

Quarterly Feature: 2014 - a Stepchange Year of Increased Outbound Investment in Commercial Real Estate and Hotels

This year saw a quantum leap both in outbound volumes and aggregate values invested in commercial real estate and hotels as well as a shift in the countries receiving such investments.

As you may recall from our 2013 analyses, aggregate total amounts across both categories represented c. USD 6 billion, with most of this investment focussed in the US.

In 2014, there were 16 outbound commercial real estate acquisitions announced, representing nearly USD 9.4 billion aggregate value. Only 4 of these deals were based in the US, while five were based in HK, 3 in Australia, 3 in Hong Kong and one in Spain. There is also a major German deal being negotiated but not yet agreed. While these all represent G8 countries, there is much more diversification than just the US, only one year ago.

The same trend holds for 2014 Hotel M&A transactions. This year there 6 major transactions announced in this segment representing USD 4.3 billion aggregate value. Two of these were US based (including the largest), 2 Australia based and one each in France and Spain.

These trends accelerated during Q4, which saw 6 of the 16 2014 Commercial Real Estate deals and 5 of the 6 2014 Hotel M&A deals announced in this quarter alone.

We expect increased activity throughout 2015 in both segments as the Chinese real estate market continues to cool and as Chinese investors become increasingly comfortable investing in countries in which they have previously invested in other asset classes.