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## Global City Comments from Real estate Professionals Q2 2010

### Africa and Middle East

#### Ghana

##### Kumasi

***Kwaku Obeng Mireku***

Data Estate Ltd

"The real estate market in Kumasi is gradually picking up after last year's downwards activity due to the improving economic conditions generally. The rental market continues to remain the most active."

##### Tamale

***Abdulai Akibu Professional Probationer GhIS Ghana***

University For Development Studies

"Market players are eager to have more real estate in the market but the process is slowed down by inadequate liquidity due to the absence of comprehensive mortgage facilities."

#### Israel

##### Tel Aviv

***Adina Cooper MRICS***

Colliers International

"There are 4 major banks, and they do not tend to foreclose on properties. In addition the LTV is relatively low and in most cases asset values are still higher than the debt."

#### Kenya

##### Nairobi

***Bartholomew Ragalo***

Tyson's Limited

"The trend in the next three months is likely to be the same no rise or decline in demand for all categories of real estate."

**Nigeria**

**Abuja**

***Dahuru***

D Square Associates

"More emphasis should be given to real professionalism. These include using them in every step of activity, provided they are used in the right field. Likewise, mass Housing unit project by various Governments could do something."

***Pat Onukwuli MRICS***

Pat Onukwuli & Co

"The rebound in global economy which began early in the year appears to be short lived as countries the world over are announcing various austerity measures. In Nigeria the Federal Government wants the National Assembly to rework or reduce the 2010 Budget which they had passed into law because of the falling crude oil prices. These are in turn affecting investor confidence."

**Qatar**

**Doha**

***Jonathan Wright***

DTZ

"The market has improved dramatically this year overall, with the last quarter seeing increase in leasing activity from all sectors. However the main driver has been the take up of space by the Government, who have taken up lots of the available office stock in the last quarter, leaving other occupiers less choice in the market."

**South Africa**

**Cape Town**

***Frans MRICS***

Capital Project Managers

"With the soccer world cup staged in South Africa, everybody's focus is elsewhere. This event also created a watershed moment as far as political uncertainty is concerned. The question is: how successful will this event be in all fields that this country has to offer and what will the short term future hold immediately afterwards, are we in for a surprise - pleasant or maybe not so pleasant. This situation effectively put a "brake" on all property activities."

**Johannesburg**

***Kerry Millar MRICS***

Real FMG

"Landlord confidence is now clearly dented. There is a great deal more willingness to discuss innovative transactions."

**Pretoria**

***Meshack Baoyi MRICS***

Kopano Quantity Surveyors

"There is a backlog in development of new properties from both private and public sectors, a lot of money was spent in stadia for preparations of the Olympic Games."

**Stellenbosch**

***Sandor Haddad***

GT Property Solutions Pty Ltd

"Generally stable, and positive outlook in terms of foreign investment due to soccer world cup and follow up tourism, etc."

**Thohoyandou**

***Nemakhavhani Tshifhiwa***

University of Venda

"Thohoyandou is developing fast especially along the main road"

**Tanzania**

**Zanzibar**

***Muhammad Salim Sulaiman MRICS***

Private Consultant

"Market conditions are encouraging. Occupier and investment activities are good. A number of development projects are taking place, particularly by private sector."

**UAE**

**Abu Dhabi**

***Nizar Ibrahim Kamouna MRICS***

KEO International Consultants

"Investors' sentiments have generally remained identical to that of the first quarter of 2010. The key drivers for sentiments which have featured in 2010 are regulations and codes on the one hand and sustainable population growth on the other hand to drive the demand growing forward. The good news is that infrastructure and town planning developments are making steady progress. There are reports that projects such as Abu Dhabi Metro, the nuclear development programmes together with the infrastructure projects will create thousands of employment opportunities in the short term, which in turn will drive the demand to higher levels. Further strategies should be put in place by the policy makers to ensure sustainable demand over time."

Abu Dhabi is retaining its position in its potential and attraction due to its financial strength and its liquidity. One of the positive ramifications of the crisis is the change in the developers' priorities, legislation and investment risks are gaining credence over the rate of return. The scope for learning and "making the best out of good crisis" is endless. Overall, there are evident signs of slow recovery in the public sector due to improvement in oil prices. Further recovery is expected, as the global economy, to which Abu Dhabi is aligned gathers momentum."

## **Dubai**

### ***D.A.H.Gunaratne MRICS***

Free Lance - Consultant

"Both public & private sector property development works have gone down. This is due to affected circumstances have took place since Aug. 2008."

### ***Mohamed Sajeer***

Cairo Contracting Co

"Overall market condition is very bad and only small scale projects such as residential villas are available for tendering"

### ***Jonathan Brown MRICS***

MPM

"Legislation is yet to be developed that facilitates foreclosures."

## **Zimbabwe**

### **Harare**

#### ***David Mutemachani***

Mashonaland Holdings Ltd

"Much of the investment market forecasting currently is centred on the possibility of elections being held early 2011. The possibility of elections and the instability they have brought in the past dictates caution. There is also the realisation that the elections may usher in a different political dispensation, whichever side wins. As in the previous quarters, politics still dominates and drives market sentiment."

## **Australasia**

### **Australia**

#### **Adelaide**

##### ***Rino Carpinelli***

Savills SA Pty Ltd

"Market conditions in Adelaide remain sound with high net worths and private properties still active in the market"

#### **Perth**

**Peter Agostino**

CB Richard Ellis

"Market has been negatively impacted by Government's proposed Resources Super Tax."

**Sydney**

**Anthony Martin**

c&W

"The market is on the precipice of a shake up."

**David Walker MRICS**

Strand Estates Pty. Ltd.

"Paucity of finance continues to hang over the market and is holding back a sustainable recovery."

**New Zealand**

**Auckland**

**Gerald Rundle**

Bayleys Research

"Investors are still cautious and the spread of yields they are prepared to pay increasingly reflects the quality of tenant, lease terms and location of the property. The market is now considered to be in the bottom curve of the cycle with the recovery to be lead by the retail and industrial sectors."

**Keith Maddison MRICS**

Neil Properties Limited

"Whilst many fundamentals of the NZ economy appear robust there is still a high level of uncertainty in the commercial property market with little to no new development activity"

**Whangarei**

**Nigel Kenny MRICS**

Telfer Young (Northland) limited

"Whangarei has a small commercial base. Historically very limited spec development. Currently minimal demand for any sector. A few transactions can tend to distort entire market."

**Developed Asia**

## Hong Kong

### Hong Kong

#### **Francis C W Li MRICS**

DTZ

"The HK property market in general is very tight in terms of new supply & benefits from an early recovery of the Chinese economy. High liquidity & low interest rate environment all favour investments into real estate to hedge against up-coming inflation."

#### **Benny K B Kwok MRICS**

BENNY K B KWOK FORENSIC EXPERT

"As predicted in Q1, macroeconomic factors and government policies have capped the market activities and prices. Although the impacts have come slightly earlier than predicted, market tension is likely to ease out during Q3 in 2010."

#### **David Faulkner FRICS**

Colliers International

"There is a miss-match between buyer and seller price expectations, leading to lower transaction volumes."

#### **Margaret Brooke FRICS**

Professional Property Services Group

"Please note that there are very few distressed sales in this market"

#### **Simon Lynch FRICS**

Cushman & Wakefield

"We are starting to see caution prevail. The effect of the Greek sovereign debt has had a negative impact on the HK stock exchange which is taking a breather. This has led to end users and speculators holding back on purchases and we see the volume of transactions decreasing."

#### **Margaret Ng MRICS**

CB Richard Ellis

"Investment sentiment at the beginning of the quarter was muted, following on expressions of concern by the Government of a possible asset bubble forming in Hong Kong. The lower than expected winning bid for a Tai Po residential site of \$10.4 billion by Sinoland further contributed to sentiment that perhaps the market was starting to cool. However market activity started to pick up after the Lunar New Year, with Sun Hung Kai launching sales of apartments at Yoho Midtown in Yuen Long. The developer priced initial units for sale at around \$5,000 psf, but increased the price of successive batches of units for sale in 5% to 10% increments. The positive response to Yoho Midtown likely spurred Sun Hung Kai to submit a higher than expected bid for a residential site in Tseung Kwan O. Sun Hung Kai purchased the site for \$3.37 billion, a 68.5% premium over the minimum guaranteed bid of \$2 billion. Soon after, New World Development and Wheelock Properties jointly won the tender for the Austin MTR station property development for \$11.71 billion, or an accommodation value of \$9,130 psf, the highest ever paid for a land premium. Several measures were announced in the 2010/2011 Budget to help address concerns that property prices were rising beyond the affordability of the typical Hong Kong household, as well as measures to help increase transparency in property transactions and greater regulation of property developer marketing practices. It now appears that developers are trying to appease concerns surrounding property speculation. Cheung Kong announced that it would limit sales to two units per investor for flats in its new development, Festival City in Tai Wai. Sun Hung Kai also announced that it would limit sales to one unit per investor for its luxury residential development Larvotto in Ap Lei Chau. It appears that market response to new residential developments has moderated, as indicated by the fewer than expected sales at Festival City over a recent weekend. While the residential market continued to grab most of the headlines, there were some

noteworthy transactions in other property sectors as well. Several floors of newly completed office space at One Harbour East, in Kwun Tong, were sold for \$1.068 billion, or approximately \$6,000 psf. Also, On King Building at Tsun Yip Street was sold for \$433 million and is understood will be redeveloped into an office block. Investors also remained interested in serviced apartments. Kush sold two properties located at High Street and Hollywood Road respectively to Ovolo for HK\$450 million, and then later sold another Kush property at Des Voeux Road West to an investor for HK\$90 million. "

## **Japan**

### **Tokyo**

#### ***James Fink***

Colliers International

"Number of relocations picking up as a result of more stable occupier balance sheets, lower rents and greater landlord inducements rather than stronger macro demand for space. High occupancy buildings progressively having to reduce rents to retain current tenant base as high vacancy properties actively pursuing these same tenants."

## **Singapore**

### **Singapore**

#### ***Keng Chiam Tan***

Jones Lang LaSalle

"Market in general turning cautious due to the European issues"

#### ***Li Hiaw Ho***

CBRE

"Retail rents remain stable in sub-urban malls but declined in the prime Orchard Road area because of the various new completions last year. There has not been any increase in the volume of distressed sales, even in the aftermath of the recent global financial crisis."

#### ***ONG Choon Fah***

DTZ

"Occupier demand increased in Q1 2010, in line with Singapore's economic growth. However, the recent Euro debt crisis has caused businesses to be more cautious, adopting a wait-and-see attitude. There is still a lot of liquidity, especially in the region, looking for higher returns. On a risk-adjusted basis, Singapore appears attractive. However, this is affected by the lack of inventory for sale."

## **South Korea**

### **Seoul**

**Seong-Young Lee**

Korea Appraisal Board

"Recently, the international economic stagnation, European financial crisis, higher oil prices etc. causes domestic recession of the real estate market in construction and transaction etc. In particular, the price of residential and industrial properties goes down. However, investors are turning their attention to income properties. The condition of commercial property market in Seoul maintains the previous levels, not going down. Hereafter, if the interest rates could rise further, the recession of the real estate market may go deeper."

**Miles Ryu**

Colliers International Korea

"Commercial real estate market in Korea has recovered its demand relatively quickly from the global financial crisis due to the inflation policy by Korean Government. In terms of Seoul office market, however, the vacancy rate will increase, since there will be a large amount of new supply in 2010 and 2011."

**Changro Lee**

Korea Appraisal Board

"The overall market conditions in Seoul are trending downward, initiated by the residential market depression since the beginning of 2010. This trend is expected to continue for the remaining year."

## Emerging Asia

### Cambodia

#### Phnom Penh

**Daniel Parkes**

CB Richard Ellis Cambodia

"There continues to be a lack of transactions in the market for land, where owners (largely Cambodian) were not under the same pressure to realise assets, that were mostly paid for by cash, as those who have borrowed. Therefore quoted values have not fallen to levels which new buyers would consider reasonable. There are now some signs of realism entering the market with a number of willing sellers and willing buyers rising to the surface which indicates that transactions may indeed begin to re-emerge in Q4 2010. Office take up continues, mainly by new entrants but also existing occupiers encouraged to move to better accommodation. Retail is overdue on improvement in the quality of space and tenants. There has been one noticeable addition to Phnom Penh retail scene this last month with Axara opening a new flagship store. Residential leasing market has seen a drop in rental values as longer term expatriates feel safer and more secure in Phnom Penh and seek their own private rented accommodation at better value within Khmer neighbourhoods."

### China

#### Beijing

**David Hand MRICS**

Jones Lang LaSalle

"Residential market effectively stalled due to government measures in Beijing. Commercial negatively affected by this government action also. Vendors/buyers afraid to transact for risk of facing government ire and setting price benchmarks."

**Joan Wang**

Savills Property Services (Beijing) Company Ltd

"Beijing commercial real estate market does not show any sign of impact by recent government tightening measures. Occupiers are expanding and moving into better quality buildings, and leave some of old buildings with more vacant spaces. Local investors are increasing investments in commercial investment properties, as a safe hub for funds withdrawn from residential market. Commercial developments are expected to rise in the next six to nine months."

**Guangzhou**

**Victor Mar**

Jones Lang LaSalle

"Pressure on rental side due to increasing supply in the 2nd half of the year."

**Gavin Wong**

AECOM

"In an attempt to attract corporate setting up their headquarters in Guangzhou, office leasing demand is expected to be stimulated by the Governments RMB4 billion reward programmes for the next five years. A number of high-quality developments are expected to enter the marketing 2010, while the overall average rental will see a slight rise."

**Shanghai**

**James Macdonald**

Savills

"The arrival of the Expo has brought many things to Shanghai, new metro lines, city beautification and a surge in local and international tourists and business travellers. The most recent addition, however, has been the increasing rivalry between the two premier retail districts of Huaihai Road (M) and Nanjing Road (W). The first quarter saw the completion of the Lippo Plaza and Hong Kong Plaza renovations which both had a substantial number of impressive billboard advertisements covering the flagship store openings of international high-end retailers such as LV, Coach, Tiffany, Cartier and Hermes. Then less than one month later, billboards and promotional stands were being erected along Nanjing Road (W), including a 100 foot high replica LV suitcase, a 30 foot tall luminescent Dior bag, and various other advertisements. While it is unclear which retail district has won this bout, retailers are certain to benefit from the visitors entering the city and leaving with a vivid impression of the international retail markets leading brands."

**India**

**Ramesh Avadhani FRICS**

Ireo

"Expected reasonably good level of transactions on medium sized foreign investment properties across tier 1 cities in India"

**Bangalore**

**Bhaskar Sharma**

BNP Paribas Real Estate

"Wait and watch situation to continue in longer to medium term."

**Farook Mahmood FRICS**

silverline realty p ltd

"Market is stable as of now"

**Chennai**

**Prakash Challa MRICS**

SSPDL Limited

"General market sentiment has improved. Residential markets have become active. Good volumes but not much price appreciation. Office market is sluggish. Over built position in Chennai"

**Dehli**

**Amit Goel MRICS**

Millennium Spire

"Government policy response to the RE sector has been balanced. Effort is to support the growth without overheating the sector. Banking credit of-take is limited in this first quarter of the financial year due to constraints placed by RBI. Thus value offering by the developers have become the norms with the developer. Luxury housing segment would still take sometime to pickup. Overall we continue to witness sustained revival in RE demand across asset classes lead by Residential Mid income housing. This is likely to be sustained in immediate future. Commercial office space demand would continue to grow, though rate of growth of rentals would take a hit due to over supply conditions. We are cautious of the likely "impact of Euro" on the Indian markets. Overall RE sector continues to offer good yields, an intelligent investor would continue to earn good returns on investment."

**Hyderabad**

**Vamshidhar**

Davis Langdon & Seha Consulting India Pvt Ltd.

"Slight improvement in market conditions have been observed with few good developers"

**Mumbai**

**Chetan D Narain MRICS**

Narains Corp

"The overall Mumbai property market seems to be in a sustained position. The residential has seen a recovery from the correction and in most cases gained above those levels. The residential rental has taken the biggest beating in the mid segment. The high end and low end has managed to stay afloat. The commercial market however has taken a beating due to no major growth plans by Corporates. Both rental and ownership segments seem to go through a sluggish phase which has resulted in major correction and fall. The above survey with a 3 month comparison is too short to indicate activity change."

***Deepak Rathi MRICS***

ASI PIA

"Supply is going to outstrip demand and hence rentals and capital values would be under pressure. Even though the demand has picked up in the last three months I cannot see an increase in yield and capital value for commercial properties."

**Pune**

***Dharmesh Sevani***

KFIPL

"Not much activity in commercial (office) and retail sector in Pune"

**Indonesia**

**Jakarta**

***Ferry Salanto***

Colliers International

"Office market is expected to move forward in terms of occupancy, rental rates as supply stabilize and also because of positive economic outlook. Industrial sector has also posed positive trend as industrial land in preferred location has become limited but inquiries continue to increase. Retail sector will be stagnant and will likely be tough for new retail centre to compete with established centre. The strata-title retail centres are experiencing a stressful period where buyers are now very selective in buying. Note: question 14, 15 & 18 are not applicable with the situation in Indonesia because information on this is very limited. Question no. 26 is also not applicable in here, we do not have detailed information as this is not widely available for public consumption."

**Malaysia**

**Johor**

***Wee Soon Chit MRICS***

CB Richard Ellis (Johar) SDN BHD

"Market sentiment for April & May seems to be weakening compared to the 1st quarter of 2010. Market players seem to be adopting "wait-and-see" attitude."

**Kuala Lumpur**

***Sr Sheik Ali Omar MRICS***

Sheik Ali Omar & Co, Chartered Surveyors

"The market remains soft and quiet. No big property deal over the past 3 months."

***Justin Chee MRICS***

Knight Frank

"Commercial real estate market conditions are improving. Office and retail rents are generally lower compared to the year 2008 and as these spaces are taken up, it is expected that rental rates will rise in anticipation of improving market sentiments."

***Chris Boyd FRICS***

CB Richard Ellis Malaysia

"We expect the office space market to weaken a little over the next two years. There is a prospect of major over-supply from 2013 onwards."

## **Philippines**

### **Manila**

***Ramon Jose Aguirre***

Colliers International Philippines

"The office sector is finally on an upward expansion as demand has continued to pick up in the last six months. There is an optimism that this positive trend will persist in the next twelve months and industry players are quick to acknowledge and to take advantage of this momentum."

## **Thailand**

### **Bangkok**

***Surachet Kongcheep***

CIT.

"Real estate market in Bangkok depends on political situation."

***Teerawit Limthongsakul***

Nexus Property Consultant

"The recent political protest in the Ploenchit Wireless area has not slowed down the Bangkok office rental market. "

***Narumon Rodsiravorapht***

Colliers International Thailand

"Political turmoil in May has brought negative outcome to office and retail market (in CBD). Demand of office space outside CBD for back up office has significantly increased. Office/retail rentals (in CBD) are going down as tenants would negotiate harder for their renewals. Some cancellations and suspensions of previously agreed office space and purchasing of some commercial properties have been recorded. FDI flows have been effected, hopefully for short term."

## **Vietnam**

## **Hanoi**

### ***Garrett Harper***

CB Richard Ellis Vietnam

"Distressed properties just don't exist"

## **Ho Chi Minh City**

### ***Antony Milton MRICS***

Indochina Chartered Appraisers

"Residential market flat. Office rentals falling. Retail rents rising. Economic outlook for medium term increasingly uncertain as impacts of global crisis slowly filter down to Vietnam."

## **Emerging Europe**

## **Bulgaria**

### **Plovdiv**

#### ***Petar Andonov MRICS***

Expert Invest

"Rents are expected to fall slightly because of the weakness in demand in recession. The expectations are that investment activity continues to fall."

### **Sofia**

#### ***George Georgiev***

Eastern Europe Valuations

"Apparently, the crisis is not over here yet. The hopes for increased activity have not been fulfilled in the past quarter. With the summer holidays coming, there is not much hope for higher activity in the next quarter. Shopping centres were the major exception. Two major openings and a new project entering the pipeline - the highest level of activity for the past two years."

#### ***Iliya Komitov***

Fairplay Properties REIT

"We're at the bottom now!"

#### ***Raytcho Diankov***

FPP REIT

"Investment market is frozen. Leasing is getting better but very slowly."

## **Czech Republic**

### **Prague**

***Tewfik Sabongui***

Jones Lang LaSalle

"Transactional period to close deals still remains long, activities are limited and pre-leases remain to be vital for starting new projects."

***Martin Maly MRICS***

Immorent AG

"Prague office market in Q2 has been resurgent a little."

***Martin Maly MRICS***

"Prague realty market is expecting more A+ office spaces in 2011 (today in pipeline)."

***Richard Hogg MRICS***

Cushman & Wakefield

"Whilst the markets are certainly more optimistic at present, there remain several key areas of uncertainty (Greece, the Euro, the wider economy and potential reforms to legislation governing German funds) which will continue to limit market growth in the short term."

## **Hungary**

### **Budapest**

***Gyorgy Rabai***

"Almost no transactions were published during the past year. There is significant demand for distressed properties on the market (on discounted price level), but no supply available. Financial institutions stock these properties in their own funds for later development/sale."

***Michael P Smithing MRICS***

Colliers International Hungary

"Office and industrial occupiers are making decisions again which has created some movement in the market, although the large logistics users are still absent."

## **Poland**

### **Warsaw**

***Joanna Kowalska-Szymczak MRICS***

DTZ

"Investment activity increased with strong focus on the retail sector. Recent uncertainties around German Funds, who historically account for approx. 20% of market share might slow investment activity over the summer period, but generally appetite for quality real estate in Poland is on the rise."

***Lukasz Maciak MRICS***

BZ WBK AIB TFI SA

"Reflecting the positive signs of Polish economy the market is still too slow in terms of activities. However the investment activity is up and the volume of investment deals in 2010 will exceed

2009 figures."

## **Romania**

### **Arad**

#### ***Manate Daniel MRICS***

Value Management Consult

"The main trend in industrial property is the delocalization of large industrial property from the central areas to the industrial areas around the city or close to the local airport."

### **Bucharest**

#### ***Alexandru Mihai Pocatilu MRICS***

EFG Eurobank Property Services SA

"The general economic climate is not getting any better and the delay of the administrative sector to apply anti crisis measures is now feeding the reluctance of the investors to act with increased caution. The lack of prime properties with distressed owners is also pinning down investors' interest. Residential first time buyers are animating the real estate scene, but their influence in the greater picture is limited."

#### ***Levis Vlad MRICS***

Jones Lang LaSalle

"Increased demand. Public infrastructure projects either announced or already ongoing."

#### ***Ben Binns MRICS***

King Sturge SRL

"Nervousness given new austerity measures introduced by the Government including wide cuts in the public sector. Very little financing available for new development, although leasing activity, particularly in the office sector, has showed small signs of improvement."

## **Russia**

### **Moscow**

#### ***Natalia Oreshina MRICS***

Art Properties

"The market has shown more activity, paper projects have started to come to life."

#### ***Evgeny Gorbounov***

"Banking sector is forming developmental actives trend"

#### ***Sergey Chemerikin MRICS***

Ernst & Young

"Now we are observing stabilization and activization of the real estate market."

#### ***Robert Mayhew MRICS***

Jones Lang LaSalle

"The real estate market in Russia continues to demonstrate stability and we now see increasing

investor interest, feeding through to at least notional yield compression. In terms of finance raising, we see significantly increased activity in developers going to the public markets."

## **Turkey**

### **Istanbul**

#### ***Dilek Pekdemir***

DT Pamir & Soyuer

"No major change in the market conditions in the previous quarter. Although, there is a signal in economic recovery, occupational market has not responded yet, due to volatility in exchange rates. Occupiers do not act before stabilization."

#### ***Taner Uysal FRICS***

Taner Uysal Real Estate Appraisal Services

"Crisis at EUR markets has already started causing additional stress, especially to tourism sector and exported goods for manufacturing sector. The housing market is sustaining for the low-medium size condo budget market."

## **Ukraine**

### **Kharkov**

#### ***Sergey Puzenko MRICS***

SVK Ltd

"At the present moment, all investment activities in the region have focused on projects related to "Euro 2012". First of all, projects of urban infrastructures are implemented: hotels, airport, road reconstruction, the stadium "Metalist" is on the final stage of reconstruction. At the same time, on the other objects, such as residential buildings or retail and office centres, investment activity is practically equal to zero. Revival of the property market can be expected since the end of this year. Banks announce the beginning of crediting the real sector of economy. It should be noted that due to high inflation, lending rates are unlikely to fall below the 20-25% annual. In general we can say that the real estate market in the region adapted to the crisis circumstances, is characterized by low activity and relatively stable prices."

### **Kiev**

#### ***Stanislav Ivanov MRICS***

CB Richard Ellis

"We are observing some activity on real estate market which is reflected first of all in the softening of credit policies. As of today part of banks are ready to provide financing to developers and investors. The spirit of recovery and anticipation of further economic growth dominates among all market players."

## **Latin America**

## **Brazil**

### **Sao Paulo**

#### ***Thomas Govier MRICS***

Ocupantes Consultoria Imobiliaria

"Save few exceptions, the real estate market in São Paulo and Brazil in general has been going strong throughout 2010, with situations of low supply and continued demand generating price increases this year that are showing signs of stabilizing."

#### ***Douglas Munro***

Hines

"We do not have distressed real estate in Brazil"

## **Central America**

### **Panama City**

#### ***Ramon Roux***

"Market hasn't changed too much during the last 6 months. There are no new constructions starting, but the ones in process keep going on. Prices haven't changed too much, and vacancy remains almost stable."

## **Chile**

### **Santiago**

#### ***Tim Gifford MRICS***

Aguirre Newman

"Demand for office space is picking up with strong levels of demand from large corporate users. Costanera Center, a 300,000 m2 mixed use development project has commenced construction after being halted for almost one year."

#### ***Rodolfo Bambach***

Colliers International

"The most important trend comes from the office market. There are many Investing Funds acquiring complete office building. Most of them come from Germany (Union Investment, Deka Immobilien, etc.). The other trend is that most of class A+/-A office projects are including on their characteristics the LEED Certification. We expect that 8 to 12 projects will be certified by the end of 2012, starting with Titanium Tower (LEED NC 2.2 - Gold, June 2010)"

## **Mexico**

## **Mexico City**

### ***Oscar J Franck Terrazas FRICS***

Integra Realty Resources De Mexico  
"Market trends are improving overall"

## **Peru**

### **Arequipa**

#### ***Anne Usher Damian Munoz***

Latin American Corporate Property Services Inc.

"As always in Latin America, property values and rentals are moving up ahead of an anticipated demand but the size of any potential market is much less than the offers being made, preceding an eventual collapse of part of the market."

### **Lima**

#### ***Anne Usher Damian Munoz***

Latin American Corporate Property Services Inc.

"Growth in the economy is fuelling the start of a speculative property boom"

#### ***Eric Rey de Castro***

Colliers International

"In questions regarding distressed properties I put the same, because we do not have the problem in Peru."

## **North America**

### **Canada**

#### **Calgary**

##### ***Fraser Dyer MRICS***

Altus Group

"REIT's have been able to refinance recently, which has allowed them to re-enter the market and actively look for opportunities, this has pushed smaller domestic purchasers on to the sidelines in most instances. Liquidity in the market has improved, which has allowed more sales activity, although there is still a disconnect between purchaser and vendor expectations."

#### **Montreal**

##### ***Brian Ker***

## CBRE

"Montreal remains a highly stable market in nearly all commercial real estate sectors. Demand and leasing velocity is starting to increase, and developers are responding to more and more RFPs. Investment volumes are also increasing quickly, with larger assets starting to come to market and although bidding is not always deep, all assets are generating a bid and in most cases the bid-ask spread is narrow enough to create investment liquidity. "

## Toronto

### ***Peter Cuthbert***

Standard Life Investments (Real Estate) Inc.

"With respect to distressed real estate there has been very little in the market and the level of foreclosures and failures has remained within long term historical norms for investment grade real estate."

### ***Gary Wener MRICS***

H&R REIT

"Large pool of capital ready to deploy, very little product available due to vendor expectation not matching buyer willingness. The gap has been closing over the past year, but not enough to trigger a significant amount of transaction volume."

## Vancouver

### ***David Greenwood FRICS, MBA, FICB(Hon)***

Greenwood Property Advisors Ltd.

"The Metropolitan Vancouver real estate market remains stable with no immediate evidence of post Olympic blues. Events in the global economy do not go unnoticed in British Columbia but the economy continues to grow and demand for space, if not galloping along, is steady in all sectors. Interest rates are increasing but remain at relatively low levels. In the post Olympic period, the province of British Columbia continues its investment in infrastructure designed to enhance the Asia Pacific Gateway project by facilitating the movement of goods through the region. In addition, the Province recently announced a proposed 680,000 sq ft entertainment complex to include the relocated Edgewater casino and two hotels on the site of BC Place Stadium. Paragon Developments will develop the project on 2 acres of the land under a 70-year lease agreement with BC Pavilion Corporation (PavCo)."

## The Caribbean

### Road Town British Virgin Islands

#### ***Edward Childs MRICS***

Smiths Gore

"The Road Town office and retail warehouse market is impacted by two large office buildings reaching completion and leasing negotiations due to be completed. This will release older office space in Road Town as the new space will be occupied mainly by existing, not new, tenants. Similarly, there are two new retail warehouse facilities, one just opened and the other approaching completion, which are looking for tenants. The lease up of these developments may be slow."

## US

## **Atlanta**

### ***Cone Maddox MRICS***

Dargan, Whittington & Maddox, Inc.

"Speculators still are unable to find "Good Deals." FDIC give-aways to large investors leave nothing for the smaller individual investor."

### ***Paul L Martin MRICS***

Fortius Financial & Real Estate Consulting LLC

"While capital is becoming more available and there is more activity from the standpoint of transactions, it appears that there we are experiencing a "tale of two cities." Certain prime properties have had increased interest and occupiers are recognizing that today is a good time to renegotiate space, however for properties that are lower on scale, things continue to deteriorate. Jobs are the one fundamental that seem to be missing. Atlanta/Georgia is expected to be net positive +50,000 jobs in 2011 ending a 4 year decrease in total employment. Until demand and supply come into balance, we see the market moving sideways with increased investor demand taking the risk as to when a true market recovery takes place."

## **California**

### ***Michael Neal Arnold MRICS***

Hammock Arnold Smith & Co.

"Commercial property market is stabilizing. Do not expect dramatic change in near term future."

## **Cincinnati**

### ***George Mann MRICS***

Collateral Evaluation Services, LLC

"Lenders plan on coming to market with more properties this year. However, more investors are walking away from the real estate market as pricing is still too high and the recovery period is still years away."

## **Fort Worth**

### ***Donald Sherwood FRICS***

Integra Realty Resources

"Continued spread (widening gap) between A and B/C property cap rates. Sales activity continues to be low and cap rates ticking up on B/C property. A property (very few of them) are seeing stable and in some cases dropping cap rates."

## **Los Angeles**

### ***Gerald A. Porter***

CresePartners

"Reasonable leasing activity in the first quarter, mostly resulting from the deferral of transactions from three prior quarters. No notable investment activity."

## **Miami**

***Jeremy Larkin***

NAI Miami Commercial Real Estate Services W'wide

"Depending on the property type, lenders are taking action establishing 2010 as a transition year moving ownership from a failed borrower to a new operator. For larger, more well-capitalized borrowers, they are adopting an "Extend and Pretend" philosophy."

***Richard Schuchts***

Jones Lang LaSalle

"Miami remains stable from a business perspective, but new construction deliveries are the most significant force that continues to drive vacancies up and lease rates down."

**Nashua Southern New Hampshire**

***Stephen Bullock MRICS***

Bullock Commercial Appraisal

"Market conditions in Southern New Hampshire are generally weak. Boston is seeing signs of improvement but property market conditions in New England appear to weaken as proximity to Boston decreases."

**Nashville**

***R Paul Perutelli MRICS***

Integra Nashville

"The market is improving but slowly. Little to no speculative construction. Bank inventory of possible commercial foreclosures scares investors."

**New York**

***Guy Benn MRICS***

Savills LLC

"Investment activity has rallied and then slowed due to shortage of product. Large scale commercial sales have attracted significant interest from a wide range of buyers, but the local buyers with the most knowledge of the market have undoubtedly been the most aggressive. Not everyone has called the market and some buyers are staying well on the sidelines. Resurgent interest in residential and hotel deals as buyers see the most distress in these sectors. Grade A offices also in demand but grade B properties barely trading. Some nervousness about where growth will come from going forward but not sufficient to prevent competitive bidding for assets driving up prices."

***Joseph Thanhauser III FRICS***

Byrnam Wood LLC

"The scum is rising to the top, but the majority of bad deals - i.e., purchases made at unrealistic levels - have not yet made it through the system despite some iconic properties (e.g., Stuyvesant Town, the EOP package, etc.). There is also a fragility to the market based on the volatility in the financial markets and the unsettled global situation. Factors "out of left field" could exert a sudden major impact on this property market."

**San Diego**

***Jeff Greenwald FRICS***

Integra Realty Resources-San Diego

"Cap rates are still increasing for office and some retail properties, but decreasing overall on multi-family and some select industrial properties."

## **San Francisco**

### ***Charles B Warren MRICS***

Charles B. Warren, MRICS, ASA (urban real property)

"Three months is a very short time frame. We're about three years into this problem, and it may take that long again to work through it. Over the year-to-year time scale, here are some anecdotes. Commute traffic is heavier. BART (commute rail) parking lots are full at mid-day. There are many more out-of-state license plates visible on the road. Public works projects are apparent (and mucking up access to the Golden Gate Bridge). Some of the retail space that's been available for that long or longer is being occupied. The banks unwillingness to foreclose and sell appears to have made some vultures impatient. There are some reports of unexpectedly high bids for less desirable properties, also some reports of vulture funds giving investors their money back. At some point, presumably, all the losses of this cycle will have been allocated to shareholders and/or the taxpayer. Then, perhaps, we can "get on with it"."

### ***G Michael Yovino- Young FRICS***

Yovino-Young Inc

"All commercial market segments are in an on-going state of correction and value rebalancing."

### ***Mark Hinkins MRICS MRICS***

Grubb Ellis Company

"Investors have an unprecedented opportunity - beginning of market capitulation. Vacancy rates are projected to peak in 2012 to 2014, lowering asking rates and creating opportunities for tenants to lock in low base rents on better quality space."

## **Tampa**

### ***Raymond Veal MRICS***

Integra Realty Resources

"We have seen several noteworthy transactions of larger properties in the recent quarter. The local sentiment seems to be that this is the worst it will get, and we can go forward from here."

## **Western Europe**

### **Austria**

#### **Vienna**

##### ***Georg Muzicant, MBA***

Colliers International Immobilienmakler GmbH

"Still fairly stable compared to the rest of Europe"

##### ***Jorg Bitzer MRICS***

REDEVCO

"Investors' interest in prime markets continues to grow"

## **Belgium**

### **Brussels**

#### ***Philippe Winssinger FRICS***

DTZ

"The Belgian Commercial property market is still enjoying pressure on rental levels due to contraction in economic activity but yields have slightly decreased. Value are static or slightly downward orientated. No real growth is expected for the foreseeable future."

#### ***Guibert de Crombrugghe FRICS***

de Crombrugghe & Partners

"There is clearly a TINA effect ongoing where a lot of money is available and nurture the ambitions of some funds to look in a wider range for investment opportunities. The occupier market however is expected to recover slightly but remains in general rather weak."

## **France**

### **Paris**

#### ***Alexandre Boucly***

Savills

"Despite economic difficulties, leasing activity is improving and a growth in office take up is anticipated this year (ca. +10% compared to 2009). Low interest rates and important losses on stock markets are boosting demand for real estate from a large range of investors – from local private individuals to major international fund managers. Nevertheless, activity remains low due to the concentration of demand on core segment and the scarcity of prime retail and office opportunities. Many potential vendors are postponing their sales generating additional compression of prime yields. But this strategy may be risky as troubled European sovereign debts and economic slowdown still represent an 'Epée de Damocles' that may affect capital markets."

## **Germany**

### **Leipzig**

#### ***andreas.weinast MRICS***

@commerzbank.com

"Bank Target: Use the stable and upcoming environment to clean the book. Concerns all property types without logistic (industrial < 10.000 sqm). Secondary supply of multifamily properties (slab construction method) from bankrupt international investors (UK, USA, Oceanien). Retail shows more and more inferior goods."

#### ***Florian van Riesenbeck MRICS***

TREUREAL Asset Management GmbH

"Generally the office market remains relatively stable on a high vacancy level with some upward

movement. Warehouse / industrial with moderate activity, largely depending on the development of the air freight hub and automotive. Due to a large retail project in the inner city currently some element of uncertainty on future development is to be assumed. Regarding the hotel sector, large number of completed and/or pipeline projects may lead to increased competition."

## **Luxembourg**

### **Luxembourg**

#### ***Heyse FRICS***

BNPPARIBAS Real Estate

"The market has reached it's bottom line and we are back to the basics at a level of pricing in line with a normal market. The take up is normal and should reach by the end of the year 110 to 120 K sqm. A major program, Ban de Gasperich has received it's first authorisation (PAG) and the second should arrive soon (PAP). Plans are to deliver the first buildings in 2013. Total project is about 720 K SQM"

#### ***Martin Heyse FRICS***

BNP Paribas Real Estate Advisory and Property Management

"After a year 2009 based on the consolidation of the market, 2010 shows the same trend. we are clearly on a market which tends to stabilise and stick to the basics. the take up was at 21000 sqm which is in line with the expectation. On the capital market side, the market has done almost nil with 9 million Euros of sale, were it should have been around 150 million euros. Some due diligence have started, but we can already say that the year will not be in line with expectation."

## **Portugal**

### **Lisbon**

#### ***Paulo Henriques***

B.Prime

"Market is still suffering from the actual economic crisis"

#### ***Tiago Piscarreta***

Apolonia & Piscarreta, RL

"Lack of confidence. Risk aversion in a peak due to EU politics and credit constraints.

Willingness to lease opposite to the normal Portuguese purchase decision has increased."

## **Republic of Ireland**

### **Dublin**

#### ***Aoife Brennan MRICS***

Lisney

"While yields have stabilised, commercial rents have further to fall. More transactions are required to establish rental levels. Lisney rental indices show that retail rents are down on average by 39.77% from peak, offices by 46.53% and industrial by 26.21%, however the rate of decline is slowing. Investors are initial yield focused. The investment market is constrained by a limited supply of good product, however market turnover could reach €500 million by mid to late

summer if the Liffey Valley Shopping Centre deal transacts. The impact of the ban on upwards only rent reviews has yet to be seen, however some landlords are inserting lease clauses with a fixed-uplift at year five to overcome this. Obviously the extent of this is dictated by the market. The residential market is reasonably active with 3-bed homes in good inner suburban locations in demand. If residential properties are priced realistically then they will sell quickly."

**Marie Hunt MRICS**

CB Richard Ellis

"There has been a notable improvement in investor sentiment in the last three months in Dublin, helped to some extent that rents in the office sector appear to be stabilising for prime properties and that the latest IPD results showed their first positive return in over 2 years in Q1 2010. We expect to see strong occupier demand and an increase in investment transaction activity in Q2"

**John Moran MRICS**

Jones Lang LaSalle

"Activity levels have started to increase albeit at a slow pace from a low base, there are signs that value declines are slowing and the bottom of the cycle may soon be reached"

**Galway**

**Ronan Long B Comm**

Property Partners Long

"Market conditions have not changed significantly within the past 3 months. Supply of retail and industrial stock would seem to have increased by c. 5%, with demand more or less similar. Bids from prospective tenants tend to have fallen to offers of less than 75% of rents quoted."

**Scandinavia**

**Copenhagen**

**Michael Sehested MRICS**

Sehested Group

"It seems like the fire sale are coming a bit closer. The bankers earn more money on their day-day business and are more capable to accept the prices they can achieve for the properties these days."

**Helsinki**

**Tero Lehtonen MRICS**

Jones Lang LaSalle

"Although the market sentiment has been improving investment activity has remained limited as a result of limited supply of investment grade products. Prime yields have moved in slightly and also rents have shown first signs of stabilisation as a result of limited development activity. However, particularly in office market high vacancies will keep the competition of tenants tight also in future."

**Irma Jokinen**

Realia Management Oy

"Transparency has diminished further as very few of the transactions will be disclosed. There are a few major developments to start or just started."

**Katja Makkonen MRICS**

DTZ

"We have not yet seen sales of distressed properties."

**Juhani Reen FRICS**

Newsec Advice Oy

"The spread between prime and secondary targets has increased for time to be. Domestic institutions are actively competing about core targets"

**Stockholm**

**Arne Strand MRICS**

DTZ Sweden AB

"Increasing activity regarding new leases for especially offices. Increasing activity regarding transactions. For residential properties we can talk about high volumes."

**Spain**

**Barcelona**

**Andrew Hawkes MRICS**

Patron Property Services

"Very little transactional evidence which makes for certain volatility in any reported figures. Investment demand will only pick up as prices continue falling and banks are obliged to release properties they hold at realistic (lower) prices."

**Eusebi Carles**

Savills Consultores Inmobiliarios

"The office market in Barcelona is starting to show some signs of improvement, with rental levels stabilising and prime yields compressing, showing the first capital value increase for the last two years."

**Madrid**

**Daniel Kinnoch MRICS**

Savills

"There are three distinct brackets of investors. 1. The Spanish privates. They seek CBD assets and are less focused on investment criteria and more upon building location. They work off capital rate per m<sup>2</sup> rather than yield. 2. The core foreign investor. Have similar location requirements to the private investor however seek long leases i.e. more than 5 years off market rents. They can't match the private investor pricing and this has resulted in a lack of transactions requiring them to broaden their search to more outlying areas. 3. The Opportunists. Pricing hasn't moved out as anticipated and despite the property holdings of all the major Spanish players having been analysed over the last couple of years transactions have been minimal. For retail warehouse and shopping centres the principles are the same except there is very little private investor activity and investors of course consider schemes out with Madrid and Barcelona. Given the economic negativity investors remain extremely cautious however transactions are still going through and last year's total volume could be matched and even improved upon."

**David Calzada Criadpo**

PricewaterhouseCoopers

"Capital values on Investment Properties are still seen high by the International Investors (mostly

opportunistic funds) however I guess that they are taking positions in order to increase the level of investment based in an increase of insolvencies of current owners and the accessibility to financing by international funds (basically coming from German Banks). Madrid's values are seen to decrease by the Value Added strategies and I guess that there will be more transactions during year 2010. Opportunistic Funds have made very good operations during year 2009 and I guess that they will continue to do it taking advantage of the poor economic situation in Spain compared with the rest of Europe. Core strategies coming from Sale & leaseback operations are the king and will continue to be as well as small operations coming from family offices."

### ***Hugh Forrest MRICS***

FH3 Inversiones & Management

"The word 'nervous' continues to best describe market sentiment towards all commercial property transactions in Spain, whether they be lettings or sales. It is increasingly being witnessed that agreeing and closing a transaction is a function of a tenant's covenant. In fact it could be argued that the new 'Prime' is not solely a property's location but more a tenant's covenant combined with his lease obligations (the longer the term certain the better). We do not foresee this situation changing whilst the current financial market jitters continue."

## **Switzerland**

### **Zurich**

#### ***Daniel Stocker***

Colliers CRA AG

"After several successful previous years the marketing of office space in Zurich became more difficult in 2009. Given the economic uncertainty, there was a reluctance to hire new space. Owners responded to the difficult market environment by tightening the supply, so the availability in the economic region of Zurich actually remained almost unchanged at 4.4%. By the end of 2009, the total office space availability was 639,000 metres squared. Measurable increases in availability occurred primarily in the areas Zimmerberg/Sihltal, Furttal and in the CBD, while it fell in Zurich Oberland, Zurich Unterland and in the City of Zurich itself. The financial center of Zurich was more severely hit by the recession than other areas. Similarly, the downward pressure on rents increased, and the rent levels declined especially for prime locations. On the other hand, the average rent in the Zurich economic region decreased only slightly from CHF 206. – per m2 p.a. to net CHF 196.–. In recent years, the demand for office space was mainly driven by growth. This changed markedly in 2009 when cost reductions became the key driver. The financial sector has also lost its position as the strongest driver of demand. On the other hand, there was a noticeably higher level of demand from educational institutions. The expectations for 2010 are at best mediocre. Competition and pressure on rents will shape the year. Potential users will negotiate longer and seek shorter length contracts. The owners will not be able to avoid making compromises given the undeniable trend towards a tenant's market. Numerous projects in and around the city of Zurich will reinforce this trend. Despite the economic crisis, expansion continues unabated. For example, the extension of the Sunrise Towers in Leutschenbach promises 38,000 m2 of new office space. This was pre-let to AXA Winterthur and Credit Suisse. The development of Zurich North as a modern business district continues with the completion of the commercial buildings Conex and Andreas Park III. New projects for offices, hotels and apartments are also in the pipeline. The Prime Tower is growing taller from week to week and will be ready in summer 2011. In addition, various other office buildings are under construction in Zurich West, for example on the Coop or Hardturm sites. Old buildings are being torn down meaning various resident companies are being forced to seek new premises. High-rise construction is an option even outside the city. In North Baden, two 60-meter-high office towers are going to be built by the end of 2012. On the Richti site in Wallisellen, a 68 m high office tower is also planned for completion by 2012. The majority of the 40,000 m2 of floor space is reserved for a long-term contract with Allianz Suisse. This means the insurance company will vacate its

current headquarters in the heart of Zurich at that time. The European headquarters of General Motors is leaving Switzerland for Rüsselsheim in Germany. Most of the 150 jobs in Glattbrugg will be transferred and only the management of Opel and Chevrolet Switzerland will remain in the Zurich area. Looking ahead, new developments are underway in Zurich West, Leutschenbach and Wallisellen. The new tenants will be vacating their current office space, which is in many cases in very attractive city locations. When building starts, most construction projects are only pre-let to the 50% level. The remaining 50% hope to be filled once the project is ready and on the market. (Despite the 50% pre-letting, the market-size increase amounts to 100% of the new space, because it can only be filled by vacating an equal amount of similar space in a different location). This means that assuming no foreign inflows or internal growth, the market is going to be flooded with 100% of this newly developed space."

## UK

For access to the full list of UK commercial property market comments for Q2 please visit

[http://www.rics.org/site/download\\_feed.aspx?fileID=7000&fileExtension=PDF](http://www.rics.org/site/download_feed.aspx?fileID=7000&fileExtension=PDF)

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