2025 NORTH AMERICAN HOUSE VIEW

SNAPSHOT

Updated August 2025

In today's economic environment, distinguishing the signal from the noise has rarely been more important. Markets remain volatile, shaped by geopolitical tensions and shifting monetary and trade policy. While these factors have introduced near-term uncertainty, we believe much of the disruption is temporary. As clarity returns and we move beyond this period of policy-driven volatility, the underlying fundamentals point to compelling opportunities for commercial real estate investment, particularly in the U.S. Structural tailwinds, including demographic growth, supply constraints, and the reconfiguration of global supply chains, are laying the groundwork for strong performance in the years ahead.

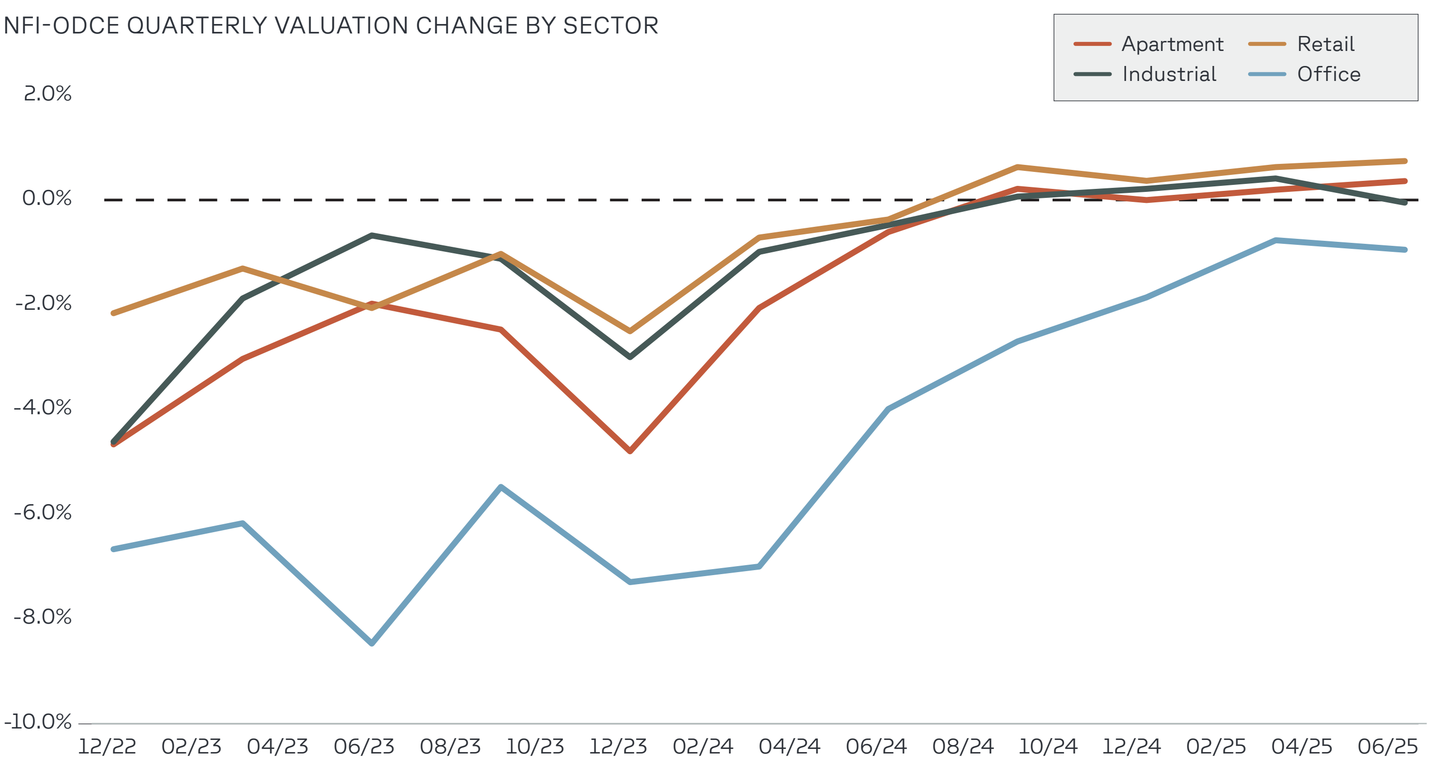
ECONOMIC CONDITIONS

- Economic indicators have largely remained positive, with inflation measures remaining low thus far, and the employment market demonstrating resilience.
- Policy uncertainty, particularly surrounding trade, led to a pause in decision-making in the first half. Continued policy risk and rising consumer stress pose potential threats to the outlook.
- The 10-year Treasury yield has been volatile amidst policy and economic uncertainty.

CRE MARKET CONDITIONS

- Shifting monetary policy and improving sentiment appeared to signal the emergence of a new liquidity cycle in late-2024, but policy shifts have temporarily stalled the momentum.
- Valuations in the U.S. have stabilized, with convergence between the private and public markets.
- Improving transaction volumes should provide further clarity on valuations.

NFI-ODCE QUARTERLY VALUATION CHANGE BY SECTOR



Source: NFI-ODCE

COMMERCIAL REAL ESTATE OPPORTUNITIES AND STRATEGIES

1. Our conviction around the **intersection of real estate and technology** has grown even stronger.

2. Reduced supply in **logistics** and **housing** driven by lower development activity, with demand drivers remaining strong across most sectors, led by historic absorption for **data centers**.

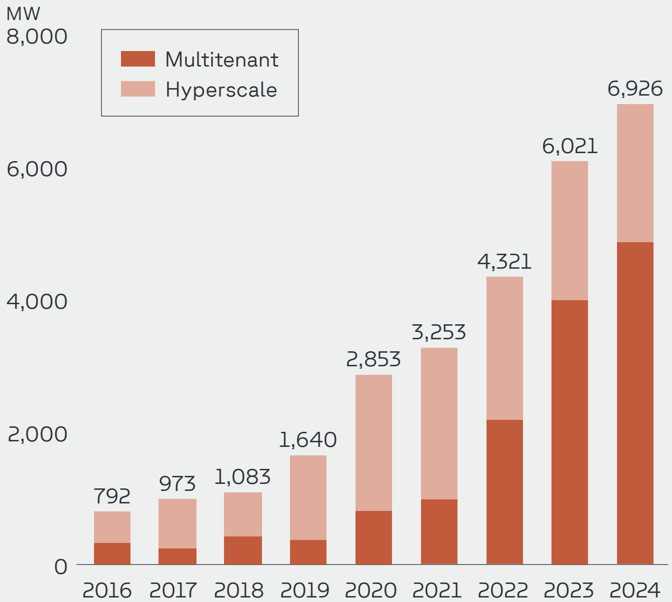
3. Regulatory measures, compounded by recent economic volatility and policy uncertainty, have significantly constrained traditional sources of CRE debt capital. This is presenting a **strategic opportunity for debt funds** to leverage market dynamics and address capital shortfalls.

DATA CENTERS & DIGITAL INFRASTRUCTURE

Data centers have become the backbone of the digital economy, powering everything from online transactions to AI computations.

- Explosive Demand Growth: Data center absorption was over 6,900 MW in 2024, a 70% increase in the total size of the U.S. market the past two years, driven by cloud computing and generative AI adoption, as our **RESEARCH** demonstrates.
- Tech Investment Surge: Hyperscaler capital expenditures reached $261 billion in 2024, a 51% YoY increase, as companies expand digital infrastructure for AI-driven growth.
- Critical Supply Constraints: Power grid limitations, supply chain disruptions, and site shortages are driving rents higher, with vacancy rates at just 1.7% nationally.
- Strategic Development Advantage: Affinius Capital's vertically integrated platform enables tailored solutions for tenants, fostering partnerships with industry leaders and creating significant investor opportunities.

U.S. DATA CENTER ABSORPTION



Source: datacenterHawk, Affinius Capital Research

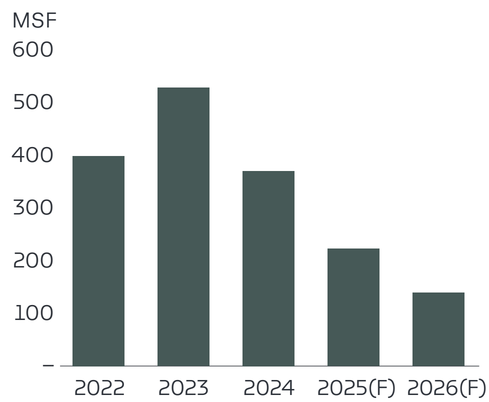
Largely resulting from the unprecedented energy demand from the digital economy, the power infrastructure grid is facing a significant supply/demand imbalance. The amount of infrastructure investment required to meet this expected demand creates opportunities for multiple and unique applications, and with nearly all new supply pre-leased and long term, creditworthy tenants in place, the sector offers a compelling risk-return profile, and is uniquely positioned to absorb growing investor allocations, according to our **RESEARCH**.

U.S. LOGISTICS

Trade policy volatility slowed lease executions in 1H 2025. However, activity and interest remain strong. E-commerce continues to reshape the logistics sector, with major players like Amazon back on the offensive after a brief pause. Simultaneously, onshoring and supply chain reconfiguration are driving demand for strategically located industrial space. With supply projected to decline sharply in the coming years, stable rents, low vacancies, and improving market dynamics suggest industrial values are bottoming, setting the stage for growth.

- E-commerce growth, led by a doubling of digital sales since 2019, continues to drive demand for logistics and last-mile delivery infrastructure.
- Onshoring and nearshoring trends are accelerating in a fracturing global economy, and will boost demand for industrial space in North America, particularly in the U.S. and Mexico. View **RESEARCH**.
- Supply constraints are intensifying, with U.S. industrial deliveries set to drop over 70% from 2023 to 2026, creating favorable conditions for rent growth, particularly for modern logistics facilities in the near-term, according to our **RESEARCH**.
- Industrial vacancy rates remain below historical averages, and assets with long-term leases are positioned for a rebound as market dynamics recalibrate.

U.S. INDUSTRIAL NET COMPLETIONS



Source: CoStar, as of Q1 2025

EUROPEAN LOGISTICS

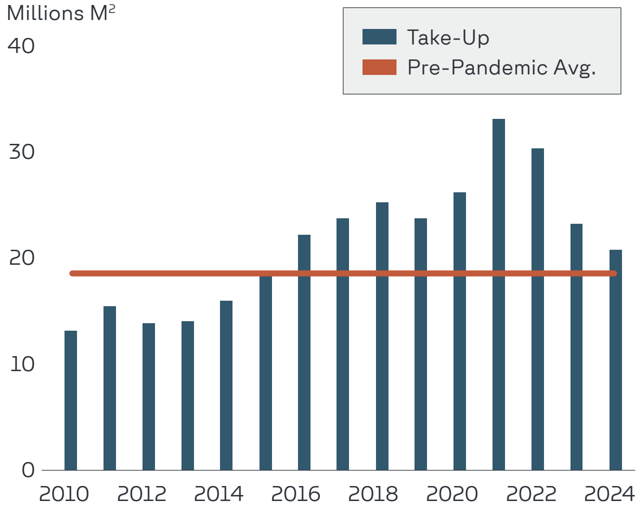
We expect three key secular themes to underpin demand for modern logistics space: **i) Continuation of e-commerce tailwinds and further adoption ii) Reconfiguration of supply chains and on/near/reshoring iii) Need for operational efficiency and sustainability.** As referenced in our recent **RESEARCH PAPER**, these themes hold potential for driving demand for modern quality logistics stock which we believe strongly favors a development-led strategy.

60% of **logistics occupiers** are planning to **expand** their European logistics footprint over the next three years.

Source: CBRE, Power of Three European Summit, May 2024

- Leasing activity has moderated since the pandemic peak but remains above the previous decade's average.
- We anticipate vacancy rates will remain low given the combination of strong demand and constraints on development.
- Persisting supply-demand imbalances have contributed to strong rental growth, and we believe market rents will continue to increase, albeit at a moderated pace.

EUROPEAN LOGISTICS TAKE-UP



Source: CBRE, September 2024

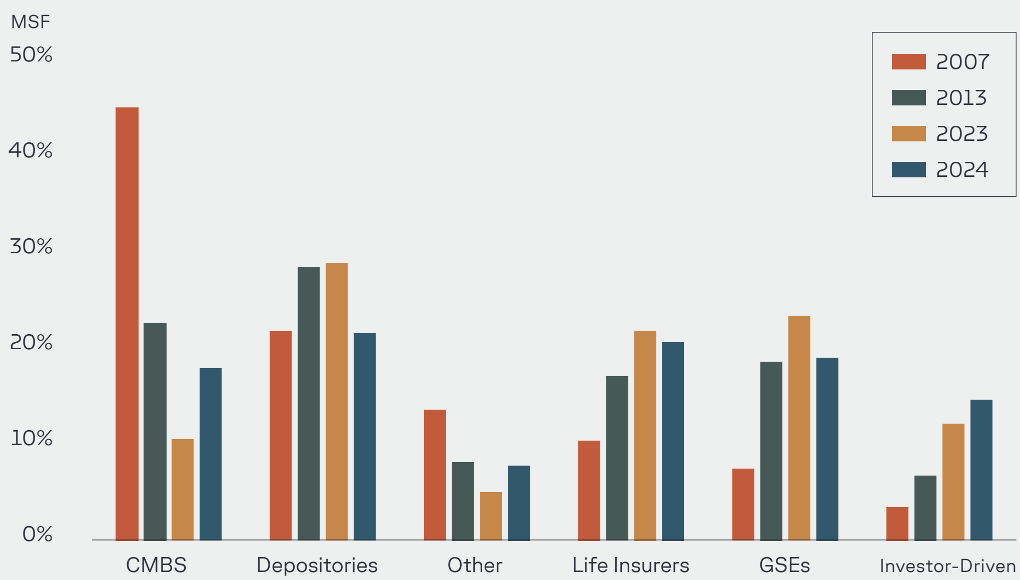
REAL ESTATE LENDING

The CRE market is undergoing a significant transformation as regulatory changes have led to traditional lenders pulling back. Our **RESEARCH** shows that this retrenchment, which began after the GFC and has accelerated recently, has allowed debt funds, life insurers, and GSEs to gain substantial market share. Banks increasingly lend to private debt funds rather than directly to borrowers due to regulatory capital efficiency, specialized asset management expertise of private lenders, and reduced regulatory scrutiny.

Our **RESEARCH** demonstrates that this shift has positioned private credit as a compelling asset class. With strategies ranging from construction lending to gap capital strategies, this asset class is poised to capitalize on shifting capital stacks.

- Core first mortgage lending opportunities are emerging as higher rates and reduced competition lead to lower-leverage loans with strong relative value.
- Gap capital strategies are filling the void left by senior lenders, offering equity-like returns with subordination benefits.
- The steep decline in bank construction lending has created an opening for private credit to step into favorable terms, particularly for projects delivering in a lower-supply environment.

U.S. SHARE OF LOAN ORIGINATIONS BY LENDER TYPE



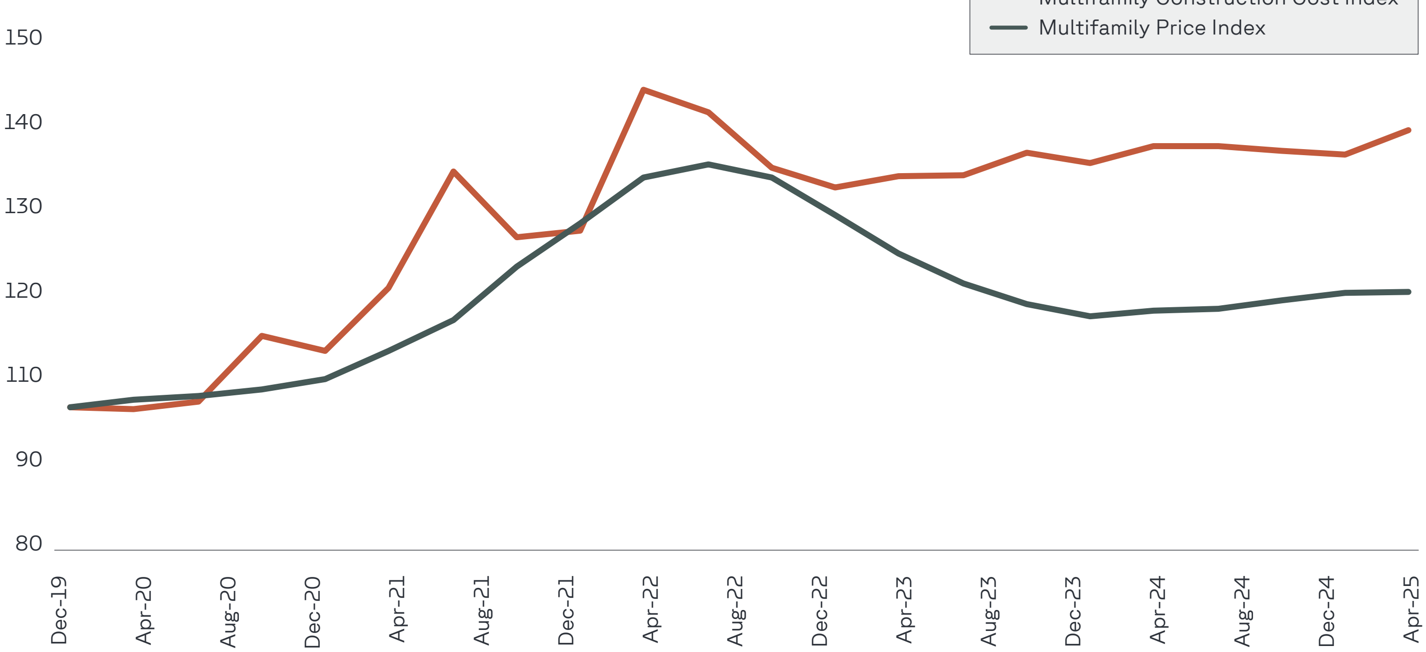
Source: MBA Loan Origination Survey

HOUSING

The U.S. continues to face a housing shortage, particularly for mid-to-low income households. The rental market is currently experiencing strong demand driven by demographic and economic trends, with household formation projected to remain elevated the next several years. Additionally, the affordability gap between renting and homeownership, now at its widest point since the 1970s, has pushed many — especially younger Americans — toward renting. As a result, rental households made up 75% of new household formation in 2024, with multifamily net absorption nearing record highs and turnover rates at historic lows.

Despite a temporary surge in supply in Sunbelt markets, long-term housing fundamentals remain robust due to a national housing shortage, rising construction costs, and slowing multifamily development, which is projected to drop 60% over the next two years. Multifamily assets are well-positioned to benefit from these dynamics, offering acquisition opportunities below replacement cost and serving as a strong inflation hedge. Rent growth is projected to accelerate, and the onset of a new development cycle is anticipated by late 2026. For investors, these factors create a compelling case for targeting multifamily investments in an evolving market environment.

EXHIBIT 8: MULTIFAMILY PRICE INDEX & CONSTRUCTION COST INDEX



Source: RCA, FRED St. Louis, Affinius Capital Research

FOUNDATIONAL STRATEGIES

- Thoughtfully managed open-end funds are well-positioned to capitalize on market recovery trends, supported by historical outperformance of core and core-plus strategies following valuation down cycles.
- Open-end funds offer a mix of dependable income, capital preservation, diversification, and attractive risk-adjusted returns, with the inclusion of non-stabilized assets enhancing performance by 430 bps annually since 2013.
- The 2024 valuation trough across most sectors presents an opportunity for capital deployment, with open-end funds benefiting from improved investor sentiment, fresh capital inflows, and increased rescission activity.

ODCE PROPERTY-LEVEL TOTAL RETURNS: STABILIZED VS. NON-STABILIZED

ALLOCATION (CORE / NON-CORE)		TOTAL RETURN	TOTAL VOLATILITY	SHARPE RATIO
100		6.53%	4.20%	1.23
95	5	6.81%	4.26%	1.28
90	10	6.98%	4.30%	1.31
85	15	7.20%	4.35%	1.34
80	20	7.42%	4.41%	1.38
75	25	7.64%	4.46%	1.41

Source: NCREIF, Affinius Capital Research. Analysis from Q1 2013 – Q3 2024

We at Affinius Capital, based on our 44-year history, believe compelling opportunities exist across the real estate landscape. While today's market is clouded by policy uncertainty and macroeconomic noise, underlying fundamentals remain strong. As clarity returns, we expect pent-up transaction demand to resurface, creating attractive entry points. In this environment, flexible, solution-oriented capital is well positioned to take advantage of market dynamics.

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