nuveen
REAL ESTATE

2Q 2025

Global trends and tactics

Real estate opportunities and risks in the current environment

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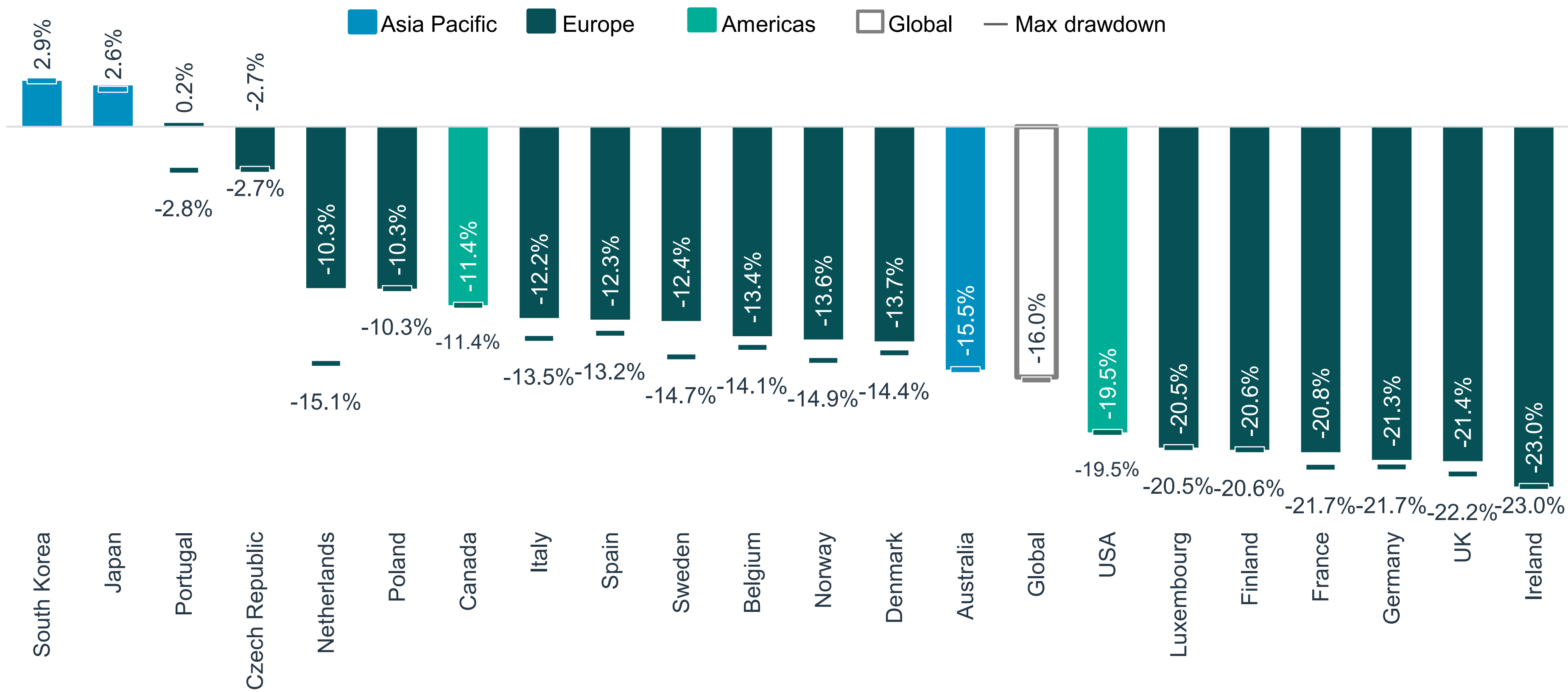
Global overview

Real estate valuations have reset significantly

Across the world, real estate values have reset significantly in most markets, potentially making for a compelling entry-point for investors. Slightly more than half of the countries have already begun to see values pick-up off recent lows. The resilience of values in South Korea and Japan highlight the benefits of global diversification.

Change in private real estate asset values since Q2 2022 global peak



Source: MSCI Global Quarterly Property Index (Q4 2024 data as of 17 March 2025 data release); Nuveen Real Estate Research

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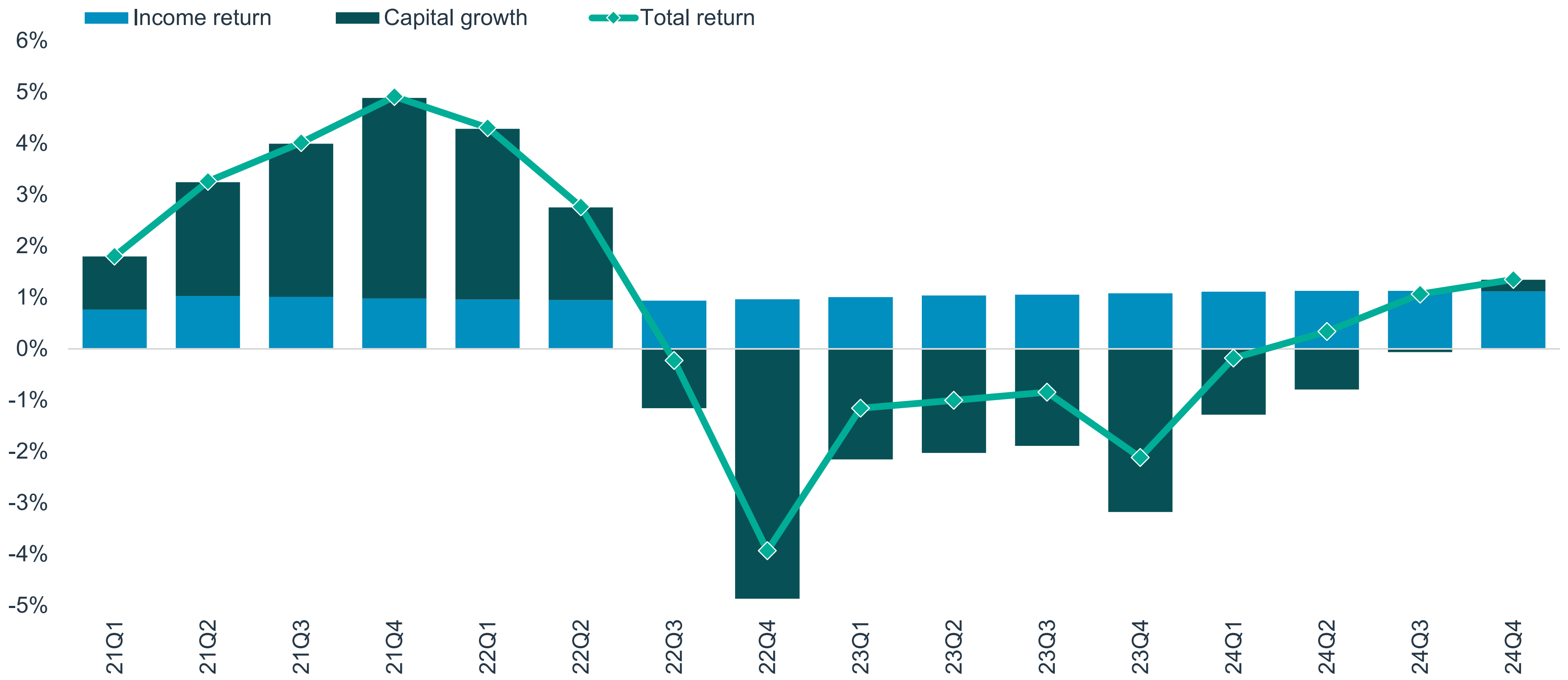
Global real estate returns positive last three quarters

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

Global unlevered quarterly returns



Source: MSCI Global Quarterly Property Index (Q4 2024 data as of 17 March 2025 data release); Nuveen Real Estate Research

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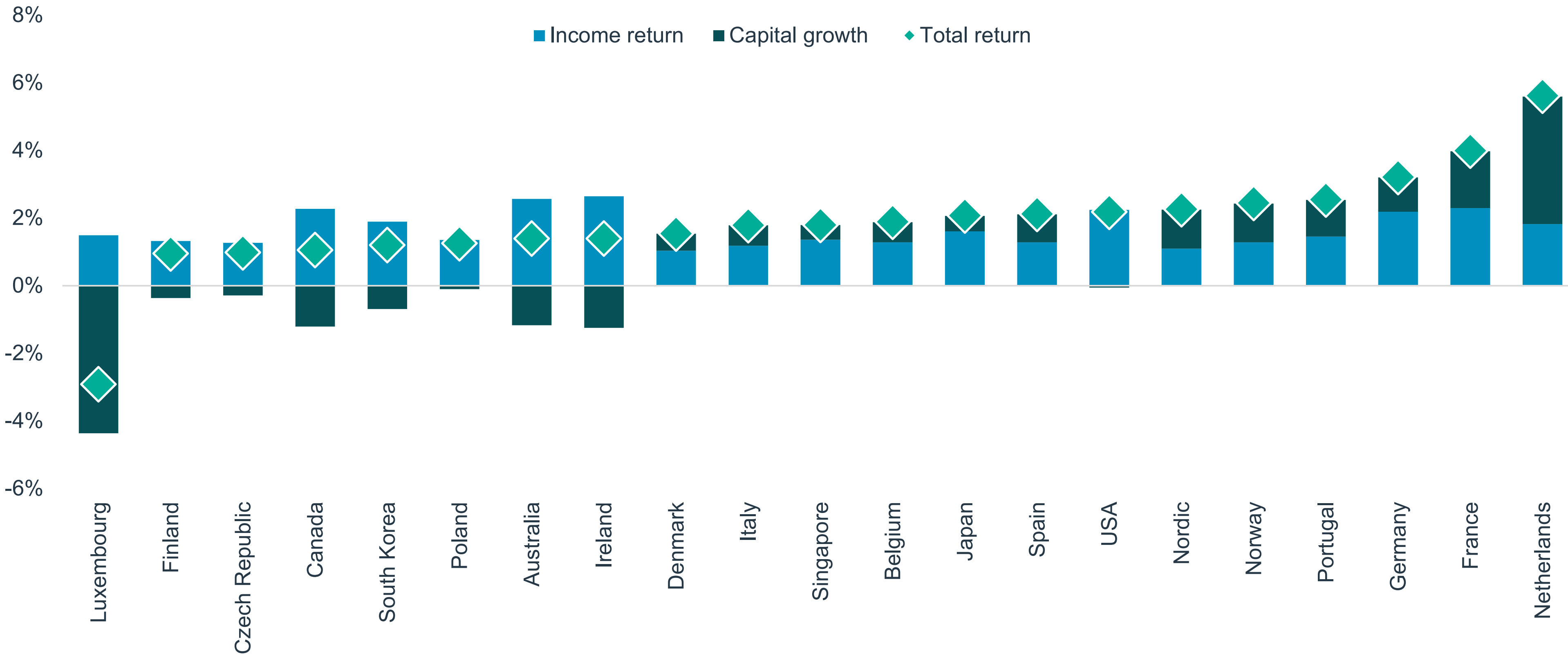
Returns are positive across almost all countries

As of Q4, a little over half of global countries notched value gains and all but one recorded positive total returns for their investors. It wasn't just a good quarter – 17 of 21 recorded positive total returns over the last year.

Quarterly returns across countries (2024 Q4)



Source: MSCI Global Quarterly Property Index (Q4 2024 data as of 17 March 2025 data release); Nuveen Real Estate Research

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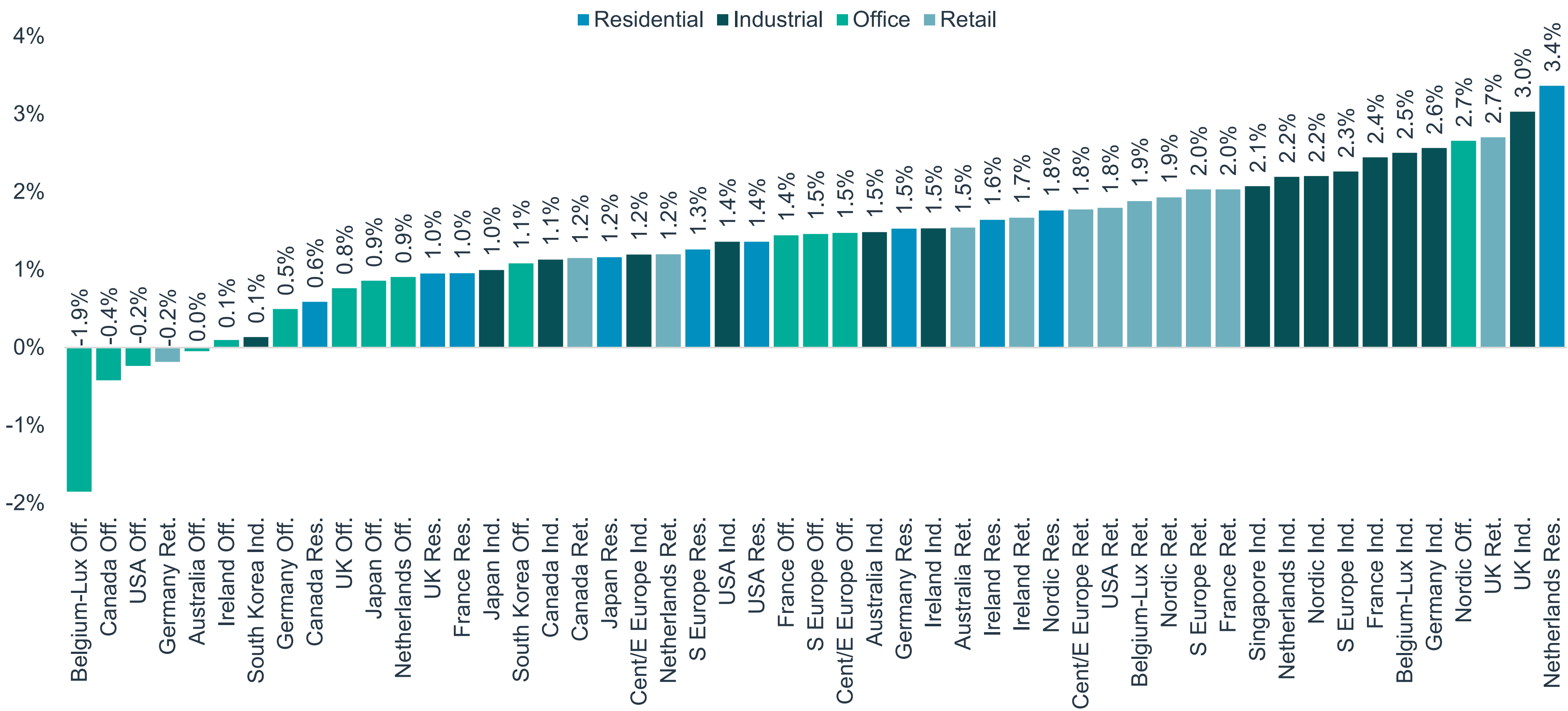
Returns positive in nearly all market segments

In the fourth quarter, out of 51 global country and sector combinations, all but five produced positive total returns

Quarterly total returns across countries and sectors (2024 Q4)



Source: MSCI Global Quarterly Property Index (Q4 2024 data as of 17 March 2025 data release); Nuveen Real Estate Research

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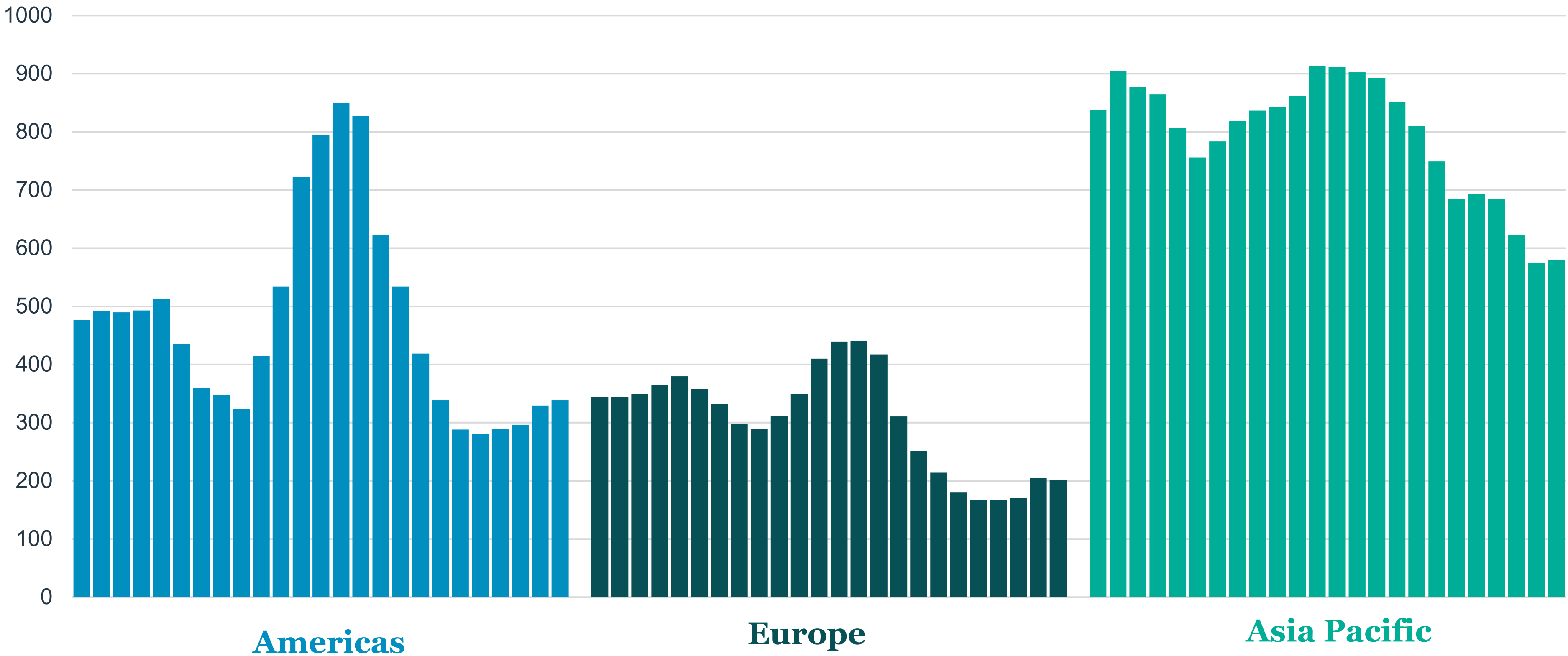
Transaction volumes are starting to pick-up

Global real estate investment volumes totaled USD2.14T over the trailing year. Falling volumes in Asia Pacific seem to have stabilized while both the U.S. and Europe are showing signs of investment volume picking up.

2019 Q1 – 2025 Q1 Investment volume (TTM, USD billions)



Source: Real Capital Analytics; Nuveen Real Estate Research (25Q1 data as 2 May 2025)

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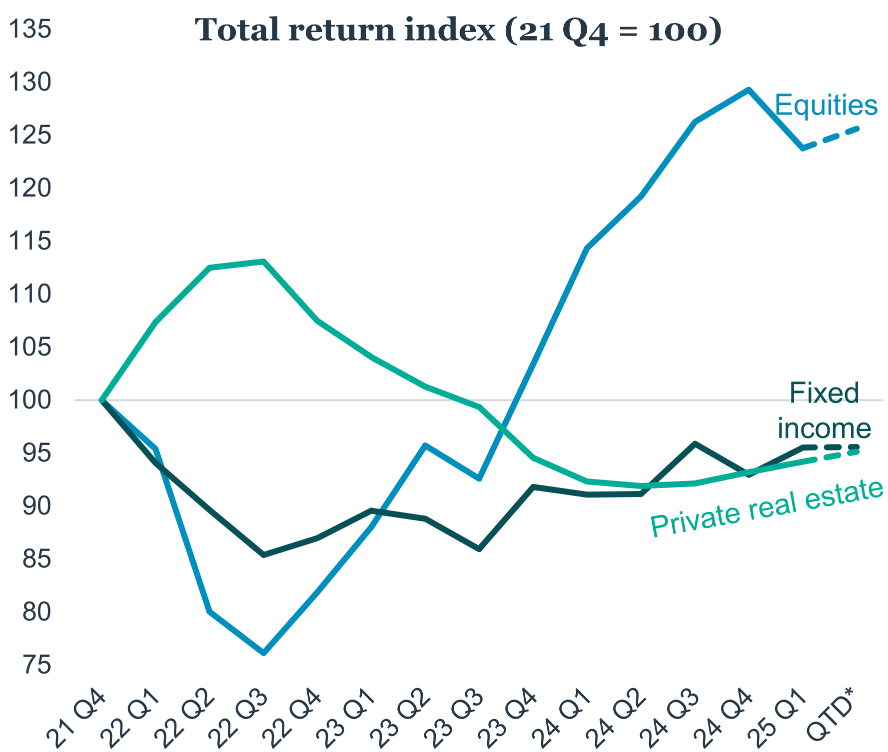
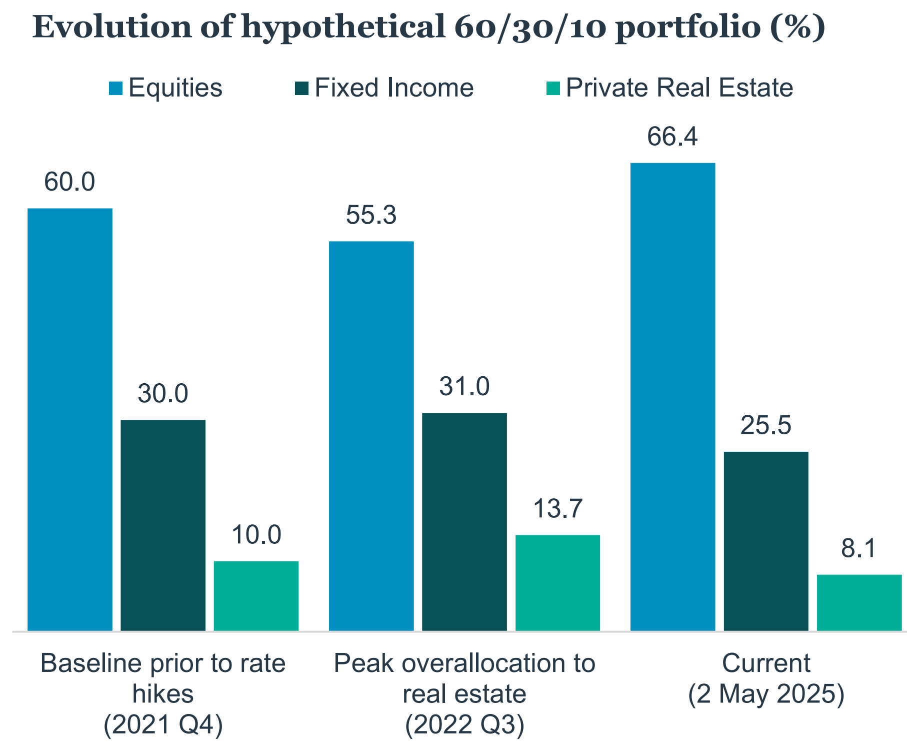
Investors are likely still underweight real estate

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.





Source: Bloomberg, Nuveen Real Estate Research, Nuveen Portfolio Strategy & Solutions
Notes: QTD is as of 2 May 2025 for equities and fixed income and assumes 1% quarterly return for real estate; 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

The prospects for lenders to provide loans to underserved borrowers against repriced assets now provides the best risk/reward dynamics seen in the last decade

- Lending risk is falling as capital values have stabilized, and in some markets, are starting to recover
- Borrower demand is likely to remain elevated as large volume of loans in need of refinance coincides with significant equity dry powder that will need to be deployed
- Regulatory pressure and recent market volatility is dampening appetite from traditional lenders to provide loans to the real estate market, increasing the opportunity available to alternative lenders

Demand from borrowers to persist

There is a large volume of existing debt that is due to mature over the coming years. This maturity wall has been further compounded by the short-term maturity extensions provided to borrowers over the last few years as a result of market illiquidity. With banks reducing their appetite to lend to this segment just as loan maturities peak, borrowers will be compelled to seek debt solutions from alternative lenders. This upcoming maturity wall coincides with the large funding gap that has emerged over the same period, as lower underlying property values and the increase in interest rates will have reduced the debt capacity for a given property. This debt funding gap is largest in Europe but is also evident in the U.S. and Australasia markets too. Another driver of demand is the share of dry powder for real estate is significantly weighted towards equity. As this is deployed, borrowers will seek loan solutions from alternative lenders.

Rebased capital values and higher base rates provide attractive total returns

Real estate capital values have rebased lower since mid-2022, reflecting pressure from rising interest rates and for some sectors a fundamental change in both occupational and ownership dynamics. Asset values have corrected by circa 25%, with significant divergence between sectors and locations. However, recent movements in the indices suggest the market has experienced the vast majority of this repricing and is now starting to see values increase again. From a lender perspective, new loans will be structured on current valuations, so any recovery in capital values over time will provide an increasing equity cushion.

Regulatory pressure reducing bank appetite

Recent market volatility has dampened the appetite of banks to lend to real estate. For example, the European Banking Authority reports that three-quarters of banks plan to decrease or keep their exposure to real estate borrowers at constant level. Banks exposed to the troubled U.S. real estate market are likely to be most cautious. 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.

Source: Nuveen Research, May 2025

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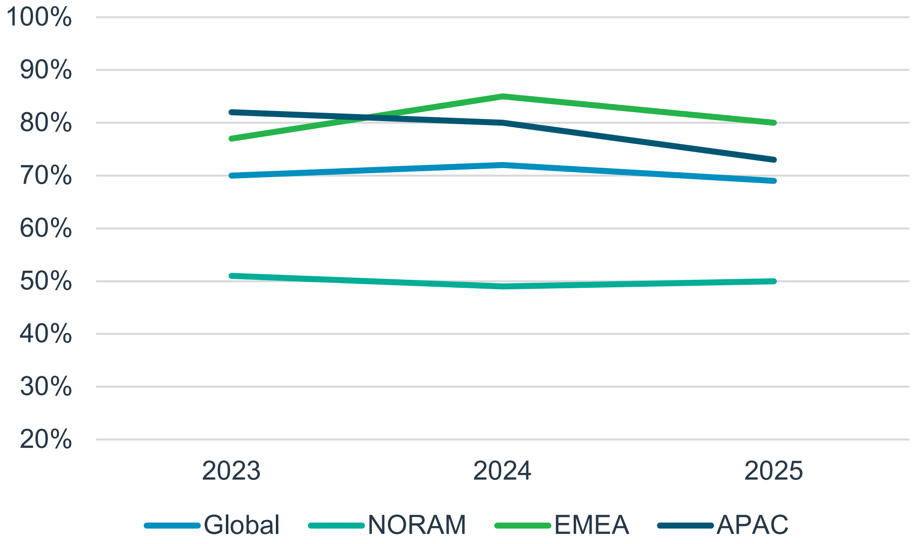
Sustainability | Global sentiment

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.

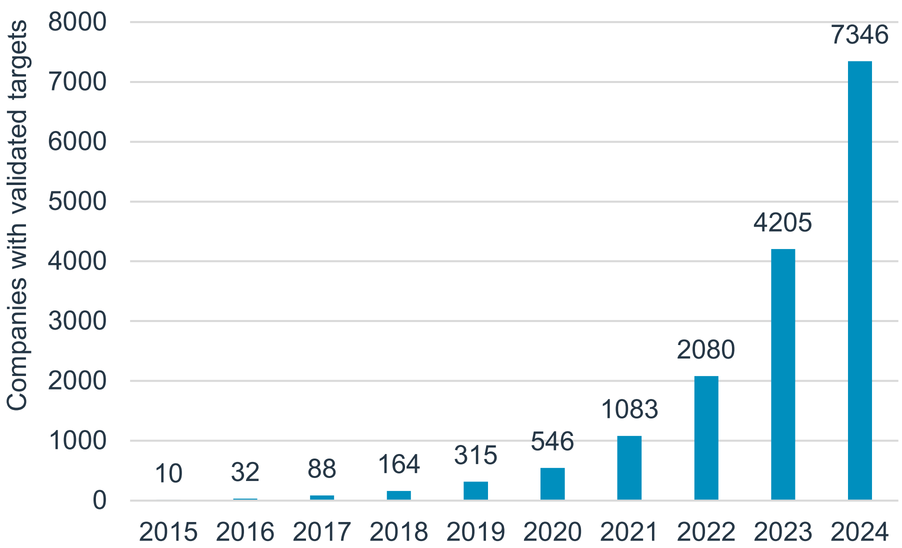
Corporate occupier commitment to decarbonization continues to grow, suggesting strong demand is built in for green buildings. In 2024 more than 7,300 companies representing over 40% of global market capitalization had an approved Science Based Target in place.

Investors considering net zero carbon in investment decision making



Source: 2025 Nuveen Global Institutional Investor Survey

Annual cumulative number of companies with approved targets and commitments



Source: Science Based Targets Initiative (SBTi)

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U.S.

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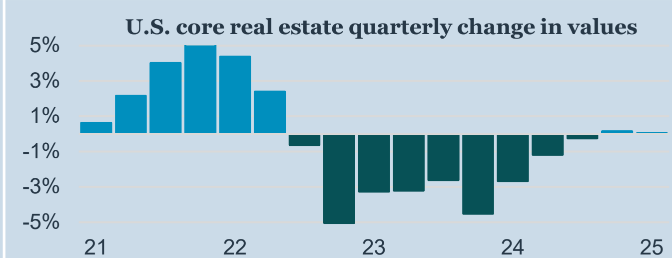
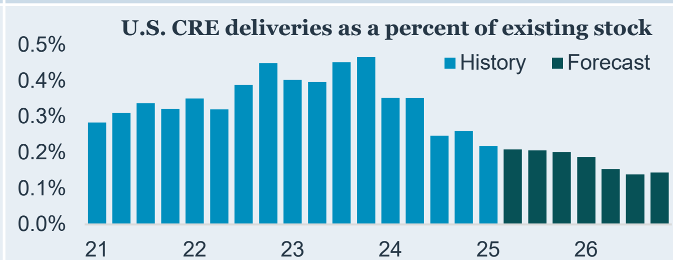
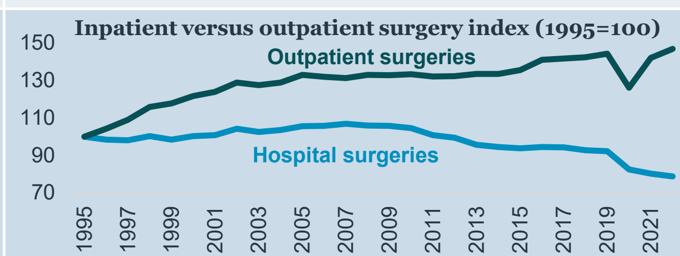
Real estate has been substantially de-risked

Investing in real estate carries three primary risks: falling values, oversupply and loss of demand. As a result of the 2022-2024 correction, **two of these risks have been substantially mitigated**

Risk	Mitigating factor	Exhibit
Values	U.S. core real estate fund values fell 25% from 2022 Q3 - 2024 Q3. Values found a floor and the asset class has seen moderate appreciation for two consecutive quarters, indicating stabilization in values.	
Oversupply	Pressure on occupancies caused by new supply peaked in 2023 Q4 and has been decreasing ever since. Elevated construction costs have caused a falloff in construction starts. Annual deliveries are set to be at the lowest level in over a decade, which bodes well for property fundamentals	
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	

Sources: NCREIF ODCE (2025 Q1); CoStar (2025 Q1); American Hospital Association (June 2024); Nuveen Real Estate Research (May 2025)

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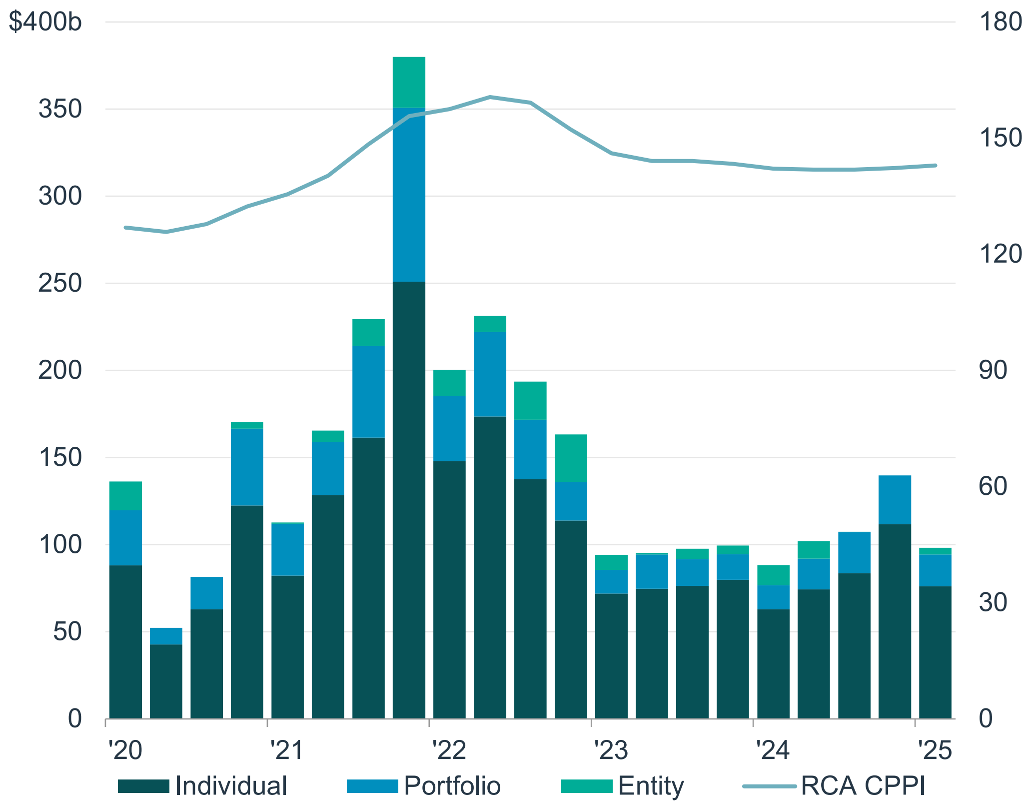
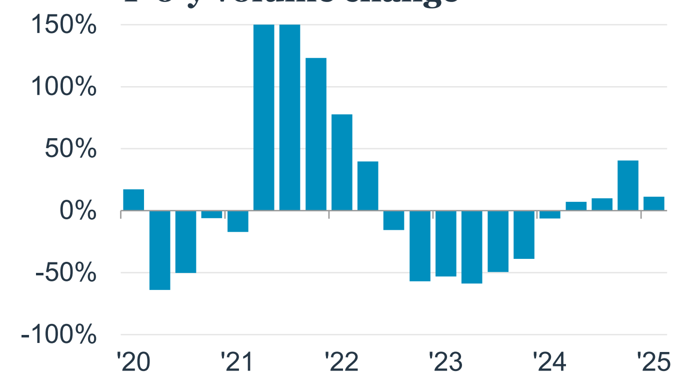
U.S. deal activity continues to pick up

As of Q1, the U.S. has seen four consecutive quarters of y-o-y increases in volumes and a one-quarter uptick in transaction pricing

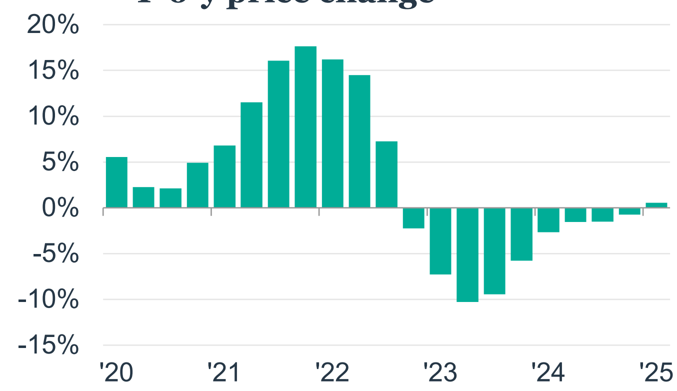
Transaction volume ($B) and RCA CPPI



Y-o-y volume change



Y-o-y price change



Source: MSCI Real Capital Analytics Commercial Property Price Indices; Nuveen Real Estate Research (data through March 2025 as of 24 April 2025 data release)

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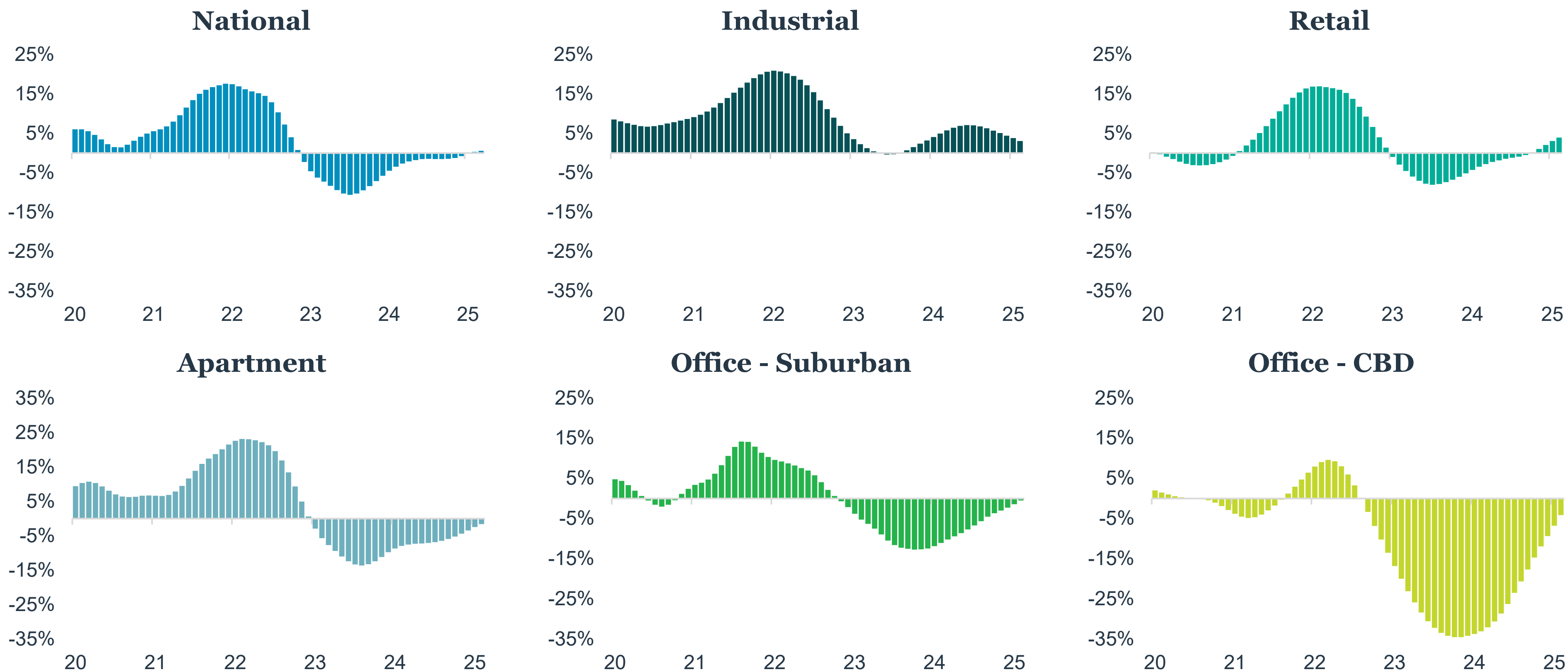
U.S. transaction pricing is improving

In March, U.S. real estate transaction pricing improved on a y-o-y basis for the second consecutive month. Industrial and retail pricing have continued to increase on an annual basis, and we are seeing stability in pricing across the rest of the asset class.

Commercial property price indices (y-o-y change)



Source: MSCI Real Capital Analytics Commercial Property Price Indices; Nuveen Real Estate Research (data through March 2025 as of 24 April 2025 data release)

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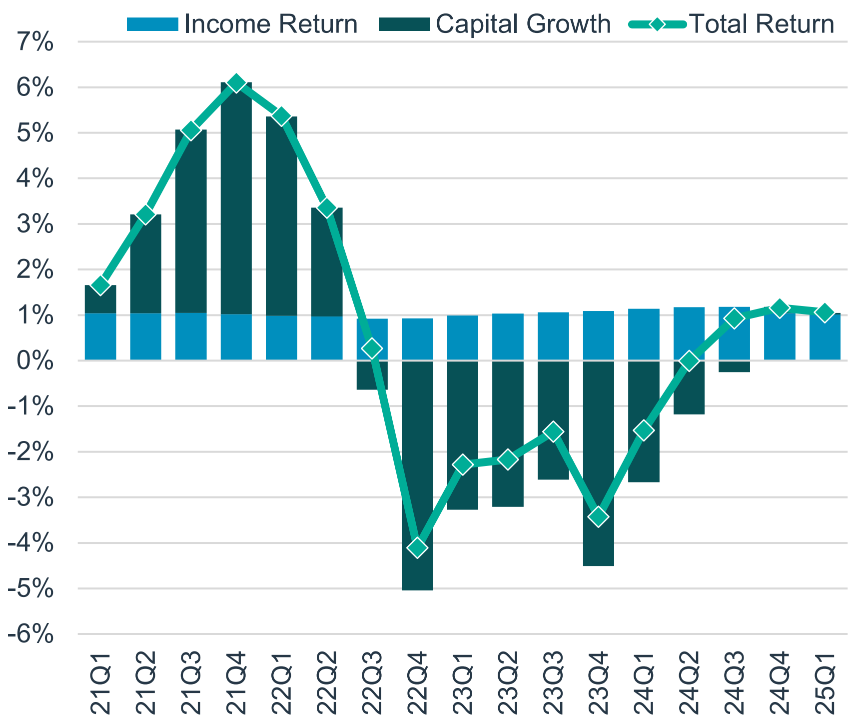
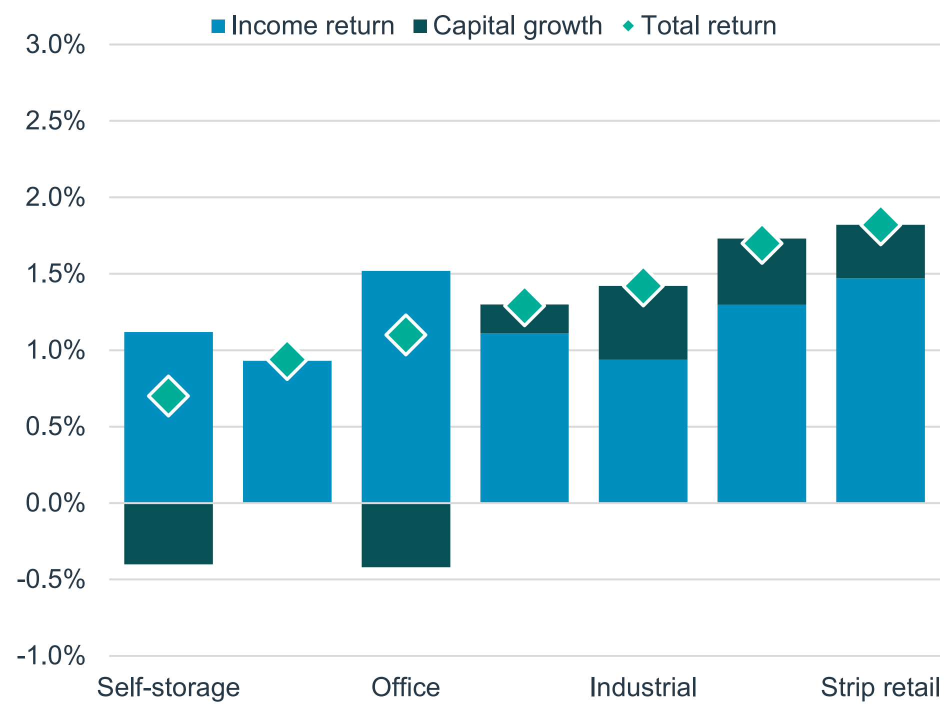
U.S. returns positive for last three quarters

Total returns have been positive for three consecutive quarters. Following nine quarters of value losses, the fourth and first quarters saw moderate positive asset appreciation overall. Office continues to be the laggard, while other sectors are seeing more resilience in values – or even an uptick in many cases.

ODCE quarterly returns (as of 2025 Q1)



ODCE quarterly returns by select subtype (as of 2025 Q1)



Source: NCREIF ODCE (25Q1); Nuveen Real Estate Research

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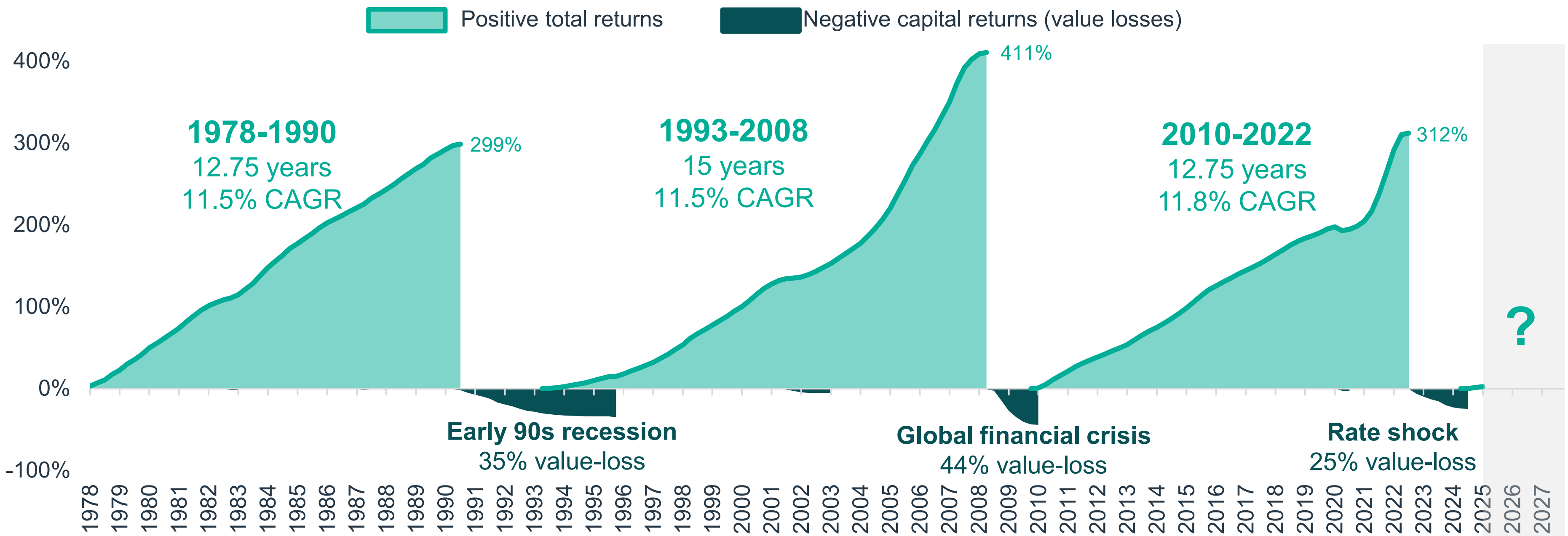
Next cycle has seemingly begun for U.S. real estate

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 three 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 (2025 Q1)

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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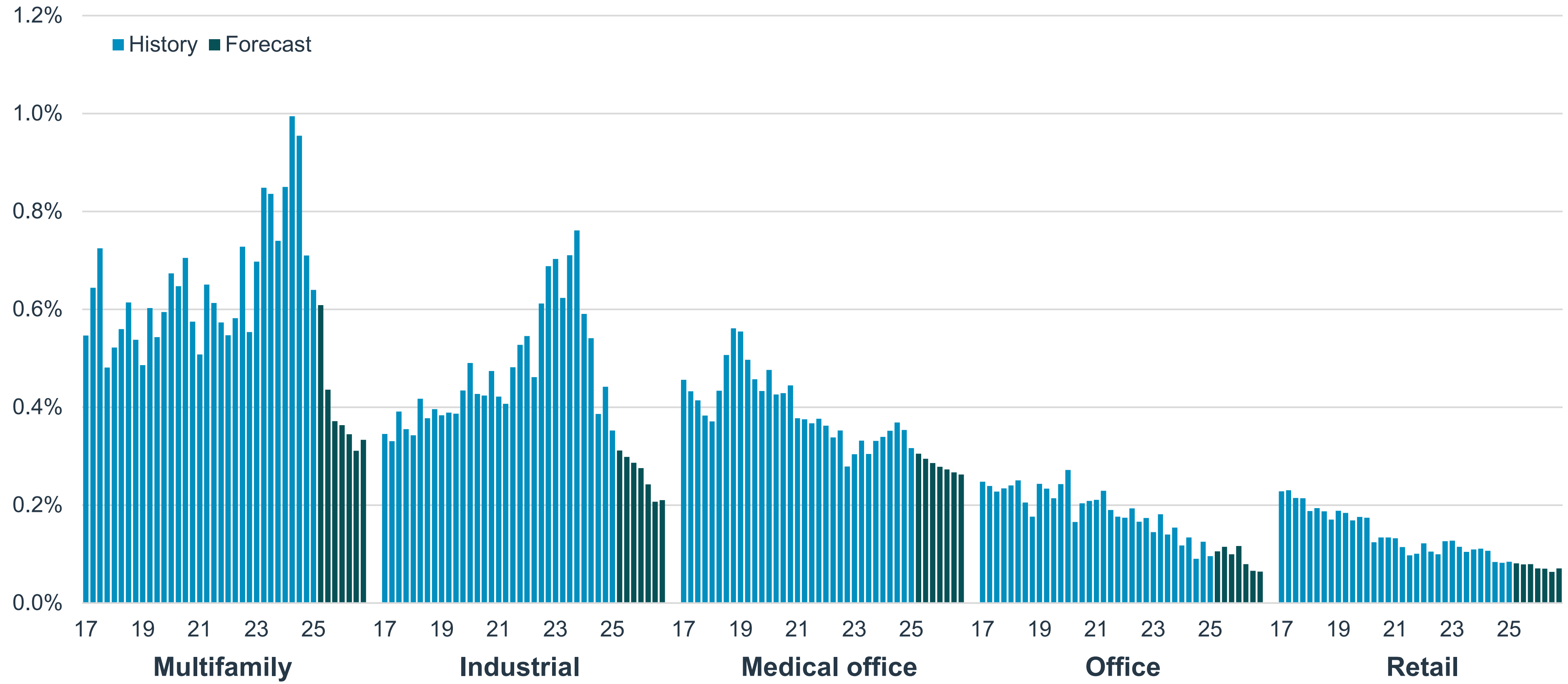
Deliveries set for decade+ lows

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 (Q1 2025); Revista (Q1 2025), Nuveen Real Estate Research

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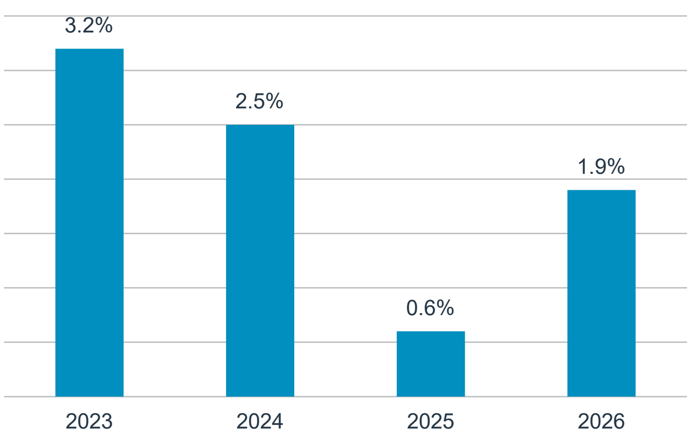
U.S. economics

Growth contracted for the first time in three years in the first quarter, and concerns about tariffs and government spending cuts have dampened the outlook

- U.S. GDP fell for the first time since early 2022, driven by a tariff-related surge in imports
- Job growth has remained healthy and inflation has trended towards target, allowing the Federal Reserve to pause interest rate hikes amid concerns on the effects of trade policy

U.S. real GDP growth forecast



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

Activity is slowing but the economy remains remarkably resilient

In the U.S., the Trump administration introduced a wide range of policy changes during the first quarter, including cutbacks in government spending, tighter controls on immigration and a series of escalating tariff measures on goods imported from the rest of the world. The rapid pace of policy changes has rattled both consumers and businesses in the economy, and measures of policy uncertainty and market volatility began to surge at the end of the first quarter. Economic activity slowed noticeably as a result, and U.S. GDP declined at a 0.3% annualized pace in the first quarter of 2025. This is markedly slower than the 2.5% pace in the fourth quarter of 2024 and the first decline in economic output since the start of 2022. Job growth also slowed in the first quarter, though it remained generally healthy with 133,000 jobs added per month. Current forecasts call for a further slowing of economic and employment growth in 2025, though expectations of future tax cuts have boosted GDP forecasts for 2026.

The sudden change in tariff policy has also raised concerns about a resurgence in inflation in upcoming quarters. Inflation as measured by the Consumer Price Index resumed its downward trend at the start of the year, finishing the first quarter of 2025 at a 4-year low of 2.4% y-o-y. Core inflation, which excludes volatile food and energy prices, also declined throughout the first quarter and fell below 3% y-o-y for the first time since April 2021. However, prices are expected to rise as importers begin to pass higher costs from tariffs on to consumers.

The Federal Reserve has responded to the threat of a resurgence in inflation by pausing its rate-cutting cycle that began in September 2024. After cutting rates three times in the second half of 2024, the central bank held the federal funds rate constant throughout the first quarter. Fed officials have signaled that they will continue to be cautious before cutting rates further, as they contend with the combination of slowing economic activity and rising prices. Long-term rates stayed elevated at the start of the year, finishing the first quarter at 4.23%.

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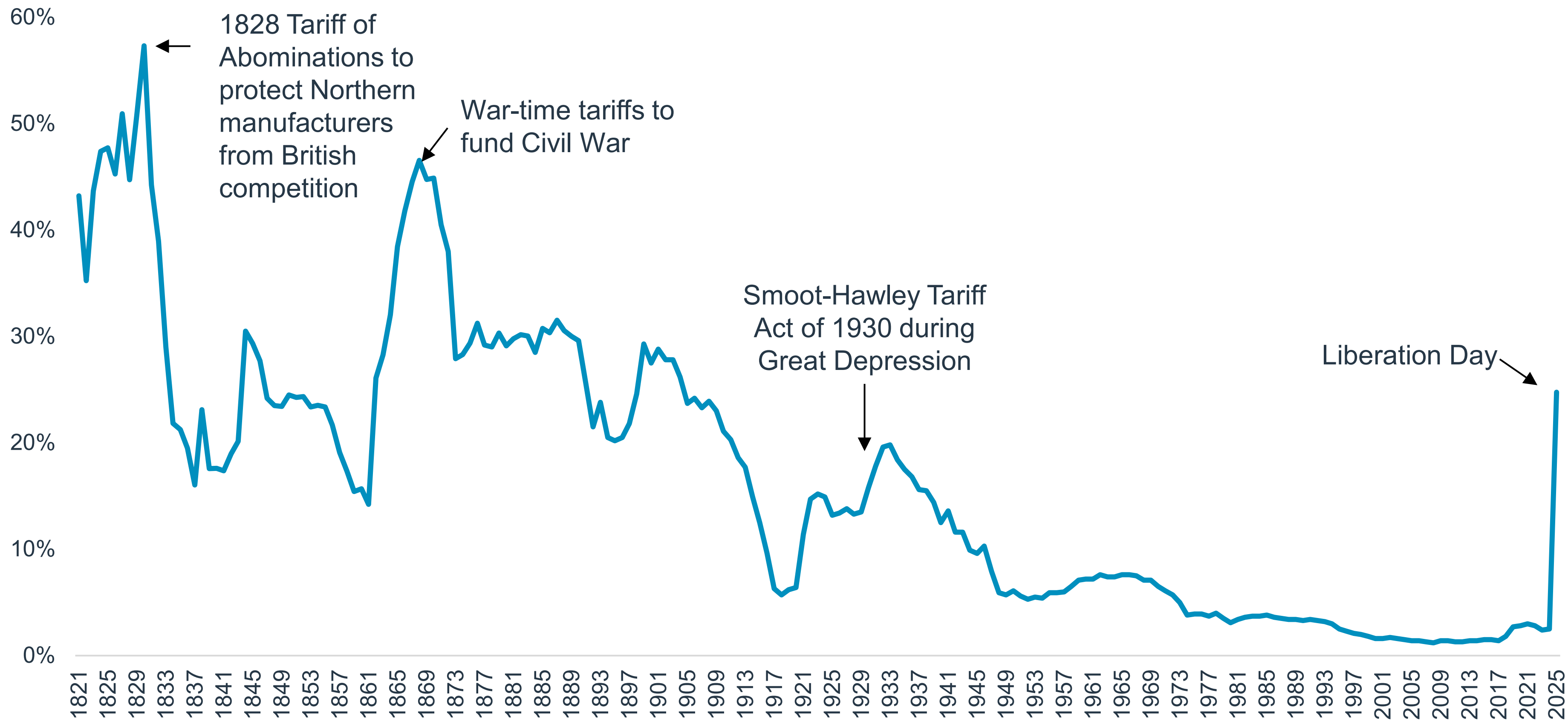
U.S. economics

Rapid changes to trade policy have pushed the effective tariff rate to the highest point in over 120 years, introducing significant uncertainty into the outlook

U.S. Effective tariff rate (%)



Source: Tax Foundation/Macrobond/Moody's Analytics

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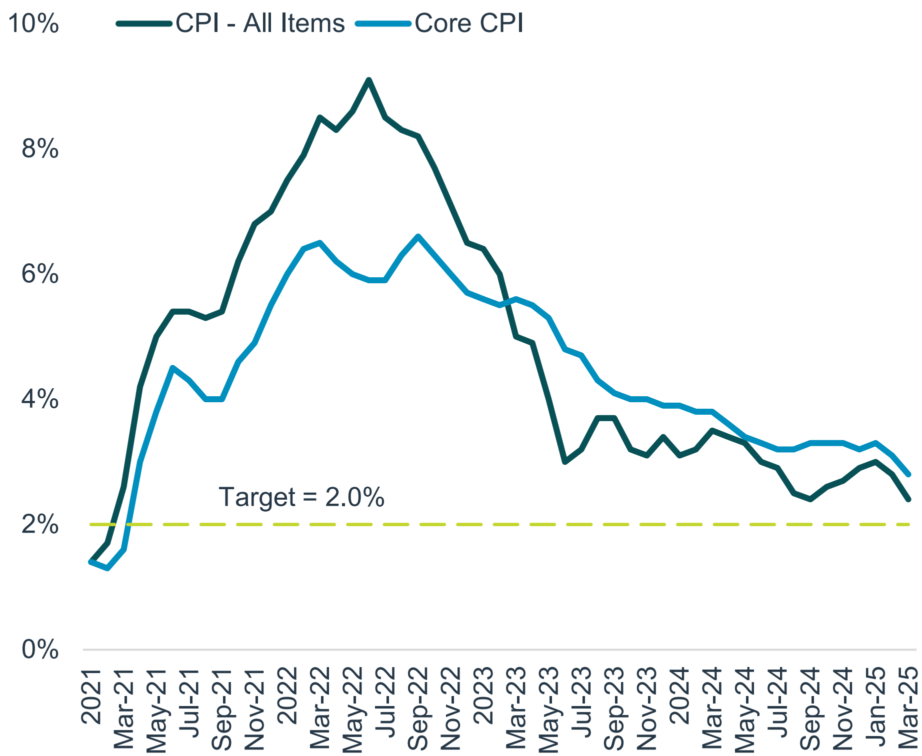
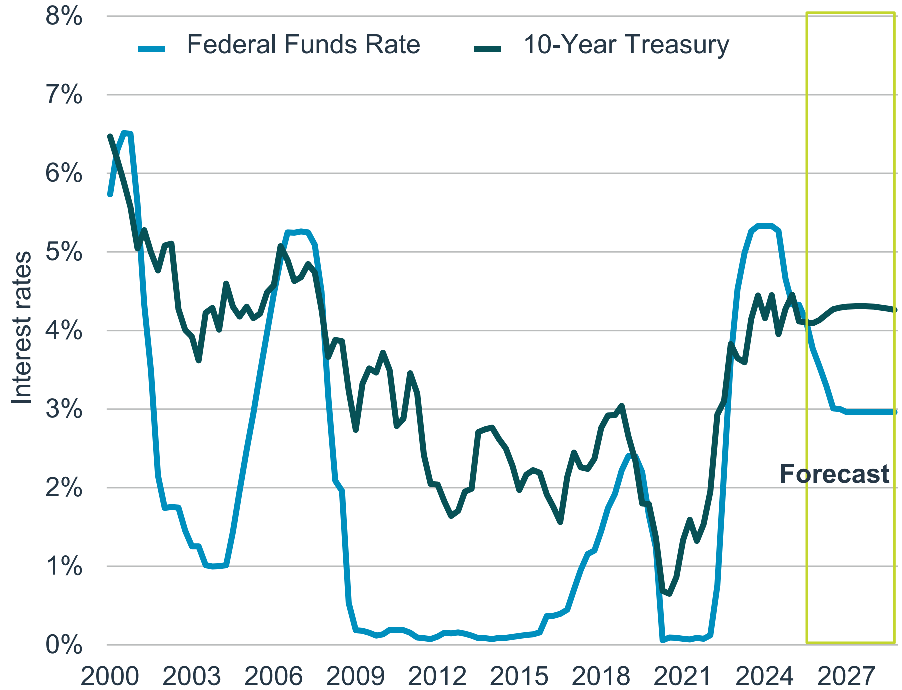
U.S. economics

Inflation made significant progress at the start of 2025 and job growth has been healthy, allowing the Fed some room to hold interest rates as it assesses changes to fiscal policy

Consumer Price Index (y-o-y growth)





Source: Bureau of Labor Statistics, Moody's Analytics April 2025

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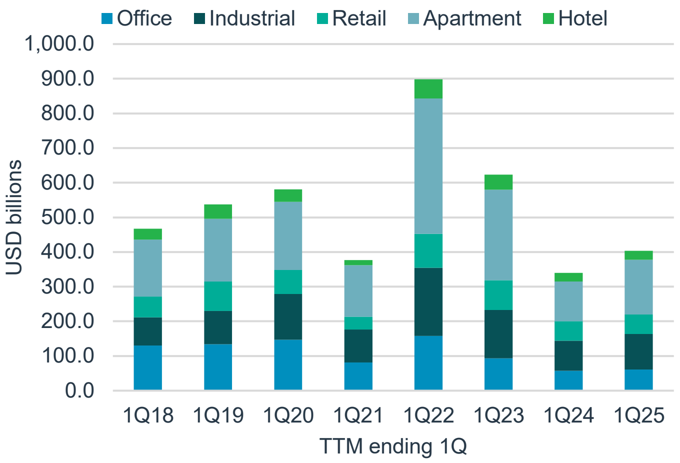
U.S. investment market

The bottom is likely in for sales volume as investors start to re-weight into the repriced asset class

- Deal activity is starting to pick-up, evidenced by an 11% increase in the first quarter of 2025 and an 18% increase over the trailing 12 months
- Institutional investors are now under their target allocations for the asset class, which should support activity in 2025

U.S. real estate investment volume



Source: RCA, April 2025

Transaction volumes are increasing off a low base

While volumes are still well below pre-pandemic norms, activity in 1Q 2025 was up 11% relative to 1Q 2024 and 18% higher over the previous 12 months.

Elevated rates remain a challenge, but traditional lenders are becoming more active again

The increase in interest rates since Q3 2023 (along with decreased expectations of cuts) and tariff turmoil may temper transaction volumes in the near term. However, traditional real estate lenders are re-entering the space. The increased availability of debt has caused spreads to tighten, helping to offset the increase in interest rates to a degree.

Pricing has stabilized

Transaction prices fell 0.7% in 2024, far better than the 5.9% drop the prior year. As of March 2025, U.S. real estate transaction pricing improved year-over-year for the second consecutive month. Retail showed consistent pricing gains on a monthly, quarterly and annual basis. Industrial pricing has continued to increase on an annual basis. Over the last three months, we are seeing stability in pricing across the apartment and office sectors.

Global institutional investors are now below their target allocations

Over the course of 2024, institutional portfolios shifted from over-allocated to under-allocated to real estate, largely a result of an active equity market. Globally, institutions are now 60 bps below their target to real estate, which should help support investment activity in 2025 as investors look to rebalance into a repriced asset class.

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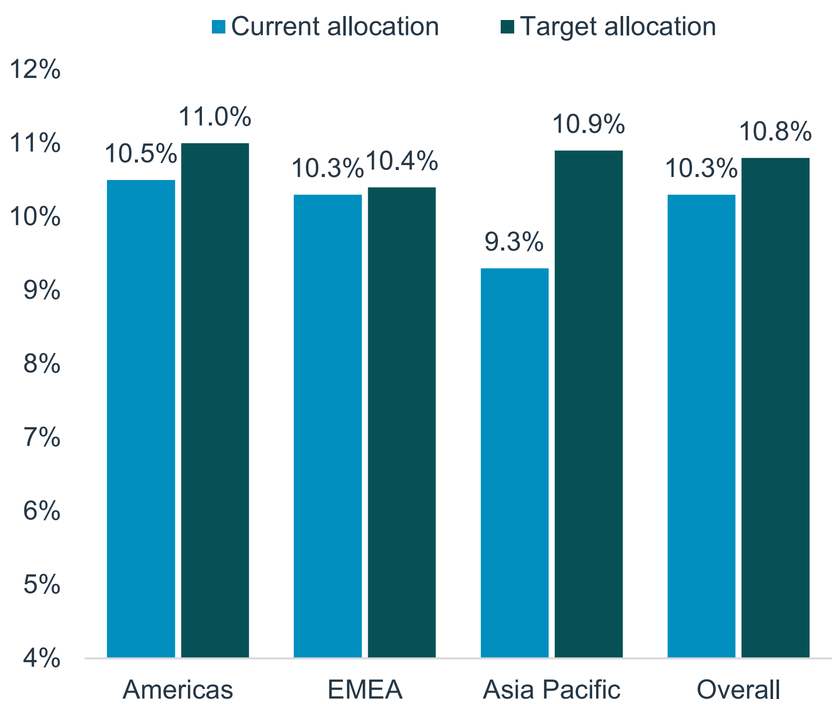
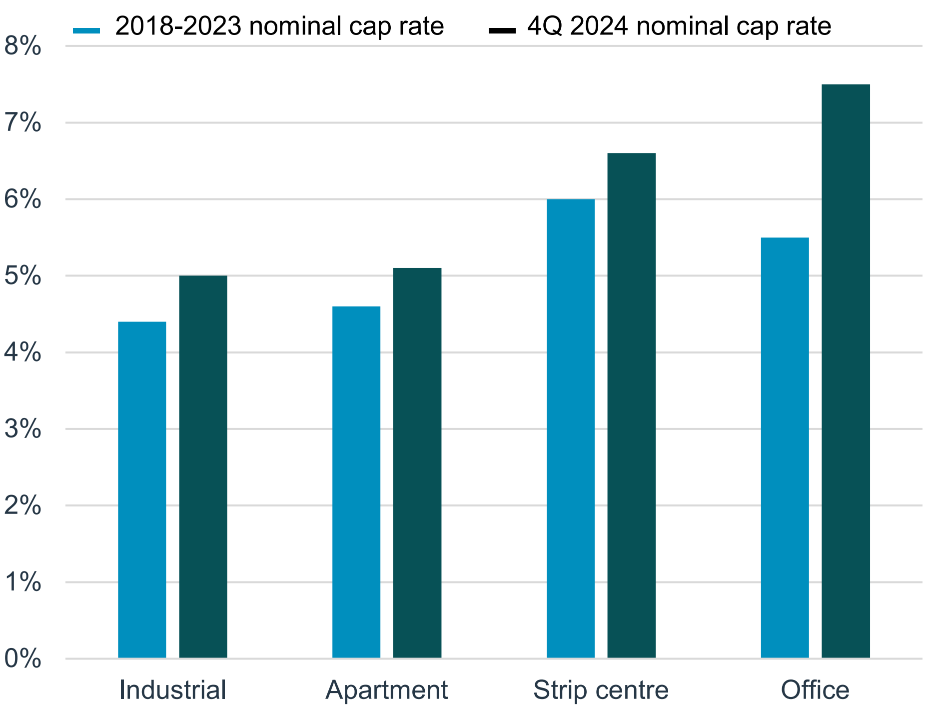
U.S. investment market

Global institutional investors have seen their allocations shift from over- to under-allocated to real estate, which should support investment volumes in 2025. 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 2024 Allocations Monitor (Nov 2024); Green Street (Jan 2025); Nuveen Real Estate Research (Feb 2025)

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U.S. office

The overall market appears to be 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 will continue to right size footprints for the next few years, further weighing on fundamentals
- Tenants are generally spending more rent on a per square foot basis when consolidating, further strengthening the top end of the market

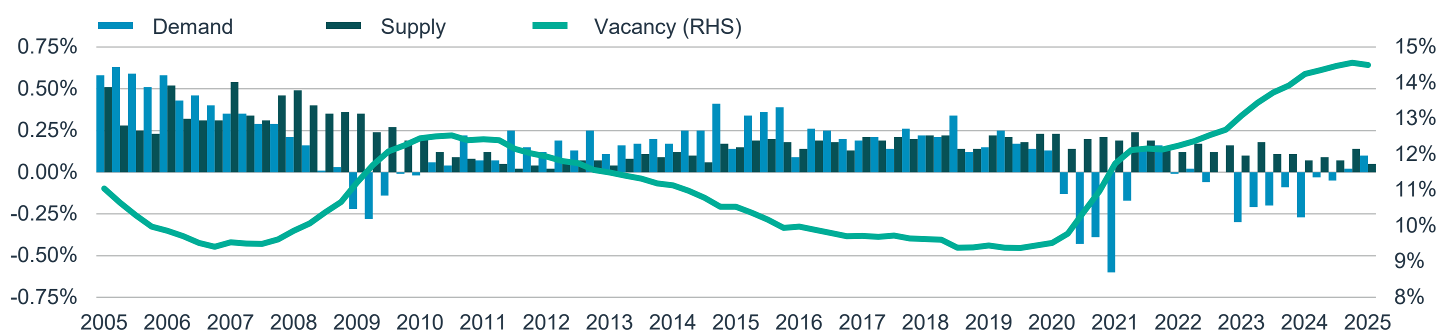
Signs of stabilization are emerging

Occupancy has stabilized in recent quarters. Vacancies fell slightly to 14.5% in the first quarter, declining by six bps over the past quarter with positive net absorption for a second consecutive quarter. The road to recovery is expected to be long given that vacancy cumulatively has expanded by 510 bps since 2019. Leasing activity has improved significantly and is now back to 88% of the previous decade's annual average.

High-quality assets have maintained demand

Despite the negative momentum for the market overall, higher-quality, newer assets have maintained demand with properties built between 2015 and 2023 showing improved occupancy for five consecutive quarters. Construction starts have dropped to record low levels due to higher interest rates, a challenging lending environment and the sector generally being out of favor. An expected shortage in new inventory over the mid-term should be beneficial to existing, high-quality assets, as tenants will have somewhat limited options for newer space.

Overall vacancy still rising, already past previous peaks



Source: CoStar Group, Inc. (Q1 2025), Nuveen Real Estate Research (May 2025)

Note: Data based on Nuveen's 35 Resilient U.S. Cities

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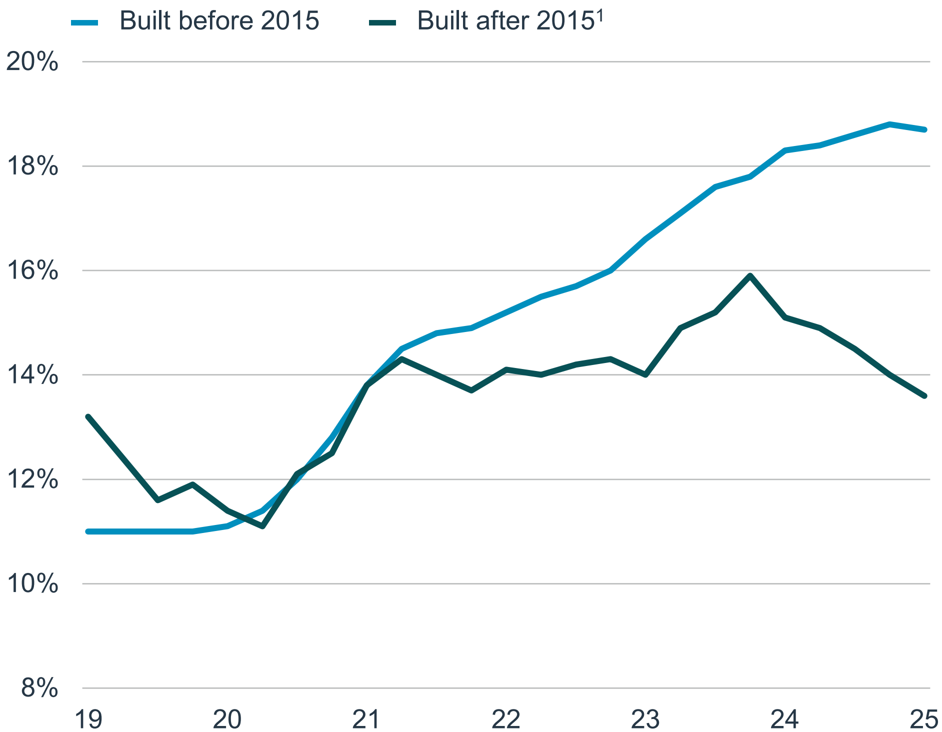
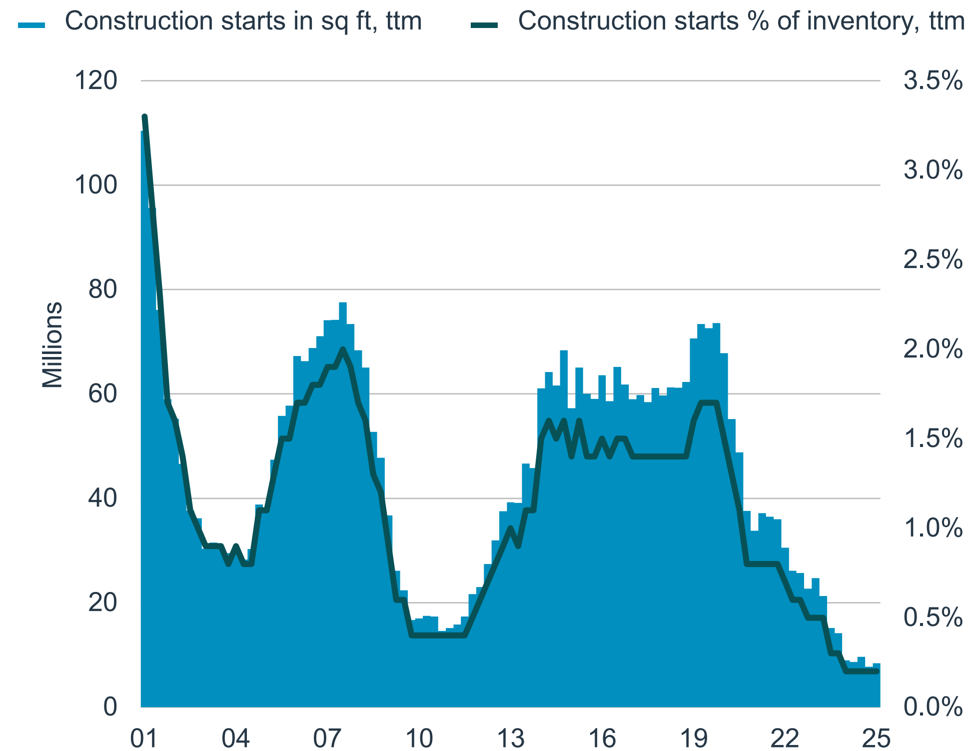
U.S. office

High-quality assets in growing markets should outperform

Vacancy by building age



New supply will soon be scarce



Source: CoStar Group, Inc. (Q1 2025), Nuveen Real Estate Research (May 2025)
Note: Data based on Nuveen's 35 Resilient U.S. Cities
1 Properties delivered after year-end 2023 not included to allow for lease-up period

Jump to:
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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.

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.

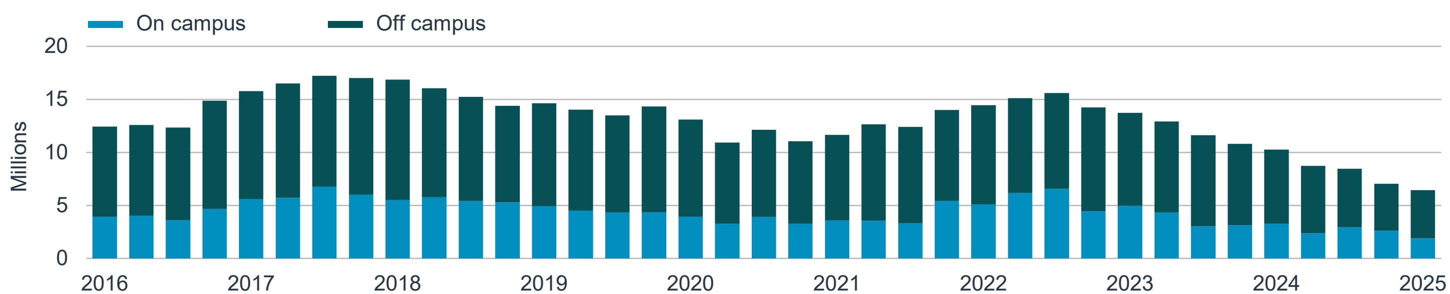
Providers continue long-term shift to outpatient care

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 15 straight quarters. Construction starts have fallen to 40% of peak levels, setting up a medical office shortage in the coming years. Market strength is widespread with only five of the 50 largest markets having current vacancy rates higher than their five-year average.

Construction starts cut in half since early 2022 peak



Source: Revista (Q1 2025), Nuveen Real Estate Research (May 2025).

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Jump to:
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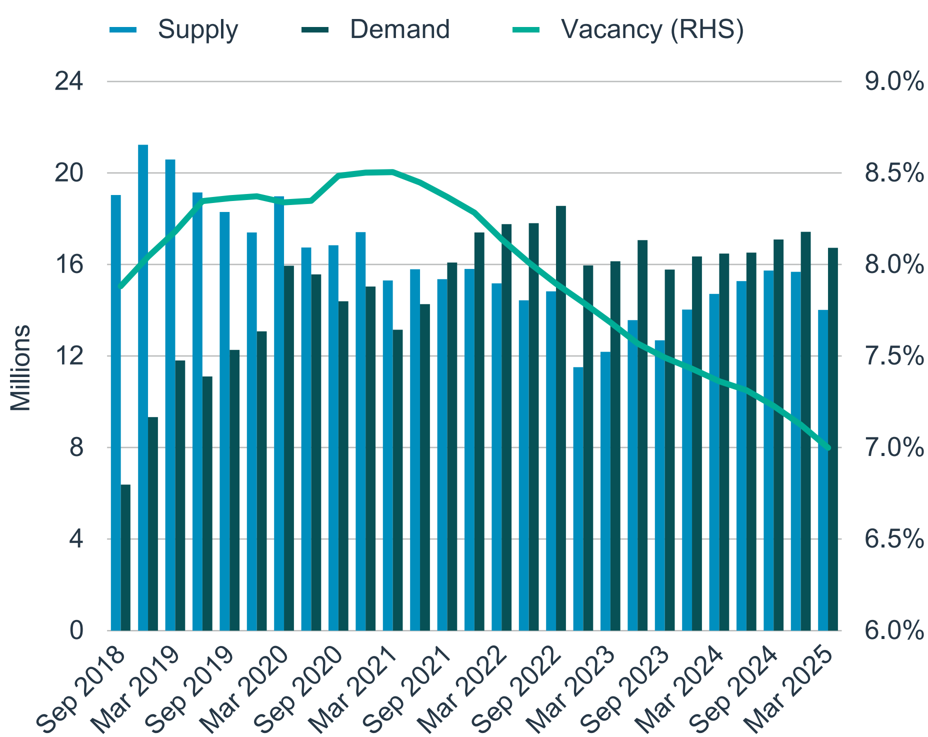
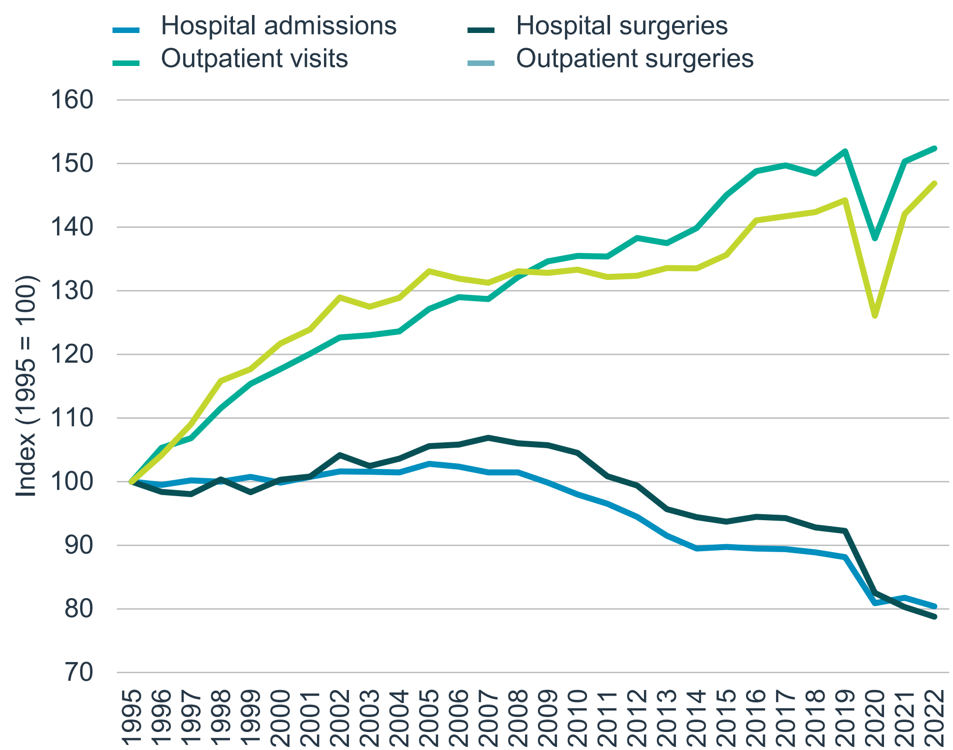
U.S. medical office

Fundamentals have never been stronger

Supply, demand and vacancy



Outpatient care continually gains market share



Source: Revista (Q1 2025), American Hospital Association (June 2024), Nuveen Real Estate Research (May 2025)

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Jump to:
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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

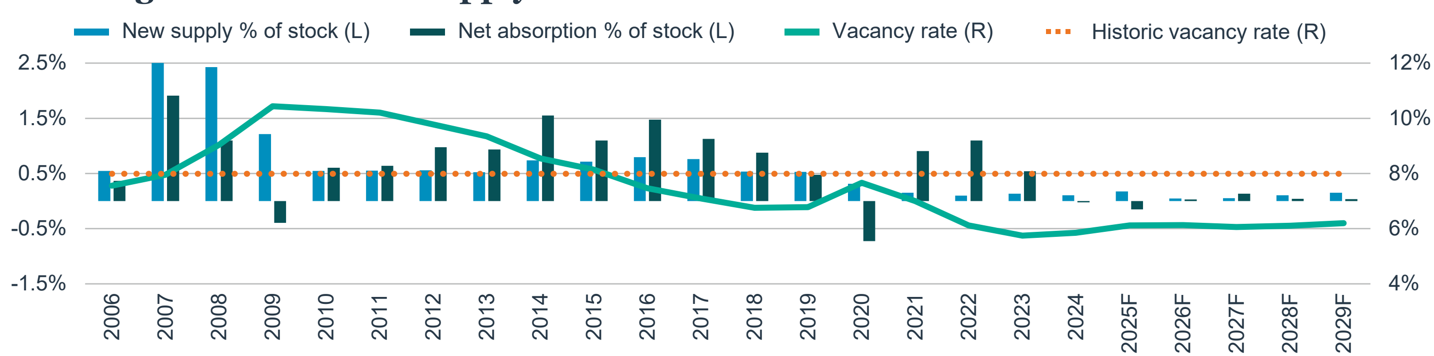
We see good potential for essential retail in 2025

We maintain high conviction in this segment of the retail market and believe the sector is poised to outperform given its healthy fundamentals. The sector has been stress tested and sits in a better position today. 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. With market rents still 40% below levels that justify new construction, we anticipate a quiet pipeline going forward. At 6.1%, vacancy remains near historic lows. As a result, market rent growth remains healthy and reached 2.8% y-o-y. Prospects for future growth remain favorable and may surprise to the upside with vacancies remaining below its historical average.

Necessity retail is positioned to outperform

We see several strategic investment themes and property attributes aligning which make for an attractive entry point in the coming year. Value declines for high-quality retail real estate have abated. The inefficiency of the capital markets and lack of dry powder are keeping investors on the sidelines. Investor sentiment is slowly starting to shift 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.

U.S. neighborhood retail supply and demand trends



Source: CoStar data as of May 2025

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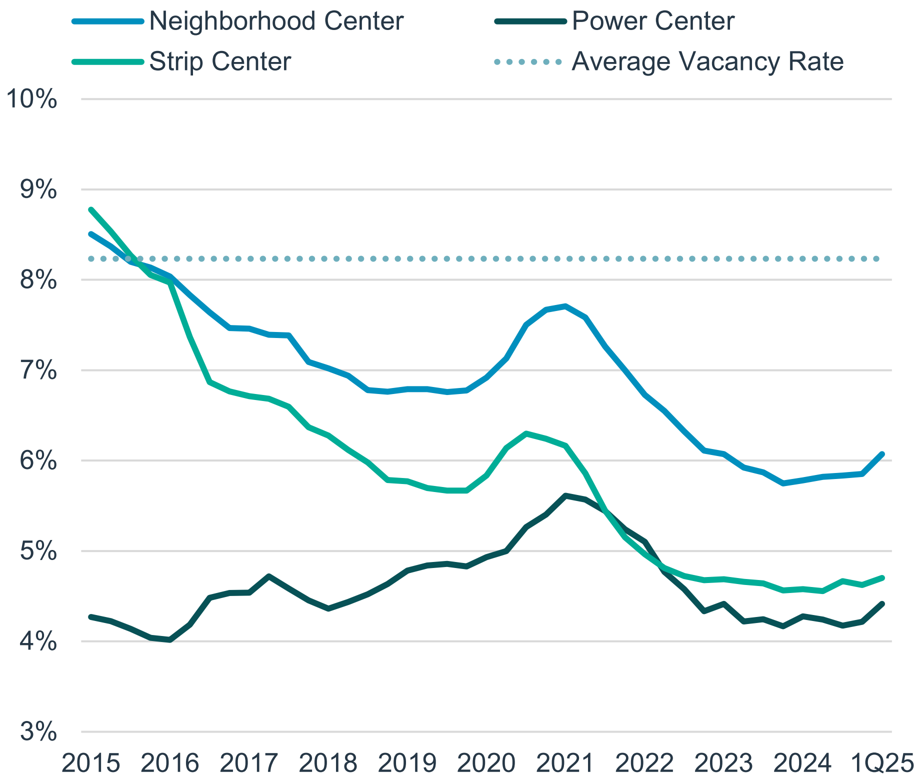
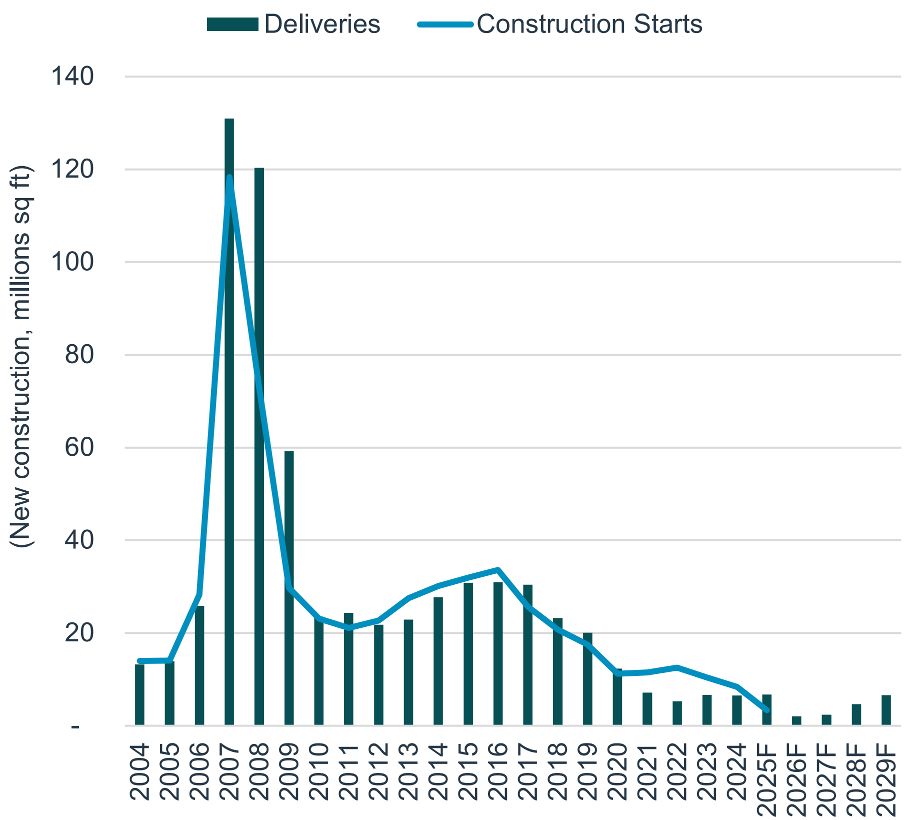
U.S. retail

Necessity retail fundamentals remain resilient

Retail vacancy rates (%)
Vacancies are well below their historical average



Supply trends
Construction starts and deliveries are grinding to a halt



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

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U.S. industrial

Supply risk is receding, but changes in policy have introduced an additional layer of risk into the outlook for certain markets

- Supply risk has begun to subside in the sector, but demand continues to face short-term headwinds from the economy
- Tariffs pose a notable risk to the sector outlook, particularly for import-dependent markets and tenants
- Bulk industrial space faces higher vacancy than smaller industrial space, though that historically wide gap is begging to narrow

Vacancy rates are beginning to stabilize after unprecedented wave of supply

Industrial sector fundamentals have begun to stabilize at the start of 2025 after a rapid increase in vacancy across the sector over the past two and a half years. The industrial sector has endured a combination of unprecedented supply growth, with nearly 1 billion sq ft on new industrial space delivered since the start of 2022, and muted demand following the surge in industrial absorption in 2021 and 2022. Vacancy rates have climbed rapidly as a result, reaching 6.9% in Q1 2025 after bottoming at 3.8% in mid-2022 according to CoStar. Recent trends in construction suggest that the pace of supply growth will continue to taper throughout 2025, which should bring stability to fundamentals.

Industrial demand remained subdued at 38.1M sq ft of net absorption in Q1 2025 and the sector continues to face headwinds in the short term from sluggish manufacturing and housing activity. In addition, dramatic shifts in tariff and trade policy are likely to affect demand patterns in the industrial sector in coming quarters. In the short-term, import activity is likely to be heightened until tariffs take hold. Absent a change in policy, however, import-dependent tenants and markets face additional risks from higher tariffs.

Conditions within the sector vary significantly depending on both building size and vintage. Most of the recent supply growth has been concentrated in larger building sizes while light industrial properties have faced significantly less supply risk. As a result, vacancy in smaller buildings has been notably lower despite stronger demand for bulk space. Going forward, however, the vacancy gap between bulk and light industrial properties should begin to narrow as supply concerns ease for larger property sizes.

Source: CoStar as of February 2025/Nuveen Real Estate Research

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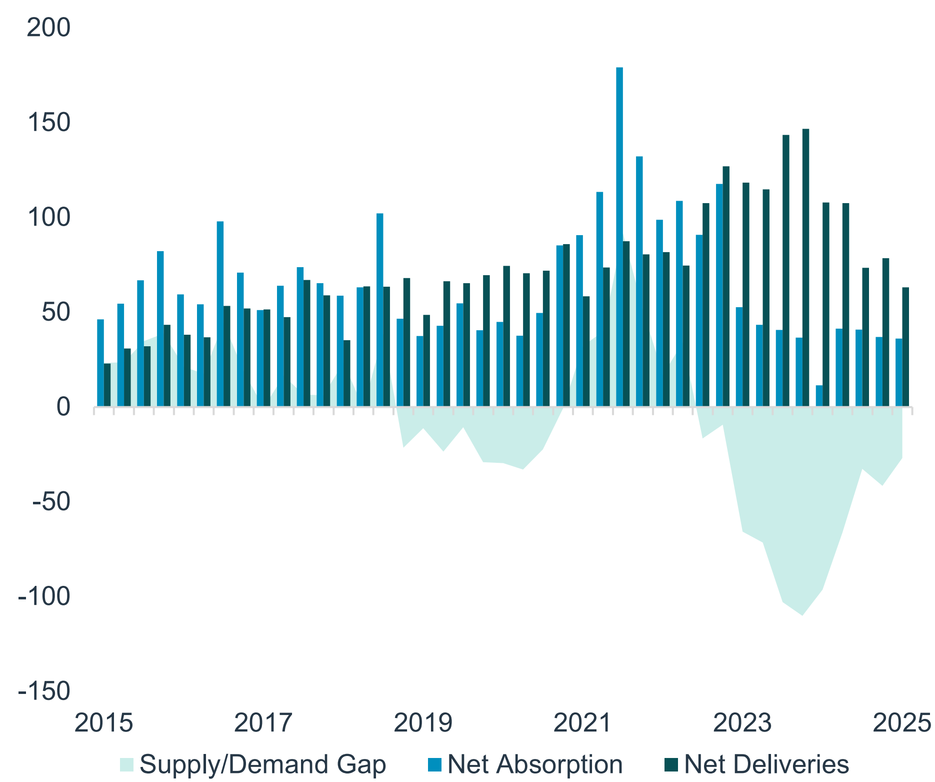
U.S. industrial

Supply growth has slowed noticeably over the past three quarters, which has helped vacancy rates to stabilize in the sector. The gap between bulk vacancy and light industrial remains wide, but has narrowed over the last year due to reduced supply risk for larger spaces

Industrial vacancy rate (% of inventory)

Net absorption and deliveries (millions, sq ft)



Source: CoStar as of May 2025/Nuveen Real Estate Research

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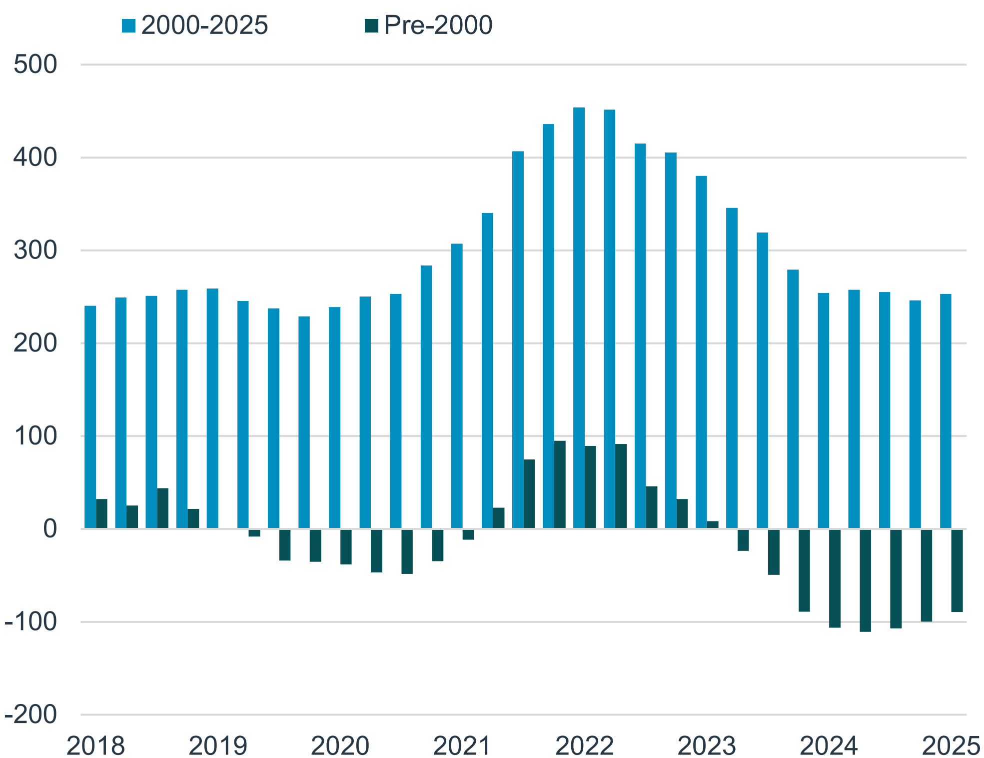
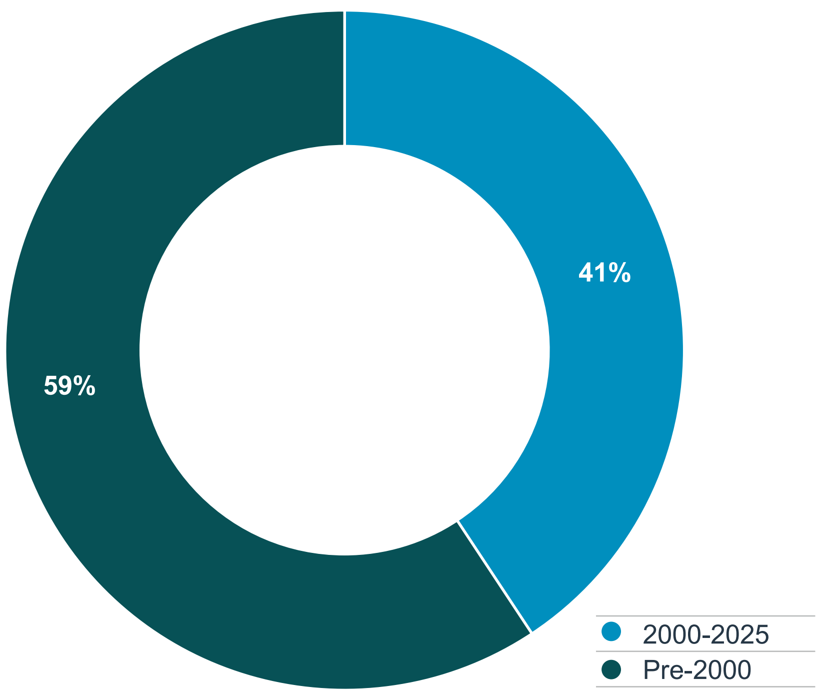
U.S. industrial

Older warehouses have experienced negative net absorption since the start of 2023 as tenants continue to consolidate or upgrade out of older facilities in favor of newer builds

Warehouse 4-quarter net absorption by year built
(millions sq ft)



Warehousing sector assets by year built



Source: CoStar as of May 2025. Nuveen Real Estate Research. Data includes all U.S. warehousing, distribution, and cold storage properties.

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U.S. housing

Apartment demand outpaced new supply over the last four quarters

- Apartment occupancy stood at 95.2% in March 2025
- Apartment rents grew 1.1% y-o-y as of March 2025
- Single-family rents grew 3.2% y-o-y as of February 2025

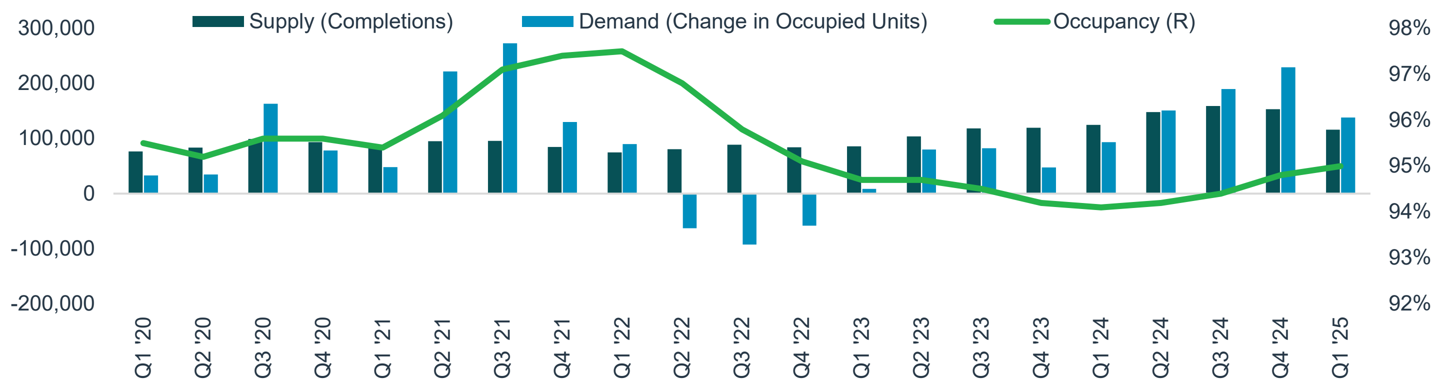
Apartment demand continues to outpace new supply

The U.S. apartment market absorbed 138k units in Q1 2025, above the 116k units that delivered, according to RealPage. March's 1.1% y-o-y increase for effective apartment rents marked the highest rent growth reading since mid-2023. Nationally, the apartment market is past peak quarterly deliveries and starts have fallen below the quarterly long-term average, boding well for future fundamentals. While apartment demand was positive throughout all 50 major markets over the last four quarters, higher supply growth markets continue to exhibit rent growth pressure.

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 3.2% y-o-y in February 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 supply versus demand



Source: Nuveen Real Estate Research; RealPage; John Burns Research & Consulting, as of May 2025

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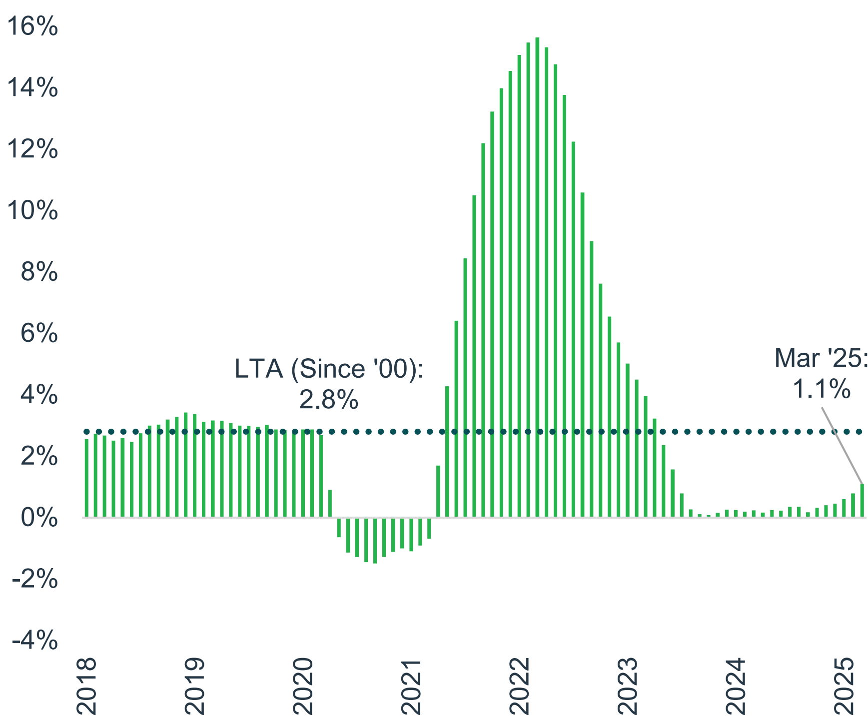
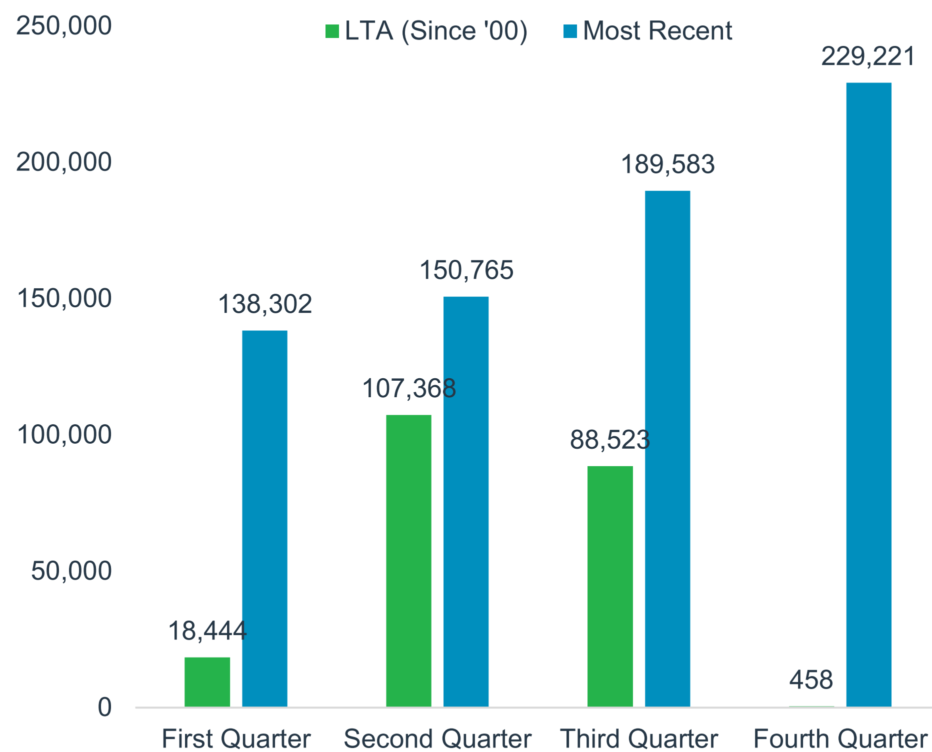
U.S. housing

Apartment effective rent growth reached its highest level since mid-2023 in March 2025 with growth of 1.1%. The last four quarter demand figures were each 40,000+ units above their quarterly averages, proving the market's ability to absorb record supply delivering to the market.

Apartment effective rent change, % y-o-y



Apartment quarterly demand versus LTA



Source: Nuveen Real Estate Research; RealPage, as of May 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

- Continuation of localities adopting commercial building energy or carbon regulation, with 30+ more planned in 2024
- White House Zero Emissions Building definition, and Federal Building Performance Standards
- Expect regulations to ramp up during the second half of the decade (2025-2030)
- "...by 2030 net zero will be the new building code" E.g. San Francisco All Electric Building Code for new builds

Investors

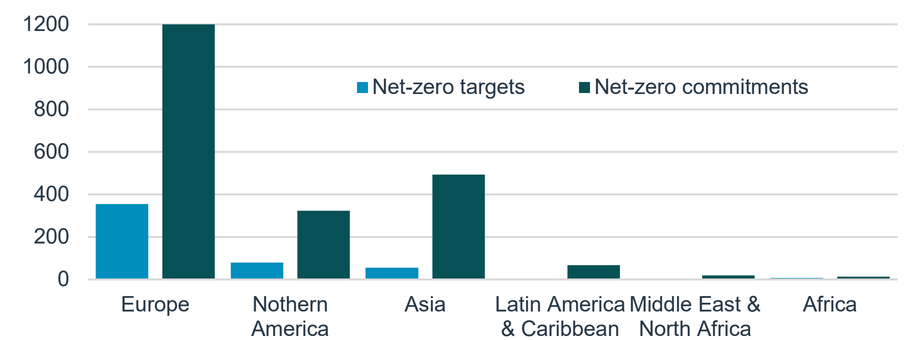
- 2024 GRESB: 15% increase in net zero goals, now reaching 65%
- INREV survey – 62% of global investors consider net zero carbon commitments when investing
- 68% of North American investors are committed to net zero carbon

Occupiers/owners

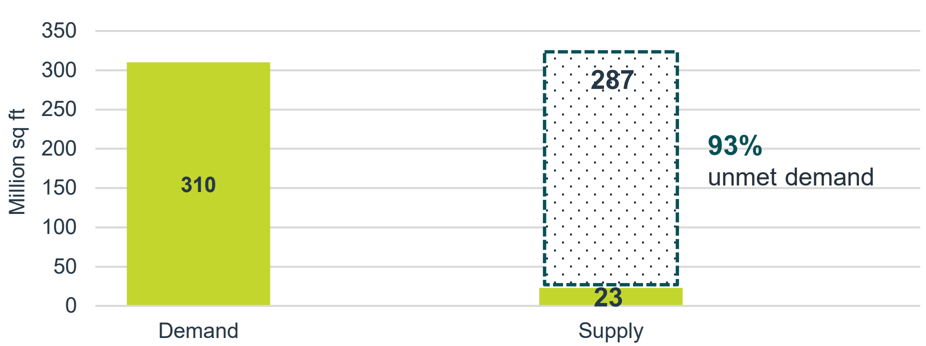
- U.S. government committed to using national net zero definition for federal leasing standard beginning 2030
- 49% of U.S. companies set net zero targets
- Total number of zero energy buildings in North America has grown by 42% since 2018
- Supply deficit – 310 million sq ft of current office space among top 20 office occupiers have made commitments to net zero carbon by 2050, but only 23 million sq ft current space with LEED Zero certifications
- Global net zero energy buildings market is forecasted to grow 29% CAGR through 2027

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

80 North American companies have validated net zero targets, and 323 more have net zero commitments



Data suggests demand for net zero buildings outweighs supply[1]



Source: JLL. Transwestern. Net Zero Trackers Partners. New Buildings Institute. ABI Research. GRESB. DOE. October 2024

1 Source: JLL Research, September 2023

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3

Europe

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, but widened again with global stock market volatility
- 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, May 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, May 2025

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U.S. trade taxes impact on European real estate

Points to consider

- The market guardrails have become clear: The U.S. administration can only handle limited negative market reactions
- The main impact remains uncertain
- Europe is neither in President Trump's focus nor is Europe most exposed
- The majority of negative effects apply to the U.S. itself
- Export industries, cars in particular, are most at risk
- Second round effect: unexpected financial market pain points (e.g. financing stress)
- Closest analogy could be the Eurozone crisis, which hit just after the post GFC green shoots

Outlook

- A negative impact on the economy looks inevitable, but Europe may only be marginally affected
- Business sentiment dependent sectors such as office and logistics feel negative sentiment most directly; living is most removed
- Logistics may suffer from weaker goods trade, but positive Brexit effect on warehousing demand point in a more positive direction
- What is already weak is least resilient: e.g. offices, Finland
- Market liquidity is likely to remain weaker than expected for the time being
- Rental growth is at risk of being downgraded
- Valuations in the short run flat or slightly down

Source: Nuveen Real Estate, 2025

Jump to:
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U.S. trade taxes: Best way forward for investors?

What could be missed by pausing?

- Lost time and opportunities
- Most relevant for value add
- Housing, student, necessity retail likely more resilient
- Spain, France, (U.K.)

What could be risked by ploughing on?

- Overpaying, "looking silly"
- Most acute for open ended funds
- Business sentiment vulnerable sectors: office, logistics (but structural upside for intra-European logistics)
- Germany, Finland, Italy, (Ireland, Denmark)

GFC, Eurozone crisis, Covid, Ukraine, Inflation surge

- Each time, keeping dry powder has proven to be the better choice

BUT: This shock could turn out to be a red herring
Upside: "Stable Europe" may turn into an unexpected safe haven for capital

Source: Nuveen Real Estate, 2025

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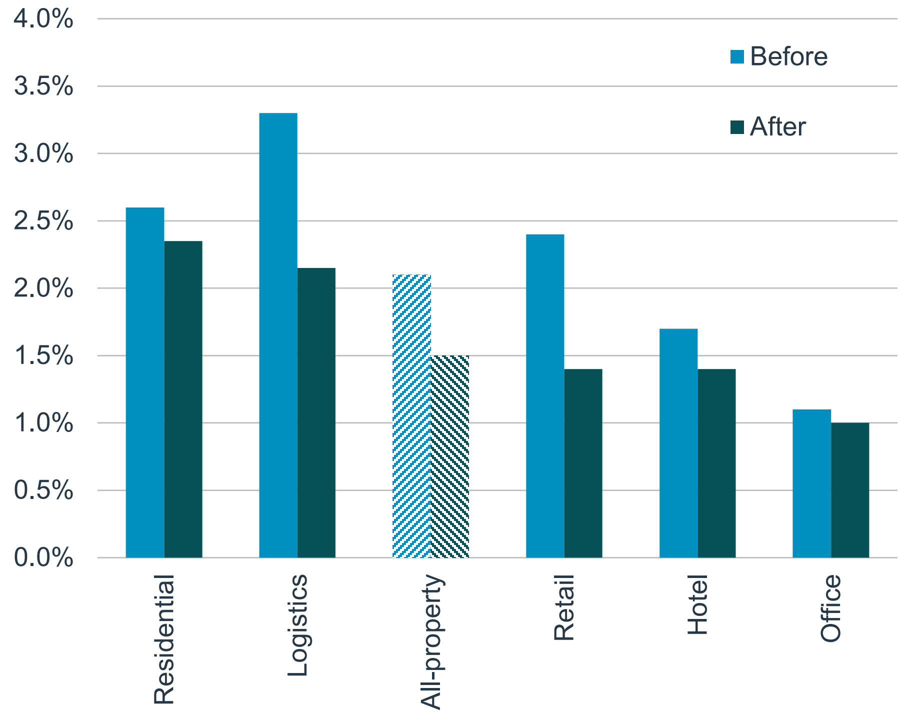
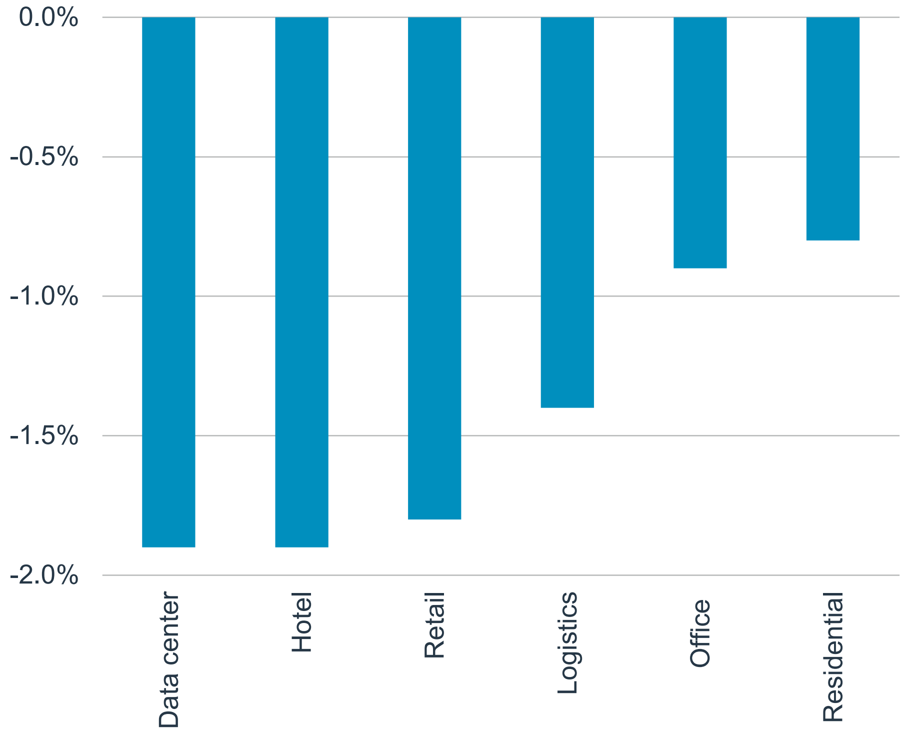
Europe: changes to short term real estate outlook

Residential pushes into first place

Forecast change due to U.S. trade policies: Capital growth 2025-2026



Change to RevPAM growth 2025-2026: (all growth rates remain positive after revisions)



Source. Oxford Economics, Greenstreet, 2025

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European economics

Investment likely to suffer as corporates find it difficult to commit to long-term planning amid U.S. trade policy

- The U.S. administration is starting to signal its willingness to de-escalate its trade war with China and the EU
- The European economy has expanded by 0.4% in Q1 2025, above expectations and the 0.2% recorded in Q4 2024
- Latest figures for trade suggest a strong rise in exports, most likely in anticipation of U.S. tariffs
- The most damaging aspect of the current U.S. policy is likely to be investment as corporates are unable to commit to long-term planning
- The short-term outlook will be driven by high uncertainty reducing visibility for economic forecasters

European economic data remains at the mercy of policy announcements from across the Atlantic. Fortunately, the most recent news has been benign. The U.S. administration is starting to signal its willingness to de-escalate its trade war with China and the EU. As the U.S. hits China with punitive tariffs, the future trade relationship between the EU and China is becoming increasingly critical. The EU is conscious that the Trump administration's hostile trade policy towards China presents opportunities for Europe and will not decouple from China to appease the U.S. but insists on de-risking as its main strategy. This means that Europe will likely remain defensive in specific sectors where it views Chinese competition as a strategic threat to European firms. Steel is an example, with France and other countries pushing for measures to defend the sector against Chinese competition.

The European economy expanded by 0.4% in Q1 2025, above expectations as well as the 0.2% recorded in Q4 2024. The latest figures for trade suggest a strong rise in exports, possibly in anticipation of U.S. tariffs, which should have provided enough of a boost for the European economy to grow again, despite the impact the trade war is having on activity and sentiment. At the country level, Oxford Economics expect a continuation of the pattern seen in recent quarters, with Germany, France and Italy expanding at a very weak pace, and Spain still growing well above the Eurozone average.

Recent economic data have been somewhat better than expected. Although the PMI did fall in April, the index remained above the 50-point threshold, suggesting the economy is still expanding, albeit at a very weak pace. Later in the week, the German ifo index showed a small improvement, defying expectations that the highly exposed German economy would severely weaken because of U.S. trade policy. But despite some relative calm for the European economy, the prevailing uncertainty will continue to dominate the outlook for the foreseeable future, depressing growth in the near term. Beyond the direct impact on trade that tariffs will have, the most damaging aspect of the current environment is likely to be felt in investment, as corporates will find it extremely difficult to commit to long-term planning. The hope that GDP growth in Europe will be boosted by an increase in consumer spending, however, is at risk too. Employment growth may be stalling due to uncertainty and weaker global demand, but there is a substantial risk that further shocks could force companies to start laying off workers, which would result in a substantial deterioration in the outlook.

Oxford Economics expect Eurozone inflation to fall to 2% given the recent decline in oil and gas prices, and the strong appreciation of the euro versus the U.S. dollar. Core inflation should moderate too (still at 2.7% and above target), amid softening wage growth and services inflation. This should pave the way for the ECB to cut rates again at its next monetary policy meeting. The disinflationary impact from the current policy environment means a rate cut to 2% in June is nearly certain. But after that, the ECB will likely take a wait-and-see approach, looking for clues in the data to guide its next move in this highly uncertain environment.

Source: Nuveen Real Estate, Oxford Economics as of May 2025

Jump to:
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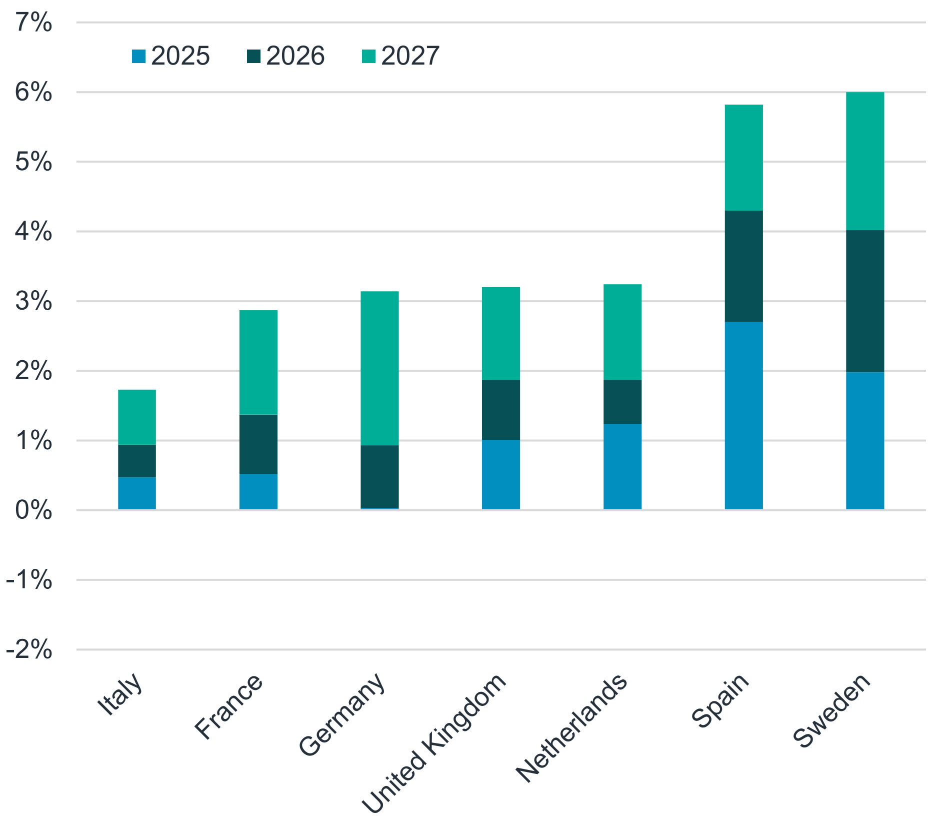
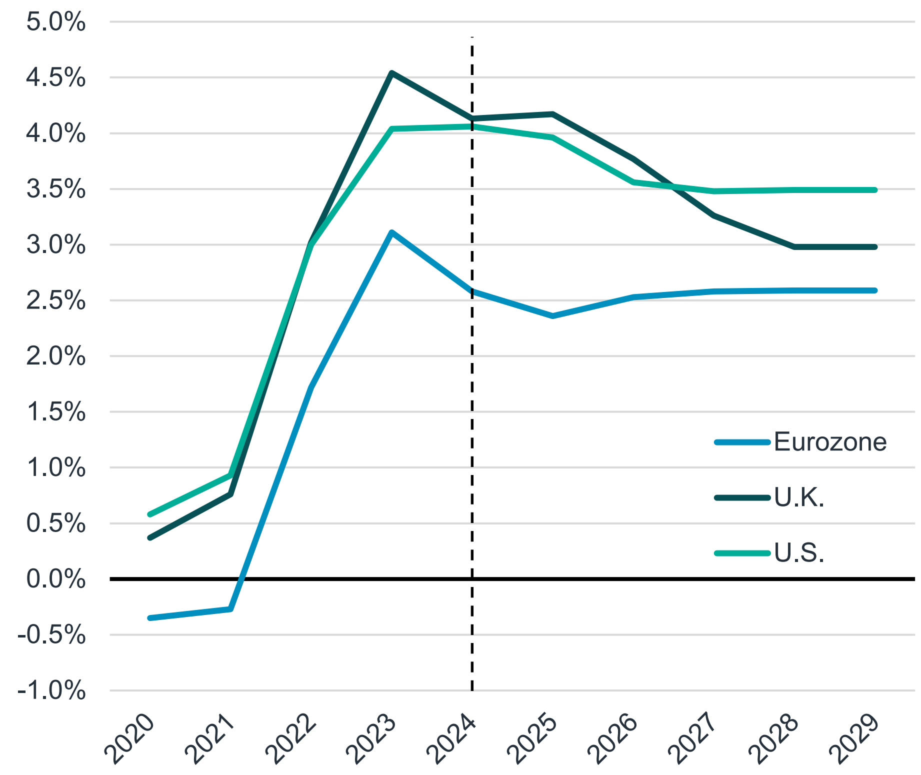
European economics

Weak growth may lead to lower interest rates in most European currencies

3-year cumulative GDP growth



Interest rates (5-year SWAP rate)



Sources: Eurostat, Oxford Economics, Macrobond as of May 2025

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European investment

Market recovery delayed due to geopolitical and economic uncertainty

- The new year has started below par due to geopolitical and economic uncertainty and volatility in bond markets
- Fairly even sector split with residential accounting for 22% of all transactions, industrial and office for c.21% each and retail for another 18%
- The U.K. and Germany were the most active property markets by far in the first quarter of 2025, well ahead of France in third position
- The outlook for 2025 is cautiously positive with a more careful approach from both sellers and buyers in response to market volatility

Although the most recent investor sentiment surveys revealed a markedly more optimistic outlook compared to previous years, geopolitical and economic uncertainty and volatility in bond markets meant that first quarter deal volumes did not reach the levels that a buoyant fourth quarter of 2024 might have suggested.

The new year has started below par with investment volumes of c.€41 billion, reflecting a decline of c.11% compared to the first quarter of 2024, particularly among major U.S. investors, which had been especially active last year. A drop was seen in almost all major sectors with only the residential market recording higher volumes compared to Q1 2024 (+14%) and also over the past 12 months (+33%). Office and industrial transaction volumes fell in the first quarter while retail transactions remained broadly stable. Roughly €8.5 billion was invested into logistics property in the first quarter, which is slightly below the average recorded over the last 24 months. However, the sector split was fairly even among the main segments with residential accounting for 22% of all transactions, industrial and office for c.21% each and retail for another 18% of all deals.

The U.K. and Germany were the most active property markets by far in the first quarter of the year, well ahead of France in third position. However, U.K. deal volume was c.26% lower than in the first quarter of 2024 while German volumes rose substantially, by almost 60% compared to a year ago, albeit from an exceptionally low base. France's property market has continued to slow, and investment volumes over the last 12 months reached its lowest level since 2014. Most other markets recorded an increase in transaction volumes over the last 12 months compared to the year prior, in particular Italy (+58%), Spain (+49%) and the CEE markets Poland and the Czech Republic. Danish and Swedish investment volumes were up by around 22% and 21% respectively, while the Netherlands was the 7th largest investment market in the first quarter with deals worth just under €2 billion.

Pricing has now stabilized across the board, and we have seen some yield compression over the past six months for the most sought-after sectors such as residential, logistics, high street retail and even some prime office markets. However, there is still concern that some non-prime assets, in particular shopping centers and offices, are overvalued compared to real market prices in many portfolios.

The outlook for 2025 is cautiously positive. A shift in U.S. trade policy has weakened the global economic outlook, but looser fiscal policy and further interest rate cuts should mitigate the impact in Europe. However, a rapidly changing macroeconomic environment is likely to result in a more careful approach from both sellers and buyers in response to market volatility.

Source: Nuveen Real Estate as of May 2025

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European investment

Occupier markets remain in good shape

Office

- Preference for CBD office with strong sustainability & 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 bright as near shoring, defense spending and e-commerce act as tailwinds

Alternatives

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

Source: Nuveen Real Estate as of May 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Jump to:
Global | U.S. | Europe | APAC

European office

Occupational markets remain relatively stable and deliver growth – investment market weakened further

- Given the challenging business climate, take up has held up well and remains at a similar level to the past five years
- CBDs strongly outperform peripheral markets in terms of rental growth
- Gap between prime and average (net effective) rents is growing, reflecting the disparity of office markets
- Vacancy rates up but generally low compared to the GFC, especially in CBDs of key markets
- The investment market has recorded its weakest quarterly result since Q3 2009, although investor interest has started to pick up

In the face of weak growth in domestic markets and heightened uncertainty on the global stage, European office occupiers have remained cautious. Take-up in the first quarter of 2025 amounted to around 2 million sq m, which was 8% more than in the same period last year and broadly in line with the five-year average. Demand was up in the German Big6 cities, but also in Central London, Warsaw, Milan and Amsterdam while slightly down in Paris and Madrid and even more so Barcelona. As the office sector is most exposed to economic uncertainty and business sentiment, the leasing market has seen only a limited number of large-scale transactions and occupiers continue to favor smaller, quality space.

The very low availability of grade A properties and the appeal of high-quality assets located in the most sought-after districts continue to drive prime rents up. Over the past 12 months, Brussels (+14%), Central Paris (+12%), Frankfurt (+10%), Rome (+8%) and Milan (+7%) have seen the most significant increases in values. Some French regional markets also recorded strong increases such as Bordeaux and Lyon (+12%). The flight to centrality remains the norm. The focus on quality should continue to support prime rents over the coming quarters, albeit at a slower pace. The gap between prime and average rents is growing, reflecting the disparity of office markets. Prime rental values are still driven by high demand for top quality space. Net effective average rents are growing at a slower pace as demand for secondary locations is weaker and requires higher incentives. This and next year are likely to deliver weaker rental growth compared to the recent past, but in absence of major macro-economic shocks, rents should continue to grow or at least remain stable in the more difficult markets such as Dublin, Berlin, London Docklands and some regional centers. A brighter picture could emerge in 2027 or 2028.

The pan-European vacancy rate has increased by 0.7 percentage points over the year and stands at 9.1% in Q1 2025 with a much lower rate of 5.3% for the key CBD markets and an average of 10.6% for the non-CBD areas in the top 13 European markets. The lowest availability rates are recorded in the CBDs of Milan (2.8%), Barcelona (3.0%), Munich (3.2%) and Paris (4.2%), while vacancy levels continue to climb in many decentralized and peripheral locations in these same cities. However, offices will get spared the vacancy levels seen after the GFC. In some markets such as Luxembourg, Hamburg, Lyon or Cologne, vacancies have barely risen at all.

The Achilles heel of the office sector remains the investment market with the sector accounting for just 20% of all transactions in Q1 2025. Despite investor surveys showing that appetite has started to recover from record lows and pricing appears to have stabilized for prime and transaction yields, offices have never had such a low market share and absolute volumes are at GFC lows. However, recent strong rental growth for the best performing offices in supply-constrained markets has started to attract investors back into the sector.

Source: Nuveen Real Estate as of May 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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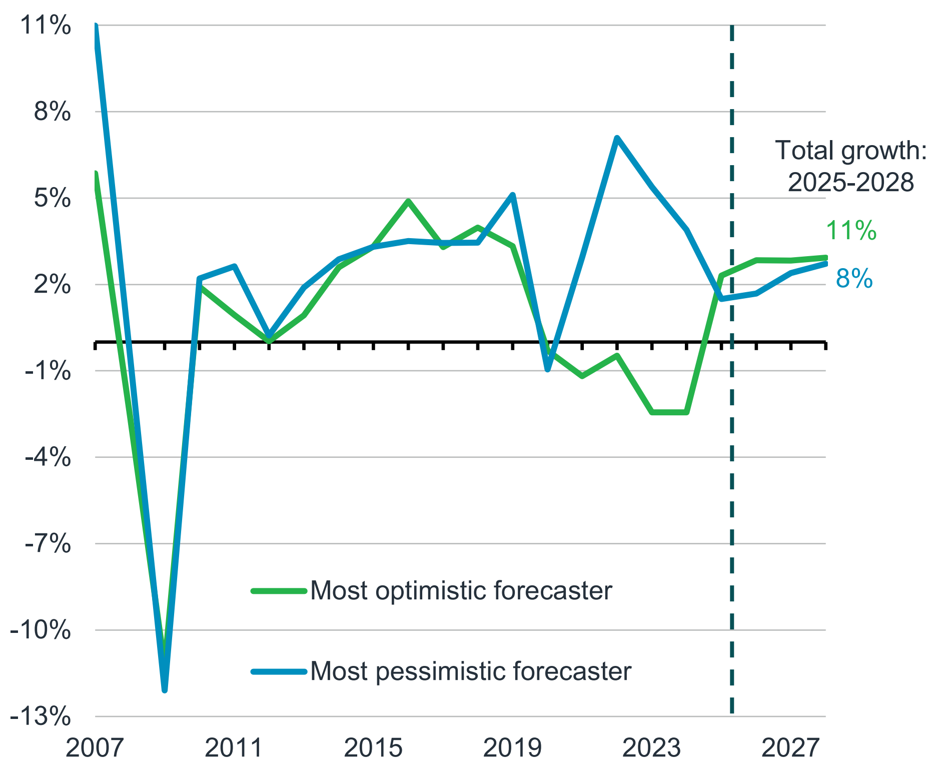
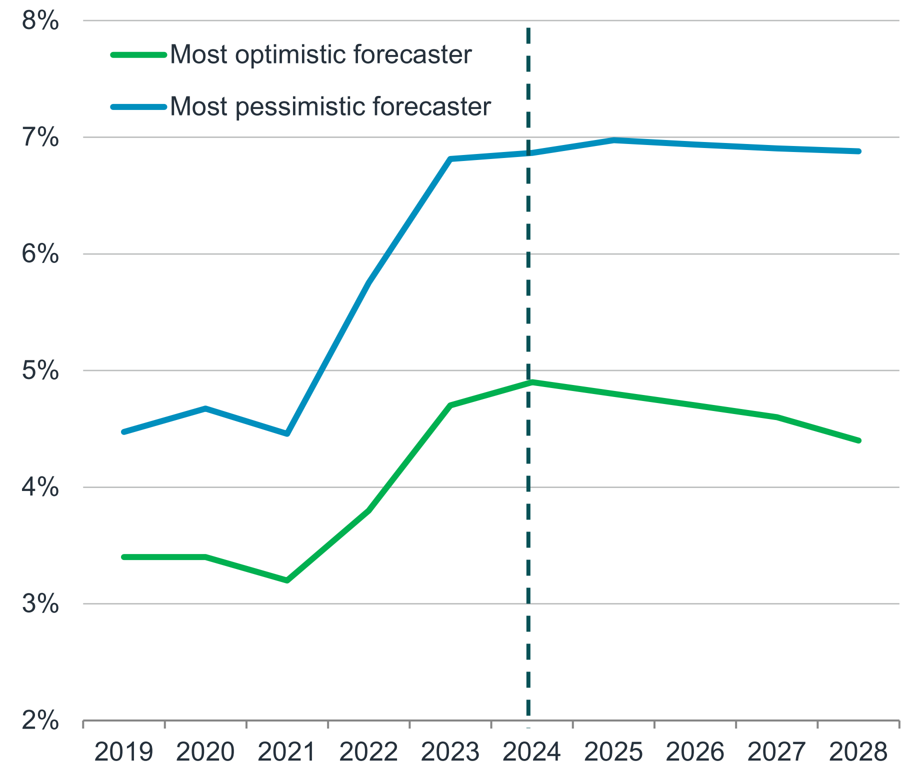
European offices benefit from occupational market strength

Office rental growth, p.a.: Forecasters agree on positive occupational outlook



Office yield forecasts: Forecasters diverge on yield projection



Source: PMA, CBRE, JLL, Costar, Greenstreet, May 2025

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European retail

Despite cautionary economics, European consumers have healthy household balance sheets and are sitting on large pools of savings

- Whilst the impact of U.S. trade policies enhance uncertainty, European consumers are in a defensive position with healthy household balance sheets driven by rising savings rates currently c.200 bps above the long run average
- Oxford Economics forecast Eurozone nominal retail sales to increase by 3.4% p.a. over the next five years, twice the growth rate experienced in the 15 years pre-pandemic
- Nuveen Research support grocery anchored and diversified retail parks, giving investors the opportunity to access improving retail market fundamentals in smaller and liquid lots sizes, which provide strong, stable and diversified income

European consumer confidence remains fragile. Having improved slightly in the second half of 2024, consumer confidence declined again in April 2025. The European Commission's eurozone indicator dropped to -16.7 in April from -14.3 in December. The biggest declines were seen in Ireland, Sweden, Belgium, Denmark and Austria while consumer confidence improved in Poland, Germany and Finland. Consumers are impacted by wider economic sentiment and low growth expectations as well as uncertainty due to ongoing geopolitical tensions and the U.S. trade and tariff war with China and the EU. Retailer confidence has dipped too after improving during the last few months of 2024 and remains below its long run average. The lowest levels were recorded in Germany (-26.2), France (-14.5) and Belgium (-11.3), while Sweden, Finland, Italy and Ireland remain in positive territory. Low retail trade confidence will impact store acquisition programs and while there will be market variance, new store openings remain dominated by discount and food operators who are more resilient during economic uncertainty.

Most recent spending data highlights real retail sales rose by 2.3% in February 2025 compared to the previous year, with food sales increasing by 1.9%, non-food products by 2.5% and fuel by 0.7%. This is a result of lower inflation driving the volume of sales upwards and comes after a period of flat q-o-q sales in the previous three months and a decline of -0.3% in October 2024. Country performance varies — Poland, Slovakia and the Netherlands have underperformed with sales volumes falling by -1.5%, -1.4% and -1.0% respectively. Meanwhile, Portugal, Germany and Spain saw growth of 5.0%, 4.8% and 3.8% respectively.

The impact of U.S. trade policies will enhance uncertainty across global markets, but European consumers are in a defensive position. Healthy household balance sheets driven by rising savings rates currently c.200 bps above the long run average have left consumers in a resilient position sitting on large pools of savings. There is the expectation that falling interest rates will drive increased spending versus saving and support enhanced growth across the European retail market. Oxford Economics forecast Eurozone nominal retail sales to increase by 3.4% p.a. over the next five years, twice the growth rate experienced in the 15 years prior to the pandemic of 1.7% p.a.

Despite some cautionary economics, retail investor sentiment continues to gain traction and RCA recorded 12-month rolling investment volumes up 17% versus the same period last year in Q1 2025. Investors will favor grocery anchored retail which remains more defensive through economic volatility. Nuveen Research support grocery anchored and diversified retail parks which provide access to solid retail fundamentals in smaller and liquid lots sizes, backed by strong, stable and diversified income. Retail parks provide omnichannel retail opportunities, inflation linked leases, higher income returning assets, low capex and sustainable compatible real estate.

Source: Nuveen Real Estate, as of April 2025

Jump to:
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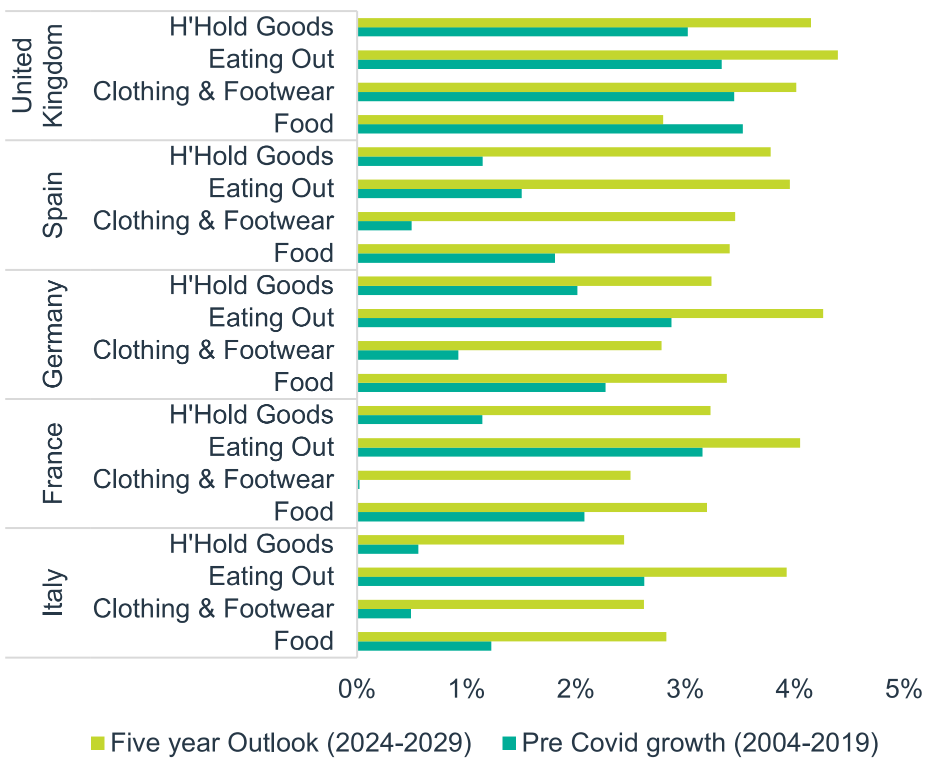
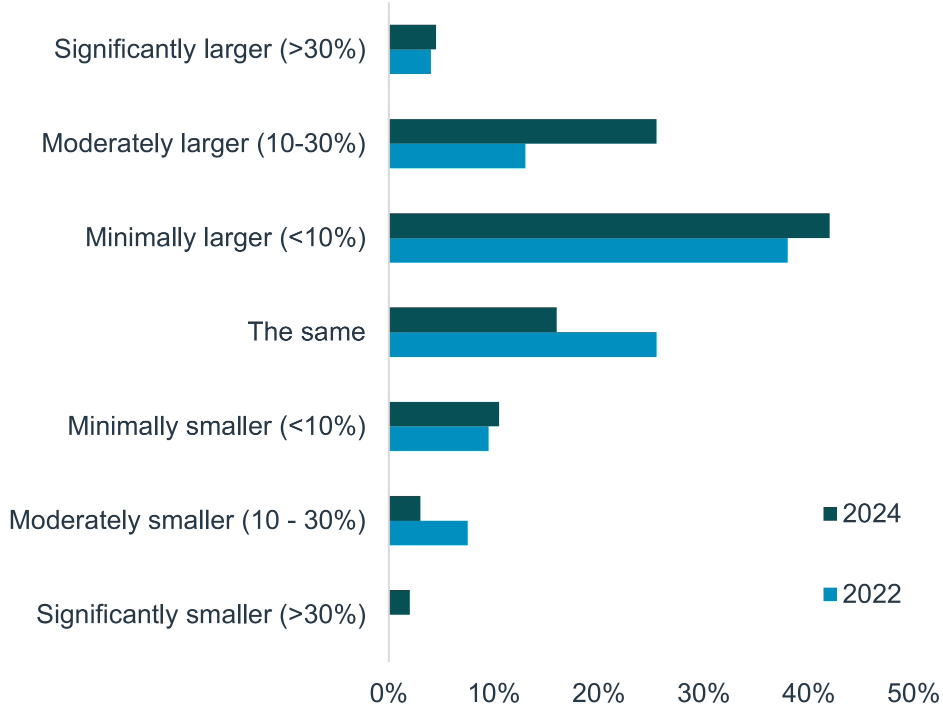
European retail

A pick-up in European consumer spending growth is expected across all retail sectors and countries over the medium term. This coupled with increasing occupier store expansion plans puts retail sector fundamentals on a good footing

Evolution & forecast of consumer spending growth, % p.a. (nominal)



What are retailers' plans for physical store network in the short term?



Source: Oxford Economics, Eurostat 2025, CBRE Research Occupier Survey Dec 2024, Nuveen Real Estate Research as at May 2025

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European logistics

Signs of recovery in Europe: transactions holding up and continued inward yield shift in a few markets

- Confidence in the European industrial and logistics real estate markets improved in Q1
- Average prime rents in Europe increased by around 2.5% y-o-y and by just 0.6% in the first quarter of 2025
- High levels of completions led to an increase in the vacancy rate
- Logistics transaction volumes amounted to €8.2 billion in the entire 2024, which is 5% lower than a year ago
- Inward yield shift in a select number of locations – stabilization in other markets
- Investment activity is expected to pick up this year

Confidence in the European industrial and logistics real estate markets improved again at the start of 2025 after it fell to its lowest level since July 2020 at the end of last year. Compared to the fourth quarter of 2024, Ireland, the Czech Republic and Germany recorded the highest increases, but except for Ireland, all markets remained in negative territory. The largest negative values were posted in Germany, Poland and Austria.

Rental growth remained subdued in the first quarter of 2025, with an average increase in prime rents just 0.6% in the 40 European markets monitored by JLL. Only nine markets recorded further rent increases in Q1 2025, the rest remained unchanged except for Katowice (-8.3%). Compared to the same quarter of the previous year, the increase was somewhat higher, averaging 2.5% until the end of March 2025, but continues to trend downward.

The vacancy rate is still trending up after increasing from a record low of 2.9% at the end of 2022 to currently 5.3%. The main reason for this are the elevated construction levels which peaked at the end of 2021 and has since reduced along with slowing take-up as firms are now more reluctant to commit to leasing additional space.

European logistics investment volumes amounted to c.€8.2 billion in the first quarter of 2025, which is 5% below volumes in the same quarter last year. The U.K. again lead the country rankings at the start of the year with transactions worth €1.5 billion and an 18% share of the total European logistics market, followed by Germany with €1.2 billion of deals (15% share) and a decrease of 30% compared to the same quarter in 2024. All other markets were below the €1 billion mark. The Central and Eastern European markets recorded very large y-o-y growth, of 180% over the 12-month period, as did Iberia, with 56% higher revenues than in the same period last year. Following a large increase in logistics volumes between 2020 and 2021, the sector successfully maintained or expanded its sector share of currently 18% despite the general market downturn. Above-average results are expected for this year too, following significant re-pricing and many investors are planning to (re-)enter the logistics market.

Prices for logistics assets remained largely stable in the first quarter of 2025, after rising in some countries at the end of last year for the first time since mid-2022. In Q1 2025, prime net initial yields for logistics properties fell by 25 basis points (bps) in Brussels and some other Eastern European markets, by 20 bps to 5.0% in Madrid, by 15 bps to 4.10% in Switzerland, by 20 bps to 5.40% in Finland and by 5 bps to 5.20% in Denmark. In all other major logistics locations, net initial yields remained unchanged, ranging from 4.10% in Switzerland to up to 7.50% in Central and Eastern Europe. This demonstrates that the price discovery phase in the logistics investment markets is definitively over and that buyers and sellers have found a new price level. In conjunction with further falling key interest rates and improved financing conditions, rising volumes and purchase prices are also expected for the current year.

Source: Nuveen Real Estate, as of May 2025

Jump to:
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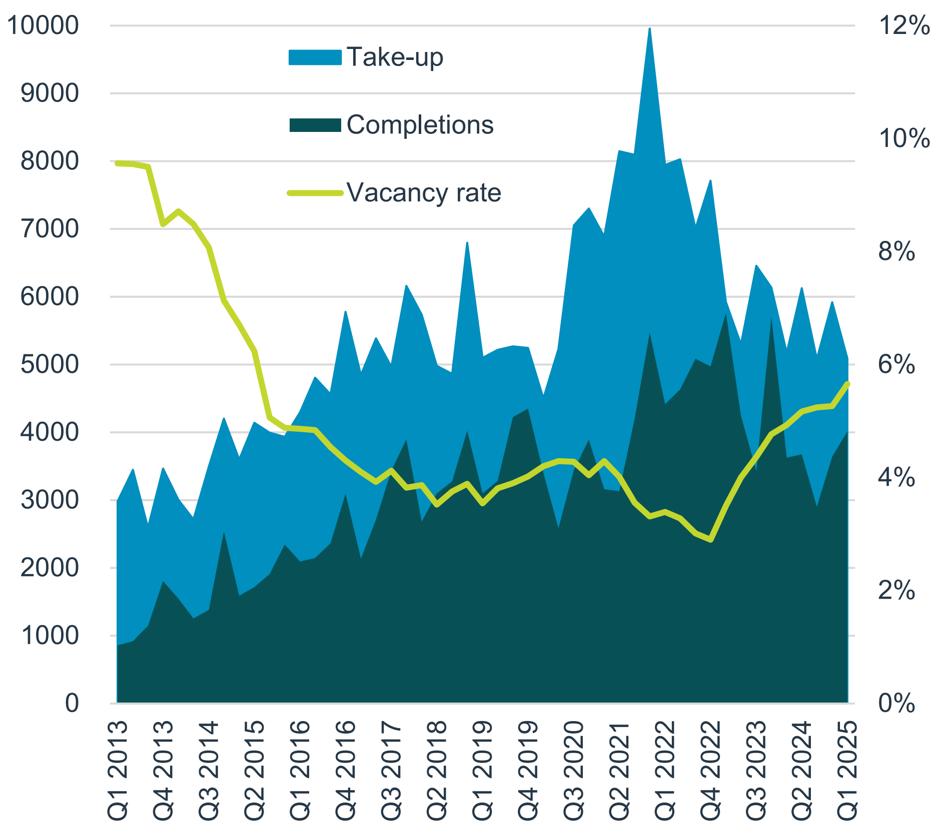
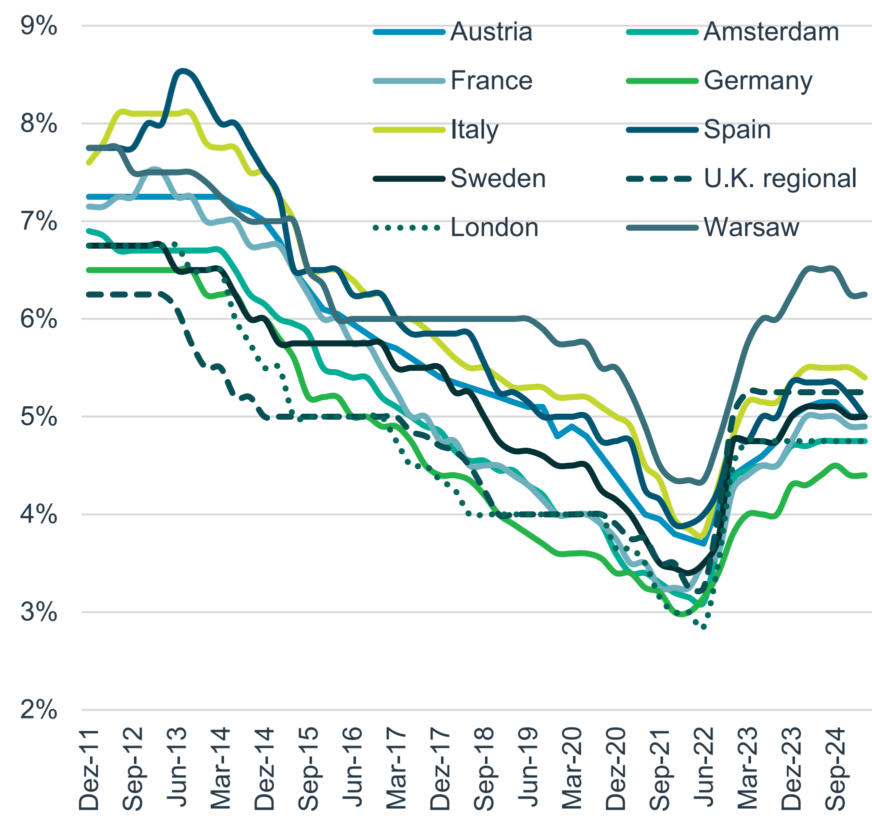
European logistics

Record levels of completion and slowing take-up have led to increase in vacancy – yields have started to compress

European logistics take-up & completions, 000 sq m (LHS) and vacancy rate, % (RHS)



European prime net yields, %



Source: JLL, CBRE, Nuveen Real Estate, as of May 2025

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European residential

Economic uncertainty will have impacts on the housing market, but the sector feels better insulated driven by local demand and supply characteristics. A likelihood that any significant impact on economic growth will restrict housing availability and continue to push people to rent.

- High demand and low supply continue to support the European living sector over the medium term
- Whilst economic uncertainty will have impacts on the housing market, the sector feels better insulated driven by local level demand and supply characteristics
- Potential for opportunities in nascent sectors such as single-family housing is gathering traction in more mature markets such as the U.K.
- Affordable housing will remain a sub-sector with strong fundamentals driven by structural demand / supply imbalance and further exacerbated by a downside risk in the economy

European house prices are recovering from the falls experienced in late 2022 and 2023 following the rise in borrowing rates and decline in housing transactions as home ownership became increasingly expensive. In Q4 2024, the Netherlands and Spain saw the highest increase in house prices up 11.5% and 11.2% versus last year. Some markets see continued house price falls including France which fell -2.1% and Finland at -2.5% in Q4 2024, but declines were much smaller than corrections at the start of 2024. Oxford Economics forecast Eurozone house prices to grow 3.7% this year. Economic uncertainty will have an impact on the housing market, but the sector feels better insulated, driven by local level demand and supply characteristics. A likelihood that a significant impact on the economy will restrict housing availability and continue to push people to the rental market.

Rising house prices will enhance barriers to home ownership and while interest rates fall, they remain higher than the previous cycle and will continue to push people into the rental market. Eurostat's Q1 2025 rental data saw rising rents across all European countries, with the highest in Sweden at 6.2% and lowest in Finland at 1.7% (Q1 2025 versus Q1 2024). Spain saw rents increase by 2.4% which feels undercooked when we match Spanish market data from Idealista showing rents up 74% in Valencia, 62% in Barcelona and 44% in Madrid in less than five years*. Eurostat data considers all types of rental properties for housing, i.e. for social rents and market rents, new and existing rental contracts. We are aware that rental increase for new builds have been increasing greater than the market average.

Housing shortage issues across Europe remain acute and are well-versed across European cities. A shortage of supply will continue into the medium term and supports occupier demand and growth, but rental affordability needs to be considered, and we believe rental growth will drop back to more sustainable levels with growth at a lower rate compared to the elevated positions we saw in 2023/2024. There is an expectation that rents will increase by a sustainable 3-4% over the medium-term outlook.

We expect investor sentiment to remain solid with institutional investors looking to scale up and pivot towards residential and alternative sectors. Pricing has now stabilized, with yield compression taking place across some markets including Vienna and Amsterdam. The U.K. and Germany have taken the largest share of investment volumes, and whilst multifamily housing remains the most transparent and liquid typology, we are seeing growing interest in other nascent sectors. In the U.K., for example, single-family rental (SFR) is a growing subsector. Knight Frank recently reported that SFR investment volumes have grown from 4% to 44% in the build-to-rent market in the last five years.

Source: Nuveen Real Estate, as of January 2025 *Idealista news April 2025

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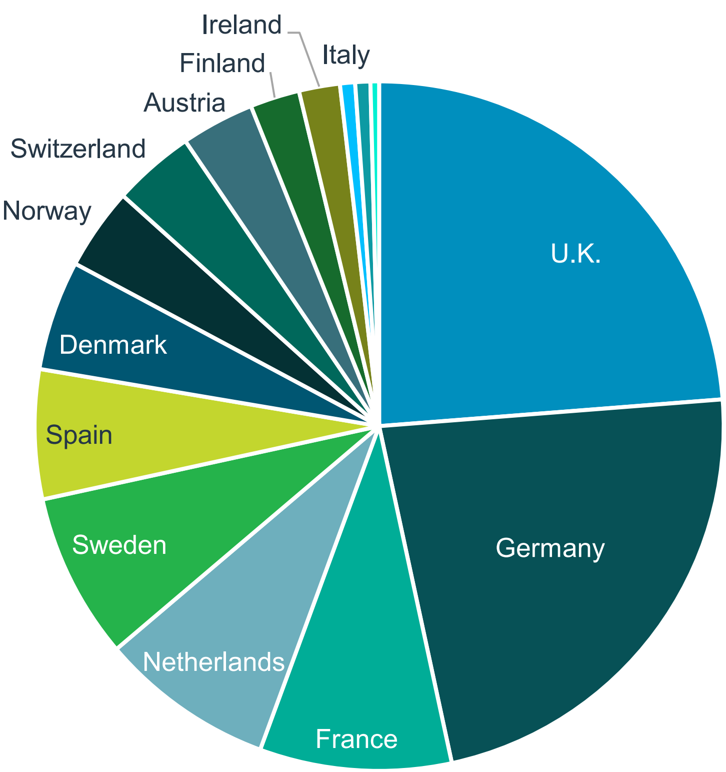
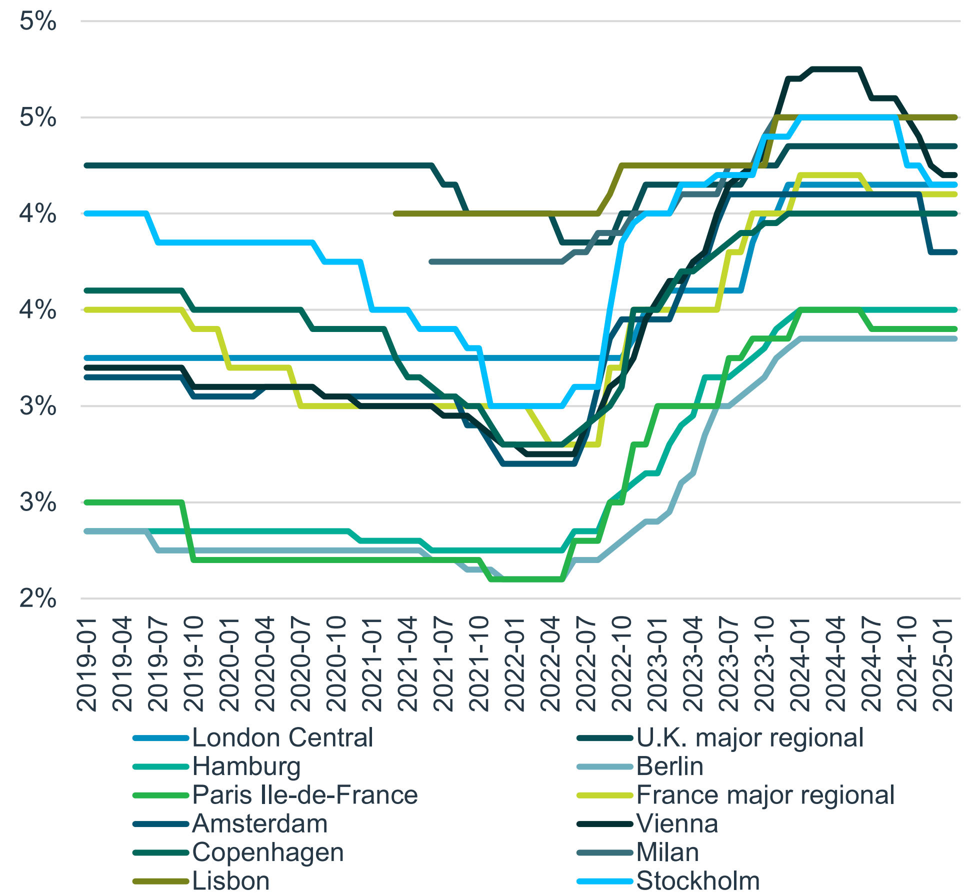
European residential

Investment yields have stabilized and starting to compress across Europe

Country residential investment volumes as % of all Europe residential investment over past five years



CBRE prime multifamily yields, %



Source: Nuveen Research as at April 2025, RCA , CBRE April 2025

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European alternatives

Stronger storage outlook in continental Europe than U.K.; purpose-built student accommodation (PBSA) performance has remained strong across the board

Self-storage:

- Southern Europe's housing market saw faster recovery, boosting storage demand
- Continental Europe is expected to outperform, with higher occupancy and stronger rental growth forecast than the U.K.

Student housing:

- Rental growth has remained robust in 2024, averaging 5% across Europe
- Average occupancy remained high at 97%, albeit slightly lower in selected markets
- Q1 featured the launch of several student housing platforms and the bidding for key large student portfolios

Self-storage

The sector is exhibiting regional divergence, shaped by varying macroeconomic and housing market dynamics. Southern Europe, in particular, has experienced a notable resurgence in housing transactions, underpinned by strong post-Covid economic momentum. In contrast, housing market activity has been more subdued in the U.K. and France, where rising government bond yields have placed upward pressure on mortgage rates. This has tempered transaction volumes and slowed near-term demand for storage. In terms of business demand, sentiment dipped in the U.K. following the autumn budget, whereas confidence across much of continental Europe has improved amid easing inflation and a more optimistic economic outlook, prior the tariff announcement.

Given the diverged trend, we expect self-storage in continental Europe to outperform the U.K. over the near-to-medium term. Green Street forecast the occupancy rate to approach 90% on the continent, while the U.K. is expected to stabilize at around 80%, with meaningful improvement anticipated from 2028 onward. Over a five-year horizon, rental income growth in continental Europe is projected to average nearly 4% annually, compared to a very modest sub-1% in the U.K.

Student housing

2024 marks the 6th consecutive year of rental growth for European student housing, with the continent averaging a 5% increase. However, performance varied across markets. The U.K. continued to lead with double-digit growth at 11%, followed by Portugal (8.4%) and Denmark (7.8%). In contrast, rent growth decelerated in Italy (1.0%), Austria (1.8%) and Sweden (1.8%) over the year. Average occupancy remained stable across most European countries in 2024, holding firm at around 97%. That said, a few markets saw slight softening, with Germany and Austria down by 3%, and Italy and the U.K. down by 2%. While overall student housing performance has moderated this year, it is important to note that this comes off an exceptionally high base. Underlying fundamentals remain strong, and will benefit from additional international student inflows, given the policy and political shifts in other major student destinations.

Last quarter saw the launch of several student housing platforms, with investor appetite remaining strong. Key ventures include the €500 million Enterprise Land x Capital Assured platform, Elva Centreus going live with a £200 million development pipeline, ~£600 million in offers for Apollo's U.K. student portfolio, and Brookfield's €1.2 billion sale of its student housing business, Livensa.

Source: Nuveen Real Estate Research, as of Apr 2025

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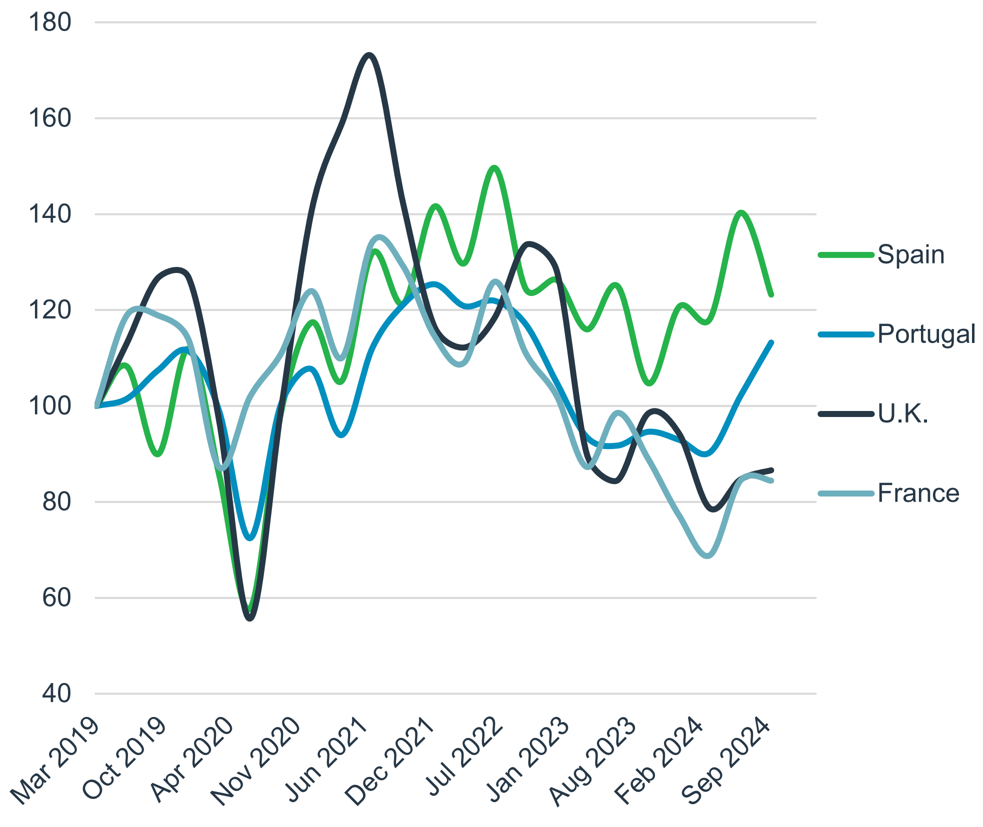
European alternatives

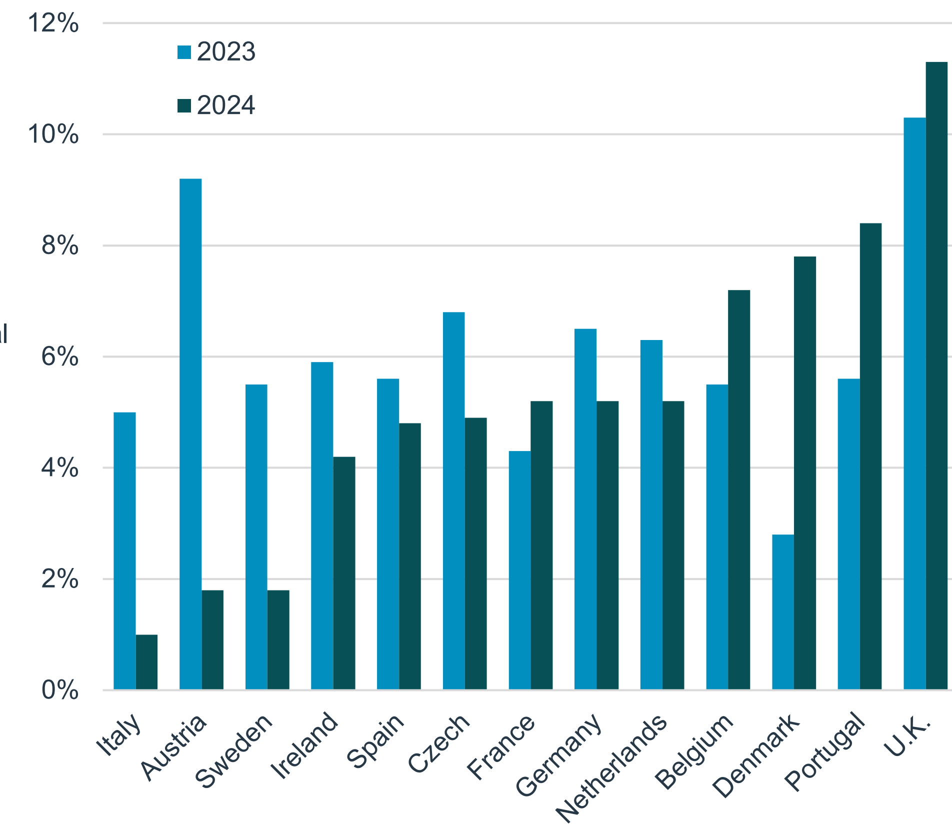
Storage fundamentals in U.K. lag the continent; PBSA rental growth averaged 5% across the continent

Residential Transactions Index (2019=100)



Source: Eurostat, Land Registry, 2025

PBSA rental growth, % p.a.



Source: Bonard, 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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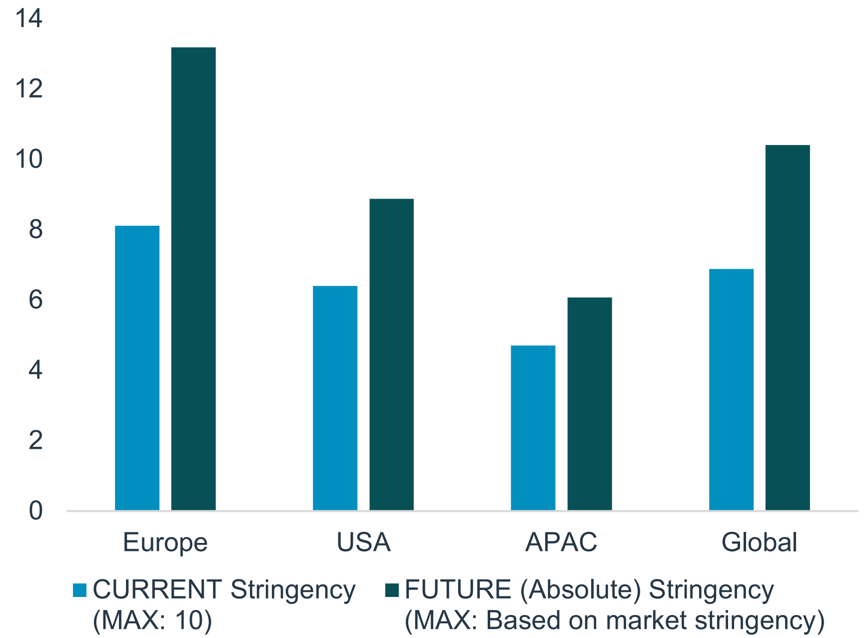
European sustainability

European regulation to continue to outpace global regions, and cities lead on NZC ambition

The regulatory stringency of the European market will continue to significantly outpace the U.S. and APAC over the coming years, despite the delay of the key regulations such as CSRD and CSDDD. In the U.K., the update on the Future Homes Standard timeline which will include 'ambitious decarbonization targets' for the residential sector, and the planned U.K. Carbon Border Adjustment Mechanism in 2027 is noteworthy. In Germany, the recent update on renewable energy requirements for new construction along with Finland's emissions limits for new residential construction contribute to the upward trend. Across several European cities, NZC targets are more ambitious than national commitments, with London, Helsinki and Edinburgh all having target dates well ahead of their respective countries.

Regulatory stringency, current versus future - regional level



NZC targets – City versus country

Source: PMA, Q1 2025

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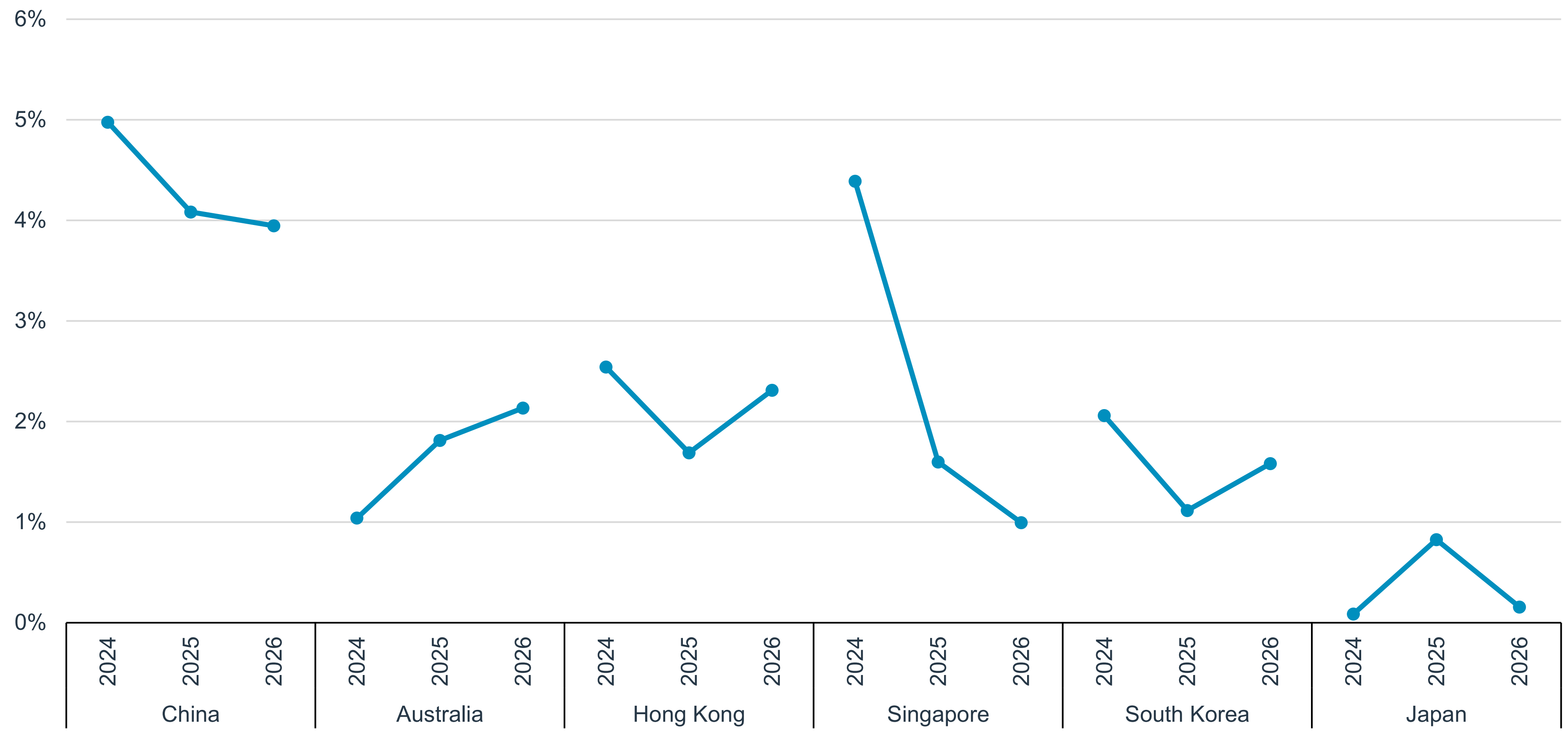
4

Asia Pacific

Near-term balance of risk is to the downside…

Real GDP growth for major Asia Pacific markets



Source: Oxford Economics, May 2025

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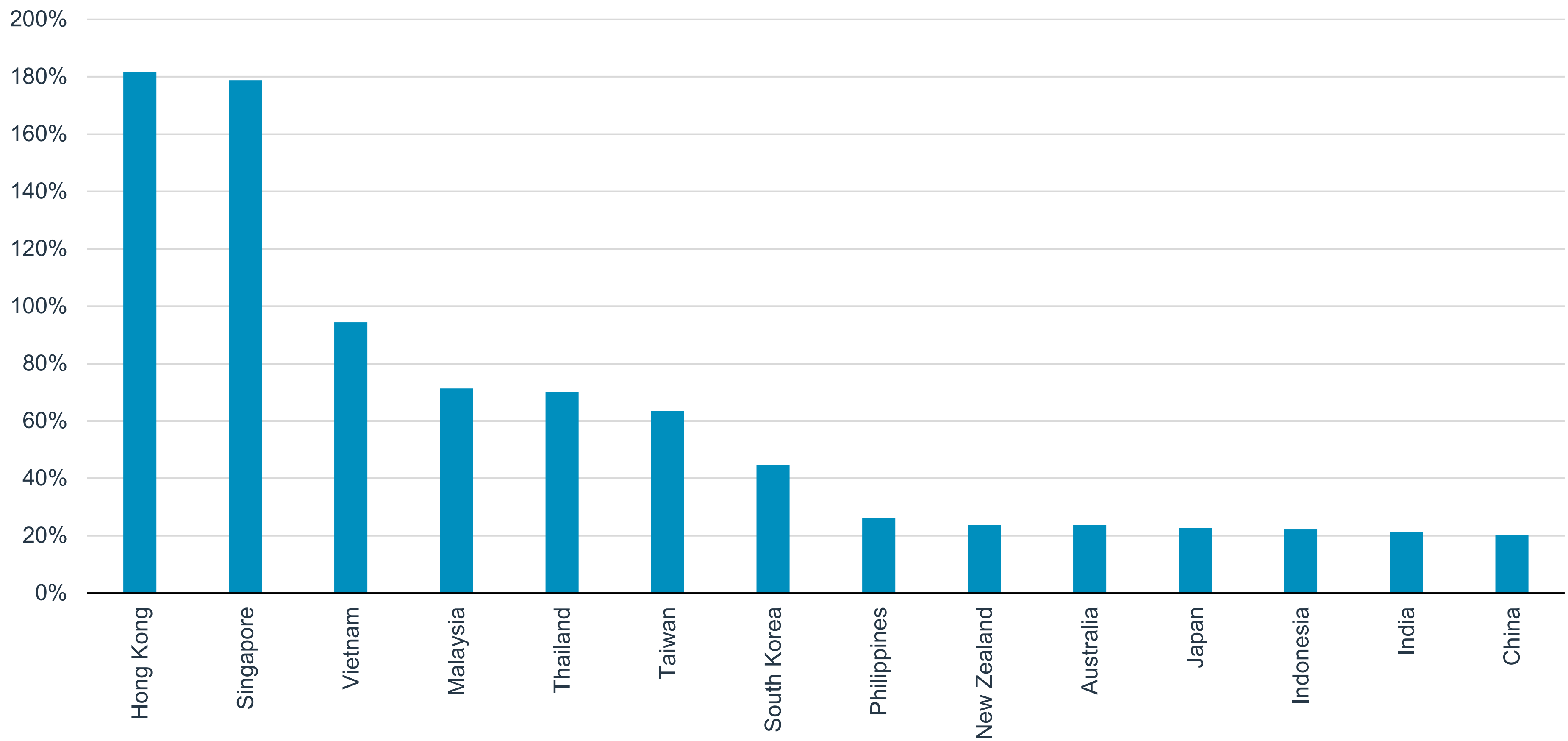
...Given vulnerability to global demand slowdown

Exports of goods and services (% of GDP)



Source: Oxford Economics, CEIC, May 2025

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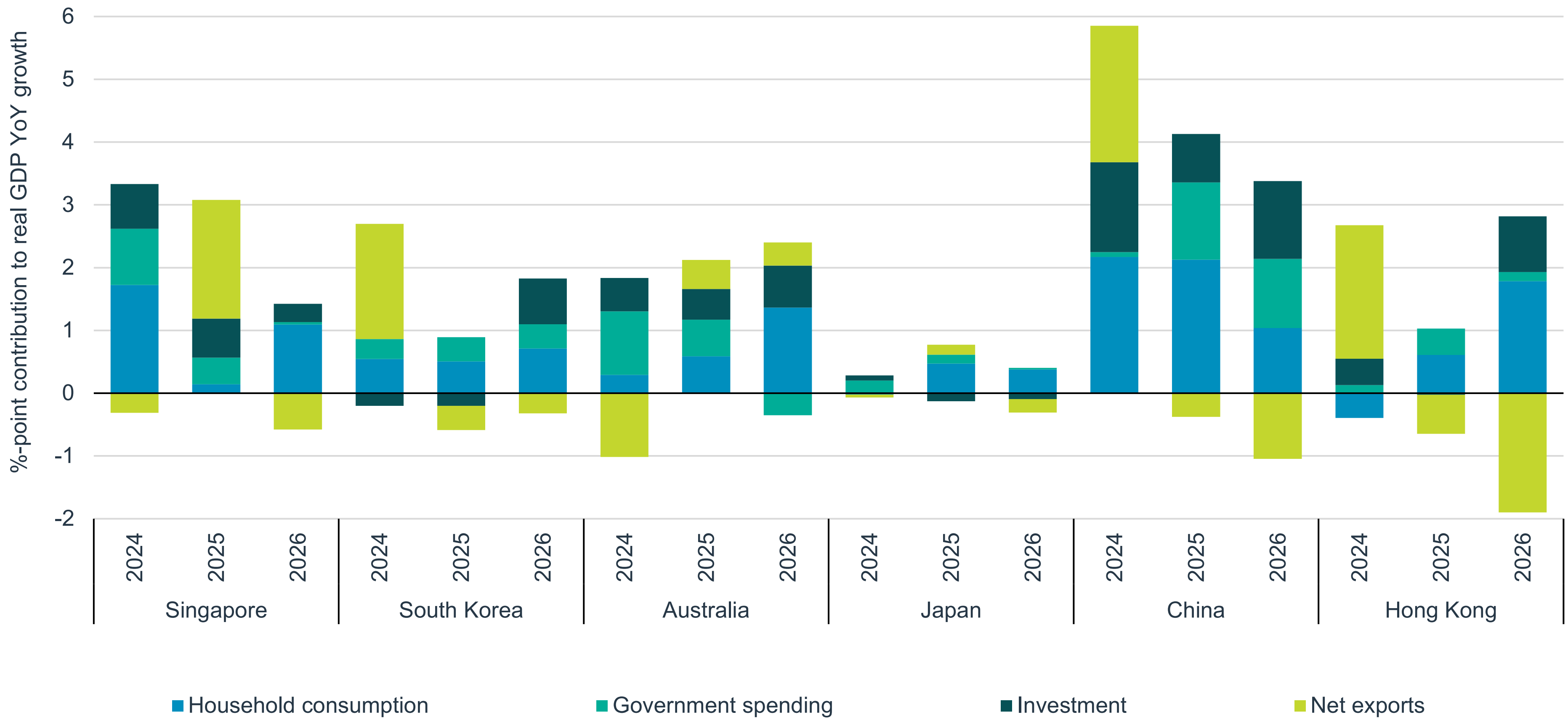
Resilience heading into near-term slowdown

Contribution to GDP growth



Source: Oxford Economics, Nuveen Real Estate, May 2025

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Property markets can withstand headwinds

Distressed asset sales in Asia Pacific and share of total sales

Source: MSCI RCA, May 2025

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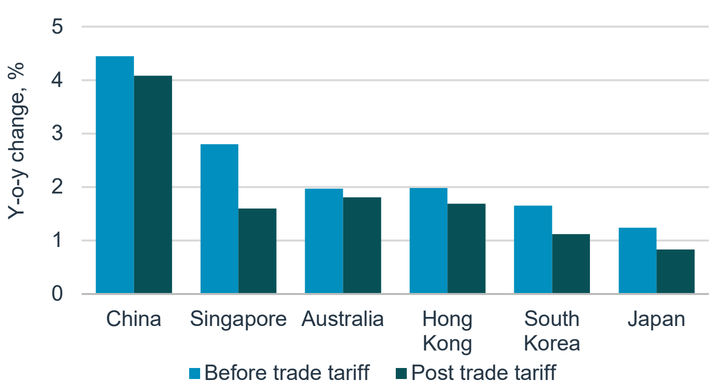
Asia Pacific economics

Growing risks but there is a policy buffer

- Asia Pacific economies are holding ground so far this year, but risks are rising due to the U.S.-imposed worldwide tariffs
- Central banks across the region are likely to accelerate policy easing to mitigate the downside impact on growth

Real GDP growth forecast in 2025, %



Source: Oxford Economics (April 2025)

Balance of risks tilted to the downside (for now)

Sustained resilience is facing off against U.S. policy shocks: Activity so far across most regional economies suggest that growth is standing on solid ground, particularly with robust business hirings and production. However, the magnitude (and uncertainty) of U.S. tariffs imposed on regional economies warrants a material reassessment of the medium-term growth outlook, especially as consensus now expects the global economy to tip into recession this year. Looking past at what happened during Covid, there might be a sentiment shock (both business and consumer) that is likely to accelerate, which may then dampen near-term spending quite significantly due to the uncertainty on the growth outlook. This is especially as retaliation is likely to heighten – China has now imposed additional tariffs on all U.S. imports alongside adding more U.S. companies to its Unreliable Entity List.

Given the high export-to-GDP ratio for many regional economies, a slump in global demand will weigh on trade and investment, ultimately dampening on medium-term growth. Even while China's exports to the U.S. have fallen since the first trade war (1st Trump administration), some APAC countries have benefitted from China's transshipments – this time around, this is unlikely to happen given the uniform (at least) 10% tariff on all goods imported into the U.S. Some sectors will also hurt more than others – for instance, U.S. tariffs on all automobiles and auto parts will weigh heavily particularly on the Japanese and South Korean automotive sectors – the U.S. accounts for about 20% and 7% of sales, respectively. There will also be pass-through on other sectors in the supply chain. Some countries will also be impacted more than others through direct tariff hike (China, Vietnam) or through high trade exposure (HK and Singapore are open economies).

With inflation close to target and real rates still in restrictive territory, **monetary policy has space to ease** and more accelerated interest rate cuts in the coming months are likely; fiscal stimulus will likely be deployed with increases in supplementary budgets to counter the slowdown. For Japan, domestic price pressures are not likely to dissipate quickly due to structural and cyclical factors keeping the labor market tight, wage growth high and services inflation sticky. The BOJ is likely to maintain a tight policy stance.

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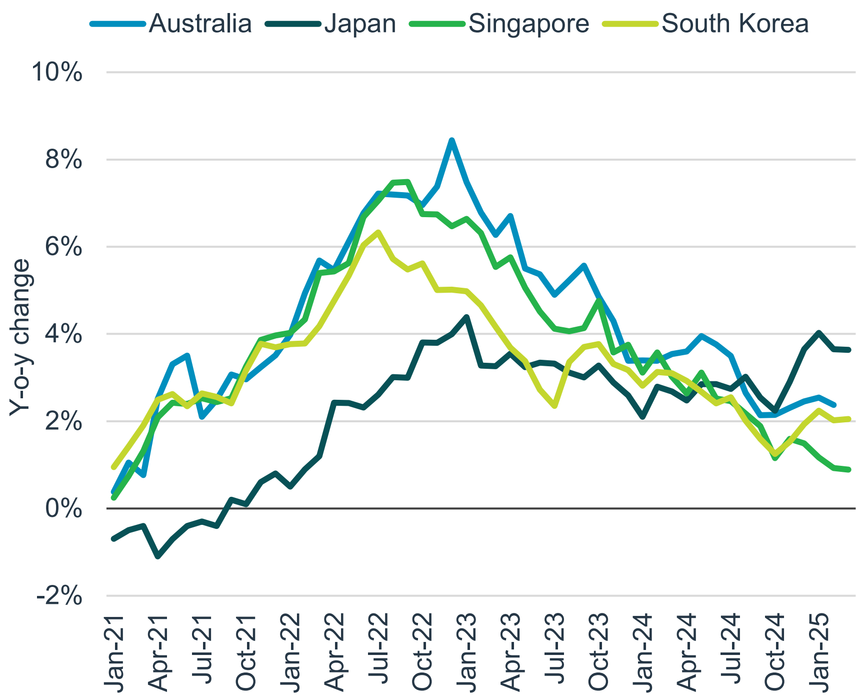
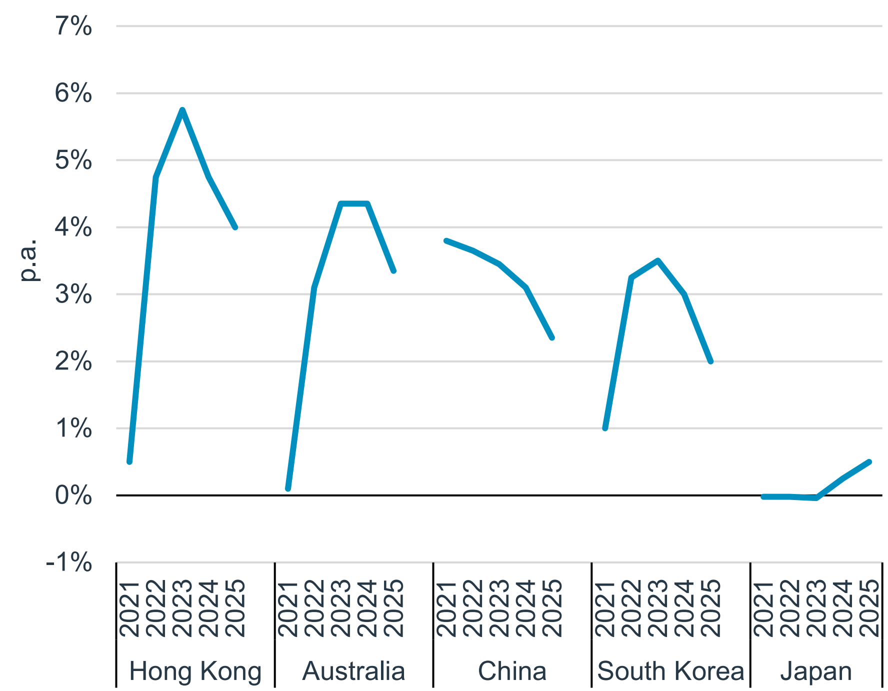
Asia Pacific economics

Central banks will likely increase the pace of interest rate reductions

Inflation



Policy interest rates forecast



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

Note: Hong Kong's interest rate is the discount window rate, Australia's is the cash rate, Singapore's is the 3M SIBOR, South Korea's is the base rate, China's is the 1-year LPR, and Japan's is the overnight uncollateralized rate

Jump to:
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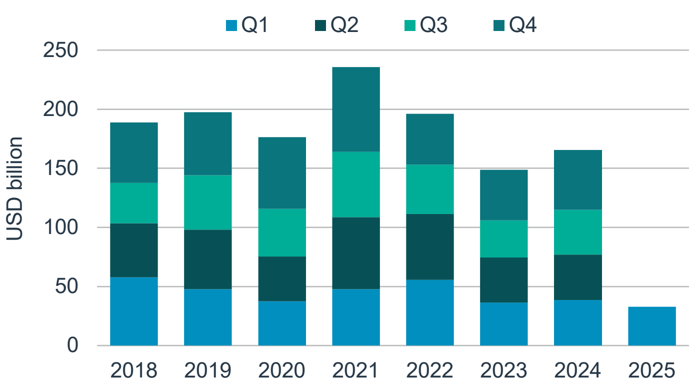
Asia Pacific investment market

A challenge is emerging

- Deal flow to persist but may slow due to near-term market uncertainty and widening bid-ask spread
- More accelerated policy easing may draw capital market interests, especially in sectors underpinned by structural drivers

Asia Pacific commercial real estate investment volume



Note: Development site transaction is excluded.

Source: RCA (Q1 2025); Nuveen Real Estate Research (April 2025).

Slowing maybe but not pausing

The economic impact of Trump's tariffs has yet to be concretely felt although unease is growing due to the near-to-medium uncertainty on economic sentiment and growth. Where previously investment volumes have started to recover towards year-end 2024, it is now likely that deal flows may slow as investment sentiment takes a momentary hit and bid-ask starts to widen again. That said, while downside risks have certainty heightened – consensus has started to mark down growth projections this year – it is unlikely that deal volumes will tank suddenly, such as during the initial period of the GFC or the pandemic. That the property market is still on the throes of the initial leg-up after the more than two years of tightening financial conditions, with substantial dry powder on the sidelines and expectations that interest rates cuts are likely to accelerate, will help underpin investor interests somewhat. Substantial repricing, backed by improving fundamentals, will also help support buyer interests – the Australia east coast office market is a good case in point.

Dichotomy in performance: While no business sector will be immune to the tariffs and the downturn in growth, property markets tied in to more domestic-driven sectors will likely outperform or stay more resilient during this period of unease. Investors are likely to look across cycles and focus their attention on fundamentally sturdy sectors such as Australian student housing (students typically prolong their studies during periods of growth uncertainty) while Japanese senior housing will also continue to face demographic tailwinds. While cuts to interest rates will benefit homebuyers, affordability issues in structurally undersupplied markets will continue to drive the appeal of the build-to-rent housing sector. In Japan, the multifamily sector will be underpinned by high construction costs, elevated condominium prices and tightening financial conditions, drawing ongoing capital market interests. While the export sector will take a hit from the tariffs, onshoring to bolster the supply chain catered to domestic demand will drive ongoing occupier interests in distribution centers and last mile facilities. On the other hand, the Greater China property markets are unlikely to see a reprieve. The malaise in the office sector will likely be prolonged, with rents in the Shanghai office market for instance having fallen for the 12th straight quarter in Q1 this year. Liquidity in Hong Kong will stay tight as investors continue to assess the risk premium tied to China's geopolitical strains with the U.S.

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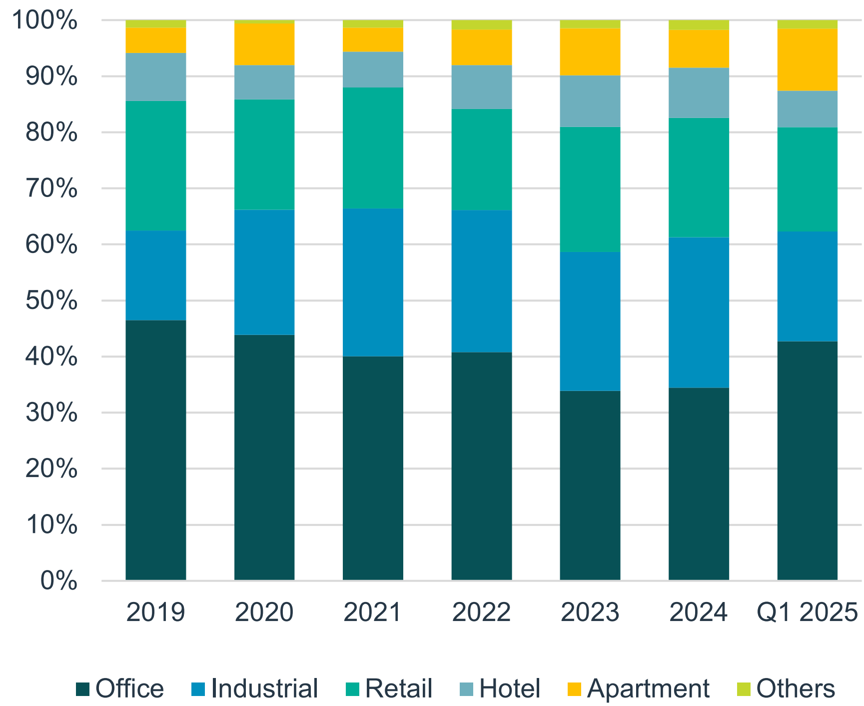
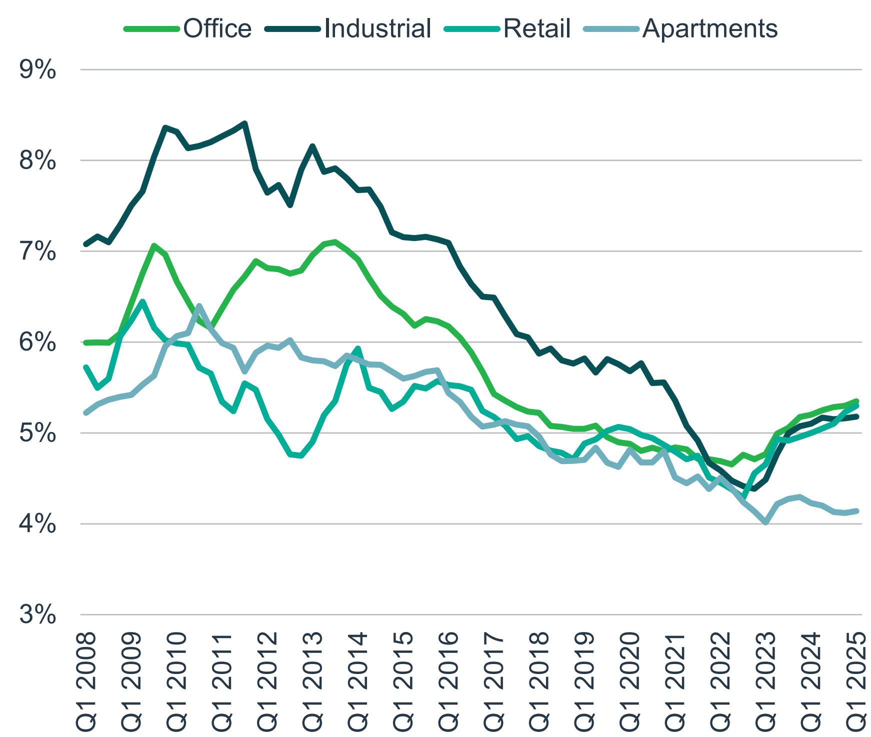
Asia Pacific investment market

Cap rates are expected to stabilize due to lower interest rates, with investors prioritizing sectors such as living

Asia Pacific investment turnover by sector



Asia Pacific real estate cap rate



Source: RCA (Q4 2024); Nuveen Real Estate, January 2025.

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Asia Pacific office

Focus on cyclical opportunities

- Occupiers are expected to maintain a cautious approach to business expansion due to weakened business confidence
- Some markets have shown greater resilience, such as Tokyo, with robust net absorption driven by domestic demand, and Seoul and Singapore, with both markets continuing to be underpinned by limited new supply over the next three years
- There remains opportunities for investors to acquire high-quality office buildings with stable cash flow, positioning them to benefit from a reset in valuations when financing costs decline

Leasing challenges will intensify

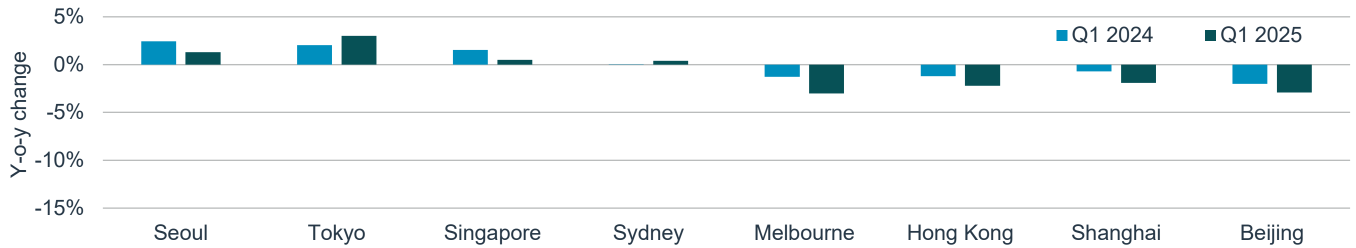
Rising economic and geopolitical uncertainties have weakened business confidence, though office employment remains unaffected yet, with the jobless rate generally lingering at cyclical lows. As such, occupiers are expected to maintain a cautious, conservative approach to expansion, with a stronger focus on lease renewals.

That said, some markets have shown relative resilience due to the strength of domestic demand. For example, the Tokyo office market remained robust in Q1 2025, with net absorption of approximately 370,000 sq m, marking the highest quarterly figure over the past five years. Demand was primarily driven by domestically focused sectors, including services, information and communications, transport and postal services, and manufacturing. Additionally, a significant portion of Tokyo's new office supply for 2025 has been pre-leased, mitigating vacancy risks and underpinning the rental recovery trajectory.

Overall, during this period of slower and uneven leasing demand, tight market availability will be critical to maintaining stable or modestly growing rents. Seoul and Singapore, for example, will have limited new supply, at 32% and 26% below their 10-year averages respectively, over the next three years. Conversely, markets with high vacancy and supply risk, such as Beijing, Shanghai, Hong Kong and Melbourne, may face continued downward pressure on rents. Landlords in these markets are offering more incentives to boost occupancy, accelerating rental declines.

Well-located prime offices have outperformed secondary assets in recent years, supported by flight-to-quality demand. While this demand may moderate in the near term, prime assets are likely to remain resilient due to lower vacancy rates. There remains opportunities for investors to acquire high-quality office buildings with stable cash flow, positioning them to benefit from a reset in valuations when financing costs decrease.

Grade-A CBD office net effective rental growth



Source: JLL, CBRE, (Q1 2025); Nuveen Real Estate, April 2025.

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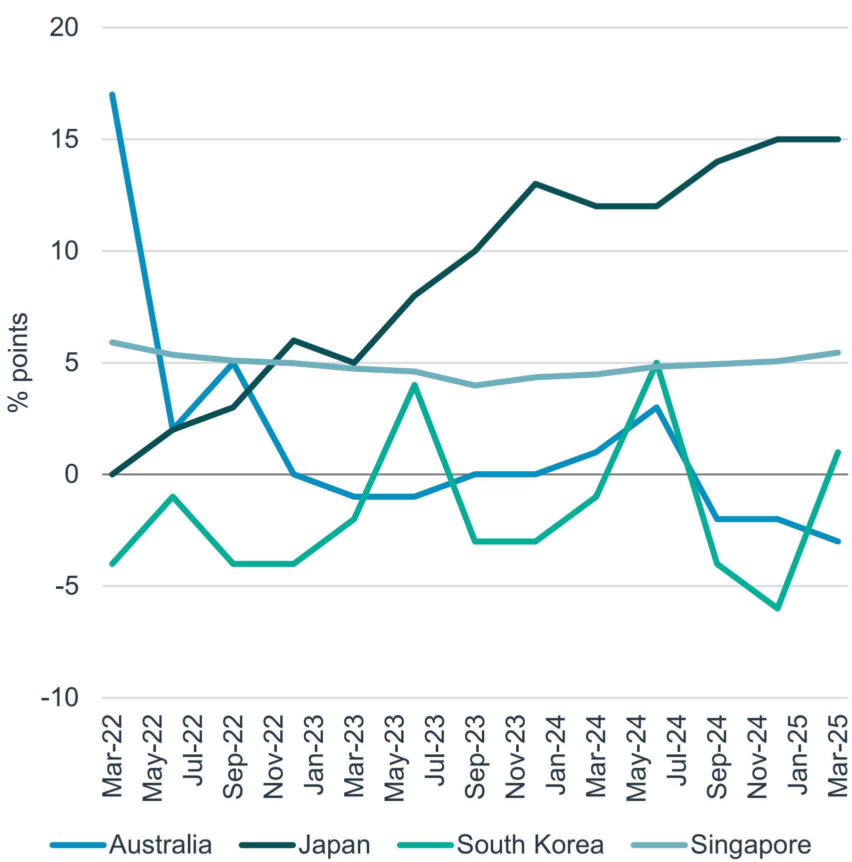
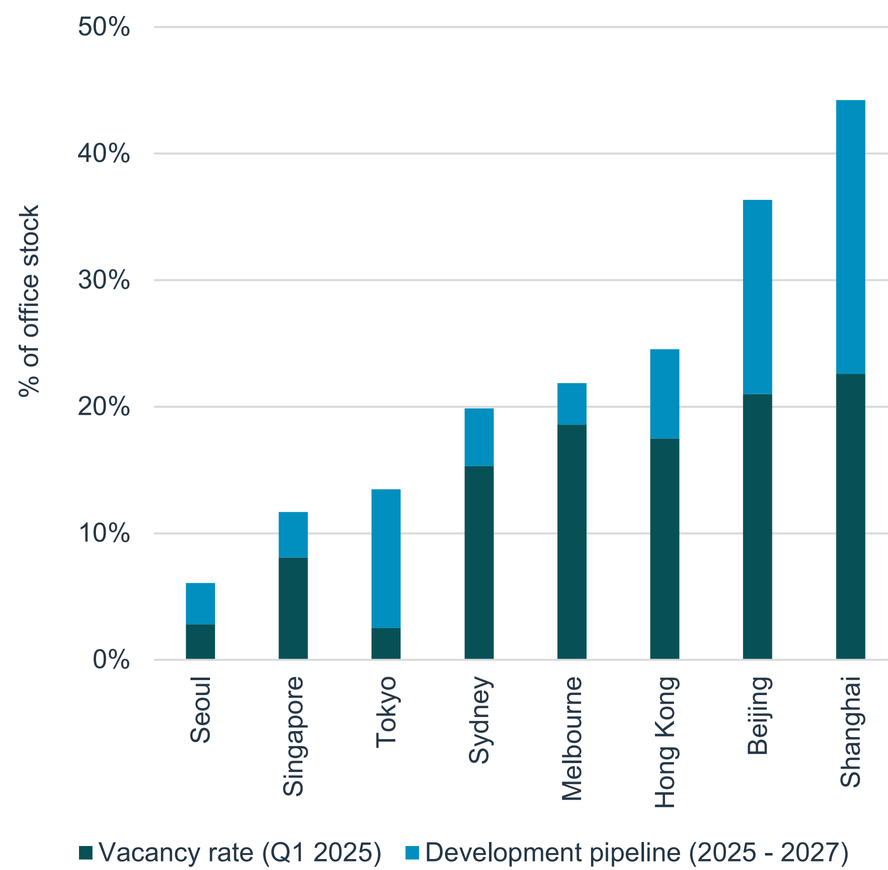
Asia Pacific office

Limited supply will be critical to maintaining stable or modest rent growth

Business confidence



Grade-A office new supply and current vacancy rate



Source: JLL, CBRE (Q1 2025); Bank of Korea, CEIC, Singapore, Commercial Credit Bureau, Nuveen Real Estate Research (April 2025)

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Asia Pacific retail

Grocery-anchored retail should be resilient in a downturn

- Growing uncertainty in the economic outlook will weigh on consumer confidence and spending, leading to reduced retail sales volume in 2025
- Retailers' cautious approach will constrain overall leasing demand, adversely affecting high street retail
- Grocery anchored neighborhood shopping centers are gaining appeal among investors in Australia as grocery tenants are less vulnerable to economic shocks

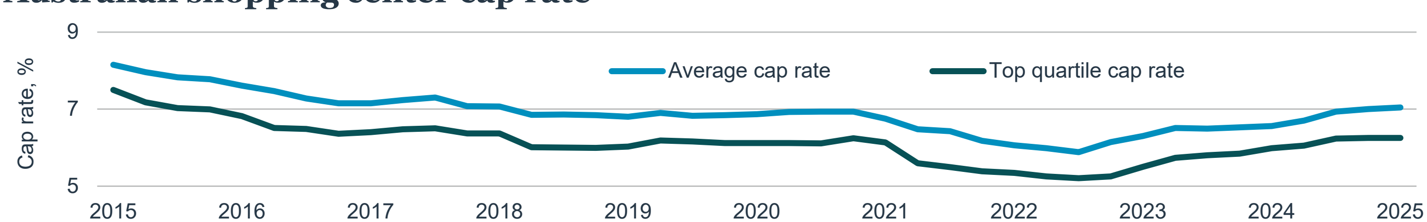
Renewed foreign investor interest in Australian retail

The growing uncertainty in the economic outlook will weigh on consumer confidence and spending, leading to reduced retail sales volume in 2025. Retailers will adopt a more cautious approach to store acquisitions, opting for agile strategies such as pop-up stores to engage target customers and promote products. Meanwhile, more retailers may explore repositioning existing stores into higher quality flagship stores to enhance brand experiences rather than expanding the number of stores. This shift is likely to constrain overall leasing demand, negatively affecting high street retail.

Retail rental growth is expected to moderate this year, even in markets like Tokyo and Osaka, where prime high street shop vacancy rates have dropped to nearly 0%. The recent strengthening of the Japanese yen is likely to normalize inbound tourism spending, particularly on high-priced luxury goods. This will temper leasing sentiment among luxury brands. Elsewhere, the rest of the retail market across the region will also experience limited rental growth due to subdued leasing demand. China, however, is an exception, with rents expected to decline further as landlords lower rates and offer tailored lease terms to secure retailers from a limited tenant pool.

Given the uncertain economic outlook overshadowing the trajectory of retail recovery, grocery anchored neighborhood shopping centers are gaining appeal. Grocery tenants are less vulnerable to economic shocks, and these assets benefit from consumers shifting their spending toward necessity goods. The long WALE and tenant stability in neighborhood shopping centers also provide investors with steady income returns. Australia east coast cities are a focal point for such assets, with yields adjusting to the 6-7% range and minimal new supply expected in the coming few years. Investment activity in Australia retail has increased over the past year, with foreign investors showing renewed interest in this asset again.

Australian shopping center cap rate



Source: RCA (Q1 2025), Nuveen Real Estate Research (April 2025)

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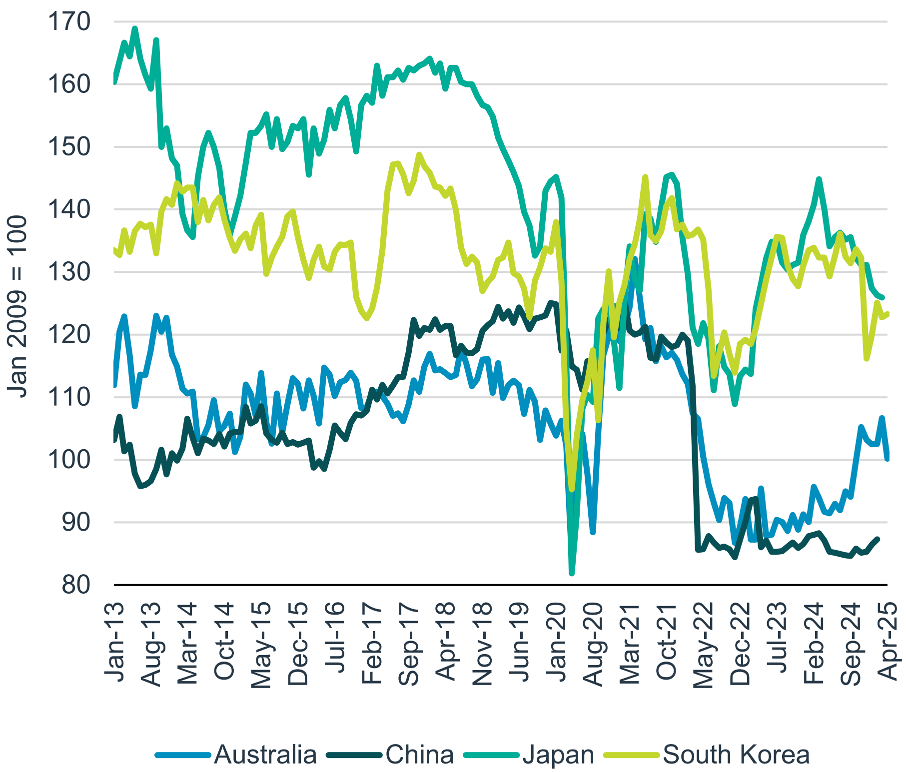
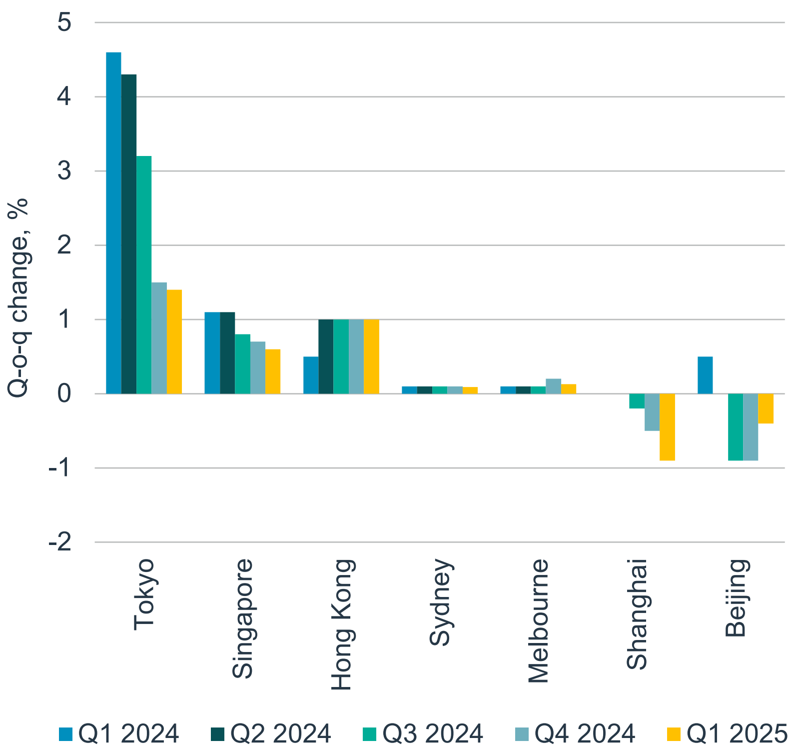
Asia Pacific retail

Reduced leasing activity will dampen retail rent growth

Consumer confidence index



Retail rental growth



Source: CEIC, Nuveen Real Estate Research (April 2025); CBRE, JLL, (Q1 2025)

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Asia Pacific logistics

Rising short-term headwinds

- Logistics demand began normalizing last year, with trade tariffs posing an additional downside risk
- Markets with high trade exposures, such as Hong Kong and Singapore, face weaker demand prospects. By contrast, Seoul and Tokyo remain relatively resilient, due to strong domestic demand
- Despite short-term headwinds, lower interest rates in 2025 are expected to keep logistics yields stable overall, with selective downward adjustments for prime core assets driven by improved investment liquidity

Focus on markets with strong domestic demand

Logistics demand began normalizing last year, with trade tariffs posing an additional downside risk. Occupiers are likely to stay cost conscious and defer decisions. Consequently, markets with high trade exposures face less sanguine demand prospects. For example, Hong Kong and Singapore have seen landlords become more flexible during lease negotiations due to weaker demand and increased market availability. The situation is more pronounced in Beijing and Shanghai, where vacancy rates exceeding 25% have accelerated rental declines.

In contrast, logistics demand in Seoul and Tokyo remains robust, despite the export-orientated economies of South Korea and Japan being vulnerable to U.S. trade tariffs. Both markets recorded positive net absorption in Q1 2025, driven by domestic 3PLs and e-commerce companies. However, high vacancy rates have kept average rents largely flat. Properties near city centers with shorter transportation distances remain highly sought after, as occupiers aim to minimize rising transportation costs. Conversely, properties in fringe areas face challenges attracting tenants, as even rental reductions fail to offset higher transportation costs.

Despite short-term headwinds, investor interest in logistics remains strong but increasingly selective, with a focus on markets with favorable medium-term outlooks. For example, Seoul and Australia's east coast cities are expected to face reduced new supply pressure beyond 2025. Moreover, urban locations will remain favored by investors as supply divergence is expected to intensify in 2025, due to softening leasing demand.

Although logistics fundamentals have softened, anticipated lower interest rates in 2025 are expected to keep yields stable overall, with selective downward adjustments for prime core assets driven by improved investment liquidity.

Prime logistics rental growth

Source: CBRE, JLL, (Q1 2025); Nuveen Real Estate, April 2025.

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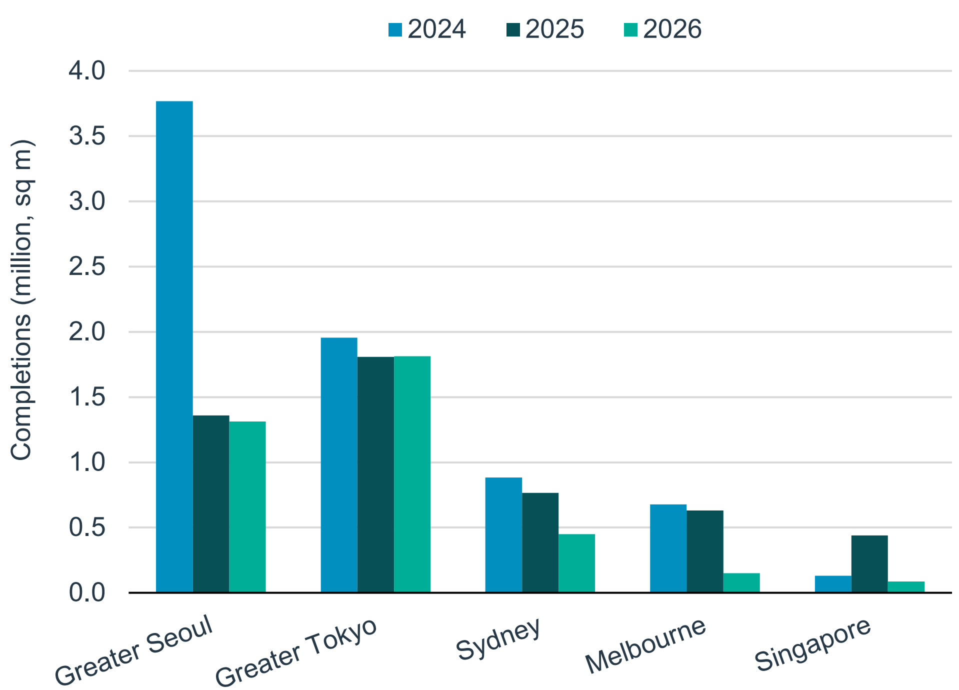
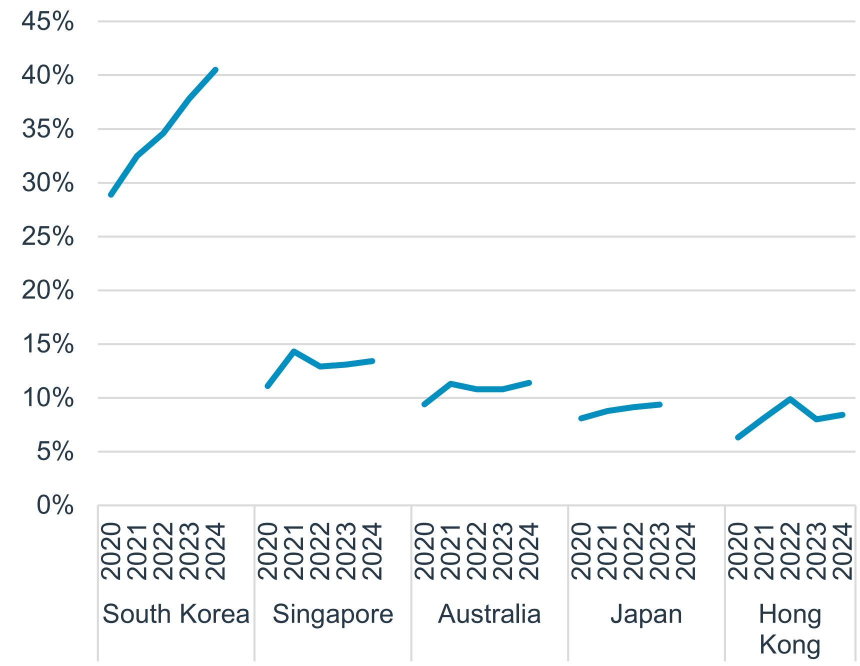
Asia Pacific logistics

Long-term tailwinds remain, driven by e-commerce growth and limited new supply

Logistics new supply in major markets



E-commerce penetration



Source: CBRE, JLL, RCA (Q1 2025); Nuveen Real Estate, Korea Statistics Bureau, Singapore Statistics Bureau, Ministry of Economy, Trade and Industry, CEIC, April 2025

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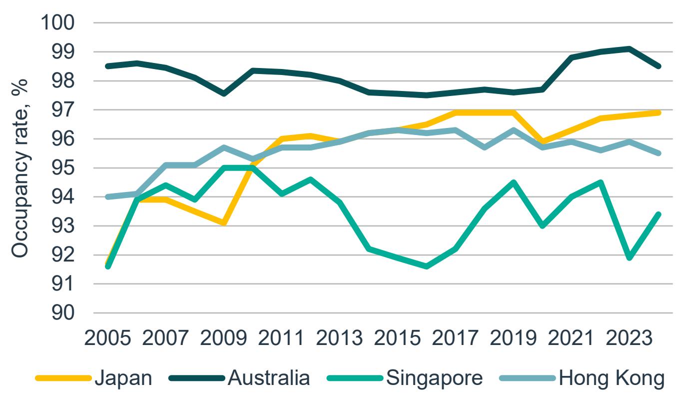
Asia Pacific residential

Living sector to stay well-underpinned

- The residential sector is set to remain resilient in 2025, driven by steady demand that is less sensitive to economics shifts than the commercial sector. Occupancy rates, consistently above 90%, underscore this stability.
- Japan multifamily remains attractive for its reliable income streams. Reflation and robust wage growth will continue to drive rental growth

Residential occupancy rate



Source: CEIC, Nuveen Real Estate, April 2025

Japan multifamily shines with strong demand and rent growth

The residential sector is poised to remain relatively resilient in 2025, driven by less elastic demand compared to the commercial sector. Stable occupancy rates, consistently above 90% across major markets for the past two decades, underscore the sector's durability. While urbanization remains a key demand driver, affordability challenges are increasingly pushing households toward rental housing. For example, Tokyo condominium prices surged 31% y-o-y in March 2025, while housing prices in Australian east coast cities rose more than 35% in the five years to March 2025. Elevated interest rates have further limited homeownership, boosting rental demand.

Against this backdrop, Japan multifamily remains attractive due to its defensive nature and stable income streams. Reflation and robust wage growth will continue to drive rental growth, with Savills reporting that average asking rents in the Tokyo central five wards have risen for the seventh consecutive quarter in Q1 this year. Small sized units continue to outperform medium and large sized units, fuelled by the household downsizing trend, increasing net migration by foreign nationals, and young professionals seeking proximity to workplaces. With new rental housing construction starts remaining low in Tokyo, tight supply is expected to sustain upward pressure on rents. This dynamic will maintain attractive returns for investors, even though yield spreads have narrowed relative to borrowing costs.

Australia is a potential market for residential opportunity. A tight residential vacancy rate is persisting, reaching 1.1% nationwide in Q1 2025, driven by a growing renter population, particularly younger generations, sustained immigration and a lack of material increase in new rental housing supply. Housing starts have remained subdued, at 25% below the 10-year average, suggesting that tight availability will persist in the near term. However, residential rent growth has been muted, as affordability pressures mount, with households spending around one-third of their income on rent – a record high – according to CoreLogic. This presents opportunities for private investors to develop more affordable housing options, such as studio and one-bedroom units, which currently represent less than 6% of Australia's private residential stock.

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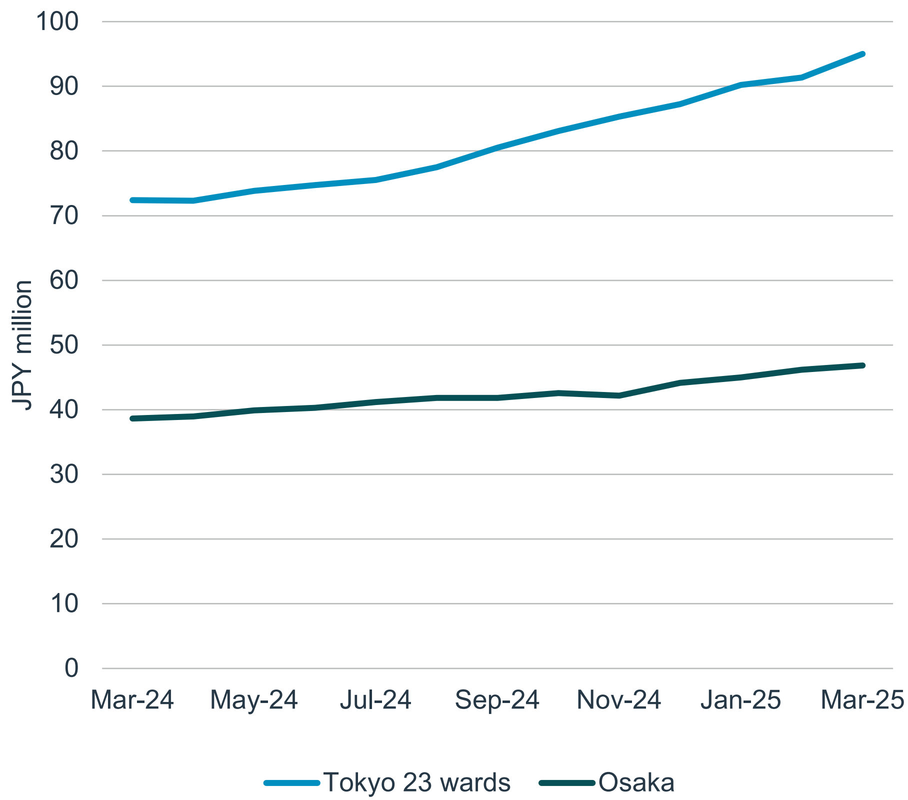
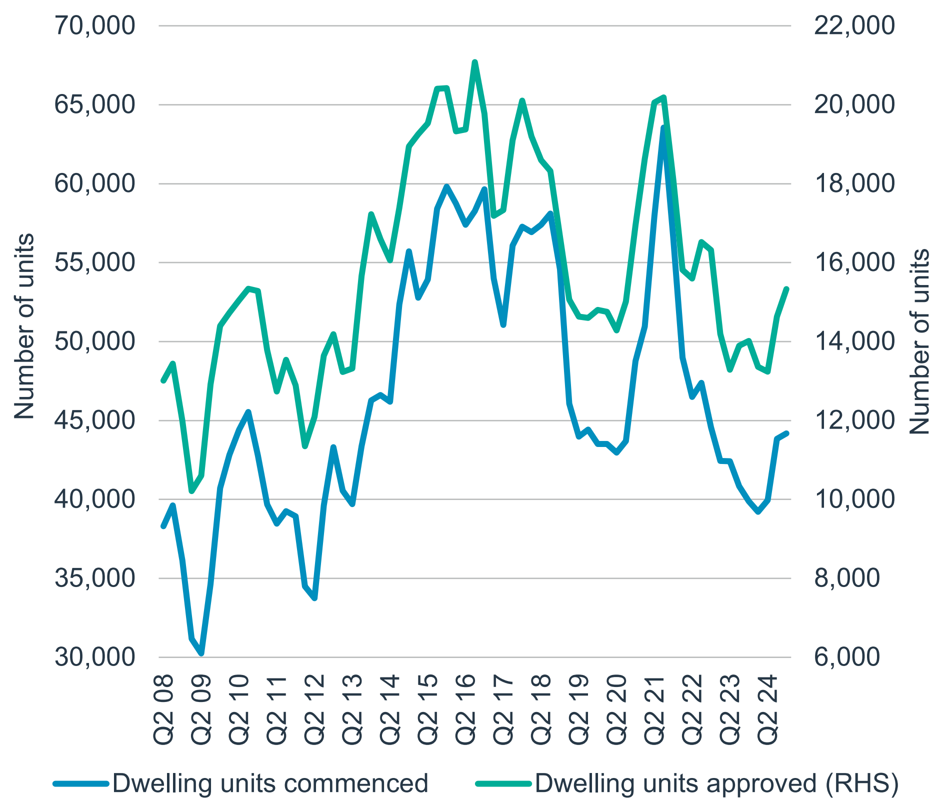
Asia Pacific residential

Affordability challenges are increasingly pushing households toward rental housing

Condominium price* in Tokyo 23 wards and Osaka



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



Note: *The condominium price is for a 70 sq m unit
Source: Kantei (Q1 2025), ABS, (Q1 2025); Nuveen Real Estate, April 2025

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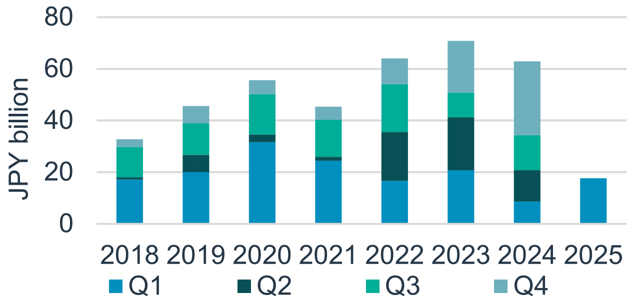
Asia Pacific alternatives

A counter-cyclical diversifier

- Senior living demand, driven by an aging population and growing need for care services, is largely unaffected by international trade fluctuations
- Student housing benefits from increased college enrolments during economic downturns, as students pursue extended education in challenging job markets, supporting consistent demand
- Data sovereignty requirements will drive local data center demand, offsetting potential declines for regional data center demand due to restrictions on cross-border data flows

Japan senior living investment volume



Source: RCA (Q1 2025); Nuveen Real Estate, April 2025

Resilient amid trade tariff pressures

Compared to traditional real estate sectors, alternative sectors are relatively insulated from trade tariff impacts due to their unique demand drivers. For instance, senior living demand is fuelled by an aging population and the growing need for care services, which are largely independent of international trade. Japan stands at the forefront of this sector, with its public insurance system covering 90% of residents caring costs, providing strong downside protection. Long-term lease agreements with reputable operators further ensure stable cash flows. This long-term income stability has continued to attract investor interest, particularly among J-REITs, with senior living transaction volumes surging 103% y-o-y in Q1 2025.

Student housing is also well-placed during tough economic times, as weaker job markets encourage prolonged education, supporting college enrolments. Australia, a popular destination for Asian students for higher education, may see increased interest, particularly from Chinese students, amid heightened U.S. scrutiny driven by escalating U.S. and China trade tensions. Australia's relatively affordable education compared to Western countries further enhances its appeal. However, the upcoming federal election in May 2025 introduces uncertainty, as the Coalition party has proposed a stringent cap on international students to alleviate pressure on the tight residential market. If implemented, this could reduce student intakes, adversely affecting demand. Nevertheless, the low provision rates of student housing will mitigate this risk, supporting the sector's resilience. Consequently, investors remain eager to increase exposure to Australian student housing, with some foreign investors making their first investment in the sector this year.

While trade tariffs are unlikely to hinder AI development and cloud adoption, rising protectionism may affect cross-border data flow, potentially impacting demand for regional data centers. However, growing local data center demand, driven by data sovereignty requirements, will help offset this risk. Overall, data center demand is poised to expand, albeit with a shift toward localized infrastructure.

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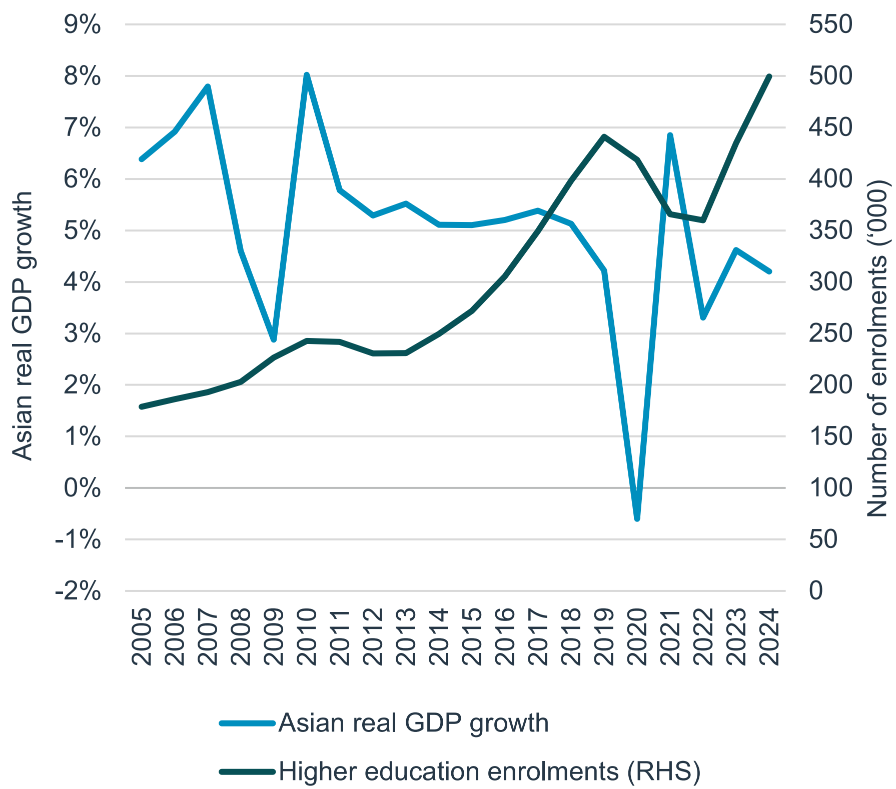
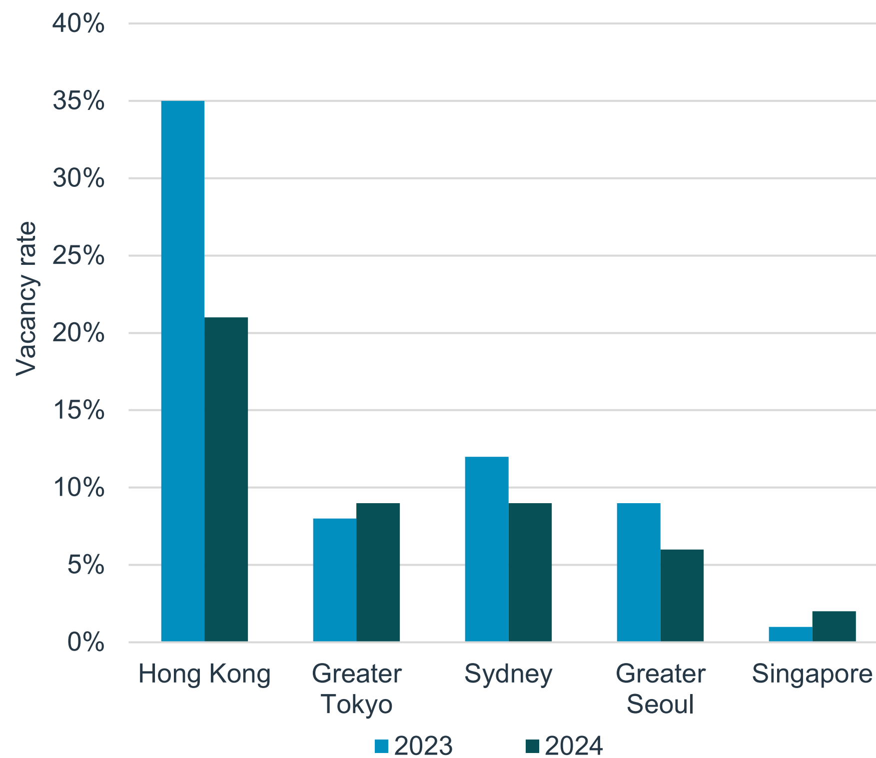
Asia Pacific alternatives

Underlying demand for alternative sectors remains robust

Australian higher education enrolment and Asian real GDP growth



Colocation data center vacancy rate



Source: Oxford Economics (April 2025); Australia Department of Education, Cushman & Wakefield, Nuveen Real Estate, April 2025

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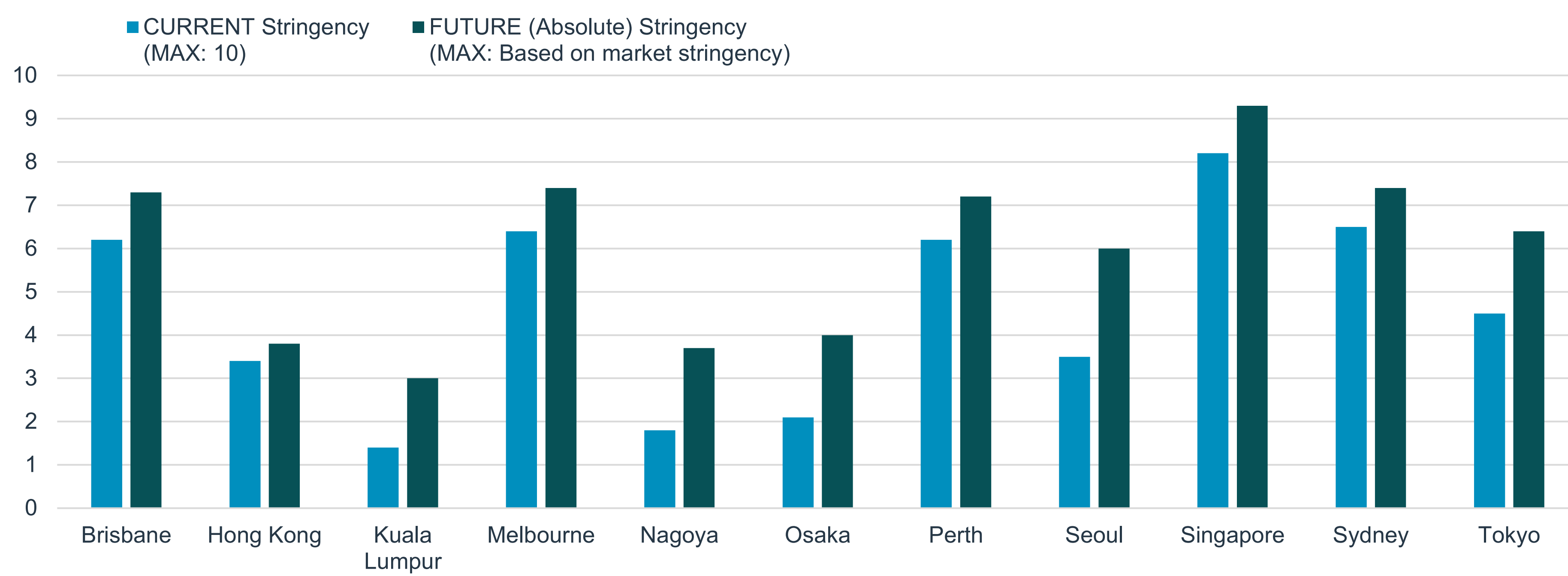
Asia Pacific sustainability

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

Regulatory stringency, current versus future



Includes asset level requirements for NZC, financial reporting regulation and NZC strategy implementation requirements
Source: PMA NZC APAC Regulations Stringency Index, Q2 2024

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