U.S. Property Performance Monitor

Third Quarter 2025

IN A NUTSHELL

- Private core real estate maintained its recovery momentum in Q3 2025, posting a 1.2% total return fueled by income, as capital values held steady. The rolling four-quarter return rose to 4.7% from 4.3% in the previous quarter.
- Retail remained the best performing sector in the expanded NCREIF Property Index (NPI). Residential continued to outperform Industrial, while Office lagged. Niche property sectors also outperformed the index.
- While market performance varied by property type, the South and Midwest led the pack followed by the East. The West lagged the broader index.

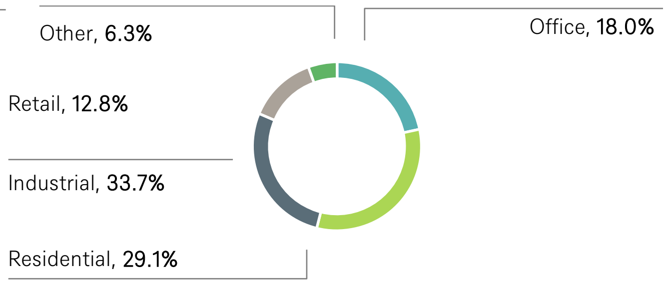
Private Real Estate Property Returns[1]

- Private core real estate continued its positive trajectory as it printed another quarter of improving total returns (1.2%). The total return was entirely driven by stable income returns while capital returns were flat for a third consecutive quarter. On an annual basis, the benchmark returned 4.7%.
- The index recorded improving performance over the trailing four quarters with some property types faring better than others. Retail maintained its dominance with a return of 7.0%. Residential followed (5.3%), supported by strong demand, on average, over the past 12 months. Industrial returns (4.5%) remained flat as West Coast weakness weighed on overall performance. Although Office lagged the benchmark (1.9%), positive returns could suggest that the worst is behind us.[2]
- Fundamentals were mixed. Vacancy for the benchmark was 7.3%, still outperforming its long-term historical average (8.4%). Year-over-year Net Operating Income (NOI) growth (1.5%) was below its historical average (3.1%), dragged down primarily by declines in Office (6.9%).
- The West, a long-term outperformer, suffered weakness in Los Angeles, San Francisco, and Seattle. The Midwest (primarily Chicago), a traditional laggard, fared better. Several southern markets, including Dallas and Miami, continued to outperform.

[1] All real estate performance and operational metrics refer to the Expanded NCREIF Property Index (NPI). As of September 30, 2025
[2] Bond returns are calculated using the Barclay U.S. Aggregate Index. Broad equity returns are calculated using the S&P 500.
Past performance is not a guarantee of future results.

NPI Market Capitalization

Index market value U.S. $ 903.6 billion – Property count 12,860



Source: NCREIF (Expanded NPI). As of September 30, 2025.

Recent Performance Trends

	Quarter	12 months trailing	
	3Q 2025	3Q 2025	2Q 2025
Private Real Estate (Expanded NPI)	1.2%	4.7%	4.3%
Broad Equities (large cap)	8.1%	17.6%	8.3%
Bonds	2.0%	2.9%	4.9%
Listed Real Estate	2.7%	-4.0%	9.2%
10-Year Treasury[1]	4.2%	4.2%	4.2%
CPI (SA)	0.9%	3.0%	2.4%

[1]These figures represent annual yields.
Sources: NCREIF (Expanded NPI), S&P 500 (Broad Equities), Barclay's U.S. Aggregate Bond Index (Bonds), NAREIT (Listed Real Estate), BLS (CPI) and Federal Reserve (10 yr Treasury). As of September 30, 2025.

NCREIF Property Index (Expanded NPI) Performance by Sector [3]

– Retail trailing four quarter returns of 7.0% outperformed the benchmark by 230 bps. In a continuation of trends, malls (6.9%) and strip retail (8.0%) led the subindex while street retail (1.7%) underperformed. Consistent with the return profile, vacancies for strip retail (6.3%) were below their long-term average (7.3%), while those of street retail (11.8%) were significantly above (5.7%).

– Residential was the second-best performing sector, generating total returns of 5.3%, 60 bps above the benchmark. The rental residential market continues to benefit from long-term affordability advantages over home ownership. Apartments, making up 92% of the index, generated 5.3% in total returns, tracking the subindex. Student housing returns were moderate, at 4.6%.

– Industrial slightly underperformed the benchmark on an annual basis, lagging for the first time in 12 years. Total returns of 4.5% were 20 bps below the overall index. Fundamentals softened, as new deliveries coupled with subdued demand - particularly in Southern California - pushed vacancies up by 20 bps to 4.3%. Trailing four-quarter NOI growth (5.2%) was the highest in the benchmark, as rents rolled up to higher market levels.

– While Office continued to lag the benchmark, trailing four-quarter returns (1.9%) continued to improve. Year-over-year NOI growth (-6.9%) was still negative amid high leasing costs and negative lease rolls. Additionally, performance varied across subtypes. CBD returns improved significantly (2.3%) as certain markets, such as Manhattan, showed signs of stabilization. Suburban (3.9%) remained most resilient while Urban (0.2%) and Secondary Business District (0.8%) struggled. Medical office facilities, insulated from remote work, generated stronger returns (5.7%), benefiting from outpatient healthcare spending. Life Sciences (-1.1%) was the biggest laggard in the subindex.

[3] All real estate performance and operational metrics refer to the Expanded NPI as the benchmark/index as of September 30, 2025.

Detailed Property Type Expanded NPI Performance

	Market value U.S.$ (Mil)	Share of NPI	Trailing four quarters (2Q 2025)		
			Total return	Income	Capital
Residential					
Apartment	240,472	26.7%	5.3%	4.5%	0.8%
Student Housing	11,462	1.3%	4.6%	5.1%	-0.6%
Single Family Rental	8,414	0.9%	4.0%	3.9%	0.1%
Manufactured Housing	2,399	0.3%	11.6%	3.6%	7.8%
Residential Total	262,747	29.1%	5.3%	4.5%	0.8%
Industrial					
Warehouse	273,355	30.3%	4.5%	4.1%	0.3%
Specialized	19,571	2.2%	6.1%	4.1%	2.0%
Flex	7,479	0.8%	4.1%	4.6%	-0.5%
Manufacturing	2,603	0.3%	7.1%	4.3%	2.7%
Life Science	1,126	0.1%	-0.3%	4.6%	-4.7%
Industrial Total	304,133	33.7%	4.5%	4.1%	0.4%
Office					
CBD	74,506	8.3%	2.3%	5.8%	-3.4%
Urban	23,199	2.6%	0.2%	6.5%	-6.0%
Life Science	21,988	2.4%	-1.1%	4.6%	-5.6%
Medical Office	19,743	2.2%	5.7%	5.7%	0.0%
Suburban	13,083	1.5%	3.9%	7.0%	-2.9%
Secondary Business District	10,044	1.1%	0.8%	6.5%	-5.5%
Office Total	162,562	18.0%	1.9%	5.9%	-3.8%
Retail					
Strip	53,874	6.0%	8.0%	5.8%	2.0%
Mall	54,204	6.0%	6.9%	5.5%	1.3%
Street	7,344	0.8%	1.7%	4.5%	-2.7%
Retail Total	115,422	12.8%	7.0%	5.6%	1.4%
Other					
Self Storage	23,491	2.6%	6.1%	4.4%	1.7%
Seniors Housing	12,678	1.4%	9.2%	5.5%	3.6%
Other	17,395	1.9%	7.8%	3.8%	3.9%
Hotel	3,694	0.4%	3.5%	6.8%	-3.1%
Other Total	57,258	6.3%	7.1%	4.6%	2.4%
Expanded NPI Total	902,122	100%	4.7%	4.8%	-0.1%

Source: Expanded NCREIF Property Index as of September 30, 2025. Past performance is not indicative of future returns.

Returns by Property Type and Region

	Annual returns								Standard deviation	
	Total	Income	Apprec.	3 years	5 years	10 years	20 years	Since inception[4]	20 years	Since inception[5]
Property type										
Residential	5.3%	4.5%	0.8%	-1.6%	4.9%	5.3%	6.4%	9.5%	9.7%	8.0%
Industrial	4.5%	4.1%	0.4%	-0.6%	11.8%	12.1%	10.0%	10.1%	12.3%	9.2%
Office	1.9%	5.9%	-3.8%	-9.0%	-3.8%	0.9%	4.4%	6.9%	11.0%	10.1%
Retail	7.0%	5.6%	1.4%	2.6%	3.0%	3.0%	6.0%	8.4%	8.0%	7.0%
Other	7.1%	4.6%	2.4%	2.4%	7.3%	7.4%	8.2%	8.1%	8.9%	8.8%
Total Index	4.7%	4.8%	-0.1%	-2.3%	3.9%	5.1%	6.6%	8.4%	9.4%	7.8%
Region										
East	5.0%	4.8%	0.2%	-2.8%	2.3%	3.6%	5.6%	8.9%	9.5%	9.2%
Midwest	6.5%	5.0%	1.4%	-0.4%	3.3%	3.8%	5.5%	7.3%	7.4%	6.1%
South	6.5%	4.8%	1.6%	0.7%	6.7%	6.4%	7.4%	8.0%	8.5%	7.0%
West	3.1%	4.7%	-1.5%	-4.0%	3.7%	5.9%	7.4%	9.0%	10.6%	8.8%
Total Index	4.7%	4.8%	-0.1%	-2.3%	3.9%	5.1%	6.6%	8.4%	9.4%	7.8%

Source: Expanded NCREIF Property Index as of September 30, 2025. Past performance is not indicative of future returns.

Market Analysis – Benchmark Insights and Portfolio Implications

The NCREIF Property Index is a value-weighted index of property returns and as such, a large portion of the index is located in just 20 markets. Local economic growth will affect properties located in the same market similarly, so we can estimate the effect of property geographical location on the overall index. Large metros, by value, will likely have the largest impact on the index, although small metros with particularly strong or weak performance may boost or weigh on returns from time to time. The tables on the following page list out which markets had the strongest positive and negative effect on returns during the past four quarters.

Residential

Over the past 12 months, a few markets in the Sun Belt (e.g. Houston, Tampa, Ft. Lauderdale, Miami) were positive contributors to total return.[6] However, those still working through supply (Phoenix, Atlanta, Austin) were a drag on the subindex. On the West Coast, San Francisco (6.9%) outperformed while Los Angeles (2.6%) lagged. Large gateway markets elsewhere (New York, Chicago, Washington, DC, Boston) outperformed the subindex, benefiting from a lack of supply. Miami (8.1%) and Orange County (8.1%) were among the best-performing major markets in the country.

Industrial

Most markets within the industrial sector outperformed the benchmark. The biggest laggards continued to be Southern California markets (Orange County, Los Angeles, Riverside) that are grappling with tepid demand amid tariff uncertainty; these markets make up 23% of the index. Sun Belt markets exhibited some of the highest returns, with Atlanta (9.6%), Miami (9.3%), Houston (12.2%), and Dallas (7.9%) leading by a large margin. Chicago (9.0%) also benefited from moderate new supply and relatively stable demand.

Office

While most markets recorded weak returns amid challenged fundamentals, some fared better than others. Sun Belt markets benefiting from corporate relocations and demographic tailwinds (e.g., Dallas, Tampa, Houston, Miami) outperformed the subindex. Certain tech-concentrated West Coast markets (e.g., Seattle, San Francisco) remained at the bottom of the pack. Washington, DC also lagged, possibly

[4] Index returns start in 1978, equivalent to a 48 year calculation.
[5] Index returns start in 1978, equivalent to a 48 year calculation.
[6] Past 12 months ending September 30, 2025.

reflecting the impact of federal job cuts on fundamentals. New York strengthened significantly as Class A buildings continued to attract tenants.

Retail

Gateway markets experiencing out-migration (e.g., San Francisco, Orange County, Washington, DC) generally underperformed the subindex. Those with more neighborhood and community centers, benefiting from demographic tailwinds (e.g., Orlando, Atlanta, Phoenix), fared better. On the West Coast, San Diego (11.5%) and San Jose (8.6%) outperformed, while Seattle (3.8%) and San Francisco (2.2%) lagged.

Residential			Industrial			Office			Retail		
Metro	Metro returns[7]	Impact on sector returns	Metro	Metro returns[8]	Impact on sector returns	Metro	Metro returns[9]	Impact on sector returns	Metro	Metro returns[10]	Impact on sector returns
Washington, DC	7.6%	17	Chicago	9.0%	26	New York	4.3%	34	San Diego	11.5%	23
Seattle	7.6%	11	Dallas	7.9%	21	Los Angeles	4.7%	20	Phoenix	10.0%	10
Boston	6.9%	10	Atlanta	9.6%	19	Dallas	5.6%	10	Atlanta	9.3%	6
Chicago	7.0%	8	Miami	9.3%	17	Tampa	9.4%	6	San Jose	8.6%	5
Miami	8.1%	7	Houston	12.2%	15	Orange County	3.9%	3	New York	8.2%	4
San Diego	7.8%	6	Phoenix	7.1%	5	Austin	3.5%	3	Chicago	7.6%	3
Orange County	8.1%	6	Philadelphia	7.4%	5	Miami	3.5%	2	Orlando	7.4%	1
San Francisco	6.9%	4	Charlotte	7.2%	4	Houston	2.4%	1	Dallas	7.0%	0
New York	5.8%	4	Portland	7.0%	3	San Jose	2.0%	0	Riverside	6.8%	-1
Houston	6.7%	4	Denver	5.8%	2	Denver	1.7%	0	Las Vegas	6.8%	-2
Tampa	5.7%	1	Baltimore	5.2%	1	Raleigh	0.8%	-1	Houston	6.7%	-2
Fort Lauderdale	5.6%	1	New York	4.6%	0	Chicago	1.6%	-1	Oakland	6.2%	-3
Orlando	5.1%	0	Boston	4.7%	0	Atlanta	0.6%	-2	Miami	5.8%	-3
Dallas	4.9%	-2	Oakland	4.5%	0	Charlotte	-2.3%	-4	Baltimore	4.1%	-6
Charlotte	3.9%	-3	Las Vegas	3.6%	-1	San Diego	-0.2%	-7	Orange County	4.8%	-6
Phoenix	2.9%	-7	San Diego	2.6%	-3	Oakland	-2.6%	-9	Los Angeles	5.8%	-7
Denver	3.4%	-10	Seattle	2.4%	-10	San Francisco	0.7%	-12	Boston	4.0%	-8
Los Angeles	2.6%	-15	Orange County	-0.1%	-15	Seattle	-1.1%	-15	Seattle	3.8%	-9
Atlanta	2.5%	-16	Los Angeles	-2.5%	-68	Washington, DC	0.6%	-15	San Francisco	2.2%	-9
Austin	0.7%	-18	Riverside	-2.7%	-101	Boston	-0.2%	-33	Washington, DC	5.4%	-11

[7] Four-quarter cumulative returns ending September 30, 2025.
[8] Four-quarter cumulative returns ending September 30, 2025.
[9] Four-quarter cumulative returns ending September 30, 2025.
[10] Four-quarter cumulative returns ending September 30, 2025.

Appendix – Historical Performance

	12 months trailing				
	9/30/2025	**9/30/2024**	**9/30/2023**	**9/30/2022**	**9/30/2021**
Private Real Estate (Expanded NPI)	4.7%	-3.3%	-8.0%	16.0%	12.0%
Broad Equities (large cap)	17.6%	36.4%	21.6%	-15.5%	30.0%
Bonds	2.9%	11.6%	0.6%	-14.6%	-0.9%
Listed Real Estate	-4.0%	34.8%	-1.7%	-16.3%	31.5%
10-Year Treasury[11]	4.2%	3.8%	4.6%	3.8%	1.5%
CPI (SA)	3.0%	2.4%	3.7%	8.2%	5.4%

Sources: NCREIF (Expanded NPI), S&P 500 (Broad Equities), Barclay's U.S. Aggregate Bond Index (Bonds), NAREIT (Listed Real Estate), BLS (CPI) and Federal Reserve (10 yr Treasury). As of September 30, 2025.

[11] These figures represent annual yields.

Real Estate Research Team

Office Locations

Frankfurt
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: +49 69 71909 0

London
45 Cannon Street
London, EC4m 5SB
United Kingdom
Tel: +44 20 754 58000

New York
875 Third Avenue
26th Floor
New York
NY 10022-6225
United States
Tel: +1 212 454 3414

San Francisco
101 California Street
24th Floor
San Francisco
CA 94111
United States
Tel: +1 415 781 3300

Singapore
One Raffles Quay
South Tower
15th Floor
Singapore 048583
Tel: +65 6538 7011

Tokyo
Azabudai Hills Mori JP Tower
1-3-1 Azabudai
Minssato-ku
16th Floor
Tokyo
Japan
Tel: +81 3 6730 1300

Sydney
Level 16, Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel: +61 2 8258 1234

Teams

Global

Kevin White, CFA
Global Co-Head of Real Estate Research

Simon Wallace
Global Co-Head of Real Estate Research

Americas

Brooks Wells
Head of Research, Americas

Liliana Diaconu, CFA
Office & Retail Research

Ross Adams
Industrial Research

Sharim Sohail
Self-Storage Research

Europe

Ruben Bos, CFA
Head of Real Estate Investment Strategy, Europe

Siena Golan
Property Market Research

Carsten Lieser
Property Market Research

Tom Francis
Property Market Research

Rosie Hunt
Property Market Research

Martin Lippmann
Head of Real Estate Research, Europe

Asia Pacific

Koichiro Obu
Head of Real Estate Research, Asia Pacific

Hyunwoo Kim
Property Market Research

Seng-Hong Teng
Property Market Research

Matthew Persson
Property Market Research

AUTHORS


Kevin White, CFA
Global Co-Head of Real Estate Research


Sharim Sohail
Property Market Research

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