

MOODY'S

Q2 2026 CRE Quarterly Economic Briefing: Selectivity, Dispersion and Risk

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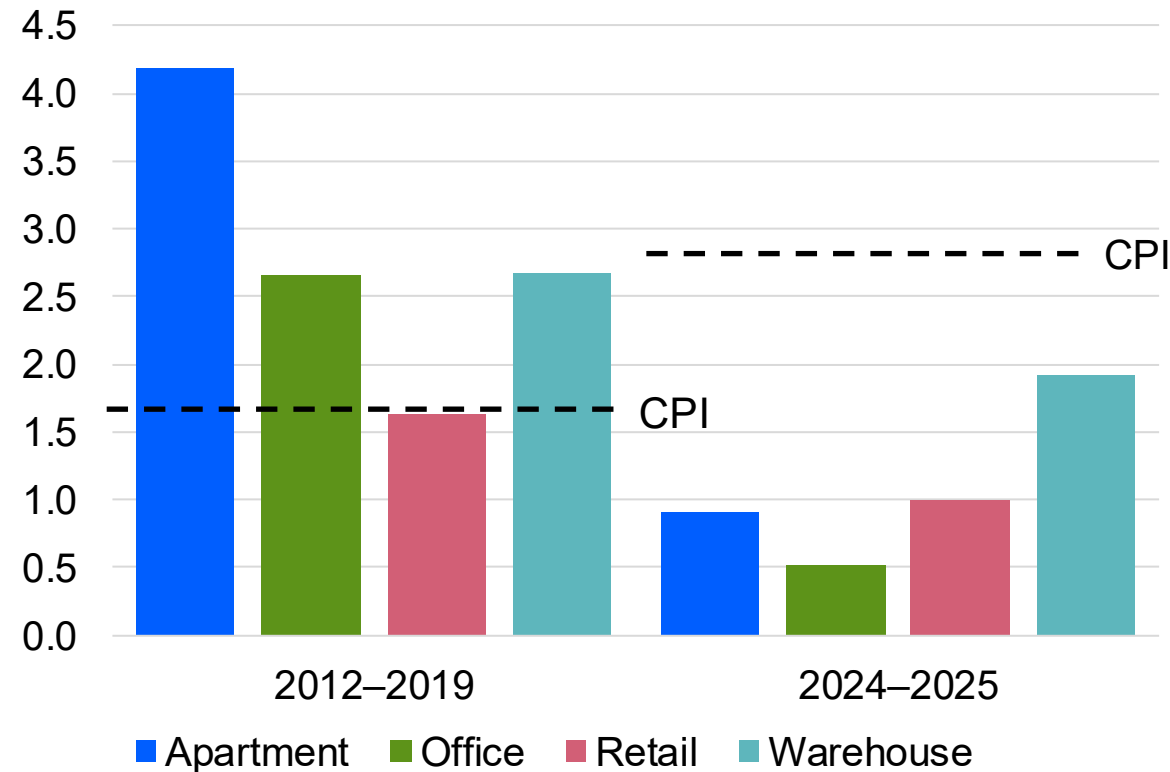
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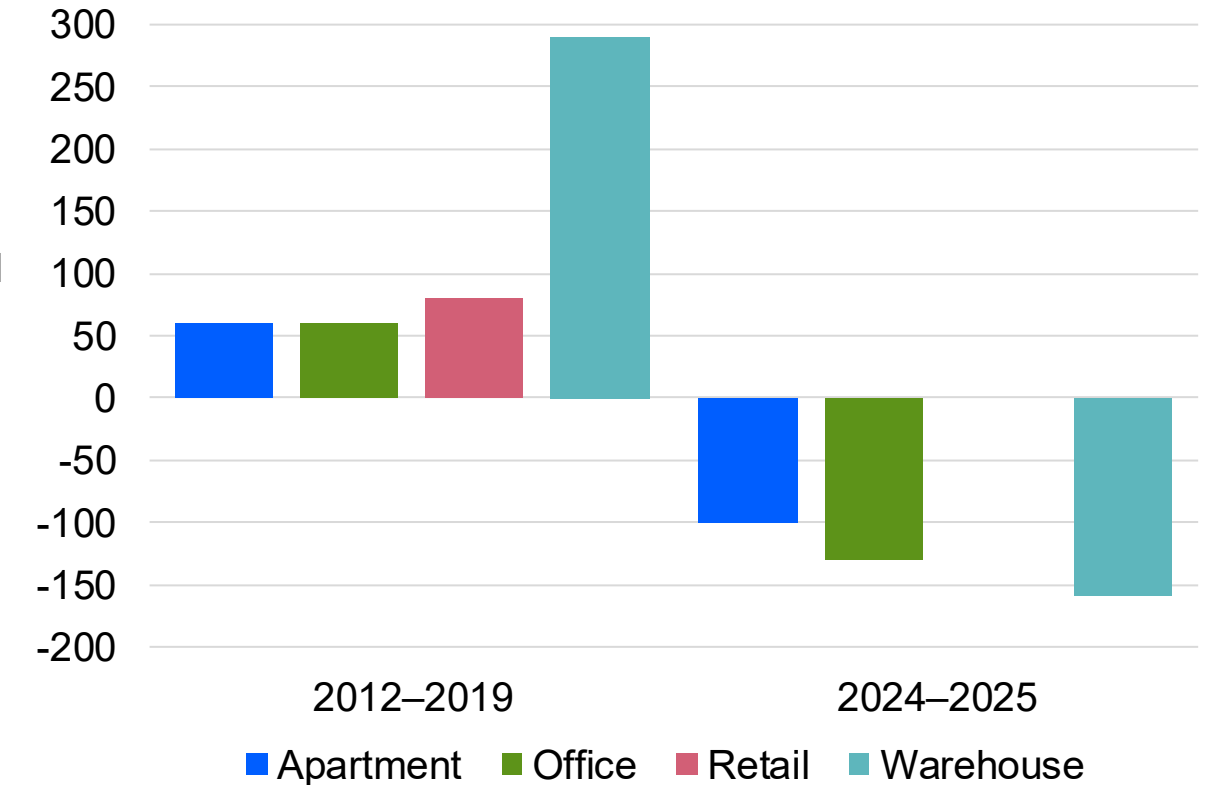
May 2026

The Income Problem

Rent growth, average annualized, %, U.S.



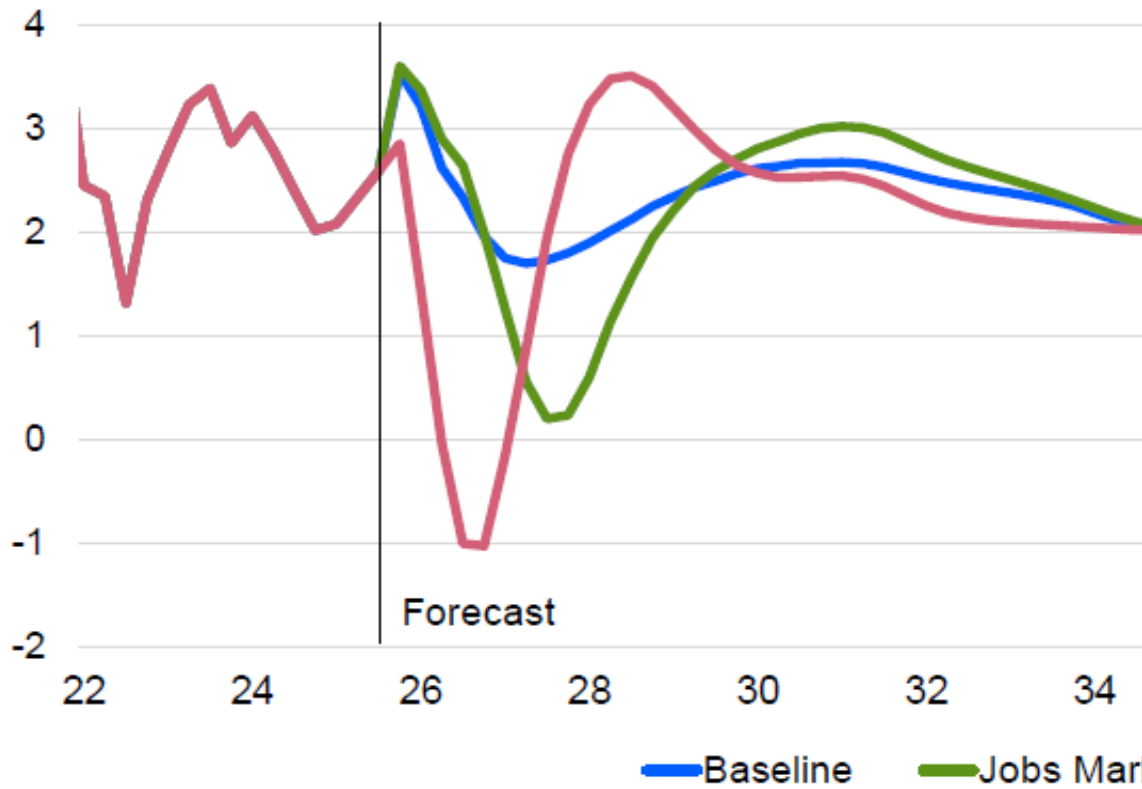
Occupancy rate change, total bps, U.S.



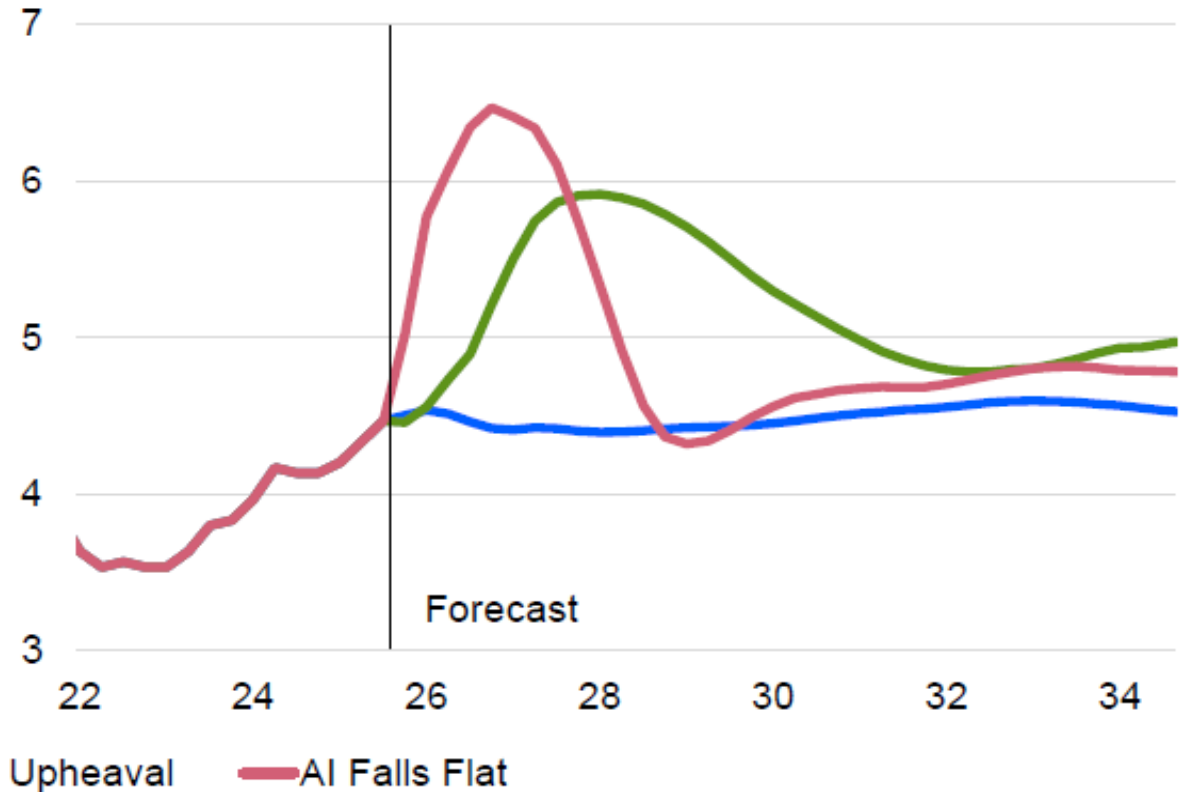
Source: Moody's Analytics

AI “Downside” Scenarios Have a Non-Trivial Probability

Real GDP, % change yr ago



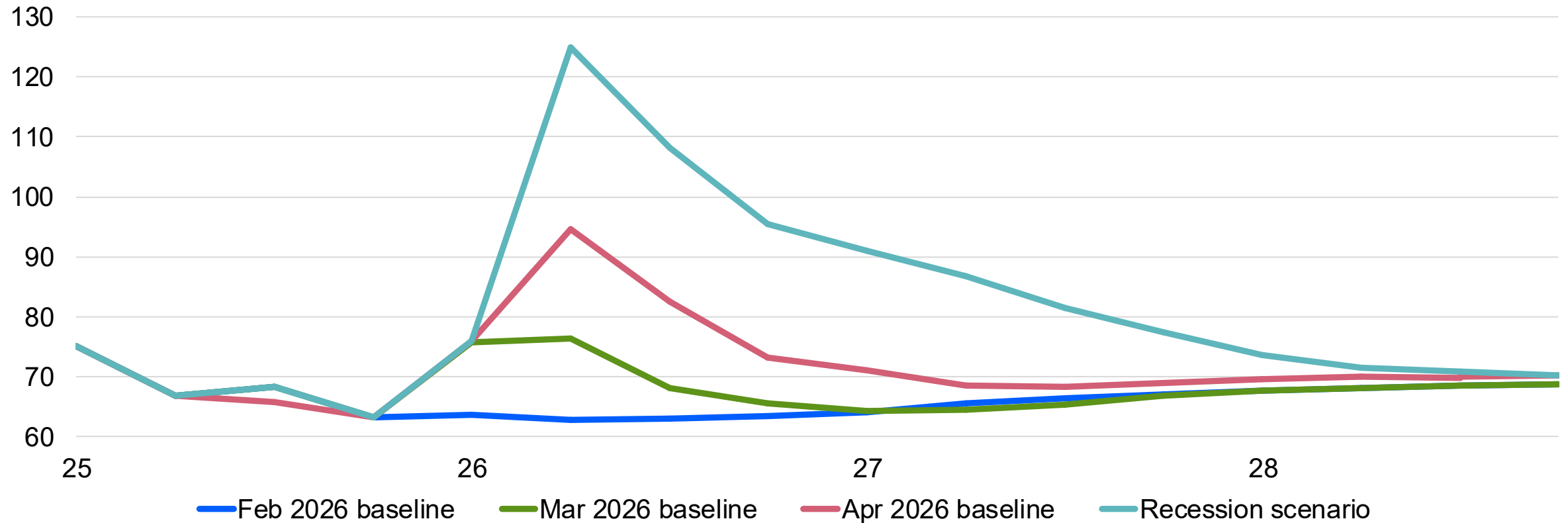
Unemployment rate, %



Sources: BLS, Moody's Analytics

Oil Prices and Inflation Are Higher for Longer Due to Middle East Conflict

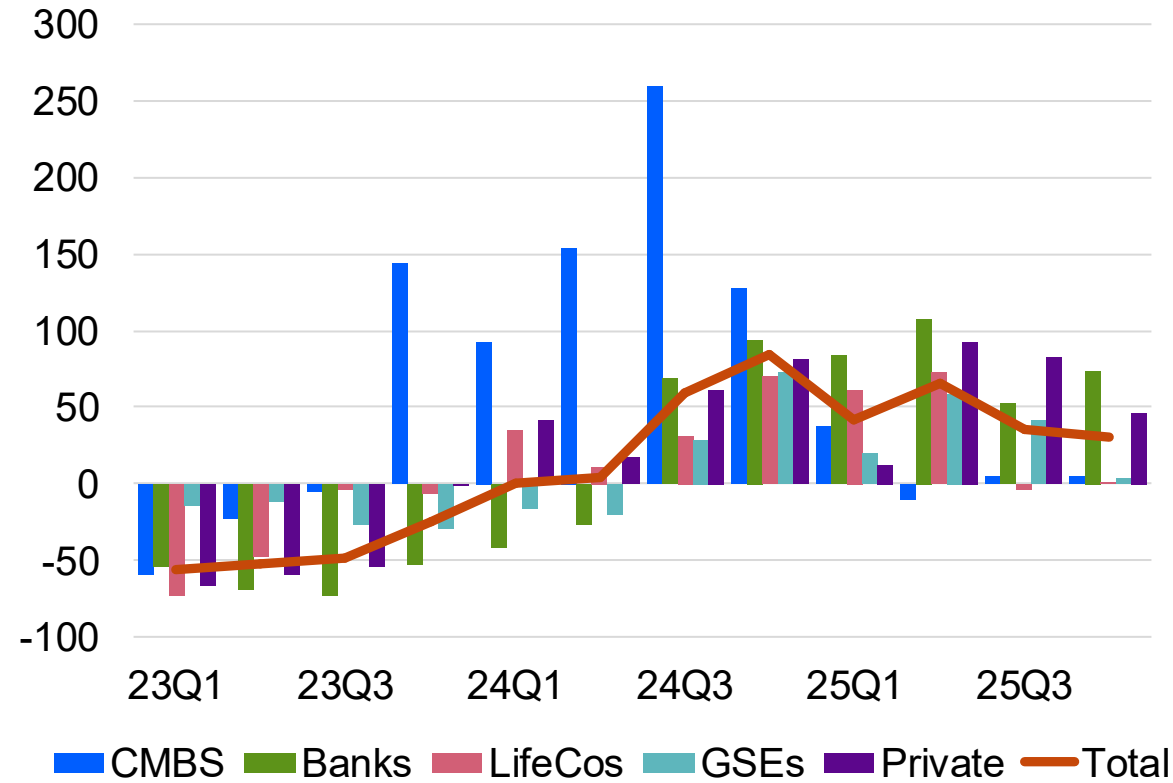
Brent crude, \$ per bbl



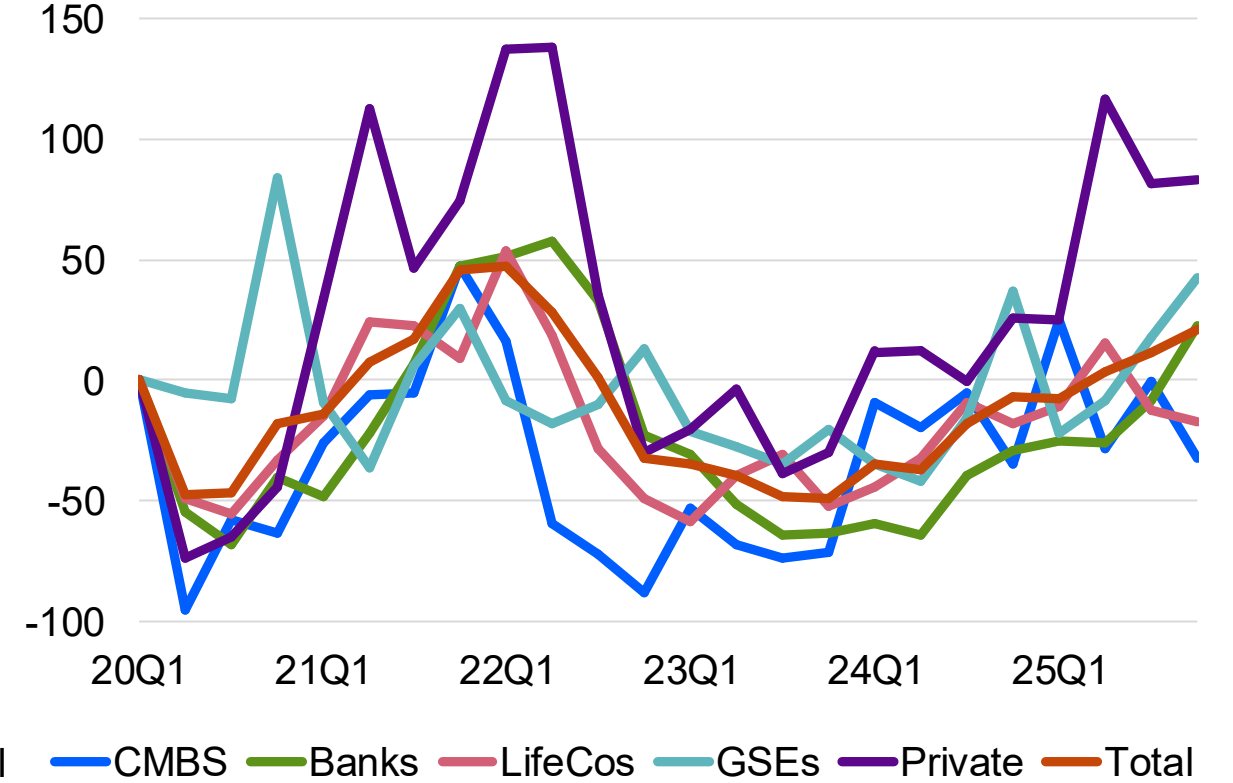
Source: Moody's Analytics

Lending Volume Has Continued Momentum Into 2026

Lenders' origination, % change yr ago



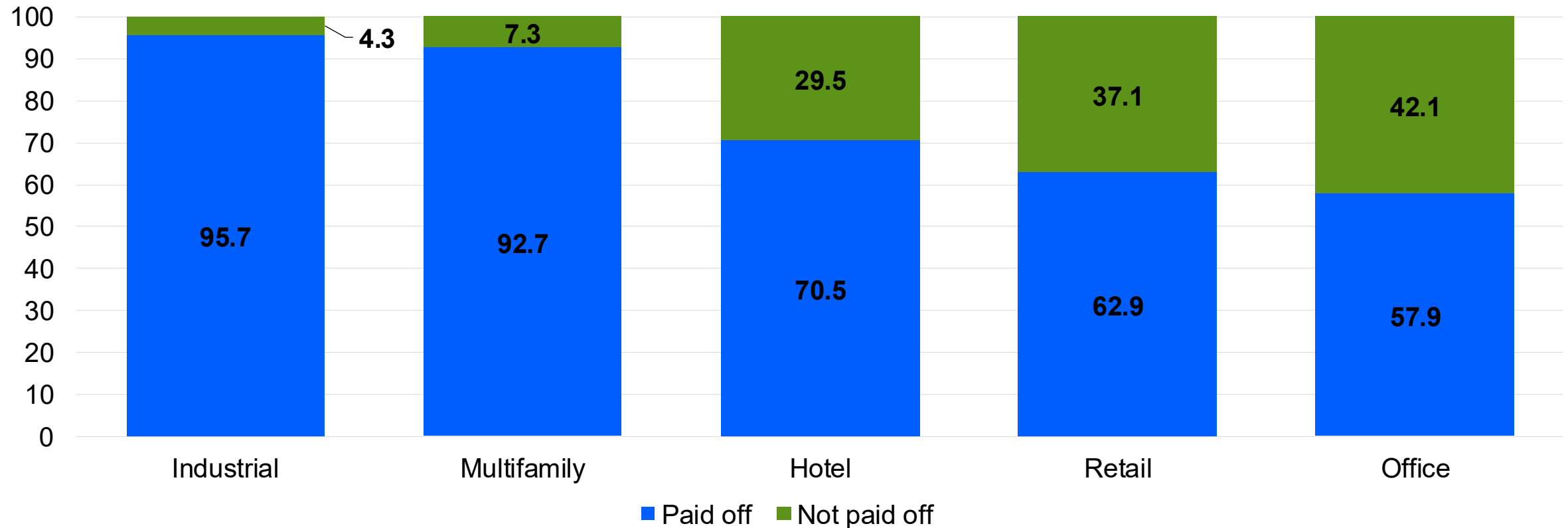
Lenders' origination growth vs. same period pre-COVID, %



Sources: Mortgage Bankers Association, Moody's Analytics
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Trend of Payoffs by Property Type Largely the Same

2025 maturing CMBS loans by property type, %

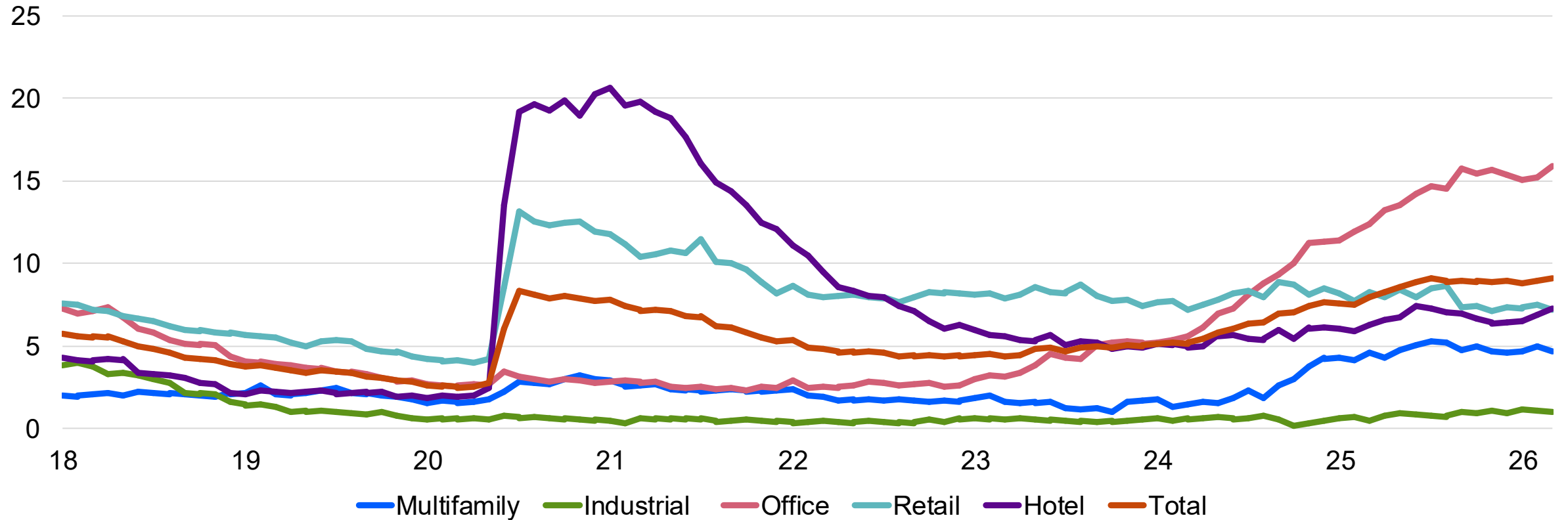


Note: Maturities in 2025 revealed incrementally more stress for multifamily and hotel, less for office.

Source: Moody's Analytics

Delinquency Rate Flattens Out

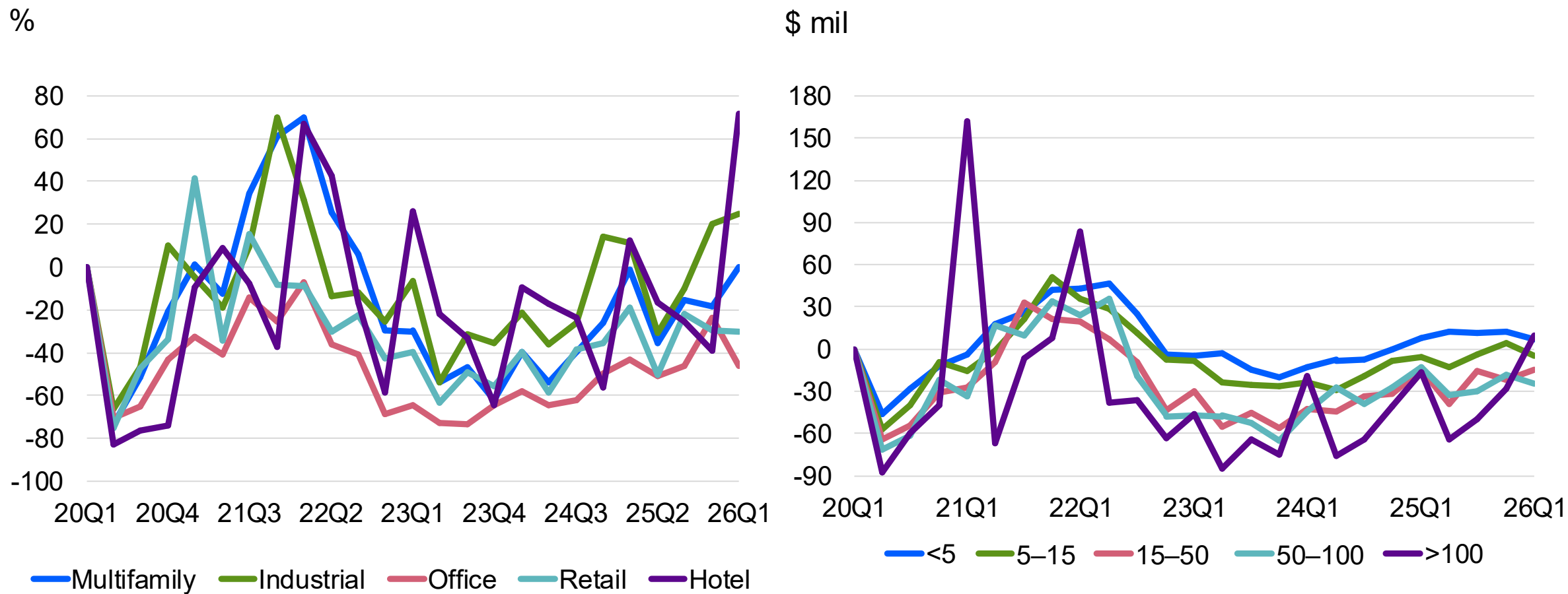
Conduit CMBS delinquency rate, %



Note: Some recent uptick in office and hotel, but otherwise flat for 9 months.

Source: Moody's Analytics

Sales Activity Gradually Returning Toward 2019; Still 20-30% Lower



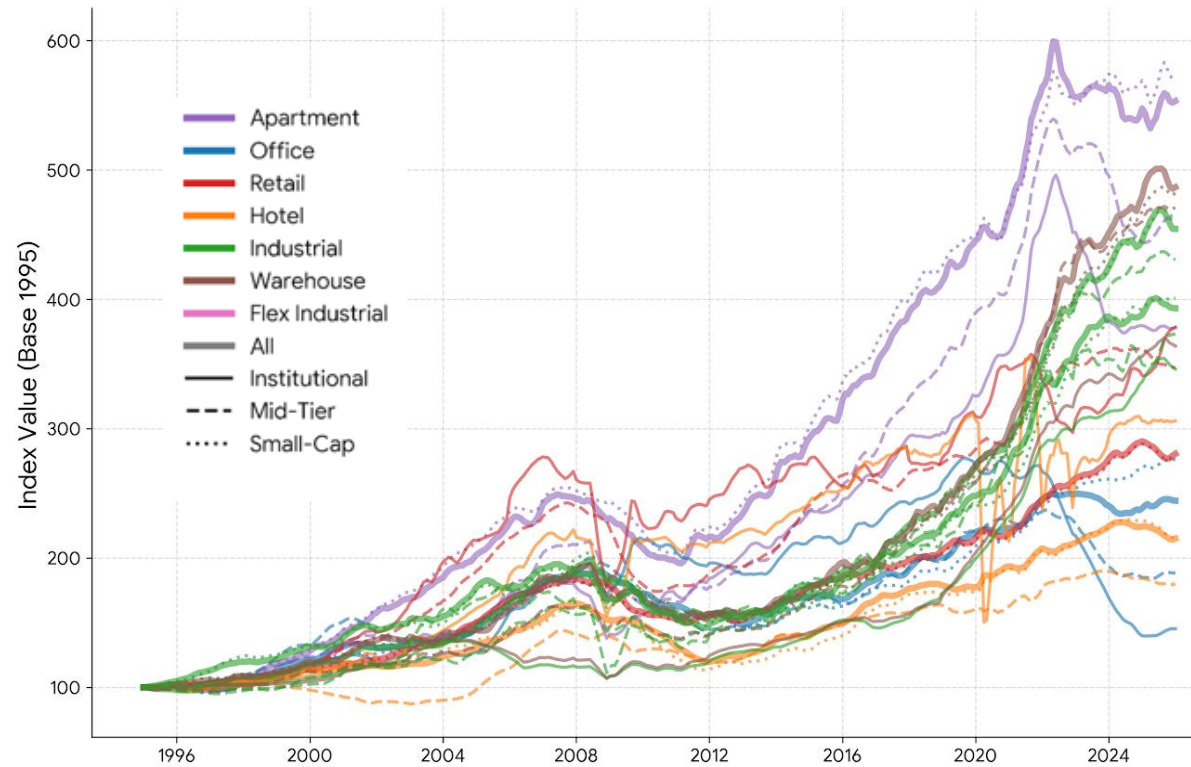
Note: Q4 has been revised upward; Q1 is slightly up in total, but slightly negative for the core 4 sectors.

Source: Moody's Analytics

Post-Pandemic Pricing Is Historically Fragmented

Interest rates and structural shifts in how assets are used to drive a “fanning out”

Moody’s Analytics U.S. CRE Price Indexes (CREPX)



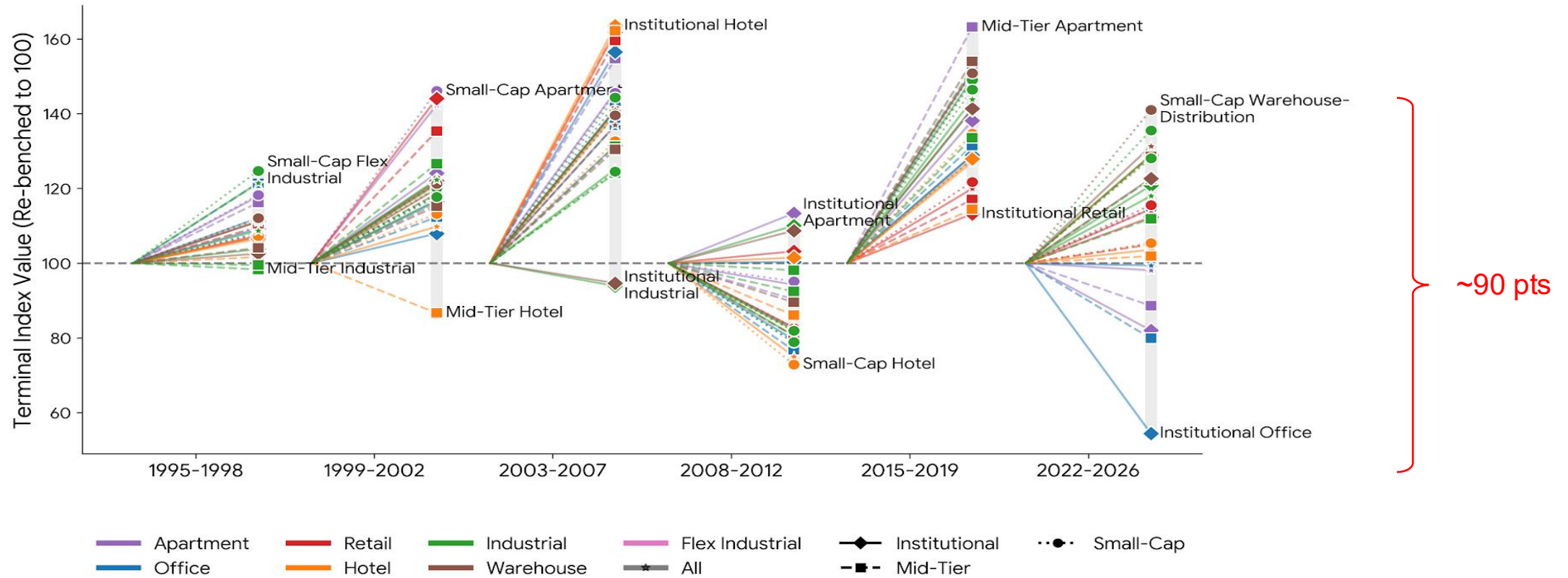
Nation sector price performance from 2022 to now

Index	Peak-to-Trough Change	Recovery	Recent Momentum
Institutional Office	↓ -48.6%	→ 4.0%	↑ 3.9%
Institutional Hotel	↓ -33.1%	↑ 28.9%	→ 0.0%
Institutional Apartment	↓ -24.6%	↓ 1.2%	→ -0.3%
Mid-Tier Office	↓ -22.4%	↓ 2.4%	→ 1.9%
Mid-Tier Apartment	↓ -17.8%	→ 3.8%	↑ 3.8%
All Apartment	↓ -11.2%	→ 4.0%	→ 1.1%
All Office	→ -6.2%	→ 4.3%	↑ 2.5%
Small-Cap Apartment	→ -4.5%	→ 3.8%	→ 0.4%
Mid-Tier Hotel	→ -2.6%	↓ 0.3%	↓ -2.3%
Mid-Tier Flex Industrial	→ -2.6%	↑ 10.2%	↑ 6.7%
All Warehouse-Distribution	→ -0.7%	↑ 17.7%	→ 1.4%
Institutional Warehouse-Distribution	→ -0.4%	↑ 14.9%	↑ 2.3%
Institutional Industrial	→ -0.4%	↑ 15.8%	↑ 2.9%
Mid-Tier Warehouse-Distribution	→ -0.4%	↑ 10.1%	↑ 2.4%
Mid-Tier Retail	→ -0.3%	↓ 2.0%	↓ -3.0%
All Hotel	→ 0.4%	↓ 1.5%	↓ -4.2%
All Retail	→ 0.6%	→ 7.3%	↓ -3.3%
Mid-Tier Industrial	→ 0.7%	→ 8.1%	↑ 2.1%
Small-Cap Hotel	→ 0.8%	↓ 2.2%	↓ -5.4%
Small-Cap Retail	→ 0.8%	→ 8.2%	↓ -2.7%
Small-Cap Office	→ 0.9%	→ 9.0%	↑ 2.4%
Small-Cap Industrial	↑ 1.8%	↑ 17.3%	↑ 4.1%
All Industrial	↑ 1.9%	↑ 13.3%	↑ 2.1%
All Flex Industrial	↑ 2.0%	→ 8.9%	→ 1.3%
Small-Cap Flex Industrial	↑ 2.2%	↑ 14.4%	↑ 2.3%
Small-Cap Warehouse-Distribution	↑ 2.4%	↑ 18.4%	↑ 3.1%

Source: Moody’s Analytics

U.S. Average Performance Dispersion Is Higher Than Ever

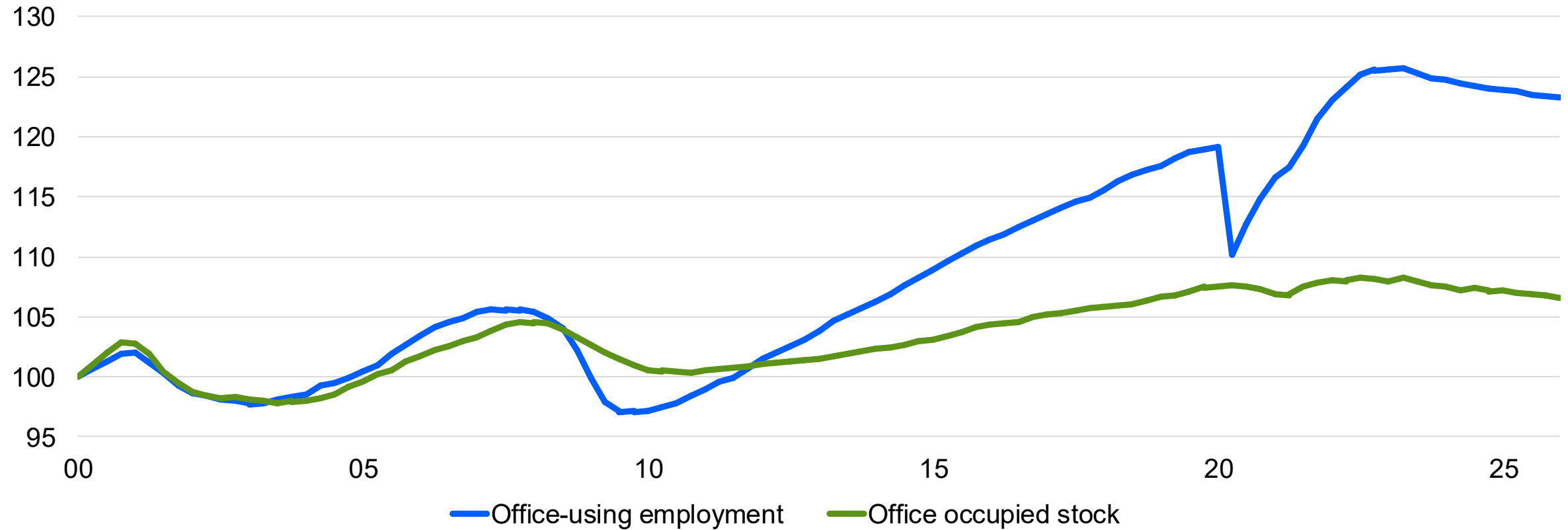
End-of-period price dispersion (national CRE segments)



Source: Moody's Analytics

Are the Days of Peak Office-Using Employment Behind Us?

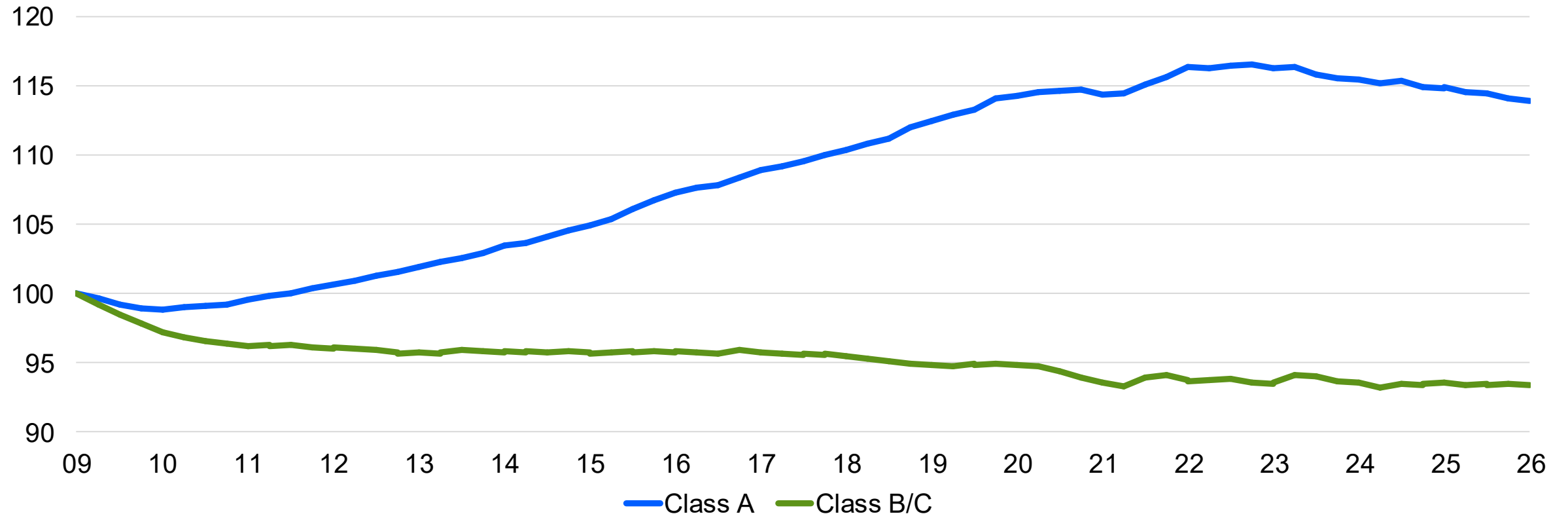
2000Q1=100



Source: Moody's Analytics

Quality Reigns Supreme Despite Downward Office Trends

Occupied Stock Index, 2009Q1=100



Note: Class A still experiences higher occupancy even though occupancy is on the decline across office.

Source: Moody's Analytics

Office Market Performance

2021Q1 to 2026Q1 change in leased space

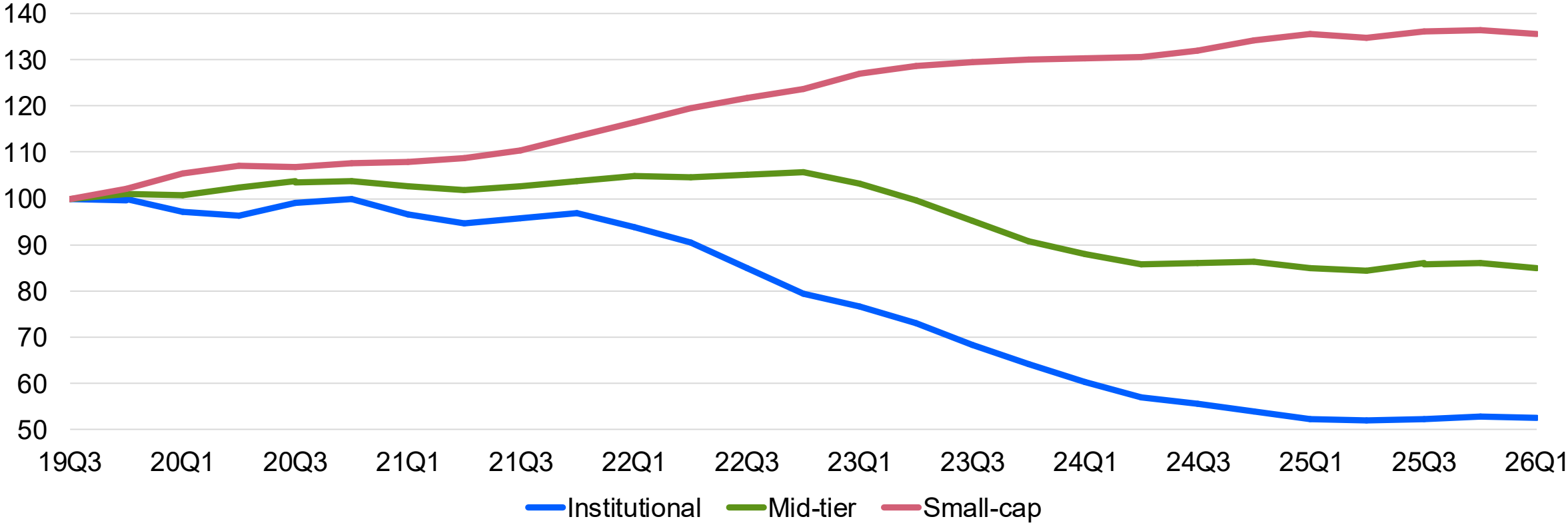
Top 10	
Metro	Occupied Stock (% change)
Nashville	14
Wichita	8
Miami	8
Knoxville	8
Palm Beach	8
Atlanta	7
Albuquerque	7
San Bernardino/Riverside	6
Dayton	6
Omaha	6

Bottom 10	
Metro	Occupied Stock (% change)
Raleigh-Durham	-5
Milwaukee	-5
Oakland-East Bay	-5
Sacramento	-5
Orlando	-5
Hartford	-6
Tulsa	-7
Denver	-9
Portland	-9
San Francisco	-9

Source: Moody's Analytics

Major Gap in Office Pricing by Size

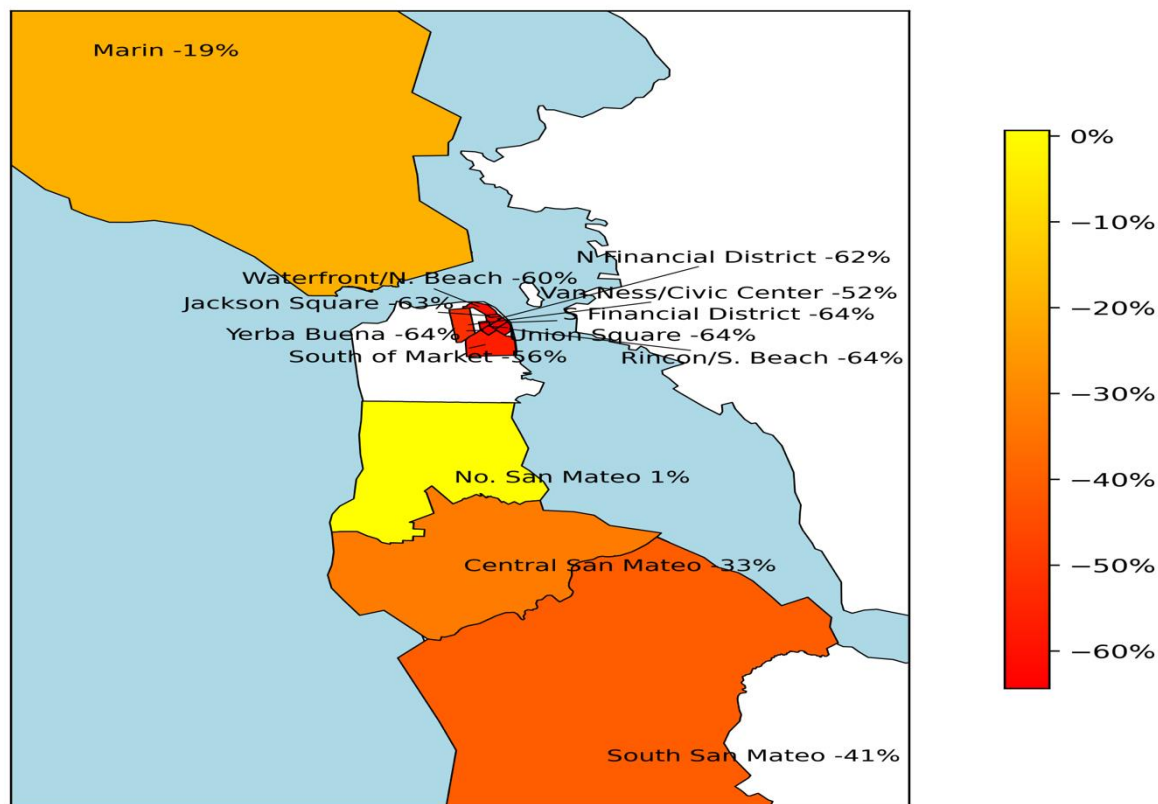
Moody's CREPX, 2019Q3=100



Source: Moody's Analytics

San Francisco Office Case Study

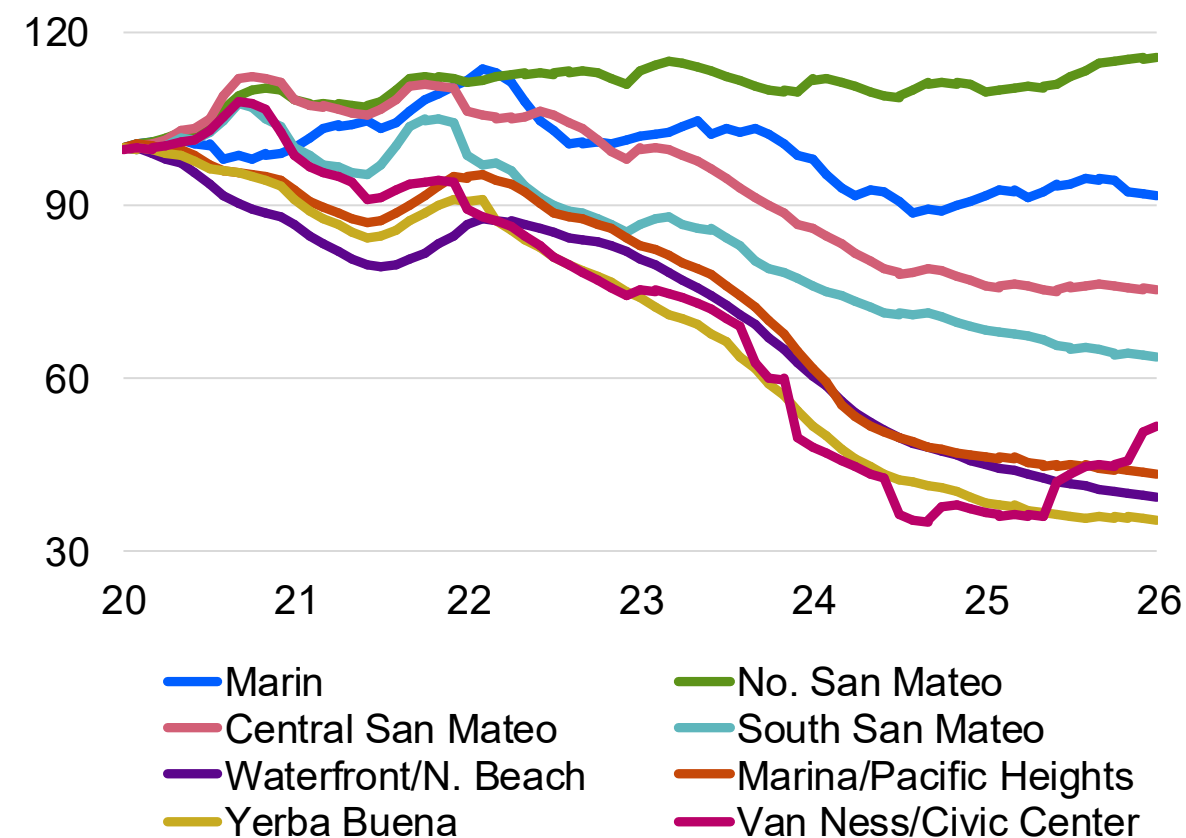
Peak- to current-price change



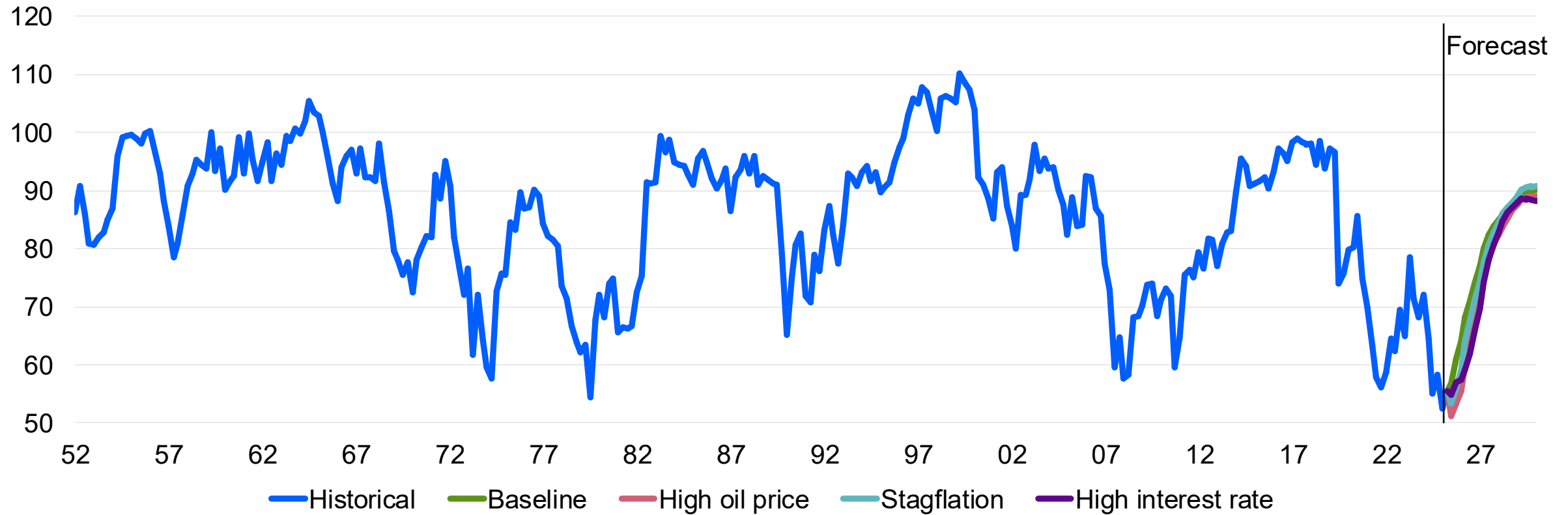
Extreme pricing differentiation by all the recent drivers of office, good and bad.

Source: Moody's Analytics

Moody's CREPX, Jan 2020=100



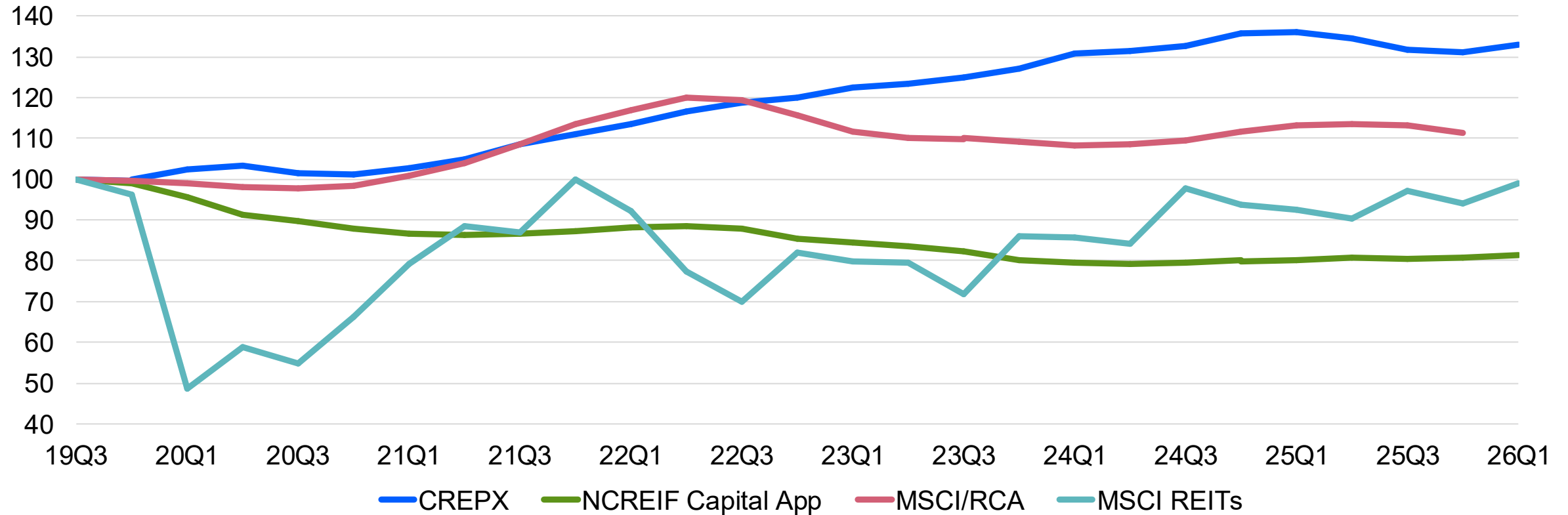
Consumer Sentiment Index



Sources: University of Michigan, Moody's Analytics

Retail Property Prices Move Flat to Up

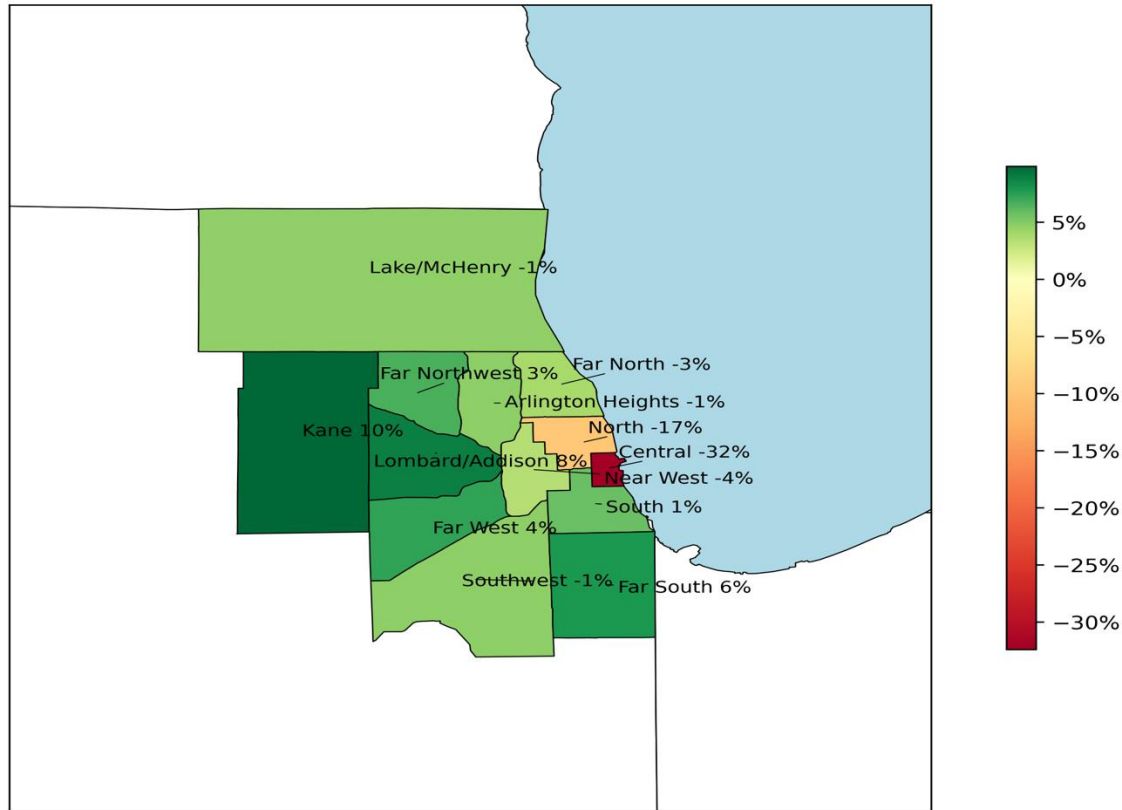
Various price trend indexes, 2019Q3=100



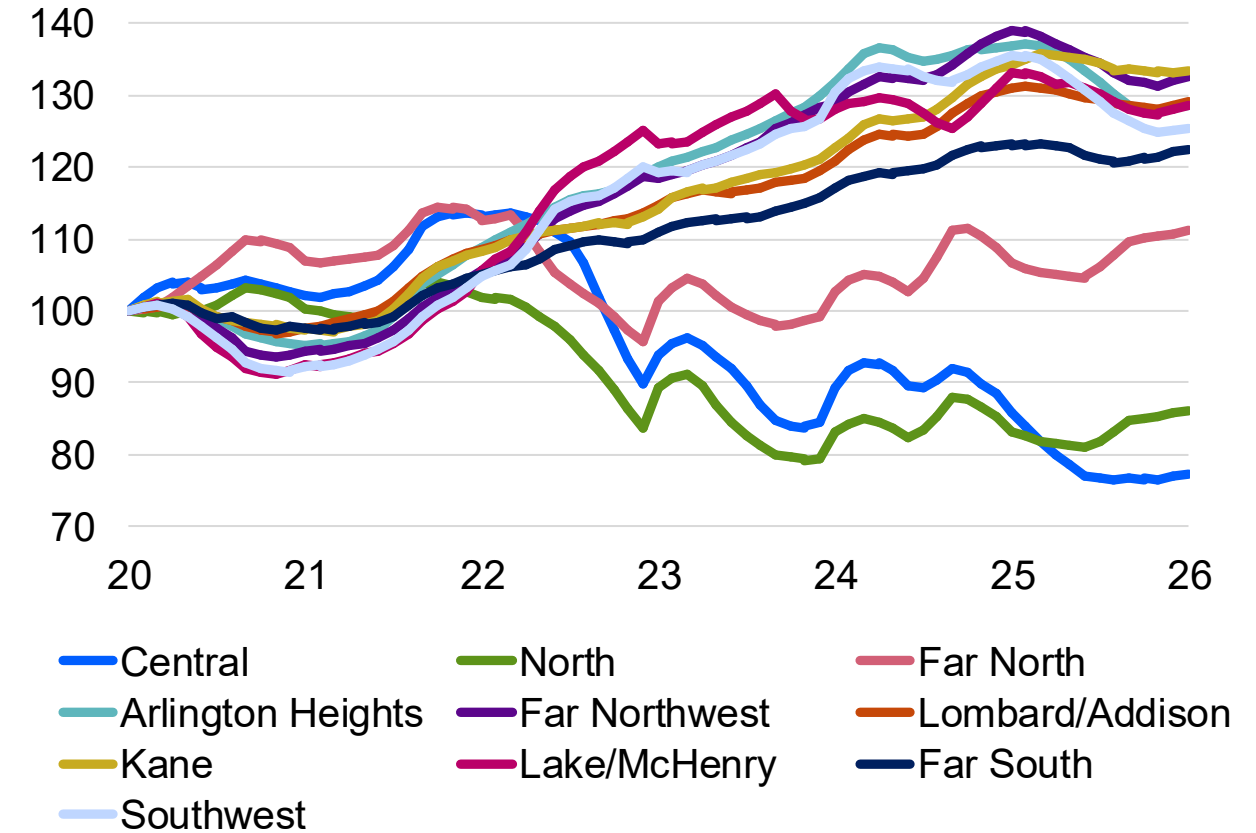
Sources: NCREIF, MSCI, Moody's Analytics

Chicago Retail Case Study

Peak-to-current price change, %



Moody's CREPX, Jan 2020=100

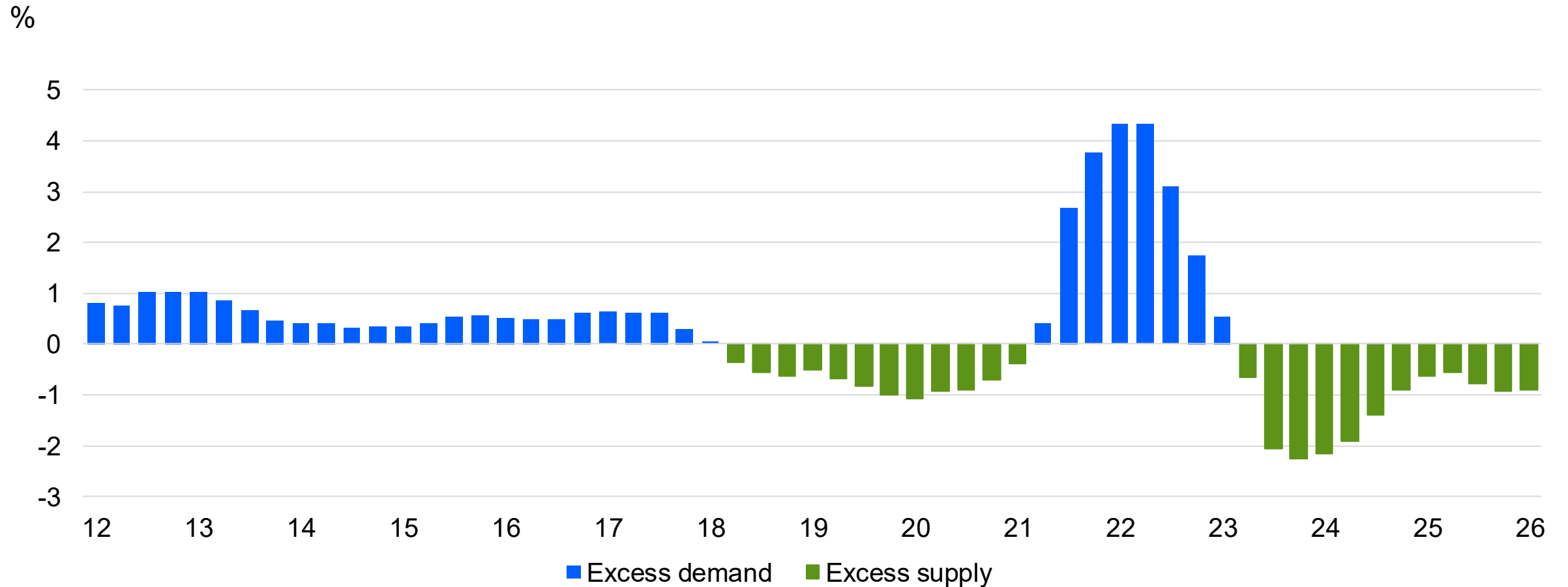


Note: Trends of retail becoming more like mini-fulfillment centers and the lack of downtown foot traffic are conflating challenges for high street retail.

Source: Moody's Analytics

Moody's Analytics

No Escape for Industrial Oversupply

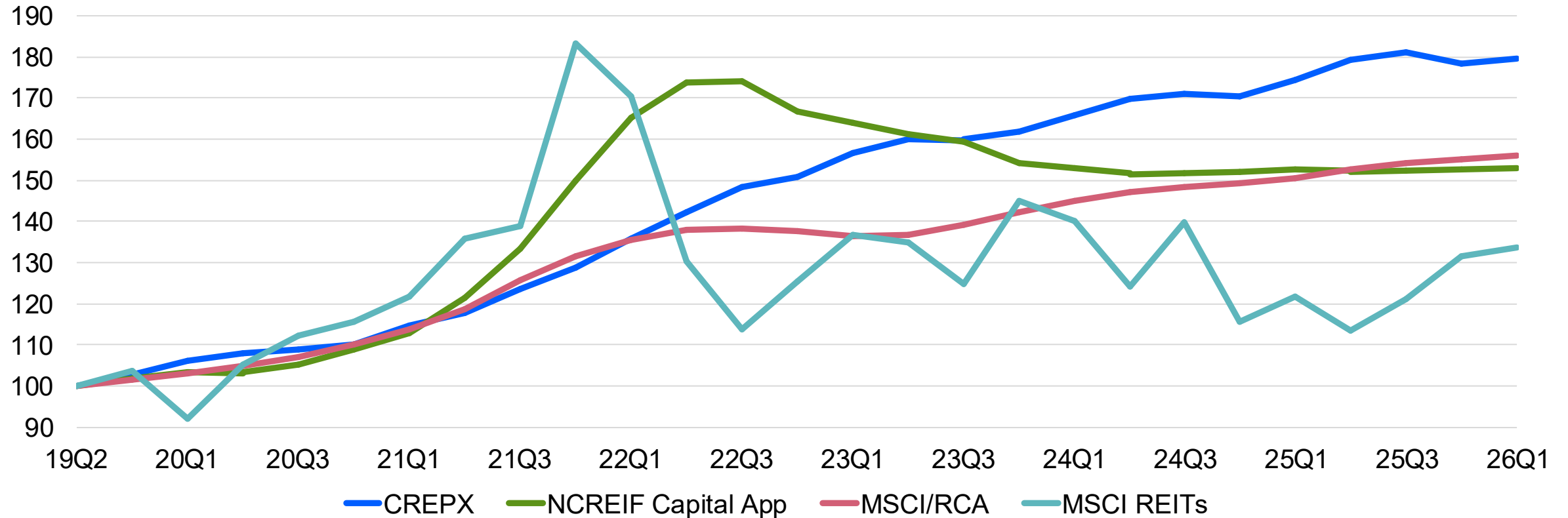


Note: Excess demand is defined as net absorption less total completions on a rolling 12-month basis divided by inventory.

Source: Moody's Analytics

Industrial Property Prices Keep Rising Higher Overall

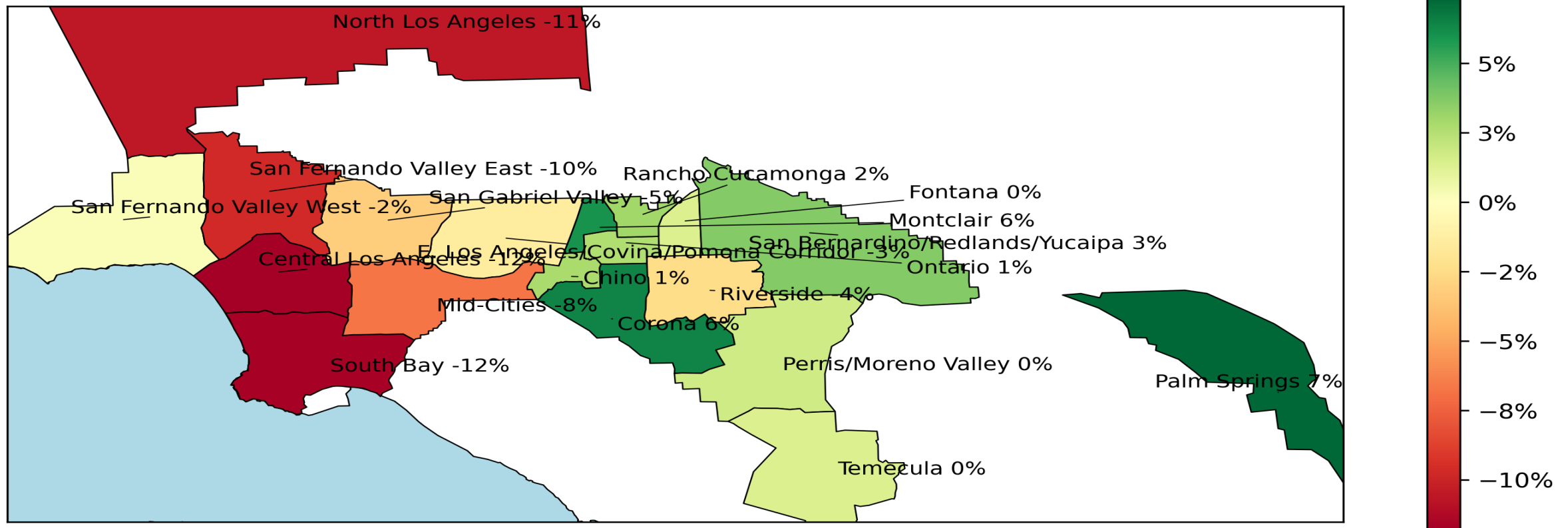
Various price trend indexes, 2019Q3=100



Sources: NCREIF, MSCI, Moody's Analytics

Los Angeles: Inland Empire Industrial Case Study

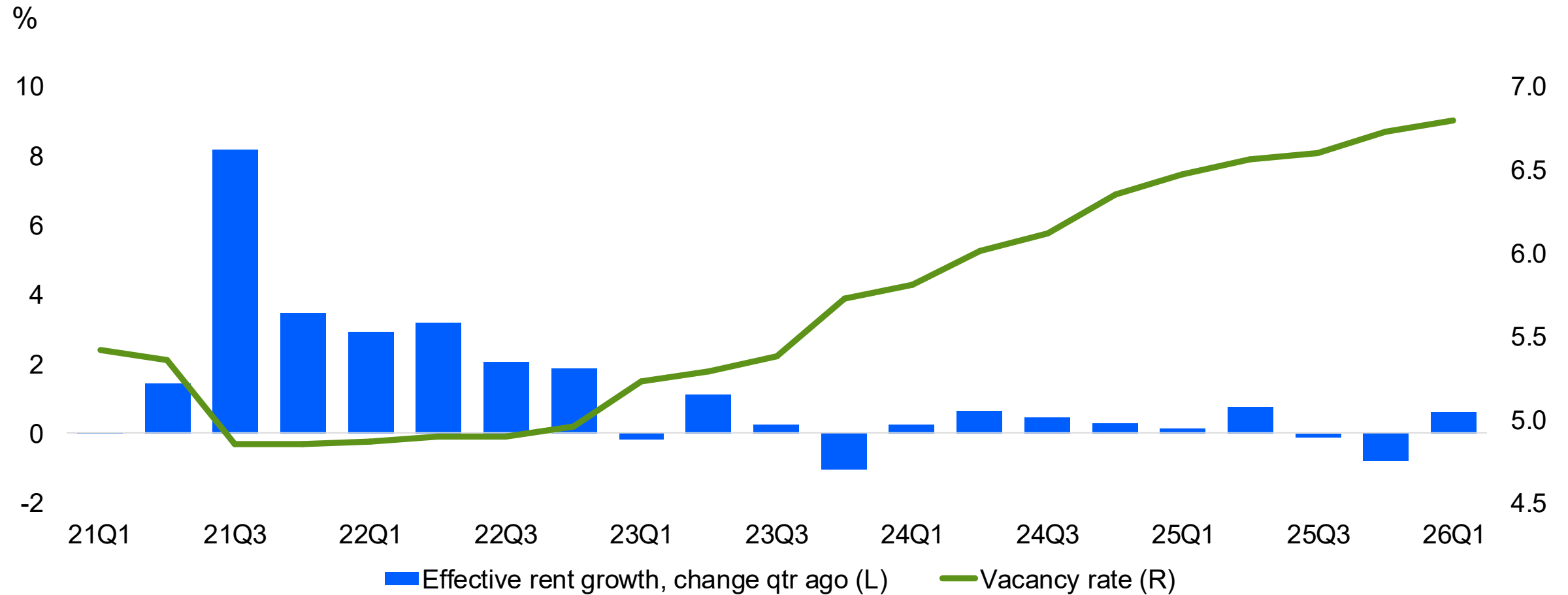
Moody's CREPX, prior peak-to-current price change, %



Note: Epicenter for multiple factors of logistics evolution.

Source: Moody's Analytics

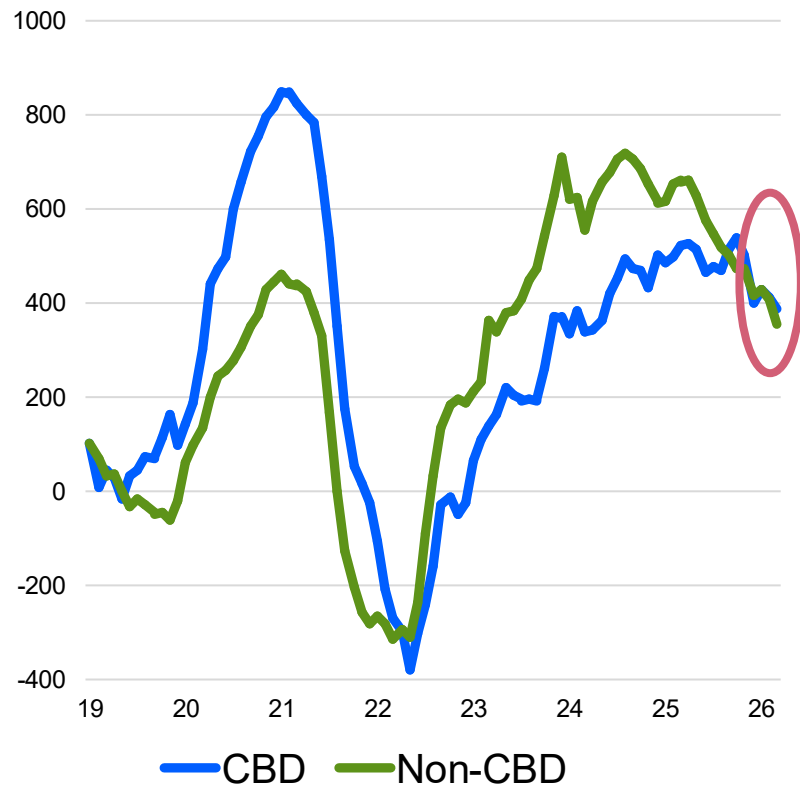
U.S. Apartment Market Performance



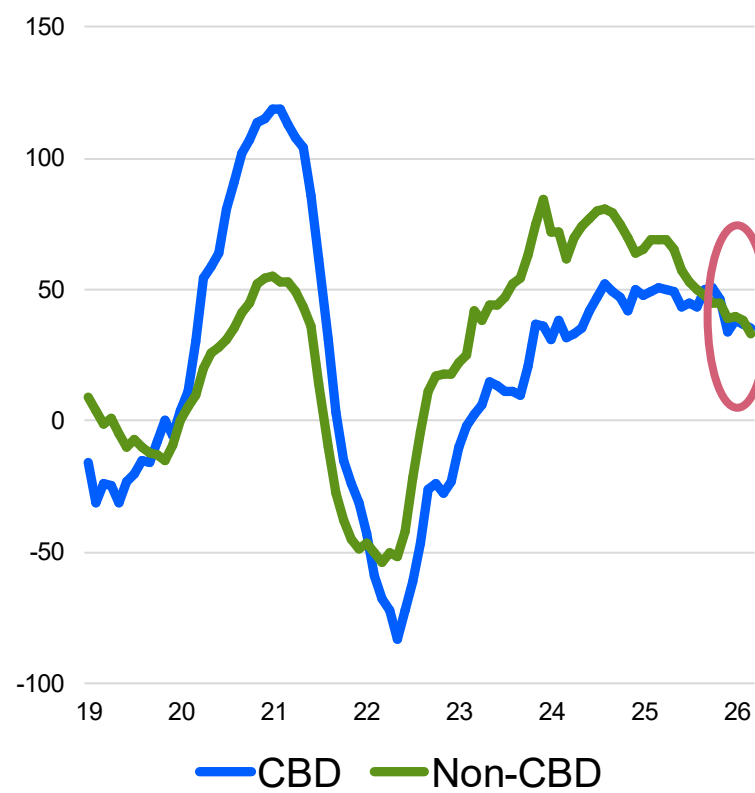
Source: Moody's Analytics

Suburban Rationalization

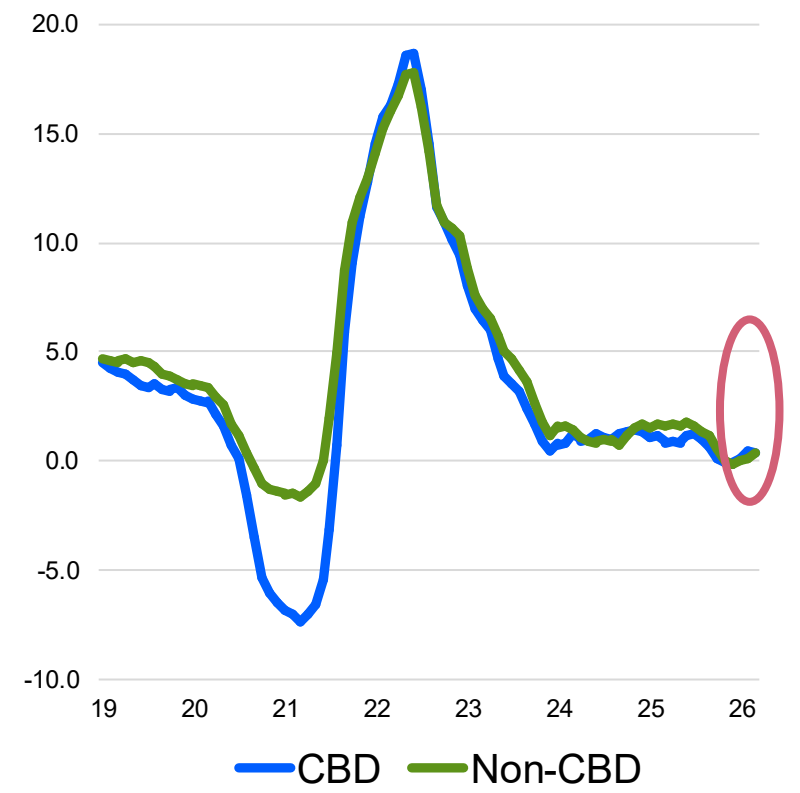
Oversupply*, 2019=100, 12-mo total



Vacancy rate, change yr ago, bps



Asking rent growth, % change yr ago

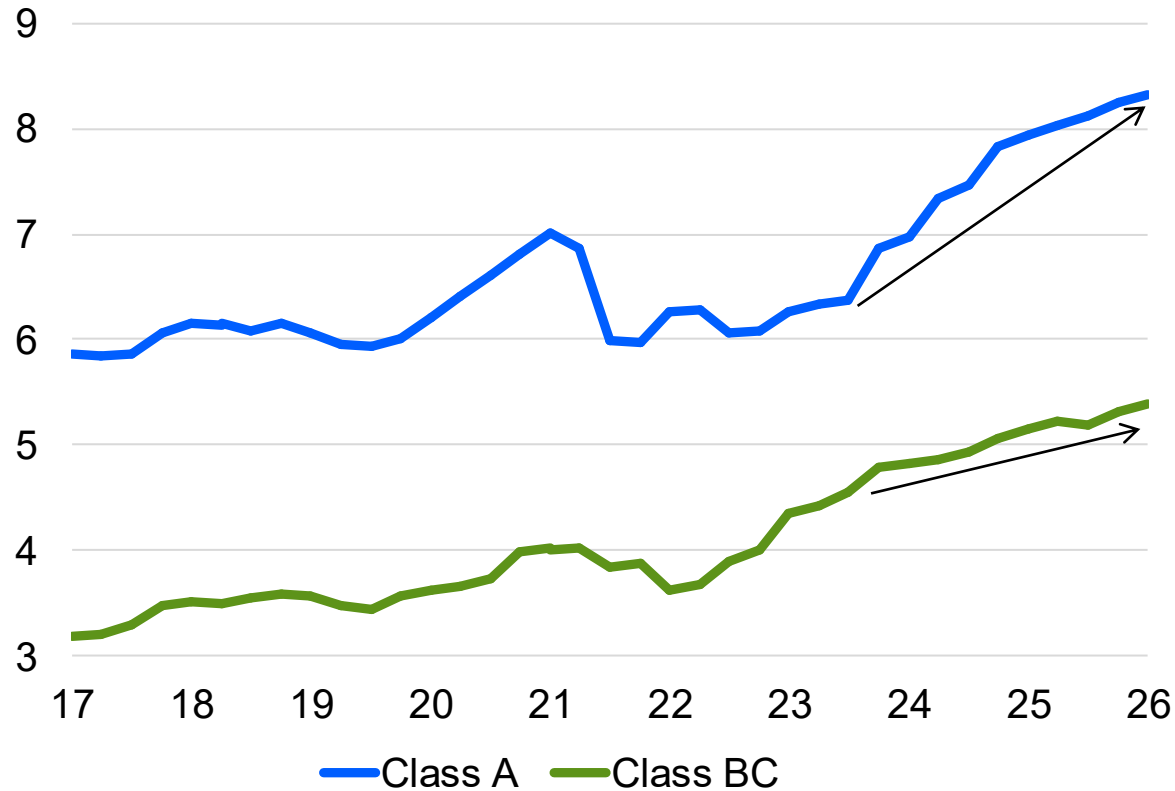


*Construction – absorption.

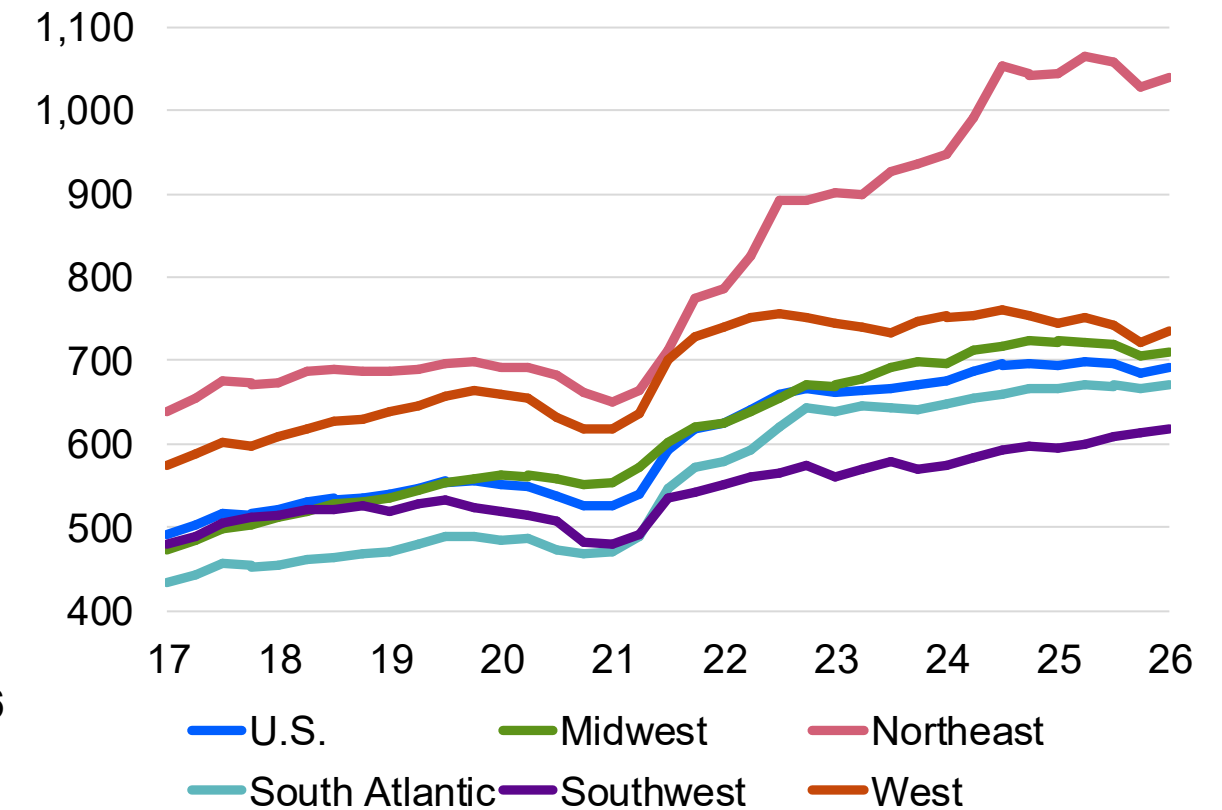
Sources: U.S. Census Bureau, Moody's Analytics

The Great Divergence: Oversupplied A vs. Tight B/C Markets

Vacancy rate, %



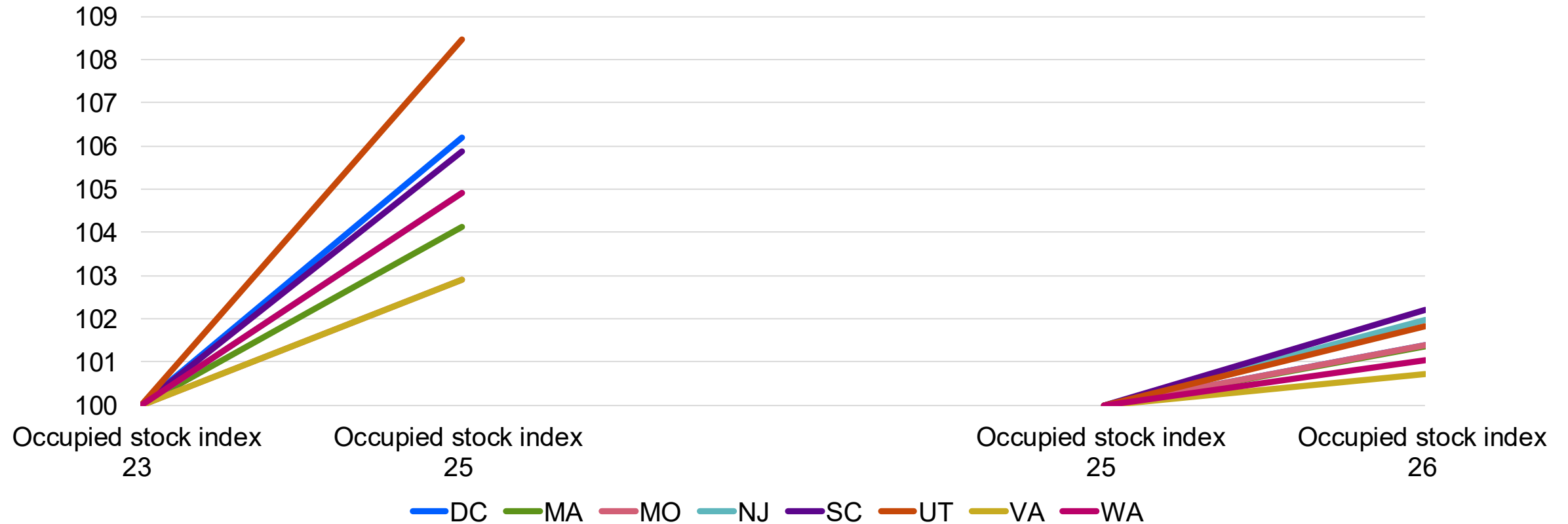
Difference in asking rent, \$, A-BC



Source: Moody's Analytics

Early Impact of Reduced Immigration

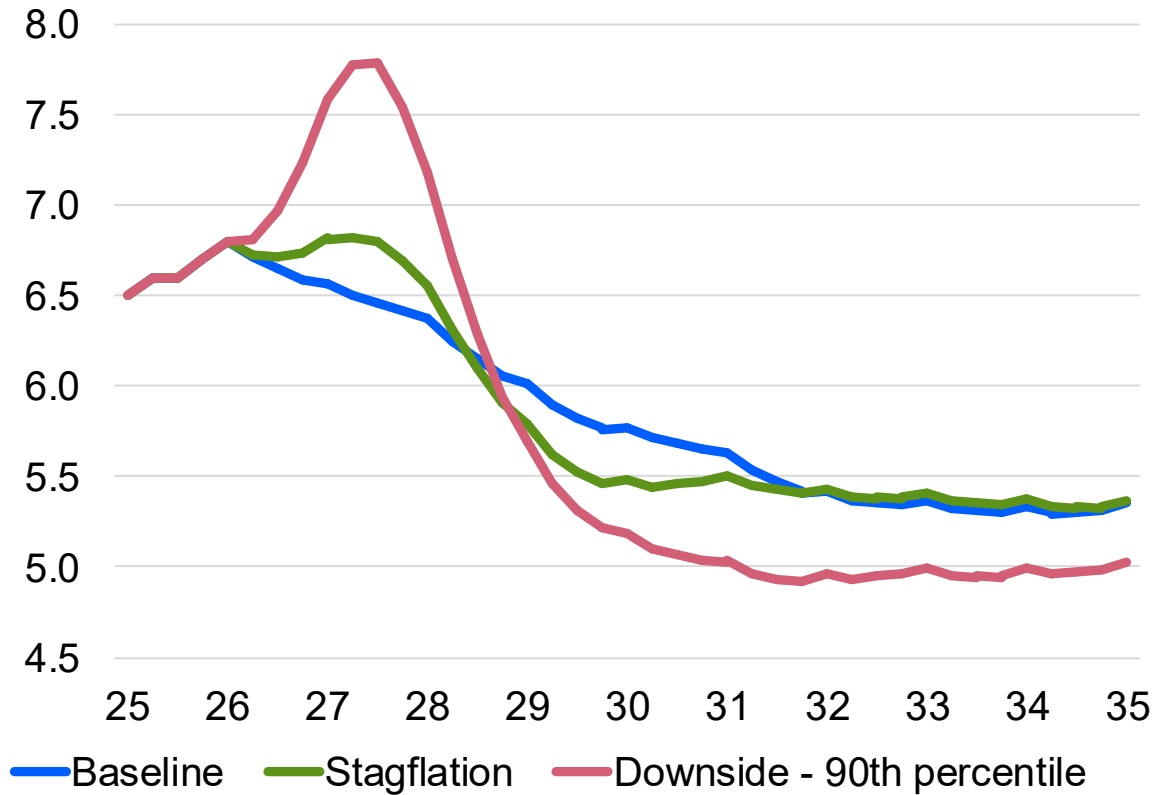
Change in occupied stock



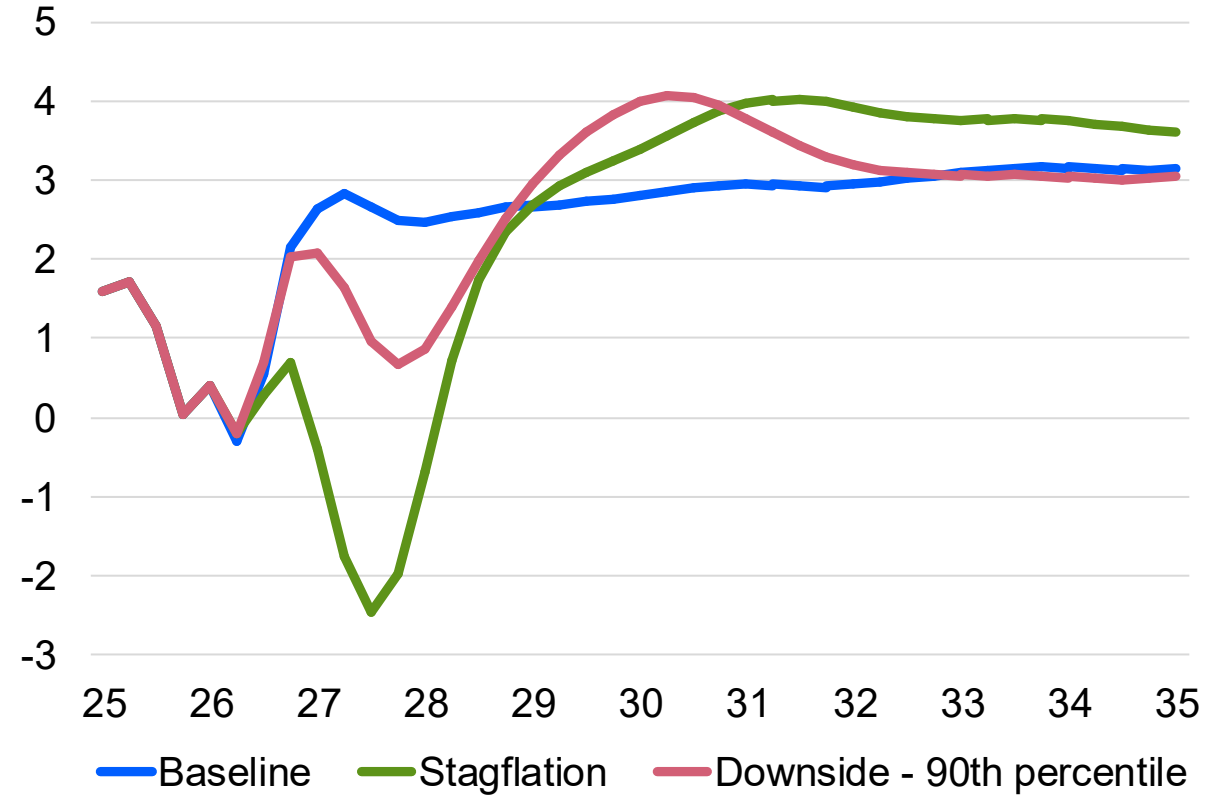
Source: Moody's Analytics

Outlook Weakens, Subject to Shocks

Vacancy rate. %



Asking rent growth, % change yr ago



Source: Moody's Analytics

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