

# Reaching a Turning Point in the Global Real Estate Market

- **2025 appears to be a good year to deploy capital in real estate**
- **Geopolitical risks are shaping investors' attitudes**
- **Death of the office segment was woefully oversold, more appetite from investors expected**

Zurich Insurance Group (Zurich) has released its [2025 Outlook for Real Estate Investments "Divergent Paths at an Inflection Point."](#) This detailed analysis delves into the key trends that will shape real estate occupier and investor attitudes over the coming year.

The publication comes at what Zurich's real estate investment experts see as a unique period for global real estate markets. After a challenging few years for the asset class, there are numerous reasons to believe that real estate markets are reaching an inflection point. In the geographies where Zurich primarily invests, valuations better reflect the current interest rate environment, occupier markets are holding up and supply pipelines have appropriately recalibrated.



We are at a critical inflection point where geopolitical risks and structural changes present both challenges and opportunities. Real estate has attractive risk-adjusted returns, provides an excellent risk diversifier to other asset classes, and generates stable incomes. This is why Zurich allocates about 9% of our Group investments into a diversified real estate portfolio with a focus on prime locations.

**Stephan van Vliet**, Group Chief Investment Officer



The global real estate landscape is evolving, and our 2025 outlook provides a detailed analysis of capital and occupier market dynamics. By understanding regional nuances and macroeconomic influences, we can make informed investment decisions that drive long-term value.

**Andrew Angeli**, Global Head of Real Estate Research & Strategy and the author of the Outlook

### Switzerland: Stability Amidst Uncertainty

In Switzerland, the real estate market is showing resilience and stability. Andrew Angeli, noted, "Switzerland's diversified economy and stable political environment provide a solid foundation for real estate investments. The country's reliance on renewable energy and consistent low inflation rates make it an attractive market for investors." The Swiss property market has experienced one of the most benign corrections globally, with the Swiss Franc continuing to appreciate against the Euro.

### Germany: Navigating Through Challenges

Germany faces a more uncertain medium-term outlook due to its bumpy disinflationary journey and reliance on costlier energy sources. Andrew Angeli commented, "Germany's energy mix and political instability pose challenges, but there are still opportunities for astute investors. The country's strong industrial base and export economy can help navigate these headwinds." Despite these challenges, the German real estate market remains a critical area of focus for real estate investors such as Zurich.

### Southern Europe: Emerging Opportunities

Italy and Spain are emerging as notable markets within Southern Europe. The Eurozone's falling interest rates are creating favorable financing conditions, supporting real estate investments. Andrew Angeli highlighted, "Italy and Spain are leading growth trajectories within the Eurozone, presenting unique opportunities for investors. The logistics and residential sectors, in particular, are benefiting from long-term tailwinds." The region's focus on green infrastructure and data centers also aligns with Zurich's investment strategies.

### United Kingdom: Signs of Recovery

The UK real estate market is showing signs of recovery, especially after the first Bank of England interest rate cut last summer. "The momentum in the UK market is encouraging, with listed real estate companies staging a meaningful recovery. We are increasingly confident that direct capital values will turn positive in 2025," stated Andrew Angeli. The new government's focus on fiscal expansion and real wage growth is expected to support the consumer sector and housing market.

### United States: A Nuanced Outlook

The U.S. real estate market, the world's largest institutional property market, presents a mixed outlook. "While national politics may not significantly impact property performance, the new administration's fiscal measures and inflationary policies will influence real estate returns," explained Andrew Angeli. Above-trend growth is expected to stimulate job creation and consumer spending, benefiting traditional real estate sectors like logistics and rental multi-family. However, there is a cautious optimism as bond yields remain volatile and the pace of interest rate change is uncertain.

### Further Information

For more detailed insights and analysis, please check the Zurich Real Estate Investment's 2025 Outlook, "Divergent Paths at an Inflection Point." [here.](#)

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Reflecting its purpose to 'create a brighter future together,' Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and has the highest-possible ESG rating from MSCI. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

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