NCREIF

National Council of Real Estate Investment Fiduciaries

First Quarter 2026

Data and Indices Results Webinar

Today's Panelists

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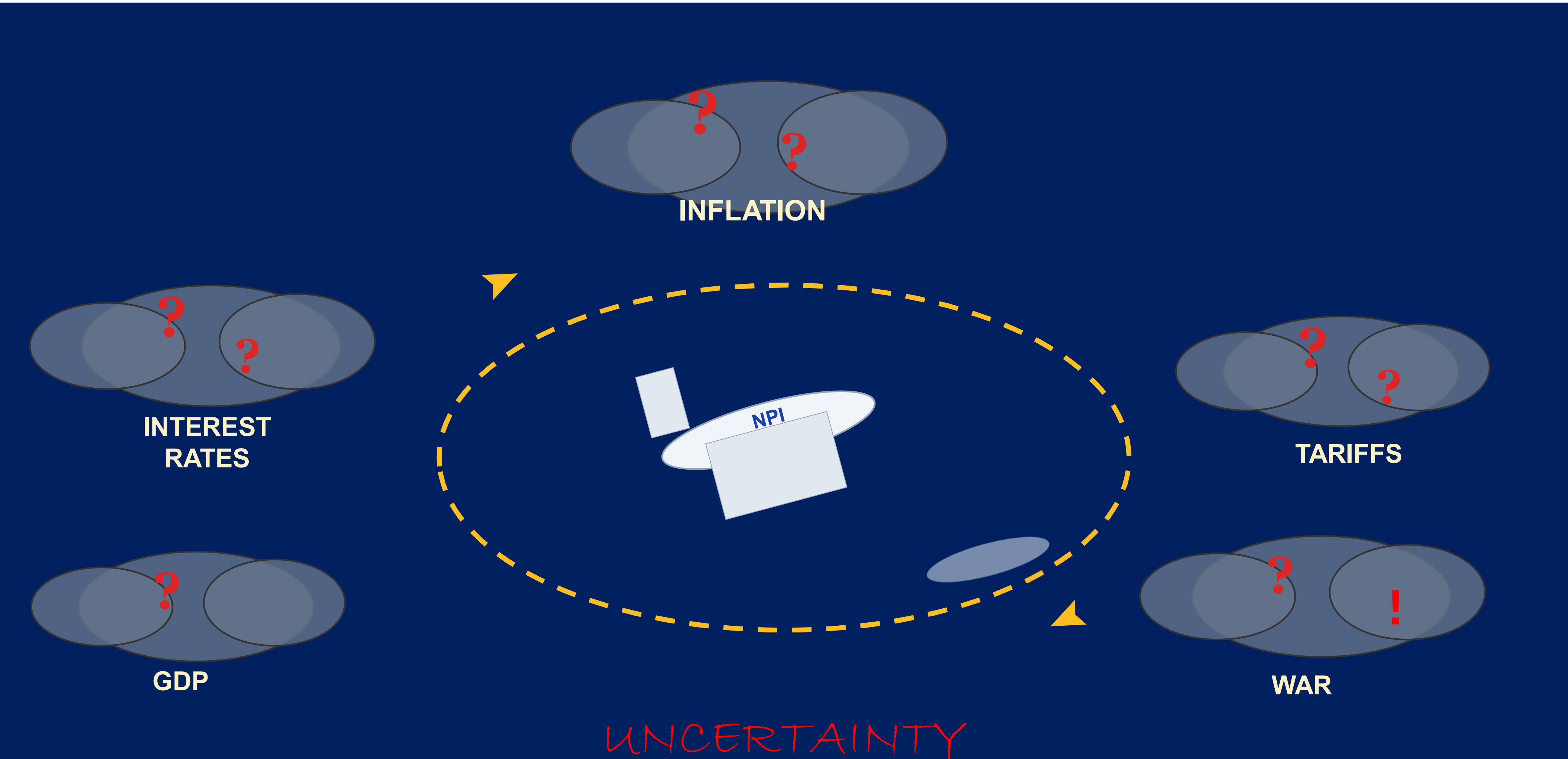
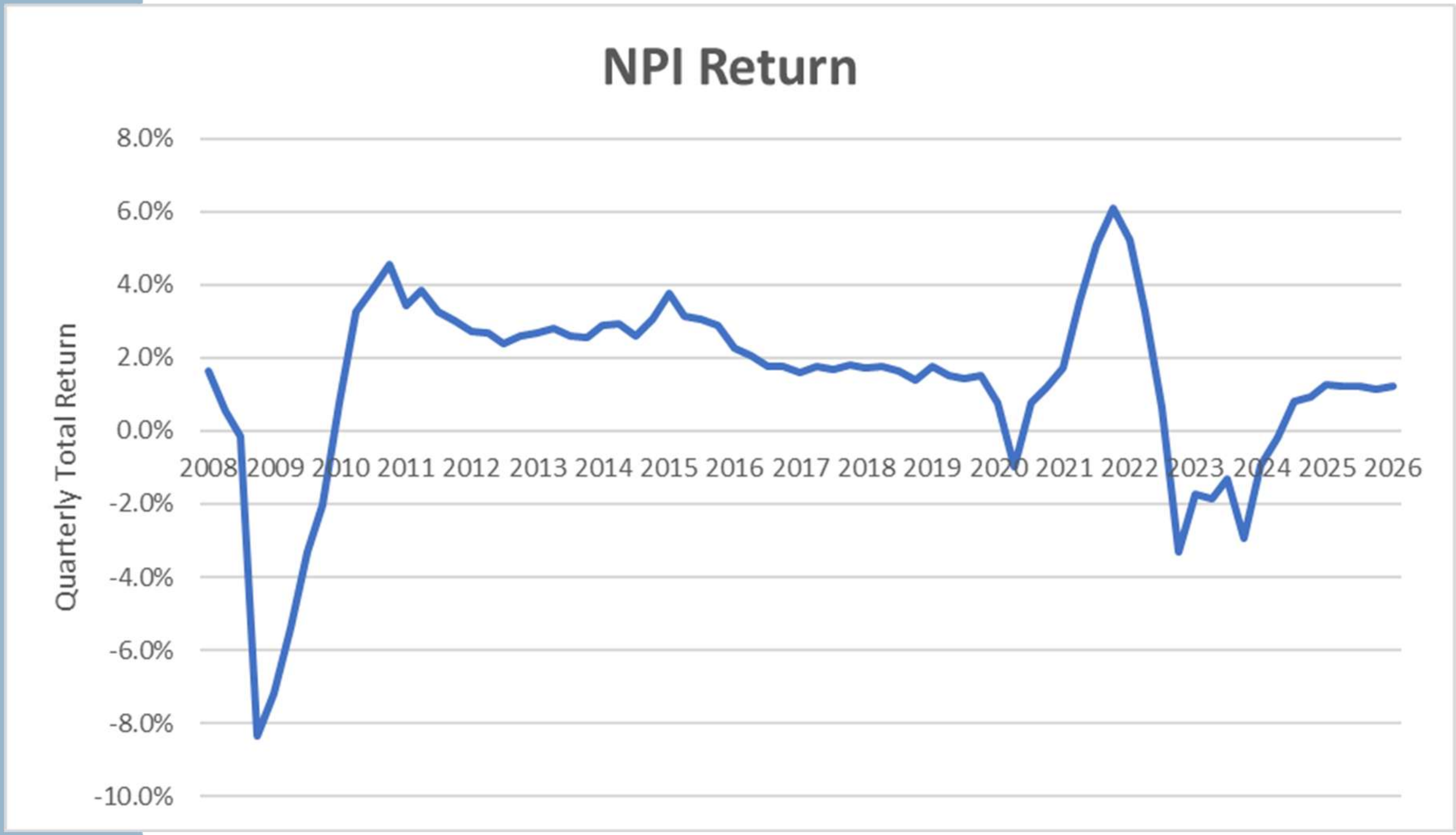
Disclaimer

All comments about future expectations are the **personal views of the speakers** and **NOT a "NCREIF opinion" or "NCREIF forecast"**, and should not be relied upon for investment decisions.

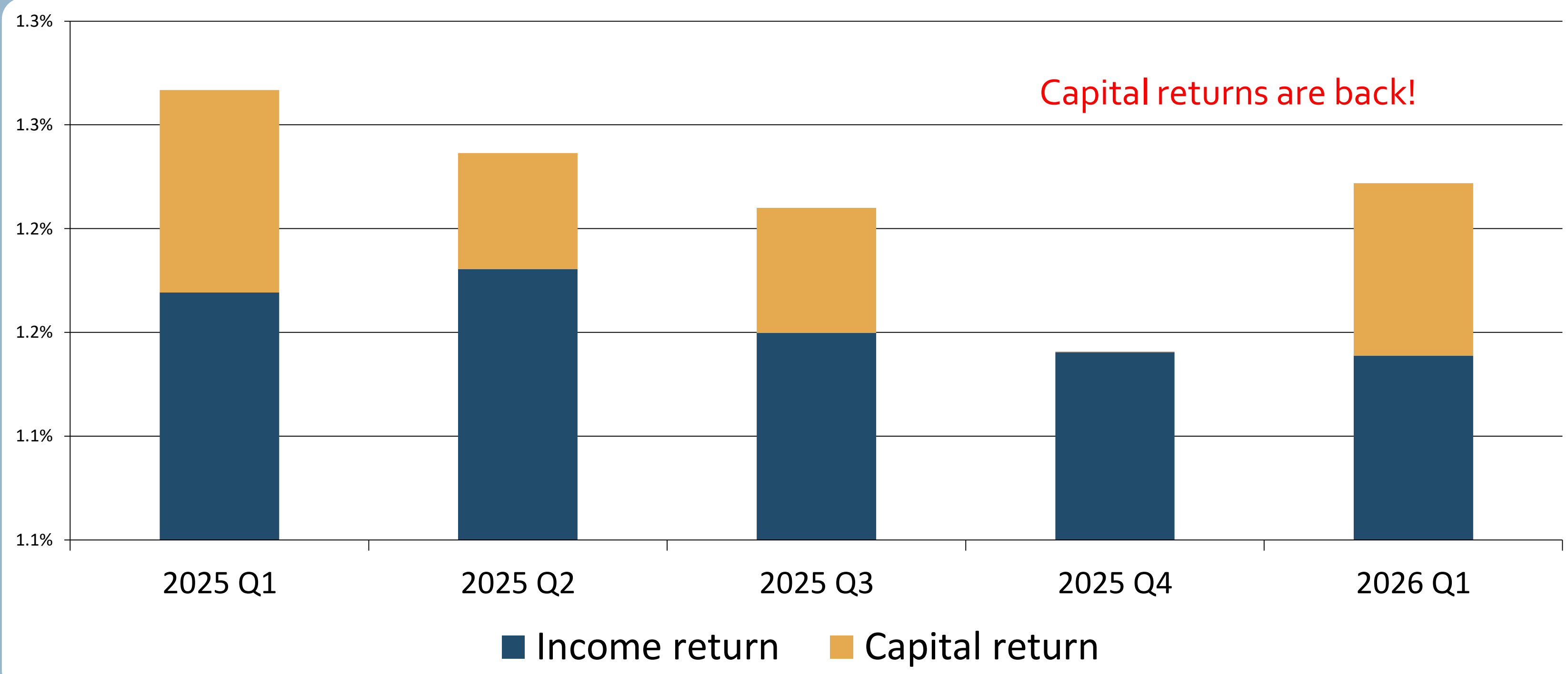


NPI Returns Continue in a Holding Pattern

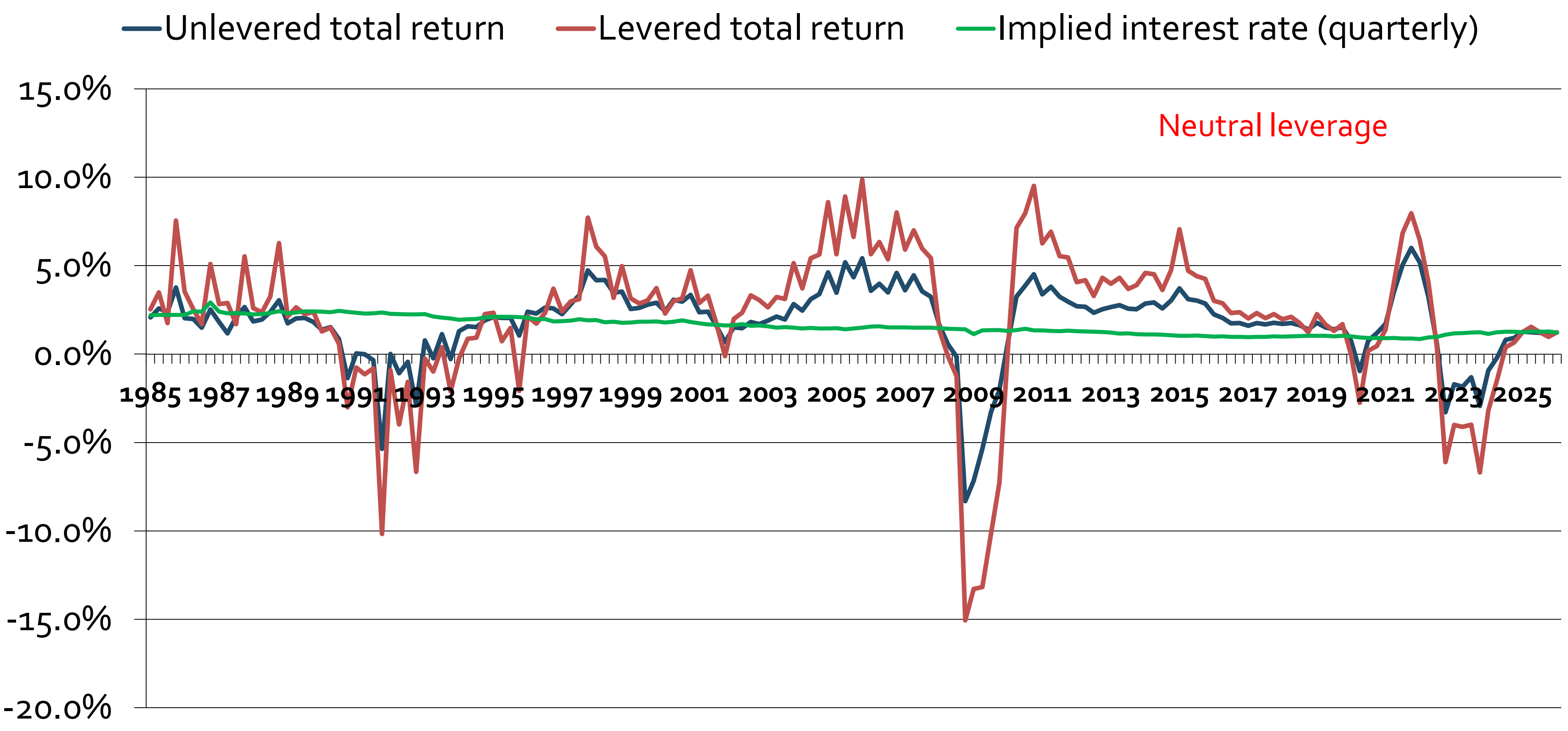
Returns Continue in a Holding Pattern



Return Components — Income vs Capital



NPI Returns and Implied Interest Rate — 1985 Q1 to 2026 Q1



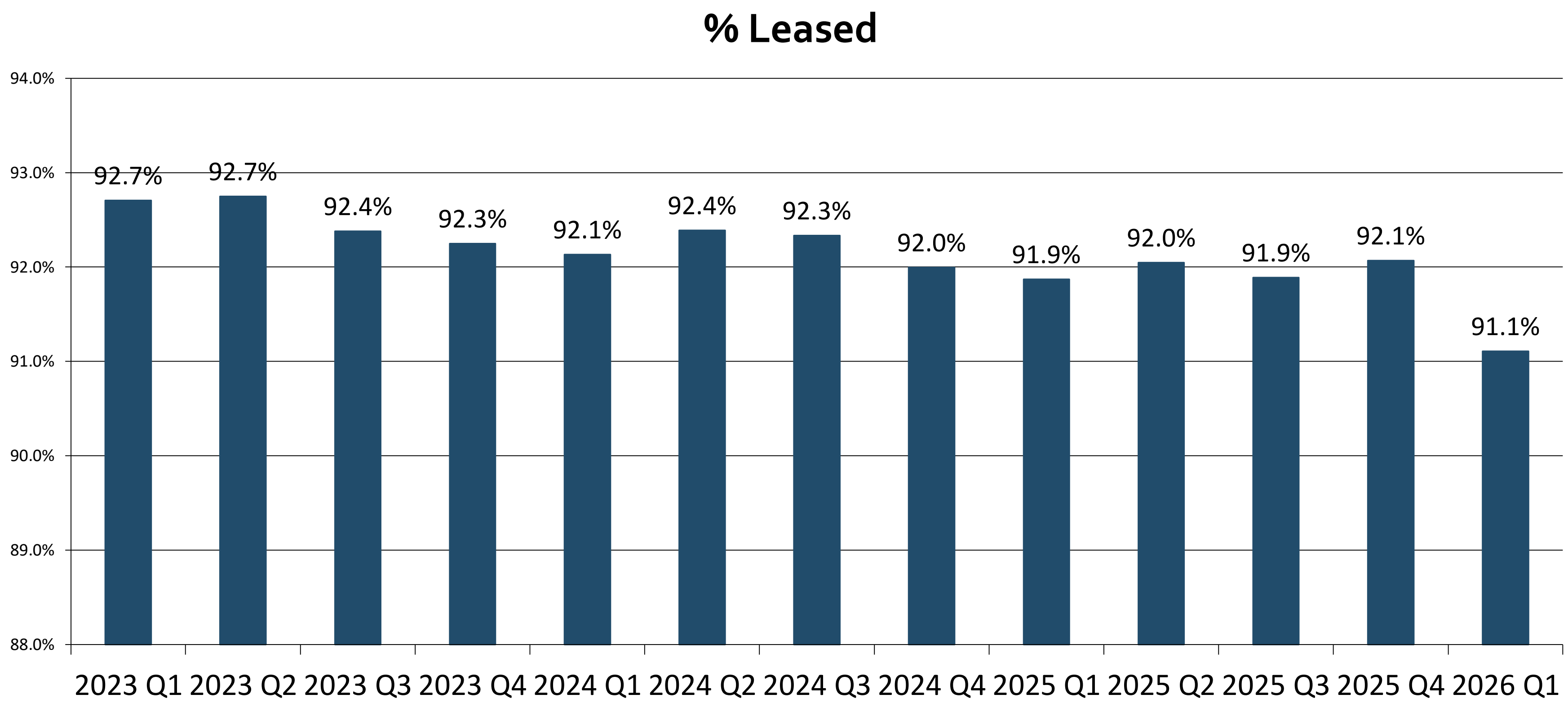
Q1 2026 Total Returns

Quarterly total return for major NCREIF and public-market benchmarks | Quarter ending 3/31/2026

Source: NCREIF Capital Markets Comparison (chart f-001-2605). Q1 2026 quarterly total returns.

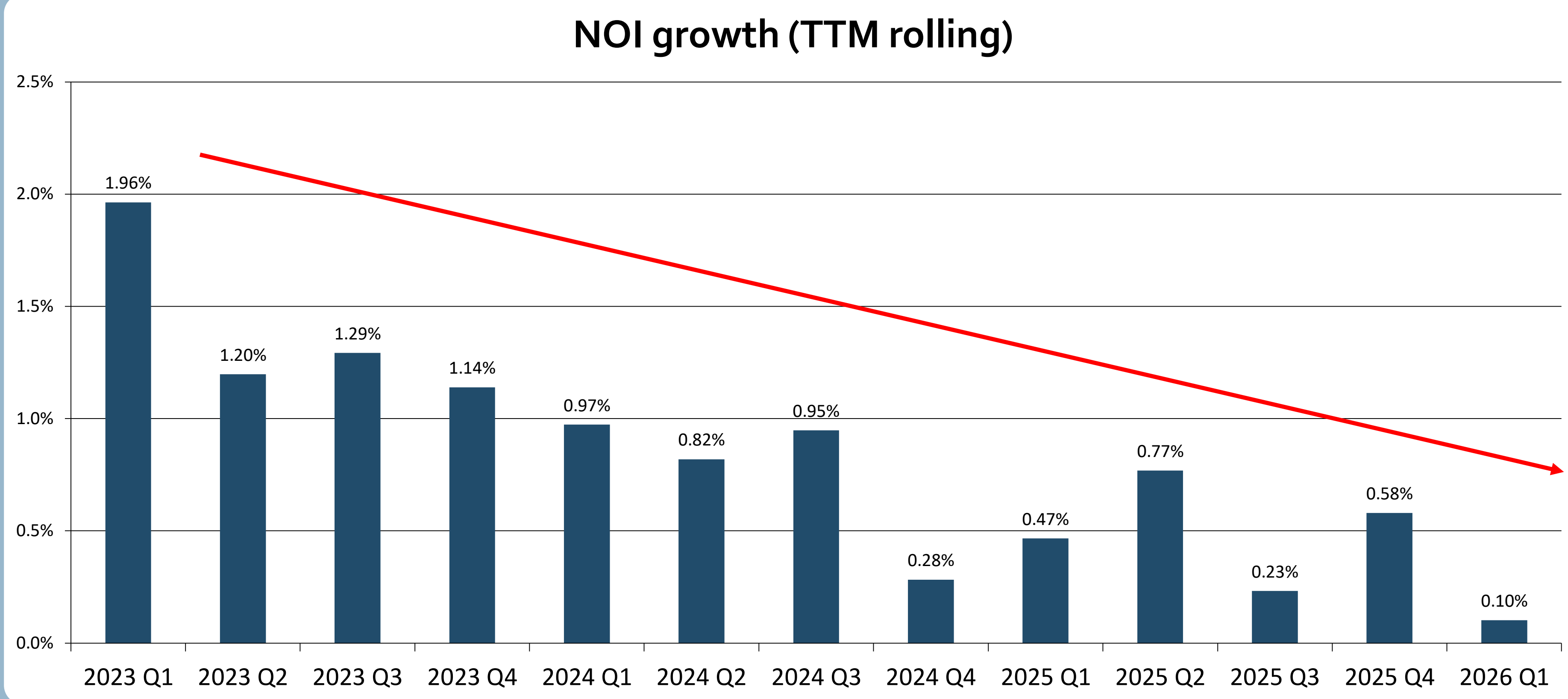
Average % Leased — NPI

MV-weighted occupancy across NPI properties



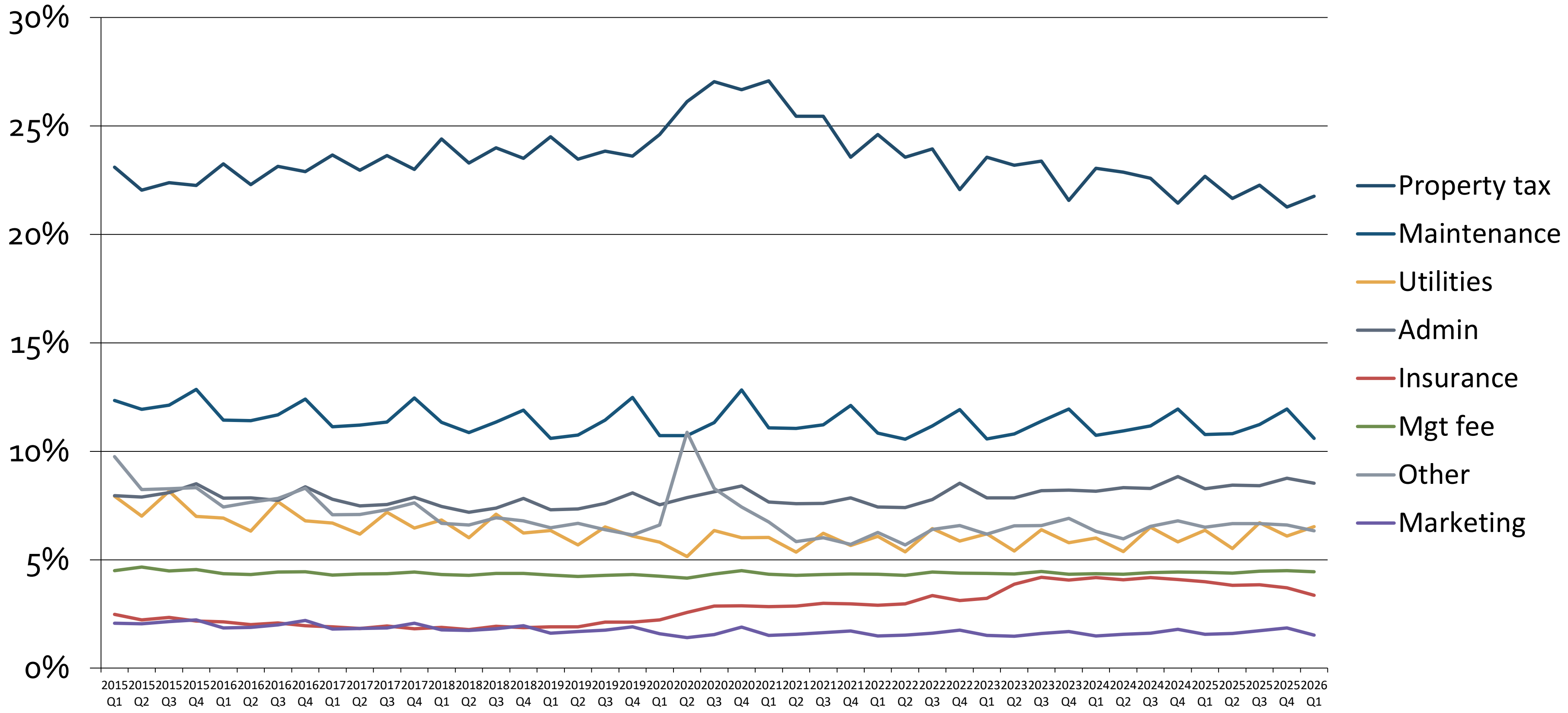
Same-Store NOI Growth — Rolling 4Q vs Prior 4Q

Sum of NOI for 4 quarters ending current quarter / sum for 4 quarters ending the previous quarter



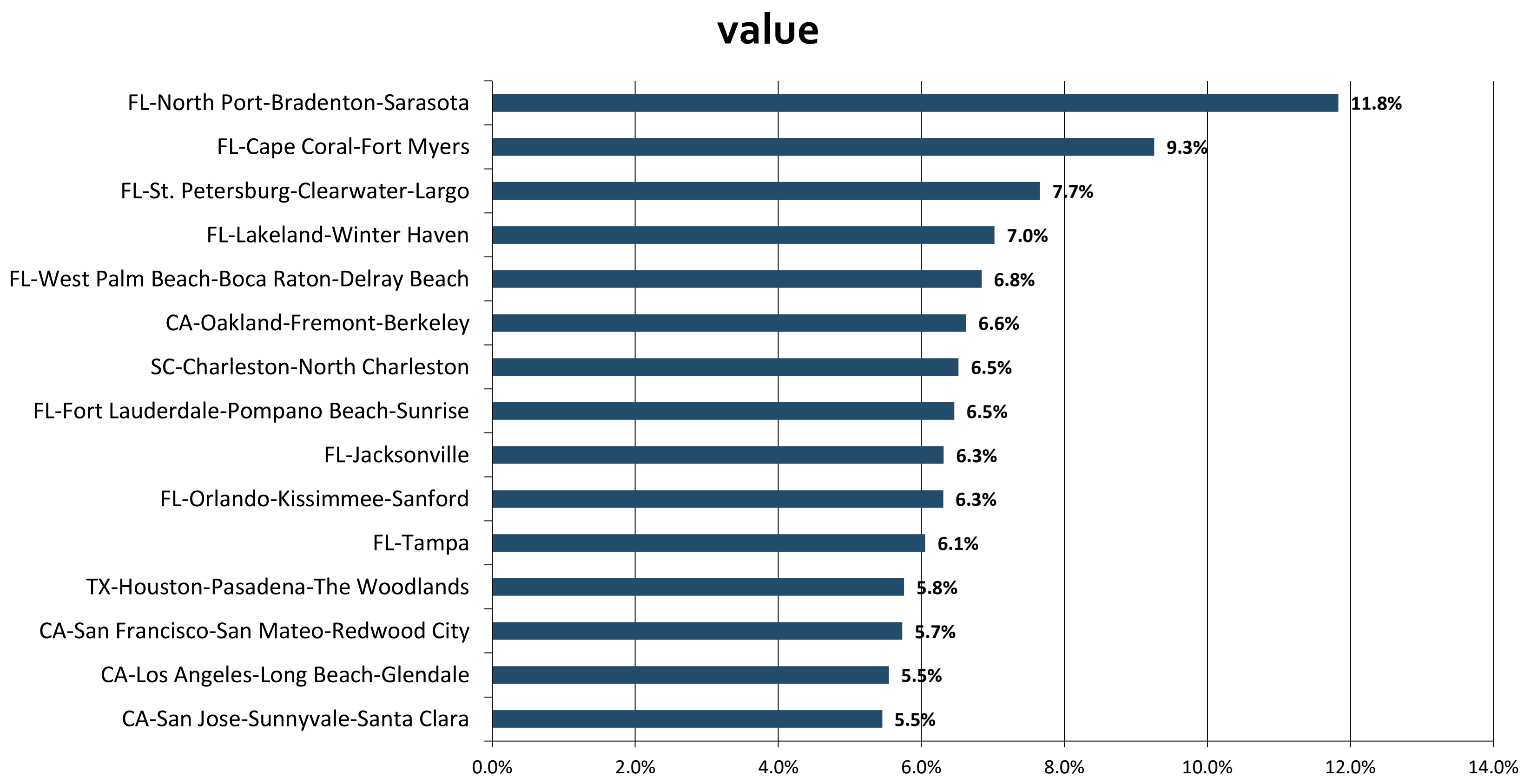
Operating Expense Categories as % of NOI

11-year trend of expense composition relative to NOI

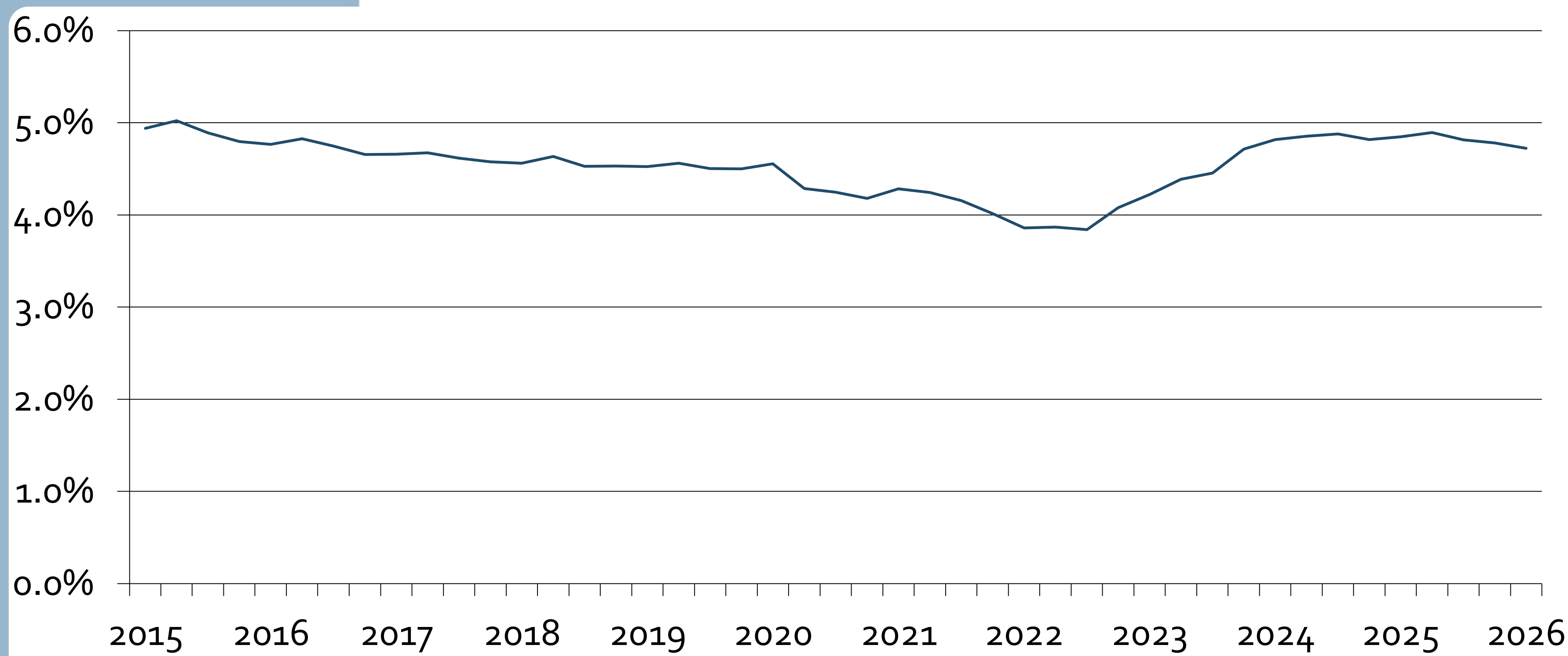


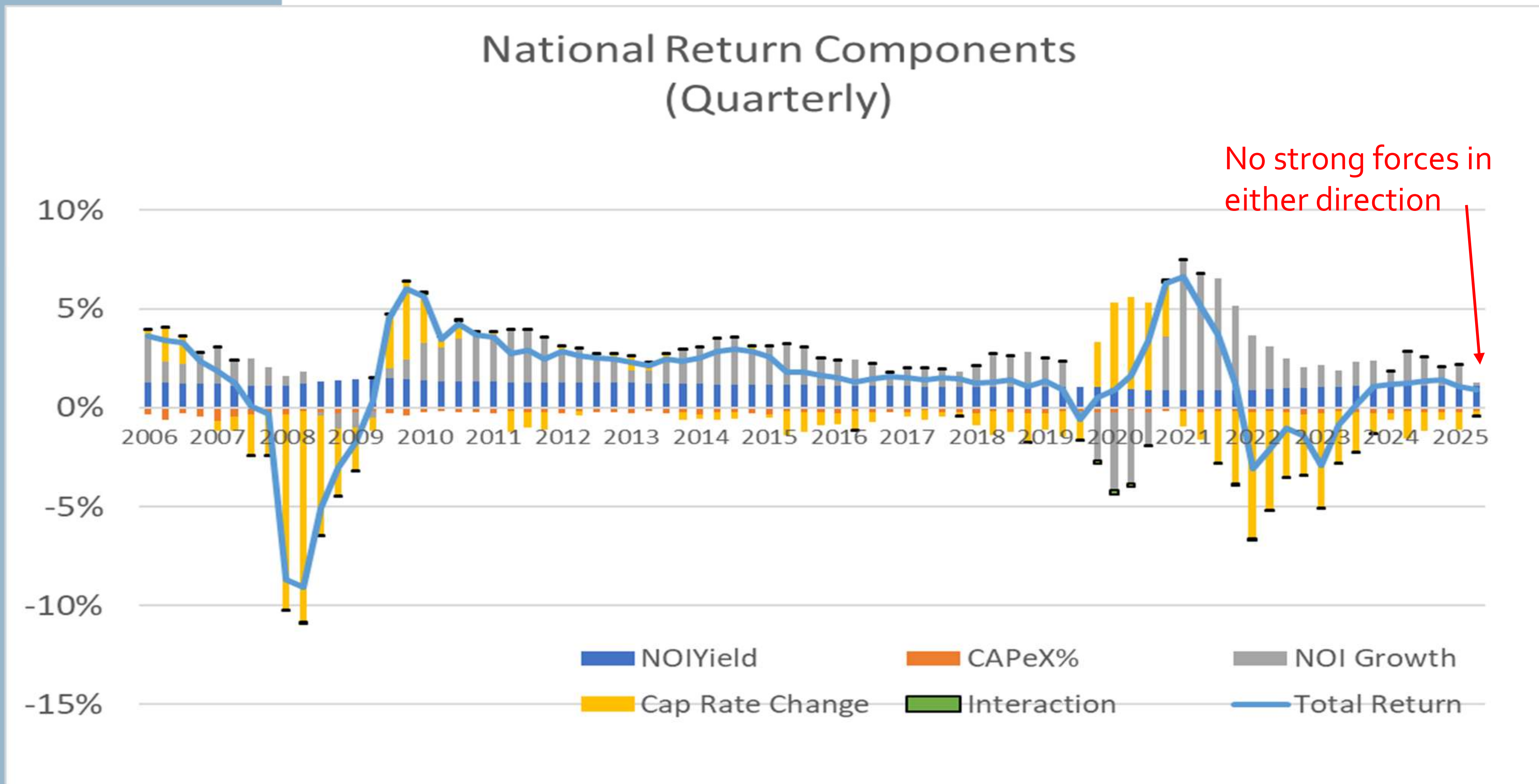
Top 15 CBSAs by Insurance Cost / NOI

TTM insurance / TTM NOI — share of operating income consumed by property insurance



Implied Cap Rate Trend — NPI





National Return Components
(Quarterly)
No strong forces in
either direction
10%
5%
0%
-5%
-10%
-15%
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
NOIYield
CAPeX%
NOI Growth
Cap Rate Change
Interaction
Total Return

Question

NPI returns (annual) for all of 2026 will be:

A. Below 2%

B. 2% to 4%

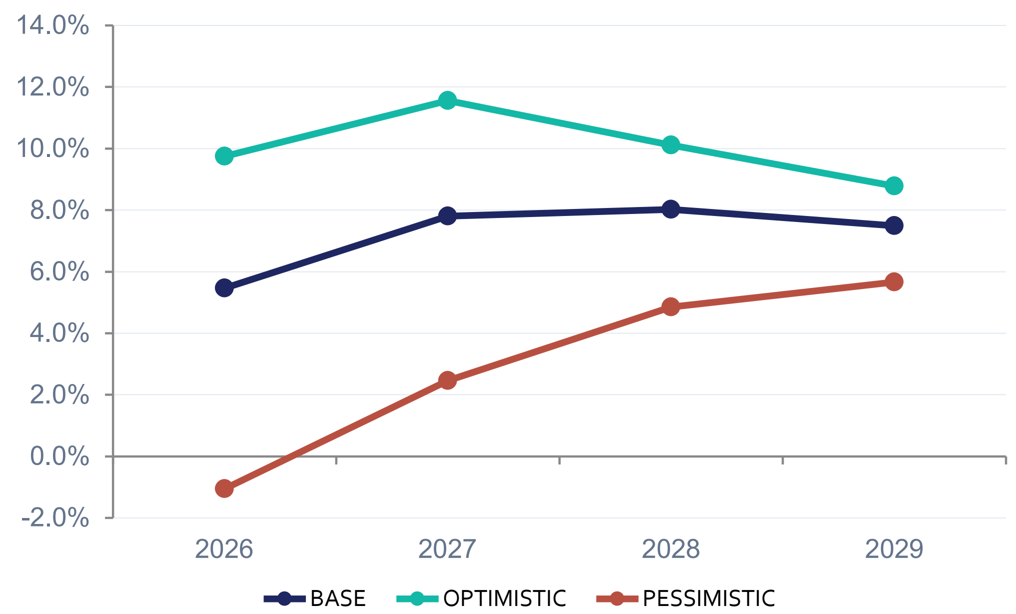
C. 4% to 6%

D. Above 6%

National NPI total return — three scenarios (Claud's forecast – NOT NCREIF)

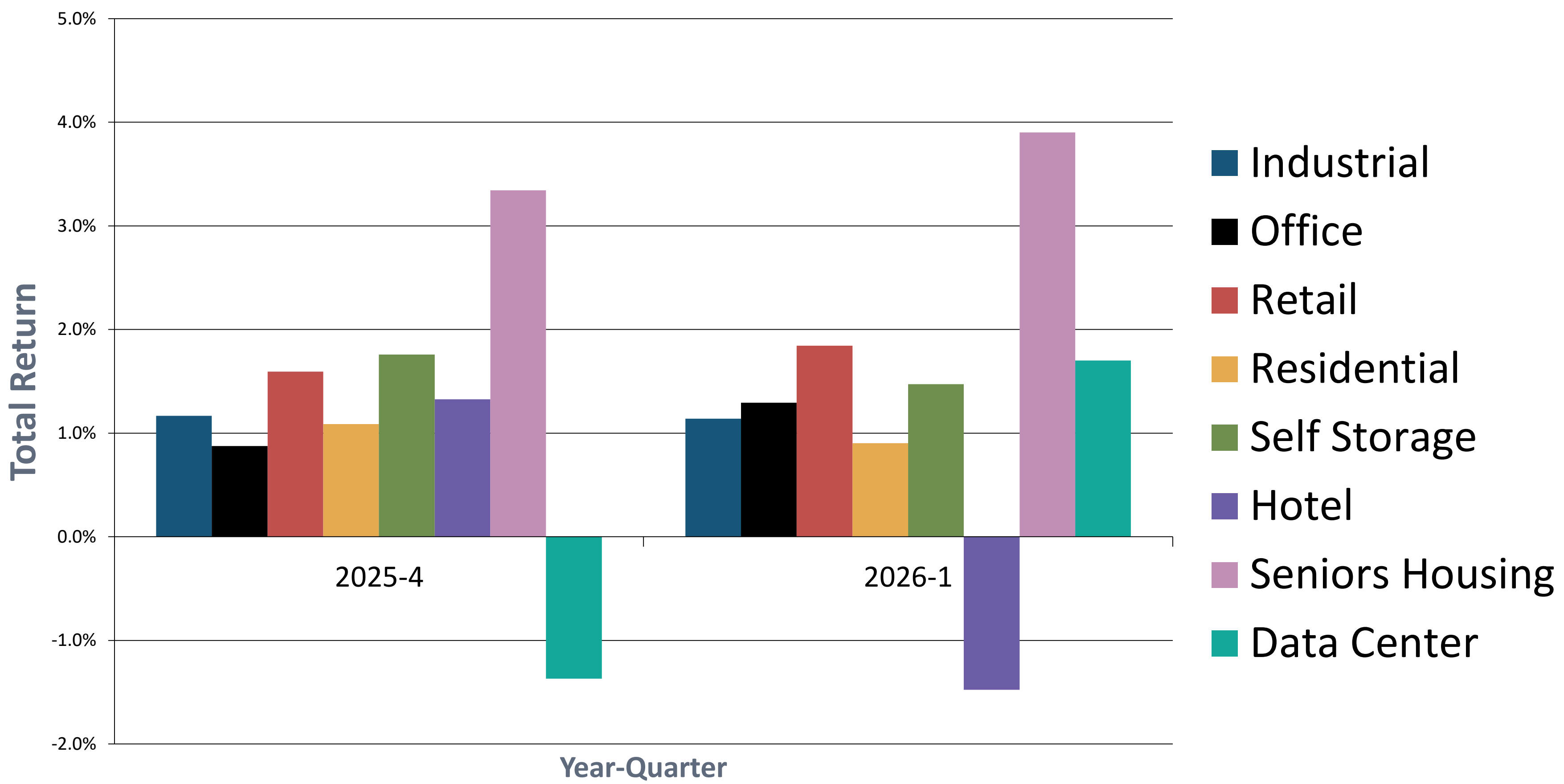
Wider scenario spread than the prior model; 2026 base case anchored at +5%

Year	BASE	OPTIMISTIC	PESSIMISTIC
2026	+5.47%	**+9.75%**	**-1.05%**
2027	+7.81%	**+11.56%**	**+2.46%**
2028	+8.03%	**+10.11%**	**+4.85%**
2029	+7.49%	**+8.79%**	**+5.66%**

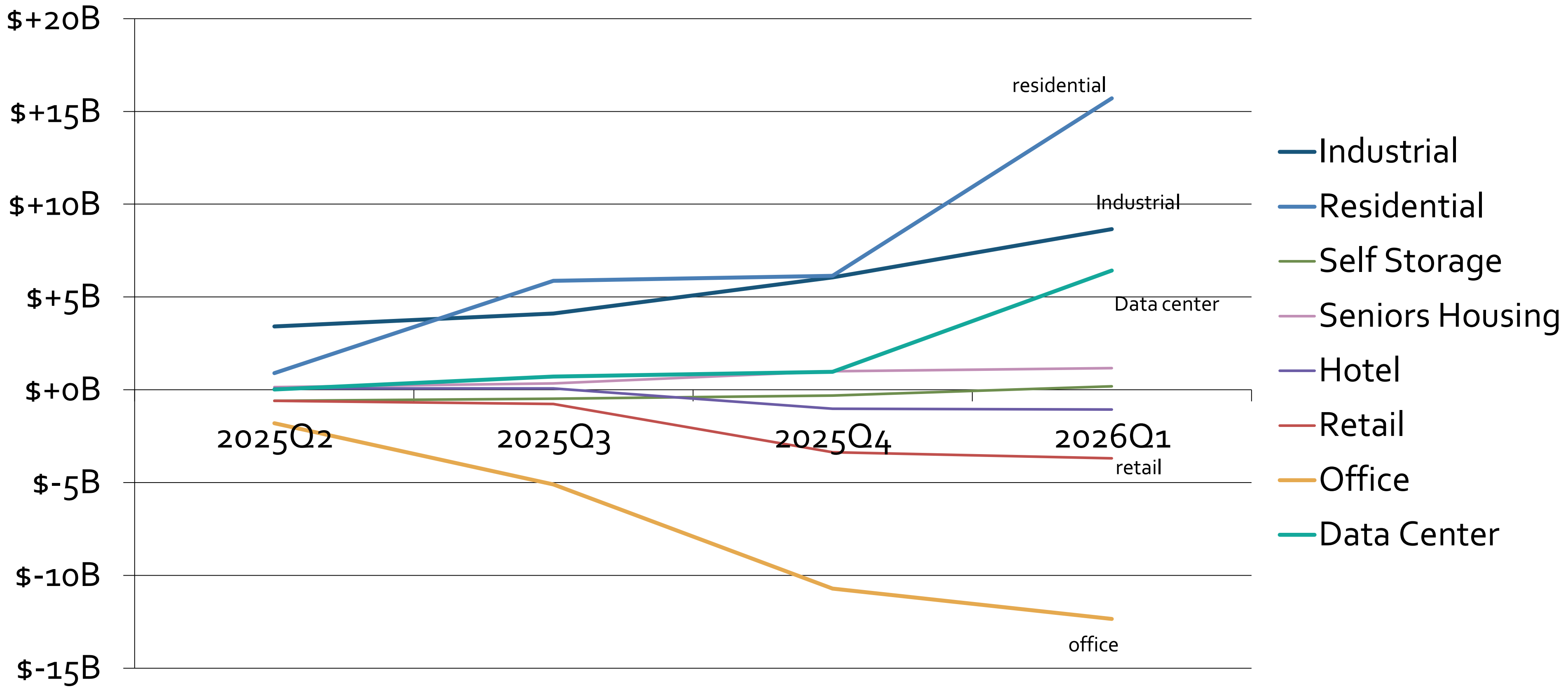


Since inception annual return 8.43%
Last 4 quarters Annual return 4.94%

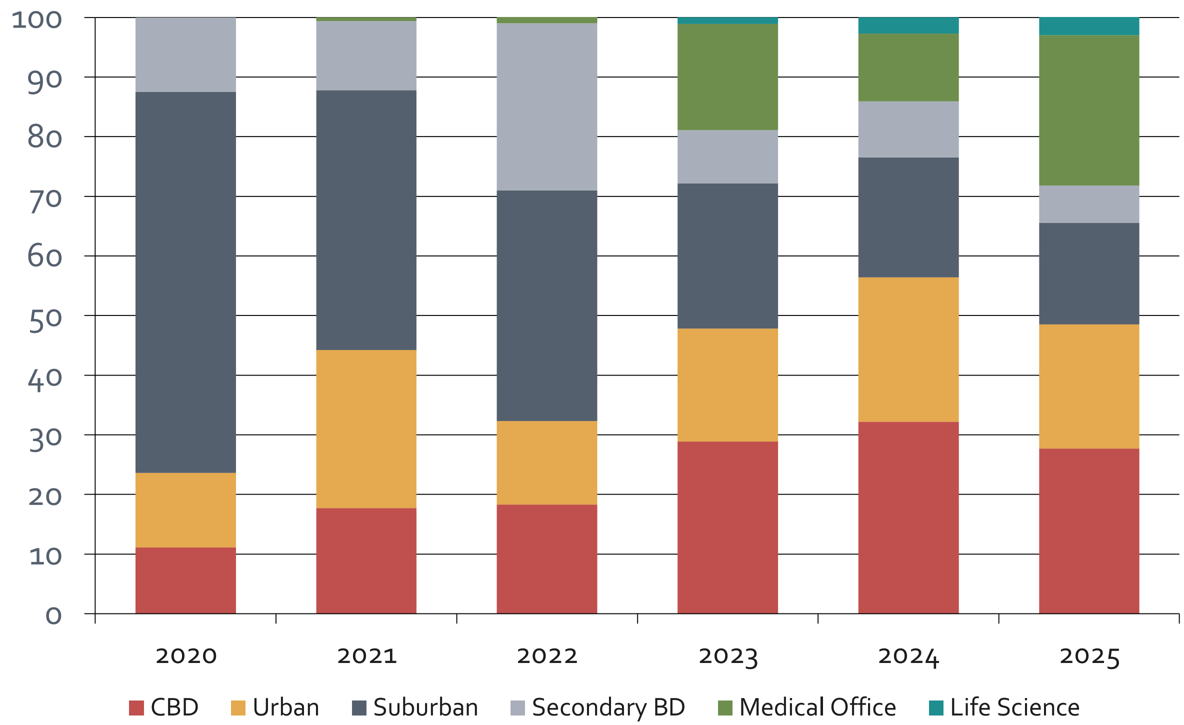
NPI Returns by Property Sector



Cumulative Capital Flow by Sector — Past 4 Quarters

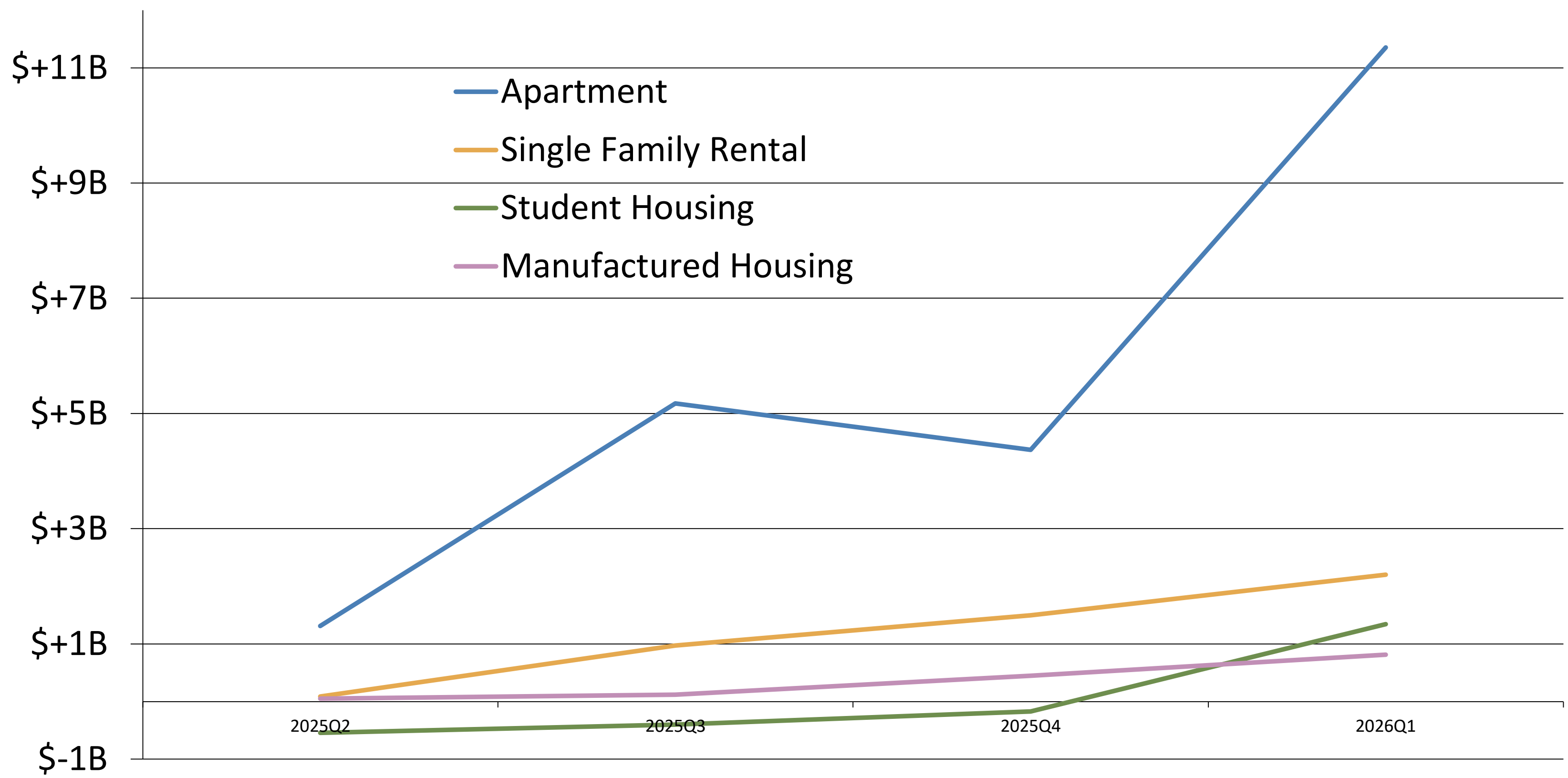


Changing Composition of Office Sales



- **Office capital values are down 37.9% from peak.**
- **18 office properties were handed back to lenders in just five quarters.**
- **Sold properties were both older and smaller.**

Residential Capital Flow by Subtype — Past 4 Quarters



Question

Which of the following property sectors do you think will have the greatest amount of **new capital** (market value) added?

A. Office.

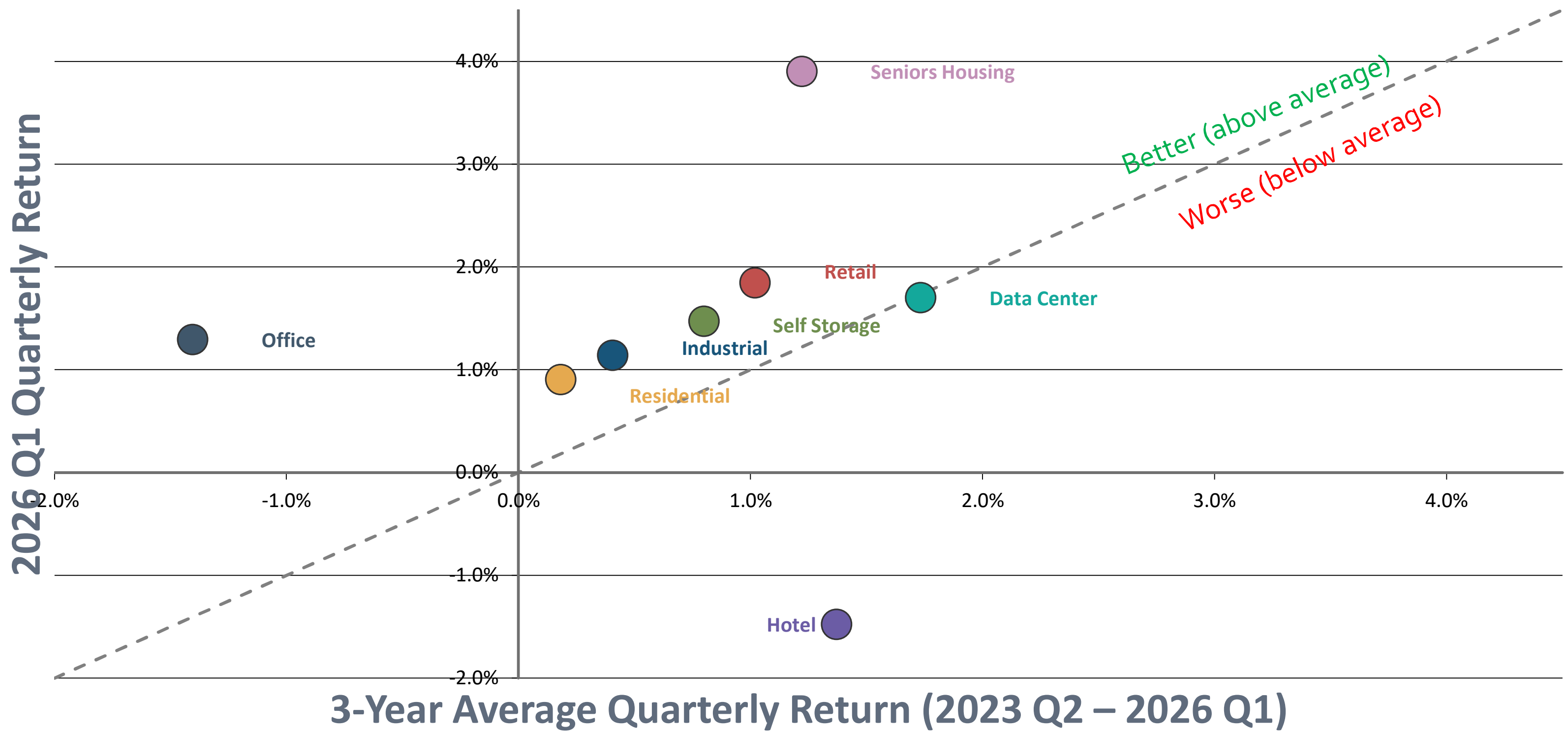
B. Industrial.

C. Retail.

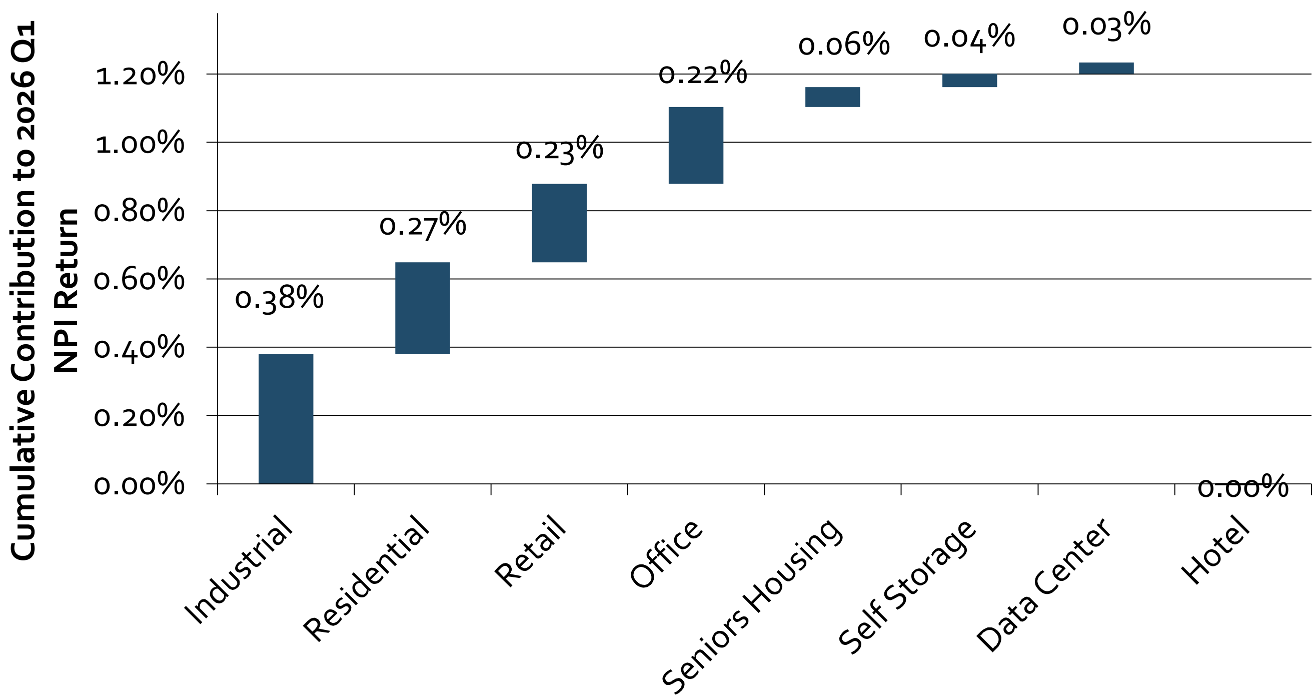
D. Residential (including single family).

E. Alternatives (including data centers)

Return Momentum — All Property Types



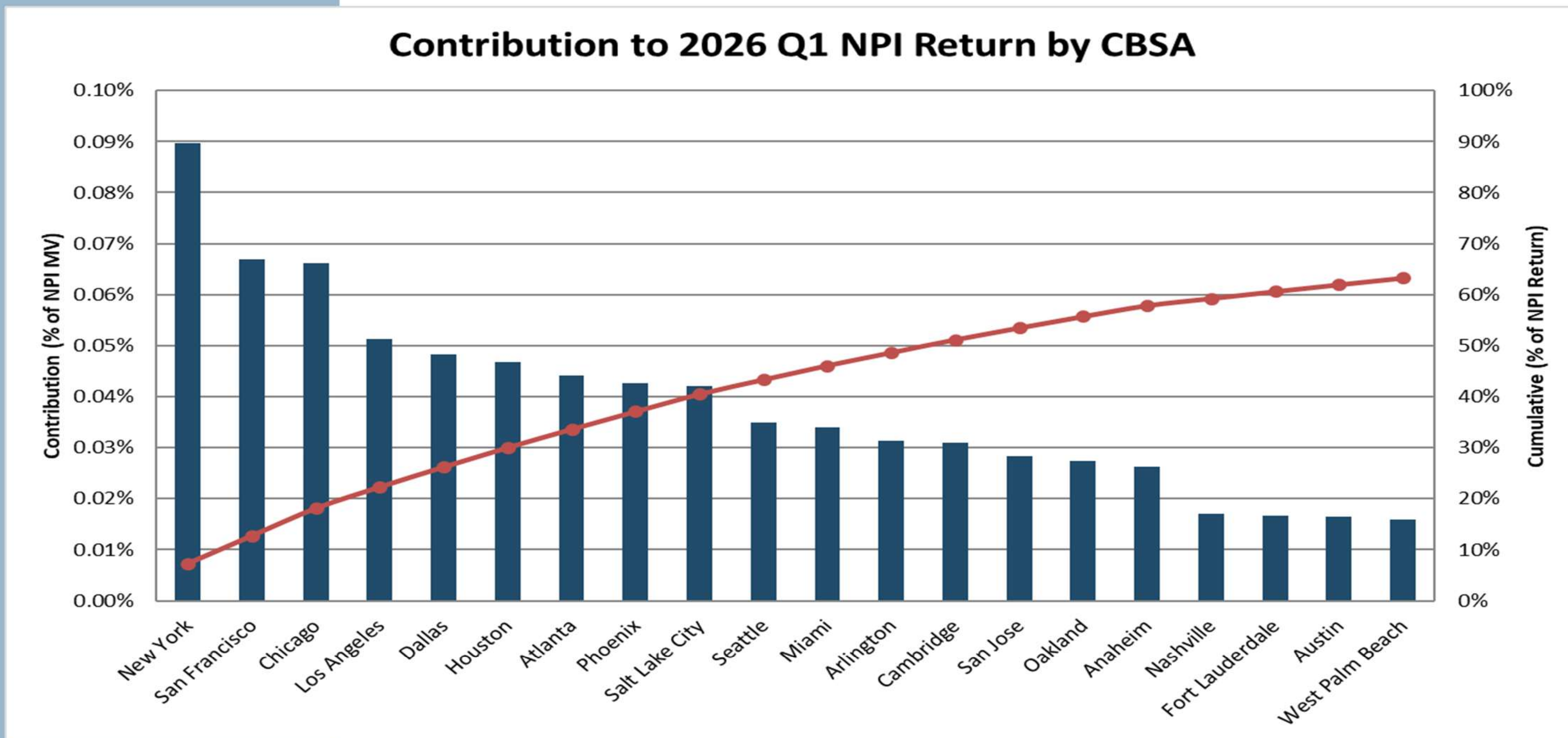
Contribution to 2026 Q1 NPI Return by Property Type



NPI Return = 1.23%

(122.9 bps total)

Industrial	+38.1 bps
Residential	+26.8 bps
Retail	+23.0 bps
Office	+22.5 bps
Seniors Housing	+5.8 bps
Self Storage	+3.9 bps
Data Center	+3.3 bps
Hotel	-0.4 bps

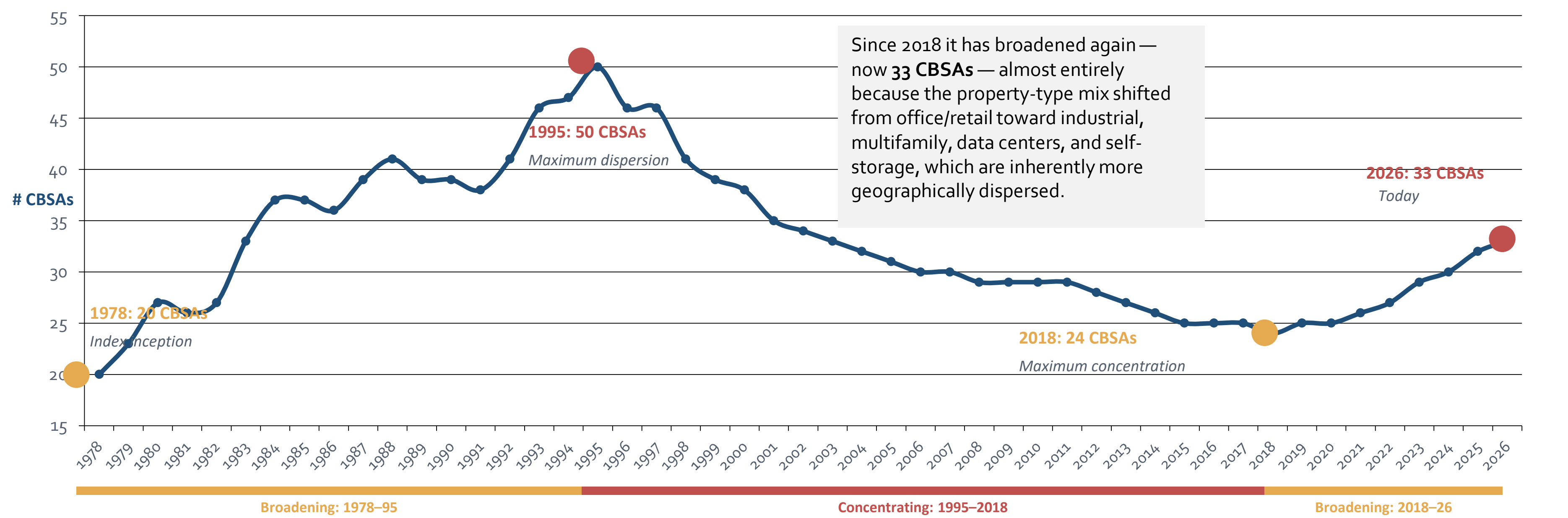

Contribution to 2026 Q1 NPI Return by CBSA
Contribution (% of NPI MV)
Cumulative (% of NPI Return)
0.10%
0.09%
0.08%
0.07%
0.06%
0.05%
0.04%
0.03%
0.02%
0.01%
0.00%
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
New York
San Francisco
Chicago
Los Angeles
Dallas
Houston
Atlanta
Phoenix
Salt Lake City
Seattle
Miami
Arlington
Cambridge
San Jose
Oakland
Anaheim
Nashville
Fort Lauderdale
Austin
West Palm Beach

NPI-PLUS GEOGRAPHIC CONCENTRATION • 1978 – 2026

How many CBSAs does it take to capture 80% of NPI-Plus market value?

An inverted-U-then-U: the index dispersed through 1995, then concentrated for two decades, then broadened again post-2020.

Number of CBSAs whose market values cumulatively reach 80% of NPI-Plus total MV — Q1 of each year



Source: NCREIF NPI-Plus, Q1 of each year, 1978–2026. CBSAs ranked by market value; threshold = 80% of total NPI-Plus MV.

Question

- What Property Sector do you think will perform best (highest total **return**) for **2026**?
  - A. Residential
  - B. Office
  - C. Industrial
  - D. Retail
  - E. Alternatives (next slide)

Question

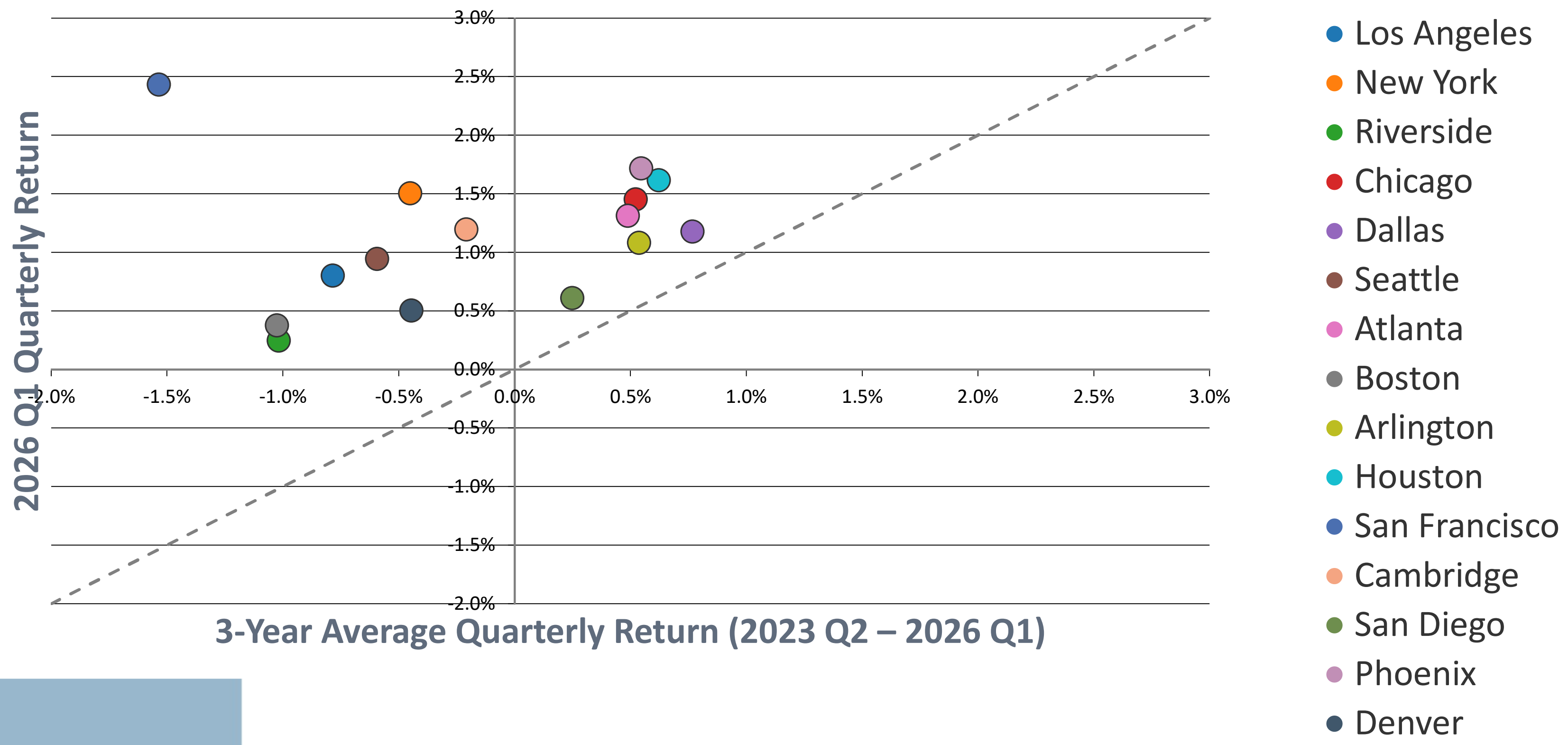
- What Property Sector do you think will perform best (highest total **return**) for **<u>2026</u>**?
  - A. Data centers
  - B. Self storage
  - C. Senior housing
  - D. Medical Office
  - E. Hotel

Industry Outlook Consensus (Complied by Claude)

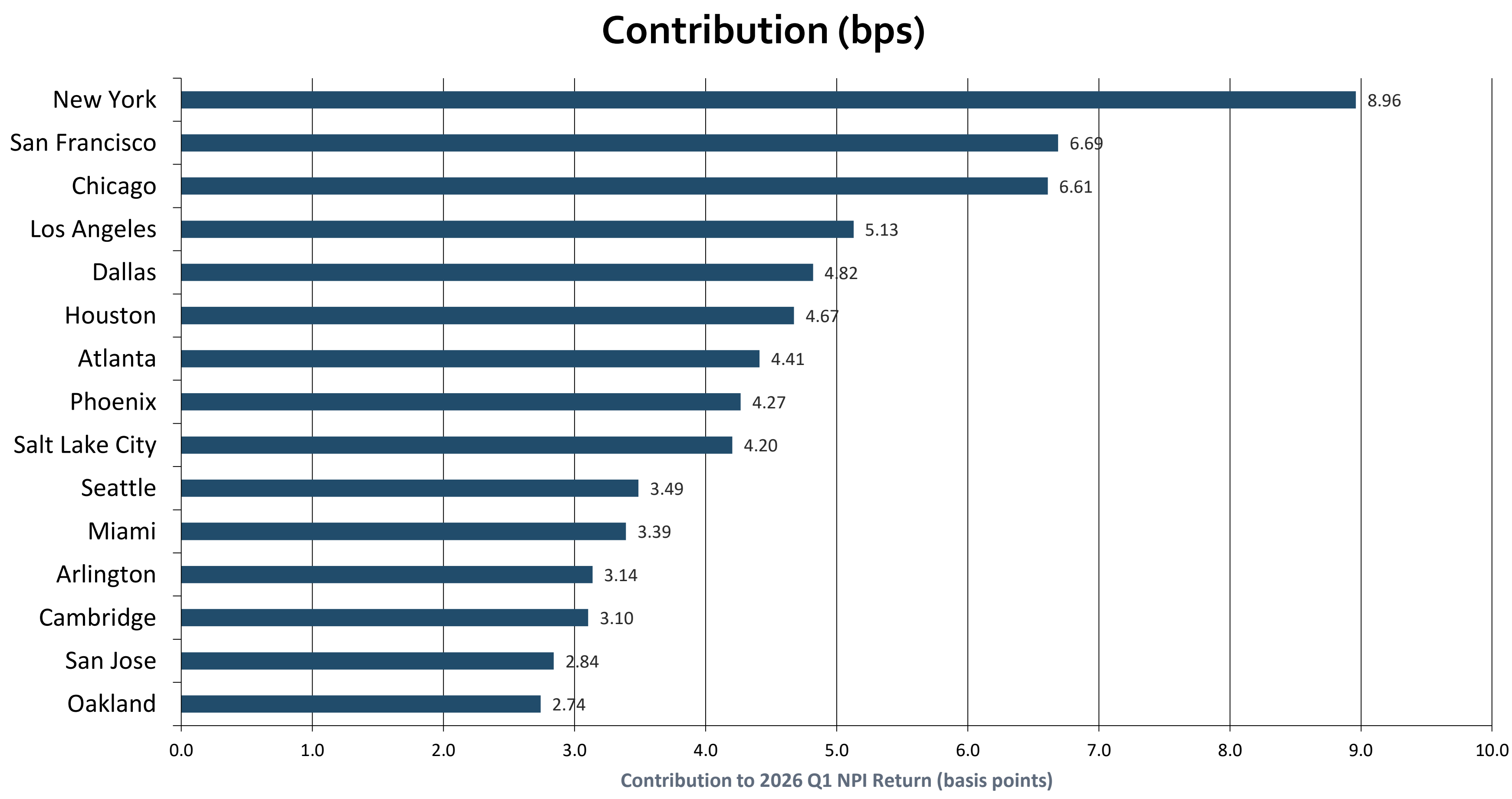
Sector	This forecast (Base 2026-29 avg)	Industry consensus narrative
Industrial	+8.4%	Strongest sector. Tariff-reshoring + e-commerce structural tailwind. Vacancy peaks ~7-8%; deliveries decade-low in 2026 (CBRE, JPMorgan).
Retail	+7.1%	Healthy fundamentals; necessity/grocery-anchored attractive risk-adjusted; below-market in-place rents allow rent growth (CBRE, PGIM).
Residential	+6.4%	Vacancy at peak then declining; cap rate forecast to fall to ~5.31% by end-2026; supply pipeline collapsing (CBRE, First American).
Office	+7.2%	Sublease space working through; gradual recovery; gateway/AI hubs lead (CBRE, MetLife, Cohen & Steers).
Self Storage	+1.0%	Demand normalizing post-COVID; REIT M&A signals cap-rate floor confidence; sector outlook moderating (CBRE).
Aggregate NPI	+7.2%	CBRE: 16% YoY investment volume increase in 2026; 2 rate cuts forecast; values bottomed 2024Q4 NPI; income-driven returns near-term.

Sources: CBRE U.S. Real Estate Market Outlook 2026; PGIM Real Estate 2026 Outlook; MetLife Investment Management 2026 CRE Outlook; First American "Multifamily Cap Rates Poised to Slip in 2026"; Cohen & Steers 2026 Outlook; JPMorgan Commercial Real Estate Trends 2026.

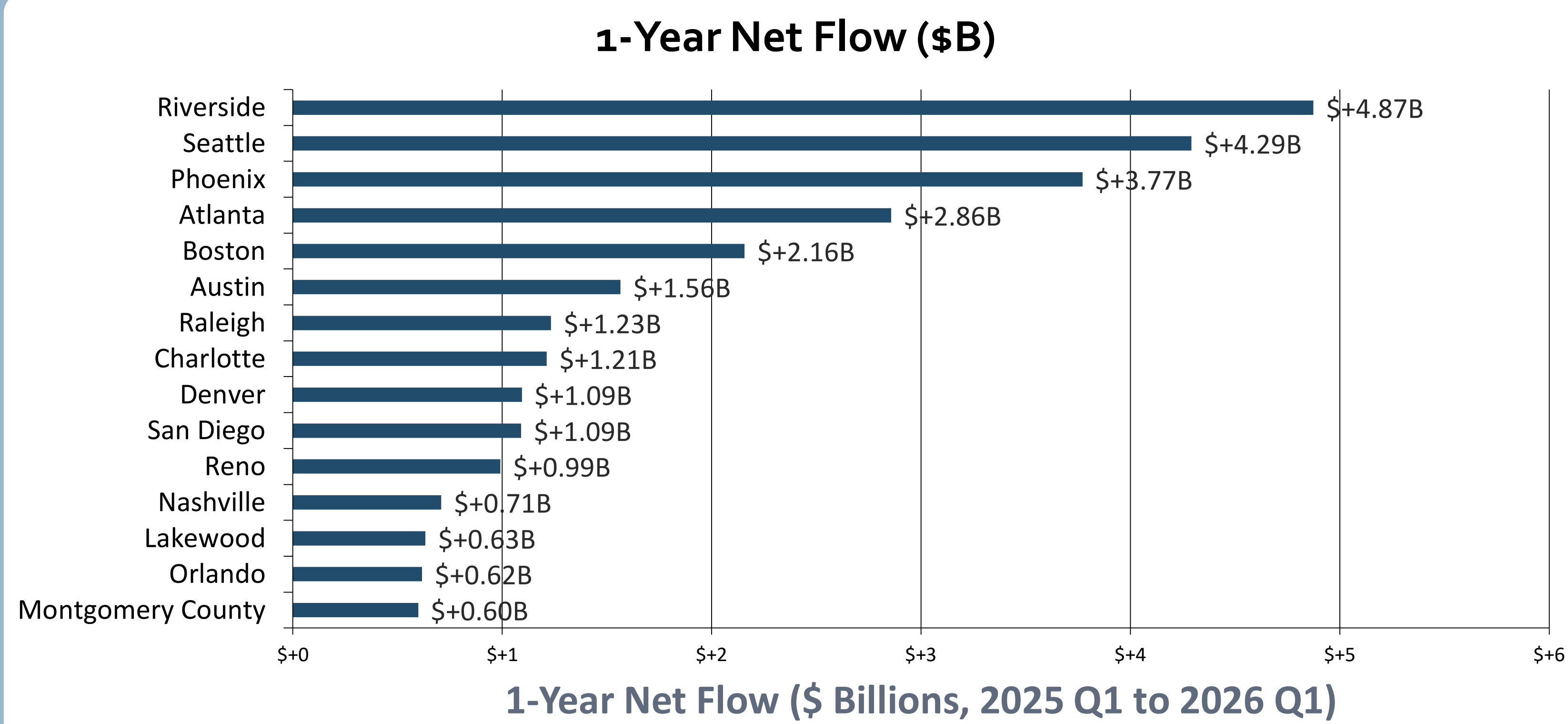
Return Momentum — Top 15 CBSA-Divisions



Top 15 CBSA-Divisions by Contribution to 2026 Q1 NPI Return

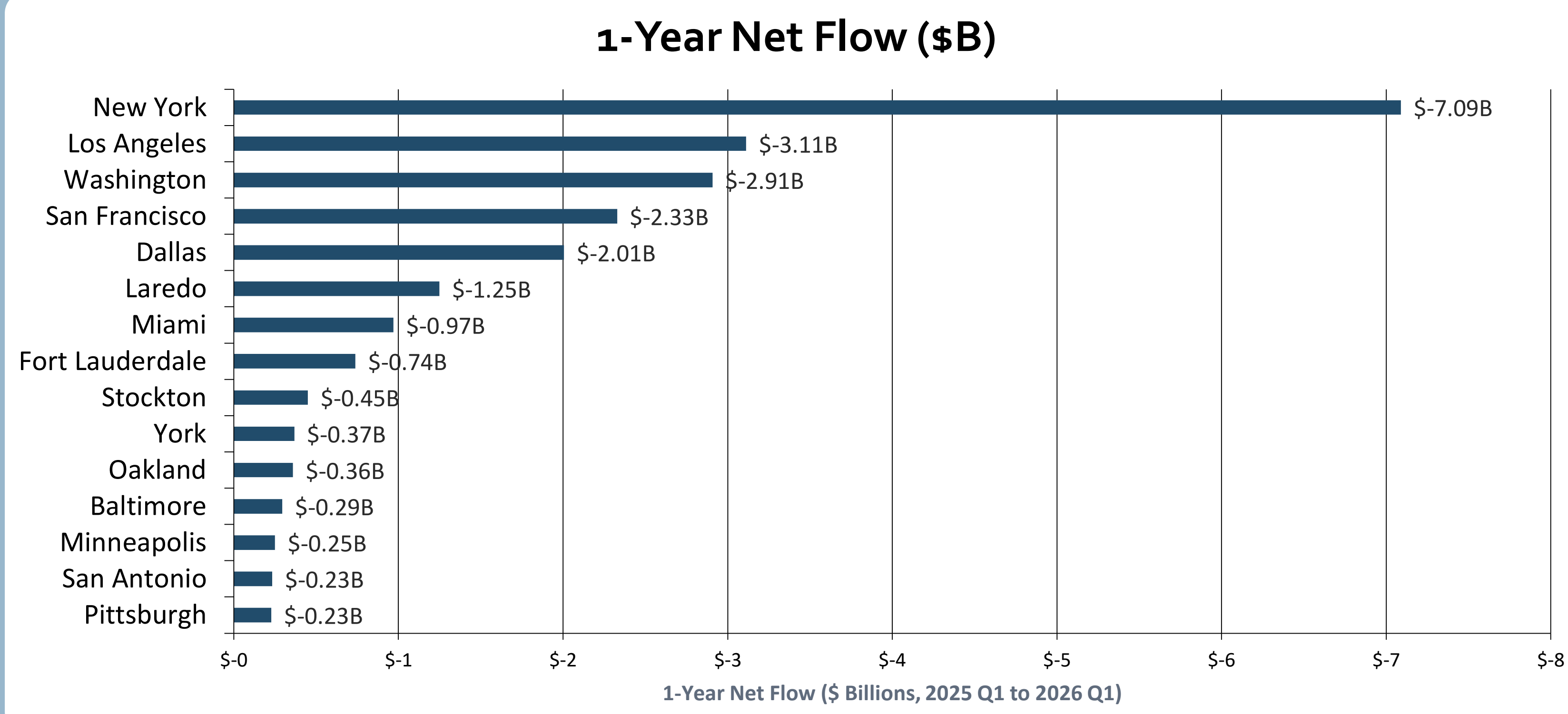


Top 15 CBSA Inflows — 1-Year Change vs. 2025 Q1



Riverside leads at +$4.9B over the year. Top 15 inflows total +$27.7B. Aggregate NPI net flow across all 329 CBSAs: +$14.8B. Sun Belt and Mountain West metros dominate.

Top 15 CBSA Outflows — 1-Year Change vs. 2025 Q1



New York leads outflows at $-7.1B over the year. Coastal gateway markets (NY-NJ, LA, Washington DC, San Francisco) dominate outflows — the institutional retreat from gateway-office continues. Dallas reflects late-cycle profit-taking on industrial.

Notable Trends — 2021 Q1 to 2026 Q1

◆ **NPI universe grew 23%**
10,557 → 12,996 properties; net +2,439 over 5 years

◆ **Office sub-mix flipped**
CBD share 59% → 46%; Medical Office and Life Science combined nearly tripled (10% → 26%)

◆ **Office property size shrank 17%**
Average sqft 260k → 216k — smaller, more specialized offices replacing trophy CBD assets

◆ **Office MV per property −34%**
$142M → $94M average — value compression plus mix shift toward smaller assets

◆ **Industrial Specialized doubled**
3.8% → 6.8% of Industrial MV (cold storage, fulfillment); Warehouse still dominant at 89%

Debt Project as of 12/31/25

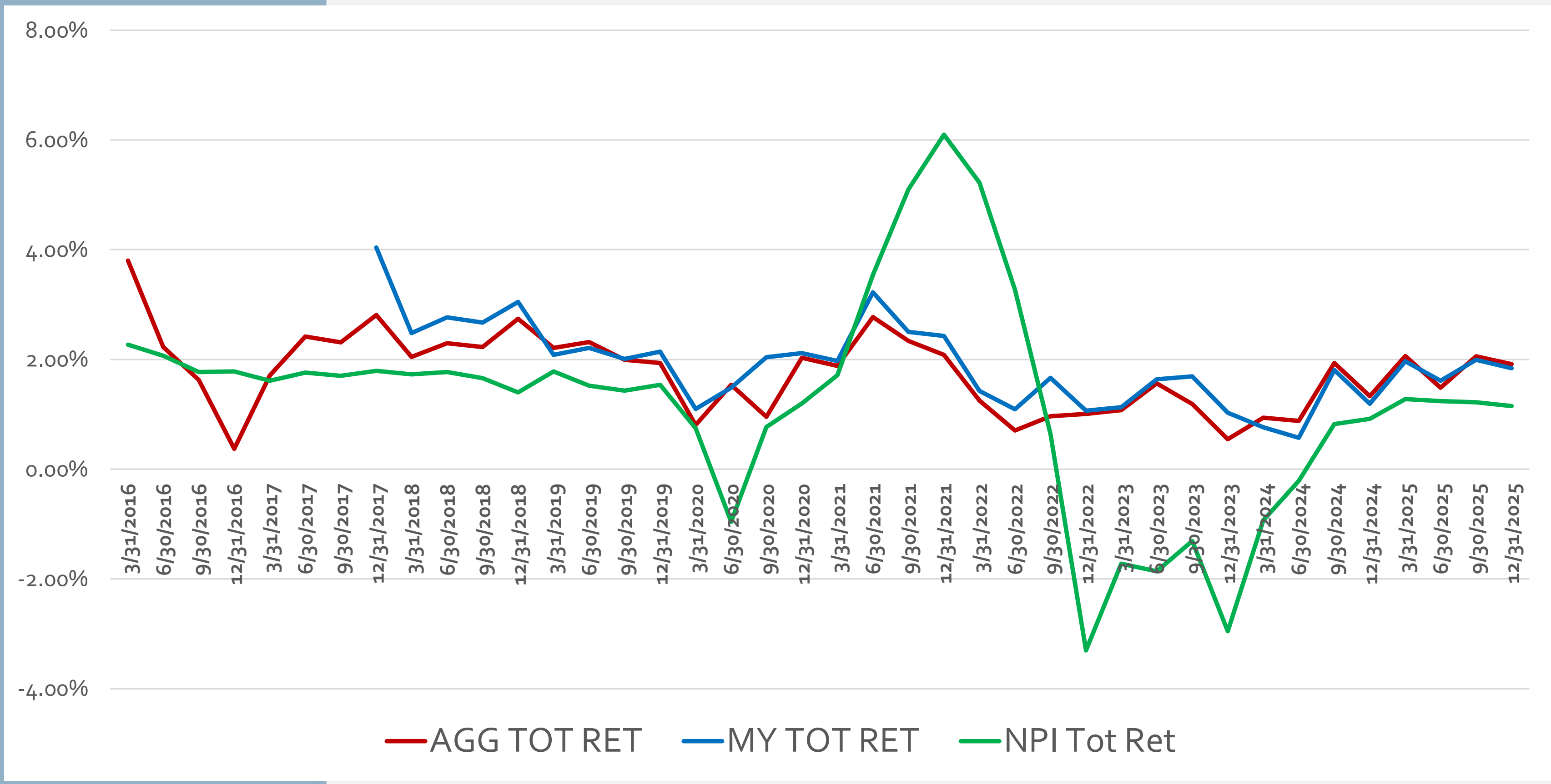
Description	Aggregate (database)	Moderate-Yield (Index)
First release	August 2023 (1Q23) Consultation Phase Ongoing	December 2025 (2Q25) Consultation Phase (1 to 2 years)
Styles	Core, Moderate, and High-Yield	Moderate-Yield
Active funds	16 (3 + 12 + 1)	12
Returns	Quarterly, funds equal-weighted	Quarterly, funds equal-weighted
Returns start	3/31/2016	12/31/2017
Assets	$38.1 billion	$31.9 billion
Loans	707	532
Data collection	Fund level & weighted averages	Fund level & weighted averages
Inclusion Criteria	60% in private real estate debt	Various based on risk factors

Moderate Yield Inclusion Criteria

- Total Gross Asset Allocation
  - 80% invested in private debt real estate
- Private Debt Real Estate Diversification
  - No limits, except preferred equity not to exceed 25%
  - 95% of underlying properties in the U.S.
- Total Leverage not to exceed 77%
  - Financial and Structural
- Underlying Properties LTV at Origination
  - Not to exceed 75%
- Underlying Properties Life Cycle at Quarter-end
  - 60% of the fund invested in operating properties (60% leased)
  - Ground-up development not to exceed 20%

Criteria has been created for Core and High Yields, though not enough funds to create a product.

Quarterly Returns (Debt Funds vs. NPI)



Summary of
1st Quarter 2026

- Returns continue in a holding pattern
- Market values up very slightly as capital return turns positive
- NOI growth has been on a downward trend
- Occupancy down slightly
- Cap rates down slightly
- Property count up
- No dominant return driver in either the space or capital market

Thank you

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