

4Q 2025

Global trends and tactics

Real estate opportunities and risks in the current environment

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NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

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1

Global overview

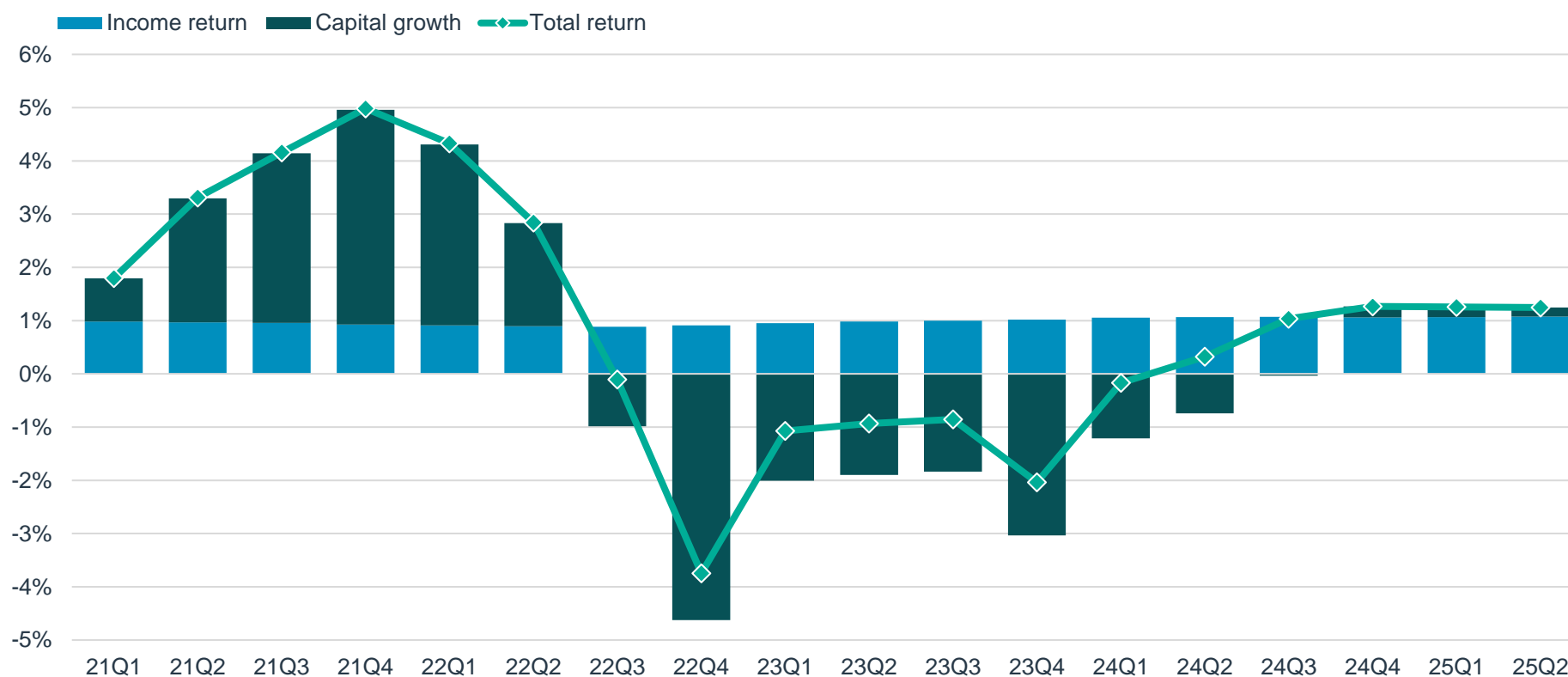
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Global real estate returns positive last 5 quarters

Following a two-year reset, global private real estate values have ticked up for five consecutive quarters. Due to real estate's stable income return component, total returns have now been positive for five consecutive quarters.

Global unlevered quarterly returns



Source: MSCI Global Quarterly Property Index (Q2 2025 data as of 6 Sep 2025 data release); Nuveen Real Estate Research.

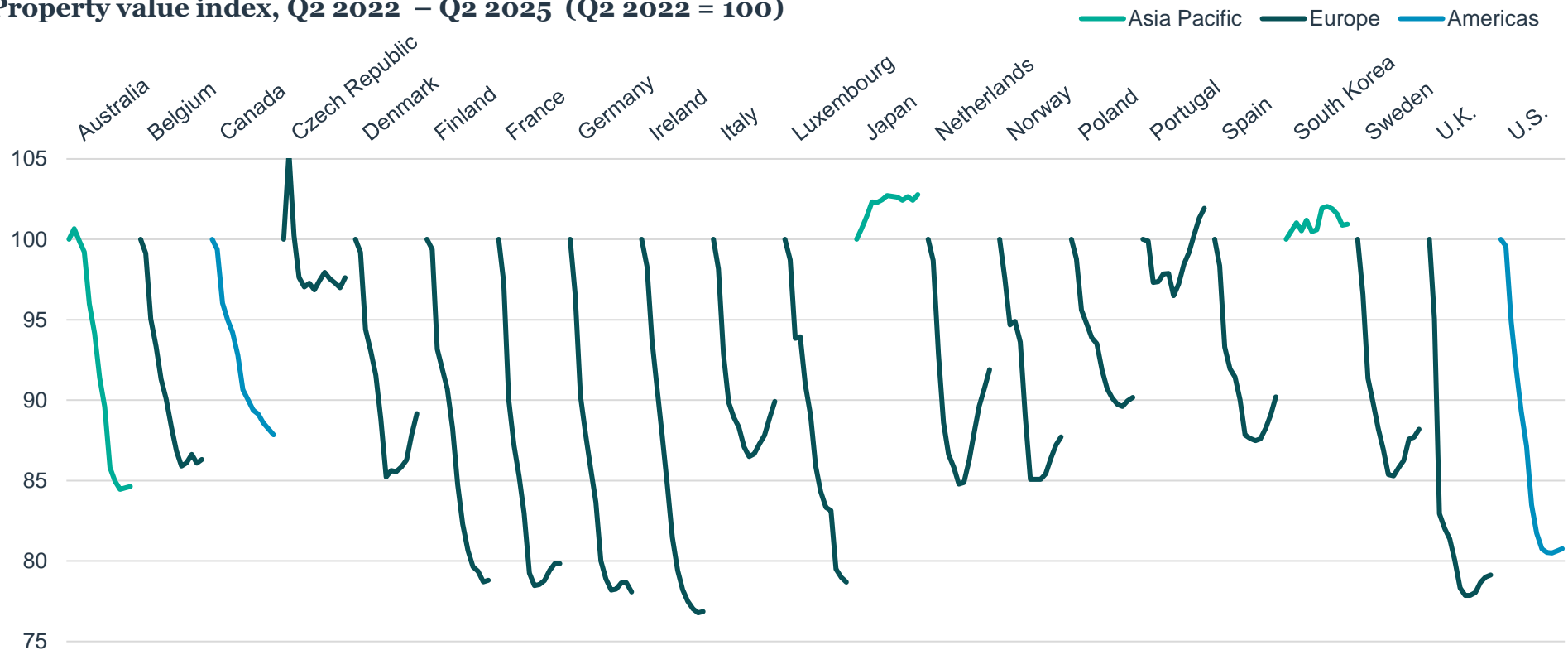
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Values are rebounding in most markets

Globally, values have ticked up in each of the last five quarters. Most of the countries across Europe are now beginning to show meaningful value increases. In Asia Pacific, Australia has stabilized while Japan and Korea moderate. In the Americas, U.S. values are trending up but values in Canada are still adjusting downward.

Property value index, Q2 2022 – Q2 2025 (Q2 2022 = 100)



Source: MSCI Global Quarterly Property Index (Q2 2025 data as of 6 Sep 2025 data release); Nuveen Real Estate Research.

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Returns positive across all countries in Q2

In the second quarter, all 21 countries in the MSCI Global Quarterly Property Index delivered positive total returns for investors. We are beginning to see consistency in this data — over each of the last four quarters, at least 20 countries have generated positive total returns. Values fell in 3 of the 21, but the return from income more than offset the fall in prices.

Quarterly returns across countries (Q2 2025)



Source: MSCI Global Quarterly Property Index (Q2 2025 data as of 6 Sep 2025 data release); Nuveen Real Estate Research.

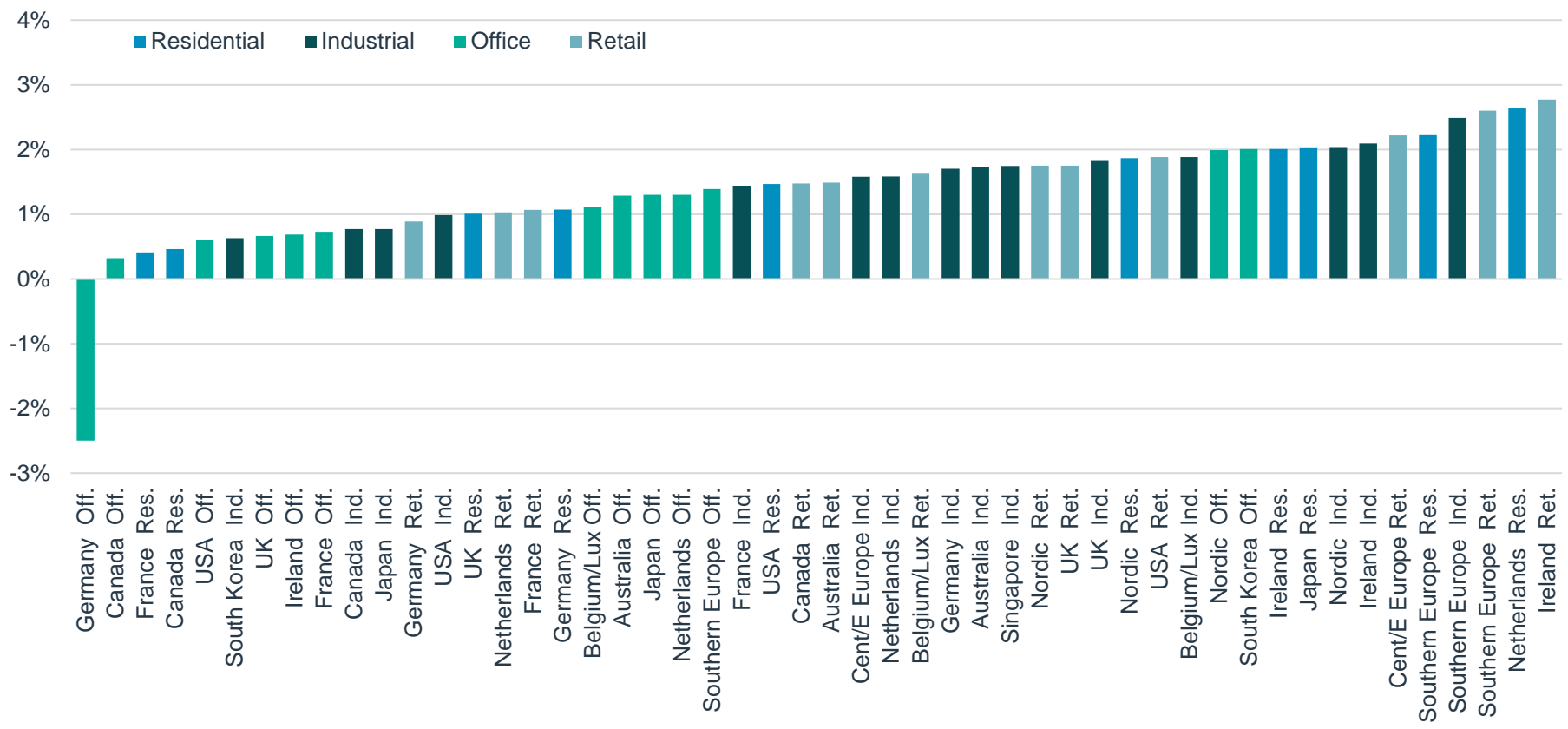
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Returns positive in nearly all market segments

In the second quarter, out of 50 available country and sector combinations, all but one produced positive total returns.

Quarterly returns across countries and property types (Q2 2025)



Source: MSCI Global Quarterly Property Index (Q2 2025 data as of 6 Sep 2025 data release); Nuveen Real Estate Research.

Note: Central / Eastern European office did not have data for 25Q1 and thus is not represented.

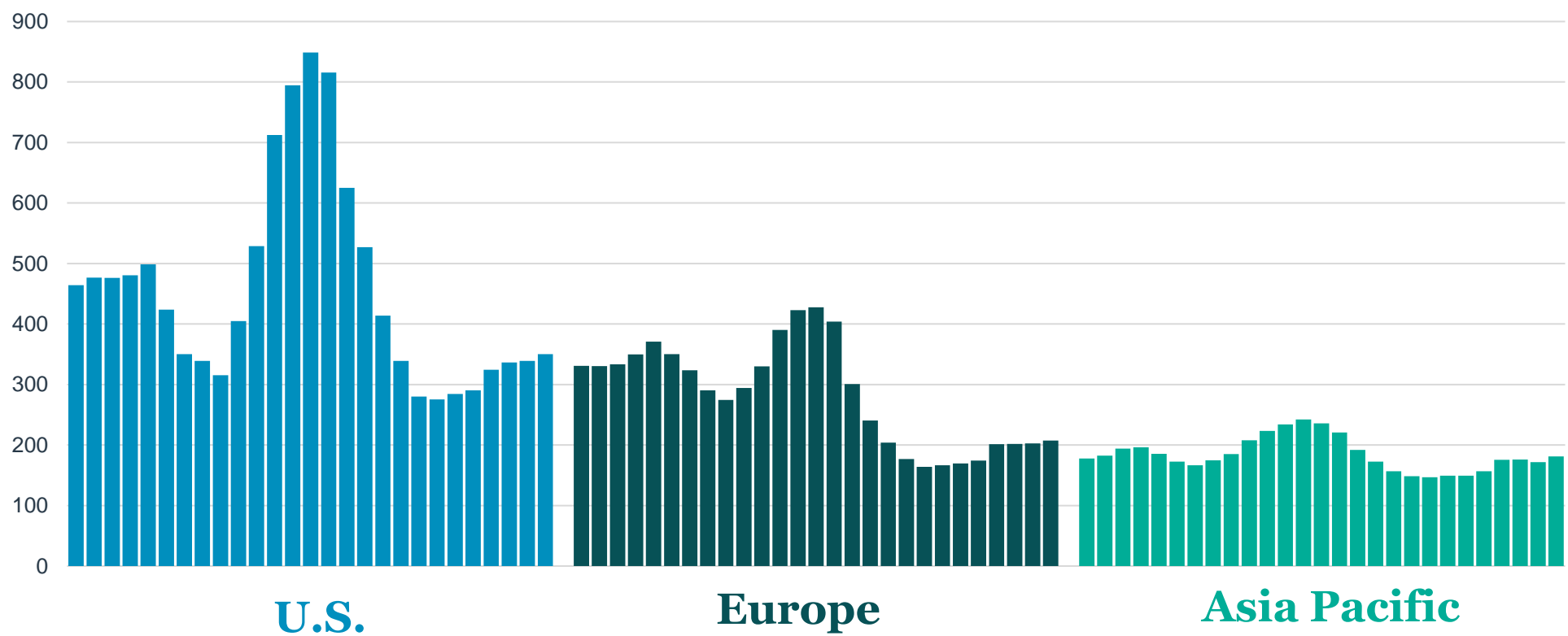
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Transaction volumes are starting to pick-up

Over the trailing year, investment volumes for income-producing property totaled \$739 billion across the U.S., Europe, and Asia Pacific, which was a 19% increase relative to the same period last year.

Q1 2019 – Q2 2025 Investment volume (TTM, \$ billion)*



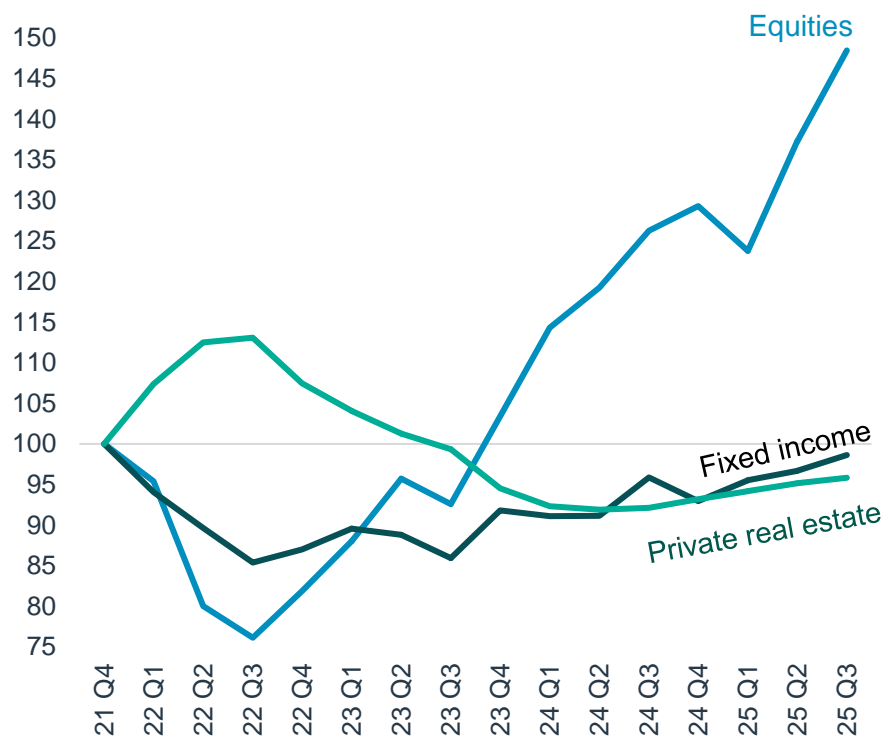
Source: Real Capital Analytics; Nuveen Real Estate Research (25Q3 data as 4 November 2025).
Note: *Transaction volume includes all property types excluding development sites. A previous version of this slide included development sites which resulted in significantly higher transaction totals for Asia Pacific. Excluding non-income producing property provides a better like-for-like comparison.
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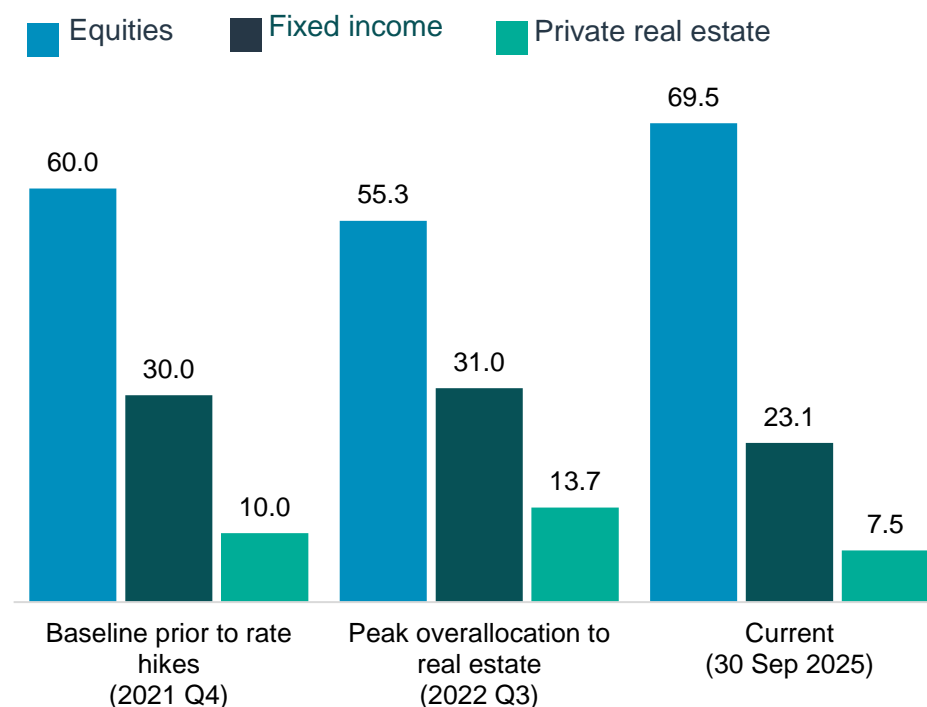
Investors are likely now underweight real estate

In 2022, falling equity and fixed-income portfolios pushed real estate allocations above investors' targets due to the “denominator effect,” but the situation has since reversed. With equities still near all-time highs, many investors are now significantly below their 2021 real estate allocations and below their target weight.

Total return index (21Q4 = 100)



Evolution of hypothetical 60/30/10 portfolio (%)



Source: Bloomberg, Nuveen Real Estate Research, Nuveen Portfolio Strategy & Solutions (25Q3).

Notes: Modeled portfolio assumes a starting 60% allocation to equities, 30% to fixed income, and 10% to private real estate with portfolio changes due to market movements, not rebalancing; Equities = S&P 500 Total Return Index; Fixed Income = Bloomberg U.S. Aggregate Total Return Index, Private Real Estate = NCREIF ODCE Total Return Index.

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Commercial real estate debt markets

Recovering demand from borrowers, coupled with banks' repositioning as providers of back leverage and with new loans against repriced assets, the opportunity for debt funds to produce attractive risk/reward vintages is high.



- Lending risk is falling as capital values have stabilized, and in some markets, are starting to recover
- Tighter pricing and lower LTVs will be the new norm in the short-medium term as lenders compete for the best assets while maintaining sufficient covenants
- Banks repositioning from direct lending to providing back leverage to debt funds. This is mainly driven by regulatory pressures and reduced cost of capital for back leverage

Lenders will continue to be selective

Lenders are increasingly being selective, focusing on assets that demonstrate improving valuations, increased rental income and high-quality sustainability credentials. Surprisingly, in Europe, office transactions have made a comeback, accounting for 25% of financing requests in early 2025, second only to residential development (34%). This sector balance will vary globally, but what has been a clear trend and likely to continue to be a focus is that lenders are heavily weighted towards assets that can demonstrate positive cashflow in current market conditions, rather than those with potentially increased rental levels in the future.

Tighter pricing and lower LTVs are the new norm

Despite the challenging market conditions, loan pricing has become more competitive due to low transaction volumes and high competition among lenders for quality deals. However, this has not eroded lender focus on reducing risks as average day-one LTVs have also trended down since the end of 2023 and conservative LTV levels are now the new norm. Average senior LTVs are now sub 60% for all asset types in Europe, with some sectors as low as 50%. Higher senior-stretch loans are up to 70% LTV but are primarily through alternative lenders and come at substantially higher cost to borrowers. There is significant capital waiting to deploy, so loan pricings are likely to remain tight in the short-medium term. At the same time, given recent market volatility, lenders are unlikely to loosen loan covenants and LTVs.

Banks increasingly focused on back leverage

Recent market volatility has dampened the appetite of banks to lend to real estate directly. In Europe, the recently implemented Basel III Endgame is likely to have similar effect as the slotting regime has had in the U.K., with an increase in cost of capital for real estate lending. Ultimately, it is becoming less economically viable for banks to make real estate loans outside their core senior lending focus. However, banks have increasingly offered back leverage, which benefit from favorable capital treatment relative to direct lending, to debt funds. This will provide further debt liquidity to the market and likely be an increasing method of financing real estate debt.

Source: Nuveen Research, November 2025.

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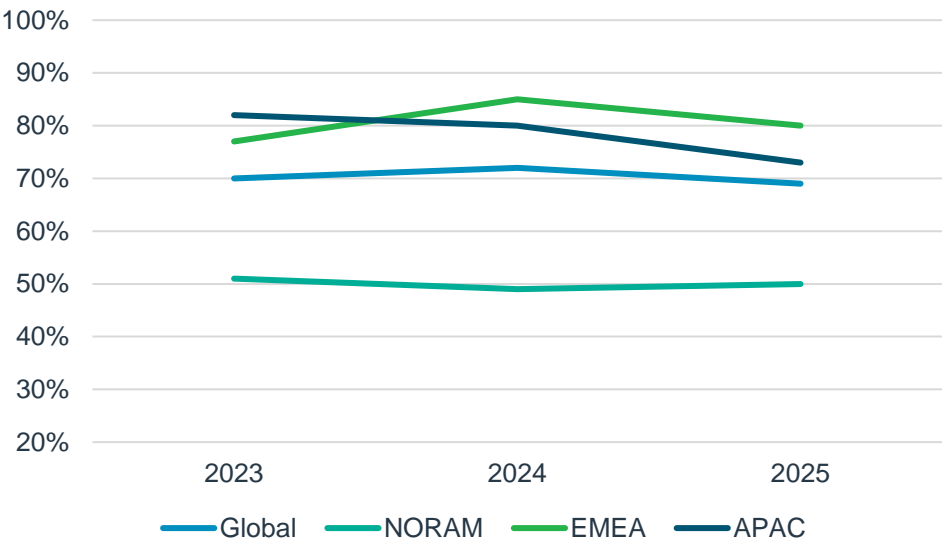
Sustainability: Global sentiment

Despite pushback in certain markets, the global trend for greater adoption and integration of sustainability in portfolios continue.

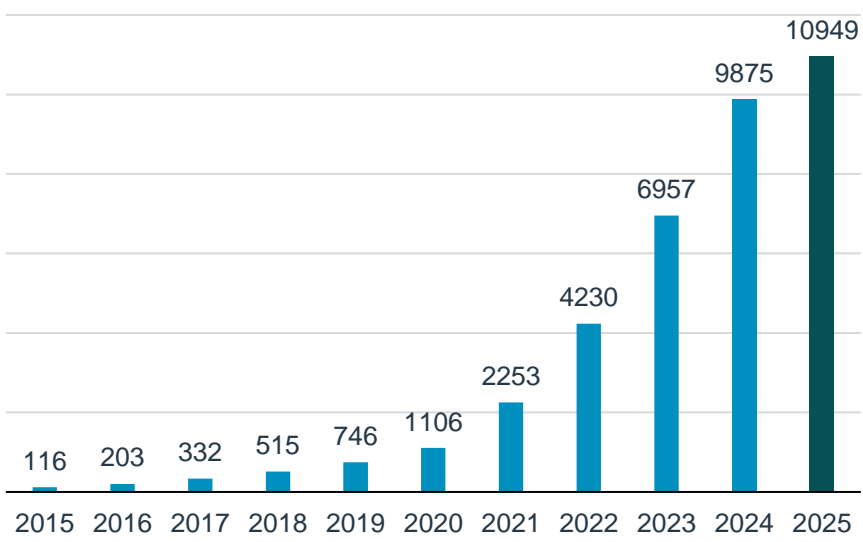
Investors are continuing to allocate capital to low and zero carbon products, supporting the low carbon transition. Nuveen’s recent survey of over 800 institutional investors representing \$19 trillion of assets under management, found that almost seven out of 10 investors have or are considering net zero commitments (NZC) and a significant number have set interim goals out to 2025/2030.

Corporate occupier commitment to decarbonization continues to grow, suggesting strong demand is built in for green buildings. In 2024, more than 7,300 companies representing over 40% of global market capitalization had an approved Science Based Target in place.

Investors considering net zero carbon in investment decision making



Annual cumulative number of companies with approved targets and commitments



Source: 2025 Nuveen Global Institutional Investor Survey..

Source: SBTi Trend Tracker, August 2025.

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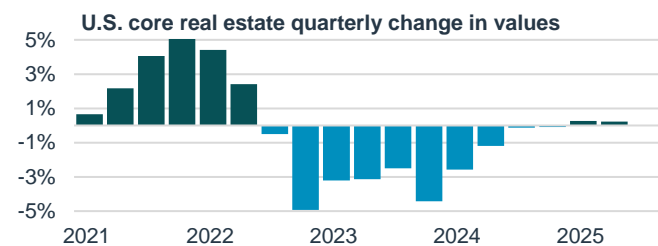
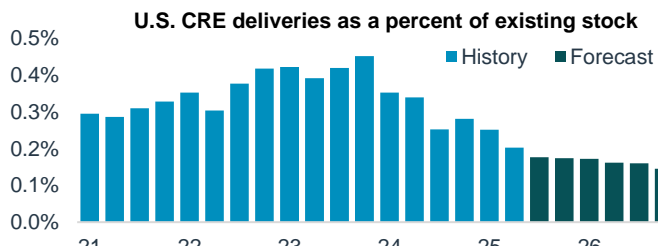
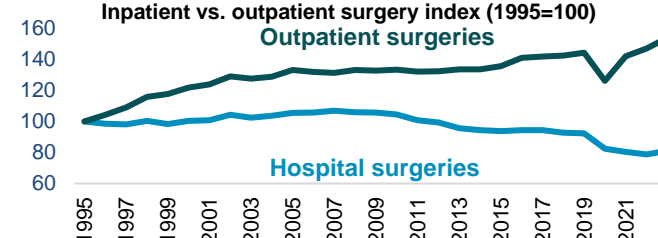
U.S.

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Real estate has been substantially de-risked

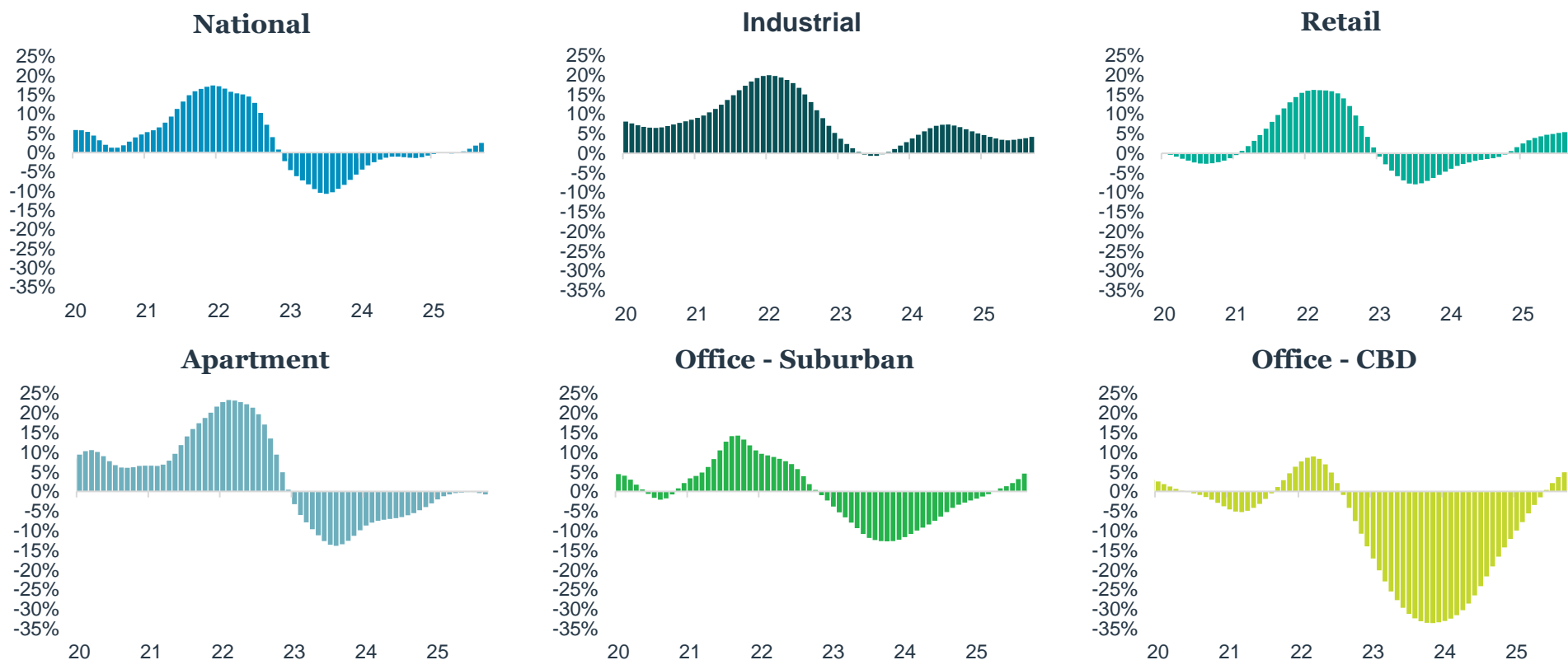
Real estate has three primary risks: falling values, oversupply and loss of demand. As a result of the 2022-2024 correction, two of the three risks have been substantially mitigated.

Risk	Mitigating factor	Exhibit																																																
Values	U.S. core real estate fund values fell 21% from 22Q3-24Q4. Values found a floor and have shown modest appreciation over the past year.	 <p>U.S. core real estate quarterly change in values</p> <table><tr><th>Year</th><th>Quarterly Change (%)</th></tr><tr><td>2021</td><td>0.5</td></tr><tr><td>2022</td><td>1.5, 2.5, 4.0, 4.5, 3.5, 2.0</td></tr><tr><td>2023</td><td>-1.0, -4.0, -2.5, -2.5, -2.5, -4.5</td></tr><tr><td>2024</td><td>-2.5, -1.5, -1.5, -1.5, -1.5, -1.5</td></tr><tr><td>2025</td><td>-0.5, -0.5</td></tr></table>	Year	Quarterly Change (%)	2021	0.5	2022	1.5, 2.5, 4.0, 4.5, 3.5, 2.0	2023	-1.0, -4.0, -2.5, -2.5, -2.5, -4.5	2024	-2.5, -1.5, -1.5, -1.5, -1.5, -1.5	2025	-0.5, -0.5																																				
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Oversupply	Pressure on occupancies caused by new supply peaked in 23Q4 and has been decreasing ever since. Elevated construction costs have caused a fall-off in construction starts. Annual deliveries are set to be at the lowest level in over a decade, which bodes well for property fundamentals.	 <p>U.S. CRE deliveries as a percent of existing stock</p> <table><tr><th>Year</th><th>History (%)</th><th>Forecast (%)</th></tr><tr><td>21</td><td>0.30</td><td></td></tr><tr><td>22</td><td>0.32</td><td></td></tr><tr><td>23</td><td>0.35</td><td></td></tr><tr><td>24</td><td>0.40</td><td></td></tr><tr><td>25</td><td>0.35</td><td></td></tr><tr><td>26</td><td>0.25</td><td>0.18, 0.18, 0.18, 0.18, 0.18</td></tr></table>	Year	History (%)	Forecast (%)	21	0.30		22	0.32		23	0.35		24	0.40		25	0.35		26	0.25	0.18, 0.18, 0.18, 0.18, 0.18																											
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Demand loss	Uncertainty caused by tariffs could slow leasing activity. This risk can be somewhat mitigated by focusing on property subtypes with demand underpinned by megatrends or structural imbalances such as medical office buildings, grocery-anchored retail, and affordable housing.	 <p>Inpatient vs. outpatient surgery index (1995=100)</p> <table><tr><th>Year</th><th>Outpatient surgeries</th><th>Hospital surgeries</th></tr><tr><td>1995</td><td>100</td><td>100</td></tr><tr><td>1997</td><td>110</td><td>100</td></tr><tr><td>1999</td><td>115</td><td>100</td></tr><tr><td>2001</td><td>120</td><td>100</td></tr><tr><td>2003</td><td>125</td><td>100</td></tr><tr><td>2005</td><td>130</td><td>100</td></tr><tr><td>2007</td><td>135</td><td>100</td></tr><tr><td>2009</td><td>135</td><td>100</td></tr><tr><td>2011</td><td>135</td><td>100</td></tr><tr><td>2013</td><td>135</td><td>100</td></tr><tr><td>2015</td><td>135</td><td>100</td></tr><tr><td>2017</td><td>140</td><td>100</td></tr><tr><td>2019</td><td>140</td><td>100</td></tr><tr><td>2021</td><td>130</td><td>90</td></tr><tr><td>2023</td><td>145</td><td>85</td></tr></table>	Year	Outpatient surgeries	Hospital surgeries	1995	100	100	1997	110	100	1999	115	100	2001	120	100	2003	125	100	2005	130	100	2007	135	100	2009	135	100	2011	135	100	2013	135	100	2015	135	100	2017	140	100	2019	140	100	2021	130	90	2023	145	85
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U.S. transaction pricing is improving

The National All-Property Index rose 2.5% year-over-year (y-o-y) in September, the sharpest increase since late 2022. Across property types, we are seeing stability and growth with nearly all major property types logging positive pricing growth on a one-month, three-month and one-year basis.

Commercial property price indices (year-over-year change)



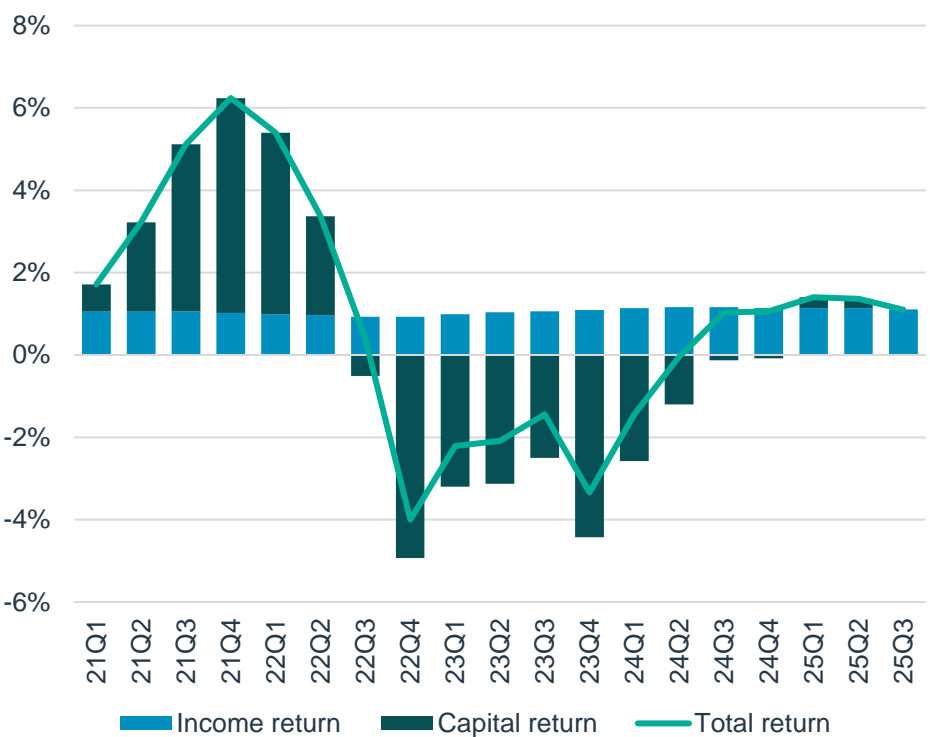
Source: MSCI Real Capital Analytics Commercial Property Price Indices; Nuveen Real Estate Research (data through September 2025 as of 23 October 2025 data release).

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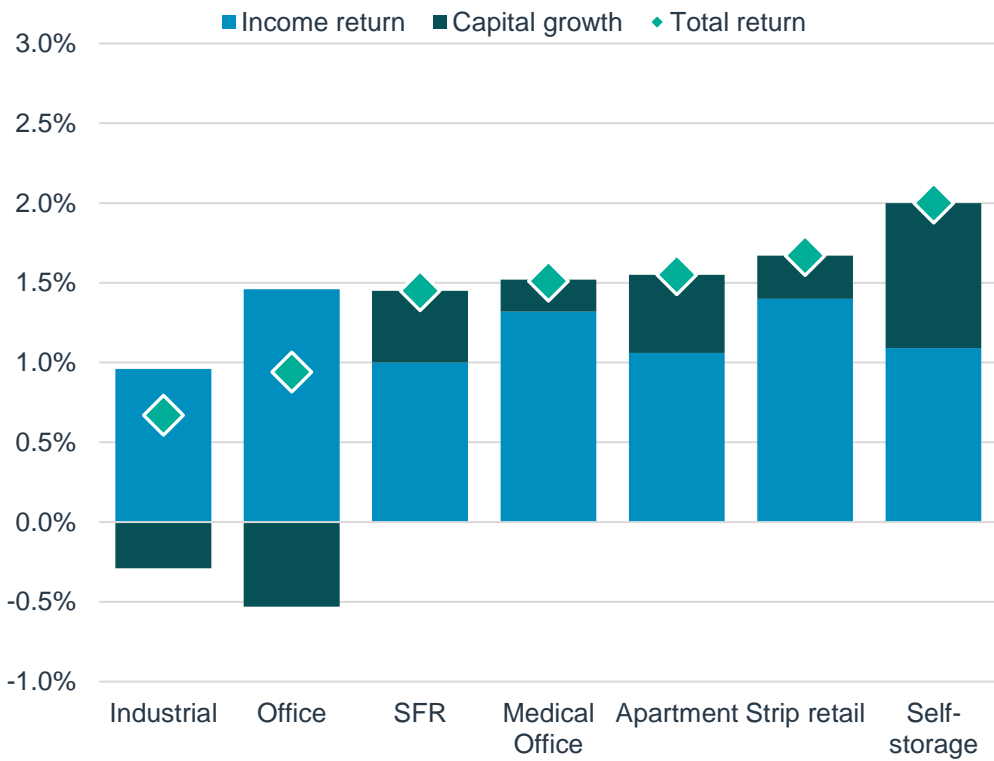
U.S. returns positive for last five quarters

Total benchmark returns have been positive for five consecutive quarters. Following ten quarters of value losses, the last three quarters saw modest positive asset appreciation overall. Across sectors, values are stable with many now seeing gains.

NCREIF ODCE returns



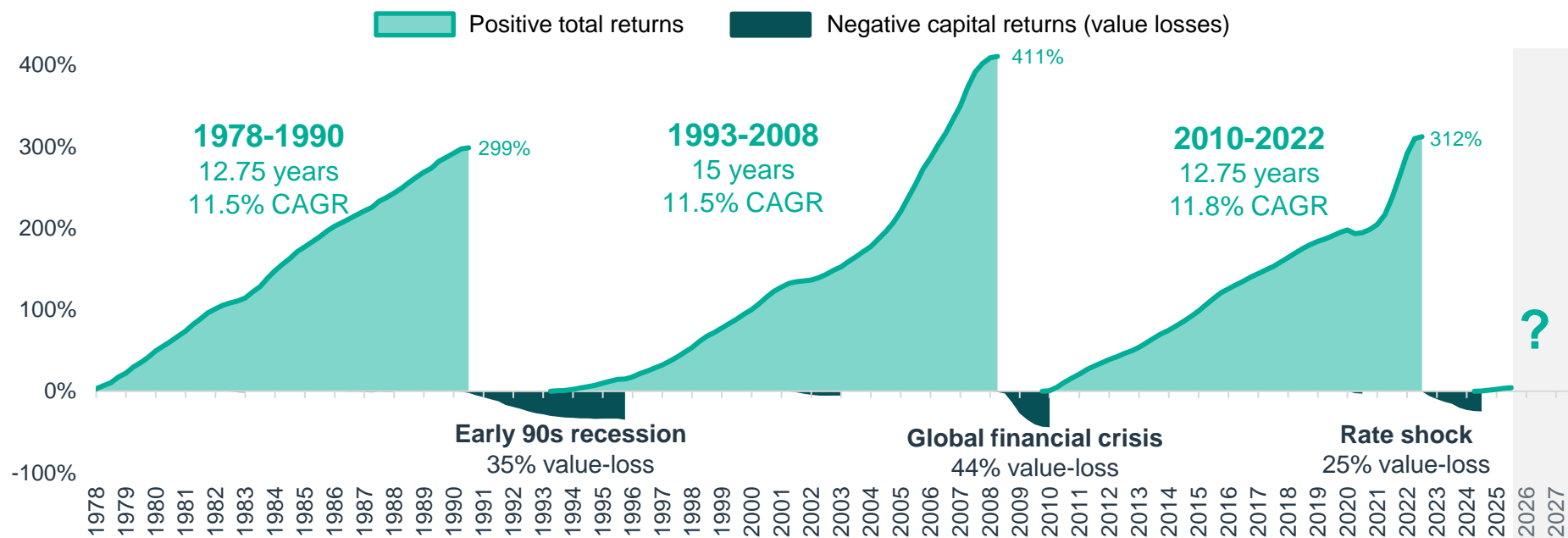
ODCE quarterly returns by select subtype (as of Q3 2025)



Next cycle has seemingly begun for U.S. real estate

There have been three major cycles since the formation of the U.S. core open-ended real estate fund industry, each of which was 12+ years in length and generated returns of 10%+ annually. Following a 25% loss over the last two years, values have stabilized. Core real estate has now produced five consecutive quarters of positive total returns. Historically, two consecutive quarters of positive total returns have reliably indicated the start of the next cycle.

Cumulative returns of U.S. core real estate funds (NFI-ODCE)



Source: NFI-ODCE (NCREIF Fund Index – Open-End Diversified Core Equity; Nuveen Real Estate Research (25Q3).

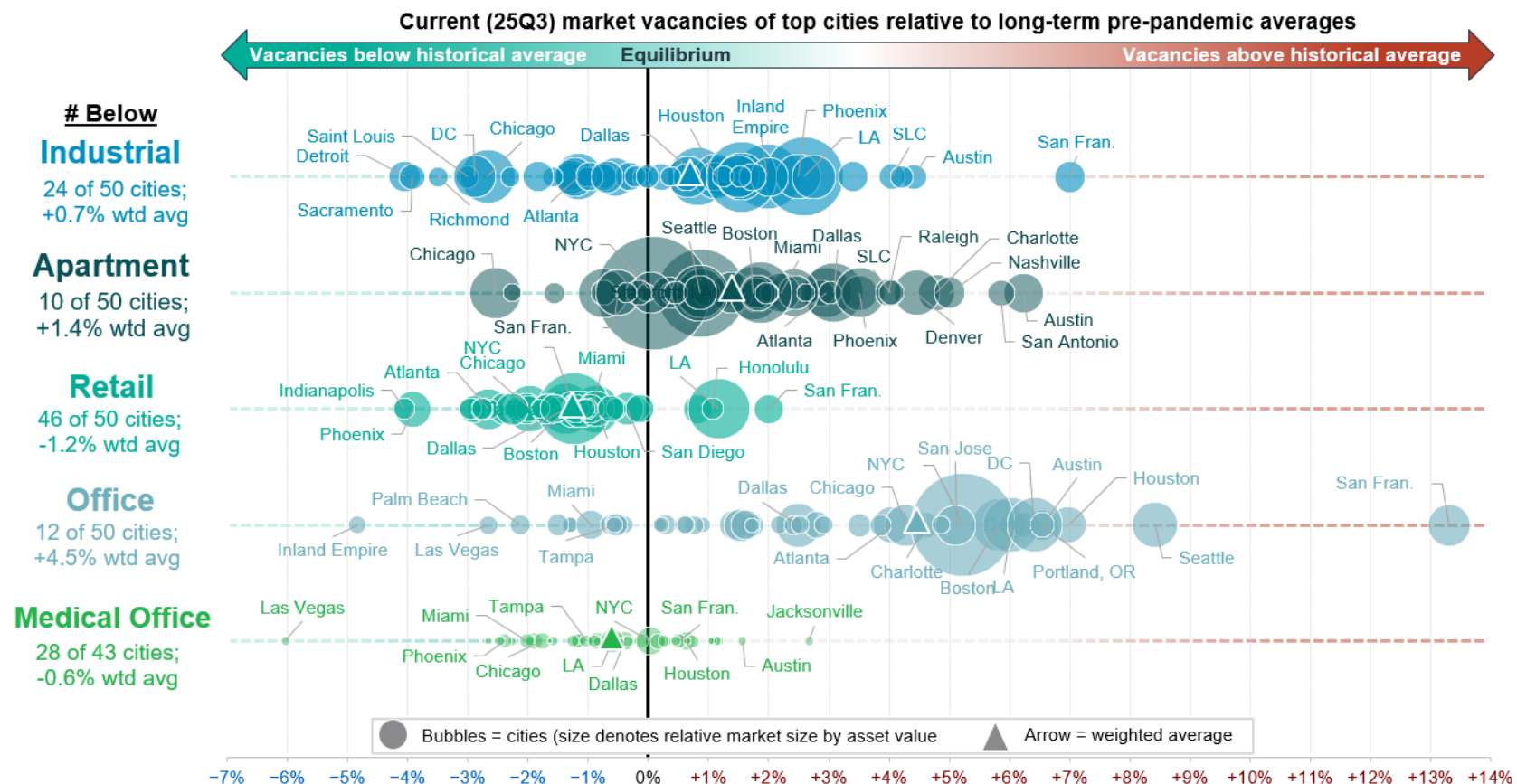
Notes: This chart shows cumulative positive total returns until each cycle ended, identified by at least two quarters of negative total returns (ex: the single-quarter of negative total return in Q2 2020 did not indicate the end of the cycle). Similarly, cumulative value-losses identify periods of sustained negative capital returns until values increased for at least two consecutive quarters. The most recent quarter of data (Q424) was the first quarter of positive capital returns this cycle (following 9 quarters of value losses) and the second quarter of positive total returns. Total returns are comprised of capital returns (change in values) and income returns (i.e. rent and other income as a percent of asset value). Because income returns are generally positive and stable, total returns can be positive even in periods when values are moderately negative (ex: 1994-1995; "Tech-wreck" of 2001-2022; Q3 2024). An earlier version of this chart utilized NPI-ODCE, unlevered property-level returns. The above version utilizes NFI-ODCE, a fund-level capitalization weighted return index which includes property investments at effective ownership share, cash balances, leverage, and other fund level impacts.

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There are opportunities across all sectors

Most medical office and retail markets have vacancies below long-term averages. The industrial market is near equilibrium with most vacancies concentrated in larger properties and with light industrial space particularly tight. The wide spread in vacancies across all property types highlights that there are opportunities in each sector.



Sources: CoStar; Revista; Nuveen Real Estate Research (Q3 2025 as of 1 November 2025); Note: the length of the pre-pandemic average vacancy varies due to differences in data availability by market and sector.

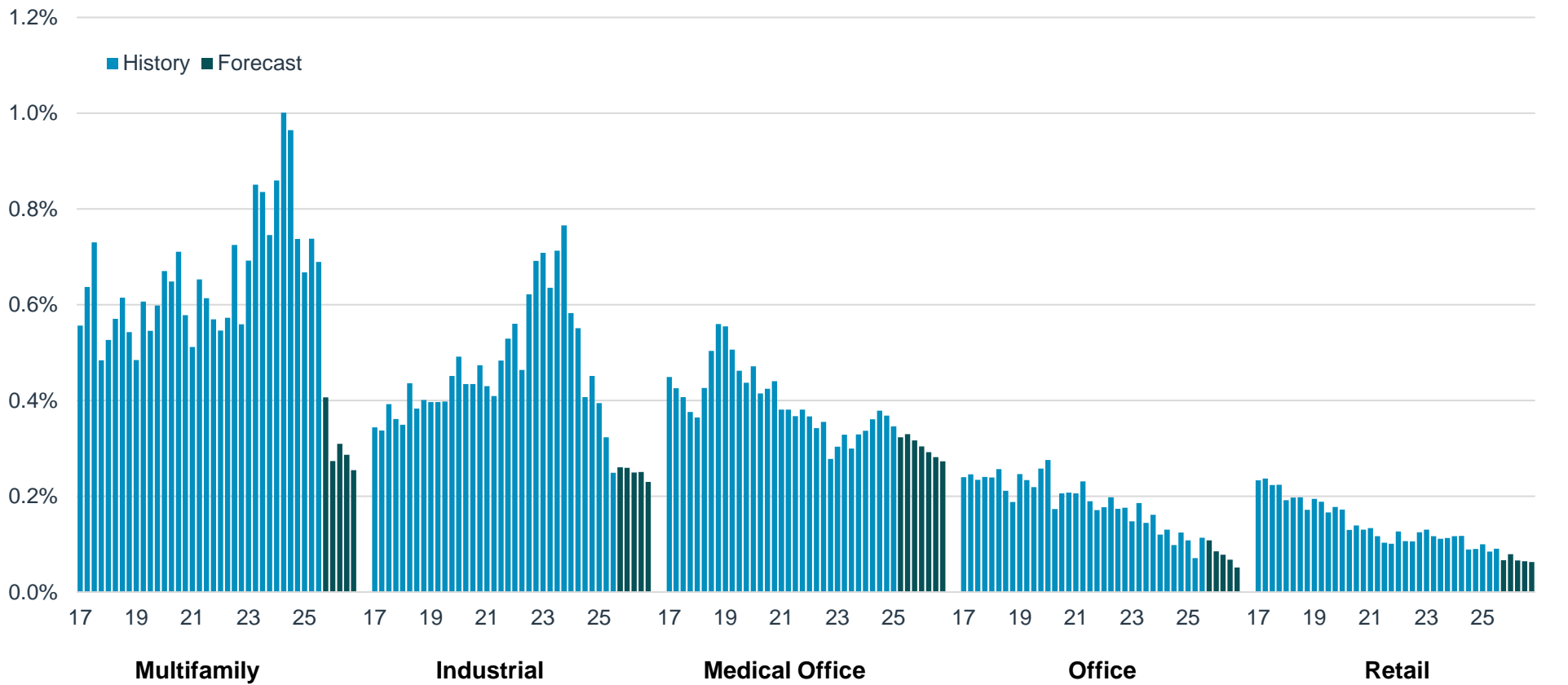
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Deliveries set for decade+ lows

The number of new projects getting started has dropped significantly across sectors, which will bode well for future fundamentals as new supply will become less of a headwind.

Quarterly deliveries as a percent of existing stock (Q1 2017 – Q4 2026)



Source: CoStar (Q3 2025); Revista (Q3 2025), Nuveen Real Estate Research.

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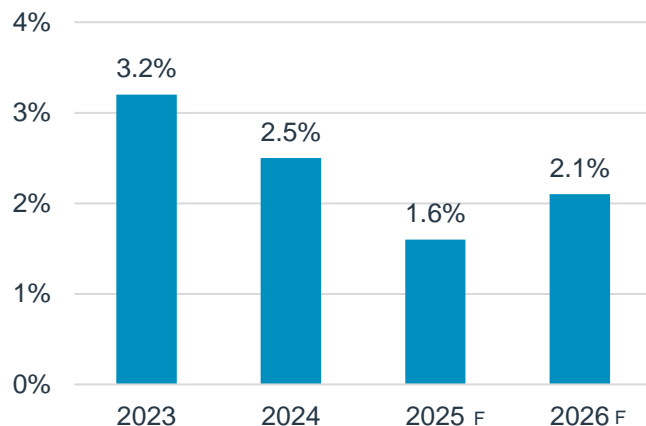
U.S. economics

Growth continued at a solid pace in Q3 2025, but job growth has slowed and the economy is likely to moderate at the end of 2025. The One Big Beautiful Bill Act introduces and renews tax cuts, which should help growth in 2026.



- Accelerated investment in A.I. infrastructure has stimulated growth in 2025, but the pace of employment growth has slowed noticeably
- The Federal Reserve has responded to growth concerns by cutting interest rates in each of the past two meetings. Long-term rates continue to hover around 4% amid lingering concerns over inflation

U.S. real GDP growth



Source: Moody's Analytics, November 2025, Nuveen Real Estate Research.

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The U.S. economy continues to expand, but concerns are rising

In the U.S., policy uncertainty and a rapidly changing trade environment continue to dominate the economic landscape through the first three quarters of 2025. A new round of broad-based reciprocal tariffs went into effect in early-August, and the Trump administration has implemented or threatened additional tariffs on China as well as on goods from specific industries like furniture and pharmaceuticals. The U.S. effective tariff rate is expected to top 15% by year's end according to Moody's Analytics, increasing costs for U.S. importers. In addition, funding for the U.S. government expired on September 30th, leading to a shutdown of many government functions. The reduction in government employment and spending will have growth implications at the end of 2025 and will add another layer of uncertainty into the outlook, as many key data releases are delayed.

Despite the volatility from trade policy, the U.S. economy continued to expand at a solid pace in the third quarter, climbing at an estimated 2.8% annualized pace after rebounding in Q2. Consumer spending has picked up after stalling at the start of the year but much of the improvement in GDP growth over the past two quarters has been driven by business spending, fueled by companies' investments in expanding AI capabilities. The labor market has struggled in recent months however, as the economy added fewer than 100,000 jobs in each of the last four months. This raises some questions about the strength of consumer spending in coming months, and the economy is expected to slow at the end of the year. The passage of the One Big Beautiful Bill Act contains several new tax cuts, tax cut extensions, and boosts to government spending, which should help to offset some of the headwinds facing the economy and sustain growth in 2026.

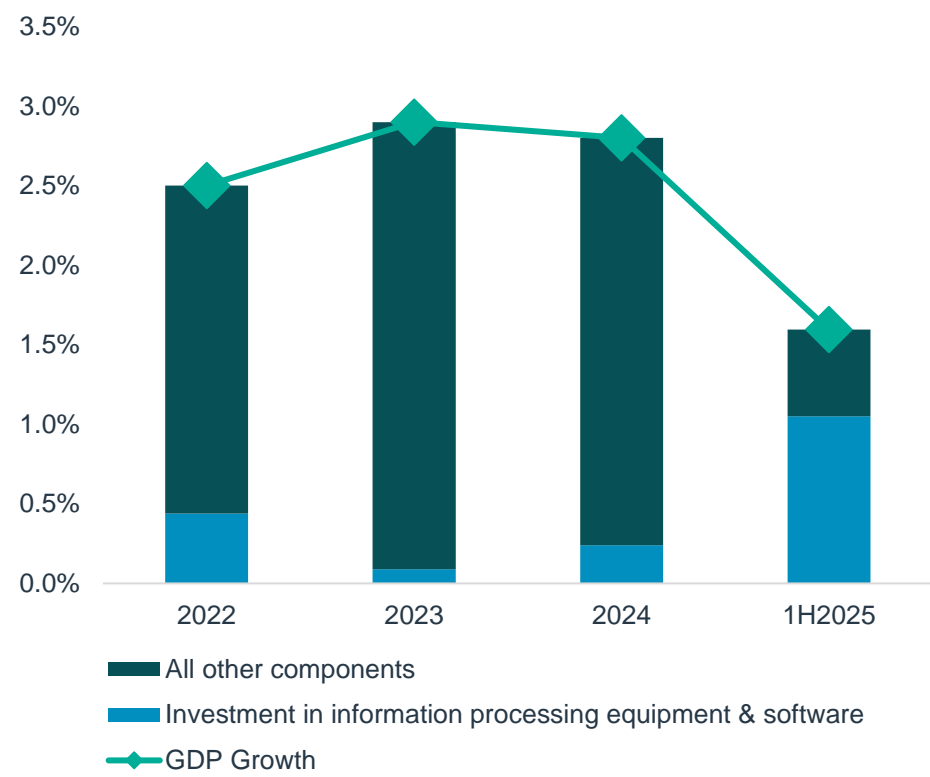
The U.S. Federal Reserve responded to weakened labor market conditions by cutting interest rates for the first time this year, lowering the target federal funds rate by 25 basis points in September. Fed officials have signaled that future rate cuts are likely in coming quarters, and markets now expect additional rate cuts in the Federal Reserve's last two meetings in 2025. Yields on 10-year Treasuries drifted upward at the start of the quarter but declined following weaker jobs data and the Federal Reserve's cut, finishing Q3 2025 slightly lower at 4.16%.

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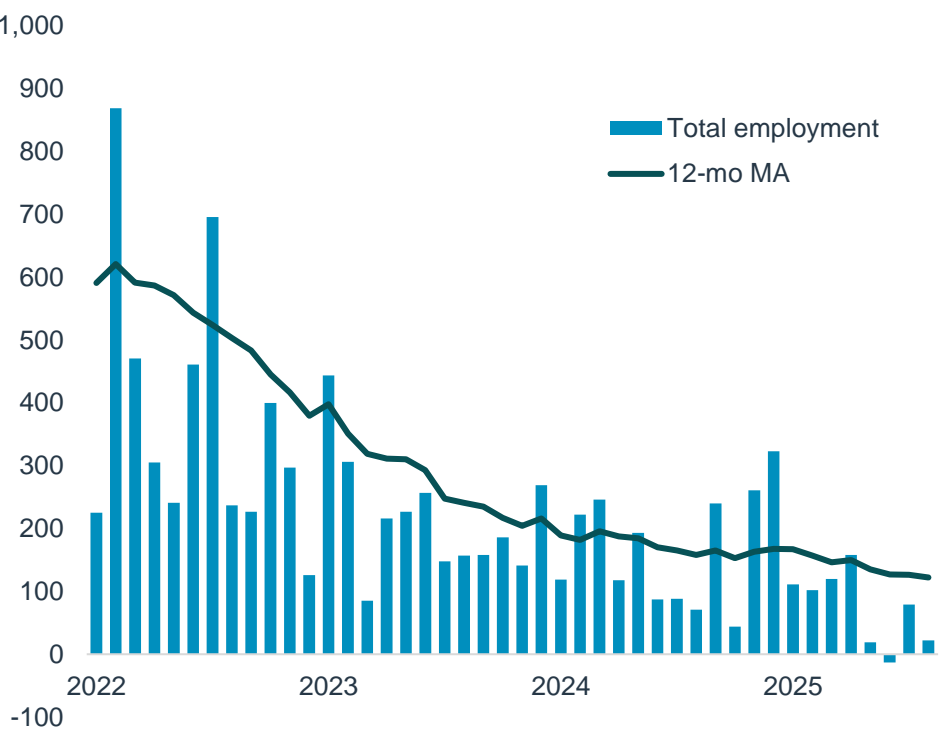
U.S. economics

Increased investment in A.I.-related infrastructure has kept economic growth solid, but other areas of the economy have faced headwinds and job growth has clearly slowed.

Contributions to GDP



Employment growth, monthly change (thousands)

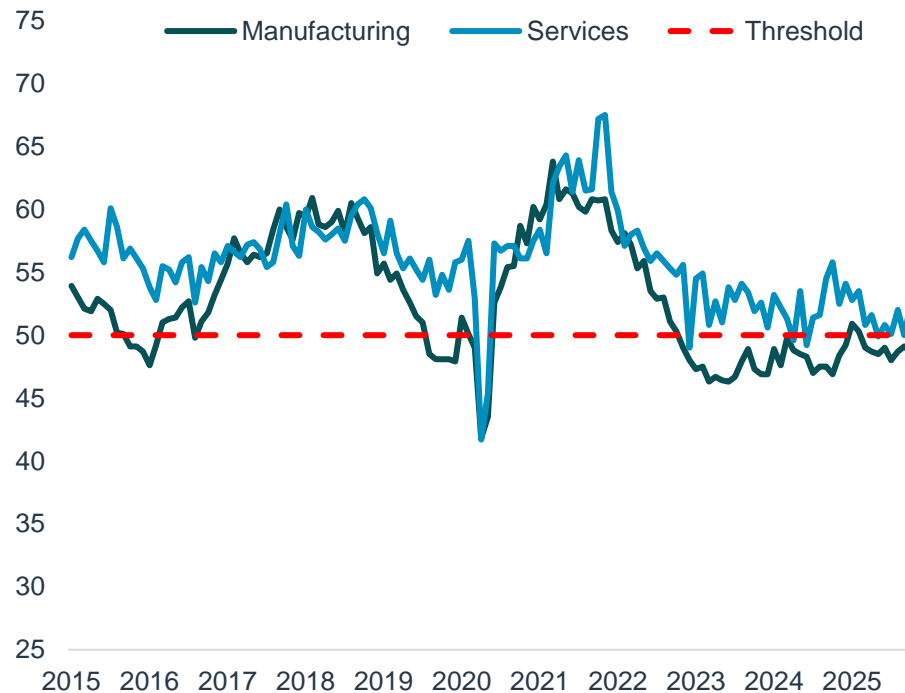


Source: Bureau of Economic Analysis, Bureau of Labor Statistics latest data though August 2025, most current as of 17 November 2025. Nuveen Real Estate Research. [Jump to: Global](#) | [U.S.](#) | [Europe](#) | [APAC](#)
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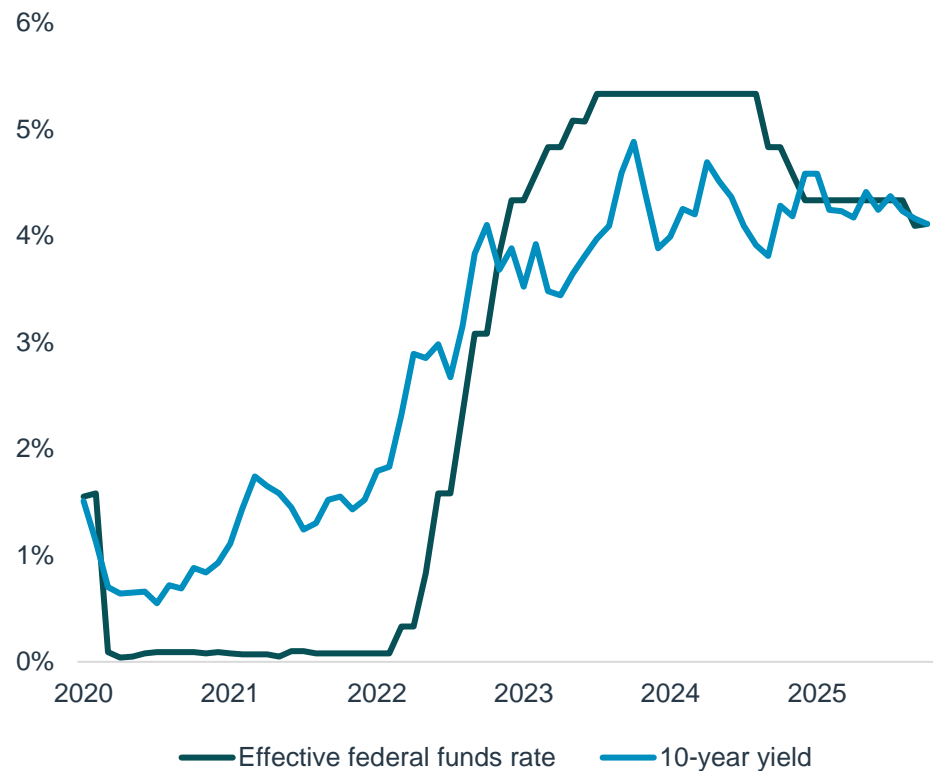
U.S. economics

Survey data shows that the manufacturing sector continues to struggle and service growth has slowed, prompting the Federal Reserve to resume interest rate cuts in September.

ISM Purchasing Managers Index (>50 = expansion)



Interest rates, end of month (%)



Source: Institute of Supply Management, Federal Reserve. Data through October 2025, most current as of 17 November 2025.

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U.S. investment market

Sales volumes have likely reached its bottom as investors start to re-weight into the repriced asset class.



- Momentum in deal activity continued through the first three quarters of 2025, evidenced by a 17% increase year-over-year in 3Q25 and a 16% increase YTD 3Q25 compared to the first three quarters of 2024
- Institutional investors are under their target allocations for the asset class, which should support activity in 2025

Transaction volumes are increasing

The U.S. commercial real estate market continued its positive trend in 3Q25, with quarterly transaction volume rising 17% compared to a year earlier. Volume has increased for six consecutive quarters, after nearly two years of annual declines in activity. Sales volume for all but one property type increased in the third quarter with hotels recording a 15% year-over-year decline.

An improving interest rate environment and increased availability of debt supports transaction activity

A major driver of the increase in transactions is the improved interest rate environment. The rate cut in October 2025 and the anticipation of additional easing will likely stimulate new deal and refinancing activity. With traditional real estate lenders more active, the increased availability of debt has caused spreads to tighten, helping to offset a higher rate environment to a degree.

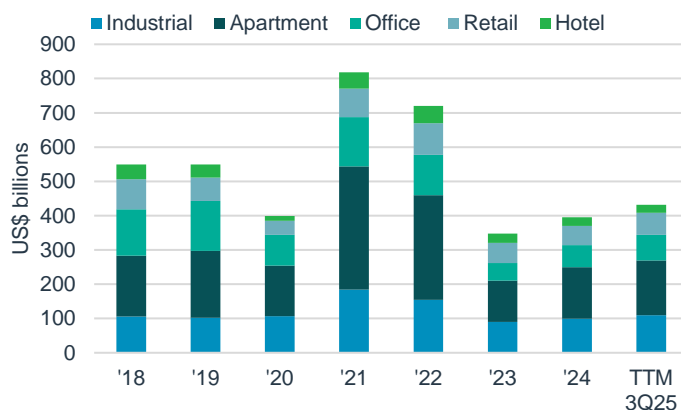
Pricing has stabilized

Pricing trends across most of the major commercial property sectors strengthened in the third quarter of 2025, supported by a rebound in transaction activity. Pricing momentum expanded beyond the industrial and retail sectors in 3Q25 to include the office sector. Retail was a leader for price growth. The industrial sector recorded a 4.0% increase. Office pricing has shown momentum, with CBD and suburban prices up 5.1% and 4.5%, respectively, from a year earlier.

Global institutional investors are now below their target allocations

Globally, institutions are below their target to real estate, which should help support investment activity into 2026 as investors look to rebalance into a repriced asset class.

U.S. real estate investment volume



Source: RCA, October 2025.

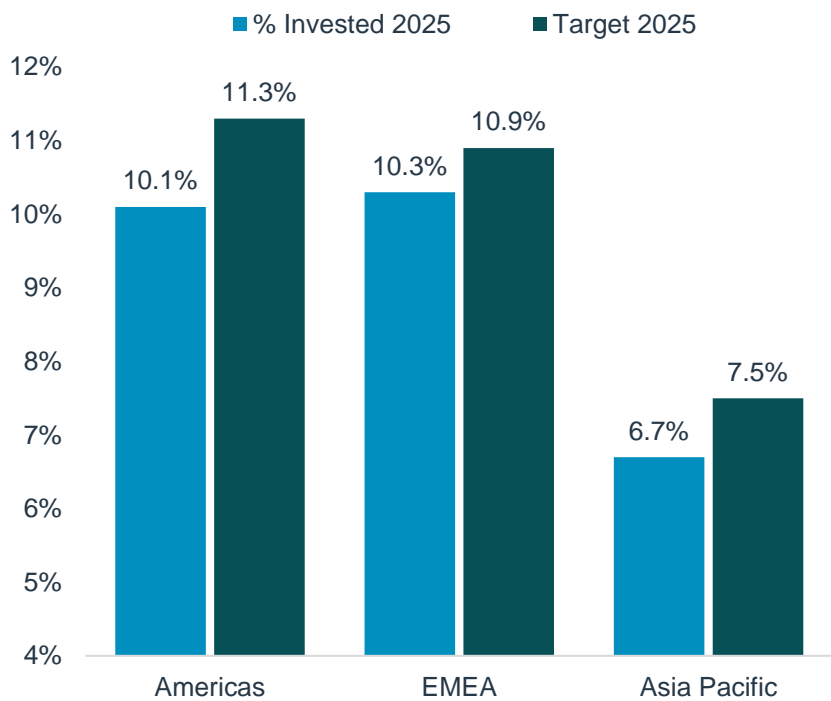
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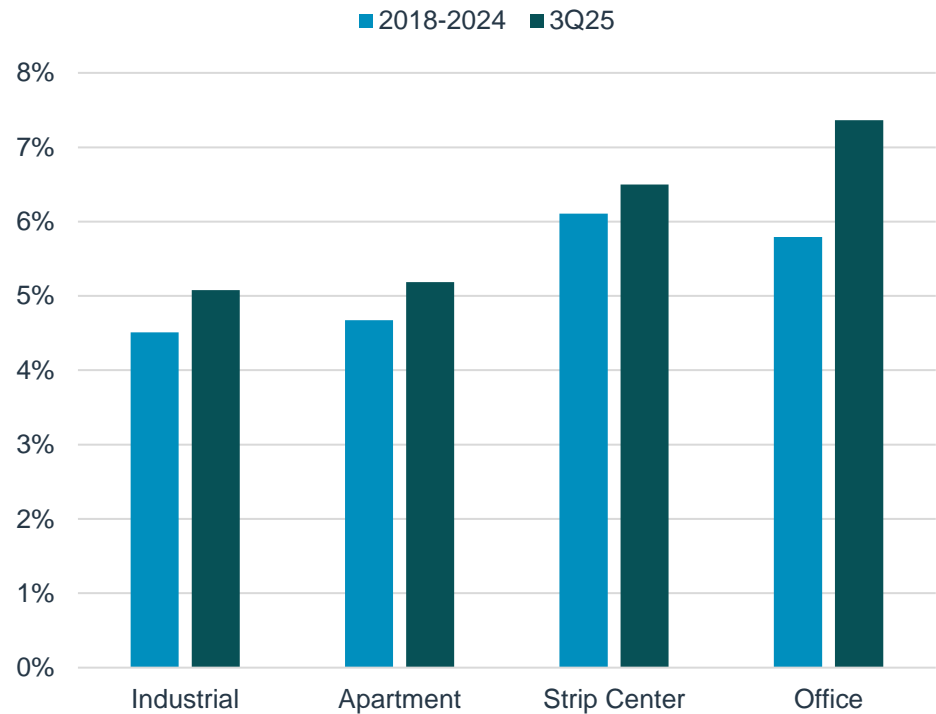
U.S. investment market

Global institutional investors remain under allocated to real estate with the gap between target and actual allocations widening year-over-year. This should support investment volumes in 2026. Meanwhile, repriced assets with higher entry yields makes for a compelling investment opportunity.

Current investor allocations to real estate are below target



Cap rate expansion creates opportunities for new investment



Source: Hodes Weill 2025 Allocations Monitor (October 2025); Green Street (October 2025); Nuveen Real Estate Research (October 2025).
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. office

The market is stabilizing with record low supply over the mid-term, setting up a potentially strong recovery for high-quality assets.



- High-quality assets are gaining market share despite demand shrinking overall
- Construction starts have fallen to the lowest level on record setting up a future shortage in high-quality options for tenants
- Tenants are generally spending more rent on a per square foot basis when consolidating, further strengthening the top end of the market
- Regional differences persist with the Southeast and Southwest regions generally outperforming
- New York has been the top performing Gateway market thanks in part to a stronger return to office than other markets

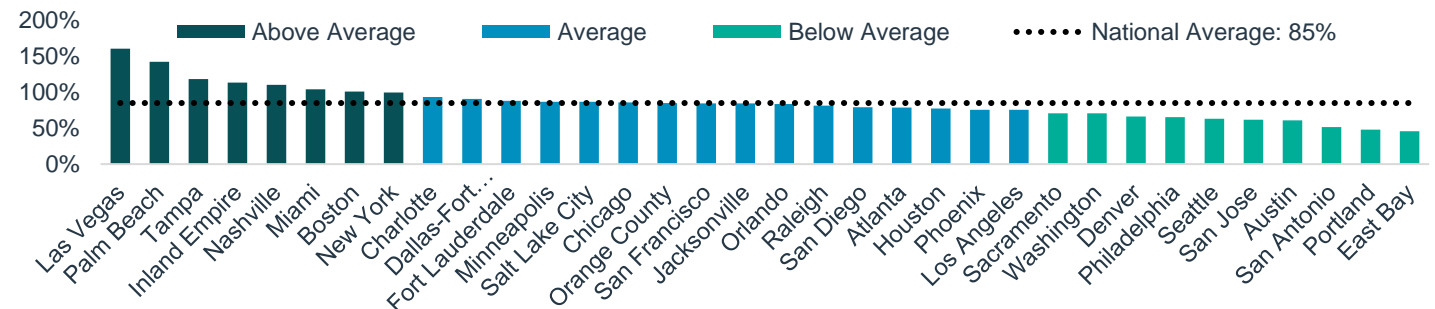
Supply and demand are converging towards zero

Net absorption was positive during the third quarter for the first time in three years. New supply was negligible and will continue to slow as the remaining pipeline delivers. Starts continue to register record low rates. Availability rates have been noticeably dropping across markets. Whereas only 24% of markets had falling availability a year ago, 74% of markets are now seeing falling availability. Vacancy in new/top-tier buildings continue to fall, setting up for a shortage of high-quality space soon.

Cyclical weakness persists. Secular challenges normalizing

The focus this decade has been on the secular challenges caused from remote working. However, the cyclical challenges are often ignored. Since the Fed first raised interest rates in 2022, office-using jobs have declined by 1.8%, equivalent to 350,000 net lost jobs. Most pre-pandemic leases have now expired, making this much less of a drag on demand going forward.

Market leasing activity (ttm) compared to its 2015-19 average



Source: CoStar Group, Inc. (Q3 2025), Nuveen Real Estate Research (November 2025).

Note: Data based on Nuveen's 34 Resilient U.S. Cities.

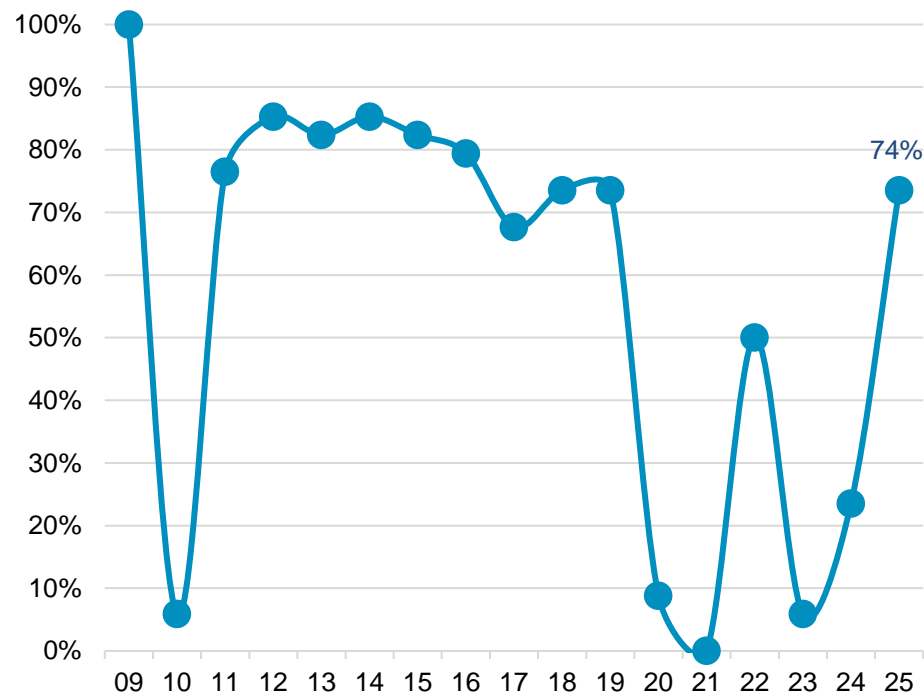
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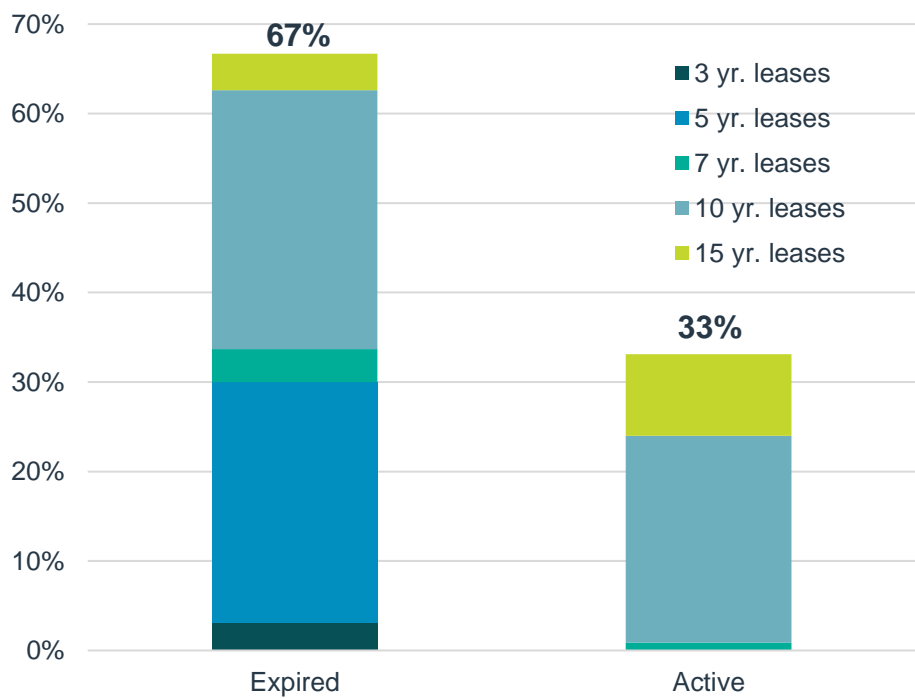
U.S. office

The pendulum is beginning to turn for office.

Availability momentum (% of markets improving)



Estimated pre-pandemic lease expirations by term



Source: CoStar Group, Inc. (Q3 2025), CompStak, Nuveen Real Estate Research (November 2025).
Note: Data based on Nuveen's 34 Resilient U.S. Cities.
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U.S. medical office

Aging population underpins strong demand.



- Medical office is much less impacted by remote working. Virtual visits are only possible for a few specialties
- Already tight fundamentals should only strengthen further as developers pull back. Existing landlords will gain enhanced pricing power
- 78% of the Top 50 markets have vacancy rates below their five-year average. Limited supply and shifting demographics towards older age cohorts will continue to put downward pressure on vacancy, which should lead to increased NOI growth

Aging population continues to drive strong demand

The medical office subsector continues to outperform the rest of the sector, helped by favorable demographic trends that support medical care spending. Unlike traditional office, the medical office sector is far less impacted by remote working and most visits continue to be necessary in person. This sector also has far more favorable demand drivers underpinned by a rapidly aging population. The sector is resilient through cycles and demographic tailwinds remain strong as the aging population continues to drive increased demand. Supply remains in check and occupancy rates are near peak levels in many markets.

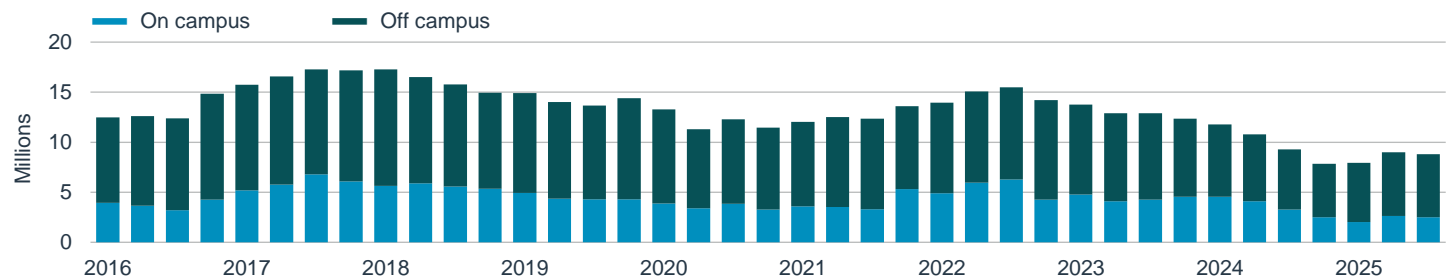
Providers continue long-term shift to outpatient care

The ongoing secular shift in patient visits from hospitals to outpatient care in recent decades will continue to benefit medical office buildings and ambulatory surgical centers. Outpatient visits reduce healthcare costs for both the patient and the provider. They also typically provide a more convenient option than traveling into congested city centers.

Slowing starts will lead to a supply shortage

Occupancy is at a cyclical high level of 93% with demand outpacing supply for 18 straight quarters. Construction starts have increased modestly this year but remain at just 49% of peak levels, setting up a medical office shortage in the coming years.

Construction starts cut in half since early 2022 peak



Source: Revista (Q3 2025), Nuveen Real Estate Research (November 2025).

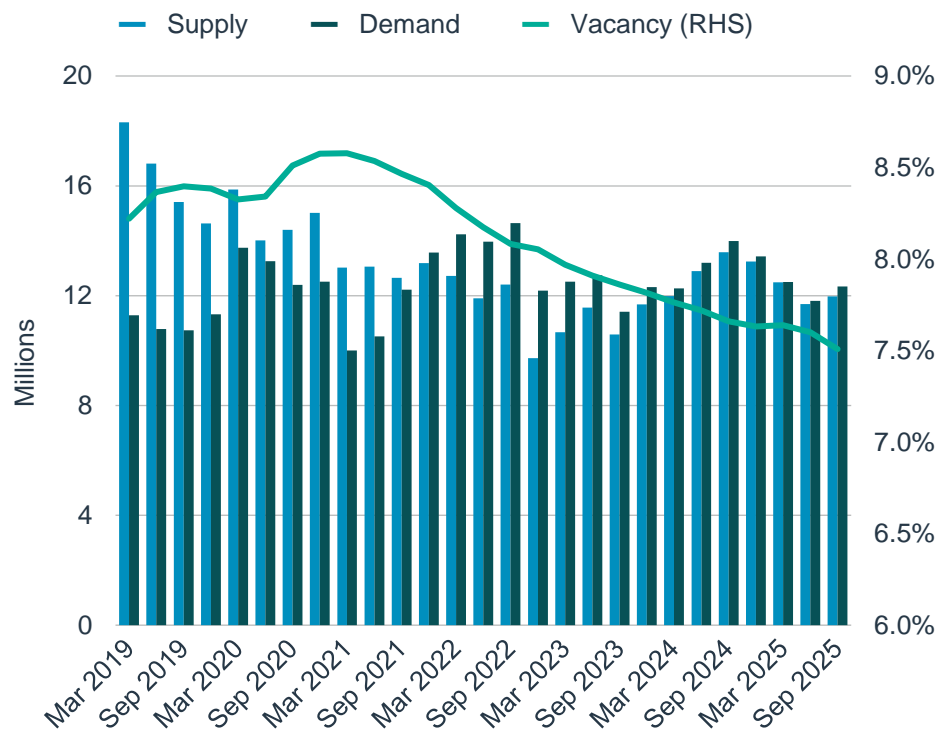
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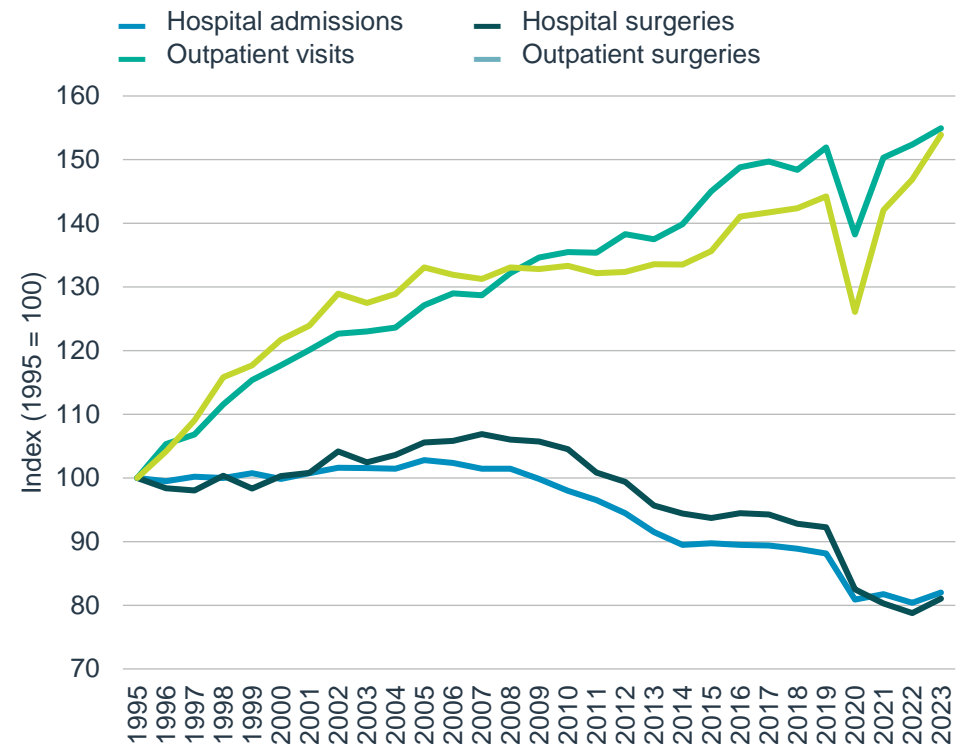
U.S. medical office

Fundamentals have never been stronger.

Supply, demand and vacancy



Outpatient care continually gains market share



Source: Revista (Q3 2025), American Hospital Association (June 2025), Nuveen Real Estate Research (November 2025).
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U.S. retail

Strategic investment themes are aligned.

- Property fundamentals are healthy, particularly across open-air and necessity segments with vacancy rates below their long-term average
- The best opportunities for investment are grocery-anchored and open-air centers that fulfil daily needs which consumers visit multiple times a week

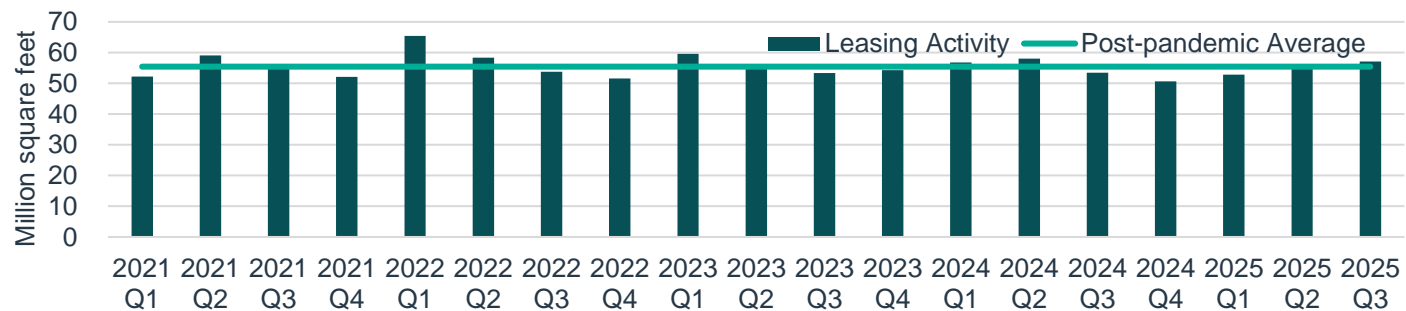
Necessity retail is positioned to outperform

We maintain high conviction in this segment of the retail market and believe the sector is poised to outperform given its healthy fundamentals. As consumers continue to require essential goods and services, trade down, seek convenience and stay local due to hybrid work, we remain focused on retail formats which will benefit.

Vacancy at open air-shopping centers remains tight on the back of steady tenant demand. Construction activity remains depressed, which will support occupancy in many markets. Leasing activity remained intact through tariff volatility and totaled 165.5 million sq ft through the first three quarters of 2025. At 6.4%, vacancy remains near historic lows. As a result, market rent growth remains healthy and reached 2.5% year-over-year. Prospects for future growth remain favorable and may surprise to the upside with vacancy remaining below its historical average.

We see several strategic investment themes and property attributes aligning which make for an attractive entry point in the coming year. Values for high-quality retail real estate have seen growth during 2025. The inefficiency of the capital markets and uncertainty around tariff policy are keeping investors on the sidelines. Investor sentiment is shifting towards what we expect to be a strong buying opportunity. In our view, these factors set the stage for compelling investment conditions and a better vintage year.

Retail leasing activity remains robust

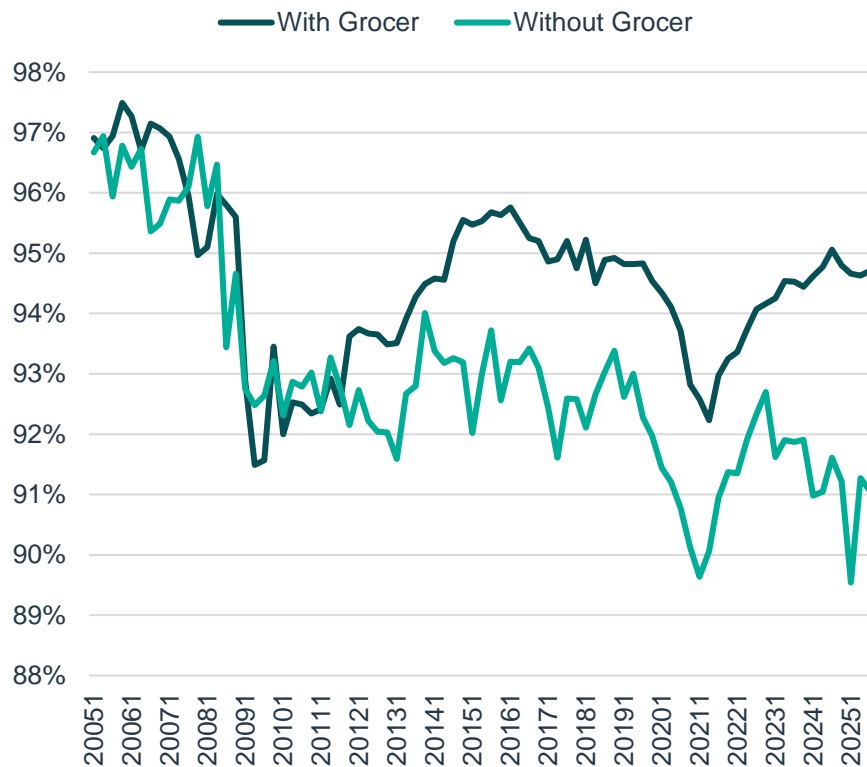


U.S. retail

Necessity retail fundamentals remain resilient.

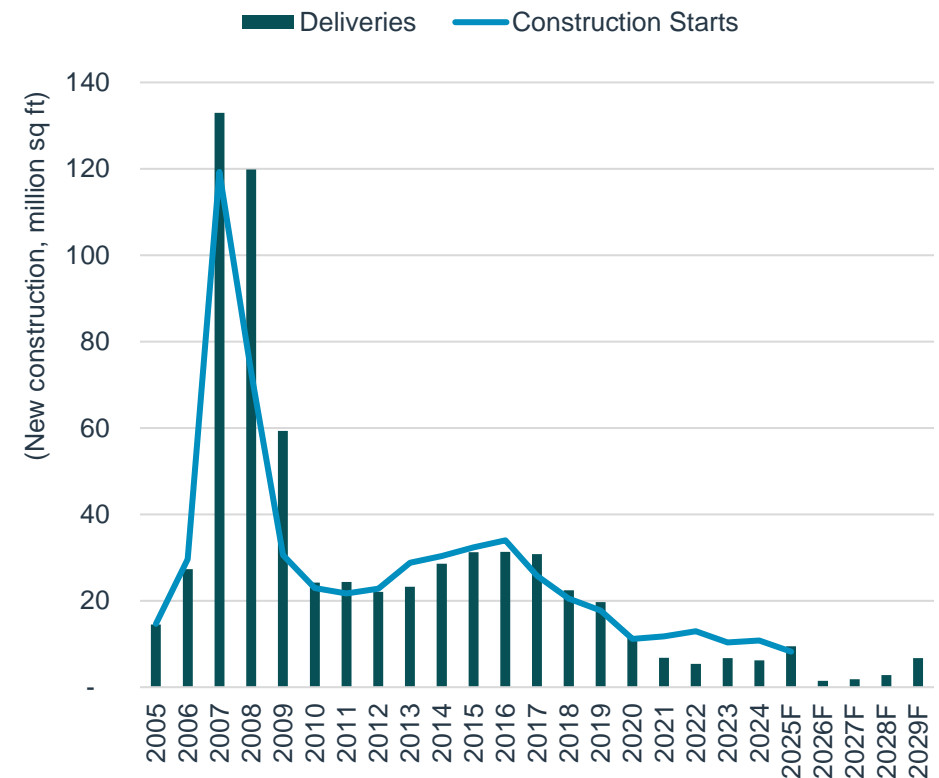
Strip center occupancy rates (%)

Occupancy rates at grocery-anchored centers outperform



Supply trends

Construction starts have fallen to a 20-year low



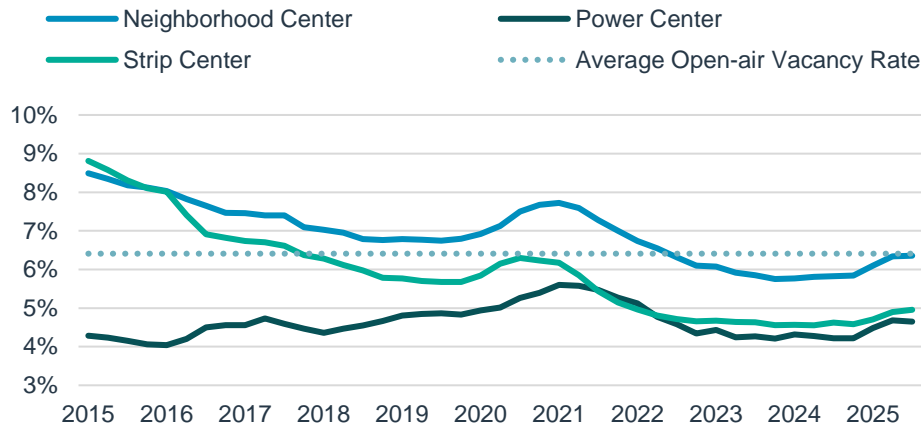
Source: CoStar, Data of October 2025. Construction data includes neighborhood, power and strip centers.

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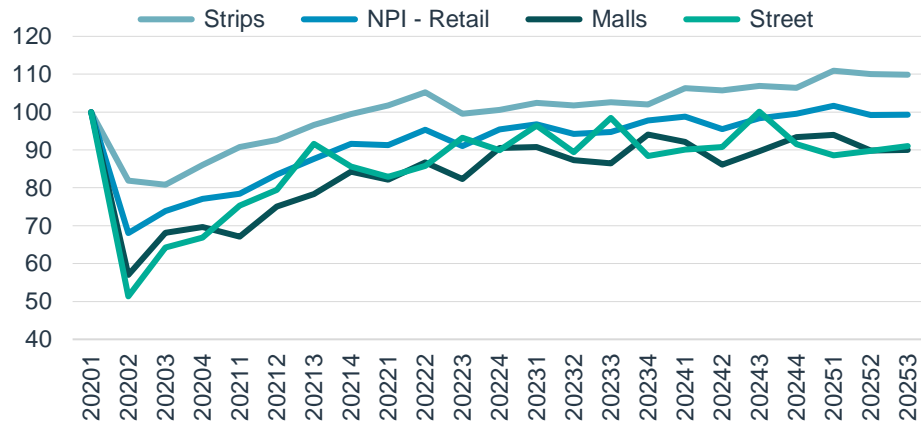
The entry point for retail is compelling

Fundamentals are strong



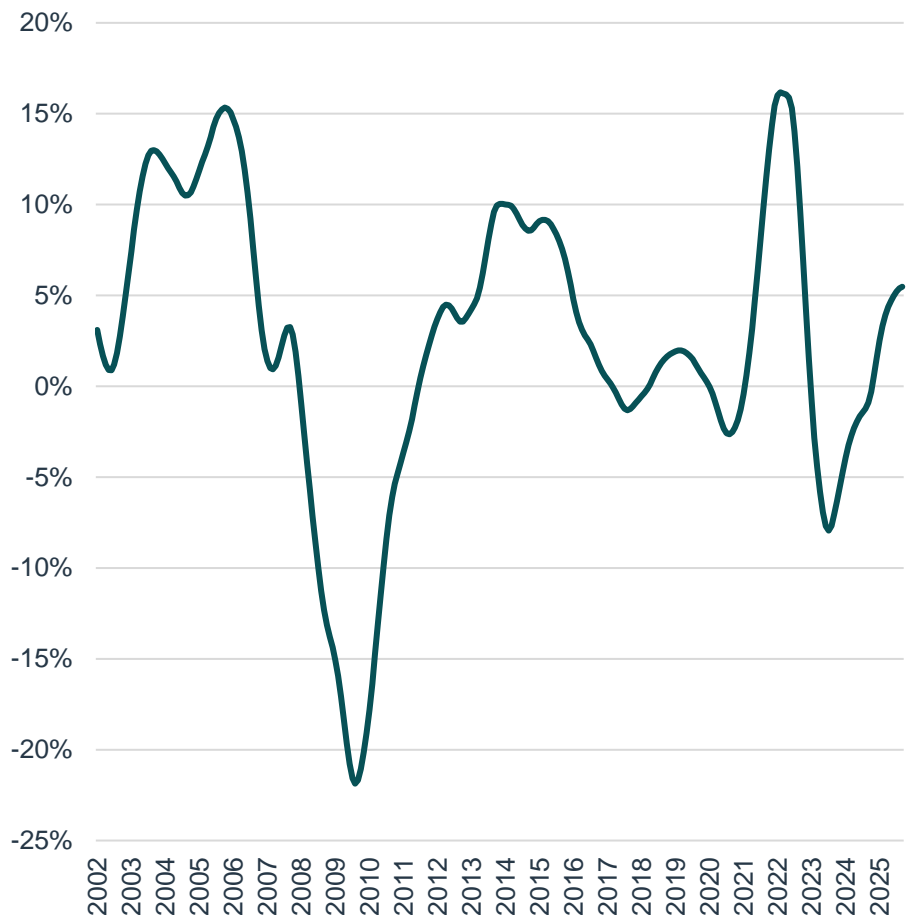
Strip centers lead NOI growth

Annualized NOI Growth, Index 1Q2020=100



Repricing creates an attractive entry point

U.S. Retail Property Price Index (% change y-o-y)



Source: Strip center vacancy rates, Costar data as of October 2025, NOI Growth, NCREIF data as of September 2025, RCA CPPI, data as of September 2025.

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U.S. industrial

Short-term headwinds persist but supply risk is receding and the sector benefits from structural long-term tailwinds.



- Demand growth is muted but leasing activity is solid, signaling that tenants are focused on consolidation and optimization instead of expansion
- Uncertainty surrounding trade policy continues to delay decision making among occupiers, but pent-up demand should drive stronger activity in 2026

Industrial demand struggled in mid 2025 amid tariff concerns

Industrial sector fundamentals continued to soften in the third quarter, as muted demand growth has failed to keep pace with slowing supply throughout 2025. Vacancy rates in the sector have now risen in each of the last 13 quarters, reaching the highest point since early-2014 at 7.5% in Q3. Much of the rise in vacancy over this period has been driven by unprecedented supply surge that delivered over 1.2 billion sq ft of new space between 2022 and mid-2024. However, supply growth has decelerated dramatically, with net deliveries falling below 80 million sq ft in each of the last five quarters and hitting a 9-year low of 48.6 million sq ft in Q3. In addition, the construction pipeline has quickly normalized to pre-pandemic levels, signalling continued supply moderation in the next 18 months and beyond.

Demand conditions remain challenging in the sector overall. Leasing activity has performed in line with pre-pandemic norms, but industrial absorption has underperformed since early 2023. Data from CoStar shows that net absorption returned to positive territory in Q3 2025 after turning negative in Q2 but remained well below pre-pandemic demand trends at 21.7 million sq ft. The combination of solid leasing and weak net absorption suggests that tenants are more focused on consolidating and optimizing their warehousing footprints instead of expanding them. In this environment, a flight to quality is taking place in the sector and high-quality assets or premium locations stand to benefit.

Over the long-term, industrial continues to benefit from significant structural tailwinds as healthy e-commerce growth and supply chain modernization will underpin demand for warehousing space. In addition, significant rent-growth potential exists as in-place rents trail market rates due to industrial leases' long-term nature and the 2021-2022 rental surge. This creates NOI growth opportunities in low-WALT properties as leases expire.

Source: CoStar as of November 2025, Nuveen Real Estate Research.

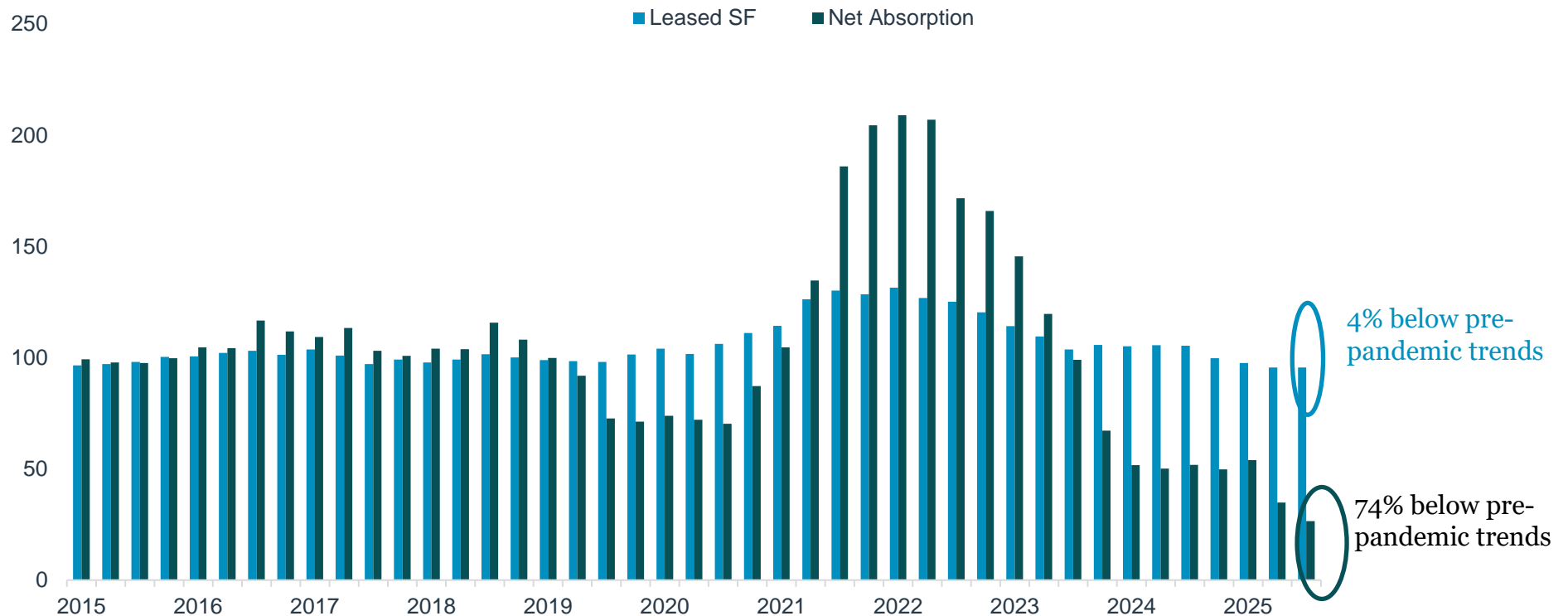
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U.S. industrial

Net absorption has weakened considerably in recent quarters but leasing activity remains solid. This suggests that occupiers are consolidating out of inferior space to optimize supply chains.

Industrial net absorption and new leasing (4-quarter indexed, 2015-2019 average = 100)



Source: CoStar as of November 2025. Nuveen Real Estate Research.

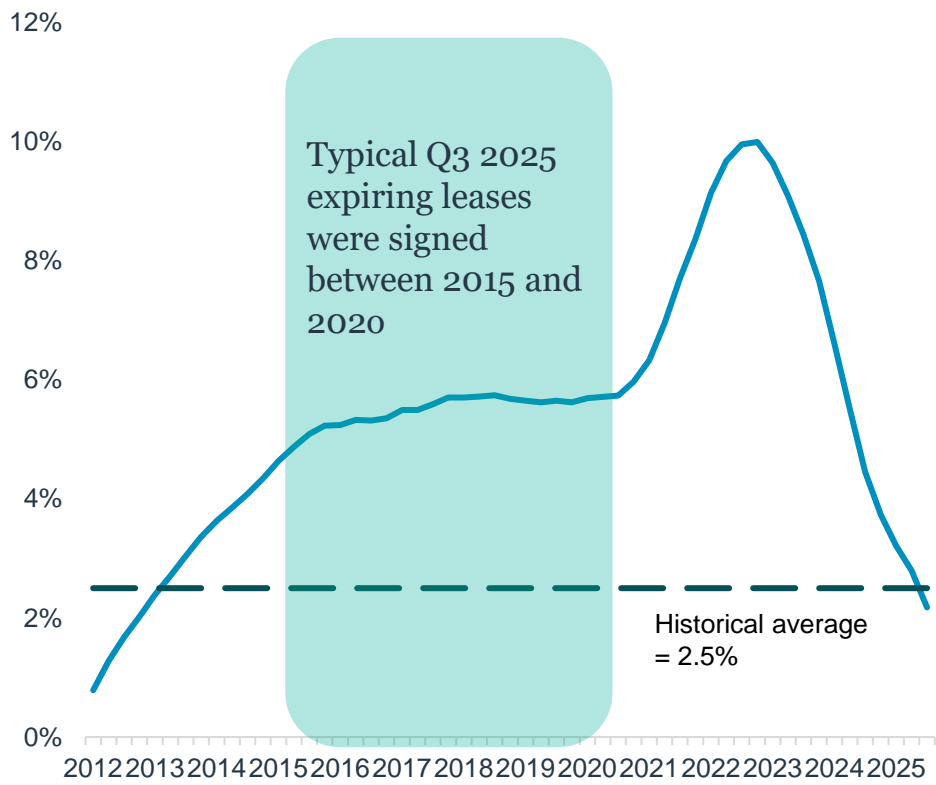
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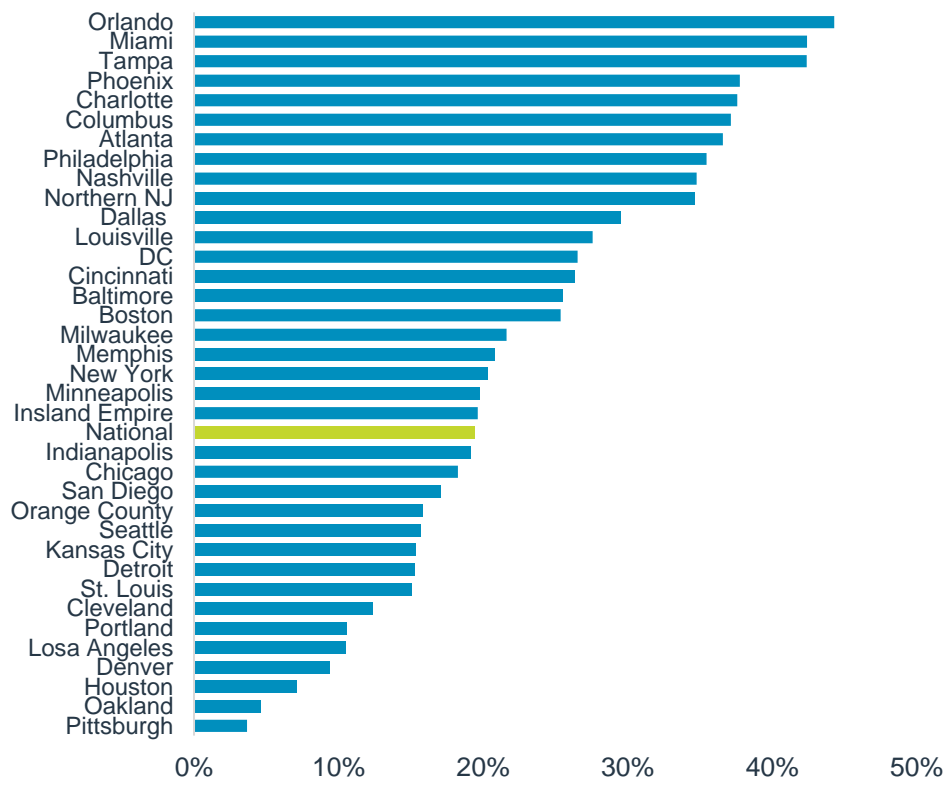
U.S. industrial

Rent growth has dipped below historical averages in the sector, but there are still many leases with low WALT that were signed prior to the surge in rental growth in 2021 and 2022. As a result, significant gaps exist between in-place rents and market rents in most markets.

Market rent growth (year-over-year % growth)



Market rent gap



Source: CoStar as of November 2025/Nuveen Real Estate Research. Market rent gap is the percentage difference between market asking rents in Q3 2025 and an expiring five-year lease signed in Q3 2020 at market rents with 3% annual escalations.

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U.S. housing

Rental housing continues to benefit from favorable demand due to demographic shifts and for-sale unaffordability.



- Apartment occupancy stood at 93.4% in Q3 2025
- Apartment rents grew 0.6% year-over-year in Q3 2025
- Single-family rents grew 2.5% year-over-year in September 2025

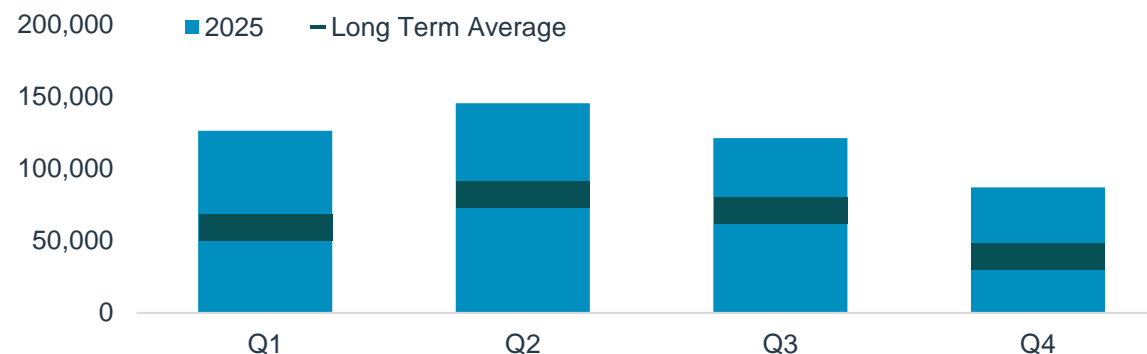
Apartment demand remains strong

Demand for U.S. apartments in Q3 2025 extended a seven-quarter streak of absorption exceeding 100,000 units as 121,000 units were absorbed, according to CoStar. The last four quarters' demand figures were each 45,000+ units above their quarterly averages, proving the market's ability to absorb record supply delivering to the market. Apartment occupancy stood at 93.4% and rents grew 0.6% for the quarter.

Single-family rental growth is decelerating due to increased supply

Single-family rental growth, while positive, is decelerating due to increased housing supply. Single-family rents grew 2.5% year-over-year in September 2025, according to John Burns Research & Consulting. Single-family rentals are favorably positioned to benefit from various demand drivers in the next several years including the demographic wave into the prime single-family rental age cohort, continued migration to suburbs and Sunbelt markets, millennials outgrowing apartments and millennials' financial headwinds to homeownership.

Apartment quarterly demand versus long term average



Source: Nuveen Real Estate Research; CoStar, as of November 2025.

Note: Q4 2025 demand is latest estimate as of November 2025.

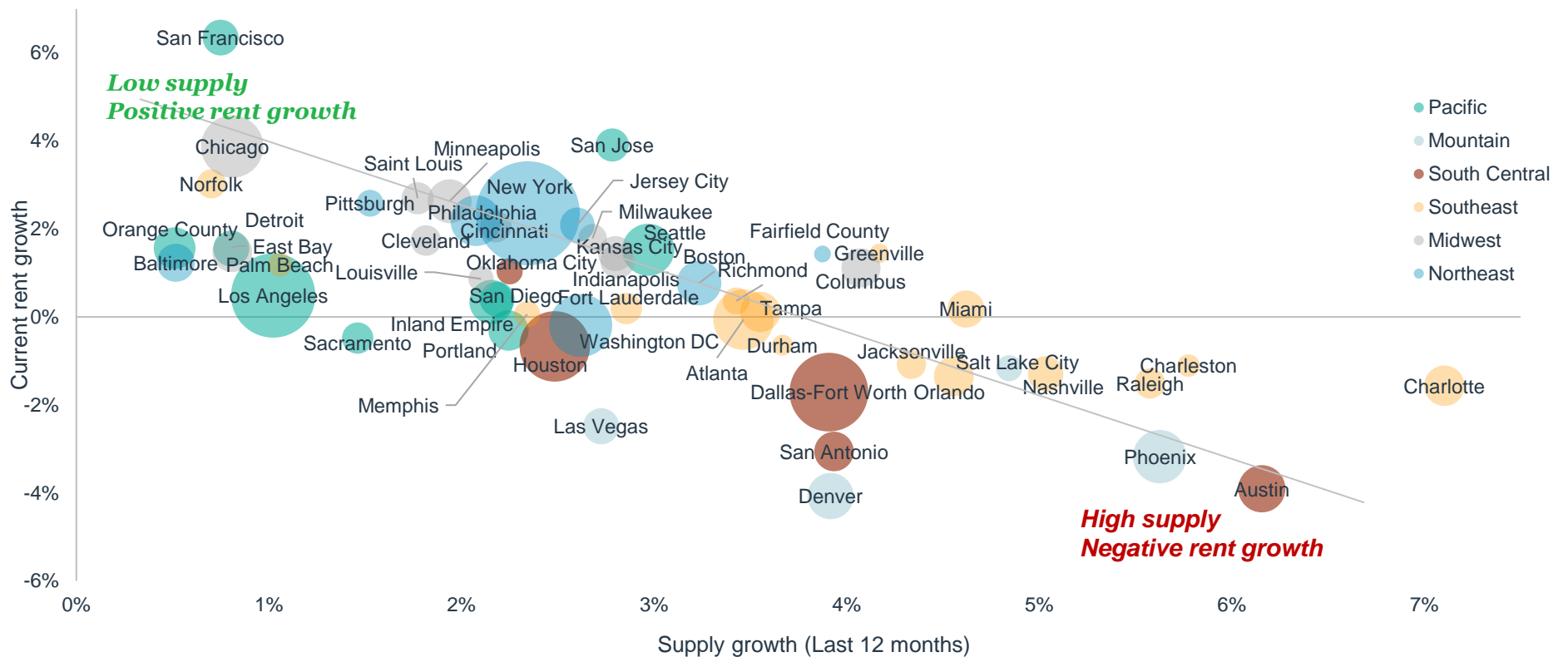
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U.S. housing

While demand remains strong, high supply growth markets are exhibiting rent growth pressure. However, many markets are past peak supply and have a decelerating construction pipeline, boding well for future fundamentals.

Apartment supply growth vs. rent change



Source: Nuveen Real Estate Research; CoStar, as of November 2025.

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U.S. sustainability

The march to a low carbon economy continues.

Conviction remains, key drivers: policy, occupiers and global investors

Policy

- US Climate Alliance, 24 states commit to Paris Agreement emission objectives, despite U.S. withdrawal
- 50+ jurisdictions require owners to disclose energy use to city
- 13 jurisdictions with Building Performance Standards, 40+ committed to passing
- 80+ jurisdictions requiring all-electric new build

Investors

- 2025 GRESB – another increase in net zero targets, now reaching 66.4%¹
- ~50% of North American investors consider/plan to consider net zero carbon in investment decisions²
- Global investments in energy transition-related technologies surpassed \$2 trillion, another record high³

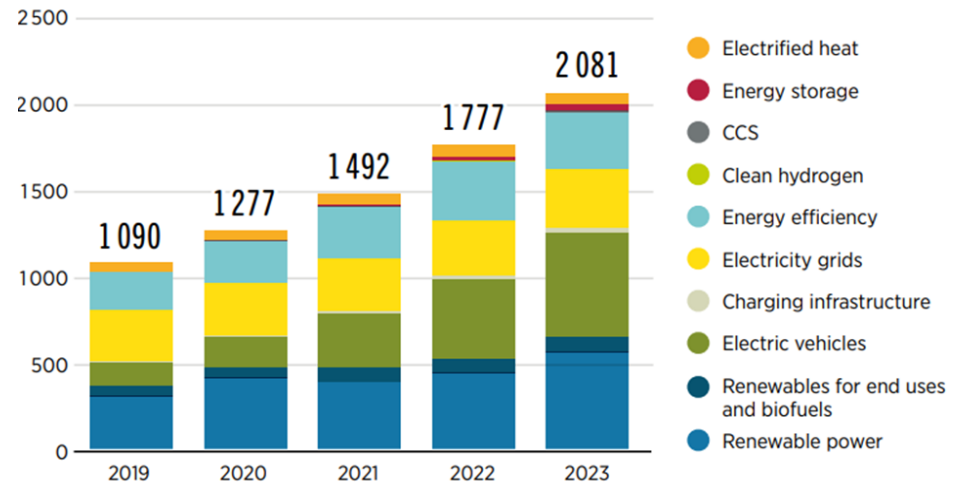
A strategic, long-term focus on net zero carbon responds to market trends anticipating value creation opportunities, given the existing supply-demand imbalance of decarbonized assets which are attractive to tenants and investors alike

Occupiers/owners

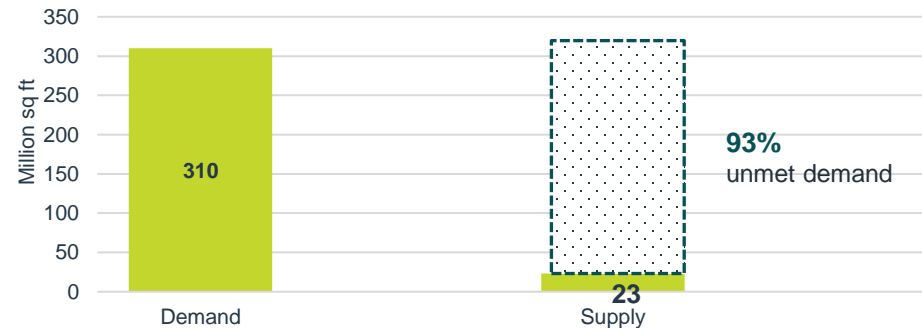
- 49% of U.S. companies set net zero targets⁴
- Total number of zero energy buildings in North America has grown by 42% since 2018⁵
- 3 out of 4 new leases among the top 100 office occupiers in major U.S. markets will be tied to a carbon commitment between 2023 and 2030⁶
- Global net zero energy buildings market is forecasted to grow 29% CAGR through 2027⁷

Global investment in energy transition technologies, 2019-2023³

Global investment (USD billion, 2023)



Data suggests demand for net zero buildings outweighs supply⁸



1 GRESB. 2 Nuveen Equilibrium Global Institutional Investor Survey, 2025. 3 IRENA World Energy Transitions Outlook 2024. Nuveen Equilibrium. The energy transition: 10 essential indicators for institutional investors. 4 Net Zero Tracker. 5 New Buildings Institute. 6 JLL. Soaring demand for low carbon offices will outstrip supply. 7 ABI Research. 8 JLL Research, September 2023.

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Europe

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Real estate fundamentals

Debt and equity

- Equity return forecasts have climbed back above required returns
- Relative value metrics show real estate at fair value, even “cheap”
- Early cycle investments in both debt and equity have historically been strong vintages

Public and private

- Public market discounts have been significantly reduced since the trade episode
- Markets remain more bullish on alternatives and logistics compared to office and retail
- Balance sheet health still a main focus for investors

Macro and cycle

- Valuations have found the bottom in Q2 2024 and offices at the end of 2024
- Valuations run only about six months behind spot values
- Absolute value lows are not fully reflected due to very low liquidity at that point in time

Real estate fundamentals

- Supply discipline has held up a favorable market balance through the economic stagnation
- Extraordinary inflation driven rental growth is cooling down, but is expected to stay positive across all sectors

Conclusions

- Markets have bottomed out
- The scene for recovery is set with interest rates moderating and occupier markets remaining on course
- Debt overhang and balance sheet repairs offer window of opportunity into 2025 and beyond
- Aggregation plays and the build out of nascent markets continues to create opportunities
- Europe remains the world's best diversifier in real estate

Source: Nuveen, November 2025.

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European research sector view versus consensus

Research more bearish

Health / care homes	Strongly supported by megatrends, but highly fragmented market with regulation (“stroke of pen”) risks
Logistics	Remains an outperformer, but much reduced dynamism with significantly less rental growth
ESG challenged buildings	Market is still underestimating and not fully pricing in transition costs
Self-storage	Attractive short-to-medium term opportunity, but no long-term megatrend support, risk of commoditization
Rental growth driven residential strategies	Affordability has become a major (political) issue in many cities – limits growth

Research more bullish

Student housing	Structural undersupply in most markets offers one-off opportunity
Central business district (CBD) offices	Trends do not support a longer-term decline of offices
Impact	Increasing focus on improving living conditions in underserved neighborhoods
Cash flow driven residential strategies	Affordable housing in demand due to prices and market rents rising much faster than incomes
Open storage	Market largely ignores potential

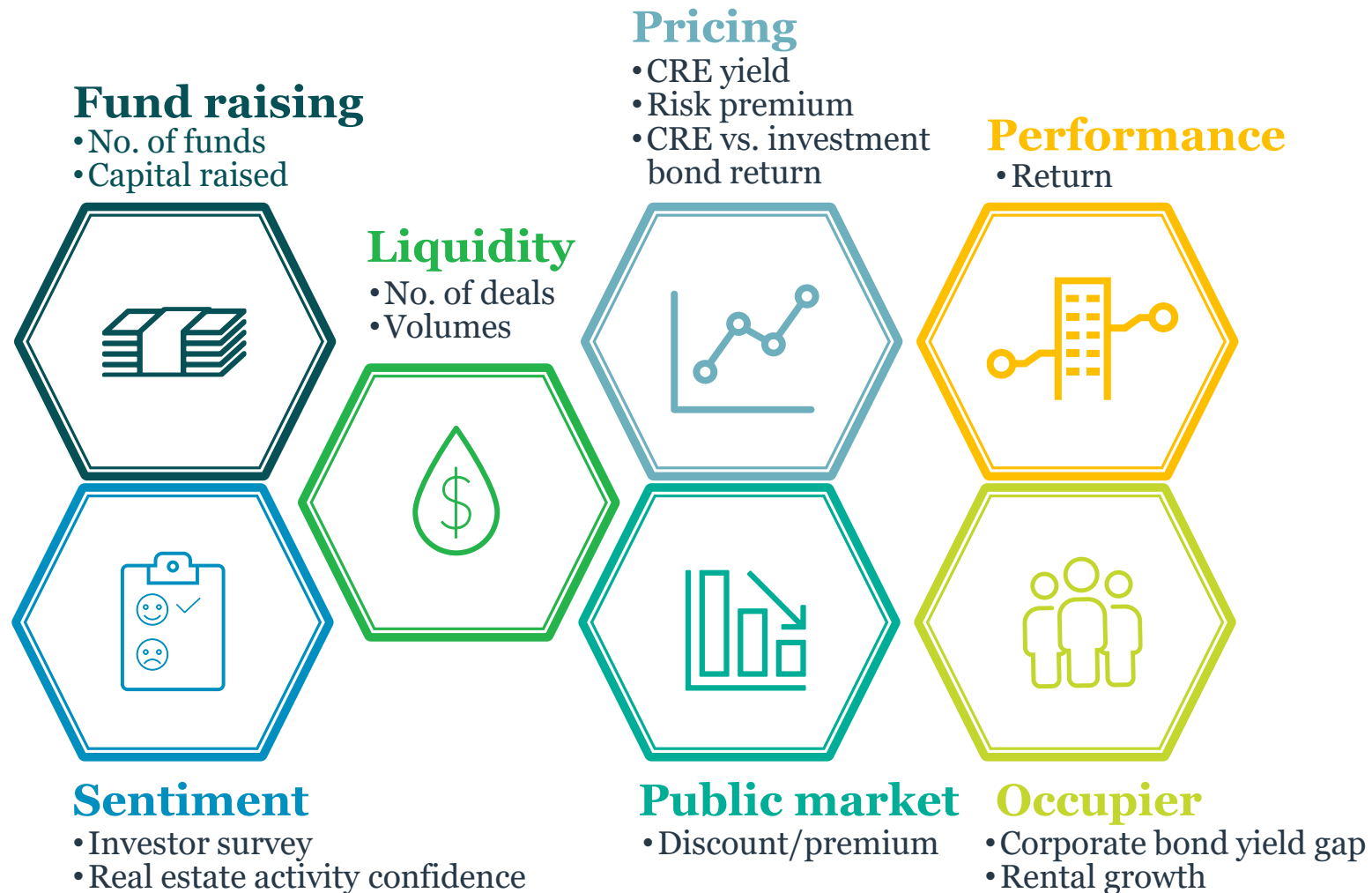
In line with consensus on retail parks, shopping centers and out of town offices

Source: Nuveen, November 2025.

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European CRE health index: Building blocks



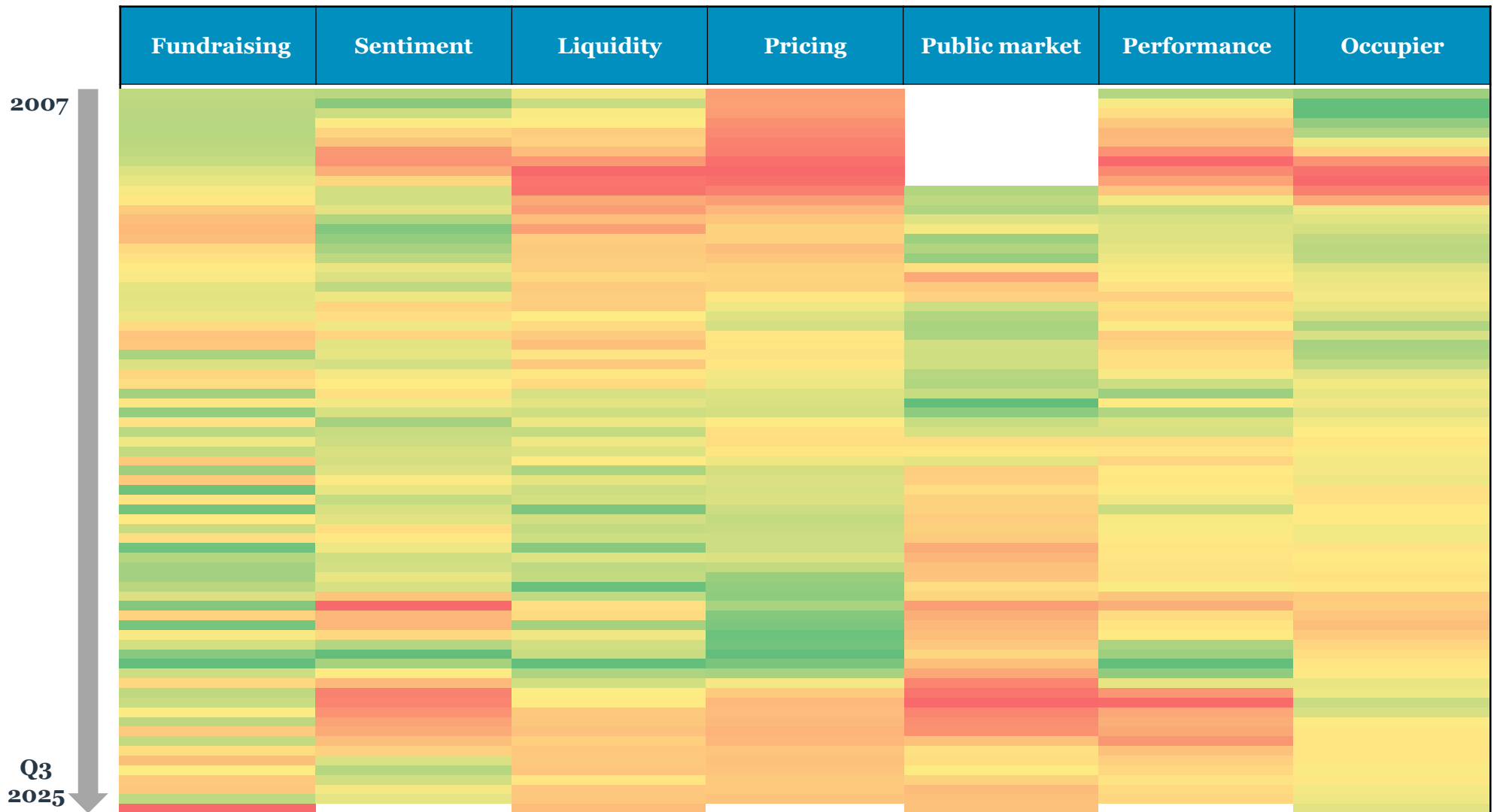
Source: Nuveen Real Estate, Oxford Economics as of November 2025.

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Q3 2025 reading: Market is moving sideways

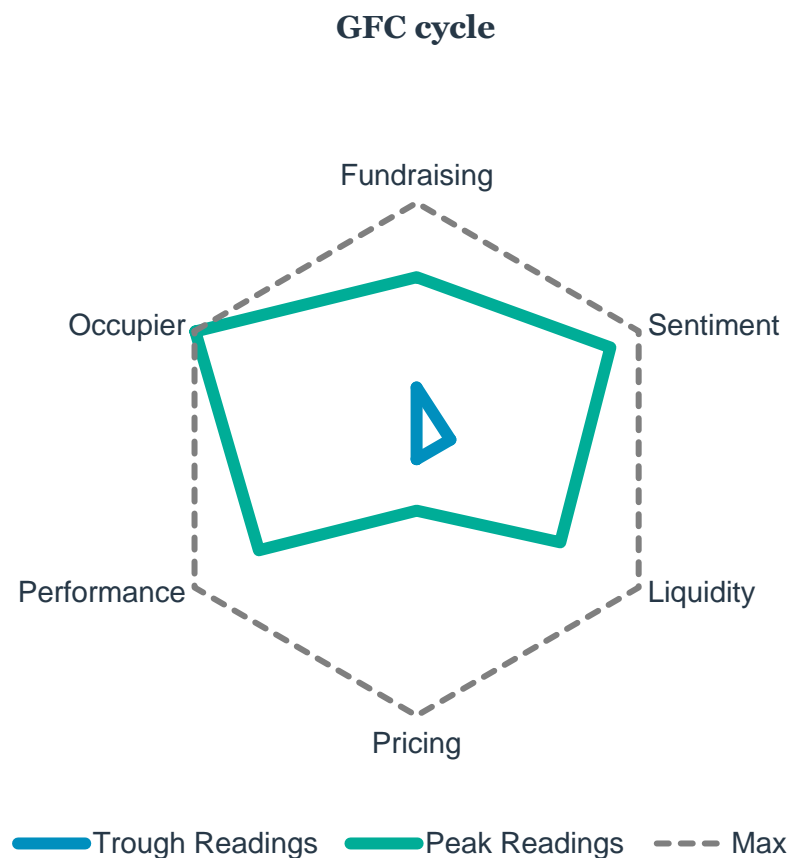
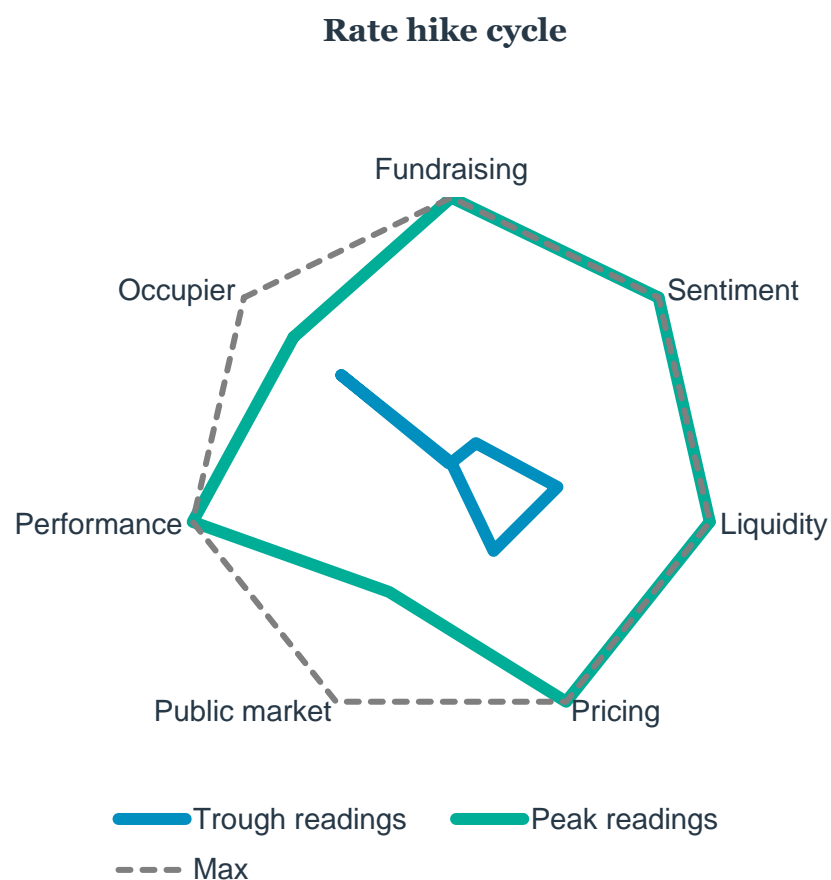
Market trough now behind us, though most signals remain in the orange zone.



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How does this cycle compare with the global financial crisis (GFC)?

Remarkably strong occupier market is the key differentiator of this cycle vs. GFC.



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European economics

Economy has held up well in face of geopolitical headwinds.



- Europe is likely to continue the slow growth path chartered in 2025 into 2026
- U.S. trade taxes have not derailed the European economy, and the reached agreements should support a business climate of reduced uncertainty over the coming quarters
- Inflation has been hovering just above the target rate in the Eurozone and slightly higher in the U.K. While the ECB seems comfortable with the current level, the U.K. is likely to see one further interest rate cut in 2025
- Defence spending will offset some of the fiscal tightening planned for 2026 in several countries, except Germany, which is set to expand government spending

Eurozone GDP growth forecasts have been upgraded recently and have settled at around 1.3% in 2025. The economy has weathered the adverse geopolitical environment reasonably well, but growth will remain slow in the near term owing to weaker global demand and uncertainty. It remains likely that activity will gradually improve in 2026, but weak momentum at the end of this year means the Eurozone and the U.K. may not grow significantly faster in 2026 than in 2025.

Recent economic data suggest growth remains subdued. The Eurozone composite PMI edged up to 51.2 in September, but the quarterly average was only slightly above the Q2 level. The Economic Sentiment Indicator showed a similar dynamic, with the index improving slightly in Q3 but remaining at a soft level. Services activity remains stronger, although the gap versus manufacturing has nearly disappeared. Hard data also suggest that prospects of an imminent pick-up in growth remain slim. Following a small rise in August, retail sales were broadly flat in Q3. Negative industrial production data from Germany and Italy in August confirmed low likelihood of a turnaround in activity in the near term and suggest the surge in sentiment earlier this year was probably overstated.

Nevertheless, the trade agreement with the U.S. should lay the foundation for a moderate improvement in activity into next year, as firms finally have more clarity on their business outlook. Household spending remains the main growth engine, but with consumer sentiment still low and consumers opting to keep a high level of savings, growth will remain moderate. Increased defence spending will support growth. However, the Eurozone fiscal policy will be broadly neutral in 2026, as the impact of the large fiscal expansion in Germany will be largely offset by fiscal consolidation in several other countries.

Eurozone headline inflation ticked up to 2.2% in September, but the rise was entirely driven by a smaller annual decline in energy prices. Encouragingly, core inflation remained stable at 2.3% for the fourth consecutive month. The disinflation process in services prices has halted in recent months, but with wage growth looking softer in 2026 it looks set to resume. Goods inflation remains very low below 1%, and price pressures remain muted. Food inflation is still high at close to 3% and will continue to put some upward pressure on headline inflation. Nevertheless, inflation is on course to fall below 2% in the coming months and settle on only 1.5% in 2026. In contrast, U.K. inflation has proved more challenging to fully defeat and the Bank of England has kept interest rates steady at 4% in November, hinting at a cut next month. The European Central Bank (ECB) is likely to stay on hold. With core inflation still slightly above the ECB's target and economic activity holding up reasonably well, the Governing Council seems comfortable with the current level of rates.

Source: Nuveen Real Estate, Oxford Economics as of November 2025.

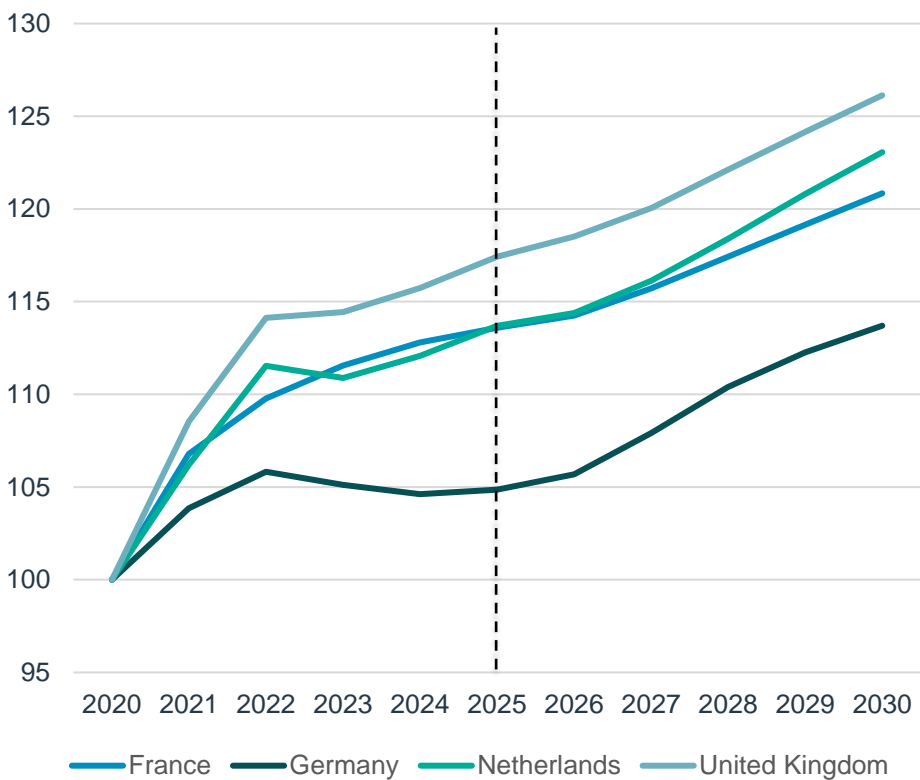
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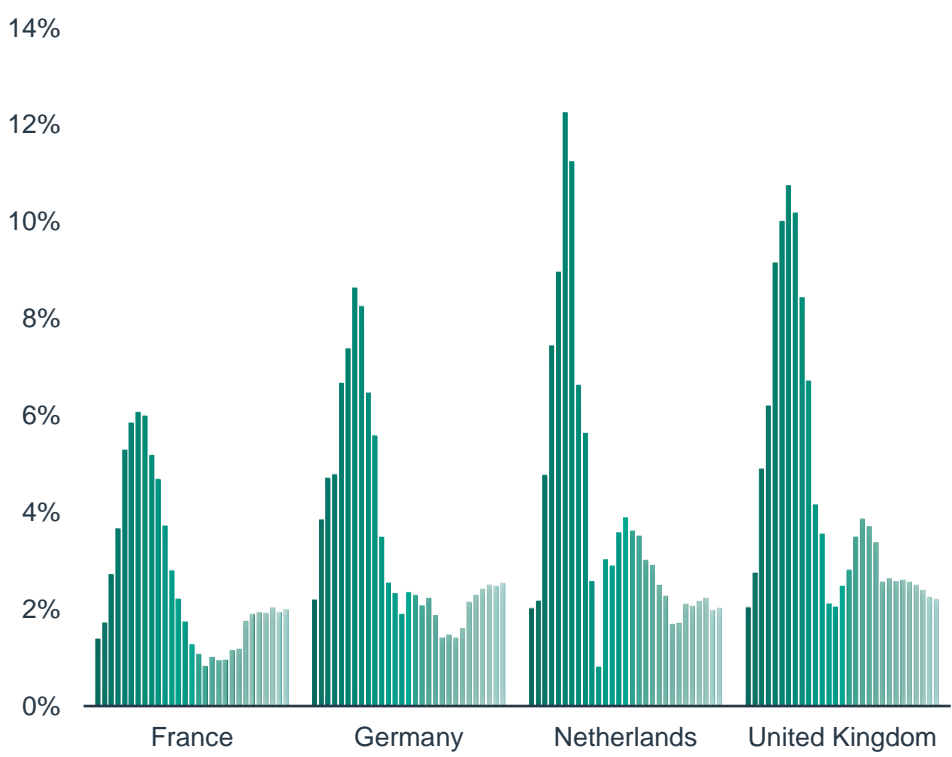
European economics

Growth starts to improve as inflation hovers around target.

GDP, real, Index 2020 = 100



Inflation, Consumer Price Index, % year on year



Sources: Eurostat, Oxford Economics, Macrobond as of November 2025.
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European investment

Closing a year of moving sideways as green shoot expectations for 2026 grow.



- 2025 to date turned out to be a year of markets plateauing on the levels achieved in 2024
- Dry powder, pricing, returns and investment volumes largely moved sideways in the first three quarters of 2025
- In the face of heightened global uncertainty this shows that the market is resilient
- Continually improving investor sentiment suggests that the recovery is ripe for gathering pace in 2026
- Europe's key attractions remain the conducive financing environment and diversification potential

While at the end of 2024 most market participants sensed a strengthening recovery, the story of 2025 investment markets in Europe has been one of moving sideways. At the same time last year, the election of the new U.S. president who was expected to be broadly business friendly increased optimism globally. The ensuing trade conflicts and policy uncertainty quickly dented that feeling. In reality, the European market has done better than what could be expected earlier in 2025. Slow, but positive GDP growth and labor market strength has continued, interest rates have eased marginally as inflation further reduced. In summary that meant the European investment landscape plateaued on last year's recovery. Neither a stronger recovery nor a return to a bear market unfolded in the year to date.

That theme of being stuck in the cycle has played out across a variety of data points. Yields have continued to show the odd inward yield shift in some local markets, but movements have remained marginal. Largely that reflects financing costs moving sideways as well. 2024 investment volumes were an improvement on the 2023 lows, but 2025 looks like it will only slightly improve on last year's total. There have been some strong capital raise successes, in particular for value-add strategies, but overall net capital inflows have remained subdued. Occupier markets have remained resilient and rental growth has stayed widespread but hasn't been speeding up. And finally, valuation measured market performance has continued to deliver positive results, but improvements have stalled in recent quarters.

Looking forward there are good reasons to expect the market pick-up projected for 2025 to belatedly materialize in 2026. Sentiment indicators show investors' appetite has increased across property types, with both retail and office returning into marginal positive territory for the first time in this new cycle. The equity market rebound since late 2022 has left many institutional portfolios underweight to real estate, which is creating the potential for a return in allocations to the sector as investors rebalance multi-asset portfolios back toward target levels. The private credit boom shows first signs of slowing down, which should put real estate as an income asset class for debt and equity back on the map. A large cohort of private funds is entering maturity or extension phases, with around \$500 billion of assets likely to return to market globally. This implies growth of up to 160% in fund-driven disposals over the next five years compared with the past cycle. Ongoing portfolio restructuring is reshaping sector exposure, with pronounced shifts toward living, self storage, logistics, hospitality and data center assets, supporting renewed liquidity and improved pricing. Fundamentals in traditional sectors are improving though; as a result, appetite has returned in bellwether cities such as London. Lastly, Eurozone investments compare well with other global regions offering returns above hurdle rates encompassing the respective local risk-free rate and the sector/country real estate risk premium. Low euro financing rates lift many markets above that hurdle, offering relatively strong leveraged cash on cash returns.

Source: Nuveen Real Estate as of November 2025.

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European investment

Buoyant rental markets support all sectors.



Office

- Preference for CBD office with strong sustainability and innovation characteristics
- Avoid out of town, secondary and sustainability challenged buildings



Retail

- Retail parks and supermarkets are higher yielding, plus modest growth
- Shopping centers remain an issue (in contrast to outlets)



Housing

- Supply shortages are chronic-to-acute
- Accessing returns is hampered by lack of product and regulation



Logistics

- Market has repriced substantially
- Outlook remains positive as near shoring, defense spending and e-commerce act as tailwinds



Alternatives

- Student housing, self-storage and data centers are strong buys
- Senior living and healthcare are more challenging sectors

Source: Nuveen Real Estate as of November 2025.

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European office

Investment sentiment for offices is improving as occupier market benefit from falling completions.



- Supply discipline remains a key feature of the occupier market in this cycle supporting overall balanced supply/demand dynamics
- Average rents have increased less than prime, but in contrast to past cycles all markets and quality ranges except the weakest quartile have shown some growth
- Discerning tenant expectations and elevated construction costs mean that landlords have to spend substantial capex in order to keep their offer relevant
- For the first time in this cycle several office markets are reporting rising activity and even yield compression in some cases

The most notable development in European office markets is the retreat in new supply delivery. According to Greenstreet data from October 2025, annual net new supply as a percentage of existing stock across the top 30 markets is declining significantly in 2026. This represents a marked departure from previous cycles and reflects multiple converging factors that have imposed discipline on new construction activity. Construction activity has shifted away from new-builds toward repositioning existing assets. This transformation stems from three primary drivers: mature economies experiencing changing space requirements, persistently high construction prices, and increasingly stringent Environmental, Social, and Governance (ESG) mandates that make new development economically challenging. At the same time, capital expenditure required to maintain existing stock relevance has escalated. Analysis of listed companies' portfolios reveals that reported capital expenditures relative to like-for-like net rental income growth have increased significantly. This dynamic underscores a critical reality: keeping office stock relevant and competitive in today's market comes at an increasingly higher price, further discouraging speculative new development while channelling investment toward upgrading existing assets.

On the demand side, the market narrative has gradually shifted positive. RevPAM (Revenue Per Available Meter) data, which combines rental growth and occupancy changes, demonstrates that the market turned a corner in 2025 and is projected to improve gradually over the coming years. Vacancy rates have remained remarkably contained throughout this cycle, particularly when compared to historical benchmarks. Analysis shows vacancies as a percentage of the 25-year average have stayed in check, defying earlier predictions of substantial deterioration. Current building and demand trends suggest minimal change in vacancy rates over the forecast period of five years, reflecting a market hovering around equilibrium rather than one facing structural oversupply.

In this environment, prime assets outperform all other asset quality ranges with cumulative rental uplifts of up to 35% in the last three years alone. However, across all main markets in Europe not a single city recorded negative rental growth over that same period. Some cities have seen stable rents, but for most even average rents increased by 5% to 10% in total. Only the bottom quartile in terms of quality and location has experienced falling rents and, in some cases, substantial increases of vacancies.

The investment environment has been improving and catching up with other property types. A couple of notable transactions, particularly in London, demonstrated that investors are looking at offices again. Sentiment surveys show that appetite for offices has improved in 2025 to date, which indicates rising investment activity over the coming quarters. Yields have largely remained stable. Encouragingly, London City, Paris CBD, Madrid and Stockholm have reported a slight tightening of yields in Autumn 2025.

Source: Nuveen Real Estate as of November 2025.

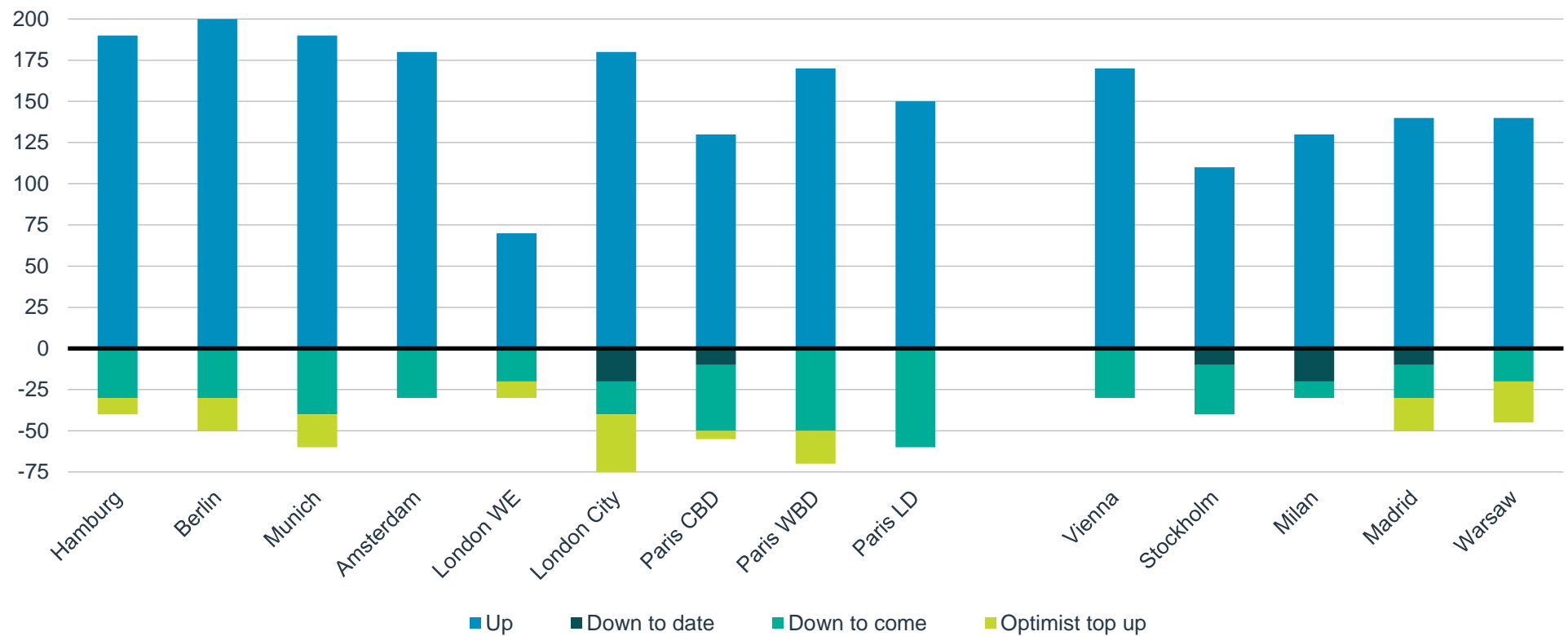
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Office yields

Higher return projections by office optimists partly explained by higher starting points.

Yield shift in basis points



Source: PMA, CBRE, JLL November 2025.

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European retail

European consumers have healthy household balance sheets and large pools of savings.



- Consumer and retailer sentiment have strengthened since tariff disruptions, with confidence now above pre-tariff levels but below longer-term trend
- After a robust summer, retail sales in September were weak with volumes falling -0.1% month-on-month. Iberia and CEE outperform on tourism and wage support, while Italy and Finland remain subdued
- Strong labor markets and household balance sheets boost retail outlook; retail sales are forecast to grow twice as fast as pre-pandemic

The Eurozone consumer confidence index rebounded from a slump of -16.6 in April 2025 to -14.7 by July and further improved to -14.2 by October 2025. While sentiment remains cautious and below trend, the recent gains reflect a gradual improvement in consumers' economic outlook, which stems from clearer visibility around the tariff landscape and easing concerns over inflation and geopolitical uncertainty. Consumers in most major economies have shaken off tariff concerns, with sentiment now at or above pre-tariff levels, although Ireland, Austria, France and Italy remain relatively pessimistic. Retailer confidence has mirrored the consumer trend, with the Eurozone retail trade confidence index improving to -6.8 in October 2025 from -8.8 in April 2025. Over the past quarter, sentiment remained largely unchanged with the strongest uplifts in Denmark and Germany, while Belgium and Ireland saw a reversal in gains reported in the second quarter of 2025. The outlook is most negative in Germany, followed by France and Belgium while retailers in Sweden and Italy remain the most optimistic by far in October 2025. Retailer sentiment often signals trends in store acquisition; while market variance exists, new openings are largely driven by discount and food brands, reflecting their appeal during economic uncertainty.

Retail volume sales in September were disappointingly weak at -0.1% month-on-month. On a three-month rolling basis, Eurozone sales volume increased by 1.7% (y-o-y) in September 2025, which is the weakest growth rate since August 2024 and comes after a year of robust growth of between 2.0% and 2.8% until this August. Spain still stands out as a top performer, despite retail sales growth (three-month rolling) slowing slightly to 4.5% in September 2025 after +5% growth in the previous three months. Alongside Portugal at 5.2%, both markets have benefited from robust tourism-related spending, buoyed by strong international arrivals. On the other end, retail sales in Italy declined again, by 1.0% in September 2025 (after posting no or very low growth between September 2024 and July 2025). Finland remains structurally weak, with retail sales on a downward trend since early 2022, despite posting slightly less negative numbers in recent months.

Unlike the U.S., where the household savings rate dropped to 4.7% in late 2024—well below its historical average of 6.1%, the Eurozone saving rate remained elevated at c.15% in mid-2025. While this is down from pandemic-era highs, it still sits well above the pre-COVID-19 average of 12.3%, indicating that households have not fully drawn down their excess savings. These healthy balance sheets leave European consumers in a resilient position. Lower base rates provide less incentive to save, while strong wage growth and an historically low unemployment rate across major European economies continue to support spending. Together, these dynamics create a supportive backdrop for retail sales growth. Oxford Economics forecasts Eurozone nominal retail sales to grow by 3.4% p.a. over the next five years, double the pace seen in the 15 years before the pandemic.

Source: Nuveen Real Estate, as of November 2025; Note: CEE = Central and Eastern Europe.

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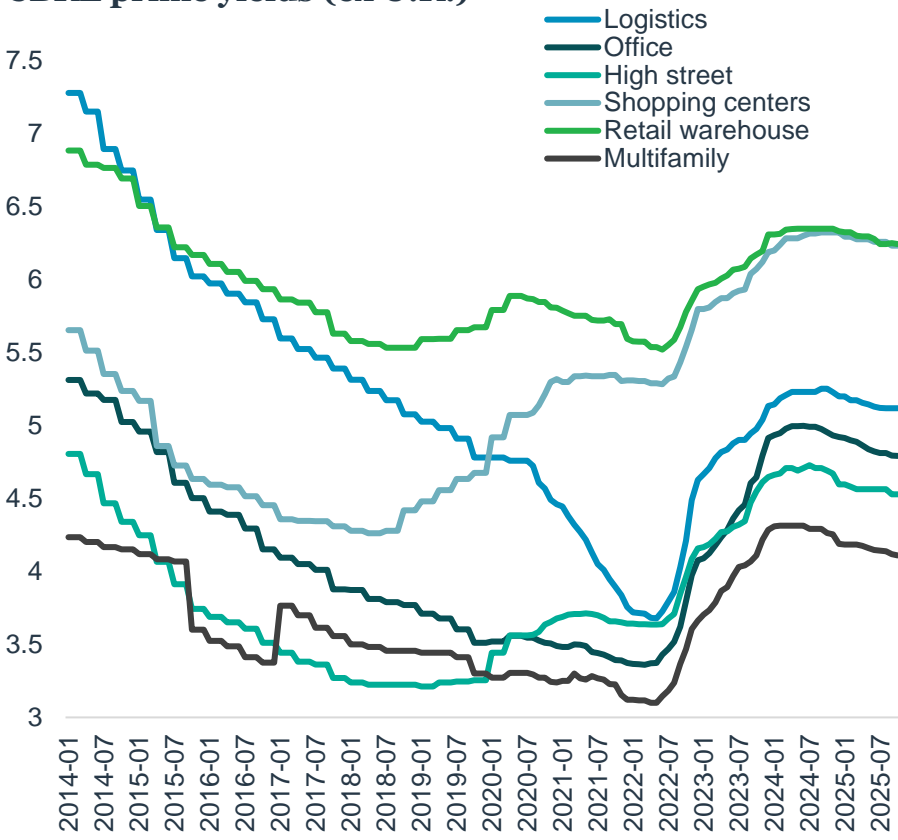
European retail

Retail sector moving back onto investors' agenda with expected downward pressure on yields as investors step back in.

PMA balance of investment intentions Q3 2025



CBRE prime yields (ex U.K.)



European logistics

Confidence in European logistics markets improved slightly but occupier and investment market still subdued.



- Confidence in the European industrial and logistics real estate markets improved slightly but remains in negative territory
- Average prime rents in Europe increased by just 0.3% in the third quarter of 2025
- Lower take-up and high levels of completions have led to an increase in the vacancy rate
- Logistics transaction volumes amounted to €8.7 billion in Q3 2025, with the U.K. and Germany each accounting for over 20% of total volumes
- Investor interest is holding up but has become increasingly selective and focused on core locations

Confidence in European industrial and logistics real estate markets improved slightly in September 2025. Compared to a year ago, Finland, Belgium, Sweden, and Austria recorded noteworthy gains, while sentiment deteriorated considerably in Denmark and slightly in Spain. The remaining countries saw only minor changes. With the exception of Ireland, all markets stayed in negative territory.

Rental growth remained extremely subdued in the third quarter of 2025. Prime rents rose by an average of just 0.3% across the 40 European markets monitored by JLL. Only eight markets recorded further rent increases in the third quarter of 2025; the rest remained unchanged. Compared to the same quarter of the previous year, the increase was slightly higher at an average of 2.7% in September 2025 but still shows a downward trend. The vacancy rate continued to rise, from under 3% at the end of 2022 to the current 5.9%. The main reasons for this are lower take-up and increased construction activity, which peaked at the end of 2021 but has since declined.

The European logistics investment market generated turnover of approximately €8.7 billion in the third quarter of 2025. This was roughly on par with the first and second quarters of 2025 and approximately 13% below the result from the same period of the previous year. However, in a 12-month comparison, turnovers were 12% higher than the previous year's figure, thanks to the exceptionally strong fourth quarter of 2024. In the first three quarters of 2025, the U.K. once again held the top position in the country ranking with turnovers of €1.9 billion and a 22% share of the total European logistics market, closely followed by Germany with €1.8 billion (21% share) and an increase of 29% compared to the same quarter of the previous year. All other markets remained below the €1 billion mark, led by Sweden (€929 million), the Netherlands (€743 million), France (€681 million), and Spain with €507 million in sales. In a 12-month comparison with the previous year, some markets saw significant growth, such as Portugal (+90%), the U.K. (+42%), and Austria (+33%). The sector successfully maintained or expanded its sector share of currently 18% despite the general market downturn.

Prime net initial yields for logistics properties remained largely stable in the third quarter of 2025, ranging from 4.00% in Switzerland, 4.40% in Germany, 4.75% in the Netherlands, 4.90% in France, and 5.00% in Spain, and reaching 7.50% in Central and Eastern Europe. This indicates that buyers and sellers have established a new price level. Investor interest remains firm, but is becoming increasingly selective, focusing on prime locations with long-term leases and financially strong tenants. Combined with lower interest rates and improved financing conditions, higher investment volumes and potentially rising purchase prices are expected for the remainder of the year, but especially for the coming year. Investor interest is holding up but is increasingly selective and focused on core locations with long leases and high-quality tenants. Investment volumes are expected to pick up from next year with an eventual reduction in perceived risk and uncertainty.

Source: Nuveen Real Estate, as of November 2025.

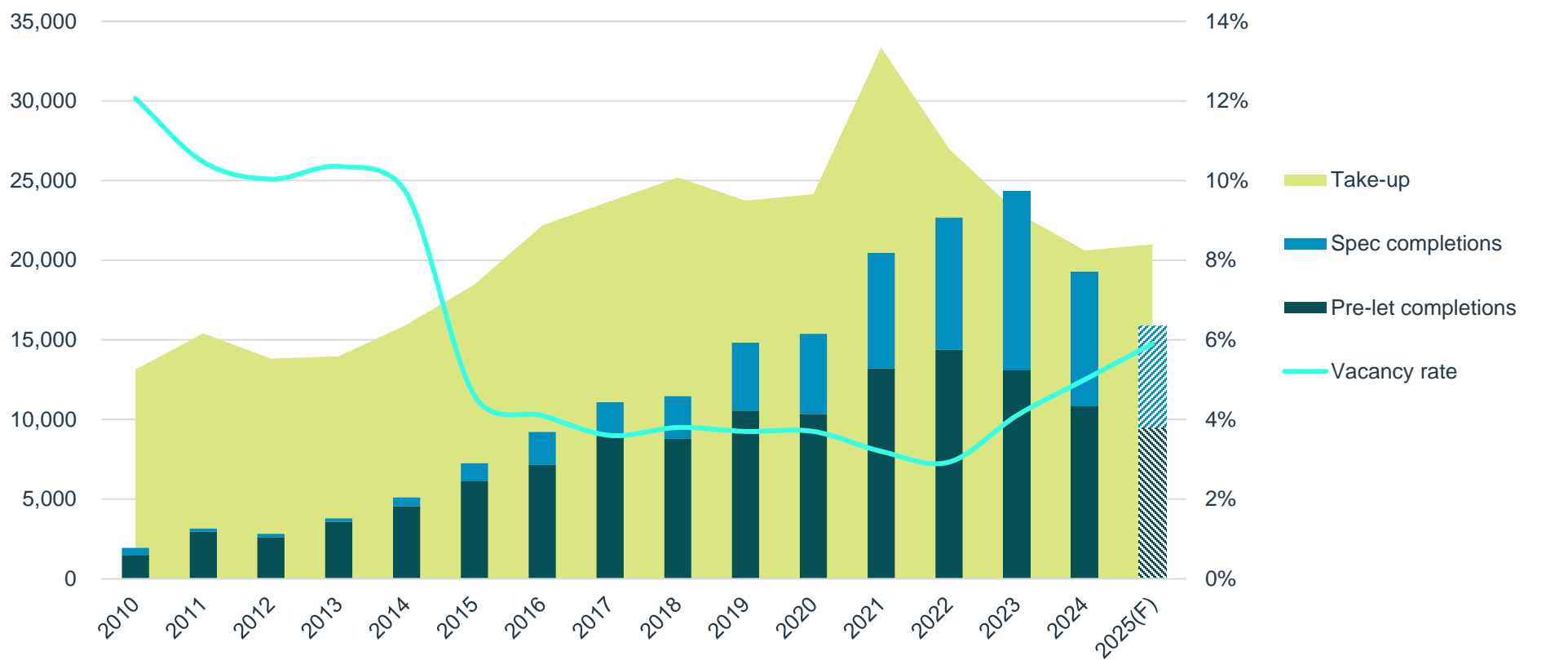
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European logistics

Slight increase in vacancy as take-up is moderating despite lower completions – speculative share now at 40%.

Completions and take-up, '000 sq m (LHS) and vacancy rate, % (RHS)



Source: PMA, Oct 2025; JLL, Oct 2025, Nuveen Real Estate, as of November 2025.
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European residential

Strong growth but signs of moderation.



- House prices across the euro area rose 4.2% year-on-year with the Iberian markets remaining Europe's strongest performers
- Affordability conditions and barriers to home ownership have become more challenging across most European markets, with the only exception of Finland
- Rental market maintained considerable strength through 2025 with aggregate growth reaching 3.5% in Q3
- Investment into European living assets reached €47 billion on a 12-month rolling basis to Q3 2025 – the highest reading since Q1 2023

European residential markets continued their upward momentum through mid-2025, although growth showed signs of moderation compared to the opening quarter. House prices across the euro area rose 4.2% year-on-year in Q2 2025, reflecting healthy but decelerating growth from the 4.9% recorded in Q1. The Iberian markets remain Europe's strongest performers. Spanish property values increased 12.8% year-on-year in Q2, while Portugal recorded substantial gains of 18.3%. The Netherlands sustained robust appreciation at 9.7% annually and Denmark emerged as a notable outperformer with house price increases surpassing 7%, while Germany continued its characteristically steady path at a modest 3% annual growth recorded in Q2. Finland remained the sole market in decline, recording a 1.6% year-on-year decrease in the second quarter, though the rate of contraction is slowing, and stabilization appears increasingly probable.

Affordability conditions and barriers to home ownership have become more challenging across most European markets, as property price appreciation continues to outpace wage growth—Finland being the primary exception. Spain and Ireland face particularly severe pressures, with both house price-to-income and house price-to-rent ratios deteriorating further in Q2.

The European rental market maintained considerable strength through 2025 with aggregate growth reaching 3.5% in Q3 year-on-year as measured by Eurostat's HICP Actual Rent Index, however this number is slightly lower than the Q3 2024 growth of 3.9%. In Q3, the Netherlands and Sweden led with approximately 5.3% annual increases, followed closely by Ireland (4.9%) and Poland (4.8%) with Italy slightly behind at 3.6%. Not all countries experienced strong growth with Eurostat's index highlighting Spain, Germany, Denmark and France experiencing 2%-3% rental growth. This is contradictory to other rental data mainly focused on new builds which show a significant increase in rents, especially in Spain, over the course of the last twelve months.

Investment into European living assets reached €47 billion on a 12-month rolling basis to Q3 2025 – the highest reading since Q1 2023, and up 28% year-on-year. We expect positive sector sentiment to continue, especially after this year's tariff-driven disruptions, which have reinforced investors' recognition of the sector's defensive qualities, which are underpinned by fundamentally localized demand and supply dynamics. According to CBRE's monthly yield report, prime multifamily housing yields have remained stable over the course of 2025 with a few exceptions mainly Austria, Denmark and the Netherlands which reported 10-20 bps inward yield contraction. Expectation is that yields will remain stable over the near term, with prime yields ranging from 3.25% to 4.75% across Europe's key cities.

Source: Nuveen Real Estate, as of November 2025.

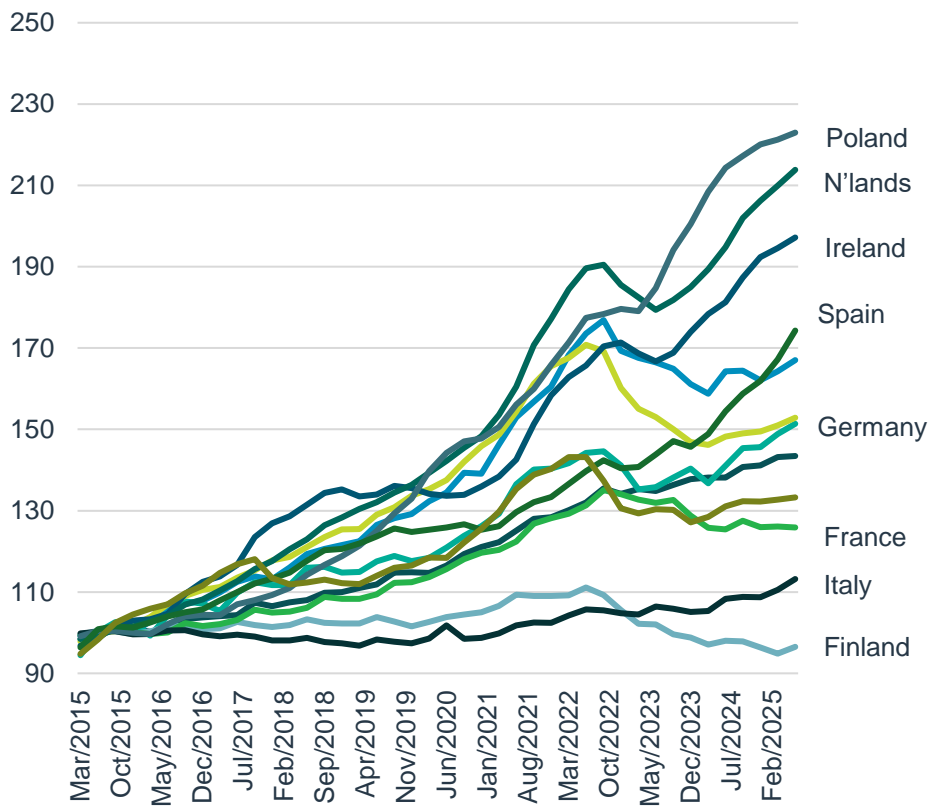
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European residential

Residential rents on the rise in all markets.

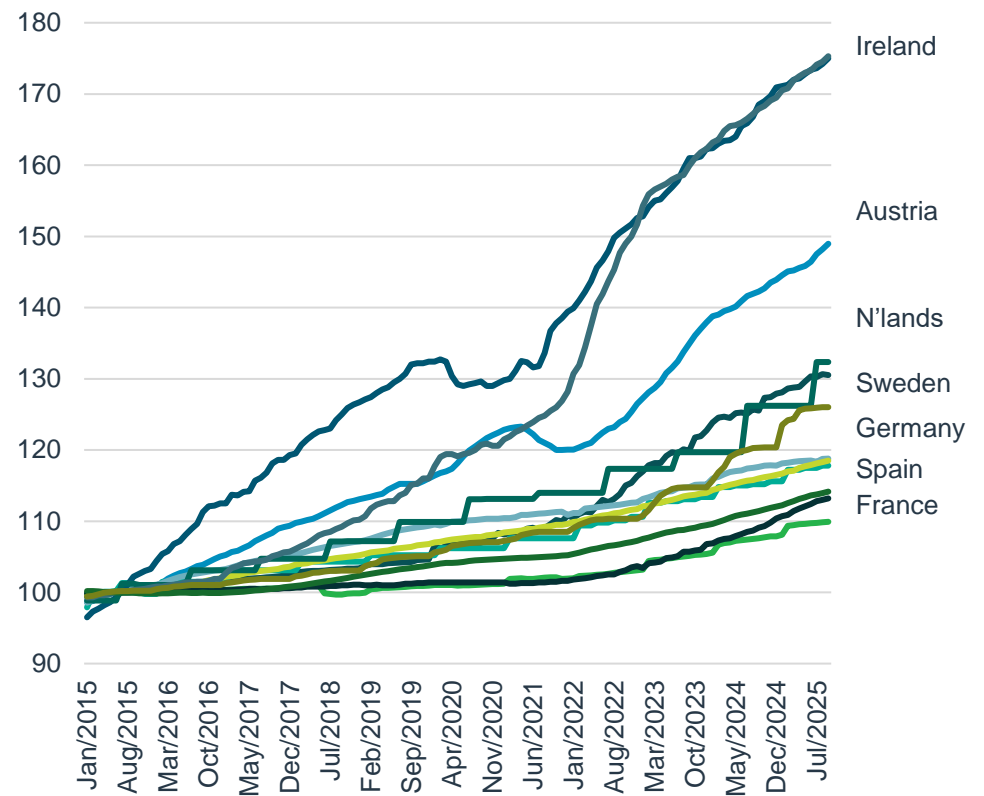
Eurostat, house price index, purchase of existing dwellings, 2015 =100, index



Source: Nuveen Research, Macrobond Eurostat as at November 2025.

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Eurostat, HICP, actual rentals for housing, 2015=100, index



Source: Nuveen Research, Macrobond, Eurostat HICP as at November 2025.

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European alternatives

Storage profits rose via rate hikes despite occupancy dips; student housing's record investment signaled a maturing sector.



Self-storage:

- European self-storage occupancy softened slightly over the past year, though performance varied by country and operators adopted different pricing strategies
- Average rates increased, supporting sector-wide profitability

Student housing:

- European PBSA investment soared over the quarter and quadrupling the volume from the same period last year
- The surge was driven by large-scale platform acquisitions, signalling the sector's maturation as it now attracts capital through consolidation rather than single asset aggregation

Self-storage

The challenges the sector has faced are reflected in the latest FEDESSA data release. The ongoing impact of inflationary pressures, higher mortgage costs and political uncertainty has softened the residential housing market, which has impacted storage demand. This led to a modest drop in overall occupancy across Europe, down by 0.8% over the year. That said, there has been notable variation: some countries like Spain, Portugal, Finland and Poland all recorded occupancy increases of more than 5%, while others, including Switzerland, France and Austria, saw declines of more than 5%.

Average rates across Europe increased by 5.4% to €313 per sq m. This increase is significantly greater than the drop in occupancy, indicating the sector was overall more profitable. Again, there are country differences, with Norway and Switzerland pushing rates up more aggressively, while others like Sweden and Germany recording a decrease.

Clearly, operators have different approaches to pricing and occupancy. In many markets, up-front discounting increased as operators prioritized increasing their occupancy, while others instead pushed up rates, particularly for existing customers, potentially sacrificing some occupancy to increase overall revenue. This resulted in mixed outcomes, but when balanced out, most businesses increased their profit levels overall.

Student housing

While overall investment volumes in European CRE moderated somewhat in Q3, the PBSA sector had a stellar quarter, with investment volume totalling €3.9 billion – 87% above Q2 and three times higher than in the same period last year, making it the highest Q3 total ever recorded.

The market has been dominated by landmark deals, signalling a major shift from scattered developments to platform consolidation. Key transactions include: 1) The €1.2 billion acquisition of Livensa Living by CPP Investments, one of the most significant PBSA deals ever concluded in Southern Europe. 2) Macquarie's recent move to acquire and consolidate 12,000 beds across Europe (Milestone & BaseStack Living). These growing investment ticket sizes demonstrate that the sector is maturing. Portfolios have now reached a sufficient scale and quality to attract institutional capital. This trend, where investors enter or expand through large portfolio acquisitions rather than incremental development, confirms the market is no longer in its infancy but is increasingly characterized by liquidity and consolidation.

Source: Nuveen Real Estate Research, as of Nov 2025.

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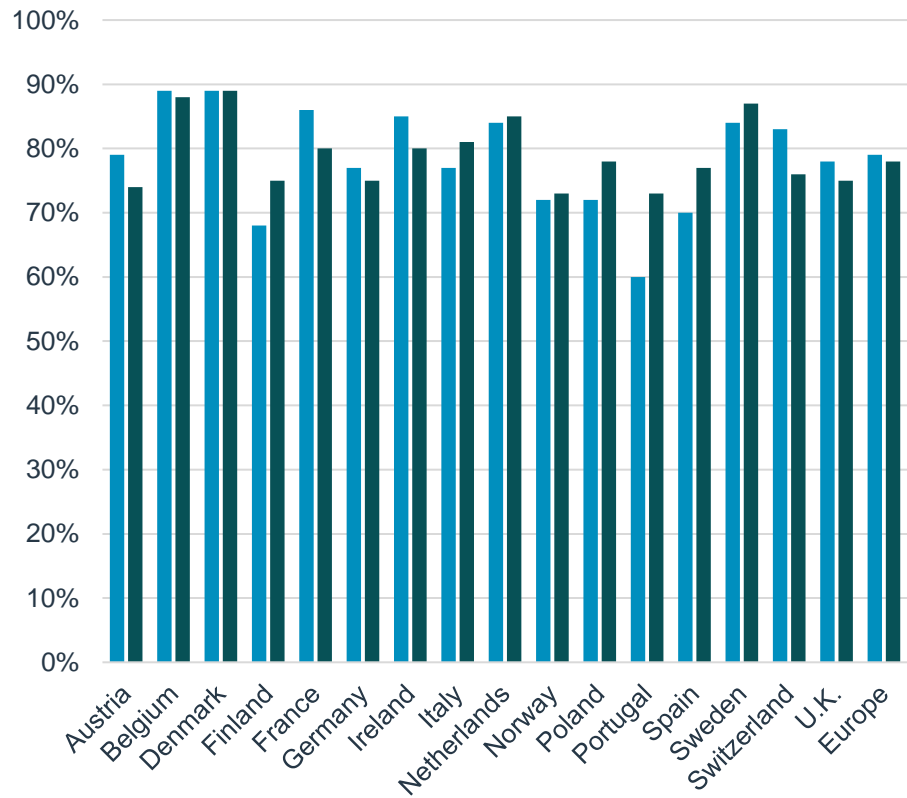
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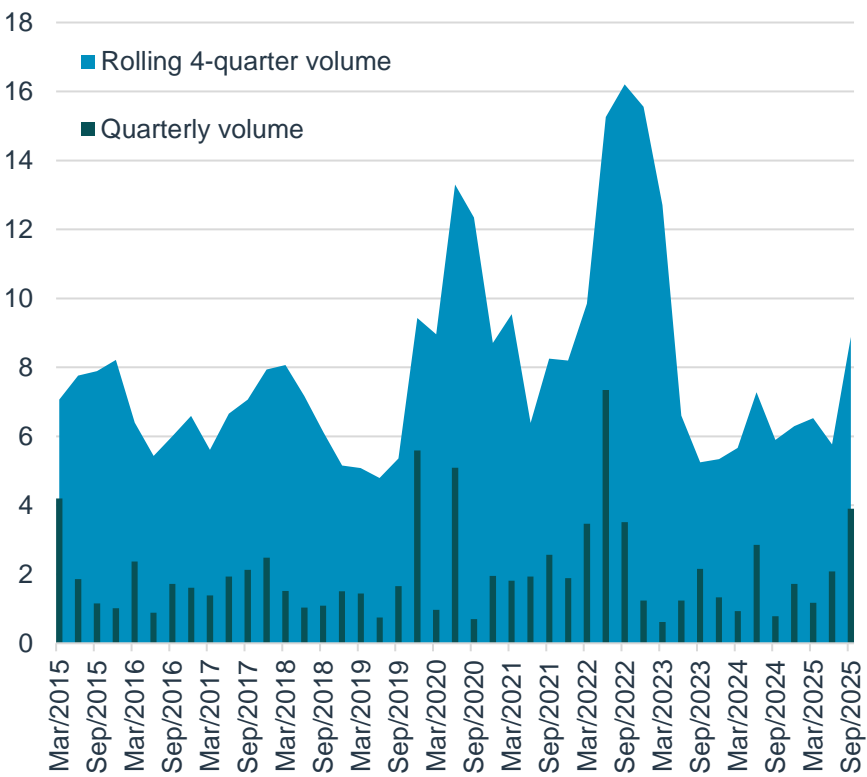
European alternatives

European storage occupancy softened; student housing saw record investment from large platform deal.

Occupancy



Investment volumes (€ billion)



Source: FEDESSA, CBRE, 2025; Nuveen Real Estate, as of November 2025.
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Source: RCA, as of November 2025.

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European sustainability

Energy Performance of Buildings Directive (EPBD): A game changer?

The revised Energy Performance of Buildings Directive (EPBD), which came into effect in May 2024, is scheduled for transposition into national legislation by May 2026. This directive introduces mandatory minimum energy performance standards for existing buildings. The implications are substantial: by 2030, 16 percent of the worst-performing buildings must be renovated, rising to 26 percent by 2033. This requirement is particularly impactful given that 85 percent of EU buildings were constructed before 2000 and approximately 75 percent exhibit poor energy performance. The policy is driven by objectives of energy security, cost efficiency, carbon reduction, and alleviating pressure on energy infrastructure.

For investors, this regulatory shift creates both opportunity and risk. On the opportunity side, early and selective upgrades may unlock value through enhanced rental premiums and portfolio resilience. The directive also catalyses a robust pipeline for retrofit projects and green financing, offering attractive avenues for capital deployment. Conversely, the risks are material: assets that fail to comply may face accelerated obsolescence and downward valuation pressure. Furthermore, the capital expenditure required for deep retrofits - particularly in older stock- will be significant, and variations in national implementation may introduce complexity and uneven cost burdens.

Strategically, investors should prioritise comprehensive portfolio screening to identify assets most exposed under the new performance thresholds, as failure to meet these standards could materially impact returns. Timing will be critical, with those who act early are best positioned to capture available incentives and mitigate cost inflation as compliance deadlines approach. In addition, forming partnerships with energy service providers and financing institutions will be essential to optimize retrofit economics and execution.

Distribution of EPC ratings by country



Source: European Commission 2025, X-tendo 2020.

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Asia Pacific

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Real estate fundamentals

Debt and equity

- Equity return forecast shows increasing appeal for selective markets ahead of an anticipated policy-led fundamental recovery
- Banks continue to maintain a cautious lending attitude, creating ongoing opportunities for non-bank lenders, though returns have narrowed in the lower interest rate environment

Public and private

- Public market discounts have narrowed, with REITs in Australia and Japan now trading above book value
- While investor sentiment continues to favor alternative sectors, appetite for office and retail is also growing in some regional markets

Macro and cycle

- Improving but still uneven economic growth outlook despite some positive outcomes on trade tariffs
- Corporates still cautious on capital expenditure, which has impacted leasing demand
- With slowing inflation, central banks are expected to ease accommodative monetary policies to mitigate economic growth risks

Real estate fundamentals

- Challenges in securing project financing combined with elevated development costs have constricted supply across multiple markets
- Cap rates have steadily compressed due to falling interest rates, except in Greater China
- Investment outlook has improved as sentiment has been supported by loose monetary policy

Conclusions

- Short-term balance of risks remains mildly positive but overshadowed by uncertain global demand
- The foundation for recovery is taking shape, supported by interest rate cuts and expansionary fiscal policies
- Refinancing pressure and corporate capital recycling initiatives present window of investment opportunity in selective markets
- Closely monitor markets and sectors approaching cyclical bottoms to capture the next upswing
- Continue to strategically allocate capital to alternative sectors to enhance portfolio diversification and resilience

Source: Nuveen Real Estate, October 2025.

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Uneven growth prospects across the region

Real GDP growth for major Asia Pacific markets



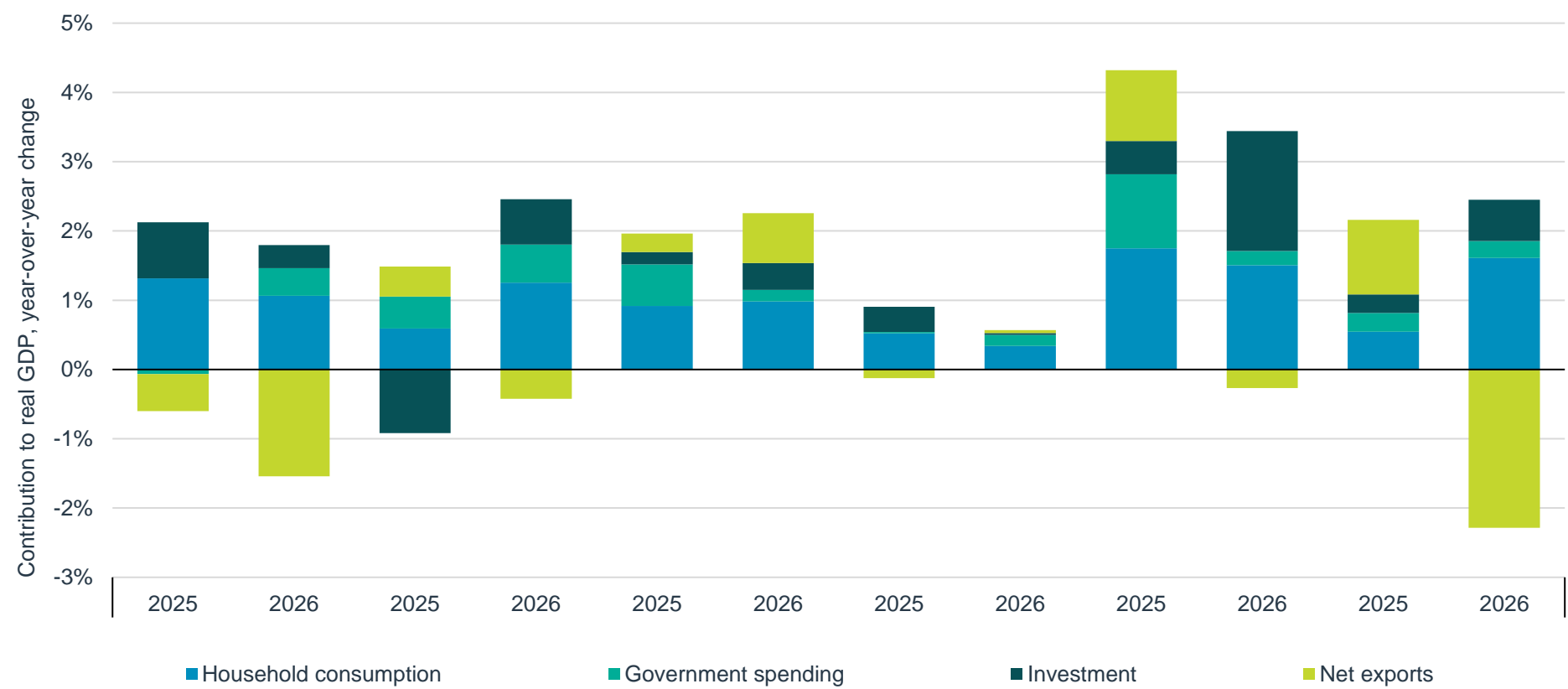
Source: Oxford Economics, October 2025.

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Domestic demand stays broadly resilient

Contribution to GDP growth

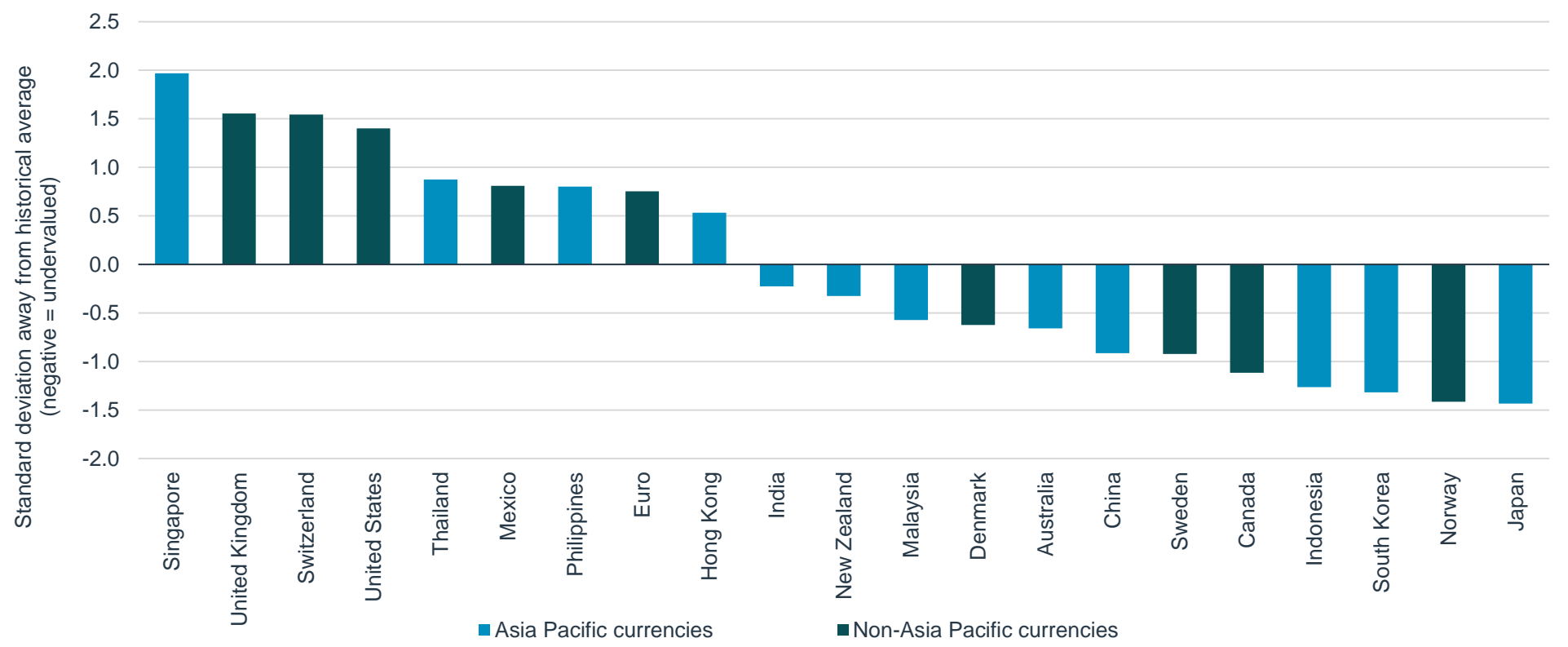


Source: Oxford Economics, Nuveen Real Estate, October 2025.

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Scope to capitalize on currency effects

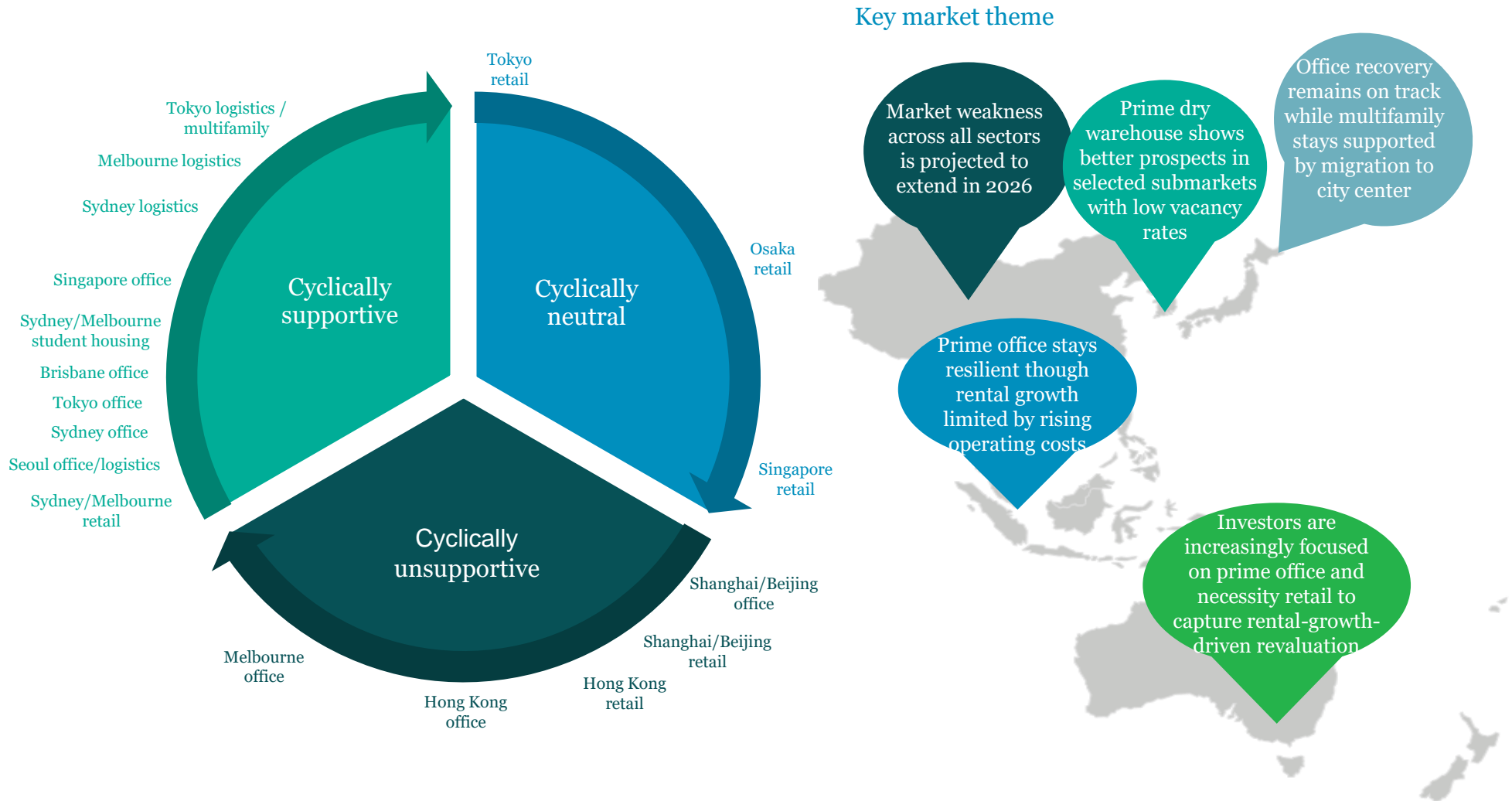
Asia Pacific currencies are trading at discounts to their long-term average real effective exchange rates against a basket of other currencies.



Note: The historical average is calculated over the period from 2005 to 2025.
Source: CEIC, Nuveen Real Estate, September 2025.
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Short-term city and sector selection



Source: Nuveen real estate, October 2025.

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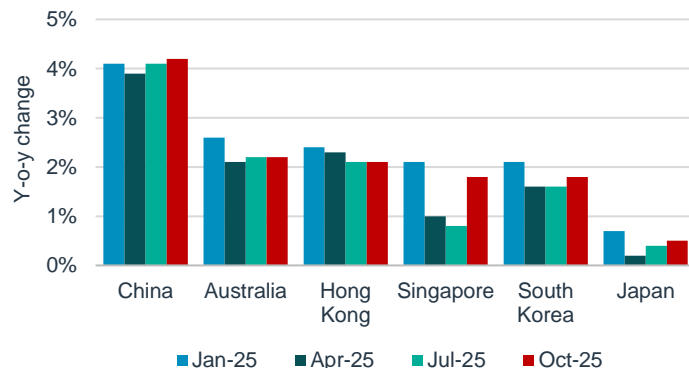
Asia Pacific economics

More settled tariffs but uneven growth prospects remain in 2026.



- Regional export activity led by robust AI-related demand, offsetting the easing in non-tech exports
- An easing of tensions between China and the U.S. have alleviated concerns about further escalating retaliation between the two countries
- Accommodative monetary and fiscal policies, as well as resilient domestic demand will mitigate negative growth risks triggered by trade tariffs

Real GDP growth forecast in 2026



Source: Oxford Economics, October 2025.

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Diverging performance across regional economies

After several months of uncertainty following the U.S. announcement of sizable tariffs against most trading partners since April, trade tensions have eased considerably, with many countries concluding trade deals with the U.S. An easing of tensions between China and the U.S. have also alleviated concerns about further escalating retaliation between the two countries. Many regional economies have benefited from export frontloading activity in H1 2025, and this trend continued into Q3 2025, with regional export activity underpinned particularly by robust AI-related demand. This resilience in semiconductor demand was evident in South Korea's stronger-than-expected export growth, which on top of fiscal stimulus, buoyed third quarter growth.

With the downside impact of trade tariffs yet to fully pass-through into the global economy, Asia Pacific countries are maintaining fiscal measures to support 2026 growth. China has announced its upcoming Five-Year Plan with a clear emphasis on fiscal policy playing a key role in boosting consumption to support economic expansion, while Japan's new prime minister has signalled an intension to pursue aggressive fiscal spending to spur economic growth. Beyond fiscal support, monetary policy across the region still has room for further normalization. While tariff increases have underscored stickier inflation expectations, prices should trend lower as pandemic-era driven cost-push and built-in price pressures ease. Looser monetary policy will also help mitigate growth risks potentially posed by weaker global demand.

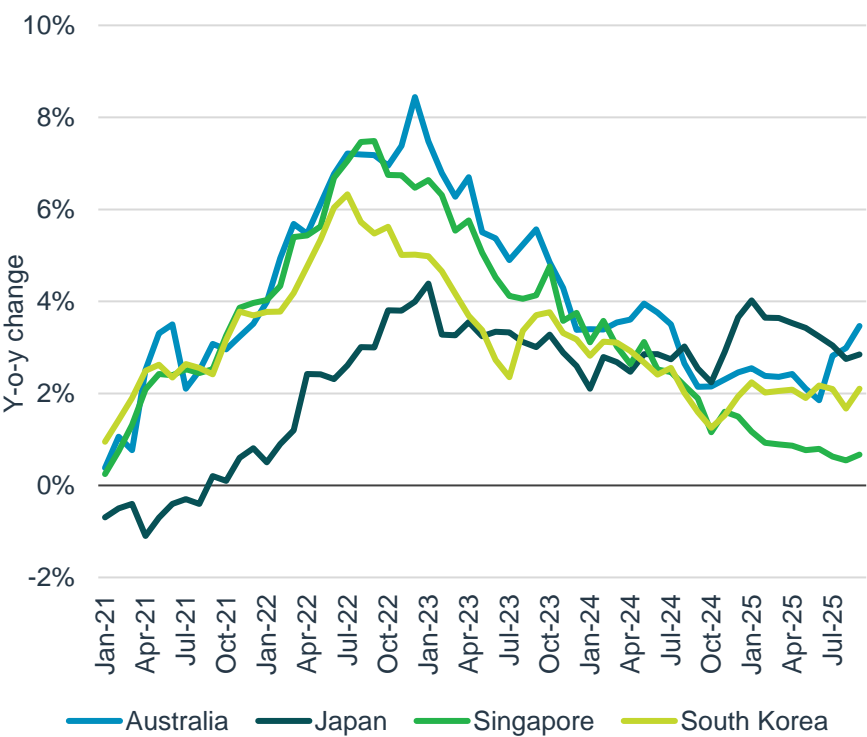
Looking ahead to 2026, growth outlook will vary across the region. Australia and South Korea are projected to see faster growth thanks to improved domestic consumption underpinned by positive wage growth, as well as sustained export activity in commodities (Australia) and semiconductors (South Korea). In contrast, other major regional economies are expected to experience slower growth: China continues to face sluggish private investment, particularly in the housing market, while Hong Kong and Singapore remain vulnerable to shifts in global trade demand given their high reliance on international trade.

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Asia Pacific economics

Looser monetary policy will continue but rate cuts will be more modest due to tariff-drive inflation pressures.

Inflation



Policy interest rates forecast, per annum



Source: Oxford Economics, CEIC (October 2025); Nuveen Real Estate, October 2025.

Note: Hong Kong's interest rate is the discount window rate, Australia's is the cash rate, South Korea's is the base rate, China's is the 1-year LPR, and Japan's is the overnight uncollateralized rate.

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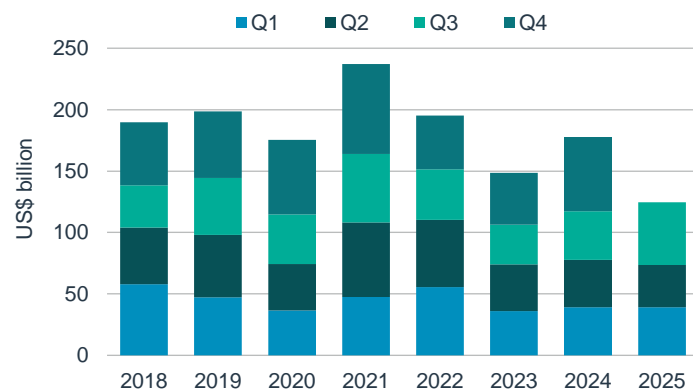
Asia Pacific investment market

Investor appetite strengthening.



- Both local and international institutional investors have shown heightened interest in prime office assets in Australia, Japan and South Korea due to strong sector fundamentals
- Returns are likely to be driven more by income than through revaluation

Asia Pacific commercial real estate investment volume



Note: Development site transaction is excluded.

Source: RCA (Q3 2025); Nuveen Real Estate Research, October 2025.

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Investment sentiment driven by monetary policy outlook

Backed by positive trade tariffs outcomes and declining interest rates, investors are re-entering the property market, in turn driving a rebound in commercial real estate investment turnover in Q3 2025. Both local and international institutional investors have shown heightened interest in prime office assets, particularly in Australia, Japan and South Korea due to strong sector performance. Australia is seeing rising signs of prime office markets bottoming out, while Japan has recorded stronger-than-expected office performance due to robust flight-to-quality demand. The retail sector is also gaining investor interest, particularly neighborhood shopping centers in Australian east coast cities offering attractive yields with potential to benefit from long-term consumption growth driven by population increases.

The improvement in investment turnover has helped to stabilize yields across the region. Even though borrowing costs have risen in Japan, real estate yields have generally remained stable without signs of expansion. The improved investment market has also provided opportunities for international investors to dispose of non-core assets to recycle capital. Several foreign investment fund managers have sold their Japanese office assets, capitalizing on buoyant sentiment to achieve favorable exit prices.

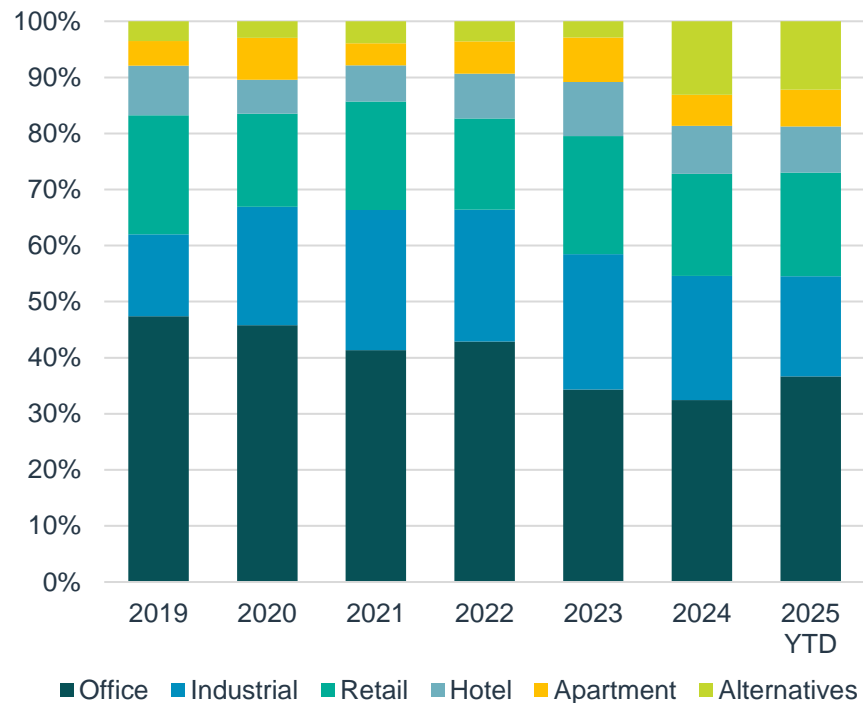
Despite some uncertain impact of tariffs on the economic outlook, investment sentiment is expected to improve gradually as interest rates decline. However, it is premature to expect significant yield compression next year, as inflation will likely remain stickier from the pass-through of tariffs, with central banks adopting a more cautious approach to interest rate cuts. As a result, income growth will continue to be a key driver of pricing. A focus on market and sector selection with balanced demand-supply dynamics remains crucial. We believe the living sector will continue to sustain positive rental growth, along with prime offices in Tokyo, Australian east coast cities, Seoul and Singapore. The logistics sector remains attractive over the long term, but selectivity is important given that the rental growth boom period has passed. Asset selection is paramount.

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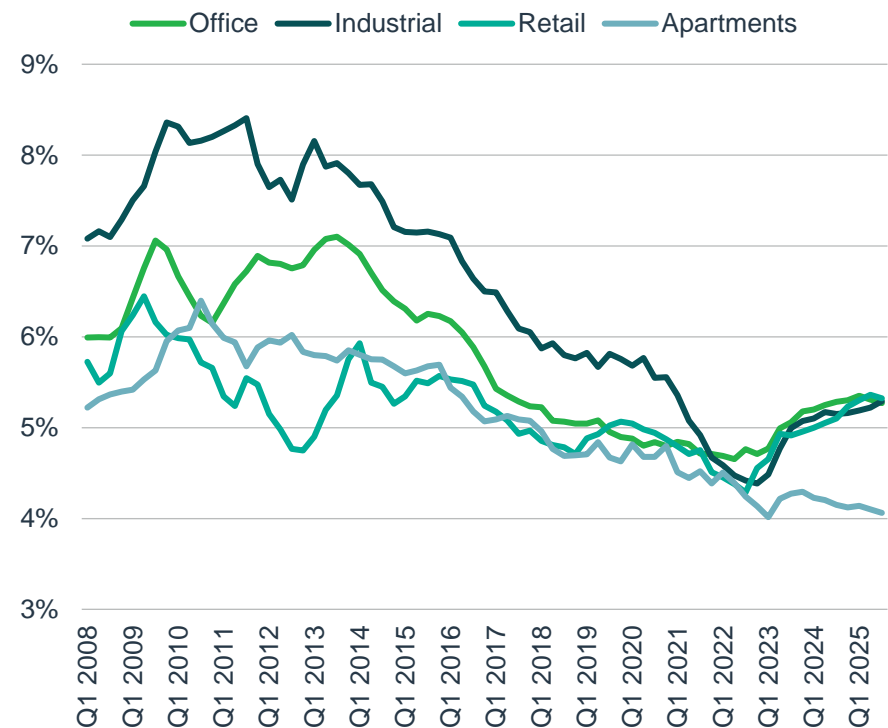
Asia Pacific investment market

Cap rates stabilizing/marginally compressing as interest rates decline.

Asia Pacific investment turnover by sector



Asia Pacific real estate cap rate



Source: RCA (Q3 2025); Nuveen Real Estate, October 2025.

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Asia Pacific office

Investors are cautiously optimistic about Australian and Japanese prime offices.



- Market performance remains uneven across the region, with ongoing rental declines in Greater China due to elevated vacancy rates, while South Korea and Singapore continue to experience steady rental growth
- Prime office buildings continue to capture flight-to-quality demand, supporting rental growth in select markets, particularly across Australian east coast cities and Tokyo central five wards

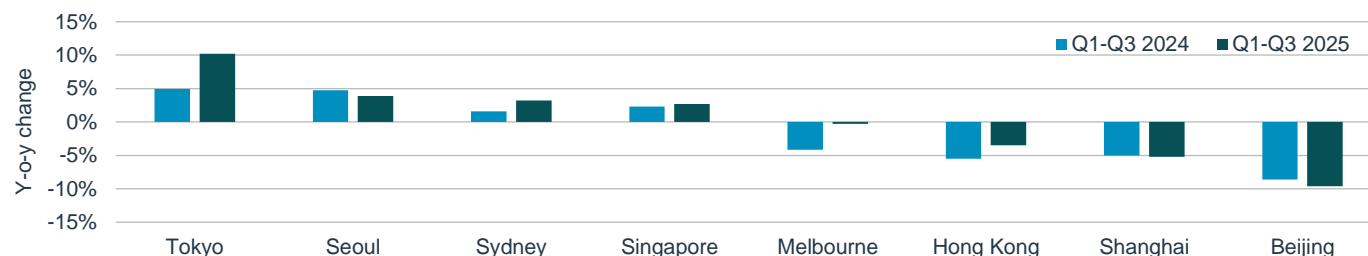
An attractive sector to play in

Market performance remains uneven across the region, with ongoing rental declines in Greater China due to elevated vacancy rates, while South Korea and Singapore continue to experience steady rental growth. One positive development to highlight is the stronger-than-expected performance in Japan and Australia. Both markets have seen improvements in prime office driven by robust flight-to-quality office demand, as reflected in the robust net absorption in prime grade office. As a result, gateway office markets, including Tokyo, Osaka and Sydney, all recorded faster rental growth this quarter. Even Melbourne recorded mild rental growth after a prolonged rental correction over the past three years.

The improvement of office rental performance has attracted investors back to the sector. Office investment turnover in the region accounted for 41% of total transactions in the first three quarters of 2025, up from only 38% in the same period last year. While investment activity is dominated by domestic investors across the region, cross-border investors are seeking opportunities in South Korea and Australia, where lower borrowing costs are offering better yield spreads alongside positive rental growth supported by a constrained near-term supply pipeline.

Corporates are expected to become more selective in real estate expenditure due to the still uncertain business environment. Singapore has already seen the majority of leasing transactions involve renewals due to higher operating costs, with only a handful of expansion or relocation activities driven by specific sectors such as banking and finance benefiting from robust global financial markets. Even in Seoul, rental growth has slowed in CBD following a strong growth period over the past two years. With additional space scheduled for delivery in the Seoul CBD next year, landlords may become more accommodative, offering favorable leasing contracts with increased incentives to attract or retain tenants, resulting in limited overall rental growth. However, rents could vary considerably within the CBD given the diversity of building stock, with prime office offering good connectivity to metro likely to be more resilient.

Grade-A CBD office net effective rental growth



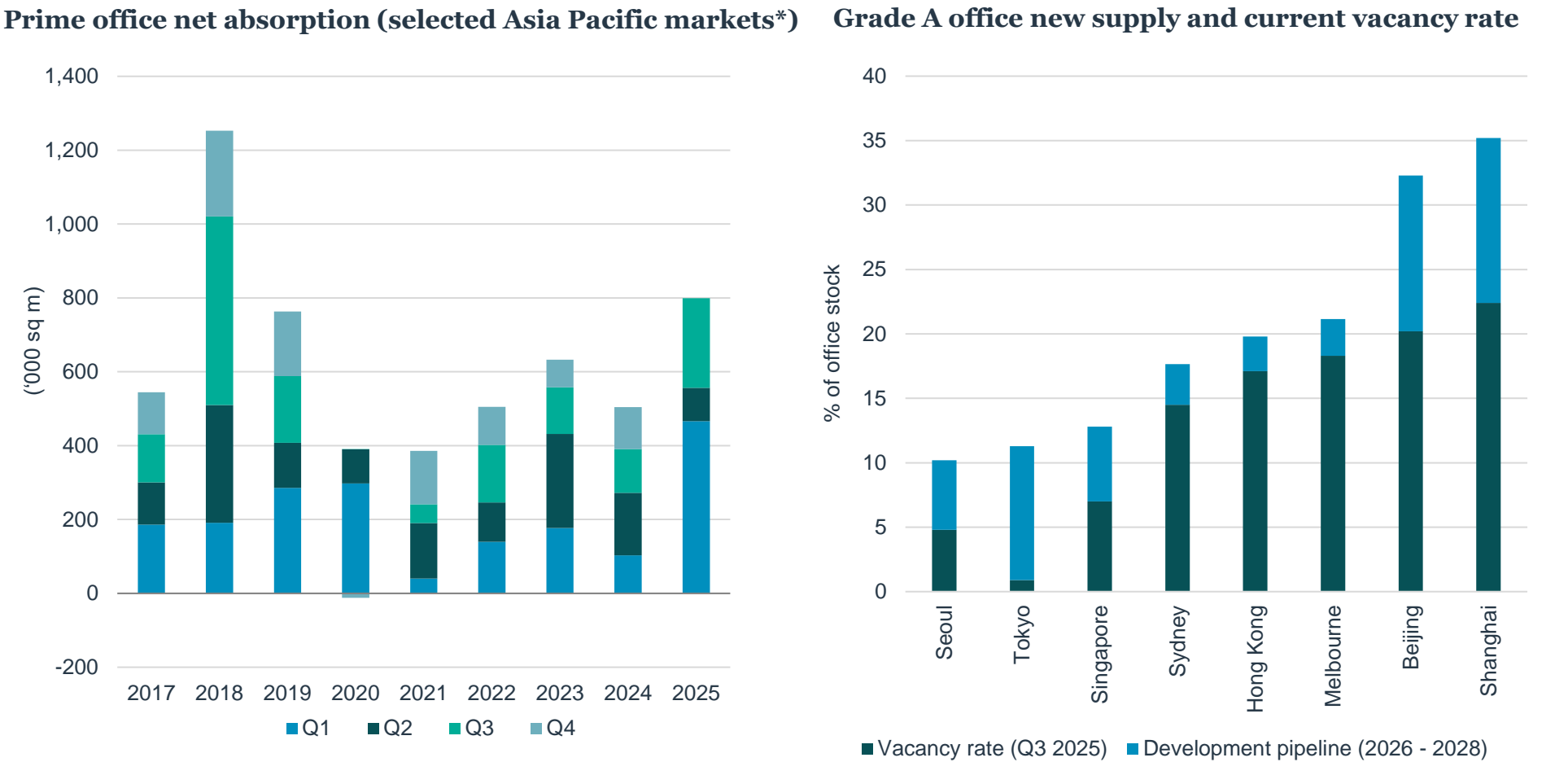
Source: JLL, CBRE, (Q3 2025); Nuveen Real Estate, October 2025.

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Asia Pacific office

Flight-to-quality demand drives robust prime office net absorption, led by Japan and Australia.



Note: * selected Asia Pacific markets include Singapore, Seoul, Tokyo, Sydney, Melbourne and Brisbane.

Source: JLL, CBRE (Q3 2025); Nuveen Real Estate Research (October 2025).

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Asia Pacific retail

Necessity retail continues to be the focus.



- While consumer confidence has improved over recent months, consumers remain cautious in their spending, with growth concentrated in necessity goods
- Australia has already seen domestic institutional investors return to neighborhood shopping centers, boosting YTD retail investment volume in Australia to the equivalent to 84% of full year 2024 turnover

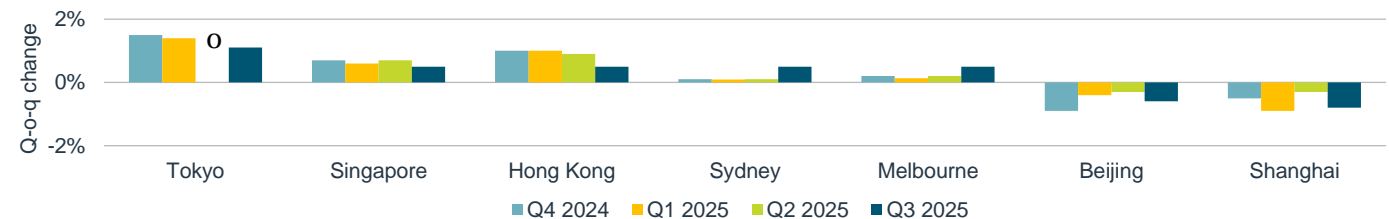
Shift of tourism spending preferences will slow prime retail recovery

While consumer confidence has improved over recent months, potentially attributed to stronger stock market performance and lower interest rates, consumers remain generally cautious in their spending, with positive growth concentrated in necessity goods. This is evidenced by steady supermarket sales and spending on food and beverages. Consumer spending during sales periods also reflects cautious buying behavior.

The tourism boom has helped prime retail in tourist-orientated locations recover strongly post pandemic, with YTD inbound tourism numbers across the region already exceeding the same period in 2024. However, tourism spending per person has declined compared to last year as international visitors shift their shopping preferences. For example, both Japan and South Korea have recorded declines in tax-free sales this year. In contrast, international visitors have increased spending on services, experiences and cultural tours, as reflected in higher expenditures on accommodation, dining and entertainment compared to last year. Leasing demand in prime retail districts is expected to shift from high-end luxury retailers toward F&B, beauty, lifestyle and mid-tier fashion retailers, which will likely limit future rental growth as these tenants typically have lower rental affordability.

Despite the more challenging prime retail environment, neighborhood shopping centers will remain resilient, as the tenant profile are less susceptible to changes in consumer preference given their focus on local necessity needs within residential catchment areas. Grocery-anchored tenants provide steady income streams, while landlords can adjust tenant mix by increasing the proportion of service-oriented retailers catering to local demand to enhance rental income. Across the region, Australia has already seen domestic institutional investors return, boosting retail investment volumes to US\$5.6 billion in the first three quarters, equivalent to 84% of full year 2024 turnovers.

Retail rental growth



Source: JLL, CBRE (Q3 2025), Nuveen Real Estate Research (October 2025).

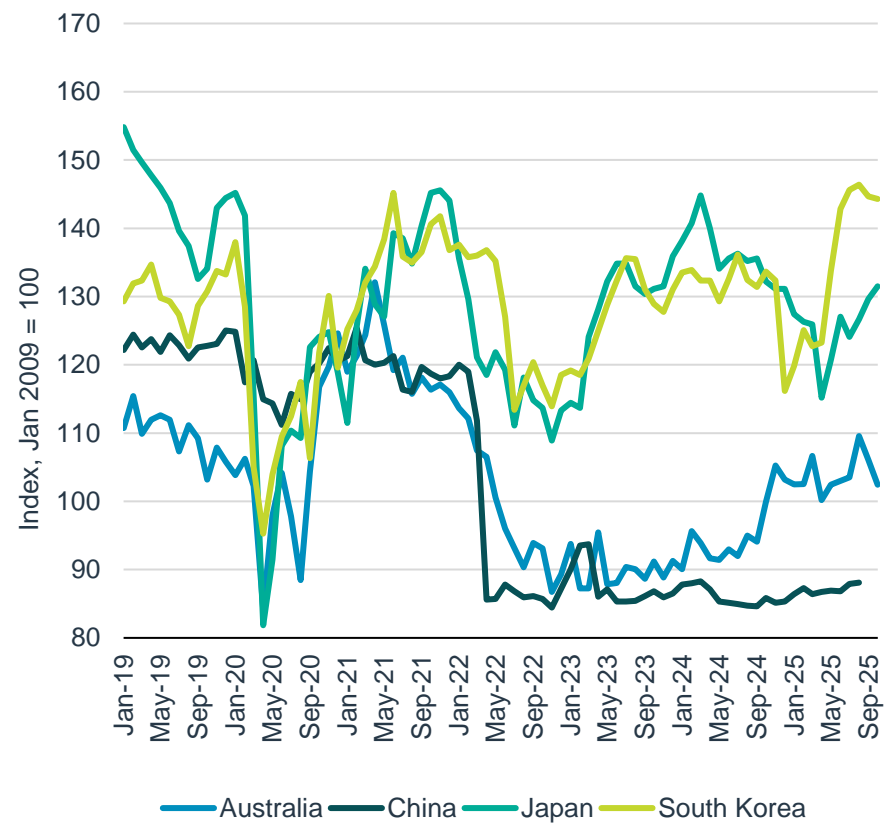
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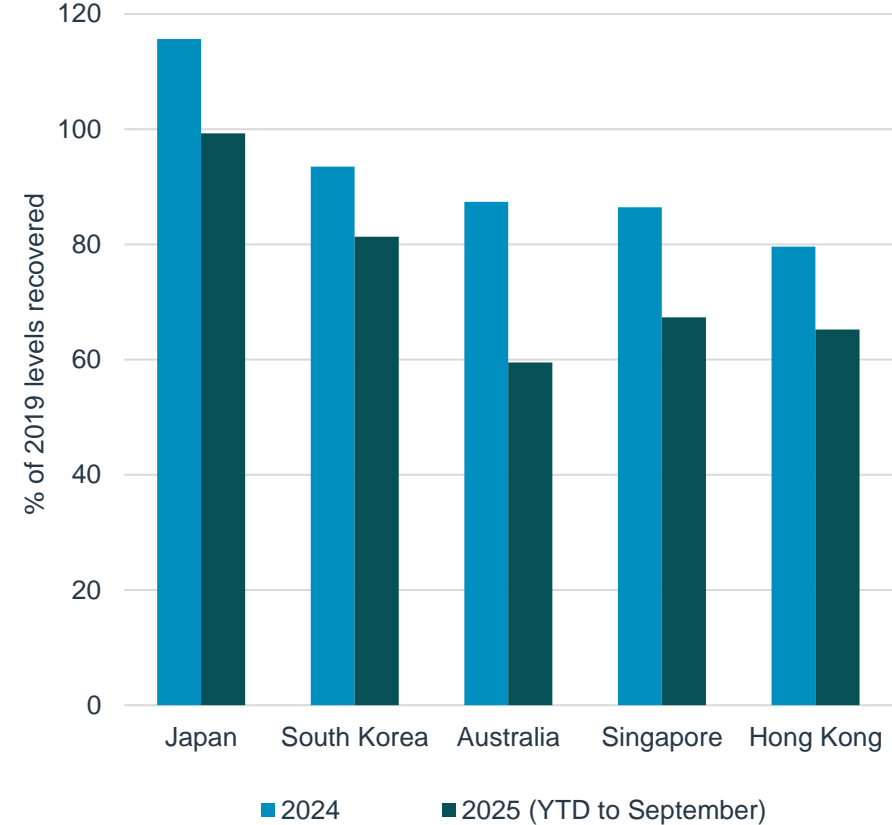
Asia Pacific retail

Inbound tourists have recovered strongly but tourism spending per person is declining.

Consumer confidence index



Tourist arrivals



Source: CEIC, Nuveen Real Estate Research (October 2025).

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Asia Pacific logistics

Stay highly selective.



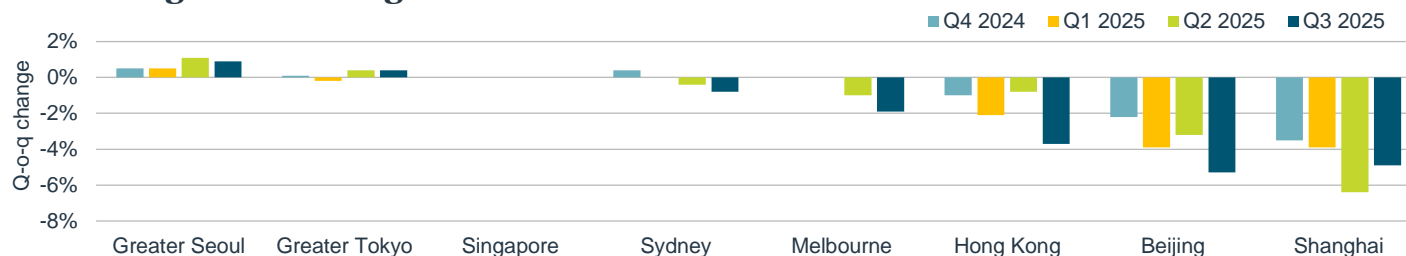
- The increased options available in Australia have encouraged landlords to proactively offer incentives to retain tenants and avoid upcoming vacancies as reported lease enquiry volumes decline
- Landlords reluctant to push rents aggressively is evident in South Korea and Japan given their prioritization of lease-up velocity over rent maximization
- A constrained supply pipeline in the coming few years will provide time for vacancy rates to improve, consequently driving rental growth acceleration again

More limited rental growth across the region

The logistics sector outperformed during the pandemic, with strong rental growth fuelled by robust demand for logistics space driven by stockpiling and e-commerce growth. However, as demand has normalized as supply chain disruption is resolved and additional supply has been delivered, tenants now have more options to choose from, reducing the urgency to compete on rent to secure space, thus weighing on rental performance. Australia serves as a good example of this dynamic, with landlords proactively offering incentives to retain tenants and avoid upcoming vacancies as reported lease enquiry volumes decline. Landlord's reluctance to push rents aggressively is also evident in South Korea and Japan, even though domestic demand remains resilient. Relatively high vacancy rates continue to prompt landlords to prioritize lease-up velocity over rent maximization. Only logistics centers in favorable locations that offer easy access and convenient labor availability can command stronger rental growth. Properties in less desirable locations require longer period to reach full occupancy and must offer higher rent-free periods. For example, in Tokyo, properties with prolonged vacancy periods are providing six months or more of rent free-periods on a five-year lease term.

Although the logistics sector is experiencing a slower rental growth phase, the medium-term outlook for the sector remains healthy. Supply slowdown has become more evident across the region. Obtaining construction permits in favorable locations has become increasingly challenging, and rising development costs combined with weak rental performance have made it more difficult to justify new developments. A constrained supply pipeline will provide time for vacancy rates to improve, consequently driving rental growth acceleration. At present, it is important to remain highly selective and focus on individual submarket performance. In Greater Seoul, for instance, prime dry logistics assets in Anseong are at nearly full occupancy, while dry logistics exceeding 100,000 sq m in Icheon is hitting vacancy rates at around 5%, just holding up rents.

Prime logistics rental growth



Source: CBRE, JLL, (Q3 2025); Nuveen Real Estate, October 2025.

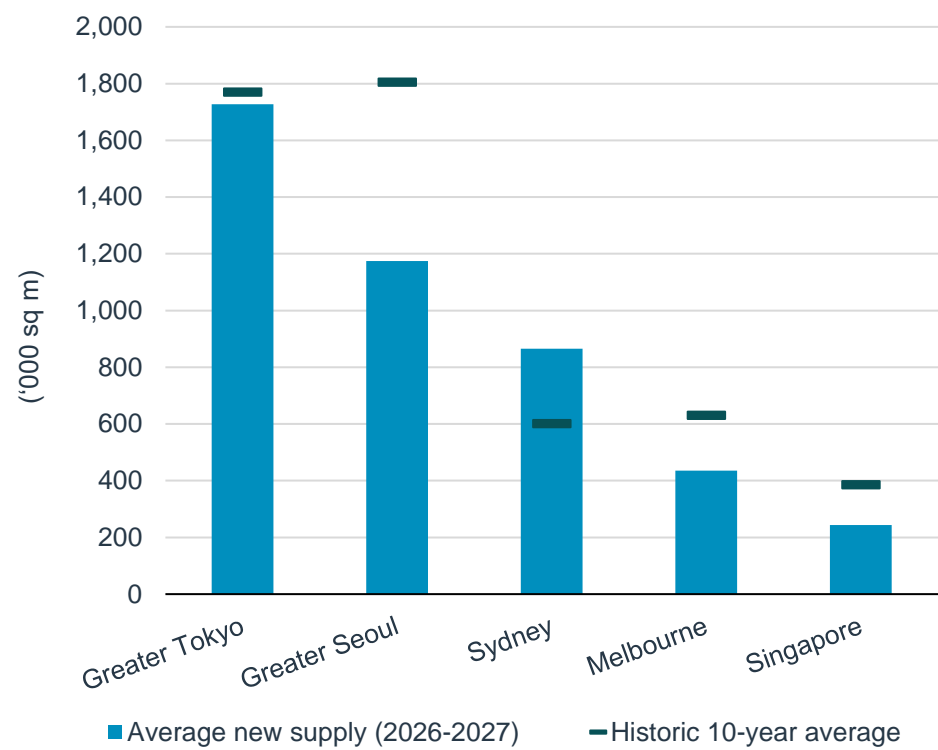
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Asia Pacific logistics

E-commerce growth and constrained development pipeline support long-term fundamentals.

Logistics new supply in major markets



E-commerce penetration (YTD to September)



Source: CBRE, JLL, (Q3 2025); Nuveen Real Estate, Korea Statistics Bureau, Singapore Statistics Bureau, CEIC, October 2025.
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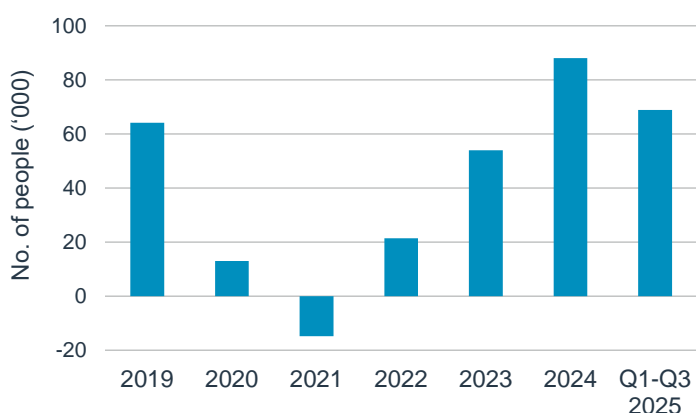
Asia Pacific residential

Investor demand remains strong.



- More asset managers have been prioritizing rental uplifts over occupancy, reflecting landlord confidence on demand
- South Korea continues its structural shift away from the traditional Jeonse deposit system toward monthly rental arrangements. Recent government policies restricting Jeonse loans will increase the difficulty of Jeonse leases, reinforcing this trend

Net population inflow into Tokyo 23 wards



Source: Statistics of Tokyo (Q3 2025); Nuveen Real Estate October 2025.

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Resilient performance

Little has changed compared to the previous quarter. Tokyo has continued to record steady rental growth supported by strong demographic inflows, including a notable proportion of foreign nationals, consistently underpinning occupier demand throughout the city. Affordability constraints are increasingly shaping the geography of migration and rental growth. The central five wards have experienced softer migration inflows compared to last year, while population migration to outer wards has risen. This outward migration suggests that rising living costs are redirecting population growth toward submarkets adjacent to the central five wards, potentially providing increasing rental uplift prospects for the peripheral wards. Given strong rental growth over the past 18 months, more asset managers have been prioritizing rental uplifts over occupancy. This strategy reflects landlord confidence that demand remains fundamentally strong and constrained multifamily supply will draw tenants even at elevated price points.

South Korea continues to undergo a paradigm shift in residential leasing practices, moving from traditional Jeonse system toward monthly rent arrangements. Monthly rental contracts increased 11.2% year-over-year in the first eight months of this year, while Jeonse contracts declined by 4% year-over-year during the same period. Recent government policies restricting Jeonse loans will increase the difficulty of Jeonse leases, reinforcing this trend. The country's favorable demographic tailwinds, particularly household downsizing and structural undersupply of institutional rental housing stock will continue to attract investors' focus.

Australia has faced a demand and supply imbalance over the past two years, resulting in rapid rent growth. The government is introducing various policies to promote housing development, including setting aside a A\$10 billion Housing Australia Future Fund for building social and affordable housing with a goal of delivering 55,000 homes over five years. New initiatives and policies are also being implemented by each state to support housing development. For example, multiple Australian states, including New South Wales, Victoria, Queensland, South Australia and Western Australia, offer a 50% or a greater land tax reduction for eligible build-to-rent projects. Although housing approvals and project commencements have been increasing recently, supply remains subject to feasibility challenges due to higher development costs, suggesting that supply will take time to reach the market. The demand-supply imbalance will continue to support elevated rents in the near-term.

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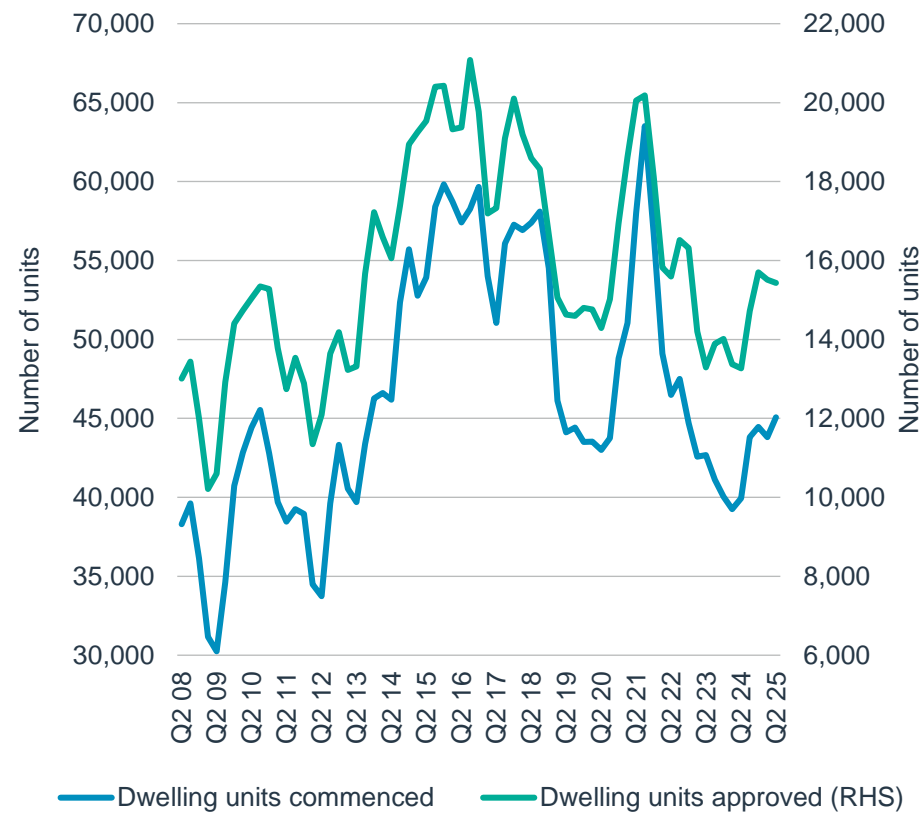
Asia Pacific residential

Accelerating shift toward monthly rental structures in South Korea.

Total number of leasing transactions by type in South Korea



Australia national dwelling supply, private sector, 6 month moving average



Source: Ministry of Land, Infrastructure and Transport, South Korea (Q3 2025), ABS, (Q3 2025); Nuveen Real Estate, October 2025.

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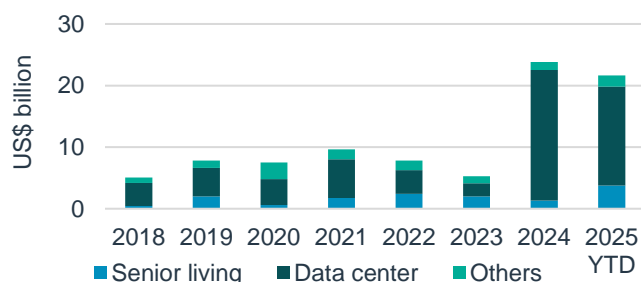
Asia Pacific alternatives

Alternatives are viewed as a distinct asset class.



- Demand for alternative sectors remains robust given their counter-cyclical demand profiles, which are largely immune to tariff impacts. Investment turnover in the first three quarters of 2025 for student housing and senior living have already surpassed last year's full-year amount
- Student housing in Hong Kong is gaining attention from investors given the government's relaxation of non-local student quota at public university and streamlining procedures for converting commercial buildings into student housing

Asia Pacific alternatives investment by sector (YTD to September)



Source: RCA (Q3 2025); Nuveen Real Estate, October 2025.

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Alternatives gain market share

Demand for alternative sectors remains robust given their counter-cyclical demand profiles, which are largely immune to tariff impacts. Investment turnover in the first three quarters of 2025 for student housing and senior living have already surpassed last year's full-year amount. Weaker job markets encourage prolonged education, a situation clearly evident in Australia. Many international students pursue multiple courses of study, driving total international student enrolments in higher education YTD to surpass full-year 2024 records by 3%. Notably, bachelor degree commencements by international students new to Australia increased 15% year-over-year in 2025, indicating strong inflows of new international students. This robust international student demand continues to support positive rental growth. Since 2018, PBSA rents in Sydney and Melbourne have increased 5.5% per annum.

While Australia stands at the forefront for student housing strategy, Hong Kong is gaining investor interest as the government has increased the non-local student quota at public universities from 40% to 50%. Hong Kong has already experienced significant growth in non-local students, nearly doubling over four years, far exceeding existing university dormitory capacity. To address this undersupply issue, the Hong Kong government launched a pilot scheme to streamline procedures for converting commercial buildings into student housing. The scheme also allows partial conversion of strata buildings into student housing. However, converting commercial buildings involves high capital expenditure due to the need for room subdivisions, electrical and mechanical systems upgrades and compliance with fire safety regulation. Therefore, investors are generally focused on hotel conversions, which require less extensive modifications.

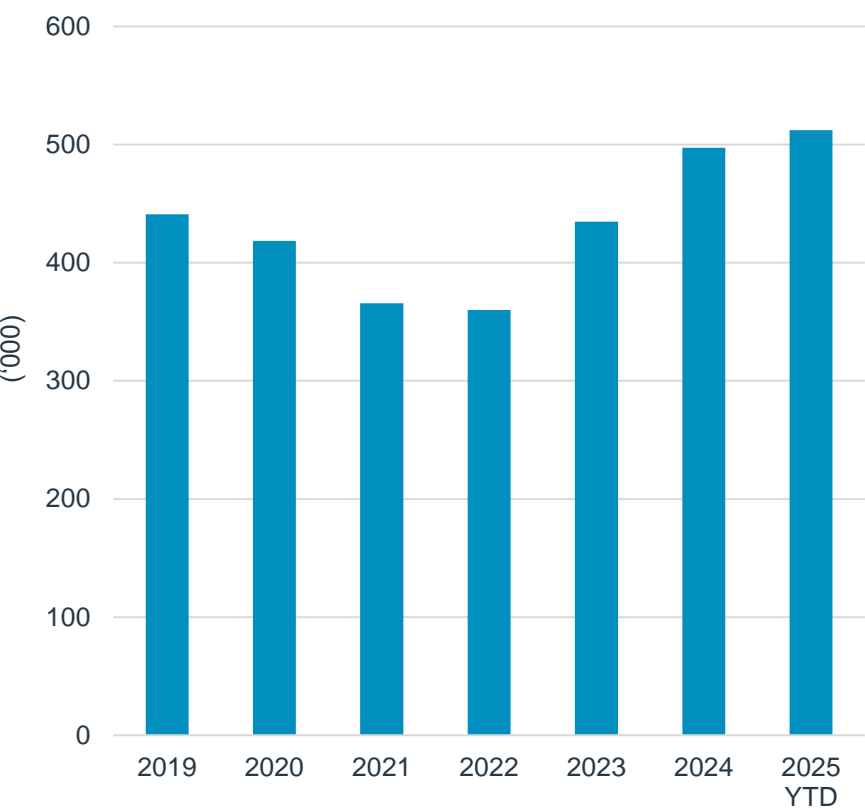
Although data center investment turnover remains lower than last year, it already represents the second-highest level over the past decade in the region. The AI boom has been generating substantial demand for hyperscale data centers. As AI workloads favor power availability over proximity to population centres, investors are seeking markets with low-cost power and land. For example, Melbourne is viewed as a preferred location for AI development in Australia for this reason. In markets with power access challenges, investors are acquiring existing data centers to upgrade power capacity, thereby broadening the demand pool beyond traditional cloud service providers to include Neoclouds, AI focused cloud providers offering specialized GPU infrastructure to enterprises and have higher power capacity requirements.

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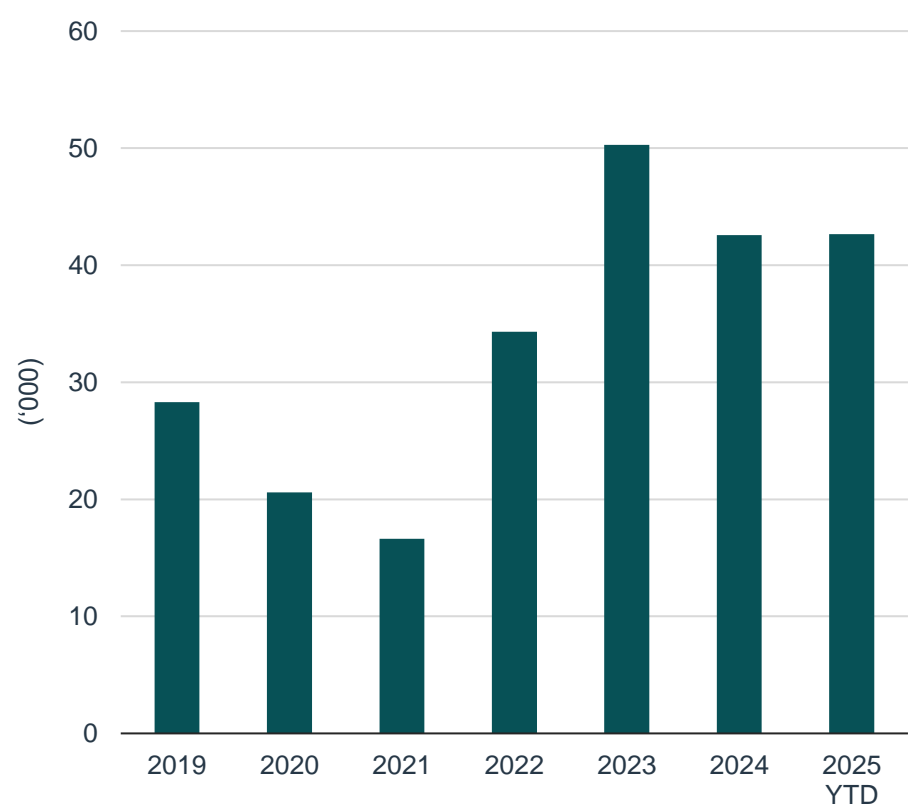
Asia Pacific alternatives

International student demand continues to grow in Australia, underpinning PBSA demand.

International student enrolments in higher education in Australia (YTD to August)



New overseas student commencements in bachelor's degree programs (YTD to August)

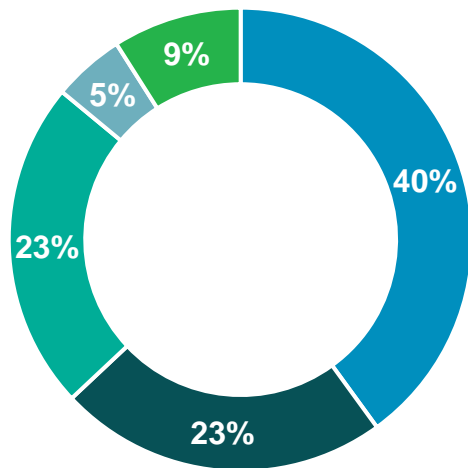


Source: Australia Department of Education, Nuveen Real Estate, October 2025.
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Asia Pacific sustainability

Asia Pacific sustainability continues to mature at pace. New regulations on building performance standards, disclosure and climate risk reporting requirements at the asset and entity level are being introduced at scale across the region, moving towards alignment with European standards.

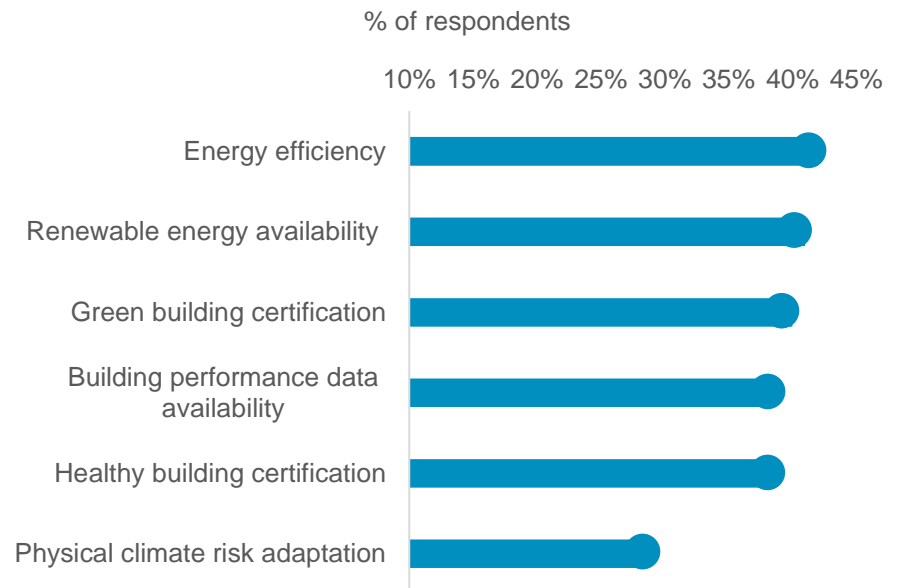
Regional and global investors expectations around sustainability alongside regulatory tightening is leading to impacts on transaction pricing and execution.



- We increased our offer based on sustainability considerations
- We extended our due diligence time frames
- We decreased our offer based on sustainability considerations
- We pulled out of the deal / decided not to bid
- Sustainability considerations have not impacted our investment decisions

“By 2028, 4 in 10 investors will only invest in buildings with energy-efficient features and renewable energy, which are overtaking green certifications as key criteria.”

Non-negotiable building sustainability features for investments in the next 3 years



Source: JLL APAC Investor Survey 2025.

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