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Monthly Insights: October Outlook

Real Estate

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ETFInsight Elev8 Model
Data and research through September 29, 2026

October Outlook: Real Estate

Elev8 allocations: active weight descending

ETF	Score	BMK %	Elev8 %	Active pp
VGT	5	38.71	42.47	**+3.76**
VDE	5	3.45	6.98	**+3.53**
VHT	5	9.67	12.92	**+3.25**
VFH	3	11.78	12.78	**+0.99**
VAW	0	1.80	1.78	**-0.02**
VIS	0	8.10	7.88	**-0.23**
VOX	0	9.87	9.27	**-0.59**
VNQ	**-3**	**1.71**	**0.00**	**-1.71**
VPU	-6	1.90	0.00	**-1.90**
VCR	-2	8.43	5.92	**-2.50**
VDC	-6	4.58	0.00	**-4.58**

VNQ carries 0.00% of the portfolio versus 1.71% in BMK. The zero allocation is -1.71 percentage points.

October setup. Elev8's zero allocation aligns with weak price and breadth signals. Better operating results at individual landlords have not offset the sector's sensitivity to financing costs and required property yields.

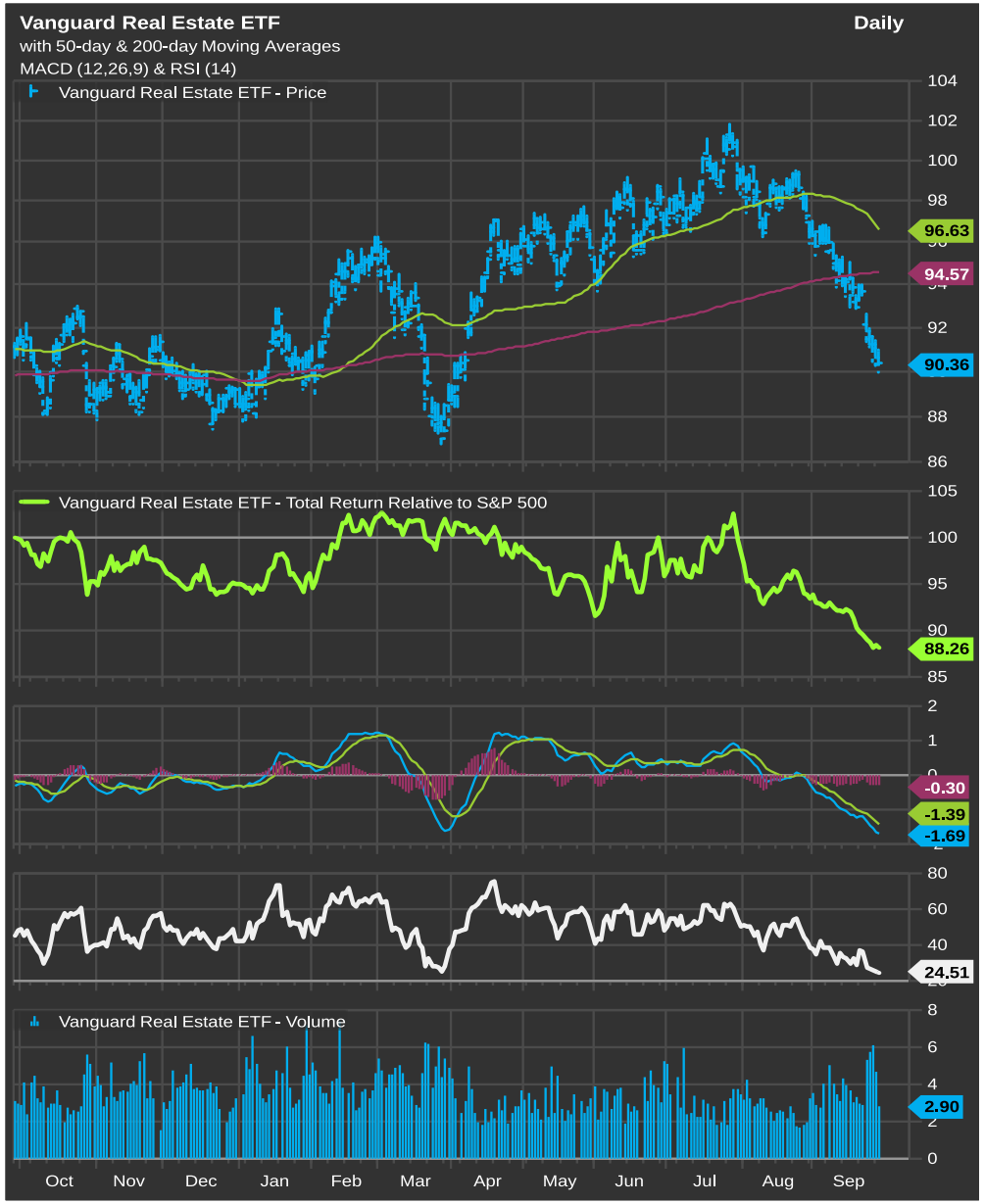
Elev8 conviction. The total score is -3, placing VNQ at rank 9 among 11 sectors. The zero allocation reflects the eight model inputs and the October allocation.

Participation. 3.3% of the sector's 30 S&P 500 constituents outperformed over the latest month, and 3.3% are above their 50-day average. The median one-month excess return is -5.9%.

Earnings and market tension. Prologis, Welltower and Equinix demonstrate operating growth despite VNQ's six-month underperformance. The zero weight therefore reflects the model and weak market confirmation, with financing sensitivity providing context. It should not be described as evidence that every property market is deteriorating.

The principal allocation risk. Watch refinancing costs and FFO after recurring capital needs. Sustained operating growth combined with lower financing pressure and better breadth would challenge the zero allocation.

Technical Outlook: Real Estate



Support and resistance. VNQ faces initial resistance near 94.57 at the 200-day average, followed by 96.63 at the 50-day average. At 90.36, price remains below both trend measures.

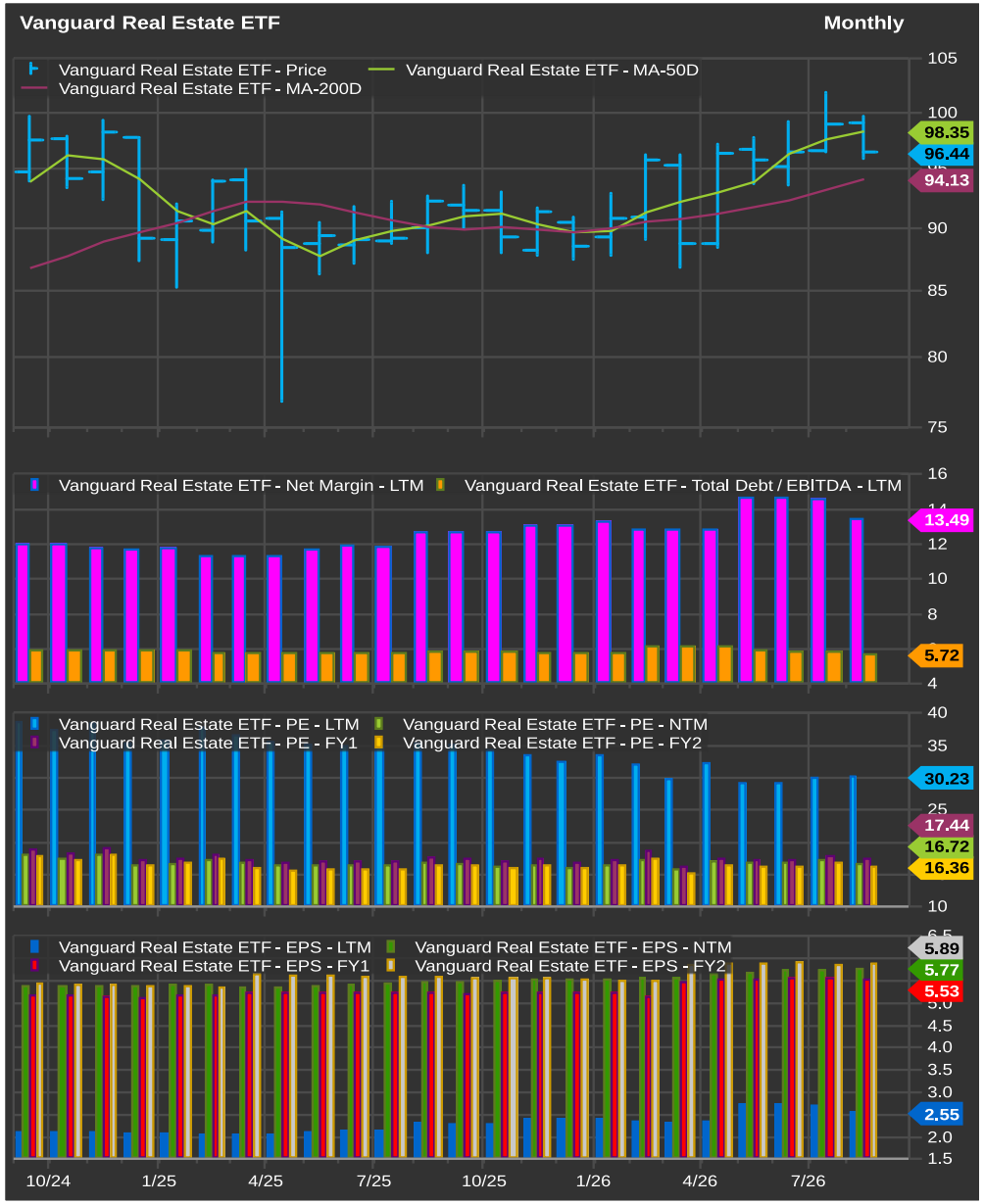
Momentum. RSI at 24.5 signals oversold conditions, which can support a rebound without establishing a durable floor. MACD is below its signal line, and remains below zero, showing that downside momentum still dominates.

Twelve-month relative trend. VNQ has underperformed the S&P 500 by 11.74% over the previous twelve months. This October-to-September curve covers a different horizon from the six-month industry exhibit.

Developments during the chart window. July operating reports showed stronger cash flows in selected property types, yet the September rate increase raised the discount-rate hurdle. The sequence helps explain a weak equity trend without assuming a collapse in leasing. Oversold conditions need sustained price repair before they establish a durable recovery.

What price must confirm. VNQ is oversold but remains below both moving averages. Resistance near 94.57 and then 96.63 frames any recovery. Stronger breadth and lower financing pressure would be needed to support re-entry.

Fundamentals: Real Estate



Profitability and balance sheet. The monthly VNQ exhibit shows a trailing net margin of 13.49% and total debt / EBITDA of 5.72x. Leverage makes refinancing terms central to shareholder returns.

Valuation and estimates. Trailing P/E is 30.23x versus 16.72x on next-twelve-month earnings. FY1 and FY2 multiples are 17.44x and 16.36x. P/E has limited comparability for REITs because depreciation and gains affect reported earnings. FFO and NAV provide important additional context.

The earnings hurdle. NTM EPS of 5.77 is 126.3% above trailing EPS of 2.55. FY2 EPS of 5.89 is 6.5% above FY1 EPS of 5.53. These compare displayed earnings bases and are not next-quarter growth forecasts.

FFO is the more relevant earnings bridge. Prologis raised 2026 core FFO guidance to $6.22–6.30 per share in its Q2 release. REIT depreciation and transaction gains can distort P/E, so the chart's large gap between trailing and forward EPS should not be treated as a directly comparable operating growth forecast.

Development adds opportunity and capital needs. Prologis reported a 5.8GW data-center power pipeline. The pipeline represents future potential, not current stabilized NOI. Financing terms, delivery dates and development yields determine whether it adds per-share value, especially when the cost of capital is rising.

Stock Valuation: Real Estate

Selected constituents: relative P/E ascending

Stock	Rel. P/E	1M excess	50DMA dist.
AMT	**1.24x**	-4.4%	-3.7%
PSA	**1.46x**	-8.0%	-7.2%
SPG	**1.53x**	-3.4%	-3.4%
O	**1.74x**	-10.0%	-8.1%
PLD	**1.94x**	-4.9%	-4.0%
EQIX	**2.85x**	-2.9%	-3.4%
DLR	**3.50x**	-3.6%	-5.7%
WELL	**3.84x**	-1.9%	-1.0%

The table compares selected major franchises and relevant industry exposures.
AMT is the lowest-multiple name in this group at 1.24x the index NTM P/E.
The selection is illustrative and is not a lowest-P/E screen of the whole sector.

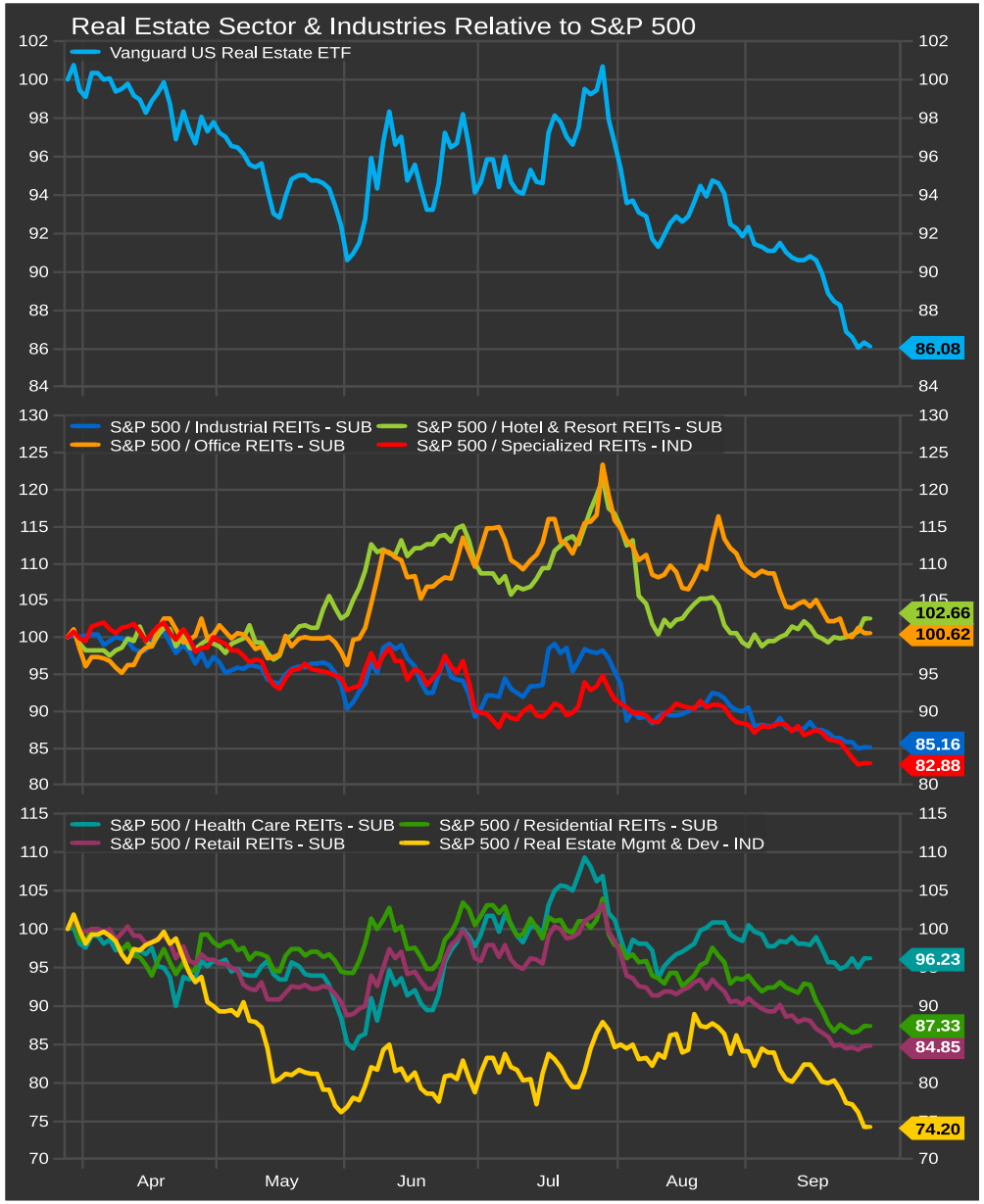
Valuation dispersion. AMT at 1.24x and WELL at 3.84x show the range across these franchises. Differences in growth, margins and earnings cyclicality matter when judging that spread.

Price confirmation. AMT has -4.4% one-month excess return and trades 3.7% below its 50-day average. The stock contributes negatively to the model score. The low multiple requires an earnings case beyond recent price performance.

Earnings behind the multiple. Use the table to locate valuation dispersion, then supplement P/E with FFO, recurring capital expenditure and asset values. WELL's occupancy recovery, PLD's logistics leases and EQIX's data-center investment have different cash-flow profiles. A low earnings multiple alone cannot establish a discount to property value.

How to use the comparison. The table orders selected franchises by relative forward P/E. Compare the discount or premium with recurring profitability and investment needs, then use the price columns as a separate check on market expectations. The selection is illustrative, so it does not establish that the first row is the cheapest stock in the sector.

Industry Relative Trends: Real Estate



Six-month sector result. VNQ has underperformed the S&P 500 by 13.92% over the previous six months. The result measures relative performance over April–September, separate from the twelve-month daily chart.

The strongest industry. The hotel & resort reits group has outperformed the S&P 500 by 2.66% over the previous six months. Its positive relative result identifies a pocket of leadership within the sector.

The weakest industry. The management & development group has underperformed the S&P 500 by 25.80% over the previous six months. The contrast with hotel & resort reits argues for an industry-specific view of earnings and risk.

Other important curves. Office REITs outperformed by 0.62%, Health care REITs underperformed by 3.77%, Residential REITs underperformed by 12.67%, each over the previous six months.

Operating context for the dispersion. Health care, industrial and specialized REITs show distinct operating drivers despite negative six-month relative returns. Welltower's occupancy recovery and Equinix's recurring revenue growth challenge a blanket property-demand explanation. The relative curves reflect capital-market pricing as well as current property cash flows.

Industry Breadth: Real Estate

Sorted by outperforming share, then median excess return

Industry	Stocks	Beat BMK	>50DMA	Median ex.
Hotel & Resort REITs	1	**100.0%**	100.0%	+2.0%
Retail REITs	5	**0.0%**	0.0%	-4.0%
Health Care REITs	4	**0.0%**	0.0%	-4.1%
Industrial REITs	1	**0.0%**	0.0%	-4.9%
Specialized REITs	10	**0.0%**	0.0%	-7.2%
Residential REITs	6	**0.0%**	0.0%	-7.6%
Office REITs	1	**0.0%**	0.0%	-9.7%
Real estate services	2	**0.0%**	0.0%	-14.6%

Hotel & Resort REITs leads on the sorting measure with 100.0% positive breadth. Read the percentage alongside the constituent count before assuming it represents broad leadership.

Rolling one-month excess returns. Equal-count breadth across S&P 500 constituents. Industry labels follow current GICS classifications.

Participation within the sector. 3.3% of constituents beat the benchmark, while the median stock underperformed by 5.9%. The table shows whether the strongest industry curves have broad stock support.

A different horizon. One-month constituent breadth complements the six-month industry curves. A group can remain ahead over six months while recent participation deteriorates.

The weaker end. Real estate services has 0.0% positive breadth and 0.0% above the 50-day average. That leaves limited confirmation of a durable recovery.

Allocation context. Elev8 retains a zero allocation in VNQ. Breadth is a separate diagnostic and does not mechanically change the model allocation.

October Investment Themes: Real Estate

Earnings drivers and the conditions needed for stronger conviction

Prologis: operating improvement has not repaired the chart. Prologis's July 16 Q2 release reported core FFO of $1.63 per share versus $1.46 a year earlier, 95.5% period-end occupancy and 8.5% cash same-store NOI growth. These figures show that industrial-property cash flows can improve while listed REIT shares underperform.

Welltower: occupancy supports senior-housing growth. Welltower's July 27 Q2 release reported 9.2% organic same-store senior-housing revenue growth, with occupancy up 330 basis points and revenue per occupied room up 5.2%. That combination offers a distinct operating driver from office or industrial leasing. Sector-level weakness should not obscure differences in property fundamentals.

Equinix: data-center demand offers another exception. Equinix's July 29 Q2 release reported monthly recurring revenue growth of 11% on both a reported and normalized constant-currency basis. Strong demand can support development, while power availability and capital requirements determine shareholder returns. Cash-flow valuation remains more informative than a simple REIT P/E comparison.

The common investment risk. Growth can still destroy per-share value if funded at an excessive cost. An acquisition or development pipeline should earn a return above the blended funding cost after recurring capital needs. Attractive property demand does not by itself resolve that financing test.

Top 10 Stock Performers: Real Estate

Rolling one-month excess return, highest to lowest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Host Hotels & Resorts (HST)	Hotel & Resort REITs	Bullish Reversal	**+2.0%**	1.03x	-3.8	0.94
Regency Centers (REG)	Retail REITs	Consolidation	**-1.7%**	1.52x	-11.7	0.30
Welltower (WELL)	Health Care REITs	Uptrend	**-1.9%**	3.84x	-1.8	0.35
Equinix (EQIX)	Specialized REITs	Consolidation	**-2.9%**	2.85x	-9.8	0.82
Healthpeak Properties (DOC)	Health Care REITs	Consolidation	**-3.4%**	3.73x	-5.4	0.81
Simon Property (SPG)	Retail REITs	Uptrend	**-3.4%**	1.53x	-8.9	1.07
Digital Realty Trust (DLR)	Specialized REITs	Consolidation	**-3.6%**	3.50x	-11.0	0.80
Essex Property Trust (ESS)	Residential REITs	Downtrend	**-3.6%**	2.31x	-7.9	0.68
Kimco Realty (KIM)	Retail REITs	Consolidation	**-4.0%**	1.33x	-13.2	0.65
American Tower (AMT)	Specialized REITs	Downtrend	**-4.4%**	1.24x	-9.9	0.76

S&P 500 constituents. FactSet / MTIR, September 29, 2026.

Leaders in context. HST leads at +2.0% excess return. 1 of these ten stocks outperformed the benchmark. A top-ten rank can still represent a relative loss.

Model contribution. 3 of ten stocks contribute positively to the model score. Most recent leaders contribute negatively to the model score, leaving a gap between recent returns and model support.

What to watch. Sustained relative strength and earnings revisions matter more than a single month's ranking. Compare price pattern and valuation before increasing concentration.

Bottom 10 Stock Performers: Real Estate

Rolling one-month excess return, lowest to highest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
CoStar (CSGP)	Real estate services	Downtrend	**-15.9%**	0.86x	-23.2	0.64
Weyerhaeuser (WY)	Specialized REITs	Downtrend	**-15.6%**	1.65x	-25.2	0.82
SBA Communications (SBAC)	Specialized REITs	Downtrend	**-14.1%**	1.04x	-16.3	1.14
CBRE (CBRE)	Real estate services	Retracement	**-13.3%**	0.78x	-13.4	1.20
Crown Castle (CCI)	Specialized REITs	Downtrend	**-10.3%**	1.34x	-21.0	0.96
Realty (O)	Retail REITs	Retracement	**-10.0%**	1.74x	-16.5	0.56
BXP (BXP)	Office REITs	Downtrend	**-9.7%**	1.59x	-7.9	1.14
Mid-America Apartment (MAA)	Residential REITs	Downtrend	**-8.4%**	1.87x	-16.5	0.63
VICI Properties (VICI)	Specialized REITs	Downtrend	**-8.4%**	0.41x	-17.7	0.62
UDR (UDR)	Residential REITs	Downtrend	**-8.2%**	2.46x	-15.7	0.71

S&P 500 constituents. FactSet / MTIR, September 29, 2026.

Laggards in context. CSGP has the weakest return at -15.9% excess return. 0 of these ten stocks outperformed the benchmark.

Model contribution. 0 of ten stocks contribute positively to the model score. Negative model contributions reinforce the weak relative performance across much of this group.

What to watch. A low multiple or oversold condition is insufficient on its own. Look for stabilization in earnings expectations and a repair in price before treating weakness as opportunity.

Economic and Policy Drivers: Real Estate

Financing can outweigh improving property cash flows. The September 16 hike took the policy range to 3.75–4.00%, while the chart shows sector debt / EBITDA of 5.72x. This creates a plausible valuation and refinancing headwind despite stronger operating results at selected landlords. Company debt maturities and fixed-rate coverage determine the actual earnings exposure.

Housing affordability has mixed implications. The September 24 mortgage rate was 7.03%. Expensive ownership can support rental demand, but local supply and concessions determine landlords' pricing power. The rate alone does not establish improving apartment NOI or justify extrapolating a nationwide rental recovery.

Consumer weakness affects property types differently. September confidence fell 6.7 points to 81.9. Retail and lodging demand can be sensitive to household spending, while senior housing and data centers follow different drivers. This supports property-specific underwriting within a sector where the market is still demanding a high return on capital.

October release checkpoints. Payrolls on October 2, CPI on October 14 and retail sales on October 15 will update labor, inflation and consumption. The October 27–28 FOMC meeting and October 29 GDP/PCE releases provide further tests. Scheduled events are prospective, with no results assumed.

Evidence that would change the assessment. October reports should show whether FFO growth survives refinancing and recurring capex. Lower yields combined with maintained leasing economics would be stronger evidence against the zero weight than an oversold bounce alone.

Elev8 Model Components

Total score descending, with ties ordered by active weight

ETF	Pat.	Mean	Wtd.	OB/OS	Sector	Ind.	Eq↑	Rate↑	Total
VGT	1	1	1	0	2	0	1	-1	**5**
VDE	1	1	1	1	0	0	0	1	**5**
VHT	1	1	1	0	2	1	-1	0	**5**
VFH	0	1	1	1	-1	-1	1	1	**3**
VAW	0	1	-1	1	-1	-1	0	1	**0**
VIS	-1	1	-1	1	-1	-1	1	1	**0**
VOX	0	-1	1	0	1	0	0	-1	**0**
VCR	-1	-1	1	1	-1	-1	1	-1	**-2**
VNQ	**-1**	**-1**	**-1**	**1**	**-1**	**-1**	**1**	**0**	**-3**
VPU	-1	-1	-1	1	-1	-1	-1	-1	**-6**
VDC	0	-1	-1	0	-1	-1	-1	-1	**-6**

VNQ scores -3.

Balance of evidence. VNQ has 2 positive and 5 negative component readings. Negative inputs dominate despite pockets of support. A stronger outlook would require improvement beyond a single favorable component.

Relative conviction. Technology, Energy and Health Care share the highest total score of 5. Staples and Utilities sit at -6. This spread distinguishes the strongest model support from the weakest, while the allocation table shows the portfolio exposure to each.

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Model: ETFInsight Elev8, September 29, 2026. Constituents: FactSet / MTIR corrected S&P 500 data.
Charts: Myrtle Tree Investment Research. Research cutoff: September 29, 2026.