

Joint ECB Eurostat Conference on
Commercial Property Price Indicators

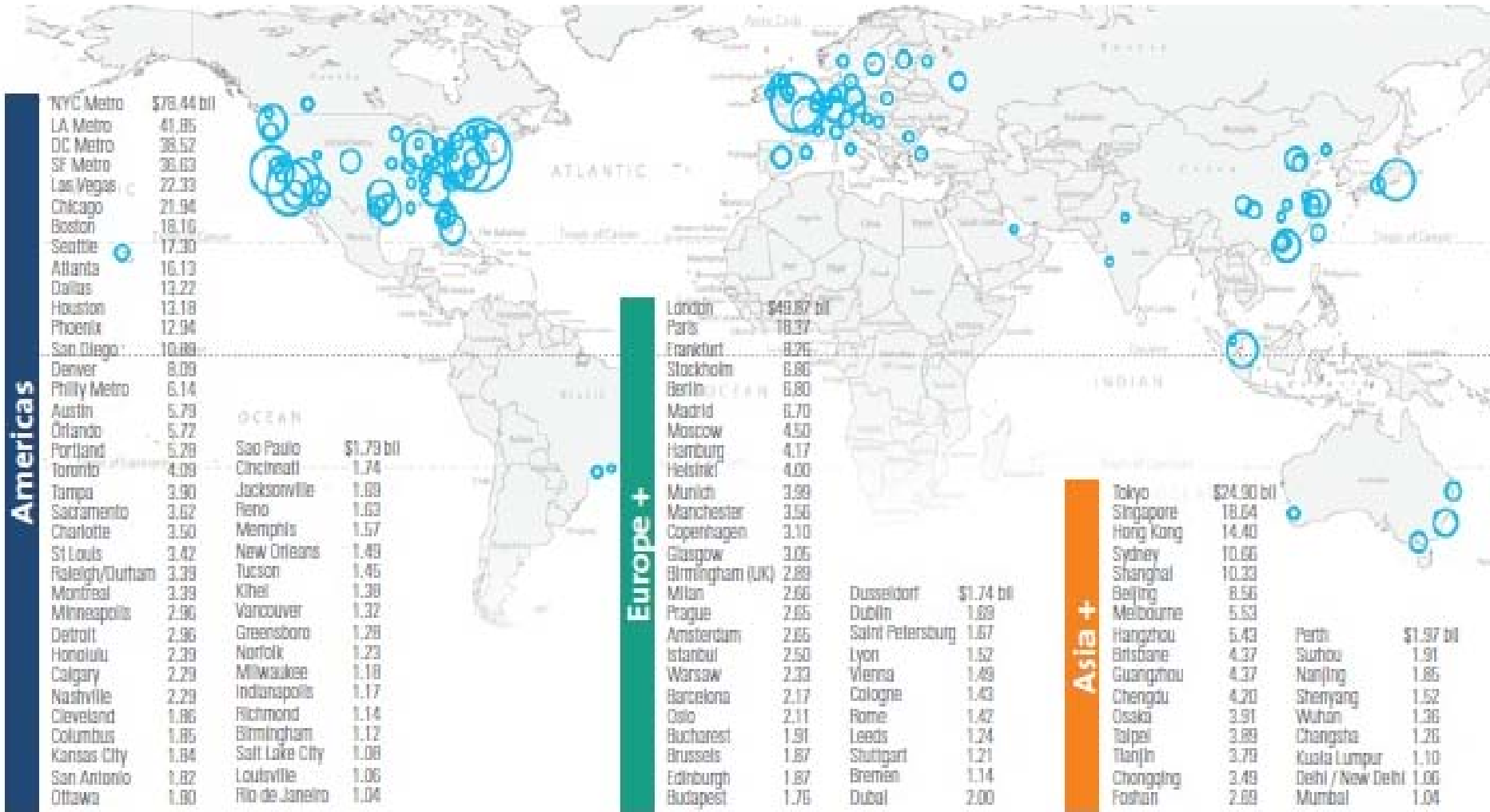
Data Sources, Standards
and the
Progression Toward Transparency
in the
Property Capital Markets Around the Globe

Robert M. White, Jr., CRE, FRICS

May 11, 2012
Frankfurt

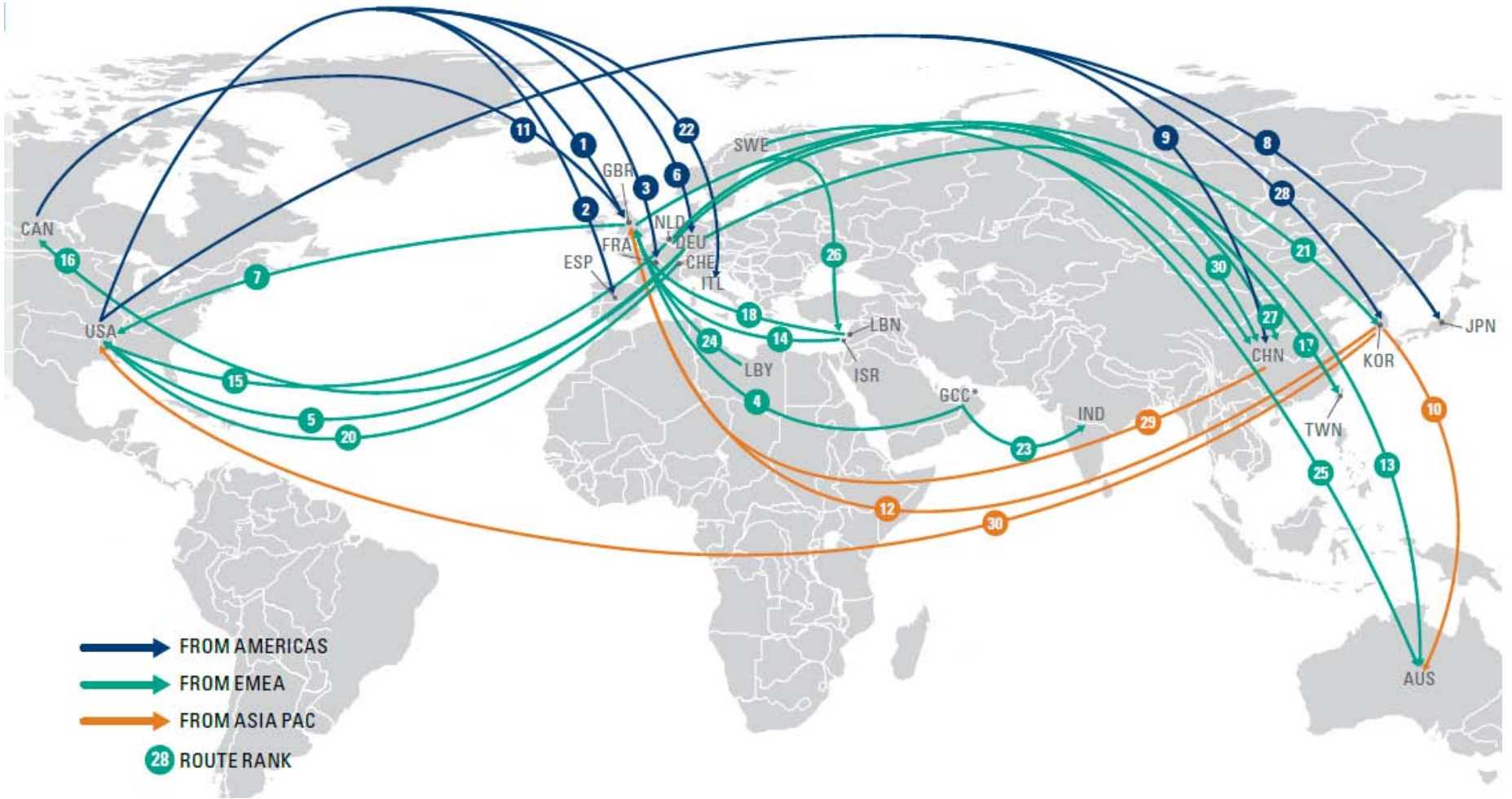
Investment Markets are More Similar Than Different

Markets With \$1 Billion or Greater of Transaction Volumes in 2007



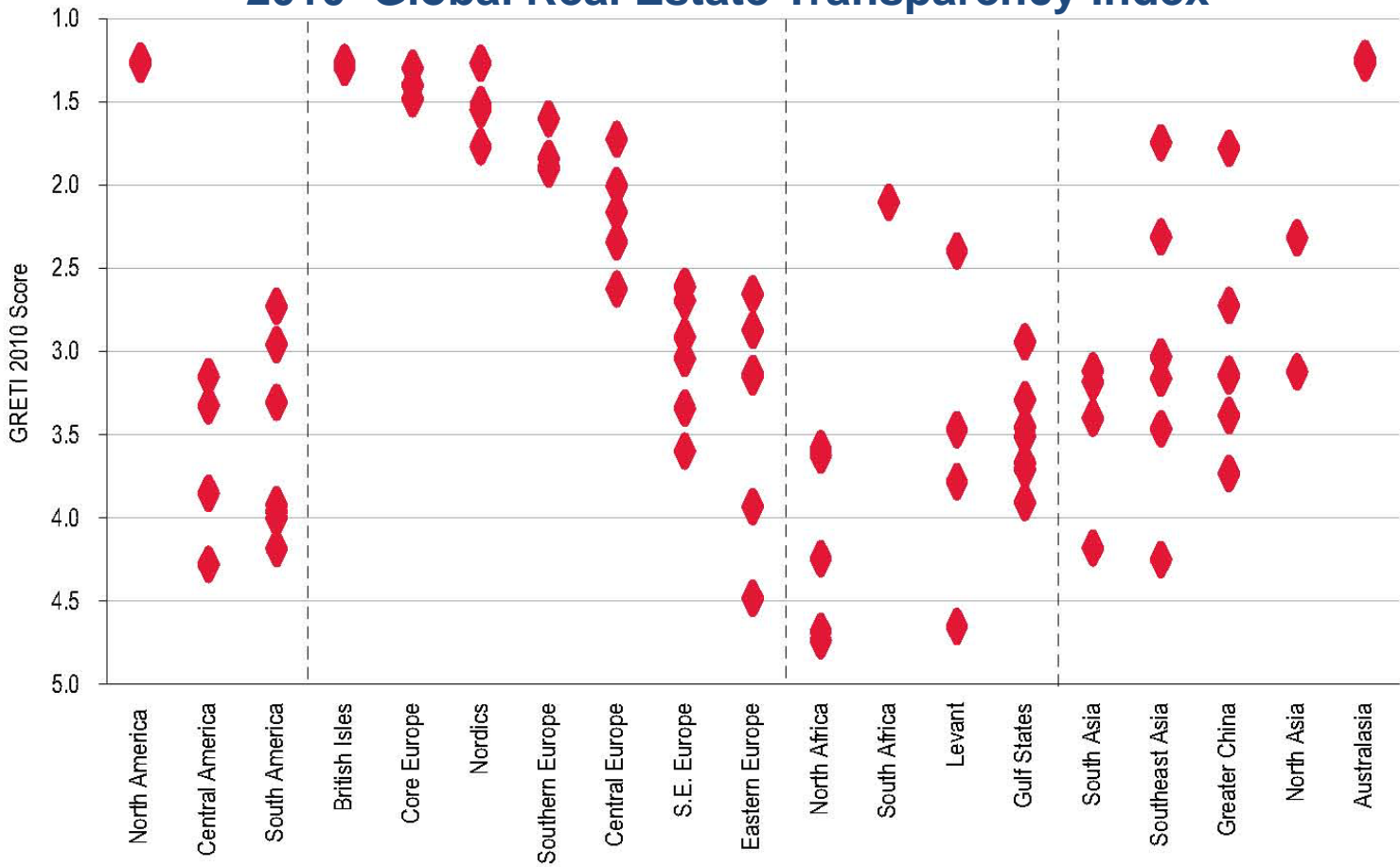
Linkages in Pricing Between Markets is Significant

Cross-Border Property Capital Flows



Transparency Improving, but Price Benchmarks Still Challenging

Jones Lang LaSalle 2010 Global Real Estate Transparency Index



Sources: Jones Lang LaSalle, LaSalle Investment Management

www.joneslanglasalle/Transparency

Sources of Commercial Property Information



Chief Challenges of Data Sources

- Often at municipal and not national level; very few international sources
- Can be dated by months and in some cases years
- Granularity and detail of data often not sufficient. Historic information limited.
- Local standards favored, universal methodology difficult to apply
- Financing data sparse, very opaque in Europe

Data Sources: All Types Must Be Considered

Transaction Based

Appraisal/Valuation Based

Survey

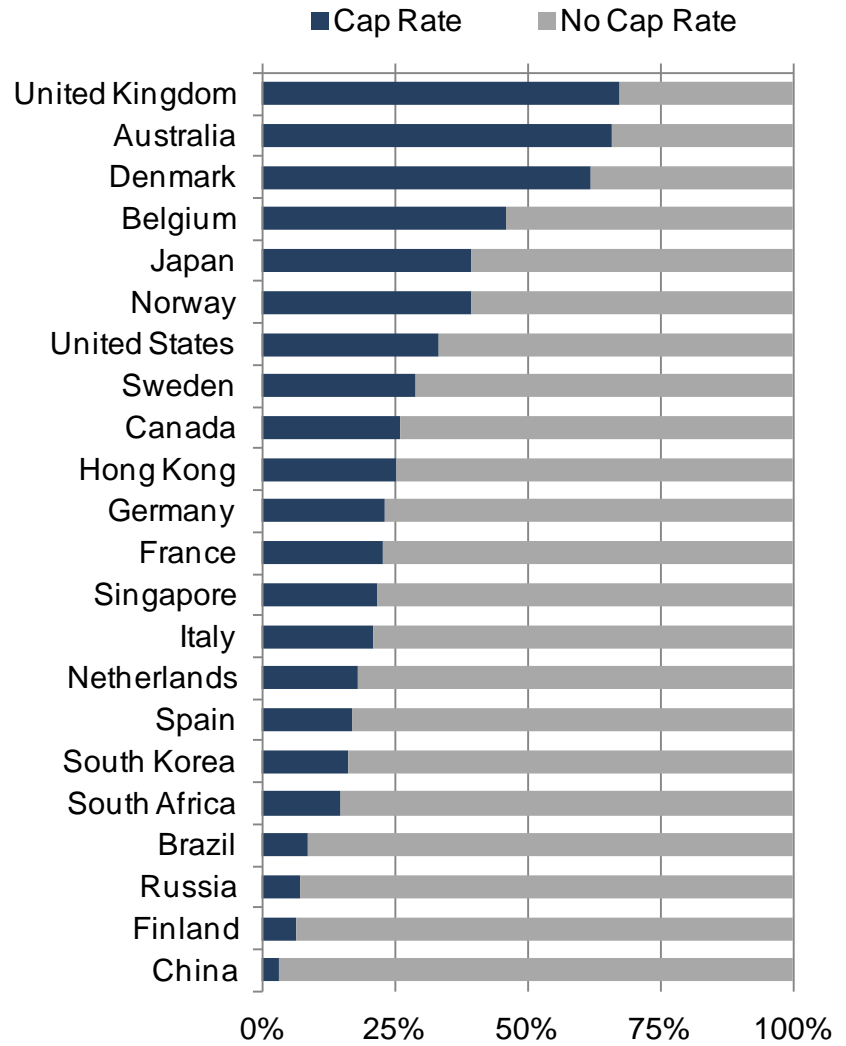
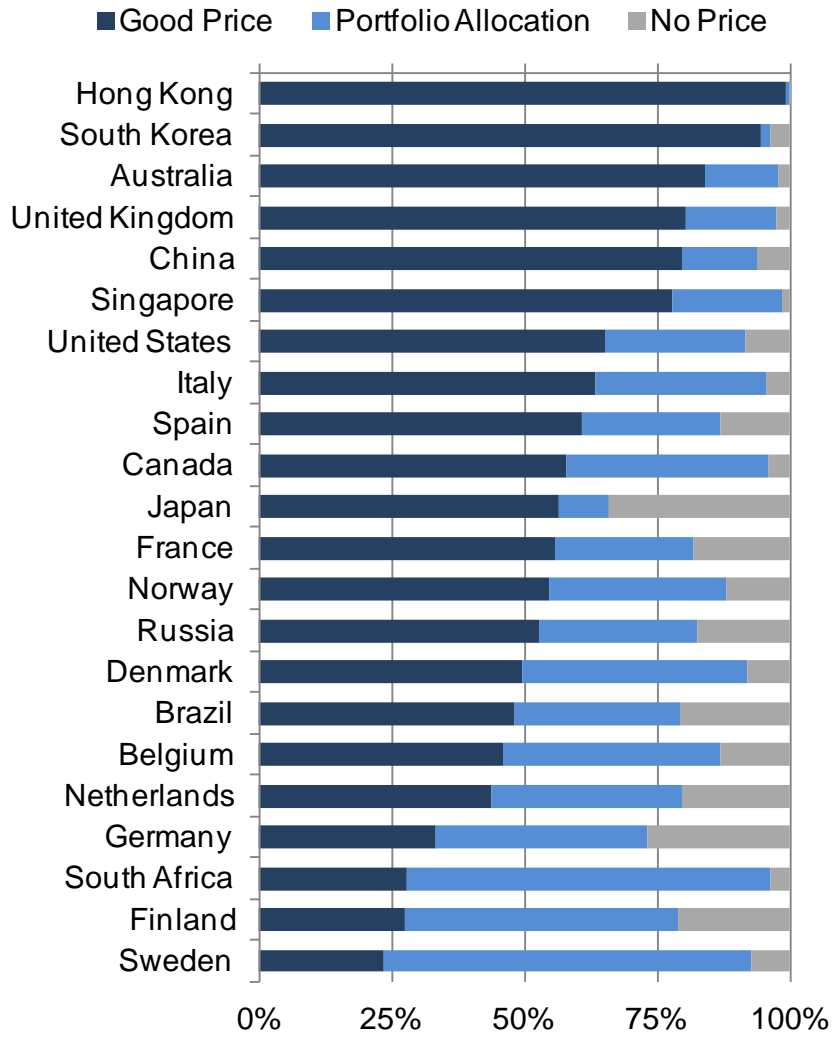
Annual Number of Significant Property Sales in Select Markets

OFFICE			
	5 Year		
	Avg	Most	Fewest
London	241	388	189
Tokyo	200	246	143
Paris	181	249	113
New York	166	345	43
Hong Kong	118	166	78
San Francisco	102	258	22
DC Metro	101	207	42
Amsterdam	94	181	36
Seoul	69	91	50
Rhine-Ruhr	60	134	34
Stockholm	55	101	21
Boston	52	131	9
Chicago	47	110	12
Sydney	45	88	16
Toronto	44	63	17
Hamburg	39	67	20
Berlin	38	71	23
Frankfurt	38	92	15
Melbourne	35	57	22
Munich	34	64	23
Brussels	32	68	19
Copenhagen	30	47	15
Madrid	27	44	12
Beijing	26	52	16
Oslo	26	39	12
Brisbane	24	51	14

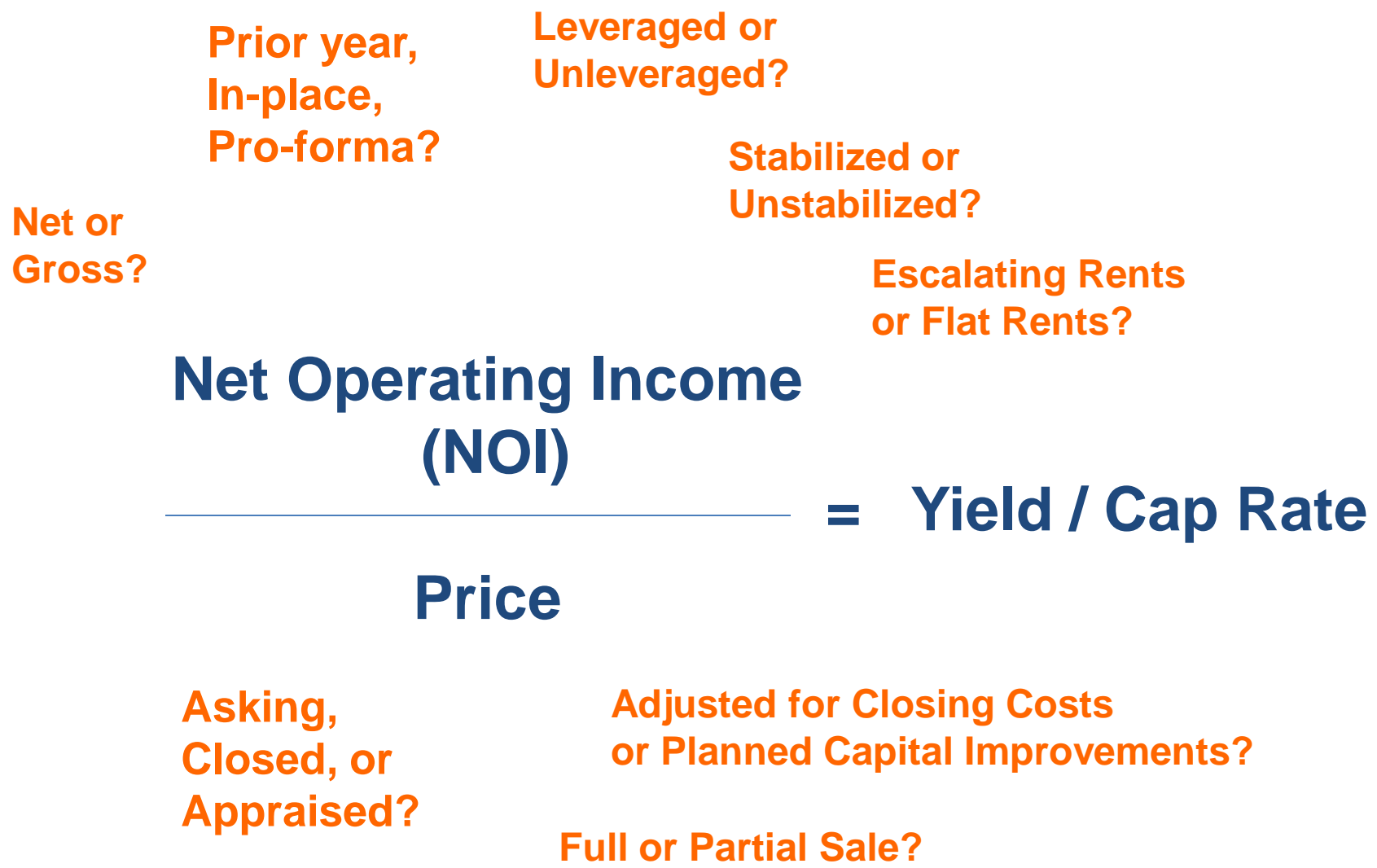
RETAIL			
	5 Year		
	Avg	Most	Fewest
New York	107	197	32
Hong Kong	105	150	59
Los Angeles	78	147	41
Tokyo	63	101	39
London	57	72	42
Chicago	47	95	12
Boston	40	82	7
DC Metro	36	57	24
San Francisco	35	67	21
Rhine-Ruhr	27	42	10
Amsterdam	24	33	17
Paris	21	34	10
Copenhagen	19	65	5
Toronto	19	32	8
Sydney	17	29	5
Montreal	15	32	8
Stockholm	14	25	4
Melbourne	13	22	7
Seoul	13	15	10
Brisbane	13	17	5
Vancouver	12	25	7
Berlin	12	22	1
Hamburg	12	24	5
Johannesburg	11	19	2
Munich	10	17	7
Taipei	10	20	6

Few Observations, Even Less Price Discovery

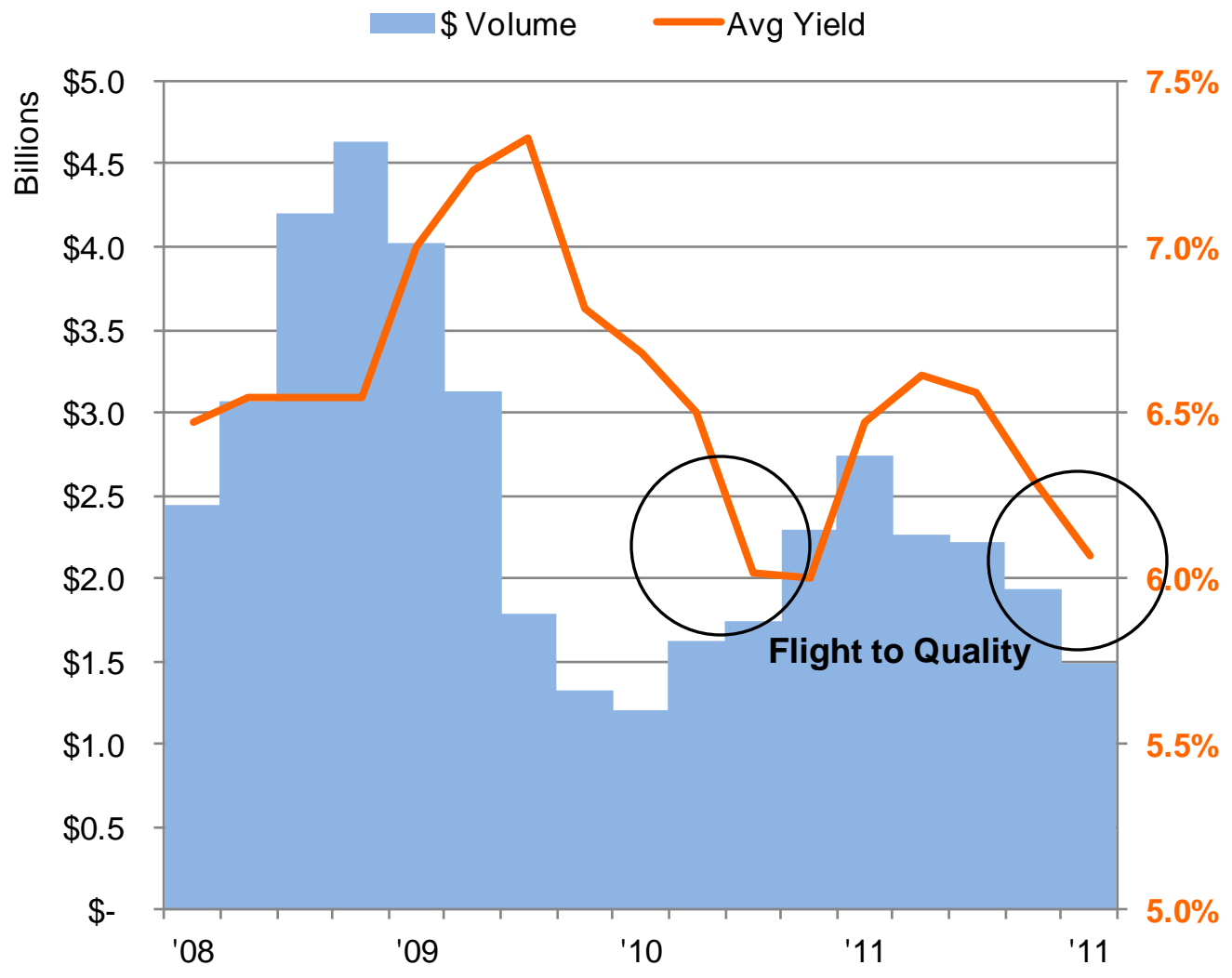
Capture Rate of Key Pricing Data in Select Countries



Standards Needed For Calculating Yields



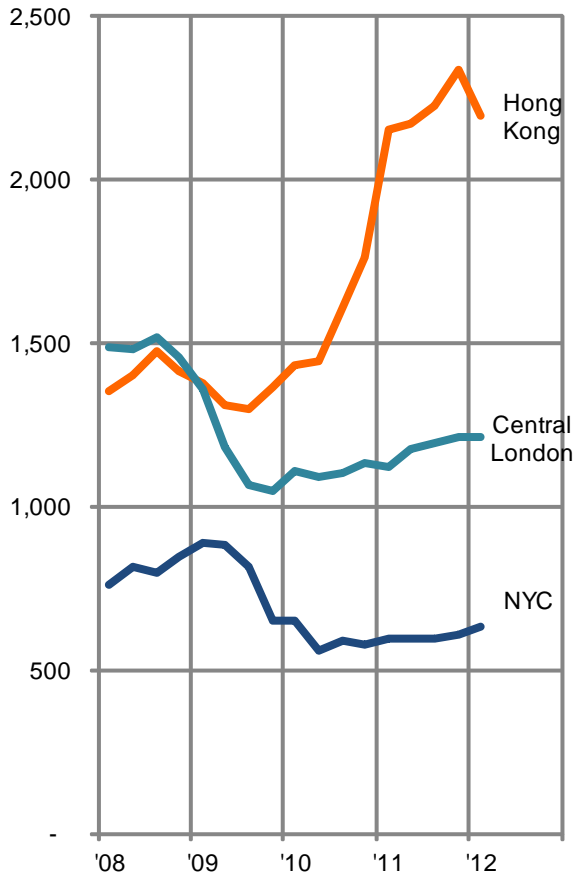
Investment Trends for Benelux Retail Properties



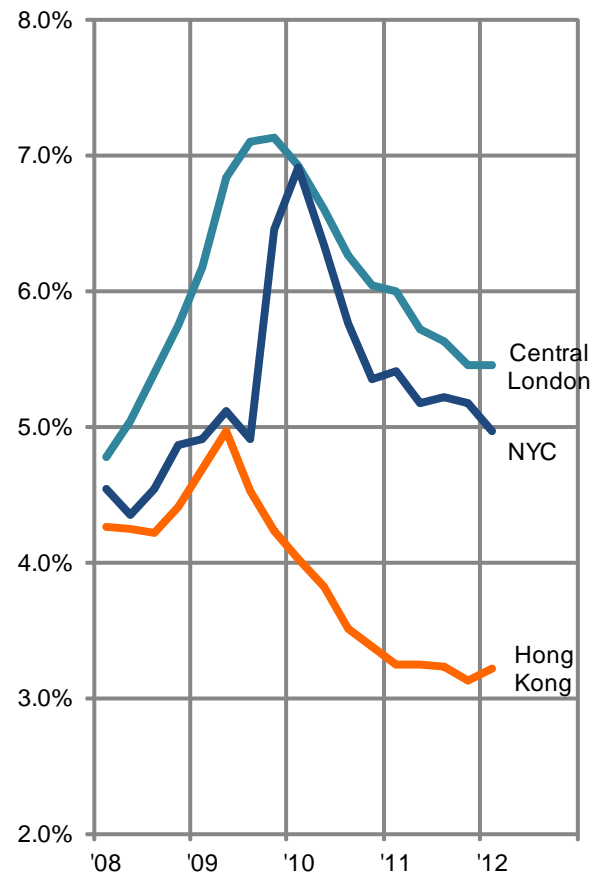
Despite Weaknesses, Yields Still Best Relative Measure

Office Prices in Major Financial Centers

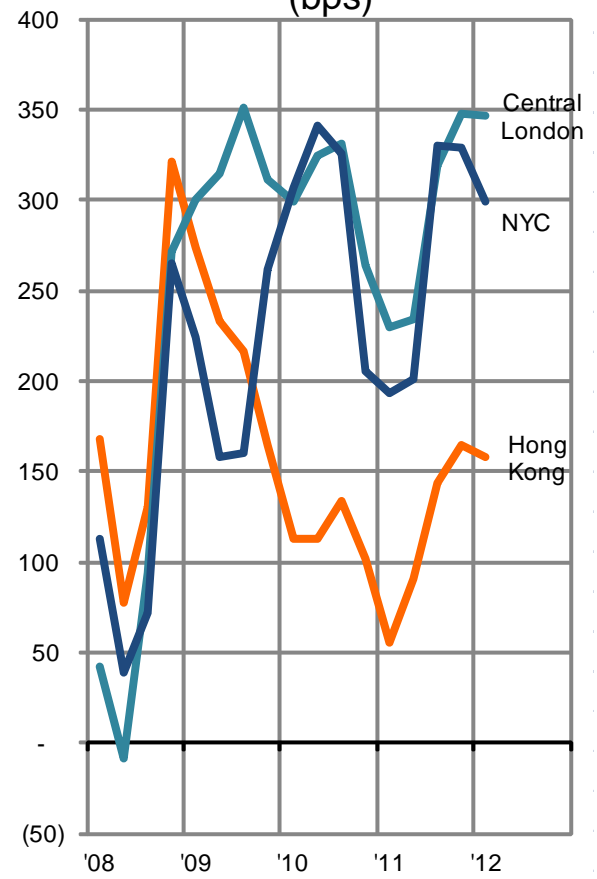
\$ Price Per Square Foot



Yields /Cap Rates

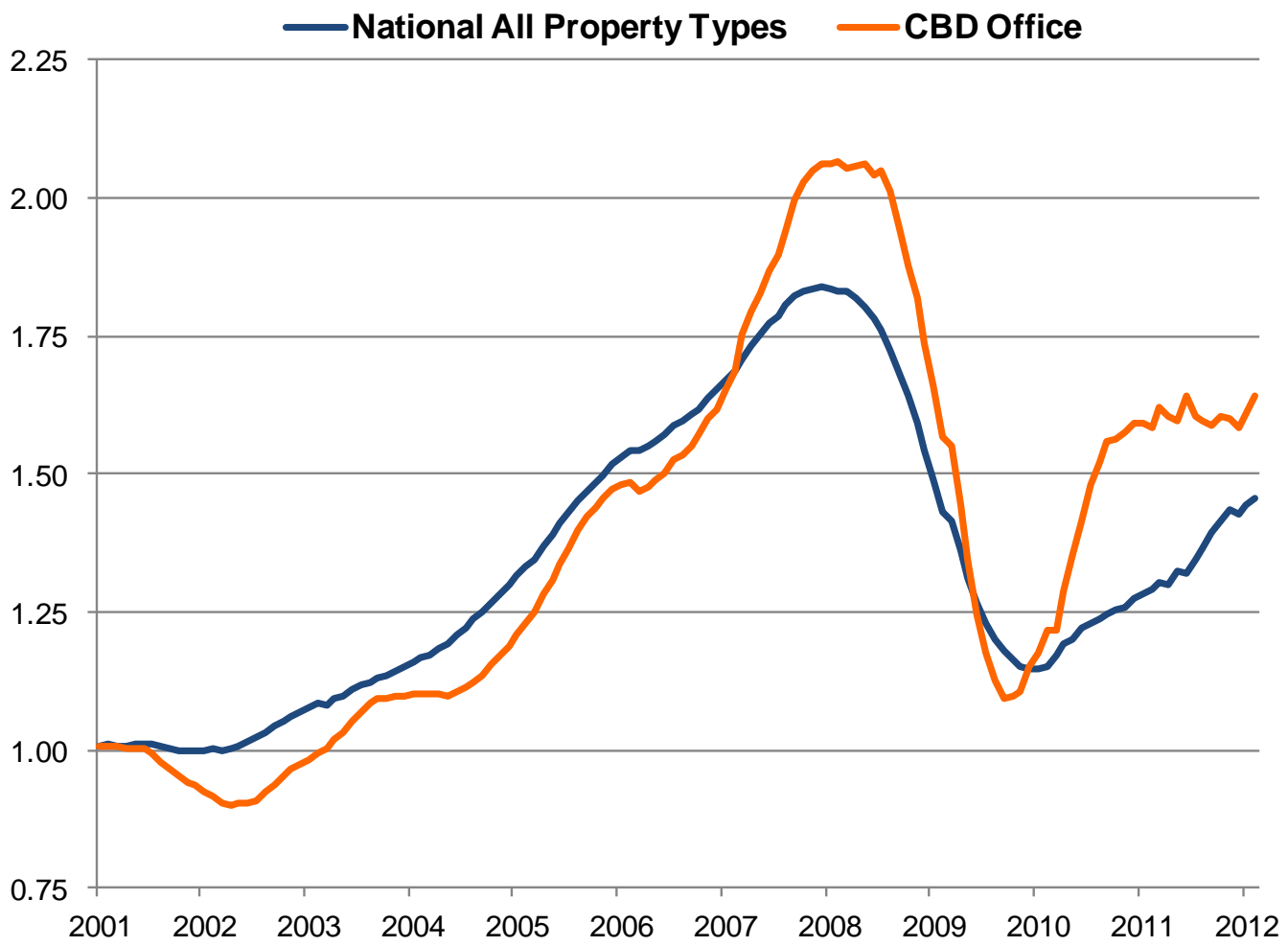


Spreads to Sovereign Bonds (bps)



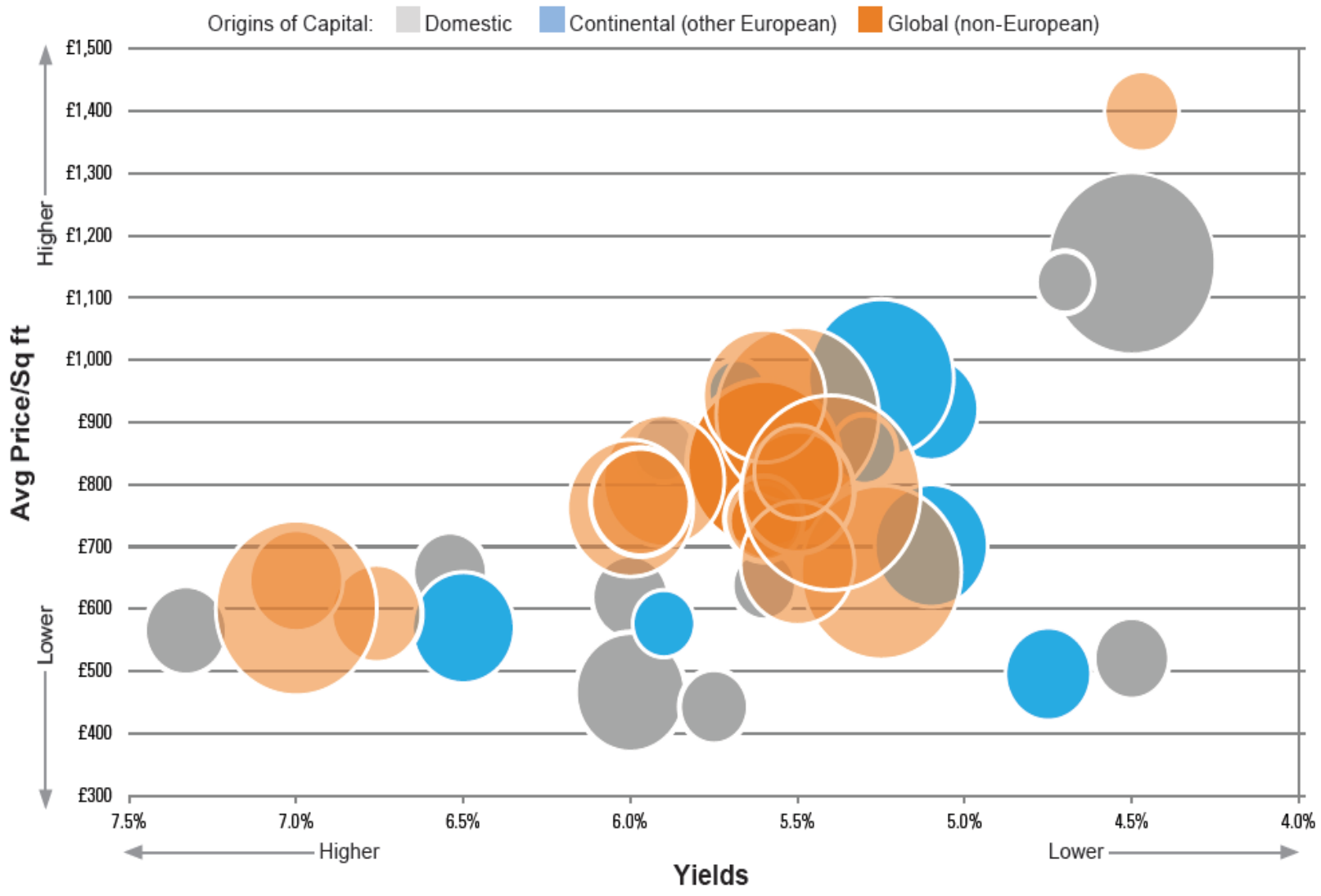
Repeat Sales Indices Also Reliable Price Benchmarks

Moodys/RCA CPPI US Repeat Sales Index



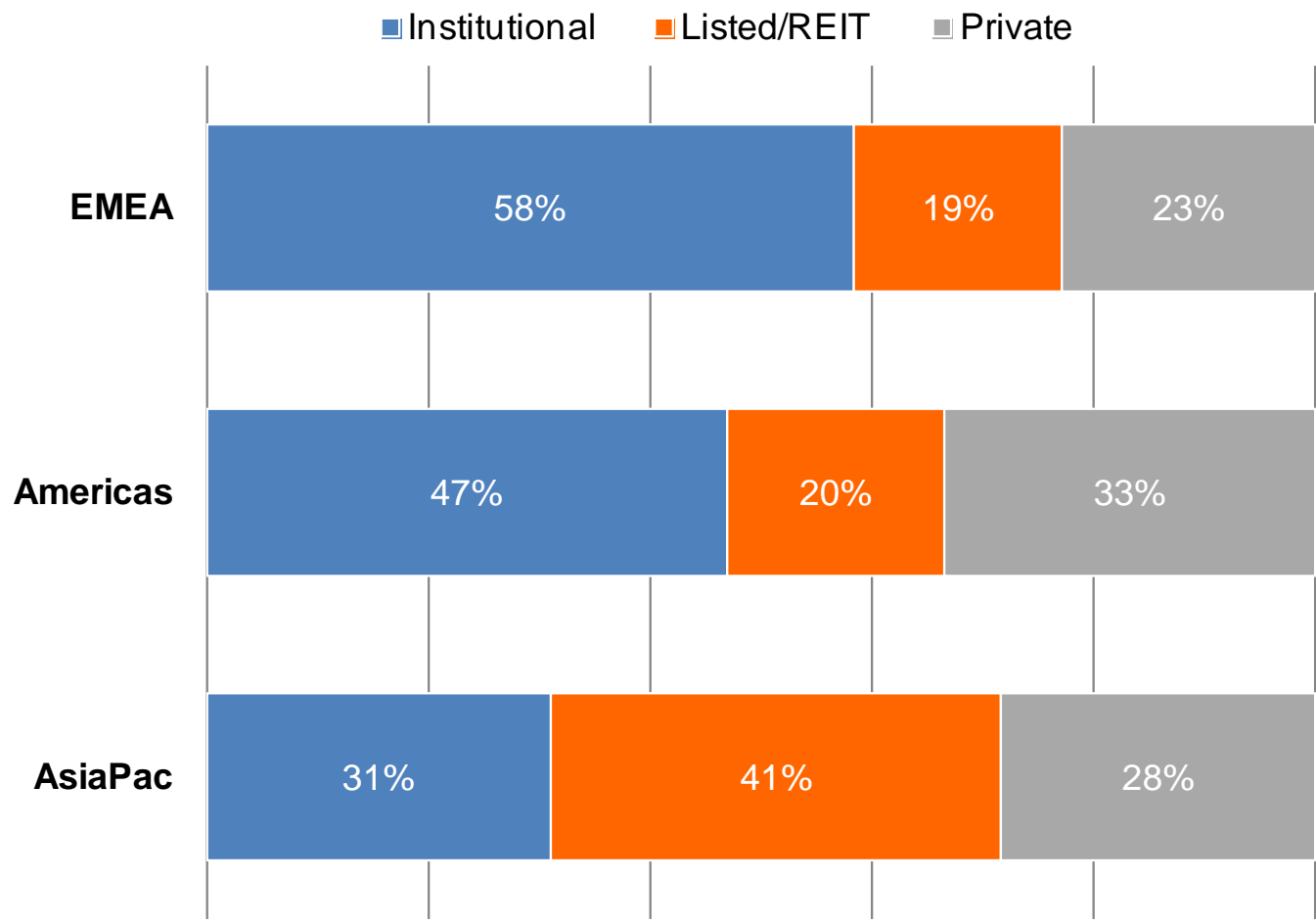
Liquid & Efficient, Central London Offices A Benchmark?

Major Central London Office Transactions in 2011



☐ Sophisticated Investors Foster Transparency

Composition of Commercial Property Buyers 2007-2011



But, Standardization Currently Lags Transparency

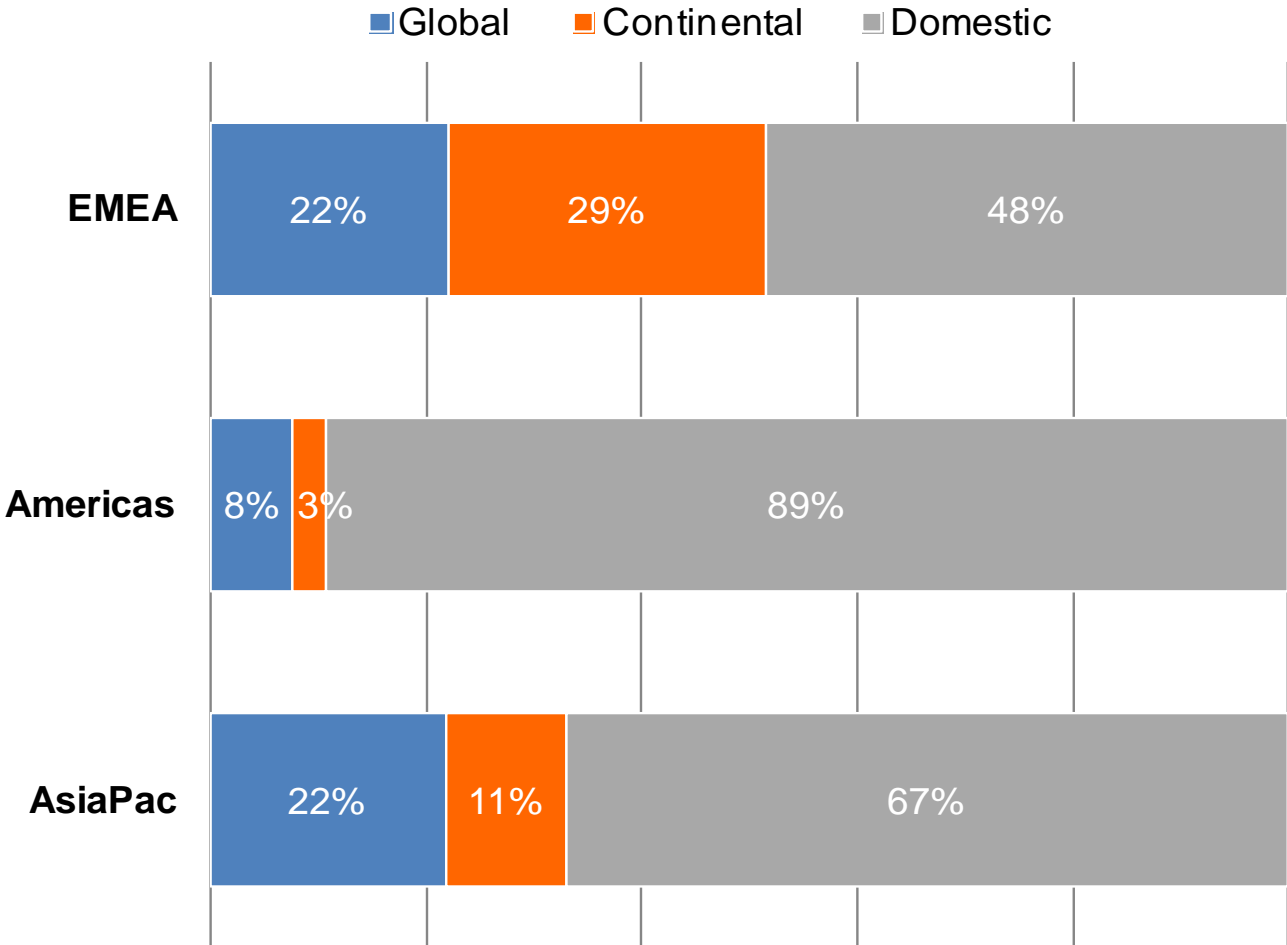
Highest Priority of Universal Standards

- Calculating Cap Rates
- Defining Prime, Grading Asset Quality

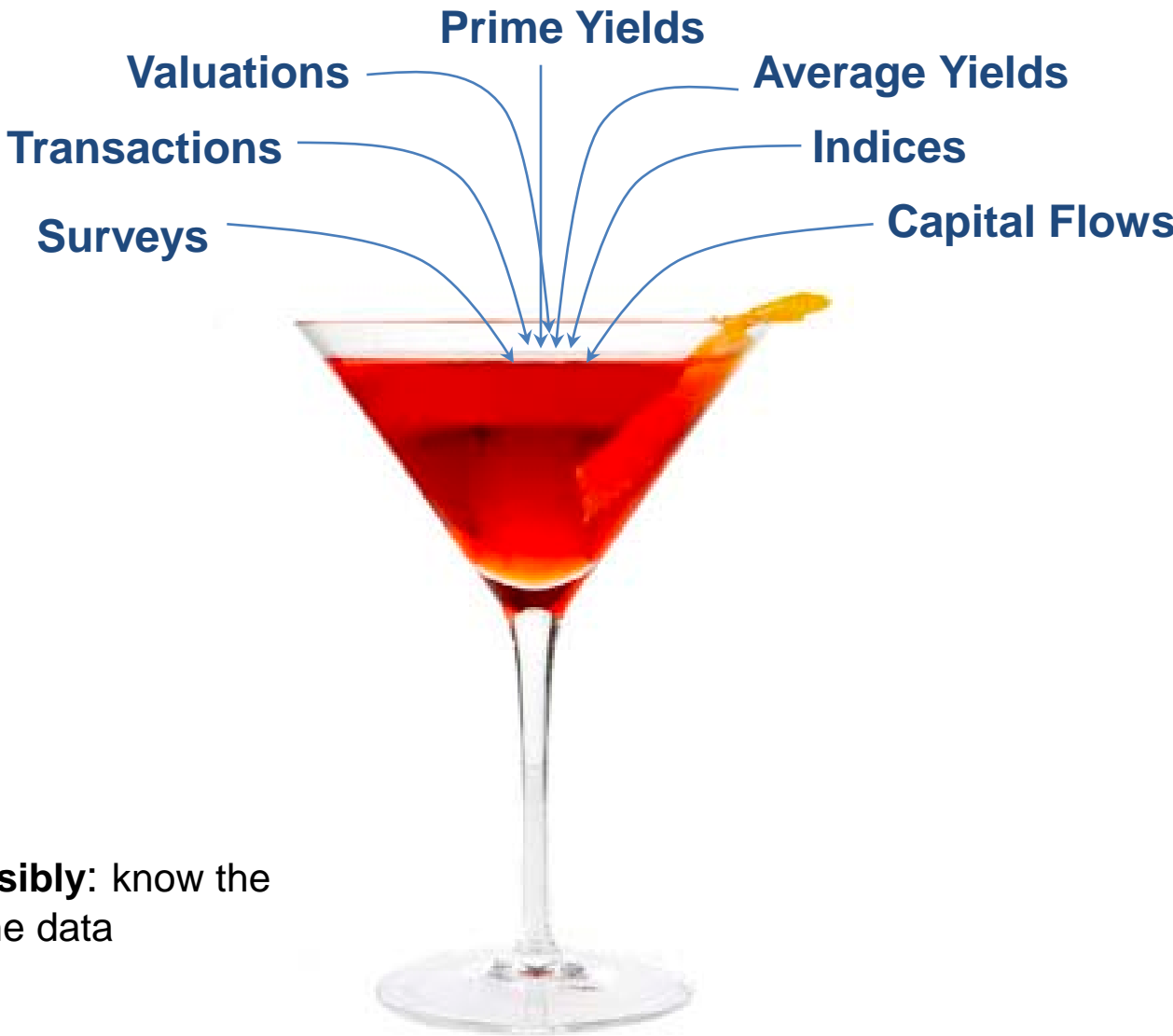


☐ Benchmarks Should be Valid Across Markets and Borders

Composition of Commercial Property Buyers 2007-2011



☰ No Single Benchmark is Enough, I'll have a Cocktail Too!



Drink Responsibly: know the limitations of the data

 Thank You

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