

- Year-end valuations continue to support our view that real estate values have bottomed (with the exception of commodity office), setting the stage for an attractive entry point.
- The NFI-ODCE Index posted its second positive quarterly return after seven negative quarters, further indicating market revaluation may be coming to an end.
- Operating fundamentals remain strong and with limited new supply in the pipeline, we expect income growth (NOI) to remain robust and drive current income.
- Asset allocation rebalancing is driving new inflows for the first time in almost two years. Institutional investors have clearly begun to rebalance to private real estate given the revaluation and equity markets at all-time highs.
- A look at forward returns of the NFI-ODCE Index after market bottoms shows that it has historically posted outsized, double-digit returns in the years immediately following periods of revaluation.
- There continues to be a notable uptick in institutional investors re-entering the core space, a group that has historically been early movers looking to capitalize on what they perceive to be an impending recovery.
- The institutional sister-fund to our indexing strategy saw over \$2B net inflows during 4Q,¹ a great data point that suggests these early-movers are actively rebalancing and shifting focus to real estate.
- Lastly, data continues to show an increase in transaction activity which supports recent valuations.

Disclosures

¹Q4 2024 net inflows represented here for a fund managed solely by our sister company IDR Investment Management LLC ("IDR"). The inflows here do not include inflows into any fund managed by Accordant Investments LLC. This is not an offer to sell any product managed by IDR.

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