



CenterSquare AI Fuels Life Sciences Recovery

The Summary REIT
Cap Rate Perspective

Q2 | 2026

Any statement of opinion constitutes only current opinions of CenterSquare and its employees, which are subject to change and which CenterSquare does not undertake to update.



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.



CenterSquare

AI Fuels Life Sciences Recovery

Artificial intelligence is emerging as a structural tailwind for the life science industry, and in turn, life sciences real estate. The last quarter's data shows just that. Implied cap rates for the sector compressed 134bps quarter-over-quarter to 8.58%, as public markets are pricing in the beginning of a recovery after an extended period of difficult fundamentals for the sector, which is still trading 185bps wide of its 5-year average implied cap rate and 450bps wide of its pre-COVID levels.

AI-native tenants are absorbing space vacated by traditional biotech, and the shift is already visible in the leasing data: “tough tech” users (i.e., AI, robotics, medtech, advanced materials) accounted for 21% of Bay Area lab leases in 2025, up from 15% in 2021; in Boston, the share tripled to 30% during the same period. This tenant base could continue expanding as AI infrastructure and life science R&D increasingly compete for the same specialized space with required power capacity, clear heights, and flexible floor plates.

The more consequential case is AI's effect on the biotech pipeline itself. By compressing drug discovery timelines and cost, AI lowers the capital intensity of bringing a therapy to market, a dynamic drawing venture and pharma investment back into traditional wet-lab space. That shift is already impacting leasing, which has flipped from roughly 60/40 lab/office space to 40/60 lab/office space, as tenants require less wet-lab infrastructure.

Demand across the top four life sciences markets – the Bay Area, Boston, San Diego, and Raleigh-Durham – increased 44% year-over-year, evidence that the recovery is underway and true net effective rent growth is on the horizon. However, it is important to note that not all life sciences real estate is created equal. Secondary markets and older product continue to lag while quality product in core markets is showing declining availability and broadening demand. A recovery appears to be taking shape in a sector that has been struggling under the weight of simultaneous oversupply and wavering demand.

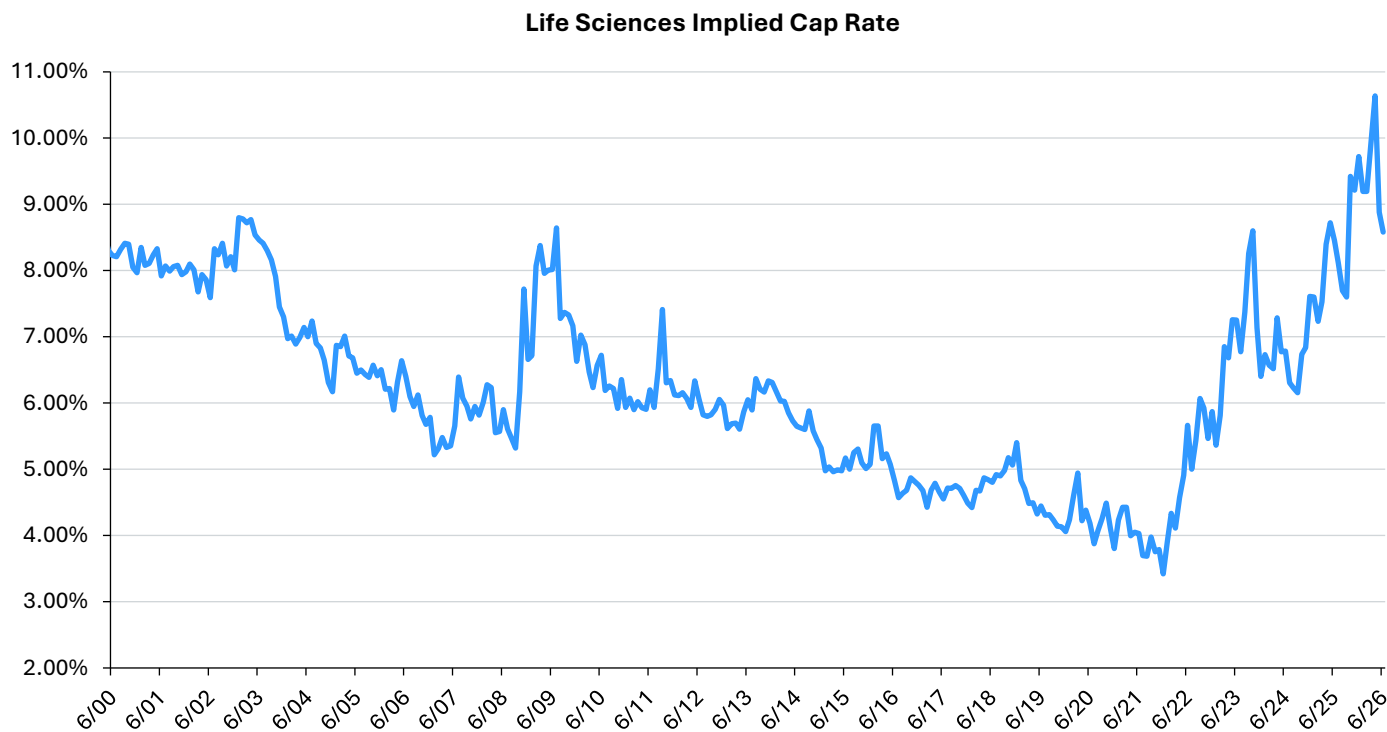
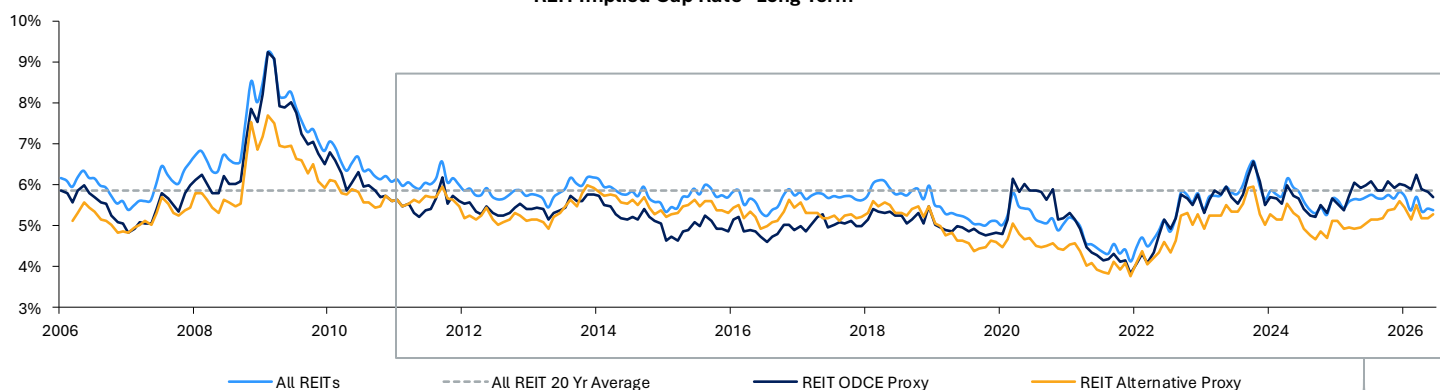


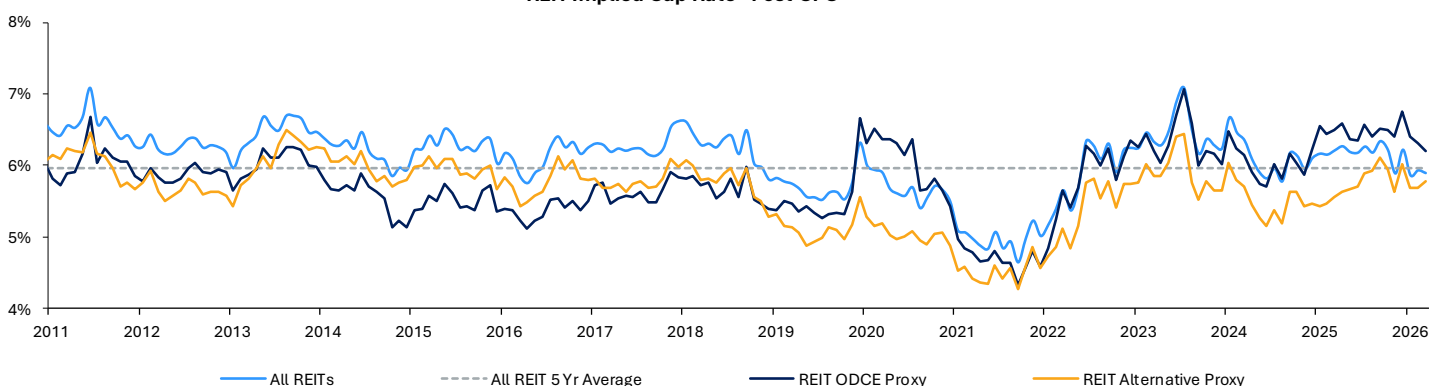
Table Source: CenterSquare, as of June 30, 2026.

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	5.79%	(72)	15	5.39%	5.20%	(10.2%)
Industrial	5.19%	(8)	(68)	4.52%	5.01%	(3.4%)
Office	7.68%	(123)	(23)	7.52%	7.10%	(7.6%)
Retail	5.82%	(56)	(87)	6.58%	6.29%	8.0%
Hotel	6.12%	(106)	(169)	6.86%	5.85%	(4.4%)
REIT ODCE Proxy	5.71%	(54)	(29)	5.44%	5.53%	(3.2%)
Life Sci	8.58%	(134)	12	6.73%	7.00%	(18.4%)
Healthcare	3.90%	(28)	(68)	5.08%	6.61%	69.3%
Single Family Rentals	6.06%	(85)	51	5.22%	4.74%	(21.7%)
Manufactured Housing / RVs	5.23%	(4)	21	4.61%	5.03%	(3.8%)
Towers	5.95%	17	121	4.80%	4.55%	(23.5%)
Data Centers	4.53%	(15)	(51)	4.79%	5.48%	21.0%
Self Storage	5.27%	(65)	(14)	6.31%	5.32%	0.8%
REIT Alternative Proxy	5.28%	(24)	23	4.97%	5.66%	7.3%
All REITs	5.39%	(33)	(32)	5.46%	5.98%	10.9%

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 June 2026. All periods presented are ending June 2026 (i.e. 3 month change represents the change from financials reported in March 2026 to June 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 pages 5 and 6 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 Q1 2026 earnings reported in June 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.



Disclosures

General Disclosures

Any statement of opinion constitutes only the current opinion of CenterSquare and its employees, which are subject to change and which CenterSquare does not undertake to update.

Material in this publication is for general information only and is not intended to provide specific investment advice or recommendations for any purchase or sale of any specific security or commodity. Due to, among other things, the volatile nature of the markets and the investment areas discussed herein, investments may only be suitable for certain investors. Parties should independently investigate any investment area or manager, and should consult with qualified investment, legal, and tax professionals before making any investment. Some information contained herein has been obtained from third party sources and has not been independently verified by CenterSquare Investment Management LLC (“CenterSquare”). CenterSquare makes no representations as to the accuracy or the completeness of any of the information herein. Accordingly, this material is not to be reproduced in whole or in part or used for any other purpose. Investment products (other than deposit products) referenced in this material are not insured by the FDIC (or any other state or federal agency), are not deposits of or guaranteed by CenterSquare, and are subject to investment risk, including the loss of principal amount invested.

For marketing purposes only. Any statements and opinions expressed are as at the date of publication, are subject to change as economic and market conditions dictate, and do not necessarily represent the views of CenterSquare or any of its affiliates. The information has been provided as a general market commentary only and does not constitute legal, tax, accounting, other professional counsel or investment advice, is not predictive of future performance, and should not be construed as an offer to sell or a solicitation to buy any security or make an offer where otherwise unlawful. The information has been provided without taking into account the investment objective, financial situation or needs of any particular person.

Any indication of past performance is not a guide to future performance. The value of investments can fall as well as rise, so investors may get back less than originally invested.

Because the investment strategies concentrate their assets in the real estate industry, an investment is closely linked to the performance of the real estate markets. Investing in the equity securities of real estate companies entails certain risks and uncertainties. These companies experience the risks of investing in real estate directly. Real estate is a cyclical business, highly sensitive to general and local economic developments and characterized by intense competition and periodic overbuilding. Real estate income and values may also be greatly affected by demographic trends, such as population shifts or changing tastes and values. Companies in the real estate industry may be adversely affected by environmental conditions. Government actions, such as tax increases, zoning law changes or environmental regulations, may also have a major impact on real estate. Changing interest rates and credit quality requirements will also affect the cash flow of real estate companies and their ability to meet capital needs.

This communication is not an offer of securities for sale in the United States, Australia, Canada, Japan or any other jurisdiction where to do so would be unlawful. CenterSquare has not registered, and does not intend to register, any portion of the securities referred to herein in any of these jurisdictions and does not intend to conduct a public offering of securities in any of these jurisdictions. This communication is being distributed to, and is directed only at, persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply (such persons being referred to as “relevant persons”). Any person who is not a relevant person should not act or rely on this communication or any of its contents. Any investment activity (including, but not limited to, any invitation, offer or agreement to subscribe, purchase or otherwise acquire securities) to which this communication relates will only be available to, and will only be engaged with, persons who fall within

the target market. This communication is an advertisement and is not a prospectus for the purposes of Directive 2003/71/EC, as amended (such directive, the “Prospectus Directive”) and/or Part IV of the Financial Services and Markets Act 2000.

Any communication of this document by a person who is not an authorized person (as defined in the Financial Services and Markets Act 2000 (“FSMA”)) is directed only at the following persons in the United Kingdom, namely (i) persons falling within any of the categories of “investment professionals” as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”), (ii) persons falling within any of the categories of persons described in Article 49(2) of the Financial Promotion Order, (iii) persons falling within the categories of “certified high net worth individual” described in Article 48(2) of the Financial Promotion Order and “self-certified sophisticated investor” described in Article 50a(1) of the financial promotion order and (iv) any person to whom it may otherwise lawfully be made. Persons of any other description should not review, nor act upon, this document.

For the purposes of Article 19 of the Financial Promotion Order, this document is directed at persons having professional experience in matters relating to investments. Any investment or investment activity to which this document relates is available only to such persons. Persons who do not have professional experience in matters relating to investments (and in respect of whom another exemption is not available) should not rely on this document.

For the purposes of Article 49 of the Financial Promotion Order, this document is directed at persons meeting the respective minimum criteria specified in Article 49(2) of the Financial Promotion Order (for example, partnerships with net assets of not less than £5 million). Any investment or investment activity to which this document relates is available only to such persons. Persons who do not meet such minimum criteria (and in respect of whom another exemption is not available) should not rely on this document.

Please scan or click below to view country-specific disclosures:



Definition of Indices

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.

FTSE Data disclosure: Source: FTSE International Limited (“FTSE”) © FTSE 2026. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE’s express written consent.

About CenterSquare

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 \$15 billion in assets under management (May 31, 2026), our firm and subsidiaries are proud to manage investments on behalf of some of the world's most well-known institutional and private investors.

Contact Information

Steve Carroll

Managing Director, Global
Head of Capital Markets

P | +44 (203) 423-6698
scarroll@centersquare.com

Deborah Considine

Managing Director,
Capital Markets

P | +1 (949) 253-5077
dconsidine@centersquare.com

Scott Maguire, CFA, CAIA

Managing Director, Global Head of
Real Estate Securities Solutions

P | +1 (610) 818-4612
smaguire@centersquare.com

Rachel Gines

Senior Vice President,
Capital Markets

P | +1 (610) 818-4653
rgines@centersquare.com

Nevin Torres

Senior Vice President,
Capital Markets

P | +1 (610) 818-4627
ntorres@centersquare.com

Tanya Chan

Vice President,
Capital Markets

P | +44 (0)7 598 926 179
tchan@centersquare.com

Emma Durham

Analyst,
Capital Markets

P | +1 (610) 818-4680
edurham@centersquare.com

Andrew Craft

Analyst,
Capital Markets

P | +1 (610) 818-4629
acraft@centersquare.com

CenterSquare Investment Management LLC

Eight Tower Bridge
161 Washington Street, 7th Floor
Conshohocken, PA, 19428
P | +1 (610) 834-9500

contactus@centersquare.com
centersquare.com

Follow us on social media:



x.com/CtrSquare



linkedin.com/company/centersquare