

Divide between emerging and developed markets increases

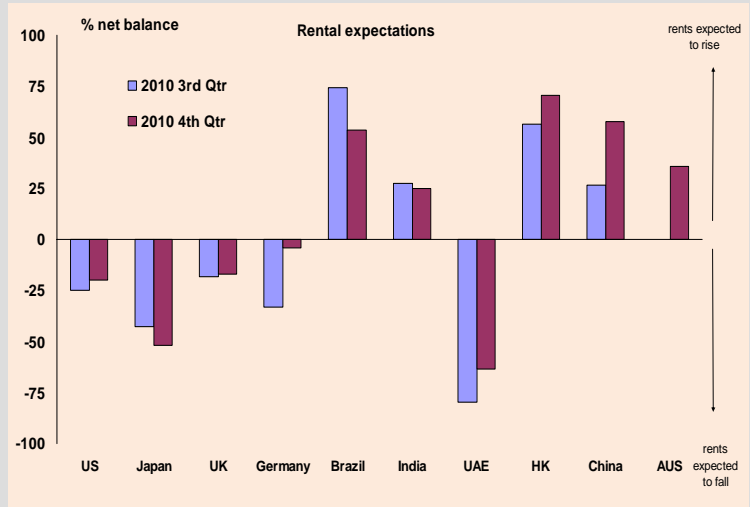
- Outlook for real estate most positive in Latin America and Non-Japan Asia
- Sentiment particularly upbeat in Singapore, Hong Kong and China as macro economy improves
- Turnaround in expectations for German capital values as the net balance reading moves into positive territory
- Real estate sector in UAE, Japan and some European countries languishing

The results of the RICS Q3 Global Commercial Property Survey provide further evidence of a 'two speed' recovery in property markets across the globe. The data shows that markets in Emerging Asia and Latin America are leading the more developed economies such as the US, UK, euro area and Japan. The countries exhibiting the strongest performance in commercial property markets generally are China, Hong Kong, Brazil and Singapore.

For the second consecutive quarter, the RICS results show that occupier markets in the majority of countries reported on are firming; 70% of countries reported seeing a positive net balance from tenants compared to the previous three months. However, rental expectations are only increasing in just over one third of the countries reported on as available space increases in all but a few markets. Significantly, the occupier recovery in the UK seems to be stalling as agents now report that sentiment deteriorated during the third quarter; expected rents, capital values and development starts all declined at a faster pace than previously.

Elsewhere, investment activity appears to be picking up. 75% of countries reported that demand from investors increased, while the number of investment bidders increased in just under two thirds of countries. Surveyors' expectations for capital values of real estate were more mixed, with broadly half the responding countries expecting rises in values.

Regionally, the leading countries from the survey are those in Latin America and Asia, as both occupier and investment markets are buoyed by the strength of domestic economies. A recurring theme seems to be the growing divergence between the more developed and emerging markets. The more heavily indebted countries,



including a number in Western Europe and the US, face increasing problems with deleveraging and potential new regulation, and find themselves suffering when compared to the emerging markets that face no such constraints. The outcome of this is that Singapore, China, Hong Kong and Brazil are recording the most positive reading in terms of rental and capital value expectations. Investment activity is also high in Singapore and Brazil, with India showing a smart pickup also.

Significantly, sentiment in China appears to be accelerating despite the fact the Chinese government has tried to suppress the surge in asset prices by tightening lending criteria. Expected rents and capital values increased at twice the pace seen in Q2, and investment activity also picked up from the last quarter.

Interestingly, the RICS results suggest a rebound in sentiment from property professionals in Germany, as the outlook for capital values improved; the net balance recovered from -9 in Q2 to +19 this time around. Rental expectations remain negative, but much less so than in Q2. The mood among surveyors also appears to be picking up again in Russia, where the outlook for rents and capital values looks positive; both indicators increased at twice the pace of the last quarter. Investment activity also improved in both countries.

Global commercial property expected capital values for Q4 2010

	US	Japan	UK	Germany	Brazil	India	UAE	HK	China	AUS
2009 Q2	-76	-72	-37	-41	22	-16	-52	24	-6	-57
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

*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 = 470

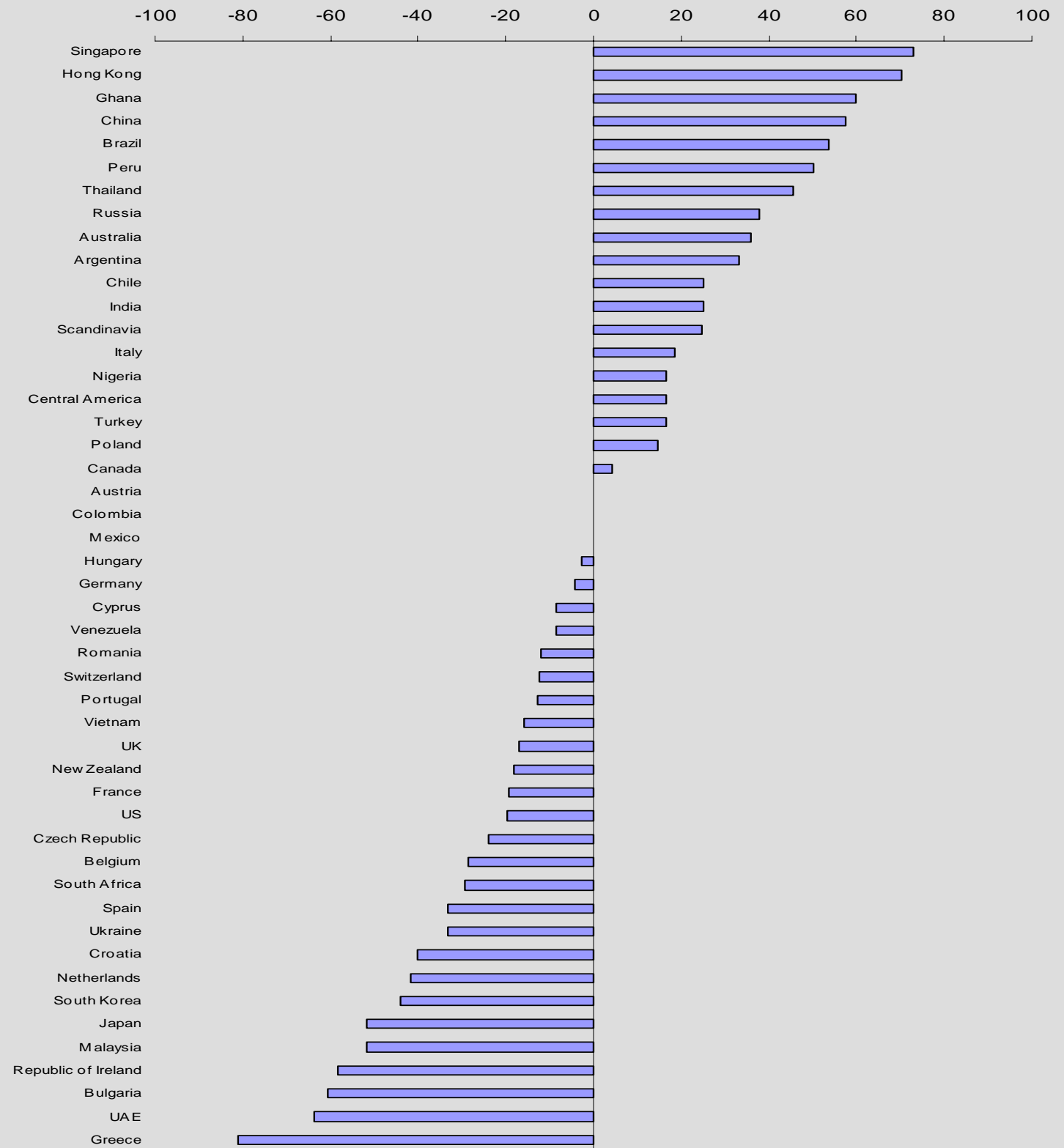


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Country statistics - Expectations for Q4 2010

Rental expectations for Q4 ranked by net balance scores



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

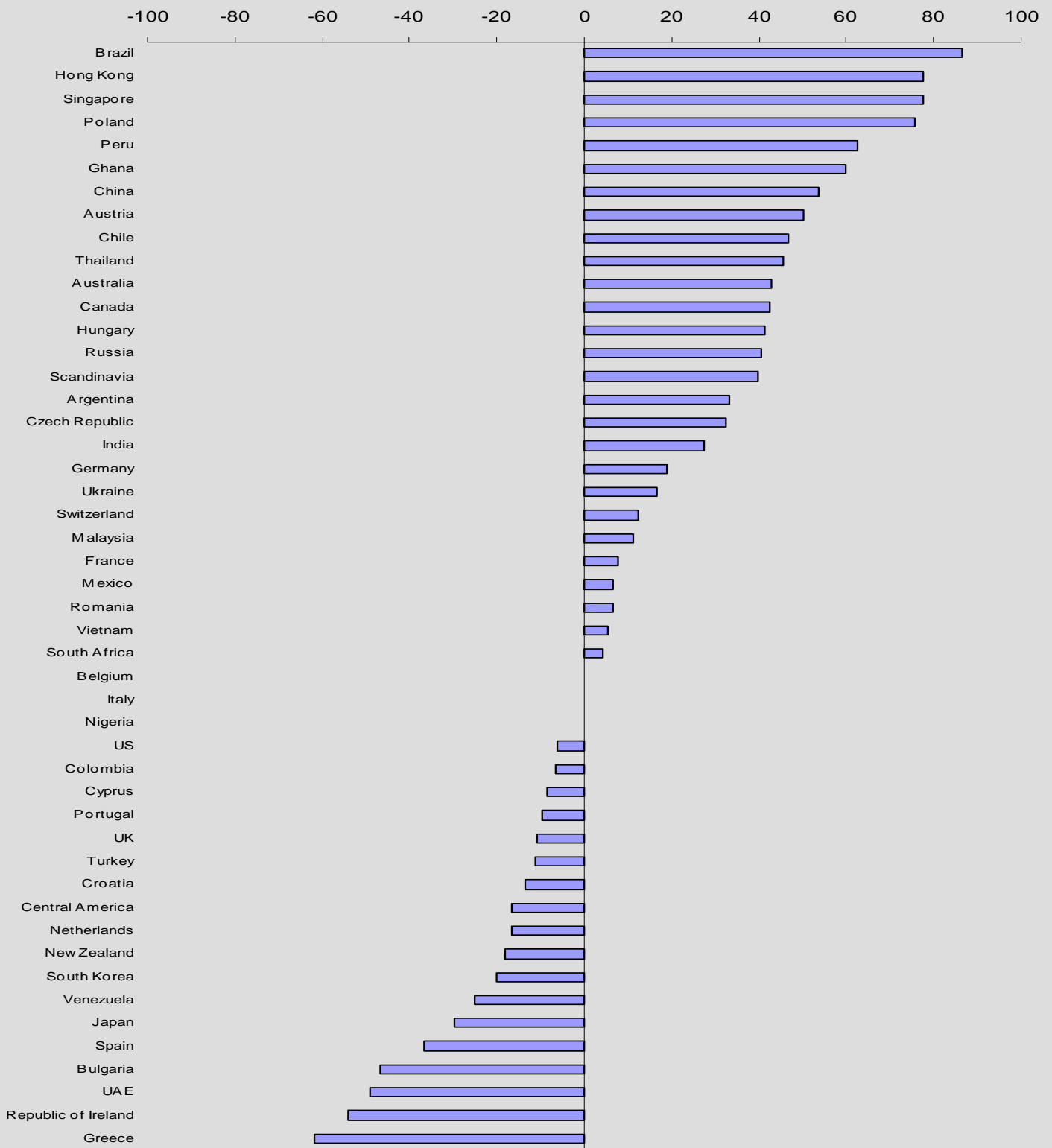


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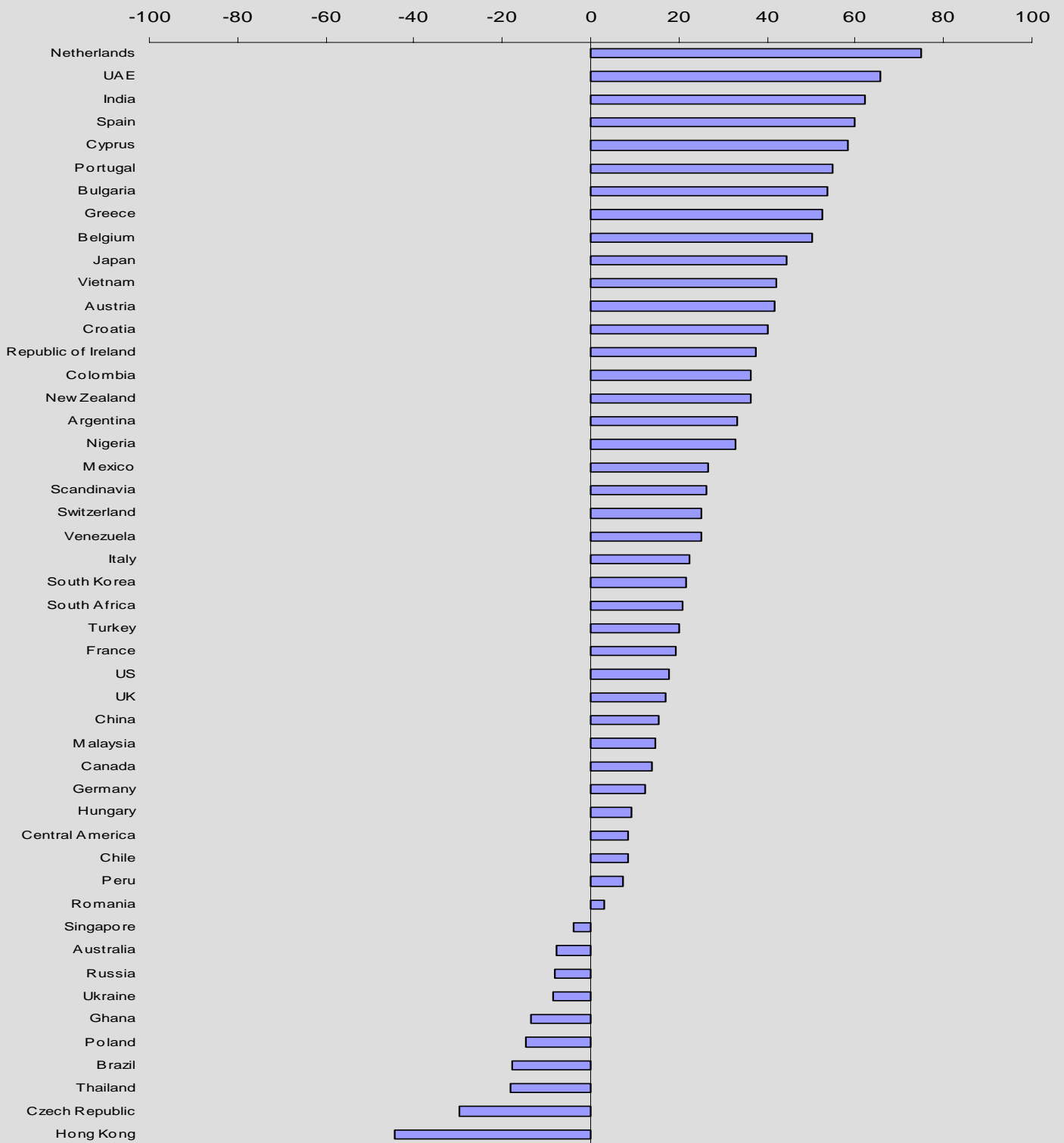
Country statistics - Expectations for Q4 2010

Capital value expectations for Q4 ranked by net balance scores



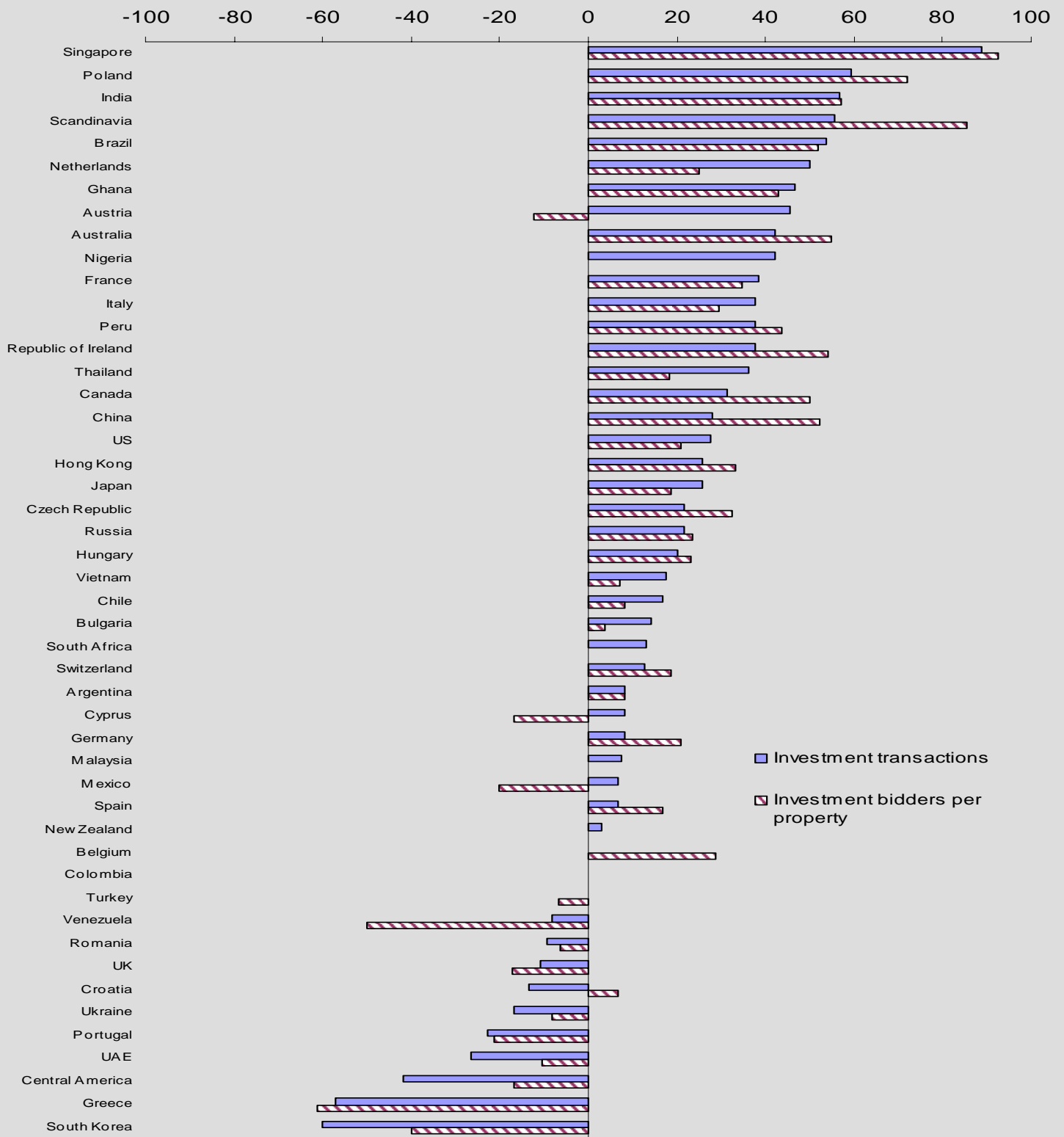
Country statistics - Reported available space Q3

Available space in Q3 ranked by net balance scores



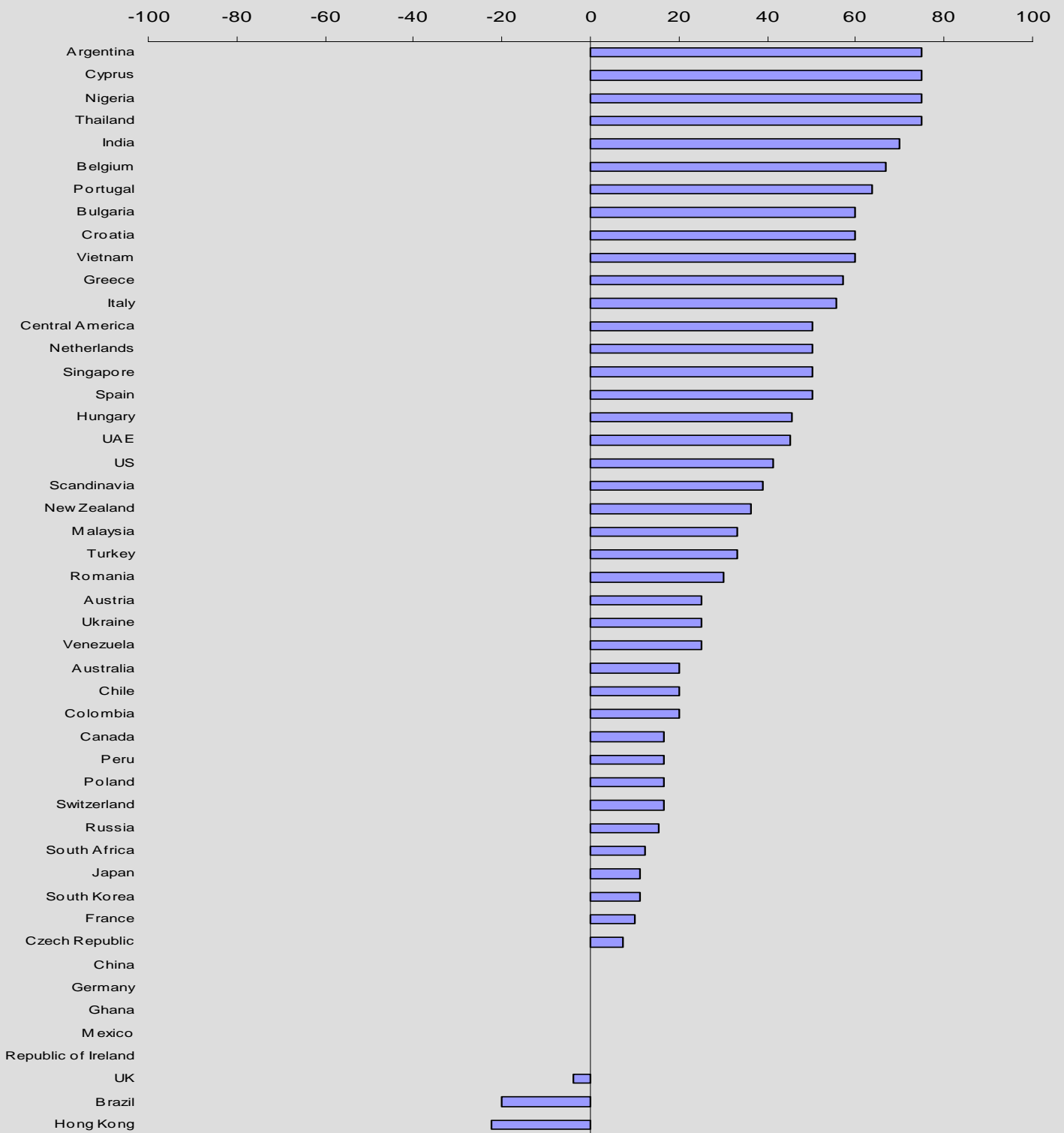
Country statistics - Investment transactions in Q3

Investment transaction activity in Q3 ranked by net balance scores



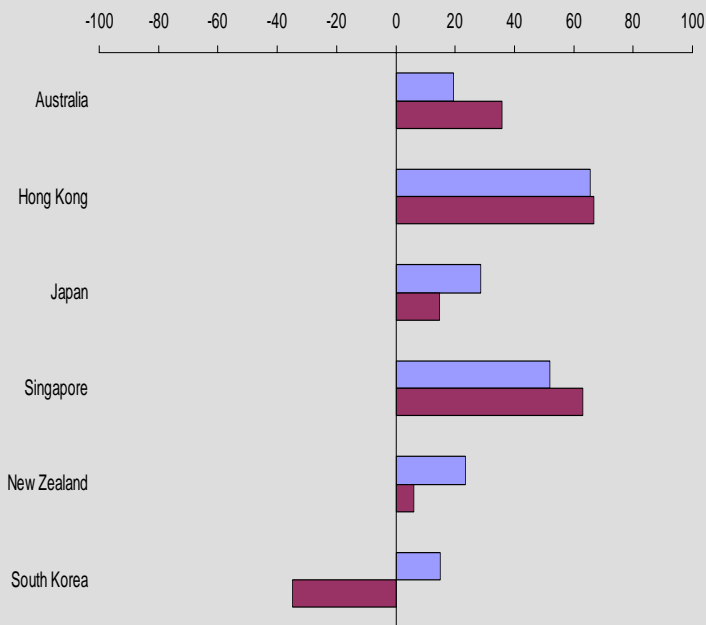
Country statistics - Stock of property in Q3

Change in the stock of investment property to purchase in Q3

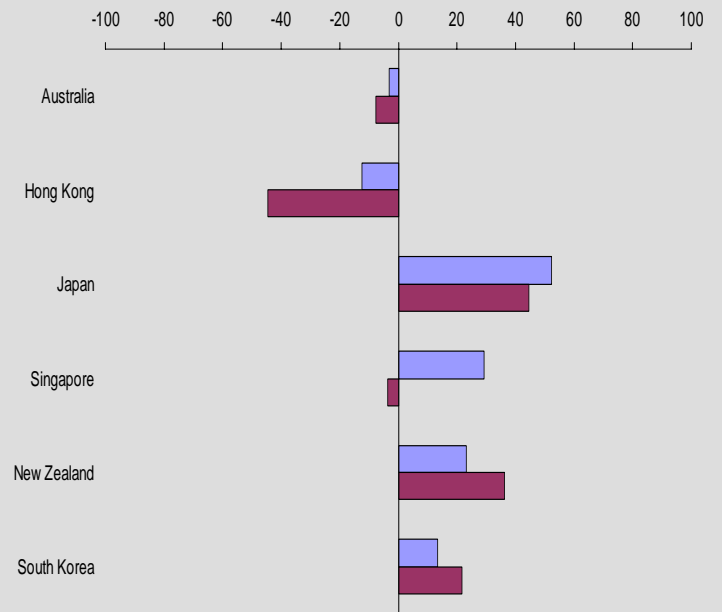


Regional statistics - Developed Asia / Australasia

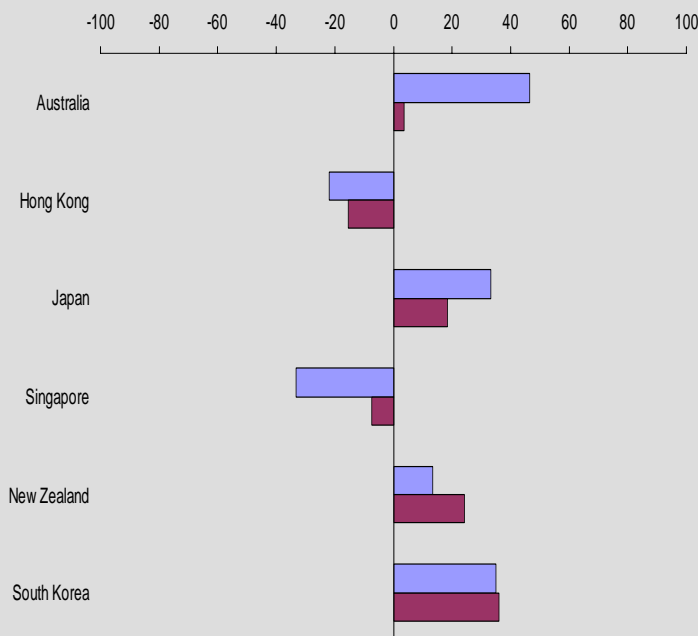
Tenant Demand



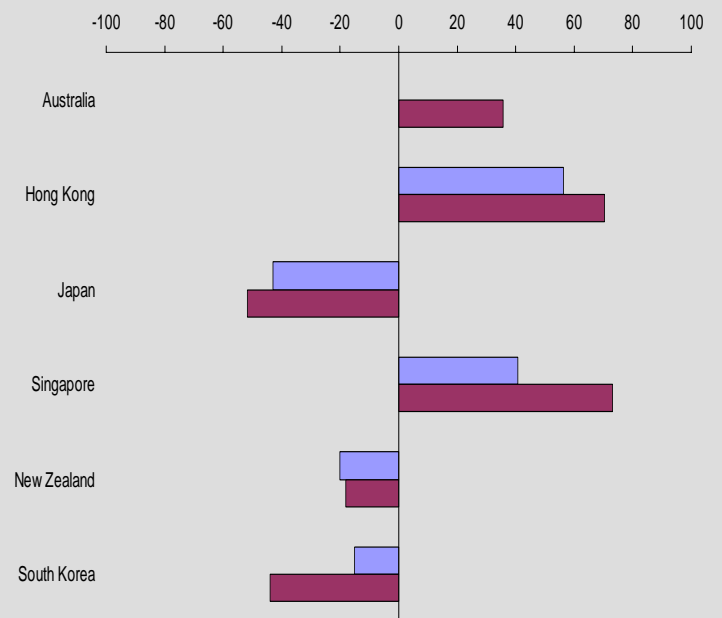
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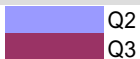
Inducements



Rental Expectations

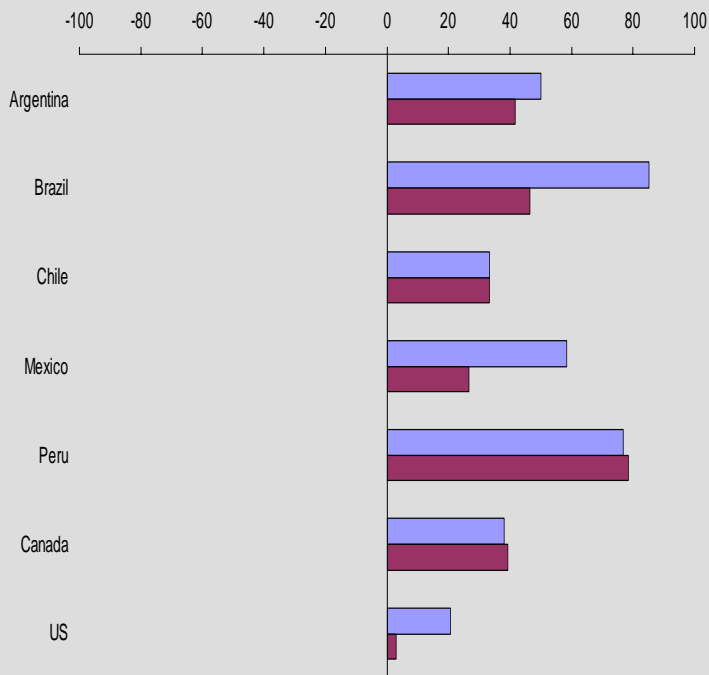


Key for country charts

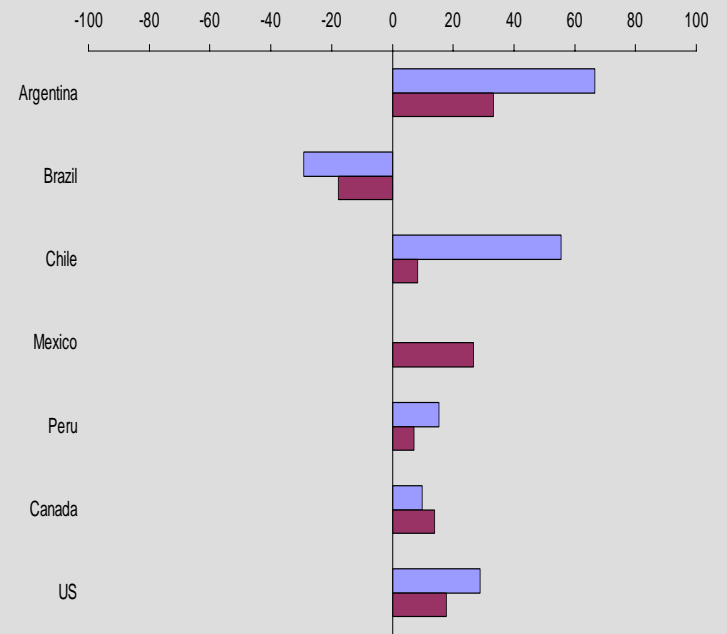


Regional statistics - Americas

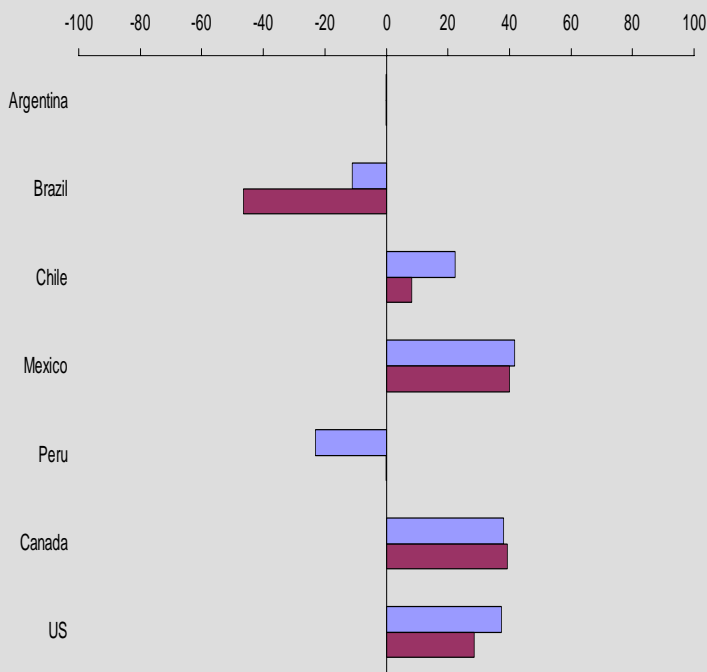
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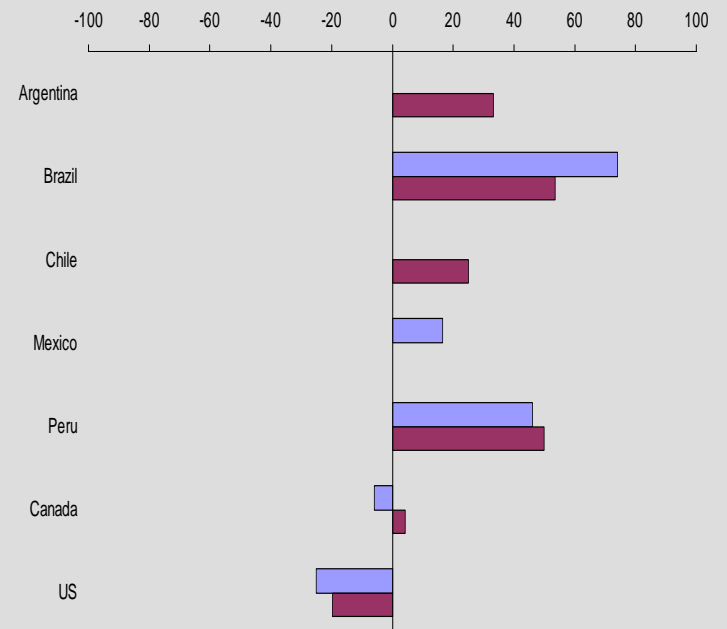
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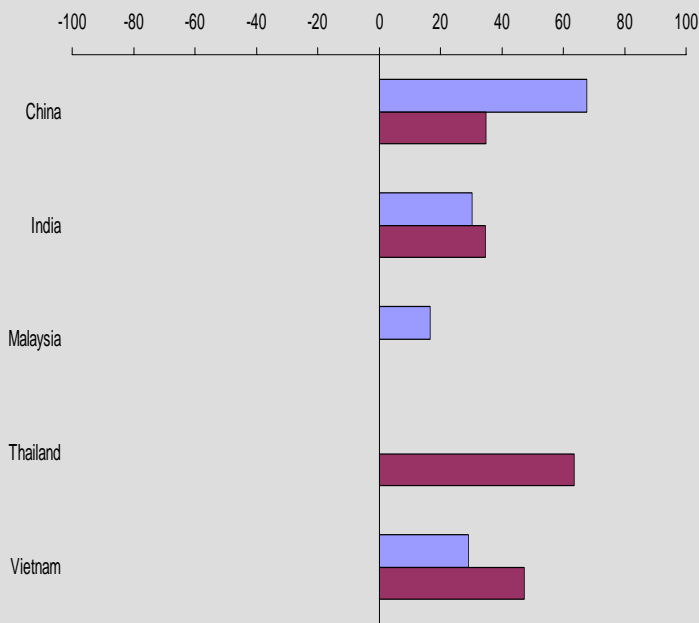


Rental Expectations

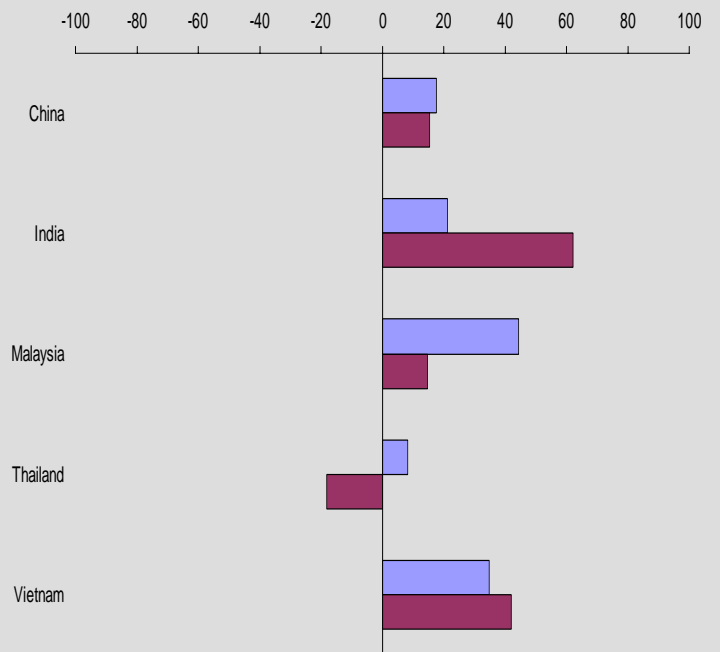


Regional statistics - Emerging Asia

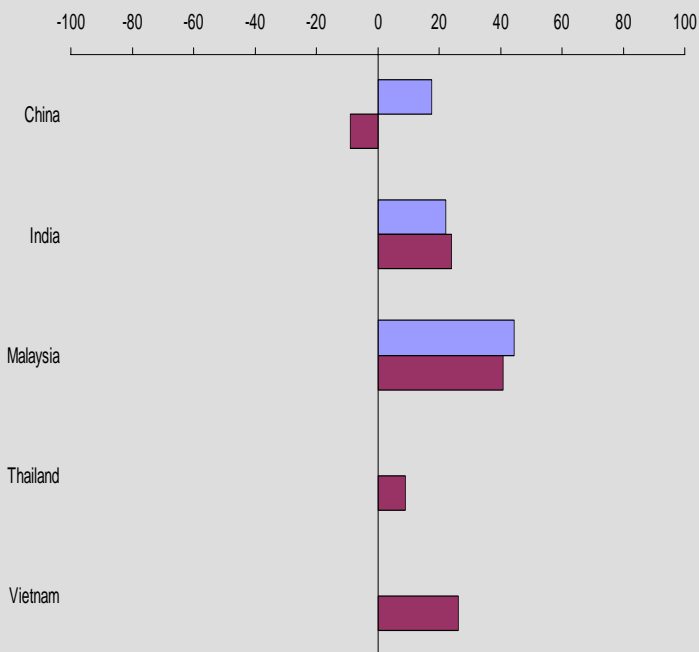
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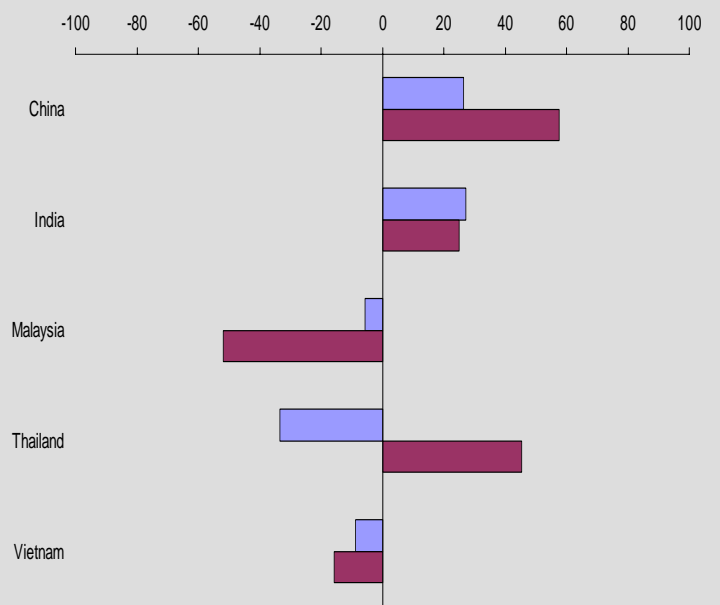
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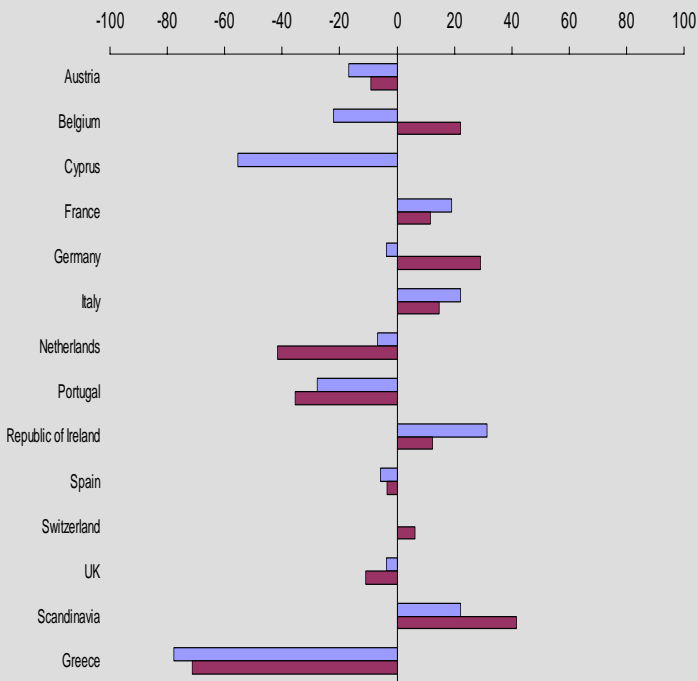


Rental Expectations

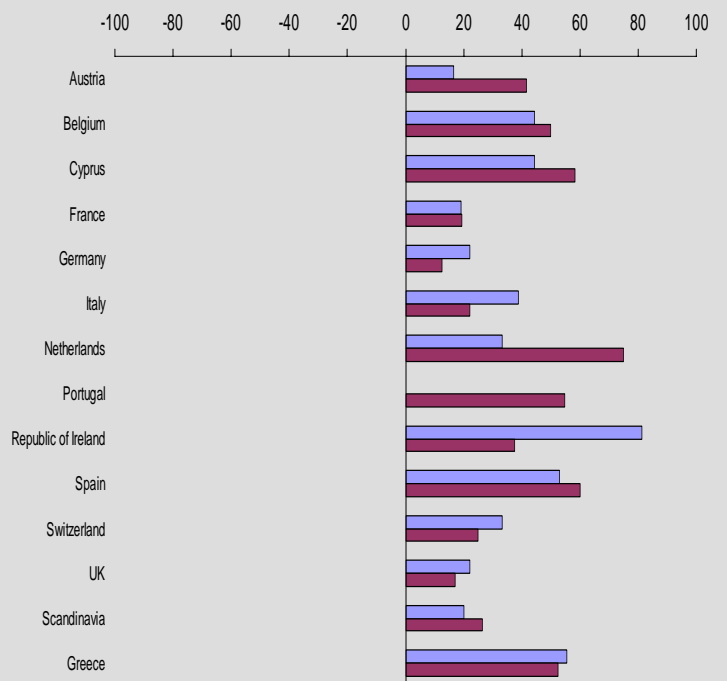


Regional statistics - Western Europe

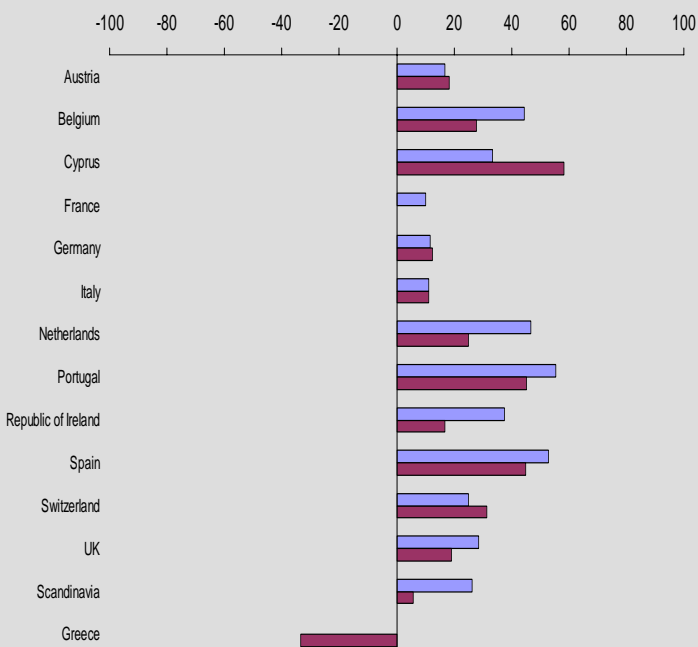
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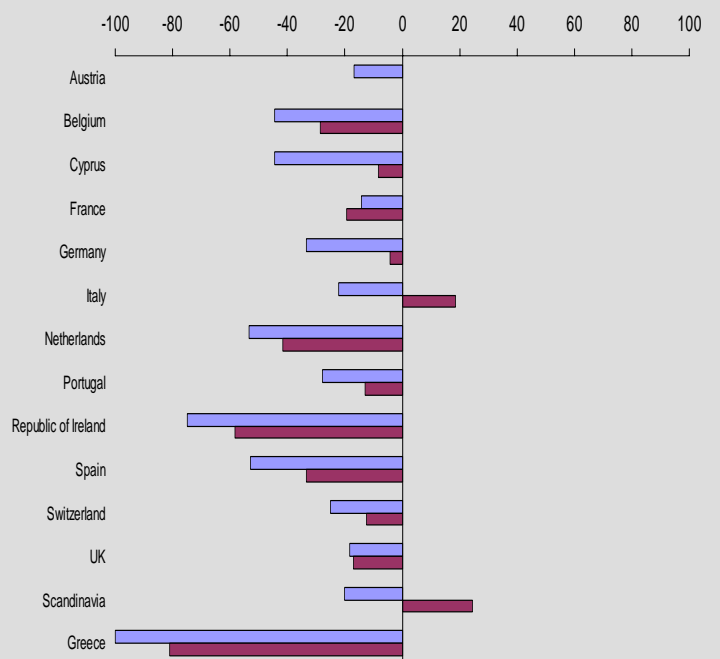
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Inducements

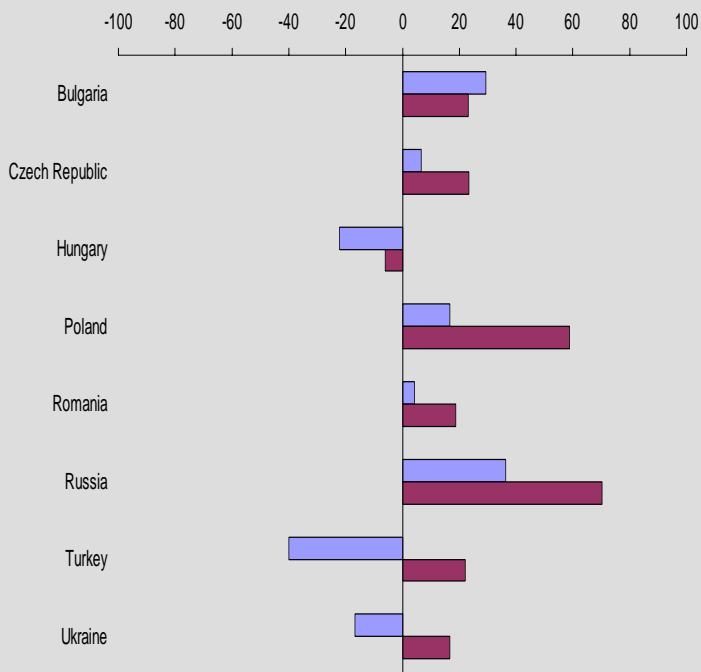


Rental Expectations

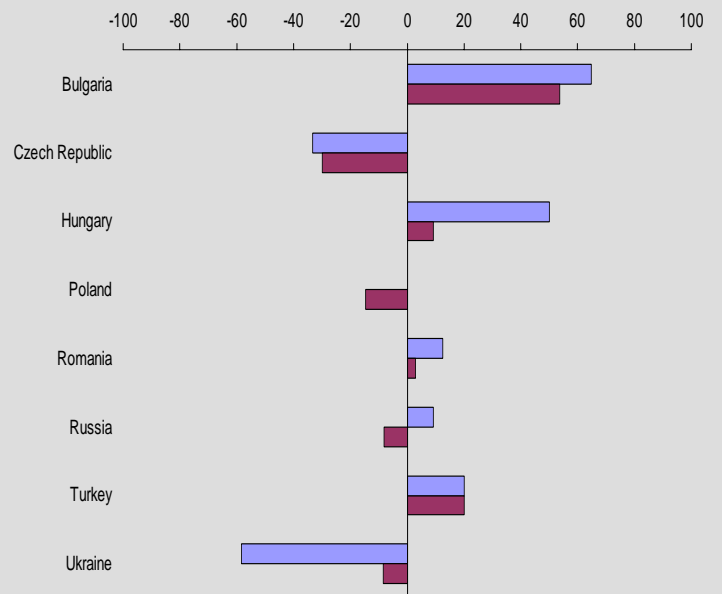


Regional statistics - Emerging Europe

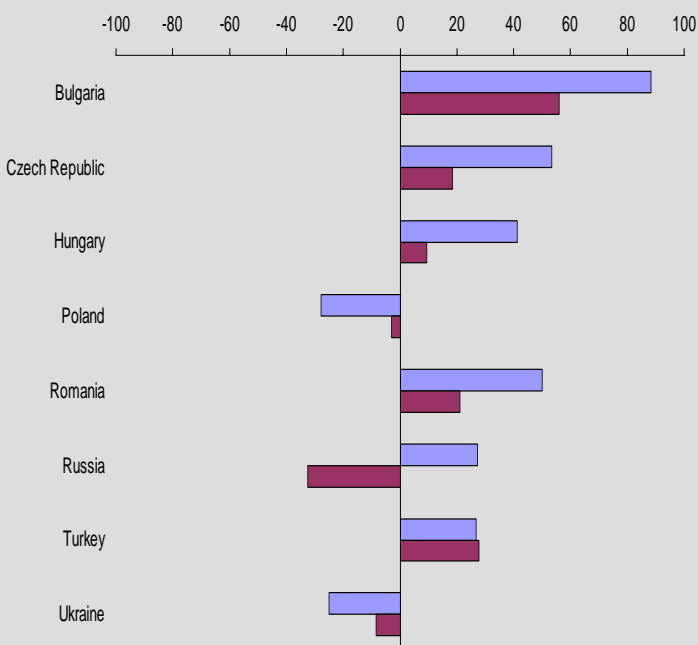
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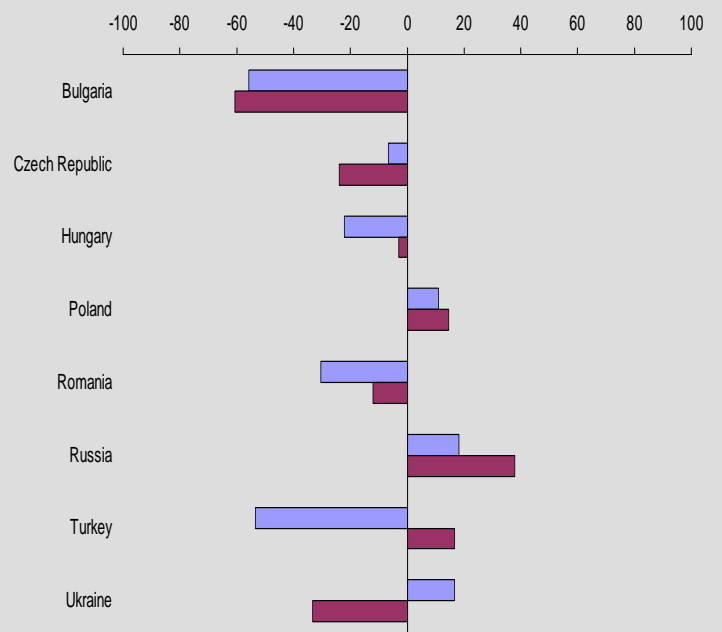
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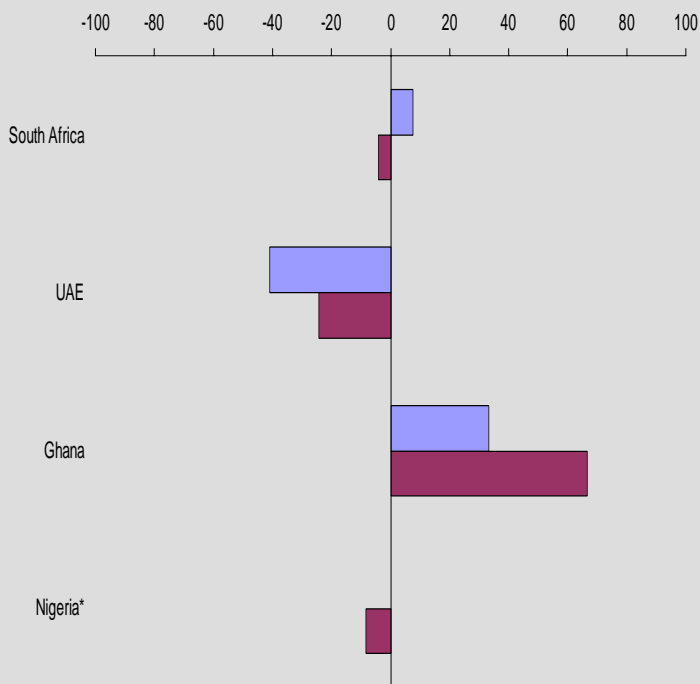


Rental Expectations

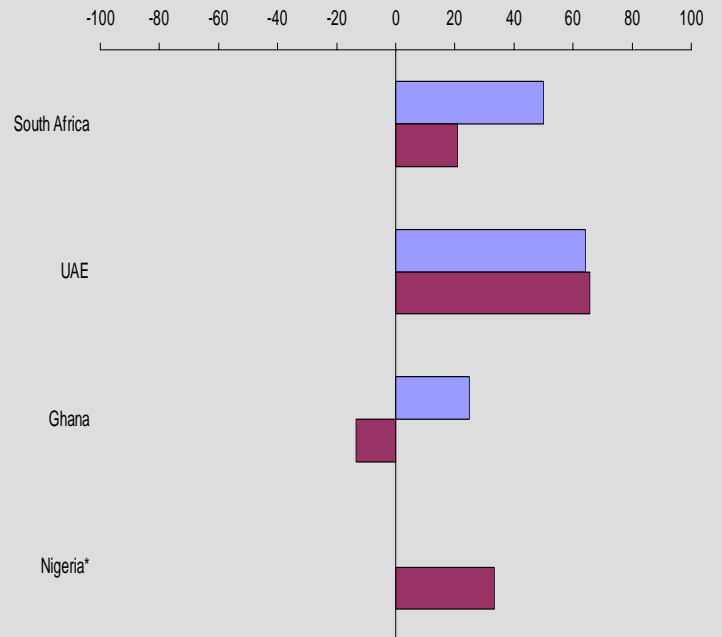


Regional statistics - Africa and Middle East

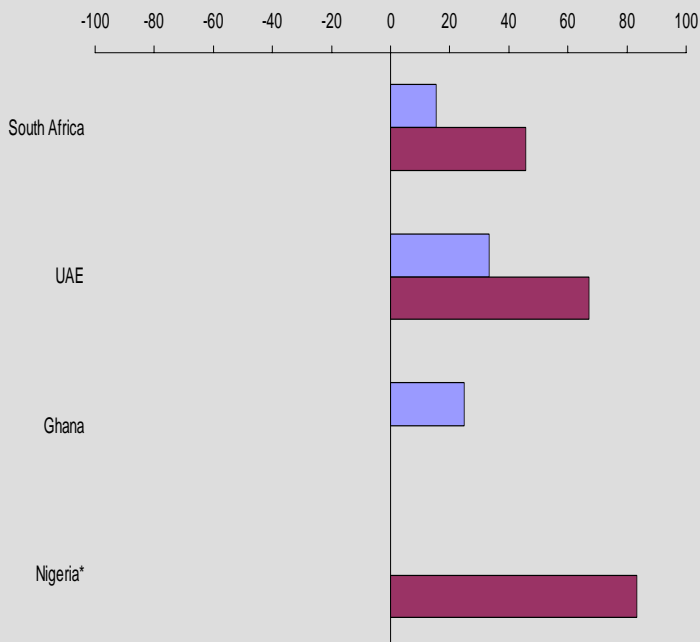
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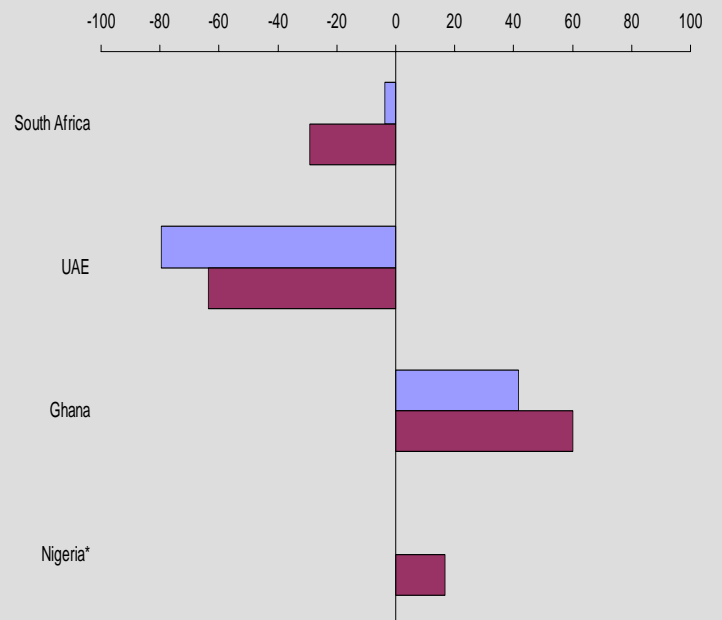
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Inducements



Rental Expectations



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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 third 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 7th September 2010, with responses received up until the 27th of September 2010. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 470 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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Taking part in the RICS Global Property Survey

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

www.rics.org/GPScomments2010q3

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