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# GLOBAL CAPITAL MARKETS

ANNUAL REVIEW 2026



RESEARCH

# FOREWORD



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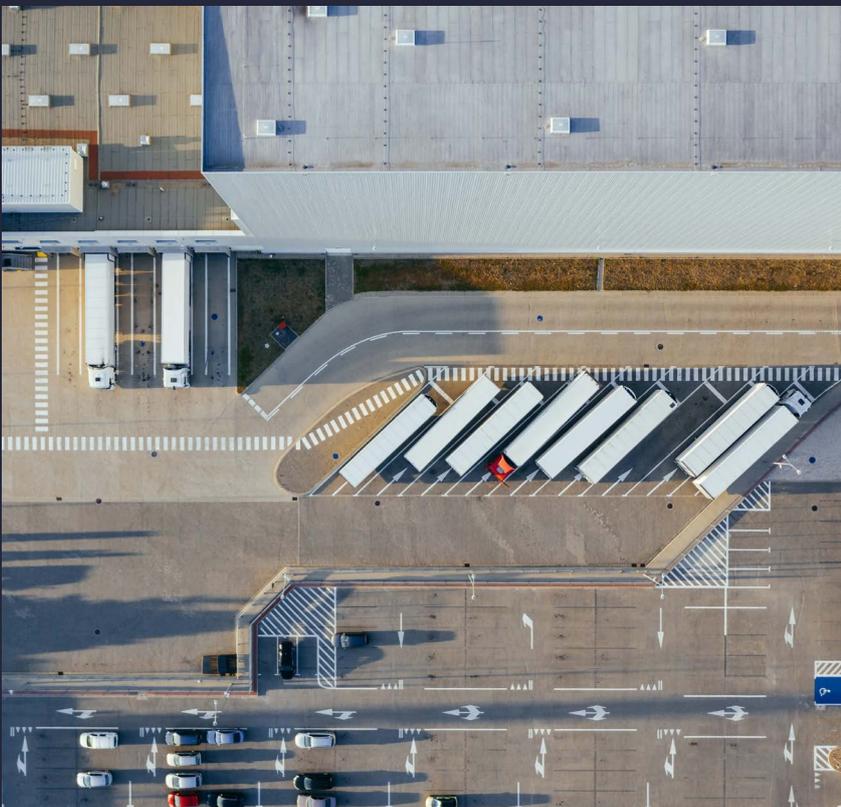
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Global real estate investment continued to grow through 2025, sustaining the upward trend of the previous year, though activity remains below historic norms. The recovery has been led by the most liquid markets, while performance across regions has been varied. The overall picture is one of steady but uneven progress, with periods of volatility and slower decision-making giving way to renewed momentum as delayed transactions move forward.

Despite longer deal timelines and reduced activity levels, market sentiment and liquidity indicators continue to point to underlying resilience and further growth in the year ahead. This quarterly report explores these global trends, looking at recent transactional activity, pricing, and investor behaviour in the living, logistics and office markets. We hope you find this report insightful and enjoy reading it.



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# GLOBAL SUMMARY

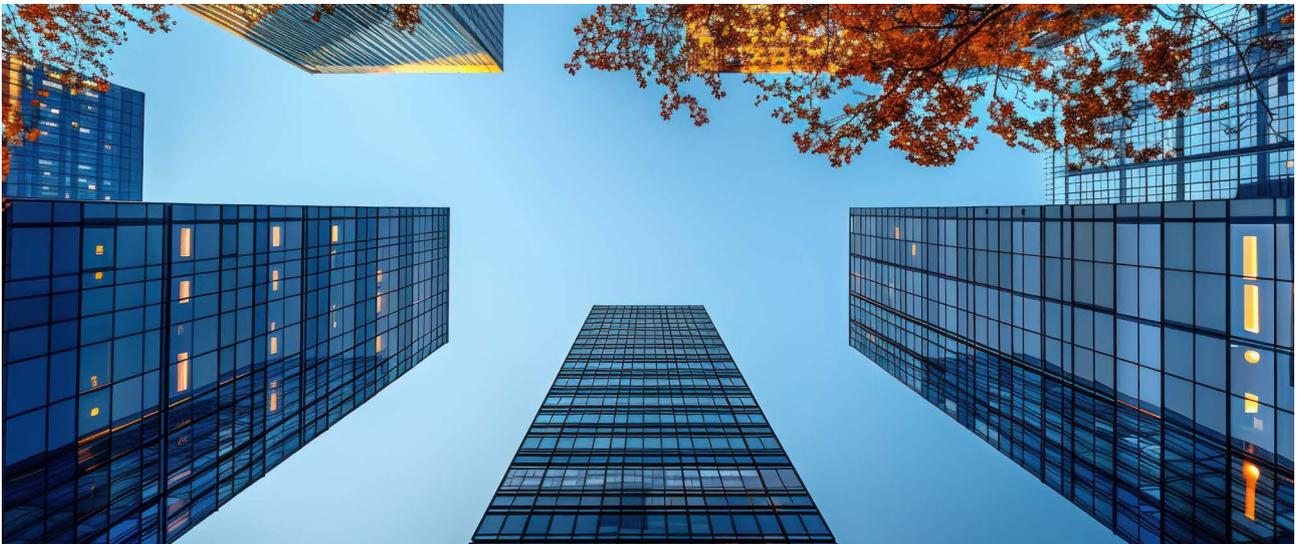
## RESILIENCE AMID RISK

**Global real estate investment rose by nearly 10% in 2025 in US-Dollar terms, or around 8% on a fixed-exchange-rate basis, given the nearly 8% decline in the trade-weighted value of the US dollar.** This follows a similar increase in 2024, however, global activity remains around 20% below the pre-Covid-19 average, and 40% lower than the peak in 2021—though the latter is not necessarily a meaningful or indeed helpful benchmark.

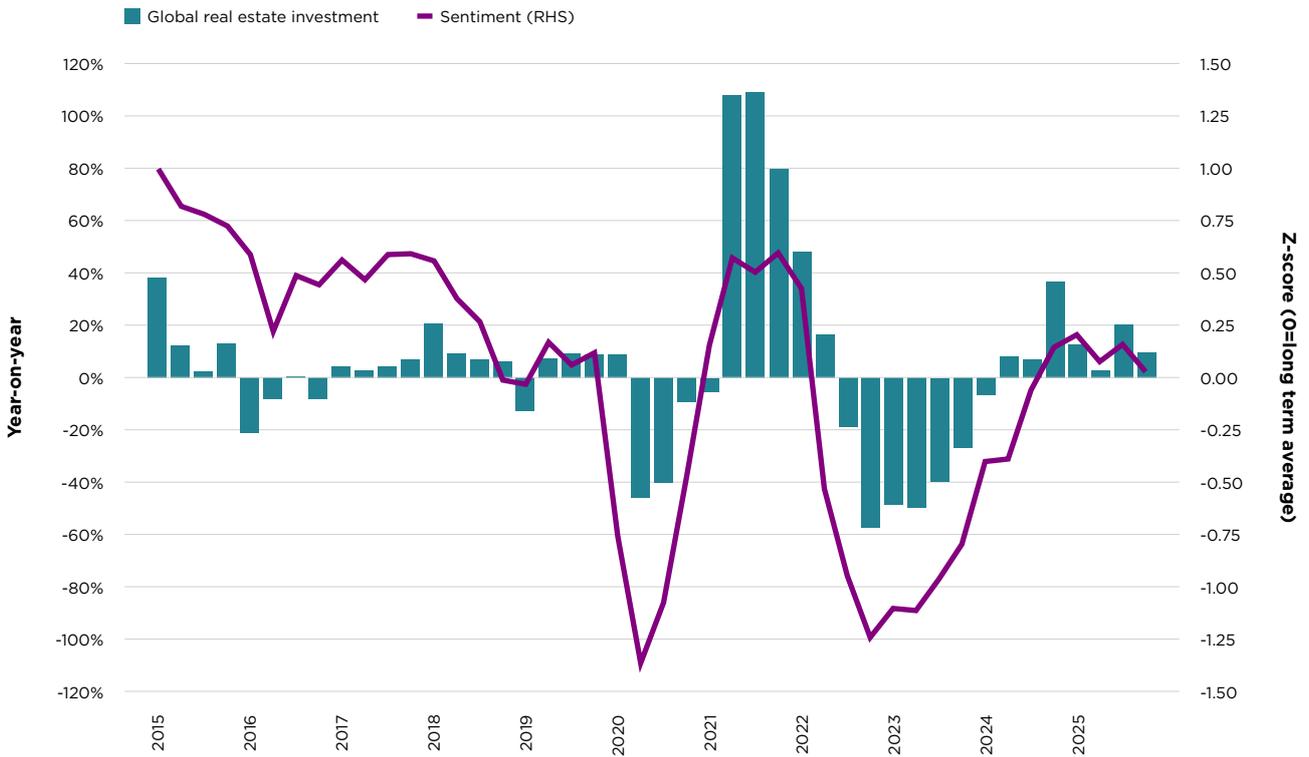
**The US continues to lead the recovery, not least because it is the world's largest and most liquid real-estate market.** Investment there increased by 18% in 2025 and now stands 30% above the 2023 low. In contrast, Europe and APAC were broadly flat on the year, although this statement masks considerable regional variation. In APAC, Greater China remains challenged by excess supply and a subdued leasing environment, while Australia, Japan, and South Korea continue to attract global capital, driven by mostly compelling fundamentals. Likewise, the narrative in Europe has been of diverging fortunes between core and peripheral markets, with the periphery outperforming.

**Overall, the market is progressing through an incremental, often uneven recovery, characterised by few easy wins and punctuated by false starts.** Volatility in early 2025, as financial markets responded to the early policy agenda from newly inaugurated US President Donald Trump—culminating in April's 'Liberation Day' tariff announcements—created some hesitation and delayed decision-making. After adjusting for the normal seasonal patterns, global real estate investment fell for two consecutive quarters at the start of the year, despite ending 2024 on a strong footing.

**Momentum strengthened again in the second half, however, as delayed transactions moved forward.** Deals are taking longer to close—a trend predating the tariff announcement—but they are still being completed. When viewed alongside other market signals, on investor sentiment, pricing, and wider liquidity conditions, the market continues to demonstrate good resilience.



GLOBAL: REAL ESTATE INVESTMENT AND SENTIMENT



Source: Savills research using Macrobond

**Indeed, a defining feature of the current economic cycle is resilience.** Despite a succession of disruptive events, economic activity has repeatedly outperformed expectations for a more pronounced slowdown. Financial markets, too, appear increasingly accustomed to the volatility. Whether recent events in the Middle East challenge this uneasy status quo remains to be seen. However, investors are increasingly showing their willingness and ability to deploy capital irrespective of the noise.

The IMF’s latest World Economic Outlook echoes this narrative. Its 2026 growth outlook is broadly unchanged to 2025, even if overall activity is still subdued relative to pre-Covid-19 norms. In particular, they highlight the ‘adaptability’ of the private sector, a sentiment that applies equally well to real estate. In an environment of higher interest rates, persistent inflation, and geopolitical uncertainty, the sector’s inherent illiquidity might be expected to deter activity in favour of safer, income-producing assets such as fixed income. Yet buyers and sellers are still coming together and transacting. Within this, larger assets and portfolios are trading with more frequency, showing an increased appetite to risk.

**Risks do remain—from political pressure on the independence of the US Federal Reserve, to the concentrated nature of global equity markets, and the unsettled geopolitical backdrop including, at the time of writing, further instability in the Middle East.** But despite the stopstart nature of the recovery, the trend is clearly upward. With the foundations for continued growth in place, we anticipate global investment to rise by a further 15% in 2026.

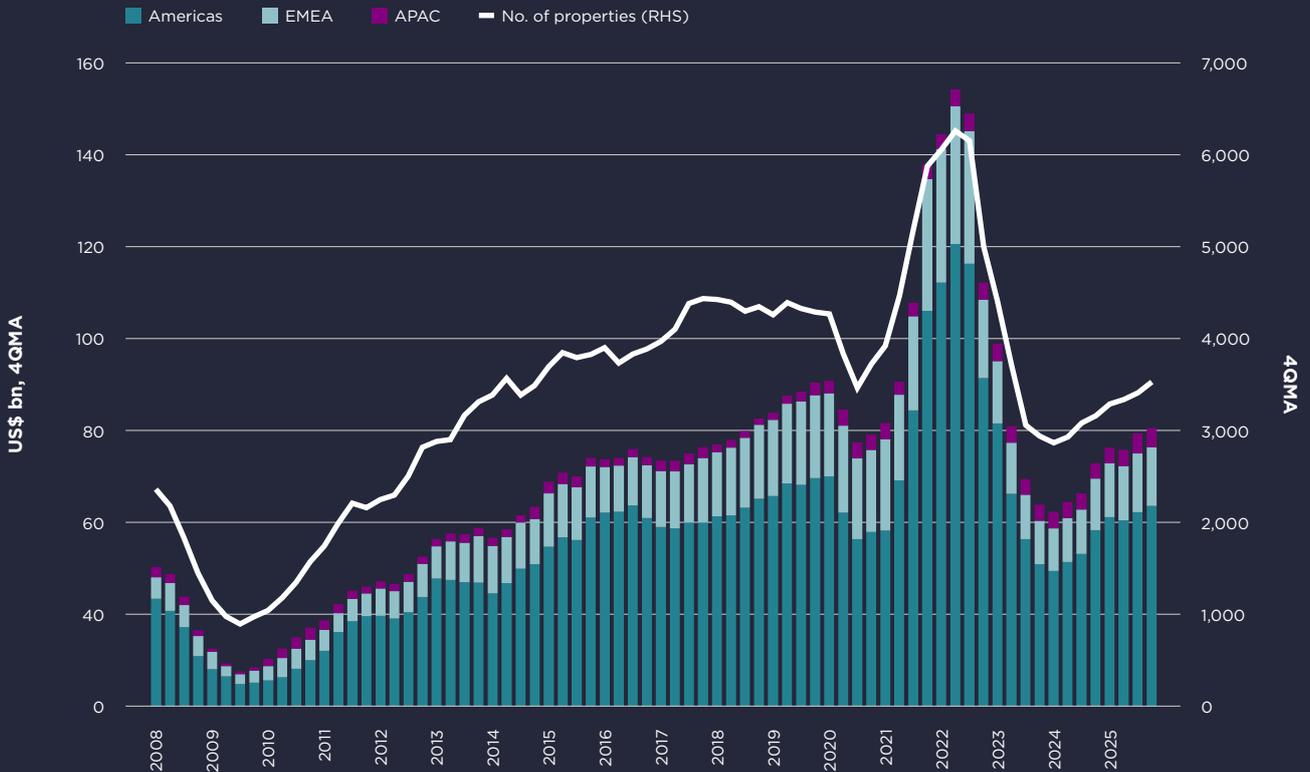
ANNUAL REVIEW 2026

# LIVING



# SCALING UP

## GLOBAL: LIVING INVESTMENT TURNOVER

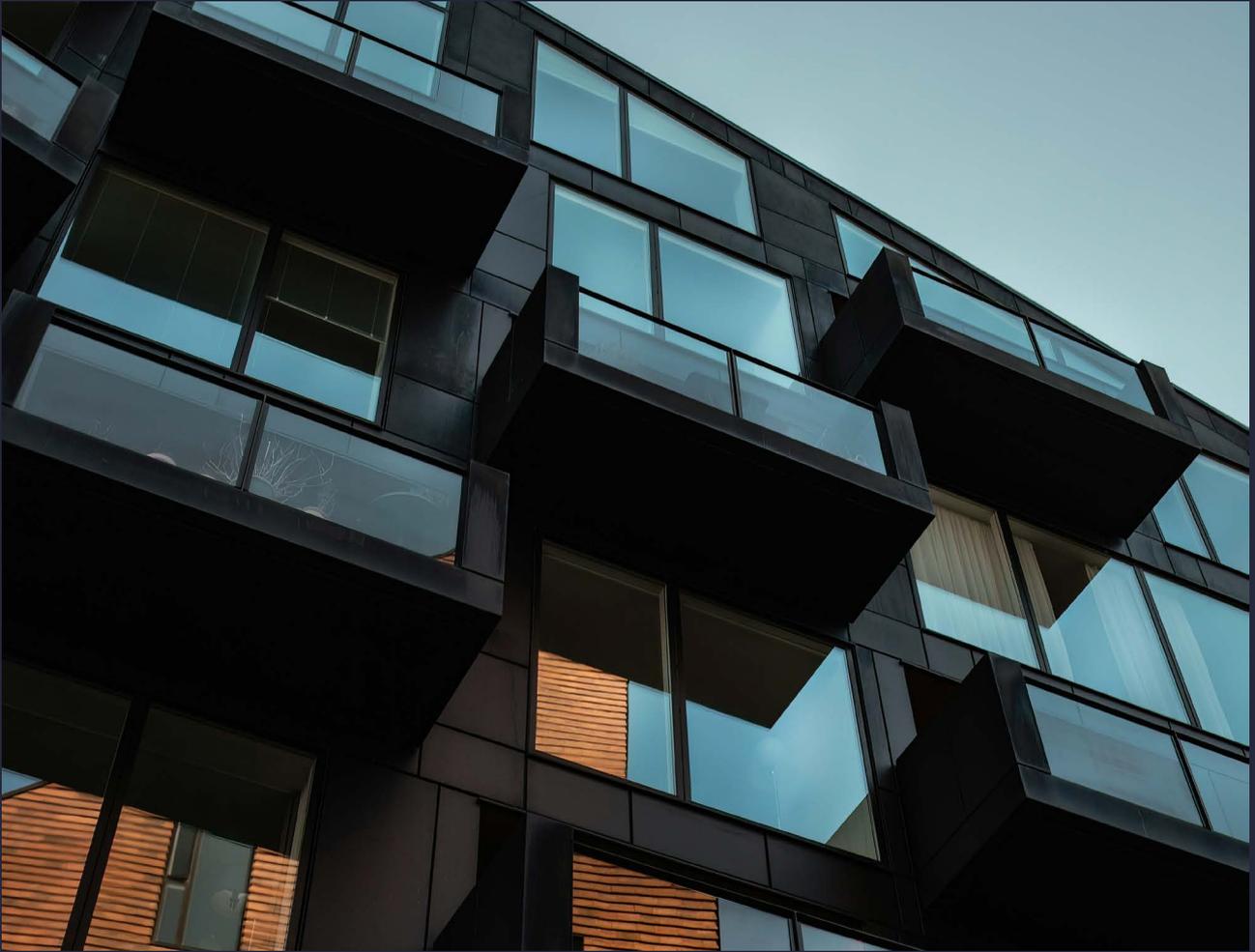


Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

**Global investment in the living sectors reached US\$277bn in 2025, marking a near 15% increase on the year.** Turnover has now risen by almost 40% from the trough in 2023 and has returned to levels broadly consistent with the pre-Covid-19 average. All global regions recorded double-digit growth in 2025, underscoring the depth and resilience of investor appetite across a variety of market maturities. The strongest driver of activity was individual asset sales—particularly pronounced in the US—although year-on-year comparisons in portfolio transactions are skewed by an unusually high base in 2024.

### Outside the US, portfolio and entity-level transactions play a more prominent role.

Major global investors continue to seek scale in less mature markets, where opportunities for platform building or rapid expansion are desirable, if and when the opportunities present. The clearest illustration of this trend is in the behaviour of outbound US capital. US investors have grown their share of global cross-border investment to roughly one-third in recent years, a notable rise from a long-term average of just above 20%. Their influence held steady in 2025, despite increasing diversity in global cross-border capital flows. In total, investors from 12 origin markets deployed more than US\$1bn into foreign living assets in 2025—double the number recorded in both 2023 and 2024—reflecting a broadening pool of internationally active players.



**Specialist living asset classes continue to lead the market, fuelled by structural demand drivers and undersupply, as well as the accelerating institutionalisation of these segments.** Investment in Purpose Built Student Accommodation (PBSA) rose 22% in 2025 to US\$21bn, supported by major transactions across mainland Europe and Australia. Notably, the US\$1.4bn acquisition of the Livensa Living portfolio by CPP Investments helped anchor European activity. Senior living and healthcare real estate recorded even stronger momentum, with turnover surging 70% to US\$40bn. This was underpinned by a robust US market and supplemented by large deals in the UK, Australia, and Sweden, reflecting widespread recognition of demographic-driven demand fundamentals.

**In contrast, single-family and multifamily sectors saw comparatively modest growth, with global investment rising around 9% to US\$219bn.** This relative underperformance is partly a simple reflection of market maturity; in the US—by far the largest and most established multifamily market—transaction levels have largely normalised to pre-pandemic levels. Elsewhere, the opportunity to acquire stabilised assets remains somewhat constrained, with limited development across many major APAC and EMEA markets suppressing the availability of new stock. This scarcity is failing to satiate the continued strong appetite of investors, as reported in the multiple global investment intention surveys, and evidenced in the US, where investors have continued to buy through the cycle, even though some softening in rental and occupancy dynamics has emerged.

## EMEA

# EUROPE, MIDDLE EAST, AFRICA

**A robust final quarter bookmarked a strong year for the EMEA living sector, with investment of €54bn (US\$60bn) representing a near 12% increase on the year.** The €17.6bn (US\$20bn) transacted in Q4 represented the strongest quarter since Q2 2022. This was supported by a major deal in Northern Europe with the Norwegian listed group Public Property Invest (PPI) acquiring a ‘social infrastructure’ portfolio—primarily consisting of senior living and healthcare assets—for NOK37bn (US\$3.4bn) from SBB (a major shareholder of PPI). In addition to the Scandinavian region, most major markets experienced growth on the year, including in the UK, France, and the Netherlands.

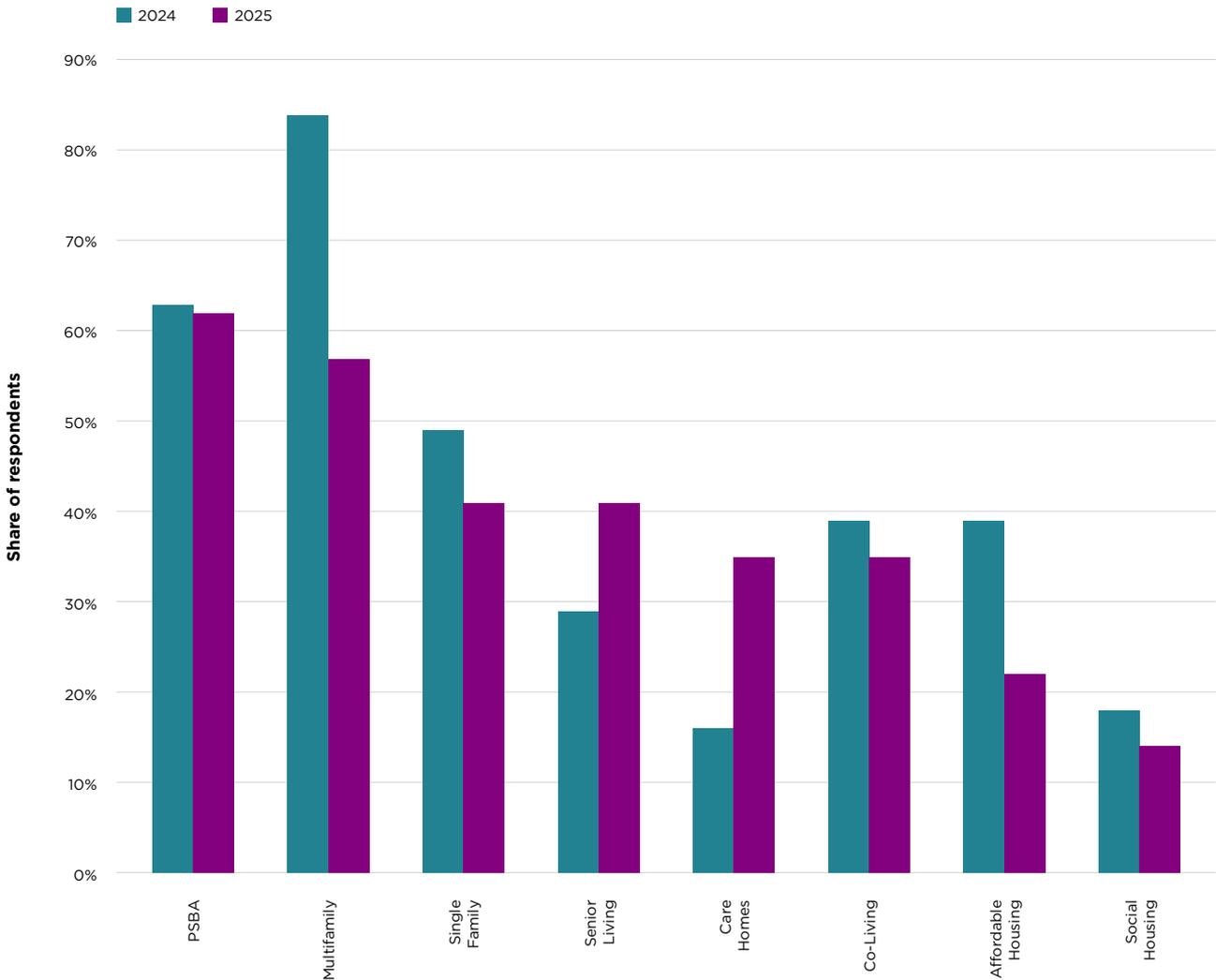
**Niche sectors continue to be the driving force behind the steady recovery in deal activity.** Last year was the second best on record for PBSA, with continental Europe leading the way. In total, PBSA accounted for 16% of total living sector investment in 2025, more than double the long-term average. Turnover was heavily weighted towards several major deals—including the Livensa Living Portfolio in Spain, and the YouFirst Campus in France—however, it demonstrates strong appetite for the sector, especially given the underlying competition and depth of bidding when these portfolios do come to market. Liquidity is driving greater confidence in the market, which should facilitate more major transactions in 2026, with Brookfield rumoured to be preparing the sale of their European student platform International Campus for around €2bn (US\$2.4bn).

**There appears to be more confidence in the sector in mainland Europe, underpinned by robust rental expectations, as investors look at the UK with more caution.** Traditionally, the UK accounts for around two-thirds of regional investment in PBSA, however, this share slipped below 50% in 2025. The UK market is more mature, with a higher provision of beds, and there are some concerns over occupancy amidst a decline in inflows of foreign students, with investors focused on single-asset sales in selective locations where the fundamentals remain compelling.

**At the other end of the scale, the UK healthcare and senior living sector seems to be piquing the interest of investors, particularly US REITs.** Investment nearly doubled on the year, underpinned by a series of large platform acquisitions, including one of the largest care home transactions ever to complete, with the US REIT Welltower acquiring the UK’s second-largest care home operator, Barchester Healthcare, for £5.2bn (US\$7bn). Factoring in the PPI acquisition in Scandinavia, 2025 was a strong year for the sector, and reflects the renewed interest in both senior living and care homes, as reported in our annual European OpRE Investor Survey.



EMEA: WHICH OPRE SECTORS ARE YOU TARGETING FOR INVESTMENT?



Source: Savills Research and Savills Investment Management European OpRE Investor Survey, June 2025

**The multifamily and Build-to-Rent (BTR) sub-sector remains more muted, with regional investment rising by around 5% in 2025.** The German market continues to languish, with investment falling by around 12% in comparison with 2024. A slow adjustment in valuations continues to drive a wedge between buyer and seller price expectations, reinforced by a perception that pricing has not moved enough to make new investments compelling. Many landlords are instead engaged with managing legacy assets in order to refinance until liquidity improves.

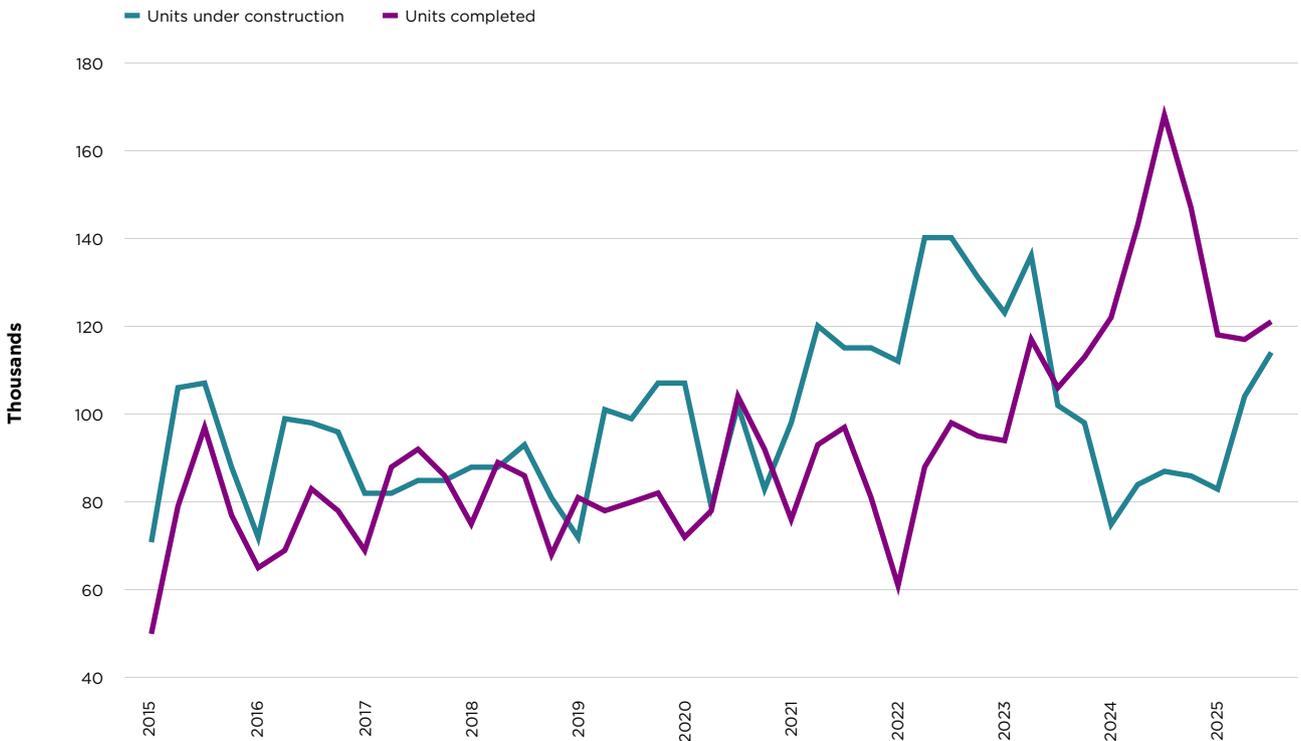
**In the UK, investment was broadly stable on the year, although this includes development activity.** Current pricing is also challenging, and the prime yield is softening—rising to 4.5% by year end, with some further outward movement expected over the next 12 months, reflecting a weaker market where buyer and seller price expectations remain misaligned. Instead, a significant weight of capital continues to target the single-family sector; it is easier to build from both a planning and cost perspective, and therefore provides greater opportunity for institutions. In particular, local pension funds have been key buyers of stabilised assets. This trend is typified by the take private deal of PRS REIT, and its near 5,500 single-family home portfolio, by a joint-venture partnership between several UK pensions funds, and we expect this trend to continue in 2026.

# NORTH AMERICA

**The US\$190bn transacted across the US living sectors in 2025 was 15% higher than the previous year, and broadly in line with the pre-Covid-19 average.** Growth was driven primarily by single-asset transactions, while portfolio and M&A activity fell 9% year-on-year. That said, the 2024 figure was inflated by Blackstone’s US\$10bn acquisition of AIR Communities. Indeed, several large deals completed late in the year, including Cortland’s US\$1.6bn purchase of 19 assets from Elme Communities in the Washington DC and Atlanta metropolitan areas, and the joint-venture acquisition of an eight-asset student housing portfolio totalling 6,200 beds for over US\$1bn by Morgan Stanley and Global Student Accommodation. Private buyers remain highly active in the sector, underwriting nearly two-thirds of deals by value in 2025, though domestic institutions were large net buyers of living assets for a second consecutive year.

**The robust performance in capital markets is to some extent out of sync with the occupational market.** Net absorption turned negative in Q4—partly reflecting seasonal patterns—leaving full-year demand around 10% below the near 410,000 new units delivered to the market. While overall demand conditions remain consistent with long-term averages, excess supply continues to weigh on both occupancy levels and rents, as the last embers of the 2022/23 construction boom work through the sector. Average rents declined by around 0.7% in 2025, according to US Census Bureau data. In addition, landlords are increasingly reliant on concessions to maintain occupancy levels.

## US: MULTIFAMILY CONSTRUCTION



Source: Savills Research using Macrobond

**While 2025 marked the strongest year for new completions since the mid-1980s, the volume of new completions tapered as the year progressed,** easing pressure on occupancy. Construction has since begun to reaccelerate, especially in the south, where development pipelines remain concentrated. This region is also seeing the sharpest rental corrections. By contrast, large coastal cities—including San Francisco, New York, and Chicago—experienced solid rental growth in 2025, mirroring trends seen in the office sector and supported by return-to-work mandates, a tech sector recovery, and a partial reversal of post-pandemic migration flows.

**With average construction lead times of around 17 months, a near-term lull in completions is likely before this new wave of supply hits the market.** This should help to anchor the market, given rising risks to demand based on a more uncertain macroeconomic backdrop. The US economy added 181,000 jobs in 2025—the weakest non-recessionary year in over two decades. Immigration has also slowed, which will further reduce incremental rental demand, albeit that it also supports labour market tightness and real wage growth. Indeed, rental affordability has improved; median wages have now outpaced rents for two consecutive years, while elevated mortgage rates remain a barrier for would-be homebuyers.

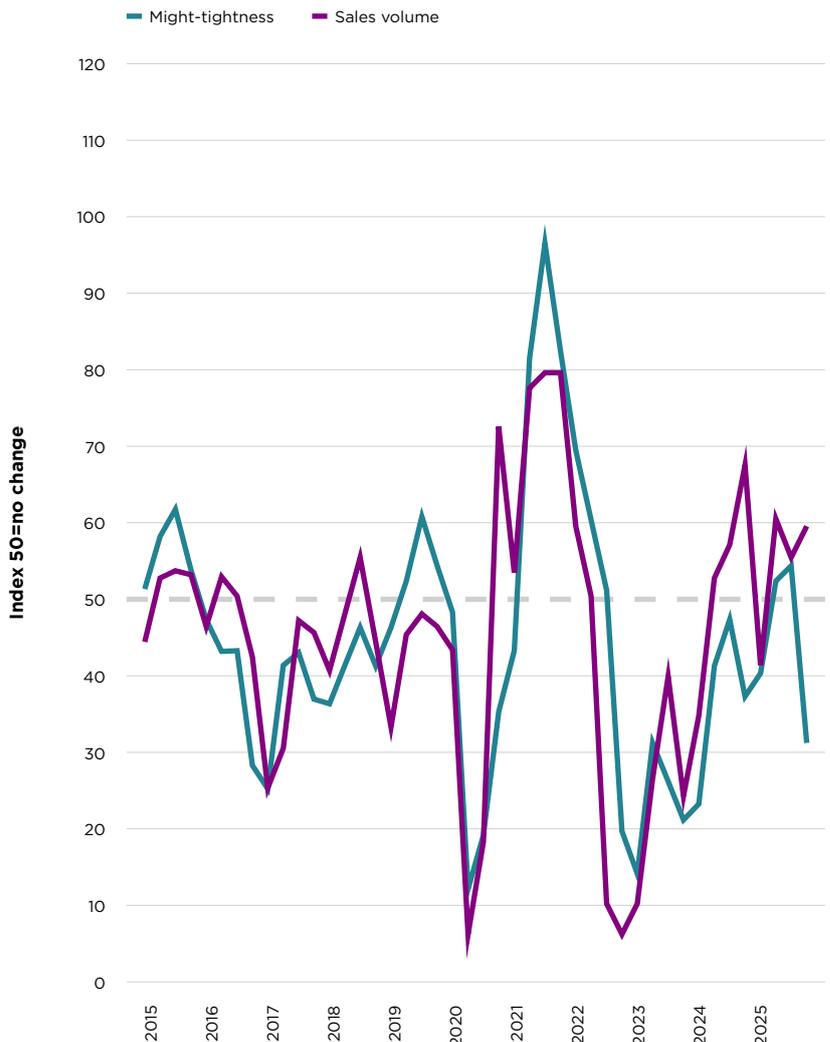
**Regulatory uncertainty has also increased, following President Trump’s January 2026 executive order restricting large institutions from purchasing single-family homes.**

Institutional ownership of single-family stock remains below 0.5%, so the direct impact on rents is expected to be minimal, but the move has reminded investors of the general regulatory and political risk that the broader residential sector inherently faces. Housing affordability is likely to remain a key political issue ahead of the November midterms.

**Despite near-term challenges, investor sentiment appears resilient.**

There is no clear regional shift in capital flows corresponding to short-term leasing conditions; major Texan markets such as Austin, Dallas, and Houston all recorded solid investment growth in 2025, despite also seeing some of the largest rental declines. This view is reinforced by survey data from the National Multifamily Housing Council, which points to ongoing confidence in transaction activity, even amid softer market fundamentals.

**US: QUARTERLY SURVEY OF APARTMENT CONDITIONS**



Source: Savills Research using National Multifamily Housing Council

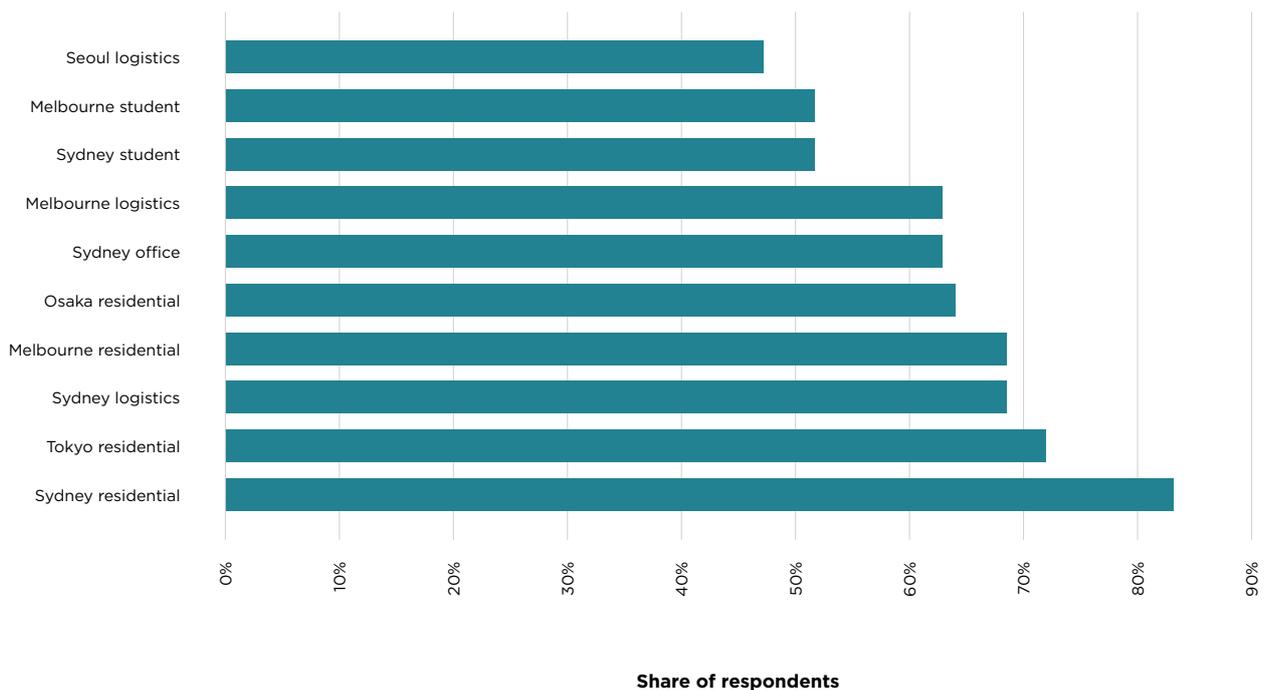
# APAC

# ASIA PACIFIC

**Total investment in the APAC living sector reached US\$19.1bn in 2025, up nearly 27% on the year, with most of the growth occurring in the second half.** This marked a record total for the region, surpassing the US\$17.1bn invested in 2022. Australia and Japan continued to dominate activity due to their advanced maturity and scale. Australia recorded its strongest year on record—almost double the previous peak—underpinned by the AUD3.9bn (US\$2.5bn) sale of the Aveo senior living platform, as well as several sizable student accommodation transactions. Japan, while registering a slight annual decline, remains the region’s largest and most liquid market, consistently generating US\$8-10bn of annual deal flow over the past five years. Growth was also evident in China, while Singapore and South Korea saw steady gains from a low base.

**The year was characterised by several large portfolio trades, reflecting major investors’ focus on achieving scale and backing experienced operators** in what remains a relatively nascent sector for institutional investment. Foreign capital continued to grow in importance; cross-border investors accounted for 43% of investment in 2025, the highest share since 2020. This has contributed to a two-tier market structure comprising a series of large platform sales involving global institutions partnering with local operators or managers, and a smaller market for individual assets or modest portfolios, dominated by privates, often with a consolidation angle.

## APAC: PREFERRED CITY/SECTOR COMBINATIONS WHEN INVESTING IN APAC



Source: Savills Research using ANREV Investment Intentions Survey 2026



**In Australia, niche sectors performed strongly, but the multifamily/BTR market remains in a holding pattern.**

High construction costs and a challenging regulatory environment are constraining development viability despite solid fundamentals. Some stabilised assets are trading as early-stage developers seek exits—for example, the AUD1.7bn (US\$1.1bn) recapitalisation of the LIV Mirvac fund in December 2025, with Australian Retirement Trust acquiring a 48.5% stake from seed investor Mitsubishi Estate. However, opportunities to deploy capital remain limited, core capital is scarce, and rising rates have dampened sentiment. Further RBA tightening could place upward pressure on prime yields.

**Japan remains highly competitive, with activity resilient despite few standout deals.**

The largest reported transaction in 2025 was Aberdeen’s purchase of a 29-asset Tokyo portfolio for an estimated ¥40bn (US\$270m). Investors are increasingly targeting core+ and value-add opportunities given the rising rate environment, though much of the available stock remains core in nature. Tokyo’s fundamentals remain compelling, however, supported by positive wage growth and strong net inward migration—largely from foreign nationals with a higher propensity to rent. In 2025, apartment rents rose by over 7% across the 23-ward area, and 9% in the central five wards. Elevated construction costs should keep supply tight, even as affordability concerns rise.

**Co-living is emerging as a high growth strategy across APAC.**

It offers access to central locations, a cost-effective option for repositioning of obsolete hotels or offices, and generally a more straightforward planning pathway. Sydney is leading the trend, but interest is rising in Singapore, Tokyo, Hong Kong, and Seoul. A notable milestone was Invesco’s joint-venture acquisition of a 300-room Seoul co-living property in October 2025 for KRW144bn (US\$102m), marking the first foreign purchase of a stabilised co-living asset in South Korea. Despite momentum, the segment remains untested at scale, and achieving platform-level growth is likely to be a key challenge.

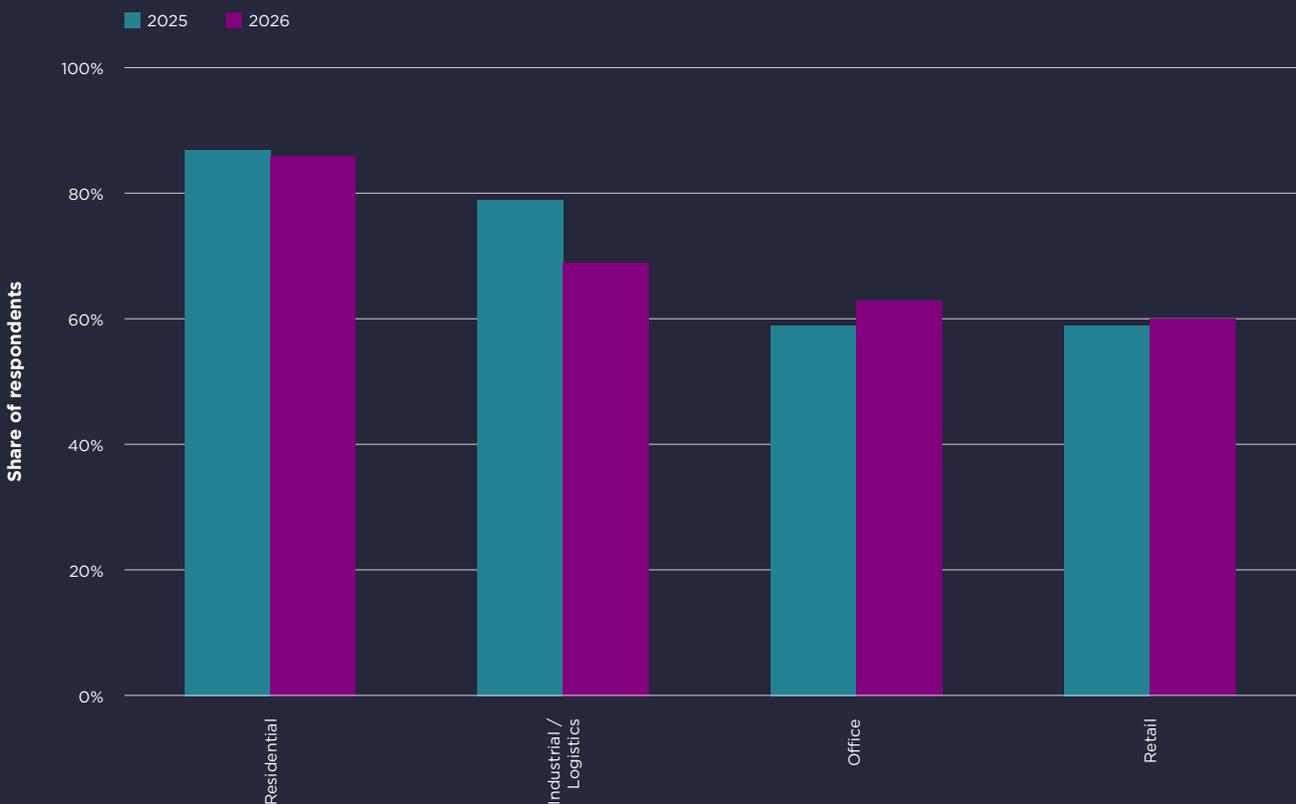
ANNUAL REVIEW 2026

# LOGISTICS



# AFTER THE BOOM COMES THE ...BALANCE

## GLOBAL: INVESTOR SECTOR PREFERENCES



Source: Savills Research using INREV Investment Intentions Survey 2026. Core sectors only.

**Global investment of US\$216bn in 2025 across the industrial and logistics sector represented a 6% increase on the year.** However, following a solid rebound in activity in Q3, once a semblance of calm was restored post ‘Liberation Day’, the year ended on a softer note. The US\$65bn transacted in Q4 represented a 1% decline on the same period in 2024, weighed down by a near 10% decline in portfolio and entity-level deals (despite Blackstone’s US\$2.7bn acquisition of a logistics platform from French investor Proudreed, which completed in December).

**Industrial and logistics real estate continues to be high on the list of the ‘most wanted’ sectors, with investors still buying into the underlying thematic drivers of growth.** However, there are clearly some cyclical challenges, underpinned by trade tariffs, softening labour markets, and in some markets, elevated vacancy. The latest INREV Investor Intentions Survey reflects this dynamic; industrial and logistics remains the second ‘most preferred’ sector for global investors in 2026, however there has been a cooling in sentiment over the last 12 months.

**Ultimately, ‘normalisation’ remains the prevailing narrative driving the market—and a fair characterisation based on the underlying data.**

Comparisons with the post-Covid-19 fervour in 2021 and 2022 are unhelpful in this context. In the US, for example, around half of all markets are experiencing falling asking rents. However, this must be considered in the context of the run up in rents over recent years; in Los Angeles, for example, despite falling by more than 5% in 2025, asking rents remain nearly 50% higher than five years ago. Meanwhile, in Japan, the post-Covid-19 construction boom has finally worked its way through the market, allowing the vacancy rate to stabilise after a near continuous rise since the beginning of the decade.

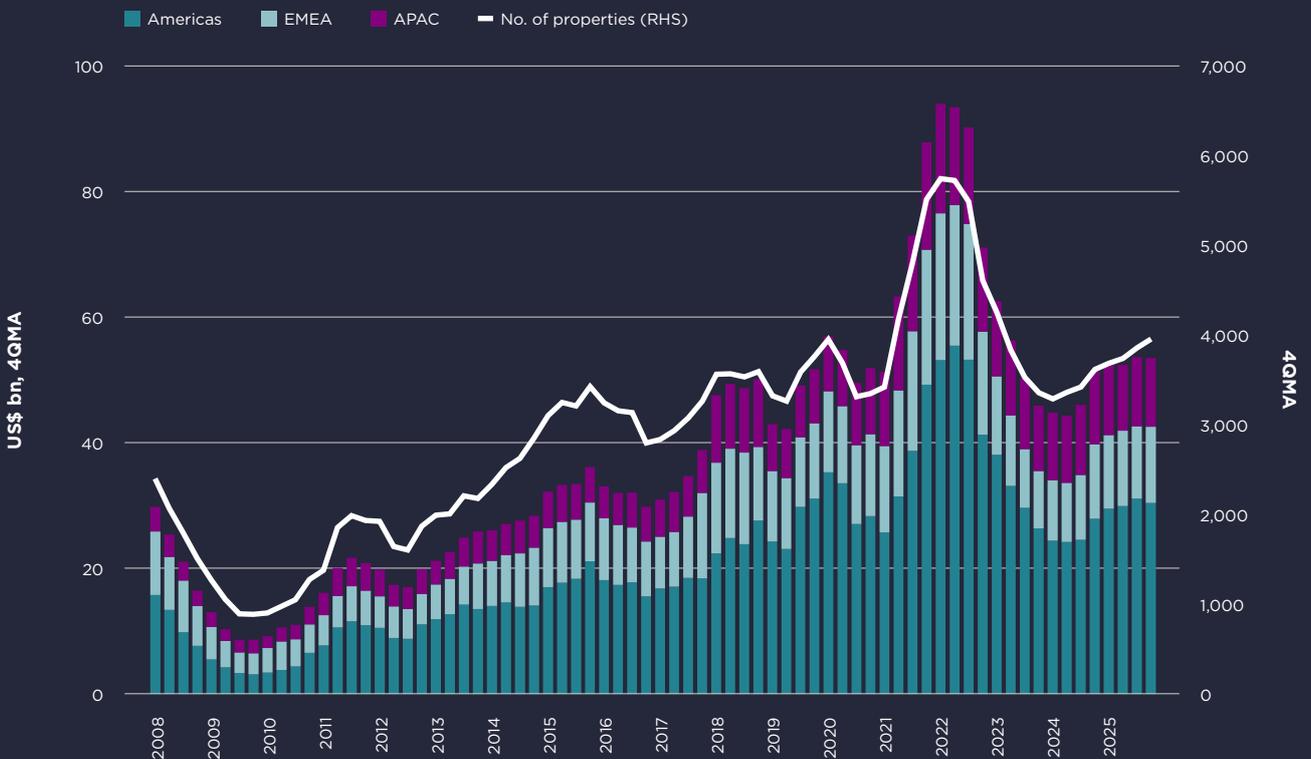
**This provides for a cautiously positive outlook for the year ahead.** Occupational markets continue to display good resilience; leasing activity in 2025 was generally similar or better than the year prior, and expectations are for further incremental improvement in 2026. Development activity has moderated—helped in part by a shift in resources towards data centre construction—allowing vacancy rates to stabilise.

As we move through 2026, vacancy should start trending down again, restoring some pricing power for landlords. Importantly, after the boom, the market has found its balance, rather than experiencing a bust.

**Nevertheless, there is some wider moderation in risk appetite.** This is evident in leasing markets, where 3PLs are increasingly active in an environment where businesses are looking for the flexibility achieved by outsourcing their logistics needs, as well as in the development market, build-to-suit is increasingly the preferred option when breaking new ground.

In capital markets, investors are being more selective in their acquisitions. This is partly in response to changing occupier preferences for good locations and high-quality space. But it also reflects wider investor sentiment—with long income or multi-let assets generally favoured for their security of income. This is driving a growing wedge between prime and secondary yields, and will remain a defining feature of the market through the next 12 months.

**GLOBAL: INDUSTRIAL AND LOGISTICS INVESTMENT TURNOVER**



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

## EMEA

# EUROPE, MIDDLE EAST, AFRICA



**Investment across EMEA fell by 2% in 2025, with €43bn (US\$48bn) in industrial and logistics assets trading over the year.** However, the €15.2bn (US\$17.7bn) transacted in Q4 was 5% higher than the same period a year earlier, and the second strongest quarterly total since Q3 2022, providing renewed momentum for deal activity heading into the new year. The final quarter was supported by several large transactions, including Blackstone's €2.3bn (US\$2.7bn) acquisition of a logistics platform from the privately owned French investor Proudreed—the largest deal of the year.

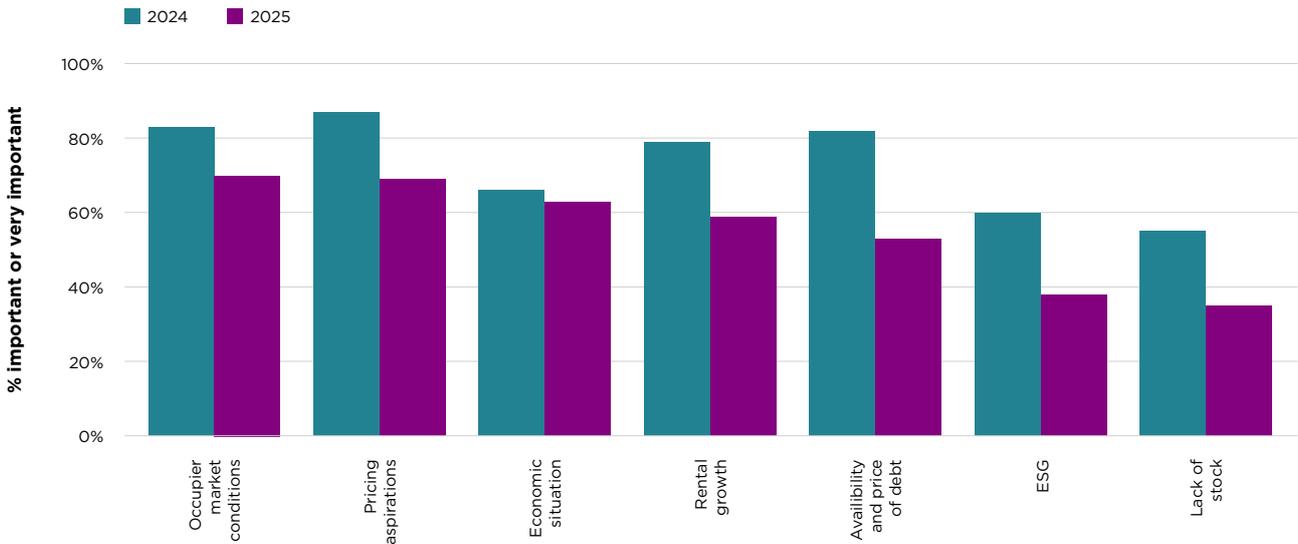
**Performance varied across the region.** The UK, France, and Sweden all recorded double-digit investment growth in 2025, but this was offset by declines in Germany, the Netherlands, Italy, and Spain. In many markets, especially France, headline performance depended on one or two major deals. Meanwhile, the UK saw three deals exceeding US\$1bn during the summer months. Across Europe, the total value of individual asset sales fell by 10% over the year.

**The strong finish top the year supports a relatively optimistic outlook for 2026.**

Investors are focused on income returns in a market unlikely to deliver meaningful yield compression. Among major markets, Paris is the only one showing potential for inward yield movement over the next 12 months. This environment favours a risk-averse strategy; long-income opportunities on a net-lease basis will attract strong demand, and multi-let assets will remain preferred over single-let properties due to their diversified income bases and multiple lease events.

Signs of improved liquidity are also emerging. According to our latest European Logistics Census, investors reported that pricing expectations, debt availability, and stock shortages were less restrictive than a year ago.

EUROPE: WHAT ARE THE BIGGEST FACTORS IMPACTING THE INVESTMENT MARKET?



Source: Savills European Real Estate Logistics Census

**Investor sentiment can be tied to the resilience in occupational markets, which displayed encouraging signs in the second half of the year.** While uncertainty around the ‘Liberation Day’ tariff announcements initially caused hesitation and inaction, requirements began to pick up again towards the end of 2025. Leasing activity is expected to match or exceed this level over the next 12 months. Structural drivers of demand remain robust, helping to offset tariff-related cyclical impacts. The defence sector is already expanding its logistics requirements in major markets such as the UK, adding further momentum into 2026 and beyond.

**Development activity remains challenging, and the speculative pipeline has contracted sharply.** Surging demand for data centres is adding further pressure, with power-enabled land increasingly being diverted away from industrial and logistics towards data centre development. Some existing industrial and logistics sites are also being repurposed for the same reason. These dynamics should help stabilise the market and vacancy rate, which appears to have peaked at below 7% across the region.

**Tenant requirements increasingly focus on Grade A, future-proofed space.** Automation-ready fit-outs are now often essential, and—as in the office sector—location remains a key differentiator. Newly delivered speculative development will depend heavily on location, with Greater Paris, the Rhine-Ruhr region, and the UK’s Golden Triangle expected to outperform. In Southern European markets, where development has lagged over the past decade, limited availability of modern stock will continue to drive disproportionate demand.

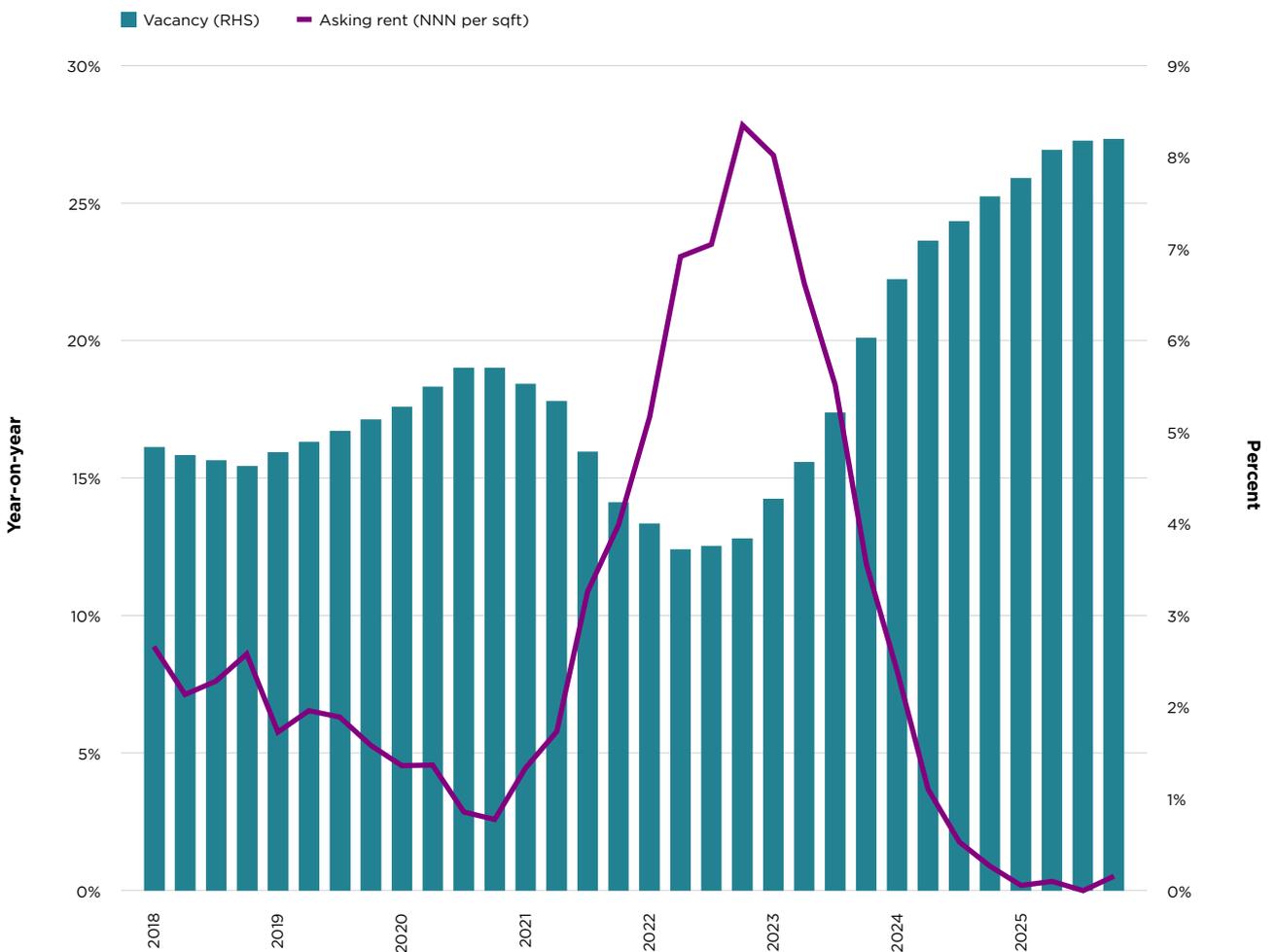
**Overall, the market has become more selective on both the tenant and investor sides,** reinforcing the growing divergence between prime and secondary yields. Institutional investors are re-engaged but remain highly selective, while cross-border investors continue to dominate activity, having acted as strong net buyers of regional assets over the last 12 months. US-based capital remains particularly active, especially in the UK and core Western European markets, complemented by several large transactions backed by APAC investors.

# NORTH AMERICA

**Investment in the US industrial and logistics market totalled US\$111bn in 2025, a 14% increase on 2024.** However, momentum ebbed as we moved through the year, with the US\$34bn transacted in the final quarter just 3% higher than the same period in 2024. This is perhaps unsurprising given the macro backdrop, with the ‘Liberation Day’ tariff announcements clouding the outlook in a sector that was already facing some supply risk. The largest deal of the year was completed on the first day of the year, with NBIM acquiring CPP Investments’ 45% stake in a 1.3m sqm portfolio for just over US\$1bn.

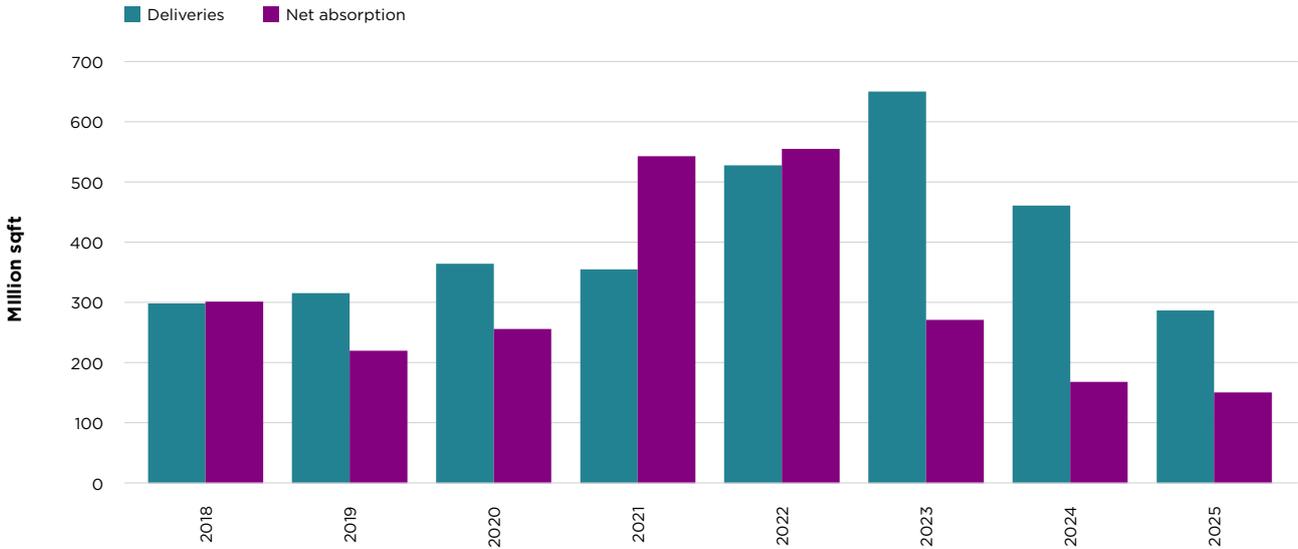
**There is however a sense of cautious optimism surrounding the occupational market,** with vacancy topping out in many major markets in the second half of last year. The national vacancy rate was stable at 8.2% in Q4, marking the end of a three year period of outward movement. This was underpinned by a combination of steady tenant demand—with leasing volumes rising by 7% in 2025—and a slowdown in the onboarding of new supply.

## US: VACANCY AND ASKING RENT



Source: Savills research

US: DELIVERIES AND NET ABSORPTION



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Individual property transactions only.

Nevertheless, in a sign of the times, 3PLs continue to retain a high share in overall leasing activity (over 40% in 2025, compared with around 27% in 2021), as businesses look for increased flexibility by outsourcing their logistics requirements. Decision-making remains slower than normal, and many occupiers are favouring short-term extensions. In those markets that have seen a significant run up in asking rents over the last five years, tenants are even more cautious on lease expiry.

This narrative is likely to characterise the market again in 2026. Absorption should continue at a moderate pace; enough to offset new deliveries and keep sublease availability in check, but not enough to significantly alter the market dynamics. While construction activity has fallen back from recent highs, it is stabilising at pre-Covid-19 levels, although the share of speculative development has fallen. Most of the current vacancy is concentrated in Class A stock following the construction boom, which will provide some leverage to those tenants looking to upgrade in quality.

Rents have stabilised at the national level, although this masks some regional variation. The West Coast is experiencing the largest correction, although this in part reflects the strong base, with the region also seeing the strongest growth during the post-Covid-19 boom. Sun Belt markets, by contrast, have outperformed the national average, despite elevated levels of supply.

Investor activity is broadly aligned with the occupational fundamentals. Across the top 50 markets in the US, investment in the Sun Belt region was more than 50% above the pre-Covid-19 average, whereas the West Coast was 14% lower. Prime yields were unchanged throughout the last 12 months, with the last change having taken place in Q3 2023 in the more tightly priced markets of Los Angeles and Northern New Jersey. Our outlook for the next 12 months is for no change. The sharp increase in rents over recent years means that there remains very little distress in the market.



# APAC

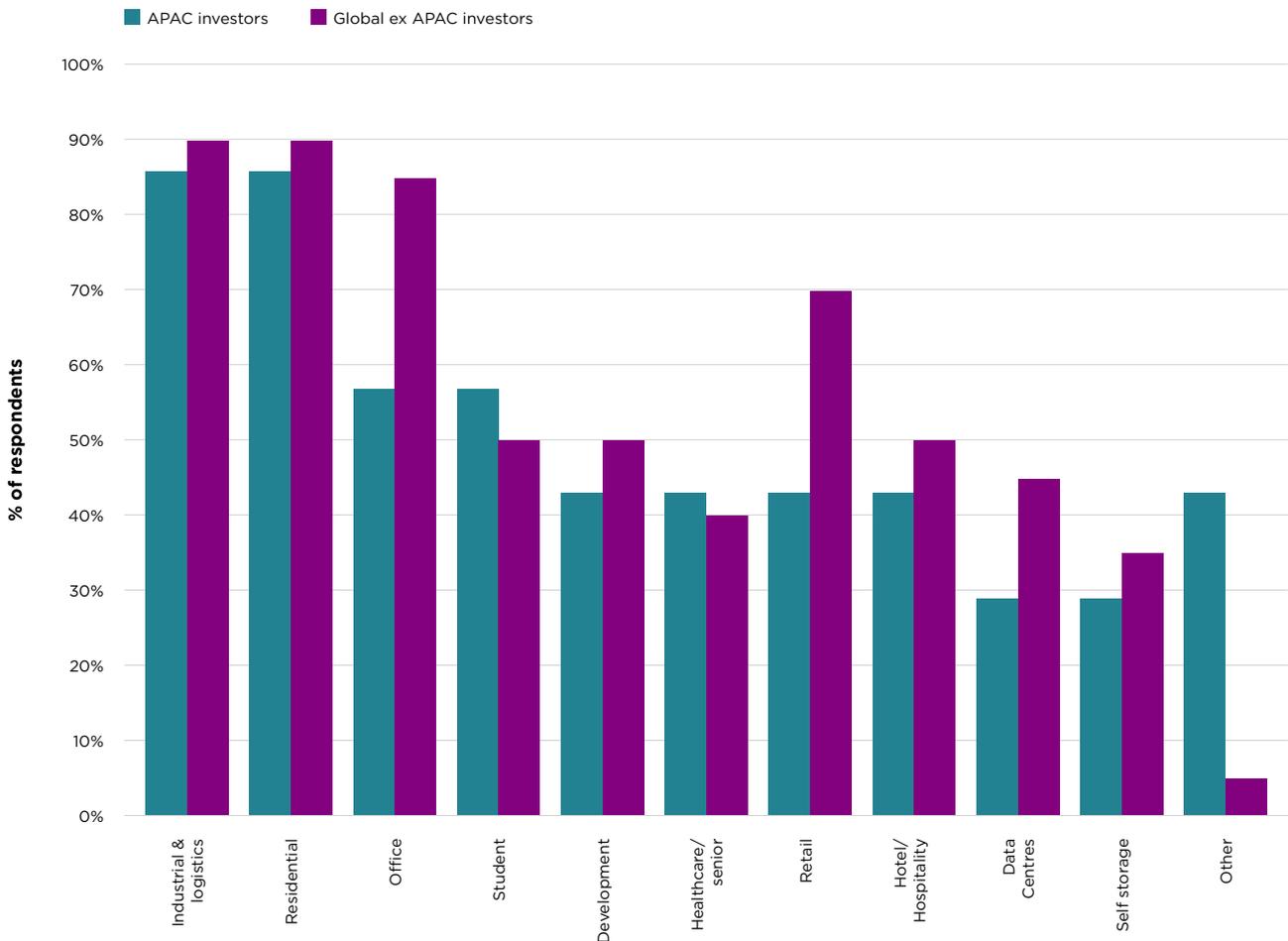
# ASIA PACIFIC

**Investment in the APAC industrial and logistics sector totalled US\$44bn in 2025, a 6% annual decline.** Solid growth in Australia and Japan helped to partially offset weaker activity in Greater China, South Korea, and Singapore. As in other global regions, the introduction of ‘Liberation Day’ tariffs created mid-year uncertainty and inactivity; Q2 turnover of US\$8.1bn marked the weakest quarter since the height of the Covid-19 pandemic. Activity recovered meaningfully in the second half, however, with investment up 7% year-on-year, with all major markets recording a stronger H2.

**Cross-border interest remains a defining strength of the sector, particularly long-haul capital.**

Investment from non-APAC domiciled buyers rose nearly 30% over the year, concentrated in Australia, South Korea and, to a lesser extent, China, where activity was dominated by the privatisation of ESR Group by a consortium of mainly US-based investors. This trend is likely to continue, with foreign investors again showing strong appetite for regional industrial and logistics.

## APAC: PREFERRED SECTORS TO INVEST BY INVESTOR DOMICILE IN 2026



Source: Savills research using ANREV Investment Intentions Survey 2026

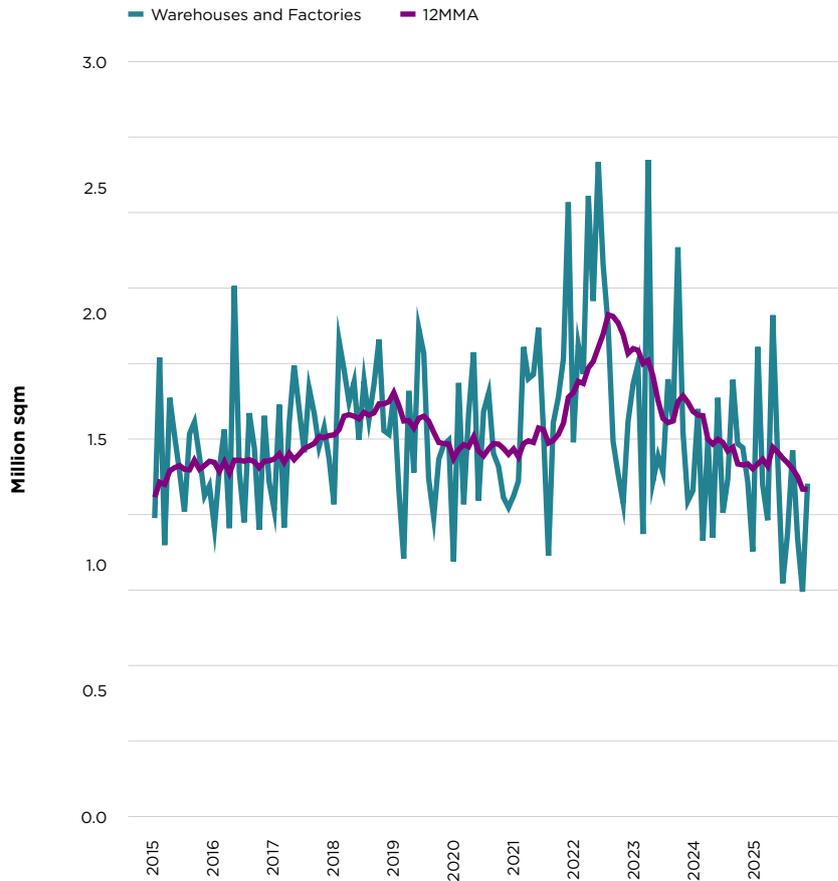
**Japan continues to demonstrate solid underlying demand, with a total 2025 investment of ¥1.1tn (US\$7.7bn), up 2% annually.**

The industrial and logistics market is now shifting towards a more balanced supply-demand environment. Greater Tokyo vacancy ended 2025 at 8.5%, around 100bps below its peak, marking the first improvement after five years of outward movement. This momentum is expected to carry into 2026, with new supply trending down, creating room for further absorption and lower vacancy. New factory and warehouse starts in 2025 were the lowest since 2014, signalling a much-reduced completion pipeline for the years ahead.

**Rising interest rates may soften investor sentiment in early 2026.**

Prime yields have held at 3.3% for several years, despite 10-year Japanese government bonds yields rising above 2.2%, their highest in nearly three decades. Although borrowing remains accretive and cash-on-cash returns compare favourably with other global markets, the spread is less compelling than before, and policy uncertainty persists with inflation still above the Bank of Japan’s target. As risk premiums compress, investors are focusing more heavily on income resilience and growth prospects. While the return of inflation will support rental growth, recent vacancy pressures in Tokyo have weighed on rents. However, with demand firming and supply easing, we expect these dynamics to shift over the next 12 months in favour of landlords.

**JAPAN: CONSTRUCTION STARTS BY FLOOR SPACE**



Source: Savills research using Macrobond

**Australia recorded AUD14.3bn (US\$9.2bn) of industrial and logistics investment in 2025, a near 9% annual rise.**

Activity was bolstered by a surge in M&A and portfolio trades, including Frasers Property’s partial sell-downs to form a new joint venture with Morgan Stanley Real Estate Investing. Liquidity has strengthened, driven by an expanding and increasingly diverse buyer pool, including sustained offshore participation. Foreign investors accounted for roughly one-third of transactions and were again net buyers, led by US and Canadian capital.

**Strong competition has pushed yields lower,** with Sydney prime yields ending 2025 at 4.75%, 25bps tighter over the year and 50bps below the cyclical peak. Some moderation in appetite may emerge as interest rate expectations adjust, after the Reserve Bank of Australia was forced to raise rates in early 2026 in response to growing inflationary pressures. However, sentiment remains high; in the Property Council of Australia’s latest sentiment survey, a net 30% of respondents expect capital values to rise over the next year—more than double the long-term average. This confidence reflects exceptionally tight vacancy and solid rental growth prospects, particularly for modern, higher-quality assets.

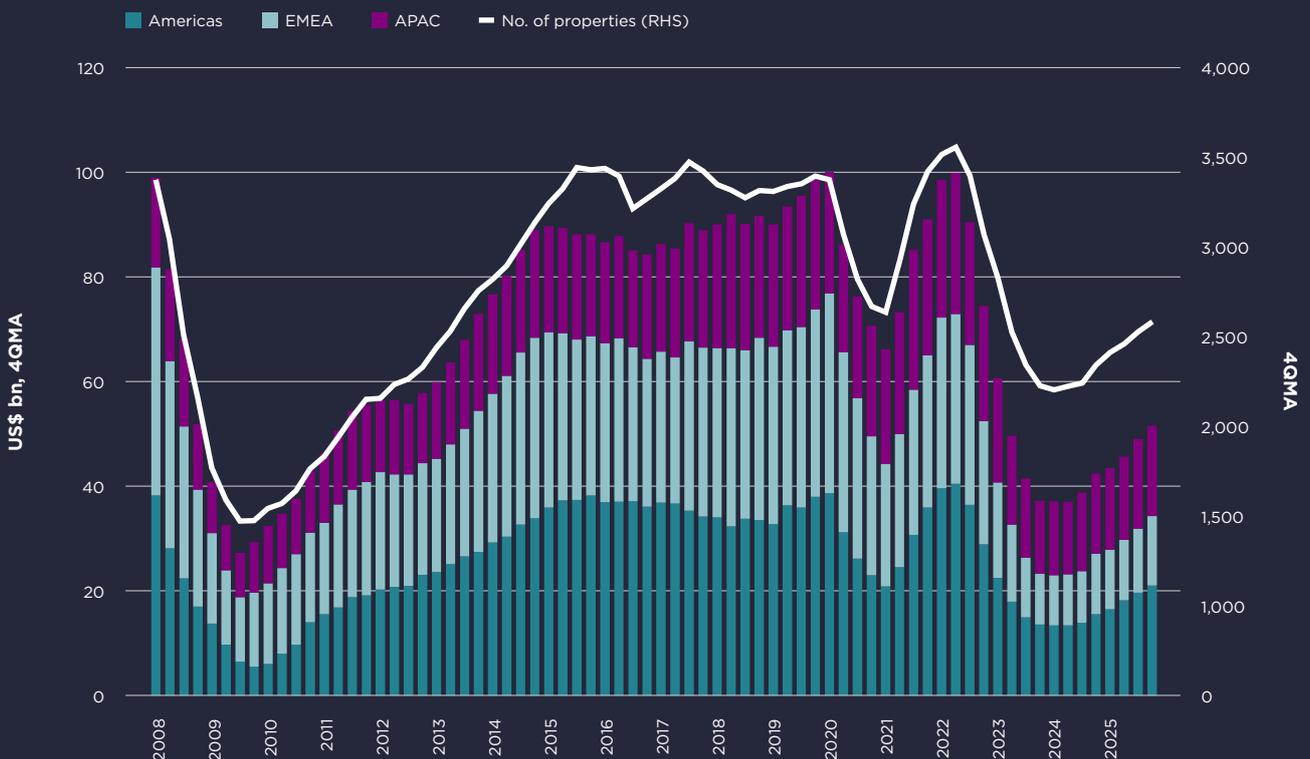
ANNUAL REVIEW 2026

# OFFICES



# NO LONGER OUT OF OFFICE

## GLOBAL: OFFICE INVESTMENT TURNOVER



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

**The global office market staged a solid rebound in 2025, marking a pivotal year in the sector's post-pandemic recovery,** with global investment rising by 18% year-on-year to US\$208bn.

Encouragingly, this resurgence was not confined to the early part of the year; the final quarter of 2025 delivered US\$67bn in turnover, a 17% increase on the year, underscoring sustained momentum.

**The office sector also proved to be more popular with investors, taking a 23% share of global investment,** up from 21% in 2024, and is a trend that we expect to pick-up momentum in 2026. This view is reinforced by the response to the 2026 INREV Investment Intentions Survey, that sees the office sector rise from fifth to third in the list of most preferred sectors globally.

**The recovery is being driven by three key forces; a rebound in the US occupational market, the return of cheaper debt financing, and a constrained supply pipeline.**

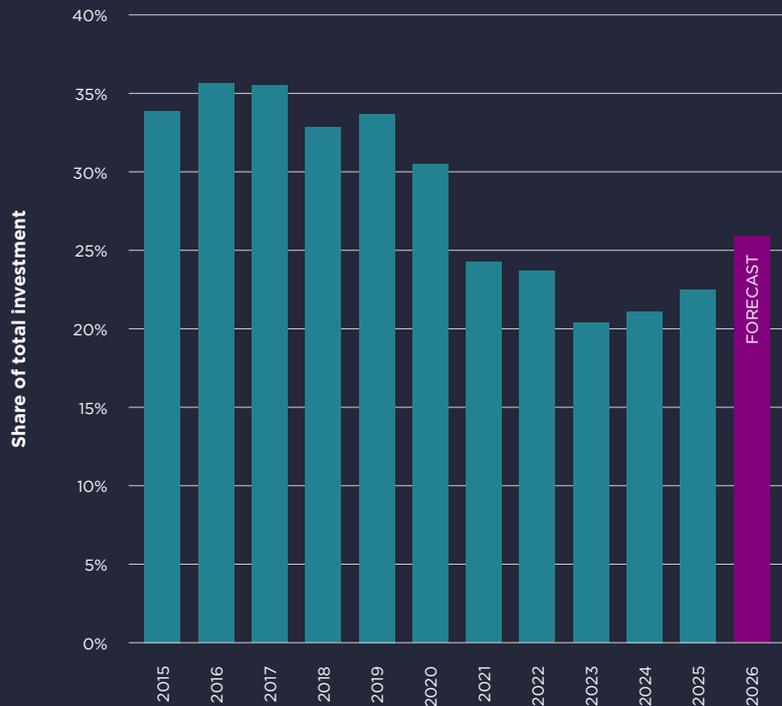
Falling interest rates and increased competition among lenders made financing more accessible, encouraging investors to re-enter the market. At the same time, a lack of new development across many global cities is creating favourable conditions for the owners of existing assets, particularly those aligned with occupier demand for quality, flexibility, and sustainability.

Meanwhile, 2025 represented a key inflection point for momentum and sentiment around the office sector in the US, which is important for both domestic and foreign investment, given many major institutional investors report to investment committees based in the US. Global investment into offices by US-based investors, both domestic and cross border, reached US\$87bn in 2025, 47% higher than in 2024.

**However, the rebound was uneven. Prime and core assets led the way, while secondary offices continued to struggle.** Older, less adaptable buildings continue to face limited demand, often requiring significant investment or repositioning to remain viable.

**This divergence has become a defining feature of the current cycle.** Investors are increasingly focused on asset quality, location, and future-proofing. This has led to a concentration of capital in a narrow band of high-quality assets, while a growing pool of stock faces the prospect of repositioning and repurposing, or obsolescence.

## GLOBAL: OFFICE INVESTMENT



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

**In line with the wider narrative, cross-border investment is also showing signs of renewed interest,** accounting for 20% of total office transactions over the last 12 months—up from 17% in 2024. Though still below pre-pandemic levels, this uptick reflects a gradual return of international capital, particularly into global gateway cities. This was exemplified by Blackstone’s ¥346bn (US\$2.2bn) purchase of Tokyo Garden Terrace in February 2025.

**More generally, institutional investors, both cross-border and domestic, re-emerged as a key buyer,** registering their highest share of total office investment since 2022 at 24%, a trend reflected across all regions. The return of institutions has been reflected in transaction data via the growth in large ticket assets; throughout the year, over 1,300 offices globally traded for over US\$100m, a more than 150% increase when compared to 2024. Included within this list was the acquisition of Tower 730 in Seoul for KRW870bn (US\$625m) by BentalGreenOak, as well as New York’s largest deal in three years when RXR Realty, Elliott Management, and Baupost Group bought 590 Madison Avenue for US\$1.1bn.

**The return of these buyers signals a broader re-engagement with the sector, driven by stabilising values and a belief that the worst of the correction is behind us.** Looking ahead, this positive momentum is expected to continue and we forecast investment into offices to increase by 23% in 2026 and for offices to make up a 26% share of total investment, the highest since 2020.

EMEA

# EUROPE, MIDDLE EAST, AFRICA

**Office investment across EMEA found renewed momentum in 2025, with sentiment improving and larger transactions re-emerging as confidence gradually returned to the sector.**

Total office investment for the year reached €47bn (US\$53bn), up 15% year-on-year, supported by a particularly strong Q4, which saw turnover climb to €19bn (US\$21bn), a 25% uplift on the same period in 2024. The rebound in activity suggests that liquidity is slowly re-entering the market, with a growing pool of investors willing to deploy capital into high-quality opportunities.

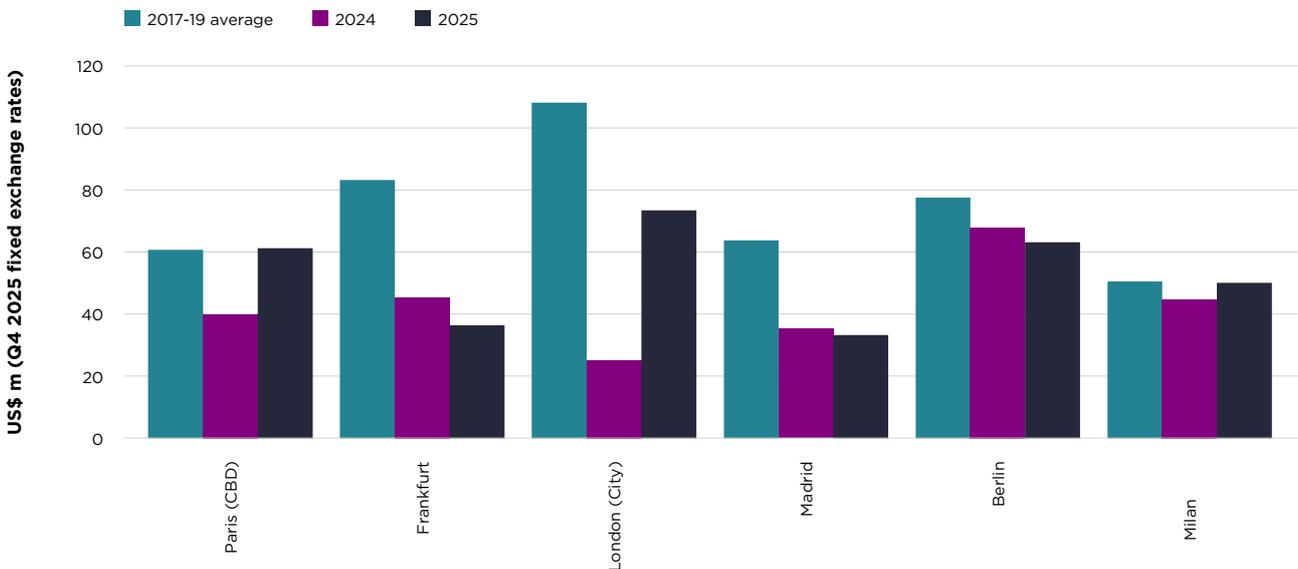
**Activity was strongest in the UK, where office investment rose 32% year-on-year to £13bn (US\$17bn) in 2025,**

supported by a return of institutional capital and a marked increase in larger deal sizes, headlined by NBIM's purchase of a 25% stake in a portfolio of 175 offices across London's West End from Grosvenor for £280m (US\$351m). The French market also experienced a notable pick-up in activity, with turnover rising by 49% to €6.7bn (US\$7.6bn), while investment in Germany remained relatively flat on the year with modest growth of 1%, reaching €5.6bn (US\$6.3bn).

**A notable emerging theme in favour of offices is the potential rebalancing of institutional portfolios.**

After several years of heavy investment in the logistics and living sectors, offices have gradually been reduced to a smaller share of overall allocations. Now, following a period of repricing and clearer signs of stabilising occupational markets, institutions appear to have a renewed capacity—and appetite—to re-engage with the sector. This shift is beginning to show up in the transaction data, with offices recording an increase in sector share for the first time since 2022.

**EUROPE: AVERAGE TRANSACTION SIZE**



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Individual property transactions only.

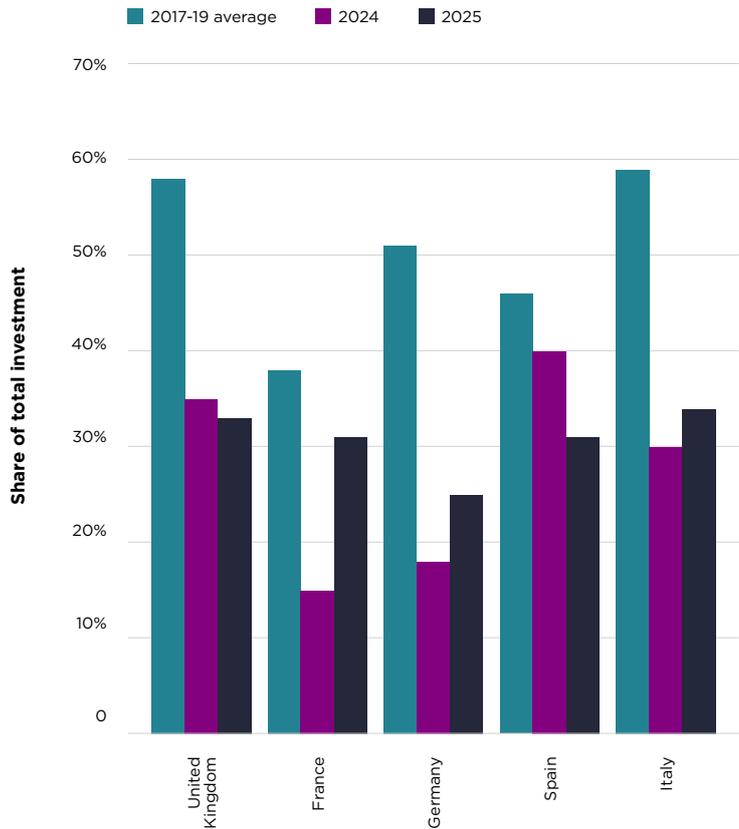
**Cross-border capital also strengthened its position in the region, with its share of total office investment rising from 29% to 35% in 2025.** The largest individual office deal in EMEA was US-based Blackstone’s acquisition of the Trocadéro business centre in Paris for €705m (US\$825m). However, despite headline-grabbing deals like this, cross-border investment remains below pre-pandemic averages, indicating there is still further room for recovery in international participation.

**As institutions and international buyers return to the market, so too is liquidity for larger asset sizes,** signalling that some investors are once again willing to commit to scale when asset quality and location align with their strategies. At the same time, interest is beginning to re-emerge for large value-add opportunities, although success in this segment hinges more than ever on the specificity of location—investors remain cautious, and mis-priced secondary assets continue to face elevated scrutiny. For all strategies, location remains the defining factor, with capital continuing to gravitate toward the most established and resilient districts within core cities.

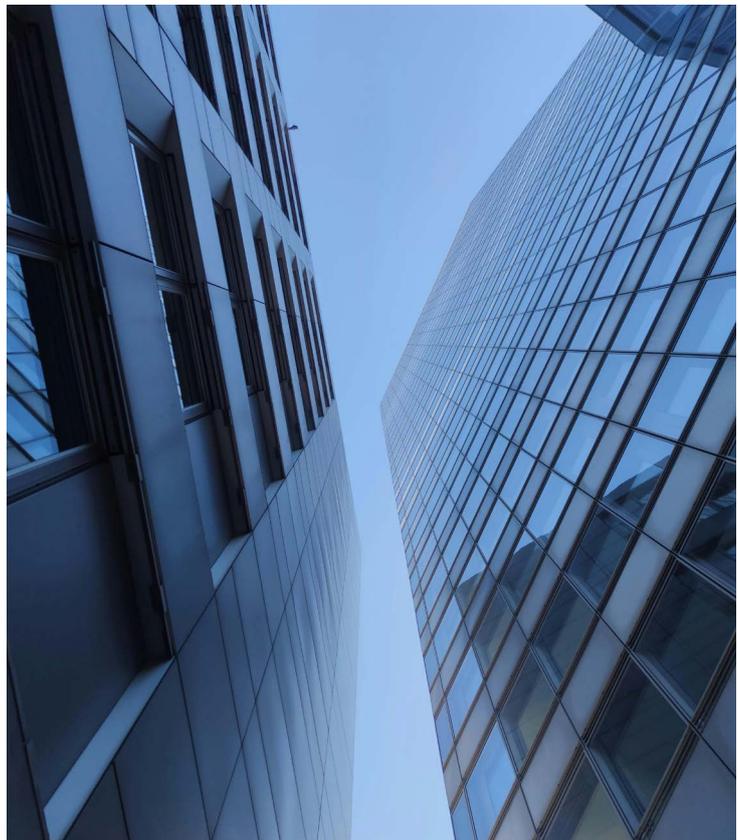
**Despite the improvement in transaction activity, equity deployment is still lagging debt,** reflecting the disparity between lenders—who have gradually become more active—and equity investors, who remain discerning and often slower to commit capital. This dynamic is particularly evident among US private equity groups; while appetite was intense in London last year, their activity has been more measured across the wider region in 2025.

Looking to 2026, activity in Southern Europe is expected to soften slightly, not necessarily due to a lack of investor interest, but primarily because of limited product availability—particularly for high-quality, institutionally preferred assets. Conversely, a gradual return of German funds is anticipated, especially in outbound strategies, which should help deepen liquidity across select European markets.

EUROPE: CROSS BORDER OFFICE INVESTMENT



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios.

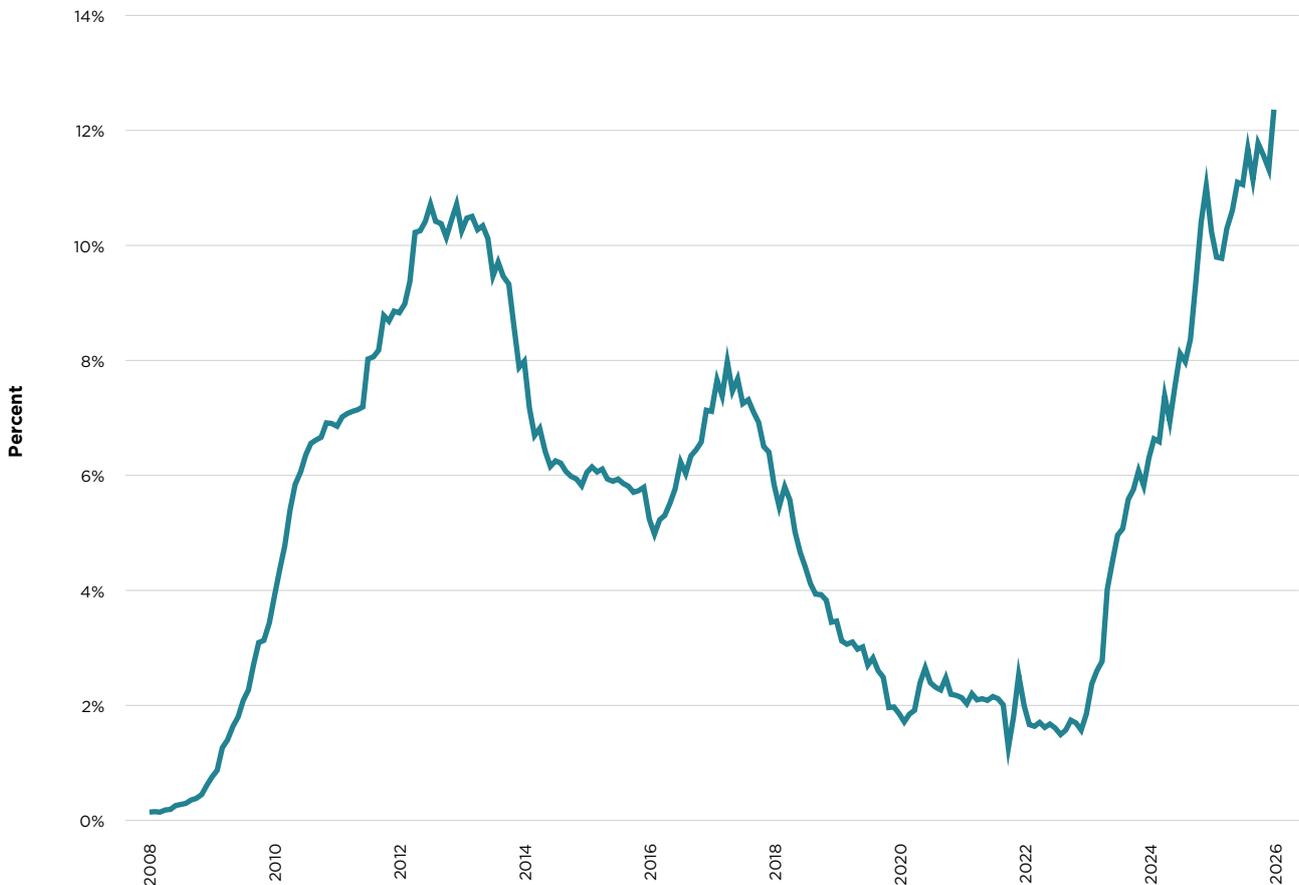


# NORTH AMERICA

**The US office market had a strong 2025, with total investment activity reaching US\$80bn, a 38% rise year-on-year.** The last 12 months have represented a turning point for the office sector in the US, and 2025 marked the return of institutional capital, following a steady improvement in the underlying occupational dynamics. However, domestic institutions remain net sellers of US offices, reflecting a base level of caution amongst many buyers, some of whom will likely be preoccupied with managing legacy assets to return to the market with any great conviction. Instead, private investors and opportunistic user-buyers continue to lead transactional activity.

**Underlying caution is valid as distress in the office sector continues to accumulate, albeit at a decelerating pace.** Offices account for around 48% of total distressed commercial real-estate loans in the US, according to MSCI, broadly unchanged from a year prior. However, newly distressed office loans grew by US\$14bn in 2025; an increase, but much lower than 2024's figure of US\$32bn. Delinquencies, however, remain concentrated in the office segment, and by January 2026, the CMBS delinquency rate for offices reached a high of 12.3%, roughly 200bps higher than late 2024.

## US: OFFICE CMBS DELINQUENCY RATE



Source: Savills Research using Trepp. Based on percentage of loans 30+ days delinquent.

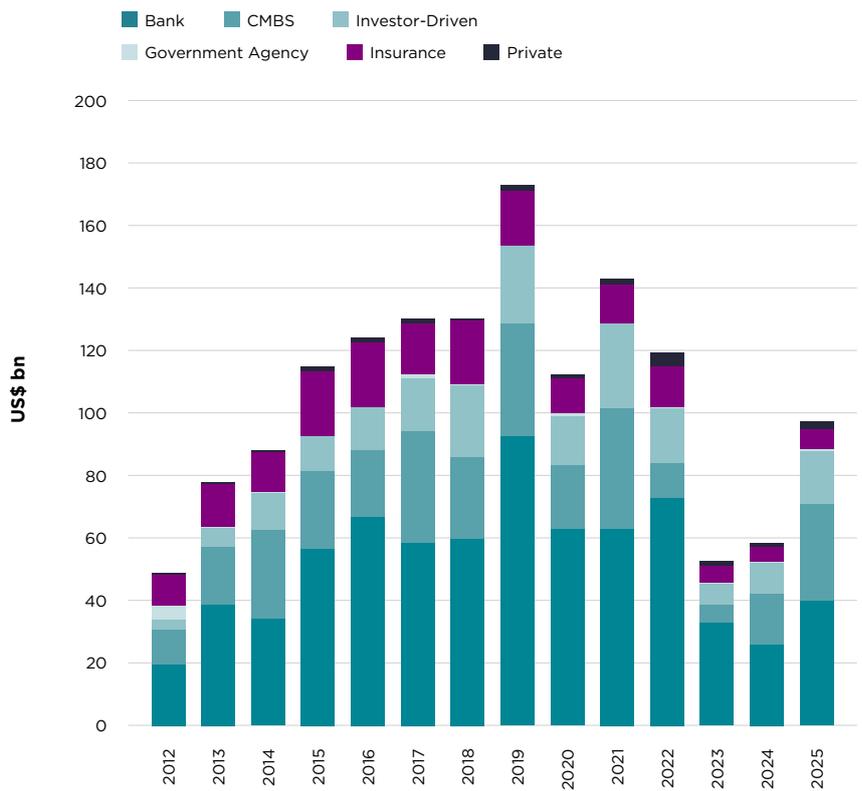
Despite lingering concerns around overall distress in the sector, new issuance of CMBS has picked up, reflecting the broader recovery in transaction activity and the two-tiered nature of the market. Originations rose sharply to US\$29bn in 2025, up from US\$9.4bn the previous year, as lenders and investors became more comfortable with underwriting new deals in a stabilising market. With pricing and liquidity still uneven across the sector, asset selection has become increasingly critical, given vacancy rates remain elevated, with investors placing greater emphasis on submarket resilience, tenant strength, and the durability of income streams.

This renewed selectivity was evident in June, when Blackstone acquired a 46% interest in 1345 Avenue of the Americas in New York for US\$644m, partnering with Fisher Brothers, which also increased its majority stake in the building. The transaction was supported by a US\$850m CMBS refinancing, **underscoring both the appetite for high-quality assets and the rebound in the use of structured finance to facilitate office investment activity.**

**New York continues to lead the recovery in the US, with US\$14.6bn of capital deployed throughout 2025, a 40% increase on the year.** This improvement is largely supported by the turnaround in the occupational data—43m sqft of space was leased throughout 2025 in Manhattan, the highest annual total since 2014, and face rents in trophy assets rose by as much as 12% on the year.



US: OFFICE LOAN ORIGINATION BY LENDER



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios.

But the recovery is broadening out, and 2025 proved to also be a good year in San Francisco. Leasing activity rose by 67% on the year and investment by over 150% in 2025 to US\$9.1bn year-on-year, making it the city's best year since 2021. This is largely thanks to the boom in the tech industry. Apple, for example, has acquired five assets totalling US\$1.1bn around the greater San Francisco area over the last 12 months alone.

**Elsewhere, Los Angeles, Washington DC and Miami round out the top five metropolitan areas for investment in the US,** but in a sign that the office market is still trading well down on historical norms, out of the best performing cities in the US, only Miami is surpassing pre-Covid-19 turnover, with the US\$3.6bn traded in 2025 representing a 30% increase on its 2017-19 average.

# APAC

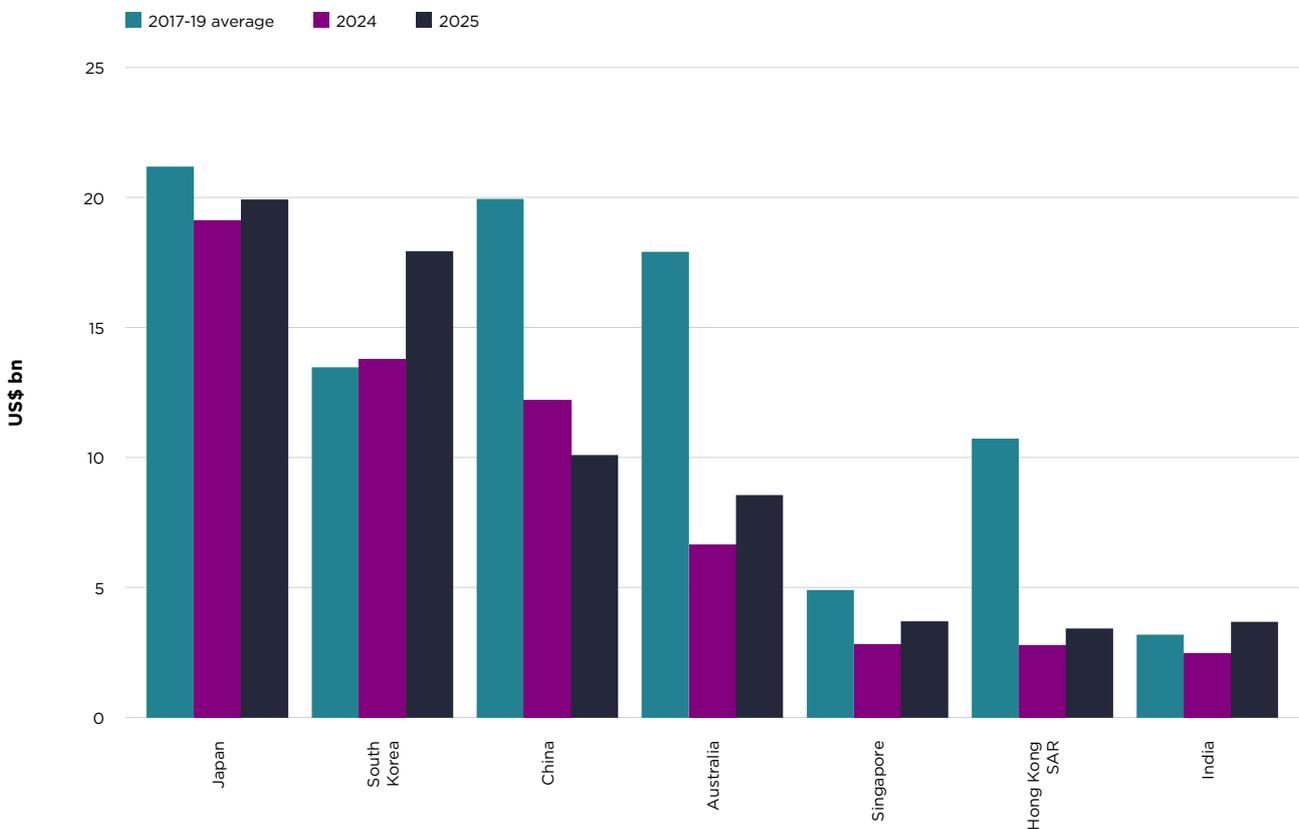
# ASIA PACIFIC

**Investment across the APAC region strengthened in 2025 as a whole, rising 10% year-on-year to US\$68.5bn**, although activity softened towards year-end, with Q4 activity 4.7% lower than the same period in 2024. While China continued to see a contraction in office investment, markets such as Japan and South Korea remain standout performers.

**Shanghai’s office market remained under pressure in 2025.** New completions pushed Grade A supply up by over 500,000 sqm, with end-year vacancy at 23.6%. Rents fell a further 2.4% on the quarter and 15.4% on the year, returning to mid-2000 levels in the process.

**Investment in Chinese offices continued to weaken as a consequence, falling 17% over the year to CNY73bn (US\$10bn)**, reflecting cautious sentiment towards the sector. Cross-border activity was particularly subdued, with foreign capital accounting for just 2% of total investment, the lowest share on record. With a further 3.3m sqm of new supply scheduled for delivery in 2026–27 in Shanghai, downward pressure on both rents and occupancy is expected to persist.

## APAC: OFFICE INVESTMENT



Source: Savills research using MSCI RCA. Based on independent reports of properties and portfolios. Excluding development sites.

**In Hong Kong, investment in offices seems to be improving. Over 2025, investment activity hit HK\$27bn (US\$3.4bn), up 23% on the year, with almost HK\$23bn (US\$3bn) of acquisitions completing in the second half.** The office leasing market is navigating a period of mixed signals, however. Vacancy rose to its highest level in over a decade in Q4, yet demand is starting to improve, led by financial services firms amid a recovering local economy, and increased IPO activity from Mainland China. Prime rents were down on the year but edged up on a quarter-on-quarter sequential basis, suggesting early signs of stabilisation.

**In Seoul, the prime office market remains one of the region’s most resilient.** Vacancy held steady at near historic lows of around 3.7%—reflecting five consecutive years of demand exceeding supply. With only one prime building completed since 2022, limited availability is supporting continued solid rental growth; prime rents rose by 5% over 2025, more than double the rate of inflation. Investment turnover was up 35% on the year, reaching KRW25tn (US\$18bn), supported by deals such as the KRW1.9tn (US\$1.4bn) sale of the Pangyo Tech1 tower. There is limited supply anticipated over the coming years, somewhat due to financing constraints, and pre-leasings suggest a strong and stable outlook through to 2028.

**Japan also remained a pillar of stability in the region.** Office investment reached JP¥3tn (US\$20bn) by the end of 2025, up 10% on the year, with prime yields holding steady at 2.6% despite some upward pressure on bond yields. In Tokyo’s central five wards, Grade A vacancy tightened to pre-pandemic lows, supported by sustained corporate demand and limited availability of large floor plates. Although average rents remain below 2019 levels, supply constraints point to further rental growth in 2026, with the staggered pipeline of new supply unlikely to alter the prevailing market tightness.

**Elsewhere, India experienced robust demand in 2025, with office investment rising 49% year-on-year to INR321bn (US\$3.7bn), following the expansion of global occupiers into Bengaluru and Mumbai.** The office sector made up 62% of real estate investment in 2025, up from 45% last year. One of the year’s most significant transactions was 360 One Asset’s INR24bn (US\$280m) acquisition of a 1.9m sq ft site in Pune for a major Global Capability Centre (GCC) campus. With India’s role in global corporate services continuing to grow, office investment is expected to remain strong throughout 2026.

**Finally, Sydney delivered one of the strongest performances in APAC in 2025, with AUD13bn (US\$8.6bn) transacting in the year—33% higher than in 2024.** Institutional buyers represented nearly half of all acquisitions, reflecting renewed confidence in the market. Looking ahead, while the path of interest rates remains uncertain, Sydney’s significant repricing in recent years limits further yield expansion risk.



# MARKET VIEW



**RASHEED HASSAN**

Head of Global Cross Border Investment  
shares his view on the market



We cannot say for certain that 2026 will be a smooth journey, and Q1 has already seen several geopolitical events unfold. However, I am feeling more positive than I have for some time. Despite all the turbulence, 2025 was better than 2024, and sitting here today, it already feels like 2026 will be better again.

Lower interest rates and increased competition amongst lenders is reducing the cost of debt and helping to gently improve asset pricing, and there is growing confidence in market fundamentals, particularly in the momentum of rental growth.

The sectors that investors will deploy into are expanding, as are the target geographies. There is increasing evidence of improving allocations towards real estate and a rebalancing of commitments between debt and equity strategies. Within this, larger assets and portfolios are trading with more frequency, showing an increased appetite for risk.

So what else can we hope for? I am always focused on improvements in investment turnover. This should help boost activity through a virtuous circle; as turnover accelerates, confidence grows, and that confidence then breeds a feeling that people can be more positive in their underwriting. In turn, this will support pricing, therefore making the prospect of selling more appealing for those investors who have been holding out in recent years. In order for turnover to keep rising, we do need the motivation to sell to increase as that is the start of the cycle.

The statistics summarising last year and evolving from the start of this are supporting the fact that the base of buyers is expanding, and when coupled with the improvements in pricing, this should provoke more owners to believe that 2026 is the right time to at least test the market with assets.

## LIVING MARKET VIEW

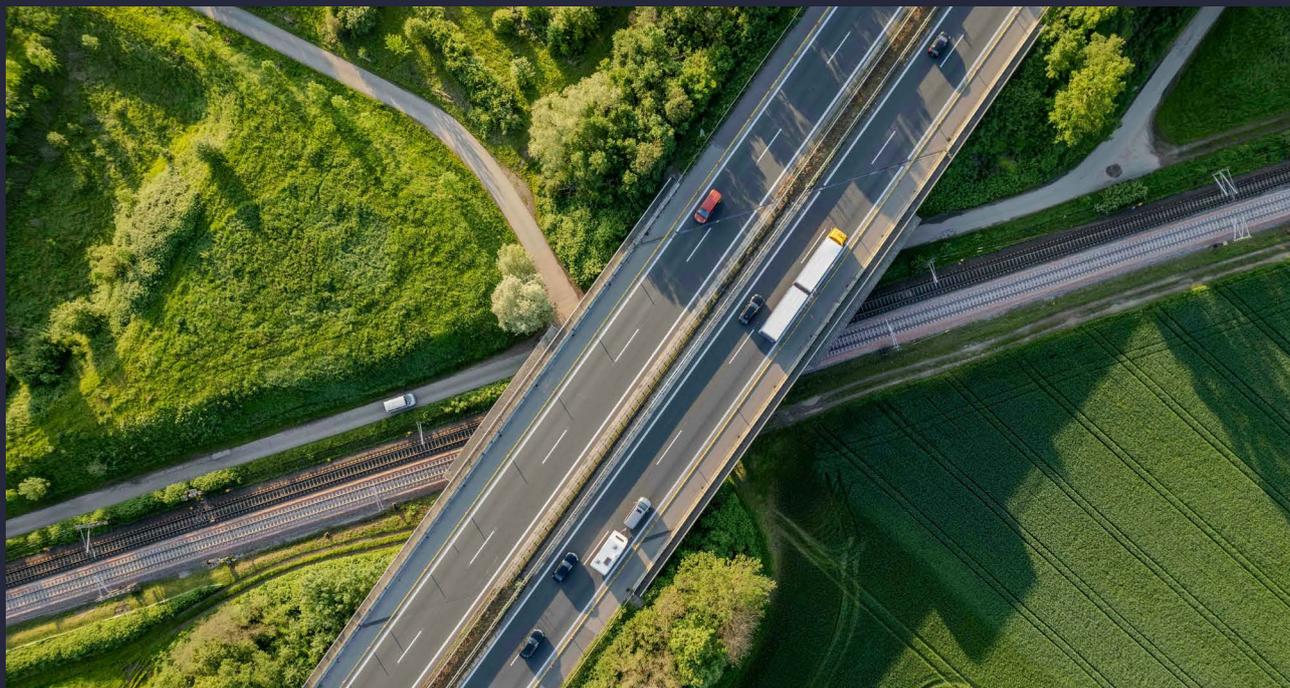


### LIVING PRIME YIELDS, Q4 2025 (AS AT END DECEMBER)

City	Sub-sector	Prime net initial yield	Outlook for yields, next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
<b>Multifamily</b>	Tokyo	3.40%	No change	60%	1.6%	6.1%	3.4%
<b>Multifamily</b>	Berlin	3.60%	No change	55%	3.7%	3.4%	0.8%
<b>Multifamily</b>	Copenhagen	3.75%	No change	63%	3.6%	4.0%	1.0%
<b>Multifamily</b>	Madrid	3.90%	No change	55%	4.1%	3.6%	0.6%
<b>Multifamily</b>	Sydney	4.13%	No change	55%	5.5%	2.4%	-0.6%
<b>Multifamily</b>	Melbourne	4.25%	No change	55%	5.5%	2.7%	-0.5%
<b>Multifamily</b>	Paris	4.25%	No change	55%	3.7%	4.9%	0.7%
<b>Multifamily</b>	Stockholm	4.25%	No change	60%	3.5%	5.4%	1.3%
<b>Multifamily</b>	London	4.50%	Up	60%	5.1%	3.6%	0.0%
<b>Student</b>	Paris	4.50%	No change	55%	3.7%	5.4%	0.9%
<b>Student</b>	Berlin	4.50%	No change	55%	3.7%	5.4%	1.7%
<b>Student</b>	Madrid	4.50%	No change	55%	4.1%	4.9%	1.2%
<b>Student</b>	London	4.50%	No change	60%	5.1%	3.6%	0.0%
<b>Student</b>	Sydney	4.75%	No change	55%	5.5%	3.8%	0.0%
<b>Student</b>	Melbourne	5.25%	No change	55%	5.5%	4.9%	0.5%

Source: Savills Research and Macrobond

Note: Yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.



LOGISTICS PRIME YIELDS, Q4 2025 (AS AT END DECEMBER)

City	Prime net initial yield	Outlook for yields over the next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
<b>Tokyo</b>	3.30%	No change	60%	1.6%	5.9%	3.3%
<b>Hong Kong</b>	4.09%	No change	40%	3.5%	4.5%	1.1%
<b>Cologne</b>	4.40%	No change	55%	3.7%	5.2%	1.6%
<b>Sydney</b>	4.75%	No change	53%	5.3%	4.2%	0.0%
<b>Île-de-France</b>	4.75%	Down	55%	3.7%	6.0%	1.2%
<b>Madrid</b>	4.80%	No change	55%	4.1%	5.6%	1.5%
<b>Amsterdam</b>	5.00%	No change	55%	3.7%	6.5%	2.4%
<b>London</b>	5.00%	No change	60%	5.1%	4.8%	0.5%
<b>Northern New Jersey</b>	5.25%	Down	60%	5.8%	4.5%	1.1%
<b>Los Angeles</b>	5.25%	Down	60%	5.8%	4.5%	1.1%
<b>Seoul Metropolitan Area</b>	5.30%	No change	60%	5.0%	5.8%	1.9%
<b>Chicago</b>	5.50%	Down	60%	5.8%	5.1%	1.3%
<b>Shanghai</b>	5.50%	Up	50%	3.7%	7.3%	3.7%
<b>Houston</b>	5.75%	Down	60%	5.8%	5.8%	1.6%
<b>Singapore</b>	6.50%	No change	55%	2.4%	11.6%	4.3%
<b>Dubai</b>	7.50%	No change	50%	7.0%	8.0%	3.3%

Source: Savills Research and Macrobond

Note: Yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.

## OFFICE MARKET VIEW



### OFFICE PRIME YIELDS, Q4 2025 (AS AT END OF DECEMBER)

City	Prime net initial yield	Outlook for yields, next 12 months	Typical LTV	Total cost of debt	Cash-on-cash yield	Risk premium
<b>Hong Kong (CBD)</b>	2.04%	No change	40%	3.3%	1.2%	-1.0%
<b>Tokyo</b>	2.60%	No change	60%	1.6%	4.1%	2.6%
<b>Singapore</b>	3.88%	No change	55%	2.4%	5.7%	1.7%
<b>Paris</b>	4.00%	No change	55%	3.7%	4.3%	0.4%
<b>Seoul</b>	4.15%	No change	60%	4.0%	4.4%	0.8%
<b>Milan</b>	4.25%	Down	55%	4.3%	4.1%	0.7%
<b>Berlin</b>	4.40%	No change	55%	3.7%	4.4%	1.6%
<b>Frankfurt</b>	4.50%	No change	55%	3.7%	5.4%	1.7%
<b>Madrid</b>	4.65%	No change	55%	4.1%	5.3%	1.4%
<b>Shanghai (Lujiazui)</b>	5.25%	Up	50%	3.5%	7.0%	3.4%
<b>London (City)</b>	5.25%	Down	60%	5.1%	5.5%	0.7%
<b>New York</b>	5.50%	No change	55%	6.0%	4.9%	1.3%
<b>Sydney</b>	5.85%	No change	53%	5.4%	6.4%	1.1%
<b>Dubai</b>	6.75%	No change	50%	7.0%	6.5%	2.6%
<b>Los Angeles</b>	8.00%	No change	55%	6.0%	10.4%	3.8%
<b>Mumbai</b>	8.25%	Up	60%	9.5%	6.4%	1.7%

Source: Savills Research and Macrobond

Note: Yields may be different to quoted values in markets where the convention is to use a gross rather than net value. Values based on end-of-quarter data. See Methodology for details.

## AVEO SENIOR HOUSING, AUSTRALIA



**Sub-sector:** Senior living

**Units:** 10,000

**Price/NIY:** AUD3.85bn  
(US\$2.5bn)/undisclosed

**Vendor:** Brookfield Asset  
Management

**Vendor nationality:** Canada

**Purchaser:** The Living Company  
and South Korea's National  
Pension Service (NPS)

**Purchaser nationality:**  
Australia and South Korea

**Other comments:** Reportedly the largest ever real-estate transaction in Australia, The Living Company—Australia's largest PBSA operator via the operating platform Scape—has entered the senior living market by acquiring the Aveo platform, consisting of 65 retirement villages located across Queensland, New South Wales, Victoria, and Tasmania. Brookfield previously acquired Aveo in a take private deal in 2019 for AUD1.3bn.

## BARCHESTER, UK



**Sub-sector:** Senior living

**Units:** 284 care homes plus  
development sites

**Price/NIY:** £5.2bn (US\$7.0bn)/  
undisclosed

**Vendor:** Barchester Healthcare

**Vendor nationality:** UK

**Purchaser:** Welltower

**Purchaser nationality:** US

**Other comments:** Reported to be the world's largest care home acquisition ever, the US REIT Welltower acquired Barchester Healthcare, one of the UK's most established operators, comprising 284 elderly care homes, including developments. Welltower also acquired HC-One for £1.2bn and Aria Care for £620m, as well as other acquisitions, as part of a broader US\$14bn seniors housing acquisition programme across the US and UK.

## ESR PRIVATISATION



**Tenant:** Multiple

**Lease length (WAULT):** N/A

**Area:** 506m sq ft (GFA)

**Price/NIY:** US\$7.1bn/undisclosed

**Vendor:** N/A

**Vendor nationality:** N/A

**Purchaser:** Starwood Capital Group, SSW Partners, Sixth Street, Warburg Pincus and Qatar Investment Authority

**Purchaser nationality:**  
US and Qatar

**Other comments:** ESR, one of the largest fund managers in APAC with over US\$70bn in fee-related assets under management, and a major owner of logistics and data centre assets across the region, was delisted from the Hong Kong Stock Exchange in July following the take-private deal from a consortium of primarily US-based investors. The ESR founders, as well as existing shareholders including OMERS and Sumitomo Mitsui Banking Corporation, retained some or all of their equity holdings in the newly privatised business.

## PROUDREED INDUSTRIAL PORTFOLIO, FRANCE



**Tenant:** Multiple

**Lease length (WAULT):**  
Undisclosed

**Area:** 2m sqft

**Price/NIY:** €2.3bn (US\$2.7bn)/  
Undisclosed

**Vendor:** Proudreed

**Vendor nationality:** France

**Purchaser:** Blackstone

**Purchaser nationality:**  
United States

**Other comments:** Blackstone has acquired an industrial portfolio from Proudreed, one of the largest private investors in the French logistics market, comprising around 500 individual assets, with an occupancy rate of 92%, and 67 development sites.

## 590 MADISON AVENUE, NEW YORK, US



**Tenant:** Multiple including LVMH, American Securities, Apollo Global Management, the Corcoran Group.

**Lease length (WAULT):**  
Undisclosed

**Area:** 1 million sqft

**Price/NIY:** US\$1.1bn/Undisclosed

**Vendor:** State Teachers: Retirement System of Ohio and EJME

**Vendor nationality:** United States

**Purchaser:** RXR Realty, JV Elliott Management, JV Baupost Group

**Purchaser nationality:**  
United States

**Other comments:** The acquisition of 590 Madison Avenue, known as the former IBM building, is the first billion-dollar office transaction in New York since Google purchased St. John's Terminal in Hudson Square for US\$2.1bn in 2022.

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## TOKYO GARDEN TERRACE KIOICHO



**Tenant:** Multiple, including LY Corporation, MetLife Insurance, Dai-ichi Life Insurance.

**Lease length (WAULT):**  
Undisclosed

**Area:** 2.4 million sqft

**Price/NIY:** JP ¥ 400bn (US\$2.6bn)/ Undisclosed

**Vendor State Teachers:**  
Seibu Holdings

**Vendor nationality:** Japan

**Purchaser:** Blackstone

**Purchaser nationality:**  
United States

**Other comments:** Mixed-use asset, comprising two Grade A offices, 135 residential units, a hotel and exhibition space, and retail space. Reported to be the largest recorded foreign investment in the Japanese real estate market.

# METHODOLOGY

Net initial yields are estimated by local Savills experts to represent the achievable yield, including transaction and non-recoverable costs, on a fully let hypothetical grade A asset; for logistics, this is a big-box facility located in a prime location, let to a single good profile tenant on a 10-15-year open-market lease, for office, it is a building located in the CBD of over 50,000 sq ft in size, and for living, it is an asset of institutional scale in a prime location. The typical LTV and cost of debt represent the anticipated lending terms available in each market. Cash-on-cash returns illustrate the initial yield on equity, assuming the aforementioned LTV and debt costs. The risk premium is calculated by subtracting the end-of-period domestic 10-year government bond yield (as a proxy for the relevant risk-free rate of return) from the net initial yield. Data is end-of-quarter values.





## Savills Research

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