

RICS European Commercial Property Survey

RICS Economics Q3 2009

www.rics.org

Emerging Europe outperforms Western Europe

- **The outlook for rental values and capital values improves in Q3**
- **But within Europe as a whole, Emerging Europe outperforms Western Europe**

The RICS Q3 Global Commercial Property Survey suggests that while sentiment in Europe is still quite negative, it is more upbeat than in Q2. Within this region however, the rebound in rental expectations and capital value expectations has been sharper in Emerging Europe than in Western Europe.

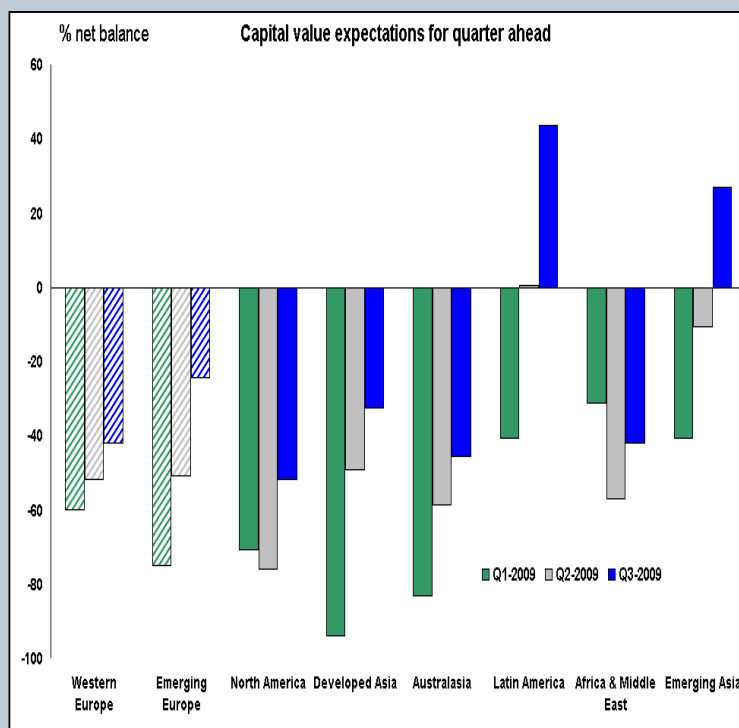
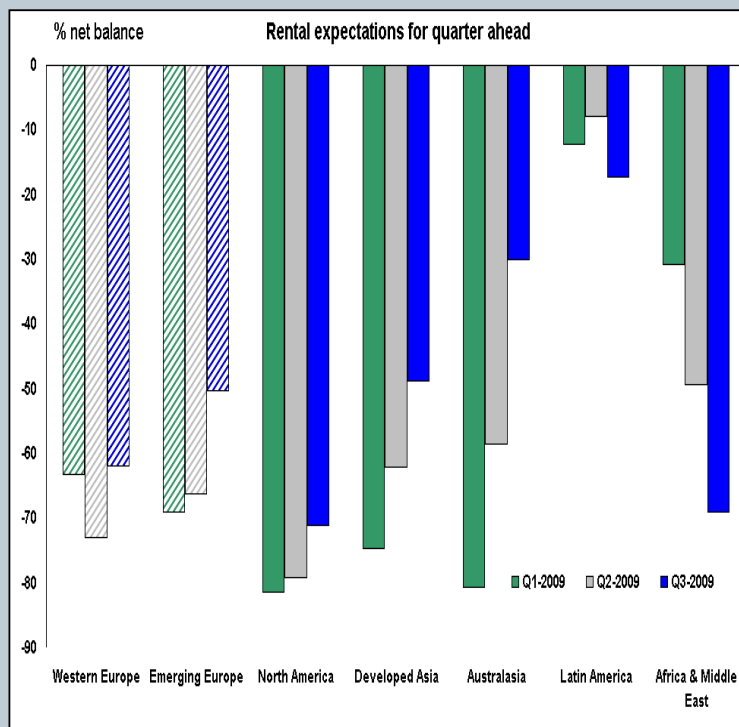
Indeed, the rental expectations net balance increased from -73 in Q2 to -62 in Q3 in Western Europe. This compares to an increase from -66 to -50 in Emerging Europe. As illustrated in the top graph in this page, rental expectations in Emerging Europe are now almost on a par with Developed Asia.

From a country perspective, Ireland, France, Scandinavia and Spain ranked bottom in the survey (see page 2). The top performers were Turkey, the Czech Republic and Switzerland. Ukraine, Russia and Poland were the mid performers.

Meanwhile, the capital value expectations net balance increased from -52 to -42 in Western Europe. This compares to an increase from -51 to -24 in Emerging Europe. As illustrated in the bottom graph in this page, capital value expectations in Emerging Europe have outperformed all regions except Latin America and Emerging Asia, though they are still in negative territory.

From a country perspective, Spain, Scandinavia, France and Ireland ranked bottom in the survey (see page 3). The top performers were Poland, the UK and Germany. Switzerland, the Netherlands and Turkey were the mid performers.

In the occupier market, our major economy country focus (page 4) shows that while rental expectations have stabilised (albeit at very depressed levels), inducements have continued to increase. In the investment market, our major economy country focus (page 5) shows that the number of investment bidders is growing again in France and Russia in spite of the fact that capital value expectations remain negative. However, in Germany and Spain the number of investment bidders is still falling, albeit at a far more moderate pace than twelve months ago.



Notes:
Net Balance = Proportion of surveyors reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the unadjusted balance will be 25%)

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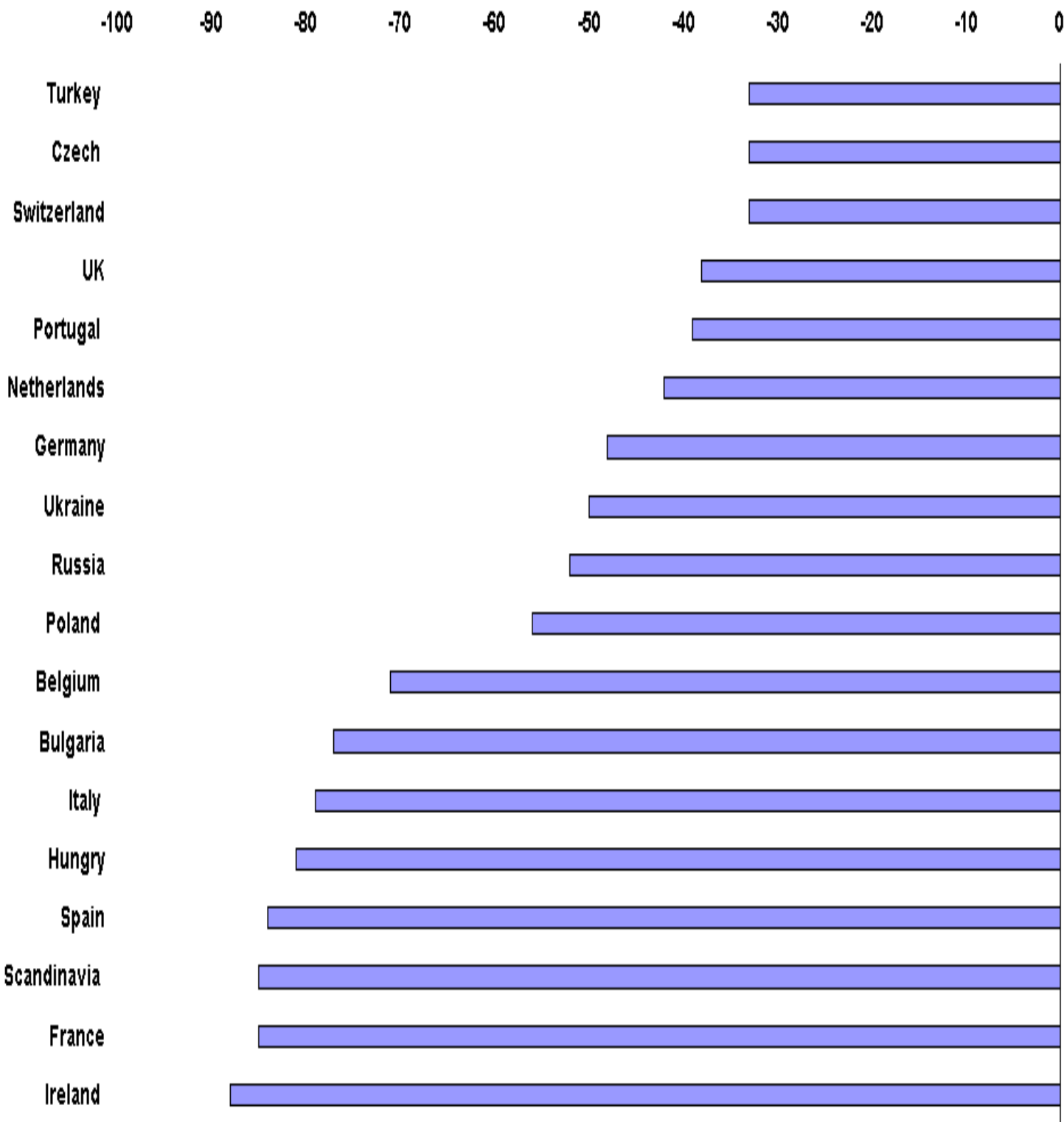
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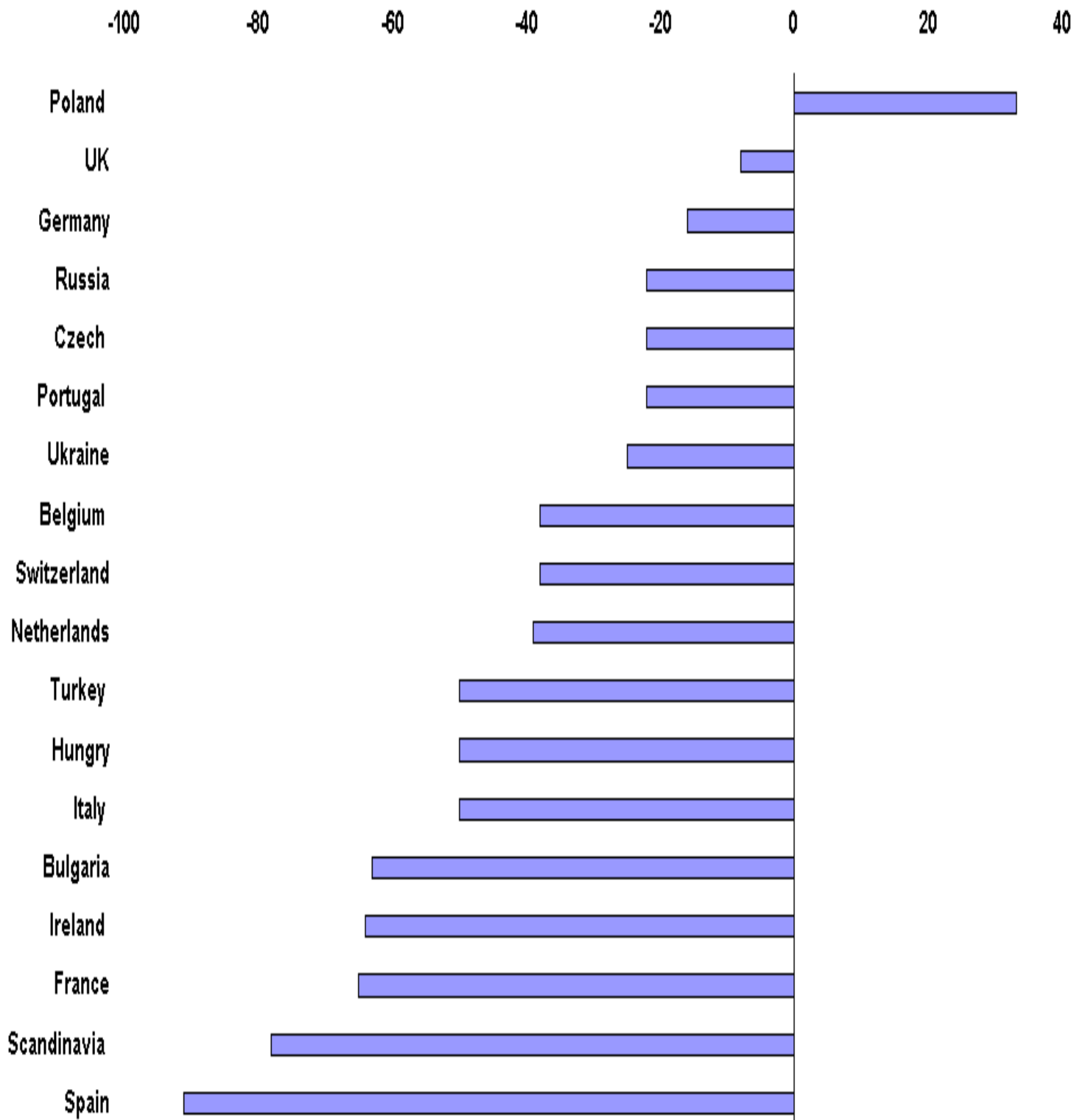
Country rankings - Occupier market

Rental expectations for Q4 2009 ranked by net balance scores



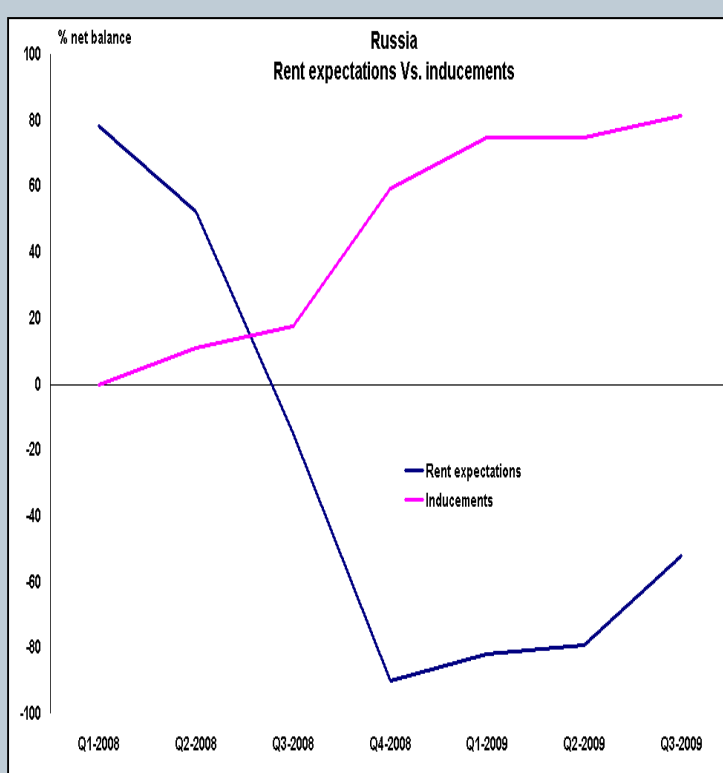
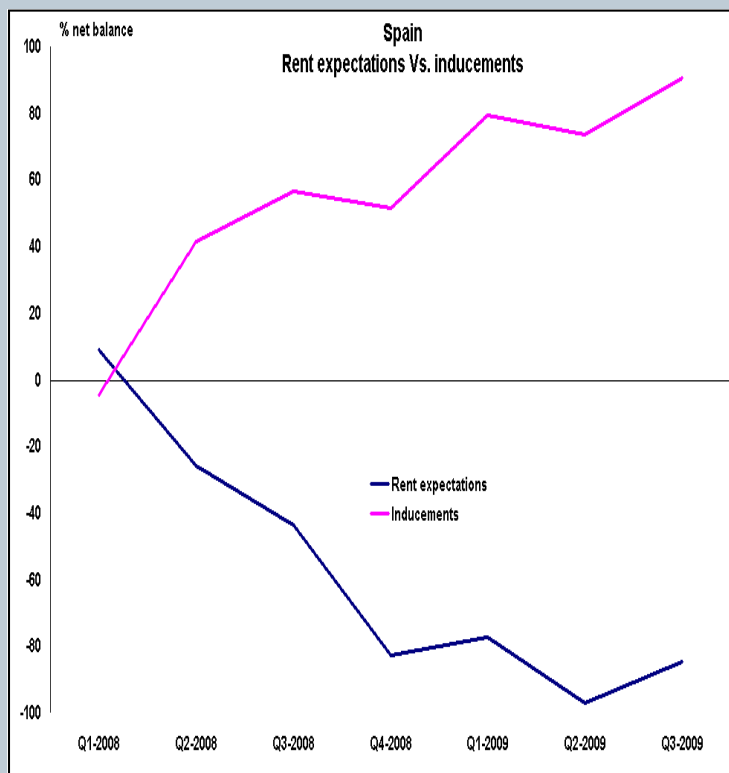
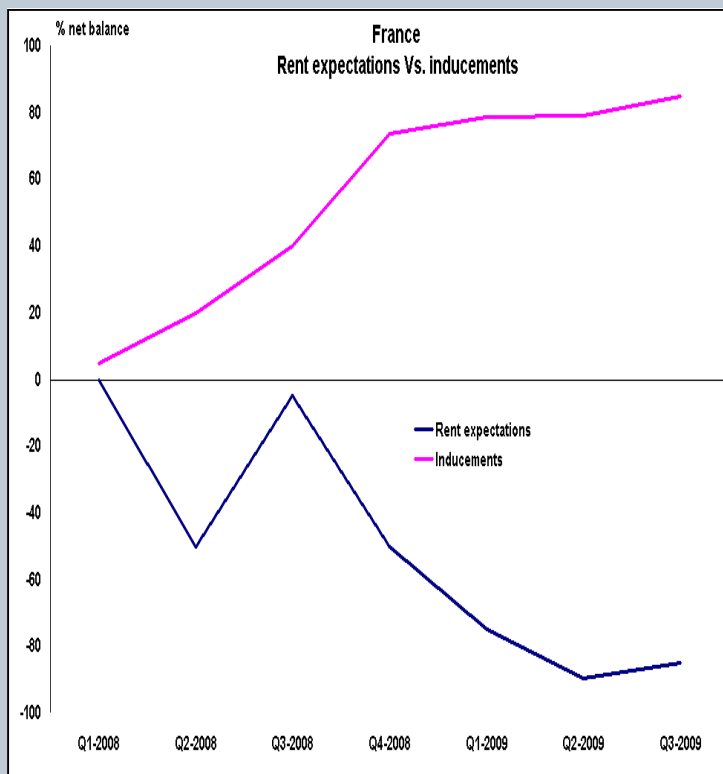
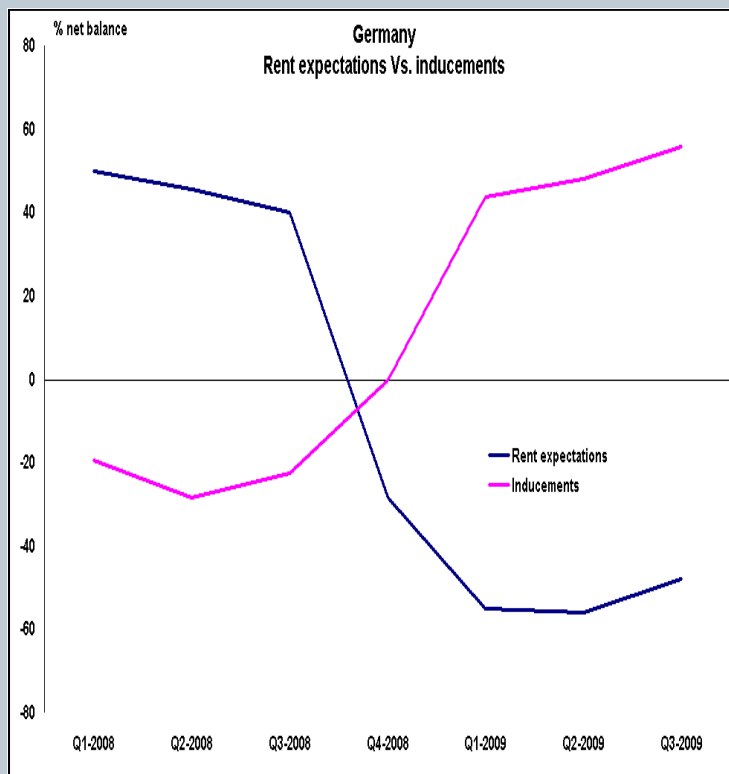
Country rankings - Investment market

Capital value expectations for Q4 2009 ranked by net balance scores



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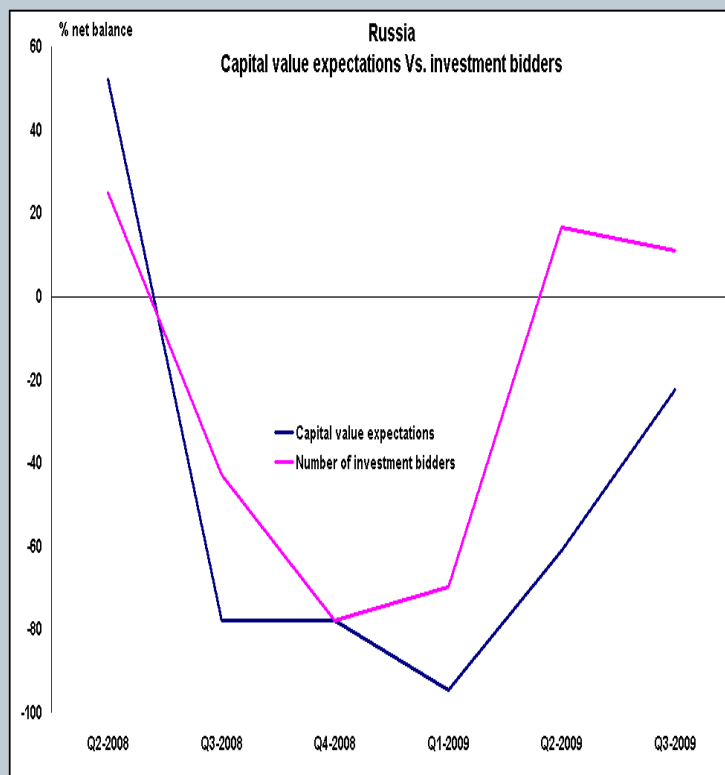
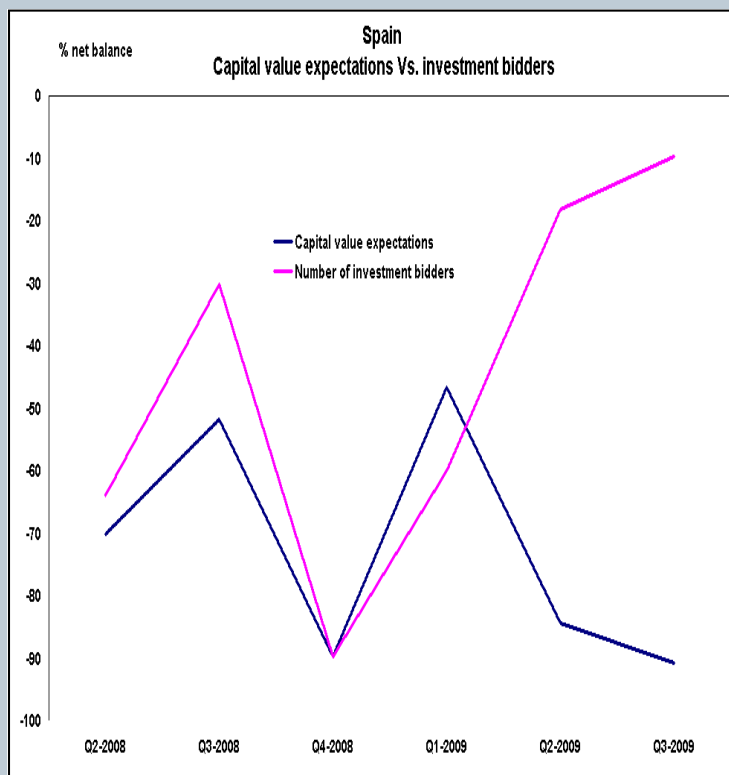
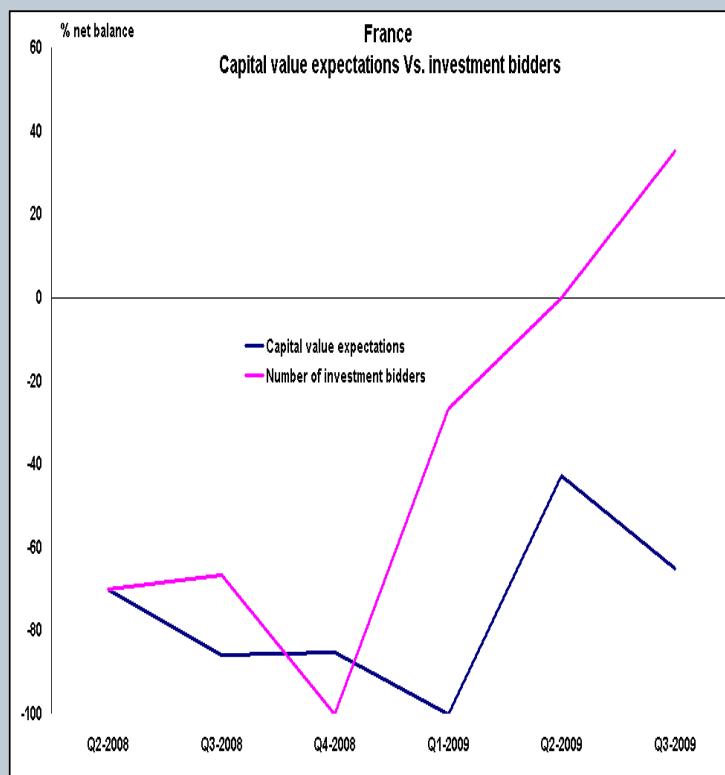
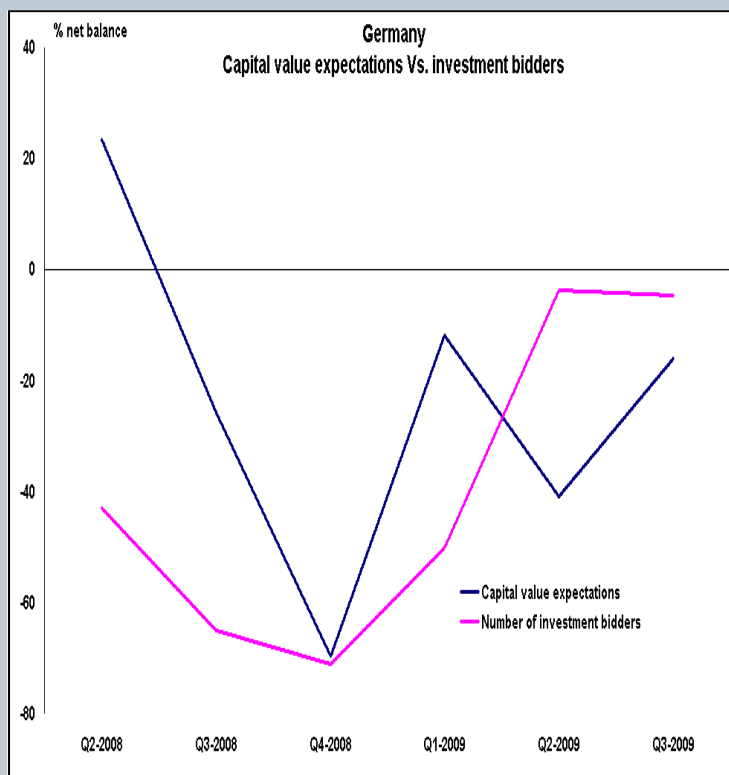
Occupier market - select country focus



Notes:
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RICS European Commercial Property Survey

Investment market - select country focus



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 the third quarter of 2009 based on information collected from leading international real estate organisations and local firms.

430 surveyor offices responded to the questionnaire conducted between 01/09/2009 and 09/10/2009.

Methodology

Survey questionnaires were sent to real estate organisations in September 2009, with responses received up until the 09th of October 2009. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 430 responses were received.

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

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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

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RICS Global Commercial Property Survey

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RICS Hong Kong Commercial Property Survey

Subscription information and contributor enquiries

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

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

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www.rics.org/GPScomments2009q3

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