nuveen
REAL ESTATE

1Q 2025

Global trends and tactics

Real estate opportunities and risks in the current environment

Table of contents

Click to go directly to section of interest

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

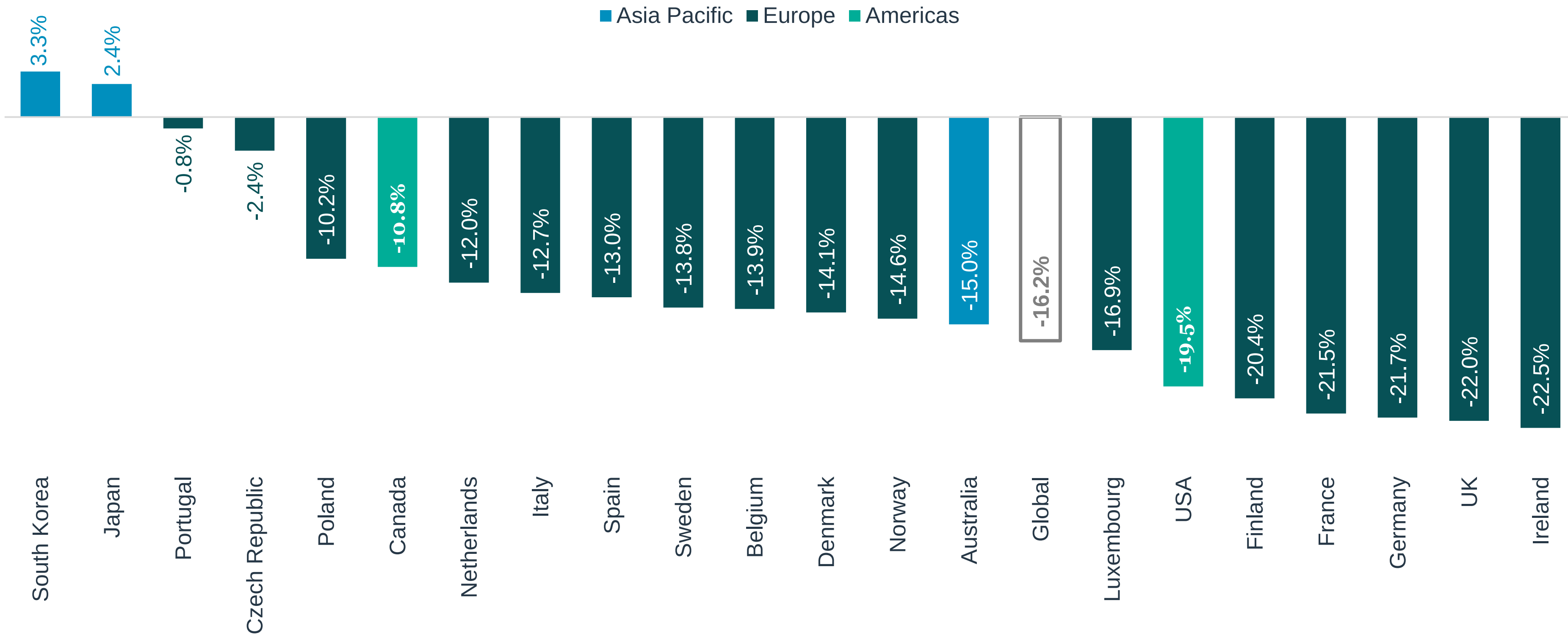
1

Global overview

Real estate valuations have reset significantly

Across the world, real estate values have reset significantly in most markets, potentially making for a compelling entry-point for investors. In areas that have seen less movement in interest rates or hadn't seen the run-up in values, values have been more resilient, reinforcing the benefits of a diverse global portfolio.

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



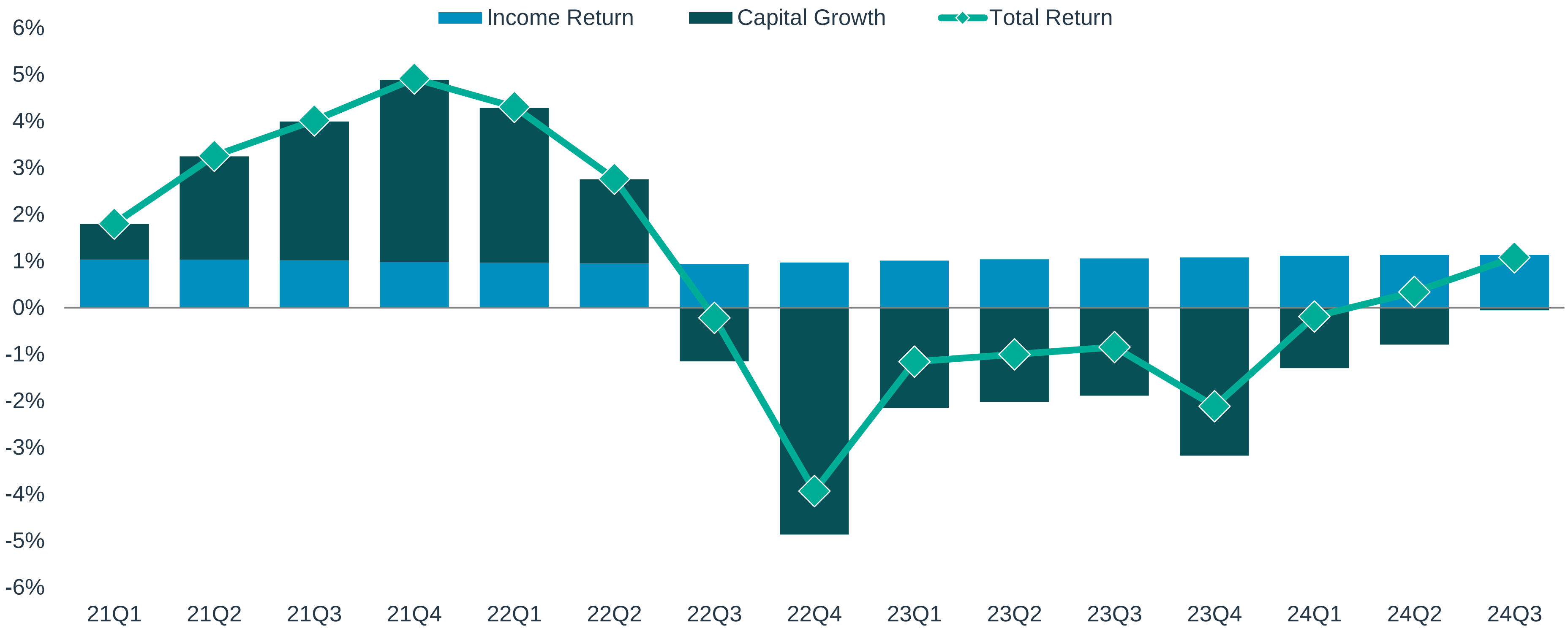
Source: MSCI Global Quarterly Property Index (Q3 2024 data as of 5 December 2024 data release); Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Global real estate returns positive last two quarters

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

Quarterly returns Q1 2021 - Q3 2024



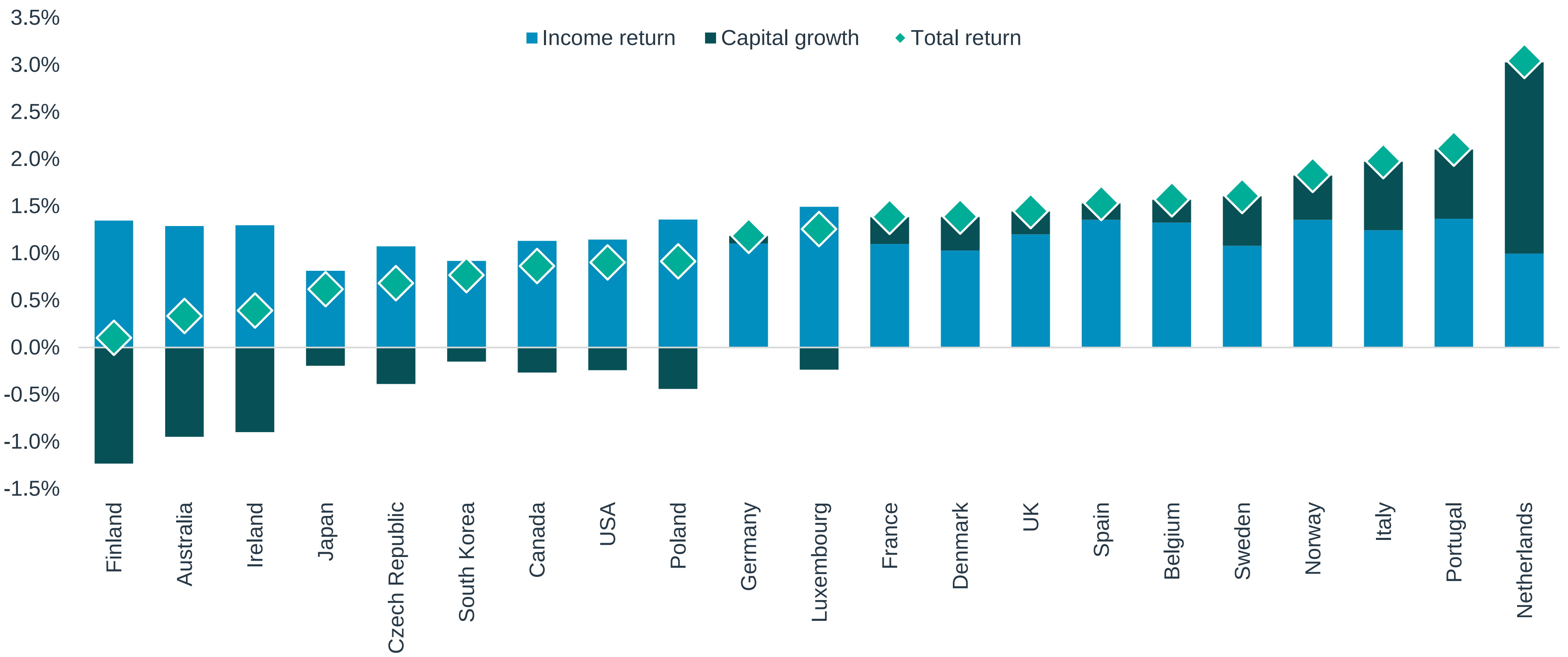
Source: MSCI Global Quarterly Property Index (Q3 2024 data as of 5 December 2024 data release); Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Total returns are positive across all countries

As of Q3, a little over half of global countries notched value gains and 100% recorded positive total returns for their investors. It wasn't just a good quarter – 17 of 21 recorded positive total returns over the last year.

Quarterly returns across countries (2024 Q3)



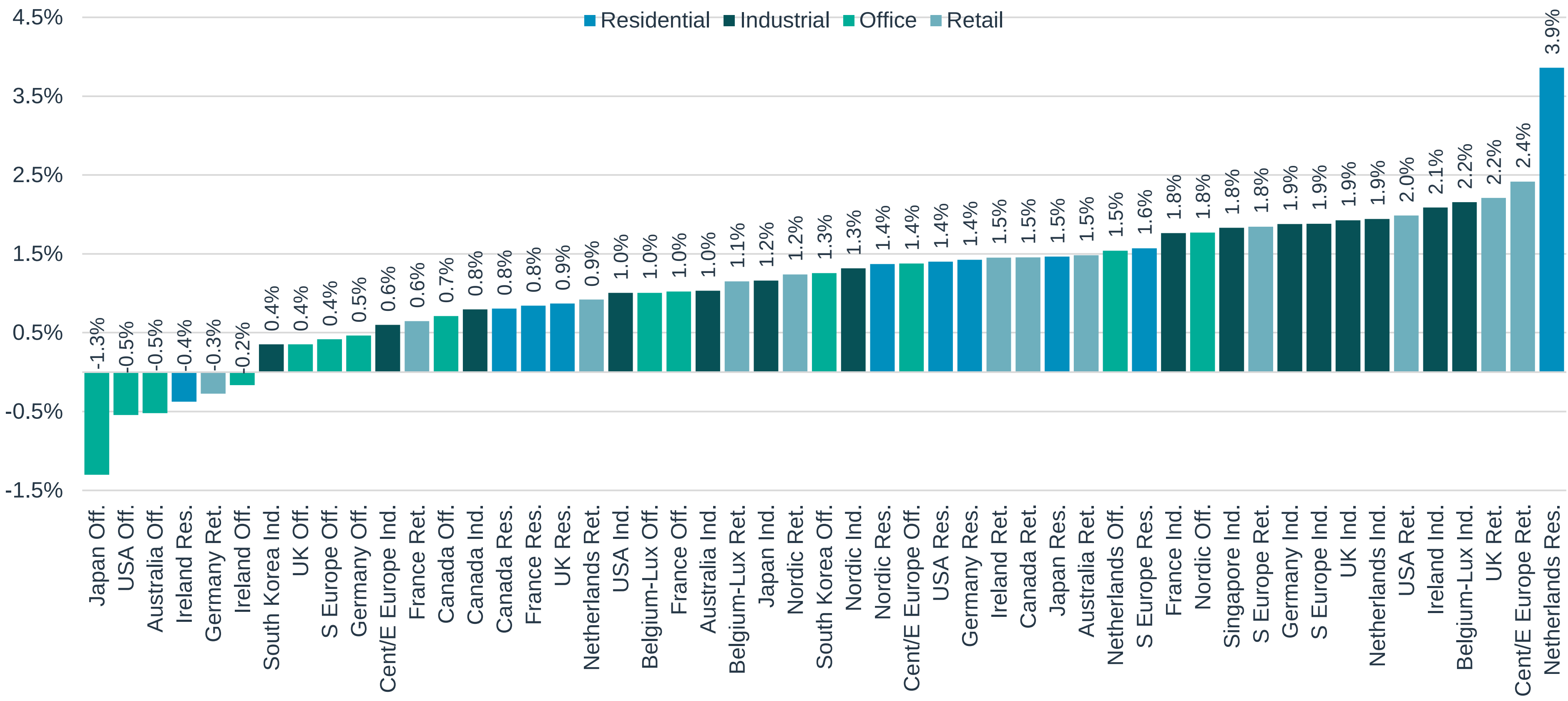
Source: MSCI Global Quarterly Property Index (Q3 2024 data as of 5 December 2024 data release); Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Returns positive in nearly all market segments

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

Quarterly total returns across countries and sectors (2024 Q3)



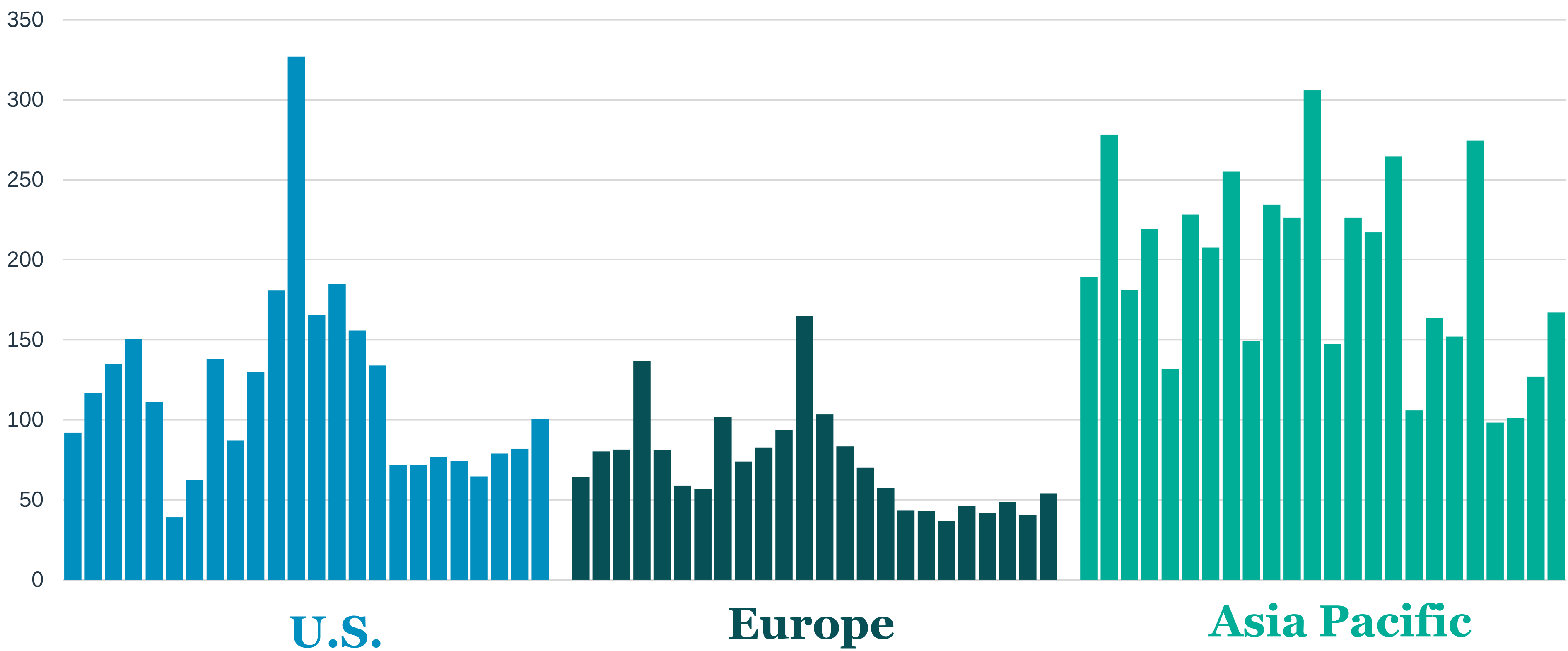
Source: MSCI Global Quarterly Property Index (Q3 2024 data as of 5 December 2024 data release); Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Transaction volumes starting to see a slight pick-up

After falling for nearly two years, deal volumes have stabilized. Transaction volumes ended 2024 up on a quarter-on-quarter basis in each region and up on a year-on-year basis in both Europe (17%) and the U.S. (36%)

Quarterly investment volume (USD, billions), 2019 Q1 – 2024 Q4



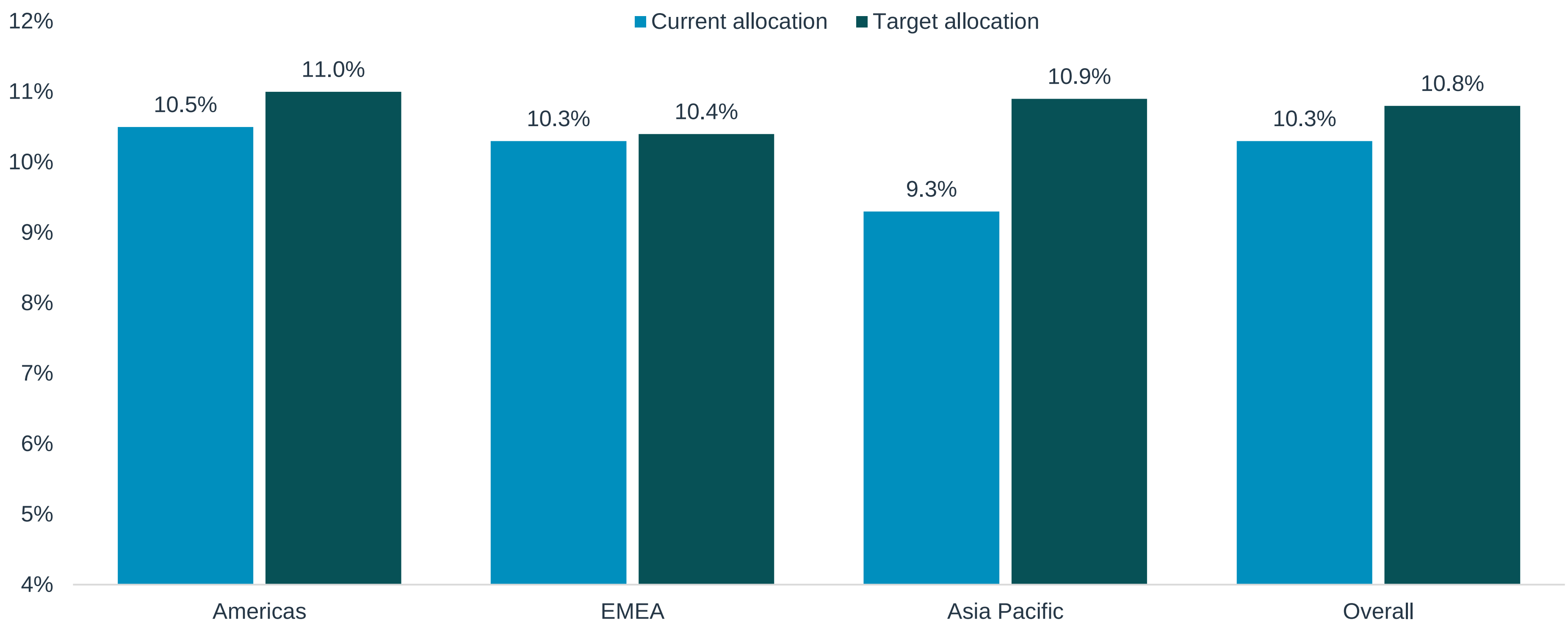
Source: Real Capital Analytics (preliminary 24Q4 data as 22 January 2025)

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Latest surveys point to more investment ahead

Institutional investors entered 2025 slightly under their target real estate allocations, partly thanks to a buoyant stock market in 2024. Under allocation could help spur investment into the asset class in 2025.

Institutional allocations to real estate by investor domicile



Source: Hodes Weill 2024 Real Estate Allocations Monitor, Nov 2024 (186 investors with USD1.4T in real estate)

Commercial real estate debt markets

The upcoming vintage of commercial real estate (CRE) loans will benefit from relatively high returns and relatively low lending risk, but lenders still have difficult issues to work through on their existing books

- Lending risk is falling as capital values have stabilized
- Debt returns are set to benefit from the “higher-for-longer” interest rate environment
- Lenders have the opportunity to lend at above core risk levels with unusually low lending risk
- However, existing loans are likely to see problems increase as appraisals lag the market cycle
- Regulatory changes are reducing competition among lenders which is increasing spreads available

Lower lending risk is pointing towards higher risk loans

CRE debt lending returns are set to benefit from “higher-for-longer” base interest costs over the short-to-medium term, boosting the appeal of core and core plus lending. But the continuing stabilization of CRE capital values in most major markets is also significantly reducing impairment risks on new lending and with a recovery in values widely forecast, albeit a modest recovery, lenders have the opportunity to target higher spreads by lending at above core risk. This could involve lending at higher LTVs and/or in junior formats with no recourse. Leveraging the initial loan capital also becomes more feasible as collateral values firm up. This style of lending was prohibitively risky in the period of a peaking, and then falling, market. But with the market now stabilizing and set for recovery, the next vintage of CRE loans is set to be high returning and with much lower risk.

Existing loan impairment risk

Lenders can expect to encounter continuing problems with their existing loan books. Although CRE capital values are becoming more positive, appraisals are lagging that trend so recorded collateral book values will need more time to see improvements across all sectors in the U.S., Europe and Australasia. Offices may see further write-downs, and the most extreme impairments are in the U.S., but impairments are visible in European and Australian office as well — particularly in loans collateralized on secondary assets. Retail remains problematic in Europe especially and will likely generate further stress in existing loan books.

Regulatory changes are generating a funding gap outside core lending

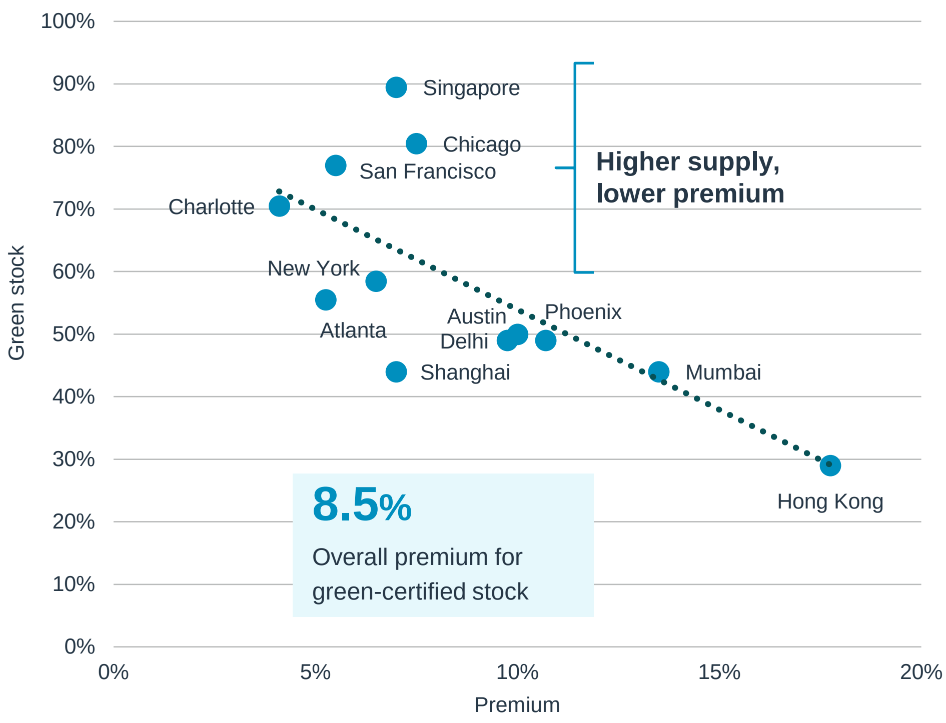
The trend in banking sector regulation since the global financial crisis (GFC) has been to increase the capital charges levied on banks in their CRE lending, which has produced a downward trend in lending multiples. That trend is most noticeable in the U.K. where a “slotting” regime was first introduced. With regulation in other markets moving closer to this model, there will be increased downward pressure on lending multiples, increasing the spreads available at lending at 60% LTV or above where traditional banks are due to reduce their exposure. This will reduce the core lending space to sub-60% LTV and increase returns for lending in the value-add space above 60% LTV.

Source: Nuveen Research, January 2025

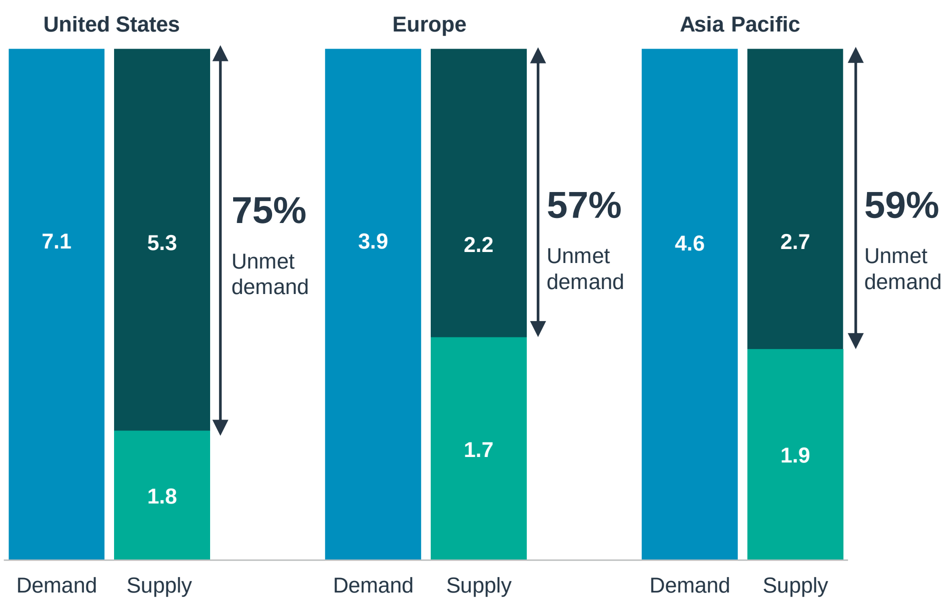
Green premiums begin to crystalize

Significant dislocation between supply and demand for sustainable buildings leads to the emergence of green premiums in various global markets, a trend expected to continue even with broad headwinds in sustainability

Green premiums[1]



Supply-demand deficit (millions sq m) – Occupational requirements compared to development pipeline



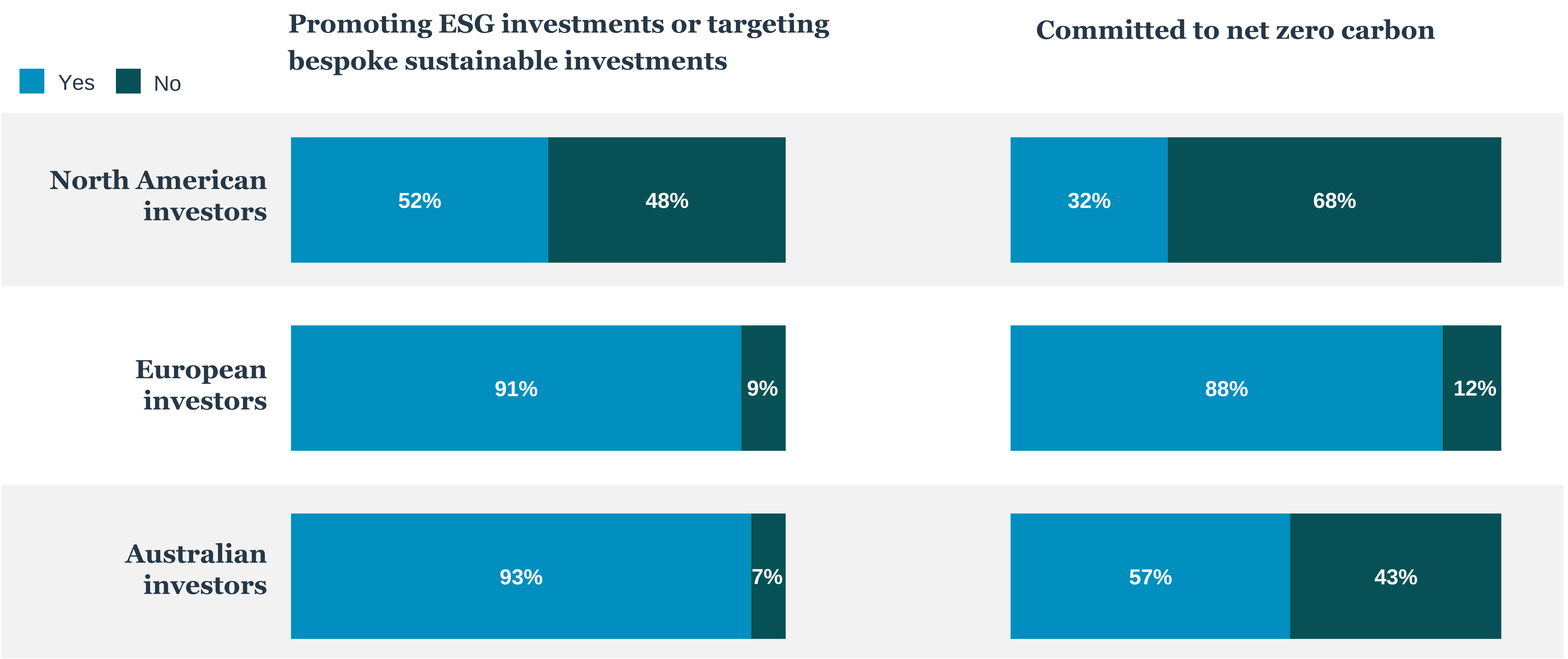
Source: JLL 2024

1 CBD Class A > 100,000 sq ft only

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Investors remain committed to ESG overall, with a focus shifting to future-proofing value

Most investors continue to target ESG initiatives in their investments although the split is closer to 50/50 in North America. Similarly, North American investors are less focused on net zero carbon but the commitment is strong elsewhere, particularly in Europe.



Source: INREV 2024

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

2

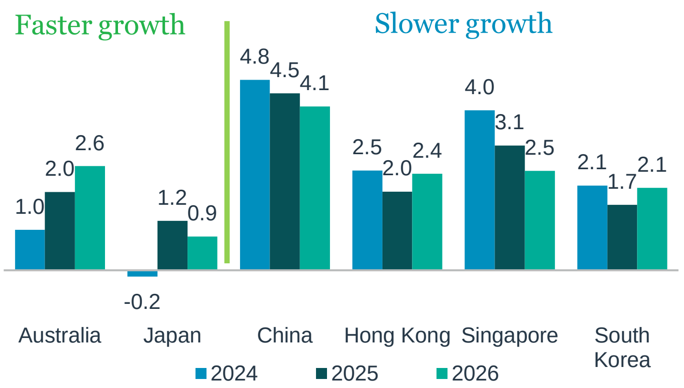
Asia Pacific

Asia Pacific economics

Overall growth prospects remain resilient

- The Asia Pacific economy remains resilient, although the pace of recovery varies across countries. Growth in Australia and Japan is expected to strengthen this year
- Central banks across the region are expected to maintain an accommodative monetary policy stance to support economic activity amid external challenges

Real GDP growth forecast, %



Source: Oxford Economics (January 2025)

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Divergent growth trajectories across Asia Pacific

The Asia Pacific economy remains resilient, although the pace of recovery varies across countries. Growth in Australia and Japan is expected to strengthen this year, underpinned by a recovery in real incomes that is expected to bolster private consumption. Both countries will also benefit from robust services exports. In Australia, the education sector is likely to remain a key driver, supported by a steady influx of international students. Similarly, Japan's inbound tourism is set to remain strong, benefiting from a weak yen and a shift in traveller preferences away from Southeast Asia due to heightened safety concerns.

Meanwhile, Singapore and South Korea are expected to experience a moderation in growth in 2025, following a strong rebound in 2024, driven by stronger-than-expected export performance. However, both economies are still projected to maintain growth rates above their respective five-year averages, supported by firming domestic demand and moderating inflationary pressures.

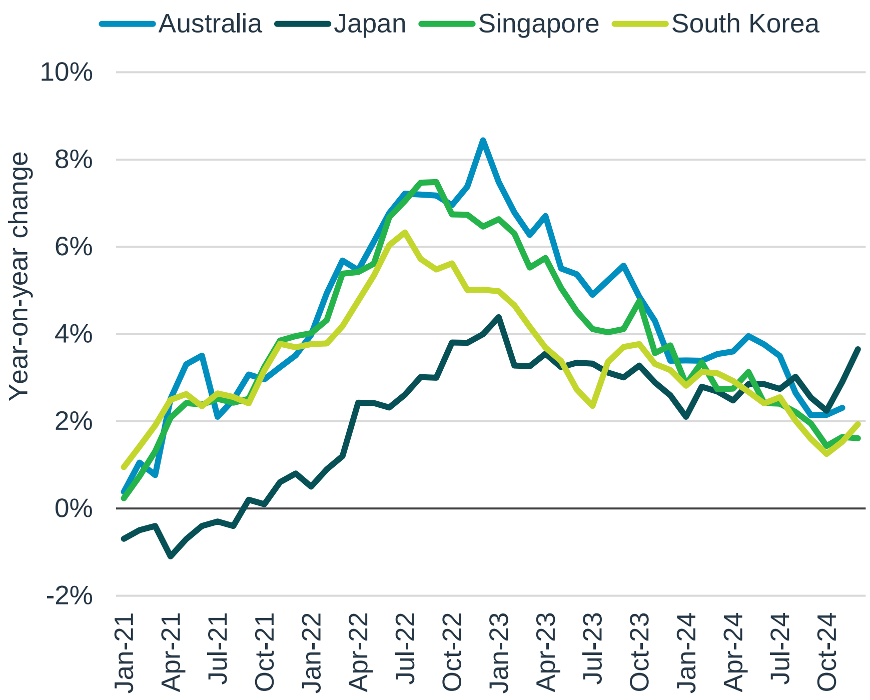
While advanced economies in the region exhibit relative stability, China's economic outlook remains under pressure. Consumer spending is subdued, as reflected in weak retail sales outside the scope of the government's trade-in program. This sluggish consumer environment heightens deflationary risks and weighs on overall economic growth prospects. Additionally, potential U.S. trade tariffs introduce further downside risks. Consequently, China's weak growth trajectory is expected to persist in the near term, with negative spillover effects on Hong Kong's economy due to their close economic ties.

Despite mounting concerns over persistent inflation, partly driven by escalating trade protectionism, central banks across the region are expected to maintain an accommodative monetary policy stance to support economic activity amid external challenges. Japan, however, is set to diverge from this trend, with further monetary tightening expected over the next 12 months, given sustained wage growth and entrenched inflation. The Bank of Japan is expected to proceed with gradual interest rate hikes, with consensus forecasts pointing to one or two increases towards the end of 2025.

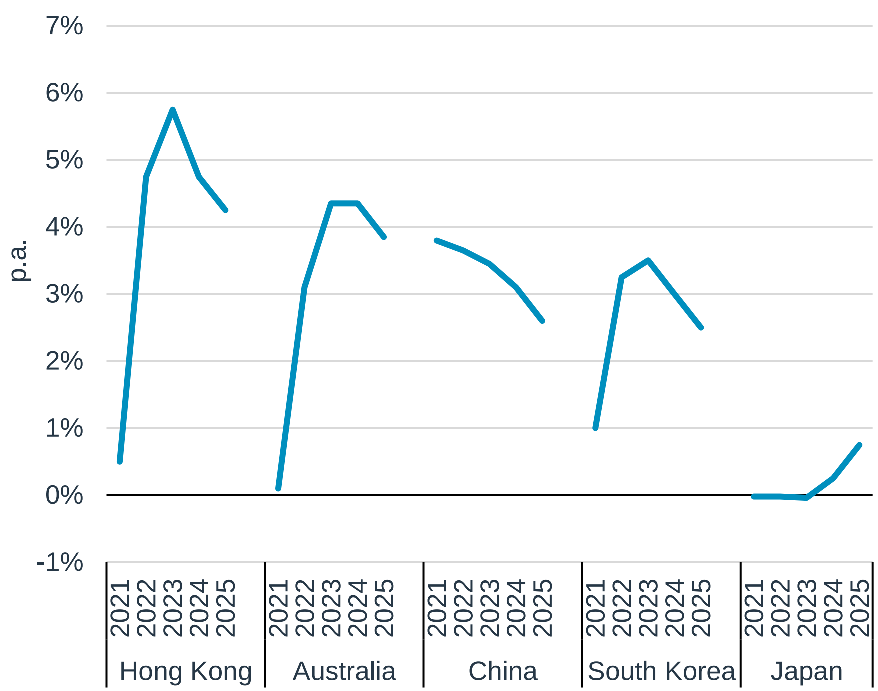
Asia Pacific economics

Interest rate cuts will continue, except Japan

Inflation



Policy interest rates forecast



Source: Oxford Economics, CEIC (January 2025); Nuveen Real Estate January 2025
Note: Hong Kong's interest rate is the discount window rate, Australia's is the cash rate, Singapore's is the 3M SIBOR, South Korea's is the base rate, China's is the 1-year LPR, and Japan's is the overnight uncollateralized rate

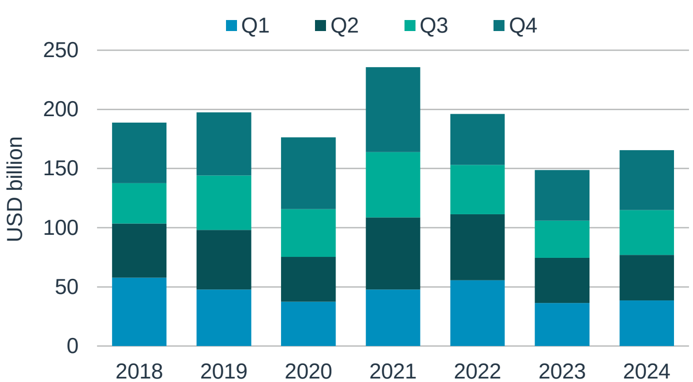
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Asia Pacific investment market

Navigate growth and value opportunities

- With many central banks lowering their policy rates in late 2024, investment sentiment has strengthened
- Opportunities are emerging from refinancing gaps and sectors facing supply challenges, offering chances to acquire assets at discounted prices from motivated sellers

Asia Pacific commercial real estate investment volume



Note: Development site transaction is excluded

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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Investment sentiment improves

With many central banks lowering their policy rates in late 2024, investment sentiment has strengthened, leading to a nearly 20% quarter-on-quarter increase in investment turnover in Q4 2024. Australia and Japan emerged as key investment destinations towards the end of the year, supported by renewed cross-border investor interests.

In Australia, the office sector experienced a resurgence in foreign investor demand. Notably, BentallGreenOak completed its first acquisition in the country over the past three years, purchasing a Grade-A Sydney office at a 6.25% cap rate. This transaction marked the first cross-border acquisition by a non-Asian capital in over two years. Meanwhile, the retail sector continued to attract steady investment flows, as investors were drawn to attractive cap rates of 6% to 7% in pursuit of stable income streams.

In Japan, international institutional investors executed several large-scale transactions across the office, industrial and hotel sectors. A standout deal was Blackstone's acquisition of Tokyo Garden Terrace Kioicho for JPY 400 billion, marking the largest commercial real estate transaction by a foreign investor in Japan. These high-profile acquisitions, along with a rise in merger and acquisition activity, underscore investor confidence despite the potential for further interest rate hikes this year.

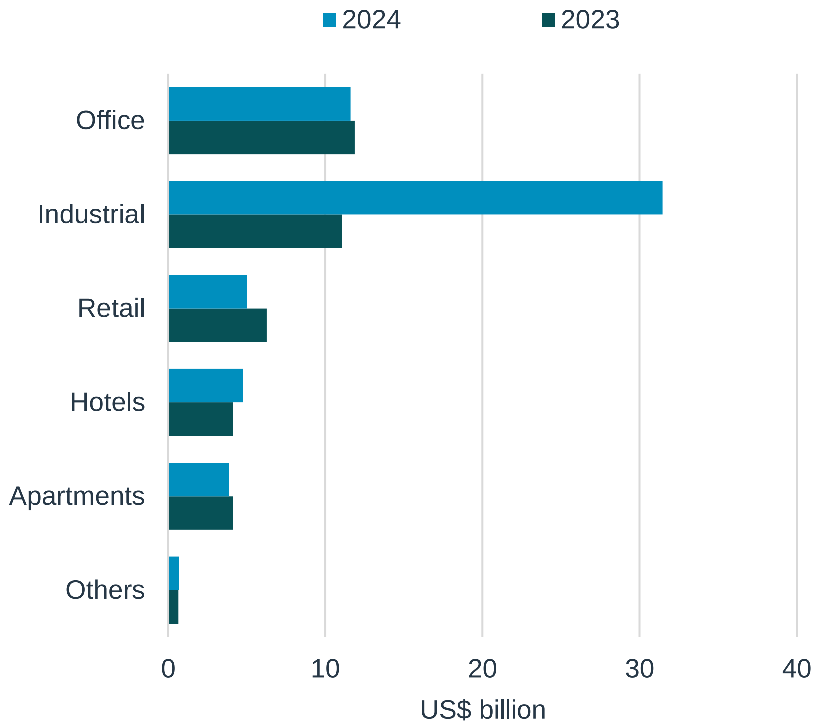
Looking ahead, investment activity is expected to accelerate in 2025 as capital-rich investors become increasingly eager to deploy funds strategically. Opportunities are emerging from refinancing gaps and sectors facing supply challenges, offering chances to acquire assets at discounted prices from motivated sellers. Such opportunities are particularly evident in newly built assets facing lease-up challenges and assets purchased at the peak of the previous market cycle.

At the same time, long-term structural trends, including demographic shifts, an aging population and middle-class expansion are shaping new investment opportunities. Living and accommodation-style assets, such as senior living, student housing and multifamily properties, are well-positioned to benefit from these structural tailwinds and enjoy favourable supply-demand dynamics. However, pricing in select segments has tightened due to strong capital inflows. In this environment, value-add strategies, such as renovating or upgrading older assets, are increasingly viable, allowing investors to capitalize on limited near-term supply pipelines and capture potential rental uplift.

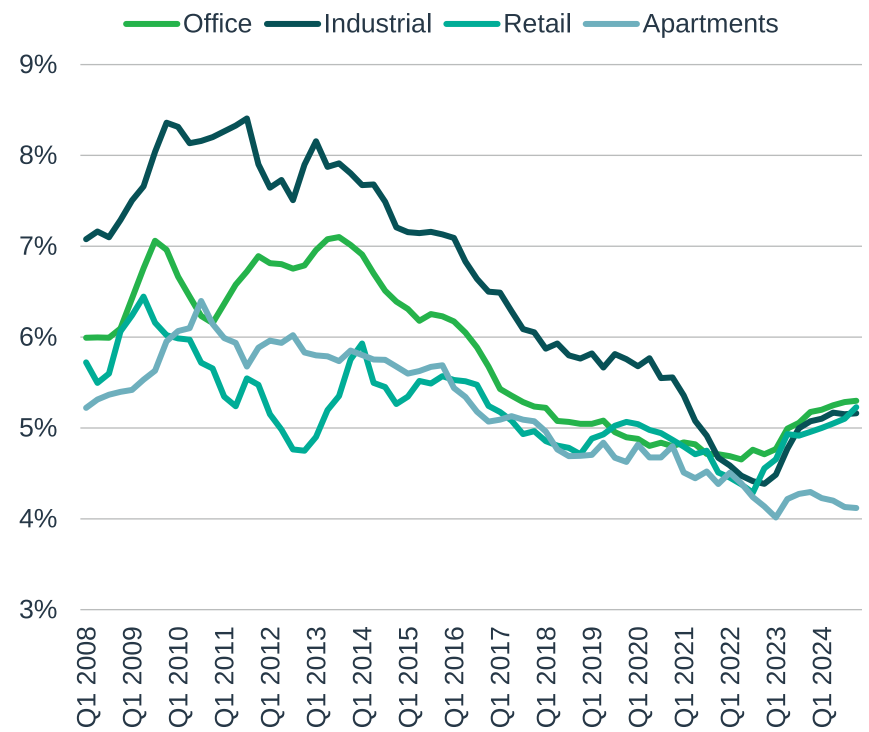
Asia Pacific investment market

Cap rates are stabilising

Cross-border investment turnover in Asia Pacific by sector



Asia Pacific real estate cap rate



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

Asia Pacific office

Prime office remains the focus

- Office occupier demand across the Asia Pacific region remains subdued, with net absorption easing in major gateway cities
- Corporates are becoming more selective in their office choices, prioritizing upgrades to attract talent and meet sustainability goals
- Seoul will continue to outperform while Singapore and Sydney are poised for improvement this year

Navigating market cycles

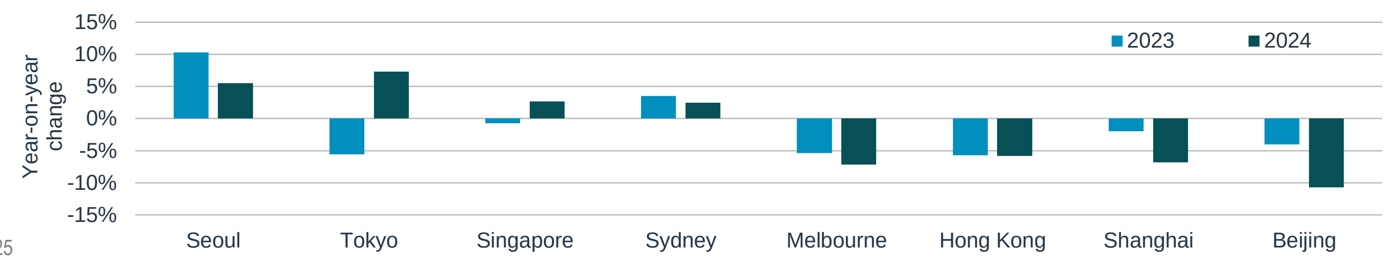
Office occupier demand across the Asia Pacific region remains subdued, with net absorption easing in major gateway cities. Tenants are primarily opting for renewals over relocations, largely due to persistently high fit-out costs. Corporates are also becoming more selective in their office choices, prioritizing upgrades as part of their talent attraction strategies. Meanwhile, sustainability considerations are playing a growing role in relocation decisions, particularly in Australia, where government tenants will be required to meet higher minimum NABERS energy ratings for new office leases starting in July 2025. This policy change is expected to concentrate demand on prime office spaces.

In terms of rental growth, Seoul and Tokyo emerged as top performers last year, but their outlooks for 2025 are set to diverge. Seoul is expected to maintain its upward momentum as rising development costs and delays in new developments constrain supply until 2028. These factors are likely to keep vacancy rates low in key office districts, supporting continued rental growth. In contrast, Tokyo is projected to face headwinds, with a significant influx of new supply over the next two years, equivalent to 9% of its total stock. This surge in supply will exert downward pressure on rents. Landlords of buildings with high vacancy rates are expected to offer higher incentives to attract tenants, thereby curbing near-term rental growth.

Elsewhere, both Singapore and Sydney are positioned for improvement. Limited upcoming supply in these markets is expected to stabilize vacancy rates. Prime office space in core locations continues to outperform, driven by strong occupier preference for high quality buildings.

As office performance becomes increasingly polarized, investment strategies should place greater focus on the fundamentals of micro-locations. Prime office will remain a key focus, bolstered by the growing emphasis on ESG compliance. Conversely, secondary-grade offices face mounting challenges, including potential reductions in back-office space demand due to the wider adoption of generative AI.

Grade-A CBD office net effective rental growth



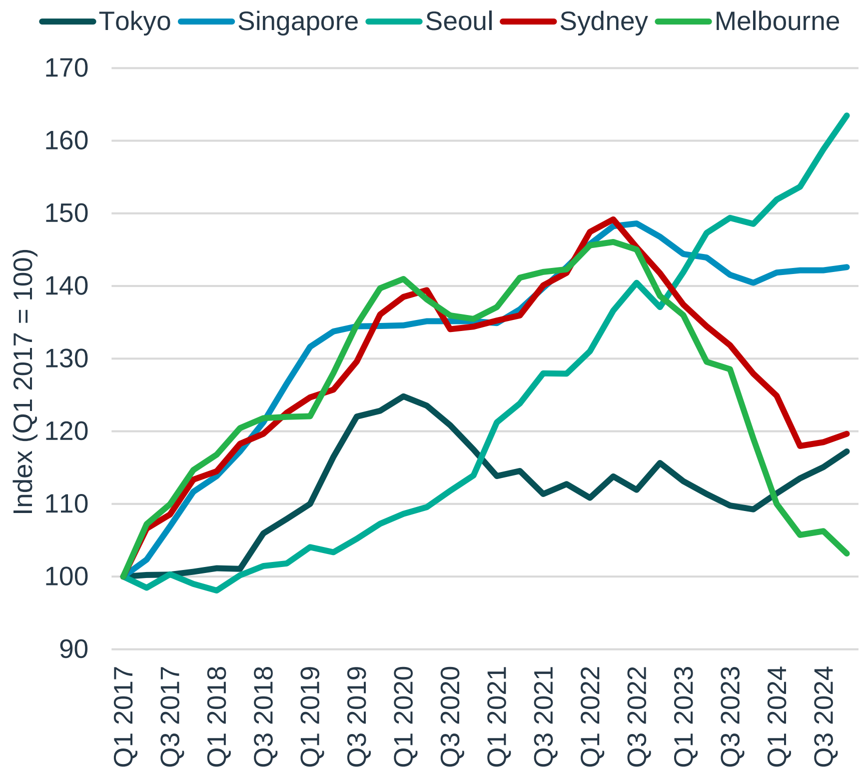
Source: JLL, CBRE, (Q4 2024); Nuveen Real Estate January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

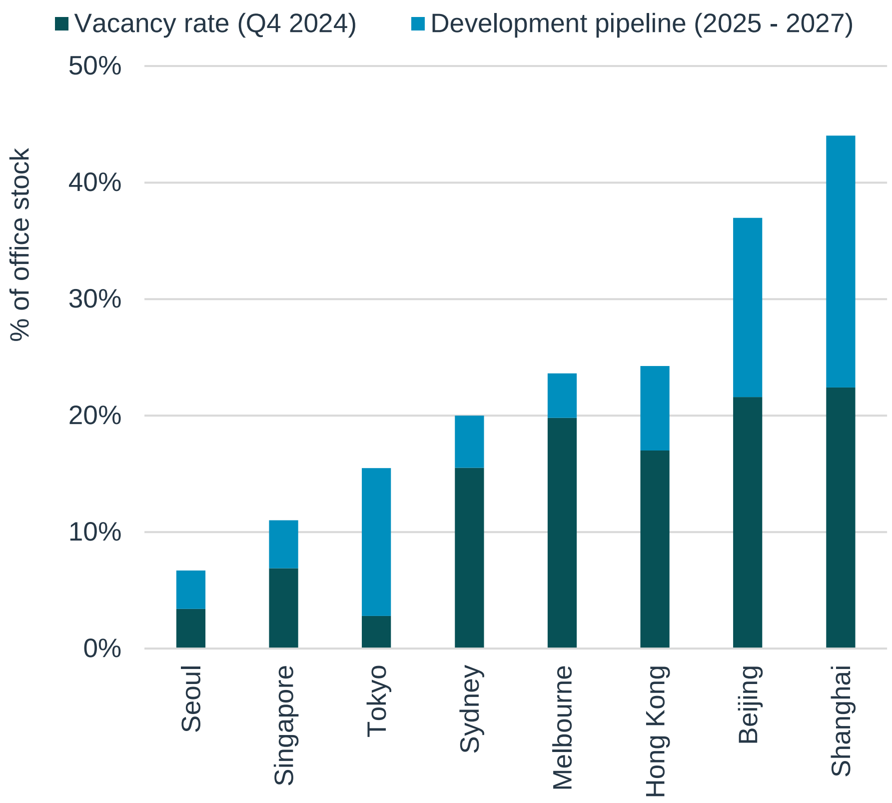
Asia Pacific office

Office repricing in Australia is stabilizing, particularly Sydney

CBD office capital value index



Grade-A office new supply and current vacancy rate



Source: JLL, CBRE (Q4 2024); Nuveen Real Estate Research (January 2025)

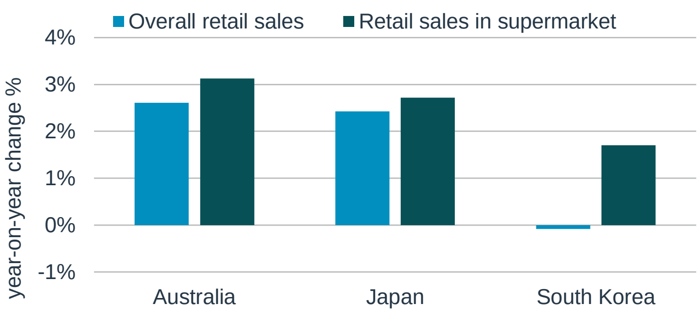
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Asia Pacific retail

Target convenience-oriented retail located close to residential catchments

- While retail sales have demonstrated resilience during the holiday season, overall consumer sentiment remains cautious. Consumer confidence has softened, influenced by geopolitical uncertainty
- Given the performance variations across markets and subsectors, along with the increasing need to adapt to evolving consumption habits, a more targeted, asset-level approach to investment is essential

Retail sales in selected markets, 2024 year-to-date to November



Source: CEIC, Nuveen Real Estate Research (January 2025)

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Consumer behaviour is reshaping retail market

While retail sales have demonstrated resilience during the holiday season, overall consumer sentiment remains cautious. Consumer confidence has softened, influenced by geopolitical uncertainty, most notably the evolving relationship between the United States and China, as well as political turmoil in South Korea. The cautious outlook has driven a divergence in retail performance across different retail formats, reflecting a shift in consumer priorities. Non-discretionary spending continues to take precedence, as evidenced by sustained growth in supermarket sales.

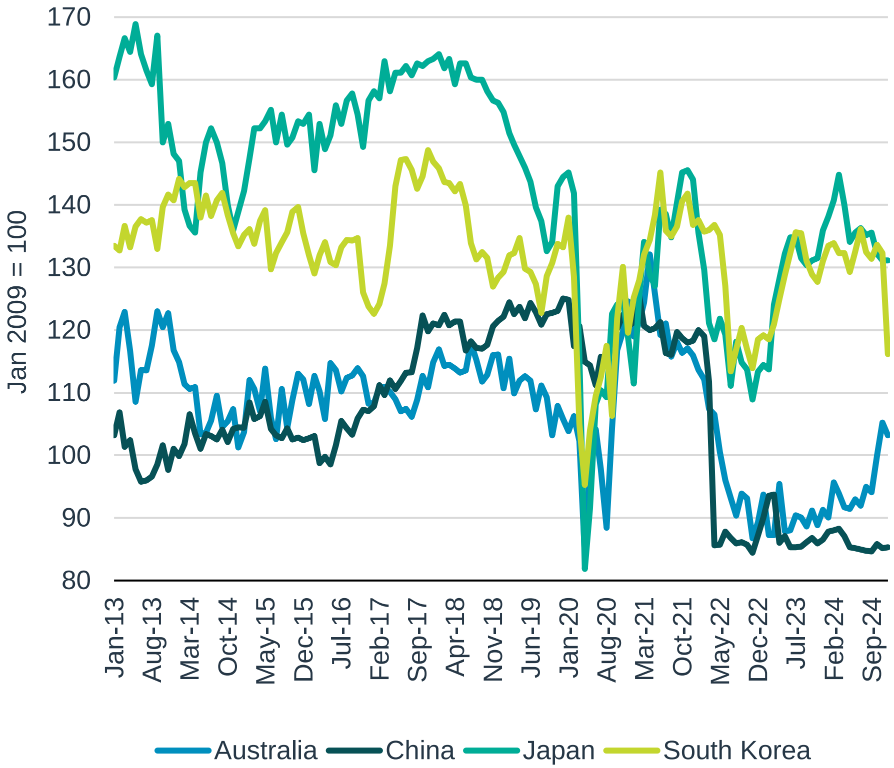
The food & beverage, sports and recreation retailers remain active in the leasing market, but activity is predominantly concentrated in mid-to-low priced categories. Demand for fine dining restaurants has slowed, aligning with consumers' more conservative spending patterns. On the other hand, luxury brands have adopted a more selective approach, focusing on markets with strong sales potential. Japan, for instance, has benefited from robust inbound tourist spending, which has boosted revenue for high-end retailers. Consequently, prime high street shop vacancy rates in Tokyo and Osaka have fallen below 1%, returning to pre-pandemic levels and driving strong rental growth. This positive rental trajectory is expected to continue as competition intensifies for the limited prime retail spaces available in traditional shopping districts.

Given the performance variations across markets and subsectors, along with the increasing need to adapt to evolving consumption habits, a more targeted, asset-level approach to investment is essential. Regional shopping centers in Australia's east coast cities are attracting interest, offering valuations with yields returning to levels last seen a decade ago. A constrained supply pipeline for regional shopping centers, coupled with resilient demand from grocery tenants supports the potential for steady rental growth. These dynamics bolster the prospects for strong income returns, making such assets appealing to investors.

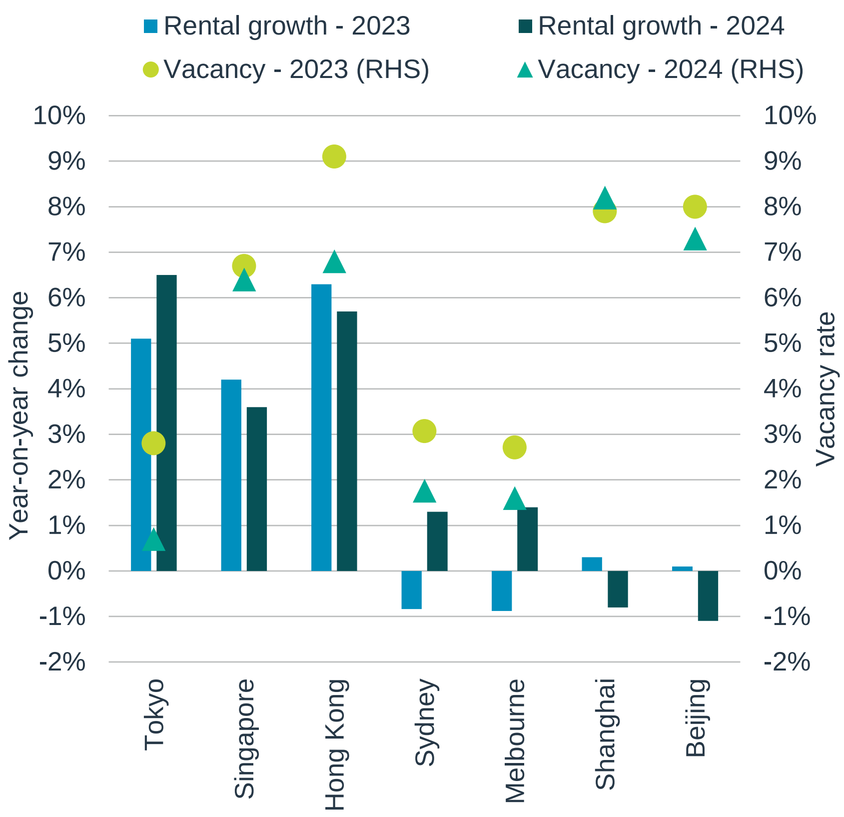
Asia Pacific retail

Japan's prime retail is expected to outperform, driven by tight availability

Consumer confidence index



Retail rental growth and vacancy rate



Source: CEIC, Nuveen Real Estate Research (January 2025); CBRE, JLL, (Q4 2024)

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Asia Pacific logistics

Slower rental growth ahead

- The logistics sector is expected to enter a consolidation phase in the near-term, following a strong growth period over the past four years
- Demand has largely normalized, and rental growth across the Asia Pacific region has decelerated
- New supply pressure is expected to remain high due to delays caused by slow pre-leasing and construction setbacks, pushing vacancy rates higher

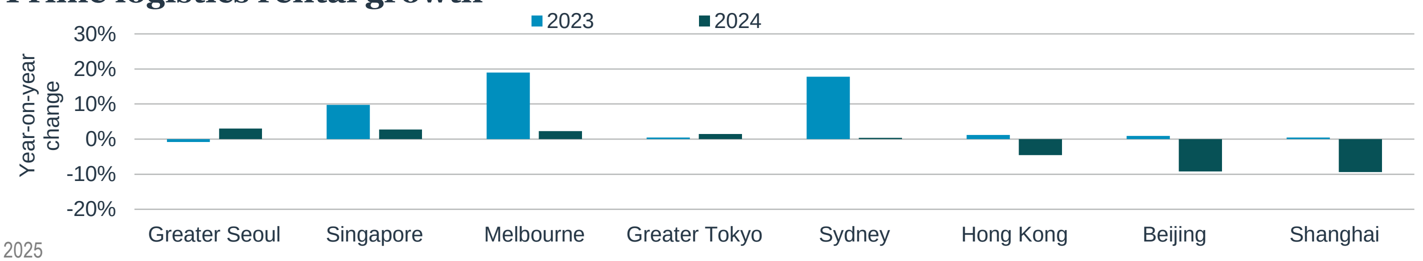
Focus on selective favorable submarkets

The logistics sector is expected to enter a consolidation phase in the near-term, following a strong growth period over the past four years. Demand has largely normalized, and rental growth across the Asia Pacific region has decelerated. Tenants are increasingly prioritizing operational efficiency through strategic relocations to modern logistics facilities and right-sizing their space requirements. Some cost-conscious occupiers are seeking more affordable rents in alternative locations, a trend particularly evident in Australia's east coast cities. Meanwhile, new supply pressure is expected to remain high due to delays caused by slow pre-leasing and construction setbacks. This will push vacancy rates higher, prompting landlords to adopt more proactive leasing strategies, such as offering longer rent-free periods or flexible lease terms, to attract or retain tenants. As a result, logistics net effective rental growth across the region is forecasted to average below 2% in 2025.

While some markets may experience slowing or even declining rents, a broad-based downturn appears unlikely as long as demand continues to grow. Instead, the sector is more likely to experience a temporary pause before rental growth resumes in 2026, when supply pipeline becomes more balanced.

Market and sub-sector selection will remain critical during this period of consolidation. Infill locations are anticipated to demonstrate greater resilience, supported by their proximity to population catchments, key infrastructure and increasing consumer demand for rapid delivery. This dynamic is likely to widen the rental gap between infill locations and outlying areas. At the submarket level, certain locations are poised to outperform their respective city averages. For example, Inner West and Inner South West in Sydney, as well as Tokyo Bay Area and Gaikando Area in Greater Tokyo, are forecasted to achieve relatively stronger rental growth due to tight availability, limited future supply and close proximity to city centers.

Prime logistics rental growth



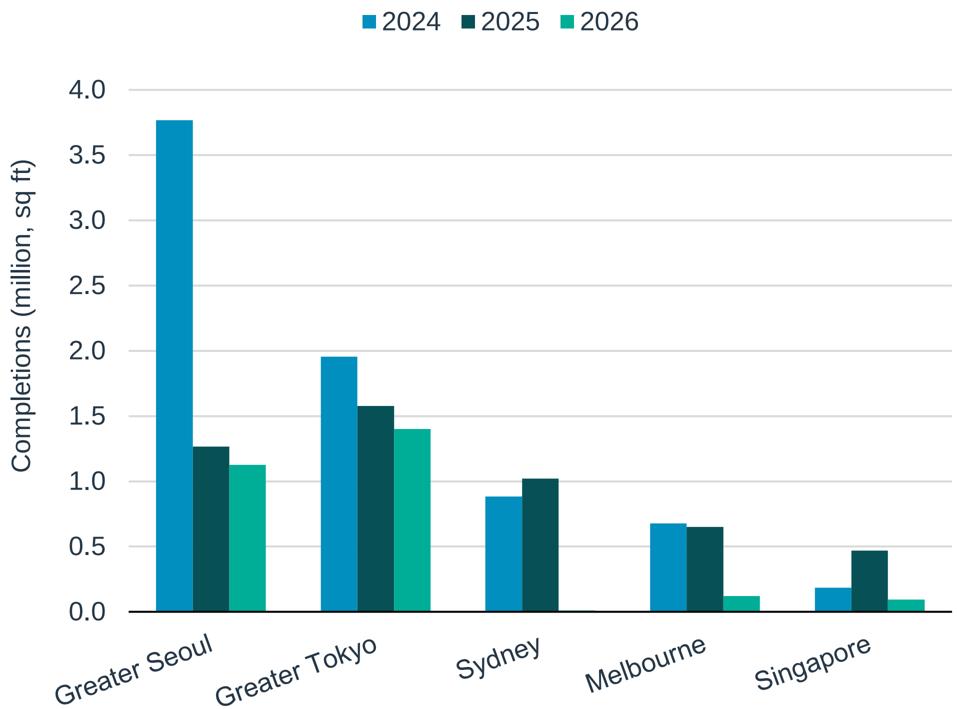
Source: CBRE, JLL, (Q4 2024); Nuveen Real Estate January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

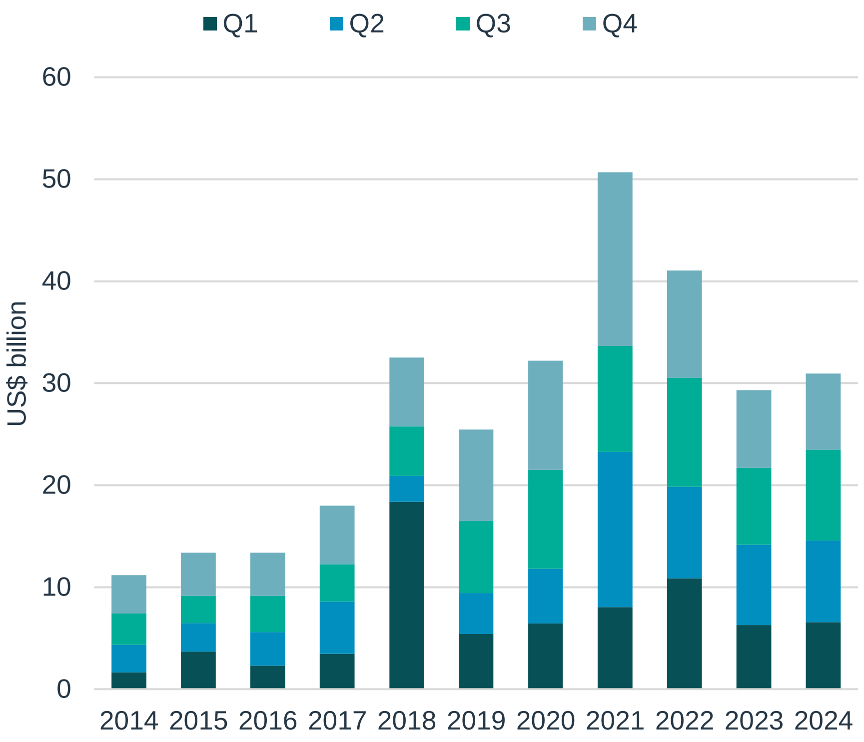
Asia Pacific logistics

Supply pipeline should become more balanced by 2026

Logistics new supply in major markets



Asia Pacific logistics investment turnover



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

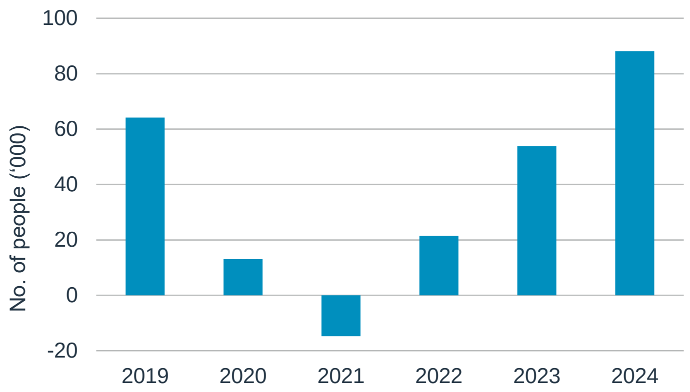
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Asia Pacific residential

Living sector set to outperform

- Positive wage growth trends in Japan, particularly among large corporates, will support rental growth momentum, creating opportunities for value-add strategies to capture rental uplifts
- Australia and South Korea present compelling opportunities in the living sector, but institutional-grade multifamily stock remains limited in both markets

Net population inflow into Tokyo 23 wards



Source: Statistics of Tokyo (Q4 2024); Nuveen Real Estate January 2025

Japan leads, but opportunities broaden in South Korea and Australia

The living sector continues to be supported by strong fundamentals, including demographic shifts, urbanization trends and evolving living preferences. Household downsizing and the migration of people to major cities for a live-work-play lifestyle are key drivers of long-term housing demand. However, elevated development and financing costs remain significant constraints, limiting new housing starts in the short-term. This demand-supply imbalance will sustain rental growth in key urban centers.

Japan's multifamily remains highly attractive to investors seeking stable net operating income (NOI) returns in 2025. Positive wage growth trends, particularly among large corporates, will support rental growth momentum. This creates opportunities for value-add strategies, such as renovating older buildings and upgrading amenities, to capture rental uplifts. Tokyo is expected to remain a focal point, driven by strong population migration, both domestic and international, alongside rising barriers to homeownership. However, submarket analysis will become increasingly important, as NOI growth, rather than cap rate compression, will be the primary driver of returns in Japan's higher interest rate environment.

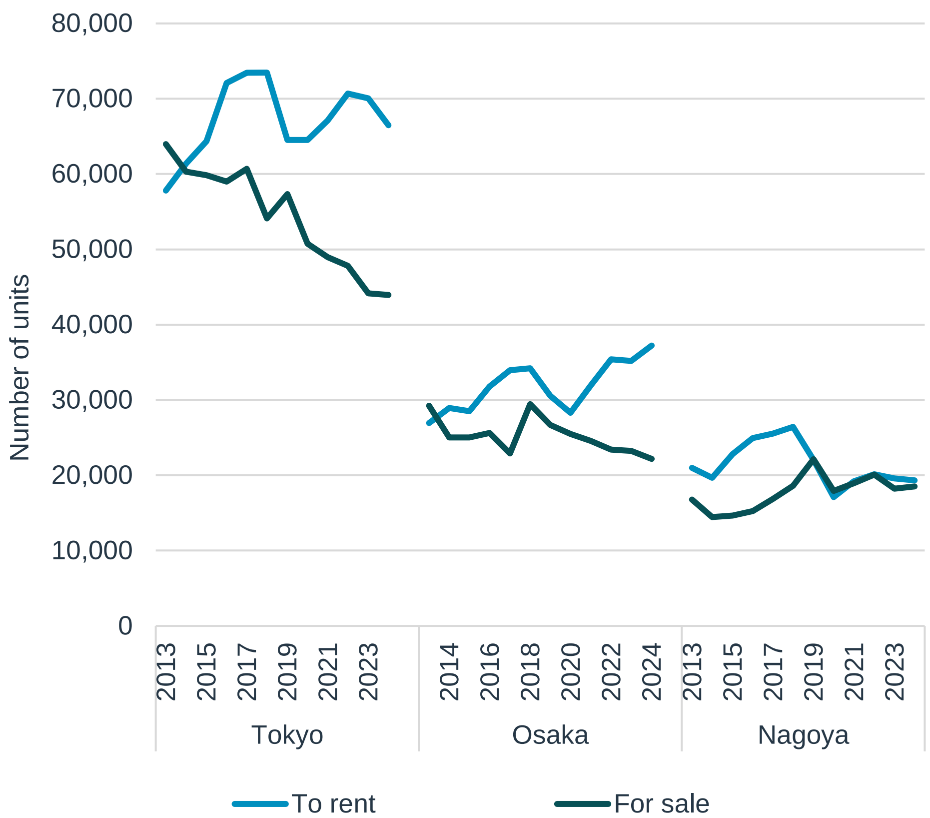
Beyond Japan, Australia and South Korea also present compelling opportunities in the living sector. In Australia, while government plans to moderate immigration inflows over the coming years, housing supply remains constrained, with new housing starts falling to a 10-year low. The supply shortages will maintain low vacancy rates, supporting elevated rental levels. Meanwhile, in South Korea, the living sector is undergoing transformation, driven by shifting lifestyle preferences and growing concerns over the Jeonse fraud. An increasing number of tenants are moving away from the traditional Jeonse system in favor of monthly rent contracts. This trend, combined with the rapid growth of single and two person households, creates investment opportunities in areas with a high concentration of young residents.

That said, institutional-grade multifamily stock remains limited in both markets. Proven exit track records are still scarce, which has hindered investor confidence. As a result, these markets will require time to mature, with more transaction history and market data needed to enhance pricing transparency and establish greater investor trust.

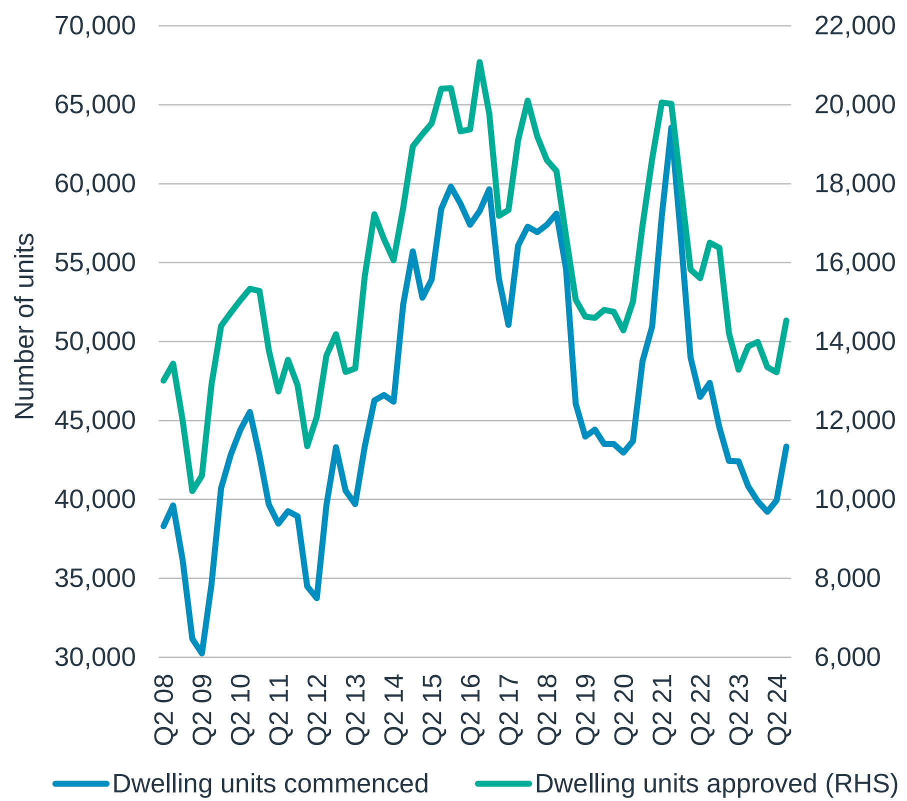
Asia Pacific residential

Residential supply set to remain tight

Japan multifamily new constructions start by dwelling



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



Source: Statistics of Japan, ABS, (December 2024); Nuveen Real Estate January 2025

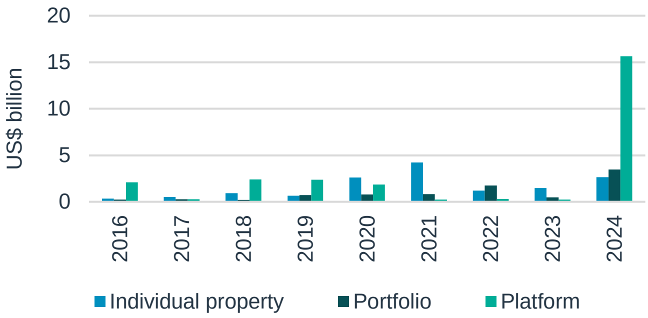
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Asia Pacific alternatives

Demographics and AI development continue to drive the appeal of alternative assets

- Strong capital inflows into alternative sectors continue to hold pricing tight
- The expansion of the 15 to 19-year-old age group through 2030 in the region is expected to sustain demand for student accommodation
- Aging population in developed countries are driving demand for senior living, further attracting investor interest

Asia Pacific data center investment



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

Pricing remains tight amid strong demand

Alternative sectors, such as data center, student accommodation and senior living, continue to present compelling investment opportunities, driven by unique demand factors. Demographic trends, particularly the growth of the specific age cohorts, are shaping demand across these sectors. For instance, the expansion of the 15 to 19-year-old age group through 2030 in the region is expected to sustain demand for student accommodation. Australia should benefit from this favorable demographic trend as it is a relatively affordable destination for higher education compared to other English-speaking countries. This has attracted substantial capital inflows into the sector, resulting in tight pricing, as highlighted by Greystar's recent AU$1.6 billion (US$1 billion) acquisition of GIC's student housing portfolio, which set a new pricing benchmark with a cap rate of about 5%.

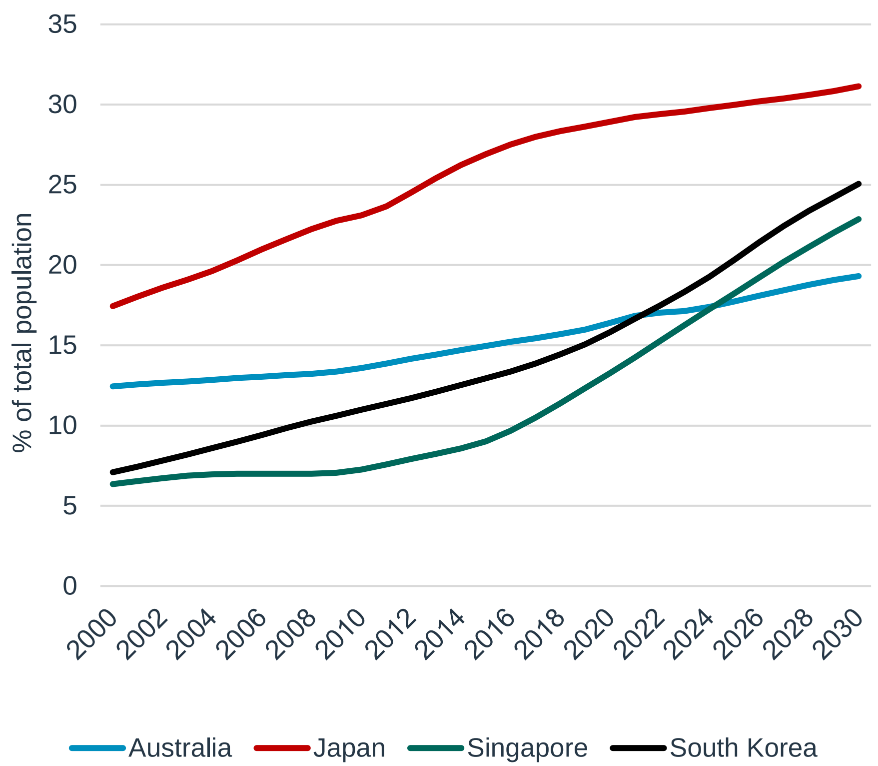
Similarly, aging population in developed countries are driving demand for senior living, further attracting investor interest. In Japan, the Development Bank of Japan has invested in a senior living real estate fund that seeded 14 assets in Sapporo managed by CUC Group, a company specializing in medical care. In South Korea, Invesco has partnered with CareDoc, a senior housing operator, to invest in senior living facilities in Greater Seoul, following its earlier investment in Australia's senior living sector.

The rapid advancement of generative Al is expected to accelerate data center demand exponentially, prompting increased investor interest in this sector. However, power availability and lengthy government approval processes for construction remain significant supply-side constraints. These barriers have intensified competition for data centers with high power capacity or sites that have secured power commitments, keeping pricing elevated. In response, investors and technology companies are exploring markets with favorable power supply conditions. Malaysia has emerged as a key destination in this regard, recording an annual take-up of 429 megawatts of data center capacity last year. The country's commitments to provide fast-track electricity supply for data center projects and its allowance for large technology companies to purchase renewable energy directly from independent power producers. All these have solidified its position as a hub for data center developments in the region.

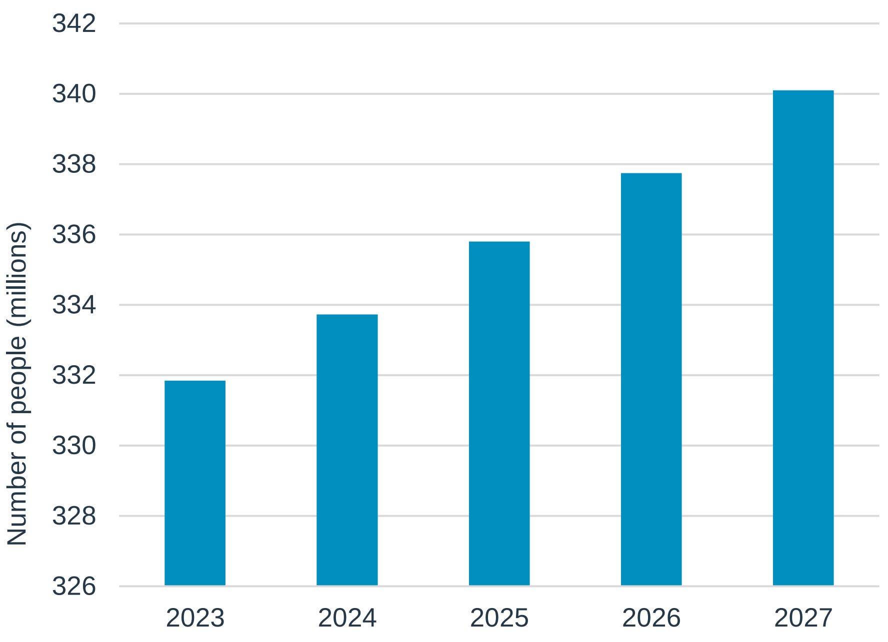
Asia Pacific alternatives

Demographic trends, particularly the growth of the specific age cohorts, are shaping living demand

Ratio of population over 65



Total population between 15 and 19-year-olds in Asia Pacific



Source: Oxford Economics (January 2025); Nuveen Real Estate January 2025

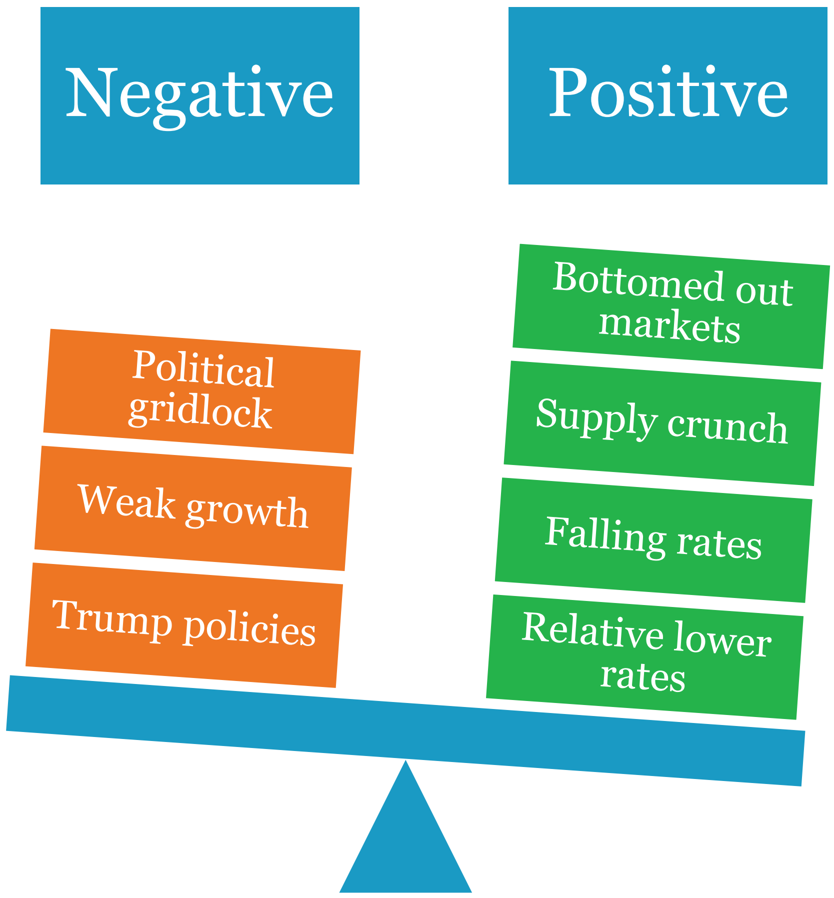
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

3

Europe

European outlook for 2025

Balanced towards opportunities



Source: Nuveen Real Estate Research, 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

2024/2025 benefits from recovery backdrop

Debt and equity

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

Public and private

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

Macro and cycle

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

Real estate fundamentals

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

Conclusions

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

Source: Nuveen, January 2025

European research view versus consensus

Research more bearish

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

Research more bullish

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

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

Source: Nuveen, January 2025

The compass varies navigating core and value-add

At this point in the cycle, there are compelling opportunities across the risk spectrum

These are a few of our high-conviction strategies for core and value-add investments:

Core	Value-add

• Income assets
• Retail parks
• Solus long lease shops
• Cash flow driven residential:
  ○ Affordable housing
  ○ Multifamily housing
  ○ Logistics
  ○ Light industrial
	• Nascent or discounted sectors
	• Student / Co-living
	• Single family housing
	• Undersupplied hotel markets
	• Discounted offices
	• Cherry pick strong neighborhood shopping centers

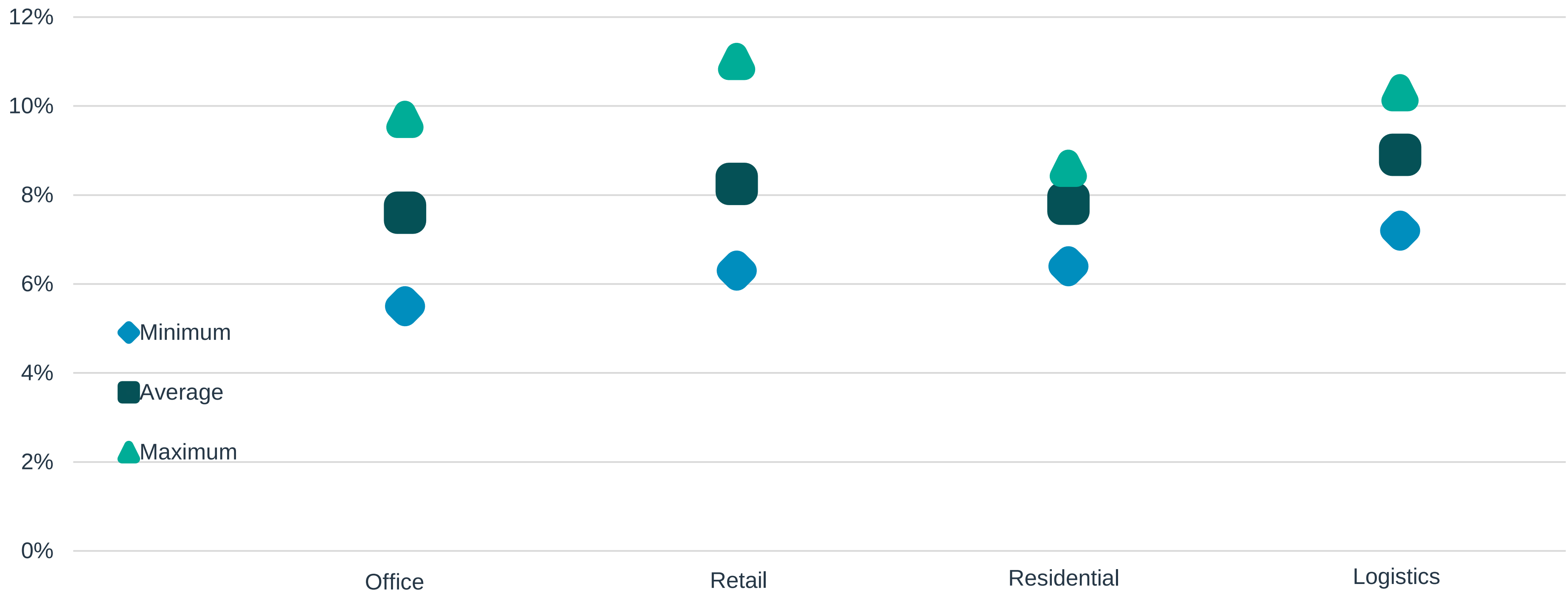
Source: Nuveen, January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European sectors total return forecasts

Structural changes in office and retail drive wider spread of opinions

Total returns by different forecasting houses p.a., 5 years from Jan 2025 (unlevered)



Sources: CBRE, JLL, Greenstreet, PMA, Costar, January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European economics

Flat GDP growth in an environment of heightened uncertainty

- Growth is expected to remain below 1% in 2025, with bright spots in Iberia and weakness in core economies
- The Eurozone has become almost an outlier with attractive financing rates emerging but tempered by relatively cautious lending conditions
- Europe's economies face a strong set of risks ranging from internal political strife to weakness in China
- Most acutely there is an openly hostile and disruptive U.S. administration threatening a world trade order, which Europe is more dependent on than most other regions

Eurozone GDP data for Q4 has disappointed. The economy stayed flat, undershooting even the low expectations of 0.1% growth. That said, the Q4 number probably understates the underlying momentum of the European economy, given that volatile Irish figures and a post-Olympic games blip in France drove the aggregate figure down. Looking at more detailed data suggests that domestic demand showed small growth, whereas external trade was the main drag. The aggregate Eurozone figure also hides wide differences between countries. Spain and Portugal continue to perform strongly, but the larger economies of Germany, France and Italy all had either flat growth or contractions.

The European economy remains in a vulnerable state at a time when it faces significant uncertainty and downside risk from abroad. 2025 risks to be another year of stagnation with growth remaining below 1%. Albeit not the main scenario, an outright recession cannot be ruled out. Upside opportunities are hard to imagine in the near future as Europe is closely connected to both China and the U.S.

In early January, the European Central Bank (ECB) cut its main interest rate by 25 bps to 2.75%. With the move, the central bank has now cut rates five times by a total of 125 bps since June last year. The ECB believes that the disinflation process is continuing at a good pace and sees inflation falling back to the 2% target this year. In this light, another rate cut at the next meeting in March is almost certain. At 2.5%, the rate will be close to some estimates of the neutral rate, which will lead to an open discussion if there is room for further cuts. It already sets the Eurozone apart from its U.K. and U.S. counterparts, which are 150 to 200 bps higher. However, Sweden and Switzerland have lower rates than the ECB in Europe.

Recent data on the state of the credit channel, a key element of investment intentions, provided mixed signals. Lending flows for December 2024 showed a strong rise, especially at longer maturities that are typically linked to investment decisions. However, other data was more negative, with the Bank Lending Survey showing banks expect a sharp tightening in credit standards for corporates. Although a credit-less recovery is not unprecedented, the signs are not particularly encouraging.

The trajectory of the U.S. and Chinese economies, and the outsized political risks, is creating an uncomfortable European outlook. Even if Europe eventually carves out a new economic model in the face of global disruption, the short-to-medium term outlook is one of painful adaptation, not made easier by increasingly polarised domestic politics to some extent. Radical shifts around trade and geopolitics are so significant and potentially long lasting that they would fundamentally alter the economic landscape way beyond the usual tinkering of economic forecasters in the range of a single percentage point. This glaring uncertainty could negatively impact the decision making of tenants and property investors.

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

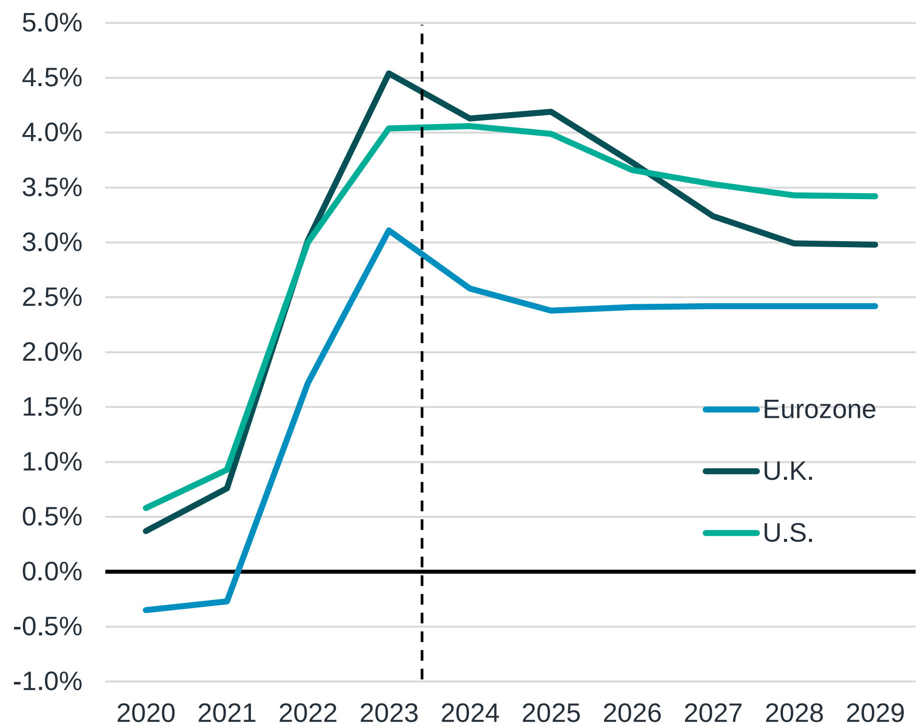
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European economics

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

3-year cumulative GDP growth

Interest rates (5-year SWAP rate)



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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European investment

Scene is set for a market recovery

- Markets have stabilized in the course of 2024, belatedly even offices. Easing interest rates coupled with political upheaval and weak economic growth points to a slow recovery until these roadblocks are lifted.
- Value-add and opportunistic capital has started to enter the market. But strong competition and a limited number of dislocations is holding deal-making back.
- The U.K. and the Nordics remain among the most reactive markets, recording an uptick in activity before most other countries
- Investors remain committed to alternatives, but a lack of product and low yields means the sector remains below its potential

After two years of declines, 2024 finished with a slight increase in investment activity compared to 2023. European institutions remain largely on the sidelines, with U.S. private equity names leading the charge. The industrial, residential and hospitality sector saw increased trading, in particular hotels. On the other hand, senior housing and health fell back, together with land and offices, which recorded a record low. A flat year for the retail sector reflects a renewed interest as well as continued challenges for that property type. The ongoing reluctance towards offices may be about to improve following stabilized valuations and transaction yields. The alternative sectors remain top of the wish lists in investor surveys, but volumes declined in 2024, showing both a lack of investment product as well as keen yields pricing many investors out of their preferred target sector.

The country story is mixed. As usual, the U.K. is the first market to see more activity, after having been the first one to start the contraction. The Nordic countries are in the same boat with the glaring exception of Finland, which had an especially weak year. French markets were especially cautious, which probably is a result of the domestic political uncertainty. A slight decline in Germany reflects a similar picture of weak political leadership coupled with economic woes. Among smaller markets, half are up and half are down, usually a result of specific deals in 2023 or 2024 skewing numbers.

In contrast to the post-GFC period, value-add and opportunistic players are cash rich after substantial dry powder raising in previous years with the intention to take advantage of dislocations. To some extent that has been a boon for the market as yields have stabilized on much lower levels than after the GFC. However, it also made the market more competitive and real opportunities harder to unearth. Distressed sales have increased after falling to almost zero in 2022, but at 3% of total investment volumes, it has remained very far below the GFC fallout (10% of the GFC total to date). The exit strategy is also not in place yet as core capital raise has remained almost non-existent.

Pricing had started to stabilize by spring 2024 for the most sought-after sectors, and by year end 2024 even the office sector was showing relatively stable yields. However, there is still concern that many non-prime assets, in particular the shopping center or office sectors, are overvalued compared to real market prices in many portfolios. Investors will have to face up to these over time, because only some will benefit from yields eventually compressing and balancing market values with valuations again. The outlook for 2025 is cautiously positive. Lower interest rates, particularly in Sweden and the Eurozone, should drive deal making, but global political upheaval and uncertainty stemming from economic restructuring may hold markets back, slowing GDP growth rates.

Source: Nuveen Real Estate as of January 2025

European investment

Occupier markets remain in good shape

Office

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

Retail

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

Housing

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

Logistics

- Market has repriced substantially
- Outlook remains bright as home shoring joins e-commerce for growth impetus

Alternatives

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

Source: Nuveen Real Estate as of January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European office

Occupational markets remain relatively stable and continue to deliver on growth

- Given the highly disruptive business climate, take up has held up well by remaining on the same level as 2023
- CBDs strongly outperform peripheral markets
- Building starts are declining, helping to keep vacancy rates in check and setting up the market for a speedy recovery once demand picks up
- Average buildings underperform but still deliver some growth, but there is real pain at the bottom market quartile with virtually no interest from occupiers
- The investment market has stabilized, albeit on a very low level

The office sector is most exposed to business sentiment. In the face of weak growth in domestic markets and heightened uncertainty on the global stage, office occupiers have remained very cautious. In that light the flat take-up in 2024 compared to 2023 counts as positive news. In contrast to the weak investment market, demand was up in German cities, but also in Madrid and Amsterdam, while declining slightly in Paris and Milan. London stayed broadly flat. Overall, this supported positive net absorption, meaning more space has been let than given back to the market.

Building starts peaked in mid 2022 and have been falling ever since, which means the Pan European vacancy rate crept up by only about 0.7 percentage points last year. Remarkable key CBDs (Munich (2.9%), Paris (3.5%), Madrid (3.7%), Milan (3.8%) and London West End (5.8%)) still offer very limited choice for occupiers, which means many more decentralized and peripheral locations in these same cities are suffering. Prime rents, achieved in central districts, are seeing continued strong rental uplifts. Paris achieved 10% in 2024, Amsterdam 8% and Munich 7%. Dublin was the only market posting a dip in headline rents last year. Offices will get spared the vacancy levels seen after the GFC. In sleepier markets like Hamburg, Luxembourg, Lyon or Cologne, vacancies have barely risen at all.

The picture starts to get more mixed looking at average or net effective rents, but even these rent metrics have been increasing in 2024. Exceptions are Berlin, Warsaw, London Docklands and Dublin. These numbers disguise a sharp decline in demand for the bottom quartile of office space, for which demand has dried up. Even significant rental reductions are not enticing occupier interest. These buildings and submarkets will be a main target for conversions into other uses, primarily hotels and different forms of living.

Building starts will continue to fall in the current challenging business and financing climate. That will create an opportunity once demand for space starts to pick up. That may happen potentially earlier than in previous cycles, as the market does not have to churn through such large overhangs of stock before leasing markets get tight.

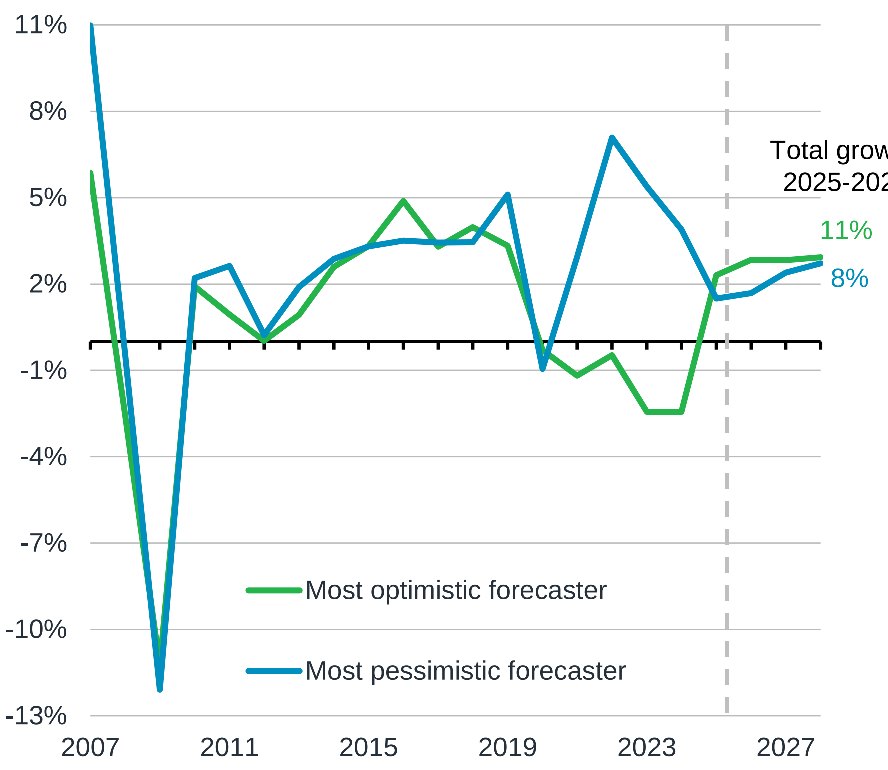
2025 and 2026 are likely to deliver weaker rental growth compared to the recent past, but in absence of major macro-economic shocks, rents should continue to grow and potentially stay stable in the more difficult markets such as Dublin, Berlin, London Docklands and some regional centers. A brighter picture could emerge in 2027 or 2028.

The Achilles heel of the office sector remains the investment market. With 22% of all transactions, offices have never had such a low market share and absolute volumes are at GFC lows. Investor surveys show that appetite has started to recover from record lows and pricing appears to have stabilized for prime and transaction yields. With the worst behind us, the market currently lacks a catalyst for a recovery.

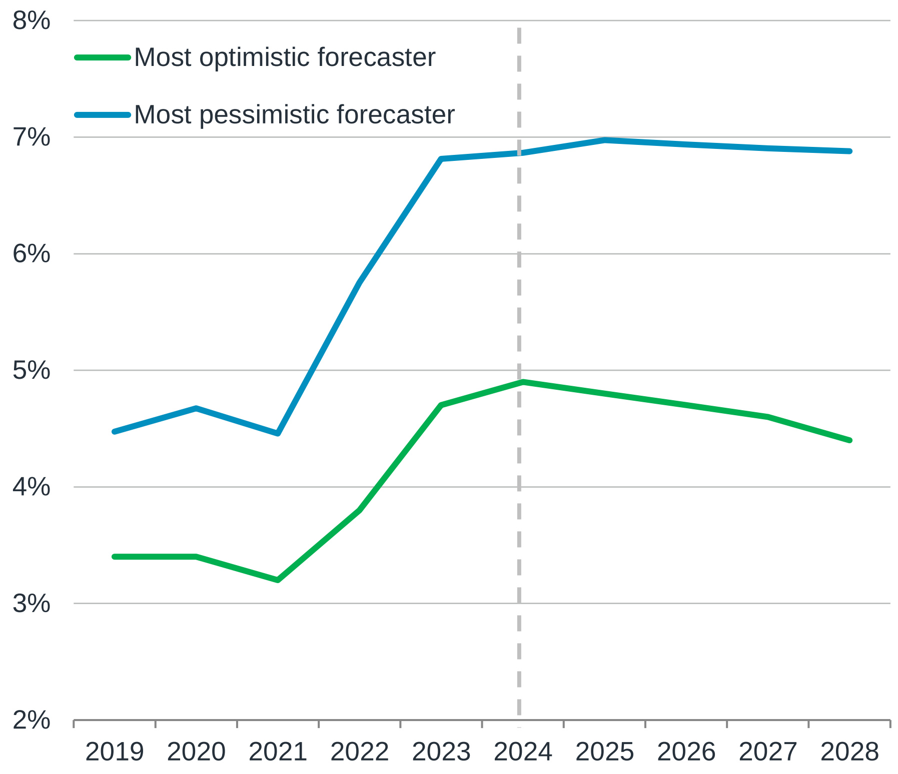
Source: Nuveen Real Estate as of January 2025

European offices benefit from occupational market strength

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



Office yield forecasts: Forecasters diverge on yield projection



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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European retail

Despite some cautionary economics, investor sentiment is leaning towards the mantra “Retail is back”!

- Retail economics remain fragile, with January data showing a fall in retailer confidence likely impacted by weaker economic growth expectations
- Despite some cautionary economics, investor sentiment is leaning towards the mantra “Retail is back!” with continued interest in the sector as we start the new year
- Investors are attracted by high income return which the retail sector can achieve, having seen yield contraction for the past five years. Occupier fundamentals need to be solid to retain interest.

European consumer confidence remains fragile. Having dipped during the last few months of 2024, consumer confidence rose slightly in January 2025. The European Commission said a flash estimate showed Eurozone consumer morale improved to -14.2 this month from -14.5 in December. Consumers are impacted by wider economic sentiment and low growth expectations. Retailer confidence had been improving over the last few months of 2024, but recent data saw the retail trade confidence indicator drop from -4.5% in December to -5.0% in January, remaining below its long run average rate. Low retail trade confidence will impact store acquisition programs and whilst there will be market variance, new store openings remain dominated by discount and food operators who are more resilient during economic uncertainty.

Q4 2024 real retail sales rose 2.1% versus the previous year, a recovery from the mid-year point where Q2 2024 saw sales rise by only 0.5%. This is a result of lower inflation driving the volume of sales upwards. Country performance will vary; Finland has underperformed with sales volumes falling by -1.0% while Spain and Sweden saw growth at 2.8% and 2.6% respectively. Moving forward, on a nominal basis, the Nordics are set to outperform with strongest retail sales performance. Finland is expected to make a strong recovery with retail sales values averaging 3.8% over the next five years and Sweden at 5.1%. European households are currently saving more than they were pre-pandemic. Eurostat announced that the Eurozone household savings rate moved to 15.7% in the second half of 2024, well ahead of its pre-pandemic average of 12.3%. Oxford Economics forecast the European savings ratio to fall back from its peak in 2024 to c.13.5% by 2028, albeit remaining higher than its pre-pandemic average.

Despite some cautionary economics, investor sentiment is leaning towards the mantra “Retail is back!” with continued interest in the sector as we start the new year. Investor interest has been buoyed by the outperformance we have seen across transparent property indices such as MSCI’s U.K. quarterly annual results, which saw retail parks outperform all other real estate sectors over the course of 2024 at 12.5% total return versus 5.5% for All Property. U.K. shopping centers also strengthened its position, returning 8.4% over that period with both typologies benefiting from positive rental growth and as well as inward yield shift.

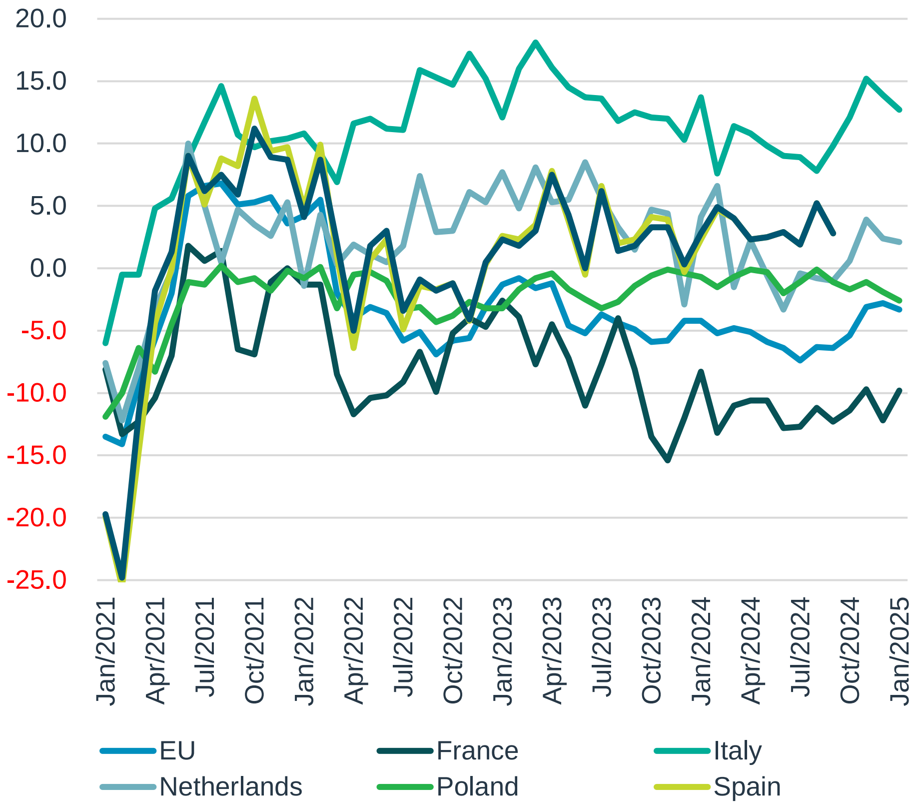
Investors are attracted by high income returns which the retail sector can achieve having seen yield contraction for the past five years. We believe the European retail park sector has the potential to provide investors with opportunity to access improving retail market fundamentals in smaller and liquid lots sizes, which provide strong, stable and diversified income. Retail parks provide omnichannel retail opportunities, inflation linked leases, higher income returning assets, low capex and sustainable compatible real estate.

Source: Nuveen Real Estate, as of October 2024

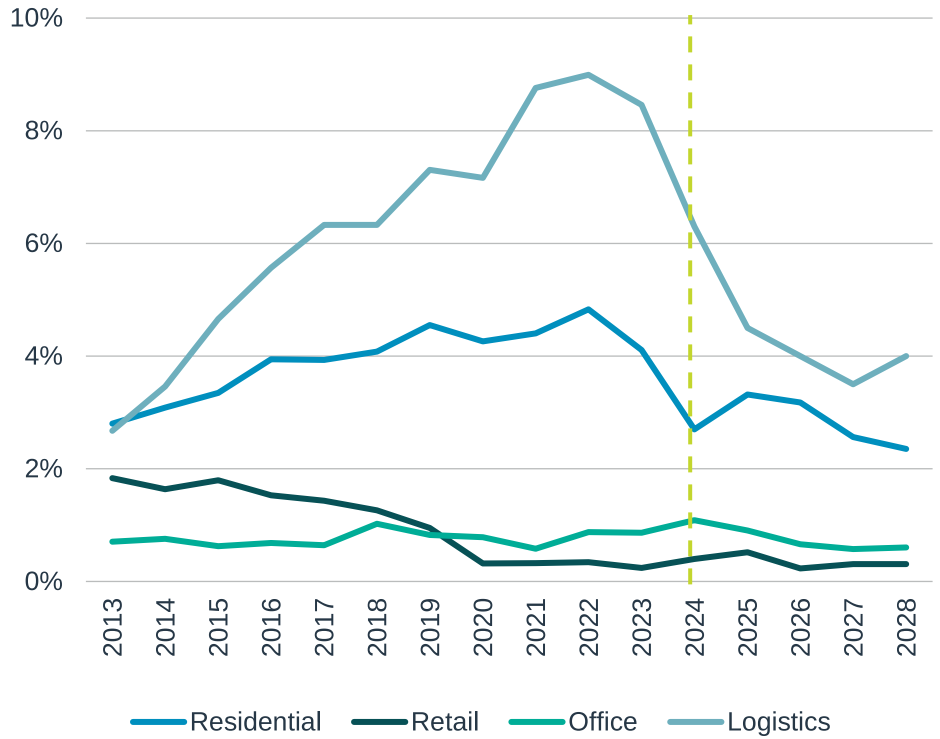
European retail

Lower growth expectations in Europe may scupper retailer confidence levels but lack of new supply should keep occupier fundamentals in the best assets stable

Retailer confidence



Limited pipeline threat: net additions in % of stock



Source: European Commission Retailer Survey Balance of Responses, January 2025, Nuveen Research, as of January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European logistics

Signs of recovery in Europe: transactions rising and more widespread inward yield shift in a number of markets

- Confidence in the European industrial and logistics real estate markets remains low
- Average prime rents in Europe increased by around 3.1% year-on-year and by just 0.6% in the fourth quarter of 2024
- Logistics transaction volumes amounted to €40.5 billion in the entire 2024, which is 21% higher than a year ago
- Transactions in continental Europe were 25% higher while the U.K. markets recorded 12% higher volumes
- Inward yield shift in a number of locations across Europe
- Investment activity is expected to pick up this year

Confidence in the European industrial and logistics real estate markets deteriorated slightly again at the end of 2024 and fell to the lowest level since July 2020. Compared to the third quarter of 2024 and in a full-year comparison, Germany, Hungary and the Czech Republic recorded the biggest losses. Notable improvements compared to the final quarter of 2023 were observed in Denmark, Finland, Portugal and the Netherlands, but they remain in negative territory like all other countries with the exception of Denmark. The highest negative values were recorded in Germany, Austria, Poland, Belgium and Hungary.

Rental growth was subdued in the final quarter of 2024 and average rents increased by only 0.6% in the 37 European markets monitored by JLL. In Q4 2024, further rent increases were only recorded in six markets, the remaining markets remained unchanged except for Warsaw (-3.6%). Compared to a year ago, growth was significantly higher at 3.1% in December 2024 but continues to trend downwards; a year ago growth of 6.3% was recorded across the 27 markets after 18 months of double-digit growth. Berlin, Barcelona and Amsterdam recorded the largest (double-digit) year-on-year increases while there were slight downward corrections in Warsaw, Prague and Budapest. Stabilization is expected for the rest of the year.

European logistics investment volumes amounted to c.€40.5 billion in 2024, 21% higher than in the previous year and accounted for around 20% of the overall market. Volumes in Continental Europe were even 25% higher last year than in 2023, with only Switzerland (-52%) and Ireland (-49%) recording declines. The U.K. again took the top spot in the country rankings with transactions worth €10.8 billion in 2024 and 12% more than in 2023, followed by Germany with €7.7 billion of deals (+7%). France was in third place with transactions of around €5 billion (+66%), ahead of the Netherlands with volumes of €3.1 billion and an increase of 29% compared to 2023. After a weaker 2023, investment volumes in the past year were again above the 10-year average and a full 46% above the long-term average. In the fourth quarter of 2024, investment volumes amounted to almost €14 billion, 32% more than a year ago, with the U.K. recording a year-on-year increase of 178%. The Nordic countries, Ireland, Portugal and Italy, on the other hand, recorded lower sales compared to a year ago.

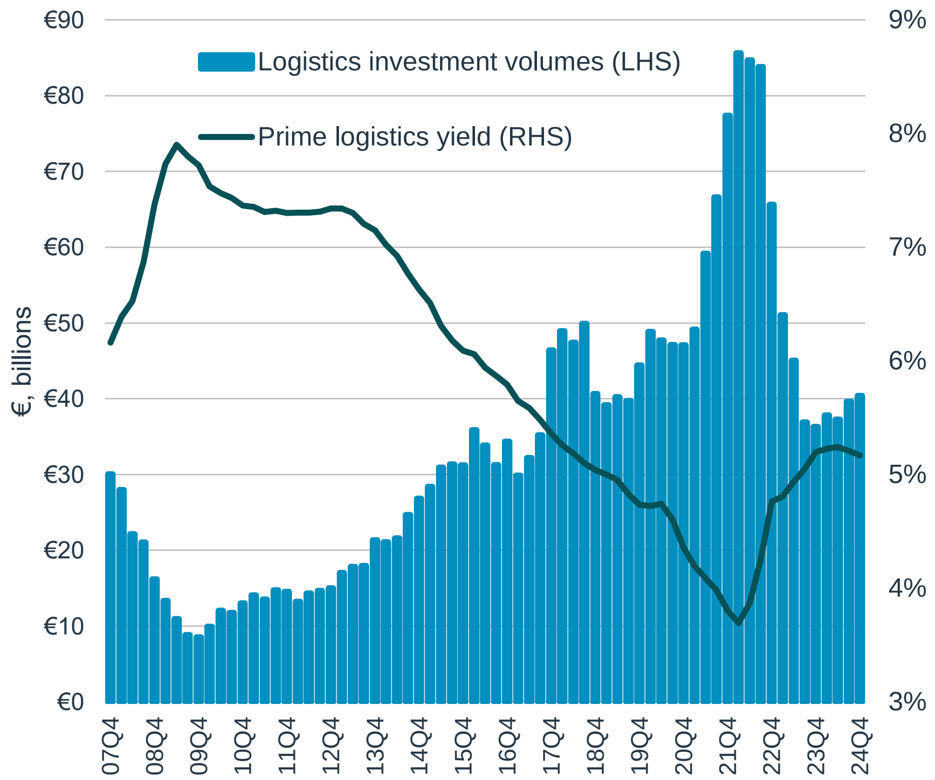
Prices for logistics assets increased in some countries in the second half of 2024 for the first time since mid-2022. Prime yields in Q4 fell by 25 bps in Warsaw and some other Eastern European markets, by 15 bps in Vienna and Madrid to 5.0% and 5.2% respectively, and by 10 bps in Germany, Paris and Stockholm to 4.4%, 4.9% and 5.0% respectively. In the other large logistics locations, prime yields remained unchanged and ranged from 4.25% in Switzerland to over 8% in Central and Eastern Europe. This year, volumes and prices are expected to continue to rise on the back of falling interest rates and improved financing conditions.

Source: Nuveen Real Estate, as of February 2025

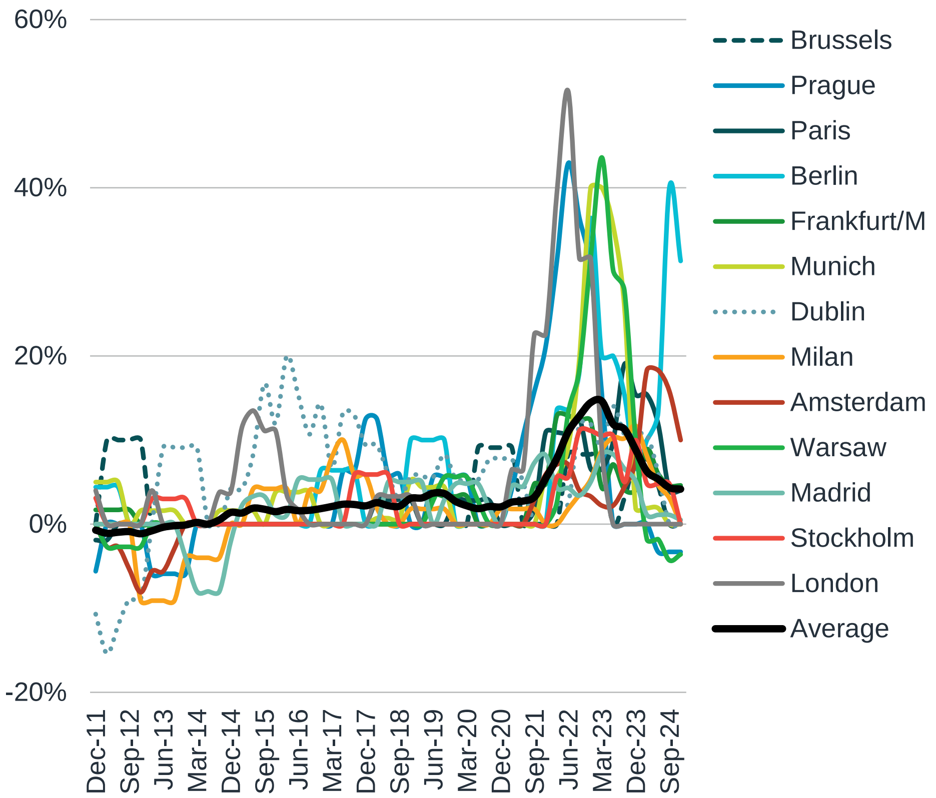
European logistics

Investment volumes are starting to pick up while prime yields compress selectively, with rental growth moderating

Investment volumes, 12 months rolling (LHS) and European prime logistics yield (RHS)



Prime rental growth in Europe, p.a.



Source: JLL, 1Q 2025; MSCI, 1Q 2025: Nuveen Real Estate, as of February 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European residential

We believe there are opportunities in nascent sectors of single-family rental and affordable housing

- European housing market is at the start of a recovery, with house prices on the rise or falling by a lesser extent. Oxford Economics forecasts Eurozone house prices to grow 3.0% this year.
- A structural shift in institutional investors' portfolios will drive the share of allocation to the living sector. JLL reported investment in European living real estate rose 19% in 2024 to c.€53B, following a 31% increase in the final quarter.
- We see the potential for strong opportunities in nascent sectors such as single-family and affordable housing which can be accessed at higher yields and have strong occupier fundamentals

The European housing market is at the start of recovery, with house prices on the rise or falling to a lesser extent during the latest quarterly data as measured in Q3 2024. The Netherlands saw significant house price growth measured at 11% in Q3, followed by Spanish house prices which saw a strong uplift at 8.0%. Markets which continued to see house price falls include France which fell -3.9% and Finland at -2.3% in Q3 2024. These declines were much smaller than corrections at the start of 2024. Oxford Economics forecasts annual house prices to grow once again in 2025 at 1.4% in France and 2.0% in Finland. This will remain below the Eurozone average where house prices are expected to increase by c.3.0% on average. The housing market will be buoyed by falling interest rates, reducing barriers to homeownership as debt becomes less expensive.

While interest rates fall, they remain higher than the previous cycle and will continue to push people into the rental market. Eurostat published their Q4 actual rental data which saw increase in rents across all countries. The Netherlands reported not just the strongest growth in house prices but also on rents up 5.4% in Q4 versus the same period last year. Ireland, which has historically seen more volatility in rental growth, ended the year with rents up 5.2% in Q4 and Sweden also outperforming with rents up 4.8%. Other markets including Spain saw rents up 2.3% and Germany at 2.2% per annum. Eurostat data considers all types of rental properties for housing, i.e. for social rents and market rents, new and existing rental contracts. We are aware that rental increase for new builds have been increasing greater than the market average.

Housing shortage issues across Europe remain acute and are well versed across European cities. Recent data sees an improving trend in construction starts although remains negative in many countries such as France which saw residential starts fall by c.16% in Q4 versus the same period last year. A shortage of supply in European markets will continue to support the occupational market, but rental affordability needs to be considered, and we believe rental growth will drop back to more sustainable levels with growth at a lower rate compared to the elevated positions we saw in 2023/2024. There is an expectation that rents will increase by a sustainable 3-4% over the medium-term outlook.

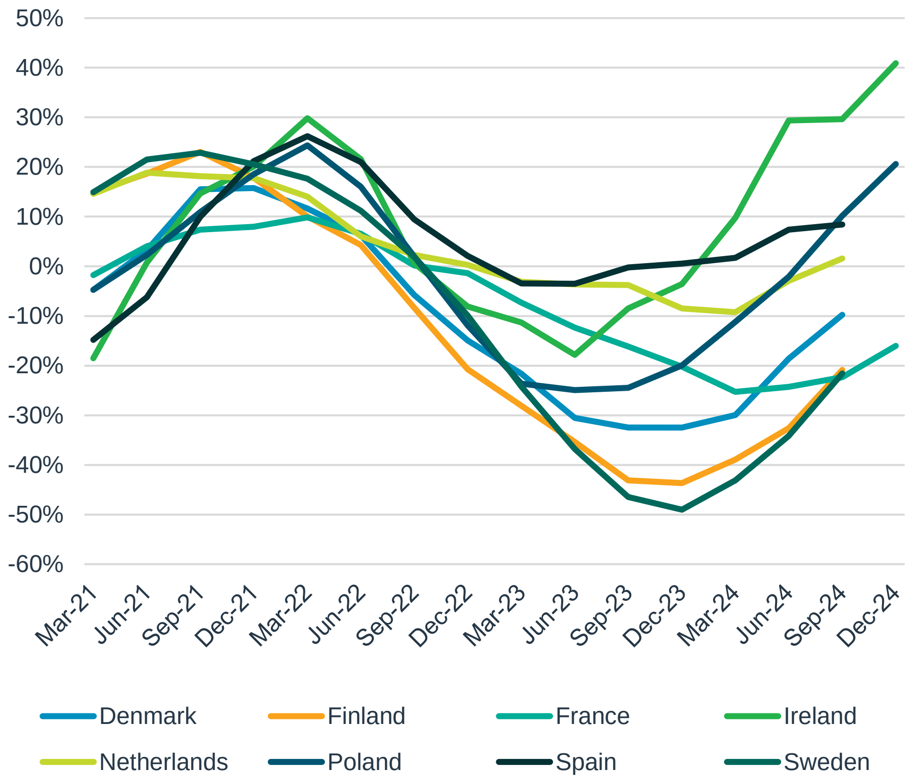
Investor sentiment remains strong and institutional investors continue to scale up and pivot towards residential and alternative sectors. JLL reported investment in European living real estate rose 19% in 2024 to c.€53 billion, following a final quarter surge. The majority of Q4 investment, 58%, came from deals over €100 million in size. This is the highest share since Q4 2021, as buyers and sellers held off larger transactions over the past two years of uncertainty.

Source: Nuveen Real Estate, as of January 2025

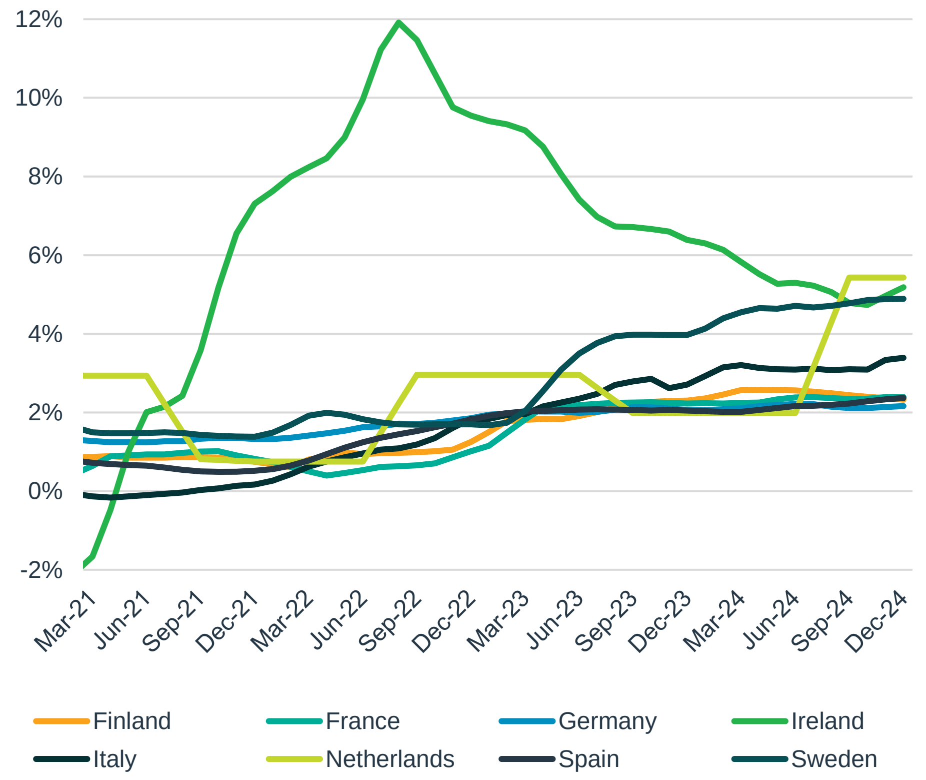
European residential

New development pipeline moving in the right direction, but falling construction starts remain evident across much of Europe

Residential construction starts, p.a.



Eurostat, HICP, actual housing rentals, 3-month rolling year-on-year



Source: Macrobond, Eurostat January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European alternatives

Self-storage performance diverged while student housing demand remains strong across the board

Self-storage:

- Storage fundamentals in the U.K. and continental Europe diverged due to differing dynamics in the housing markets
- We see new supply picking up over the medium term and remain selective of submarkets

Student housing:

- The new academic year has continued pointing to strong student growth across major European markets
- Europe will be the beneficiary of policy and political changes in major higher education destinations elsewhere
- PBSA investment volumes have held better and recovered faster than the wider CRE market; we expect this to continue in 2025

Source: Nuveen Real Estate Research, as of Jan 2025

Self-storage

We see divergence in self-storage fundamentals between the U.K. and continental Europe. The recovery of housing activities appears to be taking longer than anticipated in the U.K., with the latest data showing that housing transactions have retreated following brief growth in the previous quarter, while London's recovery has been more sluggish than the wider U.K. market. The story is more positive on the continent, particularly in the Nordic region. Sweden and Norway are the standouts, with volumes accelerating significantly and rising by double digits. It is our view that the differing money market dynamics contribute to this divergence. In the U.K., the easing of mortgage rates is hampered by significantly increased swap rates since the autumn while ECB rate cuts have transpired.

We see storage supply creeping up over the next couple of years, driven by the three biggest REITs and private developers. Current estimates for supply growth in Western Europe point to 4-5% p.a. increase until 2028. While Europe is structurally undersupplied compared to the U.S., we believe it will take time for submarkets to absorb this influx of supply. We maintain the view that supply-constrained locations will be key to achieving superior rent growth over time.

Student housing

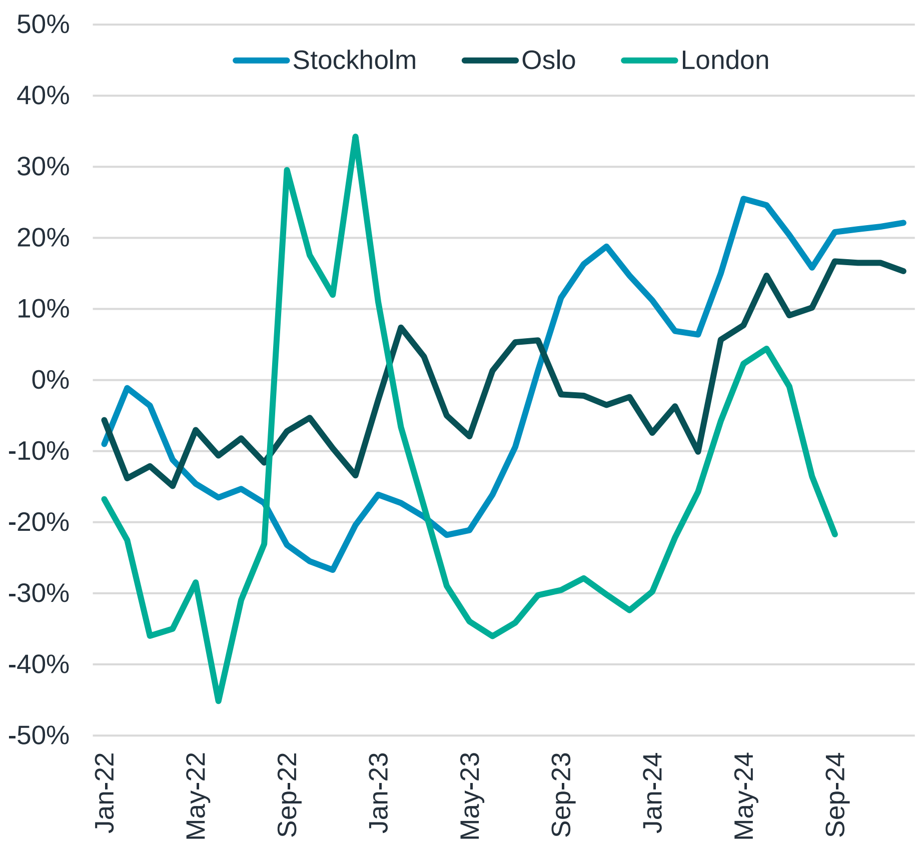
Whilst the consolidated number of students for the academic year 2023/2024 has yet to be announced across all European destinations, the figures published so far – most of which come from the largest student markets – point to better-than-expected results. We believe that anti-immigration rhetoric in other parts of the world provides a tailwind for student demand for European higher education. We believe that European countries will emerge as increasingly attractive alternatives for international students, given their welcoming policies, the rise in English-taught courses, and universities climbing higher in the QS rankings.

Purpose-built student accomodation investment in Europe concluded 2024 with a total of €5.7 billion, representing a 10% increase from 2023. Whilst still below the historic long-run average, it is worth noting that 2024 volumes have already reached 85% of the pre-Covid average, compared to the wider CRE market, which is only at 55%. This underscores our belief that PBSA is leading the recovery of investment activity of European commercial real estate. We expect to see a surge in PBSA volumes in 2025, particularly given the large ticket-sized JV partnerships and funds launched in recent months.

European alternatives

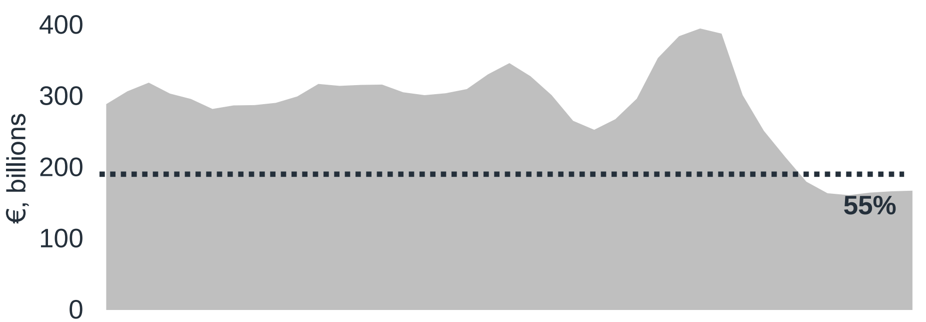
U.K. lagged the recovery of housing activities; PBSA to lead the recovery of European CRE market

Housing transactions (3-month rolling year-on-year)

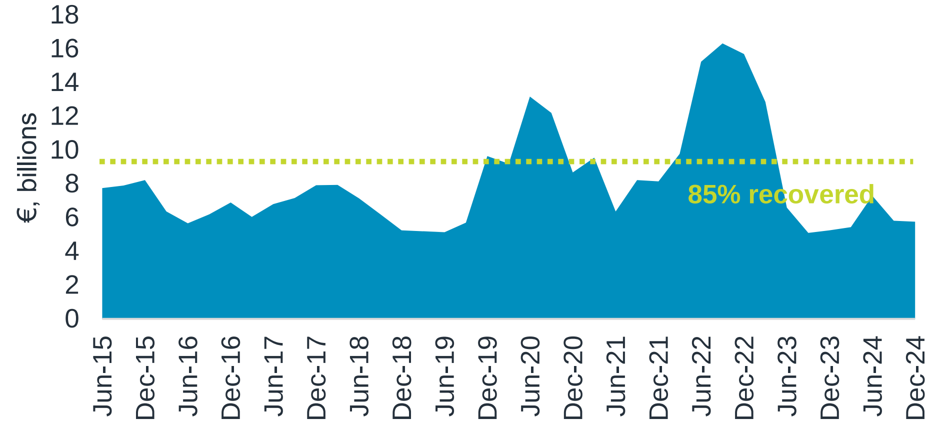


Source: Macrobond, Jan 2025

Transaction volumes: All CRE



Transaction volumes: Student housing



Source: RCA, Jan 2025

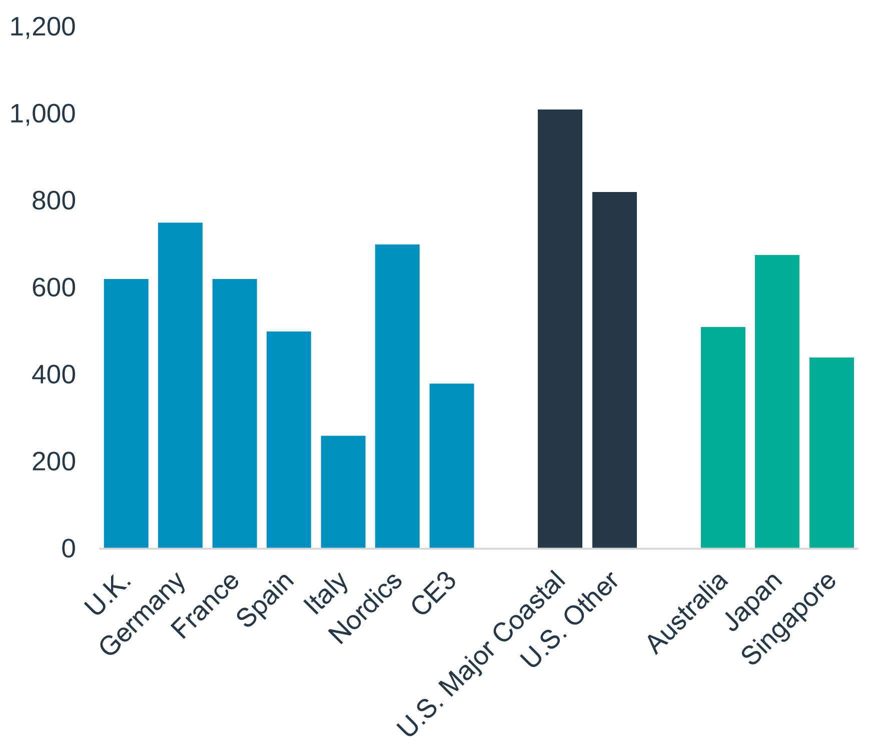
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

European sustainability

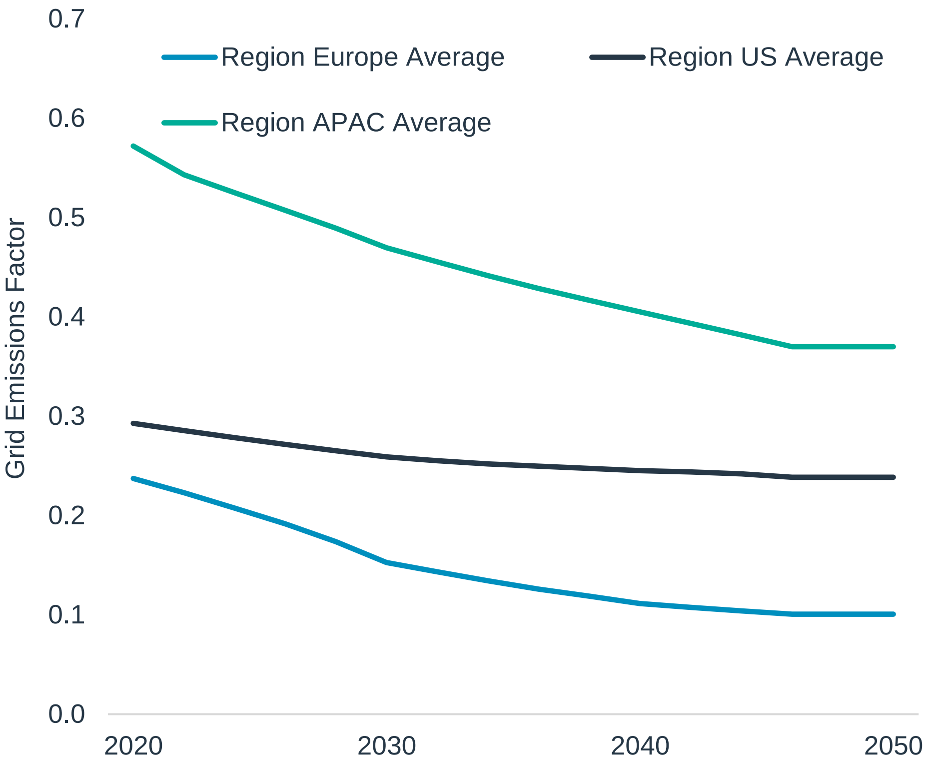
Europe offers a more cost-effective route to net zero carbon

Research shows that the European market is well-positioned to support those asset owners looking to decarbonize their portfolios. This is driven by the relatively lower transition costs associated with undertaking brown-to-green activity when compared with wider global regions, alongside its rapidly decarbonizing electrical grid which reduces the stringency of operational energy performance benchmarks for the real estate sector. Favorable sectors such as self-storage and retail parks have a lower brown-to-green cost, when compared to traditional sectors such as covered-retail schemes and offices, given their lower complexity and adaptability.

Estimates across global office markets ($, per sq m)



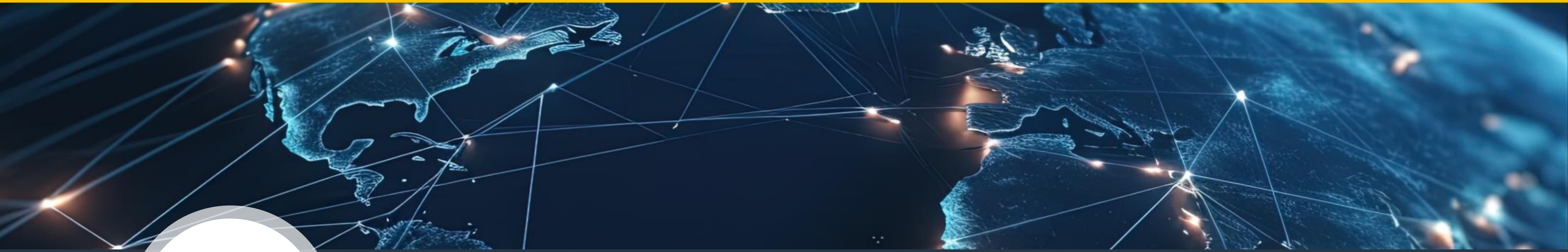
Grid carbon intensity forecasts (kgCO2e per kWh)



Source: PMA, 2024

Note CE3 includes Poland, Czech Republic and Hungary

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.



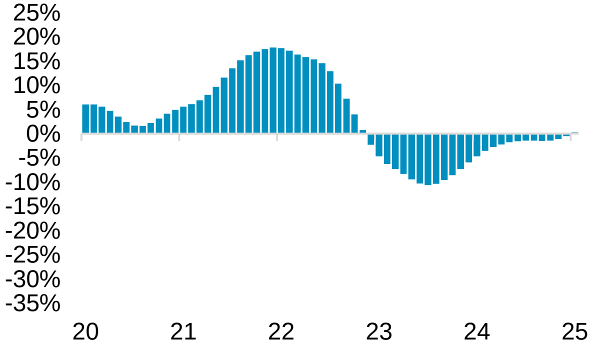
4

U.S.

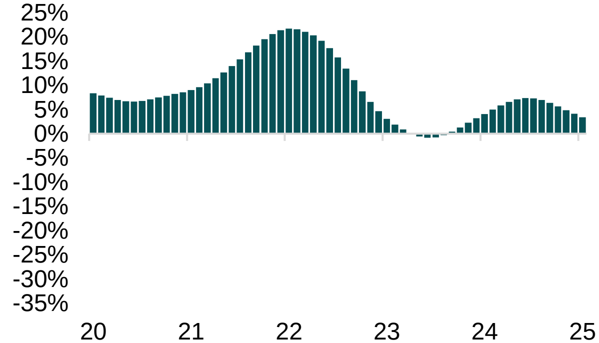
U.S. transaction pricing is improving

In January, U.S. real estate transaction pricing improved on a year-over-year basis for the first time since 2022. Industrial and retail pricing have continued to increase on an annual basis, while apartment and suburban office pricing have stabilized considerably. Meanwhile, CBD office pricing has continued to slide.

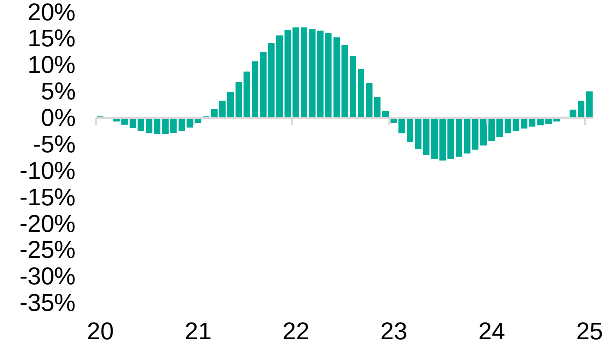
National



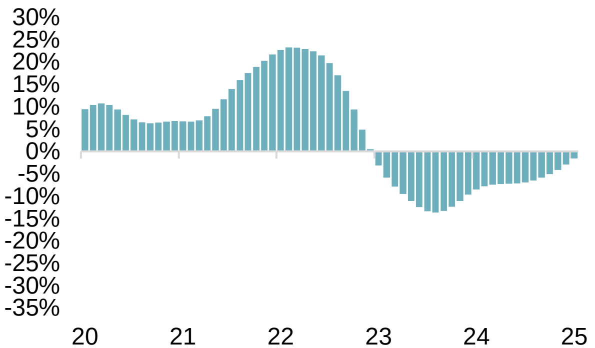
Industrial



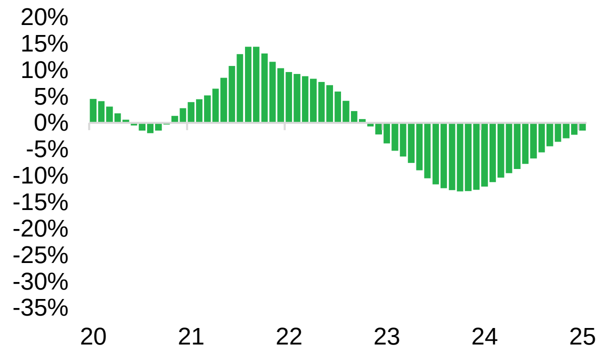
Retail



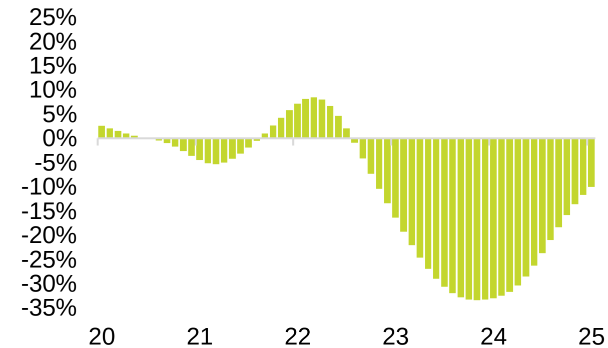
Apartment



Office - Suburban



Office - CBD



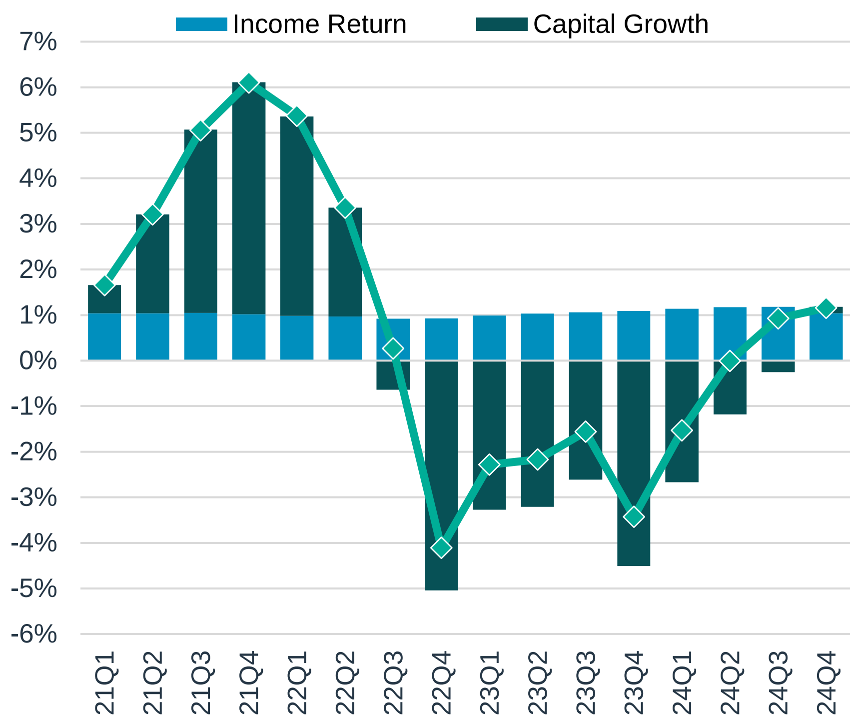
Source: RCA CPPI data as of January 2025, released February 2025; Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

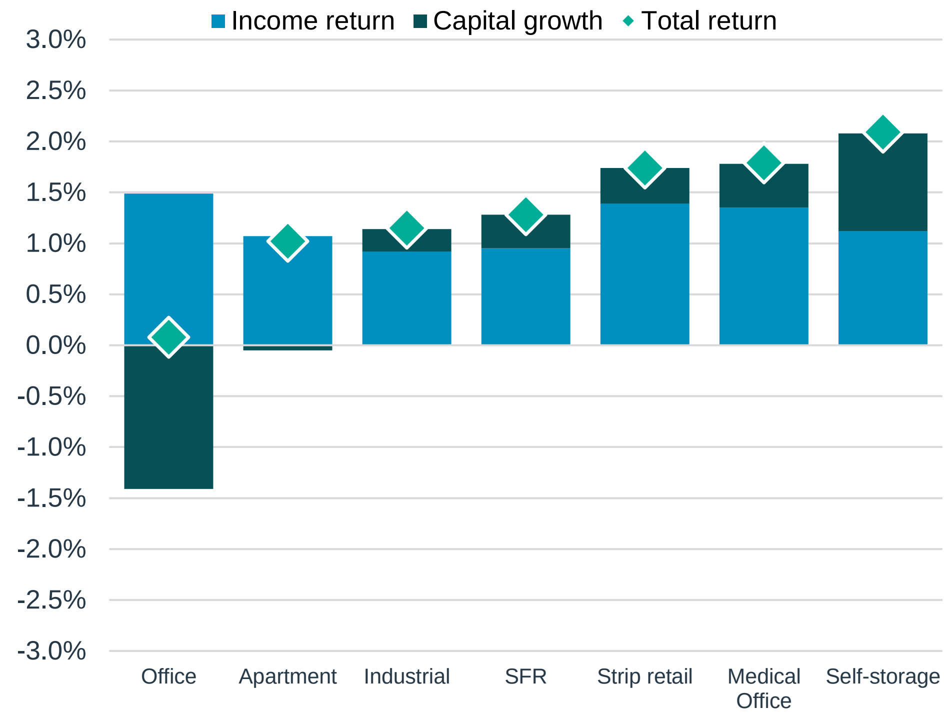
U.S. returns positive for two consecutive quarters

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

ODCE quarterly returns



ODCE quarterly returns by select subtype



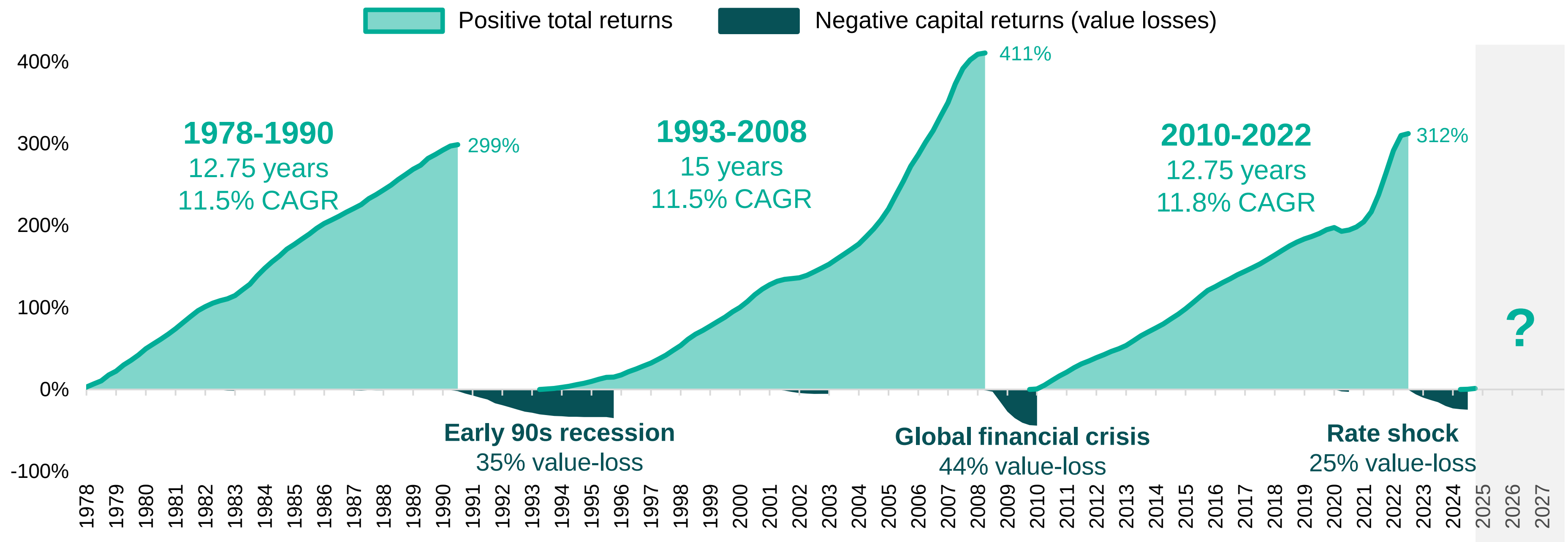
Source: NCREIF ODCE (24Q4); Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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

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

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



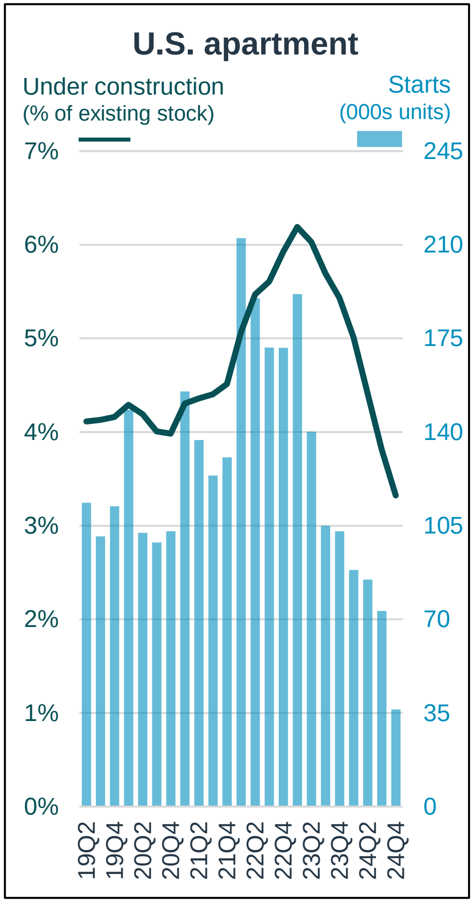
Source: NFI-ODCE (NCREIF Fund Index – Open-End Diversified Core Equity); Nuveen Real Estate Research (24Q4)

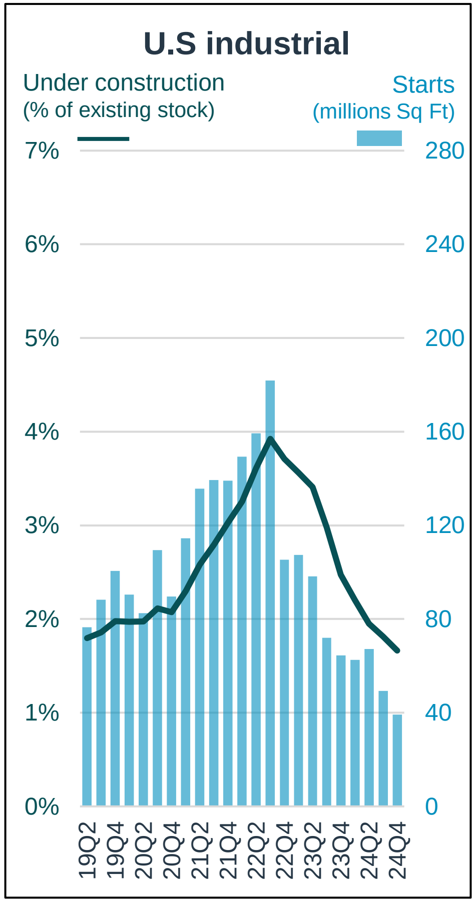
Notes: This chart shows cumulative positive total returns until each cycle ended, identified by at least two quarters of negative total returns (ex: the single-quarter of negative total return in Q2 2020 did not indicate the end of the cycle). Similarly, cumulative value-losses identify periods of sustained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

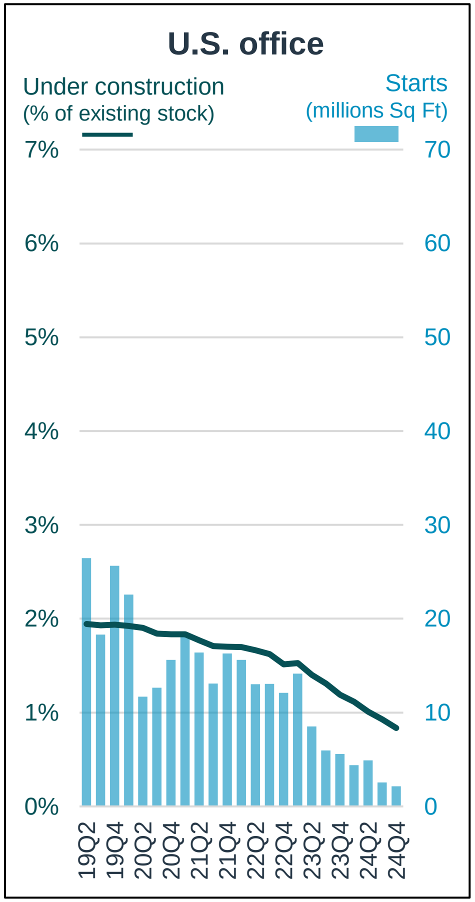
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

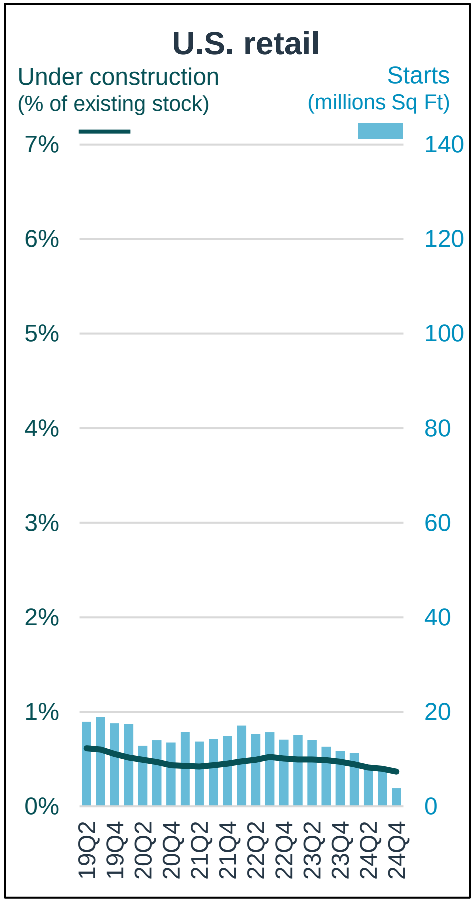
Construction waning across property types

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.









Sources: CoStar (Q4 2024 data as of 6 January 2025); Nuveen Real Estate Research

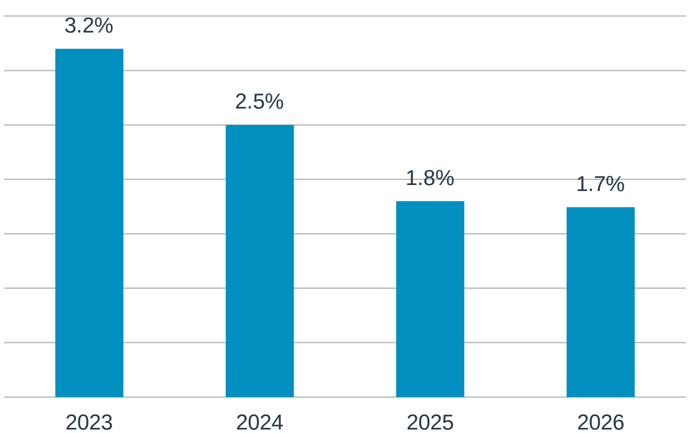
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. economics

Growth has outperformed expectations in recent quarters, raising questions about inflation and driving up long term rates

- Growth remains on a gradually moderating path but has generally exceeded expectations
- Overperformance in the macroeconomy has reduced expectations for the pace of interest rates cuts, and long-term rates have responded by drifting higher

U.S. real GDP growth forecast



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

Activity is slowing but the economy remains remarkably resilient

Growth in the U.S. economy moderated slightly by continuing to outperform expectations in the fourth quarter of 2024. U.S. GDP grew at an annualized pace of 2.3% in the fourth quarter, down from the robust 3.1% pace in the third quarter. For the year, the U.S. economy grew 2.5%, far outpacing expectations set at the beginning of the year for a significant slowdown in growth. Job growth reaccelerated at the end of 2024, adding an average of 170,000 jobs in Q4 after slowing in the middle of the year. The unemployment rate held at 4.1% at the end of the year as a result, easing concerns about the state of the labor market headed into 2025.

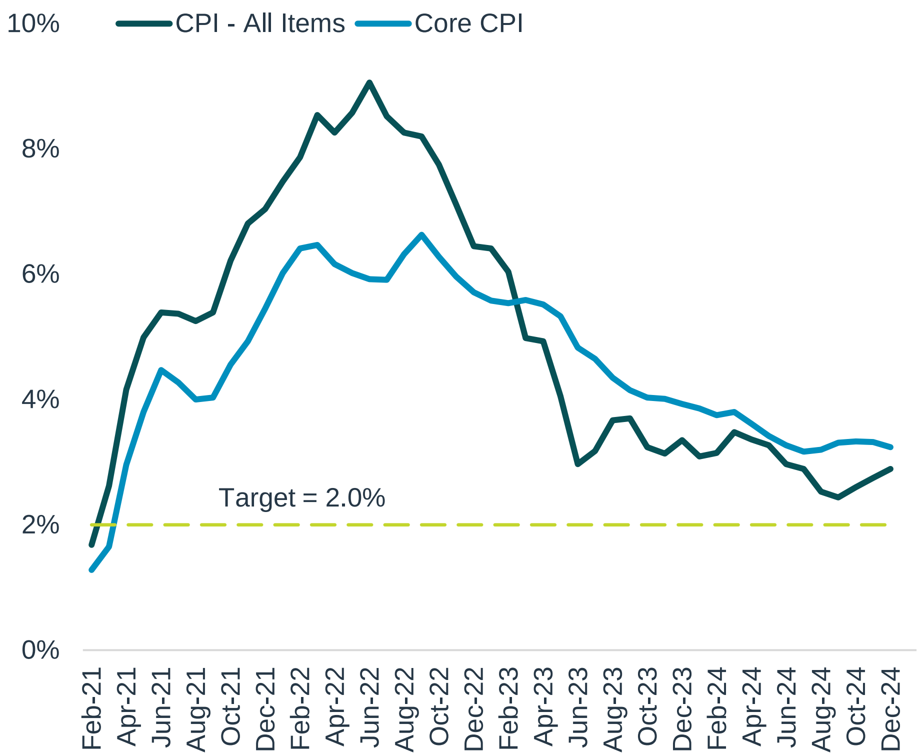
The surprising strength of U.S. economic growth has caused some challenges on the inflation front. Year-on-year inflation as measured by the Consumer Price Index remains on a general downward trend but rose over the last three months of the year, finishing 2024 at 2.9%. Core inflation, which excludes volatile food and energy prices, remained stubbornly elevated at 3.2%. The results of the recent election of Donald Trump to the presidency along with Republican control of both the House of Representatives and the Senate have increased the likelihood of tax cuts and increased tariffs in 2025. These policies are likely to put upward pressure on prices, raising concerns about the ability to rein in inflation fully.

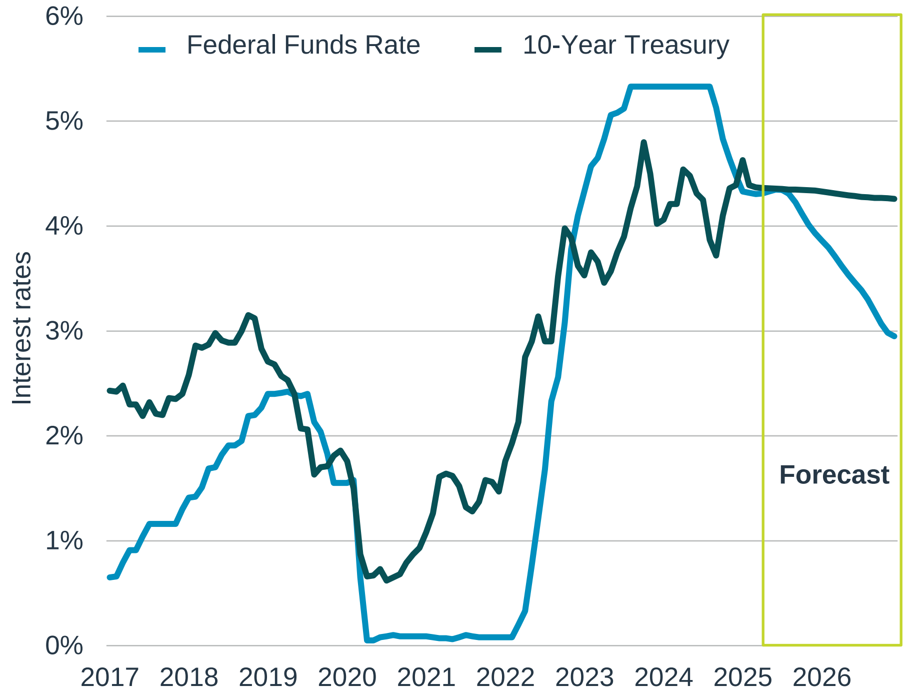
The Fed continued to cut interest rates during the fourth quarter, with a 25-bps reduction in both November and December. The prospects of stronger growth in 2025 and potential fiscal policy changes have made the future path of rate cuts more uncertain, and the Fed held short-term interest rates steady in January. Markets now expect just two additional rate cuts in 2025 after hopes for a more aggressive cutting cycle in mid-2024. Long-term interest rates have crept back up as a result, rising 77 bps in the fourth quarter and finishing 2024 at 4.58%.

U.S. economics

Inflation has been slow to trend back to the Fed's target of 2%, and the central bank paused interest rate cuts as a result

Consumer Price Index (year-on-year growth)





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

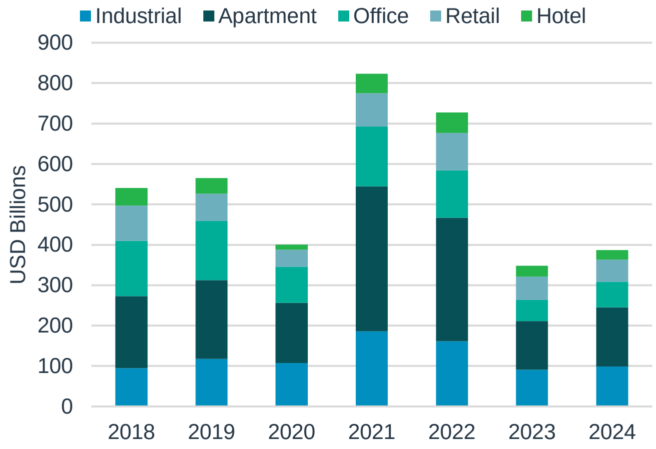
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. investment market

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

- Deal activity is starting to pick-up, evidenced by a 9% increase in 2024 relative to 2023 and a 32% year-on-year increase in the fourth quarter
- Institutional investors are now under their target allocations for the asset class, which should support activity in 2025

U.S. real estate investment volume



Source: RCA, February 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Transaction volumes are increasing off a low base.

While volumes are still well below pre-pandemic norms, activity in 2024 was up 9% relative to 2023 and the fourth quarter was 32% higher than Q4 2023.

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

The increase in interest rates since Q3 2023 (along with decreased expectations of cuts) has caused the bid-ask spread to re-widen, which may temper transaction volumes in the first half of the year. However, traditional real estate lenders are re-entering the space. The increased availability of debt has caused spreads to tighten, helping to offset the increase in interest rates to a degree.

Pricing has stabilized.

Transaction prices fell 0.7% in 2024, far better than the 5.9% drop the prior year. However, prices remained perfectly flat over the course of Q4 and in the final month of the year. Retail showed consistent pricing gains on a monthly, quarterly and annual basis.

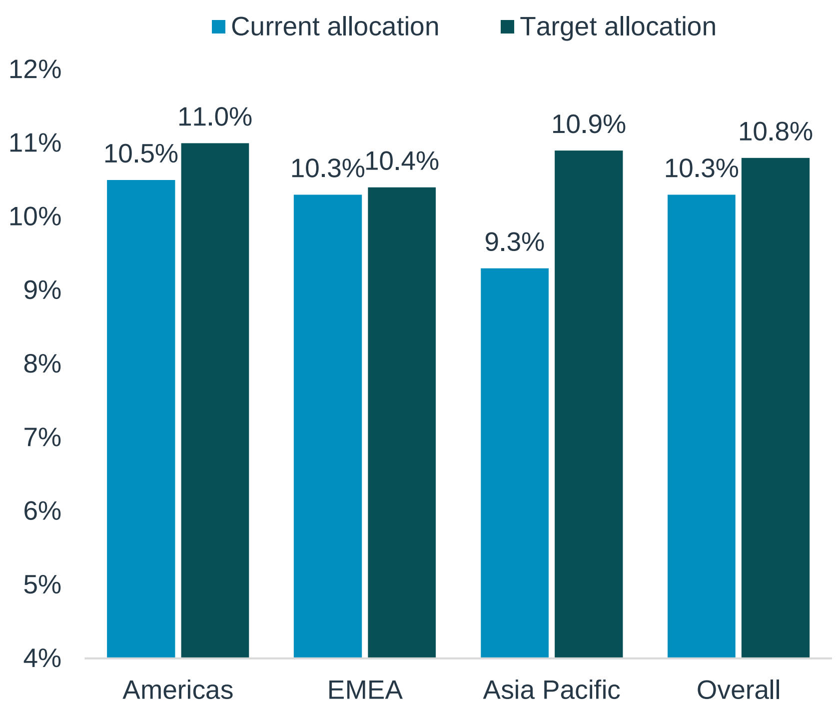
Global institutional investors are now below their target allocations.

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

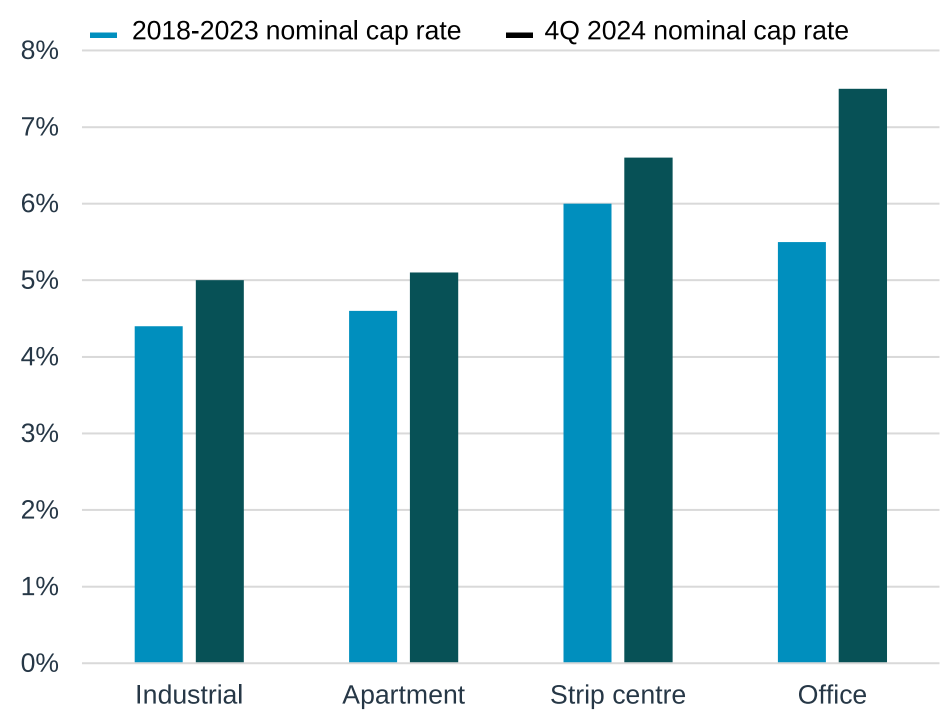
U.S. investment market

Global institutional investors have seen their allocations shift from over- to under-allocated to real estate, which should support investment volumes in 2025. Meanwhile, repriced assets with higher entry yields makes for a compelling investment opportunity.

Current investor allocations to real estate are below target



Cap rate expansion creates opportunities for new investment



Source: Hodes Weill 2024 Allocations Monitor (Nov 2024); Green Street (Jan 2025); Nuveen Real Estate Research (Feb 2025)

U.S. office

The overall market appears to be stabilizing with record low supply over the mid-term setting up a potentially strong recovery for high-quality assets

- High-quality assets are gaining market share despite demand shrinking overall
- Construction starts have fallen to the lowest level on record setting up a future shortage in high-quality options for tenants
- Tenants will continue to right size footprints for the next few years, further weighing on fundamentals
- Tenants are generally spending more rent on a per square foot basis when consolidating, further strengthening the top end of the market

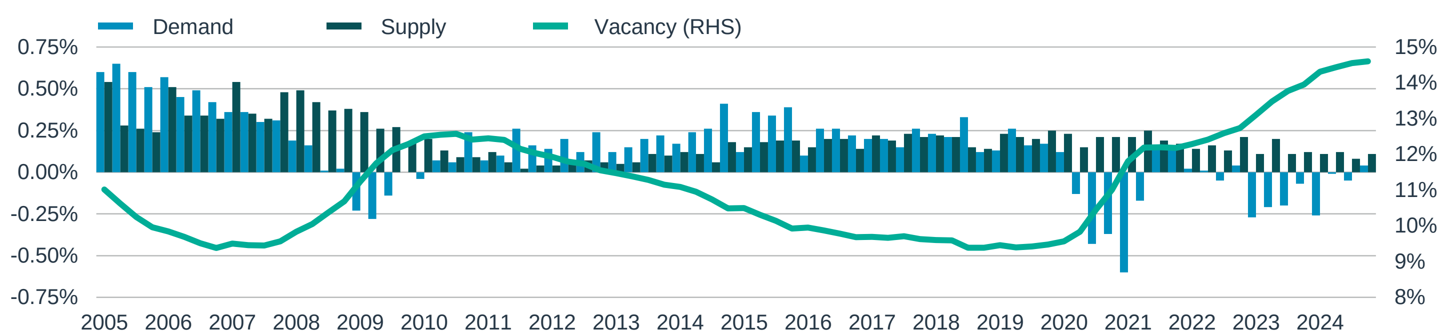
Signs of stabilization are emerging

Occupancy has stabilized in recent quarters. Vacancies rose slightly to 14.6% in the fourth quarter, expanding by five bps over the past quarter and 65 bps over the past year with net absorption essentially flat for the past three quarters. The road to recovery is expected to be long given that vacancy cumulatively has expanded by 510 bps since 2019. Leasing activity improved significantly in the fourth quarter and is now back to 89% of the previous decade's annual average.

High-quality assets have maintained demand

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

Overall vacancy still rising, already past previous peaks



Source: CoStar Group, Inc. (Q4 2024), Nuveen Real Estate Research (February 2025)

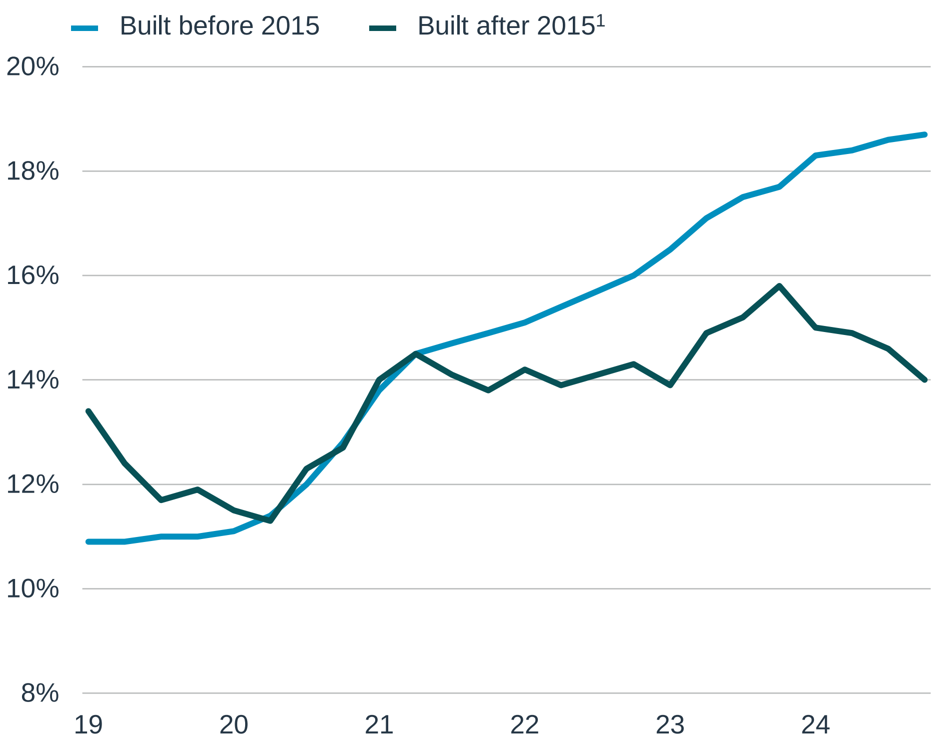
Note: Data based on Nuveen's 35 Resilient U.S. Cities

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

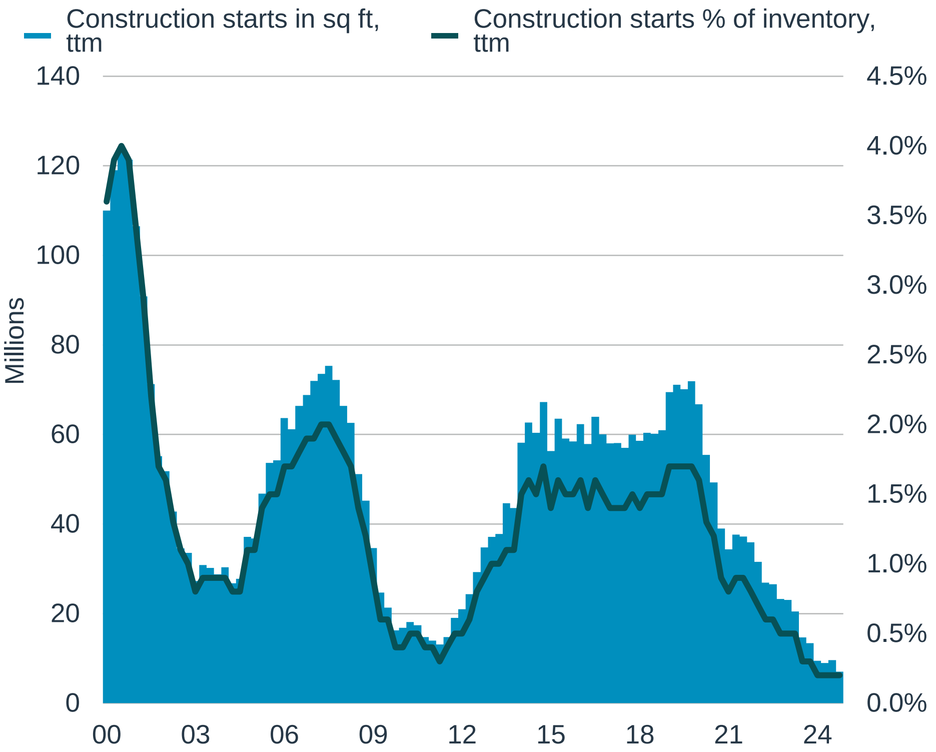
U.S. office

High-quality assets in growing markets should outperform

Vacancy by building age



New supply will soon be scarce



Source: CoStar Group, Inc. (Q4 2024), Nuveen Real Estate Research (February 2025)

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

1 Properties delivered after year-end 2023 not included to allow for lease-up period

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. medical office

Aging population underpins strong demand

- Medical office is much less impacted by remote working. Virtual visits are only possible for a few specialties.
- Already tight fundamentals should only strengthen further as developers pull back. Existing landlords will gain enhanced pricing power.

Aging population continues to drive strong demand

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

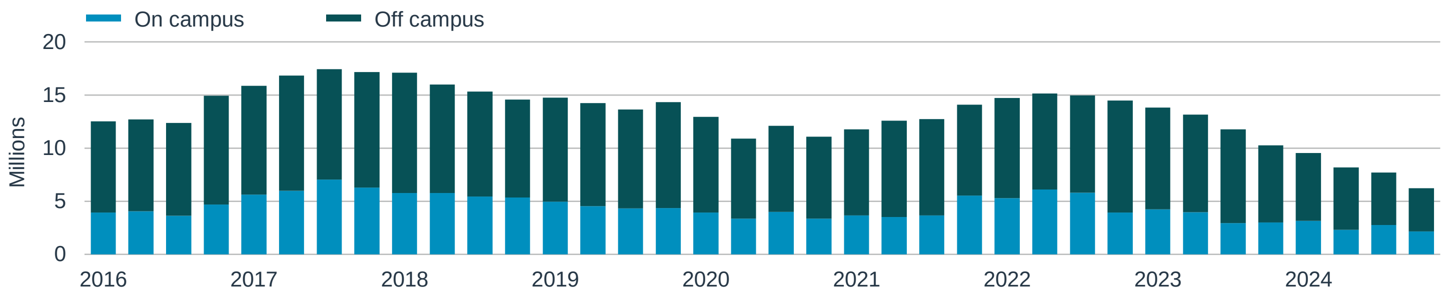
Providers continue long-term shift to outpatient care

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

Slowing starts will lead to a supply shortage

Occupancy is at a cyclical high level of 93% with demand outpacing supply for 14 straight quarters. Construction starts have fallen to 40% of peak levels, setting up a medical office shortage in the coming years. Market strength is widespread with only three of the 50 largest markets having current vacancy rates higher than their five-year average.

Construction starts cut in half since early 2022 peak



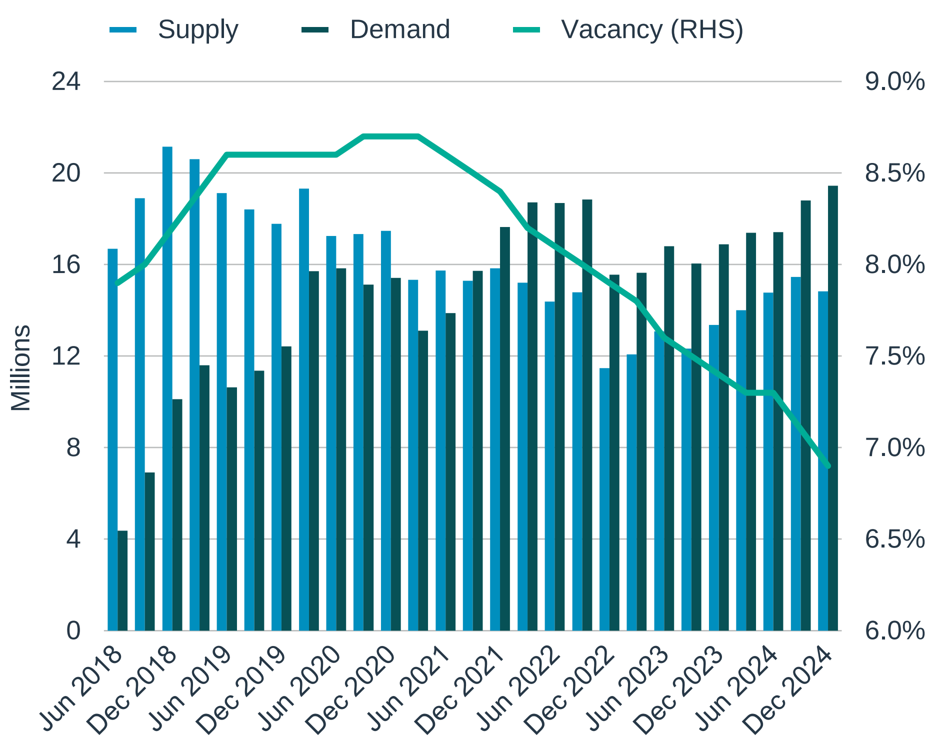
Source: Revista (Q4 2024), Nuveen Real Estate Research (February 2025)

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

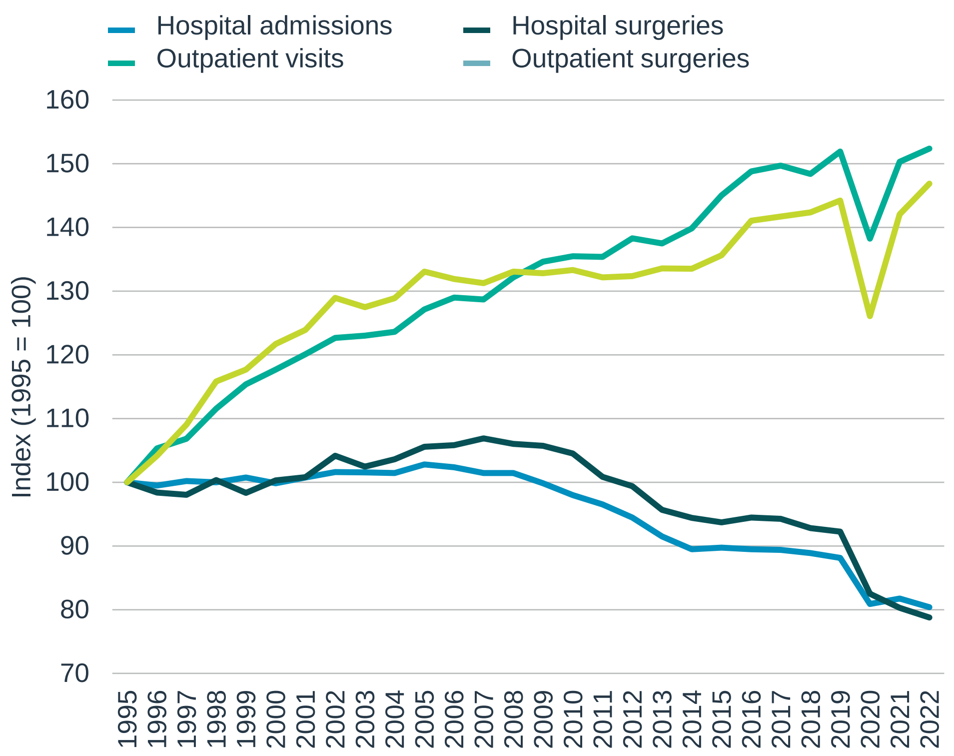
U.S. medical office

Fundamentals have never been stronger

Supply, demand and vacancy



Outpatient care continually gains market share



Source: Revista (Q4 2024), American Hospital Association (June 2024), Nuveen Real Estate Research (February 2025)

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

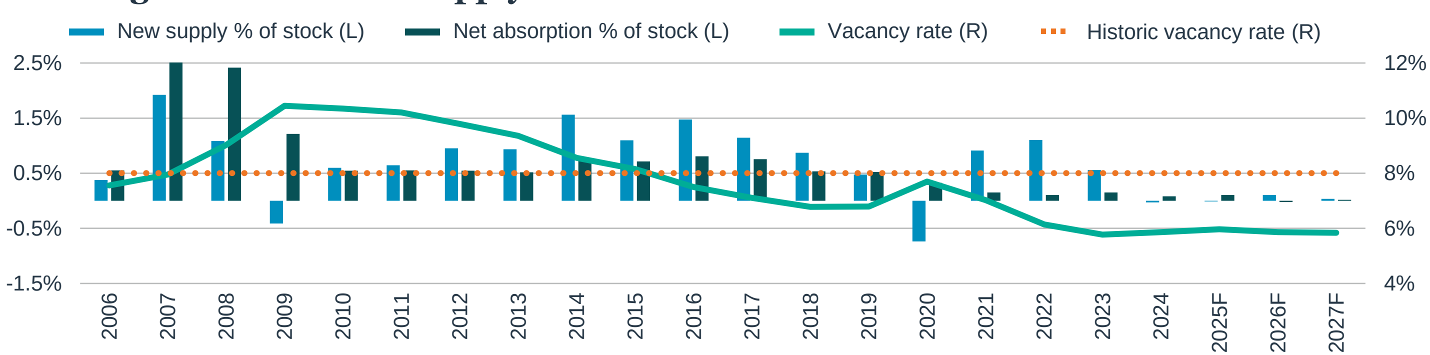
We see good potential for essential retail in 2025

We maintain high conviction in this segment of the retail market and believe the sector is poised to outperform given its healthy fundamentals. The sector has been stress tested and sits in a better position today compared to recent history. 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. Net absorption remains in positive territory as demand continues to outpace new supply. Construction activity remains depressed, which helped occupancies recover in many markets. With market rents still 40% below levels that justify new construction, we anticipate a quiet pipeline going forward. At 5.9%, vacancy remains near historic lows. As a result, market rent growth remains healthy and reached 3.8% year-on-year. Prospects for future growth remain favorable and may surprise to the upside with vacancies remaining below its historical average.

Necessity retail is positioned to outperform

We see several strategic investment themes and property attributes aligning which make for an attractive entry point in the coming year. Value declines for high-quality retail real estate have abated. The inefficiency of the capital markets and lack of dry powder are keeping investors on the sidelines. Investor sentiment is slowly starting to shift towards what we expect to be a strong opportunity. In our view, these factors are setting the stage for compelling investment conditions and a better vintage year.

U.S. neighborhood retail supply and demand trends



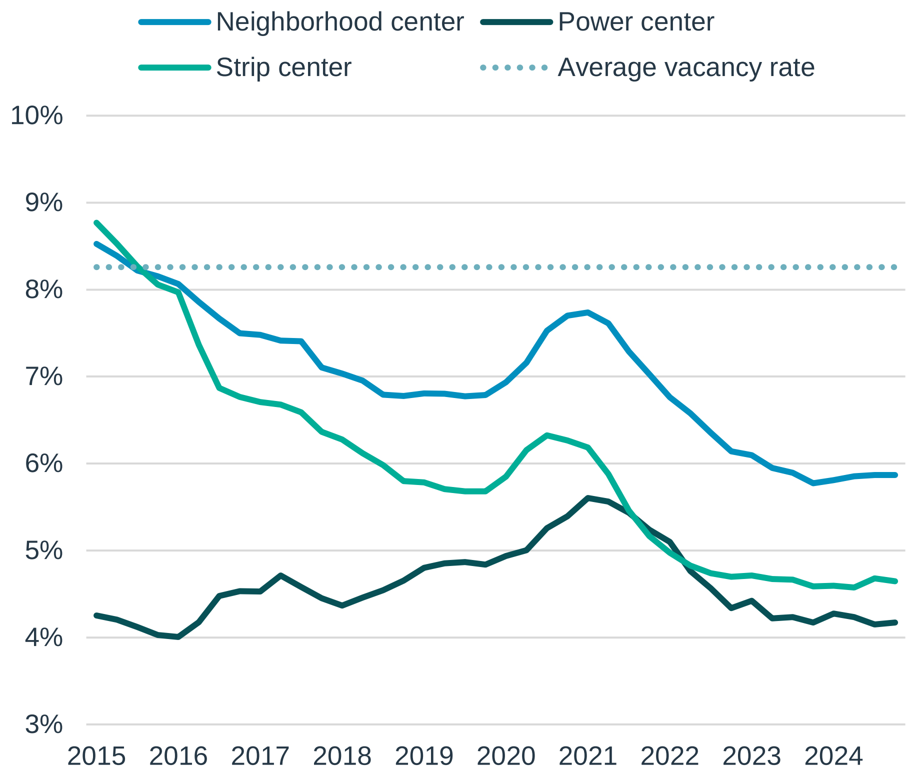
Source: CoStar data as of January 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

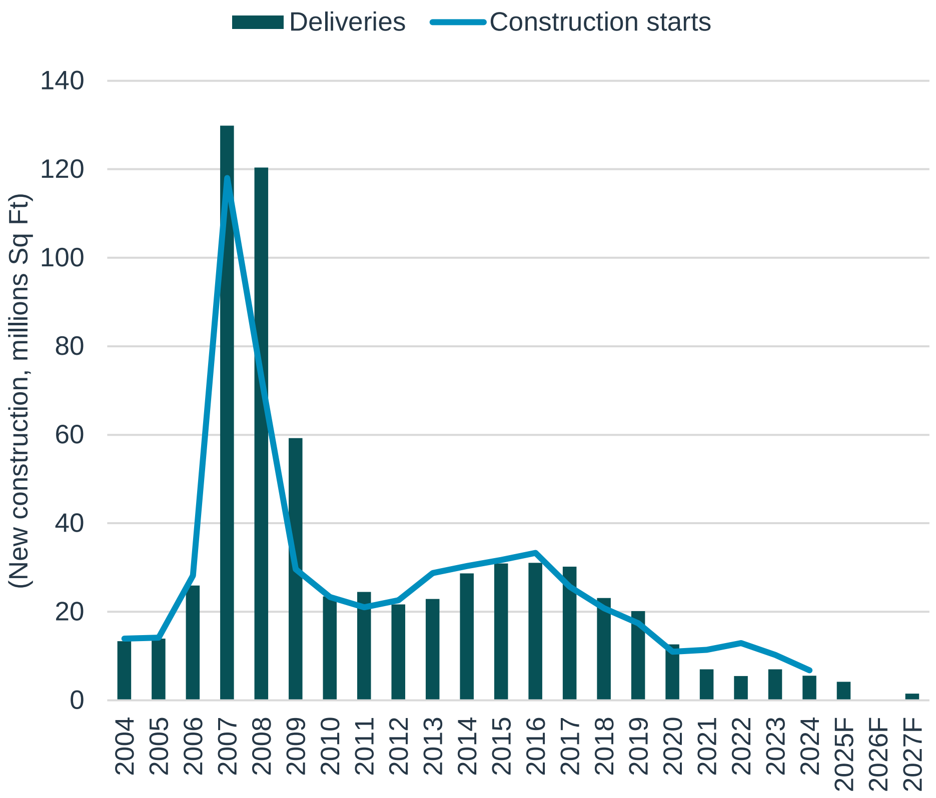
U.S. retail

Necessity retail fundamentals have never looked better

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



Supply trends
Construction starts and deliveries are grinding to a halt



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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. industrial

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

- Supply risk has begun to subside in the sector, but demand continues to face short-term headwinds from the economy
- Light industrial and modern buildings have been better positioned in this phase of the cycle

Vacancy rates are beginning to stabilize after unprecedented wave of supply

Industrial sector fundamentals softened further at the end of 2024, as the combination of muted demand and elevated supply continued to drive vacancy in the sector higher. Consumer spending growth, particularly through e-commerce channels, remained a bright spot but weakness in manufacturing and housing activity weighed on tenant demand throughout 2024. Industrial net absorption totaled just 29.1 million sq ft in the fourth quarter according to CoStar, down from 40.3 million sq ft in the previous quarter. For the year, 120.1 million sq ft of industrial space was absorbed in 2024, marking the weakest year for net new demand since 2012. On the supply side, net new deliveries continued at a more modest pace in Q4 with only 71.0 million sq ft after unprecedented supply growth in 2023 and early-2024. As a result, industrial vacancy climbed slightly from 6.6% in Q3 to 6.8% at the end of the year.

Over the medium to long term, the sector still benefits from structural demand tailwinds, such as e-commerce growth and efforts towards supply chain modernization and diversification. According to Moody's Analytics, e-commerce grew an estimated 8.9% year-on-year in Q4 2024, outpacing sales growth in traditional brick and mortar retail locations. E-commerce now makes up a record high 21.1% of all retail excluding automotive sales in the economy, surpassing the pandemic-era peak of 20.7%. As this share continues to rise in upcoming years, it will stimulate demand for distribution and last mile facilities, particularly near large, rapidly growing population centers.

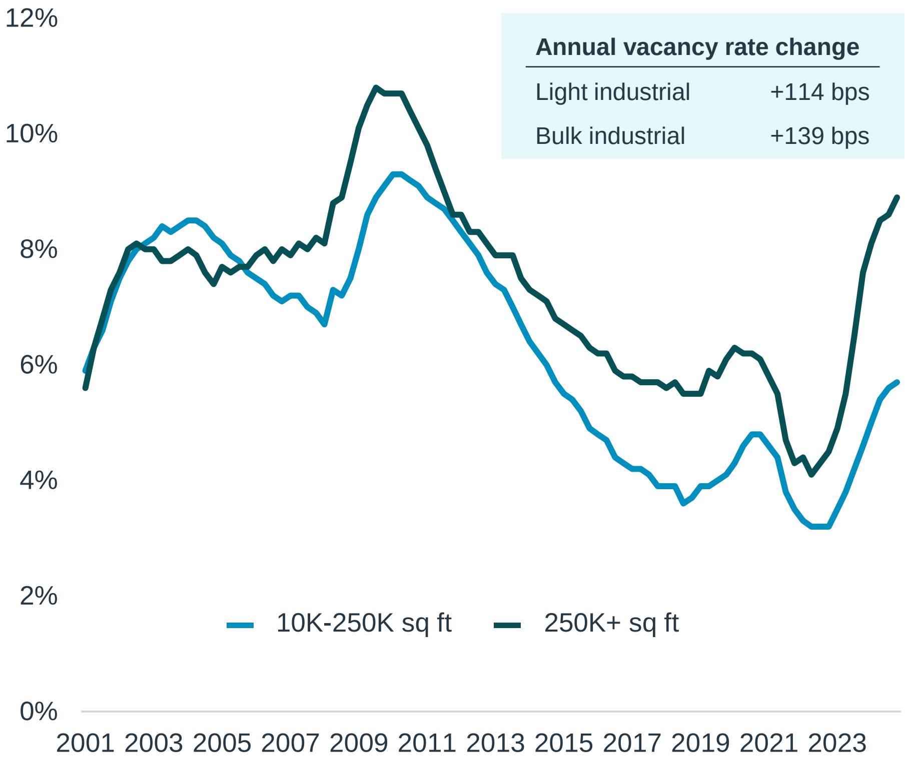
Conditions within the sector vary significantly depending on both building size and vintage. Most of the recent supply growth has been concentrated in larger building sizes while light industrial properties have faced significantly less supply risk. As a result, vacancy in smaller buildings has been notably lower despite stronger demand for bulk space. Recent-vintage industrial space has also enjoyed solid demand in recent quarters, as tenants have increasingly consolidated out of older buildings over the past couple of years. Net absorption for buildings built in 2000 or later has also decelerated but remains generally healthy at 237.3 million sq ft absorbed over the last year.

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

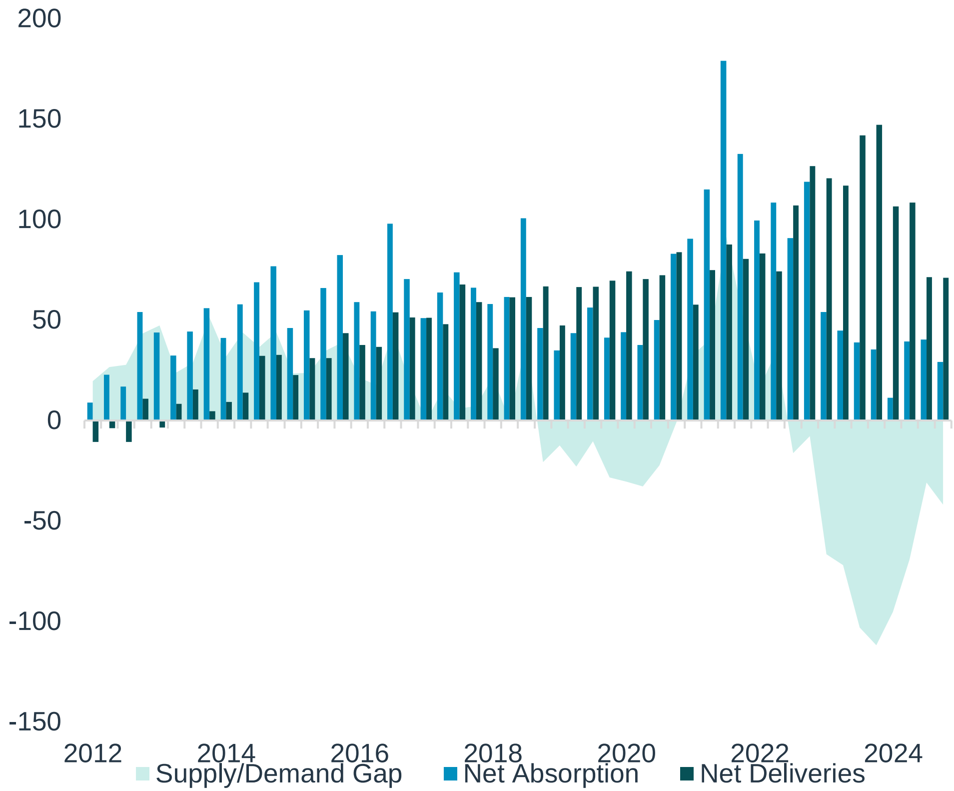
U.S. industrial

The gap between supply and demand growth in the sector has shrunk as supply risk begins to recede. Most of the supply growth in recent years has been focused on larger building sizes, and vacancy has risen more quickly in bulk space as a result

Industrial vacancy rate (% of inventory)



Net absorption and deliveries (millions, sq ft)



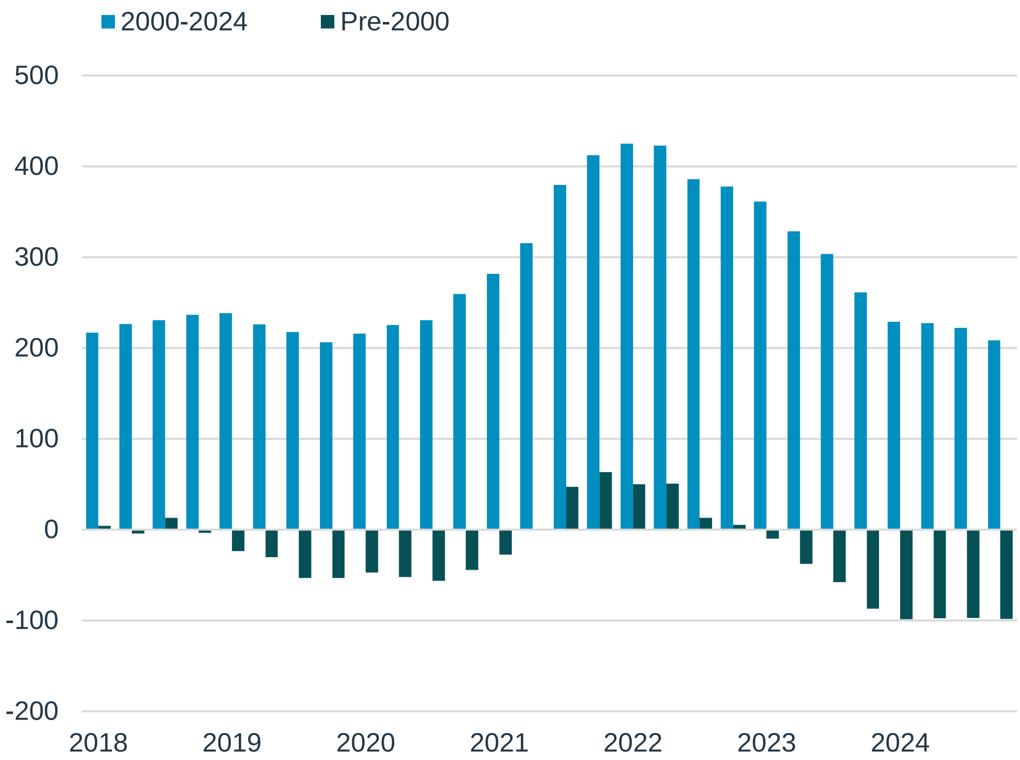
Source: CoStar as of February 2025/Nuveen Real Estate Research

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

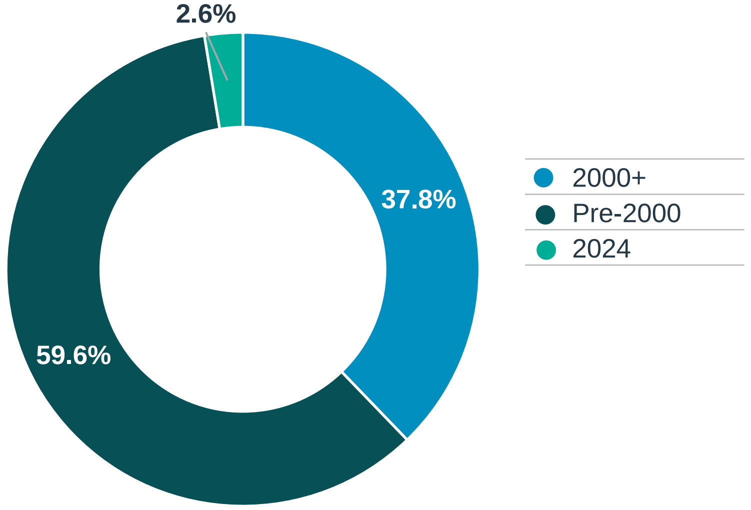
U.S. industrial

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

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



Warehousing sector assets by year built



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

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. housing

Apartment demand outpaced new supply in each of the last three quarters of 2024

- Apartment occupancy stood at 94.9% in January 2025
- Apartment rents grew 0.6% year-on-year as of January 2025
- Single-family rents grew 3.7% year-on-year as of November 2024

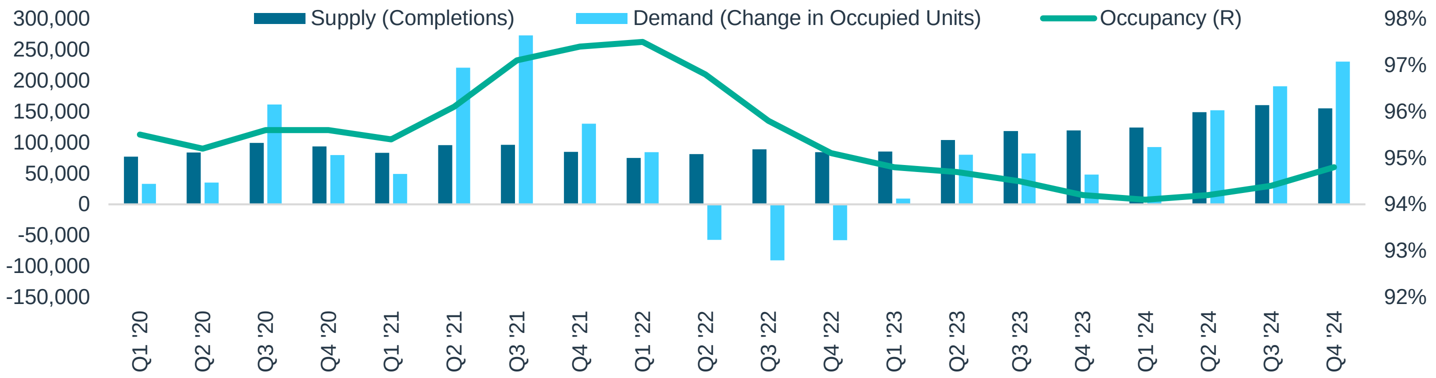
Apartment demand outpacing new supply

The U.S. apartment market absorbed nearly 231,000 units in Q4 2024, above the 155,000 units that delivered, according to RealPage. December's marginal 0.5% year-on-year increase for effective apartment rents marked the highest rent growth reading in over a year. Near-term growth may be challenged as the market absorbs peak levels of new supply. Several Northeast markets have maintained positive year-on-year rent growth including NYC/Jersey City, Boston and Washington, D.C. However, supply heavy Sunbelt markets have experienced rent cuts including Austin, Raleigh and Phoenix.

Single-family rental growth remains strong

Current single-family rental market conditions are favorable as rents grew 3.7% year-on-year as of November 2024, according to John Burns Research & Consulting. Single-family rentals are favorably positioned to benefit from various demand drivers in the next several years including the demographic wave into the prime single-family rental age cohort, continued migration to suburbs and Sunbelt markets, millennials outgrowing apartments and millennials' financial headwinds to homeownership.

Apartment supply versus demand



Source: Nuveen Real Estate Research; RealPage; John Burns Research & Consulting, February 2025

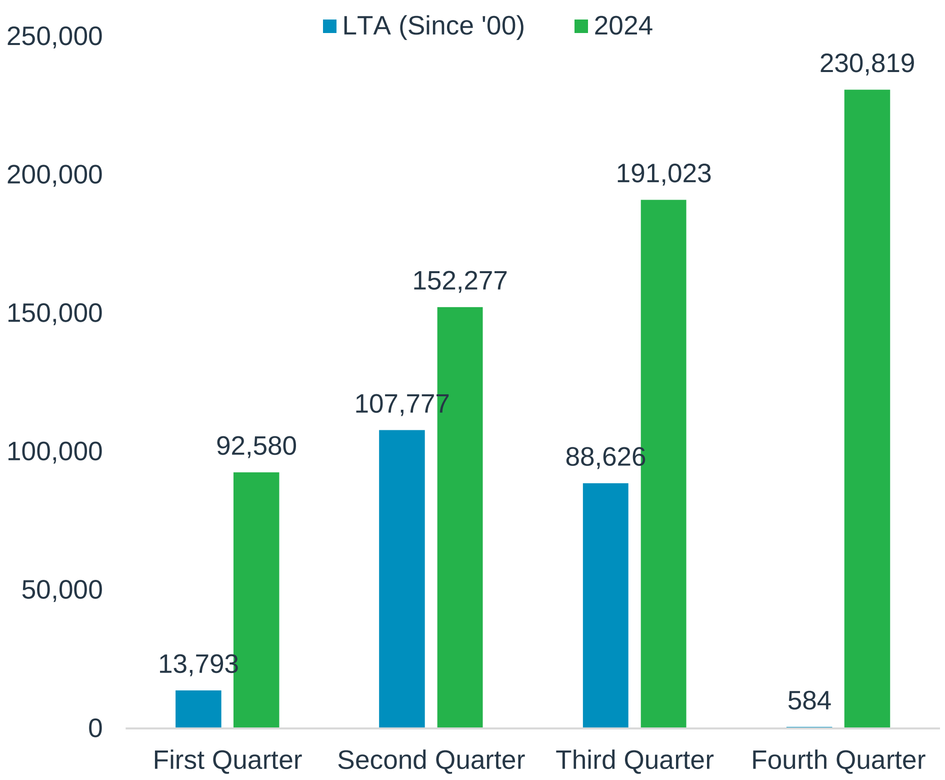
OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. housing

Apartment effective rent growth signaled marginal improvement in the final months of 2024 and into January 2025. The last four quarter demand figures were each 40,000+ units above their quarterly averages, proving the market's ability to absorb record supply delivering to the market.

Apartment effective rent change, % year-on-year

Apartment quarterly demand versus LTA



Source: Nuveen Real Estate Research; RealPage, February 2025

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

U.S. sustainability

The march to a low carbon economy continues

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

Policy

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

Investors

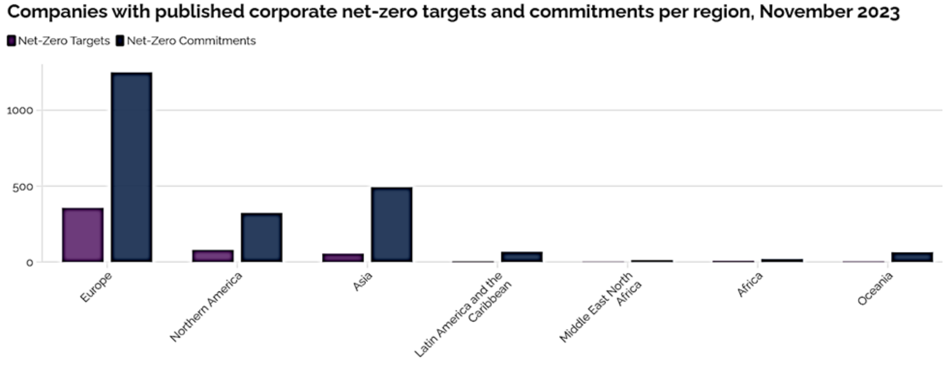
- 2024 GRESB: 15% increase in net zero goals, now reaching 65%
- INREV survey – 62% of global investors consider net zero carbon commitments when investing
- 68% of North American investors are committed to net zero carbon

Occupiers/owners

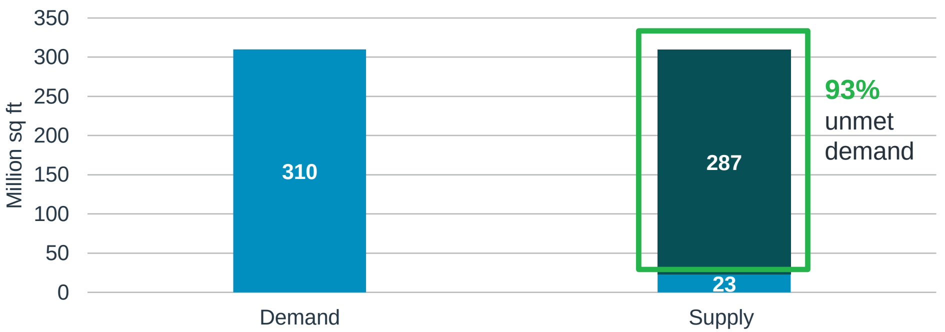
- U.S. government committed to using national net zero definition for federal leasing standard beginning 2030
- 49% of U.S. companies set net zero targets
- Total number of zero energy buildings in North America has grown by 42% since 2018
- Supply deficit – 310 million sq ft of current office space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

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

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



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



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

1 Source: JLL Research, September 2023

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

Disclosures

This document is intended solely for the use of professional clients in Europe, Wholesale Clients in Australia, Professional investors in Hong Kong, and Institutional Investors in Singapore and United States, is not for general public distribution.

Any assumptions made or opinions expressed are as of the dates specified or if none at the document date and may change as subsequent conditions vary. In particular, the document has been prepared by reference to current tax and legal considerations that may alter in the future. The document may contain "forward-looking" information or estimates that are not purely historical in nature. Such information may include, among other things, illustrative projections and forecasts. There is no guarantee that any projections or forecasts made will come to pass.

International investing involves risks, including risks related to foreign currency, limited liquidity particularly where the underlying asset comprises real estate, less government regulation in some jurisdictions, and the possibility of substantial volatility due to adverse political, economic or other developments. The value of investments and the income from them may go down as well as up and are not guaranteed. Rates of exchange may cause the value of investments to go up or down. Any favourable tax treatment is subject to government legislation and as such may not be maintained. The valuation of property is generally a matter of valuer's opinion rather than fact. The amount raised when a property is sold may be less than the valuation.

Nothing in this document is intended or should be construed as advice. The document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment.

This material is provided for informational or educational purposes only and does not constitute a solicitation in any jurisdiction. Moreover, it neither constitutes an offer to enter into an investment agreement with the recipient of this document nor an invitation to respond to it by making an offer to enter into an investment agreement.

This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields or returns, and proposed or expected portfolio composition. Moreover, certain historical performance information of other investment vehicles or composite accounts managed by Nuveen has been included in this material and such performance information is presented by way of example only. No representation is made that the performance presented will be achieved by any Nuveen funds, or that every assumption made in achieving, calculating or presenting either the forward-looking information or the historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein by way of example.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Nuveen to be reliable, and not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Company name is only for explanatory purposes and does not constitute as investment advice and is subject to change. Any investments named within this material may not necessarily be held in any funds/accounts managed by Nuveen. Reliance upon information in this material is at the sole discretion of the reader. They do not necessarily reflect the views of any company in the Nuveen Group or any part thereof and no assurances are made as to their accuracy.

Past performance does not predict or guarantee future results. Investment involves risk, including loss of principal. The value of investments and the income from them can fall as well as rise and is not guaranteed. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate.

Nuveen Real Estate is a real estate investment management holding company owned by Teachers Insurance and Annuity Association of America (TIAA). Nuveen Real Estate securities products distributed in North America are advised by UK regulated subsidiaries or Nuveen Alternatives Advisors LLC a registered investment advisor and wholly owned subsidiary of TIAA, and distributed by Nuveen Securities, LLC, member FINRA.

Nuveen, LLC provides investment solutions through its investment specialists.

4317889