

# REAL-ESTATE REPORT

- OCTOBER 2017 -

Business Climate... Economy ... Analysis... Insight... Update...

23/06/2016

## Brexit vote

Concerns over the impact on the economy. The real-estate sector is holding up but needs to be followed closely

20/01/2017

## President Trump

The markets have doubts about Trump: the dollar has fallen by 15% against the euro

2016 - 2017

## Explosion of e-Commerce

In the next 5 years between 220 and 275 shopping centres will close in the US

### WE FORECAST

- > A rise in the dollar
- > A rise in bond yields
- > Online sales in 2018 will represent 18% of global sales (vs. 14% currently)

REAL-ESTATE CYCLES REMAIN CORRELATED TO ECONOMIC CYCLES

## OUR REAL-ESTATE STRATEGY

BY LOCATION

Segment by region	Previous Opinion - May 2017	Current Opinion
<b>North America</b>		
Top-tiered commercial	Neutral	Neutral
Lower-tiered commercial	Neutral	Neutral
Residential	Neutral	Neutral

Segment by region	Previous Opinion - May 2017	Current Opinion
<b>Europe</b>		
Top-tiered commercial	Neutral	Neutral
Lower-tiered commercial	Positive	Positive
Core residential	Positive	Positive
Badly-impacted housing markets	Positive	Positive

Segment by region	Previous Opinion - May 2017	Current Opinion
<b>Emerging markets (Emerging Asia &amp; Latin America)</b>		
Commercial	Neutral	Neutral
China Top-tiered residential	Positive	Neutral
China Lower-tiered residential	Negative	Neutral
Latin America Residential	Negative	Negative

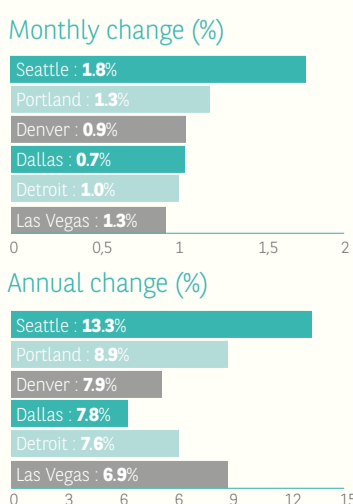
**PROPERTY STOCKS**  
Neutral on Continental Europe, the US and Asia.  
Negative on the UK

**EUROPE**  
THE BIGGEST PRICE HIKES ARE BEHIND US

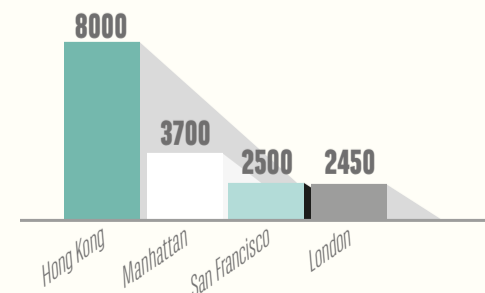
**US**  
SLOWDOWN IN PRICE GROWTH

**EMERGING MARKETS**  
HONG KONG'S OFFICE PROPERTY IS THE MOST EXPENSIVE IN THE WORLD

US housing prices (as at 31 May 2017)



Square foot price in USD



**Commercial real estate:**  
5% average return expected



**Residential real estate:**  
Positive and no downturn expected in the event of a rise in interest rates  
Neutral on REITs



**UK:**  
stabilisation of luxury residential prices in London



**China:**  
Neutral on the biggest cities  
Positive on the regional cities

**Latin America:**  
Negative

Source: S&P Dow Jones Indices and CoreLogic, May 2017

Source: Knight Frank, 7 July 2017