

March 2026

# On solid ground: foundations of real assets investing

*Ranging from rail to regulated utility, and senior housing to data centers, real assets across infrastructure and commercial real estate are the backbone for economic development — spurring growing global demand for these assets. Listed real assets may provide a multitude of benefits to an investor's portfolio, including diversification, inflation hedging and a nontraditional source of income.*

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## WHAT ARE REAL ASSETS?

Broadly, real assets provide the framework and resources to facilitate everyday activity in the world economy. While numerous types of investments could be considered real assets, our definition includes:

- **Real estate**, including real estate investment trusts (REITs). Land and commercial properties including apartments, self-storage, warehouses, data centers, etc.
- **Infrastructure**. Assets and networks used to transport, store and distribute goods, energy,

people and information, such as toll roads, pipelines, airports and cellphone towers.

- **Commodities**. Basic goods such as oil, natural gas, precious metals, gold, corn and soybeans.

Unlike conventional stocks and bonds, the value of listed real asset investments comes from the physical nature of their underlying assets. This direct link to hard assets means real assets often store long-term value better than more traditional investments. Their intrinsic value may increase due to higher utilization, greater demand or scarcity of supply.

Listed real assets offer enhanced income and a higher degree of earnings visibility than traditional public equities, which makes them an attractive way to extend portfolio duration when short-term yields are declining.

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## LISTED REAL ASSETS OFFER A MULTITUDE OF BENEFITS

While the inherent characteristics of each real asset can vary, they have several features in common, including improving diversification (Figure 1), hedging inflation (Figure 2) and generating income (Figure 3).

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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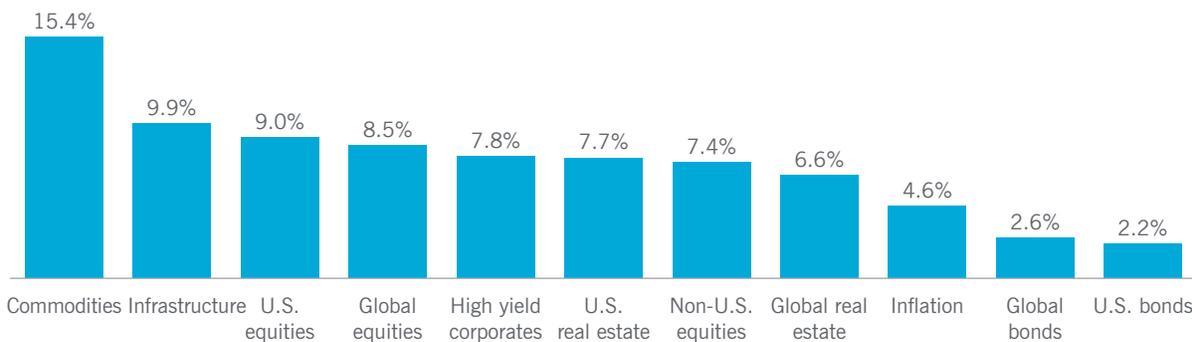
**Figure 1: Real assets improve diversification due to low correlation**

	Infrastructure	EM equities	Global RE	EM bonds	HY bonds	U.S. equities	Non-U.S. equities	Global bonds	Municipals	U.S. bonds	Commodities
Infrastructure	1.00										
EM equities	0.75	1.00									
Global RE	0.83	0.72	1.00								
EM bonds	0.61	0.63	0.63	1.00							
HY bonds	0.69	0.61	0.70	0.70	1.00						
U.S. equities	0.79	0.70	0.79	0.50	0.67	1.00					
Non-U.S. equities	0.89	0.91	0.81	0.62	0.69	0.81	1.00				
Global bonds	0.37	0.26	0.35	0.47	0.30	0.12	0.32	1.00			
Municipals	0.24	0.11	0.25	0.40	0.43	0.13	0.14	0.48	1.00		
U.S. bonds	0.18	0.07	0.23	0.47	0.27	0.01	0.09	0.77	0.60	1.00	
Commodities	0.48	0.47	0.36	0.27	0.37	0.39	0.48	0.08	-0.03	-0.11	1.00

Data source: Morningstar Direct, 20-year data from 01 Jan 2006 – 31 Dec 2025. Performance data shown represents past performance and does not predict or guarantee future results. Representative indexes: infrastructure: S&P Global Infrastructure Index; emerging markets equities: MSCI Emerging Markets Index; global real estate: FTSE EPRA Nareit Developed Index; emerging markets bonds: Bloomberg Emerging Markets Aggregate Index; high yield corporate bonds: Bloomberg U.S. Corporate High Yield Index; U.S. equities: S&P 500 Index; non-U.S. equities: MSCI ACWI Ex U.S. Index; global bonds: Bloomberg Global Aggregate Unhedged Bond Index; municipal bonds: Bloomberg Municipal Bond Index; U.S. bonds: Bloomberg U.S. Aggregate Bond Index; commodities: S&P GSCI Index.

**Figure 2: Real assets offered stronger returns when inflation was rising**

Annualized total return (%)

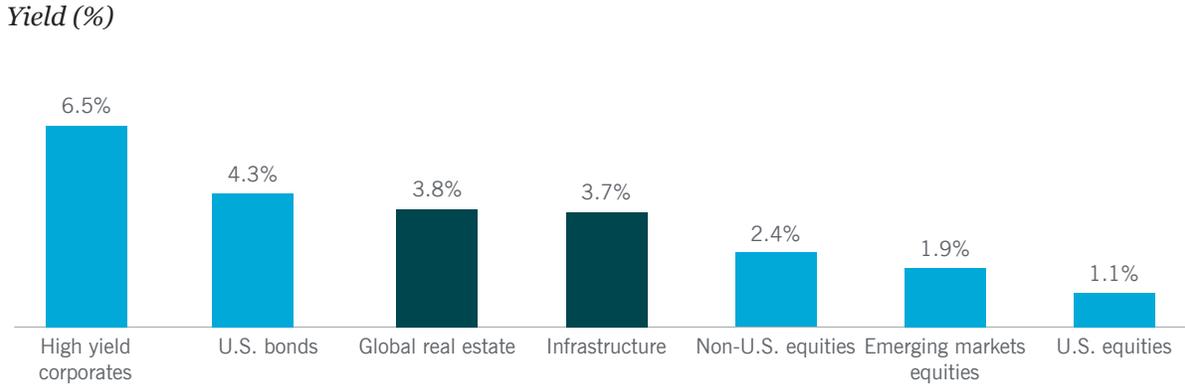


Data source: Morningstar Direct, 01 Jan 2002 – 30 Sep 2025. Performance data shown represents past performance and does not predict or guarantee future results. Representative indexes: commodities: S&P GSCI Index; infrastructure: S&P Global Infrastructure Index; U.S. equities: S&P 500 Index; global equities: MSCI World Index GR USD; high yield corporates: Bloomberg U.S. Corporate High Yield Index; U.S. real estate: MSCI U.S. REIT Index GR USD; non-U.S. equities: MSCI ACWI Ex US Index; global real estate: FTSE EPRA Nareit Developed Index; inflation: US BLS CPI All Urban NSA 1982-1984; global bonds: Bloomberg Global Aggregate Unhedged Bond Index; U.S. bonds: Bloomberg U.S. Aggregate Bond.



**Listed real assets may provide diversification, inflation hedging and a nontraditional source of income.**

**Figure 3: Real estate and infrastructure offer attractive yields**



Data source: FactSet, 31 Dec 2025. Performance data shown represents past performance and does not predict or guarantee future results. Representative indexes: **high yield corporates:** Bloomberg U.S. Corporate High Yield Index; **U.S. bonds:** Bloomberg U.S. Aggregate Bond Index; **global real estate:** FTSE EPRA Nareit Developed Index; **infrastructure:** S&P Global Infrastructure Index; **non-U.S. equities:** MSCI ACWI Ex US Index; **emerging markets equities:** MSCI Emerging Markets Index; **U.S. equities:** S&P 500 Index. **Yield-to-worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. **Dividend yield** is the percentage of a company’s share price paid out in dividends each year.

**A SECOND DERIVATIVE TO THE AI TRADE**

While economic resilience and inflation protection support a strategic allocation to listed infrastructure, several segments – notably U.S. regulated utilities – have emerged as beneficiaries of surging energy demand driven by three factors:

- The rise of generative AI and its data center requirements, plus broader electrification and onshoring of U.S. manufacturing

- Escalating capital expenditures for renewable, gas, and nuclear generation, as well as grid upgrades
- Major investments in electric transmission and gas pipelines to support expanded generation capacity

Multiple forces signal a future requiring rapidly increasing energy production. Global AI investment is estimated at \$375 billion in 2025, projected to reach \$631 billion by 2028 (IDC). Meeting this growth demands substantial new data center infrastructure – with significant power generation

**Figure 4: Energy demand is growing exponentially**



Data source: ISO/RTO Forecasts, NERC ES&D, Utility IRPs, ICF. Historical demand represents data from NERC ES&D from 2000 to 2024. ICF demand projections from 2025 to 2050, as of Q4 2025.

implications. Stanford University reports that global private investment in AI infrastructure reached \$37 billion in 2024.

Consulting firm ICF forecasts U.S. annual electricity demand will grow 63% over the next two decades versus the previous two (Figure 4). These projections have doubled – in some cases tripled – earnings growth expectations for certain U.S. regulated utilities over the coming years, with potential for further upside.

**MACRO FACTORS AND MONETARY POLICY CREATE AN ATTRACTIVE ENTRY POINT**

Pandemic-era economic lockdowns followed by a historically rapid central bank tightening cycle served as stiff headwinds for infrastructure and

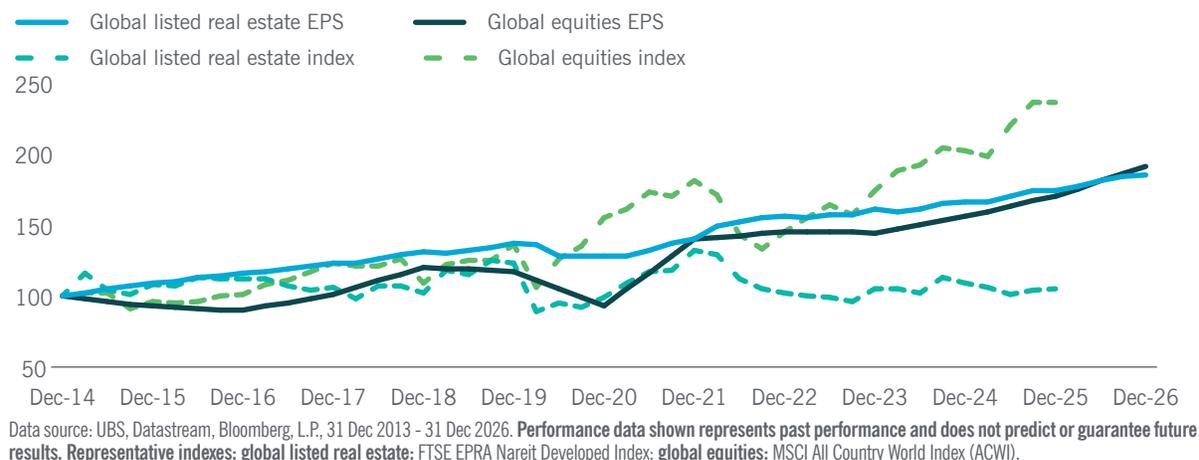
commercial real estate. This is due to the duration of their cash flows, higher use of leverage compared to broader equities, and growth that relies heavily on the physical movement of people.

While this environment was challenging, relative underperformance was driven largely by sentiment and multiple compression, as unwavering negative investor sentiment outweighed impressive earnings growth.

Furthermore, the attractive yields that had been a calling card for listed real assets investors were suddenly overlooked. Rising rates and an inverted yield curve made cash one of the most attractive risk-adjusted investment options of the past two years.

However, the challenging macro backdrop over the past five years set the stage for an attractive entry point into these asset classes (Figure 5).

**Figure 5: Decoupling of valuations from earnings was more severe for listed REITs**



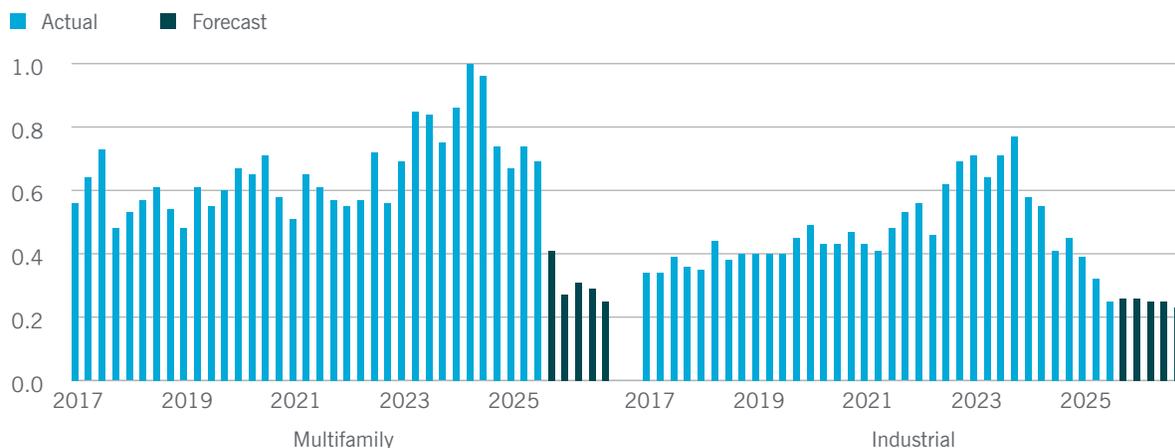
### HEADWINDS SLOW AS NEW DELIVERIES EASE

Since the pandemic, commercial real estate fundamentals have been reshaped by structural demand shifts and a materially altered development landscape. Following construction surges earlier in the cycle, higher interest rates, tighter credit conditions, elevated costs and more conservative lender underwriting have sharply curtailed new industrial and multifamily development. The forward supply pipeline has thinned considerably, reducing near-term oversupply risk (Figure 6).

This supply restraint coincides with durable demand drivers that emerged or accelerated since the pandemic. Industrial assets benefit from e-commerce adoption, supply-chain reconfiguration and onshoring, while multifamily demand remains supported by housing affordability constraints and sustained household formation. The resulting imbalance favors existing, well-located assets, enhancing occupancy stability, rental growth and cash-flow visibility. Reduced development competition and resilient tenant demand create an attractive backdrop for long-term investment in high-quality industrial and multifamily real estate.

**Figure 6: The forward supply pipeline has thinned considerably**

*Deliveries as a percent of existing stock*



Data source: CoStar, Nuveen Real Estate Research, 31 Dec 2025. Performance data shown represents past performance and does not predict or guarantee future results.

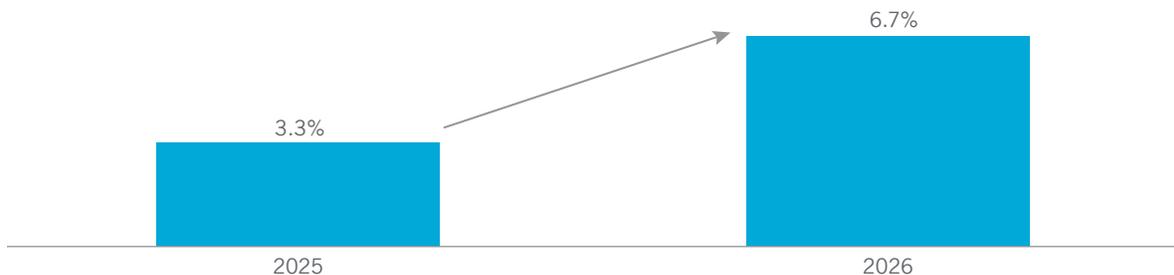
### A CLEAR PATH FORWARD

Listed real assets are uniquely positioned to continue their outperformance during this rate cutting cycle. Several factors bode well for the near-to intermediate-term outlook, including a history of strong returns through periods of falling rates, secular trends such as housing supply/affordability and the demand for energy.

Furthermore, broad positioning within listed real assets remains light. Paired with either attractive valuations or multiple expansion aided by lower rates (Figure 7), we believe now is an opportune time for investors to consider allocating to listed real assets.

### Figure 7: Listed REIT earnings growth may be set to shift

Funds from operations per share growth (year-over-year, %)



Data source: Bloomberg, L.P., 07 Dec 2025. Performance data shown represents past performance and does not predict or guarantee future results. Representative indexes: MSCI U.S. REIT Index. REITs use funds from operations (FFO) to define the cash flow from their operations as a measurement of operating performance.

### CONSIDER INCOME-PRODUCING REAL ASSETS

Historically, income-producing real assets such as infrastructure and real estate have supplied competitive total return and positive inflation hedging effects, with lower correlations to more

traditional stocks and bonds. These asset classes have also provided convincing yields, helping investors diversify their income sources. For these reasons, we feel income-producing real assets should be an important part of a balanced portfolio.

For more information, please visit [nuveen.com](https://nuveen.com).

#### Endnotes

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#### Important information on risk

All investments carry a certain degree of risk, including possible loss principal and there is no assurance that an investment will provide positive performance over any period of time. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. Concentration in infrastructure-related securities involves sector risk and concentration risk, particularly greater exposure to adverse economic, regulatory, political, legal, liquidity, and tax risks associated with MLPs and REITs. Foreign investments involve additional risks including currency fluctuations and economic and political instability. These risks are magnified in emerging markets. Common stocks are subject to market risk or the risk of decline. Small- and mid-cap stocks are subject to greater price volatility. The use of derivatives involves substantial financial risks and transaction costs. A potential investment in other investment companies means shareholders bear their proportionate share of expenses and indirectly, the expenses of other investment companies. Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, service interruption and/or legal challenges due to environmental, operational or other mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards.

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