



Global Investor Sentiment *2011 Survey*



Contents

> 4	WELCOME FROM JAMES W. HORNE	> 16	AUSTRALIA & NEW ZEALAND	> 32	MIDDLE EAST
> 5	A REVIEW OF INVESTOR SENTIMENT	> 20	CANADA	> 36	UNITED STATES
> 6	THE GLOBAL PICTURE	> 24	EUROPE	> 40	ABOUT THE SURVEY
> 12	ASIA	> 28	LATIN AMERICA	> 40	GLOBAL RESEARCH TEAM

Global Real Estate Investment

OCTOBER 2011



James W. Horne

EXECUTIVE SPONSOR
Global Investment
Services

Global economic conditions have changed significantly since the last Global Survey of Investor Sentiment was undertaken in 2010. Consumer and business confidence is low in large parts of the world and sovereign debt issues remain a significant risk factor in Europe and the US. Talk of a double-dip recession continues to occur. Whilst towards the end of 2010, most economic commentary was becoming more confident, this is not the case now.

Despite this, global capital real estate flows continue to grow, with approximately 9,250 properties changing hands worth US\$350 billion during the first half of 2011, an increase of 30% over the same period in 2010. The real driver behind the result was positive growth within the America's region, with the United States experiencing an increase of 124% in the value of commercial property transactions in 1H 2011. Other regions also saw investment growth, with the Europe and Middle East regions increasing by 21% to US\$87 billion, while the Asia Pacific saw 12% growth over the year.

In this year's survey, investors globally remain upbeat, still seeing the market in the early stages of an upswing. In addition, far more investors compared to last year are looking at expanding their portfolios. Easing credit conditions in the US and Canada are seen as a positive, allowing for more confidence amongst investors in these markets. While investors in Europe are concerned about government policies, investors continue to remain relatively positive about the performance of property markets.

The survey was conducted from the 1st August to the 14th August 2011. This was an interesting time given the US debt rating downgrade on the 6th August, and the impact that this had on markets around the world. An analysis was undertaken between the results from both before and after the downgrade, and overall it had limited impact on investors. It's certainly a good sign for real estate globally.

A handwritten signature in blue ink, appearing to be 'J. Horne', written in a cursive style.

A Review of Investor Sentiment

- › Global investors have become more aggressive in their expansion plans, with more than 71% of investors now indicating that they are likely to expand their portfolios over the next six months. This compares the same time last year where just 60% indicated they planned to expand.
- › Most investors believe that we are in the early stages of an upswing, with most believing that it will hold steady over the next 12 months.
- › There was little change seen in access to finance globally, though there was a significant easing occurring in the US and Canada. The cost of finance was also seen to have declined in those markets, but to have remained stable in other regions.
- › Around half of all global investors are prepared to move out on the risk curve to achieve superior returns. Investors in the US and Canada were more risk-aggressive than other markets.
- › Most investors have expansion plans over the next six months, with the level higher than last year. The biggest impediment is the supply of “for sale” property.
- › Different issues were seen to impact regions around the world. In the US, local economic health was seen as the biggest issue, while political issues remain a concern in Canada. Government policy was of concern to European investors. Global economic health is impacting upon investors’ confidence in Asia, Latin America and Australia/New Zealand.

The Global Picture

STRATEGY

71% of the investors that we surveyed globally indicated that they are most likely to expand their real estate holdings over the next six months, and 16% suggested that they were somewhat likely to do so. Just 6% stated that it was unlikely that they would do so.

Investors see a lack of supply of “for sale” property as being the main impediment to their expansion plans, with almost 50% of investors stating that this was a concern. Access to finance remains an issue with almost 22% of investors.

The main deterrents for expansion differ across regions as follows:

- › In the Middle East, political risk was seen as equally restrictive of expansion plans as the supply of “for sale” property.

- › In Europe, Canada, US and Latin America, the supply of “for sale” property was the main issue; however the ability to raise equity was also seen as an issue.
- › In Asia, economic uncertainty was seen as the greatest risk, above the supply of “for sale” property.
- › In Australia, the ability to raise new equity was seen as the biggest impediment to expansion.

RISK

Over a third of respondents target an internal rate of return (IRR) of between 5% and 10%. Over 40%, however, have a target IRR of over 15%. Investors in the Middle East and Asia had the highest target IRR, with more than 75% of investors in these markets targeting an IRR of more than 15%.

Around half of all global investors feel more compelled to move out on the risk curve to achieve superior returns. Canadian

“More than 71% of investors globally indicated that they are likely to expand their portfolios over the next six months.”

and US investors are more aggressive, with 64% and 60% respectively indicating that they were more risk-aggressive compared to six months ago.

BUYING PROPERTY

Despite high levels of global capital flows, the majority of investors surveyed indicated

that they invested in their own regions. The regions from which investors showed the most interest in purchasing property overseas were Canada and Asia.

For each region, unique trends emerged:

- › In the Middle East, respondents showed a strong preference for hotel and residential property over other asset classes.
- › Office assets in London, Paris and Hamburg were the main acquisition targets for European investors. German retail was also highlighted.
- › In Canada, Toronto was the main target for acquisition, although investors did show renewed interest in global markets compared to last year.
- › Despite investing primarily in their own regions, investors in Latin America showed a strong appetite for European assets.

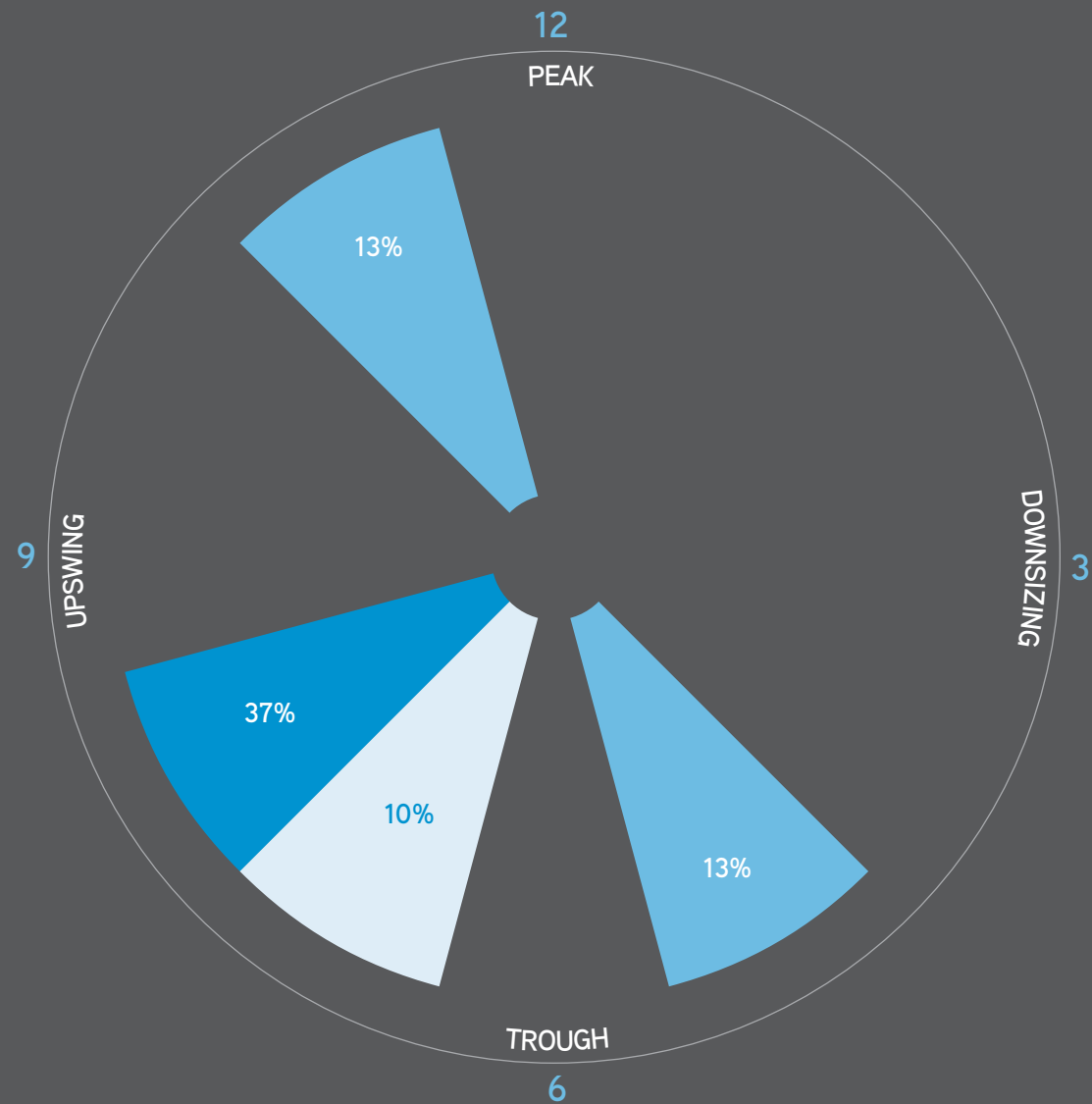
Continued on page 8.

Present

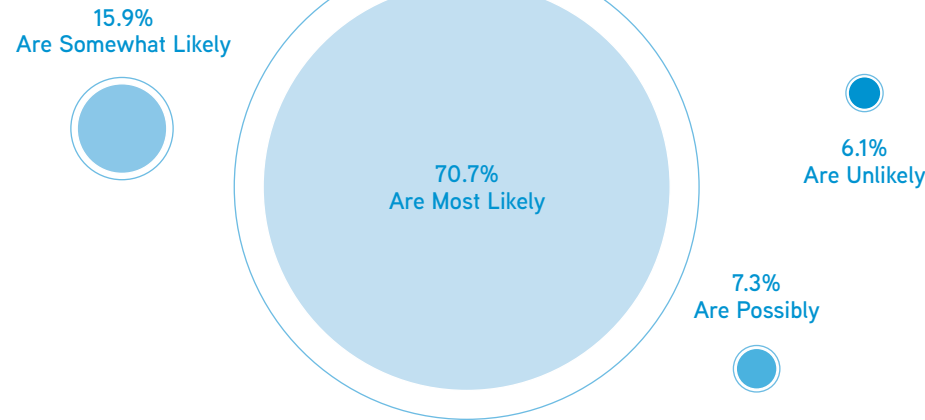
CURRENT CYCLE

Globally, most investors believe that we are in the early stages of an upswing, with the largest group seeing the market at 8 o'clock. This can be described as being a situation where demand is rising, availability and vacancy is falling, and headline rents are on the increase. This is a similar place to where investors saw global markets in 2010.

There are some regional differences. The highest number of respondents in Europe, Canada, Asia, Australia and the US are at 8 o'clock, in early upswing. In the Middle East, the highest number of respondents were at 5 o'clock, so in late downturn. Investors in Latin America were the most pessimistic, seeing the property cycle at the peak of the market and heading into early downturn.



How likely are you to expand your portfolio in the next six months?



- > For Asian investors, Beijing and Shanghai office assets remain the target for acquisition with Indian residential a close second.
- > In Australia/New Zealand, office assets in Sydney, Melbourne and Brisbane remain the preferred acquisition targets. Melbourne office was seen as having better returns in the short-term, with Sydney providing better long-term potential.
- > In the US, the vast majority expressed a desire to buy property domestically, with a focus on California, Texas, New York/New Jersey and Washington. From an overseas perspective, Canada, Australia and Brazil were also highlighted.

divest by European and Canadian investors. Asian and Australia/New Zealand investors are more likely to divest office property.

“Around a half of all global investors feel more compelled to move out on the risk curve to achieve superior returns.”

In the US, US retail was listed (particularly Florida), while more robust markets such as New York office were also cited, suggesting a degree of profit-taking may be emerging.

FINANCE

Globally, the largest group of respondents believed that there was no change to ease

of access to credit over the past six months. There was however, minimal difference between those respondents who believed it had improved, and those who saw it has worsened.

By region, the following trends emerged:

- > A relatively high proportion of investors in Europe, the Middle East, Latin America and Australia/New Zealand saw no change to access to credit.
- > The majority of US and Canadian investors stated that access to credit had improved.
- > A very high proportion of Asian investors stated that access to credit had tightened.

More than 40% of respondents believe that the cost of debt has increased, while 30% believed that there was no change. At

a regional level, higher levels of investors in Europe, the Middle East and Australia/New Zealand believe that there has been no change to the cost of debt. In Asia and Latin America, the cost has increased, while in Canada and the US, the cost has declined.

The improvement in access to and cost of credit for US and Canadian investors partially explains the higher levels of risk that these investors are willing to take.

Globally, half of all investors believe that loan-to-value ratios have remained constant over the past six months. On a regional level, this was also consistent for all areas, with the exception of Asia, where investors saw a decline, and in the US, where they saw an increase.

Continued on page 10.

SELLING PROPERTY

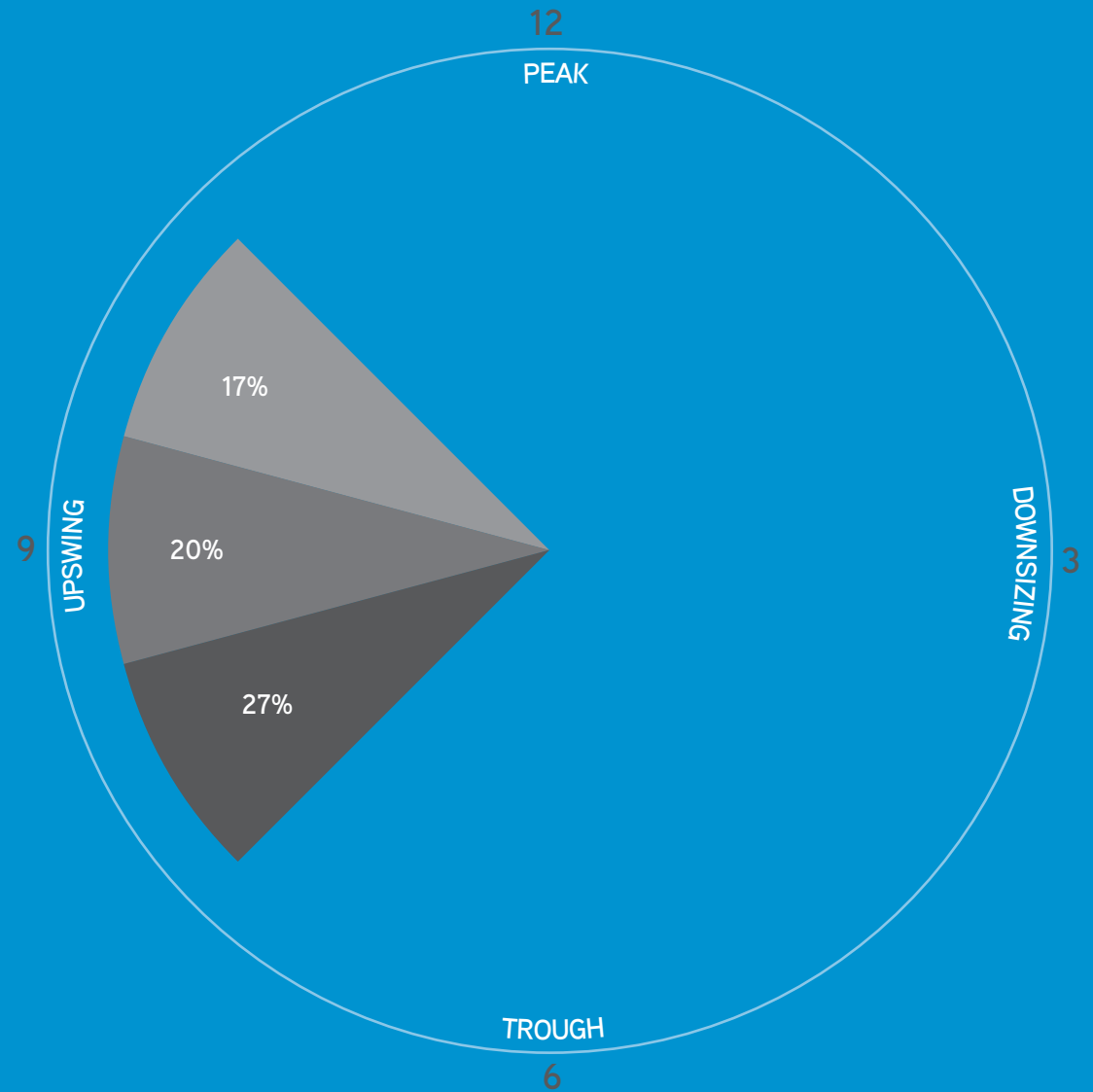
In terms of divestment, retail was frequently highlighted as a category from which to

Future

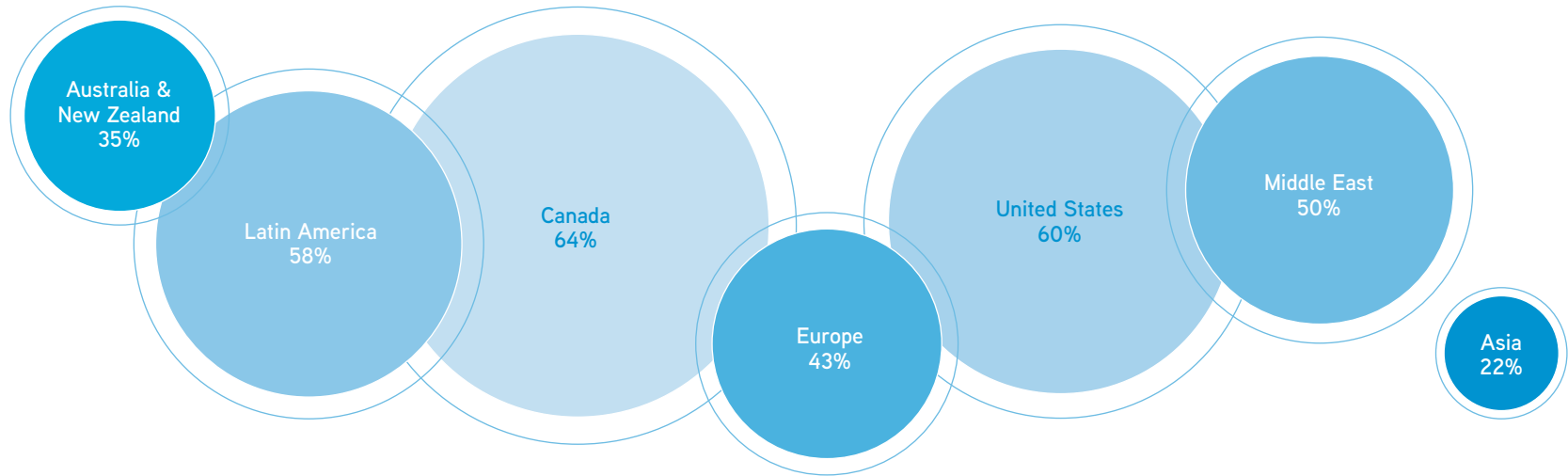
CYCLE IN 12 MONTHS

On average, the greatest number of respondents globally believes that our markets will remain at 8 o'clock. The second greatest number sees the market as being in late upturn, i.e. at 10 o'clock.

Regionally, the Middle East, Europe, Asia, Australia/New Zealand and the US, all continue to see the market in early upswing, at 7 o'clock or 8 o'clock. Investors in Canada believe that the market will have moved to late upturn, while Latin America is still at the peak of its cycle.



How risk aggressive is your region compared to six months ago?



GENERAL SENTIMENT

The majority of respondents globally (70%) believe that the pricing of commercial real estate has increased too fast, too quickly. On a regional level, only investors in the Middle East and Australia/New Zealand believed that this was not the case.

“Globally, half of all investors believe that loan-to-value ratios have remained constant over the past six months.”

Forecast rental growth was not expected to exceed the rate of inflation over the next three to five years by 60% of global investors. On a regional level, investors in Australia/New Zealand believe that

rental growth will exceed the rate of inflation, while investors in Europe, the Middle East, Canada and Latin America believe that growth will not exceed that rate. Asian and US investors were evenly divided as to whether rental growth would or would not exceed inflation.

In terms of the value of real estate compared to ten years ago, most respondents globally believe that it is more valuable today. The main reason why is that there is higher demand for assets, as well as better returns relative to other investments.

On the whole, this is a sentiment shared amongst all investors except in Europe and Australia/New Zealand, where they believe that this is not the case. The reason as to why it is more valuable on a regional basis is as follows:

- › In the Middle East, it is because there is limited supply, high demand and growth potential.
- › In Canada and Latin America, high demand was seen as the major influence.
- › In Asia, it was seen that better returns from ten years ago was the main factor influencing value.
- › In the US, limited supply was seen as the main influence.

Obsolescence is seen as a major issue for investors, with almost three quarters stating that it is of greater concern than it was ten years ago. This was also consistent across all regions.

In terms of demand for suburban office, 40% of global investors believe that there will be an increase over the next ten years; while a third believes there will be a

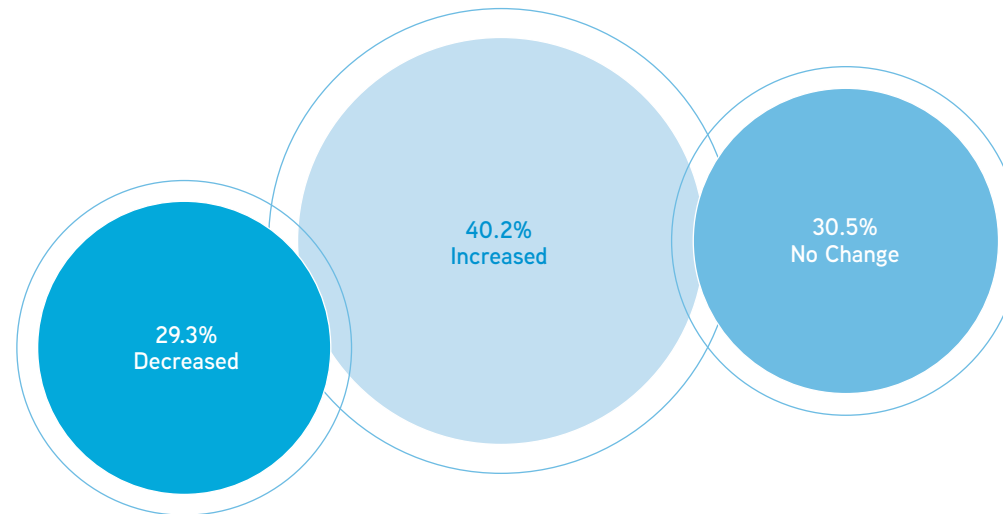
decrease. Across regions, investors in Asia, Australia/New Zealand and Latin America believe that there will be increased demand. In comparison, investors in other regions believe there will be recentralisation, with lower levels of demand for suburban office buildings.

At a global level, political issues and property market conditions were also highlighted

“Obsolescence is seen as a major issue for investors, with almost three quarters stating that it is of greater concern than it was ten years ago.”

as issues impacting target markets over the next 12 months. By region, the following differences were outlined:

How is the cost of debt compared to January 2011?



- › In Canada and the Middle East, local political issues were seen as the main influence.
- › Government policies were seen to impact investors in Europe.

“At a global level, political issues and property market conditions were also highlighted as issues impacting target markets over the next 12 months.”

- › Global economic health was a key issue in Asia, Latin America and Australia/New Zealand.
- › Local economic health was a key issue in the US.

OUTLOOK

Despite unsettled economic and political conditions around the world, investors in real estate remain upbeat about the market, with most seeing it now in the stage of early upturn. Different factors are driving this confidence, however. There are some common themes across regions.

In the US and Canada, cheaper and easier access to debt was seen as a positive and is leading to more confident investors in this market. Overall, investors in this market were more risk-aggressive than other regions, with this likely to be a result of the freeing up of debt.

In Asia, Latin America and Australia/New Zealand, global economic health remains a concern. These markets have overall been less impacted by sovereign debt issues in

Europe and the US, however continued problems in these markets remain of concern.

“In the US and Canada, cheaper and easier access to debt was seen as a positive and is leading to more confident investors in this market.”

Government policies remain of greatest concern to European investors, however despite economic issues in this market, investors remain upbeat with most seeing the market in early upswing.

In Latin America, investors were overall more pessimistic, with many investors believing that they were at the peak of the market. Nevertheless, supply of “for sale” property

remains an issue indicating that investors are still interested in acquiring property.

In the Middle East, most investors believe that the market will be in early upswing within 12 months. Local political issues however remain a concern and are expected to have some impact on real estate markets.

Asia

“Asian investors largely prefer China as the prime location for investment assuming that real estate opportunities, ranging from residential and office to logistics, arise for development.”

STRATEGY

Looking ahead into the next six months, Asian investors remain keen to expand their portfolios. In the survey, the largest group of Asian investors (65%) expected to expand their property portfolios. This figure was lower than the 73% registered in 3Q 2010. The next largest group of respondents, at 23%, are somewhat likely to grow their portfolios during the same period.

However, 35% of the respondents said economic uncertainty is the key concern while 31% mentioned that the supply of property “for sale” is another key obstacle. A minority of 12% mentioned that the availability of debt financing is the key determinant. Since the availability of credit for real estate investment is getting tight, individual investors believe that it is a good time to invest in real estate through debt.

RISKS

Asian investors are now more risk-averse than in the past six months. A significant portion of Asian investor respondents (77%) expressed their intention to stay put on their risk curves. The remainder are going to take on more risks to achieve superior returns.



Dennis Yeo

MANAGING DIRECTOR
Investment Services,
Asia



Brett Jensen

ACCOUNT MANAGER
Osaka

Among the respondents, the largest group is those anticipating target IRR (Internal Rate of Return) in the range of 15–20%. Individual investors would anticipate over 25% IRR in the case of some emerging markets.

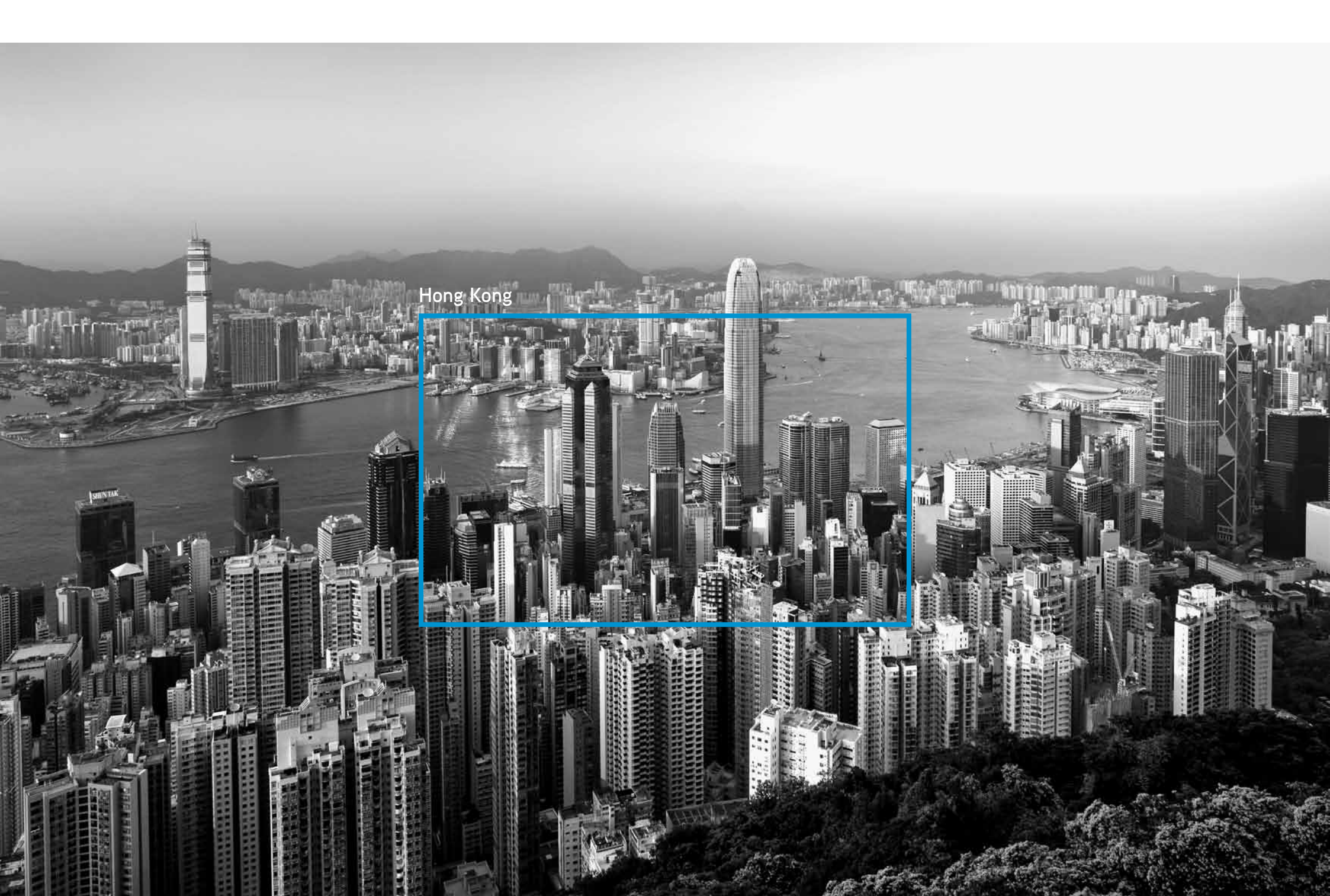
BUYING PROPERTY

Main Targets

Regarding the potential targets for acquisitions, the most popular sectors are office, residential and industrial/logistics. In China, office assets in the first-tier cities such as Beijing and Shanghai remain their favourites. In India, residential real estate is the popular sector for acquisitions. Both institutional investors and property companies aim to acquire industrial/logistics assets in Singapore.

For Development

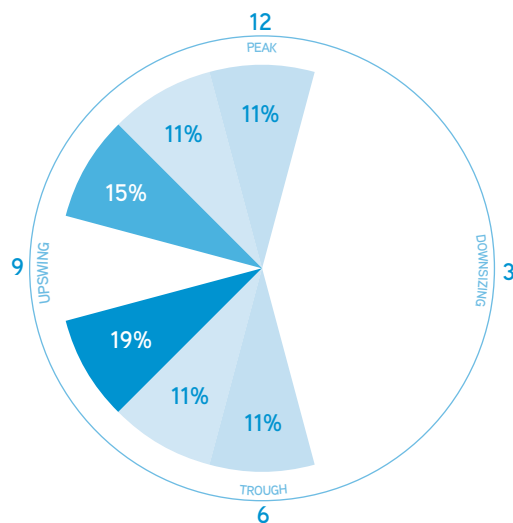
Asian investors largely prefer China as the prime location for investment assuming that real estate opportunities, ranging from residential and office to logistics, arise for development. However, residential and office are the two more popular sectors. In addition, office development opportunities in Tokyo, Sydney and Mumbai look interesting.



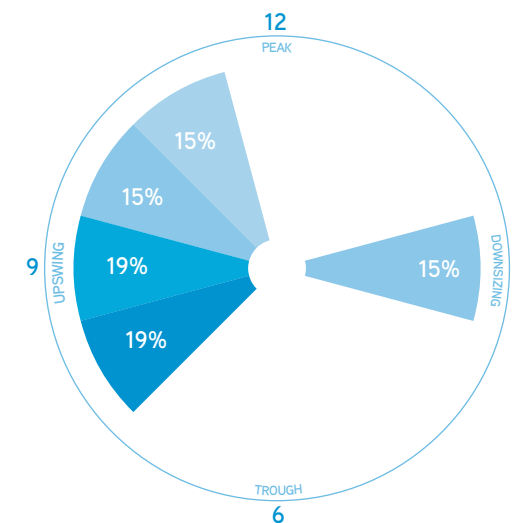
Hong Kong



On average, what stage of the occupational cycle do you believe your Asia to be in currently?



On average, where do you anticipate the occupational cycle in Asia will be in 12 months?



Last but not least, individual investors are targeting the logistics sector in Indonesia.

For Short-term

In addition to China residential, the office sectors in India, Tokyo and the US are thought to be the interesting area for investment over the short-term. Retail in Hong Kong is highlighted as one of the favourites. In the logistics sector, Sydney, Singapore and Vancouver are the popular spots.

For Long-term

Over the long-term, investment targets fall in a much wider range. Residential in Delhi is a long-term play but investors also favour residential opportunities in New York, Vancouver and Los Angeles. Similarly in the case of offices, New York has been highlighted in addition to the typical investment locations in Asia – Hong Kong,

Shanghai, Singapore, India and Australia. However, investors would stick to the traditional spots (i.e. China, Hong Kong and Singapore) in search of retail opportunities over the long-term.

SELLING PROPERTY

There were a range of targets, including China residential, Hong Kong residential, Singapore office and India office, which are identified by Asian investors for disposition over the next 12 months. The reasons for disposition are a combination of over-valuation, timing of market cycles and the forthcoming expiry of holding periods. In relative terms, there is a higher portion of respondents looking to dispose of their office assets in Hong Kong and Singapore,

and residential assets in China and Hong Kong in the next 12 months.

A Hong Kong-based private investor said, “The residential sector in Hong Kong is challenged by over-valuation in the short-term.” Meanwhile, a real estate fund based in Singapore with asset exposure in Singapore, Hong Kong and China expressed its desire to dispose of offices in the core locations of Hong Kong due to compressed yields and limited upside for rental growth. However, it would not undermine their interests in quality office assets in decentralised areas.

MARKET SENTIMENT

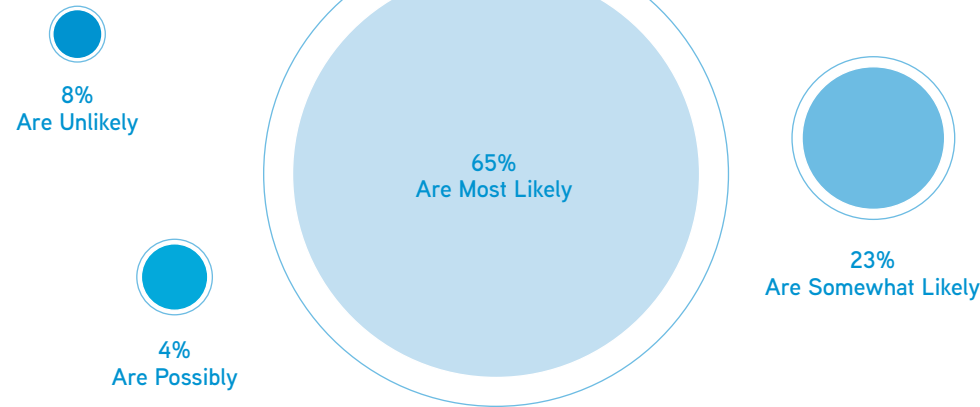
In general, the respondents believe the current occupational real estate cycle in Asia is about 8:15. In other words, demand is on the rise and the market is close to seeing a full upswing.

Looking ahead, Asian investors are generally optimistic about the occupational cycle since they anticipate the cycle will forge ahead to 10:30 (i.e. the full upswing of the market) in the next 12 months. However, 28% of them expect the occupational cycle to pass its peak and consolidate during the forecast period. An institutional investor based in India said global uncertainty is going to hamper short-term growth of real estate.

FINANCE

Over the past six months, the majority of Asian investors (69%) felt a tightening of lenders’ credit underwriting standards. Meanwhile, there was an even higher percentage of respondents (77%) experiencing an increase in the cost of debt during the period. In addition, 54% of the respondents indicated that the maximum loan-to-value

How likely are you to expand your portfolio in the next six months?



ratio decreased over the past six months. There was an equal percentage (23%) of people saying either no change or an increase.

A private investor based in India mentioned that the tightening supply of credit and rising cost of debt will be the key issues affecting its target markets in the next 12 months.

GENERAL SENTIMENT

In terms of general market sentiment, the vast majority of respondents (73%) agree that the pricing of commercial real estate has increased too far, too quickly. In addition, the same percentage of respondents (73%) reckons that commercial real estate is a more “precious” asset today versus ten years ago.

A property company based in Singapore said that the change is obvious since real estate capital values are now much higher than before. Other fundamental reasons are rising demand from a young population and rising demand amid the continued economic growth on a long-term basis. An institutional investor based in Singapore said real estate always appreciates over the long-term and this is particularly true for Asia.

Regarding rents, the responses were relatively mixed, although 56% of Asian investors said rents will exceed the rate of inflation over the next three to five years. An institutional investor based in Singapore indicated that it is going to be true for Singapore and Japan but not for China.

From an investment management point of view, 65% of respondents indicate that

owning older more obsolete commercial real estate is a bigger concern today than ten years ago. On the supply side, older commercial assets are challenged by competitive new developments equipped with modern functional features. On the demand side, the needs of commercial space users have changed, thus rendering older developments functionally obsolete.

Meanwhile, the vast majority of respondents (77%) anticipate suburban office real estate will see an increase in demand in ten years’ time. This will particularly be the case when some of the older buildings situated in urban downtown locations become obsolete.

MARKET OUTLOOK

Looking forward, there are a number of key uncertainties that will affect investors’ target

markets in the next 12 months notwithstanding the general optimistic outlook on the region. The major ones include the uncertain global economic growth, geo political upheaval, the threat attributed to sovereign debt default, changes in local government and the growing inflationary pressure. A property company based in Singapore mentioned that the key challenge is shorter but more volatile real estate cycles in Asia. In general, Asian investors remain keen in China but policy risks and the liquidity of Renminbi remain their key concerns.

On a positive note, Asian investors believe that real estate will continue to be a good hedge against inflation. Given the recent surge in commodity prices, price inflation of construction materials such as steel and cement have actually helped push up real estate prices.

Australia & New Zealand

Regional Author



John Marasco

MANAGING DIRECTOR
Investment Services
Australia

STRATEGY

Just over 60% of respondents indicated that they were likely to expand their real estate holdings over the next six months, with just fewer than 18% stating it was unlikely. This level is higher than last year, when 46% of investors were looking to expand. The main factors preventing growth of portfolios was the ability to raise new equity, and the supply of “for sale” property.

RISK

Around two thirds of respondents suggested that they were targeting returns in the region of 5% to 15%, a relatively low target IRR compared to other regions.

Correspondingly, Australia/New Zealand investors were far less risk aggressive than other regions, with 65% outlining that they are less compelled to move out on the risk curve to achieve superior returns compared to six months’ previously.

“The majority of investors now see overseas markets as too risky at present, given economic conditions in many major markets.”

BUYING PROPERTY

Main Targets

Overwhelmingly, respondents are looking to their domestic markets over the next 12 months. The majority of investors now see overseas markets as too risky at present, given economic conditions in many major markets. One investor stated “We limit our investments to domestic Australian holdings, for reasons of social and political stability and the mining boom” while another investor stated that “We are not prepared to invest overseas as it is too uncertain.”

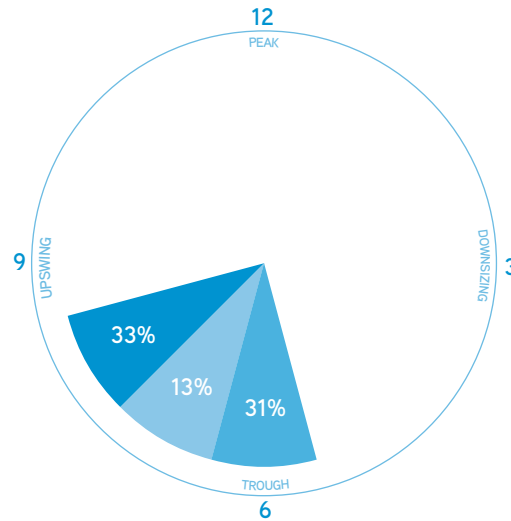
Given the strong performance in office markets around Australia over the past 12 months, it is not surprising that the top three acquisition targets were Sydney, Melbourne and Brisbane office assets. In terms of geographical location, Sydney property in general was the most popular target location.



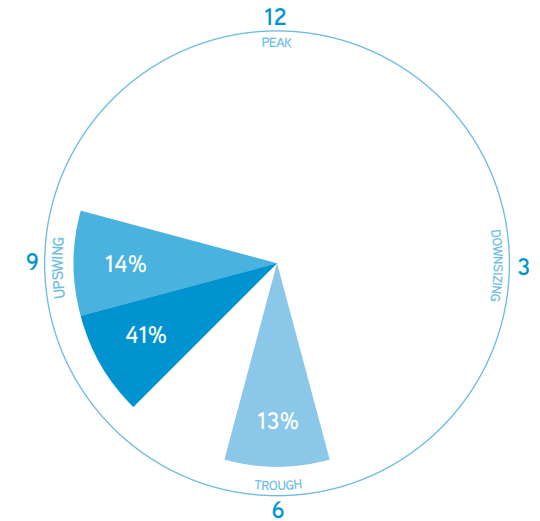
Sydney



On average, what stage of the occupational cycle do you believe Australia and New Zealand to be in currently?



On average, where do you anticipate the occupational cycle in Australia and New Zealand will be in 12 months?



For Development

For development potential, office assets are also the most frequently targeted category with Sydney being seen as having the most potential, closely followed by Melbourne. Both these markets will have limited new supply entering the market and are therefore likely to see strong rental growth.

vacancy rates peaked more than 18 months ago, and rental growth has been strong since that time.

For Long-term

Sydney office is seen as a better long-term hold, which is consistent with Sydney's office market location in the rental cycle. The vacancy rate in this market has now peaked and rental growth is expected to be strong over the next two years, with minimal new supply entering the market.

The US office market was a surprise entry considering that Australian-based assets tend to dominate the list. It does, however, show the strong potential some investors see this market to have.

“For development potential, office assets are also the most frequently targeted category with Sydney being seen as having the most potential...”

For Short-term

In the short-term, Melbourne office was seen as having the most solid returns, consistent with Melbourne's office market location in the rental cycle. Melbourne's office

SELLING PROPERTY

Although office assets were seen as the top acquisition targets, they also came out as being the top category for disposal. Melbourne office assets were slightly more likely to be listed as assets to dispose of, although the difference was minimal. It is likely that the popularity of Australian office assets at present is encouraging many to see this as an ideal time to take buildings to market. The third most popular category listed was Melbourne Industrial.

than 50% believe that the market is still in the early stages of an upswing; however, a greater proportion take the view that rents will have passed their lowest point and begun rising.

“Although office assets were seen as the top acquisition targets, they also came out as being the top category for disposal.”

FINANCE

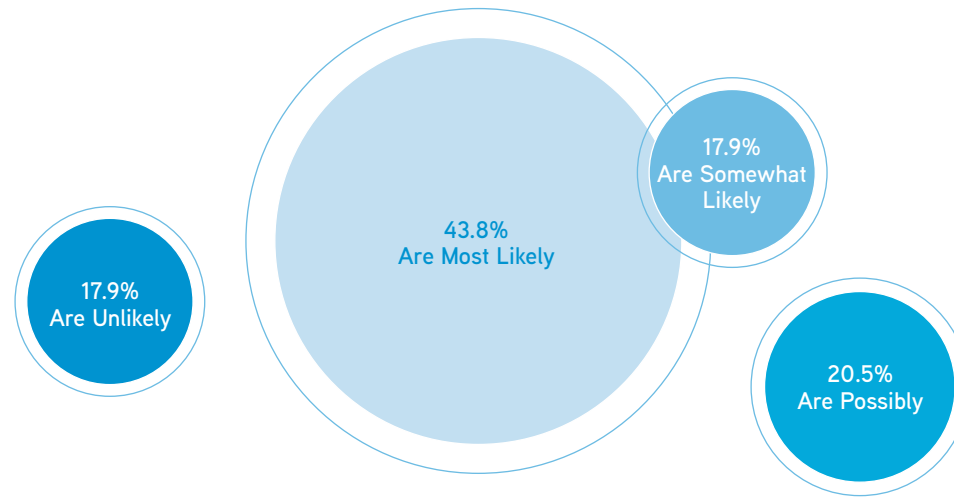
In comparison to six months ago, around half of all respondents have taken the view that conditions in the lending market have not changed. Around 30% believe that there has been a tightening of standards, while the remaining 20% believe there has been a loosening of standards.

MARKET SENTIMENT

Investors continue to be upbeat about the state of the market with most respondents (77%) still seeing the market in early upswing.

Looking forward 12 months, investors remain optimistic about the outlook. More

How likely are you to expand your portfolio in the next six months?



In terms of cost of debt, half believe that there has been no change in the cost of debt over the past six months. A further 30% believe that cost of debt has increased, while 20% believe that it has decreased. Half believe that the maximum loan-to-value ratios have also remained unchanged over this time period, with 30% taking the view that they reduced over the period.

GENERAL SENTIMENT

In terms of pricing, a third of all Australia/New Zealand investors believe that given market fundamentals, pricing has advanced too far. Whilst two-thirds believe that prices are either at the right level or have some further potential for growth.

A notable majority of investors don't believe that real estate in that region is a more

precious asset compared to 10 years ago. in the region is not a more precious asset.

“Respondents also noted overwhelmingly (77%) that owning obsolete property was a greater concern than ten years previously.”

Of those that saw it as being more valuable (32% of the total), the main reasons cited was limited supply. It was seen as a secure investment and there was high demand.

Respondents also noted overwhelmingly (77%) that owning obsolete property was a greater concern than ten years previously.

When considering future demand for suburban office space, 50% of respondents

believe that demand will increase for suburban office space over the next ten years. This is quite a different result to most regions around the world, with only Asian investors expecting a similar trend.

OUTLOOK

The majority of respondents in the region (59%) believe that rental growth will exceed the rate of inflation over the next three to five years, further showing confidence in the market. Global economic health however, is seen as the main issue impacting the market (55% of all respondents). Many cite concerns about problems in the US and Europe flowing through to markets in Australia/New Zealand. Access to finance is also seen as an issue (17%).

The local political landscape was also highlighted by some investors in Australia with one commenting “The Australian political landscape is seriously affecting the

“When considering future demand for suburban office space, 50% of respondents believe that demand will increase for suburban office space over the next ten years.”

economic situation. Both need to stabilize before further investment is considered” and another saying that “lack of political certainty is a problem.”

Canada

Regional Author



Milton Lamb

SENIOR VICE PRESIDENT
Investment Services
Canada

STRATEGY

Looking ahead to the next six months, 86% of Canadian investors expected to expand their real estate portfolios. This figure was up sharply from a year ago, when 61% of respondents indicated they would be expanding their respective portfolios. The balance of Canadian investors expressed reasonable appetites to grow their real estate portfolios, answering that they were somewhat likely to expand.

The number one factor in determining whether investors would be able to grow their portfolios was the supply of “for sale” property, with 64% listing this as their primary concern. The next two concerns, held by 18% of investors, was whether they would be able to raise new equity and economic uncertainty. No Canadian respondents listed access to debt.

“A shortage of properties for sale has no doubt pushed investors to move outside core Canadian cities, into more tertiary markets.”

Looking at target IRR, 65% of Canadian respondents stated that they were seeking returns in the region of 5% to 10%, reflecting the core-to-core plus strategies that we have seen in the Canadian landscape. Investors aiming for returns in the 10% to 15% range were 25% of the Canadian sample, while investors hoping to get returns between 15% and 20% came in at 5%, as did those seeking returns of above 20%.

RISK

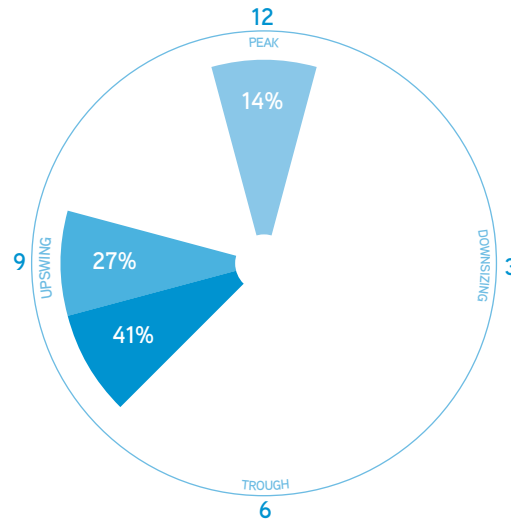
In sharp contrast to last year, most Canadian investors appear to be willing to take on more risk. This year's survey shows 64% of investors have moved out on the risk curve relative to six months ago. This is almost certainly the result of improving fundamentals and a degree of confidence that the economy will continue to expand. A shortage of properties for sale has no doubt pushed investors to move outside core Canadian cities, into more tertiary markets.



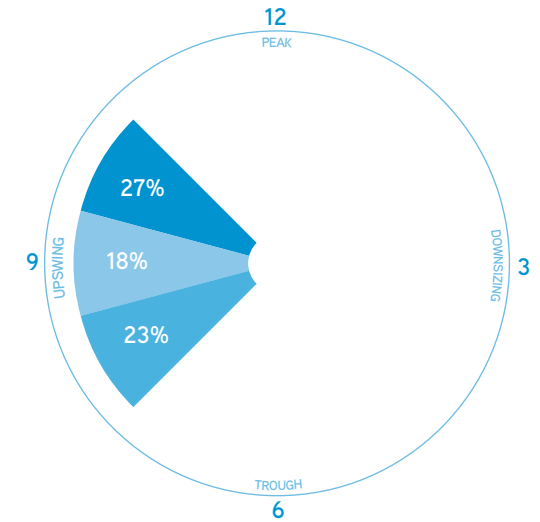
Vancouver



On average, what stage of the occupational cycle do you believe Canada to be in currently?



On average, where do you anticipate the occupational cycle in Canada will be in 12 months?



BUYING PROPERTY

Main Targets

Canadian investors have increased their interest in overseas markets, but the majority still voiced a strong desire to buy property domestically in the coming 12 months. Most Canadian investors appear to be

investors did express renewed interest in investing in foreign markets. This is most likely because so few opportunities are coming to market, and the view that there is more upside in non-Canadian markets. Canadian investors are also armed with a strong currency that allows opportunistic investors to buy at attractive prices when priced back into Canadian dollars.

For Canadian investors no single city or province dominated where investors planned to buy property over the next 12 months. Investors remain focused on primary markets such as Toronto, Vancouver, Calgary and Montreal, but also Edmonton and Ottawa. By property type, industrial and retail led the way, followed by office. If Canadian investors were considering real estate outside the country, US markets were heavily favoured as an investment choice with New

York, Washington, Boston, Florida, Chicago, Southern California and San Francisco listed as top choices. Beyond the US; Germany, China, Brazil, Australia and London were also markets of interest.

For Development

There were no clear trends that emerged on markets that have development potential. There were, however, a slightly higher percentage of respondents that saw Europe as having greater potential than other regions.

For Short-Term

Although there was no clear majority sectors listed as the best short-term options, a relatively high proportion of respondents listed Europe as a favourable short-term investment.

For Long-Term

Similarly to properties listed for short-term acquisition, there were no clear trends for long-term acquisition, although a relatively high proportion of respondents listed Europe as a favourable long-term investments.

“Canadian investors are also armed with a strong currency that allows opportunistic investors to buy at attractive prices when priced back into Canadian dollars.”

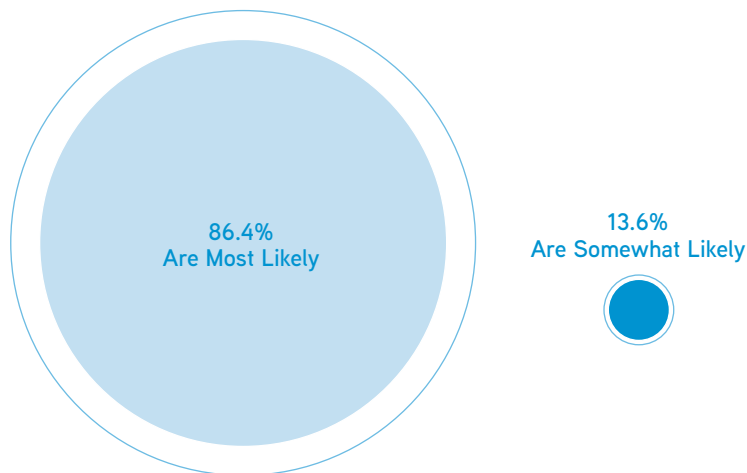
confident the Canadian marketplace is still a good bet and will continue placing additional investment dollars in Canada, particularly Toronto. In this year’s survey, however,

MARKET SENTIMENT

The average time on the property clock today according to most Canadian investors (41%) is now 8 o’clock, which represents a significant move from a year ago, when most investors felt the market was at 6 o’clock (bottom of the cycle). The next largest group of investors (27%) felt the market was closer to 9 o’clock.

Looking forward, there is a fairly strong consensus amongst Canadian investors. Around 68% believe that the market will be at least at 8 o’clock in 12 months’ time, and could

How likely are you to expand your portfolio in the next six months?



be at 10 o'clock. A very small percentage believes the market will fall back to 6 o'clock or 7 o'clock.

FINANCE

In the past six months the clear majority of Canadian investors (59%) believe access to debt has improved and the cost of debt has gone down (68%). Between 25% and 40% indicated no real change in either access or cost, while a slim majority felt access had gone down and the cost had increased.

Over the past six months maximum allowable loan to-value ratios are believed to have held steady by many investors (59%), while 41% felt they had increased. None thought loan-to-value ratios had dropped.

GENERAL SENTIMENT

Interestingly, just over half of investors (55%) believe that property rents, on average, will not be able to keep pace or exceed inflation rates over the next five years. This finding is at odds with the generally positive view of Canadian real estate going forward, but may simply reflect expected high rates of inflation.

A clear majority of respondents (73%) believed that property pricing has gone too far, too fast coming out of the recession.

At the same time, a significant majority (68%) took the view that real estate is a more precious asset relative to ten years ago. One of the interesting findings is that Canadian investors seem to believe that income-producing real estate is a good and safe investment. High demand and better returns were

also listed as other reasons why real estate is viewed as more valuable than ten years ago.

“At the same time, a significant majority (68%) took the view that real estate is a more precious asset relative to ten years ago.”

Similar to the US findings, an overwhelming majority of investors (73%) took the view that owning older property is a bigger concern than it was ten years ago.

OUTLOOK

Canadian investors were mixed on their views of the future of suburban office markets. About 50% believe the relative demand

for suburban office space would fall over the next ten years, while 14% predicted an increase and 36% no change. These results largely reflect the relative dominance of urban office markets and the under representation of suburban office parks.

The number-one concern listed by Canadian respondents (27%) about which would impact their target markets over the next 12 months was local political issues. This was followed by the domestic economy and new supply/construction, both at 16%.

Europe

“Around 57% of respondents reported that they did not feel compelled to move up the risk curve compared to six months previously.”

STRATEGY

The majority (64%) of respondents in Europe indicated that they were more than likely to increase their real estate holdings over the next six months, with just 6% stating that they were unlikely to do so. Around 30% were either somewhat likely to, or possibly considering an expansion of their portfolios.

The largest proportion (49%) of investors indicated that the most significant factor in determining whether they would be able to grow their portfolio was the supply of “for sale” property. The next biggest concern, held by 26% of investors, was whether they would be able to raise new equity to enable them to invest.

Looking at target IRR, 54% of respondents stated that they were seeking returns in the region of 5% to 10%, reflecting the core strategies that we have seen dominating the investment landscape of Europe. However, those investors looking at locations and sectors in Eastern Europe generally tended towards the 10% to 20% IRR range.



Ewen Hill

DIRECTOR OF
INTERNATIONAL
INVESTMENT
Investment Services
UK



Nicolas Mestrallet

DIRECTOR OF
INTERNATIONAL
INVESTMENT
Investment Services
France



Ignaz Trombello

MANAGING DIRECTOR
Investment Services
Germany



John Verpeleti

MANAGING DIRECTOR
Investment Services
Central Eastern
Europe

RISK

Around 57% of respondents reported that they did not feel compelled to move up the risk curve compared to six months previously. Mild economic growth has been experienced across Europe during the period, but with the sovereign debt issue coming to a head again, investors have become more concerned about the future, as a result they have retained their focus on core investments.

One investor stated that they take a “very cautious approach when moving even a fraction up the risk curve.”

BUYING PROPERTY

Main Targets

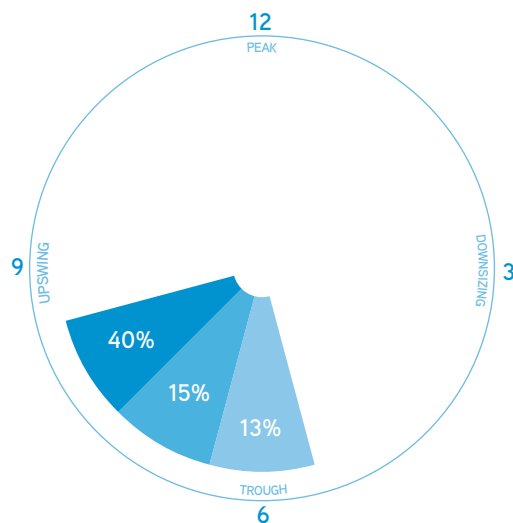
In terms of acquisition targets, investors showed a strong preference for London and Paris offices. The interest in Europe’s two major office markets, both characterized by high investment liquidity, strong tenant demand and low vacancy rates, reflects the core strategies being adopted by most investors. The next two key targets were Hamburg office and German retail. Both these markets are characterized by strong demand and supply fundamentals.



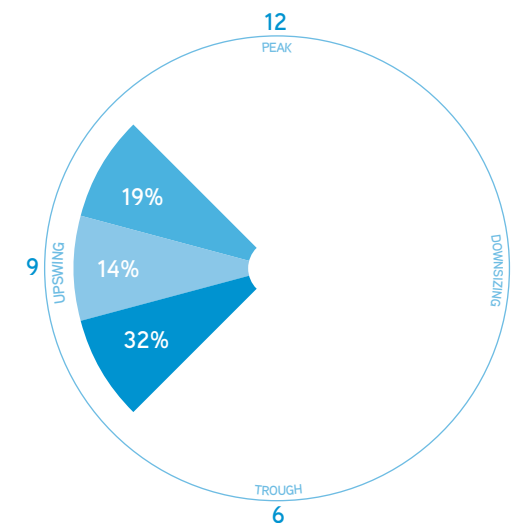
Paris



On average, what stage of the occupational cycle do you believe Europe to be in currently?



On average, where do you anticipate the occupational cycle in Europe will be in 12 months?



Another notable trend was investors naming Warsaw office alongside more traditional prime office markets in France, Germany, Scandinavia and the UK, when naming their investment targets.

“In terms of acquisition targets, investors showed a strong preference for London and Paris offices.”

For Development

Looking at investors’ personal opinions of where to engage in development, London offices were the clear winner. Other locations/sectors of interest were diverse and include London residential, Munich residential and Polish retail.

For Short-term

London office was seen as the most popular for short-term investment. Paris offices and German retail also proved popular. London and Paris aside, the most popular city for investment was Hamburg.

For Long-term

Unsurprisingly, investors’ preferences for long-term investment focused on low yielding assets in highly liquid markets, notably, German residential and London office. After London, the cities drawing the most specific interest were Paris, Berlin, Munich and Warsaw, respectively.

MARKET SENTIMENT

There is a strong consensus regarding the occupational cycle amongst respondents. A

large proportion of investors (40%) within Europe believe that the occupational cycle has now moved past the bottom and sits at around 8 o’clock, with demand back on the rise, availability/vacancy falling and headline rents on the increase. Around 28% believe that the occupational cycle has reached its floor, 6 o’clock, or is just coming off the floor, 7 o’clock.

“A large proportion of investors (40%) within Europe believe that the occupational cycle has now moved past the bottom and sits at around 8 o’clock..”

Looking forward, there again is a strong consensus amongst investors. Around 32% believe that the market will be at 8 o’clock

in 12 months’ time, whilst a further 33% take the view that the occupational cycle will have hit either 9 o’clock or 10 o’clock by that point.

We believe, however, that with investors currently so focused on core/prime investments, these views may be biased towards this end of the market. Consequently they may paint a mildly optimistic picture of the overall occupational market in Europe, at present and in the future.

FINANCE

Compared to six months previously most respondents believe that underwriting standards have either remained unchanged (51%), or tightened (35%). Only 14% of respondents took the view that underwriting standards had loosened over the period.

How likely are you to expand your portfolio in the next six months?

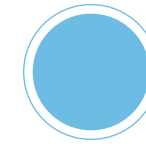
5.6%
Are Unlikely



11.2%
Are Possibly



18.9%
Are Somewhat Likely



Considering the changing cost of debt, investors on aggregate took a negative view

“Changing working habits and increased internet penetration have rendered some peripheral real estate obsolete.”

of developments. Around 41% reported that the cost of debt had increased, and 44% that it had remained unchanged, versus only 15% suggesting that borrowing costs had fallen.

Maximum loan-to-value ratios are believed to have remained unchanged by 57% of investors, with 23% reporting an increase, and 20% a decrease.

GENERAL SENTIMENT

Two thirds of investors believe that property rents, on average, will be unable to exceed inflation rates over the next five years.

A majority of respondents (63%) believed that property pricing has gone too far, too fast coming out of the recession.

A view reinforced by the fact that 62% felt that real estate is not a more valuable asset relative to ten years ago. One investor stated “Generally speaking, the rise of the internet and changing working habits mean that some peripheral real estate in a number of markets is becoming obsolete.” Investors in the yes camp (38%) often stated, by way of a rebuttal, that institutional interest in real estate has increased, and it has become a more recognised asset class. This is a development helped by

increased transparency surrounding real estate returns, and therefore easier comparisons with other asset classes.

The vast majority of investors (85%) took the view that owning older property is certainly a bigger concern that it was ten years previously.

“The most common issue raised by respondents (22.4%) impacting on their target markets over the next 12 months was government policy.”

OUTLOOK

A slim majority of investors reported that they thought relative demand for suburban office space would fall over the next ten years. Around 17% predicted an increase

and 27% no change. This in part reflects the fact that the urban landscape of many cities in Europe does not lend itself to city centre offices, despite many occupiers’ preferences for such property. Therefore, in certain locations, demand for modern sustainable office space is likely to remain robust.

The most common issue raised by respondents (22.4%) impacting on their target markets over the next 12 months was government policy. This is no doubt a reflection on the spotlight current Eurozone debt troubles have thrown on the decision-making of governments across the single currency.

Latin America

Regional Author



Ricardo Betancourt

GENERAL MANAGER
Investment Services
Latin America

STRATEGY

Around two-thirds of all investors in Latin America plan to expand their portfolios over the next six months. This level is similar to last year, indicating that sentiment towards property remains relatively unchanged.

The greatest impediment to expanding portfolios is the supply of “for sale” property, however, difficulties in raising equity was also outlined as a problem.

“...the majority of Latin American investors surveyed are planning to expand their portfolios and they are also looking to be more risk aggressive than previously.”

RISK

The majority of respondents (60%) indicated that they have an IRR target of between 10% and 20%.

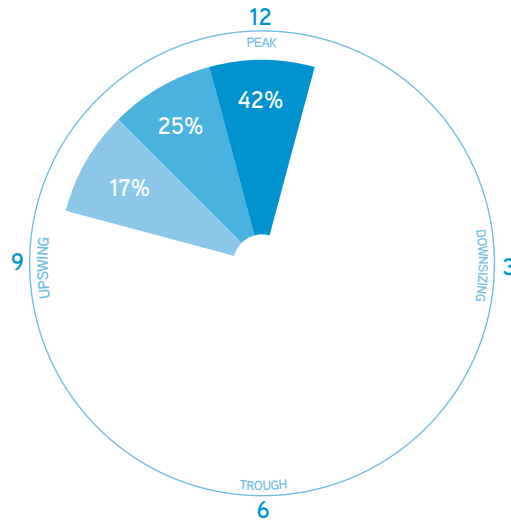
Almost 60% of all respondents indicated they felt more compelled to move out on the risk curve to achieve superior returns. From a regional perspective, Latin America was the third most risk-aggressive region, behind the US and Canada.



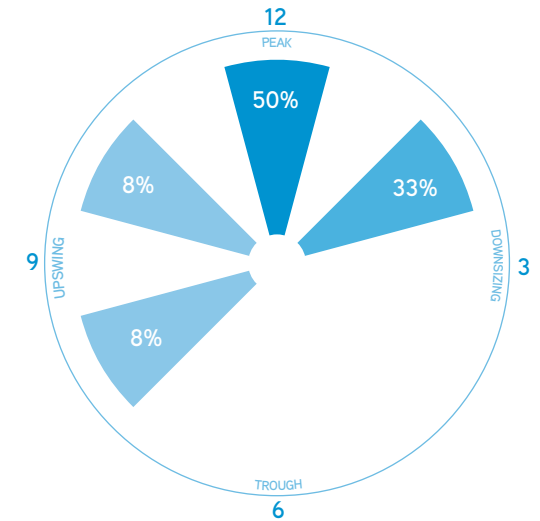
Buenos Aires



On average, what stage of the occupational cycle do you believe your Latin America to be in currently?



On average, where do you anticipate the occupational cycle in Latin America will be in 12 months?



BUYING PROPERTY

Main Targets

Despite investing primarily in their own region, Latin American investors were global in their acquisition targets. Local acquisition targets included industrial and office assets in

“For long-term holds, European assets were seen as favourable investments by a number of respondents.”

Rio de Janeiro and São Paulo. As one investor stated “The economy in Brazil is growing continually and our market (especially in São Paulo and Rio de Janeiro) shows that all the fundamentals (limited new stock, low vacancy and high demand) will persist for the next three years at least.”

From a global perspective, European markets were mentioned, including Copenhagen, Munich and Paris.

For Development

Although no clear trends emerged in the survey, Latin America industrial was mentioned slightly more frequently as having development potential. Property markets in the US were also mentioned.

For Short-Term

For short-term holds, US markets were seen as favourable by a number of Latin American investors.

For Long-Term

For long-term holds, European assets were seen as favourable investments by a number of respondents.

MARKET SENTIMENT

Overall, Latin American investors were the most pessimistic of all regions. Whereas investors in other regions typically saw the market in early upswing, Latin American investors stated that the market was at its peak. This can be described as being the stage at which demand is starting to fall, vacancy is starting to rise, and headline rents are starting to decline.

In 12 months’ time, the majority of investors continue to see the market at its peak or in the early downturn stage of its cycle.

FINANCE

The majority (58%) of Latin American investors believe that there was no change to the ease of access to credit over the past six

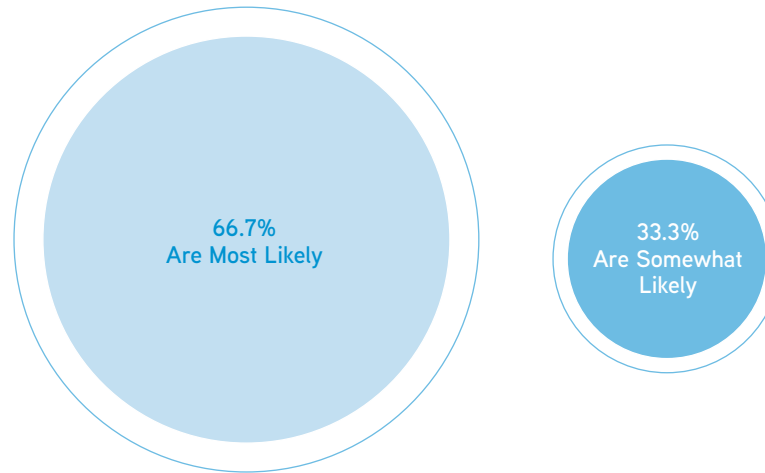
months. The remaining 42% believe that it has tightened. This was in contrast to US and Canadian investors, who believe that it has improved.

The cost of debt was seen to have increased by three-quarters of all respondents, with

“Whereas investors in other regions typically saw the market in early upswing, Latin American investors stated that the market was at its peak.”

the remaining quarter stating that there has been no change. The majority of investors believe that loan-to-value ratios have remained constant.

How likely are you to expand your portfolio in the next six months?



GENERAL SENTIMENT

The majority of respondents in Latin America believe that the pricing of commercial real estate has increased too far, too quickly since coming out of recession suggesting an overheating in property markets.

Forecast rental growth was not expected to exceed the rate of inflation over the next three to five years by the majority of investors. This view was also shared by investors in the Middle East, and Canada, but not by other regions.

Most respondents believe that real estate, compared to 10 years ago, is more valuable. The main reasons stated were that there is far higher demand and better returns now available.

Obsolescence is considered to be a major issue for investors in Latin America, with

“Forecast rental growth was not expected to exceed the rate of inflation over the next three to five years by the majority of investors.”

two-thirds stating that it is of greater concern than it was ten years ago. This was consistent with all other regions.

In terms of demand for suburban property, the majority of investors believe there will be increased demand over the next 10 years. This view was consistent with investors in Asia and Australia/New Zealand. All other regions believed that there would be a recentralisation,

with lower levels of demand for suburban office buildings.

The other major issue highlighted as being of concern to Latin American investors was global economic health.

OUTLOOK

Latin American investors were relatively pessimistic about the state of the market.

“In terms of the value of real estate compared to ten years ago, most respondents believe that it is more valuable.”

Most believe that the market has just about reached its peak, and that property did not

provide a good hedge against inflation, with rents expected to not exceed the rate of inflation over the next three to five years. The majority also believe that pricing has moved upwards too quickly. It is likely that concerns about global economic health may be influencing sentiment.

Despite this, the majority of Latin American investors surveyed are planning to expand their portfolios and they are also looking to be more risk-aggressive than they were before.

Middle East

Regional Author



John Davis

CHIEF EXECUTIVE
OFFICER
Investment Services
Middle East

STRATEGY

The majority (70%) of respondents indicated that they were more than likely to expand their real estate holdings over the next six months. Just 10% said that this was unlikely. Investors indicated that the supply of “for sale” property and political risk would be the key factors determining whether they would be able to grow their portfolios over the period. Around two-thirds of respondents suggested that they were targeting returns in the region of 15% to 20%, a response led, to a degree, by the proportion of investors in our survey with a focus on development. Investors who indicated a focus on core standing investments stated target IRR in the region of 5% to 15%, depending on location and sector.

“Investors indicated that the supply of ‘for sale’ property and political risk would be the key factors determining whether they would be able to grow their portfolios over the period.”

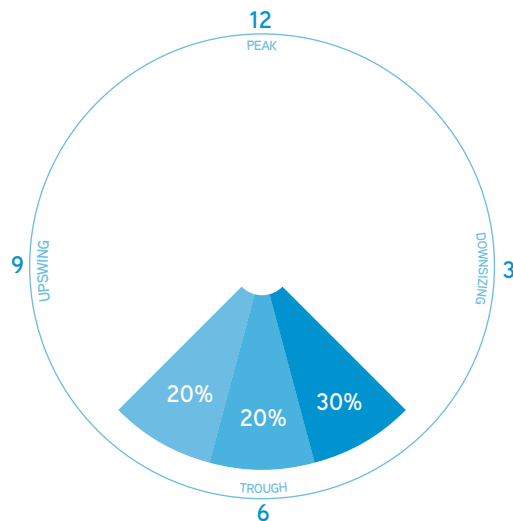
RISK

Respondents were split 50/50 in terms of their attitude to risk, with half signalling that they were more confident and less risk-averse than they were six months earlier. There appears to be no correlation between investors’ target locations and risk appetite, which suggests a strong degree of divergence in opinion amongst investors regarding the future outlook for property in the region.

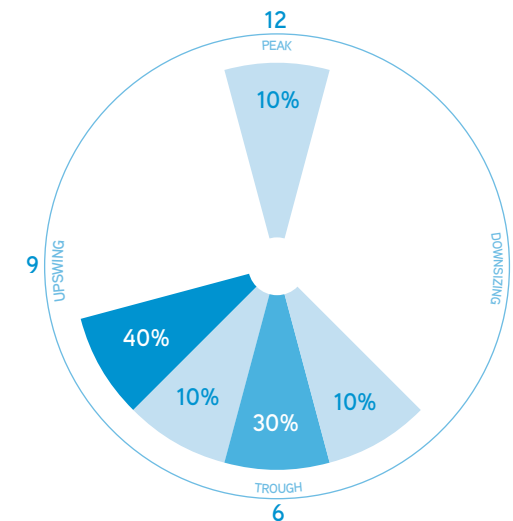


Dubai

On average, what stage of the occupational cycle do you believe the Middle East to be in currently?



On average, where do you anticipate the occupational cycle in the Middle East will be in 12 months?



BUYING PROPERTY

Main Targets

Looking at respondents' acquisition targets, they showed a strong preference for hotel and residential property over other asset classes. Investors reported an interest in hotel assets in New York, Paris and Warsaw, as well as closer to home in Egypt and Saudi Arabia. The preference for the

Investors stated that they now had a preference for low to middle income housing, and preferred to develop where there was a specific demand from a corporate occupier.

For Development

In terms of respondents' personal views on where they would develop property globally, the residential sector proved the most popular, with investors favouring development in locations such as Saudi Arabia, the US, and India.

For Long-Term

Looking at long-term preferences, office property was the standout sector, with investors mentioning London as a preference. Other notable areas of interest were New York residential and Turkish retail.

“In terms of respondents personal views on where they would develop property globally, the residential sector proved the most popular...”

residential sector was across much of Saudi Arabia, selected parts of the UAE (Dubai certainly being excluded) and Qatar.

MARKET SENTIMENT

Investors are divided regarding the current position in the occupational cycle. About

“The majority of respondents in the region believe that rental growth will struggle to exceed the rate of inflation over the next three to five years.”

40% believe that the market is at either 4 o'clock or 5 o'clock, with some rental falls still to occur. Whilst 20% believe that the market has reached the bottom. A further 30% take the view that rents, on average, are starting to rise.

Looking forward 12 months, investors are mildly optimistic regarding the outlook.

Around 50% take the view that rents will have passed their lowest point and begun to rise, while 30% believe they will have hit bottom, with just 10% reporting that they expect rents to still be falling.

FINANCE

In comparison to six months ago, respondents have taken the overall view that conditions in the lending market have showed no significant changes. About 40% believe that underwriting standards have not changed, with the rest split evenly between reporting either a loosening or tightening of standards. In terms of cost of debt, a majority (60%) believe that there has been no change over the period. Again, other respondents were split between reporting a fall or increase in costs. Respondents were fairly unanimous

How likely are you to expand your portfolio in the next six months?

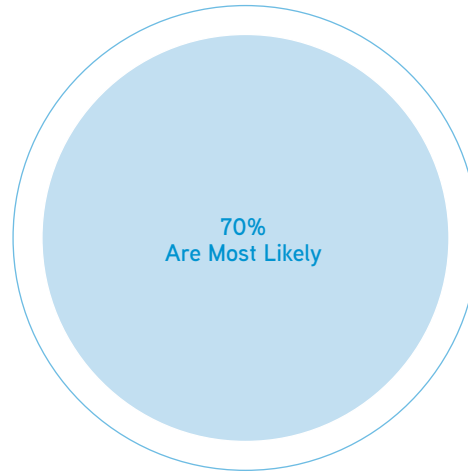
10%
Are Unlikely



10%
Are Possibly



70%
Are Most Likely



10%
Are Somewhat Likely



in their views on maximum loan-to-value ratios, 70% taking the view that they had not increased over the period.

GENERAL SENTIMENT

The majority of respondents in the region (60%) believe that rental growth will struggle

“Respondents also noted overwhelmingly (90%) that owning obsolete property was a greater concern than ten years previously.”

to exceed the rate of inflation over the next three to five years. Many investors are concerned by the existing excess of supply

in some locations/sectors, not to mention strong supply pipelines.

In terms of pricing, 40% of investors believe that given market fundamentals, pricing has advanced too far. Whilst 60% believe that prices are either at the right level, or have some further potential for growth.

A notable majority of investors believe that compared to ten years ago, real estate in the region is a more precious asset. Investors noted that due to the growth in the economies and populations of countries within the region, the need for real estate was now far higher than previously.

Respondents also noted overwhelmingly (90%) that owning obsolete property was a greater concern than ten years previously.

OUTLOOK

When considering future demand for sub-urban office space, 50% of respondents

“In terms of key factors influencing the market over the next 12 months, a majority of investors (60%) flagged political uncertainty across the region as the major influence.”

believe that demand will fall relative to demand for urban office space over the next ten years. However, 40% reported that they believed that there would be a relative increase in demand over the period. Respondents from Egypt took the view that relative demand would increase, with corporates expressing a strong preference for

office space in New Cairo, in order to escape the noise, over-crowding and pollution seen across downtown Cairo.

In terms of key factors influencing the market over the next 12 months, a majority of investors (60%) flagged political uncertainty across the region as the major influence. Investors are generally nervous about making investment decisions when future property laws are subject to uncertainty, and when political upheaval knocks back economic activity for a period.

United States

Regional Author



Warren Dahlstrom

PRESIDENT
Investment Services
Group | USA

STRATEGY

Looking ahead to the next six months, 82% of US investors expected to expand their real estate portfolios. This figure was up sharply from a year ago when 60% of respondents indicated they would be expanding their respective portfolios. The balance of US investors suggested little appetite to grow their real estate portfolios, with answers such as possibly, somewhat likely or unlikely.

The overwhelming determinant of whether investors would be able to grow their portfolios was the supply of “for sale” property, with 62% listing this as their primary concern. The next biggest concern, held by 20% of investors, was whether they would be able to raise new equity followed by access to debt (11%) and economic uncertainty (7%).

Reviewing target IRR, US respondents were evenly split between core, core plus strategies and more high-risk value-add opportunities. Those investors seeking returns in the region of 5% to 10% accounted for 34% of respondents. Similarly, investors seeking returns of 15% or more also came in at 34%, followed by investors aiming for returns in the 10% to 15% range at 32%.

“The overwhelming determinant of whether investors would be able to grow their portfolios was the supply of ‘for sale’ property, with 62% listing this as their primary concern.”

RISK

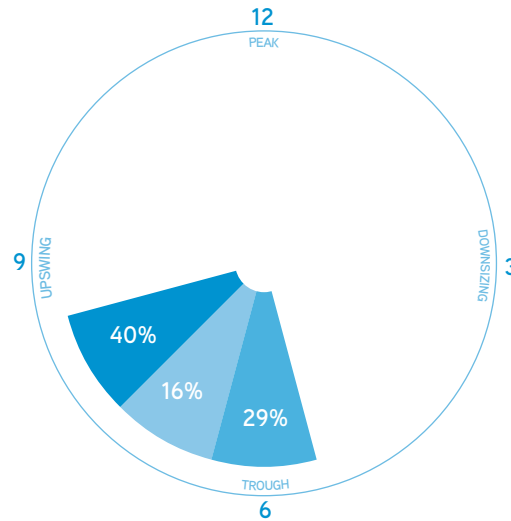
In contrast to last year, most US investors appear to be willing to take on more risk. This year’s survey shows 60% of investors have moved out on the risk curve relative to six months ago. This mostly likely reflects the dearth of low-risk, fully leased prime real estate currently on the market, and investors being forced into secondary markets and accepting a degree of vacancy.

Many believe that competition for assets is increasing. As one respondent noted, “The volume of money trying to get in to real estate has increased significantly.” While another outlined that “Property has become more widely accepted as an asset class/ portfolio component.”

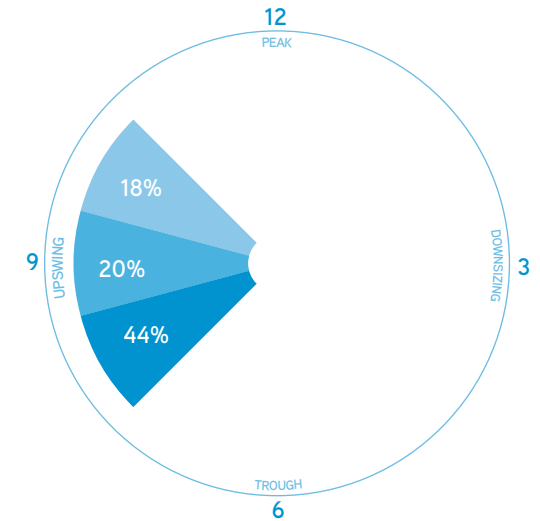
Chicago



On average, what stage of the occupational cycle do you believe the United States to be in currently?



On average, where do you anticipate the occupational cycle in the United States will be in 12 months?



BUYING PROPERTY

Main Targets

Relative to a year ago, US investors have upped their interest in overseas markets, but the vast majority still expressed a desire to buy property domestically in the coming 12 months. Many factors look to be driving this

“US investors had highly divergent views as to where to invest in the short- and long-term, with no clear trends emerging.”

trend towards investing close to home, but a combination of a weak US dollar and the belief that prices domestically hold the best values are probably the principal reasons

keeping most US investors from venturing outside the country.

Again no single region, city or state dominated where investors planned to buy property over the next 12 months. Investors remain focused on primary markets in California, Texas, New York/New Jersey and Washington. Boston, Atlanta, Chicago, and Seattle were also listed as high-priority target markets. By property type, industrial and apartment led the way, followed by office and retail. From an overseas perspective, Canada (Toronto in particular), Australia and Brazil were heavily favoured as investment choices. France and the UK were also markets of interest.

For Development

For development, there were no clear trends emerging however the UK, particularly

London office, was seen as an option for some respondents.

For Short-Term

US investors had highly divergent views as to where to invest in the short and long-term, with no clear trends emerging.

SELLING PROPERTY

No clear trends emerged from US respondents in terms of their selling intentions. US retail was listed as what many would be selling, and in particular Florida, but many also listed more robust markets such New York office, suggesting a degree of profit-taking may be emerging.

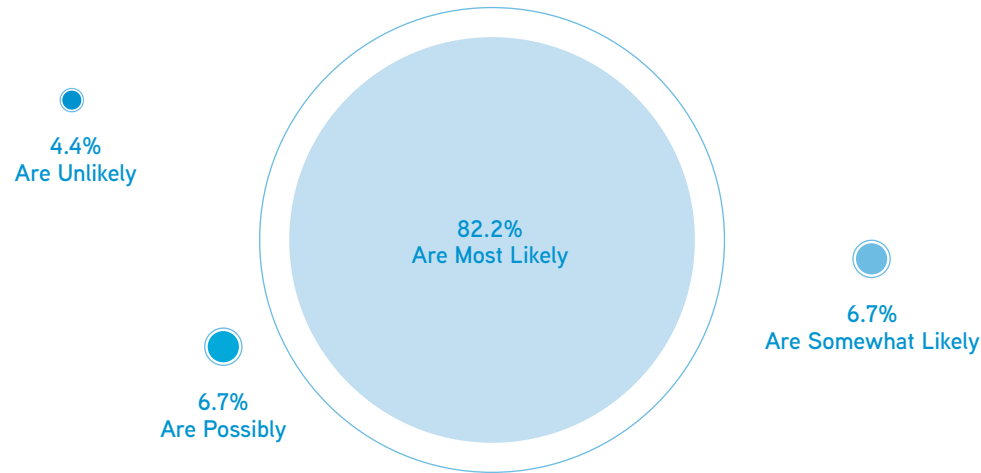
MARKET SENTIMENT

Across the US there is mixed consensus regarding the occupational cycle amongst respondents. A relatively large proportion of investors (40%) within the US believe that the occupational cycle has now moved past

“In the past six months, roughly half of US investors (47%) believe access to debt has improved and the cost of debt has gone down (51%).”

the bottom, and is approaching 8 o’clock—demand is back on the rise, availability/vacancy is falling and headline rents are on the increase. Not far behind, however, approximately 29% believe that the occupational cycle is at the bottom, six o’clock, or

How likely are you to expand your portfolio in the next six months?



is just coming off the floor, and an additional 165 believe the market is at seven o'clock.

Looking forward, there, again, is a fairly strong consensus amongst US investors. Around 44% believe that the market will be at 8 o'clock in 12 months' time, while a further 38% take the view that the occupational cycle will be either at 9 o'clock or ten o'clock by that point.

FINANCE

In the past six months, roughly half of US investors (47%) believe access to debt has improved and the cost of debt has gone down (51%). Between 35% and 40% indicated no real change in either access or cost, while a slim majority felt access had gone down and the cost had increased.

Over the past six months maximum allowable loan to-value ratios are believed to have

“A clear majority of respondents (76%) believed that property pricing has gone too far, too fast coming out of the recession.”

increased by many investors (47%), while 40% felt loan-to-value ratios had remained unchanged, and 13% thought they had dropped.

GENERAL SENTIMENT

Just over half of investors (53%) believe that property rents, on average, will be able

to keep pace or exceed inflation rates over the next five years.

A clear majority of respondents (76%) believed that property pricing has gone too far, too fast coming out of the recession.

At the same time, a majority (53%) took the view that real estate is a more precious asset relative to ten years ago. This suggests investors believe owning quality commercial real estate in top-tier markets is a good way to store wealth. They can be secure in knowing values will hold steady at worst, and possibly increase, as new construction is held back by financing and a variety of development challenges.

Interestingly, an overwhelming majority of investors (76%) took the view that owning older property is a bigger concern than it was ten years ago.

OUTLOOK

A slim majority (53%) of US investors believe the relative demand for suburban office space would fall over the next ten years. About 18% predicted an increase and 29% no change at all. This doesn't suggest a radical shift in the US office market, but it possibly hints that the multi-decade move towards suburban office parks may be coming to an end.

The number-one concern raised by US respondents (44%) that would impact their target markets over the next 12 months was the domestic economy. This was followed by government policy and the global economy (both at 16%).

About the Survey

- › The 2011 Global Investor Sentiment Survey was launched on 1st August 2011 and closed on 15th August 2011.
- › The survey contained a wide variety of questions generated by Colliers International Research in collaboration with senior professionals from Colliers International Global Investment Services.
- › Major Institutional and Private Investors representing a broad cross section of property investors across the globe were invited to complete the survey. There were a total of 360 respondents, across the US, Canada, Latin America, Australia/New Zealand, Europe, Asia and the Middle East.
- › The primary purpose of the survey is to better understand global investor attitudes in the current marketplace at a global and regional level, including investors' outlook for the coming 12 months.

GLOBAL INVESTMENT SERVICES EXECUTIVE TEAM

Asia

DENNIS YEO
Managing Director
Investment Services | Asia
+65 6531 8688
dennis.yeo@colliers.com

BRETT JENSEN
Account Manager | Osaka
+81 6 6232 0790
brett.jensen@colliers.co.jp

Australia & New Zealand

JOHN MARASCO
Managing Director
Investment Services | Australia
+61 3 9612 8830
john.marasco@colliers.com

Europe

EWEN HILL
Director of International Investment
Investment Services | UK
+44 20 7487 1956
ewen.hill@colliers.com

IGNAZ TROMBELLO
Managing Director
Investment Services | Germany
+49 211 862062-0
trombello@colliers-tk.de

JOHN VERPELETI
Managing Director
Investment Services
Central Eastern Europe
+ 36 309 370 754
john.verpeleti@colliers.com

NICOLAS MESTRALLET
Director of International Investment
Investment Services | France
+ 33 1 48 88 49 14
nmestrallet@colliers-ufgpm.fr

Middle East

JOHN DAVIS
Chief Executive Officer
Investment Services | Middle East
jdavis@colliers-me.com
+971 4 423 4910

United States

WARREN DAHLSTROM
President
Investment Services Group | USA
+1 202 534 3617
warren.dahlstrom@colliers.com

Latin America

RICARDO BETANCOURT
General Manager
Investment Services | Latin America
+55 11 3323-0004
rbetancourt@colliers.com.br

Canada

MILTON LAMB
Senior Vice President
Investment Services | Canada
+1 416 607 4347
milton.lamb@colliers.com

Global Research

Global Analysis | Australia & New Zealand

NERIDA CONISBEE
National Director
Research | Australia
nerida.conisbee@colliers.com
+61 3 9612 8803

USA | Canada | Latin America

ROSS MOORE
Chief Economist
Research | USA
ross.moore@colliers.com
+1 617 896 7611

Asia

SIMON LO
Executive Director
Research & Advisory | Asia
simon.lo@colliers.com
+852 2822 0511

Europe | Middle East

THOMAS GROUNDS
Research Analyst
Research | EMEA
thomas.grounds@colliers.com
+44 207 344 6519