

Institutional Real Estate Investor Trends 2026

The 30th Annual Global Investor Sentiment Survey

Presented by

INSTITUTIONAL REAL ESTATE, INC.

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Allocating Capital in an Era of Compounding Risk

by Geoffrey Dohrmann

The global investment environment heading into 2026 was being shaped less by any single economic variable than by the convergence of multiple, interrelated forces. Geopolitical tensions; trade policy uncertainty; shifting alliance structures; and persistent conflicts across Europe, the Middle East and Asia have combined to create an environment in which capital allocation decisions are increasingly complex — and increasingly consequential.

It was against this backdrop that Institutional Real Estate, Inc. conducted its annual global investor sentiment survey, now in its 30th year and its 12th as a global initiative. Importantly, the survey was completed before the most recent escalation of tensions involving Iran and the United States.

As a result, the findings capture investor sentiment before the latest headlines — making them a barometer of underlying concerns rather than reactive positioning.

What the survey reveals is not a market frozen by uncertainty, but one that has become more selective, more risk aware and more deliberate in how capital is deployed. On the other hand, the recent U.S. actions against Iran could amplify already serious investor concerns about geopolitical tensions and disrupt the plans articulated by this year's survey respondents.

Executive summary

- While, in general, investors see improvements in real estate markets and opportunities to put money to work, four risks remain foremost on their minds: Geopolitics, especially with regard to investing in the United States; persistently higher interest rates and inflation; anemic job growth; and the return of capital.
- With this said, investors did a better job of putting capital to work in 2025 than they did in the previous two years from both a total amount perspective and when compared with their target for the year.
- Value-added strategies remain popular, but opportunistic strategies will get more attention in 2026 as investors have meaningfully increased their allocation to this risk strategy while remaining underweight their target.
- Execution, especially with respect to operations and property management has taken on an increased importance to investors as leverage is not boosting returns as it had over the past 20-plus years.
- Investors also remain interested in niche strategies, including medical office, data centers, student housing, age-restricted housing and manufactured housing, to name a few.
- Investors continue to prefer closed-end funds over open-end funds when entering pooled fund vehicles, but a large percentage is focused on separate accounts and joint ventures to execute specific strategies and provide more control.

Allocating Capital in an Era of Compounding Risk *(continues)*

Investors appeared to be recalibrating, not retreating

For institutional investors and consultants, the central question entering 2026 was not whether to invest in real assets, but how to do so prudently in a world where traditional assumptions are being tested. Survey respondents consistently expressed concern about geopolitical risk, inflation persistence, interest rate volatility and policy uncertainty — factors that now appear to them to be interacting rather than operating independently.

Rather than prompting a wholesale retreat from real assets, these concerns are driving a reassessment of portfolio construction. Investors are placing greater emphasis on diversification by geography and strategy, favoring allocations that offer resilience across multiple economic and political scenarios. Some investors appear to be shifting from a traditional asset allocation approach to a newer total portfolio approach (TPA), dispensing with formal asset allocation and forcing each asset class to justify its position in the portfolio. For almost all respondents, the focus is increasingly on downside protection, income durability and manager execution rather than on aggressive return chasing.

For consultants advising these investors, the survey should provide valuable insight into clients and their behavior alike. Understanding how other institutions are adjusting allocations — by sector, region and risk profile — should help consultants frame more informeddiscussions about portfolio adjustments, manager selection and pacing decisions. In a market where consensus is elusive, peer intelligence becomes a critical reference point.

What capital is signaling to managers and operators

For investment managers and real estate operators, the implications of this year's survey are equally instructive. Capital remains available, but it is more discerning than in recent years. Investors are signaling a clear preference for strategies that acknowledge macro and geopolitical realities rather than assuming a benign environment will return quickly.

Managers seeking to raise capital in 2026 will need to demonstrate not only a compelling investment thesis but also an understanding of the risks investors are attempting to manage. Strategies that rely heavily on optimistic assumptions about interest rates, geopolitical stability or rapid economic normalization are likely to face greater scrutiny. Managers also need to justify the role real estate plays in their clients' portfolios, rather than simply focusing on the merits of their proposed investment programs. Fit has never been more important.

Conversely, offerings that emphasize operational discipline, transparent risk management and alignment with long-term structural themes are more likely to resonate. Investors are asking tougher questions about capital preservation, liquidity and the durability of income streams — questions that go beyond marketing narratives and require substantive answers.

The survey suggests successful capital raising in the coming year will depend less on novelty and more on credibility. Managers who can articulate how their strategies are likely to perform across a range of potential



Allocating Capital in an Era of Compounding Risk *(continues)*

outcomes — and who can demonstrate alignment with evolving investor priorities and concerns — will be better positioned to attract commitments.

Institutional signals matter to private wealth advisers

Private wealth advisers represent another important audience for this year's survey findings. While their clients may operate on different time horizons, with more personal objectives and concerns, different liquidity needs and a focus on after-tax versus before-tax returns, institutional investors often serve as an early signal of broader market shifts.

As institutions recalibrate their allocations in response to geopolitical risk and economic uncertainty, the ripple effects will influence product development, performance dispersion and the availability of investment opportunities across the private wealth channel. Advisers who understand why institutions allocate capital in certain ways will be better equipped to adjust their recommendations and manage client expectations.

The survey highlights a growing emphasis among institutions on risk management and portfolio resilience — considerations that are equally relevant
to high-net-worth and mass-affluent investors. Translating institutional behavior into actionable insight for private clients requires nuance, but the direction of travel is clear: Flexibility and diversification are becoming more important as sourcesof value.

Geopolitics: From background noise to central consideration

One of the most striking aspects of this year's survey is the degree to which geopolitical concerns were already influencing investor thinking before recent escalations. Respondents cited a wide range of issues — from trade tensions and alliance realignment to conflicts involving Ukraine, Israel and the broader Middle East — as meaningful factors shaping their outlook.

Subsequent developments have only reinforced these concerns. The escalation of tensions involving Iran, along with strengthening ties among geopolitical rivals, underscores the reality that geopolitical risk is no longer a peripheral consideration. It is increasingly central to how investors think about capital deployment, regional exposure and long term strategy.

Importantly, this does not mean investors are attempting to time geopolitical outcomes. Instead, they are designing portfolios intended to remain viable under a broader set of scenarios and potential outcomes. In this context, adaptability itself has become a form of risk management.

A shift in mindset

Perhaps the most important takeaway from the 2026 global investor sentiment survey is a subtle but meaningful shift in mindset. Investors are moving away from the search for a single, dominant base case



Allocating Capital in an Era of Compounding Risk *(continues)*

and toward a more probabilistic view of the future. In an environment where policy decisions and geopolitical events can quickly alter economic trajectories, resilience and optionality are being prioritized alongside return potential.

For all readers — investors, consultants, managers, operators and wealth advisers — the survey is best viewed not as a forecast, but as a set of signposts. It reflects how some of the world's most sophisticated real asset investors are interpreting a complex and uncertain landscape and adjusting their behavior accordingly.

In a world defined by compounding risk, the ability to make informed, deliberate decisions has never been more valuable. This year's survey is intended to support that effort.

The hero's problem: You can't execute a plan if the map keeps changing

This year's survey is valuable precisely because it helps investors, consultants, manager/operators and private wealth advisers separate signal from noise. In periods like this, the "signal" that investors care most about isn't only what peers said they intend to do. It's also whether peers will still execute those intentions once volatility and macro uncertainty surge.

The disruption in the Strait of Hormuz has already produced rapid price and shipping dislocations, which is the kind of external shock that can turn a confident allocation plan into a "wait and see" posture. The data from this year's survey, which identifies geopolitics as a key negative influence, reinforces the idea that this pause risk is not hypothetical — it's consistent with how respondents were already framing the environment.

The execution gap: Why elevated geopolitical risk can freeze capital allocation

This is the critical integration point: Plans expressed in a survey can be rational but still delayed or resized when the cost of uncertainty rises. In moments like this, investors don't necessarily abandon their strategic direction, but they often do slow their pacing, demand higher risk premiums, increase scrutiny on liquidity and counterparty risk, and wait for confirmation that the new risk regime is not deteriorating further.

The present disruption offers plenty of triggers for that behavior: shipping
delays, volatile energy pricing and the possibility that even "temporary" dislocation will become persistent if security risks remain elevated. The Congressional Research Service also emphasizes that a prolonged disruption would create oil market conditions with "no historical precedent," and that the magnitude and duration of price elevation is uncertain — exactly the kind of uncertainty that widens bid-ask spreads and slows commitment decisions.



Allocating Capital in an Era of Compounding Risk *(continues)*

For investors and consultants, this suggests a useful reading of the survey results: Treat them as directional intent under baseline conditions, then overlay a "geopolitical shock adjustment" that asks what changes if energy and food inflation reaccelerate and recession probabilities rise.

That framing is consistent with the broader "fragmentation and inflation" thesis that permeates this year's survey results — an environment in which resilience becomes more valuable than efficiency.

What this means for our readers

Investors and consultants should read the survey as a peer benchmark but also look for the potential pause points where execution could slip: allocations requiring near-term financing assumptions, strategies sensitive to energy-driven inflation and regions where supply-chain fragility becomes a first-order risk. The energy and LNG shock dynamics described by Reuters and the structural chokepoint reality outlined by IEA/U.S. Energy Information Administration (EIA) sources strengthen the case for stress-testing portfolios against a higher-for-longer cost regime.

Investment managers and operators should assume capital will become even more selective. If investors are worried that inflation will get a second wind via energy and food, underwriting standards tighten, and the hurdle for conviction rises — particularly for strategies that depend on benign financing or rapid cap rate compression. That doesn't mean no, but it can mean "Not yet," or "Show me your downsid ecase." Shipping disruption and price volatility are exactly the kind of conditions in which investors demand operational resilience over narrative optimism.

Private wealth advisers should pay attention to institutional behavior as an early signal — but also recognize that institutions may delay execution even when strategic intent is clear. If inflation rises, advisers may need to reassess the near-term inflation narrative and the risk that "sticky" inflation will return via supply channels rather than demand overheating.

Bottom line: The survey results still matter — but the world just added a new variable

The right way to integrate the Iran escalation into your understanding of the survey results is to recognize that respondents were already elevated in their geopolitical concern, and that the subsequent disruption in the Strait of Hormuz increases the probability of an execution gap between intent and action.

The Strait is a chokepoint not only for oil and LNG but also for fertilizers and broader trade; when disrupted, it pushes up energy prices, freight costs, inflation expectations and ultimately risk appetite. In that environment, you need more than a snapshot of sentiment. You need a map of how sentiment could translate into behavior under stress.



Allocating Capital in an Era of Compounding Risk *(continues)*

Which is why it's important to be careful. Be very, very careful. It's a wacky world out there. ❖

Geoffrey Dohrmann
Boca Raton, Fla.
March 18, 2026



INSTITUTIONAL REAL ESTATE, INC. MISSION STATEMENT
To improve transparency and lower the cost of accessing information throughout the real estate, infrastructure and real assets investment industries
To facilitate more open dialogue between investors and the people and companies who serve them
To be the most trusted and reliable source of data and intelligence on the institutionalization and globalization of real estate, infrastructure and the real asset classes
To protect and defend the interests of investors worldwide who are investing in real estate, infrastructure and real assets
To advocate for the inclusion of real estate, infrastructure and real assets in the portfolio

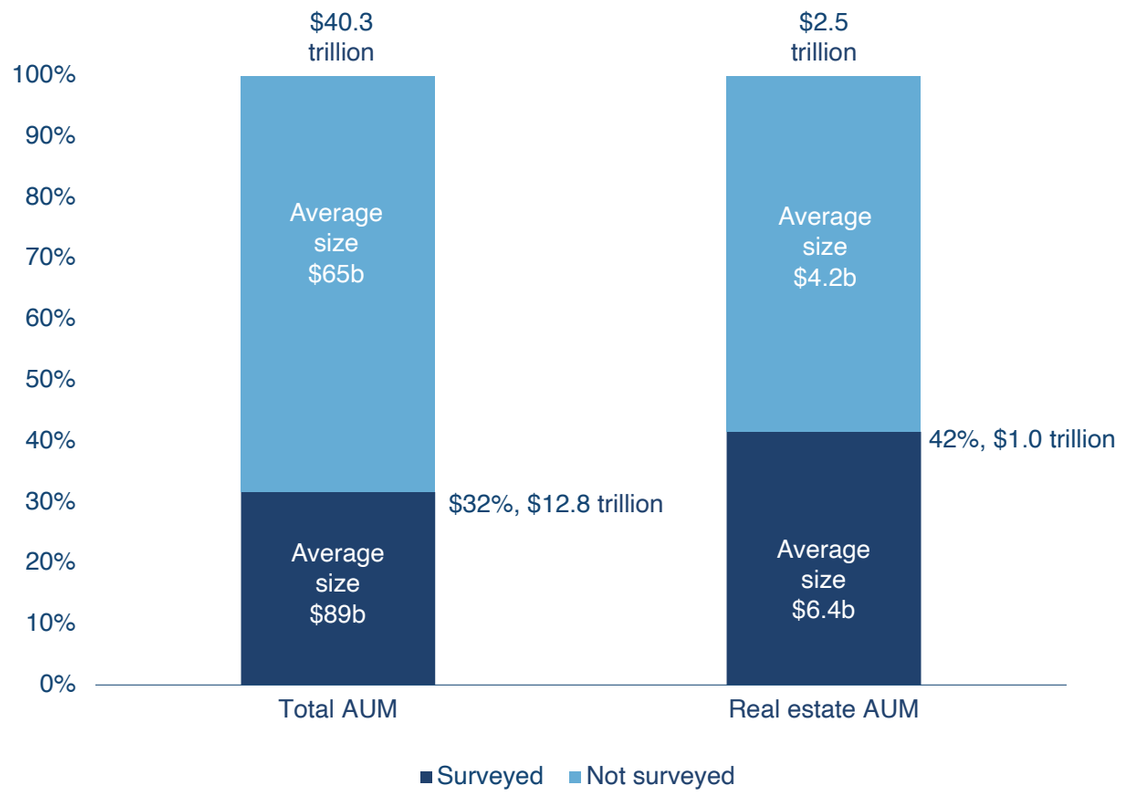
Respondent Profile

Makeup of global institutional real estate investors surveyed

This survey provides direct insight into institutional investor behavior, based on 173 responses representing $12.8 trillion in total assets under management (AUM) and just over $1 trillion in real estate AUM. With 60 percent repeat participation drawn from a base of the largest global investors, the data offers a reliable, trend-based view into how allocators are thinking, what they prioritize, and how they are likely to deploy capital.

Survey respondents are representative of the largest, most active global investors in real estate. A universe of 500 global real estate investors, as tracked by IRE.IQ, was identified. The 173 respondents to the survey account for 35 percent by count and 42 percent of the real estate AUM of the IRE.IQ universe. Survey respondents, with an average size of $89 billion, are larger than the overall comparison universe (average size of $65 billion) and have greater allocations to real estate (average real estate AUM of $6.4 billion, compared with $4.2 billion for the IRE.IQ universe).

Respondents vs. IRE.IQ Universe



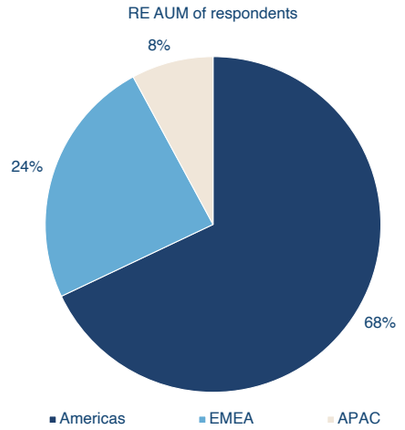
Distribution of Investors by Region

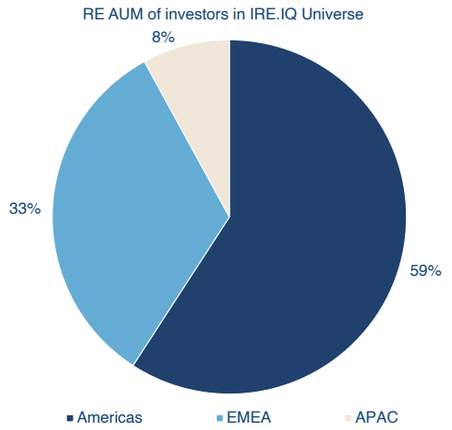
Americas-based investors are overrepresented by real estate AUM

Unlike in the early days of the survey, which focused on U.S.-based investors only, the survey breaks out respondents by three global regions: Americas, APAC, EMEA. By real estate assets under management (AUM), the respondent base remains skewed toward the Americas, though representation from EMEA and Asia Pacific is meaningful and has improved over time. Notably, participation from Asia Pacific increased in the latest survey, enhancing the overall global perspective.

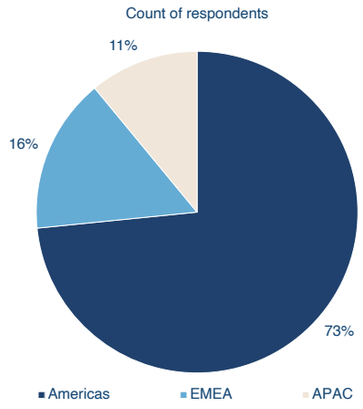
By respondent count, the sample is broadly aligned with the global investor universe, although it remains modestly overweight toward the Americas.

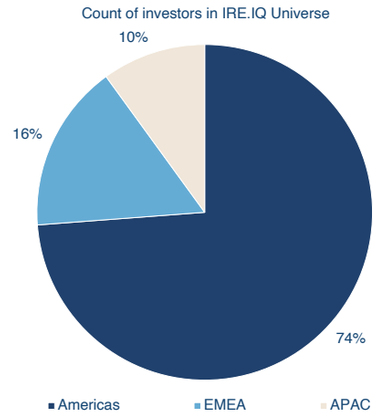
Distribution of investors by region (AUM)





Distribution of investors by region (investor count)



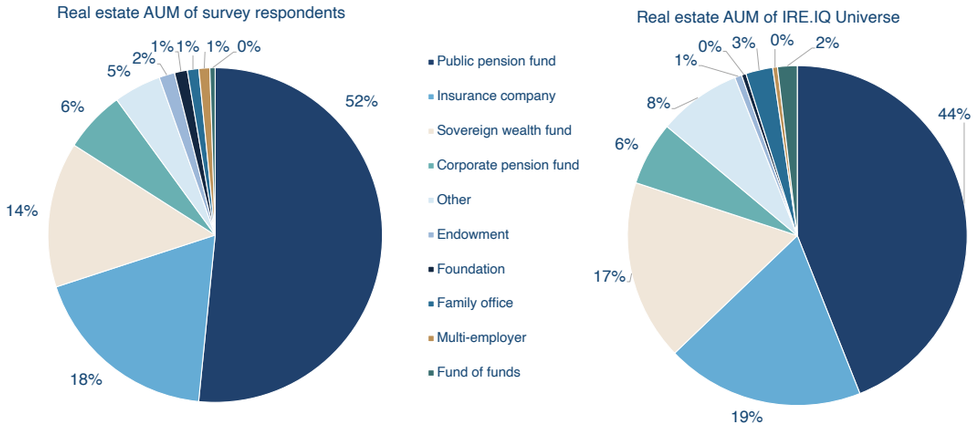


Distribution of Investors by Type

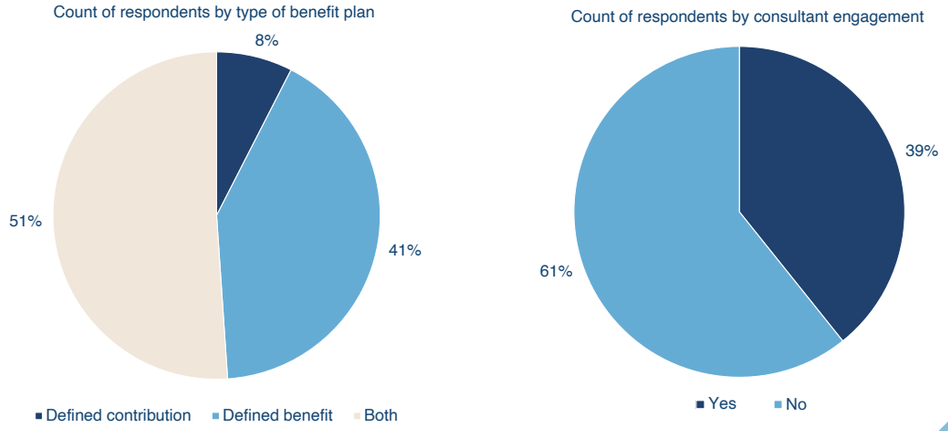
Most respondent plans are still defined benefit, and the majority do not engage a consultant

The respondent base is anchored by the largest allocator categories — a useful mirror for how institutional capital is actually distributed. Just over half of survey respondents, by real estate AUM, are public pension funds, resulting in a slight overweight relative to the broader universe. Most respondents continue to be defined benefit plans, although defined contribution structures are gradually expanding, particularly in Europe and Asia Pacific and, to a lesser extent, in the United States through target-date vehicles. The proportion of plans identifying as both defined benefit and defined contribution increased significantly, likely reflecting improved engagement with the survey. A majority of respondents do not engage consultants, with this share increasing slightly year over year, although a notable portion of participants did not respond to this question.

Distribution of investors by type (AUM)



Benefit type and consultant status

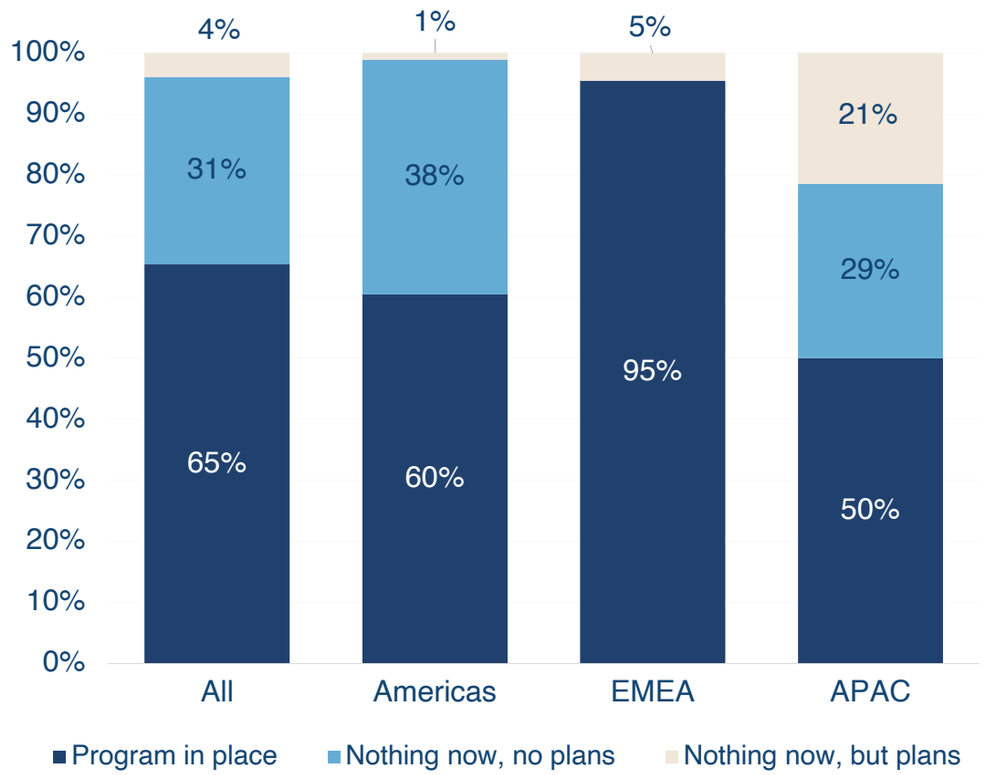


Environmental, Social, Governance

EMEA still leads all regions for implemented ESG programs

ESG adoption varies significantly by region. In the European Union and United Kingdom, investors are uniformly committed to ESG programs, with 95 percent of EMEA respondents having a program in place, and the remainder having plans to put a program in place. By contrast, only half of Asia Pacific investor respondents have an ESG program, but an additional 21 percent have plans to implement one in the future. In the Americas, 60 percent of investors have an ESG program in place, while 38 percent do not have a program and have no intention of establishing one. The political aspect in the United States should not be underestimated, as ESG programs vary by state. While it may be critical in places like California and New York state, it is far less so in places like Texas or Florida.

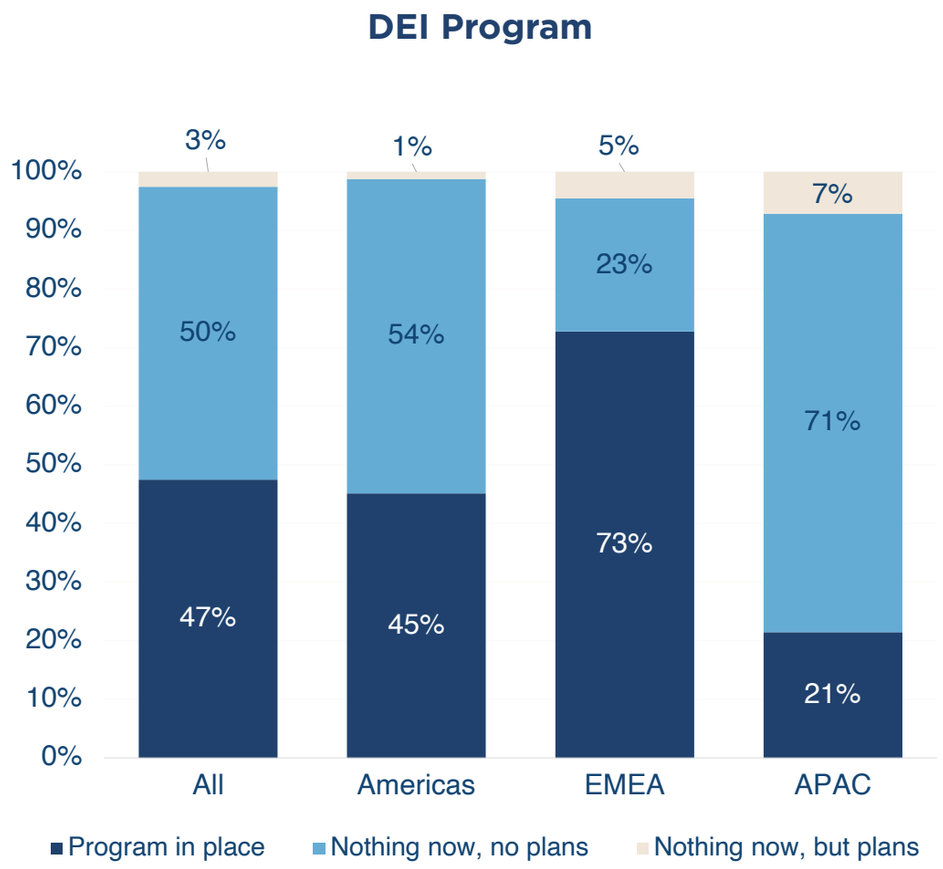
ESG Program



Diversity, Equity, Inclusion

EMEA still leads all regions for implemented DEI programs

The political aspect in the United States should not be underestimated, as ESG programs vary by state. While it may be critical in places like California and New York state, it is far less so in places like Texas or Florida. The establishment of DEI programs varies widely by region, with the highest adoption in Europe and the lowest in Asia Pacific. In the Americas, the number of respondents with a DEI program fell slightly from the previous year's survey, and fewer groups have the intention to implement one, potentially reflecting the shifting political winds in the United States following the election of Donald Trump last year.



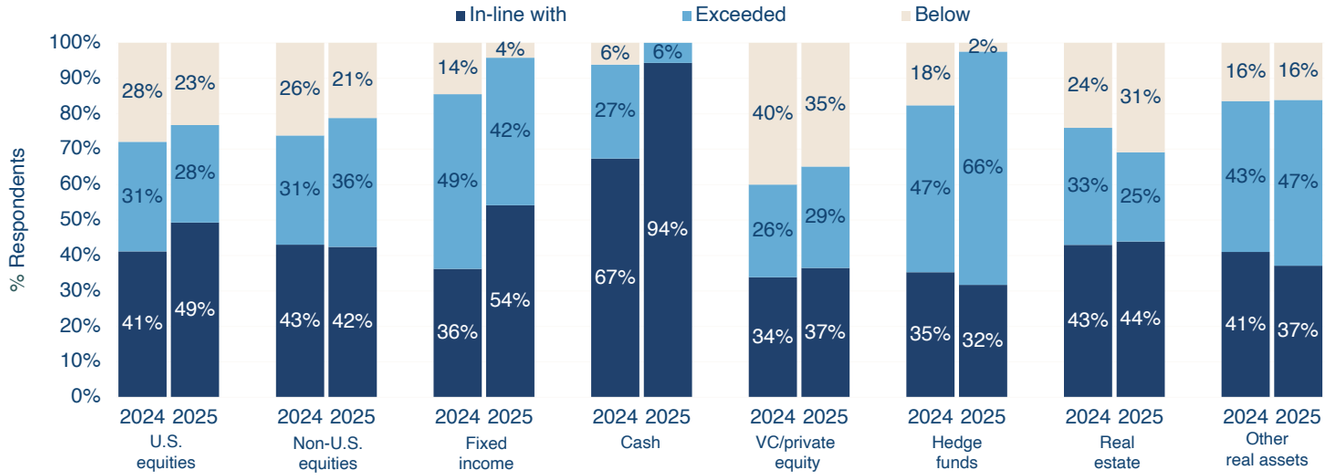
Performance vs. Benchmarks, All Asset Classes

Relative real estate performance fell in 2025, compared to 2024

Across asset classes, investors experienced a relative shift: real estate performance declined in 2025 versus 2024, continuing a broader downward trend over the past decade. That has led many CIOs to question real estate's role in the portfolio. Nearly one-third of respondents said real estate's performance was below their expectations, up from one-quarter in the previous year. By contrast, investors saw hedge funds exceed their expectations in 2025, with two-thirds saying hedge fund returns came in above expectations.

Historically, real estate delivered strong total returns, but that period may have been an anomaly. Long term, its core role has been income generation, diversification, and total return enhancement — not leading total return. Today, investors are more skeptical and are demanding clearer causality in performance. At the same time, many are adopting a Total Portfolio Approach (TPA), where every asset must earn its place — there are no guaranteed allocations. That creates a competitive environment where real estate must continually justify itself.

Performance vs. Benchmarks – All Asset Classes



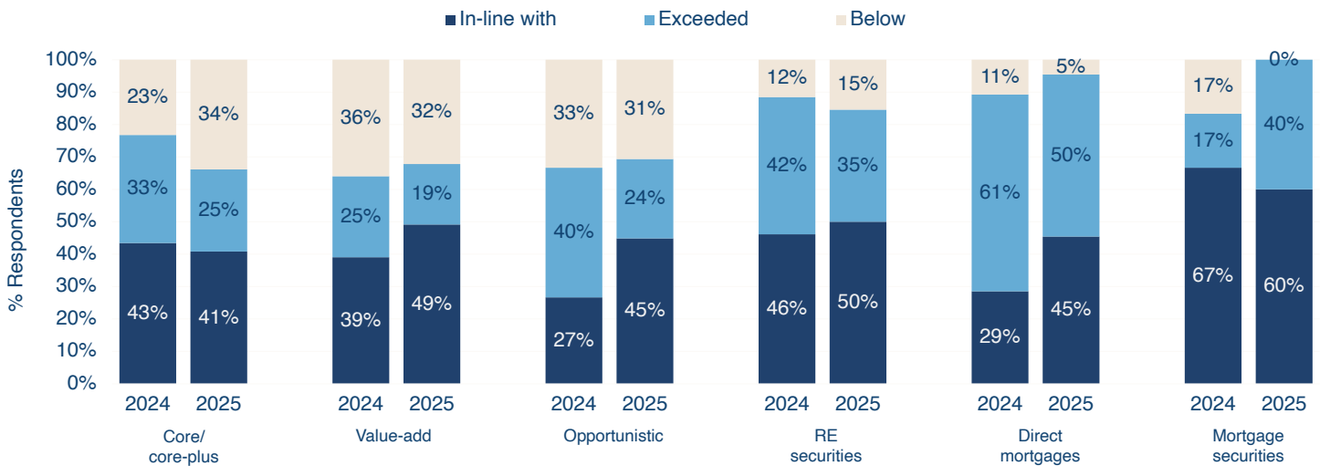
Performance vs. Benchmarks, Real Estate

Shifts in relative performance coming from "in-line with expectations" experiences

Performance trends in real estate reflect a shift toward outcomes that are increasingly in line with expectations rather than exceeding them. Core and core-plus strategies experienced the most pronounced weakening, with a higher proportion of investors reporting underperformance relative to benchmarks compared to the prior year. In contrast, value-add and opportunistic strategies saw modest improvements, driven primarily by a shift toward benchmark-aligned performance rather than outperformance.

Mortgage strategies showed relative strength, with securitized mortgage investors more frequently exceeding benchmarks and direct mortgage investors reporting increased alignment with expectations. Overall, the data indicates a normalization of performance outcomes across most real estate strategies.

Performance vs. Benchmarks – Real Estate



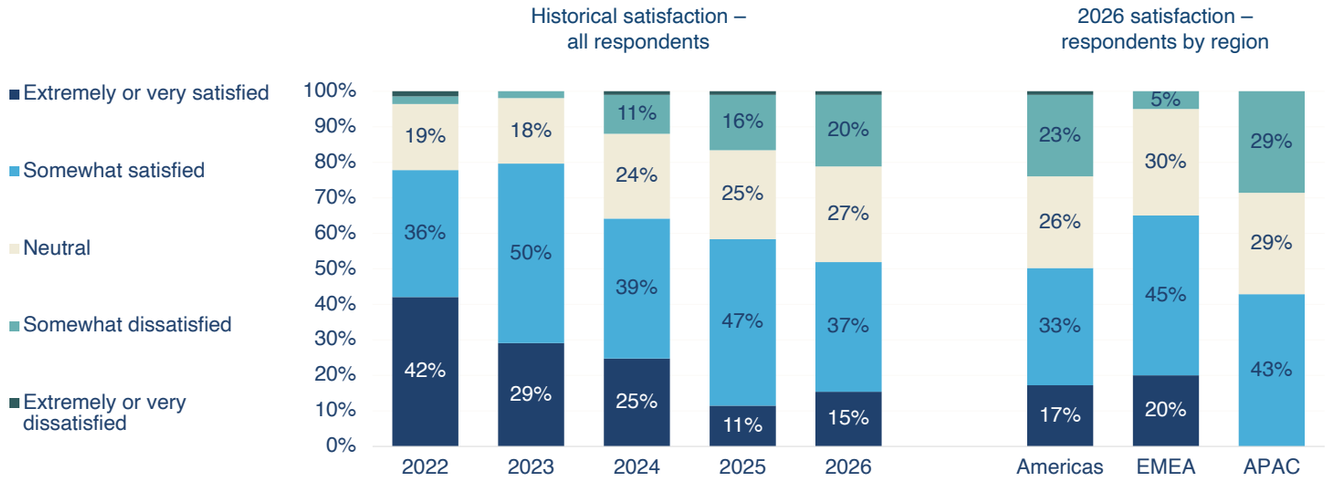
Performance Satisfaction

Globally investors remain satisfied/neutral toward real estate; APAC remains an outlier

Investor sentiment toward real estate performance remains broadly neutral to positive, though there has been a gradual shift toward increased dissatisfaction in recent years. While more than half of respondents report being somewhat or extremely satisfied, the share of somewhat dissatisfied investors continues to rise, potentially reflecting both performance concerns and ongoing challenges related to distributions. The proportion of investors reporting they are extremely satisfied increased modestly in the latest survey after several years of decline. Despite some rising dissatisfaction, more than half of respondents were somewhat or extremely satisfied with real estate in the latest survey.

Regionally, EMEA investors report the highest levels of satisfaction, showing a significant improvement from the prior year. Investors in the Americas remain more satisfied than those in Asia Pacific, although satisfaction levels in the Americas declined year over year, while Asia Pacific continues to lag other regions.

Performance Satisfaction – Real Estate



Investor Comments on Real Estate

Investor Comments — Real Estate

Satisfied

- "Overall, real estate investments have shown a strong return profile over a 10-year term. This aligns with the organization's core values and goals."
- "While performance is in-line with benchmarks, current market conditions in target markets have resulted in some underwhelming returns relative to underwriting."
- "Operationally most [investments] are performing very well. Certain pockets are subject to market conditions dragging down valuations and occupancy/rent growth. Rare to have individual nonsystemic issues at any one property."

Neutral

- "Real estate has offered sufficient diversification in the portfolio but has not delivered sufficient relative performance."
- "Legacy assets have underperformed; new investments have outperformed."
- "ODCE funds are still gated; value-add and opportunistic strategies still in early stages of fund life."

Dissatisfied

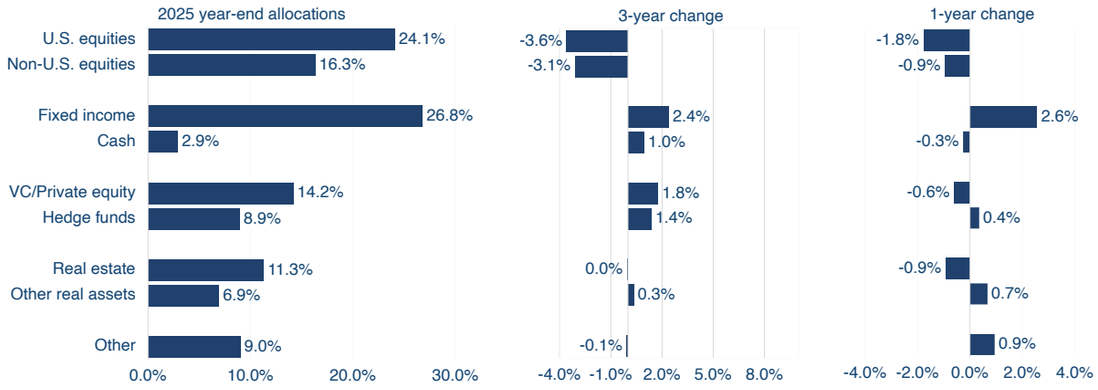
- "Distributions have been well below average for a long time with little action being taken by managers except for waiting for the market to improve, which is not manager value-add."
- "On a relative basis the performance has been good over the trailing 3- and 5- year time periods. Over the last year the portfolio only trailed the benchmark by 3 basis points. Absolute returns have been low, and some stakeholders have not been pleased with that."
- "Long-term underperformance from value-add and opportunistic relative to the illiquidity and property level risk assumed."

Allocations, All Asset Classes

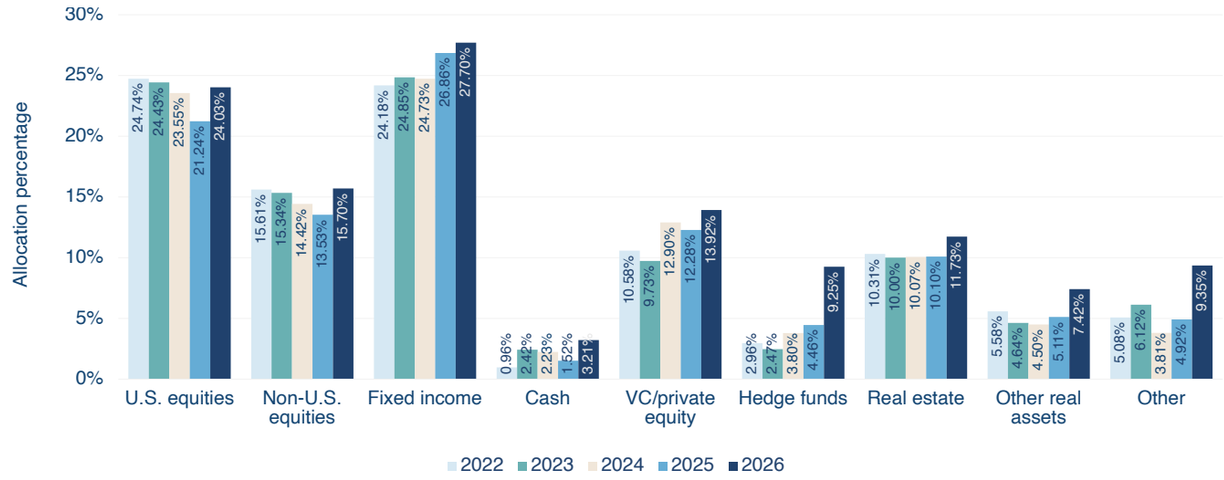
Fixed income was the big winner in the past year

Asset allocation trends over the past five years reflect a steady increase in exposure to fixed income, private equity, venture capital, hedge funds, and other real assets, while real estate allocations have remained relatively flat to slightly down. In 2025, fixed income was the primary beneficiary of allocation shifts, supported by a higher interest rate environment and expanded opportunities in private credit. This dynamic has increased competition for capital, as investors can access more predictable yield outside of real estate. While real estate allocations declined slightly in the most recent year, they have remained broadly stable over a three-year period. At the same time, allocations to other real assets, including infrastructure, continue to grow.

Current Allocation – All Asset Classes



Investor Allocations – Asset Classes

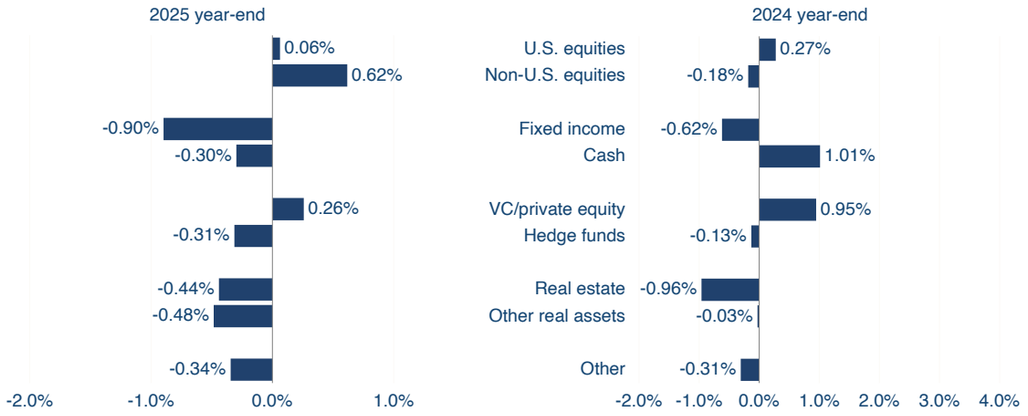


Allocation vs. Target, All Asset Classes

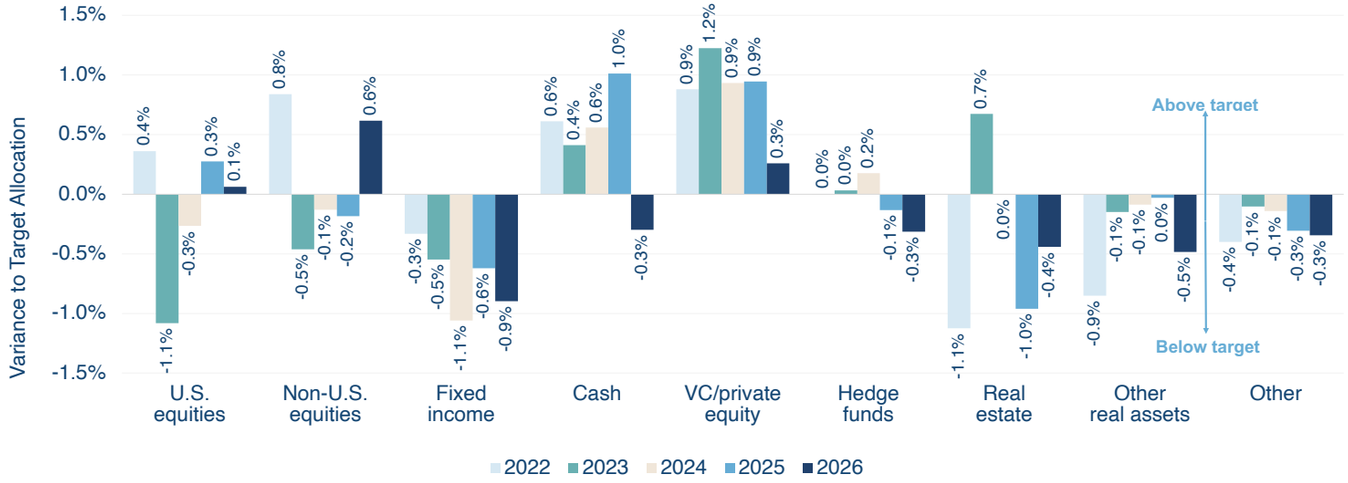
Real estate is below its target, on average, across investor portfolios

Real estate allocations remain below target levels across investor portfolios, suggesting the presence of potential "catch-up" capital. However, this gap has persisted for several years, largely due to liquidity constraints, delayed distributions and redemption backlogs. Across asset classes, U.S. equity allocations have remained broadly in line with targets, while non-U.S. equities have shifted from underweight to overweight positions. Despite increased allocations to fixed income, investors remain underweight relative to targets, indicating available dry powder. In real estate, allocations increased modestly over the past year, and the degree of underweight positioning narrowed, suggesting improving conditions for capital deployment.

Actual vs. Target Allocations – All Asset Classes



Investor Allocations vs. Targets – All Asset Classes



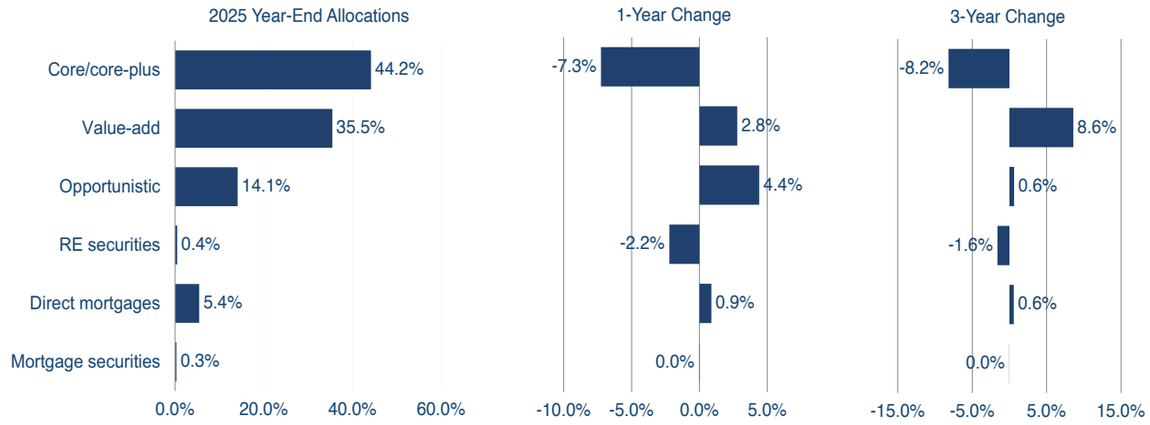
Allocations, Real Estate

Investors continue to pull back from core/core-plus, and focus on opportunistic again

Investor allocations within real estate continue to evolve, with a sustained reduction in core and core-plus exposure and renewed interest in higher-risk strategies as investors are resegmenting risk. Value-added allocations have increased steadily and now sit above target levels, making the strategy more competitive and emphasizing the need for differentiation. Opportunistic strategies, after experiencing a significant pullback in the prior year, have seen a rebound in allocations as investors respond to perceived opportunities. Core and core-plus strategies remain underweight despite reduced target allocations, indicating continued caution.

The overweight positioning in value-add is partially attributable to delayed distributions from prior vintages, which has constrained portfolio rebalancing.

Target Allocations – Real Estate

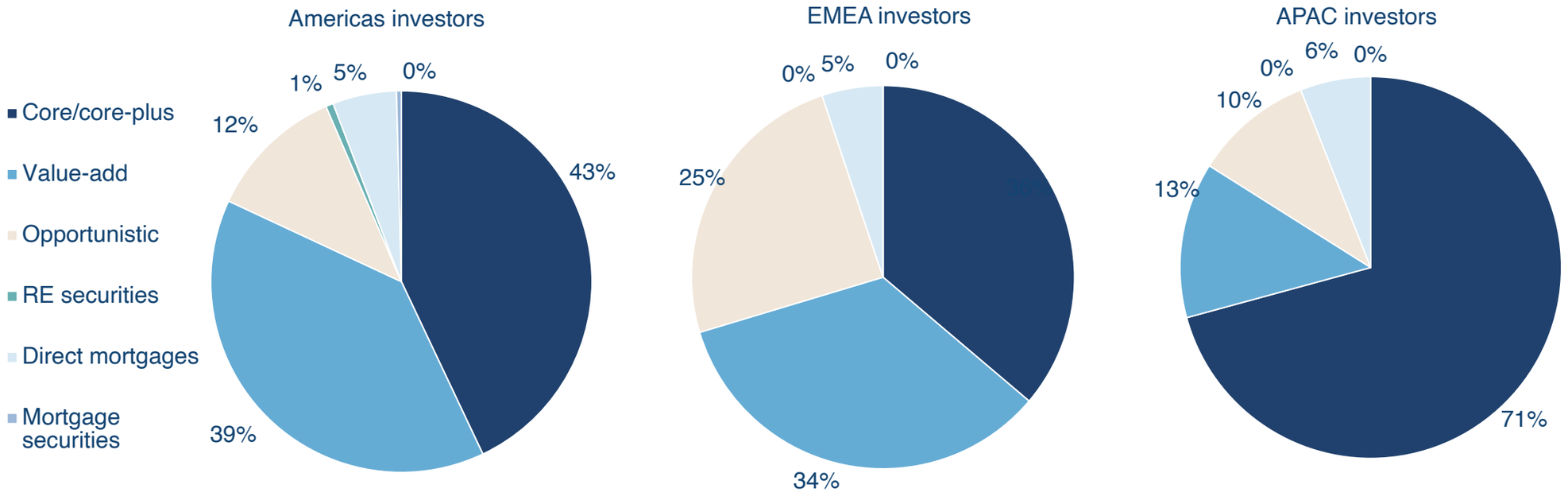


Allocations by Region, Real Estate

Asia Pacific investors have a different perspective on core than those in Americas and EMEA

Regional differences in real estate allocation reflect varying definitions of risk and market structure. Asia Pacific investors maintain the highest allocations to core and core-plus strategies, though it is important to note that core and core-plus in the region historically included development and build-to-core strategies. In the Americas, core remains the largest allocation but has declined as investors shift toward value-add strategies. EMEA investors have reduced exposure to core and core-plus more significantly, reallocating capital toward opportunistic strategies. These regional variations highlight the importance of tailoring strategy definitions and positioning to local market contexts.

Target Allocation by Region – Real Estate

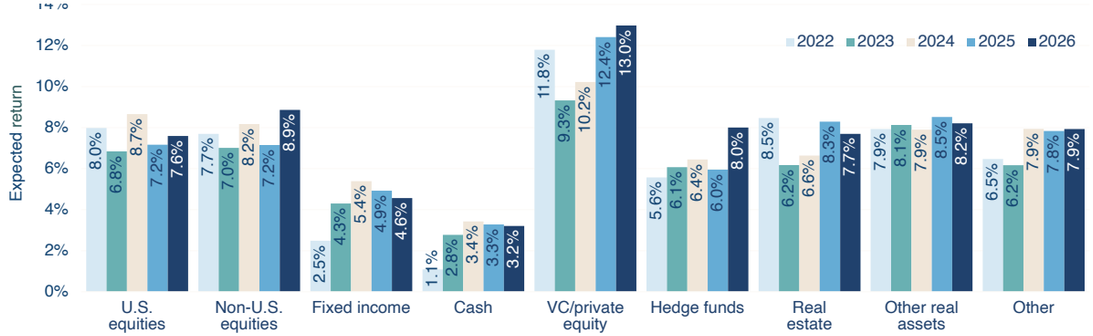


Expectations, All Asset Classes

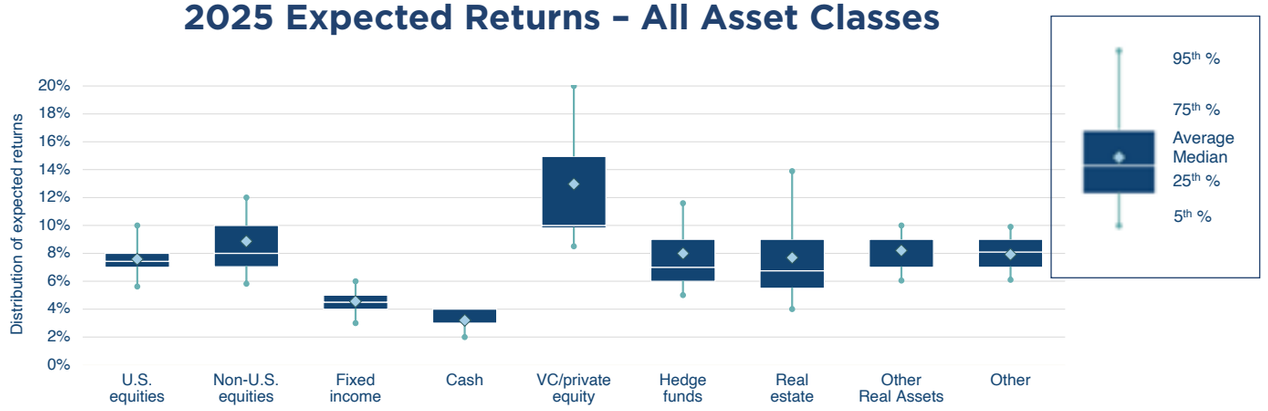
Expectations increase for venture capital/private equity, hedge funds and equities

Return expectations have increased for venture capital and private equity, hedge funds, and equities, while remaining stable or declining modestly for other asset classes. Investors express the strongest return expectations for venture capital and private equity, followed by non-U.S. equities and hedge funds, which also experienced the largest increases in expected performance. Real estate return expectations moderated slightly but remain competitive relative to other major asset classes. Notably, there is significant dispersion in expectations across respondents for several asset classes, including real estate, suggesting a wide range of views that may contribute to improved market liquidity as differing expectations drive transaction activity.

Changing Expectations – All Asset Classes



2025 Expected Returns – All Asset Classes



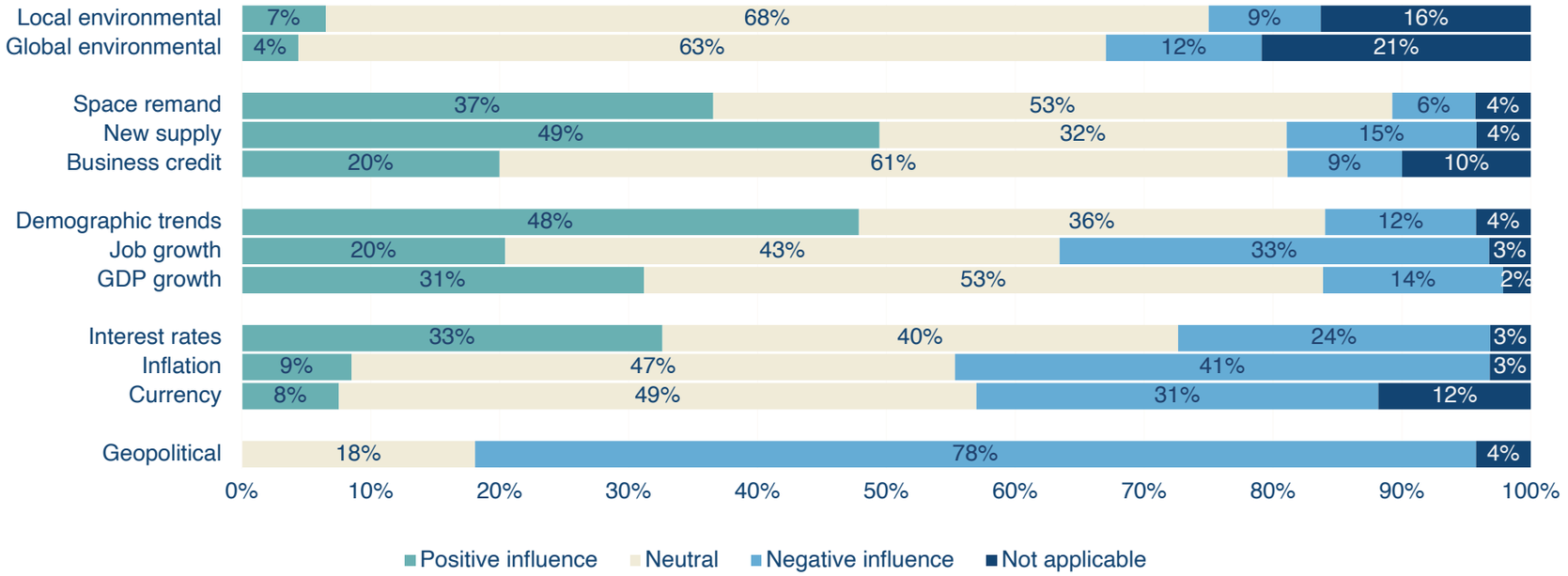
Risk Factors

The influence of key risk factors on real estate performance

Geopolitical risk has become the single dominant risk factor in how investors view real estate performance, with a substantial majority of respondents identifying it as a negative influence. This represents a marked increase from the prior year, accompanied by declines in the share of respondents viewing geopolitical factors as neutral or positive. Concerns around global instability and policy uncertainty continue to shape investor sentiment. It is important to note that the survey was conducted prior to the launch of airstrikes in Iran.

Other risk factors present a more mixed picture: interest rates are perceived as less negative than in the prior year, inflation is viewed as a slightly greater concern, and perceptions of job growth have shifted significantly toward being a negative influence. Environmental concerns appear to have diminished in relative importance.

Risk Factors' Influence on Real Estate Performance



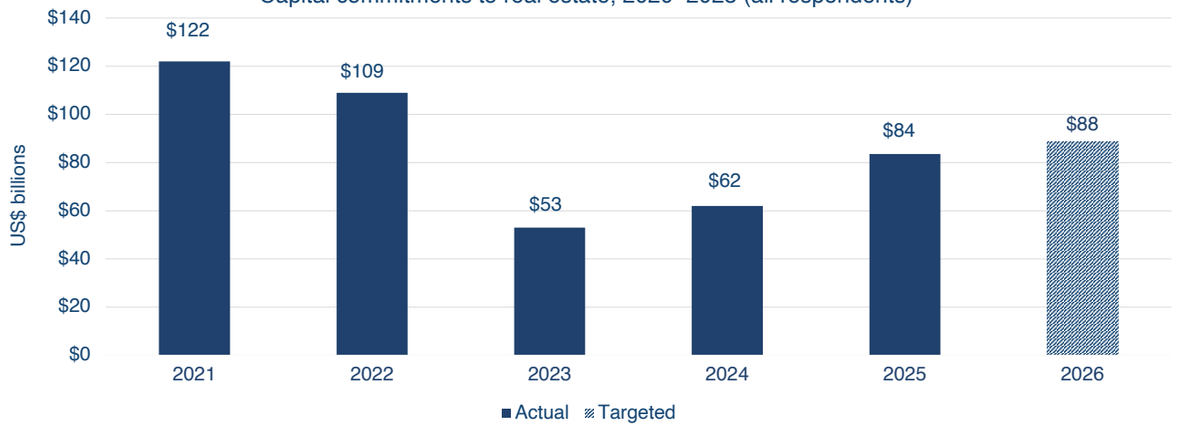
Capital Commitments to Real Estate

Commitments in 2025 were $22 billion higher than in 2024, the third consecutive year of increase

Capital commitments to real estate increased for the third consecutive year, rising by $22 billion in 2025 compared with 2024, with further growth anticipated. Investors are increasingly able to execute on their plans, as evidenced by the near-complete alignment between targeted and actual commitments among consistent respondents. Improved pricing alignment and better functioning debt markets have supported a gradual reopening of transaction activity. While macroeconomic conditions and geopolitical risks will continue to influence investment levels, increased distributions from prior vintages are expected to play an important role in sustaining commitment activity.

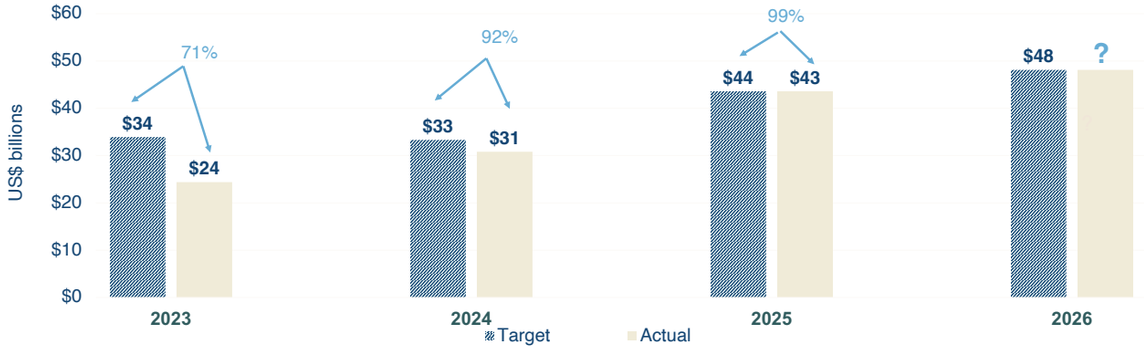
2026 vs. the Past Five Years – Real Estate

Capital commitments to real estate, 2020–2025 (all respondents)



Paired Capital Commitments – Real Estate

2023–2026 planned vs. actual capital commitments*

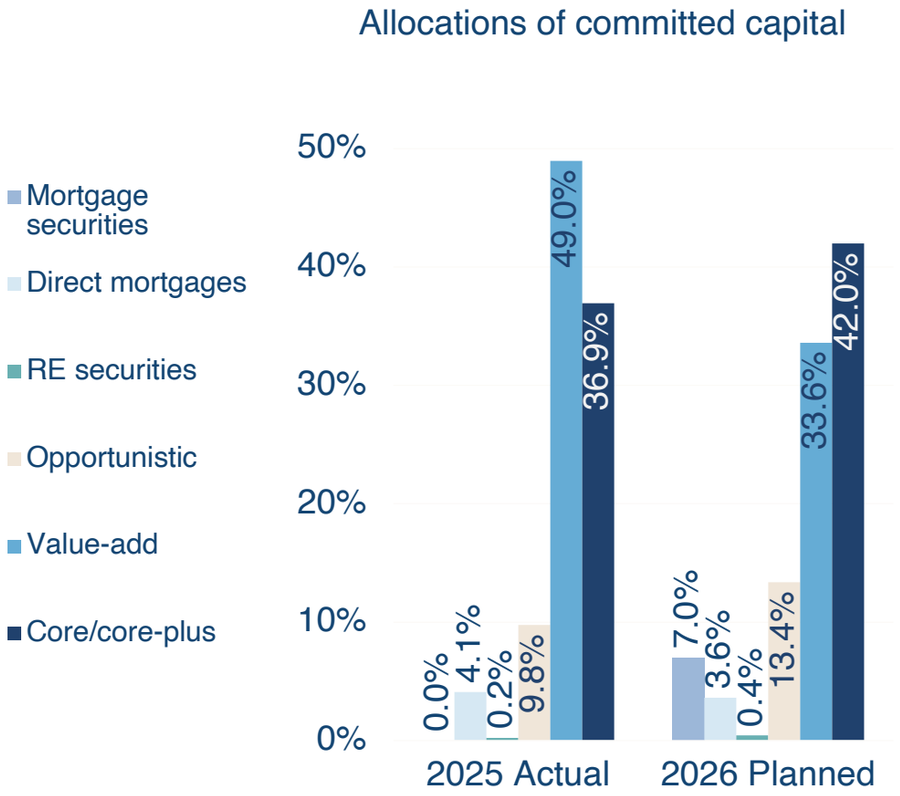


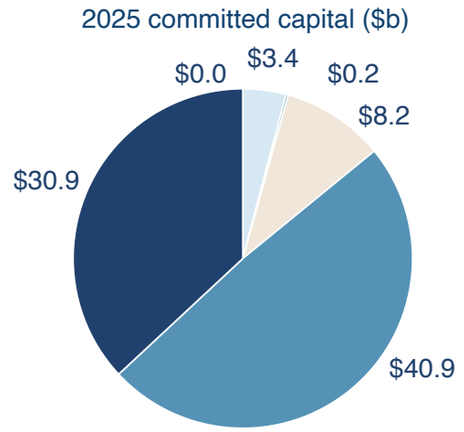
Capital Commitments to Risk Strategies

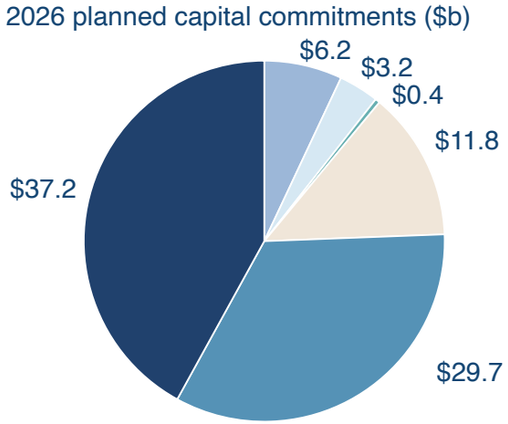
Value-add strategies captured half of capital commitments in 2025

In 2025, value-add strategies captured approximately half of all capital commitments, reflecting strong investor demand. Looking ahead, respondents indicate a planned rotation toward core and core-plus strategies, which are expected to account for a larger share of commitments, alongside increased interest in opportunistic investments. This anticipated shift appears somewhat inconsistent with recent allocation trends, suggesting potential uncertainty in how investor intentions will translate into actual capital flows. In addition, planned allocations to opportunistic strategies may underestimate current underweight positions, indicating the potential for further adjustments.

Capital Commitments to Risk Strategies – Real Estate







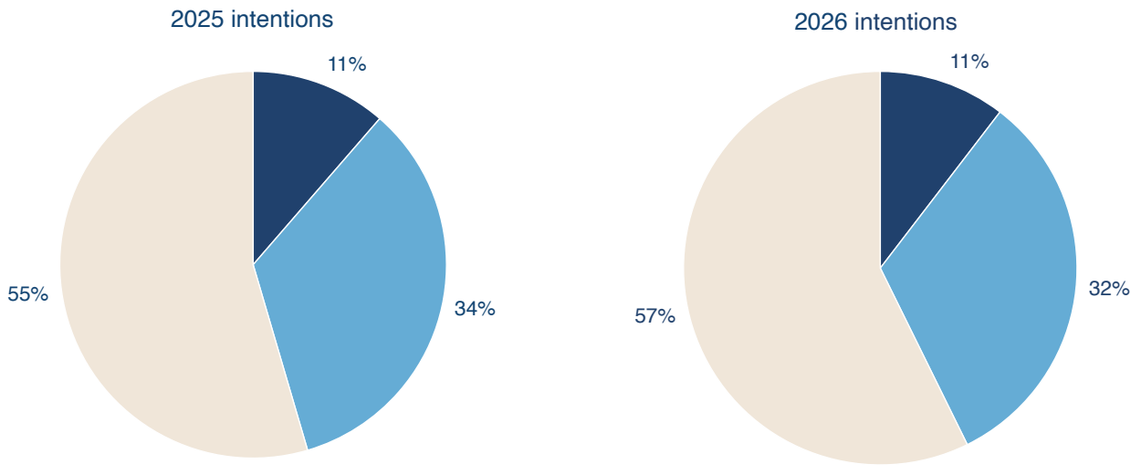
Allocation Intentions

Closed-end fund vehicles remain investors' preferred approach

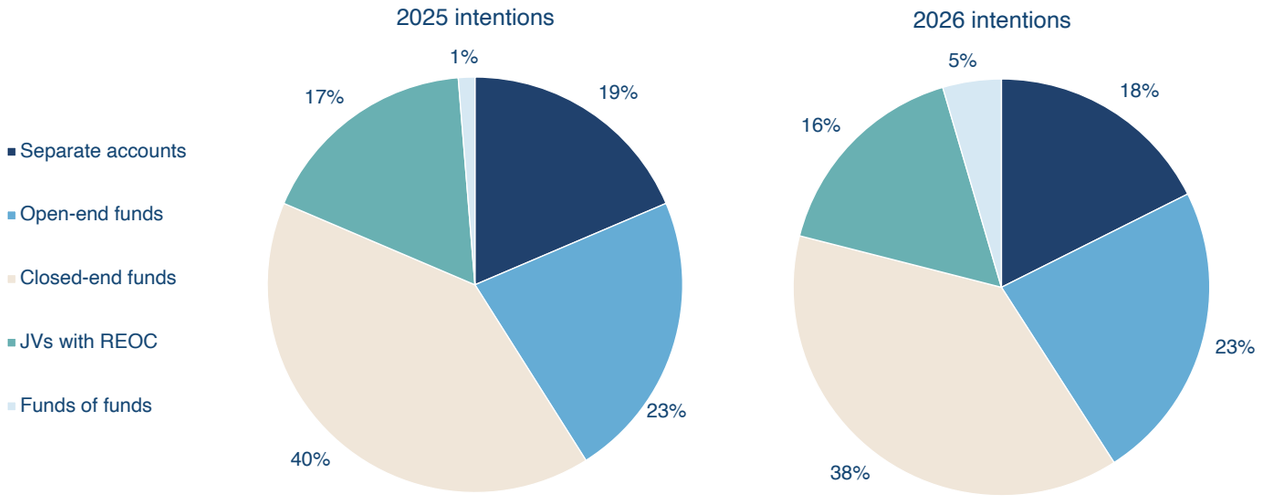
Investor preferences for investment vehicles remain stable, with closed-end funds continuing to be the dominant structure. Separate accounts and joint ventures also play a meaningful role, particularly for investors seeking greater control or strategy-specific exposure.

Most investors prefer to allocate capital across a mix of existing and new manager relationships rather than exclusively backing new entrants. For emerging managers, success will depend on establishing credibility through strong anchor investors, transparency, and clearly differentiated strategies. Opportunities may also arise from underperforming separate accounts, where investors seek new management solutions.

Allocations to New Managers



Allocations to Product Types



Geographic Market Preferences

Geographic property market ratings reflect a domestic bias

Geographic preferences continue to reflect a degree of home bias, with investors generally favoring their domestic markets. The United States remains the most attractive market overall, followed by key regions in EMEA, including Northern Europe and the United Kingdom.

While rankings have remained relatively stable, underlying sentiment has shifted, with some softening in the Americas and strengthening in EMEA and Asia Pacific. Some of the shift in sentiment could be attributable to volatility and uncertainty rising in the United States, such as the imposition of global tariffs on Liberation Day in April 2025. Cross-border investment remains active but requires clear articulation of risk-return dynamics, governance structures, and currency considerations. In certain markets, such as Japan and Korea, excess domestic capital is driving increased outbound investment activity.

Geographic Market Preferences

	Rank	2026	2025	2024	2023	1-Year	3-Year
Americas							
U.S.	1	4.2	4.5	4.5	4.5	▼	▼
Canada	7	3.0	3.1	3.6	3.4	▼	▼
Mexico	11	1.7	1.9	2.2	2.2	▼	▼
C America	14	1.4	1.6	1.6	1.5	▼	=
Brazil	13	1.5	1.5	1.9	1.6	=	▼
S Amer ex-Brazil	12	1.5	1.5	1.8	1.5	=	=
EMEA							
U.K.	3	3.6	3.6	3.8	3.4	=	▲
N Europe	2	3.8	3.6	3.8	3.4	▲	▲
S Europe	6	3.4	3.2	3.2	2.7	▲	▲
CE Europe	8	2.5	2.5	2.8	2.2	▲	▲
APAC							
China	10	1.8	1.4	1.7	1.8	▲	=
India	9	2.4	1.9	2.1	2.1	▲	▲
Japan	5	3.5	3.4	3.4	3.6	▲	▼
Aus/NZ	4	3.5	3.2	3.4	3.5	▲	=

Regional Investor Rankings

	ALL	Americas	EMEA	APAC
Americas				
U.S.	4.2	**4.5**	2.7	3.9
Canada	3.0	**3.1**	2.6	3.0
Mexico	1.7	**1.9**	1.33	1.33
C America	1.4	**1.4**	1.4	1.3
Brazil	1.5	**1.5**	1.25	1.3
S Amer ex-Brazil	1.5	**1.6**	1.3	1.7
EMEA				
U.K.	3.6	3.7	**3.39**	3.36
N Europe	3.8	3.7	**3.9**	3.8
S Europe	3.4	3.2	**3.6**	3.7
CE Europe	2.5	2.4	**2.6**	2.9
APAC				
China	1.8	1.9	1.4	**1.8**
India	2.4	2.4	1.8	**2.9**
Japan	3.5	3.3	3.6	**3.7**
Aus/NZ	3.5	3.2	3.7	**3.9**

Of Markets Across Regions

Ranks region lower than local investors

Ranks region higher than local investors

Key

Least Attractive				Most Attractive
1	2	3	4	5

Property Type Preferences

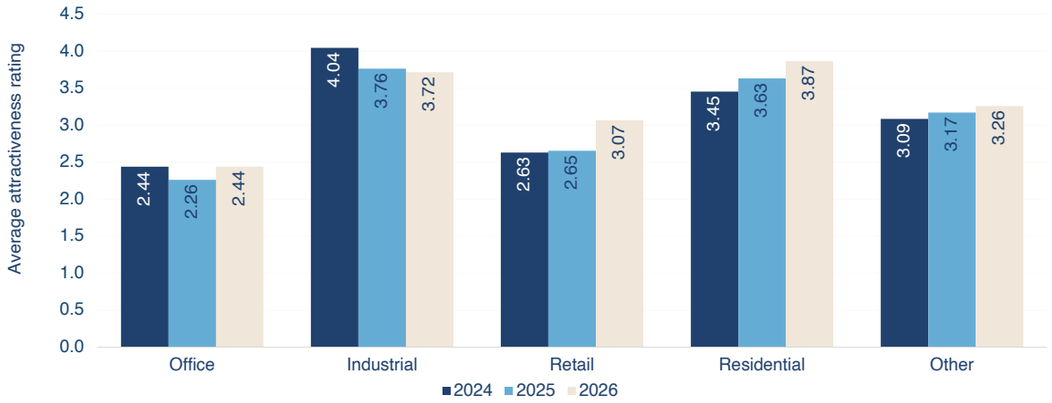
All office subtypes remain ranked below the average

Investor preferences across property types continue to evolve. Residential assets are currently viewed as the most attractive sector, following several years of increasing favorability. Industrial assets remain highly ranked but have experienced a gradual decline in perceived attractiveness.

Office sectors, while still ranked below average overall, show early signs of stabilization after a prolonged period of declining sentiment. Retail has continued to improve, particularly within neighborhood and community center formats. Across subtypes, industrial assets are consistently rated above average, while all office segments remain below average, and subsidized housing is the only residential category not exceeding average attractiveness.

Property Type Preferences

Average attractiveness rating (all respondents)

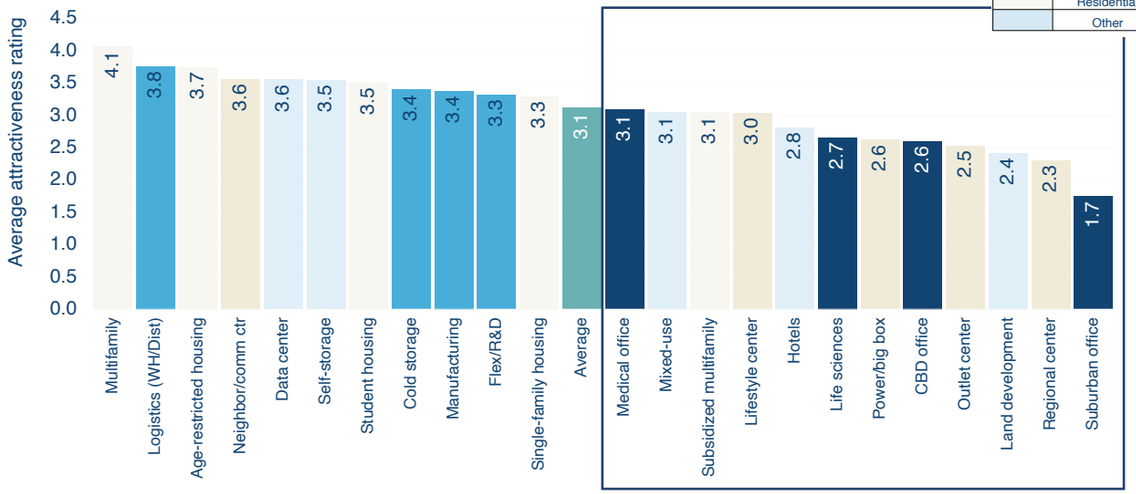


Key				
Least Attractive				Most Attractive
1	2	3	4	5

Property Subtype Preferences

2026 average attractiveness rating (all respondents)

Color	Property Sector
	Office
	Industrial
	Retail
	Residential
	Other



Changes in Property Type Preferences

Investors' views of different property subtypes continue to shift around

Shifts in property subtype preferences highlight evolving investor sentiment. Office sectors, including central business district and suburban assets, remain among the lowest-ranked categories but are showing incremental improvement in attractiveness. Retail subtypes, particularly regional centers and power centers, are also gaining favor, following a trajectory similar to that of neighborhood and community centers. Within the top-ranked segments, multifamily has moved into the leading position, while age-restricted housing and neighborhood/community centers have entered the top tier. Cold storage has declined from its previous position among the top-ranked sectors. Despite these changes, the composition of the lowest-ranked property types remains largely unchanged from the prior year.

Property Subtype Rankings

2026 average ranking

Top 5

Sector	Subtype	Rank	2026	2025	2024
Residential	Multifamily	1	4.1	4.1	4.2
Industrial	Logistics	2	3.8	4.2	4.4
Residential	Age-restricted housing	3	3.7	3.7	3.5
Retail	Neighbor/comm ctr	4	3.6	3.6	3.5
Other	Data center	5	3.6	4.1	4.1

Bottom 5

Sector	Subtype	Rank	2026	2025	2024
Office	CBD office	19	2.6	2.0	2.1
Retail	Outlet center	20	2.5	2.4	2.4
Other	Land development	21	2.4	2.5	2.3
Retail	Regional center	22	2.3	1.9	1.8
Office	Suburban office	23	1.7	1.5	1.5

Change in ranking 2024–2026

Top 5

Sector	Subtype	Rank	2026	2024	Change
Office	CBD office	1	2.6	2.1	0.5
Retail	Regional Center	2	2.3	1.8	0.5
Residential	Age-restricted housing	3	3.7	3.5	0.3
Retail	Power/big box	4	2.6	2.4	0.3
Office	Suburban office	5	1.7	1.5	0.2

Bottom 5

Sector	Subtype	Rank	2026	2024	Change
Industrial	Manufacturing	19	3.4	3.9	-0.5
Industrial	Flex/R&D	20	3.3	3.9	-0.6
Industrial	Cold storage	21	3.4	4.0	-0.6
Industrial	Logistics (WH/Dist)	22	3.8	4.4	-0.7
Office	Life sciences	23	2.7	3.6	-0.9

Investor Perspectives

Selected comments and general themes

New Products Some Investors Would Like to See

- "A more transparent secondaries market for LP positions in an auction-like format where the seller agrees to transact at the highest price (with some hidden reserve price, of course)."
- "Beta products that help to solve for allocations to specific sectors or countries."
- "Grocery-anchored retail, Pan-Europe."
- "Niche real estate strategies by small operators."
- "Open-end, core data centers."
- "More diversified alts with groups that have expertise in their respective areas. I would like to make more meaningful commitments to the alts theme broadly without sacrificing (too much) on quality."

Best Opportunities Identified

- "Value-add deals that allow rent upside without taking full construction risk."
- "Targeting strategies with resilient cash flow and areas of distress where demand recovery can be quantified, particularly in niche sectors."
- "Student co-living units."
- "Senior housing, industrial, data centers and grocery-anchored retail."
- "REITs and secondaries. No specific sector stands out."
- "Residential, some pockets of retail (outlets, neighborhood shopping centers, supermarkets) and specific niches such as life science parks, medical offices, etc."

Biggest Challenges Ahead

- "U.S. investments currently on hold due to unpredictability in U.S. government and tax policy."
- "Liquidity/distributions — we redeemed from open-end core funds 3 1/2 years ago and received less than 30 percent of our money, while other funds have not been transacting to produce distributions for us."
- "Investments that were made in 2019–2021 prior to the interest rate hikes."
- "Higher-for-longer interest rate and inflation environment."
- "Portfolio management is the largest challenge along with getting capital returned."
- "How managers classify property types has made it more difficult to benchmark strategies."
- "Finding deals that will outperform or match current investments within the portfolio."

Survey objective: Provide unique insight into the most important investment concerns driving the decisions of real estate investors, globally

Institutional Real Estate, Inc.'s annual global investor sentiment survey assesses institutional investors' asset allocations, risk and return assumptions, expected capital flows, and real estate investment strategies for the coming year.

This is the 30th annual survey of investors — the longest-running survey of institutional investors in real estate — and the 13th year as a global initiative.

The 2026 web-based survey was initially distributed on Nov. 19, 2025, supplemented by email reminders and phone calls, and feedback was collected through Jan. 31, 2026. A total of 173 responses were received, representing $12.8 trillion in total assets under management and $1.01 trillion in real estate assets under management.

Responses are broken out into global regions (Americas, EMEA and Asia Pacific), allowing for greater insight into the differences between European and Asia Pacific investors.

Institutional Real Estate, Inc.'s 2026 Annual Investor Survey questionnaire included quantitative, open-ended and categorical questions focusing on the following topics:

- Plan type and fund size
- Allocations and return assumptions for investment vehicles
- Allocations and return assumptions for real estate investments
- Satisfaction with and future plans for real estate investments
- Expected capital flows to real estate and search plans for investment managers
- New capital allocations by global real estate strategies
- Property type and region interest for real estate investments
- Influence of risk factors on real estate investment
- Interest in and execution of ESG/diversity and inclusion policies

List of Respondents

1 Seed Partners
a.s.r. real assets investment partners
Accord Equity Advisors
AIA Group
AISIN Employees' Pension Fund
AM alpha Kapitalverwaltungsgesellschaft mbH
Anderson PTC
AP Pension
Arizona PSPRS
Arzteversorgung Westfalen-Lippe
Australian Retirement Trust
AXA Life Insurance Co.
Aztec Group
Bank of Ireland
Boston Foundation
Brown Brothers Harriman & Co.
California Institute of Technology
California Public Employees' Retirement System (CalPERS)
California State Teachers' Retirement System (CalSTRS)
Canada Pension Plan Investment Board
Canada Post Corp. Pension Plan
Canadian Broadcasting Corporation Pension Fund
The Church Pension Fund
City of Baltimore Employees and Elected Officials Retirements Systems
City of Fort Lauderdale Police & Fire Retirement System
City of Knoxville Employees' Pension Fund
City of Phoenix Employees' Retirement System
Colorado Public Employees Retirement Association
Columbia Threadneedle Investments
Conrad N. Hilton Foundation
Constellation
Contra Costa County Employees' Retirement Association
Cox Enterprises, Inc. Master Trust
Delaware Public Employees Retirement System
Deutsche Finance Group
Development Bank of Japan
Educational Employees Retirement System of Fairfax County
Elo Mutual Pension Insurance Co.
Employes' Retirement System (ERS) of the City of Milwaukee
Erie Insurance Group
EZVK Evangelische Zusatzversorgungskasse
Fidelidade
GCM Grosvenor
Government Employees Pension Service
Harvard Management Co.
HB Wealth

Healthcare of Ontario Pension Plan
Highland Home Holdings
Hong Kong Baptist University
Howard County
HUK-Coburg Asset Management GmbH
Illinois Municipal Retirement Fund
Illinois Public Pension Fund Association
Illinois State Board of Investment
ImmoFinRE
Income Insurance Co-operative
Iowa Public Employees Retirement System
Japan Post Bank Co.
Japan Post Insurance Co.
Japan Science and Technology Agency
Joint Industry Board of the Electrical Industry
Kern County (Calif.) Employees Retirement Association
Kumpulan Wang Persaraan (Diperbadankan)
La Caisse
Laegernes Pensionskasse (Medical Doctors' Pension Fund)
Laval University
Lenox West Capital
LFPI REIM
Los Angeles Fire & Police Pensions
Maryland State Retirement and Pension System
Massachusetts Pension Reserves Investment Management Board
Meiji Yasuda America
Merced County Employees Retirement Association
Merrimac Corp
Metropolitan Water Reclamation District of Greater Chicago
Mitsubishi HC Capital
MN Services
Mobius Benefits Administrators Inc
MoDOT & Patrol Employees' Retirement System
Municipal Employees' Annuity and Benefit Fund of Chicago
National Railroad Retirement Investment Trust
NAV Canada
New Mexico State Investment Council
New York State Teachers' Retirement System
Nippon Life Global Investors Americas
NN Group
Nordrheinische Aerzteversorgung
North Carolina Investment Authority
The Office of the New York City Comptroller
Ohio Bureau of Workers' Compensation
Ohio Police & Fire Pension Fund
Ohio Public Employees Retirement System
Oklahoma Police Pension & Retirement System
OP Real Estate Asset Management

Orange County (Calif.) Employees Retirement System
Oregon State Treasury
ORIX Life Insurance
Pennsylvania Public School Employees' Retirement System
Pennsylvania State University Office of Investment Management
Pension Fund Horeca & Catering
Pertubuhan Keselamatan Sosial
Police and Firemen's Retirement System of New Jersey
Providence St. Joseph Health
Public Employees' Retirement System of Mississippi
Public Employees' Retirement System of Nevada
Public Employees Retirement Association of New Mexico
Public School and Education Employee Retirement Systems of Missouri
Purdue Research Foundation – Office of Investments
QuadReal
Retail Employees Superannuation Trust
Retirement Board of Allegheny County (Pa.)
Retirement System City of Detroit
Royal Bank of Canada
Saban Capital Group
San Joaquin County (Calif.) Employees' Retirement Association
Santa Barbara County (Calif.) Employees' Retirement System (SBCERS)
School Employees Retirement System of Ohio
Seattle City Employees' Retirement System
Shell Asset Management Co.
Shelter Insurance Co.
Smithsonian Institution
South Carolina Retirement System Investment Commission
Southern Co.
Stanislaus County (Calif.) Employees Retirement System
State Board of Administration of Florida
State Of Idaho Endowment Fund Investment Board
State of Wisconsin Investment Board
State Teachers Retirement System of Ohio
Strategic Investment Group
Sunrise Capital Management
SV SparkassenVersicherung
Swiss Finance & Property Group
Tacoma (Wash.) Employees' Retirement System
Teacher Retirement System of Texas
Teachers' Retirement System of Louisiana
Tennessee Consolidated Retirement System
Texas Permanent School Fund
Tokyu Land Corp.

Trans-Canada Capital

Tunku Abdul Rahman University of Management and Technology

United Nations Joint Staff Pension Fund

University of California Regents

University of Chicago Office of Investments

University of Rochester

Utah Retirement Systems

Ventura County (Calif.) Employees' Retirement Association

Versicherungskammer Bayern

Versorgungswerk der Landesaerztekammer Hessen

Victorian Funds Management Corp.

Virginia Retirement System

Wellington Altus Private Wealth

West Virginia Investment Management Board

YMCA Retirement Fund

Zurich Insurance Co.

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You operate in a complex, fast-moving investment environment. Capital is global. Risk is asymmetric. And separating signal from noise has never been harder.

For nearly four decades, Institutional Real Estate, Inc. (IREI) has existed for one reason: to help investment professionals like you see the market more clearly and act with confidence.

Founded in 1987, IREI is a global media and market intelligence firm focused on the institutional real estate and infrastructure markets. We connect you to the information, perspectives, and peer insight you need to make smarter decisions — faster and with greater conviction.

Publications: Clarity Where It Matters Most

When you're allocating capital or advising others, you don't need more content — you need better insight.

IREI publishes a diversified portfolio of news publications, special reports, and investment guides designed to help you understand the trends, risks, and opportunities shaping private equity real estate worldwide.

Our flagship publication, *Institutional Real Estate Americas,* has been a trusted resource for institutional investors and investment managers for more than 35 years. Many of our publications focus on the world's most important investment regions — including North America, Europe, Asia Pacific and key emerging markets — so you can maintain a global perspective without losing local nuance.

Monthly and quarterly publications include:

- ***Institutional Real Estate – Americas***
- ***Institutional Real Estate – Asia Pacific***
- ***Institutional Real Estate – Europe***
- ***Institutional Investing in Infrastructure***
- ***Real Assets Adviser***
- ***iREOC Connect***
- ***The Property Chronicle***
- ***The Springboard Chronicle***

Events: Access to the Right Conversations

In 2006, the firm launched a conference and seminar division. Our events have gained a stellar reputation and exclusive following within the institutional real estate industry. Major annual events include:

- **Visions, Insights & Perspectives (VIP) Americas**
- **Visions, Insights & Perspectives (VIP) Europe**
- **Visions, Insights & Perspectives (VIP) Infrastructure**
- **IREI Springboard and IREI Springboard Europe** (invitation only)
- **iREOC Annual Membership Meeting** (members only)
- **The Property Chronicle 360 — Visions, Insights & Perspectives**
- **Editorial Advisory Board Meetings** (exclusive invitation-only events for publication sponsors, investors and consultants)

About Institutional Real Estate, Inc.

Research and Consulting: Insight Applied to Your Challenges

Sometimes insight isn't enough — you need help applying it.

With more than 30 years of experience advising investment managers, brokers, developers, and infrastructure firms, IREI provides research and consulting services that support your strategic and commercial objectives, including:

- Strategic information and advice on presentations
- Organizational structures
- Product development
- Proposal responses

Our role is not to tell you what to think — but to help you think more clearly about the decisions in front of you.

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IRE.IQ tracks more than 6,000 global institutional real estate investment programs, including over 1,100 investment offerings currently in market, collectively seeking to raise more than $500 billion from institutional investors.

The result: earlier visibility, better targeting, superior positioning and fewer missed opportunities.

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