



Global Real Estate Outlook: Trump, Tariffs, Treasuries, and (Re)Turns

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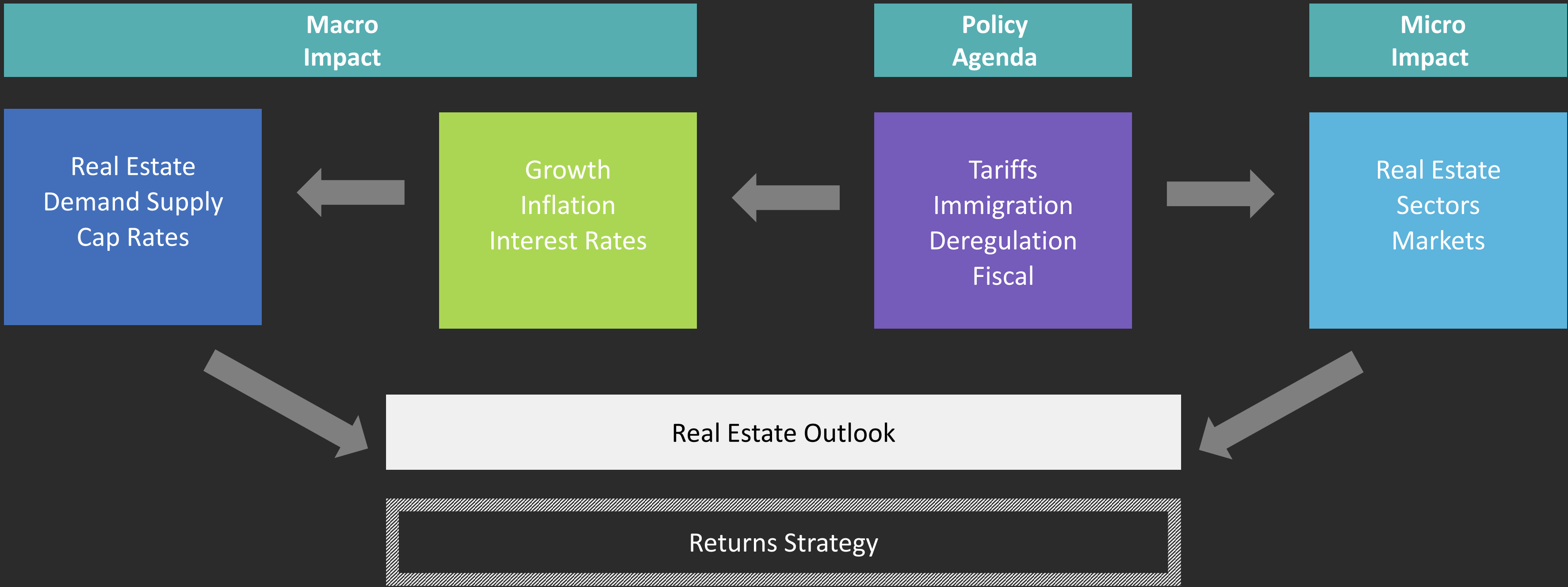
01 U.S. Outlook

Trump, Tariffs, Treasuries, and (Re)Turns

Implications for real estate performance and strategy



Policy Agenda and Real Estate Implications



For illustrative purposes only. Source: DWS. As of March 2025.

Economic Impact: Growth, Inflation and Interest Rates



Hinges on the timing and magnitude of policy changes

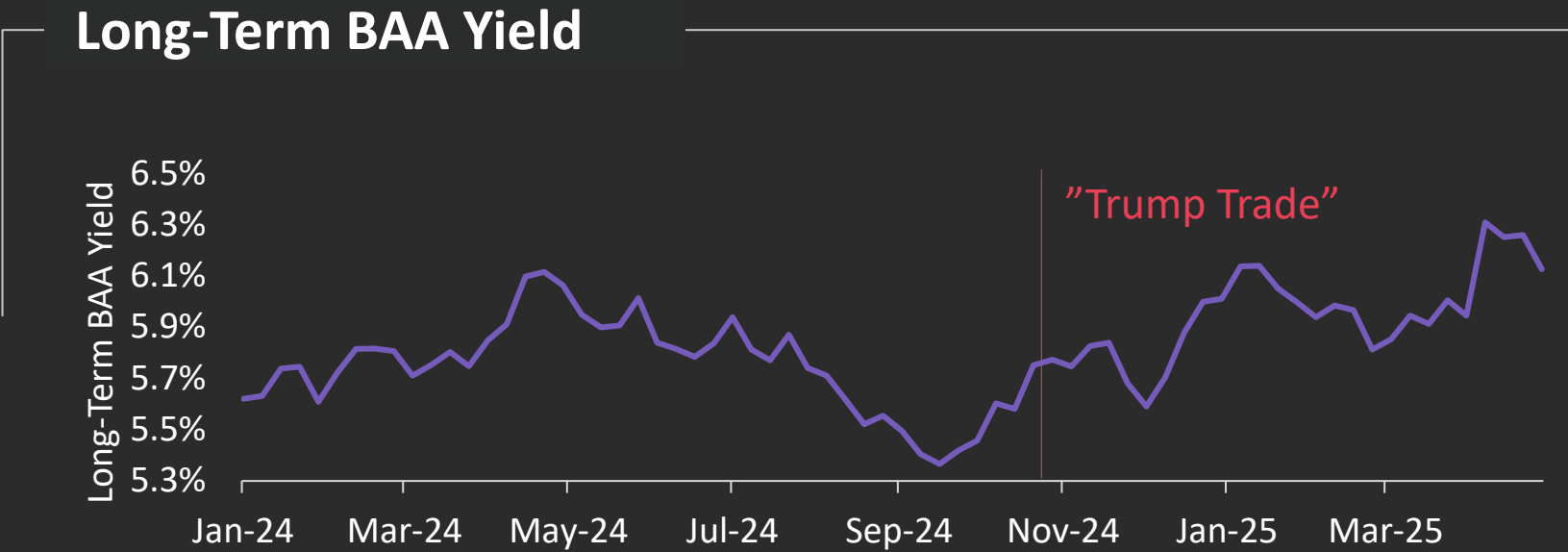
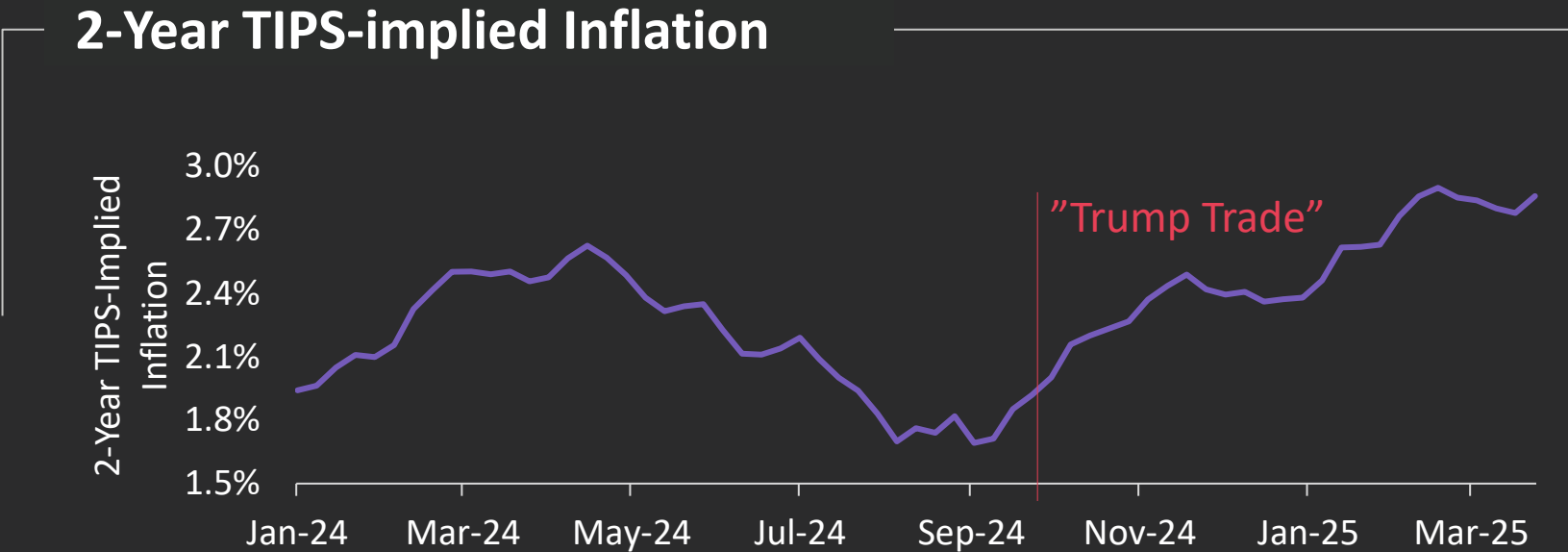
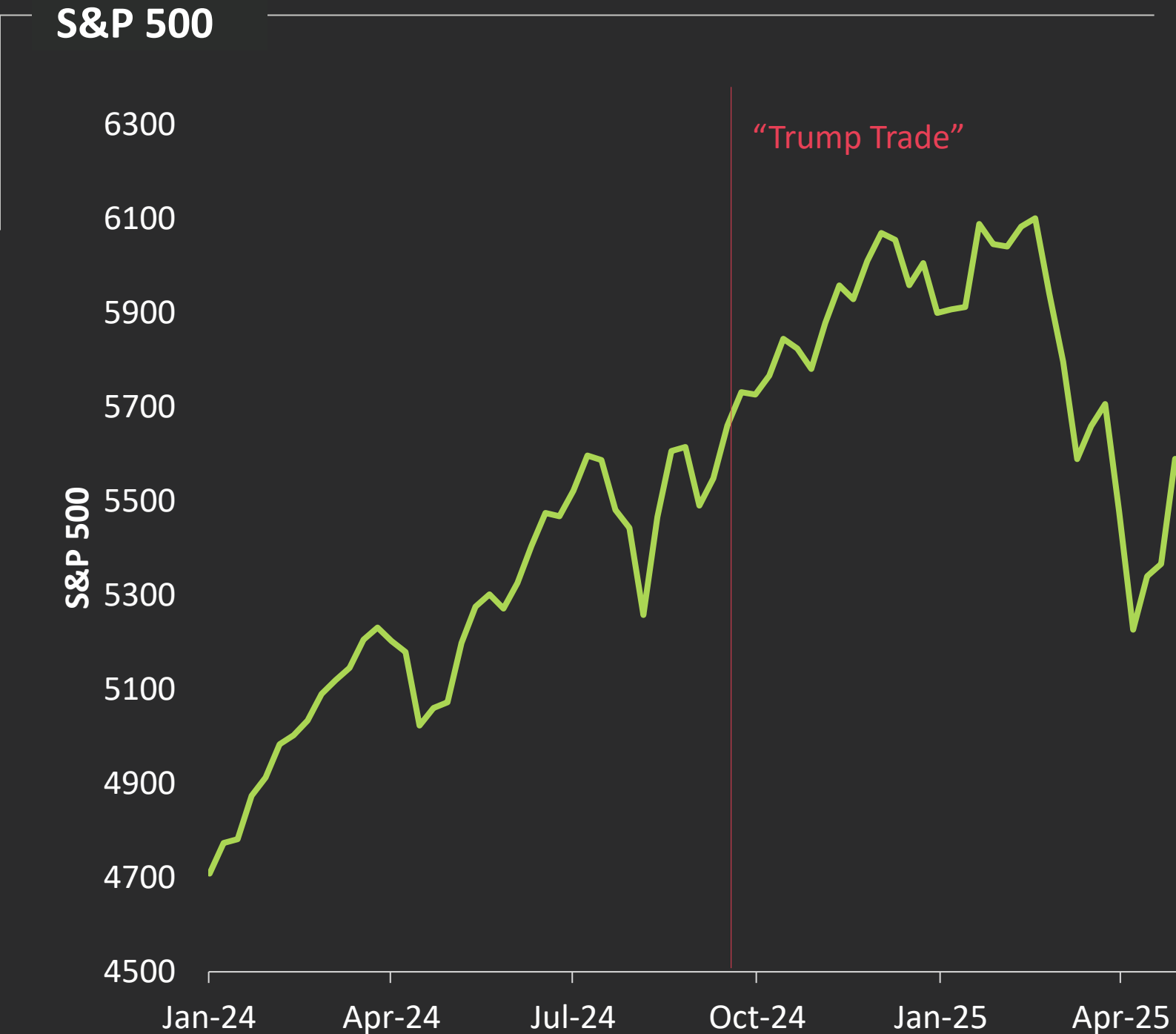
Policy Agenda and Potential Near-Term Economic Impact

Policy	Shock	Growth	Inflation	Interest rates ¹
Tariffs	↓ Supply and Demand	↓ Weaker real income, exports, productivity	↑ Higher import prices	? Economy, inflation, capital flows
Immigration	↓ Supply and Demand	↓ Fewer workers and consumers	↔ Less labor supply, consumer demand	↔ Minimal effects on unemployment, inflation
Fiscal (Lower deficits)	↓ Demand	↓ Spending cuts, multipliers	↓ Weaker demand	↓ Less growth, inflation and borrowing
De-regulation	↑ Supply	↑ Higher investment, real income	↓ Lower costs	↓ Non-inflationary growth
Overall		? 	? 	?

¹ Interest Rates refer to long-term corporate BAA yields. Notes: Green denotes “positive”; Red denotes “negative”. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. For illustrative purposes only. Source: DWS. As of March 2025.

Economic Impact: Market Consensus

Weaker growth, higher inflation, higher interest rates

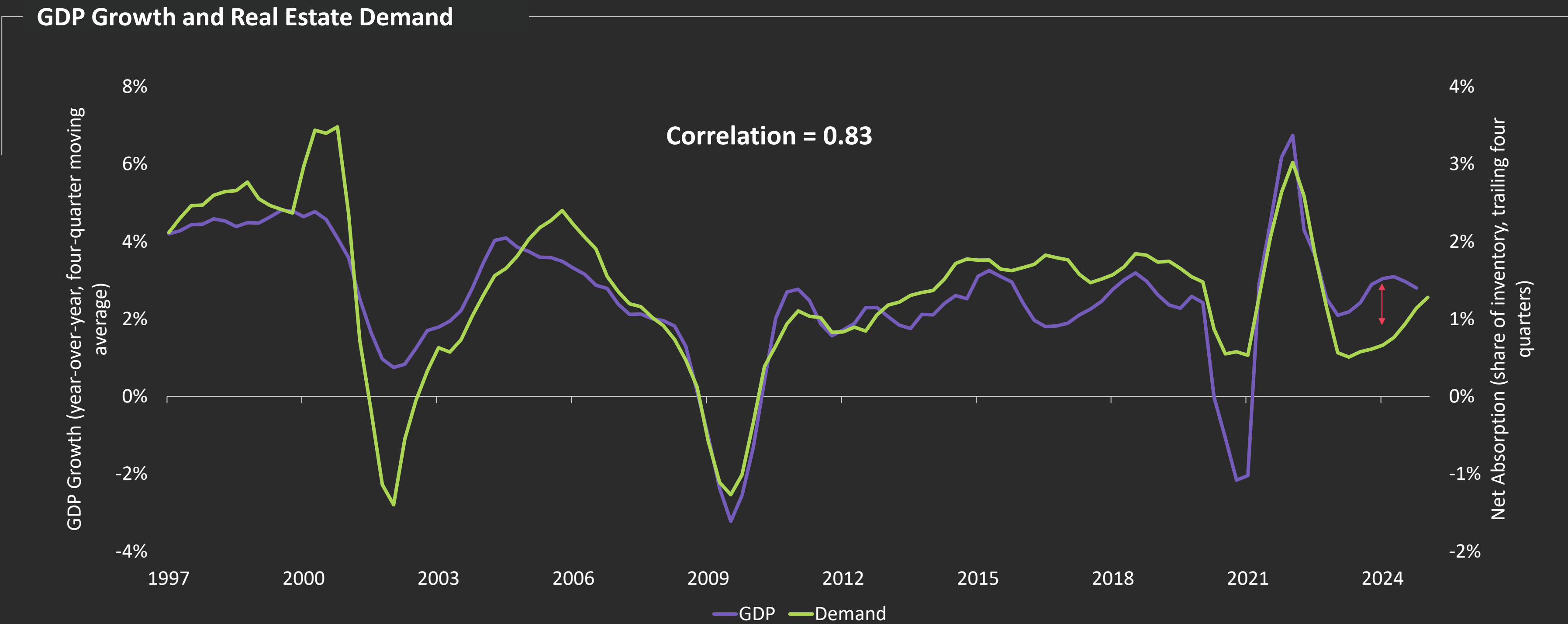


Past performance is not a guarantee of future results. Forecasts are not a reliable indicator of future returns. Sources: Standard & Poor's (S&P 500); Federal Reserve (inflation); Moody's (BAA). As of May 2025.

Ceteris Paribus, Weaker Economy = Weaker Demand



Economic slowdown collides with post-COVID normalization



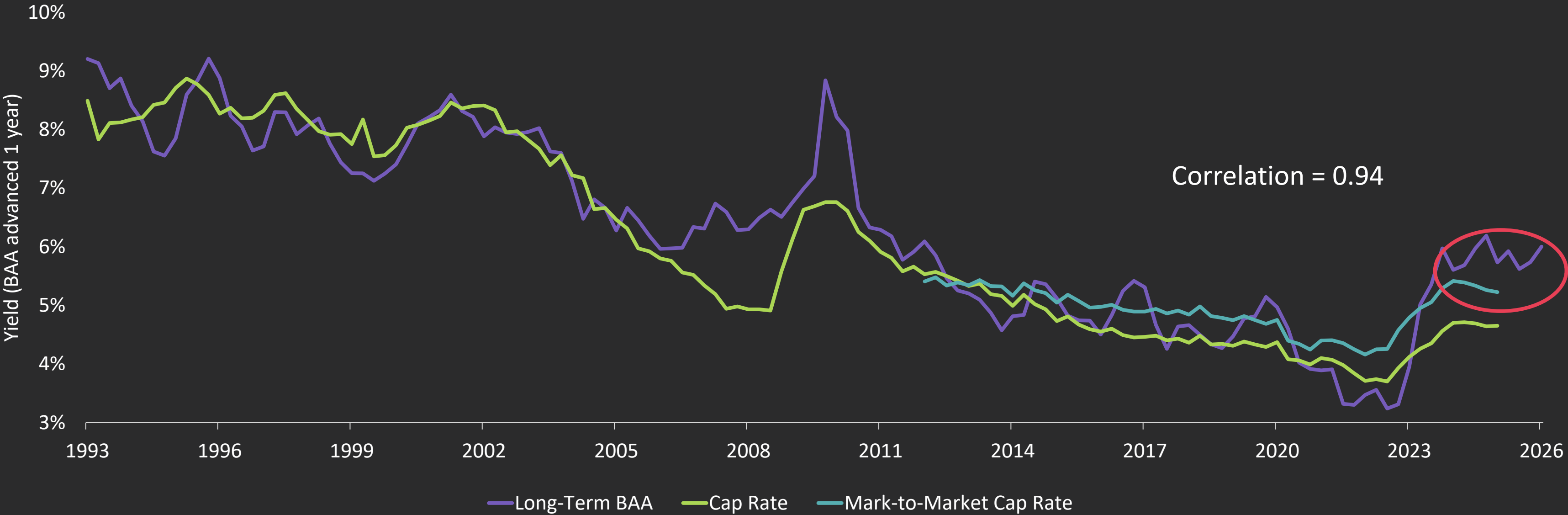
Note: Demand is weighted across Industrial (35%), Apartment (30%), Office (20%) and Retail (15%). Past performance is not a guarantee of future performance. Sources: Census Bureau (GDP); CBRE-EA (demand). As of March 2025.

Cap rates could stay higher for longer

Tracking long-term corporate BAA yields



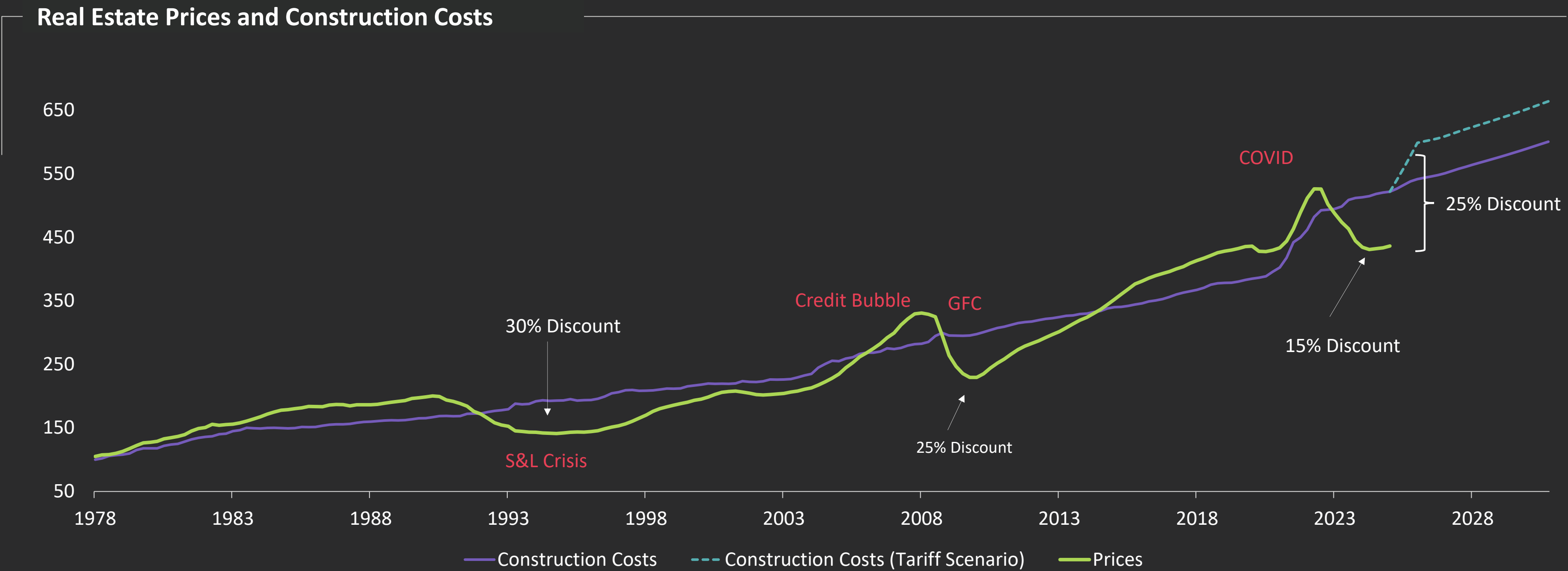
Long-Term Corporate BAA Yield and Cap Rate



Note: Demand is weighted across Industrial (35%), Apartment (30%), Office (20%) and Retail (15%). Past performance is not a guarantee of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Sources: Census Bureau (GDP); CBRE-EA (demand). As of March 2025.

In the long run, only replacement costs should matter

Tariffs should eventually feed into real estate prices



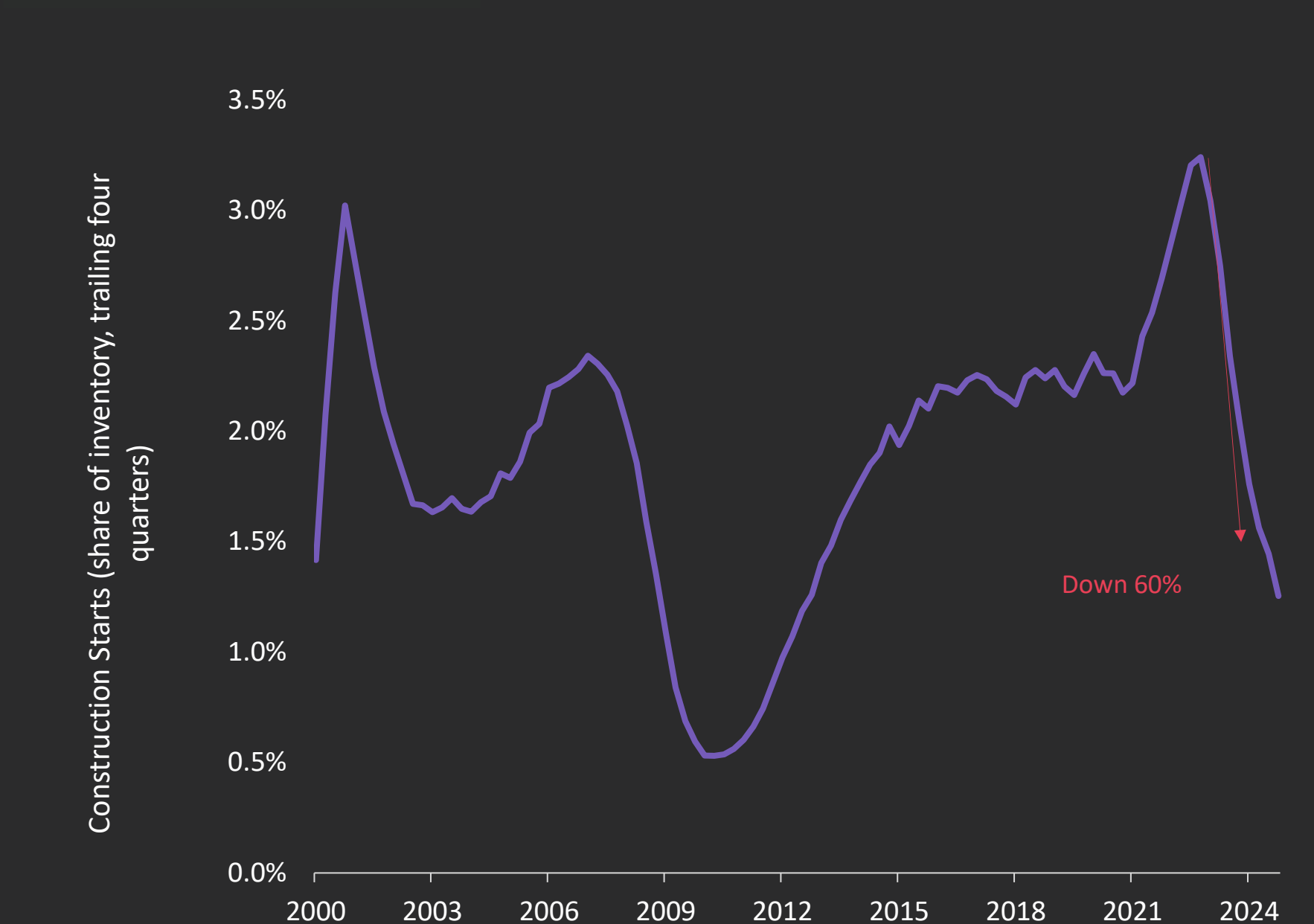
Note: "Tariff Scenario" assumes a 7% increase in construction costs due to tariffs. Past performance is not indicative of future results. Forecasts are not a reliable indicator of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Sources: NFI-ODCE (real estate prices); ENR (construction costs); Moody's Analytics (forecast); DWS (construction costs (tariffs), discounts). As of March 2025.

Construction is shutting down

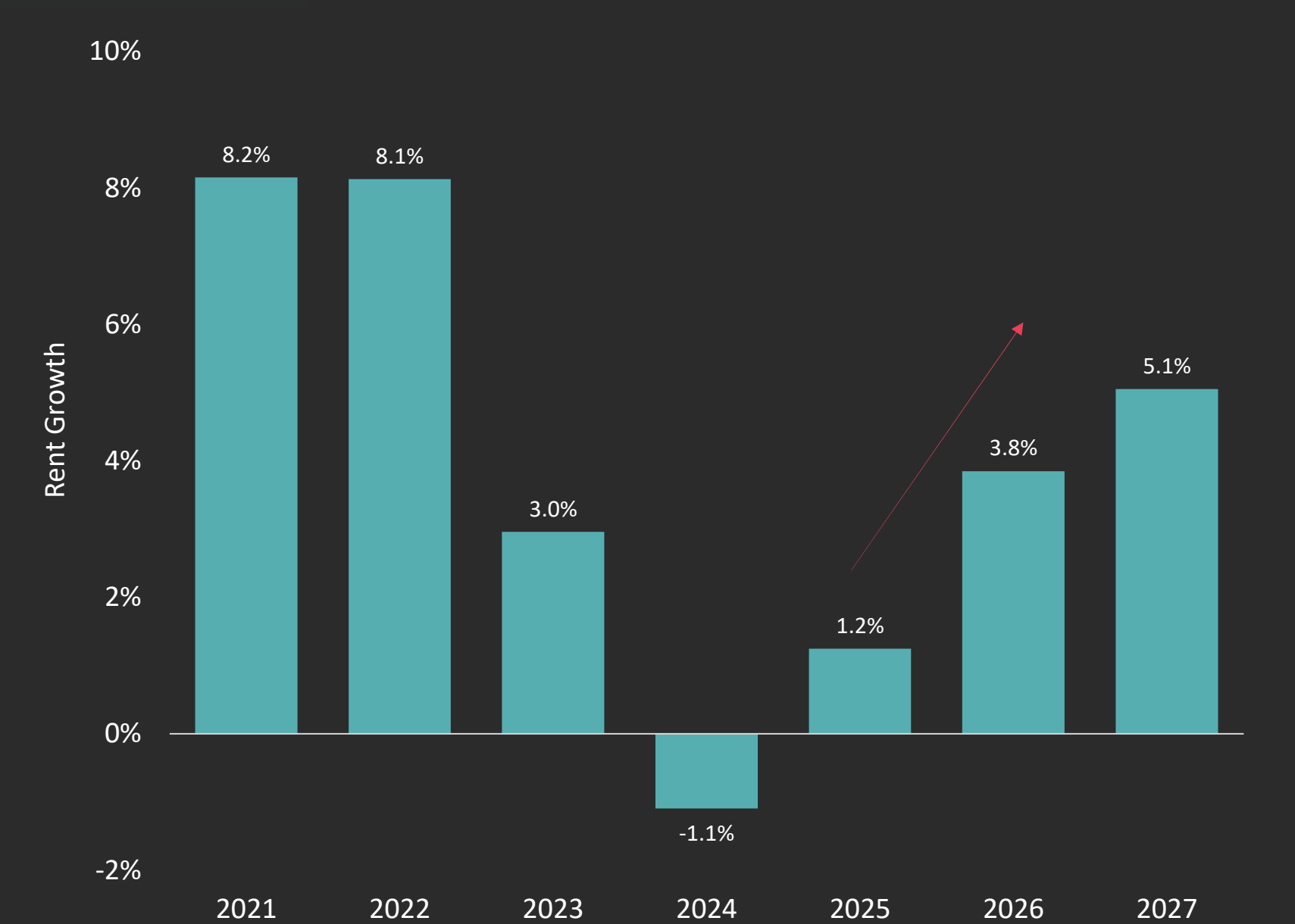
Space shortages may drive strong rent growth



Construction Starts



Rent Growth



Past performance is not indicative of future results. Note: Weighted across Industrial (35%), Residential (30%), Office (15%), and Retail (15%). Sources: CoStar (starts); DWS (rent growth). As of December 2024.

Sector outlook

Real Estate Sector Conditions



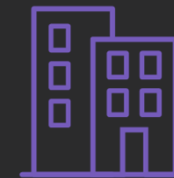
Retail

- ✗ Tariffs & consumer risks
- ✓ Service-driven demand
- ✓ Low vacancies
- ✓ High yields



Residential

- ✓ Robust demand
- ✓ Stretched for-sale affordability
- ✓ Cyclically defensive



Office

- ✗ Near-record vacancies
- ✗ High capex
- ✓ High yields
- ✓ Demand recovering



Industrial

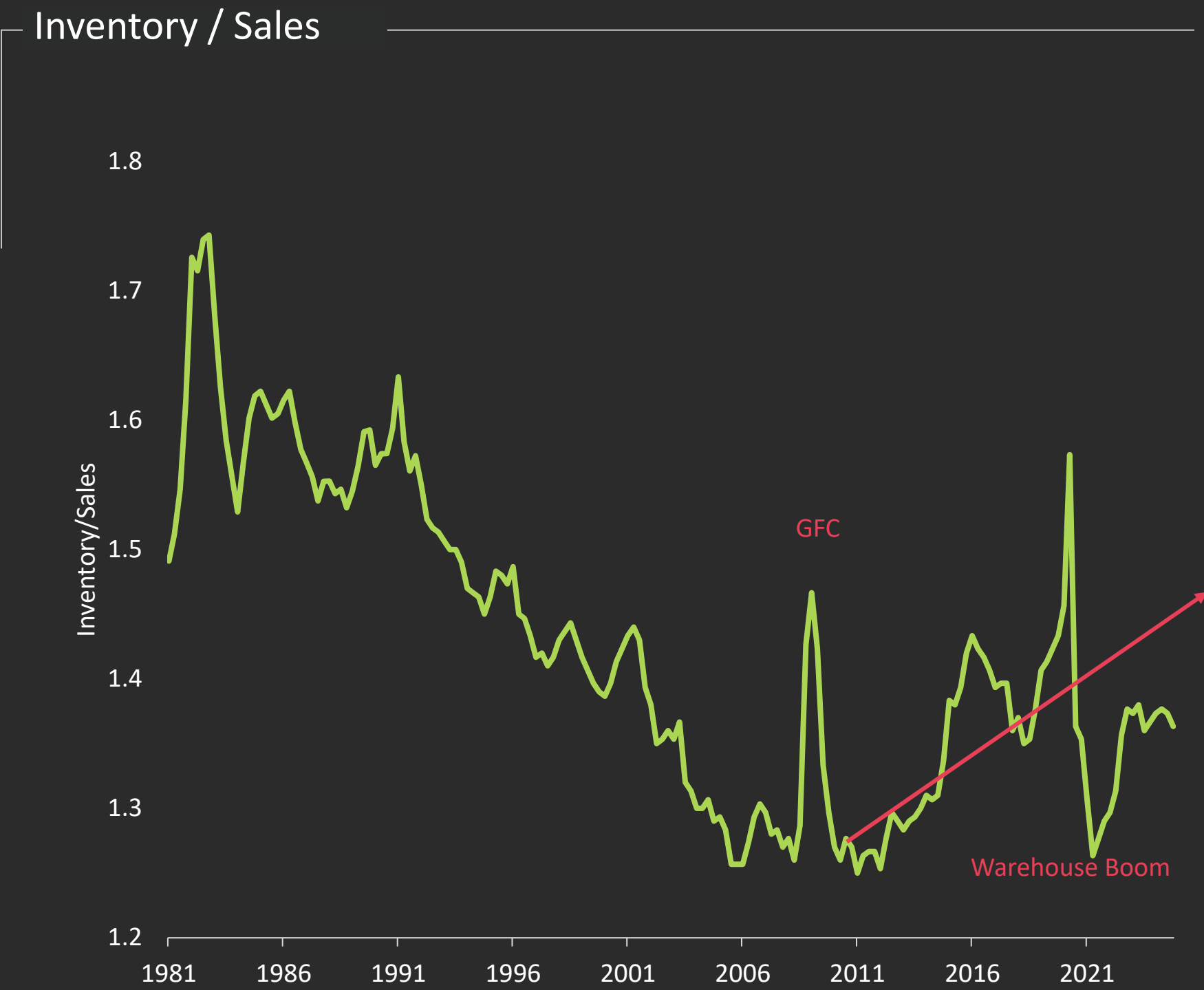
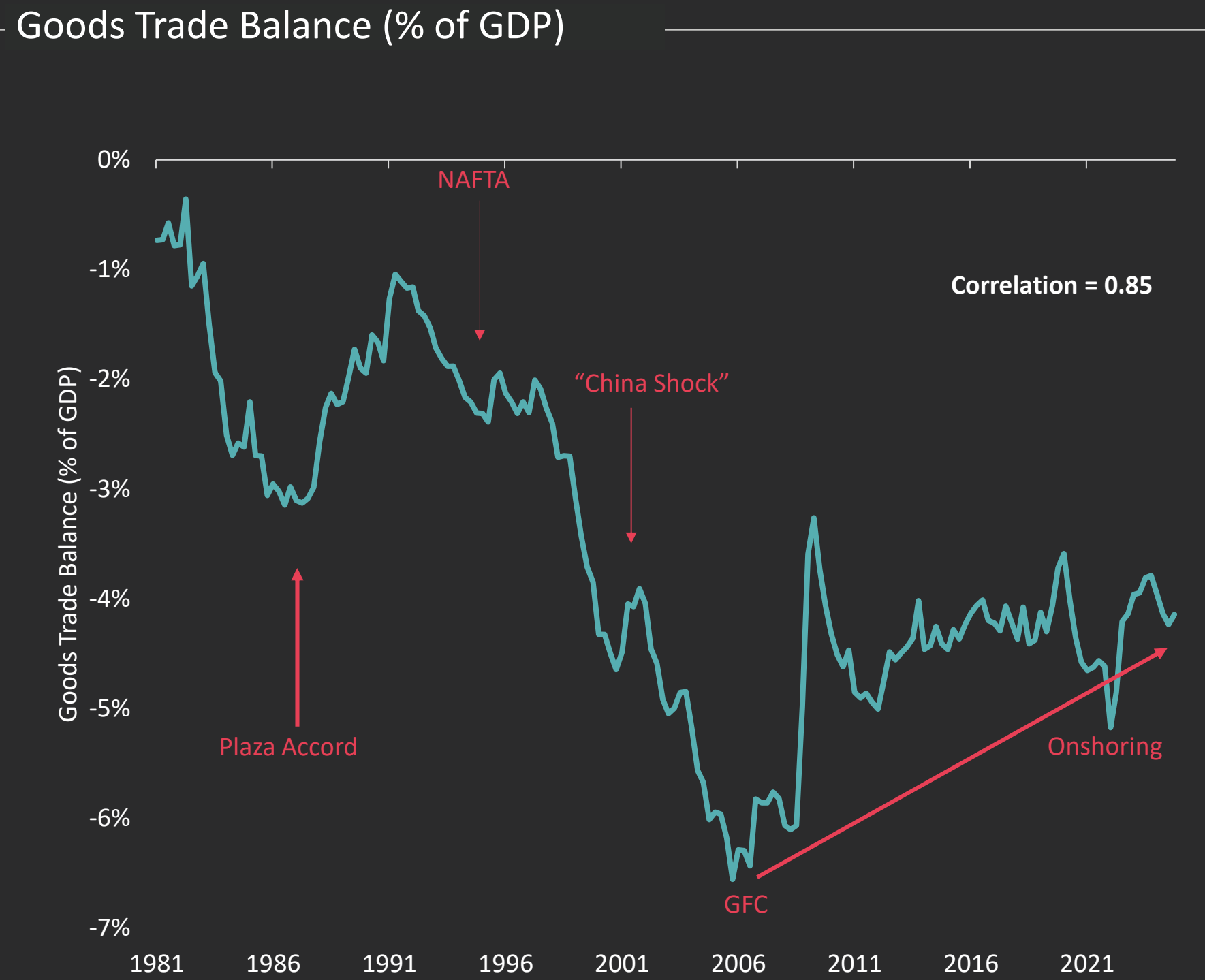
- ✓ Cyclically sensitive
- ✓ E-commerce
- ? Tariffs/onshoring

Past performance is not indicative of future results. For illustrative purposes only. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Source: DWS. As of December 2024.

Tariffs: Net positive for warehouse demand?



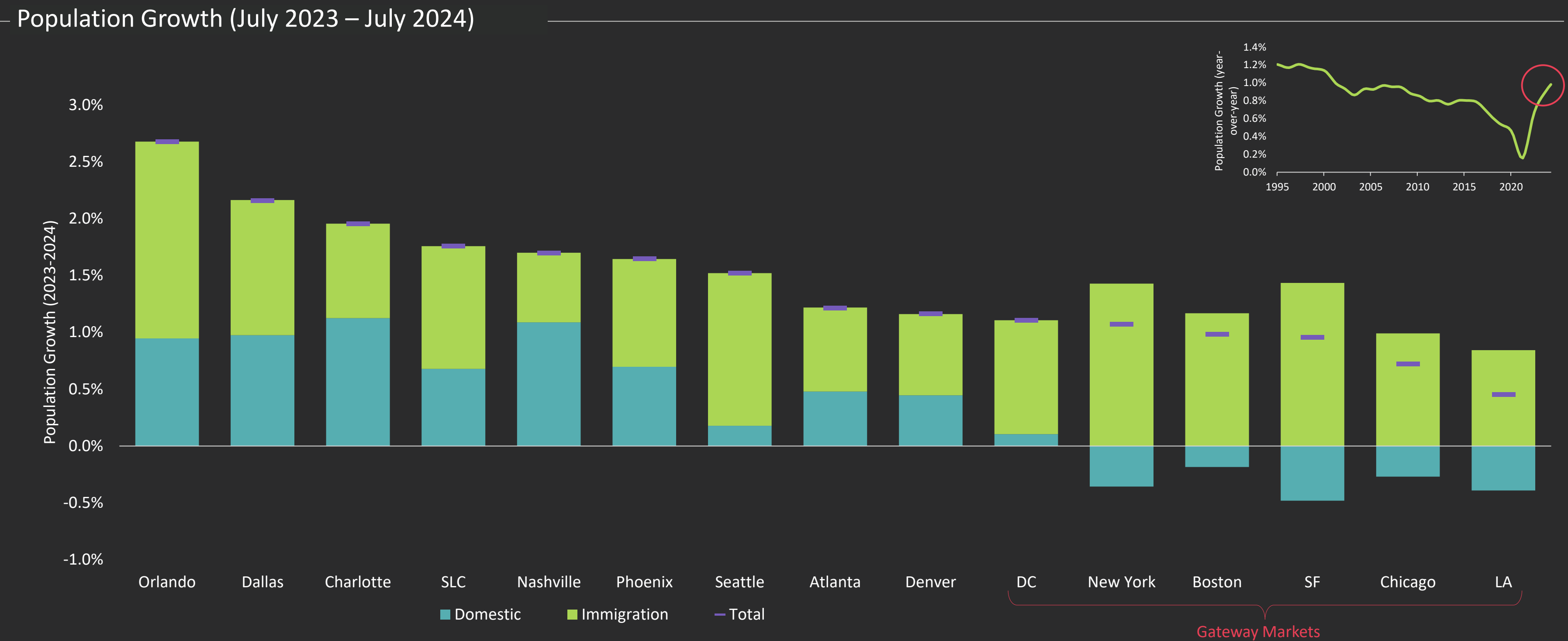
Manufacturing may produce more warehouse demand than trade



Past performance is not indicative of future results. Source: Census Bureau. As of December 2024.

Lower immigration could temper demand

A potential challenge for gateway markets

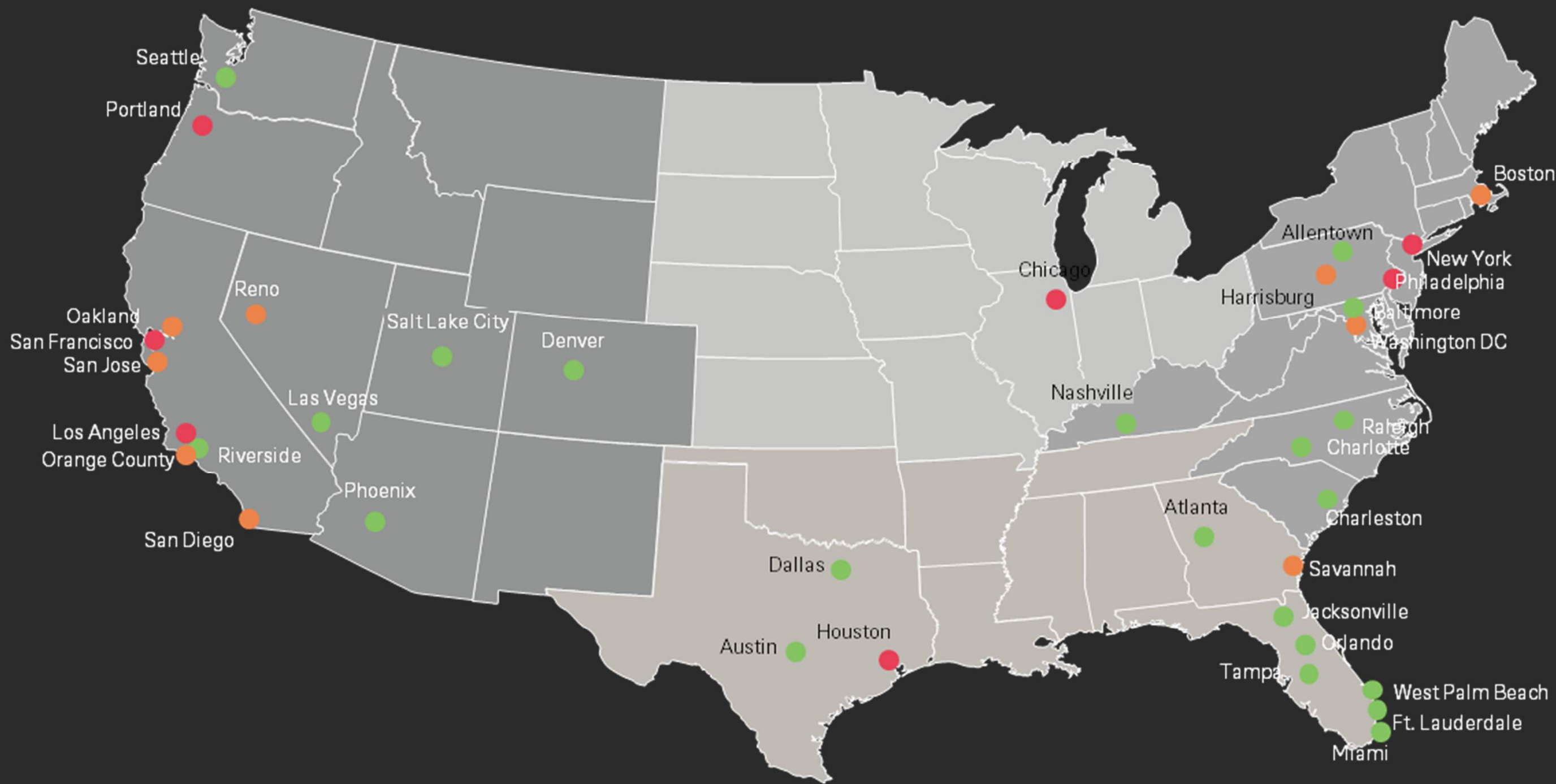


Past performance is not indicative of future results Note: Domestic includes births, deaths, and domestic migration. Sources: Census Bureau. As of December 2024.

Sun Belt and Mountain West expected to outperform



Growth is critical to long-term success



Red denotes “underweight”; green denotes “overweight; orange denotes “market weight”. Opinions and estimates, including forecasts of conditions, involve a number of assumptions that may not prove valid and are subject to change. No representation or warranty is made that any portfolio or investment described herein would yield favorable investment results. Past performance is not indicative of future results. There is no guarantee that forecast will materialize. There can be no assurance that the above targets can be achieved. Source: DWS. As of December 2024.

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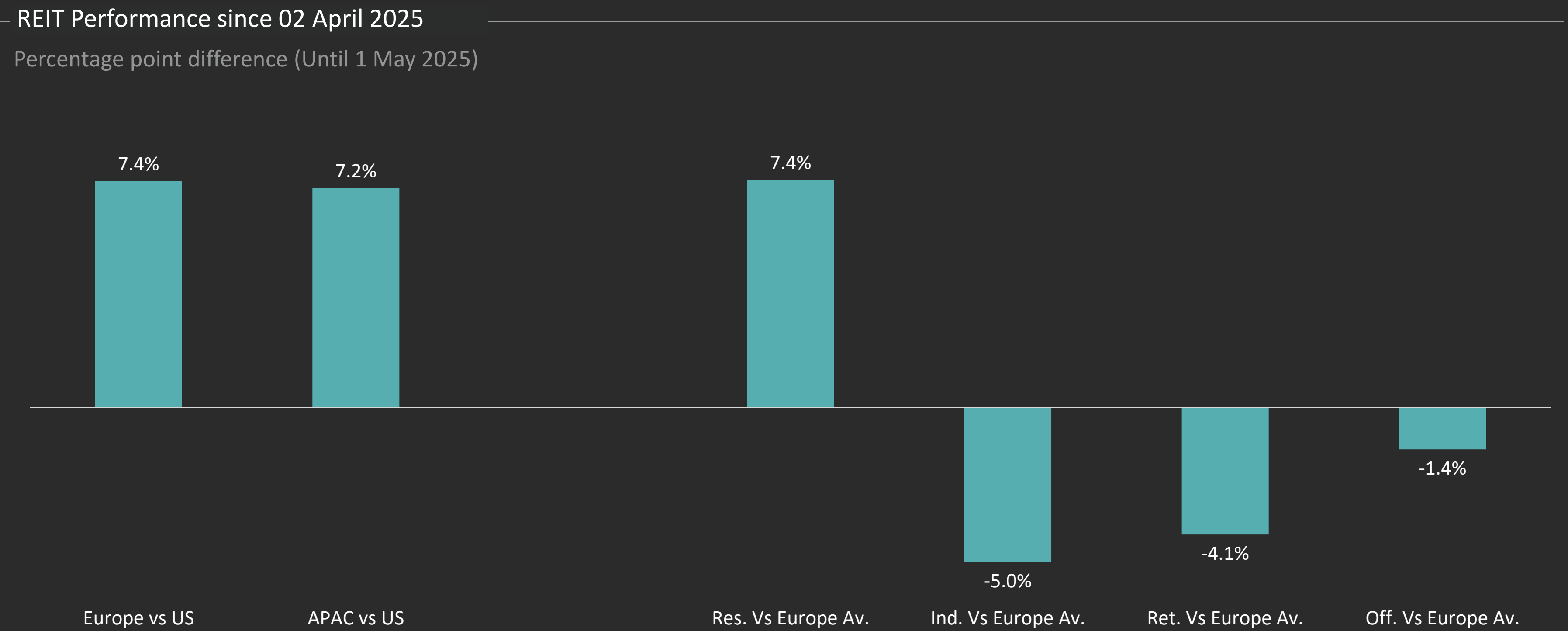
02 Europe & Asia Pacific Outlook



Early Indicators



REIT performance suggests a shift towards Europe, APAC and Residential

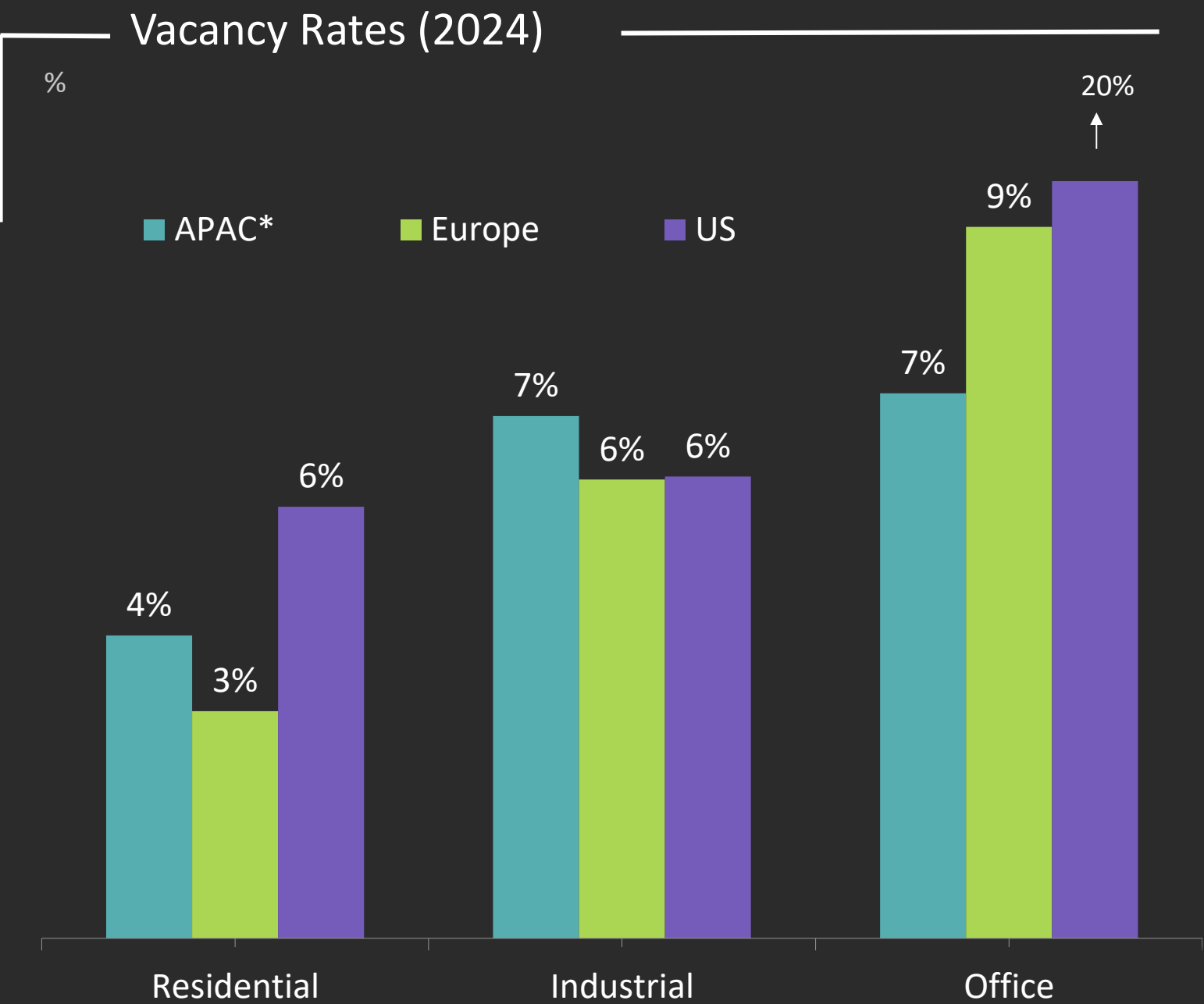


Past performance is not indicative of future results. Source: Macrobond, May 2025

Occupier Demand



Low vacancy and a lack of upcoming supply supporting residential rents – business space more exposed



Record High Rents



Shortages of New Stock



Uncertainty & Disinflation



Window of Opportunity



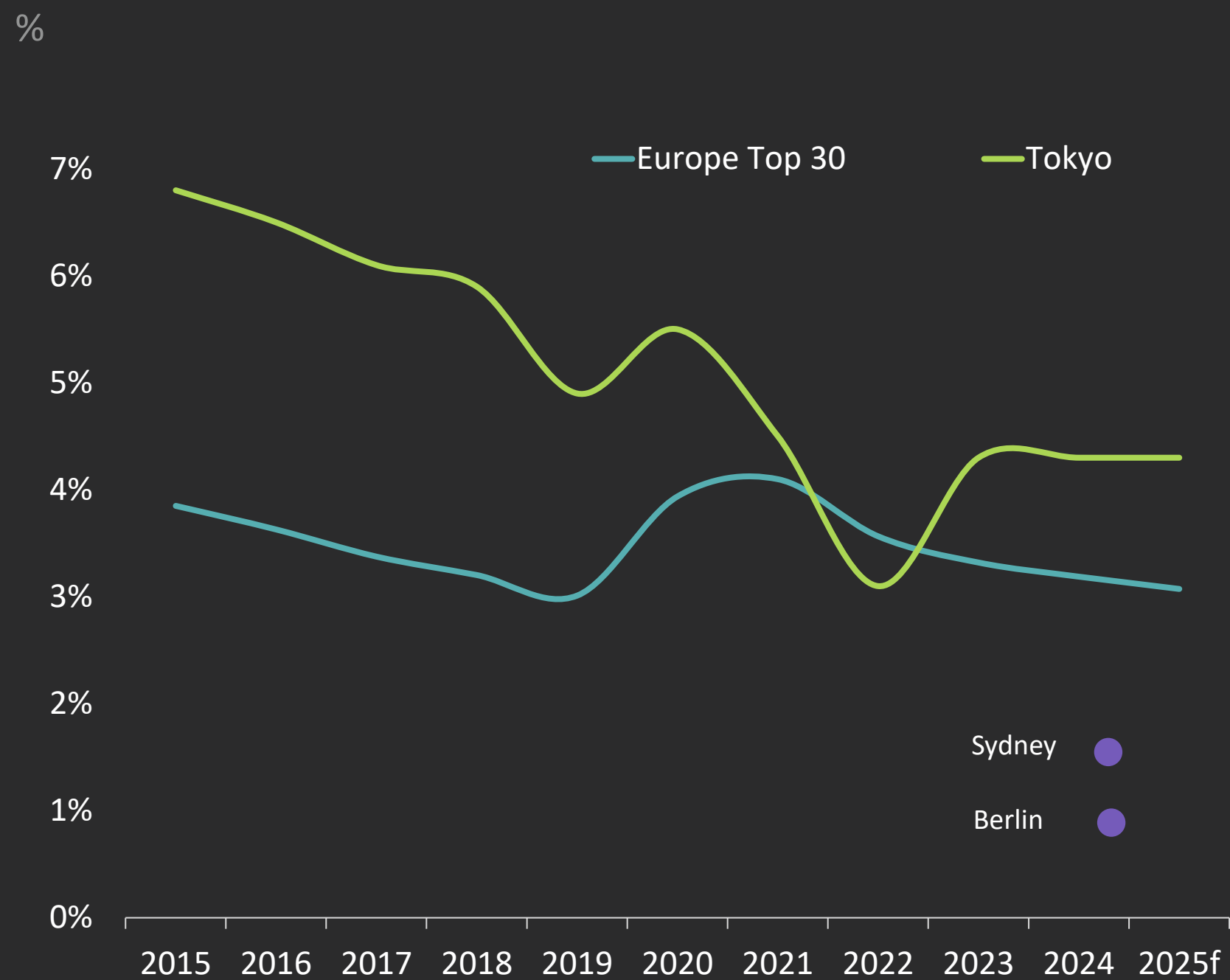
Note: Australia, Japan and South Korea only
Source: NCREIF, PMA, Broker Sources, December 2024, Macrobond, April 2025

Living Sector

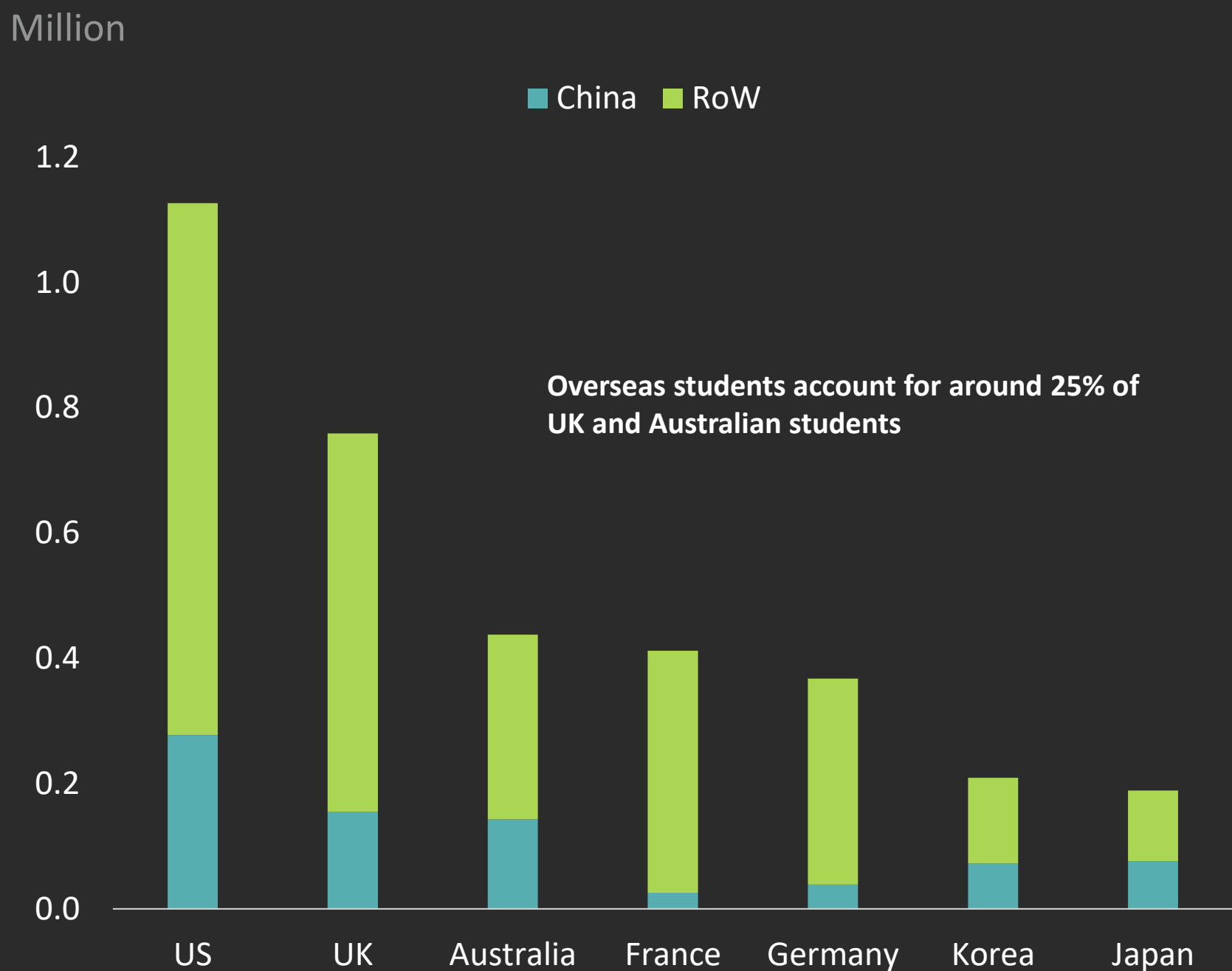


Low residential vacancy rates and strong overseas student demand support outlook for European and Australian Living

Residential Vacancy Rates



Overseas Students by Host Country (2024)



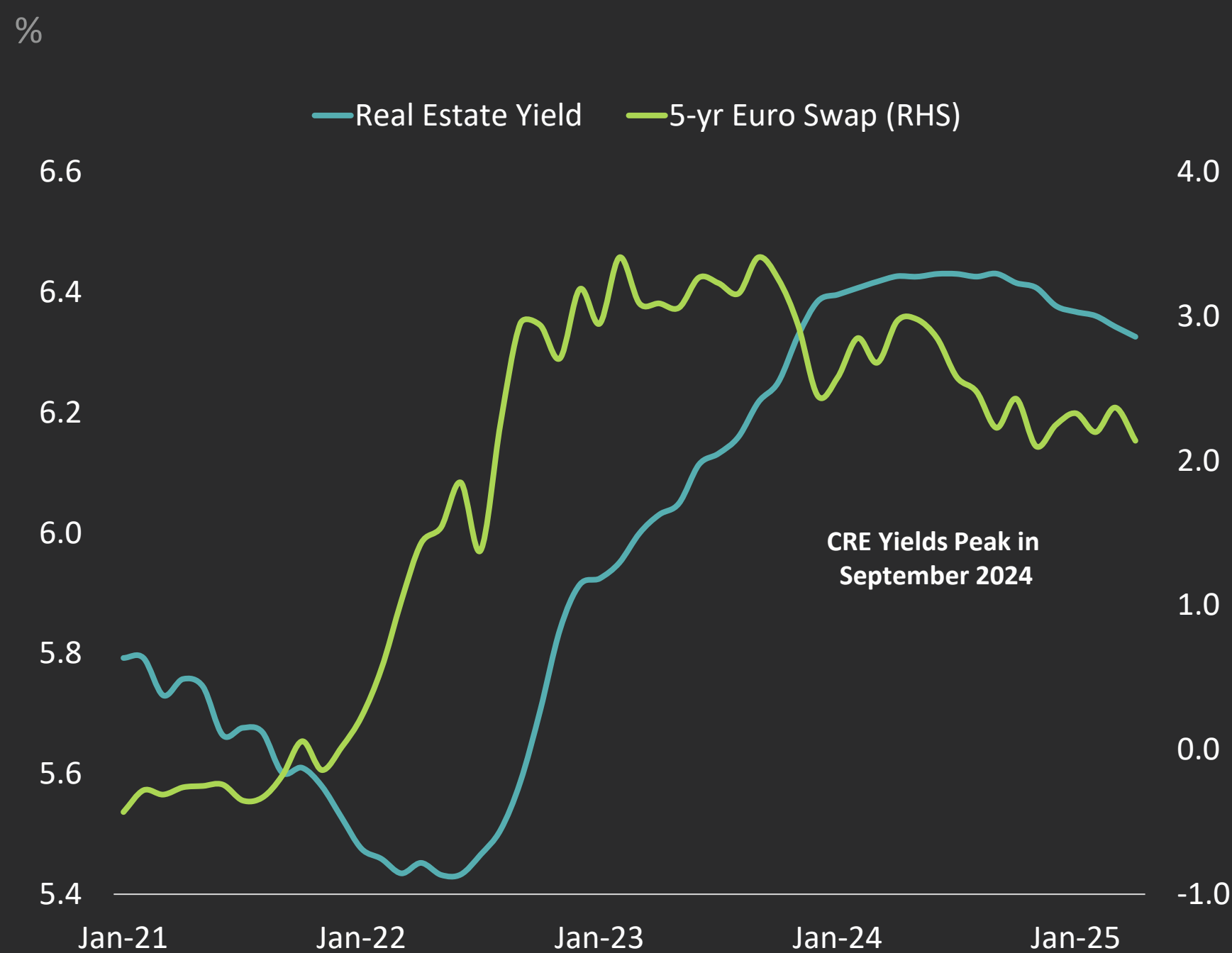
Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.
Source: DWS, PMA, Greenstreet, CBRE, May 2024; RCA, June 2024, Institute of International Education, April 2025

Capital Markets

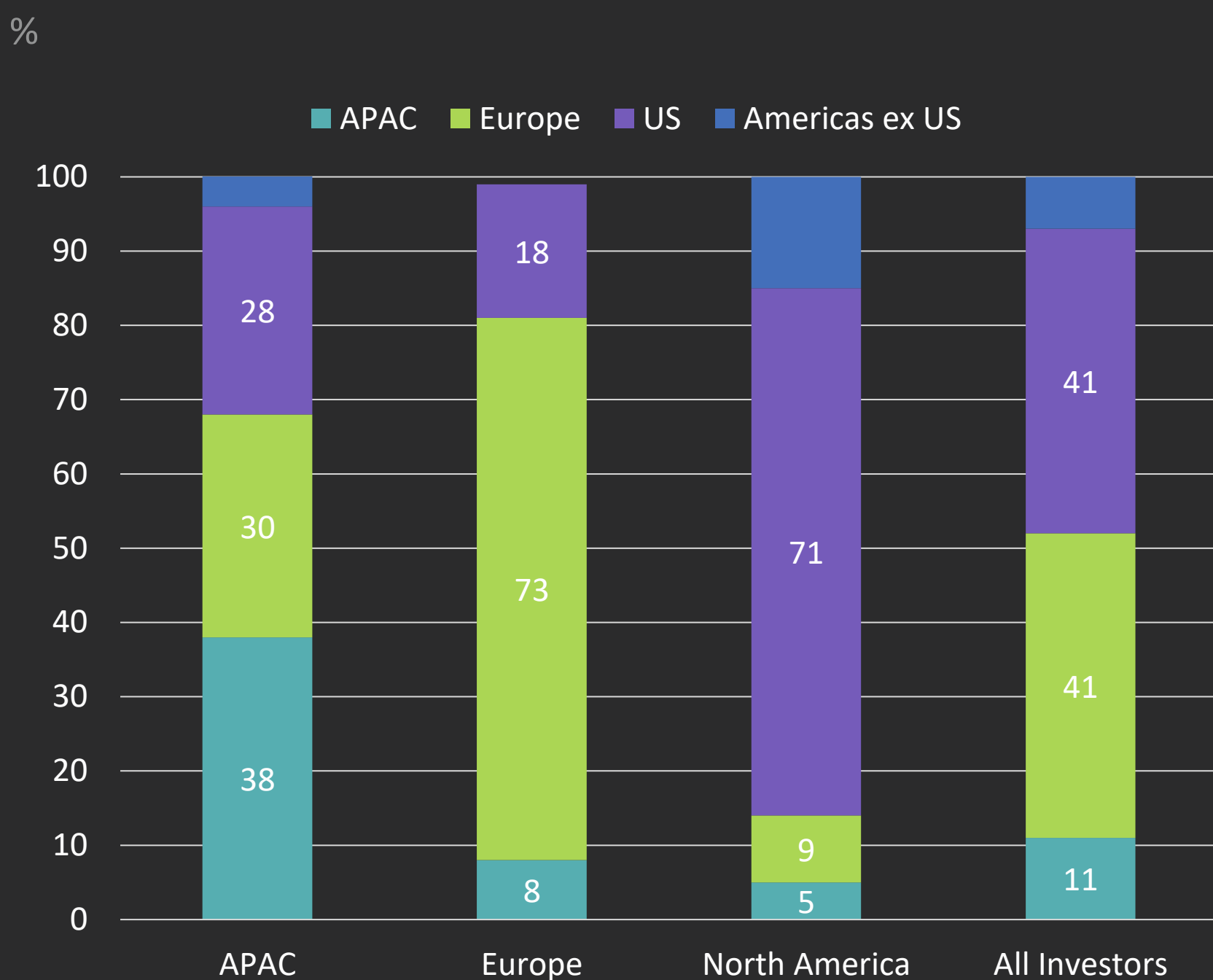


Lower borrowing costs and potential capital reallocation could support continued compression of real estate yields

European Real Estate Yields* and Swap Rates



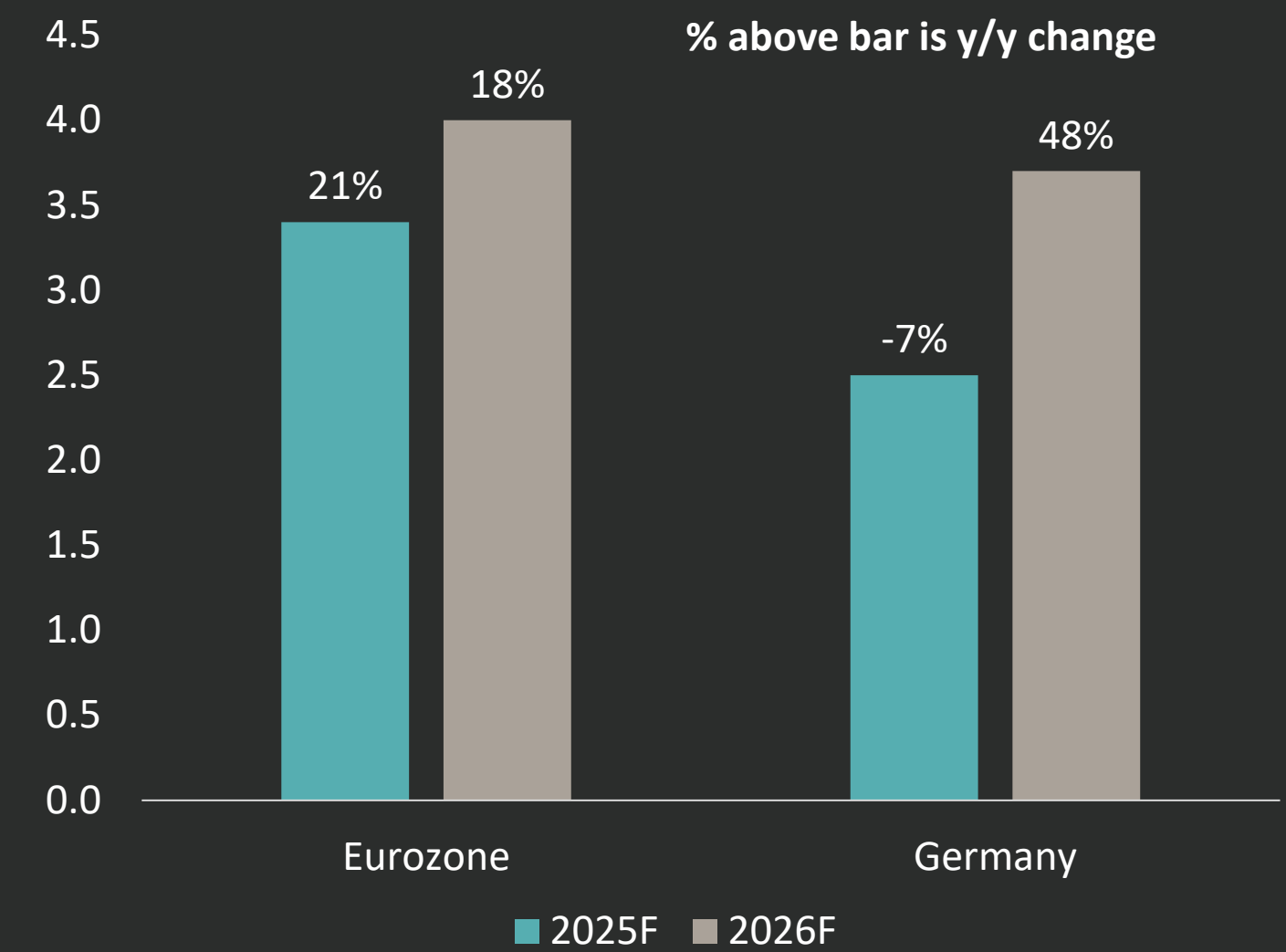
Investor Intentions (January 2025)



Note: *Straight average of circa 600 markets covered by CBRE Monthly Yield Sheet. Past performance is not indicative of future results. Source: INREV, January 2025, DWS, CBRE, Macrobond, April 2025



Fiscal balance as % of GDP



F=Forecast. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Past performance is not a guarantee of future results. Sources: Google Images, Bloomberg Finance L.P., DWS Investment GmbH as of March 20, 2025.

Market Calls



1



Core Europe

2



Residential Value Add

3

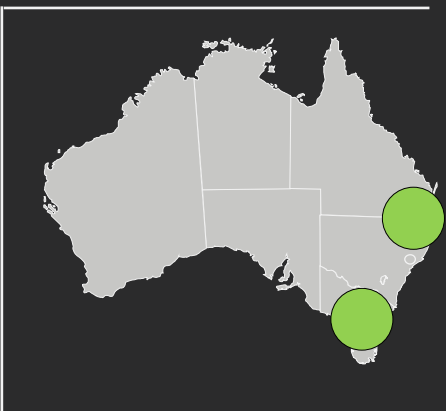
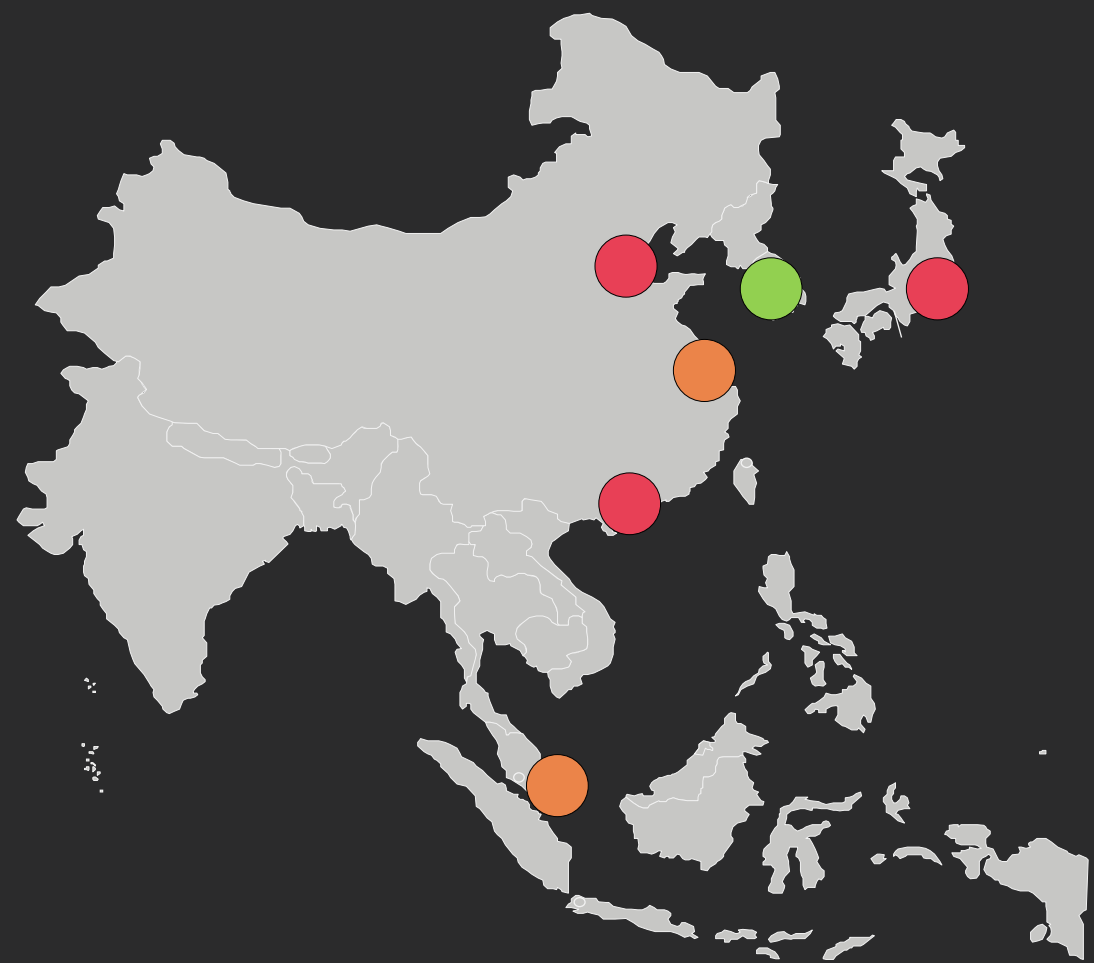
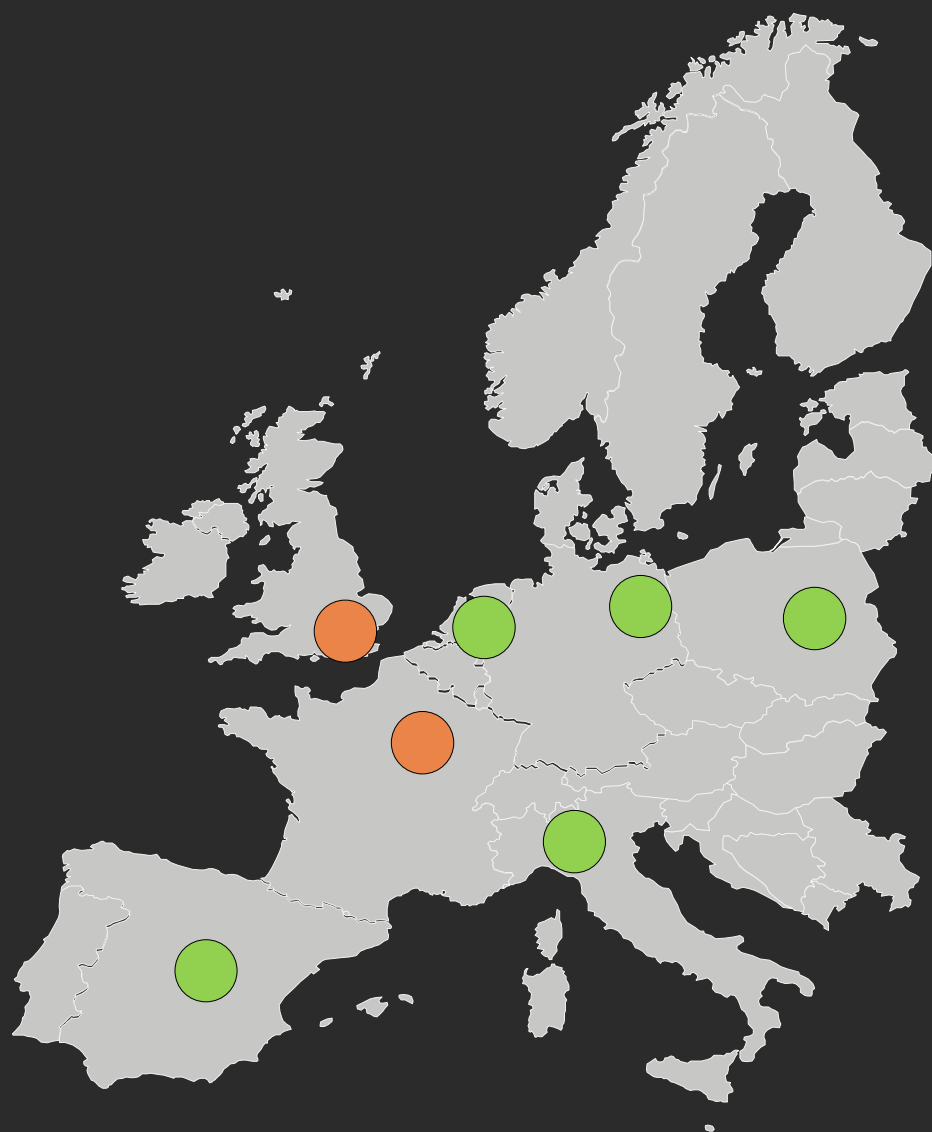


European Logistics

4



China



Note: Green = Above 10-yr average, Amber close to 10-yr average, Red below 10-yr average. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect. Source: DWS, March 2025

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