

Non-Japan Asia and Central and Eastern Europe most positive

- The outlook for both occupier and investment markets is strongest in non-Japan Asia and some parts of Central and Eastern Europe
- Sentiment is most negative in the euro area periphery and Japan
- New development starts are rising most sharply in Brazil, Malaysia, Russia and Poland

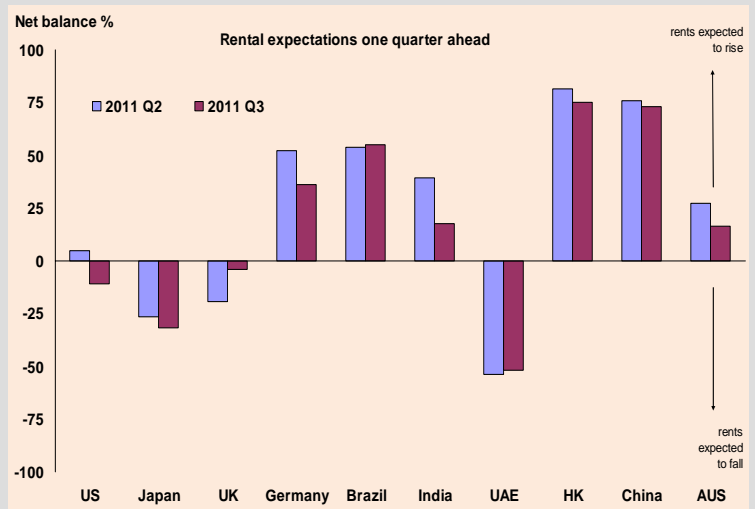
The latest RICS Global Commercial Property Survey shows that real estate markets in non-Japan Asia and parts of central and eastern Europe are outperforming. Expectations for both rents and capital values are generally strongly positive, although in some cases a little less so than previously. Divergently, the mood in much of peripheral Europe, Japan and the UAE remains fairly gloomy.

In terms of the Q2 data, China and Hong Kong continue to be the star performers in both occupier and investment markets despite the various measures taken by the respective authorities to cool demand. The results in Singapore also show a strong measure of resilience on the part of the real estate sector. However, it is significant that they have been joined near the top of the global rankings by the likes of Russia, Poland and the Czech Republic.

The particularly positive outlook for rental expectations in Russia is being underpinned by strong occupier demand and a lack of good quality space. In Poland and the Czech Republic, expectations for capital values are picking up smartly in response to an upswing in investor demand.

Respondents to the survey from Brazil suggest that the real estate market in the country remains firm and that this is encouraging a strong response in terms of the development pipeline. Meanwhile, in India most of the indicators are showing signs of losing momentum although the expectation is still for rents and capital values to continue rising.

The numbers for 'core' Europe are generally positive with Germany scoring highly in both the occupier and investment markets. A shortage of stock is continuing to drive up rents while investors



remain upbeat about the opportunities in the country. By way of contrast, capital value expectations actually dipped in France, although the outlook for rents and investment demand is still positive for next quarter.

Predictably, the results show the mood in the countries on the outer fringes of the euro area to have deteriorated further in Q2, as concerns over a Greek default intensify. Indeed Greece, the Republic of Ireland and Portugal (as well as Spain) sit at, or just above, the bottom of the rankings for most of the key indicators.

Sentiment in Japan and the UAE also remains negative; the former is seemingly still to recover from the fallout of the March earthquake and consequently the outlook for Q3 is weak.

Meanwhile, the survey suggests that the recovery in real estate in the US may have run out of steam in the second quarter as the wider economy also suffered a setback. Rental expectations, which had turned positive in Q1, moved back into negative territory. That said, the results from the investment side of the market appear to holding up better with demand still rising, albeit a little more modestly than previously, and capital value expectations edging upwards.

Global commercial property expected capital values for Q3 2011

	US	Japan	UK	Germany	Brazil	India	UAE	HK	China	AUS
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
2011 Q1	12	-12	-11	36	23	40	-45	81	79	36
2011 Q2	4	-27	-3	23	33	27	-22	76	71	13



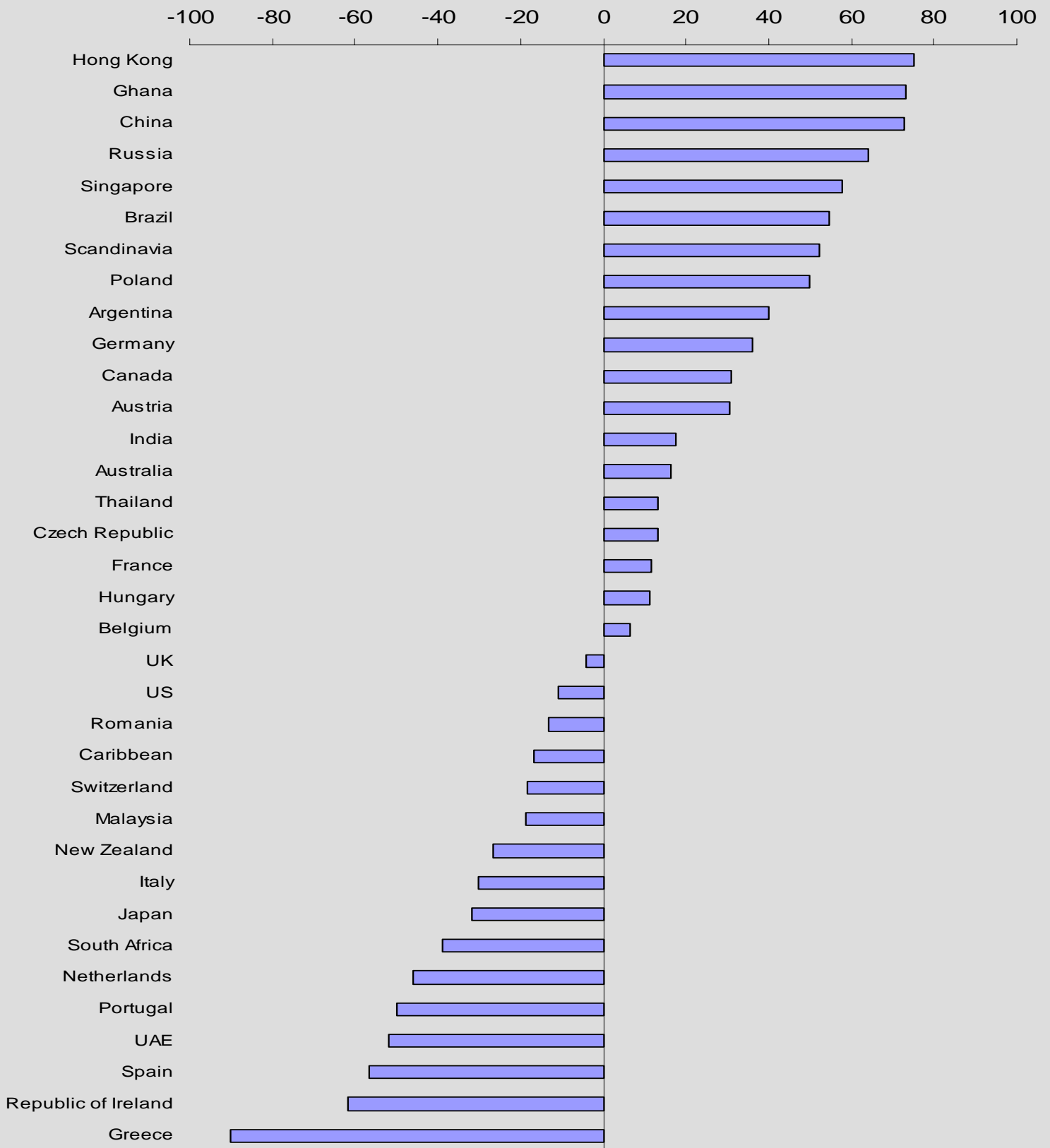
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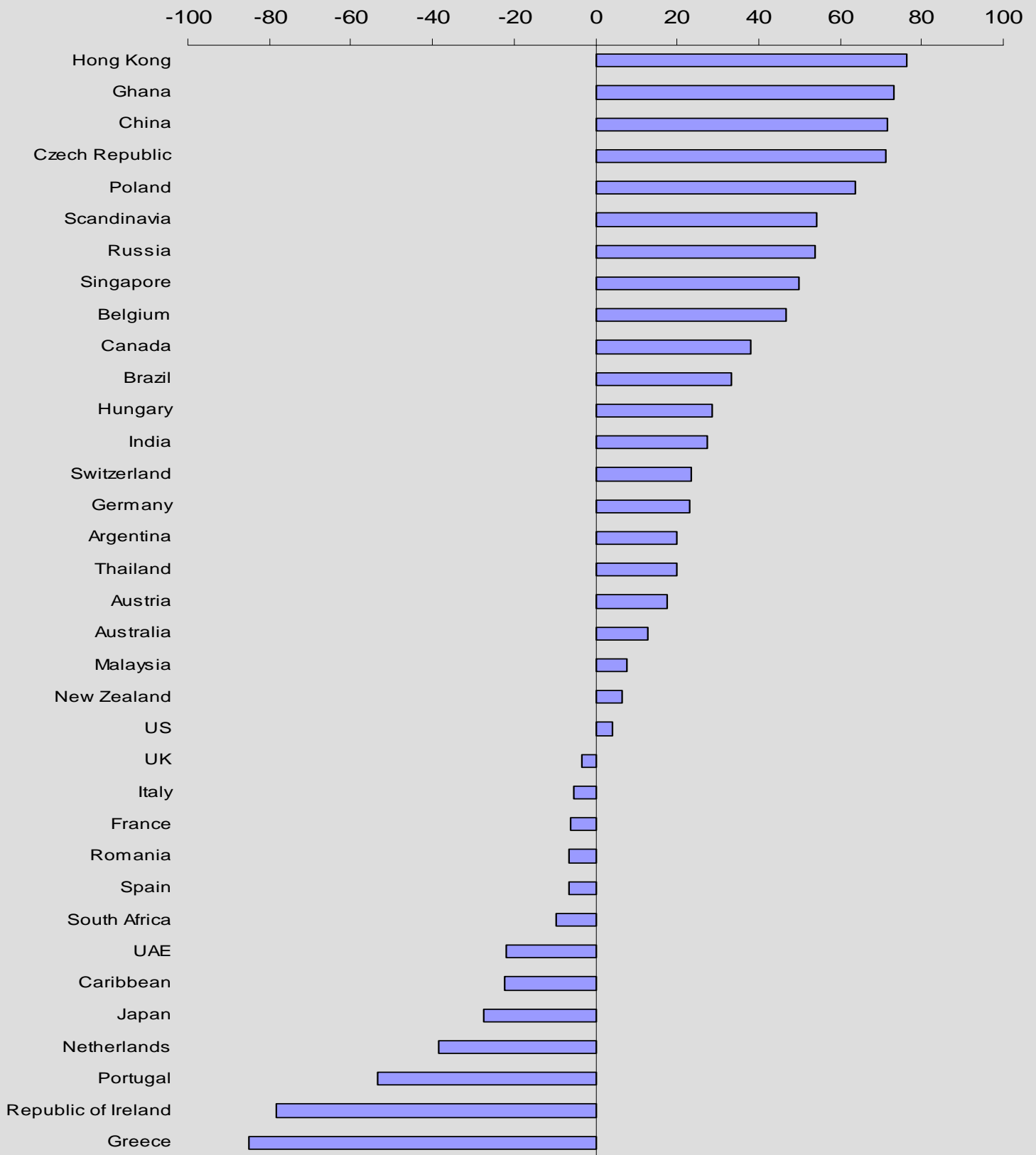
Country statistics - Expectations for next quarter

Rental expectations for Q3 ranked by net balance scores



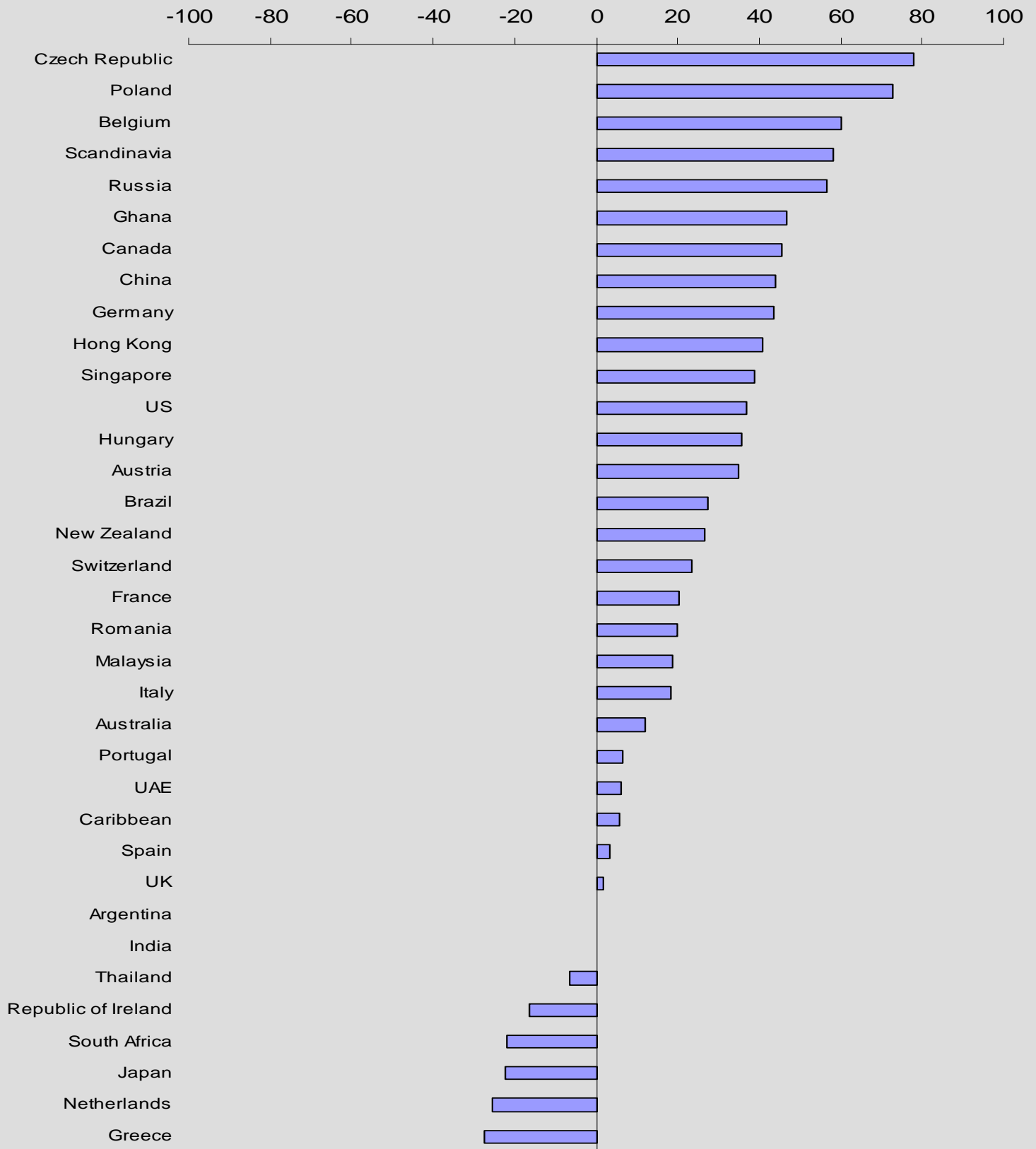
Country statistics - Expectations for next quarter

Capital value expectations for Q3 ranked by net balance scores



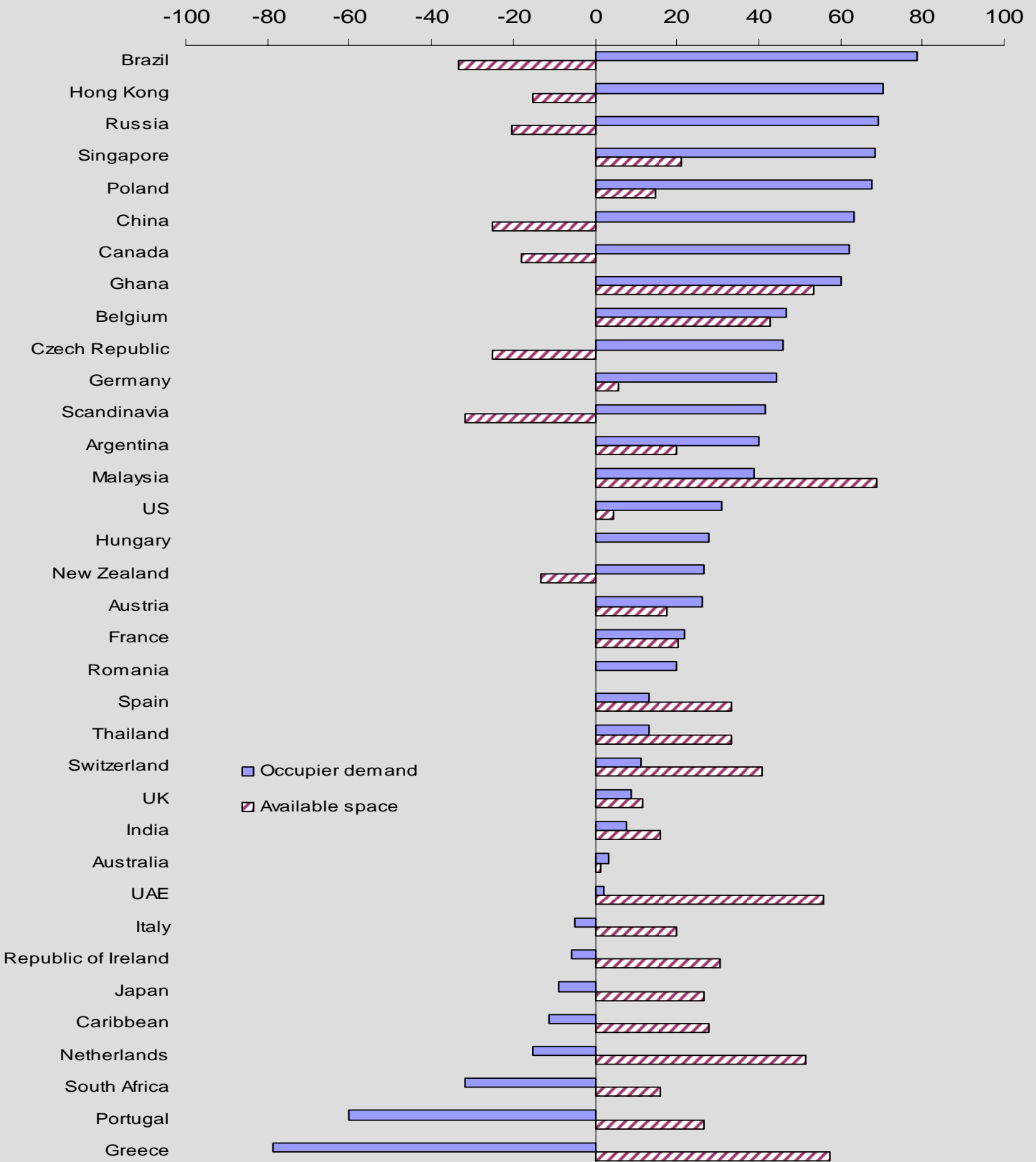
Country statistics - Expectations for next quarter

Expectations of investment demand for Q3 ranked by net balance



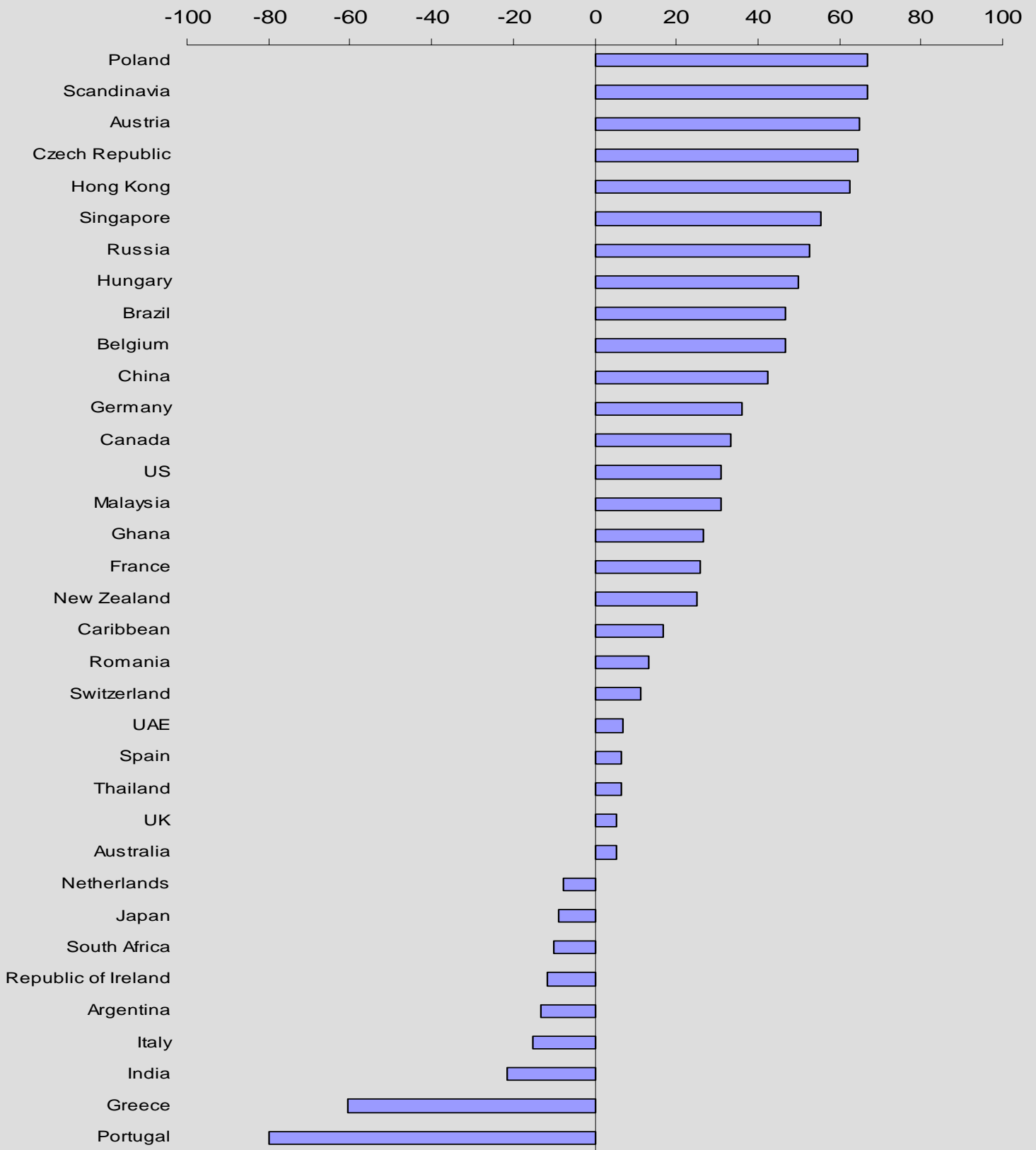
Country statistics - Supply and Demand reported Q2

Occupier demand and Available space in Q2 ranked by net balance scores



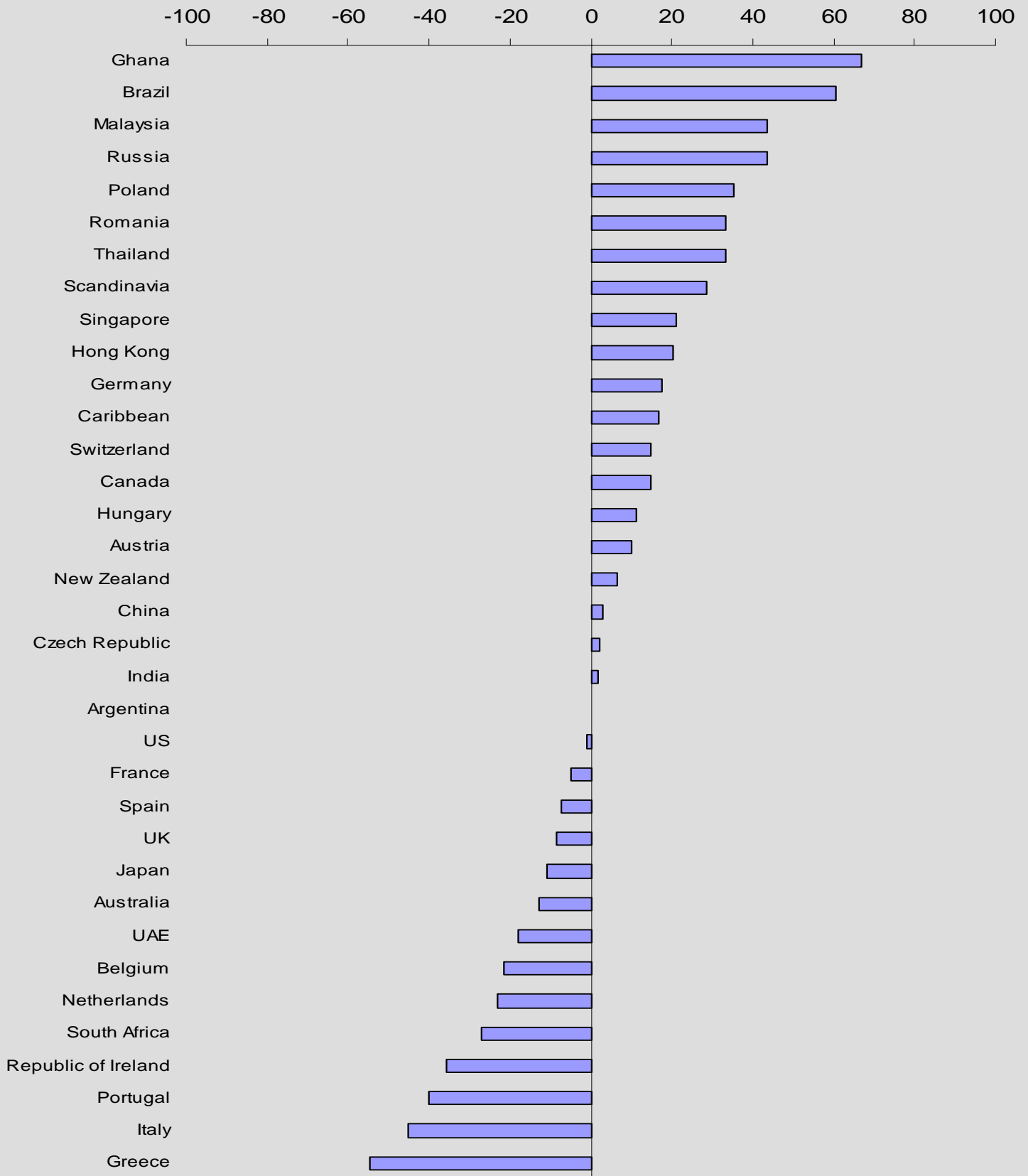
Country statistics - Investment enquiries in Q2

Investment enquiries in Q2 ranked by net balance scores



Country statistics - Development starts in Q2

Development starts in Q2 ranked by net balance scores



Survey details

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 second quarter of 2011 based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent to real estate organisations on 3rd June 2011, with responses received up until the 27th of June. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 889 company responses were received, with 262 from the UK.

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

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For access to city level agents' comments and contributor details please view the rics economics website.

RICS Global Commercial Property Survey

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