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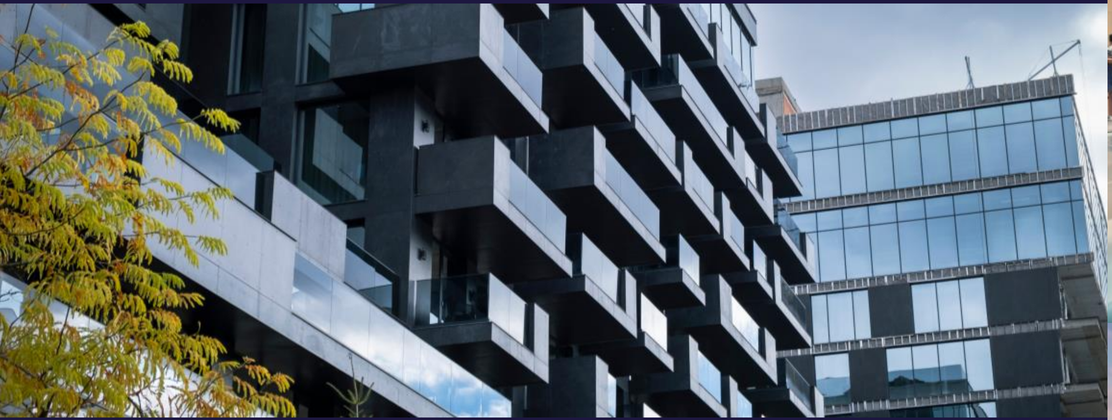
OUTTHINK



UNITED STATES OUTLOOK

2026





CONTENTS

NOTE FROM OUR CHIEF ECONOMIST

A Year of Extraordinary Challenges

The global economy faced extraordinary challenges in 2025. Tariffs rose to levels we haven't seen in nearly a century. Immigration limits tightened labor markets. Geopolitical tensions flared in multiple regions. And policymakers everywhere seemed locked in a constant debate over inflation, interest rates, and fiscal sustainability. At one point, global equity markets lost more than $12 trillion in value in just a few weeks. Recession odds spiked to nearly 50%. And yet, through all of that, the global economy kept expanding. Once all the data is finalized, global GDP is expected to have grown by 3.2% in 2025, which is just a tick below last year's pace. Inflation eased across most regions. It drifted a bit higher in the U.S., but only modestly so far. Labor markets cooled, but unemployment remains low across most economies. And with real incomes still rising, consumers held up better than expected.

In short, the world economy absorbed a historic barrage of shocks last year and continued to push forward.

AI as a Growth Engine

One of the biggest reasons for that resilience was the AI growth engine, which really took off in 2025. Across industries, generative AI and automation began driving measurable productivity gains, new investment, and innovation. That growth spilled directly into commercial real estate (CRE), especially data centers, which are now one of the fastest-growing and most capitalized property types globally. AI's physical footprint and its need for power, cooling, and connectivity, is driving extraordinary demand for data centers and creating new requirements for both office and industrial space.

We witnessed it firsthand. In San Francisco alone, AI companies signed over 80 office leases in 2025. Many of these firms are already looking for additional space to keep up with their growth.

CRE Resilience Across U.S. Sectors

Despite tariff tensions, currency swings, and political noise, the property sector held its ground and, in many markets, performed better than expected.

Capital Markets: Investors came back. Liquidity improved, credit spreads tightened, and capital started to flow again into repriced opportunities.

Office: Leasing activity improved in 2025 as occupiers made more decisive workplace commitments, particularly in high-quality buildings. Across most markets, one theme stood out—strong demand for modern spaces, coupled with a limited supply.

Industrial: Expectations were muted going into the year because of tariff concerns, but the sector held up, continuing to absorb space. With the supply wave largely behind us, fundamentals are set to improve going forward.

Multifamily: Absorption remained strong—near record highs in the U.S.—driven by demographics and affordability challenges in homeownership.

Retail: Fundamentals held steady, with occupancy near record highs and new construction still limited.

Alternatives: Demographic and other structural forces open increasing opportunities for alternative investments, particularly in specialty housing, data centers, and medical real estate uses.

From Resilience to Optimism

Looking ahead to 2026, the tone is shifting—from resilience to optimism. Policy uncertainty is easing. Central banks have started to lower rates. The cost of debt is coming down. Inflation has moderated in most economies. Capital is flowing aggressively again into the property sector. Investors are rediscovering that commercial real estate remains a compelling source of yield and diversification.

We also expect some of the disruptions from tariffs to normalize as supply chains adjust, while AI continues to generate new demand for data centers and, by extension, office and industrial space.

Of course, risks remain. Geopolitics, tariffs, and uncertainty around the next Federal Reserve leadership transition will all matter. And if AI underdelivers, that could have ripple effects across equity markets and the broader economy. But compared with the uncertainty that defined 2025, the path ahead looks clearer.

If 2025 was a test of resilience, then 2026 has the potential to reward it.

We hope you find our 2026 Outlook reports both informative and actionable. If you're interested in a deeper discussion around Cushman & Wakefield's forecasts or how evolving market dynamics may impact your strategy, we welcome the opportunity to connect.

Kevin Thorpe
Chief Economist

Kevin Thorpe





ECONOMY

2026 ECONOMIC OVERVIEW

Labor Market

- The U.S. labor market is clearly softening but diagnosing the cause and effects is more challenging than usual.
- The substantial decline in the foreign-born workforce stemming from reduced immigration supports the view that hiring challenges are mostly supply-driven. Meanwhile, layoffs and unemployment claims indicate a job market that is recalibrating rather than experiencing a recession-like contraction.
- Our baseline forecast expects that employment will be essentially flat in 2026, which is not unusual for a supply-constrained job market near full employment.

GDP Growth

- GDP growth outperformed expectations in 2025 and is on pace to register a respectable 1.9%. In 2026, we expect similar growth of 1.7%.
- The AI boom is now contributing to growth in a meaningful way via capital investments in data centers, computing equipment, and a surging stock market. We estimate that more than half of the GDP growth in 2025 is attributed to AI-related investments.
- Wealthy households remain an integral engine of growth. Barring a major financial market selloff, consumers will keep spending.

Inflation & Rates

- Inflation remains a thorny issue. While most measures were trending toward 2.0% prior to the impact of tariffs, they are now moving in the wrong direction.
- Recent messaging from the Federal Reserve suggests that, despite inflation risks, policy will become more accommodative. We expect the Fed to gradually bring its policy rate down to a “neutral” rate of 3.0% by H2 2026.
- Long-term yields are less likely to decline. Competing positive and negative forces will result in a 10-year Treasury that muddles between 4.0-4.4% over the next couple of years.

Risks & CRE

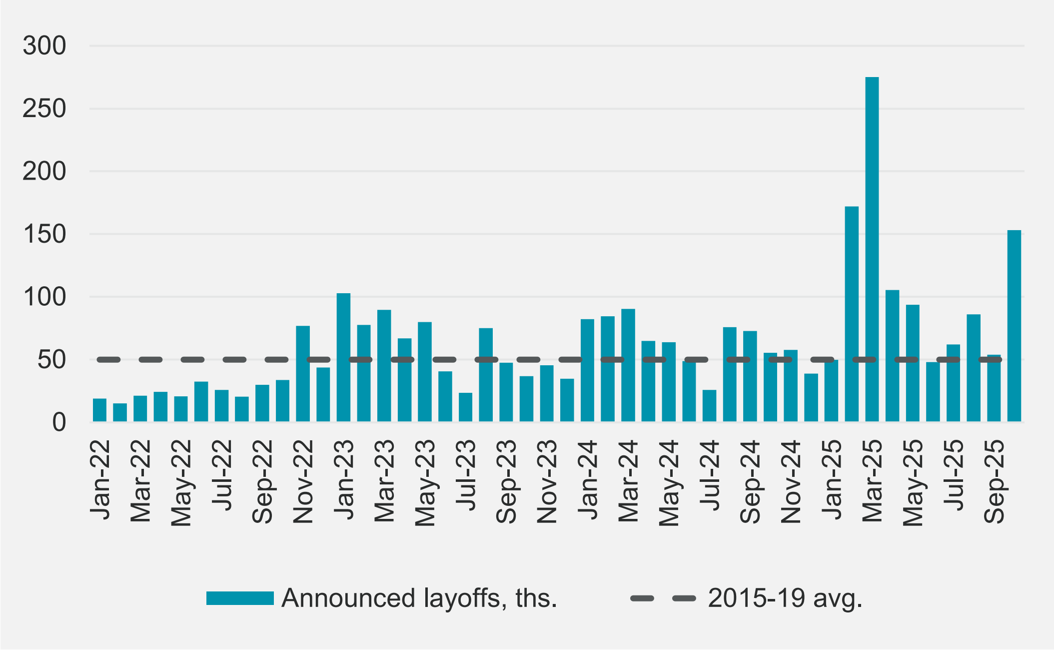
- The economic backdrop is generally conducive to sustained momentum across U.S. CRE markets. Leasing and capital markets currently enjoy more tailwinds than restraints.
- Downside risks to the economy are elevated but have lessened since early 2025. Labor markets bear close watching.
- Upside risks cannot be discounted either. The AI boom is generating new outlets for investors and occupiers to capitalize on. Moreover, the potential for a real productivity boom could positively impact the macroeconomy and benefit most CRE asset types.

ECONOMY

Job Market: Low Hires, Low Fires

- Signs of a cooling job market date back to 2024, sparking debate over how much should be attributed to demand versus supply-side constraints.
- Immigration reduced sharply in 2025, leading to a 4.4% decline in the foreign-born labor force since its peak in March. This is likely the predominant headwind to employment growth, a challenge that is expected to continue over the next couple of years.
- While layoffs and unemployment filings have been relatively muted, survey-based hiring intentions and the recent wave of layoff announcements raise the likelihood that labor demand is also weakening.
- Job openings in trade-sensitive sectors, including retail, transportation, and manufacturing, are trending below 2019 levels given policy uncertainty and subdued demand.
- On the plus side, office-using employment has turned positive and will contribute to employment gains going forward. Average hourly earnings are also outpacing consumer inflation, allowing for modest gains in real income.

Layoff Announcements: Signal or Noise?

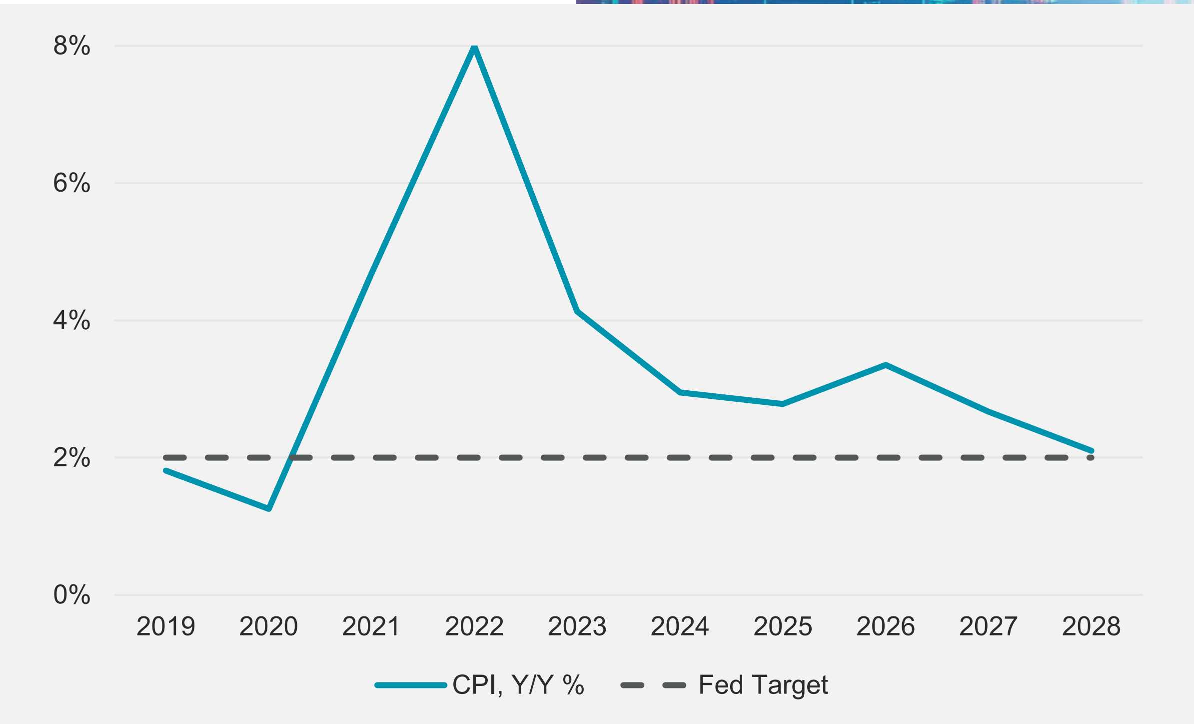


Source: Moody's Analytics, Challenger, Gray & Christmas

Tariffs are Inflationary, but for How Long?

- The expected inflationary impact from tariffs outlined in our Midpoint 2025 report is beginning to play out. Overall, inflation is expected to remain uncomfortably elevated in the mid-3% range before subsiding in H2 2026.
- Headline CPI and core CPI both rose by 3.0% year-over-year (YOY) in September, moving further from the Fed's 2% target. Tariff-sensitive sectors are seeing price increases of roughly 5% on an annualized basis.
- Consumer price pass-through has been limited by early-2025 inventory stockpiling and pricing restraint, but pressures are likely to build through mid-2026.
- The effective tariff rate is currently around 10%—the highest level since 1934. Our base case assumes it will peak at 12% and remain elevated for the next several years.
- A recent Cushman & Wakefield report revealed that tariffs could drive construction materials prices up by an average of 9.0%, potentially exerting a net negative impact on construction, assuming all other factors remain constant.

Tariffs Keep Inflation Elevated in 2026



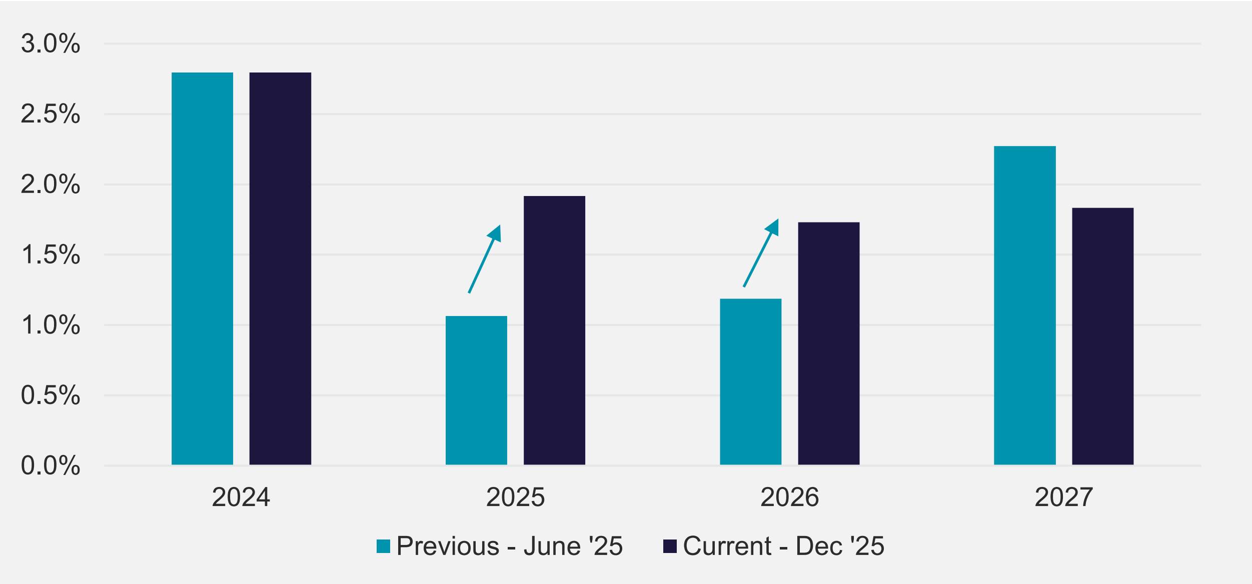
Source: U.S. Bureau of Labor Statistics, Cushman & Wakefield Research

ECONOMY

Upward Revision, Risks Roughly Balanced

- With 2025 nearly in the books, the U.S. economy has proven resilient to macro and policy shocks, laying the groundwork for continued momentum in CRE leasing and investment sales.
- The policy landscape is complex, with nuanced implications at the sector level. But in a macro sense, pro- and anti-growth policy components wash out to a net neutral driver in 2026.
- The composition of growth is shifting. Capital investments in data centers and AI are creating new opportunities for corporates and financial firms to benefit from stronger productivity gains. High-income households remain a key engine of consumer demand.
- At the same time, growth is becoming more concentrated, raising downside risks if financial markets begin to question the long-term economic payoff of AI investment.
- While downside risks remain, the outlook is clearer than it was in 2025. With better visibility, pent-up leasing decisions should begin to convert, underwriting confidence should improve, and with the supply wave largely behind us, the economic backdrop supports continued firming in the property sector’s fundamentals.

Cushman & Wakefield Baseline Forecast



Source: Cushman & Wakefield Research

We expect the Fed's policy rate to settle around 3.0% in 2026 and beyond.

U.S. Economic Policy

Tariffs

Trade policy took center stage in 2025 and continues to be a headwind to economic growth. This is driven by both the taxation impacts of tariffs and the uncertainty surrounding the path forward, including ongoing Supreme Court deliberations on the legality of country-specific tariffs under the IEEPA. At present, the average effective tariff rate is about 10%—the highest since 1934—and is estimated to reduce GDP growth by 0.5 to 0.7 percentage point in 2026, all else equal.

Fiscal Policy

The One Big Beautiful Bill Act that was legislated by Congress and signed by the president in July will have modest net economic benefits over the next several years, raising the level of GDP by as much as 1.0% by 2028. More immediately, the 43-day government shutdown which officially ended on November 12 is expected to shave 0.6 percentage point off GDP growth in Q4 2025, much of which will be recovered in Q1 as federal spending rebounds.

Immigration

Restrictive immigration policy is precluding stronger economic growth, via reductions in labor supply and the knock-on effects of slower job growth and reduced consumer spending. Over the next few years, we expect annual average net migration to hover in the 300,000-500,000 range, well below the 2+ million in the last several years and below the 1 million per-year long-term average.

Federal Reserve

Policy shifts have made the Federal Reserve's job of assessing progress toward its dual mandate of full employment and 2% inflation more challenging. Since first cutting rates in September 2024, the Fed has cumulatively lowered its policy rate by 150 basis points (bps) as of November 2025. While our baseline forecast expects the Fed to continue easing over the coming quarters, the risk of stickier inflation is growing louder and thus could delay a smooth rate cutting cycle in H1. Crucially, the expiration of Chairman Powell's term paves the way for the Trump administration to nominate a new chair who will likely be more amenable to lowering rates. Ultimately, we expect the policy rate to settle around 3.0% in 2026 and beyond.

What to Watch

Each of these sources of policy uncertainty will not magically go away, but we believe policy will become less disruptive in 2026 for several reasons: 1) Tariffs are causing a temporary price-level increase, after which inflation will normalize as supply chains adjust. 2) The USMCA agreement is due for renegotiation in 2026 which may encourage the administration to seek more friendly trade policies with our largest trading partners. 3) The OBBBA provides long-term clarity on tax policy and expands pro-growth incentives. 4) Fast-approaching midterm elections will incentivize more pro-business policy initiatives such as deregulation. 5) The economy and CRE have displayed remarkable resilience in the face of drastic policy shifts.

Source: Cushman & Wakefield Research, Moody's Analytics, San Francisco Fed, Congressional Budget Office

Lots Of Scenarios Still In Play

SCENARIO 1
Upside

15% Probability

- Economy continues to grow at a healthy clip, supported in part by early-stage AI-related productivity gains, with GDP growing 2.0% in 2025 and 3.2% in 2026.
- Inflation follows a similar trajectory to the baseline, but about 20 bps higher in 2026.
- The FOMC lowers Fed funds rate through 2026, despite sticky inflation and above-trend economic growth.
- The job market remains solid, resulting in an average annual growth of 1.3 million net new jobs over the next two years.
- The 10-year yield averages 4.4% over 2026 and 2027, slightly higher than in the baseline, given stronger underlying growth.
- The effective tariff rate peaks at 12.1%, but recedes to 6.2% by Q4 2027.

SCENARIO 2
Baseline

50% Probability

- Economy slows in early 2026 but avoids a recession, with stronger growth in H2; GDP softens slightly in 2026 and remains under 2.0% through 2027.
- CPI inflation peaks at 3.6% in H1 2026 and begins to fade once tariff effects stabilize.
- A softening economy allows for the Fed to continue easing over the coming quarters, bringing the Fed funds rate to neutral at around 3.0% by H2 2026.
- Job gains total 1.0 million in 2025 and growth is essentially flat in 2026. The unemployment rate peaks at 4.9%, still low by historical standards.
- The 10-year Treasury averages 4.3% in 2026 and 4.4% in 2027.
- The effective tariff rate peaks at 12.1% and stays above 10% through 2027.

SCENARIO 3
Near-Term Recession

25% Probability

- AI underdelivers on expectations, triggering a broad stock market correction.
- The resulting negative wealth effect weighs on consumer spending and erodes business confidence.
- The U.S. economy falls into recession in 2026. Job losses total 1.2 million and unemployment peaks at 7.2%.
- The Fed responds with more aggressive rate cuts, pushing the Fed funds rate below neutral as the downturn persists.
- The U.S. economy stabilizes toward the end of 2026 and returns to growth in 2027 as monetary easing gains traction.
- Restrictive tariff policies intensify in 2026, hampering the trade and manufacturing sectors amid already weak business confidence.

SCENARIO 4
Stagflation

10% Probability

- Inflation reaccelerates as the economy weakens. The Fed is initially more concerned about the weakening economy and does not respond to inflation until H2 2026 when it sharply raises Fed funds, causing the economy to fall into a deep recession in 2027.
- Inflation reaches 5.5% (Q4/Q4) in 2026 and remains elevated until Q4 2027.
- The FOMC is forced to raise the Fed funds rate to 5.8% in Q3 2026 to combat inflation.
- Job losses are far greater than our baseline in 2026 with a loss of 0.9 million jobs. In 2027, job losses total 7.0 million.
- 10-year Treasury yield peaks at 7.2% at Q3 2026.
- The tariff rate is just over 26% through 2028.

Source: Cushman & Wakefield Research, Moody's Analytics

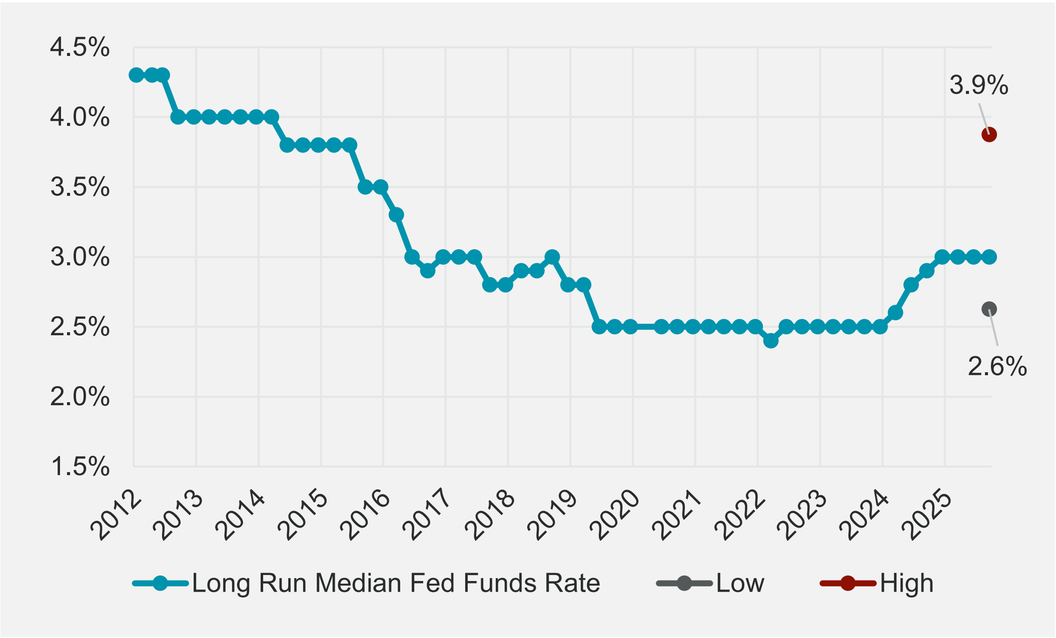
CAPITAL MARKETS

CAPITAL MARKETS

Spotlight on Powell

- Since September 2024, the Federal Reserve has cut its policy rate by 150 bps to a range of 3.75-4.0% as of November.
- There is a lack of consensus over which side of the Fed's dual mandate carries more weight within the FOMC. However, reading between the lines suggests that the committee is more concerned about the risk of a policy error that fails to ensure maximum employment. In other words, further rate cuts are likely.
- Our baseline calls for the Fed continuing to ease rates over the next several quarters so that a "neutral" rate of 3.0% is achieved by H2. The latest FOMC projections suggest the Fed itself lacks consensus about the appropriate endpoint for rates, and there are risks to both sides of this outlook.
- President Trump is expected to nominate a new Fed Chair before the new year and he will be looking for a candidate who supports lowering rates, potentially substantially. This carries inflation risk, hence our consideration of a "stagflation" downside scenario.

Disagreement on What "Neutral" Means

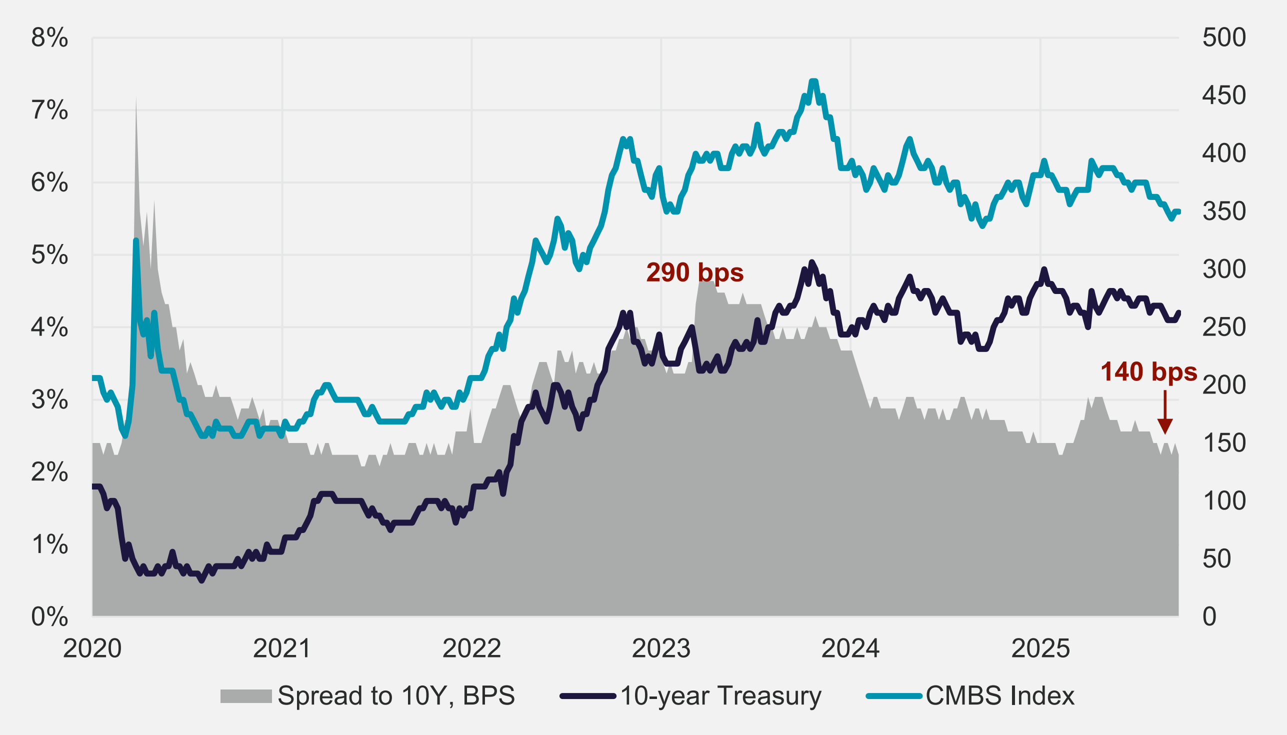


Source: Federal Reserve Board of Governors, Cushman & Wakefield Research

Long-term Yield Compression Unlikely

- More accommodative Fed policy has brought a sense of optimism in financial markets, including the CRE sector, but the long end of the yield curve has not moved much.
- The 10-year Treasury yield has remained within a 4.0–4.3% range for the past three months, and our baseline expects it to stay toward the upper end of this range over the next two years, influenced by competing forces—upward pressures such as inflation and deficits and modest downward pressure from slower global growth and uncertainty.
- A return to an upward sloping yield curve should benefit longer-duration assets like CRE. The combination of a pricing reset, acceptance of risk-free yields above 4.0%, and tight corporate/CRE credit spreads all point to gradually improving transaction activity under our baseline.
- Deficit spending, inflation expectations, and growth prospects bear close watching by CRE investors to assess where yields are headed and potentially capitalize on near-term fluctuations.

CMBS Spreads Below Pre-Rate-Hike Levels



Source: Green Street, Cushman & Wakefield Research

Debt Markets Liquid

Debt costs and availability have improved relative to the tightest conditions of 2024. The lending landscape is growing more diverse, with strong competition among lenders to deploy capital, offering borrowers more optionality and more favorable terms. Lending origination through Q3 was up 35% YOY and record-high refinancing activity positions the market well for insulating against the upcoming maturity wave.

Pricing Reset

Transaction cap rates have gradually adjusted to the higher-rate environment, paving the way for neutral-to-positive leverage conditions. Property price indices have stabilized and now inflected upward in the low-single-digits on a YOY percentage basis. REIT-implied cap rates have also stabilized, suggesting modestly positive forward-looking price movement.

Capital Deployment

The desire to recycle and deploy capital will increasingly convert into more transactions as there is growing conviction around entering in the early vintage years of the cycle. It is notable that institutional investors have returned to the market in 2025; sales volumes were up 17% YTD through October and single-asset sales among institutions were up 50%. Private fund managers increasingly report being under allocated to real estate in 2025—a positive sign for increased deployment.

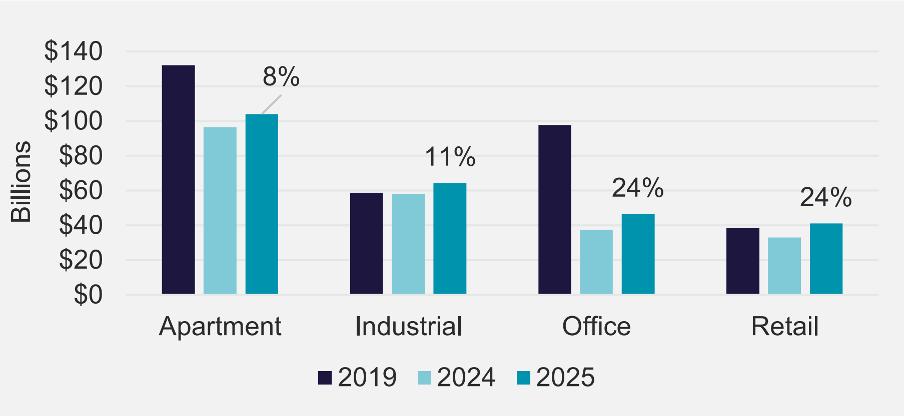
Durability and Resilience

CRE's durability as a hard asset with income resilience could fuel more capital flows, especially if equity markets experience greater volatility amid uncertain economic and political gyrations. Counter-cyclical, necessity-based, non-discretionary sectors like Residential, Student Housing, Healthcare, and Data Centers stand to benefit.

Transaction Volume, Trailing 12 Months, YOY%

Source: MSCI Real Capital Analytics

Transaction Volume Q1-Q3: Data labels are 2025 vs. 2024



Source: MSCI Real Capital Analytics

OFFICE

OFFICE

Light Is Growing Brighter Now

The light at the end of the tunnel for office leasing is growing brighter with each passing quarter. In Q3, half of U.S. markets posted overall positive net absorption, with Class A space experiencing two consecutive quarters of sustained demand growth. While 2025 started with just a handful of markets having turned the corner, demand lately is picking up across a broader swath regionally thanks to varied growth drivers. Large portions of the markets in New York, the Bay Area, and Los Angeles experienced robust positive absorption over the past year, as did key Sunbelt hubs in Nashville, Atlanta, Tampa, Dallas, and Austin.

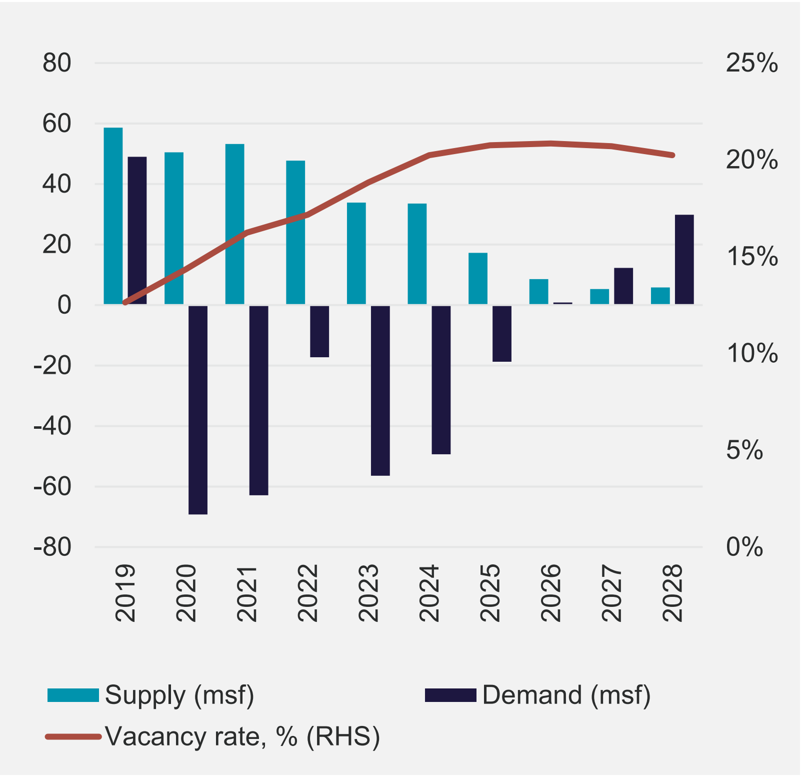
Pipeline Hits All-Time Low

Office building deliveries will be few and far between over the next several years. The under-construction pipeline is the lowest on record going back to the late 1990s. Our baseline forecast projects only 20 million square feet (msf) of space will be delivered cumulatively from 2026-2028, or 0.4% of the current stock. For context, new construction since the turn of the century has averaged more than 1.0% *per year*, so this represents a sea change for construction. The lack of deliveries mixed with preference for high-quality office has led to a dearth of available amenitized product in many markets, and our data shows that nearly one-third of class A office product is almost fully occupied. Office renovations have been increasingly common, especially in major CBDs, and that is the most viable route to alleviate supply-constrained markets in the immediate years ahead.

Turning the Page

Overall vacancy rates will inflect in 2026 but a rapid return to pre-pandemic norms is not in the cards. Competitively obsolescent space is likely to sit vacant for years as some owners contemplate renovation or conversion and loan restructuring. But for the in-demand segments of the market, occupancy will begin to edge higher, barring major economic shocks, helping to improve income streams and reset capital values at the same time.

Cushman & Wakefield Baseline Forecast – Office



Source: Cushman & Wakefield Research

Office Jobs Perking Up

After two years of moving sideways, office job growth is poised to increase in 2026. In the baseline forecast, office-using employment will grow by 625,000 in 2026-2027, accounting for essentially all nonfarm employment gains over that two-year period. Core segments of finance and legal services are driving YTD gains in office employment, particularly among larger firms. And despite alarm that automation could reduce the need for certain white-collar jobs, there is no compelling evidence this is causing layoffs *en masse* presently. Strong leasing activity in the Bay Area and New York nods to the possibility that AI investment could even be a net positive driver for office leasing in the near term under certain conditions.

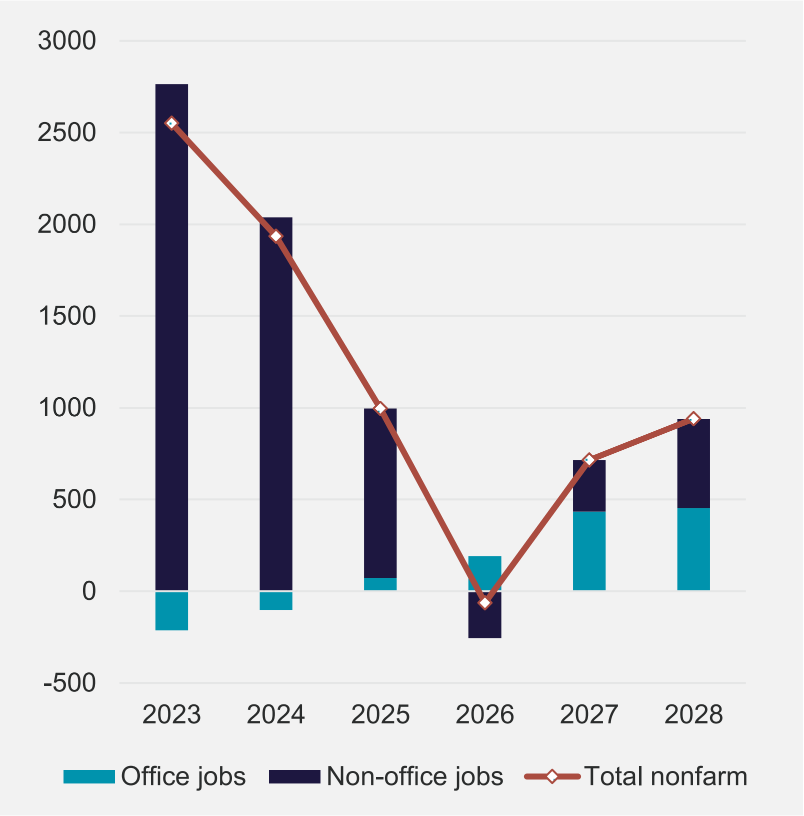
Sentiment Matters

Leasing and the capital markets do not operate in isolation, and improved sentiment on either side will reinforce the other. Both are moving in the right direction, albeit gradually. According to the Q3 2025 Cushman & Wakefield office brokerage survey, more market participants indicated tenant space requirements were 'unchanged' or 'increased slightly' than at any point in two years. Expectations for vacancy and rents three years out also support more conviction around an eventual move from 'tenant friendly' to 'neutral' market conditions.

On the capital side, debt and equity markets are slowly reengaging in office. Transaction volumes improved 27% in Q3 2025 compared to 2024. Lenders showed more willingness to make new office loans as fundamentals stabilize, highlighted by multiple $1 billion plus refinancings of trophy NYC office assets. The office market also approached bottom in terms of pricing as indicated by upward movements in public markets, bringing would-be buyers back to the table, albeit at far-discounted pricing. Directional improvement in the capital markets should help current owners and buyers add needed value to assets, supporting the budding leasing recovery in tandem.

Office job growth is poised to increase after two years of moving sideways.

Office Shifts to Employment Driver



Source: Cushman & Wakefield Research

INDUSTRIAL

INDUSTRIAL

Upside Surprise

Industrial demand surprised to the upside in Q3 2025 with its strongest quarter in over a year, totaling 45 msf and bringing the YTD totals in line with the same period 2024. Leasing activity broke out of its earlier slump, which had been partly tied to trade-policy uncertainty that caused some tenants to delay decisions. As a result of stronger incoming data and the improved economic outlook, we have increased our demand projections for 2026 and 2027 by a combined 70 msf relative to the Midyear 2025 forecast.

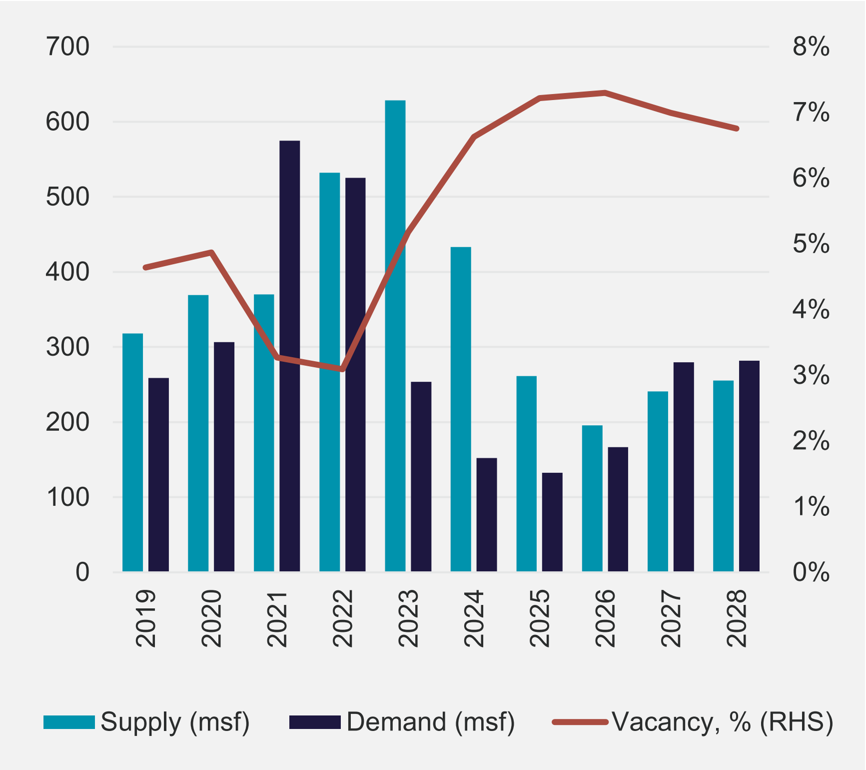
Development Ramping Down

The development pipeline will peak in 2025 and the pipeline ahead suggests below-trend deliveries through 2028. From 2026-2028, we forecast that 230 msf will be brought to market per year, which is half the average rate from 2022-2025. Build-to-suit deliveries are rising in market share, going from 17% in 2023 to 39% in 2025. The national vacancy rate is expected to move sideways in 2026 at 7.3% as demand matches new supply but will remain elevated relative to pandemic-era lows that were in the sub-4% range.

Rents Retrench, Regionally

Slowing rent growth has been in the spotlight in 2025 but the story is highly nuanced regionally. Nationally, average rents continue to increase on average by 1-2% and that should continue for the next couple of years. Rents in the West and Northeast regions, which are currently down 3.0% and 3.7% YOY, respectively, will weigh on national averages while inland markets have the opposite effect. Notably, national asking rents remain 60% above their pre-pandemic levels, so the mark-to-market story for upcoming renewals will remain the more relevant comparison for leasing demand.

Cushman & Wakefield Baseline Forecast – Industrial



Source: Cushman & Wakefield Research

Distortions in Trade

Industrial and logistics markets remain highly exposed to trade policy developments and their downstream effects. So far, foreign trade has held up, with YTD imports at key maritime ports exceeding 2024 levels. However, a slowdown is emerging—in September and October, import volumes fell sharply, largely due to a pullback from China. Port-adjacent markets may face softer activity in the coming months as tenants reassess their supply chains. Markets more closely tied to manufacturing may experience a mixed set of crosswinds. Outside of high tech, industrial production has been trending sideways since March, and survey-based measures indicate that tariffs are increasingly impacting production costs and demand. Longer term, markets with linkages to autos and semiconductor production stand to benefit as several large investments have been announced.

E-commerce the Mainstay

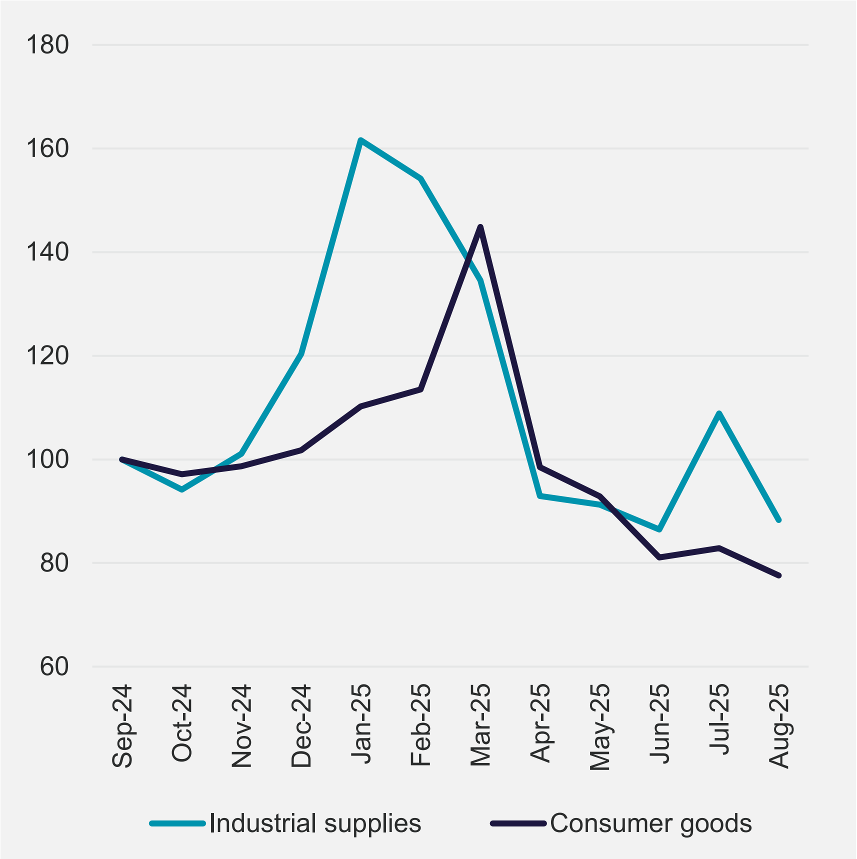
Although consumer spending is under pressure, e-commerce continues to capture a growing share of retail sales, which is a plus for warehouse demand. E-commerce as a share of retail sales (excluding gas, autos, and restaurants) is nearly 30% now and rising. According to the Q3 Cushman & Wakefield Industrial Forecast Survey, 80% of the markets we track expect e-commerce to be the number one driver of leasing demand over the next three years.

Supply-Side Constraints

Industrial developers are increasingly competing with or diversifying into data centers, which has the potential to increase competition (and pricing) for greenfield land sites. Access to power and labor are growing challenges within the sector which may lead to lengthier processes around site selection, permitting, and under construction timelines.

Industrial and logistics markets remain highly exposed to trade policy developments and their downstream effects.

Tariff Frontrunning in Action: Import Value (100=Sep '24)



Source: Census Bureau, Moody's Analytics

MULTIFAMILY

MULTIFAMILY

Renters by Necessity (and by Choice)

Many factors influence housing choice, but the economic drivers currently favor renting versus homeownership virtually everywhere in the U.S. High mortgage rates, low for-sale inventory, and general affordability issues are buttressing multifamily demand, particularly amid high employment and real wage gains, which alleviates pressure to double-up with roommates or family members. Demand has softened from its 2024 peak but is on track to exceed the 10-year average by 30% in 2025.

Pipeline Shrinking Fast

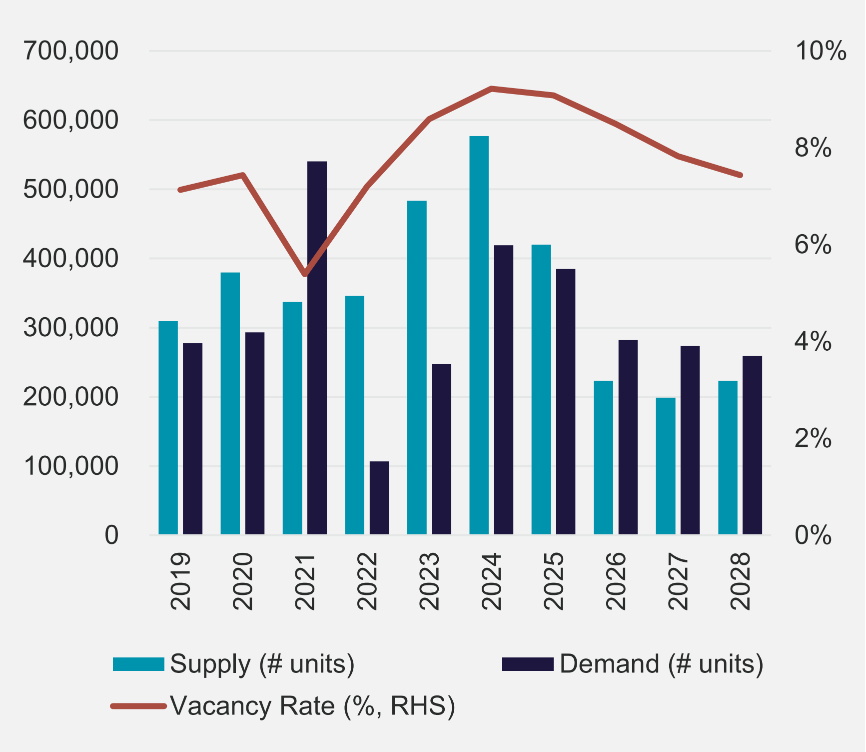
Record construction activity has been the chief driver of higher vacancy and softer rent growth over the last couple of years. By the end of 2025, the market will have delivered 12% of prior inventory in a compressed three-year period. Supply is drying up, fast; multifamily starts are down two-thirds from peak and at the lowest level since 2012. We expect a subdued delivery schedule for several more years.

Occupancy > Rent

Rent growth is softening as most apartment owners adopt defensive leasing strategies focused on preserving occupancy rather than growing rents. Much of that weakness is concentrated on new leases, while renewal rents remain comparatively resilient. With the supply pipeline easing, rent growth is forecast to accelerate toward 5.0% in 2027. Stabilized vacancy remains roughly 90 bps below its historic peak, suggesting the market has absorbed much of the recent supply influx.

Record construction activity has been the chief driver of higher vacancy and softer rent growth over the last couple of years.

Cushman & Wakefield Baseline Forecast – Multifamily



Source: Costar, Cushman & Wakefield Research

Homeownership in a Slump

Homeownership rates have declined following a mini resurgence during the pandemic when lifestyle factors supercharged homebuying amid sub-3% mortgage rates. Times have changed, making it particularly challenging for younger potential buyers to make the jump to owning more recently; homeownership among households under age 35 has fallen more than six percentage points in the last decade. Even if mortgage rates edge down, subdued new home construction is likely to limit homebuying prospects for the next several years.

Economy Doing 'Good Enough'

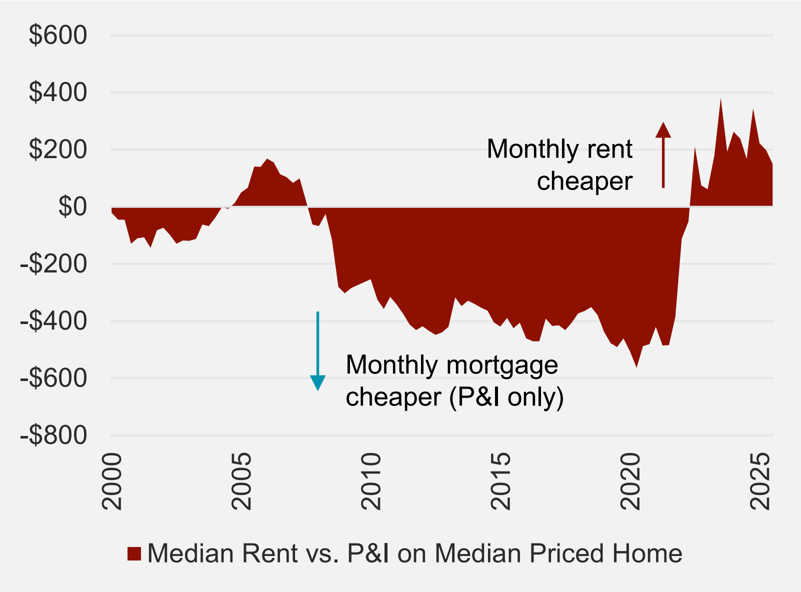
Though many renters and would-be buyers have become discouraged by affordability challenges, economic conditions are not having a drastic impact on housing tenure. The number of young adults living alone outnumbers those living with roommates; the share living at home with parents has declined, too. Employment is high and inflation-adjusted incomes are rising—all of which translates into lower household size and the ability to trade up into newly built properties. Our proprietary data shows low rates of non-renewals due to household financial issues.

Immigration a Growing Concern

Immigration of foreign-born workers to the U.S. was the largest source of population growth in two-thirds of metro areas across all four regions of the country in 2024. Recent declines remove a key source of multifamily demand, particularly for coastal markets which typically do not benefit from domestic in-migration or natural population increases as much as Sunbelt markets. The Harvard Joint Center for Housing Studies projects 299,000 renter households will be added per year over the coming decade compared to 524,000 during the prior 25-year average.

Source: Census Bureau, Cushman & Wakefield Asset Services, Harvard Joint Center for Housing Studies

Housing Economics Favor Renting



Source: NAR, Freddie Mac, Cushman & Wakefield Research

RETAIL

RETAIL

Tenant Demand: More than Meets the Eye

The retail market is in the crosshairs of tariff uncertainty, but leasing has carried on with little disruption. Yes, demand is slated to be negative in 2025 for the first time since 2020, but this is more about what happened prior to tariffs. Several big-box retailers with large footprints filed for bankruptcy in 2024 and quickly vacated thousands of stores, resulting in negative YTD absorption as the spaces are backfilled. However, the news has been decidedly positive in terms of time to lease and mark-to-market rents achieved for vacated space. Demand is expected to rebound next year, even as some firms face increased margin pressures.

Building Response Remains Delayed

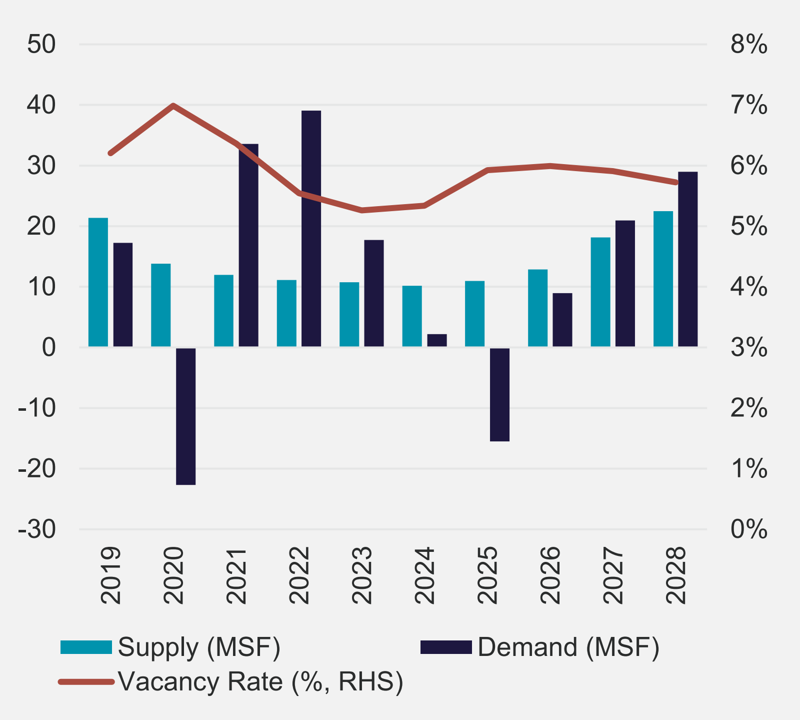
Contrary to other asset classes, retail missed out on a construction wave over the last several years. Since 2020, after accounting for demolished/converted space, net supply has cumulatively totaled only 2.7% of the market inventory. In addition to recent financing challenges, existing stock is trading at a discount to replacement cost. Rental growth will eventually necessitate a supply response but that is still years away. In the meantime, availability of quality retail space will remain at a premium.

What's Old Is New Again

Malls have quietly been one of the better performing CRE asset classes over the past year from both a leasing and capital markets perspective. New leasing among the three largest mall owners is 20% above 2019 levels; refinancing has more than doubled the 2017-19 average; cumulative unleveraged returns over the past four quarters totaled 6.9%; and REIT-implied cap rates have narrowed relative to other CRE assets. This all signals a recalibration of investor sentiment, positioning high-quality retail centers as resilient, income-generating asset classes for the chapter ahead.

Source: Green Street, Costar, NCREIF, MSCI Real Capital Analytics, Cushman & Wakefield

Cushman & Wakefield Baseline Forecast – Retail Shopping Centers



Source: Costar, Cushman & Wakefield Research

The 'K-shaped' Economy

The concept of a "K-shaped" economy has become a central narrative for consumer spending and the retail outlook. The top end of the "K" represents wealthy households—they've seen real estate and financial asset values increase dramatically in recent years and generally are less impacted by economic uncertainty. For everyone else—the bottom spoke of the "K" —confidence is rattled, inflation is real, and value is king. This notion is supported by bellwethers such as earnings reports, foot traffic, and property level performance. The wealthy are increasingly powering consumer spending, which leaves the economy more exposed to a correction in financial markets. We don't expect an equity bubble to pop but it's a growing near-term risk for consumer spending and retail CRE.

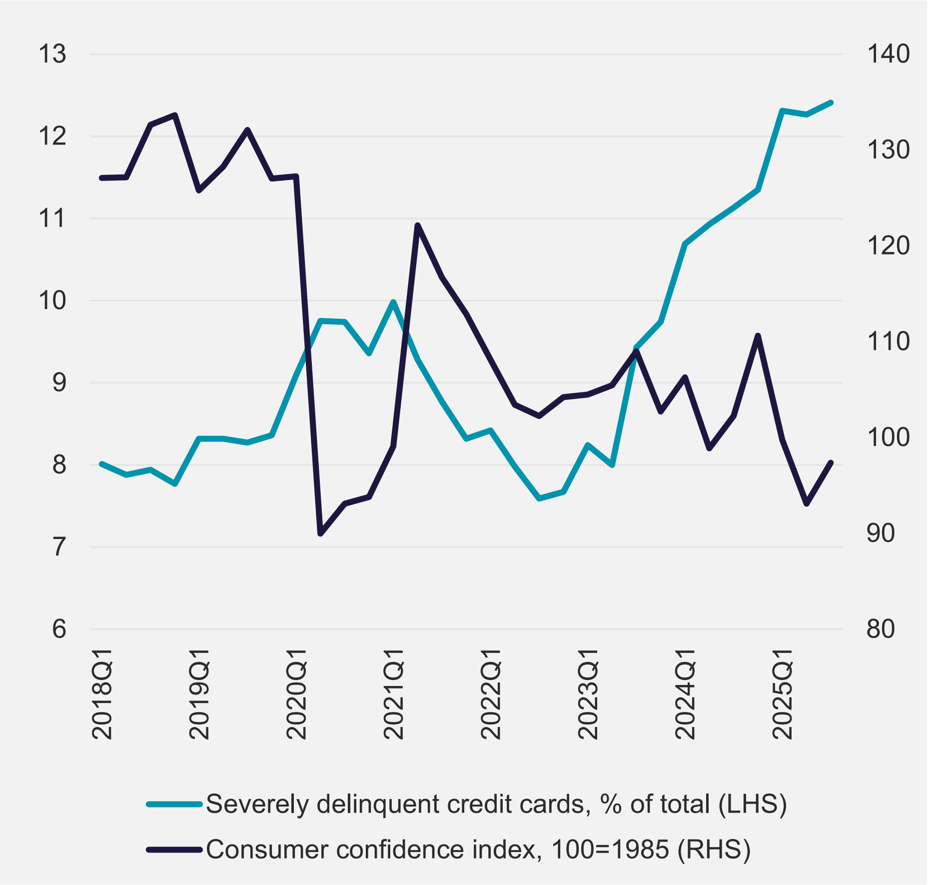
Household Debt

Household debt is flashing caution signs. Among outstanding credit card balances, the dollar value that is severely delinquent (90+ days past due) stands at over 12%, which is the highest proportion since 2011 coming out of the global financial crisis. The proportion of troubled student loan balances sits at an all-time high and credit quality for auto and home equity loans are also deteriorating. Households are prioritizing paying their mortgages and essential expenses, but rising credit stress foreshadows a likely moderation in discretionary spending. In the near term, grocery-anchored retail should remain a relative outperformer.

Happy Holidays?

Retail tenants largely followed through on expansion plans for 2025 despite macro headwinds, but the brunt of tariff impacts may ding profit margins as tariffs pass through and spending becomes more fragmented. Industry forecasts project holiday retail sales to moderate from 2024, rising between 1.0-2.0% after accounting for inflation. We expect a bifurcated performance by sector, with housing-related and tariff-sensitive categories experiencing weakness. This could undermine a strong demand rebound in 2026 as firms recalibrate supply chains and pricing.

Confidence Rattled as Credit Quality Dwindles



Source: Conference Board, Federal Reserve Board of Governors, Moody's Analytics





ALTERNATIVES

ALTERNATIVES

Data Centers

Persistent power limitations continue to shape development strategies, driving accelerated growth in secondary and tertiary markets even as primary markets sustain their dominant share of activity.

Hospitality

Leisure demand remains subdued due to weaker international travel, geopolitical tensions, and shaky consumer confidence—raising uncertainty heading into 2026.

Life Sciences

The sector is navigating challenging supply- and demand-side conditions, but stabilization in VC funding and capital markets sentiment, along with a smaller development pipeline, points to improvement in the coming quarters.

Medical Office

Despite policy and cost headwinds, demand remains solid due to an aging population and limited new supply, requiring creative space solutions from occupiers.

Student Housing

Enrollment growth and counter-cyclical demand during economic downturns make this sector attractive, especially at large, research-focused universities.

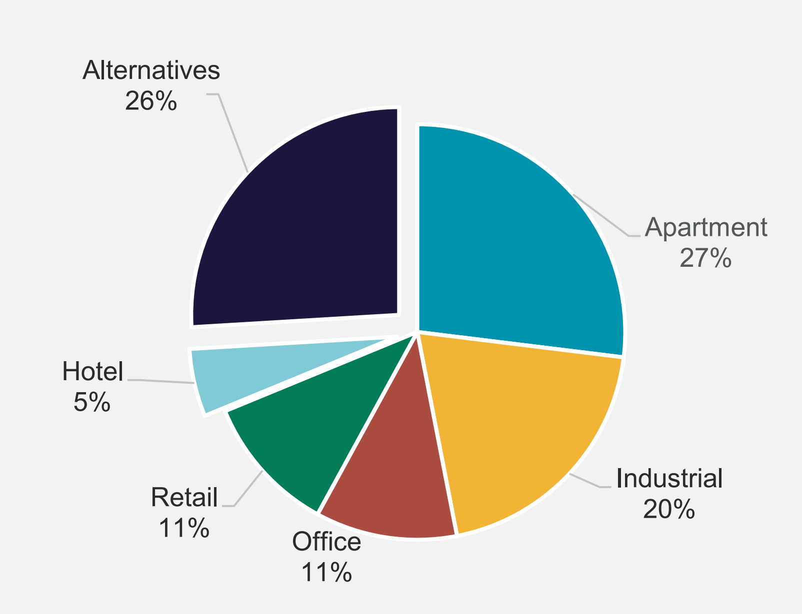
Senior Housing

With the 75+ population set to grow over 40% in the next decade, demand is accelerating, pushing occupancy above 89% and driving sector-leading investment returns.

Built-To-Rent

Demand remains strong due to unaffordable homeownership and demographic trends, while supply is easing—setting the stage for a healthy recovery in occupancy and rent growth.

Sales Volume By Sector, 2020-2025



Source: MSCI Real Capital Analytics, Cushman & Wakefield Research

WHAT IT MEANS FOR OCCUPIERS & INVESTORS

Occupiers

- **Capitalize on improving economic conditions:** With tariff policy likely stabilizing and monetary policy supportive, act decisively to secure prime space while markets are still accommodating.
- **Target high-quality assets and locations:** Premium locations continue to see robust demand; secure key spaces now to benefit from tightening availability and market re-pricing.
- **Prioritize flexibility:** Leverage dynamic lease terms, flexible workspaces, and strong construction planning to build adaptability into supply chains, global footprints, and workplace strategy.
- **Focus on workforce and operational efficiency:** While the labor markets cool, optimize space and workplace strategies to align with current staffing needs. When demand for labor accelerates, aging demographics and restrictive immigration could create shortages, so retain top talent with high-quality, well-located workspaces.
- **Stay ahead of evolving AI trends:** Monitor how AI adoption is reshaping productivity, workforce needs, and space requirements. Partner with landlords on shared technology investments for occupancy optimization, predictive maintenance, and cost forecasting.
- **Prepare for cost pressures:** Construction and fit-out costs may remain elevated near term, so develop a procurement strategy to drive lower costs and minimize lead time exposure on projects.

Investors

- **Focus on the long term:** Prioritize real estate with durable income streams and secular growth themes, as value appreciation typically accrues over time.
- **Leverage market volatility:** Capitalize on short-term dislocations by acquiring assets strategically from sellers motivated by uncertainty or by the need to distribute capital to their investors.
- **Follow the people:** Target markets with strong population growth, high concentrations of prime-age workforce, as well as desirable locations for retirees, as these dynamics drive CRE demand and long-term growth.
- **Capitalize on supply constraints:** Trophy office vacancy is tight, and the construction pipeline is the lowest in over a decade; demand is likely to trickle to the next best thing, well-located Class A space.
- **Target resilient asset classes:** Needs-based and mixed-use properties, including healthcare, grocery-anchored retail, and residential offer stability through economic cycles, especially as supply wave dwindles.
- **Optimize tenancy and strategy:** Suburban, mixed use, and experiential assets can reduce cyclical volatility and capture shifting demographic and spending patterns.
- **Think creatively about the capital stack:** Opportunities exist in recapitalizations, loan sales, and repositioning distressed or underperforming properties for outsized returns.

U.S. FORECAST TABLES

Cushman & Wakefield Baseline Outlook* (50% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
U.S. Economy							
Real GDP (annual avg, YOY %)	6.1%	2.5%	2.9%	2.8%	1.9%	1.7%	1.8%
Nonfarm Employment (year-end diff, ths.)	6,605	4,968	2,551	1,936	997	-63	715
Office-using Employment (year-end diff, ths.)	1,858	1,148	-213	-102	73	192	434
Unemployment Rate (year-end, %)	4.2	3.6	3.8	4.1	4.4	4.9	4.6
Retail & Food Services Sales (annual avg, YOY %)	18.1	9.1	3.5	2.6	3.8	3.2	3.7
CPI Inflation (annual avg, YOY %)	4.7	8.0	4.1	3.0	2.8	3.3	2.7
Federal Funds Rate (year-end, %)	0.1	3.6	5.3	4.7	3.8	3.1	3.1
10-Year Treasury Rate (year-end, %)	1.5	3.8	4.4	4.3	4.1	4.3	4.4
BAA Corporate Bond (year-end, %)	2.4	5.6	6.0	5.2	5.2	5.9	5.9
West Texas Intermediate (year-end, $/bbl)	$77.3	$82.7	$78.5	$70.8	$64.7	$62.1	$63.9
Effective Tariff Rate (year-end, %)	3.1	3.1	2.6	2.5	12.1	11.7	10.8

**The probability can be interpreted as the economy having a 50% chance of performing as well as or better than this scenario, and a 50% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Cushman & Wakefield Baseline Outlook* (50% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Office Sector							
New Supply (msf)	55.4	47.3	33.8	33.1	17.2	8.5	5.3
Net Absorption (msf)	-62.9	-18.1	-56.7	-49.6	-18.7	0.9	12.3
Vacancy (%)	16.2%	17.2%	18.7%	20.3%	20.8%	20.8%	20.7%
Effective Rent Growth (%)	-4.6%	0.2%	-4.7%	-5.3%	-1.1%	-0.1%	1.3%
Industrial Sector							
New Supply (msf)	370.1	532.3	628.5	433.4	261.6	195.9	241.0
Net Absorption (msf)	574.7	525.4	253.8	152.3	132.7	166.8	279.6
Vacancy (%)	3.3%	3.1%	5.2%	6.6%	7.2%	7.3%	7.0%
Effective Rent Growth (%)	8.6%	13.1%	4.8%	4.1%	1.3%	0.9%	0.7%

**The probability can be interpreted as the economy having a 50% chance of performing as well as or better than this scenario, and a 50% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Cushman & Wakefield Baseline Outlook* (50% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Retail Sector							
New Supply (msf)	11.9	11.1	10.7	10.2	11.0	12.9	18.0
Net Absorption (msf)	33.6	39.1	17.7	2.2	-15.5	8.5	20.9
Vacancy (%)	6.4%	5.5%	5.3%	5.3%	5.9%	6.0%	5.9%
Effective Rent Growth (%)	4.5%	4.7%	4.4%	3.8%	1.9%	1.0%	1.4%
Multifamily Sector							
New Supply (ths. units)	337.4	346.1	483.6	577.0	420.1	223.4	197.7
Net Absorption (ths. units)	540.5	106.7	247.3	419.4	385.9	280.1	273.6
Vacancy (%)	5.4%	7.2%	8.6%	9.2%	9.1%	8.5%	7.8%
Effective Rent Growth (%)	12.4%	5.1%	1.8%	2.1%	1.3%	2.6%	4.9%

**The probability can be interpreted as the economy having a 50% chance of performing as well as or better than this scenario, and a 50% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Upside Scenario* (15% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
U.S. Economy							
Real GDP (annual avg, YOY %)	6.1%	2.5%	2.9%	2.8%	2.0%	3.2%	2.2%
Nonfarm Employment (year-end diff, ths.)	6,605	4,968	2,551	1,936	1,448	1,262	1,350
Office-using Employment (year-end diff, ths.)	1,858	1,148	-213	-102	105	335	638
Unemployment Rate (year-end, %)	4.2	3.6	3.8	4.1	3.9	3.8	4.0
Retail & Food Services Sales (annual avg, YOY %)	18.1	9.1	3.5	2.6	4.1	6.1	3.9
CPI Inflation (annual avg, YOY %)	4.7	8.0	4.1	3.0	2.8	3.5	2.7
Federal Funds Rate (year-end, %)	0.1	3.6	5.3	4.7	4.0	3.1	3.0
10-Year Treasury Rate (year-end, %)	1.5	3.8	4.4	4.3	4.3	4.4	4.4
BAA Corporate Bond (year-end, %)	2.4	5.6	6.0	5.2	5.1	5.7	5.7
West Texas Intermediate (year-end, $/bbl)	$77.3	$82.7	$78.5	$70.8	$68.7	$66.4	$65.4
Effective Tariff Rate (year-end, %)	3.1	3.1	2.6	2.6	12.1	11.5	6.2

**This scenario is designed to incorporate the central tendency of a range of baseline forecasts produced by various institutions. Cushman & Wakefield Research views this scenario, often dubbed as a soft landing, as an "upside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 15% chance of performing as well as or better than this scenario, and an 85% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Upside Scenario* (15% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Office Sector							
New Supply (msf)	55.4	47.3	33.8	33.1	17.2	8.9	6.1
Net Absorption (msf)	-62.9	-18.1	-56.7	-49.6	-15.6	16.7	30.7
Vacancy (%)	16.2%	17.2%	18.7%	20.3%	20.7%	20.5%	20.0%
Effective Rent Growth (%)	-4.6%	0.2%	-4.7%	-5.3%	-1.0%	1.2%	2.8%
Industrial Sector							
New Supply (msf)	370.1	532.3	628.5	433.4	264.6	200.4	280.1
Net Absorption (msf)	574.7	525.4	253.8	152.3	132.7	230.9	444.2
Vacancy (%)	3.3%	3.1%	5.2%	6.6%	7.2%	7.0%	6.0%
Effective Rent Growth (%)	8.6%	13.1%	4.8%	4.1%	1.3%	2.2%	2.9%

**This scenario is designed to incorporate the central tendency of a range of baseline forecasts produced by various institutions. Cushman & Wakefield Research views this scenario, often dubbed as a soft landing, as an "upside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 15% chance of performing as well as or better than this scenario, and an 85% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Upside Scenario* (15% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Retail Sector							
New Supply (msf)	11.9	11.1	10.7	10.2	11.0	12.9	18.7
Net Absorption (msf)	33.6	39.1	17.7	2.2	-15.5	17.4	26.6
Vacancy (%)	6.4%	5.5%	5.3%	5.3%	5.9%	5.8%	5.6%
Effective Rent Growth (%)	4.5%	4.7%	4.4%	3.8%	1.9%	1.7%	2.2%
Multifamily Sector							
New Supply (ths. units)	337.4	346.1	483.6	577.0	432.6	261.1	239.5
Net Absorption (ths. units)	540.5	106.7	247.3	419.4	393.4	343.8	310.9
Vacancy (%)	5.4%	7.2%	8.6%	9.2%	9.1%	8.3%	7.7%
Effective Rent Growth (%)	12.4%	5.1%	1.8%	2.1%	1.4%	3.6%	5.3%

**This scenario is designed to incorporate the central tendency of a range of baseline forecasts produced by various institutions. Cushman & Wakefield Research views this scenario, often dubbed as a soft landing, as an "upside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 15% chance of performing as well as or better than this scenario, and an 85% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Downside Scenario* (25% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
U.S. Economy							
Real GDP (annual avg, YOY %)	6.1%	2.5%	2.9%	2.8%	1.7%	-0.2%	1.8%
Nonfarm Employment (year-end diff, ths.)	6,605	4,968	2,551	1,936	-1,099	-2,252	4,203
Office-using Employment (year-end diff, ths.)	1,858	1,148	-213	-102	-370	-288	1,214
Unemployment Rate (year-end, %)	4.2	3.6	3.8	4.1	5.5	7.0	4.6
Retail & Food Services Sales (annual avg, YOY %)	18.1	9.1	3.5	2.6	3.4	-0.4	5.2
CPI Inflation (annual avg, YOY %)	4.7	8.0	4.1	3.0	2.8	2.6	2.1
Federal Funds Rate (year-end, %)	0.1	3.6	5.3	4.7	4.4	2.2	2.1
10-Year Treasury Rate (year-end, %)	1.5	3.8	4.4	4.3	4.4	3.8	4.1
BAA Corporate Bond (year-end, %)	2.4	5.6	6.0	5.2	5.7	5.6	5.5
West Texas Intermediate (year-end, $/bbl)	$77.3	$82.7	$78.5	$70.8	$58.9	$51.0	$60.4
Effective Tariff Rate (year-end, %)	3.1	3.1	2.6	2.6	12.1	15.2	15.2

**This scenario represents a tail-end downside scenario wherein the economy weakens substantially more than in our baseline. Cushman & Wakefield Research views this scenario as a "downside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 75% chance of performing as well as or better than this scenario, and a 25% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Downside Scenario* (25% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Office Sector							
New Supply (msf)	55.4	47.3	33.8	33.1	17.1	7.8	4.7
Net Absorption (msf)	-62.9	-18.1	-56.7	-49.6	-36.0	-43.2	-1.1
Vacancy (%)	16.2%	17.2%	18.7%	20.3%	21.1%	22.0%	22.1%
Effective Rent Growth (%)	-4.6%	0.2%	-4.7%	-5.3%	-1.6%	-5.4%	0.7%
Industrial Sector							
New Supply (msf)	370.1	532.3	628.5	433.4	258.6	196.7	207.6
Net Absorption (msf)	574.7	525.4	253.8	152.3	132.7	72.3	9.1
Vacancy (%)	3.3%	3.1%	5.2%	6.6%	7.2%	7.8%	8.8%
Effective Rent Growth (%)	8.6%	13.1%	4.8%	4.1%	1.3%	0.1%	-1.6%

**This scenario represents a tail-end downside scenario wherein the economy weakens substantially more than in our baseline. Cushman & Wakefield Research views this scenario as a "downside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 75% chance of performing as well as or better than this scenario, and a 25% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Downside Scenario* (25% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Retail Sector							
New Supply (msf)	11.9	11.1	10.7	10.2	11.0	12.7	17.0
Net Absorption (msf)	33.6	39.1	17.7	2.2	-17.2	0.6	17.1
Vacancy (%)	6.4%	5.5%	5.3%	5.3%	6.0%	6.2%	6.2%
Effective Rent Growth (%)	4.5%	4.7%	4.4%	3.8%	1.9%	0.4%	0.8%
Multifamily Sector							
New Supply (ths. units)	337.4	346.1	483.6	577.0	407.6	185.8	151.6
Net Absorption (ths. units)	540.5	106.7	247.3	419.4	386.9	178.2	241.7
Vacancy (%)	5.4%	7.2%	8.6%	9.2%	9.0%	8.9%	8.2%
Effective Rent Growth (%)	12.4%	5.1%	1.8%	2.1%	1.3%	0.6%	4.7%

**This scenario represents a tail-end downside scenario wherein the economy weakens substantially more than in our baseline. Cushman & Wakefield Research views this scenario as a "downside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 75% chance of performing as well as or better than this scenario, and a 25% chance of performing worse.*

Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Stagflation Scenario* (10% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
U.S. Economy							
Real GDP (annual avg, YOY %)	6.1%	2.5%	2.9%	2.8%	1.8%	0.9%	-2.0%
Nonfarm Employment (year-end diff, ths.)	6,605	4,968	2,551	1,936	263	-938	-7,041
Office-using Employment (year-end diff, ths.)	1,858	1,148	-213	-102	-73	39	-959
Unemployment Rate (year-end, %)	4.2	3.6	3.8	4.1	4.6	5.3	9.0
Retail & Food Services Sales (annual avg, YOY %)	18.1	9.1	3.5	2.6	3.9	5.2	-0.7
CPI Inflation (annual avg, YOY %)	4.7	8.0	4.1	3.0	2.9	5.0	4.1
Federal Funds Rate (year-end, %)	0.1	3.6	5.3	4.7	4.0	5.8	4.6
10-Year Treasury Rate (year-end, %)	1.5	3.8	4.4	4.3	6.6	6.8	4.3
BAA Corporate Bond (year-end, %)	2.4	5.6	6.0	5.2	7.3	8.7	7.6
West Texas Intermediate (year-end, $/bbl)	$77.3	$82.7	$78.5	$70.8	$69.9	$80.4	$66.4
Effective Tariff Rate (year-end, %)	3.1	3.1	2.6	2.6	12.2	18.6	18.6

**This scenario represents an extreme tail-end downside scenario wherein the economy weakens substantially more than in our baseline. Cushman & Wakefield Research views this scenario as a "downside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 90% chance of performing as well as or better than this scenario, and a 10% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Stagflation Scenario* (10% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Office Sector							
New Supply (msf)	55.4	47.3	33.8	33.1	17.1	8.2	4.7
Net Absorption (msf)	-62.9	-18.1	-56.7	-49.6	-25.6	-14.5	-31.6
Vacancy (%)	16.2%	17.2%	18.7%	20.3%	20.9%	21.2%	21.9%
Effective Rent Growth (%)	-4.6%	0.2%	-4.7%	-5.3%	-1.3%	-1.8%	-3.1%
Industrial Sector							
New Supply (msf)	370.1	532.3	628.5	433.4	256.6	188.4	225.1
Net Absorption (msf)	574.7	525.4	253.8	152.3	132.7	43.4	-51.8
Vacancy (%)	3.3%	3.1%	5.2%	6.6%	7.2%	7.9%	9.3%
Effective Rent Growth (%)	8.6%	13.1%	4.8%	4.1%	1.3%	0.8%	-2.3%

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Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

Stagflation Scenario* (10% Probability)

U.S. Economy	Office Sector	Industrial Sector	Retail Sector	Multifamily Sector

	2021	2022	2023	2024	2025	2026	2027
Retail Sector							
New Supply (msf)	11.9	11.1	10.7	10.2	11.0	12.9	18.0
Net Absorption (msf)	33.6	39.1	17.7	2.2	-24.5	-28.5	-55.1
Vacancy (%)	6.4%	5.5%	5.3%	5.3%	6.1%	7.1%	8.7%
Effective Rent Growth (%)	4.5%	4.7%	4.4%	3.8%	1.9%	0.2%	-2.0%
Multifamily Sector							
New Supply (ths. units)	337.4	346.1	483.6	577.0	407.6	185.8	162.6
Net Absorption (ths. units)	540.5	106.7	247.3	419.4	424.9	127.6	54.0
Vacancy (%)	5.4%	7.2%	8.6%	9.2%	8.7%	9.0%	9.7%
Effective Rent Growth (%)	12.4%	5.1%	1.8%	2.1%	1.1%	2.2%	1.1%

**This scenario represents an extreme tail-end downside scenario wherein the economy weakens substantially more than in our baseline. Cushman & Wakefield Research views this scenario as a "downside scenario" relative to our baseline scenario. The probability can be interpreted as the economy having a 90% chance of performing as well as or better than this scenario, and a 10% chance of performing worse.*
Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve, U.S. Census Bureau, Moody's Investor Services, U.S. Energy Information Administration, CoStar, NCREIF, Cushman & Wakefield Research

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.