



NCREIF

National Council of Real Estate Investment Fiduciaries



Fourth Quarter 2025

Data and Indices Results Webinar



Today's Panelists

Jeff Fisher, Ph.D.

NCREIF Data, Research & Education Consultant

Gleb Nechayev

Chief Economist / Head of Research, Berkshire Residential Investments

Abigail Rosenbaum

Associate Director, Oxford Economics

Lisa Strobe

Vice President of Research, TA Realty

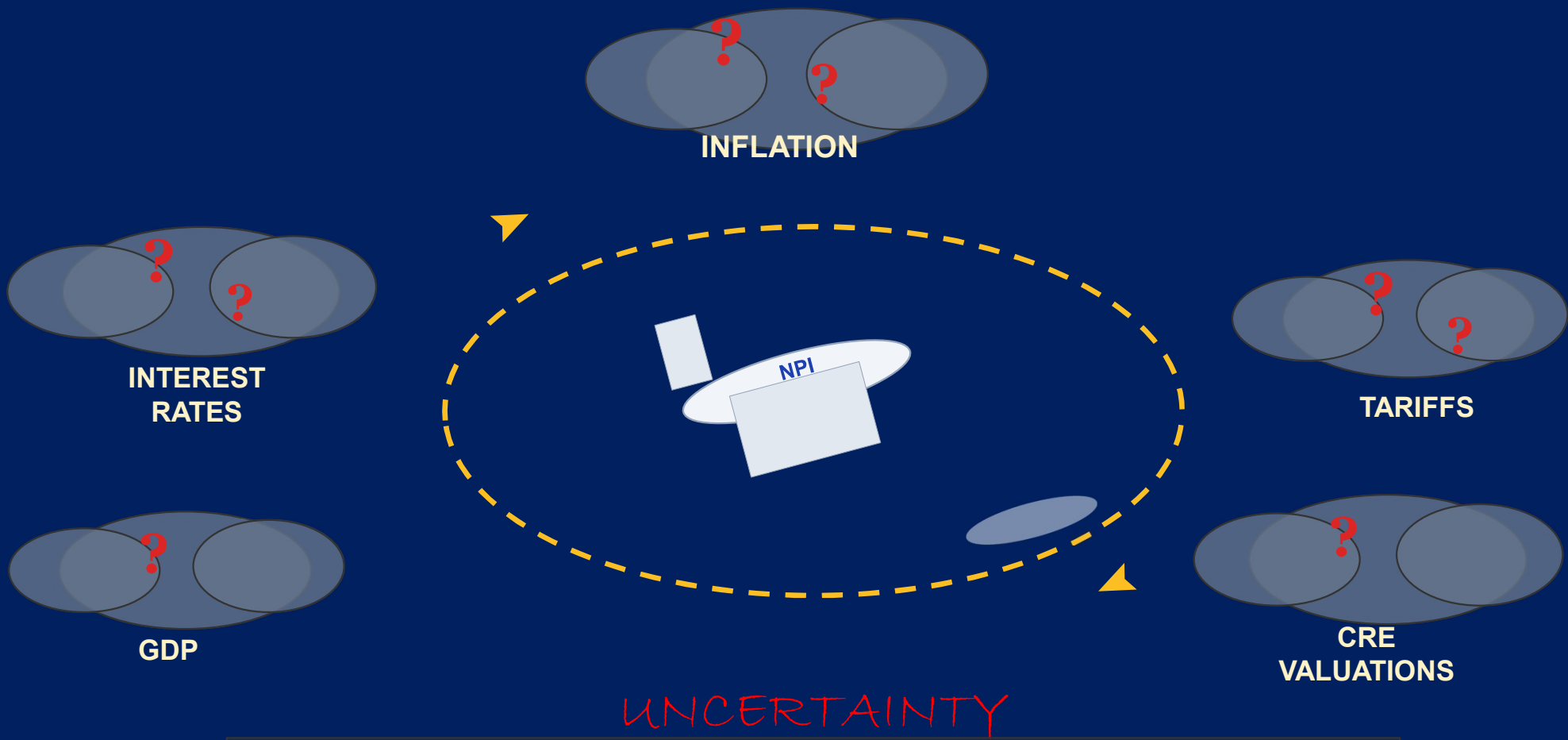
Daniel Vickerman

Senior Vice President, Investment Research, Heitman



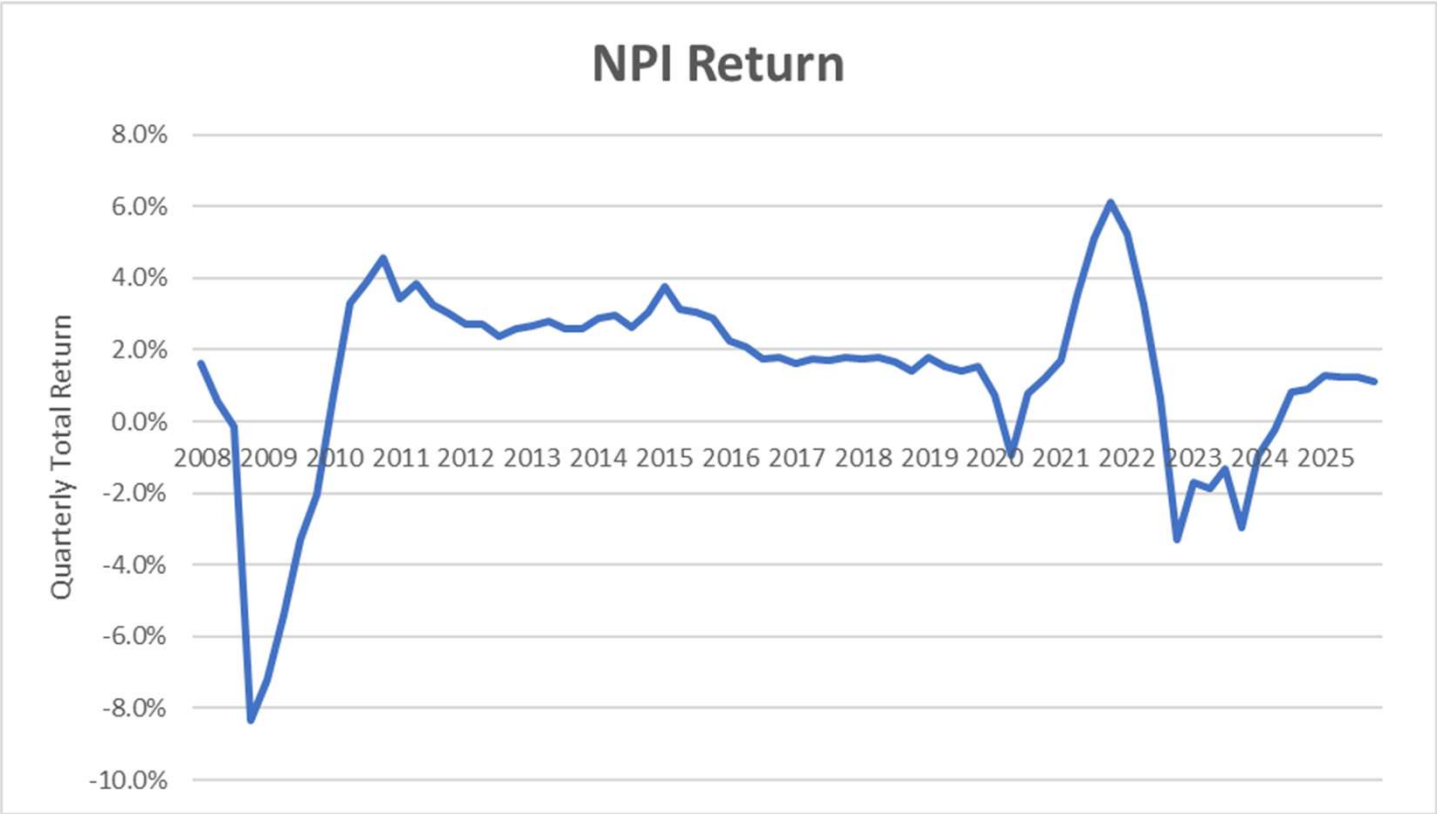
Disclaimer

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.

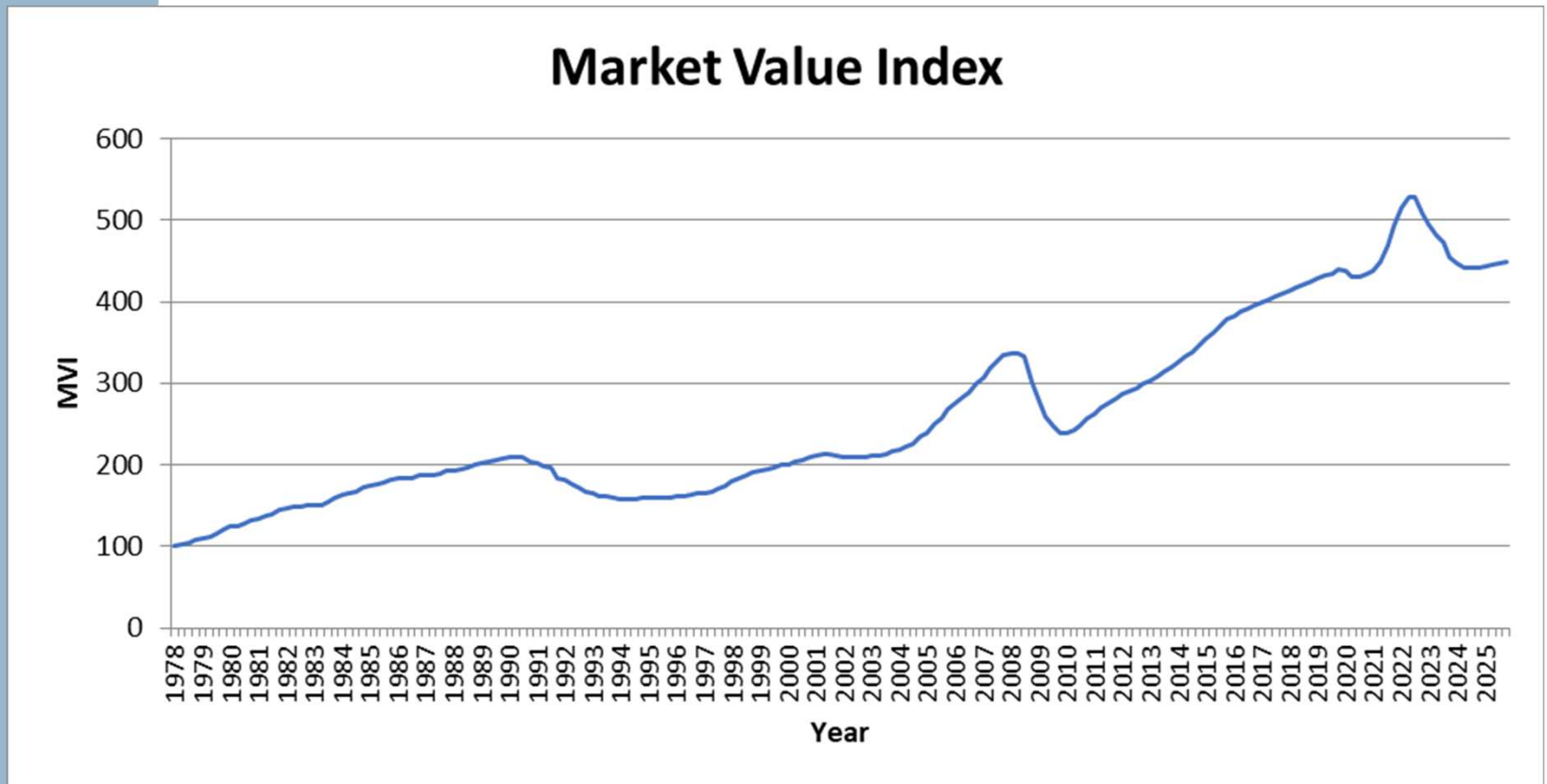


NPI Returns in a Holding Pattern

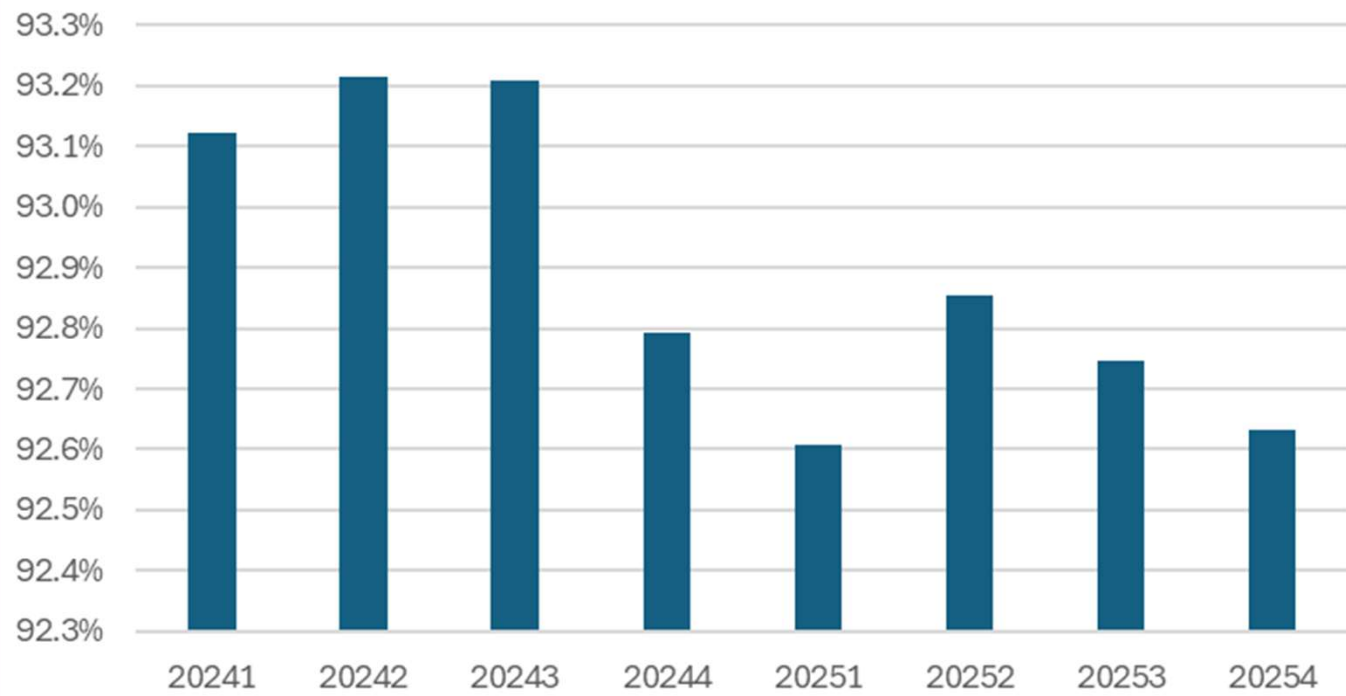
Returns Continue in a Holding Pattern



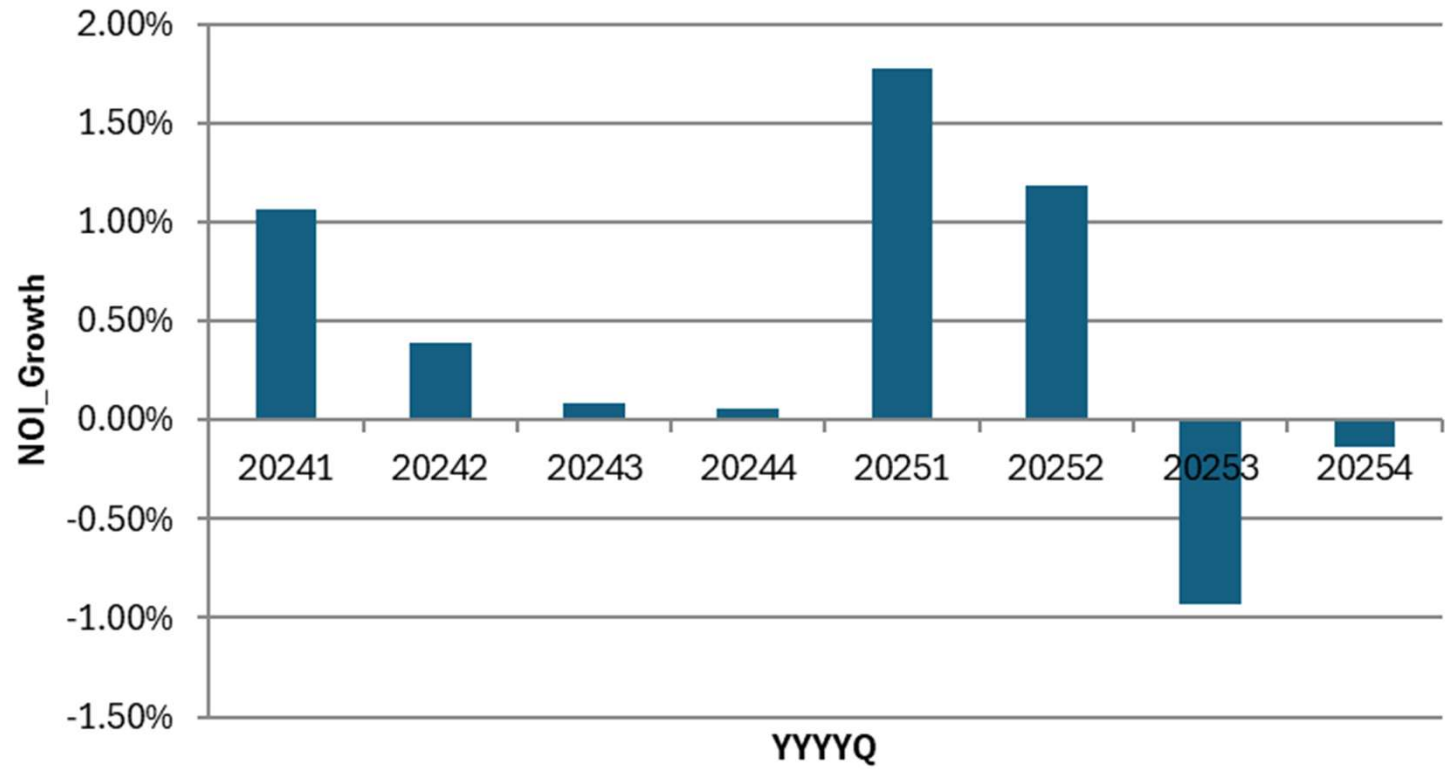
Market Values Up Very Slightly (Before CapEx)



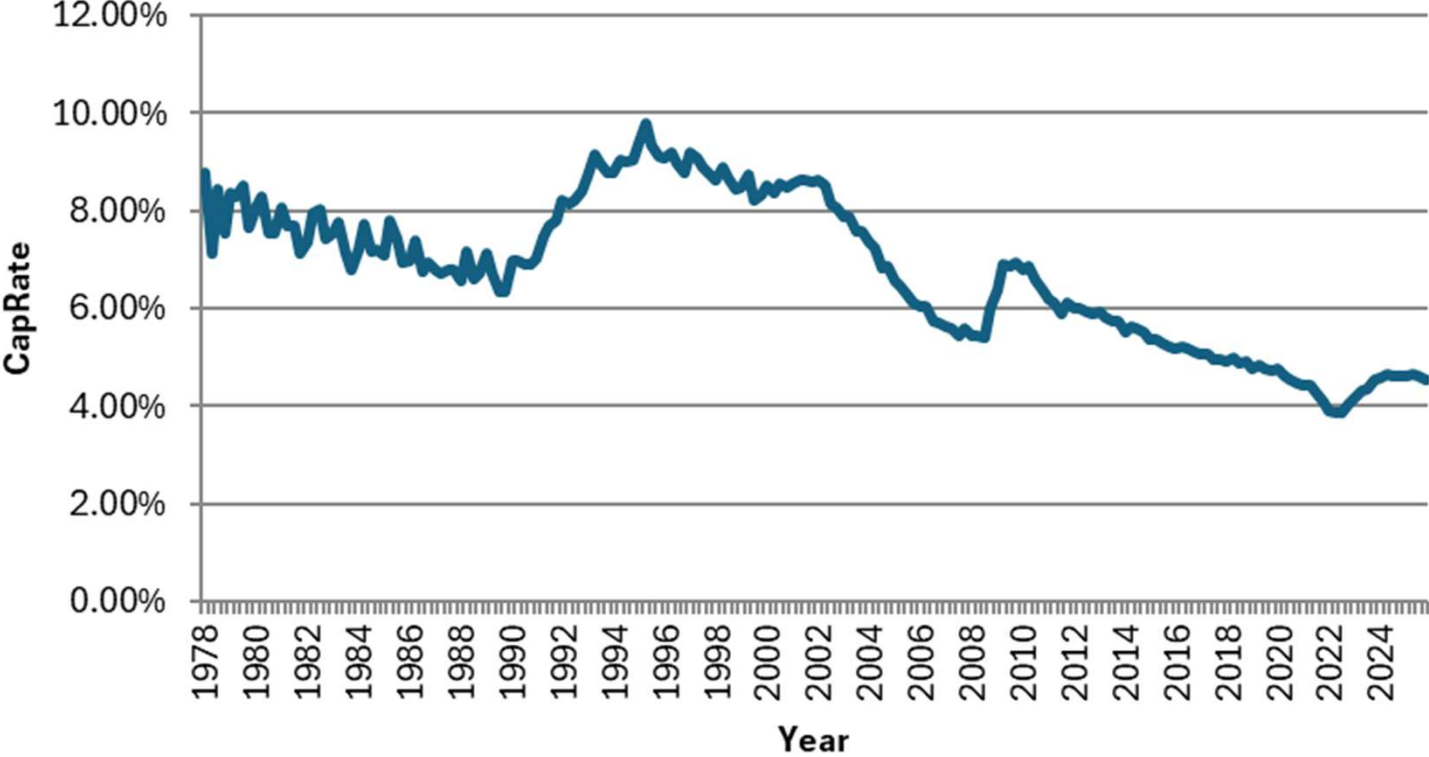
Occupancy



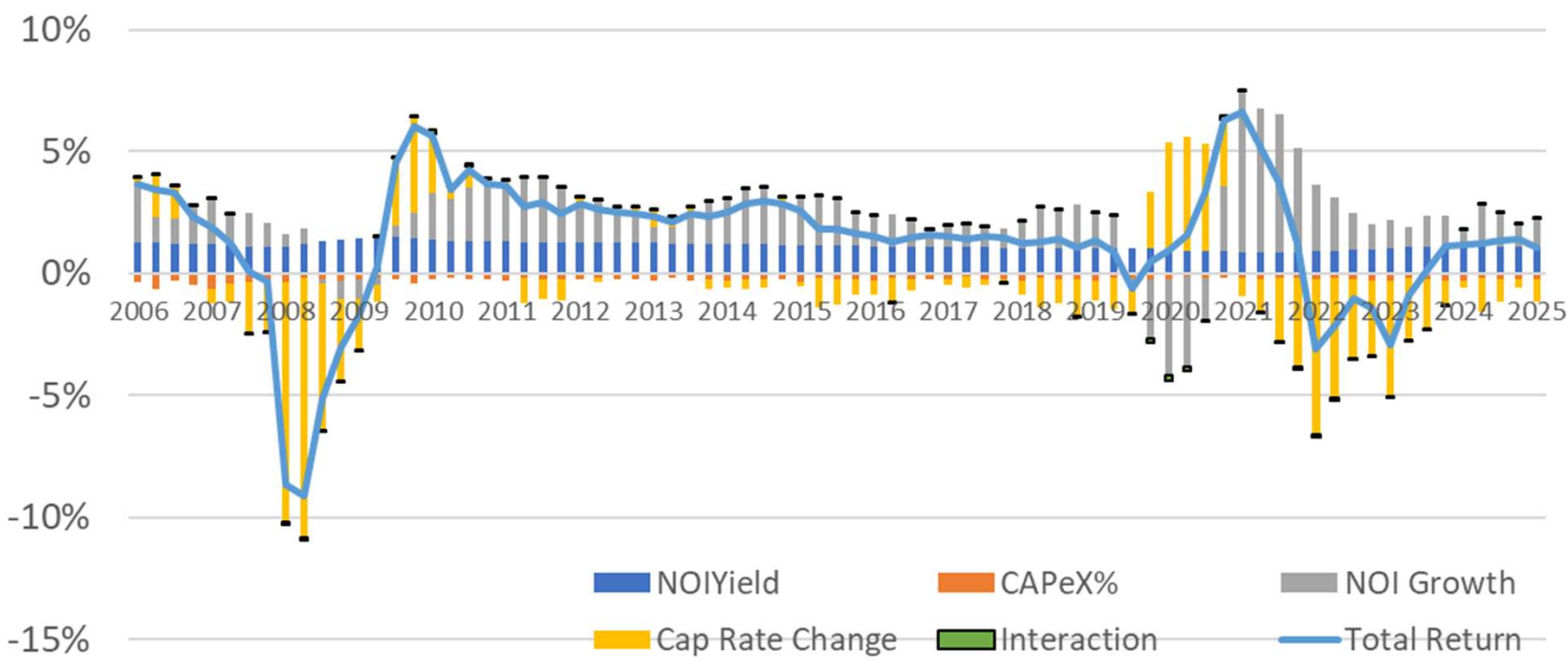
NOI Growth



Cap Rates



National Return Components (Quarterly)



Question

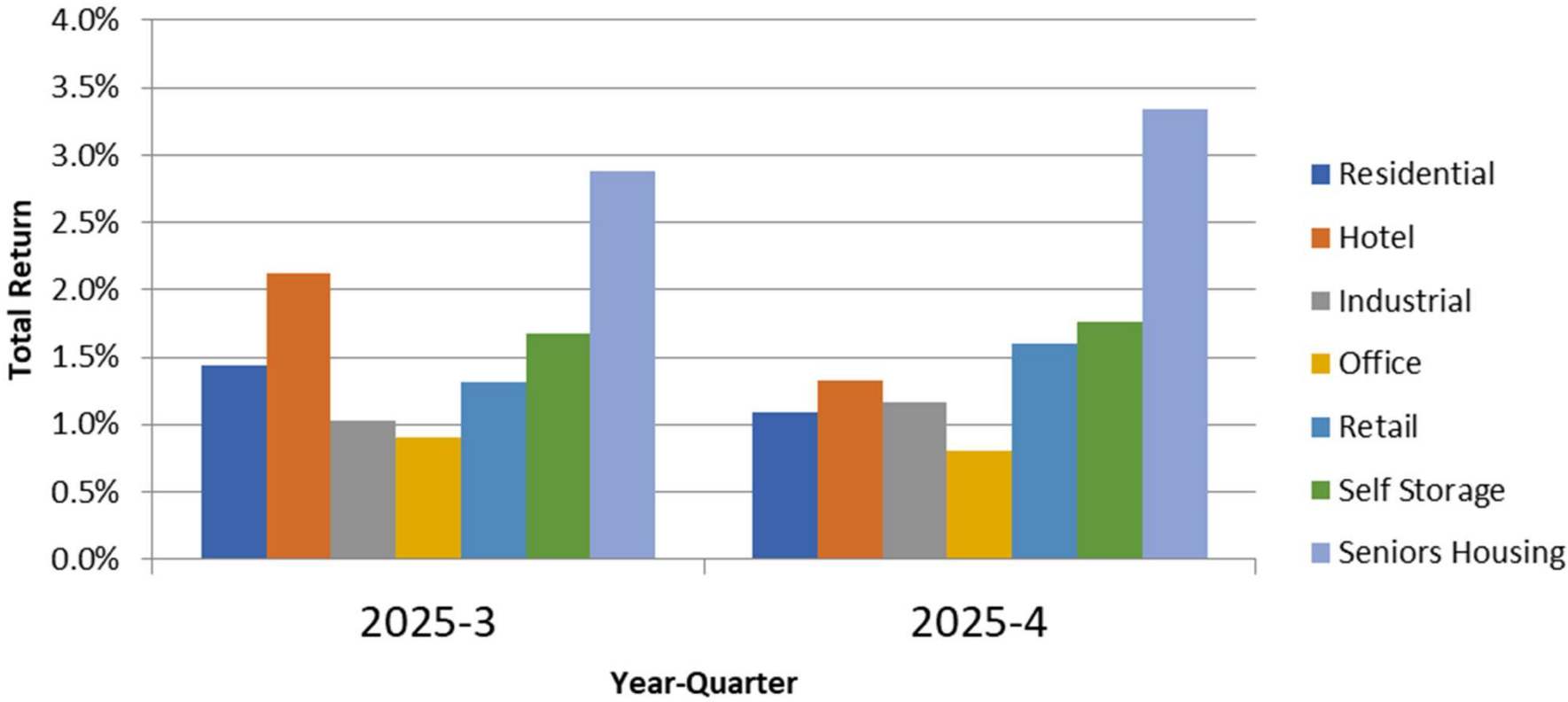


NPI returns for 2026 will be

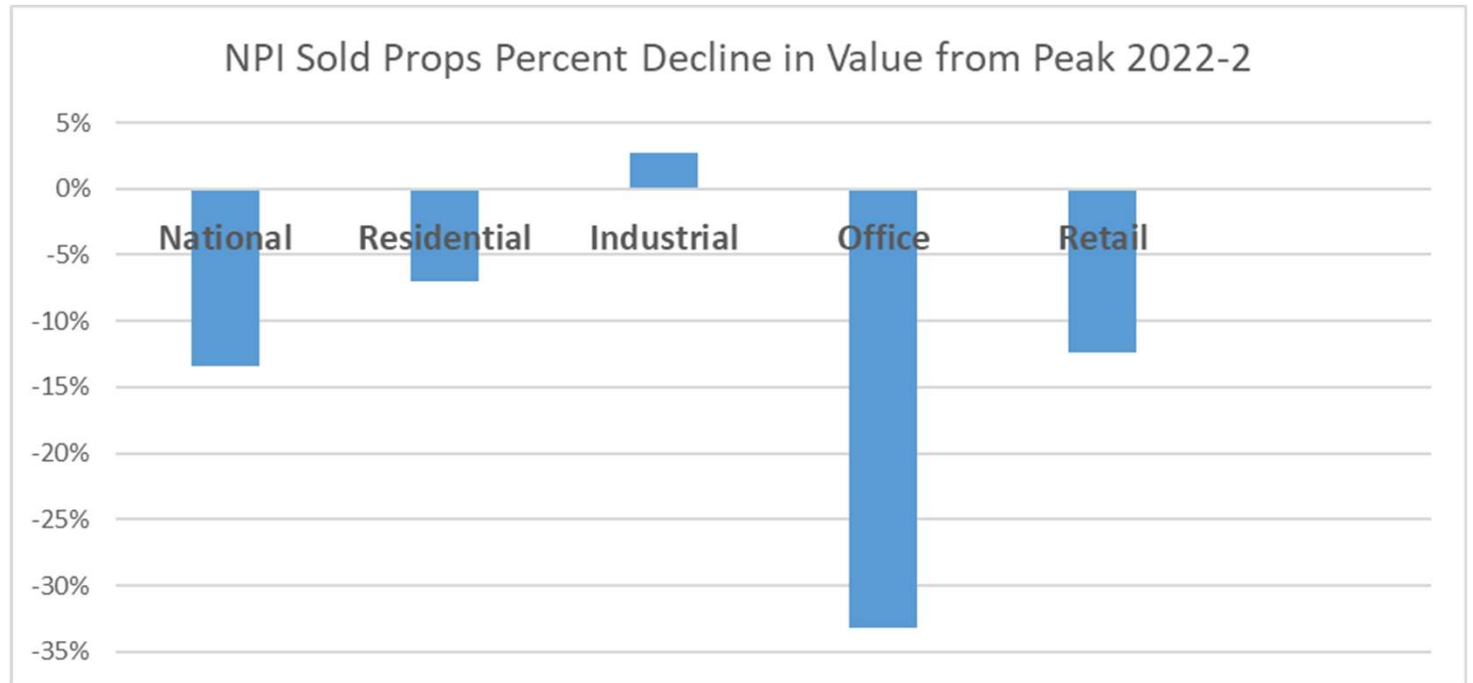
- A. Somewhat higher.
- B. About the same.
- C. Somewhat lower.
- D. Have no idea.



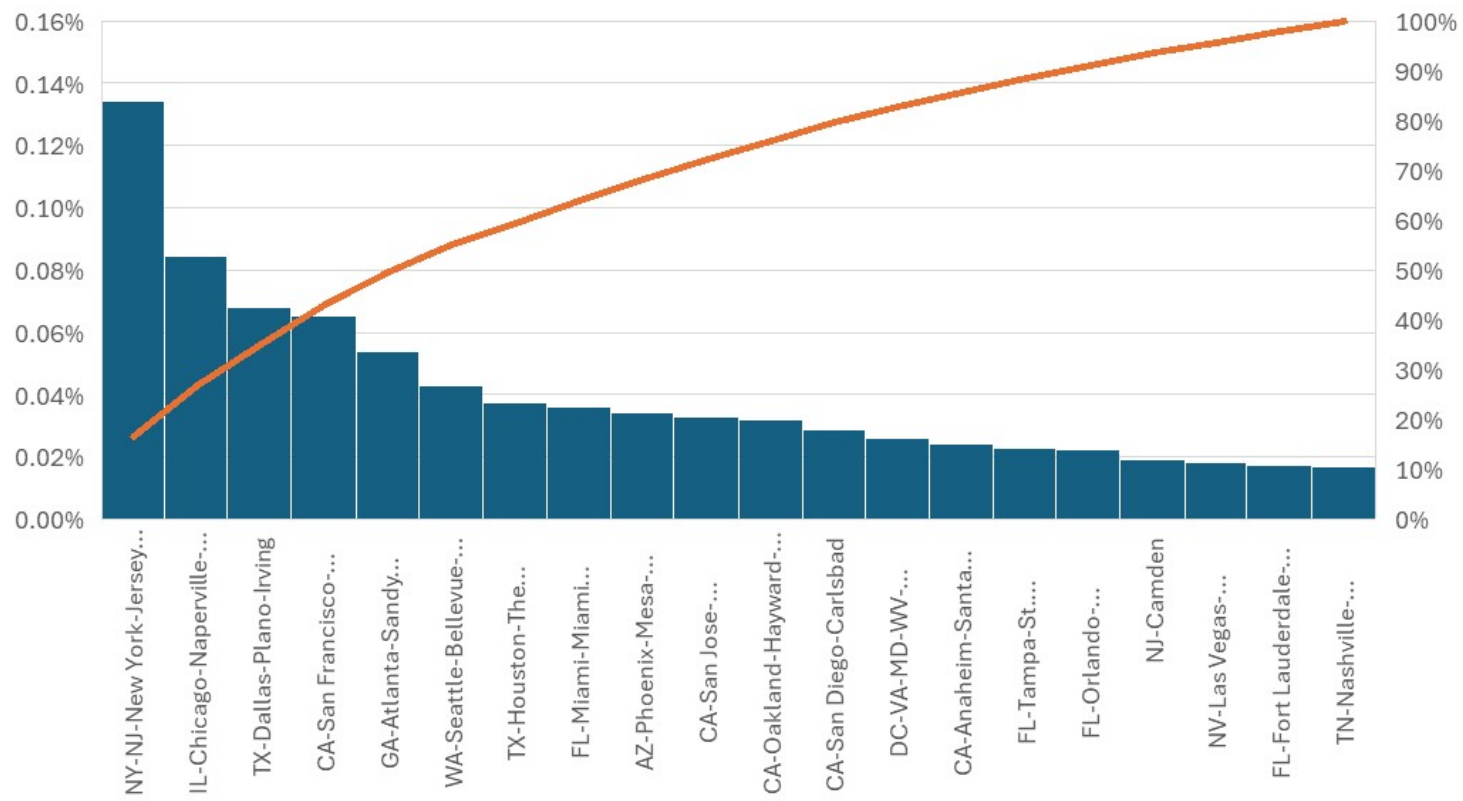
NPI Returns by Property Sector



Sold Props Still Down from Peak Appraisal

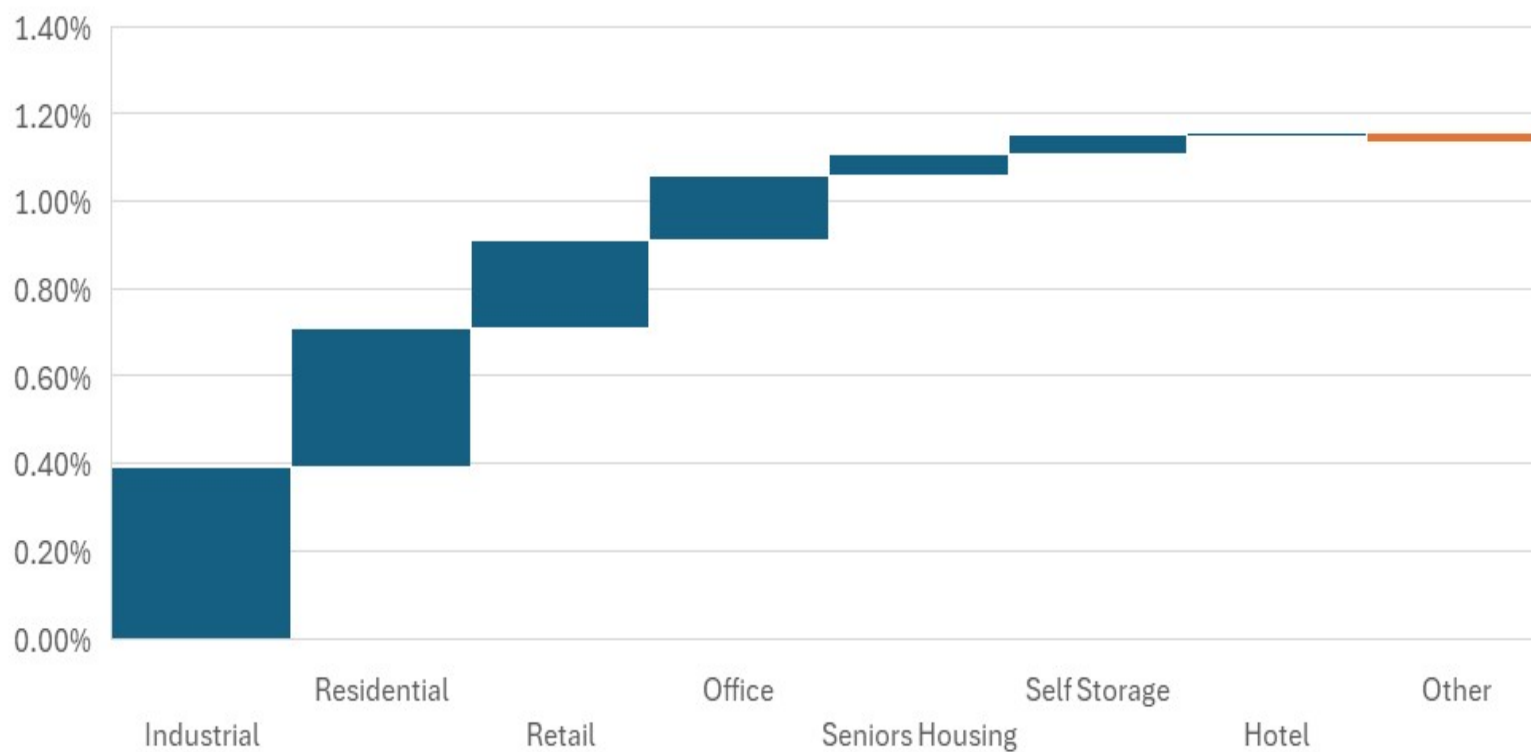


Contribution to Returns by CBSA



NPI Return = 1.14%

Contribution to Return



NPI Return = 1.14%



Question

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

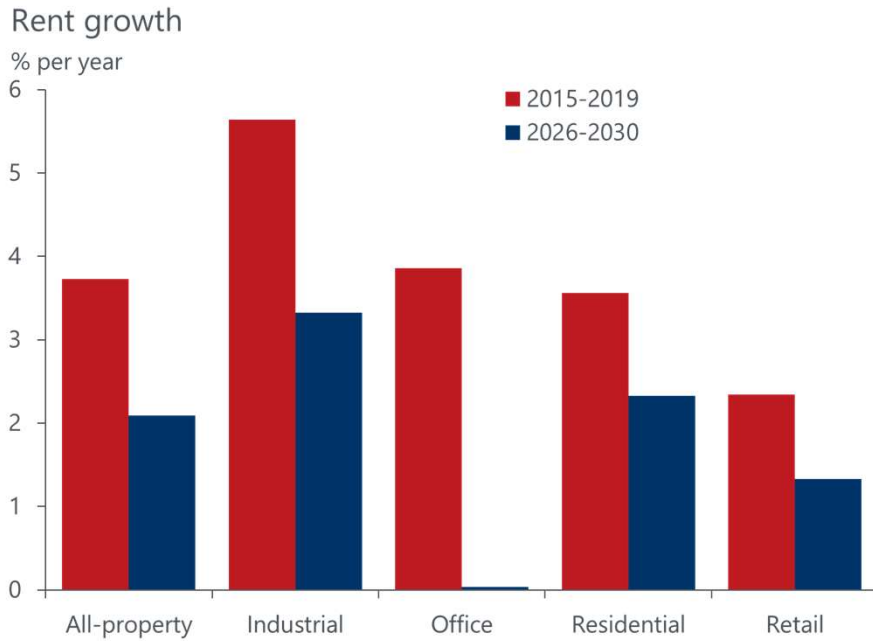
- A. Office.
- B. Industrial.
- C. Retail.
- D. Residential (including single family).
- E. Alternatives (including data centers)



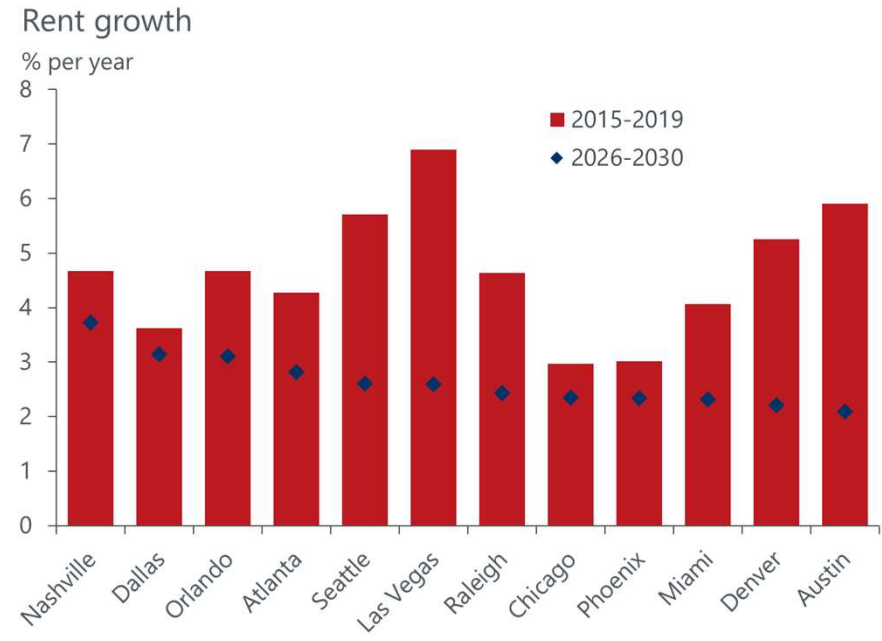
AI Generated Key Institutional Takeaways for 2026

- **Office** — **Stabilizing** — vacancy declining but deeply bifurcated. Trophy assets in select gateway markets offer generational entry points; commodity buildings face obsolescence.
- **Industrial** — **Rebalancing** — vacancy peaking mid-2026 then tightening. Modern, power-ready assets in domestic consumption corridors positioned for renewed growth.
- **Multifamily** — **Normalizing** — strong long-term demand backed by a 600K-unit shortage. Sun Belt oversupply persists; coastal and Midwest markets lead rent growth.
- **Seniors Housing** — **Surging** — ranked #2 for investment prospects (ULI/PwC). Oldest boomers turn 80 in 2026; occupancy approaching 90% with inventory growth at decade lows. NIC MAP projects a \$275B supply shortfall by 2030. Sales volume up 34% YoY.
- **SFR / BTR** — **Growing** — BTR is the fastest-growing rental sub-sector. Executive order impact expected to be limited; institutional ownership remains small.
- **Retail** — **Steady** — historic low vacancies and limited supply create landlord-favorable conditions. Neighborhood centers and experiential retail are the strongest plays.
- **Data Centers** — **Dominant** — #1 ranked sector for three consecutive years. \$3T investment supercycle; power delivery is the binding constraint, not demand.
- **Self-Storage** — **Recovering** — values down 25% from peak but fundamentals stabilizing. Supply pipeline at historic lows; institutional capital replacing "tourist" buyers.

Modest rent growth ahead



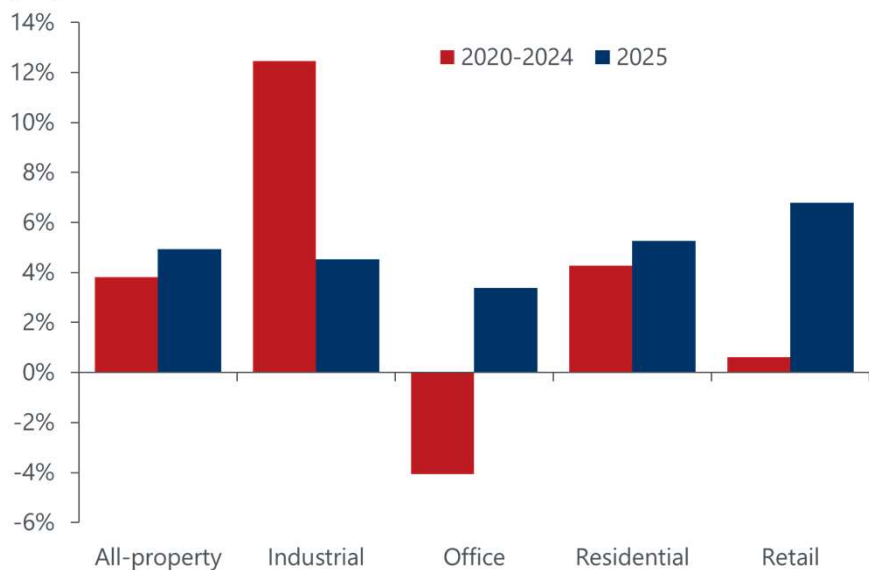
Source: Oxford Economics, NCREIF



Source: Oxford Economics, NCREIF

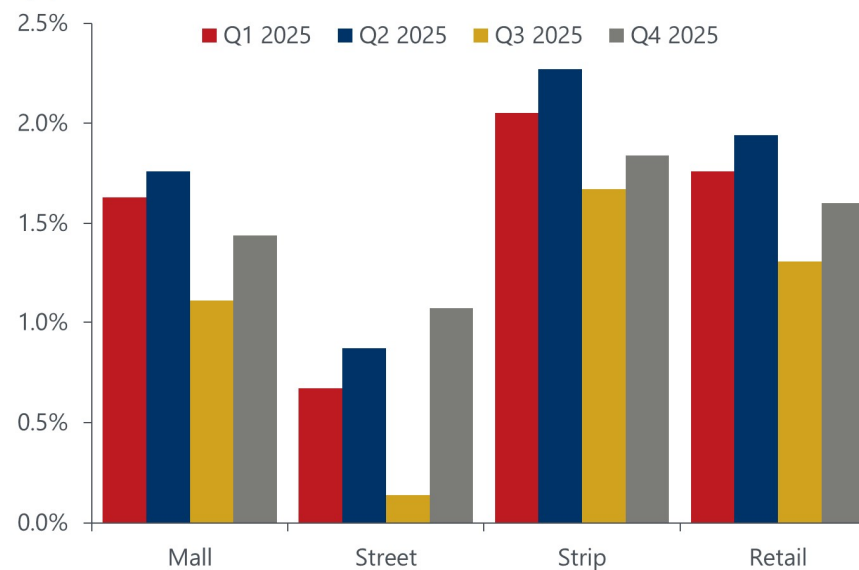
Most sectors above recent performance in 2025

Total returns
per year



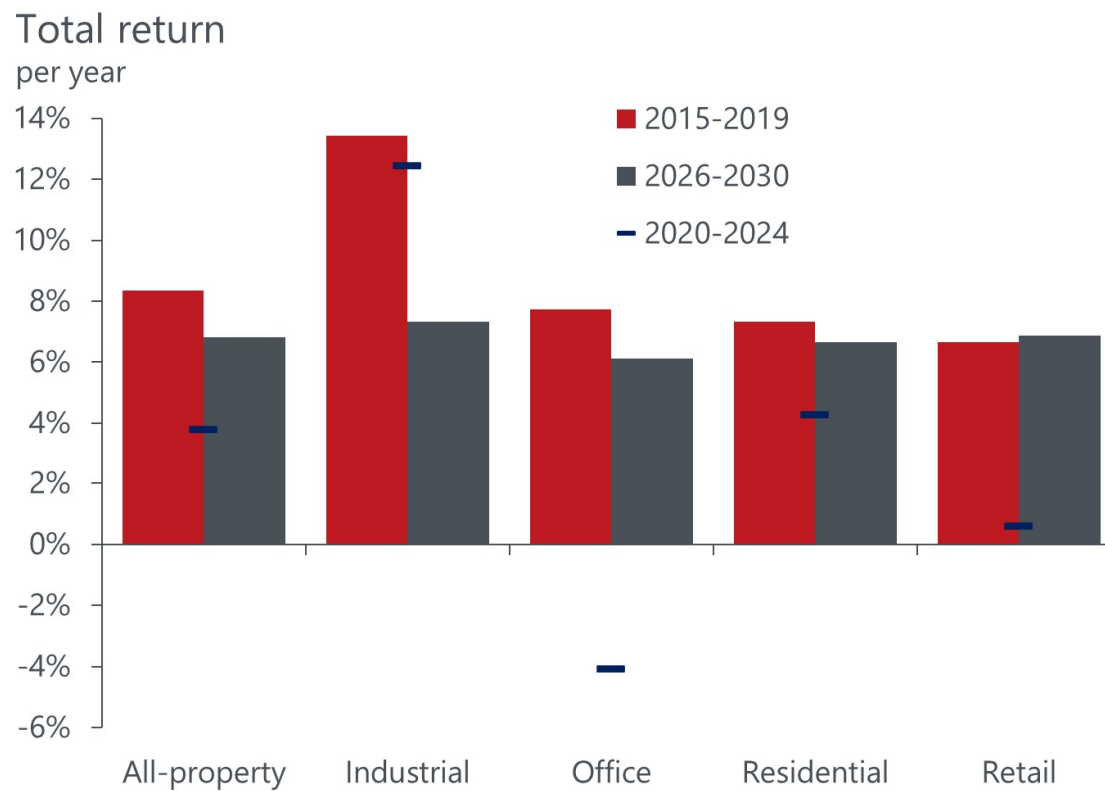
Source: NCREIF

Total returns
q/q



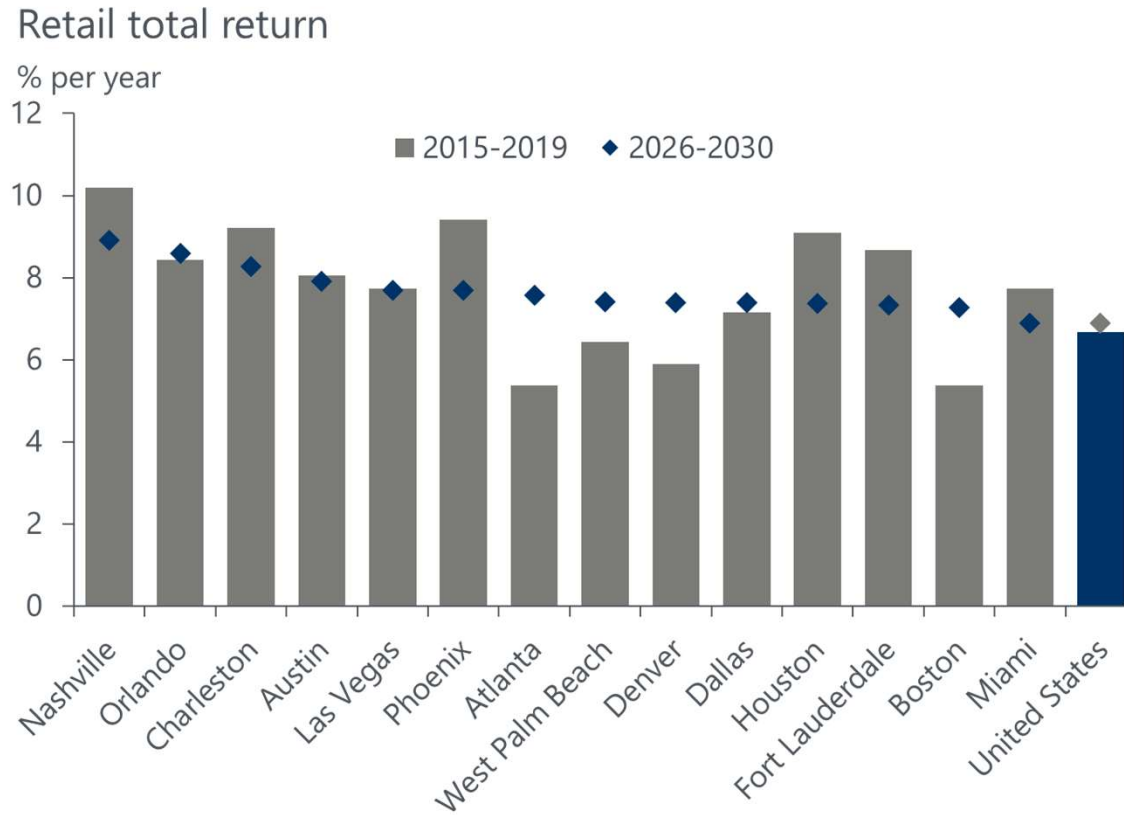
Source: NCREIF

Retail the lone sector projected to surpass its pre-pandemic trend



Source: Oxford Economics, NCREIF

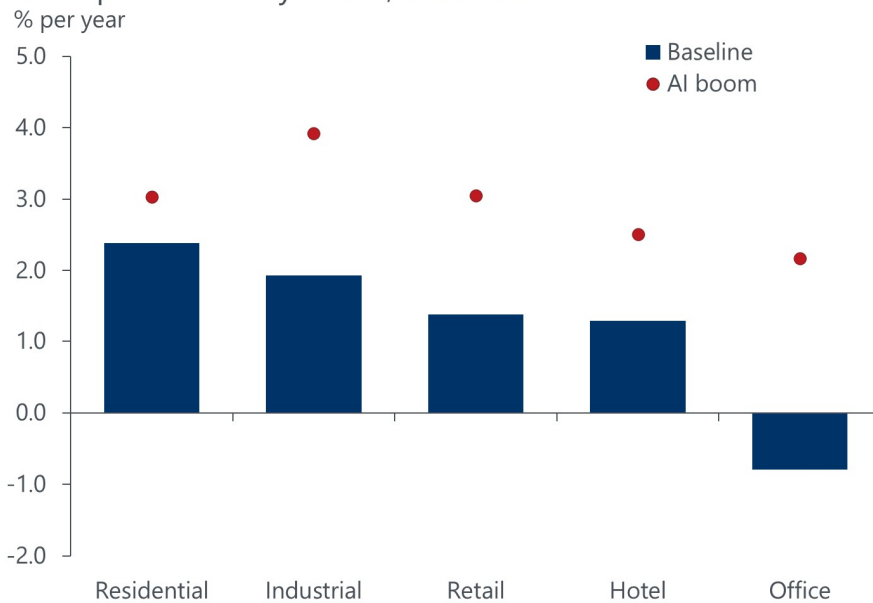
Retail markets in the Sun Belt lead



Source: Oxford Economics, NCREIF

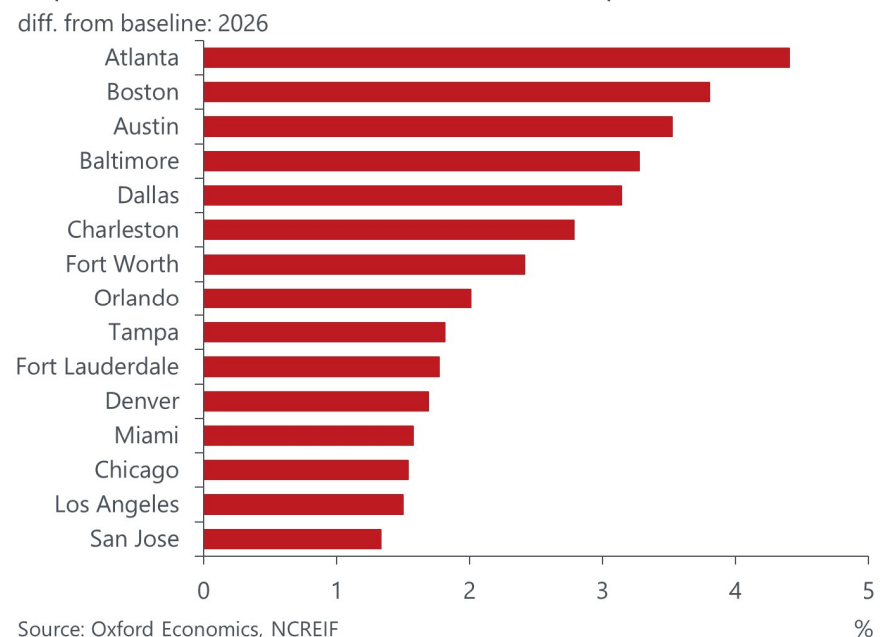
Rapid AI adoption boosts capital returns

US capital return by sector, 2026-2027

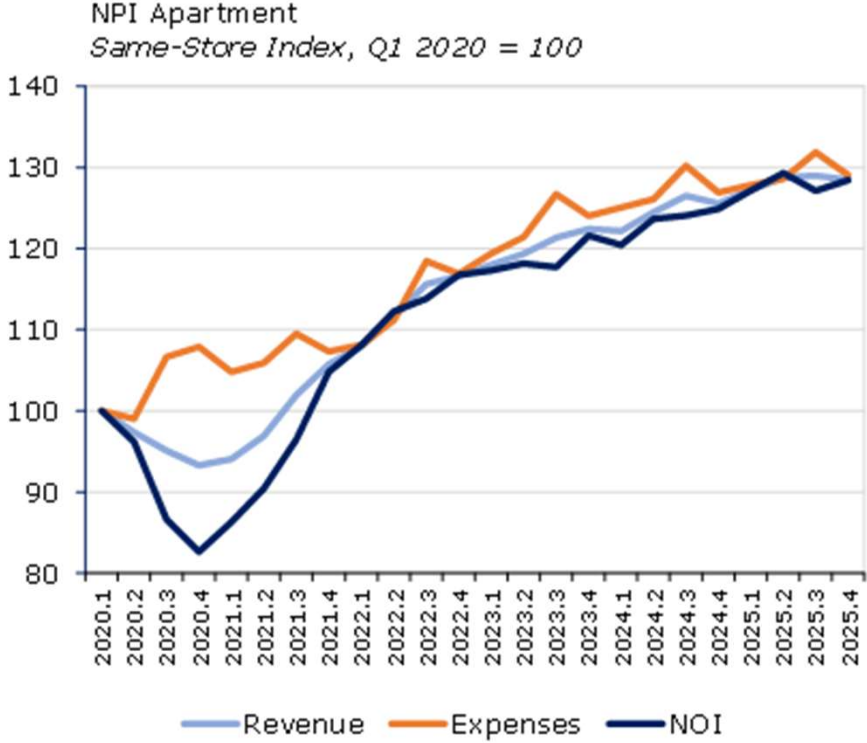
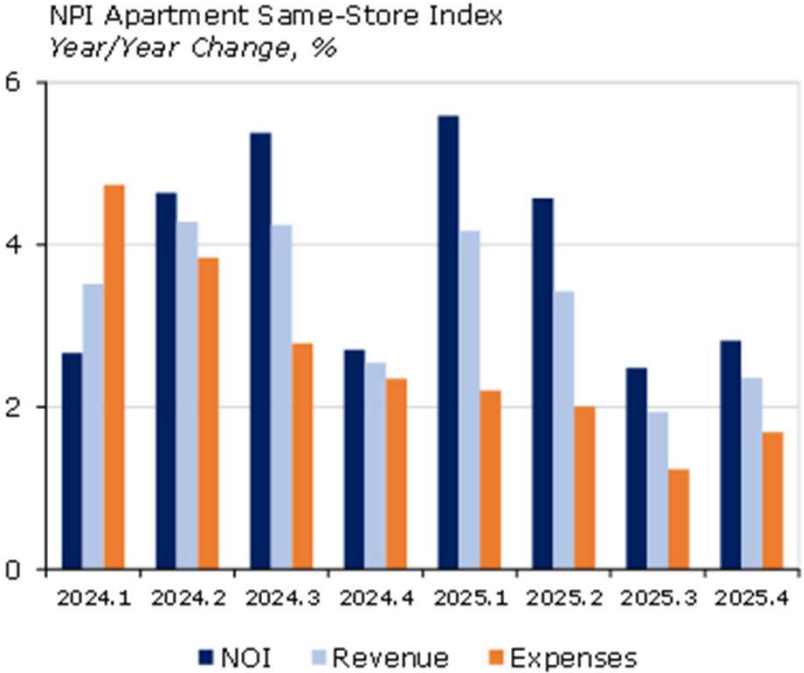


Source: Oxford Economics, NCREIF

Impact from AI boom scenario on retail capital returns



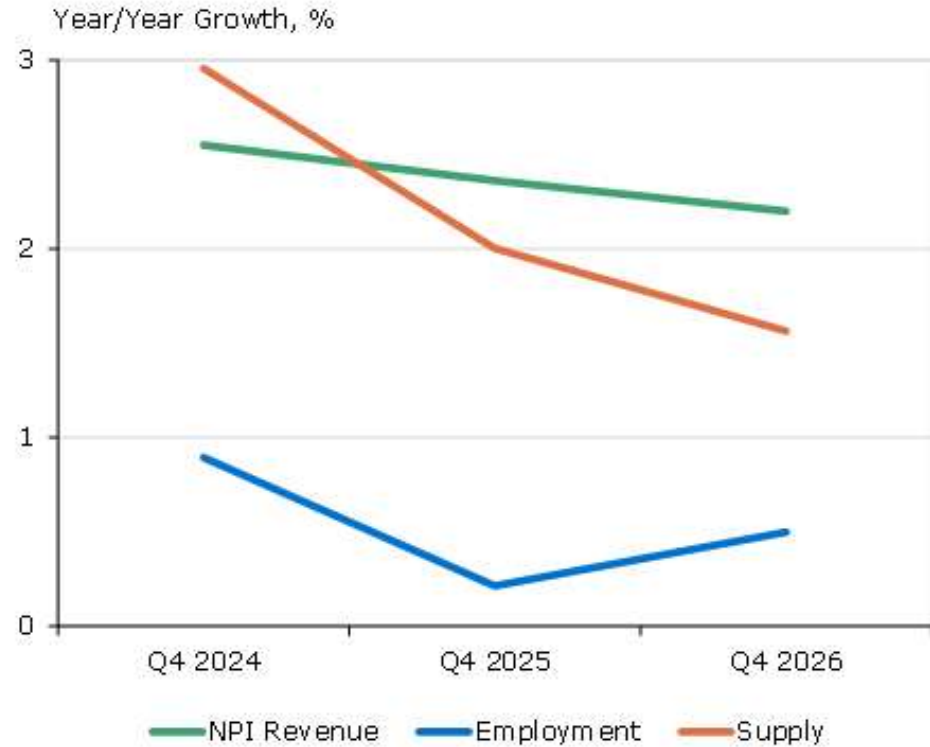
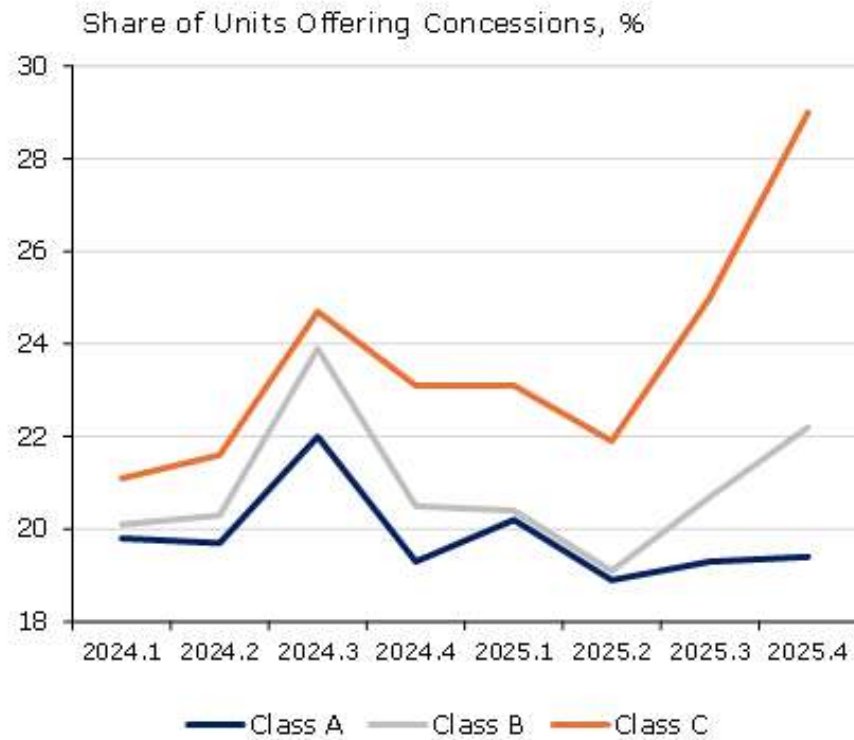
Apartment NOI Growth Stays Positive as Expenses Moderate



Sources: NCREIF, Berkshire Research.

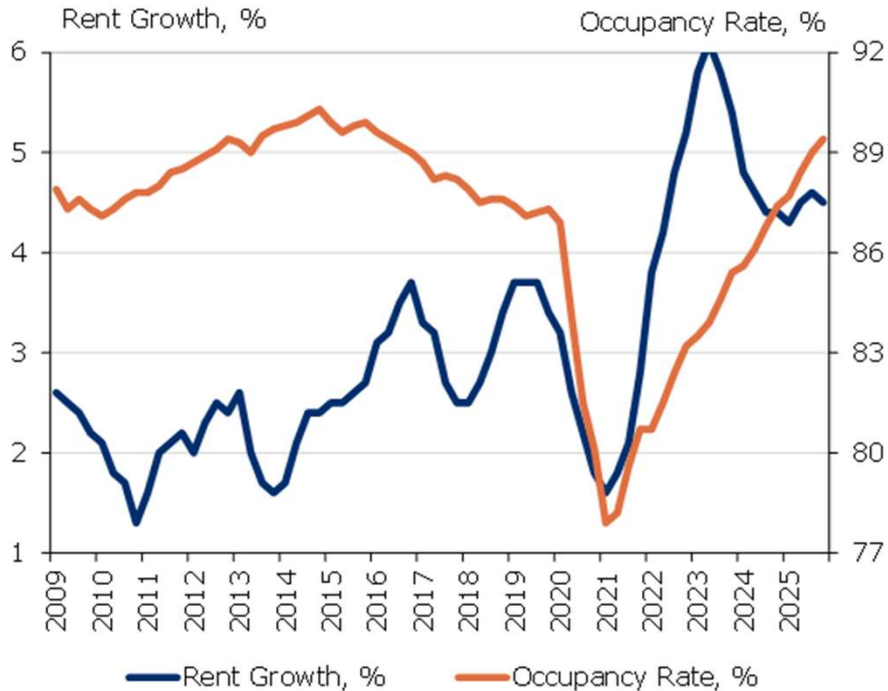
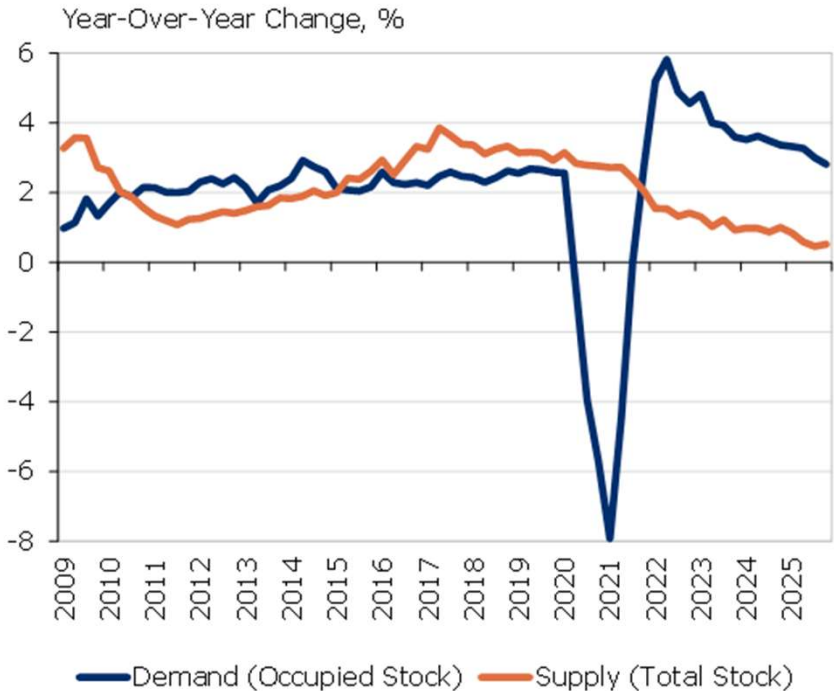


Reasons for (Cautious) Optimism for Apartments in 2026



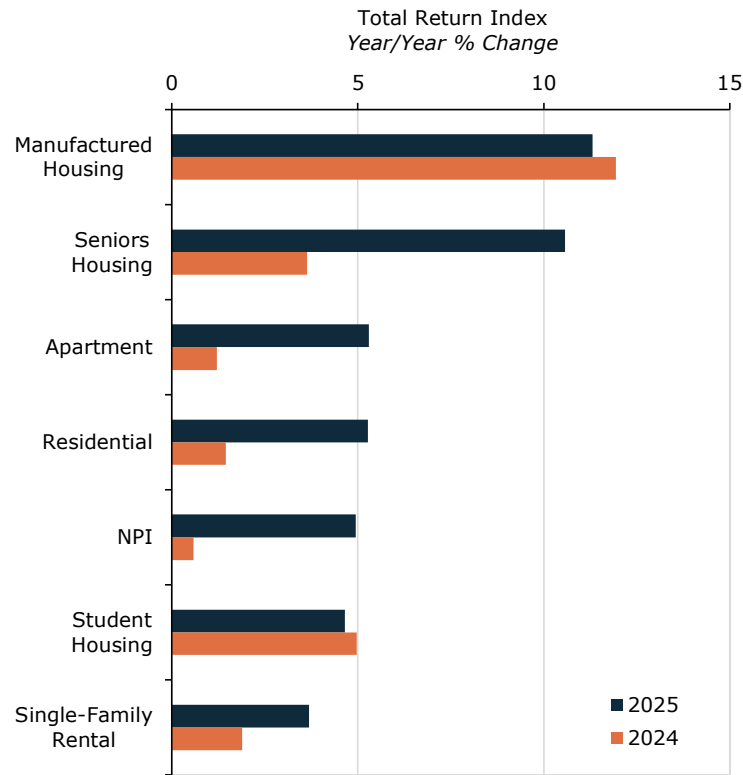
Sources: NCREIF, RealPage, Berkshire Research.

Senior Housing Occupancy Edges Closer to Peak Levels, Rent Growth Remains Strong in 2025

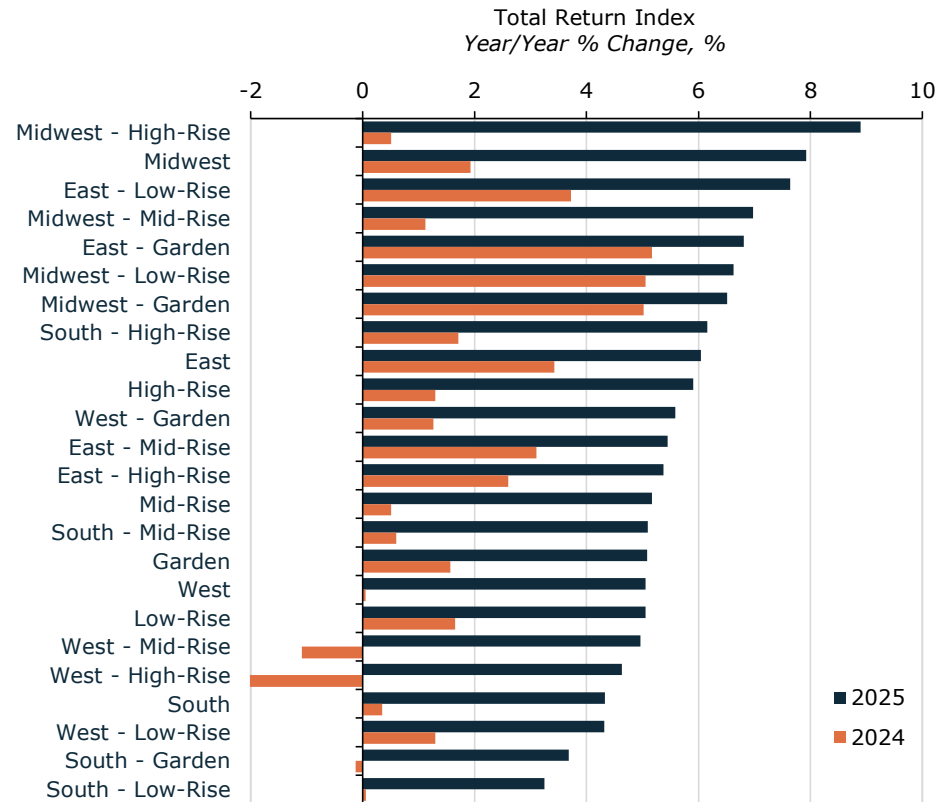


Sources: NIC MapData, Berkshire Research.

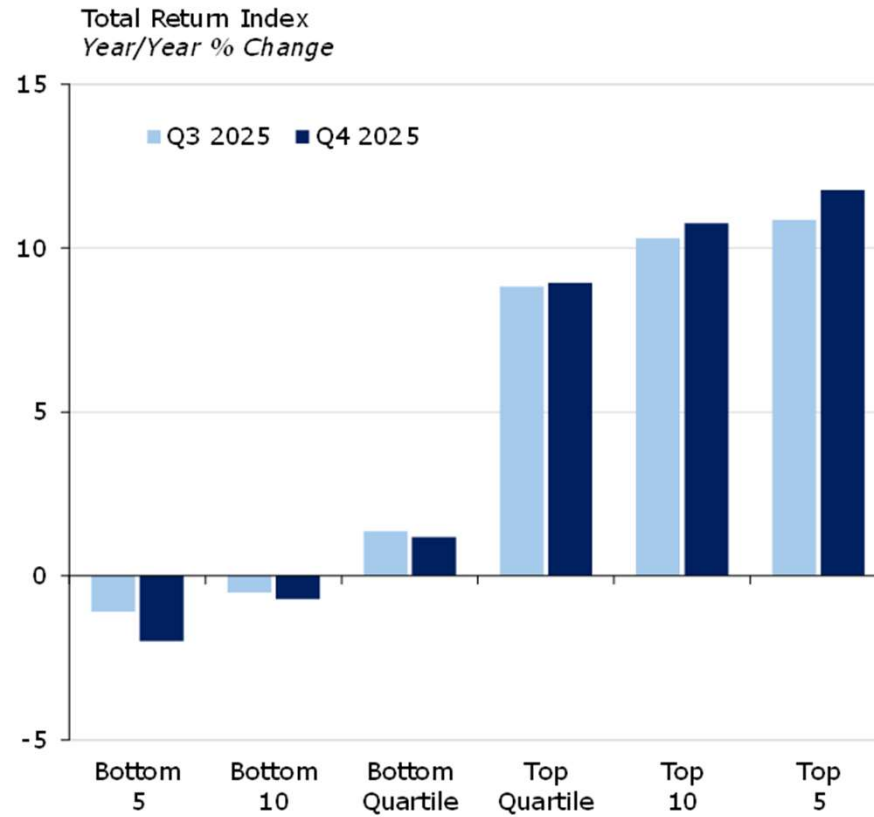
Residential Performance Improves, Midwest Leads Apartment Returns



Sources: NCREIF, Berkshire Research.

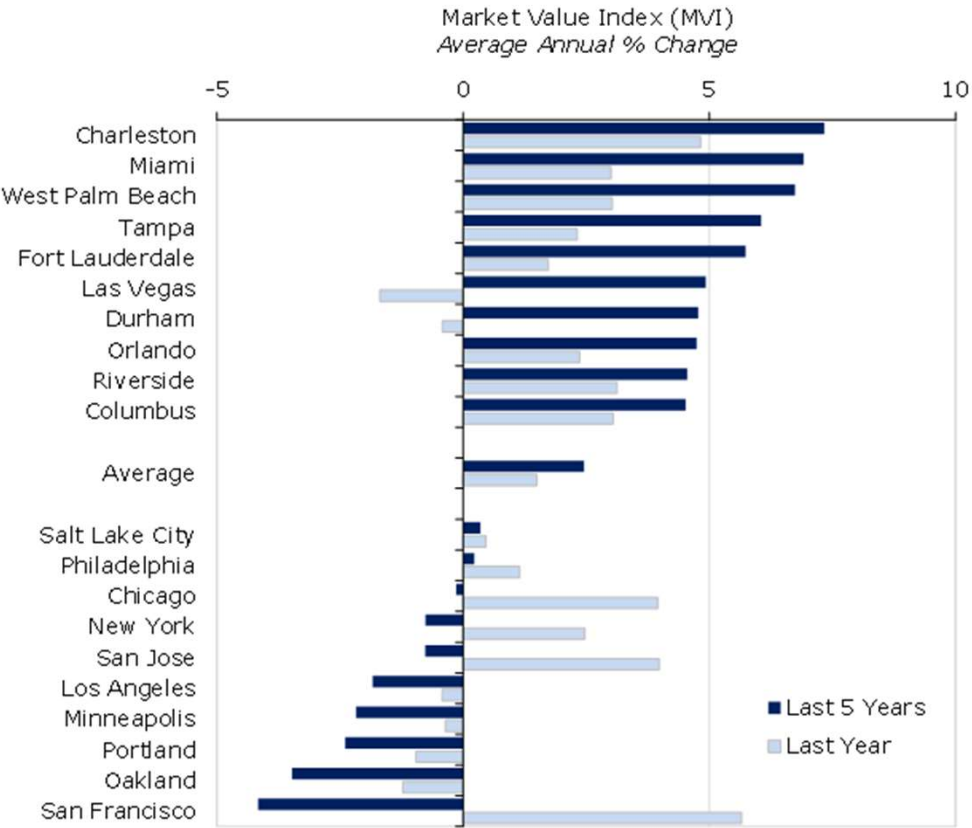


Widening Dispersion in Total Returns Across Market/Product Clusters



Sources: NCREIF, Berkshire Research.

Wide Dispersion in Apartment Value Trends Since 2020

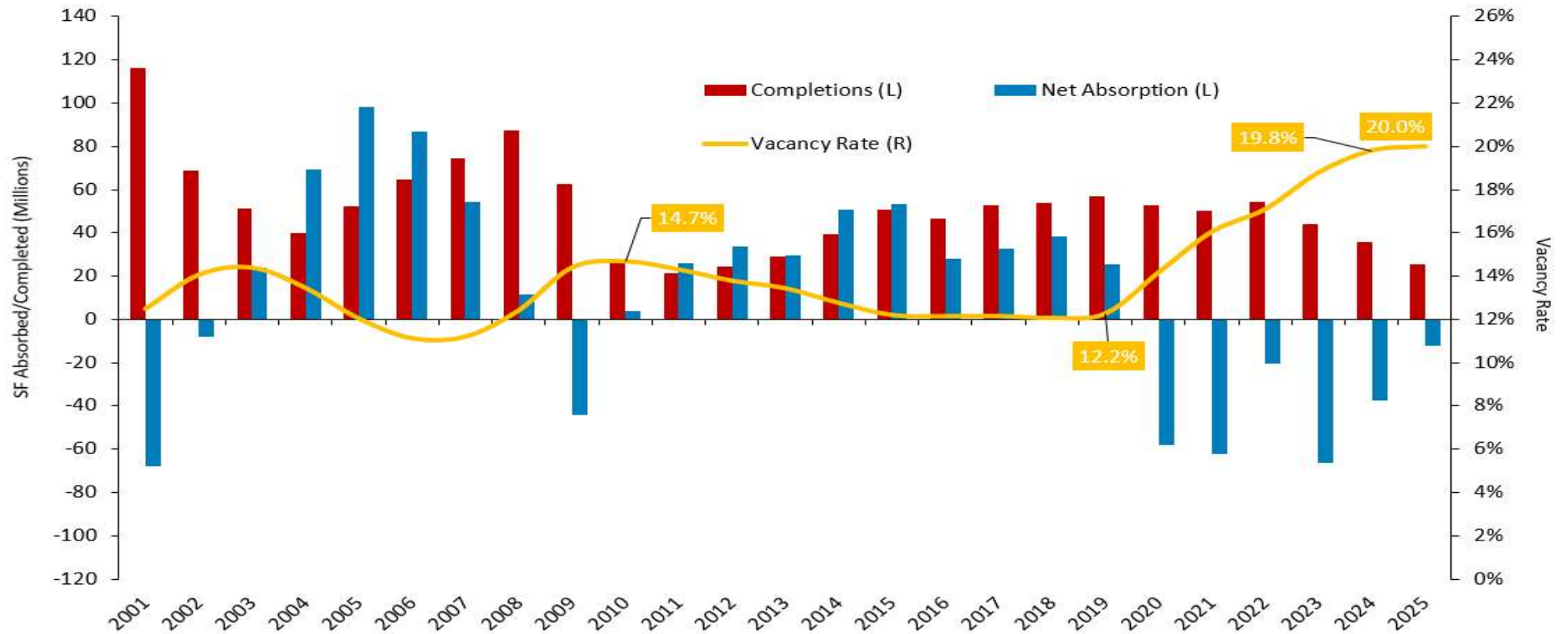


Sources: NCREIF, Berkshire Research.

US Office Vacancy Rate is Finally Plateauing

HEITMAN

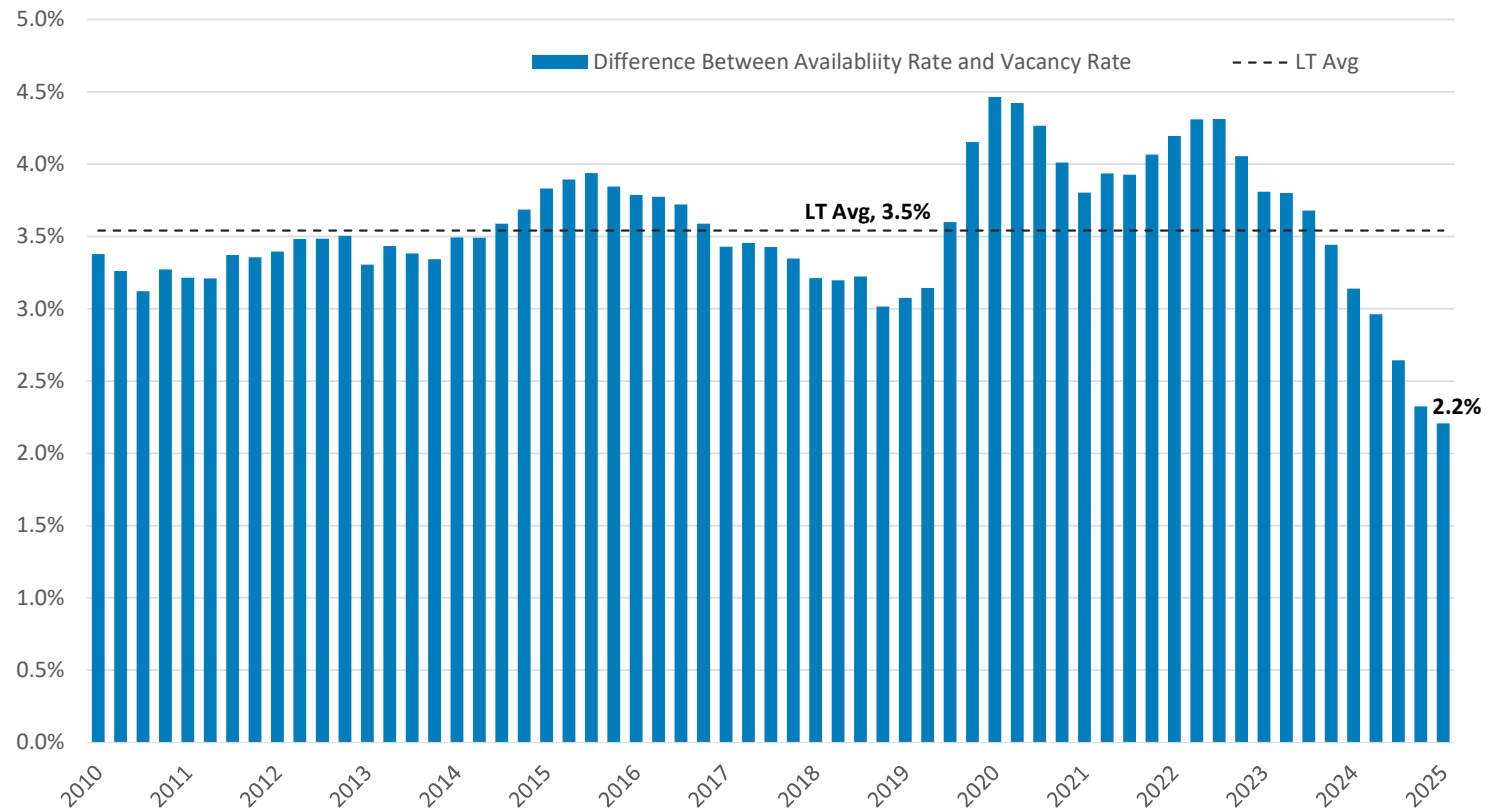
OFFICE COMPLETIONS, NET ABSORPTION, AND VACANCY
US 2001-2025 (YEARS ENDING Q4)



Data Source(s): CoStar Database, Accessed Q1 2026

F''(x) Watch: Office Vacancy to Keep Falling

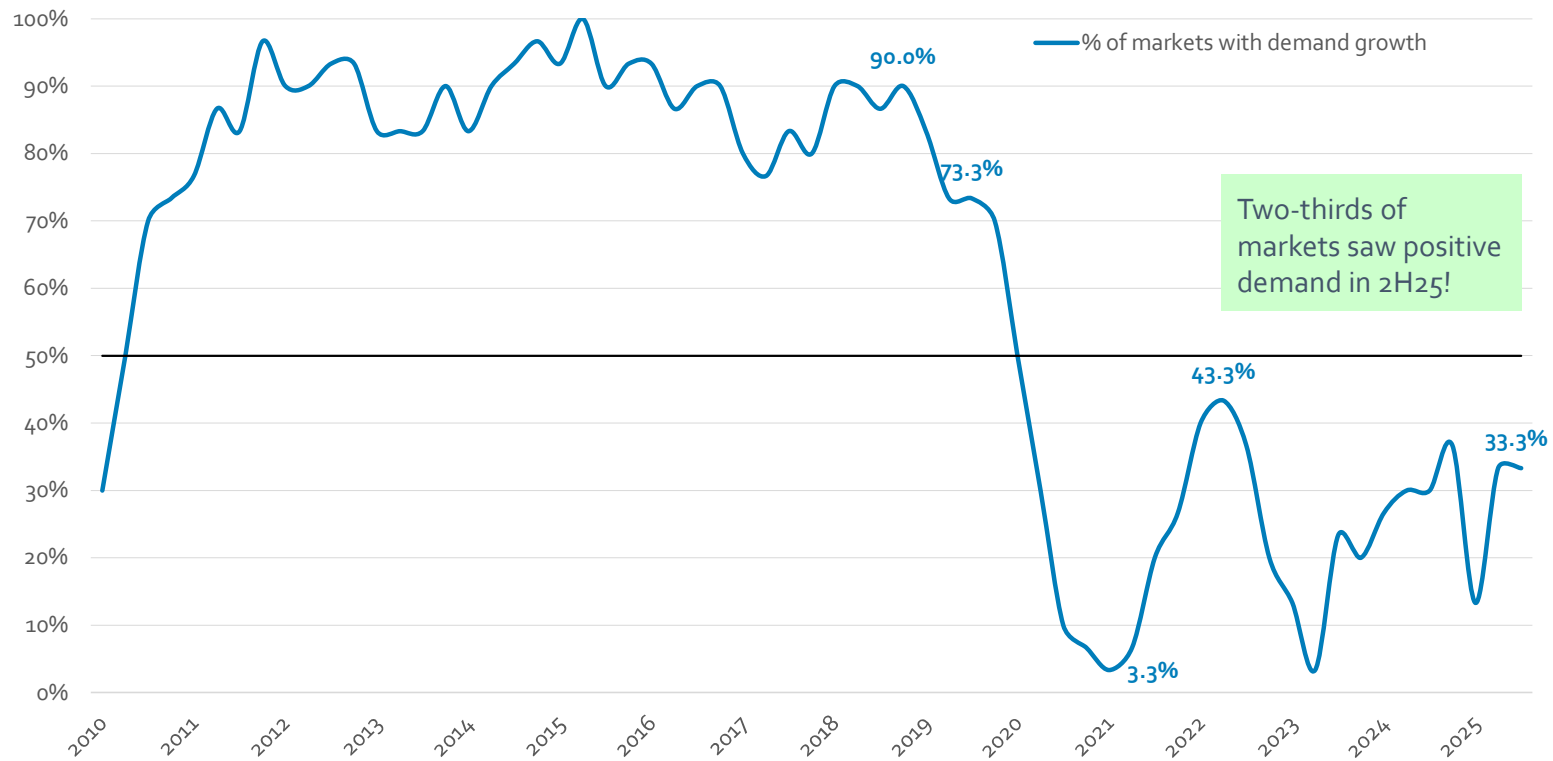
AVAILABILITY RATE MINUS VACANCY RATE
TOP 30 MARKETS 2010 - 2025 Q4



Underlying data source(s): CoStar (accessed Q1 2026)

Office Markets are Inching Back to Growth

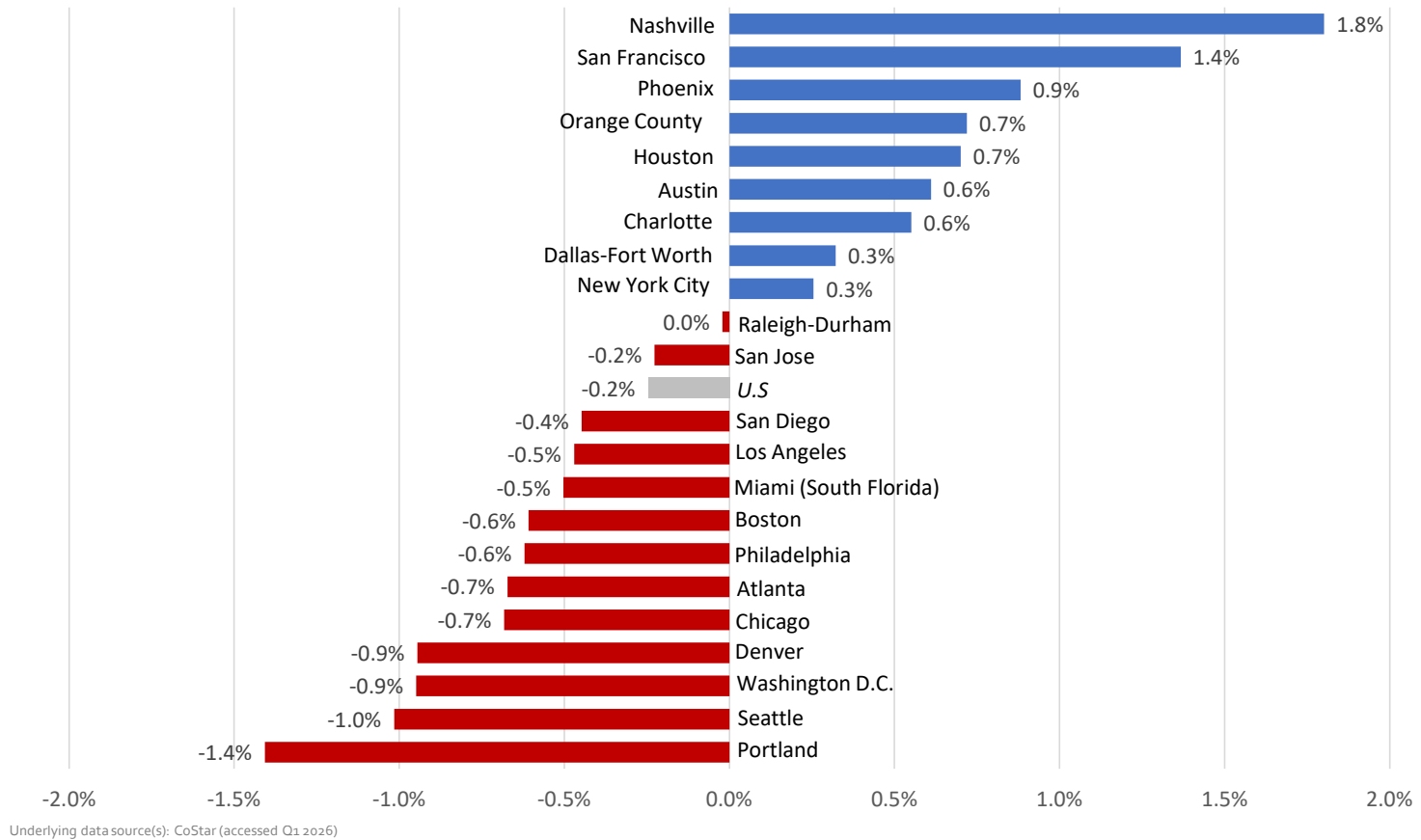
OFFICE TTM NET ABSORPTION DIFFUSION INDEX
US 2010 - 2025 Q4



Underlying data source(s): CoStar (accessed Q1 2026)

South and SF/NYC Were 2025's Best Performers

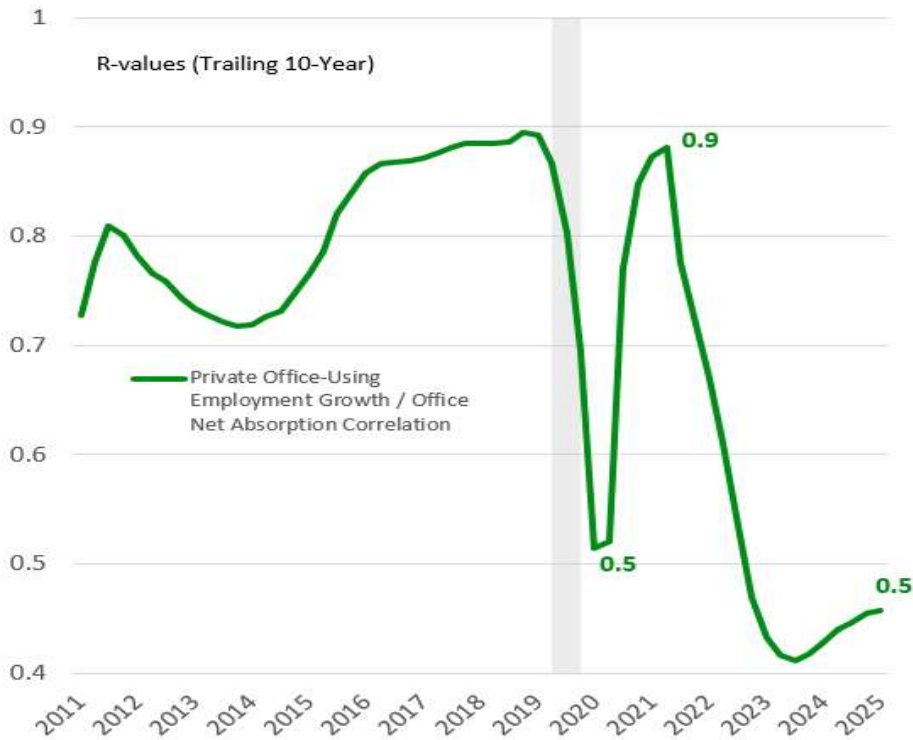
NET ABSORPTION - SHARE OF EXISTING INVENTORY
SELECT TOP MARKETS 2025 Q1 - 2025 Q4



Office's Main Driver Has Lost Predictive Power

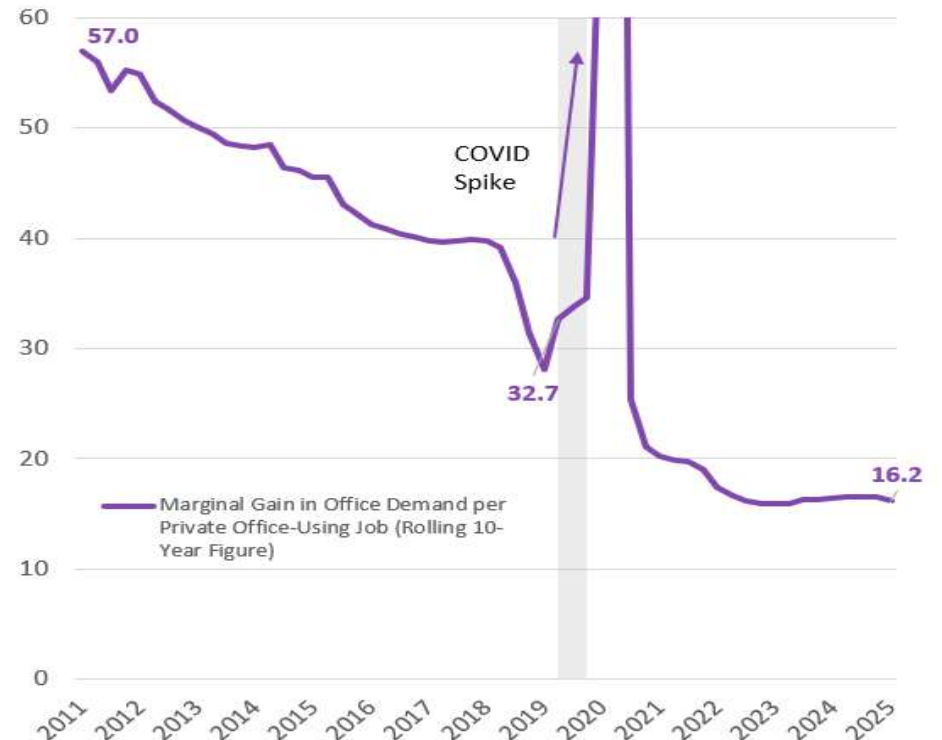
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OFFICE DEMAND: ROLLING 10-YEAR CORRELATIONS (R)
US 2011 - 2025 Q3



Underlying data source(s): CoStar (accessed Q4 2025);
Private office-using job growth lagged 3 quarters

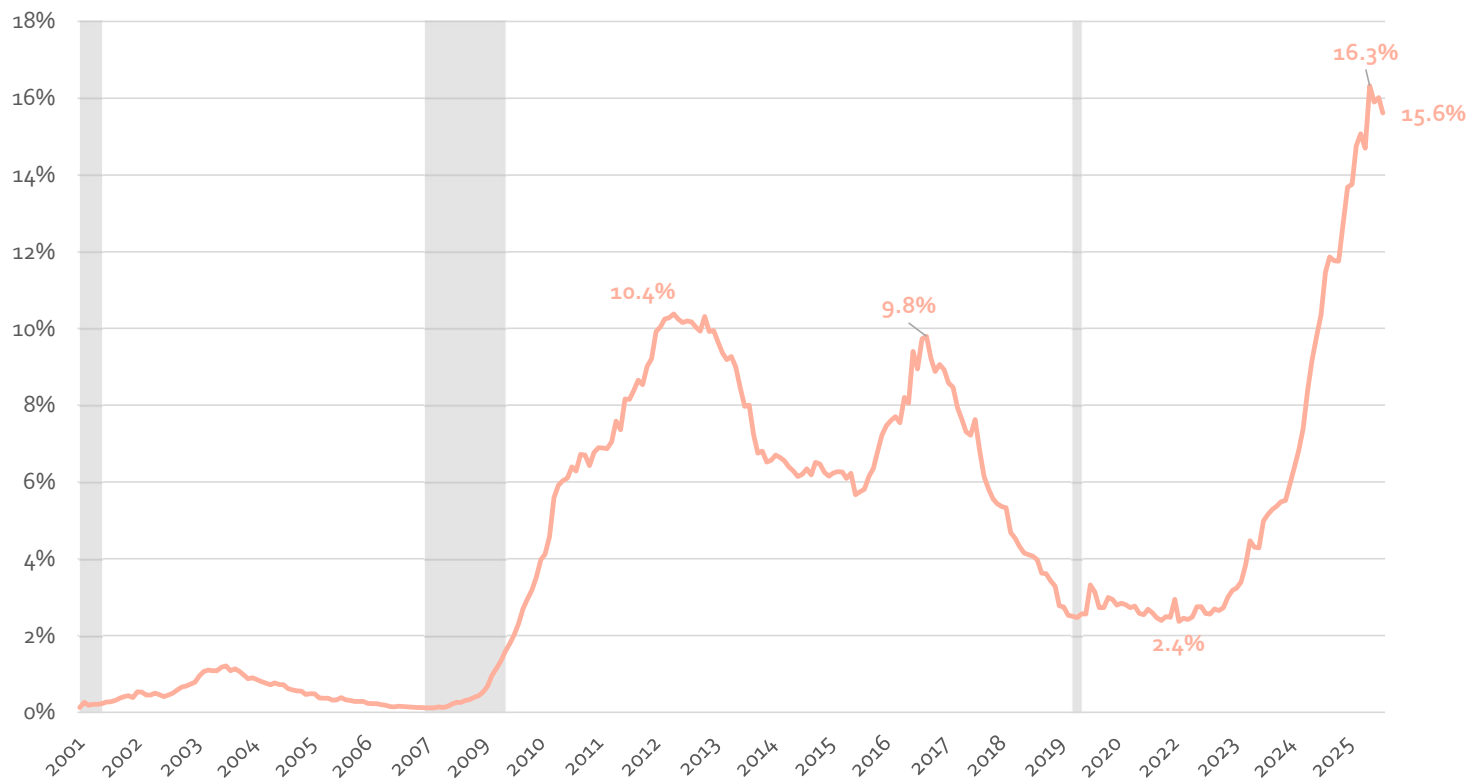
INCREMENTAL OFFICE DEMAND (SF) PER NEW PRIVATE
OFFICE-USING JOB
US 2011 - 2025 Q3



Underlying data source(s): CoStar (accessed Q4 2025);
Private office-using job growth lagged 3 quarters

Office Sector Delinquency Rate Above GFC Levels

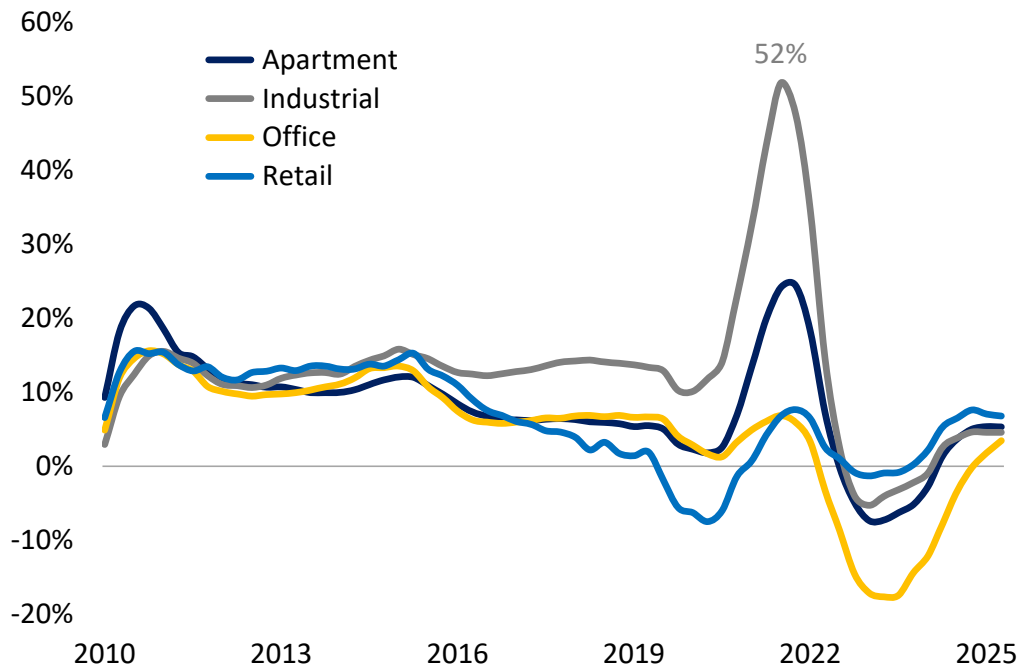
OFFICE SECTOR DELINQUENCY RATE
US 2001 - DEC 2025



Underlying data source(s): Moody's Analytics (accessed Q1 2026)

Industrial Coming Back to Earth, Performance Diverging Across U.S. Metros

Major Property Types - Rolling Annual Returns



Top 15 Industrial Markets, Total Returns

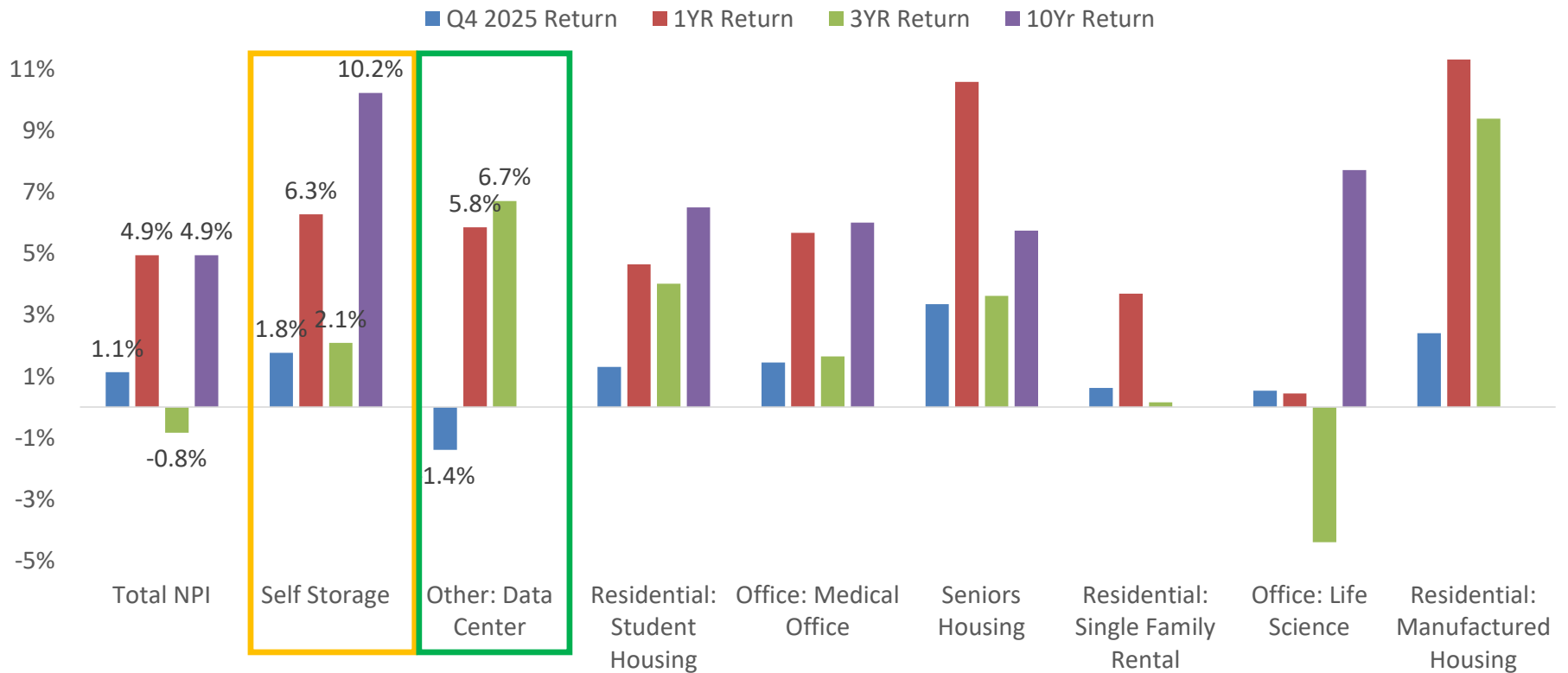
Market	Q4 2025 Quarterly	2025 1-Year	% of NPI Industrial
US NPI	1.2%	4.9%	
US NPI Industrial	1.2%	4.6%	
Los Angeles	-0.3%	-1.3%	8.8%
Dallas	2.0%	8.0%	7.6%
Chicago	2.2%	8.7%	7.3%
Riverside	0.0%	-1.7%	7.1%
New York	1.2%	4.7%	6.0%
Atlanta	2.3%	9.1%	5.7%
Miami	1.4%	7.8%	5.0%
Seattle	0.6%	2.6%	4.7%
Houston	3.0%	12.0%	3.7%
San Francisco	1.4%	4.6%	3.6%
Phoenix	2.2%	7.2%	2.9%
Las Vegas	1.4%	4.1%	2.4%
Portland	0.8%	6.8%	2.3%
Denver	1.2%	5.1%	2.1%

Top 15 = 70%

Source: NCREIF, Classic NPI, Q4 2025

Data Center and Self Storage Total Returns

NPI Returns, Select Property Types

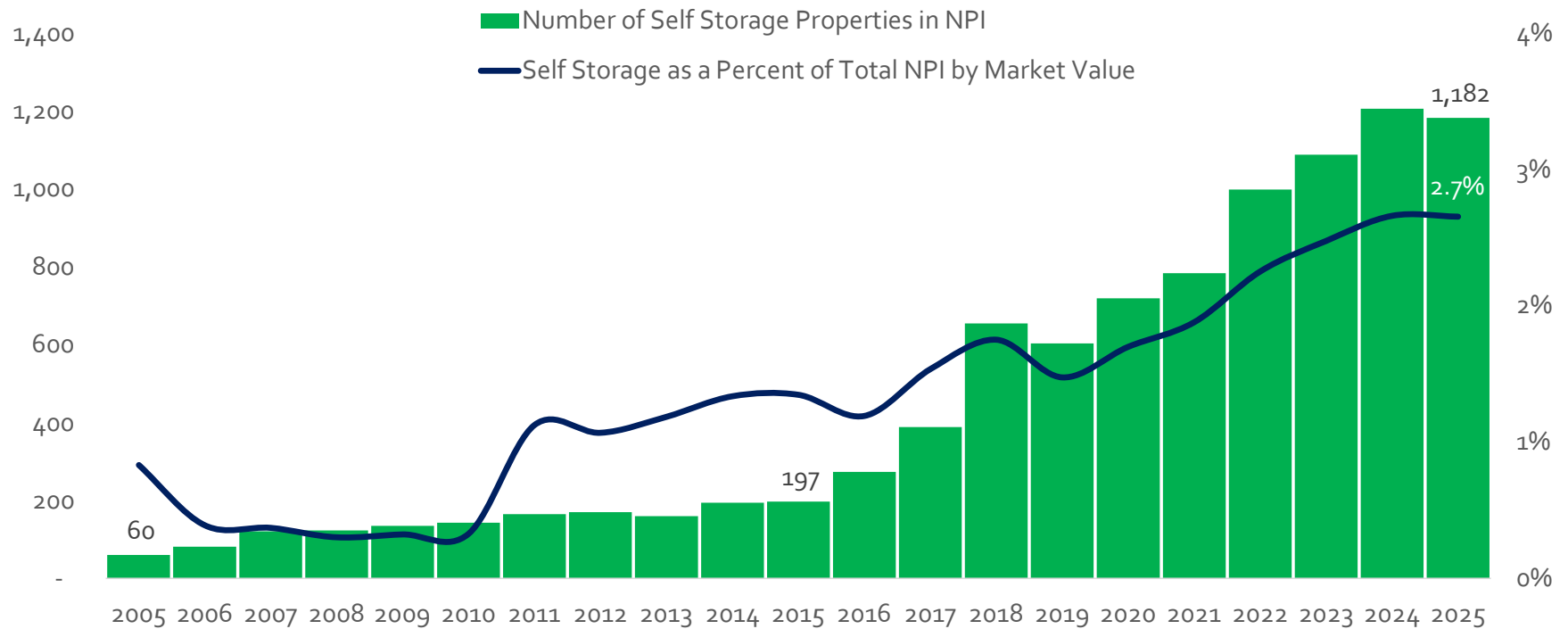


Source: NCREIF, Expanded NPI, Q4 2025



Self Storage in NPI: 20 Years of Growth

Self Storage By Property Count and % of NPI Market Value

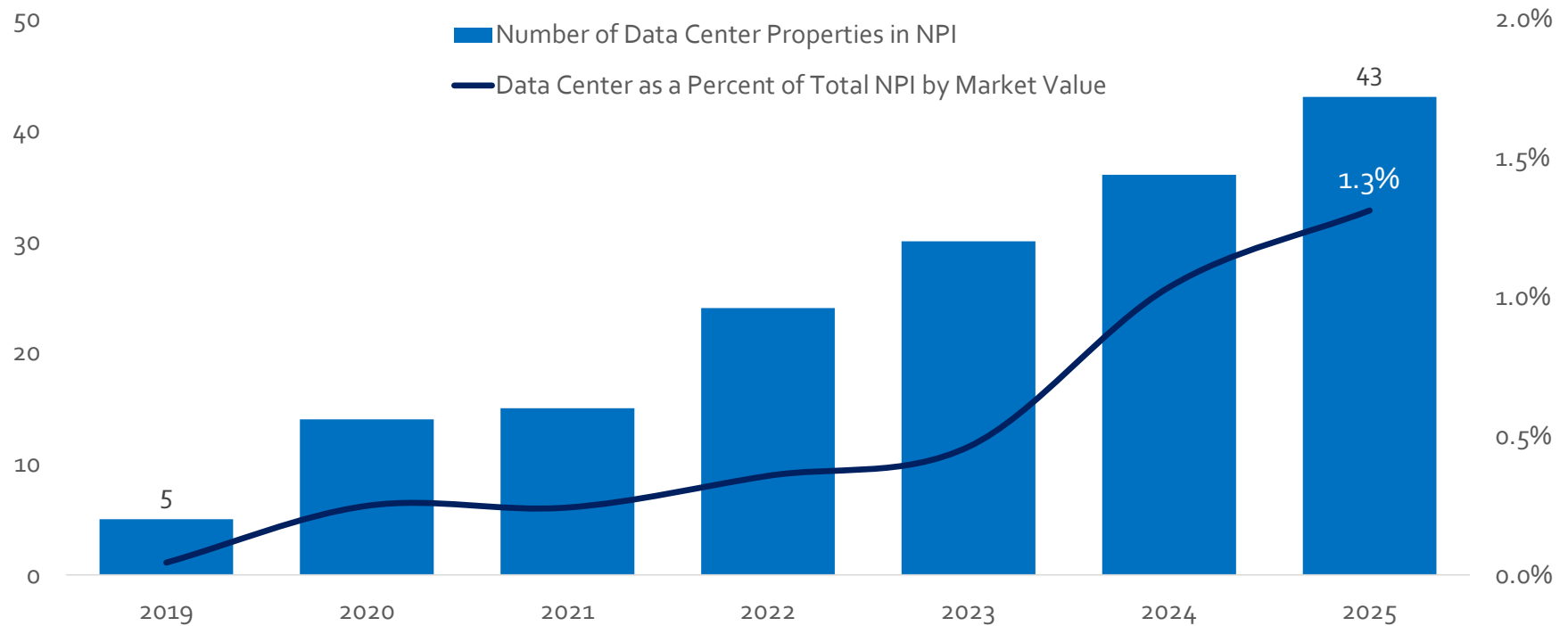


Source: NCREIF, Expanded NPI, Q4 2025



Data Center in NPI: 5-Year Rapid Run-Up

Self Storage By Property Count and % of NPI Market Value

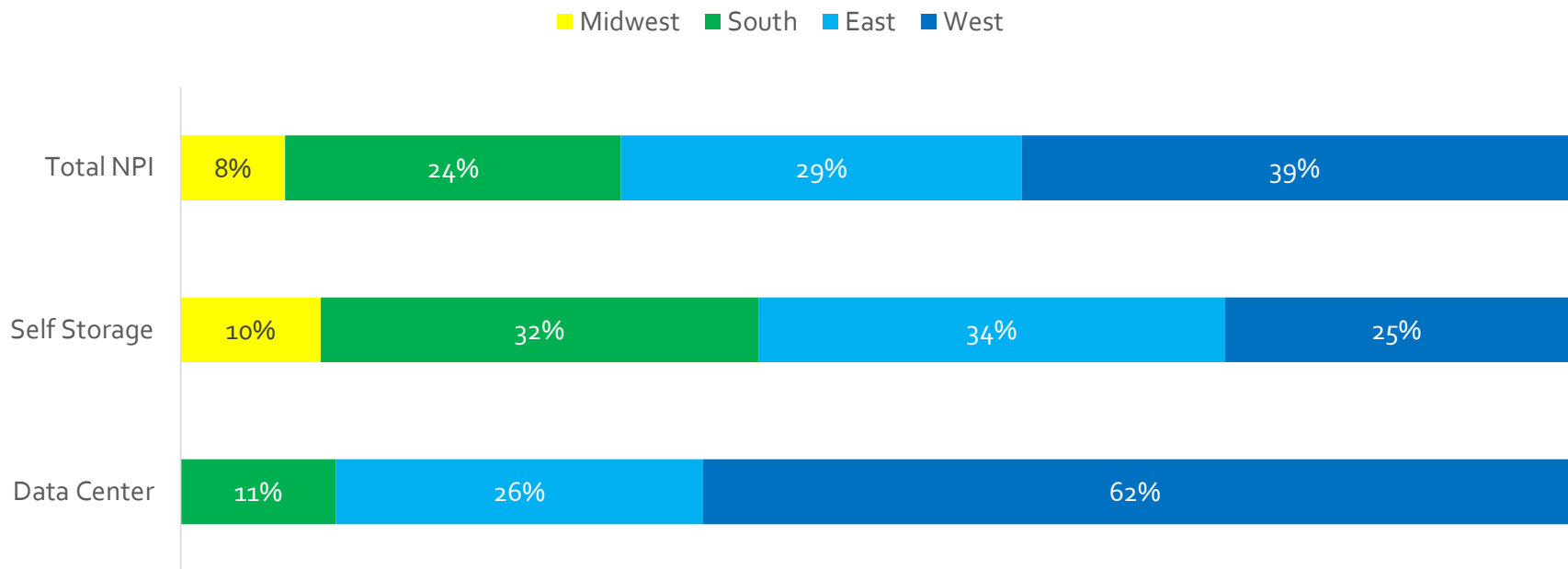


Source: NCREIF, Expanded NPI, Q4 2025



Regional Distribution

Regional Distribution of Property Type in NPI, % of Market Value By Region



Note: Some numbers don't sum to 100% due to masking issues (NCREIF masks data for less than 5 assets)
Source: NCREIF, Expanded NPI, Q4 2025

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 2026?
 - A. Data centers
 - B. Self storage
 - C. Senior housing
 - D. Medical Office
 - E. Hotel



Summary of 4th Quarter 2025



- Returns down slightly but remain positive
- Market values up very slightly but capital return slightly negative
- NOI growth continues in negative territory, except in apartments
- Occupancy down slightly
- Cap rates down slightly
- Property count in NPI down very slightly



Thank you

For more information on NCREIF or the NCREIF data and indices, as well as the NCREIF Academy and upcoming conference, please visit:

www.NCREIF.org

