

Global recovery boosts tenant expansion in 75% of markets

- **Outlook for property in Non-Japan Asia and Latin America most positive, though improvements are reported in Russia and Germany**
- **Rent expectations turn positive for the first time in this recovery in France and Germany, while there were rental improvements in much of Emerging Europe**
- **'Peripheral' European countries Portugal and Spain see a further deterioration in sentiment, while the occupier recovery stalls in the UK**

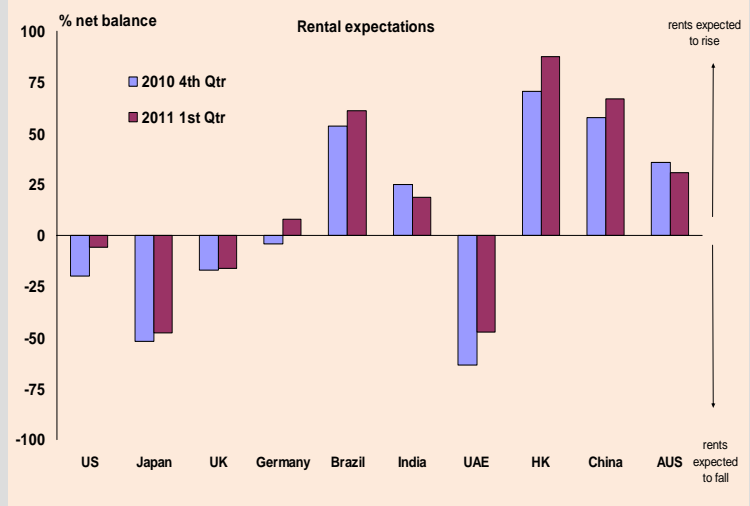
The RICS Global Commercial Property Survey for Q4 suggests that, while there remains evidence that emerging markets are generally outperforming the more established markets, there are some notable cases where the divide is closing. Countries where respondents were most upbeat were, once again, China, Hong Kong, Singapore and Brazil, though there were marked improvements in Germany and Russia. Market conditions generally appear worse in 'peripheral' European regions, the UK and Japan.

Occupier markets have firmed, with 75% of the reporting countries indicating greater demand from tenants than in the previous 3 month period. Significantly, respondents suggest that rental expectations are picking up; expectations for rents improved compared to the previous quarter with just under two thirds of countries now expecting rents to rise in Q1 2011.

Worth noting are Western European countries where rental expectations have turned positive for the first time in this recovery. Indeed, Germany, Austria, France and Switzerland have all seen a turnaround this quarter. Meanwhile rental improvements have been seen in much of Emerging Europe, with Bulgaria, Hungary and Romania the exceptions. The pick up in rental expectations seen in Europe is more modest compared to that in Asia and Latin America; the highest net balance was recorded in Peru, with Central America leading Argentina, China and Brazil. Rental expectations improved markedly in Russia, where the net balance shot up from +38 in Q3 to +64.

On the investment side, capital value expectations were once again strongest in Latin American countries and Asian countries ex-Japan. Peru and Argentina rank above China and Singapore, with respondents in Russia and Hong Kong also indicating strong growth in capital values.

Interestingly, this survey has seen a turnaround in US investor sentiment as capital value expectations picked up and moved into positive territory. Indeed, the improvement from -6 to +15 is a move that



may mean we are starting to see a stabilisation in market conditions following 2 years of persistent declines.

Elsewhere, strong results came from Russia and Germany as both countries saw the fortunes of their respective real estate markets bounce on more fertile economic conditions. Both occupier and investment markets improved markedly in Russia, while in Germany it was the turnaround in capital values that was most prominent; improving from +19 to +45. The pick up in rental expectations was more modest as it moved up from -4 to +8. Respondents also suggested that conditions are becoming more favourable in Poland.

Results from China and Hong Kong suggest that, despite the ongoing attempts from authorities to cool the market, activity remains buoyant. Both rents and capital values increased at a similar or better pace than last quarter.

Meanwhile, sentiment continues to deteriorate in Japan as property professionals expect further rental declines in the coming quarter. The mood among respondents in the UK is, on balance, still downbeat but there are signs that tenant demand is now stabilising.

Moreover, 'peripheral' European countries such as Portugal, Ireland, Spain and Greece are seeing the net balance drop for most indicators as debt burdens remain most pronounced.

Global commercial property expected capital values for Q1 2011

	US	Japan	UK	Germany	Brazil	India	UAE	HK	China	AUS
2009 Q3	-53	-63	-8	-16	81	24	-36	43	35	-42
2009 Q4	-54	-86	-1	-37	59	11	-56	22	46	11
2010 Q1	-38	-39	1	-20	67	24	-61	77	39	22
2010 Q2	-17	-33	-10	-9	52	33	-67	24	38	29
2010 Q3	-6	-30	-11	19	87	28	-49	78	54	43
2010 Q4	15	-44	-18	45	53	9	-33	72	81	23

*Balance = Proportion of surveyors reporting a rise minus those reporting a fall (if 30% reported a rise and 5% reported a fall the unadjusted balance will be 25%)
Total number of survey contributor offices = 410



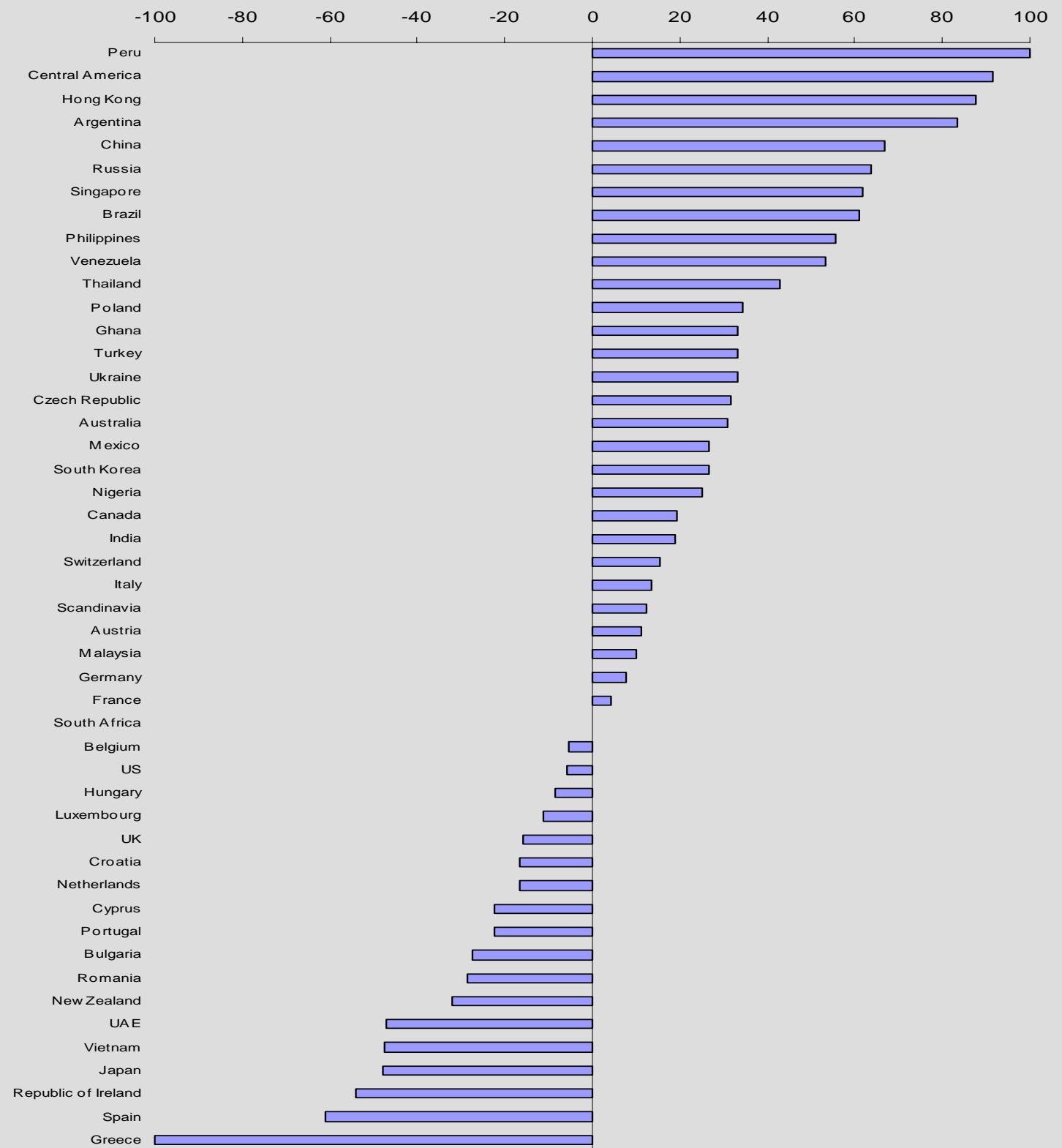
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Country statistics - Expectations for Q1 2011

Rental expectations for Q1 ranked by net balance scores



Central America is made up of Panama, Nicaragua, Honduras and Costa Rica

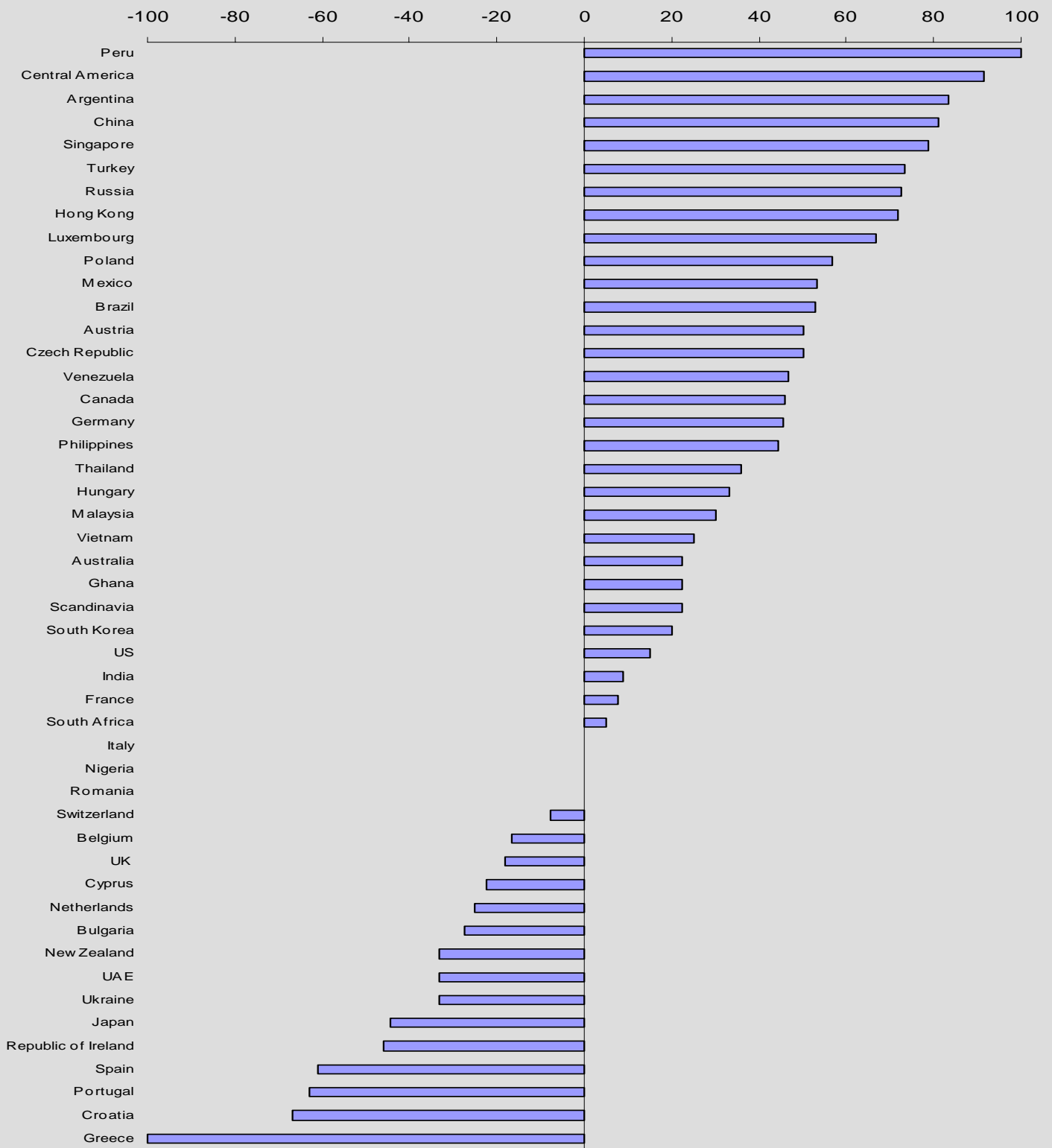


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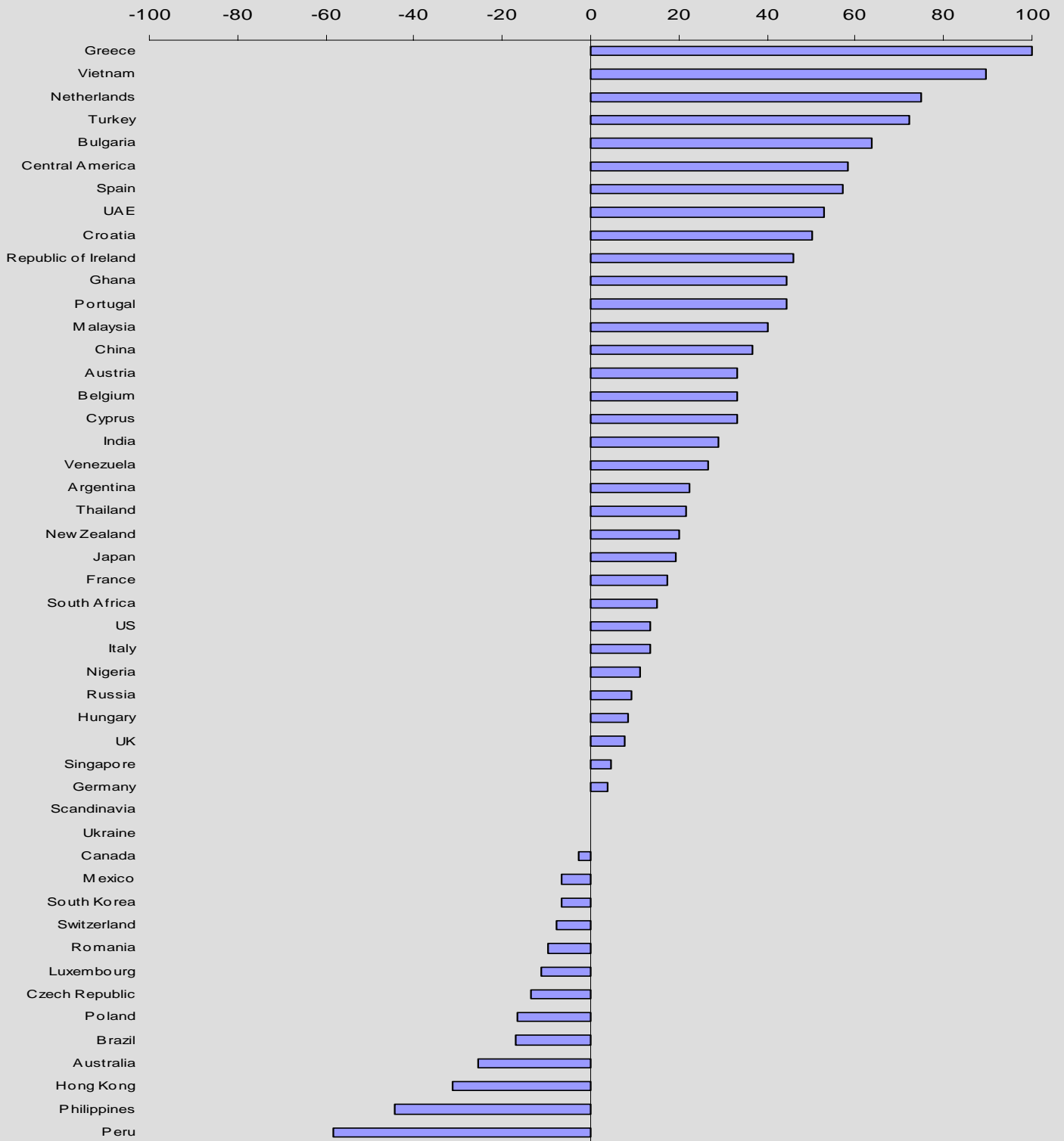
Country statistics - Expectations for Q1 2011

Capital value expectations for Q1 ranked by net balance scores



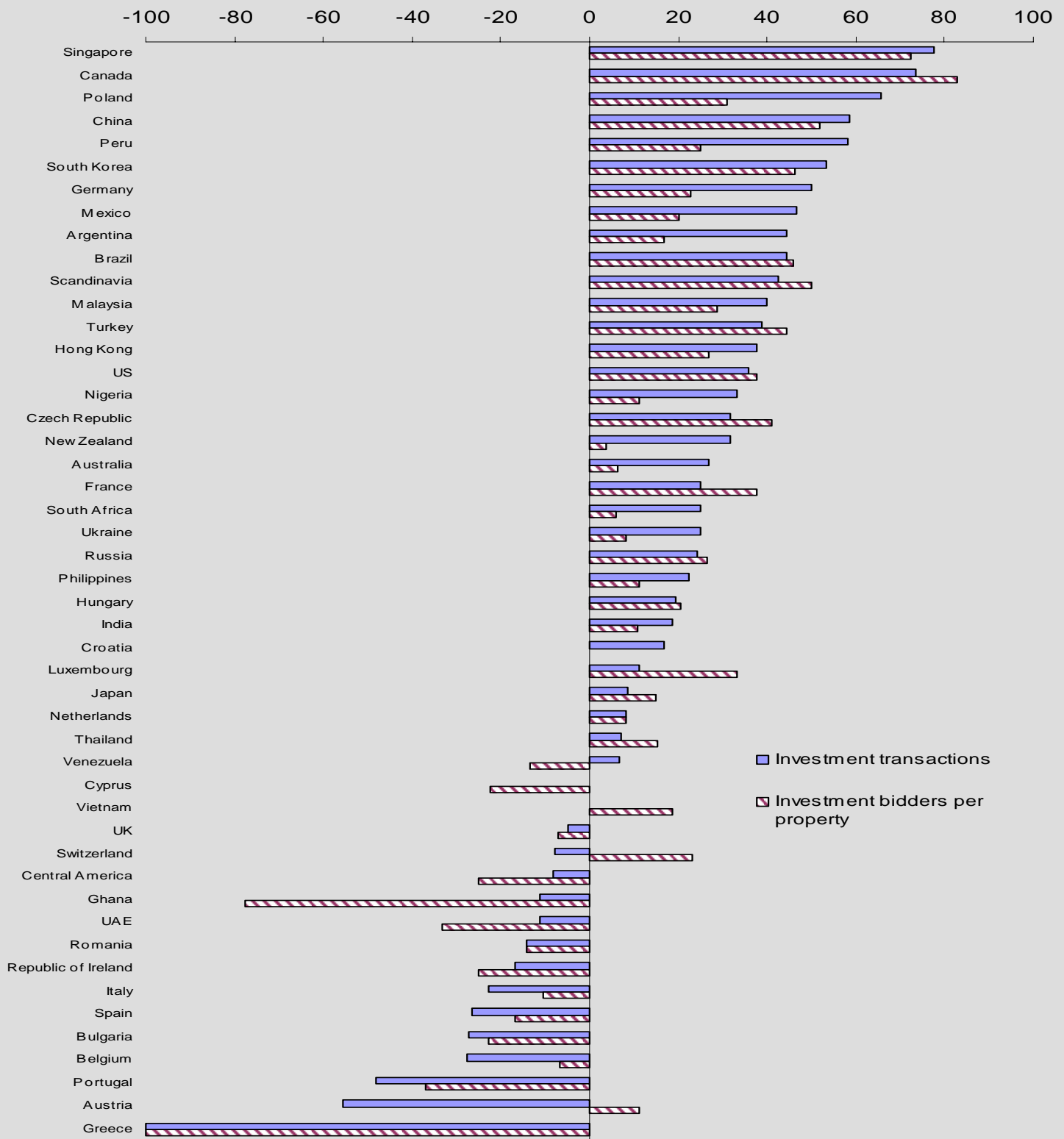
Country statistics - Reported available space Q4

Available space in Q4 ranked by net balance scores



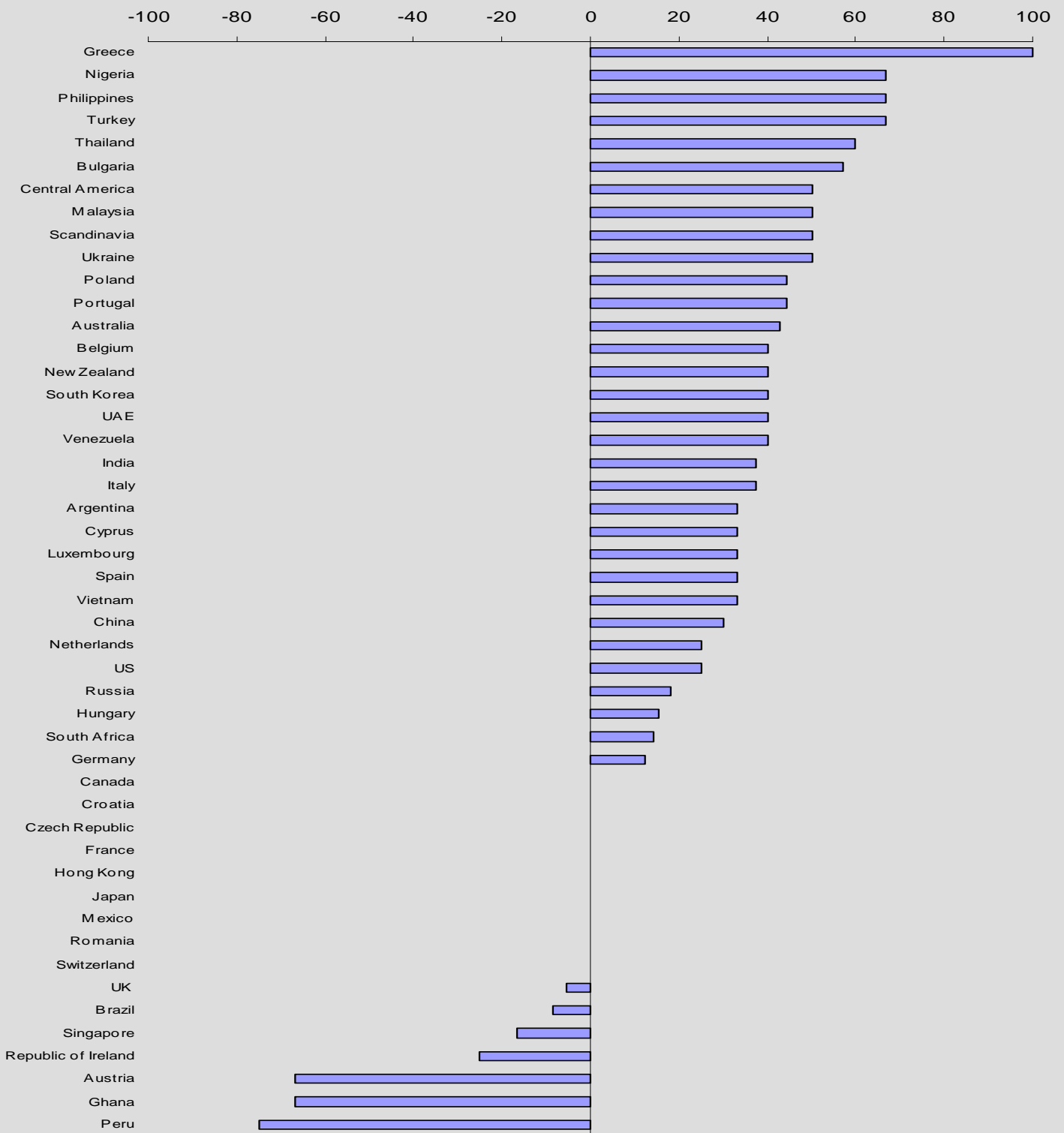
Country statistics - Investment transactions in Q4

Investment transaction activity in Q4 ranked by net balance scores



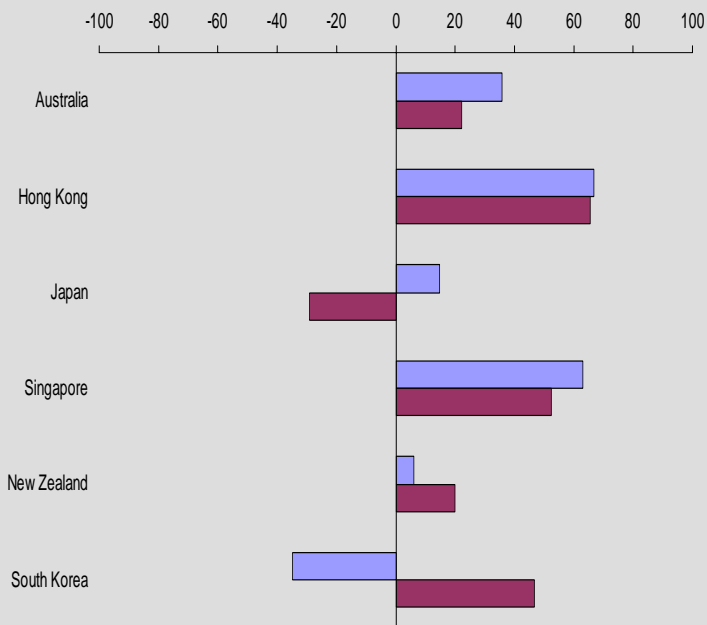
Country statistics - Stock of property in Q4

Change in the stock of investment property to purchase in Q4

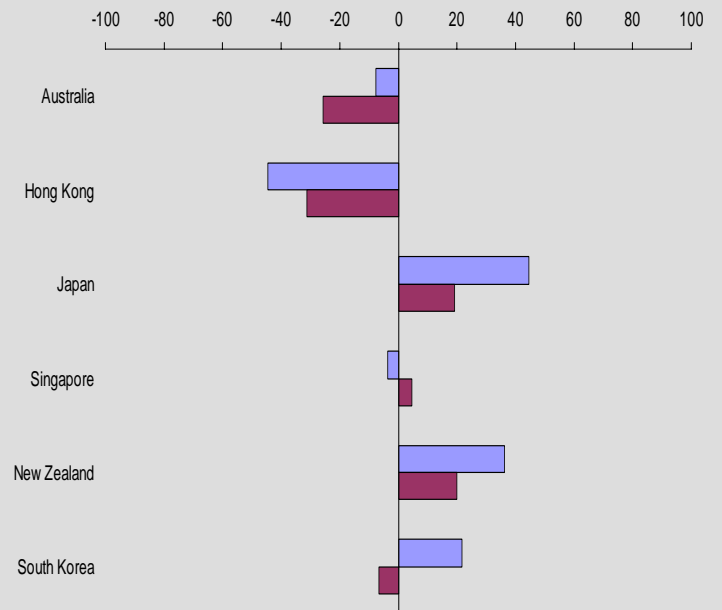


Regional statistics - Developed Asia / Australasia

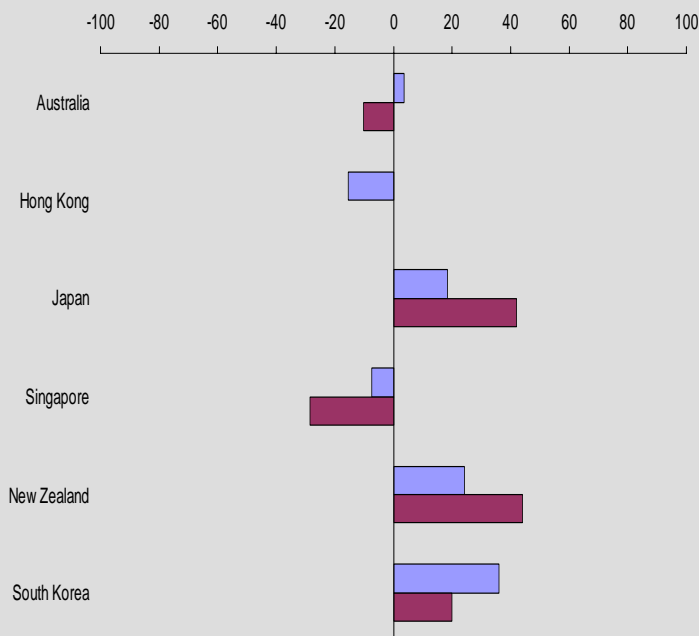
Tenant Demand



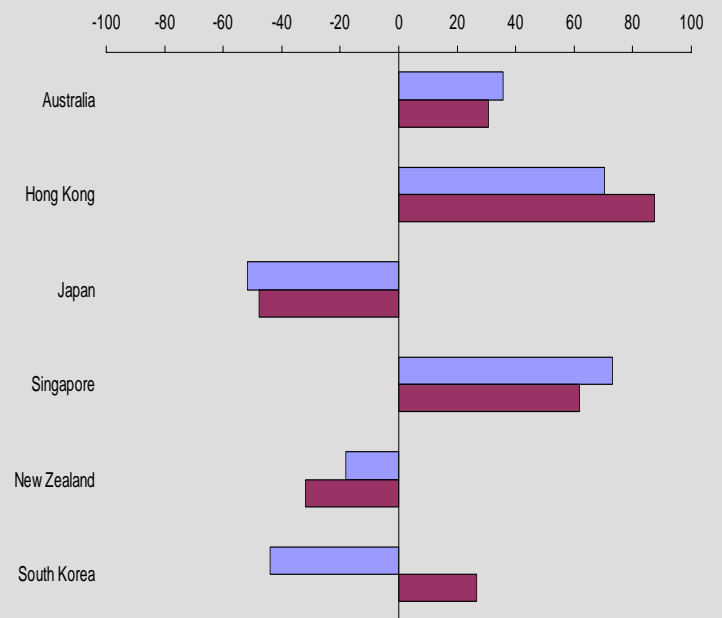
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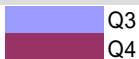
Inducements



Rental Expectations



Key for country charts

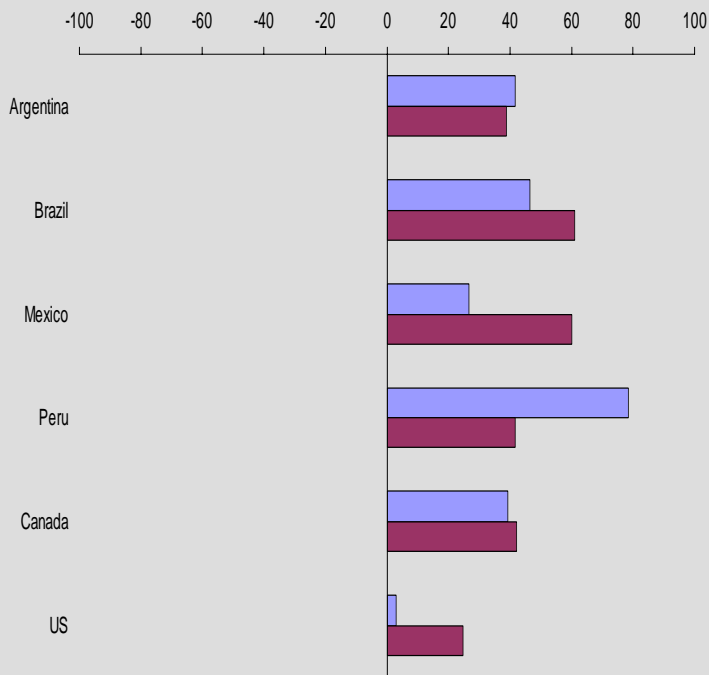


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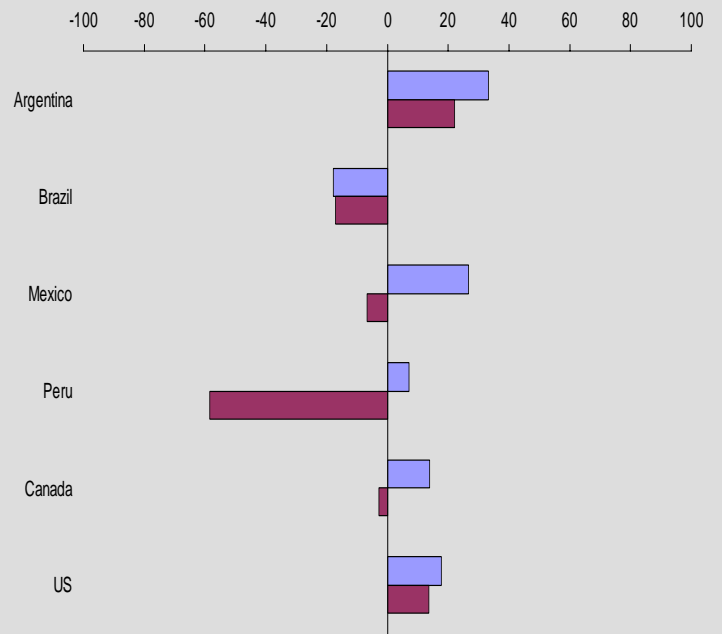
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Regional statistics - Americas

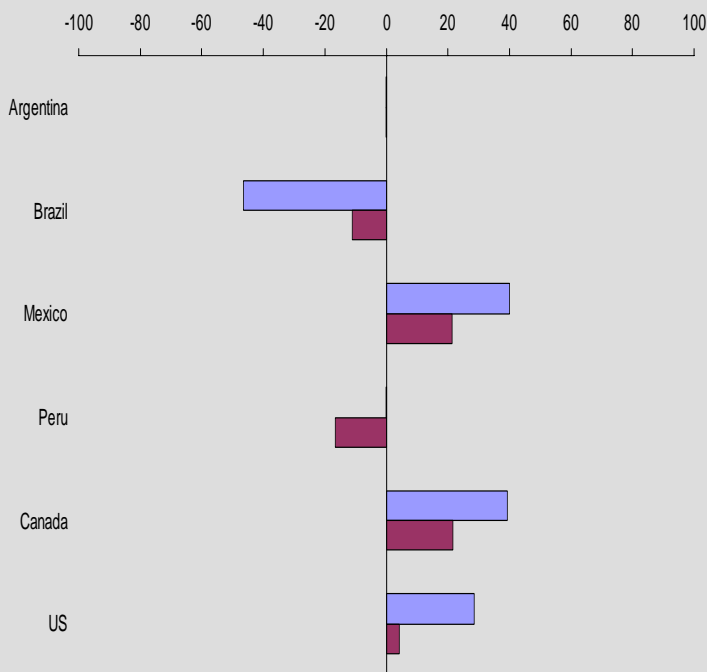
Tenant Demand



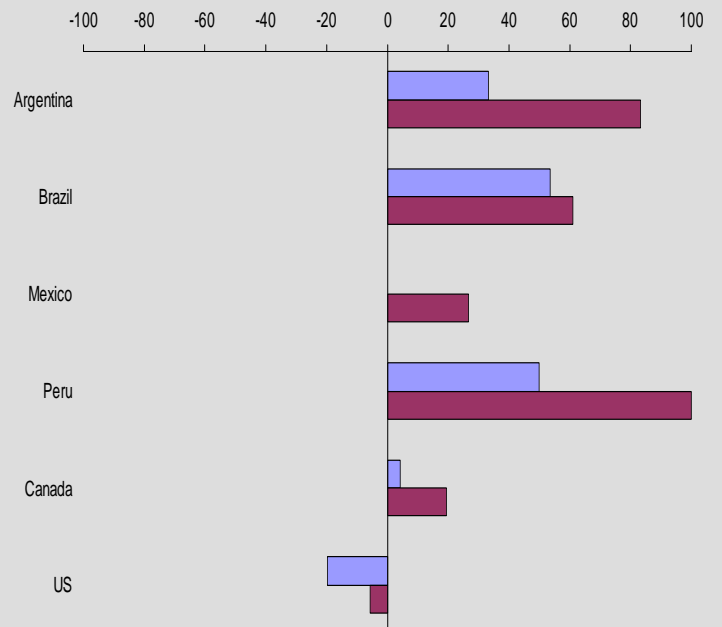
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Inducements

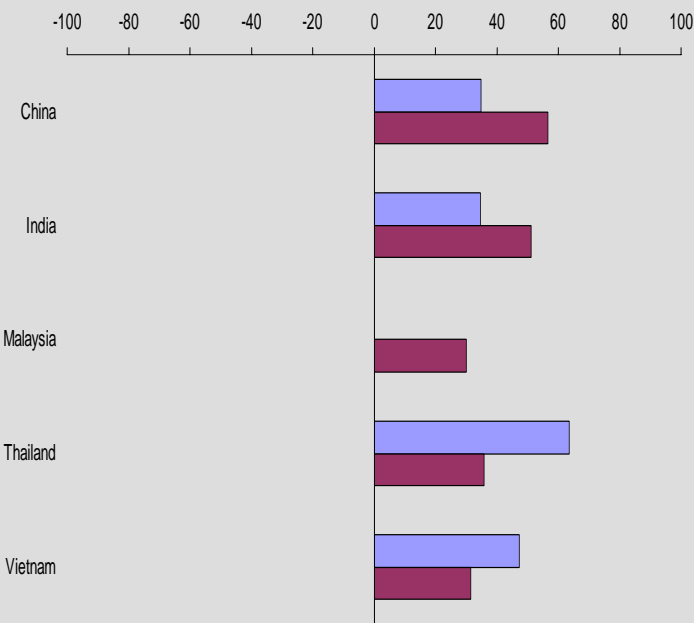


Rental Expectations

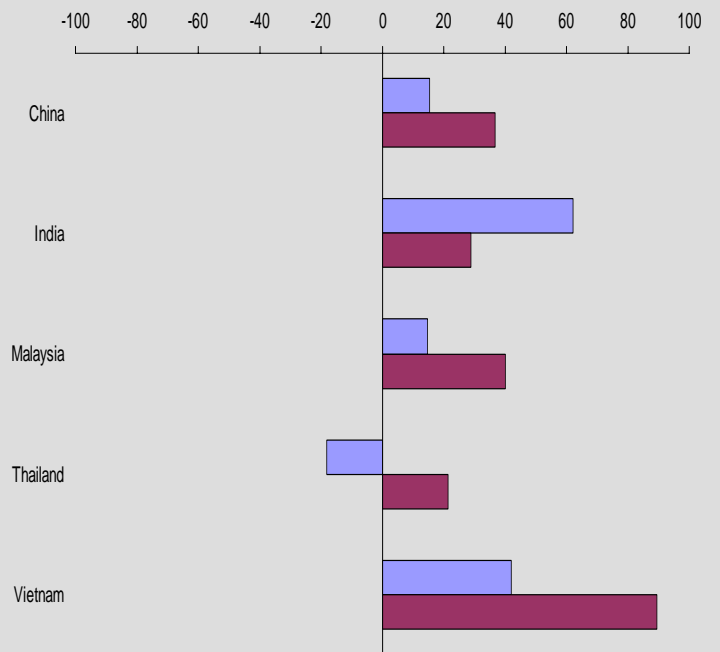


Regional statistics - Emerging Asia

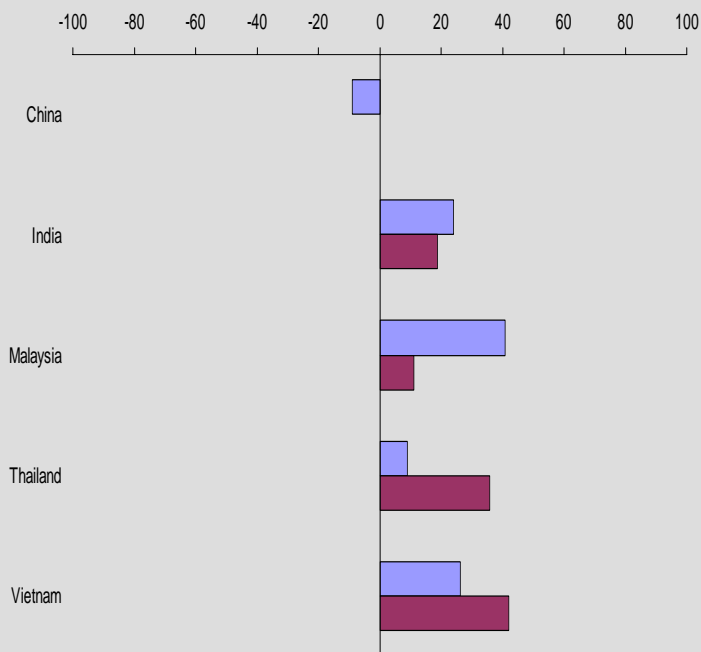
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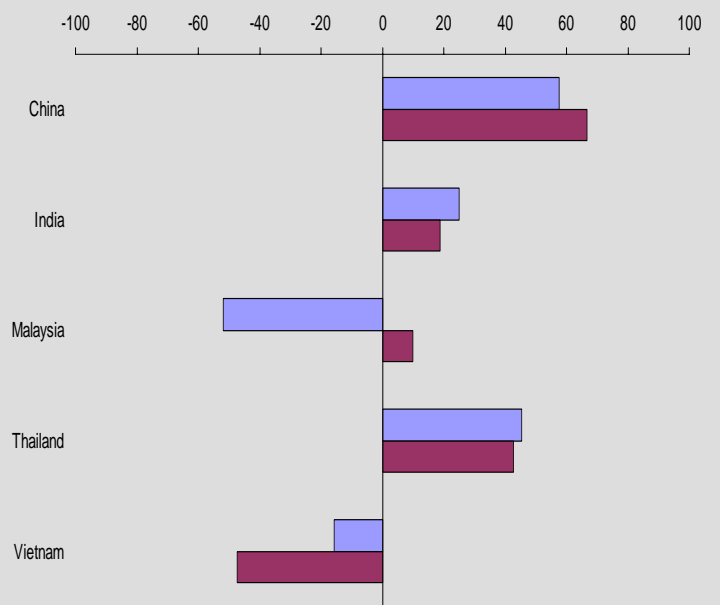
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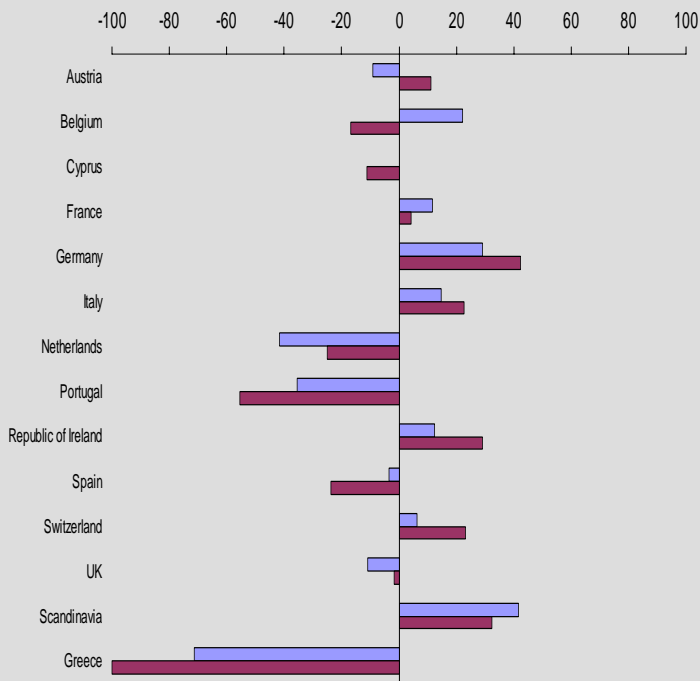


Rental Expectations

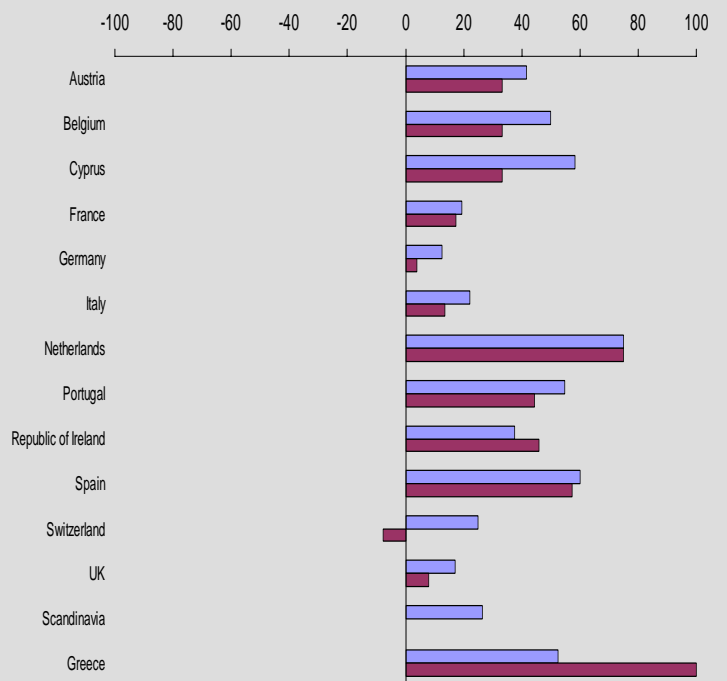


Regional statistics - Western Europe

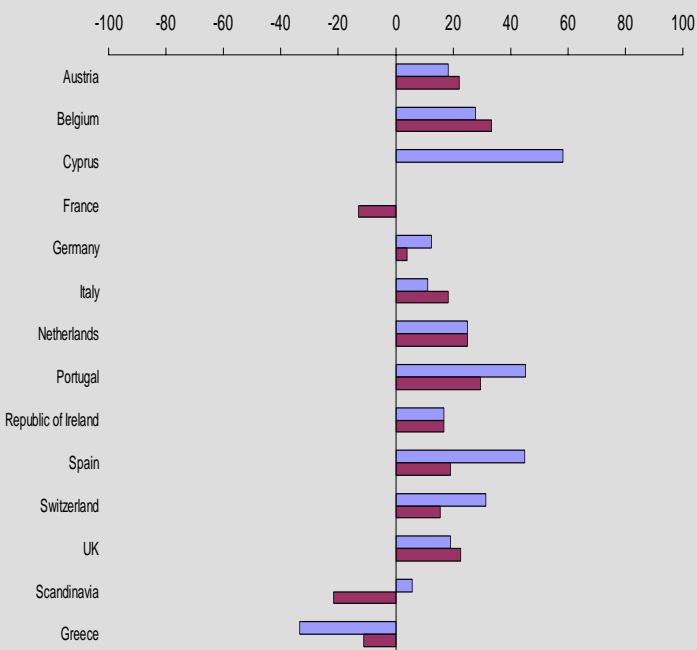
Tenant Demand



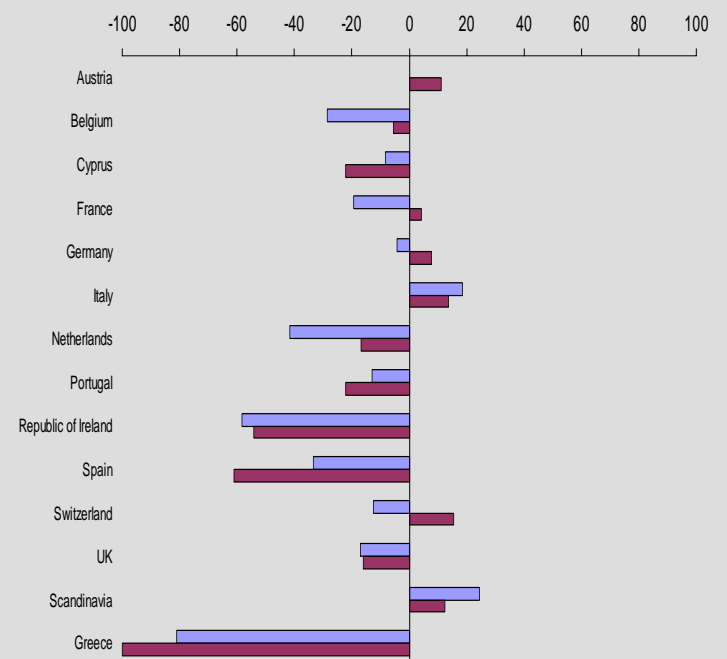
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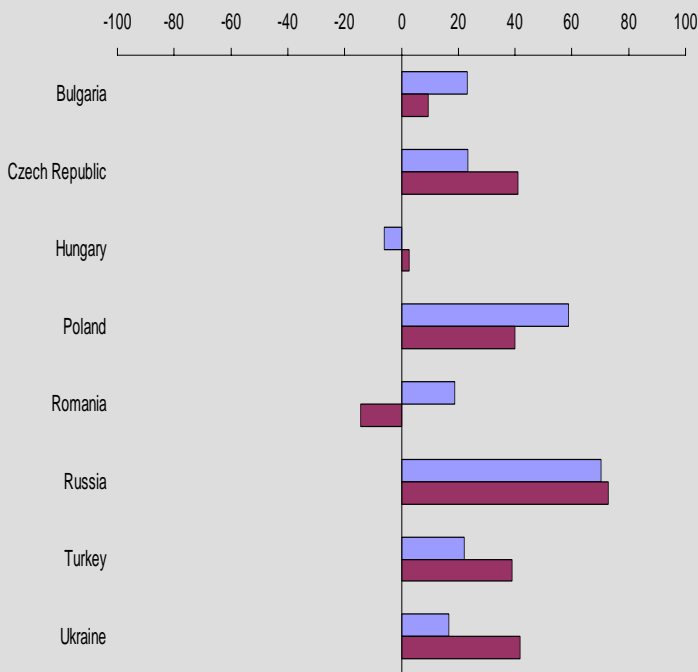


Rental Expectations

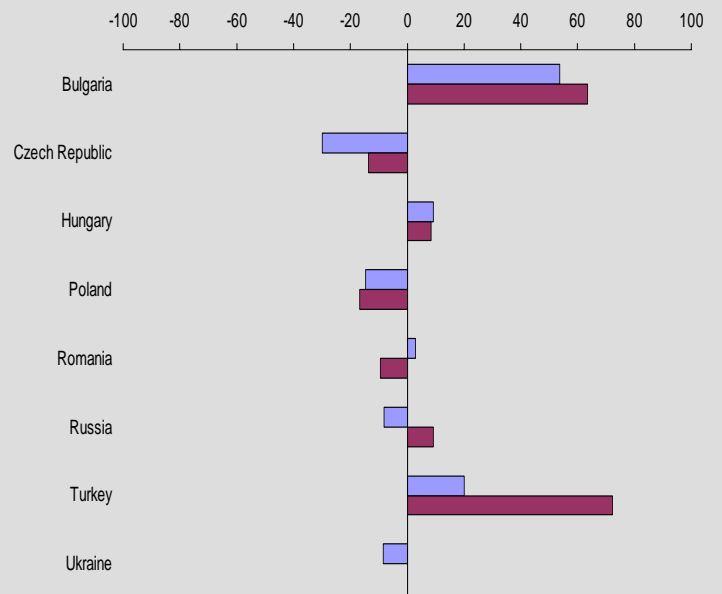


Regional statistics - Emerging Europe

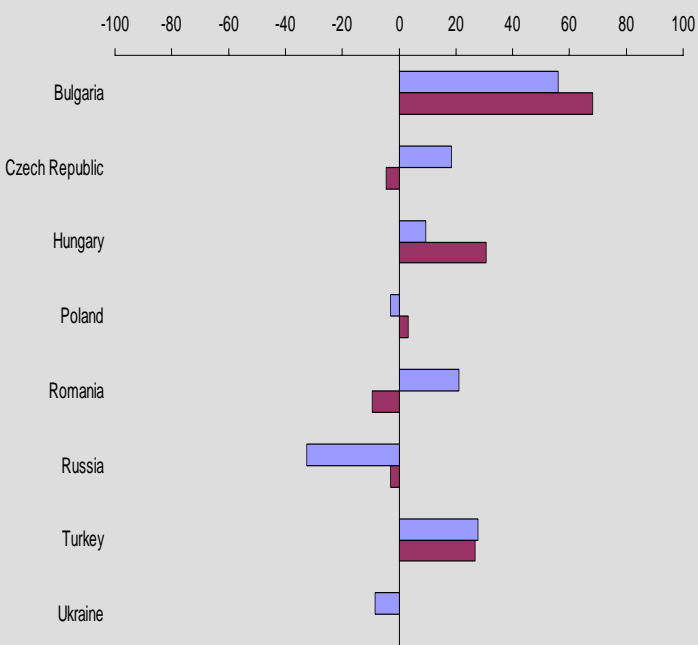
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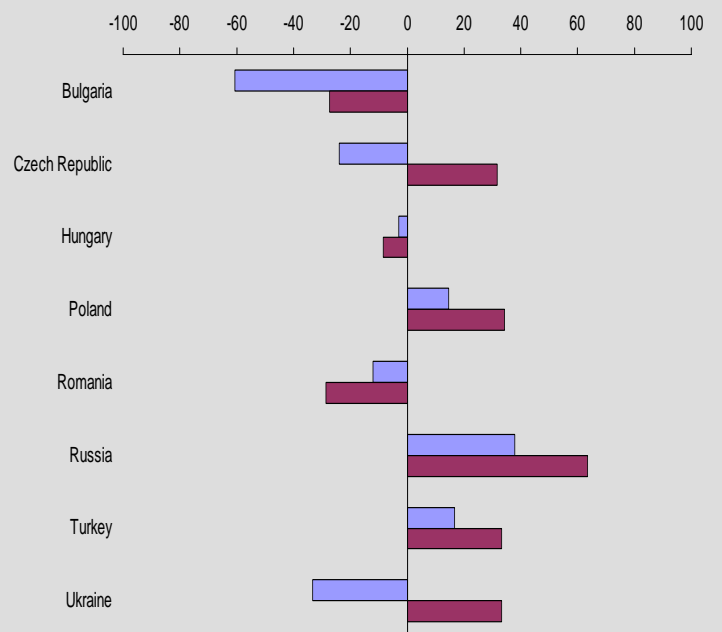
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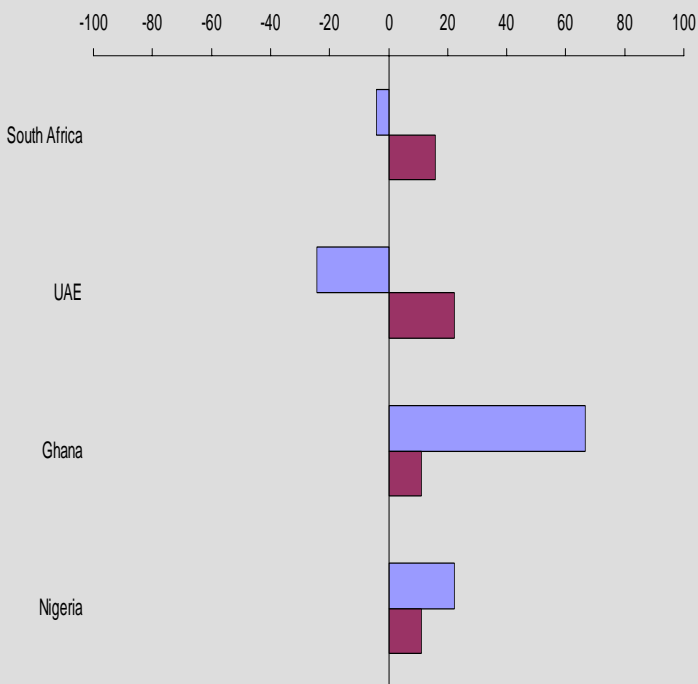


Rental Expectations

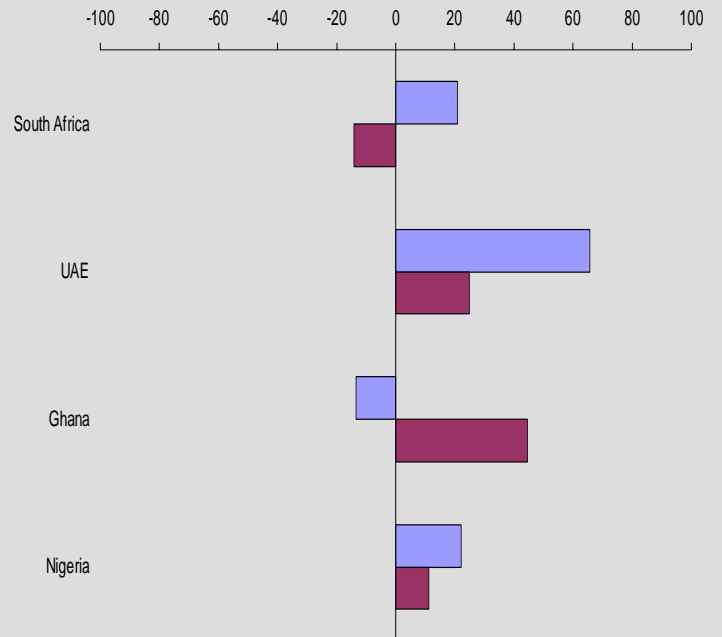


Regional statistics - Africa and Middle East

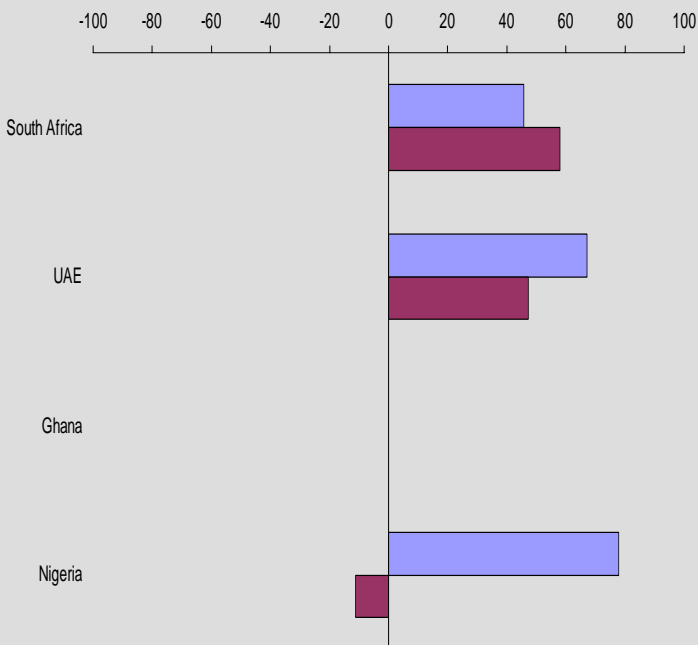
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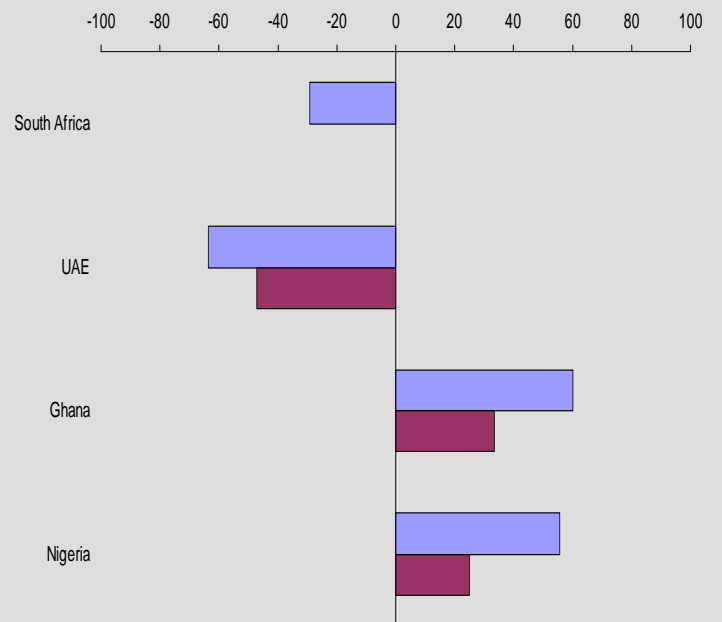
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Inducements



Rental Expectations



Survey methodology

RICS Global Commercial Property Survey

RICS' Global Commercial Property Survey is a quarterly guide to the developing trends in the commercial property investment and occupier market.

This edition details market conditions for the fourth quarter of 2010 based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent to real estate organisations on 3rd December 2010, with responses received up until the 10th of January 2011. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 410 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors of offices, retail and industrial property at a country level, to form diffusion indices for the commercial market as a whole.

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If you wish to participate in the quarterly survey, please email jguilfoyle@rics.org to register your details. Please provide your name, company details and the location(s) you wish to cover within the email or register online at www.rics.org/globalproperty

RICS Global Commercial Property Survey

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