

Global Real Estate Private Equity in 2025:
A Market in Transition

In 2025, the opportunistic real estate private equity market is navigating a challenging macroeconomic environment. Persistent interest rate pressure, tight liquidity, and shifting occupier dynamics continue to reshape global deal flow. Yet amid the turbulence, opportunistic strategies have regained momentum. Investors are actively targeting dislocation-driven opportunities, distressed asset workouts, and high-conviction thematic plays across geographies.

From the perspective of executive search, the evolving investment climate is redefining talent requirements. Firms now seek professionals with cross-functional skill sets that span investment underwriting, capital structuring, and asset-level execution. Traditional role boundaries are narrowing as acquisitions professionals must evaluate zoning, ESG compliance, and financing constraints, while asset managers are expected to collaborate on repositioning strategies that respond to tenant demand. At the senior level, there is growing demand for leaders who can engage directly with LPs on co-investment terms, downside protection, and reporting standards. These hybrid capabilities are no longer a differentiator, they are essential. As a result, search mandates have become more targeted and global, with a clear emphasis on talent that can create value across market cycles.

Macro Backdrop

The global real estate market is in the later stages of a reset that began in 2023. While price discovery has improved, recovery remains uneven. Institutional capital is cautiously reengaging, with many LPs looking for outsized returns through distress, recapitalizations, and complex repositioning. Central banks have signalled the end of the tightening cycle. Some, including the European Central Bank and Bank of Canada, delivered modest rate cuts in Q2 2025. However, the cost of capital remains elevated relative to the last cycle, keeping pressure on underwriting and asset-level returns.

Lenders remain risk-averse, which has led to wider bid-ask spreads and limited refinancing options. In this environment, opportunistic funds are well-positioned to provide creative capital solutions. These range from structured equity to rescue capital. The macro backdrop favours managers with flexible capital and in-house operational capabilities.

“We are seeing a market that favours past performance and rewards dedicated strategies with differentiated mandates. LP appetites are returning, and primary cities across North America remain a key focus.”

Head of North America - PE Fund

North America

In the United States, the market is finding traction in distressed and transitional assets. The second quarter of 2025 saw a marked pickup in deal activity around:

- **Multifamily recapitalizations**, particularly in Sun Belt cities where floating-rate loans are maturing and developers face negative leverage
- **Office-to-residential conversions**, driven by favourable zoning changes in New York, Chicago, and Washington, D.C.
- **Distressed hospitality acquisitions**, especially in urban and leisure markets where RevPAR recovery remains uneven

Capital is also flowing into GP-led recapitalizations, preferred equity, and structured credit solutions to address capital stack dislocation.

From a talent perspective, hiring has intensified in capital markets, debt underwriting, and special situations teams. There is also renewed demand for investor relations professionals as fundraising picks up. Multiple large managers, including Brookfield, KKR, and Oaktree, have expanded special sits teams or made senior-level hires to deepen restructuring capabilities.

Looking forward, the U.S. market is expected to consolidate. Fewer, better-capitalized managers are raising larger vehicles with narrower mandates. Talent with strong structuring experience, familiarity with distressed debt, and local asset knowledge will be in high demand.

EMEA

In Europe, recovery is varied across regions but has become more visible in core markets. In Q2 2025:

- The UK and Germany saw renewed investor interest in obsolete office conversions and logistics development, with ESG compliance playing a central role
- Southern Europe, particularly Spain and Italy, has emerged as a hotspot for deleveraging plays, including non-performing loan portfolios and broken residential developments
- Nordic countries have attracted attention for renewable-linked industrial conversions and cold storage demand

Hiring activity in EMEA has increased in London, Frankfurt, and increasingly in Paris. Firms are looking for professionals with experience in:

- Distressed asset underwriting and valuation under volatile pricing assumptions
- ESG-led asset repositioning, as Europe remains the global leader in sustainability-linked real estate transformation
- Cross-border fundraising, with particular demand for investor relations professionals who can engage with capital from the Gulf and Southeast Asia

“DACH remains a key European market going forward, as we see heightened international interest across the continent. Retaining strong asset management talent across our EMEA teams is a priority, and we are increasingly seeing data/AI-literate talent.”

Head of Continental Europe- Global PE Fund

Several global platforms, including Blackstone and Partners Group, have expanded their European special situations teams in anticipation of a stronger second-half pipeline of off-market deal flow and bank-driven disposals.

Asia-Pacific

The Asia-Pacific region remains bifurcated, but with bright spots emerging in several markets. Across the first half of the year:

- Japan continued to attract opportunistic capital, particularly in hotel-to-residential redevelopments and urban retail repositioning. A weak yen has further boosted foreign investor appetite
- Australia saw renewed activity in build-to-rent and logistics assets, especially around Melbourne and Sydney
- Vietnam and Indonesia are gaining investor interest for early-stage development plays, although execution risk remains high

China continues to face headwinds due to regulatory overhang and real estate deleveraging. However, some distressed transactions are being quietly explored by pan-Asian funds with strong local partnerships. Talent movement has been most active in Tokyo and Sydney, with hiring focused on:

- Development-savvy acquisition professionals, especially in mixed-use and hospitality
- Cross-border capital markets specialists, often with Mandarin, Korean, or Arabic fluency to support inbound investment from GCC and North America
- Asset managers capable of driving operational value in transitional assets

Local partnerships remain critical in APAC, where deal success often depends on regulatory navigation and local execution.

“Asia’s resurgence is providing excellent diversification opportunities for global investors. Real asset fundamentals remain strong in key regions, and strong returns are being generated in secondary markets. Fundraising talent across APAC remains challenging.”

Head of APAC (Ex-China)- Global Investment Manager

Global Investment Themes and Talent Implications

Across regions, opportunistic real estate is converging around three themes:

Capital Stack Complexity

Investors are structuring around broken financing, creating opportunities in preferred equity, mezzanine lending, and GP recapitalizations.

Operational Value Creation

Value is increasingly derived from operational intensity. Examples include hotel turnarounds, residential leasing stabilization, and ESG retrofits.

Thematic Conviction

From aging office stock to urban housing undersupply, investors are pursuing high-conviction themes with bespoke strategies.

These themes are reshaping talent requirements. Firms are seeking professionals who:

- Can underwrite across asset classes and geographies with agility
- Possess both capital markets expertise and operational execution capabilities
- Understand how to structure complex, bespoke investment vehicles, including joint ventures and club deals
- Can communicate with LPs at a deeper level, particularly around transparency, customization, and co-investment alignment

Hiring is also being driven by the need to upgrade data infrastructure and investor reporting capabilities. LPs are demanding more real-time performance insights and ESG metrics from client relations teams.

Looking Ahead

The second half of 2025 is likely to see selective but accelerated deal-making. Distress-driven opportunities will continue to surface, particularly as more loans reach maturity and sponsors face liquidity gaps. Investors with dry powder and execution capabilities will find attractive entry points. These will be most visible in urban redevelopment, capital stack resolutions, and ESG-aligned repositionings.

Institutional capital remains ready to deploy but only with managers who demonstrate focus, agility, and deep local knowledge. As capital becomes more concentrated, the talent market will reward those who can lead with precision. The strongest professionals will blend investment judgment, structuring expertise, and operational stewardship.

Occupancy and rental dynamics post-COVID are shaping strategy. Global office leasing has rebounded across the Americas, EMEA, and APAC in Q1 2025. However, office vacancy paints a divergent picture: Tokyo remains tight ($\approx 3\%$), while New York still lingers above 15% and London around 8%. In the U.S. multifamily market, vacancy is dropping as homeownership becomes costlier resulting in both rental yield stabilization and upward pressure on rent levels.

The opportunistic real estate private equity landscape is increasingly defined by measurable market signals.¹ In Q1 2025, global direct real estate transactions surged to US\$185 billion - up 34% year-on-year - with cross-border flows rising 57%, signalling renewed capital confidence. Meanwhile, commercial real estate continues to attract dry powder with around US\$2.6 trillion in unspent capital across private equity, including over US\$500 billion specifically earmarked for real estate needs.

Inflation, once the dominant macro driver, has begun to temper but remains a crucial undercurrent. Central banks have measured rate cuts through Q2 2025, yet real yields remain elevated compared to pre-2022 levels. Funds and LPs note that real estate continues to serve as a hedge against inflation, particularly in multifamily, industrial, and some ESG-aligned sectors.

Opportunity in opportunistic real estate is grounded in firm metrics not just sentiment. Solid deal flow, abundant dry powder, yield premiums, financing innovation, inflation hedging benefits, and occupancy trends all support a market poised for selective growth. This means a premium on talent who can interpret complex data, structure bespoke capital, and execute across asset classes and geographies. The next wave of leadership success will lie in professionals who marry analytical insight with hands-on operational excellence.

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Source: "Global Real Estate Perspective, August 2025," JLL, <https://www.jll.com/en-us/insights/market-perspectives/global>

97% +

Completion rate

100%

Commitment to delivering
diversity

2015

Established

50+

Cities where we have
delivered globally