

Easing in global strains visible in real estate sector

- **Generally mixed results, but Brazil, Russia and Canada see sentiment pick up alongside brighter macro news flow**
- **Struggling European economies continue to post negative results across the board**
- **Distressed sales are expected to continue rising in over 80% of countries surveyed**

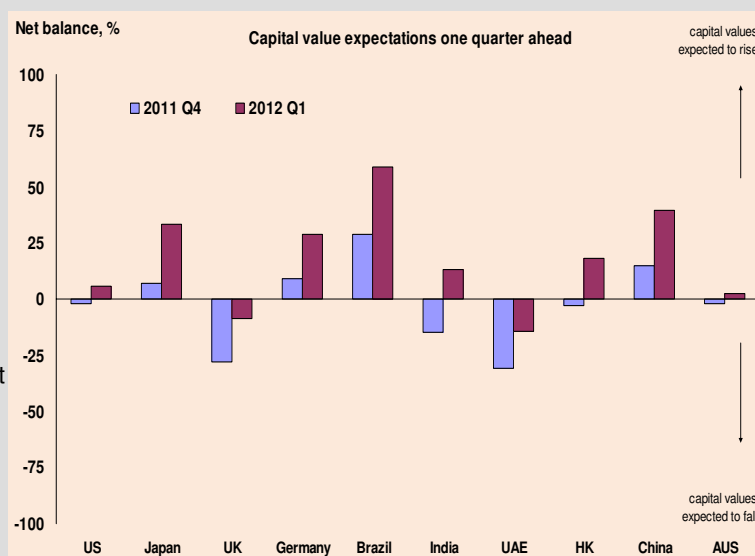
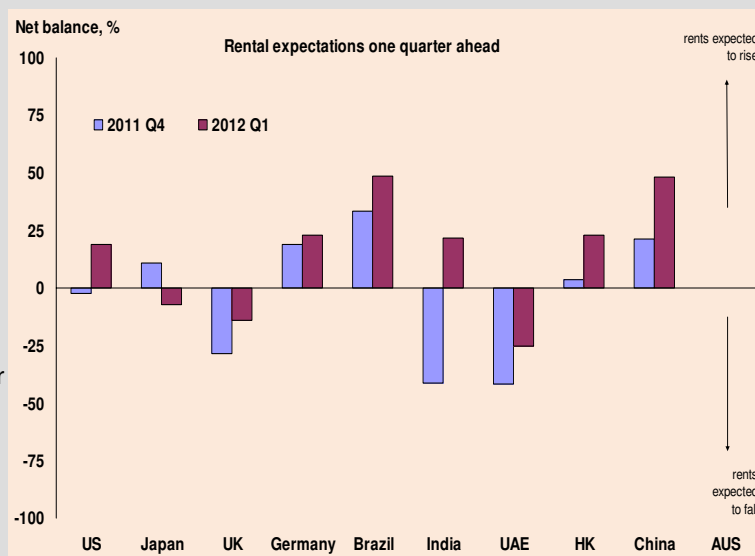
The latest RICS Global Commercial Property Survey continues to show stark differences in real estate markets around the world, although in general the results for the first quarter are a little stronger than they were following the relatively downbeat assessment given in the final three months of 2011. The small uptick in sentiment comes as a result of some tentative signs that the global economy is improving, signs of an easing in eurozone tensions during the first quarter and continued central bank support. There are, however, less positive results in an increasing number of euro area countries and the UK.

Occupier markets in Russia, Brazil and Canada were among the strongest, with respondents in Russia suggesting occupier demand is significantly outstripping new supply. A noticeably positive result was the US, where demand for space has shot up; nearly half of respondents indicated demand has risen, which mirrors the jobs data coming from the US. Unsurprisingly, rental expectations were among the highest in these countries, with the outlook also improving in China.

Investment enquiries were increasing in the same countries (Canada, Brazil, US), but demand was also rising in Japan, Germany and Bulgaria. The outlook for investment activity also improved, with a positive net balance in two thirds of the reported countries. Subsequently, respondents expect capital values to rise at the fastest pace in Brazil, Canada and China, with Japan and Germany also registering strong net balance results.

In contrast, the survey does highlight some markets where respondents are clearly concerned. On the occupier side, fundamentals are weighing on sentiment in Spain and Greece, as well as in Singapore, the Netherlands and France. This has led to an increasingly negative rental outlook in these countries. Investment demand was also weakest in these markets, but was just as soft in Hungary and Italy. Indeed, expectations for investor appetite returning next quarter are little better; demand is also anticipated to be downcast in the Czech Republic and Belgium.

Capital values – which are expected to fall in over half the countries included – are most negative in the hardest hit euro area economies (Greece, Portugal, Spain and Italy), but also Ireland and the Netherlands. The negative sentiment prevailing in these countries is also proving an obstacle to new development, which is falling in all



the aforementioned markets.

Meanwhile, the expected supply of distressed property coming to market in the next three months has risen in around two thirds of countries. The countries where supply is expected to rise at the fastest pace are Bulgaria, Greece and the Republic of Ireland. Supply is anticipated to fall in Brazil, Russia and Hong Kong. Demand for distressed assets is increasing at the fastest pace in Portugal, Spain, India and Poland.



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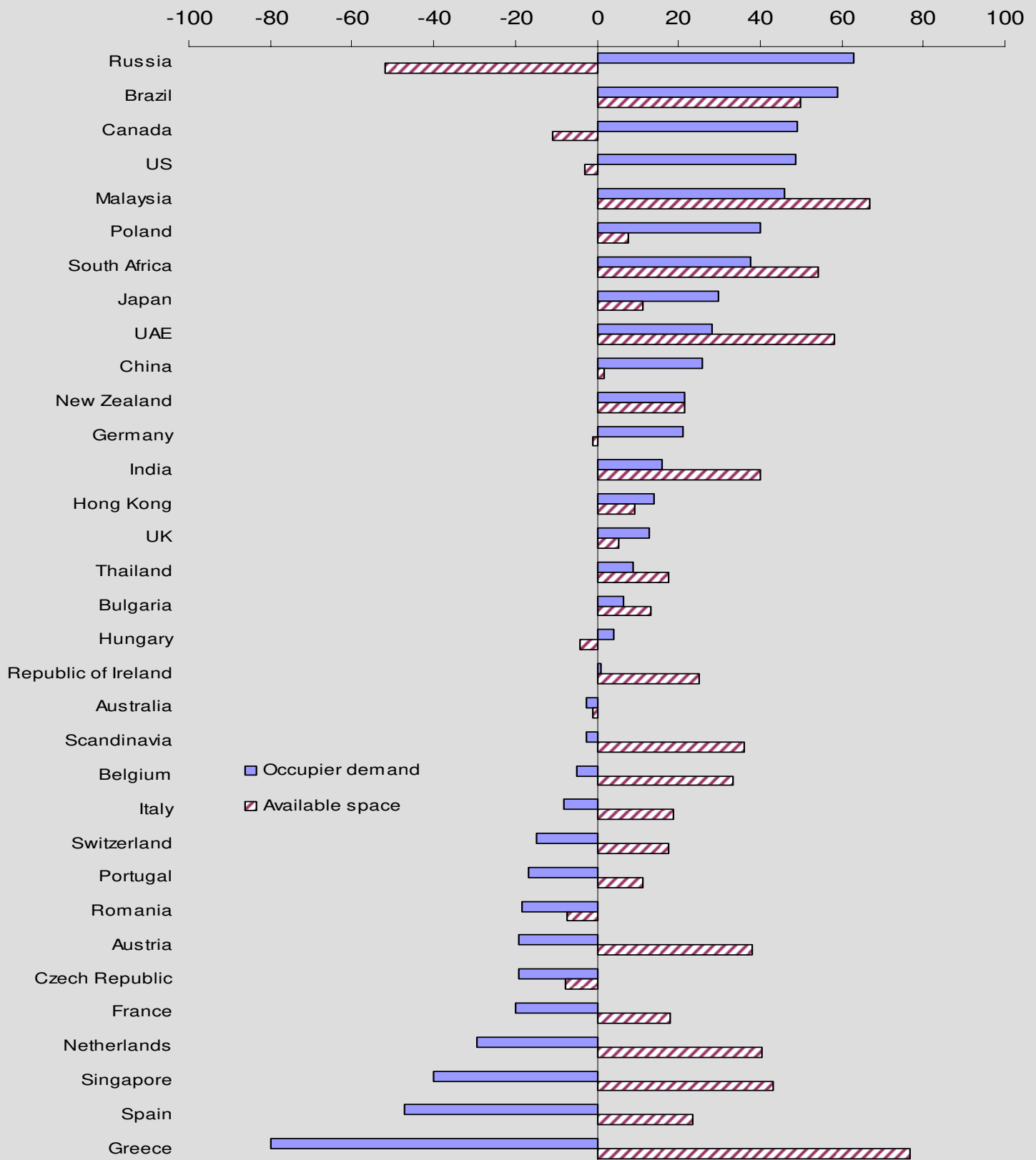
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Country statistics - Supply and Demand reported Q1

Occupier demand and Available space in Q1 ranked by net balance scores



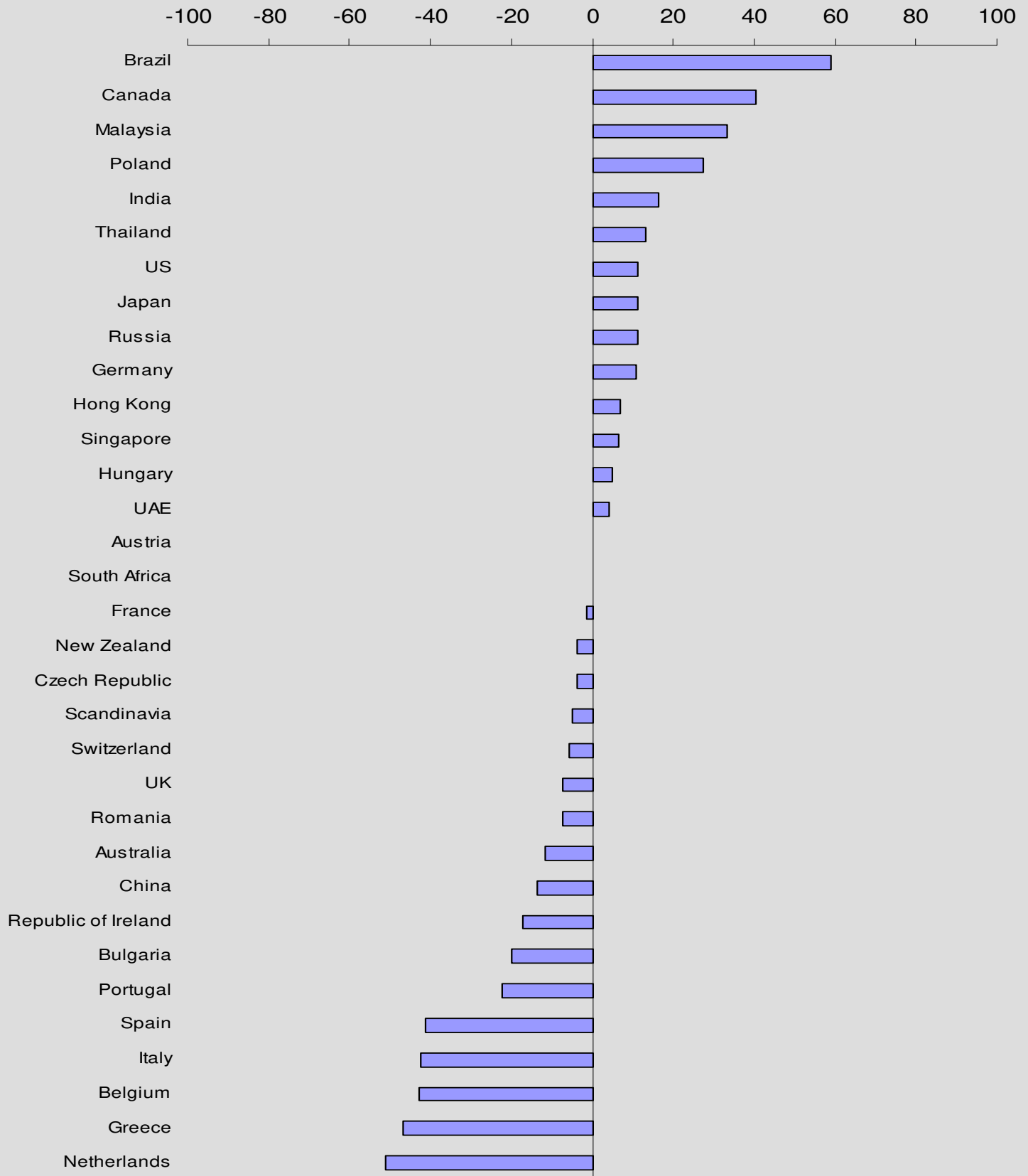
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Country statistics - Development starts in Q1

Development starts in Q1 ranked by net balance scores

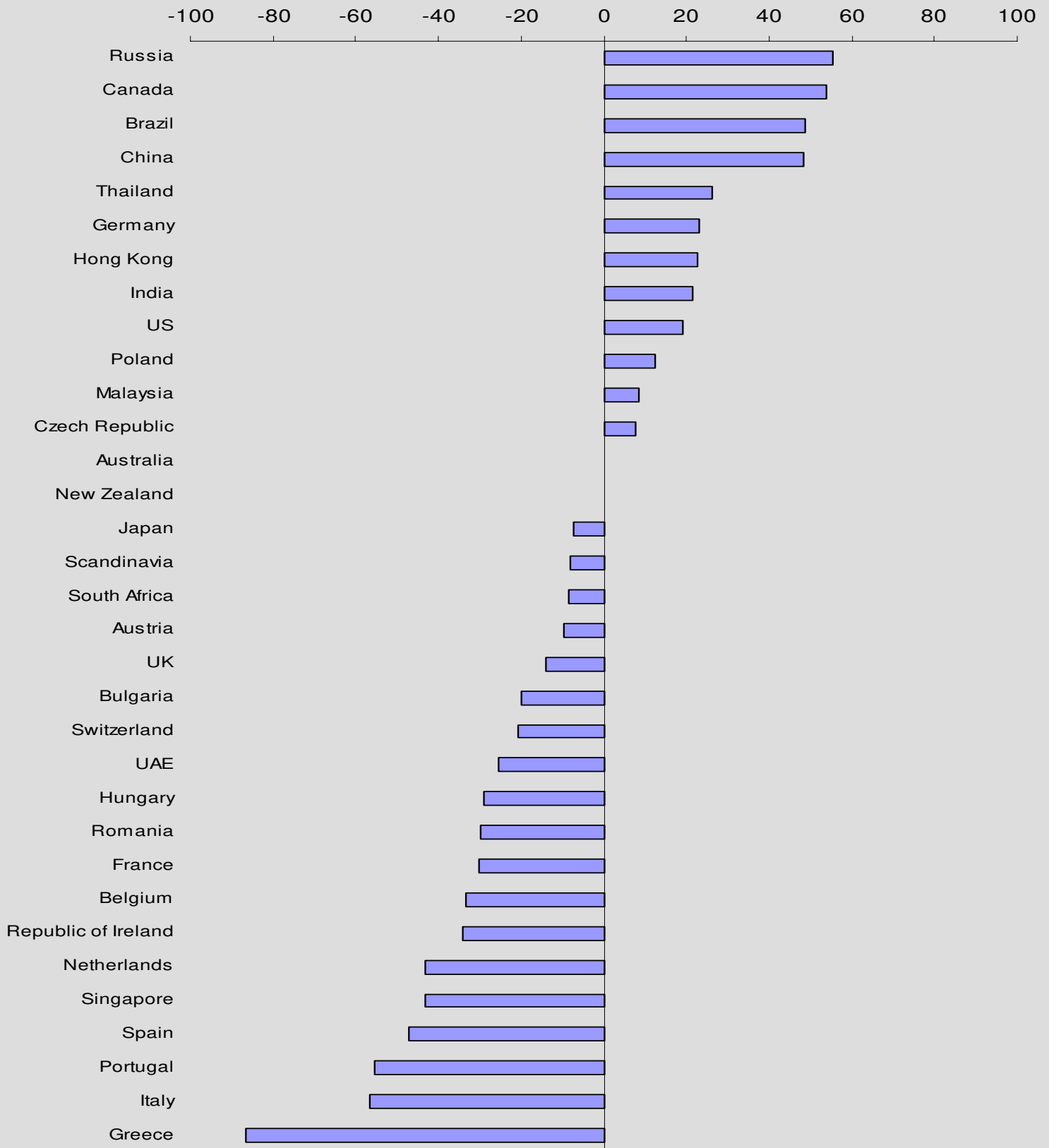


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Country statistics - Expectations for next quarter

Rental expectations for Q2 ranked by net balance scores



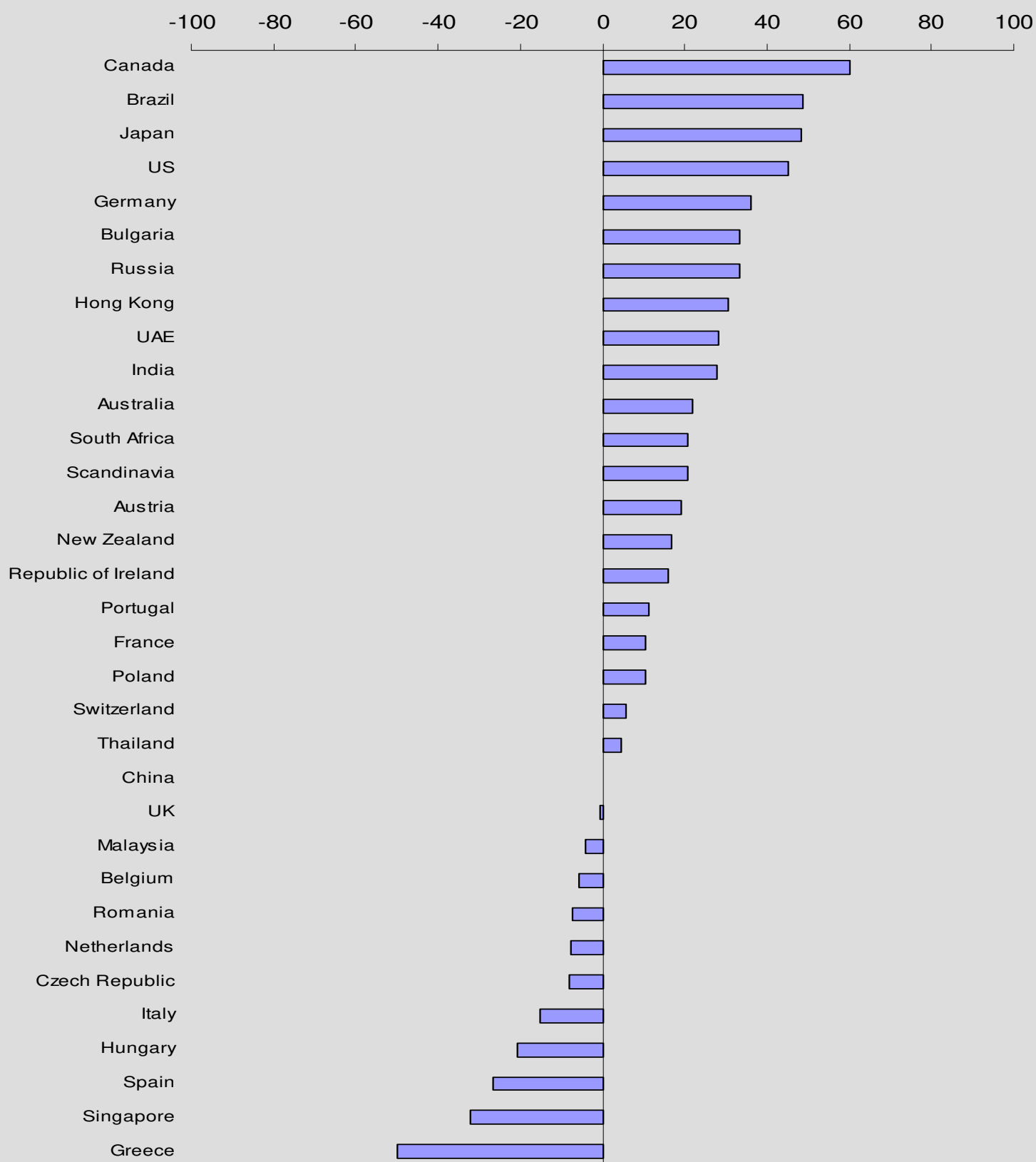
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Country statistics - Investment enquiries in Q1

Investment enquiries in Q1 ranked by net balance scores

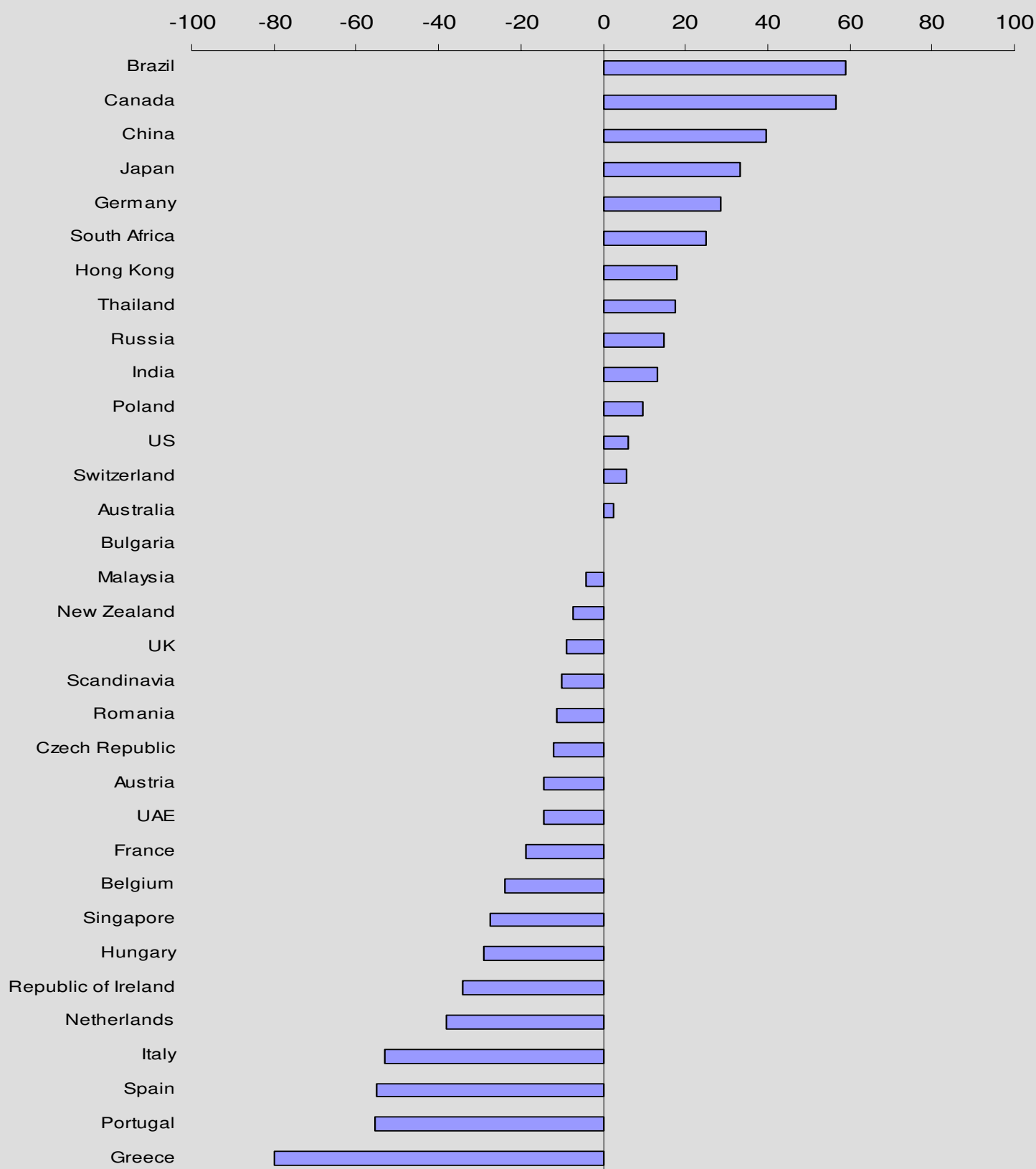


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Country statistics - Expectations for next quarter

Capital value expectations for Q2 ranked by net balance scores



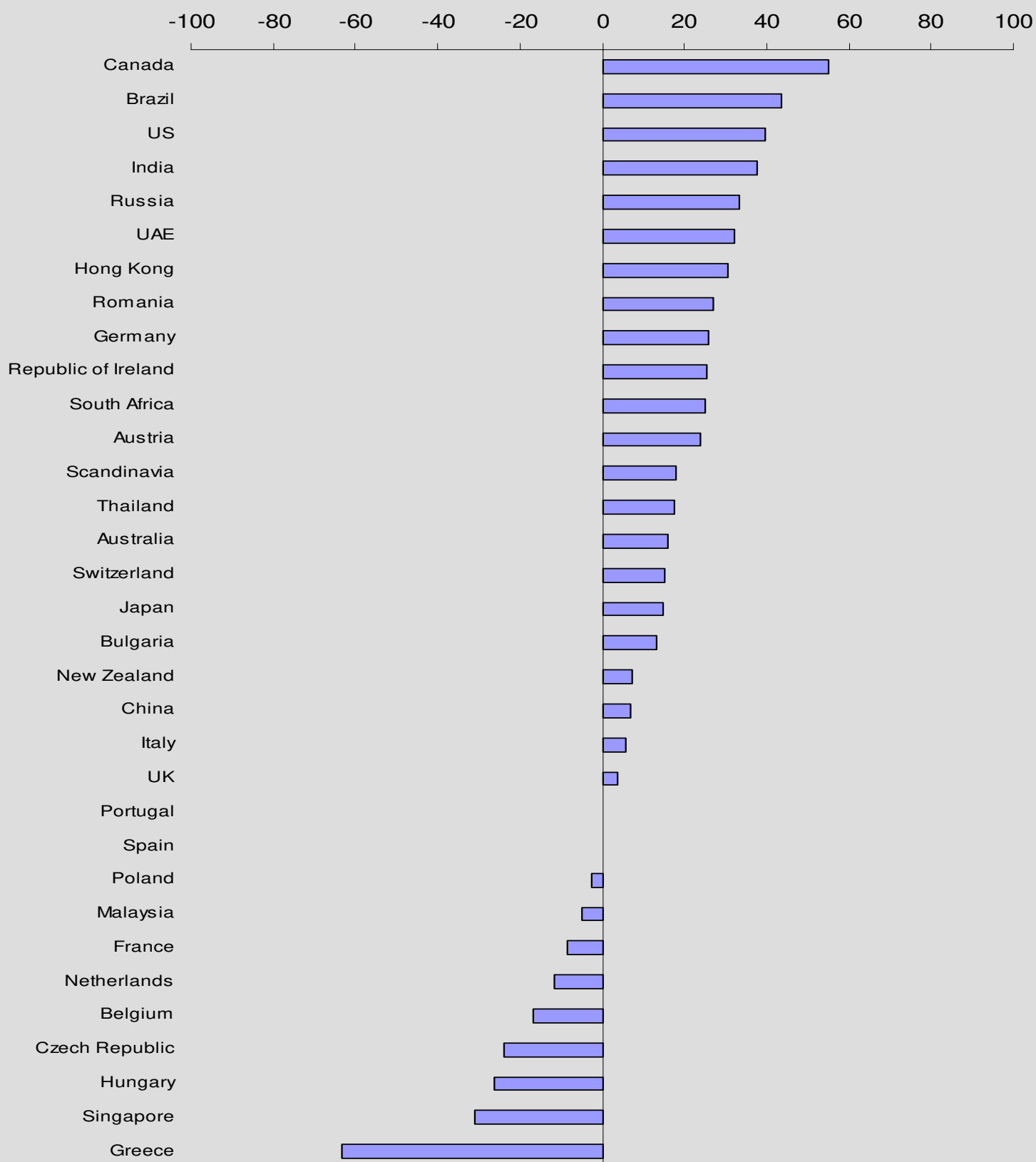
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Country statistics - Expectations for next quarter

Expectations of investment demand for Q2 ranked by net balance



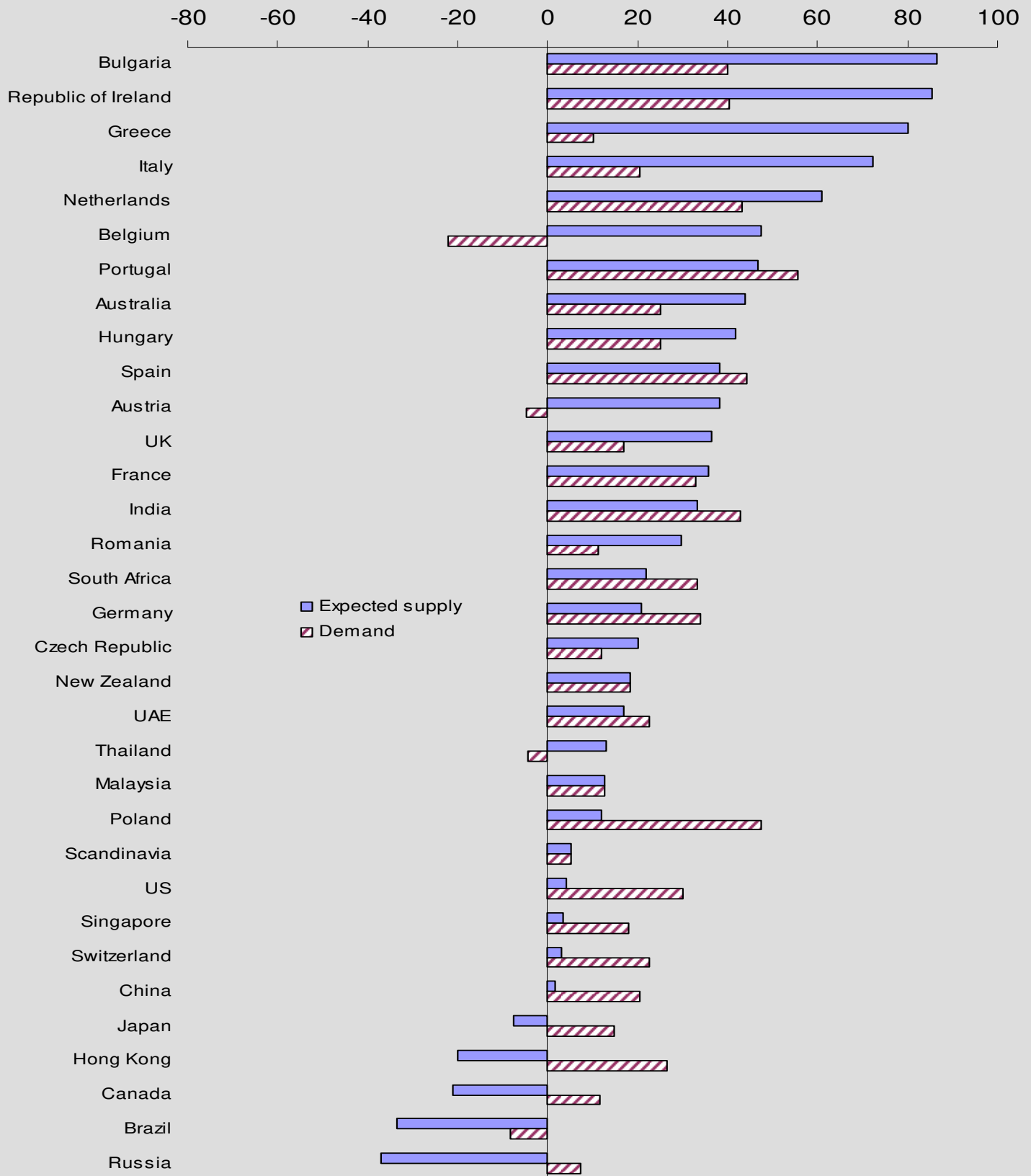
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Country statistics - Distressed property

Difference between expected supply of distressed property next quarter and current demand, ranked by net balance scores



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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 first three months of 2012, based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent out on 1st March 2012, with responses received up until the 23rd of March. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 865 company responses were received, with 220 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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Subscription information and contributor enquiries

The Global Commercial Property Survey is available from the RICS web site - www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity, the farmland market and arts and antiques.

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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