

Global sentiment weakens, reflecting the softer macro picture

- **Global prospects weaken from Q2, as more countries indicate negative sentiment presides**
- **Outlook is strongest in China, Brazil and Russia**
- **Sentiment is most negative in Europe's periphery**
- **Development starts once again highest in Brazil and Malaysia**

The latest RICS Global Commercial Property Survey suggests that overall, global conditions have weakened, as more countries indicate negative rather than positive results.

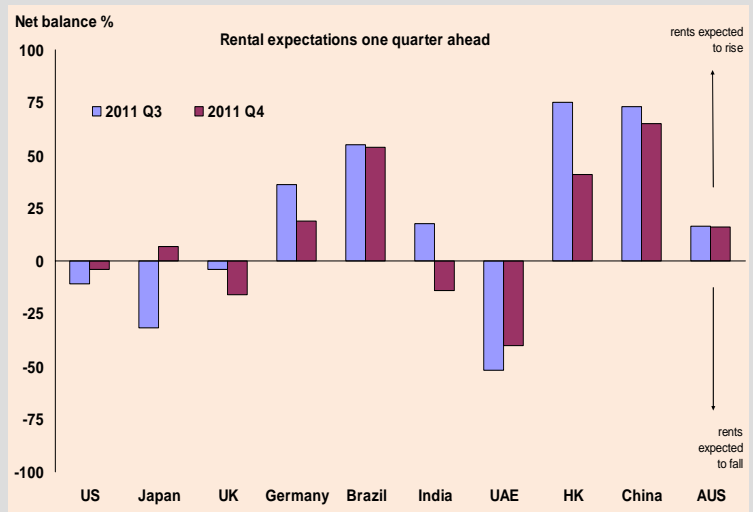
The results show that the occupier side of the market is experiencing the biggest drop in sentiment. In over half of the countries featured in the report demand from tenants fell in Q3, and in all but a handful available space is on the rise. This is weighing down on rental expectations, which are now negative in two thirds of the responding countries - last quarter over half indicated they expected rents to rise.

Commercial real estate markets in China and Brazil are the top performers in Q3, with generally positive results from the occupier and investment sides. Notwithstanding this, the net balance readings have moderated from last quarter's survey. Significantly, rising availability in these regions has led to a scaling back of anticipated growth in rents.

Respondents in Germany, Hong Kong and Russia also report that markets are performing relatively well, though again the results show that positive sentiment is less so than in Q2.

Property professionals in Poland and Czech Republic are also largely positive, especially on the investment side. Capital value expectations are positive and demand from investors is expected to rise further in Q4.

Respondents from Japan are indicating positive results for rental expectations and capital values for the first time in over 3 years.



At the other end of the spectrum, countries in Europe's periphery, the UK and India have seen sentiment deteriorate.

The current level of uncertainty in global financial markets is continuing to hamper the commercial real estate sector in many Western economies. Indeed, the intensification of the euro area crisis has seen confidence in Western Europe collapse.

Respondents in Greece, Republic of Ireland and Portugal have been joined by those in Spain, Italy, France and the UK in reporting increasing weakness. Occupier demand has fallen, supply is increasing and both rental and capital value expectations have weakened further from last quarter.

Interestingly, results from the US paint a rather flat picture, with net balances for most indicators moderating.

Also noteworthy is the decline in sentiment in India. Tenant demand fell for the first time since 2009, reflecting the slowdown in the Indian economy and consequently, both rental and capital value expectations have deteriorated.

Global commercial property expected capital values for Q4 2011

	US	Japan	UK	Germany	Brazil	India	UAE	HK	China	AUS
2010 Q1	-38	-39	1	-20	67	24	-61	77	39	22
2010 Q2	-17	-33	-10	-9	52	33	-67	24	38	29
2010 Q3	-6	-30	-11	19	87	28	-49	78	54	43
2010 Q4	15	-44	-18	45	53	9	-33	72	81	23
2011 Q1	12	-12	-11	36	23	40	-45	81	79	36
2011 Q2	4	-27	-3	23	33	27	-22	76	71	13
2011 Q3	5	12	-13	19	50	-13	-44	23	56	-15



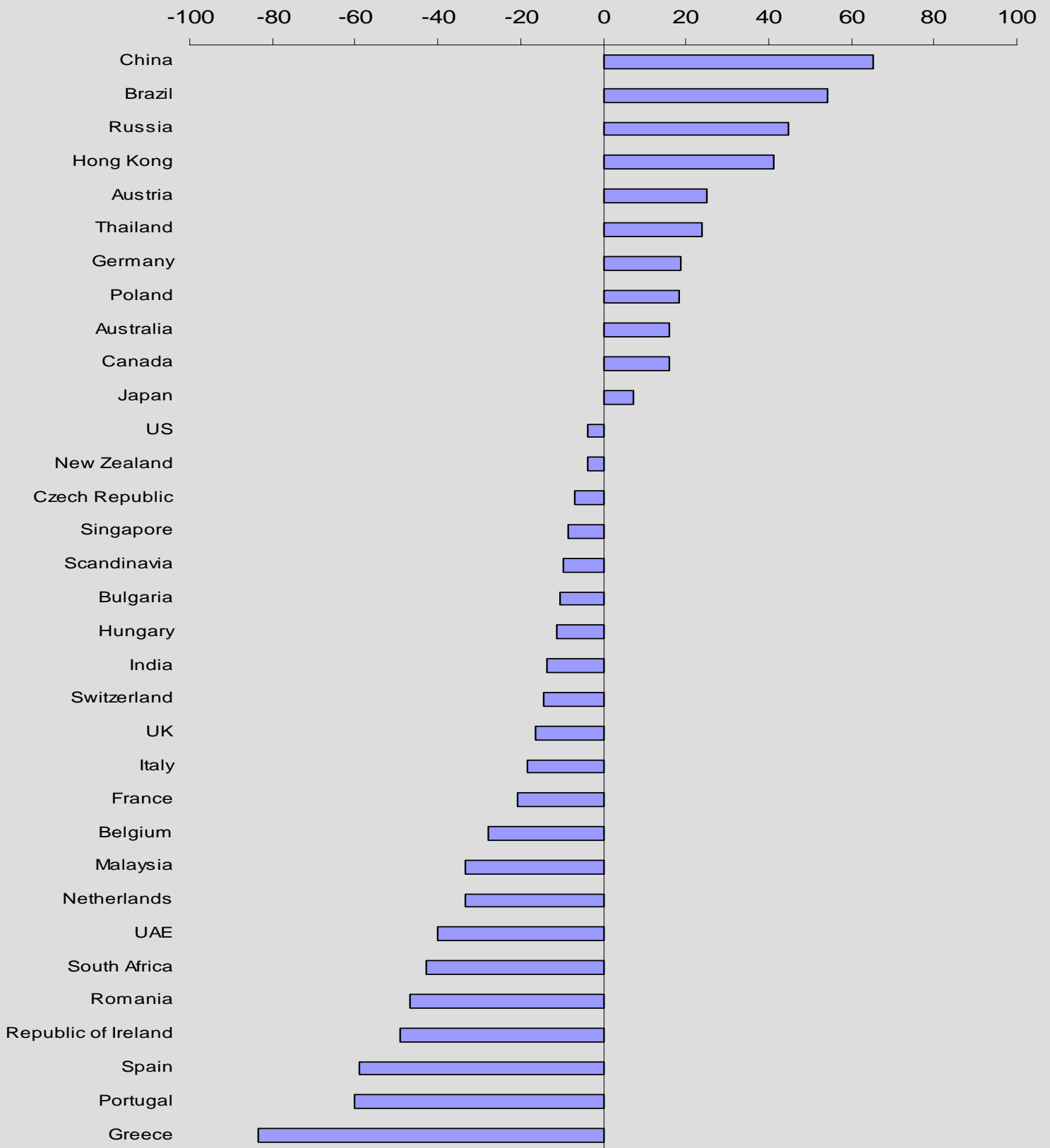
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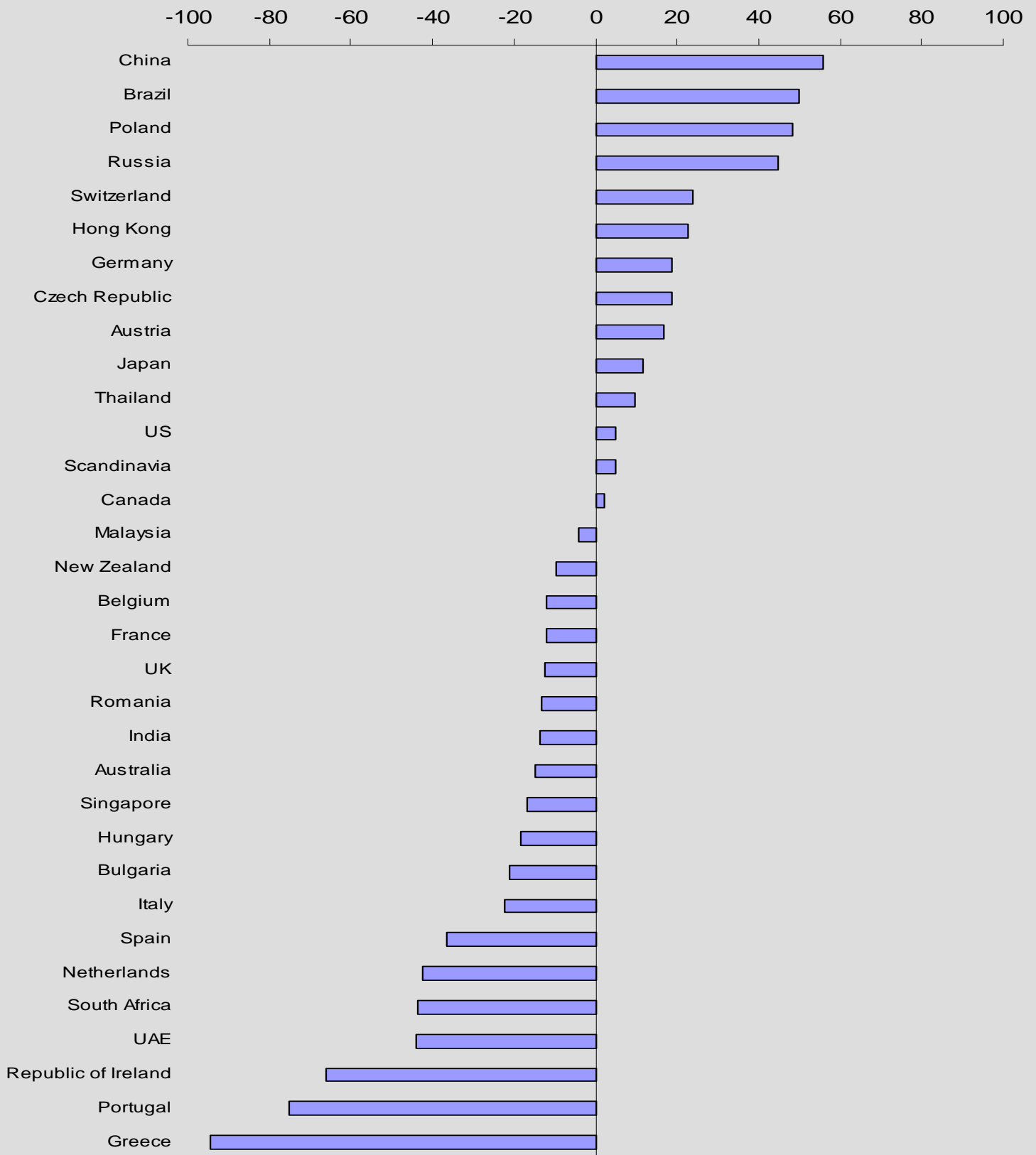
Country statistics - Expectations for next quarter

Rental expectations for Q4 ranked by net balance scores



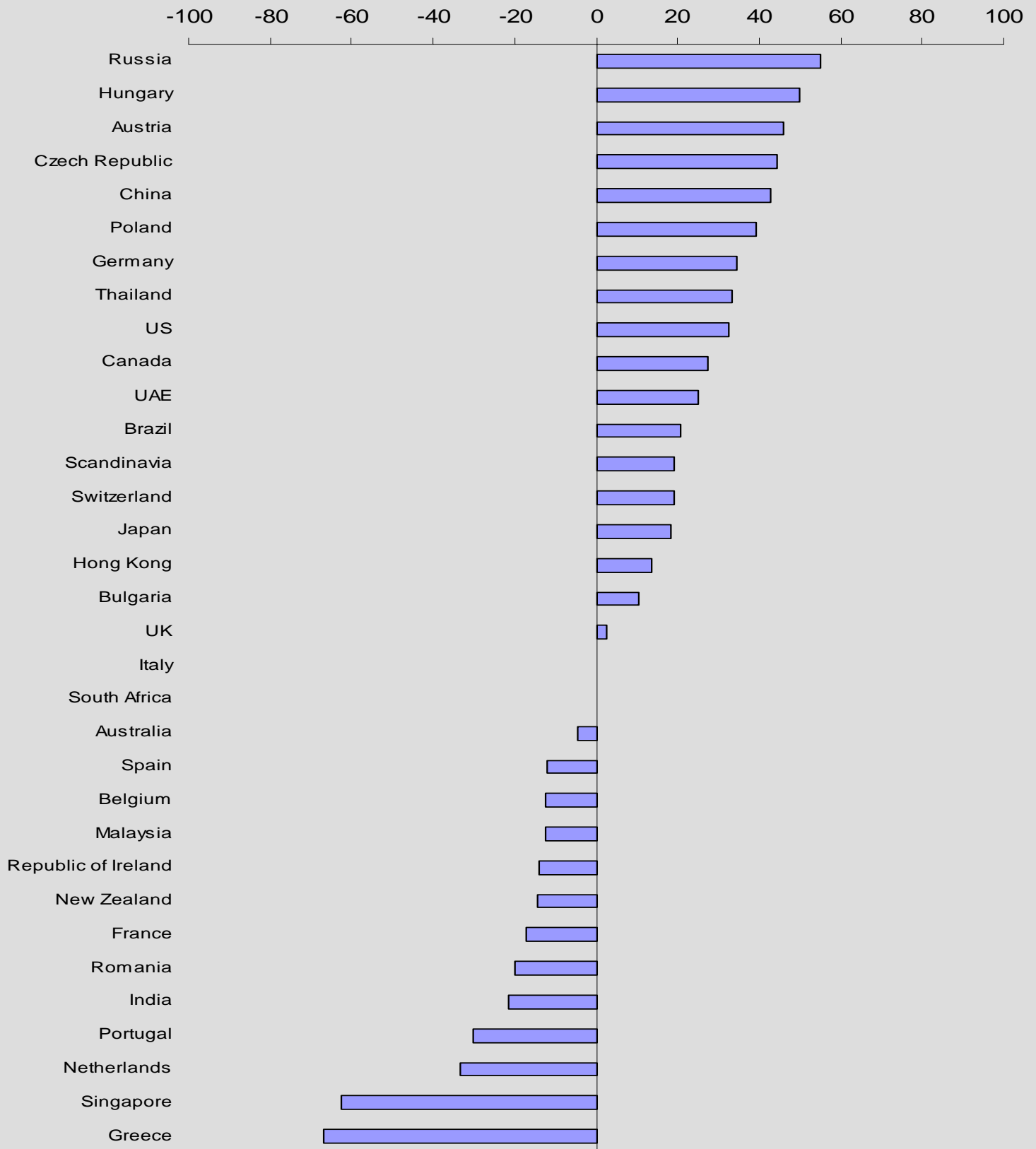
Country statistics - Expectations for next quarter

Capital value expectations for Q4 ranked by net balance scores



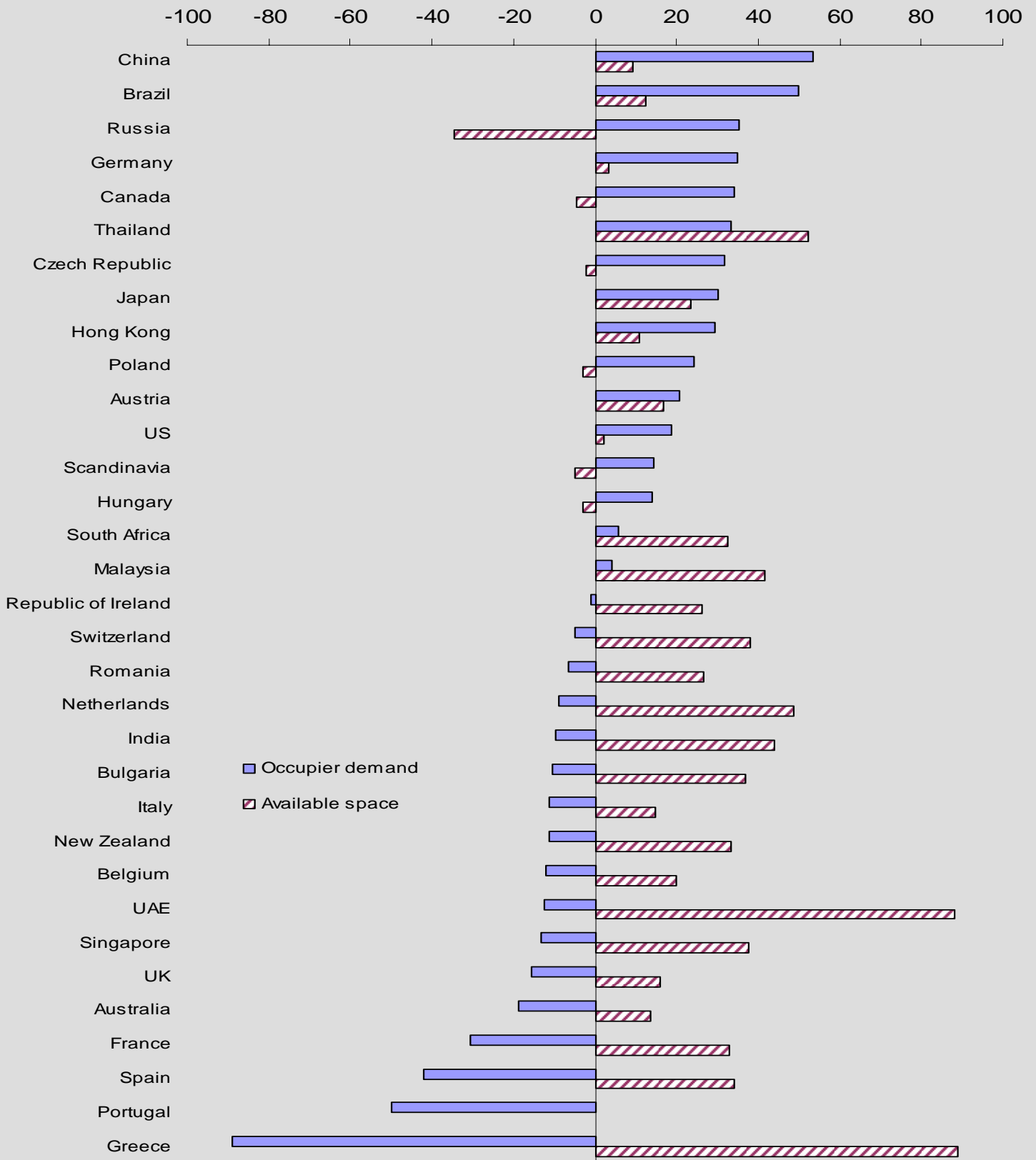
Country statistics - Expectations for next quarter

Expectations of investment demand for Q4 ranked by net balance



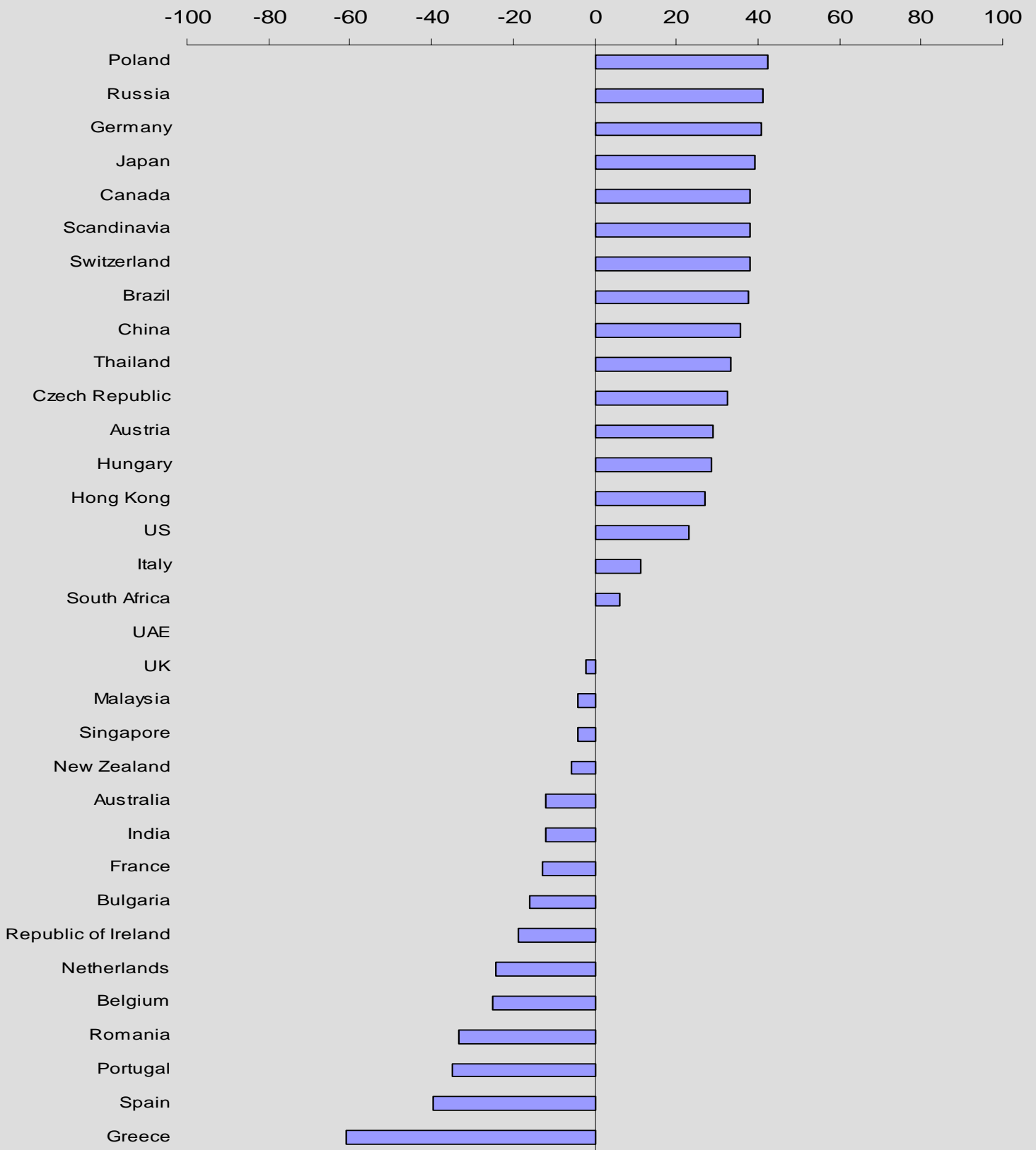
Country statistics - Supply and Demand reported Q3

Occupier demand and Available space in Q3 ranked by net balance scores



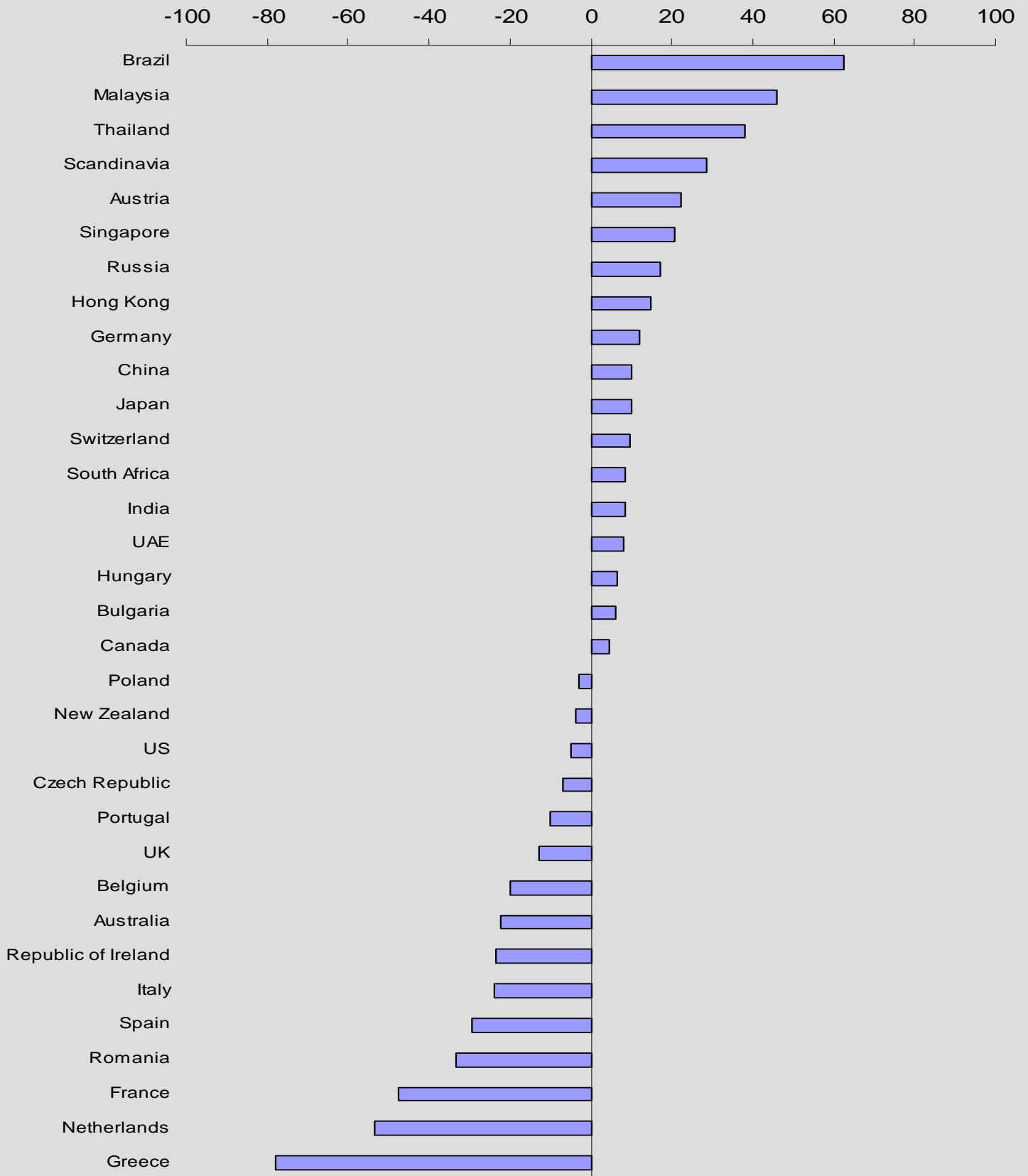
Country statistics - Investment enquiries in Q3

Investment enquiries in Q3 ranked by net balance scores



Country statistics - Development starts in Q3

Development starts in Q3 ranked by net balance scores



Survey details

RICS Global Commercial Property Survey

RICS' Global Commercial Property Survey is a quarterly guide to the developing trends in the commercial property investment and occupier market.

This edition details market conditions for the third quarter of 2011 based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent to out on 2nd September 2011, with responses received up until the 23rd of September. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 809 company responses were received, with 254 from the UK.

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

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

RICS Global Commercial Property Survey

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