

Emerging Asia leads world in implementing 'green' real estate solutions

- Professional firms are ranked above governments and construction firms in terms of implementing sustainable solutions over the last quarter
- Emerging and Developed Asia continue to lead other world regions in nearly all categories
- Agents in North America believe government measures to counter debt burdens will hinder sustainable construction

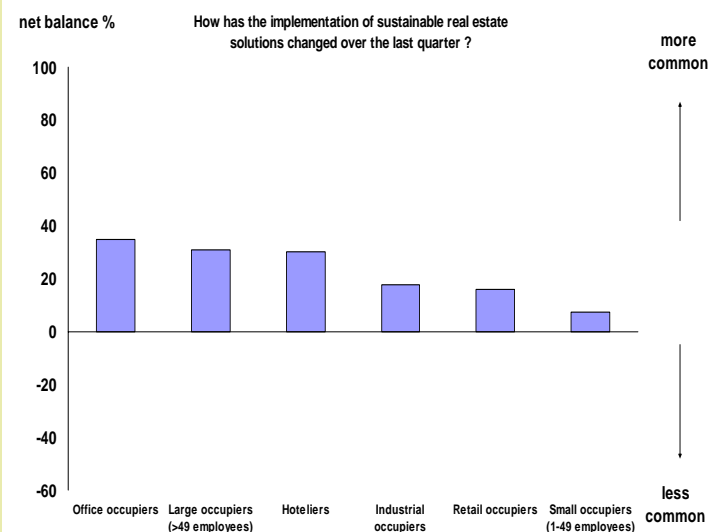
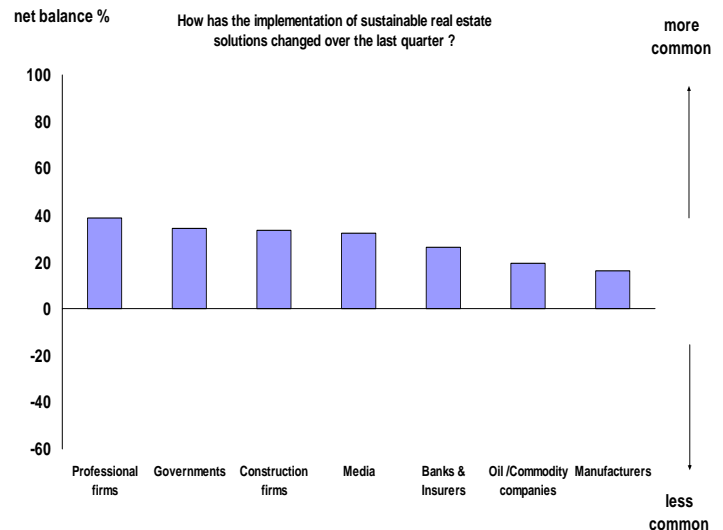
The latest RICS Global Property Sustainability Survey for Q3 indicates that the implementation of sustainable real estate requirements continues to pick up globally. However, there are still some diverging trends between types of occupiers, property sectors and world regions.

Agents report that professional firms and governments continue to occupy pole position in their requirements for sustainable real estate solutions. Across the corporate sector, greater implementation is generally apparent compared to last quarter. Again, agents report that the fewest sustainable mandates have been seen in the manufacturing sector, although even here there has been some pick up in demands as the global economy continues to recover.

It appears that the implementation of sustainable real estate solutions remains more pronounced amongst larger firms. 31% more agents are seeing rising sustainable mandates compared to 21% in the previous quarter. That said, there has been some improvement amongst smaller occupiers. 7% more respondents indicate growing sustainable mandates, a turnaround from the marginal declines seen in the previous quarter. Agents working in the office sector continued to report the biggest volume of sustainable mandates amongst their clients.

According to respondents, the gulf oil spill has forced the issue of sustainability up the corporate agenda further, with the results from Latin America and Asia being the most positive. Interestingly, despite the spill being so close to North America, only 29% of responses indicated that the incident will force the issue higher. More significant was the 65% of respondents from North America who indicated that spill would have 'no change' on corporate priorities.

Furthermore, the results show a divergence between highly indebted countries, such as those in Western Europe and North America, and countries in Asia and Latin America. Indeed, 7% more respondents in North America believe that sustainable construction methods will be overlooked as debt burdens take centre stage. Contrasting this, in Emerging Asia 33% more respondents think sustainable construction will not be overshadowed by issues of government debt.



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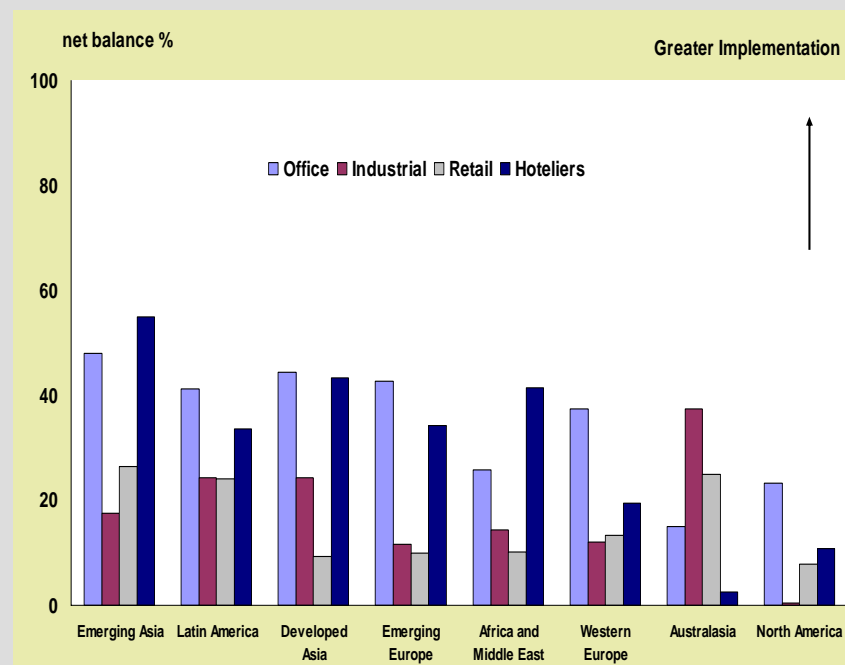
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Sectoral indicators

'How have attitudes towards the implementation of sustainable solutions in real estate changed over the last 3 months, when compared to the previous 3 months?'

Office, Industrial and Retail occupiers



According to respondents, sustainable solutions are once again most prominent in Emerging Asia, with hoteliers seeing the greatest implementation.

Office occupiers ranked highest across both Western and Emerging Europe, North America and Latin America.

In Australasia, Industrial occupiers have seen the greatest increase, while Africa and the Middle East hoteliers are leading.

Retail occupiers are greatest in Australasia, Emerging Asia and Latin America.

Small and Large occupiers*



Responses from Emerging Asia suggest the greatest implementation from large occupiers is there, while small occupiers are also seeing the greatest implementation of sustainable solutions in EA.

More broadly, Asia is seeing the greatest improvement in sustainable solutions, followed by Western and Emerging Europe.

Small occupiers are seeing less concern regarding sustainability in North America, and Emerging Europe.

*Small Occupier (1-49 employees)
Large Occupier (>49 employees)



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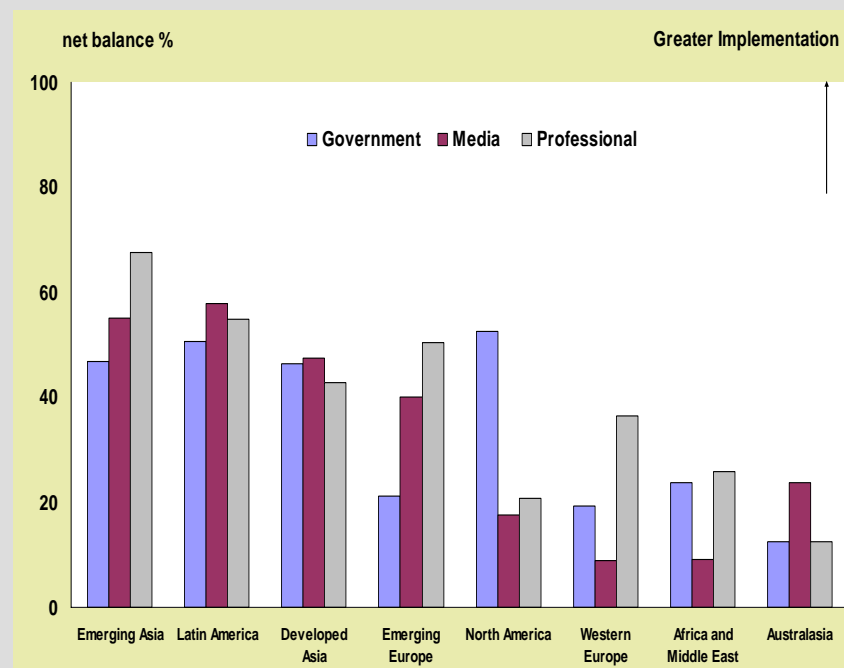
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Sectoral indicators

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Government, Media and Professional occupiers

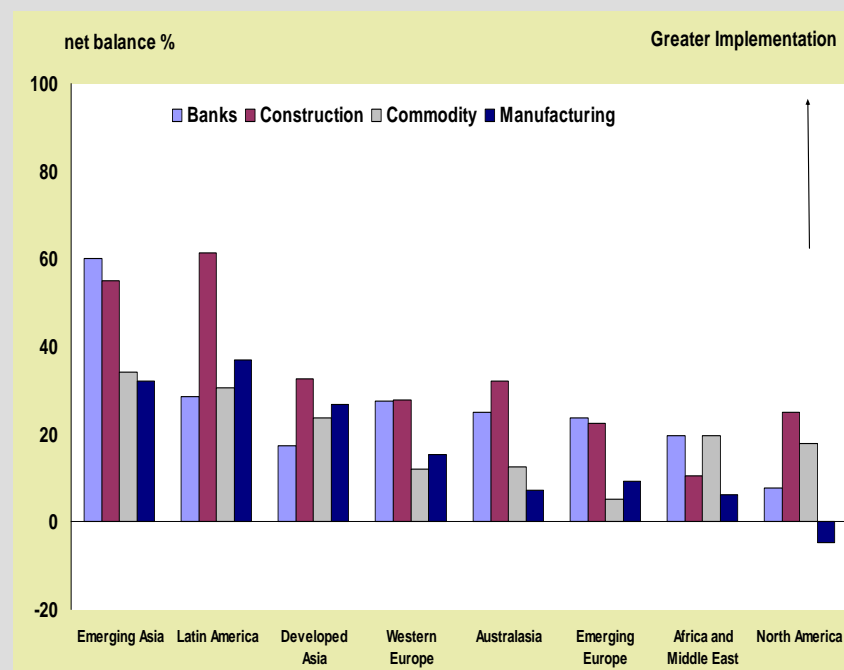


According to respondents, it is professional firms that are leading the way in terms of implementing sustainable solutions; they have ranked highest in Emerging Asia, Emerging Europe, Western Europe and Africa and Middle East (MENE).

Interestingly, the leading world regions have indicated that the media play a greater role in implementing sustainable solutions, ahead of the government. Indeed, in Latin America, Australasia and Developed Asia they come out on top.

Only in North America is the government seen as the greatest implementer.

Construction, Manufacturing, Banks and Commodities



Once again, construction firms have generally seen the greatest improvements, especially in Asia and Latin America. Banks are also seeing improvements compared to the previous three months in Emerging Asia.

Elsewhere, Commodity firms have seen modest improvements across all regions, but the gain has been particularly small in Emerging Europe.

Manufacturing firms have seen marginal improvements outside Asia and Latin America. Interestingly, Manufacturing in North America was the only sector that saw less sustainable solutions implemented compared to the previous quarter.



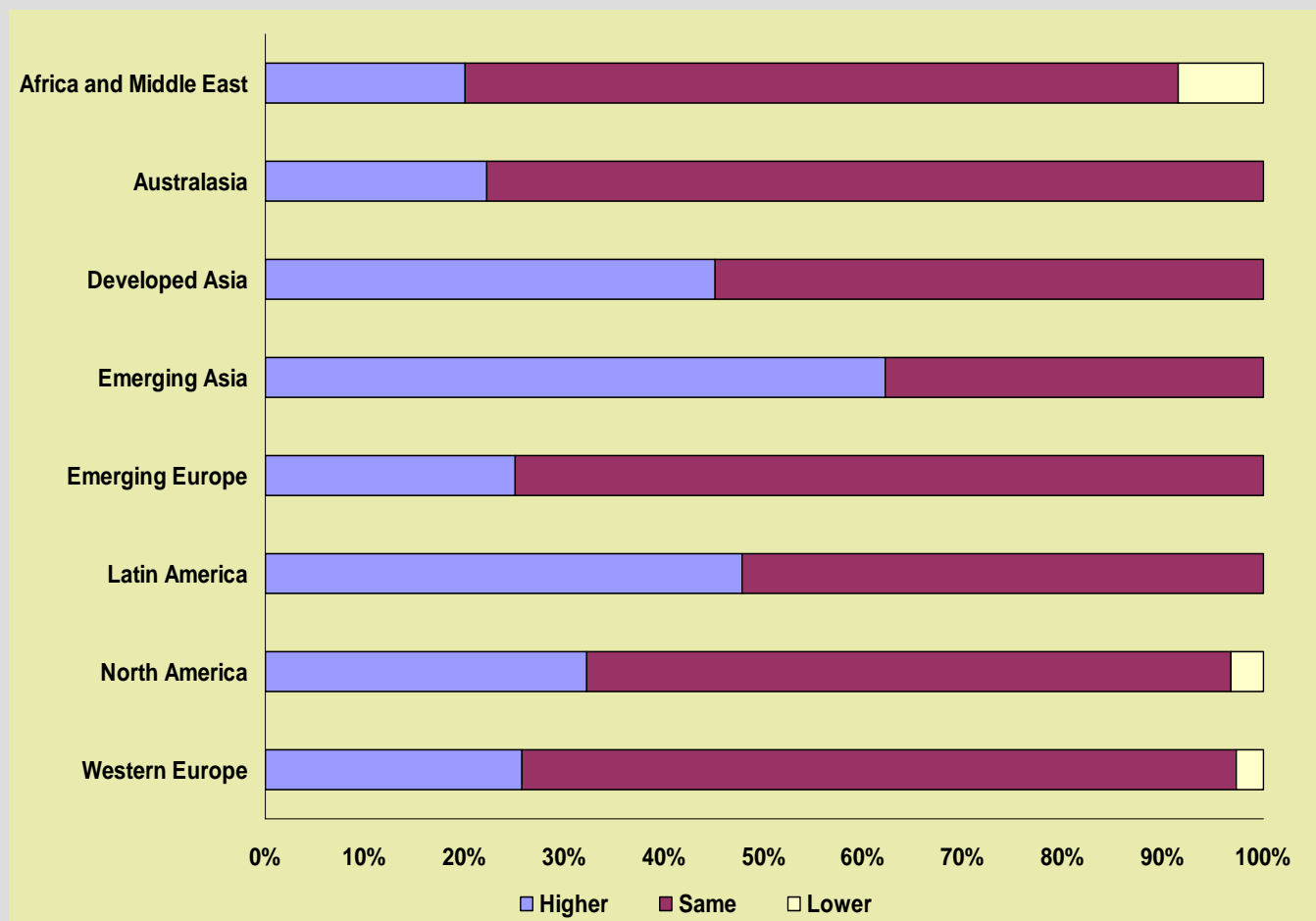
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Global snapshot—Key questions

Question 3: Do you think sustainability has moved higher up the corporate agenda among your clients since the negative publicity surrounding the Gulf oil spill?



- The results of this question indicate that the gulf oil spill has forced the issue of sustainability up the corporate agenda. The net balance result, which is positive for each region, is calculated by subtracting the numbers of respondents reporting 'down' from the number who reported 'up'. Despite the positive result, the majority of respondents reported 'no change'.
- Respondents from MENEAA had the greatest number of respondents reporting 'down', and also had the smallest proportion of people reporting 'up'.
- Interestingly, the greatest number of respondents reporting an increase came from Emerging Asia. North America and Western Europe trailed both Developed Asia and Latin America.
- Emerging Asia scored the highest net balance (of +62), followed by Latin America (+48) and Developed Asia (+45).
- North America (+29) was just ahead of both Emerging Europe (+25) and Western Europe (+23).
- The net balance in Australasia (+22) was just better than in MENEAA (+11).

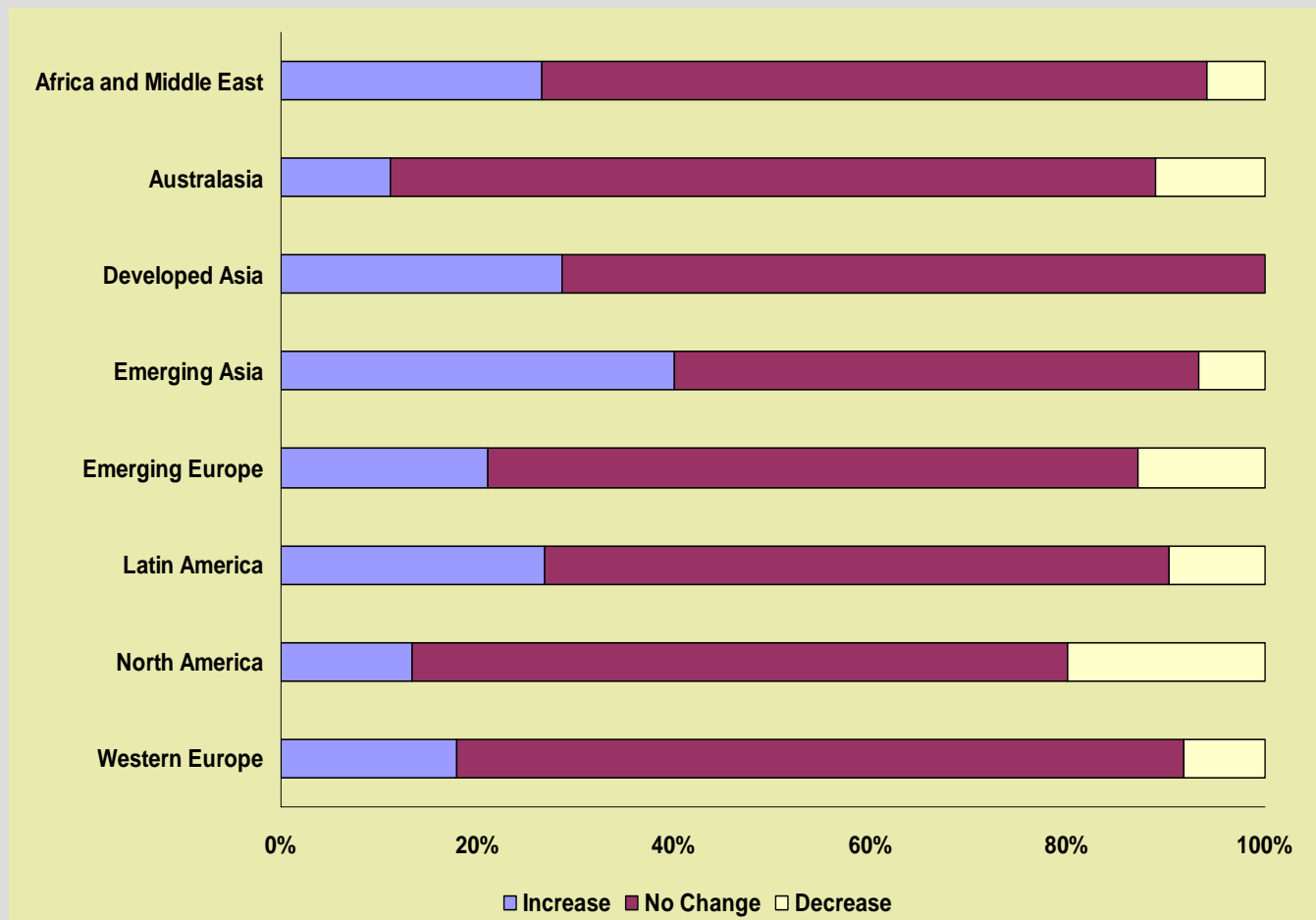

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Global snapshot

Question 4: How do you think government measures with respect to addressing debt burdens in your country will impact on sustainable construction activity in the coming year?



- According to property professionals, generally, sustainable solutions are still on the radar of governments, despite the deleveraging problems facing the western world.
- Understandably, in North America the issue of sustainable construction is of less importance than deleveraging, however most respondents from the region reported 'no change'.
- In Emerging Asia, where national debt is less of a prominent issue the results were more positive; nearly as many respondents reported 'up' as did 'no change'.
- Emerging Asia scored the highest net balance (of +33), closely followed by Developed Asia (+29) and MENEA (+21).
- Latin America (+17) was just ahead of both Western Europe (+10) and Emerging Europe (+8).
- In Australasia, the net balance was zero, indicating no change, while in North America the balance was actually negative to the tune of -7.



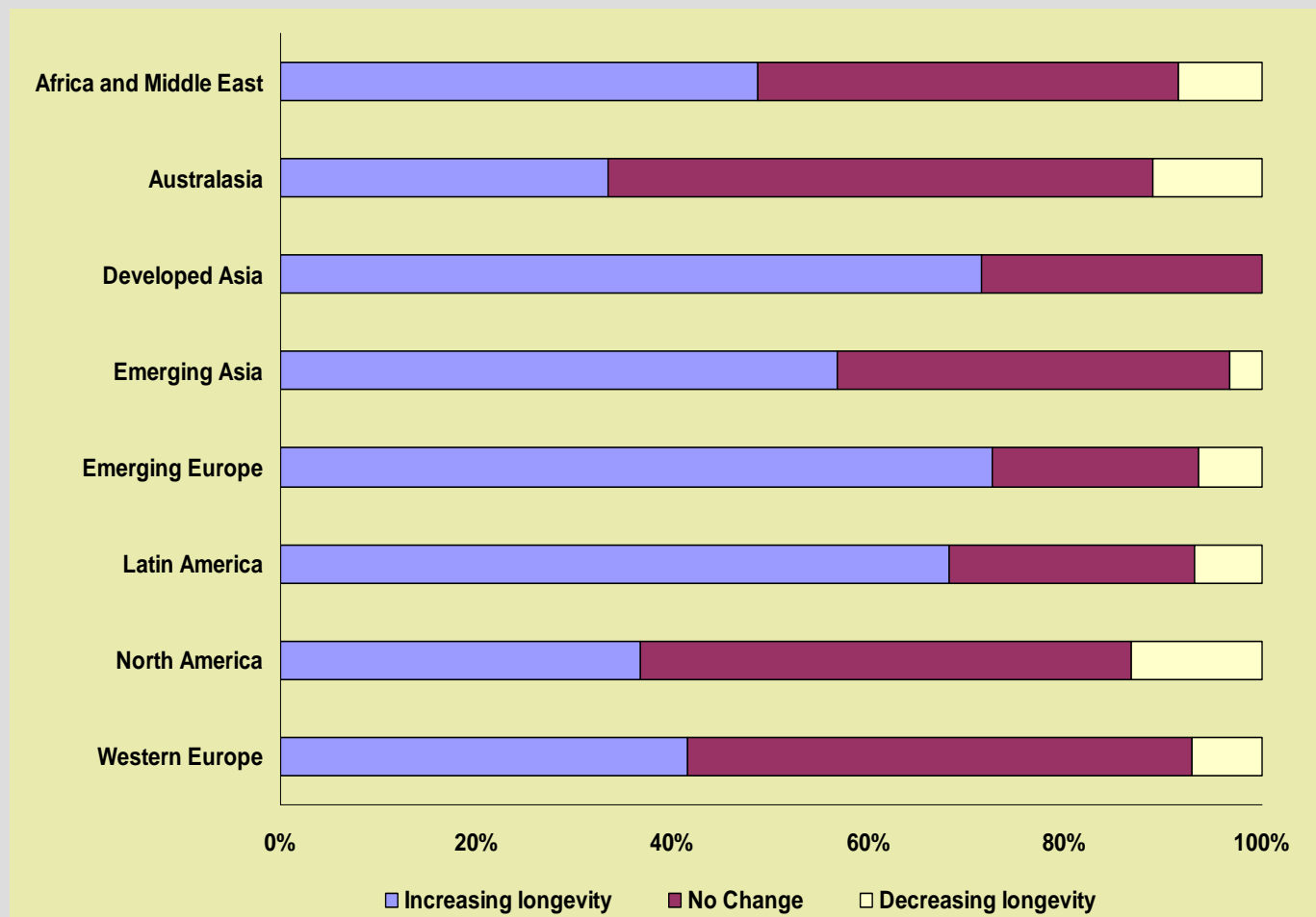
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Global snapshot

Question 5: How do you think modern construction methods are changing building life cycles?



- Developed Asia recorded the greatest net balance (+71), closely followed by Emerging Europe (+66) and Latin America (+61).
- Respondents in Emerging Asia (+53) and MENEAs (+40) both had higher net balance scores than Western Europe (+34).
- North America (+23) and Australasia (+22) had the lowest net balance results, despite them being positive.


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Survey methodology

RICS Global Commercial Property Survey

RICS' Global Commercial Property Survey is a quarterly guide to the developing trends in the commercial property investment and occupier market.

This edition details market conditions for the third quarter of 2010 based on information collected from leading international real estate organisations and local firms.

Methodology

Survey questionnaires were sent to real estate organisations on 7th September 2010, with responses received up until the 27th of September 2010. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 470 company responses were received.

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

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Taking part in the RICS Global Property Survey

If you wish to participate in the quarterly survey, please email jguilfoyle@rics.org to register your details. Please provide your name, company details and the location(s) you wish to cover within the email or register online at www.rics.org/globalproperty

RICS Global Commercial Property Survey

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