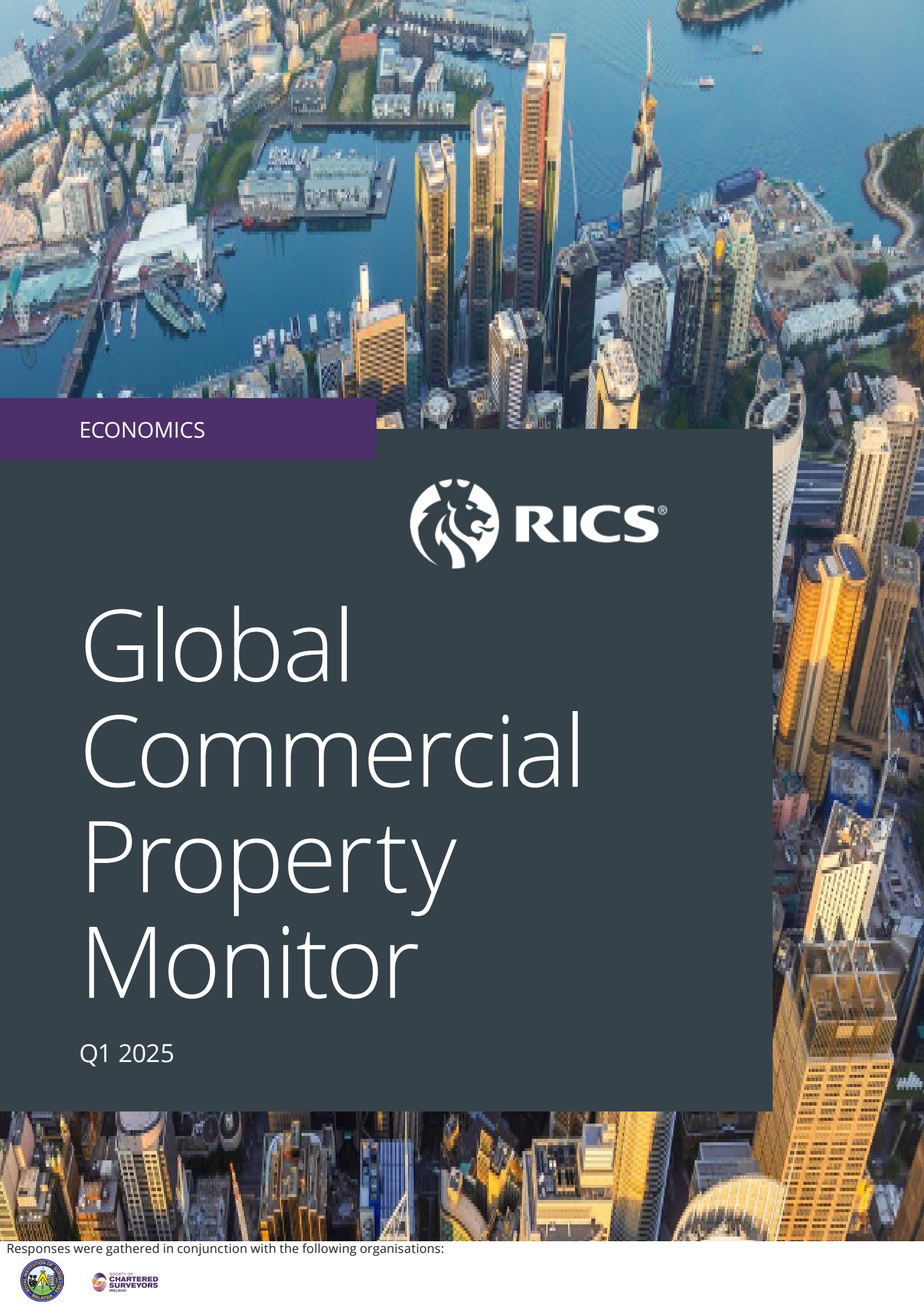




ECONOMICS



Global Commercial Property Monitor

Q1 2025

Responses were gathered in conjunction with the following organisations:



ECONOMICS

Global investment enquiries pick up ahead of the escalation in tariff tensions

- Headline RICS Global Commercial Property Sentiment Index little changed in Q1
- Investment Enquiries metric gathers momentum climbing to its best level since early 2022
- Credit conditions still seen as improving albeit somewhat less so than in the final part of 2024
- Data centres continue to be viewed as delivering strongest returns over the next twelve month

Inevitably, the initial round of announcements regarding tariffs and the subsequent rowing back of some of the measures has cast a shadow over the results of the Q1 2025 Global Commercial Property Monitor (GCPM). The survey remained open for a week and a half after President Trump's opening gambit with roughly one-third of responses being completed post April 2nd. Subsequent volatility in both equity and, arguably more importantly, bond markets, as well as concerns regarding the implications for the global economy will have had some bearing on the feedback received post 'Liberation Day'. That said, with talk of the implementation of tariffs being part of market discourse even before this point (and the subsequent 90 day pause in the application of many of the measures), the results from the latest GCPM still contain some interesting signals.

Significantly, the headline level RICS Global Commercial Property Sentiment Index (CPSI) was little changed in the first three months of the year, coming in at -6 compared with -8 and -7 in the previous two quarters. That said, the last time this indicator reported a result better than the latest reading was actually in the early part of 2022, a point highlighted in Chart 1.

In terms of the regional picture, the CPSI remains most positive in MEA where it came in at +10 as against +11 in Q4 2024. Once again, it is the UAE where contributors are telling the most upbeat story. Meanwhile, the aggregate result for the Americas shows sentiment beginning to move in a more encouraging direction. The headline CPSI climbed from +2 to +5 reflecting, in part, the somewhat better tone to responses from US (where the metric increased from 0 to +4). Interestingly, the results for Canada, in contrast, show the

sentiment reading slipping back to -9 which might in part reflect the domestic political uncertainty prevailing at the time of the field work for the survey as well as the more recent discussion around tariffs with its southern neighbour.

For Europe, the CPSI was -6 as against -7 in the final part of last year. Of the larger markets in the region, the picture emanating from Spain remains most positive with an improving trend now emerging in Italy. The UK remains in the neutral zone (-4) while the signals from the Netherlands, Germany and France are still downbeat.

Finally, the APAC landscape remains as divergent as it has been for quite some while. The headline CPSI for Q1 was recorded as -21 versus -22 previously. But, within this, the insights from India are still consistent with a particularly healthy real estate market. The numbers also show a gently improving trend in Singapore with Australia still largely flat. At the other end of the spectrum, the picture in Hong Kong and China is still strikingly negative with the sentiment index once again coming in at -50 in the latter.

Investor enquiries pick-up speed

A noticeable feature of the Q1 results is the improving trend in the investment enquiries metric. The global reading for this indicator climbed to a net balance of +10%, up from +4% in the previous quarter, which represents the best result in three years. Chart 2 captures the data disaggregated at a regional level with a comparison against the Q4 2024 figure. Put another way, investment enquiries rose in three quarters of the countries included in the Q1 GCPM, to a greater or lesser extent, with the net balance strongest in the UAE at +62%. That said, Spain was the real estate market with the second most positive reading at

Chart 1 - Commercial Property Sentiment by Region

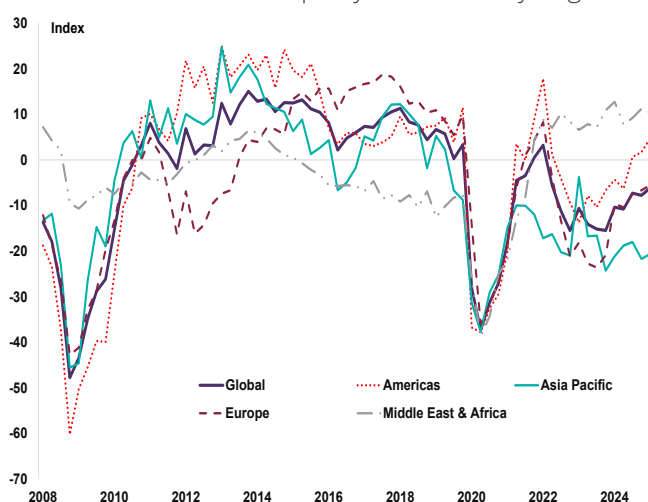


Chart 2 - Investment Enquiries by Region



+55% followed by Saudi Arabia at +51% and India at +46%. Another noteworthy aspect of the global investment enquiries series is the breakdown of the results by the three mainstream sectors. Unsurprisingly, it is industrials which lead the way with a net balance of +17% compared with +8% previously. More interestingly, the retail result climbed to +7% from +2% which is the highest result reached for this metric since the back end of 2016. Meanwhile, office investment enquiries returned to positive territory in net balance terms (+6%) for the first time in twelve quarters. Indeed, this is the first time since 2018 that the results for all three sectors have been consistent with an increase in buyer activity at the same time.

At present, this more upbeat mindset regarding enquiries is not being captured in the headline forward-looking capital value indicators with both three and twelve month expectations numbers still largely flat. That said, the historic relationship between the RICS datasets suggests that the latter will begin to pick-up over the coming quarters if the investment enquiries series continues to gain traction.

Significantly, the credit conditions indicator (which is a lead indicator of the investment data) continues to point to an improving environment, albeit a little less so than in the fourth quarter of last year. The net balance of +24% compares with +26% and +34% in the previous two iterations of the survey. One area of concern is how the sell-off in bond markets impacts the credit environment, although, taking 10 year US Treasuries as an example, yields still remain below where they were at the beginning of the year.

One other way of looking at the tone of market sentiment from the GCPM is to focus on the proportion of respondents who view real estate as being in the upturn phase of the cycle. For now, this remains little changed at just shy of 40% at a global level. Reflecting other results already discussed however, this is notably higher in the MEA where the share is around 50%.

Development starts still weak

One of the other indicators that we watch closely to see whether confidence is returning to the market is development starts. The Q1 global number is yet to signal a meaningful improvement in mood, with the net balance for this series coming in -22%. However, as with many indicators from the survey, the headline reading masks widely diverging results at a more disaggregated level. This is partly highlighted in the regional breakdown shown in Chart 3.

To put the numbers in a slightly longer term perspective, we have contrasted the latest results with the history for the past three years. Predictably, the feedback from China is particularly gloomy for this metric, but other countries where

Chart 3 - Development Starts by Region

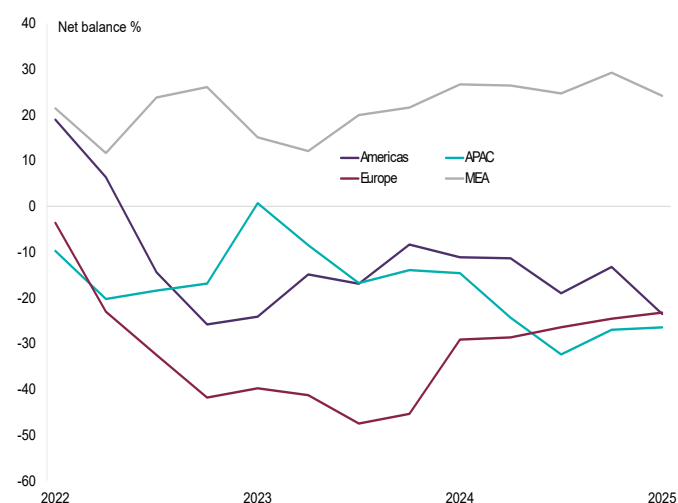
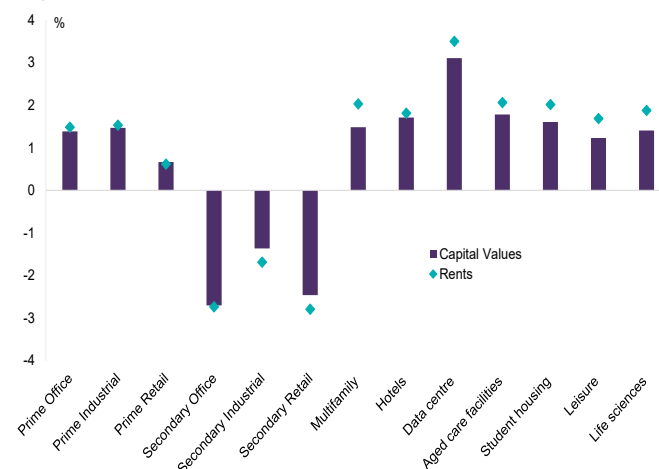


Chart 4 - Twelve-month Global Capital Value and Rent Expectations



development starts are perceived by respondents to still be weakening materially include Hong Kong as well as France and Germany. Much more positive feedback in this regard has come from UAE (+55%) and India (+47%)

Expectations for alternatives remain most positive

As has been the case for a while now, respondents to the GCPM are seeing returns likely to be strongest in what may be described as the alternative asset classes. Chart 4 tracks the projections for the next twelve months for capital values and rents at a global level. Data centres continue to be the star performer with values on average anticipated to increase by a further 3% over the period (rents are seen as recording a similar gain). That said, it is interesting that, in MEA, other alternative asset classes including multifamily, student housing and leisure are seen as potentially generating broadly similar returns.

In terms of the more mainstream sectors, the polarisation between best in class and the rest remains much in evidence. At a global level, capital values for prime offices (and rents) are expected to see a very limited rise over the one year time horizon. In contrast, secondary offices are anticipated by respondents to the survey as likely posting the most negative returns with projections little different from those recorded in the previous survey. Predictably, the one region where this is not the case is MEA where capital values for secondary offices are viewed as increasing by close 2% (with rents similarly).

A pronounced divergence in expectations within the retail sector also remains very much in place away from MEA. Secondary retail is seen as continuing to face a particularly challenging environment in parts of APAC and Europe. Interestingly, as far as the US secondary retail real estate market is concerned, capital values are now thought likely to hold steady over the course of the next twelve months.

Property still not viewed as cheap

Alongside more conventional methods of assessing value, the RICS GCPM includes a question asking respondents to provide their assessment as to the valuation of real estate at an aggregated level. The most cited response at a global level is that the market sits at 'fair value' presently, with just over 40% of contributors taking this view; this figure has barely budged over the past year. Meanwhile, a slightly smaller proportion of contributors continue to indicate their market is either 'expensive' or 'very expensive'.

The largest share of respondents who see their local market as cheap are to be found in Brazil and China. In contrast, contributors from Japan, France and Qatar rank most highly in expressing some concern about the value of real estate.

Chart 5 - Twelve-month Global Capital Value and Rent Expectations

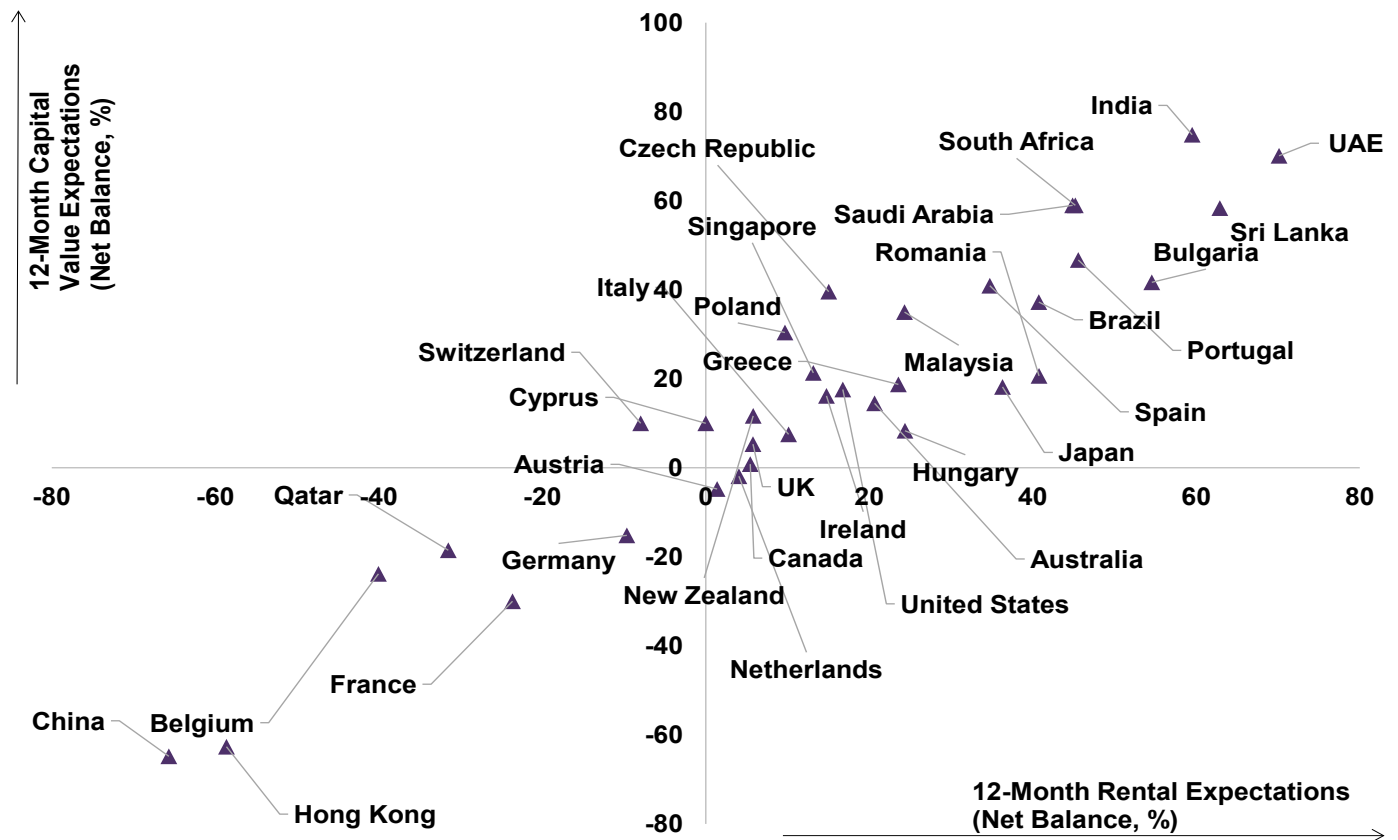
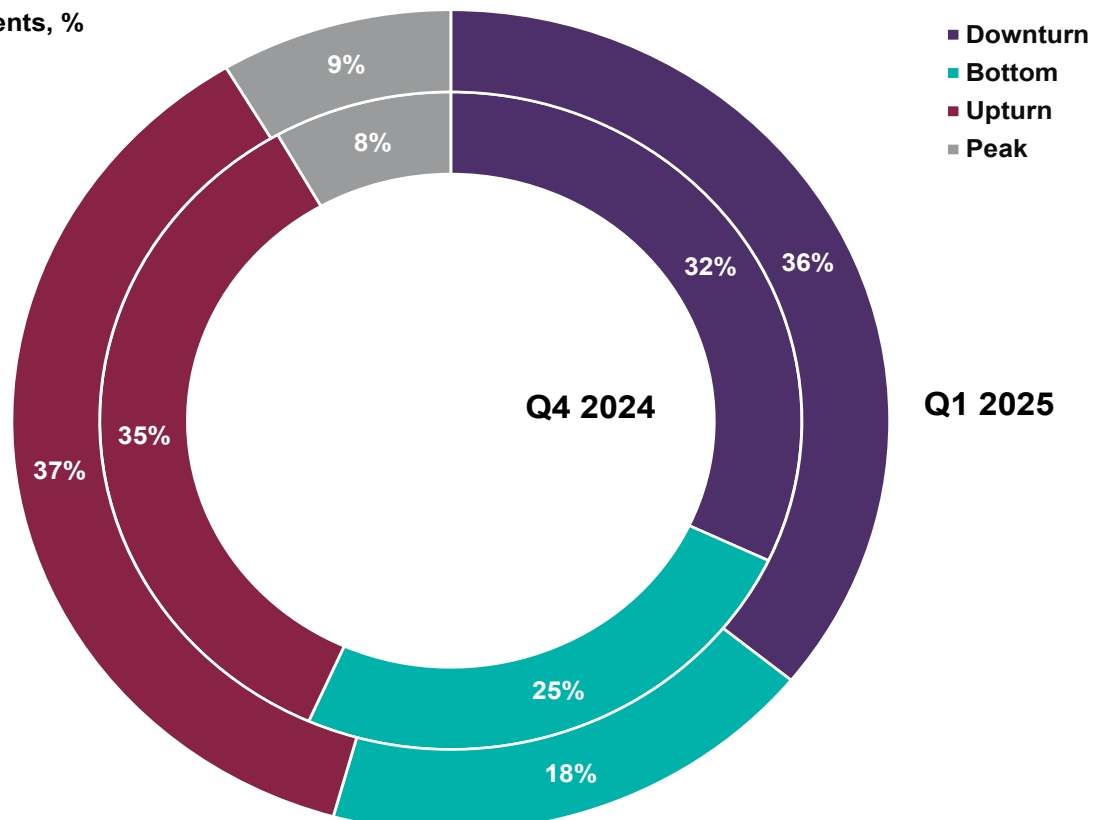


Chart 6 - Global Perceptions Regarding Point in Cycle

Share of respondents, %



APAC: Continued divergence across the region with India and Japan seen outperforming

The Q1 2025 GCPM results for APAC remain generally downbeat across the region in aggregate, with the latest feedback showing no real improvement of late. Indeed, 51% of survey participants view the CRE market to be in the midst of a downturn, slightly above the 48% share taking this stance (at the headline level) last time. That said, the individual country data continues to show significant divergence in conditions across different parts of the region.

Occupier and Investment Sentiment Indices still languishing in negative territory

Chart 1 maps the headline Occupier and Investment Sentiment Indices at the APAC aggregate level. For both metrics, the Q1 readings were more or less unchanged from last quarter and therefore continue to signal subdued momentum behind activity from buyers and tenants alike. That said, when looking into the separate components of these indices, there were at least a few glimmers of improvement. On the occupier side, the tenant demand measure posted a net balance reading of -11%, slightly less downcast than the figure of -21% seen previously. Within this, demand appeared to stabilise across the industrial sector, while the downward trend in demand for office and retail space was less severe than that reported last quarter. Alongside this, on the investment side, the headline net balance for buyer demand came in at -4%, consistent with a broadly flat picture. This represents the least negative reading for the investment enquiries metric since early 2023.

Focussing on the country level results, Chart 2 shows the Commercial Property Sentiment Index disaggregated by all APAC nations covered in the sample. From this, it is clear that feedback across China remains particularly cautious, with recent results suggesting there has been no meaningful turnaround in market conditions of late. Crucially, occupier and investor demand continues to fall across all mainstream sectors throughout the nation. Set against this, vacancies and the supply of property listed on the sales market are both still increasing. By way of contrast, some other APAC nations are seeing an altogether brighter market backdrop, with India and Japan exhibiting firmly positive CPSI readings. In each case, growth in occupier demand is outpacing that of supply (in net balance terms), while investment activity is picking up smartly. Elsewhere, headline conditions appear relatively stable/flat across Australia, Singapore and Malaysia, while the tone to the Q1 data is generally pessimistic for New Zealand and Hong Kong.

Secondary markets set to remain under pressure while alternatives display positive expectations

As shown in Chart 3, rental and capital value growth expectations remain deeply negative across secondary tiers of the traditional sectors for the year ahead (at the APAC-wide level). On the same basis, the outlook is largely flat for prime office, industrial and retail properties, albeit these regional averages are being negatively skewed by continued declines anticipated for each of these categories across China. By way of contrast, both rents and capital values are seen rising across all sub-sectors in India, while twelve-month projections are comfortably positive regarding prime markets in Japan, Singapore, Australia, Malaysia and Sri Lanka. In virtually all parts of the region, many of the alternative CRE sectors tracked are expected to see an upward trend in rents and capital values (to a greater or lesser degree), with respondents most bullish on data centres and life sciences.

Chart 1 - Occupier and Investment Sentiment Indices

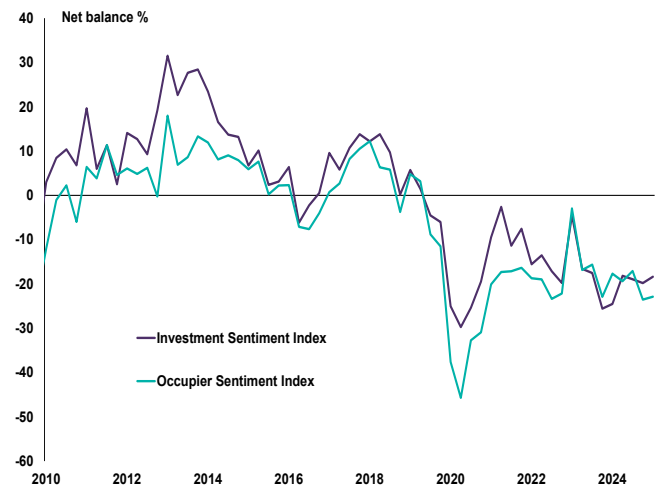


Chart 2 - Commercial Property Sentiment Index by Country

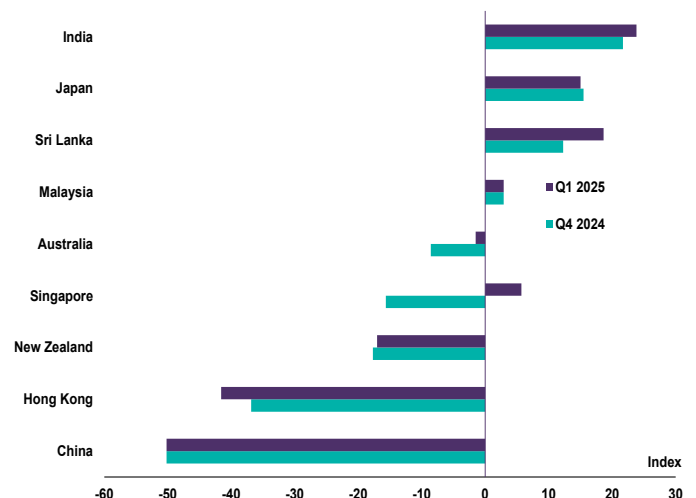
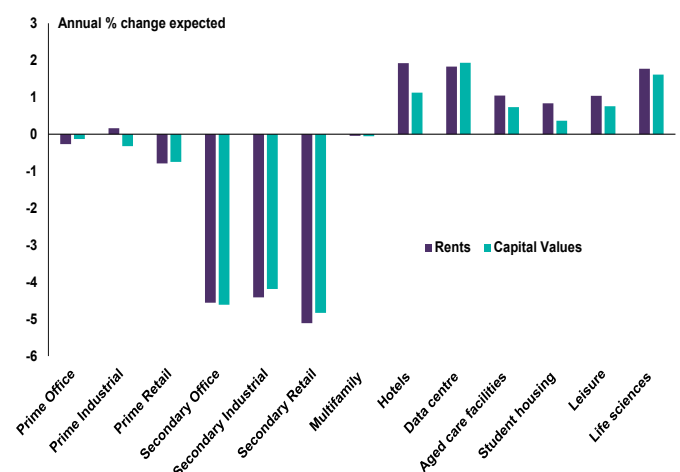


Chart 3 - All-sector Average 12-Month Expectations



Regional comments from survey participants in APAC

Australia

Impact of the potential global trade war is likely to diminish demand. - Brisbane

Overall demand is lower. - Melbourne

Depressed. Victorian government land tax is the cause of investor departures. - Melbourne

Static conditions anticipated in the short term. - Parramatta

I consider office /retail values will remain subdued. Industrial will show some growth, but not to the same extent as over the last 24 months. - Perth

Bottom of cycle and global uncertainty holding back market sentiment. - Sydney

Market on hold waiting for federal election.- Sydney

Difficult to pin down market activity levels as there is so much variance between the sub-markets. Demand is strong in the financial core, putting downward pressure on incentives. But elsewhere vacancy remains elevated along with incentives. At an aggregate level net rents are stable or even growing modestly, but it is the tale of two markets within the CBD. - Sydney

For prime commercial offices I see green shoots emerging particularly with smaller enquiries. - Sydney

There is likely to be a continued state of limbo in the market with elections and the ongoing uncertainty in the global economic landscape. Large ticket investment decisions will be pushed out wherever possible. - Sydney

Brunei

Domestic economy is weak amidst reduced Government spending and cut in its budget in development projects although inflation and cost of funds have fallen slightly over the year. Consequently, the construction industry has slowed down significantly and consumer spending has weakened over the year. - Bandar Seri Begawan

China

The incremental demand in the office market is slow to be released, and the market demand is mainly for cost-saving relocation, and the rent concessions of owners continue to increase. There are more retail real estate renovation and upgrading projects, and reducing the vacancy rate is the main goal of old retail real estate projects. Demand is more inclined to retail brands or service formats that "satisfy emotional value." - Beijing

Most properties experiencing hard time. - Beijing

Beijing market is in the bottom cycle, expected to stabilise in the 4th quarter. - Beijing

More are moving out than coming in. - Shanghai

The overall market is transforming towards a consumption-oriented approach, and whether it will be successful depends on the strength of policies. - Shanghai

The market continues to decline and demand is tight, but the increase in emerging technology companies may provide market opportunities.- Shanghai

Hong Kong SAR

China needs to re-engage with the rest of and the world in a peaceful, transparent and business like manner and properly manage it's economy to bring itself out of recession. - Hong Kong

Little investment activity; gradual recovery in occupational markets but only for quality space. - Hong Kong

Oil. - Hong Kong

Overall the real estate market remains weak in its mid-downturn and it may last at least until end 2025. - Hong Kong

Low economic recovery still having an impact on market

sentiment as potential buyers are almost end-users. - Hong Kong

Sluggish downward trend - Hong Kong

The disappearing of buyers and lack of liquidity make price discovery close to impossible. Thus leading to very limited transaction in the market. - Hong Kong

The geopolitical situation and particularly the erratic behaviour of the US is impacting on both trade and investment decisions - Hong Kong

The value of commercial properties is expected to decline by 10% to 15%. The extent of the decline and the ultimate property value will largely depend on key factors such as layoffs and liquidation cases. - Hong Kong

The weak Chinese economy and the going trade war between China and the USA have resulted in a slowdown of business activities. - Hong Kong

Uncertainty on the economy owing to the tariff policies launched by US; wars in Israel and Ukraine also influencing sentiment; but positive incentive policies from China - Hong Kong

we are nearly at the bottom of the market, office rent / capital values are still under pressure as more landlords need to sell their properties. Demand for office is not strong, only stable. - Hong Kong

We are yet to see the bottom of commercial asset valuation. Economic headwinds and geopolitical risks dampen investors' confidence. - Hong Kong

Local commercial / industrial / retail property will remain on average down on par with low economic momentum, some data center or life science property will stay competitive when quasi-public science park development is still yet to be oversupplied. - Kowloon

India

Continue to see growth across India - Bangalore

Real estate is booming. Small medium builders rising on joint ventures. Multistoried residential units are coming in a large scale. Silas are also coming on par with the multistory apartments. MNC food business is also in a positive mode. Other door step services like Hung sow are expanding their services to tiers of cities. - Chennai

The markets have improved a lot. Absorption has increased by 50%. Supply is increasing but rental prices are being pushed higher. - Chennai

The market is an upturn. Well located and better built buildings will see steeper rise. Buildings with sustainable development goals fetch savings for users and tenants and will see higher returns as investors and tenants begin to see long term benefits. - Gurgaon

The overall real estate market for residential units and open plots are in a downtrend due to no new infrastructure development. The retail space is restricted only to ground and first floors of commercial space and most of the upper floors of commercial space are not occupied. The demand for office space also is on a downtrend as there is not much take-up and available space on lease is more than demand. - Hyderabad

General market seems unchanged. - Mumbai

Market is in wait and watch mode now. - Mumbai

Market sentiments are good and there are lot of growth opportunities. - Mumbai

Real State business is improving as demand is also increasing. - Noida

There is uncertainty due to changes in the U.S.A market. Price of dollar is also fluctuating. Old prices are increasing as investors buy of this type of stock. - Noida

Most reliable and getting predictable. - Rajkot

Regional comments from survey participants in APAC

Indonesia

Data centers continue to be the prominent area for new development - Jakarta

Very soft with currency under pressure, overall economic sentiment on the gloomy side. - Jakarta

Expecting downturn due to economic instability. - Jakarta

Japan

The market seems to be tracking upwards, but the Trump uncertainties might change trends. - Tokyo

Malaysia

Due to the pending connection to Singapore, there is a buying spree and hence an increase in prices and rentals. - Johor Bahru

Hotel industry might be going down because of new regulations are coming out. Retail market is coming down because of China weakness spreading to Malaysia. Overall 20% of the offices will be unoccupied because of the accounting industry will be wiped out due to the new regulations enforced in 2026. - Kota Kinabalu

Market is stable. - Kota Kinabalu

On the downside. - Kuala Lumpur

Market is largely flat with the main activity being primarily in Data Centres and to a lesser extent in Industrial. - Kuala Lumpur

Trump's tariffs will certainly make an impact on global economy and market patterns. The uncertainties of market trends might lead to higher risk premia and consequently lead to higher borrowing cost for firms and households. - Kuala Lumpur

We are at the early stages of recovery with major office and retail oversupplies slowly reducing. Current rents would not support new developments at prevailing construction costs. Therefore, assuming a stable economy, the market will slowly come out of the doldrums. He can anticipate a fresh wave of new commercial development in 2-3 years. - Kuala Lumpur

Myanmar

Military government and social unrest continue to distort free market activity. - Yangon

New Zealand

Market seems to be turning slightly positive after 12 months - Auckland

Positive buyer sentiment emerging as interest rates track down, however, still evident bid-ask gap as reported values remain above market levels. Occupier demand heavily influenced by availability of capital for fit out as incentives remain relatively low. Overall positive recovery signals evident across most New Zealand markets. - Auckland

General slowly growing business/market confidence as inflation is controlled and bank interest rates decline. However, many businesses remain under pressure with high overheads, repayment of government loans and the bulk of the tourist season now over. Business receiverships and unemployment through redundancy remain threats as does the coming USA tariff wars which will cause geopolitical tension. - Christchurch

Green shoots exist, with further interest rate cuts anticipated, but some nervousness around geo-political events. - Christchurch

A real period of uncertainty, lowering interest rates are being offset by a general weakening in the economy and uncertainty for exports. Most occupiers are sitting tight and not making any big decisions. - Nelson

New Zealand still technically in recession. - Queenstown

Businesses closing and others relocating to suburban or other cities means increased supply of both office and retail. In a city where secondary rents are mainly gross, huge increases in Wellington City Council rates are eating into any return. Insurance market is softening. Overseas and local investors are looking at other locations. Seismic issues remain a concern. - Wellington

Small market with very limited transactions getting fewer by the day. - Whangarei

Very small market, single transaction can distort results. - Whangarei

Philippines

Residential down, other sectors holding on. - Manila

Singapore

Cautious as trade friction becomes a negative factor to growth and investment. - Singapore

The general consensus is that the real estate market here in Singapore is slightly expensive but still sustainable. - Singapore

The market is lacking in direction as many companies watch the geopolitical situation play out and delay making any decisions. Supply and demand remain at equilibrium, and whilst there has been a slight reduction in lending costs, the market lacks rental growth to stimulate the capital markets. - Singapore

Singapore's overall economic trend is positive, and real estate prices have slightly fallen back from their peak. The retail market faces challenges mainly due to the strong Singapore currency, which has led to Singaporeans traveling and spending overseas more frequently. This is also due to the high base rates in the past two years. - Singapore

Sri Lanka

Following the political stability in the country, high inflation rates have now begun to decline, and the removal of import restriction on vehicles is a positive development. Although the investors are still not favouring real estate investment due to liquidity and they are looking at fixed deposit and securities market as preferred choice prioritizing stability and guaranteed return. The policies and trend on industrial development and tourism sector has led to increased demand for land. - Aturugiriya

National economy is just starting to gain momentum and it will take some more time to recover. Investors have not come and opportunities too have not yet been fully opened. - Colombo

Low growth. - Colombo

The new government has taken initial steps to promote the country's economic growth by increasing public and foreign investments. The 2025 budget has raised government expenditure from 13% in 2024 to 18% in 2025. The government's aim to create a corruption-free, accountable, and transparent platform is commendable, as it focused on attracting foreign investments. - Colombo

Thailand

With the trade war happening, there has been a surge in demand for industrial properties as many Chinese firms have repositioned their production lines to other countries to overcome the tariffs imposed by America. - Bangkok

Europe: Rising share of respondents now sense the market has entered the early stages of an upturn

The Q1 2025 GCPM results across Europe, while still generally cautious overall, do show some signs of improvement following a difficult period for the market. Significantly, there was a rise in the share of contributors viewing the market as having shifted into the early stages of an upturn (from 26% in Q4 to 37% in the latest feedback). Nevertheless, the headline indicators still point to relatively subdued momentum at present, even if views around the outlook are brightening somewhat.

Investment Sentiment Index continues to stabilise

As illustrated in Chart 1, negativity continues to diminish across the European aggregate Investment Sentiment Index. Indeed, the Q1 reading of -3 is the best (least negative) return for this metric since Q1 2022. Supporting the investment market, a net balance of +23% of respondents noted an improvement in credit conditions this quarter, marking the fifth straight report in which some relaxation in the lending environment has been noted. Meanwhile, the Occupier Sentiment Index remained unchanged for a third successive quarter at -8. As such, this still signals relatively weak momentum behind occupier activity at the regional level.

Chart 2 shows the RICS Commercial Property Sentiment Index at a country level across the continent. From this, it remains clear that France and Germany continue to exhibit relatively weak results, with both nations seeing no real improvement during Q1. At the other end of the scale, the Southern European markets of Spain and Portugal continue to outperform the regional averages comfortably. This is in keeping with solid economic growth registered over the past year in both cases and the associated expansion in occupier and investor demand.

Twelve-month projections remain divergent at the sector and country level

Chart 3 depicts twelve-month point forecasts made by survey participants at the pan-European average level. As has been the case for a while now, several of the alternative CRE asset classes display reasonably strong expectations for growth in both rents and capital values over the coming year. In particular, data centres and multifamily residential returned especially upbeat projections for the year to come. By way of contrast, secondary portions of the traditional sectors are clear laggards, with office and retail properties expected to see further declines in both variables in the year to come. In the case of offices, there remains a stark divide between best-in-class and the rest, with the prime office market seen delivering solid growth in rents and a small uplift in capital values.

At the country level, twelve-month all-property rental and capital value projections are most upbeat in Portugal, Spain, Romania and Bulgaria. That said, it is important to note that even in these market, secondary tiers are still expected to underperform substantially. At the same time, respondents in Germany and France continue to foresee further weakness in capital values and rents at the headline level, weighed down heavily by declines in the secondary office and retail sectors. For most other nations across the region, prime office, industrial and retail assets are seen posting modest rental and capital value growth in the year to come.

Chart 1 - Occupier and Investment Sentiment Indices

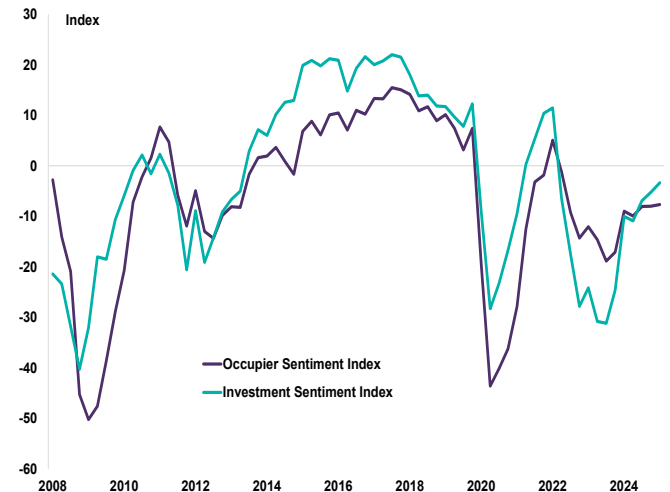


Chart 2 - Commercial Property Sentiment Index by Country

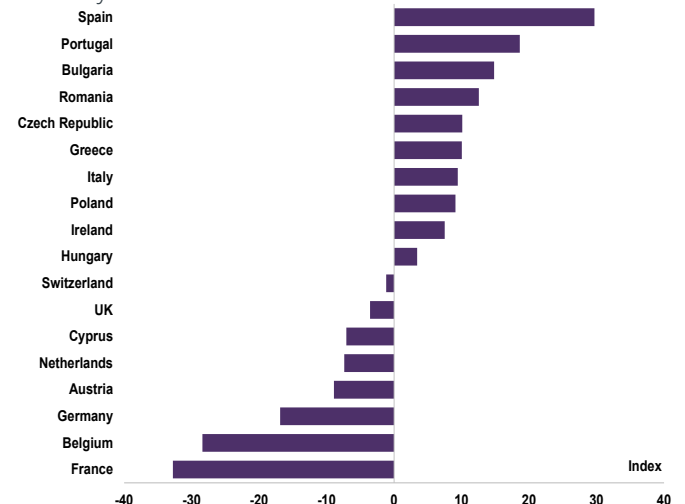
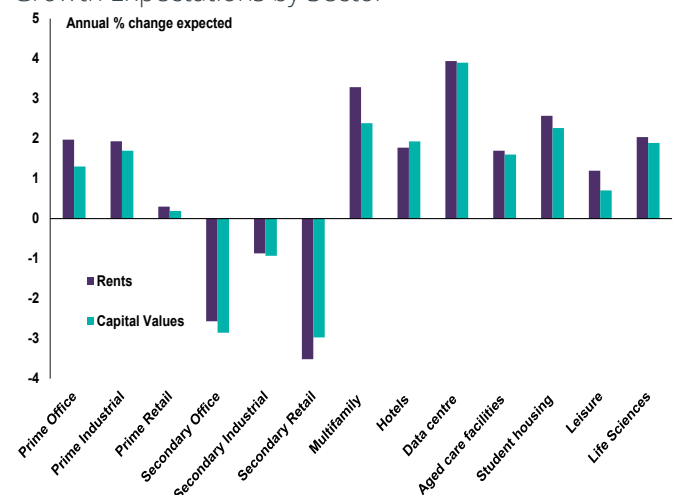


Chart 3 - Twelve-month Capital Value and Rental Growth Expectations by Sector



Regional comments from survey participants in Europe

Austria

Banks have not (yet) reflected ECB rate cuts in interest rates offered for commercial RE, so investment market and valuations are moving very slow and market participants remain in waiting. - Vienna

Belgium

As office attendance rates do not recover from 2 days per week in both US and Europe for over 18 months, larger organizations have started accelerating space reductions. Urbanite Advisors global survey identified close to 200 M sqm of additional vacancy to come to the market in US and Europe combined. Demand for "green" offices in central & vibrant locations will remain strong but market will increasingly polarize. - Brussels

Bulgaria

Lower liquidity vs previous periods. Gap between expectations of sellers and buyers will increase in next 12 months to trigger less transactions. Retailers in expansion are in the low and mid segments. Most of office deals are relocations. - Sofia

Cyprus

Nicosia is experiencing a surge in new Student Housing construction (high demand for new units). - Nicosia

Czech Republic

Supply is becoming limited in most sectors which is driving rents up. The worst appears to be over for prime offices and investors are signifying that they are ready to get into this sector, but this is still limited to prime downtown products at this stage. - Cernosice

France

Very slow market adjustment combined with very few transactions making it difficult to draw many conclusions. - Paris

Germany

In total a very good time to invest in the top regions/ top tier cities; investment climate is still more difficult with office investments, residential demand (investment) very high, but pricing still a bit expensive (institutional investors and big private investors). However valuations are still behind market, with a huge number of real estate assets with book values (fair values; e.g. IFRS) higher than the assets would sell on the open market. - Berlin

High level of uncertainty. - Munich

Greece

Strong housing crisis, pushing residential market upwards. There is a significant interest for student housing investment. Secondary retail could turn into housing, since they are turning financially obsolete, due to market structural changes (ie online shopping, consolidation of "mom and pop" businesses). - Athens

The recovery of the Greek economy has been driving occupier demand and investor interest in the market. Chronic shortage of high quality space has underpinned capital and rental value growth. We expect prices to stabilize in the traditional commercial sectors, with some further growth expected in the expanding hospitality and Multifamily segments. - Athens

Hungary

ESG and hybrid work are still an uncertainty, interests are still high, price expectations of sellers and buyers are still divergent. - Budapest

Ireland

Slight improvement in the occupier market. Some large transactions happened over the last 12 months but demand is very much in the 5-10k sq.ft. range. Rents are unchanged and incentives remain high. Suburban markets continue to lag significantly behind CBD. - Dublin

I believe we're at the bottom of the market and captial values likely to

increase in the coming quarters. - Dublin

Italy

The current real estate market has remained stable across all destinations covered in the study. Despite various economic factors, there have been no significant changes observed in property values or demand. - Rome

Italy is living in a good moment for investments. The question mark is over how Milan's developments and macro economical enviroment will affect the future upturn. - Rome

Netherlands

Mixed, interest is going down, macro economic worsening due to Trump. - Amsterdam

Due to the general geopolitical circumstances we expect a downturn market. - Amsterdam

Poland

Polish Real Estate Capital Values appear to have bottomed out for office, industrial and retail investments, however, immediate price rises will be limited. Residential sale prices are at the top of a cycle and may come down in the short term albeit a sharpe decline is unlikely. Development land prices remain strong however buyers are placing more planning permit conditionality before acquisition. - Warsaw

It is very difficult to predict anything at the moment. We have the local factor, Ukraine war which has spooked a lot of international capital but not the domestic capital, and then the impending fallout from the Trump global tariff war, which is creating so much international uncertainty. - Wroclaw

Portugal

Waiting to see how economy is going to react to this new reality. - Lisbon

Romania

Poor political situation locally, the conflict between Russia and Ukraine (influencing oil, gas, electricity prices between other adverse effects), the inconsistency of US trade policies are making a perfect storm for the actual market. - Bucharest

As industry class office is definitely suffering due to lack of take up which is luckily countered by the long and difficult permitting process, so vacancies are not increasing and there is less pressure on rents. Retail is King in Romania, with FDIs coming in. Industrial is in stagnation as generally take up has stalled with the exception of retail. - Bucharest

Spain

In Madrid's office market, there is a shortage of available rentals in the metropolitan area (inside the M-30) and an oversupply in peripheral areas. Investment interest is focused on urban areas, and there is little interest in office buildings located outside the M-30. - Madrid

The outlook for Spain over the next 12 months is positive with continued interest from both national and international investors, especially for retail, student housing, co-living and senior housing asset types. - Madrid

Sweden

The transaction market has come to life in recent quarters and access to capital is significantly better than before. However, the economic situation means that many tenants are having a harder time. This has led to a greater focus on classic property management by property companies, with a focus on cost savings and developing and optimizing the premises. - Stockholm

Middle East and Africa: Demand remains robust across the region

The Q1 2025 GCPM feedback across the Middle East and Africa continues to portray a solid backdrop for the commercial real estate market. Emphasising this, the largest share of respondents still perceive current conditions to be consistent with the early to middle stages of an upturn. As such, going forward, although valuations are increasingly being viewed as somewhat expensive across the region, respondents still foresee continued growth in capital values over the year ahead.

Occupier and Investment Sentiment Indices in MEA remain more upbeat than all other world regions

The headline OSI and ISI readings for Q1 remained similar to those seen in recent quarters (shown on Chart 1), pointing to a continued expansion in both occupier and investor activity across the region. What's more, MEA once again registered the strongest figures for the headline sentiment indices compared to all other world regions. When tracked at a country level, tenant demand is reportedly rising in particularly robust fashion across the UAE, evidenced by a net balance of +63% of respondents citing an increase at the all-sector level. Similarly, Saudi Arabia is also seeing solid growth in occupier demand, albeit recent trends are not quite as buoyant as back in 2023. Elsewhere across the region, tenant demand within the South African market has seen a noticeable improvement over the past few quarters, and this more upbeat picture has been sustained in the latest results. Conversely, responses from Qatar signal that tenant demand remains generally weak, albeit the latest results are not quite as downbeat as previously.

Focusing on the investment market, regional-wide investor demand remains solid, with a net balance of +24% of respondents noting an increase in enquiries during Q1. Furthermore, all mainstream sectors (office, industrial and retail) saw a similarly positive trend in demand. Despite the continued upbeat tone to the latest data, there are some aspects that perhaps warrant a bit of caution. For example, 47% of respondents now consider CRE valuations to be expensive across the region in aggregate. Chart 2 shows the breakdown of these views at a country level. Standing in contrast to the narrative across much of MEA, only 18% of respondents based in South Africa feel their local market is expensive at present. This suggests there may be further room to the upside for capital values than across some other regional markets over the medium term. Meanwhile, close to 50% of contributors in both Saudi Arabia and the UAE feel valuations have become at least slightly stretched now (which may limit growth further ahead).

Prime markets and alternatives continue to display strong expectations for rents and capital values

Despite these perceptions around valuations in some areas, expectations for capital value growth for the coming year remain strong. That said, respondents have trimmed their forecasts compared to Q4 in most cases. At the top end of the scale, student housing, data centres, leisure, and multifamily residential exhibit the most elevated projections across all categories covered. Of the mainstream sectors, prime office, industrial and retail assets are all anticipated to post close to 4% growth in values in the year to come. For their secondary counterparts however, although projections are still modestly positive, these have been scaled back quite noticeably over the past year (from an average of 4% in Q1 2024 to just below 2% currently).

Chart 1 - Occupier and Investment Sentiment Indices

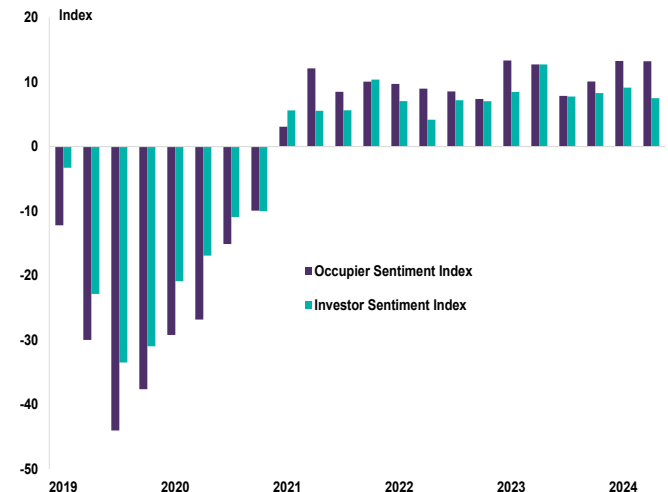


Chart 2 - Perceptions on Valuations

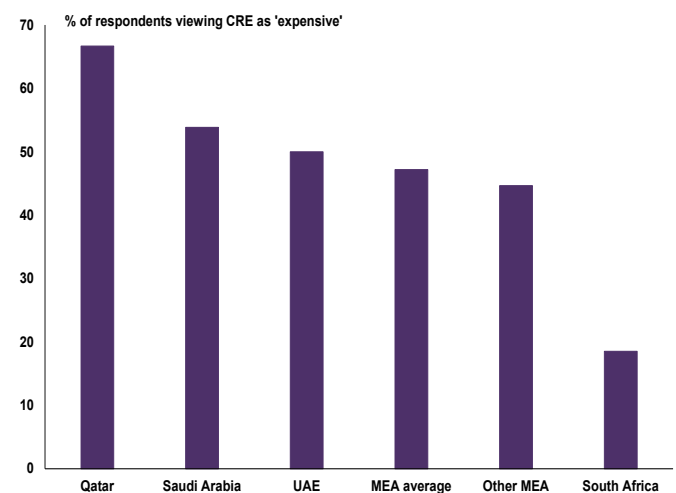
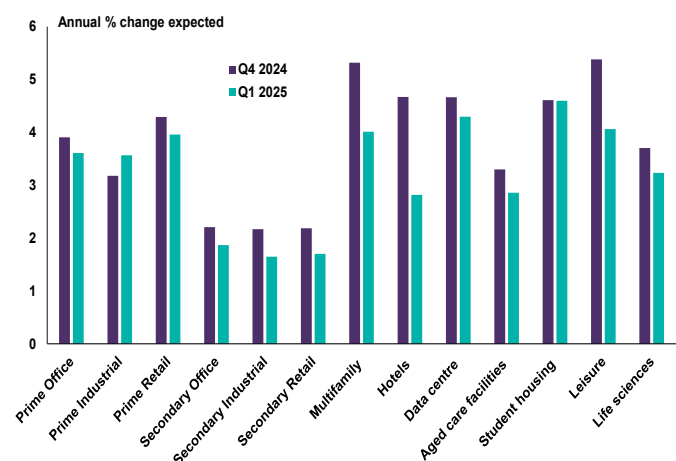


Chart 3 - Twelve-month Capital Value Projections by Sector



Regional comments from survey participants in MEA

Bahrain

Low/stable market. - Manama

Ghana

The general market trends in Ghana now is very low because of the government attempts to cut down on government expenditure. This is putting private investors at the end with inflation rates of 23% now still souring very high. The interest rates are also between 25-27 % and not encouraging foreign investors to make any attempt in investing in the economy. - Accra

Kenya

Adverse economic conditions continue to affect the market negatively, though foreign investment continues to spur the market. - Nairobi

Kuwait

Unstable market conditions. - Kuwait City

Mauritius

Market value of properties around the country have increased considerably and will continue to rise as more and more non citizen invest in the country. - Albion

Nigeria

Lagos continues to be a market that defies most pundits expectation. Eko Atlantic City had added significantly to land for prime real estate developments, and as time goes on, there has been an increase in investments from Nigerians in the Diaspora. - Lagos

Oman

Going up. - Muscat

Qatar

Benign market conditions. - Doha

South Africa

Markets are flat and consumer spending is low, thus putting pressure on retail tenants as profits are down. - Bloemfontein

Unsure and huge negative external pressures. - Johannesburg

Recovery is proceeding slowly, global uncertainty has damaged outlook, as well as lowered the probability of future rate cuts. - Johannesburg

Very early positive movement in rentals and capital values with decreased availability (stock) of all asset classes of real estate. This indicates potential for acceleration in rental growth across all sectors, even for offices, as existing office stock is repurposed to residential and storage units. - Johannesburg

Market is indecisive regarding capital spend and investment. USA has created uncertainty in the local market resulting in freezing of Real Estate decisions. Lack of development may lead to supply shortage and potential for rentals to rise in the medium term. This is provided the economy is not negatively impacted by USA foreign policy. - Johannesburg

Inability to settle the national budget is causing instability. Increasing VAT rather than reducing government expenditure is putting pressure on available money to be recycled into the economy. The governments issues with the USA and current choice of international partners is impacting on foreign investment. Johannesburg municipal challenges is showing clear problems with maintenance infrastructure adding to the disincentive aspects for foreign investors. Relocation trend is concerning. - Johannesburg

Market conditions are affected by the strained international relations between SA and the USA. With the approval of the SA budget recently, and an intended 0.50% increase in VAT, the already low growth rate is expected to slow even further. The GNU is showing signs of serious cracks in its relations, which is putting more pressure on investor confidence. Operating costs of all property types are under severe pressure due to the cost of electricity and rates. Water is posing to be a challenge. - Kempton Park

Our current property market is driven by political factors, which for some time have been unpredictable, current governance is poor as is government infrastructure. The industrial market has however maintained its growth notwithstanding the political uncertainty. - Port Elizabeth

Uganda

The Ugandan real estate market continues to experience steady growth, driven by urbanization, infrastructure development, and increasing demand for both residential and commercial properties. Kampala remains the focal point for real estate activity, with satellite towns such as Wakiso, Mukono, and Entebbe emerging as key growth areas due to improved road networks and affordability. - Kampala

UAE

The office market experienced steady activity with prime locations such as ADGM maintaining high occupancy rates. Demand was driven predominantly by family offices, looking to capitalise on a growing wealth management ecosystem. - Abu Dhabi

Upward trend with momentum. - Abu Dhabi

Market is more focusing on leisure and data centers. - Abu Dhabi

Large differences between prime and secondary markets due to age and condition of stock, with lack of new office or industry available - some currently under development. - Dubai

Absence of built stock for lease will remain the challenge for our Middle East markets throughout 2025. - Dubai

Mid-upturn to peak. - Dubai

The Dubai market is positive, but office and retail properties lag behind residential demand. - Dubai

UAE economy exhibits a blend of strong growth. The UAE's economy is projected to expand by 5.1% in 2025, up from 3.8% in 2024. This growth is bolstered by increased activity in both the oil and non-oil sectors, reflecting successful diversification efforts and a rebound in oil production. Dubai's property market has risen with average property prices rising by 75% since February 2021. This surge can be attributed to several key factors including economic resilience, liberalized visa policies. - Dubai

Zambia

The market is characterized by over supply. - Lusaka

The drought and consequent energy crisis that characterised 2024 has negatively impacted the general economic growth and the sector's performance. - Lusaka

Zimbabwe

Current economic and political environment having a negative impact on the property sector. Business operations being affected by huge taxes (multiple taxation system) which has affected operations, leading to low demand for rental space and a drop in the performance of investment properties. Liberation of fiscal and monetary policies may bring operational relief for businesses in the long-run and positively influence property sector performance. The rise of informal sector also a huge challenge. - Bulawayo

Our politics and economy are not doing well. - Bulawayo

The property market in Zimbabwe has remained subdued due to lack of credit and liquidity crunch. - Harare

The Zimbabwe economy is mainly a cash economy a condition which is extremely difficult for buyers, sellers and developers of real estate. Once the economy begins to normalise, there is huge scope for real estate growth across all sectors. - Harare

North America: Sentiment turns more cautious across the Canadian market

The latest GCPM results across North America point to a divergence between the US and Canada over the quarter, with feedback across the former remaining largely stable, while the latter experienced a decline across several key metrics. This contrast is reflected in the headline Commercial Property Sentiment Index (CPSI), which posted a small rise in the US, from 0 last quarter to 4 this quarter, whereas the latest reading in Canada dropped into negative territory (moving from -2 to -9).

In keeping with this, the proportion of respondents viewing the market to be experiencing a downturn in Canada increased markedly from 26% in Q4 to 47% in Q1 2025. Across the US meanwhile, this figure is largely in-line with last quarter, although it did rise moderately from 24% to 30%.

Credit conditions metric remains positive across both nations, albeit less so than previously

Shown in Chart 2, the latest net balance for the credit conditions indicator across the US eased from +39% to +24%. Similarly, in Canada, the net balance moderated from +42% last quarter to +29% in Q1. Despite the softening seen over the latest survey period, the net balances remain clearly positive and therefore continue to signal an improvement in lending conditions as they relate to CRE (even if this is less pronounced than before).

Contrasting performance between the US and Canada across several metrics

At the aggregate level, occupier demand in the US increased modestly over the quarter, with the net balance rising from +15% to +18%. On the other hand, there has been a noticeable flattening out in tenant demand across Canada, evidenced by the net balance dropping to +1% from +10%. Within the US, the reprieve observed over recent quarters in the office market has gained further momentum as indicated by the net balance rising to +24% from +9% last quarter. Retail properties also continue to garner significant tenant demand (net balance of +31%), however, the picture has turned more stagnant for industrial space (net balance dipped from +17% to zero). Canada, however, has seen a softening in momentum behind tenant demand across all three sub-groups with the most pronounced being retail, where the net balance slipped into marginally negative territory at -2% (from +12% in Q4).

Looking at investment enquiries, this indicator remains robust in the US, with the net balance coming in at +30% (similar to last quarter). Conversely, investor demand for Canadian commercial real estate deteriorated in Q1, as the net balance fell into the negative zone from +4% last quarter to -16%. It is of note that the net balances for investment enquiries regarding the office, industrial and retail sectors all now sit in negative territory across Canada at -29%, -2% and -17% respectively. Looking ahead to the next twelve months (Chart 3), prime markets are expected to outperform secondary tiers. This disparity is widest in the office market (across both the US and Canada), with secondary office values seen falling while those for prime assets rise. Looking at alternative asset classes, solid growth is projected across almost all categories. Leading the way, data centres are anticipated to deliver the strongest pick-up in values over a twelve-month time horizon in both the US and Canada, with this sector very much benefiting from the rapid increase in adoption of AI technologies in recent years.

Chart 1: Commercial Property Sentiment Index

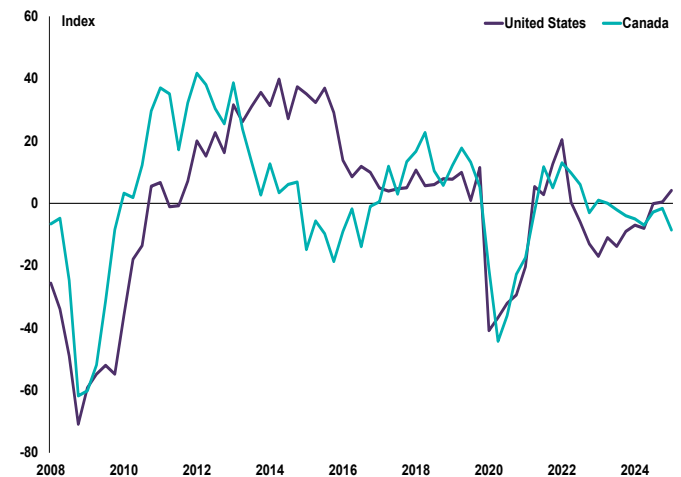


Chart 2: Credit Conditions Sentiment

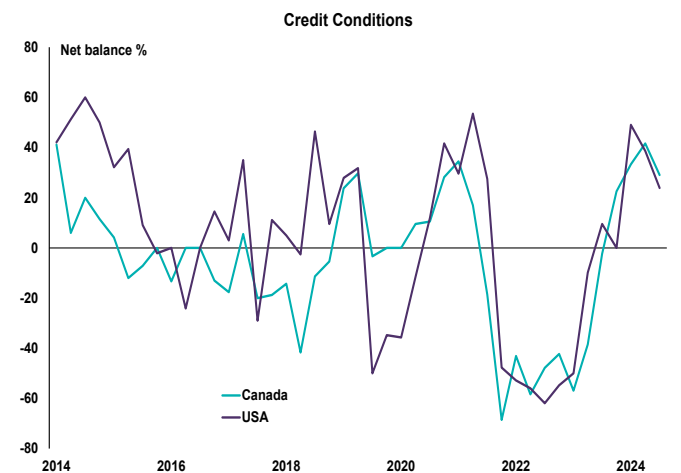
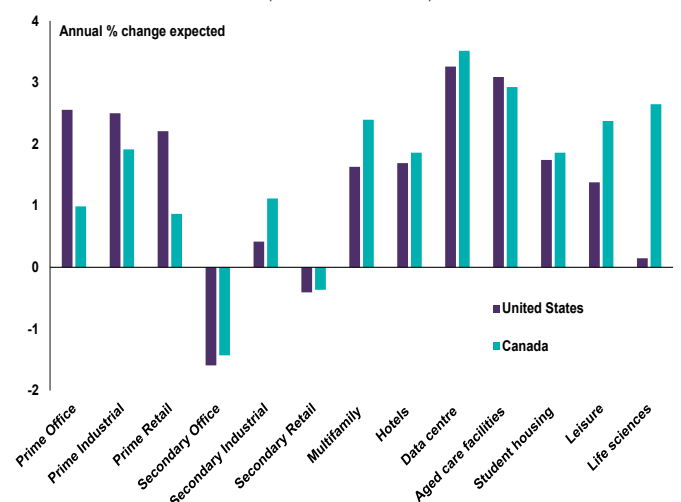


Chart 3: 12 month Capital Value Expectations



Regional comments from survey participants in the Americas

Brazil

Industrial and Logistics - this market continues to heat up, driven by the growth of e-commerce and the search for greater efficiency in the supply chain. The demand for high-end warehouses in the main metropolitan regions keeps the vacancy rate at low levels, with appreciation of well-located assets. Investors remain attentive to opportunities for expansion and retrofit. - São Paulo

The market has undergone great expansion in the last 8 years. The office market has recovered in the last 9 months, with large occupancies taking place. Rent prices have stabilized and the concern was to occupy the assets. With the expansion of interest rates, the logistics and industrial market should maintain growth, but retail and offices should analyze more carefully the changes and expansions. - São Paulo

Canada

Higher prices gaining momentum if US trade tariffs take full force. - Calgary

Steady cautious market. - Calgary

Right now, I believe the market is holding off making any changes until it knows what the impact of the Trump tariffs will have on Canada. There is a lot of fear, however the country appears to be banding together and teams of Team Canada export sales members are reaching out to new markets in South America, Asia, and in particular in Europe to find alternative contracts to replace any lost US Sales. Canada's resource sector has a lot to offer thus there is some hope at the end of the day. - Charlottetown

We are just starting into this Tariff war with the USA, the future is most definitely uncertain and unpredictable. - Halifax

Impact of USA policies are having a negative effect. - Spruce Grove

Bifurcation of A versus B quality and Downtown versus Suburban markets continues. Caution persists with the unknown affects of tariffs. - Toronto

Canadian RE markets continue face strong headwinds from threatened and actual US tariffs which are impacting user decisions to expand/renew leases or invest in new equipment. This has particular impact on Alberta and New Brunswick where energy exports to the US are a significant part of the local economy. Ontario's manufacturing sector will also be impacted, including the substantial auto sector, both new vehicles and parts. - Toronto

Market here is very bearish, due to impending and every changing US trade tariff standoff between the neighboring nations. - Toronto

Not much has changed. Office is bifurcated into Class A and all others. Class A is doing ok, all others are struggling with declining rents and higher vacancy. Industrial continues a long trend of very high occupancy, limited supply and constant demand resulting in ever increasing rents. Retail, again Class A malls are recovering better than expected. Very good occupancy and increasing rents with renewals and new rents above in place rents. - Toronto

The political situation, especially regarding trade policy, is very unsettled and could have very significant implications for the real estate sector if uncertainty persists. - Toronto

Uncertainty has frozen the CRE market. Any moves today are subtle and modest to position firms for eventual recovery. - Toronto

Market uncertainty due to impending trade war with the US is impacting investment decisions and forcing companies into holding positions. - Vancouver

Sluggish. - Vancouver

Very uncertain economic conditions are prevalent with concerns over the impact of likely tariffs. - Vaughan

Tariff wars initiated by the USA President have all markets in a state of confusion and it will take a few months for sanity in the markets to come back. - Windsor

Jamaica

Industrial, commercial, resort/hotel, strong local and overseas interest. - Kingston

The Jamaican Real Estate Market is experiencing growth in all sectors. - Kingston

Panama

The Panama market has been relatively stable in the last 3-6 months. There were expectations for positive market activity starting 2025, however, the proposed actions by the US Government regarding the Panama Canal have put decisions on hold in the mist of growing uncertainty. Also, the Canal is one of the main drivers of the economy and there is great expectation of how the trade wars initiated by the US will affect Global trade and in turn transits through the Canal. - Panama City

Trinidad and Tobago

The Trinidad and Tobago real estate market is in a recovery phase. The office sector faces challenges, especially in secondary spaces, with high vacancies and weak demand. The industrial sector is growing, driven by logistics and warehousing, with rising rents and capital values. Retail is recovering in prime areas but struggling in secondary locations. The life sciences and leisure sectors are seeing modest growth. - Fyzabad

Lot of uncertainties in the market also due to geopolitical factors. - Penal

The market is stable now but we expect it to deteriorate as the year progresses. - Port-of-Spain

The property market is at standstill. Since the pandemic and the fallout, all players are at waiting to see some signs of recovery. The uncertainty with the energy sector which has been the backbone of the economy is at a crossroad and is hinged on the manipulations of the Trump administration and their stance with Venezuela which would have a direct impact on Trinidad/Venezuela relationship. - Port-of-Spain

Market conditions slightly improved. - San Fernando

United States of America

Greater Boston - 4Q24 CRE market metrics point to a nascent recovery; however, federal admin change with shift in economic/monetary policy posture has elevated uncertainty and "wait-n-see." CRE remains a case-by-case basis. Heightened supply/demand stress in office/lab sector. Resi SF and MF continue to show price-/rent-resilience. Cap rate creep moderated. Fed rate unchanged in 2025. OpEx challenges for CRE sectors (Hotel, Sr Care, etc.) Outlook: wait-n-see / case-by-case basis for CRE assets. - Boston

Volatile with the current administration. - Boston

Regional comments from survey participants in the Americas

Lots of uncertainty in the markets due to tariffs, interest rates, inflation, etc. Class A office space is in good demand and seeing rents rise. Industrial is holding steady, but there are some slight concerns about retail with store closures and demand slowing slightly. - Dallas

Kansas City is reliably steady. - Kansas City

Drastic changes in sentiment in the face of chaotic fiscal policy at the federal level. Recession predictions by credible industry executives are putting the brakes on investments for all but the brave. No sector is safe. It will be interesting to see which states respond how to incentivize critical new projects. - Los Angeles

Too soon to measure the impact of tariffs or the re-industrialization of manufacturing. Lowering corporate and personal taxes will stimulate the US economy and reducing the trade deficit imbalance will all be positive impacts on the economy but very difficult to predict timing of any one category. At a minimum, another year will be required to see any significant impacts in these variables. - Los Angeles

It goes without saying that tariffs are the driving force impacting the next few months and beyond. If the situation is not resolved, the outlook is significantly worse than the answers to this survey would indicate, while assuming that some kind of status quo develops is unlikely to result in much of an upswing. - Miami

Waiting on DC impact with market on pause. - Miami, FL

Overall market conditions remain buoyant, with strong demand across all property types. We have noticed some tenants 'slow walking' committing to investment decisions until there is more clarity surrounding tariffs, particularly if their business imports/exports to or from any of the impacted markets or categories. Hopefully, this uncertainty will be short lived. - Nashville

Like many of the primary office markets in the major US cities we are seeing the tale of two cities. Class A Trophy properties have benefited from most of the take up and vacancy rates have dropped with rent increasing and large concession packages holding steady. Secondary product on the other hand is taking a beating if poorly located, overly leveraged and under amenitized. I expect we will see numerous foreclosures in this property sector. these properties make up a large % vacancy! - New York

Market is steady but there is a lot of uncertainty due to the current White House transition. - New York

Mixture of challenges and opportunities due to the tariffs and their effect on the local economies. - New York

Overall, New York's commercial real estate market in Q4 2024 showed robust activity in the office sector, a significant transaction in the retail segment, and mixed signals in the industrial sector, with rising vacancies but increasing rental rates. - New York

We are still in wait and see mode so things still frozen but midtown office for trophy properties seen some recovery, values may creep up but today the global markets crashed so all bets are off, really! Things were seeing green shoots in multifamily and hotel and things would have started to creep up values and rents but now I just can't say, everyone is in frozen panic mode which is bad for businesses to hire more, produce more and that leads to more downturn, banks hurting now, loans at risk. - New York

We're facing a highly reactive and politically unstable market. Sudden shifts in policy and unpredictable regulatory changes are paralyzing entire industries. Businesses can't plan, invest, or grow when the rules

keep changing overnight based on political winds rather than sound economics. - Oakland

Commercial Property market average 10% up. - Orlando

Overall, the delta between prime office building and secondary office buildings is getting larger. More and more tenants are only focused on prime buildings and in some cases totally ignoring non-prime buildings. - Pittsburgh

The current policies of the administration is placing a great deal of stress on all market segments. - Rancho Mirage

Entering a period of gross uncertainty. Quality properties will survive and achieve higher rents and values. - San Francisco

Santa Barbara is a somewhat set apart niche high end market. Retail is thriving in immediately surrounding areas (Montecito and Goleta) but downtown central business district is suffering. - Santa Barbara

Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the facilities management market.

Methodology

Survey questionnaires were sent out on 10 March 2025 with responses received until 14 April 2025. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1584 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale. The Commercial Property Sentiment Index is an unweighted average of the OSI and ISI. Regional indicators are weighted using estimates of the stock of commercial property provided by LaSalle Investment Management, and are adjusted on an annual basis.

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. While every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.

Economics Team

Simon Rubinsohn

Chief Economist

srubinsohn@rics.org

Tarrant Parsons

Head of Market Analytics

tparsons@rics.org

Adib Munim

Economist

amunim@rics.org

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



rics.org