

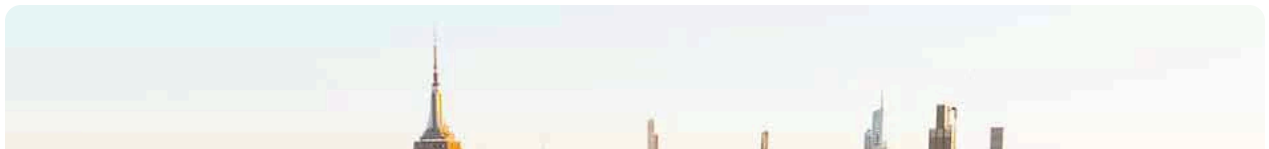
Insight

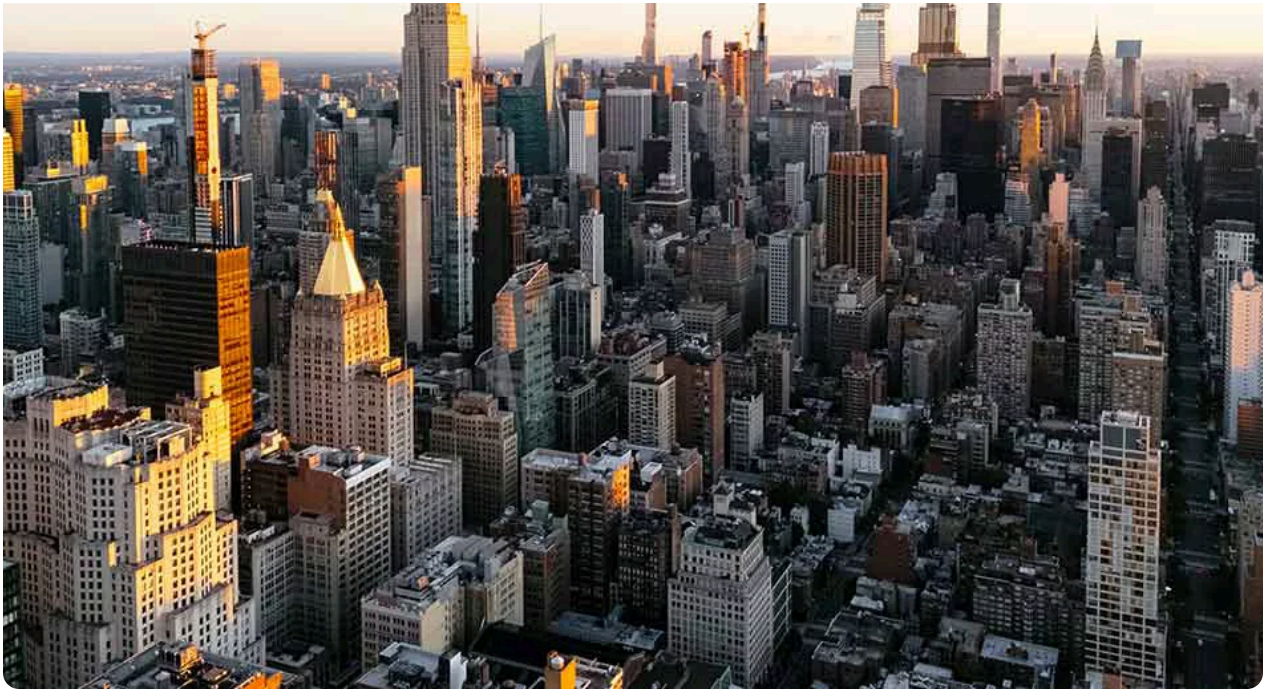
Global Real Estate Perspective February 2025

JLL's regular view on global real estate dynamics, covering: investment, office, logistics, retail, hotels and living, as well as CRE market trends. It is a unique combination of updates from professionals on the ground and insights from our leading research experts.

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A positive but nuanced outlook for 2025

The economic outlook for the remainder of 2025 is broadly positive despite persistent uncertainty. Higher yields on government bonds and benchmark debt costs have tightened financial conditions over recent months, while risks remain from geopolitics and policy shifts, supply chain disruptions and the potential for a resurgence in inflation. While there are plenty of challenges, there are also reasons for optimism as labor markets are still tight, unemployment rates low and real wage growth positive in most countries.

Occupier activity is varied across markets and property types. Global office leasing volumes rose by 9% in 2024 to the highest annual level since 2019 and are expected to increase further this year, as progress on office attendance policies and growing headcounts give companies more confidence in their workplace needs. Retail and hospitality demand remains robust, boosted by resilient consumers and international travel to urban destinations. In the logistics sector occupiers are displaying greater caution as they contend with higher costs and focus on maximizing utilization of existing capacity before committing to new space.

Global Real Estate Health Monitor

| City | | Country | Investment Q1 2024 - Q4 2024 (US\$ bn) | Rental Growth Q4 2024 (%) | Rental Growth 2018 - Q4 2024 | Vacancy Rate Q4 2024 (%) | Net Absorption (%) | Leasing Recovery (%) |
|---------------|---|-------------|---|---------------------------------------|--|-----------------------------------|--------------------------|----------------------------|
| Amsterdam |  | Netherlands | 1.3 | 8.4 |  | 8.3 | 1.8 | -40.0% |
| Atlanta |  | U.S. | 11.2 | 0.1 |  | 26.7 | 0.0 | 34.2% |
| Beijing |  | China | 1.8 | -16.6 |  | 12.6 | 0.2 | 60.5% |
| Berlin |  | Germany | 6 | 4.5 |  | 6.7 | 1.0 | -38.9% |
| Dallas |  | U.S. | 18 | 1.2 |  | 25.5 | -1.4 | 19.5% |
| London |  | UK | 15.7 | 10.7 |  | 9 | 0.5 | 2.2% |
| New York |  | U.S. | 21.2 | 2.5 |  | 16.2 | 0.8 | -4.2% |
| Paris |  | France | 10.6 | 9.1 |  | 10.2 | -3.0 | -38.9% |
| San Francisco |  | U.S. | 2.7 | 0.2 |  | 34.3 | -1.4 | -31.7% |
| Seoul |  | South Korea | 14.7 | 9.5 |  | 3.4 | 0.3 | -38.5% |
| Singapore |  | Singapore | 11.5 | 2.6 |  | 6.9 | 2.2 | 8.6% |
| Stockholm |  | Sweden | 3.8 | 3.3 |  | 14.4 | -2.1 | -12.5% |
| Sydney |  | Australia | 7.3 | 4 |  | 17.6 | 0.5 | -59.8% |
| Tokyo |  | Japan | 20.2 | 7.3 |  | 2.8 | 2.8 | -14.5% |
| Toronto |  | Canada | 7 | 4.8 |  | 18.1 | -0.7 | -7.9% |

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Continued strength in transactions despite rising volatility

Improvement in investor sentiment led to significant increases in transaction activity through the end of 2024, firmly positioning 2023 as the market bottom. Global investment volumes rose by 37% year-over-year in the fourth quarter; this brought full-year 2024 activity to US\$703

billion, a 14% increase from the previous year. While renewed bond market volatility will impact investor sentiment, the global real estate market is on track for a further gradual recovery in 2025.

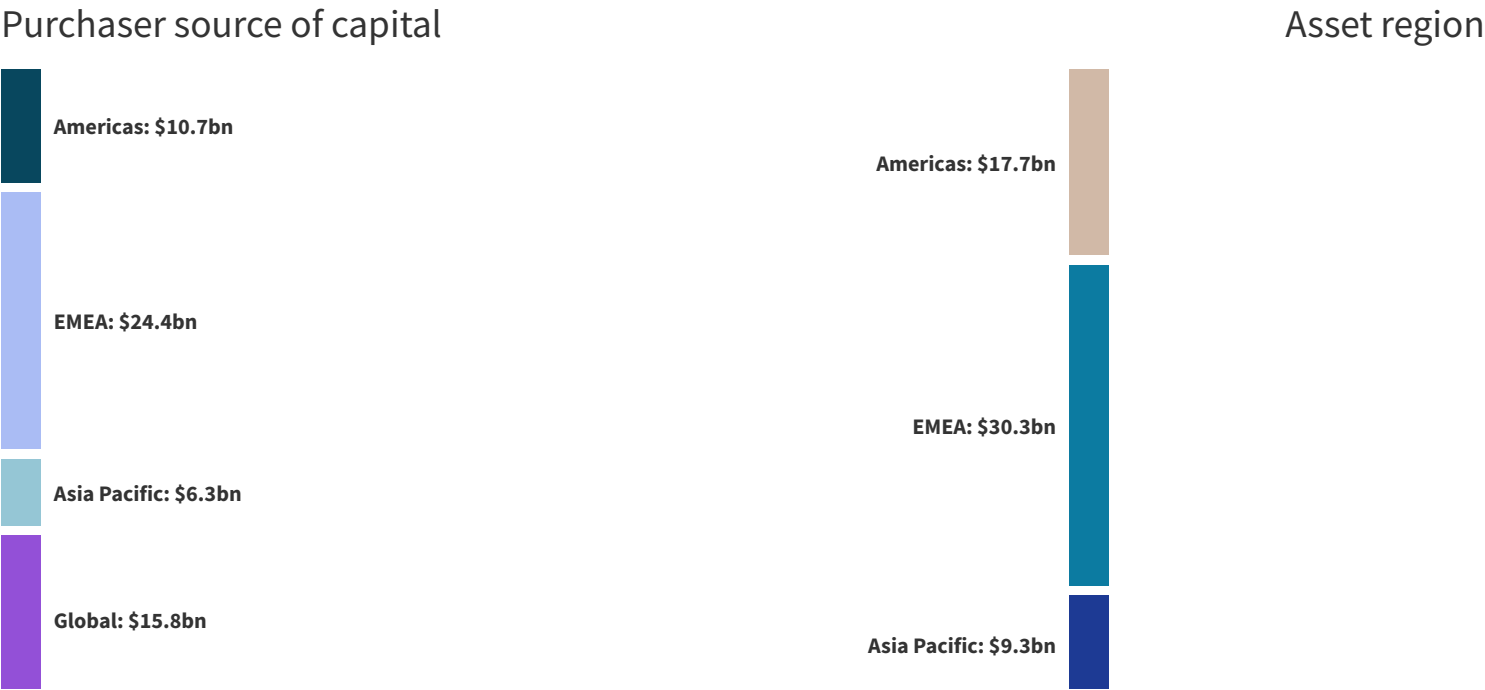
Dry powder globally remains high, most recently at US\$600 billion, and is expected to support growth through the year. Debt markets also strengthened in the fourth quarter, with further compression in spreads expected and most lenders anticipating higher allocations in 2025. Core capital is still constrained across a number of mature markets, but signs of improvement are emerging as funds’ redemption queues ease and the improvement in equities reverses the denominator effect.

Investors continue to prioritize diversification, focusing on the industrial and logistics and living sectors as well as select alternatives, with an emphasis on asset quality and income growth. Cross-border investment will be supported in 2025 by geographic diversification strategies, the opportunity to acquire assets below prior-peak valuations and growing debt liquidity.



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Cross-border Transaction Activity, Q4 2024, US\$ bn



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Global hotel performance remains resilient

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Global living investment rises across regions

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