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Monthly Insights: July

Real Estate Sector

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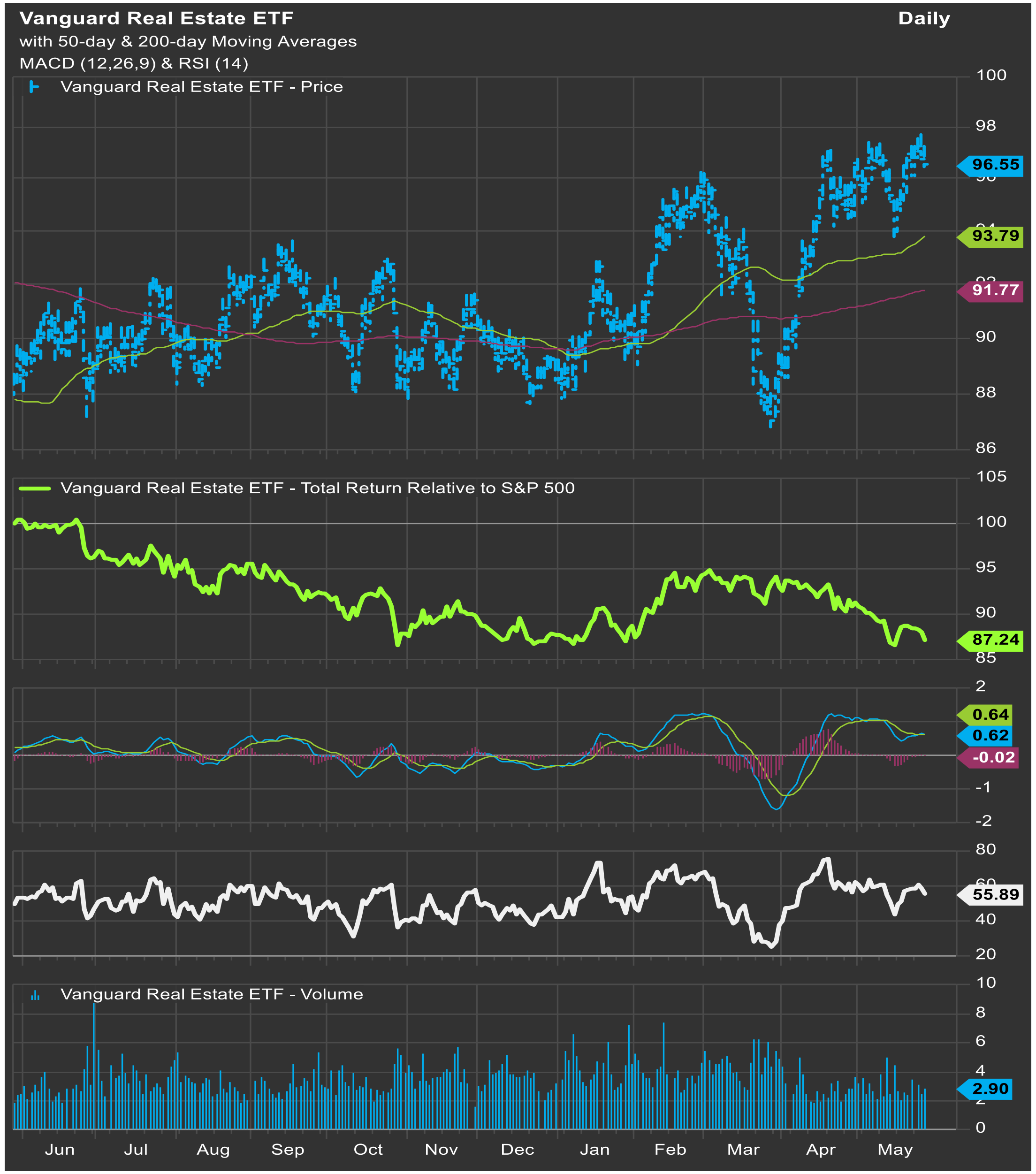
Sector Price Action & Performance Review: Real Estate



6/30/2026

Real Estate enters July with better price action than the model score suggests. VNQ gained **1.8%** over the past month while the S&P 500 proxy fell **2.9%**, and the ETF is up **12.5%** over three months and **11.9%** over six months. The model still sees the sector as an **Oversold / Reversal** setup rather than confirmed trend leadership, but that is exactly why we are more constructive tactically: the sector is still early in a recovery phase after a long period of rate-driven valuation pressure.

The key July distinction is that falling rates can matter more for Real Estate than for most other sectors. Lower long yields support REIT multiples, improve refinancing psychology, reduce cap-rate pressure and make dividend yield more competitive. Real Estate is not free of fundamental risk, but a lower-rate window can unlock a rotation trade because positioning, valuation and sentiment remain depressed relative to other sectors.

The strongest industry-level performance came from **Health Care REITs, Retail REITs, Residential REITs, Hotel & Resort REITs and select Office REIT exposure**. This is a broader recovery profile than the model rank captures. Investors were willing to buy REITs with income support, improving tenant demand, depressed valuations and better capital-market optionality.

The most important leadership group was **Health Care REITs**. Healthpeak, Alexandria, Welltower and Ventas all ranked well on one-month excess return, and S&P Global reported that Health Care REITs ranked second among REIT subsectors on Q1 same-store NOI growth, with Welltower's same-store NOI up **16.4%** year over year. That validates the senior housing / medical real estate demand story and supports a more constructive Real Estate stance.

July Outlook

The July outlook for Real Estate is **more constructive than the model score**. The model ranks the sector **8th**, but that rank is backward-looking relative to the near-term macro setup. Falling rates, stable credit spreads and structurally oversold sector positioning make Real Estate a likely continued rotation beneficiary.

The best July opportunities are in **Health Care REITs, Retail REITs, selected Residential REITs and data-center REITs**. Health Care REITs have the strongest operating confirmation. Retail REITs provide income, reversal patterns and better tenant-demand evidence. Residential REITs offer rate-sensitive stabilization. Data-center REITs remain the best secular growth sleeve, provided investors remain disciplined on valuation and power-access risk.

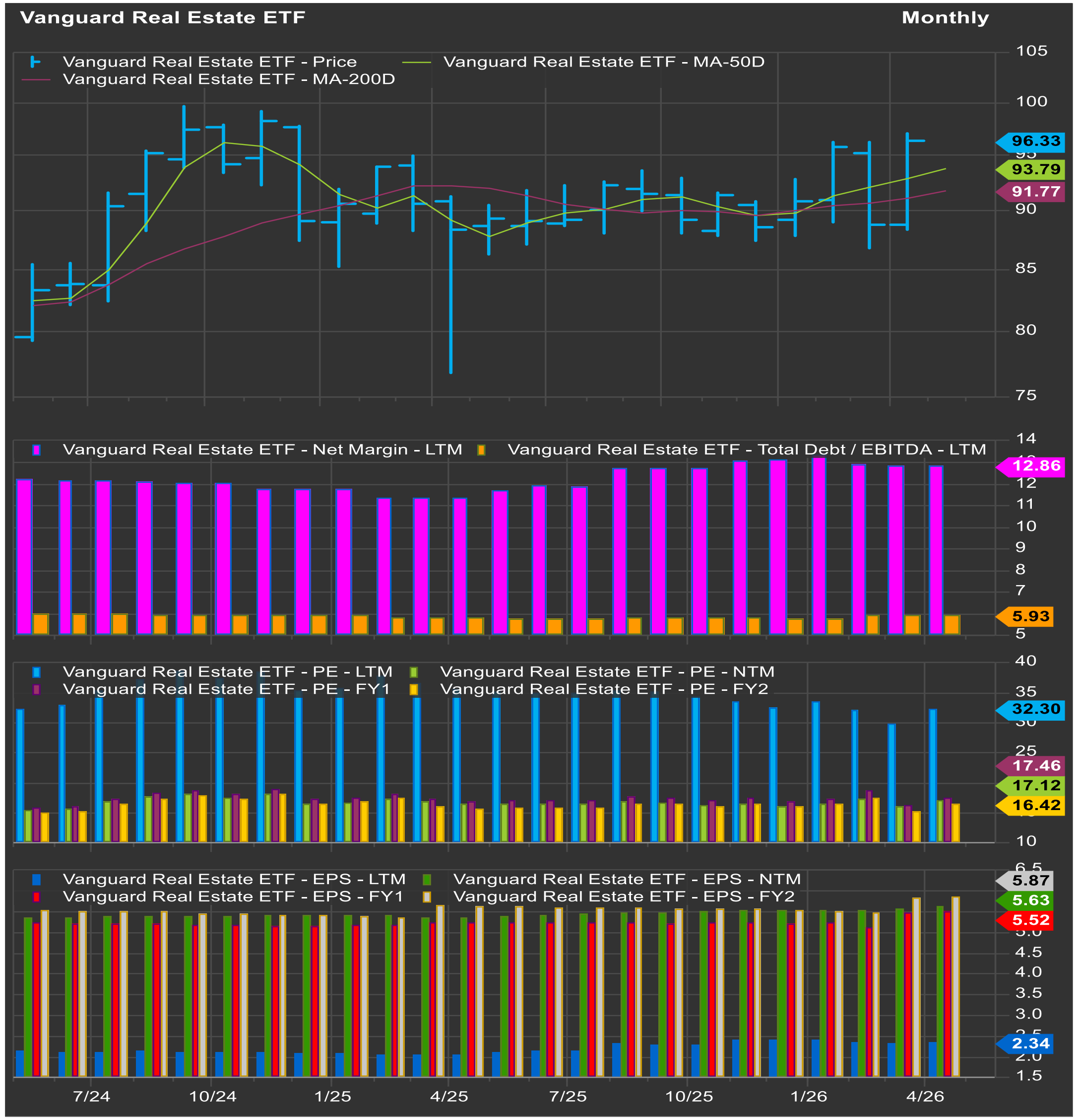
Upside case: long rates continue falling, credit spreads remain orderly, private-market transactions validate public REIT values, and investors rotate into under-owned rate-sensitive sectors after strong low-volatility performance. In that scenario, Real Estate can continue outperforming despite a below-average model rank.

Downside case: real yields rise again, CRE distress headlines return, apartment rent growth stalls, regulators intensify scrutiny of residential pricing practices, or data-center names de-rate on power/capex constraints. In that scenario, Real Estate likely lags, with towers, office and high-multiple data centers most vulnerable.

Bottom line: we are more constructive on Real Estate than the model. The model still sees a weak longer-term trend, but the sector's structurally oversold setup, falling-rate sensitivity and improving breadth make it a compelling July rotation beneficiary. Favor Health Care REITs, Retail REITs, selected Residential REITs and data centers; avoid broad exposure to towers and low-quality office until momentum improves.

We start July with an OVERWEIGHT allocation to the Real Estate Sector of +3.84% in our Elev8 Sector Rotation Model Portfolio vs. the S&P 500 benchmark

Fundamentals: Real Estate Sector



The public REIT fundamental backdrop is healthier than the broader commercial real estate headlines suggest. Public REITs entered this rate cycle with stronger balance sheets than many private CRE owners, and Nareit's Q1 tracker showed solid FFO growth, stable occupancy, long debt maturity and heavy fixed-rate debt exposure. That does not eliminate refinancing risk, but it reduces the risk that public REITs are forced sellers into a weak private-market tape.

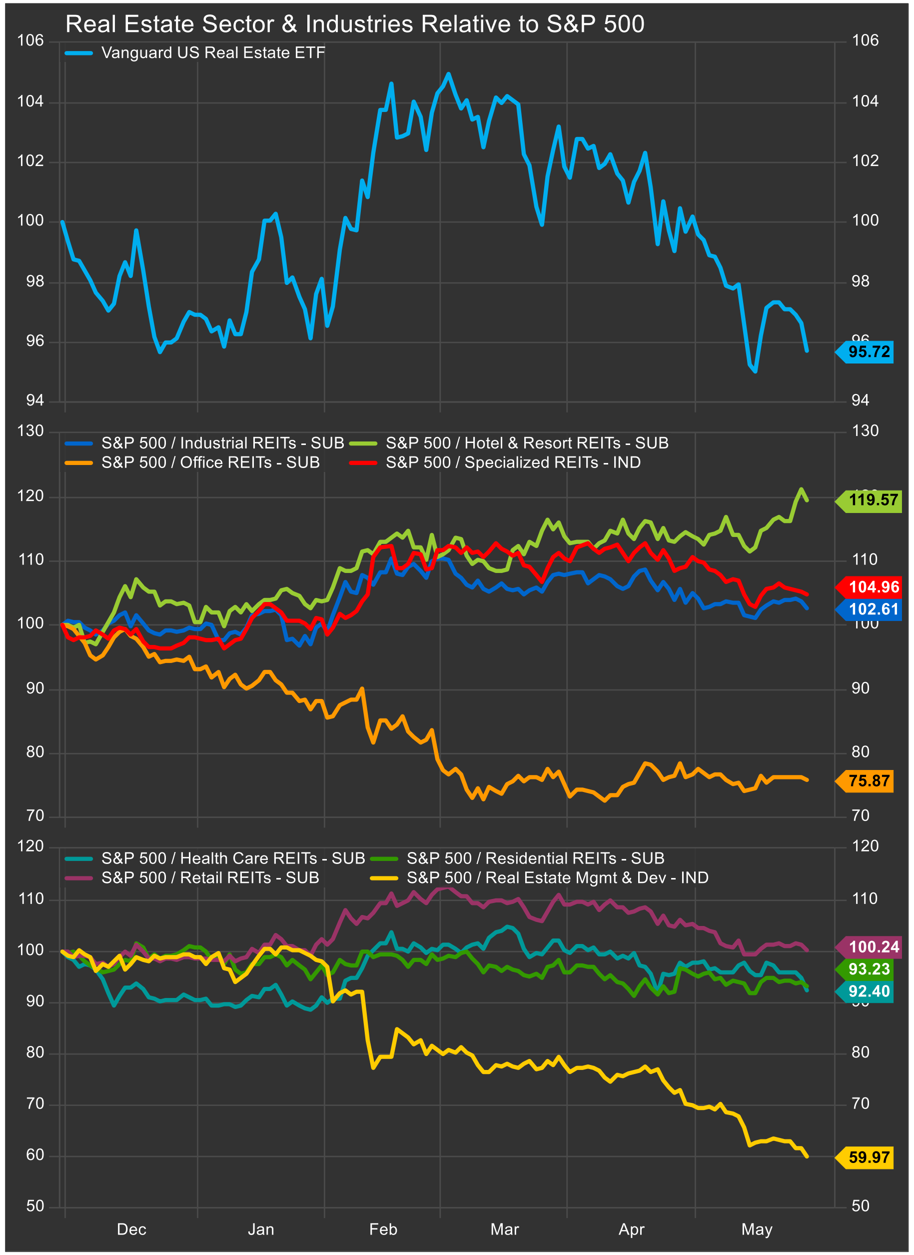
The Fed's Financial Stability Report supports a nuanced view. It said CRE prices and fundamentals showed continued signs of stabilizing, while still warning that distressed commercial property sales remain a risk if conditions deteriorate. That is consistent with our tactical view: Real Estate is not risk-free, but the worst-case CRE narrative is no longer the only story investors are trading.

Operating fundamentals are strongest in **Data Centers** and **Health Care REITs**. S&P Global reported that Health Care REITs recorded **8.6%** median year-over-year same-store NOI growth in Q1, and Welltower's same-store NOI rose **16.4%** year over year. Data-center REIT fundamentals also remain supported by AI infrastructure demand and hyperscale leasing.

Residential fundamentals are steadier than spectacular. Apartments.com reported June national rent growth of **+0.8%** year over year, broadly in line with May, and a modest monthly rent increase. That is not a rent boom, but it is enough to support a stabilization trade in Residential REITs if rates keep falling.

Ticker	Exposure	Price	1D	1W	1M	3M	6M	RSI
VOO	S&P 500	$670.26	-0.7%	-2.4%	-2.9%	+13.0%	+6.0%	43.2
VNQ	Real Estate	$98.67	+1.5%	+3.3%	+1.8%	+12.5%	+11.9%	59.3

Industry Performance and Model Scores: Real Estate



Indicator	Latest Reading	June Message	Investment Interpretation
Real Estate model score	**-0.65**	Negative	Model ranks Real Estate 8th of 11 sectors.
Real Estate model rank	**8 / 11**	Below average	Quant framework has not fully upgraded the sector.
Model profile	**Oversold / Reversal**	Rebound setup	The sector remains in recovery mode, which we view positively for near-term rotation.
VNQ 1M return	**+1.8%**	Outperformed	Real Estate beat the S&P 500 proxy by roughly 470 bp.
VNQ 3M return	**+12.5%**	Strong	Rate relief and defensive rotation have already helped.
VNQ 6M return	**+11.9%**	Constructive	Real Estate is quietly becoming a better diversification sleeve.
VNQ RSI	**59.3**	Healthy	Positive, but not overbought.
10Y Treasury yield	**4.37%**	Rate pressure eased	Supports REIT valuation, dividend yield and refinancing sentiment.
10Y real yield	**2.18%**	Still restrictive	Remains a constraint, but near-term direction has improved.
HY OAS	**283 bp**	Credit contained	Lower stress helps refinancing and capital access.
IG OAS	**77 bp**	Stable	Supports higher-quality REIT balance sheets.

Top 10 Stock Level Performers: Real Estate

Symbol	Company	Industry	Pattern	1M Excess	Valuation Rel.	Momentum Score	Div Yield Rel.	Beta
BXP	BXP Inc.	Office REITs	Consolidation	+13.8%	1.70	11.2	2.99	1.38
DOC	Healthpeak Properties	Health Care REITs	Bullish Reversal	+13.7%	5.01	18.5	4.03	0.92
SPG	Simon Property Group	Retail REITs	Bullish Reversal	+13.6%	1.68	13.2	2.84	1.24
ARE	Alexandria Real Estate Equities	Health Care REITs	Consolidation	+13.0%	3.23	9.0	3.74	1.28
CBRE	CBRE Group	Real Estate Management & Development	Retracement	+11.4%	0.82	-7.0	0.00	1.26
KIM	Kimco Realty	Retail REITs	Bullish Reversal	+10.9%	1.54	8.9	2.89	0.77
WELL	Welltower	Health Care REITs	Uptrend	+10.8%	3.68	6.6	0.99	0.43
HST	Host Hotels & Resorts	Hotel & Resort REITs	Bullish Reversal	+10.3%	1.09	19.1	4.46	1.08
CPT	Camden Property Trust	Residential REITs	Consolidation	+10.3%	4.12	6.0	2.62	0.86
MAA	Mid-America Apartment Communities	Residential REITs	Consolidation	+10.2%	2.07	3.8	3.12	0.68

The top 10 list is exactly what a structurally oversold Real Estate rotation should look like. It includes Office, Health Care, Retail, Residential, Hotel and real estate services exposure. The common traits are high dividend-yield multiples, improving chart structure and prior valuation pressure. This is why we are more constructive than the model: the recovery is broad enough to suggest flows are rotating into the sector, but still early enough that the group does not look tactically overbought.

Health Care REITs remain the cleanest growth/income combination. DOC, ARE and WELL all ranked in the top 10, and Welltower is the only top-10 Real Estate stock with an **Uptrend** pattern. That aligns with the operating data showing Health Care REITs near the top of the same-store NOI table.

Retail REITs are also important. Simon and Kimco both have bullish reversal patterns, positive momentum scores and dividend-yield multiples near **3x** the index. The market is rewarding retail real estate where tenant demand, occupancy and cash-flow durability are better than the old mall-disruption narrative suggested.

BXP's leadership should still be treated carefully. It is a powerful sign of oversold participation, but it does not mean the office cycle is fixed. It means the stock had enough bad news priced in to benefit from lower rates and better CRE sentiment.

Bottom 10 Stock Level Performers: Real Estate

Symbol	Company	Industry	Pattern	1M Excess	Valuation Rel.	Momentum Score	Div Yield Rel.	Beta
SBAC	SBA Communications	Specialized REITs	Downtrend	-7.5%	1.16	-6.9	2.00	1.03
CCI	Crown Castle	Specialized REITs	Downtrend	-5.5%	1.65	-8.5	3.86	0.87
CSGP	CoStar Group	Real Estate Management & Development	Downtrend	-3.7%	0.96	-33.3	0.00	0.67
AMT	American Tower	Specialized REITs	Downtrend	-2.4%	1.31	-6.6	3.04	0.75
PLD	Prologis	Industrial REITs	Bullish Reversal	-0.5%	1.92	-2.6	2.21	1.37
VICI	VICI Properties	Specialized REITs	Downtrend	+0.4%	0.46	-7.1	4.80	0.59
DLR	Digital Realty	Specialized REITs	Bullish Reversal	+4.2%	4.49	2.6	1.84	0.82
EQIX	Equinix	Specialized REITs	Bullish Reversal	+4.7%	3.01	8.0	1.36	0.82
O	Realty Income	Retail REITs	Consolidation	+5.4%	1.85	-2.1	3.72	0.62
AVB	AvalonBay Communities	Residential REITs	Consolidation	+5.5%	1.68	3.3	2.67	0.78

The bottom table does not invalidate the constructive call; it defines where the sector still needs price repair. Towers are the main weak spot. SBA, Crown Castle and American Tower are all in downtrends despite high dividend-yield multiples. That tells us investors are not yet rewarding all infrastructure-like REITs equally.

The data-center split is more constructive. Digital Realty and Equinix both had positive 1-month excess returns and bullish reversal patterns. Digital Realty’s $3.5B deal with Blackstone for a larger stake in Northern Virginia data centers reinforces the demand backdrop for hyperscale assets, with the transaction valuing the assets at **$7.8B** including debt and planned capital investment.

Prologis is the main watchlist stock. It lagged over one month even though its long-term industrial/logistics and data-center optionality remain attractive. Reuters reported that Prologis publicly announced a **$16.6B** bid for Segro after rejection, underscoring strategic interest in logistics real estate and AI-related development optionality.

Economic & Policy Drivers: Real Estate Sector

Specialized REITs: Data Centers, Towers and Net Lease

Specialized REITs are the most bifurcated Real Estate industry. Data centers remain a preferred near-term and long-term exposure because AI infrastructure demand is pulling capital into land, power, shells and hyperscale leasing. Digital Realty's Blackstone transaction is a direct validation of that demand.

Towers remain weaker. American Tower, Crown Castle and SBA are all in downtrends, which suggests telecom capex discipline, rate sensitivity and weak technicals are still overwhelming their defensive-yield appeal.

Health Care REITs

Health Care REITs are the cleanest Real Estate industry for July. DOC, ARE and WELL were all top-10 sector performers, and industry-level same-store NOI data are strong. The senior housing recovery, demographic demand and medical real estate utilization story remain supportive.

Retail REITs remain attractive as a rotation beneficiary. Simon, Kimco, Realty Income, Federal Realty and Regency all posted positive 1-month excess returns. The industry offers dividend support, higher cash-flow visibility and better tenant demand than investors feared.

Residential REITs

Residential REITs are stabilizing. Every Residential REIT in the stock table is in a **Consolidation** pattern, and all posted positive 1-month excess returns. Rent growth remains muted, but stabilization is enough for a rotation trade when rates are falling. Apartments.com reported June annual rent growth of **+0.8%**, with rents rising modestly month over month.

Policy risk remains. Equity Residential, Camden and other apartment owners agreed to pay more than **$218M** to settle antitrust claims tied to rental-pricing practices, which keeps pricing-software regulation in the sector risk framework.

Office REITs

Office is the highest-risk rebound area. BXP's leadership supports the oversold-rotation thesis, but office fundamentals remain challenged by hybrid work, refinancing costs and tenant capital discipline. The Fed's Financial Stability Report still identifies distressed CRE sales as a risk even as broader fundamentals stabilize.

Industrial REITs

Industrial REITs remain strategically attractive but tactically unconfirmed. Prologis lagged despite a bullish reversal pattern, and the Segro bid shows that strategic buyers still see value in logistics real estate, especially where industrial assets overlap with data-center development.

Real Estate Management & Development

CBRE's strength and CoStar's weakness show that real estate services remain stock-specific. CBRE benefits from leasing, outsourcing, facilities management and data-center demand. CoStar remains in a downtrend with deeply negative momentum.

What Shaped the Real Estate Narrative in June

June's Real Estate narrative was **rate relief, oversold recovery and private-market validation**. The sector benefited as long yields moved lower and investors looked for rotation candidates beyond low-volatility defensives and mega-cap growth. VNQ's 1-month, 3-month and 6-month returns all improved relative to the broader S&P 500 proxy.

The second narrative was **public REIT balance-sheet resilience versus private CRE stress**. Nareit's Q1 data show public REITs with solid occupancy, long debt maturity and mostly fixed-rate debt, while the Fed continues to warn that broader CRE distress remains a risk. That combination creates a listed-REIT opportunity: investors can buy better-capitalized public vehicles while private-market distress gradually resets valuations.

The third narrative was **private capital re-engagement**. Digital Realty's Blackstone transaction, Prologis' Segro bid and Bridgepoint's Kayne Anderson deal all show capital still moving toward real estate platforms with secular demand, scale or discounted valuations. Bridgepoint's deal adds **$22B** of real estate assets across medical office, senior and student housing, multifamily and light industrial, reinforcing the areas where private-market buyers still see opportunity.

Appendix: Sources (all chart sourced from FactSet Research Systems Inc.)

ETFInsight V8 Sector Model Workbook, June 26, 2026 — Vanguard sector ETF returns, RSI readings, sector selection scores, macro indicator readings, rates, credit, commodities, volatility and breadth data.

Nareit REIT Industry Tracker, Q1 2026 — public REIT FFO growth, NOI growth, same-store NOI, occupancy, leverage, debt maturity, fixed-rate debt and cap-rate framework.

S&P Global Market Intelligence U.S. REIT same-store NOI analysis, June 2026 — REIT same-store NOI growth, data-center REIT growth, Health Care REIT growth, Industrial REIT growth and office weakness.

Federal Reserve FOMC Statement, June 17, 2026 — policy-rate backdrop, solid-growth language, elevated inflation language and rate-sensitive Real Estate context.

Federal Reserve Financial Stability Report, May 2026 — CRE stabilization, distressed-property-sale risk, asset-valuation backdrop and refinancing stress context.

Apartments.com / CoStar Multifamily Rent Growth Report, June 2026 — apartment rent growth, monthly rent trends, national average rent and residential REIT demand backdrop.

Reuters: Digital Realty to pay Blackstone $3.5B for stake in Virginia data centers, June 29, 2026 — data-center demand, Northern Virginia hyperscale assets, AI infrastructure and Digital Realty transaction read-through.

Reuters: Prologis takes $16.6B Segro bid public after rejection, June 24, 2026 — industrial/logistics REIT M&A, public-market discount to NAV, data-center development optionality and Prologis strategic positioning.

Reuters: Bridgepoint buys Kayne Anderson Real Estate business, June 29, 2026 — private real estate M&A, medical office, senior housing, student housing, multifamily and light industrial asset demand.

Reuters: Equity Residential and other apartment owners settle antitrust claims, May 15, 2026 — multifamily pricing-software litigation, residential rent regulation risk and apartment REIT policy overhang.

Appendix: Metric Interpretation/Description (All Data Sourced From FactSet Research Systems Inc.)

Valuation Adjusted Earnings Growth

Higher scores with positive momentum preferred

Valuation Adjusted Earnings Growth (simple mean)

Relative Earnings Growth Multiple (vs. Benchmark)

Divided by

Rel. Valuation Multiple (vs. Benchmark)

Relative Earnings Growth Multiple:

Company Earnings Growth:

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) / Restated LTM Annual Earnings

Divided by

Benchmark Earnings Growth:

Benchmark consensus mean EPS NTM / Restated Annual Benchmark EPS

Relative Valuation Multiple

Company NTM P/E / Index NTM P/E

Volatility Adjusted Income

Higher score preferred when equities and yields are moving lower

Volatility Adjusted Income (simple mean)

Dividend Yield Multiple

Divided by

3yr Beta Vs. S&P 500

Dividend Yield Multiple

Stock Dividend Yield (Consensus NTM)

Divided by

S&P 500 Dividend Yield (Consensus NTM)

Appendix: Metric Interpretation/Descriptions

Cap. Weighted Earnings Growth

Higher score preferred when Large/Mega Cap stocks outperforming

Cap. Weighted Earnings Growth

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) / Restated LTM Annual Earnings * weight of each company in the universe 1-n

Momentum

Long higher scores, short lower scores

Momentum (simple mean)

1-Month Excess Total Return (vs. S&P 500) * 0.1

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.3

Plus

6-Month Excess Total Return (vs. S&P 500) * 0.4

Plus

12-month Excess Total Return (vs. S&P 500) * 0.2

Metric Interpretation/Descriptions

Price Structure

We categorize stock chart patterns into 7 categories

Uptrend—Stock exhibits sustained outperformance

Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

Consolidation—Sideways price action, generally a bearish pattern in a bull market

Retracement—A sharp move lower in a previously strong chart

Distributional—A topping pattern

Downtrend—Sustained underperformance, lagging the benchmark by >15% per year

Support—Price has reached a level where major bottom formations or basing has occurred in the past

Basing—A protracted consolidation at long-term support

Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.