

US Commercial Property vs other asset classes. Investable?

A discussion on USA Commercial Real Estate vs Other Asset Classes in current global conditions.

LONDON, LONDON, UK, August 6, 2016 /EINPresswire.com/ -- With the world still coming to terms with a major reformulation of the political order in Europe, and preparing for what promise to be unpredictable electoral contests in Germany and the US – investors currently face an uncertain world. Increasingly frequent terror attacks in Europe and elsewhere are fuelling a rise in right-wing populism and protectionism that threatens to destabilise the global economic order.

The confirmation of real estate mogul Donald Trump as candidate for the Republican Party in the US is a case in point, with Trump threatening to pull the US out of the World Trade Organisation in order to protect jobs in the US from the forces of globalisation.

In Europe also, protectionist instincts will need to be challenged as new trading arrangements are determined with the UK and negotiations continue around the

troubled Transatlantic Trade and Investment Partnership with the US.

The picture is not clear then, and there are many moving parts which look set to disrupt markets over the medium term. So where should investors looking to hedge against current uncertainty turn?

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Building confidence

While there is much uncertainty, and while stock markets globally took a hit following Brexit and are watching developments nervously, recent data from leading investment house MSCI could give pause for thought for those who think



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Rycal Group / Carlton James Investments

A report issued by MSCI in February revealed that US commercial property funds in 2015 grew a staggering 15.6% according to the PREA/IPD US Quarterly Property Fund Index¹. Even more remarkably, investments in US commercial property have seen a cumulative return of 129% over the past six years.

In fact, US commercial property has outperformed other asset classes, including US bonds (up 4.39% over the period 2011 to 2015), stocks (up 13.45%), corporate bonds (up 4.72%) and commodities (down 10.93%)².

Simon Fairchild, an Executive Director at MSCI puts it like this;

“U.S. real estate open-end funds have produced double-digit returns for six straight years. This period encompasses the remarkable recovery from the doldrums of 2008/2009.”

But Brexit happened, a Trump Presidency looks far less unlikely than it did at the beginning of the year and growth continues to slow in China – surely these themes will change the dynamic?

A key skill for any investor is being able to recognise opportunity – even in times of uncertainty. Market watchers should note of recent announcements from Juwai – China’s biggest international property portal – which is reporting interest in UK property having climbed 40% since the Brexit vote.

So, what is driving growth and interest, even against a backdrop of such uncertainty?

Market fundamentals

While uncertainty abounds, savvy investors realise that market fundamentals don’t change on the back of a single political development. And as in the UK, the fundamental forces at work in the US’ commercial property market create a sound environment for investors.

Global pressures and uncertainty are likely to keep interest rates in the US low over the medium term, ensuring a steady flow of foreign money into the US economy. This in turn will continue to drive demand, and ensure good returns for those willing to invest in supplying this dynamic.

One opportunity to do so are the investments from the [Rycal Group](#), offering entry to the [Carlton James](#) Group who have an investment portfolio focused on the hospitality sector in the US. Carlton James been investing in this market for a while now, delivering returns averaging 17% for the last five years. With a strategy based upon wide-ranging geographical intelligence, Carlton James look also for additional Revenue Generators – for example taking into account a development’s proximity to highways, malls and economic infrastructure – as well as local economics.

[Simon Calton](#), CEO of the Carlton James Sky Watch Inn Group and Rycal Group, says: “Geopolitical upheaval and changes of government have an immediate impact on share prices and investor confidence and can lead to rapid and unnerving market fluctuations. We saw this in the immediate aftermath of Brexit and we should expect more as November’s Presidential elections in the US draw nearer.

“What we have also seen in the subsequent weeks however, is these fluctuations correcting themselves as they adapt to the new reality. The lesson is that investors should keep an eye on the longer-term, and the market fundamentals.”
Simon Calton, CEO, Carlton James

“The US economy remains buoyant and, with the world unsure as to the status of relations between the UK and the EU, is likely to benefit from investors looking for a greater degree of certainty than is currently available in Europe.

“Rycal have a strong track record of making our investments work by developing detailed exit strategies, a diverse portfolio of properties and deep investment intelligence, and we expect Carlton James to be a real source of growth over coming years.”

For more information on the Rycal Group and Carlton James investments please visit <http://www.rycgroup.com/newinvestors>. To arrange an interview or comment from Simon Calton, please contact Liam Thompson at lthompson@sks-london.co.uk or on +44 (0) 203 290 6001.

1. <https://www.msci.com/documents/10199/e667cc74-b4e2-4f72-8d8a-8b88e283b211>
2. <https://www.bullionvault.com/guide/gold/Annual-asset-performance-comparison>

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