WINNING IN GROWTH CITIES

A Cushman & Wakefield Capital Markets Research Publication

2012/2013

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INTRODUCTION

This report has been prepared by the Research team at Cushman & Wakefield to identify the winning cities in today's international real estate investment market. The report looks at the largest and fastest growing cities in investment terms and differences in pricing, as well as demand and activity between sectors. After identifying today's winning cities, the report goes on to look at some of the fundamental drivers of city performance, impacting now or in the near future, and considers how the pattern of winning cities will change and evolve going forward. The final section of the report provides a range of contact points for Cushman & Wakefield Research and Capital Markets globally.

While every effort has been made to provide comparable and robust city level data, definitions used in different sources will necessarily vary, with regard most notably to the geographical scope of the city or metro area. Such potential differences must be borne in mind in comparing data items. For further information on this or other matters, please contact the authors in the Cushman & Wakefield research team.

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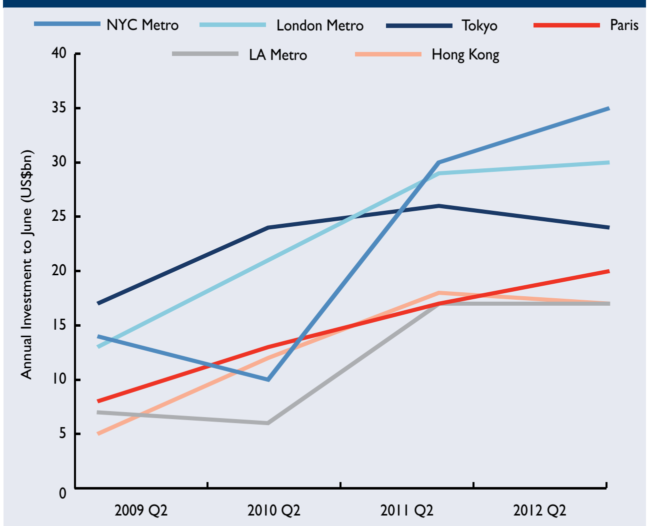
New York, USA

THE SUMMARY

Against a backdrop of volatile sentiment and activity in the global property market, major cities have continued to buck the trend by seeing better demand and more stable pricing. Indeed, the top 25 cities increased their market share from 53% to 56% in the year to June, lifting investment volumes (excluding development sites) by 5.9% versus a 0.8% increase in the market as a whole.

New York was the largest global investment market for the second year running, witnessing volumes rise 18.9% to US$34.7 bn, 18% above its nearest rival, London, which saw 3.8% growth. London however is the biggest global office and hotel investment market and the largest for cross-border investors – with a massive 92% lead over the second placed city, Paris. New York remains the most prominent multi-family investment market while Los Angeles was top for industrial, Shanghai for development sites and Hong Kong for retail.

TABLE 1: GLOBAL INVESTMENT - THE TOP SIX CITIES
12 MONTHS TO Q2 2012



Source: Cushman & Wakefield, Real Capital Analytics

The fundamental drivers of city success which deliver this demand cover a wide range of factors, going beyond the usual size and wealth considerations to include classic business location priorities through to softer factors such as liveability. What we also see is the importance of reputation, "brand" and the role of communications. Advancing technology may give us the freedom to work anywhere, but this is only serving to reshape the role of cities as a melting pot of ideas and people, with the winners not only possessing the densest network of skills, knowledge and learning but also the richest backdrop of culture, innovation and quality of life – factors that create the framework for future growth.

London, UK

The data analysed in this research serves to illustrate that, while a dominant group of 10-15 world cities has been established, there is a large and growing cohort of others, competing but also co-operating in a network of global cities. Occupier strategies implicitly recognise this fact: an over concentration in the biggest cities is unnecessary and possibly unhelpful, and as a result national, regional and global hubs of specialised skills and services are emerging.

Looking at the factors analysed in this report, New York clearly backs up its winning position in the property investment rankings, scoring a top 25 position in all of the areas we investigated – bar quality of life – and clearly benefitting as a market of both scale and innovation. However, London is giving it a close run, with more top 5 placings than New York and just lagging slightly due to its weaker economic recovery. Shanghai, Tokyo and Paris are the next most highly-ranked markets. Shanghai is a clear winner for scale and economic growth but is also improving on softer factors such as green transport. Tokyo meanwhile enjoys scale as the largest global city by population and while economic growth has been poor of late, it scores highly across a range of other variables. Paris, like London, scores well as a services centre and for factors such as education, culture and connectivity. The next group making up the top 10 are largely Asian locations: Hong Kong, Seoul, Singapore and Beijing, in addition to Los Angeles.

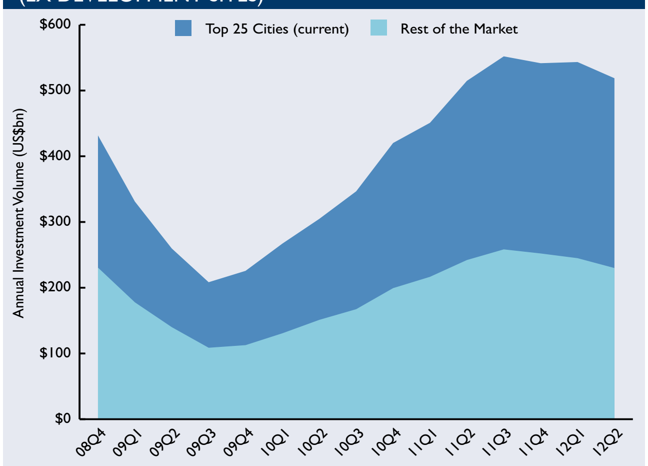
This hierarchy of global investment cities has been little changed in recent years. However, it is clear that differing patterns of growth, a levelling playing field on regulation and forces pushing against agglomeration (such as new technology and the battle to reduce pollution and energy use) could introduce a stimulus for faster change in the future.

What is sure is that the increasing maturity and sophistication of a broader range of countries, the increasing quality of property stock and the growing range of markets that global tenants will cover will all help to open up more cities for global investment.

Interestingly, if we divide the factors used in this report between those pointing towards current scale and clustering and those pointing to the framework for future potential (such as education and innovation) then only London and New York appear on both top lists. Asian markets tend to dominate in terms of scale, and a number of European markets emerge strongly for future potential, led by Amsterdam and Munich. Indeed, when looking at what these city drivers may tell us about future property investment, it may be that cities such as Amsterdam, Munich and Frankfurt, as well as Melbourne and Beijing, should feature more highly.

Opportunities for occupiers and investors clearly exist in other new and emerging markets, as well as mid-tier cities with skill clusters, for example, or a particular tourist and consumer appeal. What is more, corporate and retailer expansion not only creates an opportunity for investors to follow but also makes it a necessity as companies look to leverage the value their occupation brings and share risk and reward with investors.

TABLE 2: GLOBAL INVESTMENT VOLUMES (EX DEVELOPMENT SITES)



Source: Cushman & Wakefield, Real Capital Analytics

"True global cities have gone from strength to strength in the past year, and the investment hierarchy is now well defined. However, the top targets are really 'safety first' choices and will be challenged when recovery comes. In our opinion the hierarchy will in fact expand as cities mature, higher quality property is developed in emerging locations and crucially, as occupiers lead the way into new markets."

Glenn Rufrano
President & Global CEO

Looking to the year ahead, recent events continue to reaffirm our view that the recovery globally will be slow and uneven, delivering a low growth and low interest rate environment for some time to come. Indeed, both in the economic and real estate markets trends will remain uncertain in 2013 and very diverse from location to location. However, notwithstanding the potential for existing issues or factors such as the US election and budget wrangle to impact, the economic mood should nonetheless be improving as this year ends. Solid steps are in place to stabilise the euro zone crisis and with lower inflation and steady labour markets, this should benefit demand in many cities.

Concerning the property market, business uncertainty may lead to only a slow recovery in occupier demand, but supply shortages in many areas may stimulate some occupiers to act, laying down the ground for an eventual return of growth. Furthermore, the volatility of inflation over recent years cannot be ignored, and investors need to find some degree of inflation proofing if possible. As a relatively high yielding asset, property will remain in demand for its income regardless. However, while volumes will benefit from an increased flow of assets driven by the banks, credit to finance acquisitions looks set to remain tight for anything but the best space and locations.

Therefore, the overall ingredients are in place for stronger market activity in the year ahead – but only if confidence returns more notably in the occupier and investor markets. The targets for investors will have to be shaped by supply and pricing to a large degree, and while a heavy focus on top cities will be maintained, a spreading of interest to areas of secure but higher relative incomes is likely. As a result this will bring a broader range of cities into play and over time that range should continue to increase as reform and growth open up new markets and drive greater liquidity.

PROPERTY MARKET TRENDS

The global property market has clearly cooled in recent months. However, although corporate occupiers and investors are again highly risk averse, the availability of equity – and in some cases debt as well – remains good as the relative stability, yield and long-term value retention of property draws in interest.

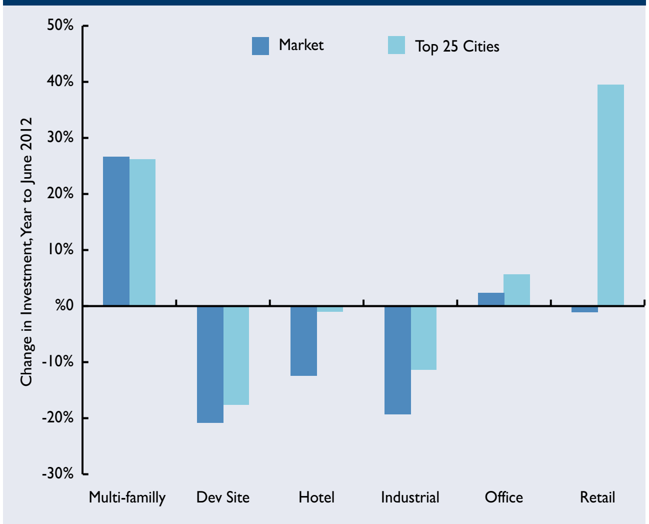
Investors are seeking markets which deliver liquidity and growth potential on the one hand, and transparency, income stability and investment security on the other. This has translated into a continued heavy focus on mature, core, liquid markets. For example, the top 25 cities have continued to increase their share of total investment – now averaging 56% versus 46% back in 2009. Across the top 25 cities, 23 are classed as mature and just 2 emerging (Moscow and Shanghai, although in the case of Shanghai, similarly to Beijing, while its growth record is too strong for it to be considered "mature," its development and standing with global businesses place it far ahead of the country as a whole and make it very much a tier 1 city target in Asia). 21 of the 25 are also unchanged on last year – with Sydney, Seattle, Phoenix and Denver moving up at the expense of San Diego, Hamburg, Melbourne and Beijing, the latter of which lost out due to the slowdown in land sales but is surely set to move back up given its scale and appeal in most sectors.

However, for now North America dominates the top rankings, with 15 of the top 25 targets and 17 of the fastest growing in the past year – a clear suggestion that it is not about to give up its dominance any time soon. This is boosted by the region's higher yields and higher yield premiums as well as its liquidity and transparency, ticking a lot of boxes on risk and return for today's investors. Asia is the second strongest region in the top 25, with 6 current targets and 5 high growth markets.

SECTOR TRENDS

Occupiers in most sectors have adopted a wait-and-see approach to expansion this year, focusing on cost saving and consolidation in many cases by making best use of their existing space and tackling only the strongest new markets. However, in many areas the second quarter was stronger than the first, and while the short term imperative to grow is not great, strategic industry changes are encouraging those occupiers who can act to do so. This is particularly true given that supply is generally diminishing for the type of modern efficient space that businesses want.

TABLE 3: INVESTMENT TRENDS BY SECTOR



Source: Cushman & Wakefield, Real Capital Analytics

For investors, retail and multi-family have been key areas of growth in the world's top tier of cities, with retail notably outperforming the broadly flat market average. In terms of which cities are targeted sector by sector there is less variability than might be expected, with 13 cities appearing in the top 25 for retail, offices and industrial and a further 9 appearing in the top list for at least 2 of these segments. London had a good year overall; it was again top for office investment, rose to first from second for hotels, climbed to second from fifth for retail and was uncharged in sixth for apartments, all aided by the Olympics. Hong Kong retained its place as the largest retail target over the year to June, in addition to being fourth for hotels and fifth for development sites. New York was top again for multi-family and a top 5 player in all categories. Other consistently strong cities were Tokyo, third for retail and industrial, fourth for offices and multi-family and Los Angeles, first for industrial, third for multifamily and fourth for retail. Paris was third for offices and eighth for retail and hotels.

Across the top 25 as a whole, North American cities dominate in all sectors bar development sites, all of which are Asian. Indeed, 22 are in Mainland China, underlining how strong this segment of the market is even allowing for the falls seen since policy has been tightened – with a 24% drop in site sales in the past year. European cities had a stronger standing in the office, retail and hotel top 25s while Asia has a stronger role in office investment, followed by industrial. America's dominance was lowest in the office segment – but 10 of the top 25 cities were still in the USA or Canada. The apartments market has a heavy US bias (19), with Germany the second highest market in the ranking.

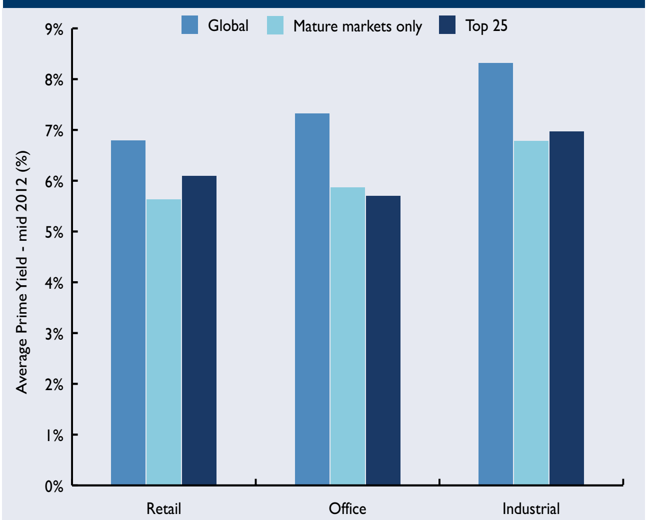
MARKET PRICING

Many investors have become hungrier for yield over the past year and while the ranking of cities for investment underscores the flight to quality seen across all markets in recent years, interestingly only 8 of the largest 25 investment markets are also among the 25 lowest yielding cities globally. What is more, the average yield of the top 25 targets as at June was higher than the average for mature markets generally in the retail and industrial segments.

Nonetheless, whilst increased global demand and improved transparency are slowly leading to more uniform pricing of top prime markets globally, the pricing for riskier or second tier markets is more extreme and arguably more locally driven. What is more, the gap between top and second tier assets and locations has widened in most areas. Importantly however, if secondary assets are to remain at a discount for some time, that does not mean everything that is currently classed as secondary will remain so – and it is this rethinking of what is secondary that is starting to exercise investor minds.

Indeed, while still prime focused, trends over the last year already represent something of a loosening, with more interest in secure assets in second tier locations in a range of countries. In assessing risk it is evident that many investors are following the relative rather than absolute yield. While government bond yields are no longer universally considered "risk free," the premium in average prime yields relative to 10 year bonds globally has increased from 229bp last year to 265bp in June 2012, and this will continue to drive interest.

TABLE 4: YIELD AVERAGES IN THE MARKET AND FOR THE TOP 25 INVESTMENT TARGETS



Source: Cushman & Wakefield

WHAT IS DRIVING CITY SUCCESS?

Power lies increasingly with the city, arguably more than the nation state in many instances. However, the hierarchy of cities faces forces which on one hand are maintaining the status quo and encouraging agglomeration into a handful of mega cities but, on the other, are ripping power from the established elite and spreading it to new urban centres.

Hong Kong, China

Growth factors are in fact polarised between those demand-side factors favouring convergence and a self-perpetuating focus on the biggest and the best – such as the clustering of industries and human capital as well as the agglomeration benefits that can follow – and other forces spreading power between a broader group of cities. This latter force is largely facilitated by supply-side indicators such as technology and urbanisation as well as "scale sensitive" issues such as sustainability, security and changing living and working patterns and the inefficiency of crowded systems.

What is more, while some drivers are persistent– such as urbanisation and the growing middle class – others are changing, such as technology and resource use. The exact importance of each ingredient of success is never completely clear, partly because they are inter-related. Scale is crucial in both creating a market and drawing in resources, but size also makes innovation possible, for example by supporting the cost of developing a high speed rail network. Although physical and intellectual capital are also key, softer issues such as culture and history have a growing impact not just on image and quality of life but also on attracting and retaining intellectual resources. Despite these ambiguities, it is nonetheless possible to focus on some of the current issues facing cities and those who live and work in them:

- The UN believes that more people now live in cities than not. What may be of more significance however is that an estimated 70% of CO2 emissions derive from cities, and they account for 60-80% of global energy consumption. Sustainability – including water management – and efficiency will therefore be of growing importance to city success.
- Measures of greenness or quality of life often reward mid-sized rather than large cities, demonstrating the difficulty of combining scale with universal well-being or environmental awareness. Is this a factor which will steadily favour smaller cites or just a necessary part of the tension that always exists as a function of size above all? For example, with respect to risk, larger cities can be edgier and less friendly simply because they contain more that is unknown. It may also reflect a need to measure how such things vary across major cities, rather than try to gauge their average.
- A lot of new urban sustainability debates focus on environmental design issues such as "walkability" and recycling that can require a whole new street scrape and urban design and even lead to completely new cities emerging. In larger cities, the need is to improve what is already there and to enhance efficiency as well as reduce sprawl and unnecessary travel through new infrastructure and also retrofitting.
- Cities are suffering an increasing number of extreme weather events and as a result need to be more resilient. At the same time, such risk factors open up the need for humans to be more dispersed. This need also arose after 9/11 as planners and businesses considered how they should react to terrorist risks. Equally it happened in Japan as rebuilding got under way after the Tohoku earthquake.
- The impact of issues, such as technological change, will differ city by city as a function of a number of factors including the quality of the workforce. The educational and training infrastructure has a significant impact on the workforce itself, its reputation with businesses and its ability to absorb new ideas and build upon them – hence both technology uptake and innovation are impacted.
- Sustaining a healthy balance between industrial change and urban development has not proved easy in some cases and there is a clear need to diversify and not rely on one industry. Hubs need not just skills and knowledge but also culture and entertainment and diversity to attract, inspire and retain different age and social groups. Public and private involvement is necessary, with long term planning to encourage integrated cities that allow and, if possible, encourage innovation and entrepreneurs.

CITES AND REAL ESTATE

Cities are more important in economic terms than their size suggests – with the top 100 accounting for only 12% of population but 30% of GDP. However, what is even more notable is that the same cities account for almost 80% of property investment activity. The top 10 cities are more balanced economically, speaking for 3.5% of the population and 4.8% of global GDP but account for 36% of property investment. So what are property investors missing?

TABLE 5: MARKET CONCENTRATION

Source: Cushman & Wakefield, Real Capital Analytics, Various

Such a concentration of activity in a handful of cities is clearly difficult to break down. However, when combined with the fact that the real estate investment pie should be growing and the range of participants broadening – notably with an increasing number of players from new markets – then it is only to be expected that competition at the top table will rise. This is particularly true as economic growth rates vary and as regulation and transparency are harmonised and improved. At the very least we will in the future have a broader range of large dominant cities, if not that some existing alpha cities could be past their sell by date and may drop down the hierarchy.

Europe has two absolute stalwarts among the global economy and property market elites in London and Paris but lacks the same scale of megacities as Asia and the Americas, with only Moscow and Istanbul waiting in the wings. At the same time however, Europe does have a range of medium to large skill clusters as well as areas of strong innovation such as Stockholm, Munich and Amsterdam. Some of these markets will continue to compete strongly for investor attention – offering some growth upside as well as risk protection thanks to their mature and open nature.

North America has a mix of cities that are large, innovative and fast growing, and its share of global investment should consequently remain strong. Among emerging markets, Asian cities offer a stronger blend of scale, growth and innovation than key hubs in Latin America or Eastern Europe, but that may change as Latin America gets used to its higher global profile and as the larger cities in emerging Europe – Moscow, Istanbul and Warsaw – grow as both regional and national hubs. The leading growth cities in Asia are largely in China as urbanisation and modernisation continue. Given the high levels of development, which is expected to double office stock in many cities inside the next 10 years, the potential for these cities in the global property market is clearly significant.

GLOBAL REAL ESTATE: THE YEAR AHEAD

The macro fundamentals of the market as a place to do business are coming under greater scrutiny. Emerging and mature markets are responding with reforms and regulatory improvements – whether that is in India's relaxation of foreign investment rules in the retail sector or the start of employment reform in Spain.

However, while long term players such as some high net worth individuals, family offices and global pension funds may be prepared to wait to see their investments rewarded through less volatility, capital preservation and inflation hedging, the shorter time horizon of many other funds and companies means they are now starting to look more closely at where their future returns will derive. Most remain highly sensitive to risk, and thus they are looking towards a higher income return in the first instance, not chasing potential rental growth. Development is also starting to feature on the radar in some areas, notably Asia and Latin America but also parts of North America such as multi-family residential, and for the future, in some of Europe's most liquid but supply constrained cities.

Meanwhile, rental growth is not frequently mentioned – with most investors assuming a fairly flat trajectory in the short term at least, even in emerging markets. Nonetheless, investors of all risk profiles are alert to what will drive demand over time, whether that is urbanisation and demographic growth in emerging markets like Mexico City, Jakarta, Istanbul and of course tier 1, 2 or 3 cities across China, or whether that is in the growth of skill clusters in San Francisco, Bangalore or London or resource driven growth hotspots in Perth, Calgary or Moscow.

Prime yields have been broadly stable over the last year in most areas, with the Americas seeing a slightly greater degree of compression, followed by Asia and Europe. Expectations are for this to continue, although with low interest rates set to remain and fresh stimuli hitting the global market, the best cities could see a further bout of compression as they stand out as a relatively safe guardian of value in a still uncertain world. They could in fact surprise on the upside in the near term but those without the ability to deliver real rental growth will of course start to see this reverse as, and when, bond yields rise.

Away from the Grade A market, values will remain weak for poorer space, but the market is likely to become much more nuanced in most areas as "secondary" is redefined and pulled apart based on its ability to deliver an acceptable solution for occupiers. With secondary investment supply to increase, those properties that can't adapt to occupier needs will clearly suffer while those that can will be more in demand.

Office trends will be mixed, with a move towards central, well-serviced and high quality space in many areas. However, even in the same countries and industries, some businesses are looking to lower cost solutions in decentralised areas. Retail trends are also mixed, with some areas losing out but demand sustaining in areas of above-average catchment size and wealth, with a high volume of international tourism and located in or close to gateway cities. Increasing demand is focused on core and emerging markets, albeit typically tier 1 cities in all cases.

MARKETS BY REGION: NORTH AMERICA

The US is relatively healthy but undoubtedly slower than expected, with the domestic recovery disappointing, global risks pre-occupying some markets and the fiscal cliff to worry about next year. Pricing has held firm for the best space in the top tier of cities, but with investors seeking more yield in general and ready to take on a little risk to get there – for example in residential development – demand for dry assets has slowed. Nonetheless, while the economy may be volatile, it is steadily going in the right direction, and with companies cash-rich, even a weak growth economy will slowly expose areas of undersupply given the lack of development in recent years.

San Francisco, USA

Core cities remain the main target for investment, although there has been more demand in some second tier markets as investors seek out yield. New York is the top pick for most players from home or abroad given the tightness of office supply and the level of pricing relative to replacement costs. San Francisco and Washington are next in line, but interest in Washington has been tempered by the uncertain outlook for government jobs in light of deficit reduction plans. In the next tier are Boston, Los Angeles and Dallas as well as Houston, Seattle and Denver. With investors focusing on occupier fundamentals, cities in Texas have benefitted from good job growth, specifically Houston buoyed by the oil industry. Seattle and Denver, like San Francisco, have been boosted by technology driven growth. Foreign investors meanwhile tend to have a more limited buy-list, with only the more enterprising straying from the top three cities.

Residential demand is broader, but at current cap rates, more investors are turning to development rather than asset purchases to hit their hurdle rates. Tenant demand has been pushed up as home ownership has become less attractive or accessible. With development down, at least until recently, rents have been under upward pressure, although this may start to ease in the year ahead.

The fundamentals of the industrial market are steadily improving as vacancy drops, with a focus among occupiers and investors on institutional-grade warehousing in hub locations. South California is the top market by some margin, followed by New Jersey, Miami and Chicago, and steady growth is expected next year.

In the retail market, trends are bottoming out for the best space. Among investors, high streets are favoured in the top six cities, as well as grocery anchored strip malls where the anchor is strong. The market is heavily polarised with outlet and discount centres performing well at one extreme and luxury retailing at the other, and as a result, a lot of pain is still being seen in the middle ground. Western US is generally performing best, favouring for example San Francisco, Seattle and Portland, followed by the Southern US and then the Northeast. Grade A centres in general are performing well and tourism is also helping gateway cities, with good demand in urban luxury markets in New York, Washington, Miami, Los Angeles, San Francisco and Las Vegas as well as Toronto and Vancouver in Canada.

Concerning Canada, strong fund demand continues to be thwarted by a lack of available quality stock – urging many institutions to carry on investing abroad. REITs have been more active and are both expanding and consolidating, helped by their low cost of capital. With foreign buyers also targeting the market there is more capital available than in 2011, fuelled by a flight to quality but also by a search for yield. With supply shortages, more off-market deals are being agreed upon, and the market may end the year on a busier note than expected.

LATIN AMERICA

Demand is generally solid in Latin America but more cautious than seen last year with supply shortages now as much a driver for growth as occupier demand. Increased global risk aversion

Rio de Janeiro, Brazil

CITY TARGETS FOR INVESTMENT IN 2013

	AMERICAS	ASIA PACIFIC	EMEA
CORE	Offices: US CBD Gateway cities (New York, San Francisco, Washington DC), core Canadian cities (Toronto, Vancouver) Retail: Core 24 hour gateway cities in USA and Canada Apartments: Multi-family in top US cities (New York, Boston, San Francisco, Los Angeles)	Offices: Sydney, Melbourne, Perth Shanghai, Beijing, Tokyo Retail: Shanghai, Beijing plus defensive core markets (Singapore, Hong Kong, Sydney, Tokyo) Hospitality: Singapore, Hong Kong, Tokyo Residential: Japan	Office: London, Paris, Stockholm, Munich, Frankfurt Retail: Core German cities including Munich, Stuttgart. Also Paris, London, Stockholm Logistics: London, Paris, Munich, Hamburg, Stockholm
CORE-PLUS	Offices: Core space, growth markets (Seattle, Houston, Austin, Portland, Boston, Los Angeles, Dallas). Suburban offices in core US and Canadian cities Logistics: Core assets (South California, New Jersey, Miami, Chicago) Core leased assets: São Paolo, Santiago	Offices: Singapore, Hong Kong, Osaka, Kuala Lumpur Retail: Growth markets (Osaka, Seoul) Logistics: Sydney, Tokyo, Singapore, Hong Kong Residential: Singapore	Offices: Amsterdam, Berlin, UK Thames Valley, Prague, Warsaw. Development in core cities: London, Paris, Stockholm, Frankfurt Retail: Larger cities in Italy, Poland, Netherlands, Prague Logistics: Rotterdam, Antwerp, Warsaw, Prague, Budapest
OPPORTUNISTIC	Offices: Mexican cities for short term gain. Under rented Grade A US office and apartment property: South Florida, Dallas, Chicago. Retail and residential development: Santiago and 1st and 2nd tier Brazilian and Mexican cities Logistics: Market servicing key Brazilian and Mexican cities	Offices: Emerging growth markets (Jakarta, Mumbai, Bangalore, Guangzhou, Shenzhen) Retail: Emerging markets (Hanoi, Kuala Lumpur, Bangkok, Jakarta, New Delhi and other top Indian cities) Logistics: Gateway China cities (Shanghai, Beijing, Guangdong)	Offices: Lisbon, Moscow, Istanbul, Milan Retail: Major cities in Turkey and active management/development in larger Western cities Logistics: Serving large Eastern European cities Distress: Italy, Spain, Portugal

Source: Cushman & Wakefield Global Capital Markets

does not play kindly in the region but nonetheless a growing number of global players are still looking at the market. Domestic fund demand is also good, with pension fund and institutional money often ready to take more risks.

From a macro perspective Brazil has been most at risk, with lower demand from China hitting its commodities sector. However, with unemployment, interest rates and inflation all falling, growth is forecast to pick up in the months to come. Other countries in the region have seen slower but still robust growth, led by Chile, Ecuador and Peru as well as Venezuela, where a pre-election construction boom has benefited the housing market. Mexico has also bucked the general global trend, with growth forecasts being revised upwards thanks to strong foreign capital inflows.

Housing markets in the region remain under-supplied for low cost property, and government action plus increasing mortgage availability are boosting the market. Retail has also been a bright spot, with the growth of the urban middle class drawing in international retailer interest and creating opportunities for investors and developers to feed the under-supplied market with new and larger units. Mexico is the healthiest at present, but Brazil remains the most enticing long term market even though short term growth could be more muted. Additionally in Brazil more interest is focused on second tier cities which have been under-supplied in the past.

Office markets in the region have fared relatively well, with São Paulo, Lima and Bogota showing the strongest rental growth this year. Demand is generally steady but vacancy is either at or near record lows in many cities such as São Paulo (despite new development) or at least falling, as in Santiago, Bogota and Lima. However, increased development or occupier caution has pushed up vacancy in some areas, such as Mexico City, Buenos Aires and Rio de Janeiro, and the market will remain supply led in the short term, with development pipelines keenly watched.

Inward foreign investment is boosting industrial demand regionally, but most notably in the auto sector in Mexico, focused in central areas from Monterrey down to Mexico City, followed by northern towns such as Tijuana. Brazil is seeing near record low vacancy rates due to strong demand for modern logistics space, focused on the main industrial markets of São Paulo and Campinas.

ASIA PACIFIC

Economic growth has moderated in much of Asia, and the domestic pick up forecast in markets such as China and Japan have not been as marked as hoped, underlying the interconnectedness of global regions. Nonetheless, in general a soft landing is still expected, with a range of actions having already occurred including monetary easing and other policy initiatives planned to boost consumer spending.

Singapore

While growth is expected to continue in 2013, the environment will remain somewhat uncertain in the short term – for example with corporate expansion held back by the less than clear global outlook and food prices remaining a concern in some areas as well. Against this background, it is no surprise that the regional property market has seen something of a slowdown in recent months. Nevertheless, activity is being supported by low interest rates as well as generally better debt availability than other regions.

The release of better product as local investors test the market will aid activity levels. With a good appetite from foreign players for quality property in top cities, good assets will continue to find lots of support. A number of core foreign buyers are targeting China, with a focus on the big three cities of Hong Kong, Beijing and Shanghai. Overseas funds, particularly sovereign wealth funds, are also targeting Australia once more. In Tokyo, the market has been stirred by an increase in supply – albeit much of which is Grade B – but yield conscious demand is frequently moving to second tier cities such as Osaka.

While hiring and expansion plans have been more muted of late, office prospects are generally viewed to be good, at least with respect to Grade A space which is subject to rental growth pressures in markets such as Beijing, Shanghai, Guangzhou, Bangalore, New Delhi, Jakarta, Bangkok and Manila. Some markets such as Hong Kong, Tokyo and Sydney have seen rents fall back this year but no marked correction is expected, with Tokyo and Seoul bottoming out, Hong Kong being supported by low vacancy and limited new supply and Australian markets benefitting from interest rate cuts as well as their high yield relative to the rest of the region.

Muted manufacturing growth is impacting industrial and warehousing demand in the region although retail sales continue to drive activity. Logistics demand will be buoyed by the growth of modern retailing as well as e-tailing, with the best opportunities in key cities such as Hong Kong, Tokyo, Sydney, Singapore and Seoul in addition to mainland Chinese markets around, Beijing and Shanghai.

Asia is a growing driver for the profits of global retailers, and markets are befitting from an inflow of international retailers, particularly China, followed by India and parts of South East Asia with a focus on tier 1 cities. In China, Shanghai and Beijing are preferred as gateway cities but government action to boost domestic demand is attracting retailers more widely, although this may also lead to oversupply in some second tier cities as developers are diverted from the residential sector. At the same time, Hong Kong is benefiting from strong tourism but is also seeing increased competition as retailing improves on the mainland and tariffs are cut. Seoul has been more active as a target for fashion brands and with more room to grow as free trade agreements attract producers. India is also set to benefit from a relaxation in regulations on foreign investment as well as a cut in excise duties.

EUROPE

The European market may be slower and more cautious than others, but high demand continues for quality property in core cities. There is some hesitancy on pricing in some areas, but as a whole this relates to non-prime space. While debt availability has generally stabilised, the market is still dominated by equity players. In some cases, that equity has become more expensive and demanding, and as more secondary stock emerges on the market, pricing will be forced down, as it may be in some prime markets once bond yields start to rise.

While not unexpected, economic conditions have been weak so far this year, but a stabilisation is predicted in the months ahead with low but positive growth in most areas pencilled in for 2013. In the immediate term, however, the sovereign debt crisis will continue to dominate the outlook, particularly with respect to its impact on confidence. Here there are some reasons to be hopeful that we may be past the worst, with the first building blocks of a solution in place in the shape of a more robust firewall between countries and between the banking and public sector, and the start of serious negotiations on greater fiscal cooperation and control.

While the outlook will remain volatile, particularly given the important elections due next year, in the short term this will hopefully lead to more reassurance that disaster will be avoided and that any euro zone exits will be well-managed. It may also signal the start of more serious and widespread reform that will boost Europe as a whole. Indeed, while the focus of this report is at a city level, it is clear that for Europe, regional and national level changes will be major determinants of medium term success.

For now, buyers remain focused on historic areas of strength to a large degree. Strong bidding has continued in London as well as in the top German cities and in Paris, with a handful of foreign players dominating the Paris market of late. Location is of key importance in most areas, followed by income security and lease length for core players. As the market continues to reorganise over the coming year, the scale of opportunities on offer will increase, but for now many of the opportunistic funds in the market are not finding as much potential as they had expected.

Office markets have suffered increasing uncertainty due to the renewed weakness of the economy as well as the travails facing the banking sector. However it has gained in popularity among investors, taking 54% of trading activity in the first half of the year versus 41% in the first half of 2011. In the leasing market, it is larger deals which have been the main victims of delays and uncertainty, with activity among consolidating and upgrading occupiers targeting smaller suites proving more robust. This has included increased activity in some cheaper submarkets of certain cities such as Paris and Brussels. However, growth pressures as a whole are still very much focused on Grade A CBD space, and with development still subdued, vacancy rates are trending downwards. As a result, pressure on rents will return quickly once corporate confidence recovers, notably in London, Paris, Stockholm and top German cities.

Industrial markets face similar pressures, with occupier caution, consolidation driven demand and limited development. Retailers are the most active players of the demand profile, with e-commerce driving change and leading to a polarisation between major distribution hubs that are seeing activity continue and other markets where demand and activity have weakened. Strategic change will however boost overall demand as confidence and trade levels improve, aiding performance in markets with low and falling availability such as Brussels, London, Ile de France, Amsterdam and key German nodes.

For retail, underlying performances have been very volatile from market to market, with a typical polarisation between prime and secondary and better performance from the extremes of value and luxury rather than much of the mass market. The cheaper euro has benefitted some cities with rising tourism and solid international retailer demand. However, the more limited shopping centre pipeline is both a challenge to incoming retailers as well as a support to existing values. Emerging markets are more in favour among retailers than they were before, and typically still offer a better supply of new shopping centre space, particularly in Russia and Turkey. Poland is perhaps the top pick in Central Europe, for both retail and offices.

Paris, France

KEY INDICATORS FOR CUSHMAN & WAKEFIELD'S WINNING CITIES

	RE INVESTMENT 2011/12 US$ BILLION RCA, EX DEV SITES	OFFICE STOCK MILLION SQ.M JUN-2012	POPULATION MILLION 2011	GDP EST US$ BILLION 2011	BUSINESS FUNCTIONS COMPOSITE RANKING	TOP CITIES FOR CONNECTIVITY COMPOSITE RANKING
Amsterdam	3.6	6.6	1.97	90	17	17
Beijing	3.1	26.1	16.50	157	12	10
Berlin	5.8	17.5	4.38	113	61	67
Frankfurt	4.0	12.0	1.95	216	9	13
Hong Kong	16.8	4.7	7.10	227	4	2
London	29.3	23.8	12.60	783	1	4
Los Angeles	17.0	16.9	17.00	677	38	9
Melbourne	3.4	4.1	4.23	159	14	97
Moscow	5.2	12.7	16.20	224	26	165
Munich	3.8	20.0	2.08	187	20	99
New York	34.7	46.5	21.50	1,091	2	3
Paris	19.4	26.5	10.60	650	6	5
San Francisco	15.4	10.4	7.15	259	18	19
Seoul	6.0	4.7	25.40	512	13	20
Shanghai	7.9	24.5	25.50	213	16	11
Singapore	7.3	7.3	6.55	179	7	6
Stockholm	6.4	11.1	2.10	125	19	47
Sydney	6.4	4.9	4.70	192	8	64
Tokyo	23.9	49.8	34.50	1,335	3	1
Toronto	8.0	15.7	5.85	222	4	80

Note: Geographical definitions may vary by data item. In addition the office stock figures are "market accepted" and therefore may vary in grades included.
Business Functions: C&W composite ranking based on representation of corporate headquarters (HQ's), business services and importance of financial services (ranking out of 199 cities).
Connectivity: C&W composite ranking based on airport passenger data, port (container) traffic and modal split of passenger transport, such as public transport (ranking out of 164 cities).
Sources: Cushman & Wakefield, Real Capital Analytics, Thomas Brinkhoff, http://www.citypopulation.de; Oxford Economics, Brookings Institute, Fortune Magazine; Z/Yen Group; GaWC, EPOMM; ACI; AAPA

WHO ARE THE WINNING CITIES?

TOP DESTINATIONS FOR INVESTMENT IN PROPERTY

THE FASTEST GROWING PROPERTY INVESTMENT MARKETS

TOP DESTINATIONS FOR RETAIL INVESTMENT

TOP DESTINATIONS FOR OFFICE INVESTMENT

TOP DESTINATIONS FOR INDUSTRIAL INVESTMENT

TOP DESTINATIONS FOR INVESTMENT IN DEVELOPMENT SITES

TOP DESTINATIONS FOR MULTI- FAMILY RESIDENTIAL INVESTMENT

TOP DESTINATIONS FOR HOTEL INVESTMENT

TOP DESTINATIONS FOR CROSS-BORDER INVESTMENT

PROPERTY YIELDS

PROPERTY YIELD PREMIUM

Toronto, Canada

TOP DESTINATIONS FOR INVESTMENT IN PROPERTY

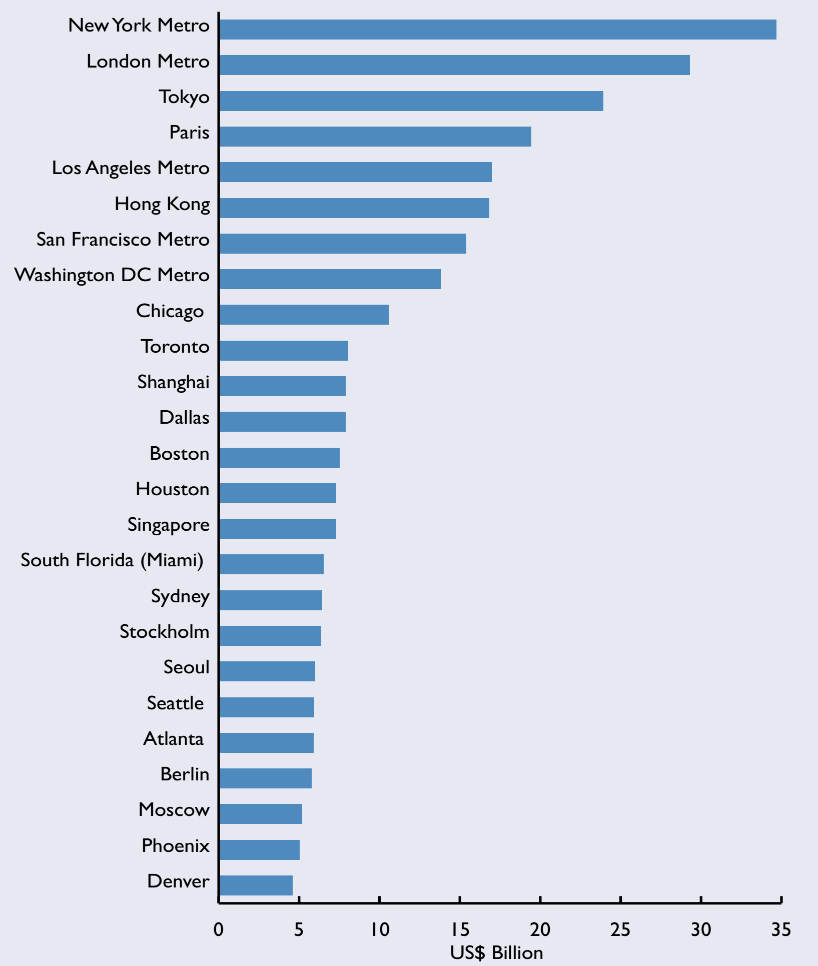
Whilst falling in recent months, overall trading volumes in 2012 (twelve months to Q2) were a marginal 0.8% ahead compared with the previous year. In examining the primary destinations for property investment, the top four spots in 2012 were the same as in 2011, with the wider New York City Metro attracting the most capital for real estate (excluding development sites), followed by Greater London, Tokyo and Paris. Additionally, the fifth to eighth places in the ranking also maintained consistency from that seen in 2011, albeit with the cities appearing in a slightly different order in 2012. In terms of distribution, the top six positions were shared equally across the globe, with each region securing two places in the ranking. Concerning investment by property sector, the office market attracted the most investor capital, accounting for a 43.5% share of the total volume, followed by retail (20.8%), residential (18.1%), industrial (10.3%) and then the hotel sector (7.2%).

Since the onset of the financial crisis, the prime end of the market has seen the bulk of activity, and this trend has continued through to 2012, in turn supporting pricing. As a result the gap between the prime and secondary markets has continued to widen further, where tenant demand is weaker and pricing has inevitably – if not always visibly – moved out. However, increased interest, particularly from opportunistic investors with equity at their disposal, may see traction increase for the more prominent secondary locations in the year ahead, especially in light of the tight supply of core product and a high demand for income.

"Investors are focusing on top-quality core assets in 'international' cities that – despite the fragility in the global economy – are holding their value. Although overall tolerance and interest for second tier cities and product has waned slightly, it is set to grow as occupier confidence in the market stirs."

TOP 25 CITIES FOR GLOBAL PROPERTY INVESTMENT IN 12 MONTHS TO Q2 2012

Excludes development sites, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

THE FASTEST GROWING PROPERTY INVESTMENT MARKETS

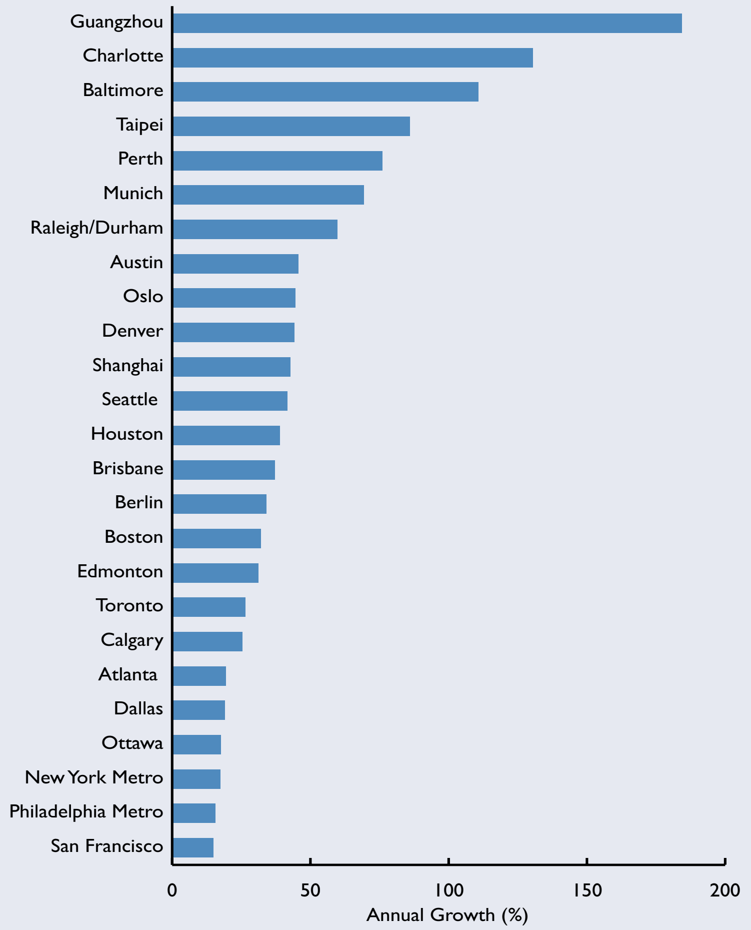
The Chinese city of Guangzhou saw the highest percentage increase in capital invested out of any major real estate market over the twelve months to Q2 2012. While this growth was significantly supported by the sale of just one building (the Guangzhou International Finance Center, which changed hands for US$975 million), as a whole the Asia Pacific region has performed strongly over the year, taking three of the top five spots in the Fastest Growing Investment Market ranking. Two of these cities, Taipei and Perth, witnessed buoyant growth as investors demonstrated a preference for CBD office buildings.

However, while Asia's performance has been impressive, it is North America which has again dominated the ranking overall, accounting for 17 of the top 25 cities and two of the top five. This was bolstered by the broad spread of mature and expansive cities in the region and the large individual lot sizes found in most areas. The biggest deal in the region was the US$1.2 billion sale of Scotia Plaza in Toronto, confirming a preference for well-located, multi-tenanted office space. European cities featured three times in the ranking, with Munich sixth, Oslo ninth and Berlin 15th. Broken down by sector, the largest deals concluded in Oslo were office-related, with shopping centre and residential transactions more prominent in the German cities.

"Cities offering size and/or those with trophy buildings for sale (which may not have previously traded) registered the best growth over the last year, with a clear preference for multi-tenanted, CBD offices in an attempt to secure income streams and dampen any over-reliance on one occupier."

TOP 25 CITIES FOR GLOBAL PROPERTY INVESTMENT GROWTH IN 12 MONTHS TO Q2 2012

Excludes development sites, greater city area, closed deals, US$5 million plus. Base volume (Q3 2010 - Q2 2011) greater than US$ 1billion



Source: Cushman & Wakefield, Real Capital Analytics

TOP DESTINATIONS FOR RETAIL INVESTMENT

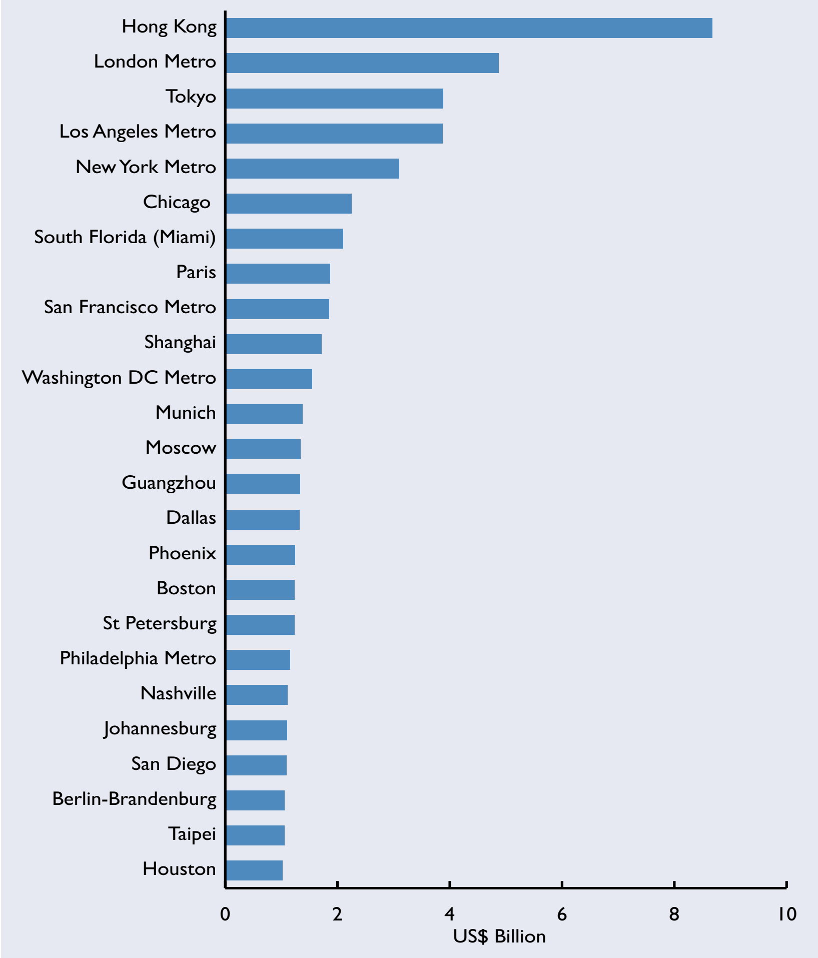
Hong Kong retained the top spot for retail sector investment over the twelve months to Q2 2012, with volumes reaching US$8.7 billion, boosted by the substantial US$2.4 billion sale of Festival Walk. London claimed the second position, moving up three places due to the sale of a 50% share of Westfield Stratford City for US$1.4 billion, helping the city reach US$4.9 billion over the year. Tokyo climbed from sixth place to third, with Los Angeles and New York taking fourth and fifth, respectively. Johannesburg, the only African location to feature, hit the top 25 and claimed 21st place, with US$1.1 billion of sales achieved (Q3 2011 – Q2 2012), linked to two larger shopping centre portfolio deals in 2011.

Overall retail volumes in the 12 months to Q2 2012 were down 1.1% compared with the previous year, but cities such as Tokyo and Shanghai performed particularly well on the back of strong demand from new market entrants, active expansion plans from already-established chains and tight supply levels. South American cities, while not in the top 50 globally, are witnessing good interest, underpinned by positive economic fundamentals. Although a lack of supply has been a key inhibitor to improved investment and leasing, activity is increasing as global interest grows in these rapidly expanding markets.

"Demand for retail investment is increasing as investors – particularly cross-border players – look for safe areas with long-term growth potential. Shopping centres are the best performing retail sub-sector, with investors seeking either established 'elite' schemes or those that can offer active management angles."

TOP 25 CITIES FOR RETAIL PROPERTY INVESTMENT IN 12 MONTHS TO Q2 2012

Commercial retail property, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

TOP DESTINATIONS FOR OFFICE INVESTMENT

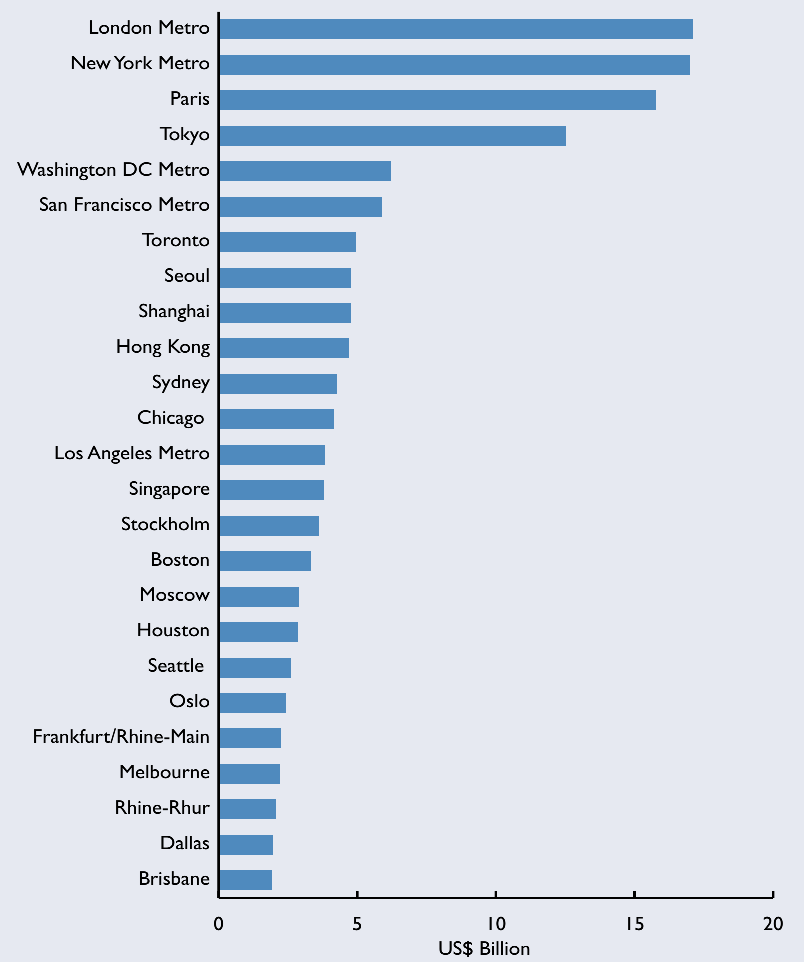
Overall trading volumes in the global office market were up by 2.3% in the twelve months to Q2 2012, with London once again taking the top place for office property investment as investors look to safe havens during the current turbulent times. Indeed, the top 5 spots in 2012 are the same as that seen in the 2011, with New York in 2nd place, followed by Paris, Tokyo and Washington DC. In this year's ranking, the top 5 locations recorded a total of US$68.6 bn worth of transactions – a marginal increase of 2.4% compared with the twelve months to Q2 2011, albeit driven by growth in Paris and New York.

Investment activity is concentrated in relatively few global markets with only three new entrants in the Top 25 2012 City Ranking, namely Oslo, Dallas and Brisbane, displacing Beijing, Miami and Hamburg. However, with demand strong in these cities, some core investors are beginning to broaden their horizons. Overall, the remainder of 2012 and beginning of 2013 will see investors continue to focus on core locations and larger, more liquid markets, largely due to the anticipated slow stabilisation and recovery in the economic and macro business environments. However, supply shortages in some leading cities are expected to drive an early return of rental growth.

"Centrally located offices dominate the sector, with a clear preference for schemes that possess good covenants that support their income streams. While investors are seeking yield in some areas, secondary quality buildings or those located in secondary locations are still largely being ignored."

TOP 25 CITIES FOR OFFICE PROPERTY INVESTMENT IN 12 MONTHS TO Q2 2012

Commercial office property, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

TOP DESTINATIONS FOR INDUSTRIAL INVESTMENT

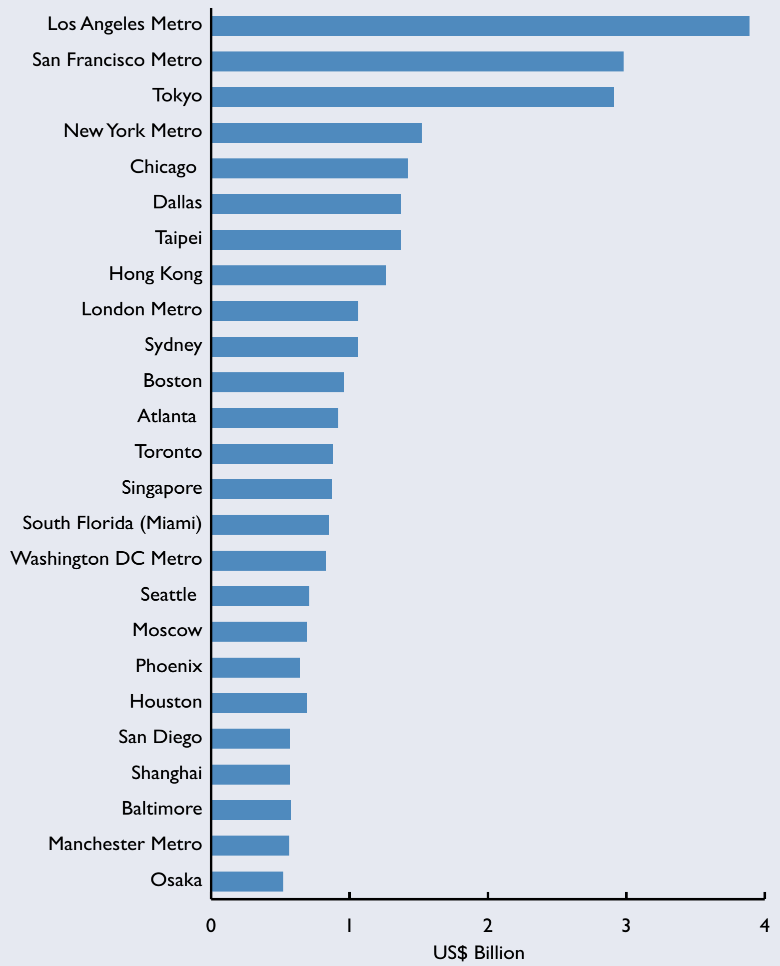
Concerning the top destinations for industrial investment (twelve months to Q2 2012), Los Angeles comes out on top for 2012, moving up one place from 2011. North American cities as a whole dominated industrial investment activity this year, with the region taking 15 of the top 25 places in the ranking. However, there have been signs that, over time, North America is beginning to lose ground to the increasingly-competitive Asia Pacific markets. This is particularly evident in the manufacturing sector, which saw the region take 7 of the top 25 global spots.

Tokyo was the most active Asia Pacific city, displacing Singapore from first place (which consequently fell to 14th place). A number of markets in the region, both emerging (e.g China) and mature (e.g Japan), have an undersupply of Grade A space, causing prices to come come under pressure and sparking increased investor interest. Europe also managed to squeeze into the top 25 cities ranking, securing three places. London just made it into the top 10 in 9th place, followed by Moscow in the 18th spot and Manchester in 24th place. E-tailing continues to be a driver of logistics globally, and alongside the increasingly global outlook of many operators, key locations are expected to see an increased level of activity over the next twelve months. In addition, with sustainability becoming an increasingly crucial consideration to occupiers as companies look to future costs and become more aware of their environmental responsibility, green schemes will become more of an interest and hot topic in the industrial investment market.

"Overall investment globally into the industrial market was slower in 2012 than the previous 12 months as both the uncertain economic environment and the limited availability of prime product in core markets impact on activity."

TOP 25 CITIES FOR INDUSTRIAL PROPERTY INVESTMENT IN 12 MONTHS TO Q2 2012

Commercial industrial property, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

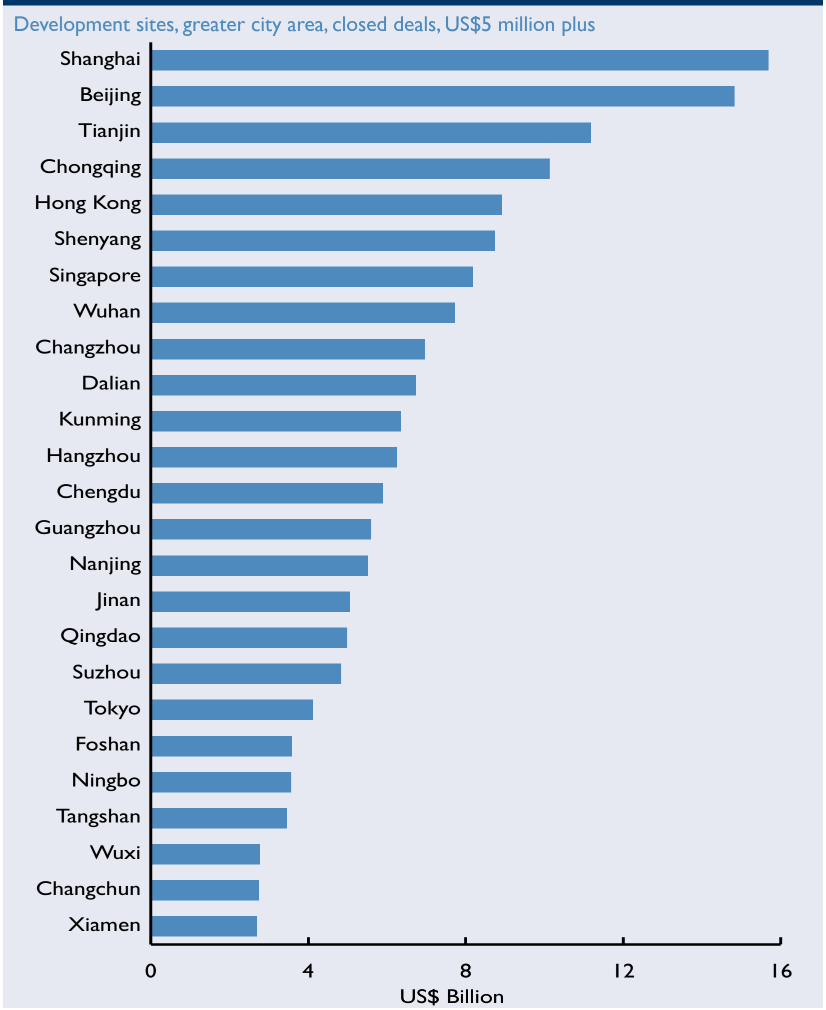
TOP DESTINATIONS FOR INVESTMENT IN DEVELOPMENT SITES

The Asia Pacific region continued its global dominance in terms of investment and led the way in the development site/land investment market in the twelve months to Q2 2012, taking all of the top 25 spots. The individual rankings were largely the same as in 2011 with only three new entrants: Jinan (16th place), Tangshan (22nd place) and Xiamen (25th place), in doing so displacing Fuzhou, Harbin and Hefei. Looking at the top spots, Shanghai and Beijing remained first and second, respectively. However, the overall amount of activity amongst the top 25 cities has slowed, with trading volumes over the period down 21% on an annual basis, reaching US$166.6 billion in the year to Q2 2012. This is largely due to central government intervention and the issuing of policies and measures aimed at discouraging speculative or investment-driven housing demand. These include higher down-payments, higher loan rates and a ban on third home purchases, all of which have dampened demand.

The only non Asia Pacific locations to make it into the top 50 were London, taking the 33rd spot, and New York in 36th place. The largest single transaction outside of the Asia Pacific region was the sale of a site in Dubai by a local Emirati investor to Canada's Phoenician Funds in the region of US$400 million.

"The dominance of the Asia Pacific region for investment into development sites continues, although overall activity levels have slowed as central governments intervened in a bid to cool the market, particularly in China. These brakes, however, may come off in 2013 as renewed stimulus may be warranted."

TOP 25 CITIES FOR GLOBAL PROPERTY INVESTMENT IN DEVELOPMENT SITES IN 12 MONTHS TO Q2 2012



Source: Cushman & Wakefield, Real Capital Analytics

TOP DESTINATIONS FOR MULTI-FAMILY RESIDENTIAL INVESTMENT

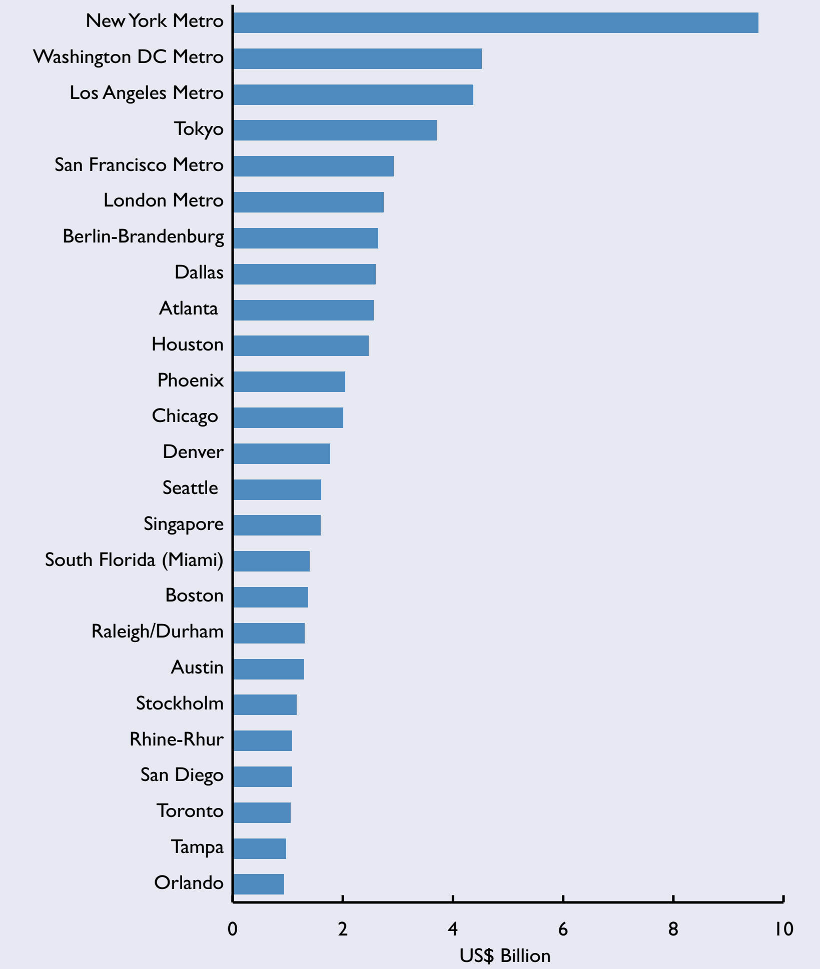
New York retains its number one position as the largest global residential market (multi-family). Indeed the top seven places are unchanged from the 2011 ranking with a definitive investor focus on densely populated metropolitan areas that have an established residential market. The largest single deal was just under US$920 million, where UK's Delancey acquired the Olympic Village in East London in a joint venture with the Qatari Investment Authority in 2011.

Investors are clearly keeping a keen eye on the residential rental market, especially in light of the tight lending conditions. This is largely affecting consumers who are now postponing purchasing decisions and consequently looking to the rental market to satisfy their accommodation needs for the time being. This, and the continued urbanisation in some areas of Asia Pacific and Latin America has seen global trading volumes in the residential sector record the largest gain of any sector over the year to Q2 2012, with activity up 26.6%.

"Insufficient bank lending in terms of consumer mortgages continues to stifle home buying activity, but as more occupiers are tending to lease rather than buy, investors are looking to leverage off this situation. Those cities seeing the most urban migration are also likely to benefit significantly from capital invested into the residential sector."

TOP 25 CITIES FOR MULTI-FAMILY RESIDENTIAL PROPERTY INVESTMENT IN 12 MONTHS TO Q2 2012

Multi-family, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

TOP DESTINATIONS FOR HOTEL INVESTMENT

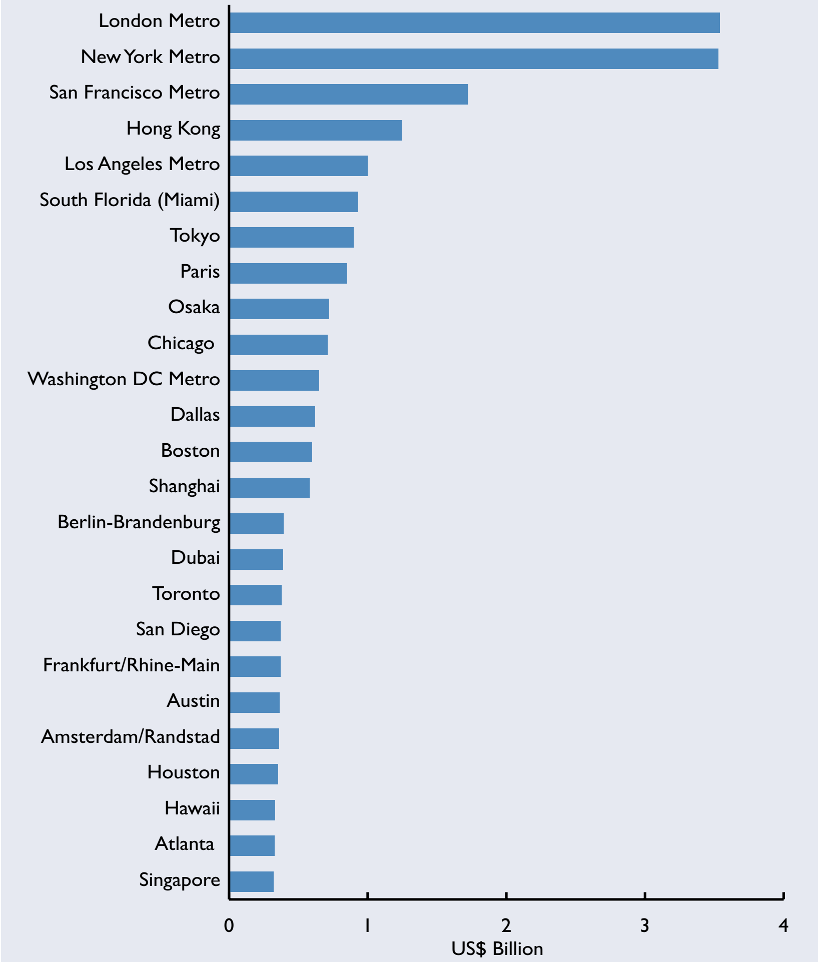
Helped no doubt by the Olympics, London rose to claim first place in the Top Destinations for Hotel Investment ranking for 2012, usurping New York in the process. Indeed, the largest single asset deal was also recorded in London, with the world famous Claridge's Hotel changing hands for approximately US$500 million. Down from six in 2011, five of the top ten cities by trading volumes were in the USA, making way for the reappearance of Hong Kong from the Asia Pacific region and first time entrants Tokyo and Osaka. Aside from London, Paris remains the only other European city to feature in the top 10, moving from third place to eighth.

Globally, investment into the hotel sector was down 12.4% in the twelve months to Q2 2012 compared with the previous year as economic headwinds have lengthened deal closing times and slowed activity. Given the constrains on lending by banks, equity investors and high net worth individuals, alongside sovereign wealth funds, are expected to continue to be most active players in the sector. These investors will focus on core –often trophy – products leased to top branded operators with proven income streams, and consequently the gap between the first tier and the rest of the market is likely to widen further.

"Gateway Locations with proven business and tourist footfall will serve as target markets for investors, although brand positioning will also remain a key factor in the decision-making process."

TOP 25 CITIES FOR HOTEL INVESTMENT IN 12 MONTHS TO Q2 2012

Hotel property, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

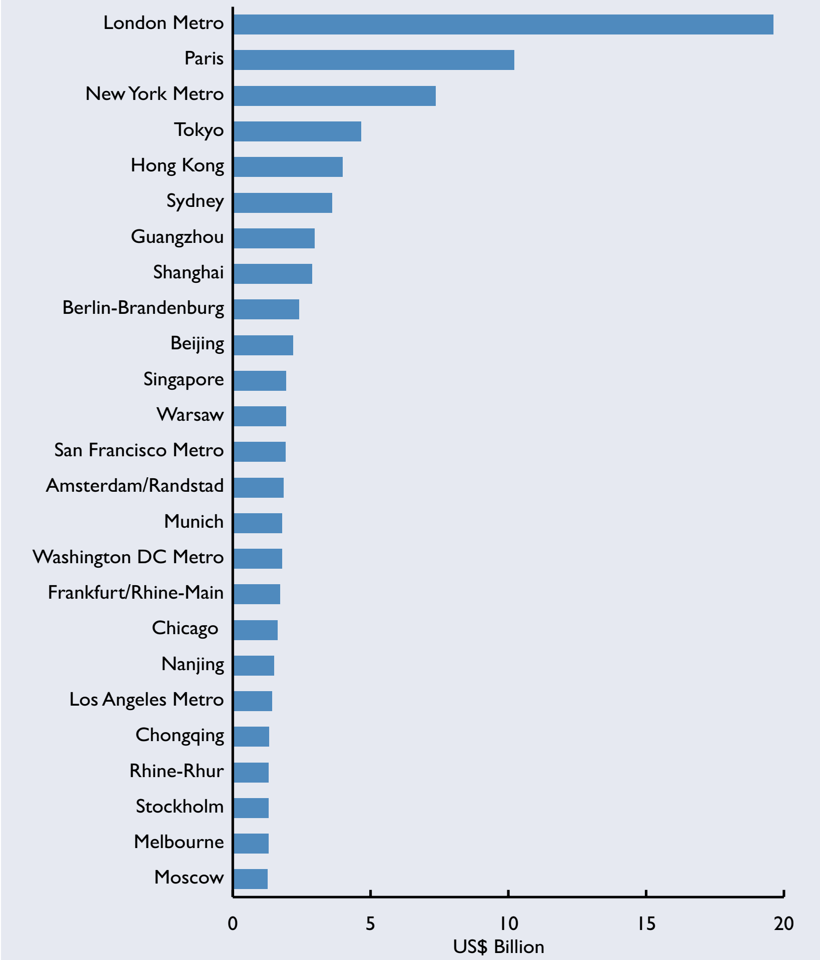
TOP DESTINATIONS FOR CROSS-BORDER INVESTMENT

Global flows of cross-border capital reached US$150 billion in the 12 months to Q2 2012, a rise of 4.3% on the same period in 2011 and outperforming the market as a whole which fell by 7.5% (including development sites). London topped the table for the second year in a row at US$19.6 billion, with Paris some way back in second place and New York securing third spot. Tokyo and Hong Kong are the top two Asia Pacific cities slotting in at fourth and fifth, respectively. With sentiment uncertain on the economic background but generally positive on prime real estate, activity is focused on those locations that are perceived to offer some level of security as investors balance potential rewards against their heightened sensitivity to risk. Indeed, all of the top 5 locations saw increases in the amount of international capital invested over the past year. The total amount of cross-border capital (including development sites) equated to 19.3% of total global trading volumes (year to Q2 2012). This represents a rise in market share of 2.2%, and consensus indicates this is only to increase further in the coming year.

"Cities with a proven track record for both the ease of market entry and market exit will continue to attract most international capital, and with demand for core product dominating the market, pricing for these assets will remain keen and could increase in some areas in 2013."

TOP 25 CITIES FOR CROSS-BORDER INVESTMENT IN 12 MONTHS TO Q2 2012

All sectors, greater city area, closed deals, US$5 million plus



Source: Cushman & Wakefield, Real Capital Analytics

PROPERTY YIELDS

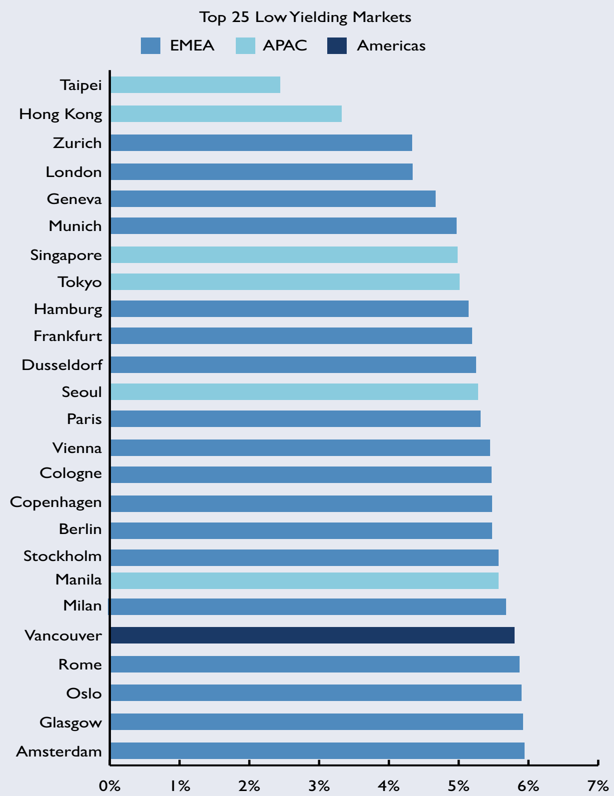
Global property yields for prime real estate – as an average weighted across the primary office, retail and industrial commercial sectors – stood at 6.86% at Q2 2012. With prime, core product seeing relatively healthy levels of demand, the all-sector weighted average prime yield moved in by 5 basis points over the twelve months to Q2 2012. In contrast secondary tiers of the market were reportedly weaker in all areas.

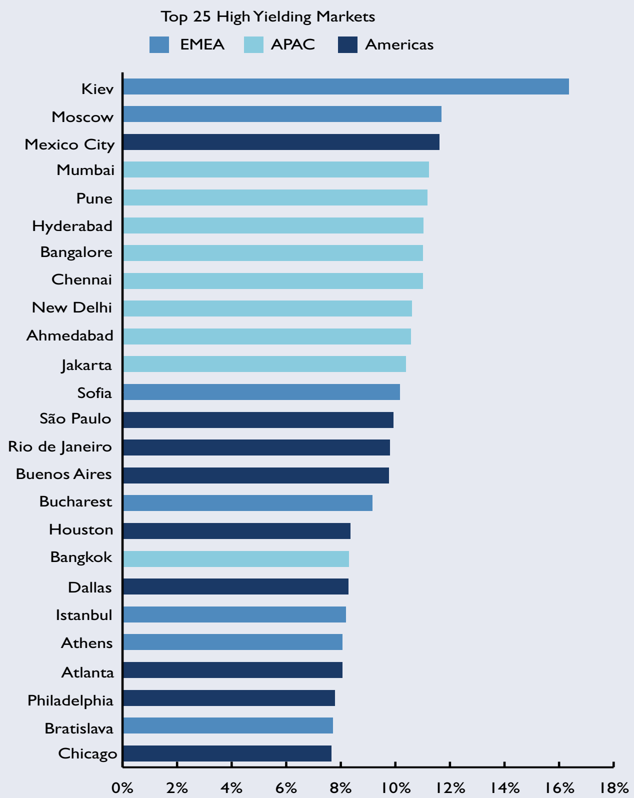
Geographically, the Americas experienced the largest fall in the all-sector weighted yield, moving in by 20 basis points to 7.26%, largely driven by compression in the office and industrial sectors in the more emerging locations across the region. Indeed, nine locations out of the top 25 "high yielding" markets were in the Americas region, equal to that in Asia Pacific and with seven in Europe. Meanwhile, European cities featured 18 times in the top 25 global "low yielding" markets, making it the most stable region over the last twelve months. The majority of yield movement with European was compression in the higher yield markets such as Moscow, Kiev and Istanbul, amongst others.

"Mature core markets and those experiencing healthier levels of demand against limited quality supply have seen prime yields move in, albeit marginally in most instances. Regions with a higher number of less mature real estate cities are seeing greater spreads, reflecting the level of risk attached to these locations."

LOW AND HIGH YIELDS BY REGION

All sector, 3 year, weighted average, based on 97 global cities





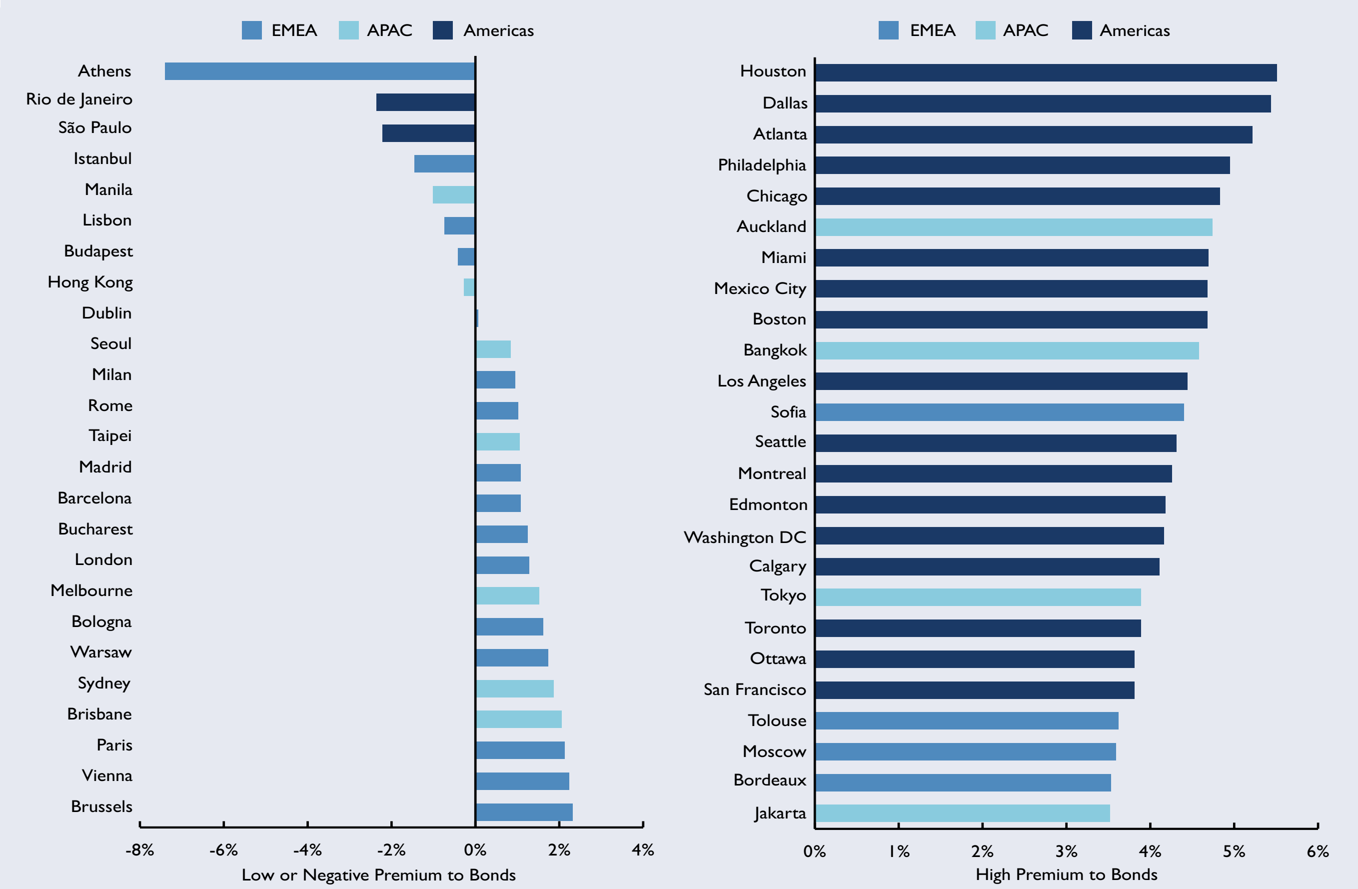
Source: Cushman & Wakefield

PROPERTY YIELD PREMIUM

Real estate's premium over bonds in most global markets is at an all time high, and with interest rates set to remain low in an attempt to stir the global economy demand for property will remain robust. However, while on average globally there is a 265 basis point premium in prime property over bond yields, investors now require a much higher return or reward for investing in troubled and emerging real estate markets around the world. The figures below, based on the premium in property yields over the average for bond yields over the past three years, shows the relative spread and how it differs from market to market. At one end of the spectrum Athens property fails to match the high-risk premium in its bond market with a discount of 740 basis points, while Houston at the other end of the spectrum has yields averaging 551 bps over US bond averages.

"While government bond yields are still considered as a low-risk hurdle rate, they are no longer considered universally as the 'risk free benchmark.' Interestingly however, 16 of the markets offering lower risk premiums are in Europe whereas 17 of those offering higher premiums are in the Americas."

PROPERTY YIELD PREMIUMS TO 10 YEAR BONDS (3 YEAR AVERAGE BOND YIELD AND 3 YEAR AVERAGE WEIGHTED PROPERTY YIELD)



Source: Cushman & Wakefield, Ecowin

WHAT IS DRIVING CITY SUCCESS?

POPULATION SIZE

ECONOMIC PERFORMANCE

RETAIL

COMMERCE AND FINANCE

INNOVATION

CONNECTIVITY

GREEN TRANSPORT

QUALITY OF LIFE

TOURISM AND CULTURE

EDUCATION AND SKILLS

Moscow, Russia

POPULATION SIZE

Rather than consider a city purely on its internal population, it is crucial to include the areas which are directly impacted by the daily economic, cultural and business activities related to that city to understand the true force of a city's population. An agglomeration is just that: a network of one or more cities connected with the neighboring areas directly associated either by an extension of the city or by a network of commuters. Within the top 20 cities in terms of population size, the high majority represent agglomerations, some even consisting of more than one city. As an example, Tokyo – with the highest metropolitan population in the world – consists of not only Tokyo proper but also the areas of Yokohama, Kawasaki and Saitama. As another example, combined into the population of New York are the areas of Bridgeport, Newark and New Haven, creating a New York Metro area that more accurately demonstrates the commuting impact on the city. Looking at the spread of cities per region, as evident the top 20 cities are heavily dominated by Asia Pacific, largely as a consequence of high birth rates and a rapid net migration to the major urban centres within these locations. Similarly to 2011, Moscow represents the only European within the top 20 cities.

"An agglomeration, defined as one or more cities combined with its neighbouring commuter and built-up areas, better reflects the full force of a population and its impact on the daily business, cultural and economic activities of a city."

Tokyo, Japan

TOP CITIES BY POPULATION SIZE

RANK	COUNTRY	CITY	POPULATION (MILLION)
1	Japan	Tokyo	34.5
2	China	Guangzhou	25.9
3	China	Shanghai	25.5
4	Indonesia	Jakarta	25.4
4	Korea (Republic of)	Seoul	25.4
6	Mexico	Mexico City	23.3
7	India	New Delhi	23.2
8	Pakistan	Karachi	21.7
9	Philippines	Manila	21.5
9	USA	New York	21.5
11	Brazil	São Paulo	21.2
12	India	Mumbai	20.9
13	USA	Los Angeles	17.0
14	Japan	Osaka	16.8
15	China	Beijing	16.5
16	Russia	Moscow	16.2
17	Egypt	Cairo	15.8
18	India	Kolkata	15.7
19	Argentina	Buenos Aires	14.3
20	Bangladesh	Dhaka	14.1

Source: Thomas Brinkhoff: The Principal Agglomerations of the World

ECONOMIC PERFORMANCE

The shifts in the balance of economic power between the mature and emerging markets as well as between east and west were prominent topics of discussion even before the credit crunch and great recession hit. When examining the relative economic strength of markets, these topics become evident in both city and national-level performances. Out of the 25 most successful cities in terms of the 2010-2011 recovery, an overwhelming majority (18) of these locations are in the Asia Pacific region and 15 are global emerging markets (12 in Asia, 2 in Latin America and 1 in Europe). This spread is compared with the results prior to the recession, where 11 of the top 25 performing cities were from Asia Pacific and only 7 were emerging markets. More specifically, China produced 11 of the more dynamic metro areas in terms of economic recovery, all of which are distinguished not only by rapid GDP and employment growth but also by impressive productivity gains.

Moreover, analysing the relative economic strength of various markets suggests that one of the primary shifts in economic power has been from North America to the growing markets of Asia and Latin America. However, the long-term strength of the top US cities as well as the mature European markets such as London will maintain a positive performance in the future evolution of these cities as they continue to attract investors' attention, largely due to their impressive size and well-established importance on the global map.

"Although a two-speed recovery may be underway – which favours emerging markets over developed cities – it is important to note that growth patterns are perhaps more diverse by city than by country. For example, in the long-term economic performance rankings, 18 out of 25 cities were mature markets. Additionally, New York and three German cities also made the top 25 in terms of recovery, as did a strong selection of mature Asian cities led by Singapore."

ECONOMIC PERFORMANCE RANKING

RANK	LONG TERM PRE-RECESSION	RECOVERY POST RECESSION
1	Seoul	Shanghai
2	London	Singapore
3	Shanghai	Guangzhou
4	Los Angeles	Tianjin
5	Beijing	Shenzhen
6	Shenzhen	Buenos Aires
7	Boston	Hong Kong
8	Singapore	Taipei
9	Guangzhou	Chongqing
10	Dallas	São Paulo
11	New York	Stuttgart
12	Moscow	Moscow
13	Hong Kong	Shenyang
14	San Diego	Wuhan
15	Taipei	Foshan
16	San Francisco	New York
17	Portland	Nanjing
18	Washington	Bangkok
19	Phoenix	Seoul
20	Dublin	Frankfurt
21	Miami	Hangzhou
22	Tianjin	Jakarta
23	Melbourne	Taichung
24	Sydney	Kaohsiung
25	Istanbul	Cologne-Düsseldorf

Source: Cushman & Wakefield analysis using data from: Brookings Institute, Oxford Economics, Moody's Analytics, U.S. Census Bureau

Shanghai, China

RETAIL

Retail is an important sector when assessing city strength. An increasingly vital contributor towards economic activity –through both employment and expenditure – the sector also attracts visitors seeking not only culture and leisure from their travels but also premier shopping locations housing a wide range of international brands. The overall retail ranking below comprises four different categories, namely gross domestic product, population, prime rents and visitor numbers. These categories were ranked individually and weighted equally to form a composite figure, which was ranked in ascending order with the lowest figure highlighting the strongest retail city.

New York was the top retail destination in the world, on this measure followed very closely by London in second and Tokyo in third place. However, despite "The Big Apple" leading the way, Asia Pacific had more cities (5) in the top 10 than any other region, and 15 of the top 20 were cities situated in either Europe or Asia Pacific. Nevertheless, the USA had more entries (4) in the top 20 than any other country, highlighting its role as a key driver in the global retail landscape.

New York, USA

TOP CITIES FOR RETAIL

RANK	COUNTRY	CITY
1	USA	New York
2	UK	London
3	Japan	Tokyo
4	France	Paris
5	China	Hong Kong
6	USA	Los Angeles
7	Republic of Korea	Seoul
8	China	Shanghai
9	China	Beijing
10	Russia	Moscow
11	Singapore	Singapore
12	Italy	Rome
13	Spain	Barcelona
14	Italy	Milan
15	Turkey	Istanbul
16	USA	San Francisco
17	Brazil	São Paulo
18	Australia	Sydney
19	Spain	Madrid
20	USA	Miami

Source: Cushman & Wakefield analysis using data from: Euromonitor International, Brookings Institute, Oxford Economics, Moody's Analytics, U.S. Census Bureau

"A diverse international retailer mix, tourist attractions, ample modern space and an affluent population are some of the vital ingredients for a successful global retail city."

COMMERCE AND FINANCE

When examining business clusters, the same cities appear as leaders for either corporate representation, business services or financial services – but only 3 dominate in all areas: London, New York and Tokyo. Most cities have some degree of specialisation, for example with Brussels, Milan, São Paulo and Los Angeles ranking most highly as business services hubs. In general a broader range of cities enjoy a clustering of corporate headquarters (HQs), with regional and sub-regional hubs in cities such as Madrid, Moscow, Mumbai, Houston and Osaka which do not necessarily enjoy the same high weighting as financial and businesses hubs.

Interestingly, according to the Global Financial Centers Index (Z/Yen Group), the main area of improvement among financial centres in 2011 was in Europe – with centres such as Frankfurt, Munich, Luxembourg and Stockholm all moving forward. Making way for them in the main were Asian cities, particularly in mainland China, with currency controls highlighted as an issue. This however is likely to be just a short term barrier, and at the same time other Asian cities have continued to advance such as Seoul and Sydney. Asia now holds 8 of the top 25 places versus 9 in Europe and 8 in North America.

London, UK

“While London and Paris dominate, the European market has become more diverse, with the euro zone crisis impacting, particularly among financial centres. Dublin, Milan, Madrid, Lisbon and Athens have all moved down while Frankfurt, Paris, Vienna and Amsterdam moved up, as did a number of non-euro zone markets including Warsaw, Stockholm and Zurich.”

TOP CITIES FOR BUSINESS AND FINANCIAL SERVICES

COUNTRY	NO OF GLOBAL HQS	BUSINESS SERVICES	FINANCIAL SERVICES
London	4	1	1
New York	5	2	2
Tokyo	1	5	5
Hong Kong	15	3	3
Toronto	7	10	13
Paris	3	22	6
Singapore	32	4	4
Sydney	15	16	9
Frankfurt	15	13	14
Zurich	9	6	29
Chicago	32	7	7
Beijing	2	26	20
Seoul	6	9	37
Melbourne	15	20	17
Washington DC	32	15	8
Shanghai	10	8	40
Amsterdam	15	33	10
San Francisco	32	12	21
Stockholm	25	25	18
Munich	15	19	37

Source: Cushman & Wakefield analysis using data from: Fortune Magazine, Z/Yen Group, GaWC, Business services rank out of 178, Financial Centres out of 77

INNOVATION

Innovation is at the heart of keeping cities evolving and developing by utilising the intellectual capital within their environs. This ranking, as prepared by 2thinknow, lists the most innovative city worldwide as Boston, USA. Having a strong arts network and being home to both Harvard and MIT universities helped to keep Boston at the top of the rankings for the second consecutive year.

Boston was followed by San Francisco (Bay Area), in second place and Paris in third. The top ten is dominated by cities from North America and Western Europe, with the first Asian city, Hong Kong, placed in 15th position.

A further indication of innovation is the number of patents that are issued. A recent OECD survey on international patents and patent applications discovered that "ten metro areas account for just 2% of the global population but are home to the inventors of 24% of the world's patent applications." Although Europe had the most patent applications overall, at a city level the United States won out with five of the top ten cities. However, the overall share of global patents from the United States has fallen from 40% in 2000 to 28% in 2009, with an increasing number of top regional hubs for innovation being located in Asia.

"A number of active and energetic universities, a thriving arts scene and a supportive business network, are the key drivers for innovative cities, and this has kept many of the US and Western European cities at the head of innovation. However, the dropping number of patents and patent applications from the USA points to the increasing role of Asian markets as global centres of innovation."

Boston, USA

TOP CITIES FOR INNOVATION

RANK	COUNTRY	CITY
1	United States	Boston
2	United States	San Francisco (Bay Area)
3	France	Paris
4	United States	New York
5	Austria	Vienna
6	Netherlands	Amsterdam
7	Germany	Munich
8	France	Lyon
9	Denmark	Copenhagen
10	Canada	Toronto
11	United Kingdom	London
12	Germany	Frankfurt
13	Germany	Hamburg
14	Germany	Berlin
15	China	Hong Kong
16	Italy	Milan
17	Australia	Melbourne
18	Germany	Stuttgart
19	Spain	Barcelona
20	Australia	Sydney

Source: www.innovation-cities.com (2thinknow)

CONNECTIVITY

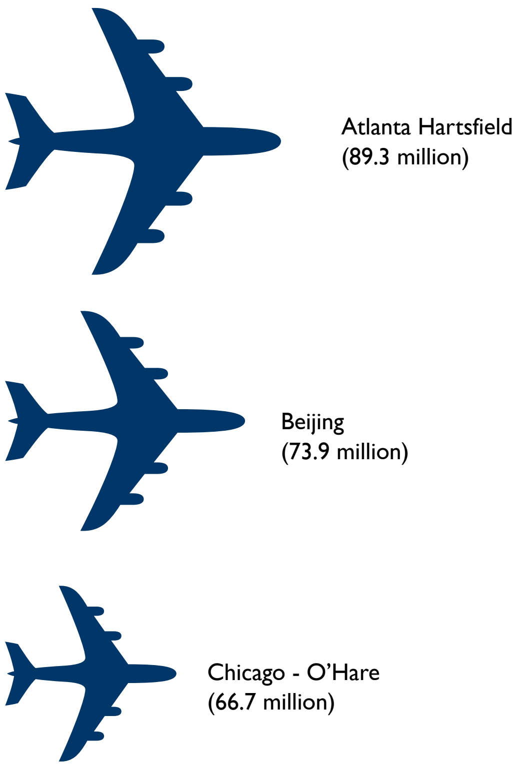
Connectivity is an important component for cities in relation to generating and sustaining business and leisure opportunities. Therefore, those cities towards the top of the connectivity ranking are seen as those with the best global connections by both air and sea in addition to possessing a comprehensive integrated internal transport system. Consequently, the majority of cities that make up the top ten are recognised as truly global locations, with Tokyo in first position and Hong Kong, New York and London in second, third and fourth place respectively. Tokyo has excellent international links by both air and sea and also possesses a comprehensive public transport network that allows smooth movement across the city, helping it to score well in each category and secure first place. In terms of public transport the majority of good performers were from Asia and Europe. Asia, and more specifically China, is well-represented in the top 10 for connectivity as a result of strong growth recently in both air and sea traffic, correlated to the recent strong economic expansion seen in China. When considering airport connectivity, the busiest global airports are largely dominated by those within China and the USA; however, there are a number of key hubs across Europe as well, such as London, Paris and Frankfurt.

TOP CITIES FOR CONNECTIVITY

RANK	COUNTRY	CITY
1	Japan	Tokyo
2	China	Hong Kong
3	USA	New York
4	United Kingdom	London
5	France	Paris
6	Singapore	Singapore
7	China	Guangzhou
8	USA	Chicago
9	USA	Los Angeles
10	China	Beijing
11	China	Shanghai
12	Spain	Madrid
13	Germany	Frankfurt
14	USA	Atlanta
15	UAE	Dubai
16	USA	Dallas
17	Netherlands	Amsterdam
18	USA	Denver
19	USA	San Francisco
20	Republic of Korea	Seoul

Source: Cushman & Wakefield analysis using data from: EPOMM, ACI, AAPA

BUSIEST AIRPORTS BY PASSENGER TRAFFIC ANNUAL 2010



Source: ACI

"A key component for the truly global city is connectivity with the rest of the world, whether by air, sea or inter-city transport. In the top 10 cities for connectivity, China sees multiple entries, largely due to its recent surge of economic growth and subsequent increased air and sea traffic"

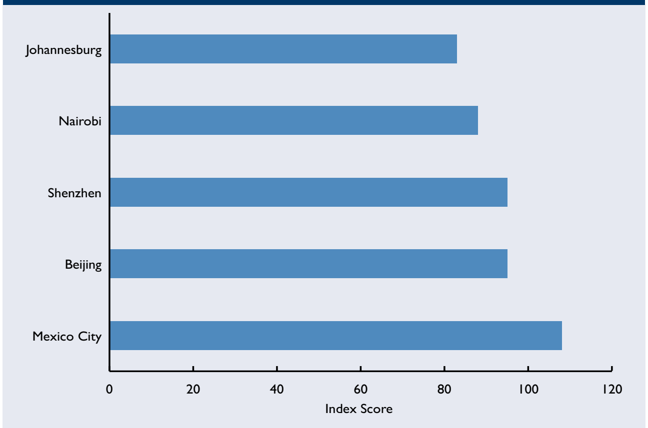
GREEN TRANSPORT

Many cities across the globe are blighted by crippling levels of congestion and, in a number of cases, severe pollution. Therefore, in order to try to alleviate these congestion levels, it becomes vitally important to work to change the travelling habits of a city's population. The incorporation of green modes of transport, such as cycling and the increasing provision of electric cars, aims to help to reduce both congestion and pollution and are crucial to a city's future success. In the discussion of the top cities for green transport, Berlin is ranked the 'greenest' not only due its bicycle-friendly outlook and the modal split of cycle usage but also because of its rapid adoption of electric vehicles. Further down in the ranking, a number of European and Chinese cities score well in terms of the modal split in favour of cycling, with most cities in the United States scoring poorly concerning cycling and cycling provision.

As a result of the strong modal split, European cities dominate the upper end of the ranking with seven of the top ten locations. The best performing city in the Americas was the Canadian city Montreal in third place, followed by New York in eleventh. Concerning Asian cities, Shanghai and Tokyo occupied fifth and sixth place respectively.

"High congestion and pollution can be severely detrimental to a city's success, and by embracing cycling and new technology – such as electric vehicles – cities are looking to improve their overall transport infrastructure."

WORST FIVE CITIES FOR COMMUTER PAIN



Index measures emotional and economic toll of commuting
Source: IBM 2011

TOP CITIES FOR GREEN TRANSPORTATION

RANK	COUNTRY	CITY
1	Germany	Berlin
2	Denmark	Copenhagen
3	Canada	Montreal
4	Germany	Hamburg
5	China	Shanghai
6	Japan	Tokyo
7	United Kingdom	London
8	Netherlands	Eindhoven
9	Germany	Munich
10	France	Paris
11	USA	New York
12	USA	Portland
13	Sweden	Stockholm
14	USA	Los Angeles
15	Netherlands	Amsterdam
16	China	Beijing
17	Netherlands	Groningen
18	Netherlands	Rotterdam
19	Belgium	Antwerp
19	Sweden	Malmo

Source: Cushman & Wakefield analysis using data from: EPOMM, IBM, OECD

QUALITY OF LIFE

Measuring the quality of life offered by a city can often vary in interpretation. However, there remain common threads in most definitions: personal safety and overall crime levels; climate; levels of pollution; and accessibility to good healthcare. Additionally, it is increasingly clear that national averages hide a marked diversity, and quality of life is increasingly best measured at a city level. Looking at the Mercers Quality of Life Index listed below, European cities dominate the ranking, taking four of the top five spots. Indeed, European cities featured 15 times in the top 25, with Asia Pacific locations taking 6 places with Auckland the top regional spot. This is then followed by Vancouver in fifth place, topping the ranking of American cities.

European cities appear to offer a mix of 'social-time' activities balanced against solid job opportunities, good healthcare, accessible public services and generally a lower-than-average crime rate. Canada serves as the star performer from the Americas, with four cities in the top 25 ranking. In Latin America, the well-publicised high levels of crime in some locations impact on the overall quality of life. The diversity of Asia Pacific sees the cities in more mature countries, such as New Zealand and Singapore, feature strongly in the ranking as they can provide a good range of influencing factors that include political stability, healthcare, public services and infrastructure.

"Global cities in the top 25 ranking are linked by their lower levels of crime, ability to offer a good standard of medical care as well as choice and diversity in cultural and leisure pursuits."

TOP CITIES FOR QUALITY OF LIFE

RANK	COUNTRY	CITY
1	Austria	Vienna
2	Switzerland	Zurich
3	New Zealand	Auckland
4	Germany	Munich
5	Germany	Düsseldorf
6	Canada	Vancouver
7	Germany	Frankfurt
8	Switzerland	Geneva
9	Switzerland	Bern
9	Denmark	Copenhagen
11	Australia	Sydney
12	Netherlands	Amsterdam
13	New Zealand	Wellington
14	Canada	Ottawa
15	Canada	Toronto
16	Germany	Hamburg
17	Germany	Berlin
18	Australia	Melbourne
19	Luxembourg	Luxembourg
20	Sweden	Stockholm
21	Australia	Perth
22	Belgium	Brussels
23	Canada	Montreal
24	Germany	Nuremberg
25	Singapore	Singapore

Source: Mercer's Quality of Life Index 2011

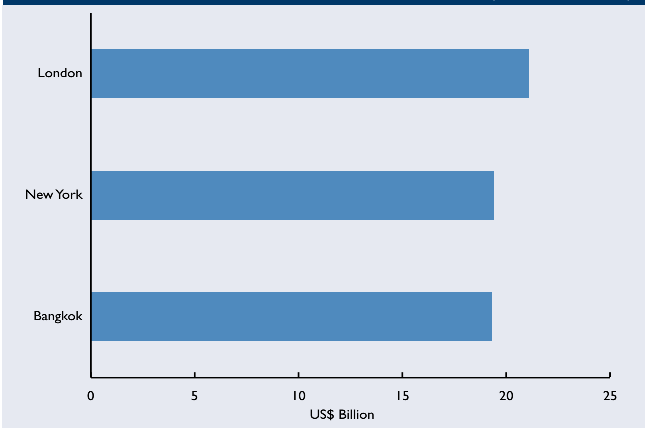
Vienna, Austria

TOURISM AND CULTURE

Although innately simple, the most inherent factor when considering the strength of a city as a tourist destination is determining whether it has something worth visiting. All of the 20 locations listed in the Top Cities for Tourism and Culture ranking offer either a strong historical and cultural pull for tourists or they are a vast, modern metropolis presenting easily-reachable modern entertainment. Additionally, 12 of the top 20 cities are country capitals, whereas the remaining locations are usually those that are the major business areas of the country – particularly in locations where the country has a smaller official capital. When analysing the regions of the cities, the majority of locations within the top ten are in Europe, which is readily explained by the tendency of most European cities to possess many heritage tourist sites that entice tourists. Excluding the United States, within the Americas only Mexico has representation in the tourism and culture ranking, with the lure of Aztec ruins, a close proximity to the US, numerous sporting events and other cultural and leisure activities accounting for the high interest in Mexico City.

"A combination of connectivity, historical interest and cultural and leisure pursuits all help to make a city a top tourist destination. In this regard, European cities come out on top due to the high number of heritage tourist attractions and easy accessibility to many parts of the world."

TOP REGIONAL CITIES FOR TOURIST SPEND (US$ BILLION)



Source: Mastercard Worldwide Insights, 2012

TOP CITIES FOR CULTURE

RANK	COUNTRY	CITY
1	United Kingdom	London
2	France	Paris
3	USA	New York
4	Spain	Madrid
5	Spain	Barcelona
6	Austria	Vienna
7	Italy	Rome
8	Republic of Korea	Seoul
9	Turkey	Istanbul
10	Netherlands	Amsterdam
11	China	Shanghai
12	Australia	Sydney
13	China	Beijing
14	USA	Los Angeles
15	USA	Miami
16	Japan	Tokyo
17	Germany	Berlin
18	Mexico	Mexico City
19	Italy	Milan
20	Russia	Moscow

Source: Cushman & Wakefield analysis using data from: UNESCO, Euromonitor International, MasterCard, Operabase, www.theartnewspaper.com

EDUCATION AND SKILLS

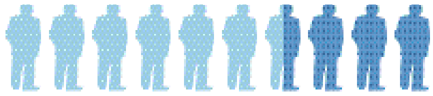
Intrinsic to determining a city's strength in education is its boasting the most prestigious and recognised universities in the world. Cities such as London and Boston have high numbers of top universities within close proximity, securing a prominent reputation for a wide availability of graduates and availability of skills. Indeed, this is the case for many of the locations, with the vast majority of the cities in the top 20 cities for education and skills having multiple top-rated universities within its metropolis. However, beyond numbers and university rankings, other factors – such as student population and the ratio of international to domestic students – are crucial in determining a city's proficiency in offering good education and skills. As a whole, a higher proportion of international students mirrors a city's attractiveness for education on a global scale, leading to a diverse range of graduates and available skills. In this category, the Australian cities lead the way with the highest scores for the mix of student populations. Additionally, the willingness of businesses to hire high-calibre graduates adds to the value of a city's available skill set. Measured by Quacquarelli Symonds Limited (QS), we see some unexpected cities rise to the top, including Singapore and Buenos Aires, showing the range of reputable institutions and graduates across the globe.

TOP CITIES FOR EDUCATION AND SKILLS

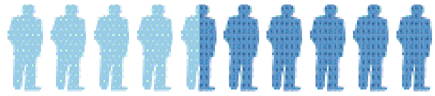
RANK	COUNTRY	CITY
1	United Kingdom	London
2	France	Paris
3	USA	Boston
4	China	Hong Kong
5	Australia	Melbourne
6	Switzerland	Zurich
7	Singapore	Singapore
7	Australia	Sydney
9	Sweden	Stockholm
10	Canada	Montreal
11	USA	New York
12	USA	Chicago
13	Ireland	Dublin
14	China	Beijing
15	Germany	Munich
16	Japan	Tokyo
17	Germany	Berlin
18	Netherlands	Amsterdam
19	Canada	Toronto
20	Denmark	Copenhagen

Sources: Cushman & Wakefield analysis using data from: Times Higher Education, QS Quacquarelli Symonds Limited

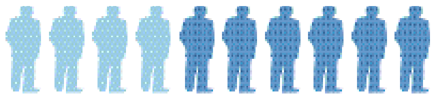
PROPORTION OF INTERNATIONAL STUDENTS TOP IN REGION, 2011



London School of Economics, London, UK
(64% international/EU students)



Illinois Institute of Technology, Chicago, USA
(44% international students)



RMIT University, Melbourne, Australia
(40% international students)

Source: university websites

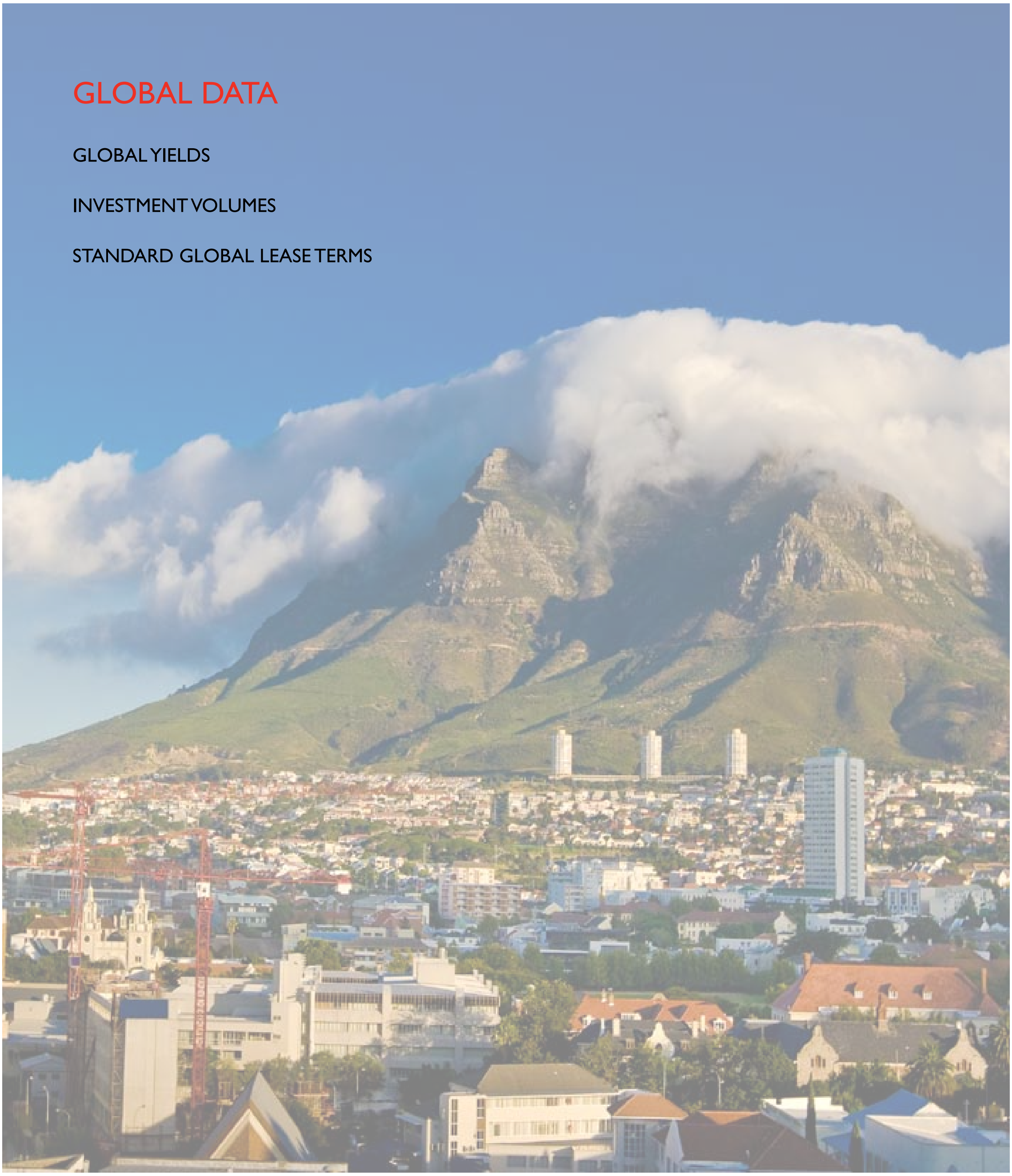
"What makes a city a hub for education and skills not only includes the calibre of its universities but also the actual talent produced by these institutions, whether from its ability to attract a global student base or how these graduates are judged by the major employers within the city."

GLOBAL DATA

GLOBAL YIELDS

INVESTMENT VOLUMES

STANDARD GLOBAL LEASE TERMS



Cape Town, South Africa

GLOBAL YIELDS

GLOBAL YELDS - PRIME GRADE A, JUNE 2012

COUNTRY	OFFICES	SHOPS	INDUSTRIAL
Argentina	10.00%	9.00%	12.00%
Australia	6.50%	5.50%	8.35%
Austria	5.35%	4.25%	7.50%
Bahrain	10.00%	11.00%	12.00%
Belgium	6.35%	4.75%	7.50%
Brazil	9.00%	7.50%*	12.00%
Bulgaria	9.50%	9.00%	11.75%
Canada	5.30%	4.70%	5.90%
Channel Islands	6.00%	6.25%	-
Chile	8.50%	7.50%*	9.50%
China	5.60%	4.50%	6.50%
Colombia	13.00%	11.00%	10.50%
Croatia	8.00%	7.75%	9.50%
Czech Republic	6.25%	6.00%*	8.00%
Denmark	5.25%	5.00%	7.50%
Ecuador	11.50%	15.50%	12.40%
Estonia	8.00%	8.25%	9.50%
Finland	5.50%	5.00%	7.50%
France	4.50%	4.25%	7.25%
Germany	4.75%	4.05%	6.50%
Greece	9.00%	7.85%	12.00%
Hong Kong	2.90%	2.40%	3.60%
Hungary	7.25%	6.50%*	9.00%
India	10.00%	10.00%	9.00%
Indonesia	7.00%	10.00%	11.00%
Ireland	7.80%	6.90%	9.00%
Israel	7.50%	7.25%	8.50%
Italy	5.50%	6.25%*	7.75%
Japan	4.30%	4.70%	6.20%
Latvia	8.50%	8.50%	9.50%

*Shopping Centres
Notes:
Data relates to top city/cities only and is not a country average.
Yields marked in red are calculated on a net basis to include transfer costs, tax and legal fees.
Source: Cushman & Wakefield

GLOBAL YELDS - PRIME GRADE A, JUNE 2012

COUNTRY	OFFICES	SHOPS	INDUSTRIAL
Lithuania	7.50%	8.25%	9.00%
Luxembourg	6.00%	5.50%	8.50%
Malaysia	6.00%	5.00%*	7.75%
Mexico	11.50%	11.00%	11.75%
Netherlands	6.05%	4.70%	7.60%
New Zealand	7.50%	6.00%	7.50%
Norway	5.25%	5.25%	6.50%
Peru	11.50%	17.00%*	18.00%
Philippines	7.00%	3.20%	3.60%
Poland	6.25%	6.00%*	7.75%
Portugal	7.75%	7.00%	9.50%
Republic of Korea	6.50%	7.00%*	-
Romania	8.50%	8.50%*	9.50%
Russia	8.50%	9.25%*	10.50%
Serbia	10.50%	10.50%	13.00%
Singapore	4.00%	6.40%*	6.70%
Slovakia	7.25%	7.25%*	8.75%
Slovenia	7.75%	6.75%	9.00%
South Africa	9.00%	7.25%*	10.00%
Spain	6.00%	4.85%	8.25%
Sweden	4.75%	5.00%	6.75%
Switzerland	3.80%	3.90%	5.50%
Taiwan	1.95%	1.75%	2.25%
Thailand	7.00%	9.00%	8.50%
Turkey	7.65%	7.25%	9.00%
Ukraine	15.00%	16.00%	16.00%
United Arab Emirates	10.00%	11.00%	8.50%
United Kingdom	4.00%	3.00%	5.75%
USA	4.90%	5.00%	6.00%
Vietnam	11.50%	11.00%*	10.00%

*Shopping Centres
Notes:
Data relates to top city/cities only and is not a country average.
Yields marked in red are calculated on a net basis to include transfer costs, tax and legal fees.
Source: Cushman & Wakefield

INVESTMENT VOLUMES

TOTAL INVESTMENT VOLUMES

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 New York Metro	$34,684,213,620	17.5%
2 London Metro	$29,313,332,246	2.4%
3 Tokyo	$23,921,608,806	-7.6%
4 Paris	$19,434,399,700	12.3%
5 Los Angeles Metro	$16,965,881,654	-0.4%
6 Hong Kong	$16,811,979,810	-4.6%
7 San Francisco Metro	$15,385,083,694	15.0%
8 Washington DC Metro	$13,794,705,826	-4.7%
9 Chicago	$10,572,543,045	13.2%
10 Toronto	$8,031,490,550	26.4%
11 Shanghai	$7,897,026,601	42.8%
12 Dallas	$7,885,963,922	19.0%
13 Boston	$7,522,593,126	32.1%
14 Houston	$7,298,762,891	39.0%
15 Singapore	$7,298,373,016	-48.8%
16 South Florida (Miami)	$6,516,306,270	-1.3%
17 Sydney	$6,410,910,527	0.2%
18 Stockholm	$6,355,892,918	-1.9%
19 Seoul	$5,996,745,546	-26.9%
20 Seattle	$5,935,710,980	41.6%
21 Atlanta	$5,912,171,681	19.4%
22 Berlin	$5,782,419,407	34.0%
23 Moscow	$5,174,307,361	-14.9%
24 Phoenix	$5,035,919,942	12.9%
25 Denver	$4,596,494,788	44.3%
26 San Diego	$4,494,492,859	8.3%
27 Rhine-Rhur	$4,470,273,069	-12.6%
28 Taipei	$4,323,586,548	86.0%
29 Frankfurt/Rhine-Main	$3,975,268,207	-20.0%
30 Munich	$3,847,639,580	69.4%
31 Amsterdam/Randstad	$3,646,524,629	-18.0%
32 Melbourne	$3,395,416,258	-38.7%
33 Brisbane	$3,258,666,162	37.2%
34 Guangzhou	$3,199,131,764	184.3%
35 Beijing	$3,077,463,375	-51.3%
36 Hamburg	$2,946,634,521	-34.6%
37 Osaka	$2,894,319,724	-4.7%
38 Philadelphia Metro	$2,852,038,122	15.7%
39 Baltimore	$2,847,416,303	110.8%
40 Austin	$2,841,471,491	45.7%
41 Oslo	$2,796,591,646	44.6%
42 Charlotte	$2,723,398,102	130.5%
43 Vancouver	$2,276,361,934	4.0%
44 Calgary	$2,227,557,803	25.4%
45 Raleigh/Durham	$2,166,275,962	59.8%
46 Nashville	$2,071,822,052	120.0%
47 Minneapolis	$2,064,840,102	7.5%
48 Orlando	$2,008,767,617	-4.3%
49 Warsaw	$1,957,339,403	3.4%
50 Stuttgart	$1,910,581,699	163.3%

Source: Cushman & Wakefield, Real Capital Analytics

RETAIL SECTOR

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 Hong Kong	$8,677,656,313	57.8%
2 London Metro	$4,869,535,454	29.6%
3 Tokyo	$3,884,913,290	-17.9%
4 Los Angeles Metro	$3,870,889,162	62.2%
5 New York Metro	$3,101,715,489	-16.3%
6 Chicago	$2,249,545,527	25.7%
7 South Florida (Miami)	$2,095,867,595	70.6%
8 Paris	$1,866,116,526	-24.9%
9 San Francisco Metro	$1,847,220,670	15.9%
10 Shanghai	$1,719,625,521	144.6%
11 Washington DC Metro	$1,547,877,101	20.5%
12 Munich	$1,377,801,406	131.6%
13 Moscow	$1,341,041,179	94.1%
14 Guangzhou	$1,333,810,236	1214.0%
15 Dallas	$1,321,981,657	63.6%
16 Phoenix	$1,238,793,151	56.2%
17 Boston	$1,229,439,866	3.4%
18 St Petersburg	$1,227,821,600	321.9%
19 Philadelphia Metro	$1,145,862,017	47.5%
20 Nashville	$1,111,718,962	439.2%
21 Johannesburg	$1,104,525,455	129.2%
22 San Diego	$1,092,623,393	146.1%
23 Berlin-Brandenburg	$1,058,683,356	59.7%
24 Taipei	$1,058,559,058	28.4%
25 Houston	$1,016,080,686	15.7%
26 Baltimore	$959,506,472	172.3%
27 Stockholm	$932,527,947	-26.3%
28 Seattle	$932,498,440	184.9%
29 Sydney	$888,687,370	-28.7%
30 Frankfurt/Rhine-Main	$884,952,649	33.1%
31 Warsaw	$834,043,268	18.3%
32 Rhine-Rhur	$801,449,960	-64.1%
33 Seoul	$782,159,930	-52.2%
34 Toronto	$776,009,236	-56.5%
35 Brisbane	$763,676,829	301.1%
36 Atlanta	$742,021,925	-23.9%
37 Singapore	$720,199,904	11.8%
38 Charlotte	$711,491,098	166.8%
39 Stuttgart	$692,851,964	245.4%
40 St Louis	$690,969,272	67.5%
41 Hawaii	$638,952,872	84.9%
42 Kansas City	$632,803,725	284.7%
43 Minneapolis	$567,928,291	23.6%
44 Hamburg	$560,405,010	-56.1%
45 Birmingham	$555,203,449	-49.0%
46 Melbourne	$525,687,305	-68.1%
47 Cape Town	$523,256,465	767.5%
48 Osaka	$518,331,379	-37.1%
49 Amsterdam/Randstad	$506,489,823	-64.3%
50 Vancouver	$501,464,702	31.9%

Source: Cushman & Wakefield, Real Capital Analytics

INVESTMENT VOLUMES

OFFICE SECTOR

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 London Metro	$17,092,330,000	-15.2%
2 New York Metro	$16,982,324,033	11.4%
3 Paris	$15,768,959,279	47.5%
4 Tokyo	$12,515,819,779	-8.8%
5 Washington DC Metro	$6,228,943,791	-12.9%
6 San Francisco Metro	$5,897,425,598	17.6%
7 Toronto	$4,939,026,672	194.5%
8 Seoul	$4,782,074,320	-20.7%
9 Shanghai	$4,750,531,010	33.5%
10 Hong Kong	$4,708,410,877	-41.4%
11 Sydney	$4,266,780,559	24.9%
12 Chicago	$4,171,347,516	43.7%
13 Los Angeles Metro	$3,837,472,971	-2.3%
14 Singapore	$3,780,611,561	-37.1%
15 Stockholm	$3,625,833,302	39.9%
16 Boston	$3,342,391,240	43.6%
17 Moscow	$2,895,279,288	-24.6%
18 Houston	$2,846,322,880	31.6%
19 Seattle	$2,611,890,696	49.5%
20 Oslo	$2,446,783,802	77.5%
21 Frankfurt/Rhine-Main	$2,233,541,406	-35.6%
22 Melbourne	$2,191,506,054	-9.7%
23 Rhine-Rhur	$2,051,400,930	5.7%
24 Dallas	$1,967,369,816	40.2%
25 Brisbane	$1,917,613,947	26.6%
26 Denver	$1,794,998,330	59.5%
27 Munich	$1,779,616,882	169.8%
28 Amsterdam/Randstad	$1,684,557,827	-22.3%
29 Beijing	$1,660,803,842	-60.9%
30 Taipei	$1,586,447,494	80.4%
31 Berlin-Brandenburg	$1,585,751,551	18.3%
32 Calgary	$1,482,307,931	88.2%
33 Hamburg	$1,436,308,384	-36.0%
34 Atlanta	$1,361,455,750	75.1%
35 San Diego	$1,356,915,343	77.3%
36 Guangzhou	$1,321,691,023	42.2%
37 South Florida (Miami)	$1,232,466,328	-32.4%
38 Perth	$1,129,381,260	102.5%
39 Reading	$1,091,306,841	749.7%
40 Phoenix	$1,085,993,089	12.5%
41 Madrid	$1,085,372,052	149.6%
42 Vancouver	$923,649,193	49.9%
43 Warsaw	$916,418,395	-12.4%
44 Charlotte	$870,886,840	352.5%
45 Edmonton	$851,404,103	56.9%
46 Gothenburg	$769,384,164	19.1%
47 Lyon	$728,975,472	91.2%
48 Copenhagen	$701,833,206	-25.7%
49 Minneapolis	$693,579,074	-11.4%
50 Eindhoven	$690,961,142	822.1%

Source: Cushman & Wakefield, Real Capital Analytics

INDUSTRIAL SECTOR

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 Los Angeles Metro	$3,892,417,499	-20.7%
2 San Francisco Metro	$2,983,863,300	9.6%
3 Tokyo	$2,911,963,032	35.7%
4 New York Metro	$1,521,806,688	-21.2%
5 Chicago	$1,426,174,837	-39.5%
6 Dallas	$1,377,183,597	-30.8%
7 Taipei	$1,370,239,289	135.6%
8 Hong Kong	$1,265,512,277	-32.5%
9 London Metro	$1,062,702,259	-9.1%
10 Sydney	$1,061,899,197	-34.0%
11 Boston	$968,342,963	251.7%
12 Atlanta	$920,099,448	-14.8%
13 Toronto	$880,366,746	-52.8%
14 Singapore	$877,181,361	-76.3%
15 South Florida (Miami)	$857,242,592	-13.4%
16 Washington DC Metro	$836,943,879	44.8%
17 Seattle	$716,061,220	35.2%
18 Moscow	$694,728,972	-1.9%
19 Phoenix	$645,536,262	-13.9%
20 Houston	$609,224,576	10.9%
21 San Diego	$577,332,878	-7.2%
22 Shanghai	$577,122,648	1073.6%
23 Baltimore	$575,335,591	124.9%
24 Manchester Metro	$565,449,951	606.7%
25 Osaka	$523,696,449	-1.6%
26 Melbourne	$510,932,199	-47.6%
27 Paris	$477,642,303	-65.1%
28 Brisbane	$449,174,341	-31.4%
29 Rhine-Rhur	$440,065,030	347.9%
30 Stockholm	$426,045,816	-26.4%
31 Stuttgart	$425,534,878	1012.7%
32 Birmingham	$411,671,729	6.4%
33 Charlotte	$405,051,513	59.0%
34 Minneapolis	$404,893,913	86.3%
35 Seoul	$374,859,610	-5.9%
36 Columbus	$347,991,538	-16.1%
37 Austin	$328,686,240	80.1%
38 Raleigh/Durham	$307,308,500	220.3%
39 Montreal	$292,631,961	-19.3%
40 Edmonton	$285,699,974	55.3%
41 Vancouver	$267,873,332	-44.7%
42 Denver	$267,658,908	-35.1%
43 Portland	$265,771,534	-5.4%
44 Frankfurt/Rhine-Main	$263,118,143	76.1%
45 Las Vegas	$259,780,947	-67.7%
46 Philadelphia Metro	$256,562,301	80.3%
47 Perth	$256,125,310	26.2%
48 Amsterdam/Randstad	$252,363,626	-42.5%
49 Auckland	$245,794,334	664.7%
50 Cincinnati	$235,926,093	-5.5%

Source: Cushman & Wakefield, Real Capital Analytics

INVESTMENT VOLUMES

DEVELOPMENT SITES

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 Shanghai	$15,695,567,138	-25.6%
2 Beijing	$14,835,195,620	-32.1%
3 Tianjin	$11,186,154,068	19.3%
4 Chongqing	$10,137,794,722	30.9%
5 Hong Kong	$8,922,721,739	25.8%
6 Shenyang	$8,759,161,138	18.9%
7 Singapore	$8,199,039,037	-31.9%
8 Wuhan	$7,736,742,639	-45.5%
9 Changzhou	$6,953,358,018	99.4%
10 Dalian	$6,741,605,195	-50.5%
11 Kunming	$6,340,320,557	-20.1%
12 Hangzhou	$6,252,385,411	-42.8%
13 Chengdu	$5,896,090,289	-29.6%
14 Guangzhou	$5,607,288,520	-17.0%
15 Nanjing	$5,519,216,026	-45.7%
16 Jinan	$5,058,283,295	144.0%
17 Qingdao	$4,998,293,276	-3.3%
18 Suzhou	$4,849,538,164	-44.1%
19 Tokyo	$4,111,517,716	-21.1%
20 Foshan	$3,581,743,475	-30.6%
21 Ningbo	$3,564,854,629	-39.9%
22 Tangshan	$3,454,974,825	67.1%
23 Wuxi	$2,767,858,922	-36.9%
24 Changchun	$2,745,056,031	-55.3%
25 Xiamen	$2,698,593,324	-8.5%
26 Xian	$2,601,596,962	18.1%
27 Taipei	$2,467,835,080	-27.9%
28 Hefei	$2,326,655,408	-30.2%
29 Harbin	$2,306,647,616	-44.5%
30 Nanchang	$2,108,909,244	15.8%
31 Zhengzhou	$2,077,492,324	21.2%
32 Shenzhen	$2,014,818,328	-39.7%
33 London Metro	$1,964,078,577	33.5%
34 Changsha	$1,952,607,727	-28.8%
35 Dongguan	$1,731,073,444	7.7%
36 New York Metro	$1,684,166,143	62.0%
37 New Delhi	$1,678,915,084	302.1%
38 Seoul	$1,627,753,224	17.6%
39 Shijiazhuang	$1,605,189,807	57.8%
40 Yangzhou	$1,501,093,552	-32.6%
41 Zhuhai	$1,443,703,222	94.2%
42 Nantong	$1,317,972,139	-54.8%
43 Wenzhou	$1,305,744,332	-19.1%
44 Zhenjiang	$1,303,781,800	-18.8%
45 Nanning	$1,278,242,320	-48.4%
46 Xuzhou	$1,161,224,724	2.5%
47 Fuzhou	$1,037,973,126	-84.6%
48 Jiaxing	$1,017,462,478	50.1%
49 Yantai	$1,011,813,005	-27.3%
50 Guiyang	$970,095,305	-33.7%

Source: Cushman & Wakefield, Real Capital Analytics

MULTI-FAMILY RESIDENTIAL SECTOR

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 New York Metro	$9,540,684,000	83.1%
2 Washington DC Metro	$4,528,524,877	9.5%
3 Los Angeles Metro	$4,362,499,823	0.1%
4 Tokyo	$3,704,309,651	-24.1%
5 San Francisco Metro	$2,929,836,882	4.0%
6 London Metro	$2,745,913,343	226.8%
7 Berlin-Brandenburg	$2,644,120,119	42.5%
8 Dallas	$2,595,958,736	21.7%
9 Atlanta	$2,561,110,303	48.5%
10 Houston	$2,471,668,757	78.2%
11 Phoenix	$2,047,811,759	29.5%
12 Chicago	$2,008,396,305	32.9%
13 Denver	$1,770,602,561	77.1%
14 Seattle	$1,604,776,589	32.2%
15 Singapore	$1,597,316,938	-39.5%
16 South Florida (Miami)	$1,394,997,725	-24.9%
17 Boston	$1,375,563,860	5.9%
18 Raleigh/Durham	$1,300,327,585	91.9%
19 Austin	$1,291,424,540	144.1%
20 Stockholm	$1,164,047,593	-26.4%
21 Rhine-Rhur	$1,089,522,599	86.8%
22 San Diego	$1,088,495,120	46.4%
23 Toronto	$1,052,964,685	24.9%
24 Tampa	$970,789,811	12.0%
25 Orlando	$934,932,668	12.9%
26 Baltimore	$920,685,822	163.6%
27 Hong Kong	$900,703,862	-27.9%
28 Amsterdam/Randstad	$840,562,099	153.9%
29 Portland	$764,101,200	22.0%
30 Beijing	$713,068,714	1541.4%
31 Hamburg	$709,734,855	3.7%
32 Copenhagen	$683,311,383	369.7%
33 Charlotte	$631,201,492	56.1%
34 Philadelphia Metro	$555,374,600	5.0%
35 Vancouver	$551,524,757	45.8%
36 San Antonio	$535,463,174	0.8%
37 Montreal	$491,120,809	34.9%
38 Paris	$471,231,322	-20.1%
39 Nashville	$460,973,846	67.7%
40 Osaka	$455,484,870	-15.2%
41 Jacksonville	$443,612,576	44.5%
42 Munich	$418,768,868	-2.8%
43 Memphis	$400,336,229	126.0%
44 Sacremento	$384,129,104	47.3%
45 Detroit	$306,310,824	50.8%
46 Suzhou	$299,133,634	-
47 Minneapolis	$291,656,695	-8.1%
48 Guangzhou	$289,979,355	-
49 Richmond	$284,521,441	493.4%
50 Kansas City	$274,725,000	327.8%

Source: Cushman & Wakefield, Real Capital Analytics

INVESTMENT VOLUMES

HOTEL SECTOR

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 London Metro	$3,542,851,190	31.2%
2 New York Metro	$3,537,683,410	3.3%
3 San Francisco Metro	$1,726,737,244	40.1%
4 Hong Kong	$1,259,696,480	30.5%
5 Los Angeles Metro	$1,002,602,199	-30.9%
6 South Florida (Miami)	$935,732,030	33.5%
7 Tokyo	$904,603,054	131.1%
8 Paris	$850,450,270	-60.8%
9 Osaka	$720,244,286	725.8%
10 Chicago	$717,078,860	-7.6%
11 Washington DC Metro	$652,416,178	-50.8%
12 Dallas	$623,470,116	114.6%
13 Boston	$606,855,196	0.5%
14 Shanghai	$587,547,096	28.3%
15 Berlin-Brandenburg	$392,735,961	96.6%
16 Dubai	$390,718,844	30.5%
17 Toronto	$383,123,211	107.1%
18 San Diego	$379,126,124	-75.9%
19 Frankfurt/Rhine-Main	$374,441,945	14.6%
20 Austin	$365,128,698	-11.1%
21 Amsterdam/Randstad	$362,551,254	301.6%
22 Houston	$355,465,992	30.5%
23 Hawaii	$333,362,553	-1.2%
24 Atlanta	$327,484,256	-17.3%
25 Singapore	$323,063,251	-74.2%
26 Denver	$299,995,721	3.6%
27 Taipei	$298,306,910	658.4%
28 Beijing	$247,825,396	212.9%
29 Manchester Metro	$241,117,718	-7.1%
30 Philadelphia Metro	$236,451,473	-56.6%
31 Malmo	$214,595,125	419.1%
32 Vienna	$212,891,062	-43.8%
33 Orlando	$212,712,558	-28.0%
34 Bern	$211,752,492	2605.8%
35 Stockholm	$207,438,260	-54.8%
36 Mexico City	$190,000,000	-
37 Guangzhou	$187,629,325	99.3%
38 Budapest	$186,800,238	169.9%
39 Nice	$181,725,824	0.0%
40 Las Vegas	$179,533,962	151.4%
41 Norfolk	$178,661,106	126.4%
42 Colorado Springs	$175,854,541	2309.0%
43 Bristol	$169,067,075	398.8%
44 Melbourne	$167,290,700	-61.3%
45 Sydney	$163,421,577	202.6%
46 Moscow	$163,257,922	-80.6%
47 Shenyang	$155,696,422	-
48 Birmingham	$154,228,010	52.9%
49 Hamburg	$137,959,391	91.9%
50 Tucson	$129,627,184	1100.3%

Source: Cushman & Wakefield, Real Capital Analytics

CROSS-BORDER (ALL SECTORS)

METRO	Q3 2011 - Q2 2012 (US$)	GROWTH (COMPARED WITH PREVIOUS 12 MONTHS)
1 London Metro	$19,627,875,555	7.4%
2 Paris	$10,220,526,055	47.6%
3 New York Metro	$7,373,530,131	29.3%
4 Tokyo	$4,661,365,485	34.4%
5 Hong Kong	$3,994,130,528	227.3%
6 Sydney	$3,614,271,668	47.7%
7 Guangzhou	$2,970,017,907	690.5%
8 Shanghai	$2,873,123,123	-55.9%
9 Berlin-Brandenburg	$2,404,184,159	50.2%
10 Beijing	$2,181,078,327	-16.1%
11 Singapore	$1,946,370,150	-61.3%
12 Warsaw	$1,930,378,953	6.8%
13 San Francisco Metro	$1,927,801,615	58.6%
14 Amsterdam/Randstad	$1,841,344,684	-4.1%
15 Munich	$1,787,645,025	61.3%
16 Washington DC Metro	$1,785,978,312	21.0%
17 Frankfurt/Rhine-Main	$1,728,051,925	785.0%
18 Chicago	$1,628,643,310	396.1%
19 Nanjing	$1,503,881,642	-32.3%
20 Los Angeles Metro	$1,428,515,553	72.8%
21 Chongqing	$1,315,400,327	152.5%
22 Rhine-Rhur	$1,306,269,061	-40.1%
23 Stockholm	$1,298,014,811	19.2%
24 Melbourne	$1,297,020,414	-41.8%
25 Moscow	$1,268,408,743	-47.9%
26 Houston	$1,248,078,164	66.6%
27 Chengdu	$1,242,240,642	-28.0%
28 Boston	$1,224,999,389	45.0%
29 St Petersburg	$1,217,609,569	3748.6%
30 Qingdao	$1,135,384,134	146.9%
31 Osaka	$1,040,995,502	45.2%
32 Copenhagen	$978,094,592	109.2%
33 Reading	$920,552,376	1291.2%
34 Stuttgart	$855,752,436	244.5%
35 Shenyang	$832,095,909	0.8%
36 Dallas	$812,046,289	325.5%
37 Brisbane	$808,823,199	13.6%
38 Hamburg	$787,877,536	-6.7%
39 Birmingham	$763,529,670	7.5%
40 South Florida (Miami)	$738,035,137	-14.1%
41 San Diego	$667,230,500	4933.1%
42 Seattle	$637,201,638	156.9%
43 Milan	$613,501,966	-39.0%
44 Prague	$610,374,383	-43.6%
45 Manchester Metro	$590,407,336	78.9%
46 Hangzhou	$550,541,940	-34.6%
47 Kunming	$548,153,988	386.4%
48 Budapest	$516,344,280	74.5%
49 Foshan	$512,928,169	-54.1%
50 Bratislava	$505,476,454	-

Source: Cushman & Wakefield, Real Capital Analytics

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS OFF/IND	RETAIL	TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
Argentina	3	3	Yes, after 6 months.	None.	Not possible by law.
Australia	5-10	5	Only by negotiation.	None other than by negotiation.	Annual increment to open market value or agreed fixed increase.
Austria	5-10 / 3-5	5-10	None other than by negotiation.	No automatic right to renew. However, many old office leases still exist where the tenant has a perpetual right to renew.	Indexed to a government-issued monthly index. Sometimes a 3.0% - 5.0% step before an increase comes into effect.
Bahrain	3	3 & 5	A lease break is possible if included in the lease.	Not automatic.	No fixed indexation. Rents are reviewed, by negotiation, to a market rent when either a notice to terminate has been served or a new lease signed.
Belgium	9	9+	3 yearly, with 6 months notice period.	Retail only – normally the right to renew for a further three terms of 9 years.	Annual indexation to "Health Index" (an adjusted consumer price index).
Brazil	3-5	3-5	By negotiation.	Yes on leases over 5 years.	Annual inflation adjustment plus 3 yearly review.
Bulgaria	3/3	5	Break options after the third year with 6 months notice.	None other than by negotiation.	Rents are indexed to EU HCPI or the euro zone HCPI index. Indexation to Bulgarian CPI is rare.
Canada	Office: 5-10 Ind: 3/5/10	5-10	Not common, but where they do occur, are usually at the end of year 5 or 7 with a financial penalty.	Usually the right to renew for an additional 5 years. Retail usually has two 5 year options.	Right to renew typically at market rates. Sometimes a renewal may specify at a rate not to exceed a set dollar amount.
Channel Islands	9-15	9-15	None except in the case of 21 or 24 year leases with a tenant break at 15.	No security of tenure in Jersey or Guernsey and renewal is by negotiation.	Index linked 3 yearly rent reviews. Prime stock linked to market rental value and secondary stock to the cost of living.
Chile	3-5	3-5	By negotiation.	Automatically for the same period.	Indexation to CPI.
China	3-5	2-15 years depending on tenant. Normally, 2-3 years for fashion, 5-10 years for international brands and 10-15 years for hypermarket/ supermarkets/ cinema.	Rare but negotiable and compensation is payable.	None other than by negotiation.	Not typical. New lease usually negotiated prior to lease end.
Colombia	3-5	3-5	By negotiation.	Automatically for the same period.	Annual indexation to IPC.
Croatia	3+2/5	5+5, but some SCs continue to insist on 10 year leases.	After the third year against a penalty fee of the annual rent plus service charges.	None other than by negotiation, although tenant only extension options common in the retail sector.	Annual indexation to euro zone CPI.
Czech Republic	3-5 / 3-5-10	5-10	Negotiable, but clearly stated in the lease.	Not automatic but may be included in the lease by negotiation.	Annual indexation to the relevant inflation index: euro zone or EU 27 HICP for euro-denominated leases or Czech Statistical Office CPI for CZK leases.

Source: Cushman & Wakefield,

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS OFF/IND	LENGTH - YEARS RETAIL	TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
Denmark	3-5	3-5	Negotiable.	Yes. As a general rule, leases are constantly rolling until notice is served.	Annual CPI indexation or to a fixed percentage.
Ecuador	1	1	Generally no break options are available.	Defined as a clause in every contract, usually the tenant uses this right to renew.	Contracts indexed to local consumer price index (INEC).
Estonia	3-5 / 3-10	5-10	None, only for leases of an unspecified term, where at least 3 months notice is required.	Not automatic by law, but a common practice in the market.	Rents in local currency (euro) but indexed to local inflation.
Finland	3-10 / 7-12	1-5	None.	Negotiable, options to renew increasing.	Indexed annually or biannually to the cost of living (FIN elinkustannusindeksi).
France	9+/9	10-12	Option every third year (except when a fixed term has been agreed).	Right to renew for an extra term.	Rents are indexed to the cost of construction index, published by the INSEE. The index is published quarterly but applied annually. New retail leases for shopping centres and retail parks are increasingly linked to the ILC index (Indice des Loyers Commerciaux). Industrial and office properties can also be indexed to the ILAT index.
Germany	5-10 / 3-10	5-10	Negotiable for office and industrial. Unusual for retail or only with payment of a penalty.	Right to renew for an extra term. Applicable for retail only if options to extend (e.g 5+5) were agreed in the contract.	Generally rents are indexed to the official consumer price index ("Verbraucherpreisindex") – an automatic adjustment on a given date or whenever the changes occur.
Greece	12	12	After the first year with 3 months notice and paying 1 month penalty.	Right to extend for a further 4 years.	Annual indexation to consumer price index or CPI plus 1 percentage point.
Hong Kong	2,3 or 6 years	2–3	None other than by negotiation.	None other than by negotiation, however options for renewal are typical.	By negotiation but usually at lease renewal or 3 yearly on longer leases.
Hungary	3–5	5–10	After the third year against a penalty fee of the annual rent plus service charges.	None other than by negotiation, although tenant only extension options common in the retail sector.	Annual indexation to HICP. Alternatively, office rents may be indexed to Eurostat's MUICP.
India	3+3+3 Industrial – if customisation by the owner (for the tenant), then the tenure is 5+3 years	3+3+3 (varies by region)	Negotiable, typically with a 3 – 6 month notice period. Retail - landlord locked in for 9 years. However, the tenant can exit after 2-3 years (negotiable) by giving 3-6 months notice.	None other than by negotiation, with an option for renewal. Office - mostly with the tenant for 9 years.	Fixed rental increase of 15.0% – 18.0% every 3 years.
Indonesia	3 /1-2	3 – 5 (specialty tenants) 5 – 10 (anchor tenants).	By negotiation and subject to landlord approval. In most instances the tenant is granted the right to sublease the property or are required to pay the rent for the remainder of the lease.	Negotiable, but tenants do not have the automatic right to renew.	No indexation. Review usually after lease term.

Source: Cushman & Wakefield

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE					
COUNTRY	LENGTH - YEARS		TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
	OFF/IND	RETAIL			
Ireland	Up to 10	Up to 10	Generally breaks after the fifth year, although some occupiers are now demanding breaks in year 3.	After 5 years, up to 20 year additional term. Tenants can contract out of these rights once legal advice has been obtained.	Pre February 2010: 5 yearly to market rental value but upwards only. Post February 2010: 5 yearly to market rental value. Legislation from February 2010 prohibited the upwards only clause in all new leases.
Israel	10/25	10	5 + 5 + 5	3 - 6 months for offices and retail, and 6 - 12 months for industrial.	Indexation to local CPI at each rent payment, typically quarterly.
Italy	Property lease: most typically 6 + 6 yrs (but it may also be for other prescribed combinations e.g. for 9 + 6 years, or for 9 + 9 years, or for a longer fixed period).	1) Property lease: see comment for Off/Ind 2) Business Lease: usually for 5 to 7 years but subject to negotiation.	The 6 + 6 year regime (contemplated by the Civil Code) enables the tenant to restrict the term to 6 years, or automatically extend the term for the second period. Break clauses can be included within the lease structure by negotiation.	1) Property lease: tenants have the right to renew the lease contract at expiry through negotiations with the owner. If notice is served by the owner to terminate and the tenant vacates then they will have contractual rights to financial compensation. 2) Business lease: tenants do not have any statutory right to renewal, or compensation if the landlord gives notice not to renew the contract.	Annual indexation to ISTAT (cost of living index). Property Lease: Subject to negotiation: 75% of ISTAT or 100% if the lease is longer than 6 years. Business Lease: 100% of ISTAT or subject to negotiation.
Japan	2	5-10	Standard termination provision with 6 months advance written notice for standard lease structures. No early termination rights for fixed-term lease structures.	Indefinite for standard lease structures. None under fixed-term lease structure.	Mutual agreement is sought for standard lease structures, which can be any time but usually at the end of lease term. No review is possible for fixed-term lease structures.
Latvia	3-5	3-5	None, only for leases of an unspecified term, where at least 3 - 6 months notice is required but with minimal term of 1 year.	No automatic right to renew, but common practice in the market.	Rents are indexed to either local inflation or euro CPI, or capped at a fixed rate.
Lithuania	2-5	2-5	None, unless the ownership changes during the lease contract.	No automatic right to renew, but common practice in the market.	Rents are indexed to local inflation or more rarely to euro CPI, or capped at fixed rates (varies by sector).
Luxembourg	3-6-9	9-12	Rare but negotiable, earliest after 3 years.	No automatic right to renew.	Annual indexation to CPI, triggered by a set increase in the index.
Malaysia	3+3	3+3	Break options are not commonplace.	Typically after the expiry of the first term of tenancy, the second renewal is usually at tenant's option subject to rent review. Further terms of renewal after the second term have to be negotiated separately with the landlord unless prior agreement has been made.	Rents are not indexed although upon lease renewal are typically reviewed to market rents whereby the tenant pays a proportionate share of any increases.
Mexico	3-5	5-10	Negotiable. Normally yes but subject to penalties.	None, other than by negotiation.	Annual increases to US CPI. However, contracts are showing a new tendency to be negotiated in Mexican pesos.

Source: Cushman & Wakefield

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS OFF/IND	RETAIL	TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
Netherlands	5-10	5+5	Negotiable for all sectors.	Retail: The tenant has security of tenure as the lease automatically renews at expiry, bearing in mind the notice period. The exception to this is if the landlord wishes to occupy, tear down or redevelop the building. These conditions are rather strict and in reality the landlord's options of terminating the lease are limited. Office and industrial: Negotiable.	Annual indexation to CPI.
New Zealand	9-12	3-6	Rare but can be negotiated.	The right to renew is negotiable and common in commercial and larger industrial leases.	Usually 3 years review to market rent (upwards only). In addition rents are adjusted annually through a 'ratchet' clause based on a fixed increase or CPI related increase.
Norway	3-10 / 5-15	3-10	Negotiable.	Statutory right to renew.	Annual indexation to CPI.
Peru	3-5	3-5	By negotiation.	By negotiation although depends on contract clauses - early termination possibilities exist.	Annual inflation adjustment to US CPI.
Philippines	3-5	3-5	Break clauses must be stipulated in the lease. In the absence of an agreed break clause the tenant will be required to pay a penalty which is usually equivalent to the remaining proportion of the unexpired lease.	The current tenant is normally granted the right to renew. Tenants are required to submit, 90-days prior to lease expiry, a letter expressing interest in renewing the lease.	Leases are not indexed. Any escalations to the rent must be specifically stipulated in the contract.
Poland	5-10/3-5	3-5 (10 for large size operators)	The current market conditions give preference to long term leases with no automatic extensions. Termination options are not a standard but if exist the corresponding penalty applies. In open-ended leases there is typically a 3-6 month notice period.	No automatic right to renew.	Annual indexation to euro zone CPI or less frequently a fixed increase of 2.0% - 3.0%.
Portugal	3	5	Old leases: No break option. New leases: Freely negotiated between parties – usually 120 days notice for both parties. Shopping centres: Traditionally, there were no break options in unit shops, but these are becoming more usual, depending on retailers' bargaining power, higher in weaker SC. For anchors there is a break option after 5 or 6 years of contract. In high street retail, there's a break option on the 3rd or 5th year of contract.	Old leases: The tenant has automatic security of tenure. New leases: termination and/ or renewal provisions within the lease contract.	New lease - Freely negotiated between parties, usually increased annually according to inflation (yearly published by the government). Old lease - No indexation. Shopping Centres - Usually increased annually according to inflation (based 100% of CPI published by INE).

Source: Cushman & Wakefield

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS OFF/IND	RETAIL	TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
Republic of Korea	3+2	2+2	Negotiable.	Negotiable.	Annual review to market value with CPI.
Romania	3-5	3-5	No break options.	Negotiable.	Annual indexation to euro CPI.
Russia	5 / 1-3	3-5	Office: Possible after 1 year but more commonly 3 years, whereby the deposit is retained by the landlord. Notice period is 6-9 months. When there is an option to review the rent after the 3rd year, the contract can be terminated from both sides. Retail: Break option is not common in the market. If break option is presupposed there are strict penalties for pre-term break.	Yes if stated in the lease.	Annual indexation to USA/EU CPI or fixed increase (variable by sector).
Serbia	3-5	3-5	Subject to negotiation.	No automatic right to renew.	Annually to CPI.
Singapore	2-3	2-3	Only by negotiation but not common. Tenant has to seek replacement for remaining lease.	None other than by negotiation.	By negotiation, typically at lease end or after 3 years for leases longer than 3 years.
Slovakia	3-5-10	5-10	Only by negotiation.	None.	Annually indexed to euro zone or EU 27 HICP.
Slovenia	1-10	5-10 (SC & RW)/ 5 (HS)	Not customary. By negotiation and with landlord agreement.	No automatic right to renew.	Not all leases are indexed. For those that are, indexation varies but is typically either Slovenian CPI or Austrian CPI.
South Africa	3-5	3-5	None other than by negotiation.	Lease renewal negotiations are held 3-6 months before lease expiration.	Reviews at lease expiration and typically to market value.
Spain	3-5 / 5+	5+ (10-15 for HS)	Negotiable after 3-5 years for longer leases.	Negotiable, usually none.	Annual indexation to IPC.
Sweden	3-5	3-5	May occur in leases over 3 years, although in most cases associated with a penalty fee.	Commercial leases are automatically renewed at the end of the lease term (usually for 3 or 5 years at a time) if neither landlord nor tenant serves notice.	Indexed annually to the consumer price index (CPI).
Switzerland	5	5	Negotiable.	Yes if stated in lease.	Annual indexation to Swiss CPI is typical.
Taiwan	3-5	3-5	Negotiable. Usually tenants can exercise the break option after the first or second year but are subject to a penalty (equivalent to about one to three months rent).	No statutory right to renew.	Rent increases run between 2% – 3% or at the CPI equivalent starting from the 3rd year of leasing term.
Thailand	3/3	3	Normally not available unless tenant is going bankrupt.	Upon negotiation.	Negotiable and typically between 5.0% - 15.0% of existing gross rent. Depends on whether applied annually (increasingly seen) or a one-off increase often seen on 3-year lease terms.
Turkey	3-5 / 5-10	5-10	Yes.	Subject to negotiation.	Annual indexation to CPI (local currency contract) or fixed step rents through the lease term (foreign currency contract).

Source: Cushman & Wakefield

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS OFF/IND	LENGTH - YEARS RETAIL	TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
Ukraine	3-5	3-5	Yes, but clause should be included in lease.	Security of tenure is not automatic but can be agreed in negotiations. An option to extend is often incorporated in the lease by negotiation.	By negotiation.
United Arab Emirates	1-3	1-3	Negotiable with fee.	Leases, unless otherwise stipulated in the contract are protected by the Real Estate Regulatory Authority (RERA) which provides the tenant the automatic right to renew.	None.
United Kingdom	5-10-15	15-25	Negotiable, after the first rent review at the earliest.	Yes, if lease is within the Security of Tenure provisions of the Landlord & Tenant Act 1954 Part II (as amended).	5 yearly to open market value (upward only).
USA	5-10	10	Negotiable.	None other than by negotiation.	Fixed increments at 3 and 5 years or indexation to CPI.
Vietnam	3	3	Negotiable.	Negotiable.	Indexation is typically at lease end, or at pre-determined fixed intervals, and to open market rental value.

Source: Cushman & Wakefield

THE REPORT

ABOUT THE REPORT

This report has been prepared based on data collected through our own research as well as information available to us from public and other external sources. The deals data used relates to non-confidential reported market transactions and excluding indirect investment. In respect of all external information, the sources are believed to be reliable and have been used in good faith. However, Cushman & Wakefield cannot accept responsibility for their accuracy and completeness, nor for any undisclosed matters that would affect the conclusions we have drawn. Certain of the assumptions and definitions used in this research work are given within the body of the text. Information on any other matters can be obtained from the European Research Group of Cushman & Wakefield.

Many of the rankings contained within this Winning in Growth Cities publication are Cushman & Wakefield composite rankings, collated using a variety of reliable secondary sources and a range of data indicators. These individual data indicators, scores and other forms of discreet data have been further weighted, scored and ranked using a strict methodology, which varies from indicator to indicator. The following table rankings are considered composite rankings: Top Cities for Retail (page 28); Top Cities for Commerce and Finance (page 29); Top Cities for Connectivity (page 31); Top Cities for Green Transport (page 32); Top Cities for Quality of Life (page 33); Top Cities for Tourism and Culture (page 34); and Top Cities for Education and Skills (page 35). Cushman & Wakefield have made every effort to indicate the composite rankings as well as the utilised sources.

Sources of information used are provided in the report but for further detail contact Cushman & Wakefield Research:

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REPORT SOURCES

The Summary

Cushman & Wakefield, AAPA, ACI, Brookings Institute, EPOMM, Fortune Magazine, GaWC, Oxford Economics, Real Capital Analytics, ,Thomas Brinkhoff: The Principal Agglomerations of the World (http://www.citypopulation.de), Z/Yen Group

Who are the Winning Cities?

Cushman & Wakefield, Real Capital Analytics

What is Driving City Success?

Cushman & Wakefield, AAPA, ACI, Brookings Institute, Oxford Economics, Moody's Analytics, U.S. Census Bureau, EPOMM, Euromonitor International, Fortune Magazine, GaWC, IBM, MasterCard, OECD, Operabase, QS Quacquarelli Symonds Limited, Times Higher Education, Thomas Brinkhoff: The Principal Agglomerations of the World (http://www.citypopulation.de), UNESCO, www.innovation-cities.com (2thinknow), www.theartnewspaper.com, Z/Yen Group

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Our objective is to advise clients on how to maximise the value of their real estate. We assist them in extracting that value through the application of sophisticated financial strategies and funding mechanisms. Our efforts include but are not limited to investment sales and purchases, loan sales, joint ventures, sale-leasebacks, tarditional mortgages, private placements, securities underwriting, mezzanine financing, loan syndication and other financing vehicles.

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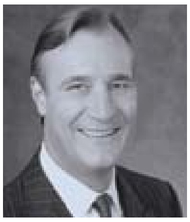

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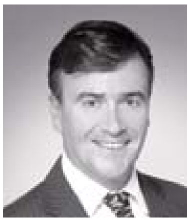

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- reliable and comparable data and market intelligence
- site specific, location analysis, ranking and targeting for occupation or investment
- analysis of future development activity and existing supply/competition
- market research and demand analysis by retail/industry sector
- rental analysis, forecasts & investment and portfolio strategy

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