

Intelligent Investment

2025 Global Property Market Update

REPORT

CBRE RESEARCH
OCTOBER 1, 2025



Executive Summary

- Global commercial real estate investment volumes rose 3% YoY to US\$190 billion in Q2 2025. CBRE expects that global investment volumes will increase approximately 15% in 2025, up from our earlier projection of 10%, as central banks begin to loosen monetary policy.
- Volumes increased by 1% YoY in the Americas, but excluding entity-level transactions, the volume was up by 13% YoY, due to the \$10 billion entity-level transactions in the U.S. in 2024. Europe volume was down by 2% YoY to \$56 billion in Q2, while APAC had a 22% YoY increase from a low base to \$31 billion, attributed to a general recovery led by Korea, Japan and Singapore.
- Cap rates have peaked in the US and are relatively stable and are beginning to compress in Europe; however, further expansion is anticipated in some APAC countries. With limited cap rate compression forecasted this cycle due to elevated long-term interest rates, income-driven investment strategies and careful asset selection continue to be important.



01

Global Macro & Economic Overview

01
Global Macro
& Economic
Overview

Opportunities And Challenges for the Commercial Real Estate Sector

Opportunities



Deregulating Business
Growth positive, Medium-term



Interest Rate Cuts
Growth positive, Long-term



**Strong CRE Fundamentals
& Price Stabilization**
Growth positive, Long-term

Challenges



Supply Chain Disruptions
Growth negative, Inflationary, Short-term



Weakening Labor Markets
Growth negative, Inflationary, Short-term

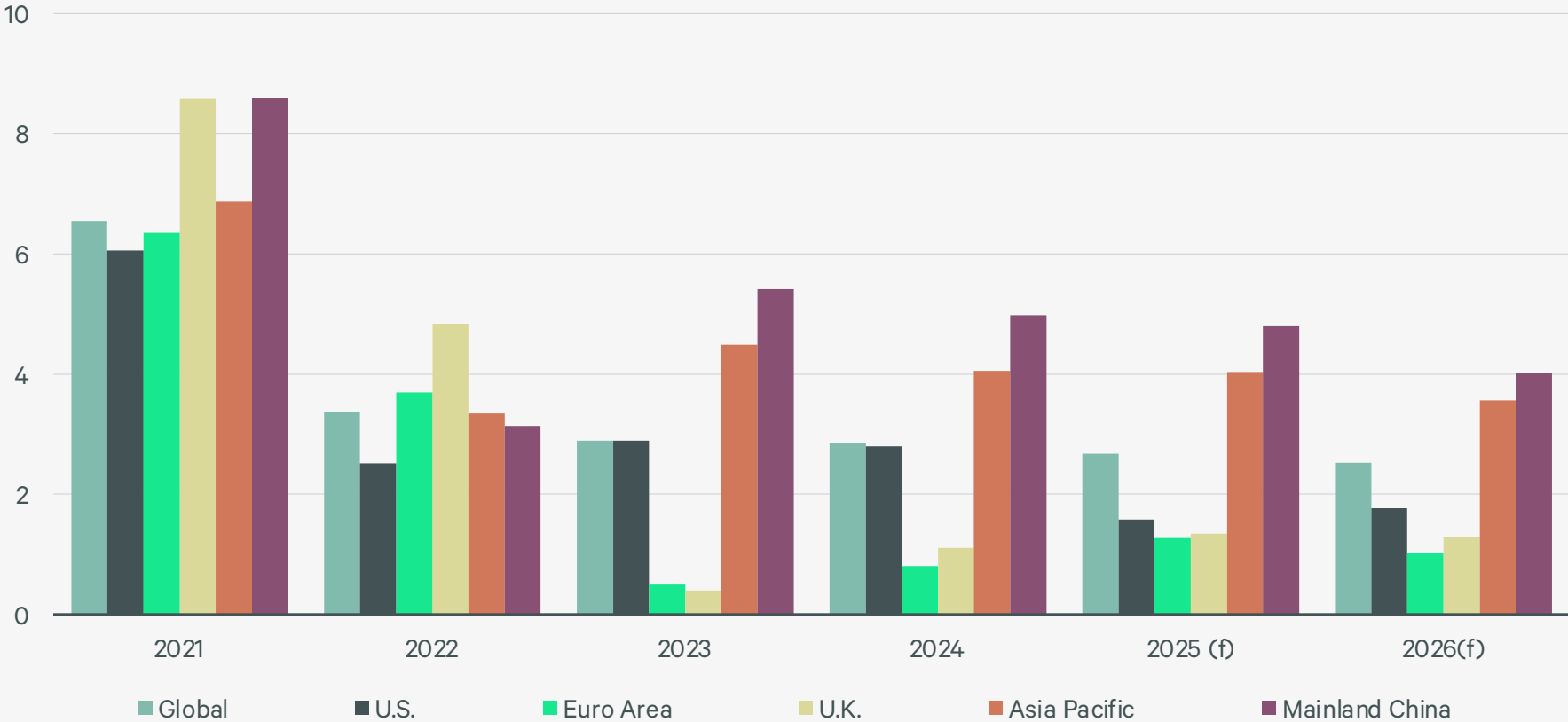


Tariffs/Trade Uncertainty
Growth negative, Inflationary, Short-term

01
Global Macro
& Economic
Overview

Global Economic Growth Set to Ease in 2025

Figure 1: GDP Growth & Forecast (% Per Annum)

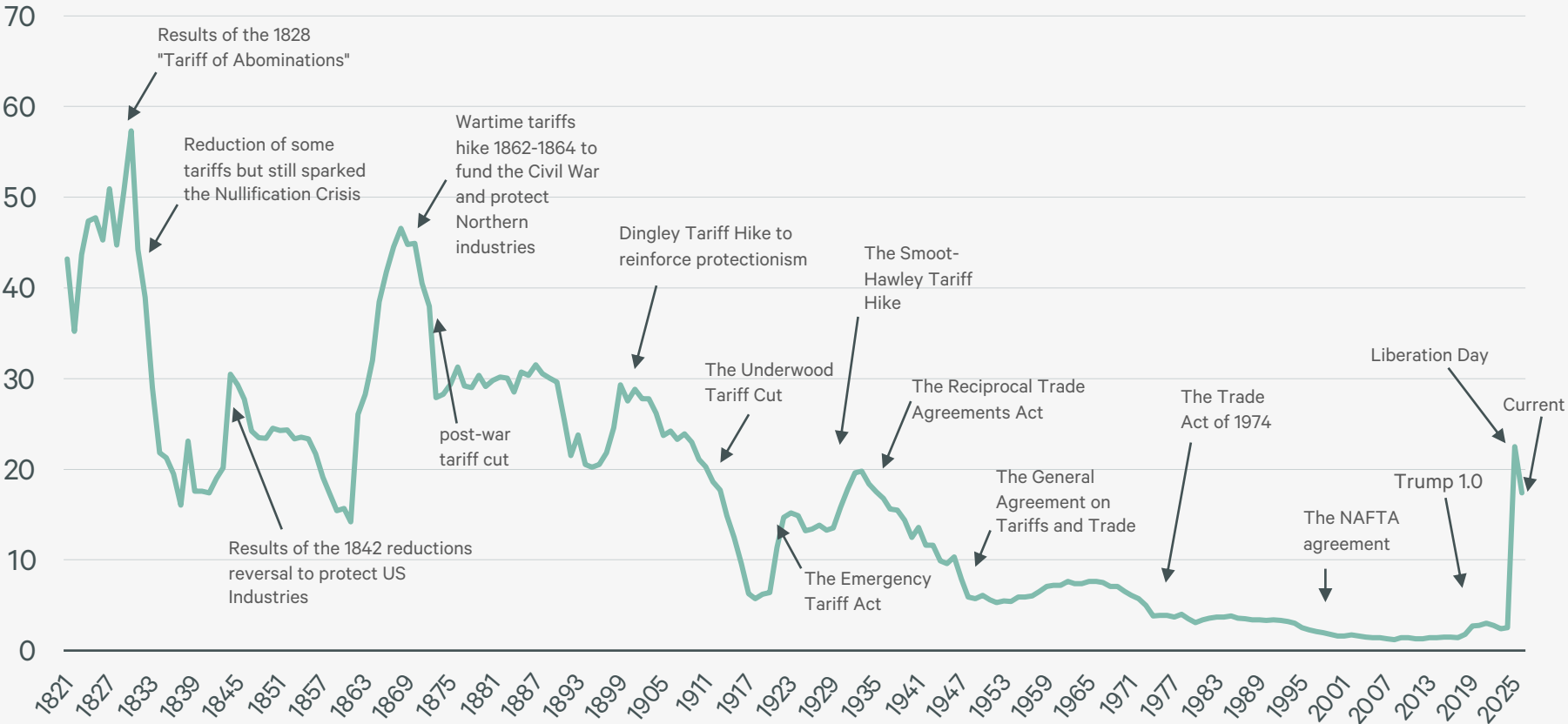


Source: CBRE House View, September 2025.

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Tariffs Are a Big Shock to the US Economy

Figure 2: Effective U.S. Tariff Rate (%) and Tariff-related Events

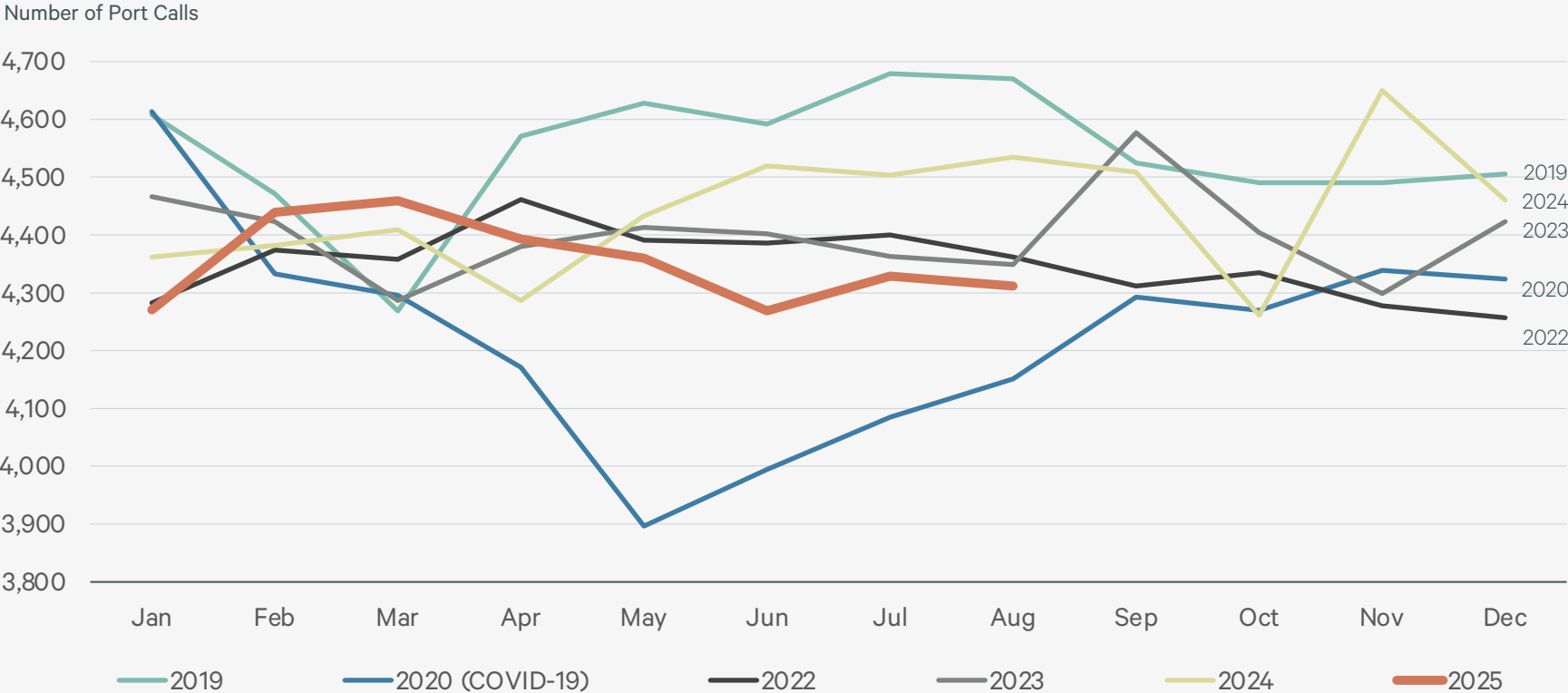


Source: Census Bureau, U.S. International Trade Commission, Tax Foundation, Macrobond, September 2025.

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Global Macro
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Overview

Port Activity
Continues to
Show a
Downward
Trend

Figure 3: Number of Port Calls at the Top 40 U.S. Ports, Seasonally Adjusted based on Chinese New Year Calendar



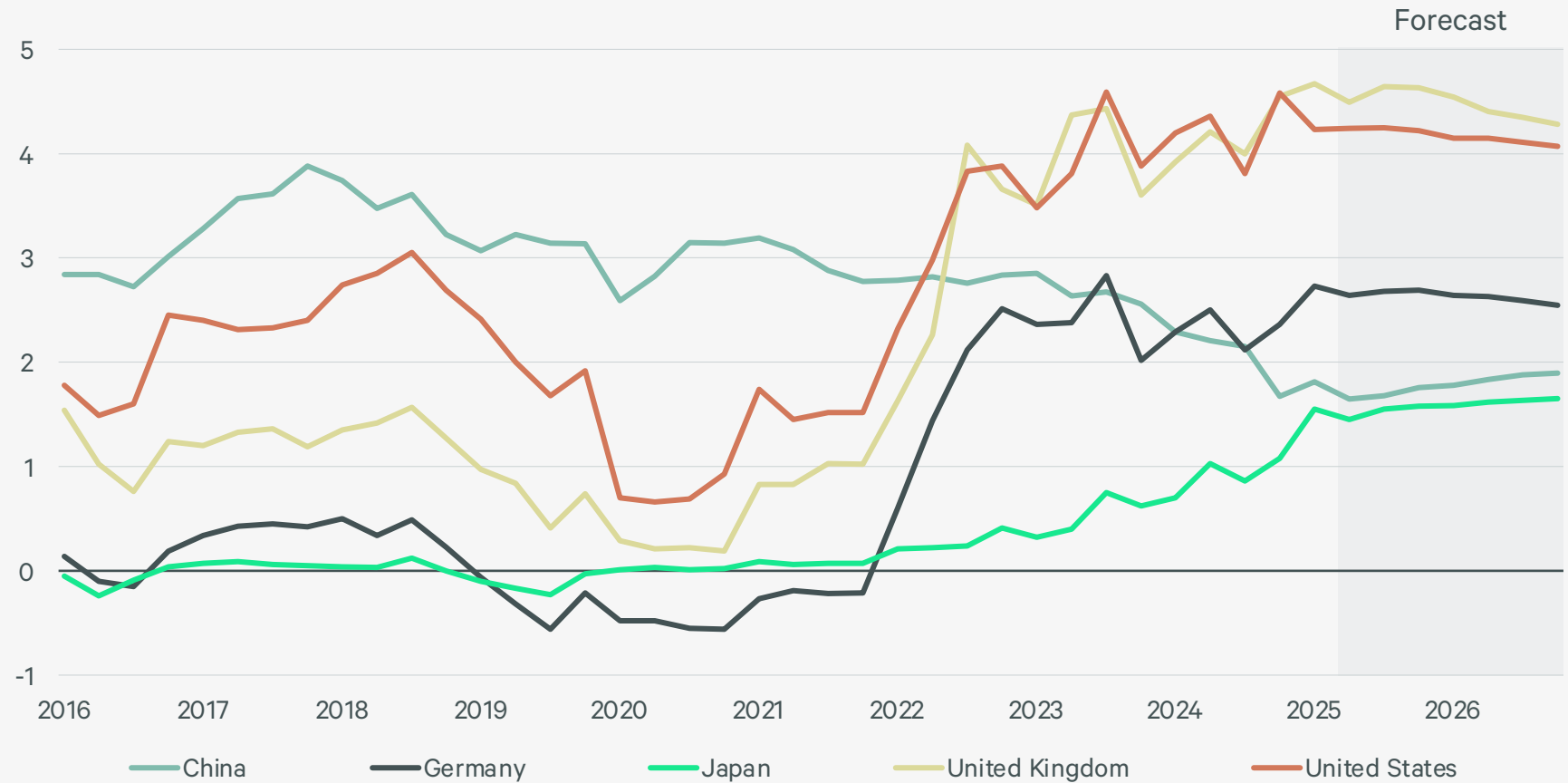
Source: CBRE Research, Macrobond, IMF

Note: A port call is defined as the moment a ship enters the port boundary. The unit of measurement for port calls is typically the number of vessels that enter the port daily. The top 40 ports include Houston, Los Angeles-Long Beach, New Orleans, South Louisiana, New York-New Jersey, Corpus Christi, Beaumont, Baltimore, Norfolk, Savannah, Mobile, Newport News, Port Arthur, Freeport, Swanport, Charleston, Port Everglades, Lake Charles, Tampa, Texas City, Jacksonville, Point Richmond, Baton Rouge, Philadelphia, EL Segundo, Tacoma, Pascagoula, Oakland, Portland, Vancouver, Port Aransas, Seattle, Boston, Wilmington DE, Miami, Brownsville, Superior, Wilmington NC, Barbor's Point, Barbor's Point.

01 Global Macro & Economic Overview

Globally Bond Yields Will Remain Higher for Longer

Figure 4: Global 10-Year Government Bond Yields, %

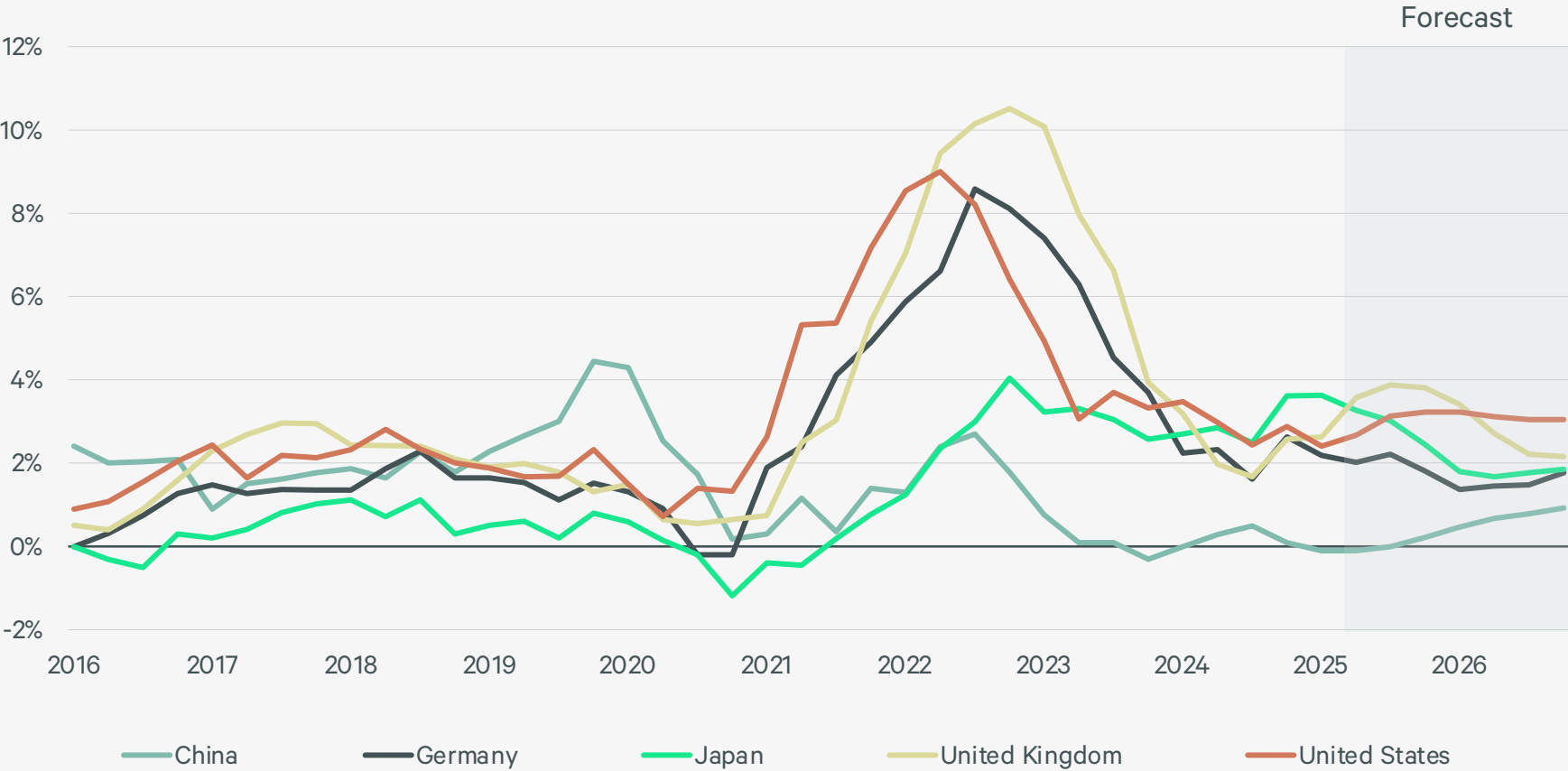


Source: CBRE September House View, Macrobond, CBRE Research.

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Global Prices
Provide a Mixed
Picture

Figure 5: Global CPI, YoY, %

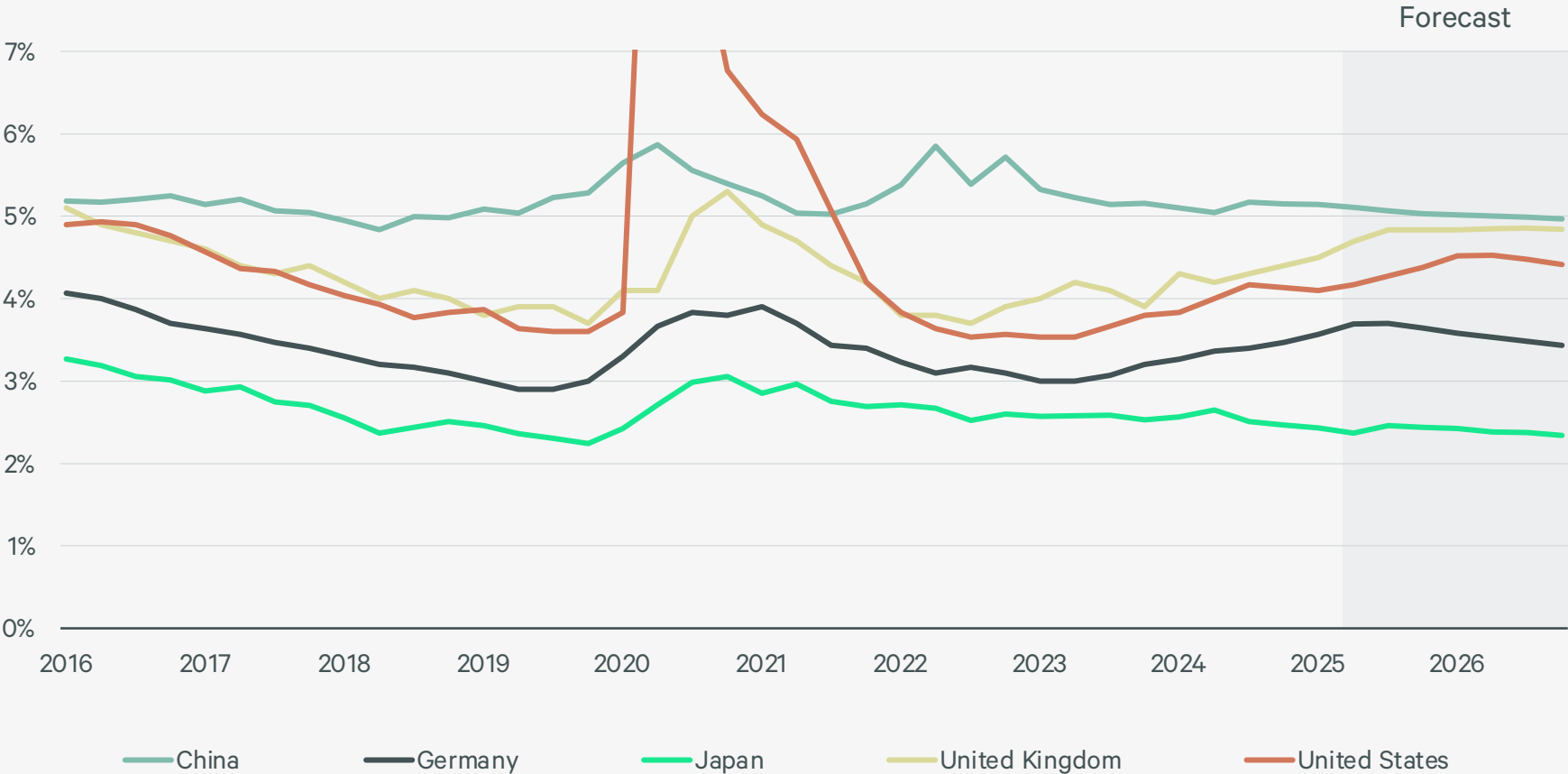


Source: CBRE September House View, Macrobond, CBRE Research.

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The Labor
Market Paints a
Mixed Picture

Figure 6: Global Unemployment Rates, %

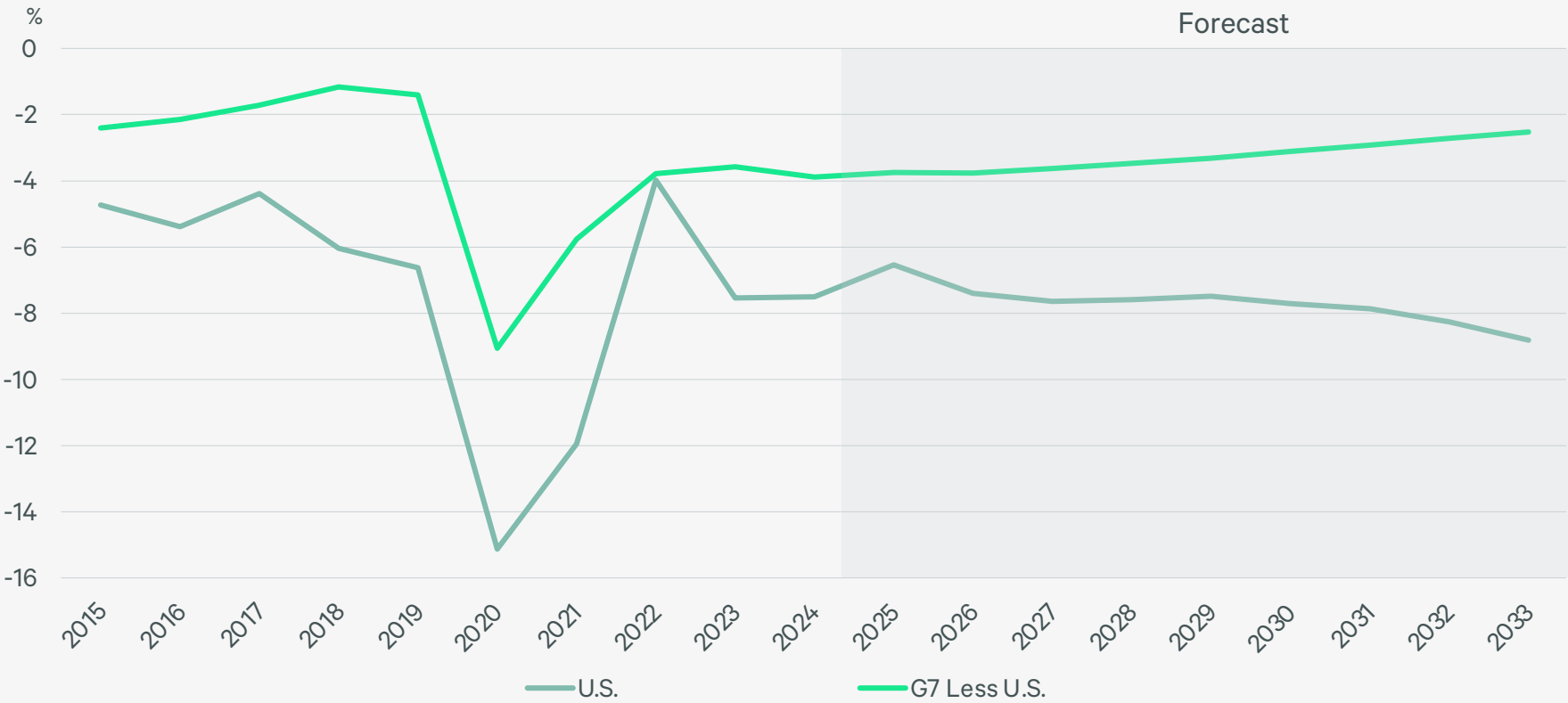


Source: CBRE September House View, CBRE Research.

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Overview

Deficits Remain
Historically
Elevated, With a
Particularly
Poor Outlook
for the U.S.

Figure 7: U.S. vs. Remaining G7 Countries Government Deficit, % of GDP



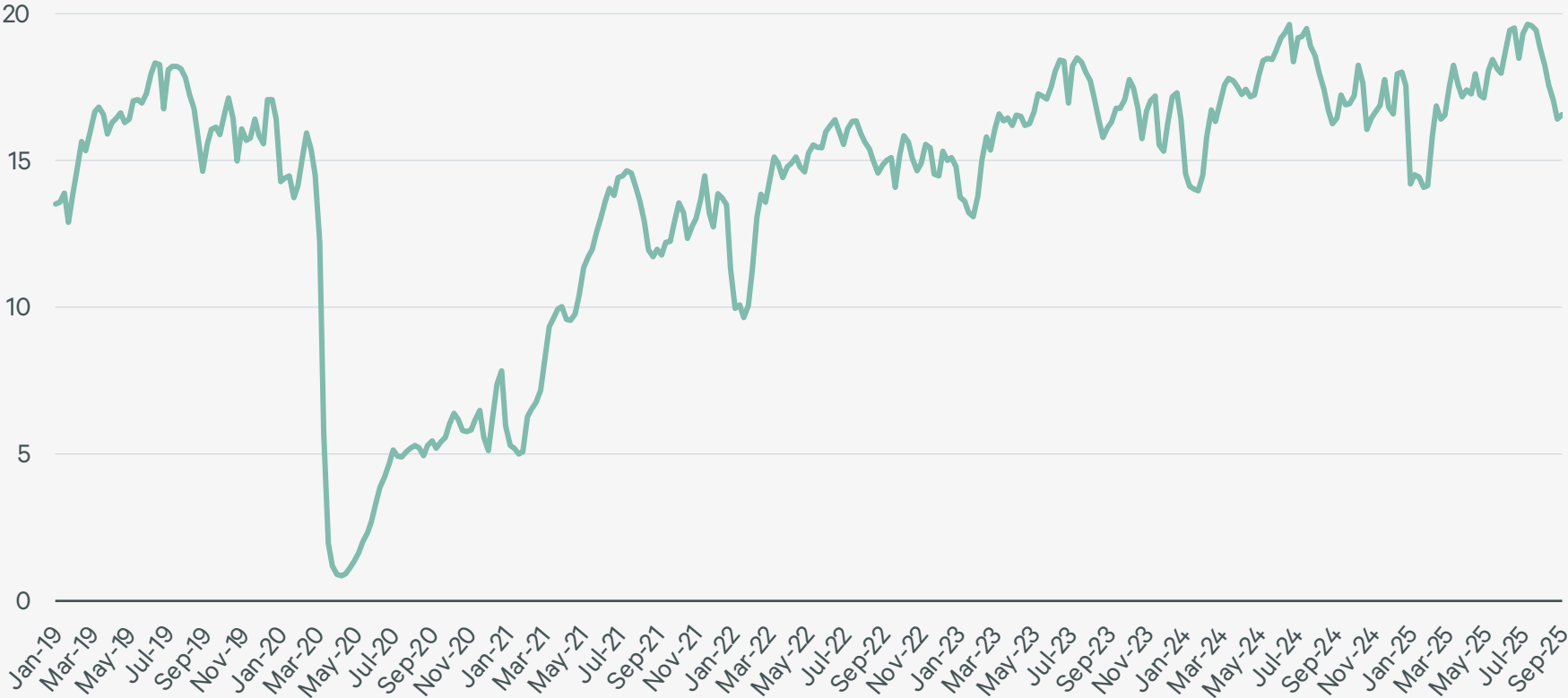
The U.S. Government deficit is projected to remain problematic. Tax policy changes have exacerbated deficit concerns. Still, near-term uncertainty around trade policy will continue to influence dynamics in the bond market, impacting the cost of CRE financing.

Source: CBRE Research, Oxford Economics.

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& Economic
Overview

Travel Remains
Strong But
Experiences
an End of
Summer Dip

Figure 8: TSA Weekly Throughout, Millions of People



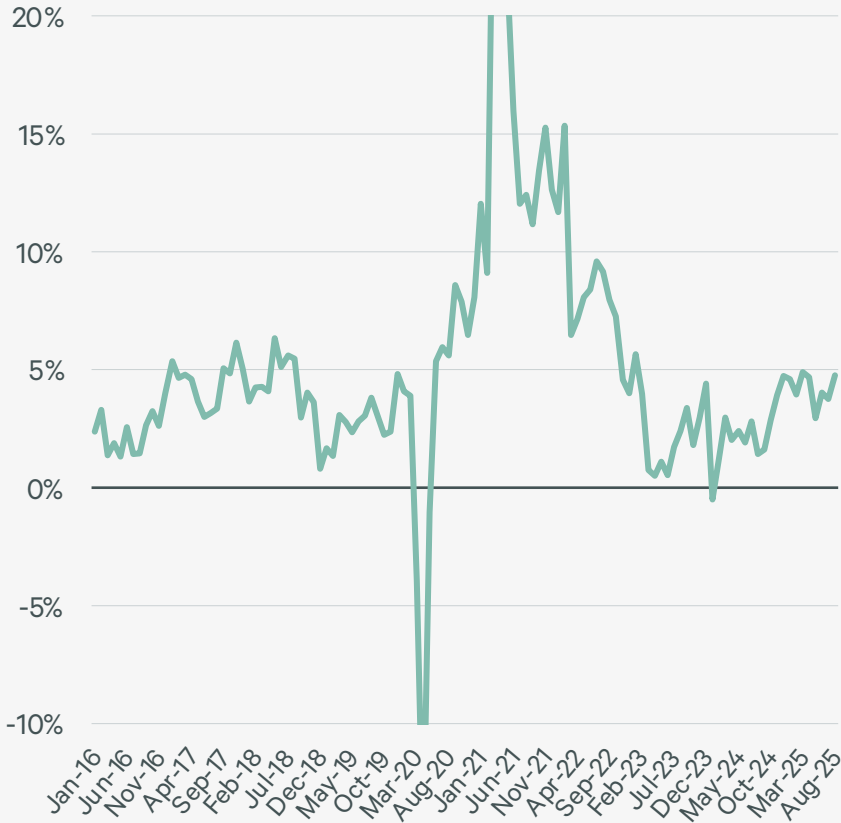
Source: The Department of Homeland Security, September 2025

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Retail Sales Ease
Throughout Q2

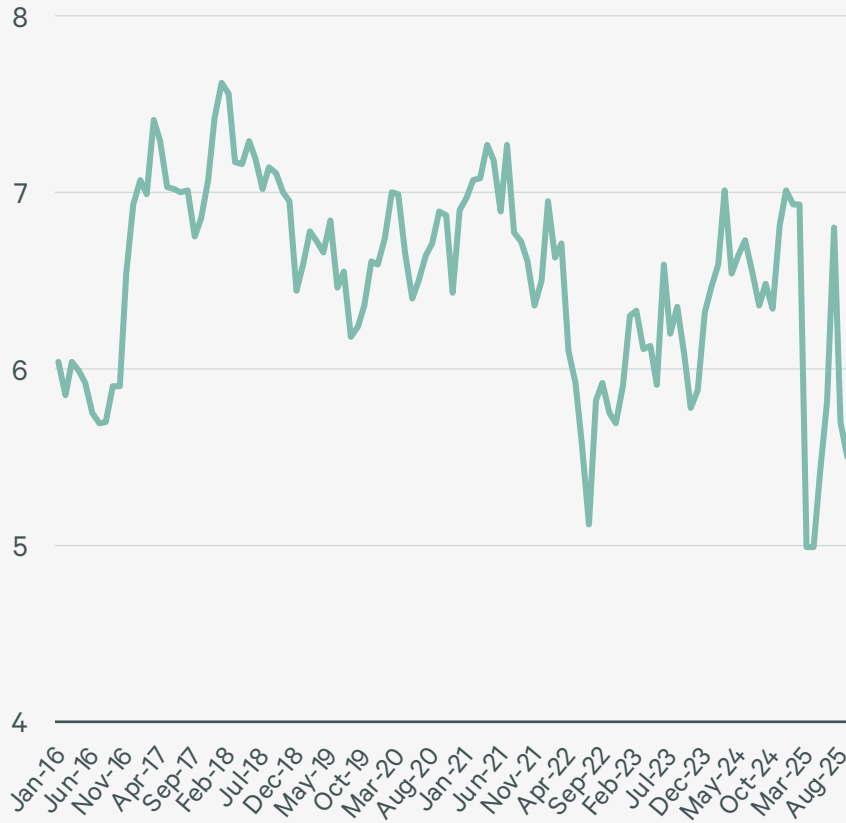
CEO Confidence
Took a Turn in
August

Figure 9: U.S. Retail Sales, Year-Over-Year (%)



Source: CBRE Research, U.S. Census Bureau.

Figure 10: U.S. CEO Confidence Index

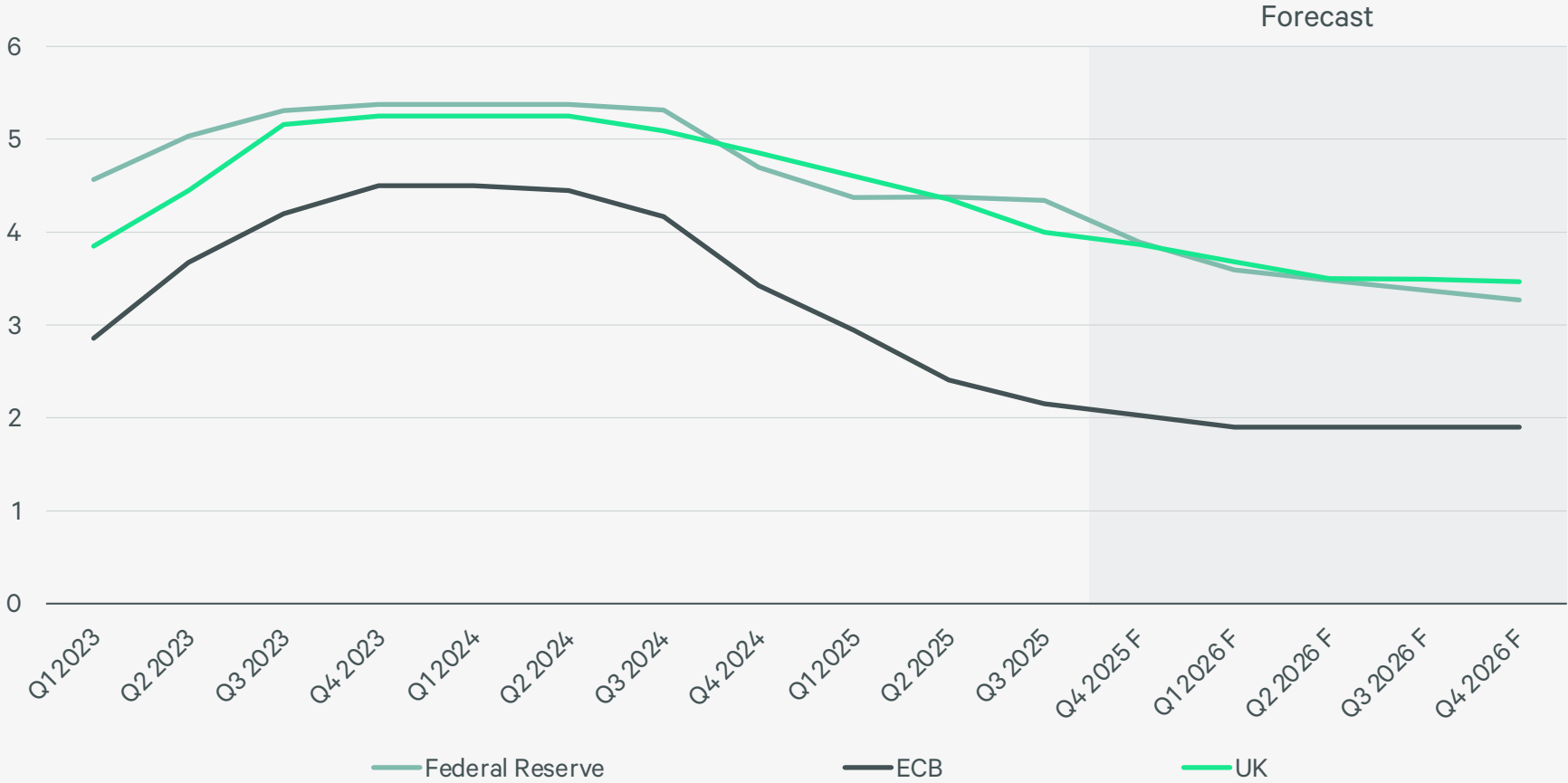


Source: Chief Executive Group, CBRE Research.

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Global Macro
& Economic
Overview

Central Banks
Will Adopt Easing
Policies Gradually

Figure 11: Central Banks' Short-Term Rates, % (End of Period)



Source: CBRE House View, September 2025 Forecast

02

Investment

02 Investment

Global Investment At-a-Glance



Investment Volumes Rose Globally

Investment volumes rose in Q2 by 1% in the Americas and 22% in APAC but fell by 2% in Europe y-o-y. CBRE forecasts global investment volumes to improve by roughly 15% in 2025.



Solid Demand Continues

Steady demand for high-quality assets remains strong across most sectors. This ongoing demand is further supported by robust global dry powder, which is underpinning investment activity.



Cap Rates Stabilizing

Cap rates have peaked in the US and are relatively stable and are beginning to compress in Europe; however, further expansion is anticipated in some APAC countries. We expect limited cap rate compression this cycle, as long-term interest rates are expected to remain elevated.



Public Market Discounts Persist

REITs continue to trade below NAV, creating attractive buying opportunities for private equity investors and potential M&A activities.



Lending Conditions Improved

Most lenders, including banks and debt funds, are participating in increased lending activity. This trend is expected to continue as lenders adapt to changing economic conditions and lower benchmark rates.



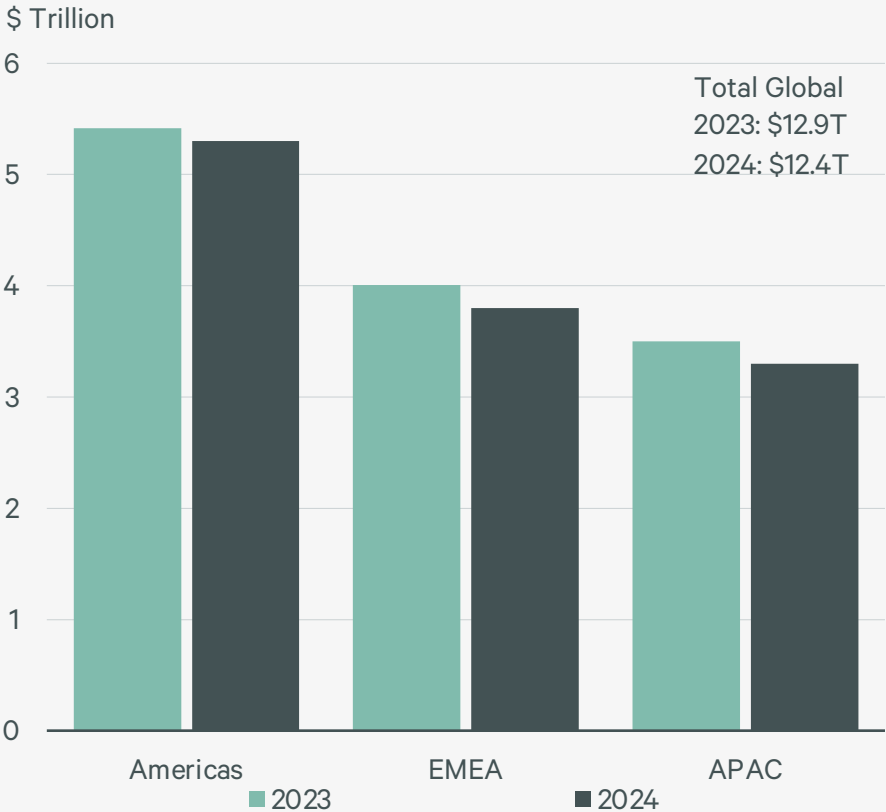
Credit Spreads Tighten

Despite volatile Treasury rates, credit spreads continued to compress. This may improve financing for borrowers and support investment activity as lenders remain accommodating.

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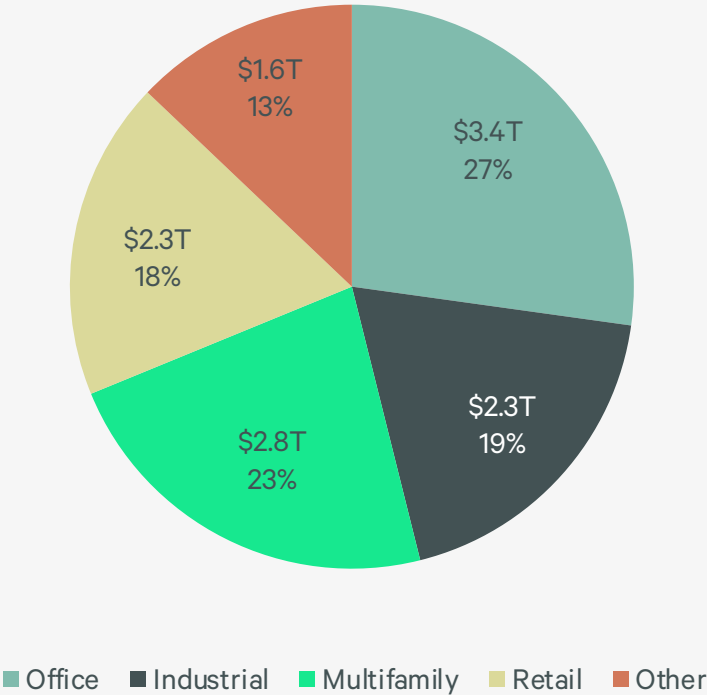
Commercial Real Estate Market Size Snapshot

Figure 12: CRE Market Size by Region (USD \$ Trillion)



Source: MSCI Real Assets, KTI (Finland), CBRE Research, July 2025. Data as of December 2024.

Figure 13: Global Market Size by Property Types (USD \$ trillion, % share)



02
Investment

Global CRE Market Size by Portfolio Type

- The global real estate investment market is estimated at USD 12.5 trillion in 2024, with 42.7% from the Americas, 30.7% from EMEA, and 26.6% from APAC. Unlisted assets make up about USD 7.7 trillion (61.4% of the total), while the listed market is valued at USD 4.8 trillion.
- Commingled funds account for 45.7% of the unlisted market at USD 3.5 trillion, with core funds leading at 37%. Core plus, value-added, and opportunistic strategies each represent 17% to 19%. Regarding fund structure, 46.7% of commingled funds are open-ended, 46.6% are closed-ended, and the remainder is undisclosed.

Figure 14: Listed vs. Unlisted Global CRE Market Size by Investor Types

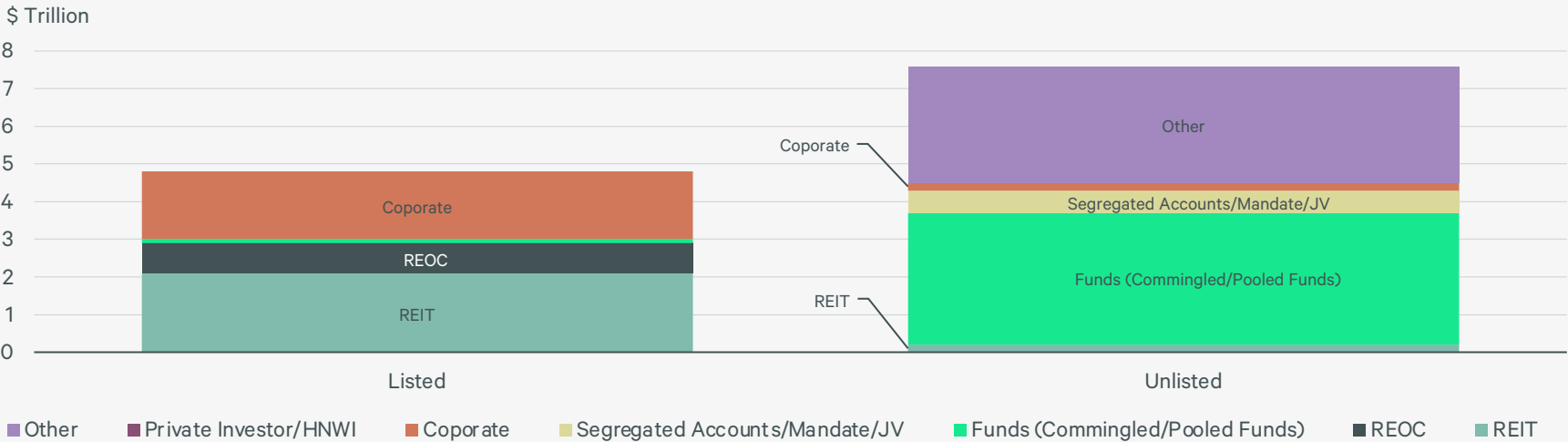
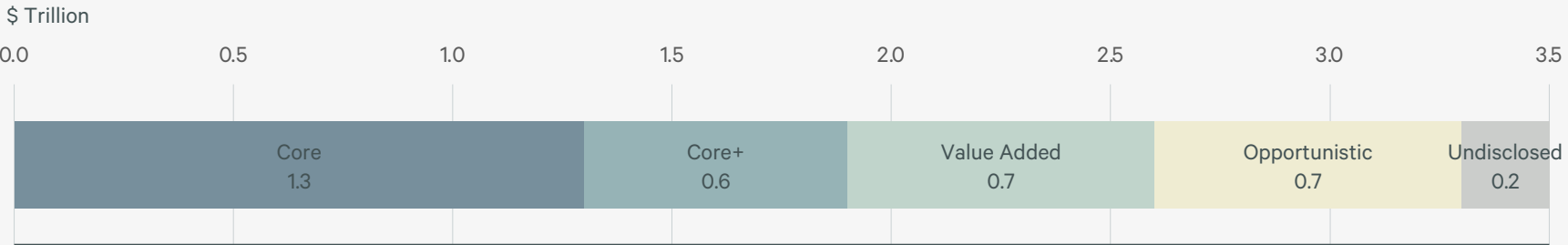


Figure 15: Market Size for Investment Syles in Unlisted Commingled/Pooled Funds



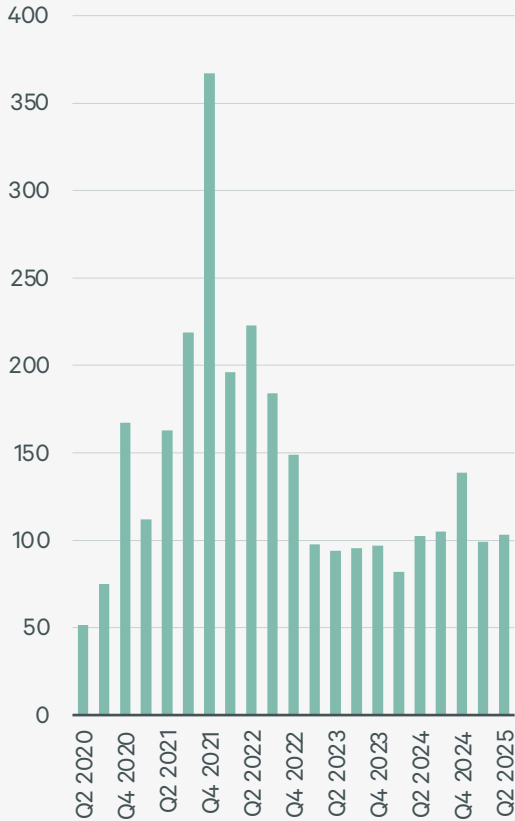
Source: MSCI Real Assets, KTI (Finland), CBRE Research, July 2025. Data as of December 2024.

Q2
Investment

Global Investment Volume Rose in Q2

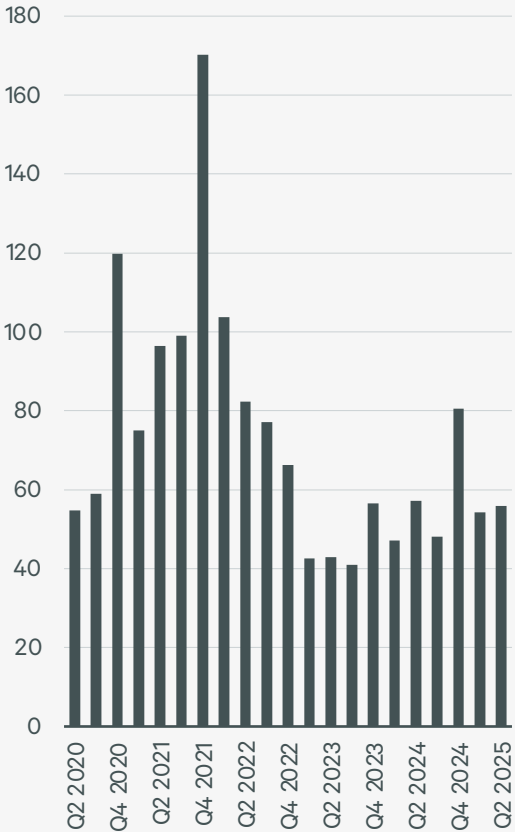
- **Global** investment volumes rose 3% year-over-year in Q2 to \$190 billion.
- **In the Americas**, volumes increased 1% to \$103 billion in Q2, with the U.S. up by 2% to \$97 billion. However, excluding entity-level transactions, the volume increased by 13%, due to the \$10 billion entity-level transactions in the U.S. in 2024.
- **Europe’s** the volume fell by 2% to \$56 billion, while APAC saw a 22% increase to \$31 billion.
- We expect continued improvement in volumes in 2025, driven by robust fundamentals.

Figure 16: AMERICAS
Investment Volume in Q2 (US\$bn)



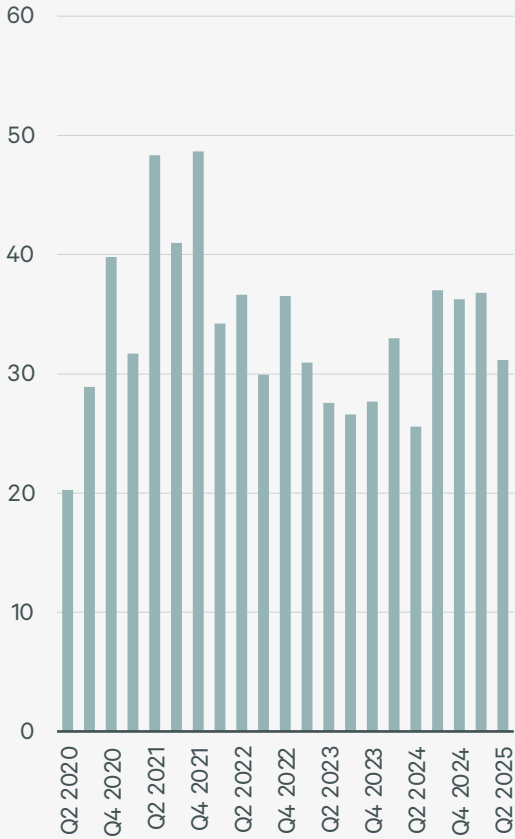
Source: MSCI Real Assets, CBRE Research, Q2 2025.

Figure 17: EUROPE
Investment Volume in Q2 (US\$bn)



Source: CBRE Research, Q2 2025.

Figure 18: APAC
Investment Volume in Q2 (US\$bn)



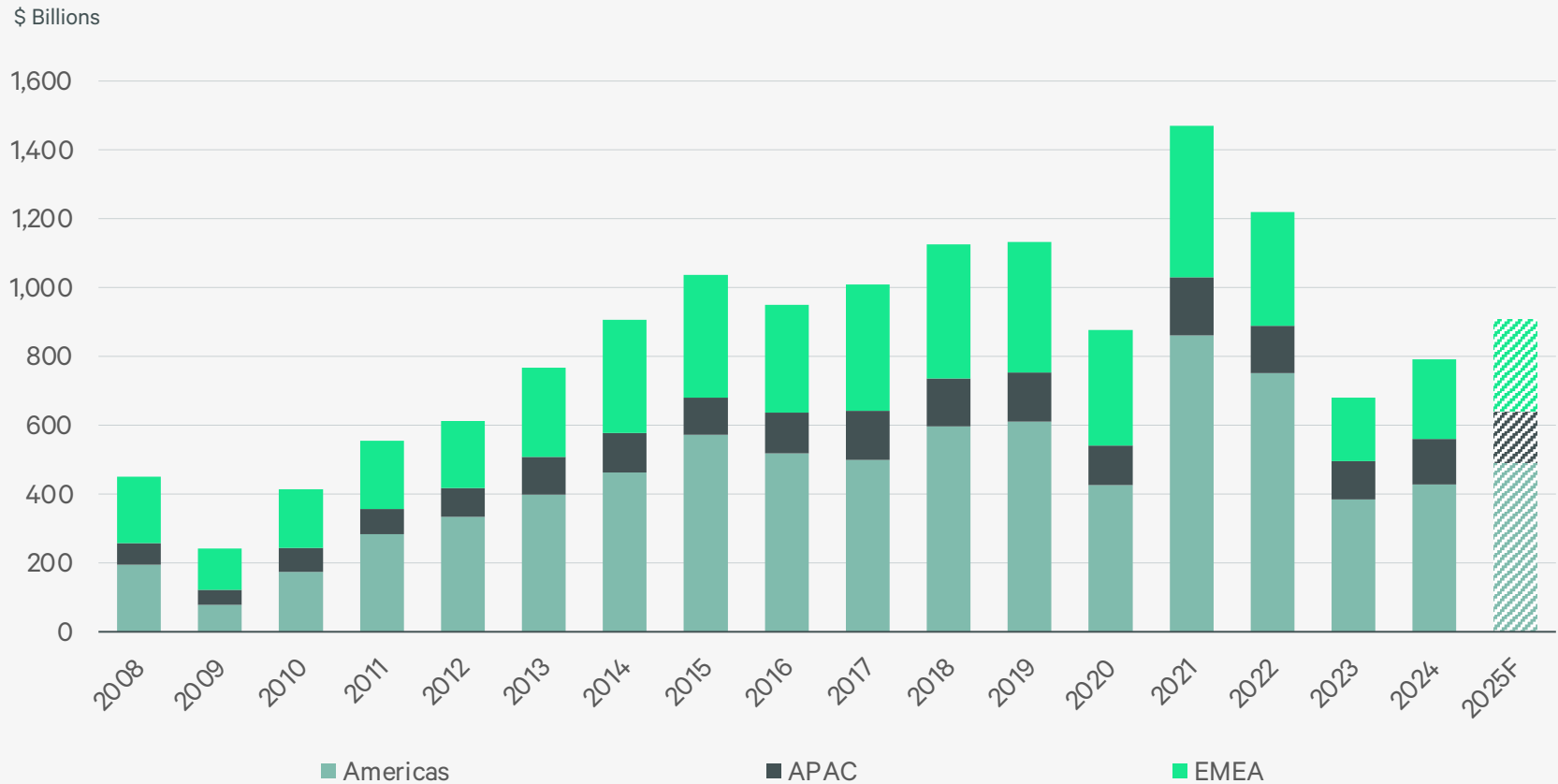
Source: CBRE Research, Q2 2025.

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Capital Markets Activity is Expected to Improve

- CBRE expects that investment volumes will continue to improve through 2025. While elevated 10-year Treasury yields and uncertainties in trade policy and the economy may weigh on investment activity, strong industry fundamentals and a desire to deploy capital, along with the beginning of Federal Reserve rate cuts and two additional anticipated cuts, will support investment growth in 2025.
- We forecast an 15% increase in global investment volume in 2025 compared to 2024, with an increase of 15% in the Americas, a 10-15% increase in APAC, and a 15% increase in Europe.

Figure 19: Annual global commercial real estate investment volume (US\$ billions)



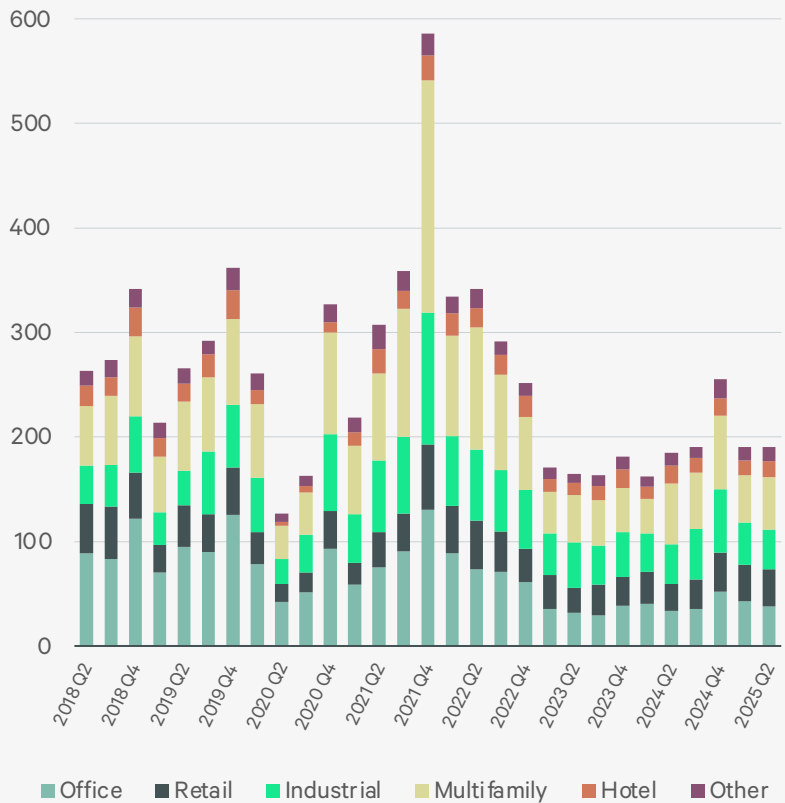
Source: CBRE Research, MSCI Real Assets, Q2 2025.

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Multifamily Assets Were the Leading Sector in Global Investment

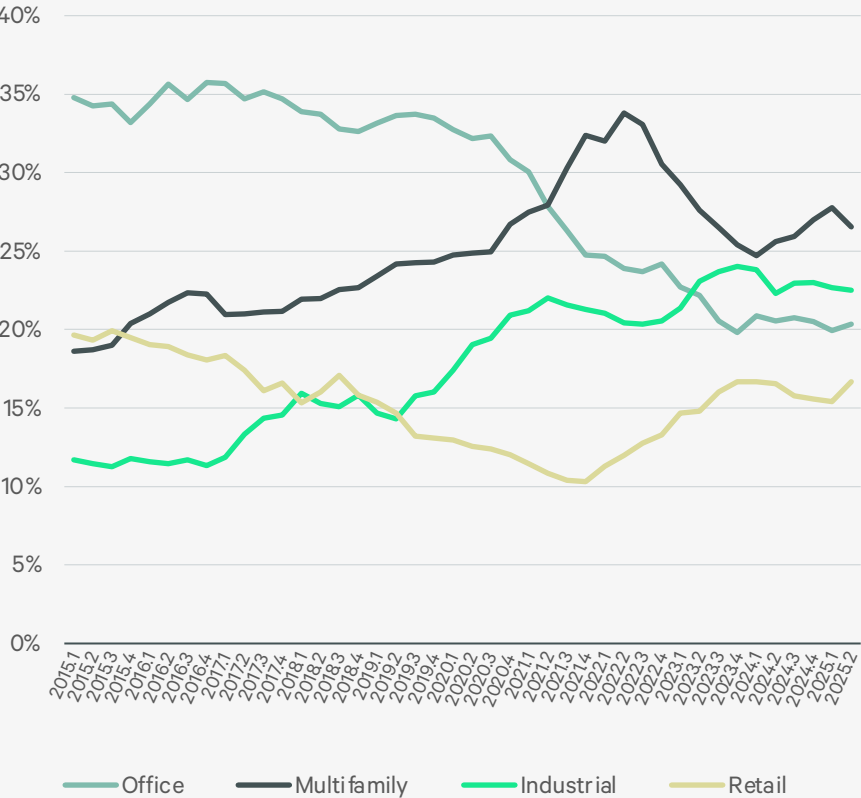
- Multifamily properties were the most sought-after asset type in Q2 2025, reaching \$50 billion, primarily driven by demand in the APAC region.
- Industrial and office properties ranked as the next leading sectors for global investment transactions, each accounting for 20% of total global investment volumes, amounting to nearly \$38 billion. The Americas led in office investment volume, with a 45% year-over-year increase in the region. Europe drove growth in industrial investment volumes, with a 12% year-over-year increase for the sector in Q2.
- Global retail investment volume increased by 40% year-over-year in Q2, reaching \$35.5 billion, with all regions experiencing an increase in volumes.

Figure 20: Global property investment by sector (US\$ billions)



Source: MSCI Real Assets, CBRE Research, Q2 2025.

Figure 21: Share of global investment volume by sector, rolling-4-quarters (%)

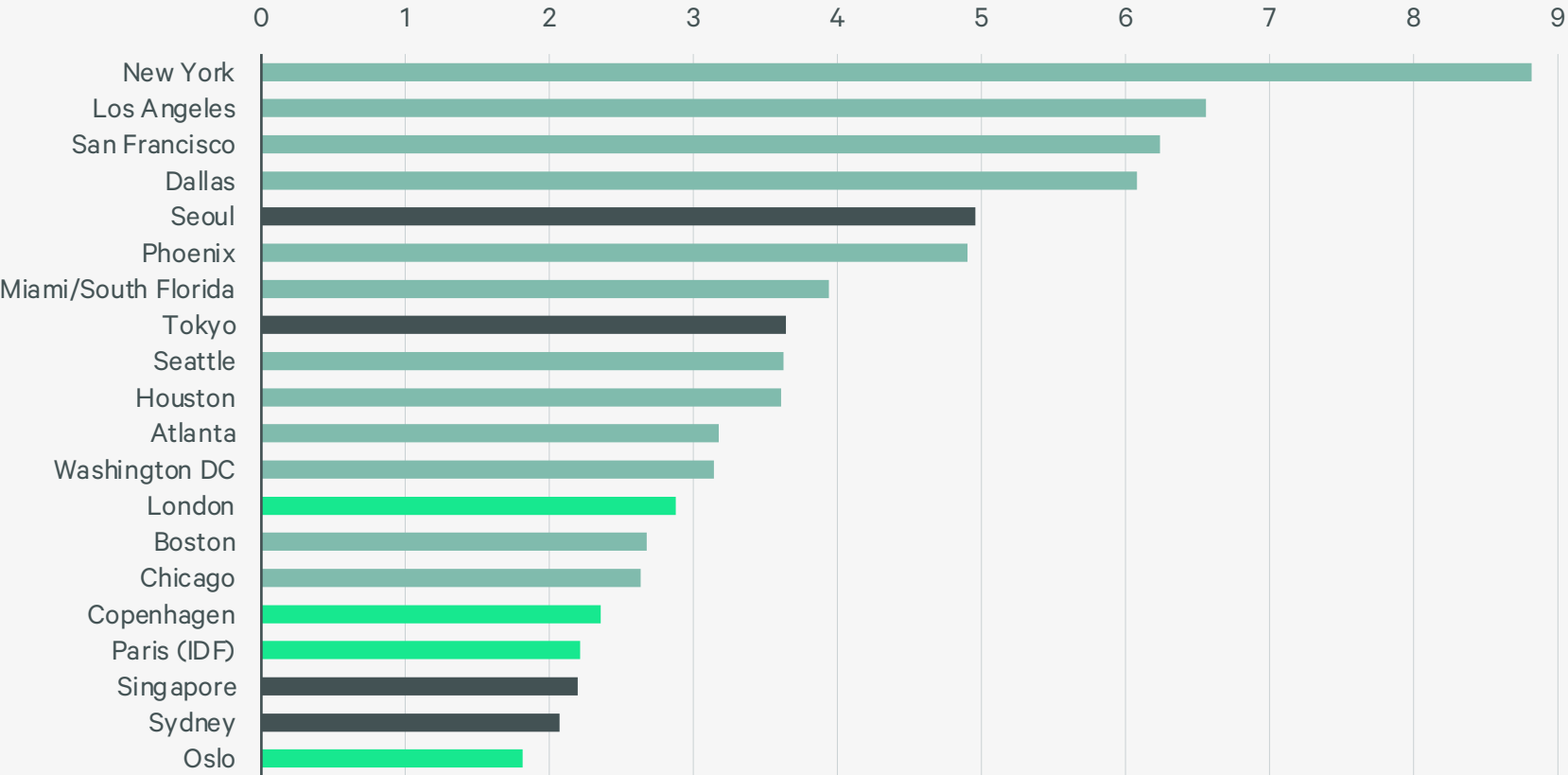


Source: MSCI Real Assets, CBRE Research, Q2 2025.

02
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U.S. Markets
Attracted the
Most Investment
in Q2, Led by
New York,
Los Angeles and
San Francisco

Figure 22: Top 20 global cities by investment volume in Q2 2025 (US\$ billions)

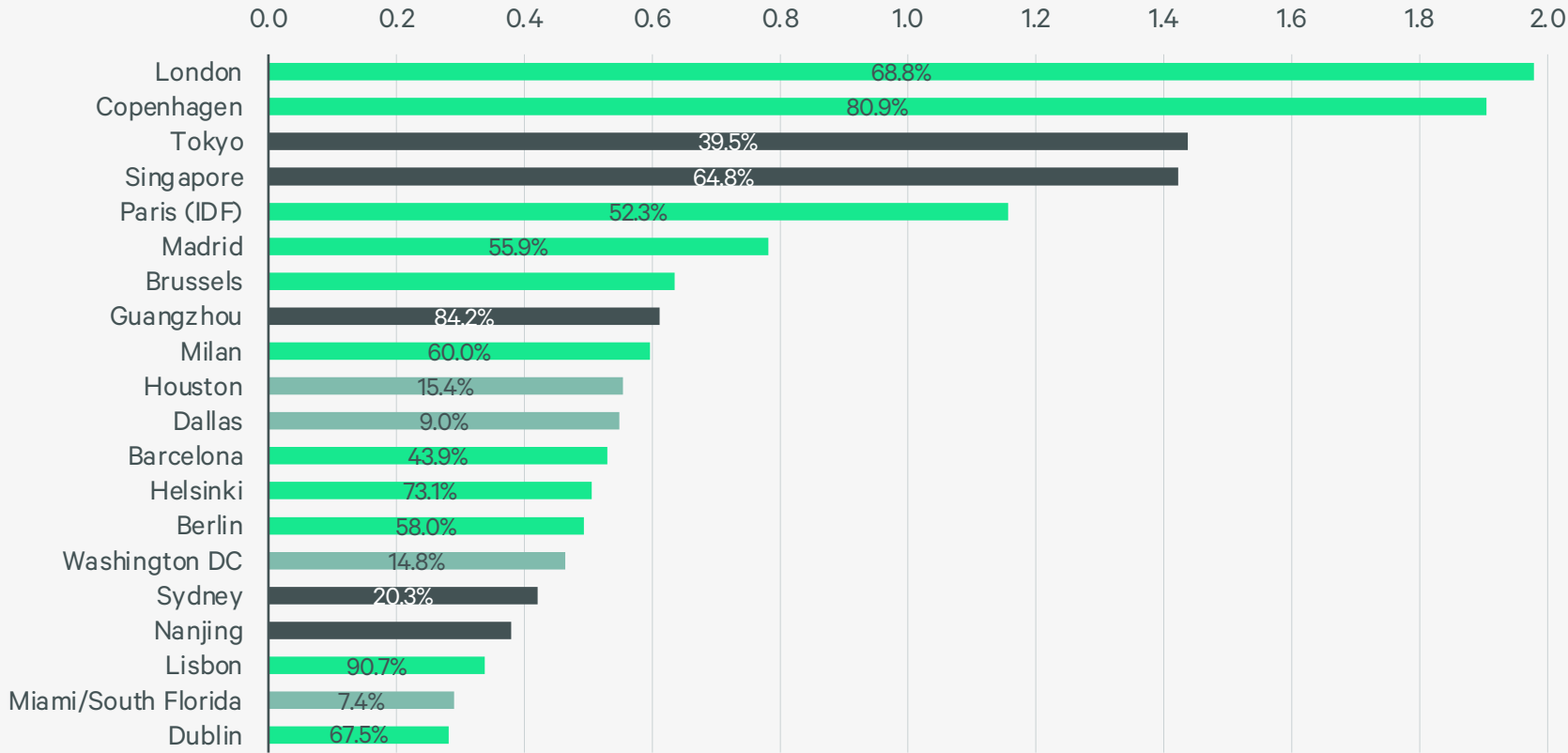


Source: CBRE Research, MSCI Real Assets, Q2 2025.

02
Investment

Europe and APAC
Saw Strong Cross-
border
Investments in
Q2, Led by
London and
Copenhagen

Figure 23: Top 20 global cities by cross-border investment activity in Q2 2025 (US\$ billions)
Percentage value represents cross border as % of total investment in the market

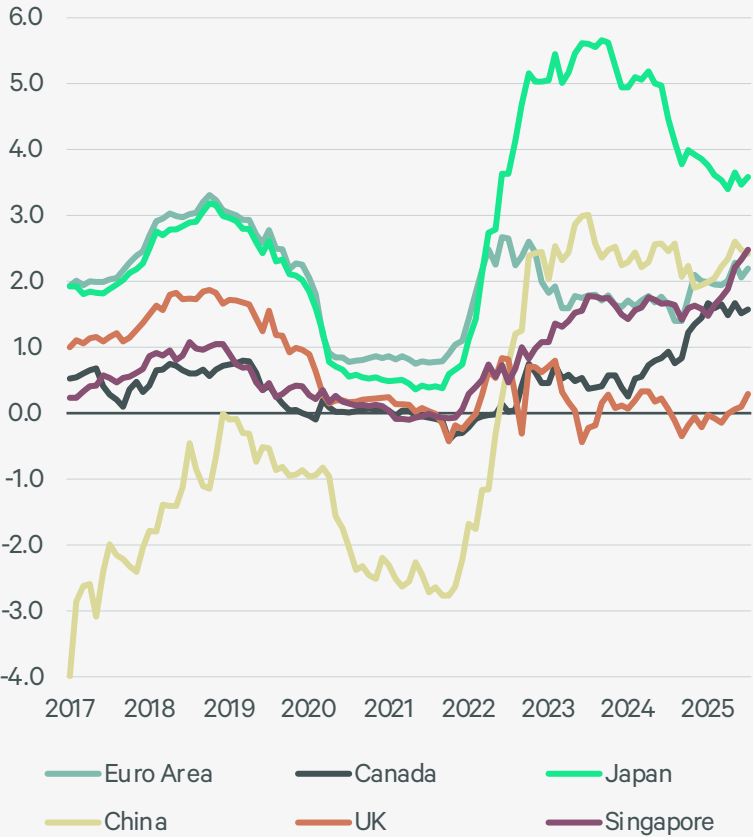


Source: CBRE Research, MSCI Real Assets, Q2 2025.

02
Investment

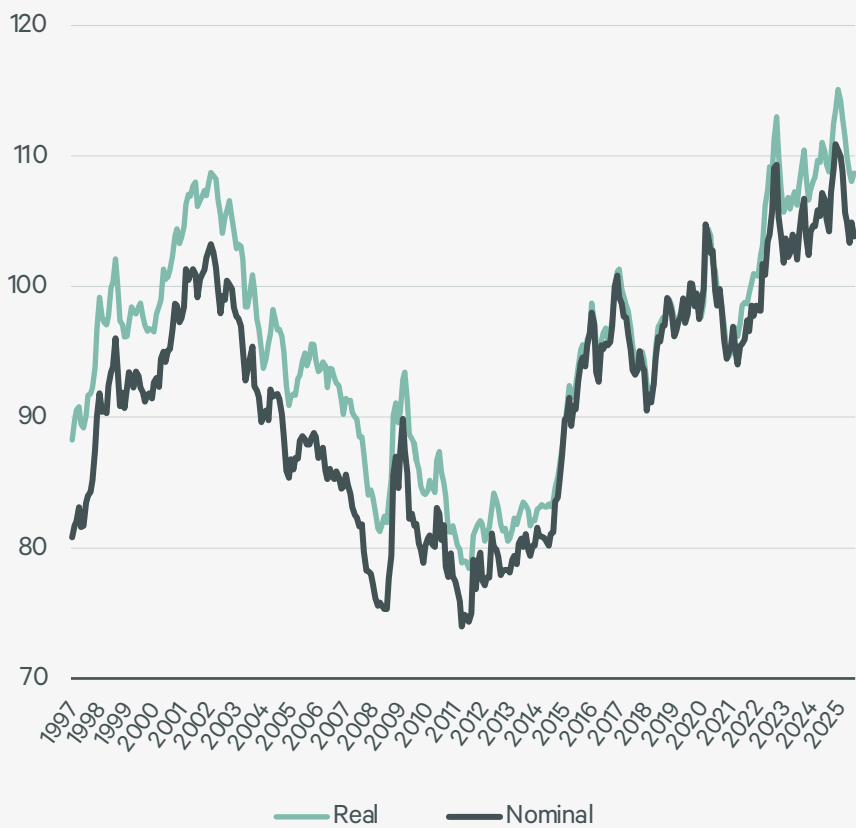
While Hedging Costs Rise Due to Increased Volatility, a Declining USD May Support Foreign Inflows

Figure 24: Hedging cost against USD depreciation (%)



Source: Chatham Financial, CBRE Research, July 2025

Figure 25: U.S. effective exchange rate index, broad



Source: The Bank for International Settlements, August 2025

02
Investment

Global Yields Suggest Cyclical Opportunities

PEAK-TO-TROUGH

U.S.

Office +201bps
Retail +97bps
Industrial +232bps

Europe

Office +171bps
Retail +93bps
Industrial +153bps

Asia Pacific

Office +111bps
Retail +81bps
Industrial +114bps

Figure 26: U.S CRE Yields
(As of Q2 2025)



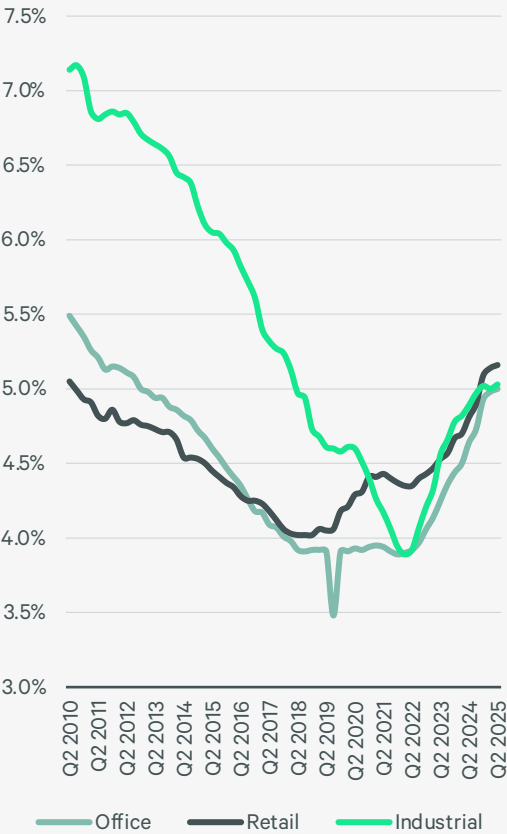
Source: CBRE Research, Q2 2025.

Figure 27: Europe CRE Yields
(As of Q2 2025)



Source: CBRE Research, Q2 2025.

Figure 28: Asia Pacific CRE Yields
(As of Q2 2025)

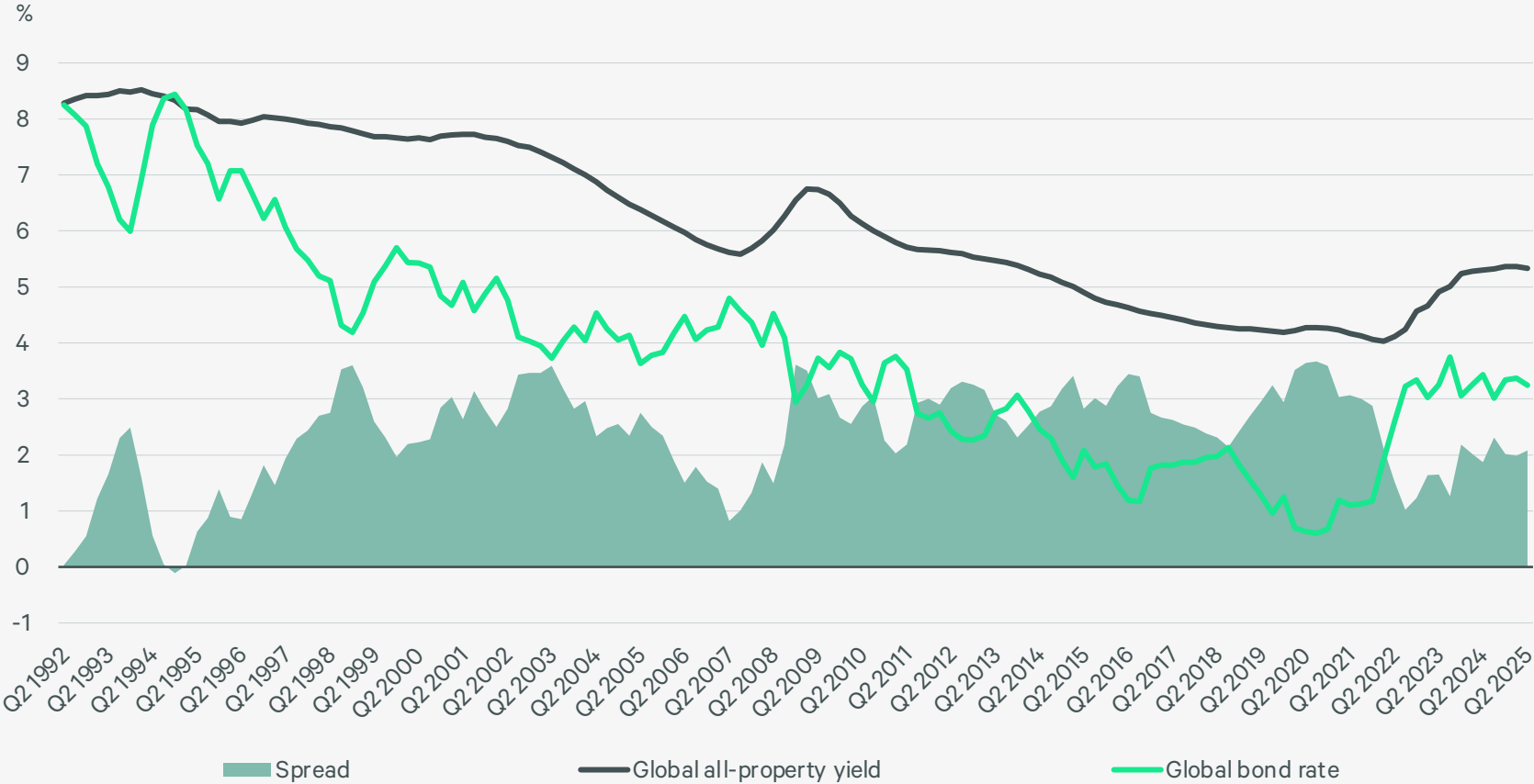


Source: CBRE Research, Q2 2025.

02
Investment

Global Yield
Spreads
Remained Stable
in Q2

Figure 29: Global all-property yield (average) and bond rate (end of period), quarterly, %

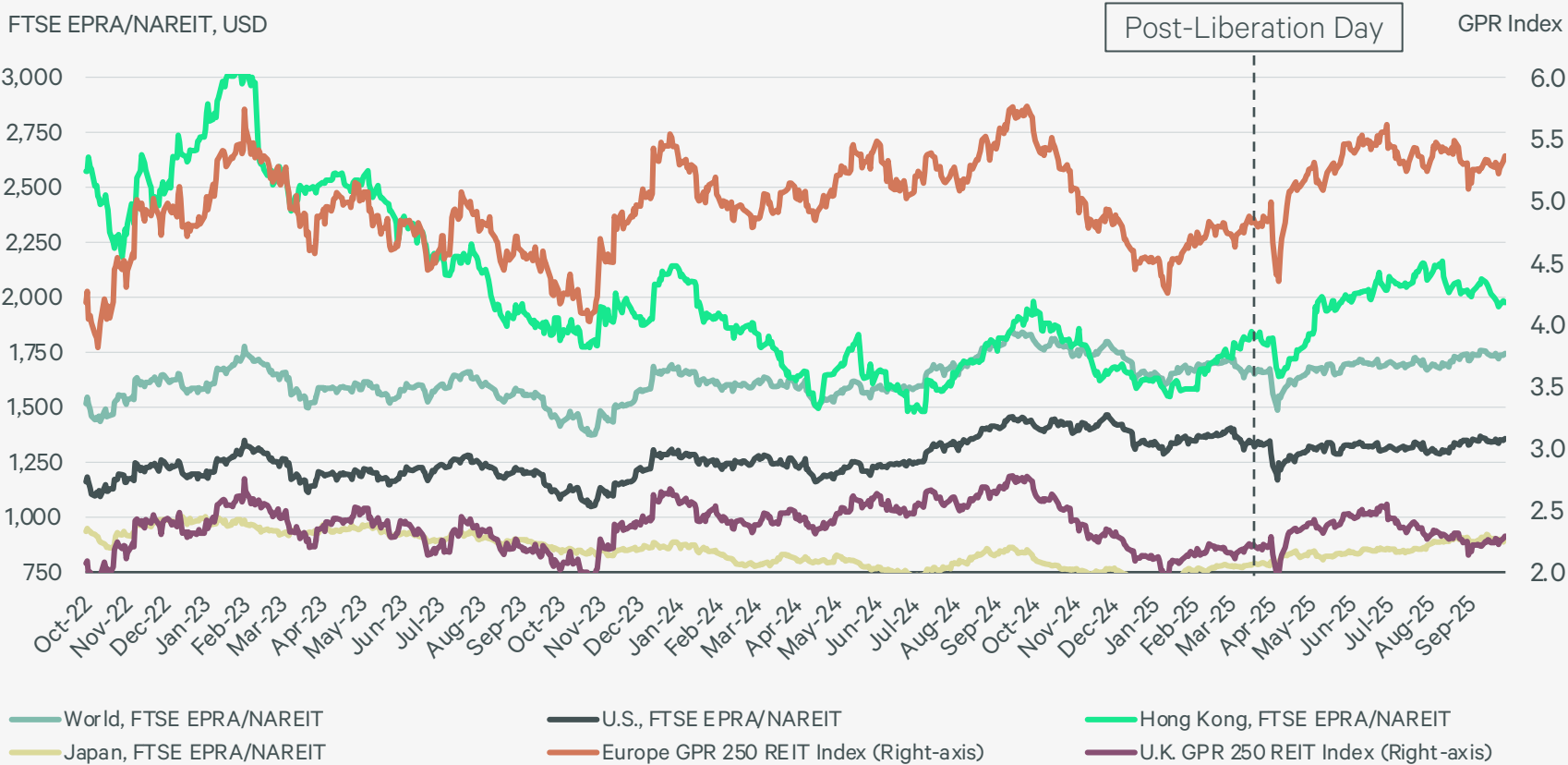


Note: Top market average in each region, end of period quarterly.
Source: CBRE Research, National Sources & Macrobond, Q2 2025.

02
Investment

Global REITs
Show Signs of
Stabilization
Amid Short-term
Volatility

Figure 30: Global REIT Equity Price Returns (USD) & Indices



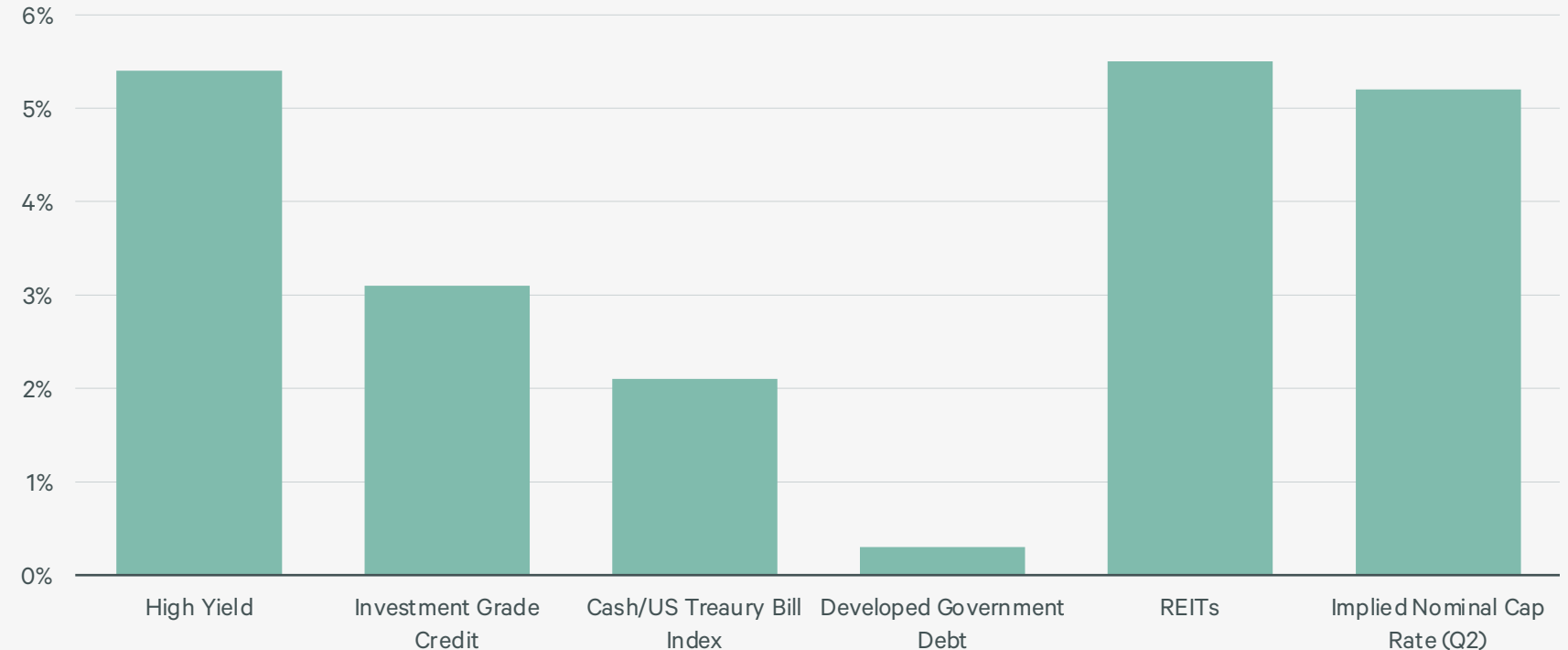
Source: FTSE Russell, Global Property Research, Macrobond, CBRE Research, as of September 30, 2025.
Note: The GPR 250 Index is composed of the 250 most liquid listed property securities in the world.

02 Investment

Real Estate Provides Attractive Returns Compared to Other Asset Types

- With an implied nominal cap rate of 5.20% for Q2, CRE offers favorable returns compared to the 10-year annualized averages of other asset classes: high yield (5.4%), investment grade credit (3.1%), and the US Treasury Bill Index (2.1%).
- This indicates attractive entry points for real estate investments, as investors seek higher yields in a competitive market. Even public REITs, despite trading at a discounted NAV, show an average return of 5.5%.

Figure 31: 10-year Annualized Returns by Asset Types & Q2 Implied Nominal Cap Rate



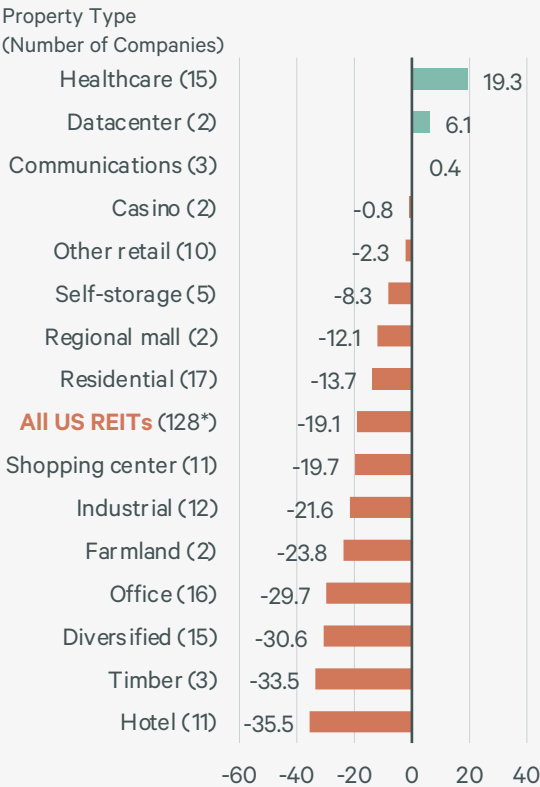
Source: S&P Global, BlackRock, Green Street, Bloomberg, CBRE Research. August 2025.

Notes: The fifth bar in the chart shows Green Street's implied nominal cap rate for Q2. The first four bars in the chart shows annual index total returns (income or dividends reinvested) in U.S. dollars, indices are unmanaged and therefore not subject to fees. 2025 shows year to 29 August 2025. Annualized column shows the annualized total return over the last 10-years from the same date. Indexes or prices used are: U.S. equities - MSCI USA Index, , High yield - Bloomberg Barclays Global High Yield Index, IG credit - Barclays Global Corporate Credit Index, REITs - S&P Global Real Estate Investment Trust (REIT) Index. DM gov. debt - Bloomberg Barclays Global Treasury Index.

02
Investment

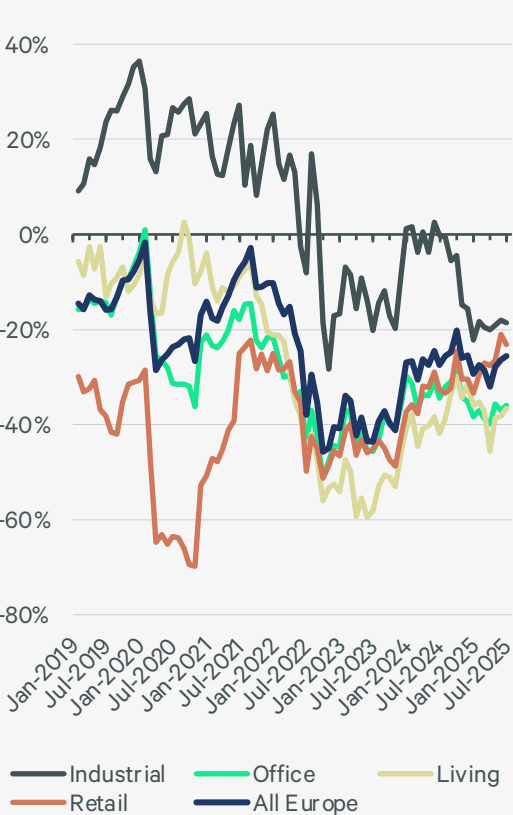
Reits Trade At a NAV Discount, But Showing Signs of Improvement and Indicating Potential for M&A or Public-to-private Transactions

Figure 32: U.S. median premium (discount) to NAV



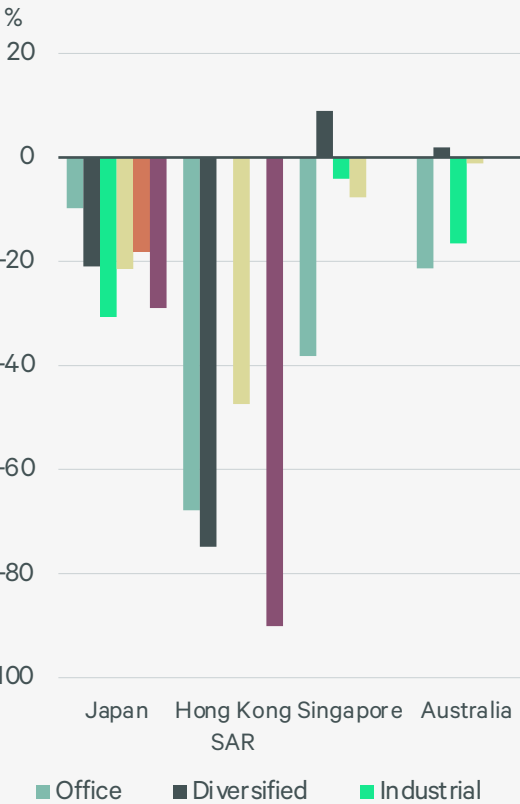
Source: S&P Global Market Intelligence, CBRE Research, As of June 30, 2025

Figure 33: Europe discount to NAV by sector



Source: EPRA, CBRE Research, August 2025.

Figure 34: APAC discount to NAV by sector



Source: Bloomberg, CBRE Research, May 2025.

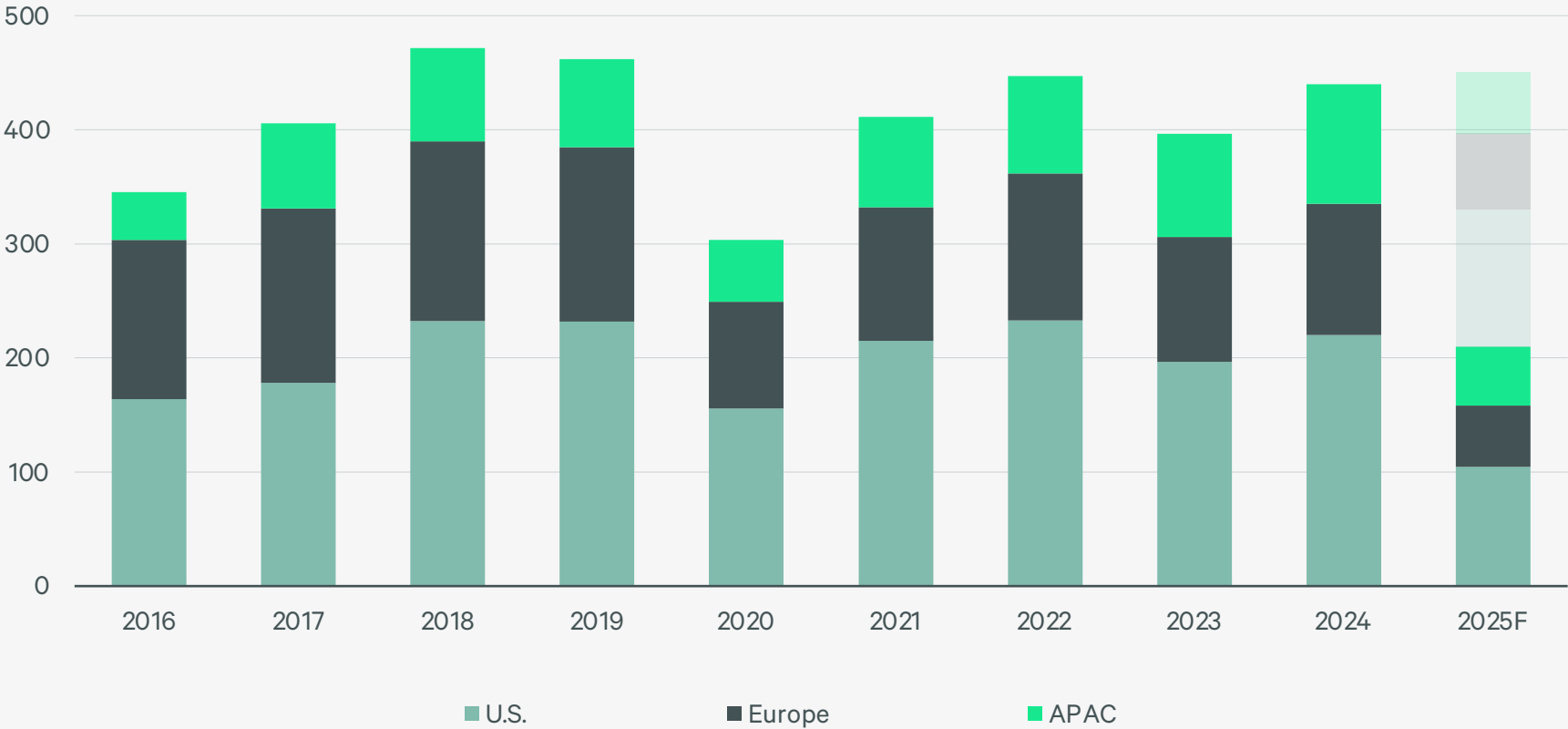
03

Office/Occupier

03
Office/Occupier

Global Office Leasing Started Strong and is Expected to Improve in 2025

Figure 35: Global Office Leasing, Sq. Ft. (Millions)



Source: CBRE Research, Q2 2025. Note: Leasing volume figures are not available for Canada and Latin America.

03
Office/Occupier

Net Absorption Was Positive in All Three Global Regions in Q2; Led by Europe, While APAC and the Americas Held Relatively Steady

Figure 36: Regional Net Absorption (MSF)

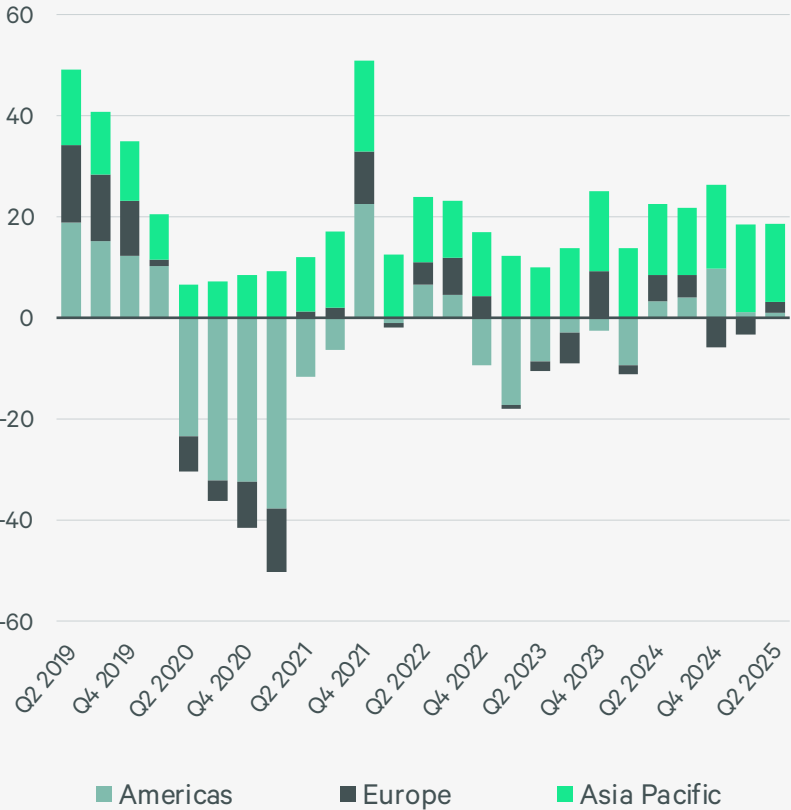
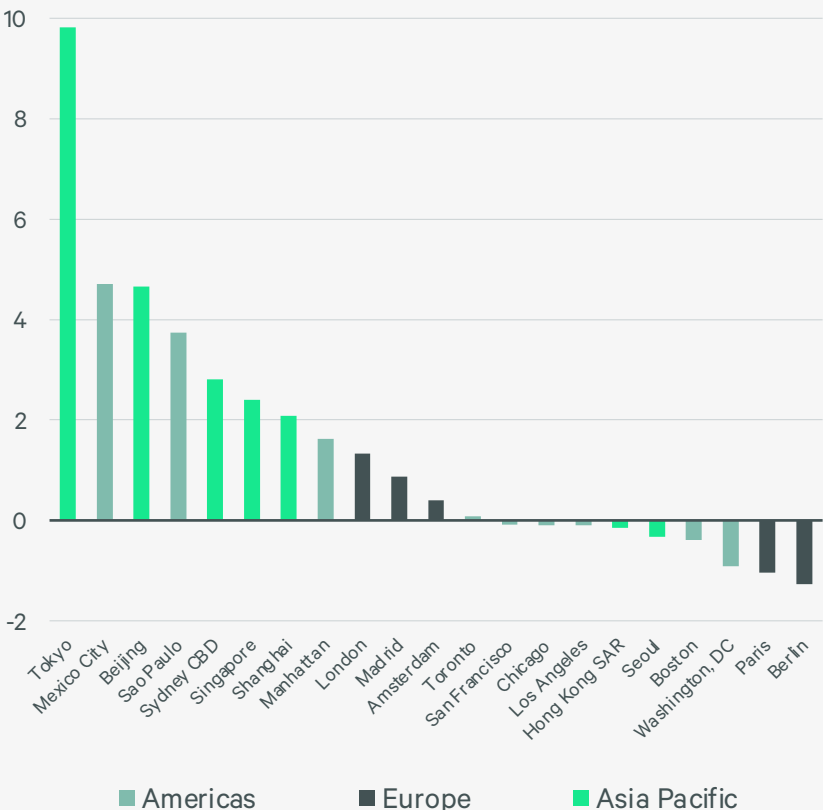


Figure 37: Net Absorption Rate (%) by Market



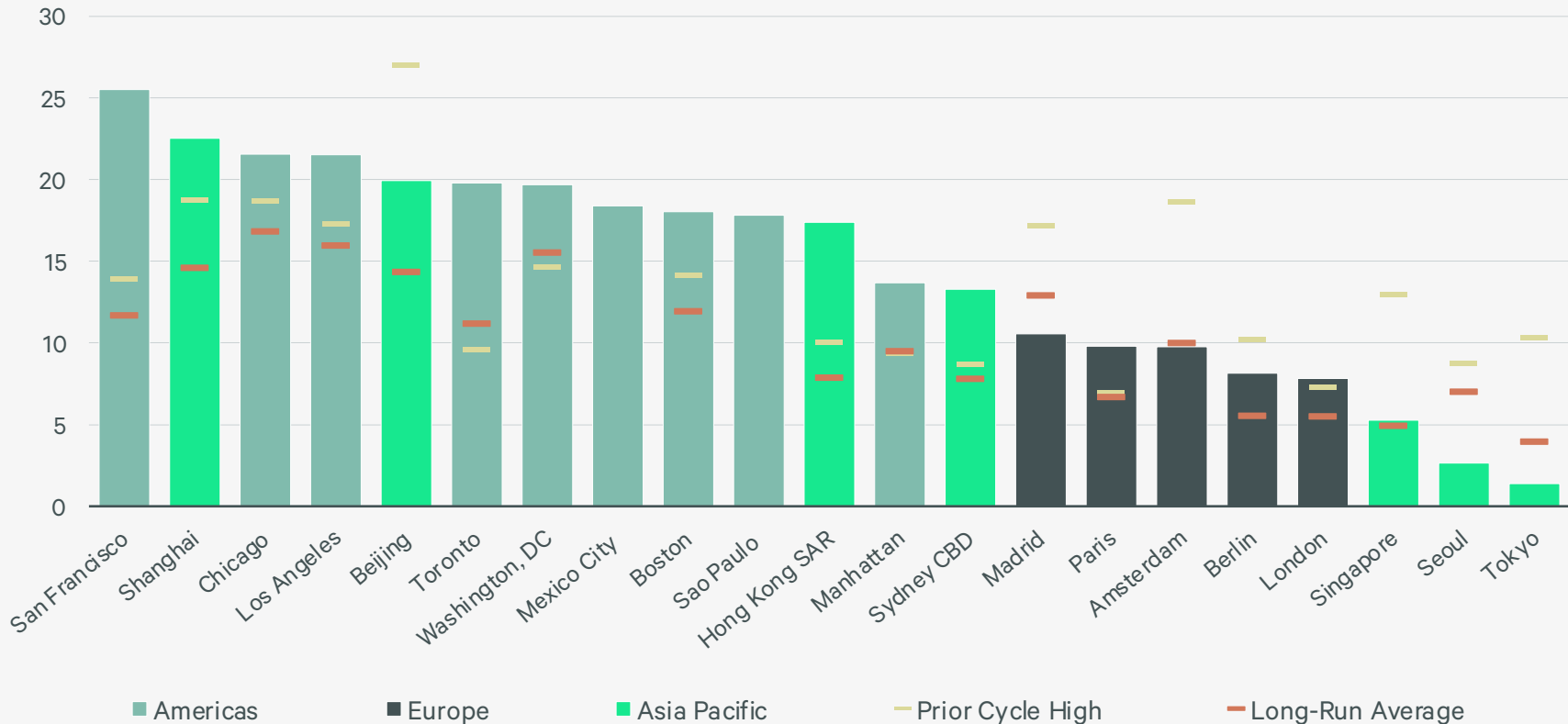
Note: Absorption rate calculated as rolling four-quarter net absorption as a percent of current-quarter inventory levels. Asia Pacific is Grade A only. Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

03
Office/Occupier

Vacancy Rates in the Americas Remain Elevated, While Rates in Europe and APAC Vary by Market

— In Q2 2025, the Americas continued to have the highest office vacancy rates, driven by elevated vacancies in gateway markets like San Francisco, Chicago and Los Angeles. Markets in Europe and Asia Pacific were more varied in terms of vacancy, with major markets like Shanghai, Beijing, Paris, Berlin and London above their long-run average vacancy rates. Other markets like Madrid, Amsterdam, Seoul and Tokyo remained at or below their long-run vacancy averages.

Figure 38: Office Vacancy (%) by Market



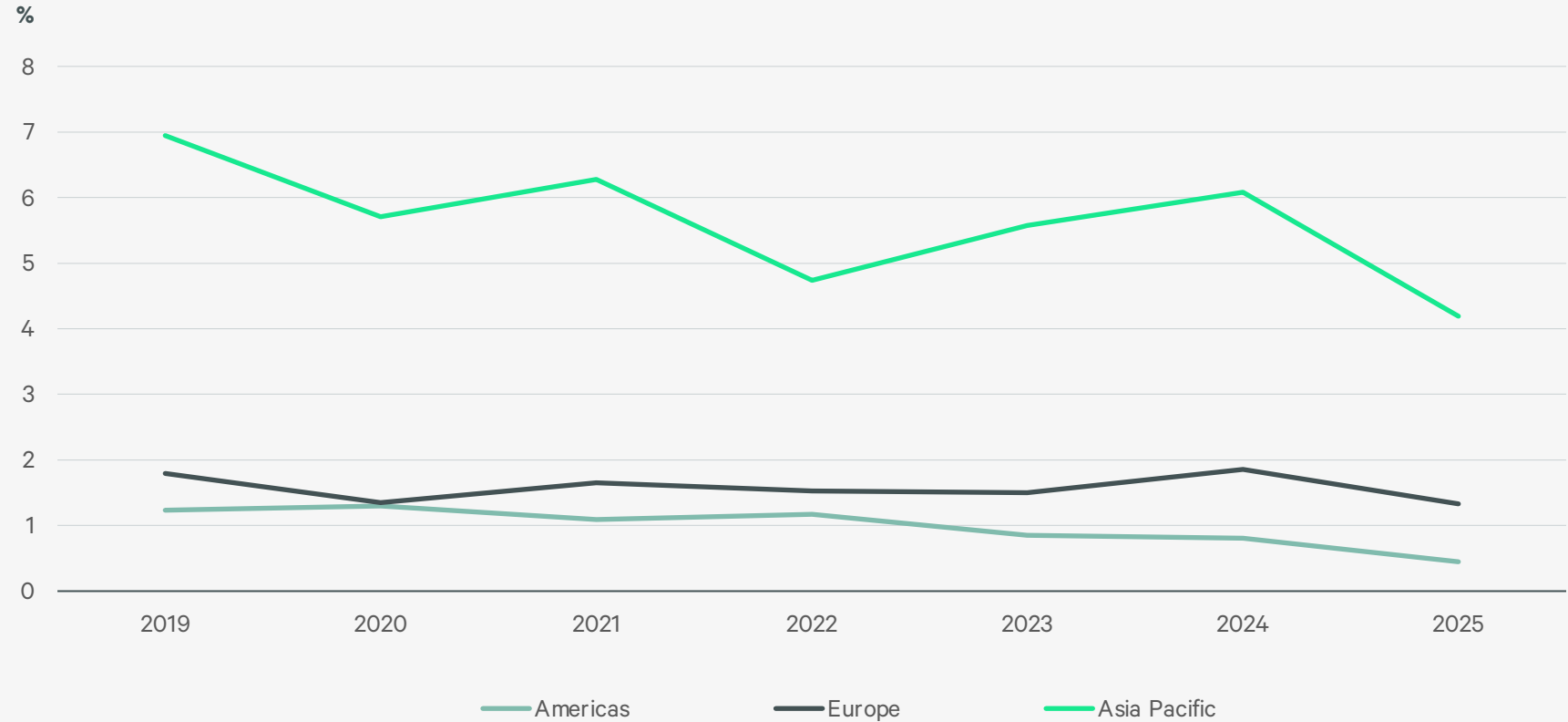
Note: APAC figures based on Grade A data. Long-run average is calculated from Q1 2011 to Q2 2025. *Mexico City and Sao Paulo do not have a long-run history available.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

03
Office/Occupier

Office Completions Fall to New Lows Across All Global Regions

- The completion rate decreased in all three global regions in Q2 2025. Higher construction costs continued to challenge developers in addition to general economic headwinds and structurally lower demand for office space. Lower levels of new supply should help to stabilize office fundamentals in 2025.

Figure 39: Completion Rate by Region



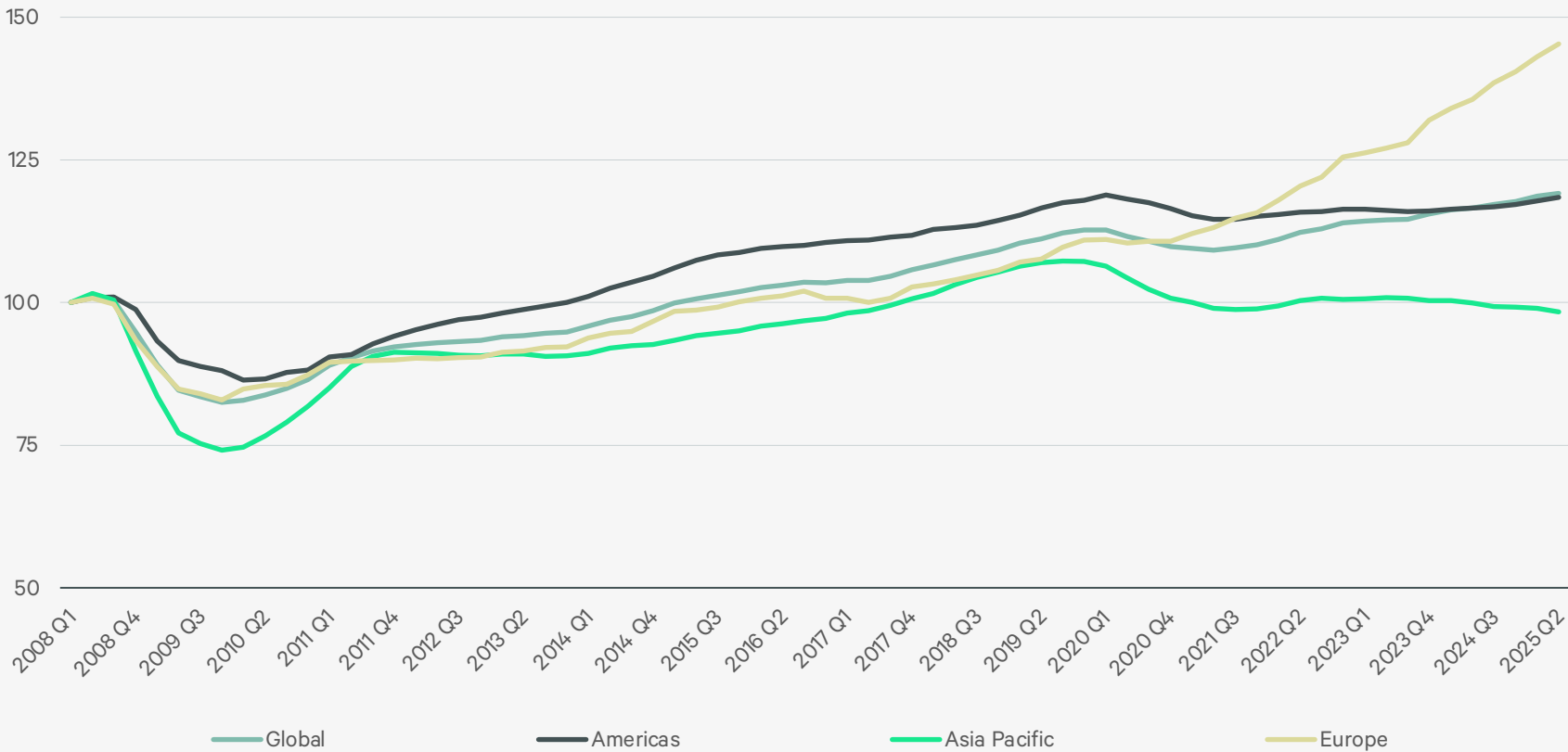
Note: Completion rate calculated as the annual sum of current quarter completions as a percent of current quarter inventory levels. APAC is Grade A only. Americas includes U.S. and Canada.
Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

03
Office/Occupier

Global Office Rent Index Tick Upward

- Global office rents edged up in 2025 Q2, driven by strong rent growth in European office markets. Rents in the Americas recorded a small increase, while rents in APAC remain relatively stable but subdued.

Figure 40: Global Office Rent Index (Q1 2008 = 100)



Source: CBRE Research, Q2 2025.

04

Industrial & Logistics

Q2 2025 Key Global Industrial Trends

- **Continued demand for same-day and next-day delivery** fueled by shifting consumer preferences for speed and convenience remains a global demand driver.
- **Onshoring of manufacturing** will improve manufacturing and warehouse fundamentals, driven by supply chain resilience and reduced reliance on foreign markets.
- A greater emphasis will be placed **on labor dynamics, power availability, transportation efficiency, and sustainability in logistics facilities**. This is driven by unpredictable transportation costs, labor shortages, and environmental concerns.
- **Vacancy Rates** will continue to rise despite lower completions, potentially due to oversupply of older product in some markets and shifting demand patterns.
- **The rise in investment activity** is expected to continue as financing conditions improve, and confidence returns. However, a growing gulf has emerged between prime and secondary assets, with investors seeking greater discounts on the latter, and paying ever-closer attention to building specifications.
- **Leasing momentum** is resilient, with landlords softening their stance on rents, indicating flexibility in the face of changing market conditions.



04

Industrial & Logistics

H2 2025 Demand Drivers

Consumer Expectations

- E-commerce will continue its slow steady growth as a percent of overall retail as consumer expectations solidify next-day and same-day delivery.
- Having the right inventory in the right locations whether it be the retailers, suppliers, or outsourced 3PLs, will be key to meeting consumer demand
- Ensuring these strategic locations will keep demand solid despite continued global economic uncertainty.

Supply Chain Resiliency

- Onshoring of manufacturing will continue, improving manufacturing and nearby warehouse fundamentals.
- Occupiers will utilize multiple ports of entry; however economic uncertainty could lower import volumes globally.
- External events could keep transportation costs unstable which could lead to higher domestic inventories.

Location Optimization

- Greater visibility and emphasis into labor dynamics and transportation.
- Hub-and-spoke model optimized based on better technology and agility. In some cases, it will lead to modernization of space.
- Increased focus on the reliability, redundancy and renewability of power due to increased use of automation and AI.



04
Industrial
& Logistics

3pls & Traditional Retailers Drive Bulk Leasing

- Bulk leasing (100,000 sq. ft. or more) increased by 8% year-over-year in H1 2025.
- 3PLs accounted for 34% of bulk leasing activity in H1 2025, with the number of companies outsourcing distribution continuing to rise amid economic and supply chain uncertainty.
- Manufacturing demand increased by 51% year-over-year as more occupiers sought to diversify their supply sourcing

Figure 41: YTD 2025 Transactions 100,000 SF and Above

Occupier Type	SF Transacted	Market Share	YoY Change in Share %
Third Party Logistics	91,630,835	34.2%	↑
General Retail & Wholesale	58,254,468	21.8%	↓
Manufacturing	27,898,709	10.4%	↑
Food & Beverage	23,708,669	8.9%	↓
Building Materials & Construction	19,124,598	7.1%	↑
Automobiles, Tires, & Parts	16,267,655	6.1%	↓
Medical	11,089,400	4.1%	↑
Undisclosed	10,330,396	3.9%	↓
E-Commerce Only	9,530,180	3.6%	↓
Total	267,834,910	100%	

Source: CBRE Research, Q2 2025

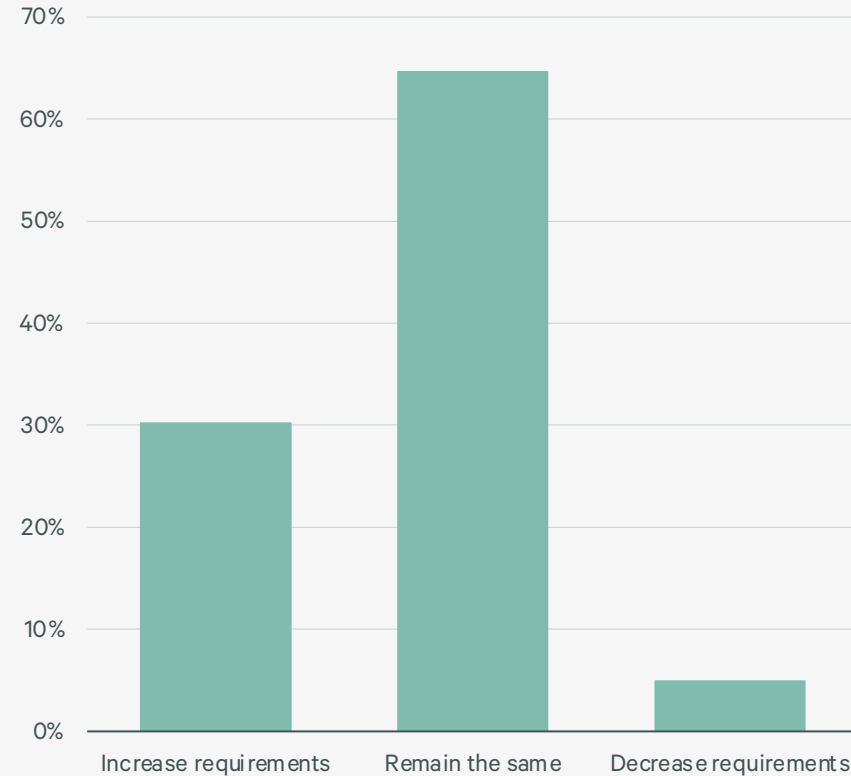
Figure 42: YTD 2024 Transactions 100,000 SF and Above

Occupier Type	SF Transacted	Market Share
Third Party Logistics	73,261,780	29.6%
General Retail & Wholesale	62,533,497	25.2%
Food & Beverage	25,631,774	10.3%
E-Commerce Only	19,429,594	7.8%
Manufacturing	19,046,970	7.7%
Building Materials & Construction	16,050,852	6.5%
Automobiles, Tires, & Parts	15,621,941	6.3%
Undisclosed	10,180,888	4.1%
Medical	6,165,422	2.5%
Total	247,922,718	100%

04 Industrial & Logistics

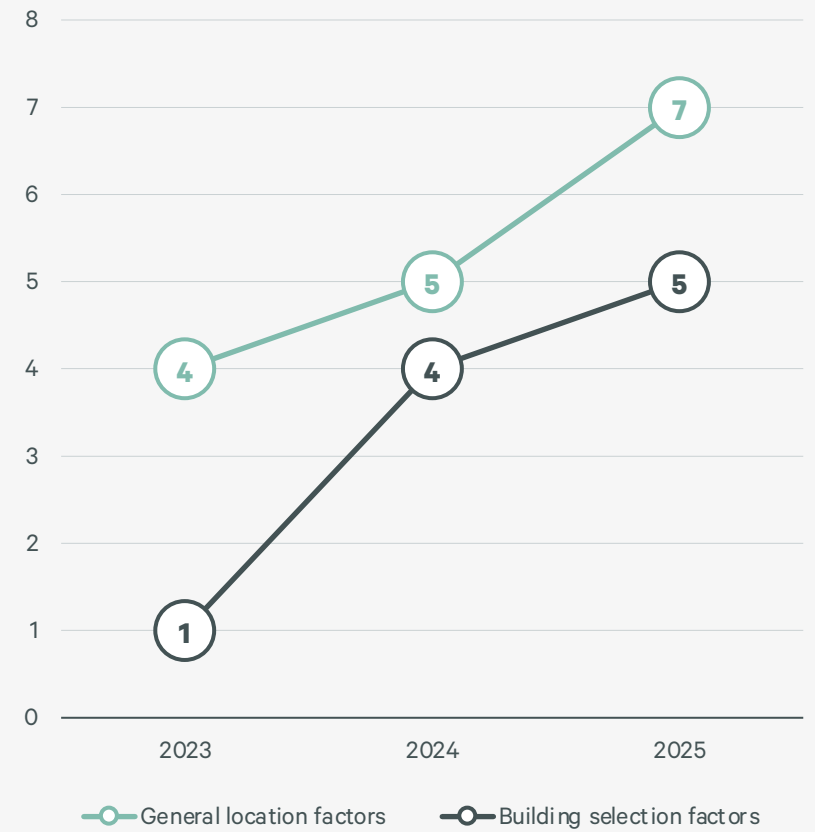
For Europe, Occupier Activity is Set to Increase in the Near Term; While Building Specifications and Location Criteria Are Important

Figure 43: Demand for the next 12 months



Source: CBRE and Analytica ([European Logistics Occupier Survey 2025](#))

Figure 44: Building and location factors



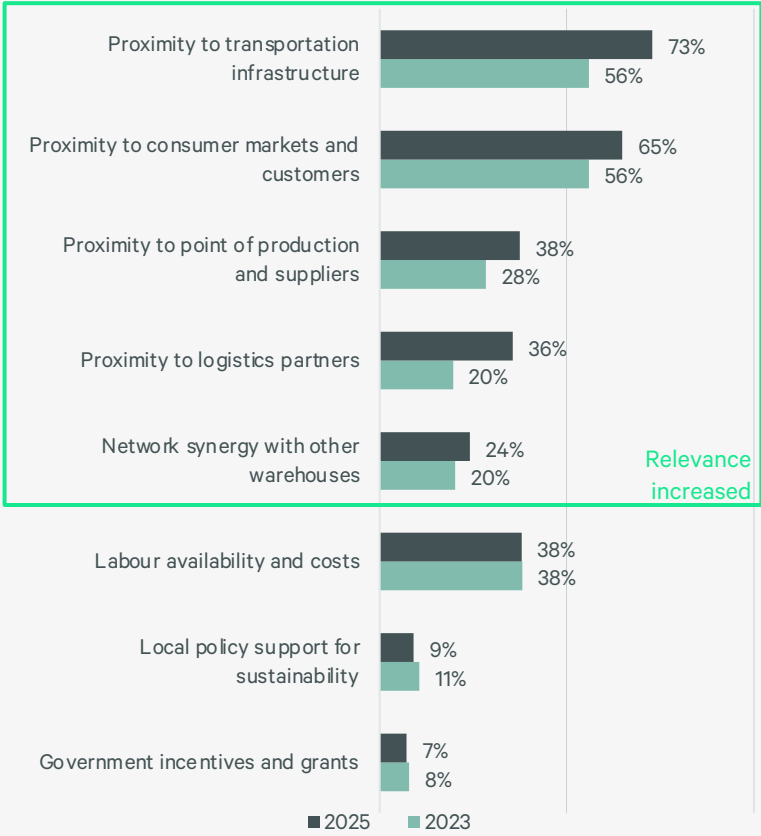
Number of decision selection factors highlighted as key but at least one third of respondents

04
Industrial
& Logistics

Asset Connectivity Remains a Crucial Consideration in APAC

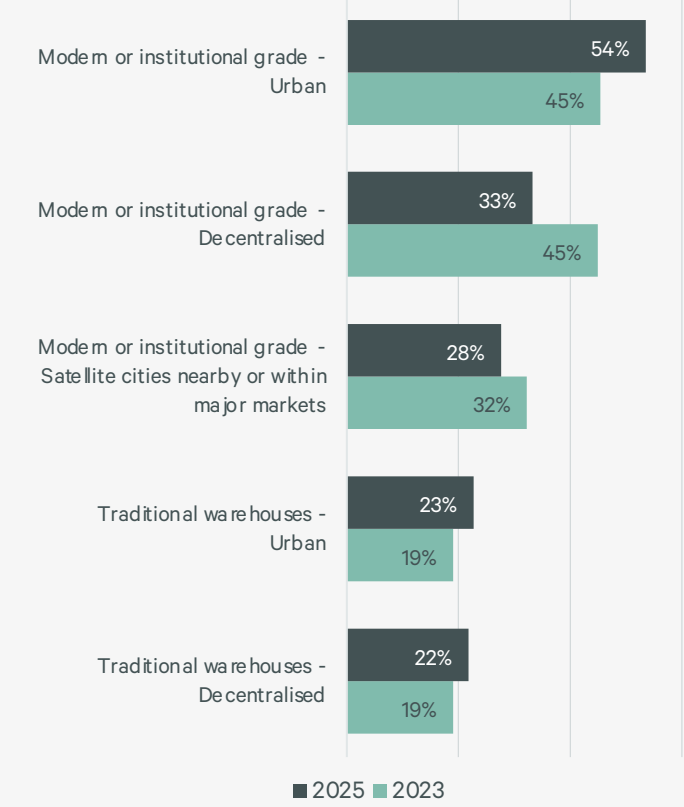
- Occupiers’ interest in logistics facilities close to transportation infrastructure, customers and the supply chain strengthened further in this year’s survey. While demand for modern and institutional grade logistics facilities in urban areas also picked up, occupiers’ interest in such properties in decentralized locations or other satellite cities moderated.
- More intensive flight to core-and-quality demand has led to the resilient leasing performance of logistics assets in urban areas. Examples include Greater Tokyo, where vacancy in the Tokyo Bay Area fell to just 7.3% in Q1 2025, compared to 16.8% in the Ken-o-do area. Coupled with the tight supply outlook in urban areas, this divergent performance is expected to continue in the medium-term.
- CBRE expects logistics occupiers’ ongoing struggle to balance cost control with investment in strategic locations to result in a more selective approach towards real estate planning. Occupiers will consolidate more resources to establish bigger and more efficient logistics hubs in urban areas of major markets, while right-sizing their real estate footprint in less strategic locations.
- Investors are recommended to follow suit and focus on acquiring assets in infill areas. They can also explore development opportunities adjacent to new infrastructure such as expressways and airports, especially in emerging markets such as India and Southeast Asia.

Figure 45: Top Three Locational Factors Influencing Asset Selection



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Figure 46: Logistics Facility Type Occupiers Expect to Use More of in the Next Two Years



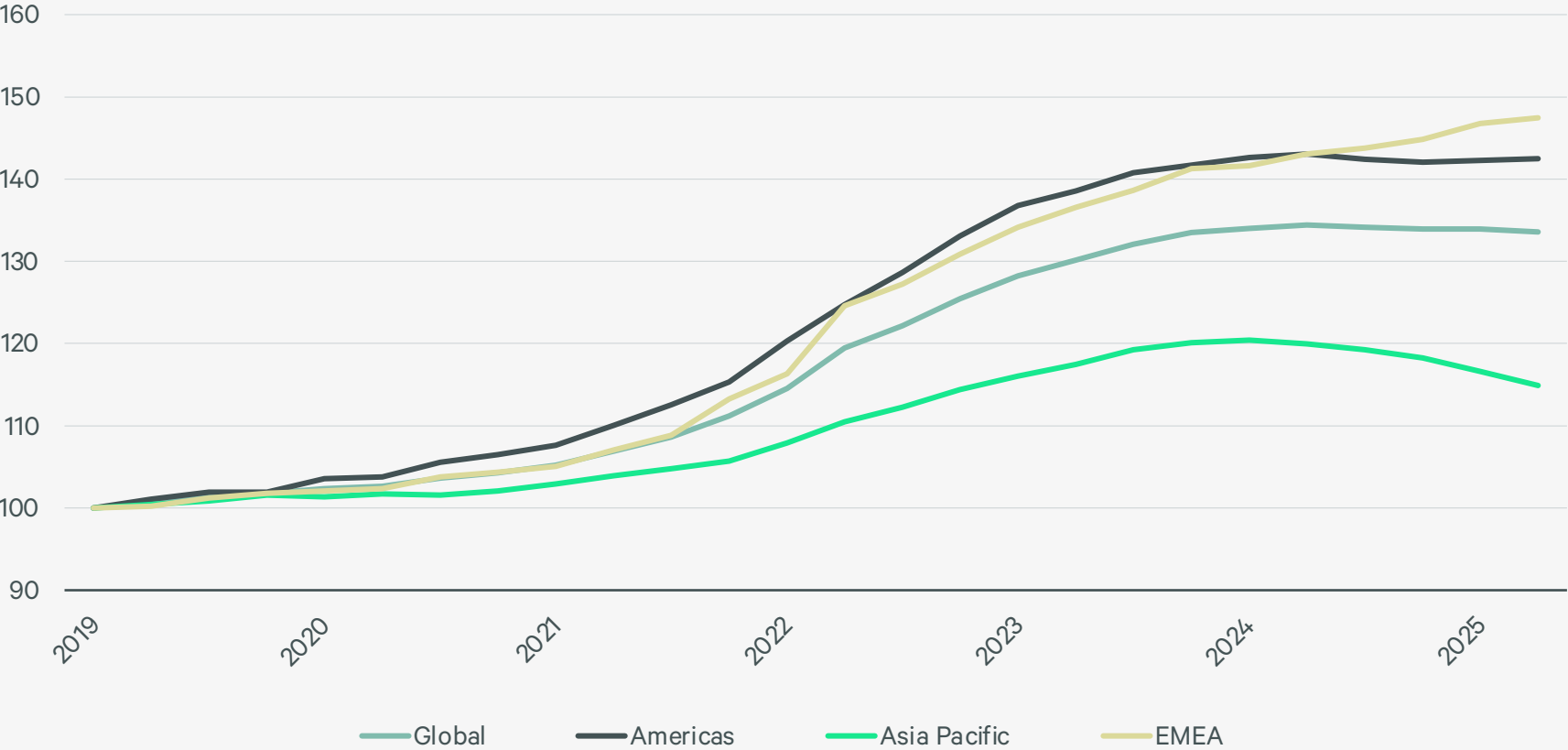
Note: Multiple selections allowed.
Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

04
Industrial
& Logistics

Global Industrial Rent Index Edged Down

— In Q2 2025, global rents dipped slightly as industrial rents continue falling in Asia Pacific, while Europe and the Americas showed resilience.

Figure 47: Global Industrial Rent Index (Q1 2019 = 100)



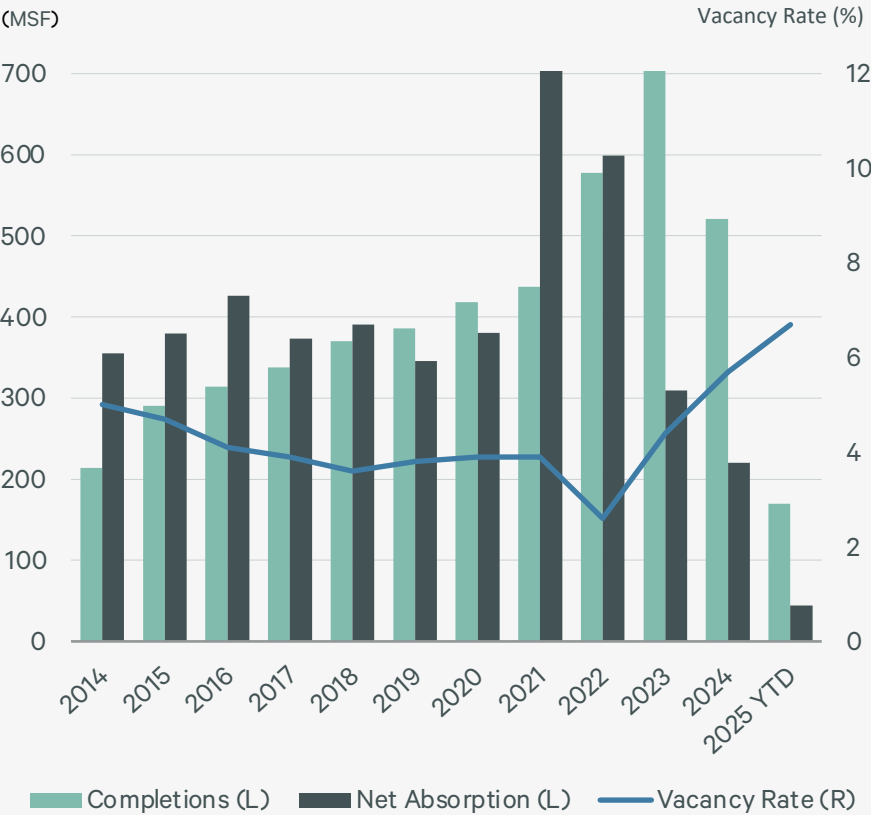
Weighted average of Class A industrial in top markets for each region, end of period quarterly.
Source: CBRE Research, Q2 2025.

04
Industrial
& Logistics

Americas Regional Snapshot

- U.S. leasing remained strong in H1 2025 thanks to increased demand from the 3PL sector. 3PLs dominated activity as more retailers and wholesalers outsourced distribution.
- Overall vacancy increased by 60 bps in North America compared with the previous quarter to 6.7%.
- Annual asking rents recorded negative quarter-over-quarter and year-on-year growth in all markets but Mexico.

Figure 48: Americas Net Absorption and Vacancy



Note: Rental rates in USD for U.S. and Mexico, CAD for Canada.

MARKET VACANCY RATES & AVG ASKING RENTS SQ. FT.

New Jersey	6.6%	\$19.04
PA I-78/81 Corridor	8.2%	\$9.04
Chicago	5.1%	\$9.19
Dallas/Ft. Worth	8.9%	\$9.89
Houston	6.2%	\$10.16
Atlanta	9.3%	\$7.21
Miami	6.6%	\$16.57
Los Angeles	4.7%	\$15.72
Inland Empire	6.7%	\$13.62
Seattle	9.6%	\$14.90
Mexico City (\$USD)	1.5%	\$11.02
Sao Paulo*(\$USD)	9.1%	\$5.35
Toronto (\$CAD)	3.9%	\$16.93

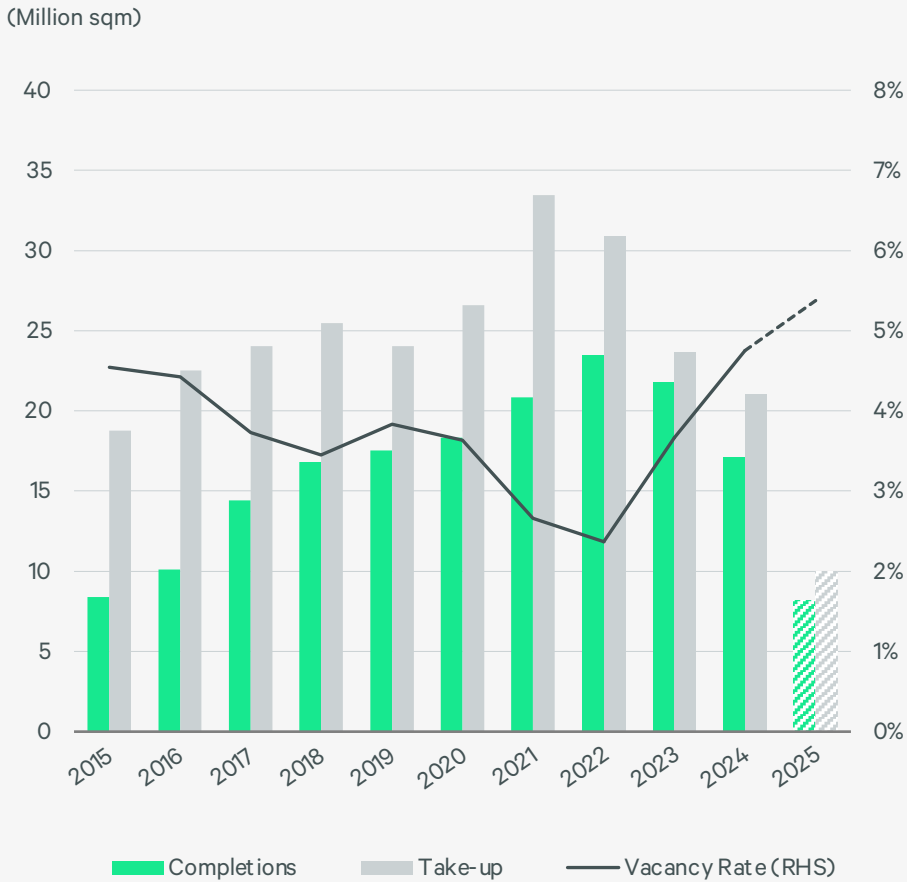
*Data calculated from 30km radius of the capital.
Sources: CBRE Research, Q2 2025 CBRE Econometric Advisors Q2 2025.

04
Industrial
& Logistics

Europe Regional Snapshot

- Take-up in Q2 2025 fell by 14% year-on-year. On a rolling 12-month basis, demand has also slowed.
- Vacancy rates expanded further, although at a slower rate relative to the change in the previous quarter.
- Minor yield compression continued in Q2 2025.
- Annual weighted prime rental growth moderated to a still-healthy 3.1%, driven by increases in markets such as Paris, Brussels and Lisbon.
- Investment volumes saw some recovery, with an 8% year-on-year increase in Q2, and 5% in H1.

Figure 49: European, Take-up and Vacancy



LOGISTICS PRIME YIELD & RENTS/SQM P.A.

Belgium (Brussels)	4.75%	€80.0
Czech Rep (Prague)	5.15%	€88.8
France (Paris)	4.90%	€89.0
Germany (Hamburg)	4.40%	€102.0
Italy (Milan)	5.35%	€70.0
Netherlands (Rotterdam)	4.75%	€105.0
Poland (Warsaw)	6.25%	€68.4
Slovakia (Bratislava)	6.25%	€69.6
Spain (Madrid)	5.00%	€84.0
UK (London)	5.00%	£27.50/sq.ft.

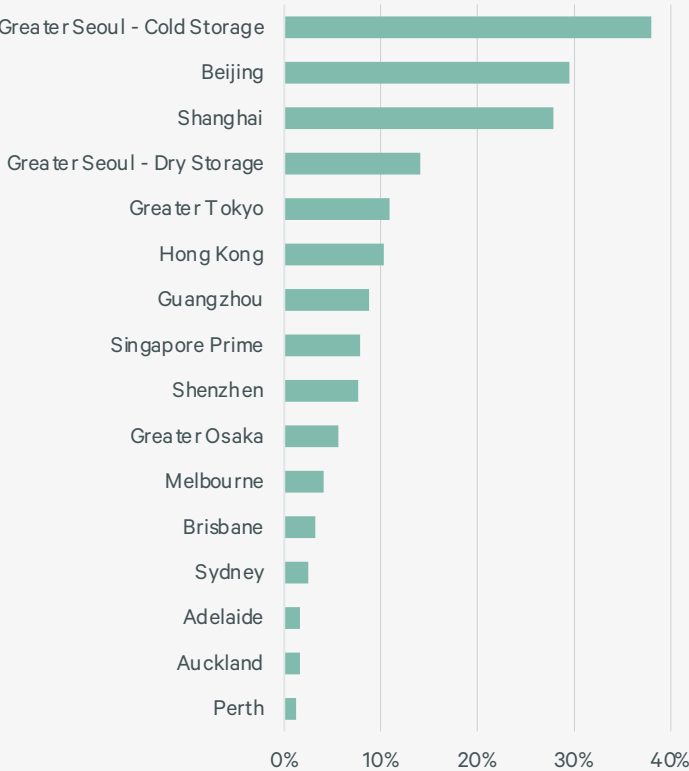
Source: CBRE Research, Q2 2025
Completions, take-up and vacancy rate are aggregated for the ten countries mentioned above. The European indices have been upgraded as of Q3 2023 - retail is a weighted average of high street shops and shopping centres

04
Industrial
& Logistics

APAC Regional Snapshot

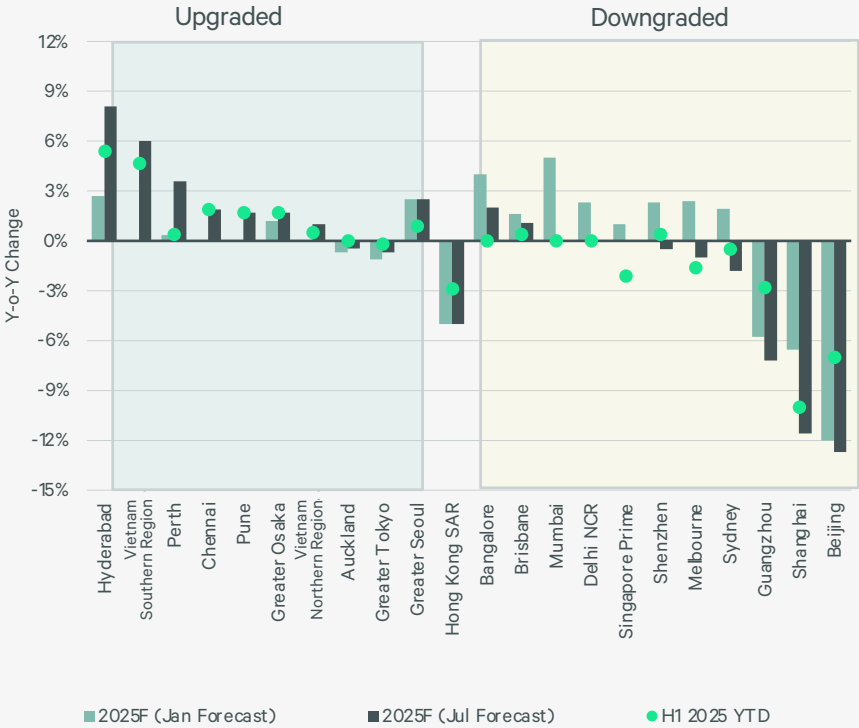
- Leasing remained active despite trade-related disruption. Occupiers previously in wait-and-see mode signed leases as landlords turned softer on rents. Demand was led by 3PLs, domestic e-commerce, and manufacturing.
- Industrial investment declined by 23% q-o-q, with Australia and Singapore driving activity. Japan witnessed a brisk flow of data center deals.
- Australia's industrial investments witnessed a continuation of yield tightening, particularly in Sydney. This came against the backdrop of robust activity by overseas investors purchasing Sydney logistics portfolios from REITs.

Figure 50: Vacancy rate (Q2 2025)



Sources: CBRE Research, Q2 2025.
Note: 1. Singapore yield referred to 30 years leasehold En-bloc industrial building.
2. Australia cities' rents and yield referred to Super Prime industrial assets.

Figure 51: Changes in 2025 Logistics Rental Forecast



Remarks: Vietnam's Southern Region includes Ho Chi Minh City, Binh Duong, Dong Nai and Long An, while the Northern region includes Hanoi, Bac Ninh, Hung Yen, Hai Duong and Hai Phong. Rental growth for Singapore refers to prime logistics rents in the eastern and western areas only. Rental growth for Indian cities refers to specific precincts only. Logistics rental growth for Asian markets refers to face rents while that for Pacific markets refers to effective rents.

05

Retail

05

Retail

Opportunities

Consumer finances elevate consumption

- Real disposable incomes are continuing to rise at a more moderate rate, supported by nominal wage growth alongside moderating inflation.
- In the U.S., moderating inflation and wage growth are helping support household spending power, even as higher interest rates continue to weigh on discretionary categories.
- The rate cutting cycling is in an advanced stage in the Euro Area, with rate cuts expected in the U.S. later this year.
- In Mainland China, stimulus packages and consumption vouchers look to have been successful in boosting demand.

Tourism remains strong

- Tourism numbers continue to grow, and markets such as Spain and Japan see ongoing benefits.

Supply chain reconfiguration and resilience

- In response to policy uncertainty and shifting geopolitics, large retailers are diversifying their supply chains and sourcing to include a wider mix of source markets.
- In the medium to long term, this will lead to greater operational resilience and offer some protection from inflation for consumers.
- Retailers in the U.S. are reshaping distribution networks in an effort to strengthen supply chain resilience.

Experiential retail and the “halo effect”

- Retailers are implementing experiential retail concepts into their flagship stores, which aim to increase customer visits and dwell time, as well as fostering a stronger connection between brand and consumer.

AI, automation and improved analytics

- Retailers are leveraging AI for inventory management, demand and trend forecasting, customer service, in-app personalization and to better understand their customer journey.
- Investment in in-store analytics using technologies such as RFID tagging is bridging the analytics gap between the in-store and online channels.

Moderating e-commerce growth

- In most major markets, e-commerce penetration is growing at a more moderate rate when compared with the pre-COVID period. E-commerce retailers are investing in opening physical stores.

Potential for attractive investment returns

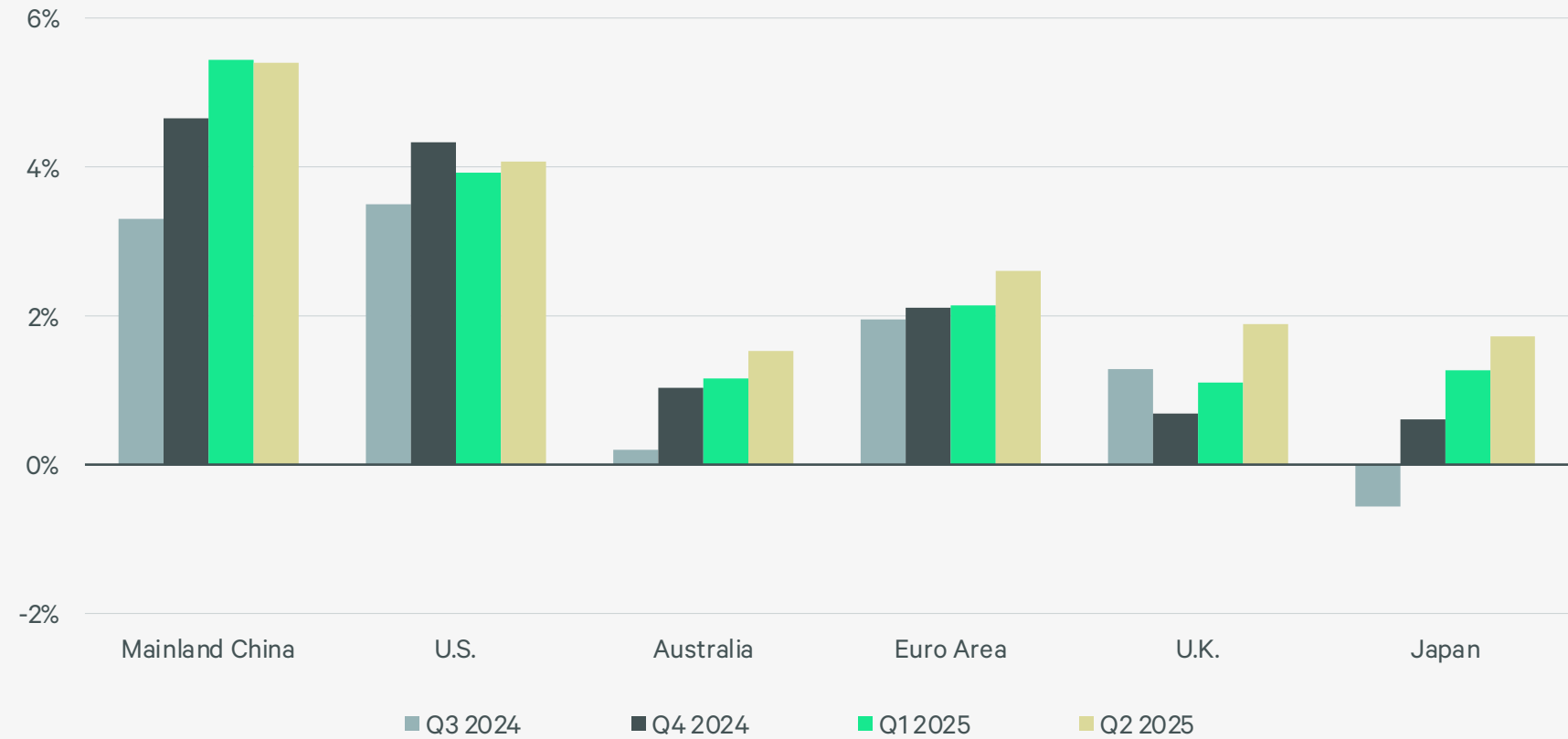
- With higher entry yields than other sectors, and yields now stabilized and in some markets compressing, investors are aware that pricing is at its most attractive. This is particularly the case in the U.S., Europe and Australia.

05
Retail

Retail Sales Growth Continues Its Positive Trajectory

- Despite a fall in May, the Euro Area and U.K. saw another quarter of retail sales growth as Europe’s consumer-led recovery continues.
- Spending in the U.S. remained resilient during Q2.
- Mainland China retail sales continued to be supported by stimulus programs. Australia’s retail sales growth was aided by rate cuts and population growth, while Japan benefited from an increasing number of international tourists.

Figure 52: Retail Sales Growth in Selected Markets, Real Terms (Y-o-Y% Change)



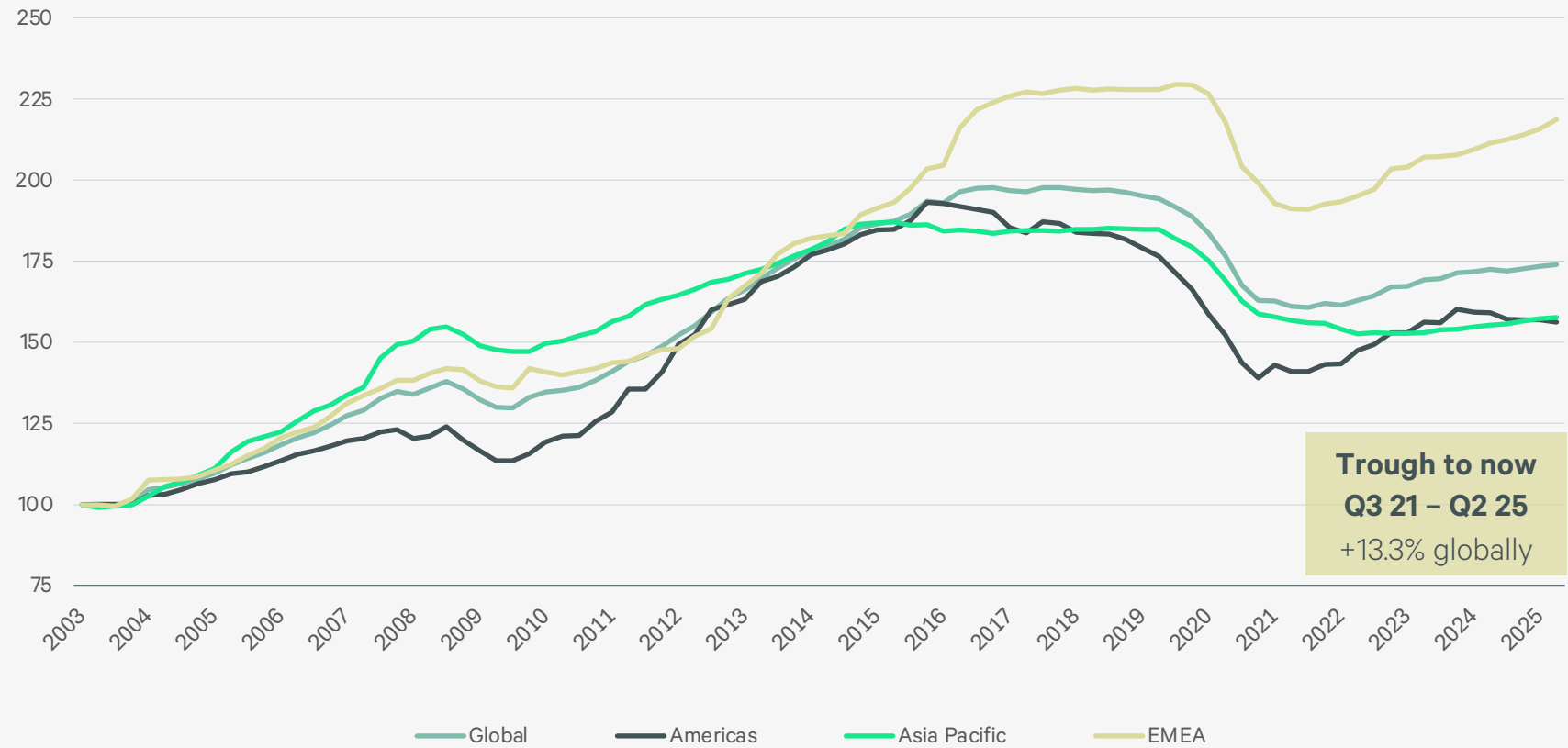
Source: Australian Bureau of Statistics, Bureau of Economic Analysis, China National Bureau of Statistics, Eurostat, ONS, Oxford Economics., August 2025.

05
Retail

Global Retail Rents See Steady Growth, Led by Europe

- Steady growth continued in Q2, with rents increasing by 0.3% Q-o-Q and 0.9% Y-o-Y.
- Europe continues to lead global rent growth, with strong competition for prime high street units in particular driving the rent index.
- In contrast, U.S. rents edged down in Q2, reflecting softer demand and a more cautious environment as landlords prioritize occupancy over pushing rents.

Figure 53: Global Retail Rent Index (Q1 2003 = 100)

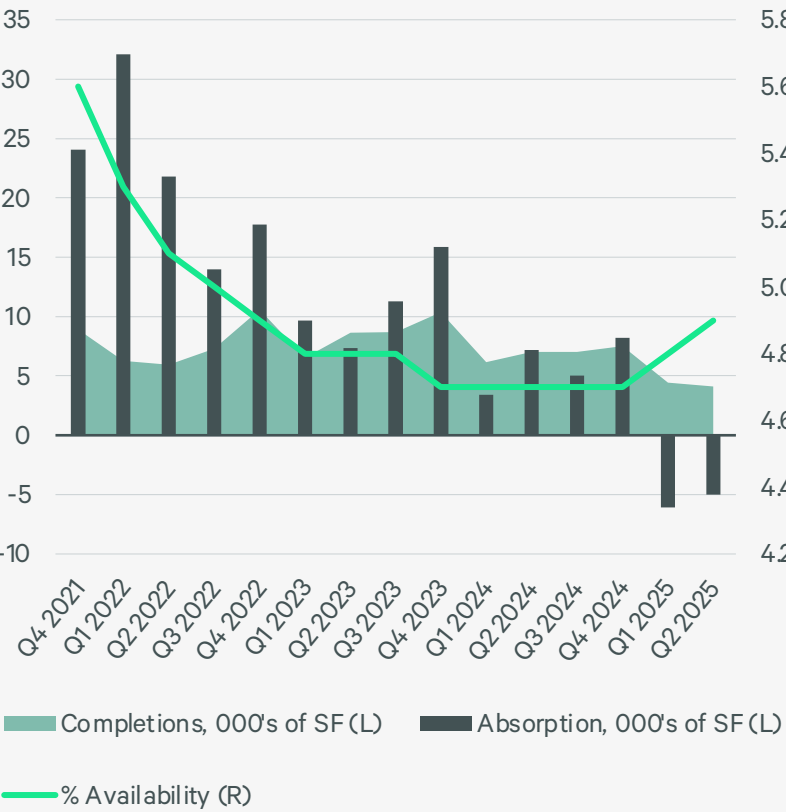


Source: CBRE Research, Q2 2025. Weighted average of Class A retail in top markets for each region, end of period quarterly. Includes both high street and shopping centre retail assets.

05
Retail

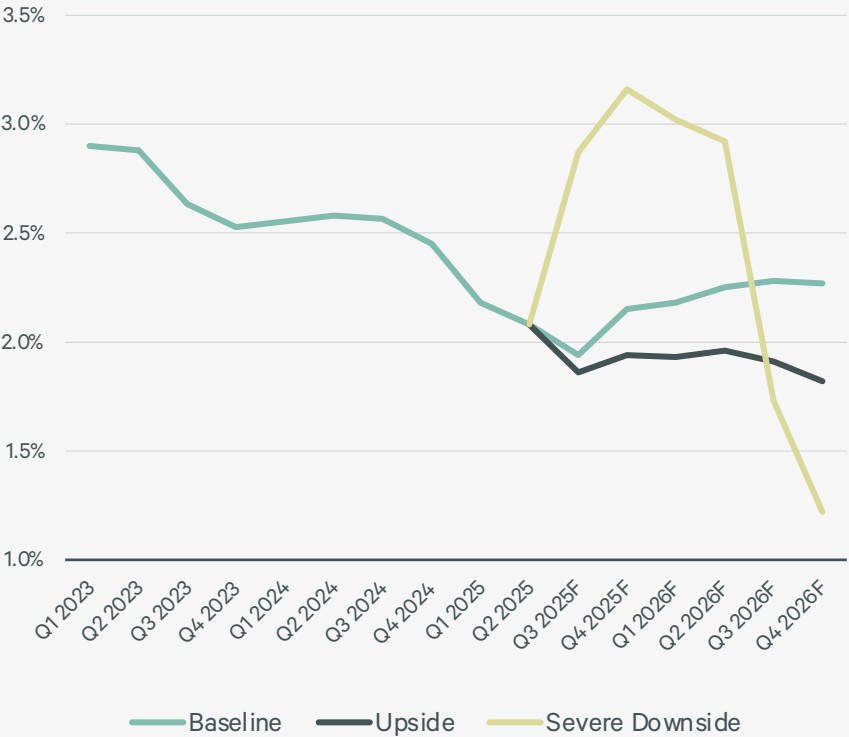
U.S. Regional Snapshot

Figure 54: Retail Net Absorption, Deliveries, and % Availability
Sq. Ft. (Millions)



Source: H2 2024 U.S. Cap Rate Survey, CBRE Econometric Advisors, Q2 2025

Figure 55: Asking Rent % Growth, Historical and Forecast by Scenario
Neighborhood, Community, and Strip Centers

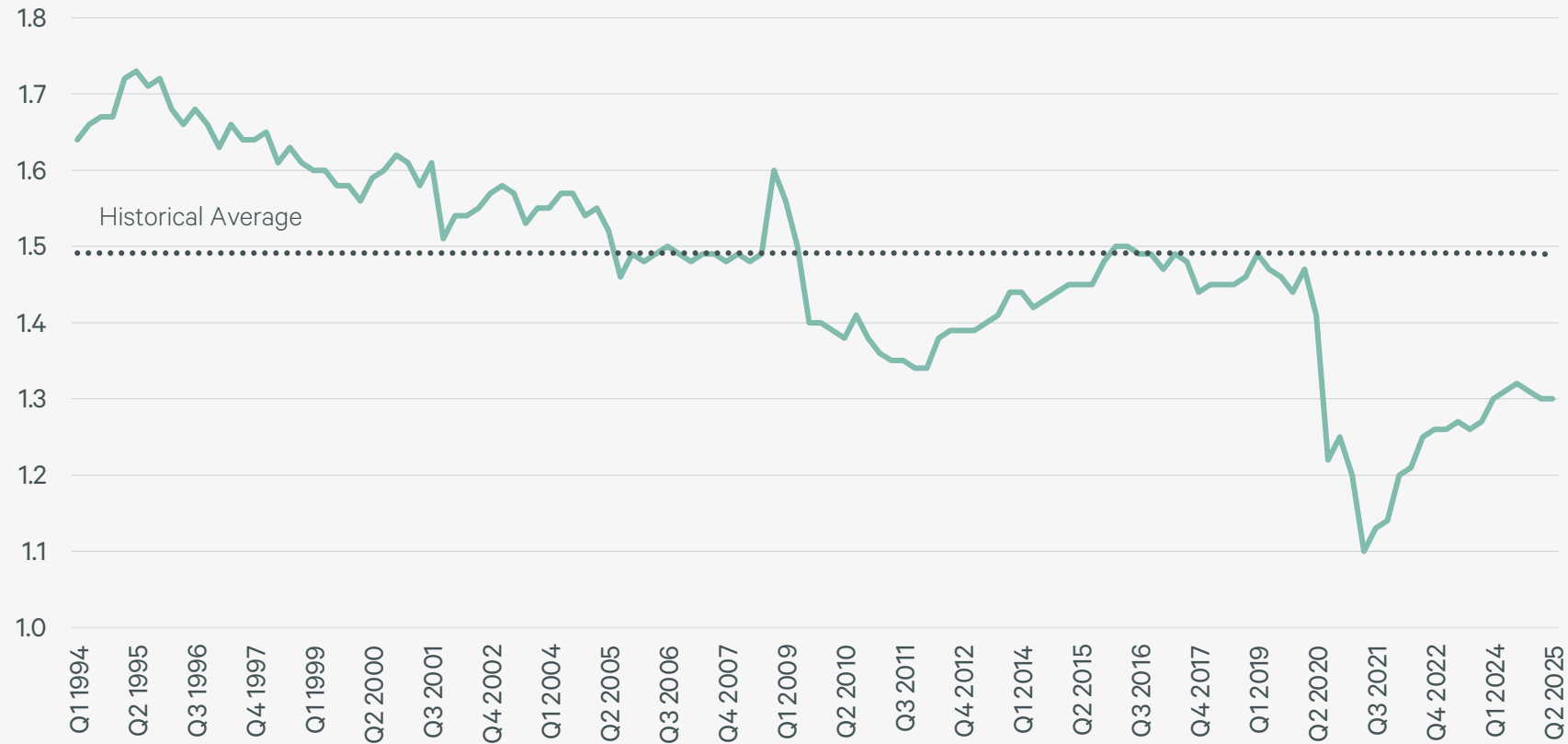


05
Retail

U.S. Retailers Continue to Carry Less Inventory

- Retailers are identifying efficiencies within their business as they look to carry less inventory.
- The inventory to sales ratio has risen since 2021, signaling some softening in consumer demand. It remains well below the historical average, however, reflecting an absence of oversupply challenges seen in past cycles.

Figure 56: Retailer Inventory to Sales Ratio

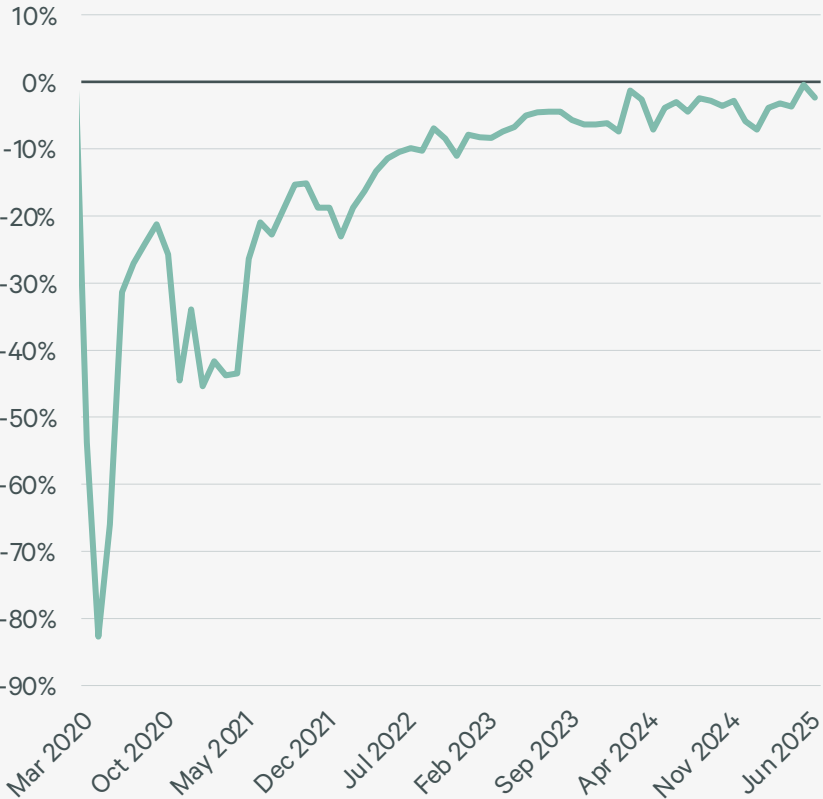


Note: The retailer inventory to sales ratio measures the amount of inventory a retailer has on hand relative to their sales.
Source: St. Louis FRED, CBRE Research, Q2 2025.

05
Retail

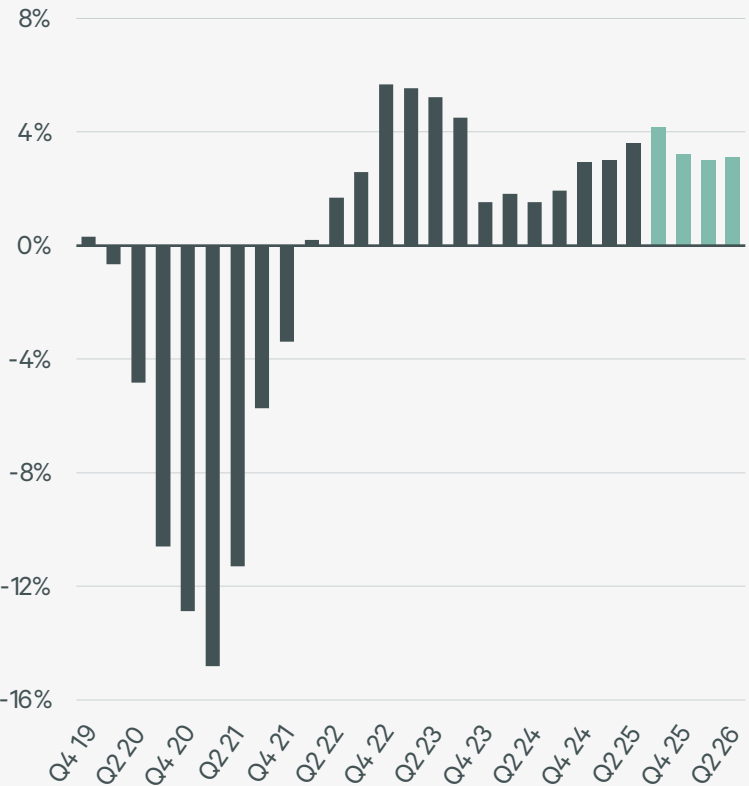
Europe Regional
Snapshot

Figure 57: Retail footfall in CBRE-managed assets vs. 2019 level (%)



Note: Weighted average of top European retail markets, 60/40 high street/shopping center split.
Source: CBRE Research, Q2 2025.

Figure 58: Prime retail rent growth and forecast (% p.a.)*

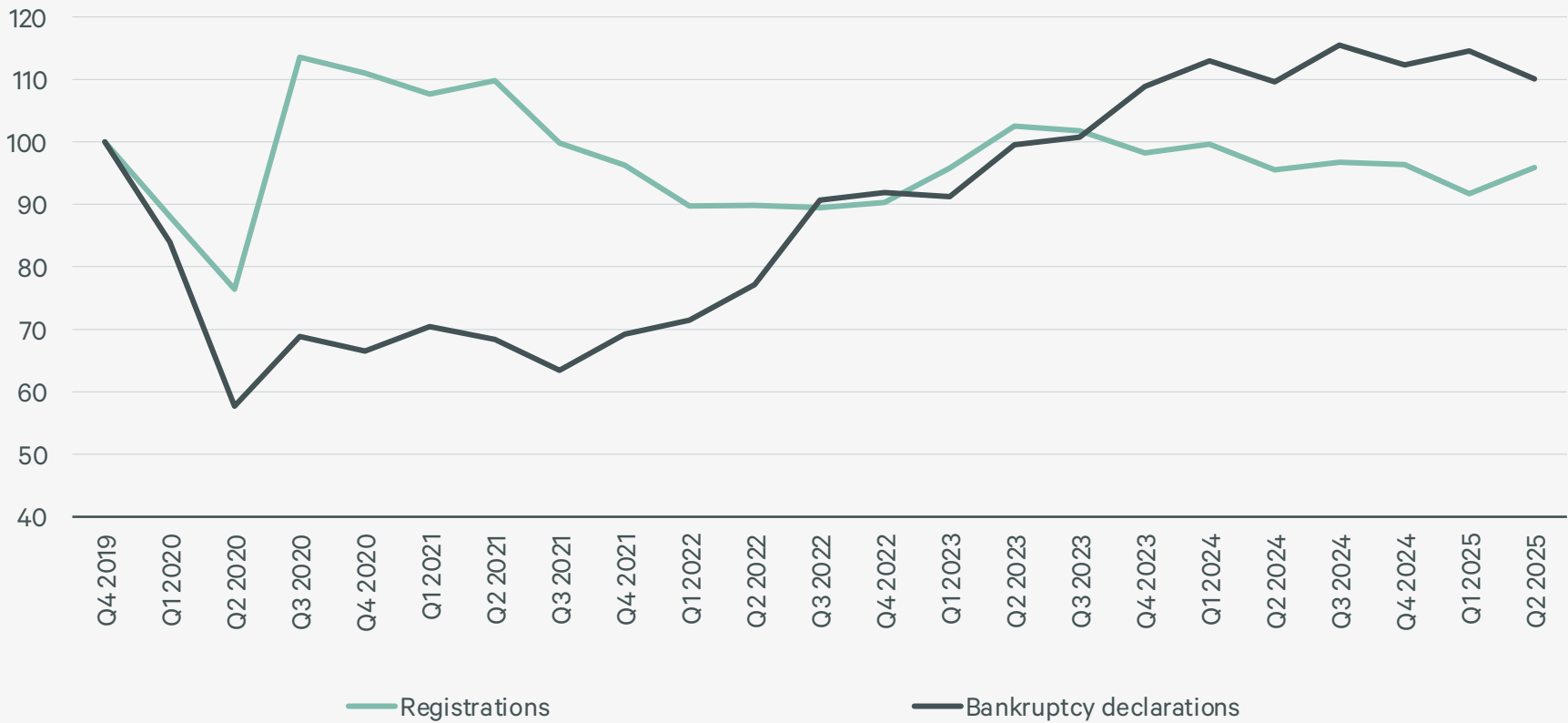


05
Retail

Europe Bankruptcy Trend is Falling, But Still Remain Elevated

- While retailer bankruptcies fell in Q2, they remain at elevated levels, suggesting ongoing consolidation in the market and some persistent downside risk.

Figure 59: Euro Area Business Registrations and Bankruptcies, Wholesale and Retail Trade Index, Seasonally and Calendar Adjusted (Q4 2019 = 100)



Source: Eurostat, CBRE Research, August 2025.

05
Retail

APAC Regional Snapshot

Figure 60: Vacancy Rate (%)

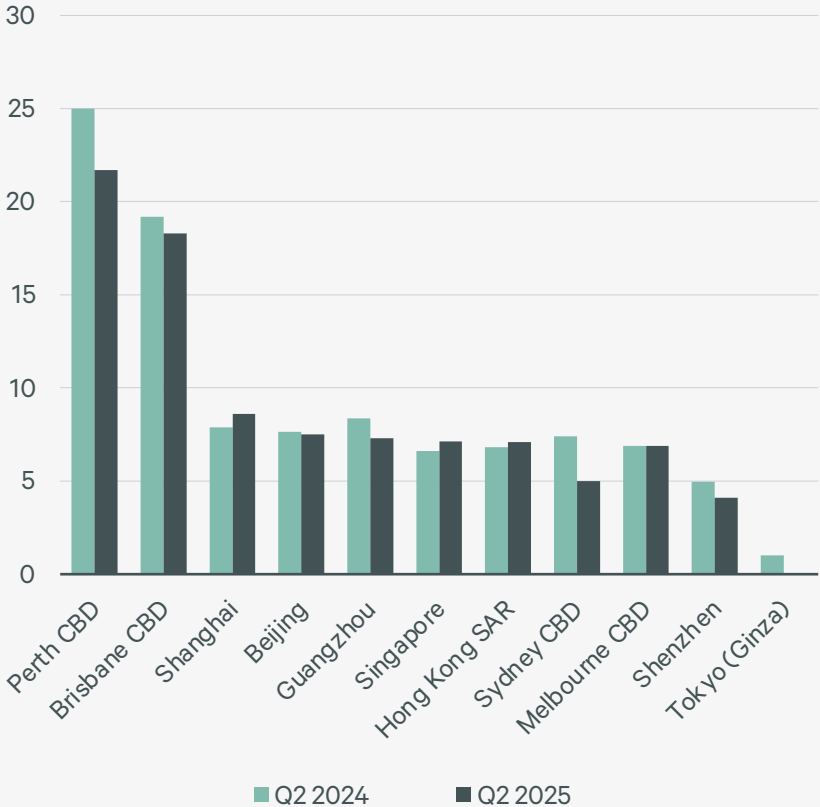
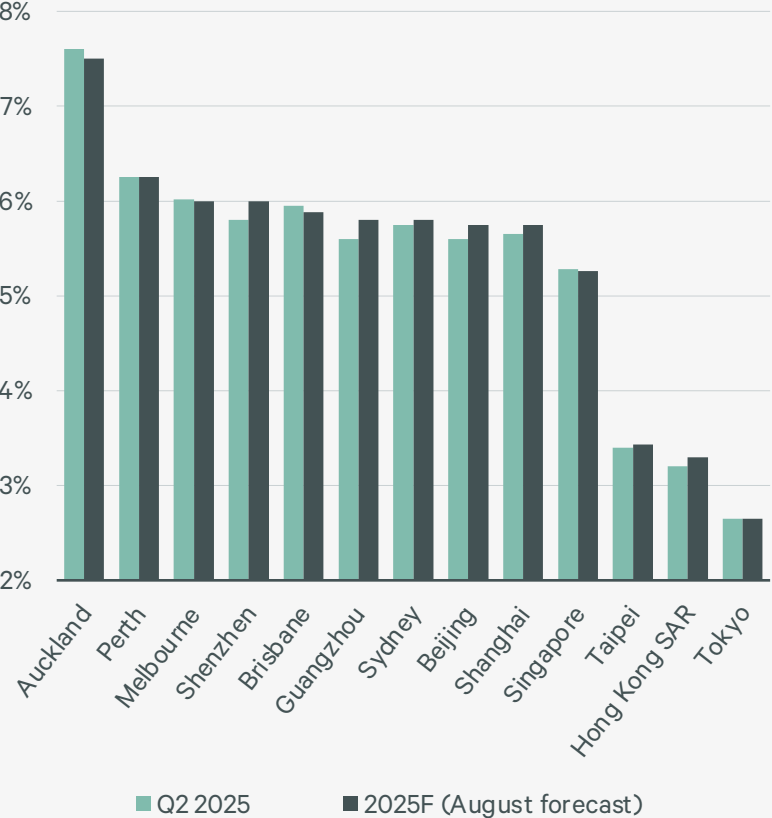


Figure 61: Prime retail yield and forecast (%)



Note: Hong Kong SAR, Taipei and Tokyo track yields and rents for high street, while cities in Mainland China and Singapore track shopping malls. Average rents for Pacific cities reflect net face rent of regional shopping centers.

Source: CBRE Research, Q2 2025.

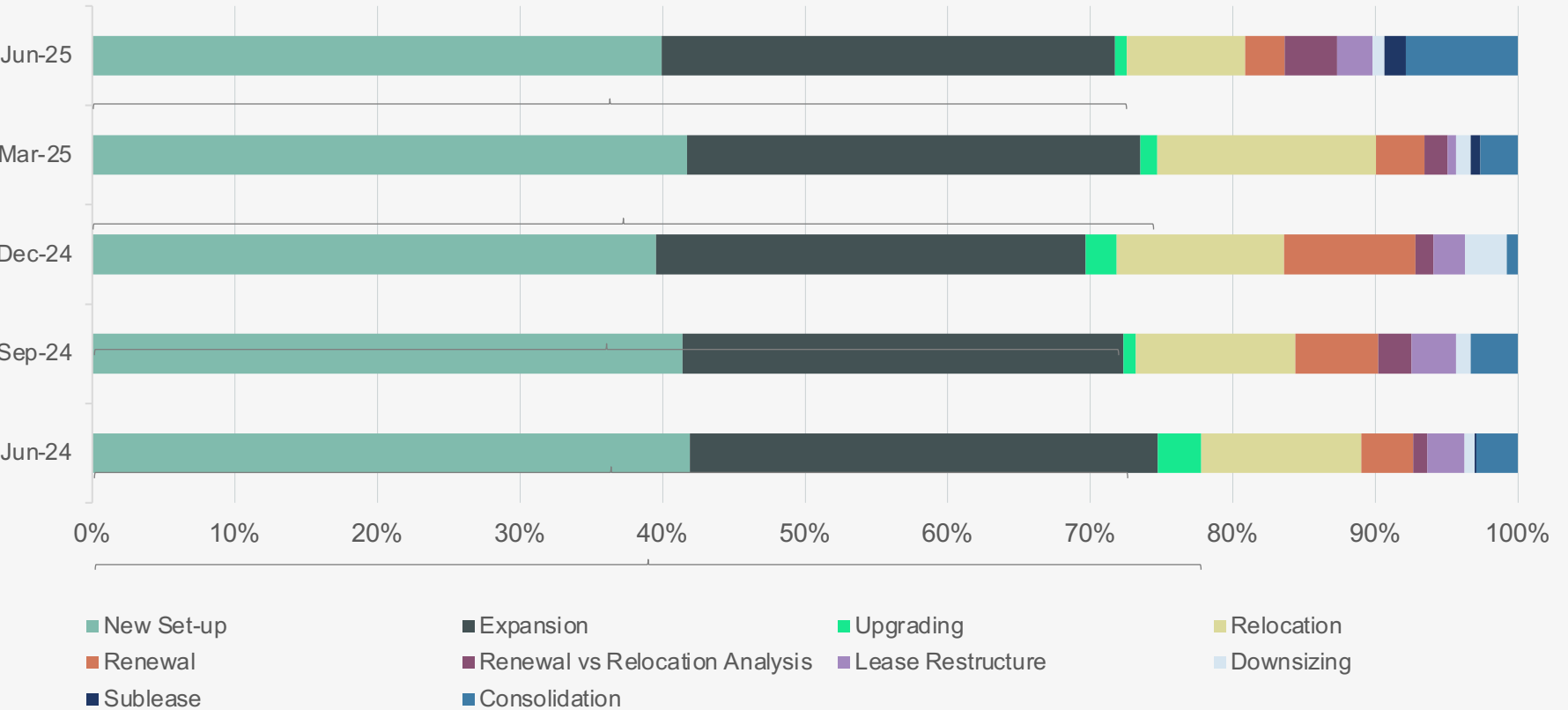
05
Retail

APAC Retailers Remain Poised To Acquire More Space

- Retailer sentiment pulled back slightly in Q2 2025 as retailers adopted a more cautious stance amid global trade uncertainty.
- Retailers, especially luxury brands, displayed concern about the secondary impact from tariffs, which may prompt consumers to cut back on discretionary spending.

Figure 62: Prime assets in core locations attract expansion demand

What was the nature of the largest five enquiries you received in the past month?



Source: Asia Pacific Leasing Sentiment Index, CBRE Research, June 2025.

06

Multifamily

06

Multifamily

Key Themes Global Living Sector

Occupier Market

- Sustained household formation, growth in renter demand and supply constraints in most of the world cause strong supply-demand imbalance. The U.S. Sun Belt and Mountain regions are the exception with strong supply pipelines weighing on rent growth.
- An increase in interest rates (as well as home prices in many regions) has reduced homeownership affordability, leading to an extended demand for rental housing.
- Rents are anticipated to rise further, despite growing regulatory pressure and new rules on indexation.
- Affordability remains a concern as many households are unable to buy or rent in the prime cities (particularly true in Europe).
- Policymakers' counterreaction to high cost of living takes the shape of rent regulation – further diminishing supply.

Investment Market

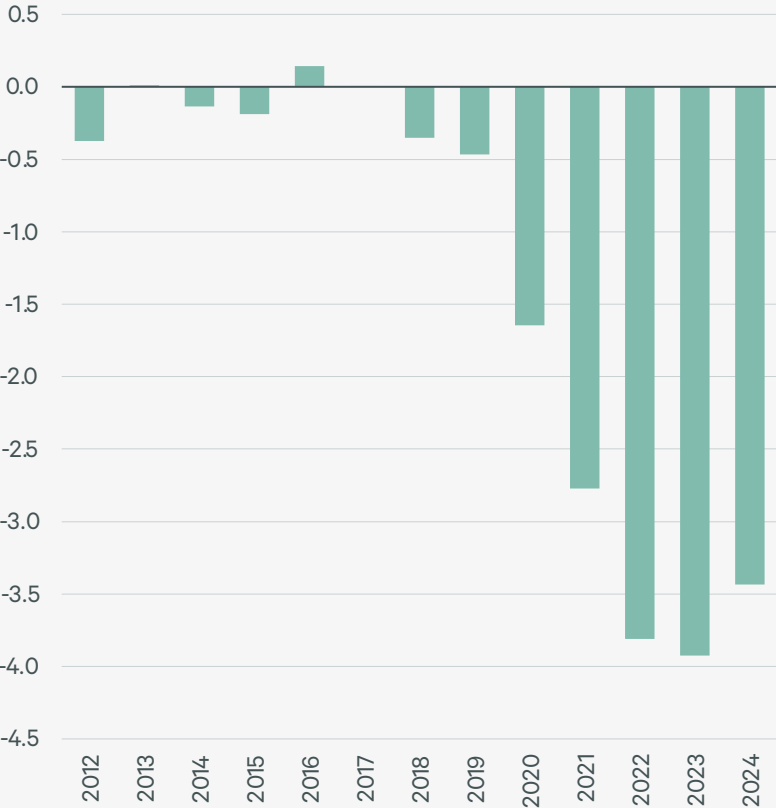
- Increase in investment volume, liquidity in the market has improved.
- Still enormous amount of dry-powder available for the global Living sector due to strong fundamentals in most regions and a favorable long-term outlook for regions with softer supply-driven fundamentals in the U.S.
- The Living sector is now the most preferred sector for all global regions. And is the largest share of investment volumes in Europe for the first time.
- Broadening of strategies among investors, with a larger number now looking at PBSA and other alternatives within the Living sector.

06
Multifamily

U.S. And Europe Continue to Experience Supply Shortages

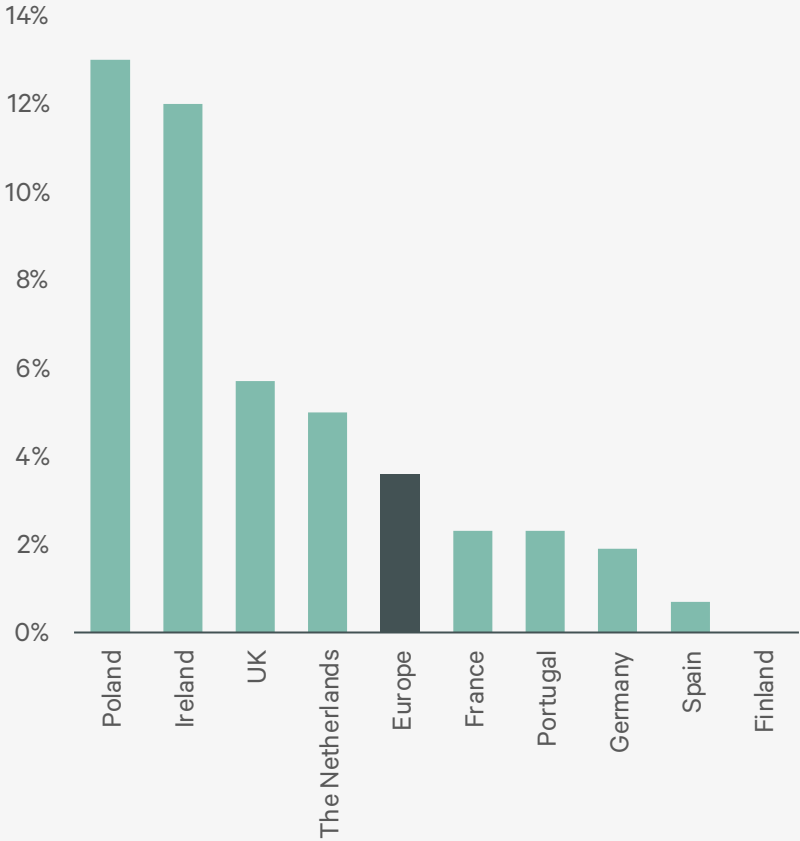
- To start 2025, there was a shortage of at least 3.4 million homes in the U.S., down from 3.9 million in 2023, and the first improvement in 7 years. This improvement in the housing shortage is a direct result of the current wave of multifamily construction.
- Europe is also facing a shortage of approximately 9.6 million housing units, partly attributable to the influx of Ukrainian refugees.

Figure 63: U.S. Housing Surplus/Shortage (Millions of Units)



Source: CBRE Research, Q2 2025.

Figure 64: Europe Current Housing Shortage As % Of The Total Housing Stock



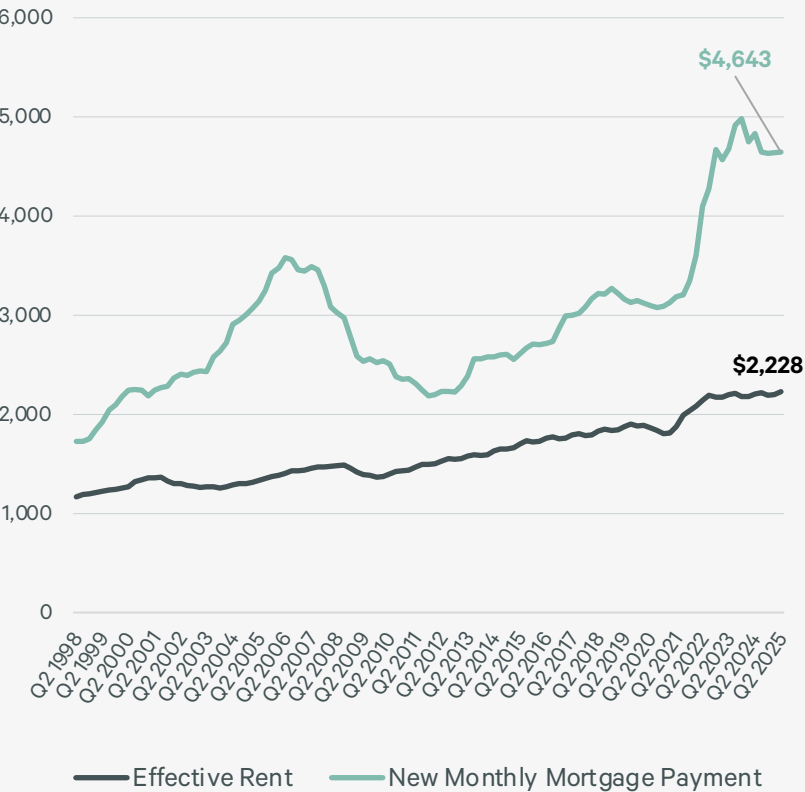
Source: CBRE Research, Q2 2025.

06
Multifamily

U.S. Rental Demand Persists Amid Elevated Home Buying Costs

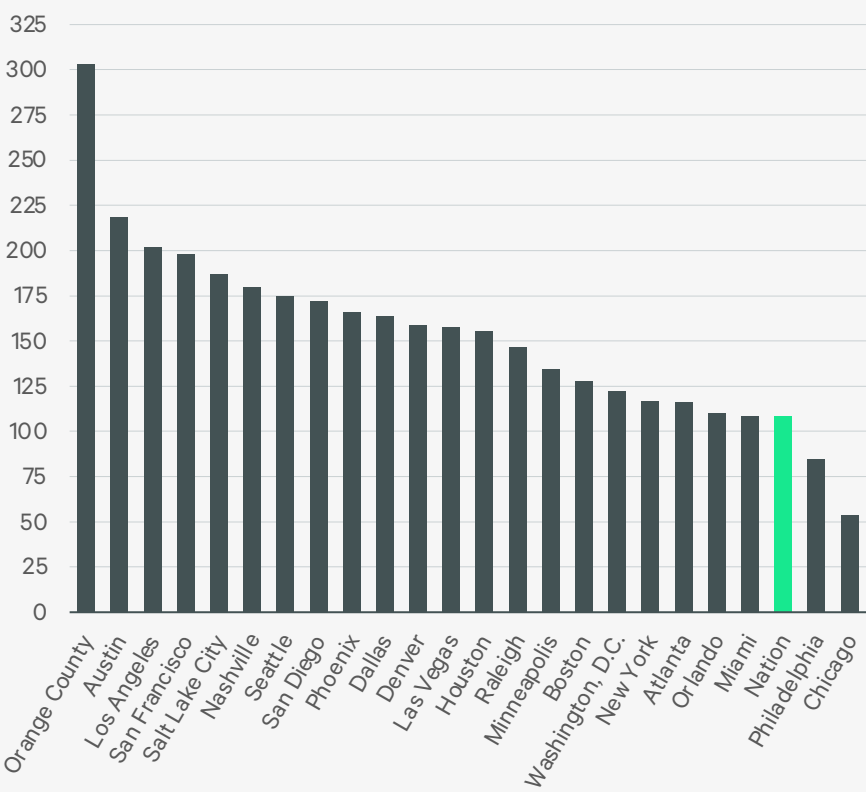
- In Q2, the monthly payment premium for a newly purchased home was 108% nationally. This is keeping renters renting for longer and helping preserve existing occupancies.
- The premium exceeds 100% in many markets. For example, with a premium of 303% in Orange County, a 20% down payment on the median home is now equivalent to more than 8 YEARS of the average rent.

Figure 65: U.S. Average Rent vs. New Mortgage Payment (\$)



Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q2 2025.

Figure 66: U.S. Monthly Payment Premium of Buying Over Renting (%)



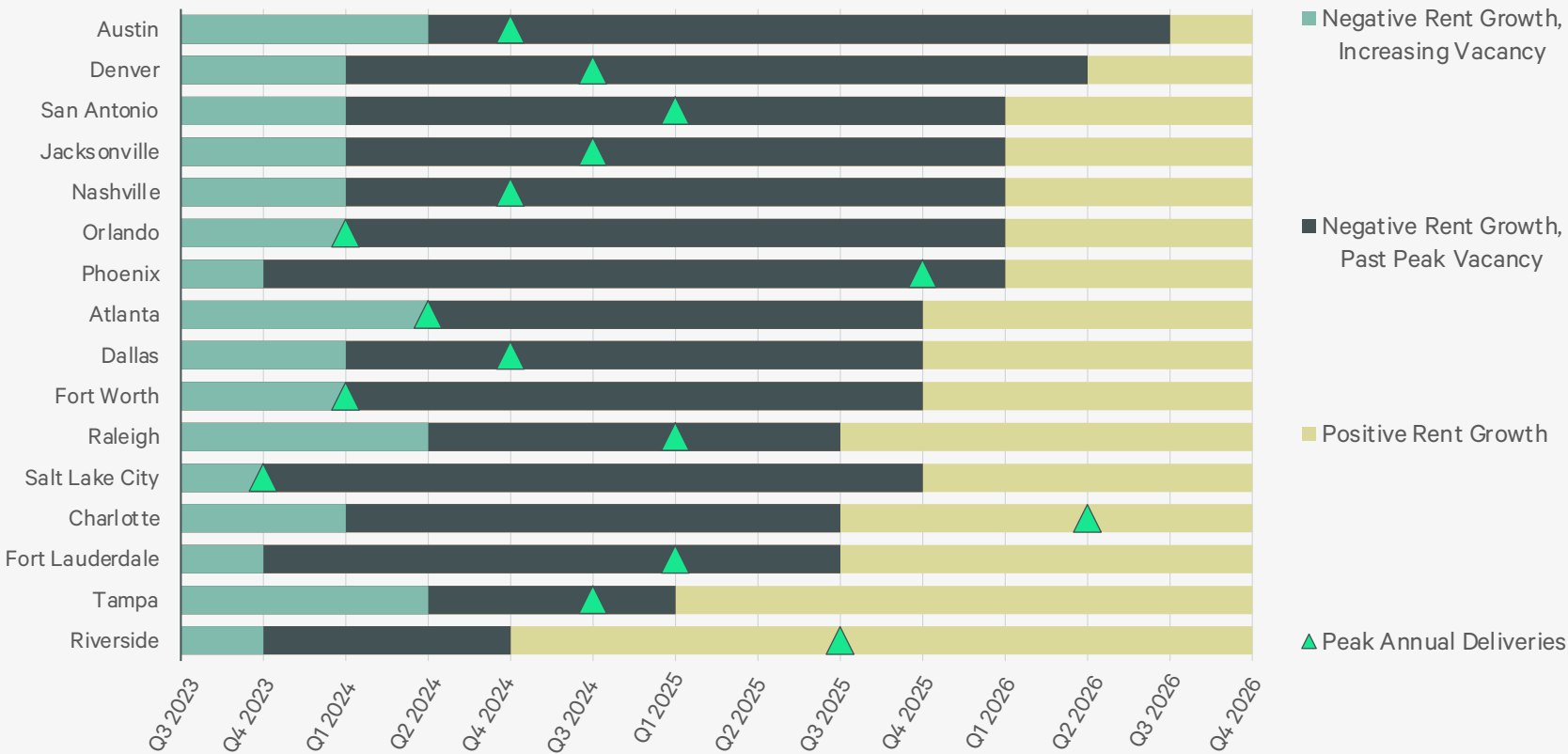
Source: CBRE Research, CBRE Econometric Advisors, Freddie Mac, U.S. Census Bureau, Realtor.com®, FHFA, Q2 2025.

06
Multifamily

U.S. Rent Growth Set to Accelerate in 2025

- National rent growth is expected to gain some much needed momentum this year as the remaining new supply is absorbed.
- With only a few exceptions, CBRE expects all markets to achieve positive rent growth in 2025.
- For those markets with high-supply, and consequently negative rent growth, CBRE anticipates many will achieve positive rent growth by the end of 2025.

Figure 67: Recovery Timeline for High-Supply U.S. Markets with Negative Rent Growth



Source: CBRE Research, CBRE Econometric Advisors, Q2 2025.

06
Multifamily

Europe Sees an Extended Demand for Rental Housing

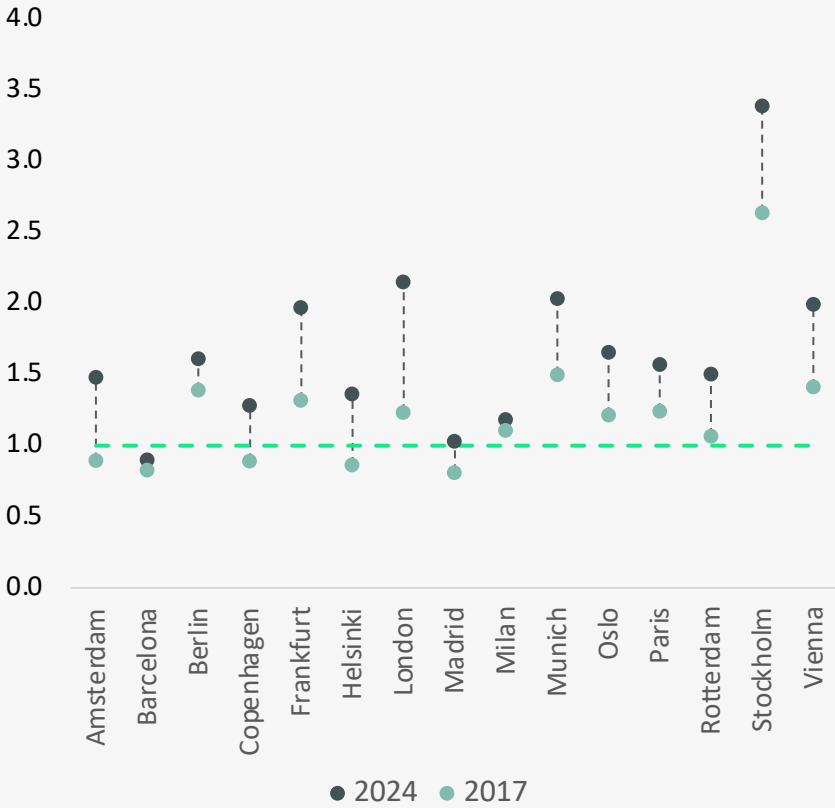
- Spur in house prices have caused buying to become increasingly expensive compared to renting in Europe as well.
- Whereas in 2017, owning was either slightly more expensive or cheaper than renting, now the balance has shifted.

Figure 68: Europe Buy vs. Rent Housing costs – Average of selected cities*



Source: CBRE Research
*London, Paris, Berlin, Munich, Helsinki, Oslo, Milan, Copenhagen, Stockholm, Amsterdam, Rotterdam, Barcelona and Madrid

Figure 69: Cost multiplier of owning a house compared to renting a house, 2017 vs. 2024



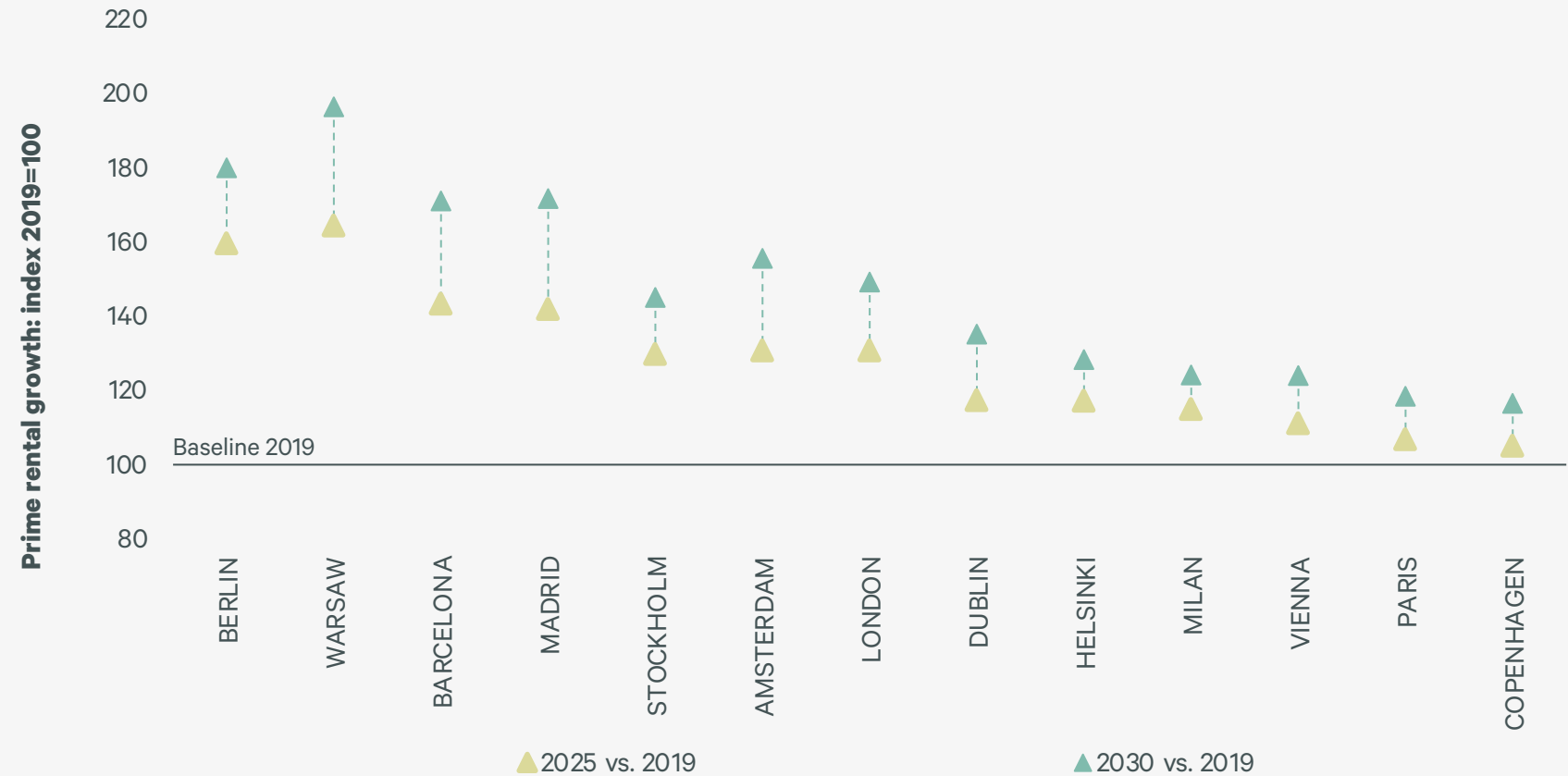
Source: CBRE Research

06
Multifamily

Supply Shortages and Demand Surge Push European Rents Higher

- Constrained supply and extended demand for rentals push rent levels across Europe.
- Regulation can subdue rents but can also drive them up in unregulated parts of the market.

Figure 70: Prime rental growth in selected Europe cities



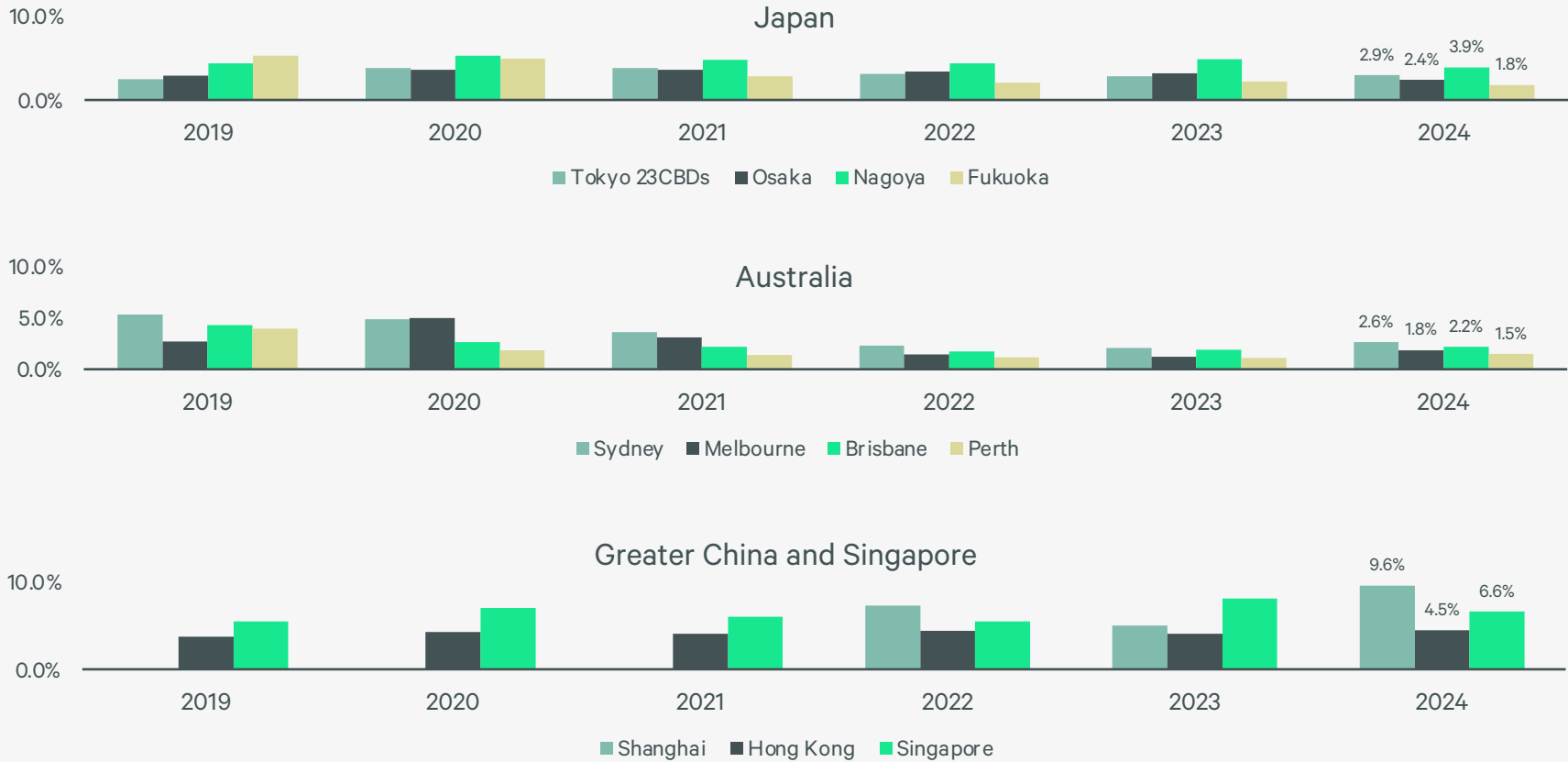
Source: CBRE Research, Q2 2025.

06
Multifamily

Vacancy Rates Remain Low in APAC

— Vacancy rates below 10% across the region and below 5% across Japan and Australia.

Figure 71: Vacancy rate (%)

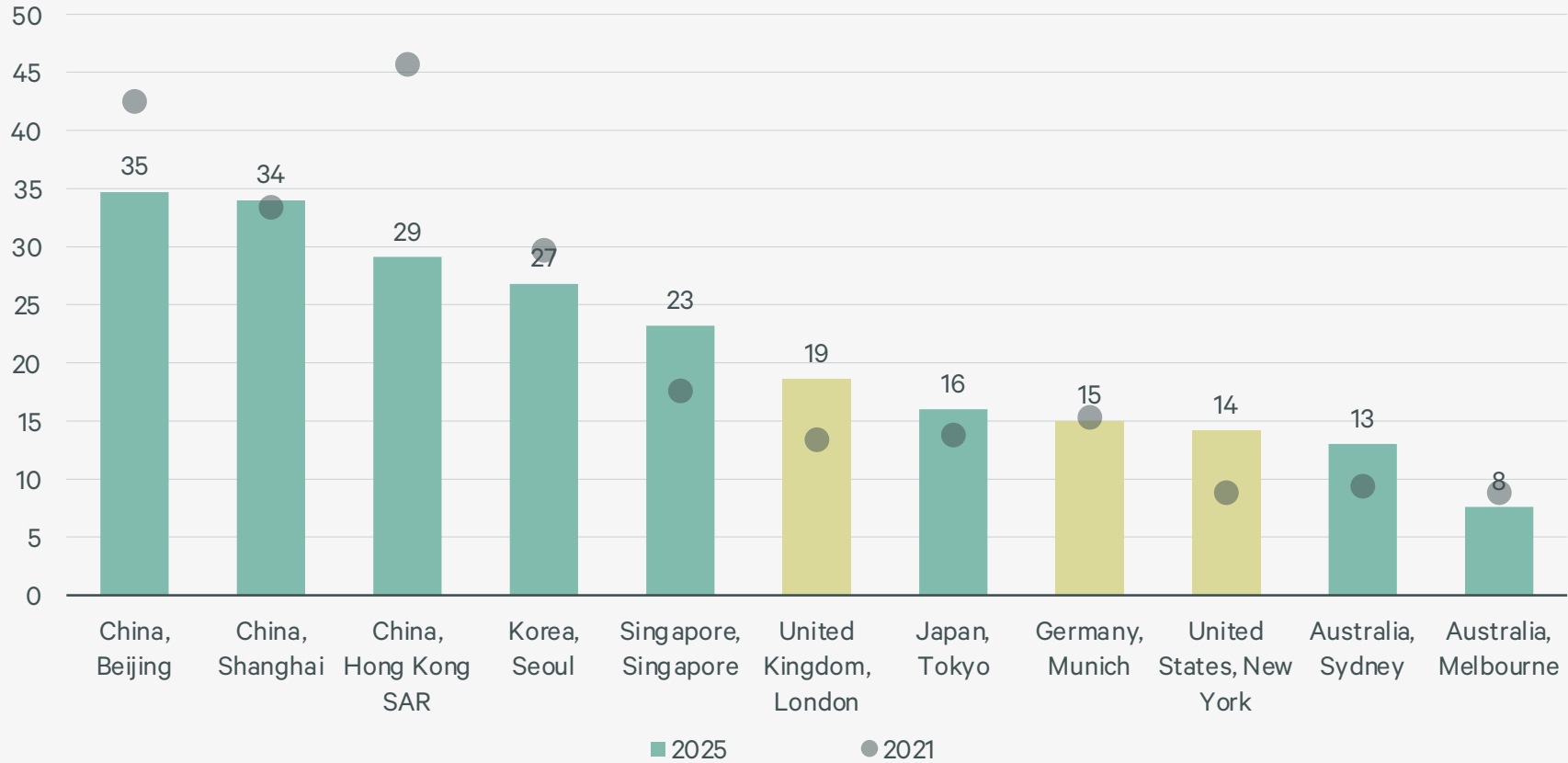


Note: Shanghai time series starts in 2022
Source: Macrobond, ARES, CoreLogic, Hong Kong Ratings & Valuation Department, Singapore URA, CBRE Research, May 2025

06
Multifamily

Low
Homeownership
Affordability in
Asia Fuels Shift to
Rentals

Figure 72: Ratio Of Median Apartment Prices To Median Familial Disposable Income



Source: Macrobond, Numbeo, data as of March 2025

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