

Commercial Real Estate Market– Global Industry Size, Share, Trends, Opportunity, and Forecast Segmented By Type (Offices, Retail, Industrial and Logistics, Multi-family, and Hospitality), By Region, By Competition Forecast & Opportunities, 2018-2028F

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Abstracts

Global Commercial Real Estate Market has valued at USD 4.15 Trillion in 2022 and is anticipated to project robust growth in the forecast period with a CAGR of 4.39% through 2028.

Key Market Drivers

Economic Growth will drive the global Commercial real estate market.

Economic growth serves as a powerful engine propelling the global commercial real estate market forward. The correlation between a nation's economic prosperity and its real estate sector is undeniable, as a robust economy stimulates demand for various types of commercial properties. This symbiotic relationship manifests in several keyways. First and foremost, a growing economy translates into increased business activity, driving up demand for office spaces, retail establishments, and industrial facilities. Expanding businesses require more office space to accommodate a growing workforce and operations, while the retail sector flourishes as consumers have more disposable income to spend. This surge in economic activity also fuels the need for logistics and distribution centers, boosting the industrial real estate market. Moreover, economic growth has a cascading effect on residential real estate. As more people secure jobs and enjoy rising incomes, the demand for housing increases. This, in turn, creates opportunities in the multifamily and residential development sectors. Commercial real estate developers, therefore, often closely align their projects with

economic growth hubs to capitalize on the rising demand for housing, retail, and amenities.

Furthermore, economic growth attracts investment capital, both domestically and internationally. Investors seek opportunities in thriving economies, which can lead to increased liquidity and competition in the commercial real estate market. This heightened interest can drive property values up and contribute to an active investment landscape. However, it's essential to recognize that economic growth is not uniform across regions or sectors. Local economic factors, industry trends, and geopolitical events can also influence commercial real estate markets. Additionally, economic downturns can have the opposite effect, with reduced demand and tightening budgets affecting real estate decisions. In conclusion, economic growth acts as a primary catalyst for the global commercial real estate market. A flourishing economy generates demand for office, retail, industrial, and residential properties while attracting investment. Nevertheless, market participants must remain vigilant and adaptable, as various factors can impact regional and sector-specific real estate dynamics.

Government Policies will drive the global Commercial real estate market.

Government policies exert a profound influence on the global Commercial real estate market. These policies serve as crucial drivers, shaping the market's dynamics, supply, demand, and overall stability. Whether it's through taxation, regulation, or housing finance, governments worldwide play a pivotal role in steering the trajectory of the Commercial real estate sector. Taxation policies can incentivize or disincentivize homeownership and property investment. Tax deductions for mortgage interest payments and property tax credits can make housing more affordable, encouraging buyers. Conversely, capital gains taxes and vacancy taxes can deter speculative real estate investment. Regulatory measures, including zoning laws and land-use regulations, dictate where and how Commercial properties can be developed. By adjusting these policies, governments can influence housing supply, control urban sprawl, and impact property values.

Interest rates set by central banks have a direct bearing on borrowing costs for homebuyers. Government-backed mortgage programs further shape the availability and affordability of housing finance. Affordable housing initiatives, often driven by government programs, aim to alleviate housing affordability challenges. These initiatives provide crucial support for low and moderate-income households, addressing a pressing societal need. Foreign investment regulations vary widely, with some governments limiting foreign real estate investment to safeguard local affordability and

prevent speculation, while others actively court foreign capital to stimulate their real estate markets. Environmental and sustainability standards increasingly feature in government policies, promoting energy efficiency, green building practices, and renewable energy installations. These policies cater to the growing demand for eco-friendly housing.

In times of economic crisis, governments may implement housing market stimulus packages, including foreclosure moratoriums and rent relief programs, to shield homeowners and renters from financial hardships. In essence, government policies are the cornerstone of the global Commercial real estate market. Their impact resonates throughout the market's various facets, from affordability and accessibility to sustainability and stability. To navigate this complex landscape successfully, market participants and policymakers alike must comprehend and adapt to the evolving landscape of government regulations and initiatives.

Key Market Challenges

Supply Constraints

Supply constraints are a pressing challenge that has the potential to significantly hamper the global Commercial real estate market. These constraints, often driven by various factors, including regulatory hurdles, land scarcity, and construction bottlenecks, can lead to a range of adverse effects on the market's dynamics, affordability, and stability. One of the most immediate and palpable impacts of supply constraints is the surge in property prices. When the supply of homes lags behind the demand, competition among buyers intensifies, driving up property values. This price appreciation can place homeownership further out of reach for many individuals, particularly first-time buyers or those with limited financial resources. Consequently, housing affordability deteriorates, exacerbating the already critical global affordability crisis.

Moreover, supply constraints can foster a sense of market instability. Rapidly escalating property prices may lead to concerns about potential housing bubbles, where prices become detached from economic fundamentals. This situation can create uncertainty among both buyers and investors, potentially resulting in hesitancy and reduced activity within the market. Supply limitations also affect the housing options available to consumers. With fewer properties on the market, potential buyers face a limited selection, which can force compromises on location, size, or condition. This restricted choice can lead to suboptimal housing decisions and dissatisfaction among home

seekers.

Furthermore, constrained supply can hinder economic growth. A robust real estate sector typically spurs construction activity and job creation, with ripple effects across related industries. When supply constraints curtail construction projects, economic opportunities may be missed, and job growth may stagnate. In summary, supply constraints pose a multifaceted challenge to the global Commercial real estate market. They drive up property prices, exacerbate housing affordability issues, generate market instability, limit housing choices, and potentially impede economic growth. Addressing these challenges necessitates a coordinated effort among governments, developers, and industry stakeholders to overcome regulatory obstacles, encourage sustainable construction practices, and ensure an adequate supply of housing that meets the diverse needs of communities around the world. Failure to address supply constraints could perpetuate housing crises and hinder the broader economic well-being of societies globally.

Changing Tenant Preferences

Changing tenant preferences represent a significant challenge for the global commercial real estate market, with the potential to disrupt traditional property demand and usage patterns. As tenants' needs and expectations evolve, commercial property developers and landlords must adapt to stay competitive and relevant in an ever-changing landscape. One of the most prominent shifts in tenant preferences is the impact of remote work and flexible work arrangements. The COVID-19 pandemic accelerated the adoption of remote work, leading to reduced demand for traditional office spaces. Companies are reevaluating their office space requirements and adopting more flexible leasing terms, which can result in decreased occupancy rates in commercial office buildings. Landlords and developers must innovate to create appealing, flexible, and technologically advanced office spaces that cater to the changing work habits of tenants.

Another aspect of changing tenant preferences is a heightened emphasis on sustainability and wellness in the workplace. Tenants increasingly seek environmentally friendly, energy-efficient, and health-conscious buildings. Properties with green certifications and wellness features like improved indoor air quality, fitness facilities, and outdoor spaces are in higher demand. Commercial real estate stakeholders must invest in sustainable building practices and retrofit existing properties to align with these preferences. In the retail sector, e-commerce's growth has transformed tenant requirements. Brick-and-mortar retailers are under pressure to provide unique in-person

experiences, such as pop-up shops and experiential retail spaces, to attract customers. Shopping center landlords must adapt by diversifying their tenant mix, offering entertainment options, and embracing omnichannel strategies to remain competitive.

Furthermore, the industrial and logistics sector faces changes in tenant preferences driven by the e-commerce boom. The demand for large, well-located distribution centers has surged, with a focus on last-mile delivery capabilities. Industrial property owners must invest in modernizing their facilities and optimizing their supply chain to meet these evolving demands. Changing tenant preferences also encompass issues like flexible lease terms, technology infrastructure, and safety measures. To thrive in this environment, commercial real estate professionals must stay attuned to market trends, engage with tenants to understand their evolving needs, and invest in property improvements that align with these preferences. In conclusion, the transformation of tenant preferences is reshaping the global commercial real estate market. Landlords and developers who adapt to these changes by creating flexible, sustainable, and technologically advanced properties are more likely to thrive in this dynamic and competitive landscape. However, those who fail to respond may face challenges in attracting and retaining tenants, potentially leading to reduced property values and income.

Key Market Trends

Flexible Workspaces

Flexible workspaces are poised to be a driving force in the global commercial real estate market, reshaping the way businesses and individuals use office space. This transformative trend is underpinned by changing work dynamics, evolving corporate strategies, and the need for agile and cost-effective solutions. One of the key drivers behind the rise of flexible workspaces is the shift toward remote and flexible work arrangements. The COVID-19 pandemic accelerated this transition, forcing companies to adapt quickly to remote work. As a result, businesses have become more open to remote and flexible work options, leading to reduced demand for traditional, long-term leased office spaces.

Flexible workspaces, including co-working spaces and serviced offices, provide an attractive alternative. They offer companies the flexibility to scale up or down as needed, reduce overhead costs, and access fully equipped, ready-to-use office environments. Start-ups, small businesses, and even larger enterprises are increasingly adopting flexible workspace solutions to align their office space with their current needs

and future growth plans. Moreover, the rise of the gig economy and freelance workers has created a substantial demand for flexible workspaces. Freelancers, remote workers, and independent professionals seek spaces where they can work efficiently, access amenities, network with peers, and maintain a work-life balance. Flexible workspaces cater to these needs by providing a collaborative and professional work environment on a flexible membership basis.

Real estate developers and landlords are capitalizing on this trend by integrating flexible workspace offerings into their portfolios. Many are partnering with established co-working providers or creating their own co-working brands. This diversification of offerings helps landlords maximize occupancy rates and adapt to changing tenant preferences. Additionally, flexible workspaces have evolved beyond traditional co-working setups. They now include hybrid office models, where businesses combine remote work with scheduled office use. This approach optimizes space utilization and enhances flexibility, allowing companies to provide employees with the option to work from the office when needed while maintaining remote work capabilities. In conclusion, flexible workspaces represent a transformative trend in the global commercial real estate market. They align with changing work dynamics, offer cost-effective solutions, and cater to the needs of a diverse range of occupiers. As businesses continue to embrace flexible work arrangements, the demand for flexible workspaces is expected to grow, making them a pivotal driver of commercial real estate development and investment strategies in the years to come.

Sustainability and ESG

Sustainability and Environmental, Social, and Governance (ESG) principles are poised to play a central role in shaping the future of the global commercial real estate market. As society becomes increasingly aware of the environmental and social impact of real estate, sustainable practices and ESG considerations are gaining prominence among investors, developers, and tenants alike. One of the primary drivers of sustainability's impact on the commercial real estate market is the growing emphasis on responsible environmental practices. Sustainable building design and construction are becoming standard industry practices, with a focus on energy efficiency, green certifications (such as LEED and BREEAM), and the reduction of carbon footprints. These initiatives not only align with global climate goals but also lead to cost savings through reduced energy consumption and operational efficiencies.

ESG criteria have also become a critical factor in investment decisions. Investors are increasingly looking for properties and real estate companies that adhere to ESG

principles. Sustainable properties often demonstrate higher resilience in the face of environmental risks and regulatory changes, making them attractive long-term investments. Real estate investment trusts (REITs) that prioritize ESG criteria tend to perform well in the eyes of socially responsible investors. Furthermore, tenant preferences are evolving to favor sustainable and socially responsible buildings. Companies are seeking office spaces that align with their corporate social responsibility goals and offer healthier, more productive environments for employees. Retail tenants, too, are recognizing the appeal of sustainable and eco-friendly spaces to attract environmentally conscious consumers. Government regulations and incentives are also promoting sustainability in commercial real estate. In many regions, building codes and zoning regulations now require compliance with green building standards. Governments may offer tax incentives or grants for energy-efficient building retrofits, renewable energy installations, and sustainable development practices.

Sustainability and ESG considerations extend beyond the building itself. They encompass factors like community engagement, inclusivity, and social responsibility. Developers are increasingly looking to create developments that integrate with their surrounding communities, enhancing livability and promoting social cohesion. In conclusion, sustainability and ESG principles are poised to drive the global commercial real estate market in multifaceted ways. From energy-efficient buildings to responsible investments and tenant preferences, these considerations are reshaping the industry. As the world strives for a more sustainable future, commercial real estate stakeholders who prioritize sustainability and ESG are likely to thrive in a changing market landscape while contributing to broader environmental and social goals.

Segmental Insights

Type Insights

The Office segment had the largest market share in 2022 & expected to maintain in the forecast period. The office market was strongly hit by the pandemic globally. Despite the vast disruption, now the market is in the recovery phase. Furthermore, increasing investments in the sector are boosting the economic recovery in the market.

Regional Insights

The Asia Pacific region had the leading market for Commercial Real Estate in the global market in 2022.

The Asia Pacific region is also expected to dominate the global commercial real estate market in the coming years. The region is home to a large and growing economy, with a rising middle class that is increasingly demanding quality commercial space.

Additionally, the region is experiencing rapid urbanization, which is driving demand for office, retail, and industrial space.

The Asia Pacific Commercial real estate market is expected to reach a value of \$4.5 trillion by 2030, growing at a CAGR of 6.3% from 2022 to 2030. China is expected to be the largest market in the region, followed by India, Japan, and Australia.

Key Market Players

Brookfield Asset Management Inc.

Prologis Inc.

Simon Property Group LP

Shannon waltchack LLC

DLF Ltd

Boston Properties Inc.

Segro

Link Asset Management Limited

Wanda Group

Onni Contracting Ltd

Report Scope:

In this report, the Global Commercial Real Estate Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Commercial Real Estate Market, By Type:

Offices

Retail

Industrial/Logistics

Multi-family

Hospitality

Commercial Real Estate Market, By Region:

North America

United States

Canada

Mexico

Europe

France

United Kingdom

Italy

Germany

Spain

Asia-Pacific

China

India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Kuwait

Turkey

Egypt

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Commercial Real Estate Market.

Available Customizations:

Global Commercial Real Estate market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following

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customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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