

Why institutions stick with core real estate through market cycles

Markets shift and asset classes fall out of favor. Yet one allocation has remained remarkably consistent in the world's most sophisticated portfolios: core private real estate.

Institutional investors – with access to research teams and professional analytical and investment staff – have increased their real estate allocations by more than 20 percent during the past decade, reaching nearly 11 percent by 2025.¹ That's more than 3x the average individual investor. Family offices set even higher targets, averaging 21 percent.²

Institutions anchor their portfolios in core

Core real estate consists of stabilized, income-producing properties in major U.S. markets: think apartments in supply-constrained cities, key office towers with high occupancy, logistics facilities leased to high-credit tenants, and retail centers in strong trade areas. These properties generate steady cash flows and tend to appreciate over time.

For institutions, this allocation plays a stabilizing role providing dependable income and diversification. While allocations to higher-risk strategies may fluctuate depending on the cycle, core real estate generally remains steady.

Nearly five decades of proof³

The benchmark for private real estate, the NFI-ODCE index, provides nearly five decades of performance history tracking the largest institutional core private real estate funds in the country. That history shows why institutions continue to hold core real estate through a range of market environments.

- **Dot-com bust (2000-2002):** The S&P 500 fell by about 40 percent, while the NFI-ODCE index delivered positive annual returns each year, supported by stable income.
- **Global Financial Crisis (2008-2009):** The NFI-ODCE index declined by roughly 30 percent peak to trough, compared with the S&P 500's -55 percent drawdown. It returned to its pre-crisis peak within a year and a half, supported by income.
- **Most recent cycle (2022-2023):** Rising interest rates and valuation resets produced the third major drawdown in the Index's 48-year history. Redemption queues grew as investors managed liquidity needs, but long-term allocations to core real estate remained intact. By late 2024, returns had turned positive again, signaling recovery.

Only three major drawdowns in nearly 50 years – each followed by recovery: this explains why institutions treat core real estate as a permanent allocation.

Proof in the modeling

That resilience is echoed in portfolio analysis. During the past 10 years, a portfolio mix of **10 percent private real estate, 35 percent bonds and 55 percent equities would have outperformed**

¹Cornell-Hodes Weill Real Estate Allocations Monitor, 2024; ²CAIA Association, The Case for Strategic Allocations to Listed and Private Real Estate, 2024; ³NCREIF NFI-ODCE Index data; 45-year rolling periods as of Q2 2025; Equities (S&P 500), Bonds (U.S. Agg Bond Index), PRE (NFI-ODCE Index); ⁵The IDR Core Property Index Fund, Ltd (sister fund to Accordant ODCE Index Fund) is the institutional index fund managed by IDR Investment Management, LLC ("IDR").

with higher returns in nearly 70 percent of quarters and lower risk across 100 percent of quarters compared with a traditional 60/40 allocation.⁴

For institutions responsible for consistent results across generations, those probabilities reinforce the case for long-term allocation.

The Goldilocks of alternatives

Core private real estate is the **"Goldilocks" of alternatives** – alternative enough to diversify portfolios and provide different sources of return, but not so unfamiliar or speculative that it feels disconnected from traditional investing.

Private real estate is now the **third-largest asset class, behind only stocks and bonds**. Institutions value core real estate because it provides the potential for durable income and long-term appreciation. Like bonds, it delivers contractual cash flows. Like equities, it participates in economic growth. That balance – income plus appreciation, alternative yet established – explains why institutions treat core as foundational.

The third drawdown in nearly 50 years creates opportunity

As noted above, **the most recent correction was only the third in nearly five decades**. History shows that resets like these often set the stage for strong subsequent performance. With the NFI-ODCE index back in positive territory, advisers now face a decision: stay on the sidelines or capitalize on the opportunity to align with institutional behavior at the start of a recovery.

The index fund for private real estate

Institutions have relied on this benchmark for decades, holding core real estate steady through every cycle. **Now, with the Accordant ODCE Index Fund – the only fund designed for private wealth investors that tracks the NFI-ODCE index – advisers can deliver clients the same stability that the world's largest investors rely on.** For the first time, the indexing strategy behind nearly \$8 billion in institutional allocations⁵ has been redesigned specifically for advisers, with features such as quarterly repurchases, a low investment minimum and no accreditation requirements. Structured for ease and scalability, it's available through major custodians under the ticker ODCEX.

The lesson from institutions is clear: core real estate is a long-term foundation. For advisers, the opportunity to invest in it through ODCEX has rarely been as well-timed as it is today.



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CORPORATE OVERVIEW

Accordant Investments is a registered investment adviser based in Scottsdale, AZ. Accordant creates investment solutions that allow private wealth investors to access private real estate in a way that was once only available to the world's largest investors.

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