



Real Estate House View

2026 Outlook

February 2026



What you'll *find*

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Executive Summary

Key themes/takeaways

2026 Investment Strategy Guideposts



Why Real Estate will be back in the spotlight. Investors are searching for the best risk-adjusted returns and real estate performance over the last few years put real estate allocation into question. Real estate is nimble, select sectors downturn resilient, and positioned strongly to navigate and offer opportunity following a period of high uncertainty.



AI & Digital Adjacency is critical in capitalizing on rapid technological innovation. As an alternative to direct investment into AI organizations or data centers, real estate can offer unique exposure to this growth through adjacency – markets and sectors that experience a positive multiplier effect through proximity or exposure to AI, digital and technological investment.



Next-Gen Industrial will underpin the sector's resurgence in 2026. State-of-the-art assets will fill an accelerating need for product to accommodate growing 3PLs responding to supply chain evolution and major distributors accessing high-technology and automation to create distribution efficiencies.



Powered by Infrastructure, real estate will show most sustainability and longevity in markets where critical infrastructure investment is funneled, creating new opportunity in untapped markets now with the power grids, fiber, and transportation networks to support growth.

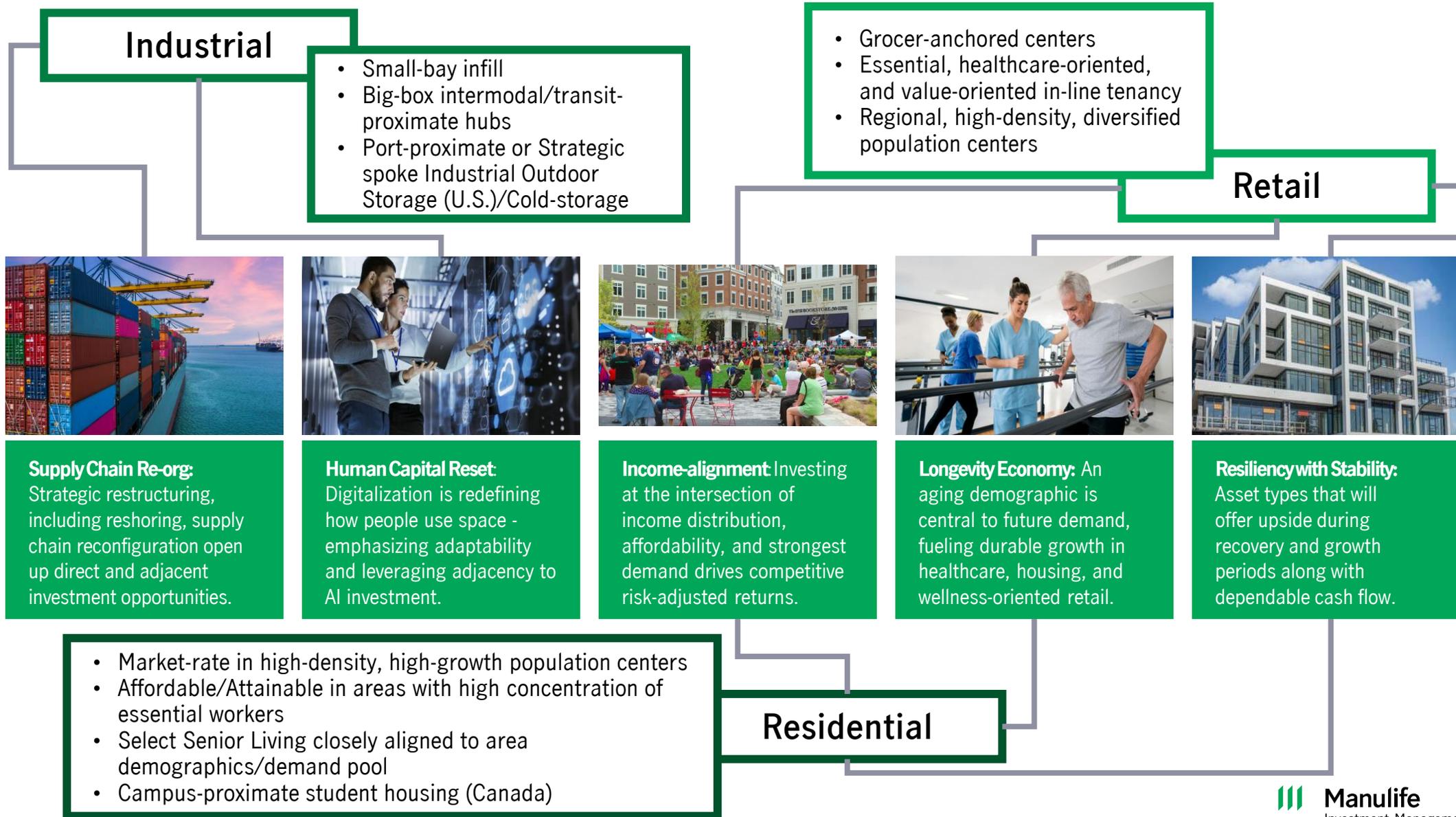


Demographic Currents shape how and where we use real estate, establishing new centers of gravity with population and migration shifts, increased opportunity in untapped asset classes as population ages, consumers change behavior and households form differently.



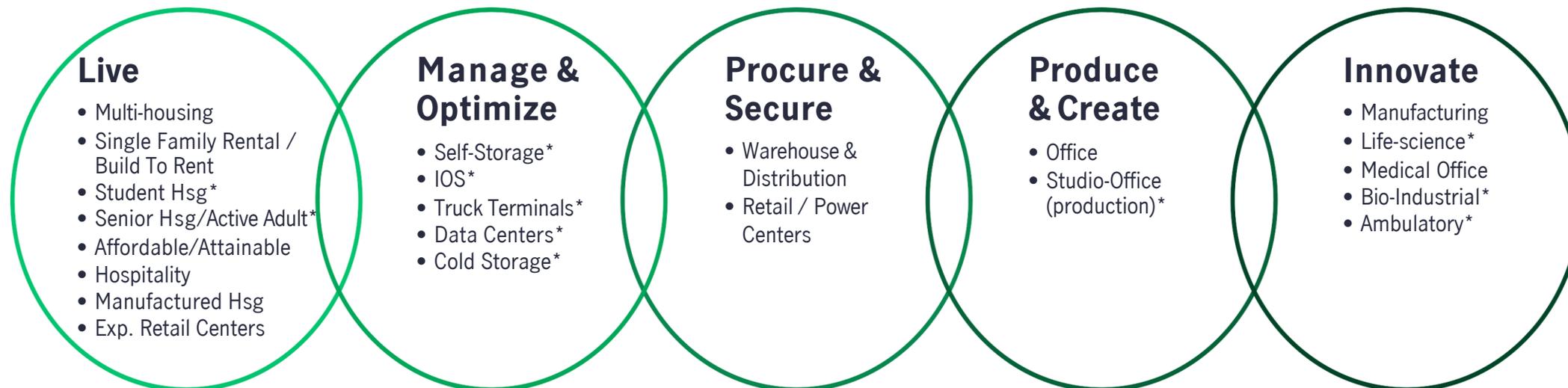
Decarbonization has emerged as a core pillar, informing underwriting and asset management, opening avenues for climate-resilient strategies amid evolving regulation and sustainability imperatives; high-quality assets with strong operational execution will increasingly outperform by protecting income durability and better withstanding physical risks.

Concepts Powering High-Conviction Strategies



The Property Type Investment Spectrum Is Expanding

Transformation in the way we use space is recategorizing commercial real estate ('CRE').



- **Deglobalization, digitalization, decarbonization, and demographics** are redefining how the built environment is used, driving CRE asset and strategy evolution.
- **Growing asset diversity** requires broader, **more dynamic risk frameworks** to consider a range of drivers and mitigation tactics.
- **Agile deal structuring and asset positioning** are critical to long-term investment durability as space use continually evolves.

- The investable universe includes **'Traditional'** sectors (Multi-housing, Office, Warehouse & Distribution, Retail) and **'Alternatives'** (e.g., IOS, Active Adult)
- Certain sub-types support **multiple purposes** (e.g., Hospitality may fall in Live or Procure & Secure; Data Centers may satisfy Manage & Optimize, and Innovate)
- Alternatives can be **niche and operationally complex**; with limited data availability and history; varying definitions depending on region; limited history of institutional capital deployment; and lower institutional penetration which can drive a premium for aggregation strategies and scale.

* Alternatives. Source: Manulife IM Real Estate Research & Strategy.

U.S.

Resilient to policy shifts, the U.S. is well-positioned for potentially firmer growth and capital deployment in 2026.



Sector trends informing market & asset selection

- **Residential** chronic housing undersupply and single-family ownership barriers boost renter demand and retention, with past-peak supply wave supporting rebalancing fundamentals.
- **Industrial** tenants cautiously reengage, adjusting to new tariff realities, emphasizing higher-functioning facilities and greater supply chain resilience and diversification.
- **Retail** resilience is steady amid a challenging tariff and labor backdrop, with scarce quality space, more disciplined retail footprints and growing mark-to-market opportunities.
- **Office** headwinds remain but fewer top-tier options push demand toward less appealing buildings, broadening out the recovery, while conversions/demolitions exceed deliveries.
- **Industrial Outdoor Storage** plays key role in supply chains - managing disruptions and rising costs - with supply constraints, low vacancy and rent growth above traditional industrial.
- **Cold Storage** is necessity-based, scarce, and high-barrier, with significant modernization needs, even amid near-term supply and tariff volatility.

¹ "Consumer spending will support the economy in 2026." Oxford Economics. 12.9.2025.

Key Investment Themes

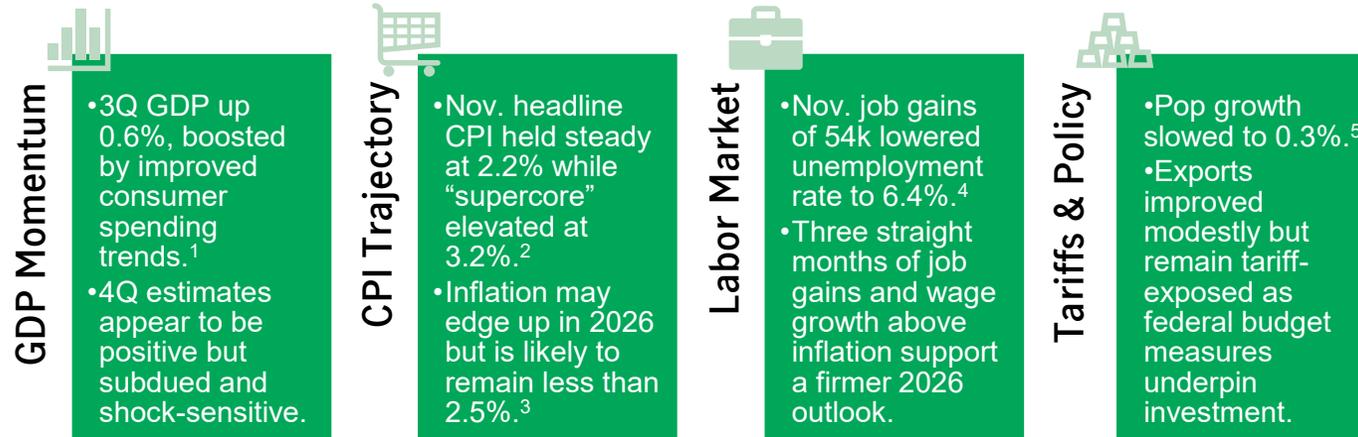
- Urban demographic resurgence and reactivation
- Cost mitigation in a higher tariff environment
- A reset basis & value stabilization
- Diversification with income growth and durability

2026 Execution Strategy

Capital markets are gaining momentum, and the development wave is past peak. Investor focus is on recycling capital into more recession-resilient and necessity-based sectors, with an emphasis on alternatives and niche sectors and market selection in a return environment with lower dispersion.

Canada

Canada exits 2025 without a recession - but enters 2026 with a structurally slower growth model.



Sector trends informing market & asset selection

- **Multifamily is experiencing a cyclical pause, extending into student housing.** Immigration caps and student enrollment declines challenge take-up and rent growth, but chronic supply shortages and downstream income potential present selective opportunity.
- **Industrial is normalizing from a period of excess strength** - not entering a downturn. Sharply reduced development pipelines are restoring balance and positioning the sector for stabilization through 2026, with some caution related to tariffs.
- **Retail has reasserted itself as a defensive, income-reliable sector.** Grocery-anchored and necessity-based retail continues to deliver the strongest total returns, supported by tight supply, value-oriented consumer behavior, and durable tenant demand.
- **Office recovery will be shallow and disparate.** In-office mandates, infrastructure investment, and tenant flight to quality are entrenching a permanent divide between viable and functionally obsolete office stock, accelerating repricing, conversions, and write-downs.

1 Gross domestic product, income and expenditure, third quarter 2025. Statistics Canada. 11.28.25. 2 Canada’s inflation in November steady with mixed details. RBC. 12.15.25. 3 Canada Chartbook. Oxford Economics. 1.7.25. 4 Canada labour markets firmed again in November. RBC. 12.15.25. 5 Canada GDP Jumped 2.6% in Q3 although details are mixed. RBC. 11.28.25

Key Investment Themes

- Capital markets shift from paralysis to selectivity - not broad risk-on.
- Per-capita GDP a key economic signal, changing how macro strength translates to CRE demand.
- Tariff risks & policy percolate in select CRE markets and sectors.

2026 Execution Strategy

Economic improvement, rate stabilization, and narrowing bid-ask spreads are re-opening deal flow, but conviction is skewed toward higher-quality assets, defensible sectors, and more affordable markets rather than aggressive repricing strategies. Capital is re-engaging, but only where downside is clearly bounded.



Investment Strategy & 2026 Go-Forward

2026: What's Next, What Matters

Across North America, immigration caps, easing inflation, and prior rate cuts are tightening labour supply and stabilizing unemployment, with USMCA negotiations a key swing factor.

Immigration Policies

Smaller labour force stabilizes unemployment; more subdued housing demand may support MF rebalancing.

Potential labor shortages hurt IND & OFF growth select markets; vulnerable to lower MF/STU HSG demand.¹

GDP Shift

Productivity through business investment anchors growth, supporting IND demand; boost in GDP per capita.

Productivity gains not driven by population or labor force expansion, which could temper MF, OFF demand.²

USMCA Negotiations

Tariff relief renews business investment, firms up household balance sheets & spending to benefit of all sectors.

Prolonged effects of tariffs further disrupts IND markets and labor markets, with trickle-down to businesses & consumers.

Digitalization & AI

Drives GDP, productivity, infrastructure investment; a boost for IND/AI-adjacent CRE, and operational efficiencies.

May artificially inflate balance sheets; potential job replacement subduing OFF demand; balance between revenue growth/capex.

Economic Polarization

AI-driven wealth effect; upside to higher income earners; unlock for-sale and luxury MF market and boost retail spending.

Lower income households benefit less, potentially hurting MF demand, RET supporting this demographic.

Sustainability Regulation

U.S. and Canada governmental policies are driving operational improvements, efficiencies, and resilience.

Navigating a patchwork of state and city-level regulations; ESG backlash varying by geography and asset type.

Note: MF – Multifamily; IND – Industrial; OFF – Office; RET – Retail; STU HSG – Student Housing; CRE – Commercial Real Estate; ESG – Environmental, Social, and Governance.
 1 Canada: No recession but Canadian metros still face choppy ride. Oxford Economics. 12.24.25. 2 Six for 2026. Cushman & Wakefield. Data as of January 2026.

2026: What's Next, What Matters

Signals point towards renewed investor confidence, and a surge in momentum is looming. A limited window to capture favorable risk-adjusted pricing, underscores the importance of recognizing unique sectoral drivers to differentiate execution.

- Peak uncertainty is passed. Even so, investors will still prioritize cash flow and demand durability to stabilize portfolios, placing emphasis on micro-market and asset selection, and operational advantage.
- AI and infrastructure will be a bellwether for investment opportunity, both to the upside and downside. Investors will think strategically about adjacency to development and hybrid strategies, benefitting from multiplier effects but also alongside market and power capacity.
- A “shadow freeze” in valuations, triggered by higher rates and low liquidity as opposed to broad, fundamental weakness, will thaw and allow price discovery, more efficient repricing of risk, and increased investment activity across all asset types, led by industrial.
- Looking ahead, while valuations may see some initial volatility, followed by stabilization, bid-ask spreads are already narrowing meaningfully.¹ Against this backdrop, we believe returns will increasingly be driven by income durability, asset quality, physical resilience, and active management, a view that underpins our forward-looking return expectations.

¹ Manulife IM Real Estate Research & Strategy.



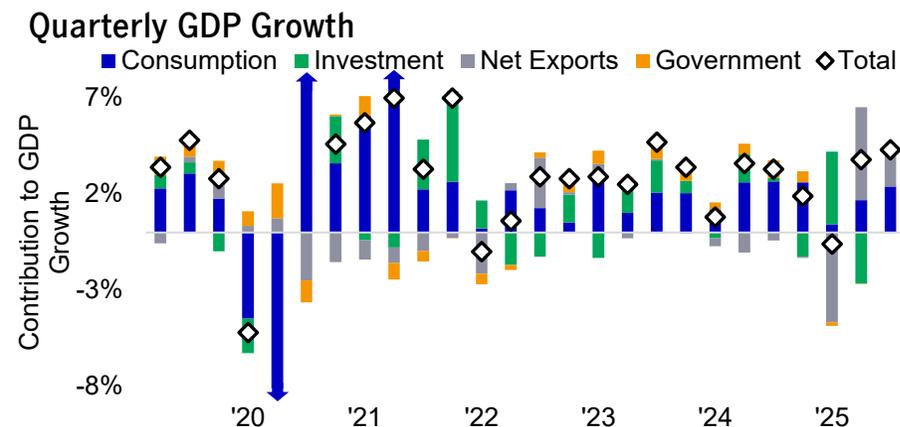
U.S. House View

U.S. Macro-Economic Overview

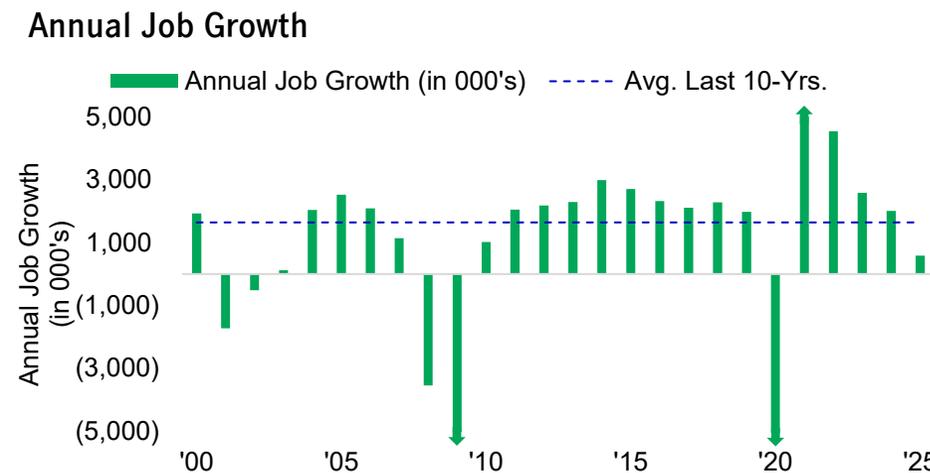
The U.S. economy remains resilient, working through trade and immigration shocks, though the labor market is cooling.

- **The economy is growing above expectations** which provides some buffer to a low hire-low fire job market.¹
 - Labor demand faced uncertainty surrounding tariffs, the impact of AI, DOGE cuts and a federal government shutdown while fewer prime-aged workers, more retirees, and lower immigration weighed on labor supply.
- **The Fed grew more concerned about the fragile labor market**, trimming the Fed Funds target range to 3.50%-3.75%, reflecting seven cuts totaling 175 bps since the easing cycle began in 2024.¹
- **Inflation is no longer accelerating but remains above the Fed's 2.0% target.** Still tariff-related pressure could reemerge in the coming months.¹
- **The K-shaped consumer pattern could intensify**, with wealth effects at the top boosting spending and inflation straining lower-income budgets.²
- **As heightened uncertainty fades, U.S. growth is expected to strengthen through 2026** driven by fiscal stimulus and prior monetary easing, along with consumer and non-AI investment spending.
 - The One Big Beautiful Bill Act should spur business investment, along with tax rebates giving a boost to consumer spending, while the Fed continues easing toward a 3.0% rate.³

<h2 style="margin: 0;">2.8%</h2> <p style="margin: 0; font-size: small;">'26 GDP Growth¹</p>	<h2 style="margin: 0;">2.7%</h2> <p style="margin: 0; font-size: small;">'25 CPI Growth⁴</p>	<h2 style="margin: 0;">0.4%</h2> <p style="margin: 0; font-size: small;">'25 Job Growth⁴</p>	<h2 style="margin: 0;">4.10%</h2> <p style="margin: 0; font-size: small;">4Q25 10-Y T.⁵</p>
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Source: FRED. Data as of December 2025. Chart is truncated to exclude outliers during the pandemic.



Source: U.S. Bureau of Labor Statistics. Data as of December 2025. The chart is truncated to exclude outliers during the pandemic.

¹ "Consumer spending will support the economy in 2026." Oxford Economics. 12.9.2025. ² "The Economic Is Increasingly K-Shaped." Moody's Analytics. 1.18.2026. ³ "2026 Global Macroeconomic Outlook: clearer picture, better growth." Manulife IM Macro Strategy. 12.17.2025. ⁴ U.S. Bureau of Labor Statistics. December 2025. ⁵ Board of Governors of the Federal Reserve System. 4Q25. Note: Quarterly average.

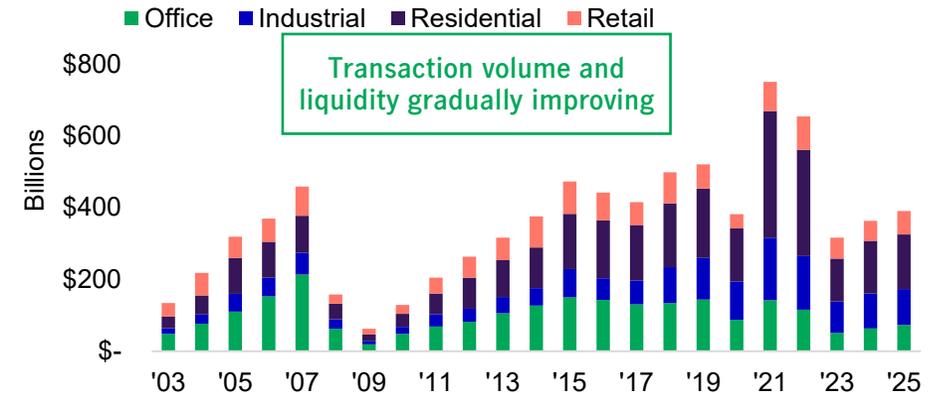
U.S. Capital Markets

Improving capital markets conditions are expected to carry into 2026.

- **A measured recovery in capital markets activity** is rooted in stronger debt liquidity, investor acceptance of higher-for-longer interest rates despite overall lower debt costs versus last year, marginally neutral-to-positive leverage conditions, stronger fundraising, positive return momentum and an increasing maturity wall.¹
- **2025 investment activity picked up despite a challenging policy landscape and heightened uncertainty**, as institutional investors returned to the market.
 - A reset basis and improved debt availability and costs are drawing capital off the sidelines, as well as better bid-ask alignment.
 - Improved fundraising reflects growing positive investor sentiment, particularly around rates and stronger transaction pipelines.
- **Investors face tighter spreads between cap rates and risk-free rates, pushing them further along the risk curve.** But investors recognize the benefits of real estate as a diversification tool, a hedge against inflation, and a durable income stream with carefully curated asset management and will stay vigilant in navigating potential risks and opportunities.¹
- **A more stable financial environment heading into 2026 should provide support for capital deployment and refinancing.**

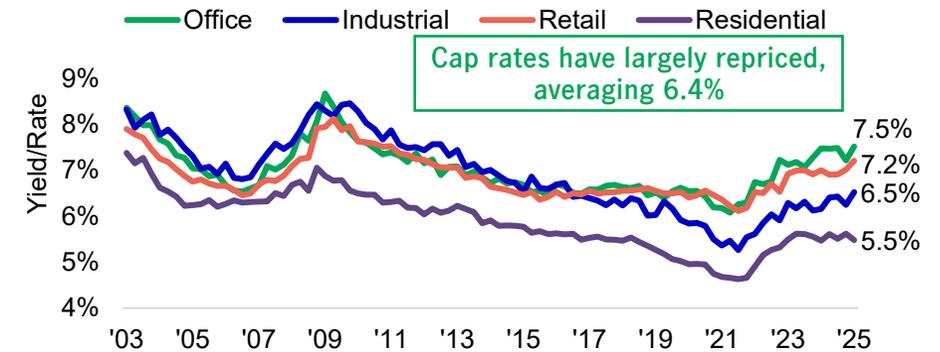
\$241B Dry Powder ²	\$390B Transaction Volume	+15% Fundraising ²	+36% Origination ³
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Transaction Volume



Source: MSCI Real Capital Analytics. Data as of December 2025.

Cap Rate by Property Type



Source: MSCI Real Capital Analytics. Data as of December 2025. The average is a weighted by commercial and residential transactions.

¹ "Market Matters, Real Estate Investment Conditions & Trends." Cushman & Wakefield. December 2025. ² Prequin. Data as of December 2025. Note: Dry Powder includes North America for Real Estate value added, core, opportunistic, core-plus. ³ "Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations." MBA. 3Q25.

U.S. Credit Markets

Elevated rates, policy uncertainty and capital dislocation are still creating entry points for CRE Credit.

- **Rates remain elevated, reinforcing demand for income-oriented credit**

- The U.S. 10-year Treasury remains range-bound in the low-4% range, reflecting persistent inflation pressure, tariff uncertainty and concerns about deficit spending.
- Ongoing rate volatility favors shorter-duration, floating-rate credit, where income is less dependent on rate timing and equity market stability.

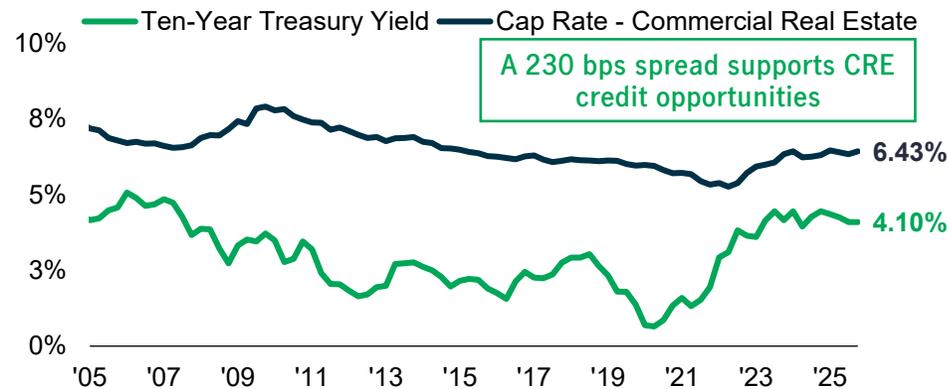
- **Policy uncertainty likely muting growth but expanding credit opportunity**

- Persistent discussions on tariffs, immigration, and geopolitics may be offset by technology investment, accommodative fiscal and monetary policy, and private sector adaptability – including a continued rise in CRE originations through 2025.

- **Valuation resets and the maturity wall continue driving a durable opportunity set**

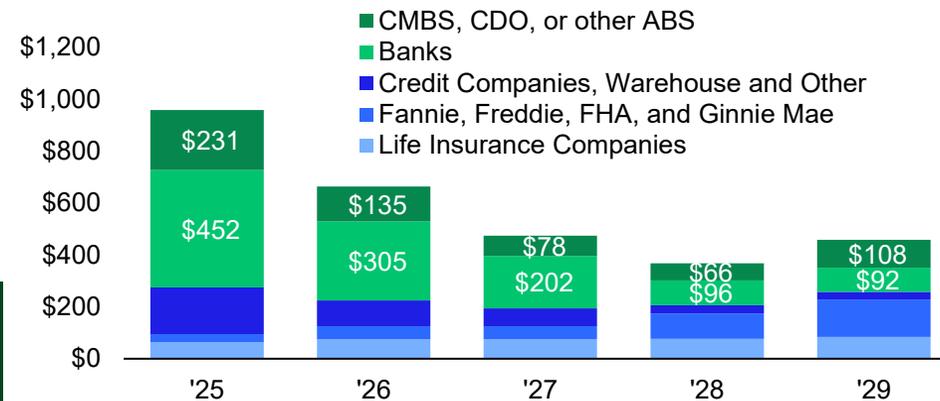
- CRE values have materially reset, with U.S. pricing down 13-21% from peak, creating attractive lender entry points.¹
- At the same time, a large refinancing wave of short-term, floating-rate debt is sustaining demand, contributing to a \$6.6 Trillion U.S. CRE addressable credit market.²

U.S. Ten-Year Treasury & Cap Rate



Sources: FRED, Real Capital Analytics. Data as of December 2025

Debt Maturity Wall



Source: Mortgage Bankers Association. Data as of December 2025.

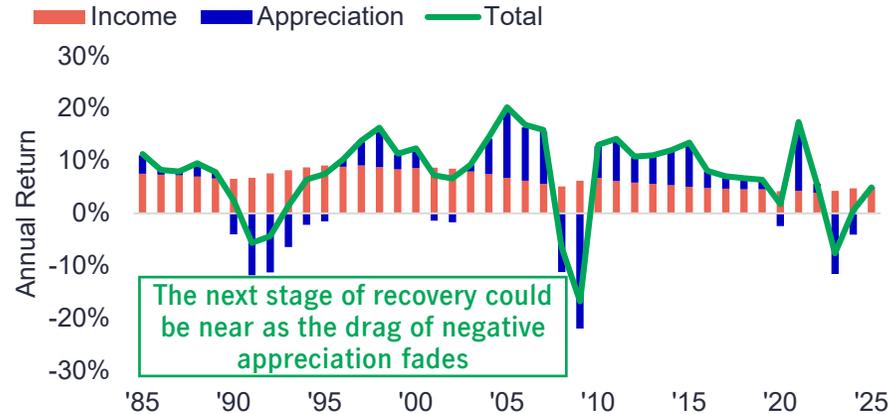
\$6.6T Credit Mkt Size	\$197B \$ Credit Raised	\$2.9T Debt Maturity	+36% Y/Y CMBS Issu.
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¹ NCREIF. Data as of September 2025. ² Mortgage Bankers Association. Data as of December 2025. Note: CMBS - Commercial Mortgage-Backed Securities; CDO - Collateralized Debt Obligation; ABS - Asset-Backed Securities; FHA – Federal Housing Administration.

U.S. Commercial Real Estate Returns

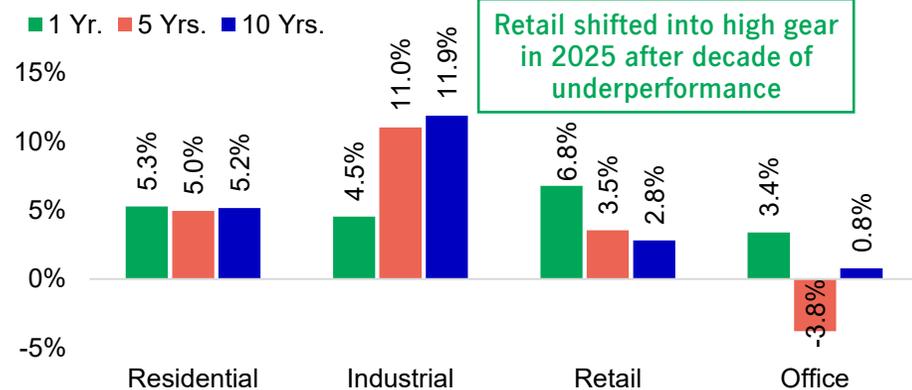
Returns firmly in positive territory with potential for momentum given renewed capital markets interest.

NCREIF Annual NPI Income v. Capital Returns



Source: NCREIF, NPI Expanded. Data as of December 2025.

NPI Historical Annualized Total Return



Source: NCREIF, NPI Expanded. Data as of December 2025.

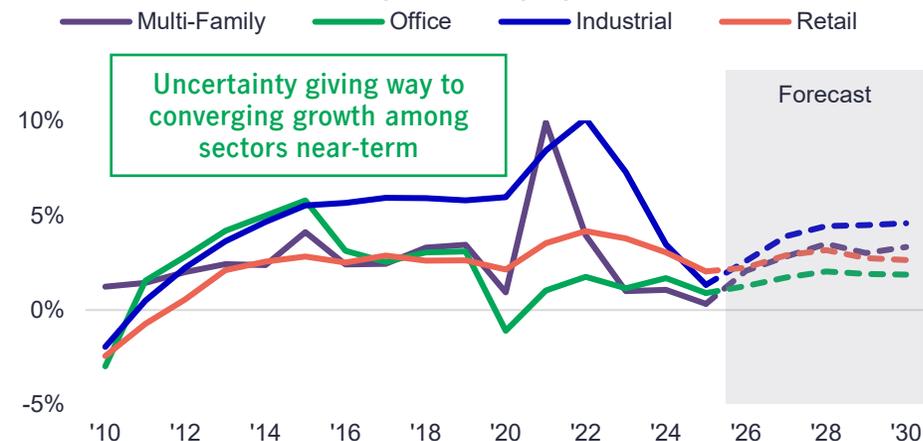
- **More stability has emerged after a period of rate-driven volatility.**
 - NPI total returns are back in positive territory, up 4.94% in 2025, supported by both positive income and appreciation, despite a year of challenges and uncertainty.
 - With long-term interest rates likely to remain higher, significant cap rate compression is less probable, therefore future total returns from the NPI are expected to rely more on fundamentals such as rental income growth.
 - For the one-year trailing return ending 4Q25, all sectors boast income returns above five-year trailing averages, reflecting resilient cash flows, and all achieved positive appreciation returns except for office which is edging toward positive territory.
- **Return dispersion is narrowing with all sectors in positive territory.**
 - Long-term outperformance of industrial is normalizing after the pandemic surge while retail is coming out of a decade long bout of underperformance.
 - Retail outperformance is resulting from modernized tenant rosters and a decade plus period of limited new construction, supporting stronger income returns and solid appreciation returns.
 - Office continues to be weighed down by negative appreciation over the 1-year period, but that drag is increasingly muted.

U.S. Real Estate Performance Outlook

Rent-growth potential remains key to sustaining income growth and, ultimately, total returns.

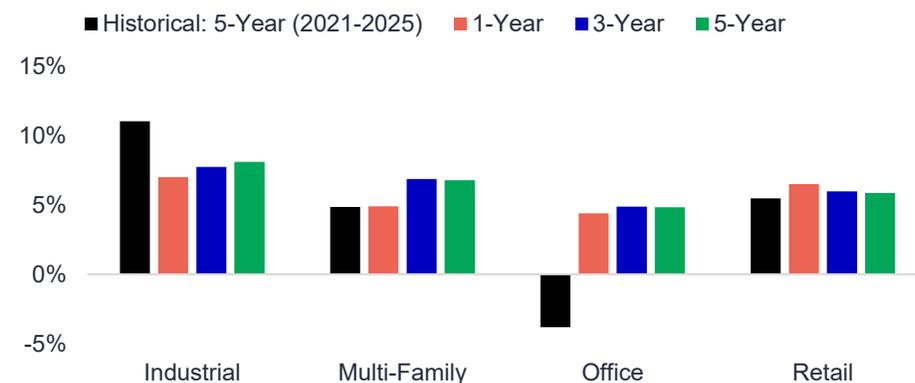
- **Rent growth has converged after a period of above trend growth.**
 - Structural factors should drive industrial and multifamily rent growth outperformance over the next five years, with a lower supply outlook driving a gradual increase over time from current levels.
 - Retail’s decade long supply reconciliation contributing to tight fundamentals is creating significant mark-to-market opportunities in strong locations, with high-density, high-income demographics.
 - Structural vacancy headwinds will limit office rent growth going forward.
 - Active asset management can boost rent growth through differentiated creative activation reflecting area preferences or demographics.
- **Our forecast for total returns over the next 5-years is expected to outperform the prior 5-year pace, except for industrial.**
 - A broad slowdown in new development and softer demand growth is narrowing performance differences across sectors, emphasizing sub-sector and market selection to drive alpha.
 - Industrial will continue to outperform other sectors over the next 5-years, strategically realigning and optimizing supply chains in a higher tariff environment while domestic consumption anchors demand.
 - Multifamily returns are expected to be solid even as demand shifts into a lower gear, with affordability factors driving higher tenant retention and better supply-demand alignment in the period ahead.
 - Adjusting portfolio allocations to reflect changing consumption patterns and recycling capital into higher yielding sectors should boost overall fund returns.

Forecasted Rent Growth by Property Type



Source: CoStar Historical Data 2017 to 2024, and Manulife Investment Management Forecasts. Data as of December 2025.

Forecasted Annualized Returns by Property Type



Source: NCREIF Historical Data 2021 to 2025, and Manulife Investment Management Forecasts. Data as of December 2025.

What's ahead in 2026 for the U.S. Commercial Real Estate market?

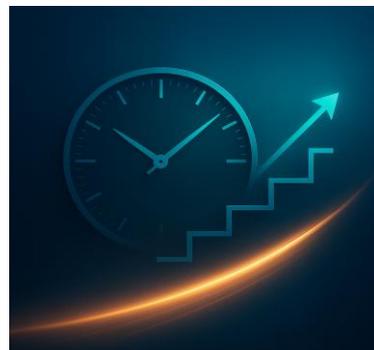
Greater certainty and emerging opportunities are pulling capital off the sidelines.

Capital Markets Momentum



- **Liquid lending markets** driven by tighter credit spreads will support transaction volumes.
- **Lower debt costs** support marginally neutral-to-positive leverage conditions.
- **Improved fundraising and ample dry powder** reflect growing investor interest.
- **Value stabilization post-reset** is drawing investors back into the market.
- **Recycling capital** into more recession resilient and necessity-based sectors is a key focus for investors.

Strategic Vintage



- **The pricing reset has created materially lower entry bases for new deals** enabling more conservative underwriting and stronger potential for outperformance in the period ahead.
- **A rate-driven repricing rather than a recession-driven one** makes this an appealing vintage period for many investors.
- **Following periods of dislocation**, new investments have historically outperformed existing ones, offering an early mover advantage.

Structural Growth Engines



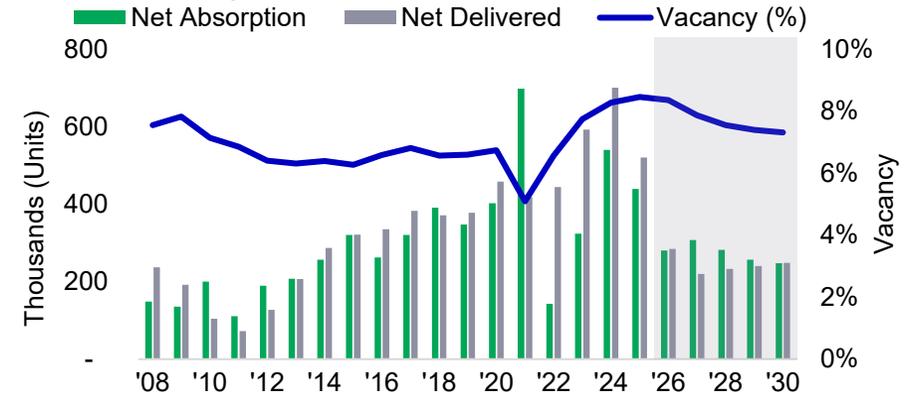
- **Supply chain realignment** amid higher tariffs helps mitigate cost increasers and retool efficiency.
- **Multi-year domestic manufacturing build out** that strengthens U.S. national security including energy infrastructure upgrades benefitting power dense asset like data centers.
- **Ageing populations and slower immigration** strengthen selectivity of sectors and markets with durable demand and persistent supply imbalances.

U.S. Multifamily Fundamentals

Better supply-demand balance is nearing as deliveries move meaningfully lower and demand remains resilient.

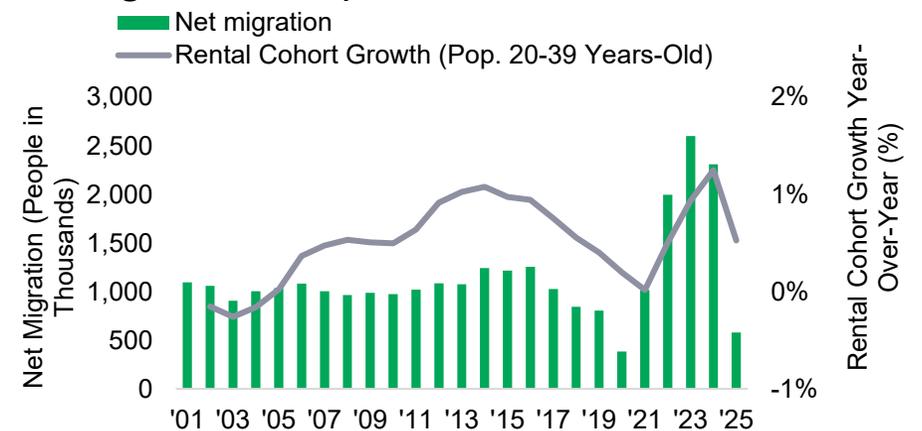
- **Even with slower job growth, reduced immigration, and normalizing household formation, residential demand remained resilient**, supported by persistent barriers to homeownership and delayed adult milestones.
 - Wage growth continues to outpace inflation – supporting rent payments and household formation – and renting remains more economically attractive than buying, even without accounting for a downpayment.¹
 - With the first-time buyer age peaking at 40 in 2025, well above the pre-pandemic norm of 30–32, many households remain renters for up to ten additional years, boosting renter retention.²
- **Better supply-demand balance is nearing** after four years of supply outpacing demand which drove the vacancy rate higher.
 - Landlords have taken a more defensive leasing approach to preserve occupancy, though landlord pricing power should gradually return as the development cycle moves past peak, with the pipeline cut nearly in half.
 - Markets with the sharpest increase in vacancies are still seeing the strongest rent declines, yet many of these markets are where population flows have been strongest, supporting new development and absorption.³
- **Overall, slower household formation, job growth and immigration will result in slower demand in 2026**, with push-pull forces of a shrinking pool of qualified renters due to rising student-loan delinquency set against the potential for pent-up decoupling from record levels of young adults living with parents.^{4,5}
- Supply-balanced metros with job growth in key rentership industries (e.g., healthcare) will likely offer outperformance, if in conjunction with strong operational efficiency and execution to differentiate from competitive assets.

Annual Supply and Demand



Source: Costar. Data as of December 2025.

Net Migration and Population Growth



Source: Oxford Economics. Data as of December 2025.

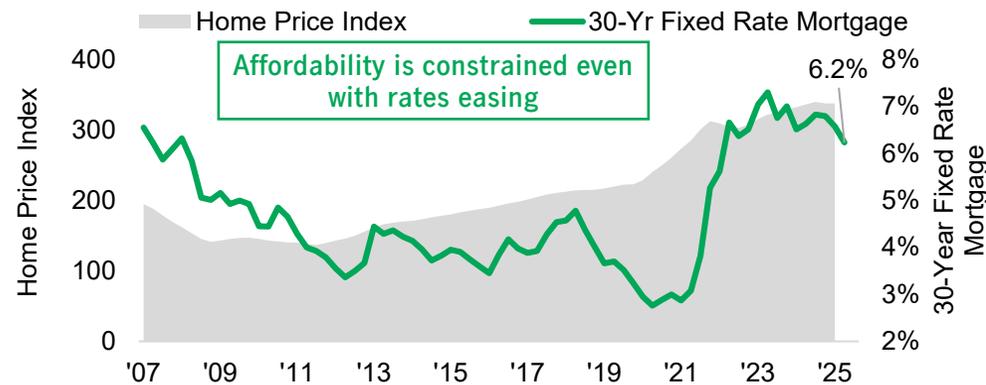
1 "Rents Bite Deeper as Tenants Spend 40% of Income on Housing." GlobeSt. 1.9.2026. 2 "Rising Age of First-Time Homebuyers Drives Multifamily Demand." GlobeSt. 12.3.2025. 3 CoStar. Data as of January 2026. 4 "John Burns' 2026 Housing Market Outlook." John Burns Research & Consulting. December 2025. 5 "How an Increase in Student Loan Delinquencies Could Affect the Rental Market." Multi-housing News. 12.5.2025.

Affordable/Attainable

Even with a wave of new apartments, cost burdens remain at record high levels, reinforcing demand.

- Affordability pressure is no longer “just high rents,” but overall **cost inflation straining household budgets** and federal support uncertainty.¹
- **New construction is expected to drop in 2026** from 2025 peak due to cost, financing, and feasibility constraints.¹
- Market rate rents rose 4.0% nationally in 2025, down from the record 10-15% in 2023-2024, signaling growth has cooled but remains above inflation and is not relief for affordability.²
- **Demand will likely remain strong in immigrant-heavy and working-class communities** as immigration drove the formation of +600K renter households from 2022-2024, but increased deportations could have impact in certain submarkets.³
- Small units, adaptive reuse, and mixed capital structures presents strategic opportunities as over 8M households face **cost burdens**.⁴

Home Price Index & Mortgage Rates



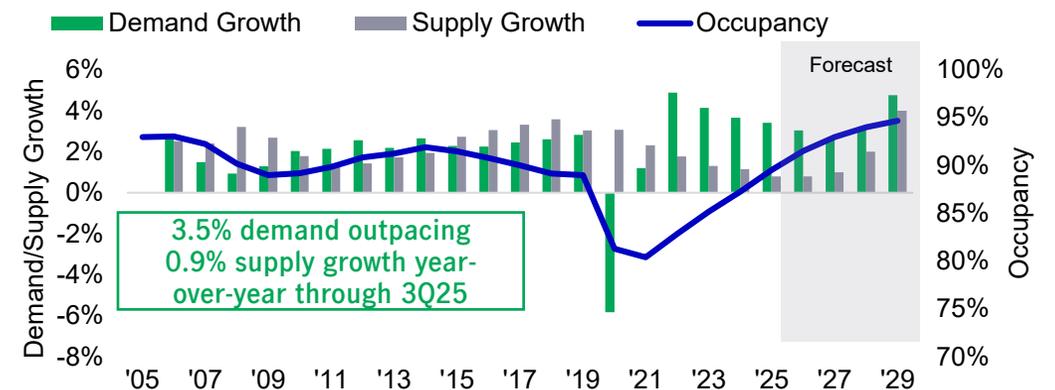
Source: FRED, Freddie Mac; S&P Dow Jones Indices LLC . Data as of December 2025.
 Note: Home Price Index is the S&P/Case-Shiller 20-City Composite.

Senior Living/Active Adult

“Silver Tsunami” gaining investment appeal as more data facilitates benchmarking and underwriting.

- **“Longevity economy” tailwind runway for potential rent and NOI growth**, though performance metrics are still elusive.
- **Active adult serves as a transition from conventional housing to independent living/assisted living**, capturing early-stage senior living demand while maintaining simpler operations.
- **Independent and assisted living fundamentals are improving** with occupancy in 2025 at 89.1%, while inventory growth stayed below 1.0%. Active adult occupancy sits slightly higher at 92%.⁵
- **Operating leverage will likely strengthen**, boosting NOI growth as labor pressures stabilize and occupied units increase (+20k in 2025).⁵
- Fragmented ownership creates **consolidation upside**, positioning scaled operators to drive margin expansion and NOI growth.

Senior Housing Supply and Demand Growth vs. Occupancy



Source: Green Street. Data as of December 2025.

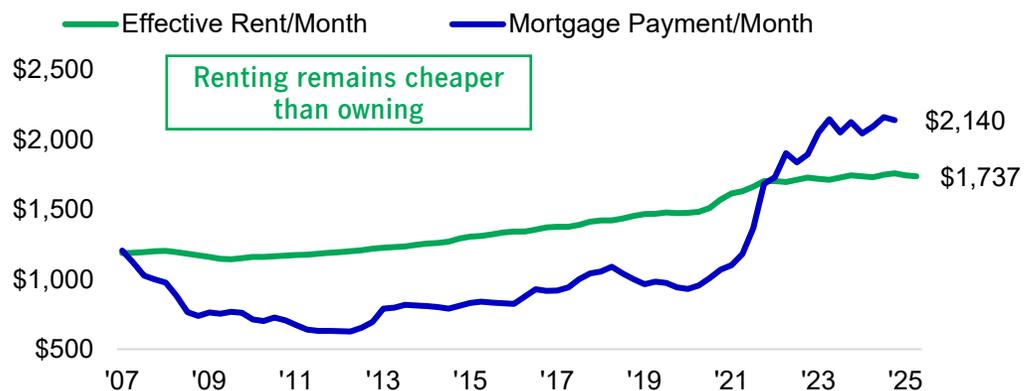
1 Yardi Matrix. Data as of January 2026. 2 HUD FY 2026 Fair Market Rent Documentation System. Data as of January 2026. 3 Oxford Economics. Data as of June 2025. 4 “Worst-Case Housing Needs Report 2025.” HUD. November 2025. 5 National Investment Center for Seniors Housing and Care. Data as of January 2026.

BTR/SFR

Focus on submarket selectivity (schools, commute nodes, “rent-by-choice” cohorts) and operational edge.

- **Monitor policy risk** around institutional participation, a potential constraint on liquidity but supportive to occupancy if supply tightens.
- A surge in deliveries in 2024–2025 weighed on rent growth, but a **slowdown in permitting** improves the medium-term setup.
- Elevated ownership costs keep households in rental homes but **rent growth could remain subdued** with SFR rent down 0.5% year over year and larger declines in select Sun Belt metros.¹
- Development is rate-sensitive – **construction pulled back** amid higher financing costs and competing multifamily supply.¹
- **Stabilized yield and occupancy resilience** (the latter at 95%, the highest since 2019) will be attractive where permits have declined and the product is differentiated.¹

Cost to Rent vs. Cost to Own



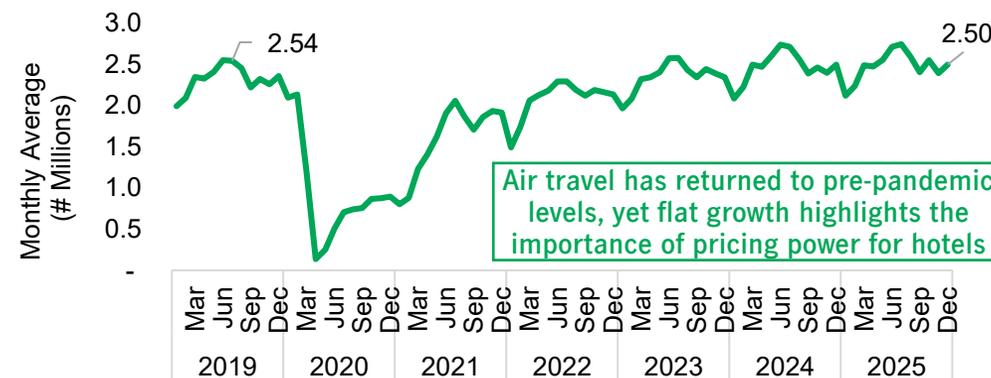
Sources: CoStar, Census, S&P Case-Schiller Home Price Index, Freddie Mac. Data as of December 2025. Note: The mortgage payment is calculated based on the median sales price of U.S. home sales, adjusted historically by the S&P Case Schiller Home Price Index and assumes a 20% down payment.

Hotel

Hotels remain the highest beta “cyclical resilience” test.

- Major 2026 events like the World Cup may boost some markets, but **growth could lag inflation**, with shadow supply delaying recovery.
- Opportunities with clear segmentation advantages (extended stay, lifestyle, resort) but caution around demand growth and capex.
- 2025 was soft, setting the stage for a **modest recovery in 2026**. Occupancy is projected around 62% with RevPAR ranging from +0.9% to -0.4%, and an Average Daily Rate of +1.1%.²
- Supply growth will matter again, so performance skews toward drive-to-leisure, top convention markets, and high-barrier CBDs with constrained new rooms.
- Competitive pressure from alternative lodging as short-term rental supply is up 5.3% over the past 12 months.³

TSA Checkpoint Travel Numbers



Source: Transportation Security Administration. Data as of December 2025.

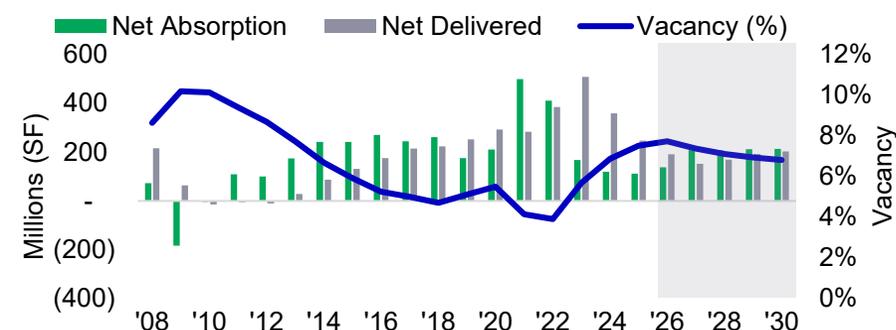
¹ Yardi Matrix. Data as of December 2025. ² CoStar, Tourism Economics, PWC. Data as of November 2025. ³ “H2 2025 Global Hotel Outlook” CBRE. October 2025.

U.S. Industrial Fundamentals

Industrial tenants cautiously reengaging while deliveries continue to moderate and starts remain low.

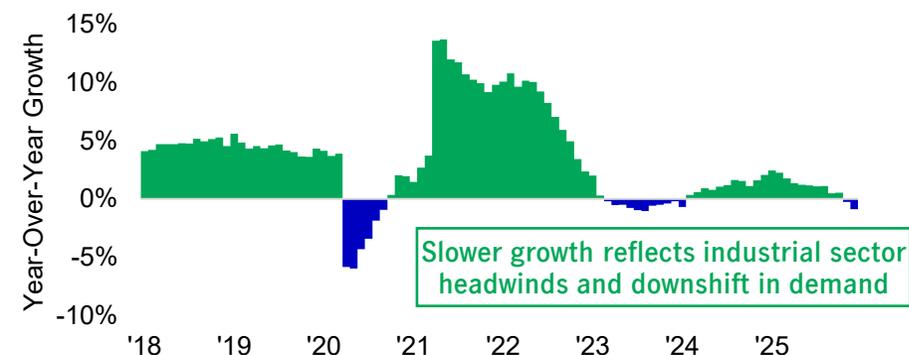
- **Despite a year of unprecedented trade policy uncertainty, the industrial sector is on solid footing and finished the year with positive momentum** as tenants reengage and demand retools.
 - Vacancy is near a decade high, eroding landlord pricing power, but tenants are adjusting to new tariff realities and demand remains rooted by durable domestic consumption.
 - Normalizing e-commerce growth remains solid, and ongoing supply chain modernization and resiliency efforts represent long-term, structural drivers for industrial space planning.¹
 - Supply pressures and speculative risk are easing with supports from an increasing share of build-to-suit projects for manufacturing and logistics.²
- **Tariffs pose downside risks to demand but are reshaping it rather than destroying it**, redirecting tenant strategies toward higher-functioning facilities and greater supply chain resilience and diversification.
 - Manufacturing demand is showing robust growth as legislative incentives and tariff cost mitigation are top of mind.³
 - Large users seeking to support automation and higher power needs are consolidating out of older, less functional buildings into modern, efficient facilities that better support long-term space needs.⁴
- USMCA negotiations, housing-market conditions, and tariff pass-through impacts on consumer trends will influence demand levels in the period ahead.
- Tariffs heighten the need for selectivity, favoring high-quality assets aligned with domestic consumption, manufacturing incentives, and diversified supply chains that offer stabilized income and upside as market balance improves.

Annual Supply and Demand



Source: Costar. Data as of December 2025.

Monthly Transportation and Warehousing Job Growth



Source: Bureau of Labor Statistics. Data as of December 2025.

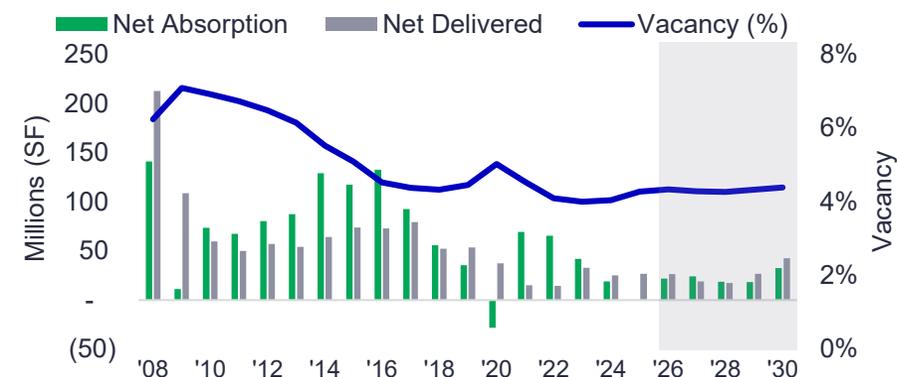
¹ "Quarterly Retail E-Commerce Sales." Census. 3Q25. ² "CBRE National Partners Weekly Update January 12 - January 16." CBRE. 1.16.2026. ³ "E-Commerce Continues to Steer Logistics Demand." Commercial Property Executive. 7.3.2025. ⁴ "Marketbeat. United States. Industrial Q4 2025." Cushman & Wakefield. 4Q 2025.

U.S. Retail Fundamentals

Retailer appetite for space has been surprisingly strong despite a challenging year, firming tight fundamentals.

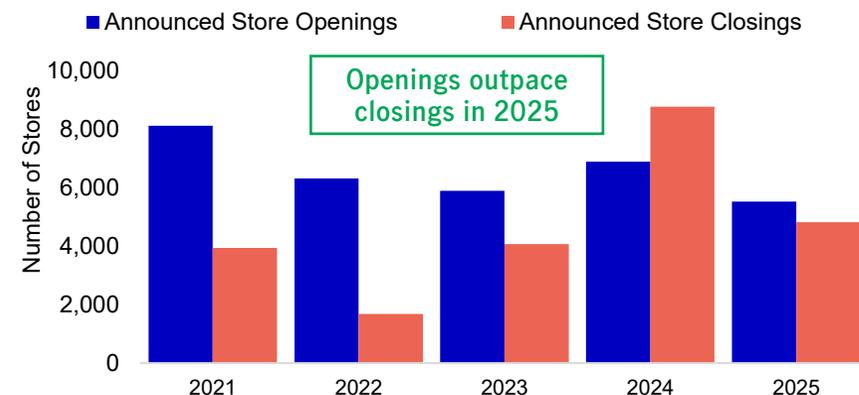
- **The retail sector continues to demonstrate steady resilience, even against a challenging backdrop** defined by tariffs, fragile labor conditions, and persistently weak consumer sentiment.
 - 2025 brought sharper consolidation and store churn, but expanding tenants have been quick to absorb second-generation space.
 - Underlying fundamentals are firming: leasing timelines are shortening, mark-to-market opportunities are improving, and demand remains solid.¹
 - Scarce quality space, stronger tenant demand, and limited new supply are supporting resilience despite uncertainty.
 - Diverse tenant demand, from off-price to experiential to personal services, is quickly backfilling space, driving small-shop vacancy to its lowest level in over two decades.²
- **Spending concentration among higher-income households and tariff pass-throughs pose risks, but a tight supply environment should underpin longer-term performance** even if near-term demand fluctuates.³
 - Retailers continue to focus on store productivity and optimizing portfolios, seeking newer, smaller, higher-quality space in affluent areas, though options remain limited.
 - Retailers will continue to manage a higher-tariff environment by controlling costs - many finding ways to adopt AI to improve efficiency.⁴
 - Tariff pass-through and spending bifurcation reinforce selectivity toward irreplaceable assets, with an emphasis on strategic micro-location, where historically low new supply buffers near-term demand volatility.

Annual Supply and Demand



Source: Costar. Data as of December 2025.

Announced Store Openings and Closings



Source: Dailyon Retail via CoStar. Data as of January 2026.

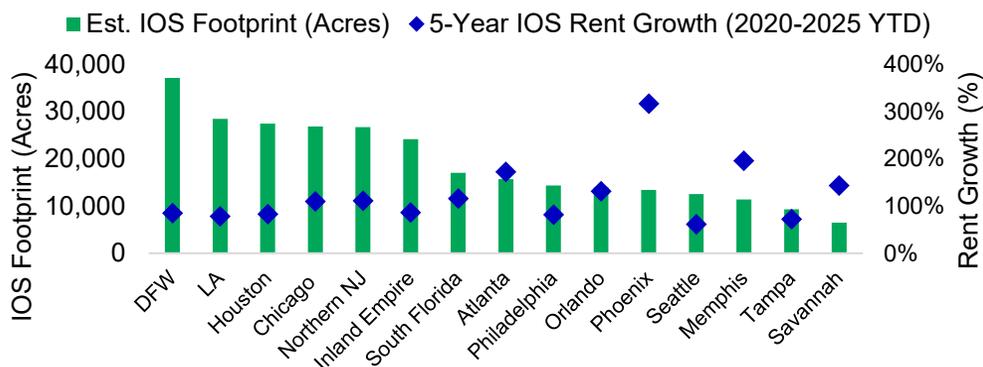
¹ "United States Outlook 2026." Cushman & Wakefield. January 2026. ² "What to watch in 2026: Fierce investor competition to push shopping center prices to new highs." CoStar. 12.30.2025. ³ "The Economic Is Increasingly K-Shaped. Moody's Analytics. 1.18.2026. ⁴ "Retailers Are Snatching Up Real Estate Again." CoStar. 12.2.2025.

Industrial Outdoor Storage “IOS”

Scarce, low-cap ex sector with supply constraints, low vacancy and rent growth above traditional industrial.

- IOS is **critical to supply chains**, supporting trucking, construction/ utilities and maintenance, with a **limited supply** of 1.4M acres.¹
- **Scarcity** drives outsized pricing power, with rents up 123% since 2020.
- Vacancy runs about half of bulk warehouse due to minimal development and **finite infill-zoned land**.¹
- IOS vacancy has increased at a much slower rate than bulk warehouse and is showing **stabilization**.
- The sector faces inherent **supply constraints**, due to restrictive zoning laws, land repurposing, and high land costs, with <10% of land zoned for outdoor storage use in some cities.²
- **Institutionalization has a long runway** for aggregation, consolidation and operational edge.

Top Markets IOS Footprint and Rent Growth



Sources: Newmark Research, Alterra IOS, U.S. Census, Costar. Data as of September 2025. Note: “DFW” is Dallas Fort Worth, “LA” is Los Angeles and Philadelphia includes the greater Philadelphia area.

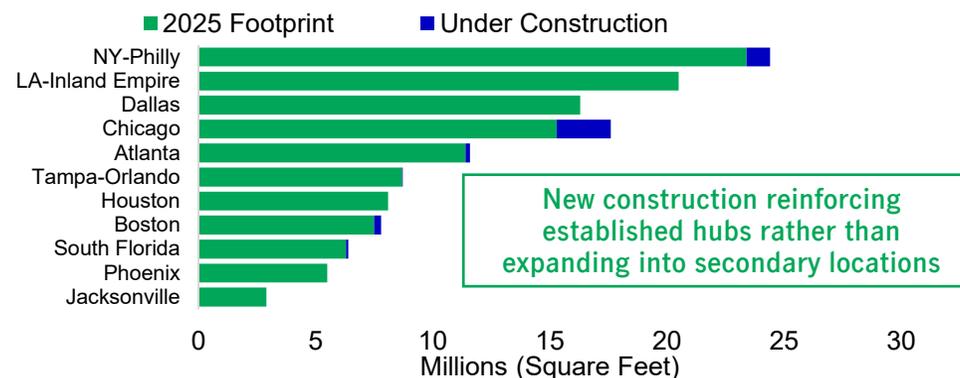
1 “Lots to Gain: Industrial Outdoor Storage is Outperforming.” Newmark. September 2025. Note: 1.4M acres nationally. 2 Green Street. Data as of December 2025. 3 “H1 2025 U.S. Cold Storage Market Overview” Newmark. October 2025. 4 “U.S. Cold Storage and Food Logistics Outlook.” JLL. July 2025. 5 Precedence Research. Data as of November 2025.

Cold Storage

Even with supply and tariff volatility, cold storage remains antiquated, scarce and a high barrier to entry sector.

- Necessity-driven, **long-term demand drivers remain intact** - tariffs have had limited operational impact, and macro uncertainty is the key factor delaying tenant expansion.
- **Pipeline drops from record high, but the supply is necessary** as only 10% of inventory has been built in the last five years. Lack of modern product is pushing some toward build/own strategies.³
- Users continue to pay up for modern product with **rents growing 100%+ since 2020**.³
- **Replacement costs remain a barrier** to supply as development costs can be 2x higher than conventional dry warehouse.⁴
- Sector is projected to grow 12.25% to \$60.9B in 2026 reflecting **continued expansion of food, pharma, and logistics** demand.⁵

Top Markets Cold Storage Footprint and Construction



Source: Newmark Research. Data as of April 2024.

U.S. Office Fundamentals

Supply-demand dynamics are moving in the right direction, guiding the office sector toward an early stage-recovery.

- **Office-using job growth has become an increasingly important driver of the office sector recovery and is challenged, but headline numbers mask a burgeoning recovery that is starting to take place.**

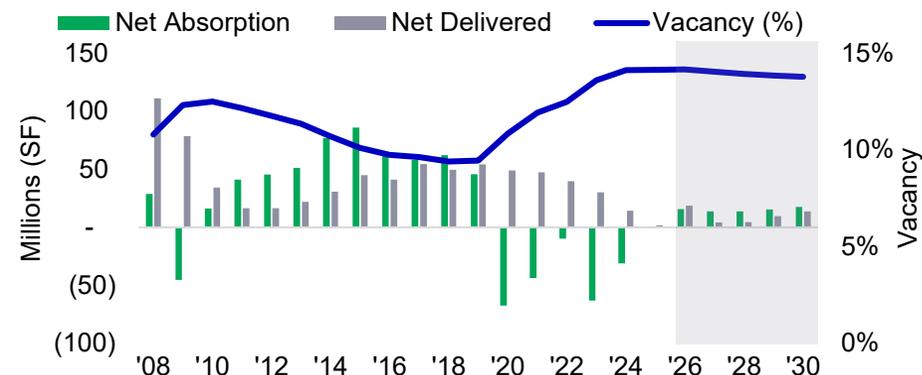
- Office-using job growth declined by 89,000 jobs in 2025, marking a cumulative 402,000 job decline since the peak in April-2023, a major headwind to office demand growth and fundamentals.¹
- However, more tenants report ‘unchanged’ or ‘increased slightly’ space needs, indicating that the net move outs that persisted largely for the past five years could be in the rearview.²
- Higher touring and leasing activity is emerging, and the new supply backdrop remains very constrained, and conversions and demolitions exceed the delivery of new office.

- **An inflection point is emerging as fewer top-tier options push demand down to slightly less appealing buildings, broadening out the recovery.**

- Importantly, occupancy losses have stopped for older buildings and buildings located in the CBD, indicating that previously vacated space is being backfilled.³
- Though the number of deals has normalized, typical deal sizes remain 15-20% below pre-pandemic averages and one-third of space has yet to roll post pandemic.⁴

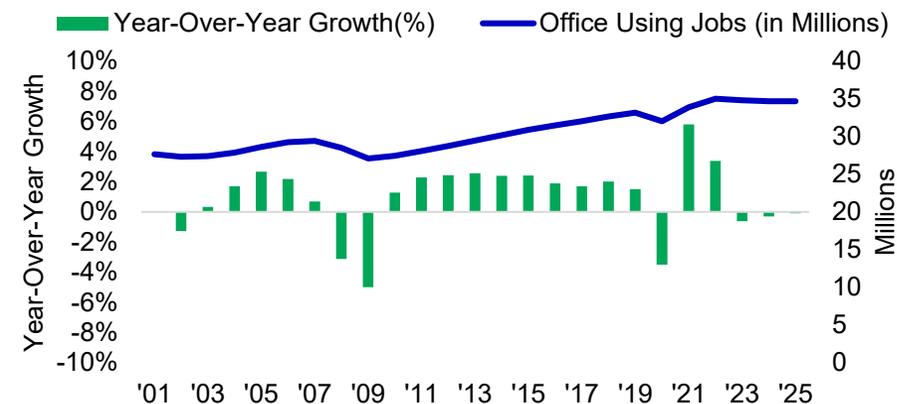
- **Risks remain primarily around the outlook for the labor market,** including slower immigration and H-1B visa changes, and the ultimate impact of generative AI on office-using employment.

Annual Supply and Demand



Source: Costar. Data as of December 2025.

Office Using Employment and Growth



Source: U.S. Bureau of Labor Statistics. Data as of October 2025.

¹ U.S. Bureau of Labor Statistics. Data as of December 2025. ² “United States Outlook 2026.” Cushman & Wakefield, January 2026. ³ “U.S. National Office Outlook with Phil Mobley.” CoStar, November 2025. ⁴ “Office National Report, United States.” CoStar, January 2026.

Canada House View



Canada Macro-Economic Overview

Key forces propelled the economy through year-end, skirting a recession despite significant threats at the start of 2025.

- **Canada enters 2026 in a far more stable position than initially anticipated;** even as trade war, immigration policy shifts, geopolitical tensions, and elections collectively posed the potential to derail the economy.
- **Third quarter GDP returned to positive territory, helping to quell fears of a recession following a 0.5% contraction in second quarter.**¹
 - Per-capita GDP is set to increase in 2025 for the first time in three years. A reliable indicator of how households and consumers experience the economy, the trajectory reflects a smaller labour force and consumer base related to immigration policy, while GDP turns positive.²
- **Spending volatility poses enhanced risk; consumption fell 0.1% in 3Q.**¹
 - The advance retail sales indicator points to rebounding retail sales; and an increase in core retail sales per RBC cardholder spending reports.³
- **The translation of immigration caps to population growth and the economy will reverberate in consumer demand and labour supply.**
 - Annualized population growth slowed to 0.3% through 3Q from a peak of 3.5% in 2023. Net non-permanent residents fell by 300,000+, but may buoy per capita GDP, allowing the unemployment rate to stabilize further.⁴
 - The 2025 federal budget sets the stage for infrastructure, with capital inflows into housing, R&D, and industrial modernization; and supply chain stability.⁵

0.6%

3Q GDP Q/Q

2.4%

Dec. Y/Y CPI

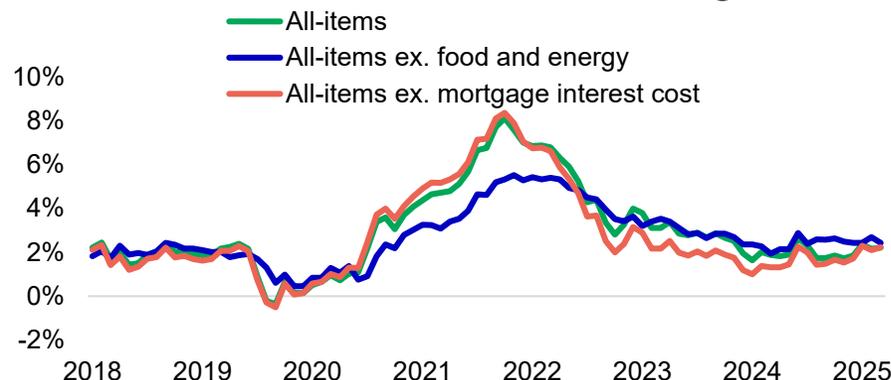
1.4%

'25 Y/Y Job Growth

2.25%

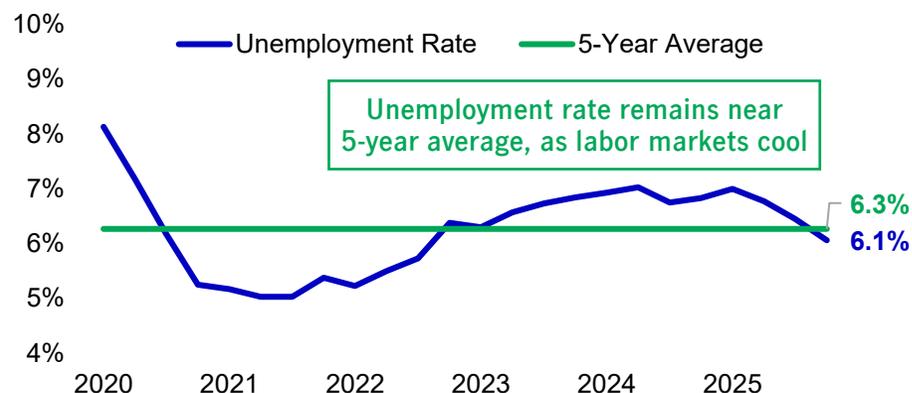
Overnight Rate⁶

Consumer Price Index, Year-over-Year % Change



Source: Statistics Canada. Data as of December 2025.

Unemployment Rate



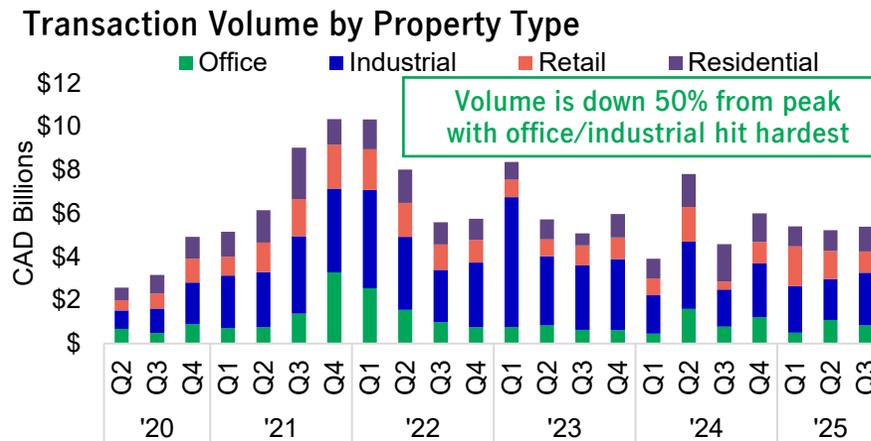
Sources: Statistics Canada, Oxford Economics. Data as of December 2025.

¹ "Gross domestic product, income and expenditure, 3Q 2025." Statistics Canada. 11.28.25. ² "Quarterly Canadian outlook: More cautious optimism amid structural shifts." RBC. 12.15.25. ³ "RBC Consumer Spending Tracker." RBC. 12.16.25. ⁴ "Canadian GDP jumped 2.6% in Q3 although details are mixed." RBC. 11.28.25. ⁵ Canada 2025 Budget's impact on commercial real estate. Avison Young. December 2025. ⁶ Bank of Canada. Data as of December 2025.

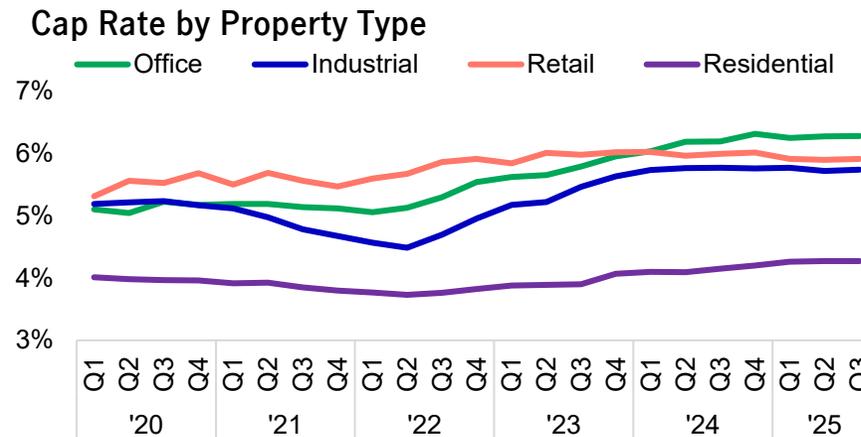
Canada Capital Markets

Rate cuts did little to reignite the capital markets in 2025, as the BoC monitors inflation alongside economic growth.

- **While inflation appears to be moving into the rearview mirror, investors are keen to see demand upside.** The labour market and spending were subdued and previously strong demographic trends untethered; but economic resilience has the potential to position CRE investment more favorably in 2026.
- **At the close of third quarter 2025, transaction volume under-paced the same period in 2024.** Year-to-date activity was down ~12.0% to \$36.0B.²
 - Per CBRE, multifamily led quarterly activity, potentially reflecting slowing development and extension of the 2025 immigration target into 2026.³
- **Buying activity continues to be dominated by private investors, accounting for more than 40% of transactions in the third quarter.**³
 - Pension funds were inactive in the third quarter; and though just a small slice at 10%, foreign buyers remained as active as they were in 2024.
 - All cross-border activity was U.S.-based, concentrated in industrial.
- **Measured economic improvement paired with higher confidence in a more stable rate environment should translate into more activity.**
 - Unanticipated demand-side shocks could create vulnerability as investors will likely continue to seek out cash flow and prioritize stability.
 - Future investment and development are anticipated to be intentional and aligned with broader economic recovery.



Source: Costar. Data as of December 2025.



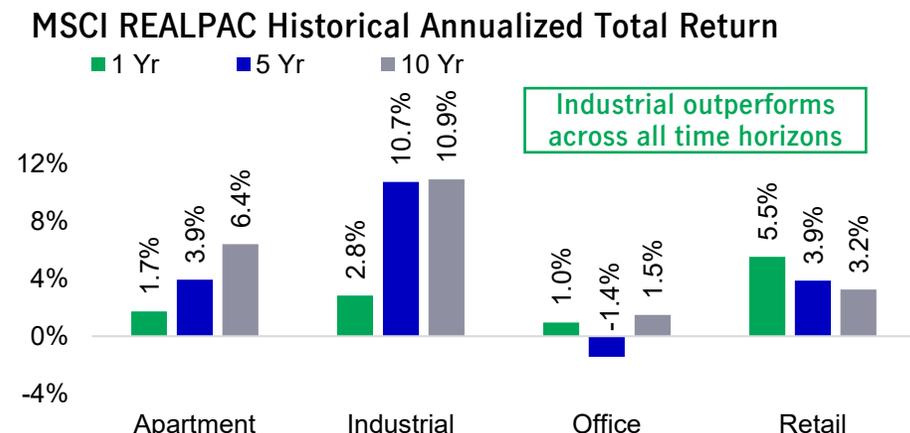
Source: MSCI. Data as of December 2025.

\$241B Dry Powder ¹	\$36B Trans. Volume ¹	2.5% Y/Y Total Return	5.5% Cap Rate
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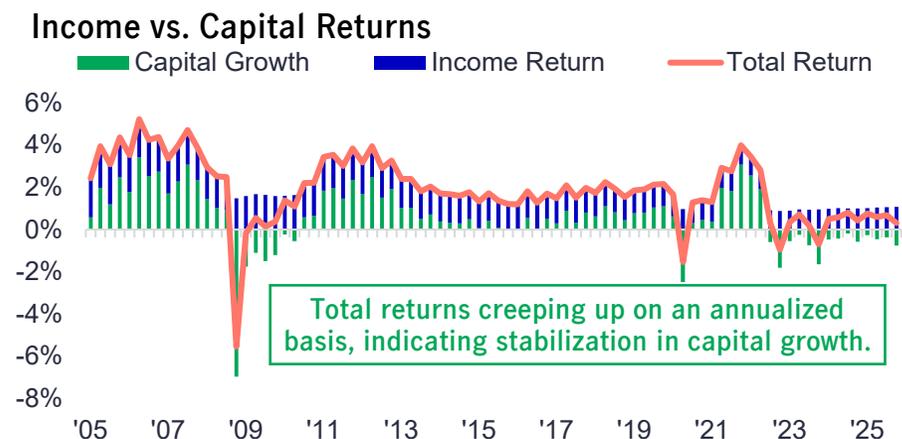
¹ Preqin. Data as of December 2025. Note: Dry Powder includes North America for Real Estate value added, core, opportunistic, core-plus. ² "Canadian Commercial Real Estate Market Update." Altus Group. Q3 2025. ³ "3Q25 Canada Investment Overview." CBRE. December 2025.

Canada Commercial Real Estate Returns

Real estate performance already showing positive gains from emerging economic recovery, but not without volatility.



Source: MSCI. Data as of February 2026.



Source: MSCI. Data as of February 2026.

¹ MSCI. Data as of 4Q25.

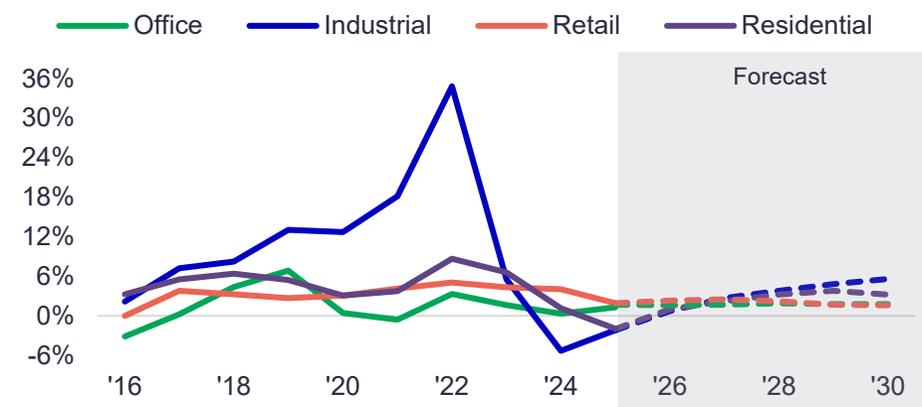
- **Income returns are anchoring performance in a low-growth environment.** With valuations under pressure and cap rates largely unchanged, investors are favoring downturn-resilient sectors, higher-quality assets, and more affordable markets.
- **Annualized total returns for all property types at the close of fourth quarter were 2.4%**, a 100-bps improvement compared with last year at this time, but down 10 bps from 3Q. On a quarterly basis, 4Q declined to 0.31% compared with 0.68% in 3Q.¹
- **Another positive was the turnaround in office**, edging into positive territory on an annualized basis for the first time since 2020.
 - However, despite strong income returns for office, given the sector still struggles with considerable demand-side weakness, comparable income returns for retail offer more stability, especially given limited supply.
- **Valuations continue to struggle, recording another quarter of depreciation.** The capital return was -0.76% for the trailing 12 months through fourth quarter, improved from the previous quarter.¹
- With valuations under pressure and cap rates largely unchanged, **income returns led total performance**, favoring downturn-resilient sectors, higher-quality assets, and more affordable markets.
- **Anticipated rate stability may help to boost activity over the coming months.** Near term, broader transaction activity could drive cap rate and valuation volatility as lower-quality assets reprice, underscoring the need for disciplined disposition strategy aligned with bidder depth and risk appetite.
 - Longer-term, as healthier bidding activity gradually improve valuations alongside steady income returns, cap rates could start moving down.

Canada Real Estate Performance Outlook

Rent growth potential will anchor the outlook for returns, necessary to keep income growth stable.

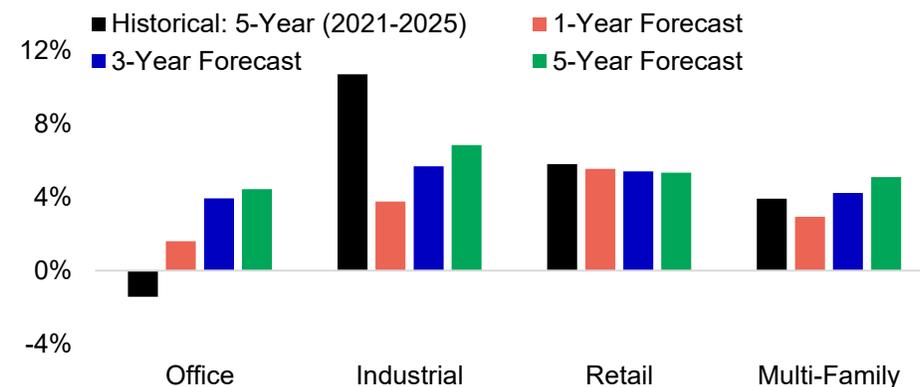
- **Rent growth bifurcation was a governing theme during 2025**, and will persist in 2026, with divergence in rents depending on market and asset quality.
 - Higher rents are concentrated in top-tier assets while effective rents are still pressured by concessions in office and multifamily product.
 - Concessions remain a meaningful component of deal structuring and limiting pricing power outside of top-tier assets.
 - In the absence of robust demand, location, strategic asset management though tenant curation and capex that position an asset most competitively will drive rent growth potential.
- **Industrial and retail come out of 2025 with contractions in asking rents.** 2026 sets the stage for a slow recovery in both sectors, with **industrial emerging as the anticipated outperformer** over the next five years.
- **Steady income returns created stability** in overall returns during the last two years thanks to contractual rents, even as asking rent growth deteriorated.
 - Multifamily income returns are most vulnerable to declines in rent growth with shorter lease turnover; however, these same short lease terms make multifamily an effective inflation hedge, offsetting rent declines.
 - On balance, multifamily income returns generally trend the lowest among all sectors and face some risk as rents correct.
- **Following deceleration in most sector returns during 2025**, with the exception of office, **we anticipate 2026 to show a positive trajectory.**
 - Maintaining cash flow will be critical in supporting more robust returns in the short term; and asset consistency in income production alongside cap rates should be monitored to evaluate hold/sells and allocation strategy.

Historical Rental Growth & Forecast



Source: CoStar from 2017 to 2025 for Retail and Residential, CBRE from 2017 to 2025 for Office and Industrial, and Manulife IM Real Estate Research & Strategy Forecasts. Data as of December 2025.

Historical Return & Forecasts



Source: Manulife IM Real Estate Research & Strategy Forecasts. Data as of February 2026.

What's ahead in 2026 for the Canada Commercial Real Estate market?

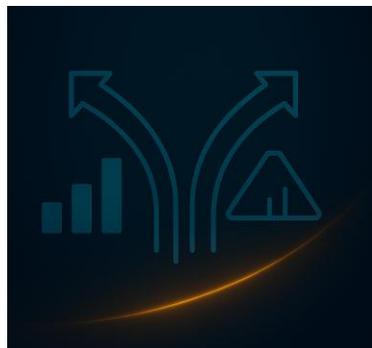
Measured economic improvement bolstered by a more stable rate environment should begin to translate into more activity.

Resilience & Diversification



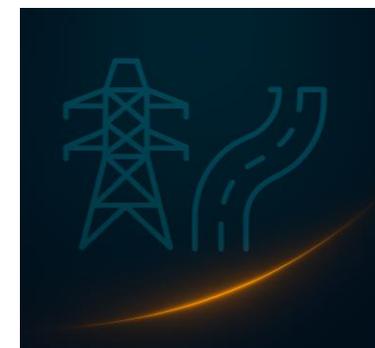
- **Stability and cash flow take priority:** Investors are favoring downturn-resilient sectors, high-quality assets, lower-cost markets. Financial impacts of climate-related events are driving robust risk assessment and mitigation measures.
- **Easing policy supports transaction activity:** Rate cuts are narrowing bid-ask spreads, underpinning a broader range of deal activity.
- **Demographic shifts reinforce selectivity:** Aging populations and immigration caps heighten the appeal of sectors and markets with resilient demand and persistent undersupply.

Capitalizing on Bifurcation



- **Bifurcation a defining theme:** Differences across markets, locations, and quality continue to shape both occupier and investor behavior.
- **Investor comfort with dispersion:** Performance divergence across sectors and geographies is becoming more widely accepted and underwritten.
- **Quality-capped performance unlocking opportunity:** Limited upside in lower-quality assets is creating selective selling windows, while easing inflation supports renewed value-add and opportunistic strategies.

Infrastructure Investment



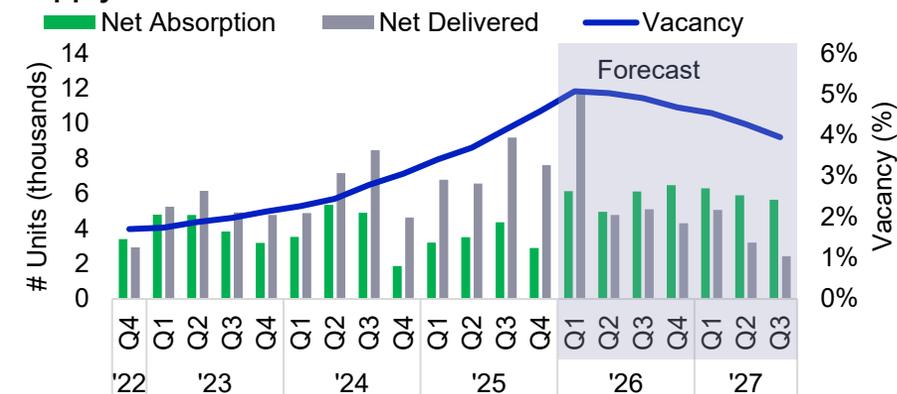
- **Federal budget strengthening the investment backdrop:** Infrastructure funding should support job creation and development, particularly in Canada's manufacturing and distribution base.
- **Capital investment pipeline benefiting multiple CRE sectors:** Planned investment spanning housing, R&D, and industrial modernization, will deliver direct and indirect support across key property types.
- **Tailwinds for AI-adjacent demand:** Capital should target CRE that benefits from AI-driven economic and demographic growth.

Canada Multifamily Fundamentals

Navigating the tension between chronic structural undersupply and cooling demand.

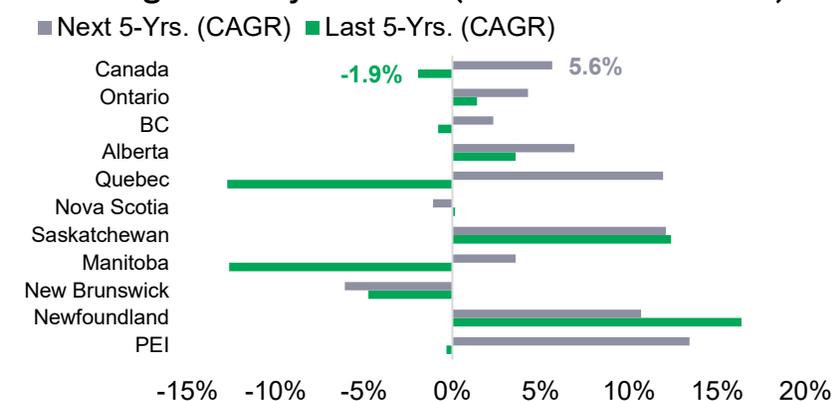
- While the long-term narrative of supply deficit remains intact - requiring starts to roughly double over the next decade to restore affordability to 2019 levels - **the near-term environment is defined by a temporary reset, driven by a supply-demand mismatch.**¹
 - Federal cuts to immigration targets have softened incremental housing demand with more than 40% of the 2026 permanent-resident intake expected to be sourced from the existing non-permanent resident pool.²
 - National multifamily vacancy reached a cyclical high of 4.6% in 4Q25, a 60-bps increase from the third quarter, 150 bps above year-end 2024, and 240 bps higher than the long-term average of 2.2%.³
 - Asking rents declined 1.3% year-over-year as of 4Q25, marking the first decline in decades and a sharp reversal from growth exceeding 7% earlier in the cycle.³
- Near-term headwinds are expected to weigh on asset performance, prompting **investors to pivot from aggressive capital appreciation toward more defensive, cash-flow focused strategies.**
 - A significant wave of pandemic-era mortgages is approaching maturity with borrowers resetting from 2020-2021 rate lows into materially higher rates, resulting in estimated payment shocks of 15% - 20%. This dynamic could push some households towards renting, delaying the transition to ownership and extending rental tenures.⁴
 - The launch of Build Canada Homes (BCH) represents the most significant federal intervention in a generation, targeting 500,000 new units over the next 5 years. However, the immediate impact on supply is expected to be modest given execution timelines and capacity constraints.⁵

Supply and Demand



Source: CoStar. Data as of December 2025.

Housing Starts by Province (Historical & Forecast)



Source: Oxford Economics. Data as of January 2026.

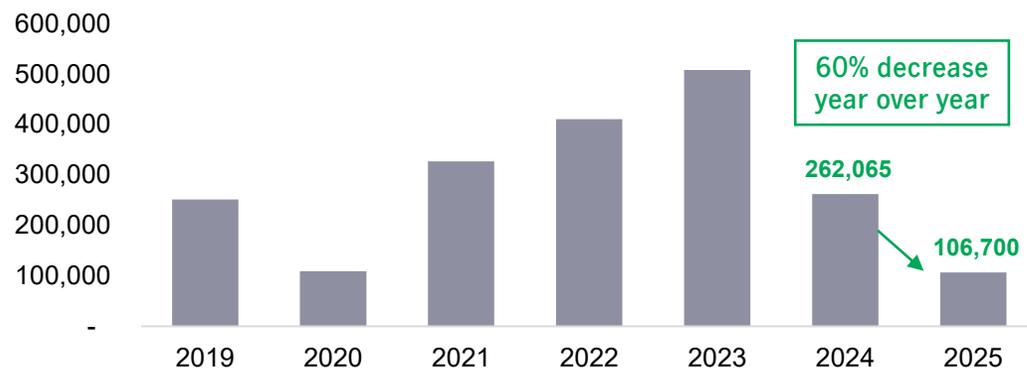
1 "Doubling pace of construction over next decade would restore housing affordability to 2019 levels." CMHC. June 2025. 2 "Canada Multifamily Market Dynamics." JLL. Data as of 3Q25. 3 CoStar. Data as of 4Q25. 4 "How Will Mortgage Payments Change at Renewal? An Updated Analysis." Bank of Canada. July 2025. 5 "Build Canada Homes forecast to build 26,000 units: PBO." Office of the Parliamentary Budget Officer. December 2025.

Student Housing

Responding to the graduate & domestic demographic pivot.

- **The international student cap represents a structural re-baselining rather than a cyclical shock**, shifting the sector’s focus from international enrollment growth to occupancy resilience as demand increasingly favors purpose-built student housing (PBSA) over secondary condo rentals.¹
 - Exemptions for graduate students triggering a “flight to quality” towards research-intensive universities while domestic students have partially offset the pullback in international undergrad demand.²
 - Despite policy caps, sector fundamentals remain attractive due to Canada’s critically low student-housing provision rate of ~15%, well below European benchmarks (25% to 35%). Only 27,000 beds are in the pipeline over the next five years, addressing just 3.5% of the estimated national bed shortfall.³

Student Visa Grants (2019 to 2025)



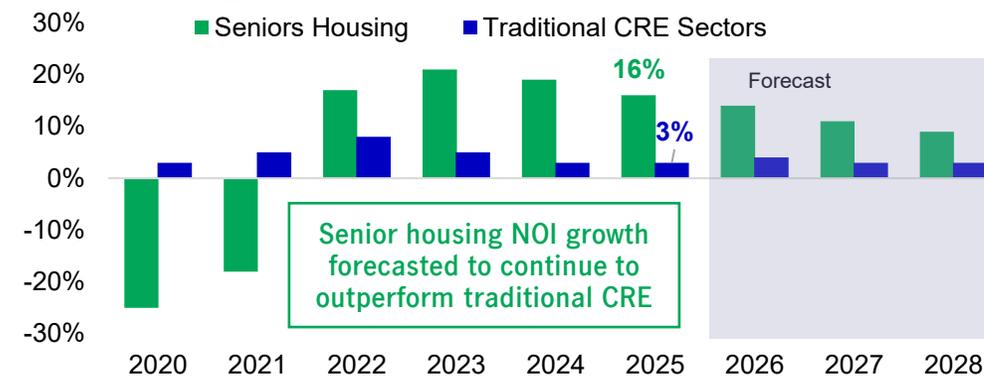
Source: Bonard. Data as of January 2026.

Senior Living/Active Adult

Strategic longevity Amid Growing Institutional Participation.

- **The narrative is shifting to a high-growth asset class** slowly becoming more institutional as capital pursues scale, supported by an aging demographic, yet performance potential is still being evaluated.
 - Consolidation expected to accelerate operational efficiencies, supporting growth while protecting margins against inflation.⁴
 - The 55+ segment is slated to grow at a 1.3% CAGR – exceeding overall population growth – and 80+ at a 6.1% CAGR over the next 20 years, underpinning long-term demand for senior living as essential social infrastructure; and also driving demand for a continuum of care from independent to assisted care.⁵
 - Including the replacement of aging stock, ~200K new units are required over the next 20 years (vs. ~73,000 units built over the past 10 years).⁵

Senior Housing NOI Growth (2020 – 2028F)



Source: Cushman & Wakefield. Data as of September 2025.

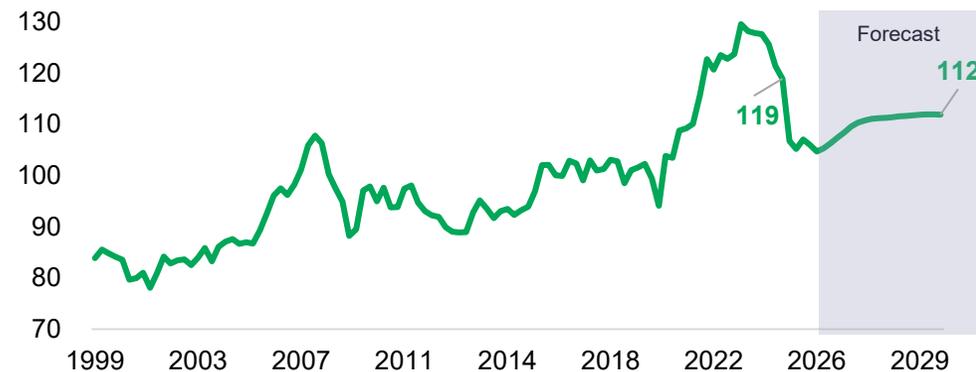
1 “2025 Canadian Student Housing Overview.” Cushman & Wakefield. Data as of 3Q25. 2 “IRCC Exempts Graduate Students From Study Permit Cap.” CIC News. Nov 2025. “Graduate Students Exempt from Study Permit Cap As IRCC drops Provincial Attestation Letter Requirement.” Visa HQ. Q1 2026. 3 “Student Housing Demand Still High in BC despite International Caps, Say Experts.” Bonard. 3Q25. 4 “A Big Year For Senior Housing Investment: 2026 to be even better.” Renx. Jan 2026. 5 “Senior Housing Market Overview Canada.” Cushman & Wakefield. & “2026 Emerging Trends In Real Estate.” PWC. September 2025. (include 40K replacement and 160K net new).

Affordable & Attainable Housing

Convergence of policy incentives and institutional scale.

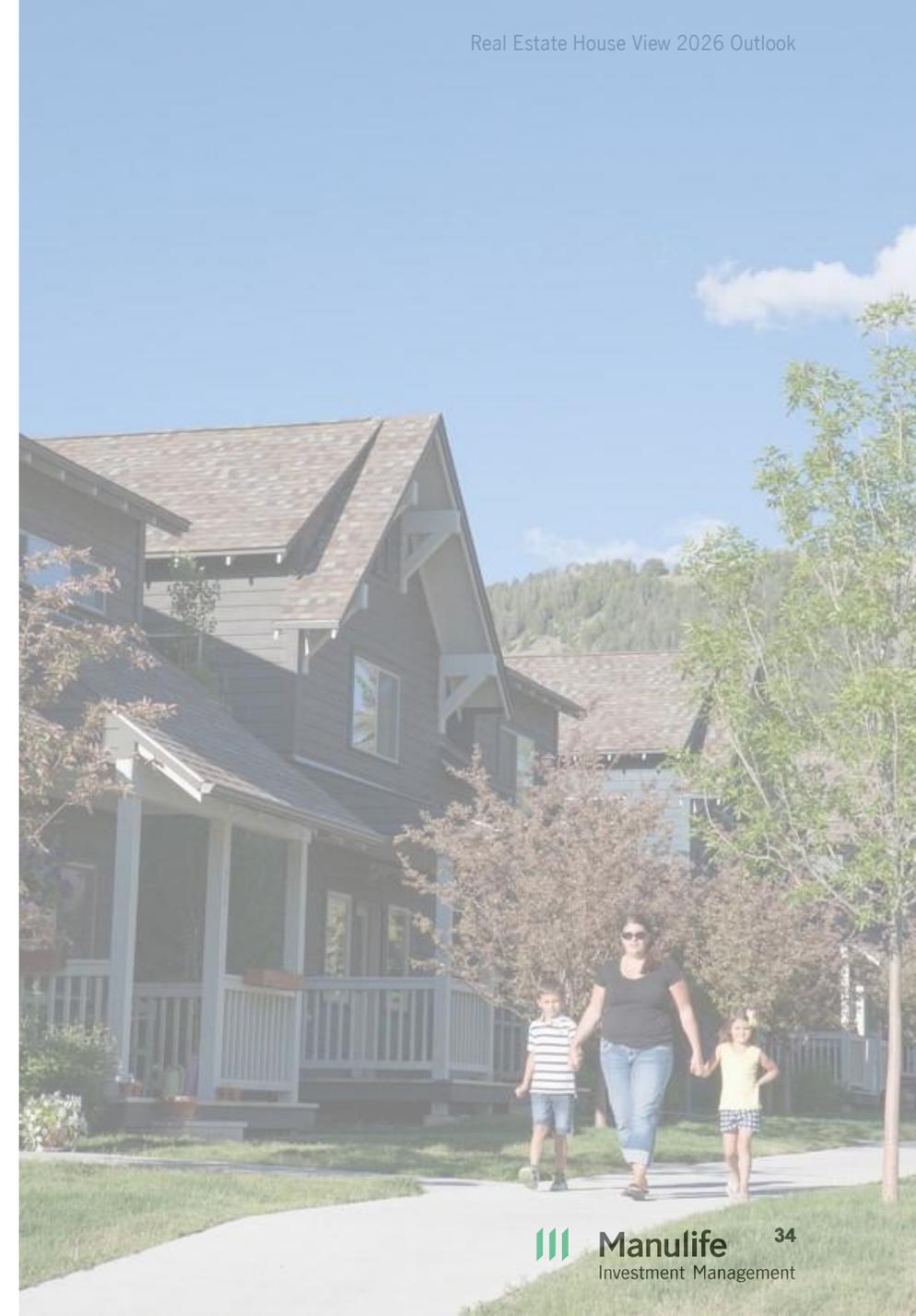
- **Housing affordability improved modestly through 2025**, driven primarily by easing home prices and monetary easing, providing temporary relief; however, affordability remains stretched relative to historical norms, with improvements uneven across regions.¹
 - The Build Canada Homes (BCH) Investment Policy Framework signals a structural evolution in delivery models, shifting from fragmented, subsidy-driven delivery towards platform-scale execution, favoring institutional operators with scalable pipelines and operating capacity.²
 - The prioritization of modular, mass-timber and prefabricated construction to accelerate supply will likely transform delivery from an onsite-built process into a capital and supply-chain intensive manufacturing exercise, reinforcing scale advantage.²

Canada Housing Affordability Index (2000 to 2030F)



Source: Oxford Economics. Data as of December 2025.

¹ "Canada Housing Affordability and Market Trends." Ratehub.ca. December 2025. ² "Investment Policy Framework." Build Canada Homes. November 2025.

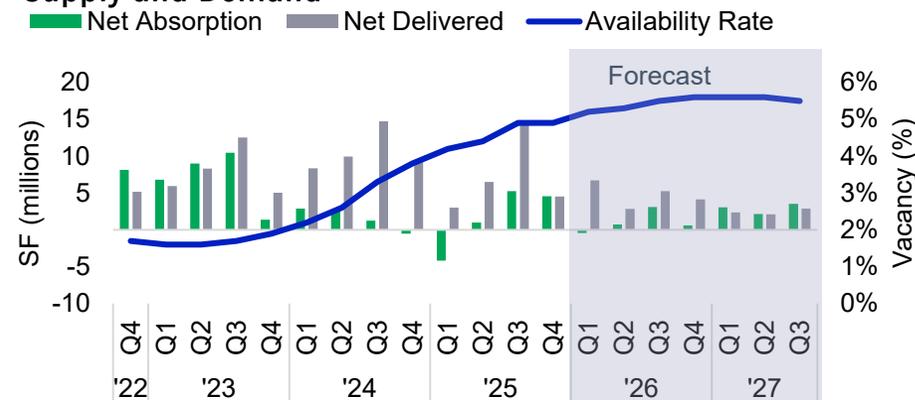


Canada Industrial Fundamentals

Less uncertainty and a moderating pipeline is expected to support sector stabilization through 2026.

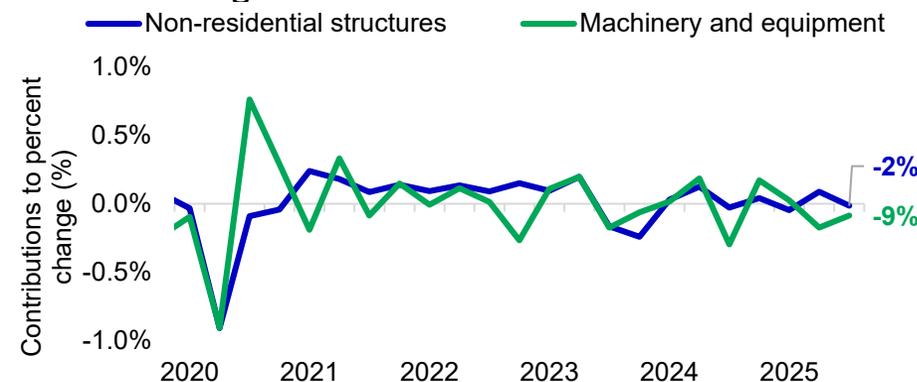
- **Industrial-related economic and real estate indicators are now showing signs of stability - even upside with near-shoring potential**, following tariff-related ramifications on supply chain management, producer and distributor strategy, manufacturing, and space consumption throughout 2025.
 - Manufacturers' inventories remain elevated versus the nearly three-year low in April 2025, while capacity utilization escalated to a 12-month high.¹
 - Total returns are on the rise after considerable weakness in 2024, with an annualized rate of return of 3.71% through the third quarter.²
- **Industrial leasing indicators still reflect a period of adjustment following several years of exceptional performance, and tariffs are re-shaping demand.**
 - Vacancy averaged 4.1% in 2025, trending up with deliveries; though the rate is consistent with normalization following historically tight conditions.
 - Inventory has grown 11% in the last five years, though new development declined from the 3Q23 peak by more than 50.0% in 4Q25.³
- **Industrial investor sentiment regressed during 2025**, with year-to-date investment volume though 3Q declining a third from the same timeframe in 2024; **yet confidence in mature hubs is growing.**⁴
 - USMCA negotiations are upcoming, but the Canadian government aims to implement measures to reignite investment in industrial-related development, overlapping with the criticality of AI-adjacent strategies.
 - Diversifying demand from new segments (e.g., advanced manufacturing and different geographies) will benefit the sector as Canada looks to secure new trade partners and expand net exports beyond the U.S.

Supply and Demand



Source: CBRE. Data as of December 2025.

Manufacturing Contribution to GDP Growth



Source: Statistics Canada. Data as of December 2025.

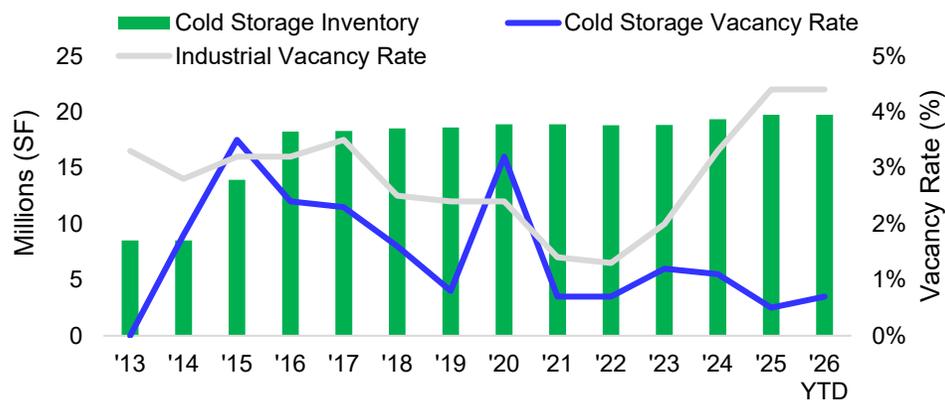
¹ "Monthly Survey of Manufacturing." Statistics Canada. 12.15.25. ² MSCI. Data as of 4Q25. ³ CoStar. Data as of 4Q25. ⁴ "Canada Outlook 2026." Avison Young. December 2025.

Cold Storage

Capacity shortfall to strategic supply-chain infrastructure.

- **Cold storage has evolved into mission-critical infrastructure**, underpinned by rising demand for perishable goods and pharmaceutical products, logistics-network reconfiguration, energy-driven site economics, and structurally constrained modern capacity.¹
- Trade disruption and policy uncertainty have accelerated a “U.S.-plus-one” sourcing strategy, positioning Canada as a strategic northern buffer for the North American food supply. This reduces reliance on just-in-time cross-border logistics and increases domestic cold storage needs to support inventory buffering and resilience.¹
- Investment is tilting toward urban, automated micro-fulfillment nodes for e-grocery, as operators pursue shorter delivery windows and higher throughput; newer facilities integrate goods-to-person and advanced temperature controls.²

Cold Storage Inventory & Vacancy Rate (2013 – YTD 2026)



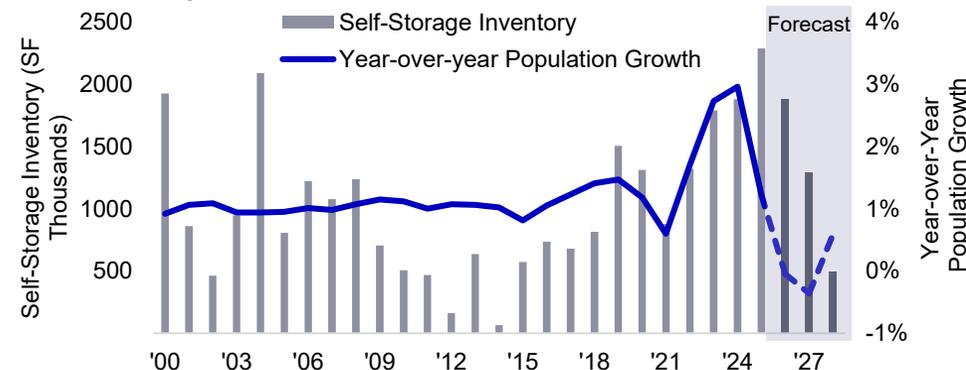
Source: CoStar. Data as of January 2026.

Self Storage

Tactical performance in a densifying housing market.

- **A measured growth outlook is driven by an emphasis on operational efficiency**, technology adoption and strategic consolidations rather than aggressive rent hikes.³
- Housing affordability pressures, elevated mortgage rates, and shrinking urban living spaces have fundamentally embedded self-storage into the urban “Housing Stack”. With national penetration still underserved at 3.2 SF per capita (vs. 7.8 SF per capita in the U.S.), the growth runway remains favorable.⁴
- Accelerated M&A activity and continued institutionalization have elevated technology-first operating models to a baseline requirement. In the current environment with a cooling housing market, slower household formation and population growth, operational sophistication will be the primary driver of sustainable growth.²

New Supply vs. Population Growth



Source: Costar, Manulife IM Real Estate Research & Strategy and Oxford Economics. Data as of January 2026.

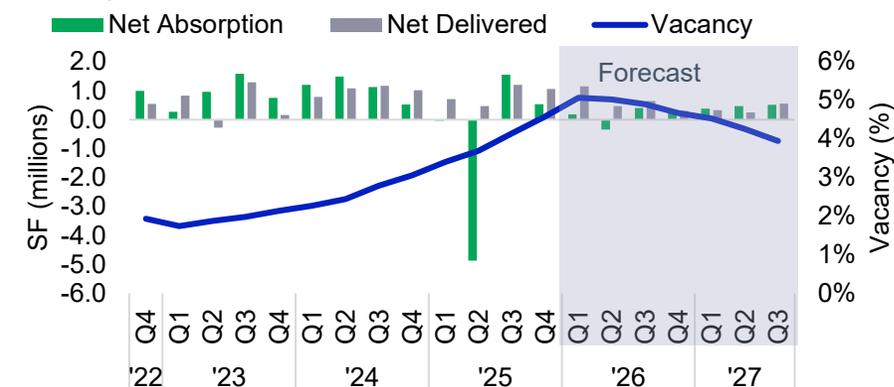
1 “Adapting to Emerging Challenges and Grasping New Market Opportunity.” Global Gold Chain Alliance. November 2025. 2 “Cold Storage Industry Outlook, Transformative Trends shaping 2026.” Cold Summit. September 2025. 3 “How big is the Canadian Self Storage Market.” StorTrack. & “Emerging Trends in Real Estate 2026.” PWC. November 2025. 4 “2026 Canadian Self-Storage Outlook: Eight Industry Leaders Sound Off.” MSM. December 2025.

Canada Retail Fundamentals

2025 performance was resilient; select formats benefitted from a cautious consumer and stable household balance sheets.

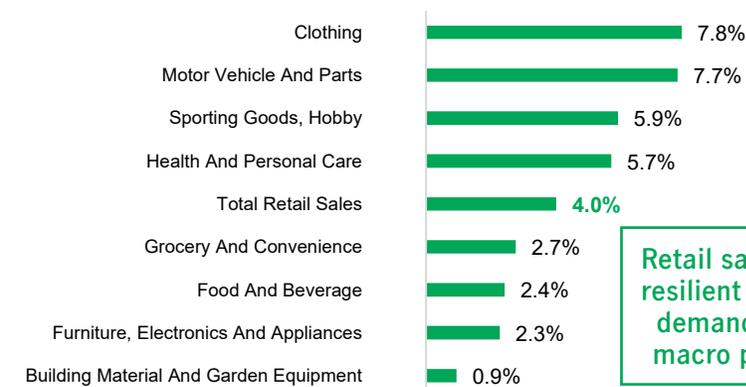
- **Grocery-anchored, value-oriented, and essential formats benefited from cautious consumer behavior amidst economic uncertainty.**
 - Retailers likewise experienced increased pressure on margins, grappling with pass-through to the consumer, and forcing consolidation strategies.
- **Leasing market indicators echo strong underlying fundamentals, but the second half of the year displayed vulnerability tied to the uncertainty that plagued occupiers and consumers throughout 2025 and retail closures.**
 - By third quarter vacancy remained tight at 2.5% – the lowest among CRE sectors – but slightly elevated relative to the 10-year 2.3% average.¹
 - Factoring into this slight rise in vacancy was cumulative rolling 12-month negative net absorption totaling 2.8 MSF – a reversal from consistently positive rates of absorption over the last 10 years.¹
- **Retail was a leader in CRE income returns, underscoring investor sentiment, with office overtaking by a small margin; even so, comparable retail income returns offer more stability, especially given limited supply.²**
 - Year-to-date transaction volume totaled nearly \$6.0B, showing improvement year-over-year. CBRE data also revealed a pick-up in quarterly volume from the second to third quarter by almost 24.0%.^{2,3}
 - Investors continue to prioritize grocery-anchored centres; centres with necessity essential in-line tenants; and mass value-oriented chains, reflected in food and beverage contributing to a jump in core retail sales.⁴
- **As inflation risk recedes and the labour market appears to be steadying, retail should be a beneficiary and able to maintain its trajectory, assuming its role as a source of selective stability.**

Supply and Demand



Source: CoStar. Data as of December 2025.

Retail Sales Growth (% Year-over-Year)



Retail sales reflect resilient consumer demand despite macro pressures

Source: Statistics Canada. Data as of December 2025.

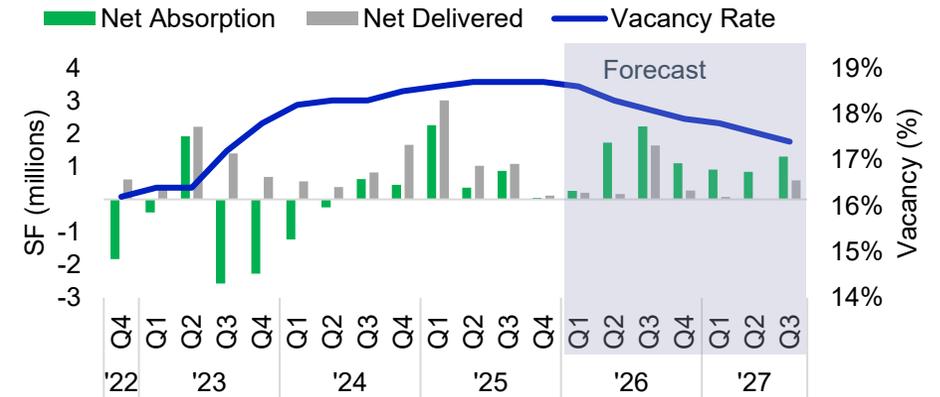
¹ CoStar. Data as of 4Q25. ² MSCI. Data as of 4Q25. ³ "3Q25 Canada Investment Overview." CBRE. December 2025. ⁴ "Retail trade, September 2025." Statistics Canada. 11.21.25.

Canada Office Fundamentals

Elevated in office mandates and economic improvement underpin cautious occupier and capital market engagement.

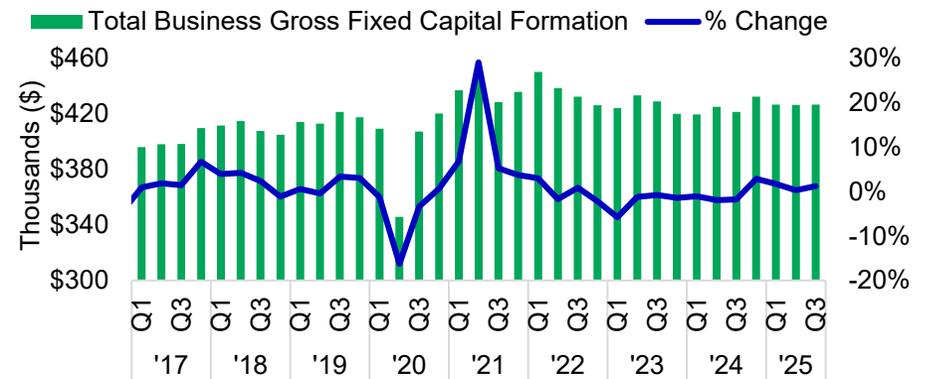
- Though return-to-office is selectively picking up, with support by the Federal and regional governments, **organizations are carefully balancing spending against over-leasing risk should the economy take an unexpected turn.**
 - Sublease availability is diminishing, either due to leases coming to term and going direct or occupiers re-occupying with reinforced return-to-office (“RTO”) mandates.
- **Businesses are increasingly optimistic but at a measured pace,** and despite a more constrained labour force, businesses are reporting relatively few capacity constraints and shortages.¹
 - Net absorption has improved from early-cycle lows and turned positive in select quarters, although momentum remains uneven and insufficient to materially reduce vacancy.
 - Direct vacancy is down, but the 18.5% overall rate is materially above the 10-year average of 14.0%, despite limited new supply.²
- **The decline in new construction and falling sublet share suggest slow stabilization;** leasing and sales activity is focused on the major markets, reflecting a concentration of higher-quality buildings.
 - Transaction activity fell by 5.0% year-to-date, potentially reflecting dwindling supply of investable stock; lack of new high-quality supply, and investors holding on to performing assets limit buying opportunities.³
 - Conversions also removed 1.0 MSF from inventory in 4Q alone, and in total, conversions reduced inventory overall by 2.2% in 2025.⁴
 - Following three consecutive quarters of positive quarterly returns, annualized office returns through 3Q finally edged into the positive.³

Supply and Demand



Source: CBRE. Data as of December 2025.

Business Growth: Fixed Capital Formation



Source: Statistics Canada. Data as of December 2025.

¹ “Business Outlook Survey -3Q 2025.” Bank of Canada. 10.20.25. ² CoStar. Data as of 4Q25. ³ MSCI. Data as of 4Q25. ⁴ “Office Insights Report - Canada Office Figures.” CBRE. Q4 2025.

Sustainability Integration



Sustainability Integration in our House View: Market, Asset & Opportunity

- Our existing Real Estate Sustainability Framework integrates Manulife Investment Management’s Sustainability mandates and programs into our Real Estate Business.
- The Manulife IM RE House View considers this framework through the lens of initial opportunity filtering and selection as described below in “Investment Selection & Screening: Initial screening.”



- Market Selection considers sustainability in identifying key target markets & submarkets
- Asset Selection integrates sustainability into our key considerations in evaluating assets for potential acquisition, varying by property type
- Opportunity Filtering considers sustainability in the prioritization of acquisition opportunities by our Acquisition Team

Key considerations as part of initial screening:

- Physical and Transition Climate Risk – From physical damage to a property to increased cost to decarbonize, both physical and transition risks threaten real estate asset cash flows and the future value of properties.
- Social Impact – Beyond serving as a risk mitigation tool, a ‘social impact lens’ can also open inclusive economic opportunities
- Regulatory environment – Governments are increasingly legislating sustainability requirements for real estate owners and managers focused on building energy use and/ or emissions reductions with can result in could lead to increasing operating and/ or compliance costs.

Sustainability Considerations to Advance Opportunity Filtering

The below list of various considerations is not exhaustive and meant to work in tandem with the existing sustainability initial analysis checklist for initial filtering of potential acquisitions in support of prioritization for single-asset opportunities

	Climate and Nature	Social and People
Market Level	<ul style="list-style-type: none"> • Physical and transition climate risk • Local regulation and sustainability mandates • State/Local incentives, tax breaks • Biodiverse and sensitive lands 	<ul style="list-style-type: none"> • Health and safety regulation • Local human rights risks • High levels of accessibility, walkability, transit • Diversified employment base
Asset Level	<ul style="list-style-type: none"> • LEED/BOMA BEST Certification • Low/net-zero carbon and energy ratings • Renewable energy sources used (or potential for) • Alternative transportation options and EV charging • Data availability • Biodiversity/Nature promoted • Materials and resources 	<ul style="list-style-type: none"> • Community engagement program • Ethical supply chain/sourcing • Diversity in partner organizations • Potential for SEAM certification • Wellness amenities and accessibility features • Responsible contracting • Indoor air quality

Notes & Disclosures



General investment risks related to the ownership of real property include, among others, declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, decreases in property revenues (including financial failure of tenants), increases in prevailing interest rates, property taxes and operating expenses, decreases in property revenue, changes in zoning laws and costs resulting from the cleanup of environmental problems. The value of real estate is typically dependent upon the ability or the potential for the applicable property to produce cash flow.

The basic risks of lending and direct ownership of commercial real estate mortgages include but are not limited to borrower default on the loan and declines in the value of the real estate collateral. Defaults can be complicated by borrower bankruptcy and other litigation including the costs and expenses associated with foreclosure which can decrease an investor's return.

Investments in debt instruments, whether senior or subordinated debt, public or private, secured or unsecured, or investment-grade or below investment-grade, include liquidity risk, interest rate/market value risk, credit risk/market risk, prepayment risk, ratings risk, exchange rate risk, and risk of bankruptcy. Investing in leveraged senior loans also involves additional risk that the collateral securing a loan decreases in value, is difficult to sell in a timely manner, is difficult to appraise and fluctuations in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Investments in subordinated debt/loans involve additional risks and can be highly speculative, involving a high degree of risk of credit loss.

ESG Integration and Engagement

Any sustainability related case studies shown here are for illustrative purposes only, do not represent all of the investments made, sold, or recommended for client accounts, and should not be considered an indication of the ESG integration, performance, or characteristics of any current or future Manulife Investment Management product or investment strategy.

Manulife Investment Management conducts sustainability related engagements with issuers but does not engage on all issues, or with all issuers, in our portfolios. We also frequently conduct collaborative engagements in which we do not set the terms of engagement but lend our support in order to achieve a desired outcome. Where we own and operate physical assets, we seek to weave material sustainability considerations into our operational strategies and execution. The relevant case studies shown are illustrative of different types of engagements across our in-house investment teams, asset classes and geographies in which we operate. While we conduct outcome-based engagements to enhance long term-financial value for our clients, we recognize that our engagements may not necessarily result in outcomes which are significant or quantifiable. In addition, we acknowledge that any observed outcomes may be attributable to factors and influences independent of our engagement activities.

We consider that the integration of material sustainability risks in the decision-making process is an important element in determining long-term performance outcomes and is an effective risk mitigation technique. Our approach to sustainability provides a flexible framework that supports implementation across different asset classes and investment teams. While we believe that sustainable investing will lead to better long-term investment outcomes, there is no guarantee that the consideration of sustainability factors will ensure better returns in the longer term. For some strategies the use of an exclusionary framework, positive screening and/or thematic investment approach may limit the range of investable assets, causing the strategy to forego an investment opportunity which we otherwise believe likely to outperform over time. Please see our sustainability policies for details.

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

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As part of Manulife Financial Corporation, Manulife Wealth & Asset Management's mission is to make decisions easier and lives better by helping people invest confidently to pursue a more secure financial future. Our strength comes from the diversity of our global asset management expertise and distribution capabilities. Our global investment teams span equities, fixed income, alternative credit, private markets, and multi-asset solutions. We provide investment, financial advice, and retirement plan services to millions of individuals, institutions, and retirement plan members worldwide. At the heart of our approach are three cultural pillars: Partner for Progress, Trust through Transparency, and Intellectual Curiosity. These values shape how we build long-term relationships, develop differentiated investment strategies, and empower advisors and clients to seek meaningful financial outcomes. Whether through cutting-edge technology, AI innovation, personalized advice, or sustainable stewardship, Manulife Wealth & Asset Management is a trusted partner helping clients navigate complexity and invest with confidence. Not all offerings are available in all jurisdictions. For additional information, please visit manulifeim.com.

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