

## Global Real Estate Investment Market Size Grows Significantly in 2017

**New York – July 10, 2018** – [MSCI](#) Inc. (NYSE: MSCI), a leading provider of indexes and portfolio construction and risk management tools and services for global investors, today released the annual [MSCI Real Estate Market Size Report](#) which estimates the size of the professionally managed global real estate investment market. The findings show the market grew by 15 percent, from \$7.4 trillion in 2016 to \$8.5 trillion in 2017.

The report details notable changes to the size of 25 markets across the globe, as contained in MSCI’s IPD Global Annual Property Index, as well as seven other countries that form part of MSCI’s IPD Pan-Asia Annual Property Index. Among the constituents of the Index, the following important market size estimates were reported.

### Noteworthy Country Market Size Estimates

- **The United Kingdom and Germany saw their market size increase by more than \$100 billion** over the last 12 months, primarily due to currency appreciation, with the euro rising by 14 percent against the U.S. dollar (USD) in 2017. The British pound also strengthened by 9 percent against USD, in contrast to 2016 when the pound depreciated by 16 percent as a result of the Brexit vote.
- **Germany replaced China as the fourth-largest market.** Germany experienced significant growth in its real estate market and overtook China which had held this position for two years (2015 and 2016). Although both markets grew in 2017, Germany’s increase was proportionately larger.
- **Switzerland and Sweden have the largest relative real estate investment market sizes in Europe**, as measured by the ratio of market size to GDP. However, Norway, Europe’s second wealthiest country in terms of GDP per capita, falls behind several of its Nordic neighbors in relative real estate market size.
- **Spain’s market size increased 39 percent**, driven by a 14 percent currency impact due to euro appreciation against USD, 9 percent capital value growth and a residual impact of 14 percent.
- **The U.S. saw its weighting decrease after seven successive years of increases.** Although the U.S. remained the largest market in 2017, its share of the 25-country index decreased from 42.1 percent to 40 percent in the IPD Global Annual Property Index.

“Although individual market size estimates have changed from year to year, weightings have proved relatively consistent for each of the 25 countries within MSCI’s IPD Global Annual Property Index since 2004,” said Jay McNamara, Head of Real Estate for MSCI. “These estimates are fundamental to the creation of MSCI’s multinational real estate indexes. We believe growth will have a positive impact over the long term, and are committed to serving our clients as the market continues to grow and they make important investment decisions.”

## Drivers of Market Size Changes in 2017

Currency movement was a big driver of market size, effectively increasing the global real estate investment market by approximately 5.3 percent in USD, in contrast to their negative impact in 2016 (-2.3 percent). Capital value growth and new developments in the market, such as new construction and sale and leaseback transactions, also contributed to the growth in market size.

“While currency fluctuations have undoubtedly impacted relative weights of countries within the Index over time, capital value growth has also been a long-term feature driving the shape of the market today and many countries showed positive capital value growth in their local currency in 2017,” said McNamara.

“Additionally, it is important to remember the impact that the global financial crisis had on the landscape we see today. Both the U.K. and the U.S. suffered from substantial negative capital growth. Currently, the absolute market sizes of these two countries has increased by 40 percent and 70 percent, respectively, from their lowest levels recorded during 2008 and 2009,” added McNamara. “This has not been the case in all markets globally. Japan’s market size, for example, is still below its 2009 level despite rising in each of the past three years.”

For more information about the MSCI Real Estate Market Size Report, visit [www.msci.com/market-size](http://www.msci.com/market-size).

## About MSCI

For more than 40 years, MSCI’s research-based indexes and analytics have helped the world’s leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 99 of the top 100 largest money managers, according to the most recent P&I ranking. For more information, visit us at [www.msci.com](http://www.msci.com).

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