



CRE INVESTOR'S SECTOR REFERENCE GUIDE

Not all commercial real estate is created equal.

INTRODUCTION THE AAA STORAGE PODCAST 2026

ABOUT THIS GUIDE

Not all commercial real estate is created equal — and the sector you choose matters just as much as the deal itself. This reference guide is a companion to The AAA Storage Podcast's three-part master class on commercial real estate, developed with veteran CRE investor Paul Bennett. It maps seven asset classes across five critical investment factors: cap rates, primary demand drivers, liquidity and hold period, key risks, and investment grade characteristics.

The goal isn't simply to show what returns look like on paper — it's to help you understand why they look that way, and whether a sector's embedded risk profile actually fits your return objectives and portfolio strategy. A higher return doesn't always mean a better deal. It means a different risk. Before you invest, know what you're getting into.

HOW TO USE THIS GUIDE

Page 1 presents the Sector Comparison Matrix — a side-by-side breakdown of all seven sectors across the five key investment factors. Page 2 provides Relative Sector Performance ratings and Positioning Observations to help you compare sectors on recession defensiveness, income stability, operational complexity, institutional interest, and inflation-hedging strength.

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SECTORS

Multifamily · Office ·
Retail · Hotel ·
Medical Office ·
Industrial · Self-
Storage

5

FACTORS

Cap Rates ·
Demand Drivers ·
Liquidity & Hold
Period · Key Risks ·
Investment Grade

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PROFILES

Core · Core Plus ·
Value Add ·
Opportunistic

SECTOR COMPARISON MATRIX

SOURCES

Seven sectors. Five factors. One side-by-side view.

CBRE H2 2025 Cap Rate Survey · PwC/ULI Emerging Trends 2026 · Yardi Matrix · RentCafe 2026

PROPERTY TYPE	CAP RATE (2026)	PRIMARY DEMAND DRIVERS	LIQUIDITY & HOLD PERIOD	3 BIGGEST RISKS	INVESTMENT GRADE CHARACTERISTICS
Multifamily	4.5–6.0%	Population growth, housing affordability, household formation	Very liquid 5–10 yr hold	Rent regulation, supply surges, rising OpEx	Class A/B in growth metros with strong demographics
Office	6.5–10%+	Employment growth, corporate expansion, return-to-office trends	Lower liquidity 7–12 yr hold	Remote work shift, obsolescence, tenant downsizing	Trophy / Class A in gateway or medical research submarkets
Retail	5.5–7.5%	Consumer spending, population density, traffic patterns	Moderate liquidity 5–10 yr hold	E-commerce pressure, tenant bankruptcies, re-tenanting costs	Grocery-anchored centers with long-term leases
Hotel	7.0–9.0%	Travel demand, tourism, business activity, conventions	Less liquid 3–7 yr hold	Economic downturns, labor costs, revenue volatility	Branded hotels in high-barrier markets with diverse demand
Medical Office	5.5–7.0%	Aging population, outpatient migration, healthcare spending	Strong liquidity 7–12 yr hold	Tenant concentration, specialized buildout, hospital changes	On-campus / health-affiliated with credit tenants & long leases
Industrial	4.5–6.0%	E-commerce, logistics, manufacturing reshoring, supply chain	Highly liquid 5–10 yr hold	Overbuilding, slowing trade demand, functional obsolescence	Modern distribution in infill logistics corridors
Self-Storage	5.0–7.0%	Population mobility, downsizing, life events, small business use	Growing liquidity 3–7 yr hold	New supply competition, lease volatility, local competition	High-visibility in dense growth corridors with strong barriers

— RELATIVE SECTOR PERFORMANCE

RATING SCALE

Red = low / weak. Orange = moderate / selective. Ink = neutral.
Light green = high. Dark green = strong.

How each sector behaves under pressure.

SECTOR	RECESSION DEFENSIVE	INCOME STABILITY	OPERATIONAL COMPLEXITY	INSTITUTIONAL INTEREST	INFLATION HEDGE
Multifamily	HIGH	HIGH	MODERATE	VERY HIGH	STRONG
Office	LOW	MODERATE	MODERATE	WEAK CURRENTLY	MODERATE
Retail	MODERATE	MODERATE	MODERATE	SELECTIVE	MODERATE
Hotel	LOW	LOW	VERY HIGH	MODERATE	STRONG
Medical Office	VERY HIGH	VERY HIGH	MODERATE	VERY HIGH	STRONG
Industrial	HIGH	HIGH	LOW	VERY HIGH	STRONG
Self-Storage	VERY HIGH	HIGH	LOW	HIGH & GROWING	VERY STRONG

SECTOR POSITIONING OBSERVATIONS

Most Institutional Capital Today Multifamily, Industrial, and Medical Office

Most Challenged Sector Traditional office — structural shift, not a cycle

Lowest Cap Rates / Highest Pricing Prime Industrial and Multifamily

Most Supply Sensitive Multifamily and Self-Storage in Sun Belt markets

Highest Operational Intensity Hotels — you're running a business daily, not just collecting rent

Best Historical Recession Resilience Self-Storage and Medical Office

Highest Yield Opportunity Office and Hotels — but with materially higher risk

Strongest Demographic Tailwinds Medical Office and Multifamily

BEST SHORT-TO-MEDIUM HOLD DEV. STRATEGY Self-Storage and Small-Bay Industrial in growth markets

— WANT TO GO DEEPER?

Continue the master class.

This guide accompanies Part 1 of a three-part master class on The AAA Storage Podcast. Listen to the full series, request this guide, or connect with our team.

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- PART 01** **CRE Sector Reference Guide** **YOU ARE HERE**
The seven sectors, five factors, and how to read the matrix — this document.
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- PART 02** **Small-Bay Industrial & Self-Storage** **UP NEXT**
A sector deep dive into the two highest-conviction asset classes for 2026.
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- PART 03** **Risk & Return Across All Seven CRE Sectors** **COMING SOON**
Stress-testing your portfolio mix against rate, demand, and capital cycles.
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PAUL BENNETT
THE AAA STORAGE PODCAST

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