GLOBAL CAPITAL MARKETS

# Global Capital Flows

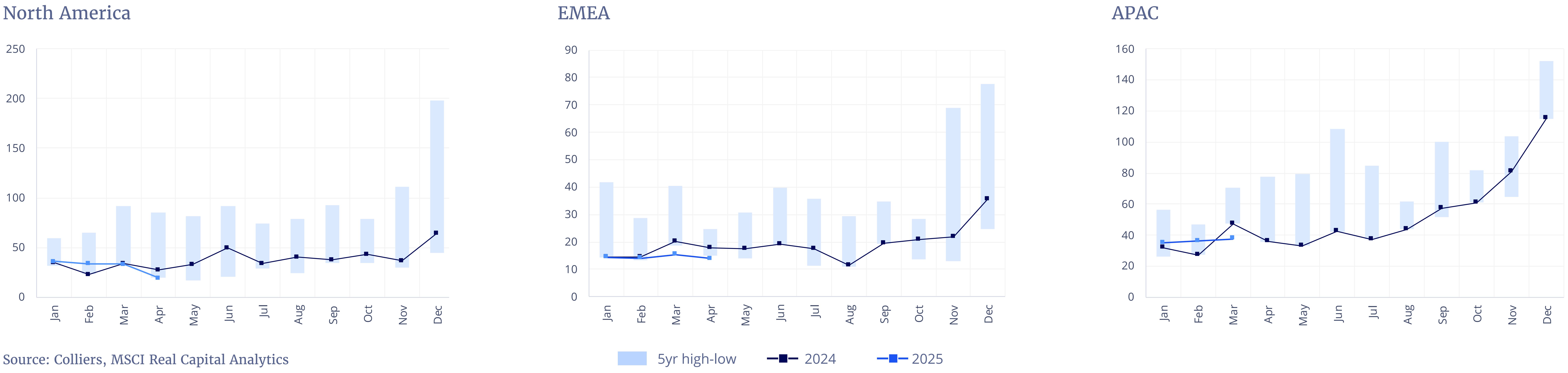
**June 2025**

# Investment volumes limited in Q1 2025, and remain below five-year average.

The initial months of 2025 highlight a rather pensive start to the year with regards to investment volumes. Despite the renewed impetus in activity in the second half of 2024, global market uncertainty resulted in low investment volumes on a month-by-month basis across all three regions in Q1. Activity is sitting at the bottom of the five-year range in all locations over Q1, and that trend continued in April. While volumes in EMEA remained flat, activity in North America dropped slightly, although volumes are in line with the five-year range.

There is a shift in investors' intentions away from the North American investment market, which is losing its global safe-haven status. That position is shifting to Europe, while multiple European investors are upping their interest in the APAC market. It will take time for this to convert into investment activity on the ground, but we should see more movement in the second half of 2025.

Figure 1. Monthly Regional Investment Flows, US$ bn, All Sectors




Source: Colliers, MSCI Real Capital Analytics

EMEA improved its standing as the leading region for global capital, featuring seven of the top ten markets for standing assets. U.S. share of activity fell below 15% from over 17%, year-on-year. Japan's share of activity also dropped, but remains above the five-year average.

Figure 2. Top 10 Global Cross-Border Capital Destinations - Standing Assets: 12 Month Rolling, US$ mn

| COUNTRY | CROSS-BORDER TOTAL | CROSS-BORDER GLOBAL | CROSS-BORDER REGIONAL | % OF TOTAL Q1 2025 | 5-YEAR AVERAGE |
|---|---|---|---|---|---|
| 1. United Kingdom | 24,524 | 18,147 | 6,377 | ▲ 17.0% | 15.9% |
| 2. United States | 20,852 | 13,418 | 7,434 | ▼ 14.5% | 17.2% |
| 3. Germany | 15,030 | 6,298 | 8,731 | ▲ 10.4% | 10.1% |
| 4. Japan | 11,201 | 6,465 | 4,736 | ▼ 7.8% | 6.0% |
| 5. Spain | 8,387 | 3,782 | 4,605 | ▲ 5.8% | 3.9% |
| 6. France | 7,547 | 3,365 | 4,182 | ▼ 5.2% | 5.3% |
| 7. Italy | 7,277 | 2,959 | 4,319 | ▲ 5.1% | 3.0% |
| 8. Australia | 6,633 | 3,312 | 3,321 | ▲ 4.6% | 4.8% |
| 9. Poland | 4,774 | 1,627 | 3,147 | ▲ 3.3% | 2.5% |
| 10. Netherlands | 4,612 | 2,160 | 2,452 | ▼ 3.2% | 4.4% |

Source: Colliers, MSCI Real Capital Analytics

▲▼ *Change in % share over the past 12 months*

APAC remains the most attractive region for land and development sites, with seven of the top ten markets – most of which maintained or improved upon their five-year average share of activity. China maintains market dominance, at 80% of all cross-border activity.

Figure 3. Top 10 Global Cross-Border Capital Destinations – Land/Development Sites: 12 Month Rolling, US$ mn

| COUNTRY | CROSS-BORDER TOTAL | CROSS-BORDER GLOBAL | CROSS-BORDER REGIONAL | % OF TOTAL Q1 2025 | 5-YEAR AVERAGE |
|---|---|---|---|---|---|
| 1. China | 38,077 | 171 | 37,906 | ▼ 79.7% | 80.8% |
| 2. Singapore | 1,192 | 0 | 1,192 | ▲ 2.5% | 1.5% |
| 3. United Kingdom | 957 | 879 | 78 | ▲ 2.0% | 1.9% |
| 4. Germany | 869 | 312 | 556 | ▲ 1.8% | 1.8% |
| 5. Australia | 868 | 137 | 731 | ▲ 1.8% | 1.8% |
| 6. Malaysia | 739 | 231 | 508 | ▲ 1.5% | 0.8% |
| 7. India | 735 | 332 | 402 | ▼ 1.5% | 1.2% |
| 8. United States | 710 | 533 | 177 | ▼ 1.5% | 1.6% |
| 9. Hong Kong | 500 | 0 | 500 | ▲ 1.0% | 1.0% |
| 10. Japan | 397 | 251 | 146 | ▼ 0.8% | 1.3% |

Source: Colliers, MSCI Real Capital Analytics

▲▼ *Change in % share over the past 12 months*

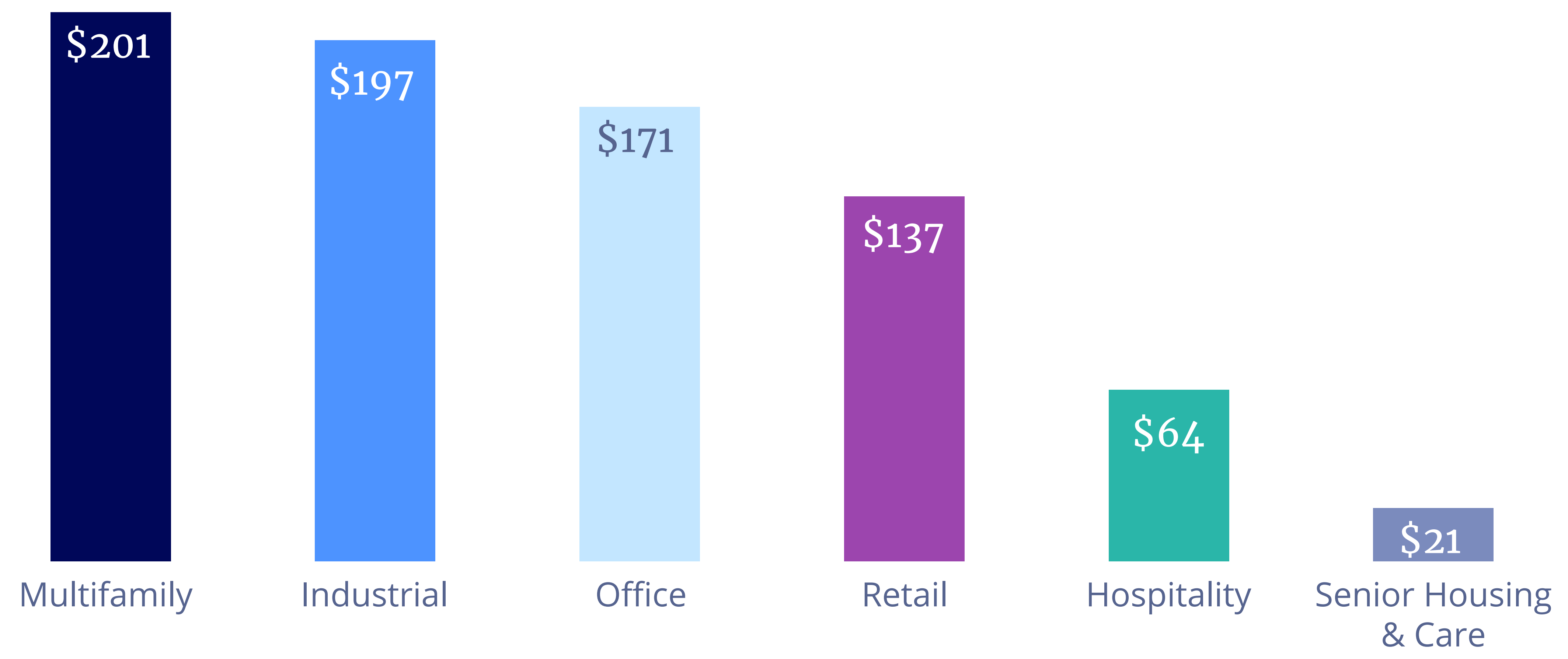
# Multifamily overtakes industrial as the top global sector of choice.

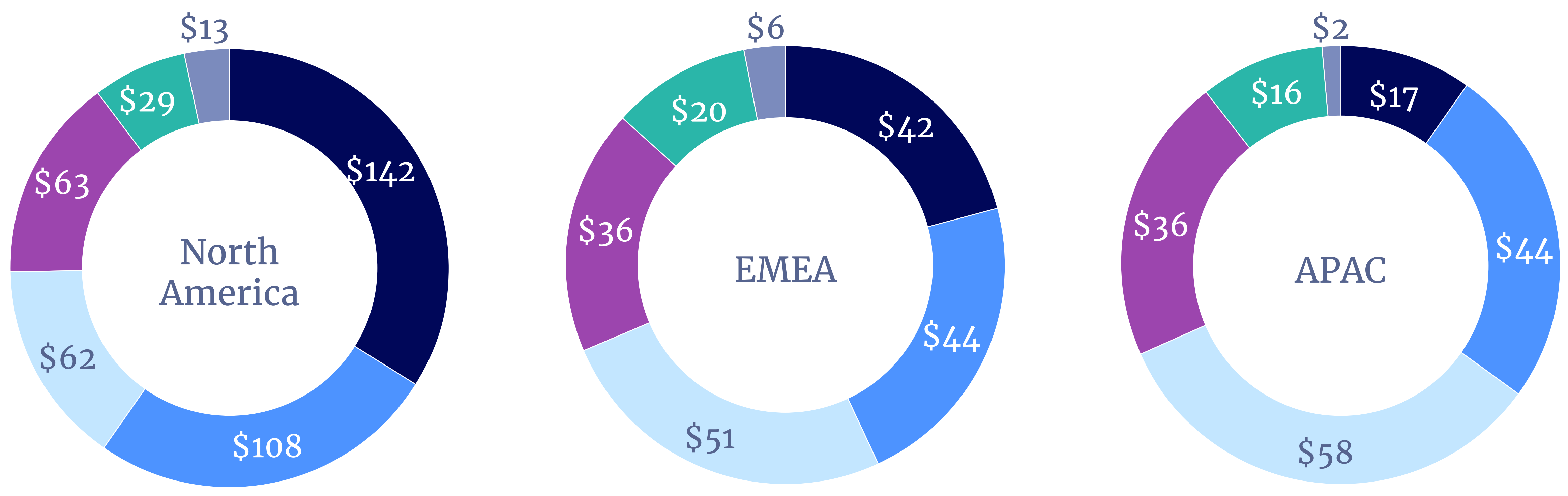
Globally, multifamily has overtaken industrial and logistics on a 24-month rolling basis, at the end of Q1 2025, as the most active investment sector. The lead is marginal, at only US$4 billion, and driven by the strength of the sector in the U.S. market where it accounts for around one third of activity over the past 24 months.

Industrial and logistics activity is surprisingly buoyant, given the current uncertainty over global trade and tariffs, and activity is consistently positive across all three global regions. The pivoting in global trade is going to impact industrial investment strategies and a more cautious approach to trade/production based assets will impact volumes over the course of 2025. However, supply-chains have become more resilient to market shocks post-pandemic, and investor attention on urban and last-mile assets will continue to remain resilient.

Offices sit firmly in third position, and continues to be the leading sector in APAC. It has also picked up in North America while remaining consistent in EMEA. Retail continues to trade strongly, with hospitality further back on a relative (%) basis.

Figure 4. Global Investment by Sector, Standing Assets, Two Year Average, US$ bn




Source: Colliers, MSCI Real Capital Analytics

# The U.S. remains the number one source of global capital, despite cross-border activity dropping to 28% in Q1 from over 32% a year ago. However, activity is still running ahead of the five-year average.

Figure 5. Top 10 Global Cross-Border Capital Sources: 12 Month Rolling, US$ mn

| | COUNTRY | CROSS-BORDER TOTAL | CROSS-BORDER GLOBAL | CROSS-BORDER REGIONAL | % OF TOTAL Q1 2025 | 5-YEAR AVERAGE |
|---|---|---|---|---|---|---|
| 1. | United States | 40,337 | 38,953 | 1,385 | ▼ 28.0% | 25.1% |
| 2. | Canada | 13,504 | 6,156 | 7,349 | ▲ 9.4% | 10.9% |
| 3. | United Kingdom | 13,115 | 3,104 | 10,011 | ▲ 9.1% | 6.8% |
| 4. | Singapore | 9,535 | 3,545 | 5,990 | ▼ 6.6% | 9.7% |
| 5. | France | 7,007 | 333 | 6,674 | ▼ 4.9% | 4.9% |
| 6. | Sweden | 5,735 | 154 | 5,581 | ▲ 4.0% | 4.3% |
| 7. | Japan | 5,047 | 2,696 | 2,351 | ▼ 3.5% | 1.9% |
| 8. | Germany | 4,608 | 1,852 | 2,756 | ▼ 3.2% | 6.9% |
| 9. | Norway | 4,125 | 2,644 | 1,481 | ▲ 2.9% | 1.0% |
| 10. | Hong Kong | 3,897 | 80 | 3,817 | ▼ 2.7% | 4.5% |

Source: Colliers, MSCI Real Capital Analytics

▲▼ *Change in % share over the past 12 months*

# Global CRE fundraising momentum on the rise in Q1.

Global real estate fundraising rebounded strongly in 2025, with Q1 totals surpassing those of the past three years. As of May, an estimated US$58 billion of new funds have been raised, representing almost half (44%) of 2024's total.

Over 60% of funds have exceeded targets in Q1, led by Blackstone, which contributed around 30% of activity via its largest European fund and latest debt strategy. This reflects the growing appeal of debt strategies, which attracted 33% of new capital raising in Q1, second only to opportunistic at 47%. Overall, this is a positive sign that momentum is returning to the market.

Figure 6. Global CRE Fundraising, 2019 – Q1 2025

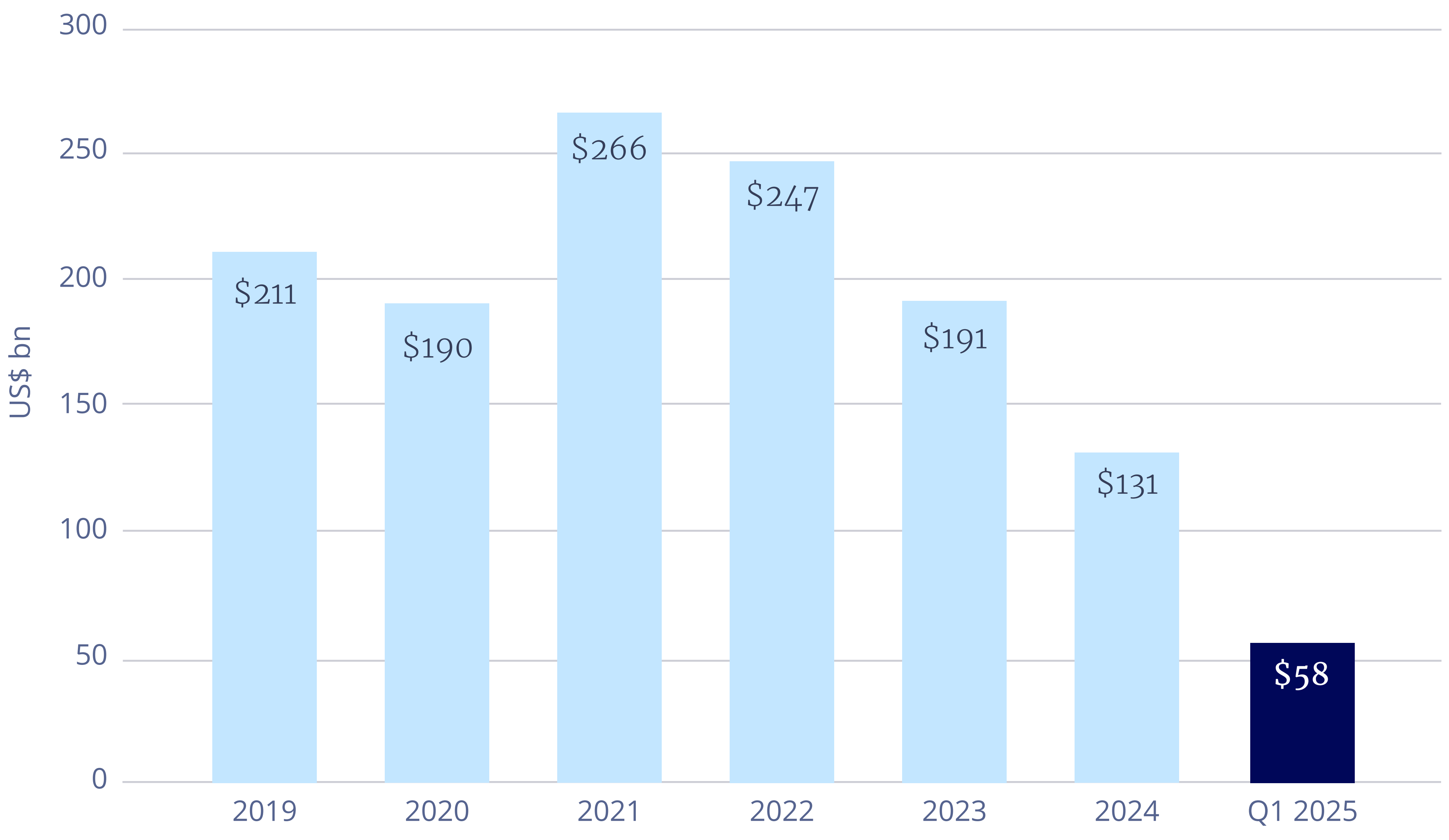
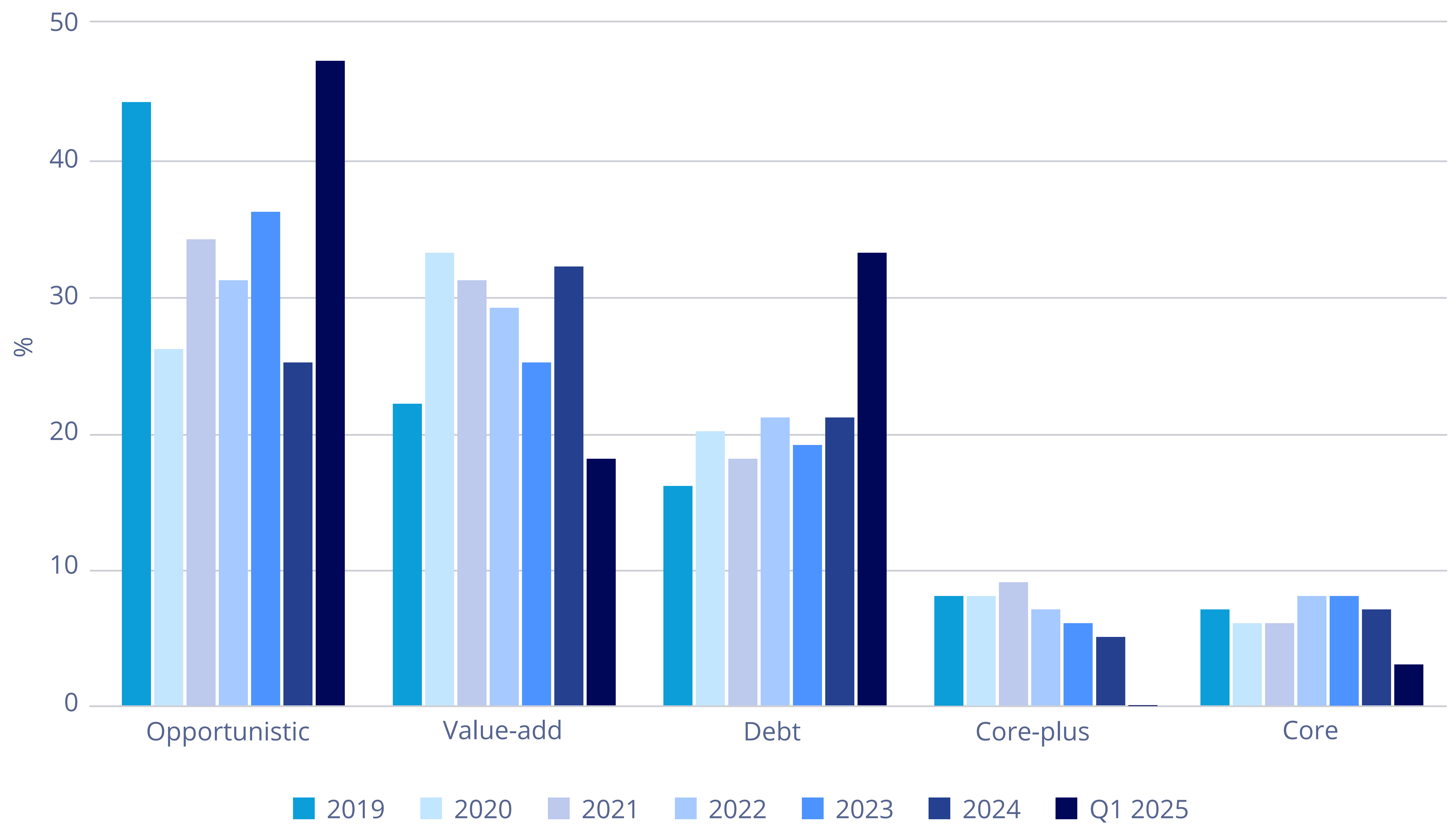



Figure 7. Global Fundraising by Strategy, %, 2019 to Q1 2025




Source: PERE

OUTLOOK:

# Economic growth forecasts drop back since the end of 2024 but remain in growth mode.

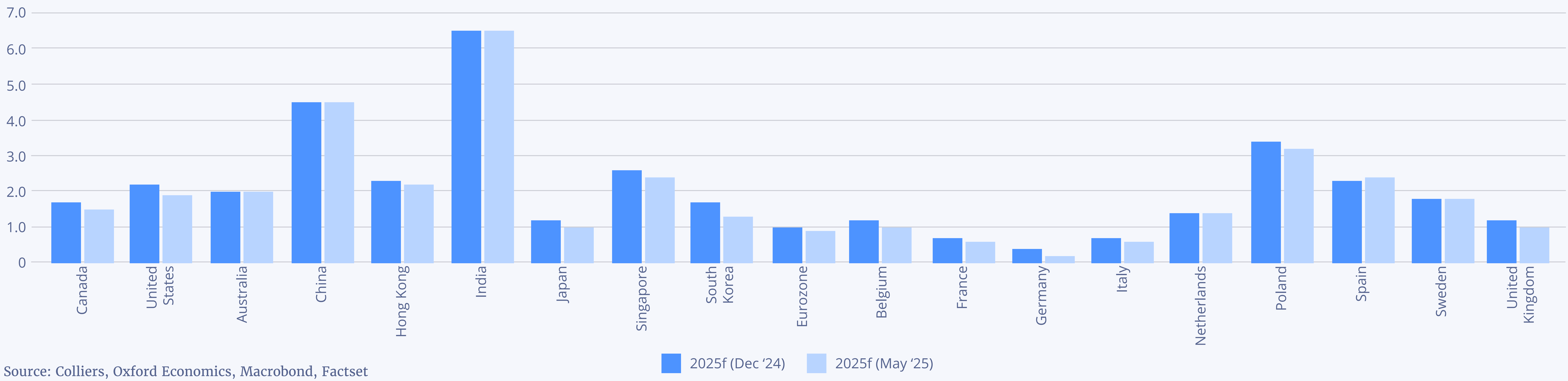
The geopolitical climate as of May 2025 has rapidly evolved since President Trump's U.S. administration began its second term. The tariffs announced on Liberation Day had a notable impact across markets in various ways. Forecasts remain uncertain due to the 90-day tariff pause and longer-term implications for trade and consumption patterns. Recent trade deals, such as the recent U.S. - UK agreement, also face potential legal challenges before being ratified.

Overall, the economic outlook for major global economies remains positive for 2025, outpacing the modest or negative growth of 2024. Most major economies have seen their growth rates cut on a consensus basis, but by no more than 60 basis points. Recession odds for the U.S. have fallen to around 40%, but markets remain cautious.

The outlook for APAC remains positive, but mixed. Forecasts for China, Hong Kong, India and Australia are relatively unchanged, but sentiment has weakened for Singapore, South Korea and Japan.

What is clear is that global economies are starting the process of pivoting away from previous alliances, to be as self-reliant as possible, with multiple mid- and long-term economic consequences.

Figure 8. Real GDP Outlook 2025, % (Forecasts as of Dec 2024 vs May 2025)




Source: Colliers, Oxford Economics, Macrobond, Factset

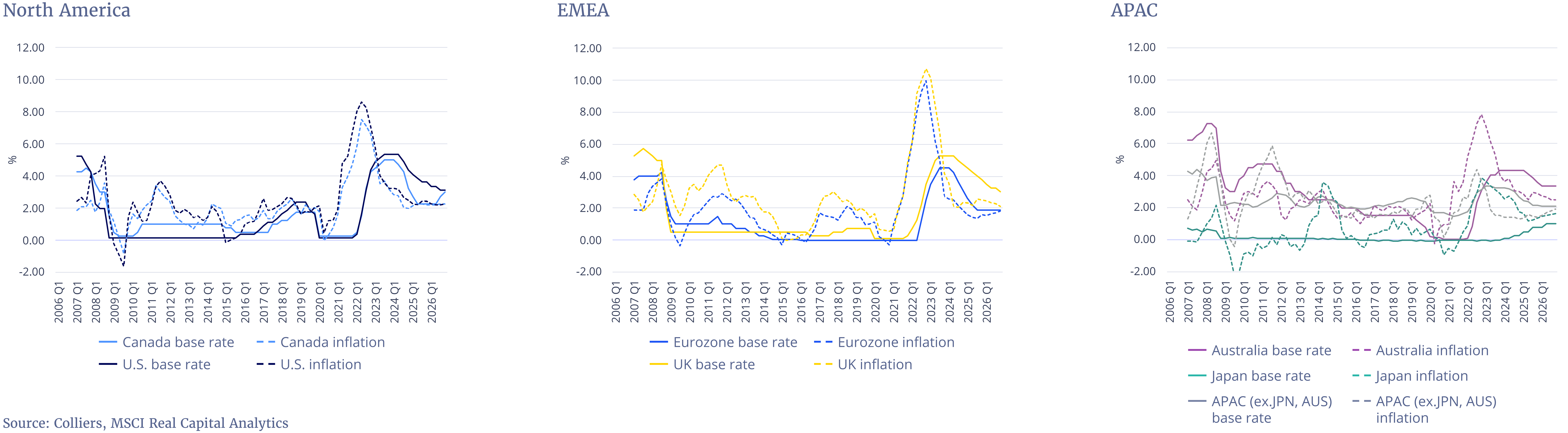
OUTLOOK:

# Inflation and interest rates stabilising.

Global economies have moved past the post-Covid inflation and interest rate spike, but managing subsequent rate cuts remains key to national and regional economies as well as government policy. As of May, EMEA and the Eurozone appear best positioned to sustain lower interest rates. The European Central Bank (ECB) and Bank of England (BoE) each began 2025 with a 25 basis point cut, with the BoE cutting another 25 basis points in May. The inflation outlook for Europe looks subdued, and the BoE is projected to cut rates another two times during 2025, with only one further rate cut expected by the ECB.

North America's policy outlook is mixed. In the U.S., inflation has been persistently high, with current policies having the potential for both inflationary and deflationary outcomes—a minimum 10% tariff application points to imported inflation. Consensus is that there may only be one more rate cut in 2025. Canada cut rates by 25 basis points in January, with more cuts likely this year. In APAC, Japan is slowly raising rates as core inflation remains elevated, while South Korea, Australia and Singapore begun rate cutting in Q1, with more to follow as the global economic outlook weakens.

Figure 9. Inflation and Interest Rates (as of May 2025)




Source: Colliers, MSCI Real Capital Analytics

OUTLOOK:

# Rate cuts improving spreads across all three regions.

Rate cuts are improving the spreads available versus average prime yields/cap rates in all three regions.

APAC yield spreads remain most favourable, while EMEA and North America have seen marked improvements since late 2024, notably in terms of spreads to central bank policy rates. Overall, spreads to policy rates, if taking a 50% LTV position, are more than sufficient to enable strong transactional activity in all three regions.

Spreads to 10-year government bonds, however, remain thin in both EMEA and North America. This is raising doubts about the relevance of traditional risk-adjusted pricing mechanisms, heightened by sovereign credit downgrades. It is hindering institutionally-driven real estate investment in particular. Meanwhile, private capital remains active—a trend likely to continue in 2025.

Figure 10. Yield/Cap Rate Spreads, % (All Sector Average)


Source: Colliers, Oxford Economics, Macrobond, Factset

For more information, please contact:

## Capital Markets Research Leads

**Damian Harrington**
Head of Research |
Global Capital Markets & EMEA
+44 7867 360489
damian.harrington@colliers.com

**Aaron Jodka**
Director of Research,
Capital Markets | U.S.
+1 617 330 8059
aaron.jodka@colliers.com

**Adam Jacobs**
Head of Research |
Canada
+1 437 836 0491
adam.jacobs@colliers.com

**Joanne Henderson**
National Director Research |
Australia
+61 2 9257 0286
joanne.henderson@colliers.com

## Global Capital Markets Leaders

**Luke Dawson**
Head of Global & EMEA Capital Markets
+44 7821 636148
luke.dawson@colliers.com

**David Amsterdam**
President,
Capital Markets | U.S.
+1 212 716 3556
david.amsterdam@colliers.com

**Lucas Atkins**
President,
Capital Markets | Canada
+1 416 643 3424
lucas.atkins@colliers.com

**Chris Pilgrim**
Managing Director,
Global Capital Markets | Asia Pacific
+65 8952 6064
chris.pilgrim@colliers.com