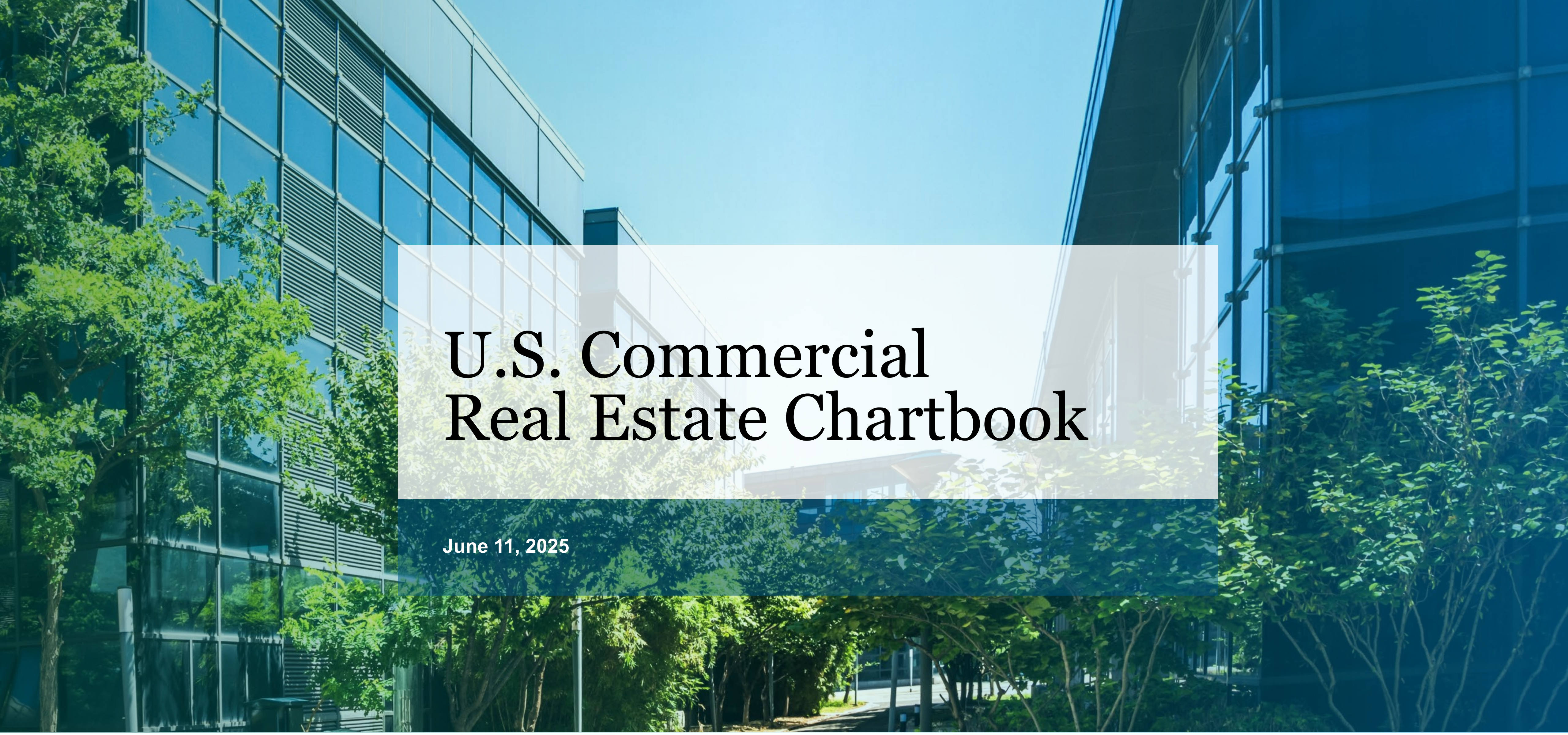

U.S. Commercial Real Estate Chartbook

June 11, 2025

MetLife Investment Management

Key Takeaways

- We were a year into the CRE recovery when April 2's broad-based tariffs landed; policy-driven volatility likely to continue this summer and beyond.
- Valuations remain compelling: over the next 12 months, we expect 4% growth in retail, 2.0% growth in apartment, 2.0% growth in industrial, and 0.5% growth in office. Value growth should accelerate throughout 2026 as the construction completion void accelerates.
- Construction costs have fueled the 10+ year housing affordability crisis; immigration restrictions, NIMBYism, and tariff pressure are likely to make this phenomenon spill into commercial real estate in 2026.
- Highest-conviction recommendations: net-lease retail, independent-living seniors housing, medical office and select residential segments.
- Caution: ground up development (all sectors), value-add strategies (all sectors), student housing, full-service hotels, grocery-anchored retail.

Commercial Real Estate Capital Markets Conditions

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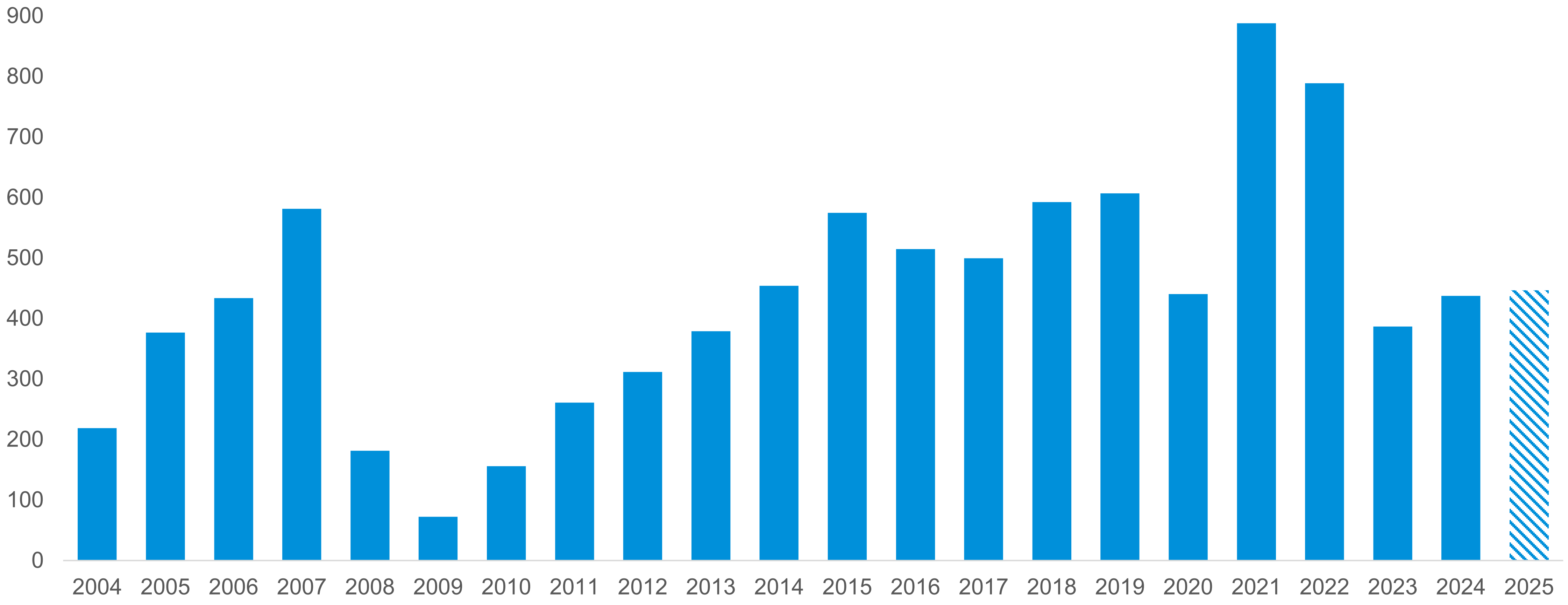
Policy Uncertainty Will Likely Keep Liquidity Depressed

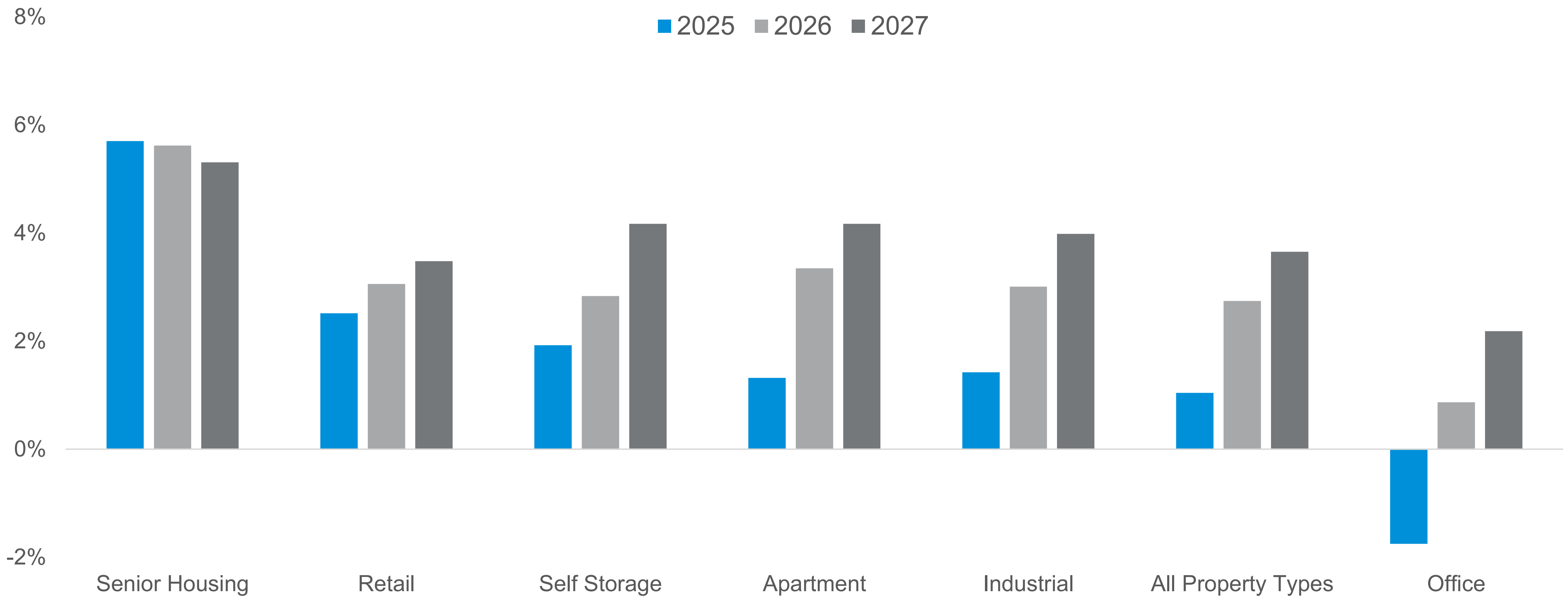
US CRE Transaction Volume



Sources: MIM, RCA. Data as of 1Q 2025.

Appraised Values Likely to Continue Rising

PREA Consensus Market Value Forecast



Note: The PREA survey results were adjusted using a methodology that translates appreciation return forecasts to market value forecasts
Sources: MIM, NCREIF, PREA. Survey conducted May 2025.

Assets Traded for 2.5% Below Appraised Values in 1Q2025

Appraisal Discount / Premium to Transaction Price

	Apartment	Industrial	Office	Retail	Total
Q1 2023	-5.3%	-4.9%	-8.8%	3.5%	-3.2%
Q2 2023	-3.1%	-5.8%	NA	NA	-4.0%
Q3 2023	-2.6%	-8.1%	-27.7%	-4.2%	-10.0%
Q4 2023	-12.7%	-5.1%	-9.8%	-4.2%	-9.5%
Q1 2024	-6.2%	-1.9%	-17.2%	-3.4%	-7.4%
Q2 2024	-4.3%	-3.2%	-3.7%	-8.0%	-3.9%
Q3 2024	-2.0%	1.2%	-11.6%	-1.5%	-2.0%
Q4 2024	-0.5%	-2.1%	-11.5%	-1.5%	-4.3%
Q1 2025	-5.9%	4.0%	-6.0%	-0.7%	-2.5%

Sources: MIM, NCREIF. Data as of 1Q 2025.

Policy Exposure by Property Type

- All property types could benefit from rising construction costs and lower supply (less immigration, tariffs).
- **Apartment:** Immigration restrictions could dampen demand in markets like Miami, San Diego, Dallas, and Boston.
- **Office:** Waning CEO confidence could slow the nascent office sector recovery. Potential for rising CapEx for tenant improvements.
- **Retail:** Retail assets in lower income markets or submarkets face risk due to their reliance on goods imported from Asia, particularly in categories like electronics and apparel.
- **Industrial:** Port markets could experience lower demand, but sunbelt markets could benefit from onshoring and lower construction activity.
- **Hotels:** Consumer discretionary spending could slow, reducing domestic travel. A strong dollar and anti-U.S. sentiment could slow international travel to the U.S.
- **Alternative Sectors:** Sectors like data centers, self storage, medical office, and residential alternatives have a lower exposure to changing federal government policies, in our view.

Property Type Trends

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Some Office Markets are Still Deteriorating, While Several are Fully Recovered

U.S. Office Vacancy by Market

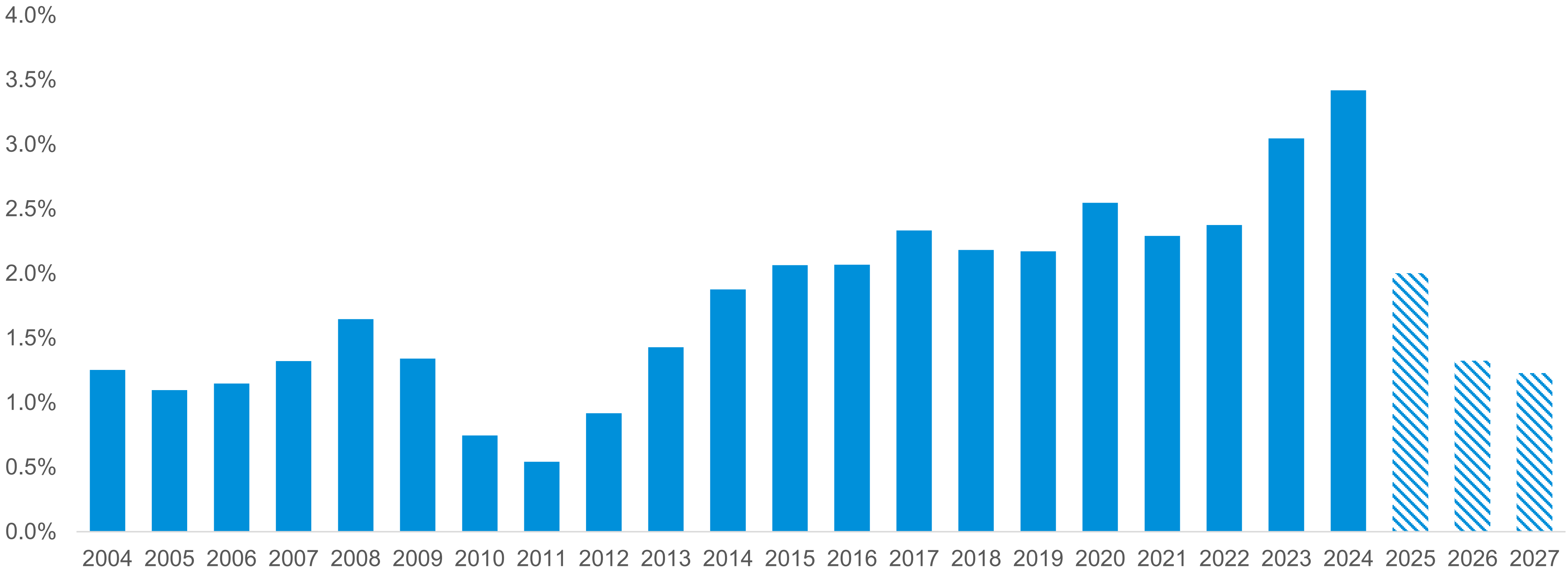
Market	Current	Peak	10 Yr Avg	% Recovered
Miami	12.5%	16.8%	13.1%	100%
West Palm Beach	12.1%	15.4%	12.6%	100%
Northern NJ	17.6%	19.0%	17.2%	78%
Fort Lauderdale	14.2%	16.7%	13.2%	70%
Houston	23.9%	26.2%	21.2%	47%
Atlanta	21.4%	21.8%	17.1%	46%
Tampa	14.6%	15.5%	12.9%	34%
Charlotte	19.2%	21.8%	13.8%	33%
New York	13.9%	15.6%	10.2%	31%
Orange County	17.1%	18.4%	13.9%	29%
Nashville	18.9%	20.2%	13.3%	19%
Dallas	23.2%	23.8%	20.1%	17%
Phoenix	21.6%	22.2%	17.6%	13%
Sacramento	17.4%	17.7%	15.3%	12%

Market	Current	Peak	10 Yr Avg	% Recovered
Minneapolis	24.5%	24.9%	18.7%	7%
Chicago	21.3%	21.6%	16.5%	6%
Austin	21.3%	21.9%	12.0%	6%
Philadelphia	16.0%	16.1%	12.5%	5%
Los Angeles	21.1%	21.3%	15.9%	4%
East Bay	22.3%	22.6%	14.2%	3%
Portland	25.0%	25.1%	15.2%	1%
Baltimore	17.2%	17.2%	14.1%	0%
Boston	18.0%	18.0%	11.3%	0%
Denver	23.1%	23.1%	15.5%	0%
Orlando	14.0%	14.0%	11.4%	0%
San Diego	15.1%	15.1%	13.0%	0%
Seattle	21.6%	21.6%	11.6%	0%
San Francisco	25.4%	25.4%	11.5%	0%
Washington, DC	19.3%	19.3%	16.3%	0%

Sources: MIM, CBRE-EA. Data as of 1Q 2025.

Apartment Completions are Expected to Plummet, Supporting Fundamentals

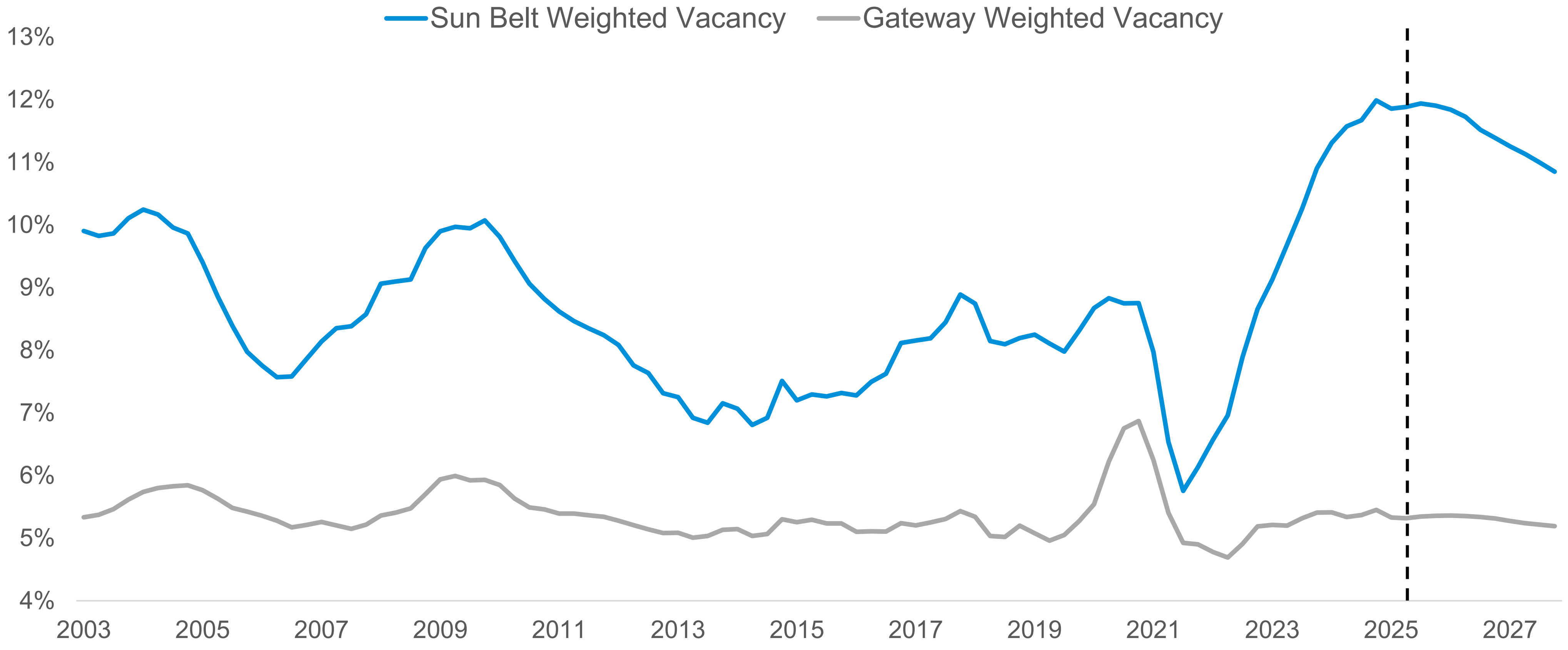
Multifamily Completions as a % of Inventory (Units)



Sources: MIM, CoStar. Data as of 1Q 2025.

Gateway Market Apartments are Attractive for New Investment; Investors Still Overpaying and Overlooking Near-Term Vacancy Challenges for Sun Belt Apartment

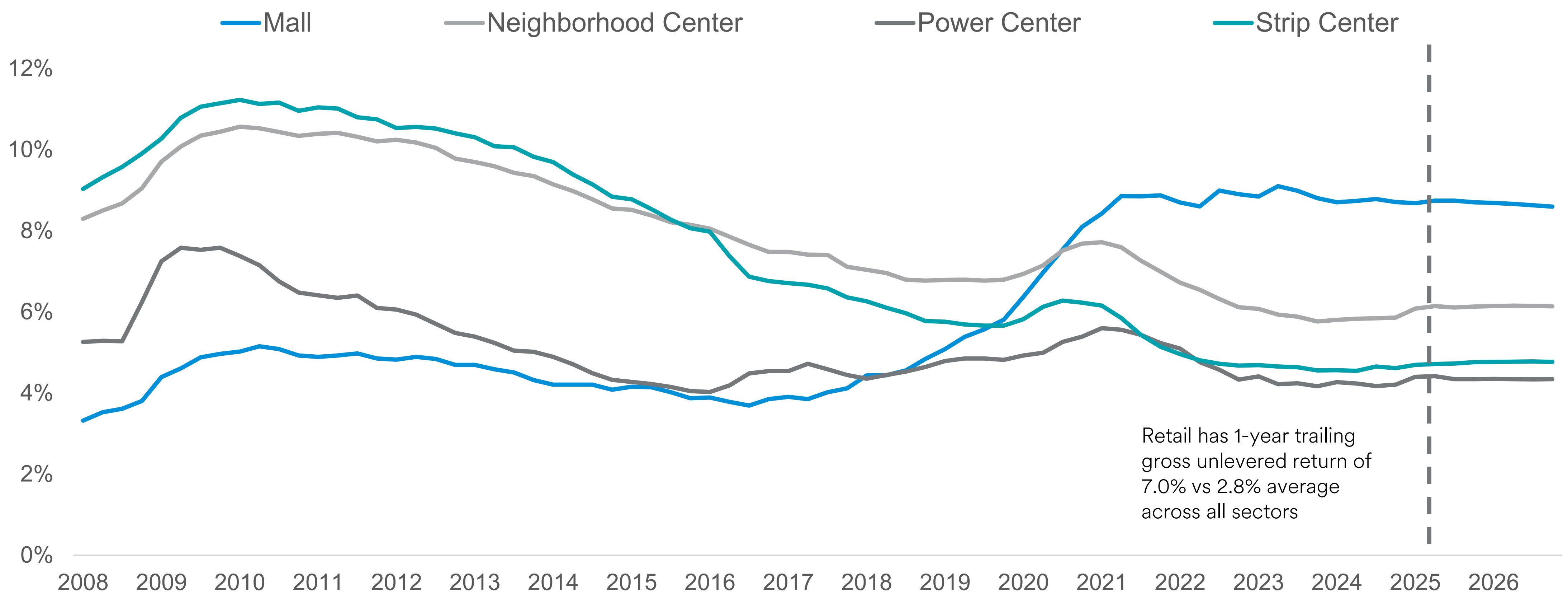
Apartment Vacancy – Gateway vs Sun Belt Markets



Note: Gateway markets include – LA, New York, SF, Seattle, Chicago, Boston, DC. Sun Belt markets include – Atlanta, Austin, Charlotte, Dallas, Houston, Miami, Phoenix.
Sources: MIM, CoStar. Data as of 1Q 2025.

Retail has Been Silently Outperforming Most Sectors in Recent Quarters, Aside from Malls

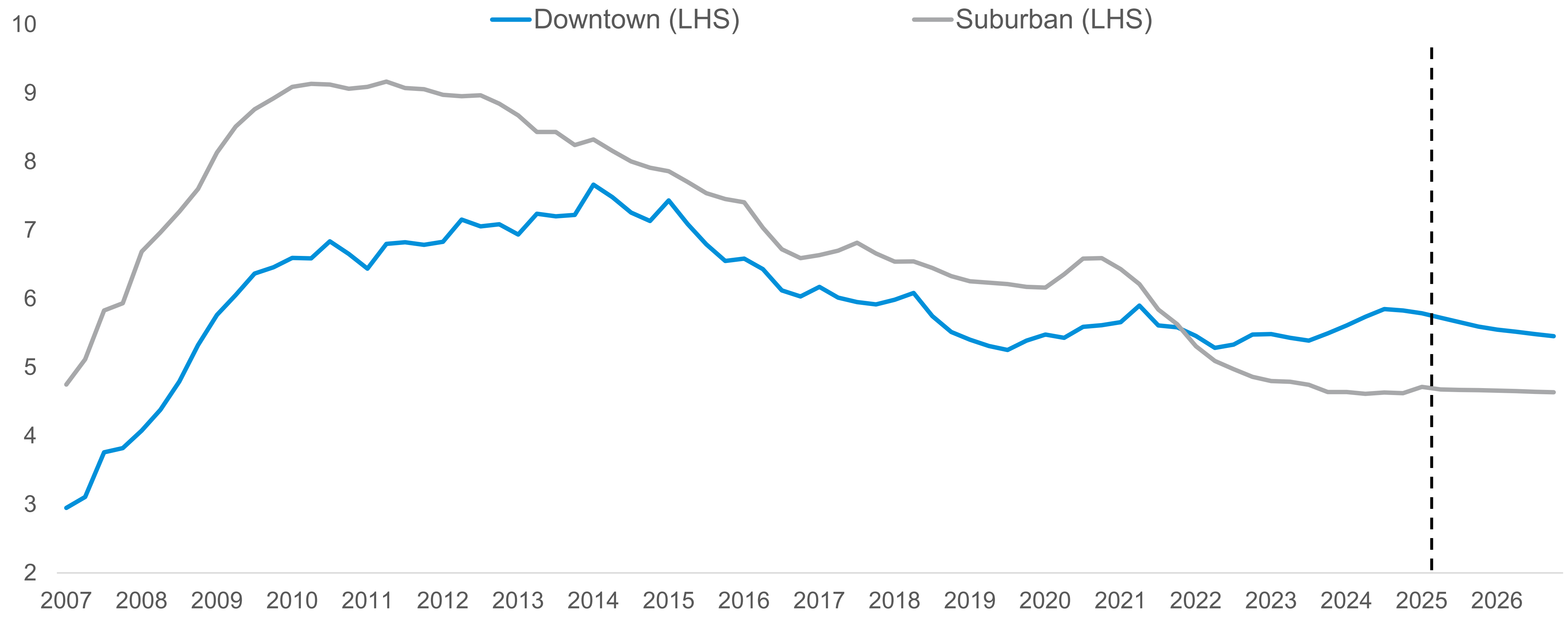
Retail Vacancy Rate by Subtype



Sources: MIM, CoStar, NCREIF. Data as of 1Q 2025.

Downtown Retail is Underperforming, and We Expect this to Continue

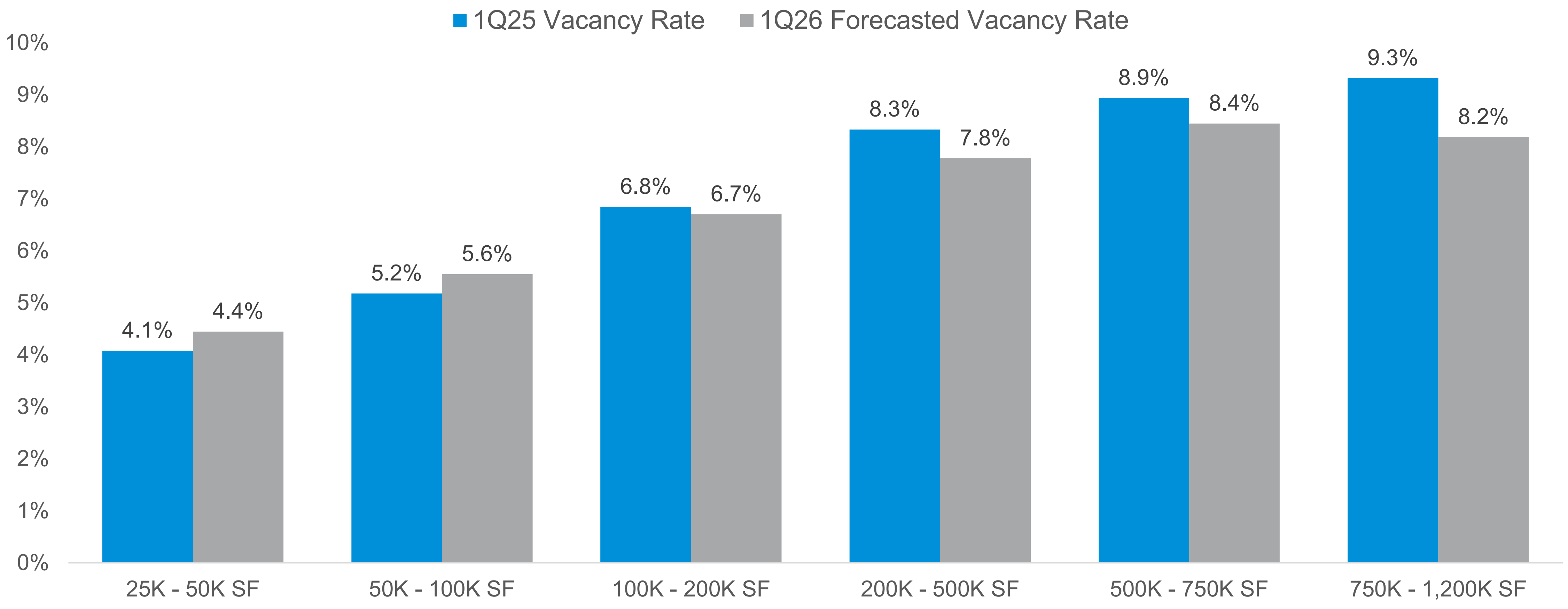
Retail Availability Rate – Downtown vs Suburban



Sources: MIM, CBRE-EA, MIM Forecast. Data as of 1Q 2025.

Small/Infill Industrial Outperforming; Lack of New Supply to Support Larger/Suburban Assets

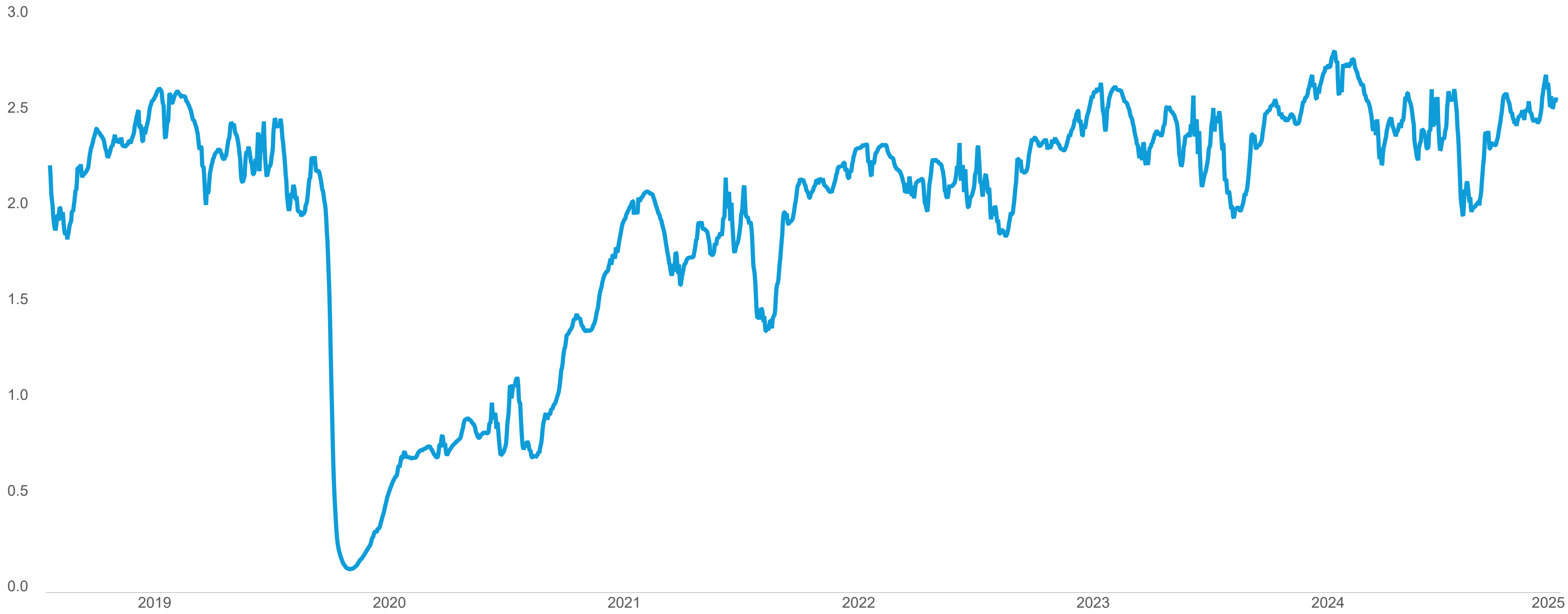
Industrial Vacancy Distribution by Property Size (%)



Sources: MIM, CoStar. Data as of 1Q 2025.

Air Travel is Holding Up, a Positive for Hotel Performance this Year

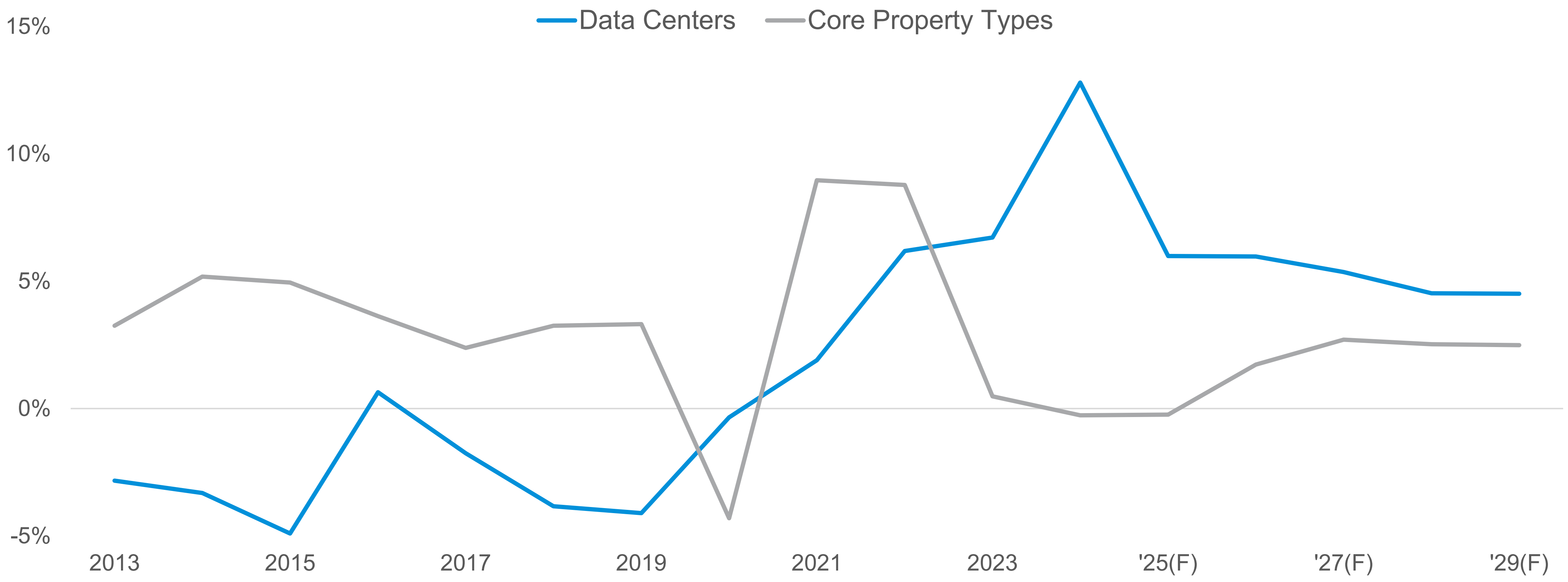
TSA Checkpoint Travel Numbers (Millions of People)



Sources: MIM, DHS. Data as of 1Q 2025.

Data Center Revenue Growth Expected to Continue Outperforming

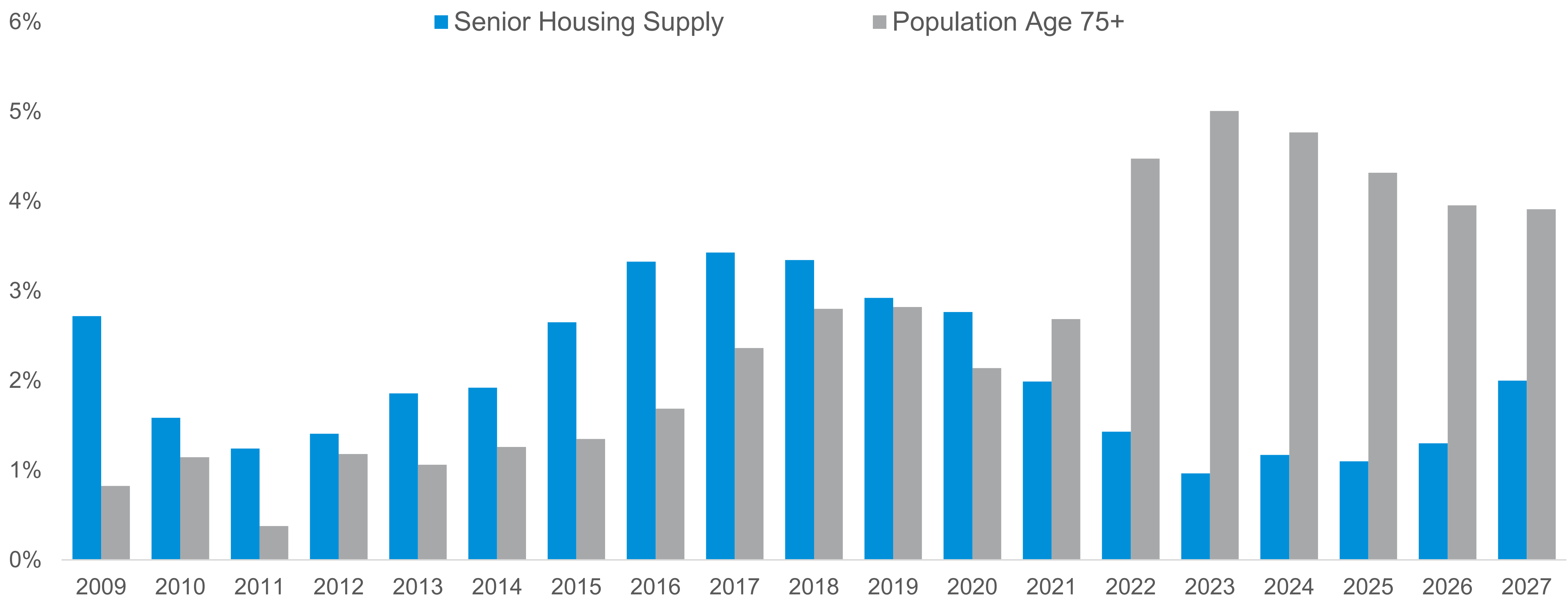
Data Center Revenue Per Available Foot Growth



Source: Green Street, MIM. Data as of 1Q 2025.

Growth in Senior Population Poised to Drastically Outpace Senior Housing Supply

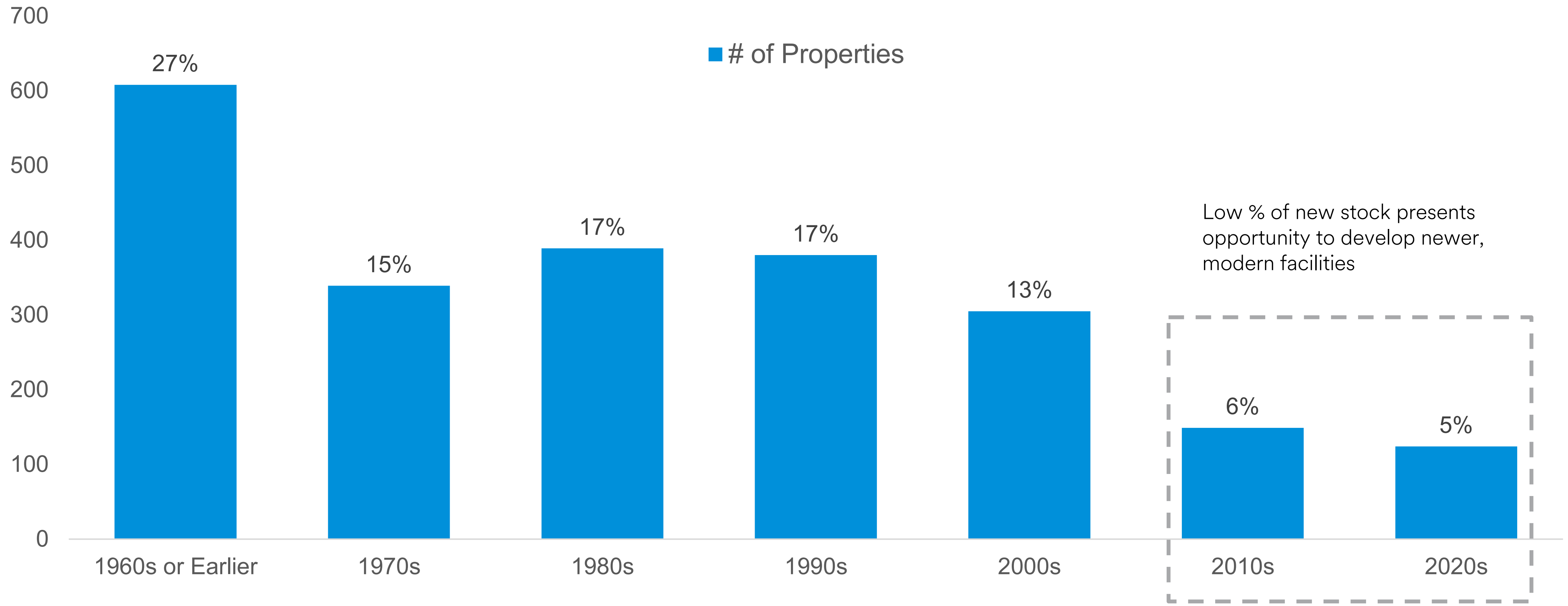
Senior Housing Supply and Population Age 75+ Growth Rates



Sources: MIM, Green Street, Oxford Economics. Data as of 1Q 2025.

75% of Cold Storage Facilities are More than 25 years old, Despite Demand for Modern Facilities

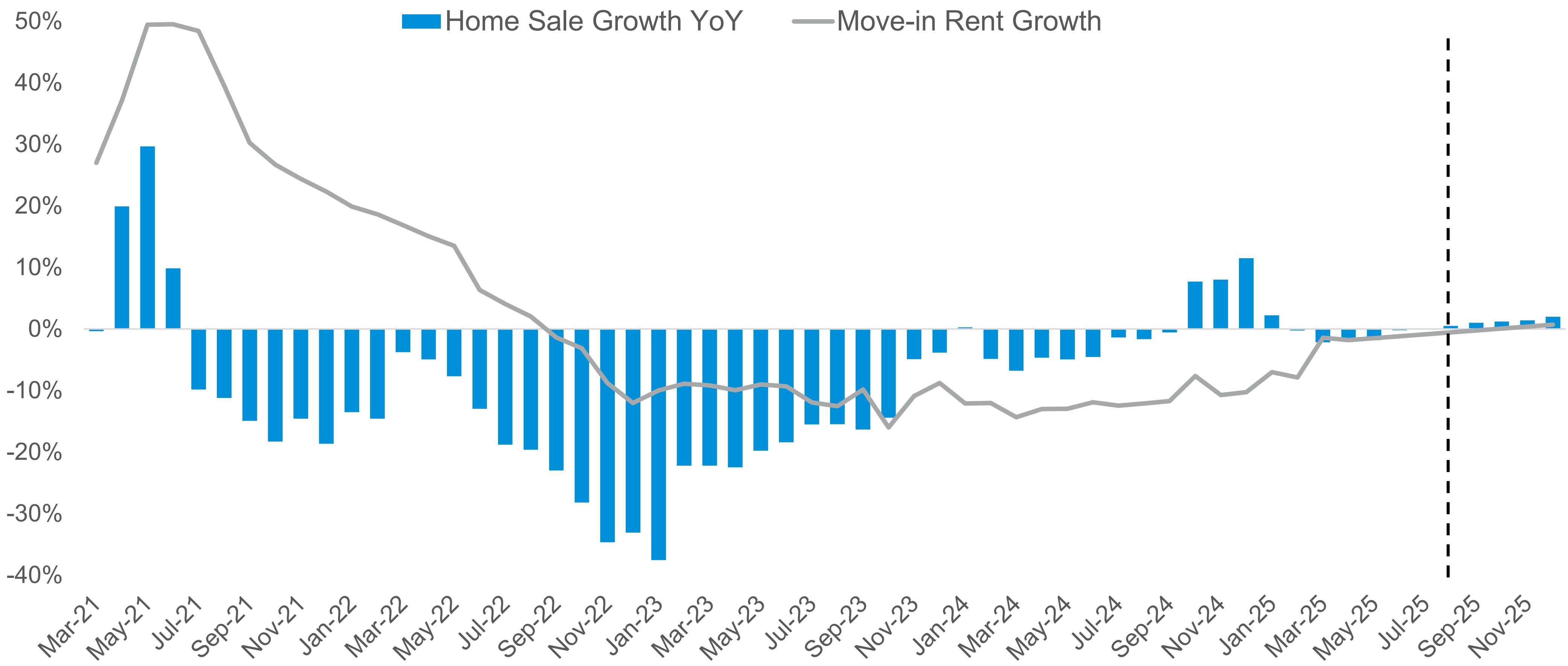
U.S. Cold Storage Buildings by Decade Built



Sources: MIM, CoStar. Data as of 4Q 2024.

Self-storage Coming Out of Downturn Driven by Single Family Mortgage "Lock-In" Effect

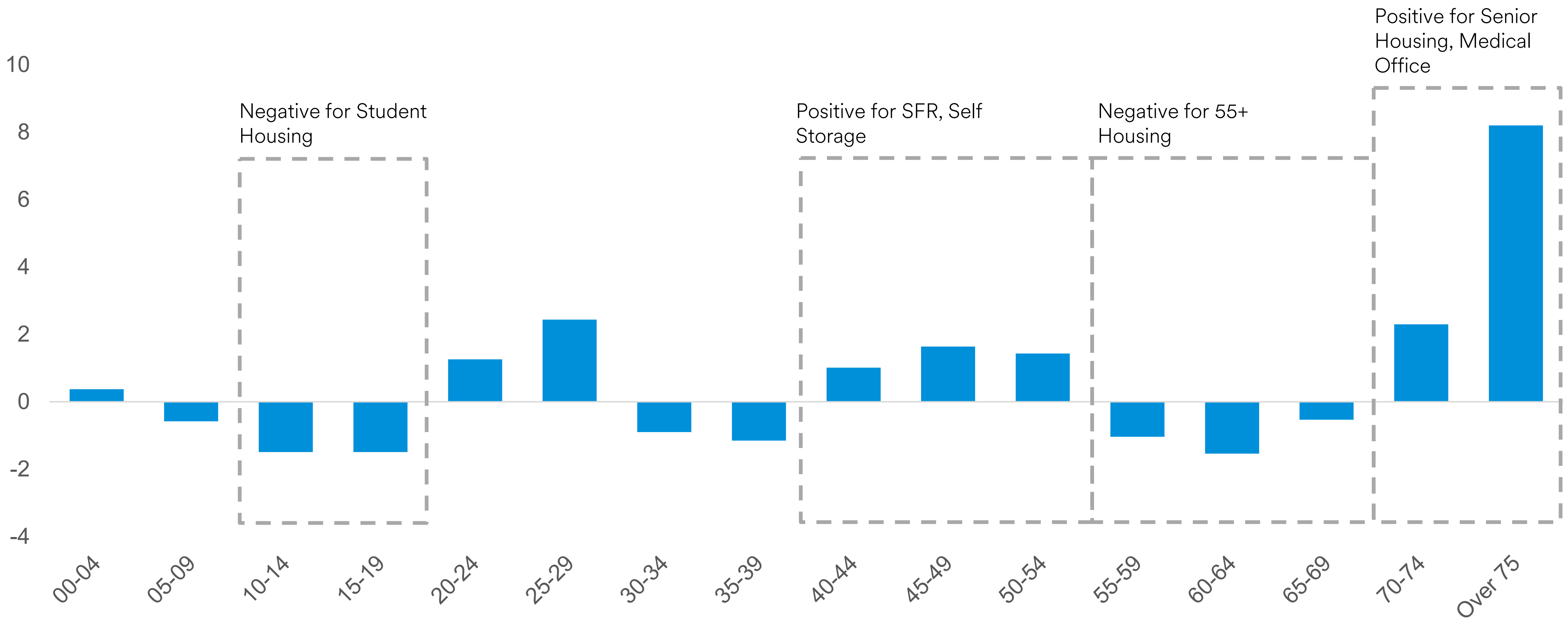
Home Sale Growth And Self Storage Move-In Rent Growth



Sources: MIM, Green Street, MIM Forecast. Data as of 1Q 2025.

Population Trends Benefiting Senior Housing, Medical Office, SFR

Net population growth by age group (2025-2032) (Millions)



Sources: MIM, Oxford Economics. Data as of 2Q 2025.

MetLife Investment Management Property Type Scorecard

Sector	Stochastic Rank	Capital Markets Rank	MIM Rank	YoY Change	Strategy	Benchmark Allocation	Recommended Allocation
Retail- Net Lease	3	1	1	1	Overweight	2%	3%
Seniors Housing (IL)	4	2	2	3	Overweight	3%	5%
Infill Warehouses	2	7	3	-2	Overweight	10%	13%
Medical Office	7	3	4	8	Overweight	2%	3%
Self Storage	8	5	5	10	Overweight	3%	4%
Manufactured Housing	5	11	6	-2	Neutral+	3%	4%
Data Centers	9	8	7	0	Neutral+	2%	3%
Cold Storage	1	17	8	-5	Neutral+	1%	2%
Retail- Mall	17	4	9	-3	Neutral	4%	4%
Retail- Strip/Neighborhood	15	6	10	1	Neutral	4%	4%
Moderate Income Housing	10	14	11	-3	Neutral	1%	1%
Limited-Service Hotels	6	18	12	-2	Neutral	1%	1%
Regional Warehouses	14	10	13	-4	Neutral	15%	15%
Single-Family Rentals	12	16	14	0	Neutral-	3%	3%
Traditional Apartment	16	13	15	3	Neutral-	21%	19%
Office (Excludes Life Science/Medical)	11	19	16	3	Neutral-	14%	12%
Life Science	18	12	17	0	Underweight	3%	2%
Retail- Grocery Anchored	21	9	18	2	Underweight	4%	2%
Full-Service Hotels	13	21	19	2	Underweight	1%	1%
55+ Housing	19	15	20	-7	Underweight	1%	1%
Student Housing	20	20	21	-5	Underweight	2%	1%

Source: MIM. Based on a June 2025 Delphi consensus survey of MIM's acquisitions staff for current market pricing, aggregated portfolio information, and rations from vendors including CoStar and Green Street. External sources include REIT and Market information from MIM vendors including CBRE-EA, and Green Street.
Note: Pricing analysis is only focused on Core and Stabilized assets.

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