

WHERE WE STAND



Anar Chudgar, Co-Chair, PREA Board of Directors



Isabelle Martin, Co-Chair, PREA Board of Directors

Real estate is once again at an inflection point

Across global markets, investors and managers are navigating structural change alongside the familiar rhythms of the cycle. Capital is concentrating. Platforms are consolidating. Technology is reshaping underwriting and operations. At the same time, fundamentals remain stubbornly local and cyclical, reminding us that discipline and judgment still matter most.

The theme of this issue, *Where are they Now?*, reflects that moment. It invites us to take stock, not only of sectors, but also of our own assumptions. Cycles turn. Narratives shift. Opportunities emerge, often in places that look least comfortable at first glance.

In that spirit, we begin with a conversation with Professor Kenneth Rosen on the property clock. As he reminds us, the clock is a snapshot, not a verdict. Vacancy, supply, and absorption provide guideposts, but segmentation — by quality, geography, and structure — determines outcomes. National averages rarely tell the full story.

Judgment in an era of scale

This issue also introduces a new feature: Conversations with leading institutional investors about real estate's role within the total portfolio, as allocations for real estate are under pressure. Real estate's objectives — durable income, inflation protection, long-term growth — have not changed. What has evolved is implementation.

At scale, investing is less about capital availability and more about conviction. It requires synthesizing global insight with local execution, balancing data with experience, and acknowledging uncertainty rather than denying it.

Discipline is equally relevant in sectors under review. Senior housing, buoyed by powerful demographic tailwinds, must still contend with operational intensity and capital structure realities. Data centers, positioned at the forefront of technological change, present compelling demand narratives, alongside legitimate questions about supply, power constraints, and exit risk.

The clock may show early morning for some segments, late cycle for others, but each requires sober analysis.

A forum for serious conversation

Periods of transformation can encourage either retrenchment or engagement. We believe they call for the latter.

PREA's role is not to predict the cycle or advocate for any one strategy. It is to provide a credible forum where investors can exchange perspectives, test assumptions, and sharpen thinking. In uncertain markets, the quality of dialogue becomes a source of edge.

We encourage you to approach this issue of the *PREA Quarterly* in that spirit as a starting point for conversation. The sectors examined here will continue to evolve, and so will the broader landscape in which we operate. Our collective task is to remain rigorous, open-minded, and disciplined in the face of both risk and opportunity.

We look forward to continuing that discussion with you in the months ahead.

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