

U.S. Real Estate Market Swelled To \$4T in 2021

By Dees Stribling

The size of professionally managed real estate investment markets in most parts of the world increased markedly between 2020 and 2021, but nowhere did the market grow more than in the United States — up more than \$466.1B, according to a new report from MSCI.

The increase, which was about 12.8% year-over-year compared with 2020, brought the total size of U.S. real estate to more than \$4.1T, by far the largest real estate market in the world.

"The hit to pricing [in 2020] was, for the most part, negligible and the flood of distressed assets never came," the report notes. "Instead, the market rallied in 2021."

Japan, where the market totals \$947.1B, is second in size, but it didn't grow that much in 2021, the company reports, up only \$7.3B for the year. The UK is third, at \$850.4B in 2021, up \$81.9B for the year.

China, where the market has been in considerable turmoil recently, nevertheless enjoyed growth of \$123B last year, to reach a total size of \$791.3B. The Chinese market is the fourth-largest in the world, according to MSCI.

In only a handful of countries did market size contract in 2021, including Singapore, Belgium and Ireland, and those contractions were relatively small.

Overall, the size of the professionally managed global real estate investment market worldwide increased by 8.5% from \$10.5T to \$11.4T in 2021, according to the report. The pandemic didn't impact growth the previous year, when the market grew by 9% compared with 2019.

About three-quarters of the growth in global market size in 2021 came from the U.S., UK and China, the report noted.