RESEARCH BRIEF

Marcus & Millichap

2026 EQUITY CAPITAL OUTLOOK

JANUARY 2026

Multiple Factors Supportive of Institutional Commercial Real Estate Investment in 2026

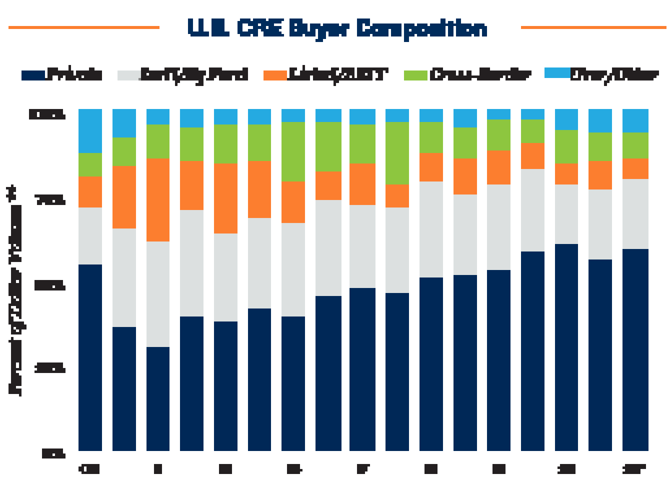
Private investors continue to outpace institutional buyers. The buyer composition of commercial real estate assets has consistently been dominated by privately sourced capital.

- **Private investors** drive the bulk of commercial real estate acquisitions.
- This group includes: high-net-worth individuals, family offices, and private investment firms that draw capital from private sources rather than public markets, including most syndicators and smaller equity funds.
- When measured by dollar volume, private investors have accounted for an average of **47 percent** of buy-side activity in deals over **$2.5 million** since 2010.
- Their share has risen to about **55 percent** of deployed capital since 2019, reaching **59 percent** through the first nine months of 2025.
- In contrast, institutional capital comprised roughly **26 percent** of dollar volume since 2010, and just **21 percent** of acquisition volume in the first three quarters of 2025.

Investors have faced headwinds. Fundraising conditions weakened in 2022, constraining capital availability.

- During the low-interest-rate environment of 2021 and much of 2022, both private and institutional investors were aggressively buying commercial real estate.
- Over that time, the institutions raised more than **$160 billion** per year in capital.
- However, as interest rates began rising in 2022, capital fundraising declined to roughly **$110 billion** in 2023 and **$91 billion** in 2024.
- At the same time, the **NCREIF total returns index** fell into negative territory, only beginning to recover in 2024.
- As a result, **institutional capital deployment slowed**.
- Meanwhile, private investors — particularly syndicators and equity funds — also **scaled back acquisition activity** from the 2021 peak to the 2023 trough.

- **Availability and deployment of equity capital set to improve.** The opportunity to generate positive leverage on debt amid lower borrowing costs and higher yields suggests that investment in commercial real estate should continue to build.
- While deal flow fell **48 percent** in 2023 compared to 2021, trading activity increased by a modest **3.3 percent** in 2024.
- Transaction velocity for the first three quarters of 2025 was up **17 percent** compared to the first three quarters of 2024 for properties above $2.5 million.
- In 2026, private investors will likely be active, though syndicators and equity funds still face capital-raising headwinds.
- However, a **lower interest-rate climate** together with **higher cap rates** should entice more activity, especially among high-net-worth private investors and family offices seeking to capitalize on **positive leverage opportunities**.
- On the institutional side, more than **$121 billion** in capital was raised last year, up about **33 percent** from their 2024 total.
- Combined with the NCREIF total returns index back in **positive territory**, institutional investors may **regain confidence to reengage the market**.



** Year-to-date through 3Q ** Sales $2.5 million and above*

Sources: Marcus & Millichap Research Services; NCREIF; Preqin; Real Capital Analytics