



GLOBAL CAPITAL MARKETS

Insights & Outlook

# Global Capital Flows | May 2024

Q1 2024 CROSS-BORDER ANALYSIS





# Investment volumes remained subdued in Q1, but are on track for a **recovery.**

Over Q1 2024, global investment volumes remained low, at the lower range of the 10-year average. Market uncertainty around pricing and interest rates, along with lower capital values due to yield/cap rate adjustments, contributed to this despite a slight increase in deal-flow.

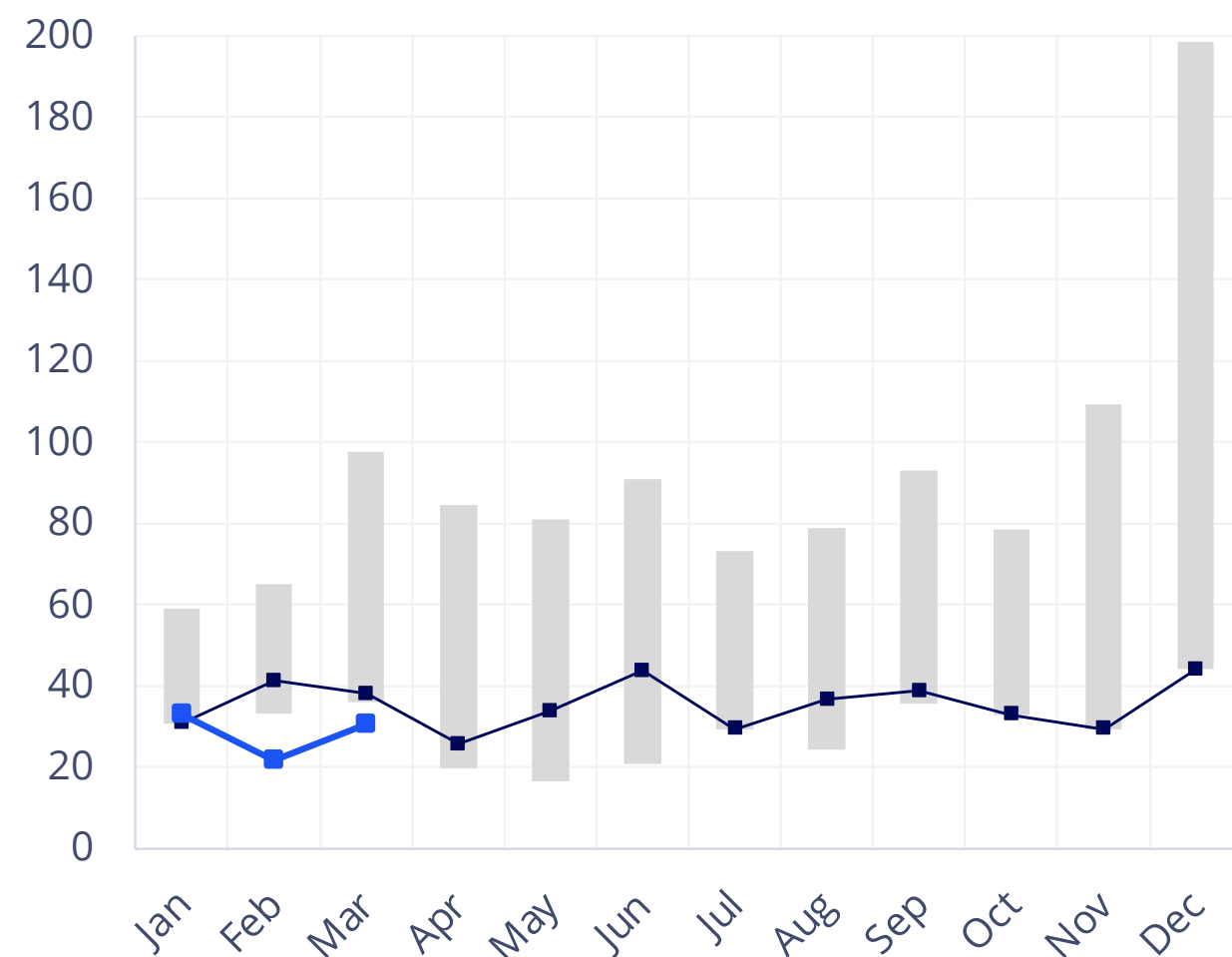
In EMEA, activity showed signs of improvement, with March volumes aligning with the 10-year average. European markets feature heavily in the top ten destinations for cross-border capital for Q1, led by the UK for the second quarter running, where pricing stability is more embedded.

In North America, investment volumes remained at the lower end of the scale despite a strong January and the U.S. market featuring as number two in the cross-border destination rankings.

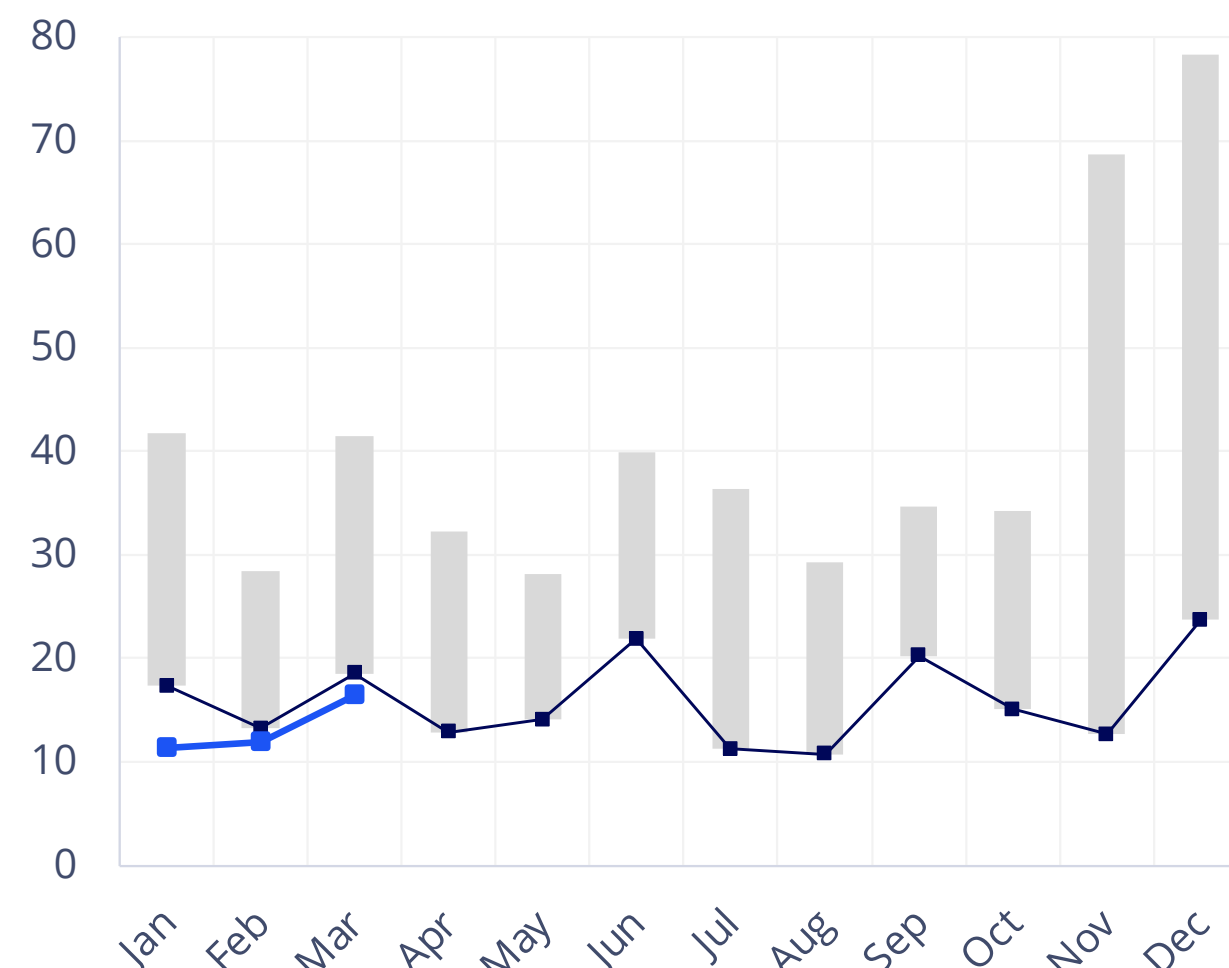
In APAC, investment activity returned to lower volumes seen during the majority of 2023, with December's surge in land and development site sales in China appearing to be an isolated event.

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

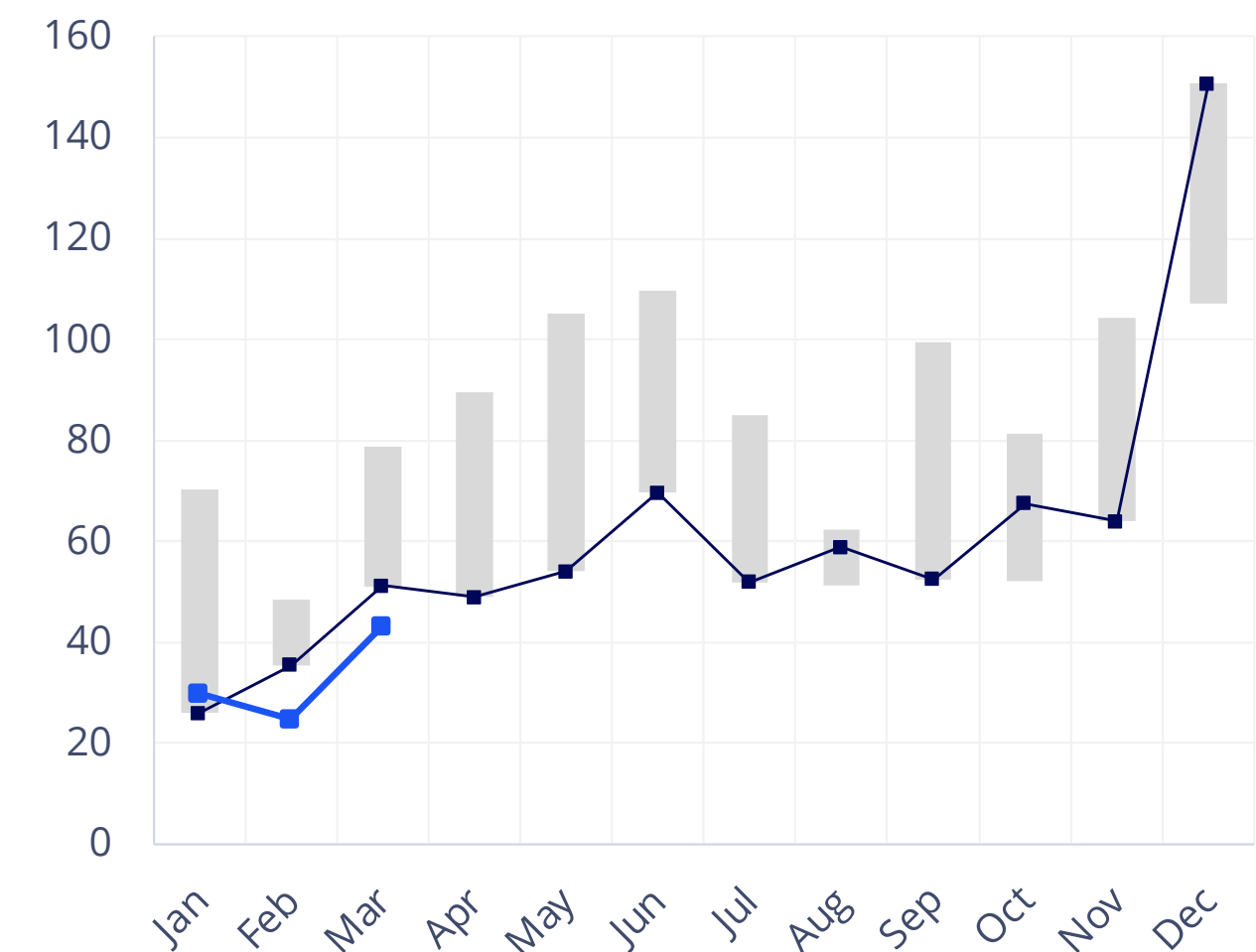
## North America



## EMEA



## APAC













Source: Colliers, MSCI Real Capital Analytics

■ 5yr high-low    ■ 2023    ■ 2024

# EMEA dominates with seven out of the top ten markets.

**Figure 2. Top 10 Global Cross-Border Capital Destinations - Standing Assets: Q1 2024, US\$ mn**











	COUNTRY	CROSS-BORDER TOTAL	CROSS-BORDER GLOBAL	CROSS-BORDER REGIONAL	% OF TOTAL Q1 2024	% OF TOTAL Q1 2024 (12MTH ROLLING)
1.	 United Kingdom	4,377	3,803	574	▲ 18.5%	16.4%
2.	 United States	4,101	3,803	1,356	▲ 16.7%	15.4%
3.	 China	2,366	38	2,327	▲ 10.0%	6.3%
4.	 Japan	1,682	500	1,182	▼ 7.1%	8.0%
5.	 Germany	1,145	663	482	▼ 4.8%	8.7%
6.	 France	985	781	205	▲ 4.2%	4.2%
7.	 Spain	961	455	506	▼ 4.1%	4.2%
8.	 Belgium	824	802	22	▲ 3.5%	1.3%
9.	 Netherlands	780	508	273	▲ 3.3%	2.9%
10.	 Ireland	709	138	571	▲ 3.0%	1.4%

▲ ▼ Higher/lower than 12-month rolling figure

# APAC dominates, with four of the top five markets.

This reflects APAC's continued expansion, robust economic growth and lower level of supply per capita.

**Figure 3. Top 10 Global Cross-Border Capital Destinations - Land/Development Sites: Q1 2024, US\$ mn**

	COUNTRY	CROSS-BORDER TOTAL	CROSS-BORDER GLOBAL	CROSS-BORDER REGIONAL	% OF TOTAL Q1 2024	% OF TOTAL Q1 2024 (12MTH ROLLING)
1.	 China	4,219	0	4,219	▼ 71.8%	83.1%
2.	 Singapore	453	0	453	▲ 7.7%	2.4%
3.	 Australia	236	236	0	▲ 4.0%	1.6%
4.	 United States	151	137	14	▲ 2.6%	1.1%
5.	 India	116	99	17	▼ 2.0%	2.2%
6.	 Germany	116	44	72	▲ 2.0%	1.7%
7.	 United Kingdom	111	87	25	▲ 1.9%	1.5%
8.	 Malaysia	104	67	38	▲ 1.8%	0.3%
9.	 Greece	66	66	0	▲ 1.1%	0.1%
10.	 Mexico	56	56	0	▲ 1.0%	0.1%

▲▼ Higher/lower than 12-month rolling figure



# Growth forecasts **remain positive** for APAC and North America, whereas the European outlook remains subdued.

As of Q1 2024, the economic outlook has changed slightly from year-end, reflected in forecasts for 2024 and 2025.

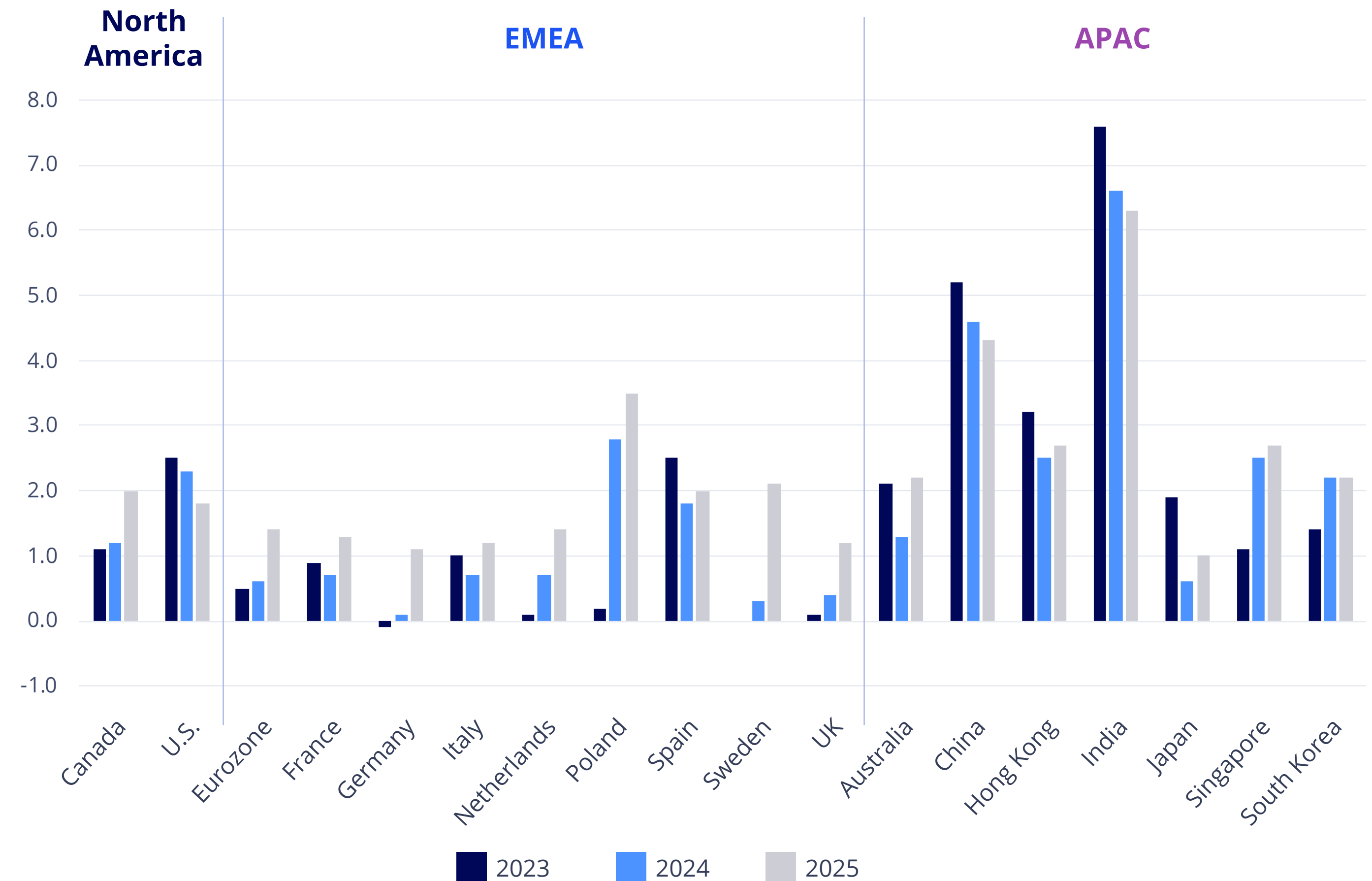
APAC continues to show strong growth with stable forecasts, a factor that is driving the strength of the land and development market. Notably, four of the top five global destinations for land sales are located in this region.

In North America, robust growth at the start of the year has led to an improvement in economic forecasts for both the U.S. and Canada.

In EMEA, fortunes remain mixed. Spain and Poland continue to grow strongly, and the UK exited recession in Q1 with 0.6% GDP growth. However, 2024 projections are subdued overall, with major economies like Germany, Italy, and Sweden downgrading their forecasts.

It is telling that Sweden's low growth prompted its central bank to cut rates by 25 basis points in May, despite high inflation. Conversely, strong growth and persistent core inflation in North America, have pushed back expectations of a rate cut.

**Figure 4. Real GDP Growth Forecast, % (2023-2025)**



Source: Colliers, OxfordEconomics, Macrobond, Factset



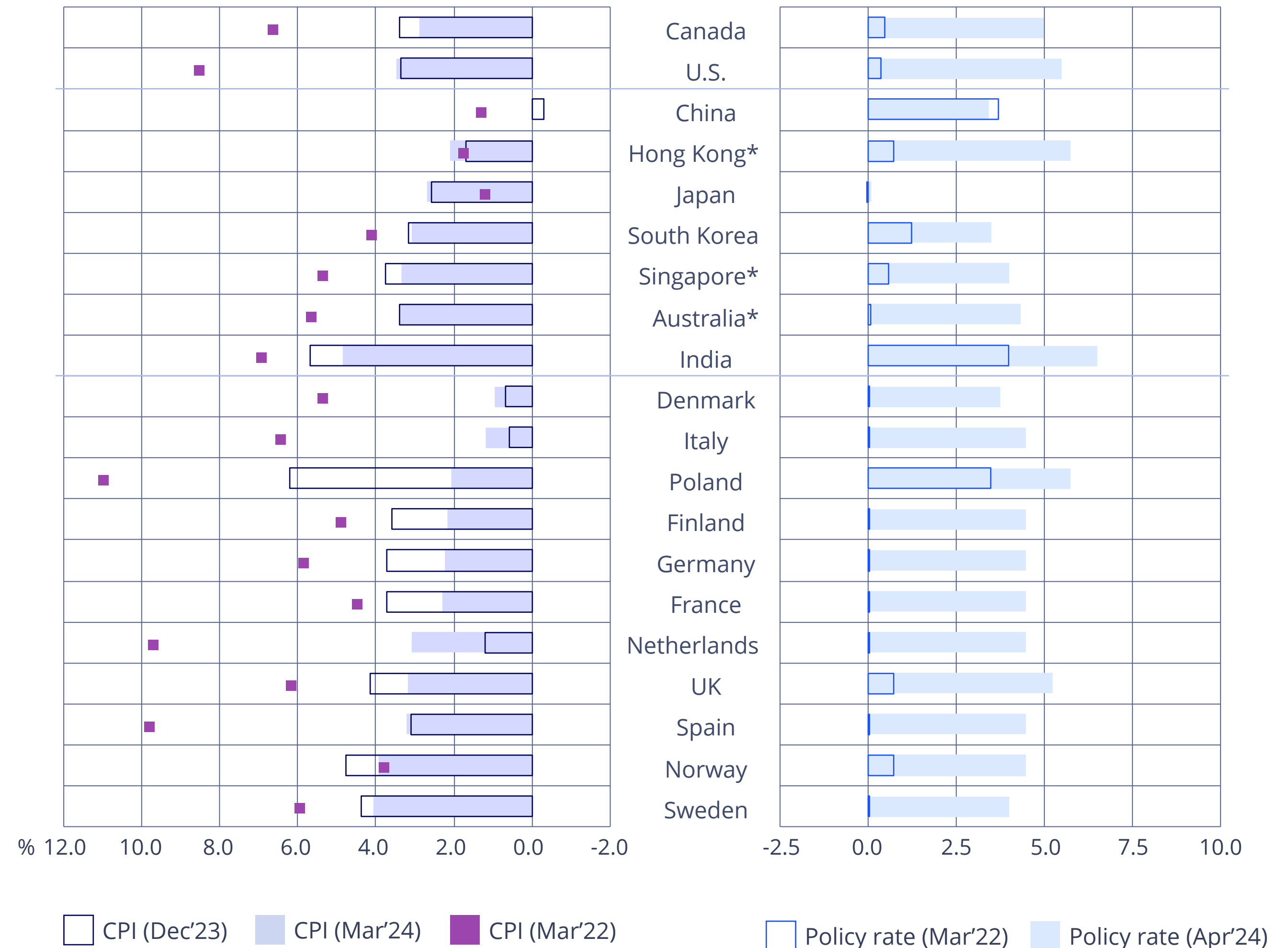
# Interest rates have peaked, but expectations for cuts in H2 2024 are pared back.

While there is more certainty that rates have peaked (bar Japan) as inflation aligns with target rates, year-end market expectations for significant rate cuts are diminishing, especially in North America, and to a degree in the UK, and Europe.

The sequence of rate cuts is also changing. Typically, the U.S. Fed leads, followed by the UK and Europe, but now Europe is acting first. The Swedish Riksbank and Swiss Financial Market Supervisory Authority recently cut rates by 25 basis points, citing their weak economic outlooks and low productivity. With the Eurozone economy also faltering, we expect a 25 basis point rate cut by the European Central Bank as of June, and further cuts over the course of H2. Both the Bank of England and the Fed recently kept rates on hold and cuts look set to be pushed further into the second half of the year.

Overall, this means that the anticipated rate cuts for 2024 have been reduced from 75-100 basis points to 0-75 basis points across major markets. Although geo-political tensions, supply chain disruption, higher oil and energy prices have the capacity to add volatility to interest rate movement short-term, mid-term interest rate projections remain around 2-2.5% (excluding Japan at 1%), by 2027.

**Figure 5. CPI/Base Rate Alignment**



Source: Colliers, OxfordEconomics, Macrobond



# Spreads remain tight, but anticipated rate rises point to a widening by end 2024.

With bank policy rate cuts delayed and varying across markets, there is a clear impact on spreads to all-sector yields/cap rates until H2 2024.

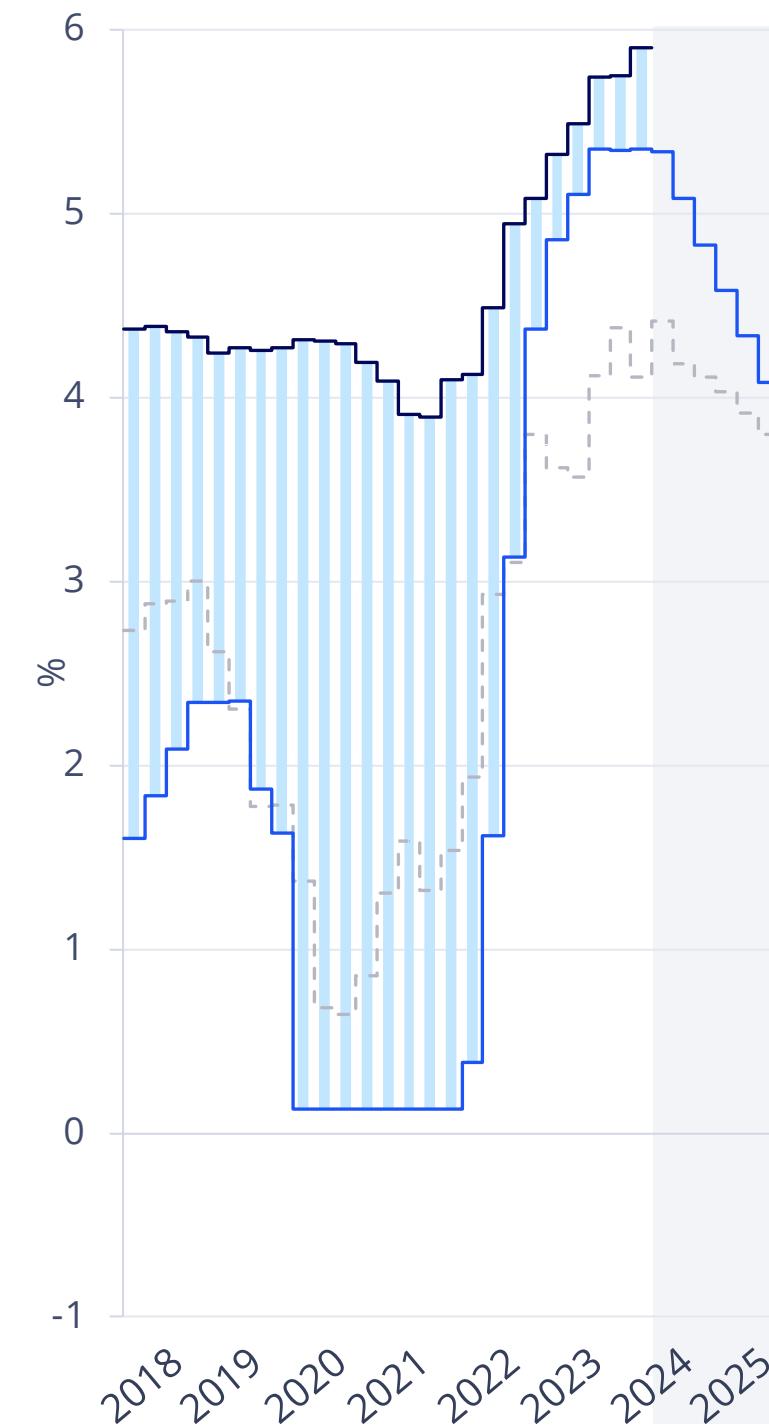
In APAC, marginal rate adjustments will gradually widen spreads to all-sector yields, despite Japan’s tightening. At current anticipated projections, this means APAC will maintain the highest spread compared to North America and EMEA.

In EMEA, an anticipated 75 basis point cut will create spreads up to 150 basis points, helping to increase more activity, especially for cross-border investment into the Eurozone—a trend already seen in Q1.

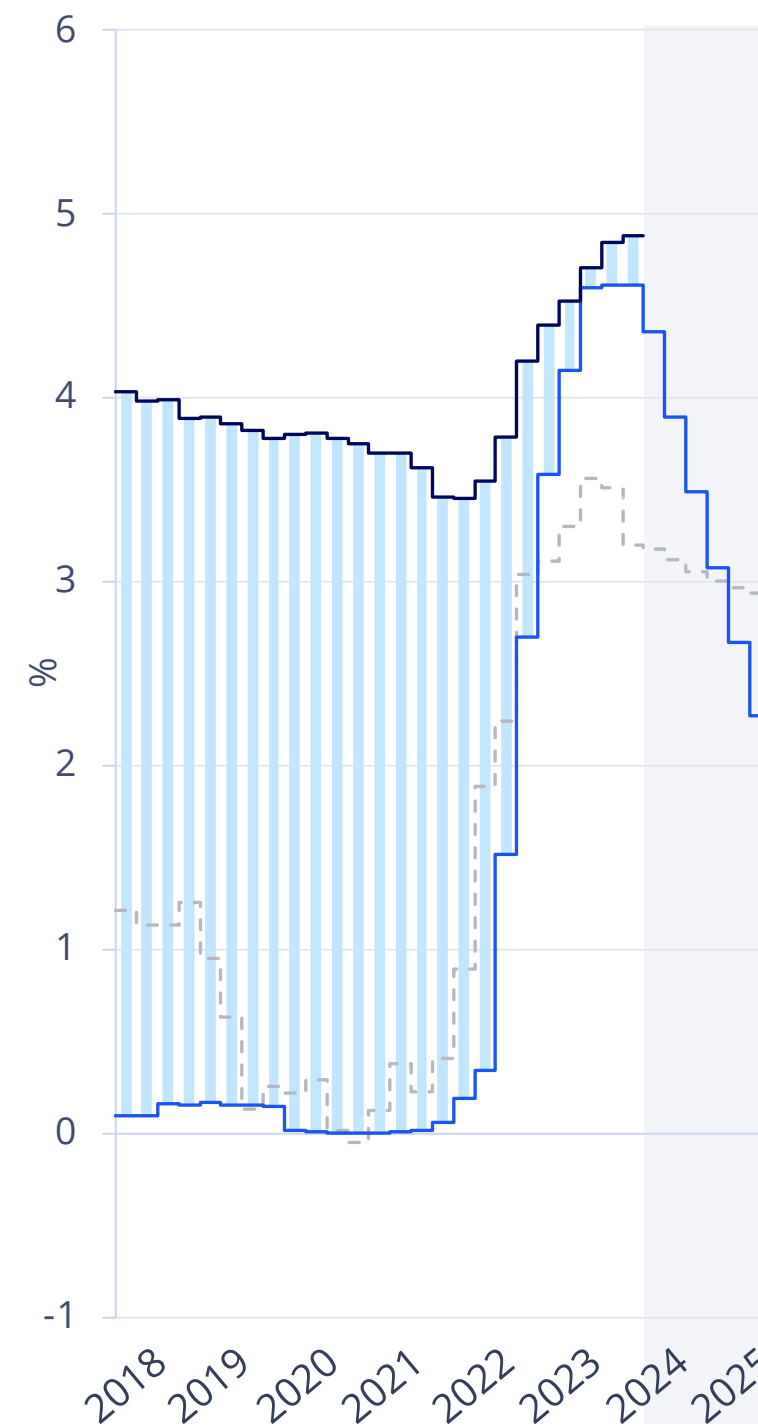
In North America, uncertainty surrounds the timing and magnitude of rate cuts, with some suggesting they may not occur until year-end, if at all. Limited cuts will put pressure on cap rates and spreads, despite a higher-yielding market. Higher rates will also strengthen the U.S. dollar, potentially increasing U.S. capital in global cross-border activity throughout 2024. The U.S. remains the top source of global capital, with Q1 activity already exceeding the 12-month average. The Canadian dollar is also in a strong position to benefit, ranking third as a source of global capital in Q1.

**Figure 6. Yield/Cap Rate Spreads, % (All Sector Average)**

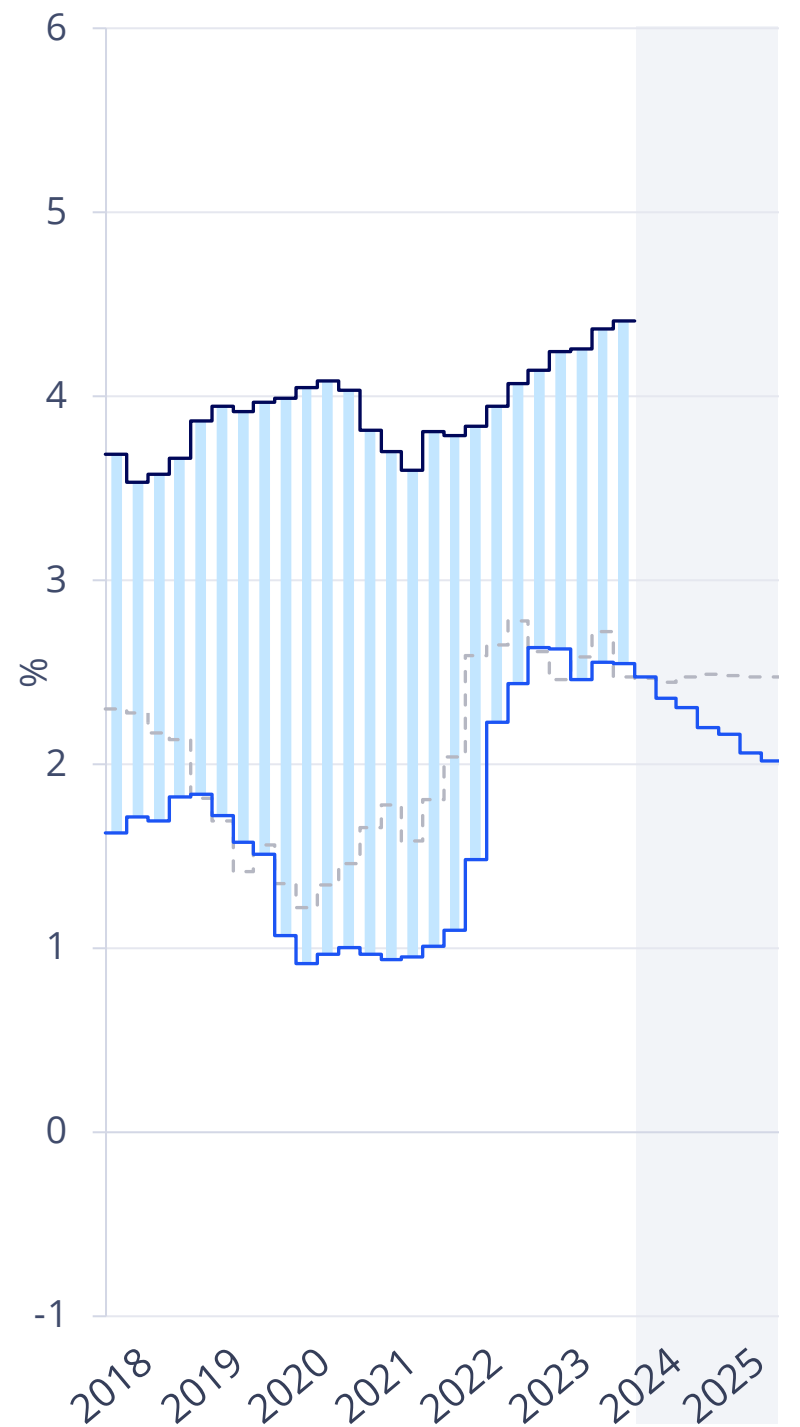
### North America



### EMEA



### APAC













Legend: Spread (shaded blue area), Net initial yield/cap rate (solid black line), Central bank policy rate (blend) (solid blue line), 10yr government bond yield (blend) (dashed grey line)

Source: Colliers, OxfordEconomics, Macrobond, Factset



The U.S. continues to dominate and has expanded its reach relative to the 12-month norm.

**Figure 7.** Top 10 Global Cross-Border Capital Sources: Q1 2024, US\$ mn

	COUNTRY	CROSS-BORDER TOTAL	CROSS-BORDER GLOBAL	CROSS-BORDER REGIONAL	% OF TOTAL Q1 2024	% OF TOTAL Q1 2024 (12MTH ROLLING)
1.	 United States	7,698	7,650	48	▲ 32.3%	28.5%
2.	 Hong Kong	3,623	390	3,233	▲ 15.2%	7.8%
3.	 Canada	1,467	111	1,356	▲ 6.2%	5.6%
4.	 France	1,389	1,025	364	▲ 5.8%	5.3%
5.	 Singapore	1,351	760	591	▼ 5.7%	9.4%
6.	 China	1,146	140	1,006	▲ 4.8%	2.8%
7.	 Norway	766	747	19	▲ 3.2%	0.8%
8.	 Germany	747	14	734	▼ 3.1%	4.4%
9.	 United Kingdom	733	10	724	▼ 3.1%	4.7%
10.	 Spain	703	302	401	▲ 2.9%	2.2%

▲ ▼ Higher/lower than 12-month rolling figure



# Contacts

---

## Global and Asia Pacific Leaders

### Luke Dawson

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

### Chris Pilgrim

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

### Lachlan MacGillivray

Managing Director  
Retail Capital Markets, Asia Pacific  
+61 413 053 919  
lachlan.macgillivray@colliers.com

## Market Leaders

### John Marasco

Managing Director  
Office Capital Markets, Australia  
+61 412 211 033  
john.marasco@colliers.com

### Adam Woodward

Head of Office Capital Markets  
Australia  
+61 414 568 276  
adam.woodward@colliers.com

### Gavin Bishop

Managing Director I&L,  
Head of I&L Capital Markets, Australia  
+61 401 146 051  
gavin.bishop@colliers.com

### Robert Papaleo

National Director, Capital Markets  
Residential, Australia  
+61 418 327 574  
robert.papaleo@colliers.com

### Karen Wales

Head of Hotels  
Transaction Services, Australia  
+61 405 227 152  
karen.wales@colliers.com

### Jimmy Gu

Deputy Managing Director  
Capital Markets, China  
+86 138 1796 1312  
jimmy.gu@colliers.com

### Jason Yang

Deputy Managing Director  
Capital Markets, China  
+86 158 0096 0634  
jason.yang@colliers.com

### Thomas Chak

Executive Director  
Capital Markets, Hong Kong  
+852 2822 0593  
thomas.chak@colliers.com

### Stanley Wong

Senior Executive Director  
Capital Markets, Hong Kong  
+852 6012 1595  
stanley.wong@colliers.com

### Piyush Gupta

Managing Director  
Capital Markets, India  
+919820321806  
piyush.gupta@colliers.com

### Hisakazu Iso

Deputy Managing Director  
Head of Capital Markets, Japan  
+81 3 4572 1305  
hisakazu.iso@colliers.com

### Richard Kirke

International Sales Director  
Capital Markets, New Zealand  
+64 21 299 3120  
richard.kirke@colliers.com

### Julius Guevara

Senior Director  
Capital Markets and Investment  
Services, Philippines  
+63 917 585 7540  
julius.guevara@colliers.com

### Wei Leng Tang

Managing Director  
Head of Capital Markets, Singapore  
+65 9639 6183  
weileng.tang@colliers.com

### Sungwook Cho

Managing Director  
Head of Capital Markets, South Korea  
+82 2 6325 1904  
sungwook.cho@colliers.com

### Derek Huang

Deputy Managing Director  
Capital Markets, Taiwan  
+886 917 250 002  
derek.huang@colliers.com

## Research Leads

### Damian Harrington

Head of Research,  
Global Capital Markets & EMEA  
+44 7867 360489  
damian.harrington@colliers.com

### Joanne Henderson

National Director Research,  
Australia  
+61 2 9257 0286  
joanne.henderson@colliers.com

