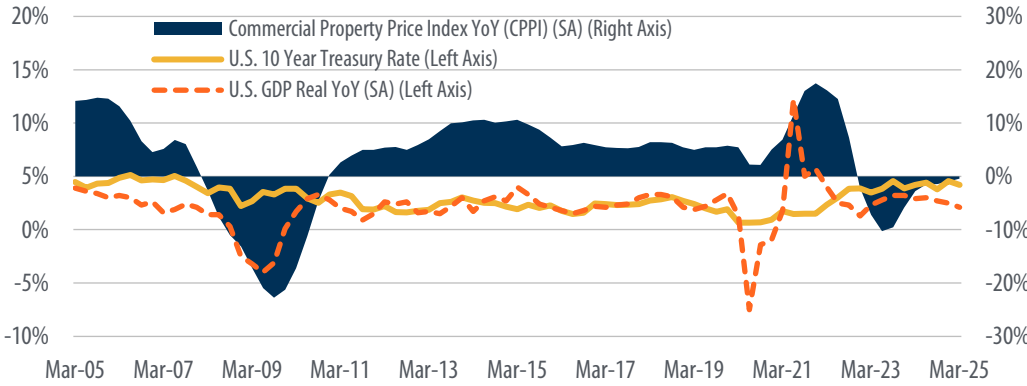




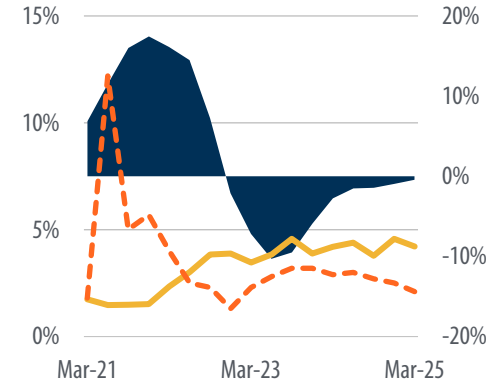
Commercial Real Estate (CRE) Market Continues to Re-Open Amidst Financing Concerns and Macro Uncertainty.

GDP and Treasury Rates can Influence CRE Prices.

March 2005 to March 2025

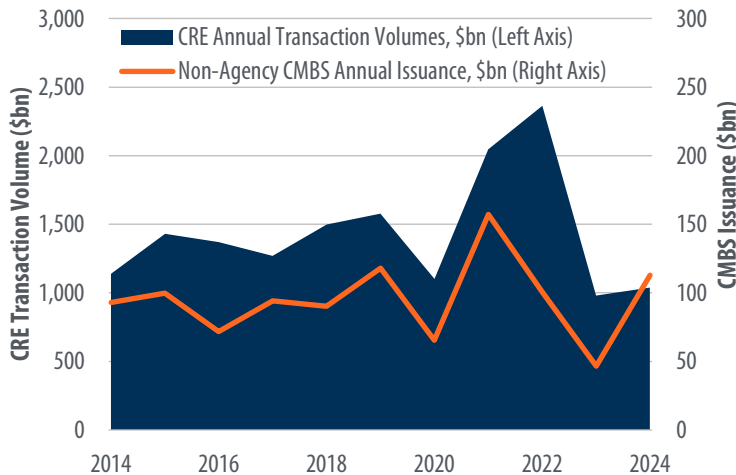


March 2021 to March 2025



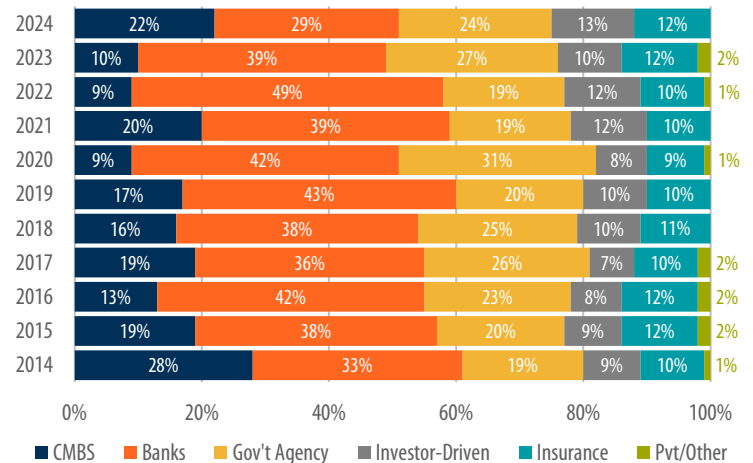
Source: Real Capital Analytics, Bureau of Economic Analysis, Bloomberg. SA - Seasonally Adjusted.

CRE Transaction Volume Rebounding. Percentage of Commercial Mortgage Backed Securities (CMBS) Origination Increasing as Bank Origination Falling.



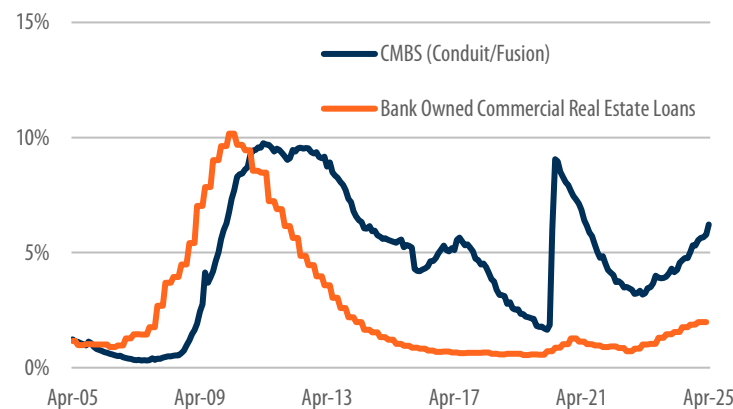
Source: Real Capital Analytics, J.P. Morgan, Commercial Mortgage Alert, Bloomberg. Data from January 2014 - January 2024.

CRE Loan Origination by Source.



Source: Real Capital Analytics, Morgan Stanley Research. Data from January 2014 - January 2024. CMBS - Commercial Mortgage Backed Securities, Gov't Agency - Government and Agency, Pvt/Other - Private/Other.

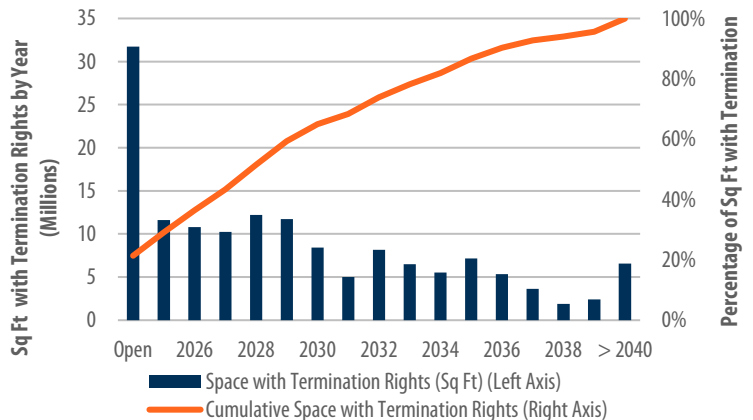
Delinquencies Continue Higher in Both CMBS and Bank Portfolios. 30 Plus Day Delinquencies. Bank Owned Includes Data from 100 Largest Banks. Not Seasonally Adjusted.



Source: Intex, Federal Reserve's Federal Financial Institutions Examination Council. Data from 4/1/05 - 4/1/25.

DOGE Impact Yet to Show - Nearly 100 million Sq Ft of General Services Administration (GSA) Office Leases Cancellable in Next 5 Years.

GSA Leases with Termination Rights per Year.



Source: Trepp, Inc. Data as of April 2025.

Retail and Industrial Real Estate Continue to Outperform other Property Types. Industrial Valuations Continue to Increase and have yet to Decline.

CRE Snapshot

Cap Rate (%)	4/30/25	Change YoY
Office	7.89%	0.40%
Apartments	5.79%	-0.05%
Retail	6.89%	-0.18%
Industrial	6.54%	0.59%

Cap Rate Spreads vs. U.S. 10 Year Treasury (bps)	4/30/25	Change YoY
Office	373	92
Apartments	163	47
Retail	273	34
Industrial	238	111

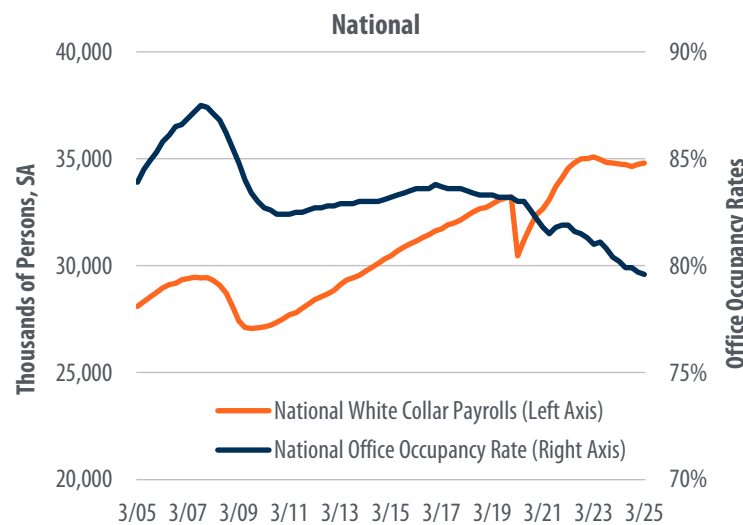
Source: Real Capital Analytics, Bloomberg. As of 4/30/25, most recent data available. Bps - basis points.

Commercial Property Price Index (CPPI)	Change YoY%	% Change from Peak 2022 to 4/2025	% Change Prior Peak (2007) to Trough (2011)
Office	-0.32%	-23.36%	-40.7%
Apartments	-0.99%	-19.17%	-30.9%
Retail	4.20%	-5.51%	-36.0%
Industrial	0.44%	N/A	-33.7%

Sales Volume (\$mm)	4/30/25	Change YoY%	4/30/24
Office	\$11,238	-23.6%	\$14,702
Apartments	\$28,108	32.4%	\$21,222
Retail	\$13,696	70.7%	\$8,026
Industrial	\$16,846	5.7%	\$15,938

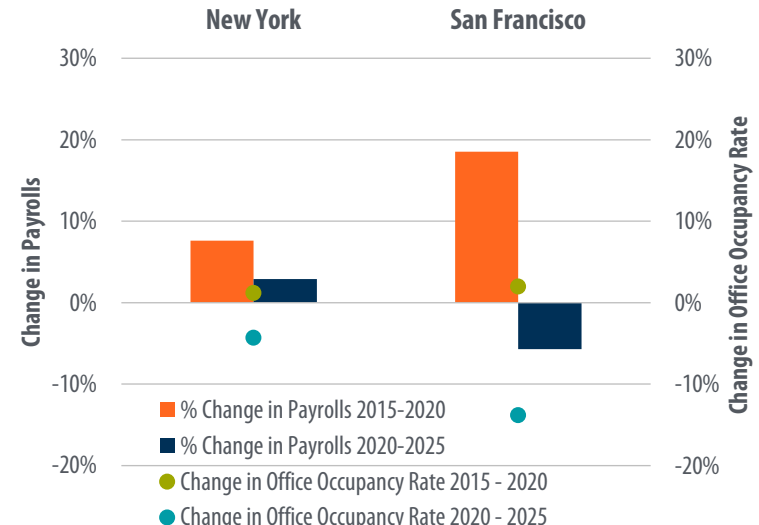
Secular Decrease in Office Demand and Flattening White Collar Payrolls.

White Collar Payroll History are at MSA Level, Seasonally Adjusted and Includes Professional and Business Services, Financial Activities and Information.



Source: U.S. Bureau of Labor Statistics, REIS Inc., Bloomberg. Data from 3/31/05 - 3/31/25. Most recent data available. SA - Seasonally Adjusted.

Geographic Variation Persists.



Source: U.S. Bureau of Labor Statistics, REIS Inc., Bloomberg. Data from March 2015 - March 2025. Most recent data available.

Definitions

Cap Rate: The capitalization rate, or cap rate, is a measure of expected return on a real estate investment. It's determined by dividing the property's expected net income by its value, expressed as a percentage.

Commercial Property Price Index (CPPI): Commercial Property Price Index is a transaction-based index that measures property prices at a national level. The index covers Apartment, Retail, Office, and Industrial sectors.

Commercial mortgage-backed securities (CMBS): Fixed-income investment instruments that are backed by commercial and multifamily mortgages.

DOGE: Department of Government Efficiency. A temporary U.S. Federal government entity focused on improving government efficiency and reducing wasteful spending.

Year-over-Year (YoY): A calculation that helps compare growth over the previous 12 months and automatically negates the effect of seasonality.

Metropolitan Statistical Area (MSA): Geographic area defined by the United States Office of Management and Budget (OMB) that includes a city with a population of at least 50,000 or an urbanized area with a population of at least 100,000.

Important Considerations

Commercial real estate securities carry several risks, including the possibility that property owners may default on loans or lease obligations. They are also subject to market risk due to fluctuating property values driven by economic cycles, interest rates, and regional demand. Additionally, rising vacancy rates, declining rental income, or shifts in property usage can impact cash flow and valuations. Liquidity risk is also a factor, as some commercial real estate securities can be difficult to sell in volatile markets.

There is no guarantee that past trends will continue, or projections will be realized. This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

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