

RICS Americas Commercial Property Survey

RICS Economics Q2 2010

www.rics.org

U.S. outlook improves; expectations in Brazil still high

- **U.S. rental expectations are still negative, but record highest reading since Q1 2008**
- **Canadian capital value expectations remain positive while rental expectations improve**
- **Brazil ranks top in rental expectations and second in capital value expectations behind Peru in the Americas**
- **Tenant demand in US rises for first time since 2007**

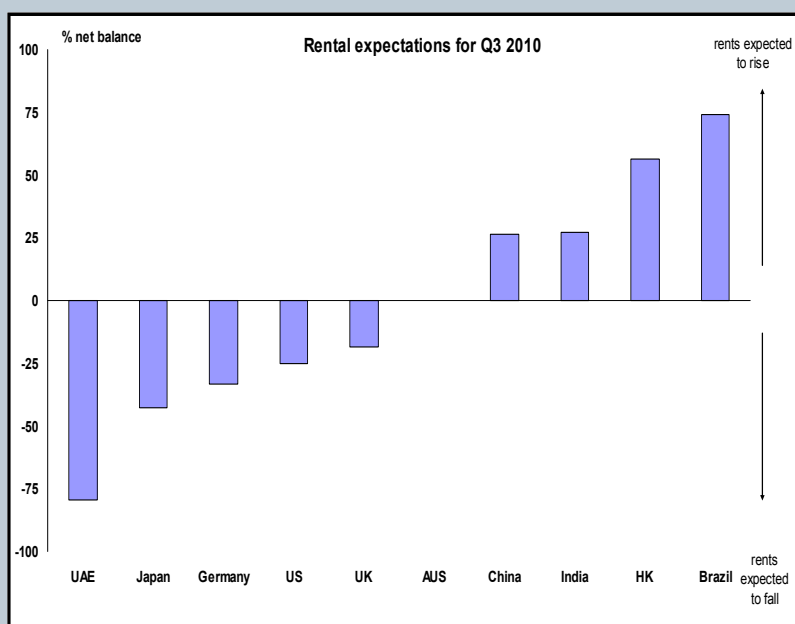
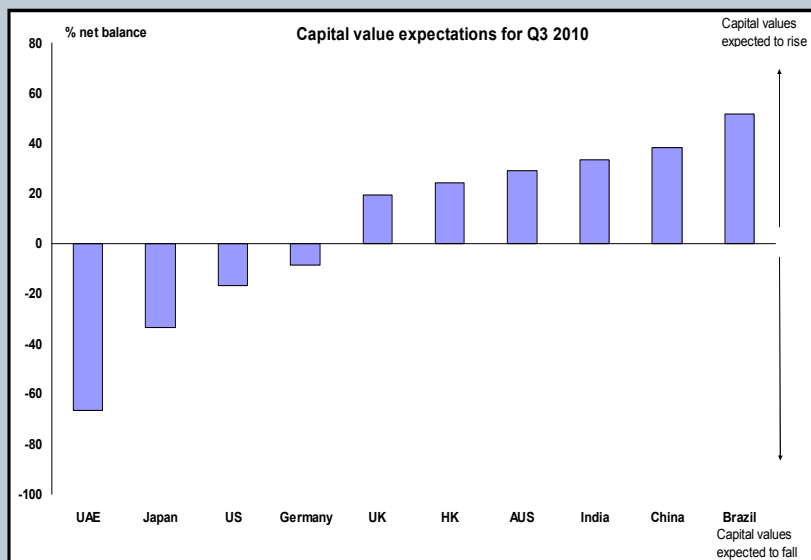
The Q2 Global Commercial Property Survey from RICS suggests that real estate performance in emerging markets, such as South America and Asia, is leading that in more developed countries. Specifically in the Americas, the US has shown a marked improvement while in Latin America the commercial property market continues its bull run. Respondents in Peru and Brazil were most upbeat, coming top in the Americas for both rental and capital value expectations.

Respondents in Brazil remain optimistic, with rental expectations for Q3 reaching a new high of +74 while capital value expectations although dipping a bit, remain well into positive territory. Both tenant and investment demand for real estate recorded their highest reading since the second half of 2007. Indeed, capitalisation rates turned positive for the first time in over a year as the rental upturn is now outpacing capital value growth.

In the US, anecdotal evidence from surveyors seems to suggest the worst is over. Indeed, while still negative, rental and capital value expectations have shown a material improvement. Significantly, the net balance for tenant demand turned positive for the first time since the first half of 2007.

The number of investment bidders per property rose at double the pace of Q1, reflecting a possible increase in appetite for risk and also the lack of quality commercial real estate coming onto the market. Capitalisation rates are still increasing, albeit at a slower rate and stand at +33 in this quarter.

Survey respondents in Canada currently view the market as stable. Significantly rental expectations, while slightly negative, recorded their highest net balance in two years. This could partly reflect the second consecutive rise in tenant demand (after two years of negative net balances). Capital value expectations continue to be positive in 2010, although scaled back slightly in Q2. Investment demand and number of bidders per property continued to rise although at a slightly slower pace than in Q1. Capitalisation rates fell again as capital values rose at a faster pace than rents during the quarter.



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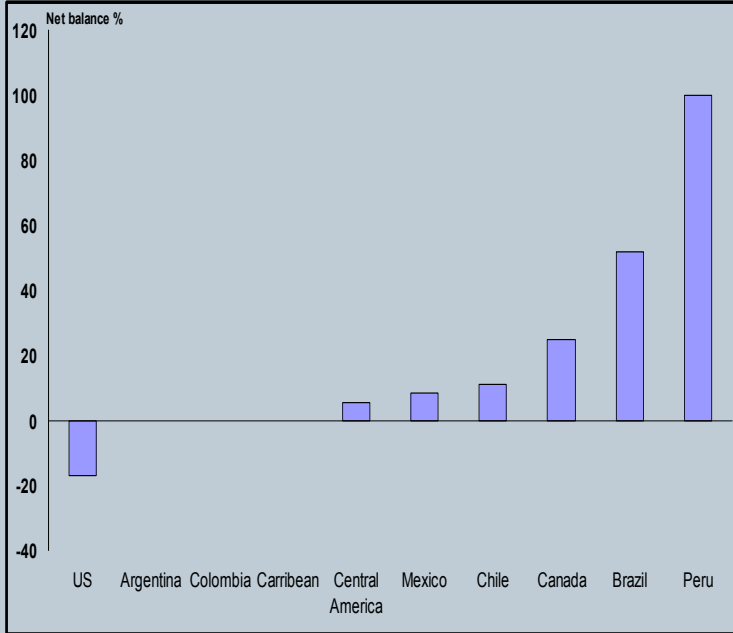
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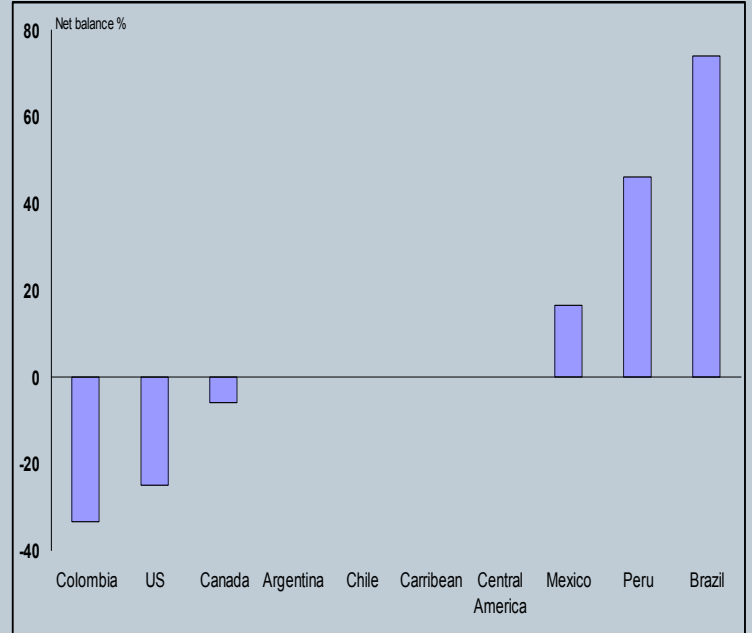
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Americas—Key Indicators

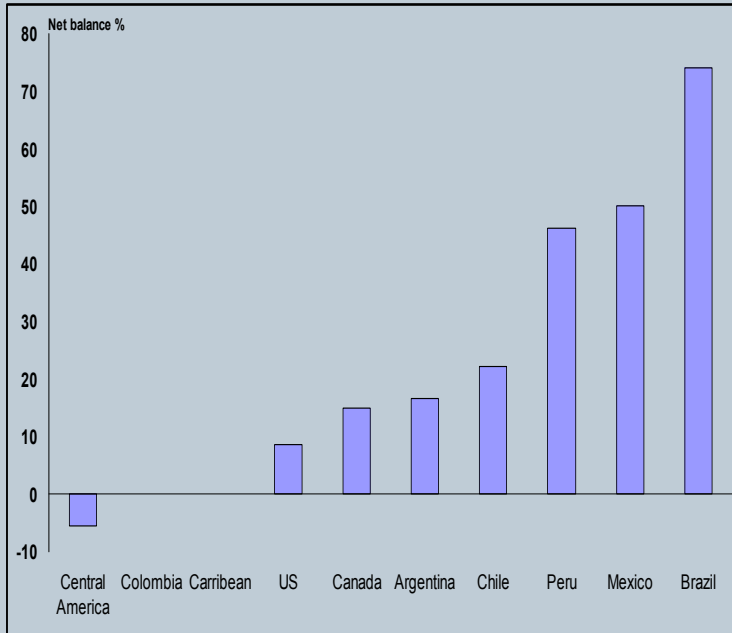
Capital Value Expectations



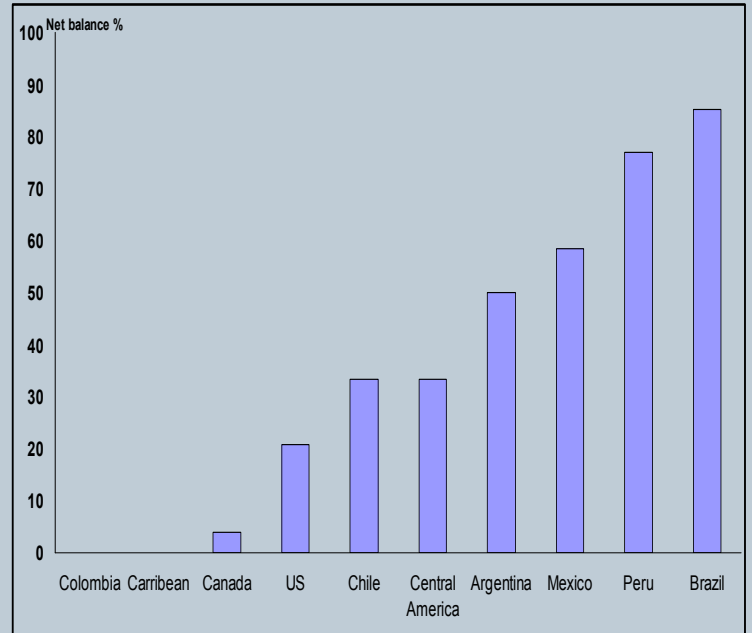
Rent Expectations



Investment Activity



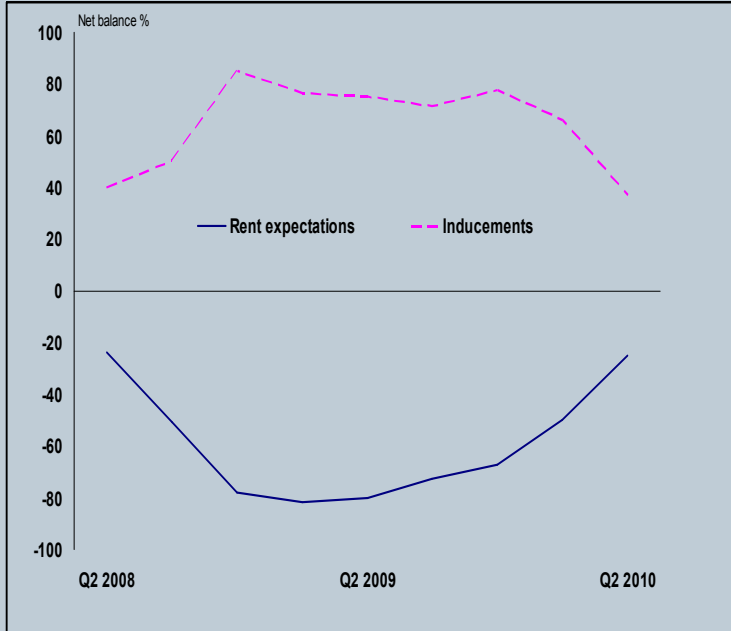
Tenant Demand



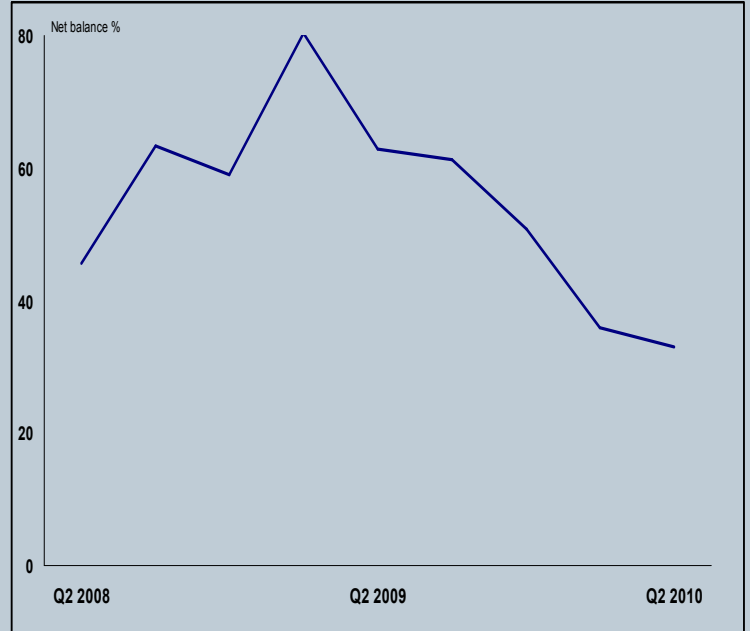
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US

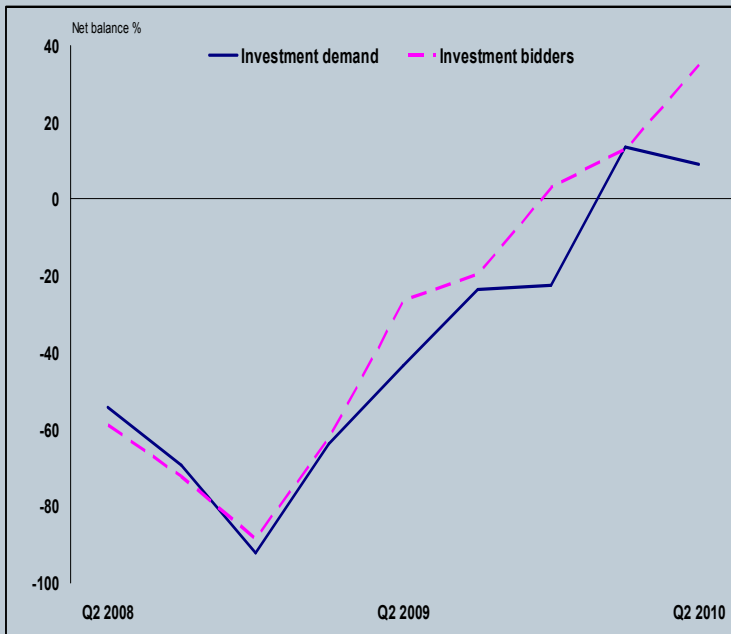
Rent Expectations and Inducements



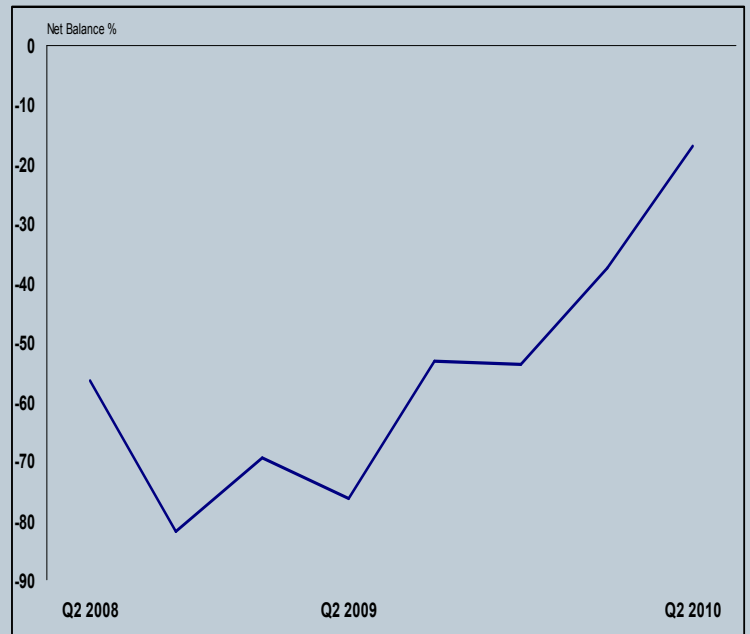
Capitalisation Rates



Investment Demand & Number of Bidders



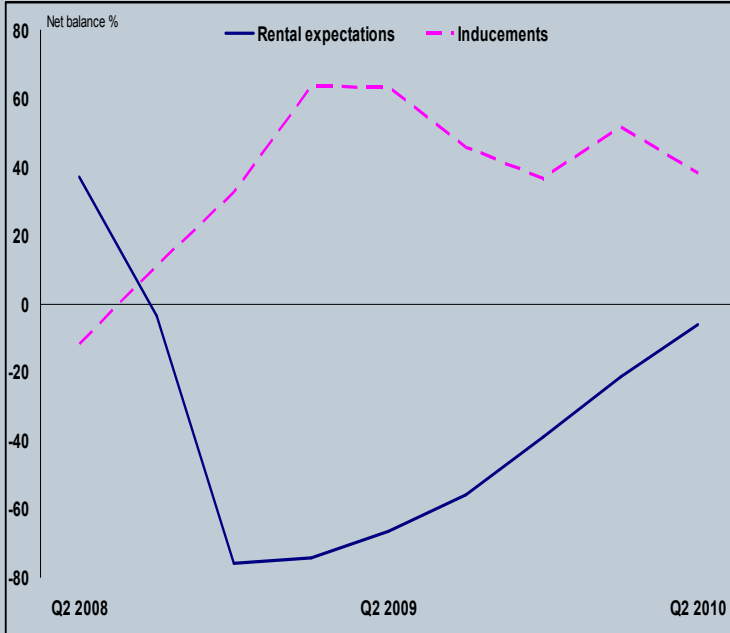
Capital Value Expectations



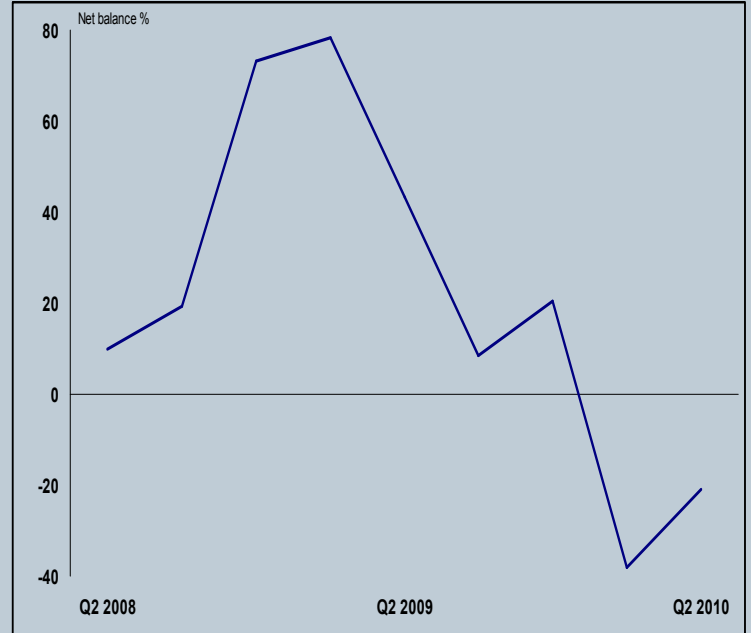
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Canada

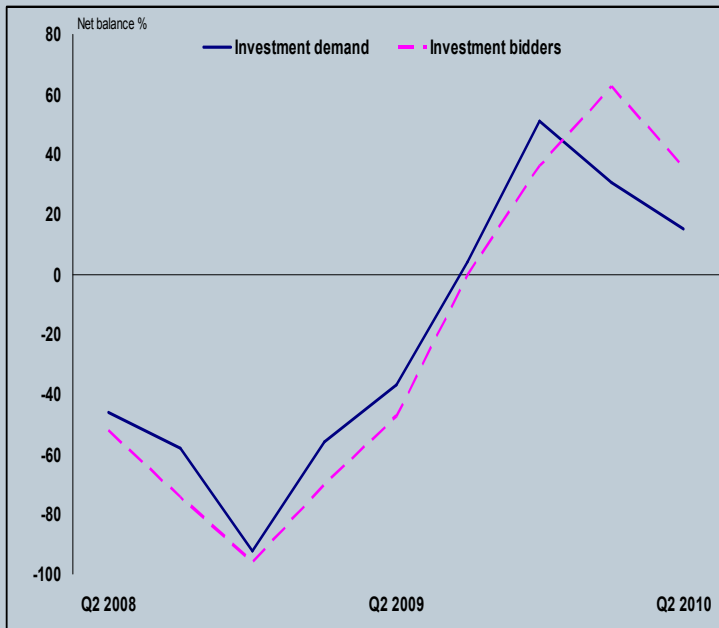
Rent Expectations and Inducements



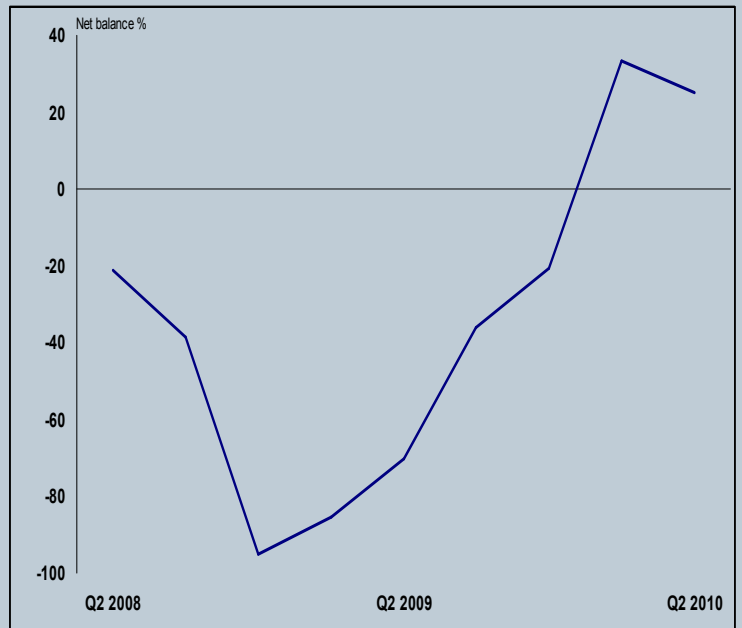
Capitalisation Rates



Investment Demand & Number of Bidders



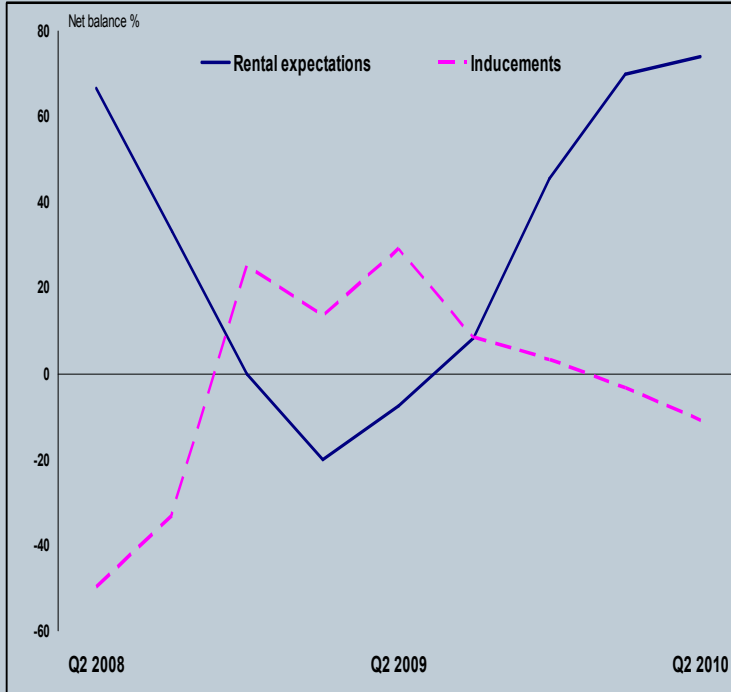
Capital Value Expectations



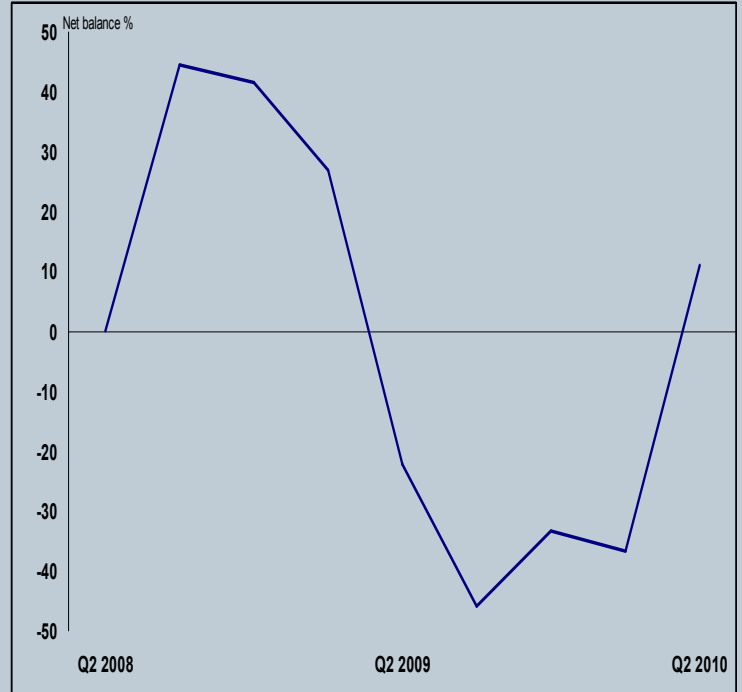
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Brazil

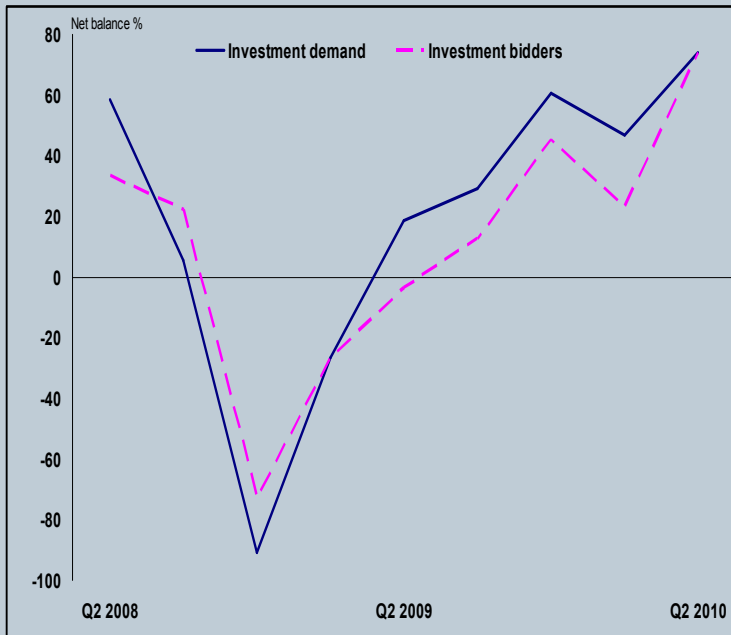
Rent Expectations and Inducements



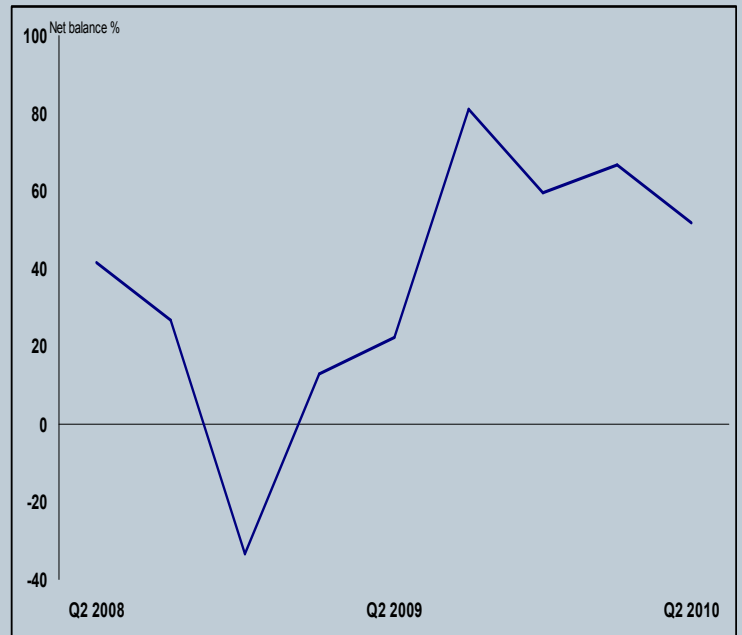
Capitalisation Rates



Investment Demand & Number of Bidders



Capital Value 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 first quarter of 2010 based on information collected from leading international real estate organisations and local firms.

385 surveyor offices responded to the questionnaire conducted between 1/6/2010 and 25/06/2010.

Methodology

Survey questionnaires were sent to real estate organisations in June 2010, with responses received up until the 25th of June 2010. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 385 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

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RICS Global Commercial Property Survey

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

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