

### 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**

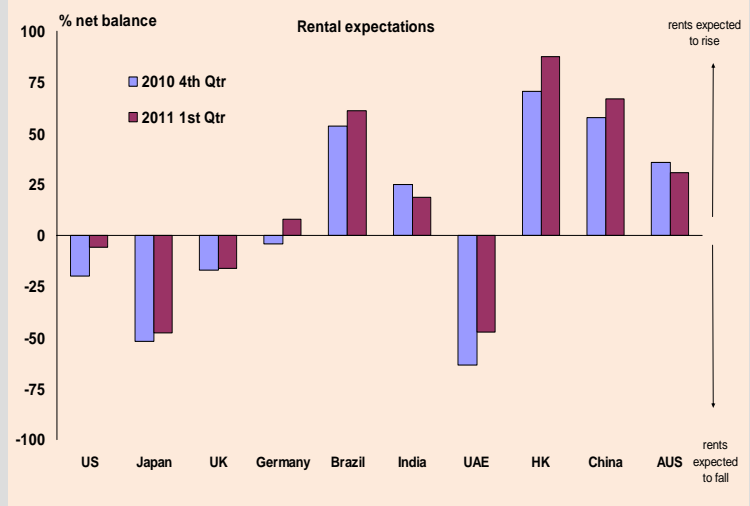
The RICS Global Commercial Property Survey for Q4 suggests that, while there remains evidence that emerging markets are generally outperforming the more established markets, there are some notable cases where the divide is closing. Countries where respondents were most upbeat were, once again, China, 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 showed a positive net balance for the first time in the survey's history (since 2008).



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 the UK and Japan as property professionals expect further rental declines in the coming quarter.

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

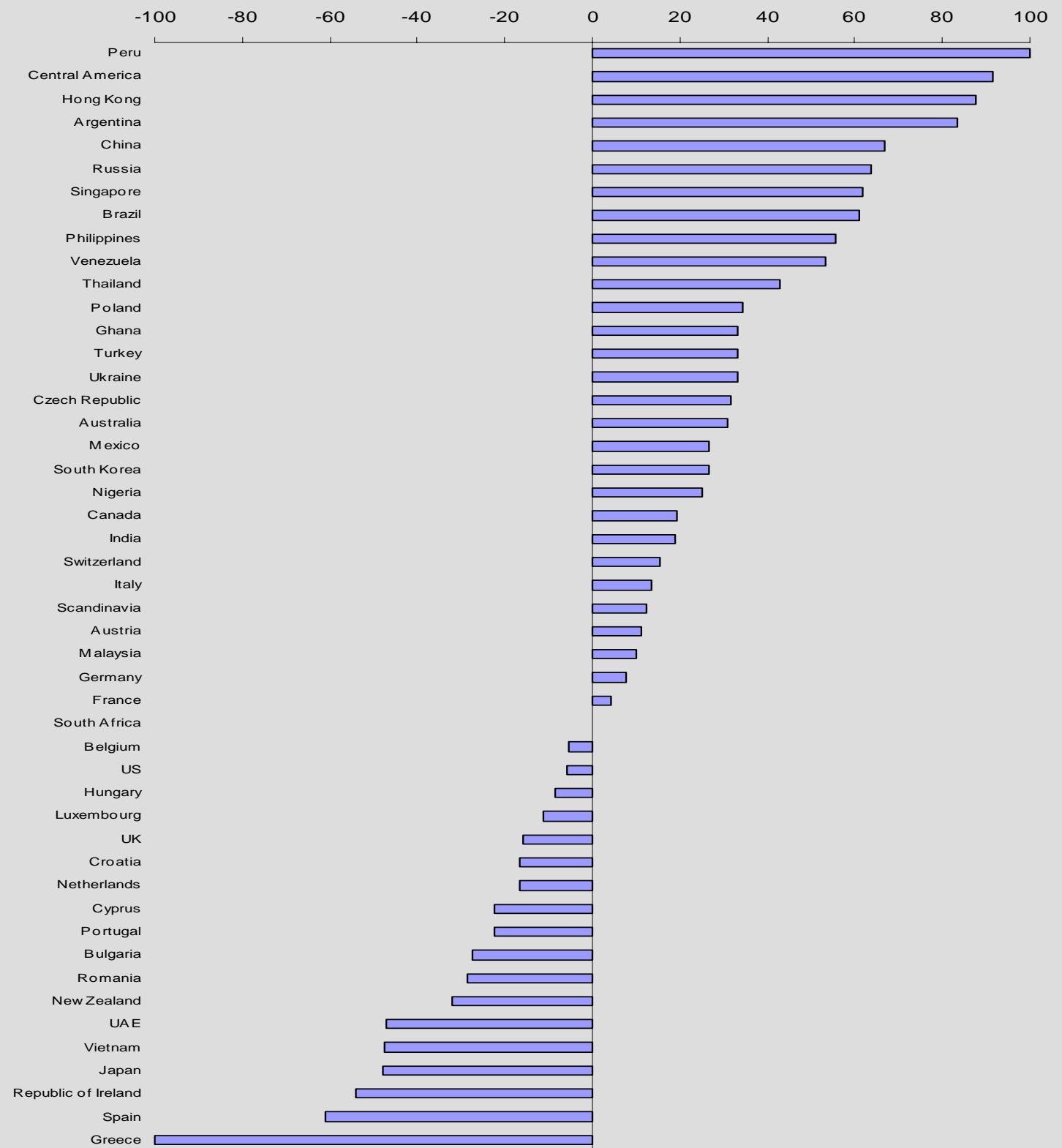


the mark of  
property  
professionalism  
worldwide

rics.org/economics

# 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



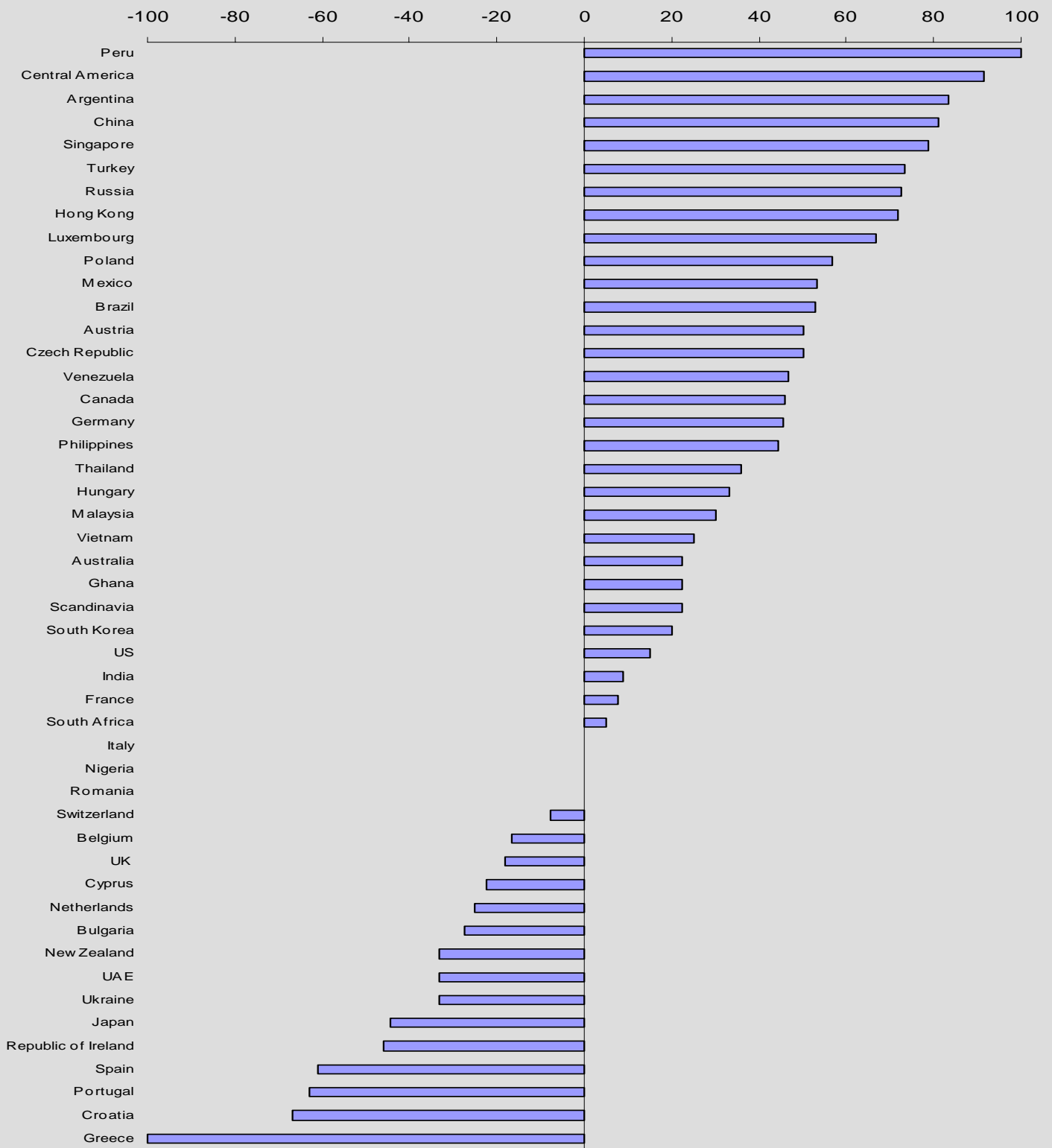
**RICS**

the mark of  
property  
professionalism  
worldwide

[rics.org/economics](http://rics.org/economics)

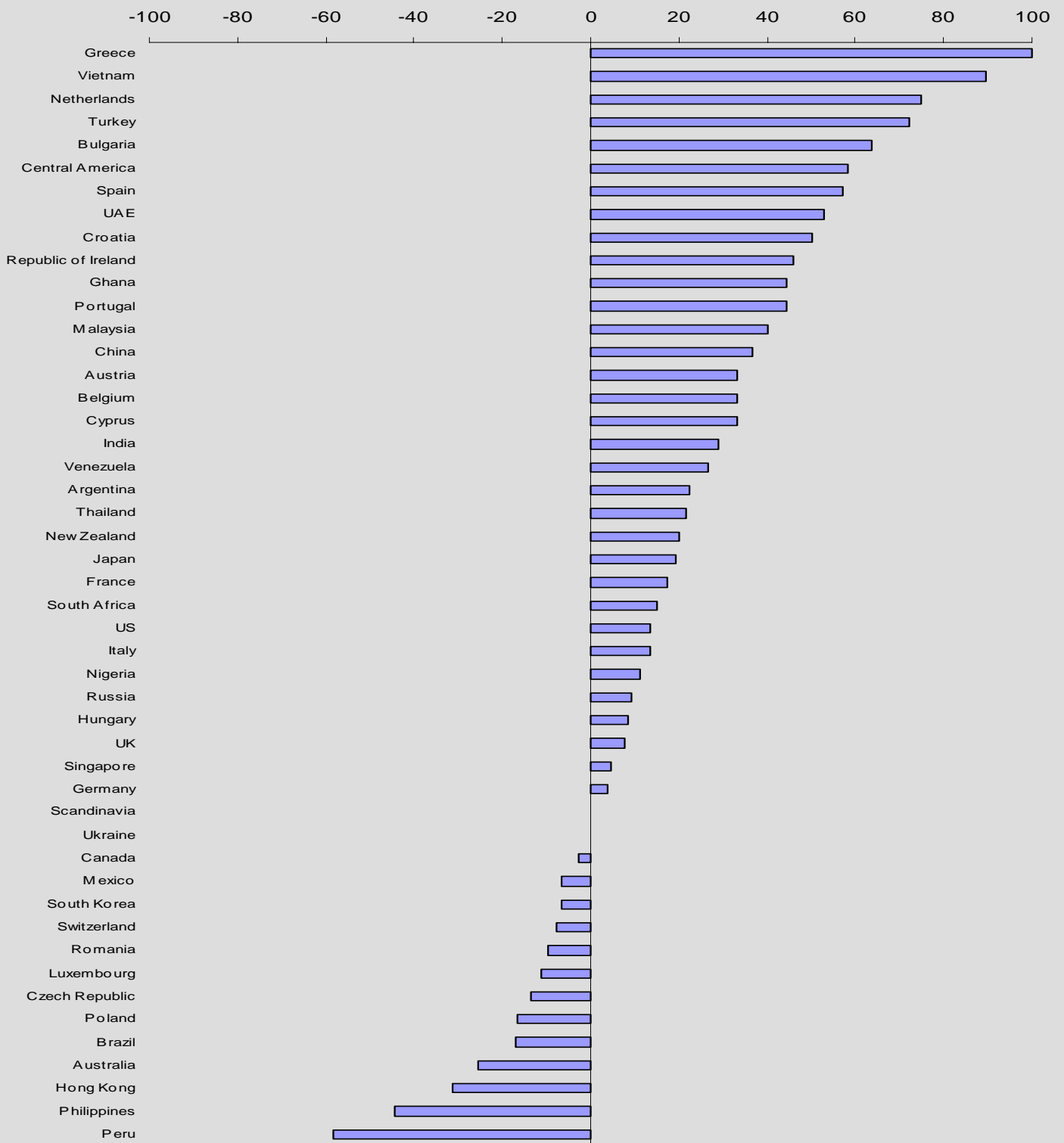
# Country statistics - Expectations for Q1 2011

## Capital value expectations for Q1 ranked by net balance scores



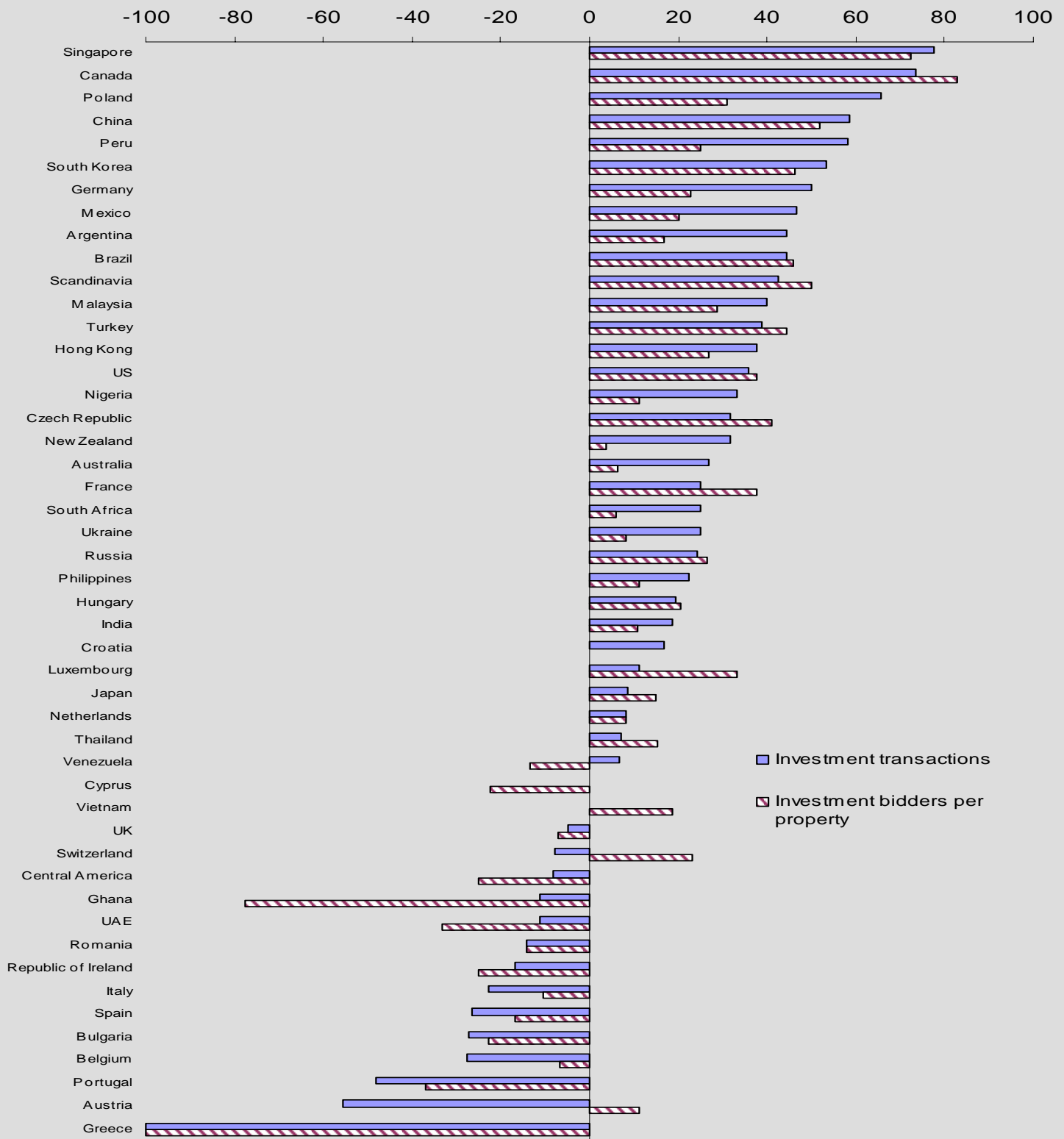
# Country statistics - Reported available space Q4

## Available space in Q4 ranked by net balance scores



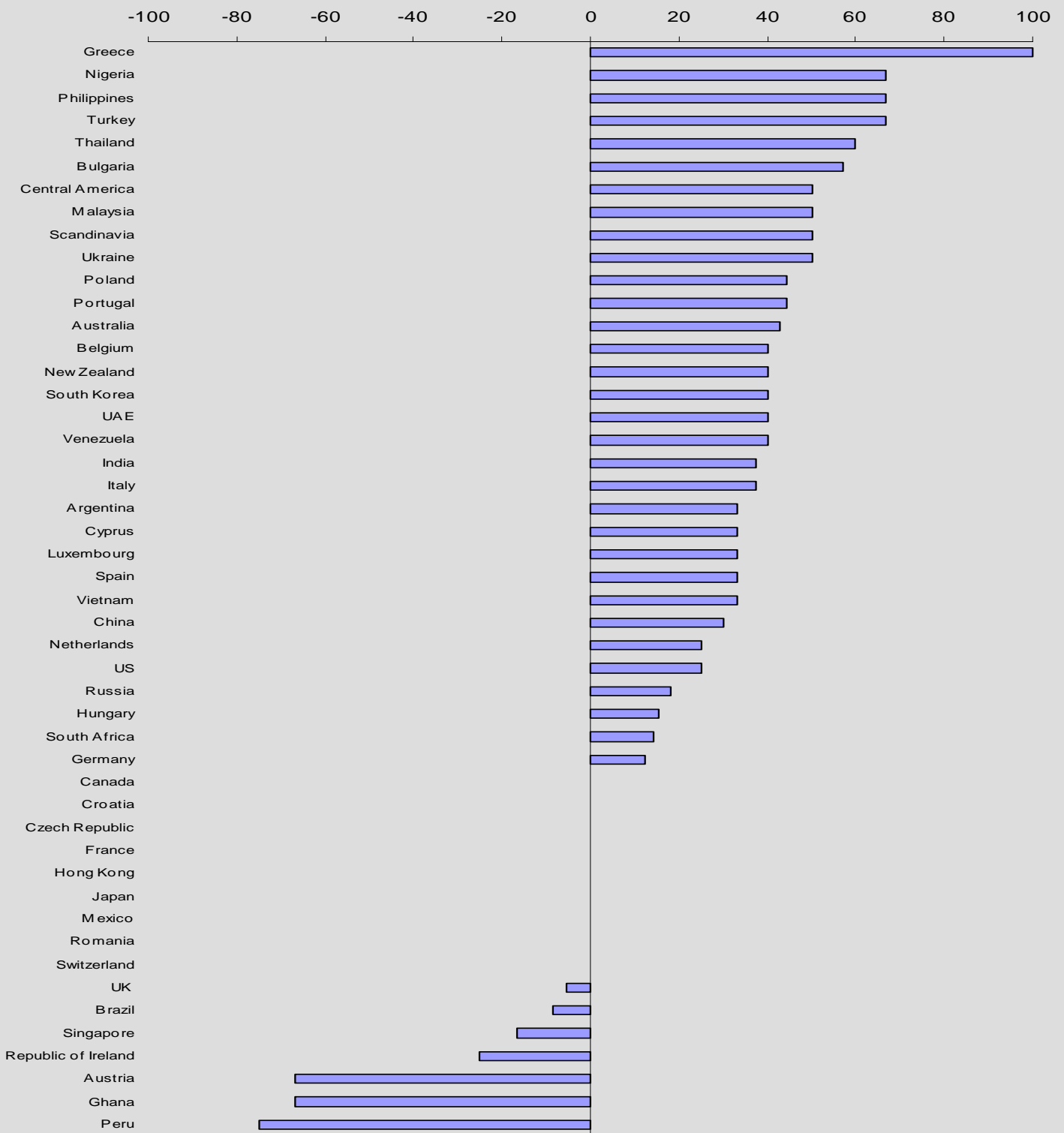
# Country statistics - Investment transactions in Q4

## Investment transaction activity in Q4 ranked by net balance scores



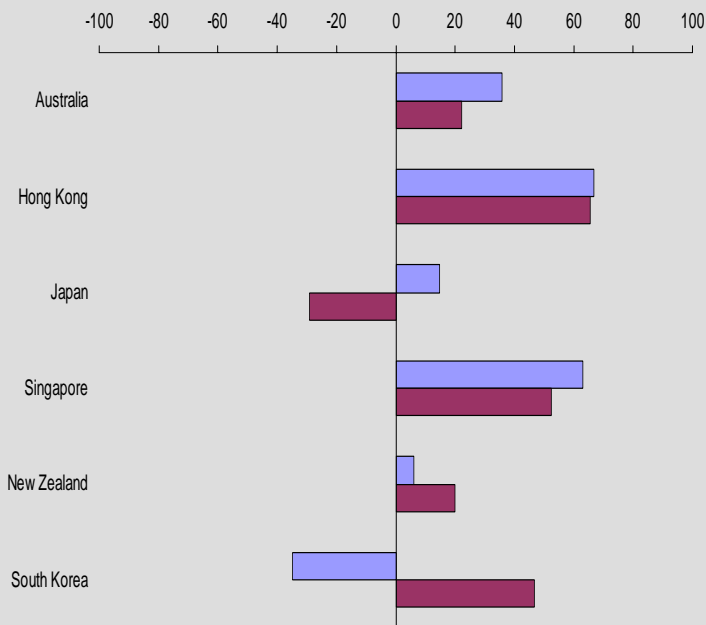
# Country statistics - Stock of property in Q4

## Change in the stock of investment property to purchase in Q4

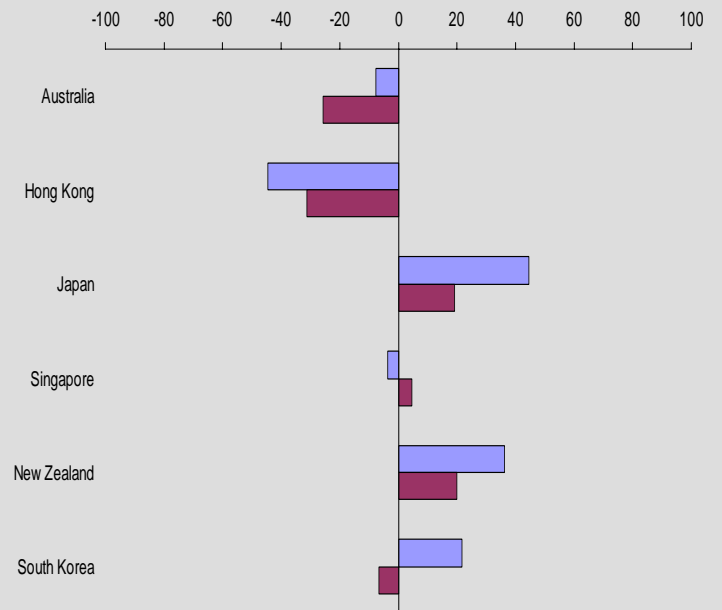


# Regional statistics - Developed Asia / Australasia

## Tenant Demand



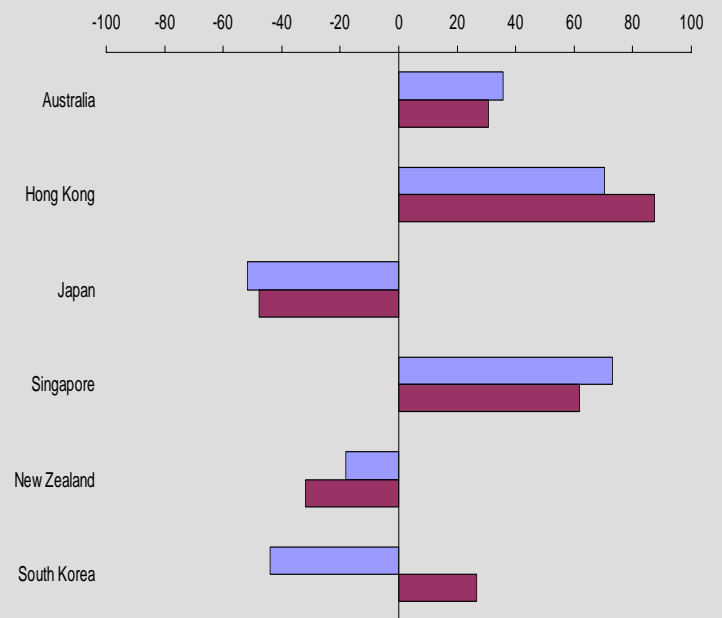
## Available space



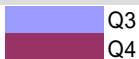
## Inducements



## Rental Expectations



Key for country charts

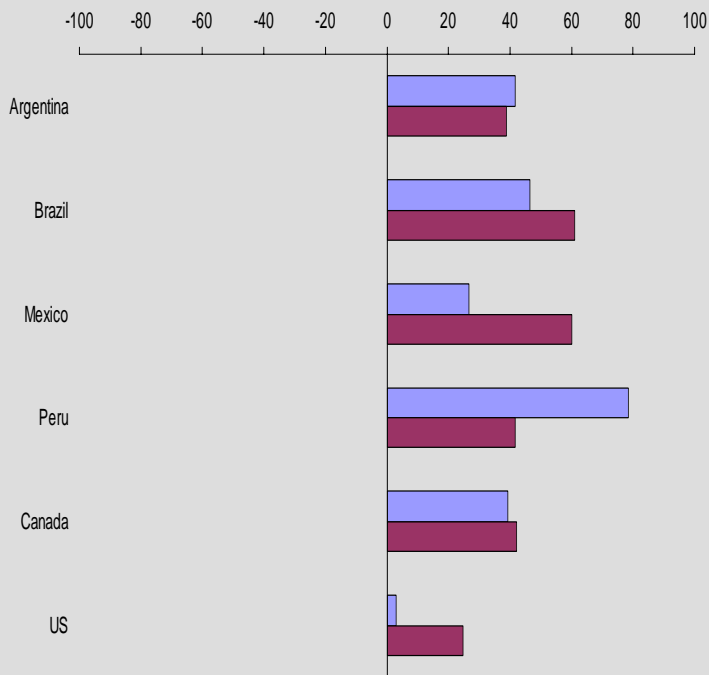


**RICS**

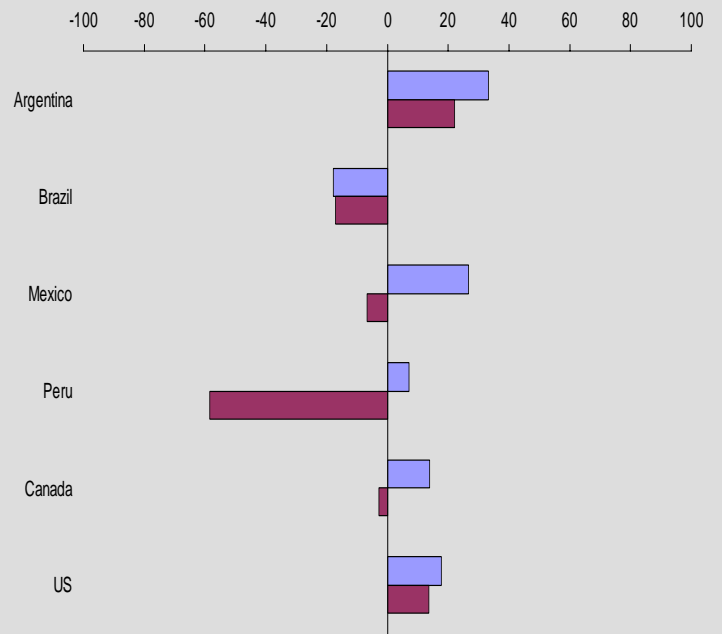
the mark of  
property  
professionalism  
worldwide

# Regional statistics - Americas

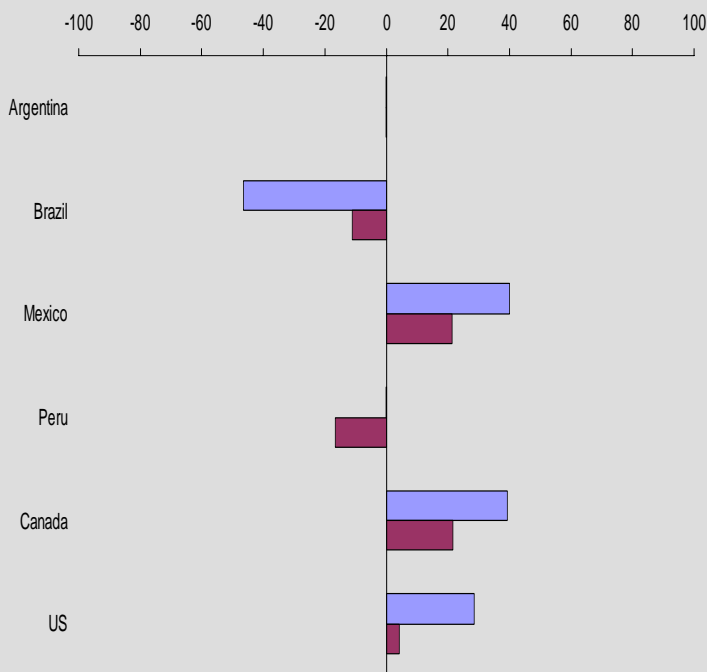
## Tenant Demand



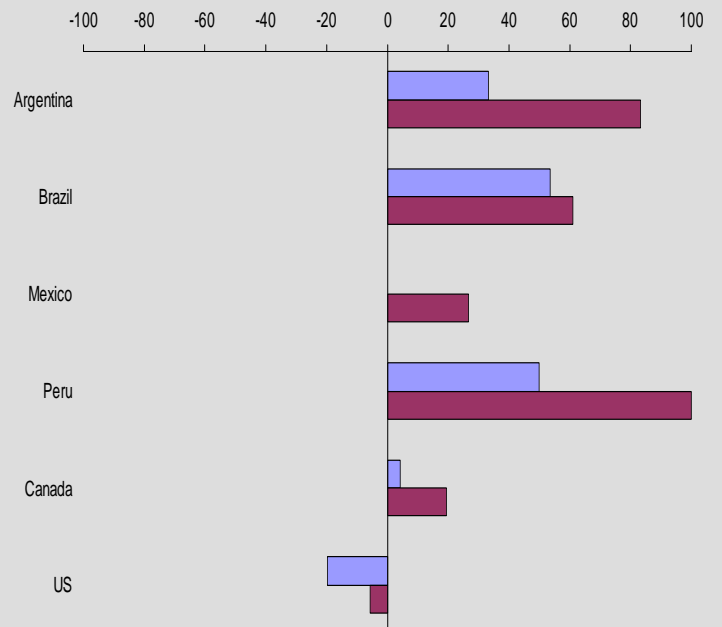
## Available space



## Inducements



## Rental Expectations

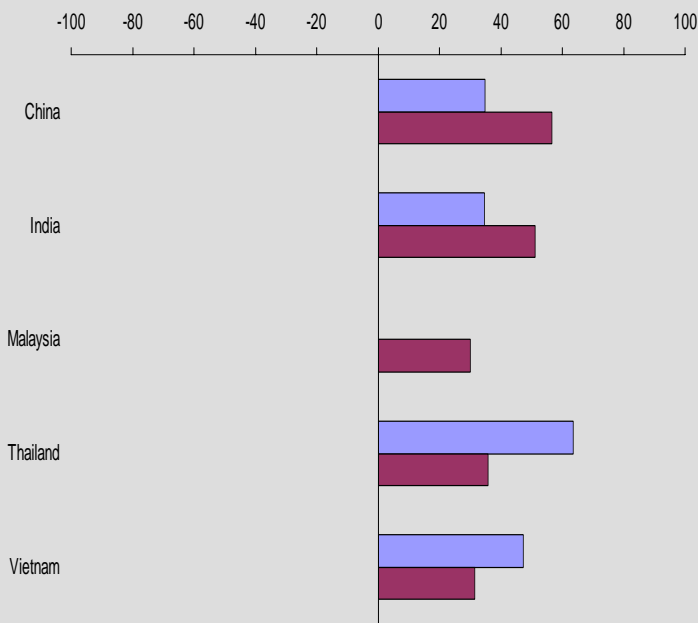


**RICS**

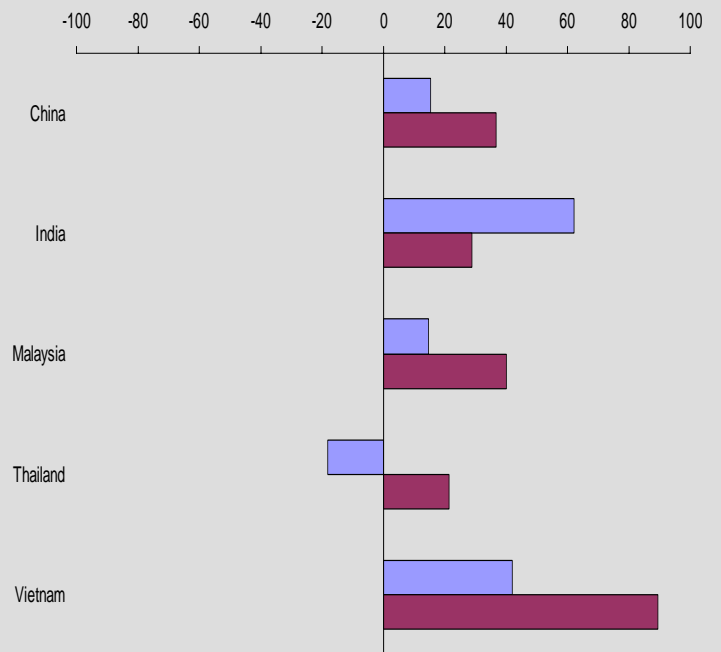
the mark of  
property  
professionalism  
worldwide

# Regional statistics - Emerging Asia

## Tenant Demand



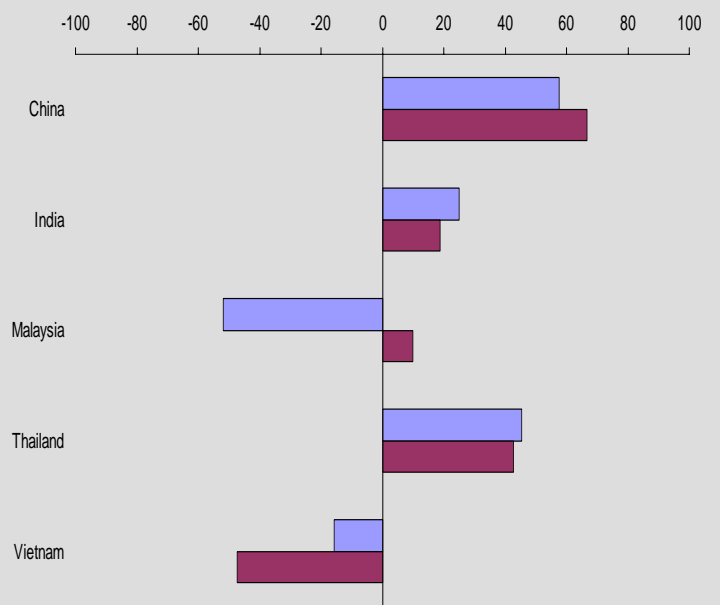
## Available space



## Inducements



## Rental Expectations

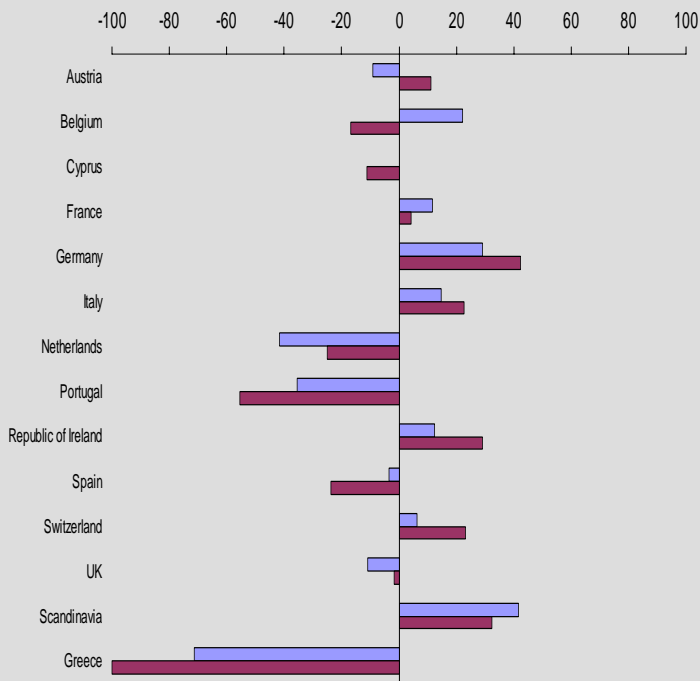


**RICS**

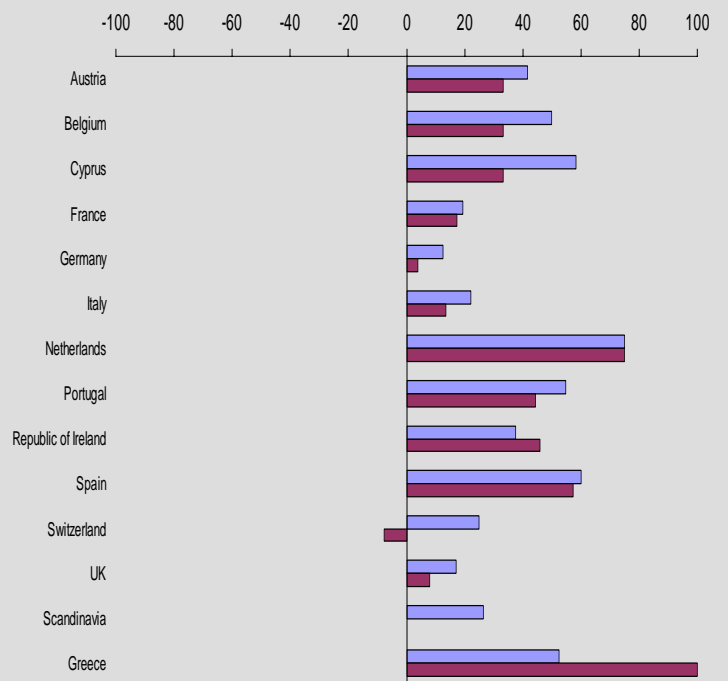
the mark of  
property  
professionalism  
worldwide

# Regional statistics - Western Europe

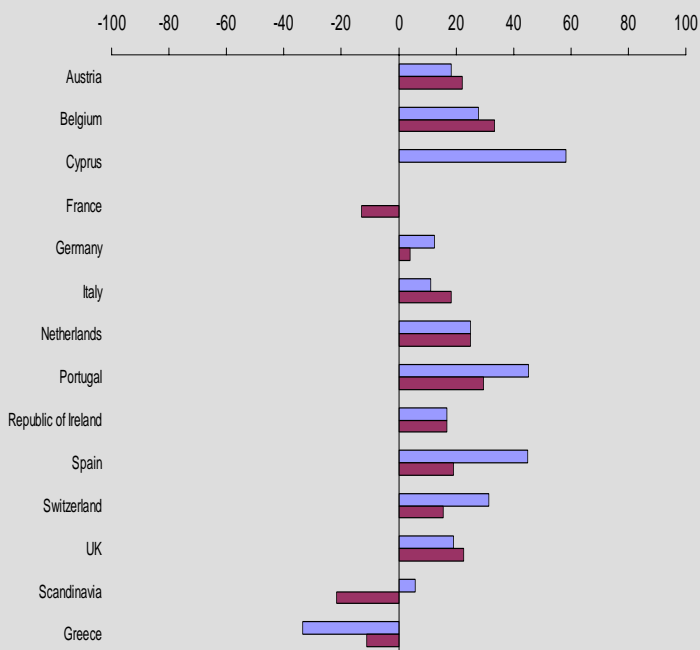
## Tenant Demand



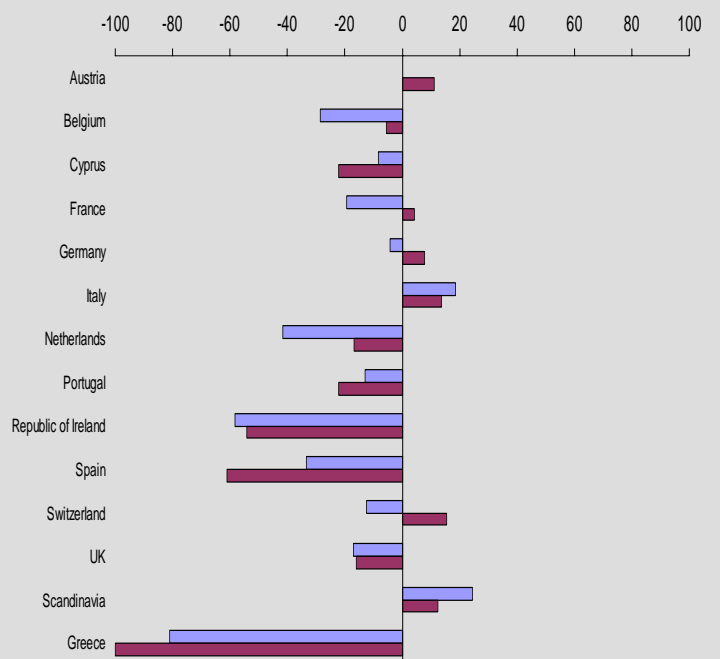
## Available space



## Inducements

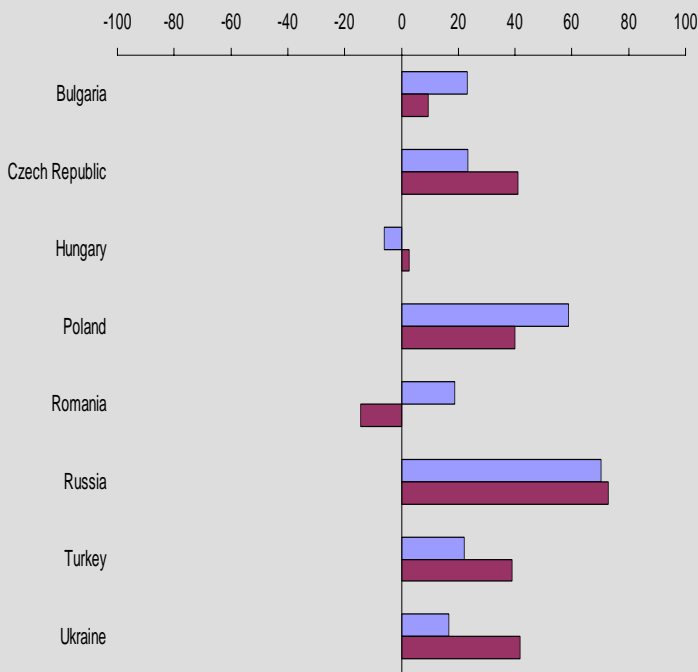


## Rental Expectations

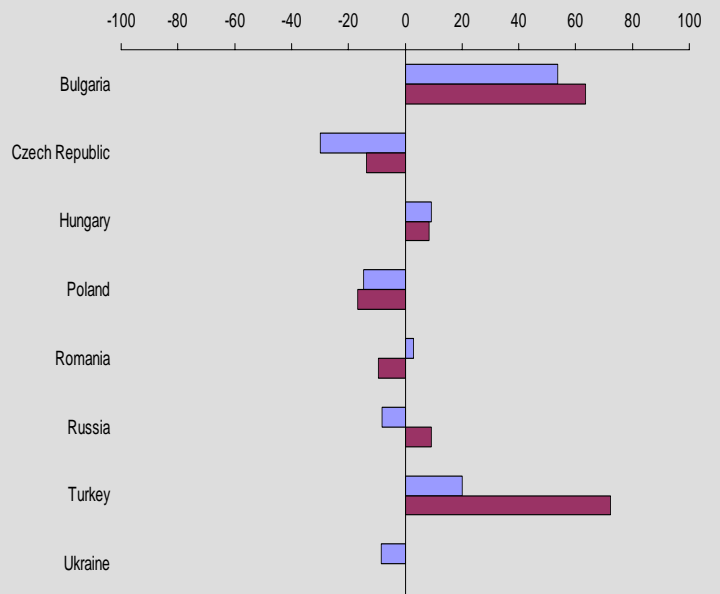


# Regional statistics - Emerging Europe

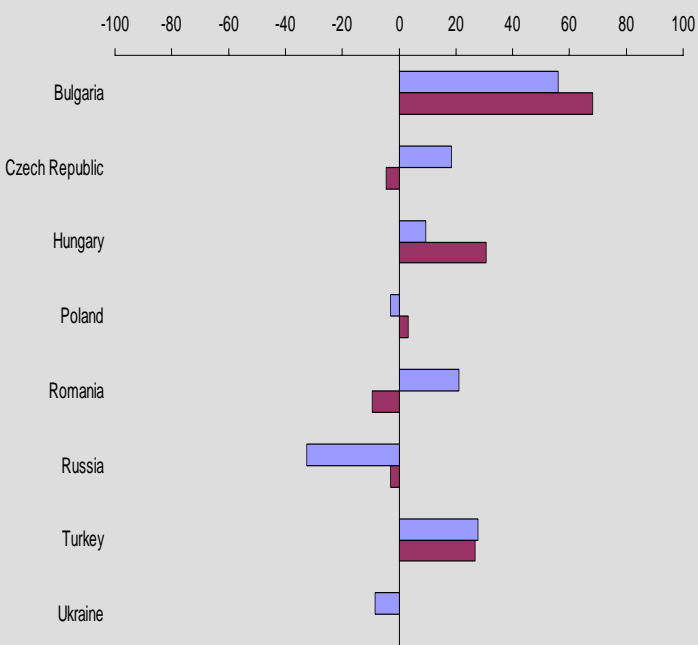
## Tenant Demand



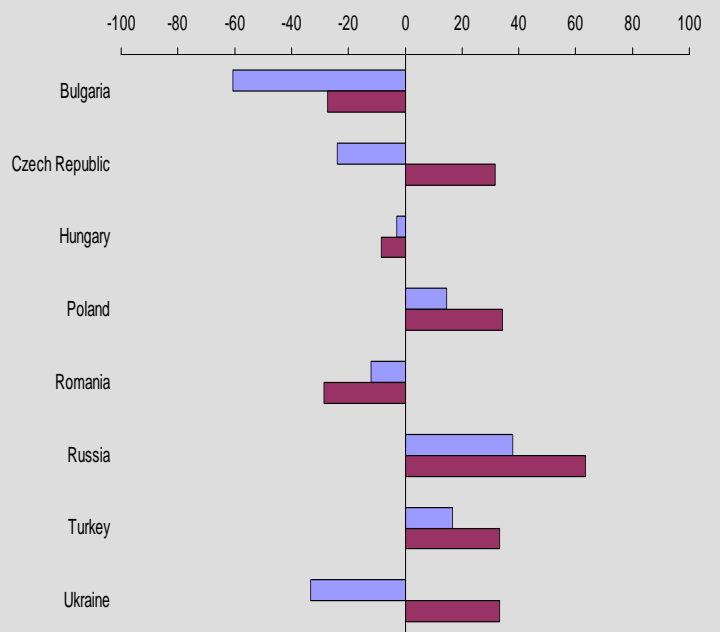
## Available space



## Inducements

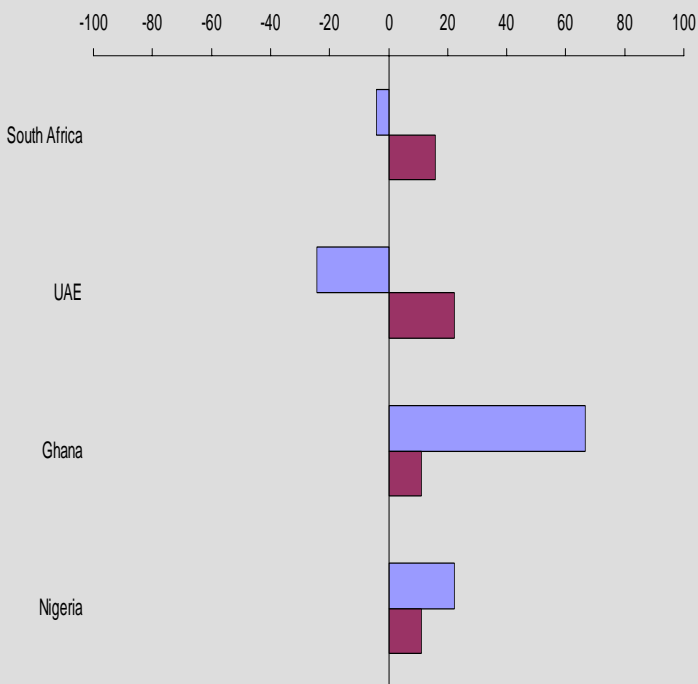


## Rental Expectations

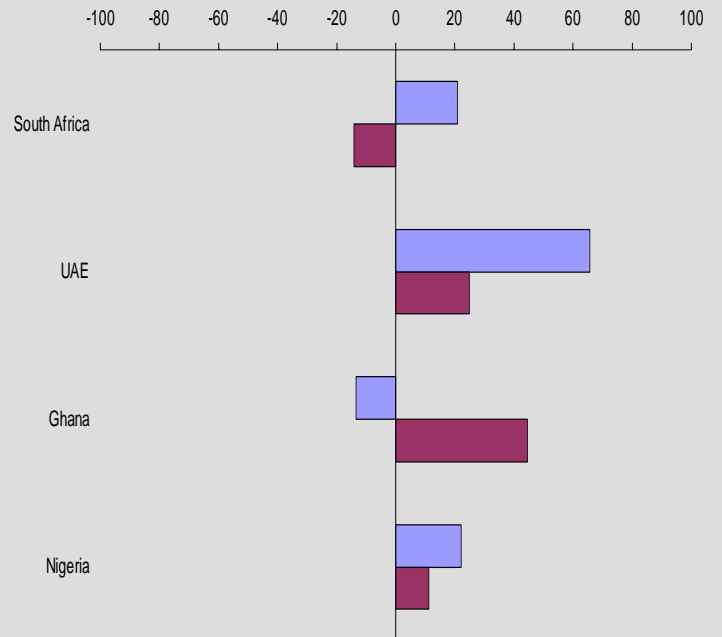


Regional statistics - Africa and Middle East

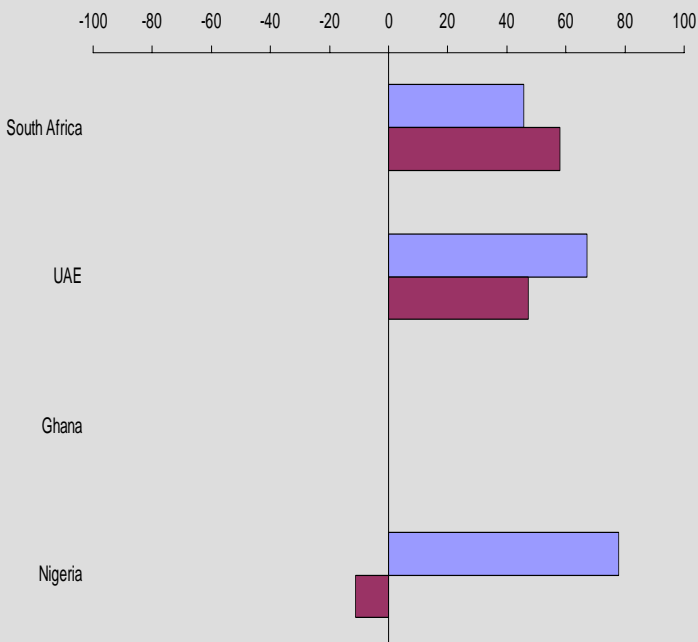
Tenant Demand



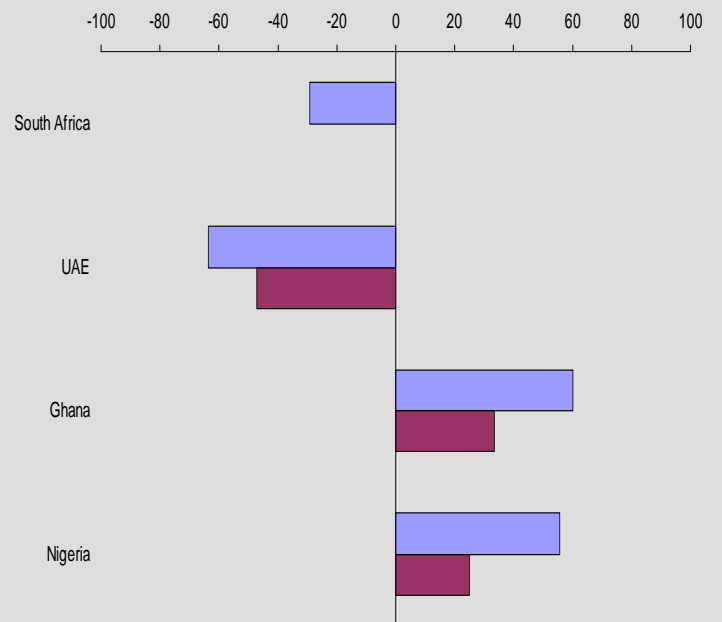
Available space



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 3<sup>rd</sup> December 2010, with responses received up until the 10<sup>th</sup> 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.

### Contact details

This publication has been produced by RICS Economics. For economic and statistical enquiries regarding this publication, please contact:

Matthew Edmonds  
RICS Economist  
T +44 (0)20 7695 1684 E [medmonds@rics.org](mailto:medmonds@rics.org)

Oliver Gilmartin  
RICS Senior Economist  
T +44 (0)20 7334 3847 E [ogilmartin@rics.org](mailto:ogilmartin@rics.org)

### Taking part in the RICS Global Property Survey

If you wish to participate in the quarterly survey, please email [jguilfoyle@rics.org](mailto: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](http://www.rics.org/globalproperty)

### RICS Global Commercial Property Survey

#### Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. Whilst every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.



## Subscription information and contributor enquiries

The Quarterly Global Commercial Property Survey is available from the RICS web site - [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity, the farmland market and arts and antiques.

For access to city level agents' comments and contributor details please go to the following web address.

[www.rics.org/GPScomments2010q4](http://www.rics.org/GPScomments2010q4)

### Become a member of RICS

If you would like to find out more about becoming a member of RICS, please visit [www.rics.org/professional](http://www.rics.org/professional)

RICS represents 140,000 members worldwide. These professionals provide expert advice on land, property, construction and the associated environmental issues. An independent organisation, RICS acts in the public interest, upholding standards of competence and integrity among its members and providing impartial, authoritative advice on issues affecting business and society.

The Royal Institution of Chartered Surveyors  
Parliament Square  
London SW1P 3AD

T +44 (0)20 7222 7000  
F +44 (0)20 7334 3795

[economics@rics.org](mailto:economics@rics.org)

[www.rics.org](http://www.rics.org)

**RICS UK (press office)**  
T +44(0)20 7695 1682  
[sthorton@rics.org](mailto:sthorton@rics.org)

**RICS Europe**  
T +32(2) 733 1019  
[ricseurope@rics.org](mailto:ricseurope@rics.org)

**RICS Americas**  
T +1 212 847 7400  
[ricsamericas@rics.org](mailto:ricsamericas@rics.org)

**RICS India**  
48 & 49 Centrum Plaza  
Sector Road, Sector 53  
Gurgaon - 122002, India  
T +91 124 459 5400  
F +91 124 459 5402  
[ricsindia@rics.org](mailto:ricsindia@rics.org)

**RICS Asia Pacific**  
T +852 2537 7117  
[ricsasiapacific@rics.org](mailto:ricsasiapacific@rics.org)

**RICS Oceania**  
T +61(2)92162333  
[info@rics.org.au](mailto:info@rics.org.au)

**RICS Middle East & Africa**  
T +971(4)375 3074  
[sluthria@rics.org](mailto:sluthria@rics.org)



the mark of  
property  
professionalism  
worldwide

[rics.org/economics](http://rics.org/economics)