WINNING IN GROWTH CITIES

A Cushman & Wakefield Capital Markets Research Publication

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2014/2015

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INTRODUCTION

This report has been prepared by the Research and Capital Markets teams at Cushman & Wakefield to identify the winning cities in today's international real estate investment market. The executive summary looks at the largest and fastest growing cities in investment terms and the differences in pricing, as well as demand and activity between sectors.

After identifying today's winning cities, the report goes on to look at some of the fundamental drivers of city performance, impacting now or in the near future, and considers how the pattern of winning cities will change and evolve going forward. The final section of the executive summary provides a range of contact points for Cushman & Wakefield Research and Capital Markets globally. New this year, we have highlighted the driving trends and performance indicators of cities for each property sector and each global region – including the Hospitality, Industrial, Office, Retail and Residential sectors, as well as the Asia Pacific, EMEA, Latin America and North America regions – and presented these in a visual one-page handout, all of which address the question of what makes a winning city.

While every effort has been made to provide comparable and robust city level data, definitions used in different sources will necessarily vary, with regard most notably to the geographical scope of the city or metro area. Such potential differences must be borne in mind when comparing data items. For further information on this or other matters, please contact the authors in the Cushman & Wakefield Research or Capital Markets teams.

www.winningingrowthcities.com

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Rio de Janeiro, Brazil

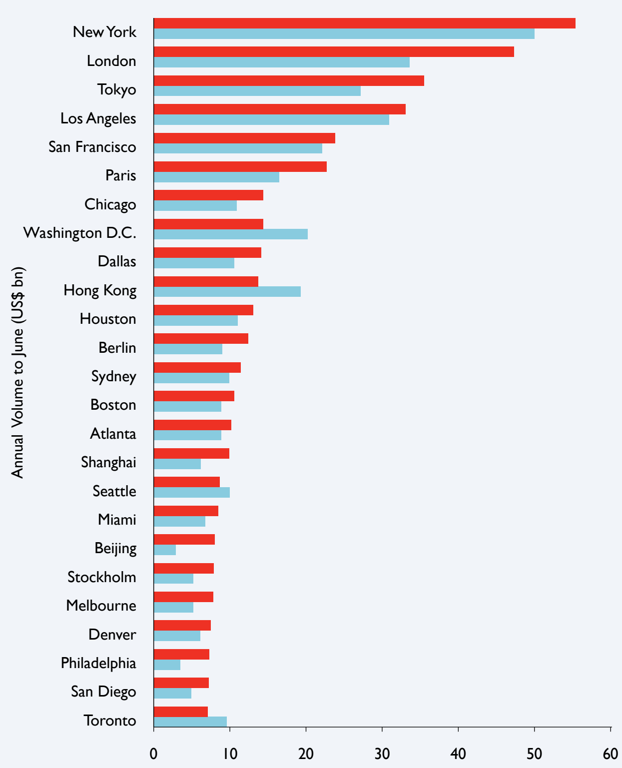
THE MARKET IN SUMMARY

The global property investment market went from strength to strength in the year to June 2014, with volumes rising 17.2% to US$788bn and activity spreading to more and more markets around the world.

A handful of cities do, of course, still dominate, with the top 25 taking a 52.3% market share versus 14.3% for the next largest 50. New York is again top dog, capturing 7% of the global market and US$55.4bn invested. London closed the gap thanks to a 40% increase in activity and is the largest global market for cross border investors. Tokyo meanwhile retook third place with a 30% increase, with Los Angeles and San Francisco completing the top 5.

However, while gateway cities remain the focus of demand, interest in a broader spread of cities is increasingly notable, with the top 25 seeing investment growth of 12% compared to 23% for the rest of the market. Improved confidence and finance on offer as well as tight availability in core cities prompted this broadening in demand, as did an increase in risk taking from both cross border and domestic capital. Risk appetites expanded perhaps most rapidly in the USA, but buyers in Europe and Asia are following suit, particularly where local partners are available.

TOP CITIES FOR INVESTMENT (EX DEVELOPMENT SITES)



Source: Cushman & Wakefield, RCA

THE MARKET AHEAD

Looking forward to 2015, the global economy is anticipated to be firmer but still vulnerable, with trends again divergent country by country. One of the most notable drivers for this will be the polarisation in monetary policy, which will be tightening in some areas but remaining loose elsewhere. This points to conflicting trends for real estate globally.

Whatever the nature and timing of policy changes, however, fears over higher interest rates are somewhat over done: withdrawal may be painful but investors should be more frightened of stagnation and deflation. Higher rates and reduced QE (quantitative easing) will in fact be a welcome sign of "normality" returning and investment strategies should be ready to respond – focusing on the fundamentals which actually look promising in a number of property markets.

Competition to buy will certainly continue to push up prices, with prime yields down 13 bp globally to 7% last year and likely to at least match this in the year ahead. As a result, while yields are at or below pre-crisis levels in only a few markets, the focus should be turning to the question of which markets will the occupier underpin pricing when interest rates start to rise.

For occupiers and investors, the top tier of most preferred cities is well established and size is clearly important, particularly with respect to liquidity. However, size is not everything. The quality of the environment is gaining importance and while size is slow to change, perceptions of relative quality can shift more rapidly. Dominant markets such as London and New York are well aligned regardless, as dominant tech hubs as well as global leaders in media, education, culture and technology. Elsewhere in the hierarchy of global cities, however, there will be changes as competition intensifies.

One such area of change is the power of emerging cities which will increase in 2015 as manufacturers and retailers seek out opportunities for growth. The status of emerging cities as corporate centres is also increasing, with some firms setting up multiple headquarters targeting cities such as São Paulo, Istanbul and Beijing. This is leading to a growing platform of support from multi-campus universities, hotels and business services for example, but is also leading to a more level playing field on cost as well as quality. As a result, areas which previously gained as low cost centres are in some cases losing out and the resultant restructuring of functions is strengthening some older established markets in the USA and Europe.

Looking at the short term to identify winning cities for 2015, major geopolitical factors are in play, but local market conditions should be of increasing importance, with some cities set to deliver steady growth thanks to constrained pipelines and firming demand. Core gateway markets such as Tokyo, Singapore, London, Berlin, New York and San Francisco offer strong potential – albeit with more risk taking needed to boost returns

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Tokyo, Japan

– whilst a broader range of opportunities can be identified in second-tier and emerging markets. This ranges from a low risk upturn in northern Europe, led by Stockholm and Copenhagen, or the spreading of US growth to cities such as Austin, Dallas and Houston, to higher risk markets such as Manila, Bengaluru, Mexico or Central & East Europe.

THE WINNING CITIES

The top 10 cities for global investment were little changed last year, with the exception of Dallas moving in to number 9 at the expense of Houston (11). There was a little more movement in the top 20, with Shanghai, Beijing, Miami and Stockholm in and Toronto, Singapore, Moscow and Seoul dropping out. Most of these moves were relatively small however, with only Dubai and Dublin seeing significant change, both leaping into the top 50 from 186th and 82nd respectively.

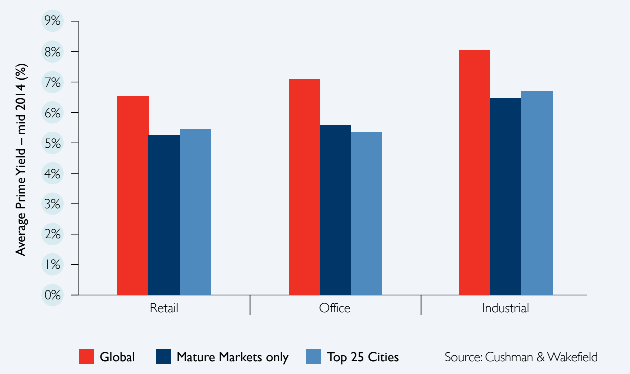
Among major markets (over US$1bn in sales pa), the biggest gains were in Dublin, Beijing, Manchester, Hawaii, Nashville, Philadelphia and Amsterdam.

North America had 9 of the 25 fastest growing markets, all in the USA, while Asia had 3. Europe meanwhile was most improved with 13 versus 4 a year ago, led by Dublin, Manchester, Amsterdam, Helsinki and Madrid.

MARKET PRICING

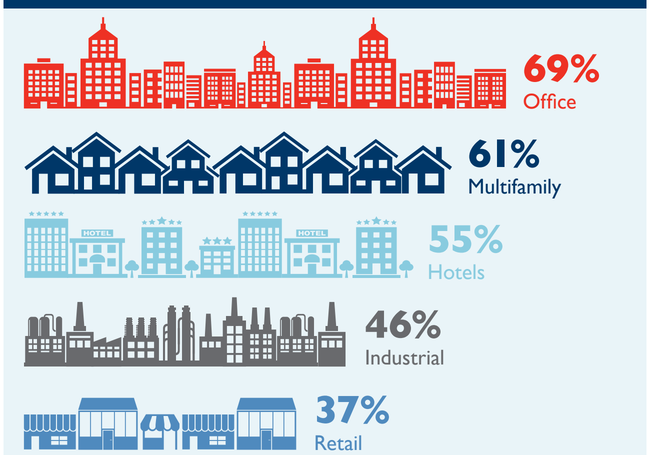
The top cities pursued by global investors have a generally low yield profile and in all cases, yields have been falling at a faster pace than the market as a whole, with global prime yields down 13 bp in the year to June, and while the top 25 cities saw a 28 bp drop. Despite conflicting interest rate trends, with high liquidity and improving occupier markets, expectations are for further yield falls in the year ahead in these core markets, potentially of the order of 20-30 bp. However the strongest compression will be in second-tier cities. Some markets such as the US and the UK have already seen a substantial tightening in the spread between prime and secondary markets and this will be a global trend over the coming year.

YIELD AVERAGES FOR THE TOP 25 INVESTMENT TARGETS



However, while increased global demand and transparency are leading to more uniform pricing in top markets, the pricing for riskier or second-tier cities are more locally driven. This may change as investors spread their focus, but a critical issue for large scale investors will be finding markets with an adequate scale. As a result, as this push towards second-tier markets accelerates, investors need to be alert to the quality and sustainability of the stock as well as the right premium in pricing for markets which guarantee the greatest liquidity.

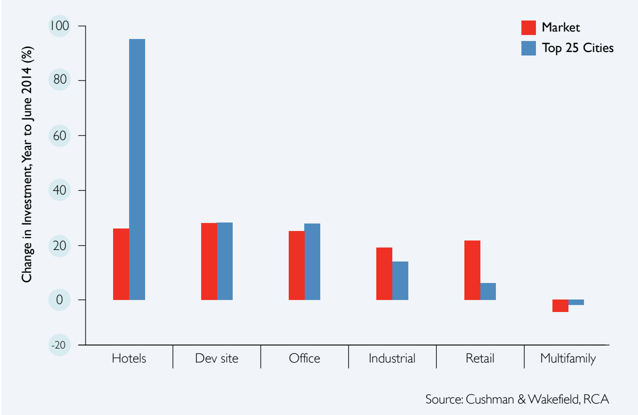
CONCENTRATION OF INVESTMENT IN THE TOP 25 CITIES



TRENDS BY SECTOR

All sectors saw more demand in the last year bar multifamily residential, which fell back largely as a result of trends in the US caused by the distorting influence of previous large portfolio deals. Investment trends by sector in the top 25 cities were not dissimilar to the wider market, with the exception of hotels where interest was more strongly concentrated among the top 25 cities.

SECTORS OF ACTIVITY



Retail saw a smaller increase in investment in top cities than the wider market – reflecting a shortage of stock in the gateway markets but also a natural tendency for retail investors to consider a broader range of cities when conditions allow.

The top 25 cities for retail investment represent 37% of the overall market, whereas for offices 69% of investment is in just the top 25 cities. Multifamily is also very concentrated (61%), while industrial (46%) and hotels (55%) are more dispersed. This underlines the greater potential in some sectors as investors relax their previously tight geographical focus.

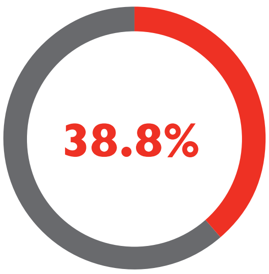
The top cities continue to be popular across multiple sectors meanwhile, with New York top in retail, multifamily and hospitality, London top for offices, Los Angeles top for industrial and Tokyo a top 5 market in retail, office and industrial.

Looking at the top 30 cities, there are 10 placed in all 5 sectors and they are broadly spread (New York, Los Angeles, San Francisco, London, Paris, Madrid, Amsterdam, Hong Kong, Singapore and Seoul). While US cities are dominant at the very top – only New York, Los Angeles and San Francisco appear in the top 10 for 4 or more sectors – across the top 30, Europe and Asia have a broader representation with 11 and 9 top 30 cities respectively in 3 or more sectors compared to 6 in North America.

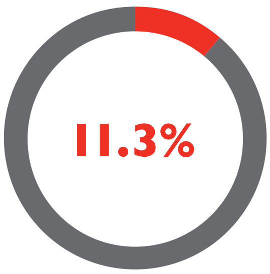
INTERNATIONAL INVESTORS

With cross border investment rising by 38.8% last year compared to 11.3% growth in domestic buying, international investors have once again increased their market share and now represent 25.6% of all trading as against 21.6% in 2013. This varies significantly by region, however, from 12% in the Americas to 24.9% in Asia Pacific and 44.6% in EMEA, and it also under represents international players since much of their investment is channelled via domestic platforms.

Whilst Europe remains the biggest area for foreign investment, and saw 35% growth in cross border buying last year, growth has actually been more rapid in the Americas (46%) and Asia (43%), underlining the truly global nature of the marketplace.

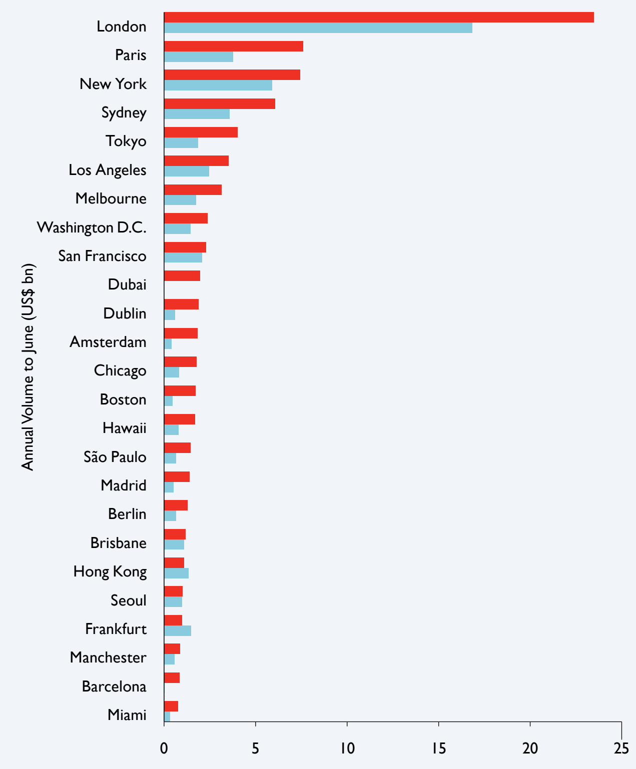


Increase in cross border investment



Increase in domestic investment

TOP CITIES FOR GLOBAL INVESTORS (EX DEV. SITES)

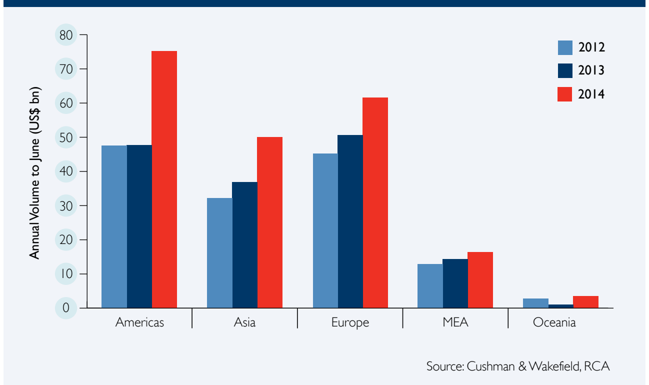


Source: Cushman & Wakefield, RCA

London, United Kingdom

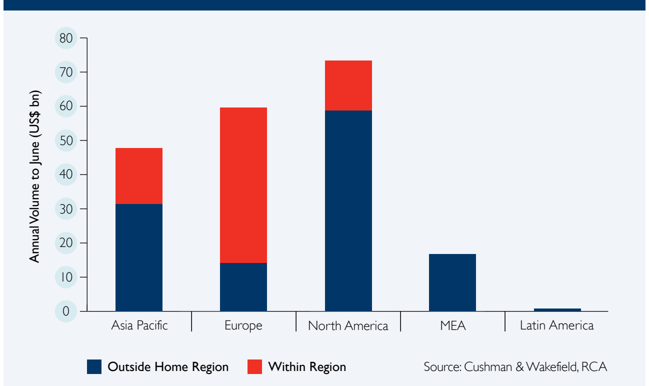
Among international players, London remains by far the most favoured market with a 14.1% share versus 5.5% for Paris and 4.9% for New York. Overall, 13 of the top 30 cities for cross border investment are in EMEA, 9 are in Asia, 7 in North America and 1 in Latin America. The fastest growth was in Beijing, rising from 46th to 17th place, followed by Boston, Amsterdam, Madrid and São Paulo.

SOURCES OF INTERNATIONAL CAPITAL



The biggest regional source of cross border capital was the Americas, with US$75.3bn invested non-domestically, capturing 36% of total cross border investment and is 58% up on 2013. Europeans are the number two international buyer but a significant share of this is targeted within the region. Thus in relative and absolute terms, American investors were the strongest players outside their own region last year, with US$58.7bn invested, 48% of the global total.

REGIONAL VERSUS GLOBAL INVESTMENT



The fastest growing stream of international investment however has been Asian capital flowing out of the region. Asian global investment rose 56% last year compared to a 54% increase by American investors, 26% by Europeans and 13% by Middle Eastern and African players. Typically Asian players cross borders easily but much in the past has been within the Asian region. That however has changed dramatically in recent years as Asian businesses have diversified abroad, focusing initially on gateway cities in the US and the UK but now spreading their net more widely. Within this, the biggest increase came from Chinese, Singaporean and Hong Kong buyers, followed by Japanese and Australians. Chinese players invested US$7.7bn outside Asia, a 39% increase on last year, while investors from Hong Kong invested a further US$6.5bn.

NORTH AMERICA

Activity in North America rose 14.3% in the year to June 2014, strongly driven by foreign players who pushed activity up by nearly 47% and increased their market share from 8.8% to 11.3%. The US was the chief driver of this, with volumes ahead 19% compared to a 34% fall in Canada as high pricing and stock shortages hit activity. Foreign demand continued to escalate in Canada however, with volumes up 182% as the security of the market attracted risk averse foreign players. In the US, foreign investment rose 43%, driven by Canadian, Chinese and Australian buyers.

With better signs emerging in the US that the economic recovery is picking up and much of the increased investment to date driven by higher pension fund allocations and growing international demand from high net worth investors – in both cases notably from Asia – the relative strength of foreign demand in the US is likely to escalate further in the year ahead.

Yields have continued to compress and the process has spread to second-tier markets as investor confidence and finance availability have improved. A favourable office supply and demand balance in particular will continue to attract investors as rental growth prospects look good and incomes relatively secure. Risk takers are moving further towards secondary and suburban markets and while the recovery to date has been selective, activity will pick up more widely as the economic recovery and jobs growth deepens. Core downtown energy and technology markets are performing best, such as New York, San Francisco, Boston and Houston, while markets such as Florida and Atlanta are also improving and seeing more foreign investor interest.

Retail markets are looking healthier as jobs data and consumer sentiment improve and while retailer demand is still sluggish, it has improved and is spreading from just the fortress malls and core high streets to second-tier locations. In the industrial sector, healthy fundamentals are driving occupier and investor interest and while development is picking up, low vacancy still points to good rental potential. Fundamentals are also strong in the multifamily market and while pricing has risen in anticipation of this, with higher demand, robust job growth and tight mortgage lending standards, leasing activity is likely to pick up in the months to come.

"The biggest regional source of cross border capital was the Americas, with US$75.3bn invested non-domestically, capturing 36% of total cross border investment and up 58% on 2013."

San Francisco, USA

LATIN AMERICA

Investor confidence has been subdued by weaker economic growth and not helped by rising vacancy where development has added to stock. However, while investment fell 1.2% last year, this was driven by a 19.5% fall in domestic activity. Foreign demand actually picked up by 38.6%, giving non-domestic buyers a 44% share. The region's main markets, Mexico City and São Paulo, both saw investment fall but growth in smaller second-tier markets in Mexico as well as cities such as Santiago helped balance this out.

Yields have edged up in markets where foreign investor demand is cooler, such as Argentina, but more robust markets such as Mexico and Chile saw further compression. Mexico has performed better than most although with a high development pipeline, parts of the market are now more tenant friendly. Office markets generally in the region have in fact faced a mix of weaker demand and rising supply. Industrial has been more diverse, with the production orientated Mexican market seeing record low vacancies but the commodity driven Brazil market slowing down. The World Cup was a mixed success for Brazil meanwhile, but tourism is generally stronger in much of the region, supporting hospitality markets. Retail and residential markets are typically more mixed, with weaker demand in many areas but Mexico faring better.

"The World Cup was a mixed success for Brazil, but tourism is generally stronger in much of the region, supporting hospitality markets."

ASIA PACIFIC

Investor demand in Asia remains strong and liquidity is high as real estate allocations from pension funds and insurance companies continue to rise. However the pace of activity has been held back, partly by economic uncertainty but also by a tightening in lending conditions in some markets. Overall trading rose at a below par rate of 5.5% in the year to June as a result, with domestic buyers cutting spending by 3%. By contrast many international investors are rediscovering their interest in the region, with foreign buying up 43%.The most active international players are regional, led by Hong Kong, Singapore and China, but US investors are number 2, Canadians are highly active and UK and German investors are also in the top 10.

Core markets generally are outperforming but the mixed economic picture together with rising new supply has weighed on overall performance. However, whilst there are occasional scares over the outlook, sentiment is generally firming, with expectations of a modest improvement next year as China's commitment to rebalancing starts to pay off and as reforms in Japan and India add to confidence.

Retail and industrial markets generally have seen good demand and limited supply and there is still by and large healthy demand in the office sector. However in a cost conscious environment, real estate costs inevitably come under the microscope and market developments are set to follow the economy, with subdued growth this year but better prospects in 2015 when differences in supply will come to the fore. Higher supply is typical in emerging markets but a number of mature markets also have higher vacancies, albeit

Shanghai, China

frequently of Grade B space. For offices, key Australian cities as well as NCR, Kuala Lumpur and Ho Chi Minh City will remain favourable to tenants in the short term while areas of lower availability will see growth, led by Singapore, Tokyo, Jakarta, Manila, Shenzhen, Chennai, Bangkok and Bengaluru.

EMEA

EMEA saw a 30% increase in volumes in the year to June, with strong domestic demand (up 26%) but foreign investment key, rising overall by 35%. As demand and pricing increased, interest has spread further to new markets, with southern Europe and Spain most in focus but interest also up in tier 2 cities in the UK and Germany and quality stock in most markets finding a ready buyer and better finance. Activity is likely to accelerate further into 2015, with investor requirements still rising and finance improving. This will be happening alongside expectations of a better occupier market and more supply as bank and corporate restructuring accelerates and as some profit taking is seen.

Economic performance has been better than the previous year but still subdued overall and volatile quarter by quarter and market by market. The UK and Sweden are among the better performers but a number of previously stressed peripheral markets are now recovering, led by Ireland and Spain. A key ingredient of this recovery and its translation to property meanwhile is an improvement in corporate confidence which is pushing investment and occupier demand, with a focus on modern space and new working and retailing practices.

An undersupply of modern office space will reignite rental growth, with demand firming ahead of expectations in some markets. Dublin and London will lead but others such as Madrid, Stockholm, Berlin, Munich, Frankfurt and Oslo are also expected to see good growth. Logistics hubs across the region are seeing increased activity, favouring major transport interchanges at ports and airports as well as urban area logistics. Retail supply is falling, with luxury retail still in growth mode and expansion in convenience retail for the right size units in accessible locations.

DRIVERS OF CITY SUCCESS

Cities are more important in market terms than their size suggests, with the top 100 accounting for 10% of population but 30% of GDP and 76% of property investment activity. However, while power lies increasingly with the city rather than the state, the hierarchy of cities is changing. Growth forces are in fact polarised between demand-side factors which favour a self-perpetuating focus on the biggest and the best, such as clustering and the agglomeration benefits that follow, and other forces spreading power between a broader group, facilitated by supply side factors such as technology as well as "scale sensitive" issues such as sustainability.

As a result a range of factors are shaping our markets, some across the board, some focused on specific areas or city types. Mature markets have to address weak population growth and industrial change for example, while emerging markets struggle with growth rates outpacing their infrastructure capacity. What is universal however is the pressure to marry growth with sustainability to deliver an environment that can be both successful and can endure.

According to the World Economic Forum (WEF), the main megatrends relevant to cities are demographics and include urbanisation, the rise of the middle class and changing lifestyles, exemplified by the growth of Millennials. Additionally, the WEF also lists rising inequality within cities, sustainability and pressure on resources, technological change, industrial clusters and governance, notably in the face of a fall in trust in public bodies. This list only scratches the surface however when you consider the myriad of issues that lie behind these points or run alongside them – such as corporate demands for a business friendly environment, geopolitics, changing climates or dealing with legacy infrastructure not fit for purpose. Just consider for example the impact that driverless cars could have on the city, on roads, parking and support services.

MARKET CONCENTRATION

Social security and health must also be considered. A healthy city is more productive and flexible and that needs to be considered in the fabric of the city and its buildings. At the same time, while city growth has helped to reduce inequality between regions, helping to cut the number of people in poverty in emerging markets for example, inequality within cities is often increasing in mature and emerging markets and is reflected in access to resources and opportunities.

For city planners therefore, a flexible approach is needed which allows for organic growth and evolution but has a focus on best practice, with cities experimenting and learning from each other. For property investors meanwhile, the mix of resources, culture and innovation will be critical in terms of the demographics they generate, the brand they create and the clusters of skills they support. These will be the key drivers of real estate value.

TABLE 1: THE FACTORS DRIVING GLOBAL CITY REAL ESTATE MARKETS	
KEY FACTOR	IMPACT
DEMOGRAPHICS Successful cities globally will continue to expand but the power of Asian and Latin American cities in particular will grow due to urbanisation and the expansion of the middle class and Africa will continue to emerge on the global business map. National trends vary of course with migration-led increases in the US contrasting with an accelerating ageing in Japan and much of Western Europe, but falling birth rates and an ageing population will be a key challenge for most, including less mature markets such as China, subduing growth and changing migration patterns. Despite political concerns, increased targeted migration is likely, via investor visas for example, bringing wealth and talent to mature markets. A key aspect of demographic change meanwhile is the increasing profile of the generation of millennials, also known as Generation Y, born sometime between 1978 and 2003 depending on the definition used. They are typically tech-savvy and connected while being team orientated, environmentally aware and conscious of their work-life balance. This group are gradually taking more power and influence and are becoming the main driver shaping lifestyles, culture and working environments.	Demand patterns will shift to an eastern bias but there will be a more general trend towards trying to **address the real estate needs of the "millennials" and the ageing baby boom market.** One key trend is the switch from suburban to urban in terms of the focus of where people and businesses ideally want to be as lines between leisure and work blur to make a central location more important and as cars are of lesser importance than walking, cycling or public transport to younger age groups. At the same time however, opportunities in some fringe areas may be overlooked, particularly where there are transport changes happening.
INFRASTRUCTURE Infrastructure will be in focus as the world copes with congestion and pollution and looks to take advantage of new technology, retailing and trading patterns. Public funding will however be reduced in many areas. An improved transport network will enable a city to efficiently move labour, consumers and freight between multiple origins and destinations and will enhance growth potential.	Investors must consider public and private transport links as well as the potential opportunities arising out of **transport improvements** such as driverless cars as well as opportunities to invest in infrastructure directly.
ENERGY/ENVIRONMENT Growing demand for energy on the back of urbanisation, ageing and increased wealth will lead to the maintenance of high prices and further growth in investment in new and renewable sources. This will also be reflected in greater attention to energy efficiency which will impact on cities as well as buildings but will bring potentially higher costs and more regulation for landlords. At the same time, the climatic risk faced by different cities will come more under the microscope, as will each city's ability to change and withstand adverse climatic and environmental events. Other aspects of the local environment including social tensions and inequality, crime and terrorism will also put pressure on local resources and influence patterns of success.	A city's environmental and security image is of growing significance to companies and employees, impacting on the cost of doing business but also the appeal of a location. A growing number of property owners are expecting higher **environmental standards on buildings and hence higher costs** – with retrofitting older properties potentially a greater concern.
WORKING PATTERNS New technology, longer working lives and more women in the workforce add to the search for a better lifestyle and quality of life triggered by improvements in wealth and education levels. This will continue to generate demand for changes in working, living, leisure, and retail environments and for improvements in work-life balance. At the same time, through technology and design, we need to create urban environments that add to health and well-being.	Millennials in mature markets prefer live/work/play markets in which convenience and access are all-important. At the same time, new working practices will affect office size, design and location and lead to a **densification of office use.**

TABLE 1: THE FACTORS DRIVING GLOBAL CITY REAL ESTATE MARKETS

KEY FACTOR	IMPACT
TECHNOLOGY Technological change will continue to affect all aspects of business activity. Working patterns will be shaped by constant improvements in connectivity, while retail will be transformed by e-tailing. Production will also undergo a major transformation as 3D printing spreads and changes in supply chain patterns emerge.	Technology for business-to-business and business-to-consumer activity will fundamentally affect design and the functions required of property and the relative attractions of different cities. It will also affect property uses within the city, with **industrial potentially the new retail.**
BRAND The brand name and image of a city will reflect hard factors such as resources, culture, press freedom, entertainment facilities and education as well as softer factors of image and whether a location is identified as "cool", "tech" or "luxury". According to the Guardian Cities Global Brand Survey, top cities by brand are remarkably diverse globally, with 5 in North America, 4 in Latin America, 6 in EMEA and 5 is Asia Pacific – although this may underestimate Asia given the use of global social media sites in the survey which are less dominant in some parts of the region. Nonetheless the results are interesting, with LA the top city overall, followed by New York, London and Paris. To the South, Rio makes the top 10 but the region has a strong showing overall, with Mexico, Buenos Aires and São Paulo all in the top 20. Seoul is the top ranked Asian market at number 5 but Singapore, Bangkok, Sydney and Mumbai all make the top 20. In Europe, Barcelona and Madrid make the list after London and Paris while Istanbul and Dubai are also in the top 20.	The image and brand of a city is of increased importance to real estate: clearly to retailers as they battle it out in key global flagship markets but also for hotels, multifamily and office occupiers as they look to a city and indeed property **brand to help them attract customers and talent.** For retail the brand of the space needs to be prominent, striking, and aesthetically strong. For offices identifiable icons such as campuses and towers may be preferred, with the image portraying size, strength, durability and capability.
CORPORATE DEMAND The biggest challenge facing many corporates is how to attract and retain the human capital they need to grow or even to survive. More and more companies are asking what they can do to increase effectiveness and engagement and this is reflected in the choices they are making by building and location. Efficiency is still a close second for many however – hence a focus on productivity remains. The working style of tech, media and telecom companies is also influencing others, changing the type of space in demand more generally as everyone is competing for the same pool of talent. This demands a rethinking of office space, with more collaborative and support space, nearby retail and hospitality, good public transport and a high quality technology infrastructure such as broadband.	Non-traditional locations will continue to emerge: with a search for trendy areas, offering **a live:play:work environment,** with supporting amenities. With these changes not just about offices but also residential, retail and hospitality, divisions between property types are blurring – adding to the need for new buildings to be flexible in design.

"Mature markets have to address factors such as weak population growth and industrial change,while emerging markets struggle with growth rates outpacing their infrastructure capacity.What is universal, however, is the pressure to marry growth with sustainability to deliver an environment that can be both successful and can endure."

CITY WINNERS

Competition, growth and change will bring forth more new global winners. At the very least we will see a broader range of large dominant cities, if not that some existing "alpha cities" drop down the hierarchy. Looking by sector at who the winners may be, we have compiled rankings based on key factors driving potential (table 2).

Among mature markets, Europe's stalwarts, London and Paris are clearly in a strong position but North America has a better mix of large, innovative and fast growing cities and its share of global investment should remain strong as a result. Among emerging markets, Asian cities offer a stronger blend of scale, growth and innovation than key hubs in Latin America or Eastern Europe, but that may change as Latin America gets used to a higher global profile and as larger cities in emerging Europe develop as regional hubs.

The leading growth cities in Asia meanwhile are focused on China, with Beijing leading Shanghai as the political and corporate centre for China as well as a centre of excellence for education. Other Chinese cities should move up the ranking however, such as Shenzhen thanks to finance and technology and industrial giants Wuhan, Tianjin and Chengdu. More widely, Hong Kong and Singapore continue to vie as regional capitals, with Hong Kong growing as China's face to the world while Singapore benefits from its strong infrastructure, greater independence and demand from non-Asian businesses seeking a regional base.

TABLE 2: MARKET POWER

	CRE INVESTMENT HUB	GLOBAL BUSINESS HUB	TECHNOLOGY HUBS	TOURISM APPEAL	INNOVATION CITIES
	3 Year Average (RCA, C&W)	Ranking of Scale & Services (C&W)	Composite based on various studies (C&W)	Number of Tourist Arrivals (Euromonitor)	2014 Global Index (2thinknow)
1	New York	London	London	Hong Kong	San Francisco
2	London	New York	San Francisco	Singapore	New York
3	Tokyo	Tokyo	Tel Aviv	Bangkok	London
4	Los Angeles	Shanghai	New York	London	Boston
5	San Francisco	San Francisco	Stockholm	Macau	Paris
6	Paris	Seoul	Berlin	Kuala Lumpur	Vienna
7	Hong Kong	Beijing	Singapore	Shenzhen	Munich
8	Washington D.C.	Toronto	Bangalore	New York	Amsterdam
9	Chicago	Hong Kong	Boston	Antalya	Copenhagen
10	Dallas	Paris	Seoul	Paris	Seattle
11	Houston	Chicago	Toronto	Istanbul	Toronto
12	Sydney	Singapore	Beijing	Rome	Seoul
13	Berlin	Shenzhen	Dublin	Dubai	Berlin
14	Boston	Osaka	Hong Kong	Guangzhou	Los Angeles
15	Toronto	Los Angeles	Moscow	Phuket	Tokyo
16	Shanghai	Moscow	Washington D.C.	Mecca	Stockholm
17	Atlanta	Houston	Austin	Pattaya	Sydney
18	Seattle	Washington D.C.	Amsterdam	Taipei	Hamburg
19	Seoul	Sydney	Los Angeles	Prague	Lyon
20	Singapore	São Paulo	Paris	Shanghai	Hong Kong
21	Miami	Dallas	Copenhagen	Las Vegas	Chicago
22	Stockholm	Melbourne	Seattle	Miami	Stuttgart
23	Moscow	Munich	Sydney	Barcelona	Melbourne
24	Denver	Zurich	Chicago	Moscow	Tel Aviv
25	Beijing	Atlanta	Eindhoven	Beijing	Helsinki
26	Frankfurt	Frankfurt	Melbourne	Los Angeles	Washington D.C.
27	Phoenix	Amsterdam	Mumbai	Budapest	Singapore
28	Melbourne	Mumbai	Oulu	Vienna	Dubai
29	San Diego	Montreal	Zurich	Amsterdam	Manchester
30	Munich	Atlanta	Santiago	Sofia	Frankfurt

Source: Cushman & Wakefield

Looking across all of these categories, a small group of markets dominate, led by London and New York but with Paris, Los Angeles, Hong Kong and Singapore also showing a broad based strength. Others such as Toronto, Seoul, Sydney, Melbourne, Beijing, San Francisco and Amsterdam feature highly as does Moscow. How these factors come together with softer side variables differs by sector, however, and indeed by company but as a relative approximation, the rankings in table 3 offer a view for each sector.

"Looking across all of these categories, a small group of markets dominate, led by London and New York but with Paris, Los Angeles, Hong Kong and Singapore also showing broad-based strength."

TABLE 3: A RANKING OF MARKETS

	TOP CITIES FOR RETAIL	TOP CITIES FOR OFFICES	TOP CITIES FOR DISTRIBUTION	TOP CITIES FOR MUTLIFAMILY RESIDENTIAL	TOP CITIES FOR HOSPITALITY
1	New York	New York	Shanghai	New York	London
2	London	Singapore	Singapore	Berlin	New York
3	Paris	London	Hong Kong	London	Dubai
4	Tokyo	Hong Kong	Tokyo	Stockholm	Singapore
5	Los Angeles	Paris	New York	Toronto	Hong Kong
6	Hong Kong	Tokyo	Paris	Paris	Paris
7	San Francisco	Boston	Chicago	Tokyo	Shanghai
8	Moscow	Chicago	London	Hong Kong	San Francisco
9	Singapore	San Francisco	Guangzhou	Sydney	Los Angeles
10	Sydney	Washington D.C.	Shenzhen	Singapore	Seoul
11	Miami	Zurich	Beijing	Los Angeles	Sydney
12	Seoul	Stockholm	Amsterdam	Chicago	Beijing
13	Milan	Sydney	Los Angeles	Houston	Madrid
14	Shanghai	Melbourne	Washington D.C.	San Francisco	Istanbul
15	Beijing	Los Angeles	Frankfurt	Tel Aviv	Chicago
16	Madrid	Toronto	Hamburg	Amsterdam	Kuala Lumpur
17	Barcelona	Seoul	Rotterdam	Dublin	Milan
18	Guangzhou	Vienna	Munich	Copenhagen	Amsterdam
19	Toronto	Frankfurt	Madrid	Auckland	Taipei
20	Istanbul	Amsterdam	Atlanta	Atlanta	Miami
21	Shenzhen	Copenhagen	San Francisco	Seattle	Barcelona
22	Amsterdam	Houston	Berlin	Zurich	São Paulo
23	Berlin	Montreal	Seoul	Geneva	Bangkok
24	Vienna	Taipei	Osaka	Melbourne	Munich
25	Zurich	Dallas	Busan	Madrid	Rome
26	Munich	Vancouver	Stockholm	Vienna	Johannesburg
27	Taipei	Berlin	Miami	Seoul	Stockholm
28	Melbourne	Geneva	Taipei	Helsinki	Mexico City
29	São Paulo	Seattle	Dubai	Moscow	Melbourne
30	Dubai	Madrid	Austin	Montreal	Moscow

Source: Cushman & Wakefield

For sources behind rankings, please see page 20 (About the Report).

New York ranks as the top retail city in our analysis, followed by London, Paris, Tokyo and Los Angeles. While the selection of cities is broadly spread geographically, it is notable that Asian cities make up 8 of the top 20, highlighting the new global retail hierarchy that is emerging. Our office ranking is more focused on mature markets meanwhile with New York again leading, followed by Singapore, London, Hong Kong and Paris.

For logistics, Asian cities take the top four spots led by Shanghai. New York rounds off the top five cities and while Asia dominates the top of the list, the ranking overall is quite broadly spread by geography, with 11 Asian cities, 8 in North America and 11 in EMEA. For multifamily residential, New York again heads the list, followed by Berlin and London with Tokyo the top placed Asian market in 7th place in a quite varied ranking with issues such as quality of public transport, broadband and universities a common positive for top ranked cities. In the hospitality sector, London has overtaken New York to claim the top spot with Dubai in third place. European and Asian cities make up the most of the top 30 places and there are a number of emerging cities led by Mexico, São Paulo, Moscow, Istanbul and Kuala Lumpur.


Paris, France

A STRATEGY TO INVEST

The next year will offer a changing but more positive macro backdrop, with better overall economic conditions in many markets and monetary policy still supportive of demand in most areas. Risks remain of course and the recovery is not yet assured, however while growth may be volatile and variable market by market, there is nonetheless growing confidence in the market.

The environment will continue to favour mature over emerging markets and it will be some time before geopolitical events in the Middle East and Ukraine stabilise. However risk taking by corporates and investors will expand and a more even pattern of demand is likely between mature and emerging cities.

While domestic and foreign demand for core assets will remain strong, gateway cities are increasingly fully priced for such assets. If, as we anticipate, 2015 sees a broader range of markets being targeted and more stock being sold, then yields for developed, leased stock in these markets will plateau. They will however remain a target for core investors, with a promising rental cycle that will deliver good risk adjusted returns. More risk tolerant investors meanwhile will need to switch targets or consider developing to core in top cities or more aggressively targeting riskier assets needing management and repositioning.

Looking by region, Europe's moment in the sun will continue, driven by the key ingredients of relative safety, a promise of recovery and improving availability of stock as banking and company restructuring continues. In particular, the start of QE promises more demand, while banking reforms should bring more supply and finance. However the relative appeal of other markets is set to grow at the same time, be that in targeting the USA as its economic recovery brings more demand for US$ assets or in global emerging markets as investors seek out higher returns.

Second-tier markets in Europe are expected to enjoy improved demand, led by Amsterdam, Madrid, Milan, Warsaw and Brussels. New markets are however set to be of growing interest in the wider region with Istanbul and Dubai benefitting from ongoing instability in the Middle East for example. Interest in Africa is also expanding, albeit health and security risks persist and it is some way from being an accepted market for most global investors.

Infrastructure development is a key area to watch in EMEA, with the biggest changes emerging in London and Paris but also Istanbul, where a new airport and new tunnels under the Bosporus are to be built, and Dubai, where there are plans to build the world's biggest airport.

Asia meanwhile contains an interesting mix of markets based on maturity and potential. Among mature markets, Tokyo's economy is expected to continue rebounding and with more companies moving into expansion mode, rental and capital values should be rising. Singapore meanwhile will continue to develop as the key gateway market to South East Asia, and with tight supply, rising demand will deliver attractive growth.

Investors are increasingly looking to move beyond the core with greater risk tolerance benefitting secondary markets and value-add opportunities. Jakarta for example benefits as a gateway to Indonesia and while rental growth will stabilize as new supply comes forward, medium term growth potential looks secure. Manila is an increasingly dominant BPO market – second only to Bengaluru - and high growth will drive property demand and performance. Bengaluru itself meanwhile is growing and moving up the value curve and with the added benefit of a new reform minded government in India, performance should be attractive.

US core cities will remain strongly in demand as the economic recovery drives gains in the occupier market. Core assets, property with improvement potential, and Grade A stock in second-tier markets should be sought. Downtown energy and technology markets are performing best but interest should broaden further as foreign investors have started to favour a wider spread of markets. Build to core or repositioning is a favourable strategy in the best markets, focusing on the tech submarkets of gateway cities as well as others such as Austin.

Retail opportunities are broadening as the recovery gains depth with high street investments in gateway markets looking attractive for core investors. Broad-based demand and growth in the warehouse sector is also bringing a range of opportunities, with markets such as Dallas, Houston and Los Angeles favoured alongside Miami, Washington D.C., New York, San Francisco and Seattle. In the multifamily sector yields are relatively low but condominium development in top cities such as New York, Boston, San Francisco and Los Angeles appear attractive.

In Latin America, the fundamentals for the Mexican industrial sector are strong and the market is growing globally more competitive. Longer term, Brazil remains a strong growth story thanks to its wealth of resources and market potential. Housing markets meanwhile are supported by an increasing workforce and expanding mortgage markets as well as by reform, particularly in Mexico.

TABLE 4: CITY TARGETS FOR INVESTMENT IN 2015

	AMERICAS	ASIA	EMEA
CORE	• Offices: US CBD Gateway cities (New York, San Francisco and Washington D.C., Los Angeles, Boston), core Canadian cities (Toronto, Vancouver) • Fee/Ground leases in top cities • Retail: Core 24 hr gateway cities in USA and Canada • Apartments: Multifamily in top US cities e.g. New York, Boston, San Francisco, Los Angeles	• Offices; Tokyo and Singapore favoured but Sydney, Melbourne, Shanghai, and Beijing also for the long term • Retail and Hospitality: Hong Kong, Tokyo, Sydney • Residential: Japan • Logistics: Tokyo and Top Australian cities	• Office: Gateway markets: London, Paris, Stockholm, Munich, Frankfurt, Berlin • Retail: Dominant shopping centres and luxury/flagship high streets in core Western cities • Logistics: London, Paris, Munich, Hamburg, Rotterdam, Barcelona
CORE-PLUS	• Offices: Core space, growth markets (Atlanta, Houston, Dallas, Denver, Austin) and build to core, primarily in tech submarkets of gateway cities • Suburban offices in core US and Canada cities • Logistics; Core: South California, New Jersey, Miami and Chicago • Core leased assets: Mexico • Apartments: Multifamily condo development in top US cities e.g. New York, Boston, San Francisco, Los Angeles	• Offices: Hong Kong, Seoul, and also Bengaluru, the top IT hub for India • Retail: Growth markets such as Singapore, Beijing, Shanghai, Chengdu, Jakarta and Seoul • Logistics: Singapore, Hong Kong	• Offices: Amsterdam, second-tier German and UK cities, Prague, Warsaw plus development in core cities: London, Paris, Stockholm, Frankfurt, Berlin, Madrid, Milan, Brussels, Copenhagen, Luxembourg • Retail: Retail development and refurbishment in core cities in Western Europe including well anchored convenience centres • Logistics: German second-tier, Lyon, Milan, Antwerp, Madrid, Warsaw, Prague and build to suit development in core cities
OPPORTUNISTIC	• Logistics markets serving key Brazilian, Mexican and Colombian cities • Retail and residential development: Santiago, first-tier and second-tier Brazilian, Mexican and Colombian cities • Offices: Mexican cities for short term gain and possibly Lima • Under-rented Grade A US office and apartment property: South Florida, Dallas, Chicago	• Offices in emerging growth markets: Jakarta, Kuala Lumpur, Mumbai, Manila • Retail: Emerging markets: Hanoi, Kuala Lumpur, Manila, Bangkok, New Delhi and other top Indian and Chinese cities • Logistics: Gateway Chinese Cities: Shanghai, Beijing, Guangdong	• Offices: Lisbon, Moscow, Istanbul, CEE capitals and development in central and southern Europe • Retail: Moscow, major cities in Turkey and elsewhere in CEE plus active management/development in larger cities • Logistics: Development and units serving large Eastern European cities and peripheral western cities

Cushman & Wakefield, Global Capital Markets Group

New York, USA

GLOBAL YIELDS

GLOBAL YIELDS - JUNE 2014				
REGION	COUNTRY	OFFICES	SHOPS	INDUSTRIAL
Americas	Argentina	7.10%	7.50%	12.00%
Asia Pacific	Australia	6.25%	5.50%	8.15%
EMEA	Austria	4.75%	3.10%	7.25%
EMEA	Bahrain	10.00%	9.00%	9.00%
EMEA	Belgium	6.25%	4.35%	7.00%
Americas	Brazil	10.50%	8.00%*	11.00%
EMEA	Bulgaria	9.25%	9.25%	11.75%
Americas	Canada	4.90%	4.30%	5.70%
EMEA	Channel Islands	6.00%	7.00%	-
Americas	Chile	8.00%	7.50%*	9.50%
Asia Pacific	China	5.30%	5.40%*	8.00%
Americas	Colombia	7.50%	14.50%*	15.00%
EMEA	Croatia	8.25%	8.00%	9.00%
EMEA	Czech Republic	6.25%	5.50%*	7.50%
EMEA	Denmark	5.00%	4.50%	7.50%
Americas	Ecuador	11.90%	15.00%	12.45%
EMEA	Estonia	7.50%	8.25%	9.00%
EMEA	Finland	5.25%	5.00%	7.50%
EMEA	France	4.00%	3.50%	7.00%
EMEA	Germany	4.00%	3.50%	6.50%
EMEA	Greece	8.80%	7.00%	11.00%
Asia Pacific	Hong Kong	2.90%	2.30%	2.80%
EMEA	Hungary	7.50%	7.25%*	9.25%
Asia Pacific	India	10.00%	10.00%	9.00%
Asia Pacific	Indonesia	7.00%	10.00%	9.50%
EMEA	Ireland	4.90%	4.75%	7.00%
EMEA	Israel	7.50%	7.25%	7.50%
EMEA	Italy	5.75%	7.00%*	8.15%
Asia Pacific	Japan	3.70%	3.90%	5.20%
EMEA	Latvia	7.75%	8.00%	9.25%

GLOBAL YIELDS - JUNE 2014				
REGION	COUNTRY	OFFICES	SHOPS	INDUSTRIAL
EMEA	Lithuania	7.00%	7.50%	8.50%
EMEA	Luxembourg	5.20%	5.00%	8.50%
Asia Pacific	Malaysia	6.00%	5.00%	7.50%
Americas	Mexico	10.50%	10.50%	11.75%
EMEA	Netherlands	6.25%	4.50%	7.60%
Asia Pacific	New Zealand	7.00%	5.50%	6.75%
EMEA	Norway	5.00%	4.75%	6.50%
Americas	Peru	9.30%	14.00%*	14.00%
Asia Pacific	Philippines	7.25%	3.00%*	6.20%
EMEA	Poland	6.00%	5.75%*	7.25%
EMEA	Portugal	6.50%	6.25%	8.75%
Asia Pacific	Republic of Korea	6.50%	6.75%*	-
EMEA	Romania	8.50%	8.50%*	9.75%
EMEA	Russia	8.75%	9.25%*	11.25%
EMEA	Serbia	9.50%	7.75%	13.00%
Asia Pacific	Singapore	3.90%	5.50%	6.70%
EMEA	Slovakia	7.25%	7.25%*	8.50%
EMEA	Slovenia	9.00%	7.50%	10.25%
EMEA	South Africa	9.50%	7.25%*	9.75%
EMEA	Spain	5.50%	4.65%	8.00%
EMEA	Sweden	4.50%	4.50%	6.50%
EMEA	Switzerland	3.80%	3.80%	5.60%
Asia Pacific	Taiwan	2.25%	2.00%	2.50%
Asia Pacific	Thailand	7.00%	8.00%*	8.00%
EMEA	Turkey	7.00%	5.80%	9.00%
EMEA	Ukraine	12.50%	12.50%	11.00%
EMEA	United Arab Emirates	8.50%	7.50%*	8.00%
EMEA	United Kingdom	3.50%	2.50%	5.25%
Americas	USA	3.70%	4.30%	5.00%
Asia Pacific	Vietnam	11.25%	11.50%*	10.00%

*Shopping Centres

Note: Yields marked in red are calculated on a net basis to include transfer costs, tax and legal fees.

Data relates to top city/cities only and is not a country average

Source: Cushman & Wakefield

INVESTMENT VOLUMES

TOTAL INVESTMENT VOLUMES (EX DEV. SITES, Q3 2013 – Q2 2014)

	METRO	VOLUMES (US$)	GROWTH*
1	New York Metro, United States	55,438,566,041	10.9%
2	London Metro, United Kingdom	47,253,731,038	40.5%
3	Tokyo, Japan	35,466,760,763	30.4%
4	Los Angeles Metro, United States	33,058,667,672	6.9%
5	San Francisco Metro, United States	23,788,360,196	7.8%
6	Paris, France	22,668,417,844	37.2%
7	Chicago, United States	14,379,076,128	31.9%
8	Washington D.C. Metro, United States	14,353,183,299	-29.0%
9	Dallas, United States	14,076,849,569	32.5%
10	Hong Kong, China	13,725,693,505	-28.9%
11	Houston, United States	13,113,470,326	19.5%
12	Berlin-Brandenburg, Germany	12,437,822,672	38.5%
13	Sydney, Australia	11,429,079,643	15.7%
14	Boston, United States	10,591,702,419	19.6%
15	Atlanta, United States	10,177,759,878	14.2%
16	Shanghai, China	9,940,898,243	60.1%
17	Seattle, United States	8,659,613,265	-13.2%
18	Southern Florida, United States	8,514,976,123	25.1%
19	Beijing, China	7,990,081,249	179.2%
20	Stockholm, Sweden	7,861,174,477	50.8%
21	Melbourne, Australia	7,752,945,725	48.3%
22	Denver, United States	7,500,013,273	23.8%
23	Philadelphia Metro, United States	7,322,273,502	110.2%
24	San Diego, United States	7,196,164,646	47.4%
25	Toronto, Canada	7,076,423,587	-26.2%

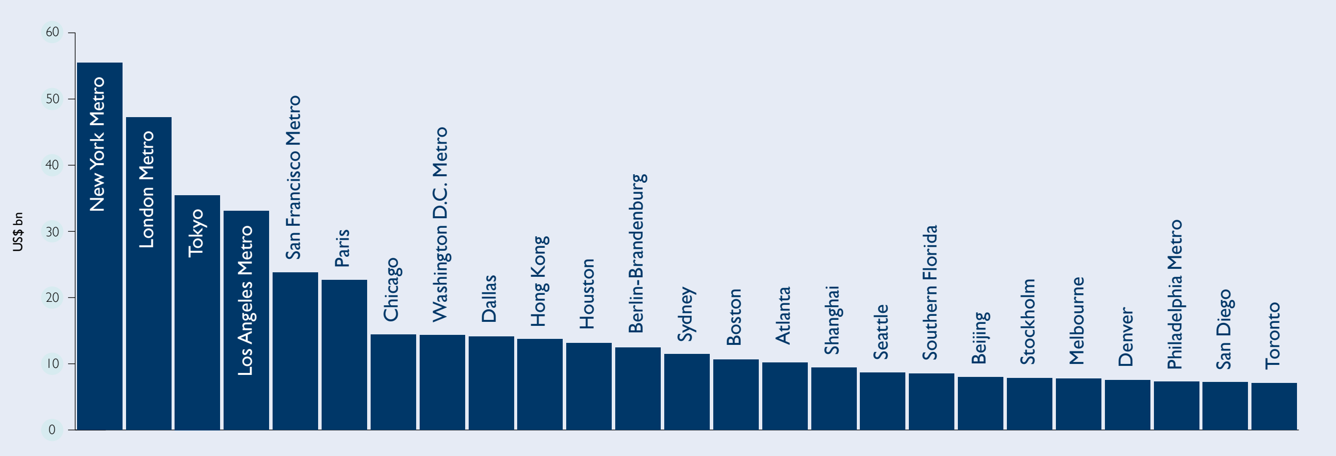
*Compared to previous 12 months
Source: Cushman & Wakefield, Real Capital Analytics

TOTAL INVESTMENT VOLUMES (EX DEV. SITES, Q3 2013 – Q2 2014)

	METRO	VOLUMES (US$)	GROWTH*
26	Frankfurt/Rhine-Main, Germany	6,897,424,955	7.3%
27	Amsterdam/Randstad, Holland	6,731,690,646	104.8%
28	Singapore, Singapore	6,417,093,368	-30.5%
29	Moscow, Russia	6,283,864,063	-13.4%
30	Munich, Germany	6,035,461,600	17.3%
31	Phoenix, United States	5,988,241,014	-2.5%
32	Seoul, South Korea	5,936,770,810	-40.8%
33	Austin, United States	5,356,640,269	-1.1%
34	Orlando, United States	4,729,626,109	81.9%
35	Osaka, Japan	4,459,333,525	-10.0%
36	Hawaii, United States	4,165,304,257	114.6%
37	Hamburg, Germany	3,934,732,888	-3.1%
38	Dublin, Ireland	3,755,321,028	213.9%
39	Dubai, United Arab Emirates	3,681,561,370	2174.3%
40	Brisbane, Australia	3,627,494,412	-27.0%
41	Nashville, United States	3,448,395,885	112.4%
42	Charlotte, United States	3,285,588,055	23.3%
43	Manchester Metro, United Kingdom	3,126,060,771	123.9%
44	Tampa, United States	3,082,042,824	-12.5%
45	Las Vegas, United States	3,050,616,446	19.3%
46	Vienna, Austria	3,020,594,492	48.0%
47	Birmingham, United States	2,862,446,517	51.5%
48	Minneapolis, United States	2,784,564,679	-6.6%
49	Taipei, China	2,763,526,769	-21.0%
50	Vancouver, Canada	2,613,230,923	26.1%

*Compared to previous 12 months
Source: Cushman & Wakefield, Real Capital Analytics

TOP 25 CITIES FOR GLOBAL PROPERTY INVESTMENT (EX DEV. SITES, Q3 2013 – Q2 2014)



INVESTMENT VOLUMES

CROSS-BORDER INVESTMENT VOLUMES (Q3 2013 – Q2 2014)

	METRO	VOLUMES (US$)	GROWTH*
1	London Metro, United Kingdom	29,370,466,865	37.67%
2	New York Metro, United States	11,364,607,926	68.53%
3	Paris, France	11,057,422,477	47.75%
4	Shanghai, China	10,039,035,493	150.25%
5	Sydney, Australia	6,660,953,814	75.81%
6	Los Angeles Metro, United States	5,994,728,581	65.09%
7	Shenzhen, China	4,968,623,569	426.35%
8	Tokyo, Japan	4,632,840,984	66.19%
9	Amsterdam/Randstad, Holland	3,991,616,088	248.30%
10	Melbourne, Australia	3,603,892,879	80.01%
11	Hong Kong, China	3,548,231,809	33.63%
12	Guangzhou, China	3,279,022,474	88.38%
13	San Francisco Metro, United States	3,126,341,325	33.78%
14	Foshan, China	3,108,818,206	180.71%
15	Beijing, China	2,988,349,995	160.88%
16	Nanjing, China	2,920,593,804	475.20%
17	Washington D.C. Metro, United States	2,792,229,574	83.30%
18	Berlin-Brandenburg, Germany	2,699,787,948	-15.11%
19	Munich, Germany	2,570,990,171	9.74%
20	Chicago, United States	2,532,743,233	98.77%
21	Singapore, Singapore	2,292,186,254	4.06%
22	Fuzhou, China	2,126,552,490	n/a
23	Frankfurt/Rhine-Main, Germany	2,059,694,104	-39.22%
24	Dublin, Ireland	2,031,152,010	138.79%
25	Wuhan, China	1,999,132,648	26.49%

*Compared to previous 12 months

Source: Cushman & Wakefield, Real Capital Analytics

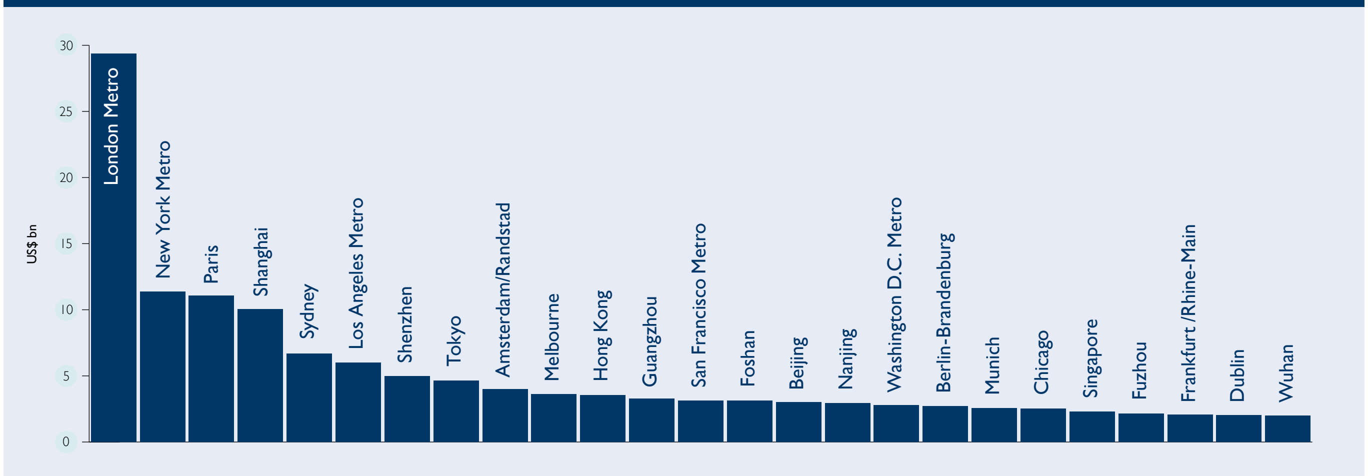
CROSS-BORDER INVESTMENT VOLUMES (Q3 2013 – Q2 2014)

	METRO	VOLUMES (US$)	GROWTH*
26	Boston, United States	1,985,797,946	286.54%
27	Dubai, United Arab Emirates	1,965,686,437	n/a
28	Johor Bahru, Malaysia	1,926,936,043	160.40%
29	Hangzhou, China	1,890,040,753	-30.23%
30	Warsaw, Poland	1,840,527,389	-12.91%
31	Madrid, Spain	1,756,396,081	187.06%
32	Hawaii, United States	1,695,840,670	117.14%
33	Stockholm, Sweden	1,556,058,481	16.51%
34	Hamburg, Germany	1,544,815,966	61.83%
35	Seoul, South Korea	1,537,610,963	8.04%
36	Vienna, Austria	1,474,550,281	72.99%
37	São Paulo, Brazil	1,437,207,689	121.56%
38	Ningbo, China	1,378,667,463	6.25%
39	Brisbane, Australia	1,199,922,251	1.76%
40	Brussels, Belgium	1,170,840,727	35.93%
41	Prague, Czech Republic	1,157,882,824	332.90%
42	Southern Florida, United States	1,150,160,259	83.20%
43	Manchester Metro, United Kingdom	1,125,740,549	69.51%
44	Helsinki, Finland	1,040,683,233	107.58%
45	Dallas, United States	1,005,971,242	19.47%
46	Stuttgart, Germany	1,002,652,284	196.39%
47	Shenyang, China	996,866,536	26.21%
48	Moscow, Russia	952,471,308	-58.14%
49	Barcelona, Spain	944,712,739	115.50%
50	Houston, United States	937,379,657	-46.60%

*Compared to previous 12 months

Source: Cushman & Wakefield, Real Capital Analytics

TOP 25 CITIES FOR CROSS-BORDER SECTOR INVESTMENT (Q3 2013 – Q2 2014)



RESEARCH SERVICES

OUR RESEARCH SERVICES

Cushman & Wakefield (C&W) is known the world-over as an industry knowledge leader. Through the delivery of timely, accurate, high-quality research reports on the leading trends, markets around the world and business issues of the day, we aim to assist our clients in making property decisions that meet their objectives and enhance their competitive position. In addition to producing regular reports such as global rankings and local quarterly updates available on a regular basis, C&W also provides customized studies to meet specific information needs of owners, occupiers and investors. A recognized leader in local and global real estate research, the firm publishes its market information and studies online at cushmanwakefield.com/research.

The Central Research & Consultancy Team provides a strategic advisory and supporting role to our clients. Consultancy projects are undertaken on a local and international basis, providing in-depth advice and analysis, detailed market appraisals and location and investment strategies.

Typical projects include:

- Site specific location analysis, ranking and targeting for occupation or investment
- Analysis of future development activity and existing supply/competition
- Market research and demand analysis by retail or industry sector
- Rental analysis, forecasts & investment portfolio strategy
- Reliable and comparable data and market intelligence – we regularly track over 65 countries, including multiple data points across the world. As part of this consultancy service line, we can provide this time series data on the retail, office and industrial property sectors.

For more information on this service line, contact Joanna Tano (joanna.tano@eur.cushwake.com)

ABOUT THE REPORT

This report has been prepared using data collected through our own research as well as information available to us from public and other external sources. The transaction information used relates to non-confidential reported market deals, excluding indirect investment and future commitments. In reference to investment volumes, while the report summary considers all sectors including multifamily residential, the country pages and global volume tables exclude multifamily residential deals. All investment volumes are quoted pertaining to deals of US$ 5 million and above. In respect of all external information, the sources are believed to be reliable and have been used in good faith. However, Cushman & Wakefield cannot accept responsibility for their accuracy and completeness, nor for any undisclosed matters that would affect the conclusions drawn. Certain of the assumptions and definitions used in this research work are given within the body of the text. Information on any other matters can be obtained from the EMEA Central Research & Consultancy team of Cushman & Wakefield.

A number of the rankings contained within this Winning in Growth Cities 2014/2015 report are Cushman & Wakefield composite rankings, collated using a variety of in-house proprietary data, reliable secondary sources and a range of data indicators. These individual data sets, scores and other forms of discreet data have been further weighted, scored and ranked using a strict methodology, which vary depending on the sector, region or indicator.

SOURCES

Summary

Cushman & Wakefield, Real Capital Analytics, Oxford Economics, Guardian News and Media Ltd., The World Economic Forum, Urban Land Institute.

The Sector and Business Hub Rankings

Cushman & Wakefield, Real Capital Analytics, Oxford Economics; Airports Council International, AT Kearney, Bloomberg, Center for Globalization and Strategy and the Department of Strategy of the IESE Business School, Economist Intelligence Unit, Euromonitor International, Global Property Guide, Journal of Commerce, LTA Academy, Mastercard, Mercer, Numbeo, PricewaterhouseCoopers, The Times Higher Education, TomTom International BV, William Reed Business Media, World Health Organisation, Z/Yen Group, 2thinknow

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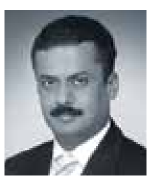

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