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Real Estate Investor Report

How investors are allocating
capital, evaluating managers,
and using technology

2026 Edition



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Introduction

Today's investors expect clarity, performance, and connection — not just returns.

As the real estate market evolves, so do investor priorities — from asset class allocation and risk tolerance to communication preferences and technology adoption. For investment managers, staying in tune with these shifts isn't optional; it's essential to accelerating revenue growth and building trust. By prioritizing investor needs and experiences, you can provide superior offerings, operate more efficiently, and cultivate relationships that drive both growth and retention.

To help you stay ahead, AppFolio surveyed 200 active investors and property owners across the United States to uncover how they're allocating capital, evaluating investment managers, and leveraging technology as they plan for the year and beyond.

Key Findings

- ✓ Optimism outweighs uncertainty: Over half of investors are optimistic about the economy and real estate market in 2026, with younger investors driving the positive outlook.
- ✓ Shift toward private real estate: Real estate investment trust (REIT) investment dropped from 63% in 2024 to 33% in 2025, while syndication participation rose from 37% to 42%.
- ✓ Transparency tops returns: Communication quality and transparency now edge out track record as the leading criteria for choosing a general partner (GP).
- ✓ Technology fuels confidence: 95% of investors say a modern, easy-to-use portal increases confidence in a sponsor, and 91% link robust digital reporting with professionalism.
- ✓ Artificial intelligence (AI) is the new standard: 75% of investors already use AI, and nearly three in four view a GP's use of AI positively — especially when applied to forecasting and reporting.



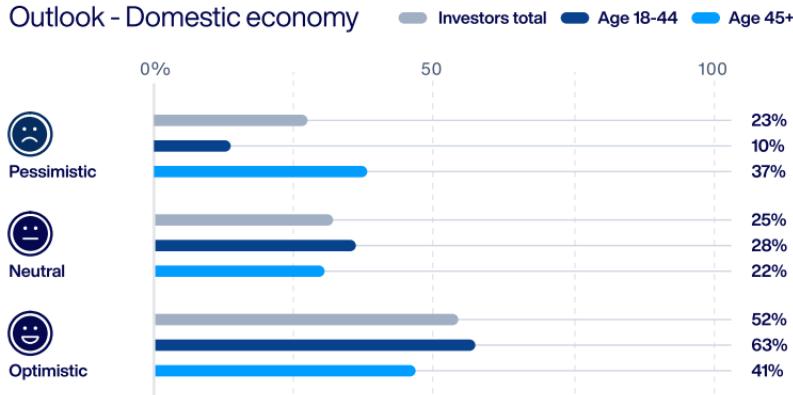
Investor Sentiment and Concerns

Outlook for the Economy and Real Estate

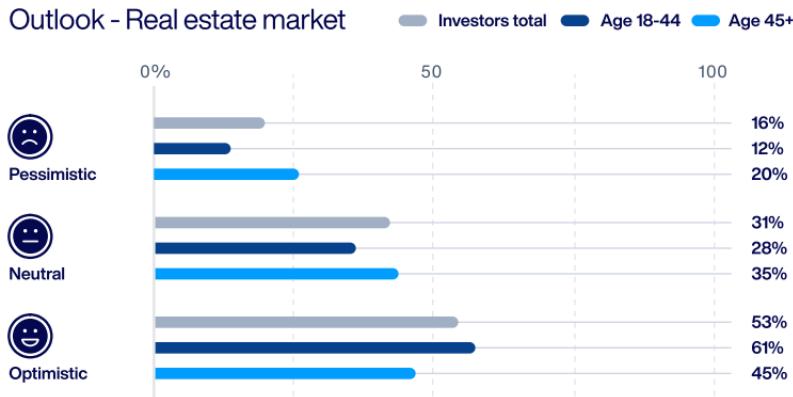
Investor sentiment is cautiously optimistic. Just over half of respondents report confidence in both the US economy over the next 12 months and the real estate market specifically.

Age plays a significant role in outlook. Sixty three percent of investors aged 18-44 are optimistic about economic performance compared to 41% of those over 45.

Outlook - Domestic economy



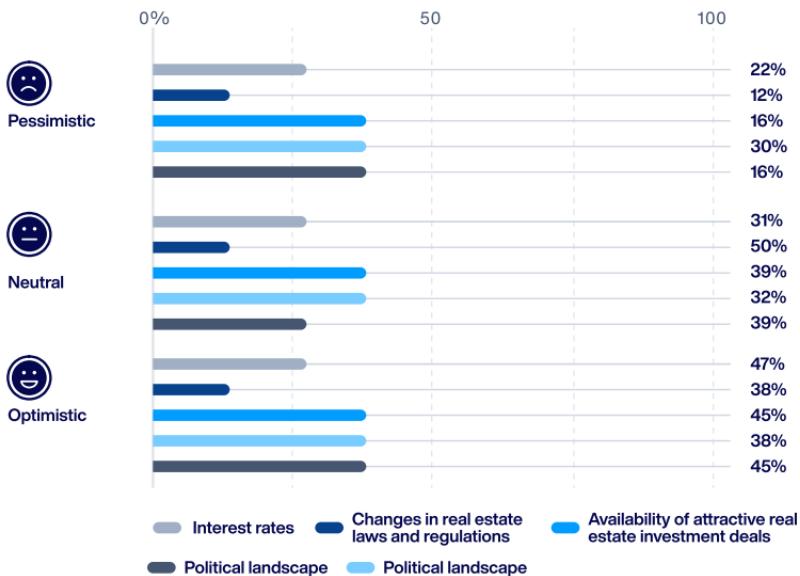
Outlook - Real estate market



This generational divide underscores differing time horizons and risk tolerance. Younger investors tend to believe that technology and creative deal structures can help them outperform even in uncertain conditions, while older investors emphasize stability and capital preservation.

About half of investors are optimistic about interest rates, and over one-third are optimistic about changing laws and regulations.

Looking at the next 6-12 months, how pessimistic or optimistic are you about the following issues?



Almost half of investors are optimistic about finding attractive deals in the short term, while there is a roughly even split between optimism, pessimism, and neutrality regarding the political landscape.

Just under half of investors are optimistic about investment performance — a signal that expectations remain cautious. For investment managers, this presents an opportunity to provide greater clarity around strategy and outcomes, helping investors understand not just returns but also the path to achieving them.

Industry Challenges

Across age and segment, three themes dominate investor concern: elevated property prices, rising borrowing costs, and a competitive landscape shaped by institutional buyers.

What do you think are the biggest challenges when investing in real estate today?

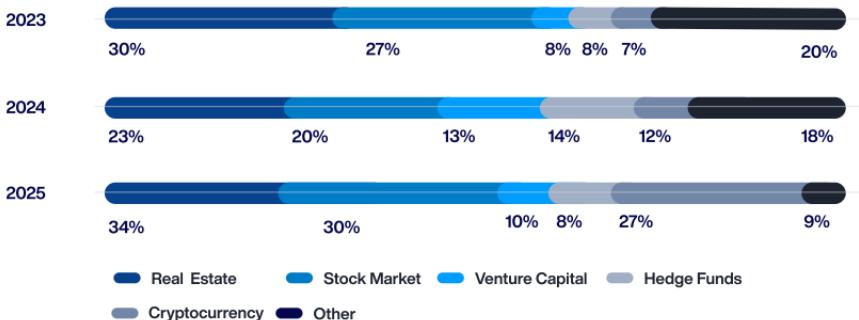
- 55% High property prices/overvalued markets
- 49% Rising interest rates and borrowing costs
- 44% Increased competition from institutional investors
- 42% Finding deals that meet my return criteria
- 37% Uncertain economic conditions or recession risk



Allocation to Real Estate

Compared to 2024, all investors appear to have increased allocation toward real estate investments while moving away from hedge funds and venture capital. Older investors are particularly bullish in their real estate allocation. All of this signals growing confidence in real assets and a growing mandate for investment managers to focus on proactively sharing performance in order to retain this capital.

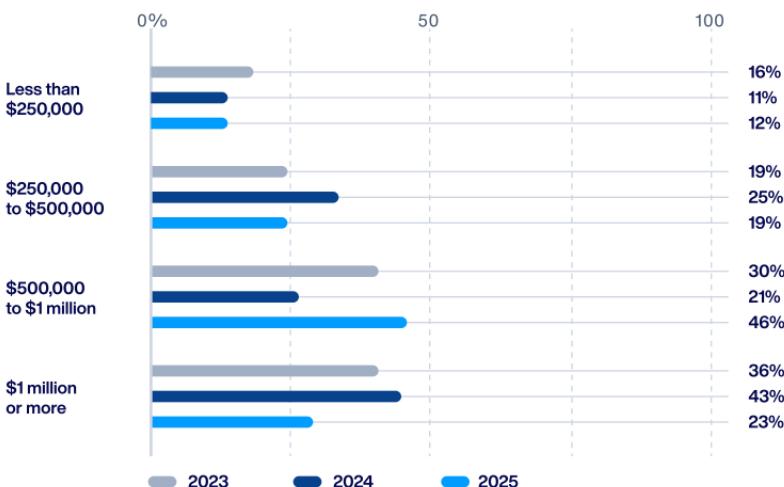
Share of Investments



Capital Deployed

Investment volume across real estate is consolidating around the middle of the market. Nearly half of respondents report between \$500,000 and \$1 million invested in total — a sharp increase from previous years. This expanding middle tier of committed investors is demanding higher service standards, greater transparency, and a professional experience that rivals institutional-grade platforms.

How much capital do you have invested across all real estate investments?





Investing Preferences

Real Estate Investment Vehicles

The structure of real estate investing is shifting. Direct ownership remains the most common vehicle, but its share has declined steadily from 80% in 2023 to 66% in 2025. Meanwhile, REIT participation has dropped dramatically — from 63% in 2024 to just 33% in 2025 — as investors turn toward private funds and syndications.

Which of the following vehicles do you use to invest in real estate? Please select all that apply.

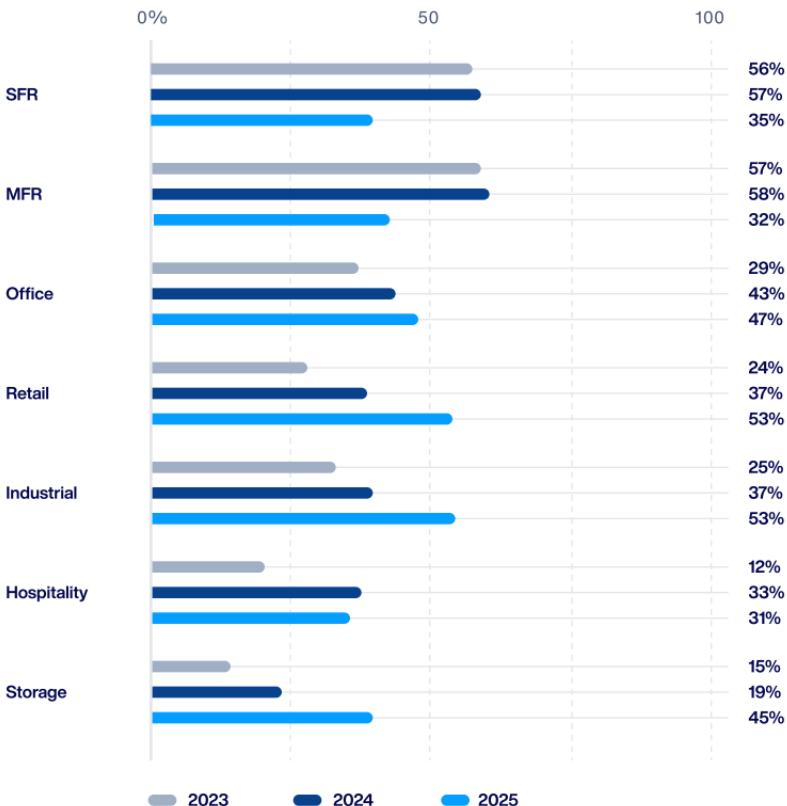


Syndication investment has grown more than twofold in the past two years, rising from 17% in 2023 to 42% in 2025. This rise indicates growing trust in sponsor-led opportunities and the desire for exposure to professionally managed deals without the burden of property oversight. Combined with the consolidation of total invested capital in the \$500,000-\$1 million band, this rise indicates investors are diversifying across more sponsor-led opportunities with smaller checks per deal.

Property Types

Investor interest is gravitating toward sectors that combine stable demand with favorable long-term fundamentals. Retail and industrial are now the top two property types, each drawing 53% of investor interest. Office, at 47%, has rebounded slightly from 2024 lows, likely due to opportunistic buying amid discounted valuations. Storage assets are gaining traction as a resilient, low-overhead play, while single-family and multifamily rentals have declined from their pandemic peaks. In fact, this year marks the first time residential property is not in the top spot.

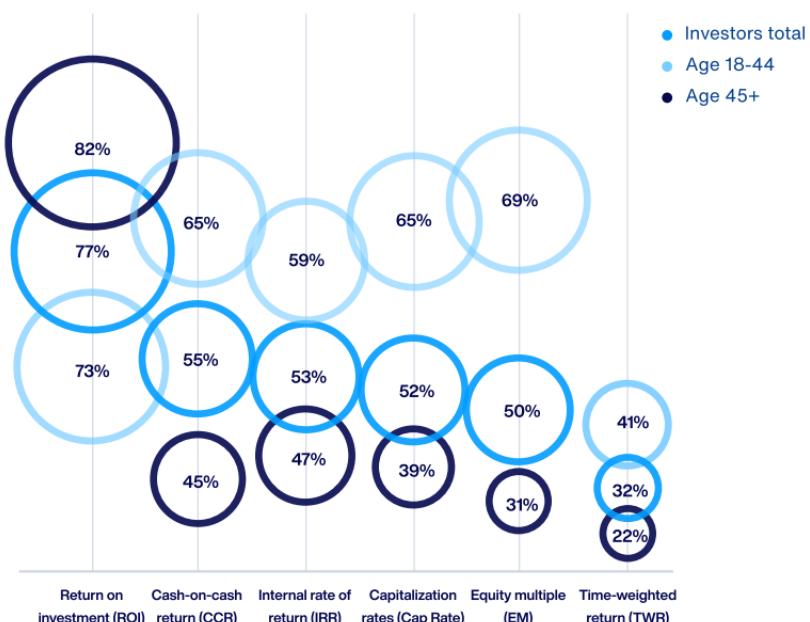
Which property types do you currently invest in or plan to invest in over the next year? Please select all that apply.



Performance Metrics

When evaluating deals, investors prioritize simplicity and transparency. Return on investment and cash-on-cash return remain the dominant metrics, followed by internal rate of return and equity multiple. Younger investors are more focused on equity growth potential, while older investors continue to emphasize consistent income and capital efficiency.

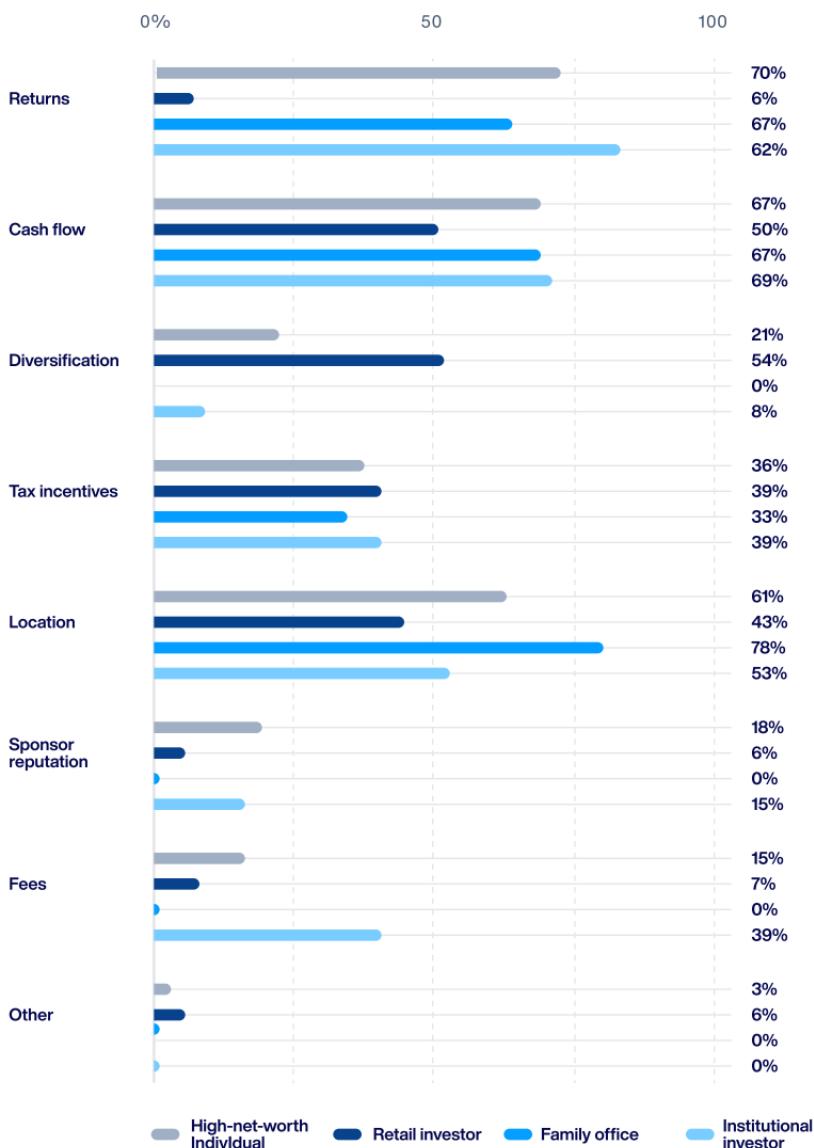
Which metrics are important to you when evaluating potential real estate investing opportunities?



Factors Driving Investment Decisions

Returns and cash flow are the top factors driving investment decisions among investors, with location also being important to older and lower-net-worth investors. When we asked family office investors, they rated location at the top, while institutional investors named cash flow.

Which metrics are important to you when evaluating potential real estate investing opportunities?



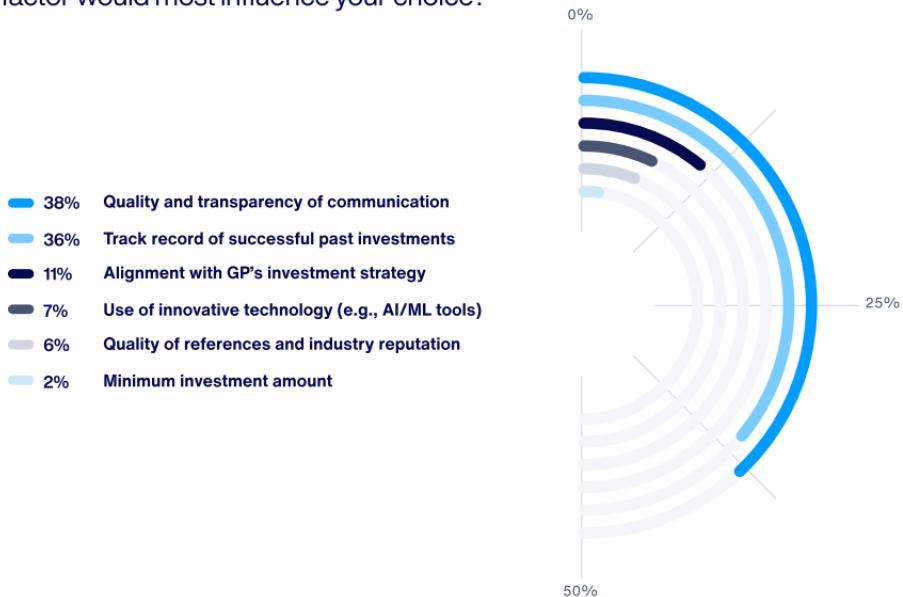


Criteria for Choosing an Investment Manager

As investors become more sophisticated, their decision-making criteria are evolving beyond returns.

Communication quality and transparency now rank as the most important differentiator between GPs, cited by 38% of respondents — surpassing even track record and strategy alignment.

When deciding between two similarly qualified GPs, which factor would most influence your choice?



This shift reflects investors' growing expectations for real-time visibility and consistent engagement. In an era where data is accessible everywhere, silence or opaque reporting erodes trust more quickly than underperformance.

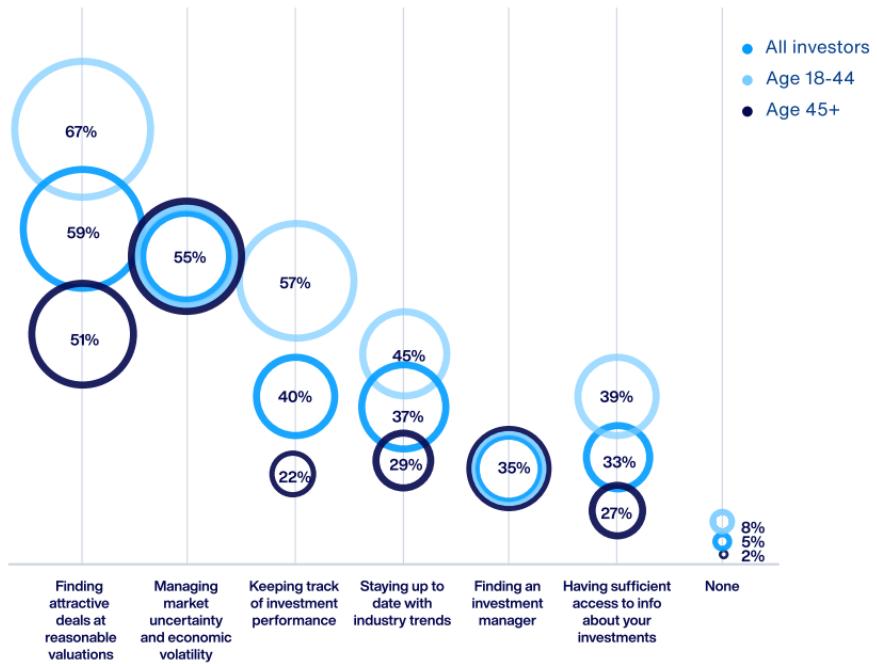
As you will see in the next section, the same theme appears in investors' frustrations: 40% report difficulty tracking performance across their portfolios, and this number jumps to 57% among younger investors. Their biggest hesitation when evaluating a new opportunity is not market risk — it's trust. More than a quarter of investors say integrity and responsiveness are the deciding factors in whether they commit capital to a new deal. In reality, investors aren't just committing to a deal; they're committing to a sponsor they believe in. That trust is built through transparency, consistent communication, and the ability to clearly demonstrate performance — qualities that define today's most successful investment managers.

For investment managers, this finding underscores that communication is no longer an afterthought; it's part of the product.



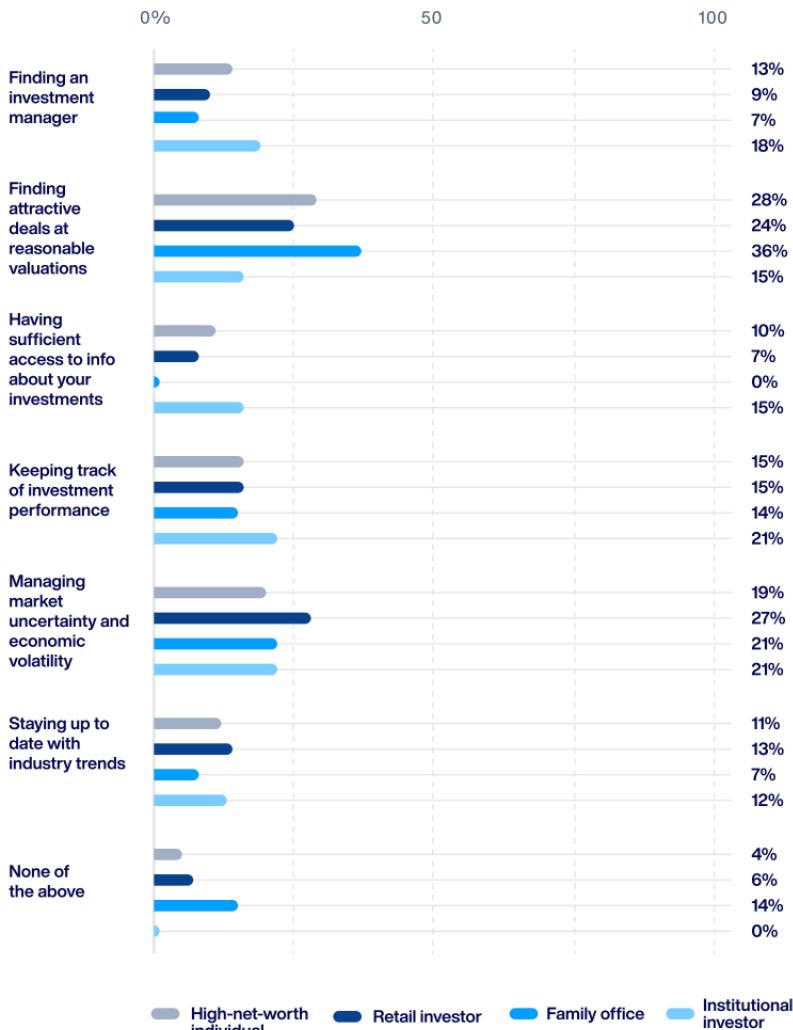
Investor Challenges

The biggest challenges investors face today aren't just about deal flow – they're about visibility. While most cite finding attractive opportunities and managing market uncertainty as top concerns, younger investors in particular struggle with tracking performance across their portfolios

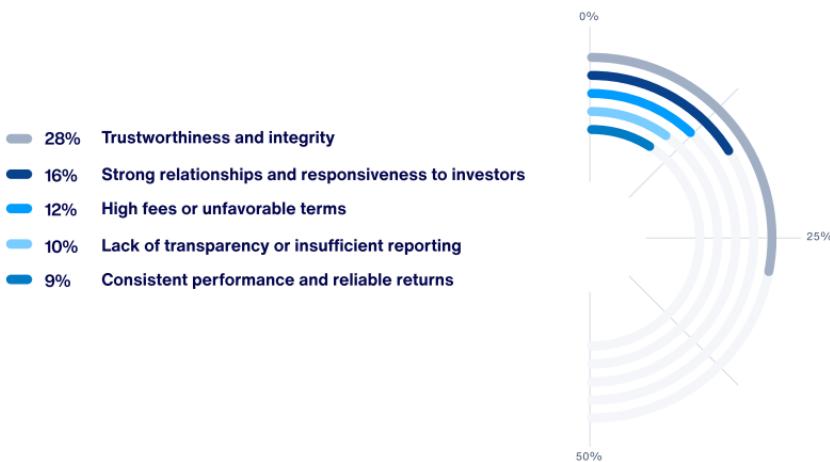


Despite having access to more data than ever, the 18-44 cohort still lacks the clear, connected view that they expect. But it's not necessarily a data problem — **it's a performance management problem**. Without unified systems that tie operations, financials, and investor communications together, information remains fragmented, making it difficult to see how individual assets contribute to overall outcomes.

When we break down investor challenges by segment, finding attractive deals at reasonable valuations remains one of the top concerns. However, interestingly, even institutional investors struggle with keeping track of investment performance, managing market uncertainty, and finding suitable investment managers.



The top three investor concerns with a new deal are trustworthiness of the sponsor, strength of that relationship and responsiveness, and management fees.



To overcome this, it's vital to show that you're honest, accessible, and precise — and then talk returns. To truly demonstrate that commitment, it's essential to adopt technology that enhances your firm's professional image by enabling on-time payments, reliable reporting, easy access to financial information, and the highest levels of cybersecurity. In the next section, we'll explore the concept of a performance platform and how it can create an investor experience that not only builds trust but also helps clearly distinguish you from the competition.



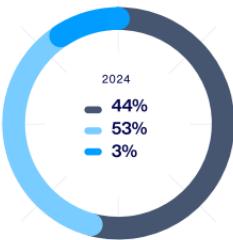
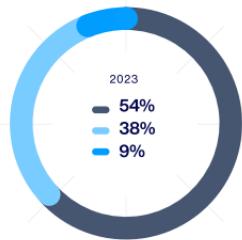
Making the Case for Technology in Real Estate Investing

Technology has become the foundation of investor confidence. From communication to compliance, digital tools now define the investor experience — and the firms that fail to keep pace risk losing both credibility and clients.

Investors overwhelmingly prefer centralized digital channels over email threads or spreadsheets. The majority use investor portals or online dashboards to access updates, distributions, and tax documents. These digital environments aren't just conveniences — they signal a sponsor's professionalism and organizational maturity.

What device do you most often use to access information from your real estate investment manager?

Computer Mobile Device Paper Statements



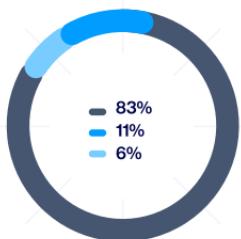
Nearly three-quarters of investors use a computer to access info from their manager, followed closely by a mobile device. Younger investors prefer mobile access, reaffirming their expectation of anytime, anywhere connectivity — the same effortless digital experience they enjoy from the consumer apps and brands they trust most.

Importance and Helpfulness of Investor Portals

More than four out of five investors say their investment firm provides an online portal, and 82% rate those portals as very or extremely helpful.

Does your real estate investment company have an investor portal?

Investor portal use



The top uses of the investor portal are viewing investment performance and seeing individual asset updates.

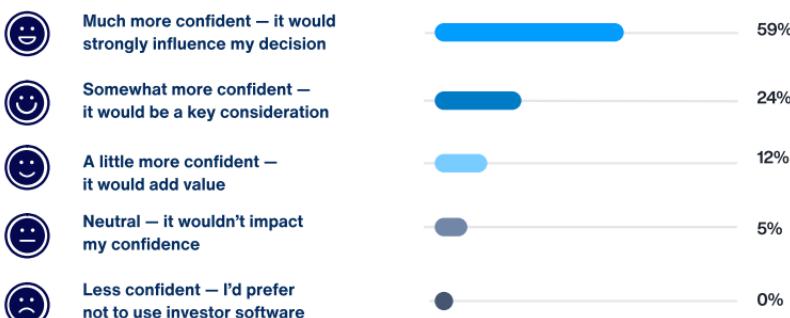
The investor portal features that matter most to investors are those that make information clear and actionable. Users rated real-time performance tracking, mobile accessibility, property-level analytics, and digital access to K-1s and other documents as the most import reasons to use their investor portal.

Which investor portal features are valuable to you as an investor?



The impact that investor portals have on confidence is striking. Ninety-five percent of investors say they would feel more confident selecting a sponsor with a modern, well-designed portal. For 59%, it would significantly influence their decision. While a sleek, branded, user-friendly mobile experience may seem nonessential for firms that pride themselves on lean operations, it can be the deciding factor for investors.

When comparing two sponsors with similar investment returns, how much more confident would you feel selecting one that offers a modern, easy-to-use investor software portal?

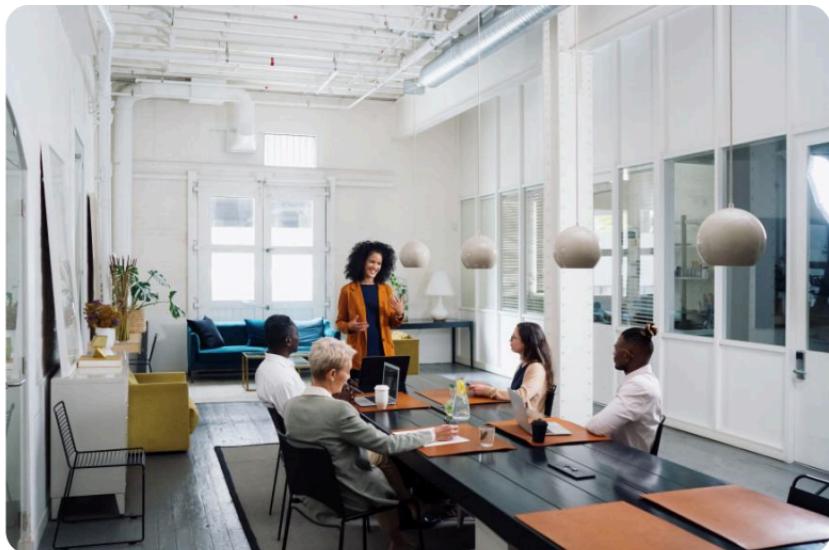


Two-thirds of respondents say they would log in and review performance data more frequently if the interface were more intuitive, and nearly half say they would do so much more often.

How much more frequently would you engage with your investment performance data if it was available in a user-friendly online portal?



This engagement translates into better retention, smoother reporting cycles, and a stronger foundation of trust — particularly when information is accessible on demand rather than delivered via quarterly PDFs. If having repeat investors is your goal, then you need technology that helps you provide a white glove experience — whether you have 20 investors or 2,000.



Frustrations With Outdated Software

Investors are quick to notice when firms fall behind technologically. The most common frustrations include delayed statements, inconsistent or inaccurate reporting, inefficient communication, and limited transparency.

In your experience, what is the biggest frustration related to investor reporting and communication from GPs who do NOT use modern software solutions?

- 27% Delays in receiving financial statements and reports
- 23% Inaccurate or inconsistent reporting
- 20% Inefficient communication methods (emails, calls, etc.)
- 16% Poor transparency or unclear explanations
- 14% Difficulty accessing historical information

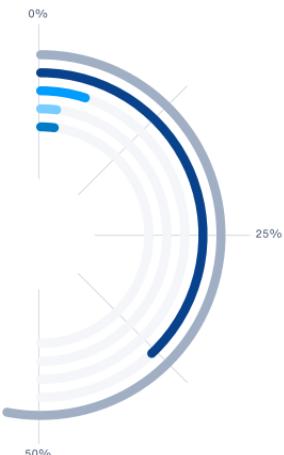


Each of these pain points directly undermines trust, and collectively, they highlight how manual processes and disconnected systems can erode even the best investment relationships.

Ninety-one percent of investors say a strong investor reporting system would improve their perception of a GP.

Would robust digital investor reporting influence your perception of the professionalism and credibility of a GP?

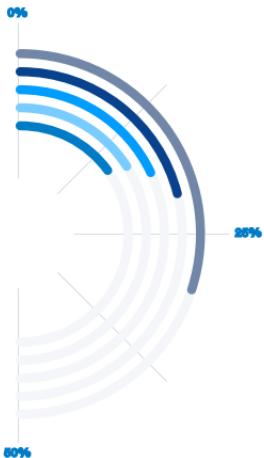
- 53% Yes, significantly improves my perception
- 38% Yes, slightly improves my perception
- 5% Neutral, no difference
- 2% Slightly reduces my perception (prefer traditional reporting)
- 2% Don't know/not sure



Digital reporting defines professionalism.

Which benefit of adopting advanced investor reporting software by a GP matters MOST to you?

- 30% Improved transparency and trust
- 21% Faster identification of opportunities or issues
- 18% Increased confidence in GP's technology-forward approach
- 16% Enhanced accuracy and reduced errors
- 15% Convenience and ease of accessing information

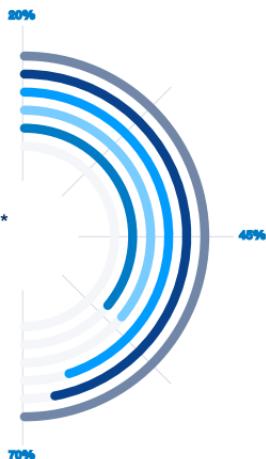


Investment management software is designed to give investors the insights they value most.

What types of information would you like to receive from your real estate investment management company?

- 70% Information about specific properties in my current portfolio*
- 67% Updates on the performance of my portfolio
- 65% New investment opportunities
- 56% News and trends in the real estate market
- 56% Overall company performance and analytics
- 1% I don't want to receive any information

*(e.g., valuations, square footage, date of acquisition, vacancy rates, current status)

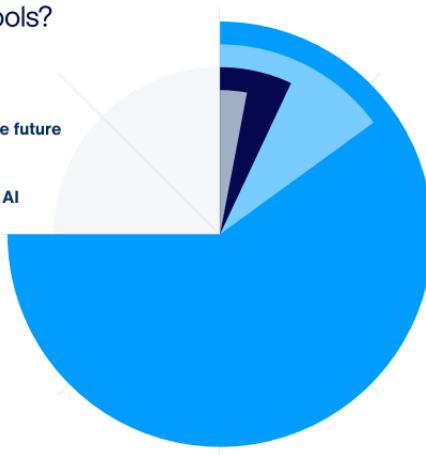


Artificial Intelligence

It's the technology at the forefront of everyone's mind, so we would be remiss in not exploring investors' perspectives on AI. Once viewed as experimental, AI is now an everyday tool across industries — and the investment community is no exception. Three-quarters of investors report using AI in some capacity, and only a small minority (3%) have no plans to adopt it.

Which of the following best describes your familiarity/usage of AI tools?

- 75% I use AI today
- 15% I'm considering using AI in the future
- 7% I'm not familiar with AI tools
- 3% I have no plans to start using AI



Importantly, the vast majority of investors view a GP's use of AI positively, indicating that automation and intelligent analytics are now seen as hallmarks of sophistication, not risk. Almost three-quarters of investors say the use of AI tools by an investment manager would have a positive impact on their decision to invest.

Would the use of AI tools by an investment manager influence your decision to invest?



When asked where AI could have the greatest impact, investors identified five key areas: predictive analytics and forecasting, investor reporting and transparency, risk assessment, deal sourcing and underwriting, and operational efficiency.

In your opinion, what aspect of real estate investing would benefit most from increased use of AI and machine learning?

Predictive analytics and forecasting (better modeling of future asset performance and market trends)	26%
Investor reporting and transparency (improving the timeliness, accuracy, and accessibility of investor information)	24%
Risk assessment and mitigation (proactively identifying risks and opportunities)	19%
Deal sourcing and underwriting (finding and evaluating investment opportunities more efficiently)	16%
Operational efficiency and expense reduction (optimizing property management and maintenance costs)	15%

These responses reveal that investors don't view AI as a replacement for human judgment — they see it as a means to clarify, expedite, and make information more actionable. For investment management firms, the real opportunity lies in using AI to enhance communication, reduce uncertainty, and free teams to focus on what truly drives results: proactive, strategic decision-making. Within a performance platform, AI becomes more than automation — it becomes the connective tissue that transforms data into insight and enables leaders to move from reactive reporting to forward-looking performance management.

Technology and Trust: The New Standard

The data from this year's survey paints a clear picture: Transparency, accessibility, responsiveness, and technological savvy now define investor satisfaction. The firms that win in the cycle will be those that build operational ecosystems capable of delivering real-time visibility, predictive insights, and personalized communication at scale.

With AppFolio Investment Manager, firms can do exactly that. Built to unify property, investment, asset, and investor relationship management, AppFolio Investment Manager delivers the modern portal experience investors expect — complete with real-time performance dashboards, automated reporting, and secure digital workflows. And with AppFolio Alpha™, firms can now apply AI directly to forecasting, distribution planning, and investor communications — turning data into insight and insight into **performance**. Together, these innovations help investment managers meet rising expectations, strengthen trust, and create the kind of seamless, transparent experience today's market demands.

To learn more about how we can be a partner in your success, schedule a custom demo with us at appfolio.com/investment-manager.

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Appendix

Methodology

- Sample size: 200 total respondents (100 investors, 100 property owners)
- Qualifications: US residents aged 18+ who currently own or invest in real estate
- Composition: Investors in joint ventures, syndications, or funds, and direct owners with one to five properties.

Respondent Profile

Age of Respondents

18-24	10%
25-34	15%
35-44	36%
45-54	28%
55-64	10%
65+	11%

What is your age?

Region of Respondents

Northeast	25%
Southeast	14%
Midwest	19%
Southwest	22%
West	20%

What is your primary region of residence?

Number of Properties Owned or Invested in	Number of Real Estate Joint Ventures, Syndications, or Funds Invested in
1-5 Properties	70% 0 51%
5-10 Properties	22% 1 12%
11-20 Properties	5% 2-5 28%
More Than 20 Properties	3% 6-10 7%
Approximately how many properties do you own or invest directly in real estate?	How many real estate joint ventures, syndications, or funds do you invest in?

Annual Gross Household Income

\$25,000 to \$49,999	2%	\$200,000 to \$249,999	19%
\$50,000 to \$99,999	1%	\$250,000 to \$499,999	6%
\$100,000 to \$149,999	30%	\$500,000 to \$999,999	3%
\$150,000 to \$199,999	36%	\$1 million +	3%

What is your annual gross household income range?

Value of Investable Assets

\$25,000 to \$49,999	1%	\$2.5 million to \$4.99 million	12%
\$50,000 to \$99,999	4%	\$5 million to \$9.99 million	9%
\$100,000 to \$249,999	4%	\$10 million to \$24.99 million	9%
\$250,000 to \$499,999	15%	\$25 million +	2%
\$500,000 to \$999,999	25%	Prefer not to answer	0%
\$1 million to \$2.49 million	19%		

What is the value of your investable assets? (Please include investments such as stocks, bonds, mutual funds, and mature pension investments, but do not include property investments and the value of your residence.)

Amount Invested Across All Real Estate Investments

Less Than \$250,000	12%
\$250,000 to \$500,000	19%
\$500,000 to \$999,000	46%
\$1 million +	23%

Approximately how much do you invest across all of your real estate investments?

Forty-seven percent of total respondents describe themselves as direct property owners, followed by about one-third of younger investors saying they are retail investors.

Investing Experience

Direct Property Owner	47%
Retail Investor (Individual Investor)	26%
High-Net-Worth Individual	16%
Institutional Investor	7%
Family Office	4%

Which of the following best describes your investing experience?

Investment Vehicles

Direct Purchase	65%
Real Estate Investment Funds	63%
Real Estate Syndications	46%
REITs	36%
Other	5%

Which of the following vehicles do you use to invest in real estate? Please select all that apply.

Investors own a variety of property types, and in 2026 they plan to move toward retail, industrial, and office properties.

Property Types

Retail	53%	SFR	35%
Industrial	53%	MFR	32%
Office	47%	Hospitality	31%
Storage	45%	Student	15%
Which property types do you currently invest in or plan to invest in over the next year?		Other	10%