

Discipline will determine success in today's market

How do you assess the sector's current state as we enter 2026?

Real estate remains an inflation-linked asset class, and inflation hasn't disappeared. Rates have come down enough to ease some pressure, but not enough to eliminate concerns, reinforcing the need for strategies that prioritise income resilience over speculative cap rate compression. While there are signs of more liquidity in equity markets, real estate debt remains the crucial lever for investors seeking downside protection and attractive relative returns.

Discipline, not speculation, will define success. Today's market is not about chasing beta, it is about underwriting fundamentals with discipline. It is a time for managers to go back to basics, to focus on the quality of an asset and, its ability to attract quality tenants and deliver resilient income streams for investors.

Ultimately, we stand by our view: that uncertainty is now structural, and the recovery will be uneven.

What key transaction or milestone stood out for your business in the past 12 months, and why did it matter?

From an equity perspective, 2025 was a year in which we continued to prioritise capex deployment over asset acquisition. Across Europe we had significant success delivering large-scale projects that reinforce our commitment to income resilience through high-quality assets and to deliver for clients who are looking to reach net zero by 2050.

In Paris, we delivered the transformation of Equilis, upgrading it from an ageing 16,500 sq m office into a smart, highly sustainable workspace. In Frankfurt, FOUR T1 earned SmartScore Platinum certification, placing it among Germany's most advanced smart buildings and highlighting our focus on digital infrastructure and technology-driven resilience.

Key takeaways for 2026

- Real estate debt remains the crucial lever for investors
- Uncertainty is now structural, and the recovery will be uneven
- Core-plus will remain attractive for income-oriented investors

Leasing success at Sky Office in Düsseldorf further demonstrated strong demand for premium space, with two major tenants securing nearly 3,000 sq m.

The inauguration of NUGA Castellana in Madrid showcased our placemaking of an entire city block into a 66,000 sq m mixed-use destination. NUGA exemplifies our ability to combine placemaking with sustainability and technology to create long-term value for tenants and investors alike.

Alongside these achievements, we continued to strongly originate senior loans on both core and transitional assets, including refinancings, in what was a highly competitive market. This reinforces our conviction that debt remains one of the most attractive risk-adjusted opportunities today.

What are the main opportunities and prospects you see for the sector and for your business in 2026?

While no big rebound in capital values, is expected, investors focusing on income resilience, downside protection and quality underwriting could find 2026 compelling.



Annette Kroeger
PIMCO
Prime Real Estate

Institutional investors are increasingly positioning themselves in sectors powering the new economy. That means social infrastructure-like assets such as education, senior living, social housing and necessity-based retail; as well as digital infrastructure such as data centres, logistics and critical supply chain assets. These sectors align with long-term trends and offer the durability and predictability that matter most in today's structurally uncertain environment.

Debt and core-plus strategies will remain attractive for income-oriented investors, while development tied to demographics and digitisation should offer upside potential for those with execution capability and sector expertise.

What are your key strategic priorities for the year ahead?

Success will depend on strategies that balance downside protection with selective growth.

Real estate debt still offers some of the most attractive relative returns versus equity since the GFC. This opportunity is multi-faceted, with acquisition financing gaining renewed momentum. But there is still important work to do in relation to the wall of maturities that will continue to dominate the sector for some time.

For equity investors, it is about going back to basics with a focus on disciplined underwriting with returns driven by resilient income and asset fundamentals alongside active management to generate and uplift income. Selectivity and execution will be critical in a structurally uncertain environment.

'It is a time for managers to go back to basics, to focus on the quality of an asset.'

Annette Kroeger, PIMCO Prime Real Estate

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