

KKR Real Estate Trust, Inc.
Q2 2025 Earnings Conference Call
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CORPORATE PARTICIPANTS

Jack Switala – *Head of Investor Relations*

Matt Salem – *Chief Executive Officer*

Patrick Mattson – *President and Chief Operating Officer*

Kendra Decious – *Chief Financial Officer*

PRESENTATION

Operator

Good morning, and welcome to the KKR Real Estate Finance Trust Inc. Second Quarter 2025 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note, this event is being recorded.

I would now like to turn the conference over to Jack Switala. Please go ahead.

Jack Switala

Great. Thanks, operator, and welcome to the KKR Real Estate Finance Trust Earnings Call for the second quarter of 2025. As the operator mentioned, this is Jack Switala. This morning, I'm joined on the call by our CEO, Matt Salem, our President and COO, Patrick Mattson, and our CFO, Kendra Decious.

I'd like to remind everyone that we will refer to certain non-GAAP financial measures on the call, which are reconciled to GAAP figures in our earnings release and in the supplementary presentation, both of which are available on the Investor Relations portion of our website. This call will also contain certain forward-looking statements, which do not guarantee future events or performance. Please refer to our most recently filed 10-Q for cautionary factors related to these statements.

Before I turn the call over to Matt, I'll go through our results. For the second quarter of 2025, we reported a GAAP net loss of \$35 million or negative \$0.53 per share. Book value per share as of June 30, 2025, is \$13.84. We reported a distributable loss of \$3 million due primarily to taking ownership of our West Hollywood property. Prior to realized losses, distributable earnings was \$16 million or \$0.24 per share. We paid a \$0.25 cash dividend with respect to the second quarter.

With that, I'd now like to turn the call over to Matt.

Matt Salem

Thank you, Jack. Good morning, everyone, and thanks for joining our call today. Let's begin with an update on the real estate credit market. Transaction activity and loan demand has recovered from the volatility of the initial tariff announcement, and we are seeing significant opportunities within our loan pipeline, which continue to run near record levels.

Competition has returned and most lenders are active in the market. Despite the competitive environment, we believe the lending opportunity remains highly attractive, offering both absolute and relative value. Most of that is driven by the ability to lend on reset values well below replacement costs. Fundamentals remain healthy across most property types and construction starts have decreased meaningfully, likely leading to stronger rental growth over the next few years.

Commercial banks are increasing their participation while shifting some of their lending to loan on loan or other back-leverage facilities, allowing KREF to borrow at attractive rates on a non-mark-to-market and matched-term basis.

Now turning to second quarter results. Originations in the quarter totaled \$211 million, comprised of two loans secured by industrial and multifamily properties. We had two full repayments and six partial repayments, which totaled \$450 million. We will continue to reinvest repayments and are projecting nearly \$1 billion of incremental repayments over the second half of the year.

Now that we have turned the investment pipeline on, we are focused on two newer areas: first, diversifying our portfolio geographically into Europe, and second, creating some more duration through CMBS investments. We have an active pipeline in the European loan market and anticipate new originations in the region by the end of this year. In addition, this quarter we closed on a B-Piece investment, where returns are very attractive. The pool consists of 34 low leverage, fixed rate first mortgage loans, diversified across property types and geographies. We have a best-in-class team and a long track record of CMBS investing, including the ability to leverage our K-Star platform, which is a rated special servicer.

Turning to risk ratings, we downgraded a Boston life science asset from a 4-rated loan to a 5-rated loan, and expect to extend the loan through February of 2026. We also downgraded our Chicago office loan from a 3-rated loan to a 4-rated loan due to continued market deterioration. As a reminder, this loan has already been modified twice, with a reduction in loan balance by approximately 35% through \$35 million of equity repayments and a \$50 million hope note.

Turning to our life science exposure. Our life science sector is 12% as of the second quarter, comprised of six assets located in the top two life science MSAs of Boston and South San Francisco. And 60% is comprised of newly constructed and purpose-built properties that are targeting larger pharmaceutical tenants which are less susceptible to some of the cyclical issues the sector is experiencing. As a reminder, we've added additional detail in our supplemental, which can be found on page 10.

With that, I'll turn it over to Patrick.

Patrick Mattson

Thanks, Matt. Good morning, everyone. Let me begin with an update on our watch list as well as progress on the REO assets. As we reported last quarter, we took title for the West Hollywood multifamily loan in April and recorded a loss to distributable earnings of \$20 million, which was a slight improvement over our CECL reserve. We're progressing on our execution plan for a condo sellout and expect sales to commence in the third quarter. On the 5-rated Raleigh Multifamily, we are proceeding on an assignment in lieu of foreclosure and expect to complete the process in the third quarter, at which point we will convert our approximately \$15 million CECL reserve to a realized loss. As of June 30, this asset is 96% occupied, and we will implement a small value-add program to enhance the value and reposition the property as market fundamentals continue to improve.

Three updates on the REO side.

First, the Mountain View, California office. The market here has improved materially from our initial ownership from both the capital markets and tenant demand perspective, and we are actively responding to tenant requests for proposals. Given our asset offers tenants the ability to have a full campus setting, we continue to position leasing toward a single user.

Next, in Portland, Oregon. During the quarter, we closed on the sale of a parcel, which will be developed as a multi-genre concert space providing an entertainment venue to the site. Additionally, we're working toward the completion of the entitlement of 4-plus million square feet of mixed-use space creating a path to opportunistically sell additional development parcels and repatriate capital.

Finally, in Philadelphia, we completed the sale of the garage in 2Q to a private parking operator at a level slightly above our carry basis. The garage was a 13-story, 469 parking space facility amongst the larger Philadelphia REO portfolio. At the office property, we're continuing to focus on retaining tenants and increasing occupancy and remain open to selling the property at an appropriate basis.

As a reminder, at just our basis in the REO assets, we could generate over \$0.12 per share per quarter of distributable earnings as we effectuate our business plans, repatriate capital and reinvest into performing loans. Our REO portfolio represents approximately \$352 million of pro forma equity or \$5.34 per share, which is reflected on page 14 of our supplemental.

Moving to share repurchases. We repurchased \$20 million of KREF stock in the second quarter for a weighted average price of \$9.21. Over the last three quarters we have repurchased almost \$40 million of common stock, representing approximately \$0.25 of book value per share accretion. Since inception of our buyback plan, we have bought back \$137 million of KREF common stock. We'll continue to evaluate the allocation of capital across both share buybacks and loan origination.

Liquidity remains robust. And at quarter end, we had \$757 million of liquidity available, including \$108 million of cash on hand, and \$620 million of undrawn corporate revolver capacity. With the assistance of the KKR Capital Markets team, 78% of our financing remains fully non-mark-to-market. Overall, we are well positioned for the opportunity in front of us in 2025 and beyond. We've been making progress on our watch list and REO as well as actively making new investments. We'll continue to be transparent and proactive in managing the portfolio to maximize shareholder value.

Thank you for joining us today. With that, we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you're using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster.

The first question comes from Jade Rahmani with KBW.

Jade Rahmani

Thank you very much. Can you talk about the level of ROEs that you're able to achieve in the market and give some color around loan spreads, all in yields? That would be helpful considering the uptick in competition that we've seen this year.

Matt Salem

Hey, Jade, it's Matt. Thanks for joining this morning, and thank you for the question. Yes, just in terms of what we're seeing in the market, which we made some comments on the call today, the pipeline is as big as it's ever been, and we've set two records in our own pipeline this year just in terms of the market opportunity. We're generally running over \$30 billion a week of just within our actionable pipeline. That's US and Europe, and that's across all of our pools of capital. We have bank capital, insurance capital and more transitional bridge type of capital that we lend for KREF, so a pretty robust opportunity set, lots to look at.

I'd say on the competitive side, definitely competitive. I think all the pools of capital are turned on. But it's led to spreads compressing back to where we were pre-tariff announcement. I would characterize the market for, call it, transitional lending, stuff we're focused on anyway in the institutional segment of the market in the, call it, mid-200s. I think most of the stuff we're looking at is around the 265 or so area, so basically back to where we were pre-tariff. You'll see this quarter, we did close two deals that are on the tighter end of, probably the tightest end, honestly, of where we see the transitional loan market right now. So, we closed two deals this quarter in the 240 area. That's about as tight as you can go.

Now this goes back to, I think, some of the comments we made on previous calls, where we're seeing a lot of opportunities to lend on what I think of as like mostly stabilized assets. One is an industrial portfolio, that was slated to go for the single asset, single borrower market. Then the tariff announcement hit. We were able to pull that out and provide balance sheet financing, so pretty much stabilized, a well-occupied industrial portfolio. And then the second one was, again, mostly stabilized, a very well-located institutional sponsor, multifamily property.

So, there's no real business plans here. And so, when you start to get into these things that aren't even light transitional, it's in that 240, 250 area. We've always tried to play in the higher quality part of the market. And we're able to finance those really effectively as well. So, when you think about these spreads, we're translating these into the similar ROEs in that, call it, on the tight end, we're probably in the mid-11s and that ranges all the way out into the 13s. So, ROE is pretty similar to what we have seen really through most of our lending. I think these two deals we closed in the quarter were both in the 12s. So certainly, what we're targeting. But I'd say the fact patterns are more stabilized, a little bit more well-occupied assets.

Jade Rahmani

Thank you. You mentioned the \$1 billion in repayments you expect in the second half. Can you talk about what kind of originations you expect in the second half? And also, any loans with upcoming maturities that could create some conversations on how those ultimately get paid off or if the plan is to extend?

Matt Salem

Yes. I guess, a couple of comments. We're still trying to match the repayments with new originations. So, if we've got that \$1 billion of repayments, which we think is, I think we say nearly \$1 billion, if we got that, I think you would see us pretty actively originating to try to replace the vast majority of that. The only thing we're just mindful of is, obviously, we're watching our leverage ratio. We're right in line with where we want to be right now, maybe slightly at the higher end, but certainly within a reasonable range.

And as we think about near-term maturities, there's nothing currently on the radar. We have one industrial property in New York that we're watching. But outside of that, there's really nothing else coming down that we're particularly watching closely.

Jade Rahmani

Thank you very much.

Operator

The next question comes from Rick Shane with JP Morgan.

Rick Shane

Hi, guys, thanks for taking my questions. Always tough to be after Jade because he asks great questions and covered a lot of what I was interested in.

The thing I'd like to talk about, it sort of dovetails with the last topic you guys were on, 2026, you have \$2-plus billion of maturities, in '27 \$2.7 billion. Obviously, those are pretty big walls. I think the conversation we just had was about near-term maturities, but as you really look into the heavy lift next year, can you sort of give us a sense of maybe even sort of the pie chart of that \$2 billion, hey, we think 50% are going to pay off, 40% are going to extend and 10% are going to be problematic? Can you give us some sense of how to think about that 2026 maturity wall?

Matt Salem

Yes, Rick, Unfortunately, I'm not sure I can be as precise as you're asking in predicting the future. A couple of comments I'd make.

One, a lot of that's getting pulled forward. So, when you think about our expectation around \$1 billion coming down in the second half of the year, that's all coming in before a maturity date. I think these business plans are getting executed, completed, if you will, in many cases people are pulling forward refinancing or beginning to sell assets, so when we think about the maturity wall, I think it's going to look a lot different at the end of this year. And then we start to think about the '27 maturity wall, I think a lot of that will get pulled forward into 2026. The markets are active, there's financing availability and people are taking advantage of that.

I would say, when you look at our pipeline, our pipeline is, for new investments a lot of it is refinance. And so, it's sponsors buying more time and creating more runway. Because if you think about it, if you own a multifamily property or industrial, you're watching these supply pipelines get absorbed, you're watching the supply starts drop dramatically, which they have done over the last handful of quarters, as well as the impact on some of these tariffs on new starts, and I think people are becoming very optimistic about what that can mean for rental increases and therefore, enhance property values. And so, I'd say a lot of our pipeline right now is sponsors just, again, trying to bide the time so they can hold the assets for another two, three years and get into a window where the fundamentals are really in the landlord's favor. So, I expect to see, within our portfolio, to translate that to our borrowers, I think a lot of people are pulling this financing forward, buying that time now, and they're going to hold these assets and wait it out.

As it relates to credit issues, I think we're going to see less and less credit issues around maturities. We've already identified, I think, most of the issues. Not to say there won't be more, but the maturity, it used to be like a rate reset, interest rate caps or things would cause some of the issues or maybe you had an initial maturity date that caused issues. Just given where we are now in the cycle, I think a lot of the problems have reared their heads at this point in time. So, it's kind of less about a date and more about what's going on in a particular property type or that specific asset. So, I wouldn't expect that to be a big catalyst for defaults at a maturity date, I think they could come earlier or it's due to something else happening, like a tenant leaving or something like that.

Rick Shane

No. Look, it's a really interesting point about rate resets. We think about this all the time in terms of consumer finance. At a certain point consumers, over time, have demonstrated an ability to absorb certain changes given how long rates have been higher and the fact that basically everybody has been reset already, one, the business model is improving and the ones that survive have proven out. And also incrementally, it's probably not any more costly.

I am curious, you talk about refinance. Is that refinance for sponsors who are borrowing outside of your portfolio? Or is that refinance of existing loans? And to the extent it's refinance of existing loans that you've made, can you help us just sort of understand the different criteria between a refinance versus an extension? Because as outsiders, I think we probably look at them the same way. But I think internally, you probably have very different criteria, and it's perhaps a different signal.

Matt Salem

Yes. That's a good question. I'd say the vast majority of the refinancings that we're seeing, they would be new credits for us, new assets for us. We do very little of refinancing our own portfolio. Obviously, to your point, we do modifications, we do extensions. There are isolated cases where we provide what we think of it as a new loan because it's new terms. We have a new 5-year term. We have a refresh on all the reserves and structure, etc. So that has happened in the past, but it's very isolated. These are really just new opportunities coming into our pipeline.

Rick Shane

Okay, perfect. Thank you for clarifying. And I apologize for taking so much time. Thank you, guys.

Matt Salem

Thanks, Rick.

Operator

The next question comes from Steve DeLaney with Citizens JMP Securities.

Steve DeLaney

Thanks. Good morning, everyone. First, let me applaud the buyback. I think it's a great allocation of capital, even though obviously, you'd like to play offense more than defense. But as a representative of the shareholders, I say thank you. I think you assume that it will probably continue if the stock stays down here under 70% of book.

Matt and Patrick, looking at the portfolio, you're now \$5.8 billion, about 20% off the recent high of, I guess, 1.5 years ago, a little over \$7 billion. When you look at the capital base today, you look at the opportunity, as we're updating models and we're thinking out to the end of 2026 or so, is it realistic to think that the loan portfolio could grow back to something close to that \$7 billion figure? Or given the buyback and given the other allocations, is that unrealistic? I guess, I'm just asking if you guys have a target level for where your loan portfolio could stabilize in the current environment? Thank you.

Patrick Mattson

Good morning, Steve. It's Patrick. That's a good question. I guess a couple of things I'd comment on there. I think, one, we don't think about it in terms of a target that way. We think about it in terms of allocating capital and thinking about it in terms of our leverage levels. And so, if you look at what's happened since we've been at that peak level, a couple of things here.

One, I think the mix will change slightly over the course of the next couple of quarters. We mentioned the CMBS investment we made, obviously, that's capital that you can sort of gross up what the loan equivalent would be. But if we allocate capital towards CMBS, then the loan portfolio is not going to be at a peak level. You mentioned the buybacks, clearly, as we remove equity from the company that's not available to grow the loan portfolio, so we will see some shrinkage from that.

The other area, though, on the flip side, we do have equity that is, in effect, trapped in some of our REO assets. And as we work through those business plans, as we return that capital back, then there's an opportunity for us to redeploy that into new loans. And so, you could see some growth there. But all of that will just be constrained by what our total equity is and what our target leverage level is.

I would just lastly comment that if you look at it on a spot moment, Matt alluded to that we're right in our target leverage level. For the year, we're probably just off from a redeployment of repayments we're about \$50 million less of originations relative to the repayments that we received. That's just quarter-to-quarter. There's going to be some fluctuations. The pipeline, as Matt mentioned, is pretty active. So, we've got quite a bit that's in closing now. And so, as we look towards the back half of the year, we would certainly expect that we're to close that gap and probably see a slightly higher level from where we are today. Hopefully, that addresses what you were asking.

Steve DeLaney

Yes. That's very helpful. And I totally get that from your view it's an allocation of capital. It's not a particular dollar level of a portfolio given other places you're allocating capital.

Just curious on the B-Pieces, do you view that as somewhat opportunistic, given some market disruption? Or do you see that as a core piece of the investment pie going forward for KREF?

Matt Salem

Thanks, Steve. I can jump in there. It's Matt. I think we'd like to grow it and it would be a more consistent piece of our investing. We've got a pretty strong position in that market. We've been very large participants in that space, really going back to when risk retention started in CMBS in 2017. In fact, we were the first investor ever to acquire a conduit B-Piece that was subject to risk retention. So, I negotiated all the precedent documents with the banks to kind of set that program up. And since then, we've been the largest investor in risk retention across our various pools of capital.

So, we've got a really strong position there. And so, I think we'd like to continue to be active in the market. That market tends to be a little bit more consistent from an opportunity set as well in terms of just given the risk retention, it's not as volatile from a return perspective as what we've seen in other markets. So, we're hoping that continues and we can continue to participate. Of course, every investment we make, we're making relative value decision. So, for that to change, we'd obviously react to that. But we're hoping that just given the way that market operates, that we can be consistent there.

Steve DeLaney

Okay. And do you see the ROE on that CMBS B-Piece book, do you look at that as being incremental to shareholders versus if you had a 100% bridge loan portfolio? So, in other words, on a dollar of capital invested, do you see that has an incrementally higher ROE contributing to what a KREF shareholder receives than if you weren't in that business?

Matt Salem

Yes. It kind of depends on what kind of loans you're comparing it against. It tends to be slightly higher than what we're doing on the loan side from a total return or IRR perspective. Yes. So, there is slightly more return. I would say that's nice, not necessarily why we're doing it. I think we're doing it more for the fact that we do think there's good risk-reward in the sector. Number two, it's a diversifier for us.

And number three, I think the duration component is important. And you see this in our peers as well. I think the industry is evolving a little bit in terms of trying to create a little bit more duration, which I think there's a number of things. But just from a risk management perspective, it just helps us if you think about our loan portfolio as being shorter duration, three-ish year loans, we're not having to recycle the entire portfolio every three years. And that's subject to some of the cyclicalities of markets, etc. So, I think it kind of takes a little bit more of that vintage risk out of the portfolio. That's another reason, I'd say one of the primary reasons why we decided to enter that space.

Steve DeLaney

Thank you both for the comments this morning.

Operator

The next question comes from John Nickodemus with BTIG.

John Nickodemus

Hi. Good morning, everyone. I wanted to start with a two-part question on your life science loans. First, obviously, the Boston loan was downgraded for the second straight quarter here. I was curious what a potential plan for resolution could look like there. I know, Matt, you mentioned the extension. I was just curious if it could be something like what we saw with the San Carlos modification a few quarters ago. And then second, of your other five life science loans, I know they're all 3-rated, how do you feel about

where those stand and their ability to stay off the watch list in the coming quarters? Thanks.

Matt Salem

Thanks, John. I appreciate the question. Thanks again for joining the call. I would say on the Boston asset, I don't think we have the answer there yet. We're still working through a number of different options and in discussions with the borrower, which is kind of leading to this extension. So let us come back on that one, and in the next earnings call we hope to give everybody an update on how that may proceed. It's obviously live discussions happening right now.

On the rest of the life science, a couple of things. One, we obviously modified one of them, as you mentioned. And then a few of those, which I made the remarks on the call as well, three of them in particular, are really new assets, purpose-built. They were originally construction loans, and those are effectively largely delivered at this point in time. And so, I think we still feel good about those. They're in great locations. They are very strong real estate. And we've got, for the most part, some very good sponsors within that. So, I think obviously it's a very challenging market, although we're starting to see a little bit of green shoots. It's early still, but we are starting to see a little bit of the tenants returning to the market, it's picking up in some of these markets, and so we obviously want that to continue.

But for right now, I think we're rated appropriately, and we'll just have to kind of see what happens as time progresses here in terms of our sponsor's plans with those particular assets. But it's very good real estate, very well located. And again, for the most part, pretty strong sponsors there.

One thing that people haven't asked yet, but perhaps there's a corollary here, certainly we're hoping so. On the office side, we're seeing a lot more liquidity in that sector. Now there's still a bifurcation in terms of quality, all the liquidity is coming back to the higher-quality assets first, and tenants are returning to the market. There's real leases getting done, and Patrick mentioned this in his remarks in terms of some of the stuff we're seeing in Mountain View, which has completely changed from when we took title for that asset. So, these markets can change and tenants can come back, supply is dropping off. And so, we feel like if we're in really high-quality real estate that over time these asset values can recover. So that's a little bit of how we're thinking about just the overall portfolio, specifically on the REO and some of these life science assets as well.

John Nickodemus

Great. Thanks so much, Matt. And appreciate the added detail on the office sector. That's great to hear.

And then other one for me. One of the notable developments this year has been the move by some of your peers into the owned net lease space. I think you've mentioned diversifying into more European loans, obviously, the CMBS B-Pieces. Just curious to hear your team's thoughts on more commercial mortgage REITs owning net lease real estate and if that's something that you would ever consider in the KREF vehicle. Thanks.

Matt Salem

Sure, John. Well, I think it's a positive that the market is evolving. And so, I'd like to see the peers adding new types of investments to their portfolio. And we obviously made remarks already around how that helps the duration. These assets can fund differently as well. So, I just think it's going to create, at the end of the day, a more robust industry and maybe more shareholders attracted to the market. So, I think it's a real positive.

For us on the net lease, we've done it in other parts of our real estate business. So, it's certainly a sector, we have a couple of teams that do it today, it's a sector that we're very familiar with. I'd say we're still evaluating whether we think it makes sense for KREF. And so, we'll kind of keep everyone posted on

that. There's nothing, I would say, imminent there, but it's certainly on a list of things, when we talk to our Board about possibilities of expanding our portfolio. So, I think we'll continue to look at it, but certainly nothing in the near-term horizon.

John Nickodemus

Great. Thanks so much, Matt. Appreciate the answers.

Matt Salem

Thank you.

Operator

Again, if you have a question, please press star then one. And we have a follow-up from Rick Shane with JP Morgan.

Rick Shane

Hey, guys. Thanks for taking my second question. Very quick, on the \$400 million REO portfolio, we had a question, what's the timeline to repatriating that capital back into loans?

Matt Salem

Yes. Maybe I could just go one by one, if that's helpful. And if you have the supplemental open, it's on page 14. But I'll just give some context. Mountain View, again, that's a campus office building or property, and there, we want to be patient. And we really are targeting a single user. It's high-quality real estate. There's other competitors in the market. There's obviously vacancy in the market that we're competing against there. But I'd say we're on the short list for tenants that want high-quality in Mountain View. We've seen that leasing pick up substantially, as we've mentioned. And because we're a campus offering, there's a little bit of uniqueness to that, where, obviously, the amenity package, the security, etc., could be very attractive for a tenant. Most of our competitors are multi-tenant buildings, so we stand out a little bit in that regard.

In terms of timing, again, we need to be patient here. The market is coming back. There's real activity. So, we're actively working on RFPs for tenants. But I think we're willing to wait to get the right deal with the right tenant. That one is a little bit of unknown.

On West Hollywood, we will be in market selling shortly within the third quarter. And that's condo sales, so that will start coming out over the course of the next year or so, we'll start whittling down at that as we sell condo units.

On Portland, again, a little bit similar story from Hollywood, where we've been working in the background on this redevelopment and entitlement for some time now. And we're getting to the stage where we should be able to sell lots for development, probably multifamily development. We're very excited about that project. But over the course of next year, we are hoping that we can begin to sell lots and repatriate some of that capital. But again, it likely will not be a wholesale one sale. It will likely be individual parcels that we sell to developers there.

On Seattle, I'd probably put this a little bit more in the Mountain View camp, where if you recall, we signed an anchor tenant there in the life science space, which we think is going to really help drive future leasing. But it is a multi-tenant asset, and I'd say the leasing here is not as robust as we're seeing in Mountain View. So, this will take a little bit more time. But again, TBD on this one, to see how the market recovers. But of all these assets, that's probably the one that has the longest tail.

And then the Philadelphia asset, it's mostly stabilized office building. There's a couple of leases that we're

working on there. And if we could hit a couple of those, that would be more of a short-term sale over the course of the next year or so. We'll see what the market is doing.

And then finally, the Raleigh multifamily property, that will likely be a short-term hold. This is well occupied. As we mentioned, we'll probably do a slight value-add business plan. Supply is coming down in that market as well. So, we kind of like the setup there. So, think about that as, I don't know, as a 12 or 18 month hold. It won't be a long term hold, but I think we'd like to get a little bit further down the road and put a little money into it and then try to exit that.

So, when you think through all this stuff, you're getting a few of these back in relatively short order, a few of them within the next, call it, year to 18 months. And then in my mind, it comes down to Mountain View and what's the success we have there. It's a big asset and can we execute there in a short amount of time, and certainly like what we're seeing in that market right now.

Rick Shane

That's an incredibly helpful answer. Thank you so much.

Matt Salem

Thanks for the question.

CONCLUSION

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Jack Switala for any closing remarks.

Jack Switala

Great. Thanks, operator, and thanks, everyone, for joining us today. You can reach out to me or the team here if you have any questions. Take care.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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