Global Market Insights

April 2025

From distraction to direction: Real estate in a resetting world

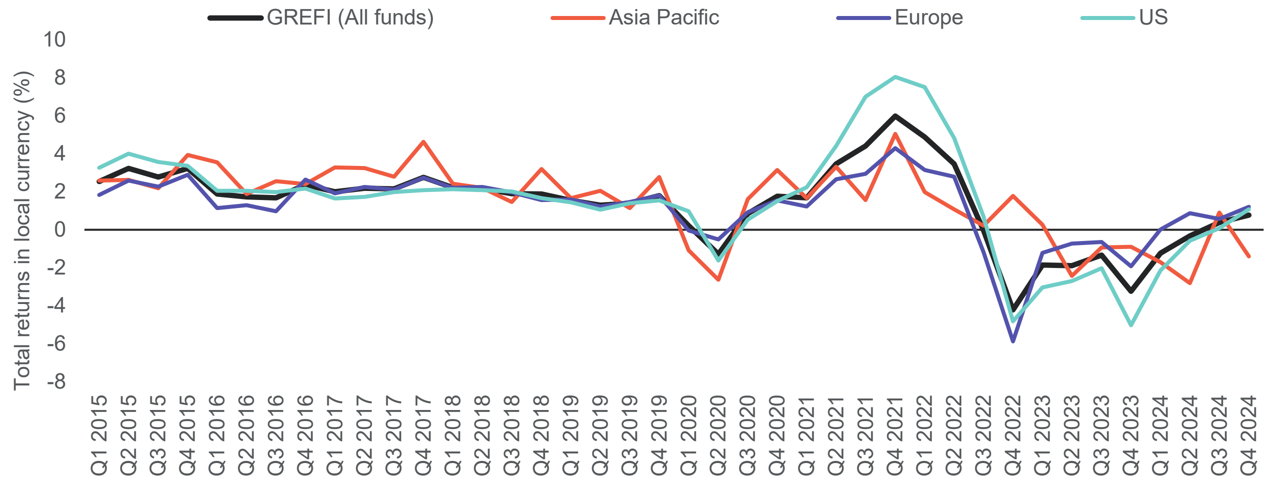
Following two years of contraction, the global real estate investment landscape may finally be showing signs that it is stabilising. The Global Real Estate Fund Index (GREFI) recorded a second consecutive quarter of positive performance in Q4 2024, delivering a total return of 0.77%. Regional results were mixed, however. Europe led with a return of 1.21%, buoyed by core strategies, while North America followed at 1.08%, supported by renewed capital inflows. Asia Pacific reversed course after a strong Q3, posting a return of -1.41%, down 0.90% from the previous quarter, though Australian funds saw their returns increase 54 bps to clock a positive total return of 0.37%.

This recent return to positive real estate returns comes amid a persistently unsettled global backdrop. Markets continue to digest the effects of a fragmented policy environment, ranging from shifting central bank signals to heightened geopolitical frictions. The US administration's erratic use of trade tariffs, including sudden impositions and reversals, has introduced further volatility into an already cautious investment climate. Elsewhere, ongoing conflict in Eastern Europe, instability in the Middle East, and fragile relations between China and the West continue to weigh on risk sentiment.

Against this backdrop, investors no longer appear to be paralysed by uncertainty, but are instead navigating a recovery that is uneven, prolonged, and difficult to characterise. Real estate is again being viewed as a durable store of value and a hedge against inflation and equity market volatility. Markets are seeing a selective (though not universal) resurgence in capital raising and a calming of redemption pressures, particularly in US core funds.

Valuation adjustments continue amid ongoing price discovery, though more quickly in Europe and North America than in Asia Pacific. As a result, investor appetite is returning – albeit cautiously. Currency costs, divergent monetary policies, and valuation uncertainty remain key barriers to deployment. Still, real estate's foundational strengths, including income generation, relative stability, and alignment to long-term structure trends, are prompting many to reengage. If sustained, this fragile momentum may represent the beginning of a new, more deliberate investment cycle.

Figure 1: GREFI total returns by region



Source: Global Real Estate Fund Index Q4 2024

Global capital raising shows signs of recovery amid subdued volumes

Capital raising conditions for non-listed real estate remained subdued in 2024, continuing the pattern established the year prior. According to the Capital Raising Survey 2025, jointly published by ANREV, INREV, and NCREIF, investment managers secured a minimum of US$123 billion, a modest 5% decline year-on-year and 53% below 2022 levels. Persistent global economic distractions including the unpredictable application of U.S. tariffs, diverging monetary policies, and heightened geopolitical tensions continued to weigh on allocation decisions.

Despite muted totals, signs of cautious re-engagement have emerged. Notably, 40% of capital raised in 2024 had already been invested, a significant improvement over the 16% deployment rate in 2023. This rebound in capital activation suggests a degree of confidence may be returning to the market, even as the macroeconomic outlook remains clouded by shifting trade regimes, inflation uncertainty, and evolving tax policies.

Regionally, capital raising was fairly evenly spread across Asia Pacific strategies (30%) and North America strategies (31%), with capital raising for Europe lagging somewhat behind. The rebound in Asia Pacific was due in part to the inclusion of several high-performing managers in this year's sample, highlighting the variability of activity at the manager level. Non-listed funds continued to dominate as the preferred vehicle type, accounting for 57% of all capital raised globally. While fundraising volumes are unlikely to rebound sharply in the short term, the steady increase in capital deployment signals the possibility that the worst of the volatility may now be behind us.

For more on the results of the Capital Raising Survey 2025, please refer to the [ANREV/INREV/NCREIF Capital Raising Survey report](#).

Figure 2: Capital raised and invested for non-listed real estate

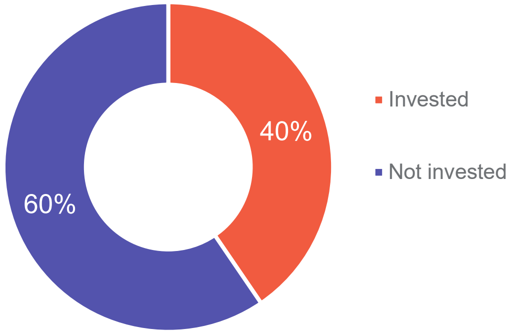
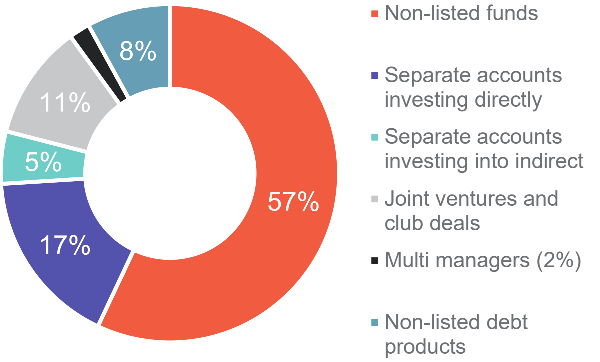


Figure 3: Capital raised in 2024 by vehicle type (value)



Source: ANREV/INREV/NCREIF Capital Raising Survey 2025

Global Research Committee's Review

Policy announcements have placed financial markets on a less predictable trajectory. The announcement, delay, and partial repeal of tariffs from the US, as well as China's and other countries' responses, have caused rapids shifts in the economic narrative over recent weeks. Tellingly, and as a result of the policy whiplash, the Global Research Committee met twice to monitor the evolution of the situation – breaking with the Committee's typical cadence.

That said, the Committee noted real estate's resilience in the face of market volatility so far. Investors continue to look for diversification and stability in the sector. This view has been underpinned by recent instances of successful capital raising, and a consensus that valuers are taking a measured response to recent changes.

As ever, regional and sector variation remain an important theme. In the US, residential demand remains strong, the industrial sector is showing some signs of slowing, whilst office demand remains soft. In Europe, there is cautious optimism supported by a looser fiscal stance in Germany coupled with falling bund yields. In Asia Pacific, Japan's policy predictability and comparatively low financing costs keep it attractive.

In all, the Committee expects that the unpredictability of the current environment is likely to extend the period of recovery rather than interrupt the nascent recovery that the sector had been experiencing.