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PRIVATE REAL ESTATE

5 Reasons to Increase Exposure Now

2026 Mid-Year Outlook
for Advisers

EXECUTIVE SUMMARY

The correction is over. The recovery is underway.

AT A GLANCE

8	Income	3.6%	7.9%
Consecutive positive quarters	Primary return driver this cycle	Annualized return, June 2026	Long-term return outlook (historical average)[1]

5 REASONS TO INCREASE EXPOSURE NOW

01 Values are Recovering

The correction is behind us, not still unfolding.

02 New Supply is Limited

A sharp decline in development means less new competition for the years ahead.

03 Rental Income is Climbing

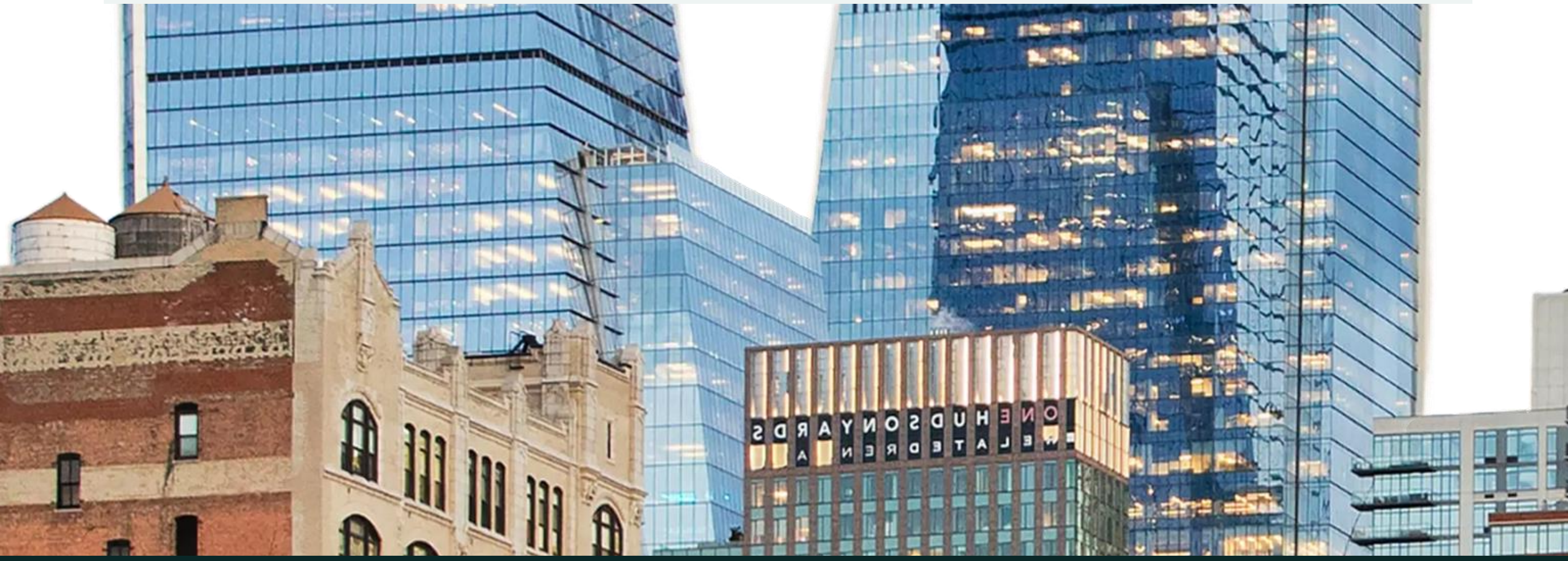
Limited new supply gives pricing power back to owners.

04 Entry Prices are Attractive

Today, many properties cost less to purchase than build.

05 Institutional Capital is Back

The most informed investors are allocating again.



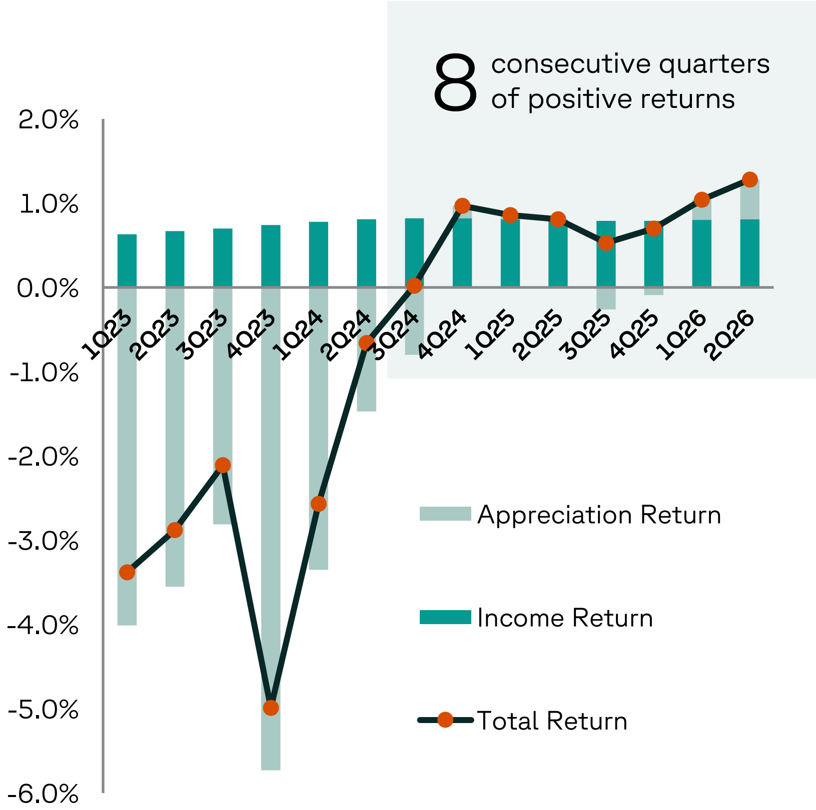
01 Values are Recovering

Values have been recovering broadly across property types since 2024. Public markets stabilized first, and private appraisals are now catching up—a typical pattern late in a repricing cycle. Healthy occupancy and positive rent growth are reinforcing the recovery. While values remain below 2021 peaks, the direction of the market has clearly turned.

EXHIBIT 1:

Core real estate returns have turned positive

Appreciation is now contributing positively to total returns alongside income.



NFI-ODCE EXAMPLE:

537-Unit Residential Skyscraper

Located in:
San Francisco's chic SoMa district

OCCUPANCY (+3 pts in Q1)	99.1%
AVG RENT GROWTH YOY	+13%
APPRAISED VALUE YOY	+27%

▲ value, ▲ income — driven by stronger fundamentals, not lower interest rates.

WHAT THIS MEANS

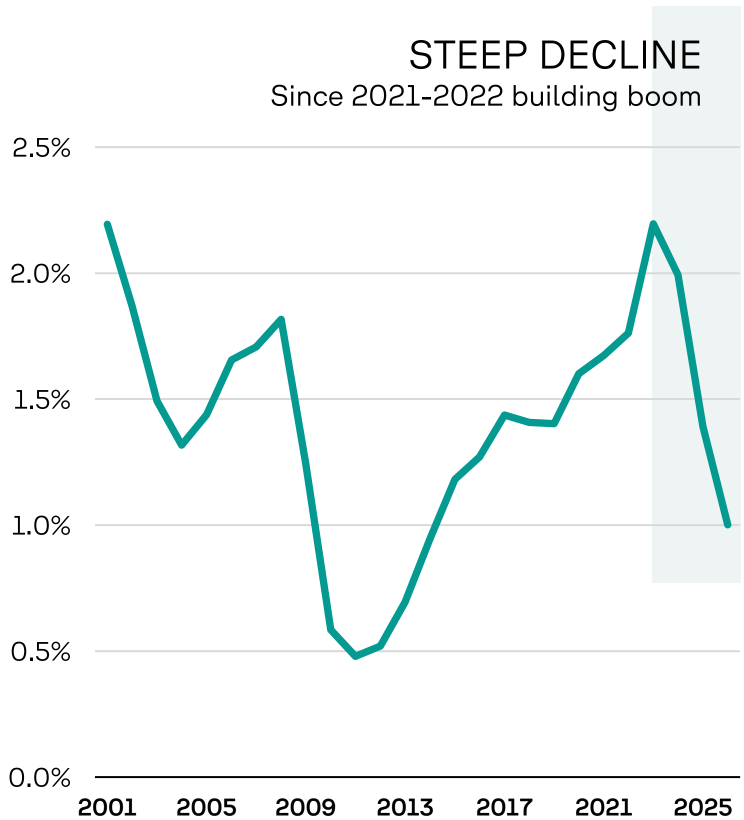
Now investors have the potential to benefit from two sources of return: income today and growth over time.

02 New Supply is Limited

Higher financing and construction costs have sharply reduced new development. Industrial starts are down about 60% from their 2022 peak, apartment deliveries are rolling over, and retail availability is near multi-decade lows. With new development projects requiring years to reach the market, today's slowdown means limited new competition for existing properties well into the future.

EXHIBIT 2:
Development has thinned dramatically

Landlords once again have pricing power — the ability to increase rents while occupancy maintains or increases.



NFI-ODCE EXAMPLE:
330K-SF Multi-Tenant Industrial

Located in:
Supply-constrained San Diego

OCCUPANCY (past 2 years)	~100%
AVG RENT GROWTH YOY	+11%
RENT INCREASE	$16.55/SF → $18.35/SF

Near-full occupancy and increasing rents show scarcity at work.

WHAT THIS MEANS

Limited new supply can support stronger income for existing properties, creating a potential tailwind for investor returns.

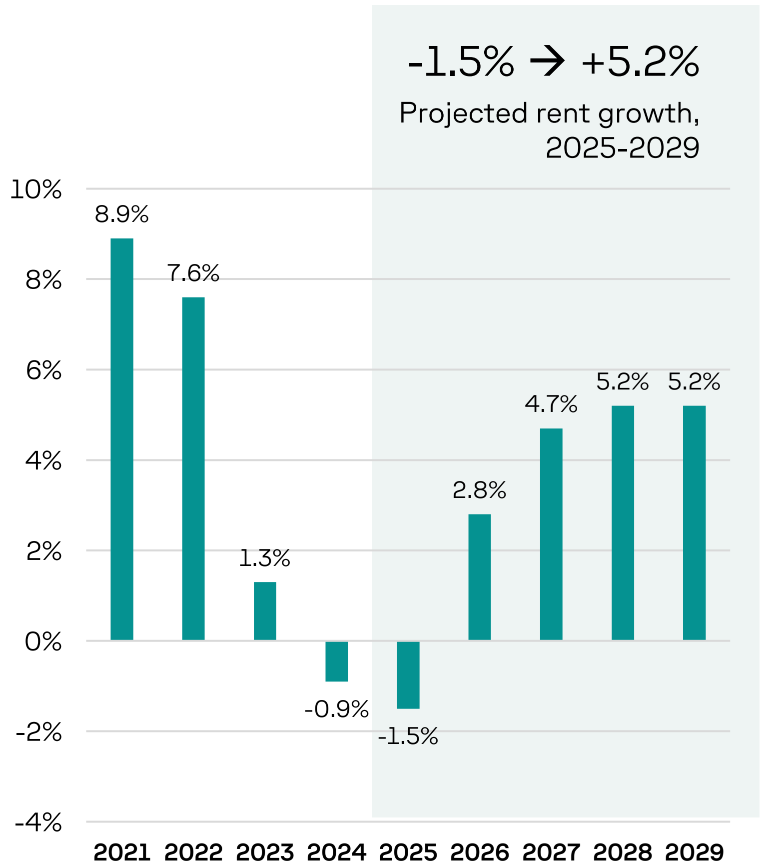
03 Rental Income is Climbing

After two years of stagnation, rents are rising again across most property types. Healthy occupancy, expiring leases resetting to higher market rents, and limited new supply give owners room to raise rents without losing tenants to new competition. As a result, we expect rising rents and income—not lower interest rates—to drive this cycle, supporting both income today and the appreciation that typically follows.

EXHIBIT 3:

Rent growth is accelerating

Rent growth is expected to accelerate through 2029 as supply remains constrained.



NFI-ODCE EXAMPLE:

570K-SF Distribution Warehouse

Located in:
Atlanta Metro, a fast-growing Southeast logistics hub

OCCUPANCY (past 2 years)	100%
RENT GROWTH YOY	+58%
RENT INCREASE	$3.93/SF → $6.20/SF

A lease reset unlocked significant rent growth at a fully occupied property.

WHAT THIS MEANS

Growing property income can provide investors with income today while supporting value growth over time.

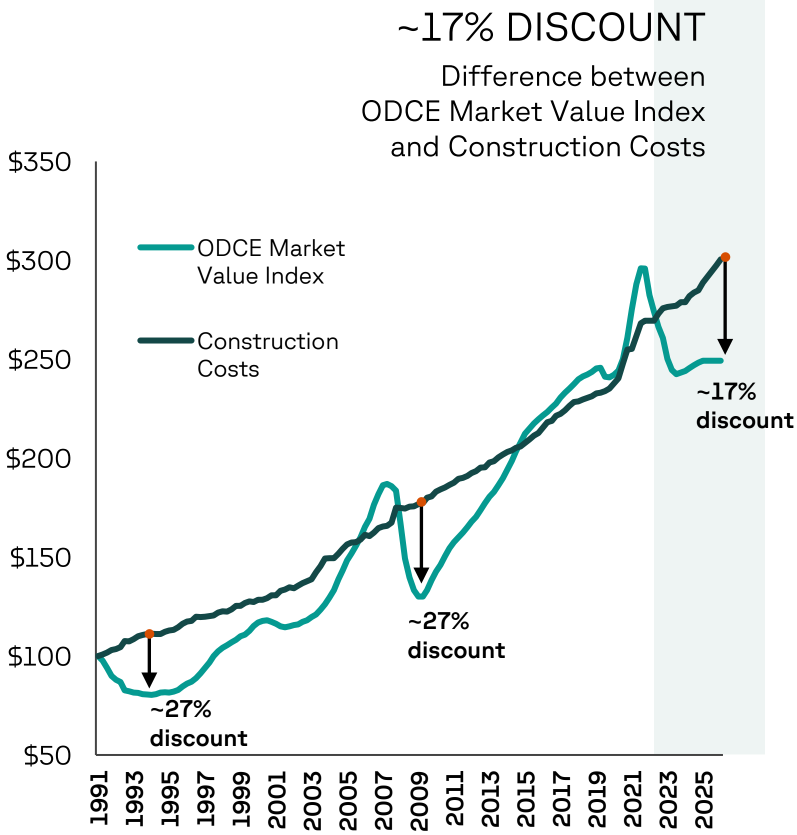
04 Entry Value is Attractive

Properties should generally be worth more than they cost to build. Today, many can be bought for less, creating opportunities to acquire quality, income-producing properties at a discount to what it would cost to recreate them. As fundamentals improve, investors can benefit from both the income they generate and potential value recovery, while rents that adjust over time can also provide some protection against inflation.

EXHIBIT 4:

It costs more to build than to buy

Property values repriced while construction costs continued to rise, creating an unusually wide gap.



NFI-ODCE EXAMPLE:

1.3M-SF Logistics Facility

Located in:
California's Inland Empire

OCCUPANCY (past 2 years)	100%
RENT GROWTH (over past 2 years)	+6%
APPRAISED VALUE DECLINE	$363M → $321M

Strong rents and occupancy at a reduced value due to higher interest rates.

WHAT THIS MEANS

Today, investors can gain exposure to income-producing properties at attractive prices in time for values to recover.

05 Institutional Capital is Back

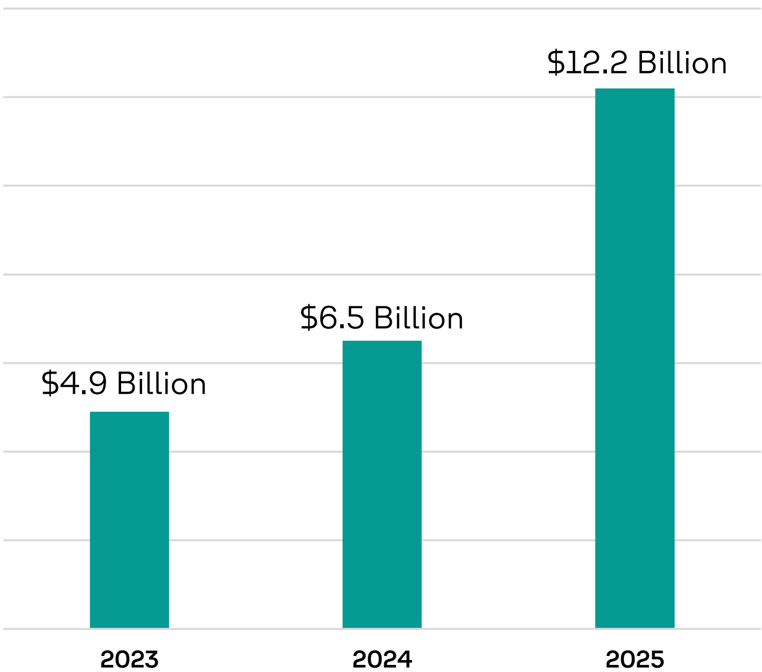
Capital is flowing back into private real estate. 2025 marked the strongest fundraising year since 2022, with $128 billion raised across North America strategies.[2] Liquidity is normalizing as distributions catch up and redemption queues clear. Institutional investors are re-engaging, signaling confidence in today's entry point and committing across the risk spectrum after a long stretch on the sidelines.

EXHIBIT 5:

Investment into NFI-ODCE funds is growing

Institutions have increased commitments to the core private real estate funds of the NFI-ODCE Index for two consecutive years.

+149%
Invested capital, past two years



NFI-ODCE EXAMPLE:

240-Unit Apartment Community

Located in:
Fast-growing Houston metro

RECENT INSTITUTIONAL ACQUISITION	2026
PURCHASE PRICE	$70M
OCCUPANCY (at acquisition)	97%

High occupancy and scale show strong demand, validating capital deployment at attractive entry values.

WHAT THIS MEANS

Returning institutional capital provides another signal that private real estate's recovery is gaining momentum.

CONCLUSION

The market has turned. The next phase is just beginning.

Private real estate has worked through a difficult adjustment period. Values are recovering, supply is limited, rents and property income are growing, and quality assets remain attractively priced. Recognizing these trends, institutional capital is returning—a strong signal the market has turned.

We believe this creates a historically compelling entry point. Core real estate has the potential to move back toward its long-term historical return of approximately 8%, with rising rents and income—not lower interest rates—doing the heavy lifting. Further out on the risk spectrum, targeted value-add and opportunistic strategies may offer additional return potential as the recovery broadens.

For advisers, the takeaway is clear: today's entry point strengthens the case for private real estate in client portfolios as a source of income, diversification, potential appreciation, and inflation protection.

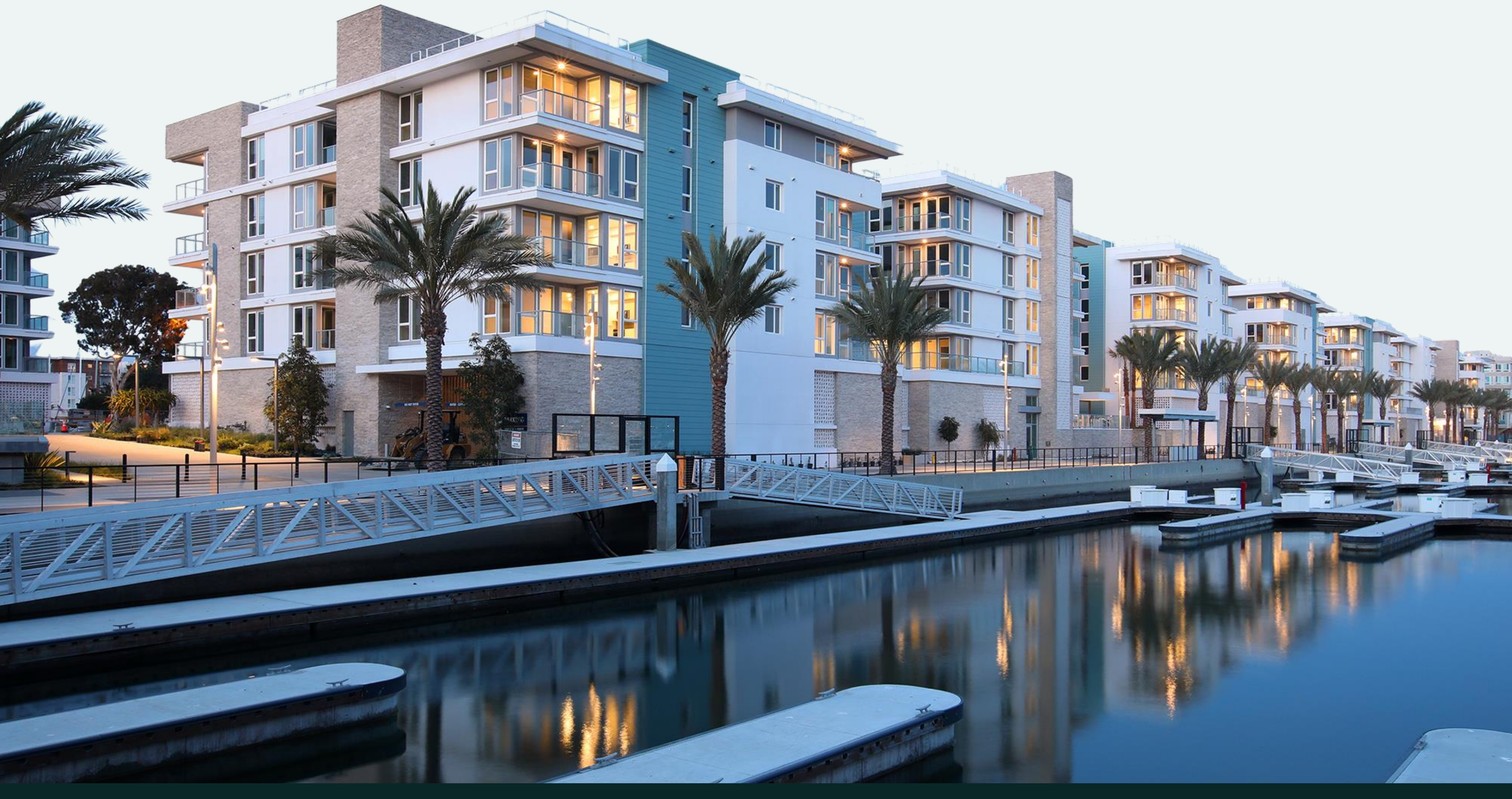


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EXHIBIT 1, Source: IDR, NFI-ODCE quarterly net returns, value-weighted as of 2Q 2026
EXHIBIT 2, Source: IDR, Green Street, DWS, NCREIF. Annual new supply growth as a share of existing stock, across industrial, residential, office, and retail, from 2001 to 2025. Data as of 4Q 2025.
EXHIBIT 3, Source: IDR, Green Street, DWS, NCREIF. Annual rent growth across industrial, residential, office, and retail — 2021 to 2024 actual, 2025 to 2029 projected. Data as of 4Q 2025.
EXHIBIT 4, Source: IDR, NCREIF, ENR. NCREIF ODCE Market Value Index versus construction costs, both indexed to 100 in 1991, from 1991 to 2026. Data as of 1Q 2026.
EXHIBIT 5, Source: IDR, NCREIF. Capital raised across the NFI-ODCE Index, 2023 to 2025. Data as of 4Q 2025.

NFI-ODCE Property Examples: All data as of Q1 2026; Source: IDR

[1]Historical Average calculated based on NFI-ODCE gross total return for quarterly rolling 3-year periods over the past 15 years ended Q4 2025.
[2]Preqin