CLARION PARTNERS
by Franklin Templeton

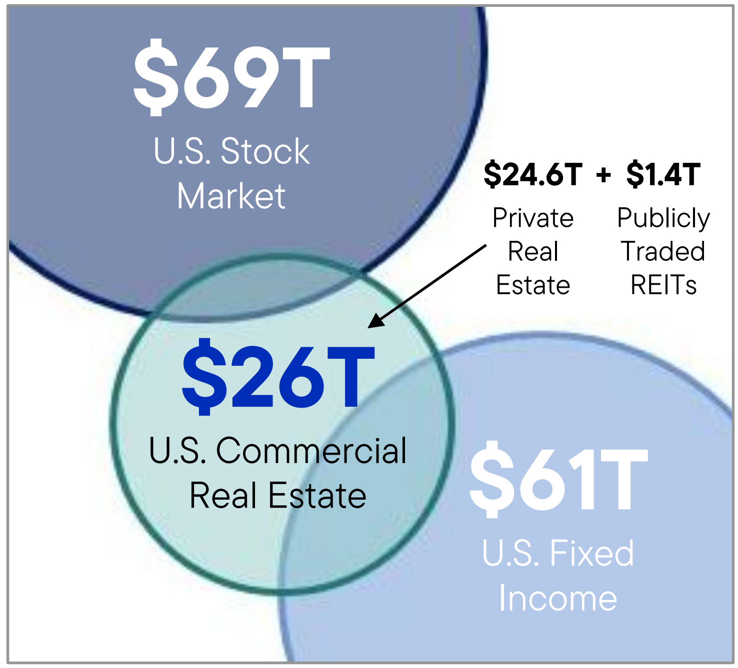
Clarion Calls: What is private real estate investing?

September 2026

Exploring U.S. real estate and how to access it

What you need to know

- ✓ **$26T** – U.S. commercial real estate is the third largest asset class
- ✓ **~90%** - The share of commercial real estate held outside publicly traded REITs
- ✓ **Income + Growth** – Properties can generate durable income and appreciate over time
- ✓ **Low Correlation & Volatility** – Historically provides diversification vs. traditional asset classes



What do investors own?

Interests in private real estate such as industrial warehouses, apartments, shopping centers, and healthcare properties.

How does it generate returns?

Properties collect rent from tenants, providing a source of recurring income. Returns may also be generated by changes in property values over time.

How are portfolios built?

Investment managers curate portfolios across property sectors and geographies, targeting areas supported by long-term demand drivers and supply constraints.

Why private real estate?

Most commercial real estate exists outside the public markets, giving investors access to a large opportunity set beyond publicly traded REITs.

What this means for investors

Access to a large private market of tangible assets provide diversification and recurring income within a mixed asset portfolio.

Securities Industry and Financial Markets Association, CBRE, NAREIT, Clarion Partners Global Research, annual data and estimates as of Q4 2025.
Bubble area is scaled proportionally to approximate market size (U.S., $ trillions).

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