TEEL

TEEL
VALUATION GROUP

ECONOMIC OUTLOOK

June 2026

The New Normal for Interest Rates

In collaboration with John E. Silvia, Ph.D.

john@johnesilvia.com | 704-519-7031 | Johnesilvia.com

teelvg.com

TEEL
VALUATION GROUP

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

Teel Valuation Group
Commercial Real Estate Valuation & Advisory

info@teelvg.com • 713-467-5858 • teelvg.com

TEEL
VALUATION GROUP

ABOUT 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

John E. Silvia, Ph.D.
Dynamic Economic Strategy | Former Chief Economist, Wells Fargo

john@johnesilvia.com • 704-519-7031 • johnesilvia.com

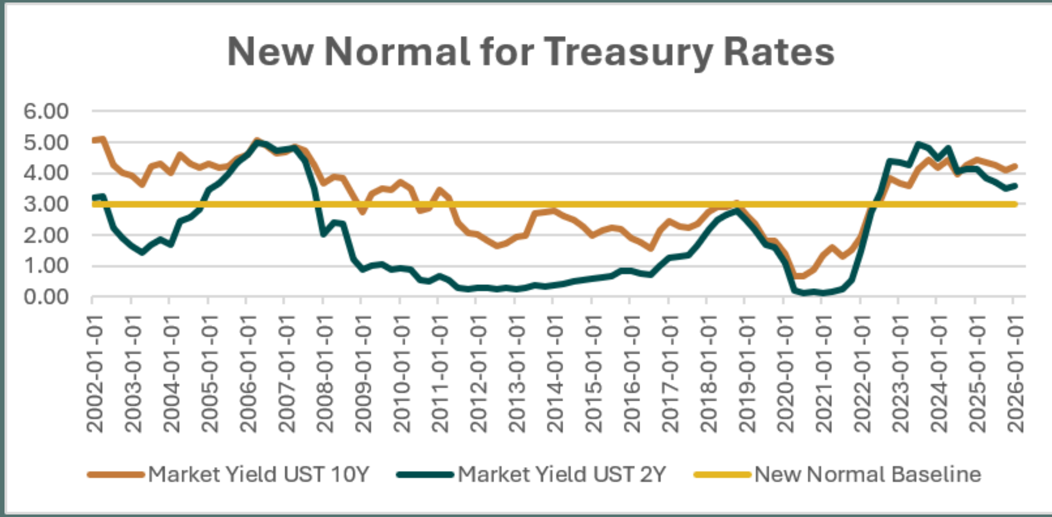
TEEL
VALUATION GROUP

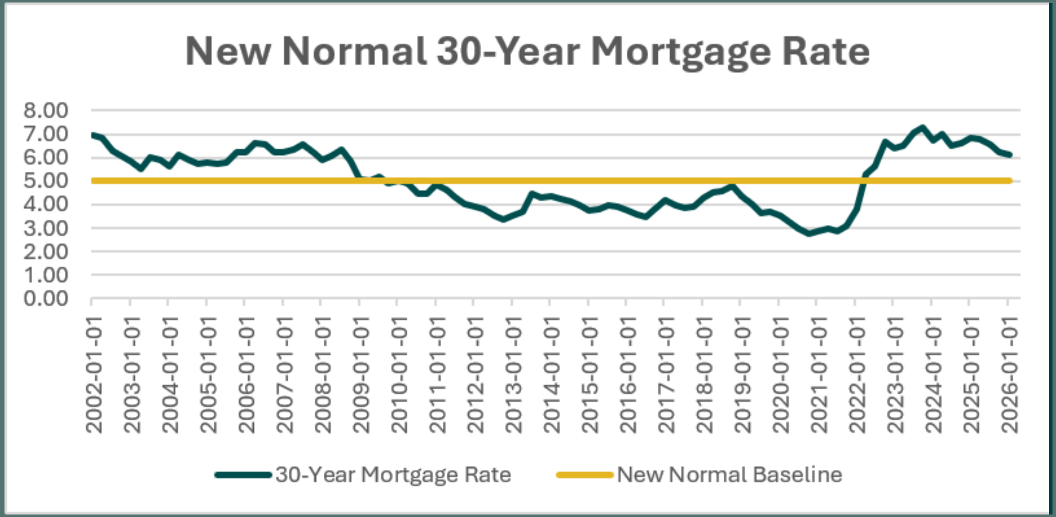
DR. SILVIA'S KEY TAKEAWAYS

- Interest rates have shifted higher relative to the post-2008 environment
- Current treasury rates more closely resemble the 2003-2006 period
- Inflation remains above the Federal Reserve's 2% target and the primary policy concern
- Economic growth remains steady, supporting continued credit demand
- Labor markets warrant monitoring
- Federal debt and policy uncertainty continue to pressure rates higher
- Commercial real estate income fundamentals have improved

TEEL
VALUATION GROUP

A NEW INTEREST RATE ENVIRONMENT





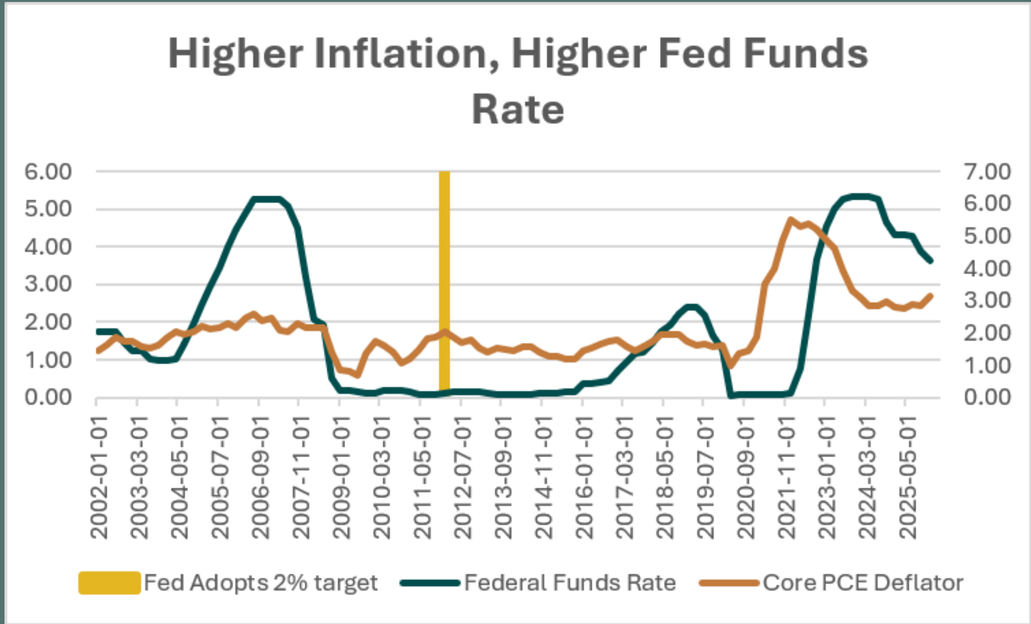
The low-rate environment following the housing crisis appears to be the exception rather than the rule. Current Treasury and mortgage rates are more consistent with pre-housing crisis norms.

TEEL
VALUATION GROUP

WHY RATES ARE HIGHER

INFLATION

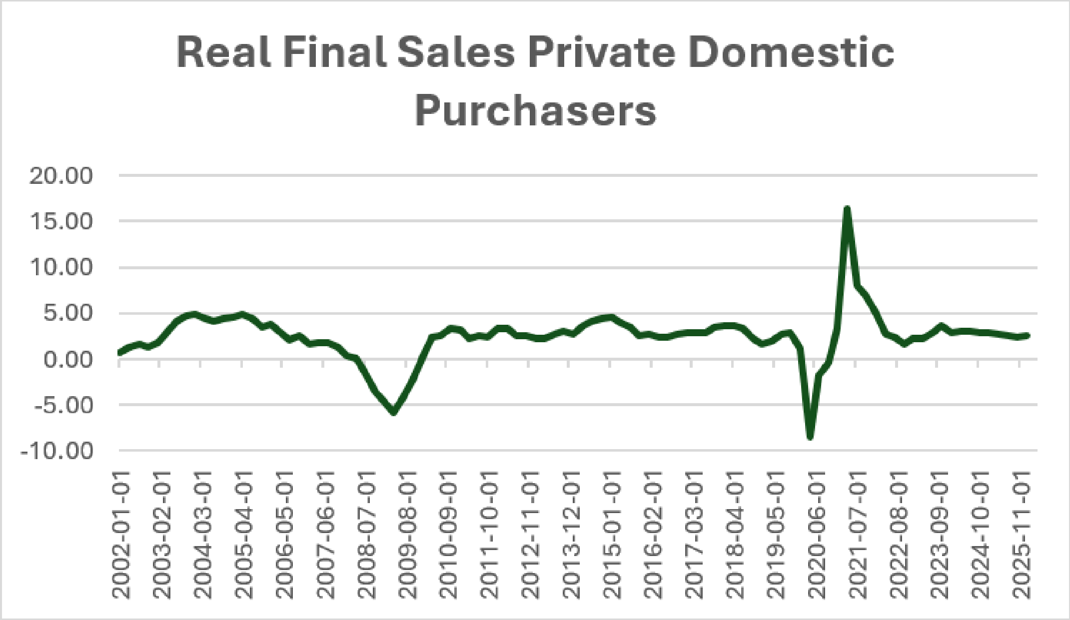
- Inflation remains above target
- Fed policy remains restrictive
- Markets increasingly expect fewer rate cuts
- Higher inflation supports higher interest rates



WHY RATES ARE HIGHER

ECONOMIC GROWTH

- Economic growth remains resilient
- Growth supports continued credit demand
- Strong demand contributes to elevated rate levels
- Current growth remains near historical trend

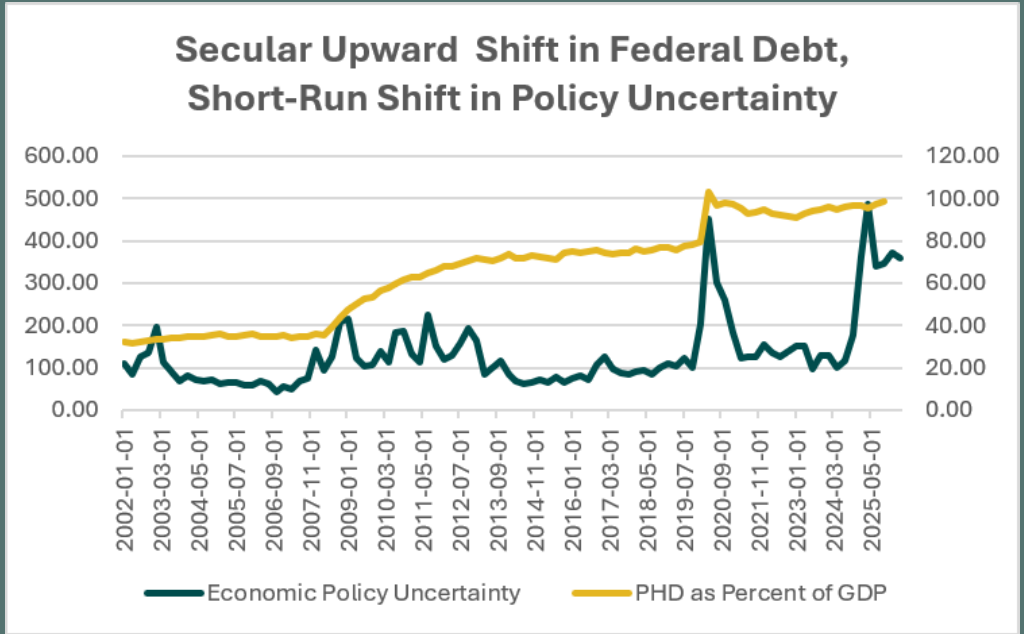


teelvg.com

LONG TERM RATE PRESSURES

STRUCTURAL FACTORS SUPPORTING HIGHER RATES

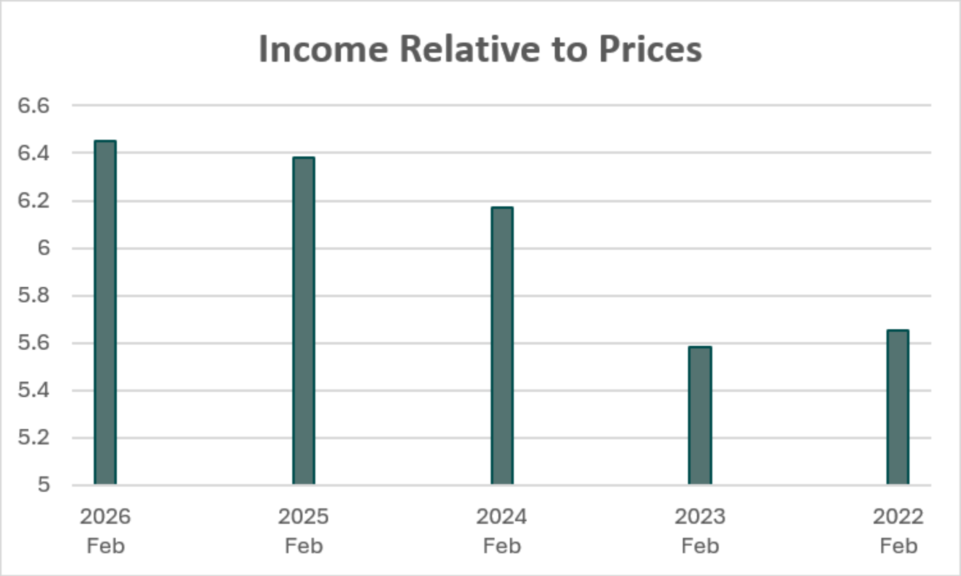
- Federal debt remains elevated
- Debt burden increased following major crisis periods
- Policy uncertainty adds risk premiums
- Geopolitical events increase market volatility



COMMERCIAL REAL ESTATE IMPLICATIONS

WHAT THIS MEANS FOR CRE

- Higher rates create valuation challenges
- Income growth remains important
- Property income relative to prices has improved since 2022
- Fundamentals remain supportive for many property types



TEEL VALUATION GROUP

TEEL
VALUATION GROUP

HOW TVG PUTS THIS TO WORK

TVG translates macroeconomic context like Dr. Silvia's into defensible value conclusions through market-specific analysis grounded in observed evidence.

- Capitalization and discount rate support tied to each property's market and effective date
- Income and expense benchmarking against current market participant behavior
- Sensitivity analysis under a structurally higher-rate environment
- Sector- and submarket-level read-throughs across office, retail, industrial, and specialized property types
- Litigation, estate, lending, and federal acquisition assignments informed by current conditions, not forecasts

Let's talk.

We welcome the opportunity to discuss what these trends mean for your portfolio, your assignment, or your market.

Schedule a virtual or in-person briefing with the TVG team and Dr. Silvia.

info@teelvg.com | 713-467-5858 | teelvg.com

The economic views expressed in this outlook are those of Dr. John E. Silvia and Dynamic Economic Strategy. They are general in nature, do not constitute a forecast adopted by Teel Valuation Group, and are not relied upon in any specific TVG valuation assignment. Each TVG appraisal reflects conditions as of its stated effective date.