



Real value in a changing world



Global Real Estate Market Overview

2011 Outlook

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Summary for 2011

- Real estate outlook has brightened
- Expect strongest real estate performance and trading since 2007
- Investment sales and leasing activity are both growing
- Capital value appreciation spreads
- Corporate occupier optimism returns
- Shift to landlord-favourable market conditions in core markets
- Variable speed recovery continues
- Asia Pacific leads, Europe following, Americas catching up

Balance of Risks on the Upside

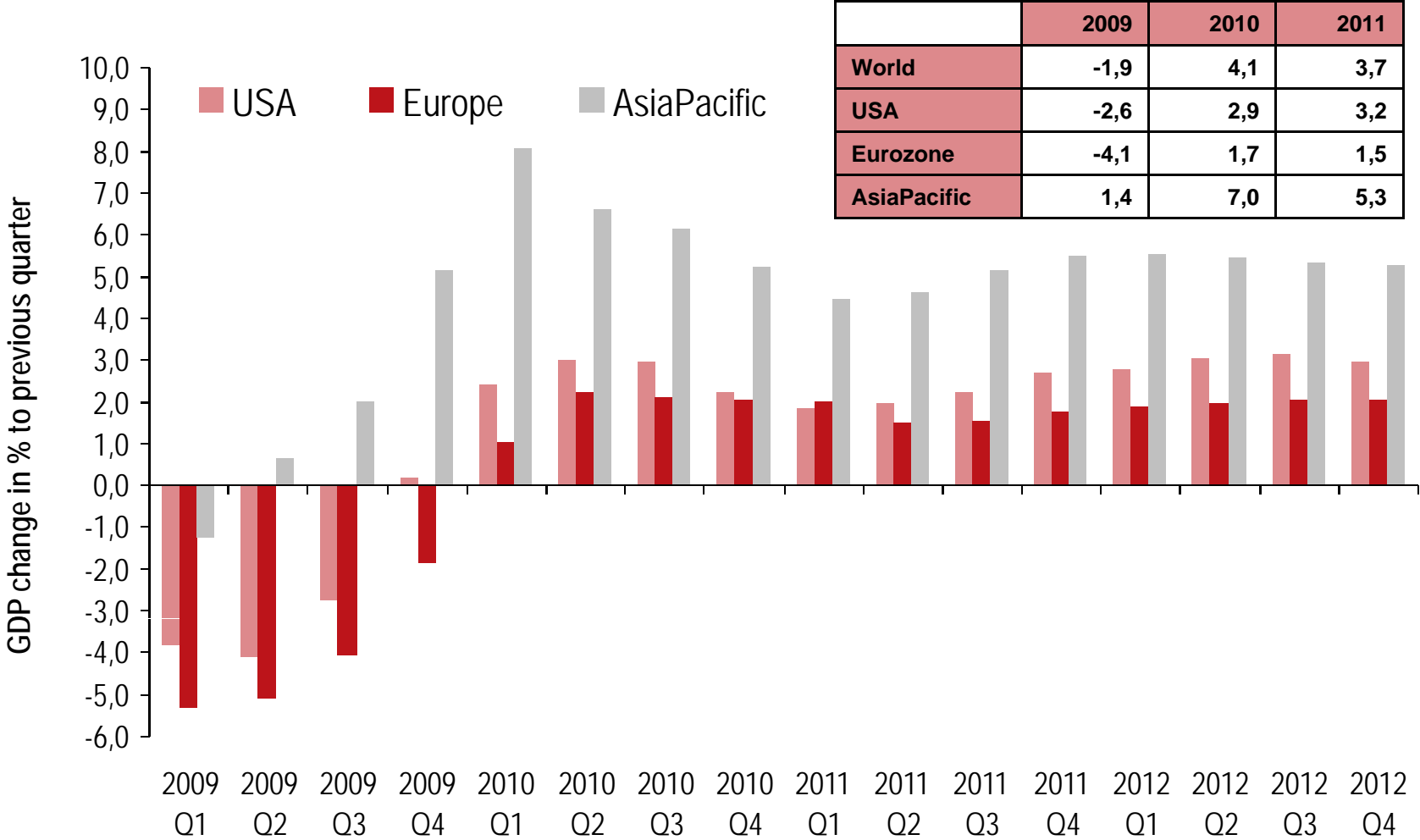
Risks avoided in 2010:

- Double-dip recession (US / Core Europe)
- Hard landing in China
- Major banks collapse (except into Governments' arms)
- Deflation & demand shortfall

Risks remaining for 2011:

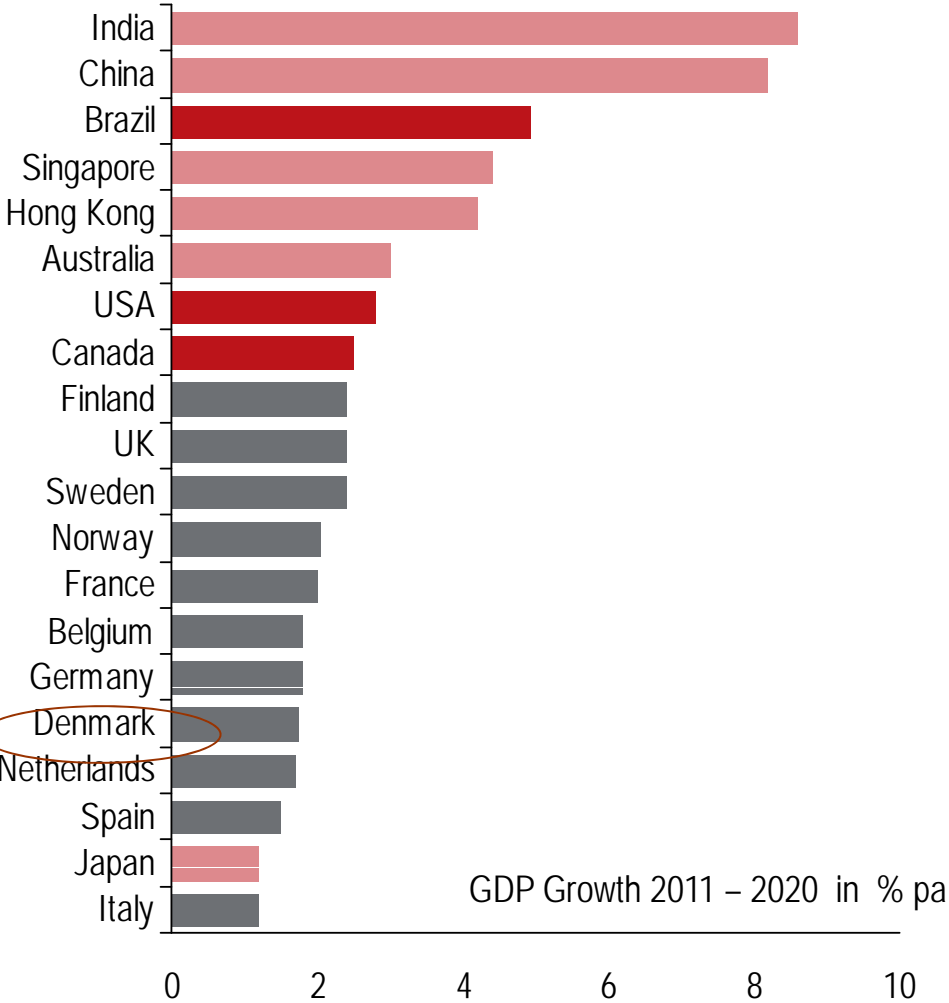
- Inflation, interest rate rises
- Emerging markets overheating
- Global trade imbalances
- Unwinding government deficits
- Currency wars, protectionism
- Serial Eurozone bailouts
- Socio-political unrest

Moderate GDP Growth in Europe



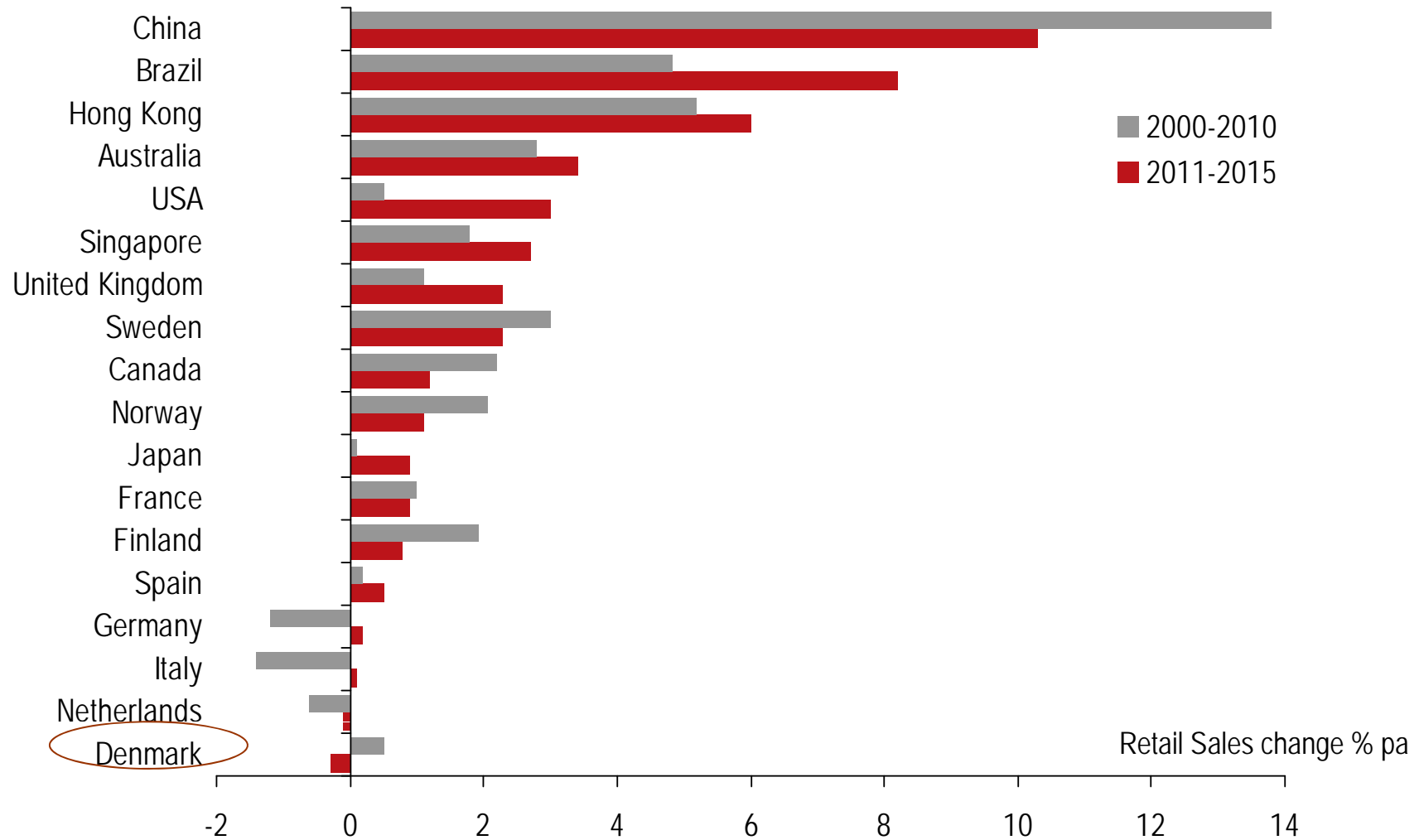
Source: Global Insight, February 2011

Strongest Growth in Asia



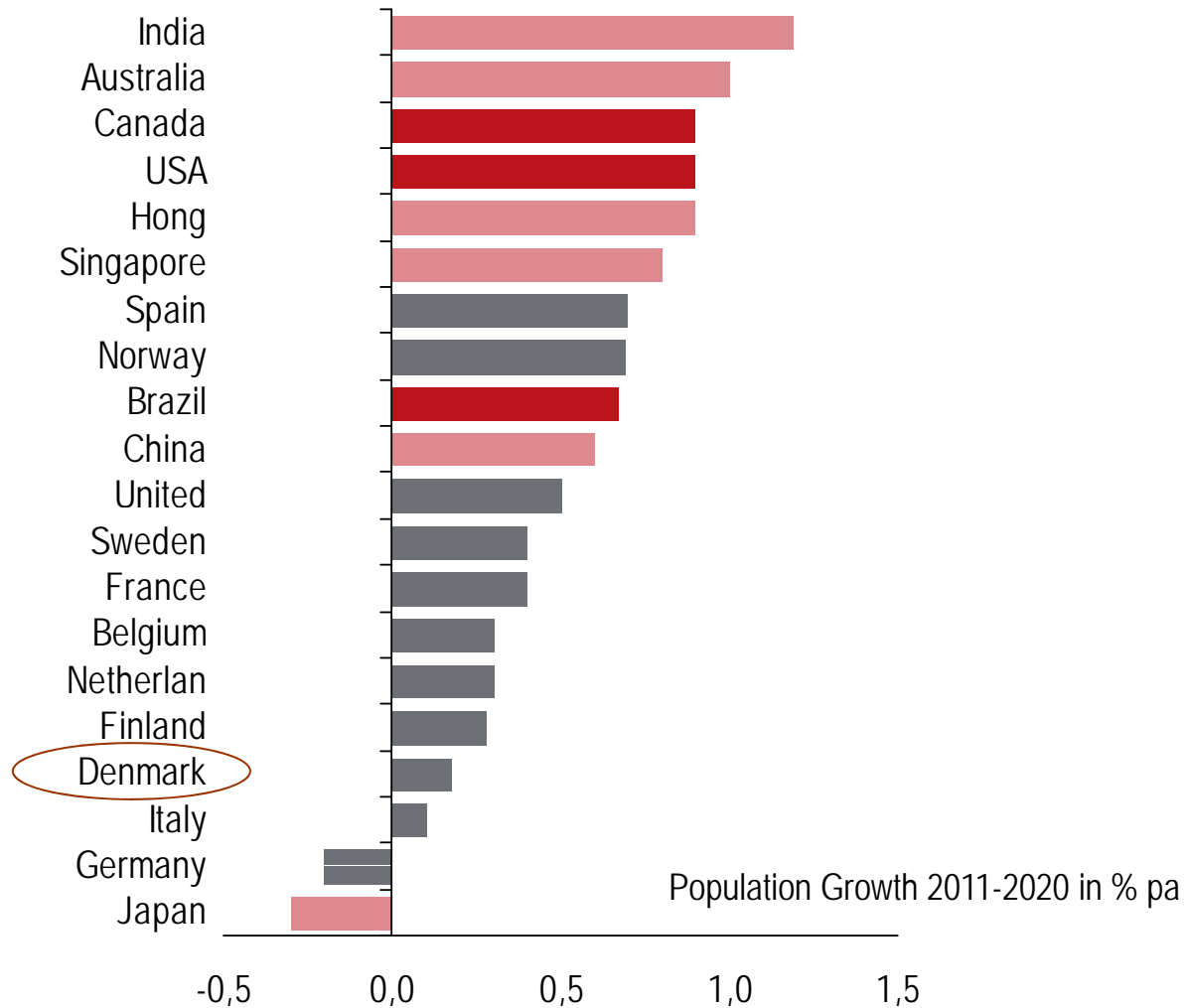
Source: Global Insight, February 2011

..Retail sales grow in Asia strongest too



Source: Global Insight, February 2011

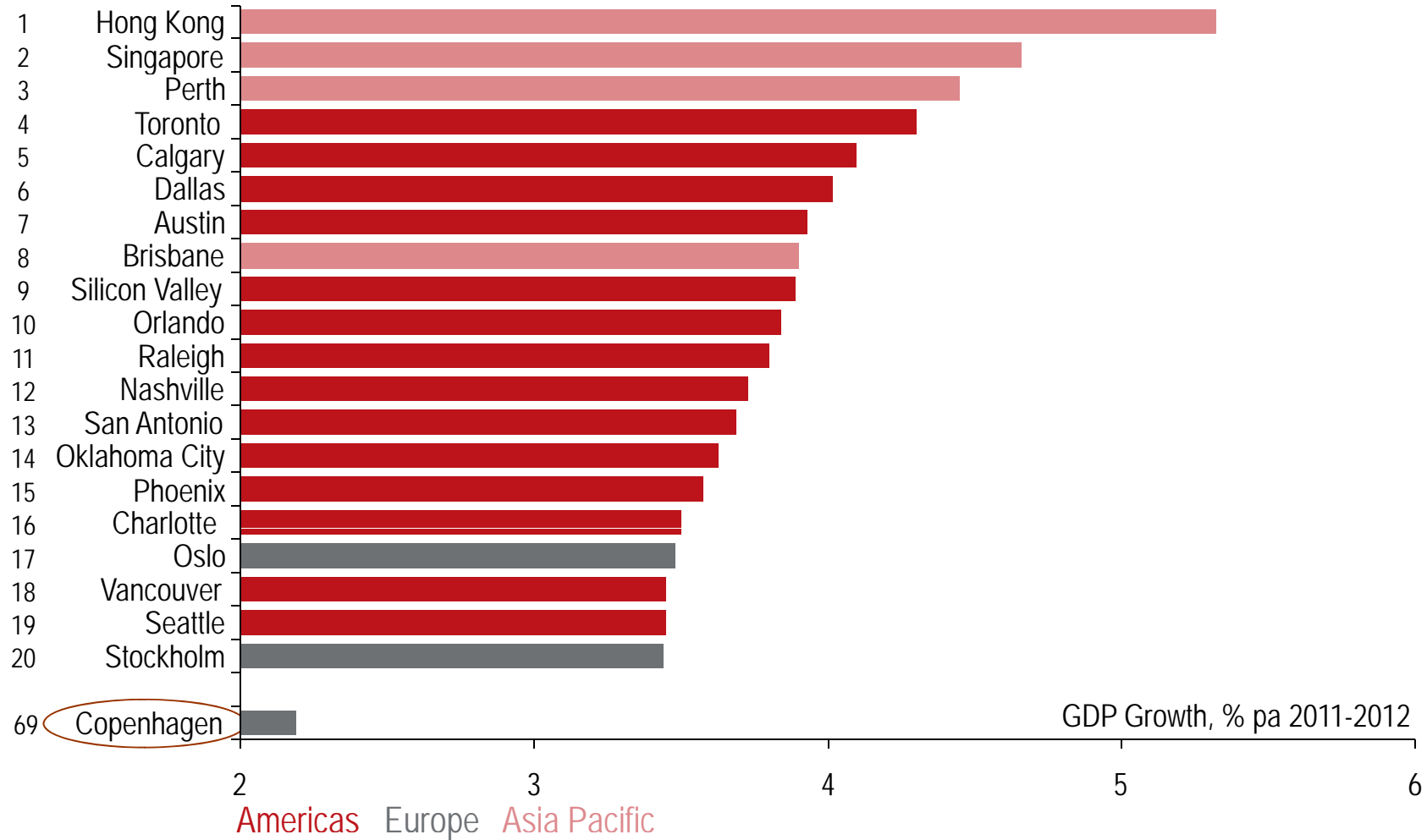
Population growth outside Europe



Source: United Nations and Global Insight, February 2011

Growth Cities – Global Top 20*

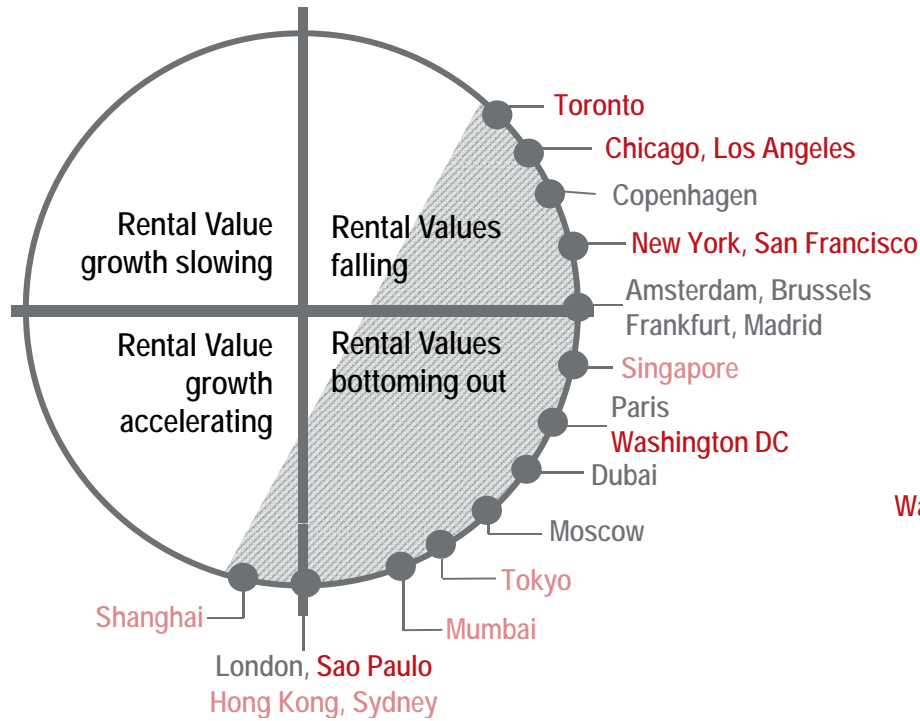
Fastest Growing Mature Economies – Driven by Technology and Commodities



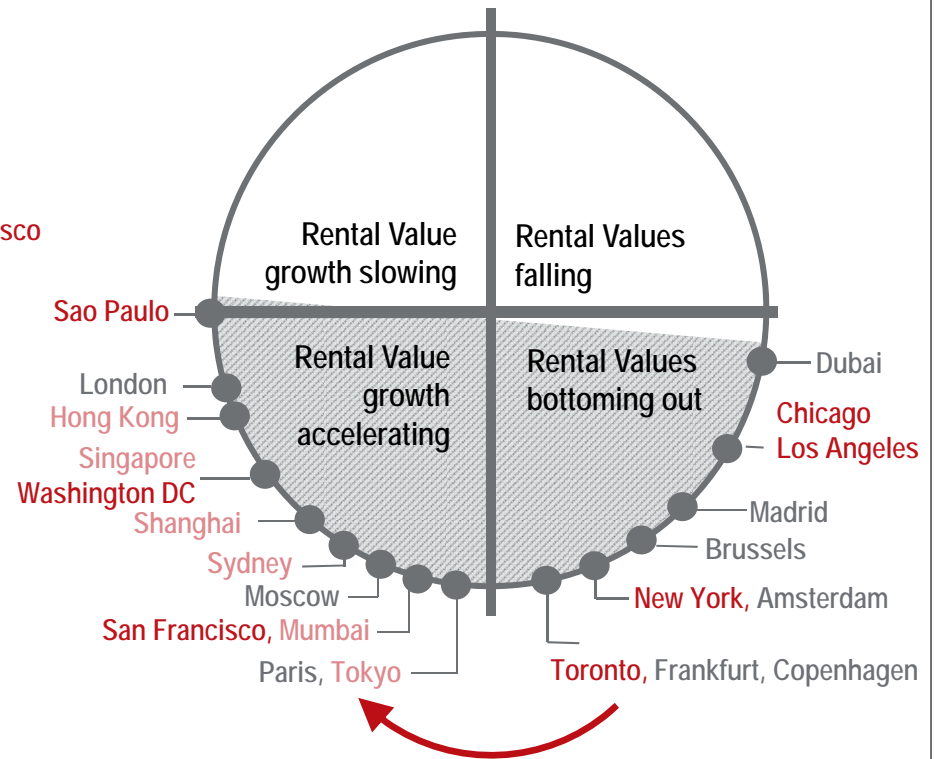
*Based on 96 cities with population over 1 million and GDP/capita over \$20,000 with highly transparent or transparent real estate markets
Sources: Global Insight, Experian, Access Economics, Conference Board of Canada, February 2011

Prime Offices – Rental Clock

Q4 2009



Q4 2010



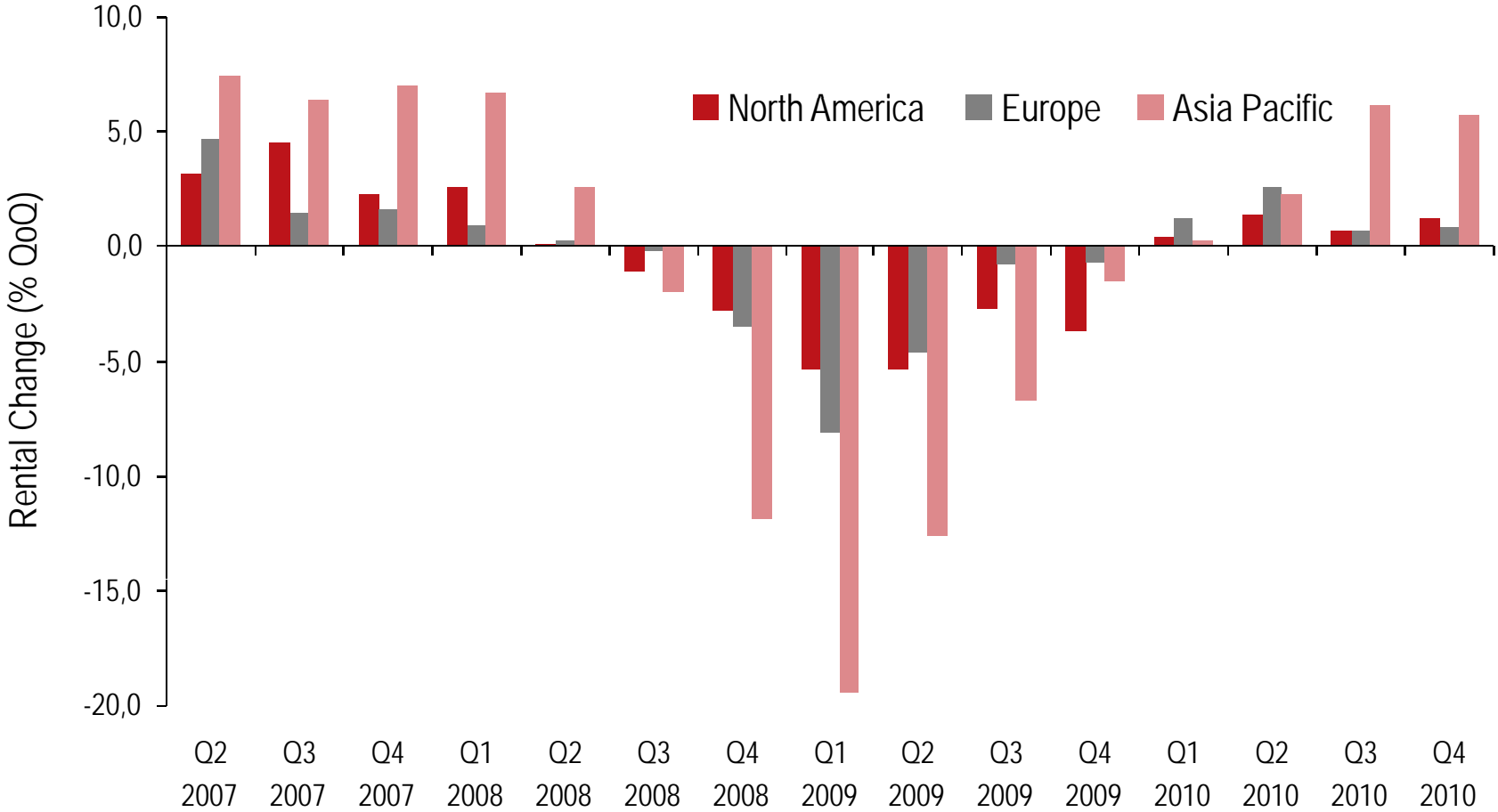
Americas
EMEA
Asia Pacific

Based on rents for Grade A space in CBD or equivalent. In local currency.

The Jones Lang LaSalle Property Clocks SM

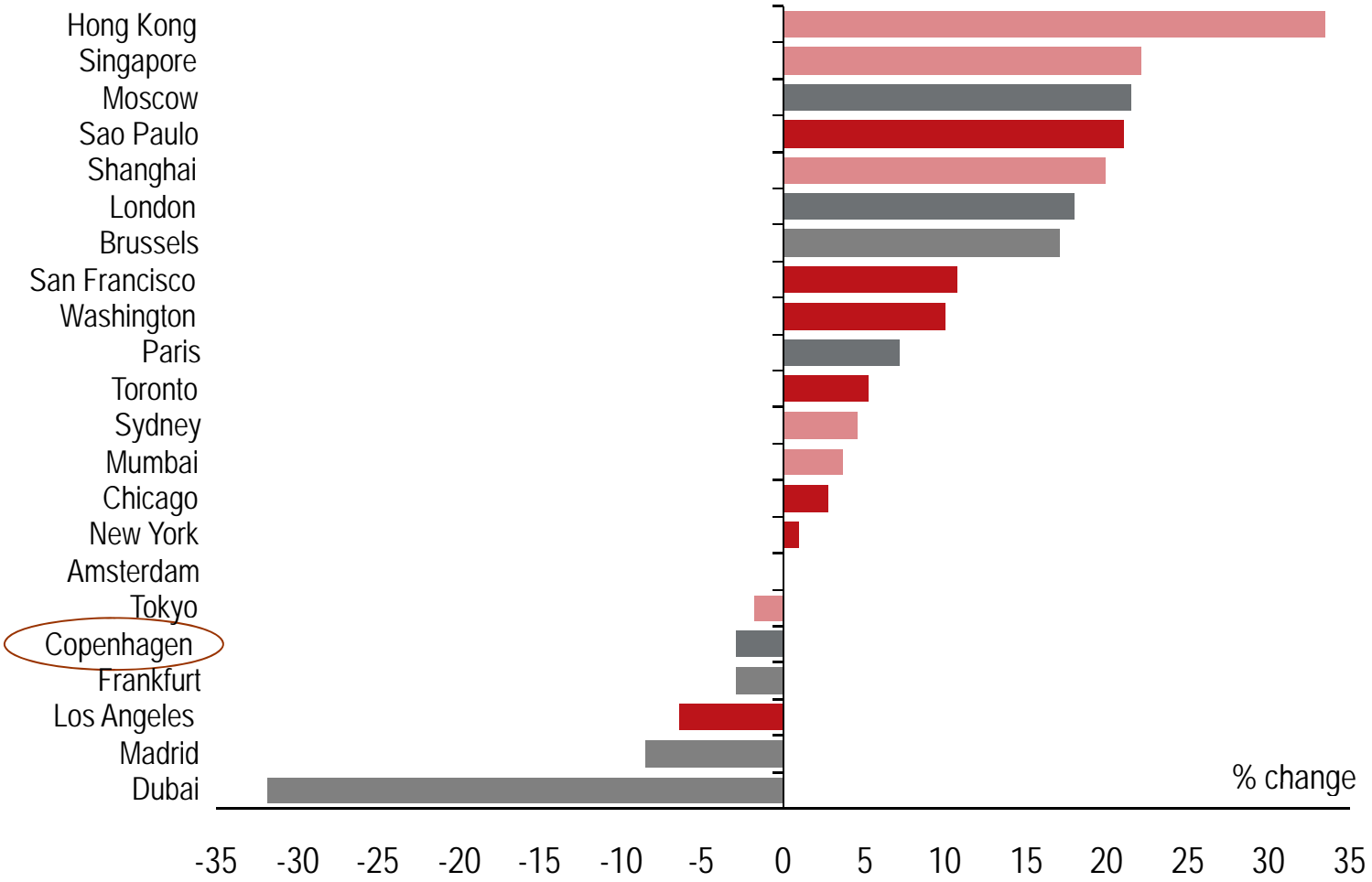
As of Q4 2010

Prime Offices – Rental Trends, 2007-2010



North America – average of 6 markets; Asia Pacific – average of 5 markets; Europe – weighted average of 24 markets
 Source: Jones Lang LaSalle, February 2011

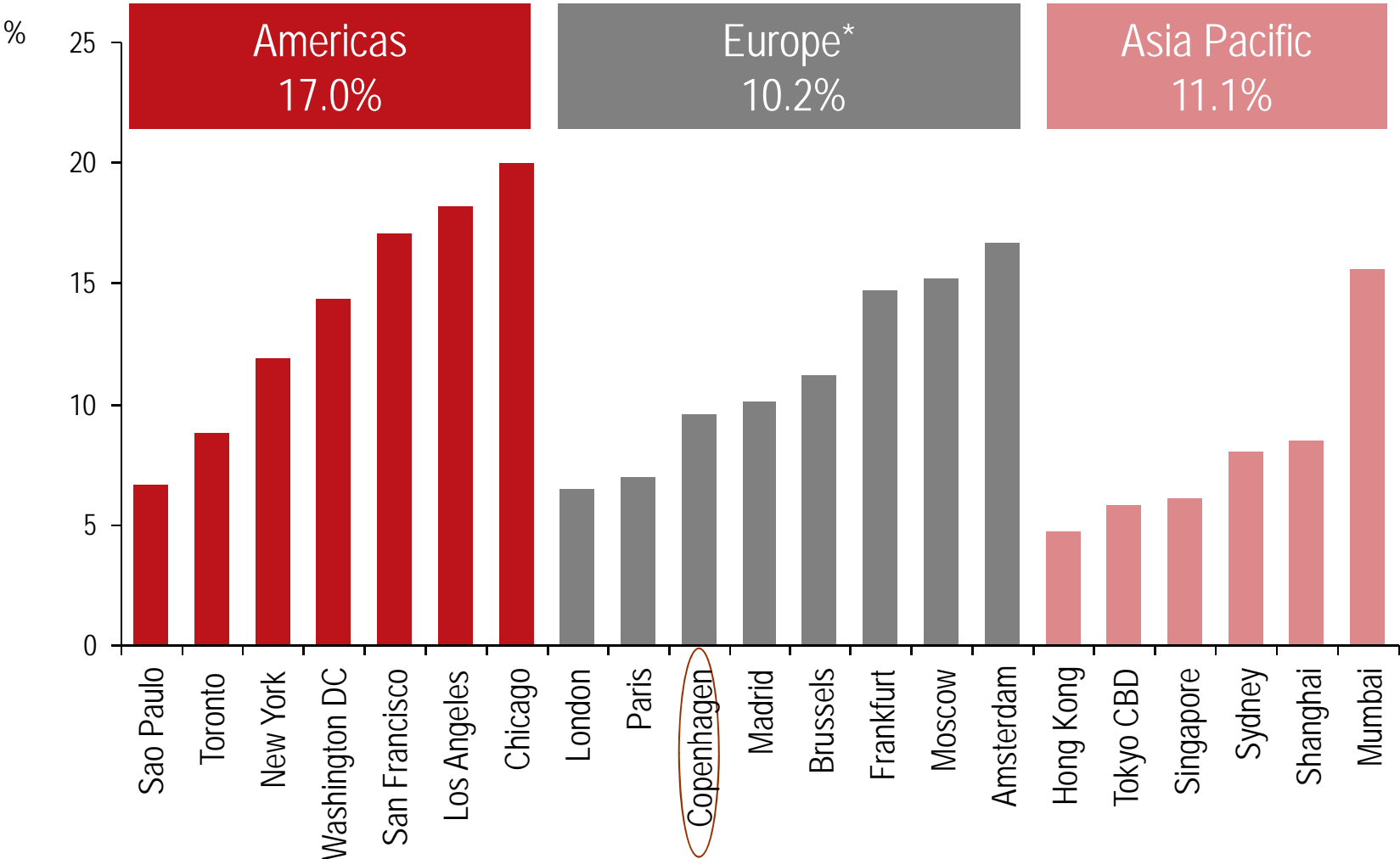
Prime Offices – Rental Change, 2010



Based on rents for Grade A space in CBD or equivalent. In local currency.
 Source: Jones Lang LaSalle, February 2011.

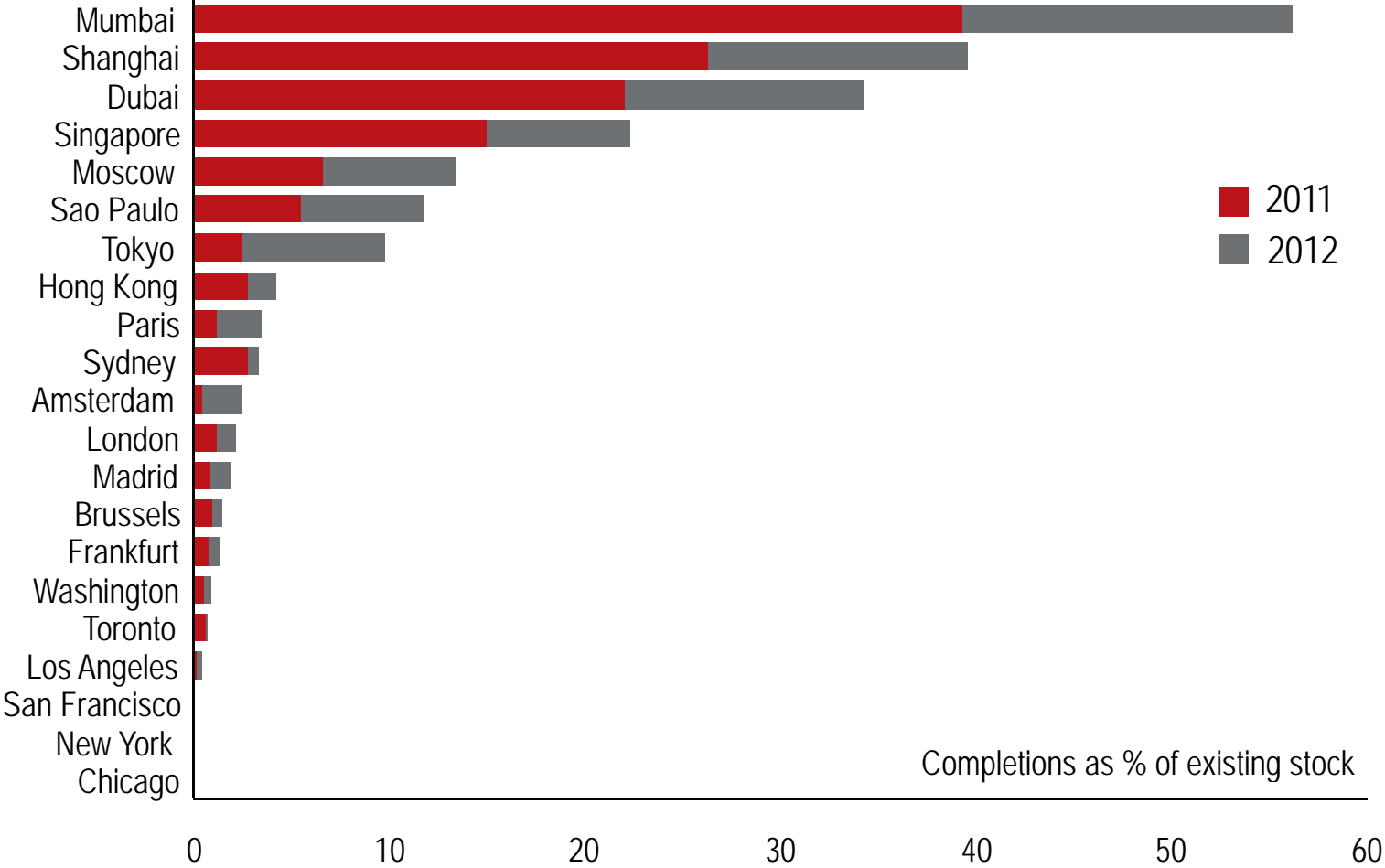
Americas EMEA Asia Pacific

Office Vacancy Rates - Major Markets, Q4 2010



Regional vacancy rates based on 56 markets in Americas, 24 markets in Europe and 24 markets in Asia Pacific *Excludes Dubai. Source: Jones Lang LaSalle, February 2011
 Covers all office sub-markets in each city. All grades except Asia (Grade A only). Relates to CBD only in Tokyo

Office Supply Pipeline in Major Markets, 2011-2012



Source: Jones Lang LaSalle, February 2011. Covers all office sub-markets in each city. Tokyo - CBD-3 kus

Demand Prospects: A Multi-Speed Market

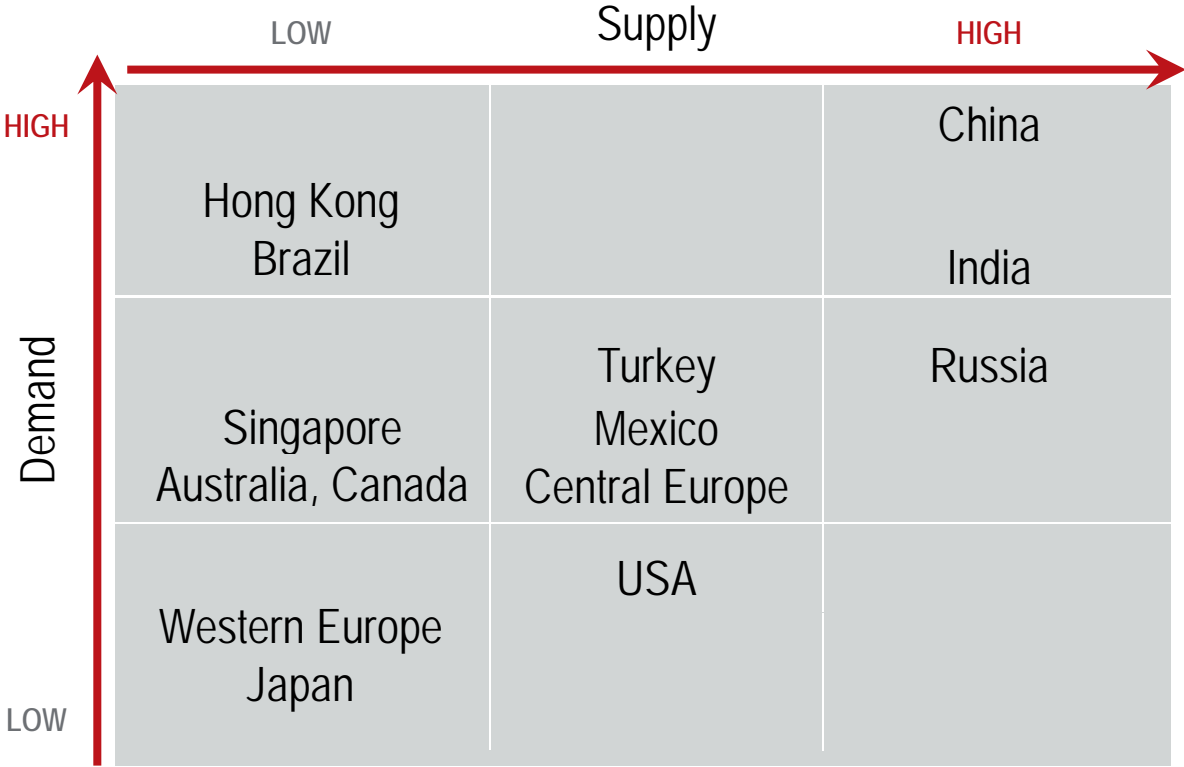
High Growth	BRIC/E7, Hong Kong Singapore, Poland
Growth	North America, Australia Nordics, Germany
Low Growth	UK, France, Benelux Italy, Japan
Stressed	Iberia, Greece, Ireland

Office Demand: Key Drivers

Confidence Returns, Stimulating Activity

- M&A activity
- Capital investment
- Headcount growth
- Asian MNCs
- Offshoring – new markets
- Lease accounting changes
- Flight to quality

Retail Markets: Supply–Demand Balance



Demand – Based on economic growth, retail sales and consumer sentiment; Supply – Based on current shopping centre or prime market vacancy rates in main cities
 Source: Jones Lang LaSalle, February 2011

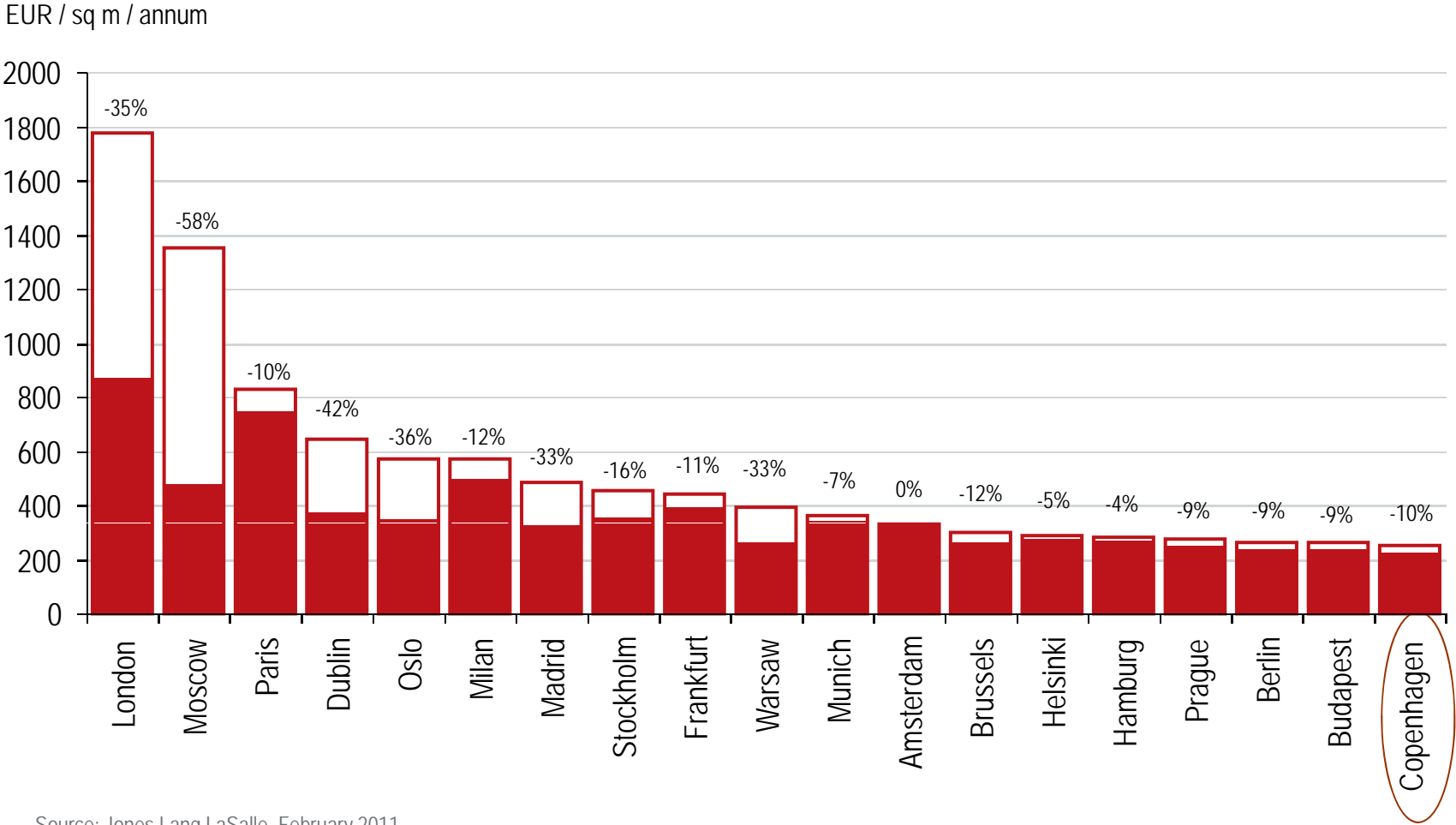
Global Retail Market Dynamics in 2011

- Retailer focus on BRIC / emerging markets to capture economic growth and favourable demographics
- Large cross-border retailers/brands extending global footprint
- Value retailing remaining an important force
- Polarisation – ‘flight to prime’
- Shopping mall development in mature markets still subdued
- Growth in proactive asset management
- Dramatic structural change underway

- **Asia Pacific** – rental growth, particularly in China
- **Europe** – rents stable
- **North America** – rents bottoming out in 2011

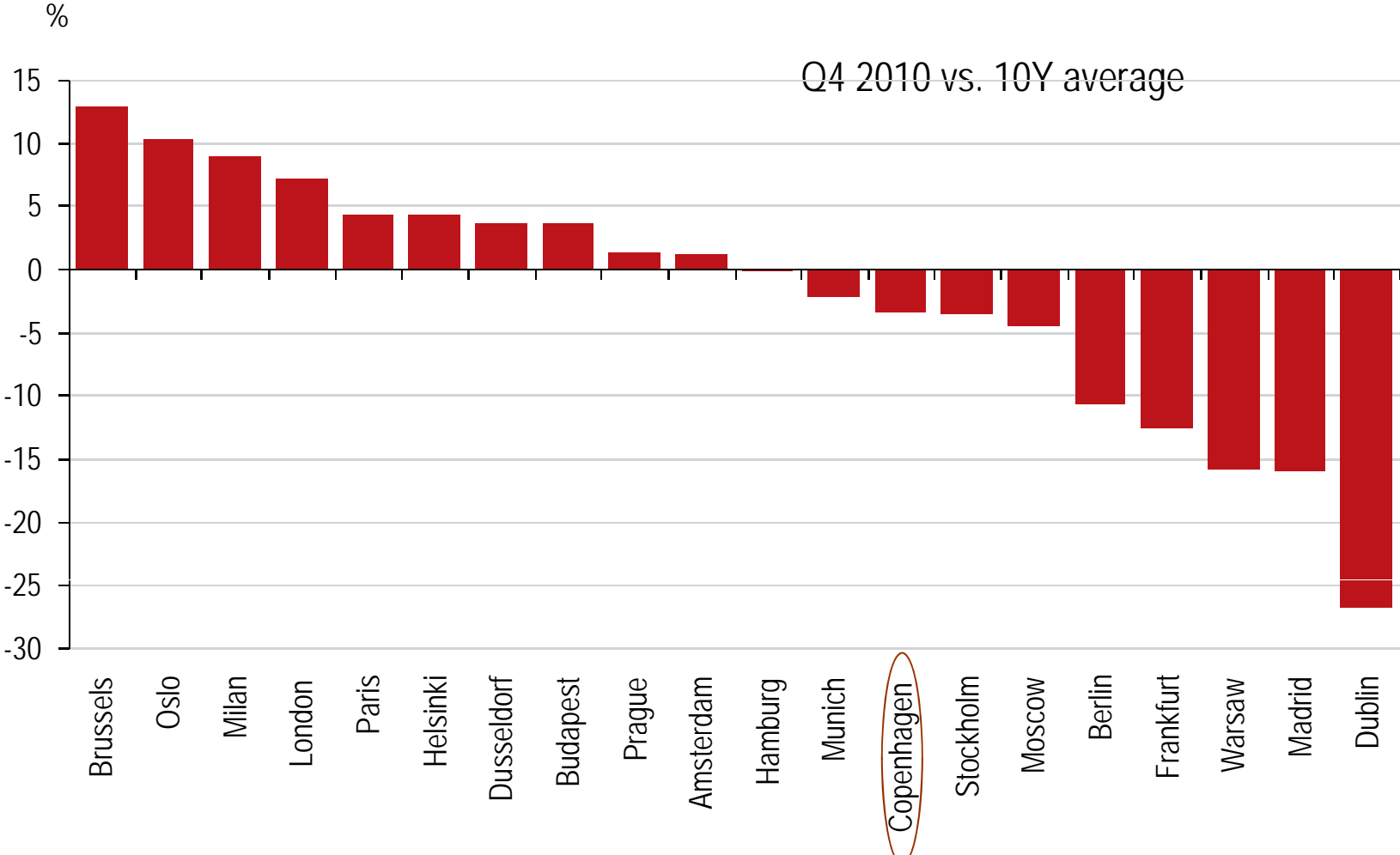
Rental Correction – The Fall

Rents at market trough and % change (local currency) from peak



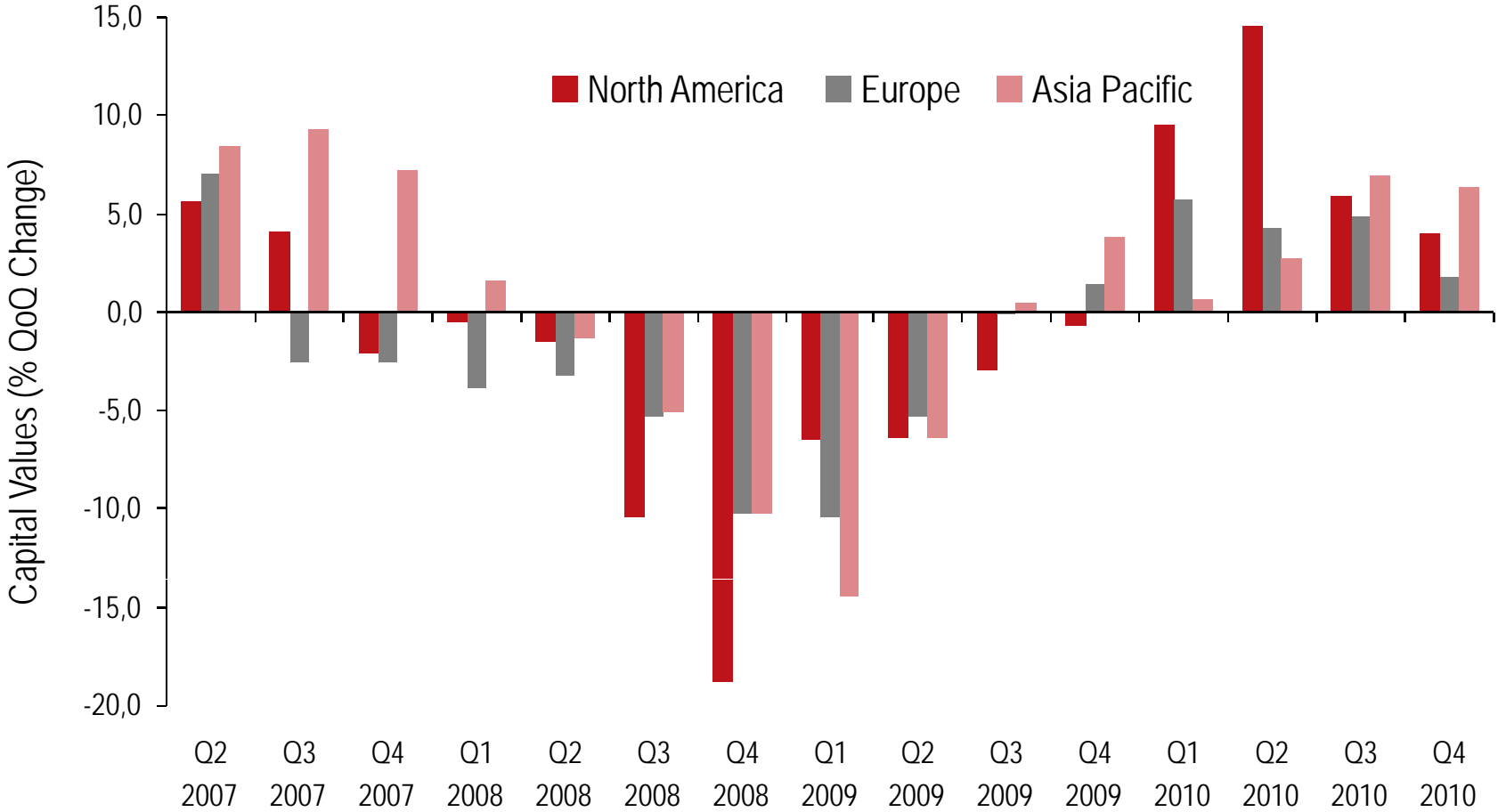
Source: Jones Lang LaSalle, February 2011

Office Prime Rent still well below average in many Markets



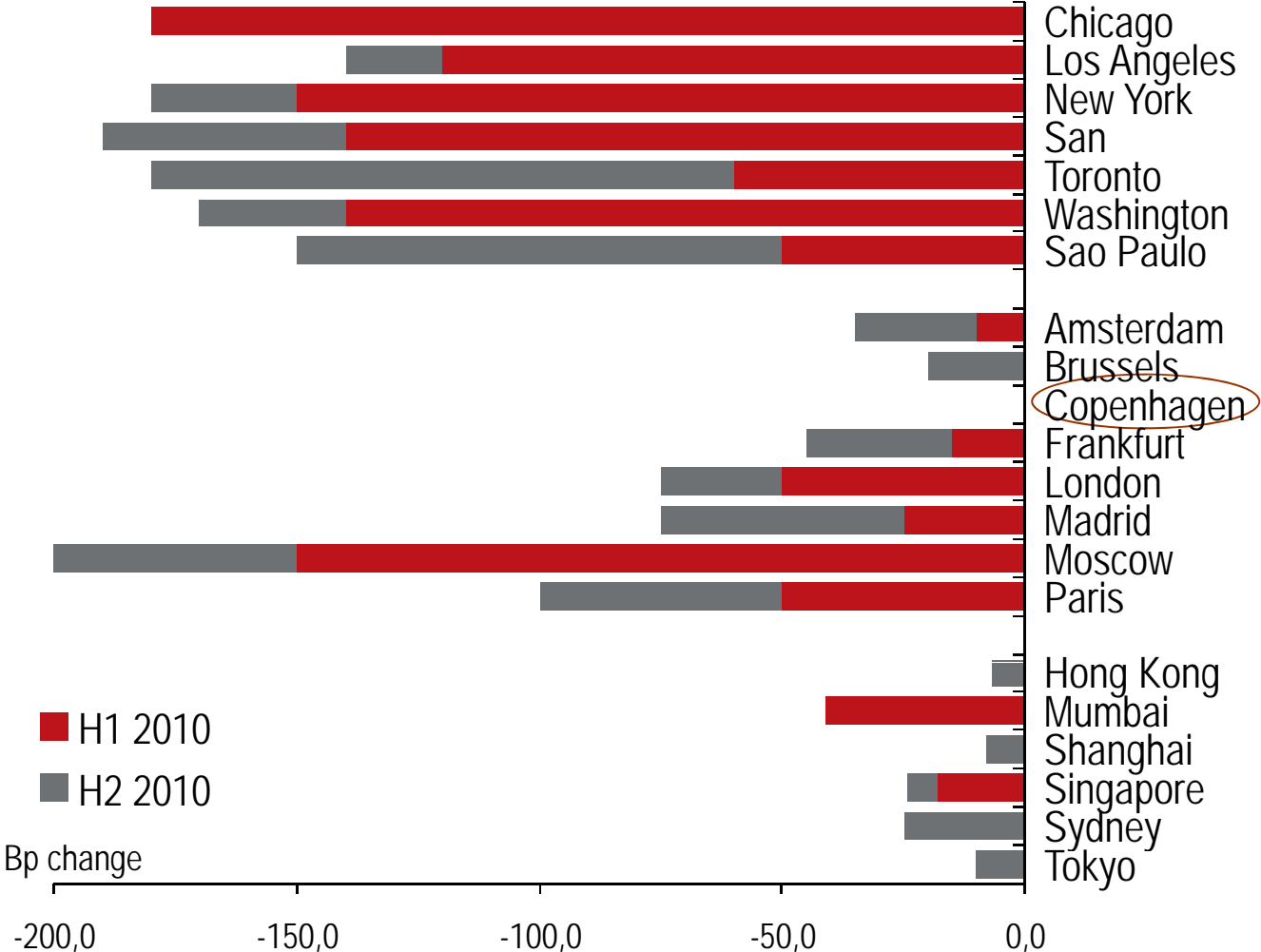
Source: Jones Lang LaSalle, February 2011, Note: Rental levels are nominal and changes are calculated in local currency

Prime Offices – Capital Value Trends, 2007-2010



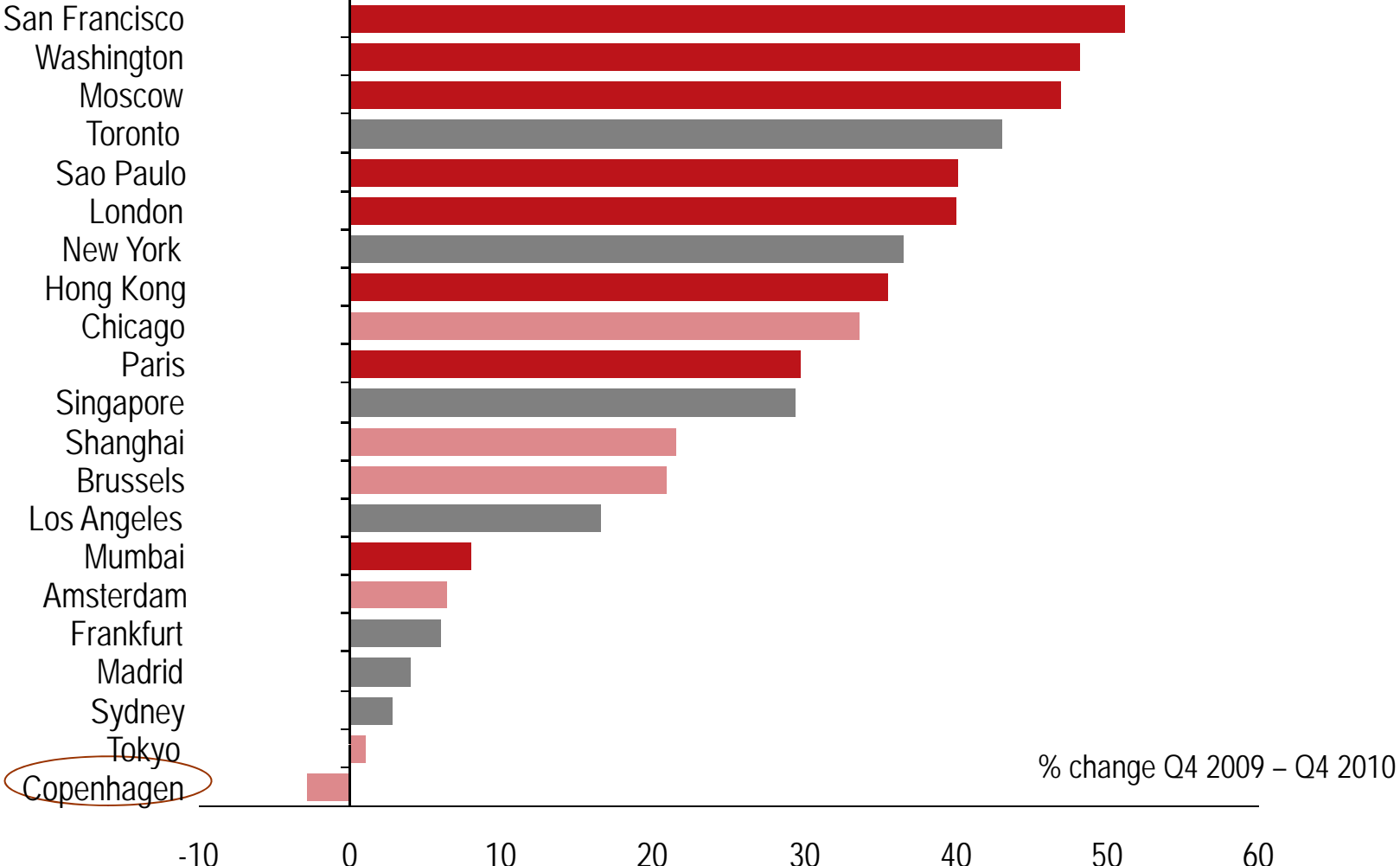
North America – average of 6 markets; Asia Pacific – average of 5 markets; Europe – weighted average of 24 markets
 Source: Jones Lang LaSalle, February 2011

Prime Offices – Yield Shift, 2010



Source: Jones Lang LaSalle, February 2011

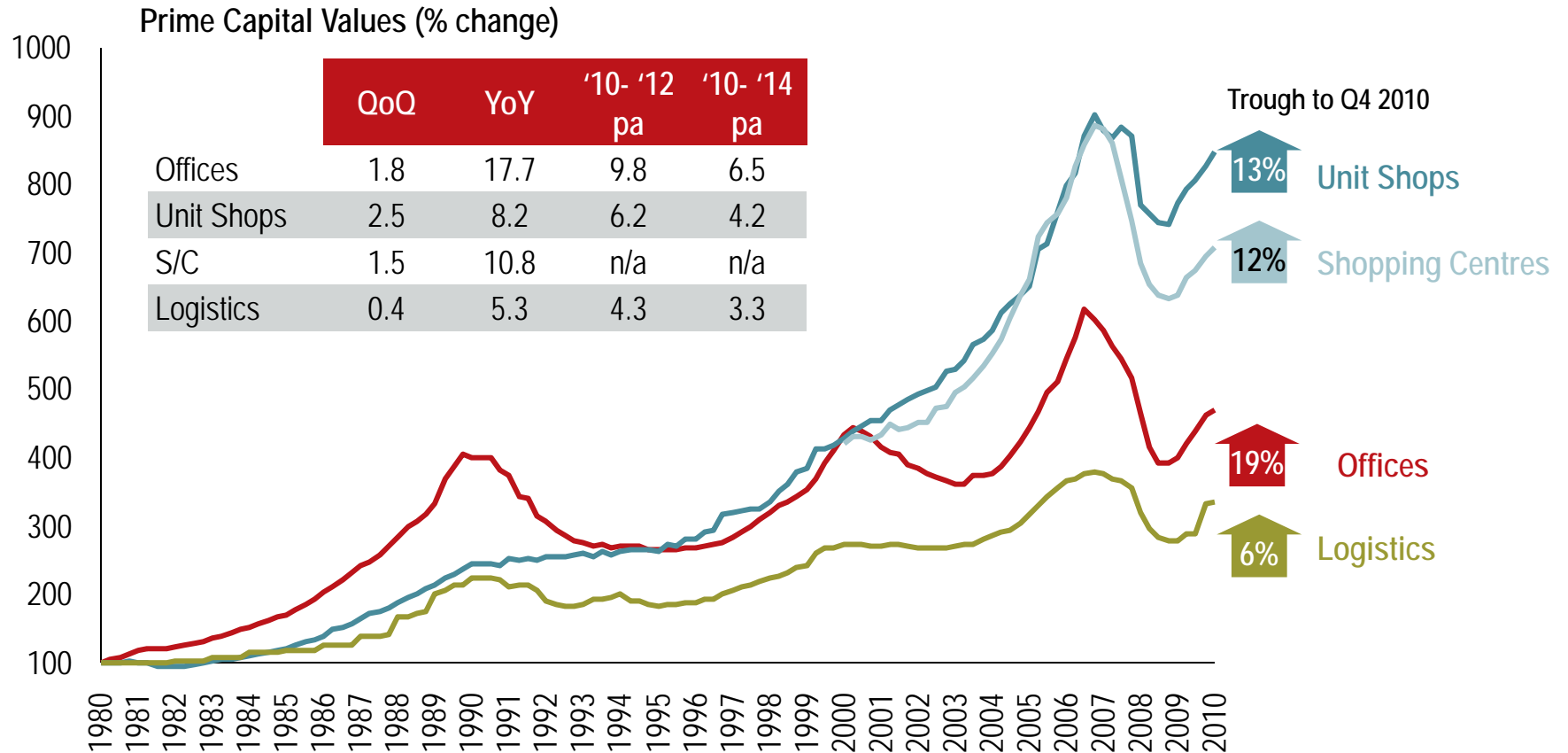
Prime Offices – Capital Value Change



Notional capital values based on rents and yields for Grade A space in CBD or equivalent. In local currency.
 Source: Jones Lang LaSalle, February 2011.

All Prime Capital Value Indices Moving up

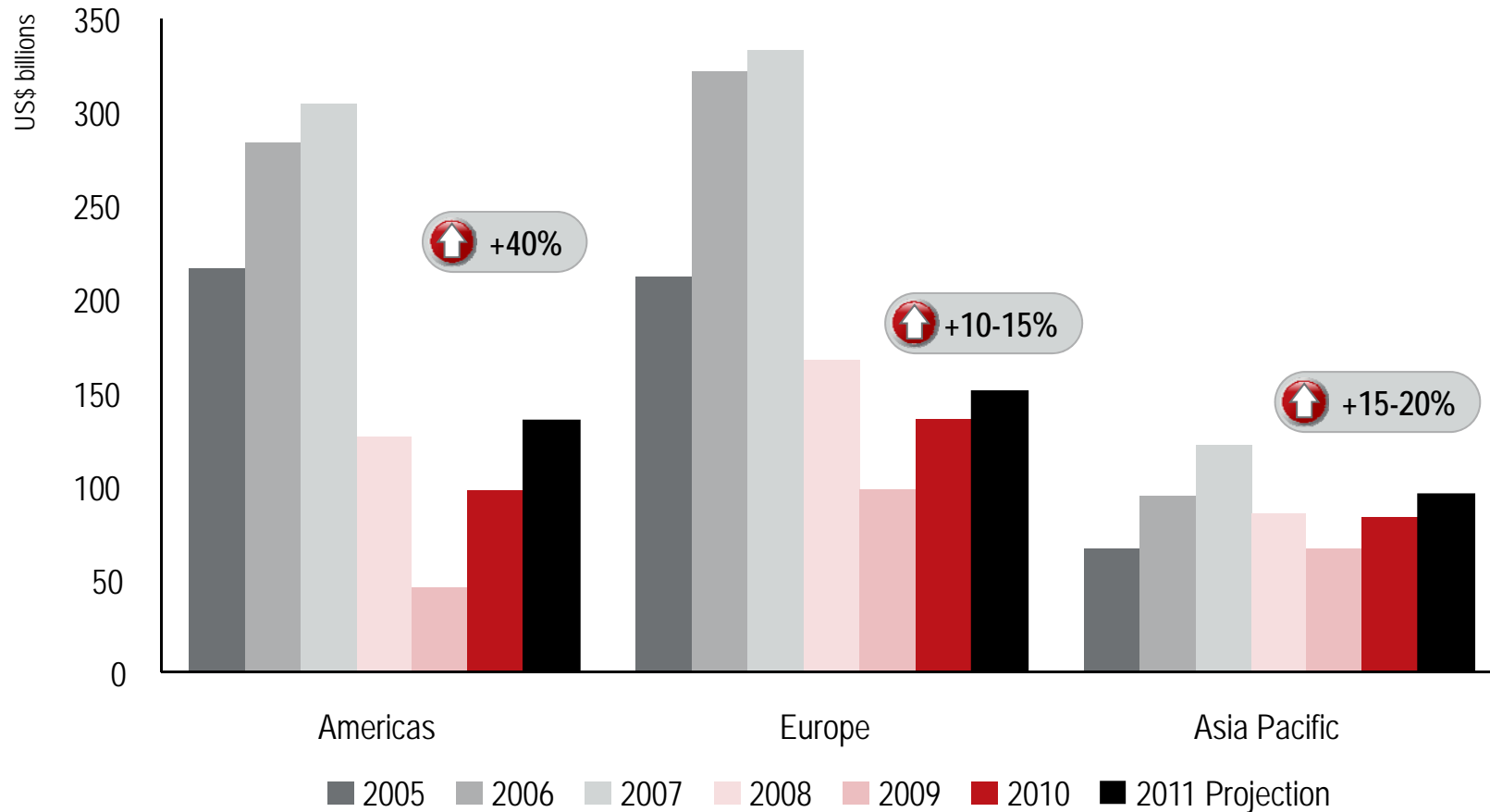
European Prime Capital Value Index (1980=100)



Note: Shopping Centre Indices start Q4 2000=420.
Source: Jones Lang LaSalle, February 2011

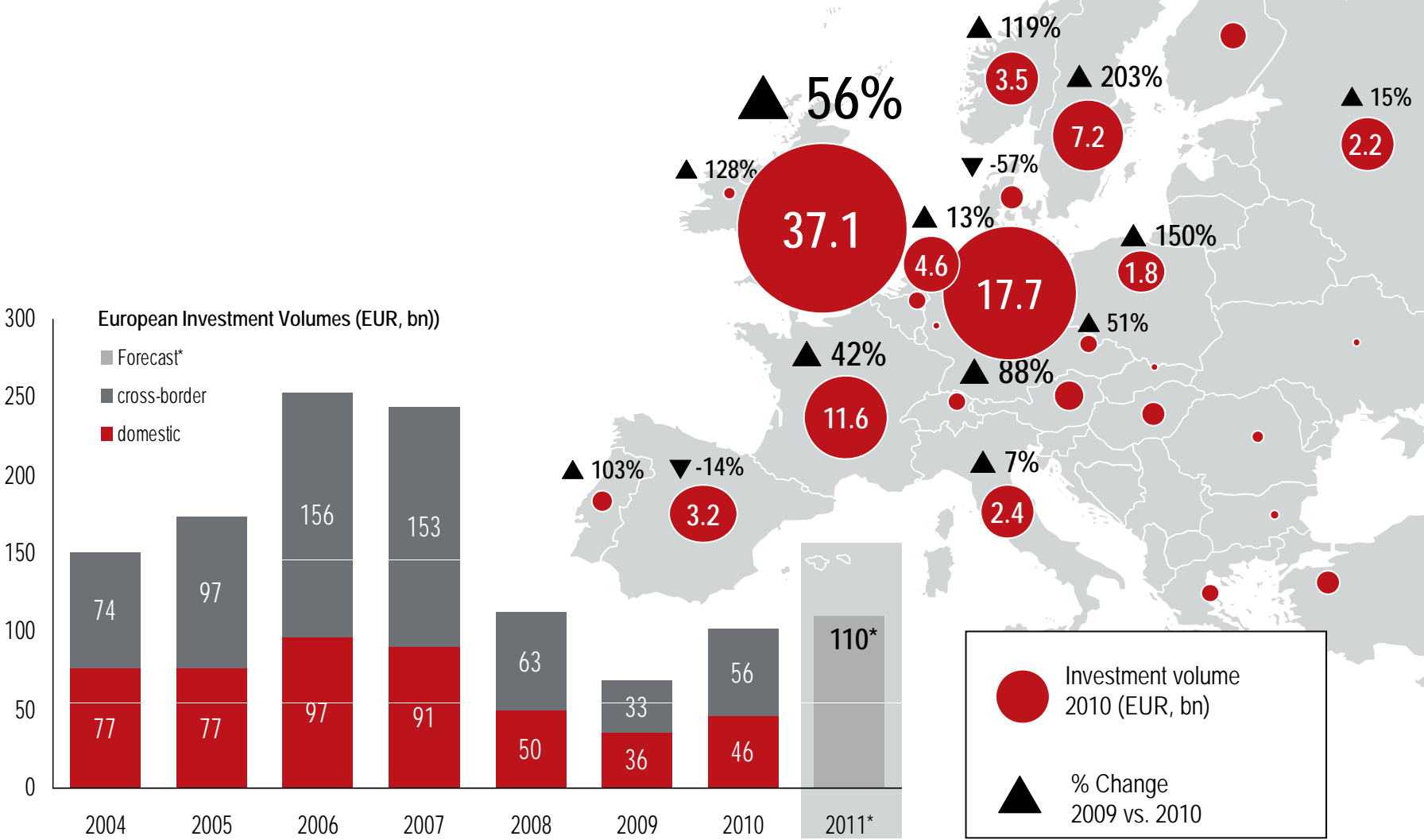
Recovery of Global Direct Investment Volumes

Forecasting \$380 bn in 2011



Source: Jones Lang LaSalle, February 2011

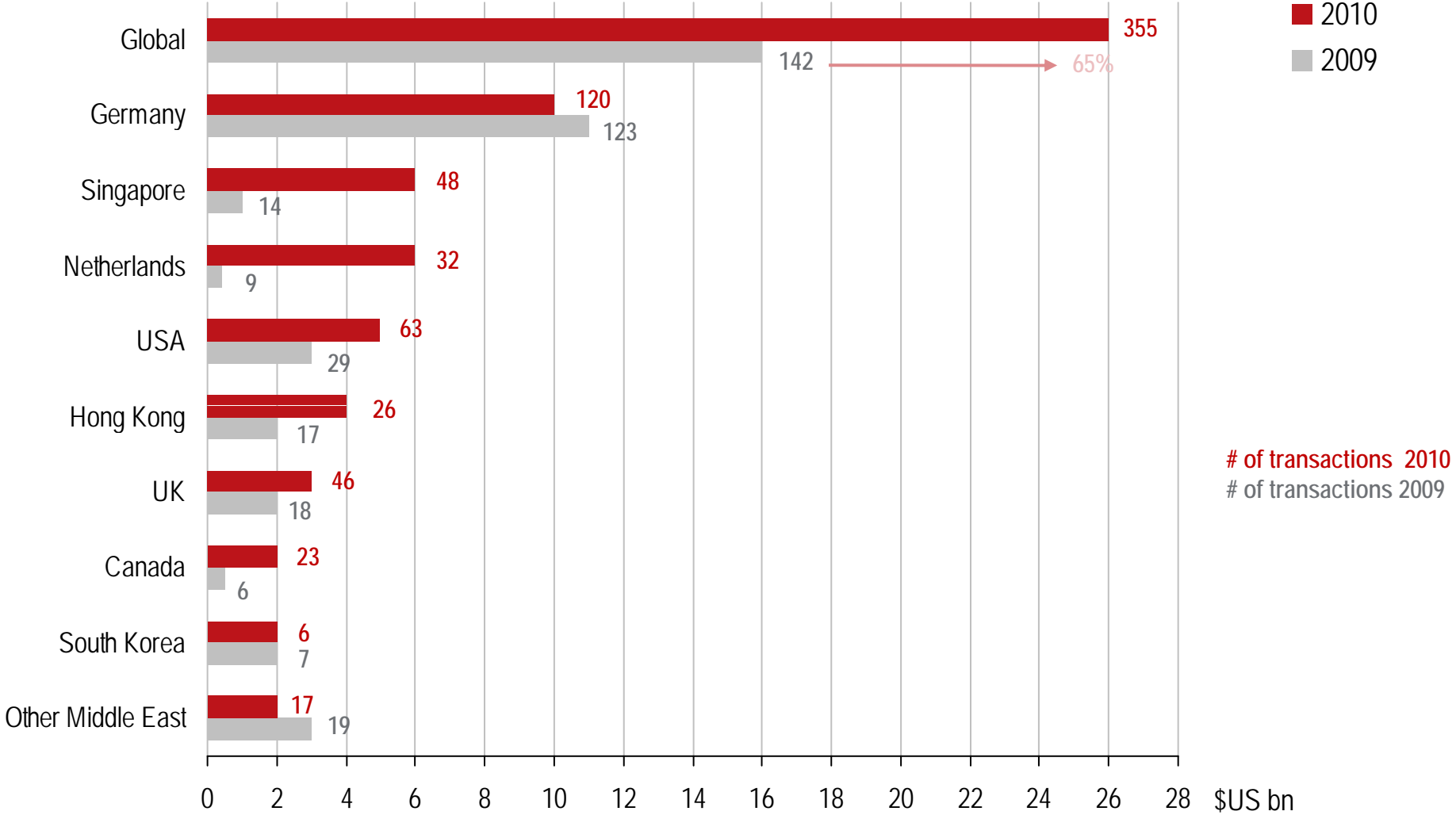
European Transaction Activity 2010



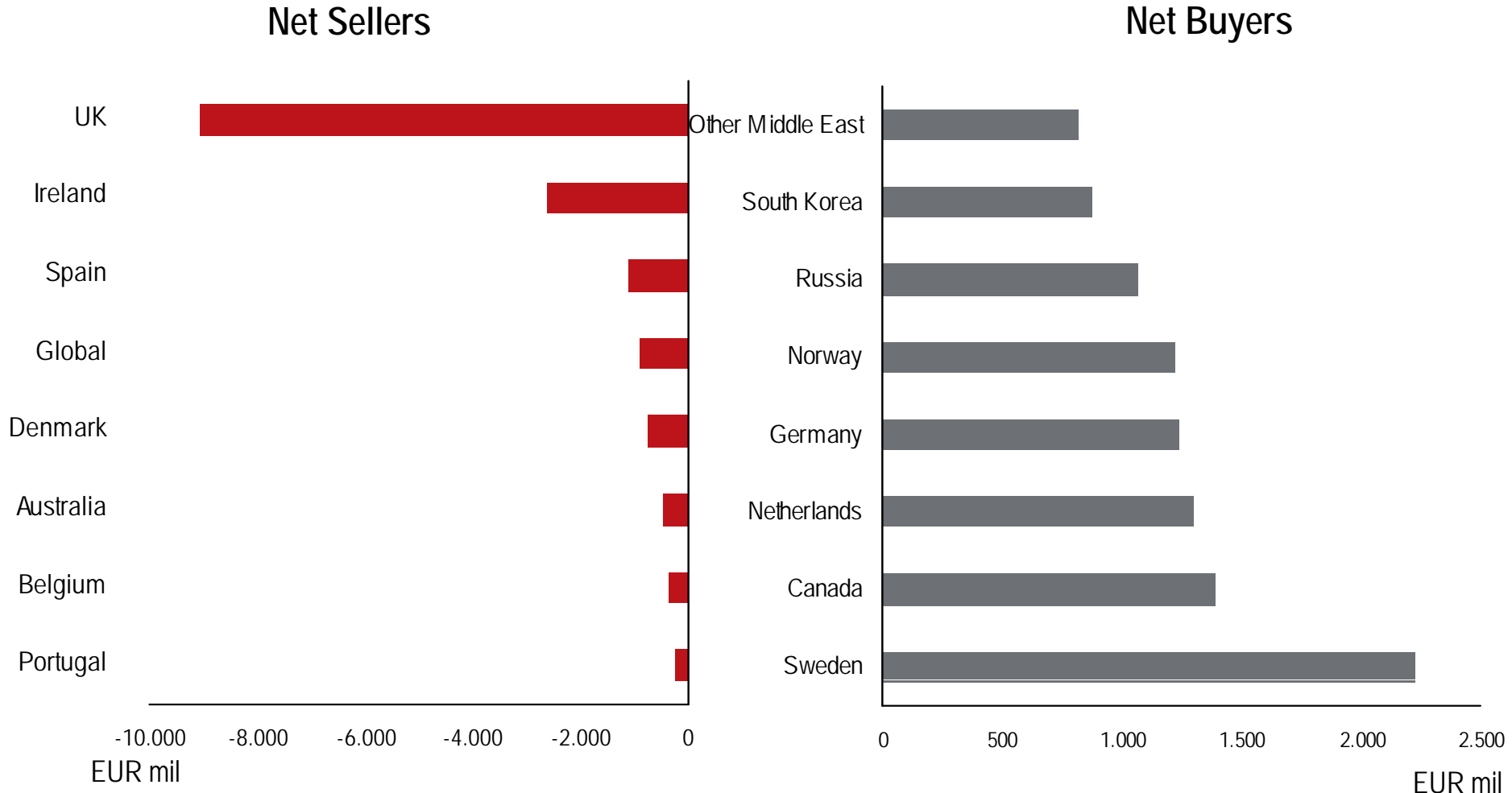
Source: Jones Lang LaSalle, February 2011

*Forecast

Top 10 Cross-Border Purchasers Globally by Source of Capital



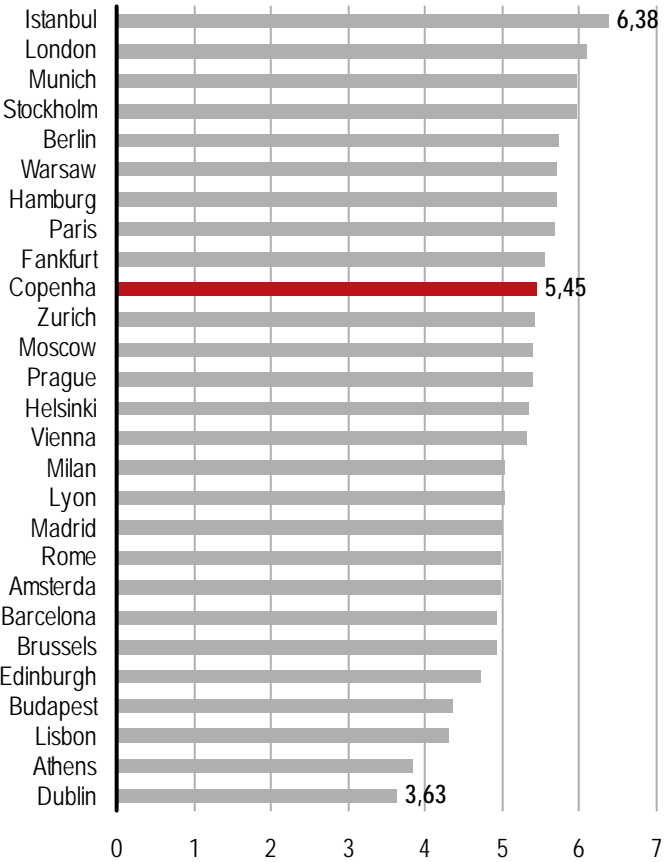
Net Investment by Source of Capital in 2010



Source: Jones Lang LaSalle; Property Data (UK); Akershus Eiendom (Norway), Athens Economics (Greece), Sadolin & Albaek (Denmark), RCA Analytics, February 2011

Investment Professionals' Perceptions of Denmark:

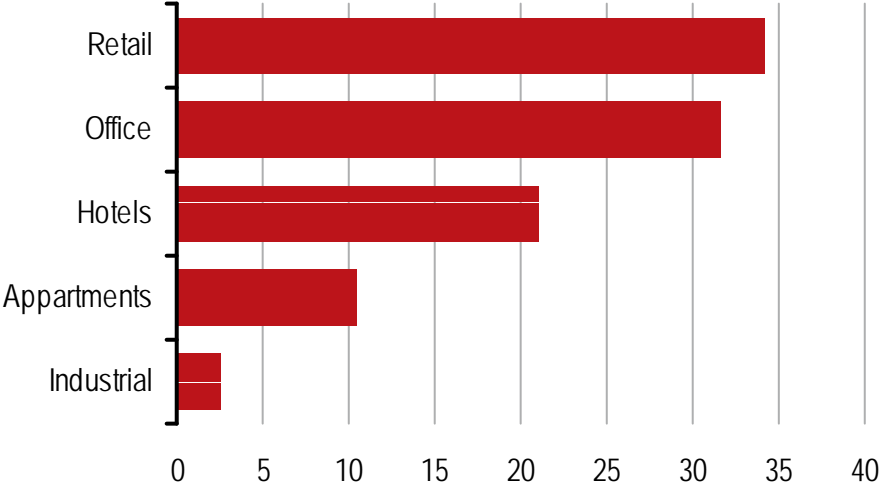
European Investment Market Prospects



Summary of Investor Opinions

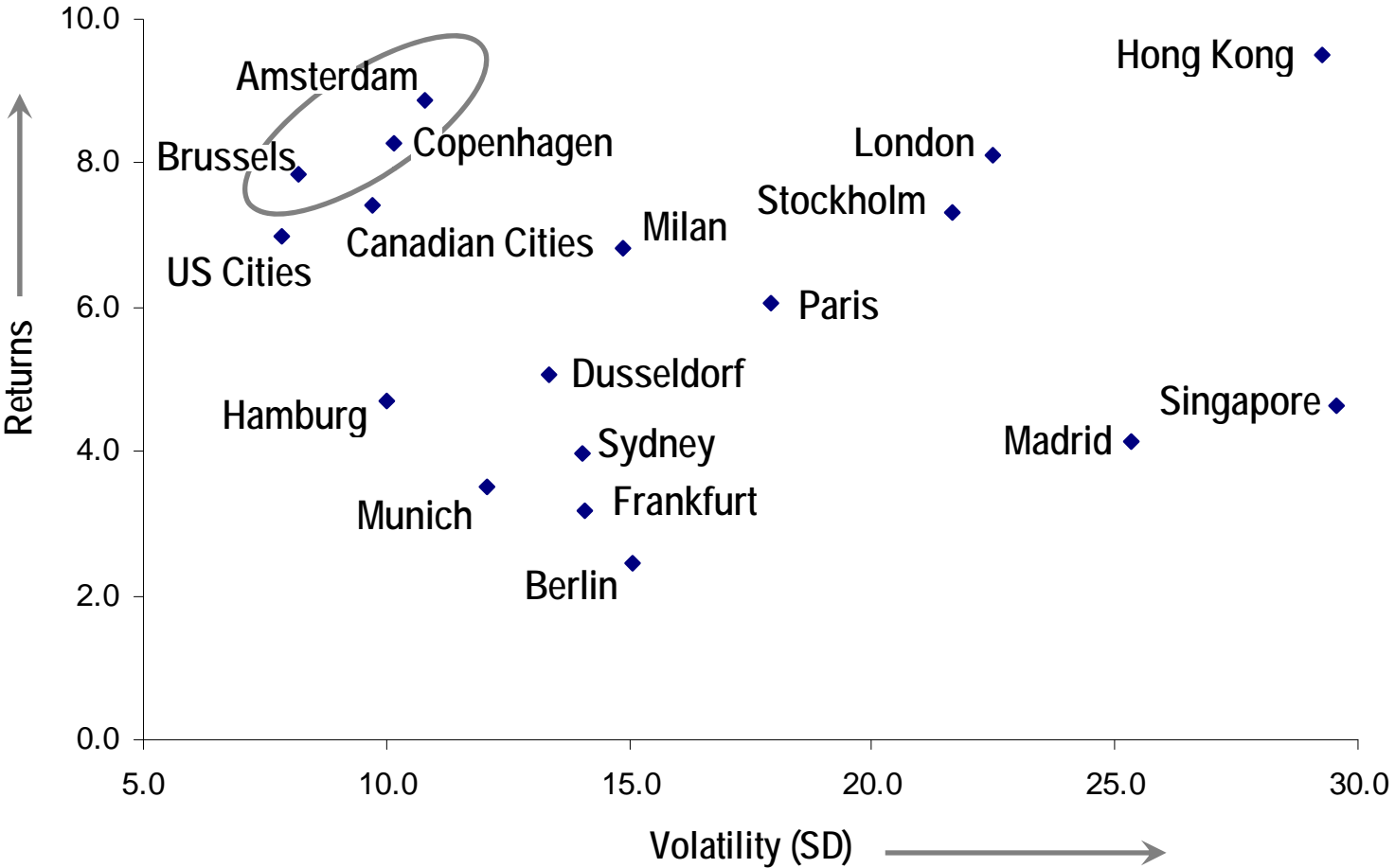
2011	Prospect	Rating	Ranking
Existing Property Performance	Fair	5.12	14 th
New Property Acquisitions	Fair	5.45	10 th
Development Prospects	Fair	4.70	15 th

Best Sectors for Acquisition



Source: ULI, Emerging trends in Real Estate. February 2011

Prime Offices – Return v Risk, 1990-2010



Source: Jones Lang LaSalle, IPD, NCREIF, February 2011

Prime Offices –Projected Value Change in 2011

	Rental Values	Capital Values
+ 20%	Hong Kong	Hong Kong
+ 10-20%	Shanghai, Singapore, Tokyo, Moscow, Sao Paulo, New York*, San Francisco, Toronto, Washington DC	Shanghai, Singapore, Tokyo, New York*, San Francisco, Sao Paulo, Moscow, Paris, Toronto, Washington DC
+ 5-10%	London*, Paris Sydney	London*, Helsinki Chicago, Los Angeles
+ 0-5%	Amsterdam, Brussels, Frankfurt Stockholm, Copenhagen, Oslo, Helsinki Chicago, Los Angeles, Mumbai	Amsterdam, Frankfurt, Copenhagen, Stockholm, Oslo, Brussels Mumbai, Sydney
- 0-5%		
- 5-10%	Madrid	Madrid
- 10-20%	Dubai	Dubai

*New York – Midtown, London – West End. Nominal rates in local currency.
Source: Jones Lang LaSalle, February 2011

Five Trends to Explore for 2020



Slow pace of economic growth in Europe



Shifting balance of economic and financial growth to Asia



Demographic change



Evolution of technology



Environmental Sustainability



Real value in a changing world

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