

Bridging the Balance: CRE Lending at the Crossroads



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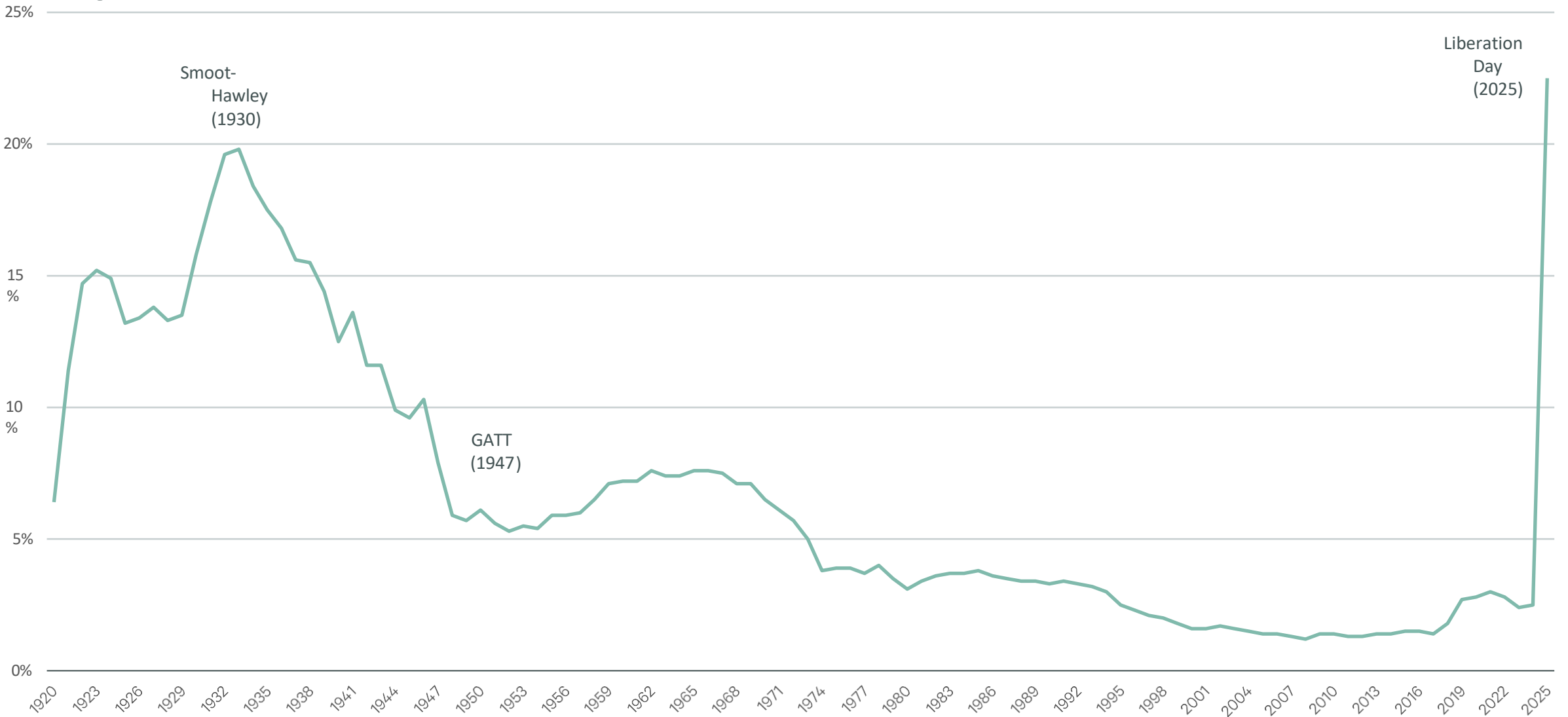


Thomas Whitesell
Head of Debt
Investment
Kennedy Wilson

Tariffs are a big shock to the U.S. economy



Average Effective Tariff Rate (%)



Source: Census Bureau, U.S. International Trade Commission, Tax Foundation, Macrobond, April 2nd, 2025
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Policy volatility doesn't help



Tariff Rates by Country, Reflecting announcements during April 8th – 10th

Tariff Rates (%)	2024 Share of Total Imports (%)	Historic Tariff Rate	April 8 Rate	April 9 Rate: 90-day pause	April 10 Rate
China	13.8%	10.7%	104%	125%	145%
Vietnam	4.2%	3.9%	46%	10%	10%
Japan	4.5%	1.5%	24%	10%	10%
South Korea	4.0%	0.2%	25%	10%	10%
European Union	13.7%	1.3%	20%	10%	10%
Germany	4.9%	1.4%	20%	10%	10%
Mexico	15.2%	0.2%	0%*	0%*	0%*
Canada	12.6%	0.1%	0%*	0%*	0%*
United Kingdom	2.4%	1.0%	10%	10%	10%
World	N/A	2.3%	10%	10%	10%

Source: White House, CBRE
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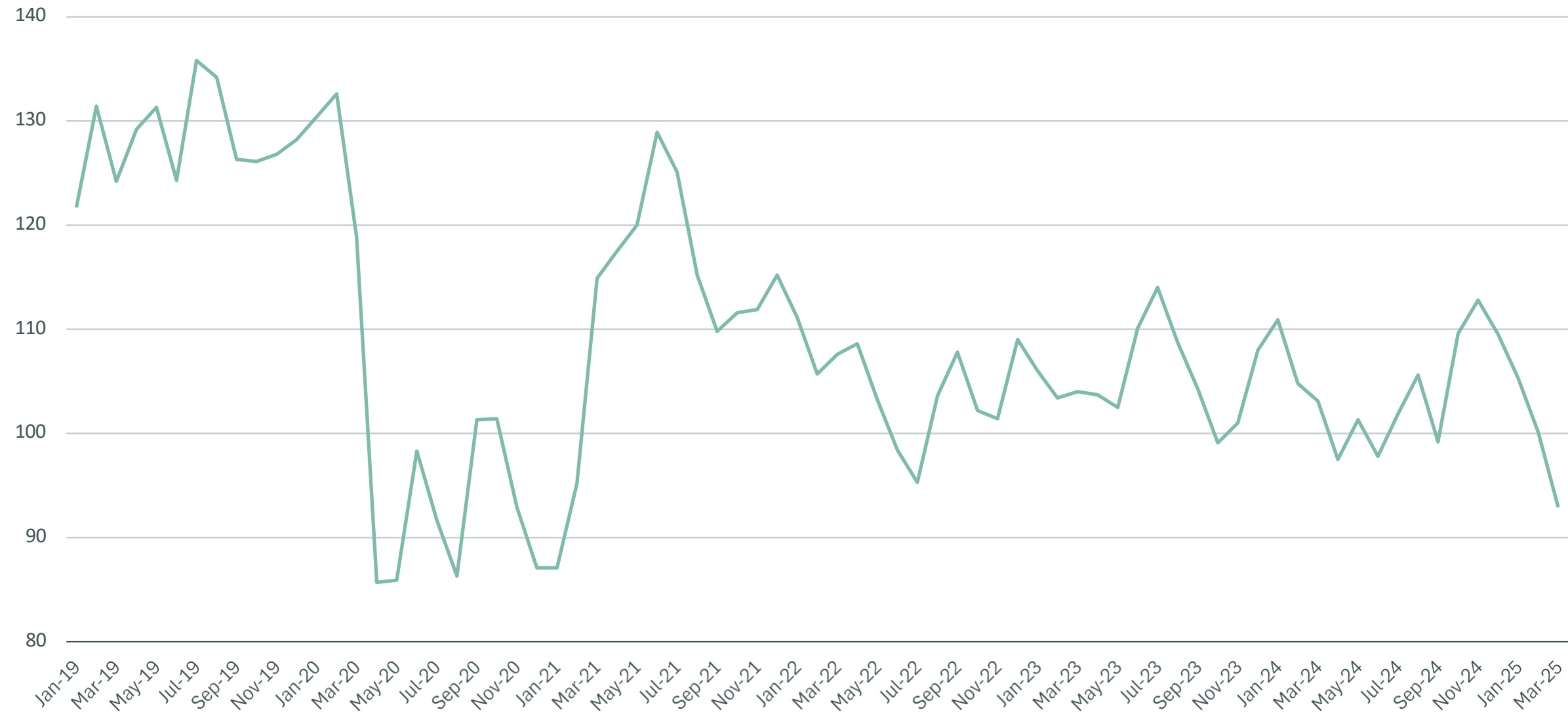
*Only applies to USMCA products



Can we escape a recession?

Consumer confidence is slumping

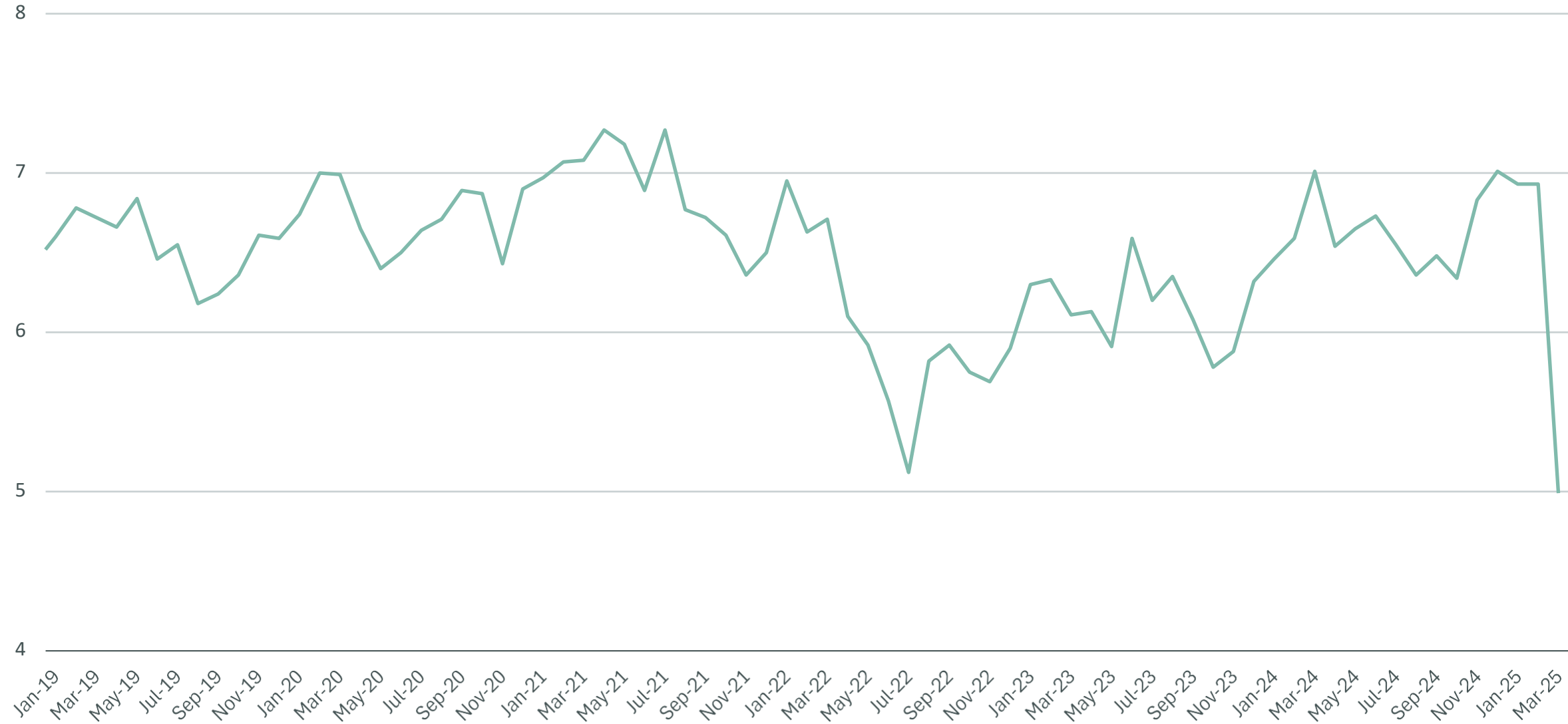
U.S. Consumer Confidence Index



Source: Conference Board, April
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CEO confidence also slumped

U.S. CEO Confidence Index



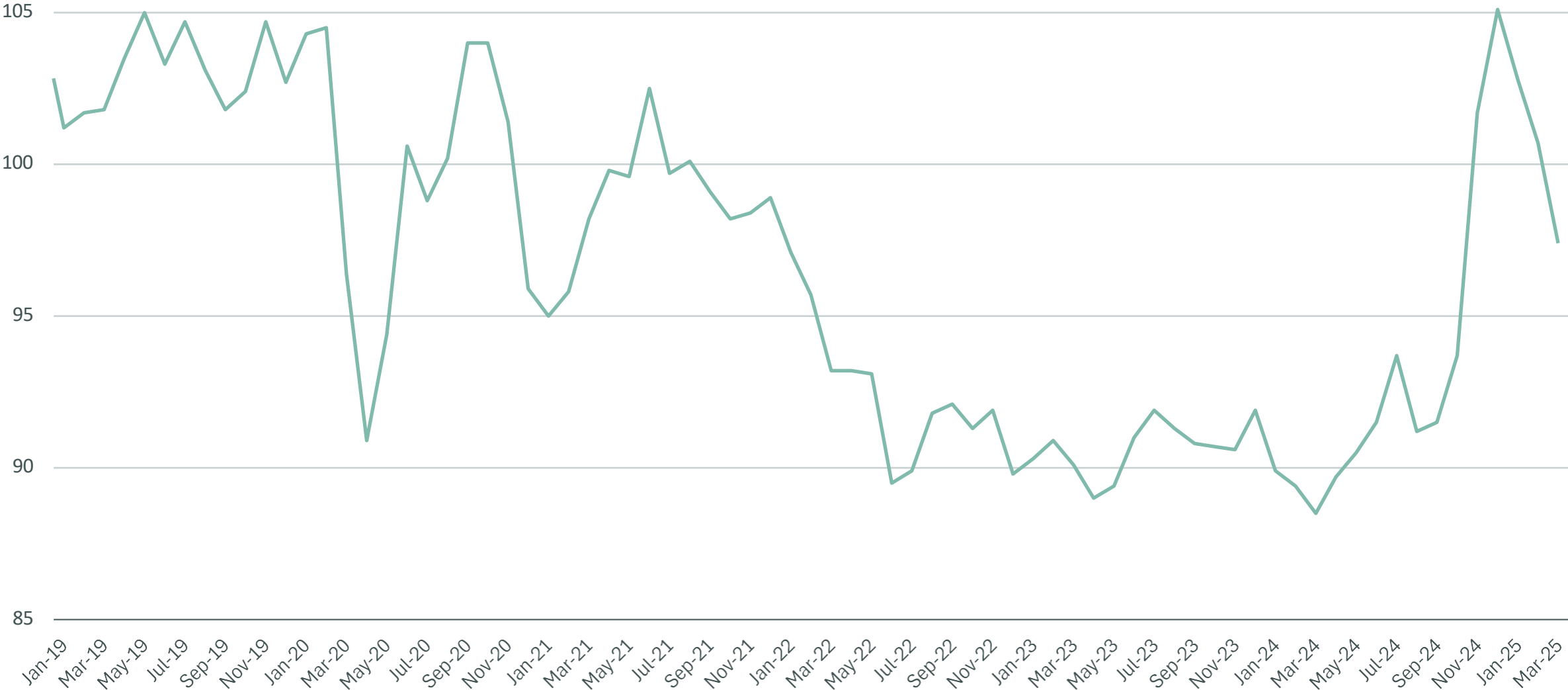
Source: Chief Executive Group, April 2025

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Post election – small business confidence is reversed



U.S. Small Business Optimism Index



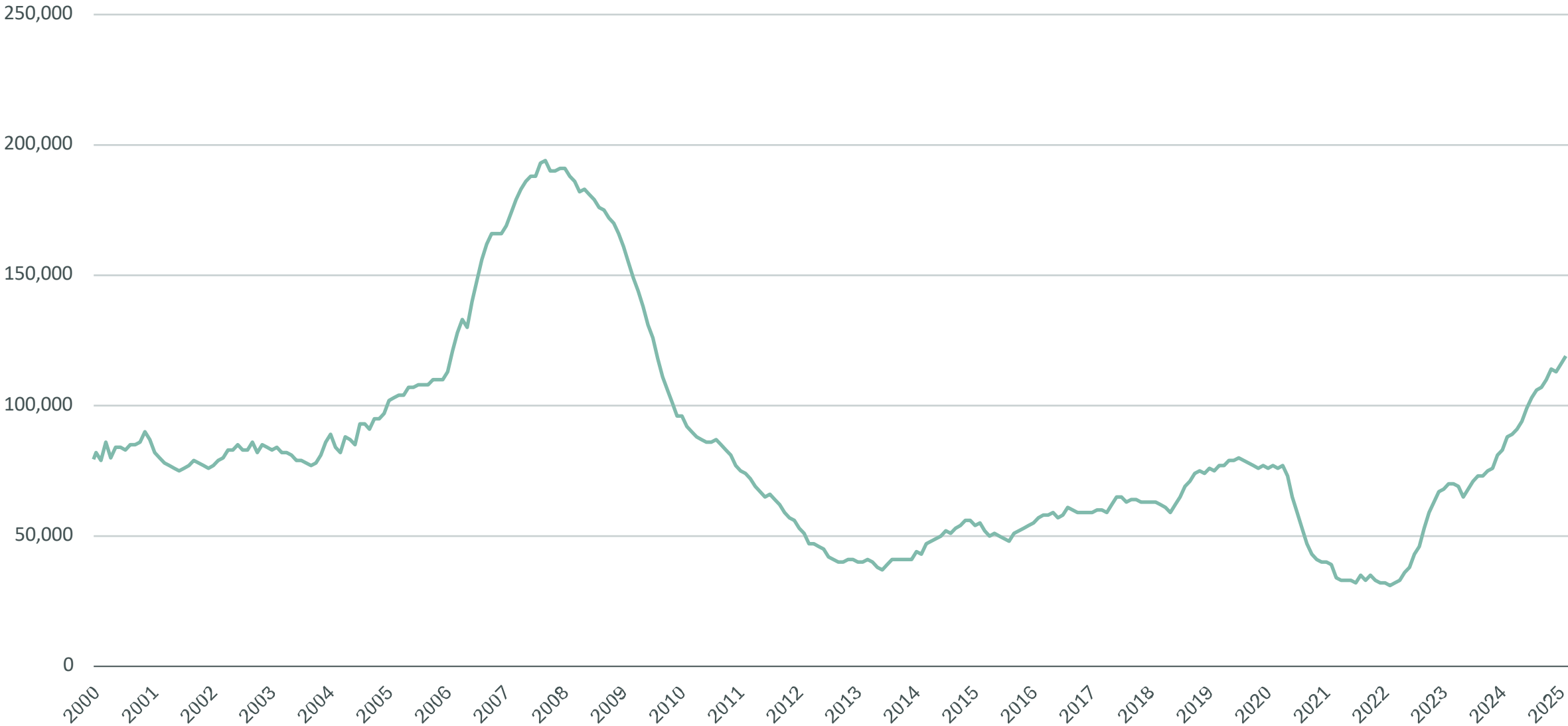
Source: NFIB, April 2025

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The ongoing impact of interest rates is negative



U.S. New Construction Homes, Available For Sale

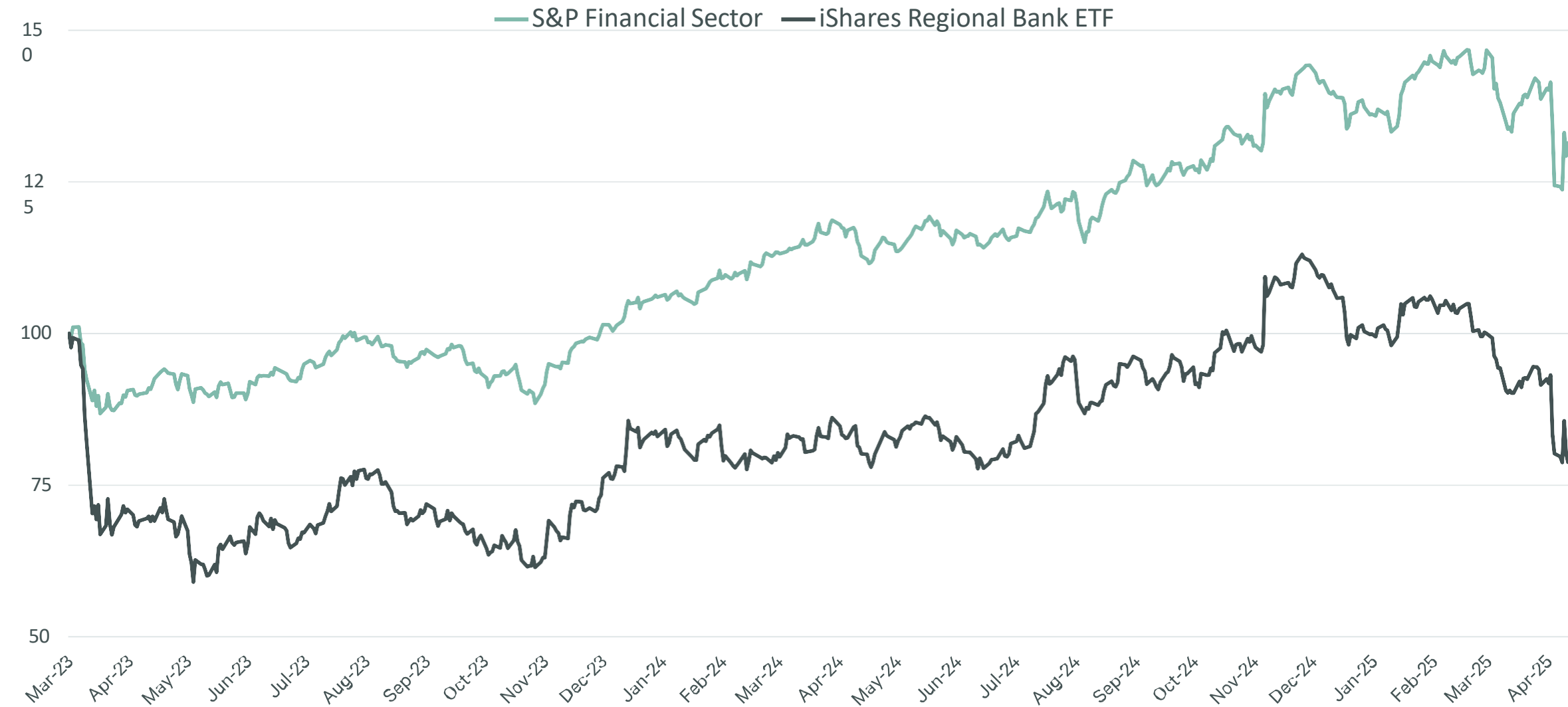


Source: U.S. Census Bureau, March 2025
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Regional banks remain under pressure...



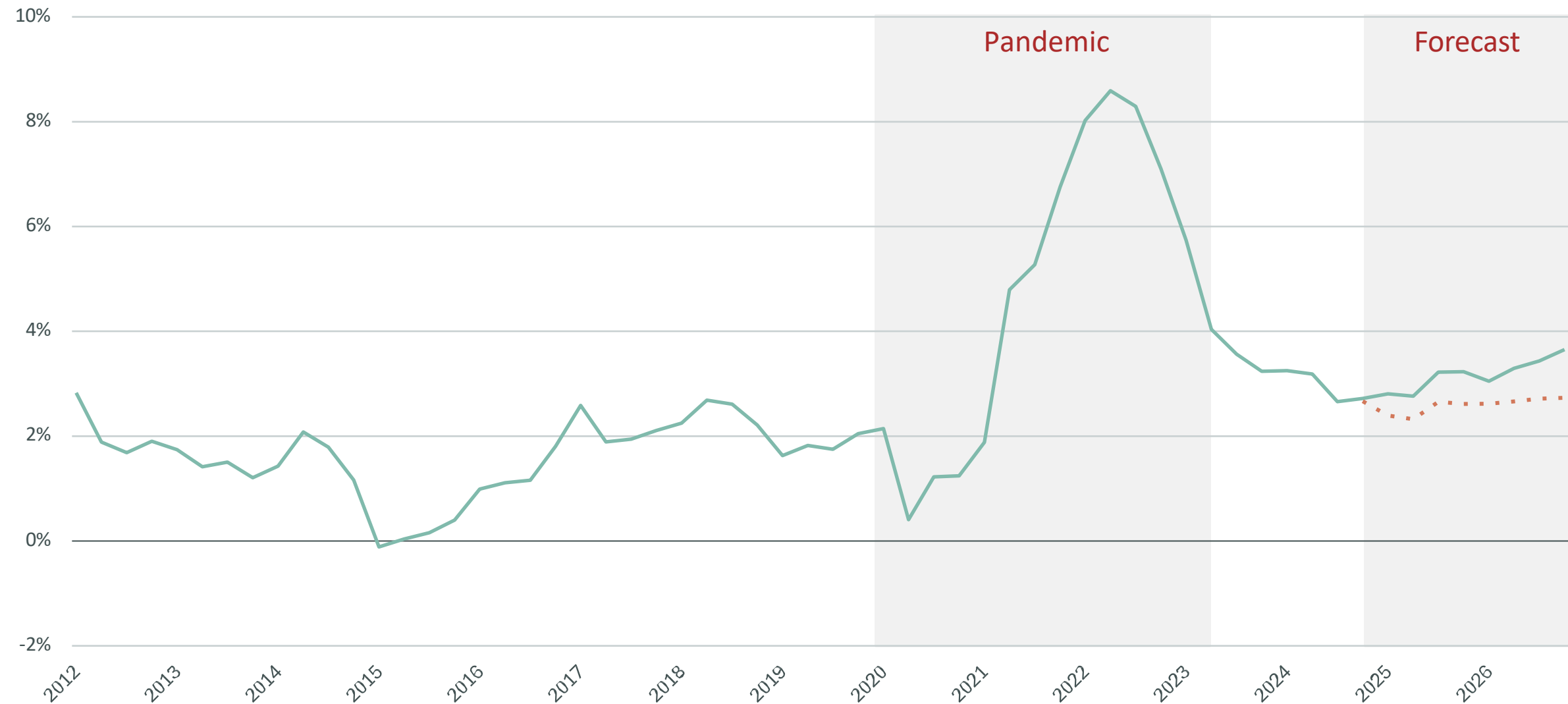
Stock Index (March 2023 = 100)



Source: FDIC, CBRE Research, April 2025
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Headline inflation sticky at around 3%

U.S. CPI, Quarterly YoY (%)



Source: U.S. Bureau of Labor Statistics, CBRE House View, April 2025
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As of April 12th, 2025

Where we were – 1.8% GDP growth expected



U.S. Quarterly GDP Growth, Annualized (%)

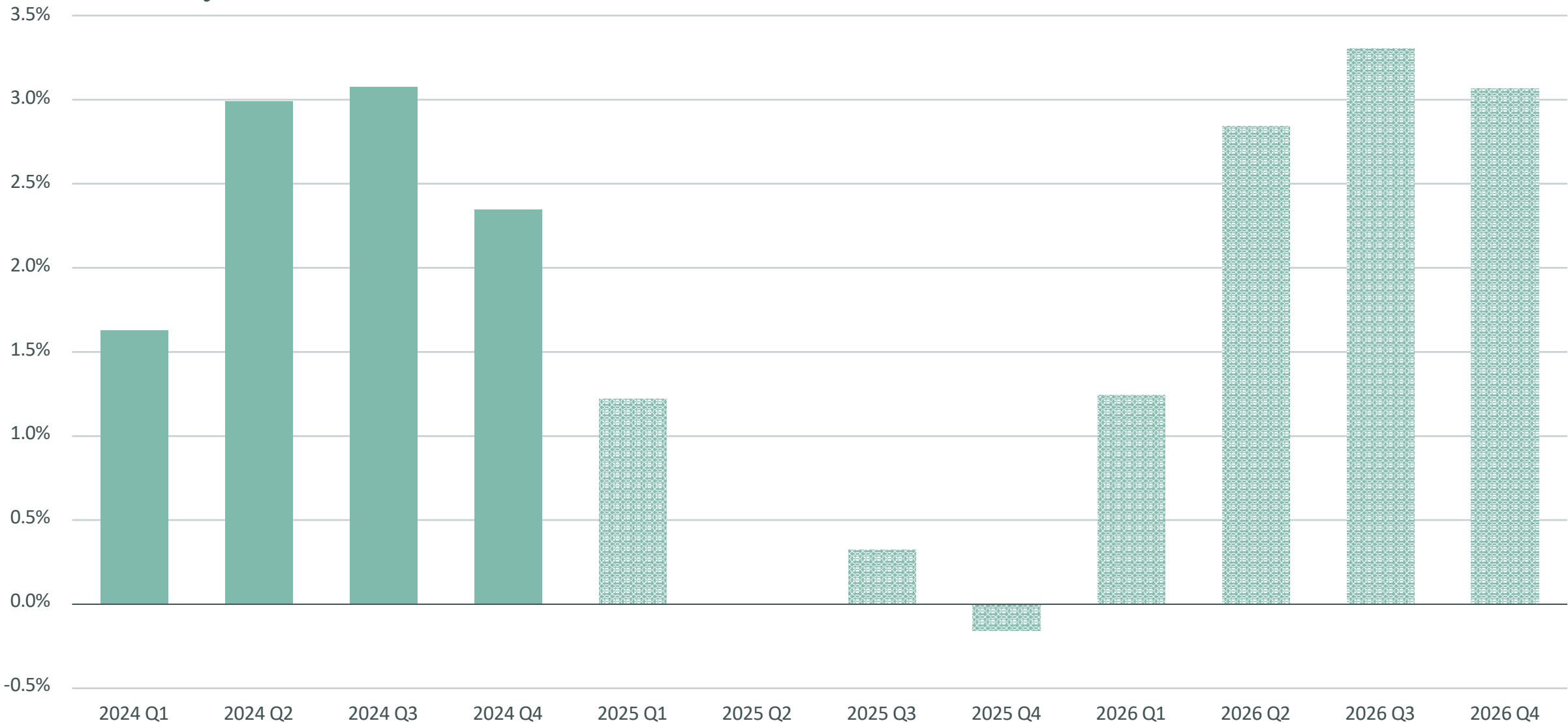


Source: U.S. Bureau of Economic Analysis, CBRE January House View, March 2025
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Where we are now – 1.3% GDP growth expected



U.S. Quarterly GDP Growth, Annualized (%)



Source: U.S. Bureau of Economic Analysis, CBRE House View, April 2025

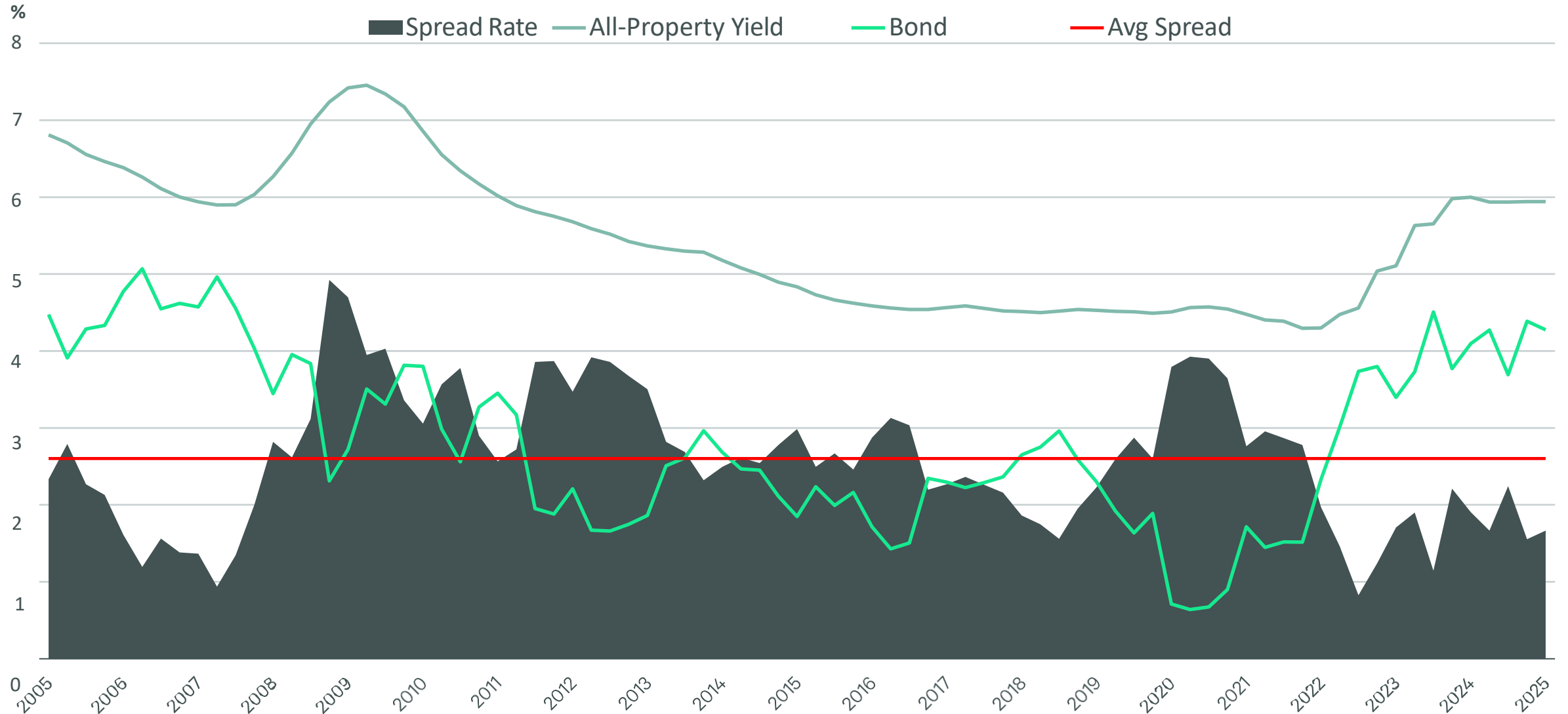
As of April 12th, 2025

Real Estate



Real estate spreads too slim

Americas All-property yield and bond rate, quarterly, %



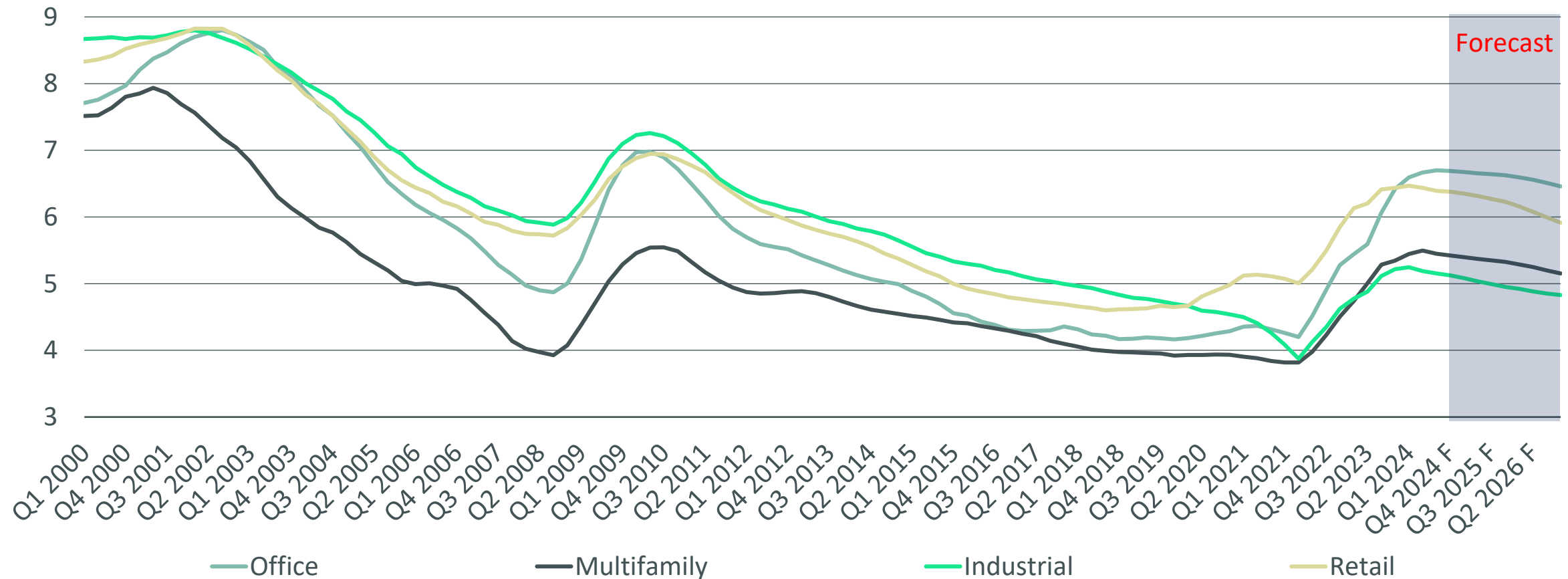
Source: CBRE Research, CBRE Econometric Advisors, National Sources & Macrobond, March

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Cap Rate Continue to Compress Gradually

U.S. Cap Rates by Sector

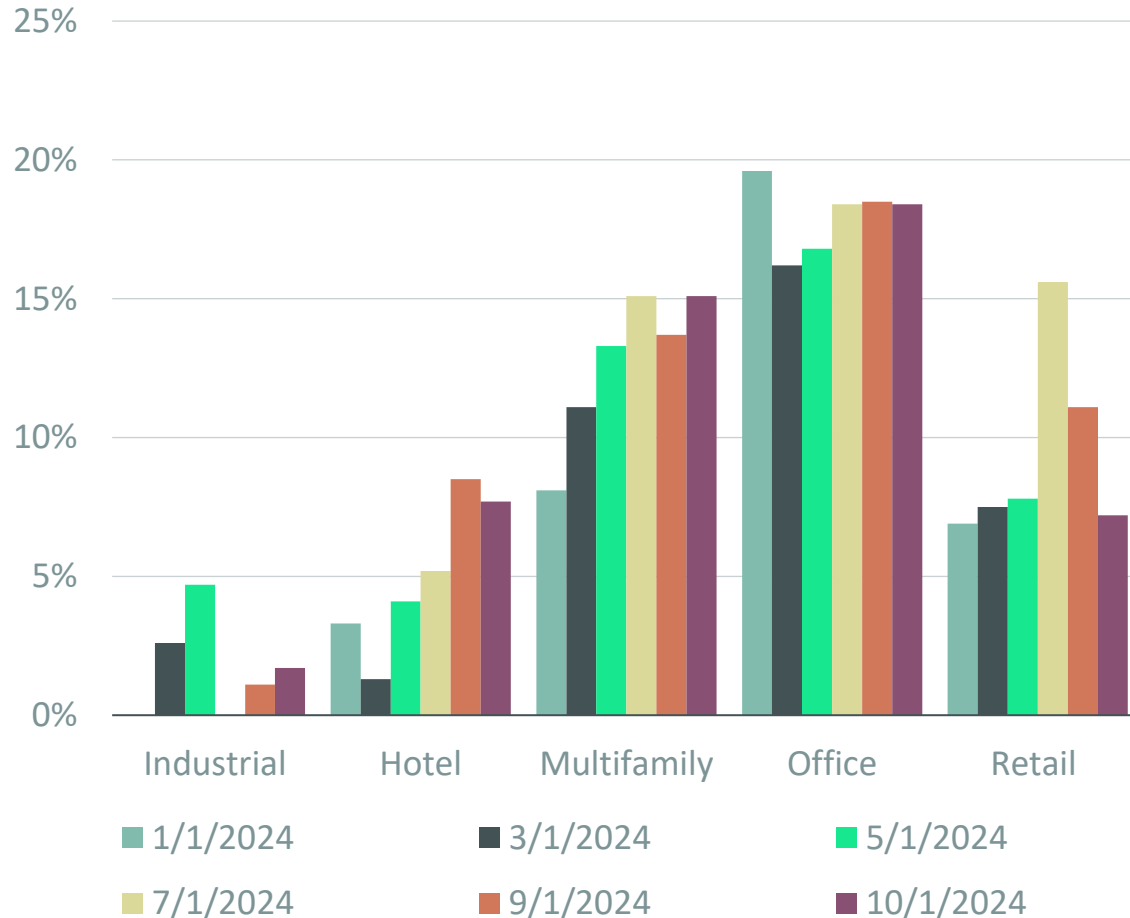
Percentage



Source: CBRE Econometric Advisors, CBRE Research.

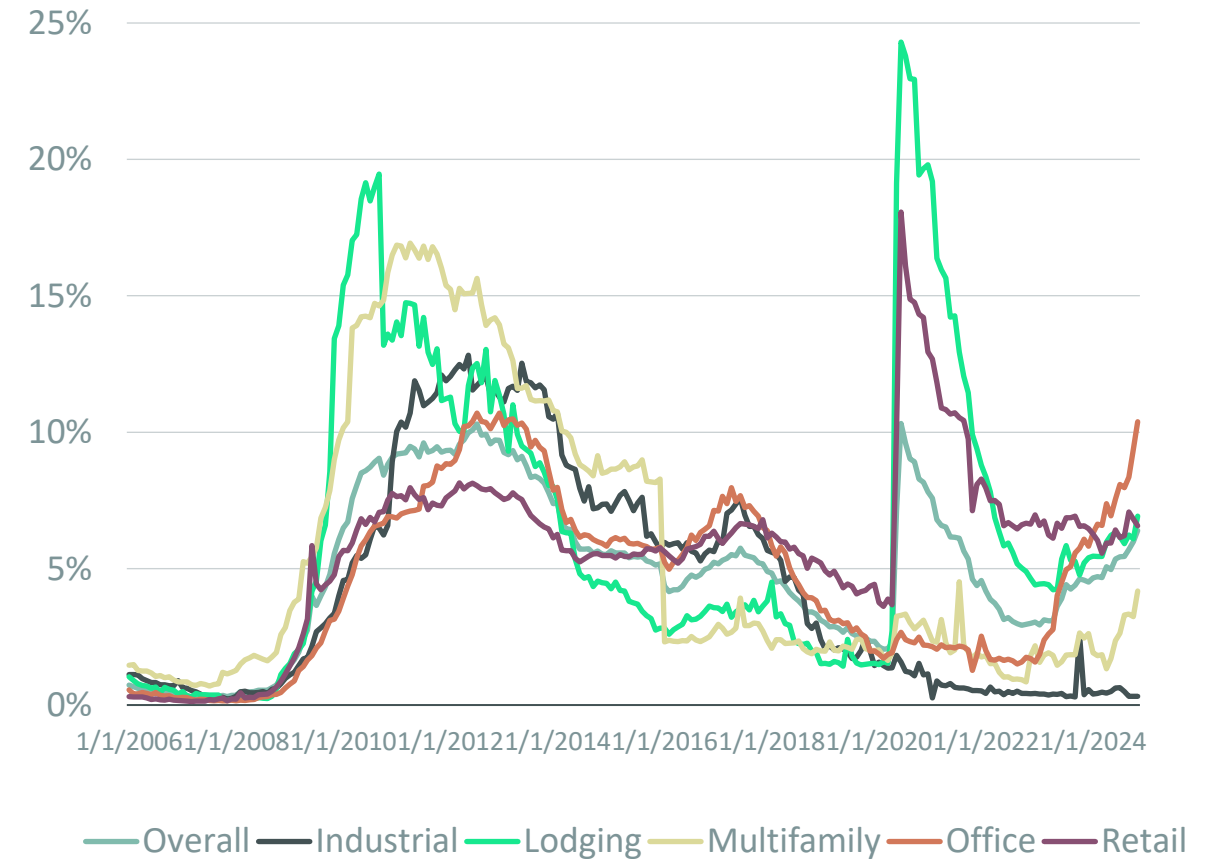
Distress accelerating public debt markets

CRE CLO Loan Distress Rate by Month (%)



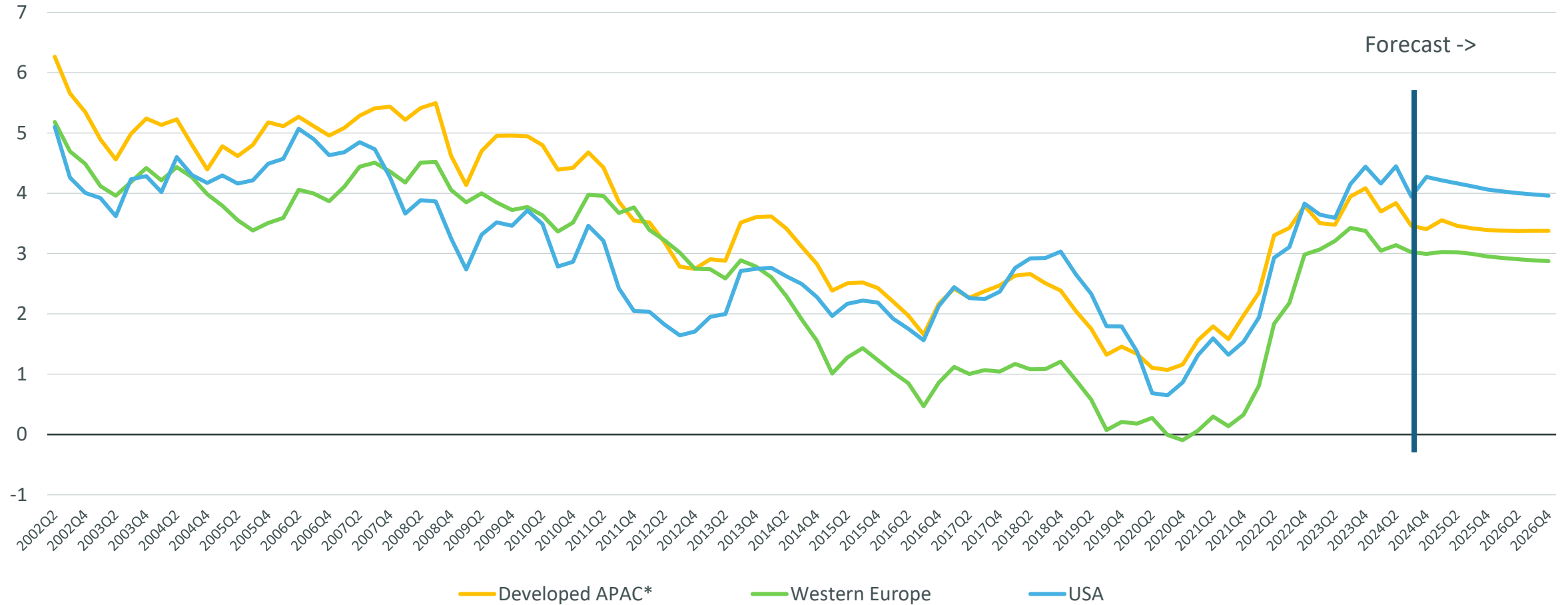
Source: CRED iQ. Note: As of October 31, 2024

CMBS Delinquency Rate by Month (%)



Source: Trepp

10-Year Government Bond Yields



*Excludes Japan

Source: CBRE House View 1224a

Latest Forecasts

Short-term Interest Rates (3-mo)

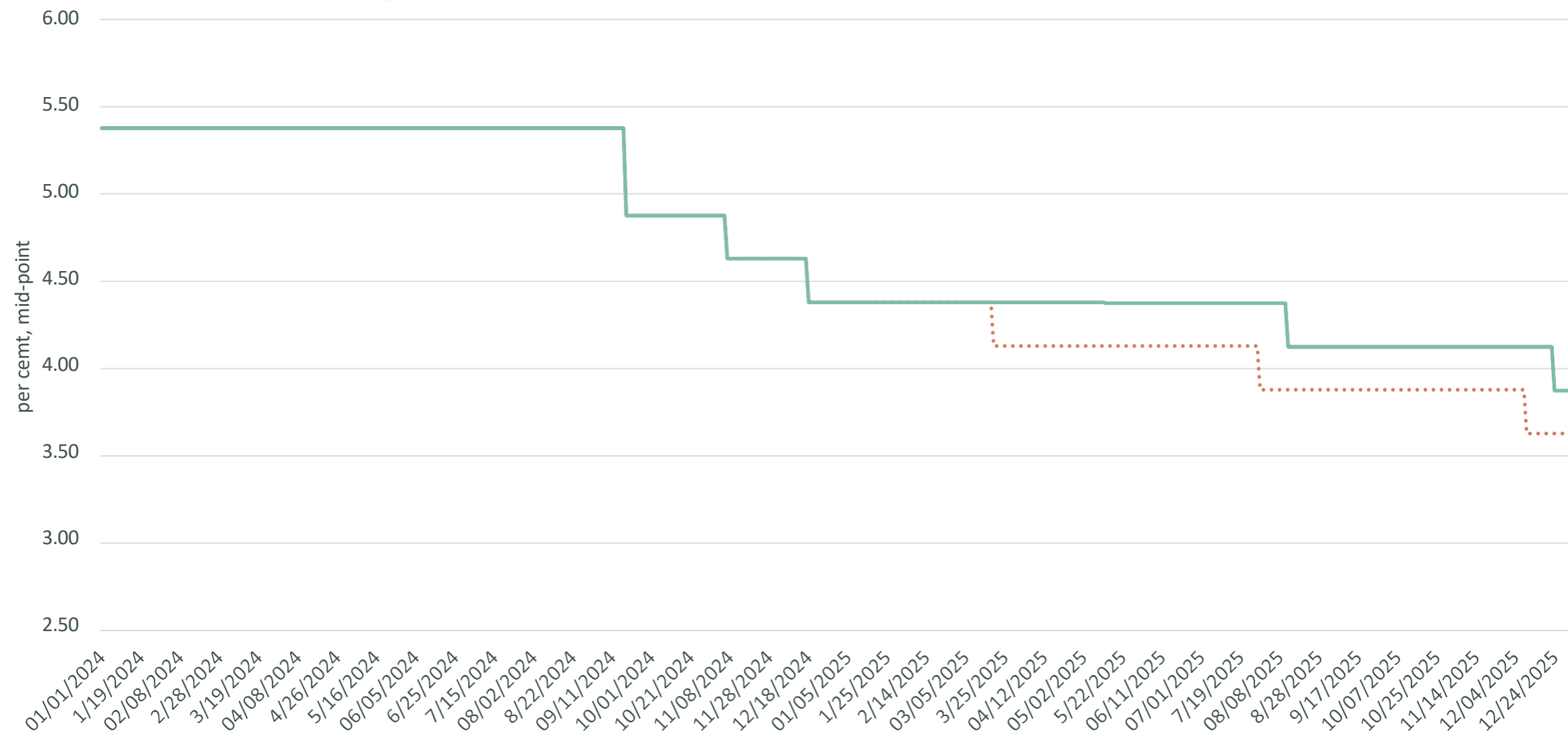
Geography	2021	2022	2023	2024	2025	2026	2027
US - FFR	0.13	3.70	5.38	4.70	3.57	2.81	2.60
UK – Bank Rate	0.13	2.83	5.25	4.85	3.85	3.64	3.36
EU	0.00	1.81	4.50	3.42	1.90	1.57	1.57

CBRE Econometric Advisors, March 2025.

Fed in a difficult position – but rate cuts likely



U.S. Federal Funds Rate, %

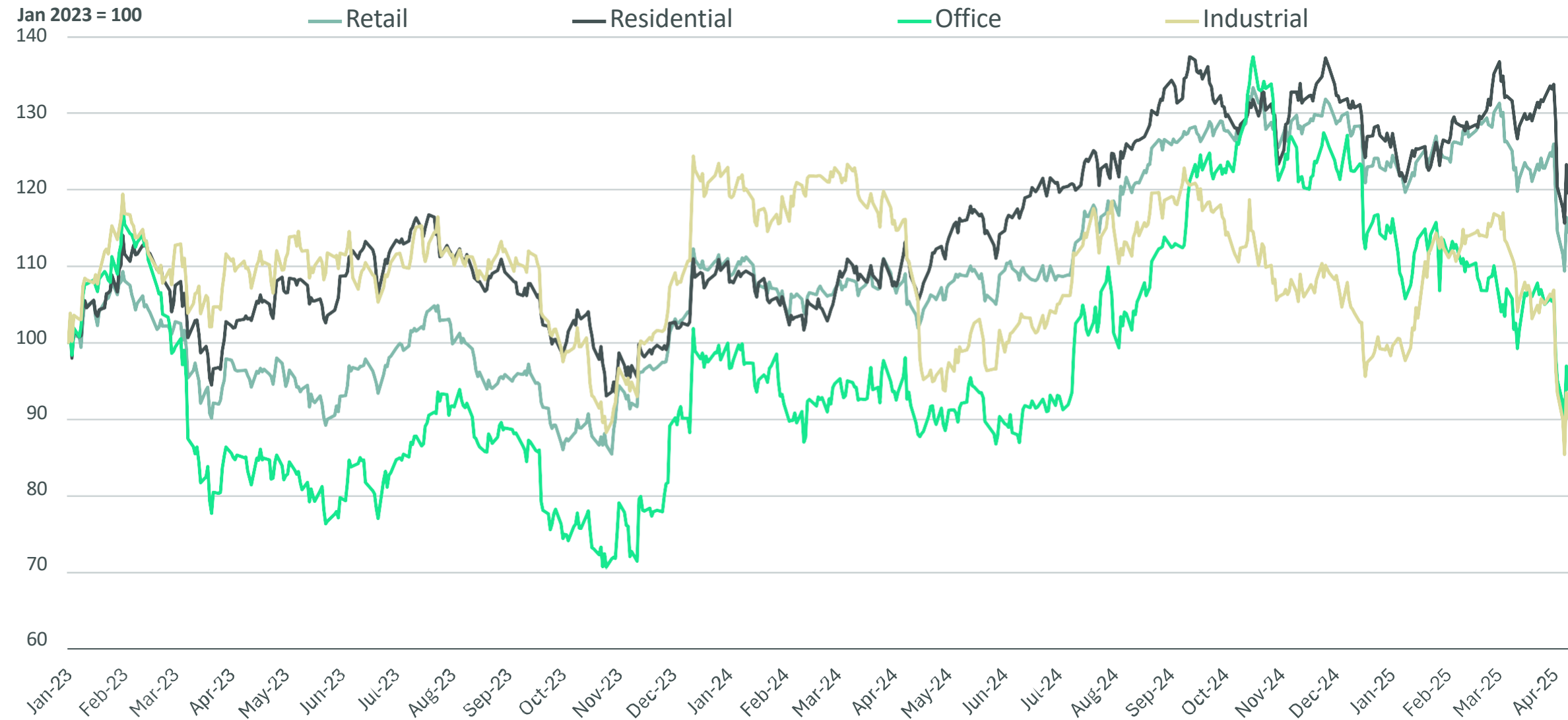


Source: CBRE House View, April
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As of April 12th, 2025

Expect further value drops

U.S. REIT Performance, Jan 2023 = 100



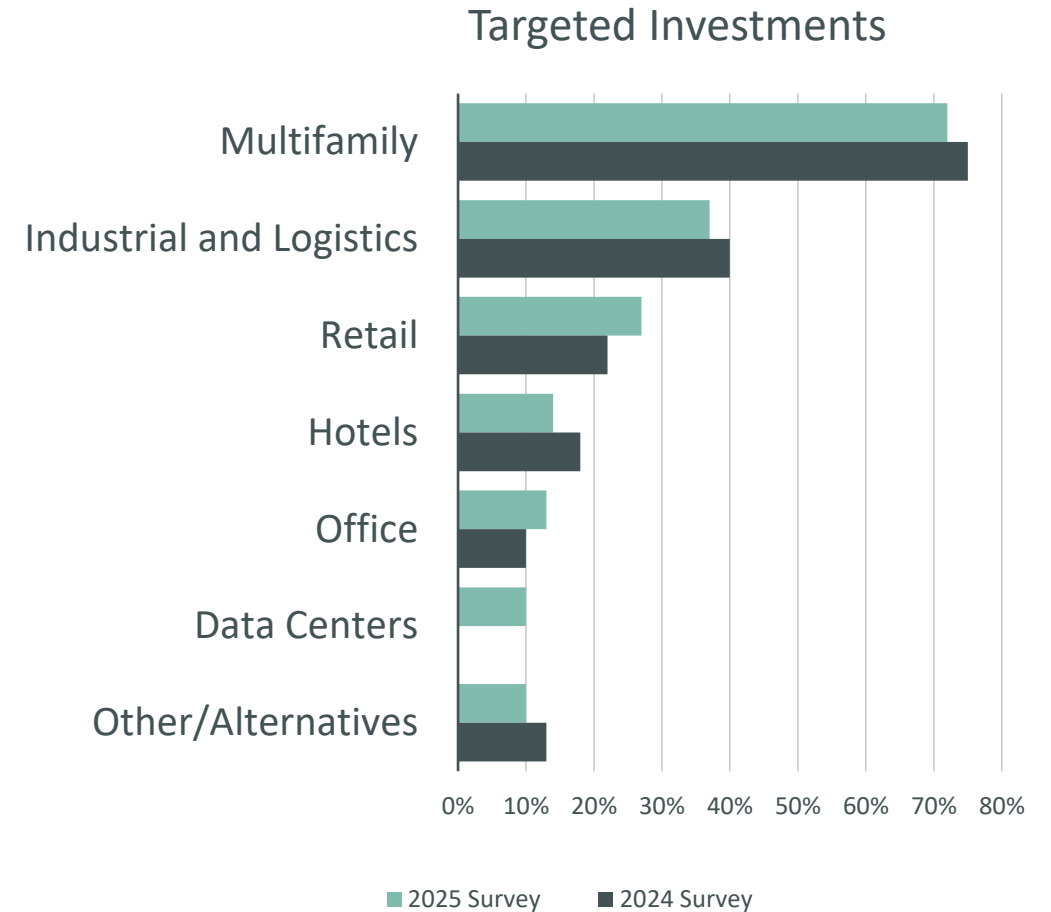
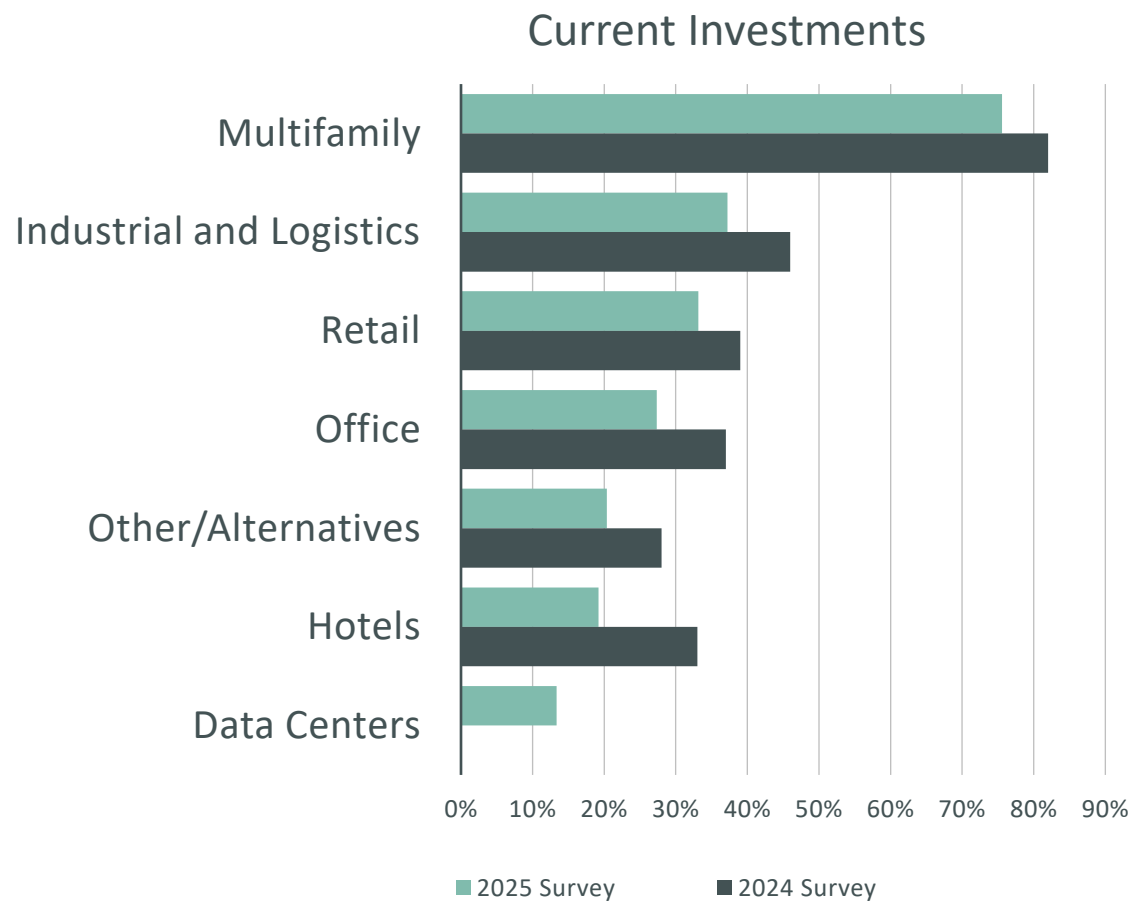
Source: S&P Global, April 2025

As of April 12th, 2025

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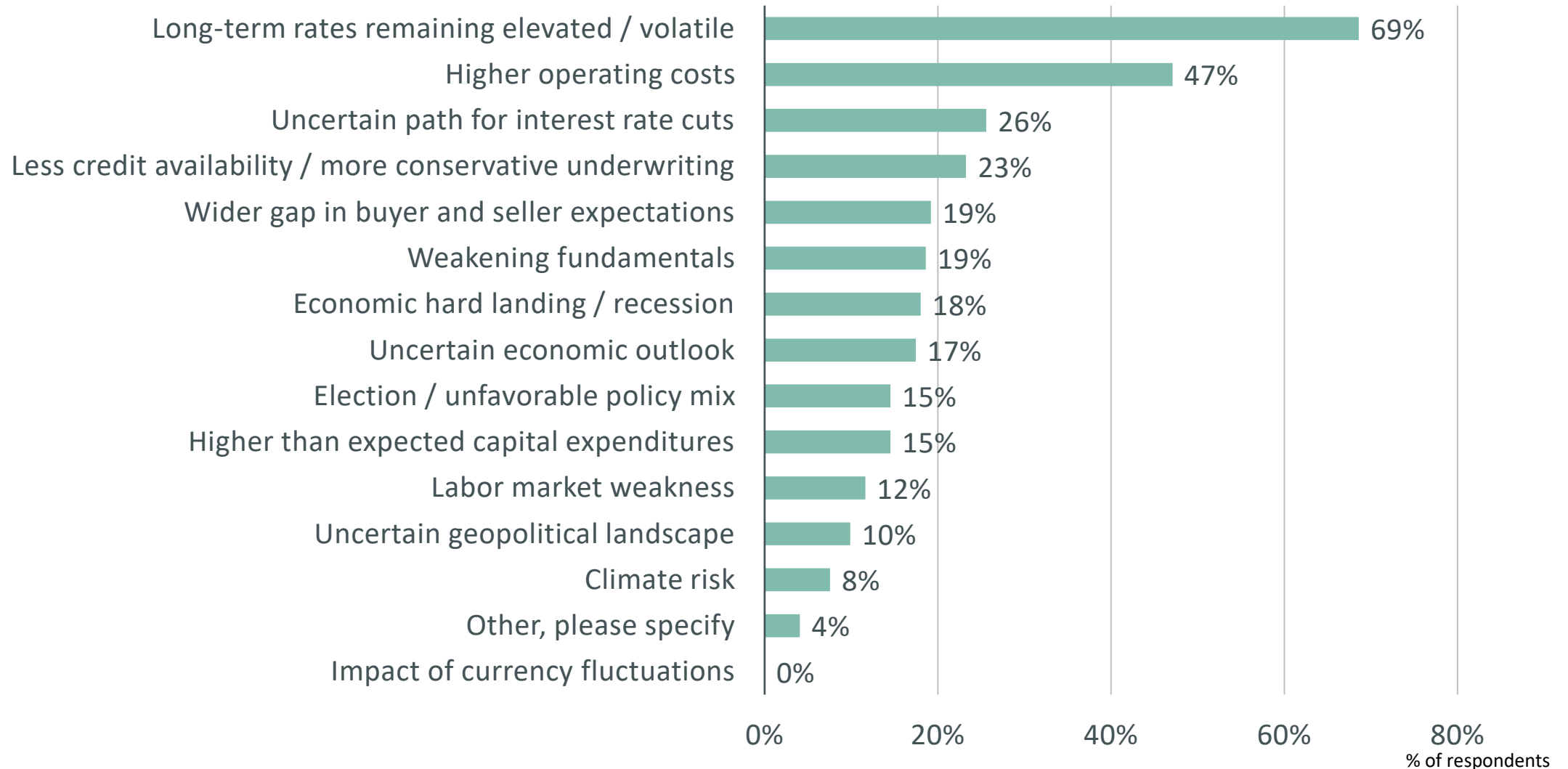


Multifamily and industrial remain the most preferred sectors



Source: U.S. Investor Intentions Survey, CBRE Research, January 2025.

Major Challenges for Real Estate Investment in 2025



*Other responses include supply issues, climate and insurance cost risk and availability of capital.

Source: CBRE, U.S. Investor Intentions Survey