ETFSector.com
Monthly Insights: September Outlook
Real Estate Sector

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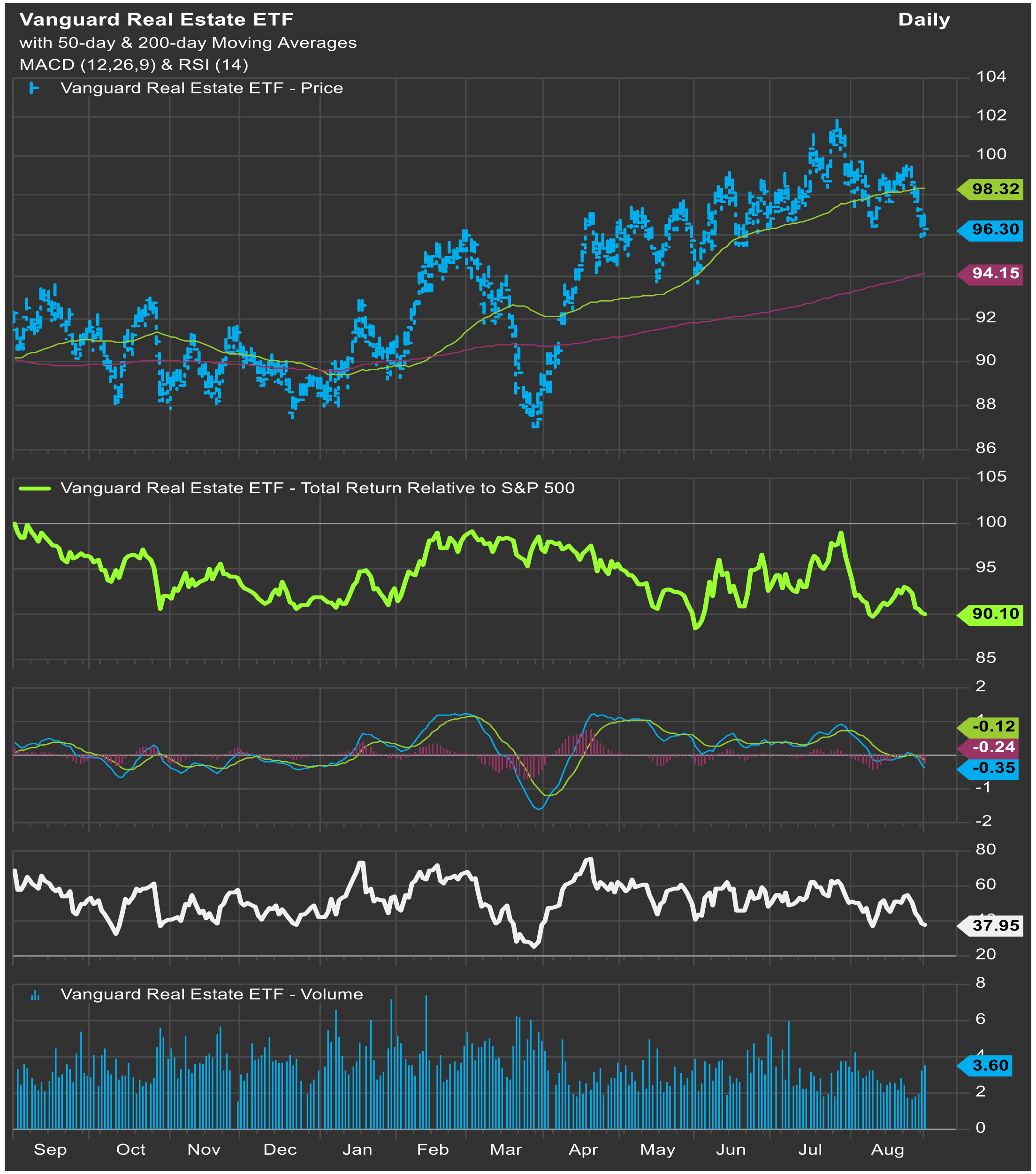
Sector Price Action & September Outlook: Real Estate



9/1/2026

August recap. Real Estate (VNQ) enters September with a weaker allocation signal than the July deck implied. VNQ fell -2.5% over one month versus a +2.7% gain for the S&P 500 (VOO). The sector is still positive over three months at +2.5%, but the six-month return is only +0.5%, leaving Real Estate short of leadership.

Model message. The ETFSector.com Macro Model ranks Real Estate (VNQ) T-5 / 11 with a -1.0 final score and Underweight stance. The 63-day relative-strength input is positive at +1.4%, but not strong enough to offset the broader underweight band. The model now prefers Health Care (VHT), Financials (VFH) and Energy (VDE).

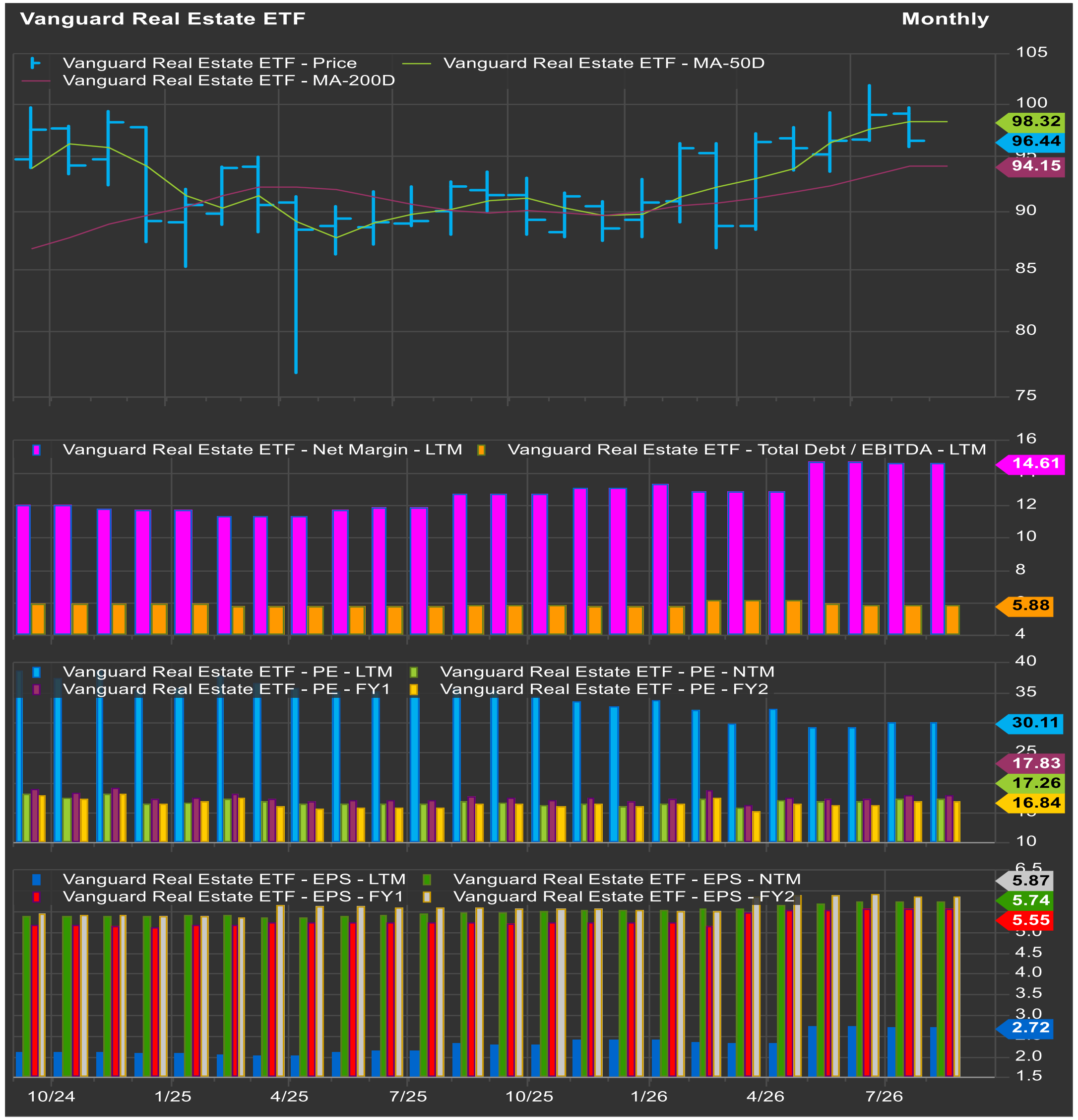
Stock evidence. The stock file confirms the caution: the average Real Estate name lagged the S&P 500 (VOO) by -5.3% over one month, only 10% of sector stocks beat the index, and just 21% are above their 50-day moving average. CoStar (CSGP), SBA (SBAC) and Equinix (EQIX) were the only positive one-month excess-return names.

What is still working. AI infrastructure remains the most important structural theme. Digital Realty (DLR), Equinix (EQIX), CBRE (CBRE) and Prologis (PLD) are still tied to data centers, power access, facilities management, logistics and hyperscale development. Welltower (WELL) and Ventas (VTR) keep the senior-housing story alive, but higher valuation multiples require earnings follow-through.

September pivots. The key tests are CPI on September 11, the September 15–16 FOMC, retail sales on September 16 and any new evidence on CRE financing conditions. Softer yields would help Real Estate (VNQ). Sticky inflation, high real yields or wider credit spreads would keep cap-rate and refinancing pressure in focus.

Portfolio view. Real Estate (VNQ) should move from broad overweight to selective underweight for September. Maintain watchlist exposure to data centers, CBRE-style services, health care REITs and high-quality industrial/logistics assets, but avoid treating VNQ as a rate-cut proxy until price breadth repairs.

Fundamentals and September Earnings Setup: Real Estate



The fundamental case is better than the price action, but September needs confirmation. Public REIT balance sheets remain healthier than much of private CRE, and the strongest operating pockets—data centers, senior housing, real estate services and logistics—still have identifiable growth drivers. The allocation problem is that higher real yields are again overwhelming the sector's income and cap-rate appeal.

Data centers are the clearest secular growth engine. Digital Realty (DLR) reported Q2 revenue of $1.9B, up 29% year over year, a record $1.9B backlog and 25.4% cash renewal spreads, while raising 2026 Core FFO guidance. That is direct evidence that AI demand can translate into contractual revenue for specialized real estate.

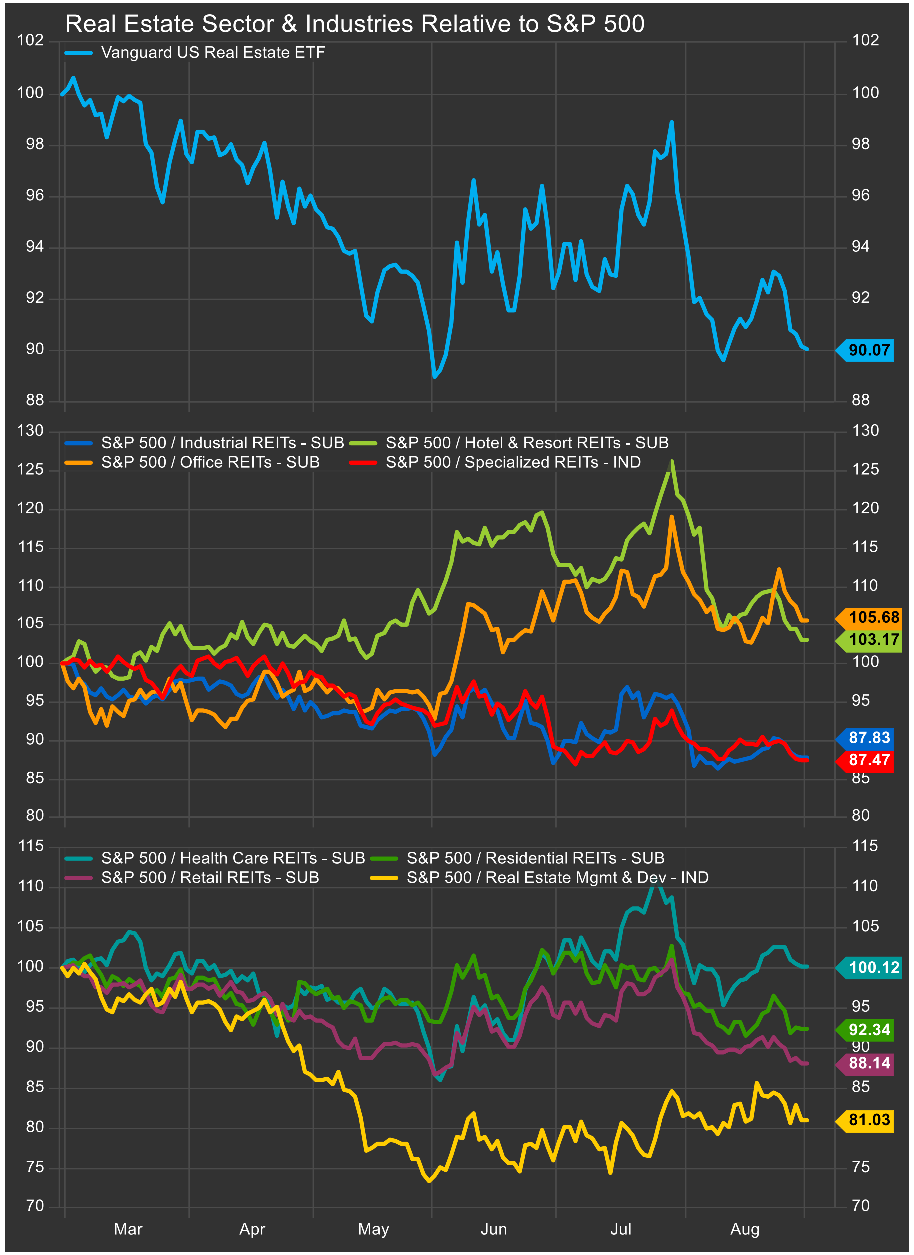
CBRE (CBRE) gives the sector a less rate-sensitive way to own the recovery. Q2 revenue rose 16%, core EPS rose 30%, and the company raised its 2026 core EPS outlook. Critical infrastructure services revenue grew 68%, showing that data centers, power and project management are becoming a real earnings driver outside pure REIT ownership.

Senior housing remains the best operating-quality REIT sleeve. Welltower (WELL) reported normalized FFO per share up 25%, total same-store NOI up 15.5% and senior-housing operating NOI up 20.5%. Ventas (VTR) and Healthpeak (DOC) keep that theme relevant, although premium valuations reduce the margin for error.

The risk side is still rates and refinancing. The Fed's May Financial Stability Report said CRE prices had stabilized after prior declines, but refinancing needs remain a vulnerability. With the ETFSector.com Macro Model showing a 10-year real yield near 2.44%, Real Estate (VNQ) needs either lower yields or stronger breadth to justify a broad September overweight.

ETF	Price	1D	1W	1M	3M	6M	RSI
VOO	$767.05	-0.3%	+0.5%	+2.7%	+1.1%	+11.8%	54.0
VNQ	$96.44	-0.8%	-2.7%	-2.5%	+2.5%	+0.5%	38.7

Industry Performance and ETFSector.com Macro Model Scores



Indicator	Latest Reading	September Message	Investment Interpretation
Macro Model score	-1.0	Underweight band	Real Estate (VNQ) moved into the broad underweight cluster after a weak August tape.
Macro Model rank	T-5 / 11	Lower tier	Rank is tied with several sectors; Health Care (VHT), Financials (VFH) and Energy (VDE) lead.
Model stance	Underweight	Selective underweight	Use stock selection rather than a broad VNQ allocation until breadth improves.
63-day relative strength	+1.4%	Positive but insufficient	Medium-term RS is slightly positive, but the model still assigns a negative score.
VNQ 1M return	-2.5%	Weak	Lags S&P 500 (VOO), which gained +2.7%.
VNQ 3M / 6M return	+2.5% / +0.5%	Stabilizing	Still positive, but no longer a strong recovery leadership signal.
Sector breadth	10% positive; 21% > 50DMA	Poor	Only a small share of stocks are beating the index or holding above near-term trend.
Best industry signal	RE Mgmt & Dev +2.7%	Services led	CoStar (CSGP) offsets weakness in REIT-heavy industries; CBRE (CBRE) remains fundamental support.
Specialized REITs avg. 1M excess	-4.4%	Mixed	Equinix (EQIX) and SBA (SBAC) held up, but Digital Realty (DLR), towers and storage lagged.
10Y real yield / BCOM	2.44% / +7.1%	Rate and inflation headwind	Higher real yields and commodity pressure limit the valuation benefit from income exposure.

Top 10 Stock Level Performers: Real Estate

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.
CSGP	CoStar	Real Estate	Real Estate Management & Development	Downtrend	+8.8%	1.03	-6.5	0.00
SBAC	SBA	Real Estate	Specialized REITs	Downtrend	+2.8%	1.19	-6.2	1.96
EQIX	Equinix	Real Estate	Specialized REITs	Bullish Reversal	+0.5%	2.93	-2.2	1.47
AMT	American Tower	Real Estate	Specialized REITs	Downtrend	-1.4%	1.29	-7.6	3.02
WELL	Welltower	Real Estate	Health Care REITs	Bullish Reversal	-1.6%	3.98	6.9	0.96
CCI	Crown Castle	Real Estate	Specialized REITs	Downtrend	-2.9%	1.55	-14.7	4.16
ARE	Alexandria	Real Estate	Health Care REITs	Consolidation	-3.0%	N/A	-2.4	4.06
ESS	Essex	Real Estate	Residential REITs	Consolidation	-3.1%	2.40	0.7	2.72
CBRE	CBRE	Real Estate	Real Estate Management & Development	Consolidation	-3.4%	0.87	3.7	0.00
DLR	Digital Realty	Real Estate	Specialized REITs	Consolidation	-4.3%	3.63	-4.2	1.96

The top table is a defensive relative-strength list, not a broad Real Estate breakout. CoStar (CSGP), SBA (SBAC) and Equinix (EQIX) were the only names with positive one-month excess return. American Tower (AMT), Welltower (WELL), Crown Castle (CCI), Alexandria (ARE), Essex (ESS), CBRE (CBRE) and Digital Realty (DLR) made the list because they held up better than weaker REIT groups.

The important signal is that leadership moved away from the July recovery basket. CoStar (CSGP) and CBRE (CBRE) are services/platform exposures; Equinix (EQIX) and Digital Realty (DLR) represent digital infrastructure; Welltower (WELL), Ventas (VTR) and Healthpeak (DOC) keep senior housing in the discussion. That is a quality-and-secular-growth list, not a rate-cut rally.

September implementation should therefore stay narrow. Favor companies with earnings visibility, data-center/power exposure, senior-housing operating leverage or real estate services growth. Avoid assuming that stronger fundamentals at Digital Realty (DLR), Welltower (WELL), Prologis (PLD) or CBRE (CBRE) automatically makes the full Real Estate (VNQ) sector attractive before breadth improves.

Bottom 10 Stock Level Performers: Real Estate

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.
HST	Host Hotels	Real Estate	Hotel & Resort REITs	Bullish Reversal	-15.5%	0.96	-4.9	5.27
SPG	Simon Property	Real Estate	Retail REITs	Bullish Reversal	-10.2%	1.61	-2.7	3.12
KIM	Kimco	Real Estate	Retail REITs	Consolidation	-9.7%	1.39	-5.9	3.29
REG	Regency Centers	Real Estate	Retail REITs	Consolidation	-9.6%	1.51	-8.1	2.98
WY	Weyerhaeuser	Real Estate	Specialized REITs	Downtrend	-9.4%	2.02	-8.7	2.67
FRT	Federal Realty	Real Estate	Retail REITs	Consolidation	-9.2%	1.69	-5.4	2.89
IRM	Iron Mountain	Real Estate	Specialized REITs	Consolidation	-8.4%	2.24	-8.9	2.18
PSA	Public Storage	Real Estate	Specialized REITs	Consolidation	-8.0%	1.56	-4.3	2.89
EXR	Extra Space	Real Estate	Specialized REITs	Downtrend	-7.4%	1.52	-7.0	3.42
CPT	Camden	Real Estate	Residential REITs	Downtrend	-7.2%	5.15	-5.5	2.96

The bottom table is where the September underweight becomes clear. Host Hotels (HST), Simon (SPG), Kimco (KIM), Regency (REG), Weyerhaeuser (WY), Federal Realty (FRT), Iron Mountain (IRM), Public Storage (PSA), Extra Space (EXR) and Camden (CPT) all lagged sharply. Weakness is spread across hotel, retail, timber, storage and residential exposure.

Residential and storage are not collapsing, but they are not leadership. Camden (CPT), UDR (UDR), Mid-America (MAA), Invitation Homes (INVH), Essex (ESS), Public Storage (PSA) and Extra Space (EXR) reflect a slower rent and household-formation environment. These groups can rebound if yields fall, but they lack a near-term earnings catalyst strong enough to offset rate pressure.

Retail and hotel REITs are more cyclical and more exposed to the September macro path. High oil prices, a value-sensitive consumer and a hawkish Fed create headwinds for travel and discretionary traffic, while sticky inflation keeps discount rates elevated. That makes Host Hotels (HST), Simon (SPG), Kimco (KIM), Regency (REG) and Federal Realty (FRT) tactical rather than core exposures.

Economic & Policy Drivers: Real Estate

September macro pivot. Real Estate (VNQ) is one of the most rate-sensitive sector calls in this month's outlook. CPI, PPI, retail sales and the September 15–16 FOMC will determine whether investors treat VNQ as a rebound candidate or continue to demand a higher cap-rate and financing-risk discount. A softer yield path helps; sticky inflation or a hawkish Fed keeps the sector under pressure.

Real Estate Management & Development. CoStar (CSGP) led the stock table and CBRE (CBRE) remains the best fundamental read-through. CBRE's Q2 revenue rose 16%, core EPS rose 30% and critical infrastructure services revenue grew 68%, helped by data-center and power infrastructure demand. September read: preferred within Real Estate because it gives exposure to leasing, services, project management and digital infrastructure without relying only on REIT multiple expansion.

Specialized REITs and data centers. Equinix (EQIX) was one of the few positive names and Digital Realty (DLR) remains fundamentally strong after reporting $1.9B of Q2 revenue, a record $1.9B backlog and 25.4% renewal rent spreads. The caution is that towers, storage and digital infrastructure are not moving together: SBA (SBAC) worked, American Tower (AMT) and Crown Castle (CCI) lagged, and Iron Mountain (IRM), Public Storage (PSA) and Extra Space (EXR) were weak. September read: favor data-center quality; keep towers and storage selective.

Health Care REITs. Welltower (WELL), Ventas (VTR) and Healthpeak (DOC) remain the highest-quality operating REIT sleeve. Welltower's 25% normalized FFO growth and 20.5% senior-housing NOI growth show the strength of demographics, occupancy recovery and pricing power. September read: preferred on fundamentals, but valuations require continued execution and lower-rate support.

Industrial and logistics REITs. Prologis (PLD) remains strategically attractive, with record leasing, higher guidance and a data-center power pipeline, but the stock still lagged. Logistics demand, reshoring and AI infrastructure support the long-term thesis; near-term price action says wait for stabilization. September read: constructive watchlist, not broad chase.

Residential, retail and hotels. Residential REITs are stable but not leadership; rent growth is not strong enough to offset elevated rates and supply. Retail REITs and Hotel & Resort REITs are more exposed to consumer sensitivity, high oil prices and travel demand. Host Hotels (HST), Simon (SPG), Kimco (KIM), Regency (REG), Federal Realty (FRT) and Camden (CPT) show where the tape is weakest. September read: tactical only until yields or consumer data improve.

Policy and credit backdrop. The Fed's Financial Stability Report says CRE prices have stabilized, but refinancing needs remain a vulnerability. That makes debt maturity, fixed-rate debt, access to capital, private-market transaction evidence and bank/private-credit conditions central to the Real Estate (VNQ) outlook. Public REITs are better positioned than private CRE, but broad VNQ exposure still needs price confirmation.

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

ETFSector.com Macro Model, August 31, 2026 — Vanguard sector ETF implementation tickers, sector rankings, final scores, stance, 63-day relative strength, Macro Regime Index, risk gauge, inflation gauge, real yields, breakevens, WTI and commodity indicators.

FactSet 20260901_SP50_Stock_Data.xlsx — Real Estate stock-level one-month excess return, valuation multiple relative to the S&P 500, momentum score, dividend-yield multiple, beta, GICS industry and chart-pattern classification.

FactSet / ETFSector.com sector performance data — VOO and VNQ price, one-day, one-week, one-month, three-month, six-month return and RSI through August 31, 2026.

Digital Realty Q2 2026 results — revenue growth, renewal lease spreads, record backlog, hyperscale leasing, bookings and raised 2026 Core FFO outlook.

CBRE Q2 2026 results and 10-Q — revenue growth, core EPS growth, raised outlook, critical infrastructure services, data centers, power and project-management demand.

Welltower Q2 2026 results — normalized FFO growth, same-store NOI growth, senior-housing operating portfolio growth, revenue per occupied room and occupancy trends.

Prologis Q2 2026 results — record lease signings, same-store NOI growth, liquidity, data-center development and power-pipeline commentary.

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

Nareit, Apartments.com / CoStar and public REIT company materials — REIT balance sheets, occupancy, residential rent growth, public/private CRE distinction and property-sector dispersion.

BLS, BEA, Census and ISM September 2026 economic release calendars — inflation, retail sales, growth and policy-event calendar for the September outlook.

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 500Index 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

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