INSIGHTS

| World Cities Review |

MARCH 2013

NEW HORIZONS

The key destinations for global real estate wealth

savills

CONTENTS

KEY

PERCENTAGE OF WORLD BILLIONAIRES

0.0%

00

NUMBER OF ACTUAL BILLIONAIRES

SOURCE: FORBES

22.2%

450

NORTH AMERICAS

11.3%

228

EUROPE & SCANDINAVIA

3.3%

66

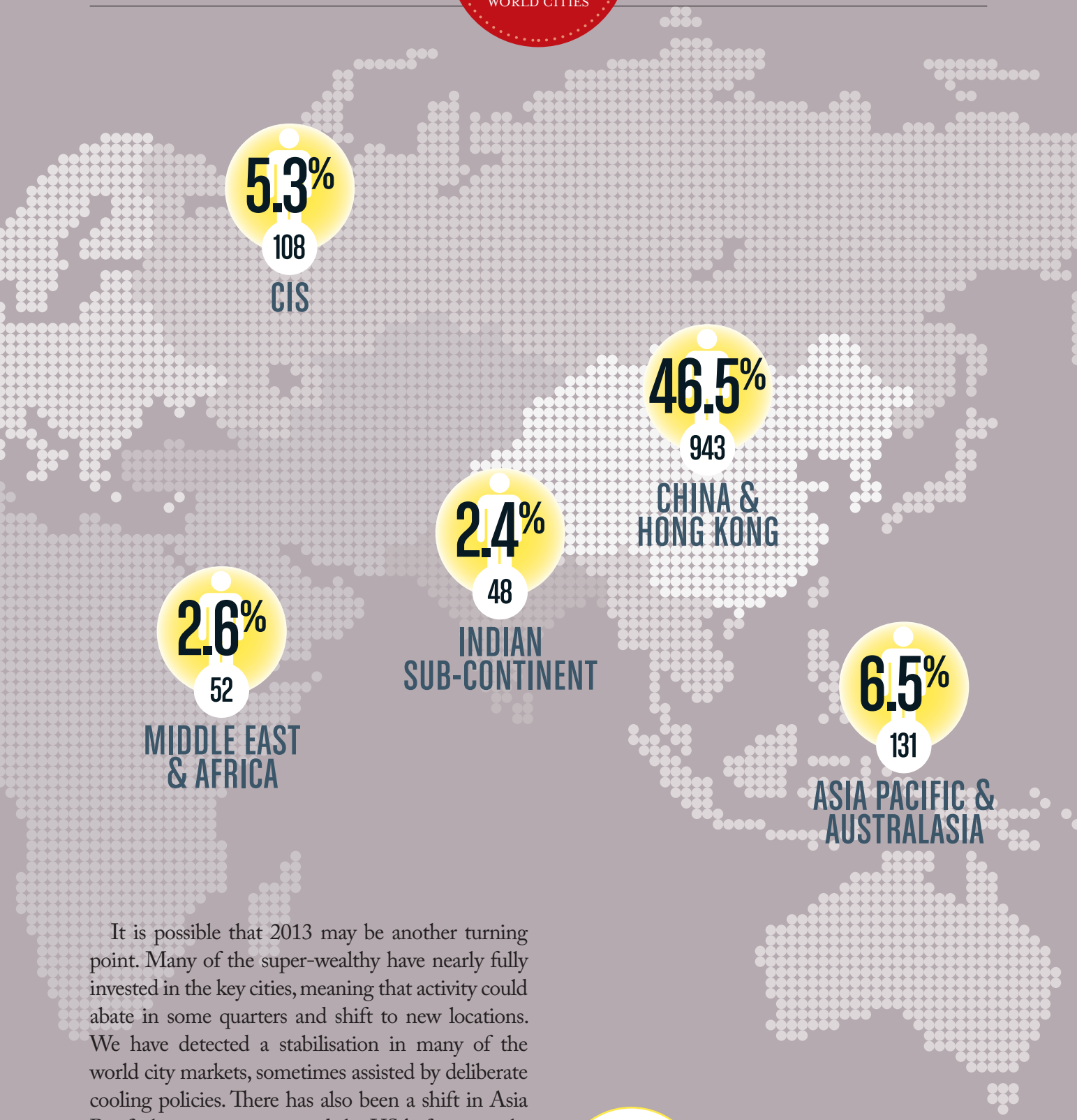
CENTRAL & SOUTH AMERICA

WELCOME

New geographies of wealth creation have caused a worldwide change in demand for real estate. New nationalities are now seeking to buy in Asian cities, as well as the "old world", meaning the last five years have seen a significant shift in real estate markets.

2008 was a turning point in the investment behaviour of the world's ultra-wealthy citizens. The search for safe stores of wealth took money out of equities into gold, bonds and real estate, including the world's most élite houses. It also marked a shift in the creation of wealth. As indebted North Atlantic countries commenced a long process of austerity, there was little or no increase in the numbers of ultra wealthy individuals there. But, in the relatively unaffected and fast-growing "new world" economies, new billionaires were created with some velocity.

Since 2008, falling currencies have made real estate look even cheaper for a number of nations, so certain "old world" cities began to behave more like their "new world" counterparts. As a result, the past four years have seen a huge appetite for ultra-prime residential property in the world's premier cities. Inevitably, this increased activity by wealthy buyers has caused significant price rises in many locations.



It is possible that 2013 may be another turning point. Many of the super-wealthy have nearly fully invested in the key cities, meaning that activity could abate in some quarters and shift to new locations. We have detected a stabilisation in many of the world city markets, sometimes assisted by deliberate cooling policies. There has also been a shift in Asia Pacific buyer interest toward the USA, for example, which currently looks good value. New investment may be less dominated by China, India and Singapore, as emerging nations such as Malaysia, Indonesia and the Philippines play an increasing role.

WATCH OUR EXCLUSIVE WORLD CITIES VIDEO REPORT AT WWW.SAVILLS.COM/WORLDCITIES

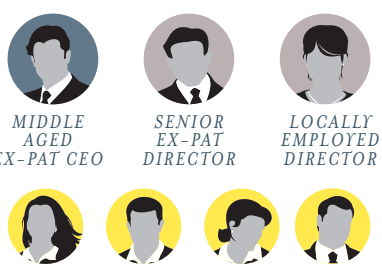
COUNTING THE COSTS

THE TRUE COSTS OF GLOBAL COMMERCIAL AND RESIDENTIAL REAL ESTATE ARE AN INCREASING CONSIDERATION FOR MANY INDUSTRIES

Real estate is just one of the many costs associated with setting up, expanding or relocating global businesses. While it is unlikely ever to be the sole motivating or deciding factor in the choice of a city, it is increasingly significant for a number of industries, but in a way not seen before.

Staff have become the single most important asset for many organisations in all parts of the world, particularly in the service sector. Consequently, the quality of the environment in which employees work and live has become a key success factor for those industries. In the intensely competitive global market for top talent, the cost, quality and desirability of a city lifestyle is an important unit of currency.

SAVILLS EXECUTIVE UNIT (SEU) CONSISTS OF...



MAKING A COMPARISON

We have looked at the relative competitiveness of our 10 world cities, not only on the basis of the annual rental costs associated with office and residential accommodation, but also the additional costs like service charges, local taxes and other items that might be associated with such tenancies. We have looked at this for two different types of employer, using our "Savills Executive Unit" as a unit of comparison in each case (see above).

TOTAL REAL ESTATE OCCUPANCY COSTS AT DECEMBER 2012 FOR ONE FINANCIAL & ONE CREATIVE COMPANY

As usual, Hong Kong ranks number one in total annual real estate costs (see left), roughly three times the cost of locating in Mumbai or Shanghai. The big surprise is the position of New York as the third most expensive city by this measure. While headline residential capital values look cheap by international standards, rents have grown fast and the taxes and other costs associated with occupancy are high.

A MEASURE OF SUCCESS

The total costs measure reveals that most of the "new world" is relatively cheap, with Sydney standing out as a particularly good value "old world" city, well-placed to attract expanding companies in the Pacific region. This is perhaps why it has shown strong growth in total costs since 2008, backed by a strong demand, in turn buoyed by a strong local economy and advantageous regional positioning, as well as all the safety, stability and transparency of an established market. We may well see Sydney becoming an increasingly global city as it proves attractive to new and expanding businesses on the Pacific Rim. The main obstacle to this is the city's restrictions on foreign purchasers buying homes. Some choices of business location have as much to do with where the CEO wants to live as economic considerations.

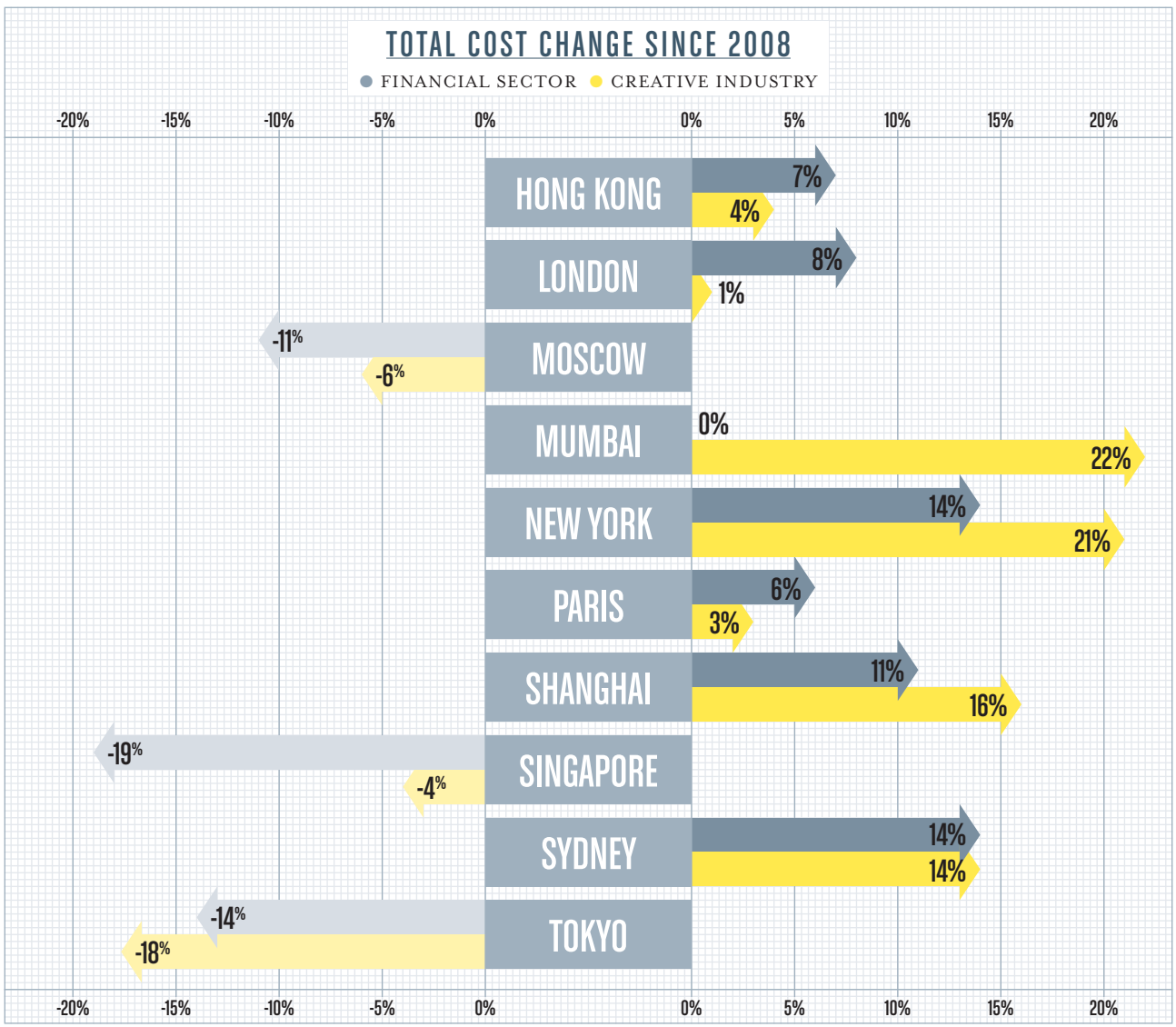
Different types of company have different requirements, so we have also compared the costs for both a financial and creative SEU company to live and work in each city (see above), with differing and sometimes surprising results.

VARIABLE GROWTH

Overall, the growth in total costs since 2008 has been variable. Premises for creative businesses in Mumbai and New York are over 20% more expensive now, having grown from lower bases on the back of strong economies, while Singapore and Tokyo are up to 20% cheaper. Total real

"Some choices of business location have as much to do with where the CEO wants to live as economic considerations"

YOLANDE BARNES, SAVILLS WORLD RESEARCH



estate costs in most countries have stayed roughly similar since the North Atlantic debt crisis struck, although the costs of financial company premises have cheapened more – suggesting demand has increased further among new creative industries.

The relative cost freeze in rents and associated costs is changed by currency fluctuations (not shown), which have served to make some cities, such as Sydney, look more expensive to euro and sterling denominated businesses. Although competitive and static real-estate costs might be expected in recession-hit "old world" cities, it is perhaps surprising in view of the high levels of capital growth seen in "new world" cities. Generally, we see this as indicative of the more elastic supply-side response in these locations, which have suppressed rental growth, despite an influx of investor equity. It also reflects the extent of the yield contraction in many "new world" cities, where rents have not kept pace with capital values.

THE PRICE OF SUCCESS

EXTRA COSTS CAN ADD SIGNIFICANTLY TO OFFICE ACCOMMODATION OVERHEADS

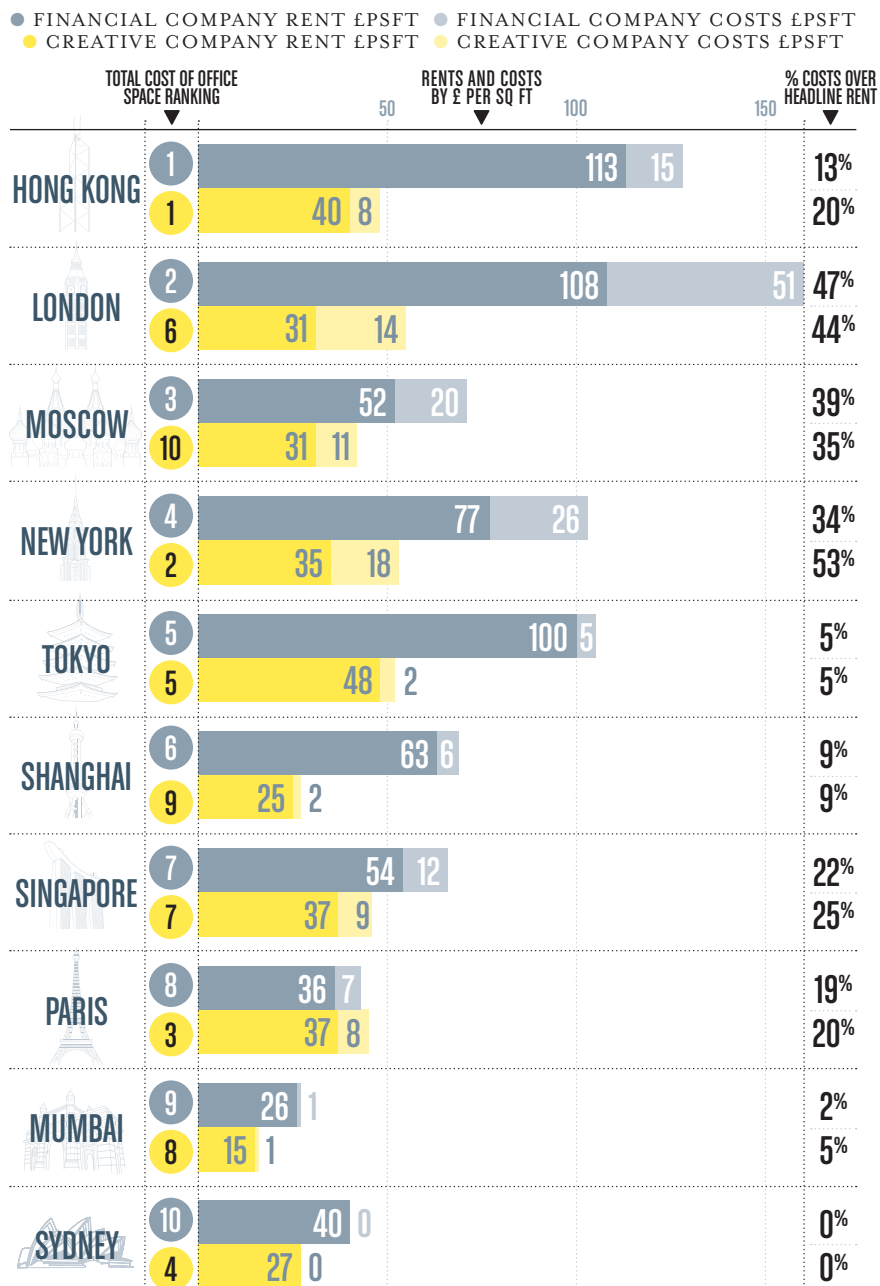
There can be significant differences between the headline rent on commercial premises and the total costs that tenants end up paying. In New York, for example, although the basic rent for an executive unit operating in a creative industry is the fifth most expensive in the world, on a £ per sq ft basis, this rises to the second when whole space and associated costs like local taxes, letting costs and service charges are considered. These extra costs add 53% to the headline rent.

London is another city where headline rents per sq ft are very high and additional costs can significantly add to real-estate overheads. These conspire to make London's whole space costs the second most expensive of the 10 cities for a small financial company, such as a hedge fund, locating in the most prime district of Mayfair. However, London offers a much wider range of rental levels than some of our world cities and therefore is among the cheapest cities for a small creative company start-up. Paris, on the other hand, looks very cheap for the financial unit, ranking third cheapest of the 10. However, it has a much smaller range of rent levels across different geographies meaning that it is the third most expensive for the creative company.

As seems to be usual now in all our global real estate rankings, Hong Kong ranks as the number one most expensive city for both types of company, by a big margin, for a whole office (as opposed to per sq ft). Hong Kong's offices are particularly expensive for small companies in the prestigious central financial district and total costs here are two and a half times the average for the other 10 cities – and nearly twice that of its nearest rivals.

This is despite Hong Kong having the lowest additional, hidden costs of any city. Of the 10 global cities, Sydney, Shanghai and Mumbai have the lowest associated real estate costs, while London, New York, Moscow and Singapore have the highest.

COMMERCIAL REAL ESTATE AND ASSOCIATED COSTS FOR DIFFERENT SEU TYPES IN DEC 2012



STRONG PROSPECTS

HEALTHY DEMAND IN ALL OUR WORLD CITIES EQUATES TO SOLID RENTAL RETURNS

Rental growth is a good indicator of the underlying demand for homes. The interaction of demand and supply is readily apparent in rental growth without the "noise" created by purchasers with motives other than occupation.

Overall, demand for accommodation in all our world cities is healthy. The rents paid by the seven households in our Savills Executive Unit (SEU) rose by 5.1% on average across all cities. However, there was large variation around this average.

The biggest growth was in Mumbai where the opening of new transport links has changed the nature of a whole sector of the city, north at Andheri. The new metro link will increase connectivity and decrease travel times to the centre – from two hours to 20 minutes – raising real estate prices in that area significantly. The "priming" of the neighbourhood has already led to a rise in rental values of up to 50% in 2012 alone for certain types of property and is expected to increase further. This illustrates the dynamic and evolving nature of many global cities and the dramatic impact that significant infrastructure improvements can have, especially in emerging economies.

Investors looking for significant value uplift will try to anticipate such changes in any of our world cities and speculate on their impact. Indeed, it would seem that infrastructure improvements in Mumbai had already been priced into capital values – tenants respond much later than investors.

For those looking for solid returns and rental growth, our world cities have performed well, especially in the mainstream markets that serve the administrative staff of our executive unit. Any more recent, weaker rental growth seems to have been concentrated in the prime sectors of the cities, where the CEO and directors are more likely to live. In Hong Kong, for example, the mainstream market grew strongly in 2012 while prime rental markets fell. Generally, the top end properties of Hong Kong, Paris, Singapore and Tokyo have been weak, perhaps reflecting falls in the relative level of corporate activity in these cities.

Prospects for rental growth are strong where the outlook for economic growth is positive, as this naturally leads to people seeking employment and accommodation in the city in question.

Growth prospects are also further strengthened where there is a limited supply of new or available housing. Rental growth in "old world" cities is more likely to be driven by such a lack of supply. Meanwhile, those "new world" cities with the space and infrastructure to expand, like Shanghai, will see weaker growth than those that are more land-constrained, such as Mumbai and Singapore.

2012 RESIDENTIAL RENTAL GROWTH FOR OUR WORLD CITIES

	MUMBAI	MOSCOW	LONDON	NEW YORK	SYDNEY	SHANGHAI	HONG KONG	PARIS	SINGAPORE	TOKYO	ALL CITIES
CEO	14.3%	12.9%	-0.3%	8.0%	3.8%	7.1%	-3.6%	0.0%	-9.2%	-2.2%	3.6%
DIRECTORS	41.7%	11.9%	3.8%	6.3%	3.5%	5.3%	-8.3%	0.0%	2.0%	-5.2%	7.0%
ADMIN STAFF	8.6%	6.2%	6.3%	2.7%	4.6%	2.9%	12.6%	0.0%	0.5%	-0.1%	4.5%
TOTAL SAVILLS EXECUTIVE UNIT	18.9%	8.8%	4.7%	4.6%	4.2%	4.0%	3.0%	0.0%	-0.1%	-2.0%	5.1%

PAYING DIVIDENDS

GLOBAL PROPERTY INVESTORS ARE TURNING THEIR ATTENTION TO INCOME-GENERATING RESIDENTIAL ASSETS

As global wealth has been pouring into real assets, including world real estate, since 2008, so the motives for real estate acquisition have shifted. While investors used to be primarily seeking safe haven assets in which to store wealth, we now detect an increasing interest by global investors in income-producing assets.

This shift means that the fundamentals of rental growth and yield are becoming more important to buyers whose search is moving "down-market", away from prime and trophy properties to mainstream markets, from commercial to residential and away from the city core to fringe.

IN DEMAND

While rental demand and growth show that the fundamentals of demand and supply are reasonably strong in most of the cities studied, there are considerable variations in yields. These disparities arise due to the quirks and differences between capital value and rental markets, as well as investor sentiment. Understanding these anomalies will assist buyers who are looking to make different types of investment play.

The fundamentals of rental growth and yield are becoming more important to buyers

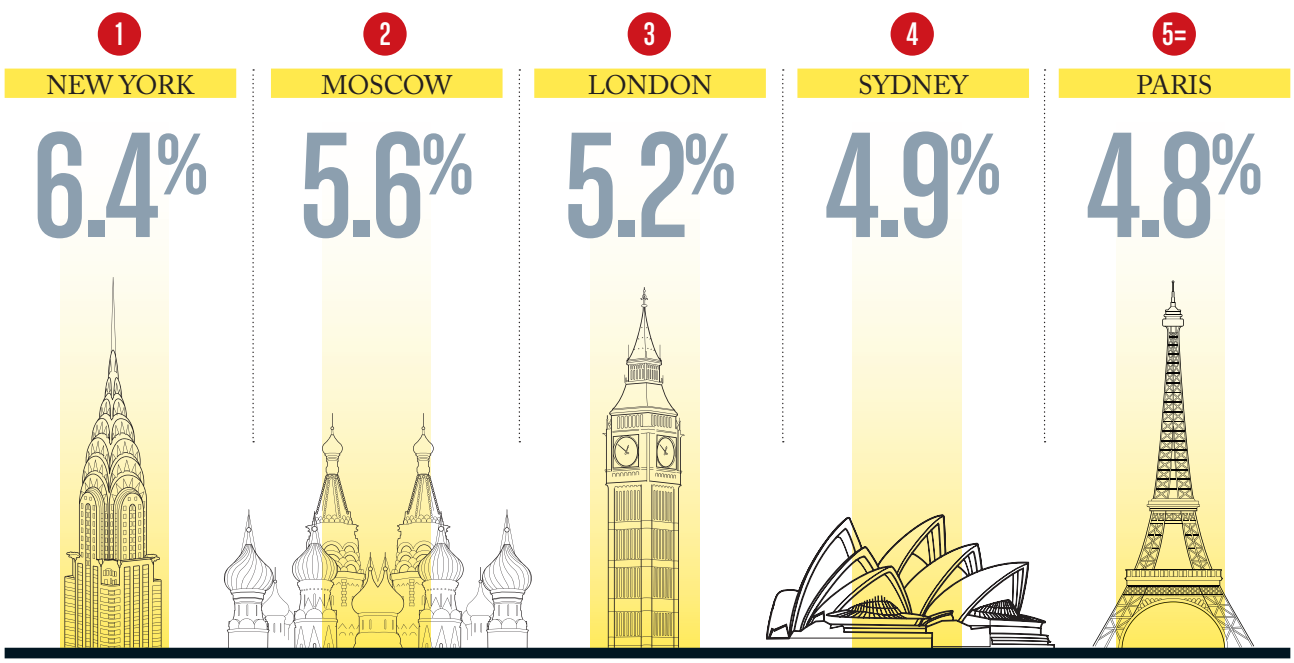
Variations in yield tend to occur because of differences between owner and tenant behaviour. Owner-occupiers tend to value different property features to those considered desirable by tenants and, at the same time, investors are more active in some markets than others. There are also ways in which investors favour some markets over others. For example, foreign investors are focusing on prime rather than mainstream London, and Singapore over Shanghai.

VARIABLE YIELDS

Across all our world cities, yields are more variable now than they were seven years ago. Back in 2005, most cities, in the "old world" and "new world", were showing an annual gross rental return of around 5.5%. There is now a huge range of returns, from 2.4% to 6.4%.

Yields have moved dramatically in many "new world" cities because rental growth has not kept pace with very high levels of

DECEMBER 2012 RESIDENTIAL YIELDS (GROSS)



"We now detect an increasing interest by global investors in income-producing assets"

PAUL TOSTEVIN, SAVILLS WORLD RESEARCH

capital growth, caused by the weight of money bearing down on Chinese and Indian markets in particular.

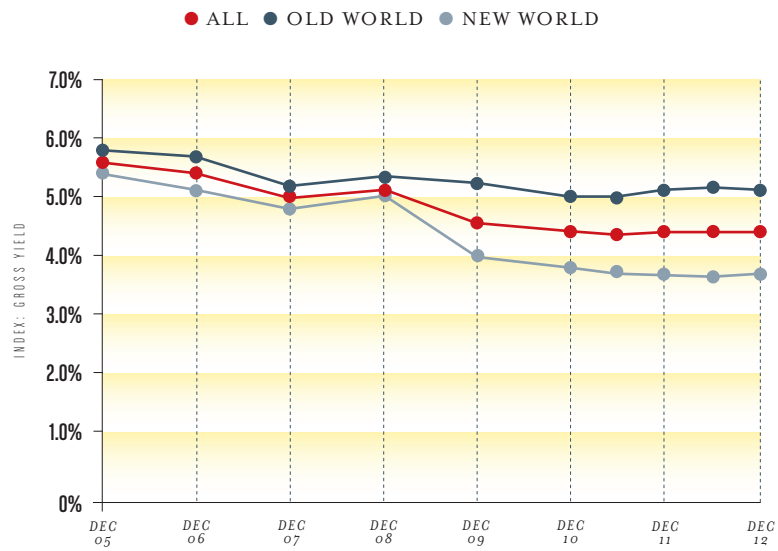
HIGHER INCOME

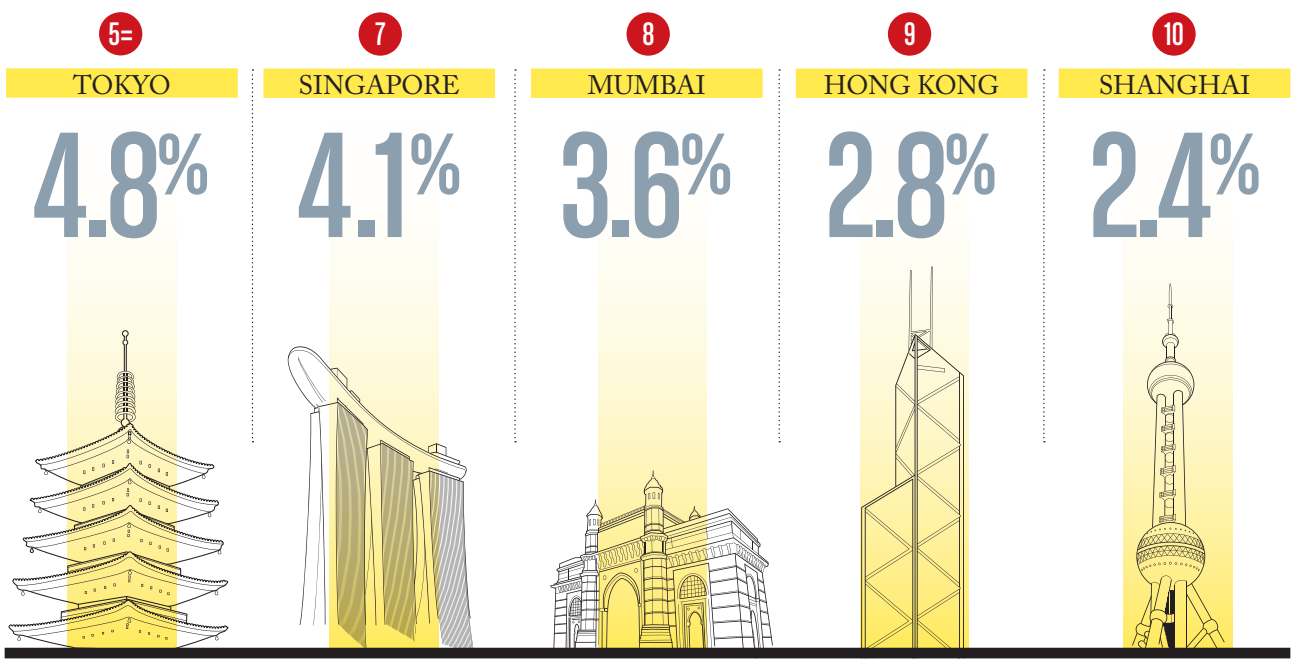
While falling interest rates in the East and West have caused some yield contraction in the "old world", this has not been nearly so dramatic. The higher income returns available can be seen as compensating for the much lower rates of "old world" capital growth. In North American cities, where the prospects for capital growth may be seen as increasing, the combination of these yields, ongoing rental growth and low capital values are considered by many overseas investors to be a strong buy signal.

Any investors nervously regarding future capital growth in Asian markets may start to view low yields as a sell or hold signal, at least until – or unless – rental values start closing the gap.

A WORLD OF CHOICE

WORLD CITY YIELD SPREAD





RICH PICKINGS

THE VALUE OF ULTRA-PRIME HOMES IN KEY AREAS HAS DOUBLED THANKS TO BILLIONAIRE BUYERS

Global billionaire activity in world real estate markets has been so intense over the past seven years that it has led to a doubling of residential property values in this sector.

Although overall, aggregated world values fell after 2007 and price movements seem volatile, recovery has been significant since 2009. As a result, billionaire markets have exceeded the growth seen in the mainstream markets of the same cities.

DRIVING GROWTH

The activity of billionaires in international real estate markets reflects the creation of global wealth and the economic success of particular regions and cities. This means that the cities in newly emerged economies have significantly outperformed those in the "old world" economies of the US, Japan, Australia and Europe.

Only London's ultra-prime market stands out among the "old world" cities as having shown significant growth since 2005, totalling 107%. New York's billionaire real estate stands only 47% higher and Tokyo ultra-prime residential is only 8% more expensive (in local currency) than it was in 2005.

Rising commodity prices and the creation of new, ultra-rich classes in China and Asia have precipitated the highest growth in ultra-prime real estate values. Singapore and Mumbai stand out as having seen the highest growth in ultra-prime values since 2005 (at 232% and 176% respectively). Both grew from relatively low base values. The highest overall values are seen in Hong Kong. The record deal there was £8,200 (US$13,100) per square foot for a house in Deep Water Bay Road in 2011.

Billionaire markets have exceeded the growth seen in mainstream markets

BILLIONAIRE BOLTHOLES

Billionaire activity has been concentrated on high-end urban centres rather than leisure properties in the surrounding countryside or regional sunbelts. Consequently, the index for billionaire leisure homes has not yet quite recovered to its former 2007 peak and only stands 34% higher than it did in June 2005.

ULTRA-PRIME IS STABILISING

2012 saw significant curbs imposed on billionaire buyers in some cities. This has resulted in slowdowns rather than falls in most of them. Singapore's ultra-prime growth slowed to about 5% in the year, while Hong Kong's stalled and London's also slowed significantly, both in the second half of 2012. Moscow prices slowed alongside commodity prices, which are closely linked to the value of Russian ultra-wealthy individuals.

In France threatened tax measures seemed directly to have curbed activity. Our ultra-prime index in Paris is down, nearly -8% on the year, while billionaire Riviera properties ended down -10%.

Overall, the ultra-prime billionaire markets are stable. Real estate, especially in "old world" countries, is seen as a safe store of wealth. The US, in particular, looks ripe for growth.

Ultimately, the world's richest inhabitants will continue to set up homes in the most cosmopolitan and wealthiest cities, which offer commercial advantages and quality of life. Leisure resorts and country property purchases tend to lag behind city values, but they have the potential for recovery. Leisure properties in the most fashionable billionaire boltholes and prosperous world regions are likely to see the highest growth.

RECORD DEALS AROUND THE WORLD

THE HIGHEST PRICES ACHIEVED IN EACH OF THE 10 GLOBAL CITIES

(At Dec 2012 exchange rates)

1

LONDON

KENSINGTON PALACE GARDENS, 2008

£8,500 PSFT

(US$13,700)

2

HONG KONG

DEEP WATER BAY ROAD, 2011

£8,200 PSFT

(US$13,100)

3

NEW YORK

15 CENTRAL PARK WEST, 2011

£8,100 PSFT

(US$13,000)

"Cities in newly emerged economies have significantly outperformed those in the 'old world' economies"

YOLANDE BARNES, SAVILLS WORLD RESEARCH

4
TOKYO
ROPPONGI HILLS, 2007
£4,700 PSFT
(US$7,600)

5
PARIS
QUAI ANATOLE FRANCE, 2009
£3,900 PSFT
(US$6,300)

6
SINGAPORE
THE MARQ ON PATERSON HILL, 2011
£3,500 PSFT
(US$5,600)

7
MOSCOW
CRYSTAL HOUSE, 2011
£2,300 PSFT
(US$3,800)

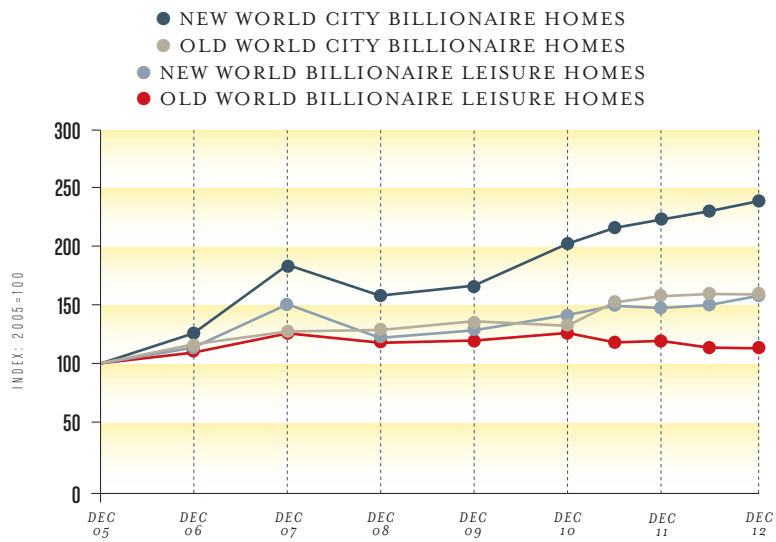
8=
SHANGHAI
TOMSON RIVIERA, 2010
£1,700 PSFT
(US$2,800)

8=
SYDNEY
WOLSELEY ROAD, POINT PIPER, 2011
£1,700 PSFT
(US$2,800)

10
MUMBAI
TAHNEE HEIGHTS, 2012
£1,300 PSFT
(US$2,200)

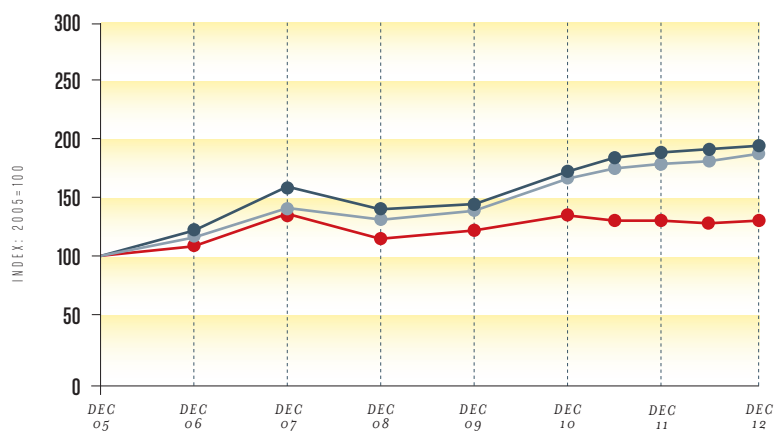
A WORLD APART

BILLIONAIRE HOUSE PRICE GROWTH – "OLD WORLD" v "NEW WORLD"



HOME AND AWAY

BILLIONAIRE CITY v LEISURE PROPERTY PRICE GROWTH



TOKYO

JAPAN'S UNUSUAL RESIDENTIAL MARKET MEANS FALLING YIELDS ARE DECEPTIVE

Tokyo saw modest rental growth in the run-up to 2008, followed by steady falls ever since. Capital values were much more volatile, booming further than rents and falling more.

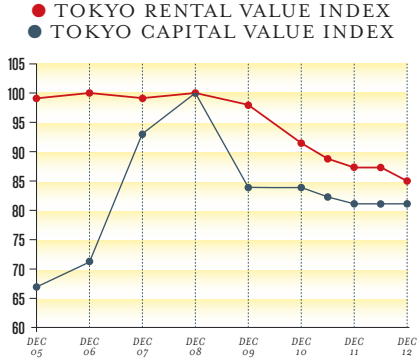
As a result of the capital market volatility and decline in rents, there has been a significant downward yield shift in the SEU properties – from 6.8% in 2005 to 4.8% now. While this may seem bizarre in a weakening market, it realigns Tokyo with world city norms and also makes sense in the context of very low bond rates at home.

Tokyo is one of the least "global" of the cities in this study. Recently, the strength of the yen has been a major barrier to un-hedged overseas buyers who have feared losing value in adverse exchange rate movements. Yen-denominated assets also look expensive compared to other cities.

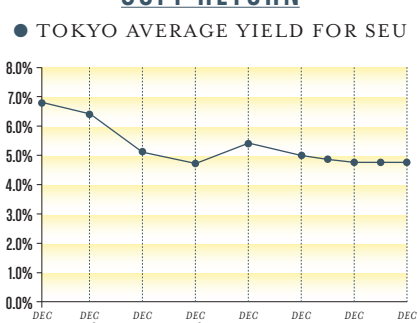
The current average value for the Savills executive unit is 51% higher in sterling terms than it would have been if sterling/yen exchange rates had remained at their December 2005 levels.

Another peculiarity of the Tokyo market is the way that real estate is valued in Japan.

A QUESTION OF VALUE



SOFT RETURN



The bulk of a property's value is in the land it stands on and, while this may also be true in other countries, it is often not recognised in appraisal methods, which combine the buildings and land in a single entity.

In Japan, the building itself is considered separately from the land, so the building value depreciates. This depreciation occurs over a relatively short period because the tradition is to rebuild every 30 years or so.

This is a logical way to proceed in an earthquake-prone city where the only lasting variable in the real estate equation may be land. But it makes it difficult to make a comparison with Western markets. Rental growth can be more revealing of underlying demand, but even here there tends to be a deflationary effect due to a cultural preference for new properties.

This means the natural tendency of Japanese house prices, as a whole, is to decline. A Japanese index, measured by conventional means, will appear to be falling due to this depreciation. This could mislead any investor willing to take a residential development value at the end of 25-30 years, as in most commercial property.

NEW YORK

THE BIG APPLE'S HEALTHY RESIDENTIAL RETURNS ARE ATTRACTING INVESTORS

New York stands out among other American cities because, although values there fell significantly after 2007, it did not see quite the same level of extreme falls as some others. New York's recovery has also been rapid. The last year has seen high levels of growth in the properties that make up the Savills World Cities Index. Overall growth was 12% and the value of residential properties occupied by the seven SEU households is now back at its 2007 level.

New York stands out among world cities as looking particularly good value, especially from an income return point of view. As residential prices have seen much lower growth than other World Cities, New York has fallen in rank from one of the most expensive to a distinctly cheap "old world" urban centre. Current values are only 23% above their 2005 levels and the average rental yield on properties occupied by the seven households in the Savills Executive Unit is 6.4% gross.

At the same time, the relative weakness of the dollar against many Asian currencies naturally encourages trans-continental investment flows. Therefore the strong interest from Asia for real estate in North American cities is of little surprise.

There are, however, some possible impediments to investment in New York. These fall into two main categories: associated costs and housing tenure types. The entry, holding and exit costs associated with property are relatively high and the prevalence of the co-operative tenure for apartments means foreigners may find it more difficult to buy. They are relatively restricted to the 30% of stock that is condominium tenure. Were it not for these peculiarities New York would be an extremely strong starting point for North American recovery investment.

On the face of it, New York looks a good investment for those seeking good medium-term capital growth prospects and healthy returns. For many Asian buyers, there is also the advantage of a weak dollar.

It is hardly surprising that the number of overseas buyers is increasing. What makes the city a continuingly attractive "deal" is the steady rental growth since 2009, indicating healthy underlying demand.

CHANGE IN WORLD CITY RANKINGS SINCE 2005

	2012			2005	
	RANK		INDEX	RANK	INDEX
HONG KONG	1	▶	237.4	1	173.7
LONDON	2	▲	130.1	3	131.4
SINGAPORE	3	▲	112.8	7	82.8
TOKYO	4	▼	101.5	2	149.9
PARIS	5	▶	93.3	5	110.3
SHANGHAI	6	▲	76.2	8	54.6
NEW YORK	7	▼	72.7	4	114.9
MOSCOW	8	▲	67.7	9	48.9
SYDNEY	9	▼	64.0	6	103.2
MUMBAI	10	▶	44.6	10	30.3

10 CITIES AVERAGE=100

ALL IN THE DETAILS

A SNAPSHOT OF THE SEU IN WORLD CITY ANNUAL MARKETS IN 2012

● TOTAL COST RANK ● OFFICE AND RESIDENTIAL RENTAL VALUE GROWTH
● RESIDENTIAL CAPITAL VALUE GROWTH

2 NEW YORK

OFFICE RENTAL VALUE GROWTH: 9.0%
RESIDENTIAL RENTAL VALUE GROWTH: 4.6%
RESIDENTIAL CAPITAL VALUE GROWTH: 12.2%

6 MOSCOW

OFFICE RENTAL VALUE GROWTH: 13.9%
RESIDENTIAL RENTAL VALUE GROWTH: 8.8%
RESIDENTIAL CAPITAL VALUE GROWTH: 9.0%

10 MUMBAI

OFFICE RENTAL VALUE GROWTH: -9.7%
RESIDENTIAL RENTAL VALUE GROWTH: 18.9%
RESIDENTIAL CAPITAL VALUE GROWTH: 0.7%

9 SHANGHAI

OFFICE RENTAL VALUE GROWTH: 4.3%
RESIDENTIAL RENTAL VALUE GROWTH: 4.0%
RESIDENTIAL CAPITAL VALUE GROWTH: -0.5%

3 LONDON

OFFICE RENTAL VALUE GROWTH: 6.5%
RESIDENTIAL RENTAL VALUE GROWTH: 4.7%
RESIDENTIAL CAPITAL VALUE GROWTH: 2.7%

5 TOKYO

OFFICE RENTAL VALUE GROWTH: 7.0%
RESIDENTIAL RENTAL VALUE GROWTH: -2.0%
RESIDENTIAL CAPITAL VALUE GROWTH: -0.7%

4 PARIS

OFFICE RENTAL VALUE GROWTH: 5.0%
RESIDENTIAL RENTAL VALUE GROWTH: 0.0%
RESIDENTIAL CAPITAL VALUE GROWTH: -3.4%

7 SINGAPORE

OFFICE RENTAL VALUE GROWTH: -8.5%
RESIDENTIAL RENTAL VALUE GROWTH: 9.1%
RESIDENTIAL CAPITAL VALUE GROWTH: 3.5%

8 SYDNEY

OFFICE RENTAL VALUE GROWTH: 2.8%
RESIDENTIAL RENTAL VALUE GROWTH: 4.2%
RESIDENTIAL CAPITAL VALUE GROWTH: 4.2%

1 HONG KONG

OFFICE RENTAL VALUE GROWTH: -3.7%
RESIDENTIAL RENTAL VALUE GROWTH: 3.0%
RESIDENTIAL CAPITAL VALUE GROWTH: 15.2%

EXPERT COMMENTARY

SAVILLS AGENTS ARE AT THE HEART OF THE GLOBAL PROPERTY MARKET

HONG KONG

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"A high-growth city that continues to attract investment, especially from mainland China."

LONDON

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"Europe's fastest growing city, London appeals to investors as well as safe-haven buyers."

MOSCOW

Alexander Shatalov
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+7 (495) 775 22 40
a.shatalov@intermarksavills.ru

"Moscow has a domestic market with strong growth fuelled by commodity prices."

MUMBAI

Alan Bell
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"Economic development and population growth plus limited supply are driving values."

NEW YORK

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"One of North America's most-recovered cities, we expect to see further value growth."

PARIS

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"Tax policies have dealt a blow to prime domestic demand. Values are weak and may soften further."

SHANGHAI

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"In 2013, Shanghai will be boosted by renewed wealth creation and relaxed cooling measures."

SINGAPORE

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"A strong and high-yielding city, despite raised taxes and restrictions for foreigners."

SYDNEY

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"Sydney remains good value by 'old world' standards and is attractive to Pacific-Rim investors."

TOKYO

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"Tokyo's deep occupier markets offer investors stable income returns."

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