LaSalle global real estate universe – summary

Estimated size of major markets across our three universe segmentations

All figures in US$ billions		Public real estate universe	Institutional-owned real estate	Total income-producing real estate universe
2023 Update (estimate for mid-year)		4,707	12,251	62,306
Short definition		The gross asset value (GAV) of real estate owned by REITs and REOCs listed on public exchanges. Excludes homebuilders.	The unleveraged total value of all professionally managed real estate portfolios, both public and private. It is inclusive of the public real estate universe to the left.	Value of all commercial (office, retail, industrial, alternatives) with the potential to be income-generating and all rental-tenure residential buildings. Owner-occupied residential homes, infrastructure, and agricultural land are not included.
Americas	United States	1,777	3,970	17,070
	Canada	90	373	1,391
	Mexico	39	170	867
	Brazil	11	53	943
	Other Americas	5	210	1,325
Europe	United Kingdom	116	642	2,733
	France	186	442	2,035
	Germany	186	631	3,107
	Italy	2	133	1,413
	Spain	32	113	963
	The Netherlands	8	192	818
	Switzerland	30	331	642
	Sweden	49	246	427
	Other Europe	62	545	3,682
	CEE ex-Russia	4	179	1,437
	Turkey	$4	116	604
Asia	Japan	487	1,136	3,972
	Australia	135	278	1,063
	Hong Kong	222	249	349
	Singapore	85	183	346
	China	908	1,116	9,559
	South Korea	0	180	864
	Other Asia	167	253	3,220
Middle East and Africa	Middle East and Africa	102	511	3,475

Source: See following pages for detailed LaSalle methodology and description of sources.
Note: No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

LaSalle global real estate universe – methodology

Public real estate universe estimate methodology

LaSalle's US$4.7 trillion public, listed real estate universe estimate is the gross value of commercial real estate assets (GAV) owned by companies traded on stock markets around the world at mid-year 2023. GAV combines net asset value and debt, making it a measure of the underlying real estate owned by public firms, rather than net asset value (NAV) or market capitalization. This GAV-based measure is also independent of public market pricing because listed companies can trade at very large discounts or premiums to the value of their underlying real estate holdings.

LaSalle Global Solutions (LGS) is the primary source for the GAV estimates. LGS actively tracks public real estate NAVs and debt in the largest developed and emerging markets. The markets covered by LaSalle Solutions represent the majority of public universe GAV. Non-USD estimates are converted into USD based on the relevant exchange rates to USD on 28 April 2023.

For several emerging markets, such as the Philippines and the United Arab Emirates, we use listed property company enterprise values rather than LaSalle Global Solutions GAV estimates. This data is collected from Bloomberg. We include listed companies that are long-term holders of real estate and exclude companies whose primary business is residential homebuilding. We have also excluded infrastructure REITs, such as cell tower companies, from our estimate. Our estimates include vertically integrated development firms that are also holders of commercial property, which increases the breadth of companies included, particularly in markets like China. Our inclusion criteria are broader than those used by global indices such as FTSE EPRA/Nareit (e.g., we include firms that do not meet the FTSE EPRA/Nareit ground rules on English-language reporting, free float, and size).

For REITs with GAV over US$1 billion known to have significant ownership outside their listing jurisdiction (such as a Singapore-listed firm with ownership of assets in mainland China), we have allocated the GAV to the countries where the property value is located based on company reported revenue breakouts, as of 2020 or more recently. This helps to improve our estimates, accounting for companies with significant cross-border ownership.

LaSalle global real estate universe – methodology

Institutional–owned real estate universe estimate methodology

The US$12.3 trillion institutional real estate universe encompasses commercial real estate assets owned by institutions, including REITs, pension funds, pooled private funds, and endowments. This universe is smaller than the total amount of institutional–grade stock because it is restricted to only those properties currently within institutional portfolios. It is based on a combination of primary data gathered by MSCI in 27 markets with data to year–end 2022, custom LaSalle estimates for six major markets in the Asia Pacific region, and top–down LaSalle estimates for 168 markets.

LaSalle's top–down estimate is based on a regression analysis. It uses PPP per capita GDP relative to the US and UK, the urbanization rate, and the market's Global Real Estate Transparency score to predict the ratio of institutional owned real estate to GDP in each market. The regression coefficients are estimated based on 33 countries where bottom–up data is available and then it is applied to the other 168 markets. This approach owes a debt to previous pioneering work on estimating market size by Youguo Liang and Willard McIntosh from their 1999 paper Global Commercial Real Estate[1]. Liang and McIntosh estimated "institutional–quality" stock, using a ratio of high quality "institutional–grade" real estate to GDP of 45%. LaSalle's estimates differ by including urbanization, transparency, and also because we focus on actual institutional ownership, rather than an estimate for buildings of a certain quality.

For 27 major markets covered by MSCI, LaSalle's estimates adjust forward the year–end 2022 estimate input of the total size of the institutional invested universe. MSCI's estimates are among the best available and are larger than the value of assets tracked by the MSCI and NCREIF market indices because not every investment mandate is included in these indices. We adjust the year-end estimates through mid–year 2023 by calculating the impact of year-to-date changes in exchange rate and applying LaSalle's forecast for capital value changes.

Similar to one year ago, our estimates for Hong Kong, Singapore, China, Japan, Australia, and South Korea are custom estimates based on a combination of bottom–up data and top–down analysis by LaSalle's Asia Pacific Research and Strategy team.

1. Youguo Liang and Willard McIntosh, Prudential Real Estate Research. "Global Commercial Real Estate." Published April 1999.
Note: No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

LaSalle global real estate universe – methodology

Total income–producing real estate universe methodology

The US$62 trillion estimate of the total commercial universe is the aggregate value of all commercial real estate worldwide, including corporate, government, and private investor-owned assets. The total commercial estimate includes property of all quality types and is intended to represent the value of all assets that have been or could be bought by investors, even if the current owners are not institutional investors (for example, it includes government-owned commercial property or smaller assets held by individuals or families).

We use bottom-up estimates of total commercial income-producing real estate in five markets: the US, the UK, China, Hong Kong, and Singapore. For the US estimate, we use the US Bureau of Economic Analysis' estimates of fixed real estate assets and adjust them with Federal Reserve data to incorporate the value of the land. For the UK, we draw on the year-end 2020 IPF Research Programme report, published in January 2022, that estimated the size of the UK property market and adjust the estimate forward to 2023 based on MSCI capital value change and the UK House Price Index produced by HM Land Registry. For China, we have adjusted forward previous bottom-up estimates using National Bureau of Statistics (NBS) data in China based on exchange rate and capital value changes since our last estimate. The ownership of land in China is retained by the government and investors purchase long-term use rights to the land. The value of these usage rights is contained in our estimates of property value wherever possible.

For all other markets – 196 of them – we apply a top-down methodology due to limited availability of bottom-up estimate data. The ratio of total income producing real estate to GDP in the US and the UK is the starting point. We take this ratio, adjust it based on the PPP GDP per capita in each market as well by the urbanization rate, and then multiply by nominal GDP. Our US$62 trillion estimate is useful for putting the asset class as a whole into perspective and comparing the relative size of different regions, but users should apply a wide confidence interval around these estimates.

Note: No assurances are given that these trends will continue or materialize as expected. Nothing herein constitutes a guarantee or prediction of future events or results and accordingly the information is subject to a high degree of uncertainty.

ISA | Insights Strategy Analysis
by LaSalle

Portfolio View

A look at why and how to build diversified, resilient global real estate portfolios

August 2023 edition

Investing today. For tomorrow.

Important Notice and Disclaimer

This publication does not constitute an offer to sell, or the solicitation of an offer to buy, any securities or any interests in any investment products advised by, or the advisory services of, LaSalle Investment Management (together with its global investment advisory affiliates, "LaSalle"). This publication has been prepared without regard to the specific investment objectives, financial situation or particular needs of recipients and under no circumstances is this publication on its own intended to be, or serve as, investment advice. The discussions set forth in this publication are intended for informational purposes only, do not constitute investment advice and are subject to correction, completion and amendment without notice. Further, nothing herein constitutes legal or tax advice. Prior to making any investment, an investor should consult with its own investment, accounting, legal and tax advisers to independently evaluate the risks, consequences and suitability of that investment.

LaSalle has taken reasonable care to ensure that the information contained in this publication is accurate and has been obtained from reliable sources. Any opinions, forecasts, projections or other statements that are made in this publication are forward-looking statements. Although LaSalle believes that the expectations reflected in such forward-looking statements are reasonable, they do involve a number of assumptions, risks and uncertainties. Accordingly, LaSalle does not make any express or implied representation or warranty, and no responsibility is accepted with respect to the adequacy, accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts, or other information set out in this publication or any further information, written or oral notice, or other document at any time supplied in connection with this publication. LaSalle does not undertake and is under no obligation to update or keep current the information or content contained in this publication for future events. LaSalle does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication and nothing contained herein shall be relied upon as a promise or guarantee regarding any future events or performance.

By accepting receipt of this publication, the recipient agrees not to distribute, offer or sell this publication or copies of it and agrees not to make use of the publication other than for its own general information purposes.