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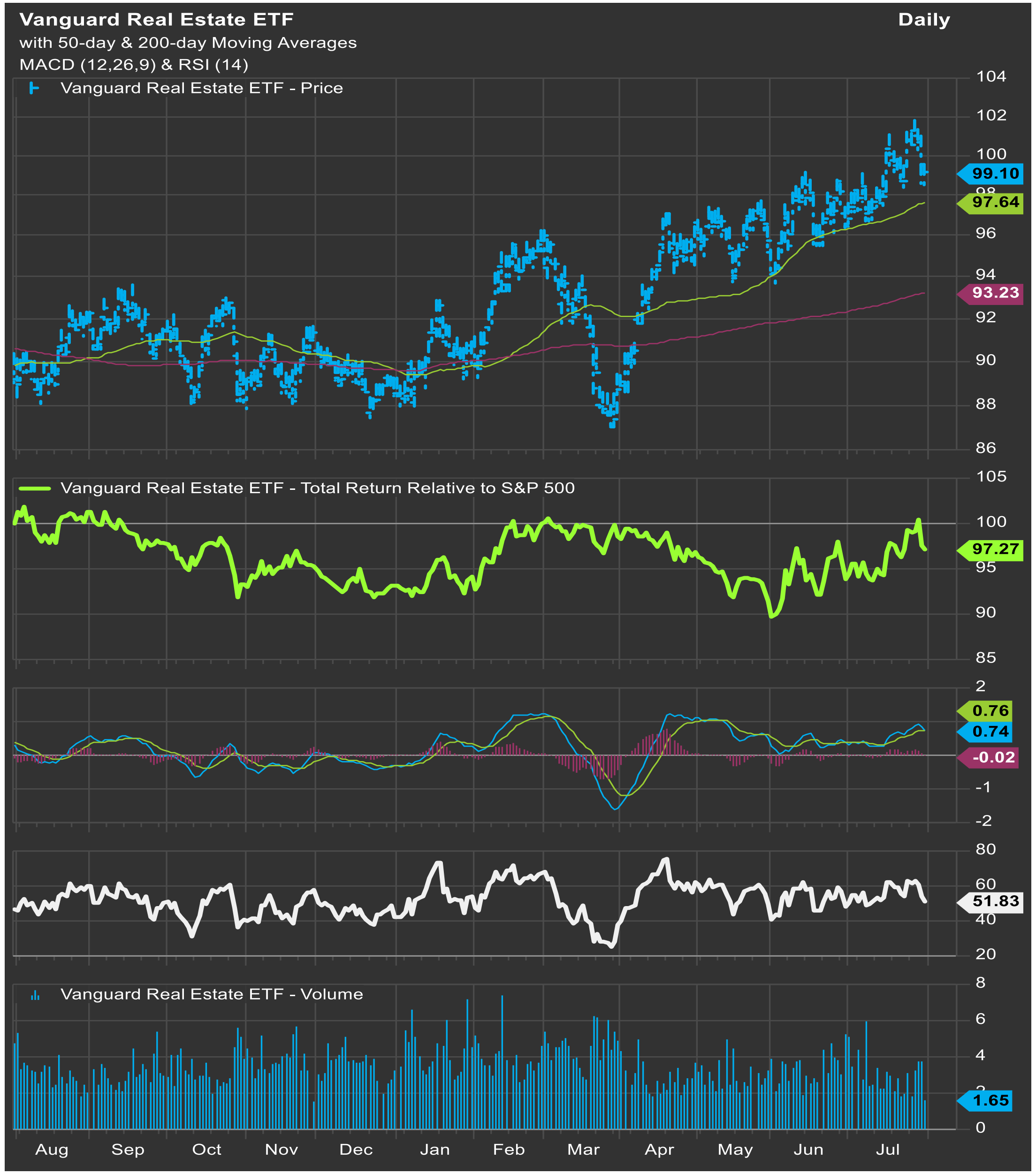
## Monthly Insights: August Outlook

# Real Estate Sector

Patrick Torbert, CMT

Editor & Chief Strategist

# Sector Price Action & Performance Review: Real Estate




7/31/2026

Real Estate enters August as a **constructive but selective recovery sector**. VNQ's source proxy gained **2.9% over one month**, outperforming the S&P 500 proxy's **-0.7%** return, and the sector remains up **10.9% over six months**. The model's **Bullish Reversal** pattern captures the key setup: Real Estate is not a mature leadership trend, but it continues to benefit from rotation into structurally oversold, income-oriented and rate-sensitive assets.

The industry-level breadth is better than the headline sector often suggests. **Real Estate Management & Development, Office REITs, Industrial REITs, Hotel & Resort REITs, Health Care REITs, Retail REITs and Specialized REITs** all posted positive average one-month excess returns. The best stock-level performers were CBRE, BXP, Prologis, Digital Realty, American Tower, Host Hotels, CoStar, Realty Income, Welltower and Healthpeak.

The most important change is that the sector's upside is increasingly tied to **AI infrastructure and operating-quality REITs**, not just lower rates. Amazon's AWS revenue grew **37%** to **$42.2B**, advertising revenue rose **26%**, and the company raised its 2026 capex plan to **$220B**. That validates demand for data centers, power-adjacent land, facilities management, construction services and hyperscale leasing, which supports the Real Estate read-through for Digital Realty, CBRE, Prologis and select Specialized REITs.

The weakest industry was **Residential REITs**, where all seven stocks were in consolidation patterns and the average one-month excess return was negative. That is not a collapse, but it shows that apartment REITs are more stabilization trades than leadership trades. Rent growth remains positive but muted, with Apartments.com reporting national annual rent growth of **0.8%** in June after **0.7%** in May.

**Bottom line:** Real Estate remains a constructive August overweight, but the best implementation is targeted. Favor data centers, CBRE-style real estate services, Health Care REITs, Retail REITs, Prologis/logistics recovery and select oversold income names. Be more selective in Residential REITs and do not treat one-month Office strength as a full office-cycle recovery.

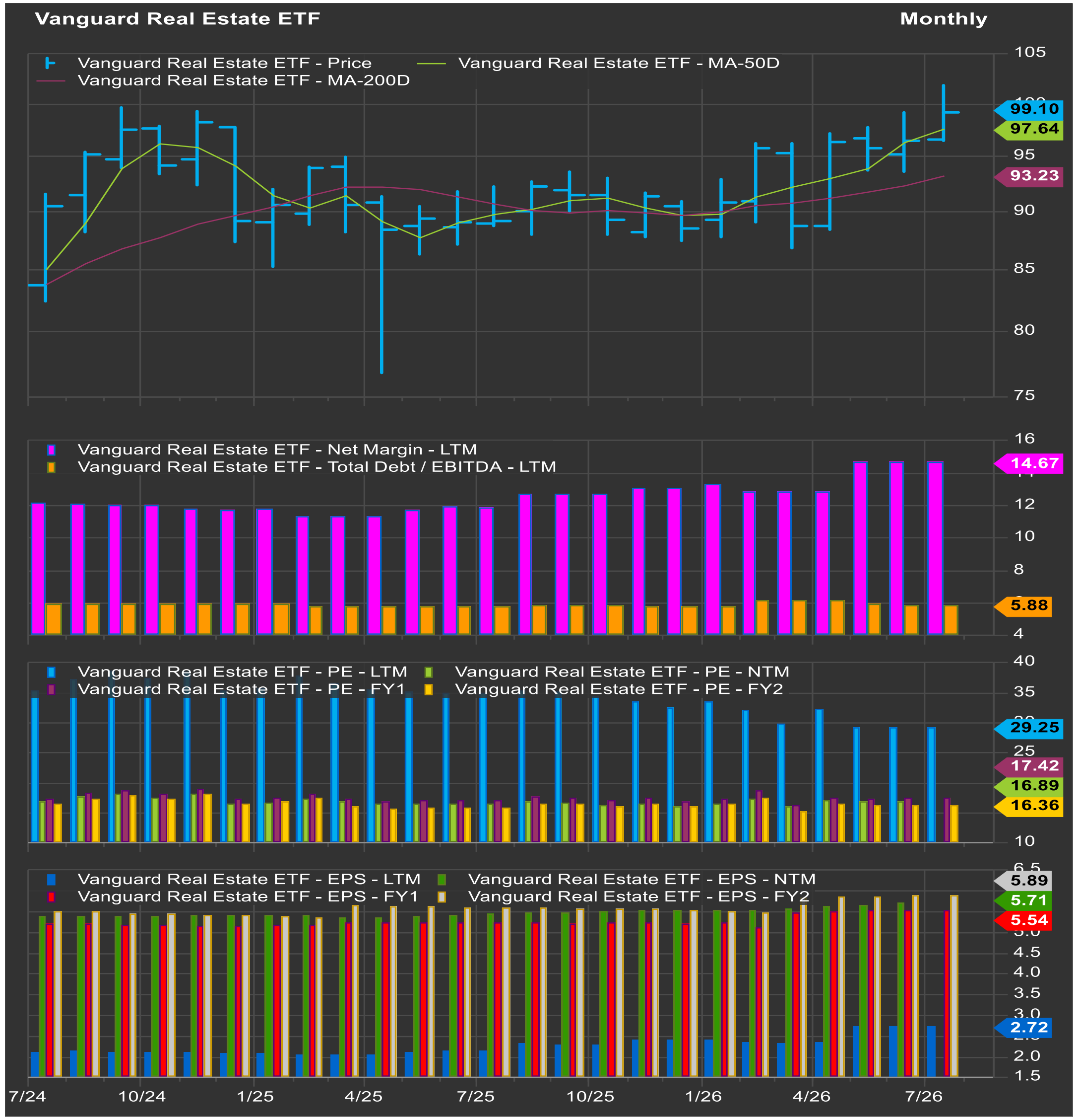
**The August outlook for Real Estate is constructive.** The Elev8 portfolio holds VNQ at **4.1%**, about **220 bp above benchmark**, and the sector remains a Bullish Reversal candidate with improving one-month and six-month performance. Real Estate is still structurally oversold enough to benefit from continued rotation, especially if investors keep broadening beyond mega-cap Technology and crowded low-volatility trades.

The best August opportunities are in **Real Estate Management & Development, Data Centers, Health Care REITs, Industrial REITs, Retail REITs and select oversold income names**. CBRE, Digital Realty, Prologis, Welltower, Healthpeak, Realty Income, Simon and Host Hotels are the clearest stock-level examples.

The weaker areas are **Residential REITs, gaming net lease, timber and lower-quality Office exposure**. Residential REITs are stable but not leading. VICI remains high-yield but technically weak. Office can bounce, but it is still tactical and should not be treated as a full-cycle recovery.

**We start August with an OVERWEIGHT allocation to the Real Estate Sector of +2.18% in our Elev8 Sector Rotation Model Portfolio vs. the S&P 500 benchmark**

# Fundamentals: Real Estate Sector




The public REIT fundamental backdrop remains healthier than the broad private CRE headlines imply. Nareit's Q1 REIT Industry Tracker showed FFO growth of **14.8%** year over year, NOI growth of **5.6%**, same-store NOI growth of **3.8%**, occupancy of **93.2%**, leverage of **35.4%**, a weighted average debt maturity of **5.9 years**, and **89.3%** of debt fixed-rate. Those metrics are important because public REITs generally have better balance sheets and more durable capital-market access than many private real estate owners.

The Fed's Financial Stability Report supports a nuanced view. CRE prices have continued to stabilize after significant declines, but the Fed still flags refinancing needs and higher-for-longer rates as vulnerabilities. That is the core Real Estate investment debate: public REITs are recovering, but the broader CRE cycle is not risk-free.

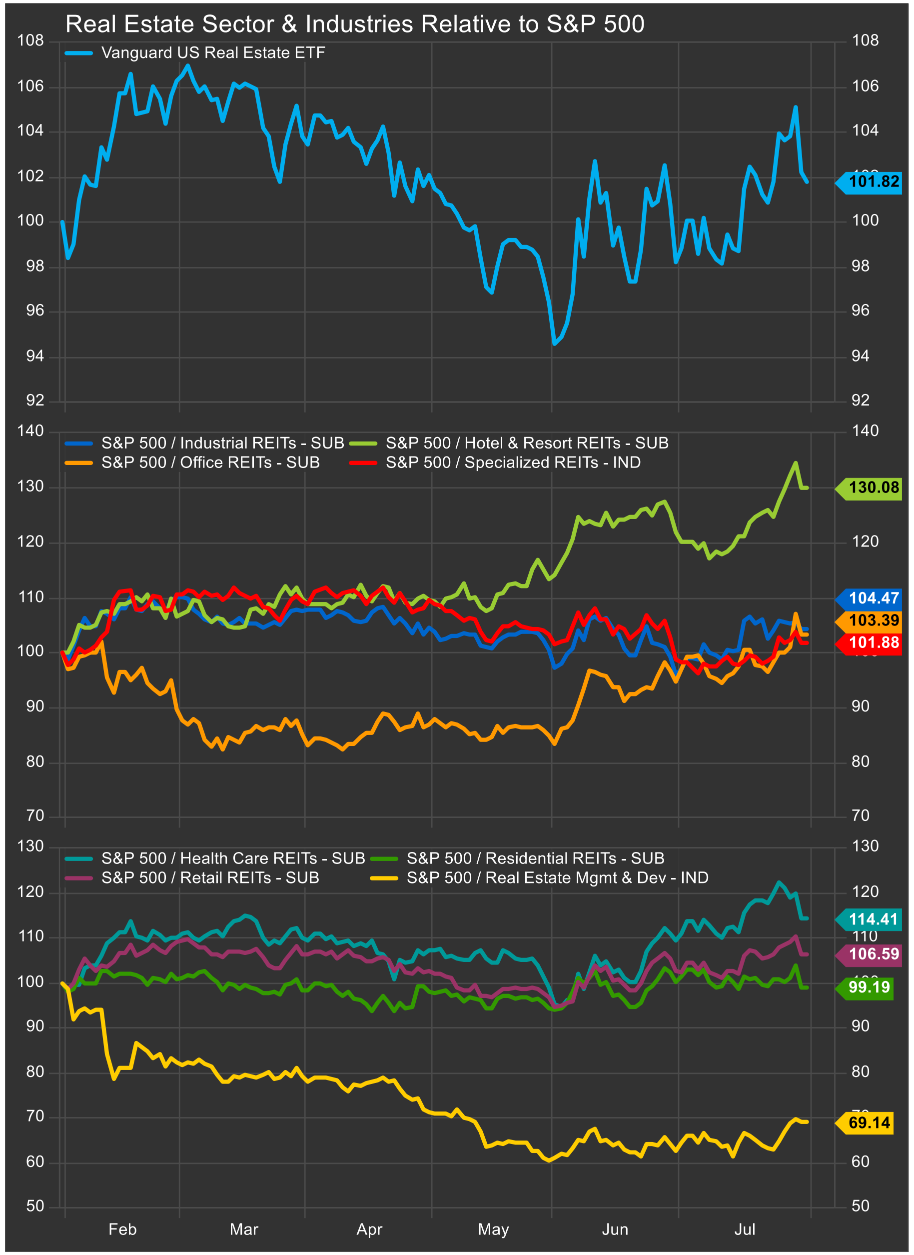
The best operating fundamentals remain in **data centers and Health Care REITs**. S&P Global reported that data-center REITs led same-store NOI growth at **9.5%** in Q1, while Health Care REITs ranked second at **8.6%**. Welltower reported Q2 normalized FFO per share up **25.0%** year over year and total portfolio same-store NOI growth of **15.5%**, driven by **20.5%** growth in its seniors housing operating portfolio.

Data centers continue to receive direct validation from company results and AI capex. Digital Realty reported Q2 revenue of **$1.9B**, up **29%** year over year, cash renewal rent increases of **25.4%**, and a record backlog of **$1.9B** of annualized GAAP base rent at 100% share. The company also raised its 2026 Core FFO outlook, reinforcing the data-center REIT earnings case.

The weaker operating area is Residential REITs. Apartment rent growth remains positive, but the spring leasing season was below average, and national annual rent growth closed June at only **0.8%**. That is enough for stabilization, but not enough for broad Residential REIT leadership.

| ETF | Price | 1D | 1W | 1M | 3M | 6M | RSI |
|---|---|---|---|---|---|---|---|
| VOO | $741.69 | +1.7% | +0.5% | -0.7% | +4.2% | +6.7% | 49.2 |
| VNQ | $45.30 | -1.4% | +0.8% | +2.9% | +3.8% | +10.9% | 52.9 |

# Industry Performance and Model Scores: Real Estate




| Indicator | Latest Reading | July Message | Investment Interpretation |
|---|---|---|---|
| Elev8 Real Estate score | **4** | Positive | Real Estate remains an upper-tier model sector. |
| Elev8 Real Estate rank | **4 / 11** | Constructive | Sector ranks behind Financials, Technology and Industrials. |
| Elev8 pattern | **Bullish Reversal** | Recovery profile | Sector is still repairing after a multi-year rate-driven valuation reset. |
| VNQ Elev8 weight | **4.1%** | Overweight | Portfolio holds VNQ above benchmark. |
| VNQ active weight | **+2.2%** | Positive active exposure | Model and tactical process favor Real Estate as a rotation beneficiary. |
| VNQ 1M return | **+2.9%** | Outperformed | Sector beat the S&P 500 proxy by roughly 360 bp. |
| VNQ 3M return | **+3.8%** | Positive | Sector recovery remains intact. |
| VNQ 6M return | **+10.9%** | Strong | Real Estate remains one of the better six-month diversifiers. |
| VNQ RSI | **52.9** | Neutral / constructive | Positive setup without being overbought. |
| 10Y real yield | **2.41%** | Headwind | Higher real yields still pressure REIT multiples and cap rates. |

# Top 10 Stock Level Performers: Real Estate

| Symbol | Company | Sector | Industry | Pattern | 1M Excess | Valuation Rel. | Momentum | Div Yield Rel. |
|---|---|---|---|---|---|---|---|---|
| CBRE | CBRE Group | Real Estate | Real Estate Management & Development | Retracement | +11.7% | 0.92 | 0.1 | 0.00 |
| BXP | BXP | Real Estate | Office REITs | Consolidation | +8.8% | 1.97 | 14.0 | 2.79 |
| PLD | Prologis | Real Estate | Industrial REITs | Bullish Reversal | +8.7% | 2.08 | 3.9 | 2.09 |
| DLR | Digital Realty | Real Estate | Specialized REITs | Bullish Reversal | +8.3% | 3.91 | 1.2 | 1.81 |
| AMT | American Tower | Real Estate | Specialized REITs | Downtrend | +7.4% | 1.31 | -3.0 | 2.93 |
| HST | Host Hotels & Resorts | Real Estate | Hotel & Resort REITs | Bullish Reversal | +6.6% | 1.11 | 18.8 | 4.46 |
| CSGP | CoStar Group | Real Estate | Real Estate Management & Development | Downtrend | +4.8% | 0.98 | -19.7 | 0.00 |
| O | Realty Income | Real Estate | Retail REITs | Consolidation | +4.8% | 2.02 | 0.2 | 3.64 |
| WELL | Welltower | Real Estate | Health Care REITs | Uptrend | +4.6% | 4.00 | 7.7 | 0.96 |
| DOC | Healthpeak Properties | Real Estate | Health Care REITs | Bullish Reversal | +4.3% | 5.87 | 23.7 | 3.96 |

The top 10 Real Estate stocks are a **rotation and operating-quality list**. CBRE, Prologis, Digital Realty, American Tower, Welltower, Healthpeak and Realty Income show that investors are rewarding a mix of AI infrastructure exposure, real estate services, logistics, data centers, towers, senior housing and income stability.

CBRE is the strongest stock in the sector table. The company benefits from leasing, facilities management, infrastructure services, data centers and transaction recovery. Its Q1 report already showed strong growth in services segments and noted that data centers, power, telecom and transportation infrastructure had become a meaningful source of profit and growth across its business lines.

The top table has three important messages. First, Real Estate leadership is broader than data centers alone. Services, Office rebound, Industrial/logistics, Health Care, Retail and Hotels are all represented. Second, the best secular stories still matter: Digital Realty and Welltower are backed by strong operating data, while Prologis benefits from logistics and potential data-center development optionality. Third, not every winner is a clean uptrend. AMT and CSGP remain in downtrend patterns, so their rebounds should be treated as tactical until momentum confirms.

BXP's strength should be interpreted carefully. It is a sign that oversold Office exposure can participate when rates stabilize and CRE sentiment improves, but it is not a declaration that the broader office cycle is fixed.

# Bottom 10 Stock Level Performers: Real Estate

| Symbol | Company | Sector | Industry | Pattern | 1M Excess | Valuation Rel. | Momentum | Div Yield Rel. |
|---|---|---|---|---|---|---|---|---|
| UDR | UDR | Real Estate | Residential REITs | Consolidation | -2.9% | 2.91 | -0.3 | 3.23 |
| ESS | Essex Property Trust | Real Estate | Residential REITs | Consolidation | -2.6% | 2.40 | 2.8 | 2.62 |
| MAA | Mid-America Apartment Communities | Real Estate | Residential REITs | Consolidation | -2.2% | 2.05 | -1.4 | 3.28 |
| WY | Weyerhaeuser | Real Estate | Specialized REITs | Consolidation | -1.1% | 2.21 | -6.7 | 2.55 |
| INVH | Invitation Homes | Real Estate | Residential REITs | Consolidation | -1.0% | 2.00 | 1.2 | 2.89 |
| IRM | Iron Mountain | Real Estate | Specialized REITs | Bullish Reversal | -0.6% | 2.58 | 3.8 | 1.93 |
| EQR | Equity Residential | Real Estate | Residential REITs | Consolidation | -0.4% | 2.28 | 0.5 | 2.99 |
| CPT | Camden Property Trust | Real Estate | Residential REITs | Consolidation | -0.3% | 5.01 | 2.3 | 2.67 |
| VICI | VICI Properties | Real Estate | Specialized REITs | Downtrend | -0.1% | 0.46 | -8.1 | 4.93 |
| ARE | Alexandria Real Estate Equities | Real Estate | Health Care REITs | Consolidation | +0.1% | 4.21 | 12.2 | 3.91 |

The bottom 10 table is concentrated in **Residential REITs, timber/gaming Specialized REITs, Iron Mountain and Alexandria**. The main message is that Real Estate's recovery is not uniform. Apartments remain stable but lagging; specialized REITs remain mixed; and high-quality names can still consolidate when valuation or operating expectations are demanding.

Most of the bottom 10 are not in severe technical breakdowns. Residential REITs are all in **Consolidation** patterns, which supports the view that the group is stabilizing rather than collapsing. The issue is that rent growth is too muted to create leadership. Apartments.com reported annual multifamily rent growth of only **0.8%** in June, and the spring leasing season remained below average.

Residential REIT weakness is the main caution. UDR, Essex, MAA, Invitation Homes, Equity Residential and Camden all appear in the bottom table. These stocks are not breaking down, but muted rent growth and elevated supply keep the industry from leading.

VICI remains a high-yield value name, but its downtrend pattern and negative momentum argue against treating gaming net lease as a leadership sleeve. Iron Mountain is still a strong secular data/storage business, but it also sits in a higher-beta specialized category and has not matched the cleaner Digital Realty rebound.

Alexandria is a special case. It has Health Care / life-science real estate exposure and a high dividend-yield multiple, but it is not acting like the strongest senior-housing Health Care REITs. The table continues to favor Welltower, Ventas and Healthpeak-type exposure over life-science office exposure

# Economic & Policy Drivers: Real Estate Sector

**Real Estate Management & Development**

Real Estate Management & Development was the strongest industry in the updated stock file, led by CBRE. The group benefits from transaction recovery, leasing, outsourcing, project management, infrastructure services and data-center-related demand. CBRE's Q1 commentary specifically highlighted data centers, power, telecom and transportation infrastructure as meaningful sources of profit and growth across its segments.

**August read:** preferred within Real Estate. CBRE provides exposure to Real Estate recovery and AI infrastructure without relying solely on REIT cap-rate compression.

**Specialized REITs**

Specialized REITs remain mixed but important. Digital Realty is the cleanest data-center beneficiary, while American Tower rebounded from a depressed technical setup. Digital Realty's Q2 results showed strong renewal rent growth, record backlog and raised FFO guidance, which reinforces the AI/data-center demand case.

The tower group is still tactical. AMT appears in the top 10 but remains in a downtrend; SBA and Crown Castle were not strong enough to lead the sector. Towers can benefit from rate stabilization and connectivity demand, but they need better momentum before becoming preferred Real Estate exposure.

**August read:** favor data-center REITs and select tower rebounds, but avoid treating all Specialized REITs as one trade.

**Health Care REITs**

Health Care REITs remain one of the best operating-fundamental groups. Welltower's Q2 results showed normalized FFO per share up **25.0%** year over year and total portfolio same-store NOI growth of **15.5%**, driven by senior housing. S&P Global also showed Health Care REITs ranked second among tracked subsectors on Q1 same-store NOI growth.

**August read:** preferred industry. Senior housing, medical real estate demand and operating leverage remain attractive despite higher valuation multiples.

**Industrial REITs**

Industrial REITs improved through Prologis. The stock's **+8.7%** one-month excess return and bullish reversal pattern support the view that logistics real estate is beginning to repair. Private-market validation is also important: Prologis' bid for Segro shows strategic demand for logistics assets and potential data-center conversion optionality.

**August read:** constructive. PLD is a key watchlist/hold because it combines logistics recovery, private-market validation and secular infrastructure optionality.

**Retail REITs**

Retail REITs remain constructive. Realty Income and Simon are both in the top portion of the sector table, and the industry has a strong dividend-yield profile. The group is benefiting from better-than-feared tenant demand, high occupancy, durable cash flow and income demand.

**August read:** constructive income/recovery sleeve. Favor high-quality retail and net lease exposure, but do not chase after sharp short-term moves.

**Residential REITs**

Residential REITs are stable but not leadership. All seven stocks are in consolidation patterns, and the industry posted negative average and market-cap-weighted one-month excess returns. National rent growth remains positive but too muted to create strong upside.

**August read:** selective hold. Residential REITs can work if rates fall, but subdued rent growth and supply pressure cap near-term upside.

**Office REITs**

Office is represented by BXP, which posted strong one-month excess return. This supports the oversold rotation thesis but should not be confused with a broad office-sector recovery. The Fed continues to flag CRE refinancing needs as a vulnerability, even as commercial real estate prices have stabilized.

**August read:** tactical only. BXP can participate in oversold recovery, but Office should remain a small, stock-specific allocation rather than a broad sector call.

**Hotel & Resort REITs**

Host Hotels was a top performer, helped by value, dividend yield and travel-related rebound. The group remains more cyclical than most REIT industries and is sensitive to consumer spending, business travel, oil prices and convention demand.

**August read:** tactical positive, but not core defensive Real Estate exposure.

**What Shaped the Real Estate Narrative in July**

The first major narrative was **AI infrastructure validation**. Amazon's strong AWS growth and higher capex plan reinforce the demand case for data centers, land, power access, facilities management and real estate services. Digital Realty's Q2 report and backlog growth give that theme a direct REIT-level earnings confirmation.

The second narrative was **public REIT resilience versus private CRE stress**. Nareit data show public REITs with strong occupancy, FFO growth, fixed-rate debt and moderate leverage, while the Fed continues to warn that refinancing needs and elevated rates remain vulnerabilities for the broader CRE market. That distinction supports public REIT exposure without ignoring private-market stress.

The third narrative was **broadening beyond data centers**. CBRE, BXP, Prologis, Host Hotels, Realty Income and Healthpeak all appear in the top 10. That means the sector is not relying only on Digital Realty and Equinix-style data-center exposure. Rotation is broader across services, logistics, retail, health care and oversold office.

The fourth narrative was **Residential stabilization, not leadership**. Apartments are not collapsing, but rent growth is still too soft for the industry to lead. Residential REITs can help if rates fall, but the better near-term opportunities are elsewhere in the Real Estate sector.

# Appendix: Sources (all chart sourced from FactSet Research Systems Inc.)

**ETFInsight / Myrtle Tree Investment Research** Macro Technical Model, July 30, 2026 — SPDR proxy data, macro regime index, growth/inflation/liquidity/risk pillars, breadth, credit, rates, commodities and volatility.

**ETFInsight / Myrtle Tree Investment Research** Elev8 Model Positions, July 31, 2026 — Vanguard sector fund implementation weights, benchmark weights, active weights and sector selection scores.

**FactSet** 20260731_SP50_Stock_Data.xlsx — Real Estate stock-level excess return, valuation multiple relative to index, momentum score, dividend-yield multiple, beta, industry and chart pattern.

**Nareit** REIT Industry Tracker, Q1 2026 — public REIT FFO growth, NOI growth, same-store NOI, occupancy, leverage, debt maturity, fixed-rate debt and cap-rate framework.

**S&P Global Market Intelligence** U.S. REIT same-store NOI analysis, June 2026 — data-center REIT NOI growth, Health Care REIT NOI growth, Welltower same-store NOI and REIT operating-performance dispersion.

**Federal Reserve** Financial Stability Report, May 2026 — CRE price stabilization, refinancing vulnerability, elevated asset valuation pressures and commercial real estate risk framework.

**Digital Realty** Q2 2026 Results — revenue growth, renewal lease spreads, record backlog, Core FFO guidance and data-center leasing demand.

**Amazon / Reuters** Q2 2026 earnings coverage — AWS growth, advertising growth, AI capex plan, backlog and cloud/data-center demand read-through.

**CBRE** Q1 2026 Results — data-center, power, telecom and transportation infrastructure services growth; leasing, property sales and project-management demand.

**CBRE** 2026 Data Center Market Outlook — AI-driven leasing demand, power scarcity, record pricing, low vacancy and longer development timelines.

**Welltower** Q2 2026 Results — normalized FFO growth, same-store NOI growth, senior housing operating portfolio growth and investment activity.

**Apartments.com / CoStar** June 2026 Rent Growth Report — national multifamily rent growth, below-average spring leasing season and Residential REIT demand backdrop.

# Appendix: Metric Interpretation/Descriptions

**Valuation Multiple Relative to Index**

Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

*Valuation Multiple Relative to Index*

(Company Price/NTM EPS) / (Index Price/NTM EPS)

**Dividend Yield Relative to Index**

Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

*Dividend Yield Relative to Index*

Company FY1 Rolling Dividend Yield / Index FY1 Rolling Dividend Yield

**Price Structure**

We categorize stock chart patterns into 7 categories

**Uptrend**—Stock exhibits sustained outperformance

**Bullish Reversal**—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

**Consolidation**—Sideways price action, generally a bearish pattern in a bull market

**Retracement**—A sharp move lower in a previously strong chart

**Distributional**—A topping pattern

**Downtrend**—Sustained underperformance, lagging the benchmark by >15% per year

**Support**—Price has reached a level where major bottom formations or basing has occurred in the past

**Basing**—A protracted consolidation at long-term support

**Momentum**

Long higher scores, short lower scores

*Momentum (simple mean)*

**1-Month Excess Total Return (vs. S&P 500) * 0.2**

*Plus*

**3-Month Excess Total Return (vs. S&P 500) * 0.5**

*Plus*

**6-Month Excess Total Return (vs. S&P 500) * 0.3**