

The background of the slide is a photograph of the Golden Gate Bridge in San Francisco, taken during a sunset or sunrise. The bridge's towers and suspension cables are silhouetted against a sky with soft, warm colors of orange, pink, and purple. The water below is calm, reflecting the bridge and the sky. The overall mood is serene and contemplative.

2026 Economic Update: Navigating The Fog

“

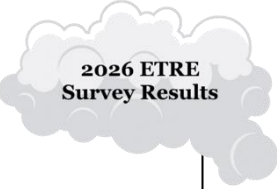
Immigration policy will tighten labor supply, raise food prices, and contribute to inflation pressure

The tax bill is great for real estate, good for corporate America, and should create growth opportunities

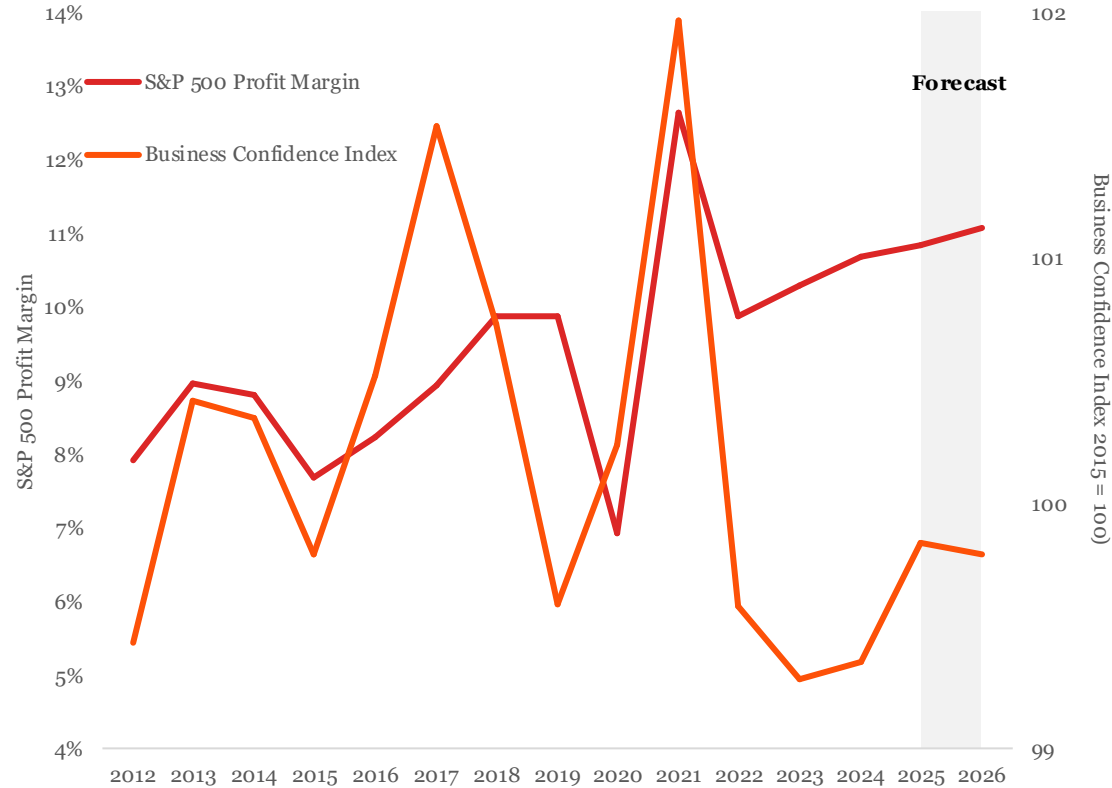
Not time to put everything in in the market at once; defensive, and selective

Intentional volatility has been added to the system. Tariffs caused everybody to pause, then the lightbulbs turned on... Greed outweighed fear and we have to figure it out..

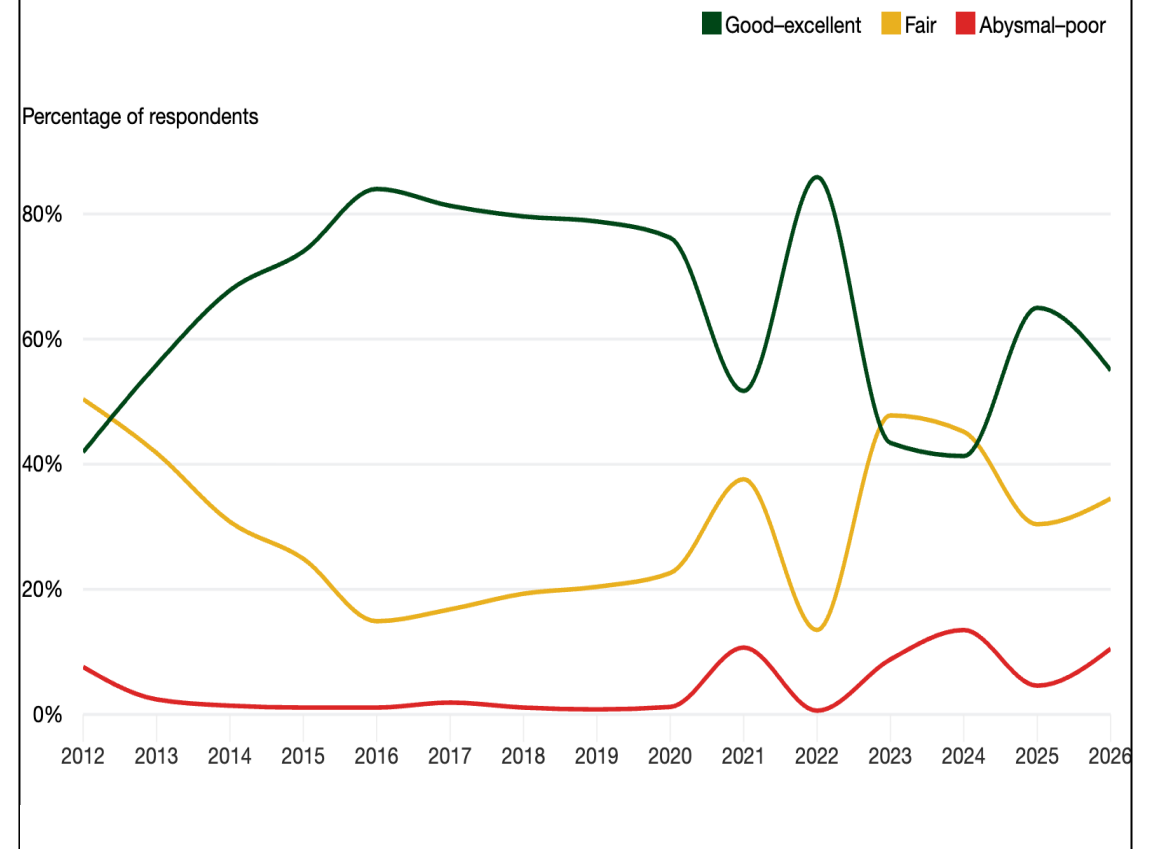
Profitability Remains Solid, but Optimism Is Tempered



Business Confidence and S&P 500 Corporate Profit Margins
2012–2026



Firm Profitability Prospects for 2026



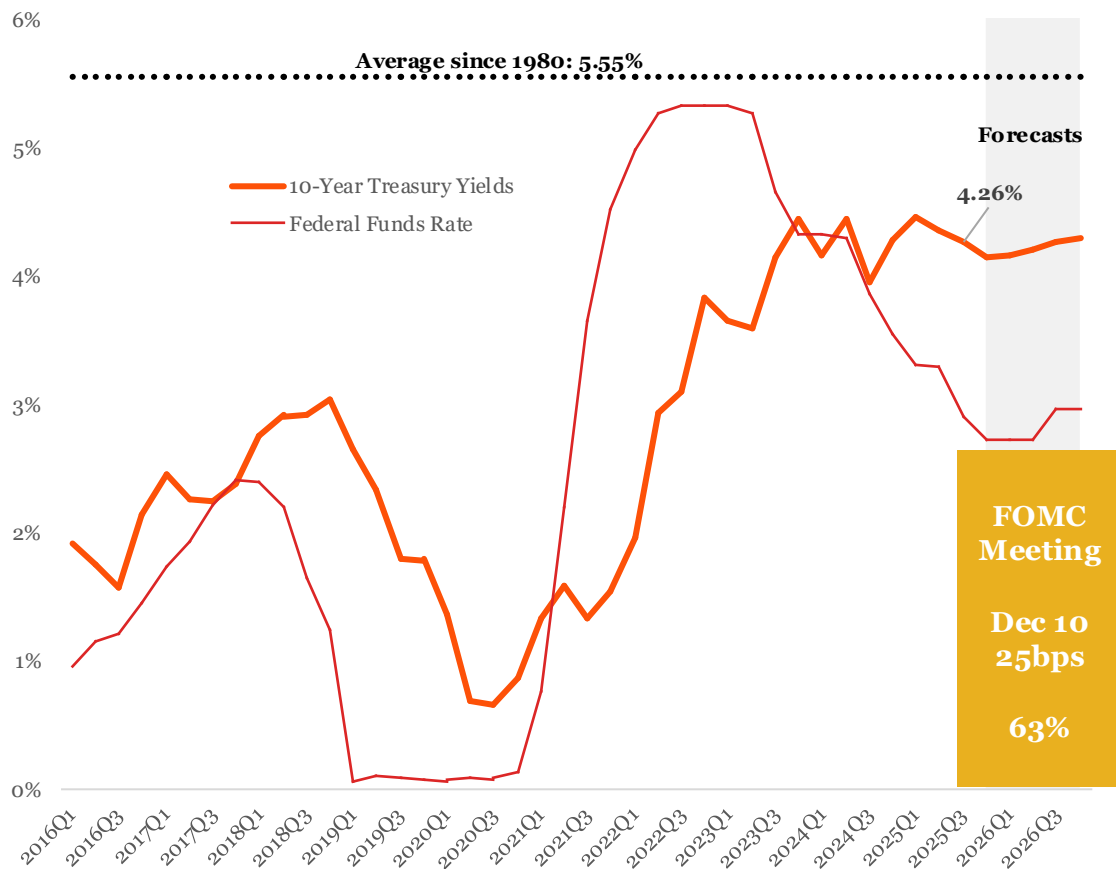
Source: FactSet, OECD; PwC analysis, *Emerging Trends in Real Estate Surveys*

Interest Rates: Policy Easing Continues Into 2026

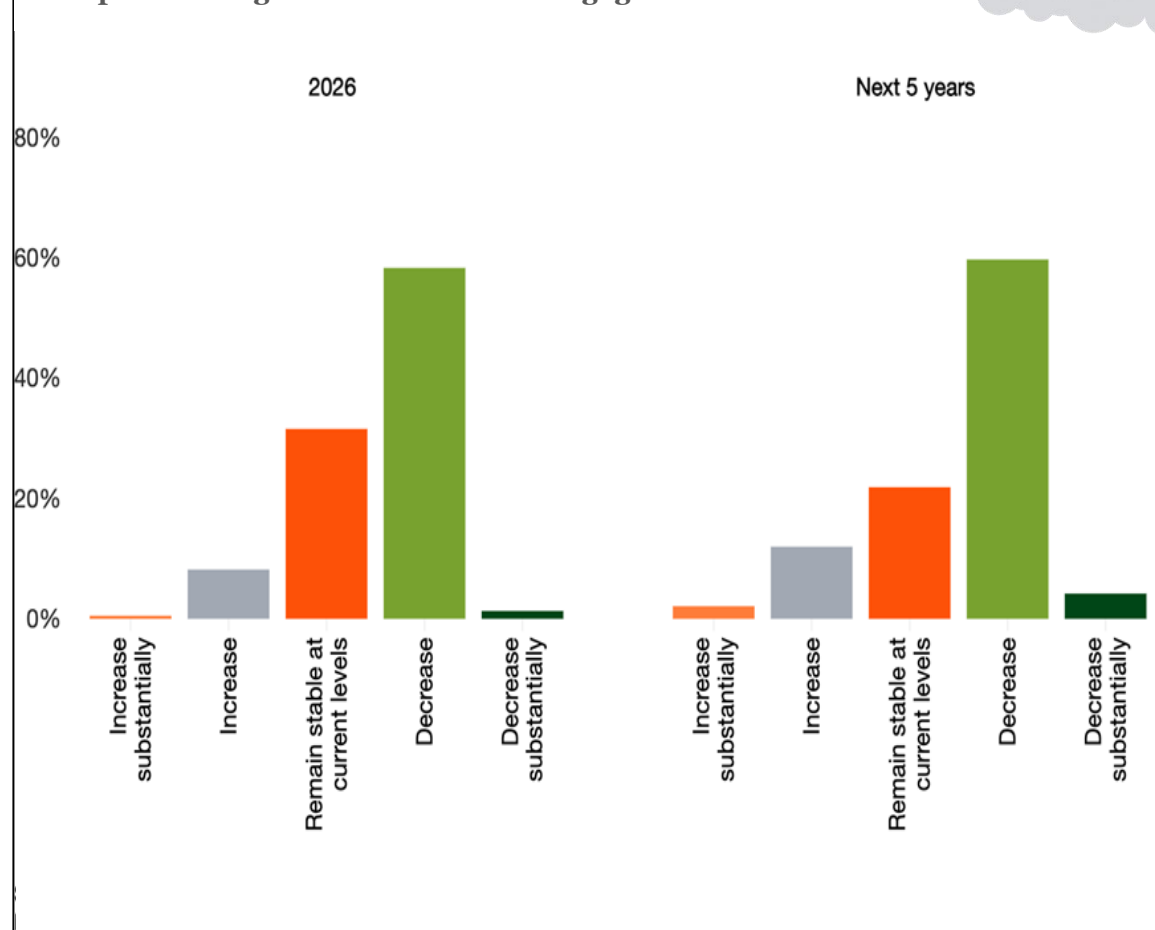
2026 ETRE Survey Results

10-Year Treasury Yields

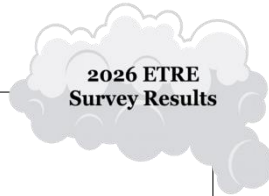
2016 - 2026 (F)



Anticipated Changes in Commercial Mortgage Rates

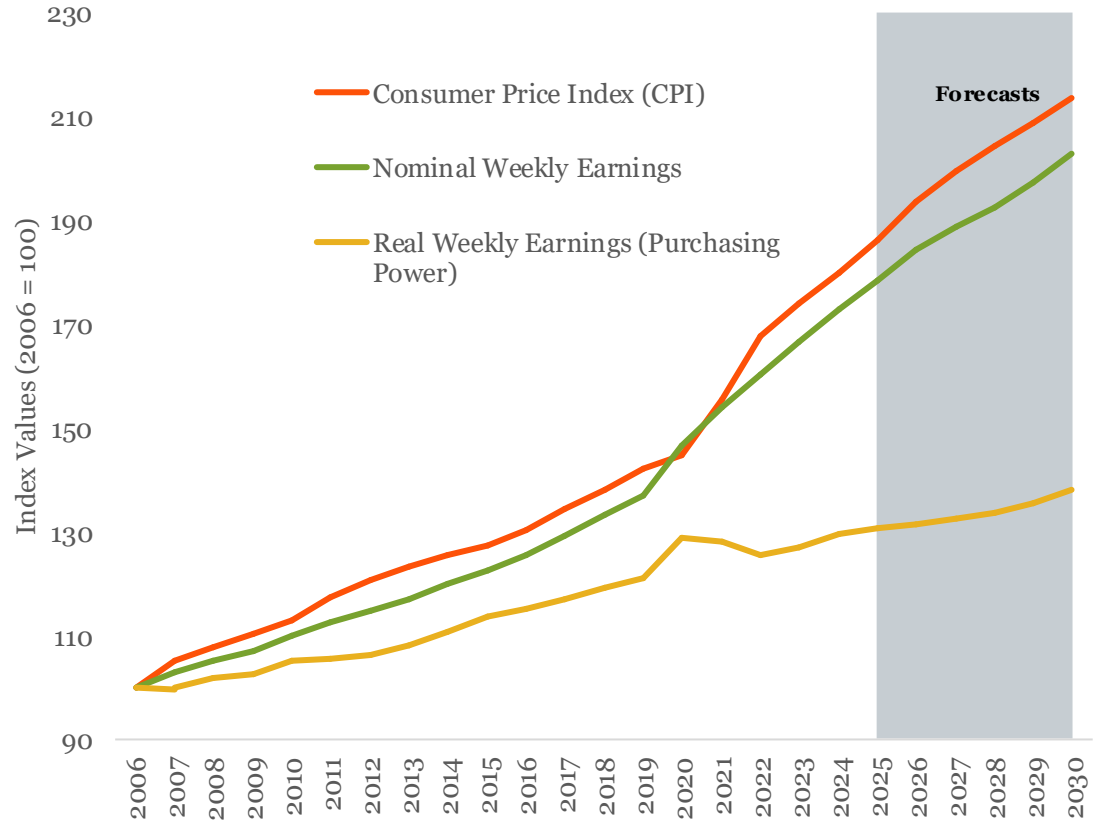


The Uneven Impact of Inflation and Tariffs

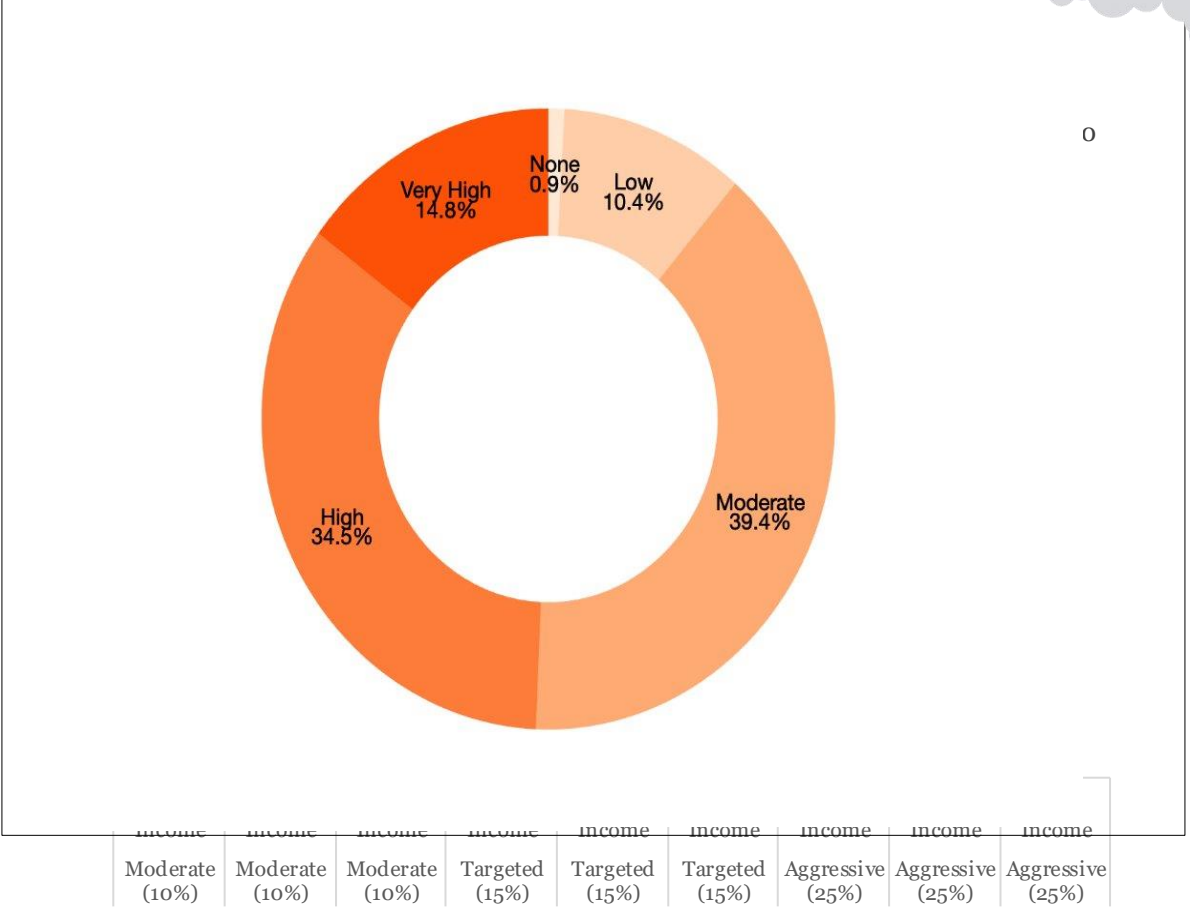


Inflation vs. Wage Growth

2000 - 2024

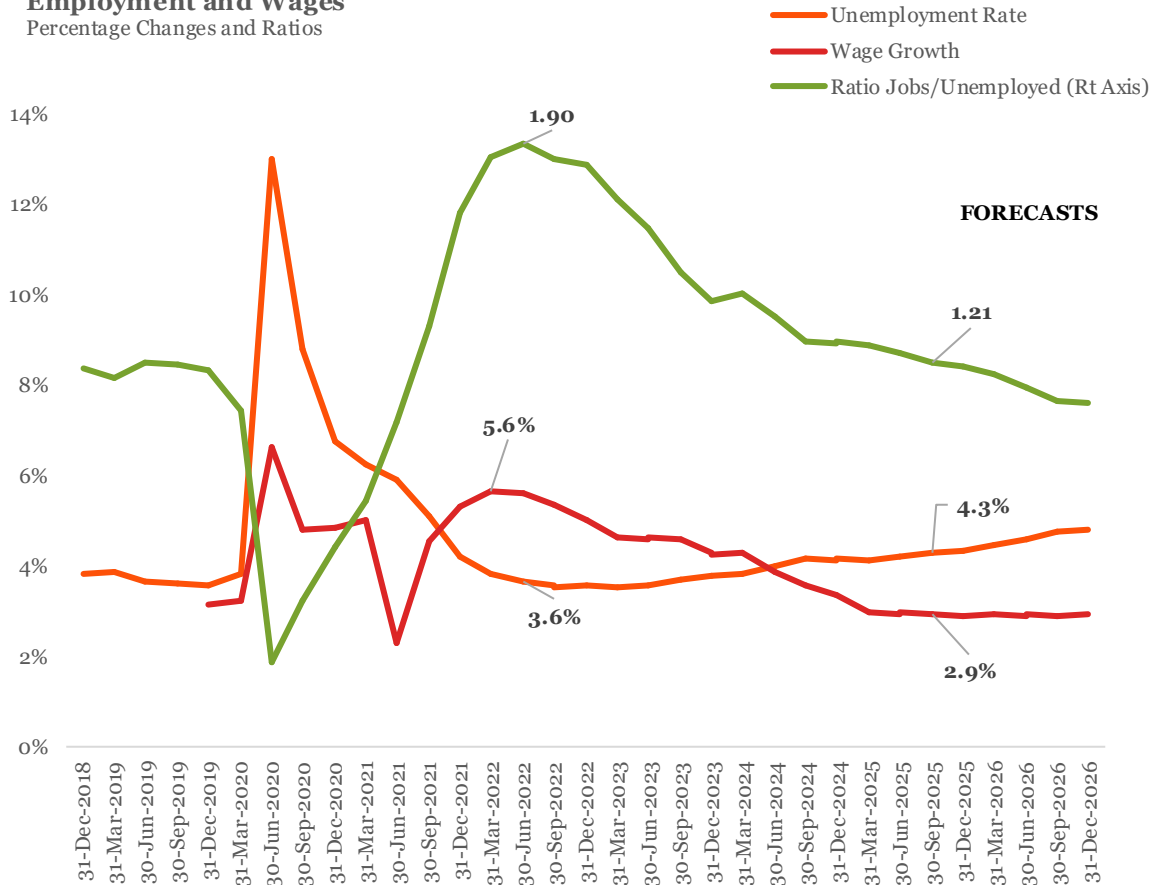


Tariff Policy Adds to Real Estate Market Uncertainty



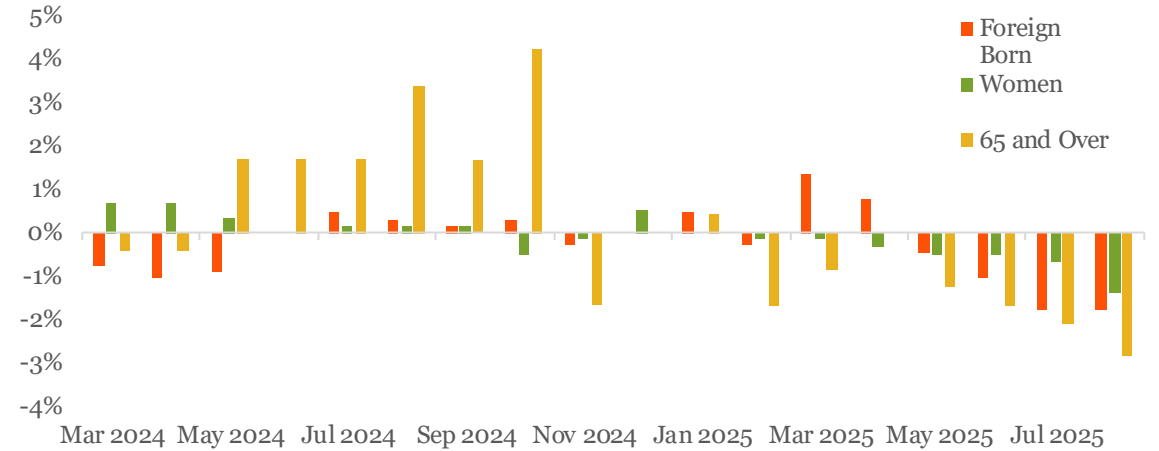
Labor Market Tightness and Shifting Workforce Demographics

Employment and Wages
Percentage Changes and Ratios

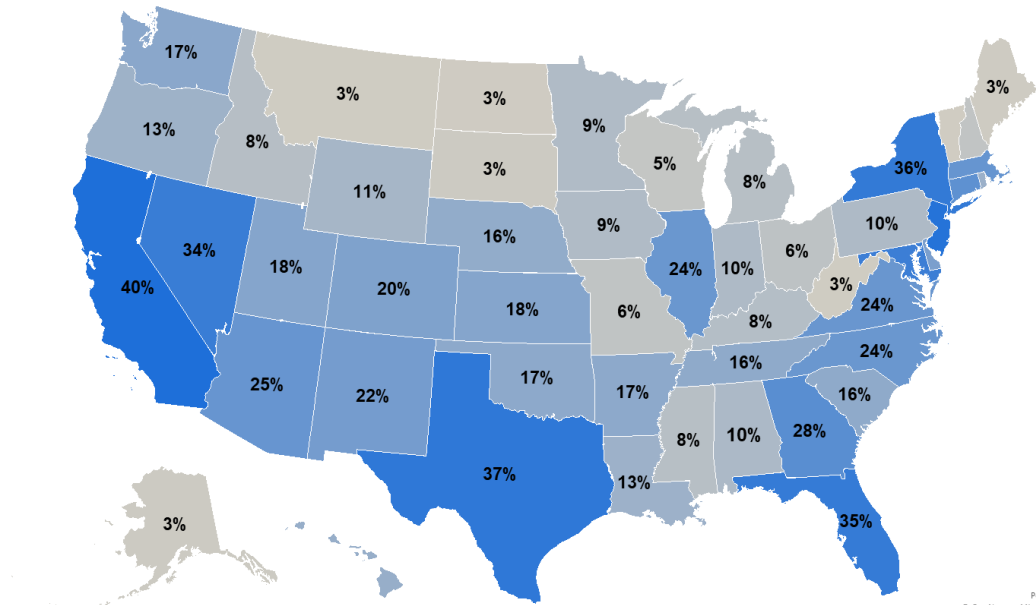


Sources: U.S. Bureau of Labor Statistics; Moody's Analytics, Johns Burns Research and Consulting

Labor Supply Tightening Again as Participation Declines



Share of Construction Workers That Are Foreign Born (2023)



2026 Emerging Trends



1
Demographics Will Define Demand



6
Data Centers – The Grid Called, It's on Backorder



2
Capital Markets – Half Full or Half Empty



7
Student Housing - Growth to New Pressures



3
Artificial Intelligence

Navigating the Fog




8
Senior Housing – A New Driving Force



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Back to Basics



9
Self Storage – A Niche Expansion Emerges



5
Niche to Essential



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Office – Repricing and Restructuring

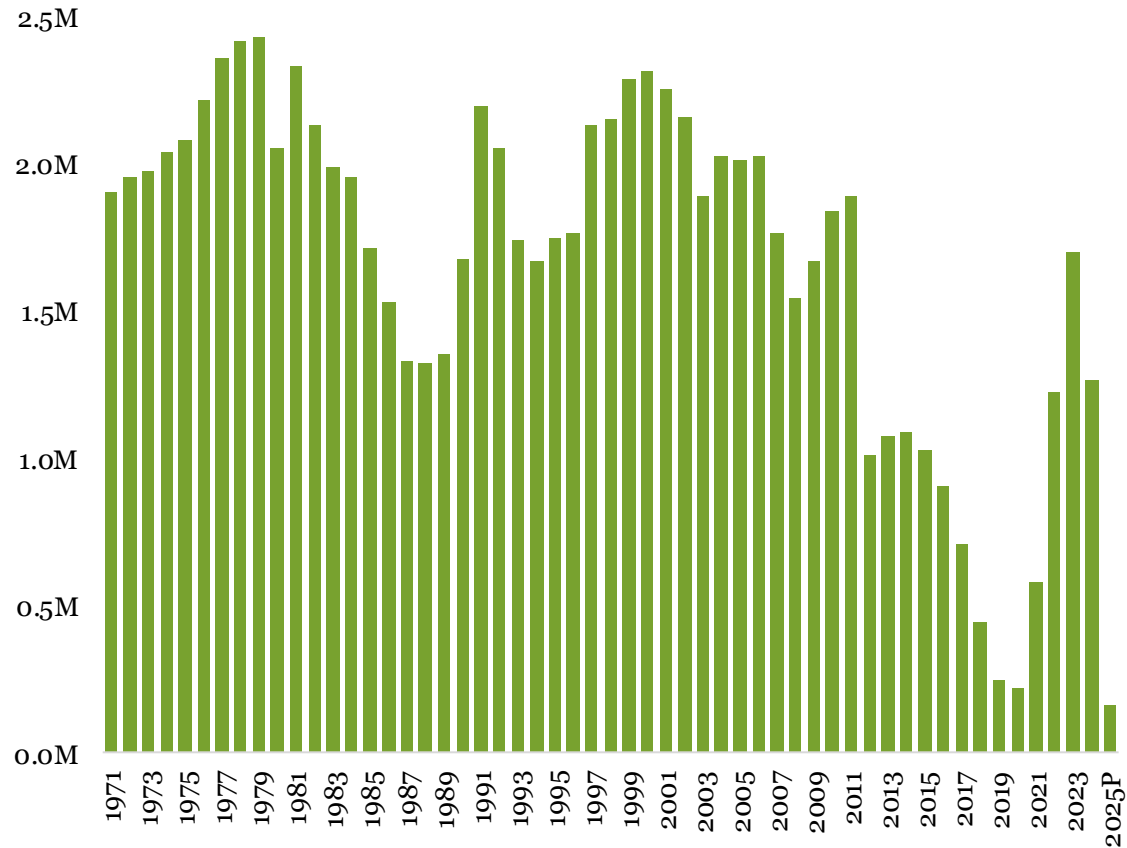


1

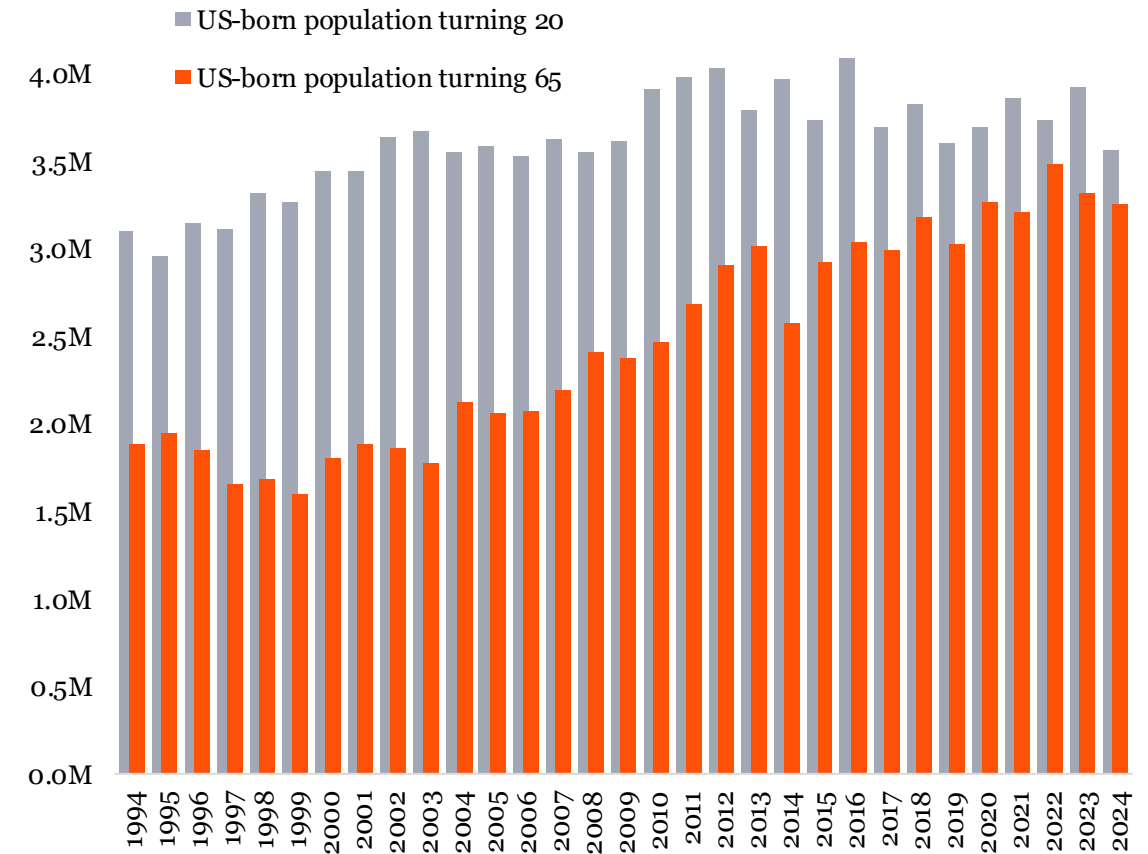
Demographics Will Define Demand

Demographics, Not the Business Cycle, Now Define Labor Supply

US Working-Age Population (Age 20-64)
Annual growth, millions

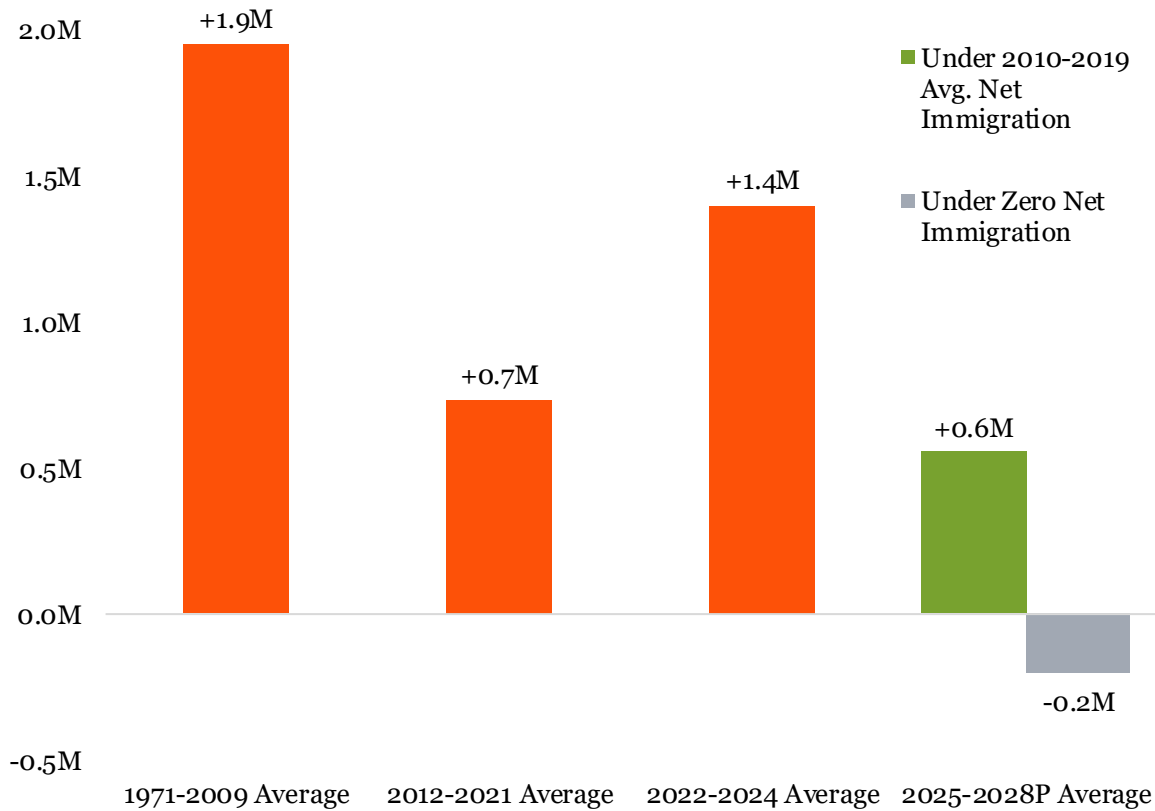


Domestic Demographic Drivers for Tight US Labor Markets



Immigration Now Determines Workforce Growth

US Working Age Population Growth – Two Scenarios



2026 ETRE Survey Results

1st  **58.8%**

2026 Social and Political Issues
Immigration Policy

2026 ETRE Survey Results

1st  **73.5%**

2026 Real Estate and Development Issues
Labor Costs & Availability

2026 ETRE Survey Results

3rd  **36.2%**

2026 Social and Political Issues
Political Extremism



Capital Markets – Half Empty or Half Full

2

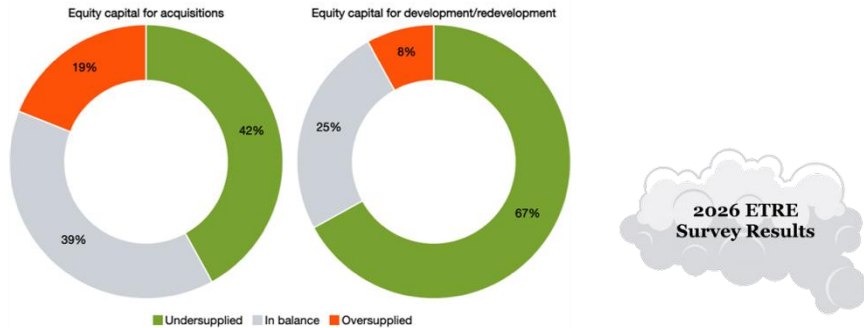
Competing Narratives

“Invest now, and you’re going to have returns in the next 5 years”

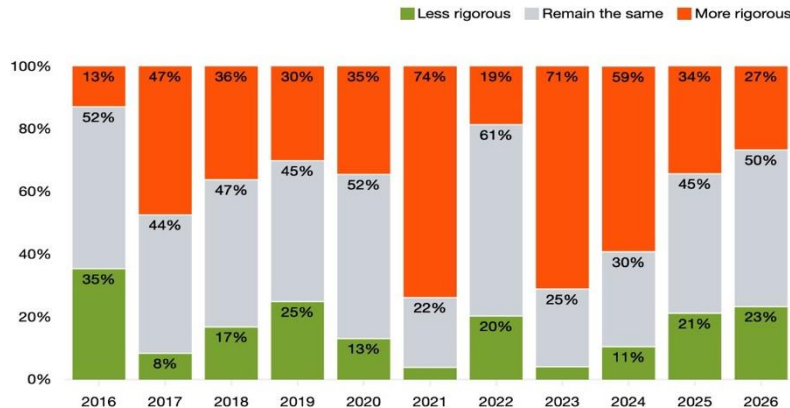
“We are investing in a discerning way”

-2026 Emerging Trends in Real Estate

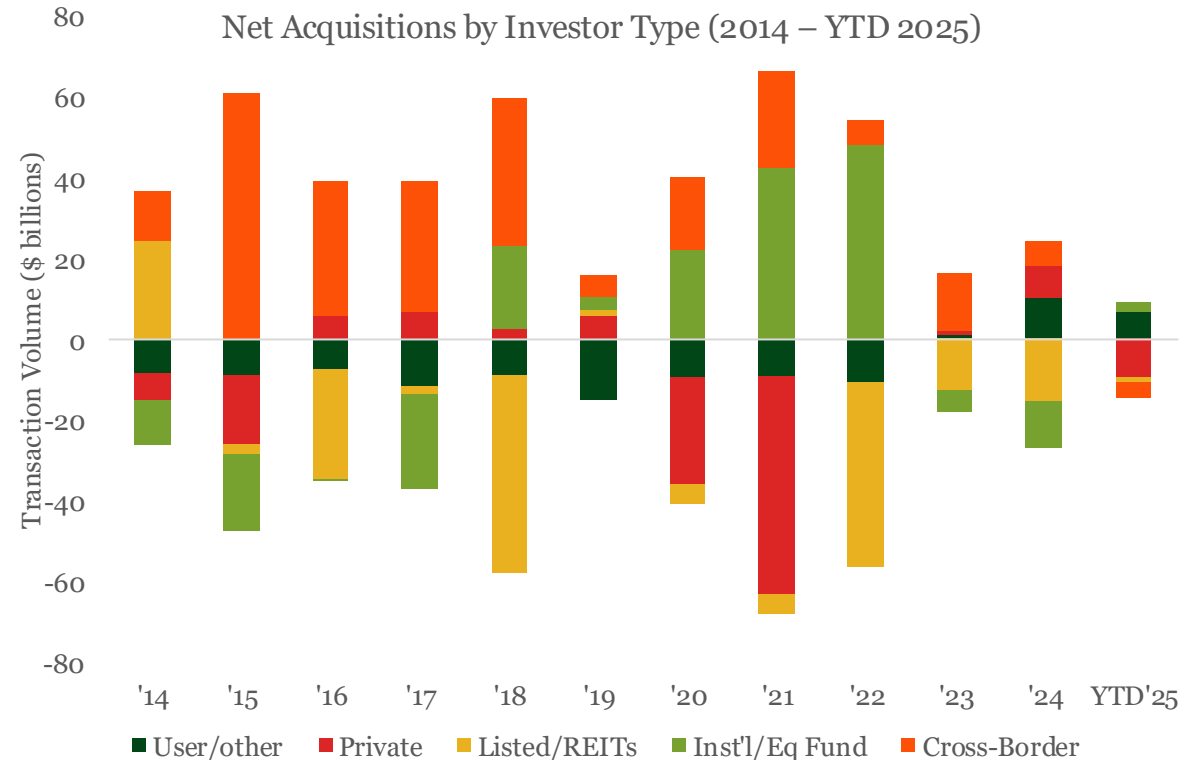
Real Estate Capital Markets Balance Forecast, 2026



Debt Underwriting Standards Forecast, US

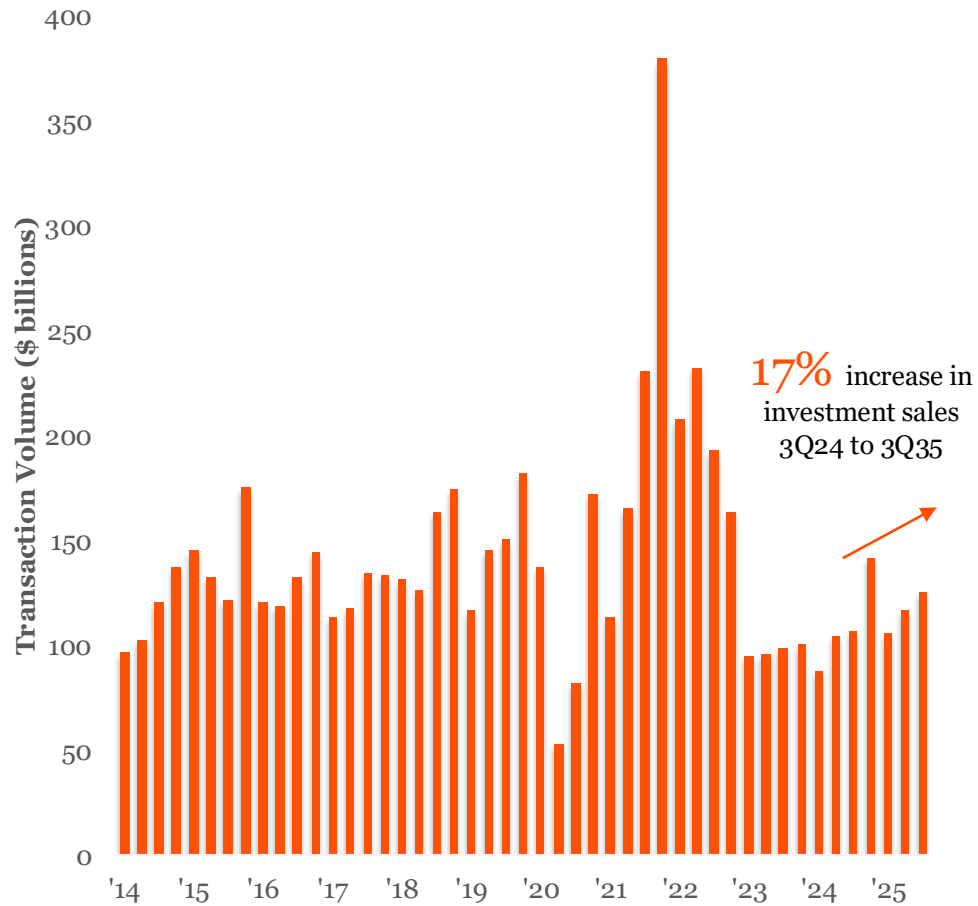


Net Acquisitions by Investor Type (2014 – YTD 2025)



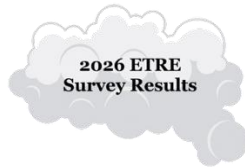
Optimism and Caution Collide, New Liquidity Ahead

US Transaction Volume – All Property Types
1Q24 – 3Q25

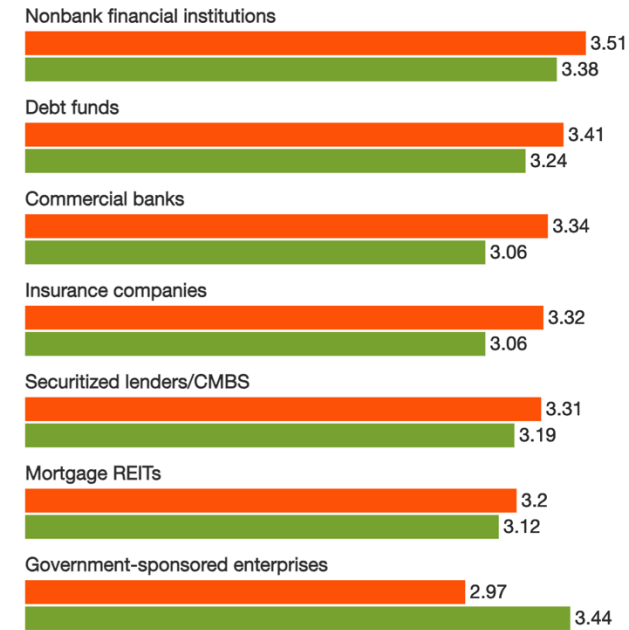


Source: MSCI, *Emerging Trends in Real Estate*

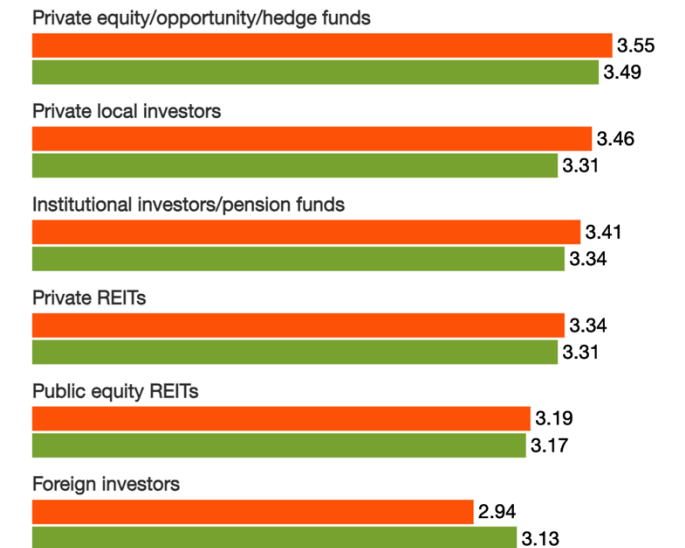
Availability of Capital for Real Estate, 2026 versus 2025



Lending Source



Equity Source



2025

2026

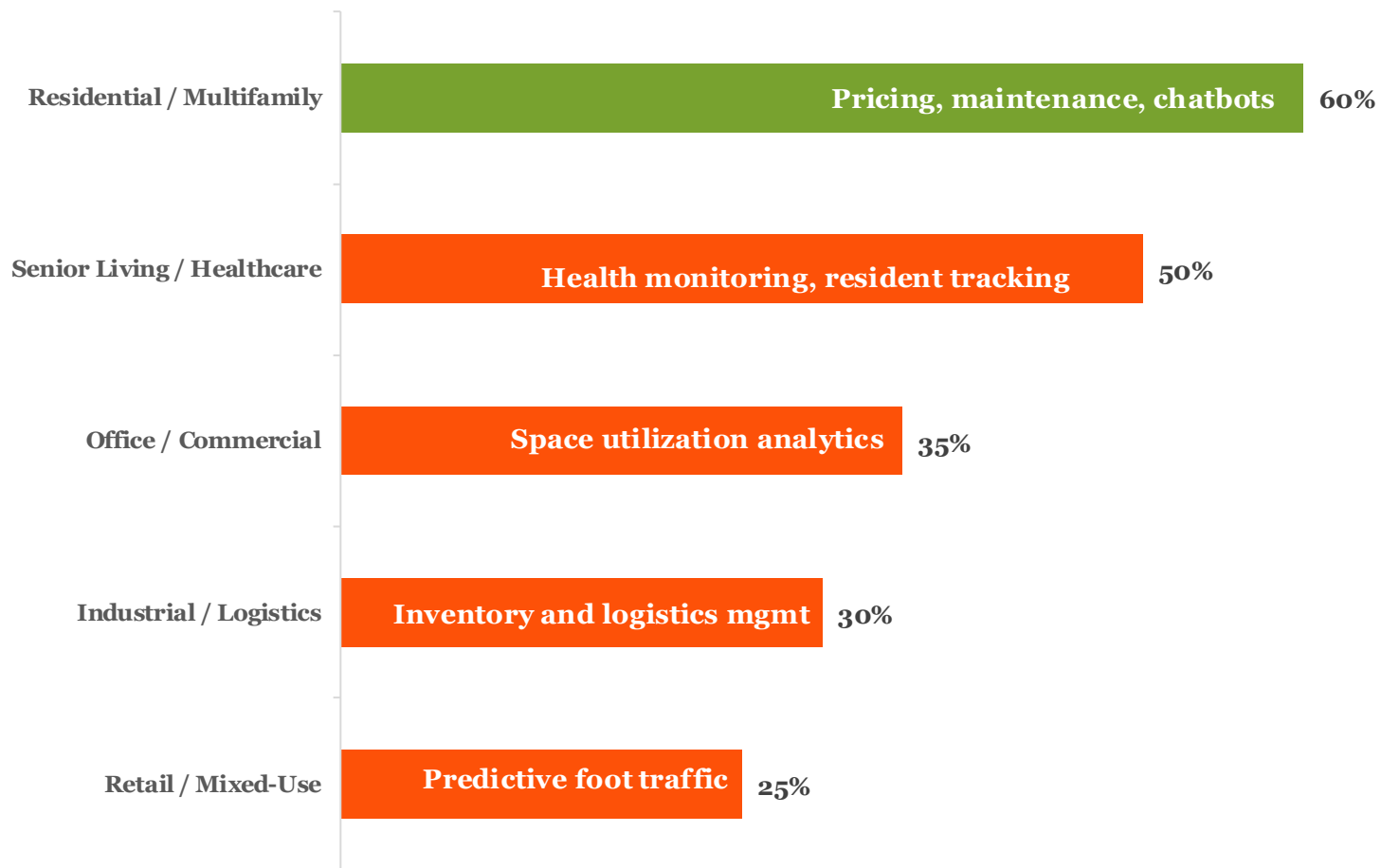
1 – Large decline; 3 – Stay the same; 5 – Large increase


Artificial Intelligence

3

AI Adoption in Real Estate: Residential Is in the Lead

AI Use Across Real Estate Sectors




2nd  **64.3%**

Top Emerging Disruptors (2026-2028)
Artificial Intelligence (AI)

““There may be fog, but one thing is clear — technology will continue to change the way we work.”

-2026 Emerging Trends in Real Estate

Source: Sources: Delta Media AI Survey 2025; NAR Technology Survey 2025; McKinsey Health Systems Report 2024; Dealpath / Commercial Observer AI Survey 2025; PwC Digital Real Estate Outlook 2025; CBRE and Ferguson Partners Industry Data, 2026 *Emerging Trends in Real Estate*.



Back to Basics: Where Analytics Meet Operations

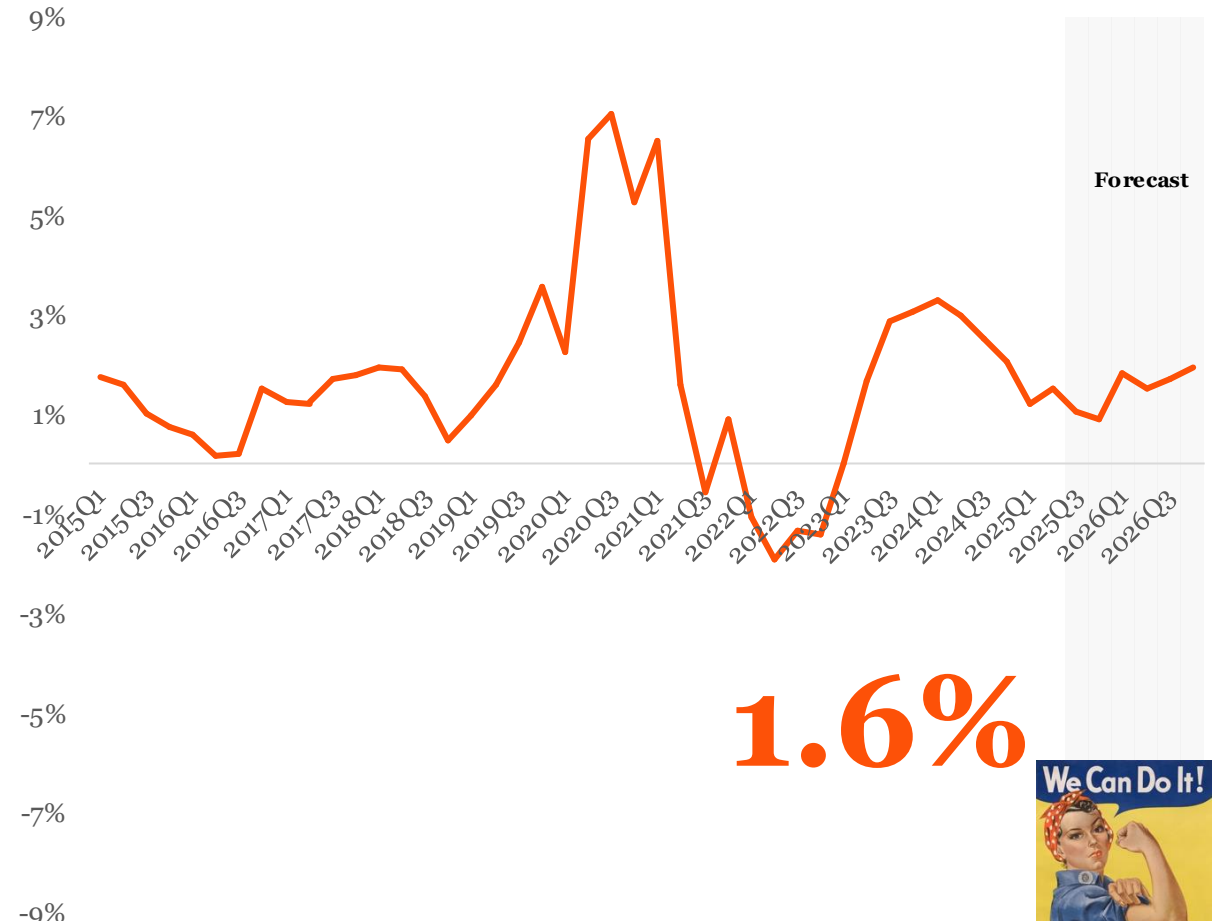
4

U.S. Economic Performance: 2015-2024

U.S. Real Gross Domestic Product (GDP)
Annualized % Change

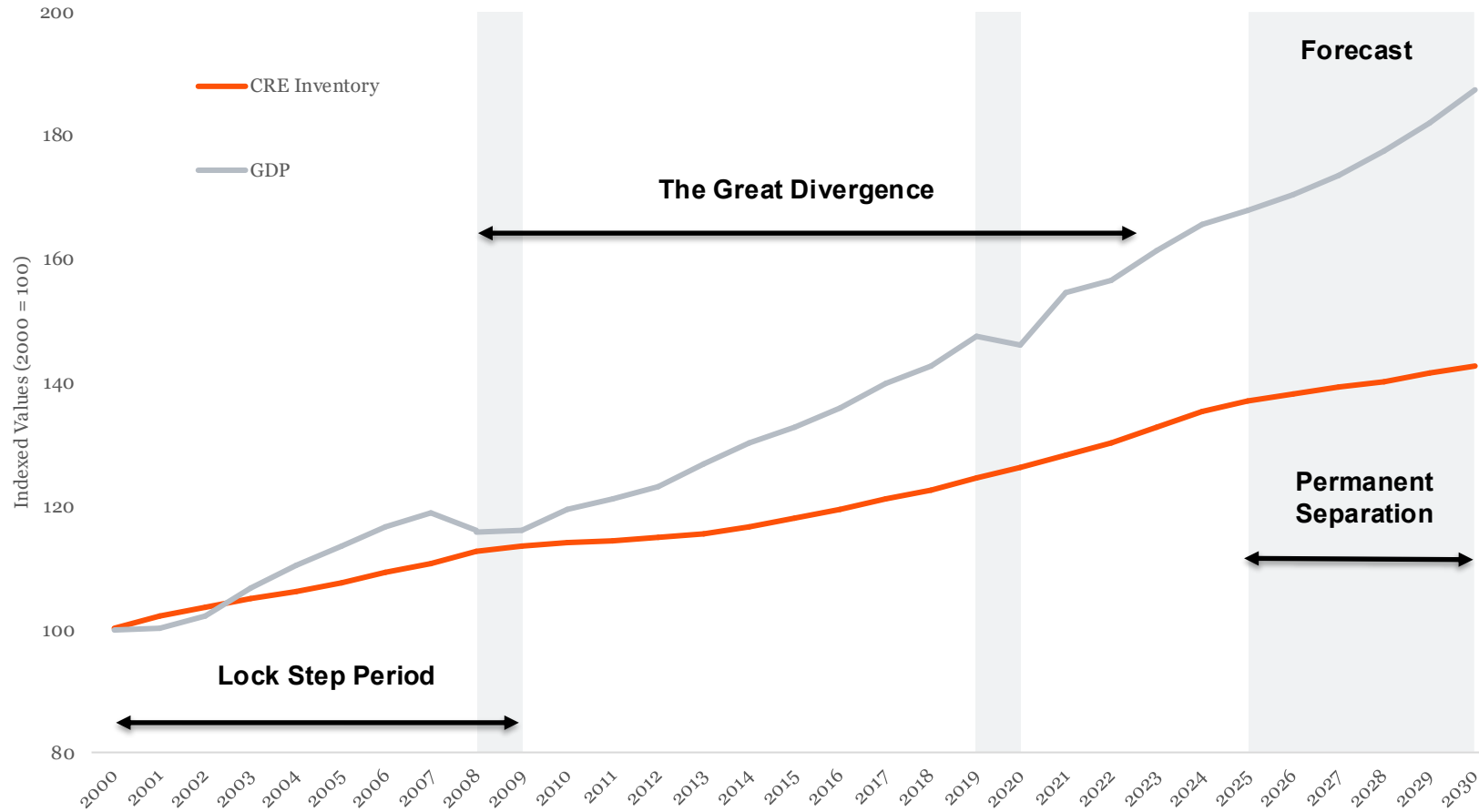


U.S. Labor Productivity Growth
Annualized % Change

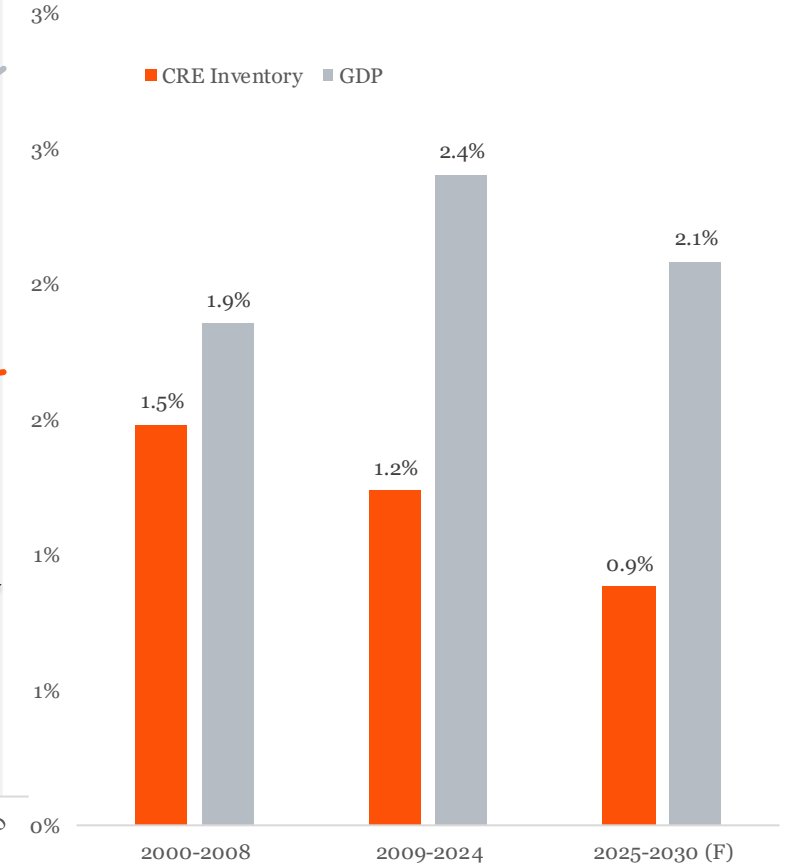


The Productivity Evolution: Space Growth to Essential Selection

Total Real GDP vs Total CRE Inventory Growth*
2000 - 2030 (F)



Total Real GDP vs Total CRE Inventory*
Annualized Growth: 2000 - 2030 (F)

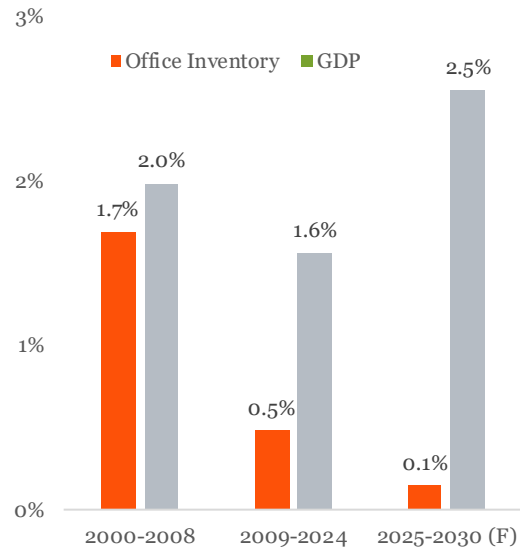


Source: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Moody's Analytics; CoStar; U.S. Census Bureau

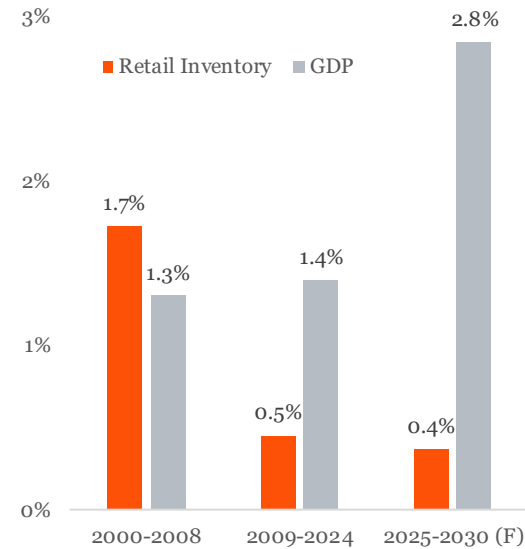
Note: CRE inventory represents major institutional-quality properties; excludes owner-occupied and single-tenant buildings. Analysis covers approximately 75-80% of total commercial real estate market by value.

The Productivity Evolution: Space Growth to Asset Selection

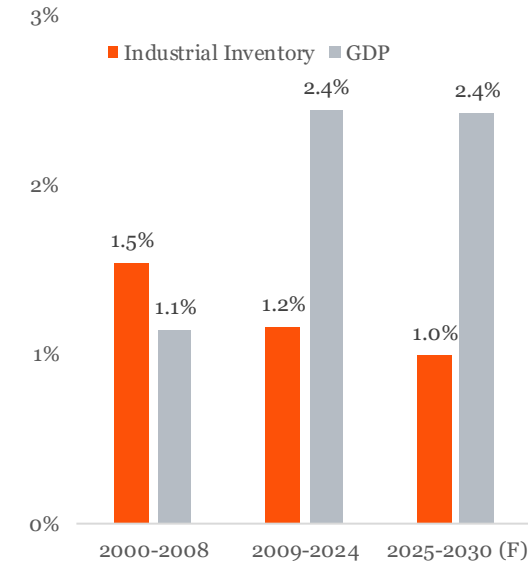
Professional Services GDP vs Office Inventory
Annualized Growth: 2000 - 2030 (F)



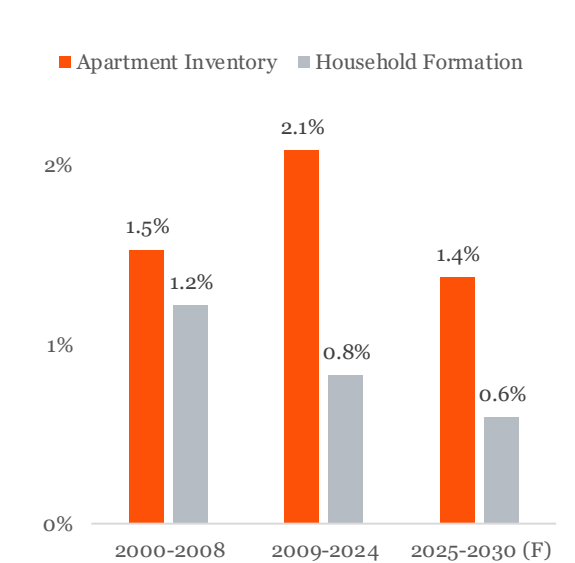
Retail Trade GDP vs Retail Inventory
Annualized Growth: 2000 - 2030 (F)



Industrial GDP vs Industrial Inventory
Annualized Growth: 2000 - 2030 (F)



U.S. Household Formation vs Multifamily Inventory
Annualized Growth: 2000 - 2030 (F)



Office

- Professional services boom with minimal new construction
- Companies consolidate into best buildings only
- Secondary locations face structural obsolescence.

Retail

- Physical stores become experiential showrooms
- E-commerce forces retreat to prime locations
- Marginal retail real estate loses relevance

Industrial

- Logistics demands exceed available supply
- Last-mile delivery creates location premiums
- Secondary markets lose competitive advantage

Multifamily

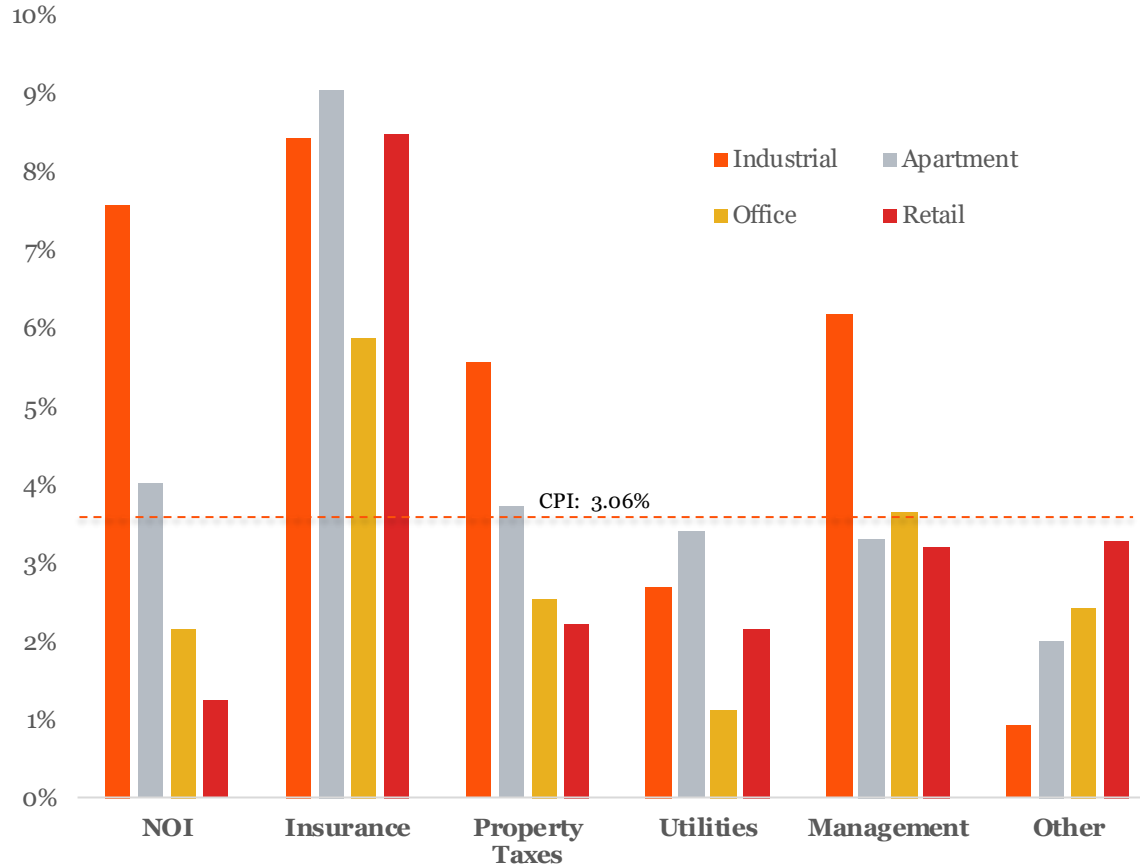
- Quality competition intensifies in oversupplied market
- Transit and amenity access drive premiums
- Location selection trumps demographic pressure

Niche is the New Normal

5

From Cost Pressure to Capital Rotation

Operating Costs Redefine Sector Performance
Annualized growth rates, 2015Q2–2025Q2



Source: PwC Analysis, NCREIF National Property Index (NPI), Q-O-Q data Note: Annualized growth rates calculated using compound annual growth rate (CAGR). All categories indexed to 100 at 2015Q2. *2026 Emerging Trends in Real Estate*.

2026 ETRÉ
Survey Results

3rd  **50.7%**

2026 Real Estate and Development Issues
Operating Costs

2026 ETRÉ
Survey Results

3rd  **49.4%**

2026 Economic and Financial Issues
Inflation

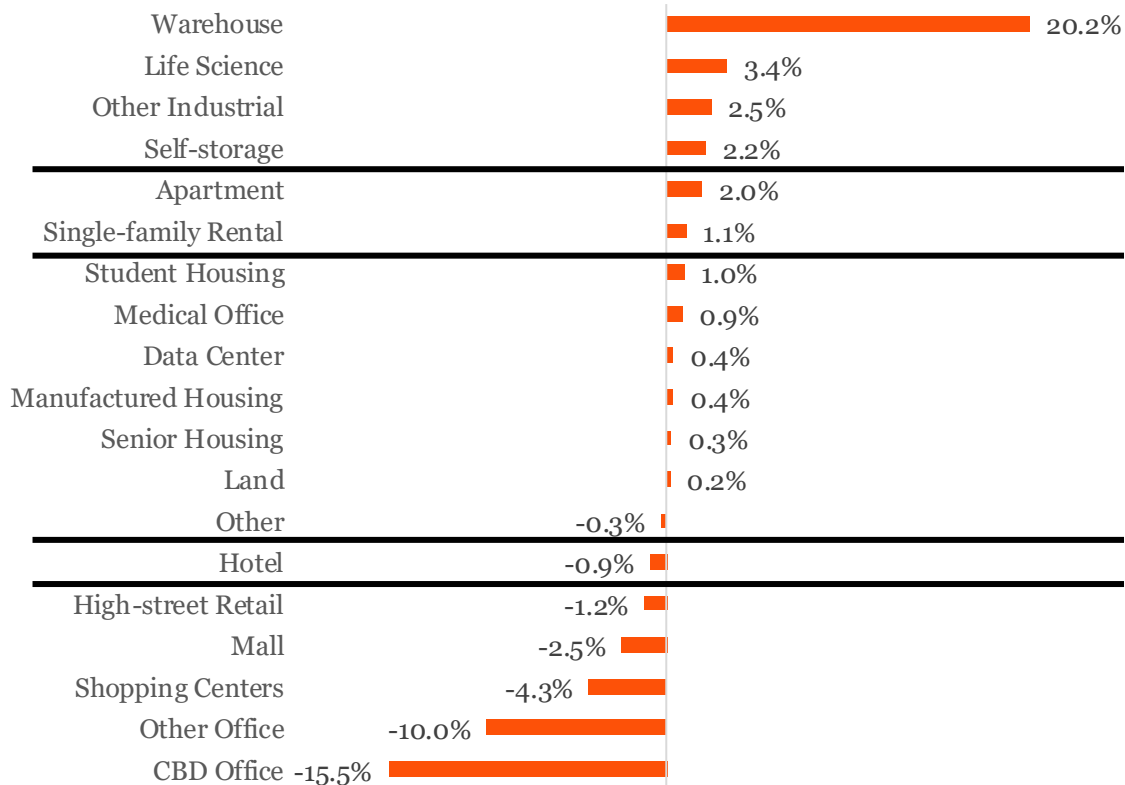
2026 ETRÉ
Survey Results

4th  **48.1%**

2026 Economic and Financial Issues
Tariffs and Trade Concerns

Where Capital Is Going: The New Essentials

U.S. Core Fund Exposure by Property Type
2015-2025 Change



Source: PwC Analysis, NCREIF National Property Index (NPI), Q-O-Q data Note: Annualized growth rates calculated using compound annual growth rate (CAGR). All categories indexed to 100 at 2015Q2. 2026 Emerging Trends in Real Estate.



Data Centers
top in ETRE investment & development ranking 3-years

Senior Housing
remains the #2 choice for investment and development for two consecutive years



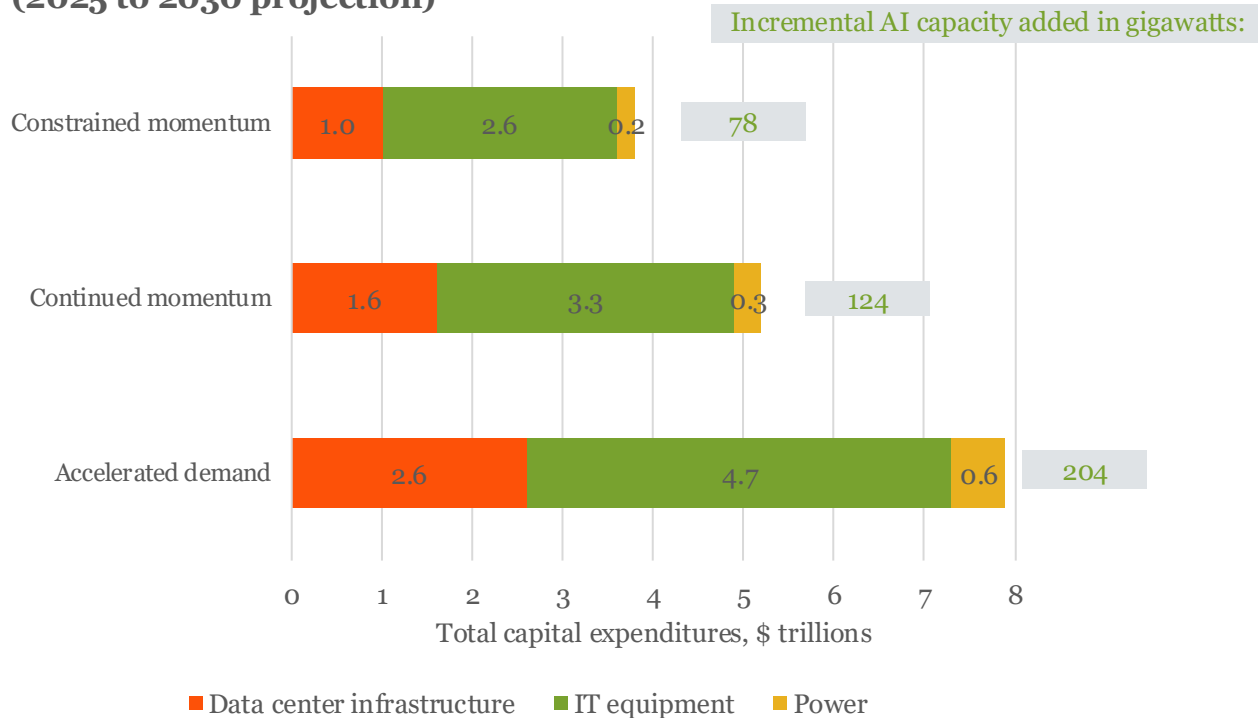
Medical Office
jumps 8 positions to reach the 3rd spot in investment rankings

6

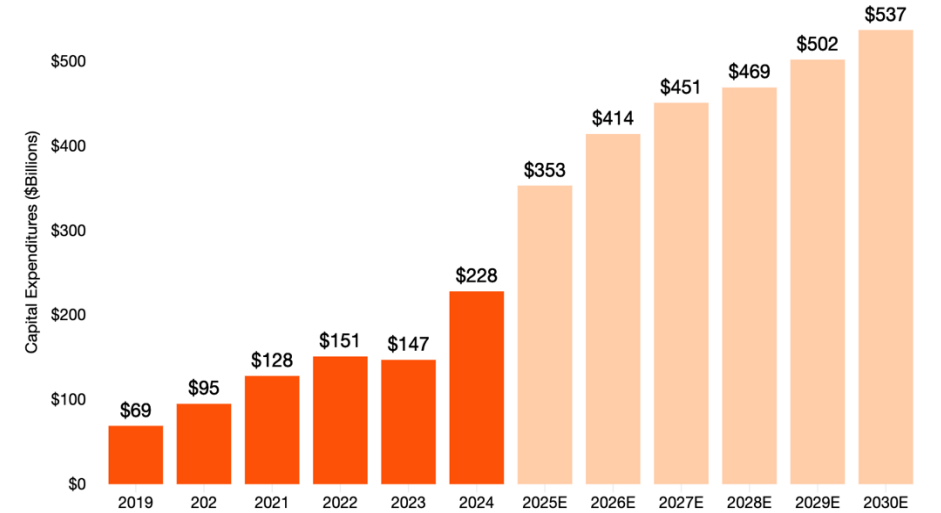
Data Centers – The Grid Called, It's on Backorder

Record Demand Meets Real World Constraints

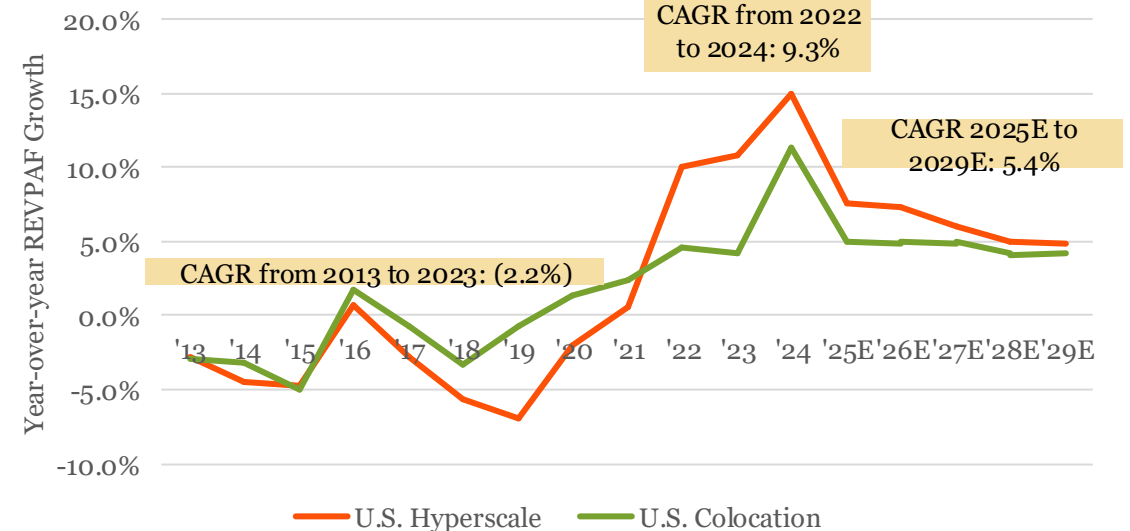
Global data center total capital expenditures driven by AI (2025 to 2030 projection)



Hyperscaler Capital Expenditures (Amazon, Google, Meta, Microsoft)



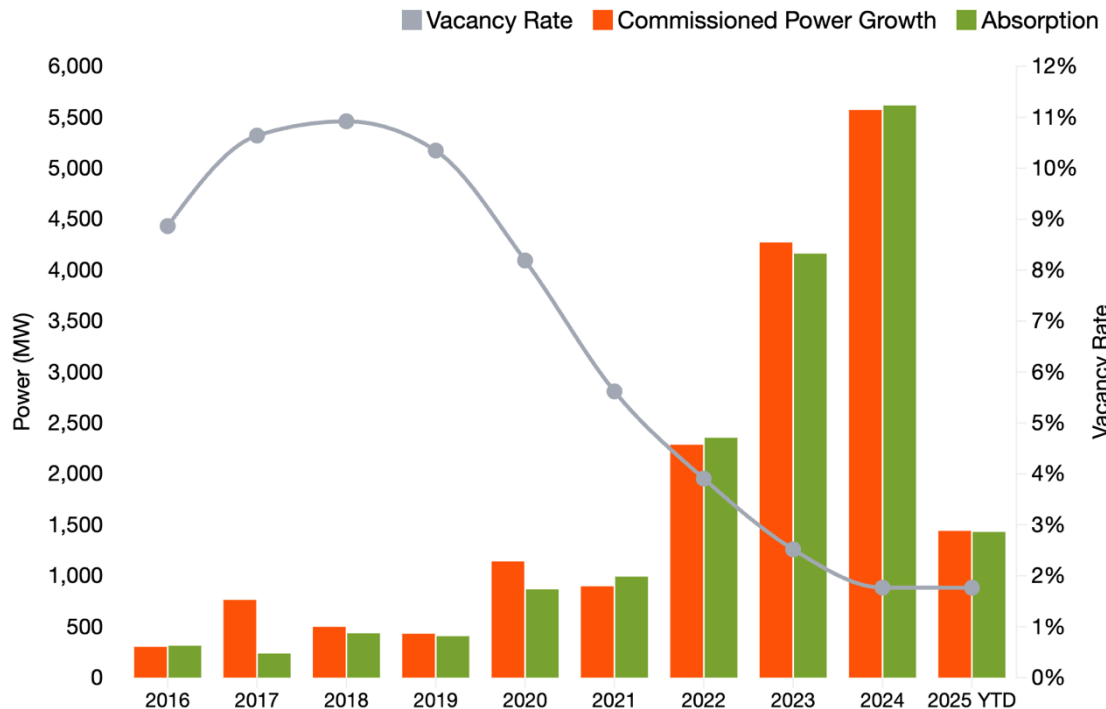
Year-over-year Growth in Revenue per Available Foot



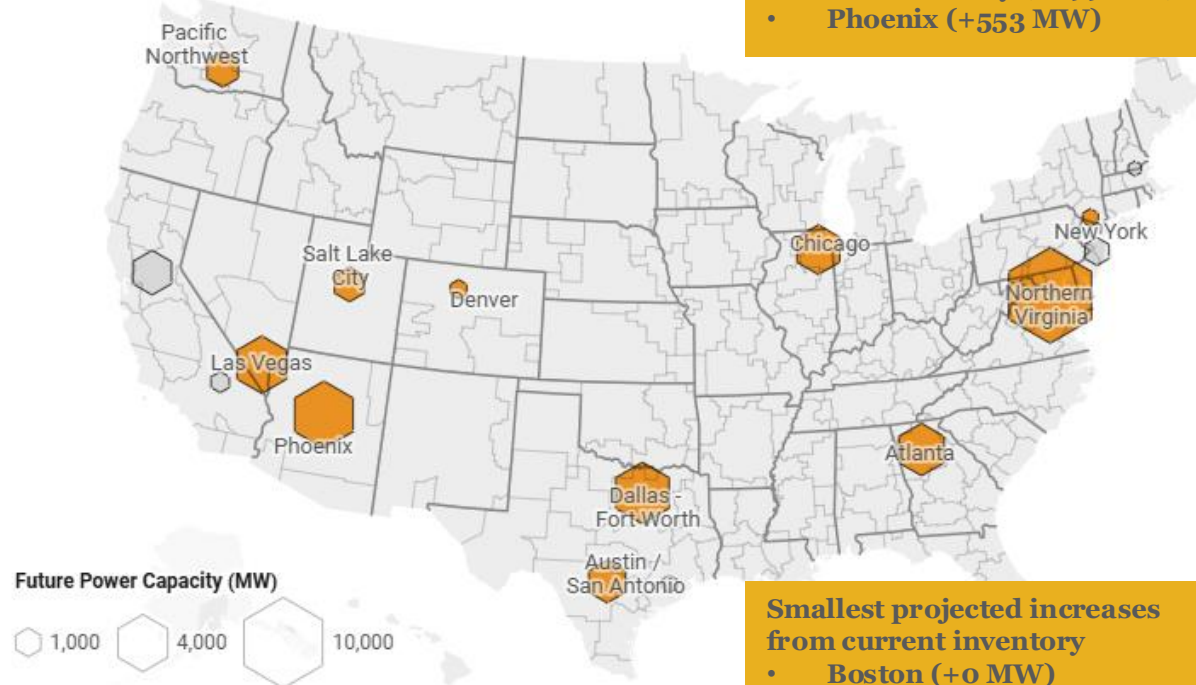
Source: McKinsey, Bloomberg, GreenStreet

Scarcity Fuels Opportunity and Redefines Location Strategy

Commissioned Power Growth, Absorption & Vacancy, North America



Data Center Hotspots in the United States



Greatest projected increases from current inventory

- Las Vegas (+953 MW)
- Salt Lake City (+699 MW)
- Phoenix (+553 MW)

Smallest projected increases from current inventory

- Boston (+0 MW)
- New York Metro (+39 MW)
- Pacific Northwest (+40 MW)

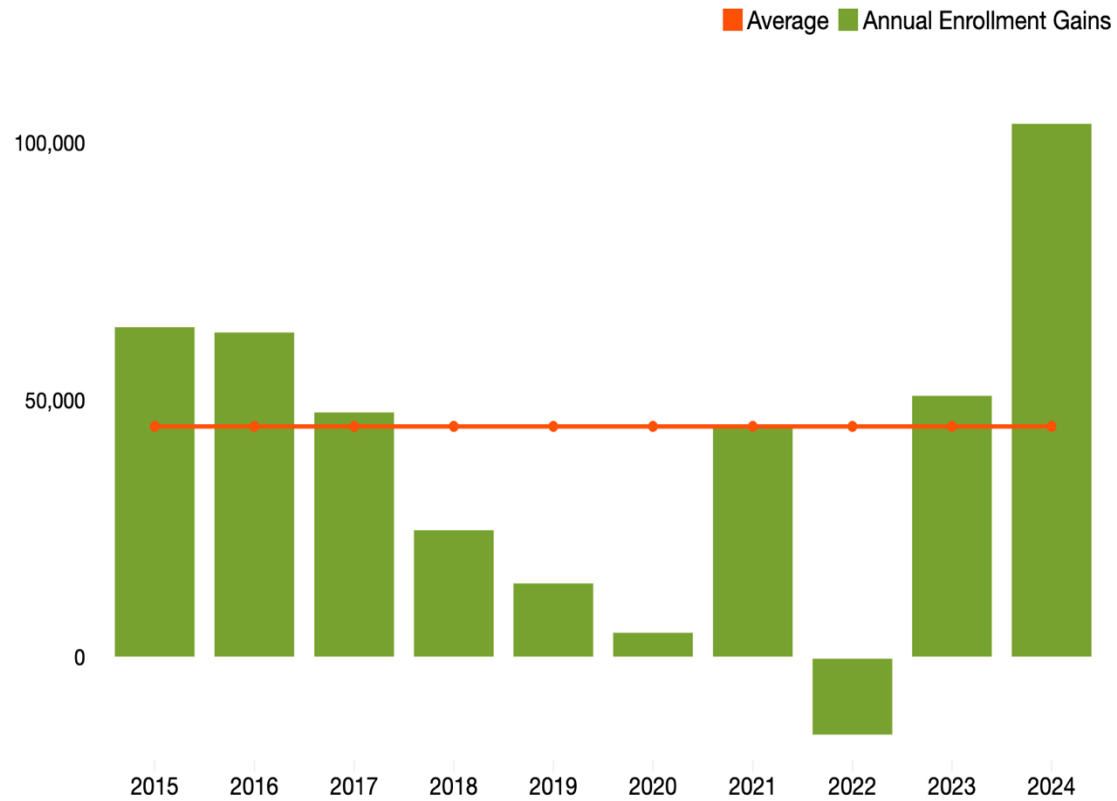
Source: dataHawk, Upwind, JLL 2024 Data Center Report

7

Student Housing – Growth to New Pressures

Peak Momentum — Enrollment Up, Beds Tight

Annual Enrollment Gains among RP175 Universities



Annual Supply vs Annual Demand of Purpose Built Off-Campus Student Housing



Source: RealPage Market Analytics; Marcus & Millichap (2025), *Student Housing in Transition: From Growth to New Pressures*.

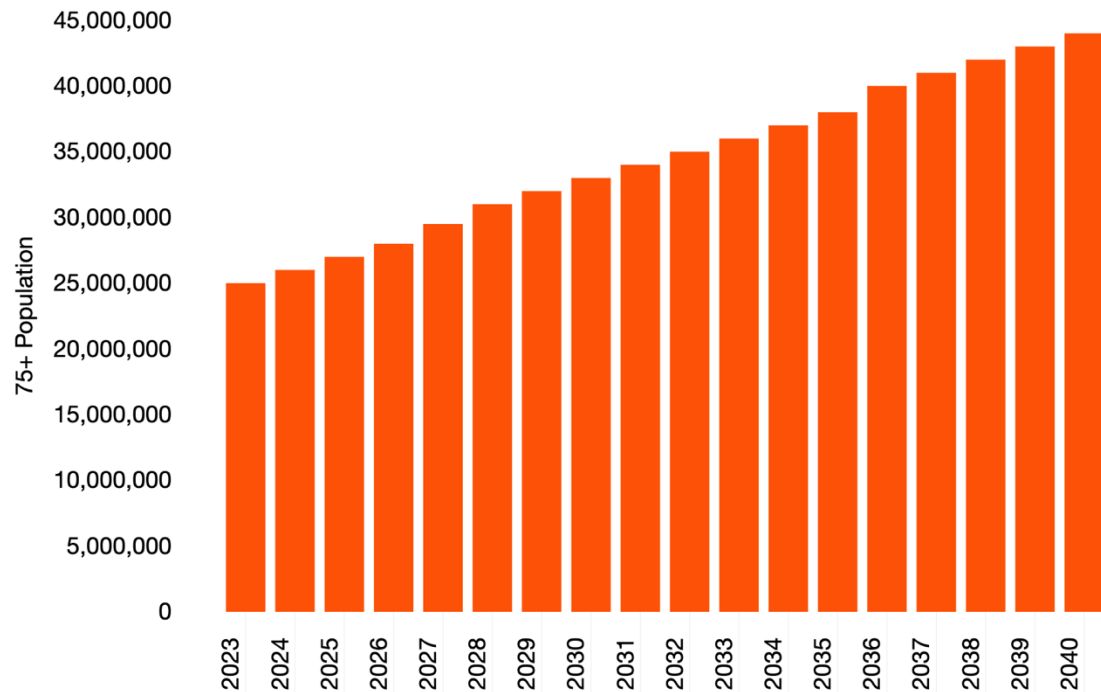


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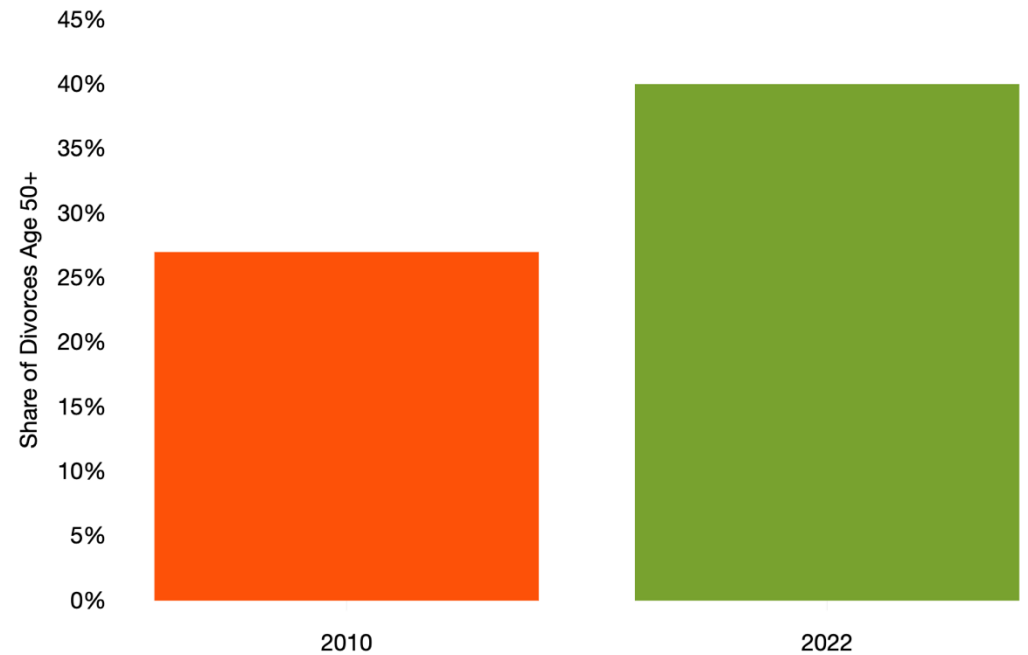
Senior Housing – A New Driving Force

Demand Surges...

Roughly 8,000 Individuals Turn 75 Daily



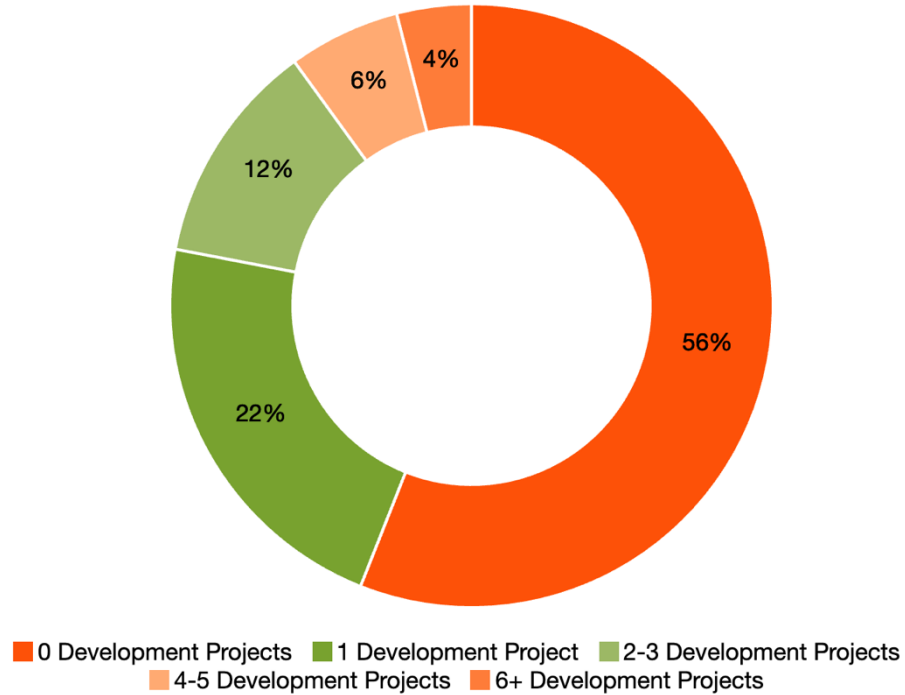
Number of Adults Age 75+ Living Alone Projected to Double by 2040



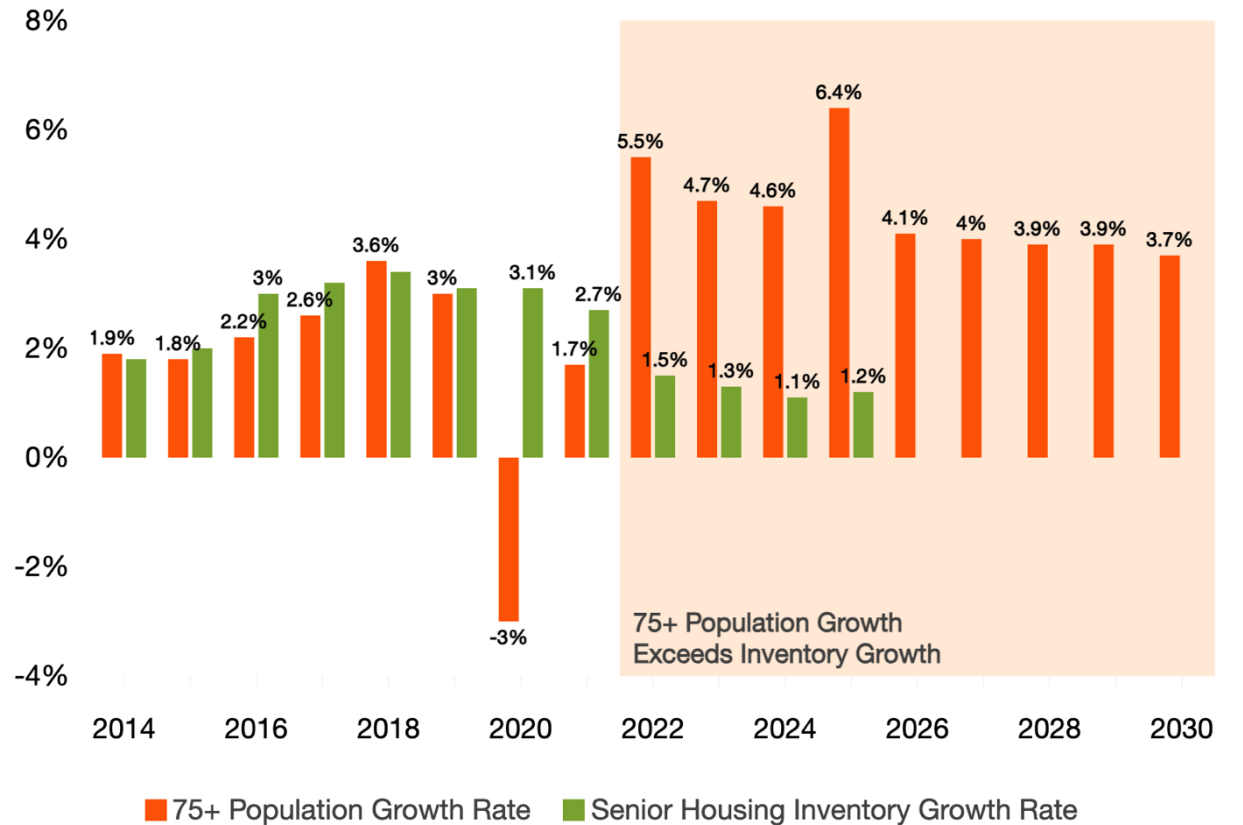
Source: US Census Bureau Projections, National Center for Family and Marriage Research, Bowling Green University

...Supply Lags

60% of Markets Lack a Single Development Project



US Trending Toward Supply Shortage

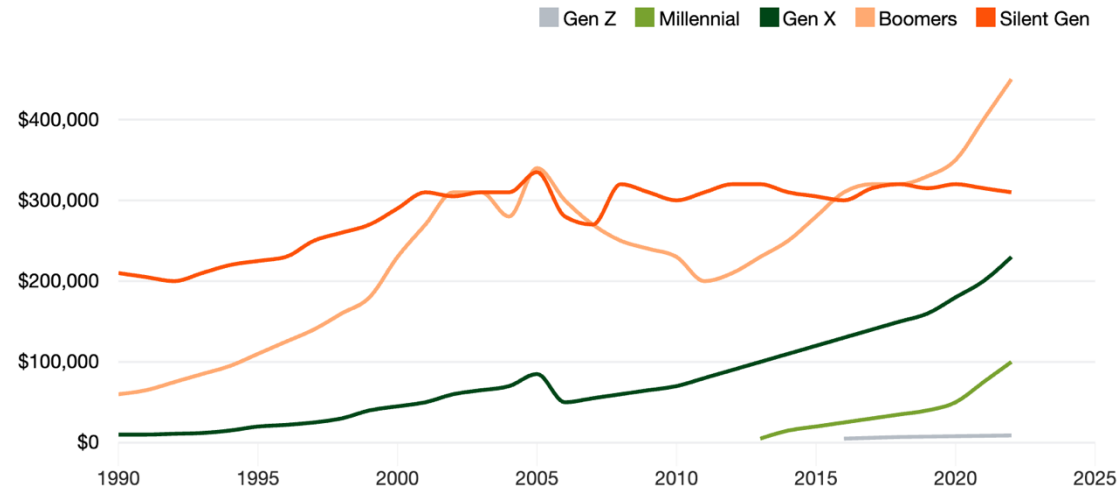


Source: NIC Map, All 140 Markets 2Q25; US Census Bureau

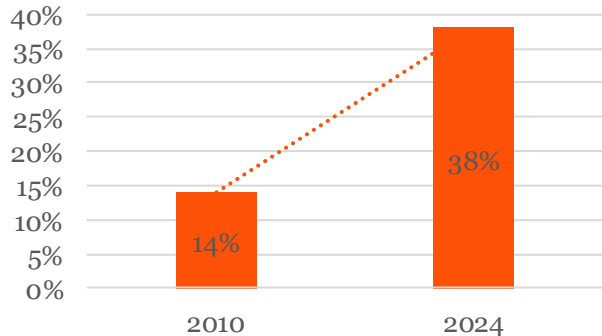
The Next Gen of Senior Living

Increasing Net Worth Among Older Adults Improves Affordability of Senior Housing

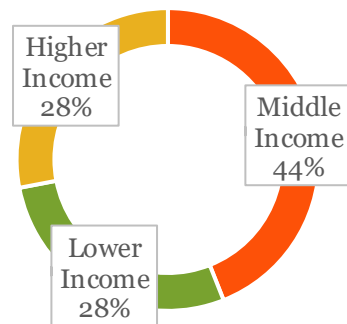
Median net worth by Generation
1990-2022



Share of New Senior Housing Units with 2+ Bedrooms



Middle Income Seniors Drive Future Demand



Wellness and Lifestyle

Preventative health, social connection active living



Product Diversity

Active Adult, IL-lite, Assisted Living, Memory Care

The Boomer Priorities



Affordability & Flexibility

Middle market growth (44% of seniors by 2038), unbundled pricing



Technology Integration

Digital health monitoring, tech-enabled operations

Source: NIC 2025 Outlook, NIC, Federal Reserve Bank of St. Louis, 2022 Survey of Consumer Finances



9



Self Storage – A
Niche Expansion
Emerges

Locked-In Housing, Unlocked Storage Demand

8.3%

of U.S. households moved in 2023 – a record low

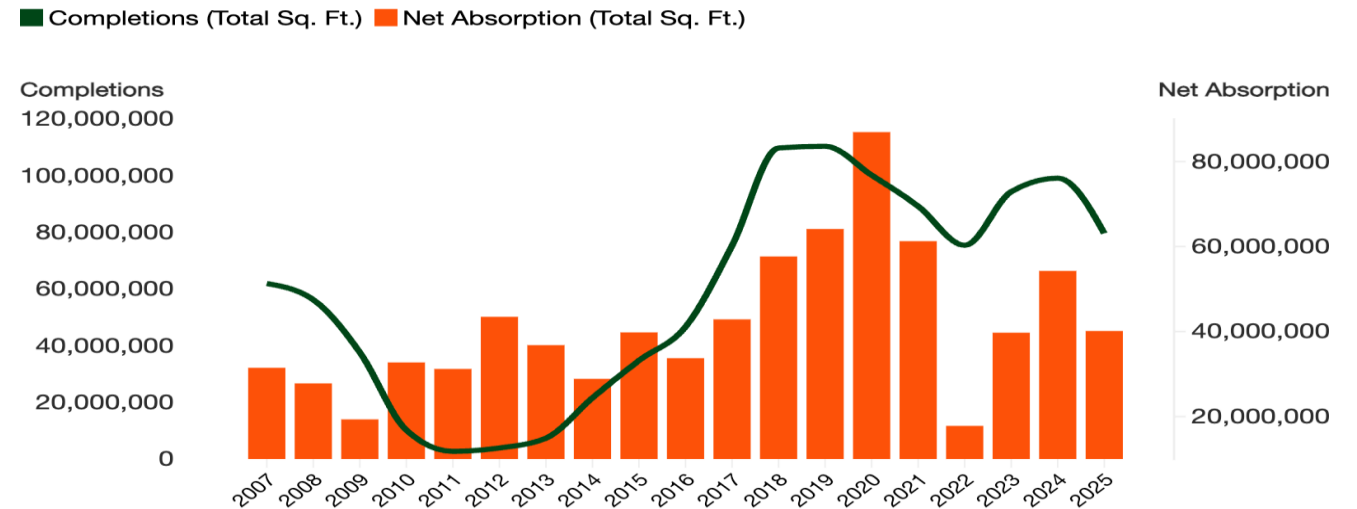
increase in median home price since 2019

45.0%

of U.S. households now rent storage space

13.4%

U.S. Self-Storage Supply and Demand Trends
2007 - 2025



3rd



50.8%

2026 Economic and Financial Issues
Housing Cost & Availability

2026 ETRF Survey

The New Face of Storage: Lifestyle, Luxury, and Ownership



Abundant Private Space

- Make your storage condo a getaway from home. Enjoy a climate-controlled space with 24-hour access, and all the amenities that you're accustomed to.



Unlimited Potential

- As an owner you'll have 24/7 access with all the amenities of your home. You can use your private storage condo for storage, entertainment, and more. Build the garage of your dreams and network with like-minded people!



Relax and Socialize

- Rub elbows and socialize with other condo owners who enjoy the same things you do. Whether you're storing a car, boat, or an RV, you'll be surrounded by people with similar interests.

Source: Michigan Storage Condos



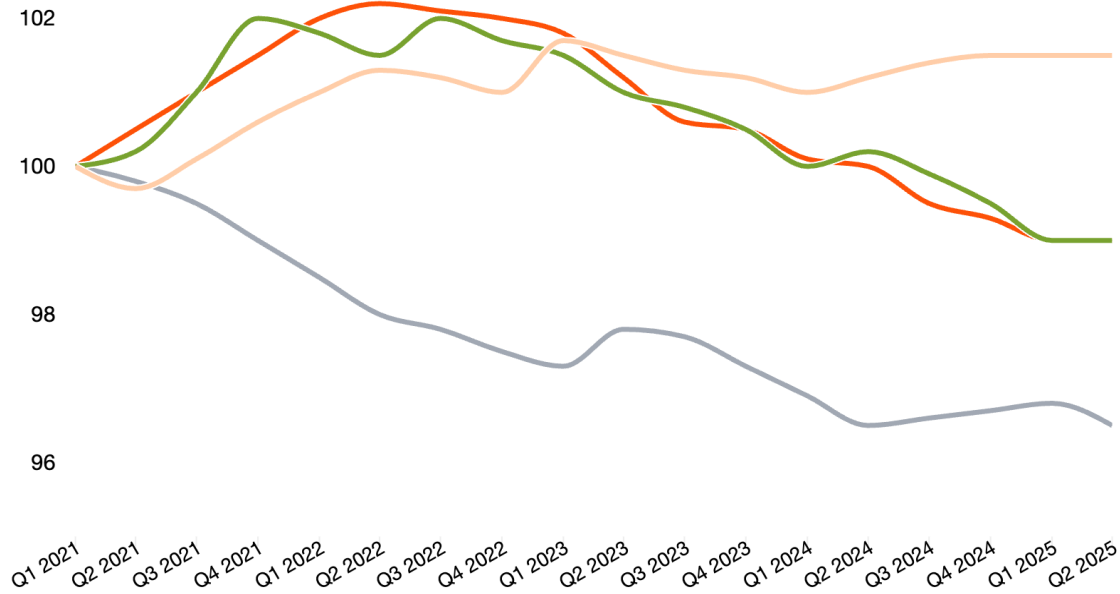
10

Office – Repricing and Restructuring

Investors Return to a Restructured Sector

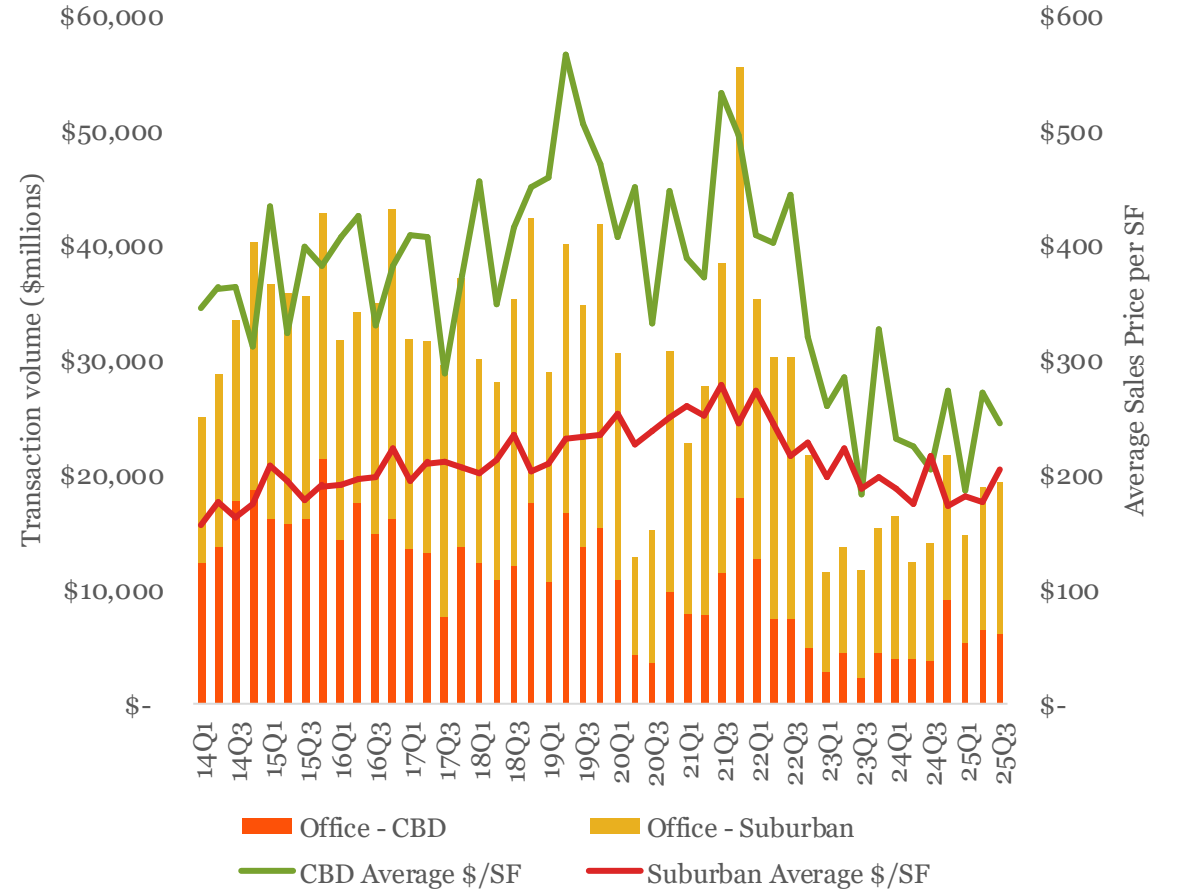
Office Occupied Stock Index (Q1 2021 = 100)

■ CBD A
 ■ CBD B/C
 ■ Suburban A
 ■ Suburban B/C



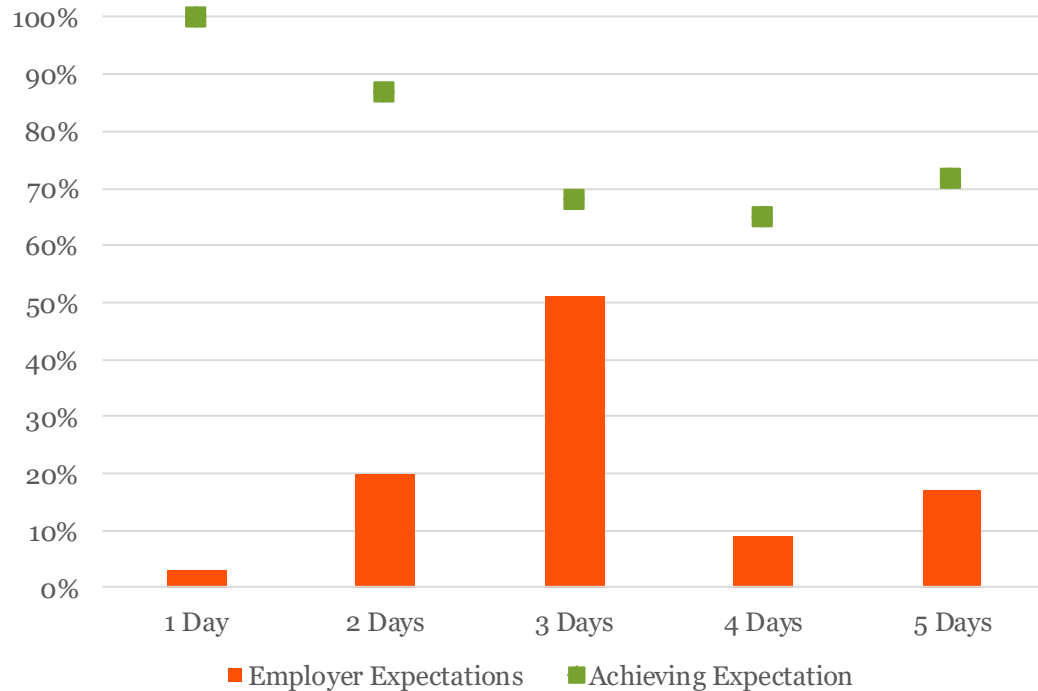
Source: Moody's CRE, MSCI

US Office Transactions (Q1'14 – Q3'25)



Occupiers Adapt to the New Normal

Employer Expectations and Achievement Rates for Office Attendance



69% of office tenants in the market plan to maintain or expand their footprint

12% average decline in leased square footage

9.7% cumulative percentage change in rent since 1Q 2022 for post-2019 construction properties

The amenity arms race



Wellness



Dining



Rooftops

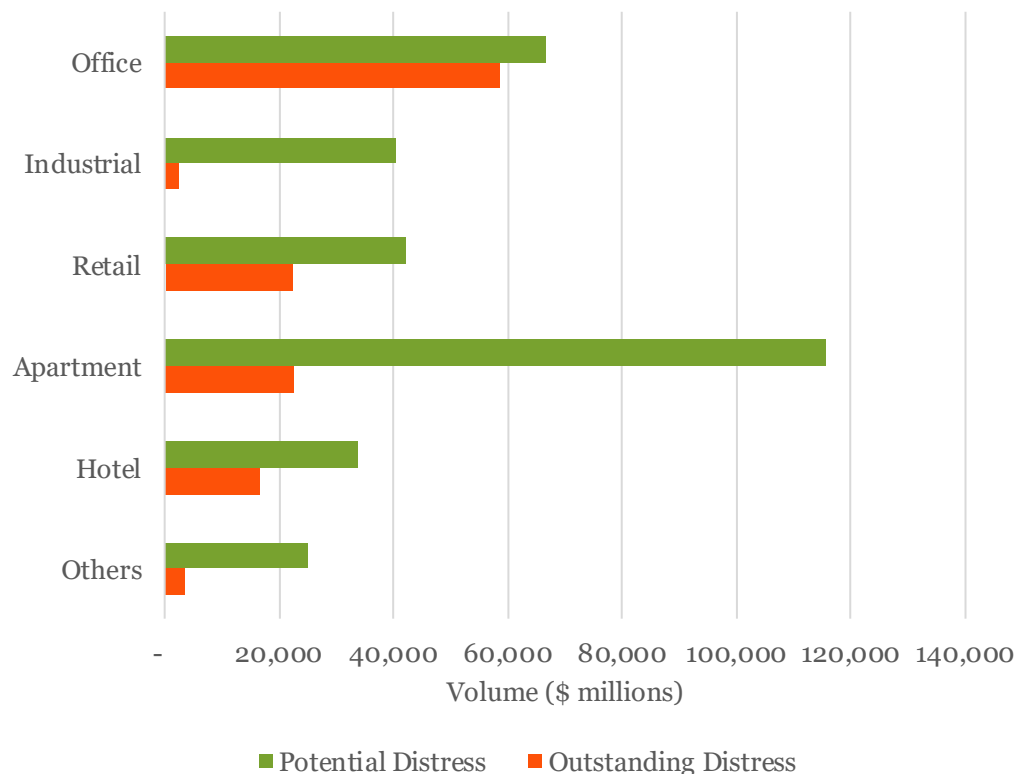


Flex-space

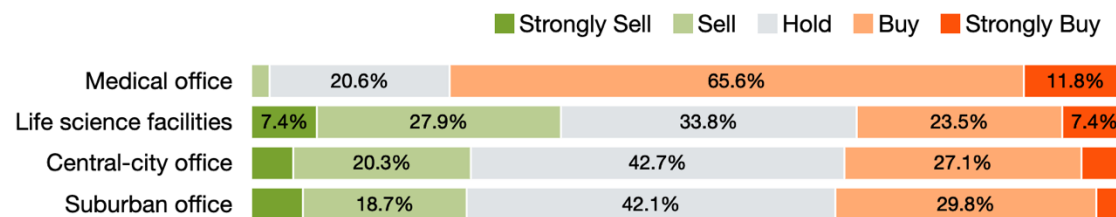
Source: CBRE Research, 2025 Americas Occupier Sentiment Survey, Q2 2025; Q2 2024 Newmark United States Office Leasing House View

Considerations for the Future of the Office Sector

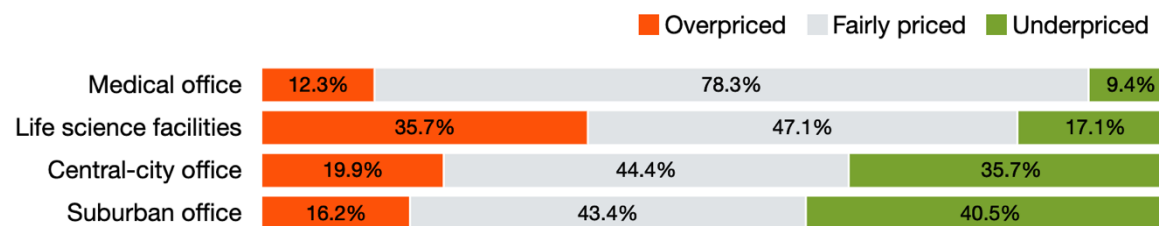
Balance of Distress by Property Type



Buy / Hold / Sell Recommendations



Opinion of Current Pricing



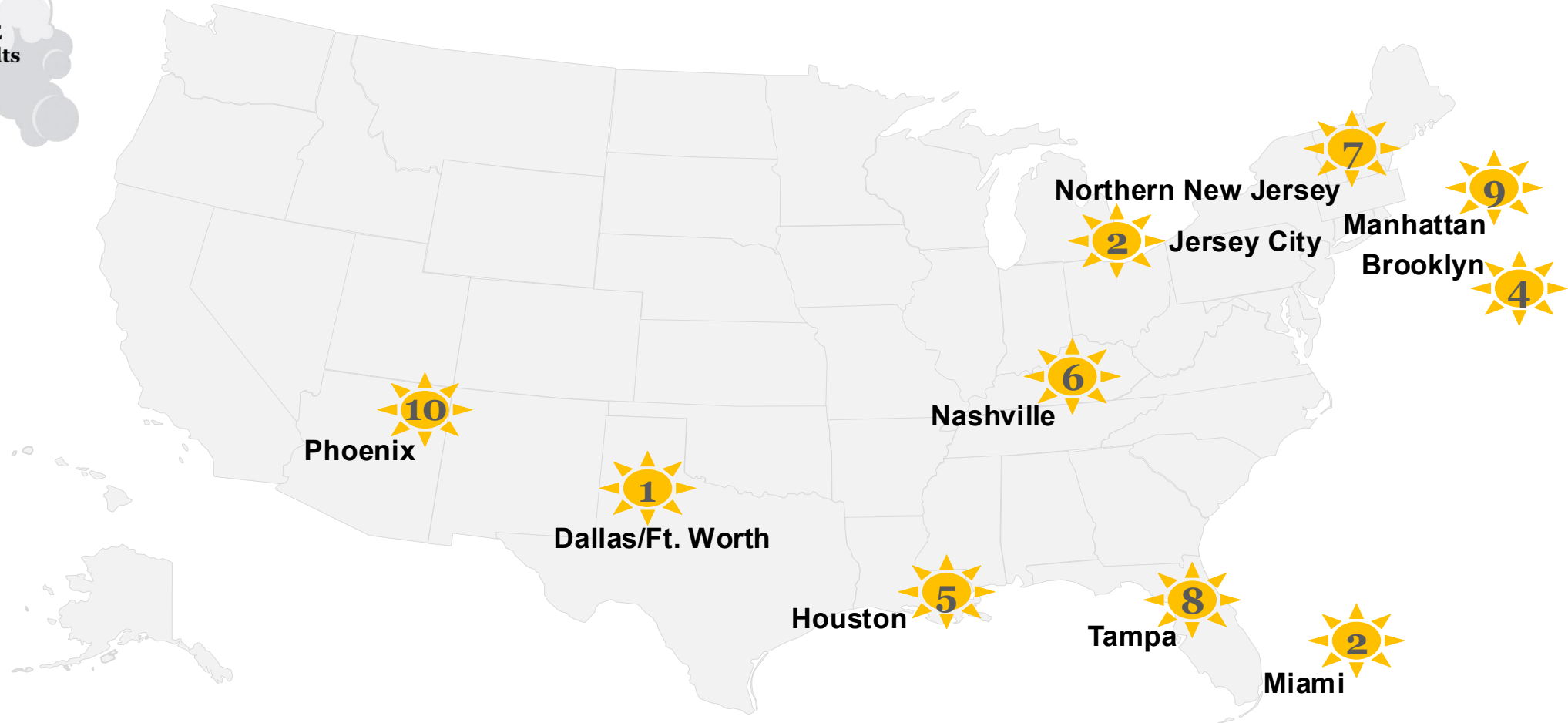
Source: MSCI, *Emerging Trends in Real Estate Survey*



Markets and Property Sectors To Watch

Top 10: Markets To Watch

2026 ETRE
Survey Results



Source: 2026 Emerging Trends in Real Estate.

2026: Investment Property Sectors to Watch



Alternative

Multifamily

Industrial

Single-family Resi

Retail

Hotels

Office

Rank

1

2

3

4

5

6

7

Trend



Sector Leaders
(Investment Prospects)

Data centers, self-storage

Senior housing, moderate-income / workforce

Manufacturing, flex

Age-restricted, manufactured homes

Lifestyle / entertainment, neighborhood / community

Full-service

Medical, central-city

Sector Laggards
(Investment Prospects)

Urban mixed-use, agricultural land

Student housing, high-income

Fulfilment, R&D

Condominiums, vacation homes

Outlets, regional malls

Limited-service

Suburban, life sciences

Local Market Outlook Colorado



Survey says...

43

Overall Real Estate Prospects



7 from prior year rankings

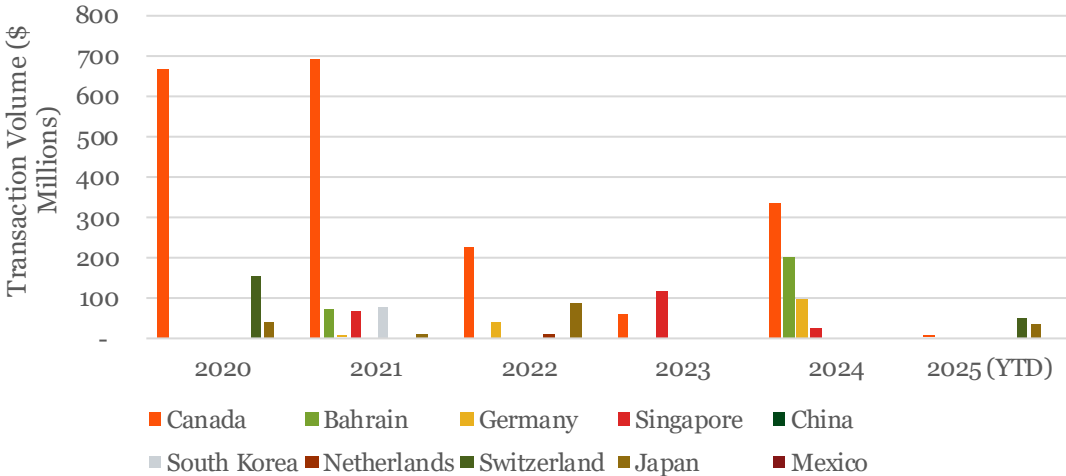
21

Homebuilding Prospects

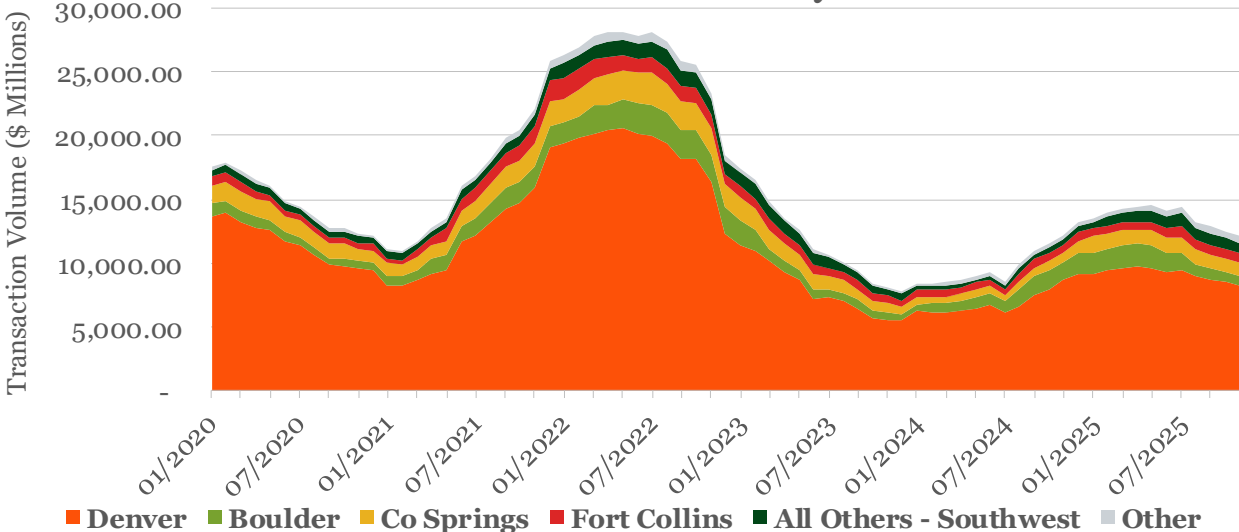


3 from prior year rankings

Cross Border Transaction Volume



Transaction Volume by Market



Denver Rankings

Factors in Denver's Rankings

- Diversified hub for technology, healthcare, aerospace and other high-growth industries
- Metro Denver ranks 8th in GDP growth amount the nation's 30 largest metro economies
- Highly educated workforce
- Between 2018 and 2024- 23 companies moved headquarters to Metro Denver- making it No 6 market
- Exceptional quality of life with outdoor recreation and cultural scene

Transaction Activity in Colorado

Key Highlights



Economy driven by technology and manufacturing



Robust multifamily demand and active financing for prime assets

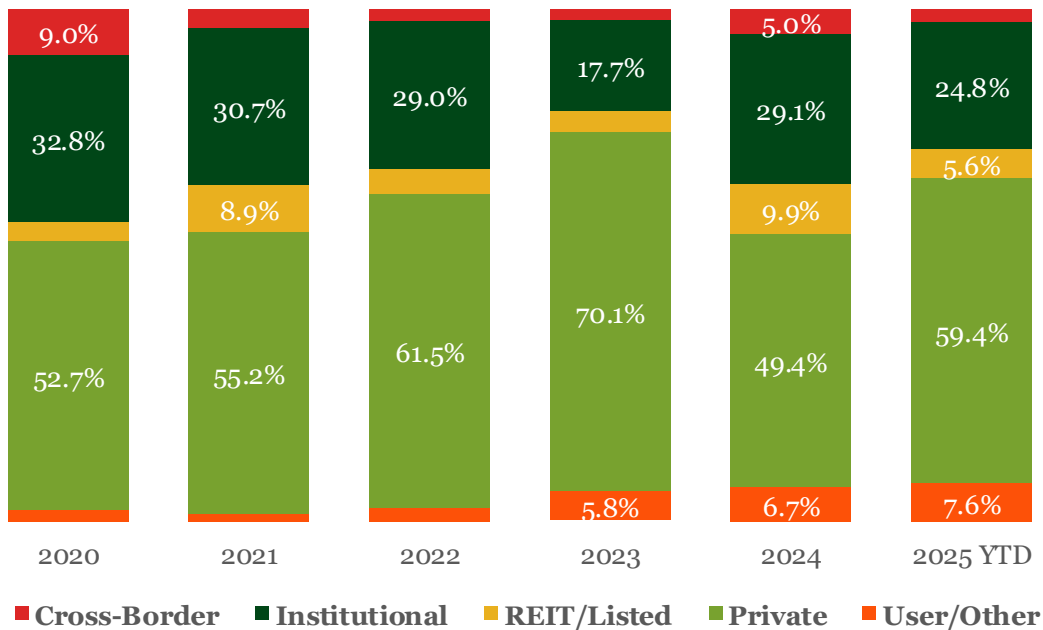
Licensing boosts quality/safety and clearer path for planning/refinancing



Added compliance/inspection costs and risk of fines for noncompliance

Possible tax reassessment impacts and higher acquisition pricing from competition

Buyer Composition



Transaction Volume by Property Type



Denver Headwinds and Opportunities

Headwinds

- Current office vacancy rate of 27.4% is highest on record since the global financial crisis
- Aging supply of downtown office
- Slowing in-migration
- Affordability
- Zoning and permitting
- Infrastructure and transportation bottlenecks

Opportunities

- Approval of infrastructure improvements and downtown area plan
- 2 major new stadiums in the planning phase
- Mixed use districts with amenities like Cherry Creek are favored.
- Strong international airport



To learn more about this year's findings and download the full report, go to pwc.com/us/etre or use the QR code

Thank you

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