Real Estate Research

August 2026

U.S. Property Performance Monitor

Second Quarter 2026

IN A NUTSHELL

- As of the second quarter of 2026, private core real estate delivered a 5.0% trailing four-quarter total return, driven primarily by stable income returns, while capital appreciation turned modestly positive following an extended period of value adjustment.
- All major property types posted positive trailing four-quarter returns. Retail remained the strongest performing major sector, Industrial recovered to perform in line with the benchmark, Residential generated steady returns, and Office continued its gradual recovery despite ongoing valuation pressure.
- Fundamentals remained mixed across regions. The Midwest and South outperformed, while the West continued to lag due to weakness in several large coastal markets.

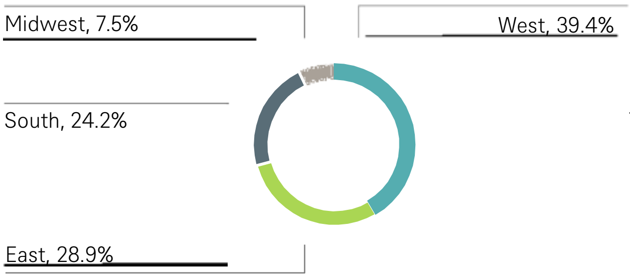
Private Real Estate Property Returns[1]

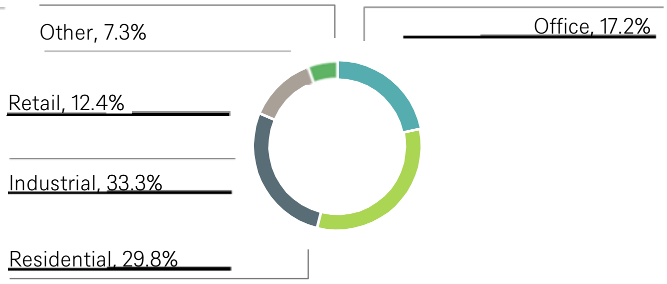
- Stable income returns remained the primary driver of private core real estate's 5.0% trailing four-quarter return through the second quarter of 2026. Income returns contributed 4.7%, while capital appreciation improved to 0.3%, suggesting property values have largely stabilized following the sector's repricing cycle.
- All major property types registered positive returns over a trailing four-quarter basis. Retail maintained its leadership position with a 6.7% return, outperforming the benchmark by roughly 170 basis points. Industrial (4.9%) matched the benchmark, while Residential (4.5%) produced steady returns. Office (3.8%) remained the weakest major sector, though returns continued to improve from recent lows.
- Fundamentals were mixed. Vacancy for the benchmark was 7.2%, still below its long-term historical average (8.6%). Year-over-year Net Operating Income (NOI) growth (2.2%) was below its historical average (2.6%), dragged down by declines in Office, moderation of Industrial marks-to-market, and residential concessions in high supply markets.
- The West, a long-term outperformer, lagged due to continued weakness in Southern California, where Industrial fundamentals remained pressured by elevated supply, and Seattle, where office performance continued to underwhelm. In contrast, San Francisco benefited from improving sentiment in both the Office and Residential sectors, supported in part by AI-related demand. The Midwest, led by Chicago, outperformed its historical pattern of weaker performance, while several Southern markets, including Dallas and Miami, continued to generate strong results.

[1] All real estate performance and operational metrics refer to the Expanded NCREIF Property Index (NPI).

NPI Market Capitalization

Index market value U.S. $ 943.1 billion – Property count 13,160





Source: NCREIF (Expanded NPI). As of June 30, 2026.

Recent Performance Trends

	Quarter	12 months trailing	
	2Q 2026	2Q 2026	1Q 2026
Private Real Estate (Expanded NPI)	1.3%	5.0%	4.9%
Broad Equities (large cap)	15.2%	22.3%	17.8%
Bonds	0.7%	3.8%	4.3%
Listed Real Estate	10.7%	15.4%	3.3%
10-Year Treasury[1]	4.5%	4.5%	4.3%
CPI (SA)	0.7%	3.5%	3.3%

[1]These figures represent annual yields.

Sources: NCREIF (Expanded NPI), S&P 500 (Broad Equities), Barclay's U.S. Aggregate Bond Index (Bonds), NAREIT (Listed Real Estate), BLS (CPI) and Federal Reserve (10 yr Treasury). As of June 30, 2026.

NCREIF Property Index (Expanded NPI) Performance by Sector [2]

- Retail remained the best-performing major property type, extending a multi-year trend of outperformance. Strip retail generated the strongest returns within the sector (8.2%), while malls (5.9%) also produced solid performance. Street retail (2.6%) continued to lag. Consistent with the return profile, strip retail vacancies remained below their long-term historical average, while street retail vacancies remained materially above historical norms, highlighting the continued bifurcation within the sector.
- Industrial delivered a 4.9% trailing four-quarter return, matching the overall benchmark. Vacancy (4.9%) remains low relative to long-term historical standards (6.4%). NOI growth remained positive but continued to moderate from peak levels as mark-to-market rent growth slowed. Within the sector, Warehouse (4.9%) tracked, Manufacturing (7.1%) outperformed, and Life Science industrial assets (-0.3%) remained under pressure.
- Residential generated a 4.5% trailing four-quarter return. Apartments, which account for the majority of the sector, returned 4.6%, broadly in line with the residential benchmark. Fundamentals remain supported by the affordability advantage of renting relative to homeownership, although elevated supply in several Sun Belt markets continues to pressure rent growth and concessions. Student Housing generated moderate returns (3.8%), while Manufactured Housing remained a standout performer (12.2%).
- While Office lagged the benchmark, trailing four-quarter returns (3.8%) continued to improve, despite NOI declines (-2.9% year-over-year) amid negative lease rolls. Performance varied by subtype. CBD returns improved significantly (4.4%) as certain markets, such as Manhattan, showed signs of stabilization. Suburban (3.3%) and Secondary Business District (7.0%) also exhibited strength while Life Science (-1.5%) was a meaningful drag on the subindex. Medical office

[2] All real estate performance and operational metrics refer to the Expanded NPI as the benchmark/index as of June 30, 2026.

facilities, insulated from remote work, generated stronger returns (6.0%), benefiting from outpatient healthcare spending.

Detailed Property Type Expanded NPI Performance

	Market value U.S.$ (Mil)	Share of NPI	Trailing four quarters (2Q 2026)		
			Total return	Income	Capital
Residential					
Apartment	255,300	27.1%	4.6%	4.4%	0.2%
Student Housing	13,360	1.4%	3.8%	5.0%	-1.2%
Single Family Rental	9,701	1.0%	2.3%	3.8%	-1.5%
Manufactured Housing	3,040	0.3%	12.2%	3.6%	8.4%
Residential Total	281,402	29.8%	4.5%	4.4%	0.1%
Industrial					
Warehouse	278,229	29.5%	4.9%	4.2%	0.7%
Specialized	21,269	2.3%	5.2%	4.1%	1.1%
Flex	7,288	0.8%	5.4%	4.8%	0.6%
Manufacturing	5,624	0.6%	7.1%	4.6%	2.4%
Life Science	1,476	0.2%	-0.3%	5.4%	-5.5%
Industrial Total	313,887	33.3%	4.9%	4.2%	0.7%
Office					
CBD	73,569	7.8%	4.4%	5.6%	-1.2%
Urban	22,163	2.3%	4.1%	6.6%	-2.4%
Life Science	22,788	2.4%	-1.5%	4.2%	-5.5%
Medical Office	21,188	2.2%	6.0%	5.7%	0.3%
Suburban	11,908	1.3%	3.3%	6.6%	-3.1%
Secondary Business District	10,248	1.1%	7.0%	6.2%	0.8%
Office Total	161,864	17.2%	3.8%	5.7%	-1.8%
Retail					
Strip	53,864	5.7%	8.2%	5.7%	2.4%
Mall	55,156	5.8%	5.9%	5.6%	0.3%
Street	8,346	0.9%	2.6%	5.0%	-2.3%
Retail Total	117,367	12.4%	6.7%	5.6%	1.1%
Other					
Self-Storage	25,281	2.7%	6.8%	4.3%	2.4%
Seniors Housing	15,976	1.7%	14.8%	5.7%	8.7%
Other	25,221	2.7%	3.3%	3.6%	-0.3%
Hotel	2,149	0.2%	3.4%	6.2%	-2.6%
Other Total	68,627	7.3%	7.2%	4.5%	2.6%
Expanded NPI Total	943,147	100%	5.0%	4.7%	0.3%

Source: Expanded NCREIF Property Index as of June 30, 2026. Past performance is not indicative of future returns.

Returns by Property Type and Region

	Annual returns								Standard deviation	
	Total	Income	Apprec.	3 years	5 years	10 years	20 years	Since inception[3]	20 years	Since inception[4]
Property type										
Residential	4.5%	4.4%	0.1%	1.4%	4.3%	5.0%	5.9%	9.4%	9.3%	8.0%
Industrial	4.9%	4.2%	0.7%	2.4%	8.7%	11.5%	9.5%	10.0%	12.2%	9.1%
Office	3.8%	5.7%	-1.8%	-3.6%	-3.9%	0.6%	3.8%	6.9%	10.7%	10.0%
Retail	6.7%	5.6%	1.1%	4.8%	4.2%	2.7%	5.6%	8.3%	7.6%	6.9%
Other	7.2%	4.5%	2.6%	4.5%	6.8%	7.1%	7.6%	8.2%	8.4%	8.7%
Total Index	5.0%	4.7%	0.3%	1.2%	3.4%	4.8%	6.1%	8.4%	9.1%	7.8%
Region										
East	5.2%	4.8%	0.4%	-0.1%	2.2%	3.5%	5.2%	8.9%	9.2%	9.1%
Midwest	7.0%	4.9%	2.0%	2.3%	3.7%	3.7%	5.3%	7.3%	7.3%	6.1%
South	6.0%	4.8%	1.2%	2.7%	6.6%	6.1%	7.1%	8.0%	8.3%	7.0%
West	3.7%	4.6%	-0.9%	-1.5%	3.4%	5.5%	7.0%	8.9%	10.4%	8.8%
Total Index	4.9%	4.7%	0.2%	0.2%	3.8%	4.8%	6.3%	8.4%	9.2%	7.8%

Source: Expanded NCREIF Property Index as of June 30, 2026. Past performance is not indicative of future returns.

Market Analysis – Benchmark Insights and Portfolio Implications

The NCREIF Property Index is a value-weighted index of property returns and as such, a large portion of the Index is located in just 20 markets. Local economic growth will affect properties located in the same market similarly, so we can estimate the effect of geographical location on the overall Index. Large metros, by value, will likely have the largest impact on the index, although small metros with particularly strong or weak performance may boost or weigh on returns from time to time. The tables on the following page list out which markets had the strongest positive and negative effect on returns during the past four quarters.

Residential

Over the past 12 months, several major gateway markets remained among the strongest contributors to sector performance. San Francisco (14.6%) led the Residential sector, followed by Chicago (7.6%), Boston (6.2%), Orange County (7.1%), and New York (5.2%), benefiting from relatively balanced supply-demand conditions and improving fundamentals. Several Sun Belt markets, including Miami (6.3%) and Fort Lauderdale (5.6%), continued to contribute positively despite elevated supply levels. In contrast, formerly high-growth markets such as Austin (-0.1%), Denver (0.8%), Phoenix (2.4%), and Charlotte (1.7%) lagged as new deliveries weighed on performance. San Francisco's outsized return, supported by AI-related demand, suggests a meaningful improvement in fundamentals following a prolonged period of weakness, while Chicago remained one of the strongest-performing major residential markets in the country.

Industrial

Dispersion in market-level performance remained significant. The difference between the strongest (Nashville, 11.6%) and weakest (Riverside, -0.5%) Industrial market exceeded 12 percentage points, underscoring the increasing importance of market selection. Southern California markets continued to lag, with Los Angeles (-0.3%), Orange County (2.4%), San Diego (0.9%), and Riverside (-0.5%) pressured by slower demand and elevated supply. In contrast, Sun Belt markets continued to

[3] Index returns start in 1978, equivalent to a 48-year calculation.
[4] Index returns start in 1978, equivalent to a 48-year calculation.

outperform, led by Houston (11.3%), Dallas (8.6%), Atlanta (8.6%), and Miami (6.7%). Chicago (9.2%) was also a standout performer, benefiting from more balanced supply conditions and resilient tenant demand.

Residential			Industrial			Office			Retail		
Metro	Metro returns[5]	Impact on sector returns	Metro	Metro returns[6]	Impact on sector returns	Metro	Metro returns[7]	Impact on sector returns	Metro	Metro returns[8]	Impact on sector returns
San Francisco	14.6%	26	Chicago	9.2%	24	New York	6.6%	37	San Diego	9.5%	16
Chicago	7.6%	14	Dallas	8.6%	23	San Francisco	7.3%	36	Phoenix	9.8%	11
Boston	6.2%	10	Atlanta	8.6%	13	Dallas	9.0%	14	Boston	9.6%	7
Orange County	7.1%	6	Houston	11.3%	13	San Jose	7.2%	12	Austin	9.8%	6
New York	5.2%	5	Nashville	11.6%	8	Los Angeles	4.9%	9	Atlanta	8.8%	5
Miami	6.3%	4	Oakland	7.5%	8	Charlotte	10.8%	6	Oakland	7.7%	3
Fort Lauderdale	5.6%	2	Miami	6.7%	7	Orange County	5.6%	3	Miami	7.7%	2
Seattle	5.0%	2	Philadelphia	8.1%	6	Nashville	6.9%	2	Orange County	7.5%	2
San Diego	4.9%	1	Phoenix	7.7%	6	Raleigh	5.4%	2	Houston	7.0%	2
Washington, DC	4.5%	0	Portland	6.8%	3	Seattle	4.1%	2	San Jose	6.7%	0
Orlando	4.0%	-1	Las Vegas	5.6%	1	Chicago	4.1%	1	Riverside	6.5%	0
Houston	3.7%	-2	Denver	4.9%	0	Miami	4.9%	1	New York	6.2%	-2
Raleigh	3.0%	-3	Boston	3.9%	-1	Atlanta	4.1%	0	Los Angeles	5.7%	-6
Atlanta	3.7%	-4	New York	4.5%	-3	Denver	3.2%	-1	Chicago	5.6%	-6
Phoenix	2.4%	-6	San Diego	0.9%	-6	Austin	2.4%	-3	Seattle	4.0%	-7
Charlotte	1.7%	-6	Baltimore	1.4%	-6	Washington, DC	3.4%	-4	Orlando	2.6%	-8
Dallas	3.3%	-8	Orange County	2.4%	-7	San Diego	1.5%	-6	Washington, DC	5.2%	-10
Los Angeles	2.3%	-11	Seattle	1.9%	-13	Oakland	-1.7%	-11	San Francisco	1.4%	-10
Austin	-0.1%	-17	Los Angeles	-0.3%	-48	Houston	-3.3%	-22	Dallas	3.2%	-13
Denver	0.8%	-17	Riverside	-0.5%	-70	Boston	-1.0%	-75	**Las Vegas**	**4.3%**	**-19**

Source: Expanded NCREIF Property Index as of June 30, 2026. Past performance is not indicative of future returns.

Office

The Office performance remained highly differentiated across markets. Dallas (9.0%), Charlotte (10.8%), San Francisco (7.3%), San Jose (7.2%), and New York (6.6%) were among the strongest performers, reflecting improving conditions in select growth and gateway markets. Performance across the West Coast remained mixed, with San Francisco, San Jose, Orange County (5.6%), and Los Angeles (4.9%) outperforming, while Oakland (-1.7%), San Diego (1.5%), and Seattle (4.1%) lagged. Washington, D.C. (3.4%) also underperformed the subindex. Meanwhile, Houston (-3.3%) and Boston (-1.0%) were among the weakest major office markets, highlighting the uneven nature of the sector's recovery.

[5] Four-quarter cumulative returns ending June 30, 2026.
[6] Four-quarter cumulative returns ending June 30, 2026.
[7] Four-quarter cumulative returns ending June 30, 2026.
[8] Four-quarter cumulative returns ending June 30, 2026.

Retail

The Retail performance continued to vary substantially across markets. San Diego (9.5%), Phoenix (9.8%), Boston (9.6%), Austin (9.8%), and Atlanta (8.8%) led the sector, benefiting from favorable demographic trends and strong neighborhood and community center exposure. West Coast retail markets delivered mixed results, with San Diego outperforming by a wide margin, while Seattle (4.0%), San Francisco (1.4%), and Los Angeles (5.7%) trailed sector leaders. Several gateway markets, including Chicago (5.6%), Washington, DC (5.2%), and New York (6.2%), generated positive returns but contributed less meaningfully to sector performance than higher-growth Sun Belt markets.

.

Appendix – Historical Performance

	12 months trailing				
	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Private Real Estate (Expanded NPI)	5.0%	4.3%	-5.3%	-6.1%	21.2%
Broad Equities (large cap)	22.3%	15.2%	24.6%	19.6%	-10.6%
Bonds	3.8%	6.1%	2.6%	-0.9%	-10.3%
Listed Real Estate	15.4%	9.2%	5.8%	-4.4%	-5.9%
10-Year Treasury[9]	4.5%	4.2%	4.4%	3.8%	3.0%
CPI (SA)	3.5%	2.7%	3.0%	3.1%	9.0%

Sources: NCREIF (Expanded NPI), S&P 500 (Broad Equities), Barclay's U.S. Aggregate Bond Index (Bonds), NAREIT (Listed Real Estate), BLS (CPI) and Federal Reserve (10 yr Treasury). As of June 30, 2026.

[9] These figures represent annual yields.

Real Estate Research Team

Office Locations

Frankfurt
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: +49 69 71909 0

London
45 Cannon Street
London, EC4m 5SB
United Kingdom
Tel: +44 20 754 58000

New York
875 Third Avenue
26th Floor
New York
NY 10022-6225
United States
Tel: +1 212 454 3414

San Francisco
101 California Street
24th Floor
San Francisco
CA 94111
United States
Tel: +1 415 781 3300

Singapore
One Raffles Quay
South Tower
15th Floor
Singapore 048583
Tel: +65 6538 7011

Tokyo
Azabudai Hills Mori JP Tower
1-3-1 Azabudai
Minssato-ku
16th Floor
Tokyo
Japan
Tel: +81 3 6730 1300

Sydney
Level 16, Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel: +61 2 8258 1234

Teams

Global

Kevin White, CFA
Global Co-Head of Real Estate Research

Simon Wallace
Global Co-Head of Real Estate Research

Americas

Brooks Wells
Head of Research, Americas

Liliana Diaconu, CFA
Office & Retail Research

Ross Adams
Industrial Research

Sharim Sohail
Self-Storage Research

Europe

Ruben Bos, CFA
Head of Real Estate Investment Strategy, Europe

Tom Francis
Property Market Research

Rosie Hunt
Property Market Research

Siena Golan
Property Market Research

Martin Lippmann
Head of Real Estate Research, Europe

Carsten Lieser
Property Market Research

Asia Pacific

Koichiro Obu
Head of Real Estate Research, Asia Pacific

Seng-Hong Teng
Property Market Research

Hyunwoo Kim
Property Market Research

Matthew Persson
Property Market Research

AUTHORS


Kevin White, CFA
Global Co-Head of Real Estate Research


Sharim Sohail
Property Market Research

Important information

For North America:
The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas, Inc. and RREEF America L.L.C., which offer advisory services.

This material was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. It is intended for informational purposes only. It does not constitute investment advice, a recommendation, an offer, solicitation, the basis for any contract to purchase or sell any security or other instrument, or for DWS or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained herein. Neither DWS nor any of its affiliates gives any warranty as to the accuracy, reliability or completeness of information which is contained in this document. Except insofar as liability under any statute cannot be excluded, no member of the DWS, the Issuer or any office, employee or associate of them accepts any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage whether direct, indirect, consequential or otherwise suffered by the recipient of this document or any other person.

The views expressed in this document constitute DWS Group's judgment at the time of issue and are subject to change. This document is only for professional investors. This document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. No further distribution is allowed without prior written consent of the Issuer.

Investments are subject to risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time.

An investment in real assets involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/ units and their derived income may fall or rise.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in US and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

For Investors in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of DWS Group. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. When making an investment decision, you should rely solely on the final documentation relating to the transaction you are considering, and not the document contained herein. DWS Group is not acting as your financial adviser or in any other fiduciary capacity with respect to any transaction presented to you. Any transaction(s) or products(s) mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand such transaction(s) and have made an independent assessment of the appropriateness of the transaction(s) in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DWS Group, you do so in reliance on your own judgment. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates, and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. The distribution of this document and availability of these products and services in certain jurisdictions may be restricted by law. You may not distribute this document, in whole or in part, without our express written permission.

For EMEA, APAC, LATAM & MENA:
DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they do business. The DWS legal entities offering products or services are specified in the relevant documentation. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document is for information/discussion purposes only and does not constitute an offer, recommendation, or solicitation to conclude a transaction and should not be treated as investment advice.

This document is intended to be a marketing communication, not a financial analysis. Accordingly, it may not comply with legal obligations requiring the impartiality of financial analysis or prohibiting trading prior to the publication of a financial analysis.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models, and hypothetical performance analysis. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements. Past performance is no guarantee of future results.

The information contained in this document is obtained from sources believed to be reliable. DWS does not guarantee the accuracy, completeness, or fairness of such information. All third-party data is copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast, or estimate set forth herein, changes or subsequently becomes inaccurate.