hazelview
INVESTMENTS

OUTLOOK REPORT

GLOBAL PUBLIC REAL ESTATE

2026

LETTER FROM THE TEAM

In last year's outlook report, we anticipated that one of the key challenges would be navigating an increasingly complex and uncertain macroeconomic backdrop. In the first half of the year, this proved to be the case. Global trade tensions rose to historic levels, disproportionately affecting certain sectors and pushing market volatility to levels not seen since the COVID-19 pandemic. We also emphasized the importance of active management in this type of environment, and the past year has reinforced that view as global REIT performance varied considerably across regions and property types. As the year progressed, uncertainty gradually subsided, real estate fundamentals strengthened, and major central banks continued to cut policy rates. By year end, global REITs had delivered a high-single-digit return for 2025 in local currency terms.

As we look to 2026, although macroeconomic uncertainty continues to loom, we believe REIT performance will be driven primarily by compelling valuations, especially relative to broader equities and by an improving supply backdrop that supports stronger pricing power. As active managers, these are two of the many important pieces of information that we look to when forming our outlook for the year ahead. We believe each key data point we analyze and incorporate into our forecasts can be viewed as individual pieces of a broader mosaic which helps to inform our investment decisions and ultimately drive performance. This idea was the inspiration behind our key theme this year - piecing together the intricate mosaic of public real estate.

As active investment managers, we fully appreciate the responsibility our investors place in us. As always, our approach remains grounded in disciplined capital allocation and in capturing multi-year structural growth trends that extend beyond transient market fluctuations, creating durable alpha. In this report we outline the reasons for our conviction in the sectors and geographies we view as optimally positioned to deliver superior growth, namely:

- **Industrial in North America, Europe and Japan**
- **Senior Housing in North America**
- **Data Centers in the U.S., Singapore and Hong Kong**
- **German and Australian Residential**

To our valued partners and clients, we extend our deepest gratitude for your continued confidence. We look forward to piecing together the evolving and intricate real estate mosaic with you, guided by prudent active management and a shared commitment to achieving our goals throughout 2026 and beyond.

Thank you,

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MARKET RECAP

MARKET RECAP

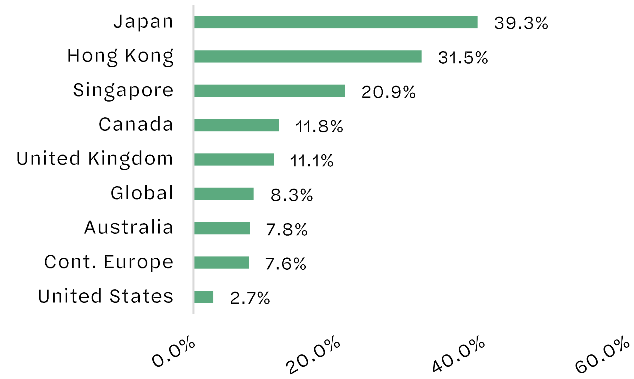
In 2025, global REIT performance reflected a year defined by macro volatility, shifting investor sentiment, and meaningful divergence in global monetary policy.

Early in the year, the combination of heightened trade and policy uncertainty weighed on valuations, despite generally resilient real estate fundamentals. As the year progressed, trade headwinds began to ease and monetary policy became more accommodative across most major economies, supporting an improvement in financial conditions and a rebound in REIT performance during the third quarter. Momentum extended into the early part of the fourth quarter following initial rate cuts by the Federal Reserve, though renewed uncertainty around the pace and durability of future easing led to a modest pullback toward year-end. Against this backdrop, global REITs delivered an 8.3% total return in local currency terms, outperforming global bonds (4.9%) but lagging global equities (18.4%), which were propelled higher by tech and AI-related enthusiasm[1].

Regional Performance

As displayed in Figure 1, REIT performance varied widely across regions in 2025, led by Japan and Hong Kong, which generated returns of 39.3% (JPY) and 31.5% (HKD), respectively. After lagging in recent years, Hong Kong experienced a positive inflection in investor sentiment toward real estate, supported by lower interest rates and improving financial conditions. In Japan, real estate outperformed broader equities amid low vacancy rates and higher inflation, which drove strong rental growth across the office, hotel, and residential sectors. Japanese C-corporations returned 41.8% (JPY), outperforming J-REITs, which gained 27.8% (JPY), reflecting continued improvements in corporate governance and elevated share buybacks[2]. Singapore also outperformed on a relative basis, supported by strong performance among office, industrial and retail REITs.

Figure 1. 2025 Global REIT Regional Returns (Local Currency)



Source: Bloomberg LP. Global REITs represented by the FTSE EPRA NAREIT Developed Total Return Index. Regional returns represented by their respective FTSE EPRA NAREIT Total Return regional sub-indices. Data as of December 31st, 2025. Returns presented in local currency.

Canada also outperformed the global benchmark in 2025, generating a total return of 11.8% (CAD). Performance across the market varied, with strength concentrated in senior housing, where operators such as Chartwell Retirement Residences delivered returns of 37.8% (CAD)[3]. Despite elevated inflation and fiscal concerns, the U.K. outperformed on a relative basis delivering a total return of 11.1% (GBP) with retail and storage leading the way.

Australia lagged its Asia-Pacific peers and slightly trailed the global benchmark, driven by Goodman Group, Australia's largest global benchmark constituent, which declined -12.3% (AUD)[3]. In February, the company raised $4 billion (AUD) to invest in the development of its data center landbank, which heightened investor concerns around capital intensity and execution risk.

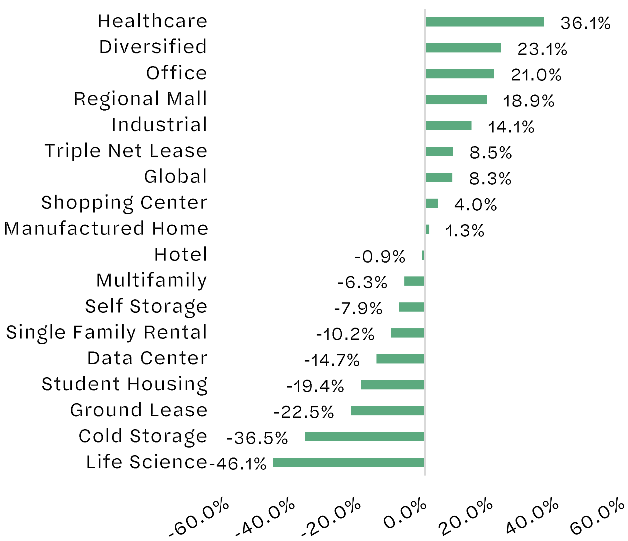
Continental Europe also modestly underperformed in 2025 as the region faced headwinds in the back half of the year from weaker economic growth and a pause in rate cuts by the ECB. Within the region, Germany and Sweden were among the largest detractors, declining -13.4% (EUR) and -8.6% (SEK), respectively, while Spain and the Netherlands generated impressive returns of 21.5% and 30.9% (EUR).

U.S. REITs were the weakest performing major region in 2025. In our view, this primarily reflected a more restrictive U.S. monetary policy stance relative to other major economies, which kept interest rates higher for longer than anticipated and weighed on investor sentiment. As a result, the U.S. REIT sector experienced an estimated $2.7 billion (USD) of net outflows, putting sustained pressure on share prices[4]. While other major central banks began easing earlier in the year, the Federal Reserve maintained a more cautious approach for much of 2025, contributing to this divergence. These headwinds were further compounded by elevated economic policy uncertainty, particularly during periods of intensified tariff-related concerns in April.

Sector Performance

Sector performance in 2025 also exhibited pronounced dispersion as divergent supply and demand dynamics drove materially different outcomes across property types (Figure 2). Cold storage and life science were the weakest performing sectors, declining -46.1% and -36.5%, respectively, as elevated supply and softer demand weighed on occupancy rates and rent growth.

Figure 2. 2025 Global REIT Sector Returns (Local Currency)



Source: Bloomberg LP. Global REITs represented by the FTSE EPRA NAREIT Developed Total Return Index. Data as of December 31st, 2025. Returns presented in local currency.

Despite heightened investor enthusiasm towards AI, data center REITs lagged in 2025 following strong outperformance in 2023 and 2024. This underperformance was concentrated in the U.S. and Australia, with companies like Equinix, Digital Realty Trust, Goodman Group and NEXTDC declining by more than -10% each even though operational results were strong. Even in Asia where performance was better, data center owners SUNeVision and Keppel DC REIT lagged their regional markets, generating total returns of 10.0% (HKD) and 6.4% (SGD), respectively[3].

The residential sector was also a notable laggard in 2025. Single family rental and multifamily REITs declined -10.2% and -6.3%, respectively. U.S. multifamily operators experienced a weaker than anticipated peak leasing season, while Canadian multifamily REITs were impacted by higher supply and lower immigration levels resulting in weaker demand. The German residential sector also underperformed, despite solid operating results from companies like Vonovia as investor skepticism around private market valuations and a shift in capital toward growth-oriented equities affected performance. In contrast, Australian residential fared much better, with Stockland and Ingenia Communities posting total returns of 25.1% and 14.8% (AUD), respectively[3].

Healthcare was the standout sector in 2025, posting a total return of 36.1%. Senior housing fundamentals strengthened meaningfully throughout the year as robust demand from aging demographics, combined with decade-low levels of new supply, supported material gains in occupancy, rental rates, and NOI margins. Within the U.S., Welltower, Sonida Senior Living and Ventas were among the top performing REITs globally, delivering remarkable returns of 49.9%, 41.3% and 35.1% (USD), respectively[3].

It is also worth noting that Commercial Real Estate (CRE) brokers, while not included in major global REIT benchmarks like the FTSE EPRA NAREIT Developed Total Return Index, delivered strong performance in 2025. CRE broker giants JLL and CBRE Group both outperformed the global benchmark, delivering returns of 32.9% and 22.5% (USD), respectively[3].

Their performance underscores the importance of active security selection and looking beyond benchmark constituents to identify sources of potential outperformance - a theme we explored in greater detail in our last whitepaper of the year, The Active Edge Within Global REITs.

MARKET OUTLOOK

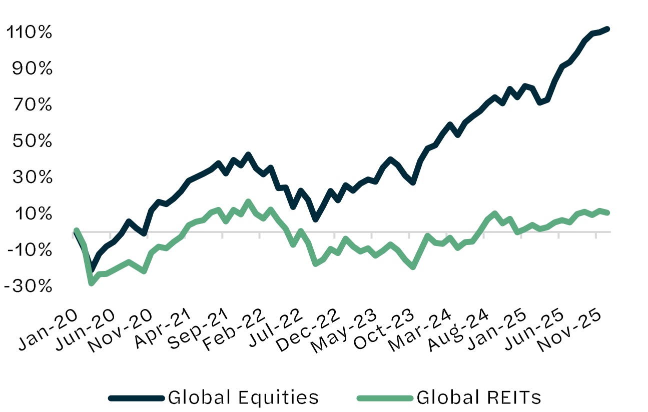
MARKET OUTLOOK

As we turn the page to 2026, we believe REITs are too cheap to ignore.

REIT Performance in Context

Since the start of 2020, global REITs have generated a cumulative total return of just 10.5%, compared with 111.9% for global equities (Figure 3). This extended period of underperformance reflects an unusually challenging backdrop for real estate, defined by two successive shock events: the COVID-19 pandemic and one of the most aggressive global monetary tightening cycles in modern history. Together, these forces disproportionately impacted commercial real estate, driving a sharp compression in valuations and a deterioration in investor sentiment.

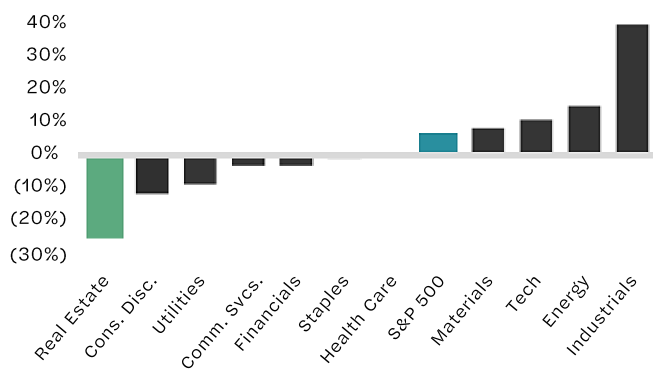
Figure 3. Global REITs vs. Global Equities - Since 2020



Source: Bloomberg LP. Global Equities represented by the MSCI World Index. Global REITs represented by the FTSE EPRA NAREIT Developed Total Return Index. Timeframe from January 2nd, 2020 – December 31st, 2025. Returns presented in USD.

As depicted in Figure 4, U.S. real estate equities experienced the largest valuation decline of any sector within the S&P 500 since 2021. Over this period, more than $37 billion of capital exited publicly listed REITs, leaving the sector trading at historically cheap levels[4].

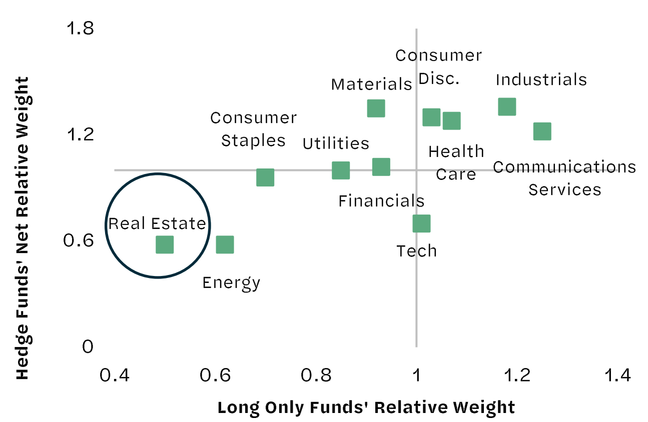
Figure 4. Change in Forward P/E (P/FFO for REITs) From Dec. 2021 to Present



Source: FactSet, BofA US Equity and Quant Strategy, November 30th, 2025.

Today, investor sentiment towards real estate remains remarkably low. As visualized in Figure 5, real estate is currently the most under-owned sector within the broader U.S. equity market, with long-only funds and hedge funds maintaining deep underweights in favor of industrials, healthcare, consumer discretionary and AI-related technology exposure (note that large AI companies like Google and Meta fall under communication services). In our view, current market positioning is reminiscent of the periods preceding the 2000 tech crash and following the global financial crisis. From such low levels of sentiment, even a modest improvement in investor confidence or a partial rotation out of more crowded sectors could have a profound impact on fund flows into real estate.

Figure 5. Long-only and Hedge Fund investors' Sector Weights Relative to the S&P 500



Source: FactSet, BofA US Equity and Quant Strategy, November 20th 2025.

While residual challenges remain in certain segments, most notably office, we believe the headwinds that defined this cycle have largely dissipated. In our view, this valuation disconnect creates the conditions for a potential re-rating and represents the most powerful piece of the public real estate mosaic entering 2026, with REITs trading at historically low multiples on both an absolute basis and relative to global equities.

Looking forward, the fundamental and macro backdrop for real estate entering 2026 is materially more constructive. New supply is declining across most major property types globally, demand for space remains resilient, and pricing power has re-emerged. At the same time, interest rates are expected to continue trending lower, while global real GDP growth is forecasted to rise by 2.9% in 2026[3]. Against this backdrop, REIT earnings globally are projected to grow by 7.2% in 2026[5]. We view this attractive earnings growth as another important piece of the public real estate mosaic for the year ahead.

Taken together, we believe global REITs are poised to transition out of this atypical period of underperformance and into an environment where performance more closely resembles the two decades preceding the pandemic. During that period, global REITs generated annualized returns of approximately 9.4%, over five times higher than their annualized returns since 2020, supported by favorable supply-demand dynamics, strong earnings growth, and healthier investor sentiment[6].

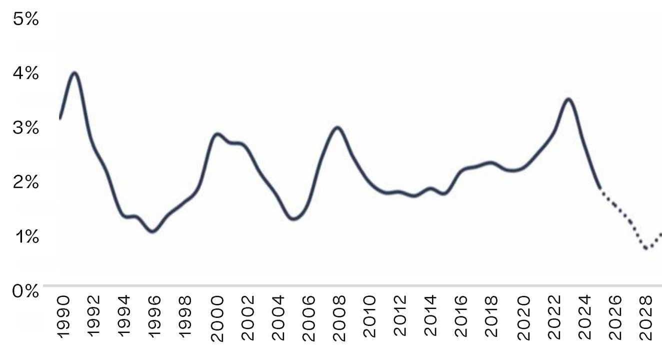
As the key pieces of the real estate mosaic begin to align more favorably, we see a clear opportunity for REITs to start recapturing lost ground in 2026 and beyond.

The Fundamental Setup

A cornerstone of our outlook for global REITs in 2026 lies in the improving fundamental landscape, led by declining supply trends across major property types. After several years of elevated development activity in select sectors, construction starts have fallen meaningfully as higher costs, labor shortages, and more restrictive development financing constrain new projects. As a result, new supply as a percentage of existing inventory is expected to continue declining over the next 24 months, enhancing pricing power for incumbent owners and supporting stronger rental growth and earnings expansion.

This dynamic is evident across most developed markets, including the U.S., Europe, Canada, Australia, Japan, Singapore, and South Korea[7]. As shown in Figure 6, supply growth across major property types including office, residential, retail and industrial is forecast to trend lower through 2028, potentially reaching all-time lows.

Figure 6. Global New Supply as Percentage of Stock

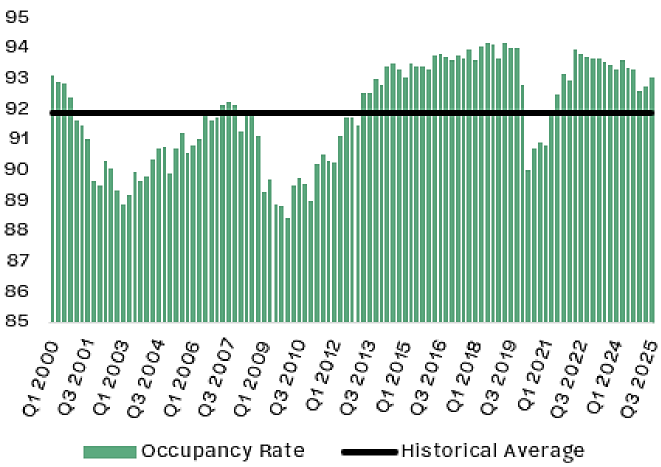


Source: LaSalle, November 18th, 2025.

This slowdown is particularly apparent in the U.S. for property types like residential and industrial which have grappled with elevated levels of new supply in recent years. Apartment deliveries are expected to fall nearly 40% in 2026 from their 2024 peak, while industrial completions are forecast to decline a further 20–30%, following already steep reductions in 2025[8]. Office and retail development also remain extremely limited, with office construction at its lowest level since 2011 and retail inventory growth projected at just 0.2% in 2026[8]. Notably, asking rents would need to increase by as much as 50% to make new ground-up retail construction economically viable[8]. Supply constraints are also evident in senior housing, while within data centers, power availability and equipment procurement continue to delay project timelines.

The demand side of the equation is also expected to remain resilient in 2026, forming another key piece within the broader real estate mosaic. Occupancy rates for major property types in most geographies are at or above historical averages, reflecting steady tenant demand despite a more subdued macro environment. Even in challenged sectors like office, premium assets continue to see stronger absorption as tenants gravitate towards higher-quality space amid limited supply in prime locations. As illustrated in Figure 7, U.S. REIT occupancy rates remain above long-term averages with similar trends seen in Europe and Asia-Pacific. When combined with declining supply, we believe this sets the stage for stronger net absorption and pricing power to push rents materially higher over the next 12 months.

Figure 7. U.S. REIT Occupancy Rates



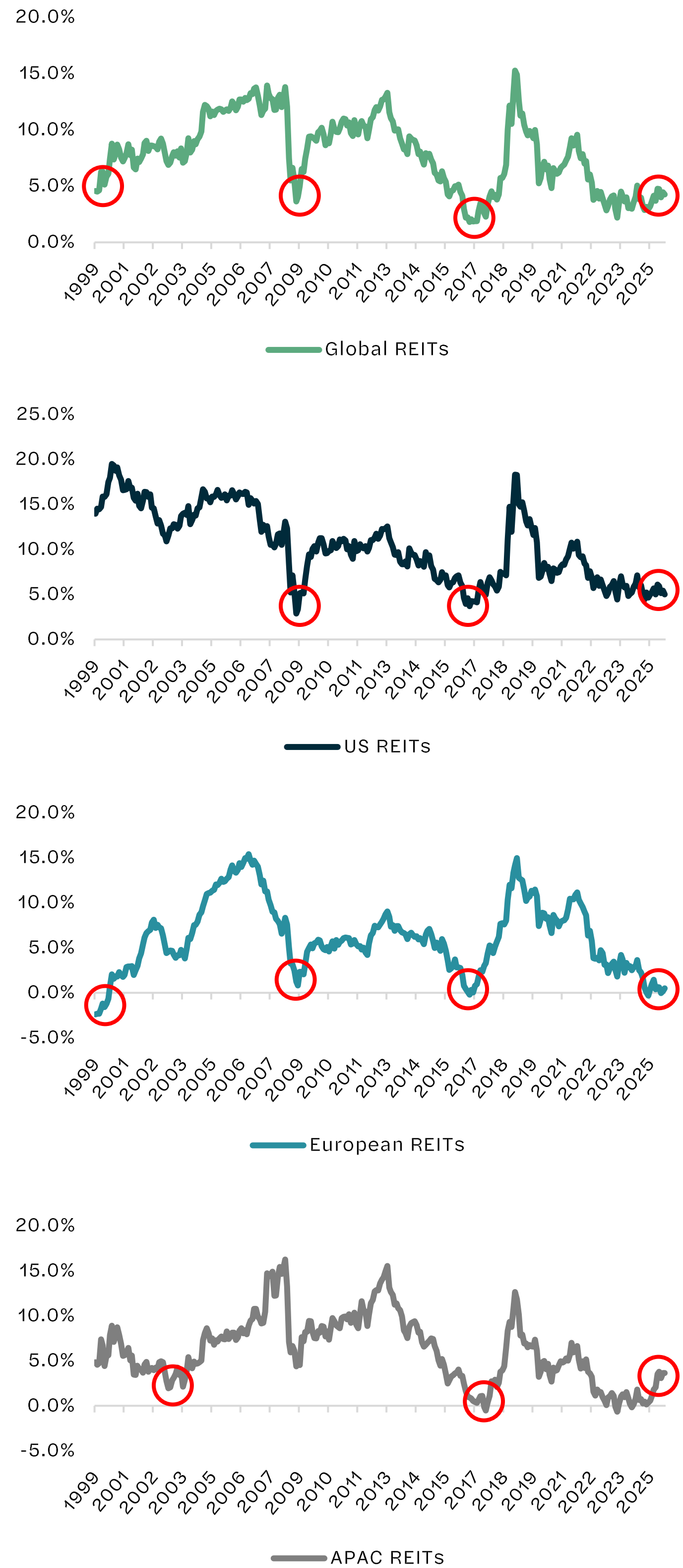
Source: NAREIT T-Tracker, All Equity REITs. Timeframe from Q1 2000 – Q3 2025.

Valuation Deep Dive

While the improving fundamental backdrop provides REITs with a solid foundation for growth, we believe valuations represent the most compelling piece of the public real estate mosaic entering 2026.

As displayed in Figure 8, trailing 10-year returns for REITs across the U.S., Europe, Asia-Pacific, and globally are at or near cyclical lows. Historically, when global REIT trailing 10-year returns decline toward ~4%, that has marked an attractive entry point for investors, followed by meaningfully above-average forward returns. Entering 2026, trailing 10-year returns stand at the 4.2% level globally, approximately 5.0% in the U.S. and 0.5% in Europe, placing each of those regions firmly within its historical "buy zone". A reversion toward prior cyclical highs of 14% globally, 20% in the U.S. and 16% in Europe would imply significant upside from current levels. Asia-Pacific is already showing signs of this reversion, coming off its recent cyclical lows with the stronger performance seen in 2025.

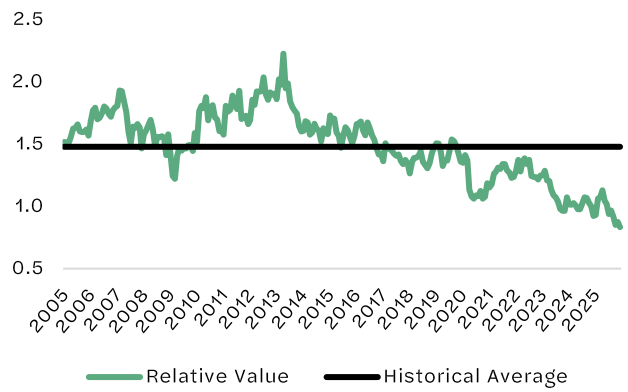
Figure 8. Global REITs Historical Trailing 10-Year Returns



Source: Bloomberg LP. Global REITs represented by the FTSE EPRA NAREIT Developed Total Return Index. Regional returns represented by their respective FTSE EPRA NAREIT regional sub-indices. Timeframe from December 31st, 1999 – December 31st, 2025. Returns presented in USD for all regions except Europe which is presented in Euros.

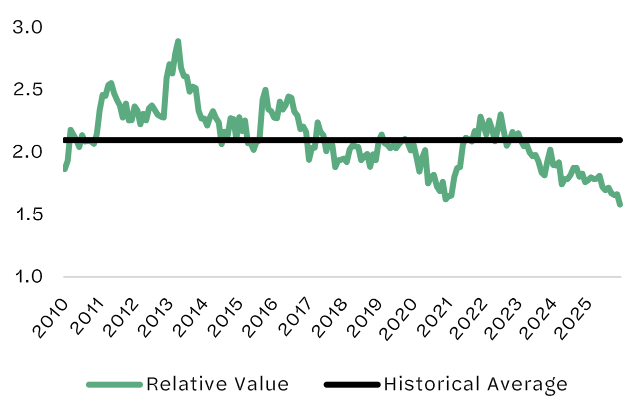
This signal is reinforced by relative valuation metrics. After underperforming global equities for much of the past six years, REITs now trade at valuation discounts that rank among the widest observed in decades. As depicted in Figure 9, global REITs are trading at their lowest price-to-cash-flow multiple relative to global equities in roughly 20 years[9]. A similar conclusion emerges on an EV/EBITDA basis (Figure 10), where REITs also trade at historically low levels versus the broader equity market. In our view, this valuation gap highlights how REITs are too cheap to ignore heading into 2026.

Figure 9. Global REITs vs. Global Equities Price to Cash Flow Ratio



Source: UBS, Datastream. Data as of December 31st, 2025.

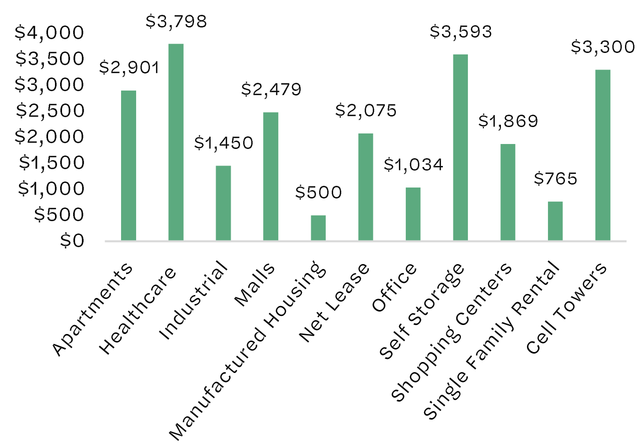
Figure 10. Global REITs vs. Global Equities EV/EBITDA Ratio



Source: UBS, Datastream. Data as of December 31st, 2025.

Importantly, this valuation disconnect has not gone unnoticed by REIT management teams, many of which are actively repurchasing shares at significant discounts to intrinsic value. U.S. REITs provide a clear signal of this dynamic with remaining share buyback authorizations estimated at 4.5% of aggregate equity market capitalization[8]. In the third quarter of 2025, U.S. REITs repurchased $1.26 billion (USD) worth of stock, 138% more than the third quarter of 2024[10]. In fact, in the first three quarters of 2025, U.S. REITs repurchased 11% more shares than all of 2024 and 20% more than all of 2023, a clear indication that REIT management teams are increasingly seeing a valuation disconnect[10]. In our view, for REITs with strong balance sheets, share repurchases represent a highly accretive use of capital in the current environment. Figure 11 highlights the remaining share buyback capacity across different U.S. REIT sectors. However, this trend has not been limited to just the U.S. In Canada, logistics operator, Granite REIT repurchased ~2.2 million shares in 2025, representing ~3.5% of shares outstanding, while residential operator CAPREIT repurchased an estimated ~7 million shares, or approximately ~4.4% of its outstanding share count[3]. Japan also exhibited this trend in 2025, with companies such as Mitsui Fudosan and Mitsubishi Estate buying back approximately ~1.2% and ~2.7% of their outstanding shares, respectively[3].

Figure 11. U.S. REIT Share Buyback Remaining Authorization ($Millions USD)



Source: BofA Global Research. Company filings, FactSet. Priced as of November 24th, 2025.

When public market valuations fail to reflect underlying asset values, privatization becomes a viable alternative. In 2025, multiple REITs announced privatization deals at substantial premiums to prevailing share prices, including Dream Residential REIT and InterRent in Canada at premiums of ~60% and ~35%[11]. In the U.S, Plymouth Industrial REIT announced a privatization deal at ~50% over its public stock price while Warehouse REIT in the U.K. received a ~40% premium and NSR REIT in Australia saw a ~27% premium[12]. These transactions underscore how private capital continues to exploit public market dislocations.

REITs also screen very attractive on an absolute basis. As displayed in Figure 12, Hazelview's internal valuation models suggest that REITs are priced at a 17.0% discount to intrinsic value, defined as a blend of NAV and Cash Flow. This implies over a 20% upside in price from current levels. Over a two-year holding period, and inclusive of an average annual dividend yield of 3.7%, our models imply an annualized expected total return of 13.4%[13].

Figure 12. Hazelview's Two-Year Forward-Looking Projections*

	P/D Intrinsic Value	Annual Dividend Yield	Potential Upside to Intrinsic Value
Global REITs Universe	-17.0%	3.7%	20.4%

By Geography	P/D Intrinsic Value	Annual Dividend Yield	Potential Upside to Intrinsic Value
United States	-18.1%	3.6%	22.1%
Canada	-21.2%	4.6%	27.0%
Continental Europe	-25.0%	3.6%	33.4%
United Kingdom	-21.2%	5.3%	26.9%
Australia	-9.7%	3.1%	10.7%
Hong Kong	-20.7%	4.6%	26.2%
Japan	-0.9%	2.9%	0.9%
Singapore	3.3%	5.0%	-3.2%

Source: Bloomberg LP, Hazelview Securities Inc. Data as of January 7th, 2026.
*For illustrative purposes only. The above hypothetical data is based on Hazelview Securities Inc. assessment and is not guaranteed. Potential return may be negative. Global REITs Universe is defined as the FTSE EPRA NAREIT Developed Total Return Index and other public real estate securities Hazelview deems as worthy of investment consideration. Returns presented in local currency.

CONCLUSION

As we piece together the intricate public real estate mosaic for 2026, the picture that emerges is one of significant opportunity. We believe global REITs are positioned to move past their period of atypical underperformance since the start of the decade, with the industry well placed to begin recapturing lost ground in the year ahead.

The fundamental and valuation landscape entering 2026 reinforces this view. Declining global supply across most major property types is enhancing pricing power at a time when demand remains resilient. At the same time, global REITs are trading at significant discounts, underscoring the disconnect between public market pricing and underlying real estate value. As a result, we continue to believe REITs are too cheap to ignore.

Against this backdrop, the opportunity set for active managers is particularly compelling as the dispersion across sectors, regions, and individual companies is wide. With expertise and active management guiding the assembly of our public real estate strategies, we showcase our best investment ideas for 2026 in the following section, a curated vision of where we see the most attractive opportunities within the public real estate mosaic for the year ahead.

BEST IDEAS

INDUSTRIAL

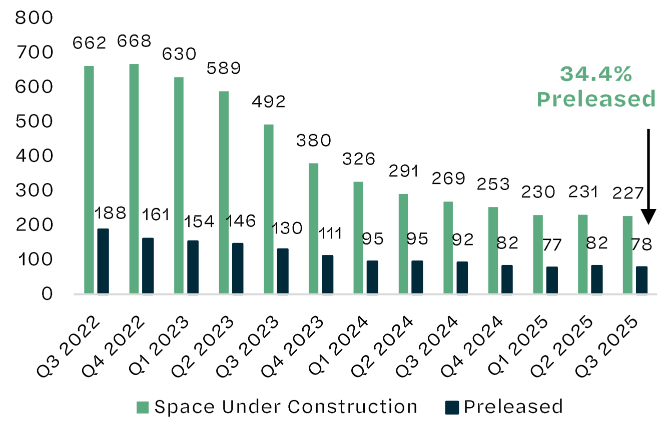
As we assemble the public real estate mosaic for 2026, we believe the industrial sector within North America, Europe and Japan stands out as one of the most compelling investment opportunities for the year ahead. While each region has its own distinct dynamics and nuances, industrial REITs have broadly contended with oversupply stemming from the COVID-era development boom, which has led to higher vacancies and weaker pricing power over the past two years. Following a brief tariff-induced demand slowdown in 2025, we believe industrial fundamentals are approaching an inflection point in 2026, creating an attractive opportunity for investors in the year ahead.

North America

In the U.S., the industrial market experienced a significant wave of new supply between 2022 and 2023, with deliveries reaching a record ~700 million SF, or approximately 6% of existing inventory[14]. This surge of completions pushed the national vacancy rate from a record-low of roughly 4% to the mid-7% range, providing occupiers with greater choice and forcing landlords to become more competitive on rental terms to secure tenants. At the same time, demand softened as consumer behavior normalized following the pandemic as higher inflation and interest rates weighed on activity, leading to excess capacity and elevated subleasing levels.

Today, the supply backdrop has shifted meaningfully. The U.S. industrial construction pipeline has declined to approximately ~200 million SF, or just 1.9% of existing inventory, the lowest level in a decade[14]. As shown in Figure 13, space under construction has fallen materially from peak levels, while pre-leasing activity stands at 34.4% of space under construction, above the post-pandemic average of 32.6%. While tariff announcements in 2025 contributed to a short-term slowdown in demand, we are beginning to see occupiers resume longer-term leasing decisions. Net absorption rebounded in the third quarter of 2025 to 53.3 million SF, accounting for almost 80% of the year-to-date net absorption of 79 million SF[15].

Figure 13. U.S. Industrial Space Under Construction & Preleased (Million SF)



Source: CBRE, Q3 2025.

A similar dynamic is evident in Canada, where the industrial construction pipeline remains modest at approximately 1.2% of existing inventory[16]. Although sector specific tariffs have impacted certain industries, Canada benefits from CUSMA protections, resulting in the lowest average effective tariff on exports to the U.S. among major trading partners[17]. We believe this positions Canada favorably relative to other nations when it comes to trading volumes with the U.S.

Europe

The European industrial sector enters 2026 with a steadily improving demand backdrop and a structurally undersupplied market. New supply remains materially constrained as elevated construction costs, power limitations, permitting challenges, and increasingly stringent environmental restrictions continue to suppress development activity. As a result, development pipelines across the region continue to shrink.

Figure 14 depicts this trend, with rolling 12-month logistics completions declining across major European markets including the U.K., Germany, France, the Netherlands, Spain, Italy, Belgium, Poland, Czech Republic, and Slovakia.

Figure 14. European Logistics Completions (000 sq m) vs. Change in Occupied Stock

Source: CBRE, Q3 2025.

Looking ahead, vacancy rates are expected to begin declining in 2026 as reduced new deliveries intersect with stabilizing tenant activity. We believe this sets the stage for a renewed phase of rental growth, particularly in prime logistics markets. Forecasts point to approximately 2% rental growth in 2026, accelerating to 3% per year for prime market rents through 2028[18]. According to UBS, a forecasted 32.5% reduction in available new product should further strengthen landlord pricing power in 2026[19].

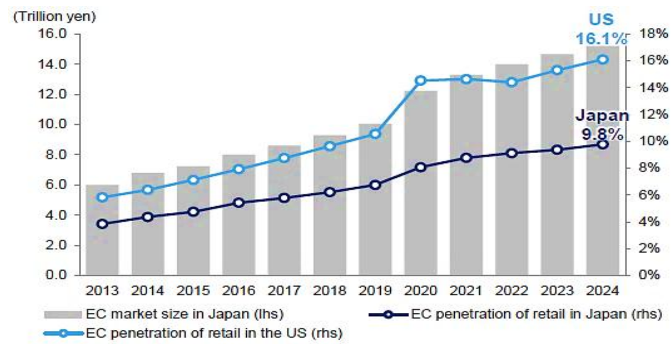
Underlying occupier demand remains supported by structural tailwinds including e-commerce growth, supply chain reconfiguration, and near-shoring trends. While demand across Western Europe has largely normalized to pre-COVID levels, Central and Eastern Europe continue to benefit from e-commerce penetration and elevated near-shoring activity. Additionally, economic growth in these regions is projected to run at roughly double the eurozone average between 2024-2028, a dynamic that should support continued yield compression relative to Western Europe and reinforce the region's attractiveness for both occupiers and investors.

Japan

In Japan, our investment focus is on advanced logistics facilities, where we see demand outpacing available supply in 2026. This imbalance is being driven by rising e-commerce penetration and structural constraints on modern logistics development, supporting lower vacancy rates and continued rental growth

Advanced logistics facilities in Japan are typically defined as modern warehouses with a gross floor area of approximately 16,500 square meters or more, ceiling heights above 5.5 meters, floor load capacities of roughly 1.5 tons per square meter or higher, and infrastructure such as spiral rampways or vertical conveyer systems. Demand for these assets continues to increase as Japan's e-commerce penetration has risen to 9.8%, nearly double pre-pandemic levels. However, this penetration rate remains well below the global average and that of other developed markets such as the U.S., suggesting meaningful runway for further growth (Figure 15).

Figure 15. Market Size of E-Commerce vs. E-Commerce Penetration Rate (U.S. & Japan)



Source: Japan Logistics Fund Presentation, July 2025.

We believe owners of modern warehouse facilities located near major population centers and key infrastructure nodes such as airports, seaports, and highway interchanges are best positioned to benefit as e-commerce penetration continues to expand. This advantage is further reinforced by Japan's structural labor shortages and regulatory changes implemented in 2024 that limit paid overtime for trucking industry workers, increasing the importance of efficient, well-located logistics facilities, particularly in infill markets.

Within Tokyo, market bifurcation remains pronounced. Core Greater Tokyo locations, inside Route 16 and along prime Ken-O corridors, continue to exhibit strong tenant demand, with vacancy rates below 10% and positive rent gaps of approximately 10%–15%. In contrast, outer Ken-O areas beyond Route 16 are experiencing materially higher vacancy rates of 17%–19%[20]. We believe this divergence underscores the value of owning modern, well-located assets, which should continue to command superior rental growth, particularly as landlords increasingly incorporate CPI-linked escalations into new lease agreements.

SENIOR HOUSING IN NORTH AMERICA

Senior housing in North America represents another attractive piece of the public real estate mosaic for 2026. We believe the secular growth drivers underpinning the sector remain firmly intact, with meaningful runway for continued outperformance in the year ahead.

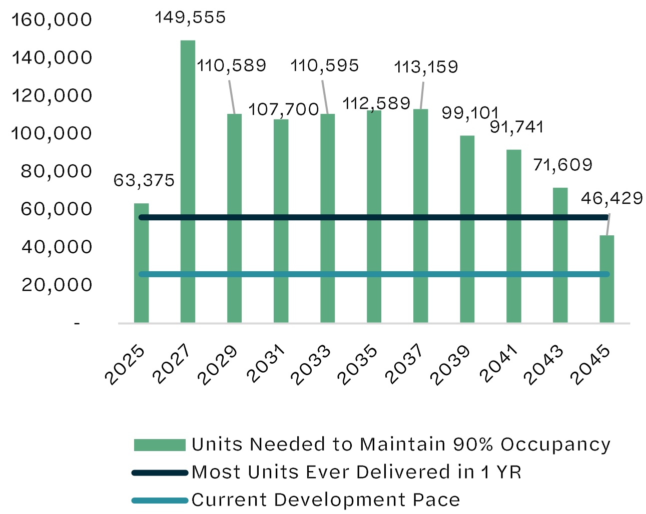
United States

In the U.S., the senior housing industry is firmly in the midst of a durable post-pandemic recovery. Occupancy continues to steadily reclaim COVID-era losses and is tracking toward approximately 90%, with absorption in primary markets running well above pre-pandemic norms. As demand accelerates and new supply remains constrained, we believe the fundamental setup entering 2026 is increasingly compelling.

On the demand side, demographic tailwinds are strengthening. Growth in the U.S. population aged 80 and older is set to accelerate sharply between 2025 and 2030, reinforcing the long-term need for senior housing. The compounded annual growth rate (CAGR) of the 80+ cohort is expected to rise from an average of 1.4% between 2010-2024 to approximately 5.0% from 2025 to 2030, an increase of 3.6 times[21].

Supply, however, remains considerably constrained. New construction starts are near multi-decade lows, reflecting elevated construction and financing costs as well as lengthy permitting and entitlement timelines. As displayed in Figure 16, forecasted demand for senior housing units significantly exceeds the pace of new deliveries required to sustain a 90% occupancy rate. Even if development activity were to accelerate in the near term, meaningful new inventory would be unlikely to come online before 2028.

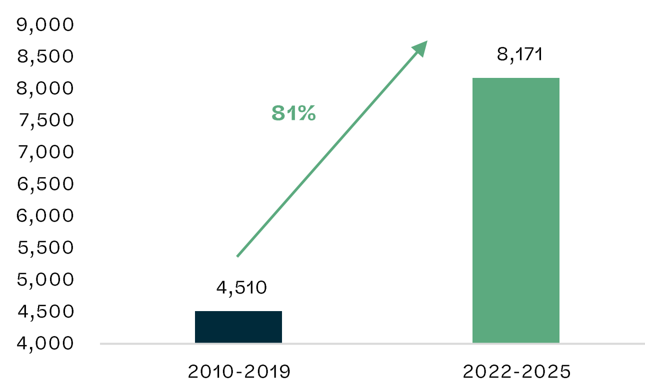
Figure 16. U.S. Senior Housing Units Needed to Maintain 90% Occupancy



Source: NIC MAP; Census Bureau, Evercore ISI, October 15th, 2025.

At the same time, rising demand is translating into stronger absorption. As shown in Figure 17, average quarterly absorption has increased significantly relative to pre-pandemic levels, underscoring the sector's improving utilization rate as occupancy continues to recover. Taken together, accelerating demographic demand and persistently limited new supply point to a durable imbalance that should continue to support occupancy gains and pricing power for U.S. senior housing operators in 2026.

Figure 17. U.S. Senior Housing Average Quarterly Total Absorption



Source: NIC MAP Primary and Secondary Markets; Welltower Business Update, October 27th, 2025.

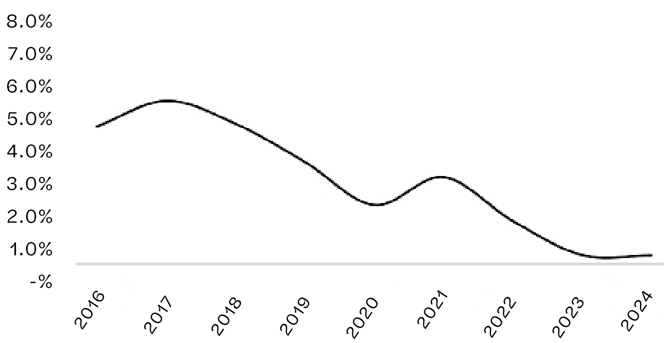
Canada

Similar to the U.S., we believe the Canadian senior housing sector is also poised for continued outperformance.

The persistent imbalance between supply and demand is expected to drive market-wide occupancy rates beyond pre-pandemic levels, accelerating rental growth across the sector.

From a demand perspective, according to Cushman & Wakefield, the 80+ population segment in Canada is projected to grow at a compound annual rate of 4.8% through 2042, driven predominantly by the aging baby boomer cohort[22]. This demographic acceleration coincides with new construction starts near record lows due to higher construction costs, elevated interest rates and limited access to construction financing. It is estimated that through the first half of 2025 fewer than 5,000 units or 0.25% of existing inventory broke ground[22]. This declining trend in Canada's senior housing construction starts is visualized in Figure 18.

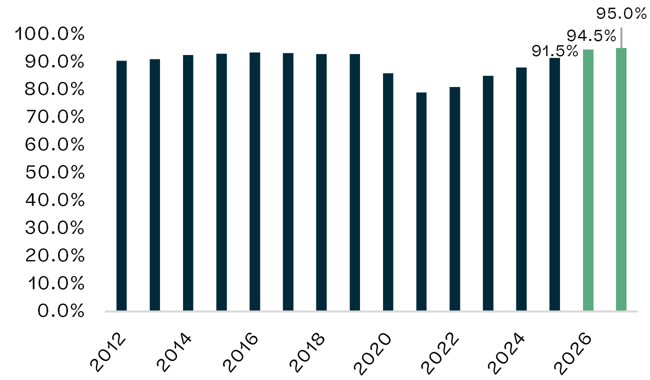
Figure 18. Canada Senior Housing Construction Starts as % of Inventory (Units)



Source: Cushman & Wakefield, September 2025.

This supply-demand imbalance has supported a strong recovery in occupancy following COVID-era lows. Industry-wide occupancies declined by approximately 10% between 2019 and 2021 but have since rebounded sharply and are now approaching pre-pandemic levels. We expect this supply-demand imbalance to persist, supporting further occupancy growth beyond prior peaks and potentially into the mid-90% range, as illustrated in Figure 19.

Figure 19. Canada Senior Housing Occupancy Forecast



Source: Cushman & Wakefield, September 2025.

Although valuations for many North American senior housing REITs have increased meaningfully in recent years, we believe the sector's long-term growth potential is not yet fully reflected in current pricing. We believe growth in occupancy and rental rates should translate to market-leading earnings growth for operators as strong top-line trends are further augmented by operational and financial leverage. Moreover, given that most property-level costs are largely fixed, incremental revenue should flow disproportionately to the bottom line, with revenue per occupied room (RevPOR) outpacing expense growth and supporting continued margin expansion as well as robust NOI growth.

Many North American senior housing REITs have a strong cost of capital advantage versus private market peers which makes external growth another avenue through which they can grow earnings and capitalize on lingering private market distress to acquire assets at outsized stabilized yields. Publicly traded operators, supported by strong balance sheets and scaled operating platforms, are well positioned to accelerate acquisitions, underpinning a multi-year runway for compounding cash flow growth and attractive total returns beyond 2026.

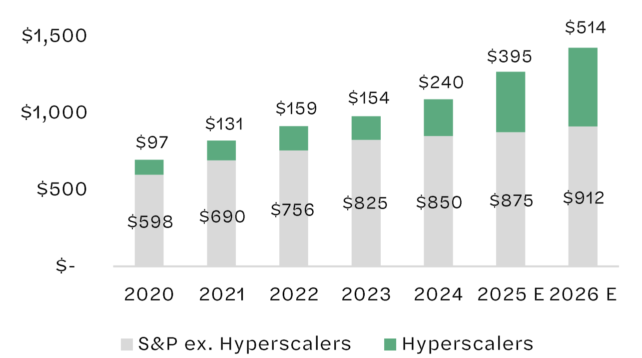
DATA CENTERS

We believe the data center sector's underperformance in 2025 sets the stage for better returns in 2026. As outlined in our whitepaper last year, [The Impact of AI on Public Real Estate], robust growth in AI capex investment represents a multi-year secular trend that has the potential to reshape many aspects of the public real estate market.

United States

We believe the U.S. data center sector remains one of the most compelling investment opportunities within public real estate, supported by accelerating AI adoption and persistent structural supply constraints. As AI models scale training clusters to unprecedented levels, demand for computational infrastructure continues to surge, driving sustained growth in capital expenditure from tech giants. Figure 20 highlights the magnitude of this investment cycle and the expected continuation into 2026.

Figure 20. S&P 500 and Hyperscalers Capex ($Billions USD)



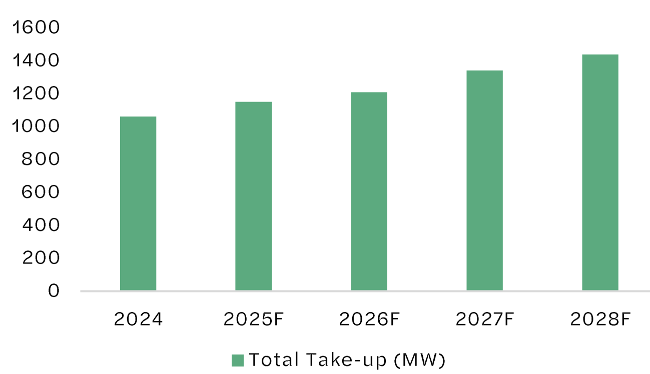
Source: BofA, US Equity & Quant Strategy, FactSet, December 1st, 2025. Hyperscalers represented by MSFT, AMZN, GOOGL, META, ORCL) Capex 2025 and 2026 are consensus estimates.

This demand backdrop has driven vacancy rates to historic lows, reaching just 1.6% in the third quarter of 2025, with colocation vacancy below 1% across the top ten U.S. data center markets[23]. At the same time, new supply remains constrained by bottlenecks in grid capacity, water scarcity, and labor shortages, resulting in multi-year development lags. In our view, these challenges likely persist, supporting sustained pricing power and persistently low vacancy rates for operators.

Singapore

We view the data center sector in Singapore as one of the most attractive opportunities within Asia. The country serves as a critical regional connectivity hub, linking Southeast Asia to global data networks through 26 subsea cables today, with that number expected to roughly double over the next decade. Singapore also ranks among the top markets globally for fiber connection quality and speed, a key factor in low latency for data centers[24]. As a result, utilization reached 99.2% (1,062 MW) in 2024, among the tightest levels in the Asia-Pacific region, with forecasts pointing to continued increases in utilization and demand, as depicted in Figure 21.

Figure 21. Singapore Data Center Demand



Source: Keppel DC REIT, January 2025.

Moreover, supply has remained severely constrained since 2019 following a government-imposed moratorium on new data center construction. This moratorium reflects Singapore's structural limitations, including land scarcity, a year-round hot and humid climate, and a heavy reliance on imported energy. While the government eased the moratorium in 2023, meaningful new supply is not expected to come online until 2026 or later and any developments that do proceed are expected to be highly accretive, with estimated yields on cost of 21%–23%, the highest in the APAC region[25].

This tight supply and high demand dynamic has materially increased landlord bargaining power, with recent lease renewals reflecting positive rent reversions of 40%–50%. We expect rental growth to remain robust as incremental capacity is likely to remain insufficient to meet demand over the medium term.

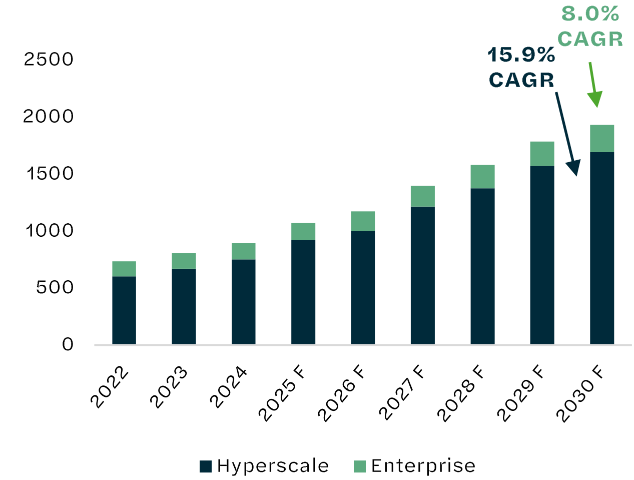
Hong Kong

Hong Kong has long benefited from strong data center demand due to its role as a global financial center, an international connectivity hub, and the primary data gateway in and out of mainland China. The region is connected to 13 international subsea cables and hosts the world's most carrier-dense colocation facility at SUNeVision's Mega-i campus. Approximately 50% of international data traffic entering China flows through Hong Kong, underscoring its strategic importance within the Asia-Pacific data ecosystem.

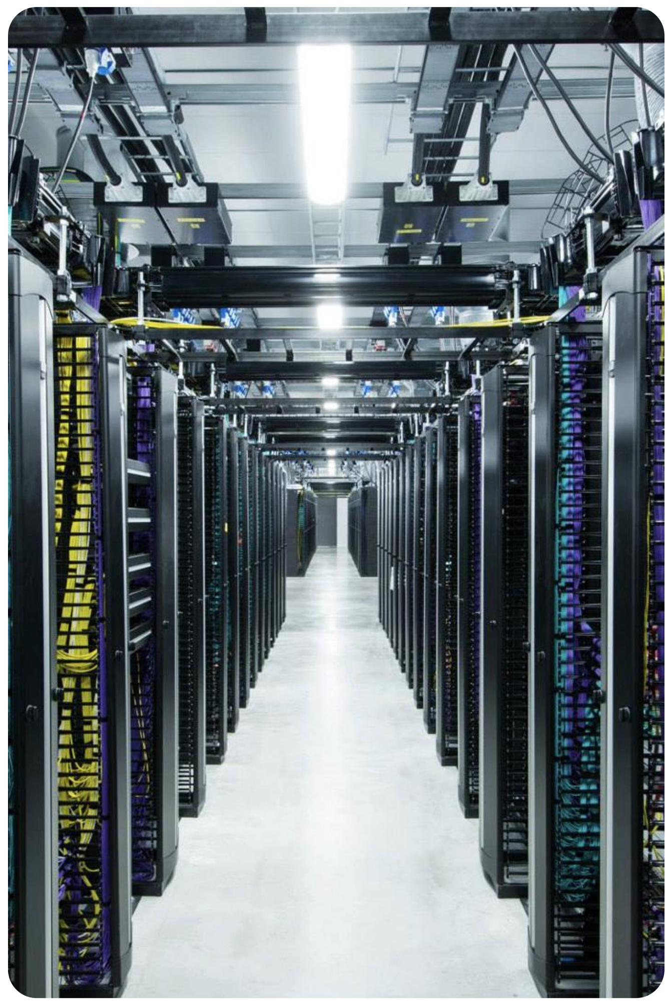
Looking ahead, demand for hyperscale data center capacity in Hong Kong is expected to accelerate as cloud adoption and AI deployment continues to expand across the region.

The colocation market is forecast to grow at a five-year CAGR of 14.8%, driven primarily by hyperscale demand growing at 15.9%, as illustrated in Figure 22. At the same time, structural land scarcity and elevated construction costs have limited the feasibility of large-scale self-build developments, increasingly pushing hyperscale users toward leasing capacity from established operators. As of the end of 2024, built-out colocation capacity totaling 542 MW was largely fully occupied, with total capacity expected to increase to approximately 943 MW by 2030, reinforcing the value of incumbent landlords with existing, well-located assets.

Figure 22. Hong Kong Colocation Market Size ($Millions USD)



Source: Structure Research, January 2025.



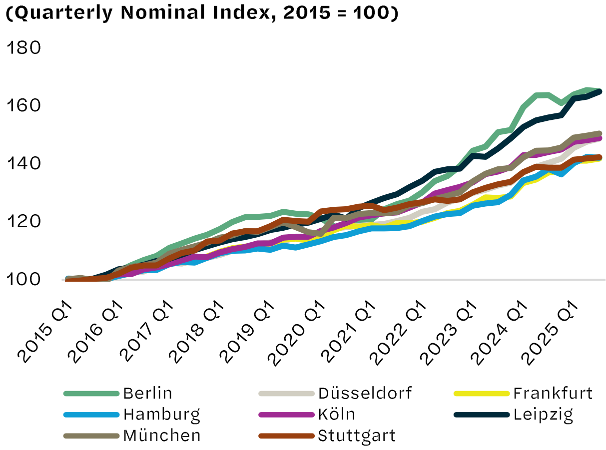
RESIDENTIAL

Our final piece of the public real estate mosaic we find particularly attractive heading into 2026 is the residential sector in Germany and Australia. Both markets are supported by favorable demand-supply dynamics and durable multi-year growth trends.

Germany

The outlook for German residential entering 2026 remains constructive, supported by a supply-constrained housing market and resilient demand. Chronic supply shortages and sustained population growth in major urban centers continue to underpin rental growth across the country. As shown in Figure 23, rents across major German cities have trended steadily higher since 2015. According to CBRE, average rents in the top 20 German residential markets rose by more than 5% year-over-year as of the third quarter of 2025, reflecting the persistent imbalance between supply and demand[26]. Looking ahead to 2026, rental growth is estimated to be in the low-to-mid-single digit range.

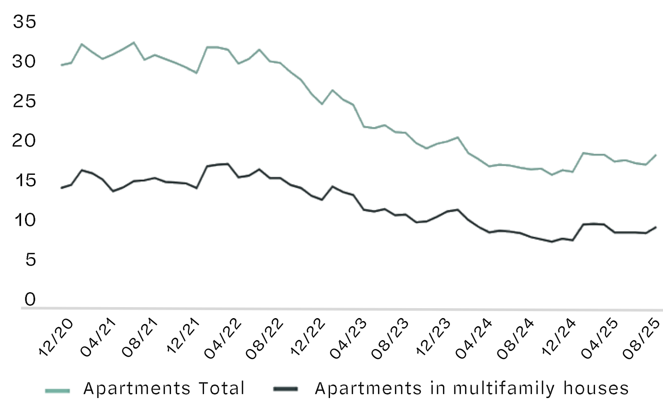
Figure 23. Apartment Rent Growth in Major German Cities (Quarterly Nominal Index, 2015 = 100)



Source: German Real Estate Index (GREIX), data as of Q3 2025.

German residential supply constraints are expected to persist despite recent policy initiatives. New residential completions in 2026 are estimated at just 175,000–200,000 units, well below the annual demand of approximately 300,000 units. This widening shortfall continues to place upward pressure on both rents and asset values. While the German government's "BauTurbo" reforms are designed to accelerate housing development by streamlining planning and permitting processes, their effectiveness will depend on implementation and are unlikely to materially reverse the current supply deficit in the near term. As displayed in Figure 24, German residential supply continues to trend lower in recent years.

Figure 24. German Residential New Supply (Thousands of Units)



Source: Destatis, CBRE, 3-month rolling figures, Q3 2025.

Financing conditions are also improving as borrowing costs have stabilized around 3.7%, easing affordability pressures and supporting a gradual recovery in transaction activity, which improves price discovery. In the first nine months of 2025, transaction volumes totaled €6.0 billion, 25% above full-year 2024 levels, driven by rising interest from foreign investors[26]. Importantly, improving home purchase affordability allows some renters to exit the rental pool and transition into homeownership. This turnover creates opportunities for landlords to re-lease units at current market rents, which is significantly higher than in-place rents, supporting revenue growth.

We believe the overall outlook of sustained rental growth, structural undersupply, improving financing conditions, and rising transaction activity position German residential REITs favorably for outperformance in 2026.

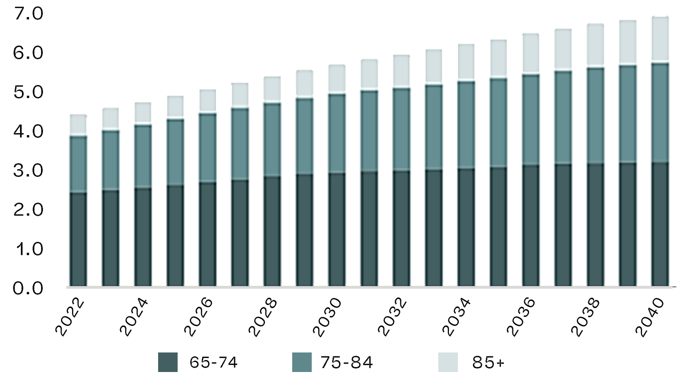
Australia

In Australia, we view the manufactured housing sector, commonly referred to as land lease communities, as one of the most compelling residential subsectors heading into 2026. The investment case is anchored by a rare combination of powerful demographic tailwinds, structural undersupply, affordability advantages, and a highly resilient operating model that generates inflation-linked, long-duration cash flows.

Land lease communities operate under a capital-efficient ownership structure in which residents own their manufactured homes while leasing the underlying land from an operator. This model produces a defensive and recurring revenue profile as operators earn stable, CPI-linked site rents while avoiding the capital intensity and maintenance burden associated with owning the housing stock itself. In addition, operators capture attractive upfront development margins through the sale of manufactured homes, alongside long-term upside from land appreciation. Communities span a range of formats, including age-restricted senior housing, all-age residential, and select holiday-oriented developments, allowing operators to tailor supply to localized demand conditions.

The demographic backdrop in Australia is particularly compelling. The population aged 65 and older currently totals an estimated 4.75 million and is projected to grow to ~7 million by 2040 (Figure 25), reflecting one of the fastest-aging populations among developed markets. Despite this, Australia has only approximately 500,000 senior living units across all formats, and land lease penetration among seniors remains extremely low at just 1%–1.5%, or roughly 40,000 operating sites[27]. This compared to a penetration of ~5% in the U.S., underscores the significant runway for adoption as retirees seek more affordable housing alternatives[27].

Figure 25. Australia Forecast Aging of Population (Millions)



Source: CBRE, May 2025.

Based on current demographic trends and penetration rates, CBRE estimates annual incremental demand of approximately 2,500 land lease units[27]. Weekly site rents typically range between $200 and $300 and are partially supported by government pensions, which account for approximately 20%–30% of the land lease cost on average. Moreover, a Bank of America review of Australia's superannuation system highlights a growing affordability gap, with only about 30% of retirees holding sufficient savings to meet a comfortable retirement standard[28]. Against this backdrop, land lease communities offer a compelling solution by allowing retirees to unlock equity through selling their primary residence in favor of a land lease community, improving their financial security.

In summary, we believe Australia's aging population and underpenetrated land lease model provide a long runway for growth. As retirees increasingly seek affordable housing options that preserve capital and generate predictable living costs, land lease operators are well positioned to expand development profits and recurring cash flows in 2026 and beyond.

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Equipped with an experienced team of real estate professionals strategically located in major markets (Toronto, New York, Hamburg and Hong Kong) provides the advantage of global perspective and the ability to stay on the pulse of new developments. This ‘feet in the street’ presence allows us to be face-to-face with local markets, enabling us to accurately and efficiently source, underwrite and monitor global real estate investments.

Our key investment strategies include Core, Focused and Liquid Alternative and are offered to both institutional and retail audiences through a range of public and private vehicles.

Meet our seasoned, institutional team of investment professionals covering key global markets made up of:

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- Managing C$1.7B in global real estate
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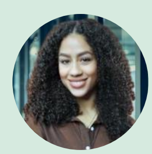

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