2024 U.S. Investor Intentions Survey
01
Investment Activity Outlook
Biggest concerns for investors in 2024: Higher-for-longer interest rates, tight credit conditions and differing buyer and seller expectations

FIGURE 1: Biggest concerns for real estate investors in 2024

- Higher-for-longer interest rates: 87%
- Tighter credit availability and loan terms: 78%
- Differing buyer and seller expectations: 69%
- Uncertain economic outlook: 55%
- Weakening fundamentals: 55%
- Recession: 50%
- Geopolitical concerns (e.g., Ukraine, East Asia, Middle East): 38%
- Additional interest rate hikes: 28%
- Climate risk: 16%
- Change in fiscal policy (e.g., increase in tax rates, cut in government spending): 14%
- Other*: 7%
- Currency fluctuations: 4%

*Other responses include presidential election, crime, and unemployment.

Over half of investors plan to buy more in 2024 than in 2023

FIGURE 2: Buying activity expectations

Almost three-quarters of investors plan to sell the same or more in 2024

FIGURE 3: Selling activity expectations

Investors expect transaction activity to pick up in H2 2024

**FIGURE 4:** When do you expect overall buying and selling activity to begin recovering?

Investors expect transaction activity to pick up in H2 2024.


**FIGURE 5:** When do you expect your company's buying and selling activity to begin recovering?

90% of respondents expect to maintain or increase their real estate allocations this year

Repricing and liquidity are the key factors in real estate allocation decisions

**FIGURE 7: What are the main reasons to increase your real estate allocation? (multiple choice)**

- Reasonable price adjustment: 71%
- More distressed opportunities: 60%
- Improved expected total return: 48%
- Stabilizing interest rate/potential for decreasing debt costs: 38%
- Capitalize on potential income return growth: 24%
- Need/mandate to deploy capital: 14%
- Other: 12%

**FIGURE 8: What are the main reasons to decrease your real estate allocation? (multiple choice)**

- Need to liquidate assets to strengthen balance sheets: 45%
- Difficulty securing and servicing debt: 36%
- Expect further price adjustment: 36%
- Denominator effect: 18%
- Expect weaker occupier market performance: 18%
- Other: 18%
- Expiration of fund vehicle: 9%
- Geopolitical concerns: 0%

Greatest challenges to sourcing debt: higher LTV ratios, higher interest expenses and reduced loan size

FIGURE 9: Major challenges to sourcing debt for investment/refinance

- Less favorable loan-to-value (LTV) ratios and/or credit spreads: 67%
- Increase in interest expenses on new loans: 62%
- Reduced loan size on refinancing due to lower capital values: 55%
- Uncertainty over interest rate movements: 40%
- Tight bank lending approval process: 38%
- Lower interest coverage ratios (ICRs): 31%
- Do not anticipate sourcing debt in 2024: 5%
- Other: 2%

Opportunistic and core plus are most-preferred strategies

FIGURE 10: Preferred strategy in 2024 vs. 2023 & 2022

Multifamily and industrial are most preferred sectors

**FIGURE 11: Property sectors targeted for investment in 2024**

- Multifamily: 75%
- Industrial & logistics: 40%
- Retail: 22%
- Hotels/resorts: 18%
- Alternatives*: 13%
- Office: 10%

**FIGURE 12: Property sectors that respondents currently invest in**

- Multifamily: 82%
- Industrial & logistics: 46%
- Retail: 39%
- Office: 37%
- Hotels/resorts: 33%
- Alternatives*: 28%

*Alternatives include data centers, self-storage facilities, student housing, single-family housing rentals/build-to-rent and life science facilities.

Office investors prefer primary markets and prime/trophy assets

**FIGURE 13: Favored office location strategy**

<table>
<thead>
<tr>
<th>Location Strategy</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Market-Core/CBD</td>
<td>57%</td>
</tr>
<tr>
<td>Primary Market-Urban</td>
<td>43%</td>
</tr>
<tr>
<td>Primary Market-Suburban</td>
<td>29%</td>
</tr>
<tr>
<td>Secondary/Tertiary Market-Urban</td>
<td>14%</td>
</tr>
<tr>
<td>Secondary/Tertiary Market-Suburban</td>
<td>14%</td>
</tr>
<tr>
<td>Secondary/Tertiary Market-Core/CBD</td>
<td>7%</td>
</tr>
</tbody>
</table>

**FIGURE 14: Favored office asset strategy**

<table>
<thead>
<tr>
<th>Asset Strategy</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime/Trophy Office</td>
<td>57%</td>
</tr>
<tr>
<td>Class A Office</td>
<td>43%</td>
</tr>
<tr>
<td>Class B/C Office</td>
<td>0%</td>
</tr>
</tbody>
</table>

Investors prefer Class A multifamily and industrial assets

**FIGURE 15: Favored multifamily assets**

- Class A: 86%
- Class B/C (value-add): 54%
- Class B/C (no value-add): 36%

**FIGURE 16: Favored industrial assets**

- Class A facilities in major markets: 83%
- Class A facilities in secondary markets: 55%
- Class B/C facilities in major markets: 40%
- Class B/C facilities in secondary markets: 19%

Investors prefer grocery-anchored retail centers and urban hotels

Figure 17: Favored retail assets

- Grocery-anchored center: 83%
- Lifestyle center: 45%
- High-street shop: 28%
- Unanchored strip: 24%
- Freestanding: 17%
- Prime shopping mall: 7%
- Value-add mall: 3%
- Outlets: 0%


Figure 18: Favored hotel assets

- Urban: 71%
- Full Service: 67%
- Resort: 58%
- Limited Service: 54%
- Extended Stay: 38%
- Traditional: 21%

Debt is the most attractive alternative for investors amid a high interest rate environment.

FIGURE 19: Alternative investment preferences

- Real estate debt: 40%
- Build-to-rent/single-family rental housing: 38%
- None of the above: 30%
- Student housing: 24%
- Data centers: 22%
- Self-storage facilities: 21%
- Life sciences facilities (including R&D): 20%
- Industrial outside storage: 16%
- Affordable housing: 14%
- Manufactured housing: 13%
- Health care facilities (including medical offices): 13%
- Retirement living/senior housing: 11%
- Cold storage: 10%
- Leisure/Entertainment: 6%
- Co-living, micro living or other types of specialized serviced apartments: 4%
- Infrastructure: 4%
- Other: 3%

Distressed loans are the most sought-after real estate debt opportunity

FIGURE 20: Preferred real estate debt opportunities

- Distressed debt: 74%
- Mezzanine financing: 58%
- Mortgage financing: 38%
- Secured loans: 21%
- Unsecured loans: 6%
- Will not invest in real estate debt: 4%
- Bond subscriptions: 4%
- CMBS subscriptions: 2%

Investors expect high-growth secondary and large East Coast markets to outperform in 2024

FIGURE 21: Top 10 markets for total property returns

1. Dallas-Ft. Worth
2. Miami-South Florida
3. Boston
4. Raleigh-Durham
5. Nashville
6. New York City
7. Atlanta
8. Charlotte
9. Tampa
10. Washington, D.C.

Investors continue to prefer Sun Belt and high-performing secondary markets

FIGURE 22: Top 10 most attractive markets for investment

1. Dallas-Ft. Worth
2. Miami-South Florida
3. Raleigh-Durham
4. Atlanta
5. Nashville
6. Charlotte
7. New York City
8. Phoenix
9. Tampa
10. Austin

Discounts expected across all property sectors; highest for office and multifamily

FIGURE 23: Pricing expectations vs. 2023

02

ESG and Investment
Challenging investment market conditions have little impact on ESG adoption

FIGURE 24: Have challenging investment market conditions changed your near-term focus on ESG?

FIGURE 25: Which of the following ESG initiatives will you consider for your real estate investments?

- Install EV chargers: 60%
- Retrofit existing buildings to be more energy efficient/ESG-compliant: 48%
- Mitigate climate risks: 37%
- Acquire/develop green buildings: 37%
- On-site renewable energy generation: 34%
- Access to green financing/loans/bonds: 25%
- We do not consider ESG criteria for our investments: 22%
- Invest in or develop affordable housing: 22%
- Incorporate green lease terms: 13%
- Dispose of older non-green assets: 12%
- Bid up assets that are ESG compliant: 3%

Investors reluctant to pay a premium for ESG-compliant assets

FIGURE 26: Premium willing to pay for ESG-compliant assets

03

Respondent Profile
Profile of 134 Respondents

FIGURE 27: Percentage of respondents by real estate assets under management


FIGURE 28: Percentage of respondents by investor type

*Others include Real Estate Advisor and Investment Advisor/Manager.
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