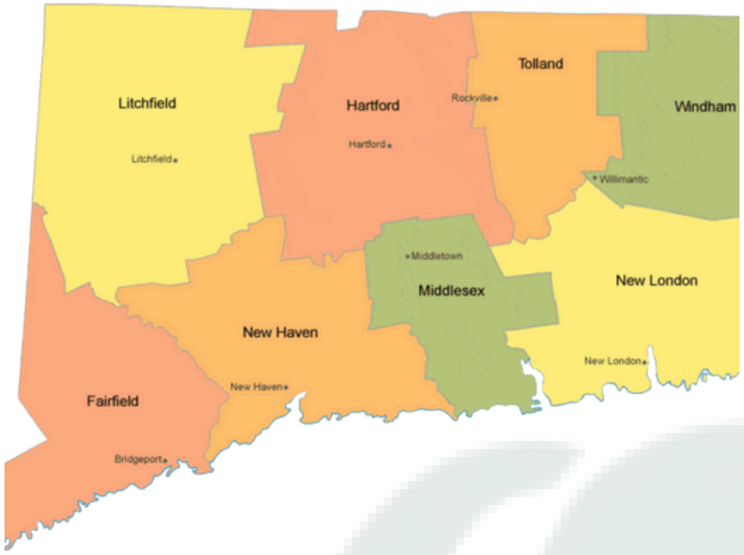
YEAR-END REPORT

THE BALLOU TEAM
AT HOULIHAN LAWRENCE
WARECK D'OSTILIO

PERFORMANCE OVERVIEW



50+
Deals Closed

$87M+
Total Sales Volume

DEAL HIGHLIGHT

975 LORDSHIP BLVD, STRATFORD, CT

170,000 SF INDUSTRIAL LEASE

SUCCESSFUL TENANT REPRESENTATION

A successful tenant representation of a major industrial transaction, securing a 170,000 SF long-term lease in Stratford, for Belimo, a Switzerland-based global HVAC manufacturer. This strategic expansion underscores continued demand for high-quality logistics space in the Connecticut market. By guiding negotiations on both sides, our team delivered a seamless transaction that met the operational goals of the tenant while securing a stable, creditworthy occupant for ownership.

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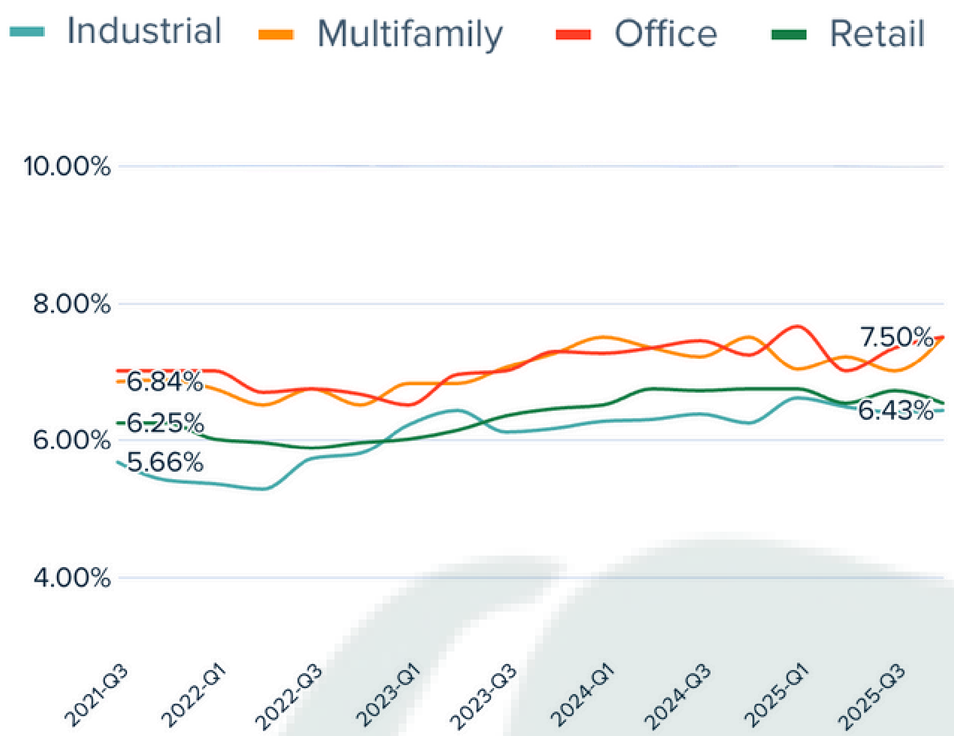
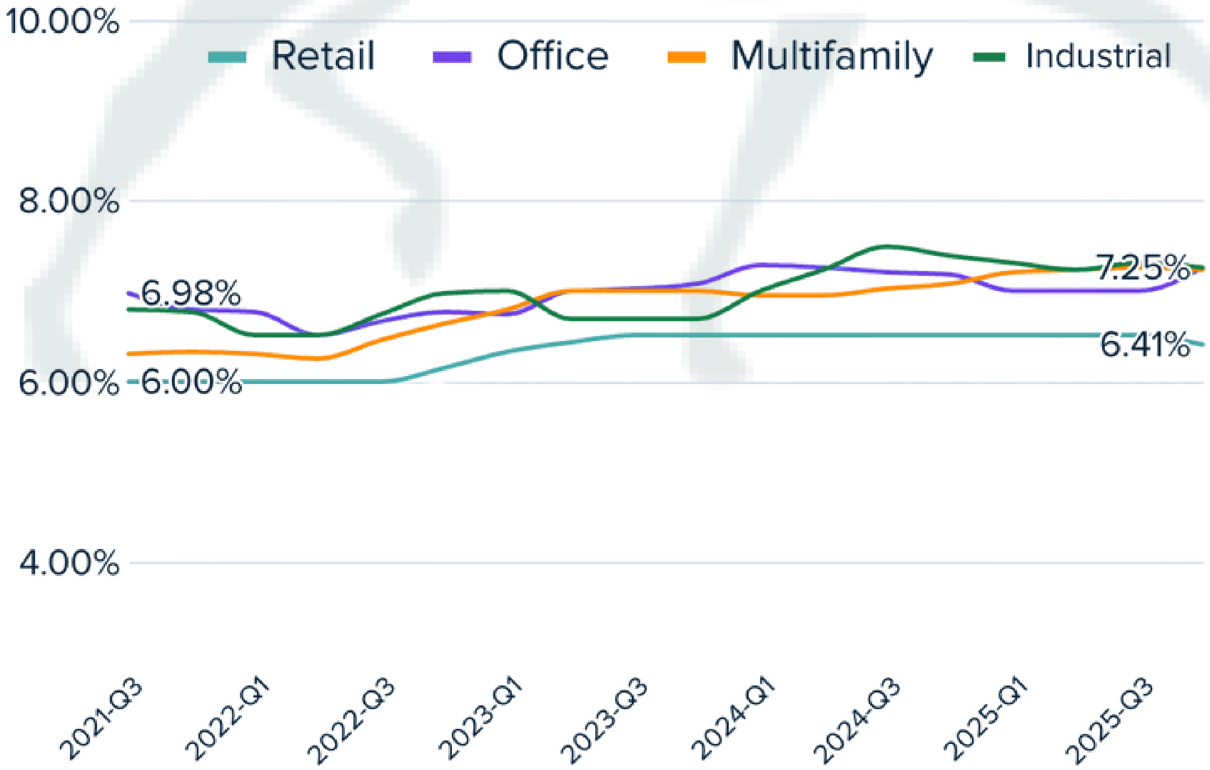
SALE CAP RATES



National cap rate trends in 2025 reflected continued recalibration across commercial real estate. Hospitality assets remained the highest-yielding sector, with cap rates exceeding 10% and showing the greatest volatility. Industrial and office properties experienced gradual upward pressure, with both converging near 7.5% by Q3 2025 as financing costs and economic uncertainty influenced pricing. Retail and self-storage proved more resilient, maintaining relatively stable and lower cap rates around 6–6.5%.

ASKING CAP RATES



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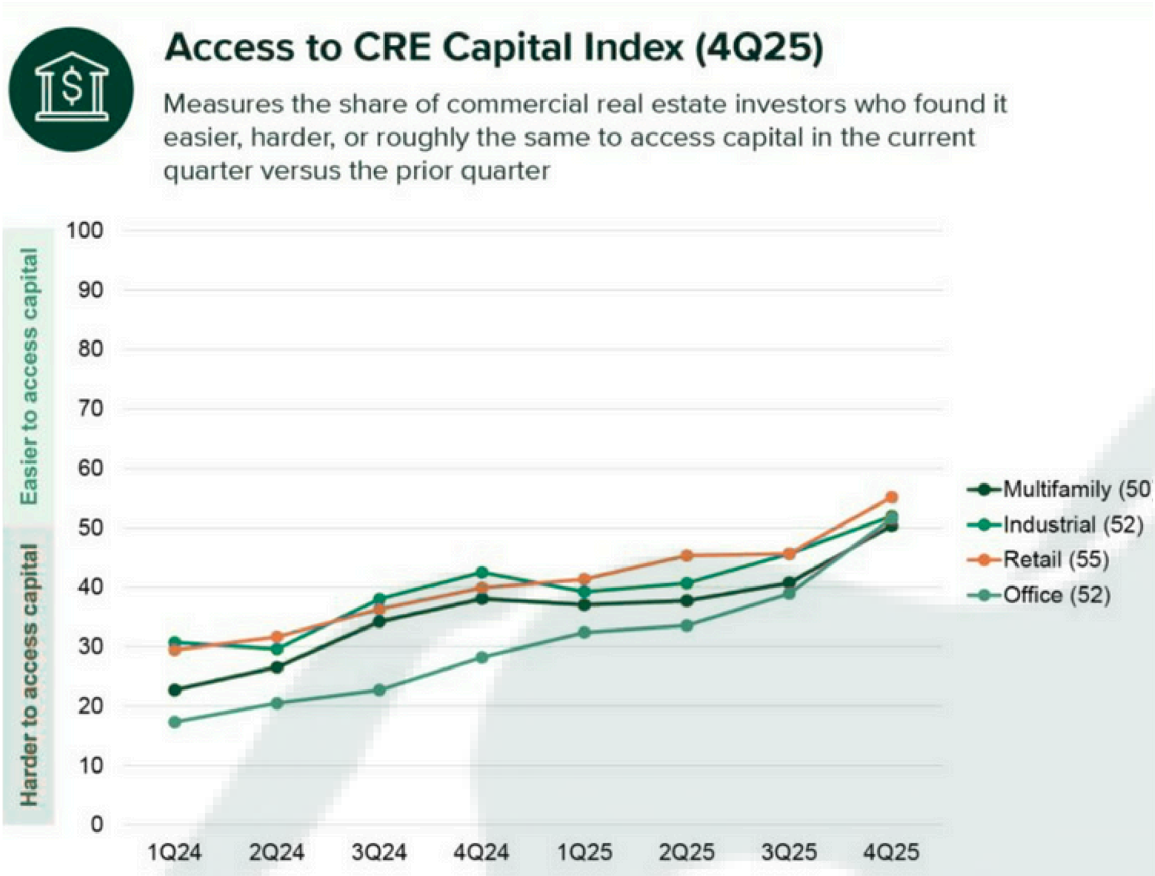

Commercial real estate markets are gradually improving, but investor conviction remains cautious. Capital availability is slowly thawing, yet many buyers are staying on the sidelines, waiting for clearer signals either deeper distress opportunities or further interest rate relief.

Market sentiment reflects this balance: index values between 45 and 55 indicate a neutral environment, while values above 55 signal expansion.

Valuations remain mixed. Multifamily values fell 6% year-over-year with modest additional declines expected, while office dropped 5% but appears to be levelling off. Retail and industrial posted modest gains and are projected to strengthen further in 2026. Distressed activity is increasing—nearly three-quarters of multifamily investors and over half of office investors anticipate more distressed sales ahead.

Access to capital has improved as interest rates ease, but caution persists. Nearly two-thirds of investors kept exposure flat in Q4, waiting for stronger fundamentals and more favourable financing conditions before committing new capital.

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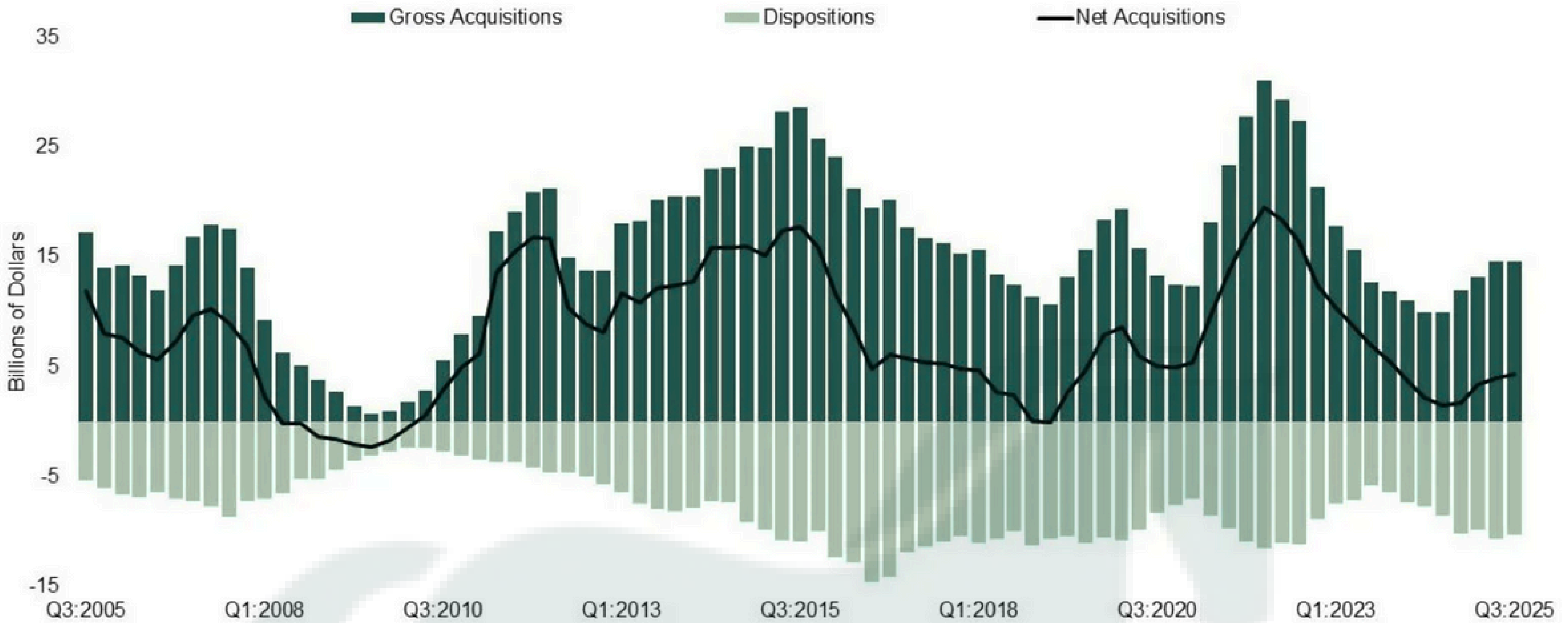

Sources: S&P Capital IQ Pro; Nareit REIT Industry Tracker. Data as of Q3:2025.

Nareit.

REIT'S MARKET MOVEMENT IN 2025

Public REIT activity has accelerated as valuation gaps between public and private real estate markets continue to narrow. With pricing expectations coming into closer alignment, REITs are becoming more active buyers and sellers, helping to drive overall transaction volume. The most acquisitive sectors over the past year have been retail, healthcare, industrial, and self-storage, where fundamentals remain strong, and growth opportunities are clearer.

Supported by strong balance sheets and consistent access to low-cost capital, REITs are well-positioned to pursue strategic growth as market conditions improve, providing an important source of liquidity and stability for the broader commercial real estate market.

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2026 OUTLOOK: CONNECTICUT CRE ENTERS A TURNING POINT

As we move through Q1 of 2026, conditions point to a more active and opportunity-rich environment across multiple sectors. Leasing activity is expected to strengthen as companies gain clarity around long-term space needs. With hybrid work patterns now established, tenants are prioritizing efficient, high-quality spaces in amenity-driven locations. Demand remains particularly steady in medical office, professional services, and well-located suburban markets, supporting improved absorption in the year ahead.

On the investment front, stabilizing interest rates and more realistic seller expectations are creating a healthier transaction climate. Value-add opportunities in suburban office, flex, mixed-use, and select retail assets are likely to attract renewed investor interest as underwriting becomes more predictable.

Retail and industrial sectors continue to lead performance. Retail benefits from strong occupancy and limited supply, while industrial and flex properties remain constrained along key Connecticut corridors, supporting steady rent growth. In the office market, a clear “flight to quality” is accelerating, with Class A assets outperforming and older properties increasingly targeted for adaptive reuse.

Overall, as we move through Q1 of 2026, it is shaping up to be a year of clearer direction and measured optimism. Tenants will find opportunities to secure high-quality space, landlords who invest strategically will capture demand, and investors will see improving fundamentals. After several years of uncertainty, Connecticut CRE is entering the new year with greater confidence and momentum.

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At The Ballou Team, we are more than just a commercial real estate team; we are your strategic partners, dedicated to achieving your real estate goals with precision, integrity, and excellence. Based in the heart of Connecticut, we bring together a dynamic team of industry experts, each possessing a unique set of skills and a shared commitment to delivering unparalleled service to our clients.

As we move into the first quarter of 2026, the commercial real estate market both nationally and here in Connecticut, continues to undergo a steady recalibration. While headlines often focus on volatility, underlying fundamentals are proving resilient. Investors, developers, and owner-users are adjusting their strategies, prioritizing long-term stability over short-term noise.

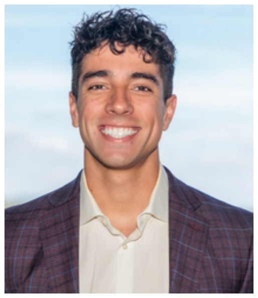
Here in Connecticut, the Ballou Team is seeing strong engagement across multiple asset types and submarkets. The trends driving activity include:

- Multifamily: Hot market for prime development sites near transit and jobs.
- Retail: Leasing surges in vibrant, walkable downtowns.
- Industrial: Fierce demand for highway-adjacent industrial land.
- Office: Office land pivots to mixed-use and creative reuse.

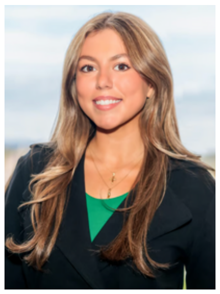
RICHARD BALLOU

CASEY FISCHER

HEATHER KEKAC



JARED RUSSO



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