

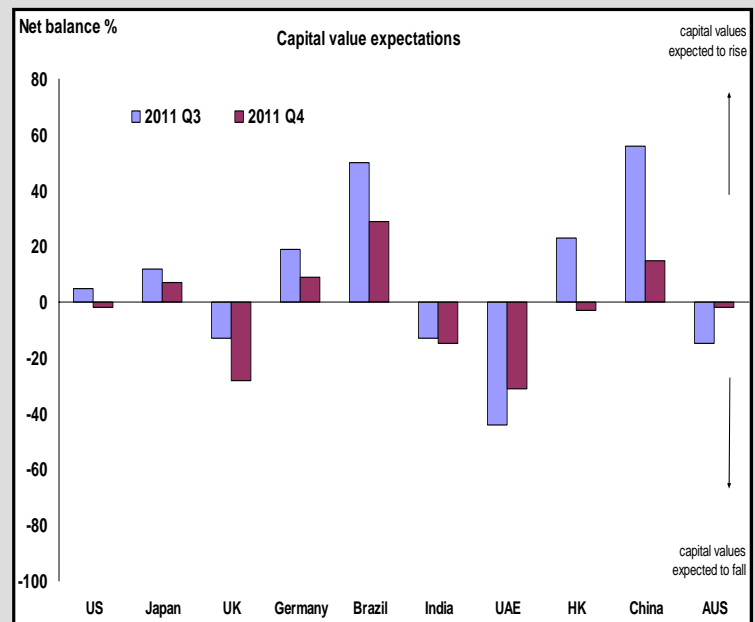
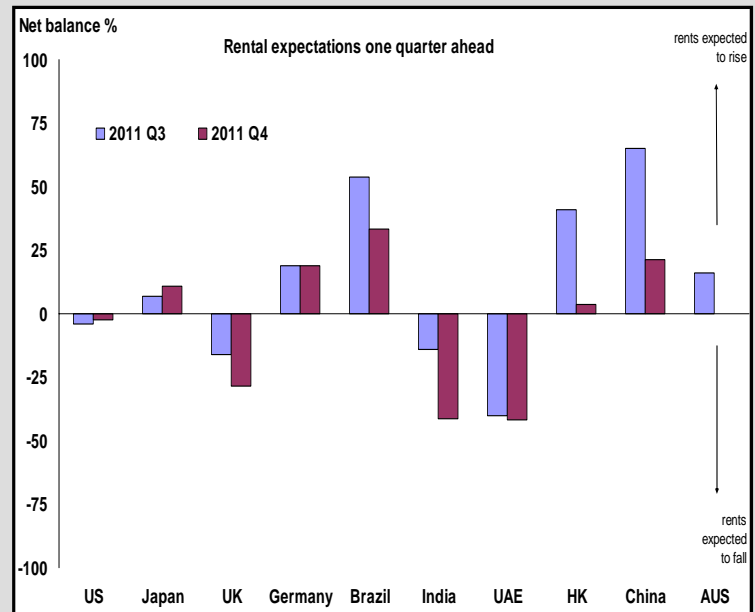
Generally downbeat assessment but there are bright spots

- **Q4 results provide a generally more downbeat assessment than in Q3**
- **Central and Eastern Europe continue to perform well**
- **There are signs that Ireland and Spain are nearing a floor**

In Europe, elevated levels of uncertainty relating to the region's sovereign debt crisis and related downshift in economic activity continue - albeit in varying degrees - to feed through to the region's commercial property markets. As well as providing a generally more downbeat assessment, the results of the Q4 survey reinforce the impression given in Q3 that stresses in Europe's peripheral markets are spreading to its core. Indeed, the French, Italian and Dutch markets were amongst the worst performers within Europe. By contrast, some of the best performing markets have been in central and eastern Europe such as Germany, Russia and Poland. Finally, some of the consistently worst performers in recent times such as the Republic of Ireland and Spain are no longer faring as badly - on a net balance basis - possibly indicating their respective markets are nearing a floor.

In the occupier market, only 6 out of 18 countries covered in the survey recorded positive net balances for tenant demand, compared to 7 last quarter. Meanwhile, only 2 countries recorded positive net balances for rental expectations compared to 4 last quarter. Apart from fewer countries recording positive net balances, there have been some changes in the country rankings; whereas Russia topped both the tenant demand and rent expectations rankings in Q3, Poland recorded the strongest net balance for tenant demand in Q4. Moreover, there have also been some notable developments at the bottom of the rankings; whereas Greece, Portugal and Spain dominated them in Q3, these markets have partly given way to the Netherlands, France and Italy in Q4.

Europe's investment market has also experienced a drop in activity and sentiment, with only 4 countries recording positive net balances for investment activity compared to 9 last quarter. Meanwhile, only 6 countries recorded positive net balances for capital value expectations compared to 7 last quarter. As with the occupier market, there have also been some changes in the country rankings in the investment sphere. Indeed, whereas Russia topped the investment activity rankings last quarter, Germany took first place this quarter. Moreover, the Republic of Ireland came second having recorded a negative net balance last quarter.



RICS UK (press office)
T +44(0)20 7695 1682
sthorton@rics.org

RICS India
T +91 124 459 5400
ricsindia@rics.org

RICS Americas
T +1 212 847 7400
ricsamericas@rics.org

RICS Europe
Rue Ducale 67 /
Hertogstraat 67
1000 Brussels, Belgium
T: +32 2 733 1019
F: +32 2 742 9748
ricseurope@rics.org

RICS Asia Pacific
T +852 2537 7117
ricsasiapacific@rics.org

RICS Oceania
T +61(2)92162333
info@rics.org.au

RICS Middle East & Africa
T +971(4)375 3074
sluthria@rics.org



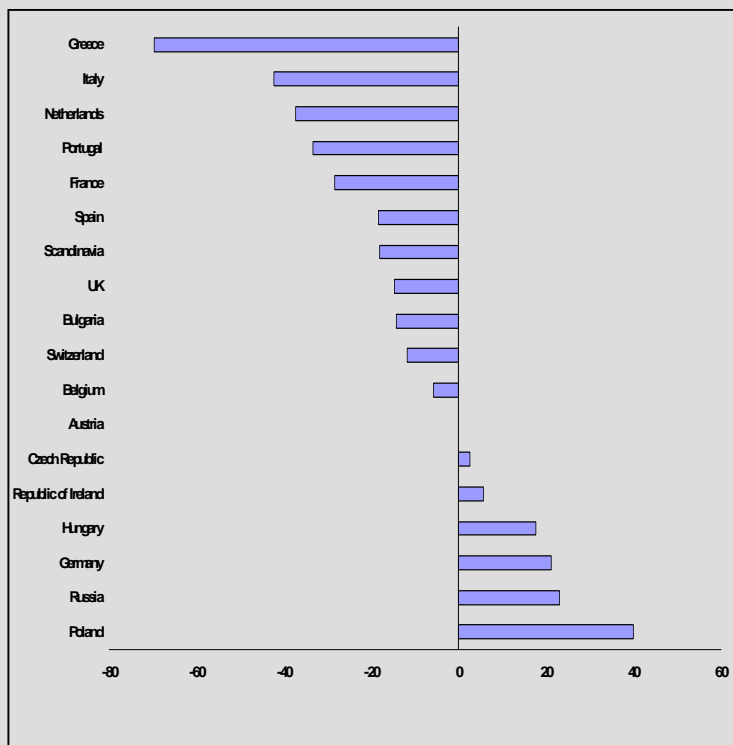
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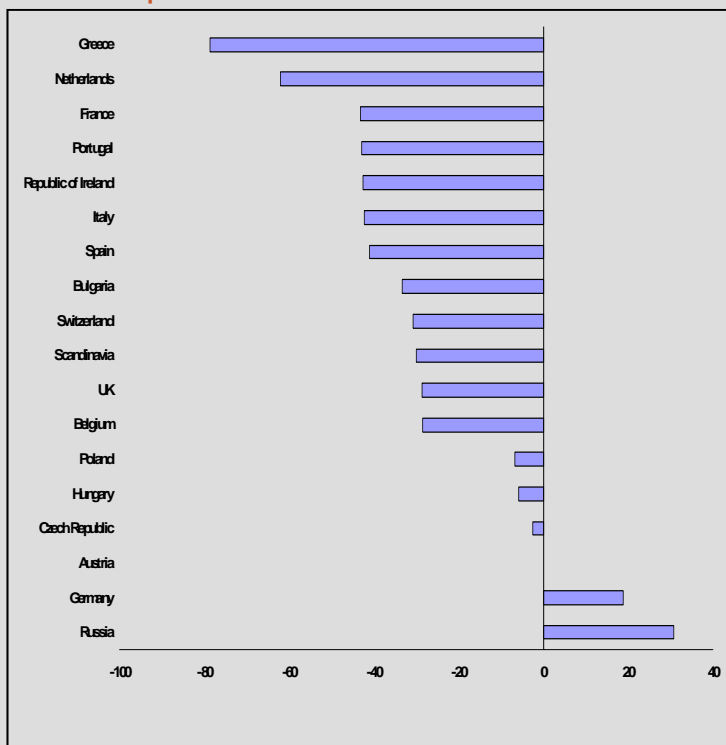
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Europe - key indicators

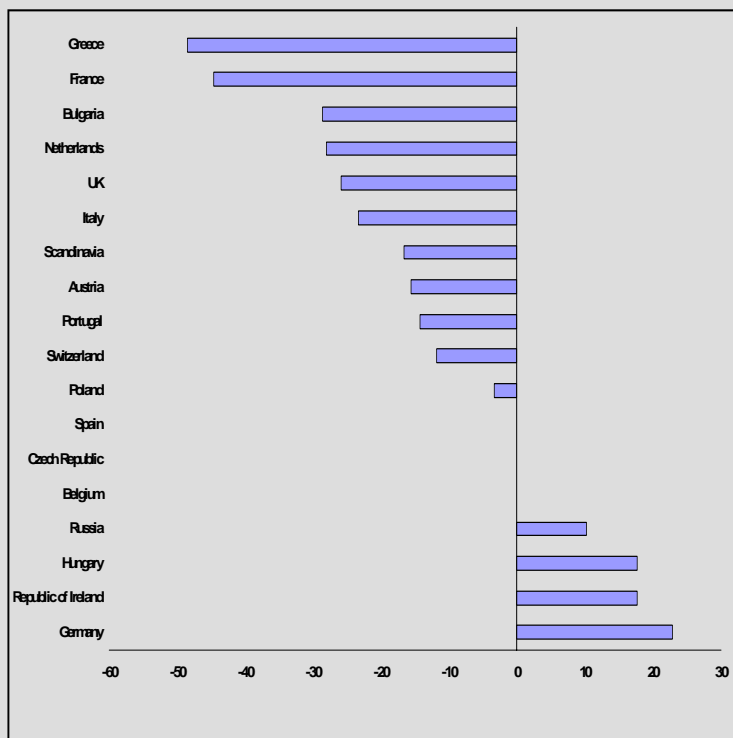
Tenant demand



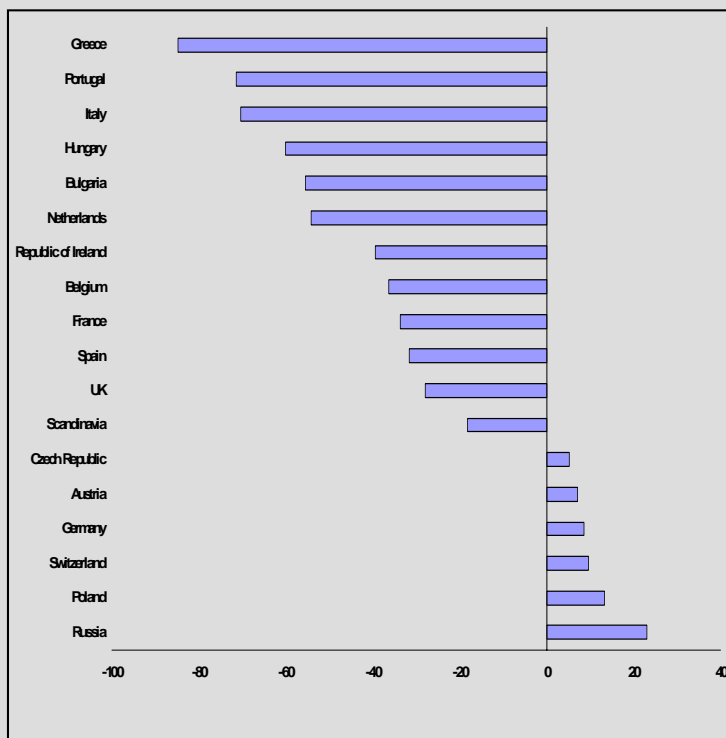
Rent expectations



Investment Activity



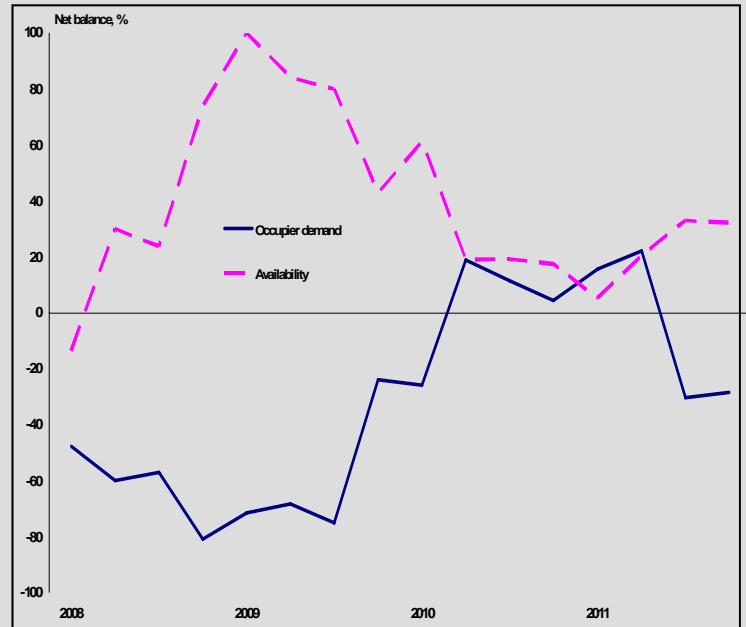
Capital value expectations



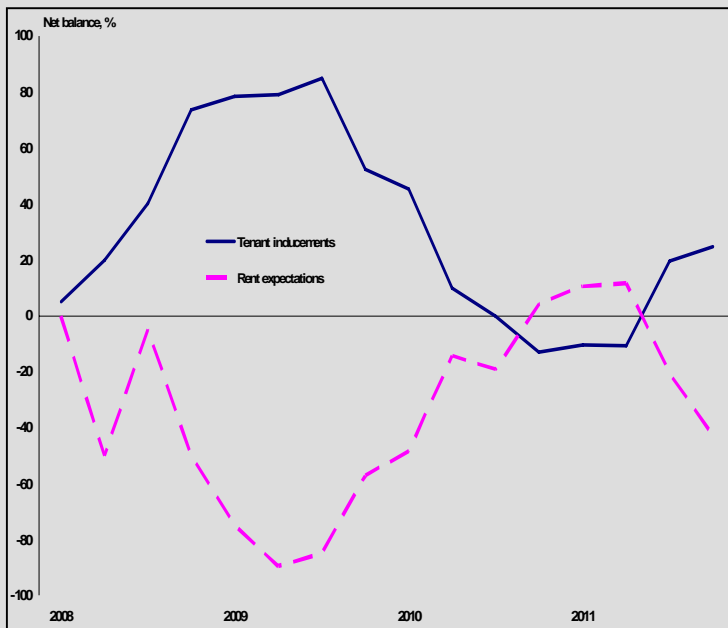
France focus

- In France, available space continued to increase while occupier demand declined further. The net balance for available space fell from +33 to +32, (a positive reading still indicates an overall increase) and the net balance for occupier demand changed from -30 to -28 (a negative reading still indicates an overall decline).
- Rent expectations turned increasingly negative while landlord inducements to tenants improved. The net balance for rent expectations fell from -21 to -43, while the tenant inducements net balance increased from +20 to +25.
- Both investment enquiries and capital value expectations turned increasingly negative. The net balance for investment enquiries fell from -13 to -24 and the balance for capital value expectations fell from -12 to -34.

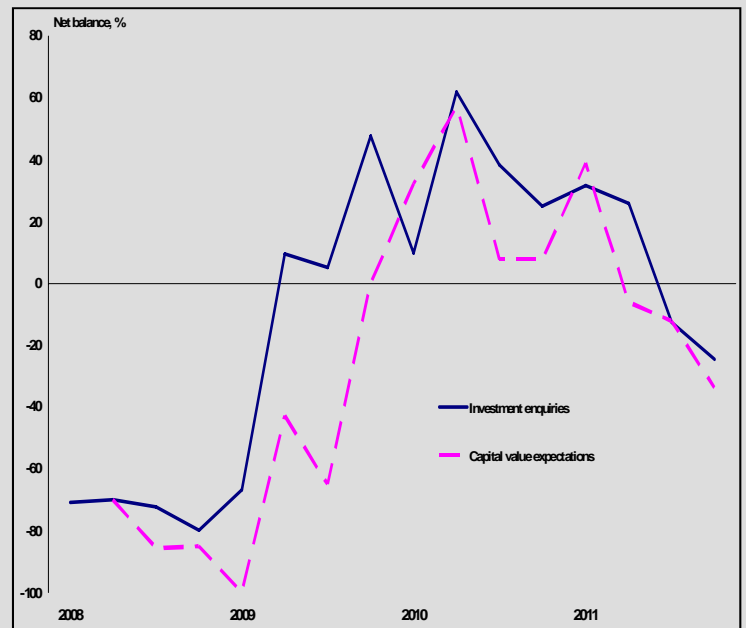
Occupier demand and Available space



Rent expectations and Inducements



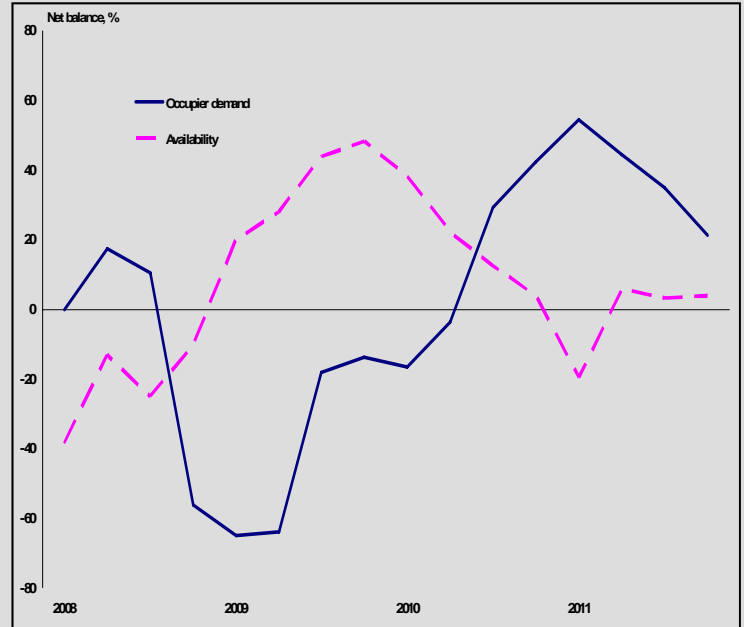
Investment market



Germany focus

- In Germany, available space continued to increase as did occupier demand, although the latter did so at a slower pace. The net balance for available space edged up from +3 to +4 and the net balance for occupier demand fell from +35 to +21 (a positive reading still indicates an overall increase).
- Rent expectations remained positive while landlord inducements to tenants declined further. The net balance for rent expectations remained stable at +19, while the tenant inducements net balance fell from -2 to -4.
- Both investment enquiries and capital value expectations continued to increase but at a slower pace. The net balance for investment enquiries fell from +41 to +24 and the balance for capital value expectations fell from +19 to +9.

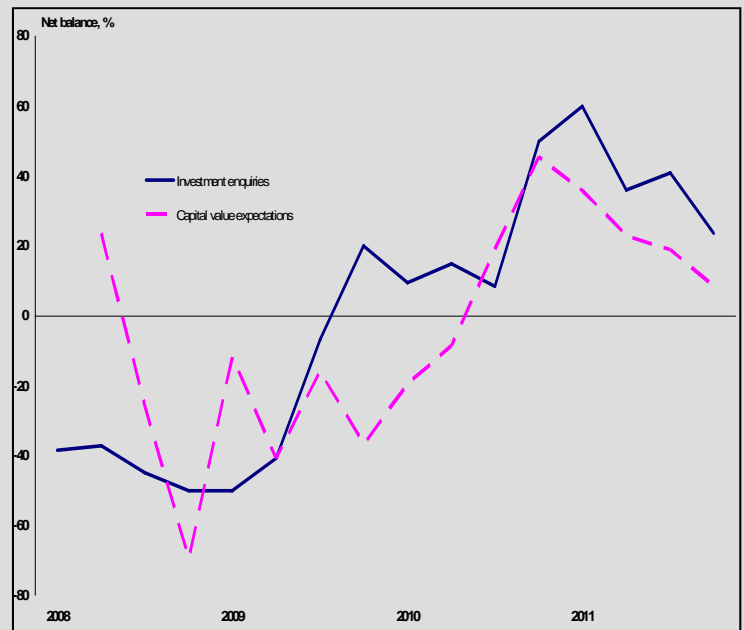
Occupier demand and Available space



Rent expectations and Inducements



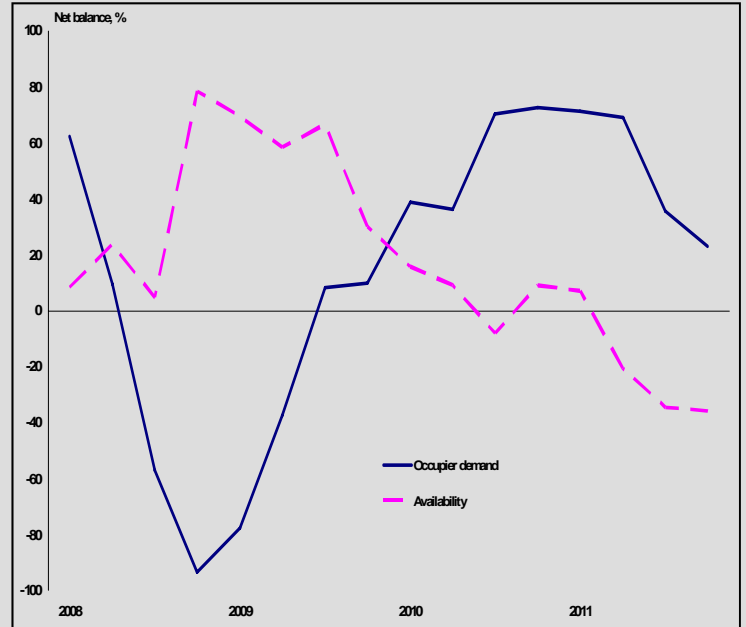
Investment market



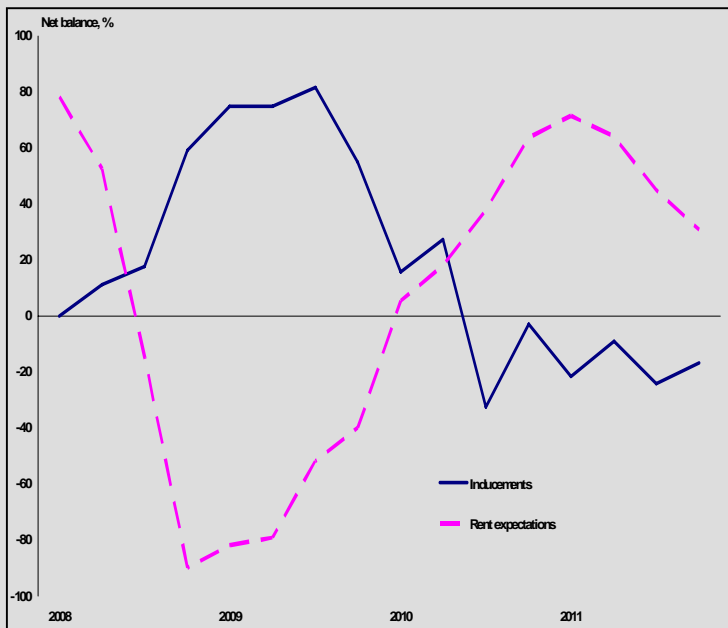
Russia focus

- In Russia, available space continued to fall while occupier demand increased further. The net balance for available space fell from -34 to -36 and the net balance for occupier demand fell from +35 to +23.
- Rent expectations remained positive while landlord inducements to tenants declined further. The net balance for rent expectations fell from +45 to +31, while the tenant inducements net balance changed from -24 to -17.
- Both investment enquiries and capital value expectations continued to increase but at a slower pace. The net balance for investment enquiries fell from +41 to +25 and the balance for capital value expectations fell from +45 to +23.

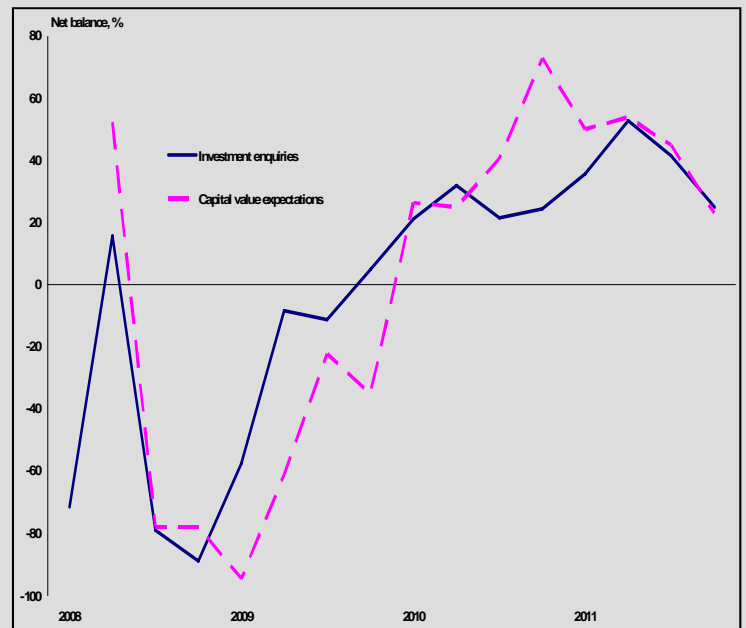
Occupier demand and Available space



Rent expectations and Inducements



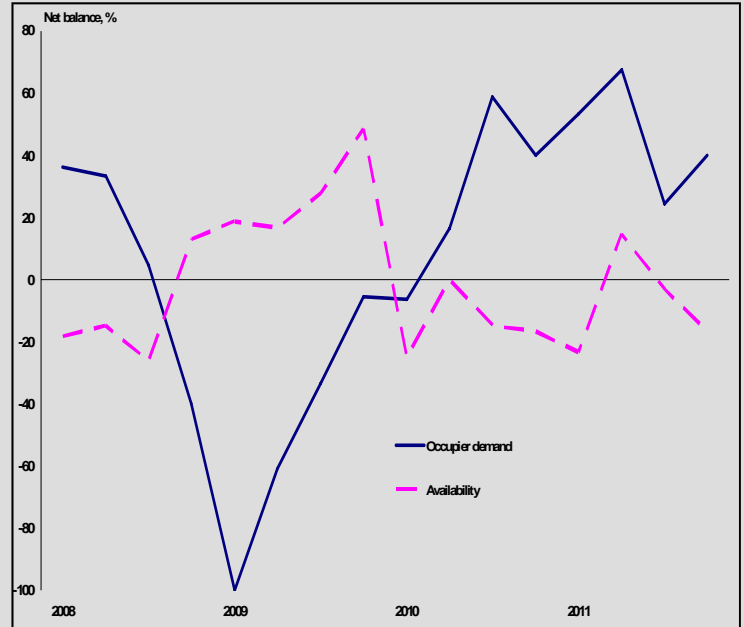
Investment market



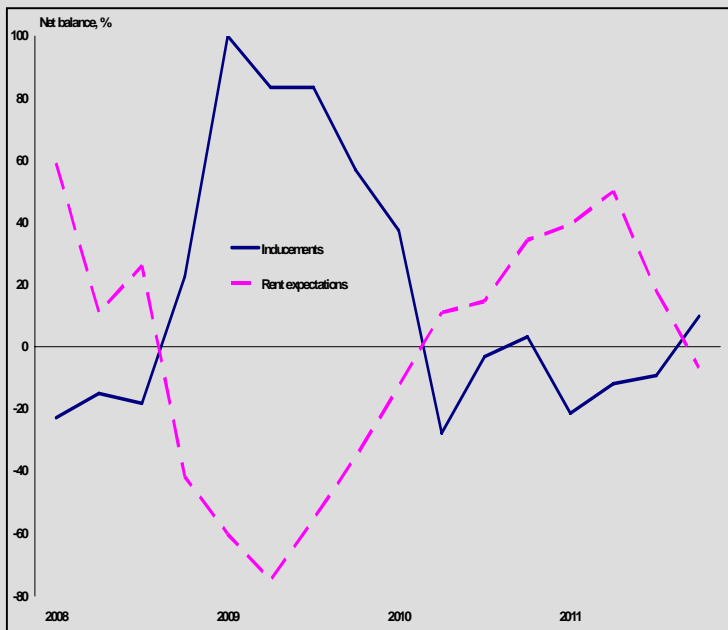
Poland focus

- In Poland, available space continued to fall while occupier demand increased further. The net balance for available space fell from -3 to -17 and the net balance for occupier demand increased from +24 to +40.
- Rent expectations were broadly flat, following 2 years of gains, while landlord inducements to tenants turned positive.
- Both investment enquiries and capital value expectations continued to increase. The net balance for investment enquiries fell from +42 to +27 and the balance for capital value expectations fell from +48 to +13.

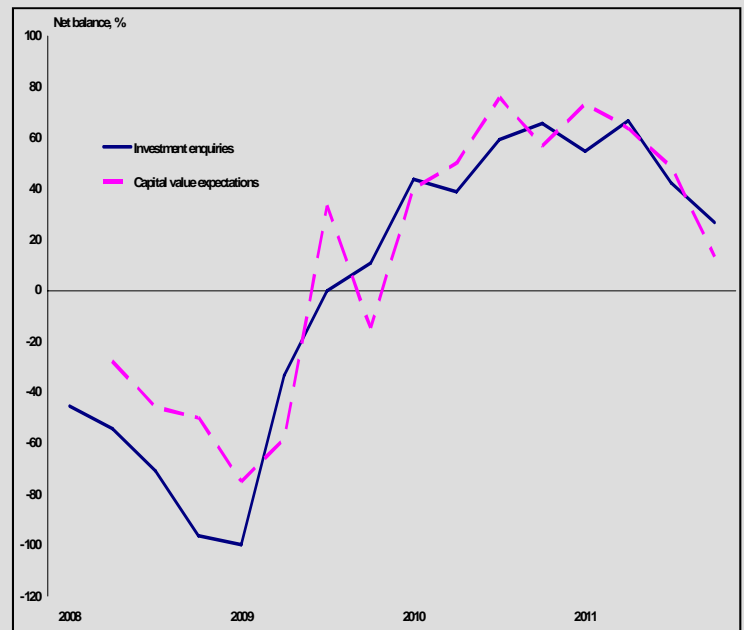
Occupier demand and Available space



Rent expectations and Inducements



Investment market



Survey methodology

RICS Global Commercial Property Survey

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

This edition details market conditions for Q4 2011 based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent to real estate organisations on 1st December 2011, with responses received up until the 23rd of December. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 979 company responses were received, with 189 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.

Contact details

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

Matthew Edmonds
RICS Economist
T +44 (0)20 7695 1684
E medmonds@rics.org

Taking part in the RICS Global Property Survey

If you wish to participate in the quarterly survey, please email jguilfoyle@rics.org to register your details. Please provide your name, company details and the location(s) you wish to cover within the email or register online at www.rics.org/globalproperty

RICS Global Commercial Property Survey

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The Royal Institution of Chartered Surveyors
Parliament Square
London SW1P 3AD

T +44 (0)20 7222 7000
F +44 (0)20 7334 3795

economics@rics.org

www.rics.org



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