

## US No 1 For Foreign Investors

by Reuters in New York  
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Foreign investors overwhelmingly rank the United States commercial real estate market as their No 1 choice for investment this year and view it as the best opportunity for price appreciation, according to a survey of foreign real estate investors.

When ranked among countries targeted for real estate investment, the US drew four times as many votes as second-ranked Britain, according to a survey by the Association of Foreign Investors in Real Estate.

About 65 per cent of the survey respondents said the US offered the best opportunity for price appreciation, far outstripping the 10 per cent who ranked China as No 2. During the overheated market in 2006, only 23 per cent put the US as No 1.

"As the fear of a double-dip recession has faded, investors are becoming more enthusiastic about the prospects for the US economy and are taking aim at real estate investment opportunities in the US," association chief executive James Fetgatter said.

But the selection of property types also shows investors are not optimistic about a near-term recovery of US employment. They ranked apartments as No 1, retail No 2 and hotels No 3. Offices, a typical favourite among institutional investors, came fourth, and industrial last.

"You talk to economists, and they're saying that we're going to have 9 per cent or 8 per cent unemployment for the next several years. That doesn't bode well for offices," Fetgatter said.

The survey respondents hold more than US\$627 billion of real estate globally, including US\$265 billion in the US. About 72 per cent said they planned to increase investment in the US this year.

"The increase in the interest and perception of the US was a surprise," Fetgatter said.

For the past year, US investors have focused their investment in very select, stable, physically constrained markets, and foreign investors seem to have the same sentiment. New York and Washington scored almost four times higher than Boston.

"They really are focused on New York and Washington and not the entire US," Fetgatter said. "They're not hitting a lot of the market yet."

Rounding out the rankings of countries for investment, Germany came in third. China moved up to No 4 from No 5 last year. France dropped to No 5 from a tie for third place with Germany last year.

Among emerging markets, Brazil displaced China as the No 1 choice. China came in second, displacing India. Vietnam, which was unranked last year, came in fourth, displacing Mexico, which dropped to No 5.

The portion of respondents in the annual survey who say they will lift their investments in the US this year: 72%