

CRE MARKET OUTLOOK & PORTFOLIO PERSPECTIVE





TABLE OF CONTENTS

PORTFOLIO PERSPECTIVE & PROPERTY UPDATE Q1 2026	3
MULTIFAMILY MARKETS: SAN DIEGO & SAN GABRIEL VALLEY	4
INDUSTRIAL SECTOR: POMONA & BRIGHTON, CO	5
OFFICE & MIXED-USE: SALT LAKE CITY	6
CAPITAL MARKETS & INTEREST RATES	7
GLOBAL INFLUENCES: GEOPOLITICS & ECONOMIC PRESSURE	8
BROADER CRE TRENDS AS OF Q1 2026	9
INVESTMENT OUTLOOK & STRATEGY	10
CLOSING	11
PROPERTY UPDATE 1Q 2026	12

PORTFOLIO PERSPECTIVE & PROPERTY UPDATE Q1 2026

Executive Summary

As we close out the first quarter of 2026, the commercial real estate market is showing meaningful signs of stabilization following an extended period of adjustment. While the past 18–24 months have been defined by rising interest rates and shifting valuations, the market is now beginning to settle into a more balanced and predictable environment.

Multifamily remains the most resilient sector, particularly in larger-scale assets across our San Diego and San Gabriel Valley markets. Occupancy has held relatively steady despite elevated levels of new supply, and although rent growth has moderated, many submarkets appear to be reaching a floor. This suggests a transition toward healthier, more sustainable growth rather than continued volatility.

In the **industrial sector**, including Pomona and Brighton, conditions are normalizing after a period of historic strength. Vacancy has increased from record lows and lease rate growth has leveled off, but tenant demand remains intact, pointing more toward equilibrium than decline.

By contrast, **office and mixed-use assets continue to face headwinds**, particularly in Salt Lake City, where performance is increasingly tied to asset quality, location, and adaptability. Meanwhile, capital markets remain measured, though improving, as pricing expectations between buyers and sellers continue to align.

Key Takeaway: The market is no longer driven by momentum—it is being shaped by asset quality, operational execution, and disciplined investment strategy.



MULTIFAMILY MARKETS: SAN DIEGO & SAN GABRIEL VALLEY

Supply Pressures, But Demand Holds

The multifamily sector across Southern California is absorbing the impact of a significant wave of new deliveries. In San Diego, large-scale assets have experienced modest increases in vacancy as thousands of units came online over the past year. This has placed short-term pressure on rents, with some submarkets seeing slight declines or concessions increase.

However, demand fundamentals remain strong. High barriers to homeownership, combined with continued population and employment stability, are keeping occupancy at healthy levels overall. Larger, well-located assets are continuing to outperform, particularly those offering modern amenities and strong management.

In the **San Gabriel Valley**, the story is more stable. With less new construction relative to demand, the market has avoided the same level of softness seen in coastal areas. Rent growth has moderated but remains positive, supported by consistent workforce housing demand and limited supply expansion.

Market Insight: Supply-driven softness appears temporary, with stabilization already beginning in several submarkets.

Sales Activity & Investor Sentiment

Transaction volume has improved slightly compared to 2025 but remains below historical norms. Pricing has adjusted, and cap rates have expanded modestly, creating more realistic entry points for investors.

While uncertainty around interest rates has slowed decision-making, multifamily continues to attract the deepest pool of capital due to its relative stability and long-term fundamentals





INDUSTRIAL SECTOR: POMONA & BRIGHTON, CO

From Peak Performance to Normalization

After several years of exceptional growth, the industrial sector is transitioning into a more balanced phase. In Southern California markets like Pomona and the Inland Empire, vacancy has risen from historic lows, and lease rate growth has slowed.

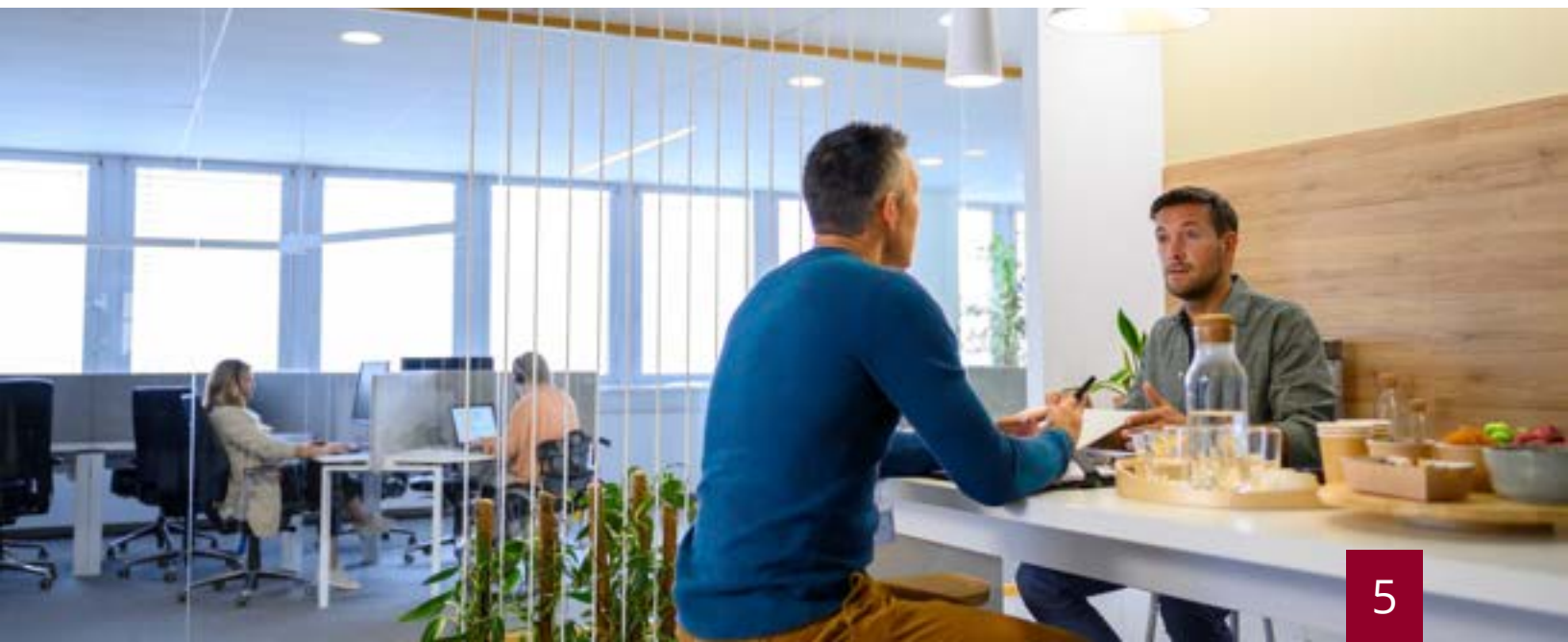
That said, this shift should be viewed in context. Even with increased vacancy, fundamentals remain strong by historical standards. Tenant demand, particularly from logistics, distribution, and e-commerce users, continues to support the sector.

Landlords are beginning to offer more concessions, and tenants are gaining modest negotiating power, marking a clear shift from the highly landlord-favorable conditions of prior years.

Brighton, Colorado: Growth Market Dynamics

The Brighton industrial market continues to benefit from broader Denver-area expansion and population growth. Demand for distribution and logistics space remains steady, and the market offers relatively attractive yields compared to coastal markets.

Market Insight: Industrial is not weakening, it is recalibrating after an unsustainably strong cycle.



OFFICE & MIXED-USE: SALT LAKE CITY

A Market in Transition

Office assets continue to face structural challenges, and Salt Lake City is no exception, though it remains better positioned than many major metros.

Demand has shifted significantly toward:

- Flexible layouts
- High-quality, amenitized spaces
- Mixed-use environments that integrate live, work, and lifestyle elements

Older, traditional office properties are experiencing higher vacancy and slower leasing velocity, while well-positioned assets are maintaining stronger performance.

Emerging Opportunity

This divergence is creating opportunity in repositioning and adaptive reuse. Investors with the ability to modernize or reimagine office assets may find compelling long-term value.

Key Theme: Office performance is no longer market-driven, it is asset-specific.



CAPITAL MARKETS & INTEREST RATES

Higher Rates, New Realities

Interest rates remain elevated relative to the past decade, continuing to influence every aspect of the commercial real estate landscape. Financing costs are higher, underwriting is more conservative, and transaction timelines have lengthened.

However, as Q1 comes to a close, there are early signs of improvement. Markets are adjusting to the current rate environment, and both buyers and sellers are recalibrating expectations.

What This Means for Investors

- Deals are getting done—but with greater discipline
- Pricing is more aligned with fundamentals
- Opportunities are emerging from reduced competition

Key Takeaway: The cost of capital remains a constraint, but it is no longer a complete barrier to activity.



GLOBAL INFLUENCES: GEOPOLITICS & ECONOMIC PRESSURE

Impact of the Iran Conflict

Ongoing geopolitical tensions, including the war in Iran, are contributing to broader economic uncertainty. While the direct impact on commercial real estate is indirect, the ripple effects are meaningful.

The most notable pressures include:

- **Energy price volatility**, impacting operating and construction costs
- **Inflationary concerns**, which may delay interest rate relief
- **Investor caution**, leading to more conservative underwriting

CRE Implications

These conditions are reinforcing a shift toward:

- Defensive asset classes like multifamily and industrial
- Lower leverage and stronger balance sheets
- A focus on cash flow stability over speculative growth



BROADER CRE TRENDS AS OF Q1 2026

As the quarter concludes, several cross-sector trends are becoming increasingly clear.

A More Balanced Leasing Environment

Tenants are regaining leverage in many markets, with rising vacancy leading to increased concessions and more flexible lease structures.

The Supply Pipeline Is Slowing

New construction starts have declined significantly, which should help stabilize fundamentals over the next 12–24 months.

Performance Gap Is Widening

Perhaps most importantly, the gap between strong and weak assets continues to grow. Well-located, well-managed properties are maintaining performance, while others face increasing pressure.

Market Reality: Success in this environment is no longer about market timing—it is about execution.



INVESTMENT OUTLOOK & STRATEGY

Where We See Opportunity

As the market resets, opportunities are emerging for disciplined investors. Adjusted pricing, reduced competition, and improving clarity around capital markets are creating a more favorable acquisition environment than we have seen in recent years.

We continue to focus on:

- Multifamily in supply-constrained submarkets
- Industrial assets with strong location fundamentals
- Select repositioning opportunities in office and mixed-use

Risks to Watch

At the same time, risks remain:

- Prolonged elevated interest rates
- Slower lease-up timelines
- Continued geopolitical uncertainty

Positioning for 2026

The current environment rewards patience, discipline, and operational expertise. Investors who can navigate these conditions effectively are well-positioned to benefit as the market continues to stabilize.

Final Thought: This is a market of opportunity, but only for those willing to be selective and strategic.



CLOSING

As we move beyond Q1 2026, the commercial real estate market is no longer defined by rapid shifts, but by gradual normalization. While challenges remain, the foundation for long-term stability is strengthening.

For investors, this represents a shift from reactive decision-making to **proactive, strategy-driven investing**—and with it, the potential for meaningful opportunity.

Sources & Data Notes

The information in this report is compiled from a combination of national and regional commercial real estate research platforms, brokerage reports, and public market data sources as of Q1 2026. These include:

- UCLA Anderson Forecast – Real Estate & Economic Outlook (2026 Winter Update)
- Northmarq – Multifamily Market Reports (Southern California)
- Marcus & Millichap – Apartment Research Market Reports
- CBRE Research – U.S. Cap Rate & Capital Markets Trends
- JLL Research – Industrial and Office Market Analytics
- Voit Real Estate Services – Southern California Industrial Market Reports
- CoStar – Property-Level Market Data (San Diego, San Gabriel Valley, Inland Empire, Salt Lake City, Denver/Brighton)
- Federal Reserve Economic Data (FRED) – Interest rate and macroeconomic indicators
- Local MLS and brokerage transaction data where applicable

Geopolitical and macroeconomic commentary reflects synthesized analysis of publicly available reporting on global energy markets, inflation trends, and geopolitical risk factors as of Q1 2026.

Note: Market data is directional and may vary slightly by submarket, asset class, and reporting methodology across data providers.

PROPERTY UPDATE

1Q 2026

AIRPORT PARK SALT LAKE CITY (APS) 2008

Distributions will continue to accrue until the sale of the remaining two office buildings. Salt Lake City office leasing continues to be subdued. However, office users are finally determining their longer term “work from home policies” and “right sizing” of their office space to meet these directives. Airport Park continues to receive preliminary leasing inquiries and both buildings remain actively marketed for lease or sale. Our current operations are running at approximately break-even with a 65% occupancy rate. The Salt Lake City office investment market also remains flat.

BROADWAY APARTMENTS SAN DIEGO (BDS) 2018

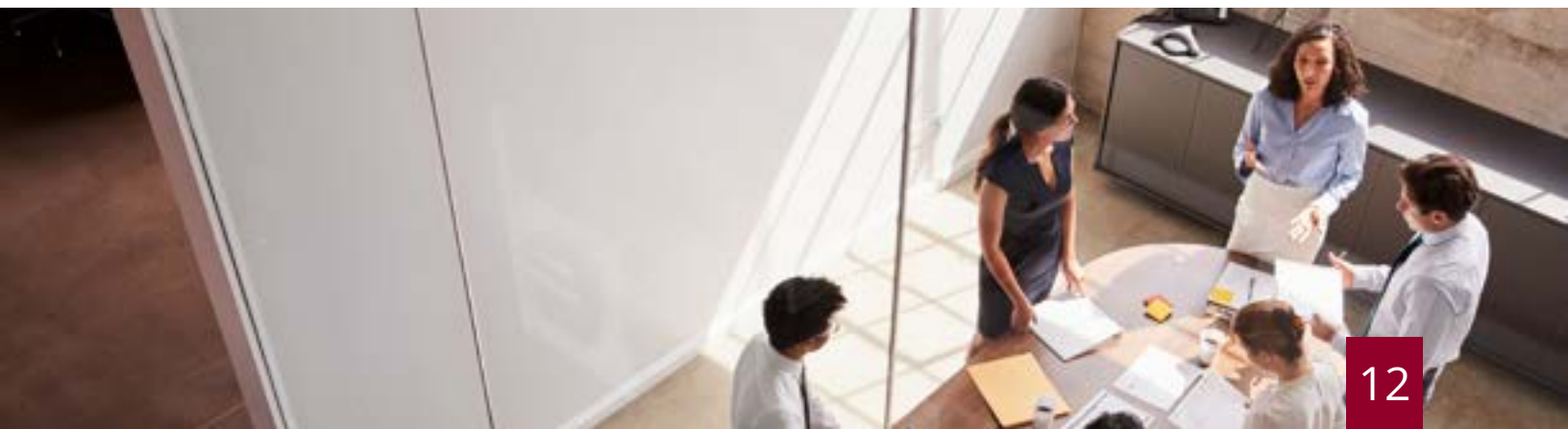
Distributions will continue to accrue until the property is sold. We continue to actively market the property for sale; however, current conditions—including elevated construction costs, higher insurance premiums, limited financing, and sustained interest rates—are weighing on land values and slowing buyer activity. As a result, interest remains limited, and pricing is under pressure. Carrying costs continue to rise with no clear near-term relief. Under these conditions, a sale would likely result in a meaningful impairment of invested capital. While not the outcome originally expected, our focus remains on preserving value and minimizing further downside. We are prioritizing outreach to longer-term buyers who are positioned to hold through the current cycle, which we believe offers the most realistic path to an eventual sale under improved conditions. We recognize the seriousness of this update and remain available to discuss any questions or concerns.

8TH AVENUE APARTMENTS SAN DIEGO (EASD) 2022

Distributions will continue to accrue until the property is sold. The property remains actively listed for sale. Buyer activity has been limited since the start of the year, and we have not yet received any offers. More broadly, multifamily transaction activity remains subdued, driven in part by rising interest rates and broader economic uncertainty. Marketing timelines have extended to multi-year highs, and the limited transactions that are occurring are largely being shaped by buyer-driven pricing expectations. We continue to monitor market conditions closely and are evaluating strategies such as targeted marketing efforts and potential pricing adjustments to better position the asset and generate increased interest.

HERSHEY INDUSTRIAL POMONA (HIPC) 2017

Distributions will continue to accrue until the property is sold. We continue to actively market the building for both sale and lease. Activity has been limited since the start of the year, and while we are currently priced as the lowest industrial offering in the Inland Empire, we have not received any recent offers. In an effort to increase leasing interest, we recently reduced the asking lease rate. However, overall sales and leasing activity in the market remain near historic lows. Higher interest rates and broader economic uncertainty continue to drive caution among buyers and tenants.





PROPERTY UPDATE

1Q 2026

JADE COURT SAN GABRIEL, LP (JCSG) 2020

Development Property. Distributions will continue to accrue until construction is complete and the property is completely leased. Phases 1, 2, and 3 are complete, with only a few remaining units in Phase 3 available for lease. Construction on Phase 4 is ongoing, with several units being delivered each week. While completion has been slightly delayed, we now anticipate reaching 100% completion by mid-summer. Leasing activity remains strong, with units typically leased within weeks of delivery. Given this pace, we expect to stabilize the property quickly and plan to begin marketing the asset for sale shortly after full completion in mid-summer.

MONTECITO APARTMENTS SAN DIEGO (MCSD) 2018

Distributions will continue to accrue until the property is sold. We continue to actively market the property for sale; however, current conditions—including elevated construction costs, higher insurance premiums, limited financing, and sustained interest rates—are weighing on land values and slowing buyer activity. As a result, interest remains limited, and pricing is under pressure. Carrying costs continue to rise with no clear near-term relief. Under these conditions, a sale would likely result in a meaningful impairment of invested capital. While not the outcome originally expected, our focus remains on preserving value and minimizing further downside. We are prioritizing outreach to longer-term buyers who are positioned to hold through the current cycle, which we believe offers the most realistic path to an eventual sale under improved conditions. We recognize the seriousness of this update and remain available to discuss any questions or concerns.

THE PALMS ON PARK SAN DIEGO, LP (PPSD) 2021

Distributions will continue to accrue until the property is sold. Market conditions have remained soft since the start of the year. In response, we reduced our asking price several weeks ago, which has led to a modest increase in activity. However, we are seeing continued pressure on overall market pricing. Interest rates have risen year-to-date, and broader economic uncertainty is contributing to cautious buyer behavior. At the same time, efforts to secure replacement financing have proven challenging, as lenders remain conservative in both underwriting and outlook. Given our current financing structure, the property is operating with negative monthly cash flow.



PROPERTY UPDATE

1Q 2026

SEARS DISTRIBUTION CENTER DENVER (SDCD) 2018

Distributions will continue to accrue until the property is sold. In January, we completed the early termination of the Amprius Technologies lease in exchange for a \$20 million termination payment. As Amprius had already shifted its manufacturing strategy toward partnerships in China and South Korea, it had no intention of proceeding with the originally contemplated first phase of operations, which would have required more than \$300 million of capital. Their departure not only helps fund our site plan improvements, tenant improvement costs, and carry costs as we lease up the building, but also reopens the opportunity to sell the asset to an owner-user or investor without the burden of a large non-occupying tenant. In addition, this capital infusion eliminates the need for a previously contemplated 2Q26 capital call.

The building permit for TFP Nutrition's tenant improvements has been approved. The initial lease covers approximately 98,500 square feet, with an option to expand into an additional 97,500 square feet during the first 23 months of the lease. We expect TFP to exercise this option, as they have a clear need for the space and doing so would reduce their rent on a per-square-foot basis, while also extending the lease term by an additional five years. Construction is expected to take approximately 2.5 to 3 months, with occupancy anticipated in early to mid-July.

On the leasing front, we recently reached agreement with a third-party logistics company distributing Amazon products for approximately 255,000 SF. Other than minor cleanup and repairs, the space will be delivered in as-is condition at an annual gross rent of \$9.25 PSF. With the TFP and 3PL leases combined, a total of 450,649 square feet will be leased, leaving approximately 827,352 square feet, or a majority of the building, still available for lease. We are also a finalist for another confidential tenant seeking 300,000 to 350,000 SF.

We have also agreed with our lender to a two-year extension of the existing loan, pushing maturity to July 2028. As part of that extension, we will pay down the principal balance by \$10 million, which will reduce carry costs while we continue leasing the remaining vacant space. These funds will be sourced from the Amprius termination proceeds and will also support the ongoing site plan infrastructure work, as well as the TFP Nutrition tenanting costs.

Finally, Phase I of the site plan improvements continues to progress without issue. We are in the process of submitting a change order with the City of Brighton to remove the parking lot upgrades and expansion previously included in the Amprius TI package, which is expected to save approximately \$2.5 million, and to reduce landscaping and buffering requirements in light of recent changes to the City's municipal code, which should save an additional \$400,000 to \$500,000. At the same time, we are advancing our development permit application for Phase II of the site plan improvements, which includes infrastructure upgrades to Southern Street along the property's northern boundary. This work will also be funded through the Amprius termination proceeds, and we currently expect completion toward the end of the third quarter or early in the fourth quarter.

From a strategic standpoint, the immediate goal is to pursue a potential sale to an owner-user that requires a significant amount of space, can benefit from in-place income from existing tenants, and values the ability to control future expansion. We currently have an owner-user prospect seeking approximately 500,000 to 600,000 square feet scheduled to tour the property, although this remains very preliminary. Longer term, the plan is to complete both phases of the site plan improvements and launch a broader sale marketing campaign before year-end, which would likely position the asset for an investor sale. As a reminder, this asset represents the final holding in the fund, and disposition remains a key objective.

WLA PREFUNDING AND INVESTMENT PRIORITY



Interested in a Prefunding Account?

Interested in Priority Access to New Investment Opportunities?

Establishing a WLA Prefunding Account provides investors with early access to new offerings as they become available.

Key Benefits

Priority Access: Prefunded investors receive priority allocation for new investment opportunities, subject to availability.

Interest Accrual: Prefunded balances earn interest based on returns from the Manager's money market account where funds are held.

Security: Prefunding balances are personally guaranteed by WLA Investments, Inc.

Minimum Deposit: A minimum initial deposit of \$5,000 is required to open a Prefunding Account. When a new investment opportunity arises, investors will receive a Private Placement Memorandum (PPM). Investment allocations are honored based on prefunding status and availability.

Important Note: Prefunding is not a commitment to any specific offering. Funds may be utilized for various transaction-related purposes, including but not limited to contractual deposits, escrow extension fees, down payments, and other acquisition-related costs.

Flexibility: Funds may be withdrawn at any time; however, withdrawal will result in forfeiture of priority investment status.

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