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## RICS Global Commercial Property Survey Q1 2010 Agents' city level comments

### Africa and Middle East

#### Israel

##### Tel Aviv

**Adina Cooper MRICS**

Natam - Colliers International

"There are few distressed properties as the LTV ratios were always moderate in Israel. There are four major banks in the country. The number of foreclosures is limited as the banks are not interested in depressing overall asset values."

#### Kenya

##### Nairobi

**V Gikonyo Gitonga No**

CB Richard Ellis Limited

"I predict a glut of commercial office space in Nairobi. However office occupiers will be looking for good quality grade A buildings and that is what will be lacking in the market."

#### Kuwait

##### Kuwait City

**Mohammed Azad Hossain MRICS**

Gulf Consult

"There are signs of increasing public sector development"

#### Nigeria

##### Abuja

**Pat Onukwuli MRICS**

Pat Onukwuli & Co

"The rebound in the global economic activity which started towards the end of last year has continued and this was driven by massive fiscal stimuli. Locally i.e in Nigeria, the banking sector reform and the rebound in commodity prices (especially crude) is expected to put some inflationary pressure on the economy. The capital market is already showing some signs of this, with the all share index (ASI) moving from about 21,000 to 23,000 points from January

2010 to date. Thus, growth is expected in the economy and this would impact on the Commercial Real Estate Sector."

## **Qatar**

### **Doha**

#### ***Jonathan Wright***

DTZ

"The market has really picked up in the opening months of 2010. We have seen several international companies now looking at office space again, with a few looking to close deals before the middle of the year."

## **South Africa**

### **Cape Town**

#### ***Frans Liebenberg MRICS***

Capital Project Managers

"The initial panic subsided, everybody is wary and a 'no risk' attitude prevails. The soccer world cup will lift the sentiment but the property market in real terms should stay the same."

### **Johannesburg**

#### ***Kerry Millar MRICS***

Real FMG

"It is our view that currently there is no open market rent level. The rentals negotiated for similar properties diverge widely and are driven by the individual circumstances of the landlord."

#### ***Francois Viruly FRICS***

Viruly Consulting

"The market is showing mixed results, but vacancy rates especially in the office sector could continue to weaken. Development activity remains subdued which could result in a tightening of market conditions as the year progresses."

## **Tanzania**

### **Zanzibar**

#### ***Muhammad Salim Sulaiman MRICS***

Private Consultant

"Demand is not compatible with available resources."

## **UAE**

### **Abu Dhabi**

#### ***Nizar Ibrahim Kamouna MRICS***

KEO International Consultants

"Overall, this quarter saw a bit of improvement in sentiment in the UAE despite the evident slump of the capital and rental values of freehold properties. This seems to be a result of the Federal government backing of Dubai. There are signs of a slow recovery which can be seen in resuming construction works in some of the projects which were suspended in 2009. The lower materials price attracted some developers to proceed with the Tender Action to get the contractors to commit a price. The rental values in both Dubai and Abu Dhabi have marginally declined and are levelling out at the 2006/2007 levels. The general perception of the rental value of the residential properties that it is still high and not affordable as opposed to the rental value of the office space, which has plummeted to an unprecedented level. On the contrary, infrastructure and urban planning projects are constantly increasing in Abu Dhabi which is making measurable progress towards the execution of the 2030 plan."

***Denis O Connor MRICS***

Abu Dhabi Commercial Bank

"Yields are pushing out, rents down, and capital values down as a consequence based on the short term of leases. Investors shy, internal investors holding and looking internationally, foreign investors starting to sniff, but put off by Dubai"

## **Zimbabwe**

### **Harare**

***David Mutemachani***

Mashonaland Holdings

"In my last contribution I highlighted the political impasse in the country as the driver behind the activity (or lack of it). In the last six months, investors were gradually taking a business as usual approach. However, the government has just gazetted an act on indigenisation where all concerns valued at above US\$500,000 must be 51% in local hands. There is still a lot of political debate around the issue but the outcome and the implementation strategy is likely to have a lot of impact on the property market fundamentals and the economy as a whole."

## **Australasia**

### **Australia**

#### **Brisbane**

***Paul Day***

Savills Queensland

"Markets are mixed and in transition. Vendors' expectations of prices are up on the back of increasing confidence but the market is not yet at the same level hence clearance rates are low at this juncture. Leasing enquiries across all sectors appear to be improving."

#### **Melbourne**

***Andrew Waddell***

"Confidence has strengthened however appetite for owner occupation remains strong while investors require a quality product - the lease covenant & location being key requirements."

#### **Sydney**

**Claire Cupitt**

Savills NSW P/L

"Demand for industrial space is evidenced by strong leasing activity in recent months compared to the first half of 2009."

## **New Zealand**

### **Auckland**

**Gerald Rundle**

Bayleys Research

"Landlords continue to focus on tenant retention as vacancy levels increase. Investors are increasingly differentiating between prime and secondary properties with those with long leases, good locations and strong tenants still attracting high levels of investor interest."

**John Schellekens**

Ernst & Young - Transaction Advisory Services

"Yields generally stabilised - remaining valuation risk around cash flow, notably in the office sector where vacancies are relatively high"

**Alan McMahon FRICS**

Colliers International

"Continued downward pressure on rents causing value falls in all categories despite stabilisation of capital rates. Rents for prime industrial property now stopped falling."

**Keith Maddison MRICS**

Neil Properties Limited

"Expected recovery for the beginning of 2010 has not materialised except for stabilisation in residential values"

### **Whangarei**

**Nigel Kenny MRICS**

Telfer Young (Northland) limited

"This is a very small market where a few transactions can cause a trend. Most investment activity is private buyer. There are limited investment opportunities being offered, otherwise there would be greater activity"

## **Developed Asia**

### **Hong Kong**

#### **Hong Kong**

**Benny K B Kwok MRICS**

Benny K B Kwok Forensic Expert

"Market sentiment continues to be strong across all sectors in offices and retails. Macroeconomic factors and government policies may limit the activities and prices during Q3 to Q4 in 2010. "

**Daniel C. Lam FRICS**

Retired

"Supply of developable land is pathetically restrictive and in the hands of very few developers"

and Mass Transit Railway Corp. Public political outcry to reduce density and height of developments is taking its toll."

**David Faulkner FRICS**

Colliers International

"Vacancies in the prime office and retail areas are falling as companies start rehiring and consumer spending rises. This is driving the rental market. There is a big gap between buyer and seller expectations hence lower investment activity."

**J C Culbertson MRICS**

Swire Properties Ltd

"Residential for sale market is strong and rising. There are no distressed residential properties. Central office rentals are firming and decentralising office rents are stable. Retail rents are stable to firm with much better confidence."

**Simon Lynch MRICS**

Cushman & Wakefield

"The market is ignoring what is happening elsewhere around the globe and booming. The full effects of the China Government's cooling measures are not affecting the Hong Kong market. The Hong Kong governments cooling measures have caused speculators to refocus from the luxury market to the mass market which has already seen significant increases in demand."

## Japan

### Osaka

**Haruki Momose**

Colliers International

"Individual investors start to buy residential properties."

**Christian Mancini**

"The Osaka market has fallen off a cliff."

### Tokyo

**Hirokazu Nihei**

CBRE Japan K.K.

"Reflecting a few positive signs of the economy, the office leasing market in Tokyo has been stabilized. After the current fall of rents, we may see some bottom of office rents by the end of this year."

**Takumi Watanabe FRICS**

Japan Real Estate Institute

"Tokyo's property market has been buoyed recently by increasing demand for investment. However, there is a reason transaction is thin. Little supply comes onto the market."

**James Fink**

Colliers International

"Vacancy rising less rapidly but occupiers currently shifting for value rather than to secure an increased amount of space. As new supply will increase, demand will be a key factor for the rest of the year and beyond."

**Andy Hurfurt MRICS**

CBRE Japan KK

"Landlord and investor sentiment has become more positive with consensus that rents for better quality assets in Tokyo are firming and will stabilise during second half of 2010. Limited

supply to primary submarkets should also provide support. Still few instances of well located, good quality assets being offered as distressed opportunities. Lenders are unwilling to take a loss and are working with borrowers to protect their positions. However increasing number of distressed opportunities for smaller, older and less well located properties."

***Chris Mancini***

Savills Japan Co., Ltd.

"There is a whisper of positivity in the market, and a definite increase in buyer enquiry."

## **Singapore**

### **Singapore**

***Chris Archibold MRICS***

Jones Lang LaSalle

"Occupier activity is picking up."

***Hiaw Ho Li***

CBRE

"Residential prices have been going up since Q2 2009. Office rents started to stabilise after falling for 4 quarters but prices have seen increases lately. Retail and industrial markets less volatile relatively."

***Glen Nelson***

Aberdeen Property Investors

"After more than a year of rental and capital value declines there are emerging signs of a bottoming out in the Singapore market. Capital values stabilised at the end of 2009 and is expected to pre-price a rental recovery over late 2010 and into 2011."

## **South Korea**

### **Seoul**

***Changro Lee***

Korea Appraisal Board

"Overall market conditions remain the same and are expected to have little change for the time being. Capital value and investment activity for residential properties are predicted to fall down gradually."

***Byung Cheol, Jo MRICS***

Prime Appraisal Company

"Market is still slow in terms of activities. Though we observe some key economic index shows a positive sign to economic recovery. But overall market is still suffering without recovery."

***Sean Kim***

"Investors are not so active these days due to the economic slump in Korea."

## **Emerging Asia**

### **Afghanistan**

## **Kabul**

### ***Richard Scarth MRICS***

Property Consulting - Afghanistan  
"Business as usual"

## **Cambodia**

### ***Daniel Parkes***

CB Richard Ellis - Cambodia  
**Phnom Penh**

"After a very slow 2009, there is an accumulation of infrastructure projects and new international quality buildings emerging which will likely encourage occupier movement from traditional lower quality accommodation. The general macroeconomic situation is one of positivity for the future marked by impatience among the large young domestic population for economic growth and a desire for higher standards of living."

## **China**

### **Beijing**

#### ***Eric Pang***

"Office/industrial/logistic market strongly come back in 2010 Q1, especially for the office sector, and despite the huge supply in recent years. Capital value's of grade commercial asset has gone up significantly. Yield has been compressed at certain level. "

#### ***Bo Li Xin***

Beijing Sunshare Real Estate Appraisal co.,Ltd.  
"Investment activity up"

### **Da Lian**

#### ***Chang Lei***

Dalian Tianshi Real Estate Consulting Co Ltd  
"During the last three months, average price of residential house prices moved up significantly. However, the amount of sales decreased as more citizens tend to wait for a better occasion."

### **Guangzhou**

#### ***Gavin Wong***

Colliers International  
"Guangzhou housing prices jumped more than 1,500 RMB (219 USD) per square meters, hitting a record high average price of 13,000 RMB. The highest price for luxury apartments in the city's prime locations has passed 25,000 RMB per square meters, close on the heels of Shanghai and Beijing."

### **Shanghai**

#### ***Benjamin Ong MRICS***

Treasury Holdings China

"China real estate is being supported by the high levels of liquidity in the market."

**James Macdonald**

Savills

"While some things are certain, others are less so. 2010 is going to be a headline year for Shanghai. In May, we will witness the start of the 2010 Shanghai World Expo, the city's metro network will grow to 12 lines (approx. 380 km) and we will see a cooling of the residential market by government regulations. We will also see a pick up in residential leasing activity, a healthy retail market, and a continuing fall in office rents. Less certain is what form this cooling of the residential market will take, whether a more gradual process in which the government treads lightly and price growth slows but does not reverse or a more rapid correction in the market resulting from less favourable and more expensive credit conditions and a higher market entry barrier for potential buyers."

## India

**Ramesh Avadhani FRICS**

Ireo Fund

"Commercial markets in India should see some good enquiries and transactions closures. But don't expect any major changes in commercial terms."

### Bangalore

**Satish B N**

DTZ

"Market has started witnessing a steady demand in commercial/office leasing and will continue with an increase in better demand in the near future"

### Dehli

**Amit Goel MRICS**

Millennium Spire

"The market is on the verge of revival, yet caution needs to be maintained. Developers credentials are very important. We also witness the increase in professionalism in the developers dealing with market and the customer. Having come out of recession, the occupiers have again become active in the market. Investor activities have increased, but the approach reflects caution."

### Hyderabad

**Vamshidhar. N**

Davis Langdon & Seah consulting India PVT Ltd

"Because of the political situation most of the developers are in mood of wait & watch before they take any concrete steps further on development."

### Mumbai

**Chetan D Narain**

Narains Corp

"The market seems to have stabilised for now. A drop or fall over a period of 10 to 15 months looks inevitable. In the residential segment there seems to be a panic buying like phase then we went through that pushed the prices up, which to me now looks like a bubble about to burst."

## **New Delhi**

### ***Eino Mehta MRICS***

Intarch Services Pvt. Ltd

"The volume of vacant office space or space nearing completion is in excess of the demand and hence, the values are not likely to rise in the near future. Though, some sale/purchase & leasing activity has started once again."

### ***Aman Kapoor***

"The office market in Delhi and Gurgaon area is seeing increased activity and demand mostly fuelled by the SME, insurance, power and telecom sectors. Demand from IT companies is now stable."

## **Pune**

### ***Dharmesh***

KFIPL

"Not much change"

## **Malaysia**

### **Johor Bahru**

#### ***Wee Soon Chit MRICS***

CB Richard Ellis (Johor) SDN BHD

"Property market in Johor Bahru benefits from the implementation of infrastructure projects under Iskandar Malaysia. A majority of these infra works are to be fully completed next year. We expect it will bring big boost to the property market here."

### **Kuala Lumpur**

#### ***G.Paremes Sivam MRICS***

Chesterton International (Formerly Chesterton inte

"Generally, the contraction in the Malaysian economy has dampened and weakened the Malaysian Property Market. Recovery is only expected in year 2012."

#### ***Chris Boyd FRICS***

CBRE Malaysia

"Huge investment property activity late last year, some of which was a result of corporate re-structuring. Fears of double-dip in the background."

## **Thailand**

### **Bangkok**

#### ***Teerawit Limthongsakul***

Nexus Property Consultants

"The global economy and real estate market fundamentals are past their worst, and most economies are now growing, slowly."

#### ***Narumon Rodsiravoraph***

Colliers International Thailand

"Increasing enquiries/requirements for industrial property continues for the second quarter in Q1, 2010. No signs of picking up for office and retails as yet."

## **Vietnam**

### **Ho Chi Minh City**

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

Indochina Chartered Appraisers

"Ever growing glut of office space on market starting (at last) to have negative effects on rentals of Grade A&B buildings, esp in HCMC."

## **Emerging Europe**

## **Belarus**

### **Minsk**

#### ***Rusenchyk Volha***

Group of companies 'Tvoya Stolitsa'

"In general we noted some increase in activity of occupiers and buyers in the market during the last 3 months"

## **Bulgaria**

### **Sofia**

#### ***Adriana Dyulgerova***

Colliers

"Availability of income generating properties is very low. Price gap between buyers and sellers caused by yield difference and falling rents. Almost no foreclosures in commercial properties that are income-generating"

#### ***Deyan Kavrov FRICS***

Dminus Property Advisers

"Office and retail lease market continues to be heavily tenant dominated. Relocation is Sofia's office market key driver. Lack of closed investment deals. There is evidence in two cases of yielding business properties which were unsuccessful and fell through after due diligence."

#### ***Mr. Iliya Komitov***

Fairplay Properties REIT

"We believe, that the end of the crises is close. I believe the recovery in Bulgaria will be longer than other countries. Most of the banks in Bulgaria are in good condition, but about 70% are Greek and you know how big problems they meet today. Probably the first price increase will come after 1 to 5 years"

## **Czech Republic**

### **Prague**

***Iain Sellers MRICS***

Discovery Group

"There is more confidence amongst retailers and a belief that the worst is behind us. Investment interest appears to have increased but it's a case of prime, prime, prime at the moment"

## **Hungary**

### **Budapest**

***Zoltan Scharek MRICS***

Cushman & Wakefield

"We cannot see any changes in the market however we feel the positive change in sentiments."

***Michael P Smithing MRICS***

Colliers International Hungary

"Banks are finally bringing some distressed property to market, although thus far it appears that activity is focused on properties which have been given to the banks as they continue to be reluctant to actively foreclose on assets."

***Graham MacMillan MRICS***

CB Richard Ellis

"Generally interest from investors has increased for prime products to that shown in 2009 but secondary assets remain off the radar. Specialist funds are also gearing up to take advantage of distressed assets that become available. Rental values remain under pressure and incentives continue to rise, therefore although yields have stabilised capital values are still under threat."

***Jarolsav Kopac MRICS***

JLL

"Improved investment sentiment. However occupier market remains fragile and vacancy is rising across sectors putting rents and NOI under pressure."

## **Poland**

### **Warsaw**

***Matthew Bann MRICS***

Valad

"Not sure if a 3 month period is long enough to measure real change in the markets."

## **Romania**

### **Bucharest**

***Ben Binns MRICS***

King Sturge SRL

"Small increase in occupational leasing activity, particularly in the office sector. Interest in retail is largely limited to Bucharest and prime sites in the provinces. Investment market continues to be slow."

## **Timisoara**

### ***Felicia Vasiu MRICS***

Cushman&Wakefield Romania

"The local companies are interested in new developments. Is not existing the interest to open the spaces for the new companies, the new requirements are only to relocate the old spaces if they have better conditions"

## **Russia**

### **Moscow**

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

Ernst & Young

"We have observed a stabilization of the Russian real estate market for the last three months. It could be a good sign."

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

Jones Lang LaSalle

"Increasing stability in the rental markets has improved the climate for property investment. Developers being able to raise either equity or debt finance is the real key to the market taking strides forward."

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

Sole Practitioner

"Unemployment rate still shows increase, (16-8b of 78b total expected on 1.04.10), generally trends are differently directed but signs of consideration of slow positive long term growth as part of strategy plans are sought"

#### ***Konstantin Lebedev MRICS***

Cushman & Wakefield

"Positive forecasts are for Russia's economy in 2010 and 2011, market fundamentals and returning of debt markets point to returning strength in the underlying occupational markets from the second half of this year. With deliveries of new office supply in Moscow limited for the next 2 or 3 years and increased interest and activity from tenants we are projecting declining vacancy rates and increasing rental rates. Coupled with yield compression driven by increased investor appetite and a lack of supply there is the potential for significant capital value appreciation."

### **St Petersburg**

#### ***Vladislav Miagkov MRICS MRICS***

Ernst & Young Valuation LLC

"St.Petersburg real estate market demonstrates some new tendencies to stabilisation. There are some positive signs for developers: market prices for residential property start growing from their 5 year minimum, prices for undeveloped lands are also going up. We expect that new real estate investment cycle will start at the end of the 2010 year. The list of current notable private development projects includes:- YIT residential blocks (in progress),- Briz-Geleria centre at Ligovsky 22, 190,000 sqm of retail spaces (in prigrress), - Stockmann retail centre with 90,000 sqm retail and office spaces (in progress) - LenSpetcSmu construction company (residential construction)- Quattro Cortti office centre (22,000 sqm, to open at May, 2010)."

## **Turkey**

## **Istanbul**

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

Taner Uysal Real Estate Appraisal Services

"Effects of continuing global crisis is prevailing. Housing market is slightly boosted by the recently falling interest rates."

### ***Dilek Pekdemir***

DT Pamir & Soyuer

"A slight improvement has been started to be observed in the market. Rentals reached to bottom in the last year and looks stabilized now. No significant change is expected in rents for the next period. Investment activities may increase due to seasonal effect, such as IPOs in spring."

## **Mugla**

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

Taner Uysal Real Estate Appraisal

"Effects of continueing global crisis is prevailing. Housing market is slightly boosted by the recently falling interest rates. Trend of property market driven by tourism sector is yet to be seen during next 6-months period."

## **Ukraine**

### **Kharkov**

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

LTD SVK

"At the present moment banks meet significant difficulties with liquidity, so crediting of the real estate market becomes less available. Rising prices on basic commodities does not allow neither companies nor private individuals to make major purchases such as real estate. At the same time foreign investors are deterred by the economic crisis and political instability/"

### **Kiev**

#### ***Marta Kostiuk***

DTZ

"Due to the global financial crisis combined with the high perceived political and economic risks of Ukraine, the year 2009 became a race for survival for the majority of players on the property market in Ukraine. After the completion of the presidential elections in Ukraine and some improvements on the global markets, the first signs of recovery are expected on the property markets in the country by end of 2010."

## **Latin America**

### **Argentina**

#### **Buenos Aires**

##### ***Anne Usher, Carlos Levinton***

Latin American Corporate Property Services Inc.

"The fall in the number of registered sales was slightly less in the last quarter of 2009, 24.19% over the fall on the same quarter of 2008, 31% down from the boom year of 2007. That has given rise to an element of optimism which is somewhat out of place given the lack of available credit, the high cost of finance and the very high vacancy rates - up to over 30% in some of the newer office sub-markets."

## **Mendoza**

### ***Anne Usher, Fernando Amin NA***

Latin American Corporate Property Services Inc.

"Mendoza is an economy very dependent upon export markets for its principal products, wine and fruit. Wine sales have been booming overseas because prices have been kept low. This is a double edged sword to which the Mendozans react with caution."

## **Brazil**

### **Rio de Janeiro**

#### ***Anne Usher, Arnaldo Fresteiro***

Latin American Corporate Property Services Inc.

"Rio is spreading westwards and becoming increasingly a middle class dormitory whilst industry has relocated in further out areas such as Duque de Caixas and Niteroi."

### **Sao Paulo**

#### ***Luis Mayor***

CB Richard Ellis

"There are no distressed properties on our market."

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

Hines

"International investment interest is up significantly"

#### ***Walter Palacio***

Cushman & Wakefield

"We feel the resumption of activities of the real estate market in a very consistent way"

#### ***Anne Usher, Arnaldo Fresteiro***

Latin American Corporate Property Services Inc.

"Because 2010 is an election year, the market will probably level off, go into moderate suspension, waiting the outcome."

#### ***Joao Mynarski***

Mynarski Co

"Here in Brazil we are viewing the strong movement over agricultural areas. In the cities we believe in growing quantities of offerings and a small increase in sales value or rent."

## **Central America**

### **San Jose - Costa Rica**

#### ***Anne Usher, Carlos Manuel Ortega***

Latin American Corporate Property Services Inc.

"The market has been in suspension waiting on the outcome of the presidential elections. It

will start to move forward at its traditionally conservative pace later in the year."

## **Chile**

### **Santiago**

#### ***Anne Usher, Hernan Castillo***

Latin American Corporate Property Services Inc.

"The 8.8 earthquake shook Santiago quite badly and caused some damage. The homeless are estimated by the government to be 3,300 but the real figure is probably double. The number of dead is over 50. The damage to many buildings is not yet quantified, since many older buildings which have withstood previous earthquakes now show signs of damage. Faith in tall buildings, buildings with underground car parks etc. is undermined by an earthquake, even though the new financial districts suffered relatively little damage. The market is on hold for the moment whilst the country recovers."

#### ***Paula Rodriguez***

CB Richard Ellis

"The earthquake lived in Chile in late February, means a small part of class B and C office market in Santiago needs new facilities, at least for a short timeframe, until their buildings will be repaired. This situation can be seen in warehouses also. Even the requirements has raised strongly in last few weeks, most of them are temporal; so, if we see some increasing in lease rates, it should not have a significant impact in long term. Mainly, due to the 100% of class A builds and more than 95% of class B are operative, and, because the worst effects of earthquake occurred outside Santiago. Market continues producing important amounts of new surfaces of offices and storage space, so, despite of earthquake short term effects, an increasing of vacancy and a decreasing in rent values are expected along this and next year."

### **Vina Del Mar**

#### ***Anne Usher, Luisa Soriano***

Latin American Corporate Property Services Inc.

"Viña del Mar was badly shaken by the 8.8 earthquake but not as badly damaged as Santiago. Most of the taller and newer buildings, built to a demanding seismic code, got through with little or no damage. The tsunami and the aftershocks have done little to increase the amount of damage done. Even so, an event like this puts everything into a state of suspension, whilst the clearing and the assessment of damage is made."

## **Mexico**

### **Mexico City**

#### ***Oscar J. Franck Terrazas MRICS***

Integra Realty Resources de Mexico, Inc.

"The Manufacturing sector in Mexico is up (overall). The Industrial activity in México was 3.6% up on January 2010 compared to YTD. Especially the one related to auto industry. Mexico substantially incremented exports of motor vehicles to USA during February 2010."

#### ***Mario Navarro***

"12 months ago, vacancy rates for the Mexico City office market were registering at 5%, one of the lowest vacancy rates for the overall market in over 20 years. This tendency was attributed to the lack of available financing in the market for new office and industrial projects."

Consequently, the supply side of the office and industrial markets were in good shape for recovery. Current demand will trigger a rise in new construction starts, but the product will not hit the market for another 18 months. The increase in inventory projected for 2011-2012 will bring vacancy rates back in line with historical levels of around 13%."

***Ernesto Goeldner none***

NAI Mexico

"Office market increasing. Industrial market 'so so' until inventories diminished. Retail space construction increasing slowly."

## **Peru**

### **Arequipa**

***Anne Usher, Mariano Calvo***

Latin American Corporate Property Services Inc.

"In most Latin American countries, rentals tend to go up at the beginning of every year in line with the publication of the official inflation index. Thereafter they tend to flatten out unless the economy is showing extraordinary growth and demand."

### **Lima**

***Eric Rey de Castro***

Colliers International

"We do not have a distressed neither foreclosure issue in Peru at all. That is why I put "the same" because it has never been a problem. Our economy grew more than China the year 2008 and 1.5% last year. January this year, we reached almost 5% GDP growth,"

***Eric Rey de Castro***

Colliers International

"Peru GDP grew more than China in the year 2008, almost 2% last year and expect to grow around 6% this year. We have signed a Free Trade Treaty with the US that begun to work last year, with China that begun this month and just arrived to an agreement with the EU to begin 4Q10. All of this is pushing economic activity as well as big demographic grow."

## **Venezuela**

### **Caracas**

***Anne Usher, Guillermo Rodr guez***

Latin American Corporate Property Services Inc.

"Residential property prices are beginning to shift upwards, due to the availability of finance and to the prospect of importing building materials at a preferential exchange rate from mid 2010. The moves are intended to stimulate low income house building but are having an up-front effect on middle and upper income properties which are the majority in the Caracas metropolitan area. The government is making available for low income building some 372 properties although only 49 of these have access to services which is a critical factor when building for low income socio-economic groups."

### **Valencia**

***Anne Usher, Guillermo Rodr guez***

Latin American Corporate Property Services Inc.

"The high rate of inflation which is unofficially put at 27%, the difficulty which the local

industries have to finance for the import of raw materials and parts at the preferential rate of exchange, the high cost of finance for all operations, conspire to maintain the market in a state of suspension whilst property owners artificially attempt to maintain values."

## **North America**

### **Bermuda**

#### **Hamilton**

##### ***Lou J Maroun***

Sigma Real Estate Advisors

"Market is small, slow to change, closely held. The only category that will see much greater activity is new Hotel Development/Construction. Several being contemplated"

### **Canada**

#### **Calgary**

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

Altus Group

"There is still a disconnect between vendor and purchaser expectations. The REITS are back in the market and are actively looking to place funds, but only in solid investment opportunities that have stable income growth."

#### **Edmonton**

##### ***Alexander D Thomson MRICS***

Avison Young Canada Inc

"Improved availability of financing and pent-up supplies of capital has resulted in prime assets attracting significant interest from multiple purchasers and at pricing that compares favourably with 12 months ago. Downtown office vacancy is climbing but is still healthy by comparison with the national average."

##### ***Ken King MRICS***

Government of Alberta

"Showing real economic improvement in Northern Alberta."

##### ***Ian Bradley***

Colliers International

"Investment activity in particular should increase as financing is readily available."

##### ***Brent Blake***

Altus Group

"Buyer demand has increased, yet transaction activity is down; need more products available for sale. Yield rates for real estate will either hold stable or will compress."

#### **Montreal**

##### ***Michel Bouchard MRICS***

Altus Group

"Increasing availability of leverage money. More trades in preparation (office and retail)"

stabilizing vacancy for office buildings Increasing vacancy for industrial"

## **Toronto**

### ***Lou J Maroun***

Sigma Real Estate Advisors

"Markets are stable, although softness in warehousing. Minimal construction in all sectors, with big exception in Condo development. Condo market is very active."

### ***Nicholas W. Kendrew MRICS***

Scotia Capital

"Demand for investment assets are focussed around properties with stable or increasing NOIs i.e. may have been under-rented, may have vacancy, could be value-add, or coming off historical leases, OR relatively new (-10yrs) properties on long leases (15+yrs) to a single tenant (or large portion to one tenant) with reasonable escalations."

### ***Damien Moore MRICS***

Agellan Capital Partners

"Toronto in addition to several other large Canadian cities is experiencing strong demand for what little core product is available on the market. Capital rates are being pushed to levels not seen in 18 months (50bps off peak levels) for best in class. Market still very uncertain with regard to junk class product where debt is still hard to obtain. Anticipate supply will increase over remainder of year as aggressive demand will continue."

### ***Graeme H Young FRICS***

Colliers International

"Downtown office vacancies rising, pressuring rents and inducements. Market rates and terms vary significantly based on building occupancy levels"

### ***Peter Cuthbert***

Standard Life Investments (Real Estate) Inc.

"Toronto on an international scale remains fairly stable with distressed sales virtually non-existent. Areas of weakness and expected slow recovery are manufacturing and Toronto downtown office which needs to work its way through the absorption of a significant amount of new office space."

### ***Carmin Di Fiore***

Bank of America Merrill Lynch

"It's a tenants market and landlords will be forced to do what it takes to maintain occupancies. Landlords have no leverage and no replacement tenants. Not enough bloodshed by property owners or lenders to alter behaviours, despite greater risk than late '07. Witnessing pockets of rationalization as if 14 months ago was 14 years ago."

## **Vancouver**

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

Greenwood Property Advisors Ltd.

"Both the Federal and Provincial governments recently released budgets for 2010. Both governments have introduced 'steady as it goes', conservative budgets with an eye to deficit reduction after a period of stimulus spending designed to ease the effects of the recent recession. Over the next three years the federal and provincial deficits are expected to reduce from \$49 billion and \$2.8 billion respectively to a forecasted break-even by fiscal 2013/2014. The expectation is for a period of modest economic growth. Interest rates continue to be held at relatively low levels and are expected to remain that way for the next year. The Bank of Canada has been monitoring residential mortgage rates and sounding a note of caution. The federal government is moderating the ability of consumers to borrow by requiring tougher mortgage underwriting by the banks. The Canadian dollar is currently at \$0.97 / US\$1.00 and at this level, British Columbia exports are disadvantaged. Real estate markets in British

Columbia, and specifically Metropolitan Vancouver, are expected to grow with continuing immigration into the region. Residential real estate values are high in relation to Canada but have returned to peak levels evidenced before the start of the recession. Metro Vancouver retail sales are steady with vacancy decreasing to just under 3% from 4% at the beginning of 2009. Office vacancies continue to increase as businesses adjust to the realities caused by the recession. Vacancy rates are now above 7% which is a significant increase from the 4% level a year ago. Industrial vacancy is at its highest level in thirteen years and stands at just under 5%. Relative to other regions, Metro Vancouver, with a constrained land supply, typically enjoys low industrial vacancy. Outlook - cautious optimism."

## **Caribbean**

### **Kingston**

#### ***Edwin Wint***

La Maison Property Services Limited

"Very little new commercial development. Approximately 70% reduction in new residential developments. Two notable private sector commercial developments announced but not started."

### **Port of Spain**

#### ***Marlene Agge***

Port of Spain City Corporation

"Investors remain cautious but some level of activity continues. Public Sector developments continue but at a slower pace."

### **Road Town**

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

Smiths Gore

"For the commercial market (mainly offices for the financial sector), there has been little change in demand/supply conditions."

## **US**

### **Atlanta**

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

Fortius Financial & Real Estate Consulting, LLC

"Atlanta has seen an increase in activity as investor interest has increased with the number of opportunities also increasing due to banks and CMBS Trustees implementing disposition strategies on foreclosed/distressed assets. It currently feels like a near term bottom is forming, though this may be more speculative in nature as the fundamentals of supply and demand are still out of balance. Occupiers and investors are now moving to seize opportunities in the market and we are observing realistic underwriting projections of a very slow but still net positive recovery for real estate. Georgia is projected to see net job growth in 2011, but the unemployment overhang still looms over the market near term. Also, the end of many Federal stimulus dollars, a potential change in Federal Reserve monetary policy, the end of the homebuyer tax credit, and the poor state of governmental fiscal budgets are going to strain against the budding recovery potentially causing a double dip in GDP. However, real estate seems better positioned to handle another slip in overall economic activity."

#### ***Kathy Roper***

Georgia Tech  
"Still waiting for demand (employment) to go up"

## **Charleston, SC**

### ***Jay Collins MRICS***

First Citizens Bank

"Market conditions have experienced a level of stabilization over the past 3 months, particularly in the residential sector. A further decline in the retail and industrial sectors is possible in the 3rd and 4th quarters of 2010. The office market is not yet stress-free and could possibly experience a second decline, but not as severe."

## **Cincinnati**

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

Collateral Evaluation Services, LLC

"Sales activity is expected to increase in 2010 as banks become more active in disposing of their foreclosed properties. As a result prices should decline more rapidly than in the past few years."

## **Clearwater, Florida**

### ***Carl Chrappa MRICS***

Independent Equipment Company

"Very weak, very little demand."

## **Dallas**

### ***Stephen T Crosson MRICS***

Crosson Dannis INC

"There is anecdotal evidence of increased levels of debt capital on less stringent terms for commercial real estate. Few borrowers are attempting to retain control through bankruptcy or litigation simply because they perceive that there is no equity value to protect. As more banks strengthen, foreclosures and divestitures will accelerate throughout the year."

## **Dallas Texas**

### ***Joe Milkes***

Milkes Realty Valuation

"The overhang of poorly performing real estate in terms of income production and inability to make loan payments is a major factor as well as the over-built situation in some markets and some property types. This has yet to be recognized although cap rates are coming back to realistic levels. Financing is still difficult to obtain and will probably not return to the record setting desirable terms and availability. The chickens have come home to roost."

## **Fort Worth**

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

Integra Realty Resources

"Continued flat market with sellers holding out and buyers waiting for "deals". Rent concessions in retail and office market evident and seen in deferred rent. Retail tenants successfully negotiating for lower rents. Very few transactions and many of the same properties listed for foreclosure reappear on the list month after month. The current situation will likely continue for months ahead."

## **Las Vegas**

### ***Shelli Lowe FRICS***

Integra

"Market is bad and getting worse"

## **Miami**

### ***Michael Y. Cannon MAI SRA ASA FRICS CRE***

Integra Realty Resources-Miami

"Market continues to readjust. Investors factoring "RISK" in buy positions. Economy appears to be on the mend in spite of wall street and government actions"

## **Nashua New Hampshire**

### ***Stephen Bullock MRICS***

Bullock & Associates, LLC

"Transaction activity (both rental and sales) appears to be at a level not seen since the real estate downturn of the early 1990's and possibly an all-time low. The majority of vacant properties for lease and properties for sale are still in "stand-off" mode with asking prices and lease rates above what is needed to generate sale and lease transactions."

## **New York**

### ***Max Rosin MRICS***

Rosin Associates

"Market is basically stuck. There are huge fundamental problems with CRE however the banks are "kicking the can down the road" as a result they are not taking the necessary write downs and nothing is moving. Recession has gotten less severe - however problems persist"

### ***Joseph Thanhauser FRICS***

Byrnham Wood LLC

"Rents are still depressed, and it is more important than ever to be very careful about the financial health of landlords and specific buildings. Lease obligations of most landlords must be adequately secured, by landlord and lender, with suitable rights of self-help for tenants. At the moment, only landlords that have been conservative and risk-averse are weathering the market in good financial health."

### ***Robert Meulmeester***

Cadence Capital Group, LLC

"Market will remain distressed until overleveraging has been repaired and employment is truly improving which will probably take another 2 to 4 years."

## **San Francisco**

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

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

"In general, expect more banks to run out of capital or patience. There is a rumour that FDIC may help cushion the blow to small banks. Saw my first "free rent" office deal of this cycle. Hard to say whether the borrower was trying to stave off the bank, or polish expectations about future cash flow."

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

Yovino-Young Inc

"Signs of slight improvement evident but bottom of market in terms of values, demand, rents, etc. not yet in sight. Predictions are for increases in cap rates from 500 to 1000 basis points by mid year."

## **Tampa**

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

Integra Realty Resources

"Anecdotal information from retailers, hotel operators, and brokers indicate the market is starting to slowly improve. Job growth remains sporadic."

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

Integra Realty Resources

"The Tampa market continues to struggle with a low job growth, which is needed for market improvement. We are starting to see distressed properties being sold, and market activity is up slightly. Many tenants are moving up in quality, while saving rent by moving."

## **Washington DC**

### ***Scott Homa***

Jones Lang LaSalle

"The recent expansion of the federal government and its new role in the economy significantly benefitted the DC market throughout 2009. Leasing activity ticked up in the fourth quarter, driven by government transactions. Although private sector leasing activity was still noticeably contracting, this trend slightly improved during the fourth quarter. Toward the latter part of the year, many pending requirements were negotiating deals or close to locking in. Expansion space was minimal in those deals, but the activity provided a good sign that tenants were increasingly willing to make capital decisions."

## **Western Europe**

## **Belgium**

### **Brussels**

#### ***Guibert de Crombrughe FRICS***

de Crombrughe & Partners

"There is a new momentum in the market now with lot of occupiers reviewing there location strategy and landlords looking actively for opportunities"

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

DTZ

"Brussels office market remains dominated by high vacancy and therefore rents under pressure. Office yields are now stable. Retail remains the stronger market segment in Belgium due to reasonable level of supply."

#### ***Tom Maes***

Knight Frank

"The letting activity increased at the end of 2009 due to some large transactions but the overall sentiment for the coming months is rather negative. Some financial groups and large corporates are reviewing their housing needs which already resulted in some large transaction but also in the coming months some large movements can be expected. Overall take-up will be at a much higher volume over Q1 2010 compared to Q1 2009. The net take-up will however remain negative! Vacancy in Brussels is hitting 12.5% (about 1.600.000 sq m

office space is available). In our opinion there is at the moment about 4 times more space available than demand. Investment activity is up compared to Q1 2010. Yields have compressed slightly for buildings with occupancy above 80%, good covenant tenants and long term lease contracts. All the rest is out of the scope of international investors. Some local real estate companies and private individuals profit from this absence of interest to buy (distressed) assets."

## Cyprus

### Nicosia

#### ***Kyriacos Kalopsidiotis MRICS***

PMK Associates Ltd

"Conservative in all aspects"

## France

### Marseille

#### ***Pascal Schori MRICS***

BNP Paribas Real Estate

"The demand is quiet low and there is no new important deal in negotiation. The investors may be interested in new deals but the products they are looking for are rare! The beginning of this year is quite difficult, perhaps the same than in 2009"

### Paris

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

Savills

"Leasing markets remain tough due to economic difficulties – negative GDP growth, rising of unemployment, etc. As a consequence, demand from occupiers, take up and rents are suffering. On the other hand; investment market has enjoyed a strong level of activity by the end of 2009. First quarter of 2010 follows this trend and investors' demand is strongly increasing. Key issues are the concentration of demand on the core segment and the scarcity of secured assets. As they anticipate a decline in prime yields, vendors are postponing their sales and amplify this phenomenon."

#### ***Bill Beauclerk MRICS***

BG CARRE

"Paris is experiencing an important reduction in tenant activity leading to a fall in rents. Nevertheless, investment activity has strengthened as institutional and private buyers who consider that values have reached their nadir start to invest."

## Germany

### Berlin

#### ***Heiko Silber MRICS***

Angermann AG

"Lots of demand (investment) Pricing problems only a few deals leasing going down (deals & rents)"

## Leipzig

### **Andreas Weinast MRICS**

commerzbank

"Silence before the storm, storm will go ahead with the reform of capital markets (financial institutions)"

### **Florian van Riesenbeck MRICS**

Treureal Asset Management GmbH

"Market remains on low level for office and industrial use. Retail sector in Germany remains surprisingly stable."

## Greece

### Athens

#### **Litas George MRICS**

Danos - BNP Paribas RE

"Very poor market with lack of investors, rent negotiations bringing rents from 10% to 30% down. Increase of un-let properties in all sectors, increase of yields, decrease on new developments."

## Italy

### Milan

#### **Luca Villani**

Jones Lang LaSalle Italy

"The number of distressed properties on sale is very limited. Due to the national regulation, banks are not in the position to take control of properties unless an agreement is found with the landlord. Distressed sale activity equals almost to zero."

#### **Douglas Babington Smith MA MRICS MRICS**

Jones Lang LaSalle

"Evidence of improving investor confidence with flurry of transactions in Q4 2009, but focus on prime and city centre assets. Nervousness regarding occupier markets and rising vacancy drags down performance of secondary assets. Expectation of weak year for rents, yields broadly stable and long slow recovery."

"Commercial real estate market is quite calm. Domestic and foreign investors are collecting or have collected equity to acquire properties. Nevertheless transactions are rare as market values are below book value and low quote of distressed properties are on the market. Hence only seldom an investor finds good opportunities as prices are too high."

#### **Giulia Longo**

Colliers Elitrade Spa

"Current market conditions show that office rents are stable in central locations, new clients prefer to move outside the CBD for cheaper rent/yields. The industrial market shows an increase in stock with very low up taking. Vacancy is increasing to alarming rates. New clients are looking for new projects and leaving brown fields empty across the hinterland. For retail spaces increase in vacancy across the city apart from the centre of the city. Prices are still too high for new occupiers. Slow uptake across the city."

## Luxembourg

### Luxembourg

#### **Martin Heyse MRICS**

BNP Paribas Real Estate Advisory and Property Management

"After 3 fantastic years for Luxembourg (i.e 2006-2007-2008) the market did a come back on the real market and landed to it's historical marks. The take up is today where it use to be at around 125 K sqm and the amount of investment at around € 500 Mio/year. The overall situation is acceptable in regards to the rest of Europe; Standards have changed. But it has to be seen as an evolution of the markets in general; new standards are being designed and let's see what comes out of it."

## Netherlands

### Amsterdam

#### **Hannes de Bruijn**

Colliers International

"Sale-and-leaseback deals are increasing.-in 2009 sublet space increased with more than 400%."

#### **Jos Hesselink**

DTZ Zadelhof Amsterdam

"Not a lot of distressed properties on the market so far, due to limited size Amsterdam property market."

## Portugal

### Lisbon

#### **Joaquim Pires**

CAOC

"Less economic activity has resulted in less business. Social changes different spaces."

#### **Bruno Rego**

Worx, Real Estate Consultants

"The office market continues to be affected by the current economic and financial situation. The whole office sector has slowed down, with a take up rate below that achieved in recent years, with a rising vacancy rate and with a fall in rental values across all zones. How difficult the year has been, with the reversal of the growth cycle and of the recovery of the last three years, can be seen from an analysis of the main indicators. There is still substantial uncertainty about an economic recovery and this means that in 2010 there is still no prospect of a real recovery of the office market."

## Republic of Ireland

### Co Galway

#### **Ronan Long B Comm**

Property Partners Long

"Tangible linkage between failures of bank policy to deliver working capital to businesses

having an adverse effect on going concerns, leading to many small businesses failing. Until lending policy improves, passing rents will fall due to rising stock supply levels."

## **Dublin**

### ***John Moran MRICS***

Jones Lang LaSalle

"The market appears to be stabilising with yields probably having fallen as far as they are going to go, rents are in decline still but we may be reaching the bottom in the office market in particular"

### ***Jonathan Hillyer MRICS***

HWBC

"The implications of NAMA can be speculated but effectively are still unknown"

## **Scandinavia**

### **Copenhagen**

#### ***Kim Mcmillan FRICS***

DTZ- Denmark

"Optimistic mood but strong underlying caution. Only equity buyers active. Unemployment still rising."

#### ***Morten Madsen***

"Still low activity but signs that investors are looking brighter on the future rental market still hurt"

### **Helsinki**

#### ***Tero Lehtonen***

Jones Lang LaSalle

"Outward movement in yields has halted yields remaining stable in Q4 2009. What comes to the prime assets, there is even some downward pressure in yields as a result of strong investment demand and limited supply. At the same time, the number of investors interested in secondary properties is almost non-existent. With limited economic growth and still increasing unemployment occupiers' need for premises is expected to keep decreasing and the vacancies increasing. What comes to offices, rental forecasts are negative although the limited activity in development side is expected to ease the downward pressure on prime rents CBD being most resilient due to limited supply and relatively steady occupier demand. In retail occupier demand for high street and shopping centre units with good locations is relatively healthy retail warehousing being hit most severely. Occupier demand for large scale distribution warehousing is limited as well but smaller warehouses are doing still well with low vacancies."

#### ***Irma Jokinen***

Realia Management Oy

"There are positive signs of further recovery in investment activity in 2010. Prime yields have stabilized but the yield shift in secondary properties has continued. Divestments made by owner-occupiers are expected to continue."

### **Stockholm**

#### ***Arne Strand MRICS***

DTZ Sweden AB

"The unemployment rate is not expected to increase as much as before. The result is a slower increase in vacancy rate. Maybe we all ready have seen the bottom regarding prime office rents. Retail sales volume increased in real terms during 2009, and retail tenants that had problem during the first half of 2009 have started to recover. It is easier to finance investment in properties today than just a couple of months ago. Interest rates are low. For residential properties (one-family houses and co-ops) 3-months interest rates are as low as some 1.5 %. The interests rates are expected to increase during 2010. There is a risk that this could have a negative impact on consumption."

## Spain

### Barcelona

#### ***Eusebi Carles***

Savills Consultores Inmobiliarios

"We are starting to see more interest from investors to take positions not only in secure dry office investments but also in alternative areas and structures due to the lack of institutional product for sale."

#### ***Andrew Hawkes MRICS***

Patron Property Services

"Because proven rents are difficult to pinpoint, whilst the market is improving from an occupier demand perspective, rents could continue to fall/ be under pressure in order for landlords to close transactions. Also investment demand is very focused on prime/ core, so the yield gap between core and secondary will continue to grow, although sales prices for secondary assets will only go down slowly as the banks hold large portfolios that they will only release onto the market as they are able to gain capital in order to make the necessary provisions."

#### ***Nicholas Wride MRICS***

CB Richard Ellis

"We are starting to see a stabilisation in yields, and interest from investors, particularly for Sale & Leaseback opportunities."

### Madrid

#### ***Jose Manuel Llovet MRICS***

Unibail-Rodamco

"Key issues:Debt re-structuring of local RE companies. Value correction is completed. Re-start of investment activity (no sure about the duration of this market heating). Big tenants have done their adjustment. Smaller tenants risk due to liquidity problems."

#### ***David Calzada Criado***

PricewaterhouseCoopers

"Values still remain too high for national investors, and the expectation created in the market is that prices will go still down, and international investors are still waiting to have much lower price (Spain's prices are lower but the bargain is still to come)."

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

FH3 Inversiones & Management

"Tenant demand remains sporadic .Indications that the bottom of the market has been reached for prime rents in Madrid offices. Letting and investment activity remains extremely challenging for secondary locations. "

#### ***Roger Cooke FRICS***

Cushman & Wakefield

"Banks are still trying to avoid taking direct control of distressed assets and those they are

controlling are often very difficult to sell except at a major loss to the banks- which they do not seem willing to entertain. Downward value adjustments not so steep and yields pretty stable and in price falling again slightly."

***Daniel Kinnoch BSc(Hons) MRICS***

Savills

"Many investors have returned to the market and are considering investment possibilities. The difficulty is that many seek prime product at market rents which is very scarce at this point in time. The opportunistic funds continue making offers off low pricing which doesn't persuade owners to sell."

## **Switzerland**

### **Zurich**

***Daniel Stocker***

Colliers CRA AG

"In the past year, as in 2008, the market was not able to satisfy the needs of the majority of investors. With few exceptions, investment budgets could not be fully allocated. This was not due to a shortage of possibilities. Instead, the main reasons for the lack of investment deals were the meagre quality of some commercial properties and the higher risk awareness of the investors and their financing banks. In the past months marked by economic uncertainty, real estate investments in Switzerland have become more attractive – especially because, unlike many other foreign markets, the local market did not develop a price bubble. Investors were particularly interested in residential properties close to the commercial centres. These objects were far less volatile than properties in other categories, which led to higher demand and rising prices. Well-maintained, commercial properties in prime locations, with high occupancy rates and suitable fittings were able to avoid a drop in net yields. Investors are focussing on these types of low-risk A-class properties and they are now changing hands at prices that allow relatively low average net yields of 4.4%. While investment opportunities in this segment are limited, there is still an oversupply of C-class objects. In this segment, calculations are based on an average net return of 6.7%. The Swiss market for property transactions was animated. The vast majority of deals are widely published and it is unusual for items to be offered to only a handful of potential buyers. However, it is still a fragmented and opaque market, especially when compared to the surrounding foreign markets. After the outbreak of the financial crisis and the withdrawal of numerous foreign investors, a stable and conservative Swiss real estate market is back in the hands of domestic institutional investors. However those foreign investors have not disappeared completely – the stable economic, political and social environment continue to make Switzerland's property market an interesting target. In the past year, investors have adapted their risk behaviour to the circumstances. Nevertheless, the recent economic crisis, offers real potential for lucrative investments. The refinancing pressure on over-leveraged properties will stimulate the investment market. Commercial owner-occupiers who find themselves in a financial bottleneck could improve their capitalisation by sale and leaseback transactions. The winners in this investment market are still those investors with a strong capital base and solid funding. Similarly, residential property owners who are willing to sell can take advantage of the substantial demand. Environmentally friendly buildings with good public transport connections have rosy prospects; 'Minergie' and other sustainability approaches are increasingly important issues for investors. The prospects are gloomier for older shopping centres, as well as B- and C- class commercial and industrial properties. "

## **UK**

### **Cardiff**

***Huw Thomas FRICS***

King Sturge LLP

"Investment activity is currently driving the market but occupier demand is still fragile"

## Edinburgh

### **John Clement BSc MRICS**

King Sturge

"The main focus of activity of any sort has been in the prime investment market. secondary property has a very limited market , with some renewed owner occupier activity. Development activity is negligible and unlikely to change in the short term."

## London

### **Angus McIntosh FRICS**

King Sturge

"In referring to 'sustainability', we equate this with the goal of balancing economic, environmental and social objectives at global, national and local levels in order to meet the needs of today without compromising the ability of future generations to meet their needs. This follows both the Brundtland report and the RICS Policy on Sustainable Development."

For full UK commercial market comments please see the RICS UK commercial property survey Q1 2010. @ [www.rics.org](http://www.rics.org)

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