

# CenterSquare Opportunity in Dislocation

The Summary REIT  
Cap Rate Perspective

Q1 | 2026

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**CenterSquare**

**CenterSquare's REIT Cap Rate Perspective seeks to quantify the valuation gap between public and private markets, offering investors insights into the possible future direction of real estate values through our proprietary REIT Implied Cap Rate results across sectors.**

# Opportunity in Dislocation

Take-private and M&A activity in the listed REIT market is beginning to accelerate, reinforcing a core theme we outlined in our 2026 REIT outlook: public-private valuation gaps are creating compelling opportunities for institutional capital. With interest rates remaining relatively range-bound, a more constructive backdrop is emerging for real estate capital deployment, and listed REITs, many of which continue to trade at meaningful discounts to underlying net asset values (NAV), are increasingly in focus as efficient entry points for private buyers.

Recent transactions underscore this dynamic. The take-private of Veris Residential, the first multifamily REIT privatization of the year, highlights the valuation arbitrage that persists between public and private markets. The \$19/share all-cash offer implied a low- to mid-5% cap rate for a high-quality coastal portfolio, a sharp contrast to the ~6.2% implied cap rate where the stock traded on an unaffected basis. This spread illustrates the extent to which public market sentiment has diverged from the underlying real estate valuations, particularly in sectors like multifamily where institutional demand remains robust. As a result, these dislocations provide an attractive opportunity for capital deployment at scale in the property type, trading at 20-25% discounts to private market valuations.

Sector	REIT Implied Cap Rate	3 Mo. Change (bps)	12 Mo. Change (bps)	5 Yr Avg Implied Cap Rate	Private Market Cap Rate	REIT vs. Private Market Valuation Gap
Gateway	6.5%	46	126	5.2%	5.1%	(21.3%)
West Coast	6.0%	34	113	5.1%	5.1%	(15.3%)
Sunbelt	6.8%	58	124	5.6%	5.3%	(22.2%)
<b>All Apartment</b>	<b>6.5%</b>	<b>43</b>	<b>120</b>	<b>5.3%</b>	<b>5.2%</b>	<b>(20.4%)</b>

The retail sector provides another clear example of capital rotating into areas where public valuations have lagged improving fundamentals. Transactions involving Whitestone REIT in the U.S. and First Capital REIT in Canada signal renewed conviction in shopping centers after years of capital avoidance driven by outdated e-commerce concerns. In reality, the sector is benefiting from a powerful combination of limited new supply and strong tenant demand, as retailers embrace omnichannel strategies that rely on physical footprints. Despite some of the strongest operating fundamentals in commercial real estate, shopping center REITs continue to trade at discounts to NAV, making existing platforms with scaled, high-quality portfolios particularly attractive acquisition targets.

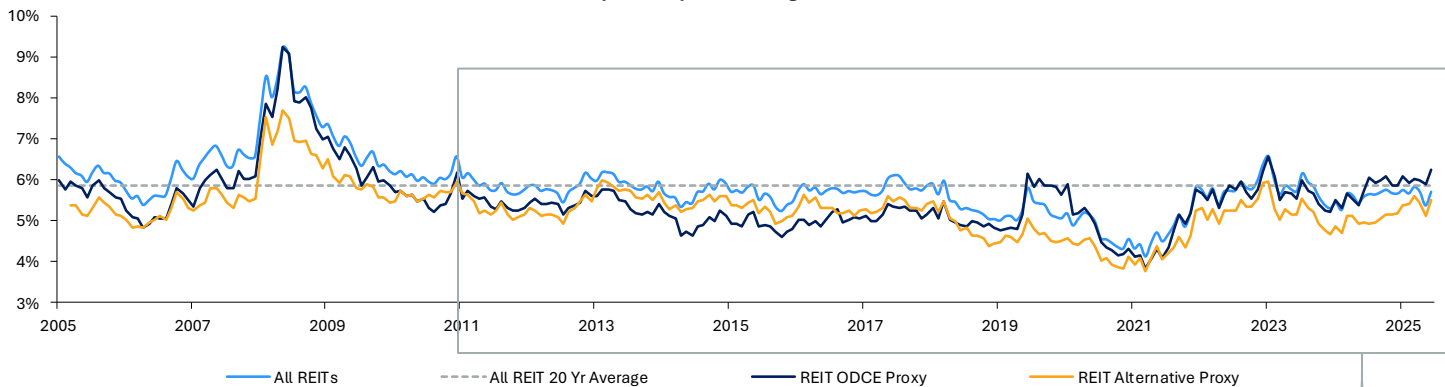
Taken together, these trends validate our broader thesis: improving capital flows and persistent public-private valuation gaps are setting the stage for a pickup in REIT M&A and take-private activity. As private capital seeks to deploy at scale into sectors with durable fundamentals, listed REITs represent a compelling and efficient channel, particularly where mispricing is driven more by sentiment than by asset-level performance.

Table Source: CenterSquare, as of March 31, 2026.

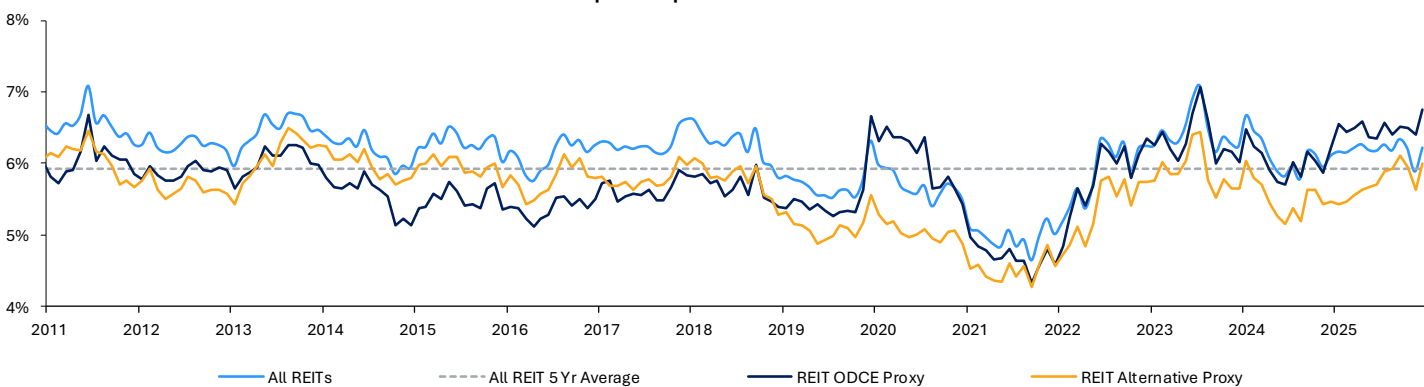


# The Data

REIT Implied Cap Rate - Long Term



REIT Implied Cap Rate - Post GFC



Sector	REIT Implied Cap Rate	3 Mo. Change (bps)	12 Mo. Change (bps)	5 Yr Avg Implied Cap Rate	Private Market Cap Rate	REIT vs. Private Market Valuation Gap
Apartment	6.52%	43	120	5.29%	5.19%	(20.4%)
Industrial	5.26%	(4)	(15)	4.45%	4.98%	(5.3%)
Office	8.91%	57	105	7.38%	7.37%	(17.3%)
Retail	6.38%	(1)	(13)	6.56%	6.31%	(1.2%)
Hotel	7.18%	(16)	(70)	6.86%	5.97%	(16.8%)
<b>REIT ODCE Proxy</b>	<b>6.25%</b>	<b>24</b>	<b>53</b>	<b>5.37%</b>	<b>5.52%</b>	<b>(11.7%)</b>
Life Sci	9.92%	19	239	6.47%	6.75%	(31.9%)
Healthcare	4.18%	(5)	(24)	5.14%	6.61%	58.2%
Single Family Rentals	6.92%	62	162	5.11%	4.74%	(31.4%)
Manufactured Housing / RVs	5.27%	2	29	4.51%	5.05%	(4.1%)
Towers	5.78%	7	110	4.70%	4.67%	(19.1%)
Data Centers	4.68%	(78)	(47)	4.79%	5.48%	17.2%
Self Storage	5.93%	(18)	51	6.25%	5.30%	(10.5%)
<b>REIT Alternative Proxy</b>	<b>5.52%</b>	<b>(9)</b>	<b>56</b>	<b>4.91%</b>	<b>5.64%</b>	<b>2.1%</b>
<b>All REITs</b>	<b>5.72%</b>	<b>(12)</b>	<b>12</b>	<b>6.31%</b>	<b>5.90%</b>	<b>3.1%</b>

Note: The ODCE sector weights have been re-adjusted in alignment with the latest ODCE data, as sector weights continue to shift.

Source: CenterSquare Investment Management, REIT Company reports. "All REITs" refers to CenterSquare's U.S. REIT coverage universe (defined on page 5). Data presented above is based on financials reported by companies within CenterSquare's REIT coverage universe during March 2026. All periods presented are ending March 2026 (i.e. 3 month change represents the change from financials reported in December 2025 to March 2026). REIT Implied Cap Rates are generated by a proprietary calculation that divides a company's reported net operating income ("NOI") adjusted for non-recurring items by the value of its equity and debt, less the value of non-income producing assets. See full disclosures on page 4 for more information on calculation methodologies and stock universe used. See important disclosures at the end of this presentation.



# Glossary

**All REITs:** Refer to CenterSquare’s U.S. REIT coverage universe defined in the CenterSquare REIT Cap Rate Perspective Methodology below.

**Apartment:** REITs that own/manage multifamily residential rental properties.

**Industrial:** REITs that own/manage industrial facilities (i.e. warehouses, distribution centers).

**Office** – REITs that own/manage commercial office properties.

**Retail** – REITs that own/manage retail properties (i.e. malls, shopping centers).

**Hotel** – REITs that own/manage lodging properties.

**Healthcare** – REITs that own properties used by healthcare service tenants (i.e. hospitals, medical office buildings).

**Gateway** – REITs with portfolios primarily in the Boston, Chicago, LA, NYC, SF, and DC markets.

**Non Gateway** – REITs without a presence in the gateway markets.

## Apartment

**Gateway** – REITs with portfolios primarily in gateway markets.

**West Coast** – REITs with portfolios primarily in West Coast markets.

**Sunbelt** – REITs with portfolios primarily in sunbelt markets.

## Industrial

**Global** – REITs with a presence in all markets globally.

**Infill** – REITs with portfolios primarily in infill markets.

**Secondary** – REITs with portfolios primarily in secondary markets.

**FLEX** – REITs with portfolios primarily of assets that give tenants flexibility in the use of the space and typically include an office component.

**Los Angeles** – REITs with portfolios primarily in the LA market.

## Office

**Gateway** – REITs with portfolios primarily in gateway markets.

**Secondary** – REITs with portfolios primarily in secondary markets.

**Geographic** – REITs with portfolios primarily in respective geographic markets.

**Specialty** – REITs with portfolios primarily dominated by respective tenants.

## Retail

**High Productivity Malls (Shopping Centers)** – Mall REITs (Shopping Center REITs) with higher sales/sq ft.

**Low Productivity Malls (Shopping Centers)** – Mall REITs (Shopping Center REITs) with lower sales/sq ft.

**Outlets** – REITs with portfolios of open-air outlet malls.

## CenterSquare REIT Cap Rate Perspective Methodology

CenterSquare REIT Implied Cap Rates are based on a proprietary calculation that divides a company’s reporting net operating income (“NOI”) adjusted for non-recurring items by the value of its equity and debt less the value of non-income producing assets. The figures above are based on Q4 2025 earnings reported in March 2026.

The universe of stocks used to aggregate the data presented is based on CenterSquare’s coverage universe of approximately 200 U.S. listed real estate companies. Sector cap rates are market cap weighted. Sectors and market classifications are defined by the following:

Apartment: REITs that own and manage multifamily residential rental properties; Industrial: REITs that own and manage industrial facilities (i.e. warehouses, distribution centers); Office – REITs that own and manage commercial office properties; Retail – REITs that own and manage retail properties (i.e. malls, shopping centers); Hotel – REITs that own and manage lodging properties; Healthcare – REITs that own properties used by healthcare service tenants (i.e. hospitals, medical office buildings); Gateway – REITs with portfolios primarily in the Boston, Chicago, LA, NYC, SF, and DC markets; Non-Gateway – REITs without a presence in the gateway markets.

## Hotel

**Limited service** – REITs with hotel portfolios that lack dedicated, revenue-producing food and beverage components and offer rooms at a more economic price point.

**Full service** – REITs with hotel portfolios that maximize offerings and amenities to provide guests with an all-in-one experience at a higher price point.

## Healthcare

**Medical Office Buildings** – REITs that own office and lab facilities constructed for the use of physicians and other healthcare professionals.

**Skilled Nursing Facilities** – REITs that own nursing facilities with the staff and equipment required to give skilled nursing care, rehabilitative services, and other related health services.

**Hospitals** – REITs that own institutions for the care and treatment of the acutely sick and injured.

**Diversified** – REITs that own portfolios of hospitals, MOBs, SNFs, and Senior Housing facilities.

## Alternative Housing

**Manufactured Housing / RV** – REITs in the business of operating and developing manufactured housing and recreational vehicle communities.

**Student Housing** – REITs that own and manage collegiate housing communities located near campuses.

**Single Family Rental** – REITs that own and lease single family homes.

## Data Centers and Towers

**Data Centers** – REITs are operators and developers of data center facilities which tenants use as part of their network infrastructure.

**Towers** – REITs are owners and developers of wireless infrastructure assets mainly comprised of rural and urban cellular towers which facilitate mobile data and voice connectivity.

## Net Lease

**Net Lease** – REITs are owners of free-standing retail, office, industrial, and gaming assets leased to operators on a triple net basis.

The REIT ODCE Proxy is a universe of REIT stocks built to resemble the NCREIF Fund Index – Open End Diversified Core Equity (ODCE). The ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 36 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The REIT ODCE Proxy is proprietary to CenterSquare and uses gateway/infill names in apartments, retail, industrial and office, and then weights them according to the ODCE index to create a proxy.

Private Market Cap Rates represent the cap rate achievable in the private market for the property portfolio owned by each company, and are based on estimates produced by CenterSquare’s investment team informed by various market sources including broker estimates.



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### FTSE Nareit All Equity REITs Index “FNER”

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

This benchmark is a broad-based index which is used for illustrative purposes only. The investment activities and performance of an actual portfolio may be considerably more volatile than these indices and may have material differences from the performance of any of this index.

A direct investment in an index is not possible.

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Founded in 1987, CenterSquare Investment Management is an independent, employee-owned real asset manager focused on listed real estate and private real estate investments. As a trusted fiduciary, our success is firmly rooted in aligning our interests with those of our clients, partners and employees. CenterSquare is headquartered in suburban Philadelphia, with offices in New York, Los Angeles, London and Singapore. With approximately \$14 billion in assets under management (December 31, 2025), our firm and subsidiaries are proud to manage investments on behalf of some of the world's most well-known institutional and private investors.

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