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Why the US is the world's 'safest real estate investment market'

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The United States is the strongest and safest market for real estate investment, a new survey has concluded.

But Germany is gaining in popularity, with Berlin entering the Association of Foreign Investors in Real Estate (AFIRE) top five global cities for foreign real estate investment in its 2016 *Foreign Investment Survey* for the first time.

AFIRE members are among the largest international institutional real estate investors in the world with an estimated \$2trillion in real estate assets under management globally.

Despite concerns about the impact of higher interest rates, 64% of respondents to the 24th annual members' survey expect modest or major increases in their investment in United States real estate in 2016. Another 31% say they expect to maintain or reinvest their investments. No one plans a major decrease.

For the second year running, New York outranked London as the top global city for foreign real estate investment. Berlin was fourth.

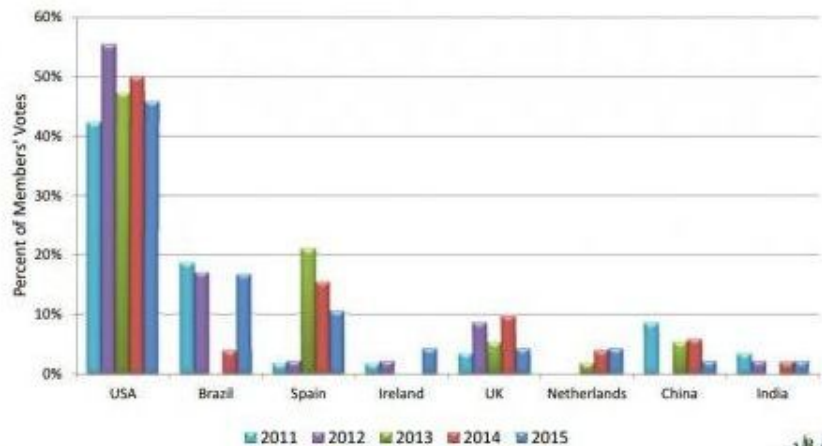
AFIRE Chief Executive, James A. Fetgatter, says, "The investment opportunity is the United States, itself. The real estate fundamentals are sound; the economy continues to remain strong; there are opportunities across all sectors of the real estate spectrum and in both gateway and secondary cities.

"The recent legislation bringing welcome relief from certain FIRPTA taxes should provide additional incentives for foreign investment into the US. In an environment that is regarded both as the safest and most secure in the world, with a strong currency and the best opportunity for capital appreciation, the US is the safest harbor."

The survey, conducted in the fourth quarter of 2015 by the James A. Graaskamp Center for Real Estate, Wisconsin School of Business, found:

- 66% of respondents say the US is the country providing the most stable and secure real estate investments. Germany came second with 19%.
- 46% say the US provides the best opportunity for capital appreciation. Brazil is second with 17%.
- 85% say their perspective on the viability of the US real estate market was unchanged over last year, although 80% of respondents said it was very difficult (35%) or somewhat difficult (45%) to find attractive US real estate investment opportunities.
- In the US, multifamily and industrial tied for first place as preferred property types. Retail moved from fourth place last year to third; office moved from third to fourth; hotels remained in fifth.

Country providing the best opportunity for capital appreciation



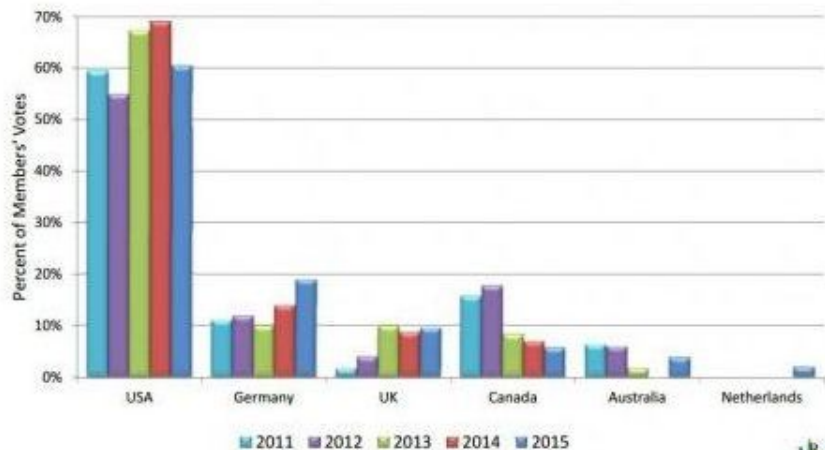
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Frank P. Lively, executive vice president, Wafra Investment Advisory Group and the new chairman of AFIRE, says, "This year's survey confirms that the tremendous inbound flow of foreign capital remains justified.

"Foreign capital continues to view the US as the safe haven that it is typified by stable, albeit expensive markets. Investment in cities such as New York, Los Angeles, and San Francisco, all ranked among the top five global cities, along with the historically stable and consistent Washington DC, have and will continue over time to reward cautious and careful institutional investors with the best risk adjusted returns for their real estate capital."

Country providing the most stable and secure real estate investments



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Other findings in the survey included the rise of Paris in the top global cities list, jumping from 14th place to tie San Francisco for fifth place.

India and Peru join the list of top five emerging countries for investment. The top three, Brazil, China, and Mexico, retained their positions from 2015. Chile moved from fourth place to third to tie with Mexico; India and Peru tied for fifth place.

Australia, in fifth place, joins the list of countries providing the most stable and secure real estate investments.

Here is a summary of the survey rankings:

Top Five Global Cities

1. New York (#1 last year)
2. London (#2 last year)
3. Los Angeles (#10 last year)
4. Berlin (#7 last year)
5. San Francisco (#3 last year)

Top Five US Cities

1. New York (#1 last year)
2. Los Angeles (#4 last year)
3. San Francisco (#2 last year)
4. Washington, DC (#5 last year)
5. Seattle and Boston (#8 and #6 respectively last year)

Most Stable and Secure Countries for Real Estate Investment

1. US (#1 last year)
2. Germany (#2 last year)
3. UK (#3 last year)
4. Canada (#4 last year)
5. Australia (Unranked last year)

Countries Providing the Best Opportunity for Capital Appreciation

1. US (#1 last year)
2. Brazil (#5 last year)
3. Spain (#2 last year)
4. Ireland (Unranked last year)
5. UK (#3 last year)

Top Emerging Countries

1. Brazil (#1 last year)
2. China (#2 last year)
3. Mexico and Chile (#3 and #4 respectively last year)
4. India and Peru (#6 and #8 respectively last year)

Ranking of US Property Types

1. Multifamily and Industrial (#1 and #2 respectively last year)
2. Retail (#4 last year)
3. Office (#3 last year)
4. Hotel (#5 last year)

AFIRE members have a common interest in preserving and promoting investment in cross-border real estate. Founded in 1988, AFIRE has nearly 200 members representing 21 countries.

The main picture, taken by Dario Lucarini, is from Freelimages.com.