

Global Investors Report Increased Allocations to U.S. Real Estate in 2023

By Paul Bubny

The U.S. remains a preferred global destination for commercial real estate investment with allocations up 6% from 2022, compared to a 5% decline in European investment, according to AFIRE's International Investor Survey: Q1 2023 Pulse Report. However, the survey, conducted in early 2023, found that continued interest rate increases weigh on access to capital, limiting reasonable financing and impeding transactions.

Investors identified multifamily and industrial as the most attractive property types. With support for multifamily continuing, about 40% agreed they would accept a lower expected rate of return to invest in more attainable housing.

New York regained the top U.S. spot for investment in 2023, displacing previous top three cities from the past several years: Atlanta, Austin, and Boston. Internationally, London remains the top global city for planned investment.

"While continued rising interest rates and the future of office are identified as areas of concern at this time, investors long-term horizon enables them to balance these against opportunities, in particular the relative strength of the US real estate market as a preferred global destination for investment capital," said AFIRE CEO Gunnar Branson.