2026 MID-YEAR

Office of the CIO

Investment Perspectives



JUNE 2026

Blackstone

2026 Mid-Year Investment Perspectives

Halfway through 2026, the investment perspectives we outlined in our January outlook remain largely intact.

Notably, our biggest theme, artificial intelligence (AI), has seen extraordinary demand growth that is converging with constrained, capital-intensive supply and expanding the need for scaled private markets solutions.

The opening part of the year has once again been shaped by geopolitical and macro shocks. This marks the fifth time in six years that markets have faced a major disruption within the first six months of the year — beginning with COVID-19, followed by the war in Ukraine, the 2023 regional banking crisis, tariff tensions, and now conflict in the Middle East. Despite these headwinds, the underlying economy has shown remarkable resilience with the volatility providing opportunities for investors to lean in, not retreat.

The data continues to point to a durable economic backdrop, especially in the US. Growth is solid, corporate fundamentals remain healthy, and labor markets are balanced and improving. Inflation has some near-term headwinds, but wage moderation, shelter disinflation, and strong productivity point to cooling over time.

While our portfolio data and outlook remain positive, challenges do exist, including ongoing geopolitical risk, fiscal pressures, uneven global growth (particularly in Europe), AI-related disruption, elections, and other complexities. The amount and rate of change will continue to create big headlines, challenges, and imbalances but also big opportunities for those that can see through the noise and provide investment capital.

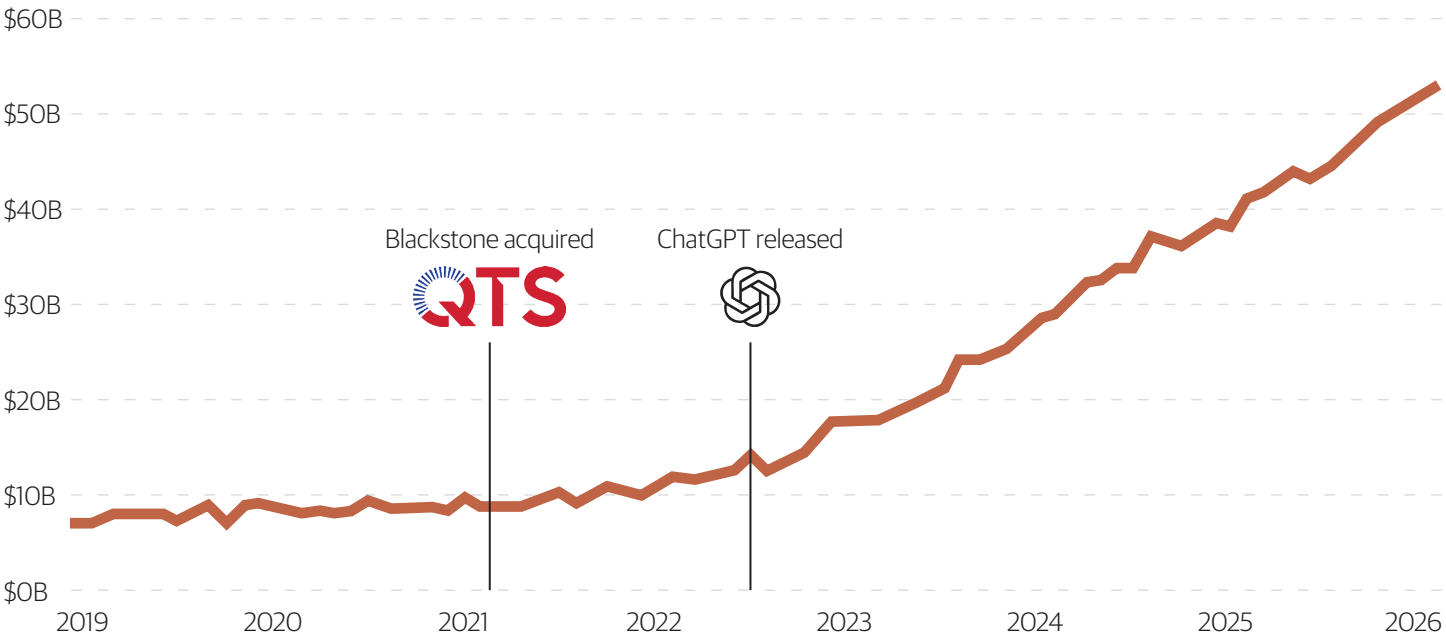
Navigating this environment requires a disciplined focus on fundamental data rather than the news cycle. At Blackstone, that discipline is powered by a significant and growing data advantage. Across our ecosystem we analyze data across 280+ portfolio companies, 5,100+ credit issuers, ~740,000 portfolio company employees, and ~13,000 real estate assets,[1] to identify patterns and connect dots across markets.[2] This depth of proprietary information — spanning portfolio company operating metrics, transaction data, and real-time market signals — provides a differentiated view of economic activity that informs how we underwrite, manage portfolios, and assess risk.

One of the clearest examples is what we referred to as "The Main Thing" back in our January Outlook: artificial intelligence. Our data advantage gave us early conviction in the growth of digital infrastructure, leading to our investment in QTS, a data centers business, five years ago — approximately 18 months before ChatGPT released its first version. Since then, we've seen exponential demand for QTS services from hyperscaler customers. As a result, QTS' leased capacity, measured in megawatts, is 15x larger than when we invested five years ago.[3]

Today, our investments across the broader AI infrastructure ecosystem represent a meaningful portion of the firm's assets, with conviction extending beyond data centers to adjacent areas such as power, cooling, equipment, LLMs, and neoclouds. We expect that exposure to grow as demand in these sectors continues to expand and investor appetite for contracted cash flows continues to increase. This CapEx cycle, with its enormous demands across the picks and shovels of the AI revolution, is making hard-asset investing expertise a key connective thread across all asset classes (see Figure 1).

Figure 1: US Data Center Construction Spending[4]

Monthly Spend (USD in Billions; Seasonally Adjusted Annualized Rate)



Critically for the broader economy, as AI diffusion progresses, it has the potential to sustain and further accelerate the productivity upswing already underway.

Against this backdrop, we revisit the five key factors shaping markets: AI, Growth, Labor Markets, Inflation, and Capital Markets.

Key Takeaways

01 AI remains the defining force shaping the investment landscape. A multi-year CapEx cycle across data centers and power generation is underway, while adoption across the real economy is laying the foundation for a productivity upswing.

02 Growth has proven resilient but uneven. In the US, solid corporate balance sheets, continued earnings strength, and steady consumer demand are supporting activity, but geographic and demographic dispersions persist.

03 Labor markets have normalized and are now starting to strengthen. Hiring challenges have eased, wage pressures have moderated, and improving labor productivity is becoming visible in the data.

04 Inflation features short-term pressures but should cool over time. The immediate outlook has grown more complicated as a result of higher energy prices and CapEx-driven input cost pressure, though the longer-term outlook remains constructive. Cooling rents should continue to be a meaningful offset given shelter is the largest component of US CPI. And in the longer run, stronger productivity, driven in particular by AI, points to a more favorable inflation environment.

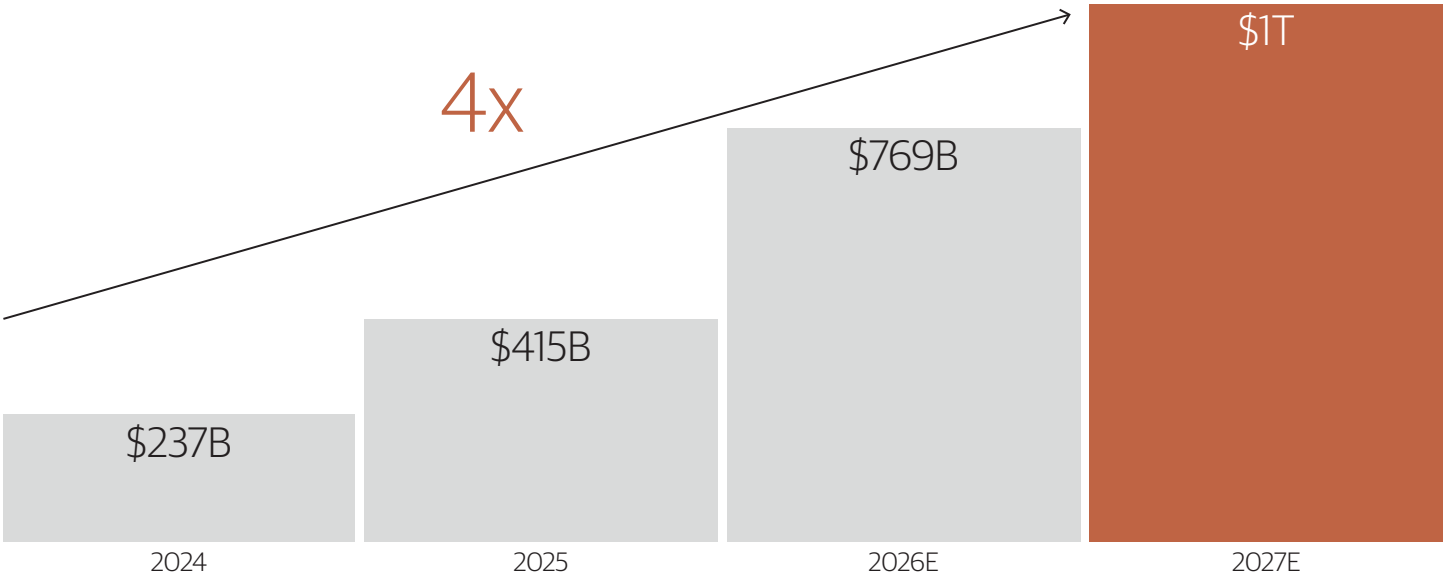
05 Private markets are increasingly well positioned to help bridge the funding gap between rising demand and constrained supply. Structural shortages in compute, power, and physical infrastructure are creating extraordinary opportunities where scale and execution capabilities matter most.

Five Factors Driving Markets

ARTIFICIAL INTELLIGENCE
THE MAIN THING

AI investment continues to accelerate and remains the most powerful force shaping the global economy. AI-linked revenues are growing rapidly — projected to increase 30x between 2024 and 2027[5] — with hyperscalers committing more than $5 trillion to broader data infrastructure through 2030.[6] 2026 annual spend is now projected at roughly $769 billion, up from the roughly $600 billion anticipated in our January outlook (see Figure 2).[7]

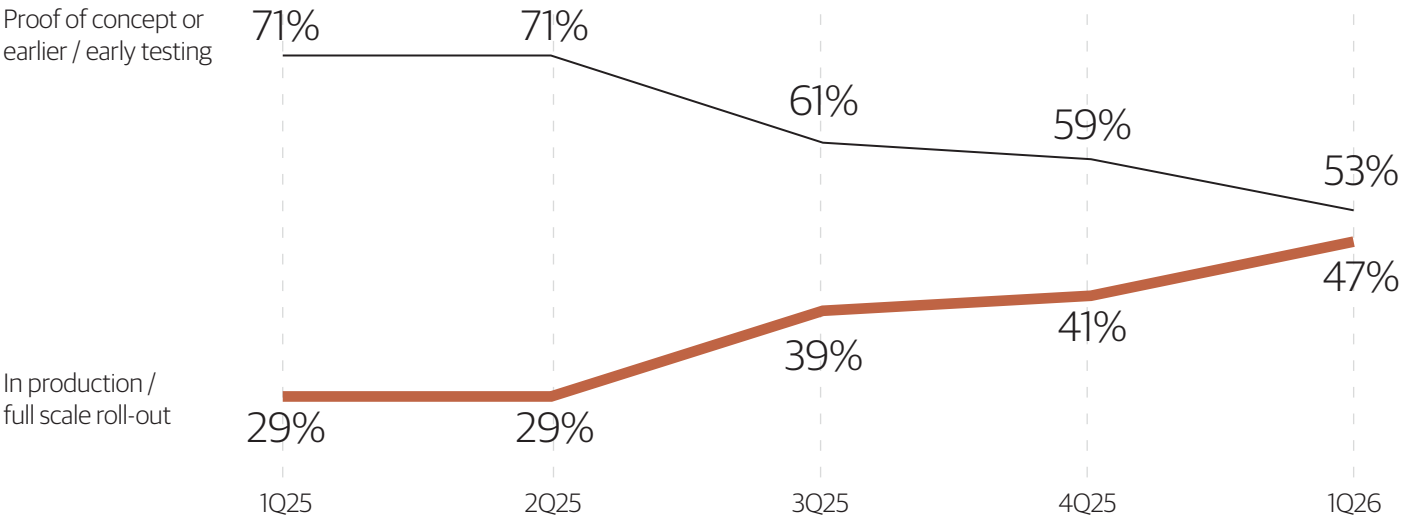
Figure 2: Data Center CapEx by 5 Largest Hyperscalers[8]



Adoption across the real economy is also accelerating:

- Generative AI usage reached roughly 48 billion hours in 2025, up from 13 billion in 2024 — nearly a threefold increase.[9]
- AI queries are far more compute intensive than traditional search — roughly 10x for simple prompts and up to 10,000x for video generation.[10]
- Enterprise adoption is increasingly shifting from experimentation toward deployment, with Blackstone portfolio company adoption roughly 50% (see Figure 3).[11]

Figure 3: Blackstone CEO Survey: In What Stage Are You Using AI In Your Business?[12]



As a result, chips, power, and data centers are simultaneously the three primary pillars of AI as well as the constraints on growth and adoption.

Global electricity demand is expected to rise more than 50% over the next five years, with US electricity demand alone projected to increase roughly 40% over the next decade,[13] while aging grids and transmission bottlenecks are extending time to power in some markets from roughly one year historically to as long as seven years or more today.[14]

In this environment, value capture in AI is likely to concentrate among businesses that control scarce physical assets and durable competitive advantages, particularly energy infrastructure providers, industrial companies with physical moats, and sectors positioned to benefit from downstream productivity gains.

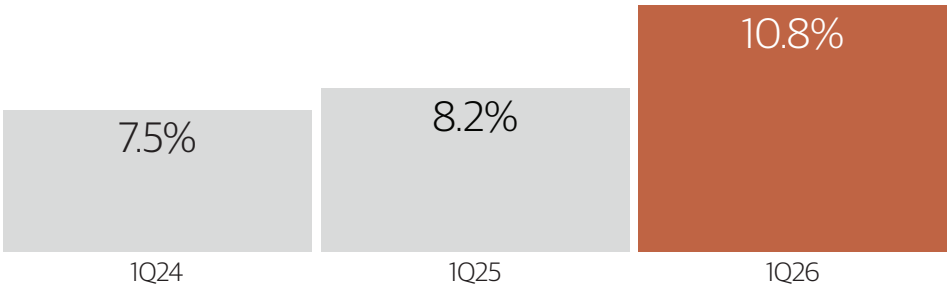
GROWTH
RESILIENT, BUT UNEVEN

Corporate fundamentals remain healthy: earnings are on track for seven consecutive quarters of double-digit growth,[15] and corporate interest expense relative to revenue is near its lowest level in roughly fifty years.[16] Business sentiment reflects this underlying strength. More than 90% of our Blackstone CEOs say they expect business conditions to remain steady or improve over the next 6-12 months.[17]

Meanwhile, in terms of hard data, revenue across Blackstone portfolio companies grew 10% in the first quarter, led by Asia at 14% and the United States at 11%, with Europe growing more modestly at 2% (see Figure 4).[18] Energy-related sectors showed the strongest expansion, reflecting demand tied to electrification and data center development.

Figure 4: Blackstone BCP US Portfolio Revenue Growth[19]

% YoY



Consumer spending has held up in aggregate, but as we flagged back in January, the environment remains bifurcated across income groups with continued robust discretionary spending in high-end travel and hospitality versus weaker economy demand at the lower end. That said, while lower-income households continue to face pressure, we are starting to see some green shoots both within Blackstone properties and at the national level where hotel RevPAR growth has accelerated to roughly 6% year-over-year over the trailing 90 days and is now positive across all chain scales, with economy hotels +1.4% (see Figure 5).[20]

Figure 5: US Hotel Revenue Growth[21]

% YoY



LABOR MARKETS
IN BALANCE

Labor markets have cooled from post-pandemic tightness and show increased fundamental balance. Hiring difficulty has declined sharply among our surveyed companies, with only 29% of CEOs reporting challenges filling roles, yet 63% still expect to grow headcount over the next six months[22] — a combination that suggests normalization rather than deterioration (see Figure 6).

Within our portfolio companies, wage growth has stabilized at around 3% year-over-year, down from nearly 5% in early 2024 (see Figure 7).[23] The underlying mix is also changing: wage growth is firmer in our hard-asset-linked businesses such as power and logistics, at 3.4% year-over-year, compared with roughly 1.8% in our consumer services companies — reflecting where labor demand is strongest.[24]

Figure 6: Blackstone CEOs Experiencing Hiring Challenges[25]

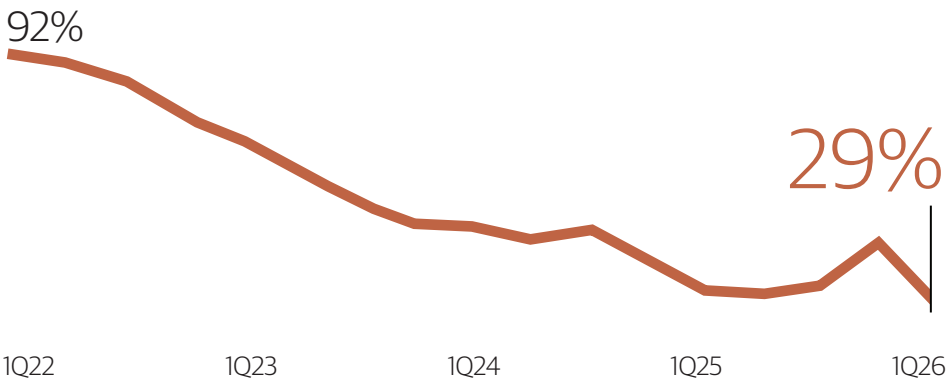
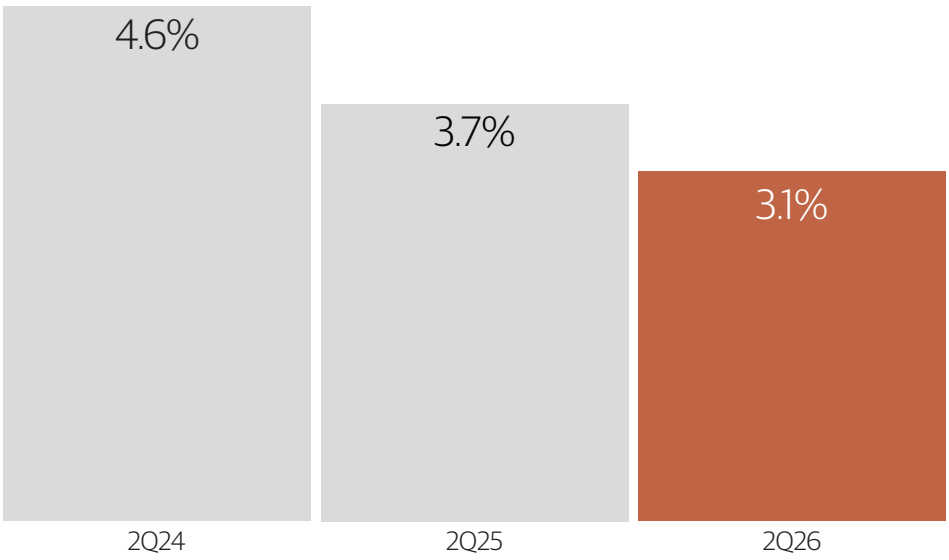


Figure 7: Blackstone US Portfolio Wage Growth[26]

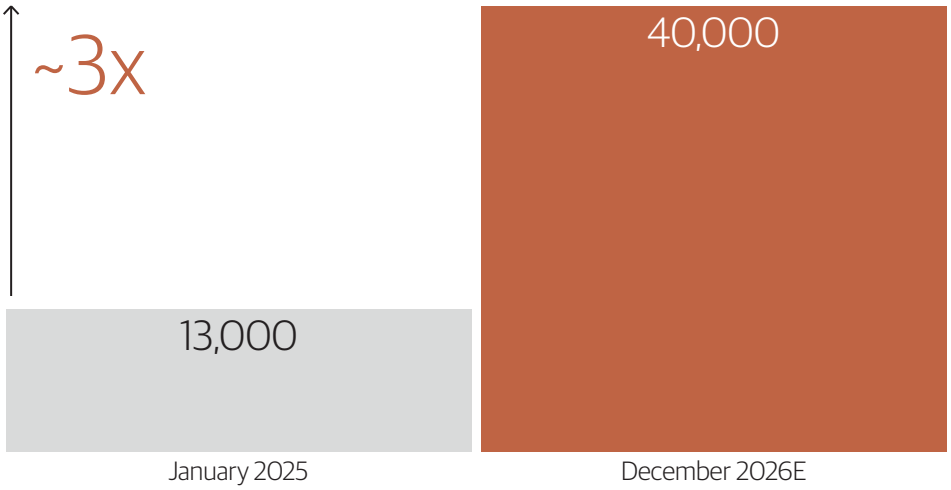
% YoY



Encouragingly, the latest 2Q Blackstone Chief Human Resource Officer (CHRO) survey shows +5% year-over-year net headcount growth across our companies, as larger industrial investment across data centers, power, reshoring, supply chains, and electrification begins translating into job creation.[27]

This is also where we see the early signs of a broader blue-collar job renaissance, driven by the scale required to build the AI infrastructure. At QTS, for example, 13,000 workers were on data center job sites over a year ago, and that number is expected to exceed 40,000 by year-end, underscoring the job creation potential of this CapEx cycle (see Figure 8). Just as importantly, these are high-quality jobs: QTS alone is expected to pay more than $5 billion in blue-collar wages this year, with average annual salaries above $150,000. The labor intensity of the AI buildout is already visible in skilled trades, with projected electrician demand increasingly outpacing supply through 2030.[28]

Figure 8: Construction Workers On Site at QTS US Data Centers[29]



The most significant development, however, is productivity. In the last three years, US labor productivity is trending nearly 2x higher than the prior 15 years — and this growth is occurring before AI has meaningfully penetrated the workforce.[30]

Approximately 95% of work hours today remain untouched by AI,[31] suggesting the productivity gains visible in current data represent only the earliest stage of a longer-term shift.

INFLATION
NEAR-TERM PRESSURES, BUT COOLER OVER TIME

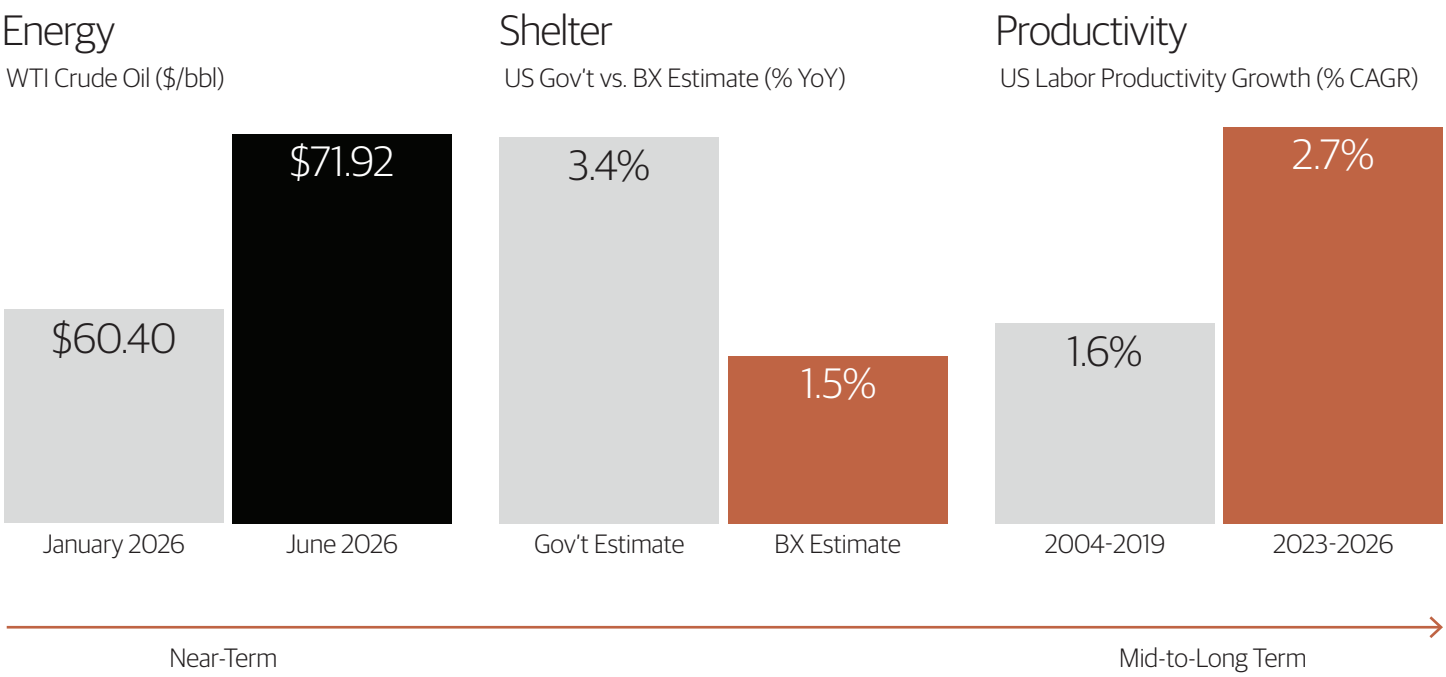
The inflation landscape has evolved meaningfully since January, with dynamics that vary considerably across regions and sectors.

In the short term, headline inflation is marked by geopolitically driven energy costs and AI-driven supply chain volatility that have made the disinflation path bumpier and more challenging for global central banks. Our latest Blackstone Chief Procurement Officer (CPO) survey underscores this dynamic, showing input cost pressures accelerating across Europe and Asia given their higher energy import intensity.[32] Input costs in those regions are running roughly twice as hot as in the US (4.1% vs. 2.2%).[33] We are monitoring this data closely, though the recent memorandum of understanding (MOU) with Iran and the resulting decline in energy prices if sustained should provide relief. Medium-term, the outlook is more constructive, especially in the US, where the impact of tariffs is fading, wages are stable despite strong job growth, and most notably rent disinflation has more room to run. Given shelter represents roughly 35% of US inflation,[34] continued rent disinflation should have a significant impact on the broader inflation trajectory.

Our proprietary methodology shows Blackstone-derived shelter CPI running at 1.5%, compared to over 3% in official figures. Incorporating real-time shelter data brings core CPI to approximately 2.0%, vs. 2.9% in official measures — suggesting the underlying inflation picture is better than the headlines imply.[35]

Looking further out, the nascent productivity boom carries additional powerful long-term disinflationary potential (see Figure 9).

Figure 9: Key Drivers of Mid-to-Long Term Disinflation Remain in Place, Despite Near-Term Pressure[36]



CAPITAL MARKETS
RESILIENT DESPITE VOLATILITY

Even against a volatile macro backdrop, dealmaking and issuance have held up well, buoyed by improving sentiment and sustained investor demand for scale and quality. After robust conditions in 2025, markets have stayed healthy into 2026 — reinforcing the momentum we highlighted in January. Our proprietary indicator of activity, Blackstone Capital Partners NDA signings, points to continued strength in the pipeline: NDA activity increased 48% year-over-year in May and is up 38% year-to-date, underscoring the broader engagement across the industry.[37]

Investors are clearly focused on physical assets and well-established, durable businesses — reflected both in the strong reception of recent Blackstone IPOs across these themes, including Legence, Medline, and Liftoff, and in continued strength across real estate capital markets as investors seek exposure to hard assets.

Pent-up demand remains significant. Our current pipeline is Blackstone's largest since 2021 and the second highest level in the last 20 years. We have priced three IPOs in the past month, plus our minority stake in SpaceX, with seven more in the pipeline, alongside minority stakes in two other large technology firms expected to go public this year (see Figure 10).[38]

Figure 10: Continued Healthy Capital Markets[39]

US IPO Volume
(YTD through early June 2026)
+186% YoY

US M&A Volume
(YTD through early June 2026)
+64% YoY

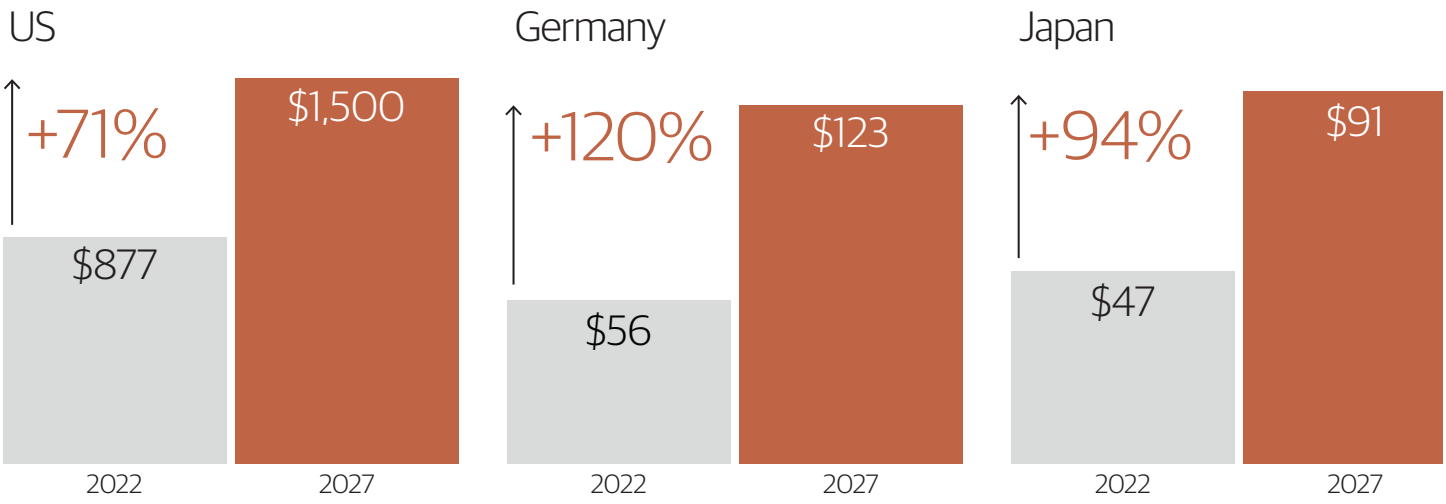
2026 Blackstone IPOs
(Priced and Pipeline)
3 priced | 7 filed

Megatrend to Watch: Defense

One structural shift that deserves particular attention is defense.

Combined defense spending across the United States, Europe, and Japan declined roughly 70% over the past 25 years[40] — a trend that is reversing with defense budgets across major economies on track to increase approximately 120% in Germany, 94% in Japan, and 71% in the United States between 2022 and 2027 (see Figure 11).[41]

Figure 11: Geopolitical Volatility Has Lit the Match: Turning National Security into a Durable Investment Theme[42] Defense Spending (USD in Billions)



Public markets have taken notice. Since early 2022, defense stocks have risen approximately 437% in Europe, 276% in Japan, and 48% in the United States — suggesting investors view the theme as enduring rather than cyclical.[43]

As defense budgets rise, the bottleneck is shifting from funding commitments to industry capacity — creating opportunity as suppliers need capital for inventory, tooling, factories, receivables, and production ramps while modern defense also needs AI, secure cloud, cyber, satellites, power, and data centers. The physical footprint is material with rising defense spending expected to generate roughly 37 million square meters of additional logistics demand in Europe as countries expand industrial capacity and modernize supply chains.[44]

Defense is, in short, evolving from a public budget line into a durable capital cycle — one with demand implications that extend well beyond the traditional defense industrial base.

The Global Data Center Opportunity

The rapid expansion of artificial intelligence is reshaping the global infrastructure landscape, with data centers at the center of the transformation.

AI applications require enormous computing power, driving unprecedented demand for extensive compute and storage facilities. Unlike many forms of real estate, data centers are generally not built speculatively. Power availability, zoning constraints, and the magnitude of required investment create meaningful barriers to entry, and projects typically require long-term leases with large technology customers before construction begins — limiting the risk of oversupply.

The investment cycle now underway is extraordinary in volume. Blackstone expects to invest or commit roughly $100 billion across our own data center portfolio by the end of 2026.[45] When combined with approximately $200 billion of third-party AI chip production over the same period,[46] total near-term AI infrastructure investment reaches roughly $300 billion — a scale comparable to a top 50 economy in GDP terms.

This surge in demand has transformed the growth and opportunities in the sector. At QTS, leased capacity has grown approximately 15x since our acquisition. More broadly, Blackstone now has a $165 billion data center platform globally, including facilities under construction, with an additional future development pipeline of approximately $160 billion.[47]

The opportunity is global and still in its early stages. Asia, excluding China, has approximately 25% of US compute capacity despite a population roughly ten times larger, and Europe, with 1.5 times the US population, has just one-sixth the compute per capita.[48] Both regions face a multi-year development lag.

As AI adoption expands and economies continue to digitize, closing these infrastructure gaps will require substantial and sustained investment. The buildout of global compute capacity — supported by power systems, controlled land, and long-term customer relationships — is likely to remain one of the defining investment themes of the coming decade.

Why Private Markets, Why Now

The themes we identified at the start of the year have not only held; they have deepened. This environment is defined by structural forces — AI, re-industrialization, defense, energy transition, and evolving capital markets — that are reshaping economies and creating demand for capital that is patient, flexible, and capable of operating across asset classes.

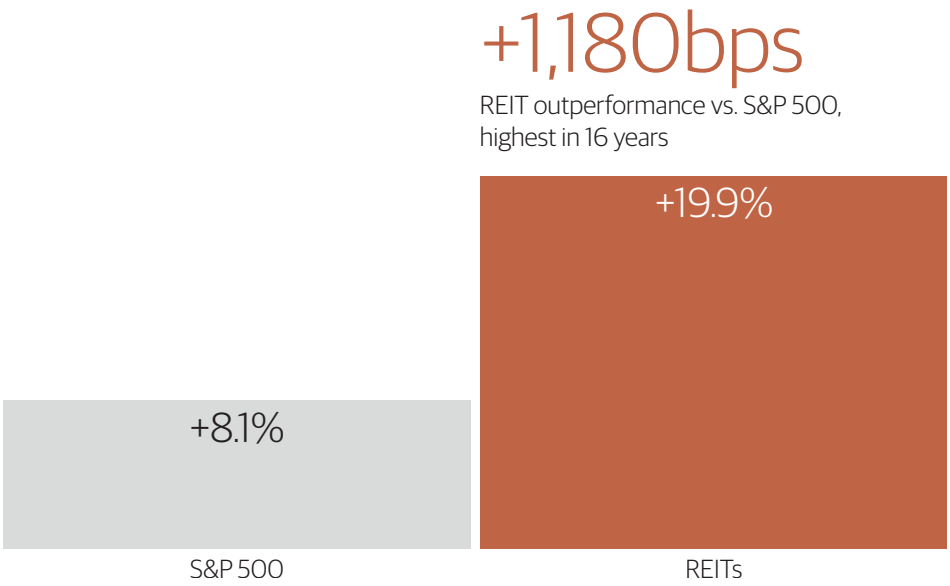
The breadth and complexity of this environment is precisely what makes private markets compelling.

PRIVATE REAL ESTATE

Not only is the real estate recovery underway, but the asset class is proving its resilience as a safe haven, with US public REITs delivering their strongest year-to-date outperformance in sixteen years despite market volatility (see Figure 12).[49] Private real estate has helped diversify portfolios in periods when public equities were under pressure — including seven of the eight negative S&P 500 years since 1980. Meanwhile, the supply backdrop is tightening meaningfully — new construction has fallen dramatically across virtually all major sectors globally, with US logistics deliveries projected to hit a twelve-year low in 2026, while construction costs are roughly 50% above 2019 levels, providing a durable floor under rents.

Figure 12: S&P 500 vs. Public US REITs Performance[50]

% YTD 2026 Total Return



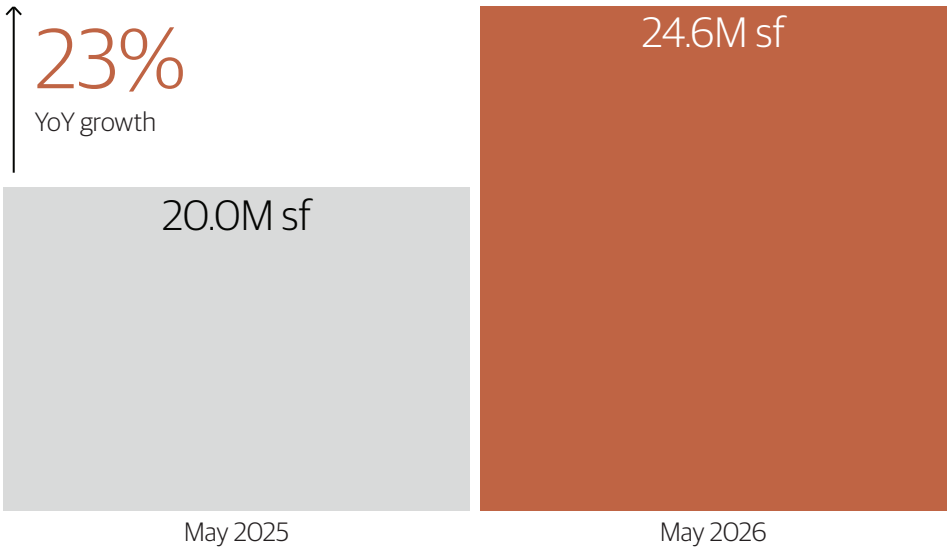
Capital markets are healing alongside the larger recovery. Commercial mortgage-backed securities (CMBS) issuance rose roughly 40% in 2025 and has climbed a further ~25% year-to-date in 2026, while borrowing costs have fallen approximately 40% from their 2023 peak to below 6% today.[51] Cash flows are expanding in parallel — same-store NOI growth for US public REITs is at its highest level since Q2 2023, with each of the last six quarters experiencing higher growth than the last,[52] demonstrating that robust cash flow growth can drive value appreciation even in a higher-rate environment.

Beyond the cyclical recovery, the persistent forces mentioned earlier — AI and digitalization, e-commerce, re-industrialization, and a global housing shortage — are driving outsized demand across our chosen sectors. These are long-duration, capital-intensive themes that are especially well suited for private investment, reflected in our focus on data centers, rental housing, and logistics.

Logistics is a particularly compelling example, as our largest global exposure in real estate at approximately 40% of the portfolio. E-commerce continues to gain momentum — Amazon same- and next-day deliveries are up 45% year-over-year globally,[53] Walmart's e-commerce sales have grown more than 20% for five consecutive quarters,[54] and US re-industrialization investment is estimated to exceed $10 trillion.[55] A newer demand driver is emerging as well, with approximately 15% of new US warehouse leasing across our Link Logistics portfolio now tied to data center and AI-related activity (see Figure 13).[56] Against the constrained supply backdrop, the result is a record leasing pipeline, and twice as many first-round bids in US disposition processes compared to last year. Our broader logistics portfolio saw 6% global same-store NOI growth accelerating from last year.[57]

Figure 13: Link Logistics US Same-Store Leasing Volume[58]

YTD, Millions of Square Feet



PRIVATE CREDIT

Periods of market volatility, such as those experienced earlier this year, can showcase the advantages of private credit, producing some of the most attractive vintages as spreads widen and lenders gain stronger contractual protections.

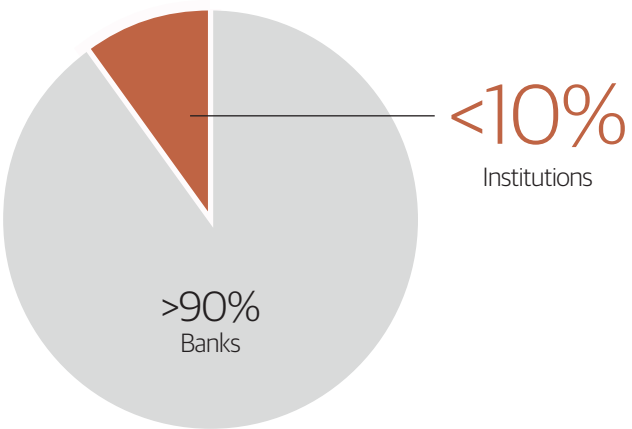
Despite the headlines, private credit compares favorably with past cycles, with direct lending growing into a significant and well-structured alternative to traditional bank financing. For example, the banking sector was 30x more levered during the GFC,[59] while direct lending today benefits from meaningfully lower leverage, (funds generally less than 1x leveraged), and sits senior in the capital structure[60] — providing a more stable foundation as the investment landscape continues to expand.

Zeroing in on software risk, we think it is important not to paint the sector with a broad brush. AI will likely create both winners and losers, and the impact varies widely across business models. Defaults have increased and returns have moderated, but there's a gap between headlines and reality. Private credit has produced a 200bps premium return over extended periods and we believe it will continue to outperform liquid loan markets over time.[61]

More broadly, some of the most compelling areas of growth in private credit are emerging in asset-backed markets where traditional lenders are retrenching and private capital is increasingly stepping in.

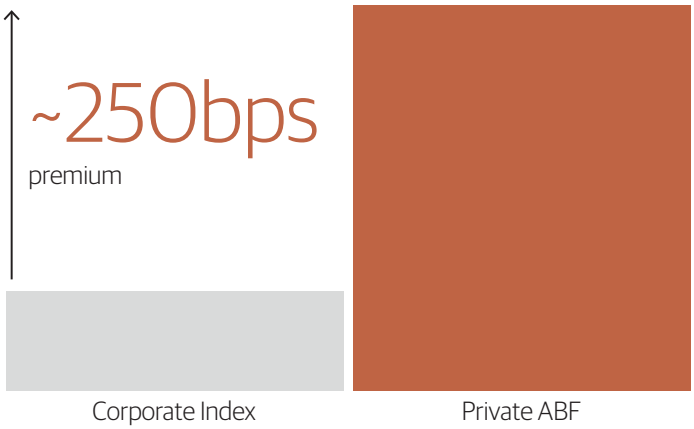
Asset-based finance represents a particularly large and underpenetrated segment. The US asset-based finance market is estimated at roughly $30 trillion — approximately 20 times the size of the corporate direct lending market — yet banks still hold roughly 90% of this exposure (see Figure 14).[62] Asset-based finance and infrastructure together represent less than 5% of private credit allocations today, leaving significant runway for institutional capital to expand its role.[63] These structures offer attractive economics, including spread premiums of roughly 250 basis points over corporate lending, while benefiting from stable underlying asset values backed by tangible collateral (see Figure 15).[64]

Figure 14: Share of Asset-Based Finance Market[65]



- $30T total addressable market
- Banks pulling back
- Diverse and segmented opportunity set
- Large-scale CapEx needs

Figure 15: Private Asset-Based Finance vs. Corporate Credit Spreads[66]



Real assets deliver:

- Stability
- Diversification
- Inflation protection
- Amortization

INFRASTRUCTURE

Infrastructure investment is entering a period of major expansion as global demand for power, digital connectivity, and modernized physical systems continues to grow. The extent of investment required to meet this demand makes private financing essential.

Energy is central to this cycle with electricity demand forecast to grow 40% over the next 10 years in the US alone driven by economic growth, electrification, reindustrialization, and the AI CapEx cycle.[67] Against this backdrop, more than 70% of US grid assets are 25+ years old creating generational CapEx needs for utilities of nearly $1.4 trillion over the next 5 years — up two fold from the run-rate in the first half of this decade (see Figure 16).[68]

These challenges extend well beyond the US. For example, European transmission and distribution investment is accelerating as policymakers seek to strengthen grid resilience and integrate new energy sources (see Figure 17).

Figure 16: US Utility CapEx Forecast[69]

USD in Billions

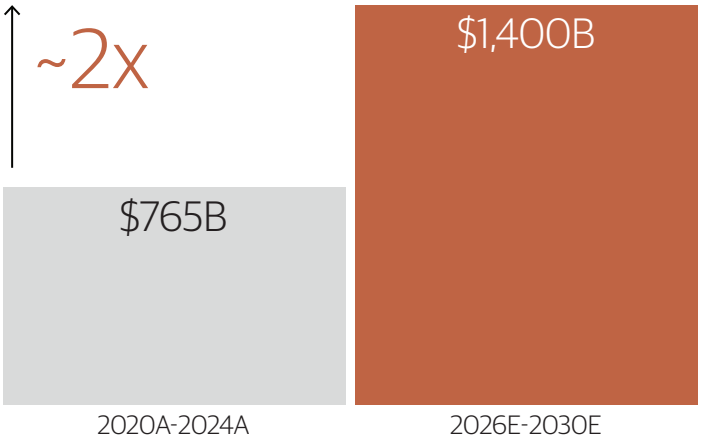
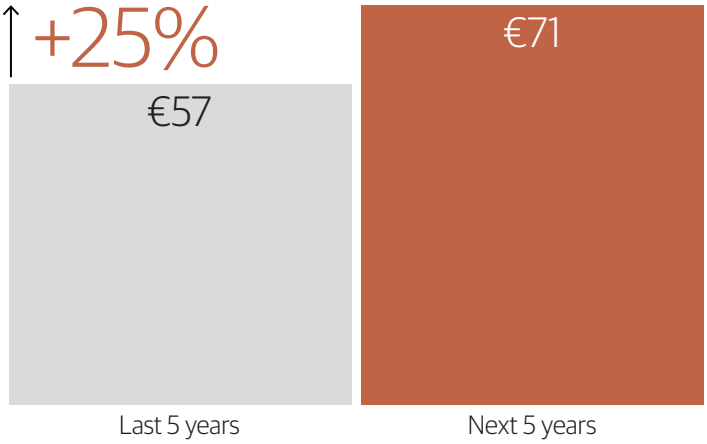


Figure 17: European Grid CapEx Forecast [70]

EUR in Billions, Annual CapEx



The energy opportunity spans the full infrastructure value chain. Modern digital activity, whether streaming content or running AI applications, depends on a network of interconnected physical assets. Natural gas delivered through a pipeline feeds a power plant; that plant generates electricity transmitted across regional grids to a data center; that data center runs the digital services powering everyday economic activity. These assets operate in distinct sectors but share defining characteristics: essential, non-discretionary services supported by durable demand and stable, contracted cash flows.

PRIVATE EQUITY

In the current environment, private equity sits at the intersection of operational transformation and technological change. AI is beginning to influence productivity across industries, offering companies new tools to improve efficiency and develop competitive advantages. Larger businesses are poised to benefit disproportionately from this shift, given their greater earnings visibility, stronger pricing power, and operational expertise needed to absorb supply chain shifts and deploy new technologies effectively.[71]

Exit activity is recovering, with IPO markets reopening and forecasts pointing to approximately $160 billion in US proceeds across roughly 100 listings in 2026 (see Figure 19).[72] More telling is the return of large-capital transactions — deals above $1 billion now account for a growing share of overall volume, reflecting strong buyer demand for established businesses with durable earnings and pricing power (see Figure 18).[73]

Figure 18: % of US Private Equity Deals Over $1 Billion[74]

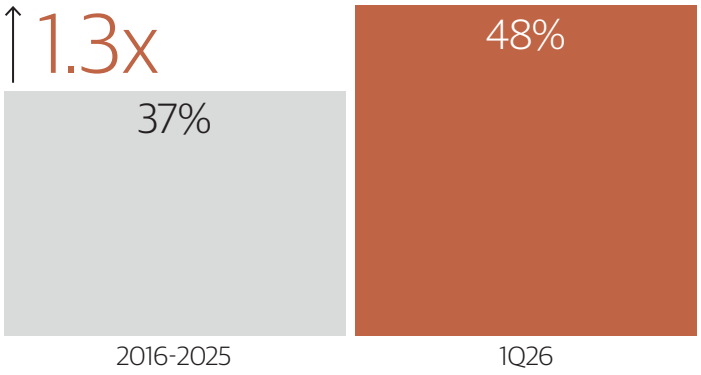


Figure 19: 2026 US IPO Forecast[75]



Blackstone portfolio data reflects this improving environment, with corporate private equity fund realizations totaling over $25 billion across 2025 and 1Q26, alongside a robust pipeline of additional exits ahead.

Regional dynamics also shape the opportunity set. In the United States, investment activity is closely tied to AI infrastructure, energy systems, and electrification. In Europe, despite slower growth, thematic opportunities are emerging in digital services, industrial modernization, and healthcare. Across parts of Asia, domestic growth in markets such as India, corporate restructuring in Japan, and public equity markets trading at discounts to historical averages on forward earnings multiples are creating additional entry points.

Finally, it's worth highlighting the recent creation of BXN1 to bring the full weight of our private equity investment expertise to bear on the AI ecosystem in multiple layers — physical, applications, and services. Its mission (and its name) is to back founders and companies that are truly differentiated in their field ("N of 1") — with the conviction, capital, and resources of Blackstone. Equally important is the flywheel it creates for our other businesses to glean insights and intelligence as AI reshapes the world.

HEDGE FUNDS

Shifting from private to public alternatives, hedge funds are becoming more central to portfolio construction as traditional diversification has weakened. In recent years, stock-bond correlations have been positive more frequently than at almost any point in the past two decades, reducing the effectiveness of the traditional 60/40 portfolio framework.[76]

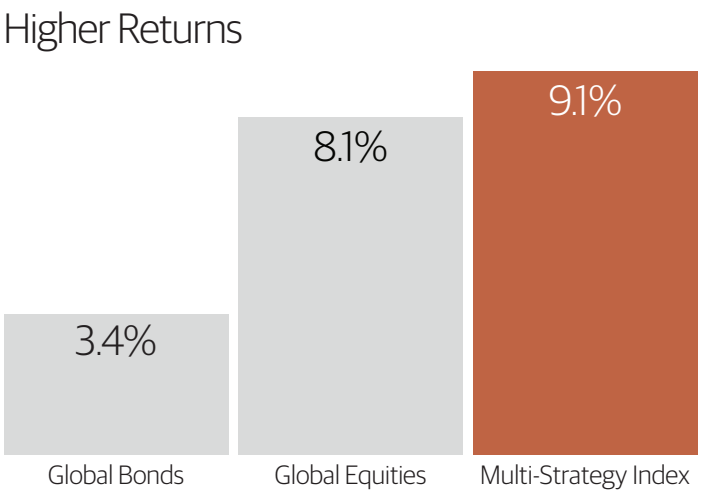
In this environment, strategies designed to generate returns independent of broad market direction are attracting greater attention. Economic growth remains uneven across regions, monetary policy paths are diverging, and geopolitical developments continue to introduce volatility across global markets. These dynamics are contributing to higher dispersion across sectors and securities — traditionally an environment where active strategies have generated more attractive returns.[77]

For fundamental equity managers, divergence between companies benefiting from secular tailwinds — such as AI adoption or infrastructure investment — and those facing competitive or cyclical headwinds creates a target-rich environment. Trading-oriented strategies, including macro and quantitative approaches, can similarly benefit from elevated volatility and cross-asset dislocations driven by unsynchronized growth and policy cycles. Dedicated dislocation funds benefit from the same dynamics.

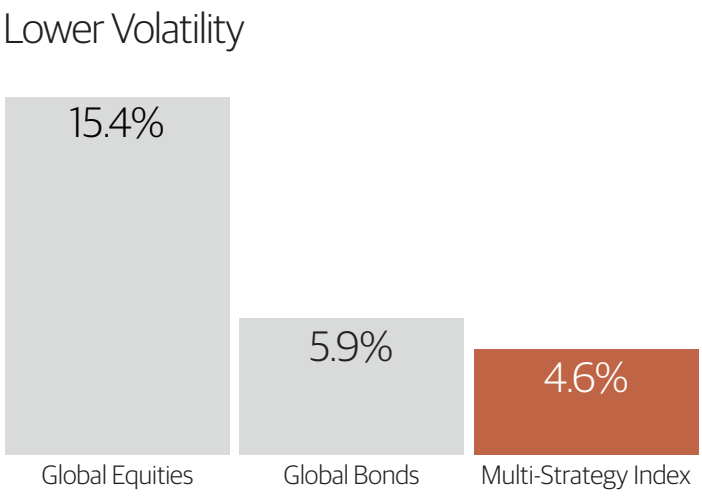
Historically, diversified hedge fund portfolios have delivered higher returns with lower volatility than traditional asset classes while maintaining relatively low correlation to public markets (see Figure 20).[78] In a period of elevated equity valuations and tight credit spreads, the ability to generate uncorrelated returns is increasingly valuable and can play a central role in constructing resilient portfolios — particularly for investors seeking to reduce their reliance on broad market beta as a primary driver of returns.

Finally, for tax-sensitive investors, insurance dedicated fund (IDF) structures are a compelling way to compound and harvest the benefits of hedge funds over the long haul.

Figure 20: Higher Returns with Lower Volatility vs. Traditional Assets[79]



Annualized — January 1998 through December 2025



Annualized Standard Deviation of Monthly Returns — January 1998 through December 2025

SECONDARIES

The secondary market has seen annual volumes grow from roughly $23 billion in 2010 to an estimated $250 billion in 2025 — a tenfold increase over fifteen years.[80] Despite this expansion, annual secondary turnover still represents less than 2% of total private market assets under management, suggesting meaningful room for further growth as the market matures.[81]

Investors are using secondary transactions in increasingly sophisticated ways. Limited partners sell fund interests to generate liquidity, rebalance exposures, or recycle capital into new commitments with their highest-conviction managers. General partners are using continuation vehicles and similar structures to extend ownership of high-quality assets while providing liquidity options to existing investors.

Scale and relationships matter considerably in this market. Sourcing transactions across a fragmented global ecosystem requires deep general partner relationships and a broad view across strategies, vintages, and geographies, as well as the ability to underwrite quickly and with conviction across LP-led, GP-led, and GP stakes transactions. As the market grows, these structural advantages are likely to become more, not less, important.

LP Universe Has Expanded Dramatically and Asset Supply Has Increased Significantly

Figure 21: Annual PE Commitments[82]

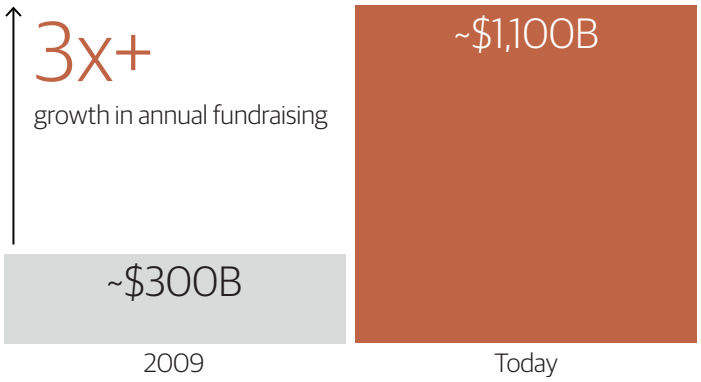


Figure 22: Active Institutional PE Investors[83]

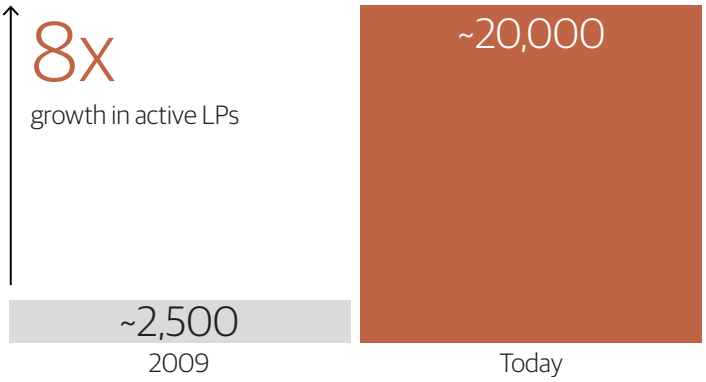
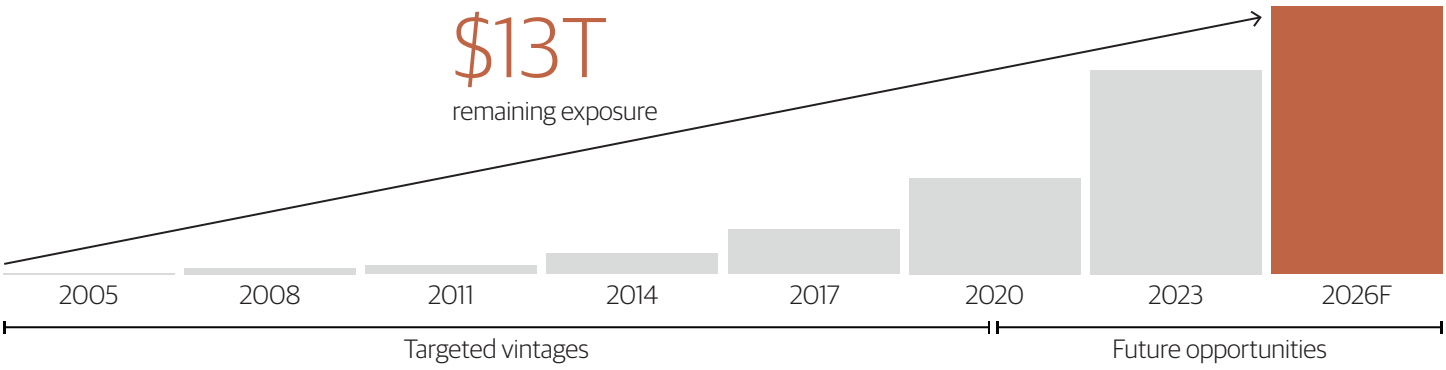


Figure 23: Cumulative Remaining Value And Unfunded Commitments By Vintage[84]



Looking Ahead

The first half of 2026 has reinforced a familiar pattern: periods of volatility are becoming more frequent, but the underlying drivers of growth remain intact. Despite geopolitical shocks and policy uncertainty, the global economy has continued to show resilience.

Artificial intelligence sits at the center of this cycle. The rapid buildout of compute, power, and digital infrastructure is creating a multi-trillion-dollar opportunity, one of the largest investment waves in decades. Demand is growing faster than supply can respond. Meeting that need requires massive amounts of capital, deep expertise, and established platforms that take years to build. That constraint is not a headwind. It is the opportunity.

The outlook remains constructive, though not without risks that could create periods of volatility along the way. For investors, the priority is staying anchored to secular themes rather than short-term headlines. Where demand is large, supply is constrained, and the capital requirements are significant, the advantage belongs to those with the scale, resources, and experience to deliver. That is precisely where we are focused as a firm, and we believe the opportunity ahead is as compelling as any we have seen.

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. Blackstone and others associated with it may have positions in and effect transactions in securities of companies mentioned or indirectly referenced in this commentary and may also perform or seek to perform services for those companies. Blackstone and others associated with it may also offer strategies to third parties for compensation within those asset classes mentioned or described in this commentary. Investment concepts mentioned in this commentary may be unsuitable for investors depending on their specific investment objectives and financial position. Tax considerations, margin requirements, commissions and other transaction costs may significantly affect the economic consequences of any transaction concepts referenced in this commentary and should be reviewed carefully with one's investment and tax advisors. All information in this commentary is believed to be reliable as of the date on which this commentary was issued and has been obtained from public sources believed to be reliable. No representation or warranty, either express or implied, is provided in relation to the accuracy or completeness of the information contained herein.

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, 2025, 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. All data as of March 31, 2026. Number of credit issuers reflects issuers and sponsors across all asset types within Private Corporate Credit, Liquid Corporate Credit, and Infrastructure & Asset Based Credit, excluding FX derivatives and LP interests.
2. Blackstone proprietary data. Certain information and data provided herein is based on Blackstone proprietary knowledge and data. Portfolio companies may provide proprietary market data to Blackstone, including about local market supply and demand conditions, current market rents and operating expenses, capital expenditures, and valuations for multiple assets. Such proprietary market data is used by Blackstone to evaluate market trends as well as to underwrite potential and existing investments. While Blackstone currently believes that such information is reliable for purposes used herein, it is subject to change, and reflects Blackstone's opinion as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof.
3. Blackstone proprietary data, as of April 30, 2026.
4. US Census Bureau, as of April 2026.
5. SemiAnalysis AI Tokenomics Model March 2026. Consumer revenue includes ChatGPT, Gemini, Claude, Grok, Copilot, and Meta Superintelligence Labs. Coding revenue includes OpenAI Codex, Claude Code, GitHub Copilot, Replit, Cognition, Vercel, Lovable, and Cursor.
6. Goldman Sachs Research, as of June 2026.
7. Reflects CapEx spend by five largest hyperscalers (includes finance lease liabilities). Historical figures reflect publicly reported data. 2026E and 2027E based on respective company guidance (Amazon, Google, Meta, and Microsoft), as of April 2026. Oracle based on Morgan Stanley Equity Research, as of May 5, 2026.
8. Morgan Stanley Equity Research and publicly reported figures. Includes finance lease liabilities as of May 5, 2026.
9. Sensor Tower Web Insights, as of January 2026.
10. McKinsey, as of February 2026, Epoch AI, as of February 2025. Video AI stats are representative of a 5-second short clip.
11. 1Q26 Blackstone CEO Sentiment Survey. Includes input from 117 Blackstone Portfolio Companies (78 US CEOs). The Blackstone CEO survey referred to herein is a survey of a subset of portfolio company CEOs. For 1Q26, the survey reflects responses from 117 Blackstone portfolio companies (78 US CEOs) largely within Blackstone's private equity and credit businesses (the "CEO Survey"). Note that survey composition varies from quarter to quarter. The Q126 CEO Survey was initiated on March 5, 2026, and closed March 29, 2026. The 4Q25 CEO Survey includes input from 102 Blackstone Portfolio Companies (65 US CEOs). Survey initiated December 12, 2025, and closed January 10, 2026. The 3Q25 CEO Survey includes input from 95 Blackstone Portfolio Companies (57 US CEOs). Survey initiated

2026 MID-YEAR INVESTMENT PERSPECTIVES 23 September 9, 2025, and closed September 25, 2025. The 2Q25 CEO Survey includes input from 87 Blackstone Portfolio Companies (55 US CEOs). Survey initiated June 5, 2025, and closed June 19, 2025. The 1Q25 CEO Survey includes input from 92 Blackstone Portfolio Companies (56 US CEOs). Survey initiated March 11, 2025, and closed March 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.

12. 1Q26 Blackstone CEO Sentiment Survey; Survey initiated March 5 and closed March 29, 2026. Includes input from 117 Blackstone Portfolio Companies (78 US CEOs).
13. S&P Global and International Energy Agency estimates, as of December 2025 (US electricity demand); International Energy Agency, "Electricity 2026: Analysis and Forecast to 2030," February 2026 (global electricity demand).
14. DC Byte, as of May 2026.
15. FactSet Earnings Insight, as of June 5, 2026.
16. US Federal Reserve, as of June 2025. Based on US nonfinancial corporate business gross interest expense.
17. 1Q26 Blackstone CEO Sentiment Survey; Survey initiated March 5 and closed March 29, 2026.
18. 1Q26 Flash Macro data, as of April 17, 2026 from 75 BCP portfolio companies; FMV-weighted % change with company percentages capped at 100%.
19. Reflects Blackstone proprietary data for Q1 2026 and Q1 2025 (both as of April 17, 2026, from 38 BCP portfolio companies), and for Q1 2024 as of April 11, 2024, from 34 US 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 divestures and certain other companies for which timely forecasts are unavailable.
20. STR, as of June 20, 2026. Revenue reflects revenue per available room (RevPAR).
21. STR, as of June 20, 2026. Revenue reflects revenue per available room (RevPAR).
22. 1Q26 Blackstone CEO Sentiment Survey; Survey initiated March 5 and closed March 29, 2026.
23. 1Q26 CHRO survey of 59 Americas portfolio company responders (~270k employees). Survey initiated March 2nd and closed March 20, 2026.
24. Blackstone proprietary data, as of April 30, 2026.
25. The Blackstone CEO survey referred to herein is a survey of a subset of portfolio company CEOs. For 1Q26, the survey reflects responses from 117 Blackstone portfolio companies (78 US CEOs) largely within Blackstone's private equity and credit businesses (the "CEO Survey"). Note that survey composition varies from quarter to quarter. The 1Q26 CEO Survey was initiated on March 5, 2026, and closed March 29, 2026. The 4Q25 CEO Survey includes input from 102 Blackstone Portfolio Companies (65 US CEOs). Survey initiated December 12, 2025, and closed January 10, 2026. The 3Q25 CEO Survey includes input from 95 Blackstone Portfolio Companies (57 US CEOs). Survey initiated September 9, 2025, and closed September 25, 2025. The 2Q25 CEO Survey includes input from 87 Blackstone Portfolio Companies (55 US CEOs). Survey initiated June 5, 2025, and closed June 19, 2025. The 1Q25 CEO Survey includes input from 92 Blackstone Portfolio Companies (56 US CEOs). Survey initiated March 11, 2025, and closed March 25, 2025. 4Q24 CEO Survey includes input from 85 Blackstone Portfolio Companies (51 US CEOs). Survey initiated December 10, 2024, and closed December 24, 2024. 3Q24 CEO Survey includes input from 90 Blackstone Portfolio Companies (56 US CEOs). Survey initiated September 10, 2024, and closed September 20, 2024. 2Q24 CEO Survey includes input from 92 Blackstone Portfolio Companies (59 US CEOs). Survey initiated June 10, 2024, and closed June 20, 2024. 1Q24 CEO Survey includes input from 83 Blackstone Portfolio Companies (53 US CEOs). Survey initiated March 7, 2024, and closed March 20, 2024. 4Q23 CEO Survey includes input from 83 Blackstone Portfolio Companies (56 US CEOs). Survey initiated December 5, 2023, and closed December 22, 2023. 3Q23 CEO Survey includes input from 87 Blackstone Portfolio Companies (62 US CEOs). Survey initiated September 5, 2023, and closed September 20, 2023. 2Q23 CEO Survey includes input from 85 Blackstone Portfolio Companies (63 US CEOs). Survey initiated June 5, 2023, and closed June 21, 2023. 1Q23 CEO Survey includes input from 76 Blackstone portfolio companies (52 US CEOs). Survey initiated March 6, 2023, and closed March 20, 2023. 4Q22 CEO Survey includes inputs from 86 Blackstone portfolio companies (52 US CEOs). Survey initiated December 5, 2022, and closed December 19, 2022. 3Q22 CEO Survey includes inputs from 84 Blackstone portfolio companies (48 US CEOs). Survey initiated September 6, 2022, and closed September 21, 2022. 2Q22 CEO Survey includes inputs from 92 Blackstone portfolio companies (56 US CEOs). Survey initiated June 3, 2022, and closed June 14, 2022. 1Q22 CEO Survey includes inputs from 83 Blackstone portfolio companies (52 US CEOs). Survey initiated March 8, 2022, and closed March 16, 2022. 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.
26. 2Q26 CHRO survey of 56 Americas portfolio company responders (~225k employees). Survey initiated May 26 and closed June 18, 2026. 2Q25 CHRO survey of 64 Americas portfolio company responders (~184k employees). Survey initiated June 2nd and closed June 16, 2025. 2Q24 CHRO survey of 65 Americas portfolio company responders (~212k employees). Survey initiated June 3rd and closed June 17, 2024.
27. 2Q26 CHRO survey of 56 Americas portfolio company responders (~225k employees). Survey initiated May 26 and closed June 18, 2026.
28. US Bureau of Labor Statistics, as of 2022, and McKinsey "Generative AI and the future of work in America" report, July 2023. BLS projects ~77k increase in electrician employment from 2024-2030; McKinsey estimates 130k incremental demand over the same period.
29. Blackstone proprietary data.
30. US Bureau of Labor Statistics, as of March 31, 2026. Represents the change in real output (goods and services) per unit of labor (hours

worked) for all workers in the non-farm business sector.
31. Federal Reserve Bank of St. Louis, as of February 27, 2025.
32. 2Q26 CPO survey of 161 procurement officers from 98 portfolio companies (in some instances including multiple procurement leaders across different regions / functions at the same company); Survey initiated May 27, 2026, and closed June 17, 2026.
33. 2Q26 CPO survey of 161 procurement officers from 98 portfolio companies (in some instances including multiple procurement leaders across different regions / functions at the same company); Survey initiated May 27, 2026, and closed June 17, 2026.
34. US Bureau of Labor Statistics, Consumer Price Index weights.
35. BLS Shelter: US Bureau of Labor Statistics, as of May 2026. BX Shelter: Blackstone Proprietary Data. RealPage Market Analytics (multifamily), as of May 2026. Zelman & Associates (single family), as of April 2026. John Burns Real Estate Consulting (single family), as of March 2026. Reflects YoY growth of effective rent indices weighted by composition of occupied US housing stock for single family and multifamily units. Single family reflects an evenly-split average of Zelman & Associates and John Burns Real Estate Consulting. BX Core CPI replaces non-seasonally adjusted Shelter component of US Core CPI with BX Shelter CPI.
36. US Energy Information Administration, as of June 25, 2026. US Bureau of Labor Statistics as of April 2026. Zelman & Associates, as of March 2026. John Burns Real Estate Consulting, as of February 2026. 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 and Zelman & Associates single-family blended rent growth, multifamily (~15%) at the RealPage Market Analytics national multifamily effective market rent growth; all other CPI components remain unchanged. US Bureau of Labor Statistics.
37. Blackstone proprietary data, as of May 2026. Includes BXCI; BXCM; Company data.
38. Blackstone proprietary data, as of May 2026.
39. Dealogic, KBW Research. IPO data inclusive of SPACs and A-shares and represents year-to-date cumulative activity through June 8, 2026, compared to prior year. M&A data represents year-to-date cumulative activity through June 4, 2026, compared to prior year. IPO pipeline includes Blackstone Proprietary Data as of June 9, 2026.
40. Stockholm International Peace Research Institute and World Bank, as of 2025. Reflects combined military spending of the US, Japan and Europe on a PPP-adjusted basis from 2000 to 2025 (annual data). Europe defense spending reflects the aggregate military expenditures of the 30 European NATO member states.
41. Stockholm International Peace and Research Institute; United States Department of War, German Ministry of Finance; Center for International and Strategic Studies. 2027 spending estimates represent official projections for funds not yet legislatively appropriated.
42. Stockholm International Peace and Research Institute; United States Department of War, German Ministry of Finance; Center for International and Strategic Studies. 2027 spending estimates represent official projections for funds not yet legislatively appropriated.
43. Bloomberg and Goldman Sachs Research, as of June 25, 2026. The GS Industrials Defense basket consists of names with exposure to the respective countries' defense spending.
44. Savills, as of August 18, 2025.
45. Blackstone proprietary data, as of April 2026.
46. Blackstone proprietary data, as of April 2026.
47. Blackstone proprietary data, as of May 2026. Blackstone's Data Center Platform: Reflects run-rate TEV. Includes operating and development assets with contractual leases at 100% share. Future Development Pipeline: Reflects development potential on owned land bank at 100% share.
48. datacenterHawk; DC Byte, as of March 2026. US data center penetration ~122 watts per capita vs. ~21 in Europe (~6× higher), based on ~42 GW US capacity vs. ~12 GW in Europe. Asia-Pacific (ex. China): DC Byte, as of December 31, 2025, and United Nations, as of November 2025.
49. Reflects performance of S&P 500 and MSCI US Equity REIT Total Return Indices, as of June 26, 2026.
50. Reflects performance of S&P 500 and MSCI US Equity REIT Total Return Indices, as of June 26, 2026.
51. CMBS issuance: J.P. Morgan, as of June 26, 2026. Reflects conduit, CRE CLO, and SASB. Borrowing costs: Blackstone Proprietary Data, as of May 5, 2026. Represents estimated all-in borrowing costs for high-quality logistics transactions at ~65%–70% average LTV assuming ~5% cap rates. Spread reflects weighted average spread across all rating tranches applied to estimated rating agency capital structures from each respective period. 2023 reflects peak base rate and spreads for representative Blackstone SASB CMBS logistics transactions.
52. Citi, as of March 31, 2026.
53. Amazon, as of December 31, 2025.
54. Walmart, as of December 31, 2025.
55. The White House, as of April 2026.
56. Blackstone proprietary data, as of March 31, 2026. Reflects percent of new leasing in the last six months.
57. Blackstone proprietary data, as of March 31, 2026. Reflects Blackstone's global logistics portfolio.
58. Blackstone proprietary data.
59. Based on Blackstone Credit & Insurance views as of April 2026. Bureau of Economic Analysis, as of December 2025, Financial Markets Regulation, GAO report, published on July 2009, and Blackstone Credit & Insurance views for typical direct lending vehicle.
60. Based on Blackstone views as of April 2026. Bureau of Economic Analysis, as of December 2025, Financial Markets Regulation, GAO report, published on July 2009, and Blackstone views for typical direct lending vehicle.
61. 200bps premium is measured as the spread difference between direct loans versus leveraged loan new issuance spreads, as of December 31, 2025.
62. McKinsey & Company, "The Next Era of Private Credit," as of September 2024 ($30 trillion market size). The 90%/10% split reflects Blackstone analysis based on commercial bank balance-sheet assets, including credit card loans, auto loans, commercial loans, and other loans, per Federal Reserve data as of December 2025, compared with total ABS outstandings as of December 2025 per J.P. Morgan.
63. Preqin 2026 Global Report, as of December 2025.
64. Spread premium represents the Private ABF spread over the Bloomberg Barclays Corporate Index, as of March 31, 2026.

65. McKinsey & Company, "The Next Era of Private Credit," as of September 2024 ($30 trillion market size). The 90%/10% split reflects Blackstone analysis based on commercial bank balance-sheet assets, including credit card loans, auto loans, commercial loans, and other loans, per Federal Reserve data as of December 2025, compared with total ABS outstandings as of December 2025 per J.P. Morgan.
66. Spread premium represents the Private ABF spread over the Bloomberg Barclays Corporate Index, as of March 31, 2026.
67. McKinsey forecast, as of January 2025.
68. Morgan Stanley report, "Why the Great Grid Update is the next Multi-Decade Opportunity," as of February 2026. PowerLines, as of April 2026; represents US investor-owned utilities' 2026E-2030E total CapEx.
69. PowerLines, as of April 2026; represents US investor-owned utilities' 2026E–2030E total CapEx.
70. Goldman Sachs, as of March 2025. Refers to electricity distribution and transmission in Europe including the UK. Last 5 years represents actual for 2021 to 2025, next 5 years represents estimated for 2026 to 2030.
71. Minneapolis Fed, as of May 2026.
72. Goldman Sachs, as of June 2026.
73. Pitchbook, as of March 2026.
74. Pitchbook, as of March 2026.
75. Goldman Sachs, as of June 2026. Reflects gross IPO proceeds.
76. Bloomberg, as of April 30, 2026. Represents a rolling 1-month standard deviation of 60% stocks, 40% bonds using the daily return of the S&P 500 and US 10-Year Treasury bonds, over the period listed.
77. Blackstone analysis of Pivotalpath Multi Strategy Index returns, as of April 2026.
78. Based on annualized returns of MSCI World Index TR, Pivotal Path Multi-Strategy Index, and Bloomberg Global Aggregate Bond index, from January 1998-March 2026.
79. Global Equities is represented by MSCI World Index (USD) TR, Global Bonds is represented by Bloomberg Global Agg. Index (USD) TR, and Multi-Strategy Index is represented by PivotalPath Multi-Strategy Index. The above analysis is shown beginning in January 1998, which is the earliest date the PivotalPath Multi-Strategy Index is available. Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks or targets for any strategy or portfolio.
80. Evercore, as of January 2026.
81. Evercore, as of January 2026, and Preqin, as of April 2026.
82. Preqin, as of April 2026.
83. Preqin, as of April 2026. Includes private equity, real estate, and infrastructure.
84. Preqin, as of May 2026. 2005–2026 values represent remaining value plus unfunded commitments. Includes private equity, credit, real estate and real assets.