

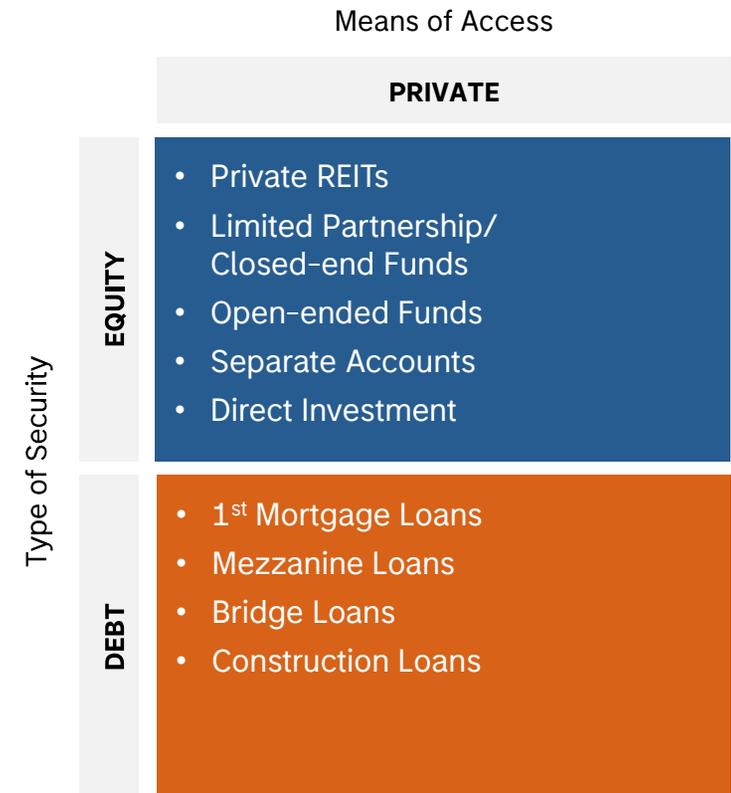
What is Private Real Estate?

Private real estate is an investment in the active management of institutional quality real estate properties for the purpose of generating current income and/or long-term appreciation.

Investors have broad choices, as the investable real estate market – excluding residential properties – amounts to \$21.8 trillion or 12% of U.S. investable assets, according to industry estimates.

Investment in private real estate is typically structured in open-ended and closed-end funds, private REITs, separate accounts and through direct investment in properties.

Private real estate is diversified primarily among four primary property types: office, multifamily apartments, industrial and retail.



Source: Morgan Stanley Wealth Management GIMA, updated March 2025. Financial Stability Report November 2024, Federal Reserve. Note: These investments are only appropriate for long-term investors willing to forgo liquidity and put capital at risk for an indefinite time. Since direct private equity and fund of funds invest over multiple years, vintage year diversification is achieved. Vintage year is defined as the first year that a private equity fund draws down or "calls" committed capital. Private equity valuations are generally estimates until there is a realization event.

In addition to the general risks associated with real estate investments, REIT investing entails other risks such as credit and interest rate risk. Real estate investment risks can include fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures, or operating expenses; and other economic, political or regulatory occurrences affecting the real estate industry.

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