



Positioning for what's ahead

A fresh chapter that brings exciting opportunities and growth

What you need to know

- Private real estate has delivered six consecutive quarters of positive return, driven by steady income and modest appreciation.
- Fundamentals are healthy and values have adjusted to reflect the higher rate environment.
- NOI growth is accelerating as new supply declines and tenant demand remains strong, fueled by macroeconomic drivers.

What this means for 2026

- Industrial, healthcare and housing sectors driven by demographics and innovation are positioned to outperform.
- With the Fed pursuing steady rate cuts, liquidity and transaction volumes should continue to strengthen.
- Capital remains anchored in high-conviction sectors but is beginning to extend into more differentiated market areas.
- Tight spreads and robust debt markets are providing high-quality borrowers and assets with ample access to financing.

High-conviction macro themes

Demographics

- Growth among 35- to 50-year-olds is fueling demand for housing; industrial space; and retail focused on essentials, services and experiences.
- The aging baby boomer population is driving demand for healthcare, senior housing and medical office space.

Housing

- Persistent housing shortages and affordability challenges are fueling demand for rental properties.



Innovation

- Artificial intelligence (AI) accelerates other trends – for example, driving robotics adoption for modern warehouses and advancing patient care and medical research.
- Ecommerce is driving industrial demand.
- Biotech and pharmaceutical sectors are key drivers of growth across healthcare properties.

Shifting patterns of globalization

- Supply-chain modernization, nearshoring and manufacturing expansion are driving demand for industrial and IOS.

Sources: Clarion Partners Global Research; Marcus & Millichap; Colliers; Green Street; Moody's Analytics. Past performance is not indicative of future results and incomes may change more rapidly and significantly than under standard market conditions. This material does not constitute investment advice, nor does it constitute an offer in any product or strategy offered by Clarion Partners LLC and should not be viewed as a current or past recommendation to buy or sell any securities. Any specific investment referenced may or may not be held in a Clarion Partners client account. It should not be assumed that any investment, in any property or other asset, was or will be profitable. Investment in real estate involves significant risk, including the risk of loss. Investors should consider their investment objectives, and it is strongly suggested that the reader seek his or her own independent advice in relation to any investment, financial, legal, tax, accounting or regulatory risks and evaluate their own risk tolerance before investing.

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