ANNUAL
C&I COUNCIL MEETING

LancasterCommercialRE.com
C&I
COMMERCIAL & INDUSTRIAL REAL ESTATE COUNCIL

HIGH REAL ESTATE GROUP LLC

Hosted by High Real Estate Group LLC

February 26, 2026

Welcome

To the 40th Annual
High Real Estate Group Presentation

Agenda

8:30 – 8:35 AM **Introduction**

8:35 – 9:15 AM **Presentation**

9:15 – 9:30 AM **Q&A**

Aaron Skelly
2026 C&I President

Mark Fitzgerald
President &
Chief Operating Officer

Karen Biondolillo
Chief Financial Officer
The High Companies

Bill Boben
Sr. Vice President
Sales/Leasing

Ken Hornbeck
Sr. Vice President
Development

Mark Fitzgerald

President & Chief Operating Officer
High Real Estate Group LLC

Agenda:

Economic Overview

- Gross Domestic Product
- Inflation & Fed Funds Rate
- Job Growth & Unemployment

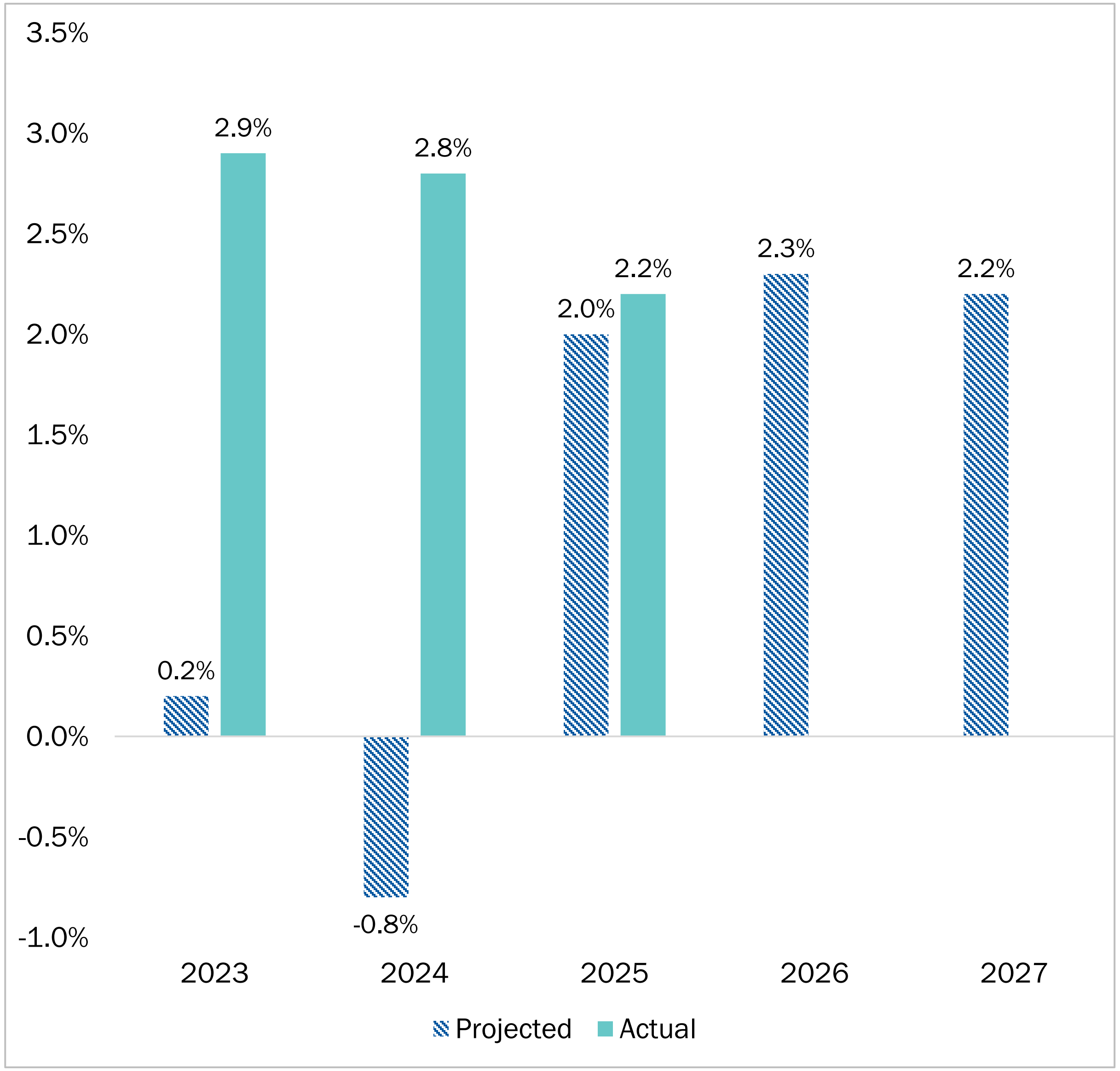
Nationwide Real Estate

- Acquisition/ Development Sentiment
- Cap Rate Trends
- Underwriting Criteria
- Real Estate Cycle
- One Big Beautiful Bill Act

Lancaster Real Estate

- Office
- Industrial
- Brandt's Run

Real GDP Growth Continues to Exceeds Expectation



2025 Key Drivers to GDP Growth

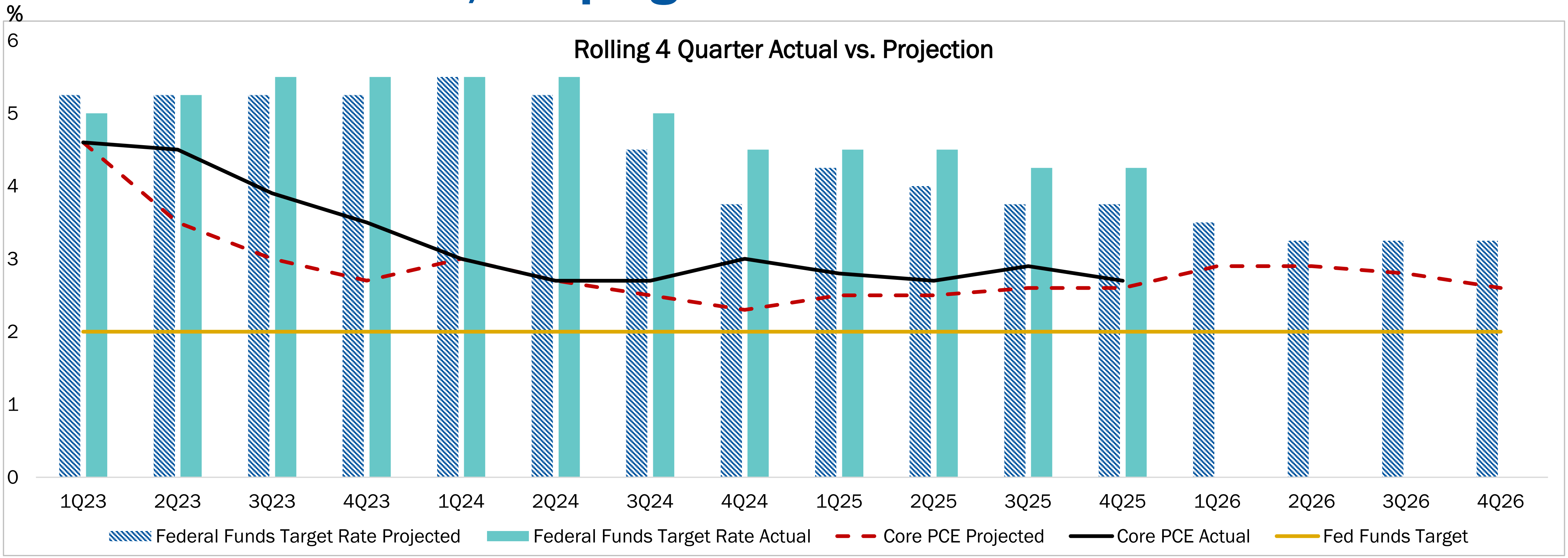
- Consumer spending ~67%
  - Wealth effect (401K/home equity)
  - Top 10% of earners drive ~50% of spending
  - YOY real wage growth ~1%
- Business Investment = ~17%
  - ~10-15% of business investment was related to AI or Data Centers
- Government spending = ~16%

2026 Things to Watch

- Sticky inflation keeps rates higher for longer
- Slow job growth with labor force constraints
- Tariff and investment uncertainty (AI bubble)

Source: Wells Fargo Annual Economic Outlook – 2022-2026; Bureau of Economic Analysis

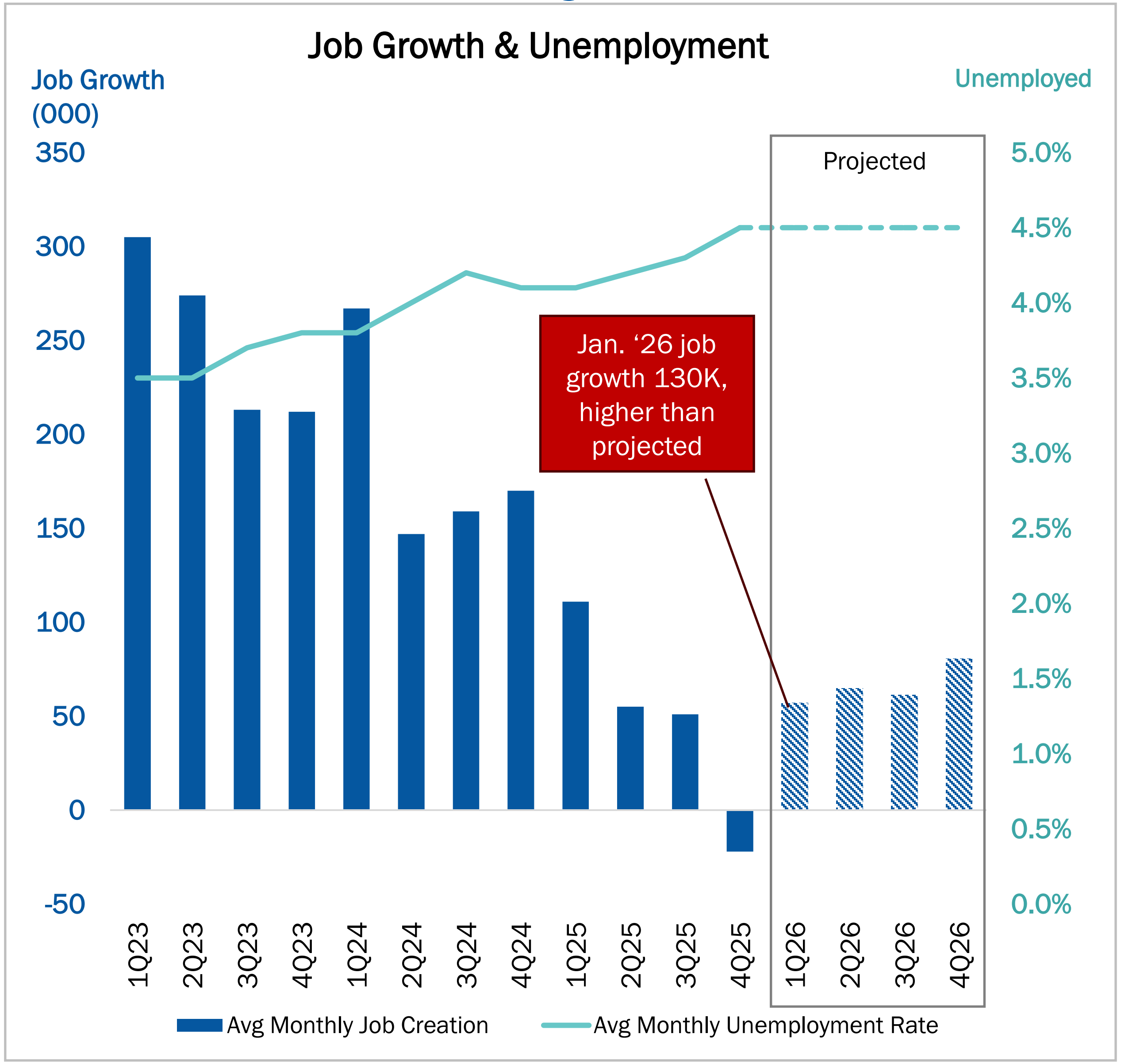
Inflation Runs Hot, Keeping Fed Funds Rate Elevated



- Over past 3 years, Core PCE has remained above consensus projection
- The Fed is keeping the Fed Funds Rate higher in an effort to lower Core PCE, while maintaining full employment
- The Fed is projecting 1 quarter point reduction in ‘26, the market is projecting 2 quarter point reductions

Source: Wells Fargo Annual Economic Outlook – 2022-2026; Santander U.S. Year-End Review/2026 Preview

Job Growth Projected to Slow



Pressures on Job Growth

- Uncertainty around tariffs
- Actual/projected impact of AI
- Availability of qualified workers
- Higher borrowing costs

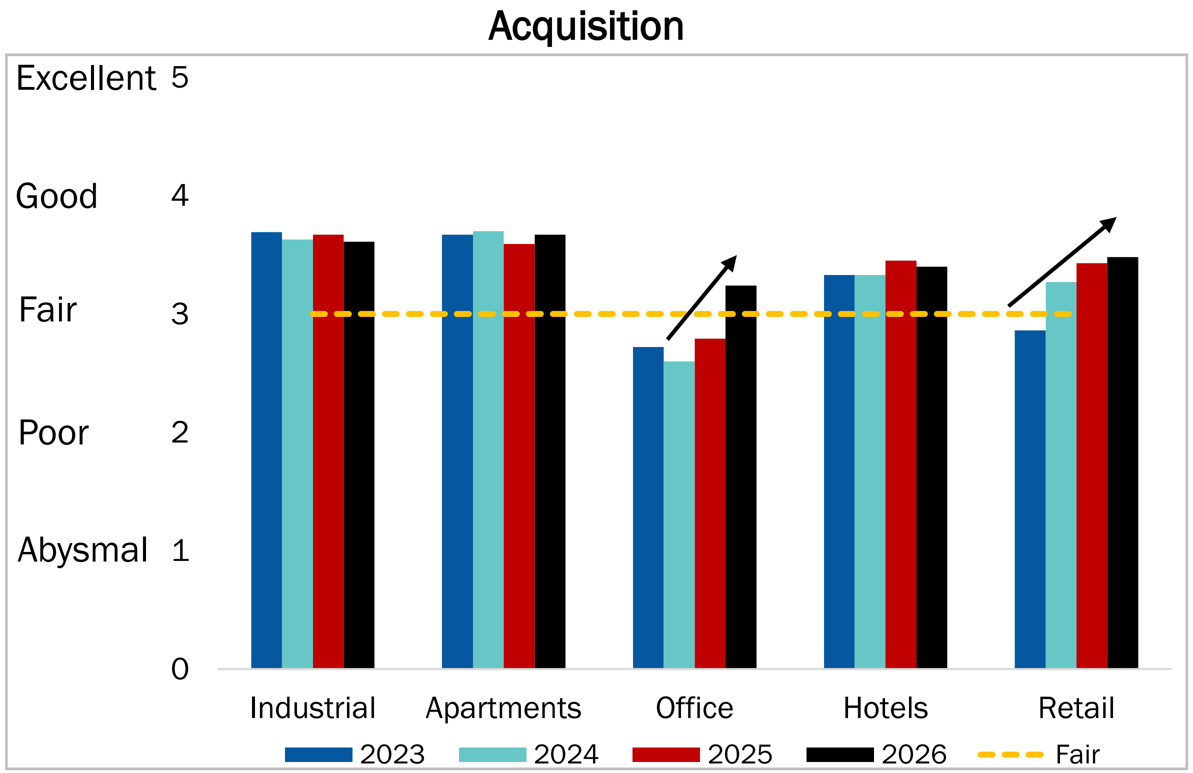
Pressures on Workforce Growth

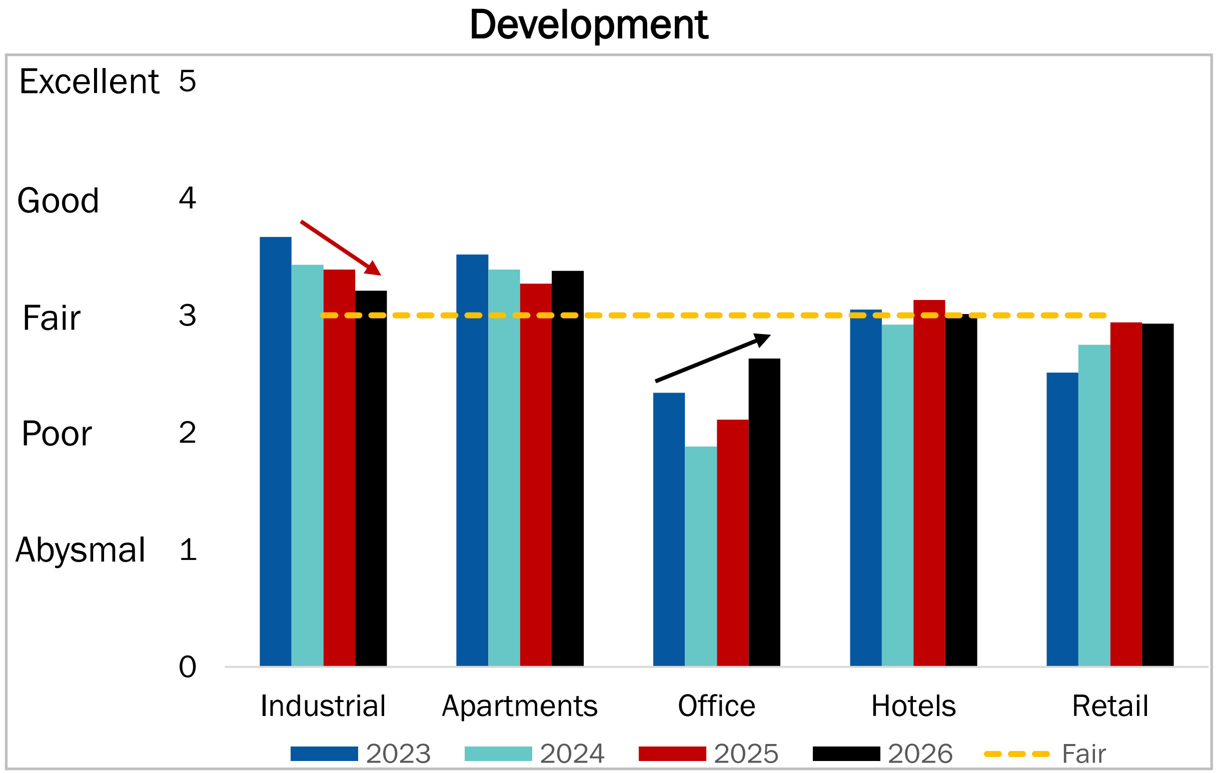
- Aging population
- Reduced immigrations
- Increased deportations

~84% of population growth and ~100% of workforce growth in 2024 came from immigration

Source: BLS, Federal Reserve Bank of Philadelphia Q4 Survey of Forecasters 11/2025

National Sentiment for Acquisition / Development





- Data centers (#1)
- Office saw the greatest improvement; driven by medical office buildings (#3)
- Lifestyle/entertainment (#4) and neighborhood/community centers (#5)

- Data centers (#1)
- Medical office (#5) drives improvement for office
- Apartments see small tick up driven by senior housing (#2)

Source: PWC; ULI 2026 Emerging Trends in Real Estate

US: Cap Rates Have Stabilized

	4Q 2025		Change from 4Q 2024
	Range	Average	
Apartments	4 – 6.5%	5.23%	8 bps
Industrial	4 – 6.5%	5.38%	11 bps
Suburban Office	5 – 9.5%	7.78%	2 bps
CBD Office	5 – 9.5%	7.29%	6 bps
Neighborhood/ Strip Centers	5.0 – 10.0%	7.1%	15 bps
Select Service Hotels	8.0 – 11%	9.45%	51 bps

- Cap rates relatively flat for most asset classes
- Hotels saw a significant increase in cap rates as RevPAR growth is flat or declining in most markets

Source : PWC Real Estate Investor Survey 4Q 2025

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2026 Underwriting Trends

	Max LTV	Vacancy	Cap Rate	Spread	All In Interest Rate	Transaction Volume[1]
Apartments	65-75% ⇔	5-7% ⇔	5.0-6.5% ⇔	1.3-1.7% ↓	5.6-6.0% ↓	9%
Industrial	65-70% ⇔	5-10% ⇔	5.5-6.5% ⇔	1.3-1.7% ↓	5.6-6.0% ↓	14%
Office Suburban	45-55% ⇔	15-20% ⇔ or actual market	8.0-10.5% ⇔	2.0-2.8% ↓	6.3-7.1% ↓	25%
Retail (“Anchored”)	55-65% ⇔	5-10% ⇔	6.5-7.5% ↓	1.4-2.1% ↓	5.7-6.4% ↓	27%
Hotel	50-60% ⇔	Actual Occ. ⇔	9.0-12.0% ⇔	2.5-3.5% ⇔	6.8-7.8% ↓	12%

Range for 10-year treasury projections = 3.75% to 4.75%

[1] Trailing 4 quarters ending Q4 2025

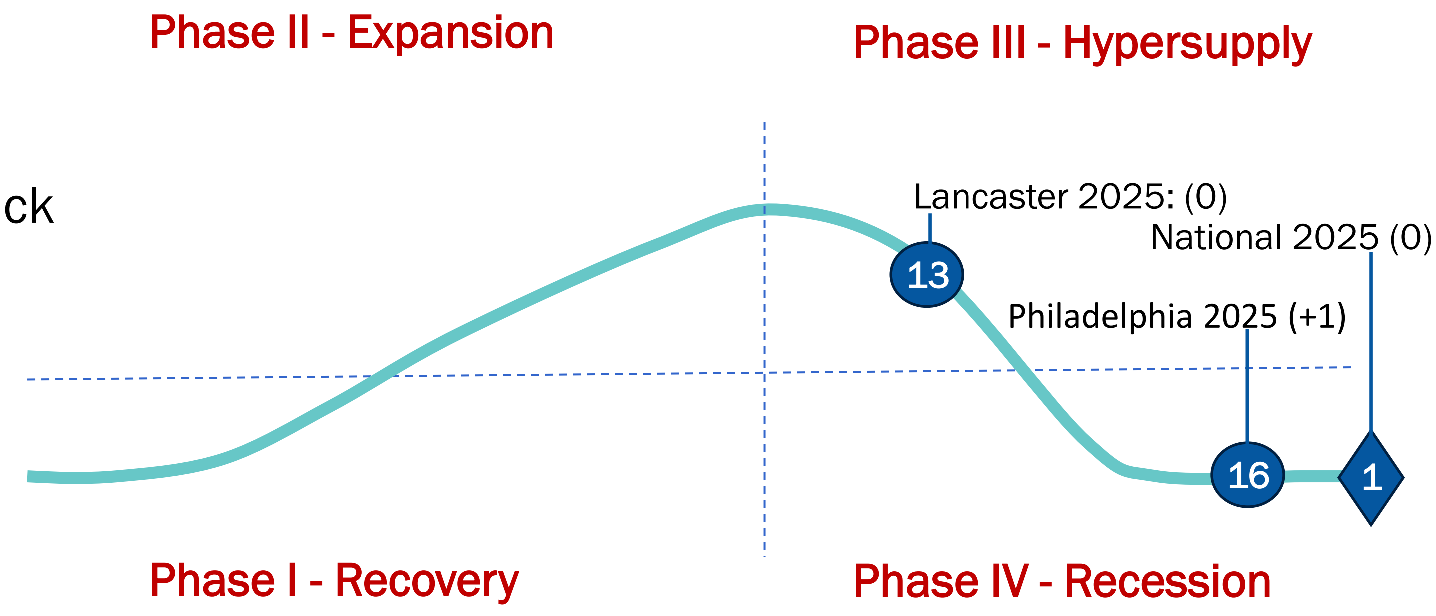
Source: M&T Realty Capital Corporation, Data as of February 2026; CBRE Capital Markets Q4 2025

Office: Turning the Corner

Absorption	Vacancy	Rents
⇔	⇔	⇧

- No new supply; supply being removed
- Divide between trophy assets and rest of pack is increasing
- The amenity race is on: tenants demand "country club" amenities/services to lure employees back to office
- Distress sales increased to record levels, 11.7% of CMBS in default
- Values: Urban assets down 50% from pre-COVID peak vs. 19% for suburban assets
- ~50% of leases in place prior to COVID have yet to rollover
  - 70% of tenants expect to renew; however avg. lease size is down 12.5%

Third Quarter 2025



YOY National Change

	Actual 2025	Projected 2026
Occupancy	0.5%	0.4%
Rents	0.8%	1.1%

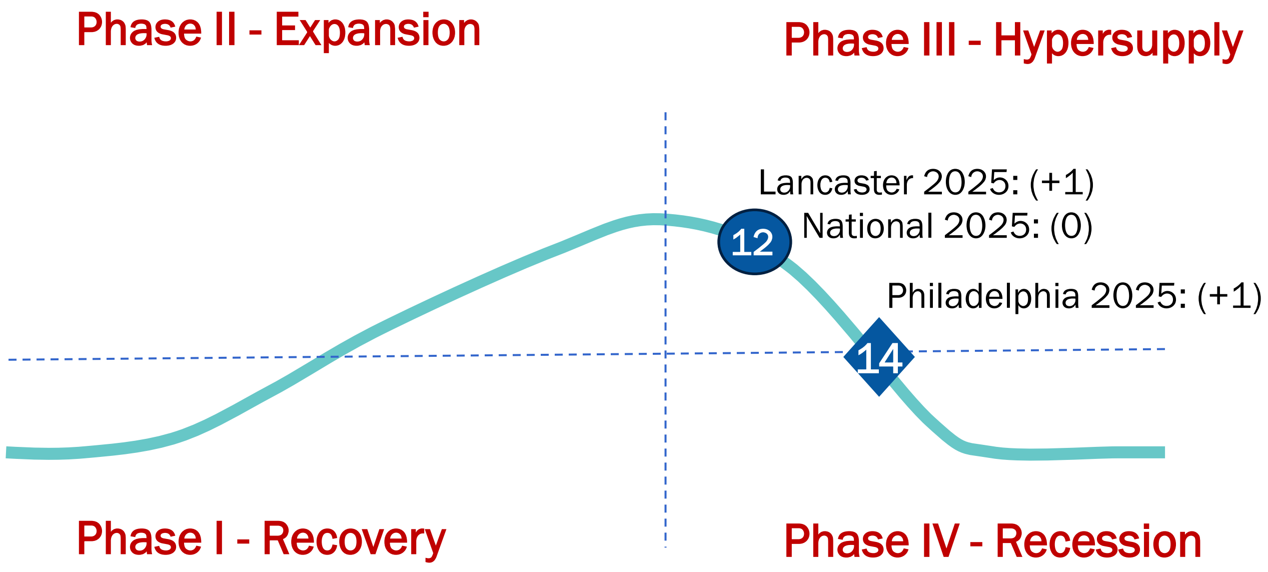
Source: University of Denver – Real Estate Market Cycles; Lancaster: High Real Estate Group LLC; PWC; Urban Land Institute 2025; JLL; CBRE Research, Real Estate Market Outlook 2025, Marcus and Millichap

Industrial: A Year in Transition

Absorption	Vacancy	Rents
⇧	⇔	⇔

- Tariffs and consumer spending will drive results for 2026
- Demand will be driven by 3PLs, E-Commerce, Data Centers (#1), and Manufacturing
- Reshoring is happening, manufacturing represents 20% of industrial demand in 2025, up from 13% pre-pandemic
- Retailers are shifting strategy, decreasing storefronts by 2.4% while increasing e-fulfillment by 12%
- Sites with a clear path to power will command premium pricing
- New deliveries will decline in 2026, with limited new supply in the pipeline

Third Quarter 2025



YOY National Change

	Actual 2025	Projected 2026
Occupancy	0.3%	(0.5%)
Rents	2.0%	3.1%

Source: University of Denver – Real Estate Market Cycles; Lancaster: High Real Estate Group LLC; PWC; Urban Land Institute 2025; CBRE Research, Real Estate Market Outlook 4Q 2025, Marcus and Millichap

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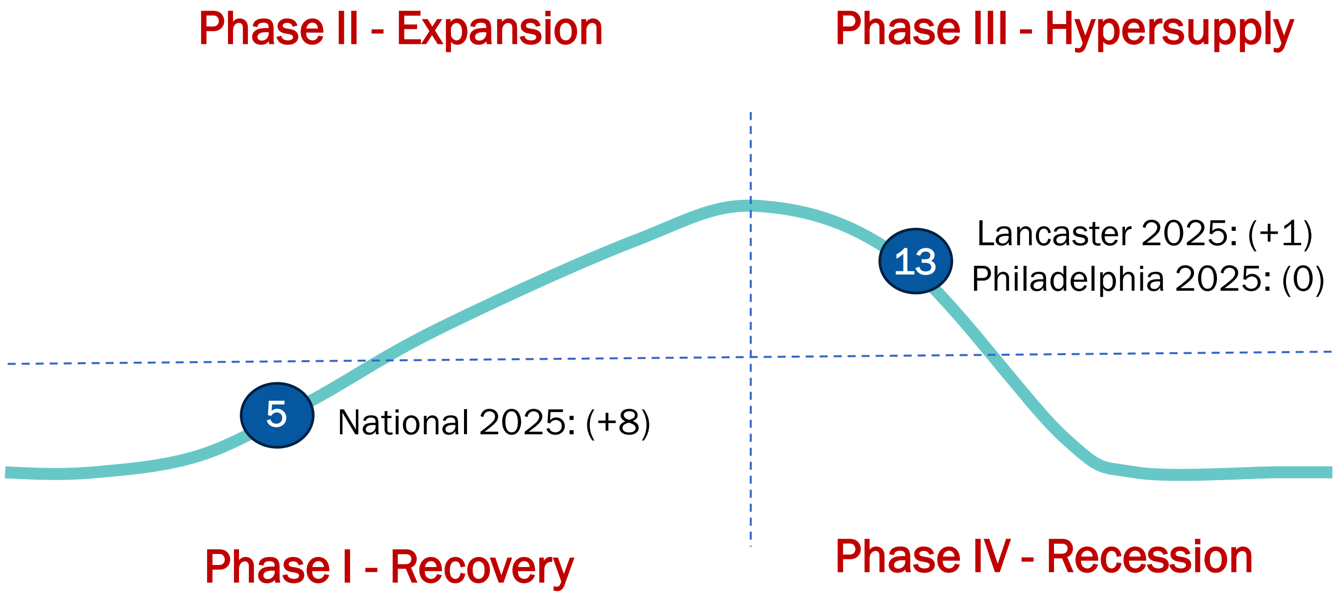
Multifamily: Stable, But With Low Growth

Absorption ⬇ | Vacancy ⬌ | Rents ⬆

- New supply will fall by 22% YOY, down 45% from '24 peak
- Demand will be impacted by:
  - Renters can't move to buy homes ⬆
  - Household formations are projected to drop 15-20% over the next decade ⬇
  - Slower job growth ⬇
- Asking rents
  - Moderate increase in NE/MW (low supply)
  - Decrease in Sunbelt/West (high supply)
- Renters are searching for affordability, moving from primary → secondary → tertiary markets

Third Quarter 2025



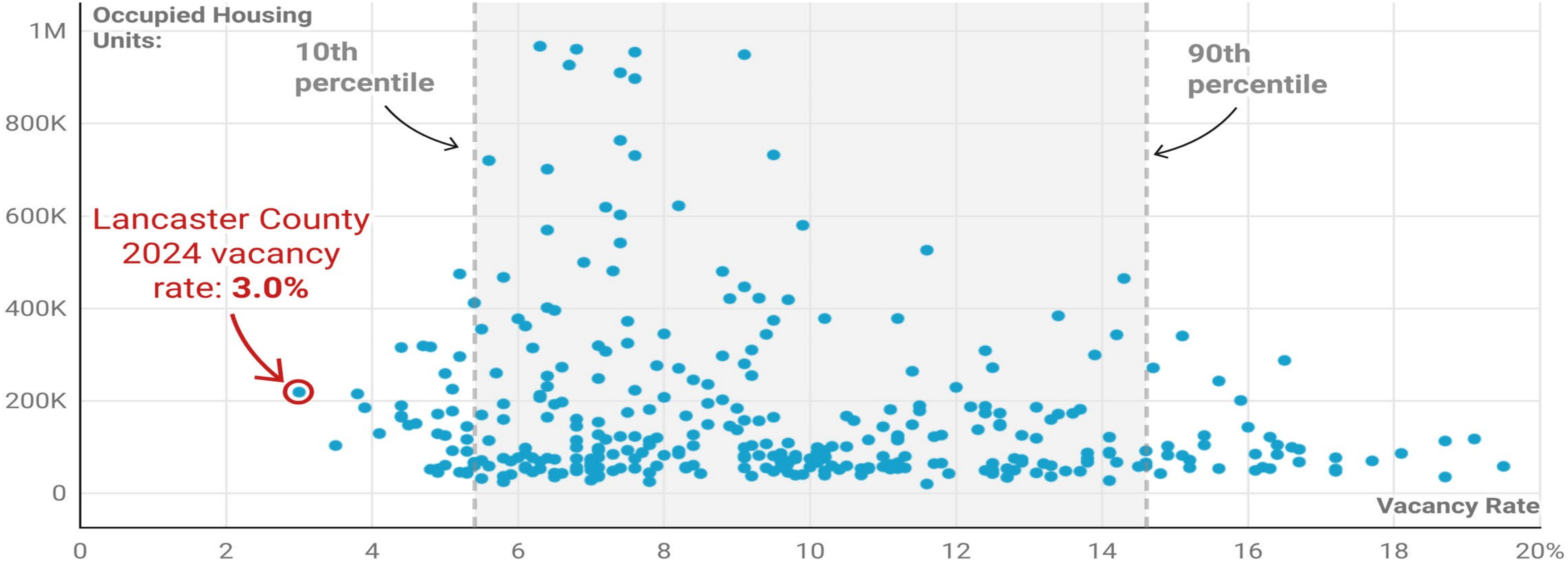
YOY National Change

	Actual 2025	Projected 2026
Occupancy	(0.2%)	0.0%
Rents	0.4%	0.7%

Source: University of Denver – Real Estate Market Cycles; Lancaster: High Real Estate Group LLC; Urban Land Institute 2026; CoStar; Harvard Joint Center for Housing Studies; Newmark - U.S. Commercial Real Estate in 2026

Lancaster County Housing Shortage

2024 Housing & Vacancy Rate for 392 U.S. Metro Areas



** Chart excludes 29 metropolitan statistical areas (MSAs) that have over 1 million housing units; 23 MSAs with vacancy rate of 20% or higher*

Chart: *EDC Lancaster County | Center for Regional Analysis*
Data source: *U.S. Census Bureau*

edc Lancaster County
edc Center for Regional Analysis

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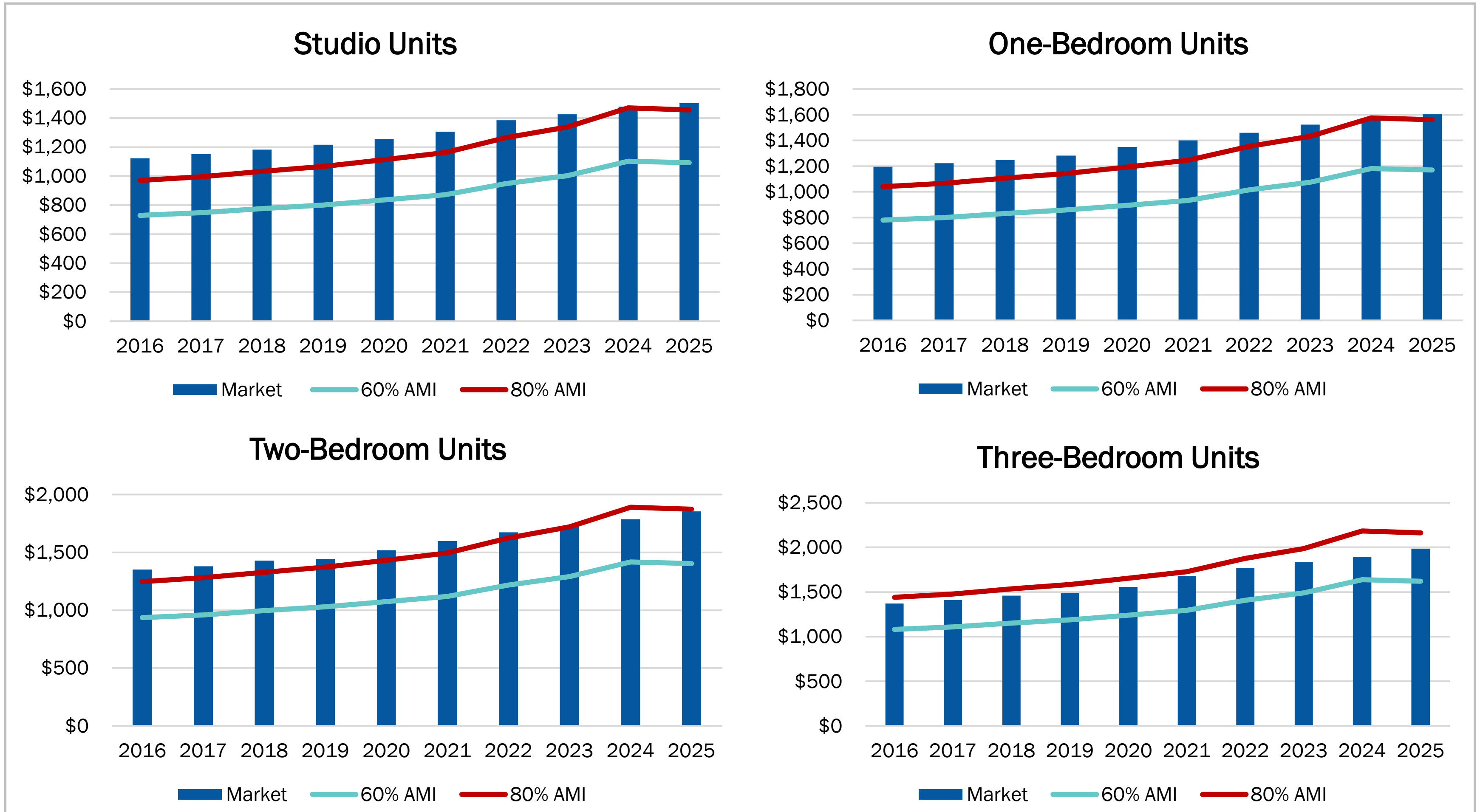
Workforce/Affordable Housing: Average Monthly Rent Vs AMI



Market rent grossed up to include $80 in utilities

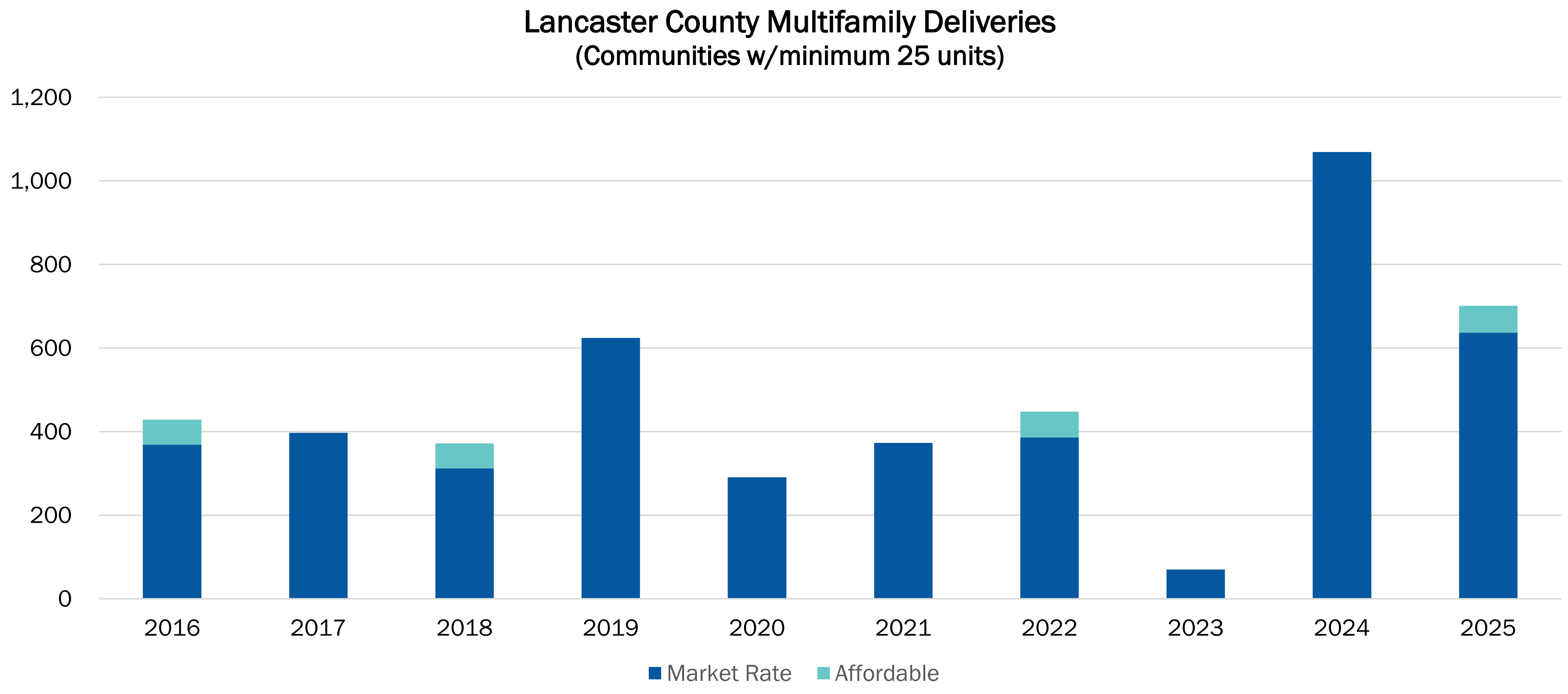
Lancaster County residents must make at least 80% of AMI to afford Class A or B rents and not be housing cost burdened.

- HUD defines housing cost burden as spending more than 30% of income towards rent and utilities
- Area Median Income ("AMI") increased from $69,300 in 2016 to $103,900 in 2025 in Lancaster County (a 50% increase)
- PHFA rents are established for each AMI level spending 30% of their income on rent and utilities

Source: CoStar; Pennsylvania Housing Finance Agency (PHFA)

Multifamily Deliveries in Last Decade

Of the ~4,750 units built in the last 10 years (communities that have 25+ units or more), only ~250 (5%) were considered affordable per CoStar.



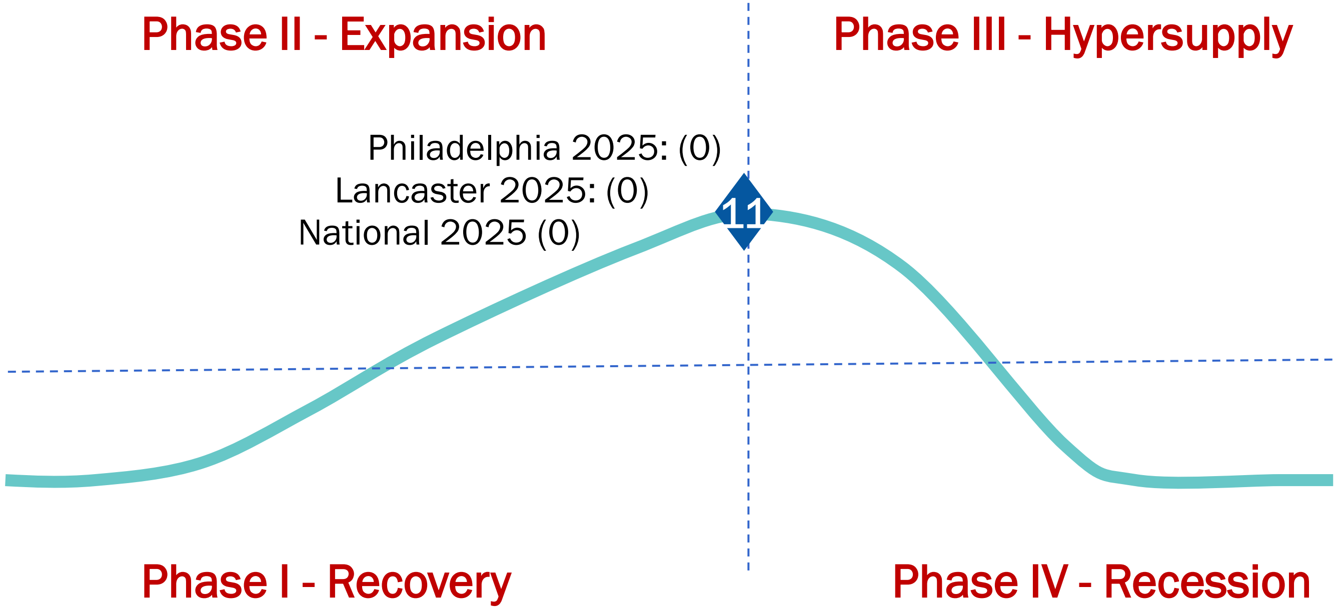
Source: CoStar

Retail: Keeps on Going

Absorption ⟺ | Vacancy ⟺ | Rents ⟺

- Tariffs are forcing retailers to restructure supply chains, absorb higher costs and pass others on to customers
- Retail closures doubled from 7,500 in ‘24 to 15,000 in ‘25, negative absorption 1H ‘25 balanced by year end '25
- Vacancies in prime centers and strong trade areas backfilled quickly at higher rates
- Lower supply additions put landlords in the driver’s seat
- Restaurants, service oriented, fitness, experiential tenants drive demand
- Financial stress on consumers at the low end of income scale will be a headwind in ‘26

Third Quarter 2025



YOY National Change

	Actual 2025	Projected 2026
Occupancy	0%*	0%
Rents	1.9%	1.5%

*Maintained record high (per CBRE, JLL)

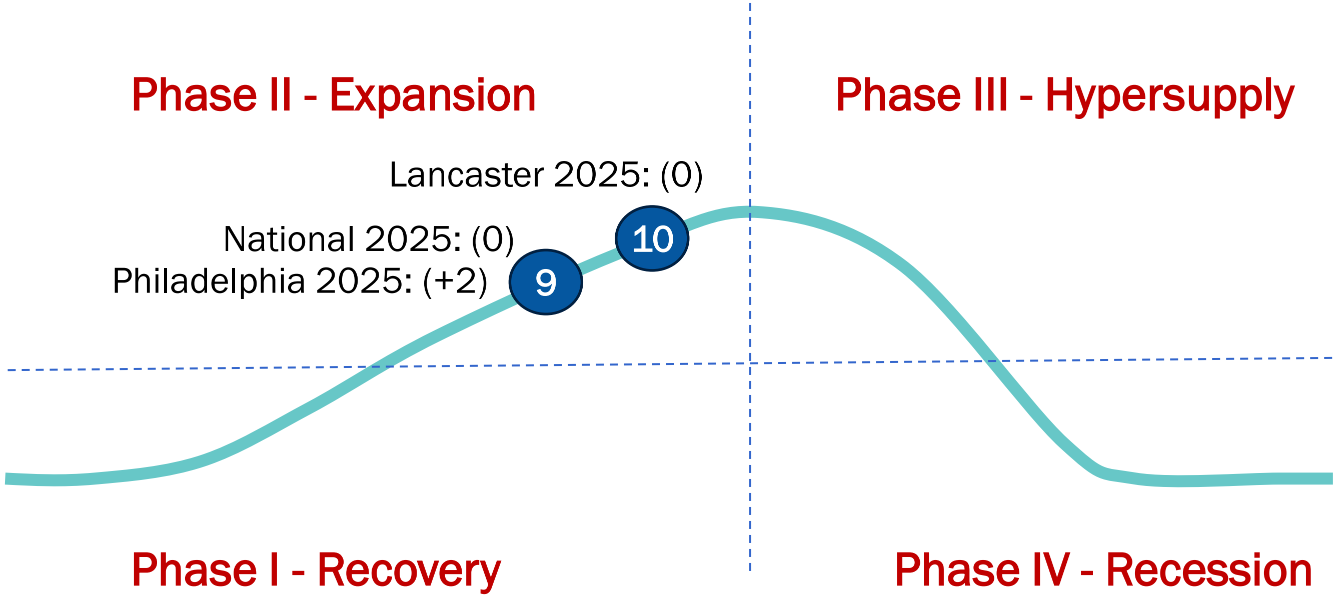
Source: University of Denver – Real Estate Market Cycles; High Real Estate Group LLC; CBRE Market Research, JLL Market Research

Hotels: A Bifurcated Market

Absorption	Vacancy	Rents
⟺	⟺	⟺

- Use of AI is accelerating across hospitality, driving scalable personalization, dynamic pricing, operational efficiency and enhanced guest experience
- A bifurcated market, luxury hotels are thriving (5.3% RevPAR growth) while the economy sector suffers (2.0% RevPAR decline)
- FIFA World Cup and U.S. semi-quincentennial drive demand for 2026
- Univ. of Michigan consumer sentiment index dropped 21% between 3Q ‘24 and 3Q ‘25 to 56.4%, lowering demand

Third Quarter 2025



**Select Service Hotels
YOY National Change**

	Actual 2025	Projected 2026
Occupancy	(1.4%)	(0.7%)
Rate	(0.6%)	1.0%
RevPAR	(2.0%)	0.3%

Source: University of Denver – Real Estate Market Cycles; AHLA State of the Industry- January 2026; CoStar Forecast – 02/2026 (Class - Economy thru Upscale Hotels)

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Karen Biondolillo

Chief Financial Officer
The High Companies

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One Big Beautiful Bill Act – Selected Impacts

BUSINESS

PROVISION	KEY DETAILS
100% Bonus Depreciation (Tangible Personal Property)	Applies permanently for property placed in service on or after 1/20/2025
100% Bonus Depreciation (Qualified Production Real Property)	Construction must start 1/20/2025–12/31/2028 and be in service by 1/1/2031
Business Interest Limitation	Restores EBITDA-based calculation permanently
Opportunity Zone Program	Reformed and made permanent
R&D Expenditures	Immediate deduction restored, including unamortized R&D

PERSONAL

PROVISION	KEY DETAILS
Overtime and Tips Deduction	Eligible employees can claim up to $12.5K in overtime and $25K in reported tips from 2025-2028
Senior Citizens Deduction	Offers $6,000 deduction for ages 65+ from 2025-2028
Expanded SALT Deduction Cap	Raises SALT deduction from $10K to $40K through 2029

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Bill Boben

Sr. Vice President
Sales/Leasing
High Associates Ltd.

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Methodology For Lancaster Market Research

- Research
  - Primary and Secondary sources (CoStar, MLS)
  - Owner occupied properties are excluded
  - Office – Institutional-grade, for lease (259 buildings, over 5,000 SF, total 6.4M SF)
  - Lancaster City, Manheim Township, East Hempfield, and East Lampeter Townships
- Industrial – Institutional-grade, for lease (400 buildings, 27.5M SF)
  - Over 10,000 SF in size
  - Lancaster County

Source: High Real Estate Group

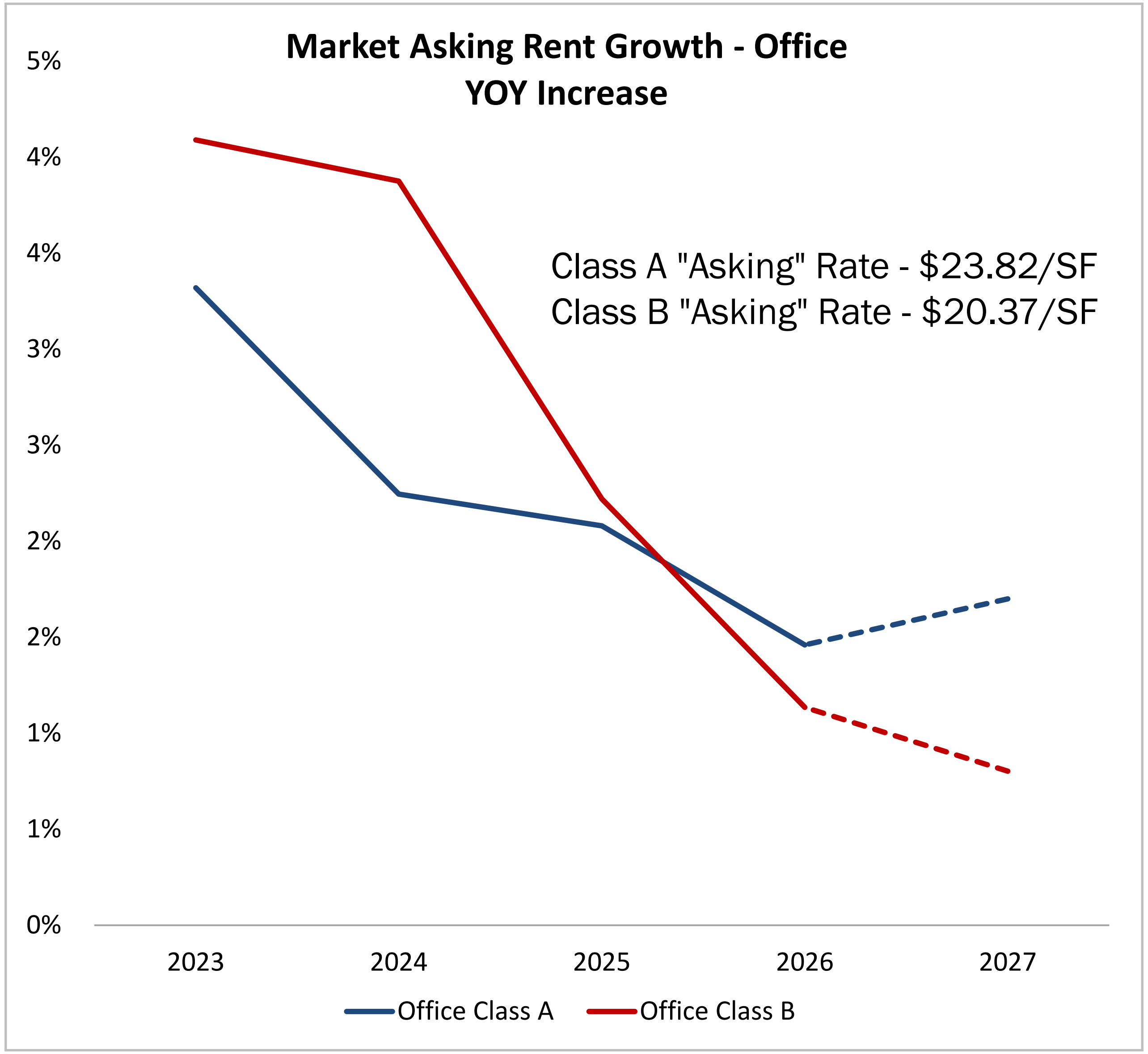
Office: Market is Stabilizing, Still Soft for Larger Suites

- No new office projects delivered in 2025
- Two buildings proposed for development
  - 1572 Fruitville Pike, Lancaster 56,600 SF Oak Tree
  - 495 E. Oregon Rd., Lancaster 150,000 SF Brethren Village
- Sublease availability has decreased, totaling 77,255 SF
- Best year for absorption in Lancaster since COVID

Source: High Real Estate Group LLC; CoStar

Lancaster Trend Comparison: Net Absorption

	In thousands	2023	2024	2025
Class "A" Office	Absorption	35.8	31.3	28.4
	Vacancy	4.9%	5.2%	3.2%
	Amount Constructed	-	37.8	-
	Available Supply	68.3	74.8	46.4
"B/C" Office	Absorption	(49.1)	(87.7)	74.8
	Vacancy	6.8%	8.1%	6.5%
	Amount Constructed	-	-	-
	Available Supply	284.2	372.0	297.2
Business Center	Absorption	37.3	.4	(9.1)
	Vacancy	15.3%	15.3%	16.5%
	Amount Constructed	-	-	-
	Available Supply	116.7	116.3	125.4



Source: High Real Estate Group LLC; CoStar

Industrial: Record Level of Development 2024-2027

- Four projects completed totaling 952,749 SF

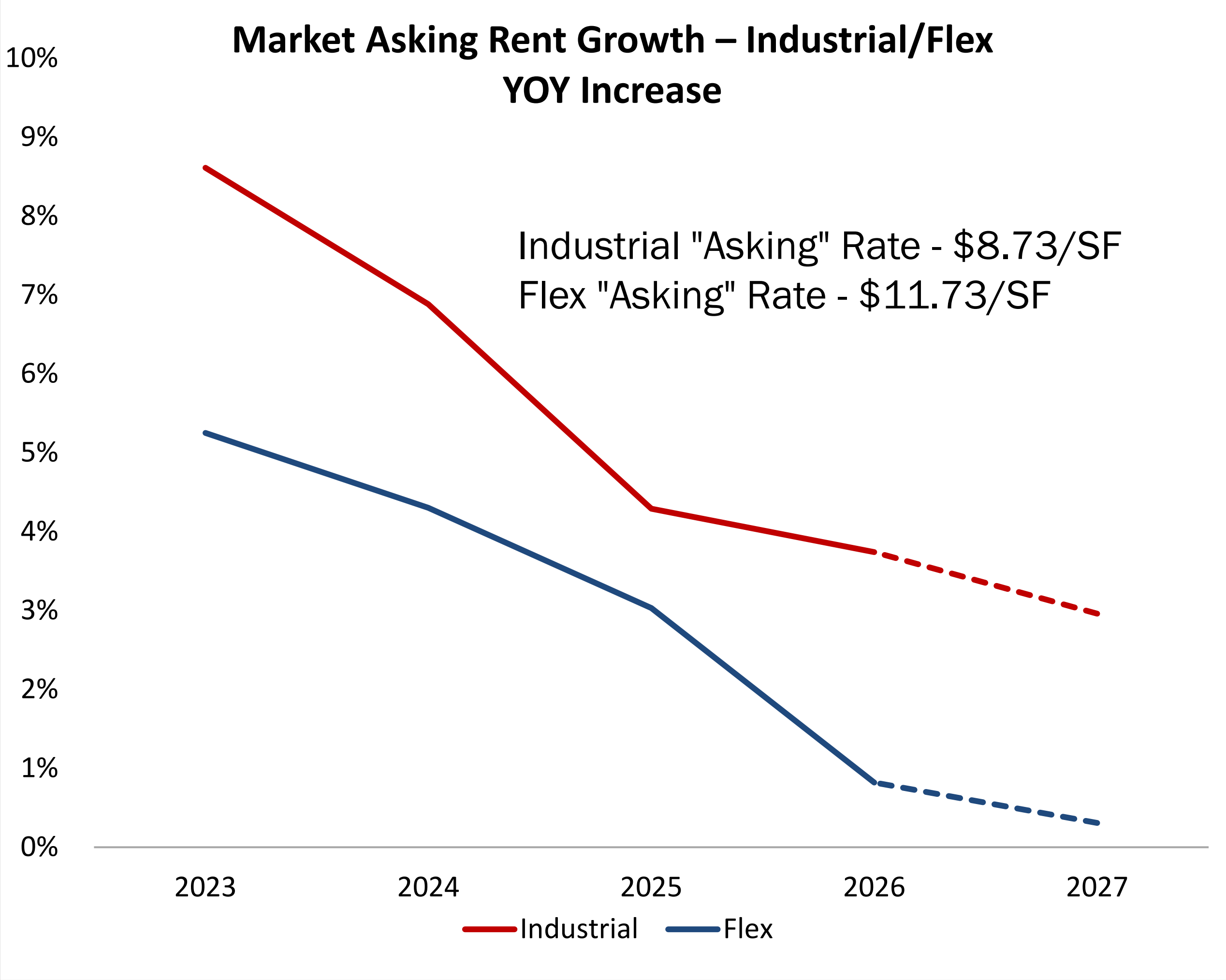
450 Ben Franklin Blvd.:	229,000 SF (Leased)	High Associates, Turn5
403 S. Chiques Rd.:	399,280 SF (Leased)	Panattoni, NAPA
1240 Strickler Rd.:	249,706 SF	Core5 Industrial Partners
1250 Strickler Rd:	218,768 SF	Core5 Industrial Partners

- Vacancy nearly doubled to 10%
- Three projects under construction totaling: 86,000 SF
- Three flex/industrial proposed totaling: 539,750 SF

Source: High Real Estate Group LLC; CoStar

Lancaster Trend Comparison: Industrial Enters Fifth Strong Year

	In thousands	2023	2024	2025
Industrial Space	Absorption	(133.3)	776.0	(257.5)
	Vacancy	5.5%	5.6%	10.0%
	Amount Constructed	649.6	952.7	1,121.6
	Available Supply	1,382.9	1,558.2	2,937.3
Flex Space	Absorption	(115.6)	(18.0)	18.5
	Vacancy	9.8%	10.2%	9.3%
	Amount Constructed	-	-	-
	Available Supply	184.3	202.4	183.9



New construction pricing between $9.50 and $10.50/SF

Source: High Real Estate Group LLC; CoStar

Ken Hornbeck

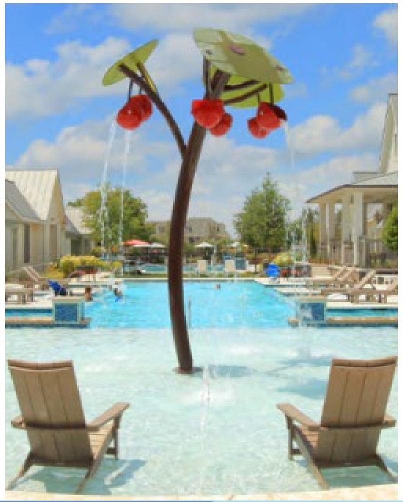
Sr. Vice President
Development
High Associates Ltd.

Amenity Rich Lifestyle Community

Brandt’s Run

- 476 acres purchased from Armstrong in 2023
- Collaborated w/Manor Township on a vision & preferred uses
- Rezoned ~400 acres from Industrial to "Mixed Use Campus" overlay in January 2026
- Retained ~76 acres for Industrial uses (~1M Square Feet)
- Manor Township approved our Master Plan in February 2026
- Currently working on land development plans for the first phase of the project, with a submission in Fall of 2026
- 20+ year buildout
- VISION: Amenity rich lifestyle community w/curated programs and activities for residents & guests
- So, what does that mean…?

Brandt's Run Lifestyle and Amenities



Potential Lifestyle Program

Community Traditions

- Fireside Fest
- Green in the Grove
- Hop into Spring
- Patriotic Porch Party
- Winter Wonderland

Soft Programming

- Game Night
- Lunch on the Lawn
- S'Mores and Stargazing
- The Garden Graze – Food

Enrichment

- Educational Classes
- Partnership with Local Police/Fire/EMT
- Afterschool Acres

Entertainment Series

- Outdoor Beats Series
- Backyard Movie Night
- Silo Sounds
- Heritage Harmonies

Recreation and Fitness

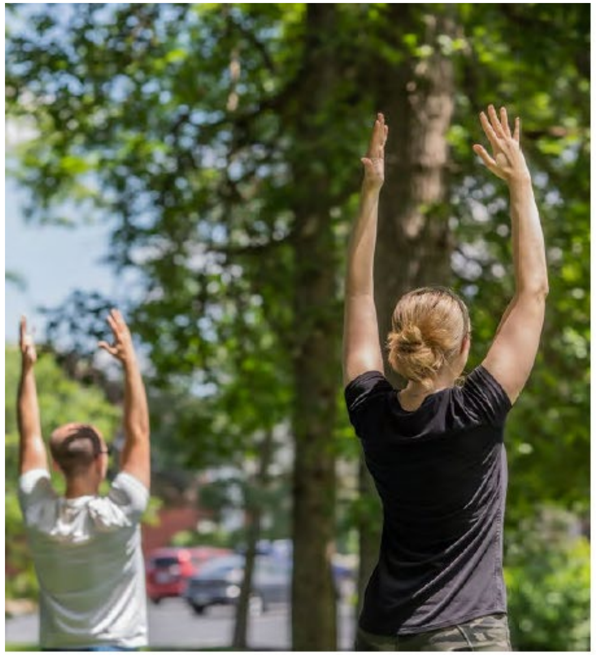
- Farm Fit Bootcamp
- Trail Trot
- Animal Yoga
- Sunrise Stretch
- Mindful Meditation

Clubs and Groups

- The Grow Getters
- Chapters in Bloom
- Brews and Moves
- Roots & Recipes

Resident Welcome

- Front Porch Chats
- Park Bench Pals
- New Resident Orientation & Happy Hour
- Mix & Mingles
- Neighbor Nights
- Rise & Grind



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Single Family Homes

Duplex

Townhomes

Questions