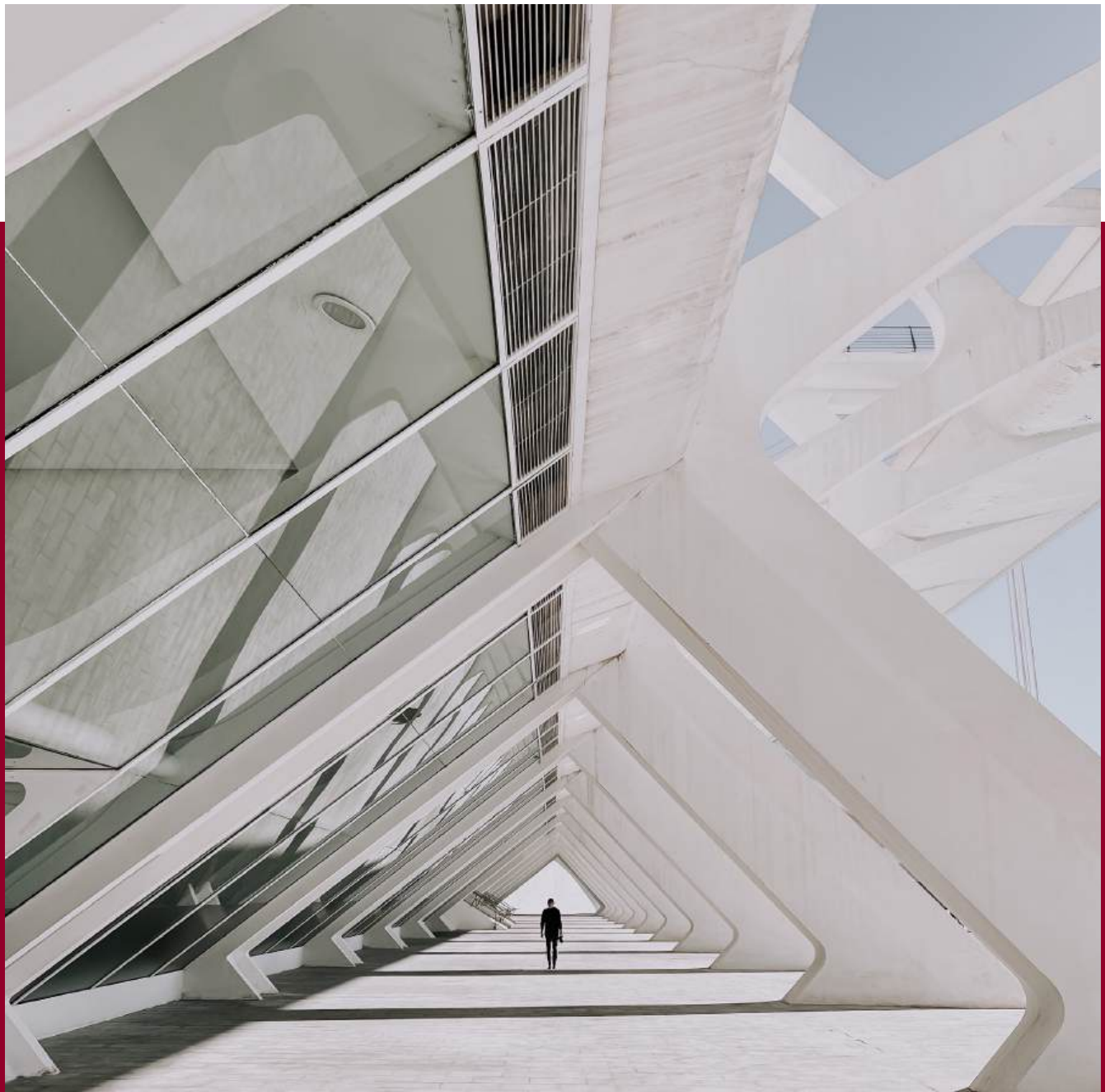
WLA INVESTMENTS

Q3 2025

CRE MARKET OUTLOOK & PORTFOLIO PERSPECTIVE



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Q3 2025 MULTIFAMILY MARKET UPDATE: SOUTHERN CALIFORNIA

The multifamily real estate market in Southern California continues to show mixed signals, reflecting regional differences in vacancy, rent trends, and new construction activity. Here's a snapshot of key markets:

San Diego

San Diego's multifamily sector remained active in Q3 2025. Total sales across the county reached approximately $565 million, with the average price per unit around $288,000 and cap rates near 4.9%. Properties are closing faster than last year, with the average time to close just over four months. Vacancy rates held steady at about 5.4%, showing slight improvement in downtown areas despite a history of higher vacancies. New apartment construction is gradually increasing, but the region remains below the state's annual housing targets, with just under 5,000 units expected this year.
Source: *SD Multifamily Q3 2025* | *Matthews Real Estate*

Los Angeles

The Los Angeles multifamily market experienced positive momentum, particularly in downtown and surrounding submarkets. Net absorption increased, while vacancy rates trended lower across most regions, including the South Bay, Westside, and San Fernando Valley. Demand was supported by factors such as high barriers to homeownership and households displaced by recent natural events. Rental rates continued to rise, reflecting strong investor interest.
Source: *Marcus & Millichap 2Q 2025 LA Multifamily Report*

San Gabriel Valley

The San Gabriel Valley saw a modest slowdown in rent growth and leasing activity in Q2 2025. Vacancy rates ticked slightly higher, while interest rates for debt remained around 6% for 5-year financing. Although submarket-level data for Q3 is limited, the overall trend indicates a stabilizing market as inflation eases and financing costs remain steady.
Source: *Lee & Associates Q2 2025 Report*

Key Takeaways:

Investors looking at Southern California multifamily assets should note regional differences: San Diego shows strong sales activity but limited new supply, Los Angeles exhibits rising rents and low vacancies, and the San Gabriel Valley is stabilizing with modest growth. Understanding these dynamics is key for positioning capital effectively in 2025.

Q3 2025 CRE MARKET UPDATE: BRIGHTON CO INDUSTRIAL, UTAH MIXED-USE, & POMONA, CA INDUSTRIAL

Brighton, CO Industrial Market: Strategic Location Driving Growth

Brighton continues to stand out as a key industrial hub within the Denver metro area. Its proximity to major transportation corridors, including I-76 and Denver International Airport, makes it an ideal location for logistics, distribution, and manufacturing operations.

Leasing Activity

- Q3 2025 saw approximately 2.2 million square feet of industrial space leased, indicating continued interest from tenants seeking well-located, modern facilities.
- The Mile High Logistics Center, one of the city's largest industrial properties, remains highly sought-after due to its size and access to transportation routes.
- The Interstate Logistics Center, offering over 1 million square feet, has drawn significant interest from logistics companies and regional distributors.

Owner-User Sales & Market Availability

- Record-level owner-user transactions reflect confidence among businesses investing in their operational facilities.
- Overall market availability remained stable at around 10%, suggesting a balanced market where supply meets demand without excess.

Development Pipeline

- Ongoing projects continue to expand Brighton's industrial footprint. New speculative developments and build-to-suit facilities are adding critical square footage to meet growing demand.
- Favorable zoning policies and infrastructure improvements support the market, including upgraded road access and utilities to serve larger industrial complexes.

Submarket Spotlight:

- Airport-adjacent properties see particularly strong demand due to logistics connectivity.
- Mid-sized facilities along I-76 and in the northern industrial corridor cater to manufacturers and distribution operators.

Key Takeaway: Brighton's industrial market combines strong leasing demand, record owner-user sales, and active development, positioning it for sustained growth and continued investor confidence.

Q3 2025 CRE MARKET UPDATE: BRIGHTON CO INDUSTRIAL, UTAH MIXED-USE, & POMONA, CA INDUSTRIAL

Utah Mixed-Use Developments: Stabilization Near Key Corridors

Utah's mixed-use real estate market is stabilizing after rapid growth in previous years. Developments are increasingly focused on integrating residential, retail, and office spaces to create vibrant, walkable communities.

Airport-Area Developments

- Salt Lake City International Airport-adjacent projects combine apartments, retail, and commercial space. These developments target both travelers and local residents, providing convenience and accessibility.
- Developers are emphasizing high-quality design and amenities that enhance community appeal, including green space, parking, and retail integration.

Investor and Market Activity

- Institutional and local investors remain active in the market, supported by ongoing population growth and job creation in the region.
- Salt Lake City and Park City mixed-use developments have seen increased interest from renters and commercial tenants, reflecting demand for integrated spaces.

Submarket Spotlight:

- Airport-adjacent properties are particularly attractive for investors seeking steady rental income.
- Downtown Salt Lake City and Park City emphasize walkable, lifestyle-oriented communities that combine living, working, and recreational spaces.

Key Takeaway: Utah's mixed-use market is stabilizing with balanced development and sustained investor interest, positioning it for long-term growth and resilience.

Pomona, CA Industrial Market: Strategic Southern California Hub

Pomona continues to be a critical industrial market in Southern California due to its location and development activity.

New Developments

1. CapRock Partners secured $50 million in financing to build a 269,740-square-foot warehouse at 4200 W. Valley Blvd. Features include 40-foot clear heights, 28 dock-high doors, and 46 trailer stalls, designed for logistics and distribution operators.A ±4.37-acre property at 398 San Antonio.

Q3 2025 CRE MARKET UPDATE: BRIGHTON CO INDUSTRIAL, UTAH MIXED-USE, & POMONA, CA INDUSTRIAL

- Ave is available for either residential or industrial use, providing developers with flexible options to meet market demand.

Market Drivers

- Proximity to major transportation routes and intermodal facilities continues to attract industrial tenants.
- The combination of speculative development, build-to-suit options, and flexible zoning creates opportunities for both investors and owner-users.

Submarket Spotlight

- The Valley Blvd corridor is particularly active, catering to logistics and last-mile distribution needs.
- Pomona's location within the Inland Empire industrial network ensures strong regional connectivity.

Key Takeaway: Pomona's industrial market is expanding with strategic development and flexible zoning, reinforcing its role as a vital Southern California logistics and industrial hub.

Overall Insights Across Markets:

- **Brighton, CO:** Balanced industrial market with strong leasing, record owner-user sales, and robust development pipeline.
- **Utah:** Mixed-use developments near key corridors are stabilizing, with continued investor interest supporting long-term growth.
- **Pomona, CA:** Strategic location, new development, and flexible zoning position Pomona as a key industrial hub in Southern California.

Sources: Mile High Logistics Center - Brighton. Cushman & Wakefield. Industrial Space Rents in Brighton, CO. CommercialSearch. Axios, *Investors Continue Buying in Salt Lake City*: WolfNest, *Utah Real Estate Market Data Updates – Q3 2025*: CapRock Partners, *CapRock Gets $50M to Build in Pomona*: Lee & Associates, *New Listing For Sale: 398 San Antonio Ave, Pomona*:

RATE CUT OFFERS SOME RELIEF; FED DIVISION CREATES UNCERTAINTY

September Rate Cut Provides Modest Support

The Federal Open Market Committee (FOMC) reduced the lower bound of the overnight lending rate from 4.25% to 4.00% in its September meeting, marking the first rate cut since December 2024. While widely anticipated by financial markets, the move was framed by the Fed as a precautionary measure in response to a softening labor market, nudging rates closer to a neutral stance. The central bank maintained its balance sheet runoff at the same pace, leaving questions about future moves unresolved.

Differing Views Among Fed Officials

Committee members continue to hold varied perspectives on the appropriate path for interest rates. Most participants anticipate rates falling below 4.0% by the end of this year, while projections for 2028 range from just under 4.0% to nearly 2.5%. Although the consensus leans toward lower rates, opinions differ on the extent of reductions. Meanwhile, market expectations have adjusted slightly higher for September 2026, suggesting a more cautious outlook on rate cuts moving forward.

Opportunities for Investors

In the near term, the 25-basis-point reduction, along with potential future cuts, could translate to lower short-term borrowing costs. Short-term interest rates are expected to remain favorable through much of 2026, offering a potential window for borrowers seeking short-duration financing. Longer-term loans, often tied to the 10-year Treasury, carry more uncertainty. Although the 10-year yield has declined to the low-4 percent range since early 2025, previous rate cuts did not always result in lower long-term yields, as inflation pressures and balance sheet adjustments can push rates upward. Nevertheless, the current environment may create opportunities for attractive property acquisitions.

Inflation Remains a Consideration

Headline inflation rose modestly year-over-year in August, while core inflation held steady. Commodity prices have climbed since May, though the broader impact of trade policies appears to be gradually unfolding. The Fed's recent rate cut signals a balancing act between stabilizing prices and supporting labor market conditions.

Housing Market Supports Multifamily Sector

Mortgage applications rose 20% in mid-September compared with last year, reflecting slightly lower borrowing costs. Despite this increase, homeownership barriers remain significant. A tight housing market continues to support rental demand, helping boost multifamily occupancy in early 2025 following record new supply in 2024.* *Source: Marcus & Millichap*

The ability for many Americans to purchase a median-priced home within a reasonable timeframe is becoming increasingly limited. Analysts estimate that nearly 2 million households will continue renting for the foreseeable future, contributing to higher multifamily occupancy rates and upward pressure on rents.

RISING COSTS FORCE NEARLY 2 MILLION HOUSEHOLDS TO REMAIN RENTERS

Affordability Declines Nationwide

The share of renters able to afford a median-priced home has fallen sharply over recent years, dropping from 17% in 2019 to just under 13% in 2025. Several major metropolitan areas are particularly affected: Boston and Washington, D.C., each have approximately 60,000 households facing reduced affordability. Other large metros, including Los Angeles, Houston, Philadelphia, Tampa, Austin, and Phoenix, are seeing more than 30,000 households each priced out of the housing market. Additional cities where tens of thousands of households are impacted include Orlando, Atlanta, Newark, Seattle, Dallas, Minneapolis, Orange County, New York, Portland, and San Diego.

A few exceptions exist. Detroit and San Francisco have seen renters' purchasing power improve relative to local home prices, bucking the broader national trend.

Rising Costs to Own vs. Rent

One key measure of affordability compares the cost of owning a home—including mortgage payments, insurance, taxes, and maintenance—to the cost of renting. In many markets, the premium required to purchase a home has grown significantly. For example, Orange County's buying premium nearly doubled from 160% in 2019 to over 300% in 2025. Other high-demand markets, such as Austin and Los Angeles, have also seen substantial increases, while some areas have experienced little change.

Historically, rent growth has lagged behind mortgage costs. Between 2003 and 2005, average multifamily rents rose gradually, while monthly mortgage payments more than doubled, illustrating the widening gap between renting and homeownership.

Small Signs of Relief

Although the buying premium remains elevated compared to pre-pandemic levels, there are modest signs of easing. On average, the premium has decreased slightly over the past year, though it is still well above historical norms.

Even so, purchasing a home continues to be a long-term financial challenge. A standard 20% down payment can equal several years of rent, with the most expensive markets requiring upwards of eight years of rental payments to cover the upfront cost.

Long-Term Outlook

The gap between renting and owning is unlikely to close quickly. Achieving greater affordability will require a combination of lower home prices, declining interest rates, rising household incomes, and continued rent growth. Analysts note that these factors are interdependent and will likely take years to align. In the meantime, elevated rents and tight homeownership options suggest that multifamily housing will remain in high demand, with occupancy rates and rental prices staying elevated for the foreseeable future. ** Source: www.globest.com*

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AIRPORT PARK SALT LAKE CITY (APS) 2008
Distributions will continue to accrue until the remaining two buildings are sold. Since TSA's initial 220 building occupancy of over 65% of the building, the TSA has expressed ongoing interest in expanding into the remaining vacant space. However, recent federal directives have significantly curtailed government spending and building expansions. We currently some preliminary interest from potential tenants in the 176 building. Both buildings are on the market for lease/sale while operations are currently running at a break-even level. The Salt Lake City office market continues to have soft leasing and sale demand due to ongoing remote work trends.

B STREET APARTMENTS SAN DIEGO (BASD) 2018
This property is paying Note Holders 10% interest. Distributions will continue to accrue until the property is sold. We currently have the property in escrow with an exchange buyer, who is conducting their due diligence as this update is being sent. If all goes well and contingencies are removed in the coming weeks, escrow is expected to close before year-end.

BROADWAY APARTMENTS SAN DIEGO (BDSD) 2018
Distributions will continue to accrue until the property is sold. We are actively marketing the property; however, current economic conditions—namely high construction costs, insurance premiums, and interest rates—continue to outweigh the potential benefits of development. The for-sale market remains sluggish, with land sales particularly slow, as most prospective buyers are developers facing similar cost challenges. At this time, we do not anticipate a near-term exit, as expenses are unlikely to decline while holding costs continue to rise. Consequently, we are focusing our efforts on identifying buyers who are comfortable acquiring and holding land as a long-term investment.

8TH AVENUE APARTMENTS SAN DIEGO (EASD) 2022
Distributions will continue to accrue until the property is sold. The property is currently on the market, and we have received limited interest over the past couple of months, but no offers. Sales activity remains very slow and is primarily driven by 1031 exchanges. Average listing times are at their highest levels in years. As a result, buyers are largely driving the values for the few sales that are occurring.

GEORGIA APARTMENTS SAN DIEGO (GASD) 2018
Distributions will continue to accrue until the property is sold. We are actively marketing the property; however, current economic conditions—namely high construction costs, insurance premiums, and interest rates—continue to outweigh the potential benefits of development. The for-sale market remains sluggish, with land sales particularly slow, as most prospective buyers are developers facing similar cost challenges. At this time, we do not anticipate a near-term exit, as expenses are unlikely to decline while holding costs continue to rise. Consequently, we are focusing our efforts on identifying buyers who are comfortable acquiring and holding land as a long-term investment.

HERSHEY INDUSTRIAL POMONA (HIPC) 2017
Distributions will continue to accrue until the property is sold. We are actively marketing the building for both lease and sale. Recently, we reduced the asking price again to stimulate interest; however, no comparable properties in the area have transacted this year. We currently have two interested parties who are still considering our site as they evaluate their needs and timing.

JADE COURT SAN GABRIEL, LP (JCSG) 2020
Development Property: Distributions will continue to accrue until construction is complete and the property is fully leased. Overall, construction is progressing well, though minor delays have occurred due to LA County inspections. Phases 1 and 2 are complete, Phase 3 is over 80% complete with only finish materials remaining, and Phase 4 is approximately 70% complete. Leasing activity remains very strong.

MONTECITO APARTMENTS SAN DIEGO (MCSD) 2018
Distributions will continue to accrue until the property is sold. We are actively marketing the property; however, current economic conditions—namely high construction costs, insurance premiums, and interest rates—continue to outweigh

PORTFOLIO PERSPECTIVE
3Q 2025

the potential benefits of development. The for-sale market remains sluggish, with land sales particularly slow, as most prospective buyers are developers facing similar cost challenges. At this time, we do not anticipate a near-term exit, as expenses are unlikely to decline and holding costs continue to rise. Consequently, we are focusing our efforts on identifying buyers who are comfortable acquiring and holding land as a long-term investment.

THE PALMS ON PARK SAN DIEGO, LP (PPSD) 2021
Distributions will continue to accrue until the property is sold. Market conditions remain soft, with cap rates up and the majority of buyers coming from 1031 exchanges. We have received a steady stream of inquiries, conducted several buyer tours, and received three offers, all on the lower side. Now that the property is more fully occupied and interest rates have declined somewhat, we are engaging with more serious buyers and expect demand to increase.

SEARS DISTRIBUTION CENTER DENVER (SDCD) 2018
Distributions will continue to accrue. We signed a 3-year lease agreement with TFP Nutrition for 98,500 SF. The tenant will have the option to expand into an additional 97,500 SF during the first 23 months of their lease term. Should they timely exercise their expansion option (which we expect), their lease will automatically be extended an additional 60 months. We have initiated their space design and contemplate constructing their improvements during Q1-Q2 2026 to meet their lease commencement date of July 1, 2026. We are also one of 4 properties vying to land a Fortune 200 company for approximately 180,000 SF on a 10- or 15-year lease. Amprius Technologies' stock continues to soar, with their enterprise value exceeding $1.6 billion. However, they have no plans to finalize their design, let alone commence construction, on their initial phase of operations with improvements and equipment purchases expected to total approximately $300 million. We have commenced with the initial phase of our site plan construction that includes infrastructure improvements to Bromley Lane and detention pond upgrades. The approximate cost of these improvements ($3 million), the TFP Nutrition tenant improvements ($2 million), replenishing interest reserves ($1.5 million) and paying 2025 property taxes ($1.5 million due in May 2026) will be funded in part by existing cash balances and future rental income and also in part by a capital call expected in Q1 2026.

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Transaction Trends and Financing Environment

Transaction activity across commercial real estate asset types remains moderate, with cap rates continuing to trend upward by 1–2% over the past few years. Rising construction and insurance costs are still adding pressure to both development projects and disposition strategies. While capital has become somewhat more accessible compared to a year ago, private lenders remain the most reliable financing source, though borrowing costs are higher, with interest rates generally in the 9–10% range plus points. These factors continue to require careful underwriting and thoughtful deal timing.

Strategic Focus in a Dynamic Market

Even amid market volatility, our team remains highly engaged with each portfolio asset. Our priorities are preserving value, enhancing operational performance, and positioning properties for optimal outcomes as conditions evolve. In certain cases, market shifts have outpaced our original projections. For these assets, we have determined that a deliberate and well-timed exit strategy is the most prudent approach. While such decisions are never easy, they are made with the goal of protecting remaining capital and redeploying it into stronger opportunities.

Looking Forward

This market cycle has challenged the commercial real estate sector, but it has also highlighted the value of disciplined execution, proactive management, and long-term strategy. Many of our properties maintain strong occupancy and continue to attract buyer interest, even in a slower transaction environment. We remain confident in our investment approach and are actively pursuing opportunities that align with our principles.

We greatly appreciate your trust and partnership. If you have questions about your investment or a specific property, we are always available to connect. Thank you for your continued support as we navigate this evolving market together.

Update Your Investor Contact Information

To ensure timely delivery of important communications — including K-1s, property updates, distributions, and newsletters — please make sure we have your most current contact information.

If your address, email, or phone number has recently changed, contact Andrea Powers at: 949-851-2020 or apowers@wlainvestments.com

WLA NEWS

WLA Prefunding and Investment Priority

Interested in a Prefunding Account?
This establishes investment priority. Interest will accrue on prefunding balances as earned by the Manager's Money Market account where funds are held. These funds are personally guaranteed by WLA Investments Inc. and may be withdrawn at any time.

Prefunding establishes priority to invest in offerings as they become available. You will be provided with an offering prospectus (PPM), which will require your acceptance and verification of the amount to be committed. Your priority is contingent on availability in any specific investment but will continue for future offerings if funds are retained in the account. Realize that you have the right to withdraw funds at any time, however, your priority will be terminated in that case. We require a minimum deposit of $5000 to establish a Prefunding account.

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