CONVICTION IN ACTION ROUNDTABLE

BEYOND DEMOGRAPHICS: INVESTING IN LIVING

Insights from our portfolio managers

Living meets a basic need in a volatile world. Public balance sheets are stretched, private capital will do the heavy lifting and rents that reset regularly offer inflation-protected returns to institutional investors."

GREG KANE
Head of European Investment Research, Real Estate

KEY TAKEAWAYS

- **Living is local:** Market selection matters more than ever.
- **The edge lies in execution:** Operational excellence provides competitive advantage.
- **Technology will be the differentiator:** Platforms and AI are reshaping performance.

The following insights are drawn from a roundtable discussion featuring our real estate portfolio managers from Asia Pacific, Europe and the U.S., who shared their perspectives on the opportunities, challenges and evolving trends shaping living sector investment globally.

GLOBAL OPPORTUNITY, LOCAL SOLUTIONS

The structural demand story in living is well established, but translating that opportunity into returns relies on deep insight into what makes each market distinct. Understanding demand drivers, regulation, and operating models at the market level has become essential in identifying sustainable opportunities.

And whilst this local knowledge shapes market selection, it is only one part of the picture. The discussion also centred on the role that operational excellence plays in realising an investment's potential.

Living is fundamentally local."

DAVID FASSBENDER
Head of Asia Pacific Real Estate

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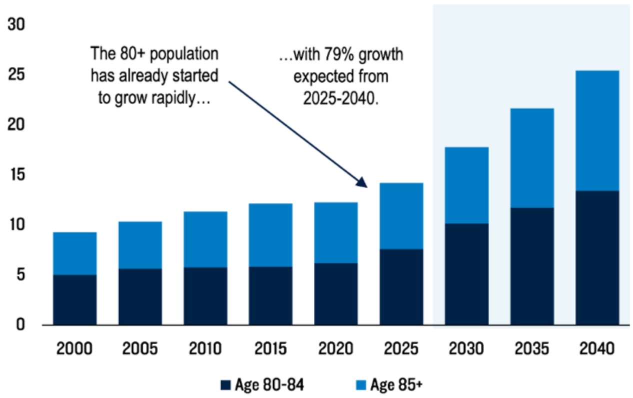
FROM INSIGHT TO EXECUTION

Soultana Reigle, Head of U.S. Equity, Real Estate, emphasised active management as the primary source of value creation. Successful investment outcomes increasingly depend on local relationships, experienced operating partners and the ability to identify opportunities before broader capital flows enter a market.

Senior living is a case in point. The demographic tailwind is now becoming tangible, with the first baby boomers reaching 80 years of age in 2025; typically the point at which demand for independent and assisted living begins to increase materially. Yet demand alone does not guarantee success.

Total Age U.S. 80+ Population (in Millions)



Forecasts are not guaranteed and may not be a reliable indicator of future results.

Source: U.S. Census Bureau, Moody's Analytics, PGIM. As of January 2026.

Operators are responsible for every aspect of the resident experience, from care and staffing to service delivery and maintaining trust with families. In a sector where resident experience directly impacts occupancy and performance, operational excellence becomes a key differentiator.

> "In senior living, operations are not a side issue. They are the business."
>
> **SOULTANA REIGLE**
> Head of U.S. Equity, Real Estate

A similar dynamic is emerging across Europe and Asia Pacific.

Nabil Mabed, Head of European Value-add Equity, Real Estate, pointed to investments in care home operators and the creation of a greenfield micro-living platform in Germany as examples of how operational capability increasingly sits at the heart of the investment process. Rather than simply acquiring assets, investors are building platforms capable of creating and managing the right product for changing demographic needs.

In Asia Pacific, David Fassbender, Head of Asia Pacific, Real Estate, highlighted that operational excellence also requires careful branding, particularly when launching into markets where operating models are still evolving. That means drawing on teams on the ground with deep local market knowledge, while also harnessing a manager's scaled global experience.

TURNING DATA INTO VALUE

The way technology is changing how investors create value across living assets cannot be ignored. Managing residents, leases, maintenance and service interactions generates vast amounts of operational data, creating opportunities to improve decision-making, increase efficiency and enhance resident outcomes.

Fassbender described living as one of the richest real estate sectors in which data can be put to work. Investors are using data intelligence to optimise leasing, enhance portfolio management and streamline day-to-day operations. Automation can simplify everything from tenant onboarding to lease administration and resident communications.

For Mabed, one of living's historic challenges has been the gap between rental growth and net operating yields, largely driven by labour and operating expenses. Automation, technology and AI have the potential to narrow that gap and improve long-term portfolio economics.

In senior living, the benefits extend beyond operational efficiency.

Reigle highlighted innovations such as AI-enabled fall detection systems, robotics-assisted medication delivery and monitoring tools that can improve response times while supporting staff efficiency. The result is better quality of care, improved staff efficiency and stronger property-level performance.

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NEW SOLUTIONS FOR AN AFFORDABILITY CHALLENGE

> Necessity is the mother of invention, and affordability is where that invention is now needed most."

SOULTANA REIGLE
Head of U.S. Equity, Real Estate

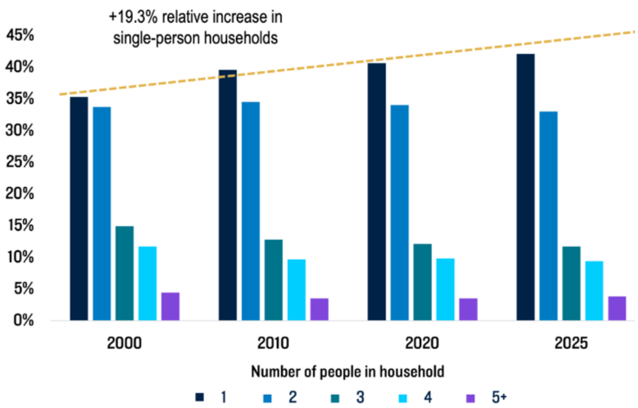
Demand for housing remains strong, yet delivering affordable supply continues to challenge policymakers, developers and investors alike.

For Reigle, affordability has become the defining issue shaping future opportunity sets. Whether through manufactured housing in the U.S., or alternative ownership structures, investors are increasingly seeking innovative solutions to meet demand.

In Europe, Mabed pointed to micro-living and office-to-residential conversion strategies as practical responses to changing demographic needs. In many major cities, growing numbers of students and young professionals are seeking professionally managed housing solutions in central locations, while obsolete office stock presents an opportunity for repositioning.

German Housing Market[1]

Trends in household sizes by percentage



In 2025, 42% of all households in Germany were single-person households, compared to a supply of just 3.7% one-bedroom dwellings, demonstrating a significant supply issue.

[1] Source: Destatis, April 2026

In Australia, modular housing is emerging as another solution to affordability pressures.

By manufacturing components offsite and significantly reducing construction timelines, modular development may help address supply shortages more efficiently while improving scalability and cost effectiveness.

> Modular construction is not the investment thesis, it is the execution tool."

DAVID FASSBENDER
Head of Asia Pacific, Real Estate

THE NEXT GENERATION OF OPPORTUNITIES

While the structural drivers are shared, the next phase of growth is likely to play out differently across regions.

In Asia Pacific, institutional build-to-rent markets remain relatively early in their development outside Japan. Australia and South Korea are expected to expand further, while senior housing and specialised residential sectors continue to mature.

In Europe, housing shortages, changing household formation and demographic pressures continue to rapidly reshape demand patterns.

> The mega trend is the delivery of rental products."

NABIL MABED
Head of European Value-Add Strategies, Real Estate

From micro-living and build-to-rent to senior housing and conversion projects, investors are expanding the supply of professionally managed rental housing.

Meanwhile, Ireland's evolving regulatory environment and Poland's strong economic growth profile are growth markets that are attracting increasing attention. In contrast, Fassbender noted that Asia Pacific investors currently see stronger risk-adjusted opportunities in developed markets than in emerging economies.

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INVESTMENT IMPLICATIONS

The clearest conclusion from the discussion was that the investment case for living has evolved. Demographic tailwinds remain compelling, but they are no longer enough on their own. For long-term investors, the strongest outcome will emerge from pairing a long-term view with the expertise, partnerships and execution needed to deliver it.

The breadth of the living sector is its greatest strength. Investors can diversify by income level, product type, geography and across the capital stack -from acquisitions to transitional lending and mezzanine finance, offering resilience across market cycles. Additionally, the investment case is being supported by different structural drivers across regions.

A key lesson from Europe is the need to navigate regulatory and political risk carefully, particularly in the living sector where scrutiny has intensified. Rather than targeting existing housing stock, which is often subject to rent controls and other regulatory constraints, the focus has shifted towards developing new housing solutions that addresses chronic supply shortages.

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