

Top 10 with...


Interview with **David Kozlicki**,
Head of UGA – Real Estate

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Opportunities
uncovered

Private markets
surge

Navigating
change



Soaring to
new heights



Key facts

#1

Real estate
multi-managers worldwide¹

250+

Underlying lifetime investments²

50+

Investment professionals²

11

Locations globally²

Source: ¹ INREV real estate investment managers survey 2024.

² UBS Asset Management, Unified Global Alternatives (UGA), data as at 31 March 2025.

Important information

The INREV Fund Manager Survey explores total real estate assets under management globally of all real estate fund management companies, providing insights into regional composition and vehicle types. All figures in the report are quoted as of 31 December 2023, unless stated otherwise. For more info about INREV, please consult the webpage [here](#) and learn more about the scoring methodology [here](#). The survey results are based on data provided directly to INREV by managers. INREV does not use publicly available information, and both members and non-member can provide data for the survey.

Innovation in the face of change

The real estate market has experienced significant changes in recent times, with many investors seeking innovative strategies to enhance their portfolios.

David Kozlicki, Head of Unified Global Alternatives (UGA) – Real Estate, discusses how the business is responding to these shifts by offering diversified investment opportunities, adaptive solutions and strategic partnerships. By leveraging their global reach and expertise, how does UGA – Real Estate aim for optimal asset control and sustainable growth in a volatile market?

David Kozlicki

Head of Unified Global Alternatives – Real Estate



Why is private markets investing particularly attractive?

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Private markets offer diversification, lower volatility, and exposure to market structures that positively impact the risk/return equation. In today's environment, investors face the challenge of optimizing portfolio allocations for appreciation potential and income generation, while mitigating volatility and broader issues such as climate change. While institutional investors have long embraced private markets allocations, these opportunities are becoming increasingly appealing to non-institutional investors due to their higher return-potential, lower correlation with public equity markets, inflation protection and access to otherwise inaccessible markets and strategies.

Private markets provide the ability to trade liquidity for higher returns at comparable risk levels, while granting investors greater asset control and the opportunity to benefit from skill and illiquidity premiums. In addition, private markets serve as a gateway to sustainable investments in high-growth sectors, aligning with the increasing focus on sustainability for many investors.

Why is Unified Global Alternatives a strong partner for accessing private markets?

In January 2025, to capture the growing client demand for alternatives, we combined our manager selection franchises from Global Wealth Management and Asset Management to create the new UGA business unit.

By bringing together the breadth of our capabilities, we can better leverage and scale our deep expertise in sourcing, monitoring and managing investments. When combined with our ability to work flexibly alongside third-party alternatives managers across products, we believe we can strengthen our strategic partnerships with leading general partners, and together deliver new and innovative solutions for clients.

UGA is comprised of five investment verticals: Real Estate, Infrastructure, Private Credit, Private Equity, Hedge Funds, and a Multi-Asset solutions business for clients looking to access a breadth of leading GPs across asset classes simultaneously. UGA manages approximately USD 295 billion in invested assets² with its global footprint and long-standing relationships providing access to capacity-constrained and exclusive managers, often unavailable to individual investors. The business's scale allows for improved liquidity options and reduced GP fees.

Clients additionally benefit from flexible structuring options within our multi-manager solutions and bespoke mandates tailored to client-specific needs, including co-investments, SMAs and fund formations. A single, robust due diligence process is applied across all alternative sub-asset classes, ensuring consistency and quality with institutional-standard reporting, onboarding and after-sales support embedded throughout the product lifecycle. With UBS board level support, UGA is expected to be a key growth area in the coming years as clients diversify into alternatives.

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What about domestic and global real estate investing – why have both in a portfolio?

Real estate investors will typically have a home bias to a greater or lesser degree, and understandably so, given it is the market they are most familiar with and in which they likely carry the majority of their liabilities. But adding international real estate to a predominantly domestic portfolio can benefit investors in a number of ways.

Firstly, real estate cycles differ across markets, as is happening now, providing diversification benefits and market entry/exit timing opportunities, which can enhance risk-adjusted performance.

Secondly, expanding into global markets can enhance liquidity and also provide investment opportunities by sector, market maturity or risk profile that might not be available in an investor's home market.

Finally, many investors first assume they need an additional return to compensate for going abroad, necessitating a move up the risk curve. While this might be appropriate for certain portfolios, it is also reasonable to assume that investors should take additional risks in the market they know best, at home, and while initially expanding into best quality, core global real estate.

Why is UGA – Real Estate well placed to provide access to global real estate?

UGA – Real Estate is proud to be the world's largest manager¹ of indirect real estate, with more than 250 lifetime investments globally² spanning all major regions, sectors and risk profiles.

Established in 2007, the group has a strong and lasting history providing clients access to prime assets and GPs in beneficial and liquid formats. With over 50 investment professionals in 11 markets globally, we believe the team is well placed to continue to yield strong performance, underpinned by an investment committee that has a combined 250+ years of experience. We believe our key competitive advantages to peers is – given our existing scale – the breadth and quality of deals is likely unparalleled in the market, with few other providers able to provide the same triumvirate of access, enhanced terms and reduced fees.

We offer four main opportunity sets to clients, in a variety of attractive formats including co-investments, joint ventures, recapitalizations, fund formations, secondaries and club deals:

- **Open-end solutions:** Flexible, long-term growth with actively managed open-ended vehicles. Fully drawn structures allow immediate market access and managed liquidity in normal conditions. Benefits include vast diversification and UBS's diverse offerings.
- **Closed-end solutions:** Products with leading GPs offer an illiquidity premium. UBS wrappers are provided and customized for client access, yielding transparent cashflows. This allows for higher returning 'satellite' investments alongside core/core+ open-ended funds, creating an institutional-style portfolio.
- **Structured solutions:** Tailored access to individual assets or portfolios in client-friendly formats. Clients can access exclusive deals not available on the open market, with terms structured to meet UBS client expectations. Benefits can include enhanced transparency, reduced fees, improved liquidity, reduced risk or greater future access.
- **Mandates:** Fully customized offerings tailored to client needs, from discretionary to advisory with access to investment data, including due-diligence, risk monitoring, and ESG analysis. Access to rigorous underwriting and investment governance, with customized reporting and strategy tilts based on client objectives.

Regardless of investment format, all investors benefit from strong governance and independent risk management committees, the input of dedicated research and ESG specialists, a vast support network of operations, tax, legal and distribution resources, plus a growing UGA business supported by the capital of the world's largest wealth manager¹.

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What is the current state of the real estate market?

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The UBS Chief Investment Office maintains a positive view on real estate returns in 2025, with the sector a key pick at the start of the year for clients. While acknowledging that the recovery will likely prove uneven, sectors benefiting from tight supply, high rental growth and low capex are likely to rebound quicker than structurally challenged sectors.

Valuations had seen substantial downward adjustments since 4Q22, prompting the worst period of returns since the GFC, with 2023 a particularly challenging year. 2024 was a year of recovery, with GDP rising across most countries and inflation moderating, albeit remaining volatile. Ultimately, the much hoped-for soft landing was achieved. Improved financial conditions and investor sentiment fed through to a slow pick up in real estate investment activity. The easing of monetary policy in 2024 resulted in the prolonged downturn coming to an end.

Investment volumes may take longer to recover as buyers remain cautious, but we anticipate continued demand for high-quality assets with stable occupancy. Expected easing in funding costs later in the year, along with progress on deregulation, should help revive transaction activity. Meanwhile, new supply is limited and tariff-driven increases in construction costs could further restrict future development pipelines. This dynamic may challenge new asset development but should support rental growth for existing properties. We expect strategy and sector performance will continue to diverge, however, we favor strategies focused on logistics, data centers and living sectors, where fundamentals look most robust.

Everyone's talking about Tariffs – how will they impact UGA – real estate?

Tariffs – the self-styled ‘most beautiful word’ by Donald Trump – have sent financial markets on a roller coaster in 2025. Markets looking to predict, react, counter and capitalize on the seemingly endless barrage of policy updates have experienced some of the most volatile conditions in modern times.

Given the constant change, it is becoming increasingly difficult to invest with confidence, with the real estate sector not unaffected. Assuming (and that is a particularly dangerous approach in today's climate) tariffs exist in some form for some period of time against some countries (our business remains unconvinced the penguins of the Heard and McDonald Islands will be able to negotiate a meaningful trade deal), there will be shifts to both capital values and tenant demand.

The tariffs are likely to impact trade volumes, be it an actual pullback or just slower growth, and could pose a risk to occupier demand for logistics properties globally. Logistics facilities around transport nodes look most exposed – airports, ports and land borders. Those focused on the lower end of the distribution chain, to end consumers and retailers, look less at risk. Retaliatory tariffs from other countries could curb trade further. On the other hand, industrial property and factories in the US may benefit from increased occupier demand as multinationals look to reshore manufacturing activities to avoid tariffs, though this will take time.

Such is the current nature of the political landscape and given the impossibility of predicting the direction of US policy, we believe investing above the noise by concentrating on global long-term fundamentals will prove beneficial. The team has invested throughout the GFC, Eurocrisis, Brexit and COVID-19. We remain confident that focusing on a broadly diversified mix of high-quality real estate, with in-demand GPs in areas benefiting from structural tailwinds is the most appropriate strategy throughout this volatile market phase.

Where are you looking to deploy capital over the next 12 months?

What is the view of UGA – Real Estate on niche real estate sectors?



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Given the well-publicized market turbulence, potential pitfalls and ongoing liquidity challenges, UGA – Real Estate is taking a highly selective approach to deployment. The team and investment committee are deploying only where the deal, sector and GP are of all the highest conviction. This predominantly includes assets that are supported by long-term tailwinds capable of riding out short-term challenges. Given our depth and sourcing capabilities, the team is able to look beyond high-level themes alone, and pick specific deals within those themes we believe offer the greatest opportunity for outperformance.

For example, while the residential sector is an area of interest for many GPs, the our team has the knowledge and capabilities to source in formats/areas of the highest conviction. For example, the team has recently committed to, or is underwriting, a manufactured housing club deal in the US, a UK single family rental fund formation and a co-investment into a development of Spanish for-sale housing. These markets exhibit either the tightest supply/demand characteristics or support a growing demand for the sub-sector.

Likewise, within the alternatives space (more below), our business has invested in a data-center co-investment with high latency aspects, a luxury hospitality repositioning in an underserved market and a side-car Australian residential debt vehicle. UGA – Real Estate's approach at this volatile and unusual part of the market cycle is to remain disciplined, exhibit a fervent adherence to quality and rely on our global reach to pick the best assets and GPs for the long term.

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Investor appetite for niche real estate sectors has surged in recent years. Their core investment thesis is usually 'investing in the future', riding on favorable megatrends in demographics, digitalization and post-pandemic consumer behavior shifts. For example, data centers are all the rage now as the world grows increasingly reliant on digital tools. Other niche sectors that have received more attention include life sciences properties, cold and self-storage and various forms of residential sub-types.

Investing in niche sectors typically comes with greater potential risks relating to exit liquidity, operations, regulations and small (albeit growing) occupier markets. In addition, development exposure is also common, given their relative nascency and limited core offerings. Nonetheless, their occupier demand outlook holds promise amidst structural tailwinds and investors are typically compensated with higher expected returns.

We are actively enhancing our exposure to niche sectors. The team, as ever, has been a first mover in this space using differentiated investment formats to provide access to these niche themes with terms previously not accessible to the market. Our business is expected to benefit from this first mover advantage with expected strong risk-adjusted returns throughout and improved liquidity available post the hold period as the wider market catches up. In recent times, we have invested in – or performed significant due-diligence on – data centers, self-storage, outdoor-storage, manufactured housing, senior living, grocery-anchored retail, and life-science.

What is the impact of increased geopolitical tensions on the real estate market?

The significant increase in geopolitical uncertainty in recent years has not left the real estate sector unaffected. On the one hand, it has led to a reassessment of certain markets. Countries and regions involved in or bordering countries exposed to military conflicts, trade disputes, sanctions or political instability are increasingly being avoided by investors. The immediate effect is a shift in cross-border capital flows. Investors often move their capital to perceived 'safe havens', such as generally stable residential markets or lower-risk locations with predictable legal systems. As the investable universe is shrinking, investment pressure – and consequently prices – in safe haven locations are likely to rise.

Besides these shifts, the geopolitical tensions are also affecting the attractiveness of certain sectors. As vulnerabilities of the globalized world were revealed by the pandemic and as protectionist tendencies in various countries are rising, securing domestic supply chains has taken on greater importance. Similarly, the topic of defense is taking on a significantly larger role in public disclosure. With re- and nearshoring, manufacturing and industrial assets are increasingly capturing investors' interest. As such, geopolitical instability does not solely lead to retreat, but can create opportunities in markets that align with investor strategies focused on risk mitigation and adaptability.

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Given the turbulent market, how should real estate investors consider sustainability?

Following a groundswell of support over the past few years, the closing of 2024 saw a cooling of sentiment towards environmentalism within real estate. This has been driven in part by the market downturn, with environmental considerations (at least in the short term) seen by some as an unaffordable luxury. That said, the link between climate change and real estate is stronger than many believe.

The most acute impact of ESG for real estate investors comes from physical climate risk. Political affiliations and personal viewpoints are rendered irrelevant in the face of wildfires and tropical cyclones. With extreme adverse weather events continuing to rise, the assessment and mitigation of physical climate risks among real estate investors should be seen less as an environmental consideration and more, simply, as prudent financial underwriting. Transition risk can be seen as slightly less tangible and therefore subject to greater flex within asset owners' capital budgets. Financial payback for decarbonization measures taken by landlords is broadly driven by three groups: investors, tenants and regulators. Sentiment is localized and varies widely between markets; in some we've seen this wane. However, in very few have we seen targets abolished entirely, while in most, they remain, at worst, delayed.

Since inception, UGA – Real Estate has taken a forward-looking view toward sustainability and will continue to do so. There is mounting evidence of long-term green premiums – higher prices paid by landlords and tenants for assets with enhanced ESG qualities ([link](#)) – that cannot be ignored during due diligence. It is for these reasons that our team has a dedicated ESG specialist, reporting directly into the investment committee. The team has developed a proprietary ESG questionnaire sent to all current and future GPs, with sustainability factors incorporated extensively into our financial due-diligence and ongoing monitoring. We believe acting and investing in a sustainable manner on behalf of our clients is not only a moral but also a financial necessity.

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