Tanzania

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Property outlook 2017 – global perspective PART 1

> Brief look at the property scene across the world

As in the start of getting into anything new, the new year included, there are bound to be uncertainties, reservations and fears, not knowing what to expect. In terms of the property market, it is the same. With that, *theSun* compiles information gleaned from various sources on real estate landscapes around the globe, including local views on what can be expected in Malaysia.

GLOBAL PERSPECTIVE

According to reports, transformation and change is expected where global economy is concerned. And as the economy is related to and affects the real estate industry, we can expect to see new developments, with new "players" said to be emerging in the global real estate arena.

Sources say the traditional favourites who have earned their place at the top are expected to continue maintaining their strong positions due to high economic activities and employment opportunities. However, new "players" are sprouting up across the globe, said to be attracting institutional and individual investors.

A recent article by JLL's David Green-Morgan reported that Q4 of 2016 saw global investment activity at US$196 billion (RM876 billion), 7% lower than Q4 in 2015. "While this also mirrors the full-year decline against 2015, much of this annual underperformance can be attributed to the first quarter, after which markets were playing catch-up for the remainder of the year. We must remember that 2015 was one of the most active years on record so, while global transaction volumes are down year-on-year, the market has held up well, particularly given the uncertain political and economic environment," said Green-Morgan.

His take on 2017: "As President-elect Trump takes office, the UK battles on-going Brexit negotiations and several European nations head to the polls, 2017 is unlikely to see an end to political and market uncertainty. However, the amount of capital targeting real estate across the world remains a constant. For 2017, we forecast volumes slightly exceeding the US$650 billion of 2016, with the possibility of a move towards the US$700 billion mark of 2014 and 2015 on the back of stronger global growth."

Myanmar

PHOTO: WWW.MYANMARINSIDER.COM/MYANMARS-PROPERTY-BUBBLE

Vietnam

PHOTO: WWW.WORLDPROPERTYJOURNAL.COM/REAL-ESTATE-NEWS/VIETNAM/

NEW REALTY MARKETS

With surging new economies and the compulsion to identify high-yield investments spawning new markets, the up and coming new "players" in the field are said to be Tanzania, Vietnam and Myanmar.

According to Vietnam's FDI report for 2016, total inflow in real estate industry amounted to US$1.3 trillion with luxury properties, townhouses and villas among the most sought after residential types and the bulk of investment mostly institutional. Reasons for Vietnam's positive growth was attributed to the shift in its governance from military-run dictatorship to a democratic civilian government.

Insiders share that Myanmar is active and rising in the investment scene. Reports said that real estate rocketed in the first 11 months of 2016, receiving FDI of over US$3 billion. Yangon, the capital, is expected to flourish two-fold and arrive at a population of 10 million in the next 15 to 20 years, with further international investment expected in Myanmar's thriving real estate sector.

Dubai

PHOTO: WWW.ASIAGREENBUILDINGS.COM

According to reports on Kenya, it has been capitalising on its tenacious urbanisation rate and construction boom over the last decade, and will likely maintain its strong position in the global marketplace. Tanzania, Nigeria and Angola are expected to receive demand from international investors.

POLITICAL TRANSFORMATION

On the political front where property is concerned, realignments like Brexit, Trump's presidency and the Chinese decision to regulate its capital flow will, if not already, affect domestic markets and have repercussions.

Reports state that "the real estate industry in the US has been rallying ahead, driven by strong internal and international demand catalysed by continuously dwindling employment and expanding wage rates". The scene is reported to be similar over in Canada where property prices are rising.

London has been resilient, as its real estate market is reported to have "showcased recovery". Still, it is expected that "the industry will linger in the doldrums". Below is the scene in other countries.

- Germany: Strong position with a buoyant residential and commercial real estate sector.
- Poland: Outsourcing boom fuelling the commercial real estate sector. Cities to look out for include Krakow, Wroclaw, Tri-City, Poznan, Katowice, Lodz and Szczecin.
- Russia: Office market moving up, especially in Moscow, but shadows are cast over the residential market due to economic woes and enlarging societal inequalities, which will leave the residential market subdued.
- Dubai: Reported to have slowed down but with its disposition over the years to re-invent and rebuild itself, the Emirates is looking very positive, set to pioneer a new kind of real estate that will attract designers, creative professionals and entrepreneurs from around the world.
- China: A formidable force in the global real estate industry – the Chinese contributed some US$18 billion in property investments around the globe. With that the Chinese government has decided to regulate capital outflow, where now state-owned China enterprises are not allowed to invest over US$1 billion in international real estate.

The bottom line – global real estate investment is expected to rise. However, one is urged to do careful research, map all essential investment drivers and look hard at long-term capital gains before making a decision.

Follow our column next week to learn the regional view and what to expect in Malaysia.

Email your feedback and queries to: propertyqs@thesundaily.com