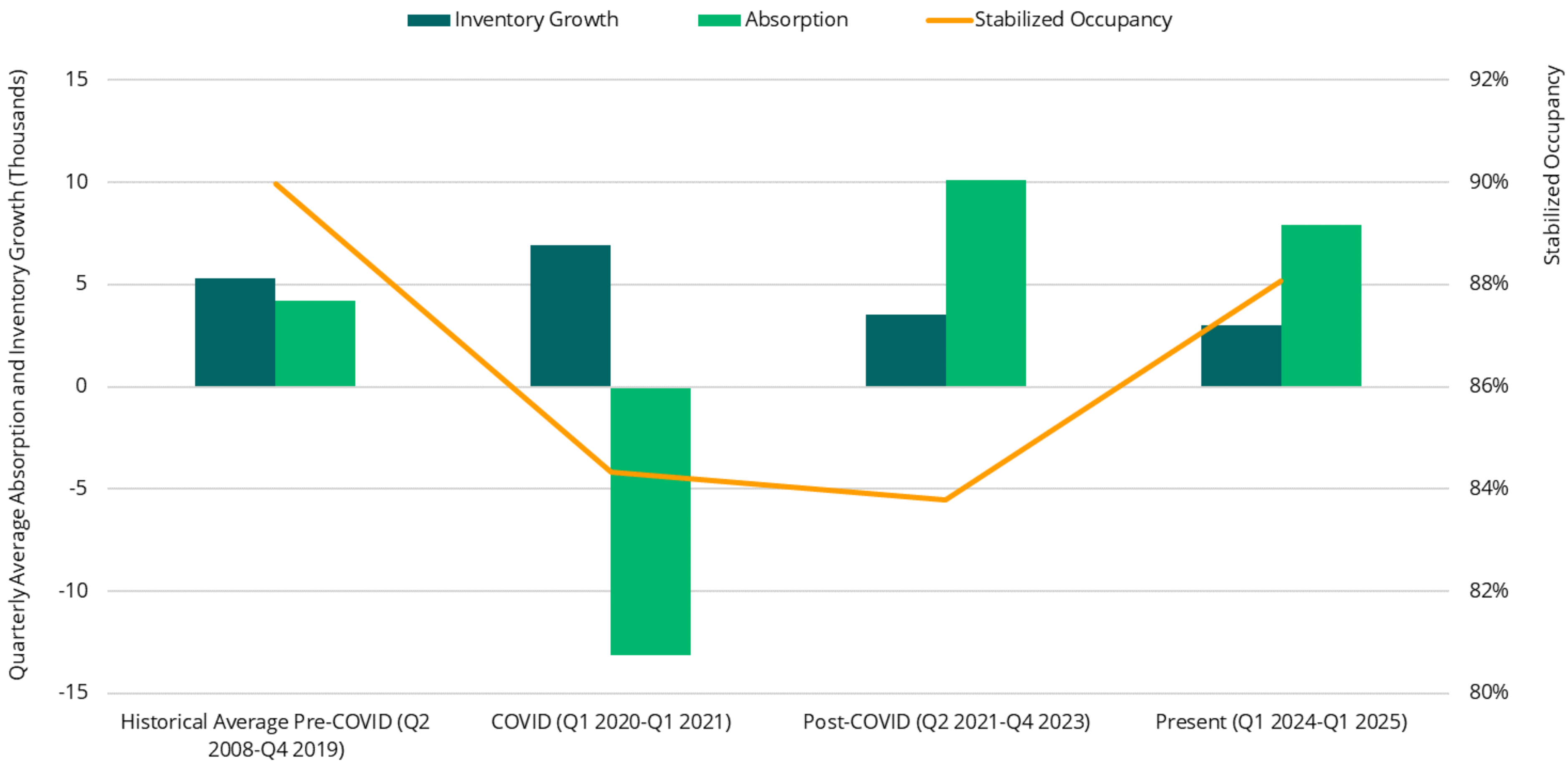
Over 40%
of 75+ adults can now afford senior housing on income alone—
up 10 points
since 2017.[2]

1. Moody's Analytics, as of June 2025. Population forecast date starts January 2025. 2. Green Street, 2025 US Senior Housing Outlook.

Occupancy Is Recovering from Pandemic Lows

Senior housing occupancies are heading back to pre-pandemic levels. Occupancies were at 89% as of Q1 2025 across primary and secondary markets. And as occupancies head higher, given constricted supply pipeline and strong absorption growth, rents are expected to see an uptick.

Absorption, Inventory Growth, and Occupancy Rates[1]

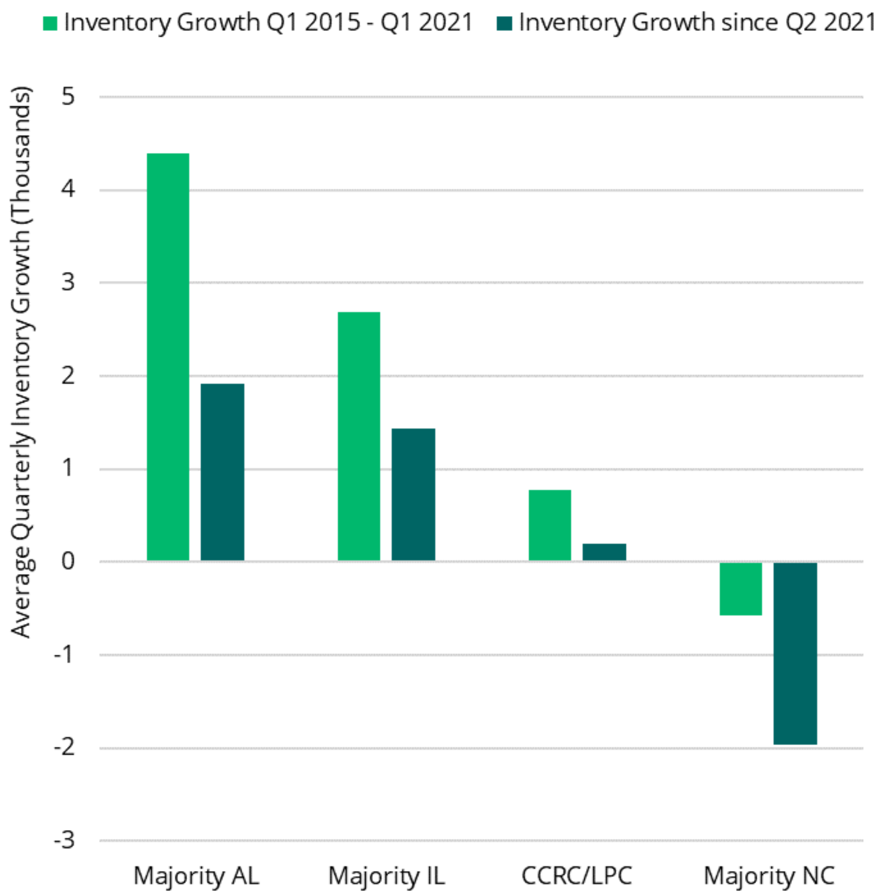


1. NIC Maps, as of Q1 2025.

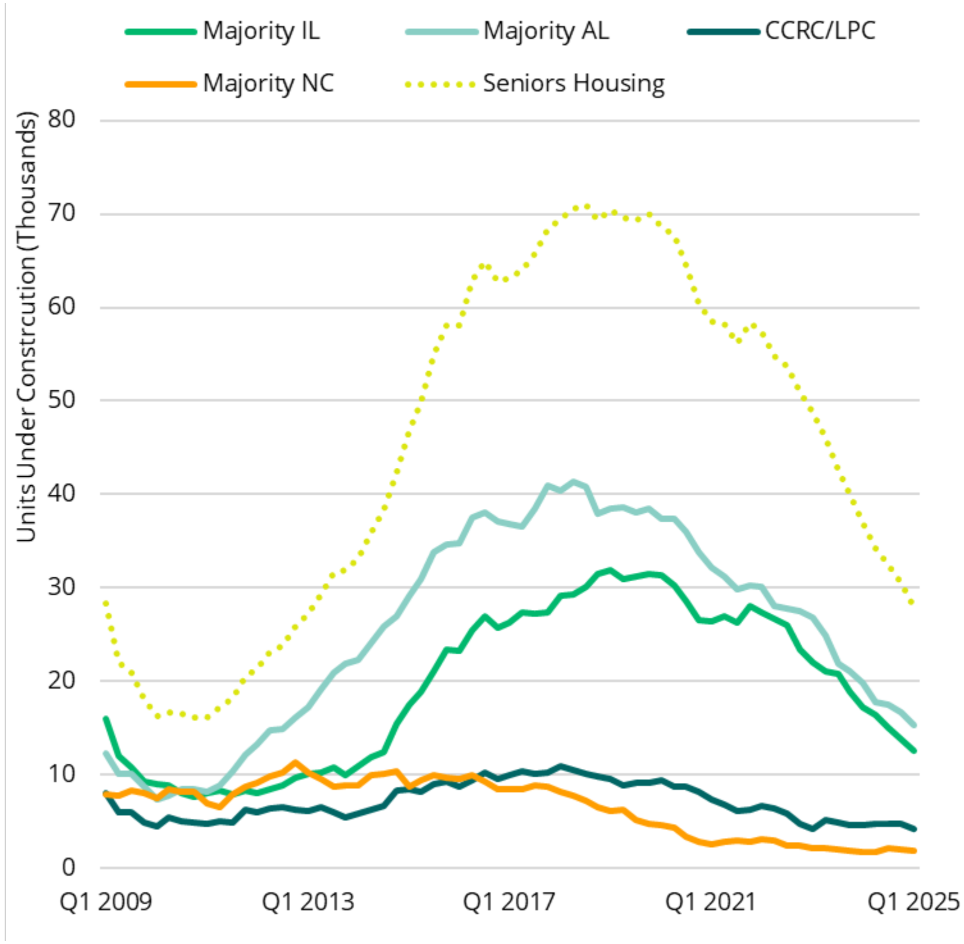
Minimal Development Activity

Despite higher inventory growth post-COVID, majority Independent Living (“IL”) and Assisted Living (“AL”) face less supply risk going forward as construction has declined significantly. We anticipate steady fundamentals for AL and IL in coming years.

Inventory Growth has Declined Since 2021[1]



Units Under Construction are at Twelve-Year Low[1]



1. NIC Map, as of Q1 2025.

LOGISTICS STRATEGIES

Logistics and Manufacturing

LOGISTICS & MANUFACTURING

Industrial: Key Themes Informing the Outlook

MIDYEAR 2025

Key Themes and Cross-currents

Fundamentals turning the corner as quarterly net absorption bottomed in early 2024 and has steadily picked up since then.[1]

Last-mile facilities continue to outperform as e-commerce sales maintain an upward trajectory and as limited supply has led to higher occupancy rates in the asset class.

Reshoring/onshoring are boosting manufacturing investment, particularly in semiconductors and other advanced technology categories, supported by federal subsidies and protectionist policies.

OUTLOOK FOR 2026

Emerging Trends

Tariffs could further scramble freight and trade patterns that were already realigning amid a generational resurgence in domestic manufacturing.

Slowing Supply in the Sector: The pace of deliveries has slowed, and construction has dropped 58% since the 2022 peak. [1]

CAPTURING VALUE

Where We See Opportunities

We anticipate increasingly favorable operating conditions over the next year despite macro uncertainties. Global gateway markets continue to show strength as international trade hubs and as underserved markets for last-mile logistics.

1. CoStar, as of Q1 2025.

LOGISTICS & MANUFACTURING

Enduring Demand Tailwinds as Supply Retreats

Reshoring

Capital expenditures on factory construction have surged 3.0x since 2021.[1]

Our view: A resurgence in US advanced manufacturing is reshaping trade patterns and freight networks, boosting industrial demand.

E-Commerce

Online retail sales projected to jump 31% by the end of the decade.[2]

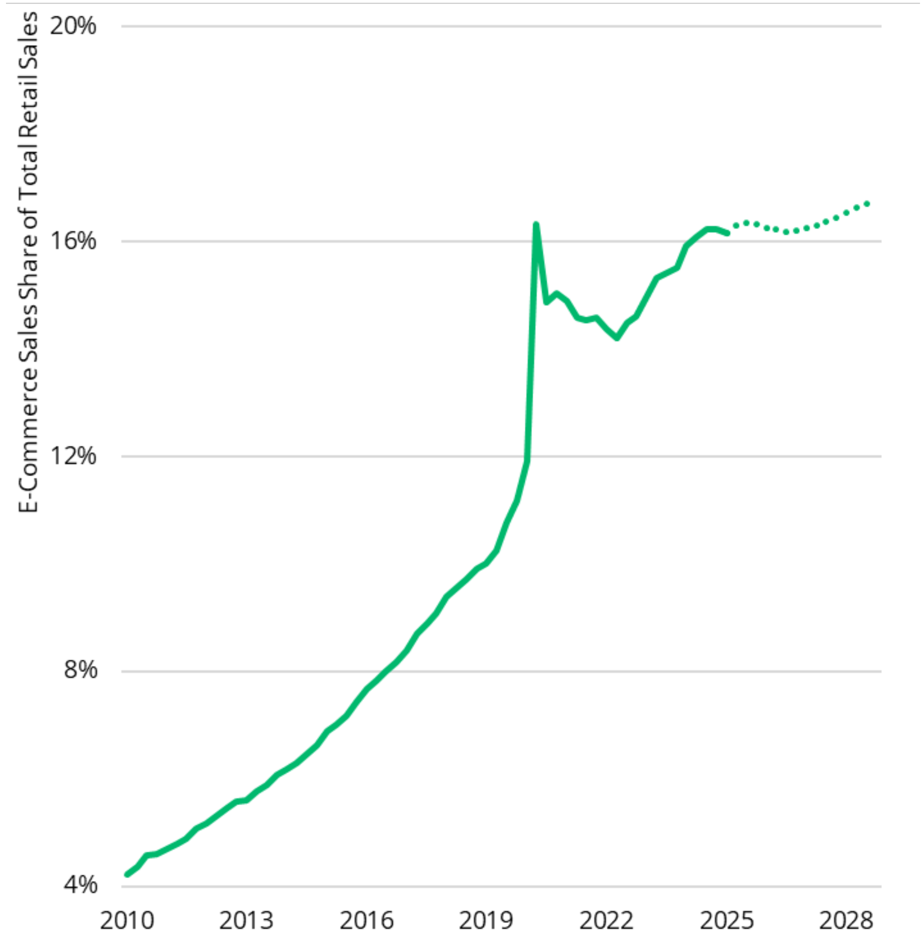
Our view: Last-mile distribution remains critical for retailers facing higher consumer expectations for faster delivery times.

Supply Outlook

-63% drop in quarterly starts since the cyclical peak in mid-2022.[3]

Our view: A rapidly shrinking forward pipeline should see vacancies flatten by year-end.

E-Commerce Share of Retail Sales Up 3.8x Since 2010[4]

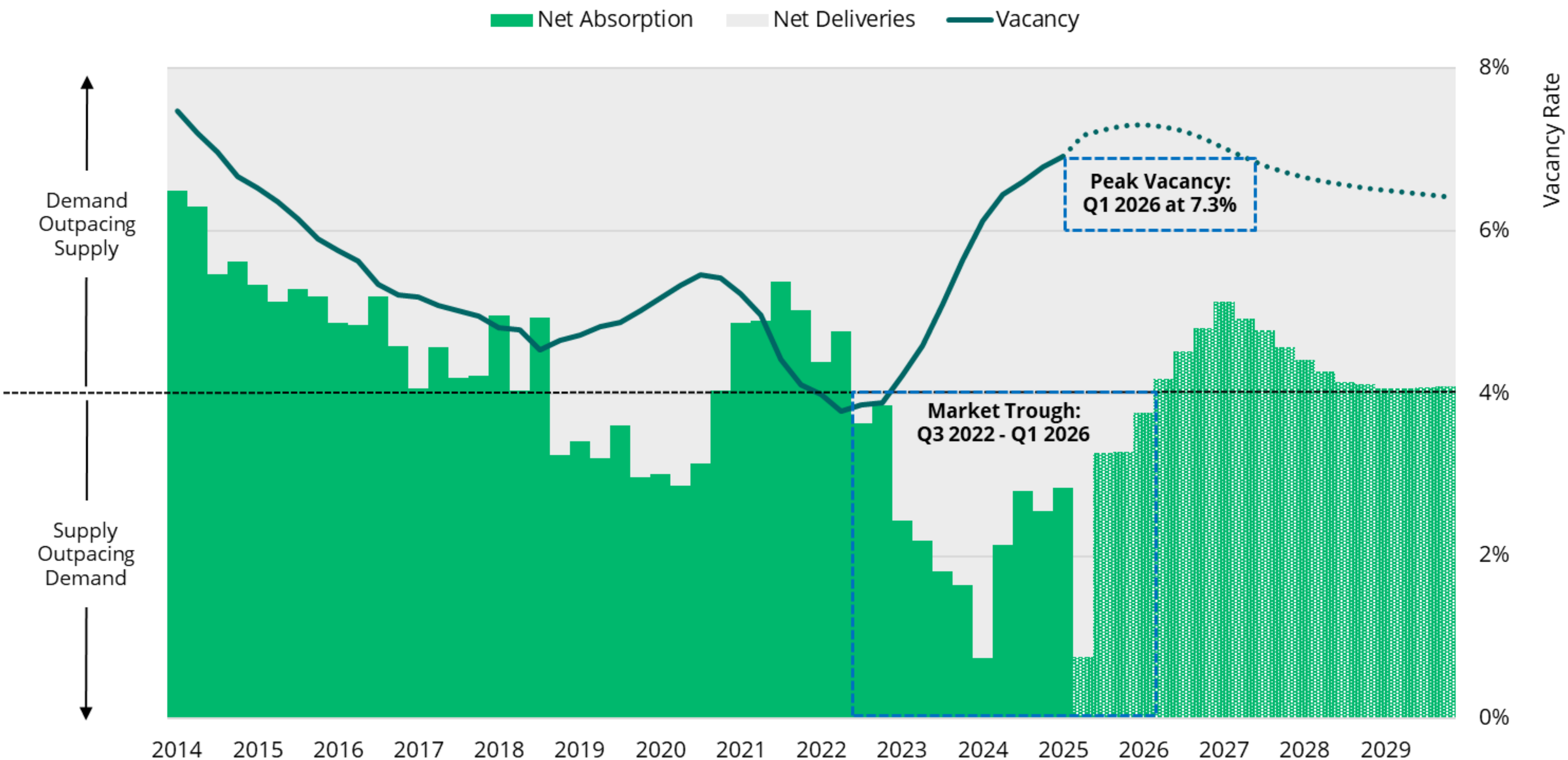


1. US Census Bureau via FRED, Construction Spending, as of April 2025. 2. Moody's Analytics, Baseline Scenario, as of April 2025. 3. CoStar, as of Q1 2025. 4. Moody's Analytics, Baseline Scenario, as of June 2025.

Absorption Rebounding as Vacancy Starts to Stabilize

While tenant demand exceeded supply from 2014 to 2018, a surge in new deliveries since late 2022—paired with sluggish leasing—has driven vacancy rates higher, but easing monetary policy and a slowdown in construction starts are expected to tighten vacancy and improve market conditions by late 2026.

US Net Absorption Expected to Accelerated Past Deliveries by Early 2026[1]

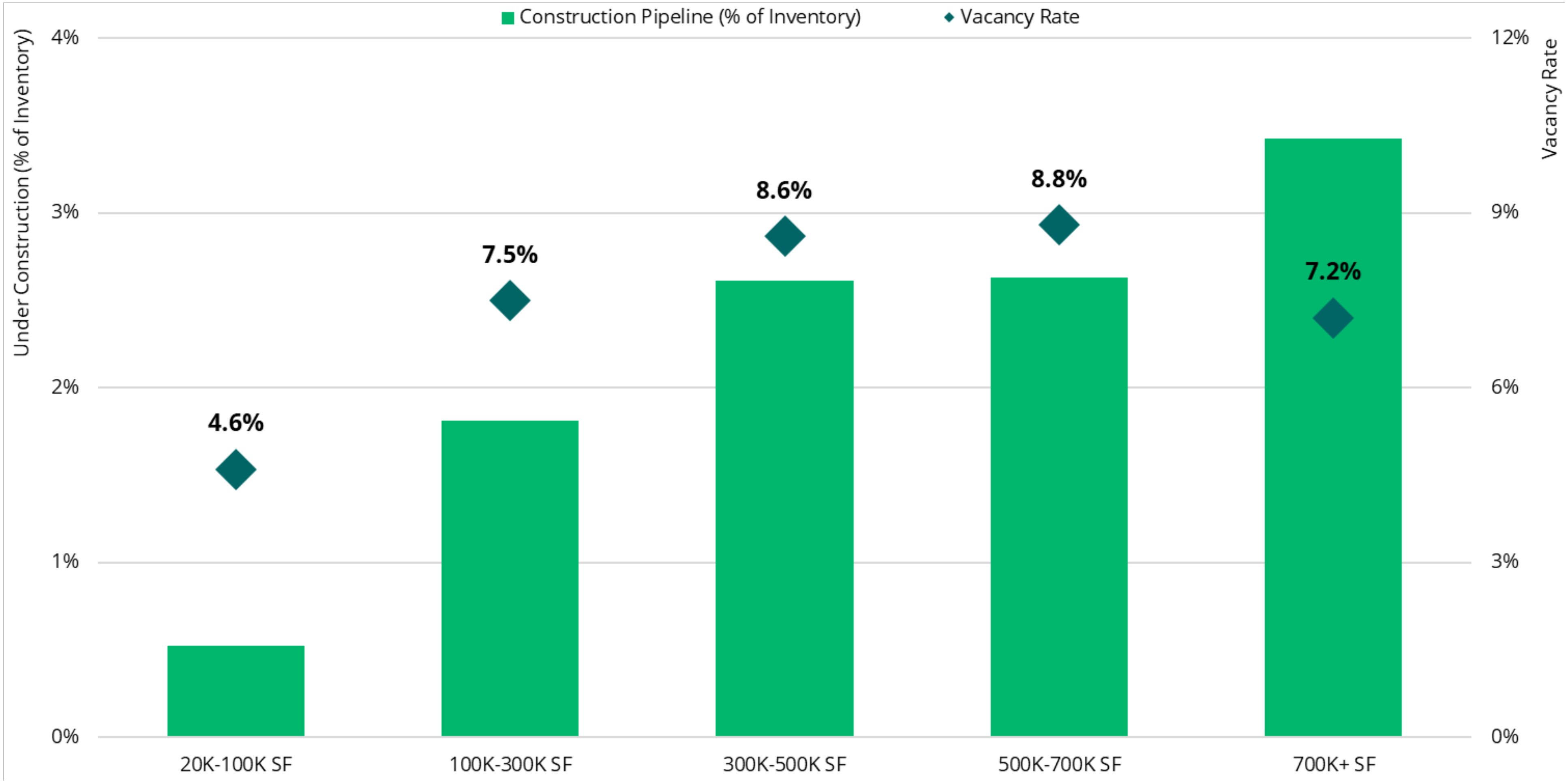


1.. CoStar, as of Q1 2025.

Divergent Fundamentals Across Building Types

Smaller industrial buildings that measure <300,000 SF remain crucial for last-mile distribution. These smaller properties tend to maintain lower vacancy rates because of less exposure to competition from new construction, as well as greater access to consumers.

Smaller Industrial Assets Have Seen Lower Vacancies and Pipelines[1]

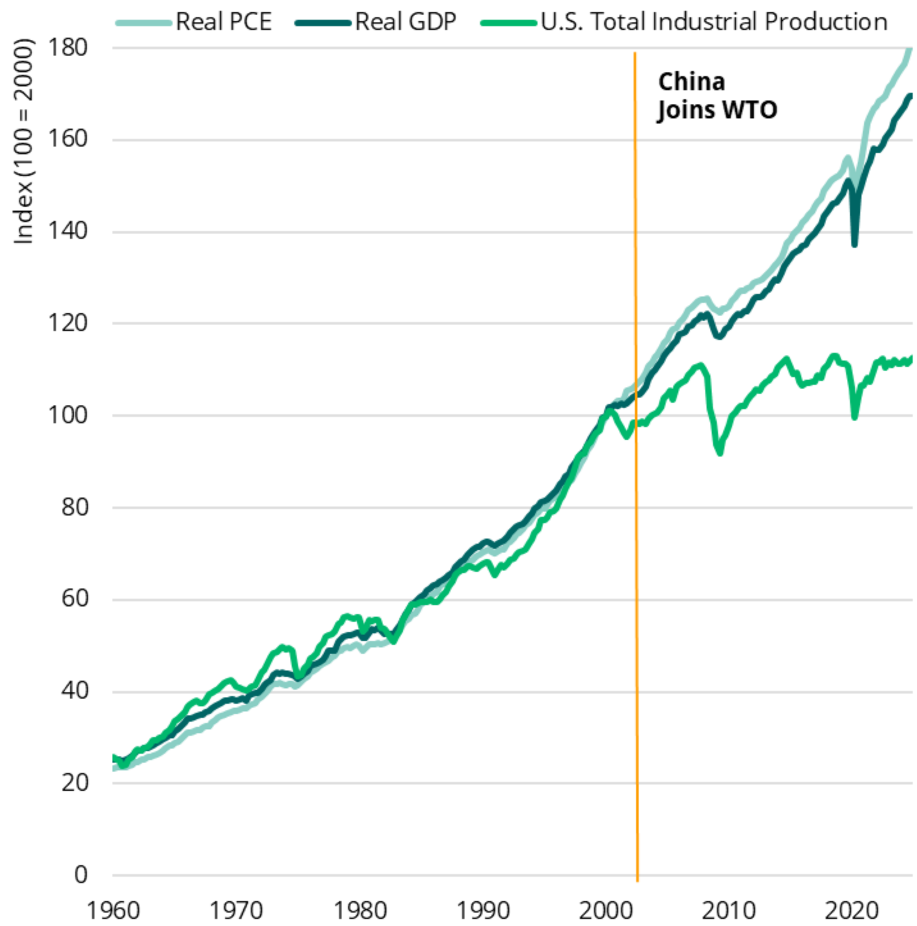


1. CoStar, as of Q1 2025.

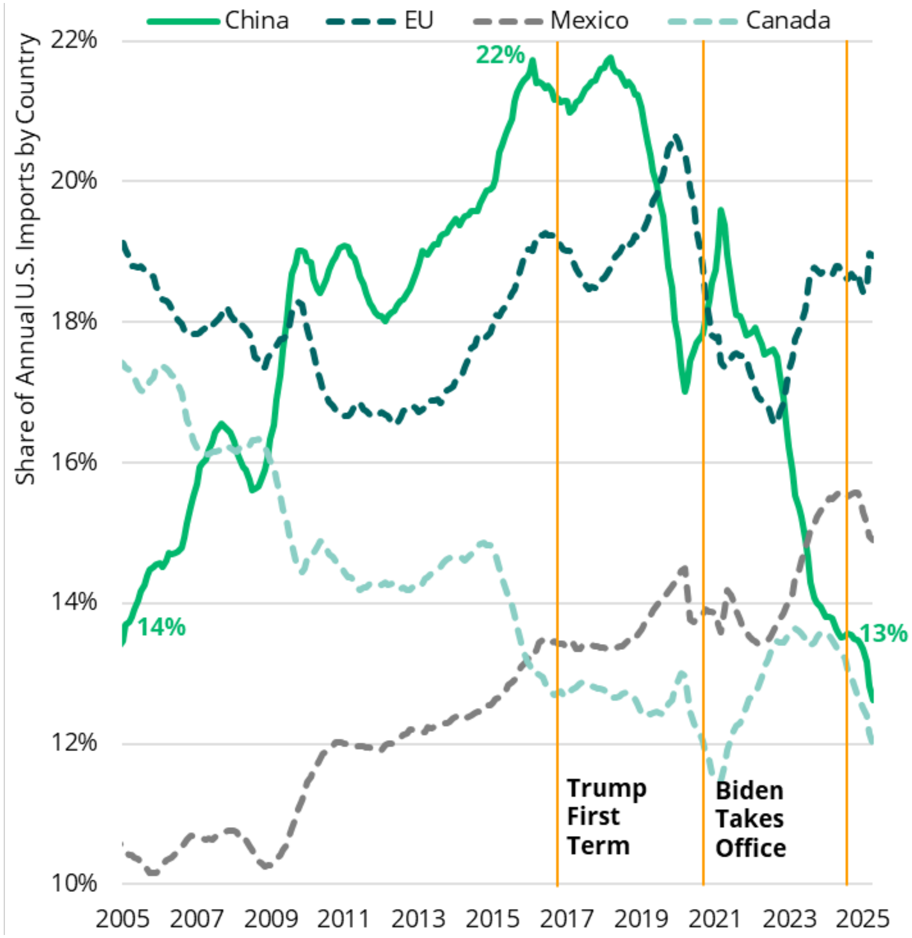
Evolving Global Trade as US Manufacturing Reemerges

Despite strong consumer and GDP growth, US industrial production has lagged since China joined the WTO in 2001, prompting a shift toward nationalistic trade policies and on-/near-shoring trends that are expected to boost domestic industrial output and warehouse demand.

China's Negative Effect on US Industrial Production[1]



China's Share of US Imports Retreating[2]



1. Federal Reserve System via FRED, Industrial Production, as of Q1 2025. US Bureau of Economic Analysis via FRED, Real PCE & Real GDP, as of Q1 2025. 2. US Census, Foreign Trade, as of April 2025.

COMMERCIAL REAL ESTATE

Other Sectors

COMMERCIAL REAL ESTATE

Major Non-Residential Real Estate Sectors

Retail

Brick-and-mortar sales are growing despite e-commerce competition, while retailers increasingly straddle the online divide by operating stores as last-mile distribution hubs (e.g., in-store pickup).

Retail provides minimal supply and vacancy risk after 15 years of constrained construction activity, though discount retail and pharmacies are more prone to lease cancellations.

Shopping centers with grocery anchors and service-oriented tenants (e.g., gyms and salons) are proving most durable.

10x
SURGE IN CLICK-AND-COLLECT (IN-STORE PICKUP) SALES SINCE 2017[1]

40%
INCREASE IN BRICK-AND-MORTAR RETAIL SALES VOLUME SINCE 2017[2]

Hospitality

Sector occupancies and rental rates have rebounded from the pandemic and are still climbing as modest inventory growth exerts a stabilizing force on fundamentals.

Compelling opportunities more likely in leisure travel, particularly in cities in Florida and California with strong regulations on short-term rentals, as business travel remains subdued compared to pre-pandemic levels.

Marked bifurcation in performance across price segments as high-end hotels continue to lead in rent growth.

41%
JUMP IN CONSUMER SPENDING ON ACCOMODATIONS SINCE 2019[3]

35%
OF ROOMS IN 2024 WERE BOOKED FOR LEISURE TRAVEL[4]

1. eMarketer and Statista via Capital One Shopping Research, as of November 18, 2024. *Includes Buy Online, Pick up in Store (BOPIS), curbside, and locker/kiosk pickup revenue. 2. Moody's Analytics, Baseline Scenario, as of June 2025. 3. Moody's Analytics, Baseline Scenario, as of June 2025. 4. Green Street, 2025 Lodging Outlook.

COMMERCIAL REAL ESTATE

Major Non-Residential Real Estate Sectors

Self Storage

Performance supported by rising penetration rate (i.e., the share of US households renting a unit) and a growing renter population that often lacks sufficient storage space.

Subdued home sales activity is working against demand in the short-term, however.

Narrow rent spreads between product classes limit returns from value-added improvements, and most value creation derives from marketing and online search optimization.

71
BPS INCREASE IN SECTOR PENETRATION RATE SINCE 2016[1]

20%
OF SELF-STORAGE USAGE TIED TO TENANT HOUSING MOVES[2]

Data Centers

Previously a smaller niche, data centers have emerged as a major category of institutional CRE.

Despite rapid growth, supply constraints persist in the form of high development costs and strained power grids.

Generative AI recently entered the picture as an additional demand catalyst, but risks to the outlook could linger if AI firms find ways to train models with less computing power (e.g., DeepSeek).

49%
UNDER CONSTRUCTION PIPELINE, MEASURED AS A PERCENT OF EXISTING INVENTORY[3]

94%
SECTOR-WIDE OCCUPANCY RATE, THE HIGHEST FIGURE ON RECORD[4]

1. Moody's Analytics, Baseline Scenario, as of June 2025. Moody's CRE, as of Q1 2025. 2. Green Street, 2025 Self-Storage Outlook. 3. JLL North America Data Center Report, Year-end 2024. 4. Green Street, as of Q1 2025.

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Other Residential Sectors

Manufactured Housing

The sector continues to offer steady cash flow as deep affordability challenges amplify demand for lowest-cost housing.

Age-restricted communities showing relative strength versus all-ages communities, supported by the aging US population.

Practically zero community development in the pipeline nationwide, and higher tariffs could inflate home fabrication costs and further depress supply.

136%
RUNUP IN ASSET PRICES SINCE 2015[1]

$121,000
AVERAGE MANUFACTURED HOME PRICE[2]

Student Housing

Rent growth is tempering from recent record highs despite stable occupancies.

A retreat in new construction since 2022-2023 suggests occupancies are likely to remain stable in the short-term.

Longer-term structural challenges loom, including a shrinking college-aged population and the continued expansion of online learning options.

30%
INCREASE IN ONLINE-ONLY STUDENTS SINCE THE 2019/2020 SCHOOL YEAR[3]

4%
DECLINE EXPECTED IN THE 20-29 COHORT OVER THE NEXT 10 YEARS[4]

1. Green Street, as of May 2025. 2. US Census Bureau, Manufactured Housing Survey, as of January 2025. 3. IPEDS Data Explorer, Table 9, 2019-2020 and 2022-2023. 4. Moody's Analytics, as of April 2025.

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2025 US REAL ESTATE MIDYEAR OUTLOOK

Clarity Through the Clouds:

Finding Opportunity in the Upcycle