



Middle Eastern investors aim to spend \$180 billion in worldwide immobilization markets.

According to current data by global property adviser CBRE Group, Inc., Middle East investors are likely to spend US\$180 billion on commercial immobilization markets beyond their own area over the next decade.

The remarkable discrepancy between the absence of institutional property on local markets and the enormous purchasing power concentrated in the area has led to a considerable growth in Middle East capital flows on world markets. Europe is the preferred destination, and 80% of the \$180 billion (about \$145 billion) budgeted for the next 10 years is dedicated to the area. The United Kingdom would receive about \$85 billion and continental Europe \$60 billion. France, Germany, Italy and Spain are the primary target markets. [ادھنترز](#)

Middle-Eastern capital has spent seven times the amount on its domestic market, with \$45 billion invested between 2007 and 2013. There are significant signs that Middle East players are increasing their interest and investment allocations for direct property beyond their home nation and that alone in the previous two years have spent \$20 billion in commercial property outside their home area.

Sovereign wealth funds (SWFs) in the Middle East are currently among the largest and strongest sources of money in the world, accounting for 35% of SWF assets managed worldwide (AUM). These funds presently spend the least money on alternative assets in comparison to the Western and Asian SWFs (9 percent of total portfolio). Even a minor rise in SWF allocation in the Middle East would have a substantial financial influence on the global trade immobilization market.

Global SWFs have an average real estate target allocation of 7.9 percent. By multiplying this by the AUM of 2.2 trillion dollars owned by Middle East SWFs, you get about 175 billion dollars. CBRE has considered a range of options, including quicker and slower growth for AUMs by SWFs; the Middle East SWF investments in global real estate for the next decade have been estimated at between \$130-140 billion. When coupled with the expected investments made by individual investors in the Middle East, as well as property firms and developers, the total sum that will flow across borders and in global markets over the next 10 years would reach over \$180 billion.

"The 'buy and keep' strategy taken by many investors in the Middle East within their home countries and the resultant lack of possibilities for deal flow leave a lot of dissatisfied demand here," said CBRE Middle East CEO Nick Maclean. Overseas investments have expanded

substantially due to growing confidence in global markets and the desire to diversify. Middle East SWFs have been one of the world's most important sources of financing since the global financial crisis. In recent years, their appetite has become a sophisticated source of liquidity for many established real estate markets worldwide. The trend is anticipated to continue and the area's importance on a global investment scene cannot be overestimated with fresh sources of Middle East money, notably from Saudi Arabia, set to join the market in the coming years.

"In 2013, Europe accounted for over 90 percent of all commercial real estate investment outside the nation of origin in the Middle East. This contrasts markedly with Asian capital, which in the previous 18 months has become more geographically varied. Although the US and Asia-Pacific allocations will rise, Europe will get a huge majority (80%) of direct Middle Eastern investment, providing diversification, cultural acceptability, high liquidity and transparency in the market.

The United Kingdom will make over \$85 billion in total investment, with \$60 billion in Continental Europe - approximately five times the direct investment of Middle East investors in the last decade. Germany and Italy are the main goals while Spain has developed as a crucial site, particularly in the hotel business. In recent years, France has established good contacts with investors in the Middle East and provides many trophy properties so demand for key products and industries remains high.

Jonathan Hull, CBRE EMEA Capital Markets Executive Director, says that "The overwhelming majority of Middle Eastern investors are long-term players seeking for wealth preservation and high-income assets instead of opportunistic investors who are playing for short-term profits." This strategy promotes primary structures with big parcels in key places. Offices are a major part of their purchases, but retail has taken a great deal of attention in recent years as demonstrated by a variety of high-street purchases in London and Paris, as well as in the UK and France.