group making up the top 10 are largely Asian locations: Hong Kong, Seoul, Singapore and Beijing, in addition to Los Angeles.

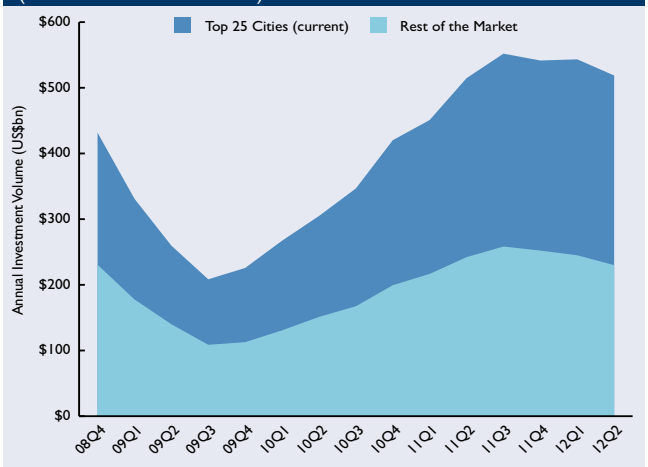
This hierarchy of global investment cities has been little changed in recent years. However, it is clear that differing patterns of growth, a levelling playing field on regulation and forces pushing against agglomeration (such as new technology and the battle to reduce pollution and energy use) could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

WHO ARE THE WINNING CITIES?

Toronto, Canada

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

STANDARD GLOBAL LEASE TERMS

SUMMARY TABLE

COUNTRY	LENGTH - YEARS		TENANT BREAKS	SECURITY OF TENURE/ RIGHT TO RENEW	INDEXATION OR REVIEW
	OFF/IND	RETAIL			
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