

**Property investors set to benefit as capital flows from east to west likely to continue in 2015**  
***Urbanisation, Demographics, Technology among Megatrends Affecting Industry***

The movement of capital from East to West is likely to remain the major influence on real estate markets in 2015, according to *Global Emerging Trends in Real Estate® 2015*, an annual forecast of global real estate investor sentiment, published jointly by PwC and the Urban Land Institute (ULI) today (10<sup>th</sup> March 2015).

Local money coming out of China and South Korea is set to continue to seek a home in international markets, and to be supplemented in the years to come by pension fund capital from Japan. Eighty-four percent of Asia-Pacific investors surveyed said that they expected cross-border capital into Europe to increase or significantly increase.

Another reason for the weight of capital moving from East to West is the so-called ‘flight to safety’, which is leading many investors to deploy capital in what they consider to be a safe market. The report finds that money currently being directed at major assets in the UK and US is likely to find its way to other, less high-profile cities in Germany, France and the US.

Simon Hardwick, PwC Legal partner and one of the report’s authors, said:

“There is still a wall of capital targeting real estate opportunities in many markets across the globe. The search for better yields has taken some investors into development and secondary markets, moving them up the risk curve. But investors must strike a balance between the need to deploy capital and the ability to achieve good returns, at a time when there is such a difference in the economic conditions across the globe.

“Real estate investors have a wide range of issues to consider when making investment decisions. What is clear is that they may have to approach those decisions in a completely different way in the future. Capital allocations may need to be made to a wider range of asset types than ever before, ranging from retirement and student housing to data centres and self-storage.”

The report, based on the views of senior global property investors, identifies several “megatrends” affecting markets around the world, each of which has implications for development and investment: increasing urbanisation (the majority of the world’s population now lives in urban areas); demographic and social changes (including a significant rise in the number of older and elderly people); technology advancements; the rise of economic power in emerging markets (due largely to an expanding middle class); and climate change. For instance, more than half of the survey respondents from Europe and the United States said that urbanisation and demographic and social changes would have an impact on their business decisions in the years ahead; and technology was also cited as a highly influential factor.

Patrick L. Phillips, Global Chief Executive Officer of the Urban Land Institute, said:

“Major trends involving urbanisation, demographic and economic shifts, advancements in technology and climate change are affecting real estate investment and development decisions around the world. These significant forces of change are compelling us to rethink what is being built, and where and how it is being built. Ours is a long-term business, and we must build and rebuild our cities in a way that allows them to evolve and easily adapt to the ever-changing needs of future generations.”

The report also provides a snapshot of an important emerging market, Africa. The continent is seen by investors and developers as an increasingly attractive market, with the prospect of 20% plus return on investment across many territories.

**ENDS**

## **NOTES TO EDITORS**

### **About the Urban Land Institute**

The Urban Land Institute ([www.uli.org](http://www.uli.org)) is a global non-profit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Established in 1936, the Institute has more than 34,000 members representing all aspects of land use and development disciplines.

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