AEGON Asset Management

March 2022

Real Assets

US CRE MARKET INSIGHTS

CONTENTS

Beyond borders™

US commercial real estate (CRE) investment performance continued to soar in the fourth quarter of 2021 with wide disparities between property types. The National Council of Real Estate Fiduciaries (NCREIF) Property Index results were strong with a total return of 17.7% for 2021. Income return amounted to 4.2% and capital appreciation amounted to 13.1% for the past year. The industrial sector produced a total return of 43.3% for 2021, followed by the apartment sector producing a 19.9% total return. In comparison, retail and office produced a total return of 4.2% and 6.1%, respectively.[1] Fundamentals for US CRE remains solid as economic data published for the fourth quarter continues to suggest strong but slower growth heading into 2022. Covid-19 and inflation remain the most significant economic concerns for investors. Inflation continued to rise in the beginning of 2022 with energy prices surging as a result of Russia's attack on Ukraine and associated sanctions on Russian energy exports. As a result, the US Federal Reserve (Fed) has accelerated the target of tapering its asset purchases to the end by March, with at least three potential rate hikes in 2022.

Another Covid-19 winter may prolong feast and famine for US CRE

Recently released fourth quarter and annual 2021 US CRE investment performance data show a continuing pattern of feast or famine across the four major sectors. Feasting in the industrial sector has produced a total return of 43.3% for 2021, followed by a less lavish feast in the apartment sector producing a 19.9% total return. In comparison, famine might be an apt description for the 4.2% total return in the retail sector making the 6.1% in the office sector comforting.[1]

The ongoing Covid-19 pandemic explains some of the disparate investment performance across the sectors. Demand for Industrial space is roaring as online retail sales now account for 13% of total retail sales up from 11% in the fourth quarter of 2019. That increase represents a 42% increase in e-commerce sales.[2] With this tailwind, net absorption of industrial space in 2021 approached 3% of the total inventory, the strongest net absorption on record.[3] Apartment performance was indirectly boosted by Covid-19 through the strong employment recovery propelled by government spending to support households and businesses.

At the other extreme, Covid-19 has kept offices closed while staff works from home. The work-from-home experience is showing solid if not enhanced productivity along with pervasive employee desire to maintain flexibility to work-from-home part of the week when offices reopen. Eventual impact on office space is uncertain. Part-time work-from-home could allow a cutback in leased office space but only if space is used in a flexible fashion. At the same time, employees will require more square footage to mitigate the increased desire for distancing. The uncertainties are roiling expectations for office demand and property value post-Covid-19.

The woes in the retail sector were not so much caused by Covid-19 as accelerated by it. Online shopping has been taking an increasing bite out of in-store retail sales for the last two decades. The Covid-19 shutdowns accelerated the incursion and re-pricing of obsolete retail space.

Strong economic growth in the fourth quarter of 2021 will likely continue to benefit overall commercial property investment performance into 2022 as economic growth is the engine that leads the demand for space. Fourth quarter GDP posted a very strong 6.9% annualized real gain versus the much more anemic 2.3% real growth rate posted for the second quarter of last year. Real GDP growth for 2021 overall was 5.7% reflecting the bounce-back from the Covid-19 downturn of -3.4% in 2020. Real GDP recovered and surpassed the pre-Covid peak in the second quarter of 2021. The recovery was aided by the 8.1% growth in federal non-defense spending in 2020 comprised largely of Covid-19-related support.[4]

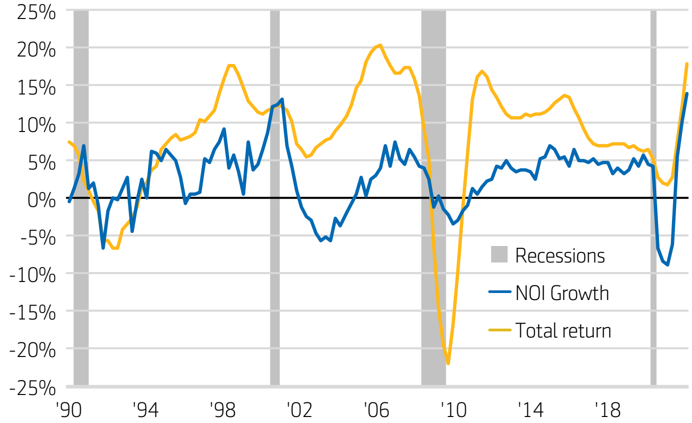
This year, forecasters included in the February 2022 Blue Chip Economic Survey are expecting a slower pace of real growth at 3.7% with the consumer price index rising 5.0%. Growth and inflation at these magnitudes are well above the +/- 2% growth and inflation trends in place since 2001. More normal performance is forecast for 2023 with 2.6% real GDP growth and 2.5% inflation.[5] These expectations are based on confidence that Fed policymakers will be successful in normalizing monetary policy and easing inflation without crippling economic growth. The first steps in monetary tightening are underway now as the Fed shrinks the pace of purchasing Treasury and other bonds aiming to eliminate the purchases in this year's first quarter. The beginning of interest rate tightening is expected to follow in subsequent months. Anticipating this pace of monetary normalization, financial markets were nudging Treasury yields higher with daily trading producing a 2.0%+ yield high in mid-February but surging uncertainty accompanying Russia's attack on Ukraine lowered yields to around 1.75% in early March.[6] In 2023, Blue Chip forecasters are expecting the 10-year Treasury yield to average 2.5%.[5] It is worth noting that Treasury levels at such levels are still rock bottom low in an historical context. Since the beginning of 2012, the 10-year Treasury yield has posted a quarterly average above 3% only once, in 4Q 2018.[6]

Substantial uncertainties accompany these sanguine expectations. In late 2021, Covid-19 contagion entered a third wave with the emergence of the Omicron mutation. While less deadly than prior versions, Omicron is still challenging health care providers and disrupting economic activity. Covid-19 is largely responsible for the inflation surge due to the combined effects of shifting consumer spending toward goods and away from services and disruption to production and movement of goods. Even after Covid-19 contagion eases, it will take some time to reverse the disruption. As of early March, the pace of contagion is down sharply on a week-to-week basis but not enough to mark an end to the pandemic.

At the same time, the economy is challenged by labor force constraints that are making it very difficult to fill job openings. Baby boomer retirements, shrinkage in immigration, and difficulties for caregivers associated with daycare and school interruption are the major culprits. When fear of Covid-19 finally eases, some Baby Boomers might return to the workforce especially with the allure of higher wages. Immigration might also pick-up and caregiver issues might resolve. But the US will nonetheless remain short of labor as shown in pre-Covid data. As shown in the February employment report, employment remained 2.1 million jobs below its pre-Covid peak.[7] Very anemic population growth is offering little hope of relief. In 2019, prior to Covid-19, the US population grew by only 0.5%, a pace weak enough to keep a lid on upside in US economic growth.[8]

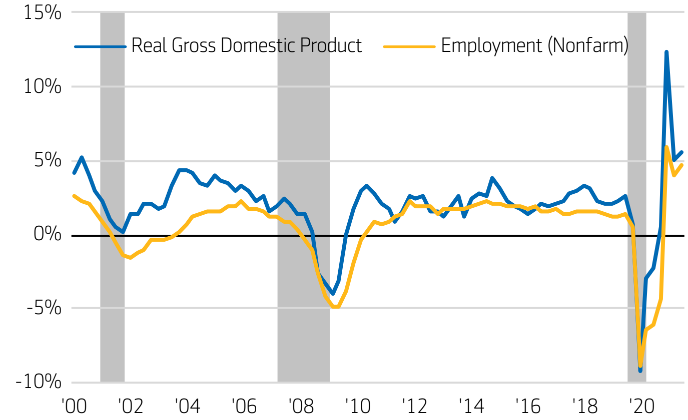
With the growth and inflation outlooks still dependent on the path of Covid-19, the feast and famine pattern of sector investment performance in US CRE will likely continue through the quarters ahead. With abundant capital and plentiful financing, property investors are acting on their own expectations and analysis of market opportunities.

NCREIF Property Index, year-over-year change (1990 – 4Q 2021)



Source: NCREIF Property Index Detail Report as of December 31, 2021. **Shaded areas indicate US recessions. Past performance is not indicative of future returns.**

Real GDP and employment growth, (year-over-year %)



Sources: US Bureau of Labor Statistics, February 4, 2022. Bureau of Economic Analysis, January 27, 2022. Employment figures reflect private and government non-farm jobs. **Shaded areas indicate US recessions.**

Economic outlook

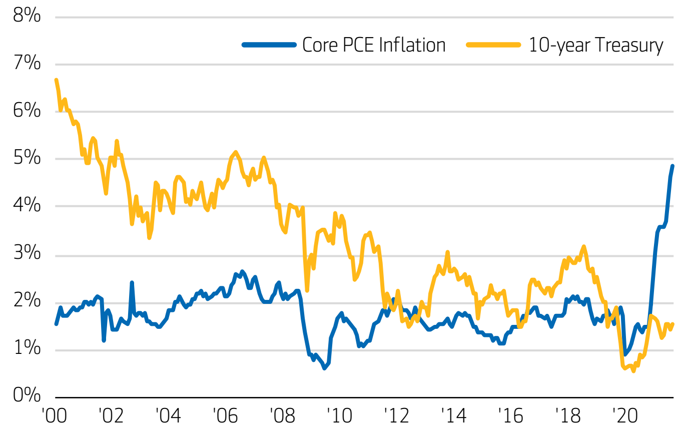
- Economists expect a slower pace of growth in 2022 and 2023 with real US GDP projections of 3.7% and 2.6%. This pace of growth is still well above the historical average of +/- 2%.[5]

- The job market is expected to remain tight for 2022. Constrained supply of workers is outweighing the fear of recent surges in Covid-19 infection rate. Job openings remain near record highs, and initial unemployment claims are trending below pre-Covid levels. The labor force participation rate improved over recent months, but as of February, employment remains 1.4 million jobs below its pre-Covid peak.[7]

- Supply-chain bottlenecks have been and will likely continue to be the dominant force driving inflation for much of 2022. The consumer price index continued its rise towards the end of 2021, staying well above Fed's 2%-ish target. As a result, the Fed has accelerated the target of tapering of its asset purchases to the end by March, with at least three potential rate hikes in 2022.

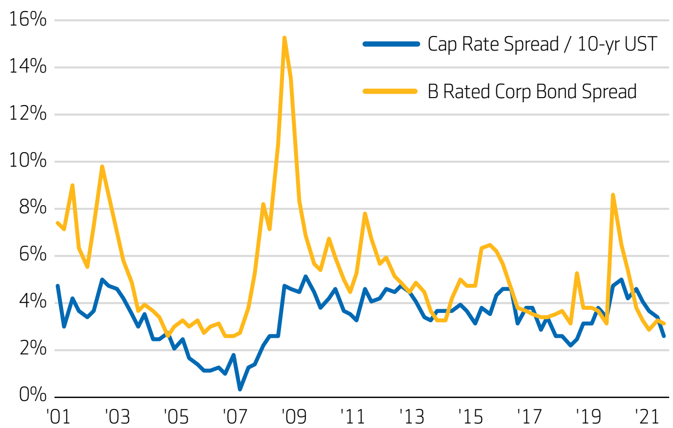
- Altogether, prospects for ongoing solid economic growth bode well for property investors despite transitory bumps as consumer behavior, production, and inflation recover from Covid-related distortions. Positive prospects are reinforced by abundant availability of commercial mortgage debt despite the expectation of tightening monetary policy in 2022. At the same time, the recent crisis in Ukraine and the accompanying surge in energy prices have added a big dose of uncertainty to an otherwise positive outlook.

Core personal consumption expenditure (PCE) inflation and 10-yr Treasury



Sources: US Bureau of Economic Analysis, as of December 31, 2021 and US Department of Treasury, as of December 31, 2021.

Corporate bond and cap rate spread*

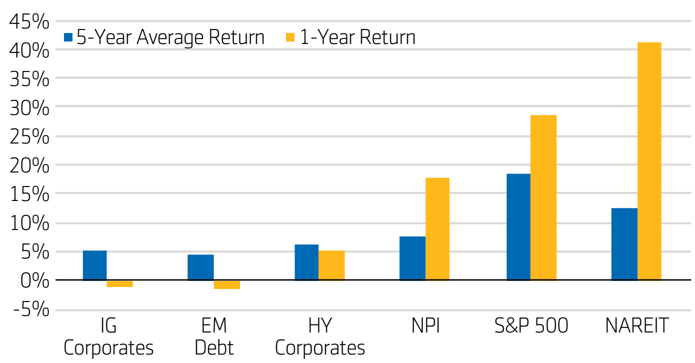


Sources: Aegon Asset Management. Bloomberg - US Corporate B Rated Bond OAS, as of December 31, 2021. NCREIF Transaction Cap Rates, as of December 31, 2021. Federal Reserve – 10-year UST, as of December 31, 2021. *Average cap rate less 10-year UST. **Past performance is not indicative of future results.**

Real estate equity

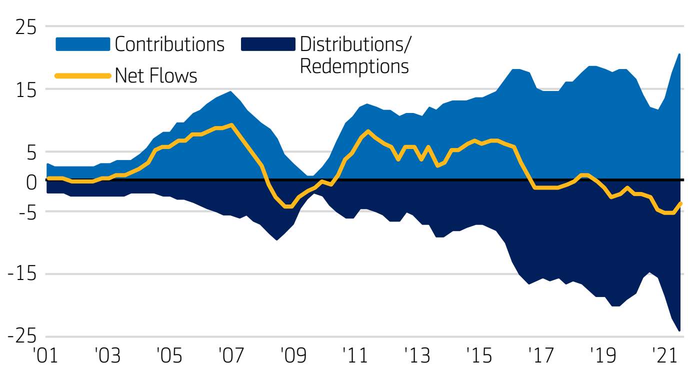
- The trailing one-year return for the NCREIF National Property Index (NPI), a measure of unleveraged returns, was 17.7% in the fourth quarter of 2021 compared to 1.6% a year ago. Capital appreciation was reported as 13.1%, with income return at 4.2%.[1]
- Industrial property performance continued to outpace other sectors with a 43.3% total return for the year ending December 31, 2021. Very strong industrial returns were the drivers of overall NPI total return in many of the top outperforming metro areas. At the other end of the spectrum, retail property returns totaled 4.2% for the past four quarters.[1]
- Within property sectors, subtypes continue to show broad dispersion in performance. The range is particularly wide in the retail and apartment sectors where there is an 8.8% difference in one-year total return between neighborhood retail centers and super regional malls, and an 13.3% difference in one-year total return between garden and high-rise apartments.[1]
- The NCREIF Fund Index for Open-ended Diversified Core Equity (NFI-ODCE) returned 22.2% gross of fees and inclusive of leverage during the year ending in 4Q with an 8.0% return in the fourth quarter separately. Over the last 10 years, the NFI-ODCE averaged an 9.4% annual return.[1] ODCE's diversified core properties typically reflect lower-risk CRE with relatively low leverage.[1]
- During the fourth quarter of 2021, NFI-ODCE investor's contributions surpassed distributions and redemptions for the first time since the beginning of the pandemic. Net investor cash flows for the year were still negative. Compared to the fourth quarter of 2019 pre-Covid level, contributions are now 23.8% higher.[1]

Return comparison



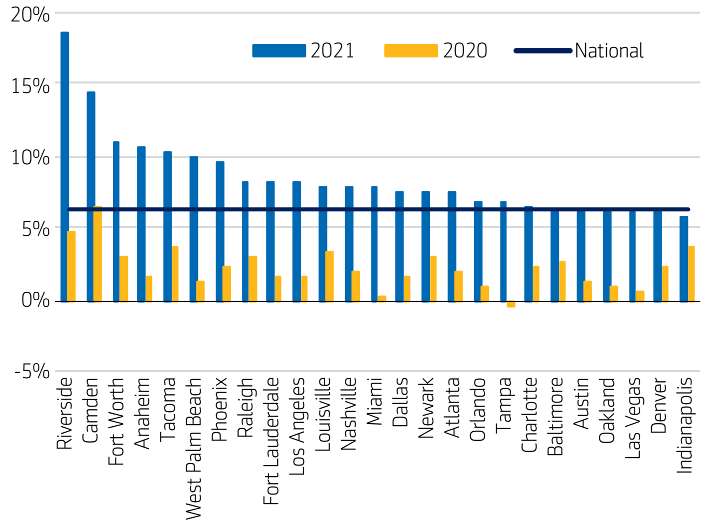
Sources: Corporate Bonds and EM Debt - Bloomberg, December 31, 2021. NAREIT, December 31, 2021. NCREIF, December 31, 2021. S&P Dow Jones Indices, December 31, 2021. **Past performance is not indicative of future results.**

NFI-ODCE investor cash flow trends (four quarter rolling total, $Bn)†



†The Open End Diversified Core Equity (ODCE) fund is a capitalization-weighted index based on each fund's Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV), adjusted for Weighted Cash Flows (WCF) during the period. Annual rates (Appreciation + Income). Source: NCREIF. As of December 31, 2021.

Top 25 metros by total return (4Q 2021)‡



Source: NPI – NCREIF as of December 31, 2021. ‡Limited to NCREIF markets with greater than 40 properties. **Past performance is not indicative of future results.**

Trailing four quarter return by sub property type (%)

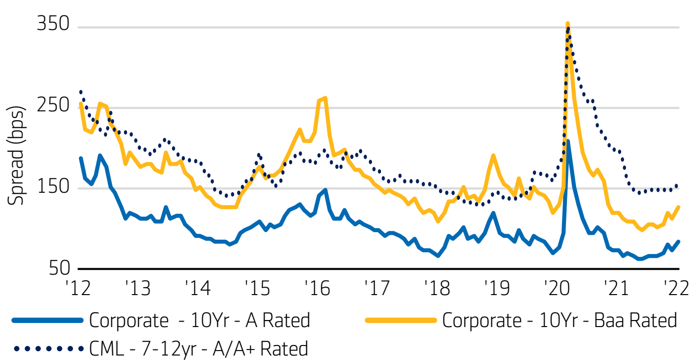
	4Q 21	4Q 20	Trend
NPI	17.7%	1.6%	16.1%
All Apartment	19.9%	1.8%	18.1%
Garden	28.9%	5.2%	23.7%
Highrise	15.6%	0.1%	15.4%
Lowrise	21.1%	3.1%	18.0%
All Office	6.1%	1.6%	4.5%
CBD	3.3%	0.5%	2.8%
Suburban	10.0%	3.1%	6.9%
All Industrial	43.3%	11.8%	31.6%
R&D	30.6%	18.3%	12.3%
Flex	43.1%	8.6%	34.5%
Warehouse	43.5%	11.9%	31.6%
Other	40.3%	9.4%	31.0%
All Retail	4.2%	-7.5%	11.7%
Community	6.6%	-3.6%	10.3%
Neighborhood	8.5%	-0.8%	9.4%
Power Center	6.5%	-3.8%	10.3%
Regional	-0.2%	-10.2%	10.0%
Super Regional	2.7%	-10.7%	13.4%

Source: NCREIF Property Index Detail Report. As of December 31, 2021. Trend is the year-over-year change of sub property type trailing four quarter return. **Past performance is not indicative of future results.**

Capital markets

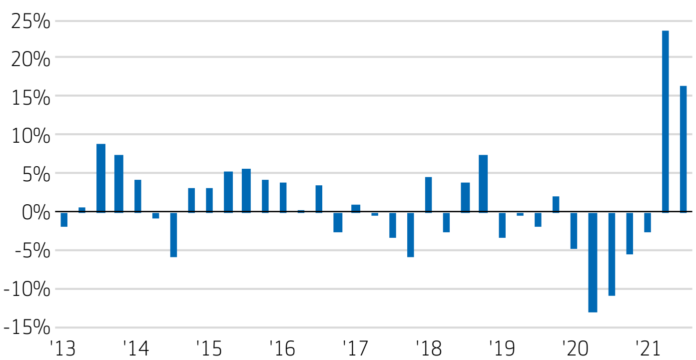
- Solid economic growth along with still-low interest rates supported a strong flow of property transactions through 2021 and commercial mortgage originations as well. Transactions for the fourth quarter hit another record high, driven by entity and individual transactions. Interactions with market participants suggest life companies will continue to have a strong appetite for commercial mortgages in 2022.
- Office remained the most challenging sector through 2021 as the spread of new Covid-19 variants further delays companies' return-to-office plans. The retail sector continued to recover with retail sales soaring well above pre-pandemic levels. At the same time, the bulk of lender appetite remained focused on industrial, multifamily and the grocery-anchored subset of retail. Such focus has resulted in a very competitive environment, though underwriting standards remain highly disciplined. However, lenders are increasingly using interest-only periods as a competitive feature when coverage ratios and leverage allow.
- The 10-year US Treasury yield rose toward the end of the third quarter and stayed relatively stable for the fourth quarter. Spreads were also very stable over the fourth quarter. The more recent uptick in the 10-year Treasury followed troubling inflation reports and the central bank's announcement of at least three potential rate hikes in 2022. Financial markets are digesting whether the anticipated tightening will ease inflation pressure, but daily market moves suggest solid confidence. Reflecting these developments, the majority of life company loan transactions are executing with a gross coupon of 2.8% to 3.0%, with higher quality loans pricing south of 2.7%.

Historical spreads (Corporate A, Baa & CML)
January 2012 – January 2022



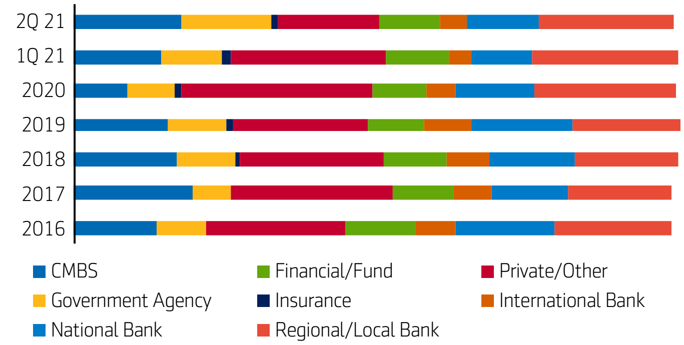
Sources: Corporate Bonds – Bloomberg Barclays. Aegon Real Assets US Commercial Mortgage Mark-to-Market Matrix - A/A+ Internal rating using Proprietary CML pricing matrix, developed and maintained by Aegon Real Assets US as of January 31, 2022. Past performance is not indicative of future results.

Commercial mortgage commitments
(Life companies — trailing four quarters, quarter-over-quarter change)



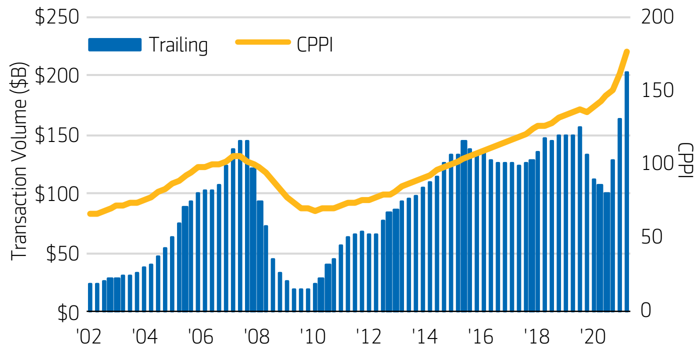
Source: American Council of Life Insurers (ACLI). September 30, 2021.

US lender composition



Sources: Real Capital Analytics – US Capital Trends Report, June 30, 2021.

CRE transaction volume and commercial property price index
Trailing four quarter — all property types



Sources: Aegon Real Assets US. Real Capital Analytics. As of December 31, 2021.

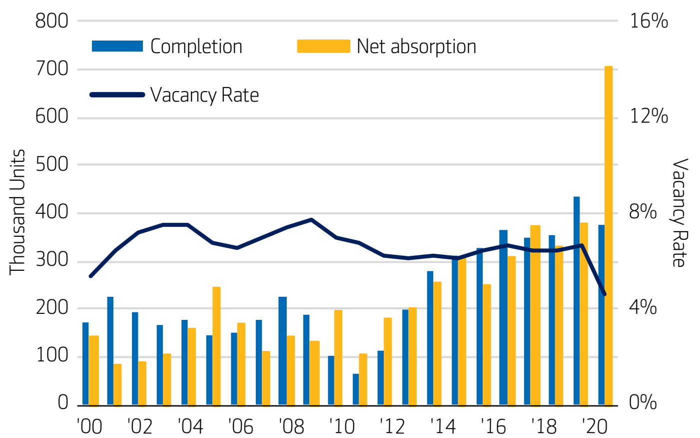
Transaction volume by property type			
	4Q 21	4Q 20	YoY changes
All Office	**$51.6 B**	**$29.8 B**	**73.1%**
CBD	$16.4 B	$9.5 B	73.8%
Suburban	$35.1 B	$20.3 B	72.8%
All Industrial	**$67.1 B**	**$42.2 B**	**59.2%**
Flex	$12.7 B	$7 B	81.3%
Warehouse	$54.4 B	$35.1 B	54.7%
All Apartment	**$148.9 B**	**$63.6 B**	**134.2%**
Garden	$97.6 B	$41.9 B	133.1%
Mid/Highrise	$51.3 B	$21.7 B	136.2%
All Retail	**$32.5 B**	**$14.4 B**	**126.3%**
Strip Center	$17.9 B	$7.2 B	147.4%
Mall & Other	$14.6 B	$7.1 B	104.8%

Source: Real Capital Analytics. As of December 31, 2021.

Apartments

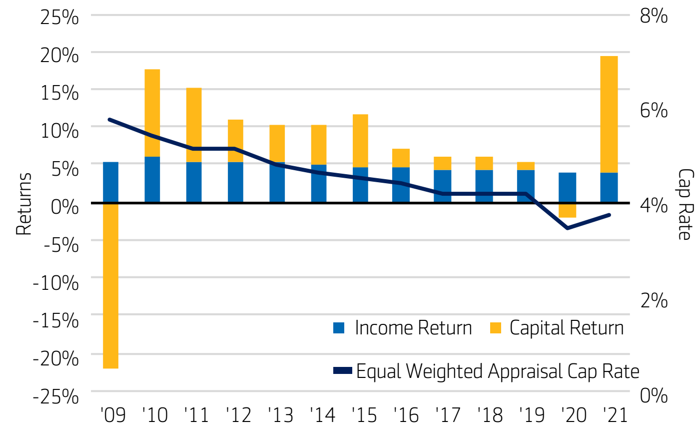
- National apartment vacancy decreased in the fourth quarter to a 4.7% rate from 6.6% a year ago, the lowest level since 2000. Apartment asking rent for the fourth quarter advanced 13.6% year-over-year.[9]
- All of the top 50 metros are experiencing a decrease in vacancy rates. Rent growth was also strong with all of the top 50 most populous metros showing more than 2% year-over-year increases.[9]
- The NPI apartment sector produced a 19.9% unlevered total return for the most recent four quarters composed of 3.8% income return and 15.7% capital return. Garden-style apartments have been the best performing subtype over the last year with unlevered returns of 28.9% compared to 5.2% from a year ago.[1]
- Apartment equal-weighted appraisal cap rates during the fourth quarter of 2021 sit at 3.8%, slightly higher than the average 3.5% of 2020.[1]
- Apartment transaction volume in the fourth quarter is 134.2% above the level a year ago due to a low-base effect and strong investor appetite. This increase is the sharpest among the four major property types.[10]
- Apartment performance prospects appear to be rock solid for 2022. An overall shortage of available housing, both for sale and rental, together with need of more space to work from home during the pandemic drove unprecedented demand for apartments. Both rent growth and occupancy reached record highs. With demand and rent growth surging, capital poured into the multifamily sector. Transaction volume for the fourth quarter reached a staggering high of $149 billion.[10] In addition, units under construction declined over the past year due to supply and labor constraints, as well as delays in securing approvals and permits, a further tailwind for multifamily. Urban markets that were hit the hardest during the beginning of the pandemic have also bounced back with rent growth turning positive as households return to city centers.

Supply and demand fundamentals



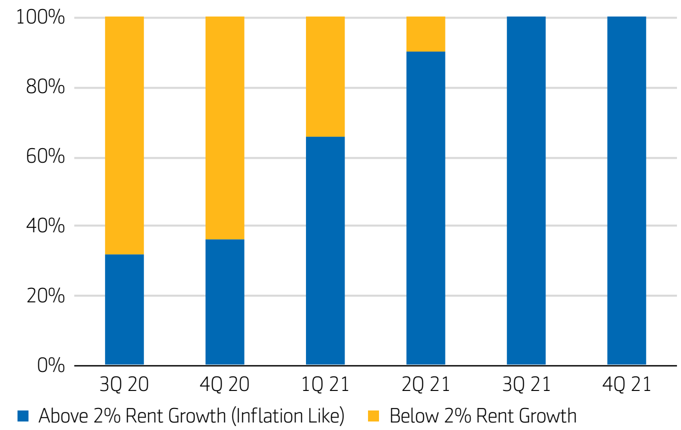
Source: CoStar Reality Information Inc., annual data as of December 31, 2021. Current year returns reflect trailing 4-quarter average.

Apartment performance



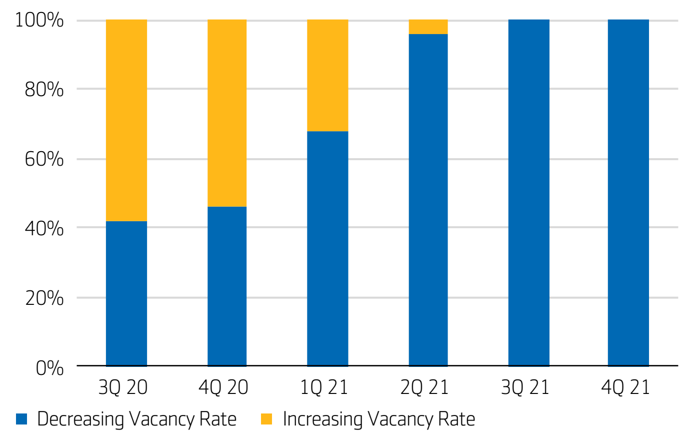
Source: NCREIF Property Index (unlevered) - Equal weighted appraisal cap rate as of year-end or most recent in current year, current year returns reflect trailing 4-quarter average, as of December 31, 2021. **Past performance is not indicative of future results.**

Apartment metropolitan statistical area (MSA) trends* (year-over-year rent growth)



Source: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Apartment MSA trends* (year-over-year vacancy rate change)

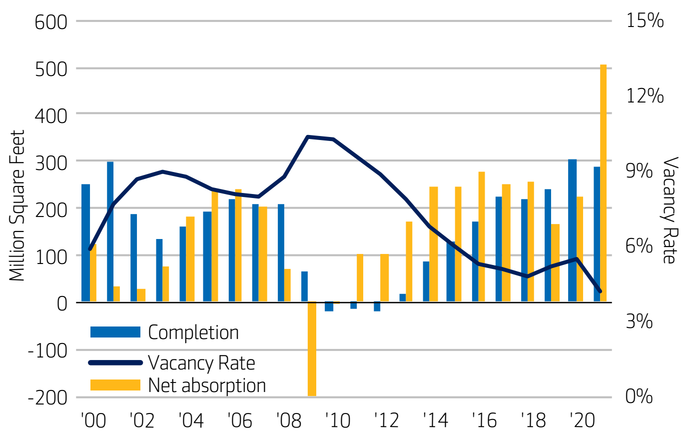


Source: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Industrial

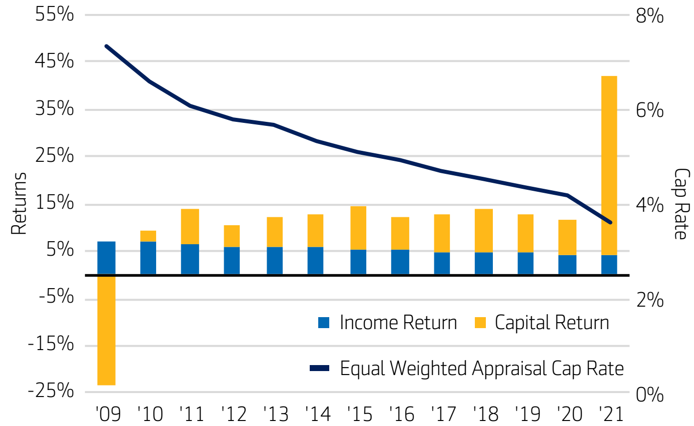
- The national industrial vacancy rate decreased to 4.2% from 5.5% a year ago. Industrial asking rent for the fourth quarter advanced 9.1% year-over-year, faster than the 4.6% increase from a year prior.[9]
- Only two out of the top 50 most populous metro areas saw industrial space vacancy rates increase but rent growth continues to outpace inflation in all of the top 50 most populous metros.[9]
- The NPI industrial sector produced an incredible 43.3% total return for the most recent four quarters, far exceeding the number two sector performance of 19.9% for apartments. Income return amounted to 4.1% while appreciation generated 38.1%.[1]
- Industrial cap rates associated with NPI appraisals averaged 3.6% on an equal-weighted basis, down from 4.2% a year ago.[1]
- Transaction volume for industrial properties was up 59.2% for the quarter compared to a year ago. Compared to the same quarter in 2019, transaction volume is 81.7% above that pre-pandemic level.[10]
- 2022 industrial prospects look promising with longer-term risks revolving around whether demand can absorb sizeable new warehouse supply, especially when the economy starts to normalize. Consumers that were flush with cash from stimulus checks have started to draw down their excess savings, driving a surge in retail sales both in-store and online. As a result, the industrial sector's vacancy rate declined at the fastest pace on record for 2021 to 4.2%.[9] Transaction volume surged to $67 billion in the fourth quarter of 2021, an 82% increase from the volume seen in the pre-pandemic fourth quarter of 2019.[10] Developers are racing to keep pace with tenant demand. Space under construction as a percentage of inventory reached 3.0%, the highest ever recorded.[9] Additionally, developers in major markets can barely accommodate demand, causing new construction to spill over to nearby markets where land is less constrained.

Supply and demand fundamentals



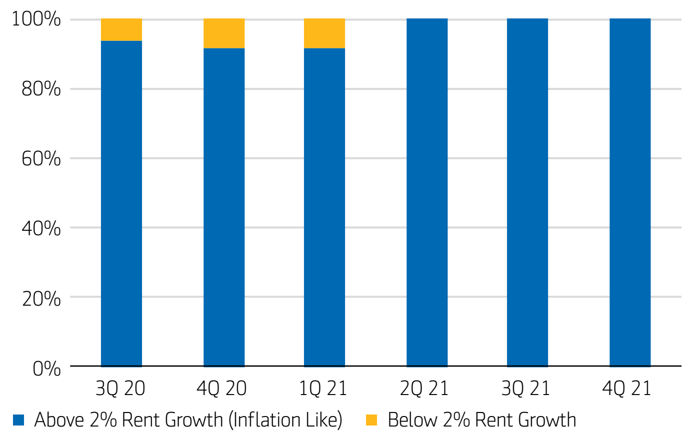
Source: CoStar Reality Information Inc., annual data as of December 31, 2021. Current year returns reflect trailing 4-quarter average.

Industrial performance



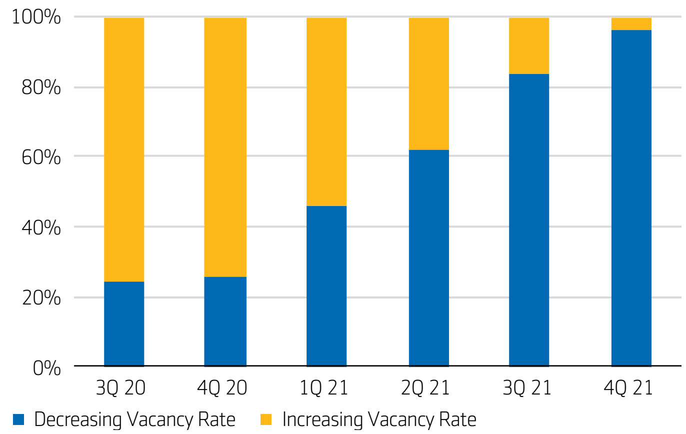
Source: NCREIF Property Index (unlevered) - Equal weighted appraisal cap rate as of year-end or most recent in current year, current year returns reflect trailing 4-quarter average, as of December 31, 2021. **Past performance is not indicative of future results.**

Industrial MSA trends* (year-over-year rent growth)



Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Industrial MSA trends* (year-over-year vacancy rate change)

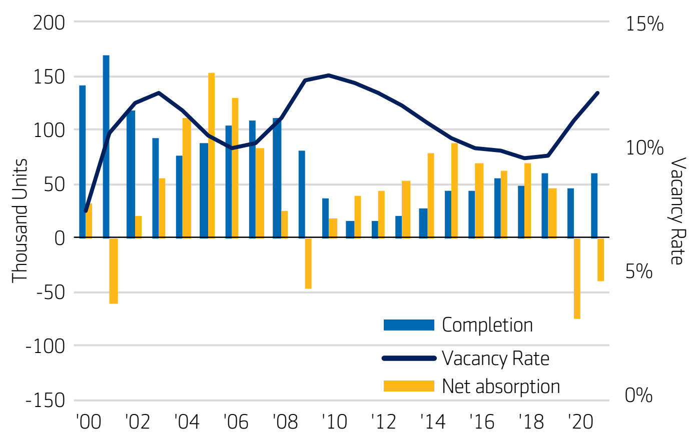


Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Office

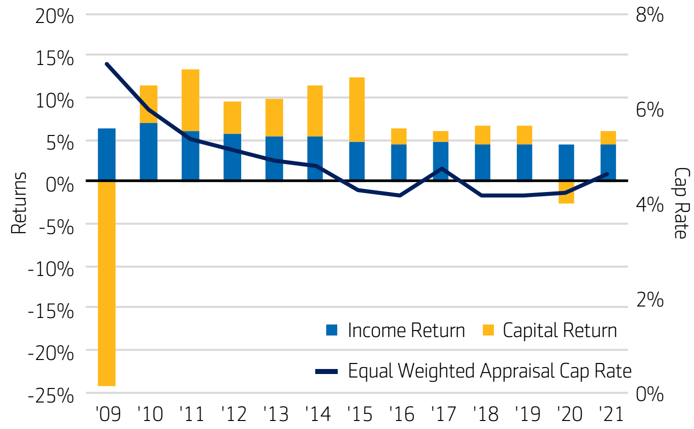
- Office vacancy rates increased in the vast majority of the top 50 largest metro areas with only nine of them producing rent growth above 2% in the fourth quarter of 2021. The national office vacancy rate increased to 12.2% from 11.1% a year ago.[9]
- At the same time, the office sector had an unlevered total return of 6.1% for the year ending 2021. Income generated 4.5% return while capital appreciation generated 1.6%. Suburban properties returned 10.0% compared to central business district (CBD) returns of 3.3%.[1]
- Office appraisal-based cap rates reported by NCREIF increased to 4.6% on an equal-weighted basis, up 38 basis point from 2020's 4.2%.[1]
- Transaction volume for office properties in the fourth quarter totaled $51.6 billion, up 73.1% from the year prior due to low-base effect. Compared to the same quarter in 2019, transaction volume has recovered and is up 22.0%, driven by suburban transactions with 32.7% increase while CBD transactions were up 4.1%.[10]
- The emergence of the Omicron variant pushed the office market's uncertain future further into 2022. Companies that planned to reopen their office in early 2022 have had to rethink their plans once again. Leasing activity remains below pre-pandemic averages as tenants either cut back on space or put off making decisions. The amount of available sublet space remains at historically high levels. Vacancy has increased from the pre-pandemic rate of 9.7% at the end of 2019 to 12.2% at the end of 2021. The amount of space under construction as a percentage of inventory in the top 50 metro areas has fallen from 2.0% in the fourth quarter of 2019 to 1.7% in the fourth quarter of 2021.[9,11] Transaction volume has increased by 22% during the same time period, with suburban market driving the majority of that growth.[10]

Supply and demand fundamentals



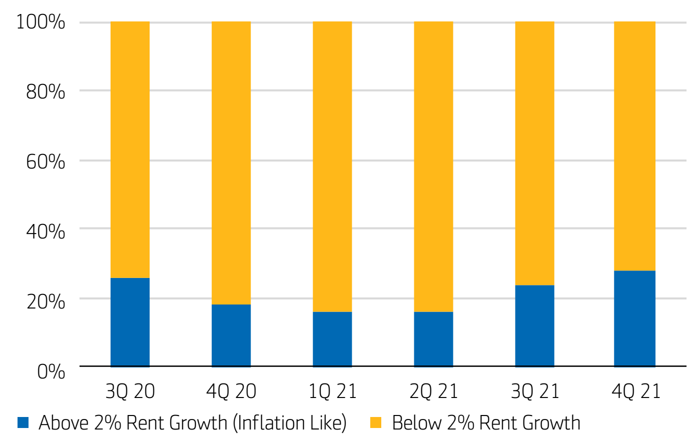
Source: CoStar Realty Information Inc., annual data as of December 31, 2021. Current year returns reflect trailing 4-quarter average.

Office performance



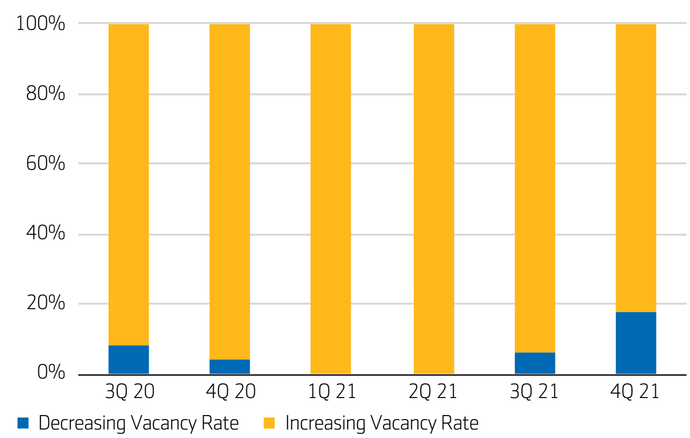
Source: NCREIF Property Index (unlevered) - Equal weighted appraisal cap rate as of year-end or most recent in current year, current year returns reflect trailing 4-quarter average, as of December 31, 2021. **Past performance is not indicative of future results.**

Office MSA trends* (year-over-year rent growth)



Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Office MSA trends* (year-over-year vacancy rate change)

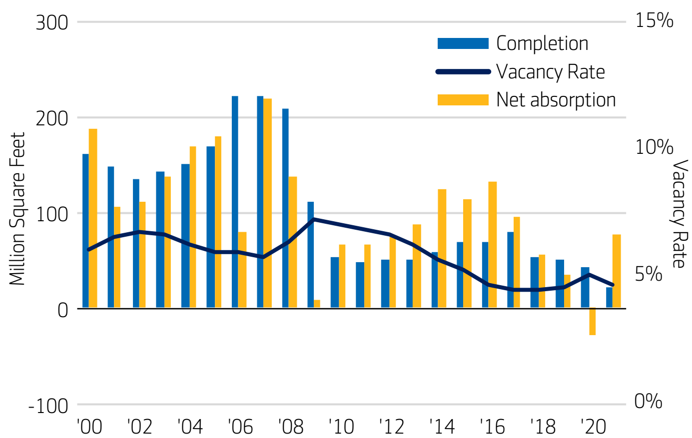


Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Retail

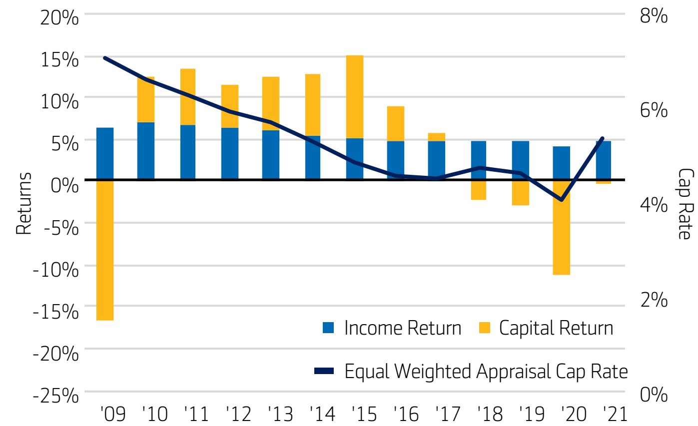
- The national retail vacancy rate decreased to 4.6% in the fourth quarter of 2021, down from 5.1% in 2020. Moreover, 70% of the largest metro areas saw retail property rent growth outpacing 2% in the fourth quarter of 2021.[9]
- The retail sector delivered a 4.2% total return for the year 2021. Income generated 4.7% return while capital depreciated 0.5%. This total return performance is the lowest of the four major property sectors. Within subsectors, neighborhood center properties performed best at 8.5% for the past four quarters while regional mall properties performed the worst at negative 0.2%.[1]
- Transaction volume for retail properties in the fourth quarter of 2021 increased to $32.5 billion, up 126.3% compared to last year, driven by entity level deals. Compared to the same quarter in 2019, transaction volume is up 156.3%.[10]
- The retail sector ended 2021 on the path to recovery, with total returns for the year remaining modest but surpassing the pre-pandemic levels seen in 2019.[1] Consumer spending was propelled by the significant savings and wage growth that government stimulus and a strong labor market created. Leasing activity surged to the highest level in four years, primarily due to smaller footprint and discount retail tenants. The amount of space under construction as a percentage of inventory in the top 50 metro areas remained at an extremely low level of 0.5%, down from the already low level of 0.6% seen pre-pandemic. The increased leasing activity combined with a lack of new construction brought the year-end vacancy rate up to 4.6%, which is on par with the pre-pandemic 2019 year-end rate of 4.5%.[9] Retail sector investment transactions reached $32.5 billion in the fourth quarter of 2021, a 56% increase from the pre-pandemic total seen in the fourth quarter of 2019. However, approximately one-third of these fourth quarter sales transactions can be attributed to the merger of Realty Income Corp and VEREIT.[10]

Supply and demand fundamentals



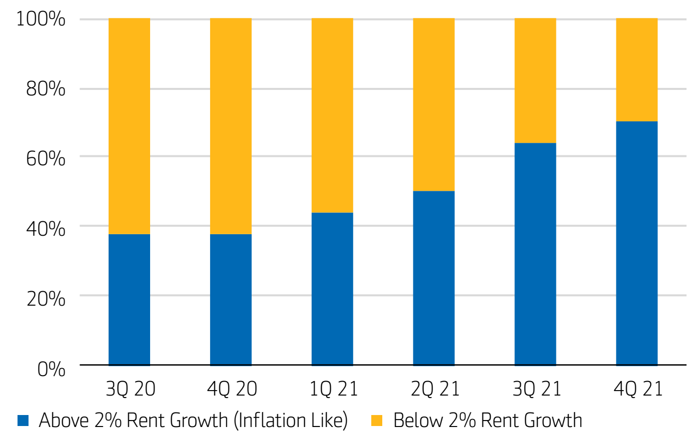
Source: CoStar Reality Information Inc., annual data as of December 31, 2021. Current year returns reflect trailing 4-quarter average.

Retail performance



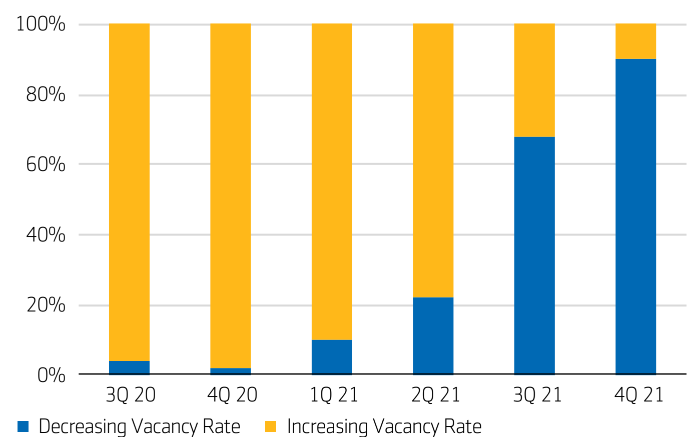
Source: NCREIF Property Index (unlevered) - Equal weighted appraisal cap rate as of year-end or most recent in current year, current year returns reflect trailing 4-quarter average, as of December 31, 2021. **Past performance is not indicative of future results.**

Retail MSA trends* (year-over-year rent growth)



Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Retail MSA trends* (year-over-year vacancy rate change)



Sources: CoStar Realty Information Inc.; Aegon Real Assets US as of December 31, 2021. *Based on a selection of 50 most populous markets.

Property sector outlook	Top 50 metros*						
	Under Construction as % of Inventory	4Q 21 Vacancy Rate**	4Q 20 Vacancy Rate**	Metros w/Rising Vacancy Rate	4Q 21 YoY Rent Growth**	4Q 20 YoY Rent Growth**	Aegon AM Sector Outlook
Apartment	4.29%	4.84%	6.99%	0	13.60%	0.64%	Positive
Industrial	2.91%	4.00%	5.29%	2	9.10%	4.58%	Neutral
Office	1.72%	10.85%	10.08%	41	1.25%	0.05%	Cautious
Retail	0.45%	4.62%	5.10%	5	3.23%	1.53%	Cautious

*Top 50 by Metro Areas by Population; CoStar Realty Information Inc., Aegon Real Assets US; as of 4Q 2021.
**Equal Weighted Average

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Aegon Asset Management's Applied Research Group utilizes primary and secondary research to monitor commercial real estate property fundamentals, capital markets, and macroeconomic conditions. Our platform applies both qualitative and quantitative techniques in its contribution to an investment outlook..

[1]National Council of Real Estate Investment Fiduciaries. December 31, 2021.
[2]US Census Bureau. E-Commerce Report. November 18, 2021.
[3]JLL Industrial Outlook. September 30, 2021.
[4]US Bureau of Economic Analysis. Gross Domestic Product. January 27, 2022.
[5]Wolters Kluwer. Blue Chip Economic Indicators. January 10, 2022.
[6]Board of Governors of the Federal Reserve System. February 10, 2022.
[7]US Bureau of Labor Statistics. Employment Situation. March 4, 2022.
[8]US Bureau of Economic Analysis. January 28, 2022.
[9]CoStar Realty Information, Inc. December 31, 2021
[10]Real Capital Analytics. December 31, 2021.

Disclosures

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