

REAL ESTATE:

Growth Meets Greater Competition

2026 Private Equity Survey Real
Estate & Construction Spotlight



Investors are putting capital to work while strengthening execution and preserving flexibility across the investment lifecycle.

Private equity (PE) firms investing in real estate & construction companies are working to preserve their growth momentum, even as deployment hurdles are intensifying. Increased competition from other buyers and investors and risk exposure uncovered during due diligence now stand out as the industry's leading deployment challenges. Despite those pressures, investors continue to pursue acquisition-led growth, with platform and add-on acquisitions accounting for more than two-thirds of anticipated deployment activity.

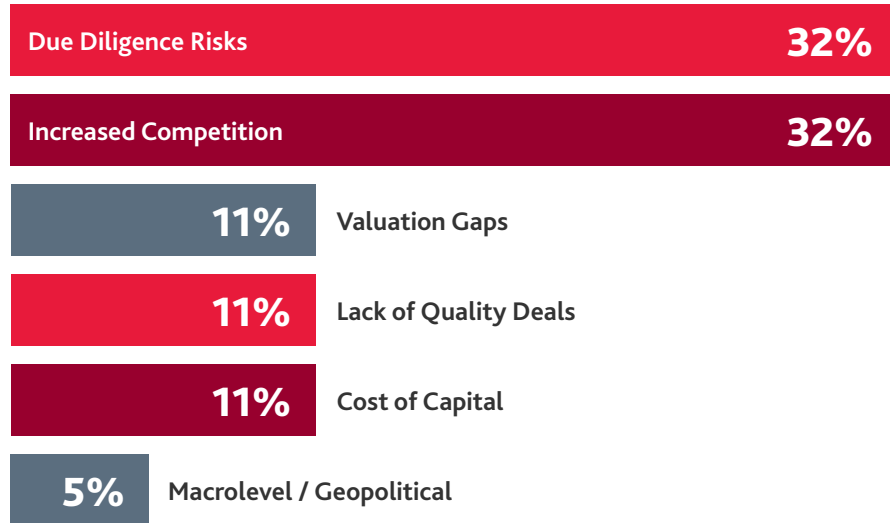
At the same time, execution capabilities remain critical. Talent is the industry's biggest internal constraint, while cash flow management, technology investments, and pricing initiatives rank among the most important value creation priorities. The findings from BDO's 2026 Private Equity Survey suggest real estate & construction investors remain active in the market but are placing greater emphasis on execution as competition for opportunities increases.



FINDING # 1

Real Estate & Construction Investors Face Intensifying Competition for Assets

What is the top challenge you are facing when it comes to deploying capital?



Analysis

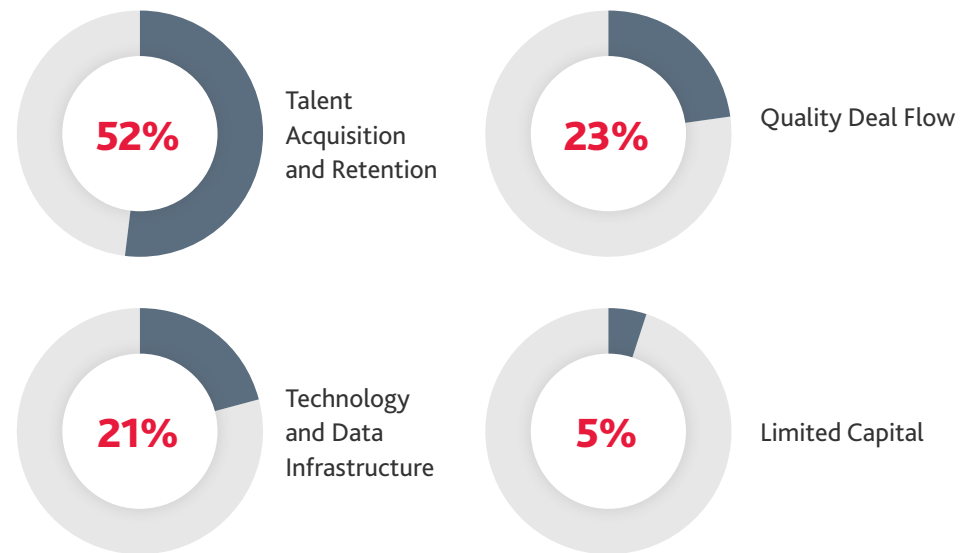
- ▶ Increased competition from other buyers and investors (32%) and risk exposure uncovered during due diligence (32%), such as cybersecurity concerns, financial information and liabilities, tax exposure, operating performance, and litigation, are the industry's top challenges to deploying capital.
- ▶ Only 11% of respondents say a lack of quality deals is their primary challenge, underscoring that the real difficulty lies in winning deals, not identifying them.
- ▶ Likely because most firms believe they are able to identify quality deals, demand for these attractive assets remains strong. That demand is driving up the competition respondents report facing and creating pressure on buyers to balance speed, discipline, and valuation expectations.

*Totals may not equal 100% due to rounding.

FINDING # 2

Talent Remains the Industry's Biggest Constraint

What internal capability is most limiting your firm's ability to execute deals at speed?



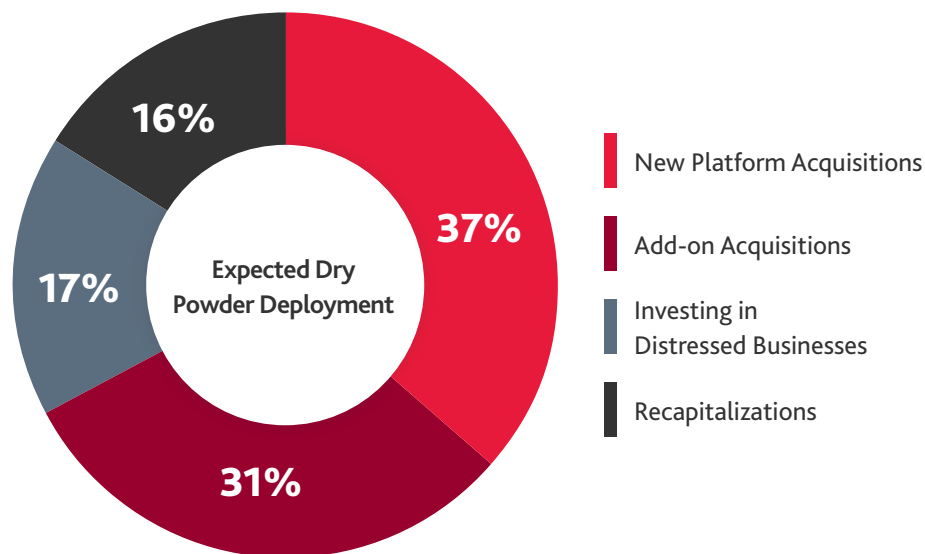
Analysis

- ▶ Respondents say talent challenges are currently their biggest barrier to execution. More than half of real estate & construction investors (52%) identify finding and retaining the right people at both the fund and portfolio company level as their primary limitation.
- ▶ Access to quality deal flow (23%) and technology and data infrastructure (21%) rank as secondary constraints, highlighting the importance of both sourcing capabilities and operational readiness.
- ▶ Capital availability, however, does not appear to be limiting growth. Only 5% identify limited capital as their biggest challenge. This response rate lines up with the rise in competition over quality assets, as many firms are simultaneously looking to put their dry powder to work.

FINDING # 3

Real Estate & Construction Investors Continue to Pursue Acquisition-Led Growth

In the NEXT year, what is the primary way you anticipate your firm will deploy your dry powder?



Analysis

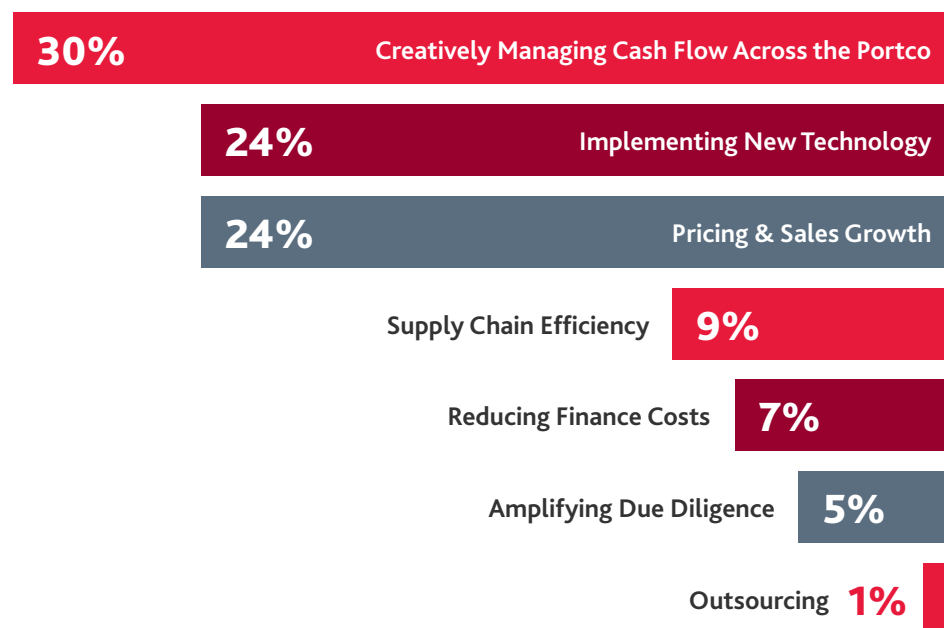
- Growth remains centered on acquisitions. New platform acquisitions (37%) lead deployment plans, followed by add-on acquisitions (31%).
- Acquisition activity significantly outweighs alternative deployment strategies. Distressed investments (17%) and recapitalizations (16%) remain part of the mix but trail far behind M&A activity.
- These findings reaffirm that real estate & construction remains a growth-focused market, with platform and add-on acquisitions accounting for more than two-thirds of anticipated deployment activity.

*Totals may not equal 100% due to rounding.

FINDING # 4

Cash Flow Management Leads Value Creation Priorities

Which of the following value creation strategies do you feel would have the most impact this year?



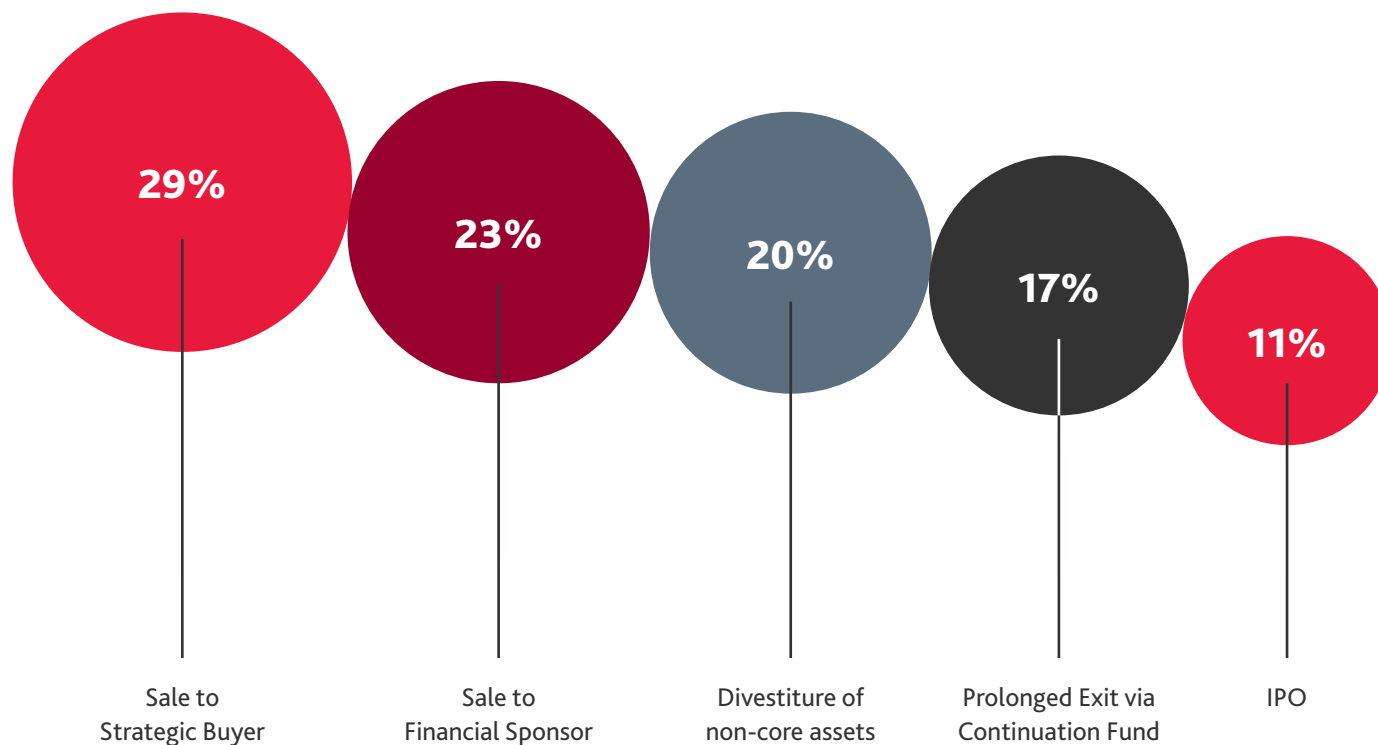
Analysis

- Cash flow management ranks as the leading value creation priority, selected by 30%.
- Technology investments (24%) and pricing initiatives (24%) follow closely behind, suggesting investors are focused on both operational performance and growth.
- Investors are using multiple levers to improve performance, rather than relying on a single value creation strategy. Supply chain efficiencies, finance improvements, and enhanced diligence efforts all remain part of the value creation mix.

FINDING # 5

Real Estate & Construction Investors are Keeping Every Exit Option Open

Top path you will pursue for your exits in the next 12 months.



Analysis

- ▶ Strategic buyers remain the industry's preferred exit route. Beyond strategic buyers, several other liquidity channels remain viable. Financial sponsor sales (23%), divestitures of non-core assets (20%), continuation funds (17%), and IPOs (11%) all remain under active consideration.
- ▶ Rather than relying on a single path to liquidity, investors are opting to maintain multiple exit routes and preserve flexibility.



BDO's Take

Real estate & construction-focused PE firms are facing intense competition for quality assets, complicating — but not stalling — their push for growth. Other buyers and due diligence-related concerns have emerged as the industry's two defining deployment challenges, reflecting continued demand for attractive opportunities across the sector.

In this context, execution capability is becoming an increasingly important differentiator. Firms will need to shore up their base of talent to remain competitive, while also leaning into cash flow management, technology investments, and pricing initiatives as leading value creation priorities. Overall, these findings show that competition is increasingly centered around firms' ability to execute, improve performance, and create value after an acquisition. Firms with strong operating capabilities may be best positioned to win deals, improve portfolio performance, and achieve successful exits.

Methodology: BDO's *2026 Private Equity Survey*, conducted by Rabin Roberts Research, polled 400 U.S. PE fund managers and operating partners in May 2026. This spotlight reflects responses from 133 PE firms that invest in real estate and construction.

See the full picture. Explore insights from all 400 respondents in the 2026 Private Equity Survey. ►

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