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REAL ESTATE

GLOBAL TRENDS & TACTICS | Q3 2026

Real estate: Why now is the time to invest

A regional snapshot from Nuveen Real Estate's Global Trends & Tactics report

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Key takeaways

- Global real estate values have reset
- Fundamentals are strong, with decade-plus lows in supply
- To protect against volatility, investors should prioritize income from high-quality tenants
- Consider exposure to sectors with countercyclical demand like storage, affordable housing and student housing
- Focus on resilient market segments such as healthcare and grocery-anchored retail

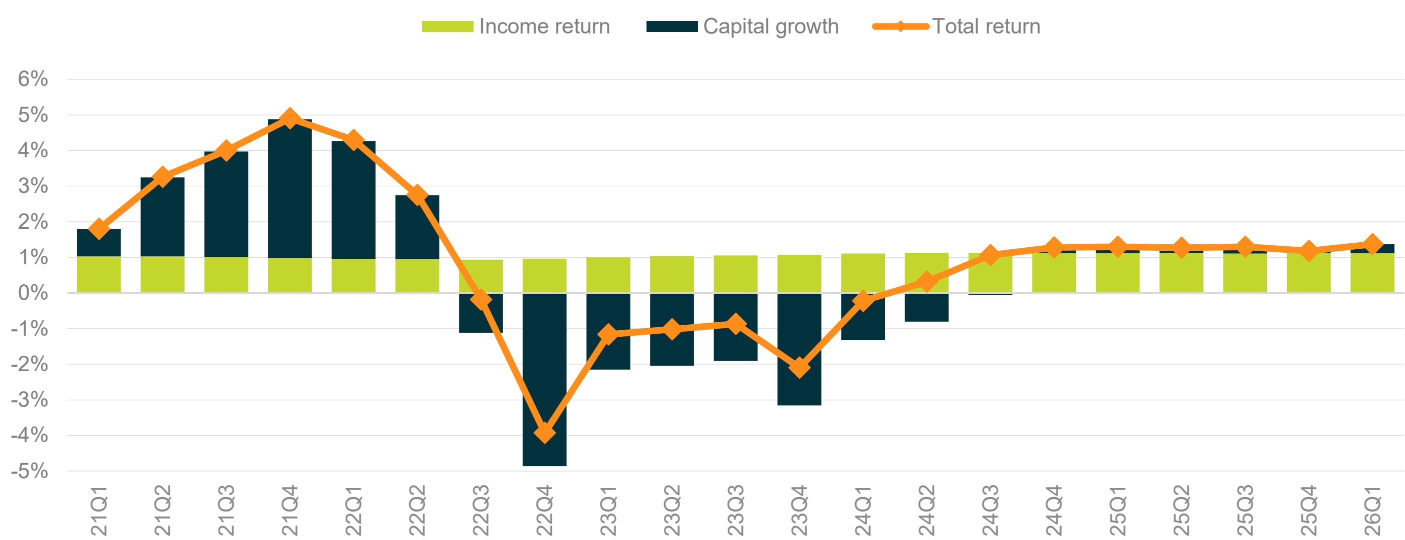
A global turning point

Global private real estate has now delivered eight consecutive quarters of positive total returns. Following the 2022–2024 correction, values have stabilized and are beginning to appreciate across most markets. Transaction volumes rose 24% year-over-year to $936 billion and with pricing still below 2019 peaks, the entry point remains compelling[1]. Returns are currently income-led rather than capital growth-driven — but this is precisely the point: the investment window is still open for those looking to capitalize on the new cycle. We believe this is a strong vintage for both equity and debt. For lenders, loan-to-value ratios are likely to compress further as capital values rise, making this an increasingly de-risked asset class with meaningful upside ahead. While global fundamentals are strong, the inflationary pressures stemming from the Iran conflict mean that selectivity is more important than ever. Investors who focus on essential real estate — assets underpinned by structural demand rather than cyclical tailwinds — are best positioned to capture growth and navigate the risk of sticky inflation and rising rates.

The investment window is still open for those looking to capitalize on the cycle.

Global real estate returns positive last eight quarters

Global unlevered quarterly returns



Source: MSCI Global Quarterly Property Index (Q1 2026 data as of June 2026 data release); Nuveen Real Estate Research.

United States

Strong fundamentals weather the storm

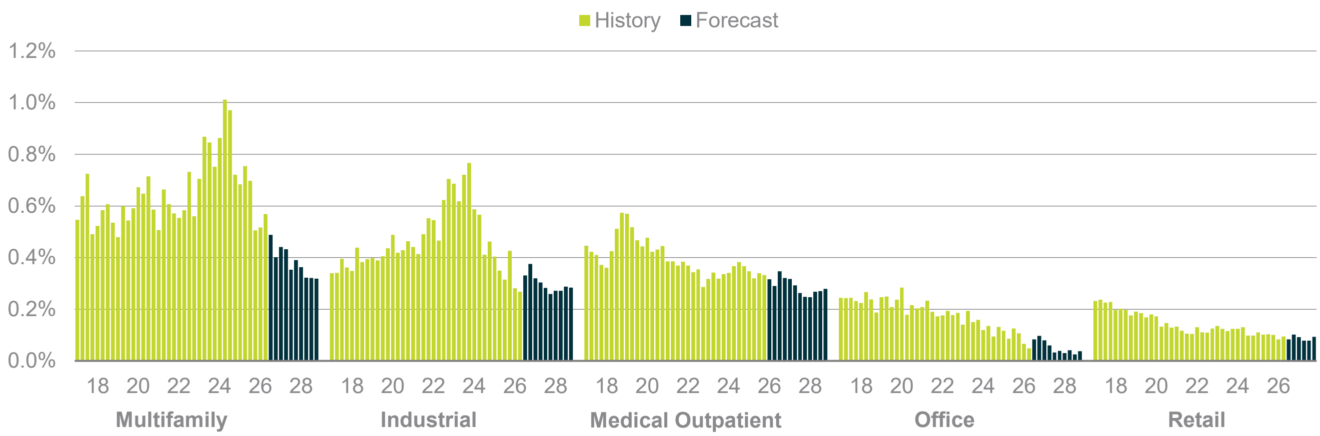
The U.S. economy continued its growth in Q2 2026, with GDP expanding at an estimated 2.3% annualized pace[2], driven by A.I. infrastructure investment and consumer spending. Middle East tensions have introduced inflationary pressure and pushed long-term rates higher, but tax cuts from the One Big Beautiful Bill Act and a favorable Supreme Court ruling on tariffs provide meaningful offsets. All core property types except for office registered year-over-year growth in Q2 sales volume, with the largest gains coming in the industrial and hotel sector. The U.S. commercial real estate market continued its positive trend in H1 2026, with transaction volume rising to $136.6 billion in the second quarter, up 14% from a year earlier[3].

Supply backdrop turns favorable as deliveries fall

For investors entering now, the U.S. supply backdrop couldn't be more supportive. Development deliveries are set to hit decade-plus lows in the coming years, which will constrain new stock and support improving fundamentals as new supply will become less of a headwind.

Deliveries set for decade+ lows

Quarterly deliveries as a percent of existing stock (Q1 2017 – Q4 2028)



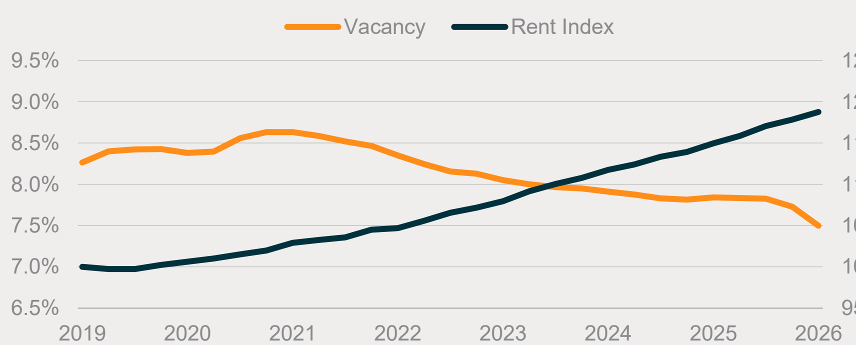
Source: MSCI Global Quarterly Property Index (Q1 2026 data as of June 2026 data release); Nuveen Real Estate Research.

Sector in focus: Where demographics meet real estate — the healthcare opportunity

The structural case for Medical Outpatient Buildings (MOBs) has never been stronger. The 75+ population is expected to grow 58% by 2040, while hospital admissions have declined 10% and outpatient visits have grown 13% over the past decade. Occupancy sits at a cyclical high of 93%, demand has outpaced supply for 19 of the past 20 quarters, and construction starts have been cut in half since 2022. Existing landlords are set to benefit from enhanced pricing power and resilient income growth.

Aging population and shift to outpatient care underpin strong demand

Vacancy and rent for medical office buildings



Source: Revista (Q1 2026), American Hospital Association (June 2025), Nuveen Real Estate Research (May 2026).

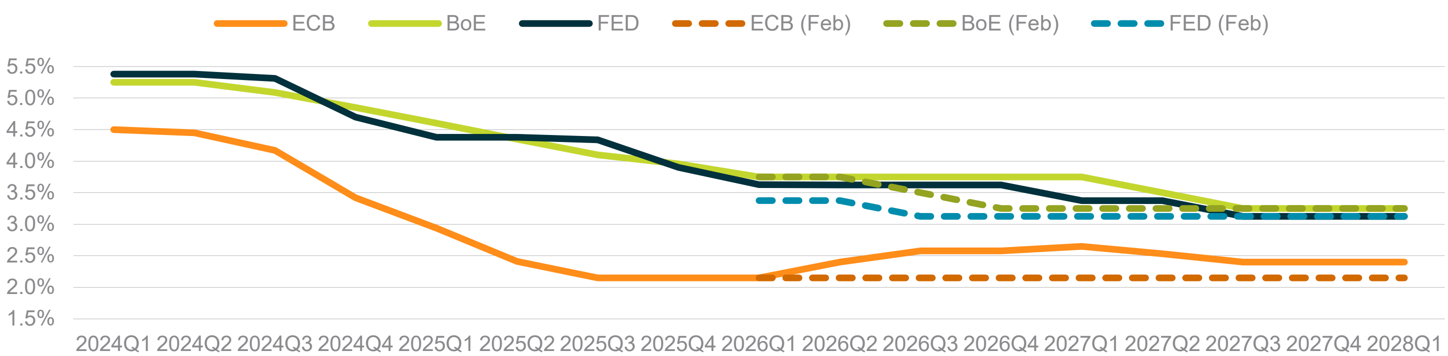
Europe

Reset values, rising opportunity

Eurozone GDP accelerated in Q2 2026, comfortably surpassing the consensus estimate of 0.2%. The economy proved notably resilient despite the energy price shock triggered by the U.S.-Iran conflict, with growth broad-based across all major economies. Inflation had eased to 2.8% in June on lower oil prices, though the more recent flare-up in the conflict suggests the inflation outlook — and consequently the monetary policy path — remains unpredictable. Yet European commercial real estate has already navigated a substantial correction, with valuations at cyclical lows relative to competing asset classes — a meaningful buffer that positions the sector attractively on a risk-adjusted basis. Preliminary data shows European real estate transaction volumes reached €53 billion in Q2, up 6% year-over-year[4]. Despite lower-than-expected transaction volumes, the medium-term outlook remains positive, largely because several delayed deals are still expected to close. Investment volumes across Europe are projected to hit €251 billion in 2026 and climb further to €297 billion in 2027. As such, the current slowdown appears to be pushing back the recovery timeline rather than undermining it altogether. Within this environment, asset selection — rather than sector allocation — remains the key driver of outperformance.

Latest CPI inflation is almost entirely fuel driven, triggering an upward revision of policy rate expectations

Policy rate forecast (Consensus Median)



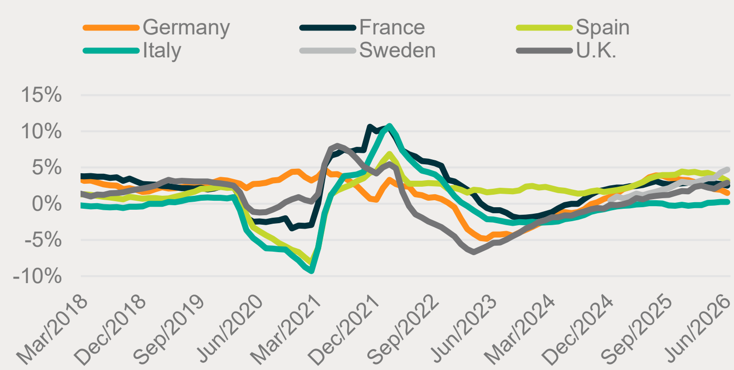
Source: MSCI Global Quarterly Property Index (Q1 2026 data as of June 2026 data release); Nuveen Real Estate Research.

Sector in focus: Necessity wins in uncertain times

Consumer sentiment across the EU improved in Q2 2026 but remains cautious, with spending plans restrained compared to pre-conflict levels as elevated inflation squeezes on real purchasing power. That said, two important factors underpin resilience. European wholesale electricity markets have matured significantly since the 2022 energy crisis and household savings ratios sit 200 basis points above the long-run average, providing a meaningful cushion. For real estate investors, European retail stands out — high yields, strong income returns and near-record-low supply are intensifying competition and creating favorable conditions for existing asset owners. In times of macro uncertainty, grocery-anchored and convenience retail, driven by non-discretionary spending, is precisely where capital should be focused.

So far so good: Retail spending shows resilience

Europe retail spending – 12-month rolling year-over-year volume growth



Source: Macrobond July 2026, Nuveen Real Estate Research.

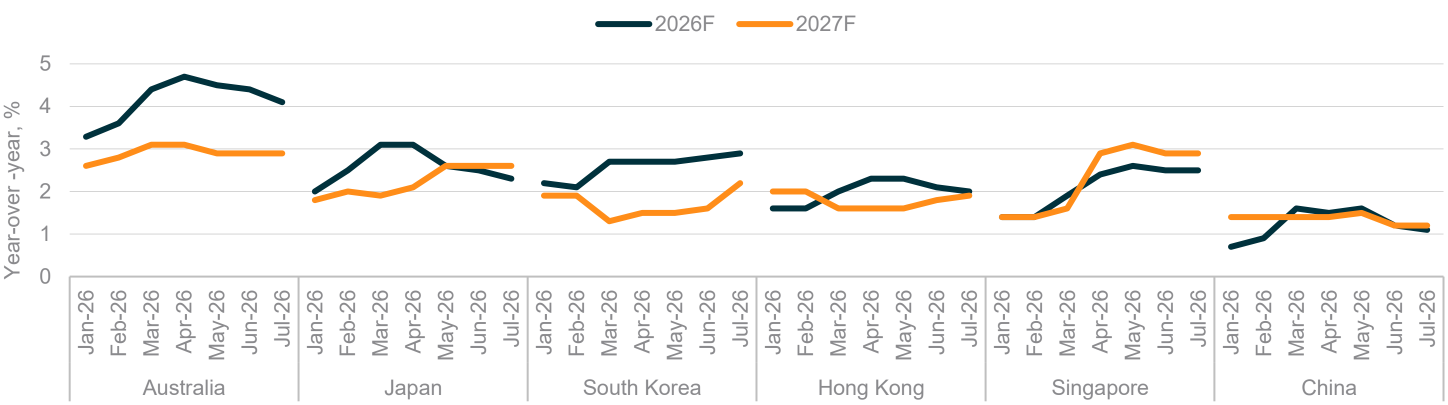
Asia Pacific

Structural tailwinds intact amid near-term headwinds

Asia Pacific economies have demonstrated resilience despite external headwinds. Real GDP growth across the region remains broadly positive, with China forecast at ~4.5%, Singapore at ~2% and Australia at ~2–2.5% in 2026. Domestic demand heading into the Middle East conflict was relatively resilient, in turn helping to support growth despite increasing headwinds. In particular, labor markets are healthy, with unemployment generally below 10-year averages, providing legs to consumer spending even amid rising affordability concerns due to higher fuel costs. Central banks across most markets have shifted to a wait-and-see stance given stickier-than-expected inflation and tightening financial conditions, with Japan as the most notable exception — where the Bank of Japan has already executed a rate hike in June, with another increase still anticipated for 2026. Investment activity in the region improved significantly in H2 2025, rising 36% versus H1, with Australia and South Korea recording particularly strong momentum of 30–40%. However, flows are likely to slow in the coming quarter or so, due to more fragile capital market sentiment due to a softening economic backdrop, as the bid-ask spread widens on investor caution.

Figure 6: Upward revision in 2026 inflation outlook

Real GDP growth forecast in 2026



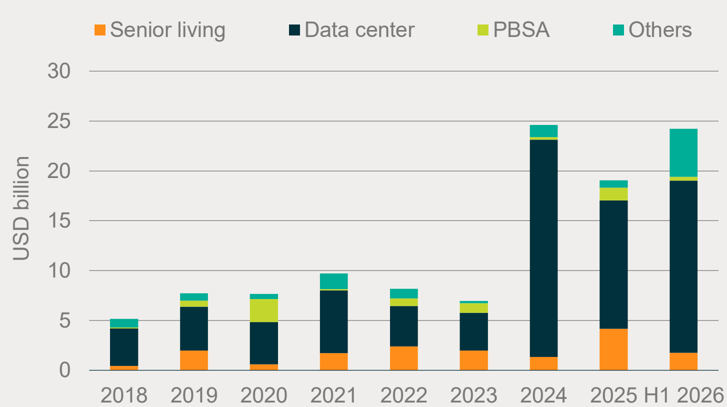
Source: MSCI Global Quarterly Property Index (Q1 2026 data as of June 2026 data release); Nuveen Real Estate Research.

Sector in focus: Asia Pacific's rising alternative sectors

Investment liquidity continues to flow into alternative sectors, supported by their structural demand tailwinds. In Australia, new overseas student commencements are tracking strongly, with the government committed to expanding intake — sustaining robust PBSA demand in an undersupplied market. Senior living is also attracting a growing institutional investor base, supported by aging demographics and rising wealth among elderly downsizers. In other news on the living sector, Warburg Pincus recently announced the acquisition of JSB Co. Ltd, a student housing operator managing 2,700 properties across Japan. The living sector now accounts for 9% of total Asia Pacific commercial investment turnover — a 10-year high.

Capital appetite for alternative sectors remains strong

Asia Pacific alternatives investment by sector



Source: Macrobond July 2026, Nuveen Real Estate Research.

This document is a snapshot of Nuveen Real Estate's Global Trends & Tactics Q3 2026 report covering detailed investment recommendations for office, logistics, residential, retail and alternatives across regions. To access the full report, please contact your Nuveen representative. Don't have a Nuveen contact? Visit our Contact us page.

For more information, please visit nuveen.com/realestate

Endnotes

1 Real Capital Analytics; Nuveen Real Estate Research (Transactions data 26Q2 as 24 July 2026).
2 Moody's Analytics, July 2026, Nuveen Real Estate Research.
3 RCA, Nuveen Real Estate Research, July 2026.
4 Savills, July 2026.

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