



Home and away

How GCC real estate investors
are allocating capital across the
UK, Gulf, and US

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Foreword



Commercial real estate investment in the Gulf Cooperation Council (GCC)¹ and United Kingdom (UK) is jointly tied in its appeal for GCC based investors, emerging as top destinations for capital allocation. As domestic opportunities, particularly in the UAE and Saudi Arabia continue to expand, the UK retains strong appeal due to its familiarity, regulatory stability and global connectivity. The United States, while still significant, now ranks a solid third in investment priority, with other international markets trailing further behind.

Having interviewed experts from across the GCC investor landscape, we anticipate an 11-20% increase in UK commercial real estate investment from GCC based investors in 2025. This follows a more cautious period of capital deployment. Amid ongoing uncertainty in the US, driven by shifting trade tariffs and policy changes, investors are increasingly viewing the UK as a stable and competitive destination, reinforcing its position as a leading global investment hub. We estimate that the UK bound investment from the GCC will reach £3.4 billion by the end of 2026.

Within the GCC, Saudi Arabia and the UAE stand out as particularly attractive investment destinations due to their growing supply and diversity of opportunities. While market dynamics vary across the GCC, the trend is clear: investors who once focused on markets abroad are now complementing international acquisitions with assets “in their own backyard,” particularly in Saudi Arabia² and the UAE³, where returns have been strong.

In this report, we unpack the current state of play within the commercial real estate investment market in the UK and beyond. We examine the key factors driving GCC investors' capital allocation decisions, their perspective on the UK market, and the asset classes driving GCC demand.

Crucially, we see three key trends shaping international real estate allocation from the GCC in 2025:

1. **Transatlantic battle for capital:** The UK and US continue to dominate international real estate investment appetite for the GCC, but the UK has a slight edge.
2. **Increased domestic competition:** As the UAE and Saudi Arabia present more compelling opportunities, the UK and the US face growing competition for GCC capital from within the region's own backyard.
3. **UK focus shifts to logistics:** Within the UK, warehousing and logistics are becoming more favoured than the living sectors.

This marks Bank of London and The Middle East's (BLME) fourth annual report on market sentiment. While the general mood of advisors towards the UK is positive, some caution persists regarding the new Government's policy direction and the relatively low returns currently available to GCC investors. With regional opportunities in the Gulf becoming more attractive, the UK must work harder to maintain its status as a top investment destination. Traditional draws such as cultural ties and historical connections may no longer be sufficient to secure capital from today's increasingly discerning GCC investor.

A handwritten signature in dark blue ink that reads "Khaled Atanani". The signature is fluid and stylized, with a long, sweeping underline.

Head of Real Estate Finance and Investments, BLME

¹ The GCC includes the Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman.

² [Saudi Arabia's Real Estate Market: Key Insights & Trends](#), Nimbus

³ [New UAE property hotspots emerge in 2025 as prices soar across all emirates](#), Gulf News

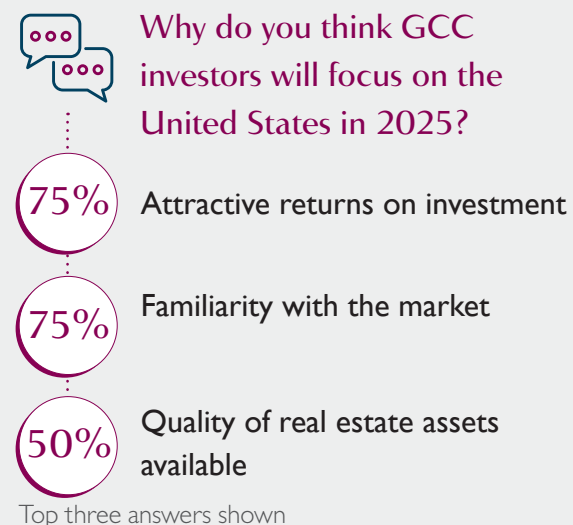
Transatlantic battle for capital

Throughout our research, it's clear that UK and US commercial real estate has long played a significant role in the international investment portfolios of GCC investors. This is set to continue, with the UK now currently experiencing an edge over the US.

Both jurisdictions benefit from the lack of language barrier (English is widely spoken in the GCC), strong and transparent legal systems, deeply rooted cultural connections, as well as access to world class education and healthcare. For those reasons, GCC investors choose to have their second homes in the UK and US. They also have their own unique advantages and challenges.

The US market in particular benefits from all GCC currencies bar the Kuwaiti dinar being pegged to the dollar (the Kuwaiti dinar is pegged to a basket of currencies including the US Dollar). Pegging to the dollar provides GCC investors with stability – in a volatile global economic context, the added value of this cannot be underestimated. The GCC was also the first region to be visited by the newly elected President Trump in May⁴, showcasing the importance of diplomatic relations between the two powers.

The sheer scale and number of opportunities available mean many investors remain bullish on the US. As one of the world's largest unified markets, the US offers a diverse range of investment opportunities, buoyed by sophisticated debt markets enabling easy access to liquidity.



For GCC investors, the US is seen as the location which has the potential to deliver substantial investment returns. Tareq Hawasli, Co-Founder at Darin Partners, notes that:

“With the US, there's a perception of safety and familiarity. Political disruption has created some hesitation but when it comes to stable, income-generating assets, the US remains their top choice.

The higher yields, lack of currency exposure, and the geographic scale of the US all continue to make it a compelling destination for GCC capital.”



US reciprocal tariffs are yet to have an impact on GCC investor appetite. But our interviewees told us that inevitably, if those tariffs begin to impact the occupiers of commercial real estate such as manufacturers or distributors, this will have a knock-on effect on the viability of some commercial spaces and therefore investor demand. Investors will have to look carefully at which tariffs are going to be around for the long term and what sectors will be most impacted.

Some interviewees told us that the broader political situation has resulted in clients pausing new US allocations because the market is seen as unpredictable. Bassam Kamashki, Managing Partner at AIN Partners, is particularly bearish on US prospects:

“The US has been downgraded in the preference of GCC investors, by at least two to three notches. With what's been happening for the last year or so, I've started to see a pattern of lack of confidence in the US system overall.”

Whereas the US is valued for opportunistic and value-driven investments, the UK is by contrast used by GCC investors for predominantly lifestyle and legacy reasons – as well as a place for wealth preservation and holding more long-term assets. The GCC has a long-standing ‘love story’ with the UK. As we've explored in previous reports, factors like convenient travel time and a world-renowned education system are a key pull many GCC investors feel to the country.

Any uncertainty in the US is an opportunity for the UK to step up and pitch itself as the top investment location to GCC investors looking for stability. As tariffs introduce an element of the unknown into the US economy, the UK, while facing its own challenges, will potentially benefit.⁵ The new US tariffs pose a major question mark for investors and their advisors.

All survey respondents agreed that GCC investment in UK commercial real estate will either remain the same as 2024 or increase – indeed, over half think it will see an uplift. 60% ascribed this to an environment of falling

interest rates and a competitive banking market. Our interviewees are more bullish about the UK this year compared to last year's survey, in which 44% thought GCC investors' commitment to the UK would be stronger than in 2023.

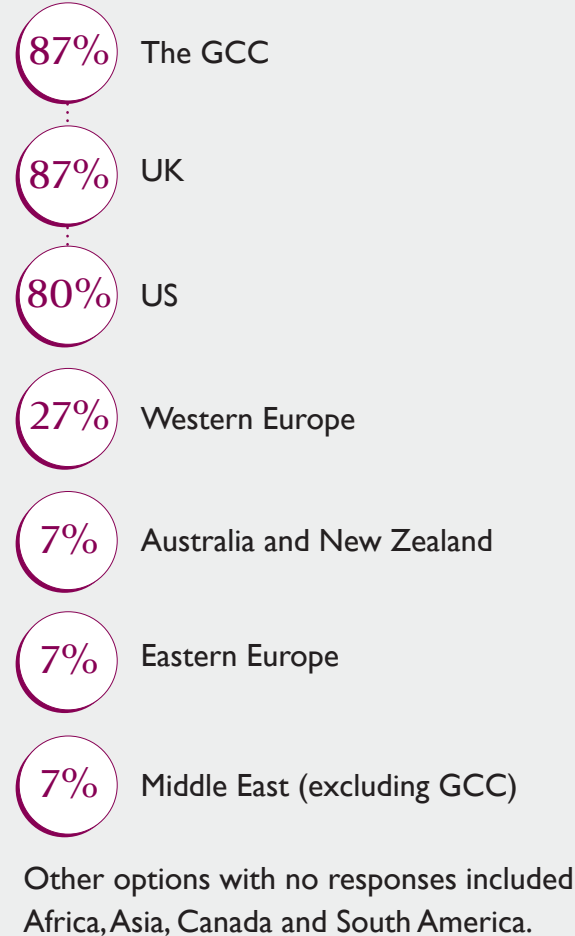
Karim Si-Ahmed, Managing Director at Sousou Connect, references uncertainty in the US as a key driver:

"When people are nervous, they tend to be more open to alternative investment jurisdictions.

From a macro point of view, the fundamentals haven't really changed in the US. But it's perception, and GCC investors are very much driven by perception."

It is important to note that the differences between the US and the UK for GCC investors are ultimately marginal, but also susceptible to further change, and tariffs are unlikely to fundamentally alter long-term appetite for US real estate. The extent to which the US and UK are favoured over other international jurisdictions remains significant.

Which regions do you anticipate GCC investors will focus on for commercial real estate investment opportunities this year?



Respondents were asked to select three options.

The GCC – In search of opportunities in their own backyard

The UK and US may retain the crown for most attractive international investment locations, but investors are also seeking to deploy capital in the Gulf, either in their home or neighbouring states.

The GCC, alongside the UK, jointly topped our experts' list of priority investment locations, with respondents attributing this predominantly to a stronger economic growth outlook, familiarity with the market, attractive returns on investment, and government-led development initiatives.

While sentiment towards the UK and US is improving following a period of elevated interest rates, there is a consensus that, until interest rates come down further, GCC investors will look closer to home for high-yielding opportunities.

Wealth generation in the GCC has resulted in increased opportunities to invest locally. This includes not just big-ticket projects such as Saudi Arabia's Neom city, but asset classes which, up until a few years ago, you would not have found in the region, such as data centres⁶ and life science campuses.

Paddy Allen, Chief Executive Officer at Kinetic Capital:

"As infrastructure has been built and improved across many GCC countries, now there is a good reason to be investing there. You only have to look at the number of businesses that are opening offices in the GCC or relocating people there, especially in the UAE."

Strong economic fundamentals such as structural reforms, infrastructure reforms and increased regional integration have created a feeling of a goldrush in the United Arab Emirates (UAE)⁷ and Saudi Arabia⁸ in particular. This is being compounded by investors rallying to invest at home when markets abroad seem less attractive. There's a strong 'fear-of-missing-out' element that drives investment interest across the region.

The success of BLME's KSA office, opened in 2023, is testament to the continued interest in Saudi commercial investment.

⁶ [Region poised for huge investment in data centres](#), MEED

⁷ [The future of UAE infrastructure](#), Turner and Townsend

⁸ [Is Saudi Arabia Giving Up On Oil?](#) Forbes

Ashraf Alsawafiry, Chief Commercial Officer at BLME Capital Company, said:

“The success of BLME’s KSA office reflects the firm’s strategic focus on meeting the growing demand from investors for local real estate funds - an area aligned with the Kingdom’s ongoing economic development.”

There’s a sense that the current window of opportunity may not remain open forever, so there’s a strong drive to act quickly, reminiscent of early-stage Dubai.

Dubai, according to the Knight Frank Wealth Report, topped this year’s Prime International Residential Index, proving it has solidified its reputation as amongst the top residential markets on the planet.⁹

GCC returns continue to outperform developed markets like the US, UK, and Europe, particularly the UAE and Saudi Arabia, where the economies have been booming. Indeed, it has been predicted that GDP in GCC countries, such as the UAE, are set to outpace the global economy in 2025.¹⁰

There’s been a huge inflow of capital into property in both markets, and prices in residential and commercial sectors have risen sharply. Henry Faun, Partner, Private Office Middle East, Knight Frank comments:

“The UAE property market has experienced a strong run in recent years, and the outlook remains optimistic. Meanwhile, Saudi Arabia is leveraging its own financial

resources to develop multiple new cities across the country. This is creating a ripple effect across sectors such as consultancy, infrastructure, and the broader ecosystem that supports these developments.

Major trading families and other key investors are fully aligned with the Kingdom’s vision. Having already witnessed significant transformation, they remain confident in its continued progress.”

Over the past three years, GCC investors have primarily focused on identifying and investing in local development projects, capitalising on strong regional growth and government led initiatives. They only start looking to deploy capital outside the region when they’re concerned about diversification.

As Nick Green, Partner at Trowers & Hamlins, notes:

“Some investors are asking themselves ‘why invest outside the GCC right now? Why chase a potentially risky 6 - 7% return in the UK - or even slightly higher in the US - when on some projects we’re getting double-digit returns here?’”

While GCC markets are rapidly diversifying, some Gulf nations do not yet have the same deep, investible secondary market that you’d find in traditional developed markets.

The market hasn’t yet reached the point where investors can reliably sell to a broad range of buyers beyond the domestic market. In this regard there is still a lag with rival international destinations, but a secondary market is beginning to emerge, which adds depth to the investment landscape.

Tareq Hawasli comments that when you look beneath much of the GCC’s economic expansion, its constituent nations are not yet fully-fledged industrial powerhouses:

“In contrast to the GCC, countries like the US, UK, Europe, Japan, and other G20 nations are established industrial economies.

They manufacture cars, semiconductors, planes, and other critical infrastructure. The GCC is making efforts to move in that direction - but it’s a long-term journey. Yet, they’re making rapid advancements in the early stages of that transition.”

A trend towards retaining capital within the Gulf could potentially threaten the UK’s ability to attract GCC investment. GCC investors need to see UK companies convincingly make the case for investment in the UK.

Unlocking the planning system, in particular for large infrastructure projects which have too often been held up or abandoned completely amidst cumbersome regulation and bureaucracy, could be a gamechanger for GCC investors looking at where in the world to place capital.



What percentage of survey respondents selected ‘Stronger economic growth outlook’ as a motivation for investing in commercial real estate in select countries?

GCC

71%

UK

23%

US

25%



⁹ The Wealth Report 2025, Knight Frank

¹⁰ FAB launches annual outlook report, predicting GCC to outpace the global economy in 2025, First Abu Dhabi Bank

Spotlight on the UK: GCC investment strategies in focus

Safe as warehouses

Having seen slightly lower levels of GCC investor activity during a period of elevated interest rates, the UK's commercial real estate market is now seeing activity increase. Whilst projected interest rate cuts over the next 12 months are impacting positively on investor sentiment, our experts agreed that significant activity will return in step with lower interest rates.

While the outlook remains uncertain, the UK is still more affordable than it was a year ago, when it comes to acquiring assets. There are now well-priced deals to be had in the market where pricing had previously been expensive.

Warehouse and logistics assets are of particular interest to GCC investors, with 80% of respondents saying their clients were focused on this. Investors see this as a good long-term bet, and over the last couple of years 'last mile' delivery has become particularly appealing.¹¹ With supply not expected to catch up to demand any time soon, this is considered a safe bet for any GCC investor.

Alexandre Daoud, Head of Capital Markets Middle East, Panattoni:

"Retail has been suffering for a long time, and as retail has declined, something else has replaced it - namely logistics and industrial."

When people aren't consuming physically, they're consuming digitally. That shift is why retail is fading, and logistics is gaining market share."

Importantly for BLME and others in the Islamic finance space, logistics don't traditionally pose Sharia compliance issues, unlike potentially hotels or retail. It is an uncomplicated asset class for that subset of GCC investors to home in on.

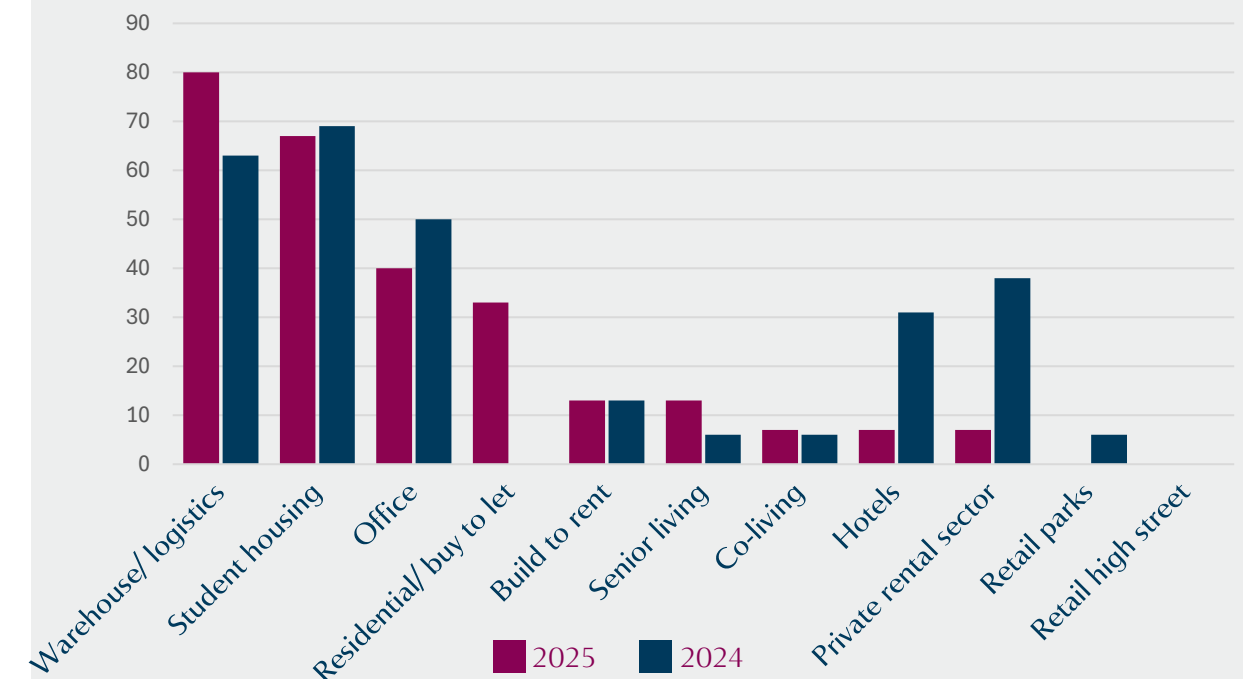
While warehousing experienced a year-on-year increase in popularity (compared with 69% in 2024), Private Rental Sector (PRS) investments saw a significant decline, from 38% in 2024 to just 7%.

Proposed reforms to the PRS through the Renters' Rights Bill are injecting instability into the market according to Lisa Amin, European Real Estate Business Development, Kuwait Financial Centre (Markaz):

"These raise questions around landlord rights, operational complexity, and long-term income predictability, prompting many to delay investment until there's greater clarity."

This uncertainty is also affecting student housing, especially with talk of rent controls, as we've already seen in Scotland."

When investing in UK real estate, what sectors are your clients focussed on over the next year?



Case Study - Colebrook Industrial Estate

What did BLME do?

BLME collaborated with Kuwait Financial Centre (Markaz) to provide a £17.5 million facility supporting the acquisition of a logistics centre in Royal Tunbridge Wells, South East England. The partnership formed part of a joint venture between Markaz and Delin Property. The facility also provides funding for capital expenditure which will enhance the asset's environmental credentials, turning it into a Grade A Logistics Centre.

Why?

The 200,000 square-foot warehouse on the Colebrook Industrial Estate in Royal Tunbridge Wells is considered the town's premier logistics hub.

Located 35 miles southeast of Central London, the site is well connected through a comprehensive road network which offers direct transport links to the Capital. The site presented a significant value-add opportunity, considering the structural undersupply for Grade A stock in this asset class.



¹¹ UK parcel delivery volumes to reach 1.29 billion over festive period, research suggests, Logistics Manager

When investing in the UK, do GCC clients have preferred locations / regions to invest in?

- 1 London
- 2 Manchester
- 3 Birmingham
- 4 Glasgow
- 5 Bristol
- 6 Liverpool

According to Knight Frank's Next Gen Living¹² report, which surveyed 56 institutional investors, investors are adapting to the bill by shifting focus to build-to-rent and student housing, which offer more predictable return.

GCC investors may be put off PRS investment after seeing how politicised the housing sector has become and the resulting risks.

The UK PRS sector is typically much more fragmented and difficult to access than other sectors and countries, meaning most residential buildings are sold off on a strata basis, making it difficult to build an aggregation strategy.

While PRS investment is facing its own challenges, Purpose Built Student Accommodation (PBSA) continues to be high up the list of investor priorities, with 67% of respondents saying it is a focus for their GCC clients, a similar level to last year. With demand continuing to outstrip supply, it remains a convincing proposition for investors.¹³ As Nick Green noted:

"Investors see that the projected supply shortage in these areas isn't likely to catch up with demand any time soon – possibly not over the next five, six, seven years.

Even the Government's attempts to tweak the planning system haven't been very successful so far."

A shift in the regions?

As in previous years, London undeniably continues to dominate GCC investors' location preferences. Bassam Kamashki notes

"GCC investors are very savvy, and they understand the power of the big six cities when it comes to the UK market fundamentals, so it's not only London Prime Market where yield and capital growth can be achieved.

For example, they understand the shift of capital, the relocation of employers like the BBC to Salford, which creates jobs and, in turn, demand for homes.

This makes them very comfortable with investing in the UK market. Not to mention the obvious reasons, such as the proximity and connectivity to the GCC region, time zone, and most importantly the availability of UK- market service providers with strong presence in the GCC especially out of Dubai, UAE."

Location is important, but GCC investors are predominantly driven by the merits of an individual asset rather than a particular city. Alexandre Daoud adds that:

"Regional markets each have their own strengths, and it really depends on what and how you're investing.

For example, in industrial and logistics, location is less about the city and more about proximity to infrastructure - access to highways, supply chains, and consumption hubs.

So, it doesn't matter much whether you're in Manchester, Birmingham, or elsewhere; it's about being near key arteries and avoiding oversupplied areas."

How long do you typically tend to hold real estate assets outside the GCC?

- 60% 3-5 years
- 27% 5-10 years
- 13% It depends on the market opportunity

¹² HOME - NextGen Living 2025, Knight Frank

¹³ UK Student Housing Report, JLL and QX Global Group

Tarek Germanos, Chief Investment Officer at SFO Capital Partners, highlights the growing appeal of the North West:

“The logistics market in and around Liverpool and Manchester is particularly compelling, with a clear mismatch between strong occupier demand and a limited supply of Grade A space making it far more attractive than more mature and saturated markets like London”

Although hold periods can heavily depend on strategy and type of asset, we have found that GCC investors are typically holding onto assets outside the GCC for 3-5 years.

Nick Green suggests the reason for this might be that:

“The focus right now seems less on wealth preservation and more on chasing opportunistic returns. Traditionally, GCC family offices - who have been major buyers of UK commercial real estate - tend to hold assets for 5, 7, 8, even 10–12 years.

They’re typically longer-term holders. If you’re seeing hold periods of just three to five years, that’s more indicative of investment managers or other opportunistic investors buying, perhaps with a plan to sell down to their high-net-worth and family office clients.

Ultimately, those clients are looking for investment returns, not preserving wealth across generations like traditional family office strategies might be.”

Conclusion

Over the next year, the UK will continue to offer GCC investors incredibly attractive investment opportunities, be they in London or Birmingham, logistics or PBSA, residential homes or buy to let. The historical and cultural affiliation which many Gulf citizens and residents feel towards the UK plays no small part in bringing investment here – it is in many ways the foundation which underlies their activity in commercial and residential real estate markets.

The US and UK have long been close competitors in the race for GCC capital, and both are significantly ahead of competitors in Europe and beyond. While both the UK and US share similarities in terms of fund deployment, their roles differ in GCC investor strategy.

The UK is typically viewed as a safe haven – a place for wealth preservation and long-term asset storage. The US, on the other hand, is seen as more opportunistic and value driven. It offers higher return potential but comes with more complexity. With the US, as our contributors have noted, now in an era where the traditional norms that had underpinned it have been subverted, we expect that the UK’s appeal as a safe and stable investment destination will be heightened amongst GCC investors.

While interest rates have not yet dropped to a level to precipitate a flood of capital into the market, investors remain confident that once the wider macroeconomic conditions align, investors will ramp up UK investment once again. But investor concern remains around a potential ‘wealth tax’¹⁴ and a broader government raid of global wealth following ‘non dom’ tax reforms which effectively abolished the concept of ‘domicile’ for most UK tax purposes in April this year.¹⁵

The UK market must not rest on its laurels. In the face of increasingly attractive and diverse investment opportunities within the Gulf, especially Saudi Arabia and the UAE, the UK must loudly and confidently make the case that the UK is the optimal place for capital deployment, in particular in its logistics and student housing sectors. While the UK may not be able to offer investors the same benefits found in investments closer to home - such as lack of currency exposure – its developed markets, transparent legal system, and robust economy all continue to make it a convincing investment case.

The UK needs to work hard to demonstrate it is still a worthy location for GCC investors – longstanding cultural connections can no longer be taken as enough of a driver for investment levels to continue rising.

¹⁴ [Downing Street flirts with wealth tax despite exodus fears](#), City AM

¹⁵ [Non-doms: Is it too little too late for a govt U-turn?](#) FT Adviser

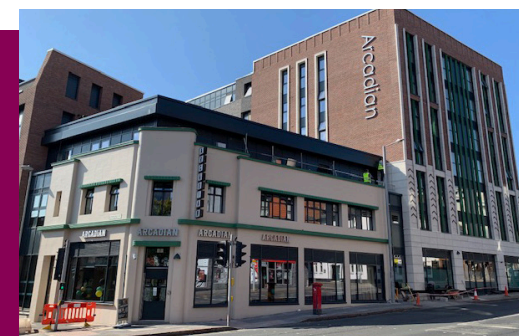
Case Study - PBSA projects in York and Nottingham

What did BLME do?

BLME provided £45 million in financing to support two PBSA projects backed by Urbium Capital in York and Nottingham. This included an £18.5 million, 20-month development facility to a subsidiary of Urbium Living Fund I to support a new build scheme at 15 Foss Islands Road, York. It also extended a £26.3 million, three-year refinancing facility to another Urbium subsidiary for The Arcadian in central Nottingham. This follows the Bank’s original 18-month development facility, which completed in June 2023.

Why?

The UK PBSA sector continues to offer compelling fundamentals, underpinned by acute supply-demand imbalances. Both sites are situated within a short distance of York’s historic city walls, vibrant city centre, and to the city’s two universities – The University of York and York St John University.



Interviewees and respondents

We would like to extend our gratitude to the following individuals, who contributed to this report:

- **Alexandre Daoud**, Head of Capital Markets Middle East, Panattoni
- **Tarek Germanos**, Chief Investment Officer, SFO Capital Partners
- **Lisa Amin**, European Real Estate Business Development, Kuwait Financial Centre (Markaz)
- **Bassam Kamashki**, Managing Partner, AIN Partners
- **Henry Faun**, Partner, Private Office Middle East, Knight Frank
- **Nick Green**, Partner, Trowers and Hamblins
- **Tareq Hawasli**, Co-Founder, Darin Partners
- **Paddy Allen**, CEO, Kinetic Capital
- **Karim Si-Ahmed**, Managing Director at Sousou Connect

Methodology

Between May 22nd and June 6th, we conducted an online survey among a panel of 15 GCC investment experts working in commercial and residential real estate, who are BLME contacts.

We also conducted in-depth virtual interviews with 9 of those contacts between June 19th and July 3rd.

If you're keen to explore the opportunities in UK real estate investment, then please email the team at BLME:
propertyfin@blme.com