Real Estate Research

June 2026

U.S. Property Performance Monitor

First Quarter 2026

IN A NUTSHELL

- As of the first quarter of 2026, Private core real estate delivered a 4.9% trailing four-quarter total return, driven primarily by stable income returns, while capital values remained flat.
- All major property types posted positive trailing four-quarter returns, led by Retail and Residential, while Industrial modestly underperformed and Office continued its gradual recovery.
- Fundamentals remained mixed across regions with the West lagging due to weakness in major coastal markets, while the Midwest and select Southern markets outperformed.

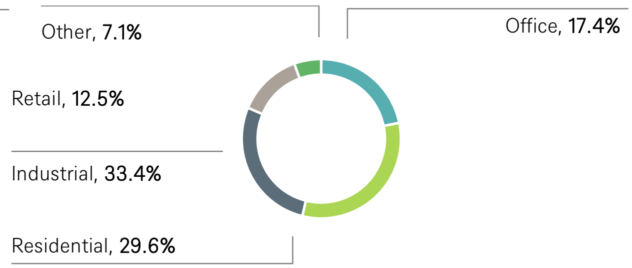
Private Real Estate Property Returns[1]

- Stable income returns were the primary driver of private core real estate's 4.9% return in the first quarter of 2026, while capital returns were flat as the asset class stabilized following a period of value reset. A similar pattern was observed on a quarterly basis.
- All property types registered positive returns over a trailing four-quarter basis. Retail maintained its dominance with a return of 6.8%. Residential followed (4.9%), supported by strong demand, on average, over the past 12 months. Industrial (4.4%) underperformed the index for the first time in more than a decade, driven primarily by weakness on the West C
- oast. Office, although continuing to recover, also lagged the benchmark (3.9%).
- Fundamentals were mixed. Vacancy for the benchmark was 7.7%, still below its long-term historical average (8.4%). Year-over-year Net Operating Income (NOI) growth (0.45%) was below its historical average (3.1%), dragged down by declines in Office, moderation of Industrial mark-to-markets, and residential concessions in high supply markets.
  The West, a long-term outperformer, suffered weakness in Los Angeles, San Francisco, and Seattle. The Midwest (primarily Chicago), a traditional laggard, fared better. Several Southern markets, including Dallas and Miami, continued to outperform.

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

NPI Market Capitalization

Index market value U.S. $ 906.6 billion – Property count 12,915



Source: NCREIF (Expanded NPI). As of March 31, 2025.

Recent Performance Trends

	Quarter	12 months trailing	
	1Q 2026	1Q 2026	4Q 2025
Private Real Estate (Expanded NPI)	1.2%	4.9%	5.0%
Broad Equities (large cap)	-4.3%	17.8%	17.9%
Bonds	0.0%	4.3%	7.3%
Listed Real Estate	3.8%	3.3%	2.3%
10-Year Treasury[1]	4.3%	4.3%	4.2%
CPI (SA)	1.3%	3.3%	2.7%

[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 March 31, 2026.

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

– Retail was the best-performing major property type for the third year in a row, outperforming the benchmark by roughly 190 bps. In a continuation of trends, malls (6.2%) and strip retail (8.3%) led the subindex while street retail (2.2%) underperformed. Consistent with the return profile, vacancies for strip retail (5.9%) were below their long-term average (7.3%), while those of street retail (12.6%) were significantly above (5.7%).

– Residential was the second-best performing sector, generating total returns of 4.9%, matching the benchmark. The rental residential market continues to benefit from long-term affordability advantages over home ownership. Apartments, making up 92% of the index, generated 5.0% in total returns, in line with the subindex. Student housing returns were moderate, at 3.8%.

– Industrial slightly underperformed the benchmark on an annual basis. Total returns of 4.4% were 50 bps below the overall index. Fundamentals softened, as new deliveries coupled with subdued demand – particularly in Southern California – pushed vacancies up 135 bps from a year earlier, to 5.2%. Trailing four-quarter NOI growth moderated to 2.6% as mark-to-markets declined.

– While Office lagged the benchmark, trailing four-quarter returns (3.9%) continued to improve, despite NOI declines (-4.9% year-over-year) amid high leasing costs and negative lease rolls. Performance varied across subtypes. CBD returns improved significantly (4.3%) as certain markets, such as Manhattan, showed signs of stabilization. Suburban (5.4%) and Secondary Business District (5.9%) also exhibited strength while life sciences (-1.1%) was a meaningful drag on the subindex. Medical office facilities, insulated from remote work, generated stronger returns (5.9%), benefiting from outpatient healthcare spending.

[2] All real estate performance and operational metrics refer to the Expanded NPI as the benchmark/index as of March 31, 2026.

Detailed Property Type Expanded NPI Performance

	Market value U.S.$ (Mil)	Share of NPI	Trailing four quarters (4Q 2025)		
			Total return	Income	Capital
Residential					
Apartment	248,484	26.8%	5.0%	4.5%	0.5%
Student Housing	13,289	1.4%	3.8%	5.1%	-1.2%
Single Family Rental	9,559	1.0%	2.2%	3.8%	-1.6%
Manufactured Housing	2,727	0.3%	13.5%	3.7%	9.6%
Residential Total	274,060	29.6%	4.9%	4.4%	0.4%
Industrial					
Warehouse	273,823	29.6%	4.3%	4.1%	0.1%
Specialized	20,930	2.3%	5.5%	4.1%	1.3%
Flex	7,354	0.8%	5.0%	4.7%	0.2%
Manufacturing	5,727	0.6%	6.0%	4.5%	1.5%
Life Science	1,501	0.2%	1.1%	5.0%	-3.7%
Industrial Total	309,335	33.4%	4.4%	4.1%	0.2%
Office					
CBD	73,689	8.0%	4.3%	5.6%	-1.3%
Urban	21,843	2.4%	3.7%	6.6%	-2.7%
Life Science	22,040	2.4%	-1.1%	4.5%	-5.4%
Medical Office	20,348	2.2%	5.9%	5.7%	0.3%
Suburban	12,706	1.4%	5.4%	6.7%	-1.3%
Secondary Business District	10,342	1.1%	5.9%	6.3%	-0.5%
Office Total	160,967	17.4%	3.9%	5.7%	-1.8%
Retail					
Strip	53,849	5.8%	8.3%	5.7%	2.4%
Mall	53,930	5.8%	6.2%	5.6%	0.6%
Street	8,368	0.9%	2.2%	4.9%	-2.5%
Retail Total	116,147	12.5%	6.8%	5.6%	1.2%
Other					
Self Storage	24,973	2.7%	7.8%	4.3%	3.3%
Seniors Housing	13,996	1.5%	12.8%	5.7%	6.8%
Other	24,659	2.7%	4.3%	3.6%	0.7%
Hotel	2,410	0.3%	2.0%	6.3%	-4.1%
Other Total	66,038	7.1%	7.4%	4.5%	2.8%
Expanded NPI Total	926,547	100%	4.9%	4.7%	0.2%

Source: Expanded NCREIF Property Index as of March 31, 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	4.9%	4.4%	0.4%	0.7%	4.8%	5.0%	6.1%	9.4%	9.4%	8.0%
Industrial	4.4%	4.1%	0.2%	1.6%	10.2%	11.7%	9.7%	10.1%	12.2%	9.2%
Office	3.9%	5.7%	-1.8%	-5.6%	-3.7%	0.7%	4.0%	6.9%	10.8%	10.0%
Retail	6.8%	5.6%	1.2%	4.1%	4.0%	2.7%	5.7%	8.4%	7.7%	7.0%
Other	7.4%	4.5%	2.8%	3.8%	7.1%	7.2%	7.8%	8.2%	8.5%	8.7%
Total Index	4.9%	4.7%	0.2%	0.2%	3.8%	4.8%	6.3%	8.4%	9.2%	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 March 31, 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, major gateway markets (Chicago, Washington DC, San Francisco, Boston, New York) stood out as relative outperformers in the subindex as they benefited from stable demand and modest supply. A few Sun Belt markets (e.g., Houston, Fort Lauderdale, Miami) were positive contributors to total return, despite elevated supply levels, thanks to buoyant renter demand, but others (Phoenix, Atlanta, Austin, Denver) were a drag on the subindex.[5] On the West Coast, San Francisco (12.1%) led performance, following a prolonged period of weakness, potentially reflecting early gains from the AI-driven growth cycle. Miami (7.5%) and Chicago (9.0%) were among the best-performing major markets in the country.

Industrial

The dispersion in market performance was notable. The difference between the strongest (Houston) and weakest (Los Angeles) industrial market was roughly 12 percentage points, underscoring the nuance in the sector. The biggest laggards continued to be Southern California markets (Orange County, Los Angeles, Riverside) that are grappling with tepid demand; these markets make up more than 23% of the index. Sun Belt markets exhibited some of the highest returns, with Atlanta (8.9%), Miami (6.7%), Houston (10.8%), and Dallas (7.4%) leading by a large margin. Chicago (8.4%) also benefited from moderate new supply and relatively stable demand.

[3] Index returns start in 1978, equivalent to a 48 year calculation.
[4] Index returns start in 1978, equivalent to a 48 year calculation.
[5] Past 12 months ending March 31, 2026.

Residential			Industrial			Office			Retail		
Metro	Metro returns[6]	Impact on sector returns	Metro	Metro returns[7]	Impact on sector returns	Metro	Metro returns[8]	Impact on sector returns	Metro	Metro returns[9]	Impact on sector returns
Chicago	9.0%	19	Chicago	8.4%	22	New York	6.9%	40	San Diego	10.3%	19
San Francisco	12.1%	18	Dallas	7.4%	19	San Francisco	6.9%	32	Phoenix	10.7%	14
Boston	6.9%	12	Atlanta	8.9%	15	Dallas	9.0%	14	Boston	9.7%	7
New York	5.8%	7	Houston	10.8%	13	Los Angeles	4.9%	8	Atlanta	9.7%	6
Miami	7.5%	6	Miami	6.7%	8	San Jose	5.7%	6	Austin	9.3%	5
Orange County	7.3%	5	Phoenix	7.7%	7	Miami	6.3%	3	Orange County	8.3%	4
San Diego	6.5%	4	Oakland	6.2%	6	Orange County	5.5%	3	Riverside	8.6%	4
Washington, DC	5.4%	4	Philadelphia	7.4%	5	Nashville	7.1%	2	New York	7.4%	2
Seattle	5.7%	4	Washington, DC	7.4%	4	Austin	4.7%	2	Miami	7.7%	2
Fort Lauderdale	5.6%	1	Portland	6.2%	3	Charlotte	6.0%	2	Oakland	6.8%	0
Houston	5.3%	1	Denver	4.7%	0	Chicago	4.0%	1	San Jose	6.2%	-2
Orlando	4.7%	-1	Boston	4.4%	0	Raleigh	3.9%	0	San Francisco	4.5%	-4
Raleigh	2.9%	-3	Las Vegas	4.3%	0	Denver	3.3%	-1	Seattle	4.6%	-6
Charlotte	3.2%	-4	New York	4.2%	-2	Atlanta	3.0%	-2	Houston	5.8%	-7
Phoenix	2.9%	-5	Baltimore	2.4%	-4	Houston	2.9%	-3	Chicago	5.6%	-7
Atlanta	3.3%	-7	San Diego	1.1%	-5	Seattle	3.2%	-3	Los Angeles	5.4%	-8
Dallas	3.2%	-11	Seattle	2.5%	-9	Oakland	-0.9%	-10	Orlando	1.7%	-11
Los Angeles	2.4%	-13	Orange County	1.2%	-10	Washington, DC	2.8%	-12	Washington, DC	4.8%	-13
Denver	1.5%	-16	Los Angeles	-1.7%	-58	San Diego	-0.9%	-15	Las Vegas	4.9%	-15
Austin	0.2%	-18	Riverside	-1.3%	-74	Boston	-0.5%	-66	Dallas	3.2%	-17

Source: Expanded NCREIF Property Index as of March 31, 2026. Past performance is not indicative of future returns.

Office

While most markets recorded weak returns amid challenged fundamentals, some fared better than others. Sun Belt markets benefiting from corporate relocations and demographic tailwinds (e.g., Dallas, Miami, Austin) outperformed the subindex. Performance on the West Coast varied; San Francisco (6.9%), San Jose (5.7%), and Orange County (5.5%) outperformed while Oakland (-0.9%), San Diego (-0.9%), and Seattle (3.2%) underperformed. Washington, DC (2.8%) also lagged, reflecting the impact of federal job cuts on fundamentals. New York (6.9%) strengthened significantly as Class A buildings continued to attract tenants.

Retail

Gateway markets experiencing out-migration (e.g., Chicago, Los Angeles, Washington, DC) generally underperformed the subindex. Those with more neighborhood and community centers, benefiting from demographic tailwinds (e.g., Austin, Atlanta, Phoenix), fared better. On the West Coast, San Diego (10.3%) outperformed, while Seattle (4.6%), San Jose (6.2%), and San Francisco (4.5%) lagged.

[6] Four-quarter cumulative returns ending March 31, 2026.
[7] Four-quarter cumulative returns ending March 31, 2026.
[8] Four-quarter cumulative returns ending March 31, 2026.
[9] Four-quarter cumulative returns ending March 31, 2026.

Appendix – Historical Performance

	12 months trailing				
	3/31/2026	**3/31/2025**	**3/31/2024**	**3/31/2023**	**3/31/2022**
Private Real Estate (Expanded NPI)	4.9%	2.8%	-6.9%	-1.2%	21.5%
Broad Equities (large cap)	17.8%	8.3%	29.9%	-7.7%	15.6%
Bonds	4.3%	4.9%	1.7%	-4.8%	-4.2%
Listed Real Estate	3.3%	9.2%	8.0%	-19.4%	23.6%
10-Year Treasury[10]	4.3%	4.2%	4.2%	3.5%	2.3%
CPI (SA)	3.3%	2.4%	3.5%	4.9%	8.6%

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 March 31, 2026.

[10] These figures represent annual yields.

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