IBIS
Capital

Real Asset Market Brief

Q3 2026

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MARKET SNAPSHOT

Public concentration, private illiquidity, middle-market income

Data as of July 8, 2026

36%	4.48%	$78	$3.7T
TOP 10 S&P WEIGHT	10-YR TREASURY	BRENT CRUDE	PE EXIT BACKLOG

The story at mid-year is liquidity, or the lack of it. Private equity has returned cash to investors more slowly than it has called it in six of the past seven years, and the metric that captures it, distributions to paid-in capital (DPI), has quietly replaced IRR as the number allocators actually trust. Roughly $3.7 trillion of unrealized value sits in portfolios waiting for an exit that doesn't come. For allocators funding capital calls against marks they no longer believe, the appeal of assets that distribute cash is increasing.

The public market offers little relief. Index gains remain concentrated in a narrow band of the largest names, leaving allocators crowded into the same few positions precisely when they are looking to diversify. Middle-market real assets answer both problems at once: income that arrives in cash rather than on paper, and returns uncorrelated to the mega-cap equity trade.

WHAT THE MARKET IS IGNORING

Capital is chasing the shiniest objects in a generation. SpaceX went public in June at the largest IPO in history, near an $1.8 trillion valuation, for a company that lost close to $5 billion last year and priced at more than 90x revenue. Semiconductors just posted their best quarter on record, outrunning the dot-com peak, with individual chip names up as much as 300% this year and retail buyers arriving at the fastest pace in a year. The enthusiasm is real. So is the risk in paying a decade of perfect execution up front.

What draws no attention is the quiet end of the market. A medical building leased to a hospital system doesn't t trend. A IOS yard collecting rent from a utility fleet never makes a headline. Those assets produce the one thing the shiny objects don't: contractual cash flows. When capital crowds into the same few speculative names, the boring, income-producing asset gets glazed over, rather than getting priced on fundamentals. That neglect is the opportunity. It is the one we underwrite.

Sources: State Street Global Advisors; U.S. Treasury; ICE Brent Crude; Bain Global Private Equity Report 2026; PwC Private Equity Outlook 2026; CNBC; Axios.

SECTOR FOCUS

The case for medical office, and why it stops at $15M

Allocators are in a distribution drought. Distributions to paid-in capital have trailed capital calls in six of the past seven years, and DPI has replaced IRR as the number LPs actually trust. Capital is rotating toward assets that pay from close. Medical office is one such asset: net-leased income with contractual escalations, and occupancy at a decade high.

The demand case is demographic, not cyclical. Care keeps moving out of the hospital and into lower-cost outpatient settings, and by 2030 one in five Americans will be over 65. Aging alone is projected to add tens of millions of square feet of incremental demand over the next two decades, before any further shift from inpatient to outpatient. This is a multi-decade absorption story, similar to senior housing.

Medical Office Demand Drivers

Aging 65+ | Outpatient Shift | Practice Rollups | Net-lease Income | Supply Shortage

Supply can't answer it. New construction has fallen toward a decade low, with completions projected down roughly 26% this year, and new development runs near 1% of existing inventory. Building costs and financing have frozen the pipeline. Tight supply against inelastic demand is the cleanest setup in commercial real estate right now.

That setup is not a secret, which is the point. Institutional capital has crowded the stabilized end: on-campus and portfolio product, where cap rates have compressed toward 6.5%. Off-campus and secondary assets price wider and see thinner competition. Below $15M the buyer pool thins further. These are physician-owner and local-buyer transactions, too small to move an institutional platform and too relationship-dependent for a generalist. The edge is buying motivated or complex situations at a discount and creating institutional-quality product.

The discipline that matters is tenant credit. In a popular sector it's easy to reach for a slightly higher cap rate into a building of weak, short-term tenants. Durability sits with long-lease assets, and physician-practice consolidation is manufacturing stronger credit even as it imports reimbursement and regulatory risk that has to be underwritten deal by deal. For allocators, the question is whether their managers can source below $15M, where operator relationships determine both what you buy and how you exit. That's the layer we invest in.

Operator perspectives: An experienced medical office operator in our network.
Market data: CBRE Q1 2026 U.S. Medical Outpatient Buildings; Cushman & Wakefield Healthcare Capital Markets 2026; PwC and ULI Emerging Trends in Real Estate 2026.

FEATURED TRANSACTION

Four-property medical office portfolio, Texas secondary markets

A healthcare real estate operator in our network brought us a four-property outpatient portfolio, roughly 117,000 square feet across fast-growing submarkets on the Austin and Houston corridors. It shows the pricing gap from the sector focus above more clearly than any statistic.

Sourcing
An out-of-state seller was closing two funds and needed to sell all four buildings in one transaction. A forced single sale like that trades cheaper than the buildings would one at a time, because very few buyers can absorb a whole portfolio at once.

The Plan
Two straightforward moves. Lease the vacant space, most of it one suite built for a specialized prior use that showed poorly, divided into smaller suites that match what local practices actually need. Then raise older, below-market rents to current rates as leases come up. Higher income, then sell the buildings individually to local buyers.

The Entry
That pressure set the price. The operator bought in at around a 7.4% yield, against comparable single buildings changing hands closer to 6.4%. The cost worked out to roughly 48% below what it would take to build the same properties today. Buying below the cost of new construction is the downside protection.

The Operator Edge
Local physician relationships, a dedicated medical leasing team, and ownership of a competing building directly across the street from the portfolio's weakest asset. In this segment, knowing the submarket and the tenants is the difference between a plan on paper and one that executes.

Why we feature it. *The pattern here is the point above, shown in practice. Institutional capital sets the price at the large, stabilized end of medical office. The opportunity sits one layer down, where a motivated seller and an operator with local knowledge meet, below the size most institutions can reach. And it answers the problem this brief opened with. Where private equity has left investors waiting on distributions, a portfolio like this is underwritten to pay cash from long-term, sticky leases. In this segment the alignment can run deeper still, with tenants sometimes taking equity alongside the operator in the buildings they occupy.*

PIPELINE & OUTLOOK

$150M in deal flow. Fund I approaching launch.

Deal flow continues to exceed $150M across the real asset middle market, and the pace has not slowed. What reaches our desk comes through operator relationships rather than brokered auctions, which is why the flow holds steady while broadly marketed processes thin out.

We are actively diligencing roughly $30M in transactions across industrial outdoor storage, medical office, car washes, and adjacent real asset classes. Each is an operator-led opportunity below the size most institutions can reach, sourced through the relationships covered throughout this edition.

The opportunity set is widening. New deals and new asset classes reach us regularly, with recent examples spanning charter schools, land entitlement projects, and timber. The common thread is not the sector. It is essential-use, hard-asset exposure with durable income, sourced below the institutional bid through operators who know their submarket.

We are engaging in pre-launch discussions with select qualified clients around Fund I. The fund is designed to raise more than $50M to deploy across Ibis Capital's defined real asset strategies, giving investors diversified access to the operator-direct segment in a single vehicle.

Next quarter: Senior housing, and the demographic wave reshaping it.

ABOUT IBIS CAPITAL

Ibis Capital is a real asset alternatives firm specializing in operator-direct co-investment across the $5M to $15M middle market. The firm partners with vertically integrated operators to provide access to diversified real asset strategies for investment advisors and family offices.

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