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## **AFIRE 2019 International Investor Survey Points to Strong Fundamentals for Commercial Real Estate in the US and Growing Concern About External Risks**

- Overall investment climate remains balanced, reflecting strong economies and solid market fundamentals.
- Multifamily and industrial asset classes are strongly favored by investors for increased exposure, with 71% and 79% in favor respectively.
- Investors rank New York as the leading global city for most stable and secure real estate market and second for capital appreciation. London ranked first for capital appreciation with Berlin third. Boston, Frankfurt, Los Angeles and Seattle are tied for fourth.
- Eighty three percent of investors state climate change will affect their real estate portfolio strategies in the next 10 years.

**WASHINGTON, DC, April 2, 2019** / AFIRE, an association for global investors focused on institutional real estate in the United States, today announced the findings from their annual real estate investor survey, capturing insight and leading indicators among institutional investors from across asset classes in sixteen global markets. The survey points to a strong overall market outlook, with a growing focus on risks ranging from geopolitical, to economic, to climate change.

Investors generally remain confident in a strong US economy, solid real estate market fundamentals, and continued capital inflow to US real estate. At the same time, respondents are paying close attention to potential near-term risks such as changing interest rates, global political and policy concerns, and the potential long-term implications of climate change.

Industrial and multifamily property sectors continue to be seen positively and were categories where respondents would most like to increase their exposure, with nearly 80 percent wanting to increase industrial exposure and 71 percent wanting to increase multifamily exposure.

Among global cities offering the most stable and secure real estate investment opportunities, New York is favored by a wide margin at 30%, followed by Tokyo at 11% and Paris at 8%, while New York also ranked second for capital appreciation after London. Berlin, Boston, Los Angeles, Seattle and Atlanta all sit among the top ten global markets with opportunity for capital appreciation.

Gunnar Branson, AFIRE CEO stated, "Commercial real estate continues to perform well and is an important part of any long-term investment portfolio strategy. As global institutions hold assets over an extended time horizon, often in excess of 10 years, they play close attention to the factors driving growth in global cities as well as the risks, and prudently adjust their strategies

accordingly. The fact that US commercial real estate has attracted historically high levels of capital from institutions around the world in the last few years is a strong vote of confidence in the long-term performance of commercial property in US cities.”

With investors overwhelmingly indicating confidence in strong economic conditions for investing in the US, fully 14% expect 2019 to present more attractive investing opportunities in US real estate than in 2018, including among emerging niche markets and property types. When asked about the greatest risks for cross-border investing, respondents pointed to currency fluctuations, rising interest rates, and geopolitical uncertainty. Seventy eight percent of respondents agree that the ongoing trade and tariff disputes between the US government and other nations are expected to affect cross-border investments in 2019.

A continued, balanced and long-term institutional investment strategy is reflected as 41% of respondents report having an allocation to core investment that is greater than 75% of their capital, by far the dominant investment strategy. Further, 60% of respondents report having over 50% of their assets invested in core strategies, with just 3% having all of their assets in core investments.

Brexit uncertainties, the divide and dysfunctions seen in US domestic politics, currency and interest rate fluctuations, as well as ongoing tension between the US and China, are significant widespread events that may influence the decision-making process for real estate investors.

“Our annual member survey continues an ongoing dialog with the global institutional real estate investment community, capturing valuable data, insight and sentiment on global markets, real estate portfolio investment allocations and capital flows. In an industry that works to a long-term horizon, interpreting and reflecting on this year’s survey is of vital interest to the AFIRE membership of real estate investors and managers, and offers important real-time information for the broader business community,” comments AFIRE Chairman Don Wise.

#### **New York Tops Global City Real Estate Investment Rank**

The 2019 survey again ranks New York as the most stable and secure real estate opportunity by 30% of investors, while London takes first place as the leading global city offering the best opportunity for capital appreciation from real estate investments. When asked where investors would like to increase their real estate exposure, the US proved yet again to be a strong country for investment opportunities, with the top three cities being New York, Boston and Seattle. London, Frankfurt, Berlin and Paris consistently rank high for investment in Europe.

#### **Top 5 Global Cities Ranked by Wish to Increase Real Estate Exposure**

New York ranked first among cities where respondents would like to increase their exposure, followed by Boston and Seattle. Berlin was the top ranked European city at fourth place. Tokyo was the top ranked city in Asia.

New York  
Boston  
Seattle  
Berlin  
San Francisco

## **Top 5 Global Cities by Wish to Reduce Real Estate Exposure**

London ranked first by a considerable margin among cities where respondents would like to reduce exposure, followed by New York and four other US cities.

London  
New York  
San Francisco  
Chicago  
Washington DC

The emerging markets of Mumbai, Sao Paulo, Rio de Janeiro, Buenos Aires and Ho Chi Minh City ranked between eighth and fourteenth for the best opportunity for capital appreciation, however, only Mumbai appeared in the ranking of cities where respondents would like to increase their exposure.

The 2019 AFIRE International Investor Survey was designed by AFIRE and the James A. Graaskamp Center for Real Estate at the Wisconsin School of Business.

Note to media: Spokespeople are available for comment in key global markets, and supporting data charts can be found at <https://bit.ly/2FSNP4t>

## **About AFIRE**

In 1988, AFIRE was created to serve the needs of global institutional real estate investors navigating the challenges of investing in the United States. For 30 years, AFIRE has been a tightly-knit community of global real estate investors and includes over 200 institutional investors, investment managers, and service providers from 24 countries. Through meetings, publishing, and the annual international investor survey, the organization helps improve the quality of investing through information, insight, and networking. [www.afire.org](http://www.afire.org).

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