

# November Market and Portfolio Update

## Market Update

Consumer price growth has continued to accelerate in the U.S. with the headline Consumer Price Index (CPI) rising by 6.8% year-over-year in November 2021.<sup>1</sup> Notably, the Federal Reserve acknowledged the risk of more persistent inflation in recent weeks.

The U.S. labor market has shown signs of improvement in recent months. Despite below-consensus gains in headline payroll growth in November, the overall job report showed signs of underlying strength, with the unemployment rate falling to a post-pandemic low of 4.2%.<sup>1</sup> Labor markets remain tight and wage growth has continued to accelerate accordingly.

The combination of improving employment and strong wage growth has contributed to record consumer spending, with October 2021 setting yet another record for personal consumption expenditures.<sup>2</sup> We believe this represents a strong backdrop for continued U.S. economic growth, consumption and demand for housing. While rising input and labor costs as well as supply chain constraints may result in higher real estate operating costs and short-term headwinds, increases in the cost to develop may make new supply more costly and less financially feasible, which is generally supportive of higher occupancies and stronger pricing power for existing assets.

As a result of BREIT's thoughtful sector and market selection, we believe BREIT is well-positioned for a rising-rate, inflationary environment. As of December 15, 2021, our portfolio is nearly 80% concentrated in residential and industrial, two of the best performing sectors where growth is outpacing inflation.<sup>3</sup> Rent growth in these sectors has accelerated, while occupancies of BREIT's properties in such sectors have remained strong, and we believe this will translate into ongoing accelerated operating performance. In addition, these sectors typically have shorter duration leases, and as a result, our portfolio has the opportunity to benefit from greater near-term cash flow growth.

## Portfolio Update

For the month ended November 30, 2021, BREIT's Class S NAV per share increased \$0.16, from \$13.91 as of October 31, 2021 to \$14.07 as of November 30, 2021, reflecting broad-based increases in asset values, particularly among our residential and industrial properties.<sup>4</sup>

In addition, BREIT continues to leverage its scale to invest in large, complex transactions where we believe there is less competition and better pricing. As of December 15, 2021, BREIT has closed 12 transactions over \$500 million in size (\$21 billion in the aggregate) including:

- **Canyon 2.0 Industrial Portfolio:** On November 19, 2021, BREIT acquired a high-quality industrial portfolio from Cabot Properties Inc. for \$2.3 billion. The portfolio consists of 102 assets located in established industrial markets throughout the U.S. We believe the industrial sector is benefitting from continued strong demand driven by e-commerce tailwinds.

<sup>1</sup> Bureau of Labor Statistics as of November 30, 2021.

<sup>2</sup> Bureau of Economic Analysis as of October 31, 2021.

<sup>3</sup> Morningstar, FTSE Nareit Equity REITs as of November 30, 2021. Based on performance of industrial and residential public REITs year-to-date and since BREIT's inception.

<sup>4</sup> BREIT's Class T NAV per share increased from \$13.71 to \$13.88, BREIT's Class D NAV per share increased from \$13.65 to \$13.80 and BREIT's Class I NAV per share increased from \$13.90 to \$14.06.

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- **Roman 2.0 Multifamily Portfolio:** On December 9, 2021, BREIT acquired a high-quality portfolio of 20 newly built multifamily properties totaling 6,341 units for \$2.1 billion.<sup>5</sup> The portfolio consists of primarily suburban, garden-style properties concentrated in growth markets in the Western and Southern U.S., which have been benefitting from strong fundamentals and outsized population growth.<sup>6</sup>

Current macro fundamentals indicate the potential for strong consumer demand and continued U.S. growth. At the same time, we continue to closely monitor the spread of the Omicron variant of COVID-19 and its potential impact.

In addition, we currently estimate that 90% - 100% of distributions for the year ended December 31, 2021 will be characterized as return of capital for federal income tax purposes.

For more information on our Net Asset Value Calculation and Valuation Guidelines, please refer to BREIT's Prospectus, as supplemented.

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<sup>5</sup> As of December 15, 2021, BREIT acquired 17 of the 20 properties in the portfolio, representing 5,404 units. There can be no assurance that committed but not yet closed transactions will close as expected or at all.

<sup>6</sup> U.S. Census Bureau, as of July 2020, released in April 2021. Growth market means a market with high population growth relative to the U.S. average. Population growth from 2010-2020 was significantly stronger in South (10.2%) and West (9.2%) regions than in the Northeast (4.1%) and Midwest (3.1%).

## Important Disclosure Information

Certain information contained in this communication constitutes "forward-looking statements" within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology, such as "outlook," "indicator," "believes," "expects," "potential," "continues," "identified," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "confident," "conviction," or the negative versions of these words or other comparable words thereof. These may include financial estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements with respect to acquisitions, and statements regarding future performance and statements regarding identified but not yet closed acquisitions. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. BREIT believes these factors also include but are not limited to those described under the section entitled "Risk Factors" in its prospectus and annual report for the most recent fiscal year, and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this document (or BREIT's prospectus and other filings). Except as otherwise required by federal securities laws, BREIT undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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