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The Americas Key Findings

Another record year of investment is expected in the Americas during 2022

87% of investors are optimistic about the economic outlook

Inflation is a mixed bag, with 40% of investors seeing both positive and negative impacts

ESG: 64% of respondents have either already assessed or are currently establishing benchmarks

Dallas, Texas, U.S. is the #1 location to invest during 2022

The top three sectors investors are most likely to invest in during 2022:
- 67% Industrial & Logistics
- 53% Multifamily / BTR
- 45% Office

The top three challenges facing investors during 2022:
- 1. Rising Construction Costs
- 2. Government Policies & Regulations
- 3. COVID-19 / Return to Workplace Uncertainty

Specialized housing will be popular in 2022

Industrial core values to increase by 10%+

Retail, hotel core values to be flat to negative

Office core values to range from -10% to 10%+

Multifamily / BTR values to increase by 10%+

Life sciences / lab is the top specialized target in 2022
“Investors are optimistic about today’s market liquidity, with many commenting on the incredible levels currently available. After a record-setting 2021, 2022 is lining up to be even stronger.”

David Amsterdam, President, U.S. Capital Markets & Northeast Region
Asset Type & Capital Values

What do you think will be the % change in capital values per asset type, for the Americas region in 2022?

Investors are becoming more optimistic about office investment. Sixty-percent of respondents believe values will range from -10% to 10%. There is little expectation for a rapid rise in core values. Industrial investors remain enthusiastic about the prospects of the asset class, as 62% of respondents expect additional value gains in 2022. More than one-third expect gains of 10% or more. Multifamily investors believe the run of value appreciation isn’t over yet. In fact, 55% of both core and value-add investors are expecting value growth in 2022. Retail and hotel investors are more pessimistic. A majority of respondents anticipate no value appreciation or losses in retail. Hotel investors see more opportunity.

Note: Remaining %’s refer to Investors surveyed who were unable to provide an answer.

Colliers Global Capital Markets 2022 Investor Outlook | The Americas Survey Results
Our survey indicates that a shift in capital flows is unlikely. Industrial will reign supreme in 2022, holding onto its spot as the top-rated asset type. Industrial was the clear-cut favorite going into 2021, and investment volumes and price growth followed suit. Multifamily ranks second in our survey, boosted by record-high rent growth and sales volume, as well as favorable demographic trends. Office assets, in third place, are gaining momentum with investors, breathing new life into this space. Notably, our survey suggests that investor interest in office is nearly on par with multifamily, a positive sign for added liquidity. Specialized assets, retail, and hotel round out this year’s list of popular investments.

Value-add strategies were the most sought-after across asset classes, suggesting investors will continue moving out along the risk spectrum. In addition, record pricing has led to an explosion of interest in development, with investors focused on industrial, multifamily, and specialized assets.

Which of the following asset classes and risk profiles are you considering investing in during 2022, in the Americas?
Which types of industrial & logistics assets do you intend to invest in during 2022, in the Americas?

Regardless of strategy and asset focus, industrial investors have a strong desire to add to their portfolios. We don’t expect liquidity to be a problem. Light industrial/flex and big-box/warehouse are popular among those surveyed, with more than 80% interested in those asset types. Specialty assets are also in favor, with respondents showing interest in container terminals (21%) and cold/dark storage (35%).

67% of investors want to invest in this sector
Asset Classes

Multifamily / BTR

53% of investors want to invest in this sector

Which of the following risk profiles are you considering for multifamily / BTR assets in the Americas during 2022?

Multifamily assets remain a must-have for investors, thanks to booming sales that show no signs of slowing down. Cap rate compression is causing capital to fan out into secondary and tertiary markets and into specialized forms of housing. Looking to capture upside, investors will target value-add deals in 2022. Development is proving enticing to the marketplace and will be targeted at a rate similar to core and core-plus. Investors clearly see value in ground-up development.
Asset Classes

Office

45% of investors want to invest in this sector

Which of the following risk profiles are you considering for office assets in the Americas during 2022?

Office is back on the table for investors in 2022. Office sales have shown clear signs of recovery thanks to multi-property trades and investors being willing to take on more leasing risk. The most in demand markets are major urban centers such as New York, Boston, San Francisco, and Toronto. Value-add is the most popular strategy, which further supports a continued rebound for sales volume. The uncertainty of return to office remains a headwind.
Which types of retail assets do you intend to invest in during 2022, in the Americas?

Grocery-anchored centers are on track to be the most popular retail assets in 2022. These centers have dominated sales statistics for several quarters, and that trend seems to be holding steady, with nearly two-thirds of all respondents choosing this investment target. Interest is mounting for urban retail. On the flip side, malls remain the least targeted, with 25% of respondents expressing interest.

<table>
<thead>
<tr>
<th>Asset Classes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery / Supermarkets / Convenience</td>
<td>65%</td>
</tr>
<tr>
<td>CBD / High Street Retail</td>
<td>50%</td>
</tr>
<tr>
<td>Retail Park / Power Center</td>
<td>35%</td>
</tr>
<tr>
<td>Reposition / Change of Use</td>
<td>35%</td>
</tr>
<tr>
<td>Out of Town Shopping Centers / Malls</td>
<td>25%</td>
</tr>
</tbody>
</table>

18% of investors want to invest in this sector.
Asset Classes

Hotels

Which types of hotels do you intend to invest in during 2022, in the Americas?

Hotel investors are most interested in mid-scale and luxury properties, with each property type receiving 33% of responses. Properties in both resort destinations and cities are popular targets. Leased versus managed assets aren't looking like a dealbreaker, though our survey participants were more likely to select managed assets.
Which types of specialized (alternative) assets do you plan on investing in during 2022, in the Americas?

Life science/lab was the top specialized asset in our survey, followed by data centers. Housing was close behind, with affordable/social housing, student housing, and single-family rental ranking among the most popular choices in this category. Primary and secondary healthcare and education-focused investments were the least popular among respondents.

19% of investors want to invest in this sector.
Dallas is the top overall investment destination for 2022, after leading the U.S. in investment sales volume in 2020 and 2021.

Investment continues chasing Sunbelt markets, with no signs of slowing down. Interest in gateway markets is gaining traction and could indicate a slight change in capital flows. New York, Los Angeles, Boston, and San Francisco rounded out the top investment markets.
Which locations by asset type do you intend to invest in during 2022, in the Americas?

Investors are excited for industrial properties, with Dallas industrial the most commonly selected option followed by Los Angeles. New York, which also ranked highly on the industrial front, is the top office choice in the Americas. Boston and Washington, D.C. were next. New York was the top choice for multifamily investment, with Dallas and Los Angeles tied for second. Los Angeles led hotel, while Washington, D.C. came out on top for retail. Boston and Los Angeles were the top specialized markets, thanks to their strength in life science (Boston) and entertainment (Los Angeles). Numerous respondents also indicated their interest in Seattle, Denver, and Portland. Toronto was the top choice in Canada across office, industrial, and multifamily, and led the pack in hotel. Retail investors picked Vancouver and Montreal as the most desirable cities in Canada. We expect appetite for investment in Mexico and South America to remain restrained in 2022.

Note: The % numbers show the proportion of survey respondents who expressed a preference for the above asset classes across the 15 Americas locations in our survey.
Challenges & Opportunities

Please rank the following factors in terms of their influence on your ability to pursue your investment strategy in the Americas during 2022:

- Positive Impact
- No Impact
- Negative Impact

Overall Sentiment

Survey respondents viewed macro factors as a general hindrance to investment pursuits. Only 26% feel overall macro factors will have a positive impact. Investors remain concerned about government policy and regulation, such as tax changes. That was the single biggest challenge they saw on the negative/downside. COVID-19 and the return to workplace uncertainty was second, echoing the sentiment from our previous survey. Third, investors are not sure what to make of inflation. Roughly 40% of respondents thought inflation would have a positive impact, while another 40% thought the opposite. The remaining 20% thought it would have no impact. Finally, survey-goers were optimistic about the economic outlook, with a full 87% seeing economic activity as having a positive effect. This was the single-most selected option across the board.

Market factors, on the other hand, were seen as generally positive. Only 29% see market factors as a negative. Respondents were positive about today’s market liquidity, with many commenting on the incredible levels currently available. With 2021 shaping up to be a record-setter for investment sales activity, 2022 is lining up to beat it. Investors are also seeing positive impacts from rent growth and the availability of debt. The majority of respondents believe that the cost of debt will be a positive, or won’t have an impact, while 41% see it as a negative. Overall, investors are most concerned about rising construction costs. Tenant solvency was a mixed bag, with roughly equal selections on the positive and negative sides. We saw similar results with product availability. Asset sustainability skewed to no impact, with 47% choosing that option. That said, 38% see it as a positive.
Macro Factors **Breakdown**

Please rank the following factors in terms of their influence on your ability to pursue your investment strategy in the Americas during 2022:

- **Rising Inflation**
  - Positive Impact: 43%
  - No Impact: 37%
  - Negative Impact: 20%

- **Currency Fluctuation**
  - Positive Impact: 62%
  - No Impact: 33%
  - Negative Impact: 5%

- **Economic Growth**
  - Positive Impact: 87%
  - No Impact: 8%
  - Negative Impact: 5%

- **Travel Restrictions**
  - Positive Impact: 43%
  - No Impact: 47%
  - Negative Impact: 8%

- **COVID-19 / Return to Office Uncertainty**
  - Positive Impact: 58%
  - No Impact: 34%
  - Negative Impact: 8%

- **Government Policies & Regulations**
  - Positive Impact: 63%
  - No Impact: 33%
  - Negative Impact: 4%
Market Factors Breakdown

Please rank the following factors in terms of their influence on your ability to pursue your investment strategy in the Americas during 2022:

- Market Liquidity
- Availability of Product
- Tenant Solvency
- Rental Growth
- Availability of Debt
- Cost of Debt
- Asset Sustainability Compliance
- Rising Construction Costs

1. Market Liquidity: 72%
2. Availability of Product: 39%
3. Tenant Solvency: 42%
4. Rental Growth: 62%
5. Availability of Debt: 33%
6. Cost of Debt: 41%
7. Asset Sustainability Compliance: 38%
8. Rising Construction Costs: 11%
“ESG considerations are gaining traction in the Americas. Confusion on guidelines and benchmarks needs to be overcome.”

Emeka Mayes, Partner, Head of Capital Markets Brokerage, Canada
Investors in the Americas are playing catch-up on ESG-specific capital deployment. Environmental factors are now playing a part in the majority of asset performance reviews. More than one-third of respondents are currently integrating new protocols and performance benchmarks. Nearly an additional one-third have already assessed their assets' energy efficiency and emissions performance. Finally, one-fifth are considering an assessment but have yet to integrate this into their business operations.

Social factors, such as the health and wellness of assets, are further behind. Nearly 40% of respondents are beginning to take measurements on this topic. An additional 35% are only considering it at this point. A minority, 17%, always consider certifications to benchmark assets.

Governance has made the most progress. Nearly half of investors have ESG governance benchmarks, disclosures, and reporting in place. There's room for growth here, as 43% are considering adopting standards to drive their ESG governance but haven't decided yet. Nearly one out of 10 feel these benchmarks aren't applicable.
Environmental Factors
Are you taking action on the environmental performance of your assets?

A capital improvement, disposal and acquisition strategy is in place to meet environmental asset performance targets

- All assets have been assessed in terms of their energy efficiency and emissions performance: 10%
- Currently being integrated, with new protocols & performance benchmarks established: 30%
- Only a consideration, yet to be integrated into business operations: 34%
- Not applicable: 21%
- Not applicable: 4%

Social Factors
To what degree does the health and wellness profile of your assets factor into investment decisions?

We always consider certifications such as WELL or Fitwell to benchmark and manage our assets

- 17%

We are beginning to make measurements on this topic

- 38%

Only a consideration, yet to be integrated into investment decisions

- 35%

Not applicable

- 10%

Governance
How well established is the Governance in your company, to manage and integrate E&S factors into your overall strategy?

ESG Governance benchmarks, disclosure and reporting in place

- 48%

Only a consideration, yet to decide on benchmarks to adopt to drive our ESG Governance

- 43%

Not applicable

- 9%
Fresh off a record-setting 2021, investment volumes will continue riding the momentum wave into 2022. Investors are highly complementary of the liquidity in the market today, with debt and equity widely available. Investors are also moving out along the risk spectrum, with value-add plays becoming more commonplace. Sunbelt markets remain highly popular investment targets, with Dallas leading the way in the Americas. Gateway cities are also on investors' radars, suggesting a shift in capital flows could be on the way.

Economic conditions appear favorable, further boosting investor optimism, but inflation is a wildcard. Some investors consider this a positive since capital chases tangible assets, but others view it negatively. Construction costs are also on the minds of investors, as is government policy.

Industrial and multifamily assets continue to be investor favorites, setting these property types up for another successful year. Office is also picking up steam. Retail and hotel continue to lag, but we expect increased opportunity in this space as economic growth improves. Life science/lab holds on to their spot as the top specialized assets for the second year in a row, with investors also homing in on data centers and self-storage. Other popular targets include affordable, student, single-family rental, and senior housing. Finally, capital will chase demographics, allowing for investment in a wide variety of asset types and locations.
Questions?

Please contact us.

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