

TEEL VALUATION GROUP

ECONOMIC OUTLOOK

April 2026

Macroeconomic Trends and Commercial
Real Estate Signals

In collaboration with

JOHN E. SILVIA

DYNAMIC ECONOMIC STRATEGY

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About Mr. John E. Silvia, Ph.D.



- Over two decades as Senior Economist for the U.S. Senate Joint Economic Committee and the U.S. Senate Banking Committee
- Founder of Dynamic Economic Strategy and former chief economist for Wells Fargo, where he led global economic research and strategy for two decades
- Recognized by Bloomberg and Focus Economics as one of the nation's top forecasters. Known for his accurate and accessible assessment of growth, inflation, and interest-rate trends

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About Teel Valuation Group



- Founded in 1983 by Gerald A. Teel, built on rigorous analysis, independence, and high professional standards
- Over 40 years of growth from a local practice to a regional firm with national coverage
- Serves a diverse client base across the U.S.
 - Financial institutions
 - Attorneys
 - Government agencies
 - Estates and trusts
 - Corporations
 - Private investors

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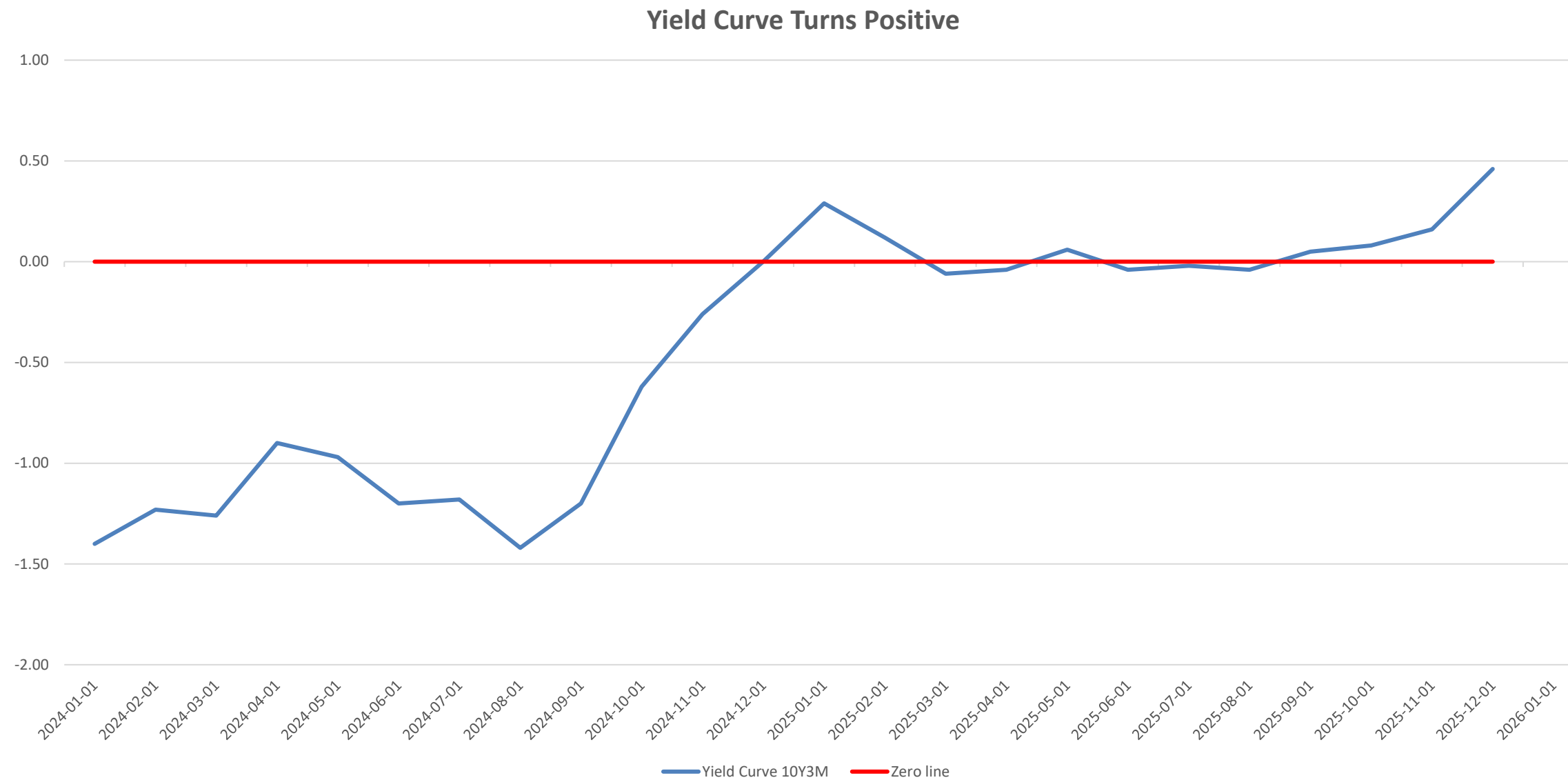
Commercial Real Estate Valuation & Advisory

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The Fundamental Backdrop

- Downshift in Economic Growth for 2025-Fed expects 2.3% 2026, 2.0% for 2027
- Inflation Still Above the Fed's 2.0% Target
- Market expectations: CME FedWatch— no cut April, June, and July no action.
- FOMC 2.4% for 2026, 2.3% 2027 (latest March 2026 projections)
- Treasury Yields Have Declined in Line with Fed easing since the Fourth Quarter.
 - Job Slowdown Last Three months
 - Manufacturing, Private Services—Information, Leisure & Hospitality
 - Recent rise reflects higher oil prices and inflation expectations
 - Limits to Immigration, Federal workforce cuts, high Economic Policy Uncertainty

Yield Curve Turns Positive: Signal for Growth Ahead



The yield curve has shifted from inversion to positive territory, signaling improving expectations for economic growth.

Houston Labor Force Growth and Unemployment Rate: Less Cyclical Than Perceived



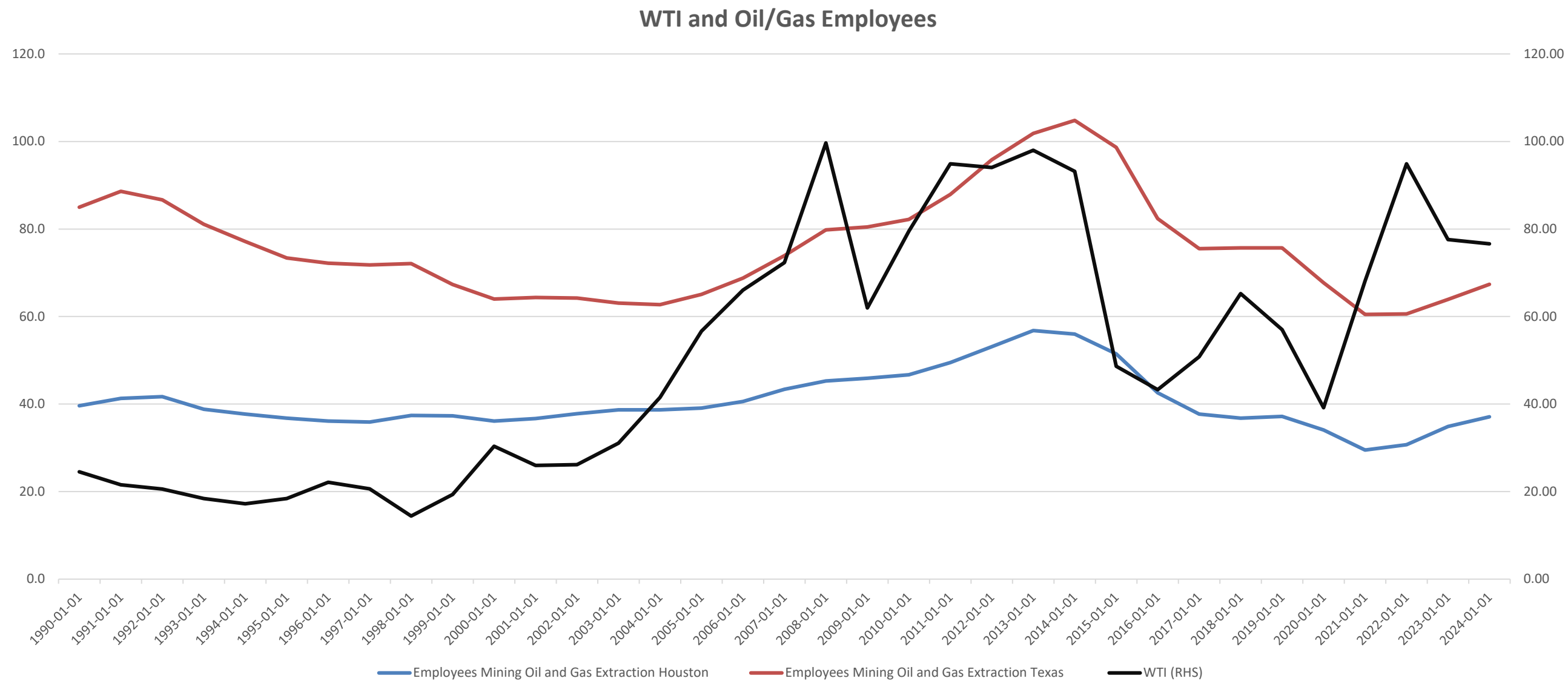
Houston's unemployment rate and labor force growth have generally moved within a stable range over time, indicating less cyclical volatility than commonly perceived.

Houston Employment Growth: Volatility in Construction but Relative Stability in Finance, Houston



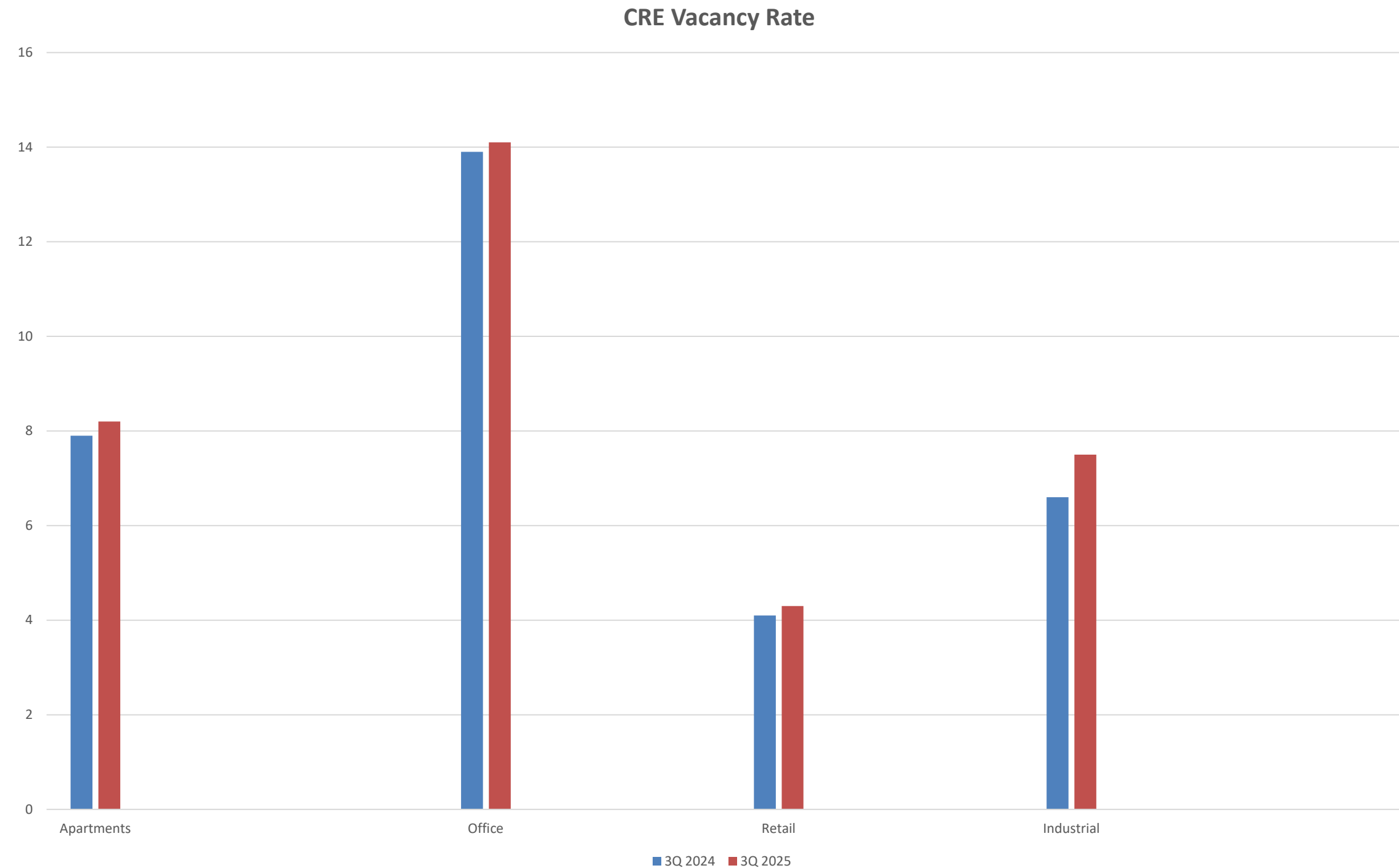
Employment growth in Houston varies by sector, with construction showing greater volatility while finance demonstrates more consistent performance.

Houston Oil & Gas Employment: Follows WTI as Expected But Less So Than Prior Decade



Oil and gas employment continues to track movements in WTI prices, although the relationship appears less pronounced than in prior cycles.

CRE Vacancy Rates: Little Improvement over the Last Year

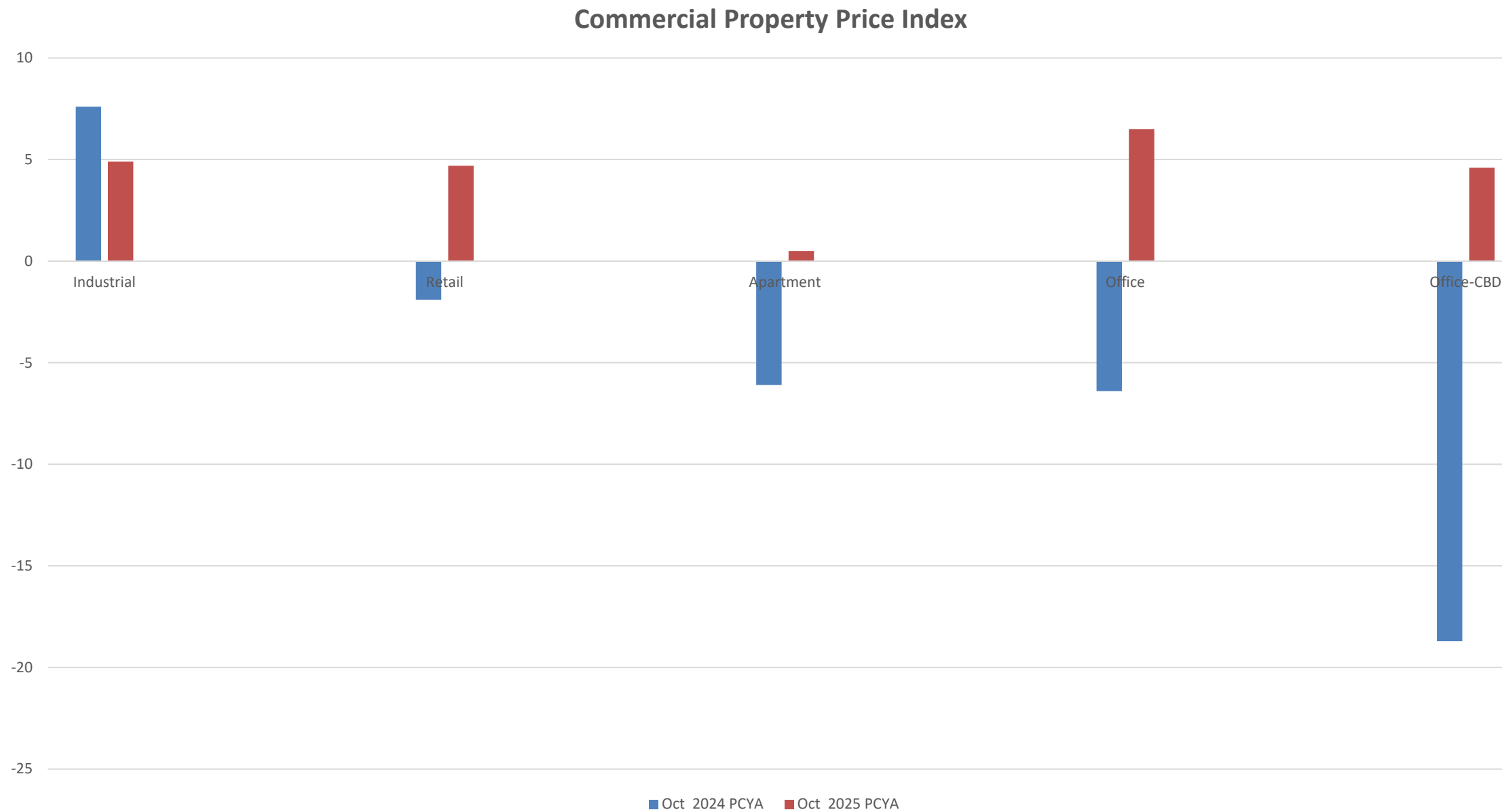


Source:
Cushman & Wakefield
CoStar, INC.
Wells Fargo Economics

Vacancy rates show limited improvement over the past year, indicating stabilization but not a meaningful recovery.

Sharp Reversal in Commercial Property Prices

Industrial Strength along with DFW



Source:
Cushman & Wakefield
CoStar, INC.
Wells Fargo Economics

Commercial property prices reflect a sharp shift from prior declines, with recent data indicating stabilization and selective improvement across sectors.

Steady Cap Rates Versus Year Ago

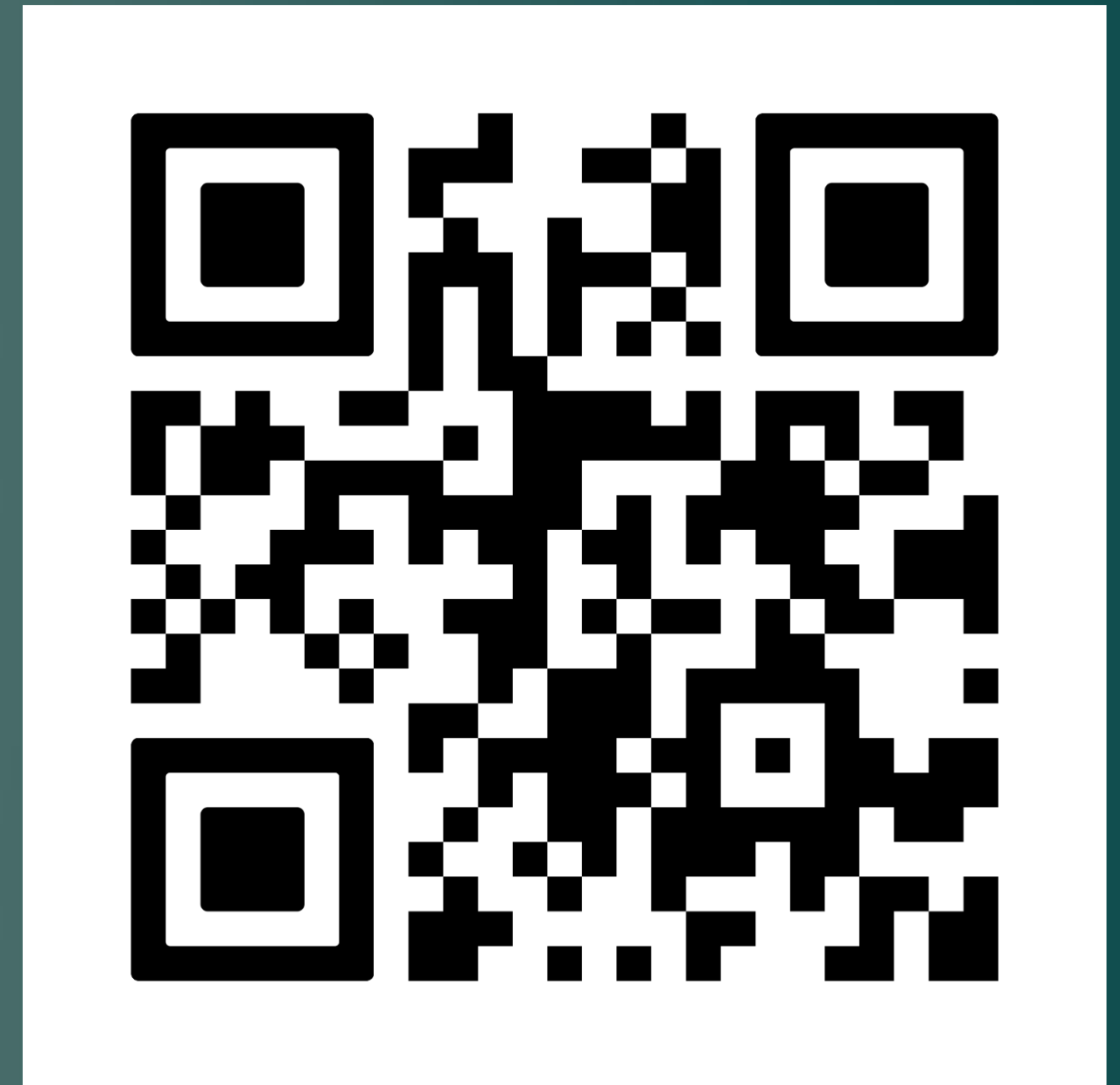


Source:
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CoStar, INC.
Wells Fargo Economics

Cap rates have remained relatively stable year-over-year, indicating a balance between higher borrowing costs and market pricing expectations.

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