

# Global trends and tactics



*Real estate opportunities and risks in the current environment*

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2Q26

MARKETING COMMUNICATION

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

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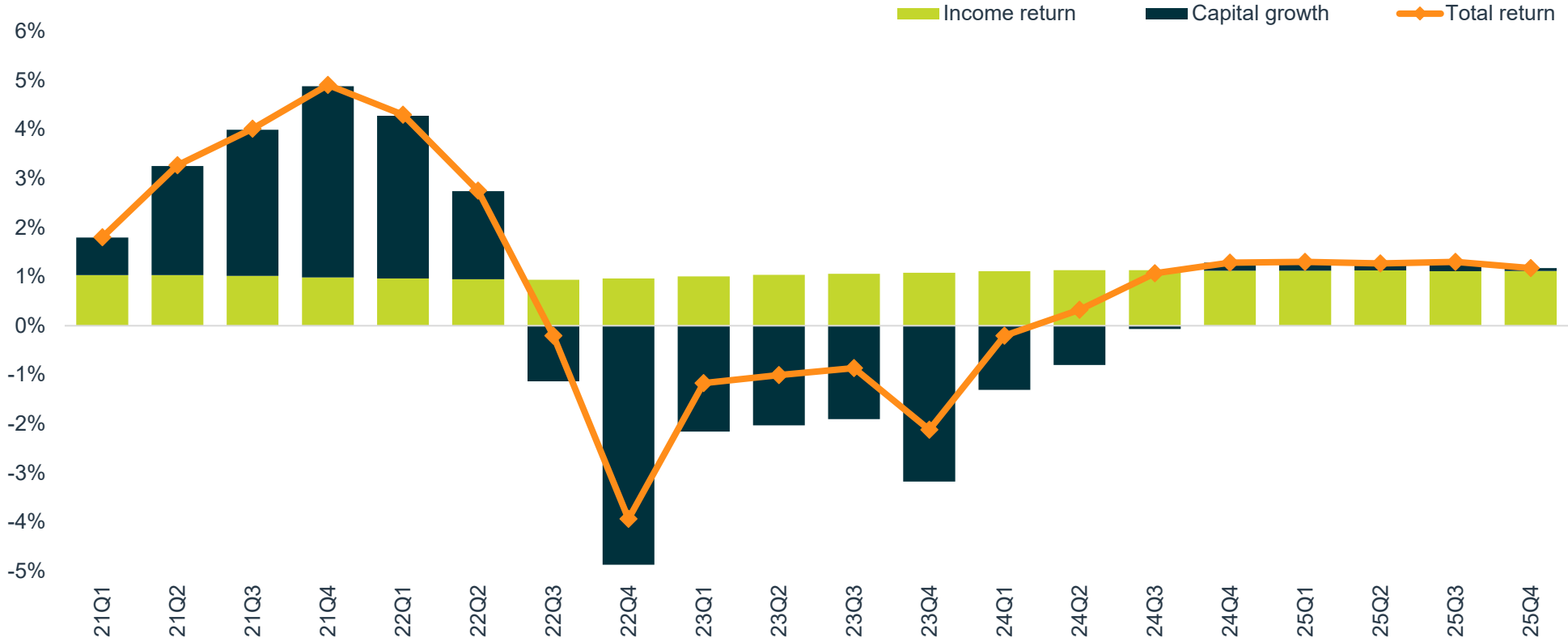
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# 1. Global overview

# Global real estate returns positive last seven quarters

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

## Global unlevered quarterly returns

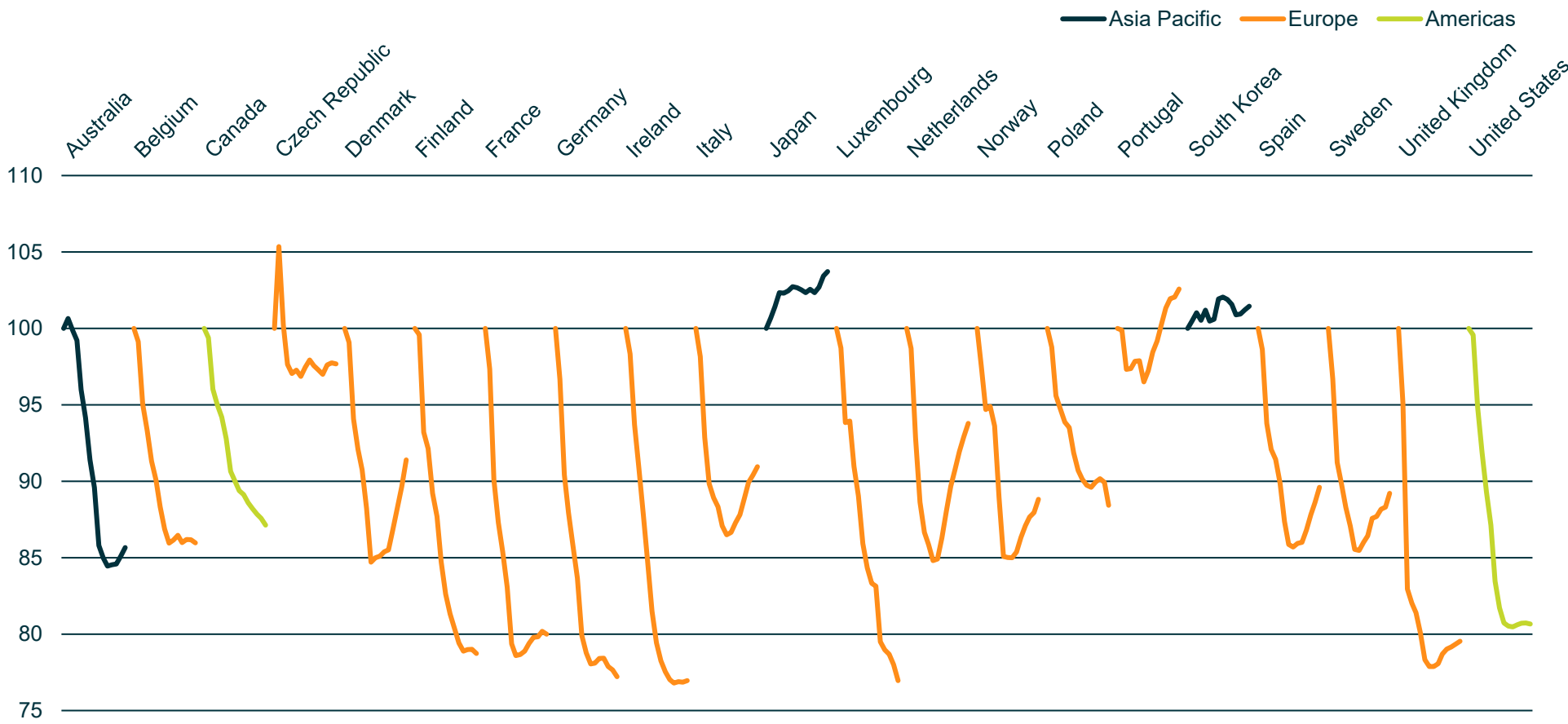


Source: MSCI Global Quarterly Property Index (Q4 2025 data as of 17 March 2026 data release); Nuveen Real Estate Research.

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# Values are rebounding in most markets

**Property value index, Q2 2022 – Q4 2025**  
(Q2 2022 = 100)



Source: MSCI Global Quarterly Property Index (Q4 2025 data as of 17 March 2026 data release); Nuveen Real Estate Research.

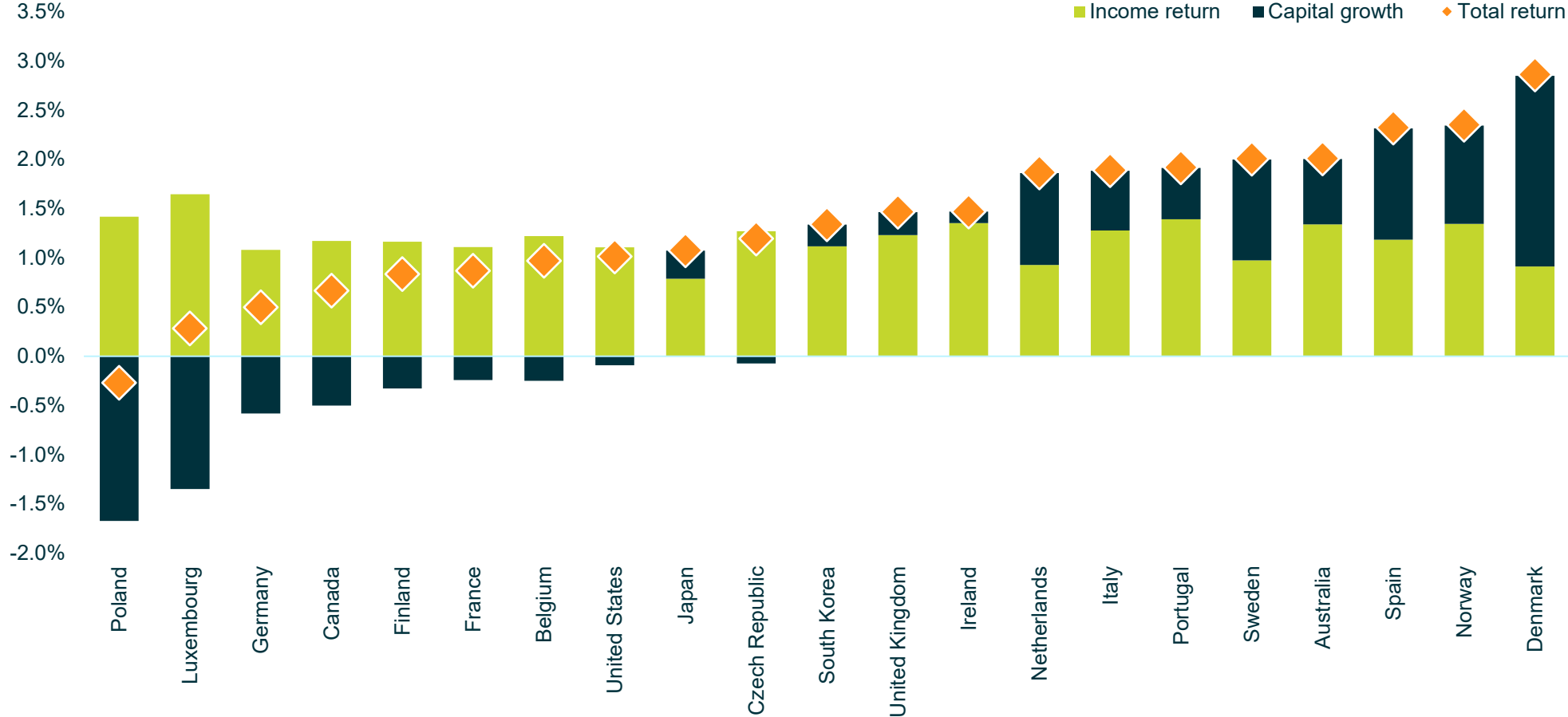
# Opportunities in each region

	<b>UNITED STATES</b> <i>for scale</i>	<b>EUROPE</b> <i>for stability</i>	<b>ASIA PACIFIC</b> <i>for diversification</i>
<b>Economy</b>	<b>Economic resilience through energy independence and innovation.</b>	<b>Diversified European economies set to benefit from defense spending boost.</b>	<b>High-tech manufacturing and demographics buoy growth, but energy reliance creates risks.</b>
<b>Real estate</b>	<b>Values at cyclical lows, but still pressure from oversupply. Focus on necessity real estate.</b>	<b>Significantly reset values + tight fundamentals = attractive entry point.</b>	<b>Resilient valuations point to importance of global diversification. Look towards Australia for value and for select opportunities in Japan.</b>

# Returns almost all positive in Q4

In the fourth quarter, 20 of 21 countries in the MSCI Global Quarterly Property Index delivered positive total returns for investors. We are beginning to see consistency in this data – over each of the last six quarters, at least 19 countries have generated positive total returns. Values rose in 12 of 21 countries, and although values slipped in nine countries, all but one had income returns which more than offset the fall in value.

## Quarterly returns across countries (Q4 2025)

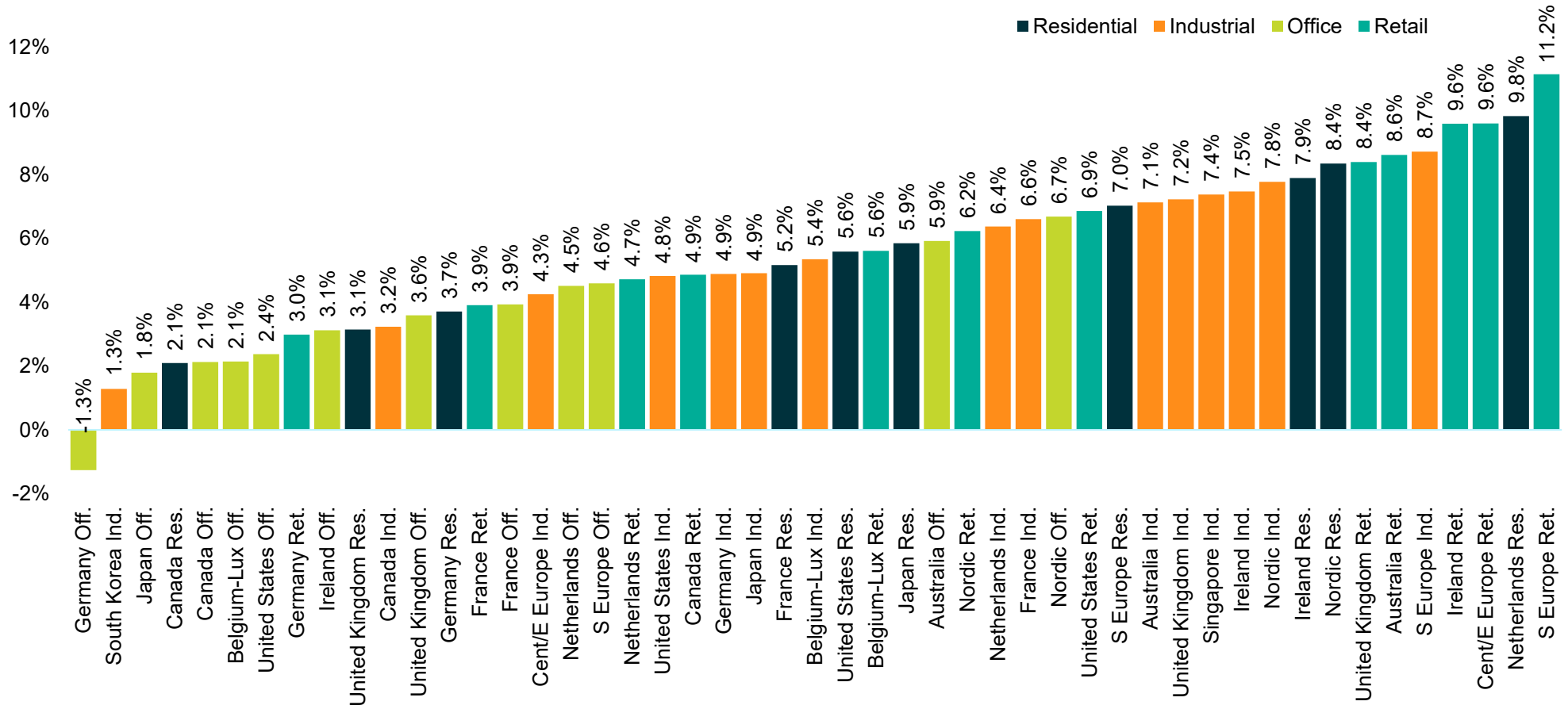


Source: MSCI Global Quarterly Property Index (Q4 2025 data as of 17 March 2026 data release); Nuveen Real Estate Research.

# Returns positive in nearly all market segments

Over the last year, 48 of 49 available property type and country combinations produced positive total returns

## Annual returns across countries and property types (Q4 2025)



Source: MSCI Global Quarterly Property Index (Q4 2025 data as of 17 March 2026 data release); Nuveen Real Estate Research.

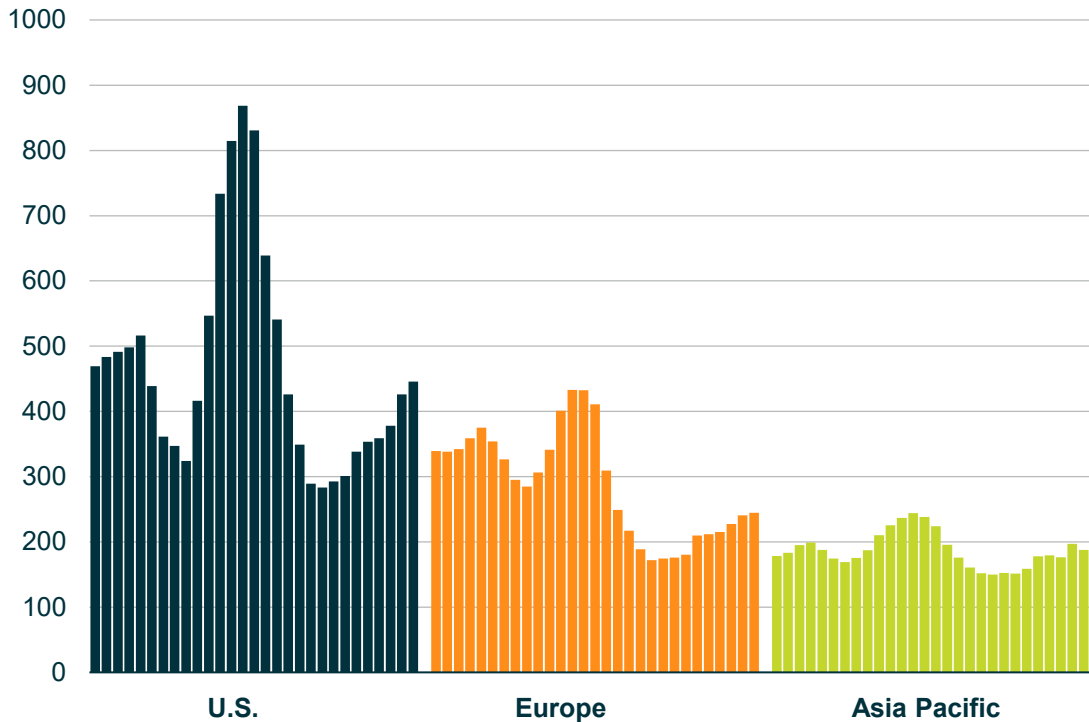
Note: Central / Eastern European and S. Korea office did not have data for 25Q3 and thus is not represented. Off = Office, Ind = Industrial, Res = Residential, Ret = Retail.

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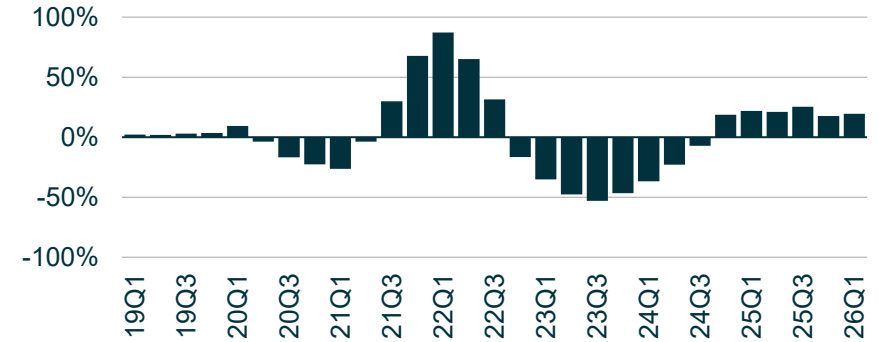
# Transaction volumes are picking up

Over the trailing year, investment volumes for income-producing property totaled \$890 billion across the U.S., Europe and Asia Pacific, which was a 17% increase relative to the same period last year – up 26% in the U.S., 16% in Europe and 11% in Asia Pacific. Volumes have been growing on a year-over-year (y-o-y) basis for six quarters. Pricing is below 2019 levels and has stabilized, marking an attractive entry point.

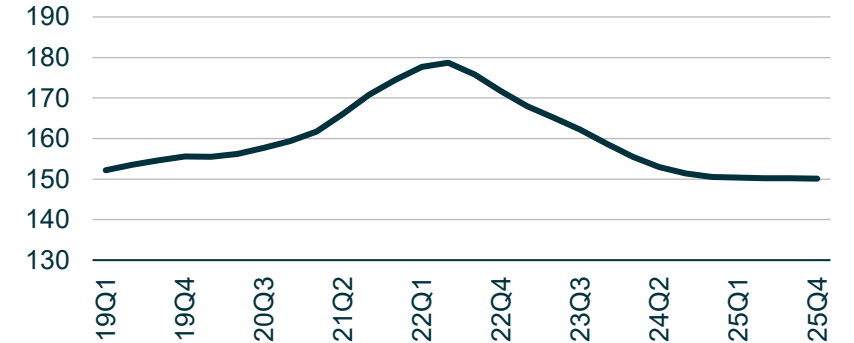
Investment volume (USD B, TTM), 19Q1 – 26Q1



Global volume (year-over-year)



Global Pricing Index (RCA CPPI)



Source: Real Capital Analytics; Nuveen Real Estate Research (Transactions data 26Q1 as 30 April 2026; Global CPPI data as of 25Q4).

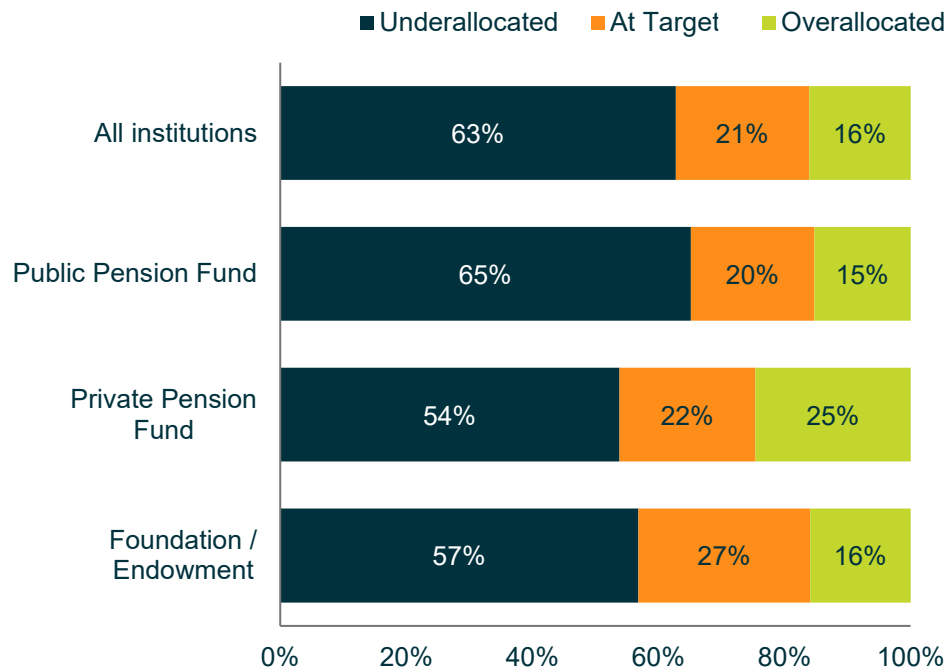
Note: Transaction volume includes all property types excluding development sites. A previous version of this slide included development sites which resulted in significantly higher transaction totals for Asia Pacific. Excluding non-income producing property provides a better like-for-like comparison.

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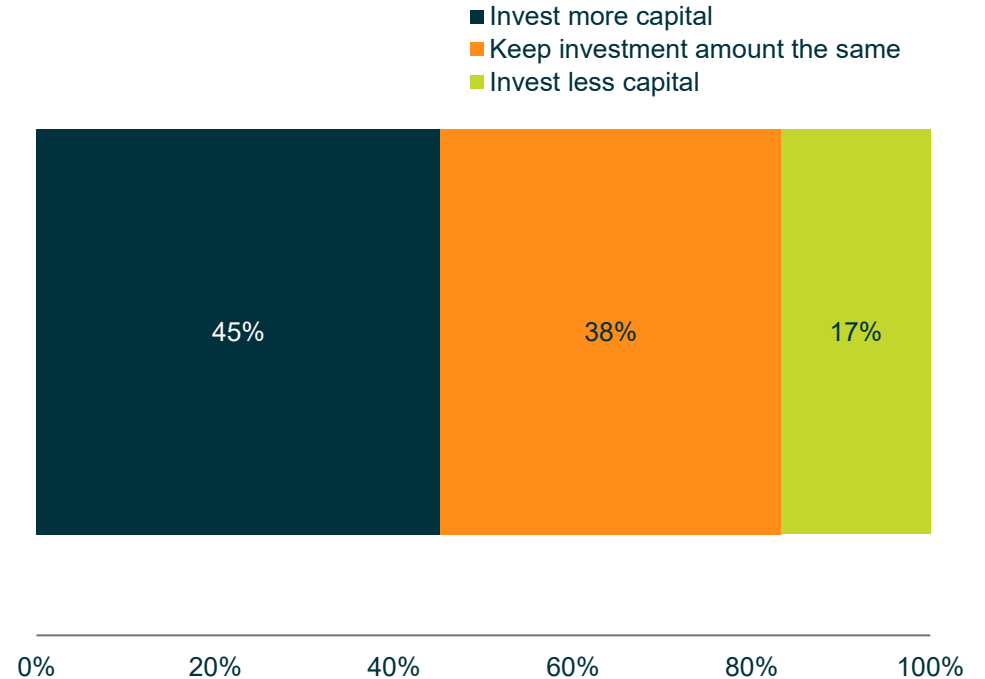
# Investors are eyeing real estate in 2026

Global institutions are starting the year below their target allocation to real estate with nearly 3x as many investors planning to invest more capital in 2026 compared to those who intend to invest less

**Proportion of LPs under-allocated/at allocation/over-allocated to private real estate as of 31 December 2025, by institution type**



**How much capital do you plan to invest in private real estate in the next 12 months compared to the previous 12 months?**



Source: PERE's 2025 Investor Report (published Jan 2026).

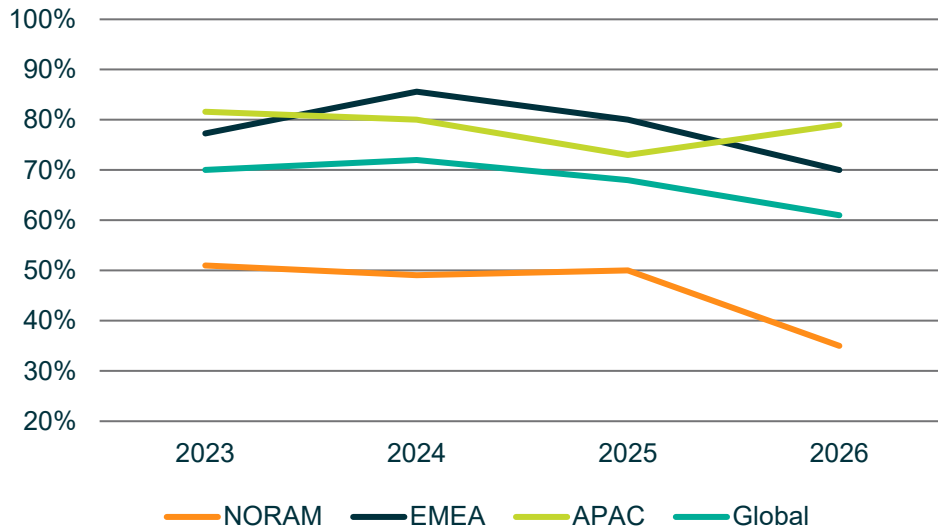
# Sustainability: Global sentiment

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

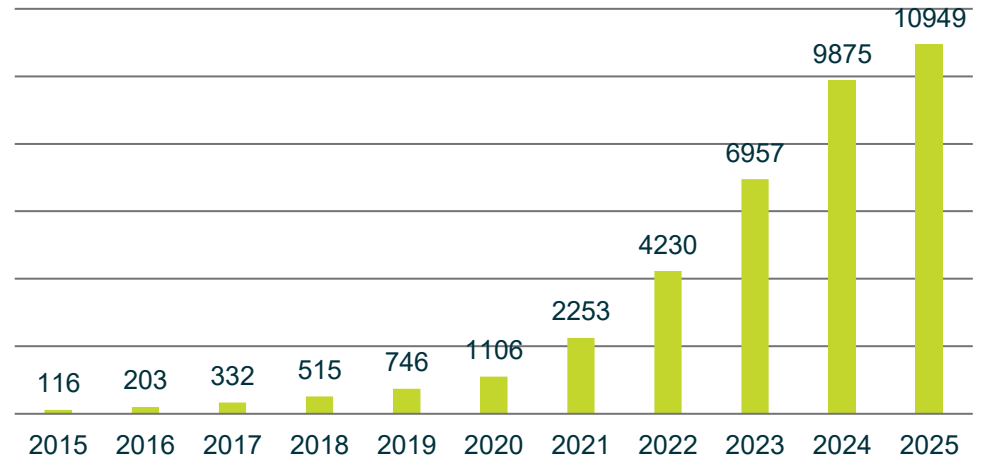
Investors are continuing to allocate capital to low and zero carbon products, supporting the low carbon transition. Nuveen's recent survey of over 800 institutional investors representing \$19 trillion of assets under management, found that almost seven out of 10 investors have or are considering net 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 or planning to consider net zero carbon in investment decision making<sup>1</sup>



### Annual cumulative number of companies with approved targets and commitments<sup>2</sup>



<sup>1</sup> 2026 Nuveen Global Institutional Investor Survey.

<sup>2</sup> Source: SBTi Trend Tracker, August 2025.

Note: NORAM = North America.

# Commercial real estate debt markets

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

## **Borrowers**

Significant demand from borrowers remains, with large volume of loans due to mature over the next three years.

## **Great vintage**

Recovering capital values provide natural growth in equity cushion, de-risking loans over time. Elevated margins provide attractive opportunities to enter market before it is saturated with significant volume of lenders.

## **Market bifurcation**

Banks have refocused on their core senior lending to prime assets, driving significant competition amongst lenders. The non-prime market continues to remain more balanced between demand and supply, offering attractive opportunities for non-bank lenders.

## **Significant demand from borrowers**

Over a trillion USD of loans are due to mature between 2026 – 2028 in the U.S., and slightly lower for Europe and APAC. Only 21% of borrowers intend to fully repay these loans when they mature, leaving a significant pool of loans that will need refinancing or extending. Globally and across real estate strategies, circa \$400B of dry powder has been raised, but only 14% of this was for debt strategies pointing a significant gap between borrower demand and lender supply in the coming years.

## **Great loan vintage as capital values recover**

Investing at the bottom of the real estate cycle has historically been great vintage for loans as recovery in capital values have driven a proportionate increase in equity cushion on loans. For example, loans on rebased asset values at the end of 2013 at 70% LTV in Europe will have resulted in actual LTVs of circa 45% for the subsequent five years as capital values continued to grow. Further to this, margins at the bottom of the cycle also tend to be relatively elevated as the markets will be weary of potential further uncertainty. Therefore, locking in loans at these elevated margins typically provide enhanced returns relative to periods when the market is in growth and increased capital is chasing every deal opportunity.

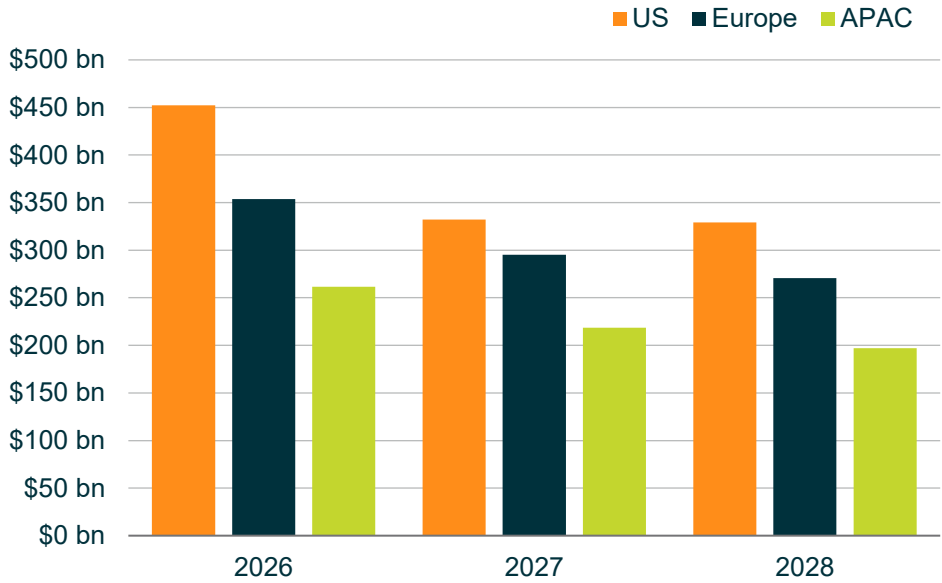
## **Bifurcation in competition between prime and non-prime**

Recent market volatility has dampened the appetite of banks to lend to real estate directly. In Europe, the recently implemented Basel III Endgame is likely to have similar effect as the slotting regime has had in the U.K., with an increase in cost of capital for real estate lending. Ultimately, it is becoming less economically viable for banks to offer real estate loans outside their core senior lending focus. This has resulted in banks increasing their focus on lending to prime assets and locations, which has compressed margins as competition intensifies. This has largely left the non-core/prime segment of the market open for non-bank lenders to operate in with reduced competition. In this segment, the supply/demand balance between lenders and borrowers is more aligned and therefore margins continue to remain elevated relative to long term historic averages.

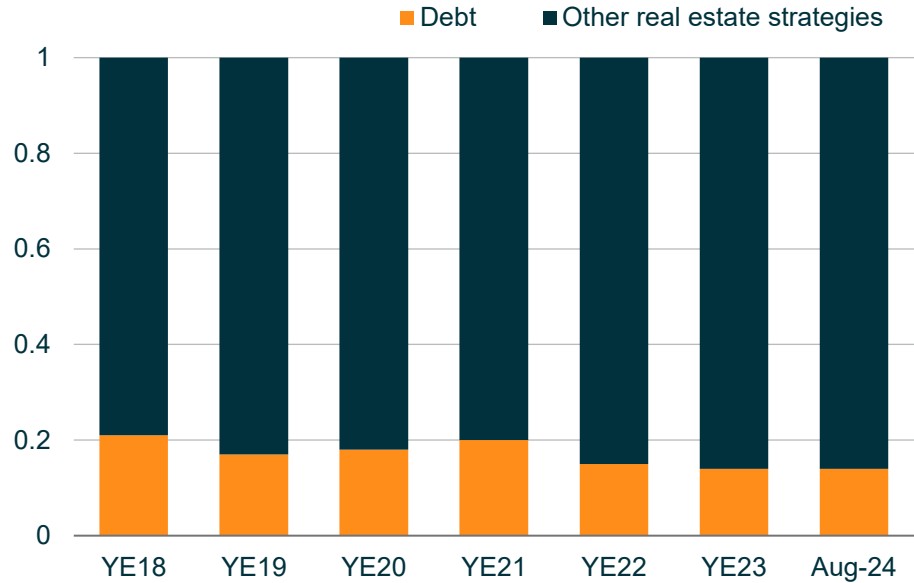
# Demand from borrowers to persist

Significant volume of loans maturing in the next three years, with almost 80% requiring refinancing or restructuring. The share of debt capital raised to service these loans has declined over the last few years.

Estimated refinancing requirements (USD)



Global - \$394B of dry powder waiting to be deployed



Only 21% plan to repay their loan in full

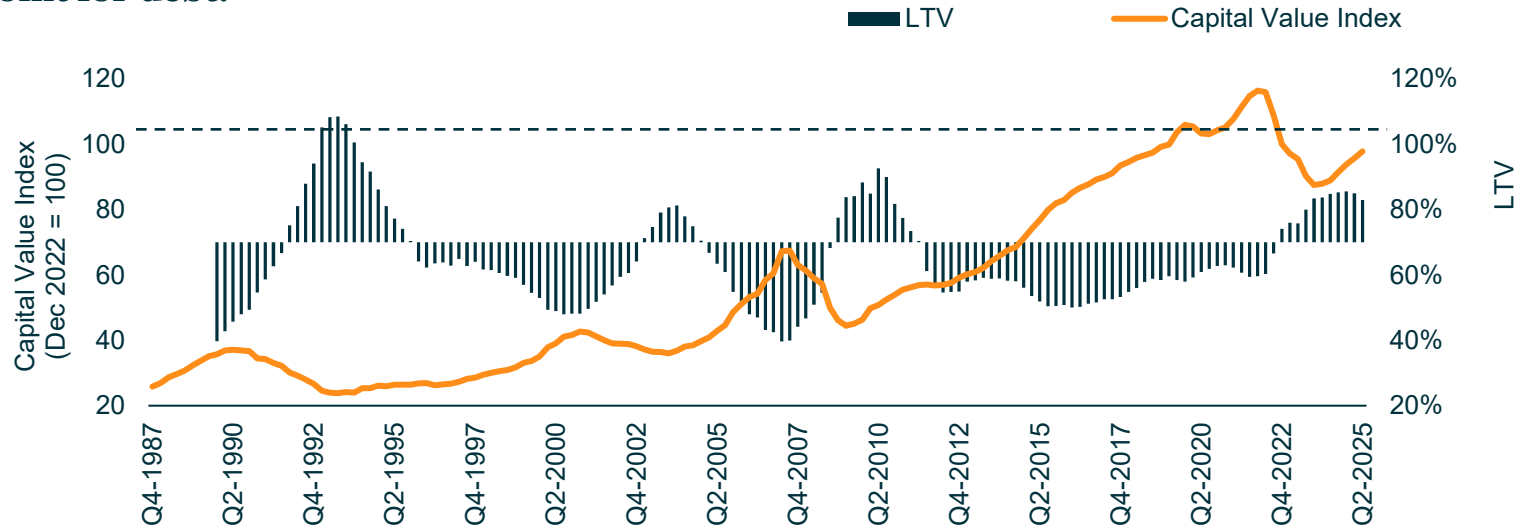


Source: Nuveen Real Estate Research (May 2026), data from IMF, Preqin, Deloitte, as of January 2026.

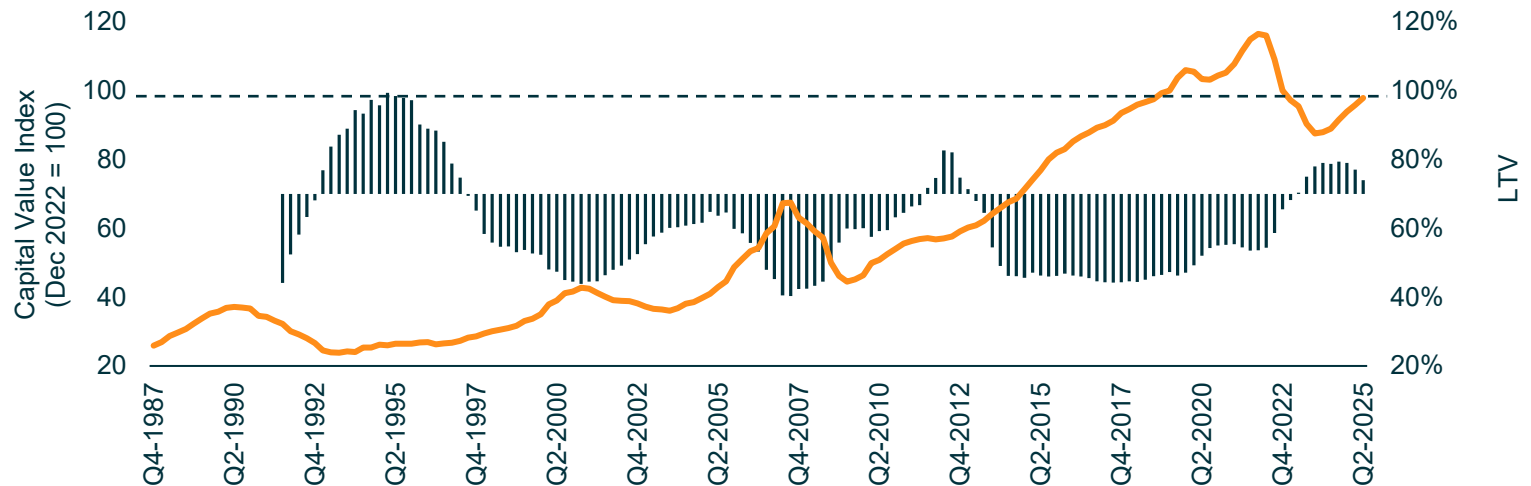
# Increasing equity cushion for lenders

Loans underwritten close to the bottom of the cycle tend to have reduced LTVs after 3-5 years as capital values recover. We are now likely at the bottom of this cycle with several quarters of capital value recovery – this is likely the best entry point for debt.

**Trailing 3-year change in LTV assuming 70% at origination**



**Trailing 5-year change in LTV assuming 70% at origination**



Source: CBRE (March 2026), Nuveen Real Estate Research (May 2026).

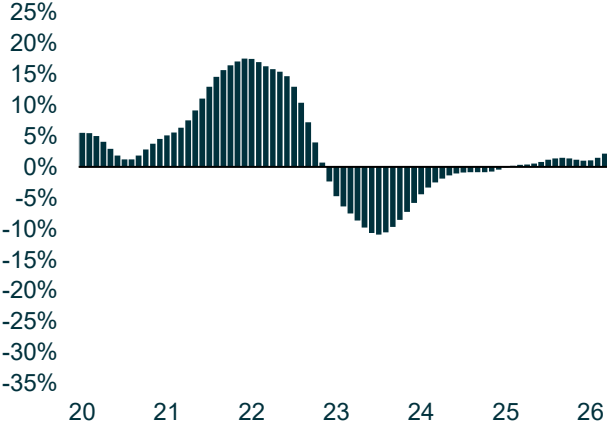
## 2. United States

# U.S. transaction pricing is improving

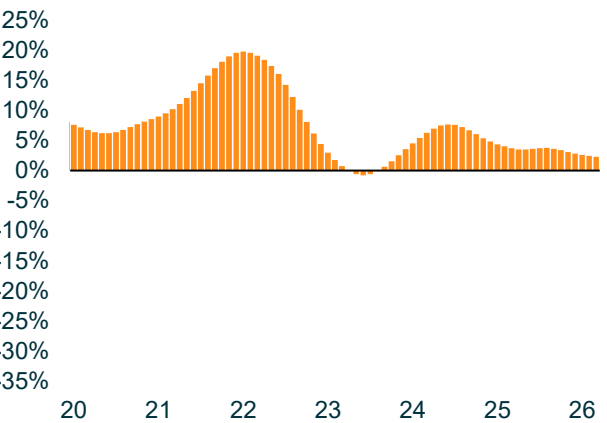
The National All-Property Index rose 212 basis points (bps) year-over-year in March, the fourteenth consecutive month of annual increases in transaction prices

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

**National**



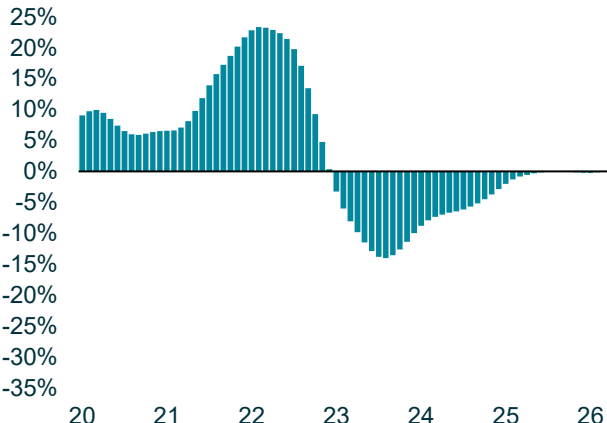
**Industrial**



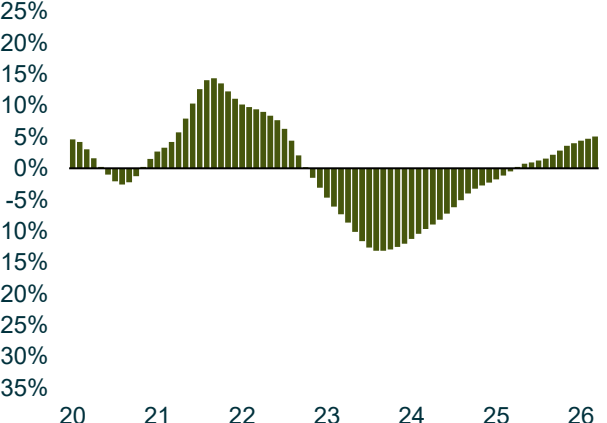
**Retail**



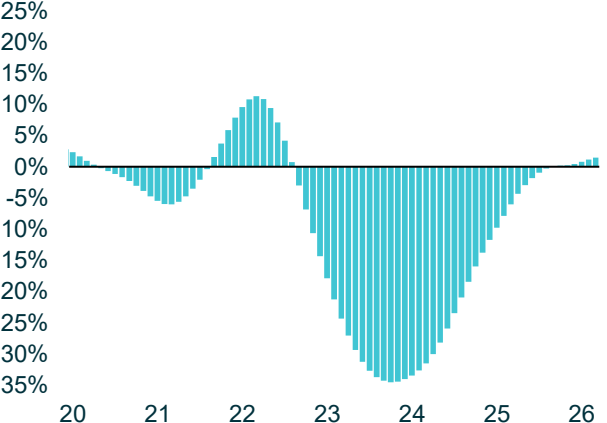
**Apartment**



**Office - Suburban**



**Office - CBD**

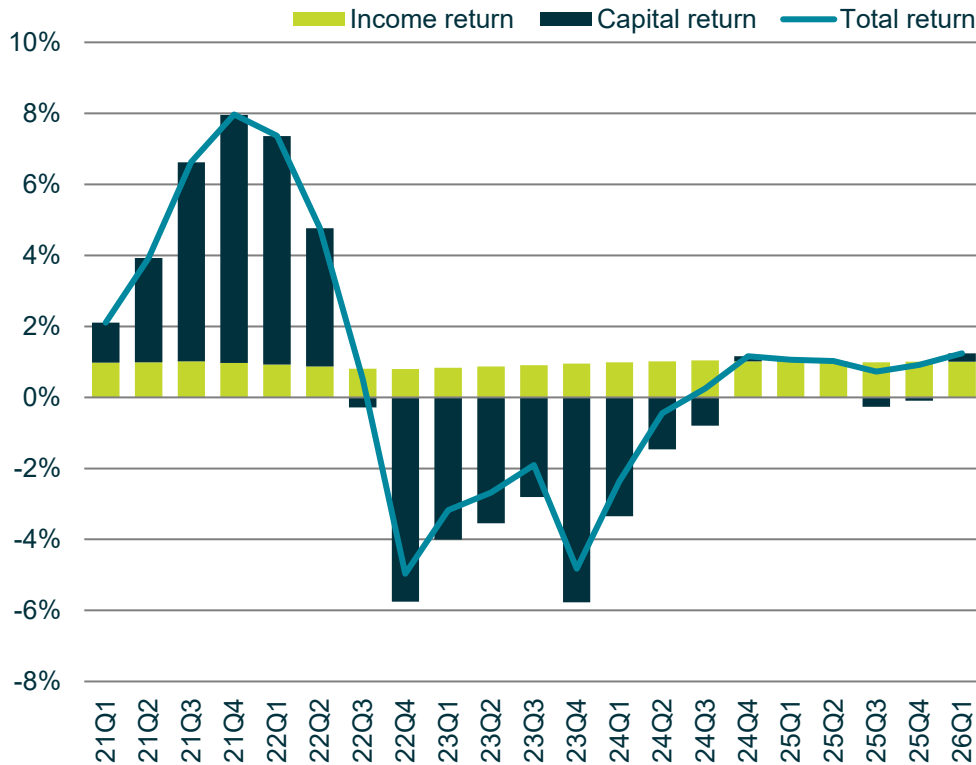


Source: Nuveen Real Estate Research; MSCI Real Capital Analytics (data through March 2026 as of late-April data release).

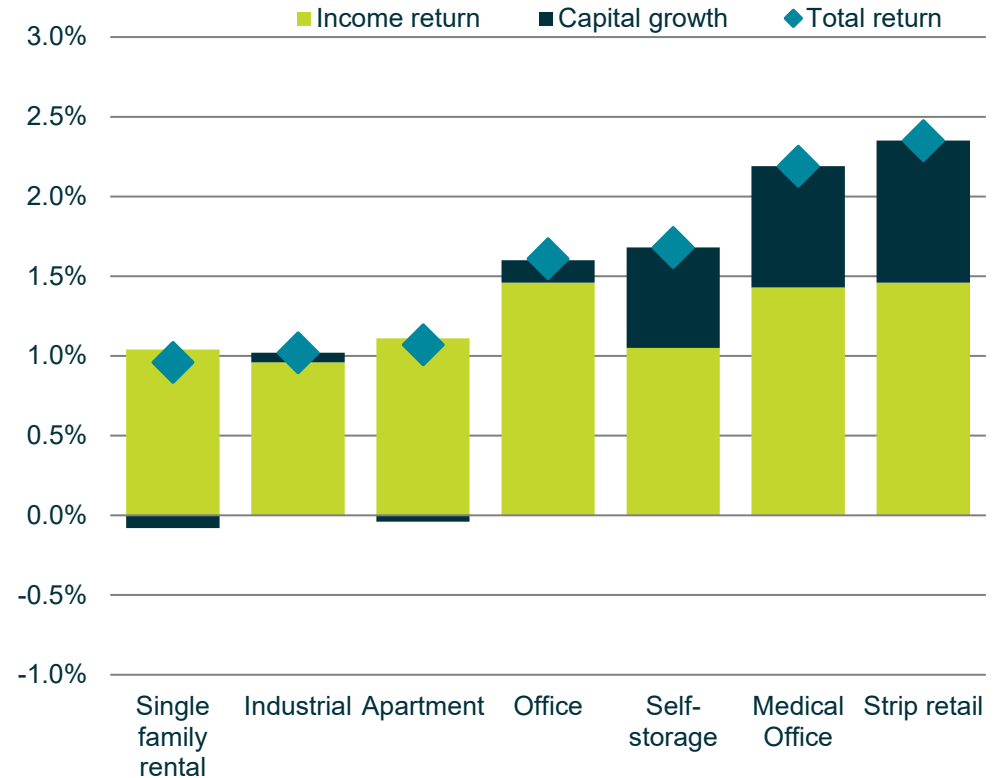
# U.S. returns positive for last seven quarters

Valuations improved in Q1 and total benchmark returns have been positive for seven consecutive quarters thanks to stable income returns. Overall, values are improving with most sectors now seeing gains.

## NCREIF Fund Index ODCE returns



## ODCE quarterly returns by select subtype



Past performance does not predict or guarantee future results.

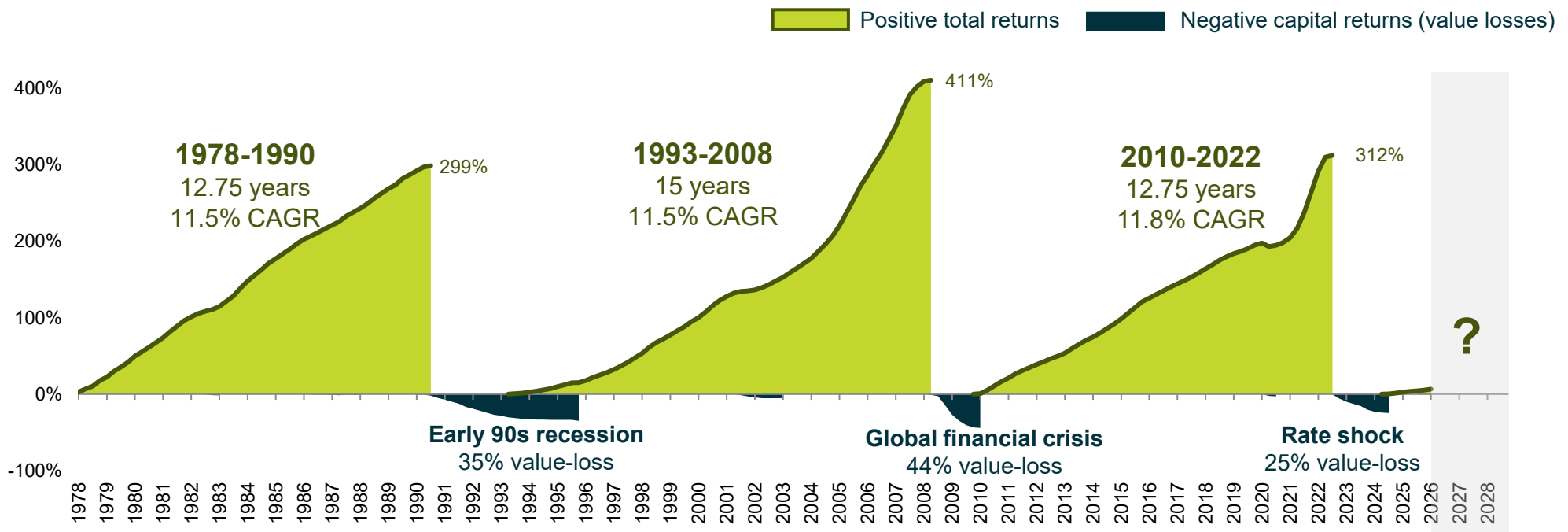
Source: NCREIF ODCE (26Q1); Nuveen Real Estate Research.

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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, values have stabilized. Core real estate has now produced seven 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)



Past performance does not predict or guarantee future results.

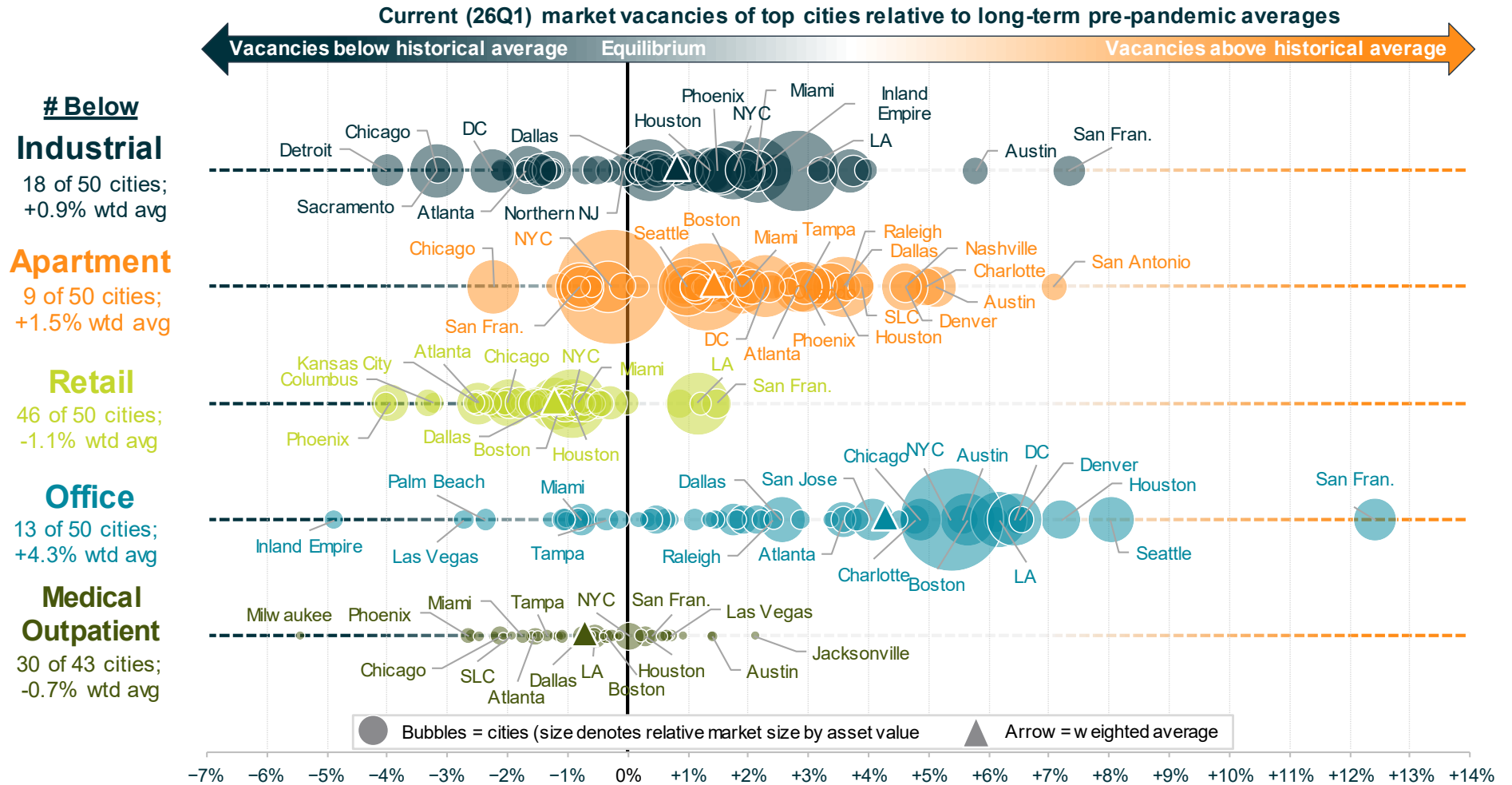
Source: NFI-ODCE (NCREIF Fund Index – Open-End Diversified Core Equity; Nuveen Real Estate Research (26Q1).

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 (Q4 2024) 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 NFI-ODCE, unlevered property-level returns. The above version utilizes NFI-ODCE, a fund-level capitalization weighted return index which includes property investments at effective ownership share, cash balances, leverage, and other fund level impacts.

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# There are opportunities across all sectors

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

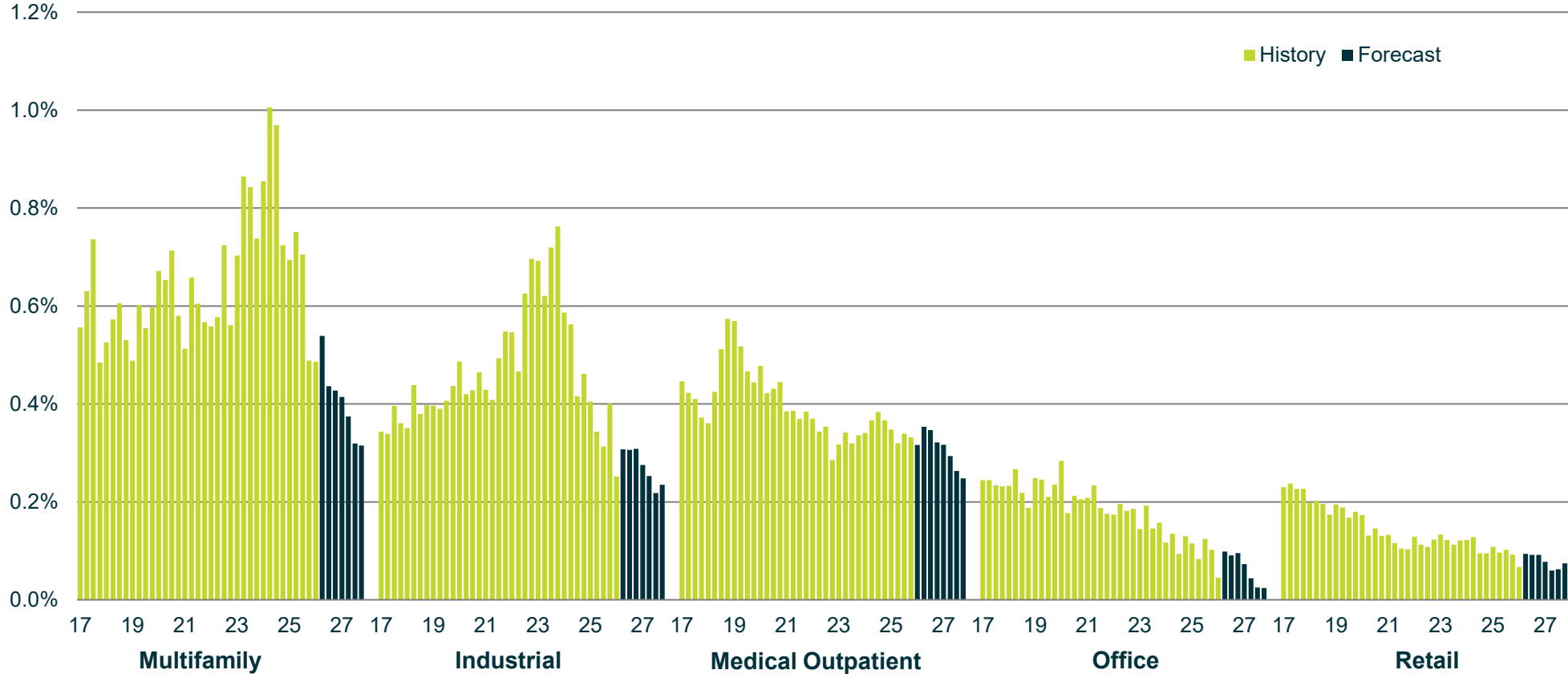


Sources: CoStar; Revista; Nuveen Real Estate Research (Q1 2026); Note: the length of the pre-pandemic average vacancy varies due to differences in data availability by market and sector.

# 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 2027)**



Source: CoStar (Q1 2026); Revista (Q1 2026), Nuveen Real Estate Research.

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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

- Largely driven at the state and local level
- US Climate Alliance, 24 states commit to Paris Agreement emission objectives, despite U.S. withdrawal
- 50+ jurisdictions require owners to disclose energy use to city
- 13 jurisdictions with Building Performance Standards, 40+ committed to passing, representing over 20% of building stock
- 75 jurisdictions with all-electric policies

#### Investors

- 2025 GRESB – another increase in net zero targets, now reaching 66.4%<sup>1</sup>
- ~50% of North American investors consider/plan to consider net zero carbon in investment decisions<sup>2</sup>
- In 2024, global investments in energy transition technologies reached a record high, up 20% compared with the average annual levels of 2022/2023<sup>3</sup>

#### Occupiers/owners

- 52% of U.S. Forbes Global 2000 companies set net zero targets, up 9% over prior year<sup>4</sup>
- Total number of zero energy buildings in North America has grown by 42% since 2018<sup>5</sup>
- Global net zero energy buildings market is forecasted to grow 29% CAGR through 2027<sup>6</sup>
- 3 out of 4 new leases among the top 100 office occupiers in major U.S. markets will be tied to a carbon commitment between 2023 and 2030<sup>7</sup>

**A strategic, long-term focus on net zero carbon responds to market trends anticipating value creation opportunities, given the continued global momentum to the low-carbon energy transition and investor preferences.**

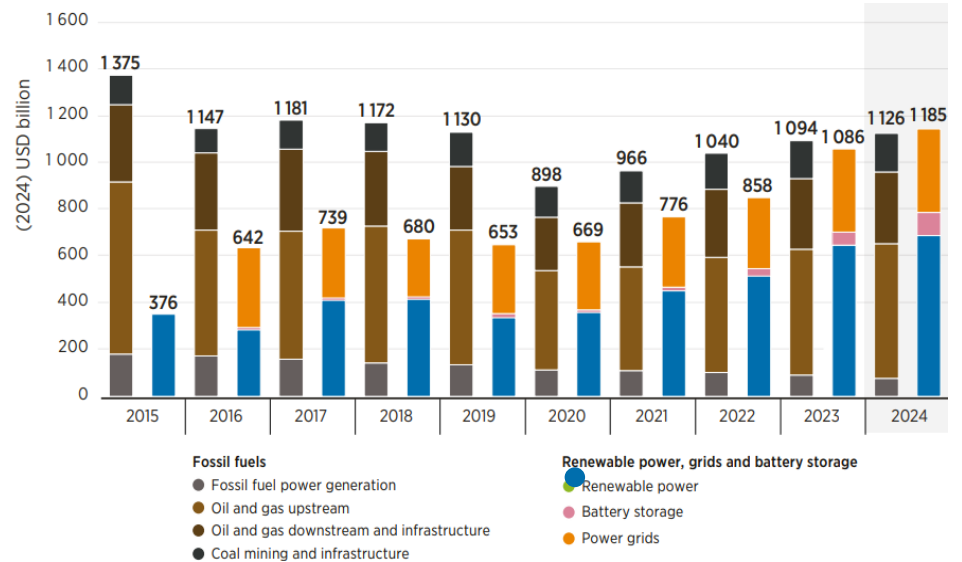
As of Jan 2026.

1 GRESB = Global Real Estate Sustainability Benchmark. 2 Nuveen Equilibrium Global Institutional Investor Survey, 2026. 3 IRENA Global Landscape Of Energy Transition Finance, 2025. 4 Net Zero Tracker. 5 New Buildings Institute. 6 ABI Research. 7 JLL. Soaring demand for low carbon offices will outstrip supply.

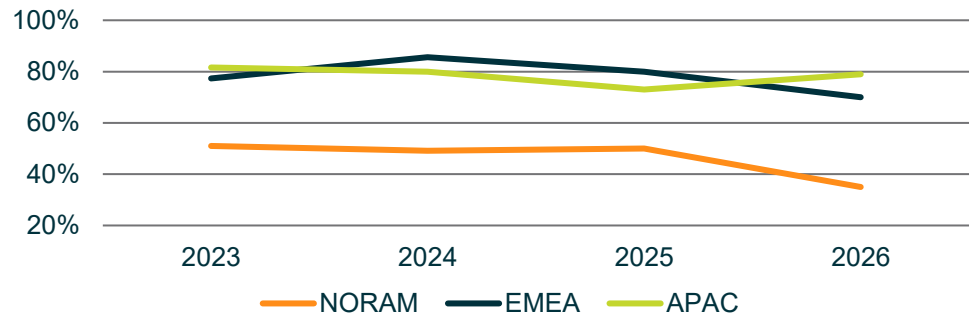
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### Global annual investments in renewables, grids and storage versus fossil fuels, 2015-2024<sup>3</sup>



### Investors considering/plan to consider NZC<sup>2</sup>

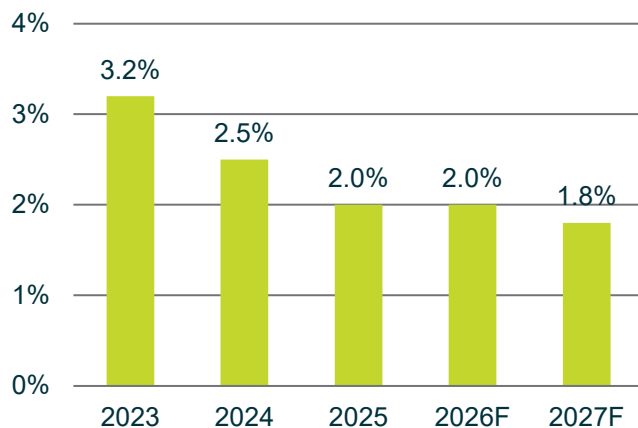


# U.S. economics

**Growth continued at a solid pace, but job growth has slowed and the U.S./Iran conflict has added an additional layer of risk to the outlook**

- Accelerated investment in A.I. infrastructure continues to sustain growth overall in the U.S., but slowing job growth and weakened sentiment have raised flags on the outlook for consumer spending
- The conflict in the Middle East has spurred higher inflation and pushed long-term interest rates higher. Tax cuts from the OBBBA and reduced tariff headwinds should help blunt some of the effects from the war.

## U.S. real GDP growth (4Q/4Q)



Source: Moody's Analytics, April 2026, Nuveen Real Estate Research.

## The U.S. economy continues to expand, but risks remain

The U.S. economy reaccelerated in the first quarter as GDP grew at an estimated 2.0% annualized pace after slowing significantly at the end of 2025. Consumer spending and continued business investment in AI capacity helped drive stronger activity during the quarter, pushing year-over-year growth up to 2.7%. Rising oil prices stemming from the conflict with Iran caused inflation to jump to the highest point in nearly three years at the end of the quarter. However, the economy received a boost from the U.S. Supreme Court decision ruling many of the tariffs implemented in 2025 as unlawful. In addition, several tax cuts and other provisions in the One Big Beautiful Bill Act took effect at the start of the year, providing support for manufacturing activity and consumer spending.

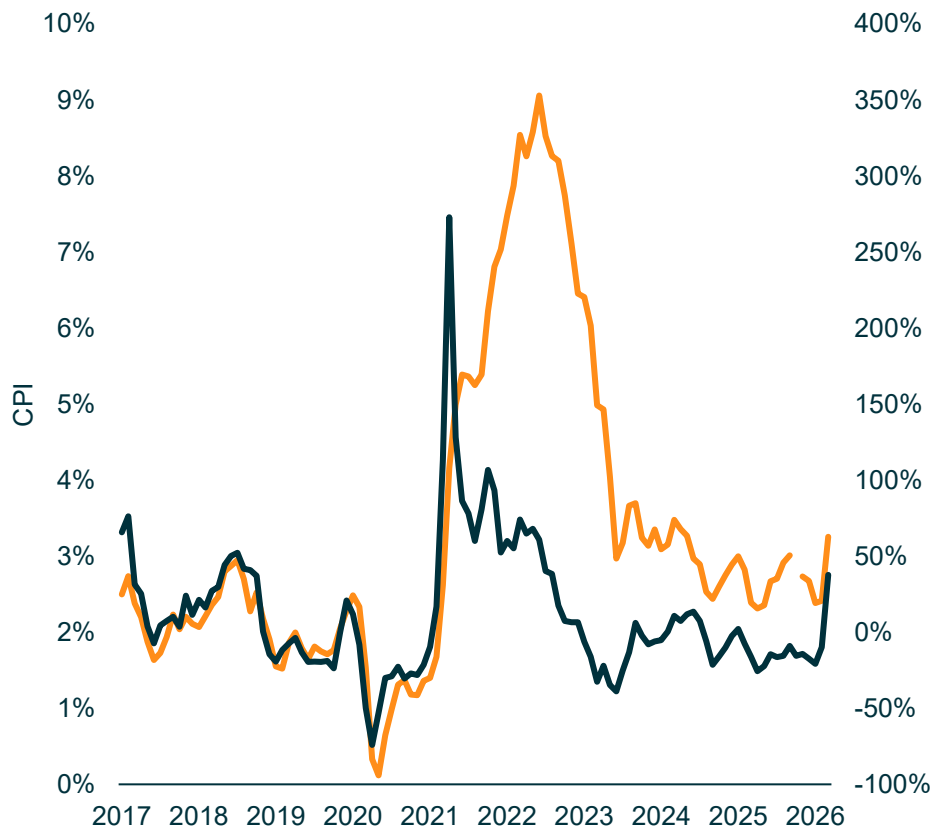
Labor market conditions improved slightly but remained soft, however, with the economy adding just 68,000 jobs per month during the quarter. Job growth remains uneven in the economy, with traditional office-heavy industries shedding jobs while education and health care employment continues to climb.

The Federal Reserve held short-term interest rates steady during the quarter, adopting a wait-and-see posture as policymakers assessed the potential economic fallout from the conflict in Iran. Fed officials have signaled that they are unlikely to respond directly to inflation caused by energy price shocks but remain concerned about inflation expectations in the economy. Markets now expect only one rate cut throughout the remainder of 2026, with additional interest rate cuts likely in 2027. Yields on 10-year Treasuries jumped following the first attacks in Iran, finishing the first quarter at 4.34% from 4.18% at the end of 2025.

# U.S. economics

The conflict between the U.S. and Iran in the Middle East caused a surge in oil prices, stoking inflation and pushing long-term interest rates higher

### CPI and oil prices (y-o-y % growth)



### 10-year Treasury yield (%)



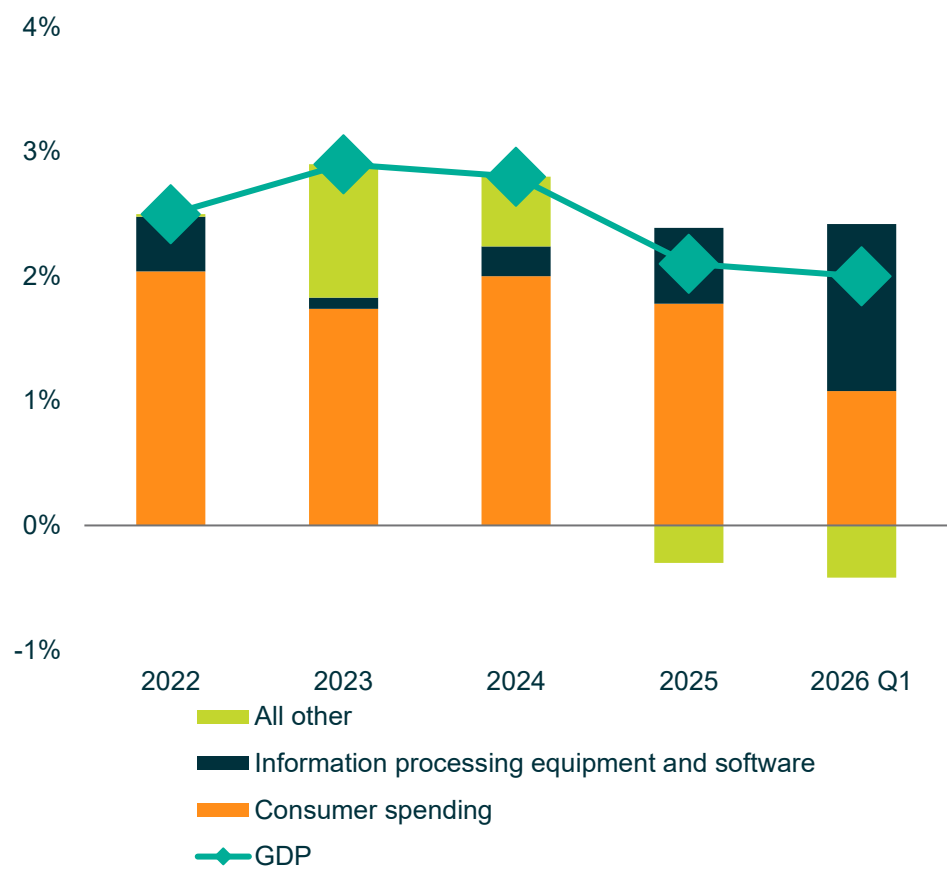
Source: Bureau of Labor Statistics, Federal Reserve, U.S. Energy Information Association.

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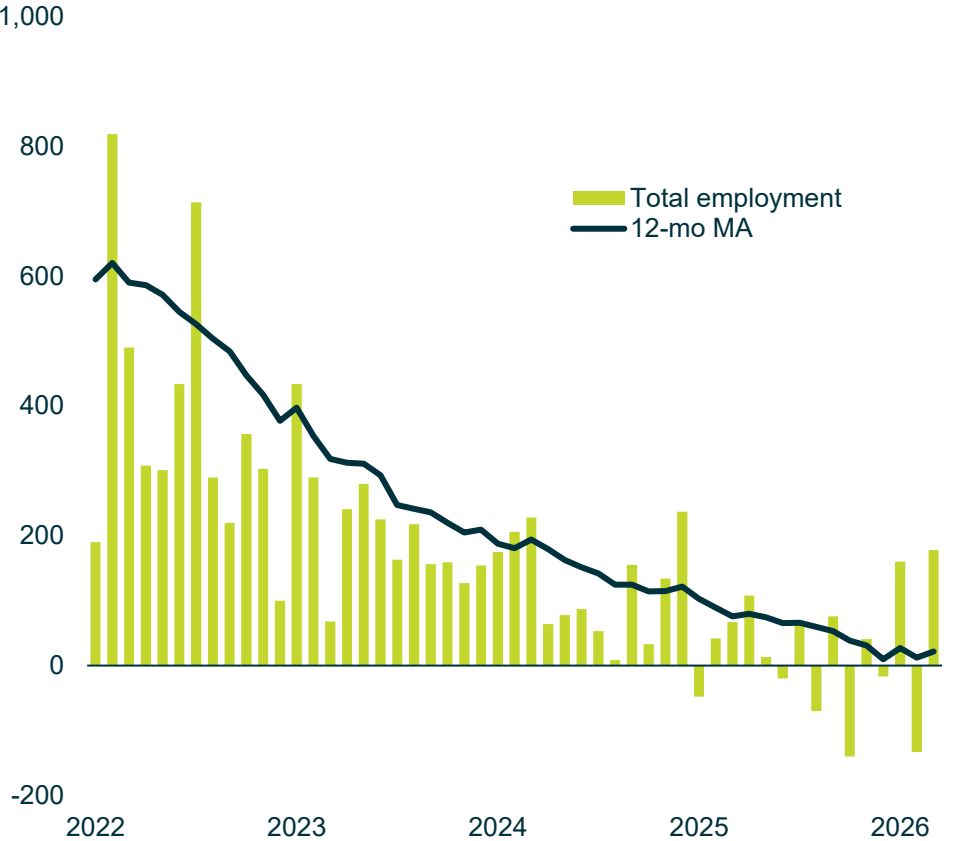
# U.S. economics

Investment in A.I. related infrastructure and software was the largest contributor to economic growth in Q1. Job growth has slowed, raising concerns over the strength of the economy going forward.

**Contributions to GDP growth (annualized pace)**



**Employment growth, monthly change (thousands)**

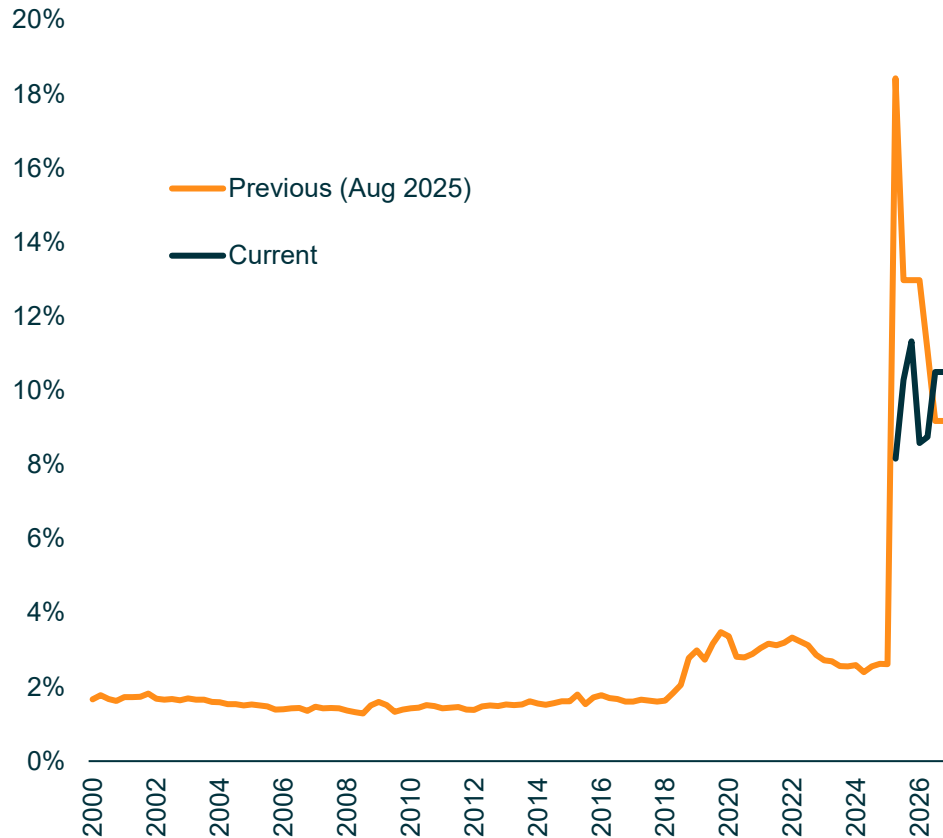


Source: Bureau of Economic Analysis, Bureau of Labor Statistics latest data through March 2025, most current as of 1 May 2026. Nuveen Real Estate Research.

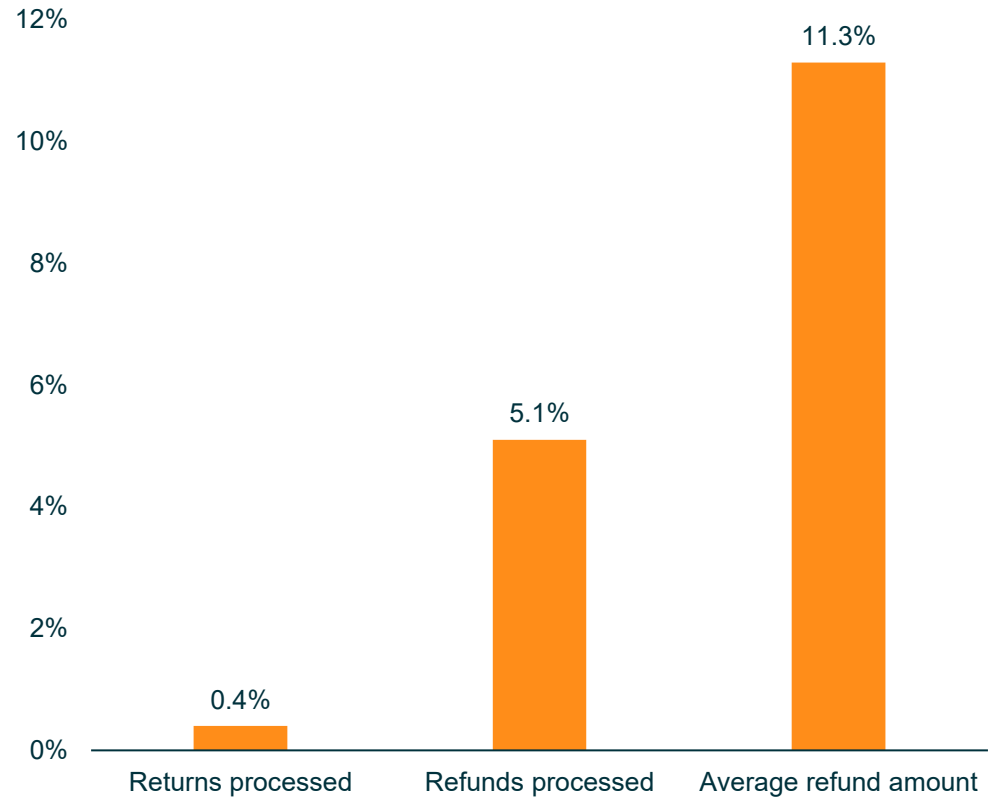
# U.S. economics

The near-term outlook for tariffs is lower following several trade deals and the Supreme Court ruling. In addition, tax cuts in the OBBBA began to take effect at the start of 2026. Both are positive for growth.

## U.S. effective tariff rate



## Cumulative tax return data (y-o-y growth)



Source: Moody's Analytics August/April 2026. IRS as of the week ending 17 April 2026.

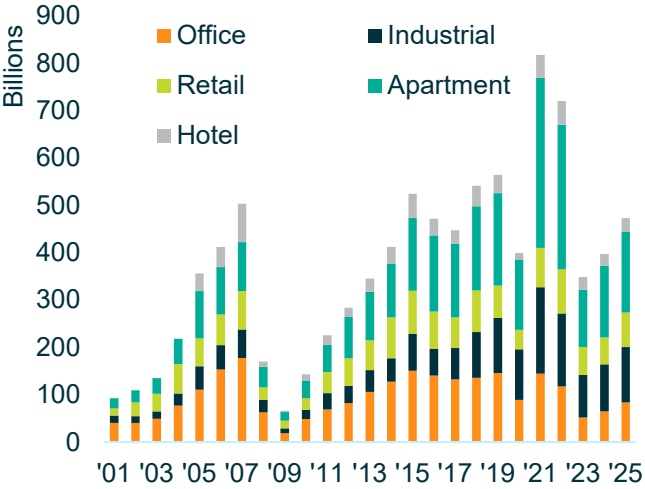
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# U.S. investment market

## Sales volumes continue to recover after tumbling in 2023, helped by improved debt conditions

- Momentum in deal activity continued at the start of 2026, as sales volume grew 27% year-over-year in Q1 2026
- Institutional investors are under their target allocations for the asset class, which should support activity in 2026

### U.S. real estate investment volume



Source: RCA, April 2026.

### Transaction volumes are increasing

The U.S. commercial real estate market continued its positive trend at the start of 2026, with transaction volume rising 27% year-over-year in Q1 2026 after rising 27% in 2025. Volume has now increased for eight consecutive quarters following two years of annual declines in activity. All five core property types registered year-over-year growth in Q1 sales volume, with the largest gains coming in the recovering hotel and office sectors.

### Value resets and improved debt availability continue to drive transactions

Commercial real estate values endured a significant reset in values in 2023 and 2024 following the Fed’s aggressive rate hike cycle which began in 2022. Long-term interest rates have experienced some volatility but have largely hovered around 4% over the last several quarters. In addition, traditional lenders have increased their appetite for CRE lending in recent quarters after tightening lending standards in 2023 and 2024. This should continue to support transaction activity in coming quarters.

### Pricing is recovering

The rise in transaction activity has brought some stability to property values over the past several quarters. Transaction pricing rose 0.6% in Q1 2026 from Q4 2025 levels and are now up 2.6% year-over-year. This marks the sixth consecutive quarter of yearly gains following a 21% decline from the peak in early-2022.

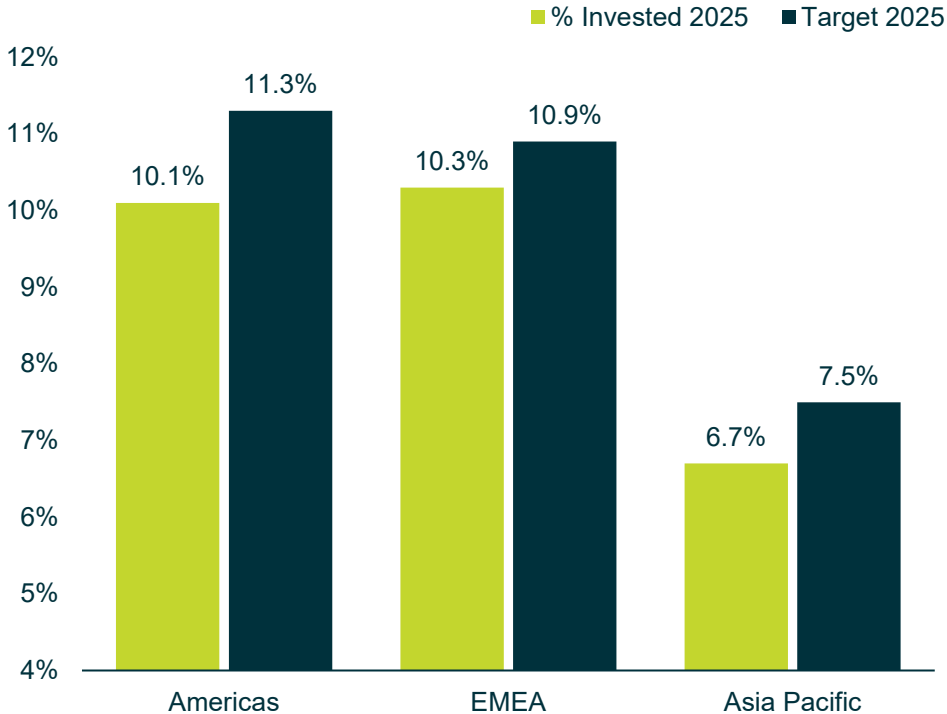
### Global institutional investors are now below their target allocations

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

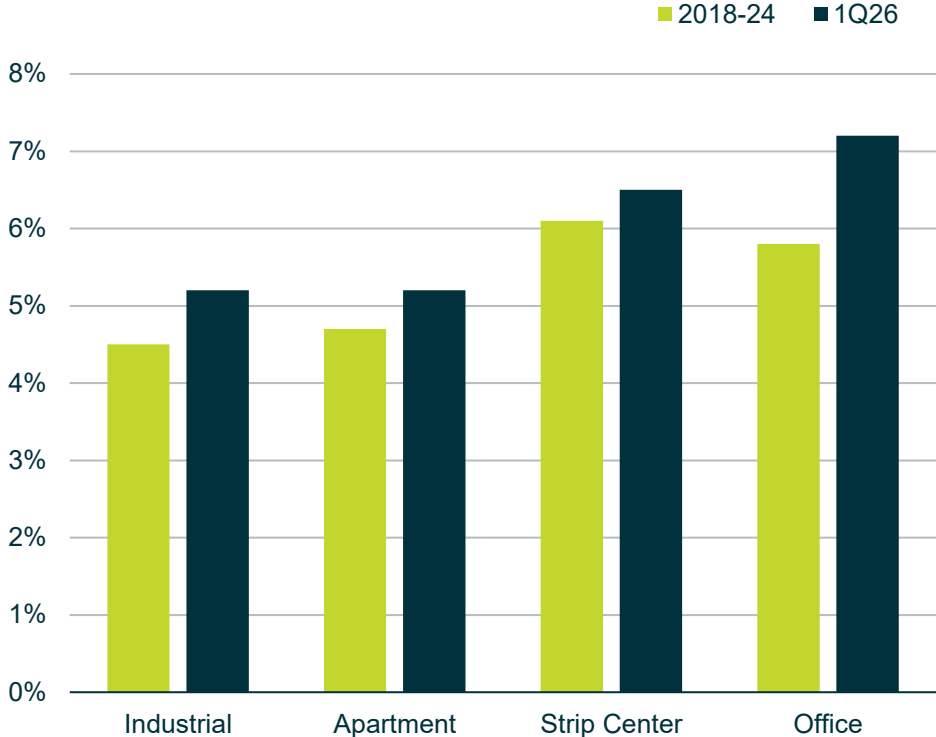
# U.S. investment market

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

**Current investor allocations to real estate are below target**



**Cap rate expansion creates opportunities for new investment**



Source: Hodes Weill 2025 Allocations Monitor (October 2025); Green Street (April 2026); Nuveen Real Estate Research.

# U.S. office

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

- A recovery is underway with three quarters of positive net absorption
- Construction starts remain near record low rates setting up a future shortage in high-quality options for tenants
- High-quality assets continue to gain market share as most tenants seek quality over value
- Tenants are generally spending more rent on a per square foot basis as they look to consolidate while increasing the quality of their space
- New York has been the top performing gateway market thanks in part to a stronger return to office than other markets
- San Francisco has shown signs of recovery in recent quarters thanks to demand from AI startups

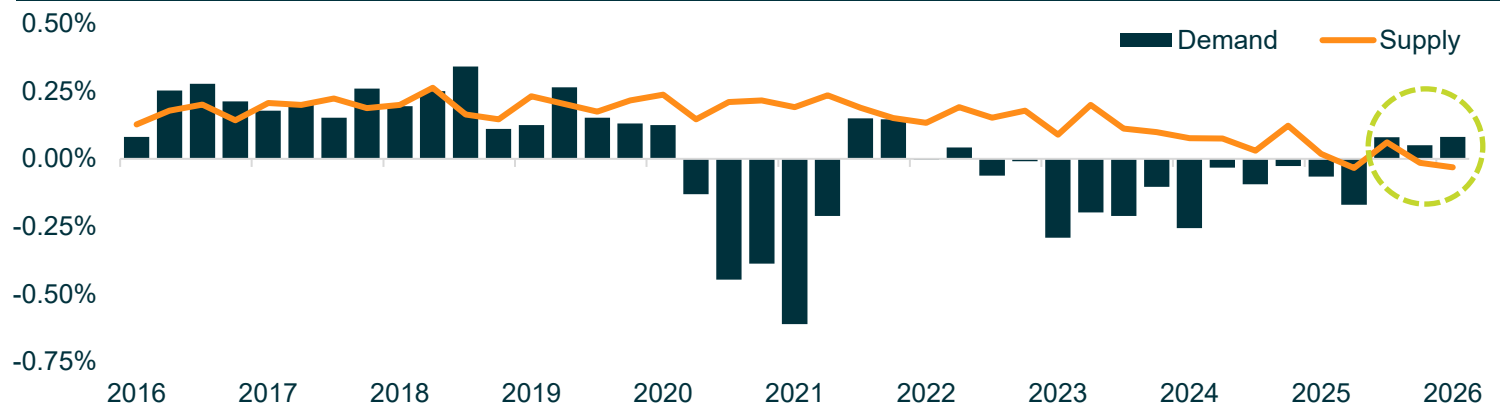
## Net supply is hovering near zero as obsolete space is removed from the market

Net absorption was positive for a third consecutive quarter, and vacancy fell by 11 bps. Newer properties have seen improving occupancy since early 2024. Starts remain near record lows, leading to virtually no new supply over the mid-term and net negative supply after factoring in demolitions and conversions of obsolete space into other uses. The result will likely be a shortage of high-quality space. However, demand is expected to remain historically weak due to flat employment growth in the primary office-using sectors. Prices bottomed early last year, falling 40% from the peak and have increased by 4.4% since. A supply shortage of quality assets combined with comparatively high going-in yields are starting to drive a compelling relative value opportunity.

## Cyclical weakness persists. Secular challenges normalizing

The focus has been on the secular challenges caused from remote working, but cyclical challenges are often ignored. Since the Fed first raised interest rates in 2022, office-using jobs remain 1.1% below the 2022 peak. Stricter return-to-office requirements and pre-pandemic lease expirations make this less of a drag on demand going forward.

## Quarterly change in supply and demand as a % of inventory



Source: CoStar Group, Inc. (Q1 2026), Nuveen Real Estate Research (May 2026).

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

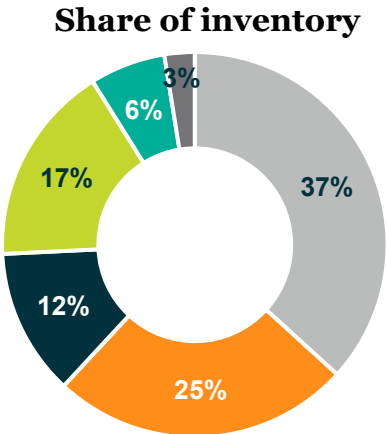
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# U.S. office

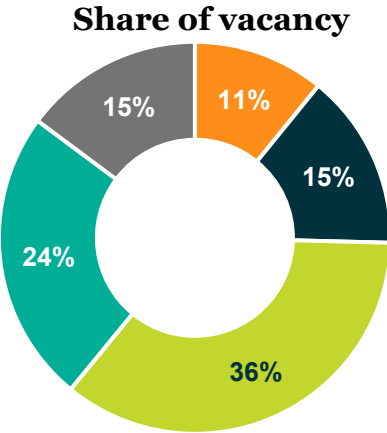
Nearly two-thirds of U.S. office buildings are more than 85% occupied

## Vacancy is highly concentrated

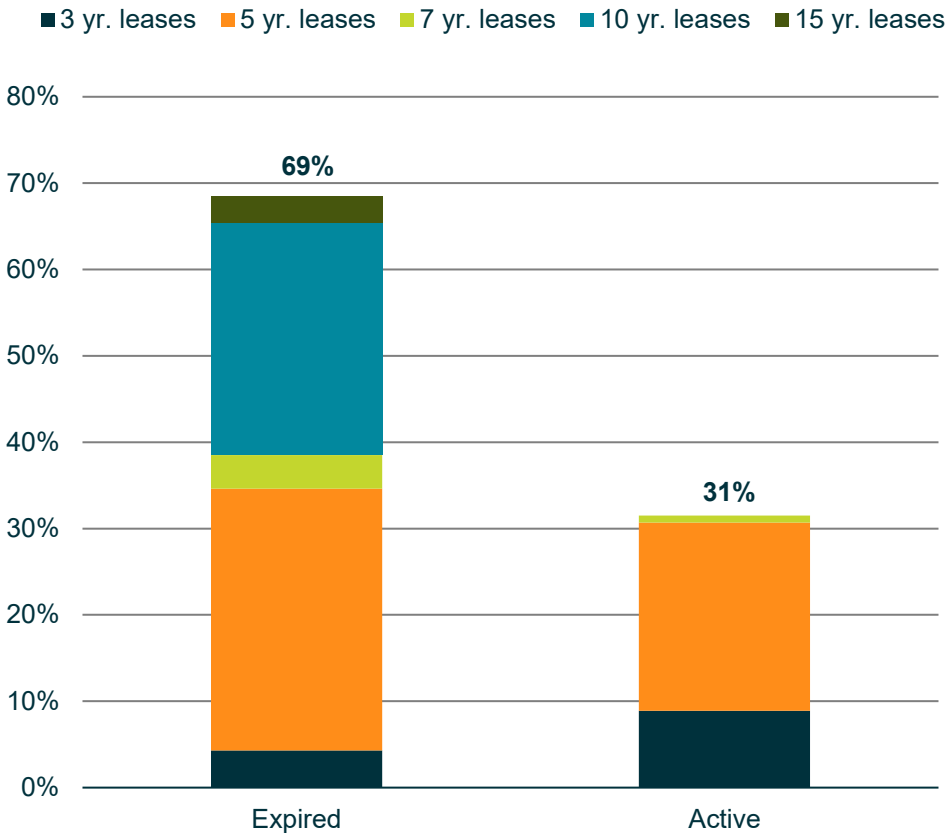


## Property-level vacancy

- No vacancy
- Less than 15% vacant
- 15% to 25% vacant
- 25% to 50% vacant
- 50% to 90% vacant
- More than 90% vacant



## Estimated pre-pandemic lease expirations by term



Source: CoStar Group, Inc. (Q1 2026), CompStak, Nuveen Real Estate Research (May 2026).  
 Note: Data based on Nuveen's 34 Resilient U.S. Cities.

# U.S. medical outpatient

## Aging population and shift to outpatient care underpin strong demand

- A continuing shift to outpatient care and away from hospitals is driving MOB demand
- Aging demographics should continue to put downward pressure on vacancy. The 75+ population is expected to grow by 68% between now and 2040.
- Already tight fundamentals should only strengthen further as developers pull back. Existing landlords will gain enhanced pricing power.

### Medical Outpatient Buildings (MOBs) deserve investors' attention now

MOBs present a rare combination of strong fundamentals, demographic tailwinds and an attractive entry point. MOBs have delivered superior risk-adjusted returns while maintaining remarkable resilience through economic cycles.

### Providers continue long-term shift to outpatient care

The ongoing secular shift in patient visits from hospitals to outpatient continues to benefit medical office buildings and ambulatory surgical centers. Outpatient visits reduce healthcare costs for both the patient and the provider. Over the past decade, hospital admissions declined 10% while outpatient visits increased 13%.

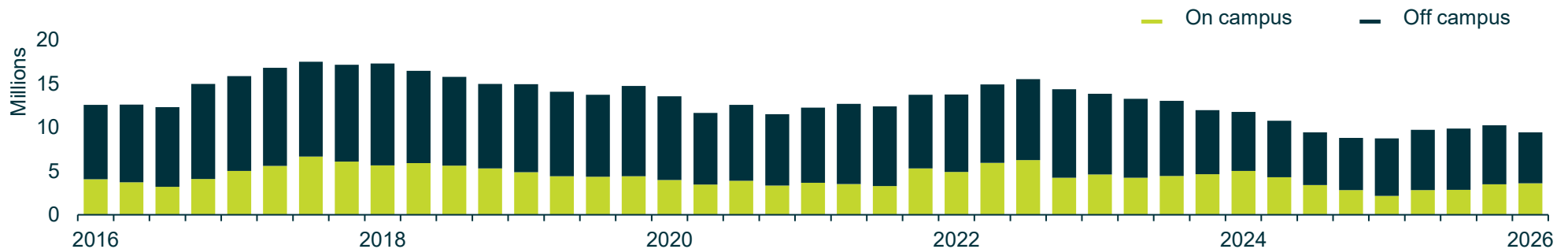
### A demographic transformation is underway

Seniors spend three times more on healthcare than younger adults and are responsible for 37% of all healthcare spending despite being a much smaller, but rapidly growing segment of the population. Seniors, represented by those aged 75 and older, are expected to grow by 68% between now and 2040.

### Slowing starts will lead to a supply shortage

Occupancy is at a cyclical high level of 93% with demand outpacing supply for 19 of the past 20 quarters. Construction starts remain well below typical levels, setting up a medical office shortage in the coming years.

## Construction starts cut in half since early 2022 peak



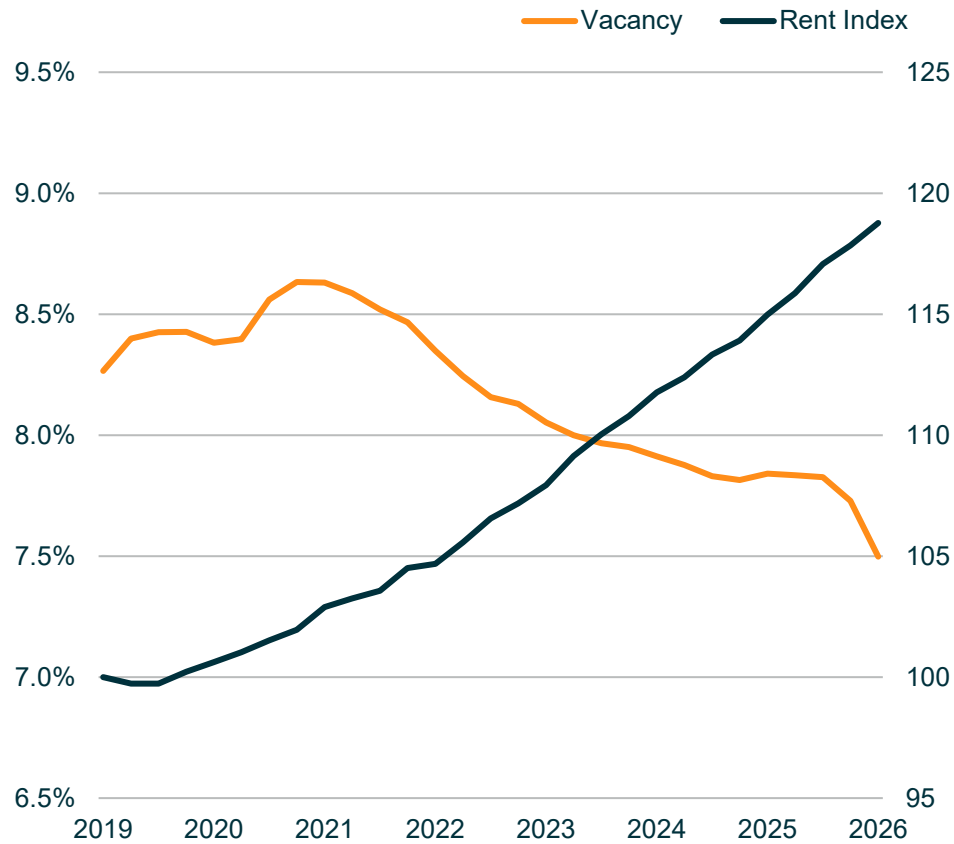
Source: Revista (Q1 2026), Nuveen Real Estate Research (May 2026).

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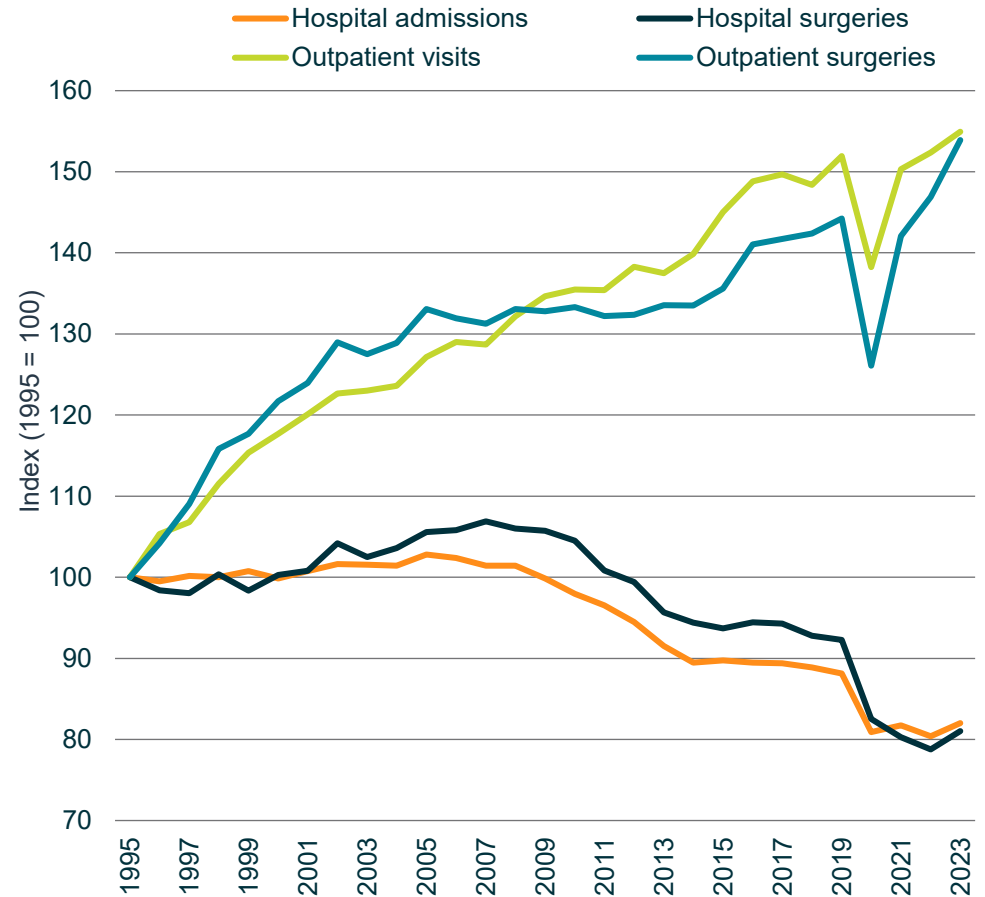
# U.S. medical outpatient

Fundamentals have never been stronger

## Vacancy and rent



## Outpatient care continually gains market share



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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# U.S. retail

## Strategic investment themes are aligned

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

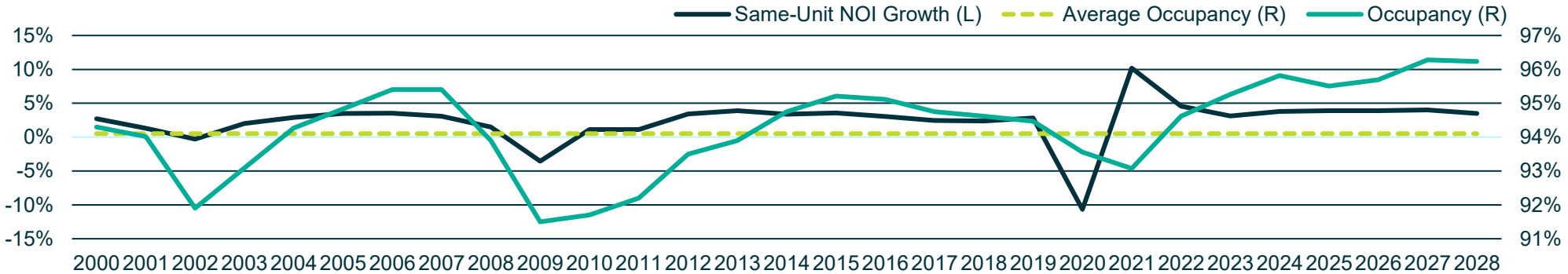
### Necessity retail is positioned to outperform

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

Vacancy at open air-shopping centers remains tight on the back of steady tenant demand. Construction activity remains depressed, which will support occupancy in many markets. Leasing activity remains intact despite economic uncertainty pressuring consumers and retailers. At 6.4%, vacancy remains near historic lows and 33 bps below its long-term average. As a result, market rent growth remains healthy and reached 3% year-over-year. Prospects for future growth remain favorable and may surprise to the upside with vacancy remaining below its historical average.

We see several strategic investment themes and property attributes aligning which make for an attractive entry point in the coming year. Values for high-quality retail real estate have seen growth during 2025. Investor sentiment is shifting towards what we expect to be a strong buying opportunity. In our view, these factors set the stage for compelling investment conditions.

## Strip center occupancy & NOI growth

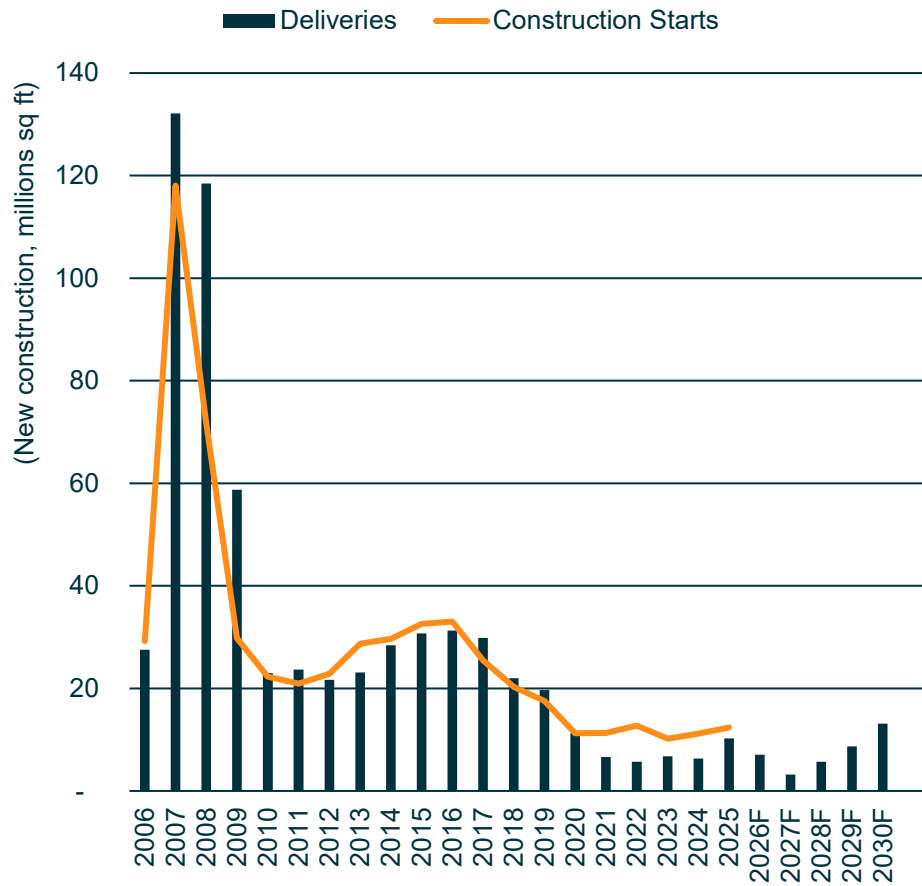


Source: Costar & Green Street Advisors, data as of 1Q26.

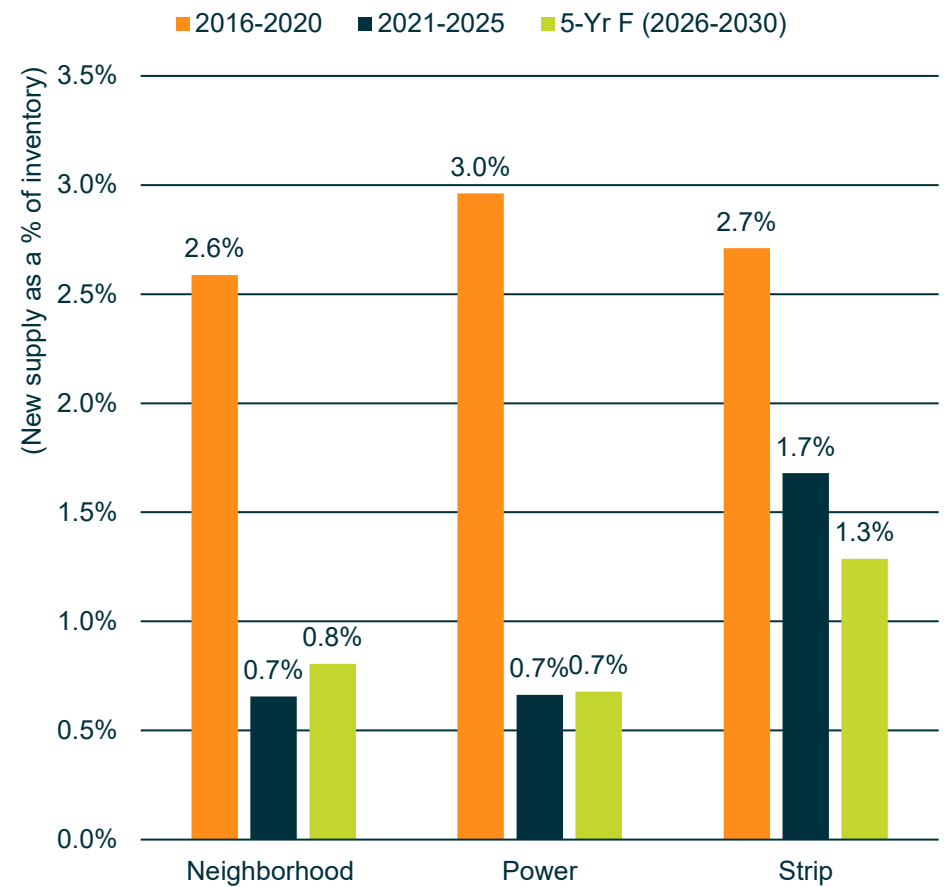
# U.S. retail

## Historically low levels of new supply will support fundamentals

### Open-air retail deliveries & starts



### Construction deliveries are forecast to remain limited



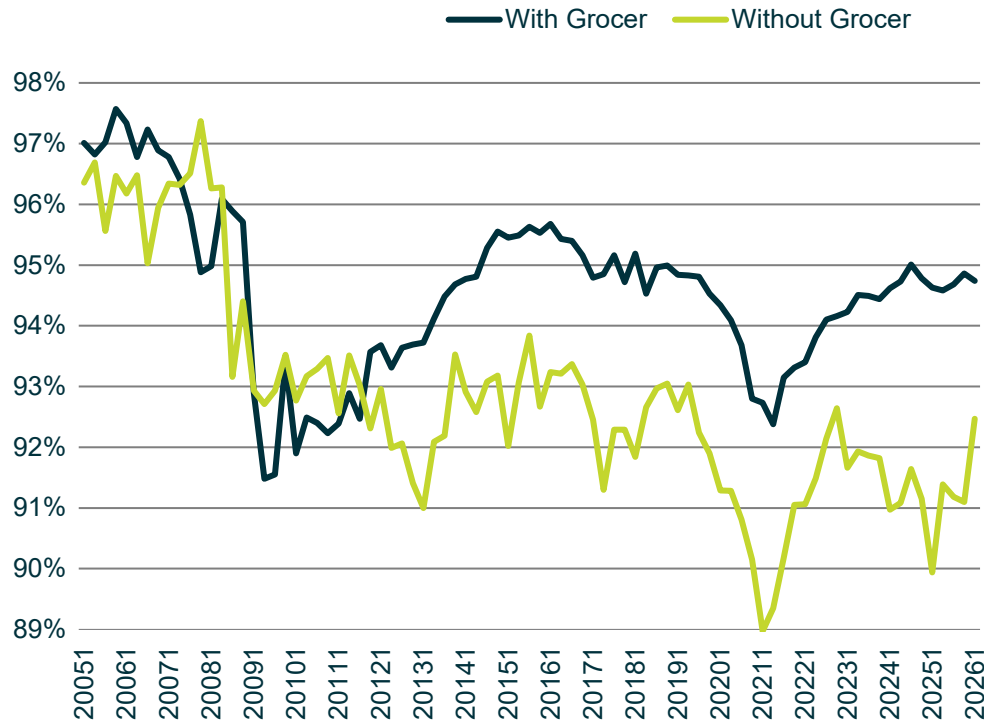
Source: Costar & NRE Research. Data as of 1Q26. Open-air retail = neighborhood & community, power and strip centers.

# U.S. retail

## Necessity retail fundamentals remain resilient

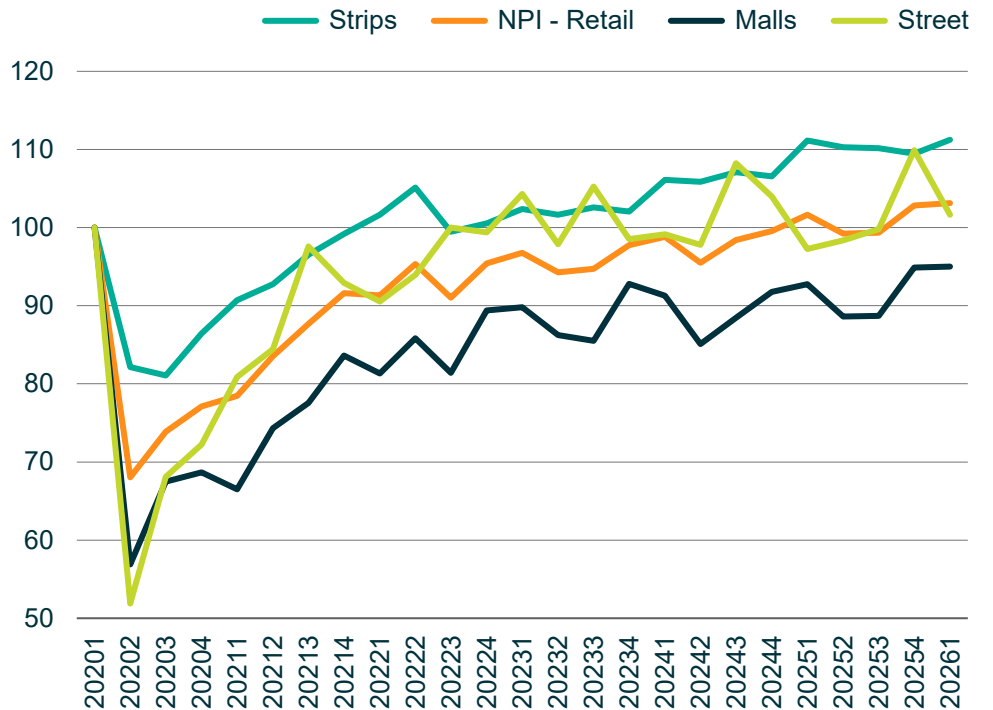
### Strip center occupancy rates

Occupancy rates at grocery-anchored centers outperform



### Strip centers lead NOI growth

Annualized NOI growth, Index 100=1Q20



Source: NCREIP Property Index, data as of 1Q26.

# U.S. industrial

## The sector still faces subdued demand growth, but a slowdown in new supply has stabilized fundamentals

- Demand growth remains muted but improved year-over-year in Q1 2026
- Uncertainty surrounding the conflict in Iran will likely hinder leasing activity, but the sector benefits from tax cuts in the OBBBA and recent Supreme Court decision on tariffs
- Light industrial properties still face lower vacancy than larger spaces, but demand is stronger for modern bulk industrial

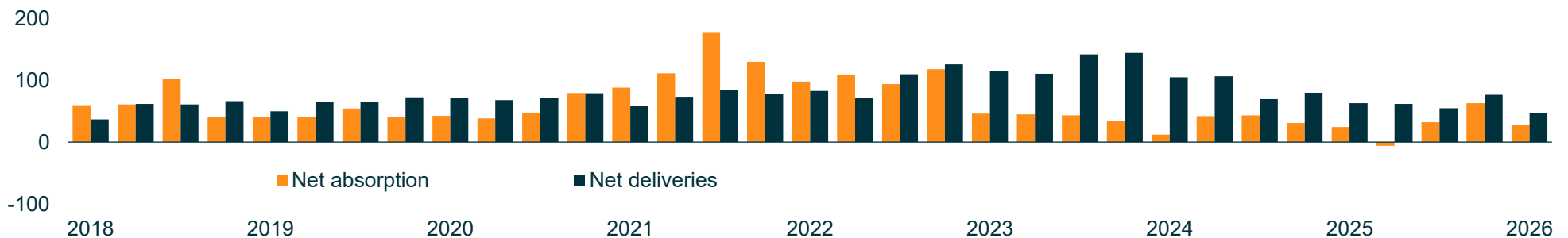
### Industrial fundamentals hold steady as supply risk subsides

Fundamentals in the industrial sector stabilized at the start of the year, as dwindling supply growth has helped keep vacancy increases in check after surging from 2023 through 2025. Demand growth registered 27.1 million sq ft (square feet) during Q1 2026, up from 24.4 million sq ft in the first quarter of 2025. Supply growth, which drove much of the vacancy increase in 2023-2024, continued to outpace demand but hit an 8-year low of 47.4 million sq ft in Q1 2026. As a result, industrial vacancy ticked up by just 9 bps, finishing Q1 at 7.5%. New construction starts continue to hover near decade-lows, so supply growth will remain low in coming quarters and vacancy should hold stable slightly above historic norms.

Uncertainty surrounding the conflict between the U.S. and Iran introduces another layer of risk into the macroeconomic outlook. However, the industrial sector likely benefits from the recent Supreme Court decision to strike down Trump's tariffs. In addition, several tax cuts contained in the One Big Beautiful Bill Act took effect in 2026 and should provide some support for key drivers of industrial demand. We expect demand growth will remain below pre-pandemic averages in 2026, but vacancy should remain relatively stable slightly above historic averages for the sector.

Vacancy conditions have consistently been lower for light industrial (<250k sq ft) properties over the last decade. While there are exceptions in certain markets, most of the recent supply growth has been concentrated in larger building sizes and light industrial properties face significantly less supply risk. However, demand growth for large, modern warehousing continues to outpace light industrial, and conditions for these bulk properties have improved noticeably over the past year.

### Industrial net absorption and deliveries (millions, sq ft)



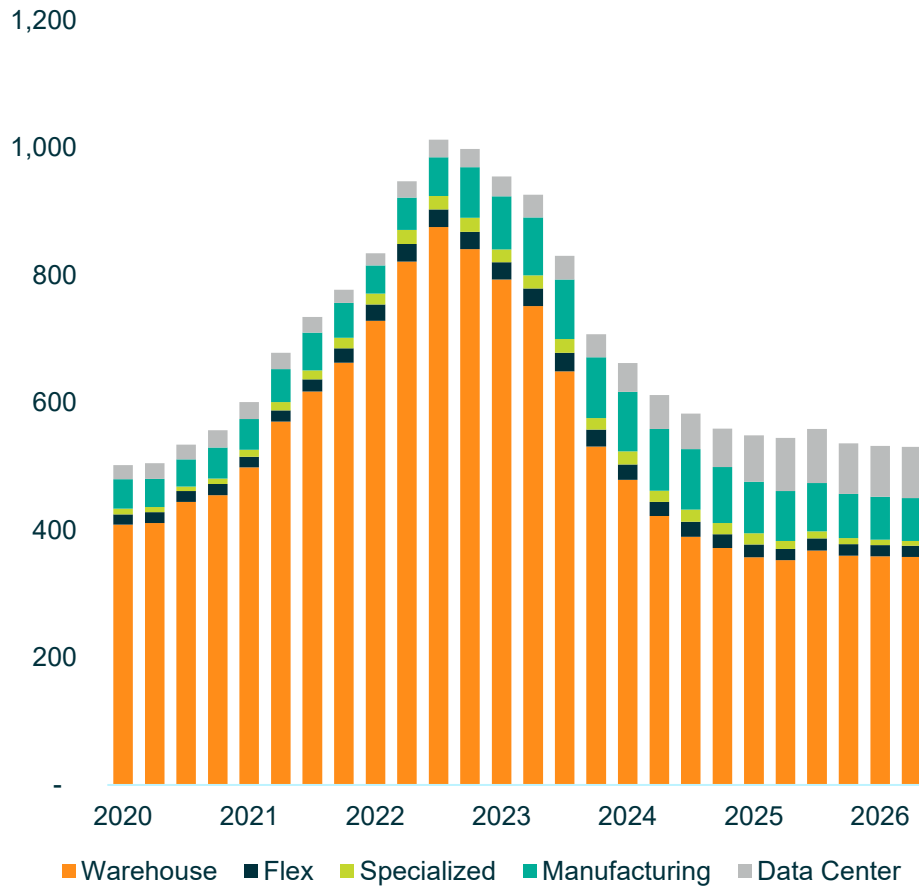
Source: CoStar as of 1 May 2026, Nuveen Real Estate Research.

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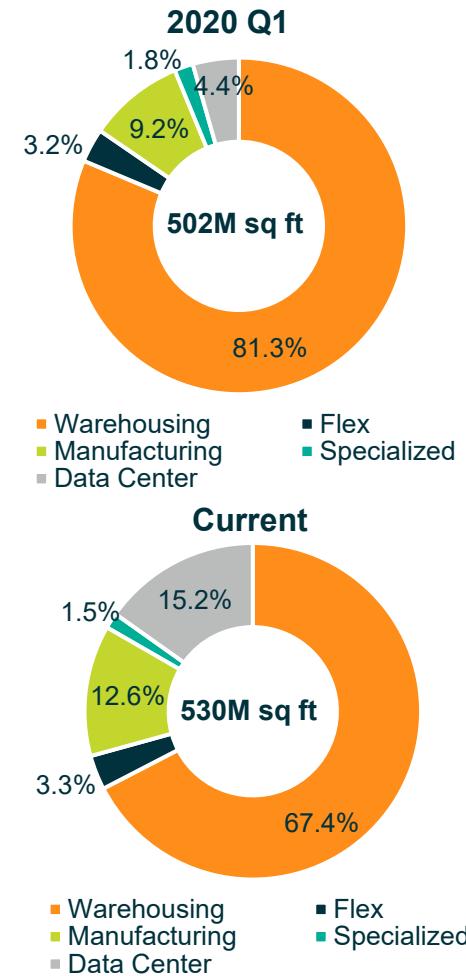
# U.S. industrial

The overall industrial construction pipeline is in line with pre-pandemic levels, but warehouse construction is down 12%. Manufacturing and data center construction is up 45% and 262%, respectively.

## Industrial space under construction (millions, sq ft)



## Share of industrial under construction



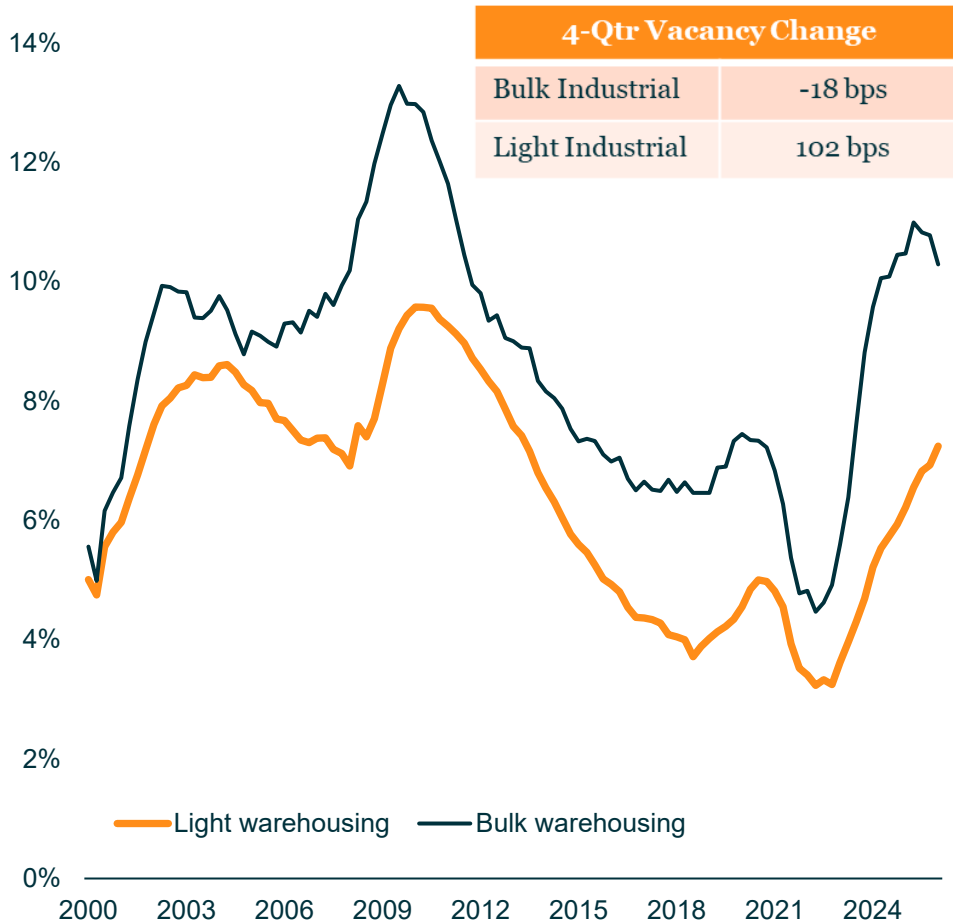
Source: CoStar as of 27 April 2026/Nuveen Real Estate Research. Space under construction is from all U.S. industrial markets.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

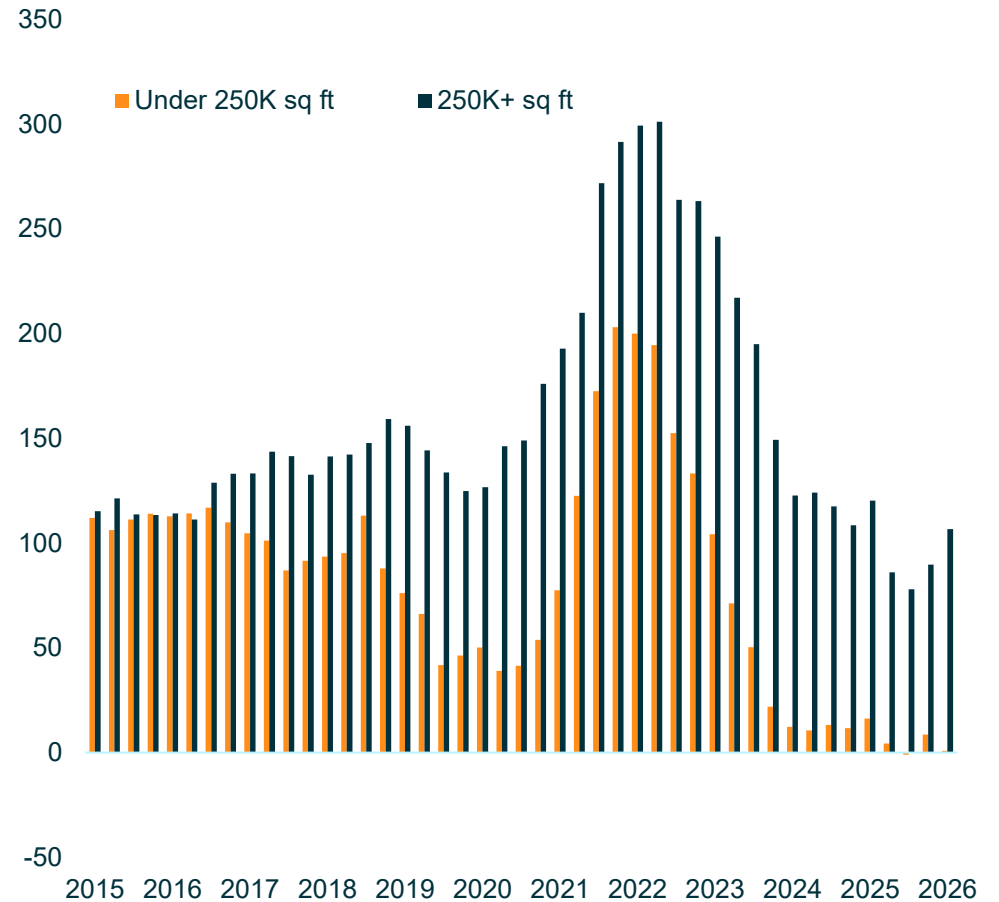
# U.S. industrial

Vacancy has consistently been lower in buildings under 250,000 sq ft, but demand for larger spaces is stronger and vacancy for bulk warehouses has peaked now that supply risks have eased

## Warehouse vacancy rate



## Warehouse net absorption, 4-qtr total (millions, sq ft)



Source: CoStar as of 27 April 2026/Nuveen Real Estate Research. "Light industrial" refers to warehouses and distribution centers under 250,000 sq ft while "bulk industrial" refers to warehouses and distribution centers 250,000 sq ft or greater.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# U.S. housing

## The pullback in construction will be a secular tailwind for the market's recovery over the medium term

- Apartment occupancy stood at 92.9% in Q1 2026
- Apartment rents grew 0.3% year-over-year in Q1 2026
- Single-family rents grew 1.7% year-over-year in February 2026

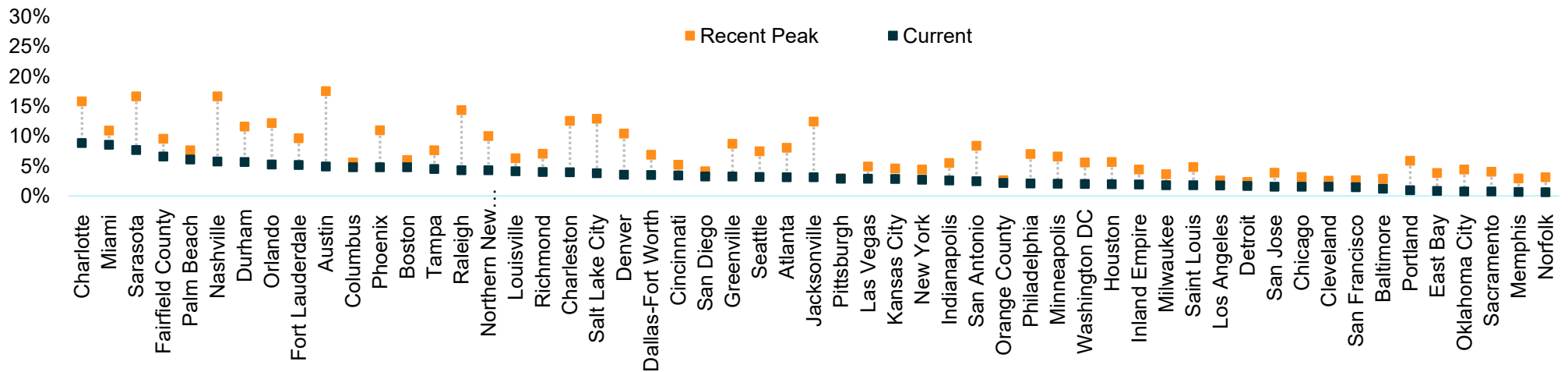
### Apartment starts at lowest level since 2012

The U.S. apartment market is transitioning to a more balanced supply-demand dynamic after a historic wave of new deliveries and absorption. Markets that have experienced the greatest supply growth continue to exhibit challenged fundamentals including negative rent change. Nationally, peak supply has delivered and starts in Q1 2026 were at the lowest level since 2012, according to CoStar. As a result of relatively lower new supply in the years ahead, we expect apartment fundamentals to improve.

### 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 1.7% year-over-year in February 2026, 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 under construction as % of supply



Source: Nuveen Real Estate Research; CoStar; John Burns Research & Consulting, as of May 2026.

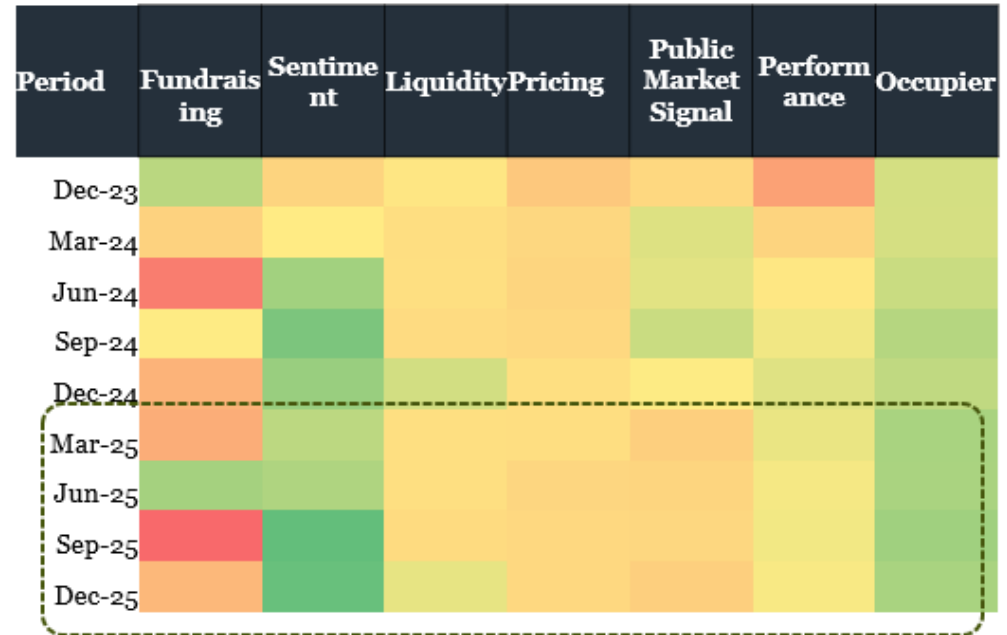
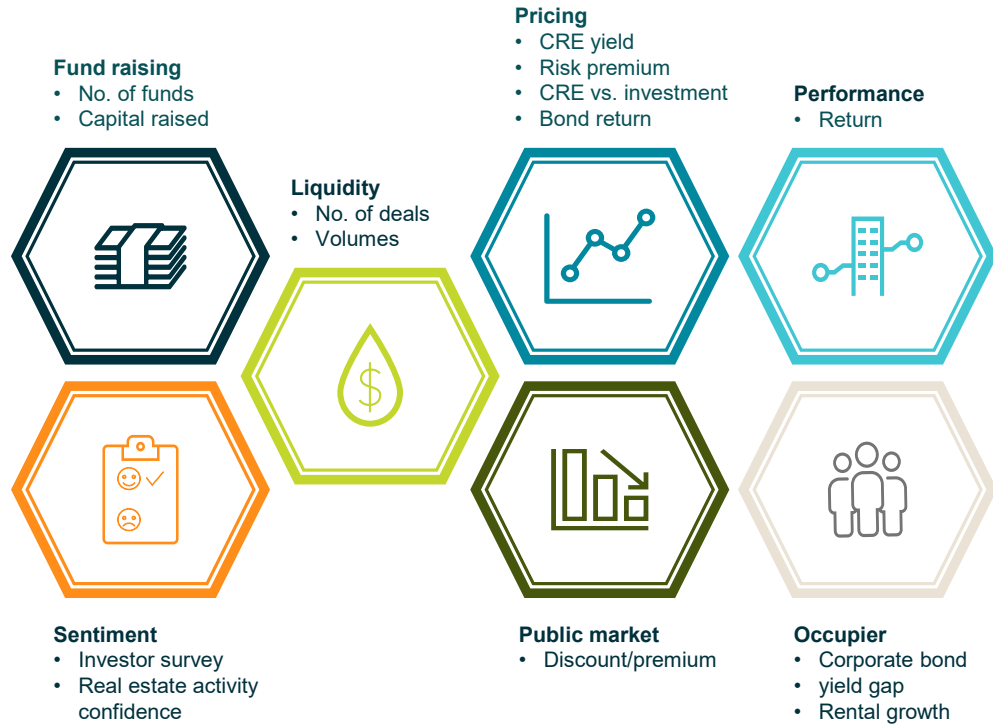
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# 3. Europe

# CRE health index: stuck in the cycle

The European Health Index aggregates a range of indicators to assess the condition of the private real estate market. Data suggests the market has broadly moved sideways, with occupier fundamentals remaining a standout while fundraising has been volatile.



Index illustration: sliding scale from dark red (worst) to dark green (best)



Source: Various Q4, 2025, Real Estate Research (May 2026).

# Europe: Top picks for 2026

## Top picks for 2026

### Debt

While risk return profile has softened (for prime assets), the wider market stays elevated vs. historic long-term average

### Neighborhood retail

Growing city suburbs and limited supply risk drive rental growth – opportunity for investors to move back into retail with strong income profiles and enhanced liquidity

### PBSA

Follow the money: investor interest at all time high and supported by growing international students and limited stock

### Logs

Broader leasing activity picking up but be more selective on asset pick. Focus on multi-let assets in Germany, The Netherlands, Spain & U.K.

### Core market misprice

A German rebound? We believe in the strong economic recovery forecast for Germany. Pricing looks attractive.

# European economics

## Oil shock rewrites the macro outlook

- Eurozone GDP grew 0.1% q-o-q in Q1, a slowdown from Q4 2025 while underlying growth remained solid across Spain, Germany and Italy
- Leading indicators have fallen sharply, with some readings below Liberation Day levels, though soft indicators have historically overstated the impact on actual economic activity
- European and U.K. inflation is rising sharply, driven almost entirely by fuel prices, with Eurozone CPI on track towards 3% and U.K. CPI above 4% in the coming months
- The BoE is expected to hold rates through 2025 with cuts pushed to next year, while the ECB is now projected to hike twice this year, though the policy path remains subject to significant uncertainty tied to the trajectory of oil prices

Eurozone GDP growth slowed at the start of 2026, with output rising by 0.1% quarter-on-quarter (q-o-q) in Q1, a step down from the pace recorded in Q4 2025. The aggregate figure was significantly dragged down by a sharp 2.0% q-o-q decline in Ireland, which tends to be a volatile contributor given its characteristically large quarterly swings. Excluding Ireland, the underlying picture was considerably more encouraging, with Spain, Germany and Italy recording solid growth of 0.6%, 0.3% and 0.2% respectively, while France was flat over the period.

Leading indicators fell sharply in the latest March reading, with consumer, business and investor confidence all deteriorating amid no end in sight to a permanent ceasefire of the Middle East conflict, with some readings dropping below levels seen around Liberation Day and PMIs sinking into contraction territory. An important caveat, however, is that soft indicators tend to overreact in the initial phases of an adverse shock – as evidenced during the Russia-Ukraine episode, where the actual fall in household spending was far less severe than confidence indices suggested.

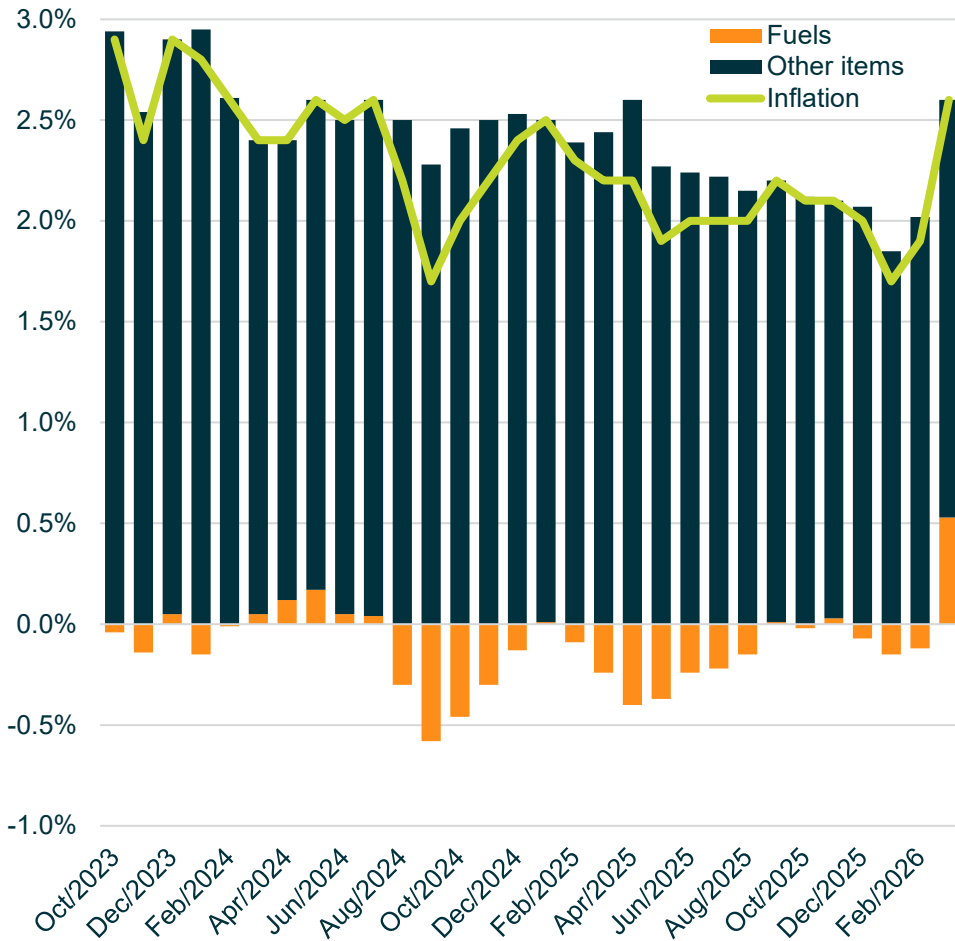
The direct feed-through of recent energy price movements into inflation is already beginning to show up in the data. The latest March reading saw Eurozone CPI rise sharply to 2.6% and U.K. CPI at 3.3%, both driven almost entirely by fuel prices – a notable reversal from the trend seen since H2 2023, when fuel had been consistently acting as a drag on headline inflation. With this dynamic now having turned, fuel component is on track to push Eurozone inflation towards 3% and U.K. inflation above 4% in the coming months. On a more encouraging note, second-round effects have remained contained for now, though the longer oil prices stay at current levels, the greater the risk of broader spillover into the wider economy. Overall, inflation risks are clearly on the rise.

The shift in inflation expectations has prompted a meaningful reassessment of central bank policy outlooks. Based on the consensus median, the Bank of England is now expected to hold rates for the remainder of this year, with cuts pushed out into next year. This is somewhat less hawkish than current market pricing, partly reflecting the fact that the policy rate in the U.K. is already in restrictive territory, setting a relatively high bar for further hikes. The outlook is more hawkish for the ECB, where consensus is now projecting two rate hikes this year, followed by modest easing from next year, with the overall rate path through to 2028 expected to remain above today's levels. Recent ECB communication has been notably cautious, and we do not expect the central bank to simply look past this energy shock, given its concern that core inflation could follow a similar pattern to that seen during the Russia-Ukraine episode. That said, it is important to stress that the degree of uncertainty around the policy path remains very high. The outlook will remain highly sensitive to how inflation evolves from here, which in turn is closely tied to the trajectory of oil prices.

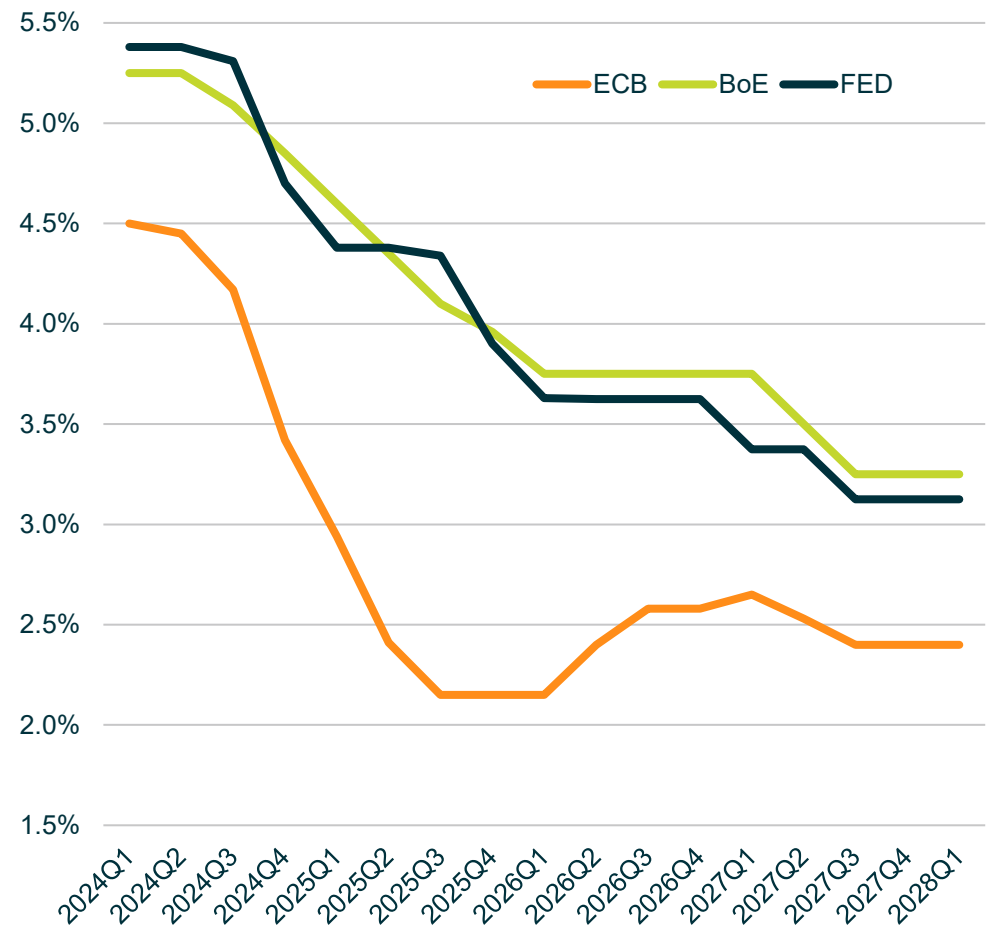
# European economics

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

## Eurozone: Inflation contribution



## Policy rate forecast (consensus median)



Sources: Macrobond, Consensus Economics, Apr 2026.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# European investment

## Investors continue to navigate uncertainty

- The European real estate investment market enters 2026 with improving fundamentals, stabilizing values and broadening transaction activity
- At the time of writing, the recent escalation of Middle East conflict has once again increased investor uncertainty and likely paused recovery in investor market activity
- European CRE has already endured a substantial correction cycle, with valuations now sitting at cyclical lows relative to many competing asset classes. This provides a degree of buffer and positions CRE more attractively on a risk-adjusted basis vs. assets where valuations remain stretched.

The European real estate investment market entered 2026 with improving fundamentals, stabilizing values and broadening transaction activity across property types and geographies. Investment volumes have begun to rebound with transactional activity expected to expand further through 2026 as debt markets remain active, lender appetite broadens across sectors and competitive bidding intensifies. Markets with deep product pools including the U.K., Germany, Spain and France finished 2025 with positive investor sentiment and increased transaction volumes.

The recent escalation of Middle East conflict has once again increased investor uncertainty and likely paused recovery in investor market activity. The pre-war market consensus that the ECB had concluded its cutting has shifted, with rate hikes now being priced in by year-end on the back of renewed inflationary pressure. European government bond yields have moved in tandem. While this creates some upward pressure on CRE yields, transmission is gradual (given private CRE data is released with a significant lag) and will vary by sector and geography.

That said, European CRE has already endured a substantial correction cycle, with valuations now sitting at cyclical lows relative to many competing asset classes. This provides a degree of buffer and positions CRE more attractively on a risk-adjusted basis vs. assets where valuations remain stretched.

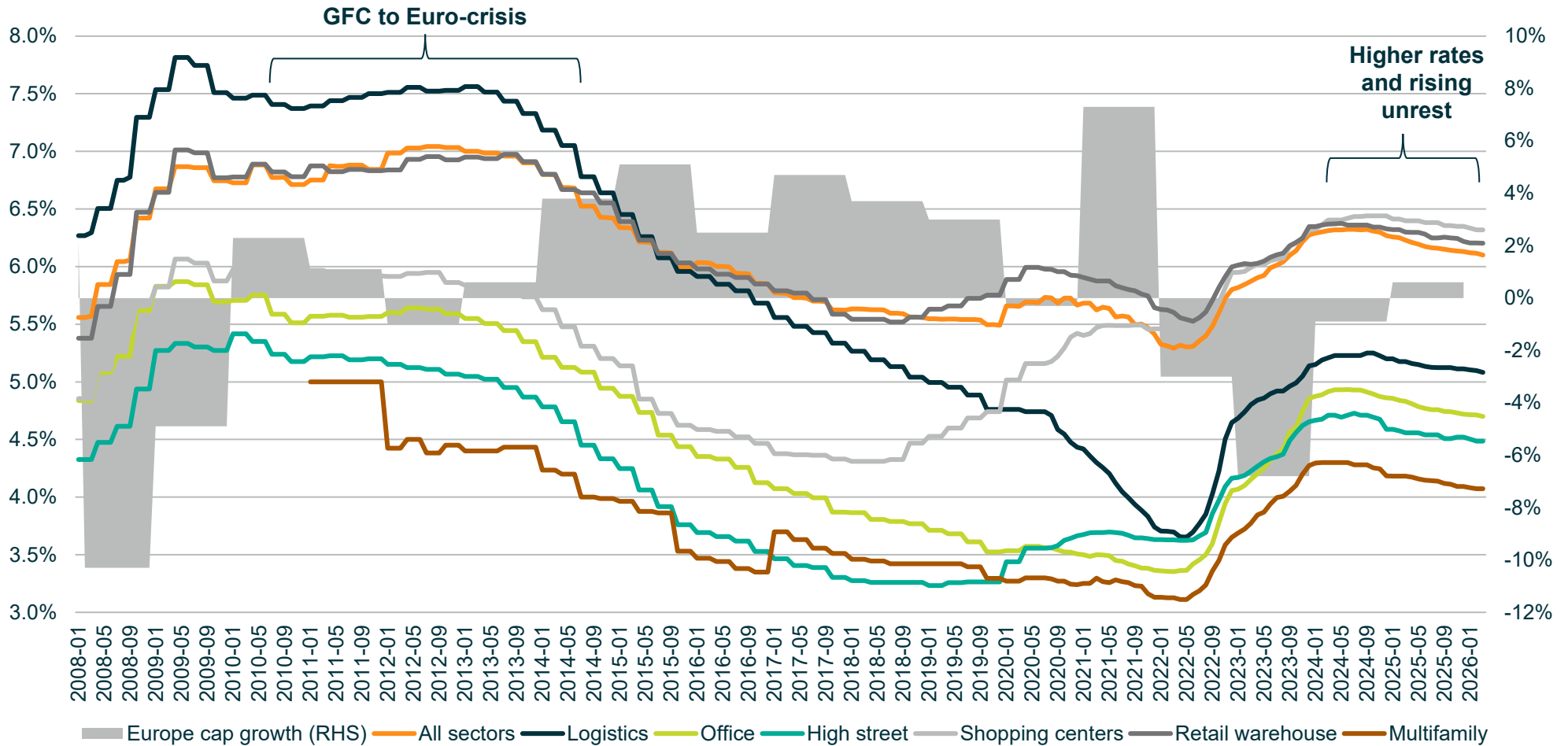
The post-Covid period of ultra-high inflation demonstrated CRE's ability to function as an inflation hedge (through index-linked leases, rental reversion etc.). Should the conflict trigger another high inflationary environment, this characteristic would become highly sought after by investors. The recovery in European CRE transaction volumes is likely to stall as investor sentiment shifts from cautious optimism to a more defensive stance. Uncertainty could re-widen bid-ask spreads while unclear interest rate path could prolong transaction execution – although investors, conditioned by recent years of macro volatility, may prove more resilient than in previous crisis.

Current consensus and market expectations lean towards a resolution being reached by the end of Q2/Q3, although the downside scenario of an extended conflict can't be entirely dismissed given the duration of the conflict so far. Speed of market recovery will depend on how quick a resolution is reached and whether inflationary pressures can be brought back under control. Should a speedy resolution materialize, the impact on European CRE markets should prove manageable and transient, i.e. very similar to the market reaction following the Liberation Day tariff episode, where initial volatility gave way to a relatively swift stabilization once the immediate uncertainty lifted.

# European yields: Flat lining....

**Different scenario but potentially similar outcome to Eurocrisis**

**CBRE prime yield vs. MSCI All European Property capital growth**

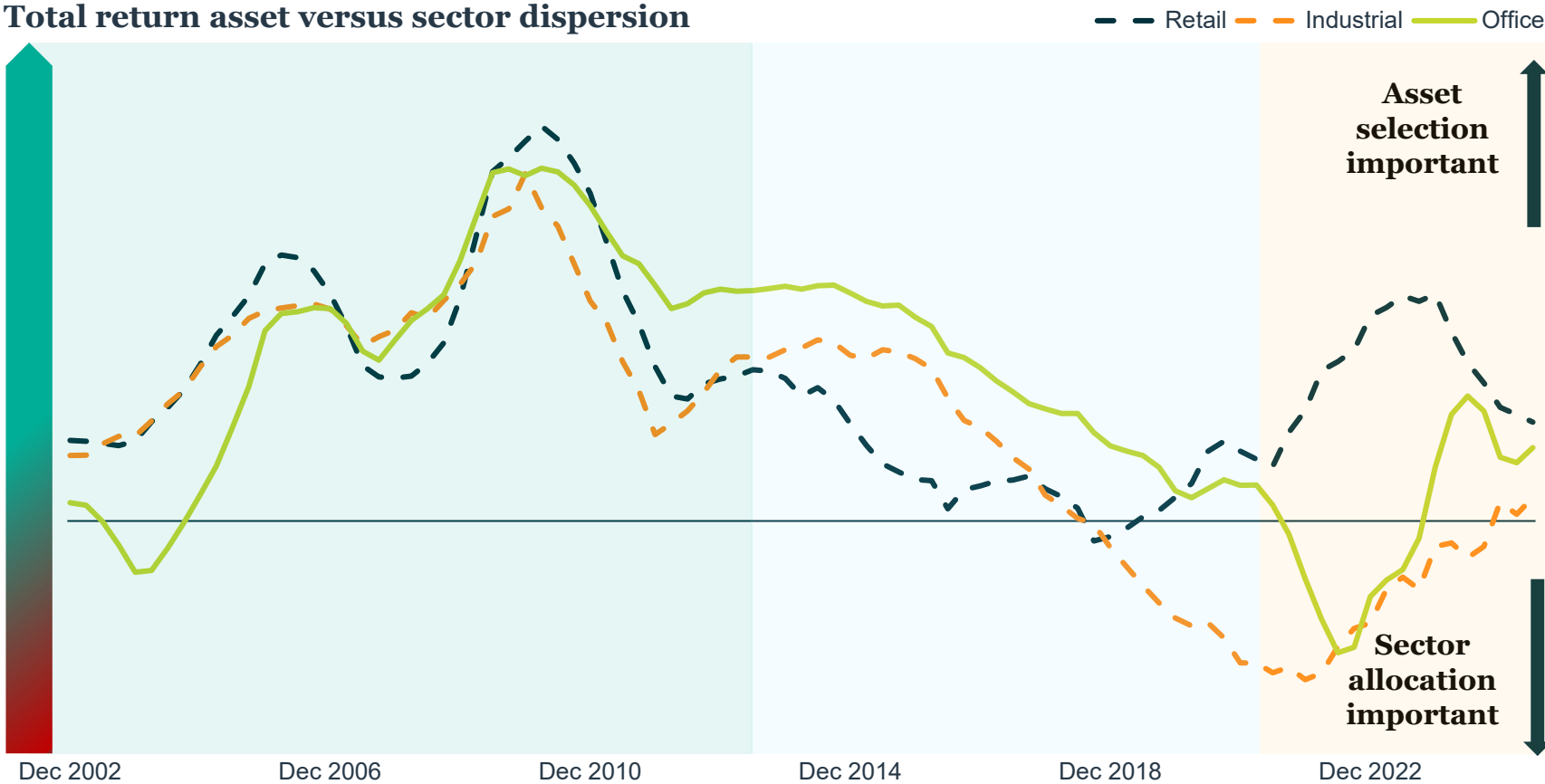


Source: CBRE March 2026, MSCI Q1 2026 Index, Nuveen Real Estate Research.

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# Asset selection overtakes sector allocation

**Sectors converge and the winning investment houses will drive outperformance via asset selection vs. sector pick**  
All sectors are now in positive (>0) asset total return dispersion, where asset selection dominates portfolio performance



Source: MSCI Europe Real Estate Index (January 2026), Nuveen Real Estate Research (May 2026).

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# European investment

## Buoyant rental markets support all sectors



### Office

- Competition is intensifying in central business districts (CBDs) such as West End/City, so opportunities are likely to spill into fringe-CBD sub-markets
- Target assets with reduced obsolescence risk with regards to ESG and location
- Avoid out of town, secondary and sustainability challenged buildings



### Retail

- Retail assets benefit from higher yields and improving rental growth fundamentals
- Retail park's occupier focus on necessity spend provides resilient income stream
- Remain highly selective in shopping centers, many of which remain an issue with higher vacancies and less liquid lot size



### Housing

- Supply shortages are chronic-to-acute
- Accessing returns is hampered by lack of product and regulation
- Rental growth remains positive but will cool from the high inflation era
- Focus on markets with growing household formation



### Logistics

- Market has repriced substantially
- Outlook remains positive as near shoring, defense spending and e-commerce act as tailwinds
- Multi-let, light industrial units in prime locations to offer superior risk-adjusted returns



### Alternatives

- Student housing remains our highest-conviction sectors, with Spain among the hottest markets, while Germany stands out on relative pricing
- Self-storage performance is set to improve after years of weakness, though confirmation is needed as key transactions and portfolios progress

# European office

## Investment sentiment for offices is improving as occupier markets benefit from falling completions

- Supply discipline remains a key feature of the market in this cycle supporting overall balanced supply/demand dynamics
- Some markets facing significant development crunch, which will likely drive strong rental value growth over the next five years
- Vacancy rates across top markets in Europe have remained remarkably stable and circa 10% lower than their 25-year average. This is forecast to reduce by a further 10% relative to 25-year average by 2030.

### Supply discipline supporting balanced supply/demand dynamics

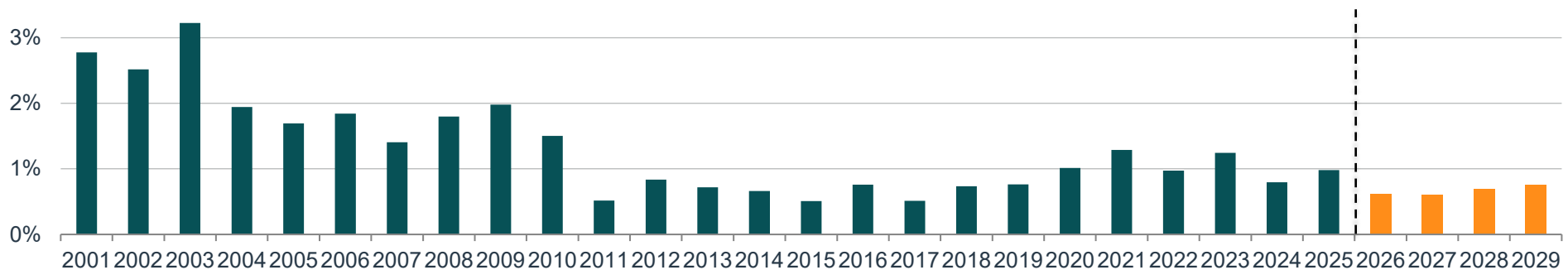
The most notable development in European office markets is the retreat in new supply delivery. Annual net new supply as a percentage of existing stock across the top 30 European markets is declining significantly in 2026 and will continue to be at their lowest since 2017. This represents a marked departure from previous cycles and reflects multiple converging factors that have imposed discipline on new construction activity. Construction activity has shifted away from new-builds toward repositioning existing assets. This transformation stems from three primary drivers: mature economies experiencing changing space requirements, persistently high construction prices and increasingly stringent environmental, social, and governance mandates that make new development economically challenging.

Some prime markets such as central London are facing significant development crunch, with completions forecast to be at their lowest since 2011. This is likely to drive strong rental value growth in these markets over the next five years.

### Vacancy rates have remained in check and likely to decline by 2030

Vacancy rates have remained remarkably contained throughout this cycle, particularly when compared to historical benchmarks. Analysis shows vacancies as a percentage of the 25-year average have stayed in check, defying earlier predictions of substantial deterioration. Current building and demand trends suggest minimal change in vacancy rates over the forecast period of five years, reflecting a market hovering around equilibrium rather than one facing structural oversupply.

## Annual net new supply as a percentage of stock, top 30 markets



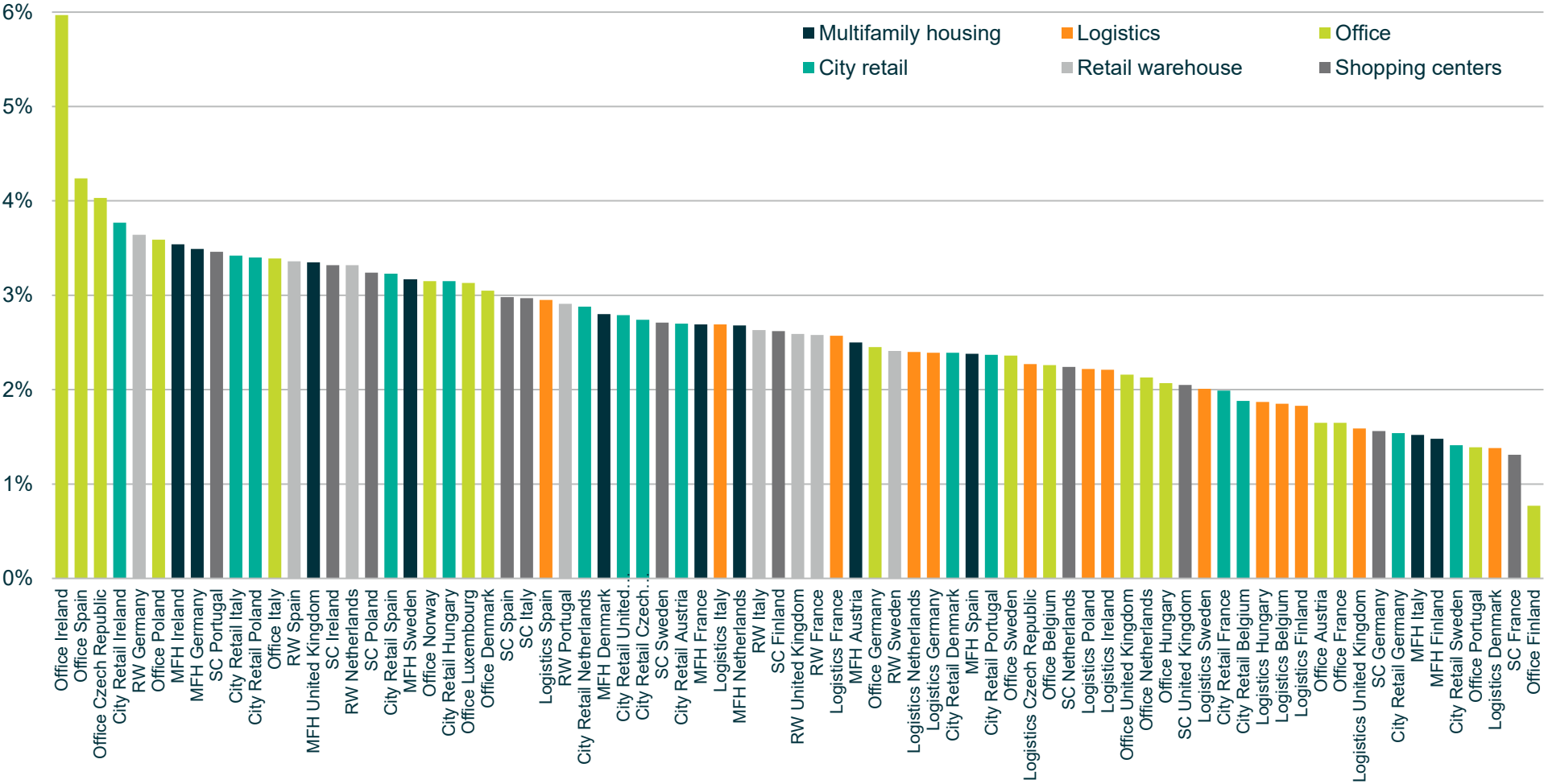
Source: GreenStreet (January 2026), Nuveen Real Estate Research (May 2026).

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# Rental value growth (RVG) opportunities

Offices now taking more spots among the top opportunities for RVG – but also towards the bottom end

## RVG p.a. (2026-2030): Country and sector RVG combination

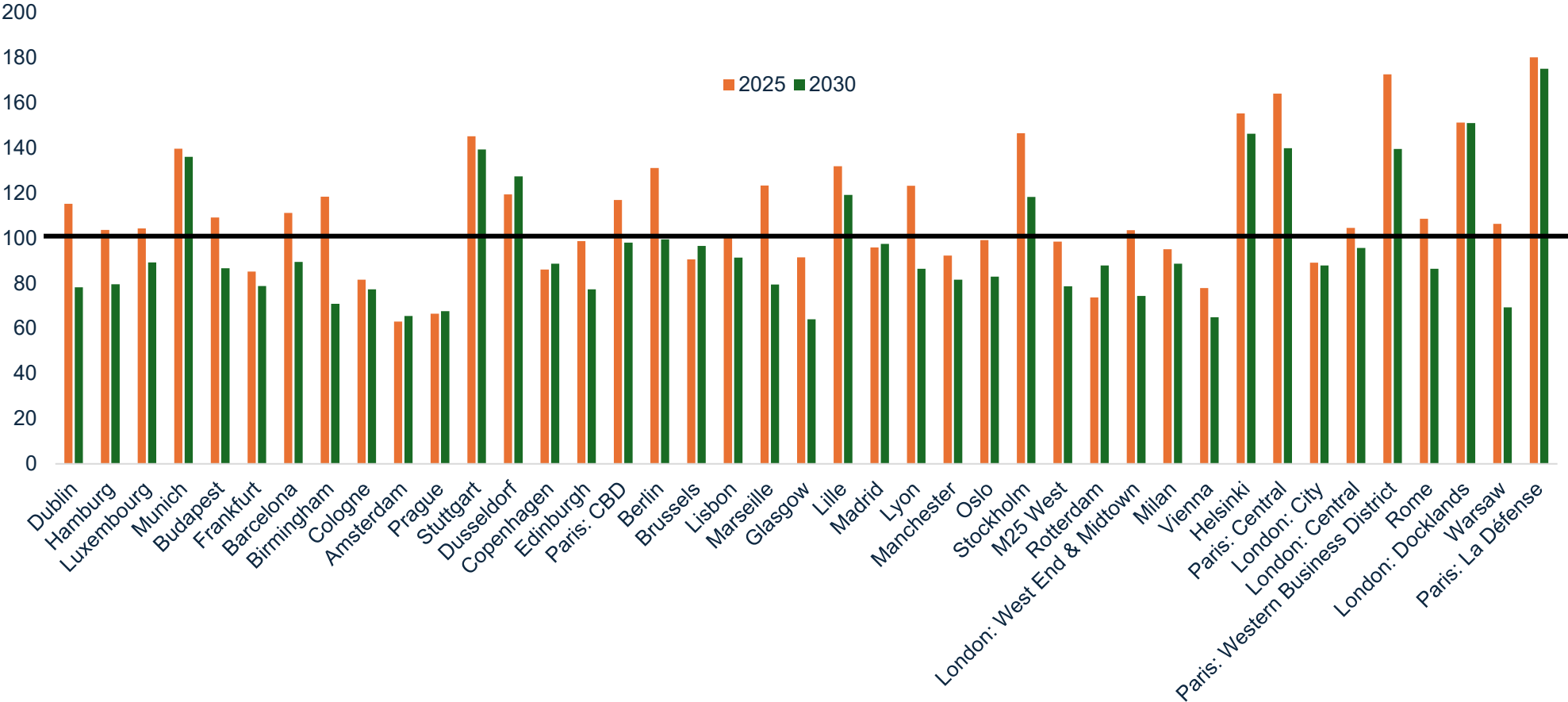


Source: PMA (April 2026), Nuveen Real Estate Research (May 2026).

# Office vacancies have remained in check

Current building and demand trends point to little change over coming years

## Vacancies as % of 25-year average



Source: PMA (January 2026), Nuveen Real Estate Research (May 2026).

# European retail

## Retail outperformance will be driven by high income return, but asset selection matters

- While macro uncertainty will impact consumer spending patterns, the depth and longevity of this is unclear. Asset selection remains key. Assets with well established catchments, strong tenancies and limited vacancy will continue to perform.
- Nuveen favor retail parks for resilient footfall, grocery anchored income, limited capex requirements, smaller lot size and increased liquidity. But shopping centers are expected to dominate European returns over the short term.

The Middle East conflict has had a direct impact on sentiment with consumer and retailer confidence dipping sharply in April. The drop highlights further concerns over the economic fall and households are increasingly concerned about higher prices, particularly at fuel pumps which are straining budgets. The primary risk for the retail sector is the erosion of household purchasing power and in the short-term expectation that consumer spending belts to tighten. We identify two silver linings for household resilience: 1) European wholesale electricity markets have matured significantly since the 2022 energy crisis; 2) We expect European governments to act more quickly this time round. Major economies like Spain and Germany are already discussing fiscal relief packages to protect households and stabilize consumer sentiment. European consumers are well leveraged, sitting on large saving pots as household savings ratio sits 200 bps above the long run average. Over the medium-term this will boost European spending patterns but will be reliant on macro stability and enhanced consumer confidence.

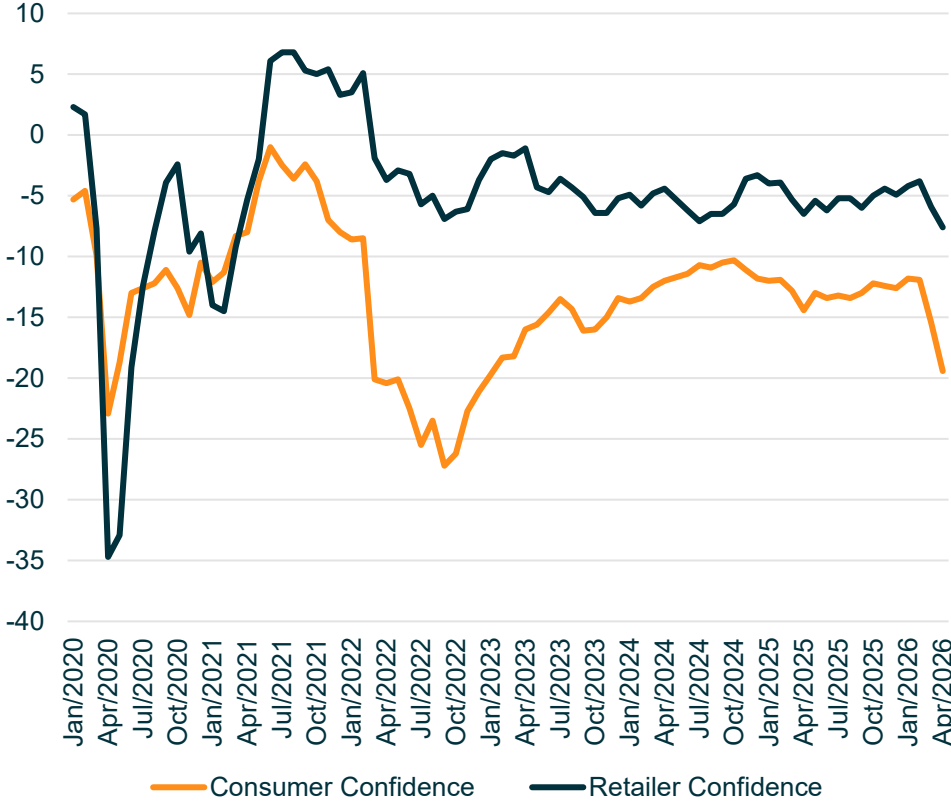
From a real estate perspective, the European retail sector is set to deliver outperformance driven by high yields and strong income return. In times of macro uncertainty, we are increasingly supportive of grocery anchored and convenient retail assets like retail warehouse parks which are driven by non-discretionary spending. Retail parks have seen increased investor interest over the past 12 – 18 months with market yield compression taking place. Shopping centers are now expected to drive outperformance as a sub-sector because of their higher entry yields and strong income return. Opportunities within the shopping center market will be asset specific and those assets with resilient occupiers and limited capex requirements will outperform.

A critical factor supporting retail investment is the supply constraint in top-tier schemes and prime locations across all retail asset types. This shortage is intensifying competition and driving up prices, creating favorable conditions for existing asset owners while challenging occupiers seeking prime space. Retail supply is near all-time lows in mature markets, with less speculative new construction and increased competition for land from alternative uses such as data centers, manufacturing facilities and residential development.

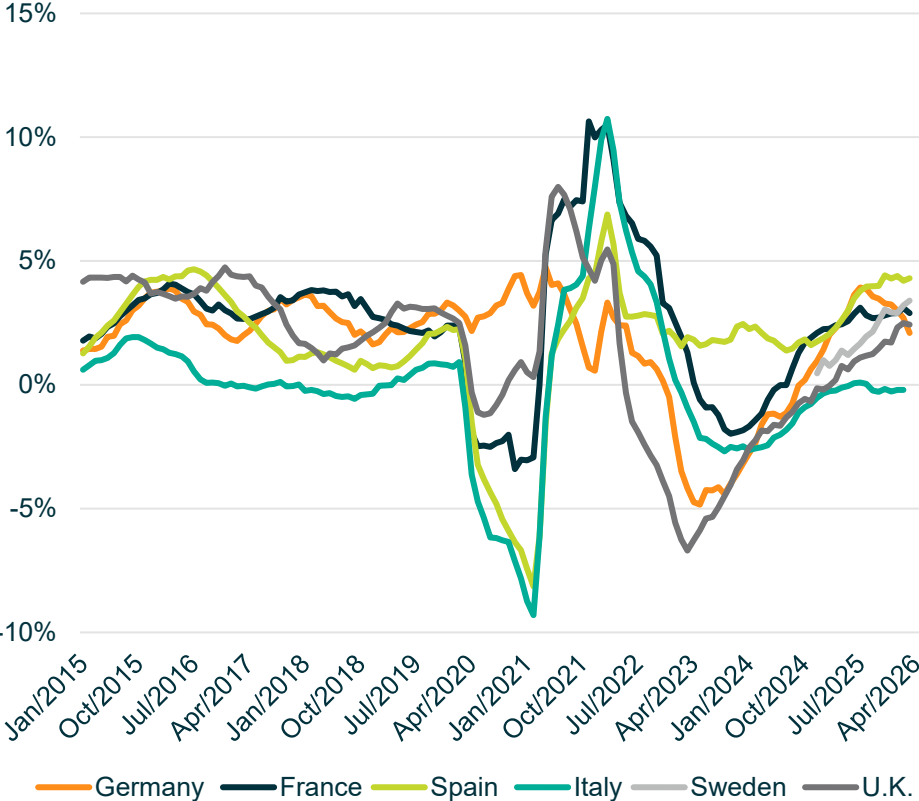
# Retail sentiment reacts to macro volatility

## Consumer spending belts expected to tighten for discretionary spending

**EU: Consumer confidence and retailer confidence indexes**



**Europe retail spending - 12M rolling y-o-y volume growth**



Source: Macrobond April 2025, Nuveen Real Estate Research.

# European logistics

## Confidence in European logistics markets improved slightly but occupier and investment markets subdued

- Confidence in the European industrial and logistics real estate markets improved slightly but generally remains in negative territory
- Average prime rents in Europe increased by just 0.3% in the first quarter of 2026 and 2.1% over the year to March 2026
- Lower take-up and high levels of completions have led to an increase in the vacancy rate
- Logistics transaction volumes amounted to €7.3 billion in 1Q 2026, with the U.K. accounting for 21% of total volumes
- Investor interest remains firm but has become increasingly selective and focused on core locations

Confidence in European industrial and logistics real estate markets improved slightly in the first quarter of 2026. Compared to 1Q 2025, Germany, Finland, Austria, Ireland and Portugal recorded notable gains, while sentiment deteriorated significantly in Denmark. The remaining countries saw only minor changes. With the exception of Ireland and Finland, all markets remained in negative territory. Rental growth remained extremely subdued in the first quarter of 2026. Prime rents rose by an average of just 0.3% across the 45 European markets monitored by JLL. Only five markets recorded further rent increases in the first quarter of 2026; the rest remained unchanged. Compared to the previous year, the increase was slightly higher at 2.1% until the end of March 2026 but still shows a downward trend. The vacancy rate was largely unchanged at approximately 5.3% but remains considerably higher than at the end of 2022 when it was below 3%. The main reasons for this are lower leasing turnover and increased construction activity which peaked at the end of 2021 but has been declining since then.

The European logistics investment market generated turnover of approximately €7.3 billion in the first quarter of 2026. This was around 17% below the exceptionally strong result of the same period last year. However, in a 12-month comparison, transaction volumes of €42 billion were on par with the previous year's figure. The U.K. once again held the top position in the country, ranking in the first quarter with transaction volumes of just over €1.5 billion and a 21% share of the total European logistics market. Germany came second with €1.4 billion of turnover (19% share) followed by Sweden with just over €1.1 billion of transactions and a 15% share. All other markets were below €1 billion or the 10% mark, led by Finland (€568 million), the Netherlands (€520 million), France (€328 million) and Spain with €281 million in sales. Compared to the same period of 2025, some markets recorded significant growth, such as Portugal (+192%), Sweden (+78%) and Finland (+44%). Compared to the entire investment market, approximately 14% of transactions were attributable to the logistics sector in 1Q, compared to 17% over the previous 12 months. Following a weak 2023, volumes have again been slightly above the 10-year average and a good 50% above the long-term average in the past two years. This is a good starting point for the current year, as prices (after the correction until mid-2024) have been relatively stable in recent quarters and have even fallen in some cases, and many investors are planning to re-enter the logistics market.

In the first quarter of 2026, prime yields for logistics properties fell by 25 bps in Portugal to 5.50%–5.75%, by 15 bps in Finland to 5.10%, and by 10 bps in Italy to 5.25%, but remained unchanged in the other countries. They range from 4.00% in Switzerland to 4.40% in Germany, 4.75% in the Netherlands, and 4.90% in France, up to 7.50% in Central and Eastern Europe. Investor interest remains firm but is becoming increasingly selective and focused on key locations with long-term leases and financially strong tenants. The outlook for the remainder of the year is difficult to predict, as the overall environment has deteriorated notably with the outbreak of the Iran conflict.

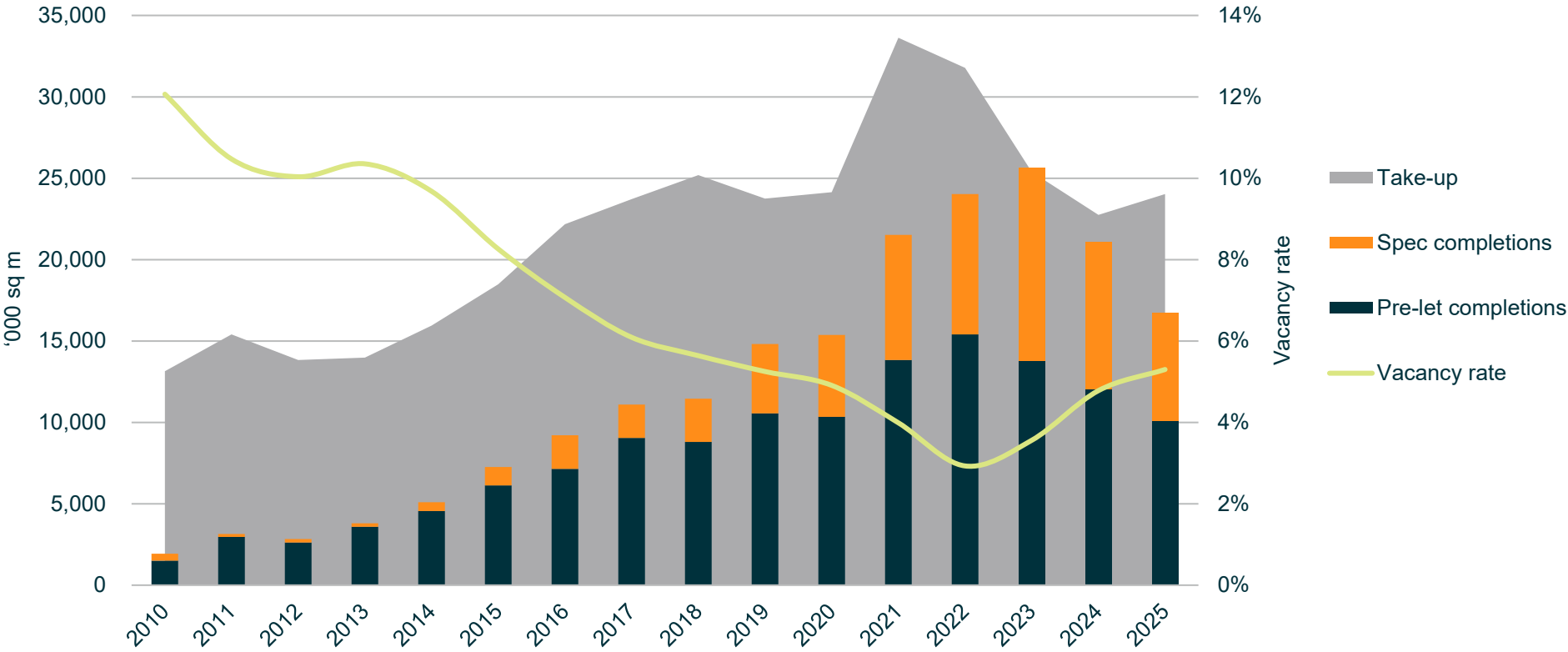
Source: RCA, CBRE, JLL (Q1 2026), Nuveen Real Estate (April 2026).

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# European logistics

Slight increase in vacancy despite lower completions and solid take-up – speculative share now at 40%

## Completions and take-up



Source: PMA (Q1 2026), Nuveen Real Estate (April 2026).

# European residential

## The opportunity set within residential continues to broaden driven by demographic shifts, urbanization and shrinking household sizes

- European households are projected to grow by 2% through 2025–2030, driven by declining household sizes and underpinning residential demand
- European residential real estate offers a broadening opportunity set across specialized sub-sectors, with its fragmentation a key source of strategic diversification appeal
- A persistent housing shortage and constrained new construction continue to act as structural tailwinds for residential investment across the region
- Co-living is gaining significant traction, with the U.K. market exceeding 9,000 operational units and planning submissions continue to rise

The demographic profile across European markets remains largely consistent with previous forecasts, with little material change in Q1 2026. While the European population remains flat, Ireland and Spain continue to lead growth at 1.2% and 0.8% p.a. respectively, with the Netherlands also posting a notable increase of 0.6% p.a. Looking ahead, Oxford Economics highlights an important divergence between population and household growth over the 2025 to 2030 period. Despite population forecast to contract by 0.12%, the number of households is projected to grow by approximately 2%, driven by trends such as declining average household sizes. This dynamic is expected to positively shape residential demand across the region, underpinning a constructive outlook for European residential investment.

The opportunity set within residential real estate continues to broaden, a growing number of specialized sub-sectors emerging as credible and attractive destinations for capital across Europe. Far from being a uniform market, European residential real estate is defined by its fragmentation, and it is this very characteristic that underpins much of its strategic appeal, offering a breadth of geographical and sub-sector diversification. Underpinning residential momentum is a housing shortage that shows little sign of easing, as new construction activity remains constrained. Crucially, demand is no longer being generated solely by the traditional housing market but is increasingly shaped by changing life realities. Demographic shifts, urbanization, shrinking household sizes, rising mobility and evolving lifestyle preferences are collectively driving a growing specialization of housing formats, with sub-sectors such as student accommodation, co-living, micro-living and senior housing gaining considerable traction among investors.

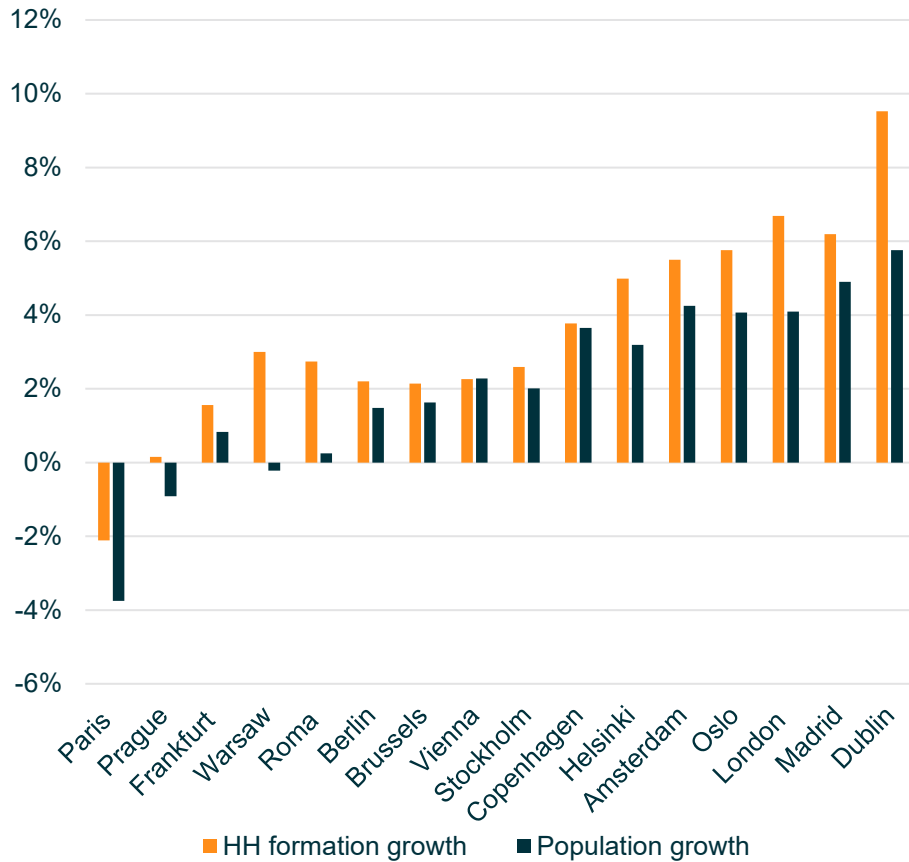
Co-living serves as a compelling example of how these broader structural forces are translating into tangible investment opportunity. Driven by structural housing undersupply, sustained demographic demand and resilient income potential, the sector has attracted growing investor appetite across major European cities, particularly in supply-constrained urban centers where affordability pressures continue to mount. The appeal of co-living among investors and lenders is further illustrated by the U.K. market, where more than 9,000 units are now operational and planning submissions continue to rise year-over-year. Lender Investec has backed several key schemes across the country, including a £55 million loan to Morro for a co-living project in Walthamstow and funding for U.K. rental accommodation provider The James to support Birmingham's first co-living scheme of 150 units. Its appeal lies in its ability to offer professionally managed, flexible accommodation that meets the needs of a younger, more mobile renter demographic, while simultaneously providing investors with stable and recurring income streams.

Source: Nuveen Real Estate, as of May 2026.

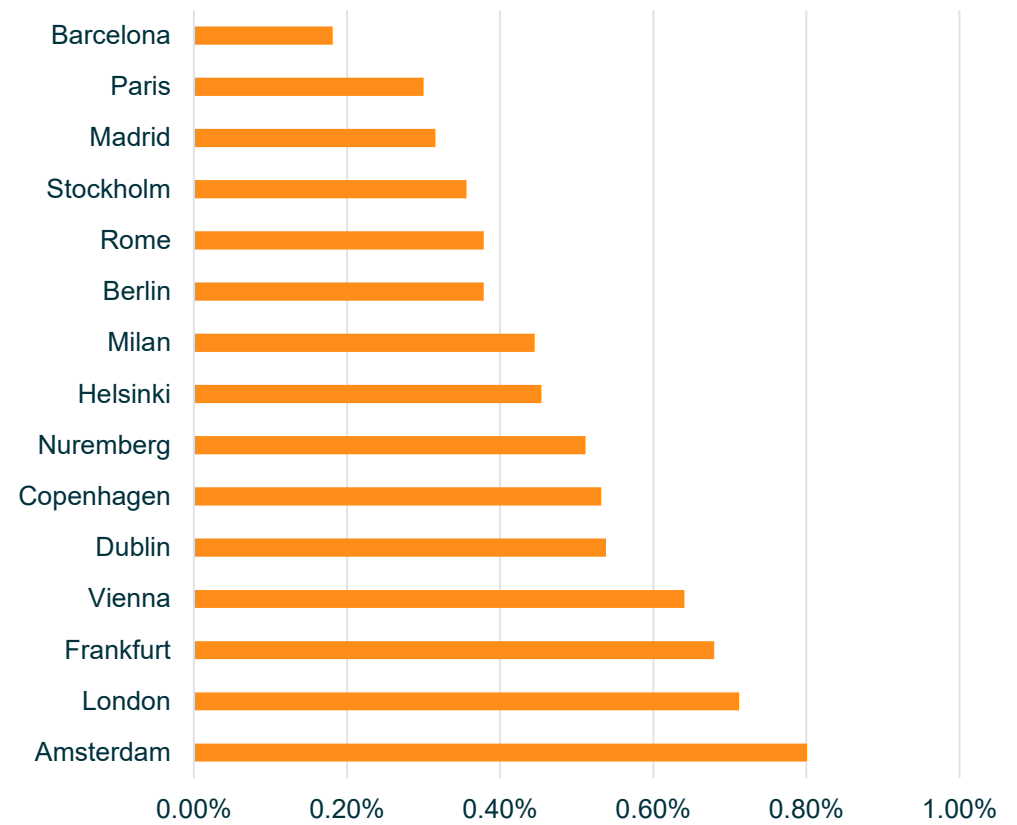
# European residential

## Positive household formation across Europe is going to drive demand

**Oxford Economics, Forecast (2025-2030) – Population growth vs household (HH) formation<sup>1</sup>**



**Net residential additions as a % of stock by city<sup>2</sup>  
Less than 1% new supply**



1. Nuveen Research, Oxford Economics, Population Growth and Household Formation forecast as forecasted at March 2026.

2. Source: PMA, National Statistics, April 2026.

# European alternatives

**Selected self-storage markets are navigating a near-term supply surge, European student housing investment at near-record levels, with capital increasingly rotating towards Southern Europe**

## Self-storage:

- Organic growth in pockets of the European market is decelerating sequentially, driven by a near-term supply surge
- The Nordics, having largely absorbed the supply cycle, are showing improving operating fundamentals

## Student housing:

- European student housing investment volumes reached a near-record high in Q1 2026, headlined by the completion of Unite's landmark acquisition of Empiric Student Property
- Spain has overtaken France as the largest PBSA market on the continent, with Italy and Portugal also gaining meaningful traction since Covid

## Self-storage

The latest earnings results from Shurgard, the largest listed self storage operator in continental Europe, point to a sequential deceleration in organic revenue growth in the most recent quarter. The softness is being driven not by weakening demand, as enquiry levels remain healthy, but rather by a near-term supply glut across several key markets. Germany experienced the sharpest deceleration, with growth retreating 90 bps q-o-q (albeit still posting 1.4% growth on a y-o-y basis), as market leader MyPlace continues to expand aggressively and Shurgard itself is delivering a meaningful volume of new product. Similar dynamics are playing out in the U.K., where operators are competing fiercely on pricing, and in the Netherlands, where Shurgard has opened a series of new stores, also saw competition intensifying.

Looking at the overall pipeline across Europe, new stock deliveries for both Safestore and Big Yellow are expected to represent approximately 6% of their existing portfolios in 2026, with a further 5% from Shurgard, and supply only beginning to taper from 2027 onwards. Against this backdrop, near-term pressure on rental tension is likely to persist in markets experiencing greater supply. That said, we are more optimistic about the outlook for the Nordics, where the oversupply cycle appears to have been largely absorbed, and operating fundamentals are showing signs of improvement.

## Student housing

Student housing investment volumes across Europe have continued to gather strong momentum, with Q1 2026 transaction activity totalling €2.4 billion – representing a 60% increase y-o-y from Q1 2025 and marking the second highest Q1 on record, surpassed only by the record-breaking year of 2022. The headline transaction of the quarter was the completion of Unite's acquisition of Empiric Student Property, bringing the Hello Student brand into the Unite portfolio. The deal, which was announced in August 2025 and valued at £723 million, adds 7,700 beds across 68 buildings in 22 cities, meaningfully expanding Unite's operational footprint. Beyond this merger, the most notable transaction was Greystar's acquisition of two PBSA assets in Spain from Starco Real Estate, adding a further 1,600 beds for approximately €150 million.

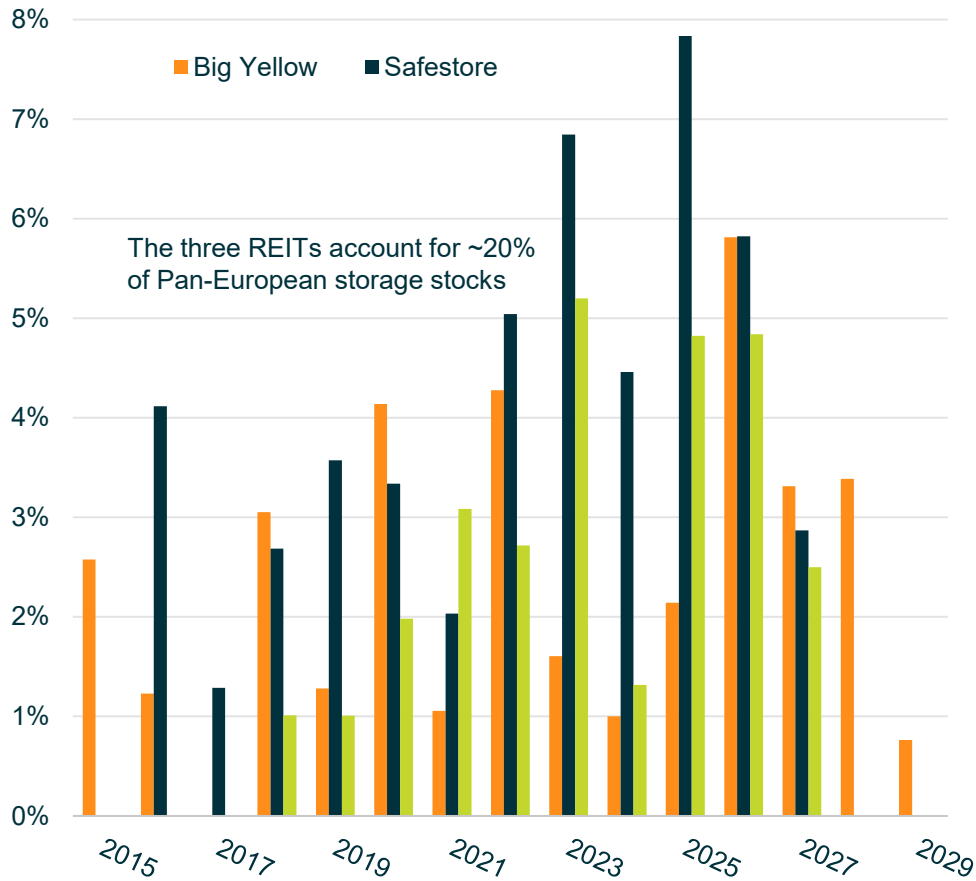
A notable geographical rotation has taken place across European PBSA investment over the last decade. Prior to Covid, Spain accounted for ~10% of continental European investment volumes, but by 2025 that share had risen to 29%, overtaking France as the largest market on the continent. This shift is also seen in Italy and Portugal, which were negligible pre-Covid, now accounting for 4% and 7% of volumes respectively, reflecting growing investor appetite for Southern European student housing markets.

Source: Nuveen Real Estate Research, as of May 2026.

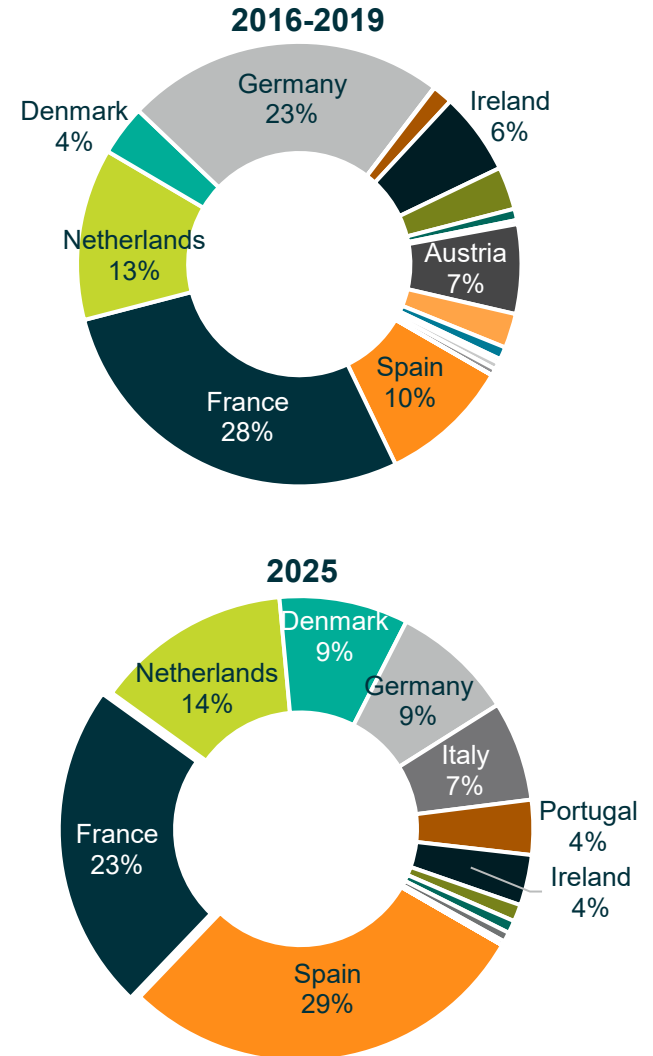
# European alternatives

A near-term pickup in the pipeline of listed players will taper from 2027 onwards; European student housing investment at near-record levels, with Southern Europe taking an ever-greater share of capital flows

## New self-storage supply as % of existing stocks



## Share of student housing investment volumes



1. Green Street, as of Apr 2026.  
2. NRE Research from RCA, 2026

# European sustainability

## Prime locations and heat pumps: What new research means for underwriting

In a higher cost of capital environment, value-add investors are scrutinising CapEx more carefully. New verified data from Deepki's Sustainability CapEx Index, covering 3,000+ European assets, reframes decarbonization not as an additional burden on already compressed returns, but as a source of genuine value creation, if you know where to look.

### Location determines your burden more than asset type

Annualized CRREM alignment costs run at roughly 0.25% of asset value per year for a Paris CBD office over a ten-year hold. French regional cities reach 1.75%. London West End sits at 0.40%. U.K. regional cities climb to 1.30%. Location alone creates a three-to-five times gap in relative burden, and that differential is the difference between a refurbishment program that is accretive on exit and one that erodes your return.

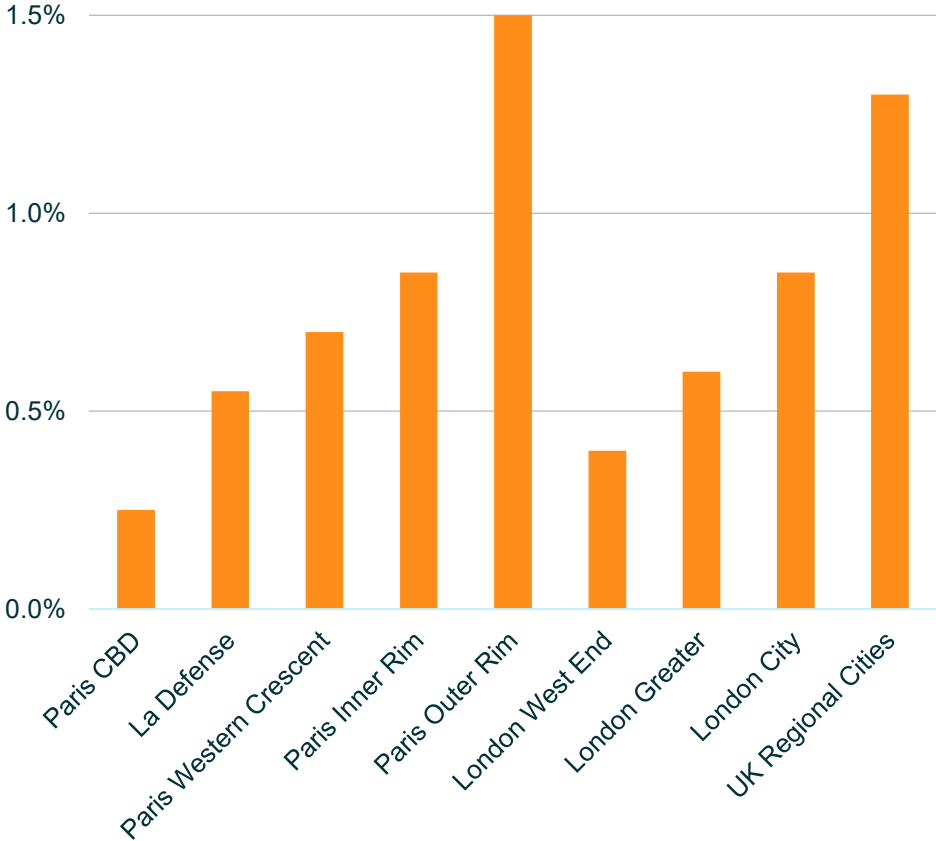
### Sequencing is where capital efficiency is won or lost

Replacing a central gas heating system with an air-water heat pump delivers 10 kgCO<sub>2</sub>eq/sq m/year in savings at roughly 100 euros/sq m, roughly eight times the savings-to-cost ratio of shell refurbishment. In a capital-constrained environment, equipment-first sequencing is not just operationally sensible but is also materially better underwriting.

### The entry point is now

Prime assets with visible but manageable CapEx are trading at discounts that overstate the true alignment cost. Investors who can disaggregate renovation burden accurately and sequence interventions by savings-to-cost ratio have a structural pricing advantage that, for now, remains exploitable.

Annualized decarbonization cost as % of asset value

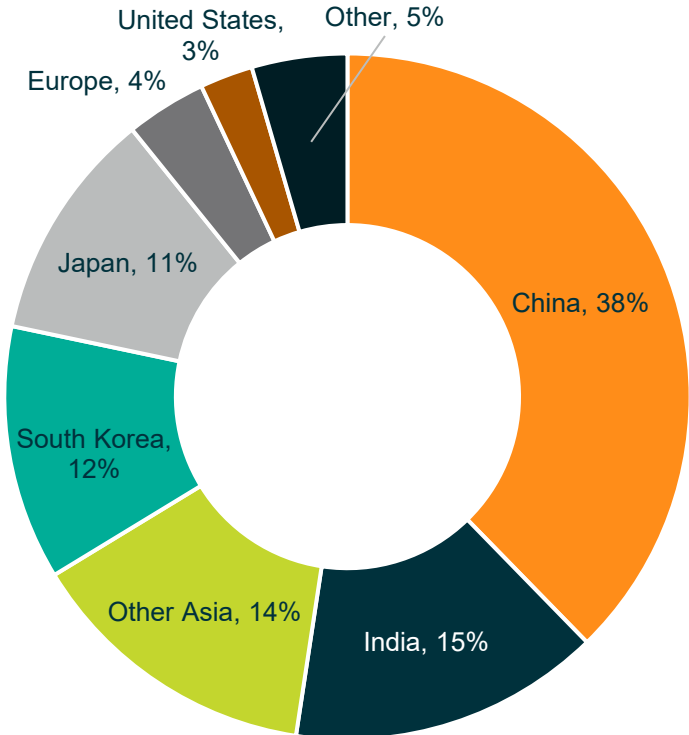


Source: Deepki Sustainability CapEx Index, March 2026. 3,000+ verified European assets. CapEx figures exclude OPEX, professional fees, taxes, and collateral costs. CRREM = Carbon Risk Real Estate Monitor.

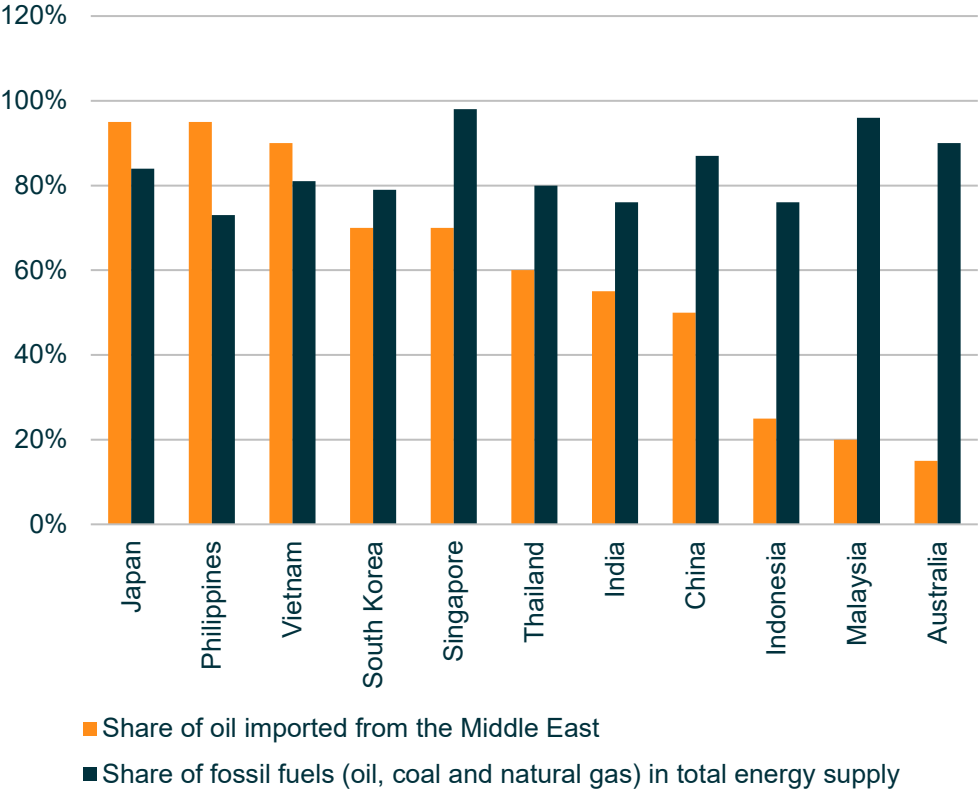
# 4. Asia Pacific

# High reliance on oil from Middle East

Share of crude exported through the Strait of Hormuz by destination countries\*



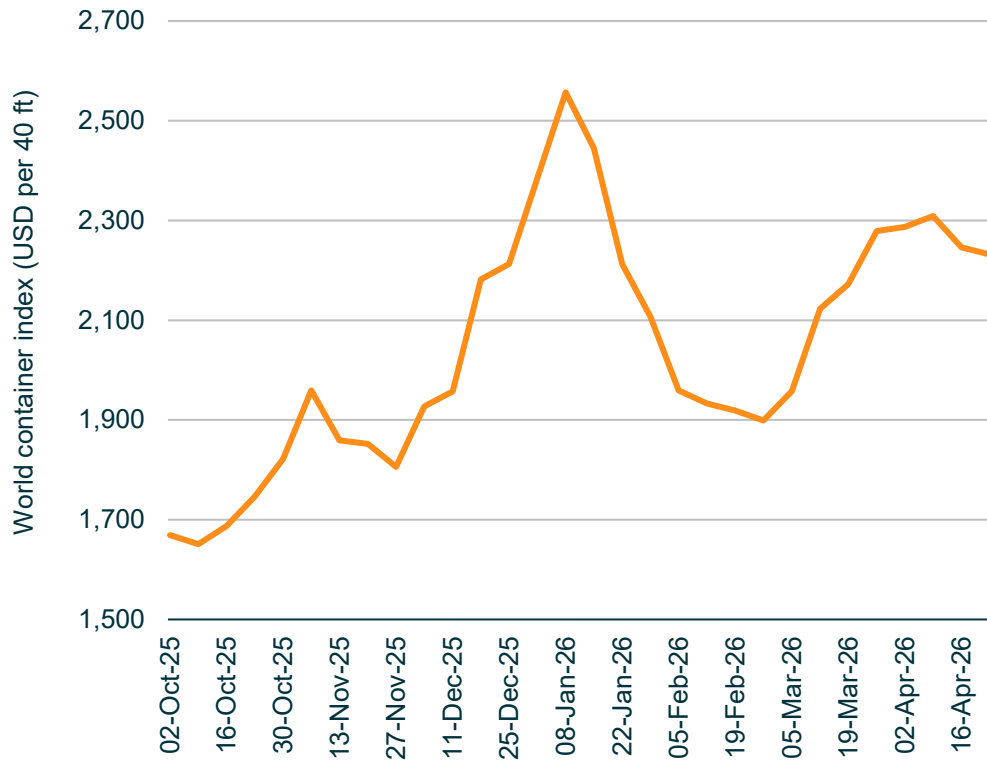
High reliance of crude oil from the Middle East



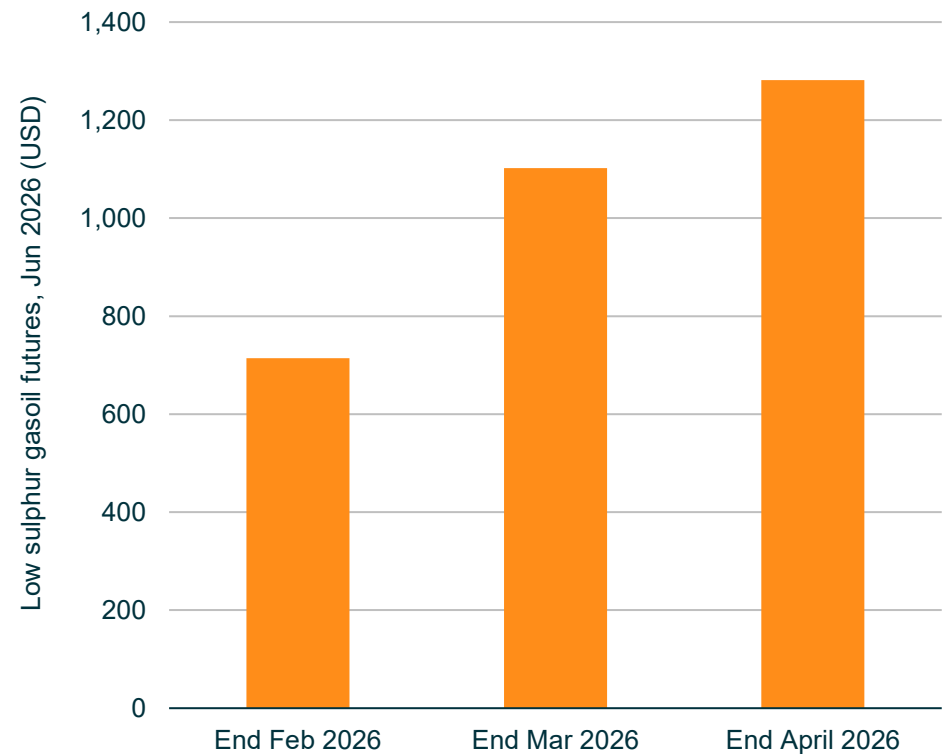
\*Most recent figures from Q1 2025, includes crude and condensate.  
 Source: International Energy Agency, US Energy Information Administration analysis based on Vortexa tanker tracking, International Energy Agency, April 2026.

# Price surge extends beyond oil and gas

## Global container rates surge as insurance premiums and energy costs climb



## Fertilizer prices rally amid Middle East supply concerns

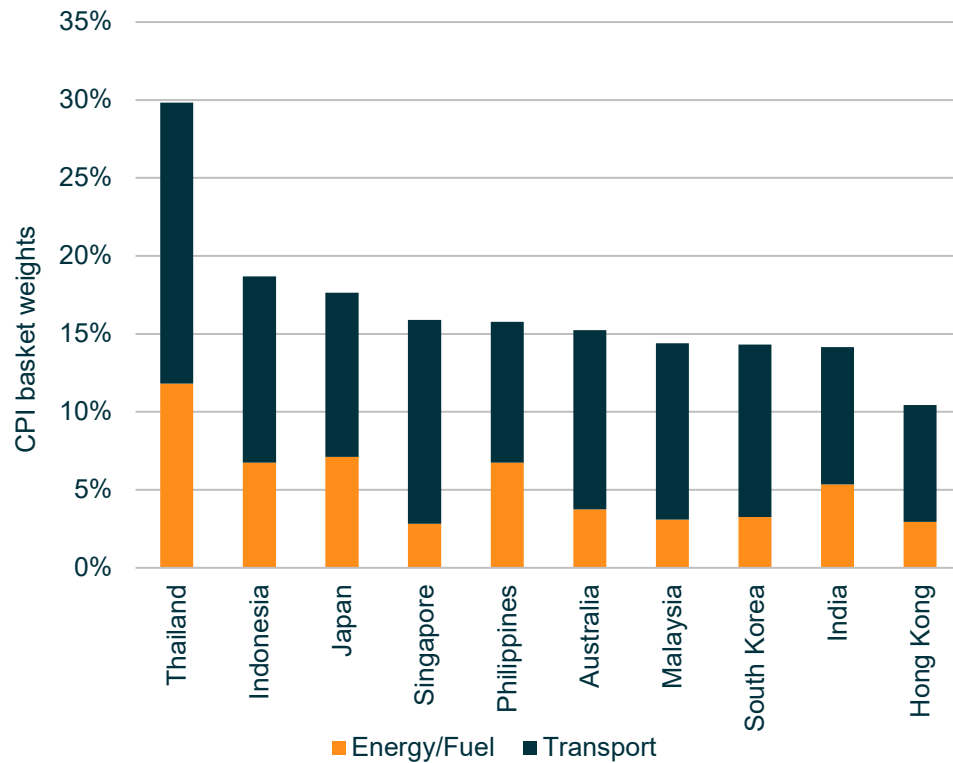


Source: BarChart, Drewry World Container Index, April 2026.

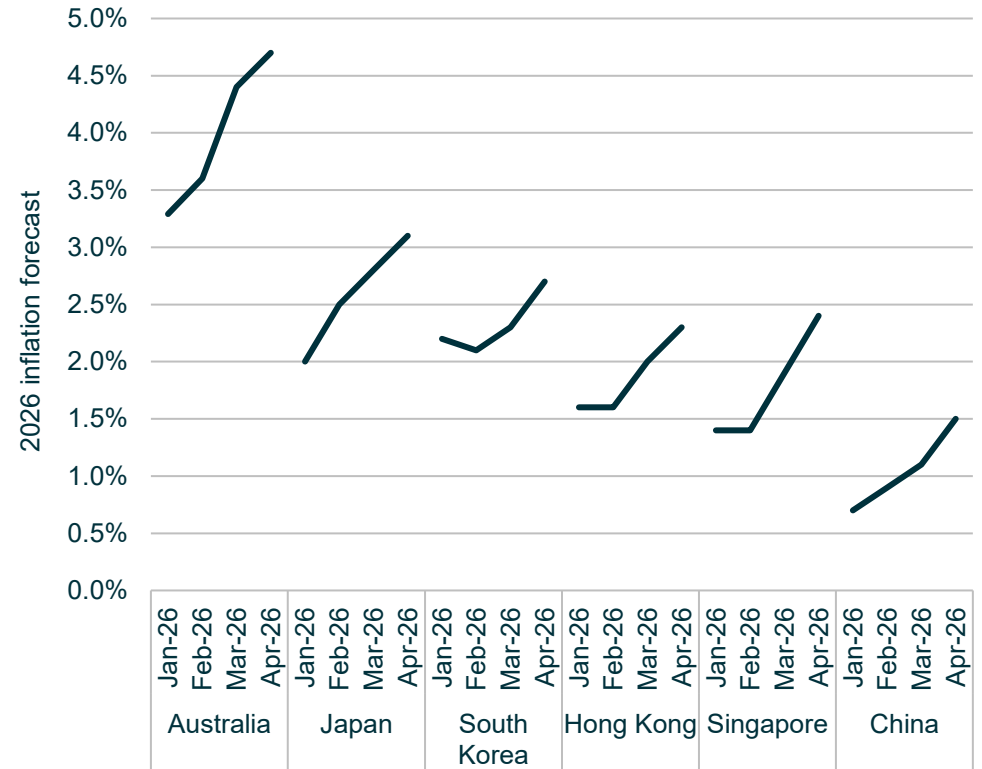
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# Upside risks to inflation

## Energy and logistics surges, fueling production costs



## Upward revision of 2026 inflation outlook



Source: CEIC, Oxford Economics, April 2026.

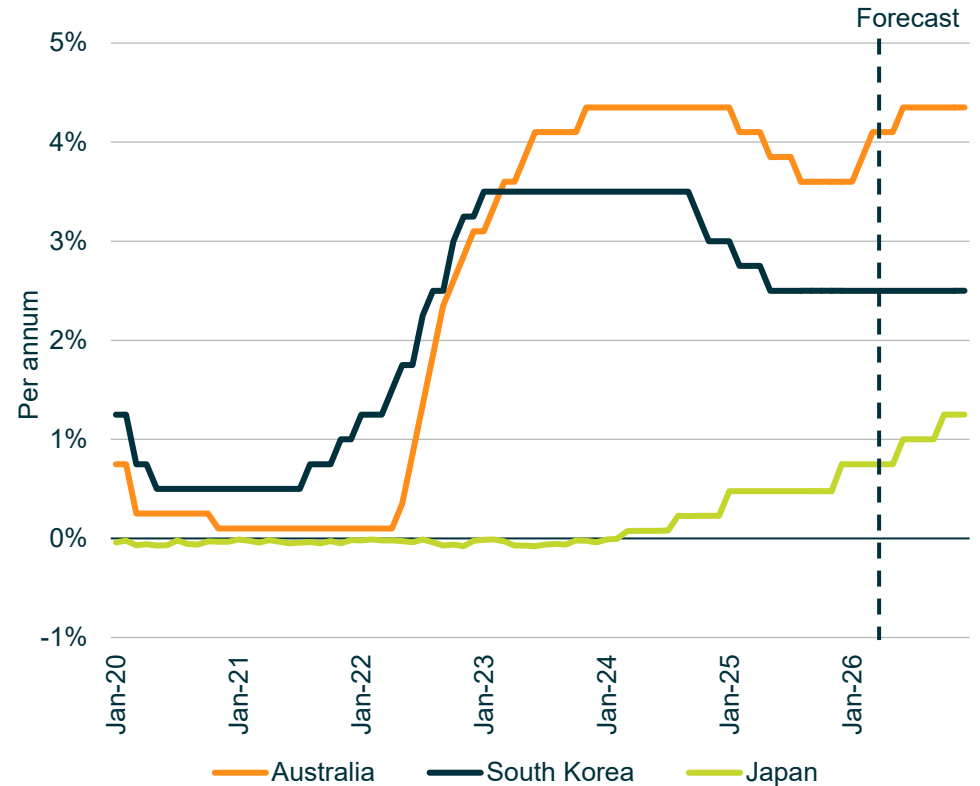
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# Central banks will be more cautious

## Limited shift in yield curves across markets, barring Australia



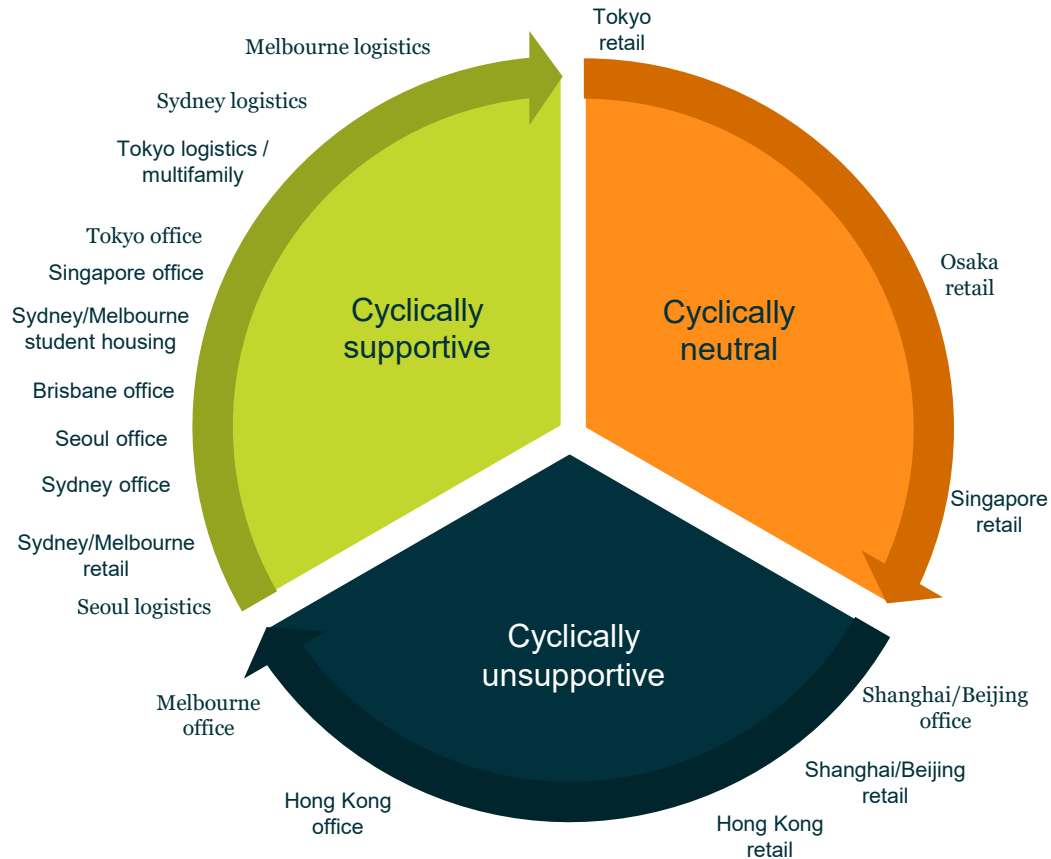
## 2026 policy interest rate forecasts



Source: CEIC, Investing.com, Oxford Economics, April 2026.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

# Short-term city and sector selection



Investment thesis	
<b>Office</b>	Focus on turnaround markets to capture rental recovery in Japan and east Australia
<b>Living (incl. PBSA and seniors)</b>	Favorable supply-demand imbalance across entire spectrum. Target multifamily and senior housing in Japan and PBSA in Australia
<b>Infill logistics</b>	Occupiers will prioritize location and distance to their end-customers due to higher transportation costs
<b>Neighborhood retail</b>	Stick to Australia, with favorable population growth, attractive entry pricing and limited new supply

Source: Nuveen Real Estate, April 2026.

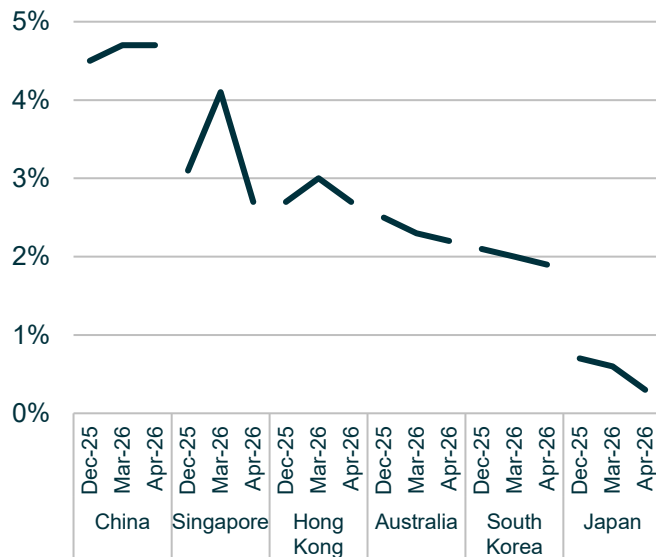
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# Asia Pacific economics

## Middle East tensions cast a shadow over economic prospects

- Ongoing Middle East conflicts are clouding regional growth prospects, with business and consumer sentiment both weakening
- Asia Pacific's role as a global technology manufacturing hub positions the region to benefit from the AI capital expenditure boom, sustaining export momentum
- Central banks are likely to proceed with caution, balancing inflationary pressure against downside risks to growth

### Real GDP growth forecast in 2026



Source: Oxford Economics, April 2026.

The Middle East conflict has posed a particularly acute challenge for regional economies given their significant reliance on energy imports from the Gulf. While a ceasefire has reduced the risk of a more severe escalation, there remains significant uncertainty, keeping oil prices elevated and sustaining inflationary pressure across the region. The uncertainty around both interest rates and consumer prices has weighed on consumer sentiment while business confidence has softened amid weaker economic prospects. Corporates have broadly placed their investment plans on hold pending until greater clarity emerges.

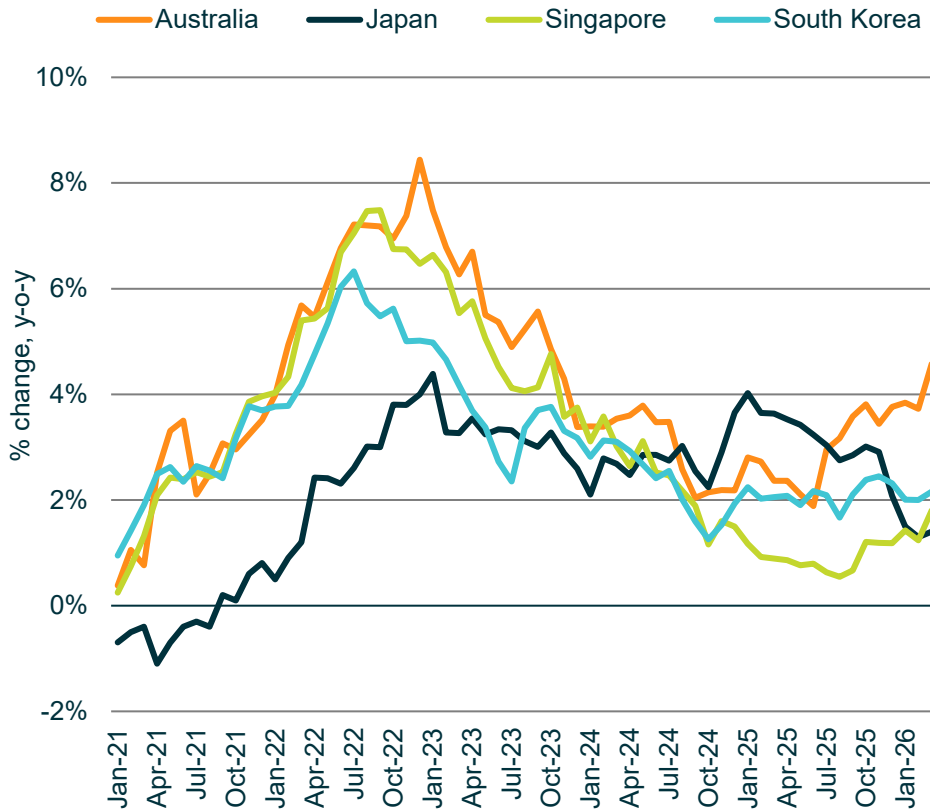
Despite these near-term headwinds, the balance of risks is not entirely negative. Asia Pacific's position as the world's primary manufacturing hub for electronics and technology products positions the region well to benefit from the AI capital expenditure boom. This structural tailwind has provided meaningful support to regional export activity, as evidenced by strong first quarter trade figures across many Asian economies. The momentum is expected to be sustained in the near term, underpinned by robust global investment in AI infrastructure and hyperscale data center development. This should help support the growth. Therefore, market consensus has not downgraded 2026 economic growth significantly by just simply 20 to 40 bps across major economies.

Looking ahead, central banks are likely to maintain a cautious approach to monetary policy, balancing the need to support economic growth against the imperative to contain inflation. Should core inflation continue to trend higher, signalling that second-round effects to consumer goods materializing, policymakers are expected to tighten policy more decisively. Japan and Australia are expected to be among the markets most likely to see further rate hikes over the next six months, as core inflation in both countries have proven stickier than expected.

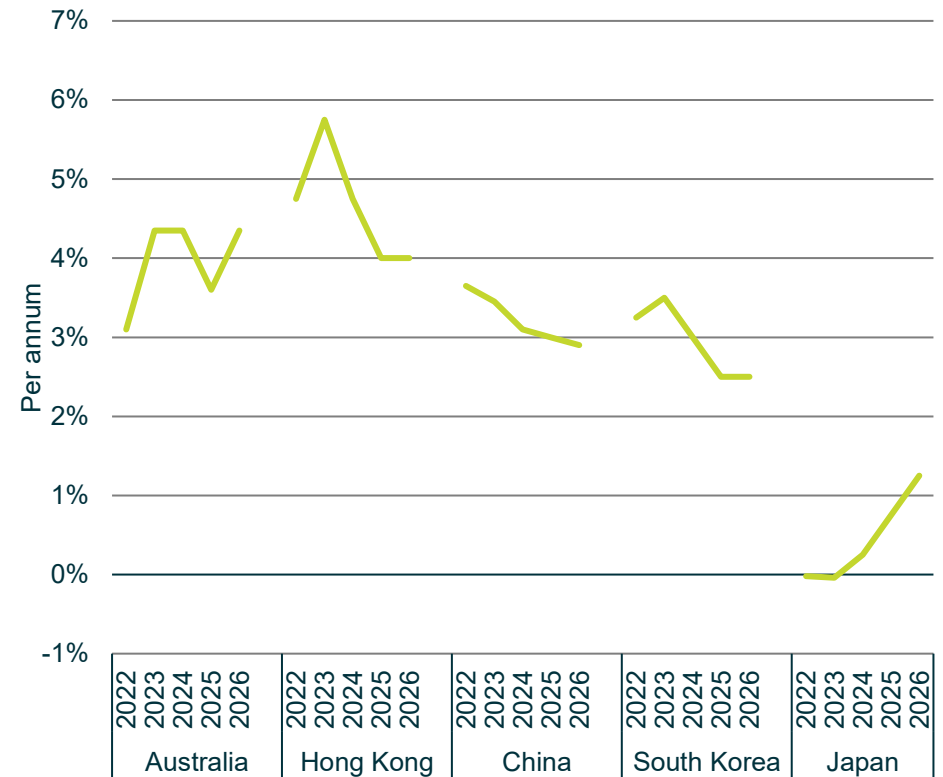
# Asia Pacific economics

## Upside risks to inflation remain

### Inflation



### Policy interest rates forecast



Source: Oxford Economics, CEIC (April 2026); Nuveen Real Estate, As of 30 April 2026.

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

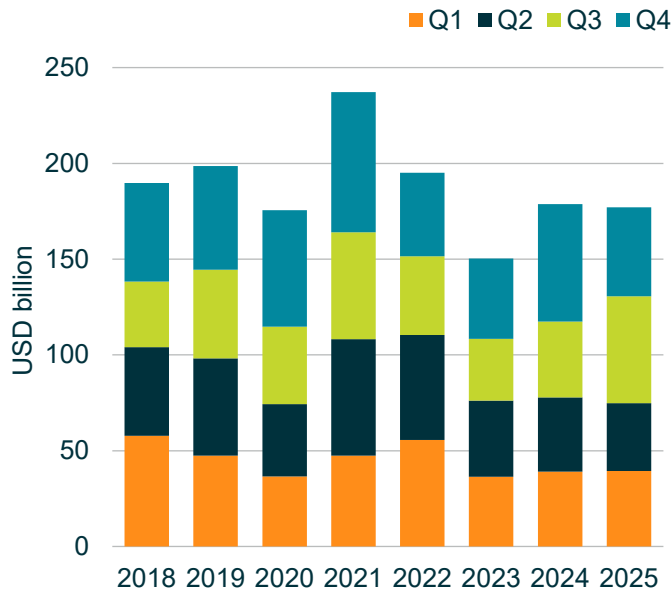
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# Asia Pacific investment market

## Divergent fortunes as rate sensitivity reshapes the investment landscape

- Market performance diverged across the region, reflecting differing exposure to financing conditions
- Sector and market selection have become increasingly critical, with prime offices in North Asia and non-discretionary retail in Australia offering relative resilience

### Asia Pacific commercial real estate investment volume



Investment activity carried the strong momentum established in the preceding year into Q1 2026, underpinned by a broadly accommodative interest rate environment through the first two months of the quarter. However, the escalation of Middle East conflicts in March, coupled with mounting inflationary pressures stemming from supply chain disruptions and the prospect of a shift in monetary policy direction, prompted investors to adopt a more cautious stance. The resulting pullback in activity during March weighed on overall quarterly performance, leaving total turnover 2% below the Q4 2025 level.

Market performance diverged across the region, reflecting differing exposure to financing conditions. Markets benefiting from a favorable financing environment, notably Hong Kong, Singapore and South Korea, sustained investment momentum, each recording positive turnover growth relative to Q1 2025. In contrast, markets facing the prospect of a more restrictive financing backdrop, including Japan and Australia, experienced a softening in investment activity as expectations of further yield spread compression tempered investor confidence.

Against this dynamic investment landscape and evolving interest rate cycle, sector and market selection have become increasingly critical. In North Asia, certain sectors continue to demonstrate resilience, underpinned by persistently tight vacancy conditions. Office markets across Seoul, Tokyo and Osaka, as well as Tokyo's retail sector, are expected to sustain an upward rental growth trajectory. In Australia, neighborhood and sub-regional retail malls along the eastern seaboard are well-positioned to capture the ongoing consumer shift towards non-discretionary expenditure.

Despite near-term headwinds from elevated fuel costs, which are squeezing occupier operating margins and weighing on leasing demand, the sector's structural long-term tailwinds remain firmly intact, underpinned by continued e-commerce penetration growth and a constrained medium-term supply pipeline. Capital will gravitate towards modern logistics facilities equipped to support occupier automation, as well as infill assets well-positioned within established urban catchments and key transport networks.

Note: Development site transaction is excluded.

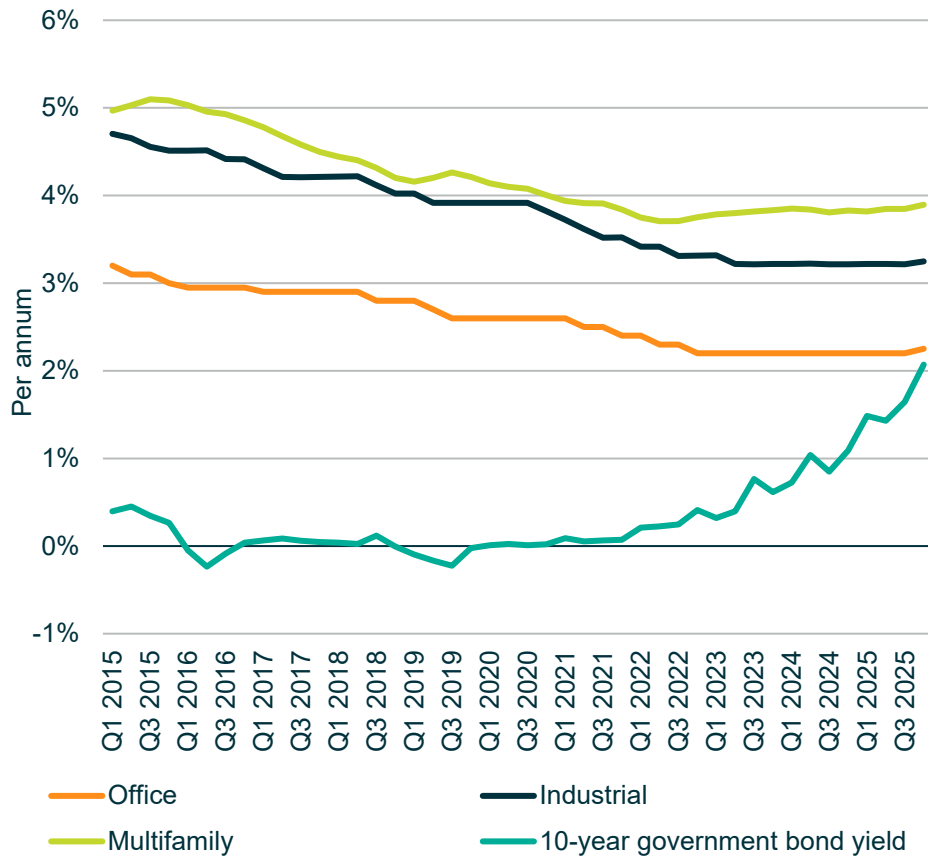
Source: RCA (Q1 2026); Nuveen Real Estate Research, April 2026.

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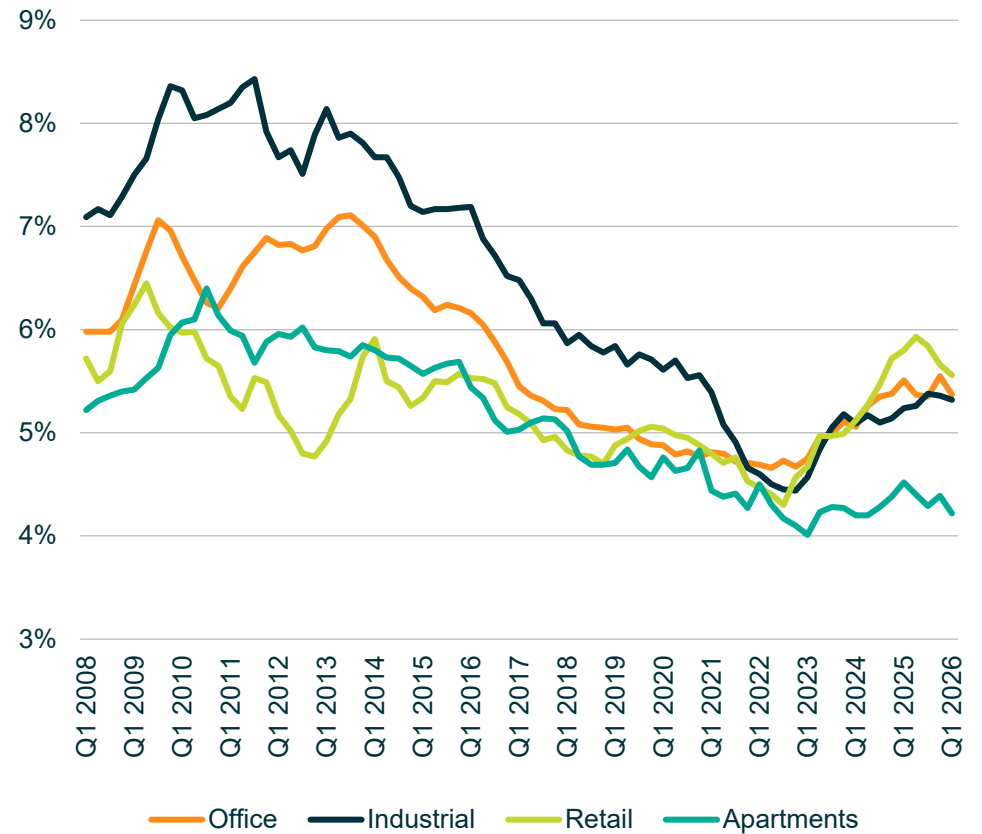
# Asia Pacific investment market

Cap rates broadly stable to marginally compressed driven by capital flows

## Investment turnover by market



## Asia Pacific real estate cap rate



Source: JLL, RCA (Q1 2026); Nuveen Real Estate, April 2026.

# Asia Pacific office

## Flight-to-quality defines a bifurcated market

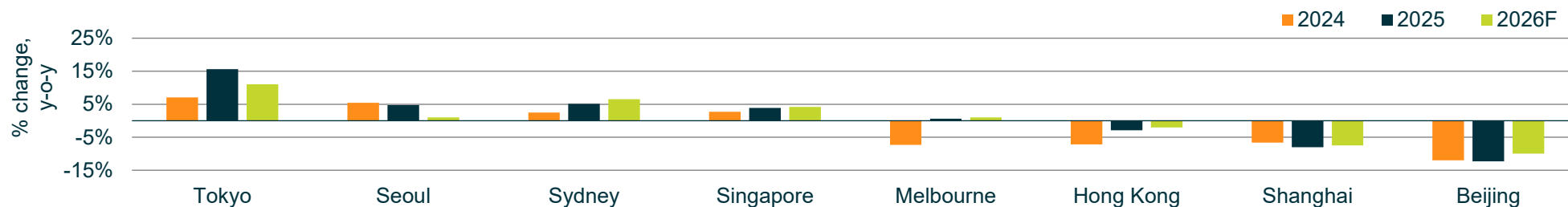
- Prime office assets continue to benefit from persistent flight-to-quality demand, while secondary-grade properties face ongoing rental pressure as landlords adopt more flexible leasing strategies
- Tokyo remains a standout market, with broad-based rental recovery across both Grade A and Grade B assets underpinned by historically tight availability and the growing adoption of fixed-term leases
- Investor focus is sharpening rather than retreating, concentrating on well-located prime assets in Seoul, Singapore, Sydney and Hong Kong

Heightened global economic uncertainty has prompted corporates to exercise greater caution in their space acquisition decisions, resulting in a reduction in large occupier transactions. Nevertheless, leasing momentum continues to favor prime-grade office assets, as corporates increasingly leverage workplace quality as an amenity to attract and retain talent. Consequently, rental growth has been predominantly concentrated in the prime office segment. Secondary-grade office properties, by contrast, continue to face downward rental pressure as landlords grow more flexible in offering attractive leasing packages to sustain occupancy.

Tokyo stands as a notable exception to the broader pattern of uneven market performance. The city continues to experience a broad-based recovery spanning both Grade A and Grade B office assets, underpinned by historically tight market availability. Landlords have grown more confident in raising rents, while tenants have shown a greater willingness to accept rental increases given the scarcity of available space. As market conditions become increasingly landlord favorable, the prevalence of fixed-term leases is likely to expand, which will continue to sustain rental growth momentum.

On the investment side, while investment sentiment has softened, total office transaction volume declined nearly 8% y-o-y in Q1 2026. Investors have become focused and discerning, gravitating towards well-located prime office assets that are perceived as better-positioned for the future and more directly exposed to flight-to-quality demand. The quarter saw several prime office transactions concluded in Seoul, Singapore and Sydney, while Hong Kong witnessed improved office transaction activity within the central district, with opportunistic investors moving to capitalize on discounted pricing.

## Grade-A CBD office net effective rental growth



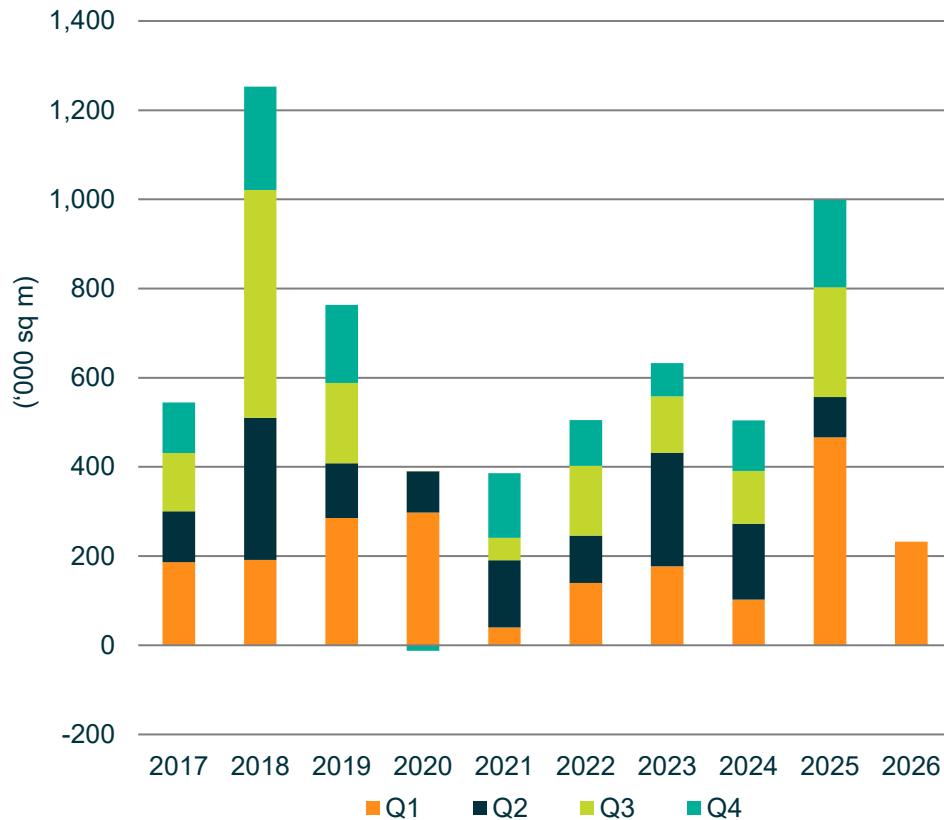
Source: JLL, CBRE, (Q1 2026); Nuveen Real Estate, April 2026.

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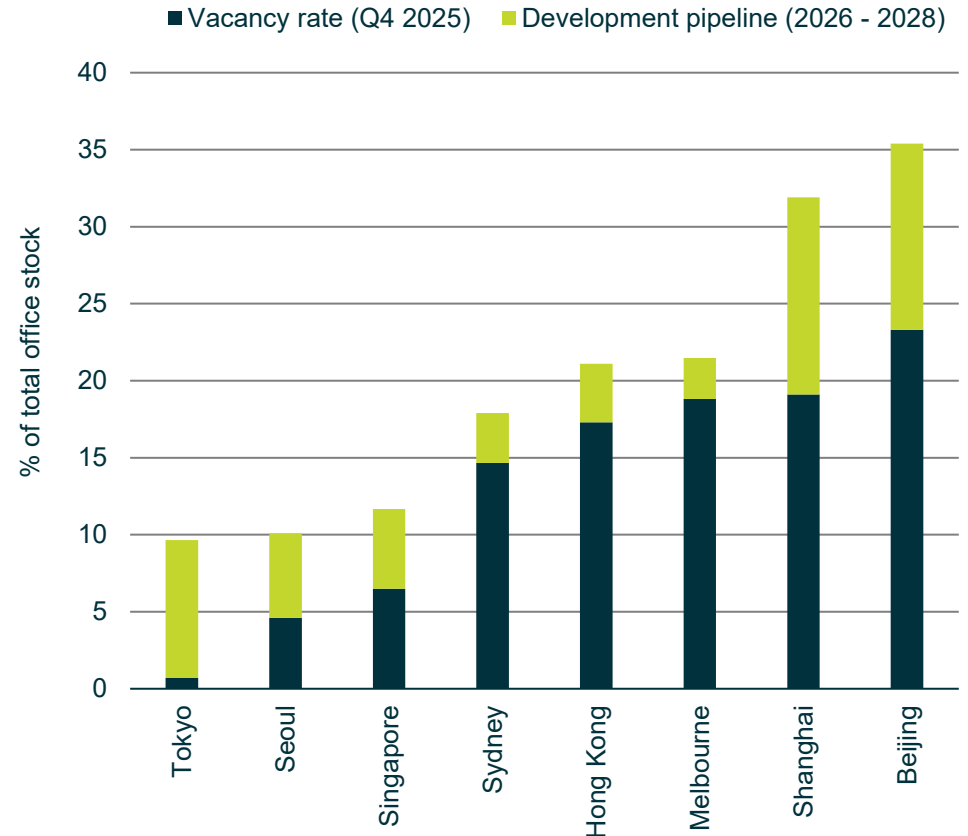
# Asia Pacific office

Prime office remains resilient, driven by flight-to-quality demand

Prime office net absorption (selected APAC markets\*)



Grade A office new supply and current vacancy rate



Note: \* selected Asia Pacific markets include Singapore, Seoul, Tokyo, Sydney, Melbourne and Brisbane  
 Source: RCA, JLL, CBRE (Q1 2026); Nuveen Real Estate Research (April 2026).

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# Asia Pacific retail

## Resilience in non-discretionary retail amid softening consumer confidence

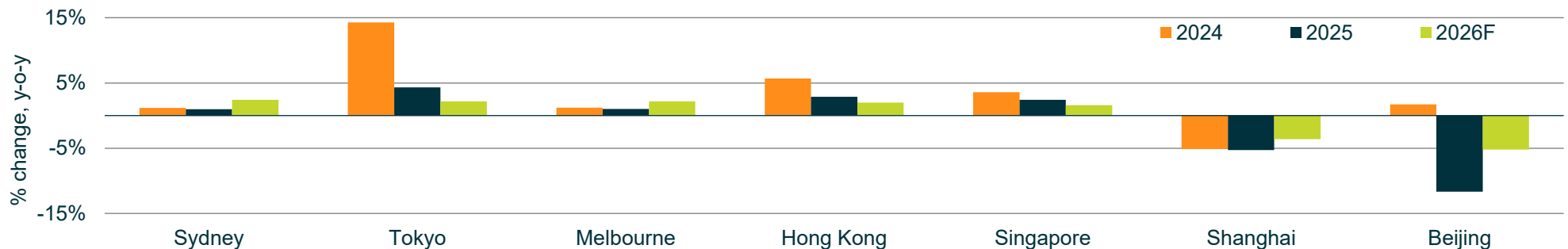
- Rising living costs and rate hike concerns are weighing on consumer sentiment across the region
- The expectation of softer consumer spending and higher operating costs are prompting retailers to pause expansion plans and reassess store networks
- Tokyo remains the clear exception, with virtually zero effective vacancy sustaining strong landlord pricing power across both prime and secondary locations

Rising living costs, compounded by concerns over further interest rate increases and a deteriorating economic outlook, have weighed on consumer sentiment. This deterioration is reflected in declining consumer sentiment indices, with Japan and Australia, where the risk of further rate hikes is most elevated, recording the sharpest declines. Consumers are expected to defer discretionary spending and await promotional sales events. The impact on non-discretionary expenditure, by contrast, is expected to be comparatively mild, given the essential nature of such spending.

The expectation of softer consumer spending is beginning to translate into moderating leasing momentum. Combined with higher operating costs, many retailers are choosing to pause their expansion plans and reassess their store networks. This moderation in leasing demand has constrained retail rental growth, with Tokyo standing as the clear exception. The virtually no effective vacancy rate in Tokyo's core retail precincts offers landlords to have strong bargaining power to push rents higher. The tight availability of space in prime areas has also prompted retailers to seek accommodation in secondary and peripheral locations, consequently driving rents upward in those areas as well.

Given this divergent market performance across the region, a tailored investment strategy aligning with market fundamentals is important. Shopping malls with high exposure to discretionary tenants are expected to face near-term headwinds, while neighborhood shopping centers anchored by essential, non-discretionary retailers serving large residential catchments are expected to remain resilient. Australia retains the key destination for this asset type, underpinned by steady population growth and resilient performance demonstrated during the high inflation period between 2022 and 2024. High-street retail in prime locations across Tokyo will also be a focus, as luxury brands continue to show strong interest in expanding their presence, driven by high per capita luxury expenditure, a young and affluent consumer base and the sustained recovery in inbound tourism.

### Retail rental growth



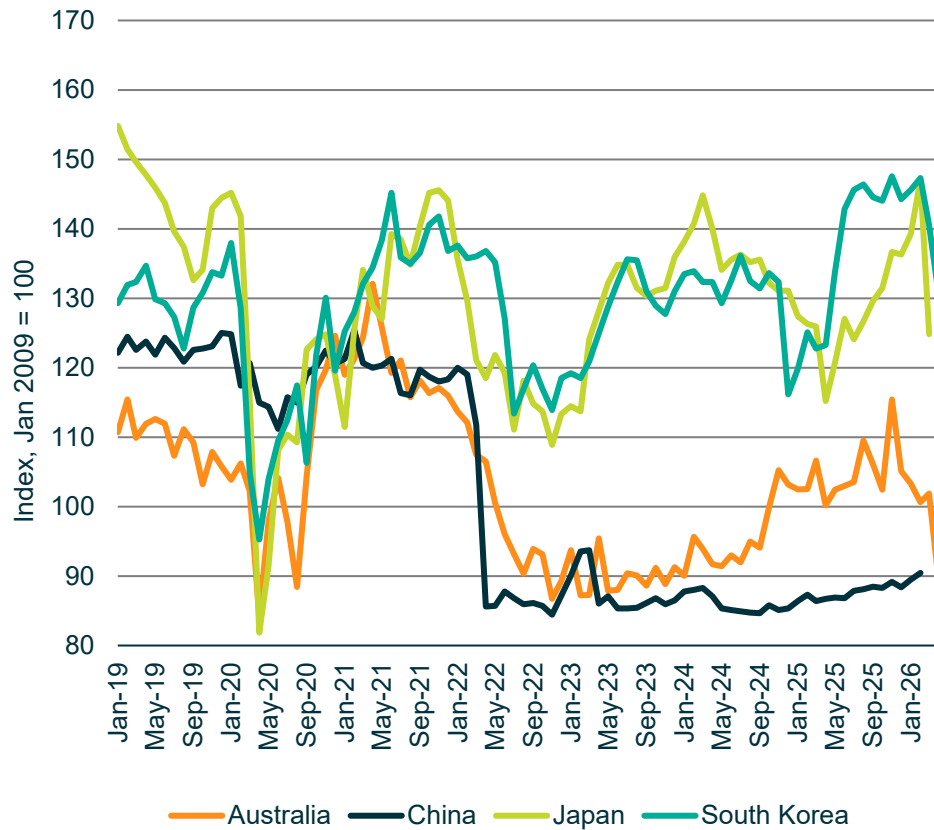
Source: JLL, CBRE (Q1 2026), Nuveen Real Estate Research (April 2026).

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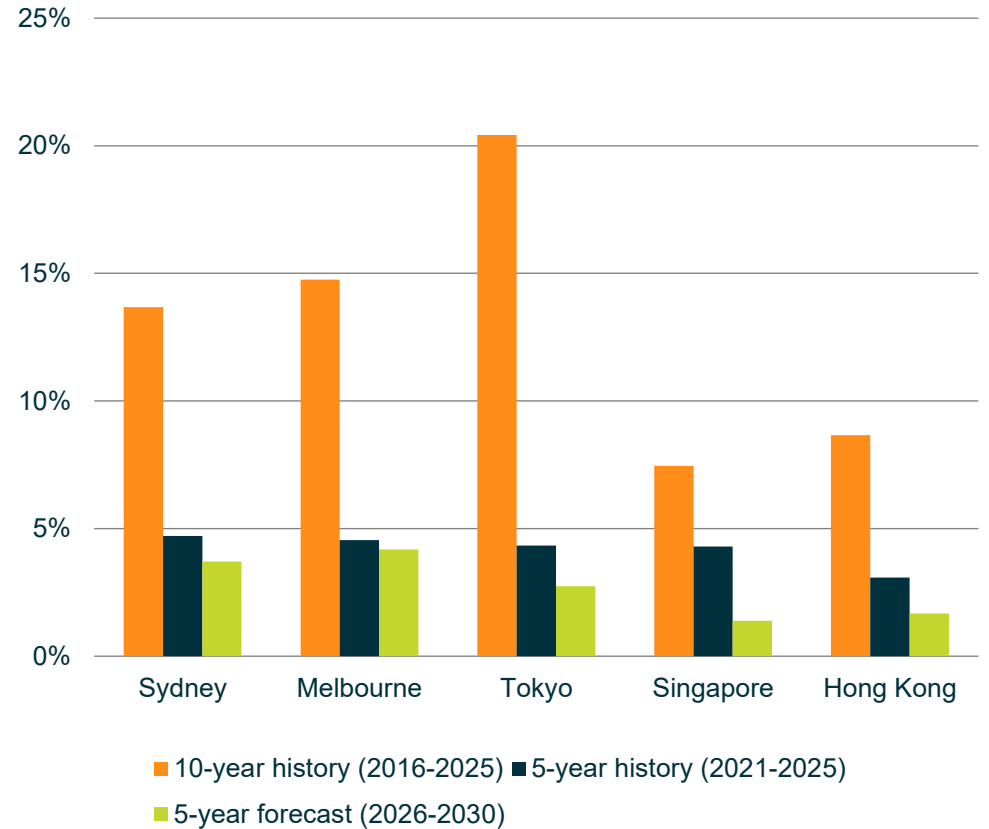
# Asia Pacific retail

Rising living costs and rate hike concerns are weighing on consumer sentiment

**Consumer confidence index**



**Retail development as % of total stock**



Source: CEIC, JLL, CBRE, Rating and Valuation Department, Japan Council of Shopping centers, Nuveen Real Estate Research (April 2026).

# Asia Pacific logistics

## Structural tailwinds endure as near-term headwinds mount

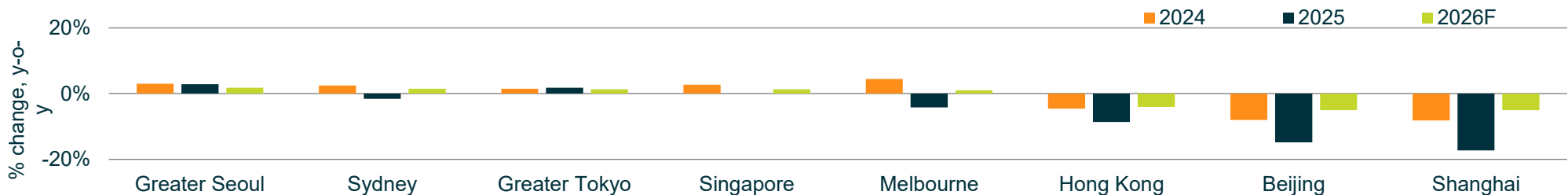
- The normalization of logistics leasing demand is intensifying, with third-party logistics occupiers facing heightened cost pressures
- Well-located, high-quality logistics assets and infill facilities are expected to demonstrate relative resilience
- Long-term e-commerce tailwinds remain intact, supported by AI-driven improvements in the online shopping experience and a large, tech-savvy consumer base in the region

Volatility in global energy markets has introduced additional uncertainty around freight costs, driving up operating expenses for logistics occupiers. Third-party-logistics companies, which have high exposure to fuel prices, are facing significant cost pressure and tightening operating margins. As one of the historically key demand drivers for logistics space, this occupier group is expected to slow its decision-making over the coming quarters, contributing to a further moderation in leasing demand.

That said, well-located, high-quality logistics and infill logistics are expected to demonstrate relative resilience. Their proximity to end-users and ability to reduce transportation costs should make them the preferred choice for occupiers looking to rationalize their networks and secure more operationally efficient space. However, with a broader range of options available in the market, partly as a result of new supply completions, landlords are expected to remain accommodative in their leasing terms, as evidenced by rising incentives and extended rent-free periods. This dynamic is expected to constrain rental growth, with a more pronounced bifurcation emerging between prime and non-prime locations.

Supply-side dynamics are also shifting. Elevated construction and material costs have resulted in slower development activity. This has been evident in Australia with a growing number of projects previously scheduled for delivery in 2027 being pushed into later timeframes. Similarly, logistics completions in Seoul this year are expected to fall further than previously anticipated, to approximately 55% of 2025 levels. This decline in new supply should help support vacancy rate stabilization across the markets.

### Prime logistics rental growth

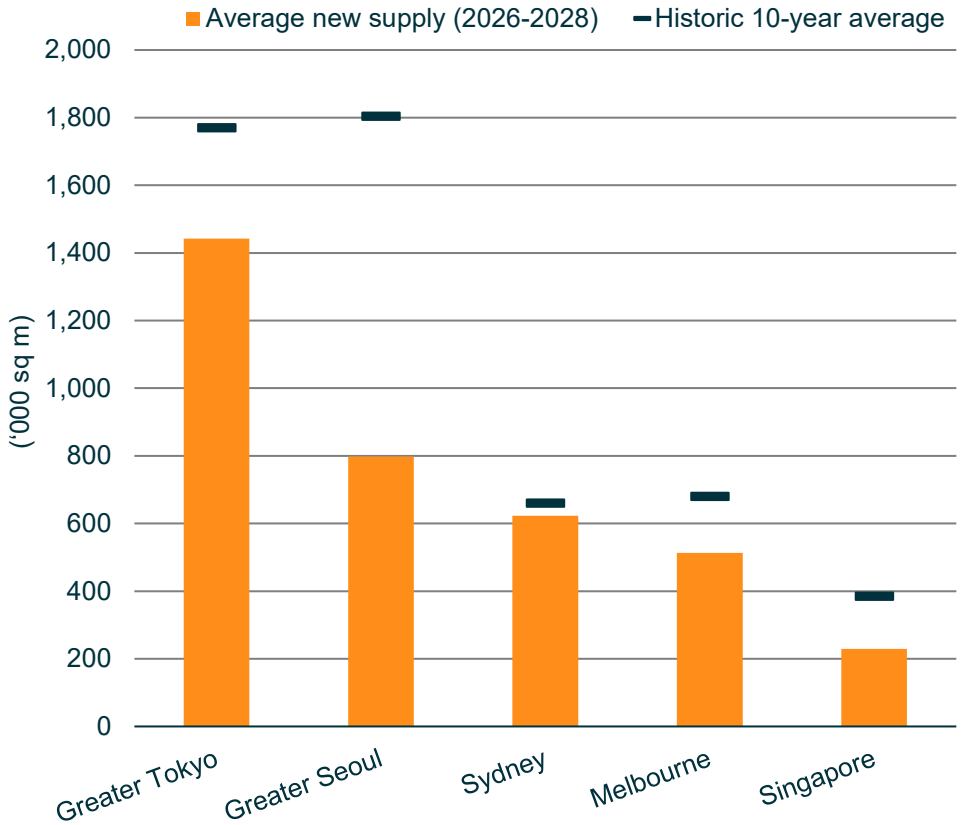


Source: CBRE, JLL, (Q1 2026); Nuveen Real Estate, April 2026.

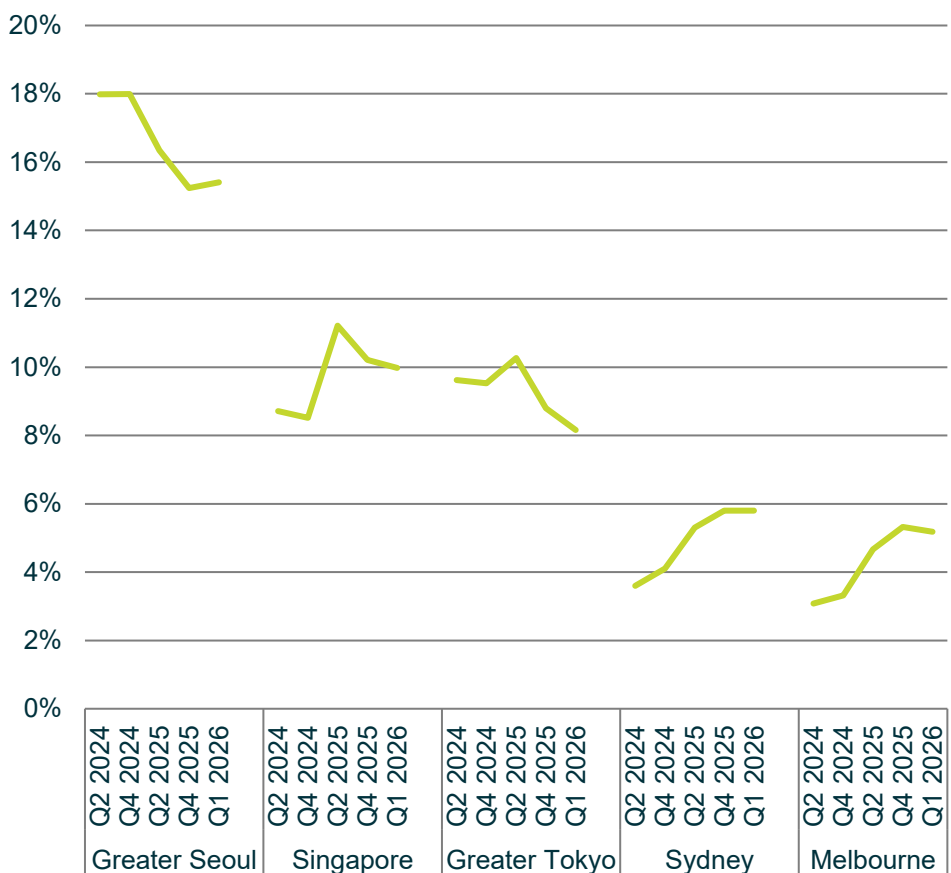
# Asia Pacific logistics

Logistics long-term tailwinds remain intact, underpinned by e-commerce growth and constrained supply

## Logistics new supply in major markets



## Logistics vacancy rate



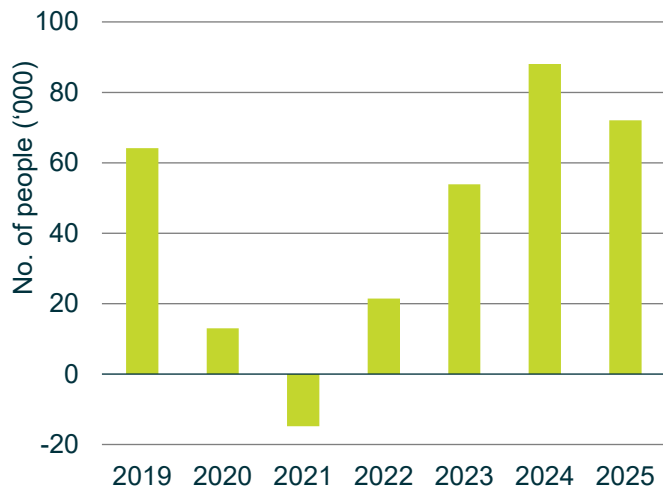
Source: CBRE, JLL, (Q1 2026); Nuveen Real Estate, April 2026.

# Asia Pacific residential

## Resilient demand fundamentals continue to underpin the living sector

- Japan remains the most compelling multifamily market in the region, with positive rental growth momentum in Tokyo supported by wage growth, affordability pressures and a constrained supply pipeline
- South Korea's rental housing sector continues to draw foreign investor interest despite elevated regulatory risks following the government's new real estate measures introduced last year

### Asia Pacific residential investment turnover by market



Source: RCA (Q1 2026), Nuveen Real Estate April 2026

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Japan continues to stand out as the most attractive market for multifamily investment strategies, even with tighter real estate yield spreads. A key anchor for investor appetite is positive rental growth momentum, particularly in Tokyo, which is being driven by two distinct forces. Higher-income households, who have benefited from recent wage growth, are increasingly motivated to live in close proximity to their workplaces in central locations. Meanwhile, households that have seen more modest wage gains are gravitating towards affordable options in the outer wards of Tokyo as rising living costs exert pressure on their budgets. These movements support broad-based rental growth across different wards in Tokyo. Looking further ahead, affordability challenges are likely to intensify as rising construction costs constrain the future supply pipeline, both for rent and for sale residential, pushing prices higher and channelling a greater proportion of prospective homeowners into the rental market, thereby sustaining the upward trajectory of rents.

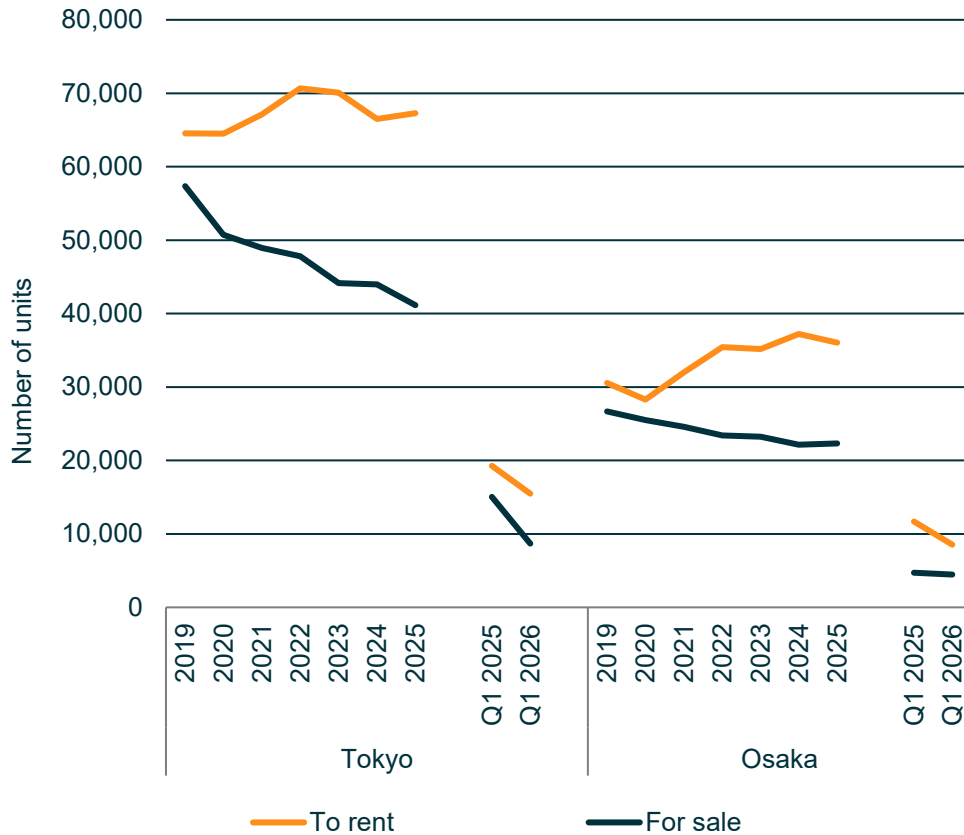
Favorable residential market fundamentals are also evident in Australia. The rental housing market remains acutely supply constrained, with the national vacancy rate declining to 1% in Q1 2026. Overseas migration continues to fuel strong underlying demand for rental accommodation, while new supply is constrained by higher financing costs and elevated development costs are driven by rising raw material prices. This structural imbalance between demand and supply is expected to sustain upward pressure on rents, providing some offset to the dampening effect of elevated interest rates on residential asset pricing.

South Korea's rental housing sector continues to attract foreign investor interest, despite the heightened regulatory risks introduced by the government's new real estate measures last year. The fundamental tailwinds for the sector remain in place, with Seoul continuing to experience a shortage of well-developed, institutionally managed monthly rental housing capable of catering to growing demand from younger renters and an expanding population of single-person households. Recent transactions reflect sustained conviction, including Hines acquiring its third residential asset in Seoul in partnership with JR Investment Management, while TPG Angelo Gordon formed a joint venture with HAIM Asset Management to acquire two co-living assets. Additionally, two Dutch pension funds have committed capital to Tishman Speyer to target core-plus investment opportunities in Seoul's rental housing market.

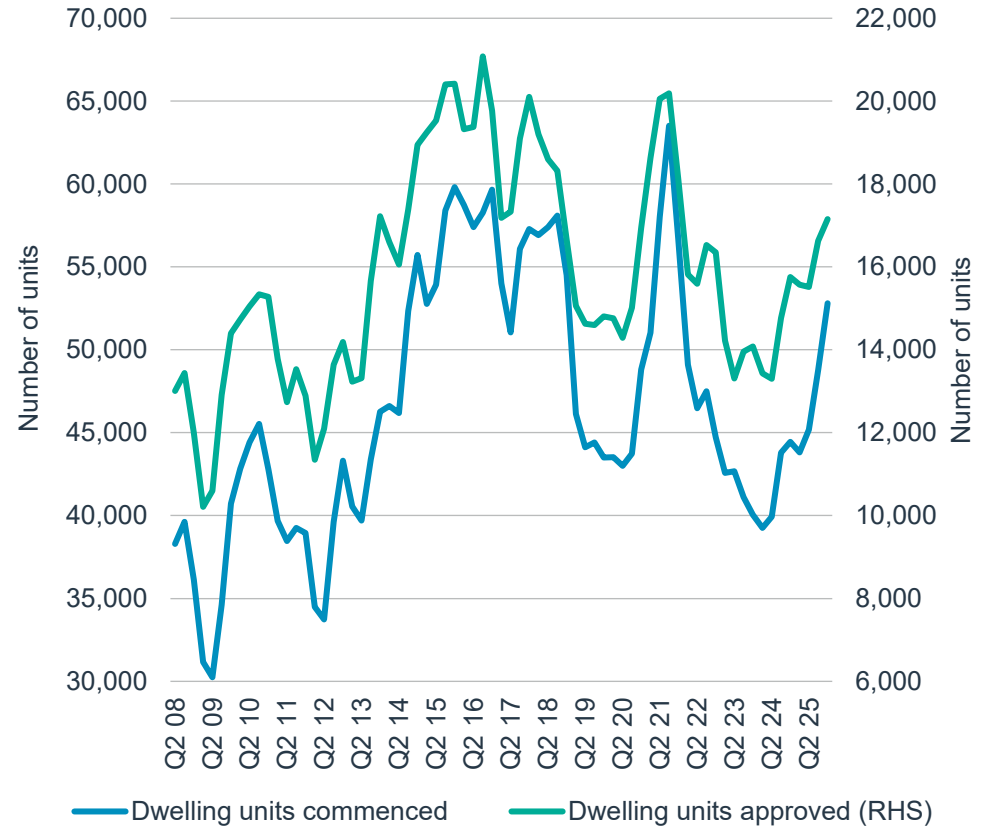
# Asia Pacific residential

## Residential supply will remain tight

### Japan multifamily new constructions start by dwelling



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



Source: Statistics of Japan, ABS (Q1 2026); Nuveen Real Estate, April 2026.

# Asia Pacific alternatives

## Capital appetite for alternative sectors remains strong

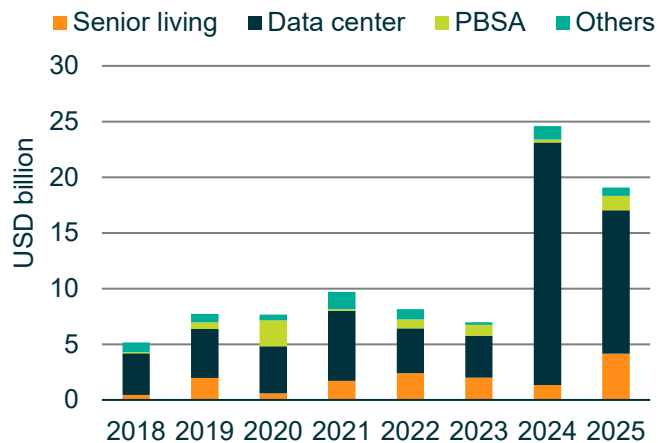
- Total investment into alternative sectors surged significantly, primarily driven by data center activity
- Student housing in Australia and Hong Kong is attracting growing investor interest, with property conversion emerging as a key entry strategy amid constrained land availability near major universities
- Australian senior living continues to expand its institutional investor base, with land lease communities drawing growing attention

Investor appetite for alternative real estate sectors has remained robust even with global uncertainty. Total investment into alternative sectors surged 105% y-o-y in Q1 2026. The increase was predominately driven by the data center sector, as the region's ongoing digitalization initiatives and AI development boom continue to sustain data center demand. This quarter witnessed several data center development funds disposing of completed, stabilized hyperscale assets to core investors, reflecting the sector's maturation and increasing comfort of long-term capital with the asset class. Merger and acquisitions activity also remained active, though increasingly concentrated on platform consolidation and the strategic acquisition of hyperscale assets positioned for AI workloads.

The resilient demand fundamentals of purpose-built student accommodation (PBSA) continue to attract investor interest. In Australia, where development land in close proximity to major universities in city centers is becoming increasingly scarce, investors are pivoting towards the acquisition of older commercial assets for conversion. A recent example is the GPT Group partnering with an offshore capital partner to acquire a warehouse located near the University of Sydney's main campus, with plans to convert the asset into a 150-bed student housing facility. Conversion activity to student housing purpose has also gathered pace in Hong Kong following the government's decision to relax restrictions on non-local student enrolments to up to 50% of total student intake. Investment in hotel asset for conversion to student housing increased 24% y-o-y in Q1 2026, reaching the highest quarterly volume since Q4 2022, as investors move to capture growing demand driven by the influx of non-local students.

Investor interest in Australian senior living, and in land lease communities in particular, continue to broaden, with a growing number of foreign investors seeking exposure to the sector. The appeal is underpinned by the sector's strong track record – maintaining occupancy above 90% consistently over the past decade – and by a secular shift in the preferences of elderly downsizers, who increasingly seek retirement autonomy, community connection and a simplified approach to managing their later years, rather than traditional aged care. The product is becoming increasingly institutionalized, with operators delivering high-quality, resort-style living environments supported by professionally managed lifestyle and wellness services. It has attracted long-term capital committed through partnership with local operators, given that strong asset management capability is central to the investment thesis.

## Asia Pacific alternatives investment by sector



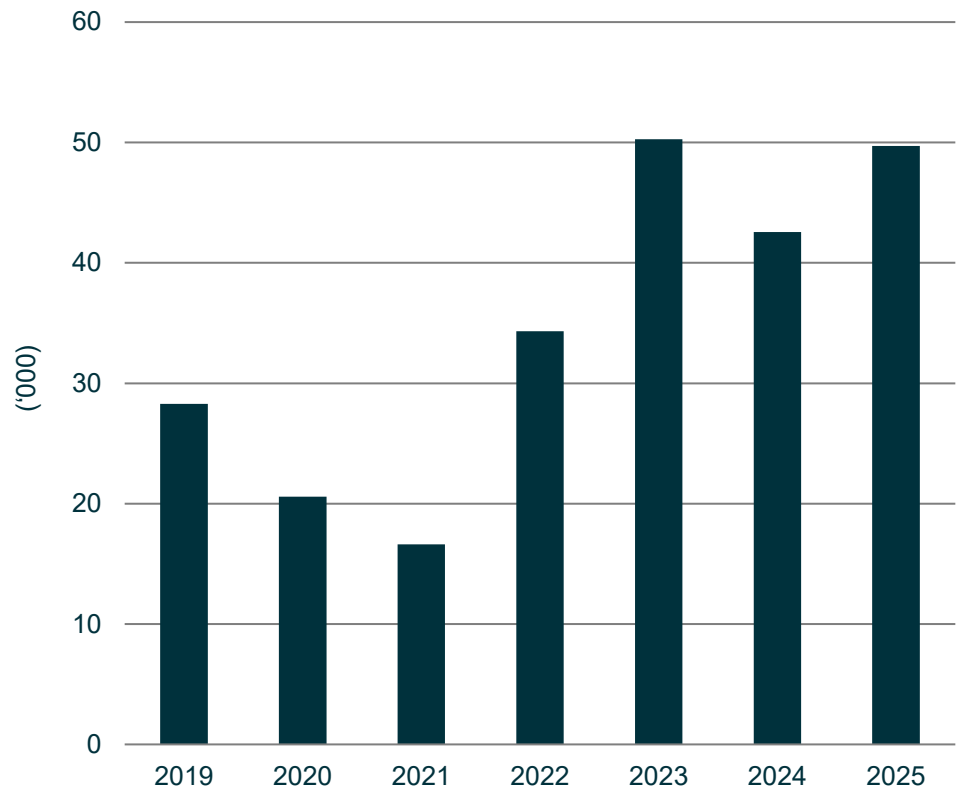
Source: RCA (Q1 2026); Nuveen Real Estate, April 2026

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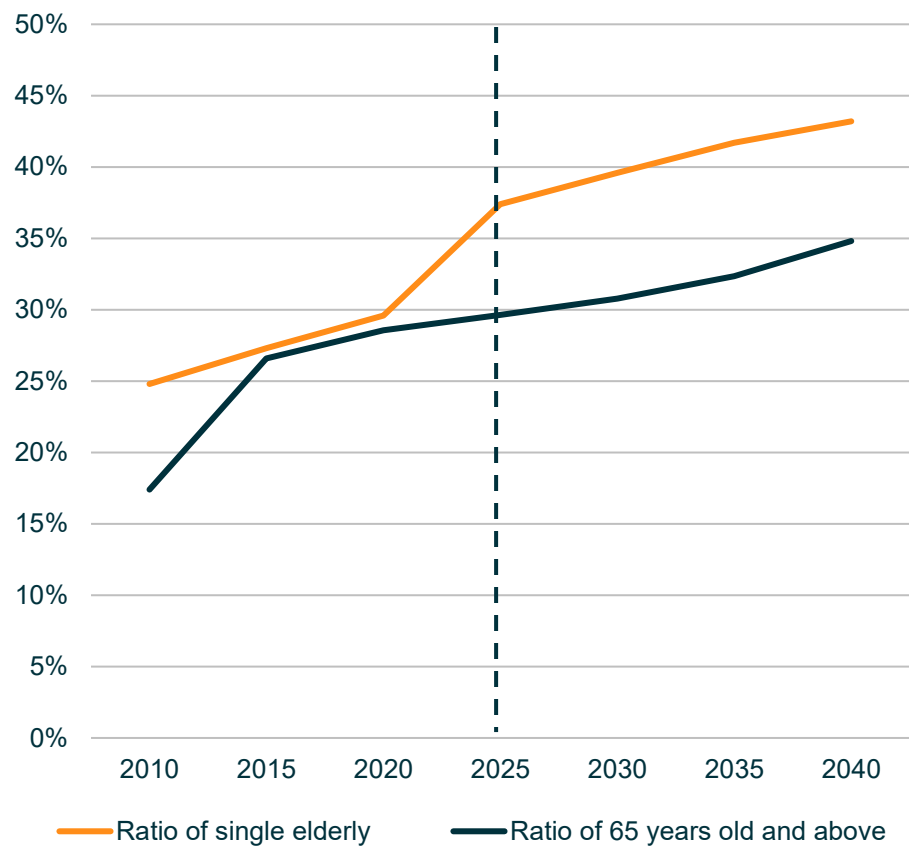
# Asia Pacific alternatives

Asia Pacific has both senior and young populations to support demand for emerging living sector

**New overseas student commencements in bachelor's degree programs in Australia**



**Ratio of population over 65 and above and single elderly household in Japan**



Source: Australia Department of Education, Oxford Economics, Nuveen Real Estate, April 2026.

# Asia Pacific sustainability

Sustainability continues to develop at pace within the Asia Pacific region. The region continues to lead on GRESB\*, with Oceania and Asia ahead of global peers once again indicating that the region delivers on sustainability implementation. Particular outperformance can be seen in performance scores indicating that Asian markets are prioritizing year-over-year efficiency improvements.

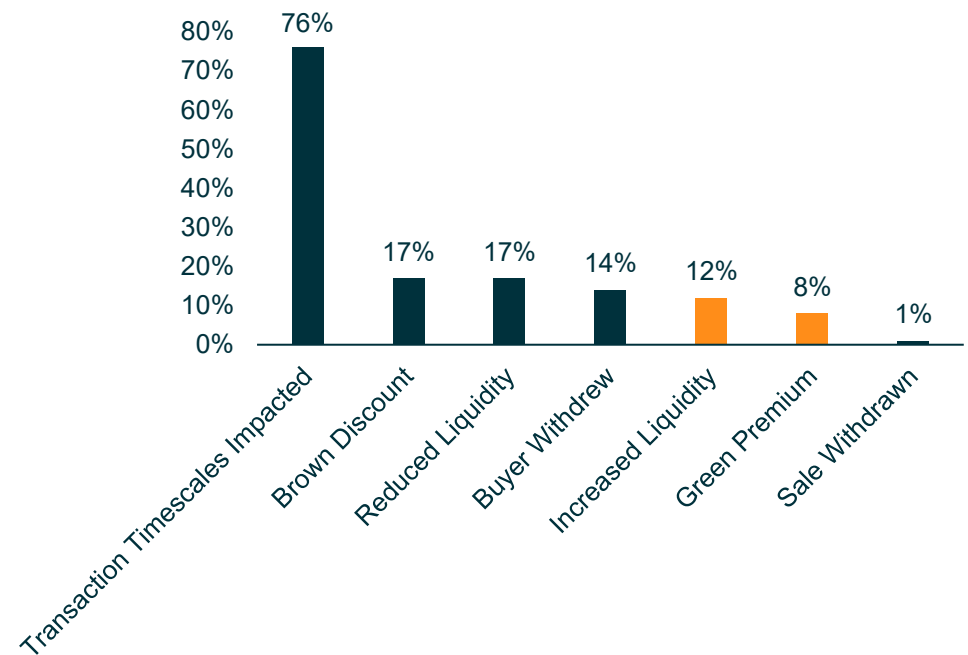
As focus on sustainability themes grows in Asia and Europe, signs of transactions being impacted by sustainability can be found. Recent data indicates that participants are increasingly seeing transactions taking longer to conclude with more complex DD, price chips (brown discounts) being expected and in certain cases are seeing buyers withdraw based on sustainability.

## GRESB regional scores across management and performance, by region

### Regional average



## % of transactions tracked impacted by sustainability in terms of pricing, liquidity or execution timelines



\*GRESB – Global Real Estate Sustainability Benchmark.

Sources: JLL Capital Markets Transaction Tracker – 2025. GRESB Real Estate Assessment Results 2025.

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