Blackstone

OFFICE OF THE CIO

2026 Investment Perspectives

Market Perspectives & Insights from Blackstone's Global Portfolio

A Time of Change Presents a Compelling Moment for Investors

2026 begins with a global economy that has shown resilience through a year of sharp swings. In 2025, policy shifts, geopolitics, and rapid innovation — especially around AI — drove volatility and a steady stream of unsettling headlines, yet growth, particularly in the US, held up and the impact of new technology became increasingly visible across the private sector. That combination of disruption and durability sets the tone for the year ahead. Several macro events are already on the horizon in 2026, including changes in Federal Reserve leadership and voting governors, ongoing effects of tariffs and uncertainty over US trade policy, US midterm elections, and continuing fiscal challenges across several large economies.

Success in this environment requires looking past sentiment and staying grounded in hard data and long-term fundamentals. Our proprietary insights, informed by 270+ portfolio companies, ~13,000 real estate assets, 5,000 corporate borrowing relationships, and an extensive infrastructure portfolio, allowed us to do exactly that in 2025, helping us deploy nearly $100 billion through 3Q25 and turn volatility into opportunity.[1]

Our investment perspective this year centers on the five dynamics shaping markets: AI investment and productivity gains, solid but uneven growth, a cooling labor market, moderating inflation, and the declining global cost of capital. Together, they are creating an attractive backdrop for investors able to stay ahead of change and act with conviction.

We begin by examining those forces and how we see them reshaping the economic landscape, then turn to what they mean for private markets.

Key Takeaways

- **AI is rewiring the investment landscape**, driving a multi-year CapEx cycle in data centers, power, chips, and connectivity — funded largely by cash flows, not debt — while laying the foundations for future productivity gains and investment opportunity
- **Growth remains resilient but uneven**, supported by strong corporate balance sheets, improving margins, moderating wages, and healthy consumer demand — though spending has been increasingly concentrated among higher-income households
- **Cooling inflation is giving central banks room to lower interest rates**, and the combination of falling borrowing costs and pent-up demand to transact is driving a rebound in deal activity that we expect to continue in 2026
- **Private markets are positioned to benefit from these major megatrends**, including AI, digital infrastructure, and energy transition. They are differentiated from public market alternatives through the platform scale, data accessibility, operational toolkit, long duration of capital, and structured approach they offer investors — creating opportunities for growth, durability, and downside protection in the current environment
- **Across private equity, real estate, credit, and infrastructure, momentum is building**, with expanding opportunity sets, improving exit markets, falling financing costs, and sector-specific catalysts creating a favorable backdrop in 2026

Five Factors Driving Markets

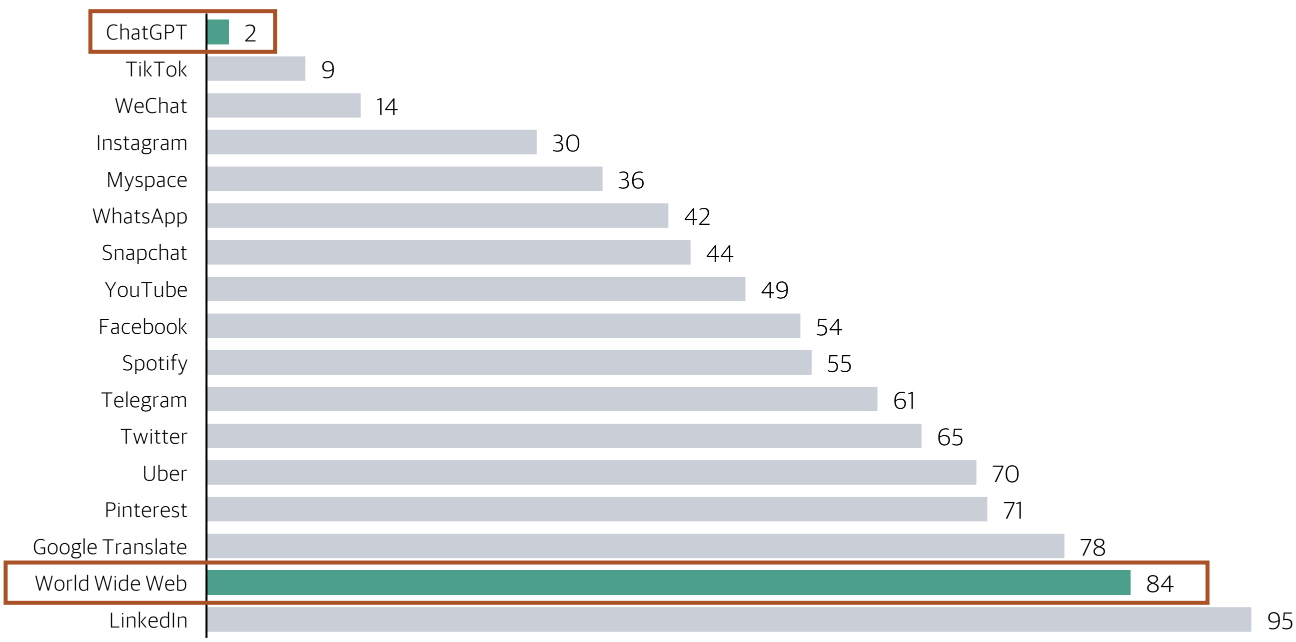
1. Artificial Intelligence

The Main Thing

AI is the most consequential force shaping the global economy today. Adoption is happening at unprecedented speed, with over 1 billion monthly active users of ChatGPT — up from fewer than 200 million just two years ago.[2] While overall adoption has been rapid, the impact on productivity and margins is still in early stages, with far greater long-term potential. This is fueling major investment in the infrastructure that makes it all possible, from data centers and chips to power grids and connectivity.

Figure 1

Months to Reach 100 Million Users[3]



There has been widespread debate about an "AI bubble." But today's dynamics differ meaningfully from past bubbles. The largest AI investments are being funded directly from the cash flows of many of the world's strongest companies, underscoring both the strength of balance sheets and just how essential this spending has become. Hyperscalers are set to increase CapEx by 45% YoY in 2026 (see Figure 2), but demand for compute continues to outpace supply, as infrastructure and power remain the primary constraints.[4] In 2025, the top five hyperscalers spent an estimated $415 billion on CapEx, a manageable amount relative to their approximately $1.7 trillion in combined revenue (see Figure 3).[5] This primarily self-funded CapEx is very different from the largely debt-financed CapEx seen in earlier infrastructure booms such as US railroads or the dot-com bubble.[6]

Figure 2

Hyperscaler CapEx Spend[7]

(MSFT, AWS, Google, Meta, Oracle; $ in billions)

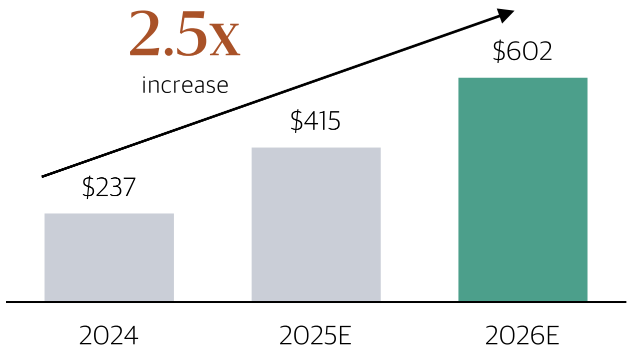
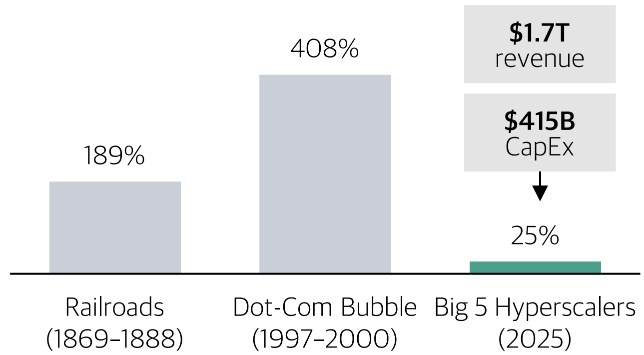


Figure 3

CapEx as a % of Revenue[8]



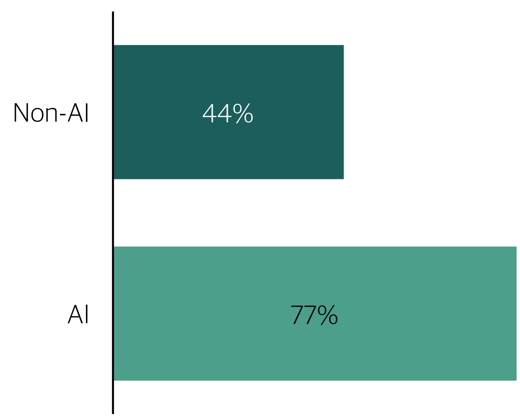
Beyond infrastructure, AI is gradually beginning to transform how companies operate: accelerating software development, improving decision-making, and enabling more personalized customer engagement. Our portfolio data reflects this momentum — in a survey of our portfolio company CEOs, 77% of respondents increased AI-related software spend in Q3, compared to under 50% for non-AI software (see Figure 4).[9]

While valuations of AI-focused companies may rise and fall, we have high conviction in the transformative impact of AI over time, and its potential to drive meaningful productivity growth throughout the economy. AI is also a disruptive force, and staying ahead of that disruption is critical, particularly in sectors where the technology carries potential to reshape long-term earnings power.

Figure 4

Blackstone Surveyed CEOs Increasing AI-Related Software Spend[10]

Compared to 2024, do you expect your 2025 software CapEx in regard to AI and non-AI spend to increase?



2. Growth

Resilient, but Uneven

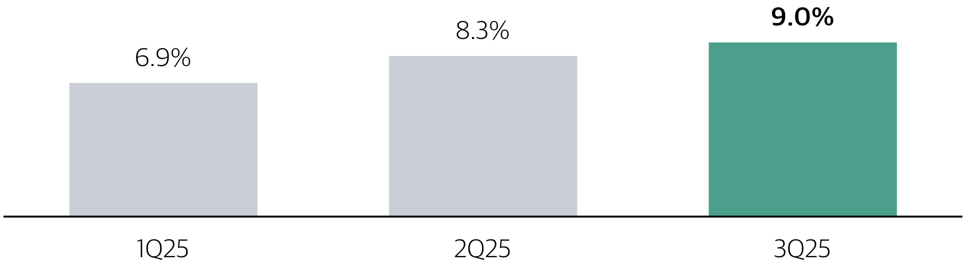
Growth remains positive but bifurcated. We believe a generational investment opportunity is taking shape, fueled by technology, infrastructure, and energy transition spending, while interest rate-sensitive sectors like housing and manufacturing have lagged. AI-related spending, already a meaningful contributor to growth, is increasing. As the world's largest tech companies continue to raise CapEx spending plans, we see little evidence that this momentum will fade in the near term.

Our view on the US economy has remained consistently constructive, informed by early signals in our portfolio. In 2025, year-over-year revenue growth in our US portfolio companies accelerated from 7% in Q1 to 8% in Q2 and 9% in Q3, alongside over 600bps of margin expansion over the past three years, from 29% to 35% as of Q3.[11] Public data echoes this momentum, with US GDP growth rising 4.3% in Q3 and more than 80% of S&P 500 companies beating earnings expectations.[12] Labor productivity is also accelerating, rising 4.9% QoQ SAAR in Q3 — the fastest pace in two years, which we believe is contributing to stronger earnings and margins.[13]

Figure 5

Blackstone US PE Portfolio Companies Average Revenue Growth[14]

YoY, as of 3Q25



35%

EBITDA margin (3Q25)

>600bps

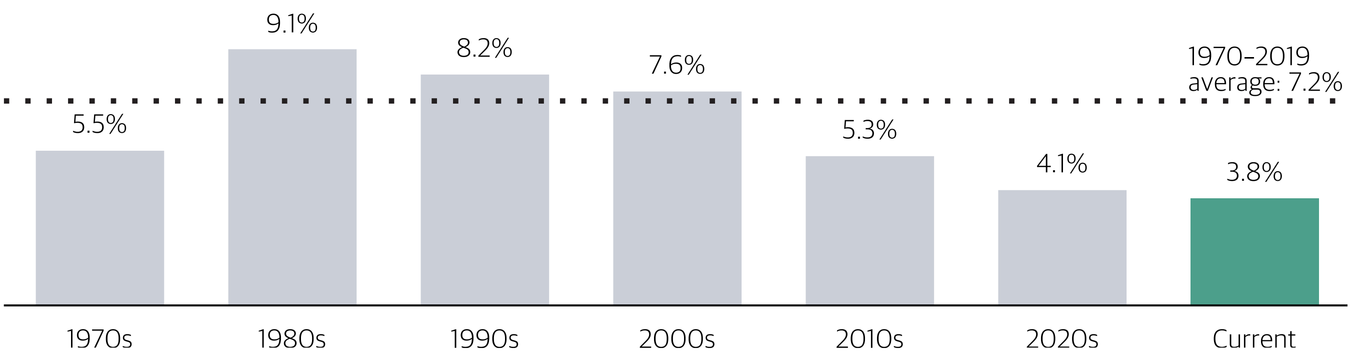
of margin expansion over the last 3 years through 3Q

Overall, US corporate balance sheets are in excellent shape, with lower leverage, lower funding costs, and substantial capacity to invest. Falling costs of debt service provide additional support, with corporate interest expense at its lowest level in 50 years (see Figure 6).[15]

Figure 6

US Nonfinancial Corporate Business Gross Interest Expense[15]

Percent of Revenue

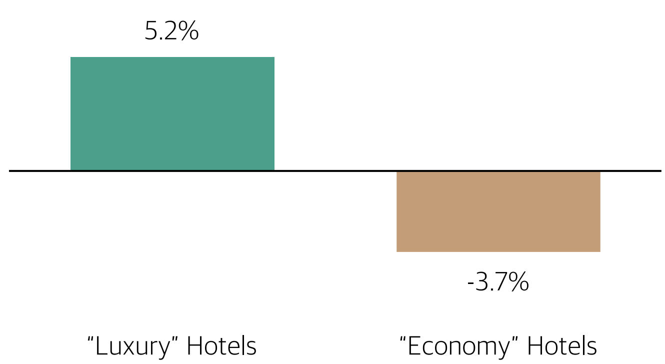


By contrast, government debt and deficits have continued to rise. This dynamic has helped push term premiums higher and it remains important for investors to monitor this closely. Strong fundamentals have supported healthy consumer spending, which accelerated to 3.5% in Q3 (QoQ annualized).[16] But this strength masks underlying disparities: The top 40% of earners accounted for roughly three-quarters of consumer spending, driving outperformance in premium and luxury categories while value segments softened.[17] This divergence is evident in the hotel sector, where demand for budget accommodations has slowed while premium properties remained strong (see Figure 7).

Figure 7

US Hotel Revenue Growth per Available Room[18]

YTD YoY; as of Dec 27, 2025



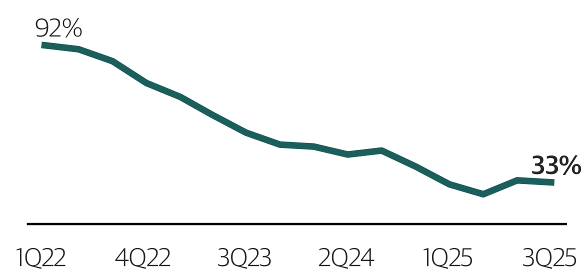
3. Labor Market

Continued Cooling

Labor markets have continued to cool after a prolonged period of tightness. These dynamics have been consistently visible in our portfolio company data, which showed early signs of normalization ahead of broader market indicators. Hiring challenges, which ranked as the top concern among our surveyed portfolio company CEOs in early 2022, was cited as an issue by 92% of respondents at the time but has fallen sharply — only 33% reported it as a major issue by late 2025 (see Figure 8).[19] Hourly wage growth has also moderated from 5.3% two years ago to 2.9% today (see Figure 9), helping to reduce inflation and giving the Fed additional room to bring down interest rates.[20]

Figure 8

Blackstone CEOs Experiencing Hiring Challenges*

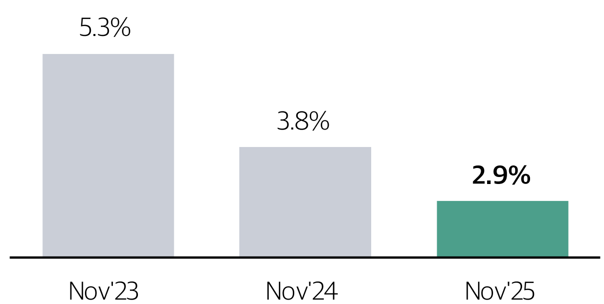


* Source: 3Q25 Blackstone CEO Survey. Includes input from 95 Blackstone Portfolio Companies (57 US CEOs). Survey initiated September 9, 2025, and closed September 25, 2025. Results prior to 2Q25 are sourced from prior quarters' decks; therefore, sample sets are not like for like.

Figure 9

Blackstone US Portfolio Wages, Hourly*

YoY, as of November 2025



* From Blackstone's monthly November Chief Human Resource Officer Survey (CHRO). Includes input from 11 Americas portfolio company responders (~57,000 employees).

Labor market dynamics and consumer behavior warrant continuous attention. There has been an increasing move to a "low hire, low fire" job market, another unique aspect of today's economy. A sharper slowdown in hiring or wage growth, while helpful for inflation, could dampen consumer spending, which is already showing K-shaped patterns, while a market correction could affect affluent households that are more exposed to equity markets. We are also closely monitoring the implications of AI for labor demand over time.

4. Inflation

Shelter Indicates Further Easing

Inflation is easing beyond labor, a shift we have been seeing for more than two years. We have unique visibility into the single biggest component of inflation: shelter. Official shelter costs, which account for roughly 35% of the Headline Consumer Price Index (CPI), carry about a one-year lag relative to our real-time data (see Figure 10).[21] Our data shows shelter inflation running at roughly half the official rate.[22] Substituting our figure for the reported shelter number would place Headline CPI at 2.0% rather than 2.7% (see Figure 11).[23]

Figure 10

Blackstone Derived Inflation Data Leads Official Numbers by ~12 Months[24]

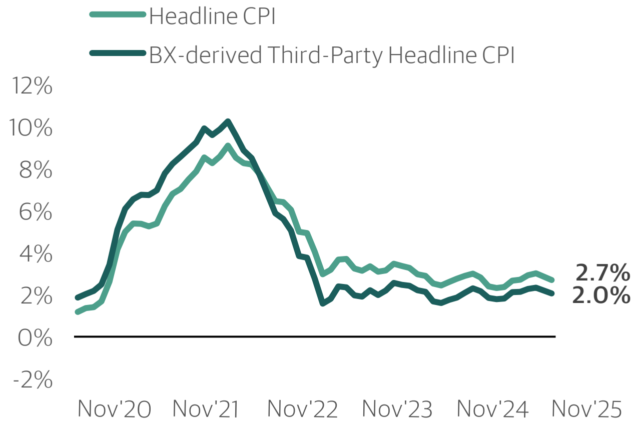


Figure 11

Official Inflation Figures vs. BX-Derived Inflation Figures[24]

Official Shelter Costs YoY	▶	November Headline CPI YoY
+3.0%		+2.7%
BX Derived Shelter YoY	▶	BX Derived Headline CPI YoY
+1.2%		+2.0%

This visibility has been especially valuable during periods when government data has been delayed or disrupted. Cooling shelter costs, combined with moderating wages, create a more predictable environment for renewed transaction activity.

There are, of course, potential risks. Energy and certain commodity prices may continue to be volatile in 2026. Electricity prices in particular could rise as investment catches up to structurally higher power demand from data centers and US reindustrialization. Companies are also adjusting supply chains in response to new trade policy, which may raise some operating costs. In addition, elevated US government debt, now roughly $38 trillion — 124% of US GDP — and continued fiscal deficit spending have kept term premiums higher amid expectations of increased Treasury issuance.[25] Lastly, geopolitical friction increases uncertainty. That said, inflation's overall trajectory continues to look favorable, and longer-term, technology-fueled productivity gains should help lower costs as well.

5. Cost of Capital

Fueling Activity

The cost of capital is falling as central banks lower interest rates. Globally, financing conditions have improved: Debt markets have reopened, business sentiment remains positive, and liquidity is being supported in part by roughly $40 billion in monthly Treasury bill purchases. With interest rates and borrowing costs moving lower, deal-making has been picking up. Corporations are also benefiting from retroactive tax provisions under the One Big Beautiful Bill Act, which should support growth — particularly in sectors that lagged over the past year — and provide additional support to earnings.

Our data reflects this improvement. Capital markets activity across our portfolio totaled $124 billion in Q3 across both debt and equity, signaling a meaningful pickup.[26] Potential exit activity is also robust, with our IPO pipeline as of Q3 at its strongest since 2021. Industry-wide trends are consistent with what we're seeing, with US M&A volumes up 63% in Q3 — driven by large deals and sponsor activity (see Figure 12).[27]

Figure 12

Accelerating Capital Markets Activity[28]

US IPO Volume 3Q25 YoY	+100%
US M&A Volume 3Q25 YoY	+63%
Average Post-IPO Performance of Blackstone Led Offerings 3Q & 4Q25	+30%

International Markets

Improving Environment

Global economic conditions are showing signs of cautious improvement heading into 2026. Inflation is stabilizing, interest rates are moving lower across most regions, and central banks cut rates more than 200 times in 2025.[29] The lower cost of capital has supported a broad market rally, with the MSCI World ex-US up 27% for 2025 — its strongest gain in 16 years.[30] But growth in international markets also remains bifurcated.

In Europe and the UK, for example, the outlook is uneven. In the UK, growth has been muted. Despite real wage gains, the savings rate is above the pre-pandemic trend. Further, the UK attracted the lowest level of investment among G7 nations in 2025.[31] Overall, a weaker labor market and shortfall of both consumption and investment — combined with over-indebtedness in the government sector (above 100% of GDP today) — continue to weigh on growth.[32] However, inflation has moderated and the Bank of England's recent 25bps rate cut in December should add support to the economy at the margin. In the euro area, inflation has also cooled, and the labor market has proven more resilient, with unemployment near all-time lows.[33]

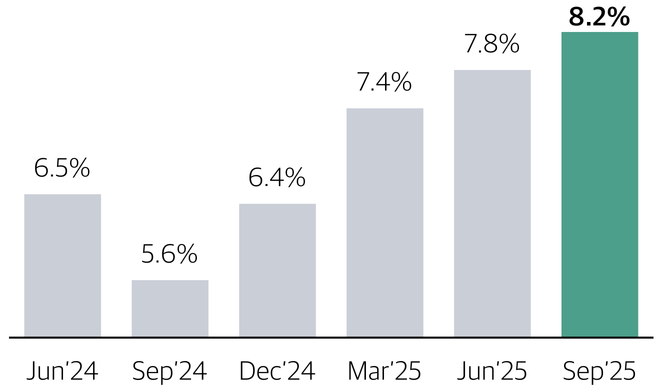
At the same time, elevated government debt (for example, 117% of GDP in France) is constraining fiscal flexibility on the continent.[34] Structurally, Europe also has less exposure to the technology sector, both as a driver of economic growth and within public equity markets, limiting participation in the AI investment cycle relative to the US. Yet, despite ongoing policy complexities, both markets selectively offer high-quality opportunities at attractive valuations. Taking a thematic approach that prioritizes growing businesses is especially important in Europe and the UK, given the weaker regional economic backdrop. A recent example of our strategy in action is logistics, one of our highest-conviction sectors, where last year we purchased €7 billion in European platforms, including the acquisition of Proudreed in France and take-private of Warehouse REIT in the UK.[35]

In Asia, India continues to stand out as one of the most dynamic growth markets globally. Rising incomes, strong domestic demand, and an active IPO environment — among the strongest in the world — are reinforcing momentum. Q2 FY 2025 GDP growth reached 8.2%, the strongest in six quarters, reflecting broad-based expansion across services and manufacturing (see Figure 13).[36] We believe private valuations remain attractive relative to public markets, supporting opportunities to buy and build businesses at meaningful discounts. Infrastructure investment, digital adoption, and policy continuity continue to support a multi-year growth runway.

Figure 13

India Real GDP Growth[37]

YoY; as of September 2025



Japan offers a complementary opportunity, grounded in value and structural change. Public companies frequently trade below intrinsic value, creating opportunities for privatization, operational improvement, and the application of technology and AI to unlock earnings potential. Recent policy shifts have added to the opportunity: fiscal stimulus is aimed at bolstering domestic demand, and the Bank of Japan has moved further away from long-standing zero rates as inflation and wage growth broaden. These shifts have pushed 10-year JGB yields above 2% — a 26-year high — as fiscal policy aims to stimulate corporate investment and productivity gains.[38] Reflecting this momentum, the government has raised its fiscal 2025 and 2026 growth forecasts, supported by stronger consumption — more than half of GDP — and an increase in private investment.[39]

Figure 14

Japan 10-Year Government Bond Yield Jumps to a 26-Year High[40]

The Opportunity for Private Markets

Against the current macro backdrop, private markets can offer the right combination of resilience, flexibility, structural protection, and exposure to durable growth — making them well positioned to help portfolios navigate uncertainty and capture opportunity in the year ahead.

Public equity markets are more concentrated today than ever before, with half the number of US public companies vs. nearly 30 years ago (see Figure 15). The ten largest S&P 500 companies now make up about 40% of the index — double their share in 1990 — while fewer companies are going public overall (see Figure 16).[41] At the same time, stock-bond correlation has been positive more than 70% of the time since 2022 (see Figure 17). As a result, the natural diversification that once supported a traditional "60/40" portfolio has eroded, becoming less reliable as a risk-management foundation.[42]

Figure 15

Number of US-Listed Public Companies Decreased by Half [43]

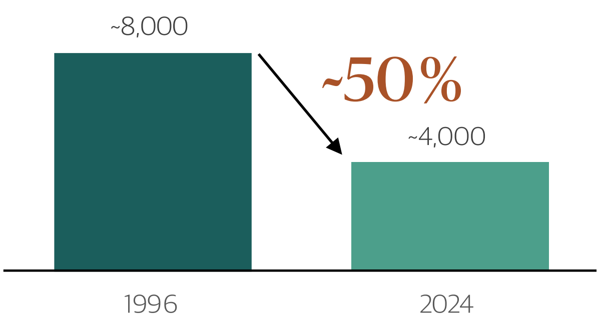


Figure 16

Concentration of the 10 Largest S&P Companies Has Doubled in the Past 35 Years[44]

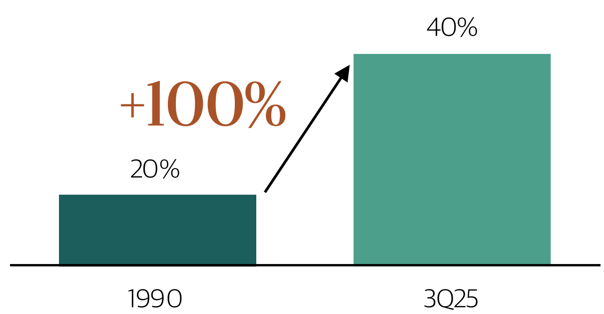


Figure 17

Stock-Bond Correlation Positive >70% of the Time[45]

2022-2025

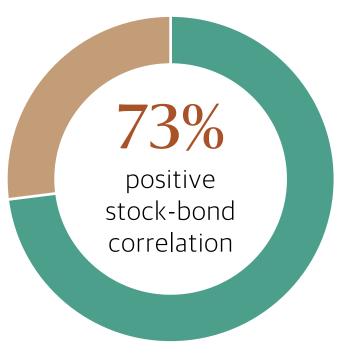
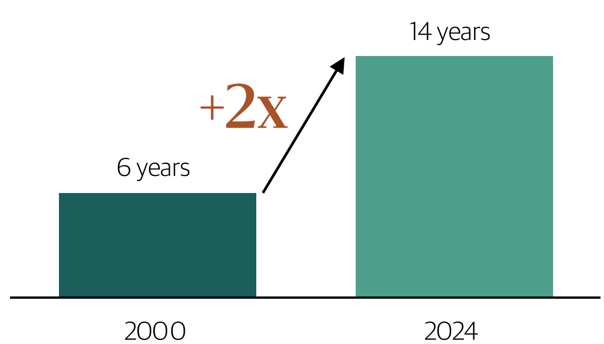


Figure 18

Median US IPO Age[46]

2000-2024



With nearly 90% of large, profitable businesses remaining privately held, private markets provide access to opportunities unavailable elsewhere. Anchored in durable cash flows, operational improvement, and powerful secular demand, private markets can offer a path to rebuild diversification and strengthen portfolio resilience.

Private Equity

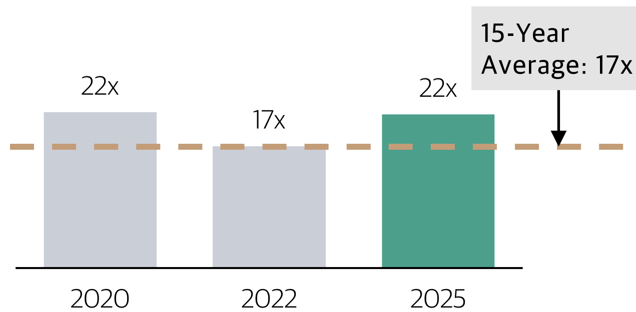
The Deal Dam is Breaking

Private equity enters 2026 with strong momentum. Public equity markets have rallied, with the S&P 500 returning 16% in 2025 and trading at 22x forward earnings — well above the 15-year average of 17x (see Figure 19).[47] This is partially a reflection of solid fundamentals: Corporate earnings are forecasted to grow 12% in 2025, and 15% in 2026.[48] It also reinforces a widening valuation gap between public and private markets. Historically, private equity has outperformed when public valuations were at these levels.

Figure 19

Public Equity Valuation[49]

S&P 1-Year Forward P/E

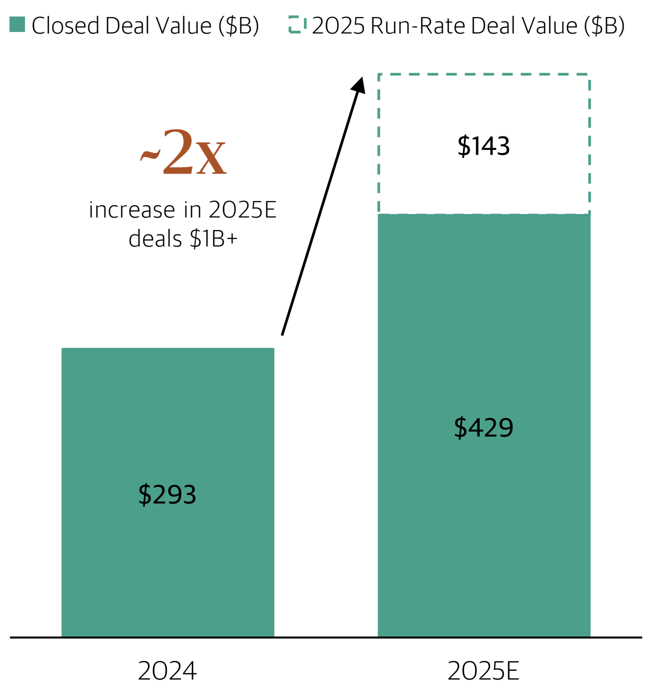


At the same time, structural shifts across markets are creating a broad set of compelling opportunities — ranging from secondaries, supported by the continued growth of alternative assets; to life sciences, where innovation and discovery remain robust; to absolute return hedge fund strategies, which can offer higher risk-adjusted returns in an increasingly concentrated public market. Each of these is an example of the growing role of alternative asset managers as solutions providers — of both capital and expertise — to investors and the economy.

Better financial conditions, solid GDP growth, and renewed appetite for large transactions are driving an upswing in deal activity — particularly in the markets where we invest. Deals over $1 billion nearly doubled year-over-year in 2025 (see Figure 20), and we expect this rebound to continue as deployment opportunities expand.[50] Realizations have also improved.[51] At Blackstone, our private equity segment had $34 billion of realizations over the last 12 months through 3Q25. Our record-setting December IPO of Medline underscores this shift: The offering was upsized to $7.2 billion, marking the largest US healthcare IPO in history, trading 40% above its IPO pricing at the end of the year — a strong signal for 2026.[52] This momentum is not limited to the US: For example, 2025 IPO activity on the London Stock Exchange was the highest in four years, signaling stabilizing global capital markets and growing investor confidence.[53]

Figure 20

Private Equity Deal Activity ($1B+)[54]



Private Real Estate

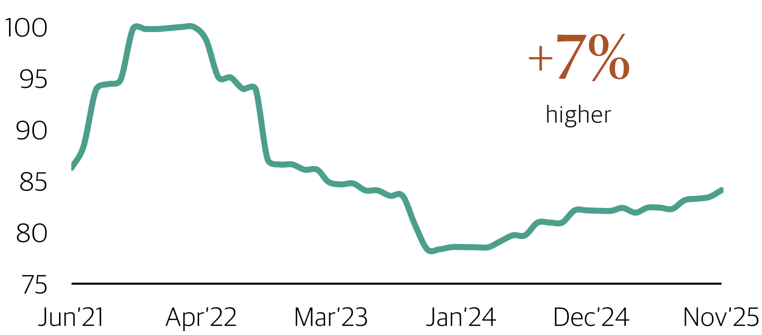
Cyclical Recovery Underway

Real estate appears to be in the early stages of its cyclical recovery, after private market values troughed in 2023, marking the third major downturn in the past 45 years — the result of higher interest rates, a pullback by lenders, elevated new supply, and structural challenges in sectors such as US office (see Figure 21).[55] In the prior two downturns in the early 1990s and the Great Financial Crisis, private real estate delivered double-digit average annual returns over the following five years[56] as fundamentals and capital markets recovered. We believe, similarly, that today presents one of the most attractive entry points for investors in recent years (see Figure 22).[57]

Figure 21

Values Have Reset, Offering Attractive Absolute and Relative Value[58]

Green Street Commercial Property Price Index, April 2022 = 100



Value Recovery Drivers

Strong Capital Markets

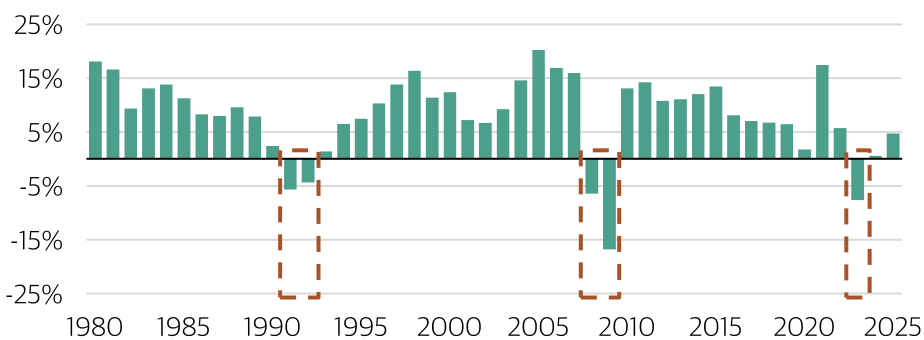
Supply Collapsing

Healthy Demand

Figure 22

Private Real Estate Index Performance[59]

NCREIF Property Index (YoY%)



Prior downturns followed by 13-15 years of consecutive gains

10% average annual return in 5 years post downturn

Further, what were headwinds are becoming tailwinds. Borrowing costs are now roughly 40% lower than peak levels in 2023, materially improving equity yields (see Figure 23).[60] However, the speed of recovery has varied across sectors and markets. For example, sectors with long-term structural demand tailwinds, such as multifamily and logistics, have navigated historically elevated levels of supply, but most new completions are now behind us. With new construction starts down more than 60% from the peak, this headwind should continue to fade in 2026 (see Figure 24).[61] In addition to this cyclical improvement, secular demand remains robust across our highest-conviction themes — reflected in remarkable AI-driven demand for data centers, the continued expansion of e-commerce supporting warehouse absorption, and sustained growth in rental housing driven by a rising renter population and observed migration toward the Sunbelt. We see liquidity is also returning, with global real estate transaction volumes up ~20% YoY on a trailing twelve-month basis through 3Q25, particularly in sectors that lacked depth just six to twelve months ago.[62]

This combination of lower financing costs and constrained development is creating attractive conditions for value appreciation. We have leaned in accordingly, and invested over $40 billion in real estate since valuations bottomed at the end of 2023.[63] Our ownership of US single-family homes remains limited — representing about 2% of our real estate AUM and 0.5% of the firm overall — and we have been net sellers over the past decade, reducing holdings by more than one-fifth. That said, we believe our current portfolio is poised to continue to perform quite well and operate at the highest standards for residents.

Figure 23

Declining Financing Costs[64]

Representative US BX Logistics Transactions

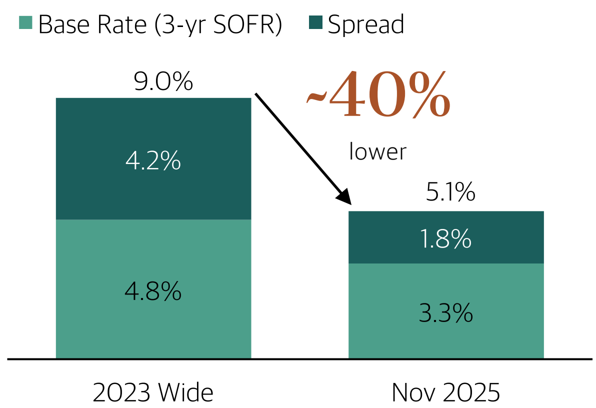
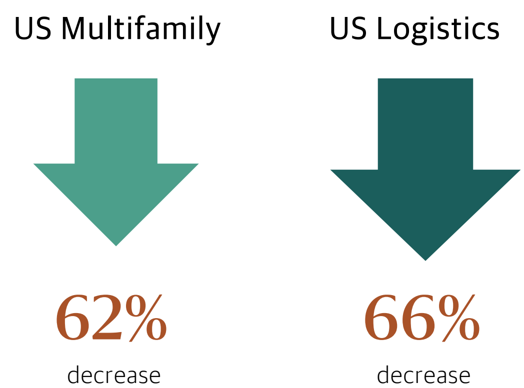


Figure 24

Construction Starts:
Today vs. Recent Peak[65]

(2Q25 vs. 2022)



Private Credit

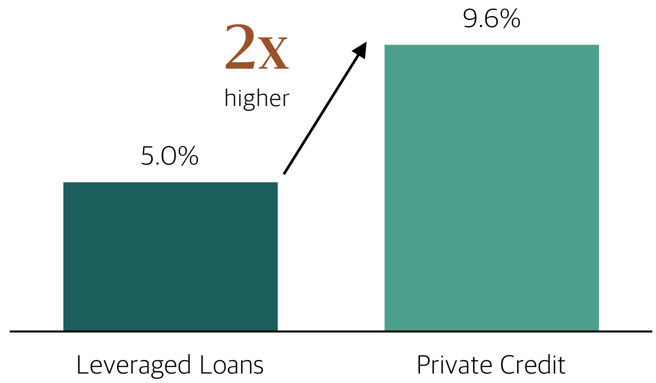
Opportunity For Safety Amidst Uncertainty, Expanding Opportunity Set

We continue to see private credit as a durable asset class, with structural characteristics that can be advantageous and enduring for investors. Its direct, "farm-to-table" origination model is designed to remove distribution and securitization costs and designed to allow investors to capture more return, while providing borrowers with speed, certainty, and flexible partnership. Private credit has significantly outperformed leveraged loans over the past 20 years (see Figure 25).[66] Today, it continues to offer 200bps–250bps of excess return.[67] Low leverage, matched funding, and conservative structures can also make these vehicles stabilizing forces within the financial system.

Figure 25

Private Credit vs. Leveraged Loan Returns[68]

20-Year Annual Return

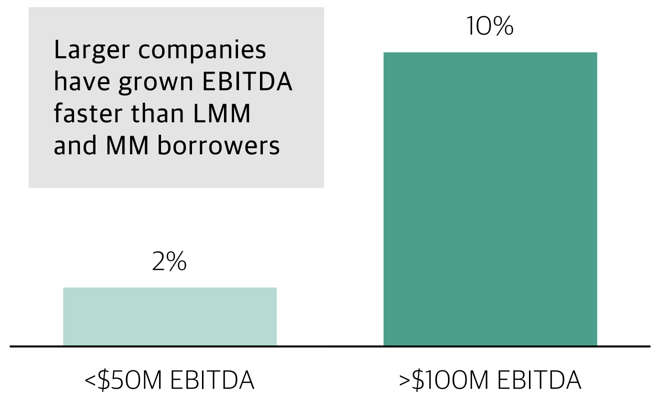


Still, performance dispersion within non-investment grade credit is widening, making scale, origination reach, and sector expertise essential. Larger businesses have continued to outperform, while smaller companies have faced greater challenges with both top-line growth and margin pressure. We remain focused on lending to larger enterprises. Our portfolio companies have an average EBITDA of $256 million, well above the private credit market average of $99 million.[69] This positioning aligns with recent performance trends — over the LTM through the third quarter, companies with EBITDA above $100 million grew EBITDA over five times faster than those with EBITDA below $50 million (see Figure 26).[70]

Figure 26

EBITDA Growth by Size[71]

3Q25 YoY LTM EBITDA Growth



Private credit has also proven defensive during periods of stress, historically outperforming equities and leveraged loans in downturns. Because direct lending loans sit at the top of the capital structure, they are first in line for repayment and generate high current income. Today's loan-to-value ratios are well below historical levels, so more than half of a company's value must be impaired before lenders are affected (see Figure 27). Over the past twenty years, the S&P 500 posted negative annual returns three times; in each of those periods, private credit significantly outperformed equities and leveraged loans, twice delivering positive absolute results (see Figure 28).[72]

Figure 27

Average Loan-to-Value[73]

Historical HY and Bank Loan Data for US LBOs

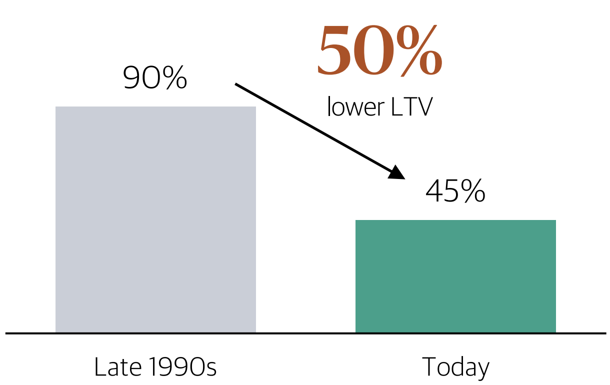
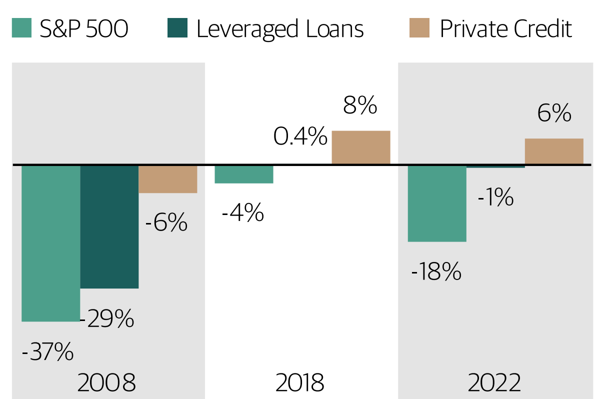


Figure 28

Private Credit Relative Outperformance During Downturns[74]

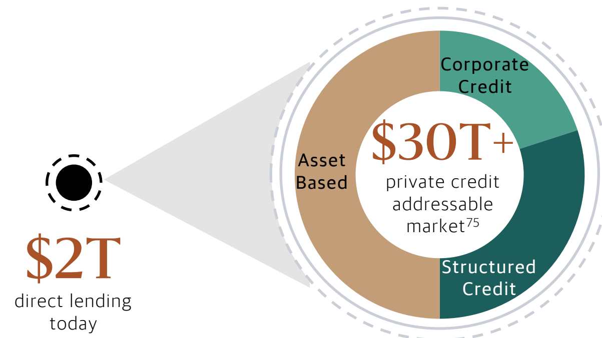
Years with S&P Downturn over Last 20 Years



Looking ahead, we are optimistic about deployment opportunities in 2026, as evidenced by our fourth-quarter deal screening activity up more than 25% year-over-year. We see the opportunity set continuing to expand across both investment grade and non-investment grade credit, extending beyond sponsor-backed lending into financing the real economy — an addressable market exceeding $30 trillion (see Figure 29).[75] Asset-backed finance, infrastructure credit, and real estate credit remain early in their transition to private capital and stand to benefit from generational needs in energy, digital infrastructure, and power.

Figure 29

Private Credit Markets Are Rapidly Growing as a Core Financing Solution for the Global Economy[75]



Private Infrastructure

Powering the AI Buildout

Infrastructure is in a supercycle driven by advances in technology. AI-linked investments and US reindustrialization are adding significantly to current and future power demand, making infrastructure a pillar of economic growth. Reliable power, durable grids, and robust transmission are now determining factors for AI expansion, creating a compelling investment opportunity set.

Simultaneously, the digitization of commerce and proliferation of data throughout the economy is accelerating, fueling greater demand for fiber and cellular infrastructure and data centers. And the combination of growing global travel — a $1.6 trillion market in 2024 — and rising household consumption is increasing utilization of the roads, ports, and airports that make the global movement of people and goods possible.

To address this wave of demand, an estimated $106 trillion of global infrastructure investment is needed through 2040 (see Figure 30), with roughly 75% concentrated in sectors where we have deep conviction — digital infrastructure, power generation, transportation, and renewables (see Figure 31).[76] AI adoption and electrification, in particular, are growing steadily, widening the gap between demand and supply to create a multi-decade runway for growth.

Capital expenditures by hyperscalers to build data centers totaled $415 billion in 2025, a number that's projected to increase meaningfully in 2026 and beyond.[77] These investments — alongside the reshoring of US manufacturing, electrification, and expanding electric vehicle fleets — are driving record demand for power and energy. US electricity generation is on track to grow over 40% cumulatively in the next 10 years — the fastest pace since the 1970s.[78] Europe is also underinvested in energy and data infrastructure with relatively less data center capacity (trailing the US by 2-3 years)[79] and increasing electricity demands that are expected to grow 12x faster than in the past.[80] These pressures only add to the need for rapid deployment of new generation and flexible, dispatchable sources of power.

Figure 30

Sizing the Infrastructure Opportunity[81]

Private Infrastructure AUM

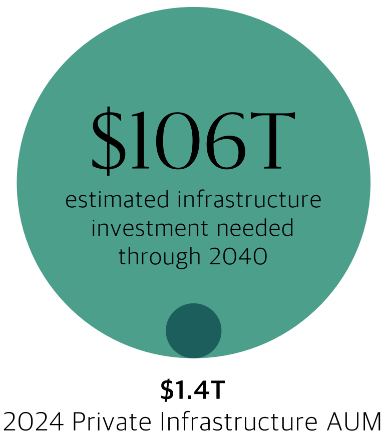
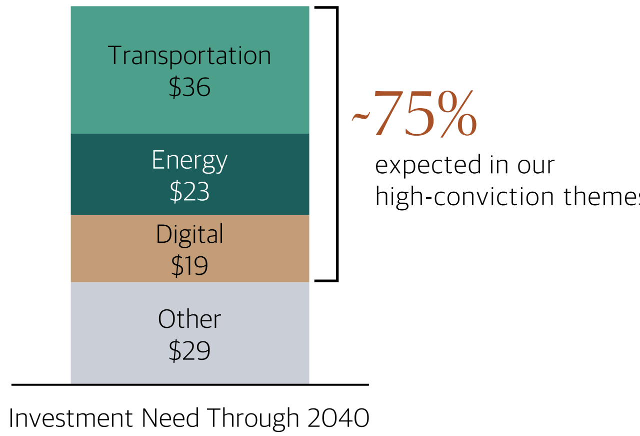


Figure 31

Expected Future Infrastructure Needs[81]

Investment Required Through 2040 ($ in trillions)



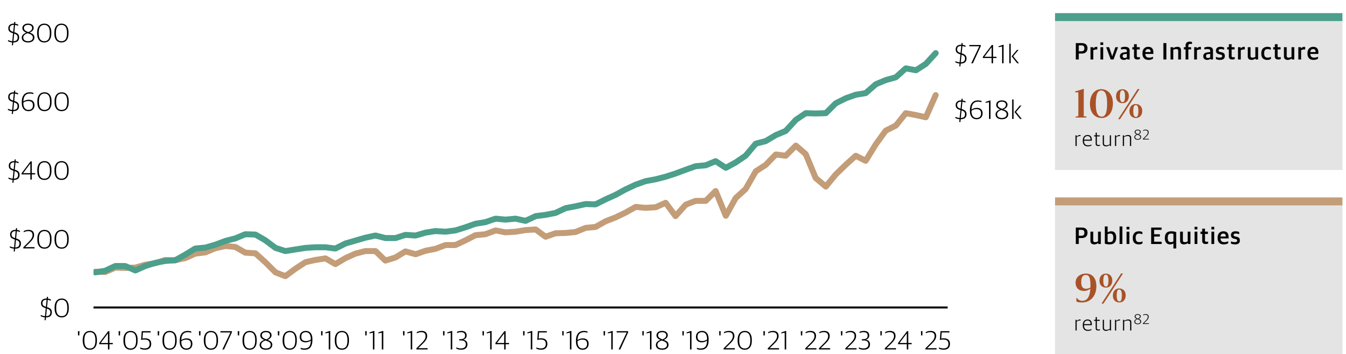
Over the past three years, the typical timeline-to-power for data centers in the US has increased from about one year to now more than seven years, intensifying the strain on existing systems and limiting new data center supply growth. We are also seeing greater use of "Bring Your Own Power" models, with hyperscalers looking for partners to build their own generation infrastructure rather than wait for utility hook-ups. We expect this to remain an active area for private infrastructure capital to invest.

Renewable energy remains attractive given lower costs, shorter development timelines, and hyperscaler sustainability goals. Even so, natural gas power plants are emerging as a compelling option for data center power needs because they can deliver reliable, uninterrupted output without intermittency.

Private infrastructure has a relatively low correlation with other asset classes, providing portfolios with diversification, stable (often contracted) cash flows, and inflation protection. Consequently, it has historically outperformed public markets with less volatility across cycles. Secular tailwinds, historical underinvestment, and a generational AI CapEx wave are converging to create compelling infrastructure investment opportunities today.

Figure 32

Private Infrastructure Has Outperformed Public Equities with Half the Volatility



Positioned for What's Next

2026 is expected to be another year of accelerating change and opportunity, and we see real reasons for optimism. Investment activity is strong, and last year's tax cuts should provide incremental support to household consumption, while easing inflation and healthy capital markets are providing additional tailwinds. Importantly, hard data — investment, spending, earnings — continues to show resilience. Business sentiment also remains constructive: More than 80% of our surveyed CEOs expect the US economy to continue expanding and 63% of these CEOs expect higher margins.[83] Looking forward, AI adoption, moderating cost pressures, and emerging productivity gains are helping drive down the global cost of capital and support a recovery in M&A.

At the same time, we remain alert to the risks that could reshape the path ahead. Geopolitical shocks, unexpected policy moves, and rapid swings in sentiment throughout 2025 demonstrated how quickly narratives can diverge from fundamentals. Persistent volatility remains a defining feature of the market environment. The coming year will bring its own surprises, creating opportunities for us to capitalize on dislocations through our real-time data, our long-term capital, and the perspective on markets these advantages provide.

We also expect this year to bring even greater performance dispersion across managers. In this environment, staying attuned to change as it happens — and anticipating it — has never been more important.

We believe private markets are well-positioned for this moment, and can offer access to durable cash flows, operational upside, and diversification at a time when public markets are increasingly concentrated. With conviction in our secular themes, disciplined underwriting, unique platform scale, and a data-driven investment process, we believe 2026 presents a compelling opportunity for Blackstone to deploy capital and generate long-term value by staying ahead of what comes next.

Important Disclosure Information

This commentary does not constitute an offer to sell any securities or the solicitation of an offer to purchase any securities. This commentary discusses broad market, industry or sector trends, or other general economic, market or political conditions and has not been provided in a fiduciary capacity under ERISA and should not be construed as research, investment advice, or any investment recommendation. Past performance does not predict future returns.

The views expressed reflect the current views of the authors as of the date hereof, and neither the authors nor Blackstone undertake any responsibility to advise you of any changes in the views expressed herein.

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Forward-Looking Statements

This commentary may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect our current views with respect to, among other things, the macroeconomic environment, economic growth trends and drivers, transaction activity, business performance, and the opportunity for and potential benefits of private markets. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "scheduled," "estimates," "anticipates," "opportunity," "leads," "forecast," "possible" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, as such factors may be updated from time to time in our subsequent filings with the United States Securities and Exchange Commission ("SEC"), which are accessible on the SEC's website at 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 report and in our other periodic filings. The forward-looking statements speak only as of the date of this commentary, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Endnotes

[1] Source: Blackstone Proprietary Data, as of September 30, 2025.

[2] Source: SimilarWeb, as of November 2025.

[3] Source: PwC, UBS, Threads as of July 2023.

[4] Source: MSFT, AWS, Google, Meta per Morgan Stanley Equity Research and publicly reported figures. Oracle per RBC Equity Research and publicly reported figures, as of December 31, 2024.

[5] Source: Reflects data center CapEx by Microsoft, Amazon, Google, Meta per Morgan Stanley Equity Research, as of August 2025. Oracle per RBC Equity Research (February 2025) and publicly reported figures. Full year 2025 and 2026 are projections.

[6] Source: Railroads: per St. Louis Fed Reserve | Dot-Com: Fed Reserve Bank of San Francisco and OECD | Big 5 Hyperscalers: Reflects data center CapEx by Microsoft, Amazon, Google, Meta per Morgan Stanley Equity Research, as of August 2025. Oracle per RBC Equity Research (February 2025) and publicly reported figures. Full year 2025 is a projection.

[7] Source: Reflects data center CapEx by Microsoft, Amazon, Google, Meta per Morgan Stanley Equity Research, as of August 2025. Oracle per RBC Equity Research (February 2025) and publicly reported figures. Full year 2025 and 2026 are projections.

[8] Note: Contemplates 20-year average for railroads (1869–1888), 4-year average for dot-com (1997–2000), and 2-year average for technology (2024–2025). Source: Railroads: per St. Louis Fed Reserve | Dot-Com: Fed Reserve Bank of San Francisco and OECD | Big 5 Hyperscalers: Reflects data center CapEx by Microsoft, Amazon, Google, Meta per Morgan Stanley Equity Research, as of August 2025. Oracle per RBC Equity Research (February 2025) and publicly reported figures. Full year 2025 is a projection.

[9] Source: 3Q25 Blackstone CEO Survey. The Blackstone CEO survey referred to herein is a survey of a subset of portfolio company CEOs. For 3Q25, the survey reflects responses from 95 Blackstone portfolio companies (57 US CEOs) largely within Blackstone's private equity and credit businesses (the "CEO Survey"). Note that survey composition varies from quarter to quarter. The CEO Survey was initiated on September 9, 2025, and closed September 25, 2025. The responding portfolio companies are not necessarily a representative sample of companies across Blackstone's portfolio and the views expressed do not necessarily reflect the views of Blackstone. The views expressed reflect the responding CEOs' views as of the date of their responses, and Blackstone does not undertake any responsibility to advise you of any changes in such views.

[10] Source: 3Q25 Blackstone CEO Survey. The Blackstone CEO survey referred to herein is a survey of a subset of portfolio company CEOs. For 3Q25, the survey reflects responses from 95 Blackstone portfolio companies (57 US CEOs) largely within Blackstone's private equity and credit businesses (the "CEO Survey"). Note that survey composition varies from quarter to quarter. The CEO Survey was initiated on September 9, 2025, and closed September 25, 2025. The responding portfolio companies are not necessarily a representative sample of companies across Blackstone's portfolio and the views expressed do not necessarily reflect the views of Blackstone. The views expressed reflect the responding CEOs' views as of the date of their responses, and Blackstone does not undertake any responsibility to advise you of any changes in such views.

[11] Source: Blackstone proprietary data as of September 30, 2025, from 39 BCP portfolio companies; FMV-weighted % change with company percentages capped at 100%. Excludes select public investments, select FIG investments, certain new investments, investments where YoY growth rates are not comparable due to divestitures and certain other companies for which timely forecasts are unavailable.

[12] Source: US Bureau of Economic Analysis, Bloomberg and S&P as of September 30, 2025. US GDP is QoQ SAAR.

[13] Source: US Bureau of Labor Statistics, as of September 30, 2025.

[14] Source: PE / BCP Finance; Portfolio Operations; Company data. 3Q25 data (as of October 9) from 39 BCP portfolio companies; FMV-weighted % change with company percentages capped at 100%.

[15] Source: US Federal Reserve, as of June 30, 2025.

[16] Source: US Bureau of Economic Analysis, as of September 30, 2025.

[17] Source: US Bureau of Labor Statistics and US Bureau of Economic Analysis, as of March 14, 2025.

[18] Source: STR, as of December 27, 2025.

[19] Source: 3Q25 Blackstone CEO Survey. The Blackstone CEO survey referred to herein is a survey of a subset of portfolio company CEOs. For 3Q25, the survey reflects responses from 95 Blackstone portfolio companies (57 US CEOs) largely within Blackstone's private equity and credit businesses (the "CEO Survey"). Note that survey composition varies from quarter to quarter. The CEO Survey was initiated on September 9, 2025, and closed September 25, 2025. The responding portfolio companies are not necessarily a representative sample of companies across Blackstone's portfolio and the views expressed do not necessarily reflect the views of Blackstone. The views expressed reflect the responding CEOs' views as of the date of their responses, and Blackstone does not undertake any responsibility to advise you of any changes in such views.

[20] Source: Blackstone Portfolio Operations; Company data. November CHRO survey of 11 portfolio companies employing US hourly workforces (~57,000 employees).

[21] Source: US Bureau of Labor Statistics, as of November 30, 2025.

[22] Source: As of November 2025. Official Shelter Costs calculated with US Bureau of Labor Statistics data. BX-Derived Shelter calculated with Blackstone Proprietary Data.

[23] Source: US Bureau of Labor Statistics and RealPage Market Analytics, as of November 2025. Zelman & Associates and John Burns Real Estate Consulting, as of October 2025. Blackstone-Derived Third-Party Headline CPI replaces non-seasonally adjusted Shelter component of Headline CPI with a blended market rate at the following composition: single-family rental housing (~85%, accounting for SFR, townhomes and owned houses) at an evenly-split average of John Burns Single-Family Rent Index (2.1%) and Zelman & Associates (1.0%) single-family blended rent growth, multifamily (~15%) at the RealPage Market Analytics national multifamily effective market rent growth (-0.7%).

[24] Source: US Bureau of Labor Statistics and RealPage Market Analytics as of November 2025. Zelman & Associates and John Burns Real Estate Consulting, as of October 2025. BX-Derived Third-Party Headline CPI replaces non-seasonally adjusted Shelter component of Headline CPI with a blended market rate at the following composition: single-family rental housing (~85%, accounting for SFR, townhomes and owned houses) at an evenly-split average of John Burns Single-Family Rent Index (2.1%) and Zelman & Associates (1.0%) single-family blended rent growth RealPage Market Analytics national multifamily effective market rent growth (-0.7%).

[25] Source: US Treasury, as of January 5, 2025.

[26] Source: Blackstone Proprietary Data as of September 30, 2025.

[27] Source: Dealogic, KBW Research as of September 30, 2025.

[28] Source: Dealogic, KBW Research, and Blackstone Propriety Data. Global & US-Listed Equity & Equity-Linked issuance from January 1, 2019 to September 30, 2025; Notional issuance figures are in $ billion. IPO data inclusive of SPACs and A-shares, Equity Markets data inclusive of Convertibles and A-shares.

[29] Source: Macrobond, as of December 31, 2025.

[30] Source: Bloomberg and MSCI, as of December 31, 2025.

[31] Source: UK Office of National Statistics, as of September 30, 2025.

[32] Source: Macrobond and OMFIF, as of November 15, 2025.

[33] Source: Eurostat, as of January 7, 2026.

[34] Source: France National Institute of Statistics and Economic Studies, as of December 19, 2025.

[35] Source: Blackstone Proprietary Data, as of December 31, 2025.

[36] Source: Bloomberg, as of September 30, 2025.

[37] Source: Bloomberg, as of September 30, 2025.

[38] Source: Macrobond, Bank of Japan, as of January 6, 2026.

[39] Source: Reuters, as of December 24, 2025.

[40] Source: Bloomberg, as of January 8, 2026.

[41] Source: World federation of exchanges, as of 2024 year-end and S&P 500 Index factsheet, September 30, 2025.

[42] Source: Bloomberg, as of December 31, 2025. Based on monthly returns from January 2022 to December 2025 between the S&P 500 Index (stocks) and Bloomberg US Treasury Index (bonds).

[43] Source: World federation of exchanges, as of December 31, 2024.

[44] S&P 500 Index factsheet, September 30, 2025.

[45] Source: Bloomberg, as of December 31, 2025. Based on monthly returns from January 2022 to December 2025 between the S&P 500 Index (stocks) and Bloomberg US Treasury Index (bonds).

[46] Source: University of Florida, as of December 2024, "Initial Public Offerings: Median Age of IPOs Through 2024."

[47] Source: S&P, as of December 31, 2025.

[48] Source: Factset, as of December 18, 2025.

[49] S&P, Macrobond, as of December 31, 2025. Figures stated as of year-end.

[50] Source: Pitchbook Q3 PE Breakdown, 2025 Geography: US. Represents activity for deals over $1 billion in size. Run-rate deal activity is calculated based on the assumption that 4Q25 equals ¼ of the annualized total continuing trend of the prior three quarters.

[51] Source: Blackstone Proprietary Data as of 3Q25.

[52] Source: Bloomberg and Medline, as of January 2, 2025.

[53] Source: LSEG and London Business News, as of January 5, 2026.

[54] Source: Pitchbook Q3 PE Breakdown, 2025 Geography: US. Represents activity for deals over $1 billion in size. Run-rate deal activity is calculated based on the assumption that 4Q25 equals ¼ of the annualized total continuing trend of the prior three quarters.

[55] Source: NCREIF Property Index, as of September 30, 2025.

[56] Source: NCREIF Property Index, as of September 30, 2025.

[57] Source: NCREIF Property Index, as of September 30, 2025.

[58] Source: Green Street Advisors, as of November 30, 2025. Reflects the Commercial Property Price Index for All Property, which captures the prices at which US commercial real estate transactions are currently being negotiated and contracted. 7% reflects increase from November 30, 2023 trough. Note: Represents Blackstone's view of the current market environment as of the date appearing in this material only.

[59] Source: NCREIF Property Index, as of September 30, 2025.

[60] Source: Blackstone Proprietary Data and Green Street Advisors, as of November 21, 2025. Represents total US CMBS volume as of YTD period ended November 21, 2025 compared to YTD period ended November 21, 2024. 2021 peak refers to YTD issuance for the full fiscal year 2021.

[61] Source: Declining new supply refers to new construction starts in the multifamily and industrial sectors. RealPage Market Analytics, as of September 30, 2025. Represents change in annual starts as a percent of prior year-end stock figures for the trailing twelve months as of 3Q25 compared to the year-ended 2022. Data reflects institutional-quality product across RealPage Market Analytics Top 150-tracked markets. As of November 30, 2025, the multifamily (including senior housing) and affordable housing sectors accounted for 19% and 8% of Blackstone Real Estate's yield-oriented US core+ strategy's real estate asset value, respectively. Industrial reflects CoStar, as of September 30, 2025. Represents change in annual starts as a percent of prior year-end stock figures for the trailing twelve months as of 3Q25 compared to the year-ended 2022. Data reflects the following Logistics and Flex subsectors per CoStar: Light Manufacturing, Manufacturing, Showroom, Bulk Warehouse, Distribution, Light Distribution, Light Industrial and Warehouse.

[62] Source: MSCI Real Capital Analytics as of September 30, 2025. Represents year-over-year increase in TTM US transactions over $2.5 million.

[63] As of 3Q25.

[64] Source: Blackstone Proprietary Data, as of November 2025. Represents estimated all-in borrowing costs for high-quality logistics transactions at ~65%-70% avg. LTV. Spread reflects weighted average spread across all rating tranches applied to estimated rating agency capital structures from each respective period. 2023 wide reflects peak base rate and spreads for representative BX CMBS transactions in 2023. November 2025 reflects all-in borrowing costs across CMBS and bank balance sheet transactions. There can be no assurance that financing costs will continue to decline.

[65] Source: RealPage Market Analytics and Costar. Declining new supply refers to annual new construction starts in the multifamily and industrial sectors from the 2022 peak to 3Q25. Multifamily reflects RealPage Market Analytics, as of September 30, 2025. Data reflects the following Logistics and Flex subsectors per CoStar: Light Manufacturing, Manufacturing, Showroom, Bulk Warehouse, Distribution, Light Distribution, Light Industrial and Warehouse. As of October 31, 2025, the industrial sector accounted for 23% of Blackstone Real Estate's yield-oriented US core+ strategy's real estate asset value.

[66] Source: Morningstar, Blackstone Credit & Insurance from September 30, 2005 through June 30, 2025. "Leveraged Loans" is represented by Morningstar LSTA US Leveraged Loan Index. Private Credit represented by Cliffwater Direct Lending Index from September 30, 2005 through June 30, 2025, which is the latest publicly available data.

[67] Source: Blackstone Proprietary Data as of November 30, 2025 and Morningstar LSTA US Leveraged Loan Index Return as of LTM November 30, 2025.

[68] Source: Morningstar, from September 30, 2005 through June 30, 2025. "Leveraged Loans" is represented by Morningstar LSTA US Leveraged Loan Index. "Private Credit" is represented by Cliffwater Direct Lending Index. Total return reflects the sum of annualized income return, annualized realized gain / loss, and annualized unrealized gain / loss during the period.

[69] Source: As of September 30, 2025. Average last-twelve-month ("LTM") EBITDA includes all private debt investments for Blackstone's private credit strategy for income-focused investors. Private credit market represented as the average LTM EBITDA of issuer companies of loans in the Lincoln International Private Market Database as of June 30, 2025.

[70] Source: Lincoln International Private Market Database.

[71] Source: As of September 30, 2025. Source: Lincoln International Private Market Database.

[72] Source: Morningstar, Bloomberg, S&P and Blackstone Credit & Insurance as of September 30, 2025. Represents the yearly return of the S&P 500, Traditional Fixed Income, and Private Credit during the years in which the S&P 500 Index ("S&P 500") exhibited negative performance from 2000–2024. "Leveraged Loans" is represented by Morningstar LSTA US Leveraged Loan Index. "Private Credit" is represented by Cliffwater Direct Lending Index.

[73] Source: "Late 1990s" LTV refers to the approximate leverage through high-yield bonds utilized to finance major buyouts in the 1990s. Today refers to the average LTV on mid & upper market M&A deals completed during 3Q25 based on data from KBRA DLD.

[74] Source: Morningstar, Bloomberg, S&P and Blackstone Credit & Insurance as of September 30, 2025. Represents the yearly return of the S&P 500, Traditional Fixed Income, and Private Credit during the years in which the S&P 500 Index ("S&P 500") exhibited negative performance from 2000–2024. "Leveraged Loans" is represented by Morningstar LSTA US Leveraged Loan Index. "Private Credit" is represented by Cliffwater Direct Lending Index.

[75] Source: McKinsey & Company, The Next Era of Private Credit, September 2024.

[76] Source: McKinsey report, "The infrastructure moment," September 2025. Preqin 2025 Global Report: Infrastructure.

[77] Source: MSFT, AWS, Google, Meta per Morgan Stanley Equity Research and publicly reported figures. Oracle per RBC Equity Research and publicly reported figures, as of December 31, 2024.

[78] Source: S&P Global (2025). EIA (2025). Reflects forecasted US electricity demand from 2025E to 2035E. Princeton Net-Zero America (2024).

[79] Source: DataCenterHawk (December 2024).

[80] Source: S&P Connect Planning Case (Jan. 2025). Compares 2000–2024 power demand growth rate with expected 2024–2050 power demand growth rate. Europe defined as European Union member states plus the UK, Norway, and Switzerland.

[81] Source: McKinsey report, "The infrastructure moment," September 2025. Preqin 2025 Global Report: Infrastructure. Other includes social ($16 trillion), waste and water infrastructure ($6 trillion), agriculture ($5 trillion) and defense ($2 trillion). Adding these figures does not total to $106 trillion due to rounding.

[82] Source: Based on quarterly returns. Return data is from Cambridge Associates, as of June 30, 2025, and provided net of management fees, expenses and performance fees that take the form of carried interest, annualized by Blackstone.

[83] Source: 3Q25 Blackstone CEO Survey. Includes input from 95 Blackstone Portfolio Companies (57 US CEOs). Survey initiated September 9, 2025, and closed September 25, 2025.