



For Immediate Release

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U.S. Cities Lead Way for Global Foreign Real Estate Investment

Interest in Emerging Real Estate Markets Broadens

Washington, DC, Jan. 3, 2011 – The U.S. real estate market offers a stronger investment opportunity for foreign real estate investors' money than it has in the last 10 years, according to the results of the 19th Annual Survey, highlighting trends in international real estate investment, taken among members of the Association of Foreign Investors in Real Estate, (AFIRE). Survey respondents hold more than \$627 billion of real estate globally, including \$265 billion in the U.S. The survey was conducted in the fourth quarter of 2010 by James A. Graaskamp Center for Real Estate, Wisconsin School of Business.

Among the survey results:

- More than 60% of respondents, a margin of 54 percentage points over second-ranked China, indicate that the U.S. offers the [best potential for capital appreciation](#). This is the highest positive response to this question since it was first asked in 2000; this number is a dramatic reversal from 2006 when it reached a lowest level of 23%.
- Investors overwhelmingly chose New York and Washington, D.C. as the two [top global cities](#) for their real estate investment dollars.
- 72% of respondents say they plan to invest more capital in the U.S. in 2011 than they did in 2010.
- When ranked among countries targeted for real estate investment in 2011, the U.S. score was quadruple that of the second-ranked U.K.

“As the fear of a double-dip recession has faded, investors are becoming more enthusiastic about the prospects for the U.S. economy and are taking aim at real estate investment opportunities in the U.S.,” said James A. Fetgatter, chief executive of AFIRE. “However, their strategy is more akin to a rifle than a shotgun. Except for multi-family housing, they are not scattering their interest throughout the U.S., but rather narrowly targeting it to New York City and Washington, D.C., to an even greater extent than in previous years.”

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Other U.S. Real Estate Trends

2011 Perspective: An Improving Market

When asked about their perception of the U.S. real estate market as a conduit for their investment dollars, responses underscore a continuous improvement over the last year:

- 40% said they were more optimistic than they were at the start of 2010
- 55% said they felt about the same
- 4 % said they were more pessimistic.

Top Five U.S. Cities for Foreign Real Estate Investment

Historically, there has been a fairly even distribution of votes among the top U.S. cities. In this year's survey, however, New York and Washington scored almost four times higher than third place Boston.

1. New York (#2 in 2010)
2. Washington, D.C. (#1 in 2010)
3. Boston (#4 in 2010)
4. San Francisco (#3 in 2010)
5. Los Angeles (#5 in 2020)

Preferred U.S. Property Types for Investment in 2011

Although, as it has for the last several years, multi-family properties remain investors' first choice, hotels have come out of three year, fourth- and fifth-place doldrums.

1. Multi-Family (#1 in 2010)
2. Retail (#4 in 2010)
3. Hotel (#5 in 2010)
4. Office (#2 in 2010)
5. Industrial (#3 in 2010)

Global Real Estate Trends

"Compared to 2010, there is definitely a broadening of interest among emerging markets," said Ian Hawksworth, AFIRE's newly elected chairman. "For those who were risk averse last year, China seemed a safe harbor for emerging market investments. But, for now at least, investors have become more comfortable diversifying into other emerging markets. Likewise, in the last downturn, London was the first market to recover, and whilst investment in the UK Capital is still very active, it is not surprising that London has dropped to third place as investors expand their search to higher yielding markets such as U.S. gateway cities that offer attractive risk adjusted returns."

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Emerging Markets for Investment in 2011

Since 2009, when it was first ranked as an emerging market of interest, Brazil has held either the first (2009 and 2011) or second (2010) ranking. The trio of Brazil, China, and India dominate this ranking. Russia, which has been among the top five emerging markets in the last two years drops into tenth place.

1. Brazil (#2, tied with India, in 2010)
2. China (#1 in 2010)
3. India (#2, tied with Brazil in 2010)
4. Vietnam (unranked in 2010)
5. Mexico (#4 in 2010)

Top Global Cities Rank for 2011

London, which held sway as one of investors' top two cities every year since 2001, has been deposed into third place. Shanghai returns to fifth place after dropping into ninth place in 2009. Tokyo moves out of the top five into fourteenth position.

1. New York (#3 in 2010)
2. Washington, DC (#2 in 2010)
3. London (#1 in 2010)
4. Paris (#4 in 2010)
5. Shanghai (#9 in 2010)

Top Countries Targeted for Real Estate Investment in 2011

Although historically, investment targeted to the U.S. earns a substantial margin over other countries, in this year's survey it ranked nearly five times higher than second place U.K. In 2010, it ranked less than three times higher.

1. US (#1 in 2010)
2. UK (#2 in 2010)
3. Germany (#3 tied with France in 2010)
4. China (#5 in 2010)
5. France (#3 tied with Germany in 2010)

Countries Providing the Best Opportunity for Capital Appreciation in 2011

Consistent with other answers to this year's survey, the U.S. claimed an historically disproportionate number of votes, more than six times than that for second place China.

1. U.S. (#1 in 2010)
2. China (#3 in 2010)
3. U.K. (#2 in 2010)
4. Brazil (#4 in 2010)
5. Australia (unranked in 2010)

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Countries Providing the Most Stable and Secure Real Estate Investments in 2011

The U.S. continues to provide the most stable and secure real estate investment, but by a shrinking margin over other countries. None of the leading emerging markets are among the top 10.

1. U.S. (#1 in 2010)
2. Germany (#2 in 2010)
3. Canada (#3 in 2010)
4. UK (#6 tied with Australia in 2010)
5. Australia (#6 tied with the UK in 2010)

AFIRE members have a common interest in preserving and promoting investment in cross-border real estate. Founded in 1988, AFIRE currently has nearly 200 members representing 21 countries. AFIRE is located at 1300 Pennsylvania Avenue, NW, Washington, D.C.; (202) 312-1400. www.afire.org

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