1. CPI INFLATION

- The Consumer Price Index (CPI) increased 0.3% month-over-month and 2.7% year-over-year, according to the latest data from the Bureau of Labor Statistics.
- Inflation remained elevated but steady to end 2023, meeting consensus expectations. Meanwhile, core inflation showed signs of moderation.
- Core CPI, which strips out food and energy components, rose 0.2% in December, slightly below expectations of 0.3%. Core CPI rose 2.6% year-over-year, consistent with its November reading and matching its lowest level since 2021.
- Shelter was again the key segment driving inflation, rising 0.4% in December. The Food index rose 0.7% on the month, driven by higher prices for groceries and dining out. Notably, egg prices were down 8.7% on the month.
- The Energy index rose 0.3% month-over-month, while annual price increases slowed significantly compared to recent months.
- Key price declines include used cars and trucks (-1.1%), communication (-1.9%), and household furnishings (-0.5%).

2. DECEMBER JOBS REPORT

- According to the Bureau of Labor Statistics (BLS), total nonfarm payrolls rose by 50,000 during December; a tepid pace of hiring that caps a year of gradual deterioration for the US labor market.
- Both the unemployment rate and the number of unemployed people were little changed in December, at 4.4% and 7.5 million, respectively.
- The most notable gains were in food services and drinking places (+27,000), health care (+21,000), and social assistance (+17,000). The steepest loss of the month was in retail trade positions (-25,000).
- Despite the job market's relative underperformance, futures markets indicate a low likelihood of a January rate cut. According to the Chicago Mercantile Exchange's Fed Watch Tool, futures markets grew more hawkish following the employment update.

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3. NOVEMBER RETAIL SALES

- According to the latest data from the Census Bureau, US retail sales were stronger than expected in November, rising 0.6% from the previous month to a total of $735.9 billion, following a 0.1% decline in October. Retail sales are up 3.3% year-over-year.
- The increase was driven by a rebound in auto sales alongside robust holiday spending. Sales at sporting goods stores were up 1.9%, followed by miscellaneous retailers at 1.7%, and gas stations at 1.4%.
- Core retail sales, which strip out motor vehicles and parts and include the components used for GDP calculations, rose by 0.5% on the month, beating expectations.

4. LOGISTICS MANAGERS INDEX

- According to the latest data from the Logistics Managers' Index, US logistics activity fell to 54.2, down 1.4 points from November. An index reading above 50 indicates that the sector is in expansion.
- The sector ended 2025 with its slowest growth in over a year, primarily due to a holiday-driven rundown of inventories. Inventory levels fell to an all-time low of 35.1, dropping by a steep 17.4 points. It was largest month-over-month decline in inventories on record.
- As a result of the inventory depletion, warehouse utilization dropped into contraction territory while warehousing capacity increased.
- Transportation capacity fell sharply to an index reading of 46.9, its lowest level since 2021.
- The tightening of the freight market also led transportation costs to rise for the second consecutive month, climbing to an index reading of 66.7, its highest level in a year.
- Despite the year-end drop off in logistics activity, managers, on average, expect expansion to be stronger over the next few months, with the index of future expectations climbing to 65.3 in December.

5. INSTITUTIONAL INVESTORS IN SINGLE-FAMILY RENTALS

- The White House recently announced that it is considering some restrictions on institutional investments in single-family homes, centered around the argument that such restrictions could reduce competition among individual buyers.

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- Generally, economists believe that the impact of such restrictions would be modest and could even reduce the supply of rental homes
- While large institutional investors greatly increased their holdings of single-family homes in the decade-plus since the Great Financial Crisis and housing market crash, they continue to hold a small share of the overall national stock at around 1-to-3 percent.
- Given this small market share, experts suggest that a ban would only have a modest effect on median national prices. However, the impact could be more significant in metro areas where single-family rentals have proliferated more greatly in recent years.
- Most economists believe that the primary driver of high housing costs is a persistent supply shortage. However, to truly tackle this issue, many agree that more construction is needed, and that land use reforms would have a greater impact than institutional bans.
- While the administration has been sparse on details, their argument points out that large investors can move in the market quickly, making it difficult for average homebuyers who rely on financing to compete for available supply.

6. EMERGING INDUSTRIAL MARKETS

- According to recent reporting by Globe Street, several emerging US industrial markets beyond the traditional hubs are attracting increased interest and capital heading into 2026.
- One key standout is Boise, ID. Located along the I-84 corridor with access to the Northern California and the Pacific Northwest, the Boise metro benefits from its proximity to important agricultural and technology pipelines.
- Albuquerque, New Mexico also arises due to its low vacancy and stable absorption rate, despite elevated land and development costs. Built-to-suit projects targeting aerospace, federal government, and advanced manufacturing users have helped underpin local expansion.
- Other emerging industrial markets include El Paso for its rapid inventory growth and role as a logistics ang manufacturing gateway along the southern US border. Omaha, due to its central location and rail connectivity. Then, there's Dayton, Ohio, which continues to leverage its manufacturing base and strategic

location.

7. 2025 REIT PERFORMANCE

- According to reporting by Nareit, REITs ended 2025 on a relatively muted note, with the FTSE Nareit Equity REITs Index falling 2.1% in December and finishing the year with a total return of 2.3%.
- Sector-level performance was mixed in December, led by timberland (+4.5%), lodging/resorts (+0.8%), and gaming (+0.7%). Meanwhile, returns on health care REITs fell in December (-8.4%), as did office (-6.4%), and self-storage (-3.1%).
- At the sub-sector level, apartment returns rose 1.4% in December, followed be regional malls (+1.1%) and shopping centers (+0.7%)
- Health care REITs ended 2025 with the best performance among key sectors, with returns of 28.5%. Industrial and diversified REITs followed, with annual returns of 17.0% and 15.5%, respectively.
- Meanwhile, the FTSE Nareit Mortgage REITs Index (+16.0%) significantly outperformed equity REITs (+2.3%) in 2025, led by the home financing sector (+16.0%).

8. 2026 OFFICE OUTLOOK

- According to a CommercialSearch analysis, the 2026 office industry is beginning to shift from a period of crisis management to a more performance-driven approach in 2026.
- After several years of volality, 2025 brought more clarity on the trend of hybrid work, which has shifted from an experiment to an expectation.
- Hybrid work remained a dominant feature of the sector, but companies have moved from optional office days to a more structured format that includes “anchor days” focused on collaboration and innovation. Offices have been redesigned for flexible zones that can be switched between collaborative and focused work.
- According to the analysis, two converging pressures explain the trend: employees pushing for flexibility and companies seeking to justify real estate costs among a geographically dispersed workforce.
- Meanwhile, capital has begun to reengage with the sector, with a new hierarchy of building performance

rather than location coming to define the line between competitive assets and those falling behind.

9. CBO DEMOGRAPHIC PROJECTIONS

- The CBO's latest demographic projections, released in early January, forecast slower US population growth over the next 30 years compared to previous estimates.
- The new forecast reduces population projections through 2055 by 8 million. The primary drivers of these revisions are lower net migration projections and declining fertility.
- Between 2026 and 2056, the US population is projected to grow from 349 million to 364 million. Growth is expected to slow to 0% by 2056, with population declines expected thereafter.
- The CBO projects that annual deaths will exceed annual births beginning in 2030, with net migration accounting for all population growth from 2030 to 2056.
- The population of those aged 65 and older is projected to grow twice as fast as younger groups, while those 24 and younger is forecasted to decline each year through 2056.

10. JOB OPENINGS AND LABOR TURNOVER

- According to the latest JOLTS report by the Bureau of Labor Statistics, the number of job openings in November was slightly down from the previous month, from 7.4 million to 7.1.
- Over the course of 2025, the total number of job openings fell by 885,000 while the unemployment rate rose from 4.1% to 4.4%
- Hiring activity remained relatively stable in December, with 5.1 million hires recorded. However, the hiring rate dropped to 3.2%, matching its lowest rate in more than a decade outside of the early days of the pandemic.
- Total separations were unchanged at 5.1 million, with 3.2 million quits and 1.7 million layoffs.
- Job openings decreased notably in accommodation and food services (-148,000) and transportation, warehousing, and utilities (-108,000). Openings increased in construction (+90,000).

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