Current Developments for the Real Estate Industry

Fall 2026



Table of contents

I. In the market and recent real estate trends	4
II. Accounting and financial reporting hot topics	9
III. Regulatory considerations	14
IV. Update on tax matters	18
V. Governance discussion	22
VI. Technology trends and update	26
VII. Upcoming PwC Webcasts	29
PwC real estate contacts	30
Editorial board	30

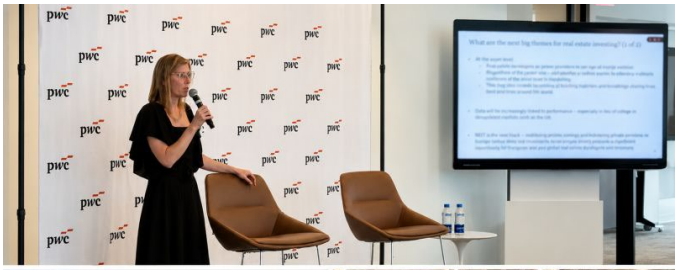
I. In the market and recent real estate trends



I. In the market and recent real estate trends

PwC in the market

PwC welcomed more than 40 CFOs from across the real estate and infrastructure industry to our New York office for our Real Estate & Infrastructure CFO Outlook event. Hosted by PwC's Real Estate & Infrastructure and Asset & Wealth Management teams, the program brought industry leaders together for timely conversations on the issues shaping today's market — from the US policy landscape and global macroeconomic outlook to SEC developments, AI, US tax updates, and emerging industry trends.







Learn more by visiting the post **here**.

PwC US Senior Partner and CEO Paul Griggs joined David Gura on Bloomberg's Open Interest to discuss why AI transformation is a business transformation rather than a technology one. The companies making real progress are not debating the technology; they are fundamentally rethinking how work flows through their organization. Griggs noted that while the tools will change constantly, judgment, relationships, listening, and execution are the foundation everything else sits on.



Learn more by visiting the video **here**.

PwC's Bhushan Sethi delivered the pre-dinner keynote at PwC's United Nations General Assembly client dinner, making the case that human skills remain a differentiator regardless of changes in technology, business models, or the economy. PwC's Human Skills Project is a three-year commitment to investing in these skills across our communities and workforce. As jobs are unbundled into tasks that can be automated, fusing business, human, and technology skills together becomes the real opportunity.



Learn more by visiting the post **here**.

The AI workforce planning gap in financial services

PwC's The AI workforce planning gap in financial services highlights a growing disconnect between the pace of AI adoption and how organizations are preparing their workforces for that transformation. Based on a survey of more than 1,000 US financial services executives, the report found that while many firms are modeling AI's impact on workforce capacity, fewer have redesigned roles, skills, talent pipelines, and workflows around an AI-enabled operating model.

AI skills are also becoming increasingly valuable as firms compete for talent. PwC found that 91% of respondents are increasing compensation for employees with AI capabilities, while firms are pursuing a mix of new hiring, upskilling and reskilling, and external partnerships to build the skills they need. At the same time, leaders expect significant workforce changes, reinforcing the need to rethink entry-level talent pipelines, career paths, and leadership development rather than focusing solely on headcount reduction.

For real estate and other financial services organizations, the findings underscore that capturing value from AI will require more than deploying new tools. Companies may need to redesign workflows, determine how capacity created by AI will be redeployed, establish measurable business cases for AI investments, and strengthen governance as autonomous agents become more prevalent. Clear accountability, continuous workforce development, and controls around issues such as "shadow AI" will be increasingly important as firms scale AI across their organizations.



Learn more by visiting the publication **here**.

PwC's Global Data Centre Outlook: where AI infrastructure capital is headed

PwC's inaugural Global Data Centre Outlook, released in September 2026 and modeled with Oxford Economics across 46 countries and territories, projects that global data centre capital expenditure could reach US$31.6 trillion through 2050. Annual spending is forecast to rise from roughly US$800 billion in 2026 to US$1.1 trillion in 2030 and US$1.8 trillion by 2050, with the US expected to capture almost half of the cumulative total at US$15.1 trillion.

The report describes an investment cycle that behaves differently from prior infrastructure booms. Because servers, GPUs, and other information and communications technology (ICT) equipment require replacement every four to six years, spending is expected to accelerate rather than taper once facilities are built. PwC estimates that ICT equipment will represent approximately 93% of total data centre capital expenditure by 2050, compared with roughly 70% today.

For real estate and infrastructure investors, the Outlook reinforces that power availability — more than land or construction capacity — is the decisive factor shaping where investment lands, alongside connectivity, policy certainty, community support, and access to chips. PwC characterizes data centres as hybrid assets that combine property, utility, and semiconductor exposure, and cautions that obsolescence and residual value risk on the technology layer is the most frequently underpriced of the three.



Learn more by visiting the publication **here**.

Real estate and real assets: US Deals 2026 mid-year outlook

PwC's mid-year outlook for real estate and real assets describes a market that is no longer defined by a traditional cyclical recovery. Deal activity is being reshaped by structural capital rotation, the convergence of real estate with infrastructure, and the growing influence of AI-enabled operating models. Investors continue to reallocate capital toward operationally intensive and infrastructure-adjacent sectors — including digital infrastructure, logistics, senior housing, renewables, and residential rental housing — while stepping back from legacy property types facing refinancing pressure and weaker long-term demand fundamentals.

The outlook notes that US equity REITs entered 2026 trading at a median discount to net asset value, reinforcing the public-private valuation dislocation and increasing pressure for consolidation, strategic asset sales, and take-private activity. Digital infrastructure, power access, and operational scalability are becoming central underwriting considerations, and assets such as data centers, senior housing, and logistics platforms are increasingly evaluated as operating infrastructure rather than as traditional real estate.



Learn more by visiting the publication **here**.

PwC's CEO Survey Snapshot — August 2026

PwC's CEO Survey Snapshot is a mid-year follow-up to the 29th Global CEO Survey, capturing the views of 351 CEOs across 59 countries and 27 sectors surveyed between mid-May and late June 2026. Among CEOs who responded to both surveys, the share who are very or extremely confident about revenue growth over the next 12 months rose from 39% to 42%, and confidence over a three-year horizon increased from 46% to 51%, despite an operating environment marked by geopolitical disruption and rising energy costs. The Snapshot also examines which strategic decisions have become harder, the reported impact of AI on revenue and costs, and how companies are using AI to strengthen resilience.



Learn more by visiting the publication **here**.

PwC's 2026 Market Volatility Survey

PwC surveyed 1,004 consumers and 204 financial services executives to understand how market volatility is changing behavior on both sides of the client relationship. Consumers report reassessing savings, investment, and discretionary spending plans, while executives describe closer scrutiny of corporate strategy, particularly around deals.

Inflation ranks as a top concern for both groups. Among executives, 42% say clients have increased focus on budgeting or financial planning, 44% report clients delaying or postponing major financial decisions or investments, and 39% note shifts toward lower-risk options. Notably, 75% of consumers and 94% of executives believe these changes reflect lasting structural shifts rather than temporary caution.

For real estate companies, the findings offer a useful read on demand-side sentiment and capital formation. Sustained caution among investors and consumers can affect leasing decisions, transaction timing, fundraising, and the pace at which capital is deployed into new development.



Learn more by visiting the publication **here**.

Global M&A trends in energy, utilities and resources: 2026 mid-year outlook



PwC's mid-year outlook for energy, utilities, and resources describes a market in which rising power demand from AI and data centres is driving investor interest in gas, power, and grid assets that can add capacity quickly. Speed to power has become a defining competitive factor, and that is changing what buyers are willing to pay for.

With speed at a premium, investors are favoring operating assets, brownfield generation, grid-connected platforms, and behind-the-meter solutions over projects that require long development and interconnection timelines. Capital is concentrating where electrons can be delivered to a customer in a predictable timeframe.

For real estate and infrastructure investors, the outlook is a useful companion to the data centre story. The same constraints that shape energy M&A — interconnection queues, generation availability, and grid capacity — increasingly determine which development sites are viable and how quickly they can be brought to market.

Learn more by visiting the publication **here**.

II. Accounting and financial reporting hot topics



II. Accounting and financial reporting hot topics

Effective dates of FASB standards for public companies

PwC maintains a consolidated view of the effective dates of FASB standards for calendar year-end public companies, refreshed as new guidance is issued. It sets out what is effective in 2026 and what takes effect in 2027 and beyond, along with the early adoption provisions available.

With a heavy pipeline of recent standard setting — including guidance on environmental credits, government grants, hedge accounting, software costs, and the disaggregation of income statement expenses — real estate companies can use the summary to sequence adoption planning, confirm transition methods, and identify where early adoption may be advantageous.



Learn more by visiting the publication **here**.

New guidance for investment companies on contractual sales restrictions

On September 9, 2026, the FASB issued ASU 2026-03, Investment Companies with Equity Securities Subject to Contractual Sale Restrictions, which creates an exception to the fair value measurement guidance in Topic 820. Investment companies within the scope of Topic 946 are now required to incorporate contractual sale restrictions into the fair value measurement of equity securities and to disclose the amount of the discount attributable to the restriction. The most common example in scope is an IPO lockup arrangement covering an investment in an equity security.

The exception is narrow. Other entities, including banks, asset managers, and corporates, remain prohibited by Topic 820 from considering contractual sale restrictions that are not characteristics of the asset, and the guidance does not extend to other assets subject to sale restrictions such as debt securities or digital assets.

The amendments are effective for annual reporting periods beginning after December 15, 2027 and interim periods within those annual periods, with early adoption permitted on any date on or after September 9, 2026. Upon adoption, an investment company applies the guidance prospectively to all existing contractual sale restrictions, with the impact recognized immediately in earnings on the adoption date. For real estate funds and other vehicles that apply investment company accounting, the change may affect reported net asset value, performance reporting, and management fee calculations. Entities outside Topic 946 should also monitor developments, as the FASB has added a separate project to its technical agenda to address the fair value measurement of equity securities subject to contractual sale restrictions for all entities. PwC maintains a consolidated view of the effective dates of FASB standards for calendar year-end public companies, refreshed as new guidance is issued. It sets out what is effective in 2026 and what takes effect in 2027 and beyond, along with the early adoption provisions available.

With a heavy pipeline of recent standard setting, real estate companies can use the summary to sequence adoption planning, confirm transition methods, and identify where early adoption may be advantageous.



Learn more by visiting the inbrief **here**.

Accounting implications of tariffs

PwC's In depth on the accounting implications of tariffs continues to be updated as the trade landscape evolves. Following the Supreme Court decision invalidating tariffs imposed under the International Emergency Economic Powers Act (IEEPA), it addresses the accounting for potential refunds, the judgments involved in determining whether a receivable should be recognized, and the related disclosure considerations.

It also covers the treatment of tariffs in inventory and cost of sales, effects on contracts with customers and suppliers, impairment considerations, and the continued application of other tariff authorities that remain in effect.

For real estate companies, tariffs feed through to construction and development costs, supplier arrangements, and capital project budgets. Where refunds may flow back through contractors or suppliers rather than directly, companies should consider who holds the legal right to recovery and how that affects recognition.



Learn more by visiting the in depth **here**.

SEC now: Recent developments shaping today's landscape

SEC reporting and regulatory developments continue to move quickly. In this episode, PwC specialists provide an overview of the proposals addressing semiannual reporting, filer status, and registered offerings — each of which could significantly affect public company reporting, internal control requirements, and capital-raising transactions — including where each proposal stands and how investors and preparers have responded. The discussion also covers current SEC staff comment letter trends arising from filing reviews.



Learn more by visiting the podcast **here**.

Cash equivalents and digital assets: FASB proposes new guidance

On August 18, 2026, the FASB issued a proposed Accounting Standards Update, Cash Equivalents—Disclosure Enhancement and Evaluation of Certain Digital Assets. The proposal would require all entities to disclose the significant components and related amounts of cash equivalents on an annual basis, and would add illustrative examples clarifying how the existing definition of cash equivalents applies to certain digital assets, including stablecoins.

The proposal would not change the definition of cash equivalents. Instead, the examples illustrate the attributes that would need to be present for a stablecoin to qualify, including an on-demand contractual right to redeem with the issuer. Comments are due by November 19, 2026.

For real estate companies, the more immediate effect is likely to be the new disclosure requirement, which would apply to all entities that present assets as cash equivalents regardless of whether they hold digital assets. Companies should consider whether current systems capture the components of cash equivalents at the level of detail the proposal would require.



Learn more by visiting the in brief **here**.

Environmental credits: Understanding new FASB guidance

Environmental credits accounting is changing with the introduction of ASC 818, created by ASU 2026-02. The new guidance establishes a consistent accounting model for environmental credits and environmental credit obligations, addressing recognition, measurement, presentation, and disclosure.

This episode explores the key aspects of the new standard, including the intent-based recognition model, the accounting for voluntary versus compliance credits, environmental credit obligations, and considerations for adoption.

For real estate companies, environmental credits arise in connection with renewable power procurement, building efficiency programs, tenant sustainability commitments, and development projects. Whether credits are held for compliance or acquired voluntarily now drives the accounting, making it important to document intent at acquisition.



Learn more by visiting the podcast **here**.

SEC comment letter trends for financial services companies

PwC also publishes an industry view of SEC comment letter trends for financial services registrants, which includes REITs and other real estate companies. For the 12 months ended June 30, 2026, approximately 79 comment letters were issued to financial services filers, compared with roughly 351 in the prior period.

The industry cut highlights where the staff's questions differ from the broader filer population and provides examples of the comments issued, organized by topic.

Reviewing the questions the staff has actually asked of comparable registrants can help finance and reporting teams anticipate what may arise on their own filings, particularly in recurring areas such as non-GAAP measures, MD&A, and fair value disclosures.



Learn more by visiting the publication **here**.

Q3 2026 Closing statements: quarter-end insights for controllers

Closing statements is a quarterly publication from PwC's chief accountant for controllers, with concise insights, trends, analysis, and action items heading into the close. The Q3 2026 issue covers the accounting for AI costs, long-term supply agreements and product financing considerations, tariff accounting, and SEC rulemaking.

On tariffs, the publication reports that the IEEPA refund program continues to progress, with more than $100 billion in refunds paid or in queue for payment through August. On AI, it reminds companies that while the technology keeps changing, the accounting rules for capitalizing costs have not. It also flags arrangements with third-party logistics entities that may require recognition of inventory and a related liability before physical possession.

For real estate companies, the issue works as a practical quarter-end checklist across the areas where judgment and documentation matter most, including capitalization decisions, contract structuring, and the disclosure implications of pending SEC proposals.



Learn more by visiting the publication **here**.

SEC comment letter trends

PwC's SEC comment letter analysis summarizes trends in comments issued on Forms 10-K and 10-Q, most recently updated for the 12 months ended June 30, 2026. Total comment letter volume continued its multi-year decline, with 487 letters in the current period compared with 1,270 in the prior period, reflecting a more selective and more targeted review approach by the SEC staff.

The analysis can be filtered by industry, including a financial services view that captures REITs and other real estate registrants, and includes sample comment language by topic. Reviewing the areas drawing staff attention can help companies pressure-test their own disclosures before filing.



Learn more by visiting the publication **here**.

Q3 2026 Quarterly accounting webcast

PwC's Q3 2026 Quarterly accounting webcast featured perspectives from Laura Hay, audit committee chair at MetLife, along with SEC rulemaking and regulatory updates from Raquel Fox of Skadden. Topics included the latest tariff developments and their operational and accounting impacts, implementation of the FASB's disaggregation of income statement expenses (DISE) standard, cybersecurity audit requirements under the California Consumer Privacy Act, and the US deals outlook. A CPE-eligible replay is available.



Learn more by visiting the webcast replay **here**.

Back to basics: Consolidation — a four-part refresher

PwC's accounting podcast ran a four-part Back to basics series on consolidation through late August and September 2026, covering the consolidation framework and scope, how to identify a variable interest entity (VIE), how to determine which party is the primary beneficiary, and the presentation and disclosure requirements for both VIEs and voting interest entities. For real estate companies, the series is a useful refresher for finance teams and new joiners.



Learn more by visiting the podcast **here**.

CCPA cybersecurity audit requirements and readiness

Cybersecurity audit requirements under the California Consumer Privacy Act introduce a recurring, independent audit of certain organizations' cybersecurity programs, with the first audit period beginning January 1, 2027, for the largest businesses.

PwC's readiness perspective focuses on what the requirement means in practice: defining scope, identifying the controls that will be tested, designing evidence that can withstand independent review, and determining how existing activities such as internal audit can be leveraged. For real estate companies handling tenant, resident, and investor data at scale, the remaining months of 2026 are the window for that preparation.



Learn more by visiting the publication **here**.

III. Regulatory considerations



III. Regulatory considerations

SB 253 and SB 261: California climate reporting explained

PwC's In depth on the California climate disclosure laws was most recently updated on September 2, 2026 to reflect the resources CARB released on September 1 on submitting 2026 SB 253 reporting information. SB 253 requires scope 1, scope 2, and scope 3 greenhouse gas emissions reporting in conformance with the GHG Protocol, while SB 261 requires climate-related financial risk disclosures aligned with TCFD or an equivalent framework.

The publication works through scope, applicability, timing, and enforcement, including the transition relief available and CARB's stated focus on good faith compliance while guidance continues to evolve.

For real estate companies that meet the revenue thresholds and do business in California, the guide is the practical starting point for determining which entities are captured, what must be reported this year, and how to prepare for the assurance requirements that follow.



Learn more by visiting the in depth **here**.

PwC's Sustainability reporting guide — September 2026 update

PwC's Sustainability reporting guide is a practitioner reference covering reporting under the European Sustainability Reporting Standards, the ISSB standards, and California's climate disclosure laws, with dedicated chapters on greenhouse gas emissions reporting and the EU Taxonomy Regulation.

The September 2026 edition reflects the revised ESRS adopted in July 2026 and includes a partially updated greenhouse gas emissions chapter addressing reporting boundaries, the financial control approach, and the transition provisions specific to GHG reporting under ESRS and the ISSB standards.

For real estate companies, the GHG chapter is the most immediately useful section, since portfolio boundaries, landlord and tenant emissions, and the treatment of jointly controlled assets drive most of the measurement questions that arise in practice.



Learn more by visiting the publication **here**.

Q3 2026 Quarterly sustainability webcast

In this quarterly webcast, PwC specialists shared the latest sustainability accounting and reporting developments in the US and abroad, with keynote speaker Karen Garnett, Head of ESG Policy and Reporting at Charles Schwab, on the evolving sustainability landscape and shifting regulatory environment. Topics included California's climate disclosure laws and the CARB workshop on SB 253 requirements for 2027 and beyond, together with EU developments including the revised ESRS and the proposed standards for certain non-EU groups. A CPE-eligible replay is available.



Learn more by visiting the webcast replay **here**.

ESRS (2026): European Commission adopts the final delegated act

On July 3, 2026, the European Commission adopted the final delegated act containing the revised European Sustainability Reporting Standards (ESRS (2026)), one of the last steps in the February 2025 'Omnibus' package intended to simplify EU sustainability reporting. Entities within the scope of the Corporate Sustainability Reporting Directive must apply ESRS (2026) for financial years beginning on or after January 1, 2027, with earlier application permitted.

The revised standards reduce the number of mandatory datapoints by approximately 61% compared with the 2023 version and introduce new flexibility mechanisms, reliefs, and phase-ins. PwC's In depth walks through the key changes, including revisions to the double materiality assessment and the materiality of information filter, greater flexibility around GHG emissions reporting boundaries, anticipated financial effects, and the reporting choices now available.

For real estate companies with European operations, investors, or parent/subsidiary reporting obligations, the final standards may change reporting scope, data collection, and materiality assessments. Companies should evaluate whether the simplifications affect their implementation timelines and confirm which reliefs and phase-ins they intend to apply.



Learn more by visiting the in depth **here**.

ESRS-40a: EFRAG proposes standards for certain non-EU groups

On July 23, 2026, EFRAG published an exposure draft of the European Sustainability Reporting Standards for certain non-EU undertakings under Article 40a of the Accounting Directive (draft ESRS-40a), opening a 100-day public consultation that closes on October 31, 2026.

The draft standards are based on ESRS (2026) but would focus the materiality assessment on impacts only, meaning sustainability-related risks and opportunities would not be required disclosures. Draft ESRS-40a would also allow reporting to be limited to EU-related impacts for topics other than climate change if certain conditions are met. Reporting would begin with financial year 2028, for reports issued in 2029.

US-headquartered real estate groups with significant EU operations should assess whether they fall within the Article 40a scope and, if so, how the impact-only approach and the EU-limited reporting option would apply across their portfolios.



Learn more by visiting the in depth **here**.

California SB 253: CARB rulemaking for 2027 and beyond

California continues to develop the SB 253 regulations that will govern scope 1, scope 2, and scope 3 greenhouse gas emissions reporting for 2027 and beyond. At a public workshop on July 21, 2026, CARB staff outlined proposals including a phased approach to scope 3 reporting, an annual November 10 reporting deadline, options for defining organizational boundaries, and the standards that would be acceptable for the limited assurance required over scope 1 and scope 2 emissions beginning in 2027.

CARB staff also confirmed that insurance companies, which were exempt from 2026 GHG reporting because of existing California Department of Insurance requirements, would need to report under the CARB regulation beginning in 2027. On

September 1, 2026, CARB published additional materials to support the submission of 2026 emissions information, including a voluntary intake platform, guidance on submission content, and an instructional video.

Real estate companies that meet the revenue thresholds and do business in California should track the rulemaking closely. The 2027 requirements will determine the scope 3 categories, measurement methodologies, and assurance readiness work that need to begin well ahead of the reporting deadline.

Learn more by visiting the in brief **here**.

California's new cybersecurity audit requirements under the CCPA

New cybersecurity audit requirements under the California Consumer Privacy Act establish a recurring, independent assessment of certain organizations' cybersecurity programs, with the first audit period beginning January 1, 2027 for the largest businesses. The requirement applies to businesses whose processing of personal information presents a significant risk to consumers' security.

The emphasis shifts from documenting privacy and cybersecurity practices to demonstrating — through independent audits supported by data and documentation — that those practices operate effectively throughout the year. Existing activities such as SOC 2 reporting, internal audit, and cyber maturity assessments can support readiness, but companies should not assume they satisfy the rule's scope, independence, and reporting requirements.

For real estate companies that handle tenant, resident, and investor data at scale, the remainder of 2026 is the window for scoping, control remediation, and evidence design ahead of the first audit period.

Learn more by visiting the publication **here**.



IV. Update on tax matters



IV. Update on tax matters

Recent regulations affect US real estate investment

Recent regulations and guidance continue to shape the tax landscape for U.S. real estate investments, particularly for foreign investors and cross-border investment structures. The article discusses regulatory developments affecting the taxation of U.S. real property interests, withholding requirements, and the application of rules governing foreign investment in U.S. real estate. These developments may influence how investors structure transactions, evaluate acquisition opportunities, and manage ongoing compliance obligations.

As regulatory requirements evolve, investors and fund sponsors may need to reassess existing structures and monitor the potential impact on reporting, withholding, and transaction planning. The continued focus on cross-border investment rules highlights the importance of understanding how regulatory changes can affect after-tax returns and investment strategies.



Learn more by visiting this **publication**.

FIRPTA considerations for power and energy investments

Growing investor interest in power, energy, and digital infrastructure assets is creating new tax considerations for foreign investors and sponsors. FIRPTA can apply when foreign investors dispose of interests in U.S. corporations that are classified as U.S. real property holding corporations (USRPHCs), making valuation methodologies, trade or business determinations, and asset classification increasingly important. These rules can affect investments in infrastructure assets ranging from independent power producers to data centers.

Data centers present unique challenges because the value of land, power supply arrangements, construction-in-progress assets, and customer-related intangibles may all influence whether a corporation is treated as a USRPHC. As investment in energy-intensive digital infrastructure continues to grow, investors and sponsors may benefit from carefully evaluating ownership structures, valuation approaches, and supporting documentation to better understand potential FIRPTA exposure and transaction-planning considerations.



Learn more by visiting this **publication**.

Portal Combat 2: Pillar Two compliance post-mortem

In this Cross-border Tax Talks episode, Doug McHoney is joined by Pat Coughlin to review the June 30, 2026, Pillar Two compliance deadline, including PwC's experience filing more than 50,000 returns with a success rate above 99%.

The discussion covers how business rules and filing capabilities were built across dozens of jurisdictions, what late portals and conflicting validations revealed about the system, and why the OECD and local tax authorities should act on timely-filed GIR relief, a longer 2025 filing deadline, clearer amended-return mechanics, and broader simplification.

It closes with practical advice: start now, focus on the calculations, and narrow review to the sections that matter most. Real estate groups with cross-

border fund structures should factor these lessons into planning, particularly where filing obligations span jurisdictions with different deadlines and validation requirements.



Learn more by visiting this **podcast**.

Second quarter 2026 state and local tax developments

PwC's State Tax Quarterly Insights highlights significant state legislative, regulatory, judicial, and administrative developments from the second quarter of 2026, including continued activity around P.L. 86-272 and state conformity to federal tax changes.

State responses to the One Big Beautiful Bill Act remain uneven. Many states conform automatically through rolling conformity, while others have static conformity or have decoupled from specific provisions, producing different outcomes for research expenditures, depreciation, business interest expense, and foreign income.

For real estate companies operating across multiple jurisdictions, these differences affect apportionment, the timing and amount of deductions, and compliance workload. Multistate owners and funds should confirm which conformity approach applies in each state where they hold property.



Learn more by visiting this **Publication**

Data center tax structuring: A private equity and technology professional's guide to capital efficiency

As investment in data centers continues to accelerate, traditional real estate tax structuring frameworks may not adequately address the unique characteristics of digital infrastructure assets. Data centers combine elements of real estate, operating businesses, power infrastructure, and technology services, creating tax considerations that differ from those associated with more traditional commercial real estate investments. Structuring decisions made at acquisition can have significant implications throughout the investment lifecycle, affecting investor participation, financing flexibility, incentive utilization, and ultimate exit strategies.

The article discusses a range of tax issues relevant to private equity sponsors and real estate investors, including REIT qualification, FIRPTA considerations, interest deduction limitations, cost segregation opportunities, and the use of federal, state, and local tax incentives. It also notes that data center sponsors increasingly must evaluate evolving policy developments and energy-related tax incentives as part of their overall investment strategy. Given growing institutional interest in data centers as a real estate and infrastructure asset class, tax planning is becoming an increasingly important component of value creation and capital efficiency.



Learn more by visiting this **insight**.

Measure Twice, Elect Once: The Latest Section 987 Regs

Doug McHoney is joined by Laura Valestin to discuss the proposed Section 987 regulations governing the new CFC election, beginning with the rule's scope, history, and common QBU fact patterns. Treasury and the IRS recently released proposed regulations under Section 987 that would introduce a new election for controlled foreign corporations (CFCs) intended to simplify the calculation of foreign currency gains and losses

associated with qualified business units (QBUs). While the proposal is broadly applicable to multinational taxpayers, it may be relevant to real estate funds, mortgage REITs, and other real estate investors with non-US assets, foreign subsidiaries, or cross-border financing arrangements.

The proposed election could eliminate future Section 987 gain or loss calculations for eligible entities, although taxpayers would continue to be subject to certain translation and basis-tracking requirements. Real estate groups with international operations may need to model the long-term tax consequences of making the election, particularly where significant foreign currency gains, losses, or foreign tax credit considerations exist. The proposal highlights the importance of evaluating cross-border holding structures and financing arrangements before making what may be an effectively irrevocable election.



Learn more by visiting this **podcast**.

Proposed regulations address expanded Opportunity Zone reporting and QOF certification

Treasury and the IRS on September 11, 2026, published proposed regulations implementing the Qualified Opportunity Zone (QOZ) information reporting requirements enacted by the One Big Beautiful Bill Act (OBBBA). The proposal would require qualified opportunity funds (QOFs) to file expanded annual information returns and to furnish statements to investors that experience disposition events and would require applicable qualified opportunity zone businesses (QOZBs) to provide annual information statements to their QOF investors.

The proposed regulations would also clarify QOF self-certification, create procedures for revoking an inadvertent certification and for voluntary decertification, coordinate broker reporting for certain QOF disposition events, and address penalties for incomplete, incorrect, or late reporting. They focus on reporting and certification, and do not address the broader post-2026 transition rules or other substantive changes to the QOZ regime.

Sponsors and investors should evaluate whether current data collection and reporting processes can support the expanded requirements, and should read the proposal alongside Notice 2026-40, which provides transitional guidance for the shift to the permanent QOZ regime.



Learn more by visiting this **Insight**

2026 Tax Policy Outlook

PwC's 2026 Tax Policy Outlook discusses the evolving federal, international, trade, and state tax landscape following enactment of the One Big Beautiful Bill Act (OBBBA). Many business taxpayers are continuing to assess the implications of recent federal tax changes, while also preparing for increased global tax compliance requirements, ongoing Pillar Two developments, and a shifting trade policy environment. Tax policy remains closely intertwined with broader economic, regulatory, and geopolitical objectives, requiring companies to incorporate tax considerations into strategic planning and investment decisions.

There is continued uncertainty surrounding tariffs, international tax enforcement initiatives, and state conformity to federal tax changes. As states evaluate whether and how to adopt federal tax provisions, taxpayers may face varying compliance requirements and planning opportunities across jurisdictions. Businesses should closely monitor

legislative developments, regulatory guidance, and the political landscape leading into the 2026 midterm elections, as future tax policy changes could affect investment, financing, and operating decisions.

 Learn more by visiting this **Insight**.

Second Circuit affirms treatment of limited partners for self-employment tax purposes

In a recent decision, the Second Circuit Court of Appeals affirmed that an individual may qualify as a limited partner for self-employment tax purposes when the individual has limited liability and does not participate in the management or control of the partnership's business. The ruling provides additional judicial guidance regarding the scope of the limited partner exception under Internal Revenue Code Section 1402(a)(13), an area that has been the subject of ongoing uncertainty and litigation.

The decision may be relevant for private equity funds, real estate funds, and other investment structures that operate through partnerships and limited liability entities. Because partnership structures remain the predominant vehicle for many real estate funds, joint ventures, and investment management platforms, the ruling could influence how sponsors and investors evaluate self-employment tax obligations associated with carried interests, management entities, and other partnership interests within real estate investment structures.

 Learn more by visiting this **Insight**

Updated automatic consent procedures simplify method changes for R&E expenditures and residential construction contracts

The IRS recently issued Rev. Proc. 2026-32, which updates the automatic consent procedures for certain accounting method changes affected by the One Big Beautiful Bill Act (OBBBA). The guidance simplifies the process for taxpayers seeking to change accounting methods related to Sections 174, 174A, and 460(e), including provisions affecting research and experimental expenditures and certain residential construction contracts. The updated procedures are intended to streamline implementation of recent tax law changes and reduce administrative burdens associated with obtaining IRS consent for qualifying method changes.

The new guidance may be relevant for real estate developers, homebuilders, and other taxpayers engaged in construction activities that utilize long-term contract accounting methods. Taxpayers should evaluate whether the revised automatic procedures provide opportunities to simplify compliance and align accounting methods with recently enacted tax provisions. The guidance also highlights the continued need to assess the impact of recent legislative changes on existing accounting policies and tax reporting positions. The updated procedures may provide additional flexibility and administrative relief when implementing accounting method changes resulting from recent tax law developments.

 Learn more by visiting this **Insight**

V. Governance discussion



V. Governance discussion

Board oversight of AI transformation

Artificial intelligence is increasingly being viewed as an enterprise-wide transformation rather than solely a technology initiative. As organizations expand AI adoption, boards are being called upon to oversee the impact of AI on corporate strategy, capital allocation, operations, talent management, culture, and risk management. Effective oversight requires collaboration between boards and management to evaluate investment priorities, establish governance frameworks, and monitor whether AI initiatives are delivering measurable business value while remaining aligned with long-term strategic objectives.

The publication outlines several areas of board focus, including workforce readiness, the integration of AI into business processes, risk management, controls, and accountability. It emphasizes the importance of establishing clear governance structures, prioritizing higher-risk AI applications, and developing processes to monitor outcomes and escalate significant issues. The report also notes that many directors view AI expertise as a capability that boards will need to continue strengthening as organizations integrate AI across the enterprise.

As AI adoption accelerates, boards and executive teams may need to enhance governance, oversight, and risk management practices to help ensure that AI investments support strategic objectives while addressing operational, regulatory, and workforce considerations.



Learn more by visiting this **Insight**.

Your Q3 audit committee guide

PwC's quarterly audit committee guide sets out what should be on the agenda for the coming meeting. A dynamic business and regulatory environment continues to reshape audit committee agendas and oversight responsibilities. Key areas of focus include evolving SEC proposals related to semiannual reporting and filer status requirements, accounting and disclosure considerations associated with tariff refund claims, and the impact of artificial intelligence on internal control over financial reporting (ICFR). Audit committees are also being encouraged to evaluate whether reporting processes, governance structures, and oversight practices remain effective as regulatory expectations and business risks continue to evolve.

The publication highlights the importance of understanding how technological and regulatory changes may affect financial reporting, fraud risk management, and internal controls. It also stresses the need for ongoing dialogue with management regarding AI adoption, automation, third-party reliance, and emerging risks that could impact financial reporting processes.



Learn more by visiting this **Publication**.

2026 proxy season and SEC disclosure developments

The 2026 proxy season provided insight into how companies may navigate an evolving disclosure and governance landscape. Recent SEC proposals could provide companies with greater flexibility in reporting requirements, while changes to the shareholder proposal process may place increased

responsibility on boards and management when evaluating governance and disclosure decisions. As regulatory expectations evolve, companies may need to exercise greater judgment in determining the information most relevant to investors.

Despite these changes, governance remained a key focus for investors. The publication highlights continued shareholder engagement, sustained support for governance-related proposals, and elevated levels of activist activity focused on strategy, capital allocation, and AI-related investments. As the disclosure landscape continues to evolve, boards may benefit from proactively reassessing investor communication strategies, governance practices, and activism preparedness to help maintain shareholder confidence and support long-term value creation.



Learn more by visiting this **Publication**.

2026 Annual Corporate Directors Survey

The 2026 Annual Corporate Directors Survey highlights the challenges and priorities shaping boardrooms as directors navigate a rapidly evolving business environment. The survey examines board perspectives on strategy, risk oversight, artificial intelligence, cybersecurity, talent, shareholder engagement, and long-term value creation. Results indicate that boards continue to focus on balancing oversight responsibilities with growing expectations from regulators, investors, and other stakeholders.

The survey also identifies opportunities for boards to strengthen governance practices and board effectiveness as technological innovation, economic uncertainty, and changing stakeholder expectations continue to reshape the operating environment. Directors emphasized the importance of receiving decision-useful information, maintaining strong engagement with management, and ensuring boards possess the skills and expertise needed to oversee emerging risks and strategic initiatives. The survey provides insights into governance practices and board priorities that may help directors enhance oversight, support strategic decision-making, and promote long-term value creation.



Learn more by visiting this **Publication**.

Finance teams and audit committees: Building a stronger dialogue

In this podcast, Kathy Nieland and Laura Hay discuss the important role finance and management teams play in helping audit committees stay informed amid an increasingly complex business, regulatory, and risk environment. Effective communication between finance and management teams and audit committees is critical to supporting oversight of financial reporting, internal controls, emerging risks, and strategic business developments. By providing timely, transparent, and decision-useful information, management can help audit committees effectively fulfill their governance and oversight responsibilities.

The discussion also highlights evolving audit committee priorities, including artificial intelligence, cybersecurity, regulatory developments, and enterprise risk management. As oversight responsibilities continue to expand, maintaining a strong dialogue between finance and management teams and audit committees can help enhance governance practices, strengthen risk oversight, and support informed decision-making.



Learn more by visiting this **podcast**.

VI. Technology trends and update



VI. Technology trends and update

Future of finance: Enabling the intelligent enterprise

Advances in artificial intelligence, predictive analytics, and automation are reshaping the role of the finance function from a traditional scorekeeper to a more strategic business partner. AI-enabled technologies are helping finance organizations improve forecasting, profitability analysis, capital allocation, and decision-making, while trusted data, modern technology platforms, and strong governance are becoming increasingly important foundations for a future-ready finance function.

Finance organizations are beginning to move toward a more “agentic” operating model, where autonomous AI agents may execute portions of core finance processes while finance professionals focus on oversight, interpretation, judgment, and strategic decision-making. At the same time, organizations are placing greater emphasis on data quality, regulatory reporting, cash flow management, scenario planning, and workforce transformation as they adapt to a more digital operating environment.

As AI and intelligent automation continue to evolve, organizations may benefit from investing in data modernization, governance frameworks, and workforce capabilities that support responsible adoption. Establishing a strong foundation can improve operational efficiency, enhance decision-making, strengthen reporting and compliance processes, and help organizations position themselves to create long-term value in an increasingly technology-driven environment.



Learn more by visiting this **Insight**.

The next era of digital transformation: Forward to the intelligent enterprise

As organizations accelerate adoption of AI agents, the focus is shifting from individual use cases to the data, technology, and governance foundations needed to support AI at scale. While early AI deployments can deliver measurable value, broader adoption often exposes challenges related to fragmented data, disconnected systems, and legacy technology architectures.

Many organizations are progressing from isolated AI pilots to enterprise-wide implementations that require a more unified approach to data management, governance, and system connectivity. As AI agents become more embedded in business processes, investments in modern data platforms and scalable infrastructure are becoming increasingly important to enable effective collaboration between people, data, and technology.

Organizations that build these foundational capabilities early may be better positioned to improve efficiency, accelerate innovation, strengthen decision-making, and realize the long-term benefits of digital transformation.



Learn more by visiting this **Insight**.

Where agentic AI breaks enterprise controls — and how to close the gap

As organizations increasingly deploy AI agents across enterprise applications, traditional control frameworks may not fully address risks that emerge when transactions move across multiple platforms. While controls within individual systems may

function as intended, risks can arise when AI agents interact across applications, creating outcomes that no single platform is designed to monitor or govern.

As AI adoption accelerates, organizations are placing greater emphasis on end-to-end transaction visibility, cross-platform governance, and continuous monitoring of agent activity. Strengthening oversight of the orchestration layers that coordinate AI agents, data, and workflows can help improve transparency, support audit readiness, mitigate risk, and enable organizations to scale agentic AI responsibly.



Learn more by visiting this **Insight**.

The blueprint for an intelligent enterprise

As organizations accelerate AI adoption, the focus is shifting from individual use cases to the broader capabilities needed to enable enterprise-wide transformation. Realizing the full value of AI requires a strong foundation of data, governance, technology, and operating model changes that support scalable and responsible adoption. AI is increasingly being integrated into core business processes to improve decision-making, productivity, and operational efficiency.

As adoption expands, organizations are investing in connected data environments, governance frameworks, and modern technology infrastructure to support long-term growth and innovation. Establishing these foundational capabilities can help improve business performance, strengthen decision-making, and position organizations to realize the benefits of AI and digital transformation at scale.



Learn more by visiting this **Publication**.

Powering the next era of growth through AI infrastructure

Demand for data center capacity continues to accelerate as organizations increase investments in artificial intelligence, cloud computing, and digital transformation initiatives. Growing requirements for computing power, data storage, and connectivity are driving significant investment across the data center ecosystem, creating opportunities for developers, operators, investors, and technology providers.

At the same time, increasing power demands, infrastructure constraints, and sustainability considerations are shaping how organizations approach future development and expansion. As competition for capacity intensifies, greater emphasis is being placed on energy availability, operational resilience, and long-term infrastructure planning to support continued growth.

The outlook underscores the importance of balancing rapid expansion with strategic investment and infrastructure readiness. Organizations that successfully align technology, energy, and real estate strategies may be better positioned to capitalize on the growing demand for data center infrastructure and support the next generation of AI-enabled technologies and digital services.



Learn more by visiting this **Publication**.

VII. Upcoming PwC Webcasts



VII. Upcoming PwC Webcasts

Save the dates for our upcoming and archived PwC Webcasts. These webcasts are a great way to stay up to date on the latest developments both domestically and abroad, as well as earn CPE. Scan the QR code below for further details.



Quarterly accounting webcast

Join PwC's upcoming quarterly accounting webcast to hear key accounting and reporting reminders as companies close out 2026.

December 10	1pm ET
December 15	4pm ET
December 17	11am ET

Upcoming webcasts from our tax specialists

PwC's Real estate and infrastructure tax quarterly webcast: Key legislative, regulatory, and business updates

November 6	12pm ET

Quarterly sustainability webcast

Join our sustainability specialists for the next quarterly discussion of the ESG accounting and reporting landscape in the US and abroad. With more companies facing mandatory reporting requirements this year, we share insights on the topics covered by the reporting and leading practices for getting ready to comply.

November 5	1pm ET
November 10	3pm ET

View all of our CPE-eligible webcasts at this page

PwC real estate contacts

Brian Ness
US REIT Leader
(908) 507 0759
brian.ness@pwc.com

Jordan Adelson
US Real Estate Partner
(551) 265 4220
jordan.y.adelson@pwc.com

Howard Ro
US Real Estate Tax Leader
(646) 832 8600
howard.ro@pwc.com

Editorial board

Andrew Parrilli
Director
(315) 247 7724
andrew.j.parrilli@pwc.com

Jack Bernard
Manager
(718) 663 9318
jack.bernard@pwc.com

Lindsay Rogich
Manager
(646) 856 4272
lindsay.rogich@pwc.com



Thank you

pwc.com

© 2026 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.