Hines

Perspectives

Better Together: *Where Infrastructure and Real Estate Converge*

Two sectors. Complementary strengths. One real assets strategy.

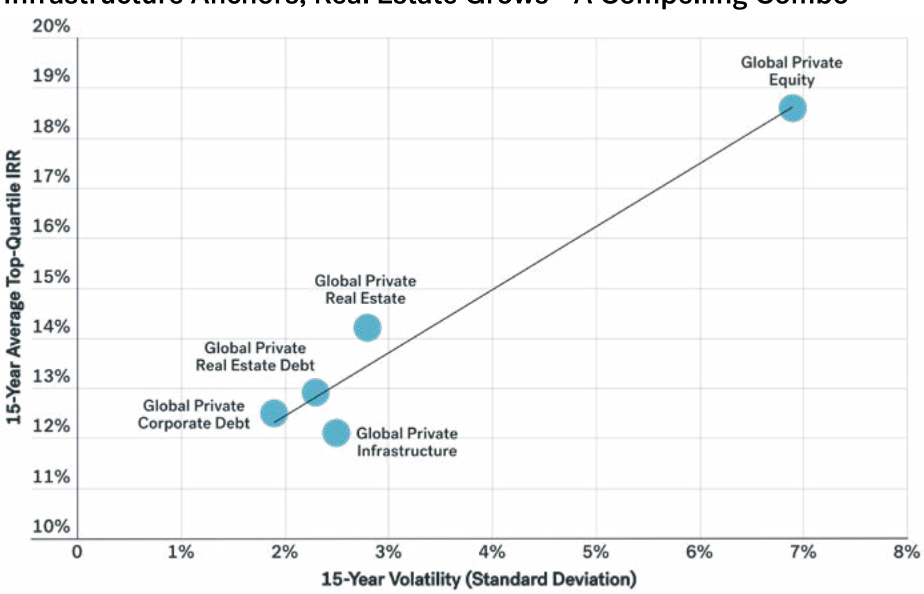
The line between infrastructure and real estate has been blurring. Two sectors once managed separately have become increasingly linked across the built environment—and for investors, that convergence could be the opportunity.

1. Same DNA, Different Cycles

Infrastructure and real estate are both hard assets, historically inflation-sensitive, and typically income-generating. Where we believe they diverge is in return profile: Infrastructure tends to lean on contractual cash flows, real estate on cyclical appreciation.

Figure 1

Infrastructure Anchors, Real Estate Grows—A Compelling Combo[1]



Sources: MSCI-Burgiss, Preqin, Hines Research. As of 3Q 2025, the most recent data point available, for the trailing 15-year period.

Key figures: Global private infrastructure has historically delivered ~12% IRR with ~2.5% annualized volatility. Global private real estate has delivered ~14% IRR with ~3% volatility (trailing 15-year average annualized, as of 3Q 2025)—a differentiated but complementary profile (see Figure 1).

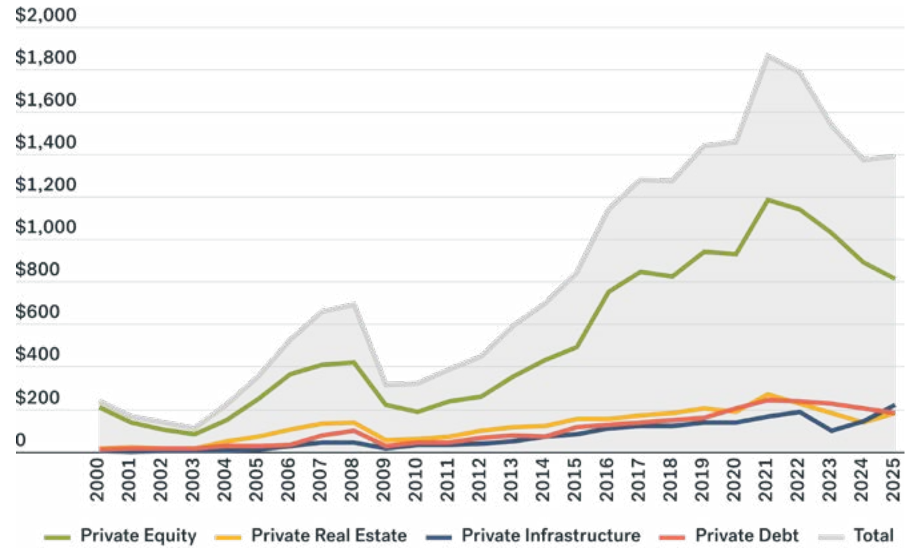
Takeaway: The two sectors are not competing allocations. They are complementary positions within a single real-assets strategy.

2. Capital Has Been Shifting

Infrastructure and real estate have both been attracting capital, and for different reasons. The data show that a shift could be underway.

Figure 2

Fundraising Pick-Up



Sources: Preqin, Hines Research. As of 2Q 2026 but using only complete calendar years, so ending with 2025.

Key figures: Global infrastructure fundraising reached its highest level relative to other private asset classes in 2025. Private real estate fundraising also inflected upward as investors began moving back into a sector that had undergone two years of significant repricing (see Figure 2).

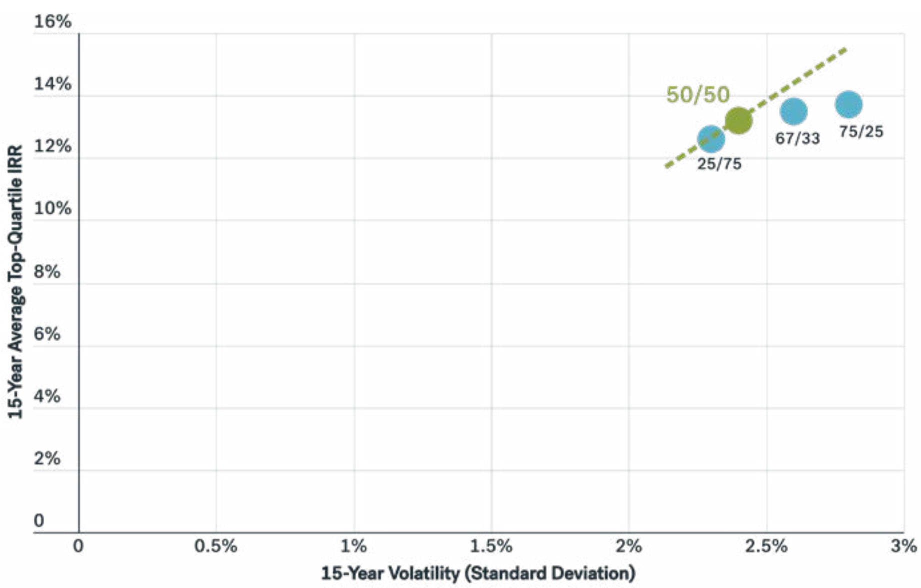
Takeaway: Capital has been rotating into real assets from both directions simultaneously. We believe that creates a window where infrastructure's stability and real estate's recovery upside could be available at the same time.

3. Better Together

Combining infrastructure and real estate has historically produced stronger risk-adjusted outcomes than holding either in isolation. Infrastructure can offer resilience, while real estate is expected to offer recovery-driven upside (though the pace and magnitude are expected to vary by sector and geography).

Figure 3

Stronger Returns, Lower Volatility, Together[2]



Sources: MSCI-Burgiss, Preqin, Hines Research. As of 3Q 2025, the most recent data point available, for the trailing 15-year period.

Key figures: The 50/50 blend of infrastructure and real estate delivered a trailing 15-year IRR of ~13% at ~2.5% volatility (see Figure 3). That sits above infrastructure-only on return, and well below global private equity on risk.

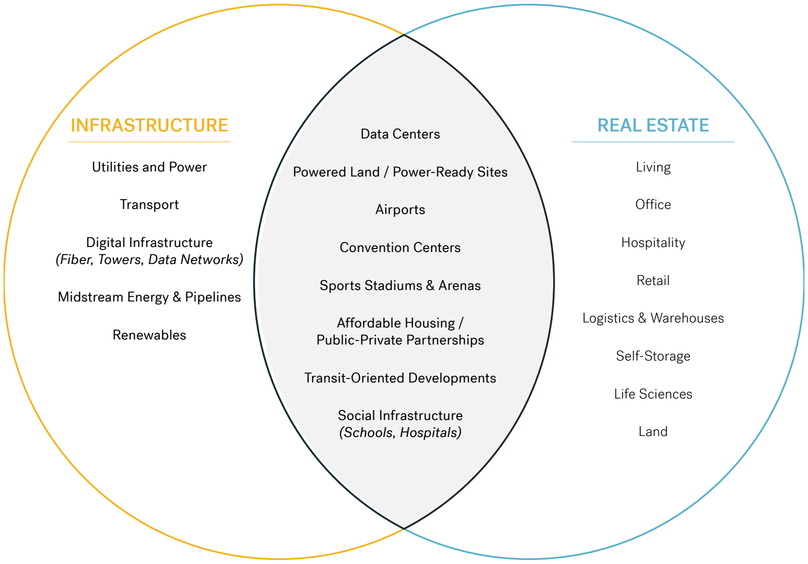
Takeaway: Combining real estate with infrastructure could improve return potential while only modestly increasing volatility.

4. The Boundary Has Been Fading

The convergence of infrastructure and real estate has been visible across sectors, representing a growing share of where institutional capital has been deployed.

Figure 4

Where We See Convergence



Takeaway: The most compelling opportunities in real assets have been increasingly emerging where infrastructure and real estate converge (see Figure 4). We believe the investors best positioned to capitalize are already operating across both.

Construction/Supply Has Been Retreating While Demand and Opportunity Have Been Building

Powered land demand, next 5 years

~40,000 acres[3]

U.S. office construction starts

Fallen ~70%

since Q1 2023[4]

Pan-European construction starts

Down 80%

from 2021 peak[5]

Hines View

"Infrastructure and real estate have been increasingly linked across the built environment. Investors who treat them as a single real-assets allocation, rather than competing categories, could be better positioned to capture resilience, income, and recovery-driven growth simultaneously."

– David Steinbach and Michael C. Hudgins

Where Hines Sees Opportunity

- Durable income and inflation protection from infrastructure holding firm through market uncertainty
- Recovery upside potential in repriced real estate, backed by constrained supply across key sectors
- Structural growth potential across digital infrastructure, powered land, logistics, and social infrastructure

Infrastructure and real estate have proven to be more powerful together than apart.

Investing in real estate involves a high degree of risk. Real estate investments may be highly illiquid and can engage in leverage and other practices that may increase volatility and risk of loss. International investing involves additional risks, including the burden of complying with a wide variety of foreign laws and the uncertainty of such laws, the tax treatment of transaction structures, political and economic instability, foreign currency fluctuations, and inflation and governmental measures to curb inflation.

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Endnotes

1 We use the 15-year period (1) to represent a full cycle starting with the recovery from the Great Recession property downturn through to current, which includes the most recent downturn in property values; and (2) as the period may be more representative of the expected performance for private markets, which are still relatively "young" markets relative to publicly-traded stocks and bonds. As an example, as late as 2005 (the start of the trailing 20-year period), the Global Infrastructure series was based on only 18 funds at the most, but by 2010, the start of the trailing 15-year period, that had grown to 62 funds, a deeper sample set. We use internal rates of return on a quarterly basis created by MSCI-Burgiss using quarterly-updated valuations based on actual transactional flows data for the fund universe for each asset class shown. Private Equity includes Buy-Out, Expansion and Venture Capital. Private Corporate Debt is all Corporate Lending and includes Direct Lending, Opportunistic, Distressed Lending and Venture Debt. Global Private Infrastructure includes Core, Value-Add and Opportunistic funds, the latter included to consider the impact of doing Data Center development as part of infrastructure investment. Global Private Real Estate is a 50/50 weighted average of performance for Core Plus and Value-Add strategies with a portfolio variance formula used to calculate the standard deviation, hence considering inter-strategy correlations. The volatility is the average annualized volatility of the quarterly series of IRRs noted above.

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3 Hines Research. As of 2Q 2025.

4 Costar, Hines Research. As of 4Q 2025.

5 MSCI Real Capital Analytics, Hines Research. As of 4Q 2025