INSIGHTS

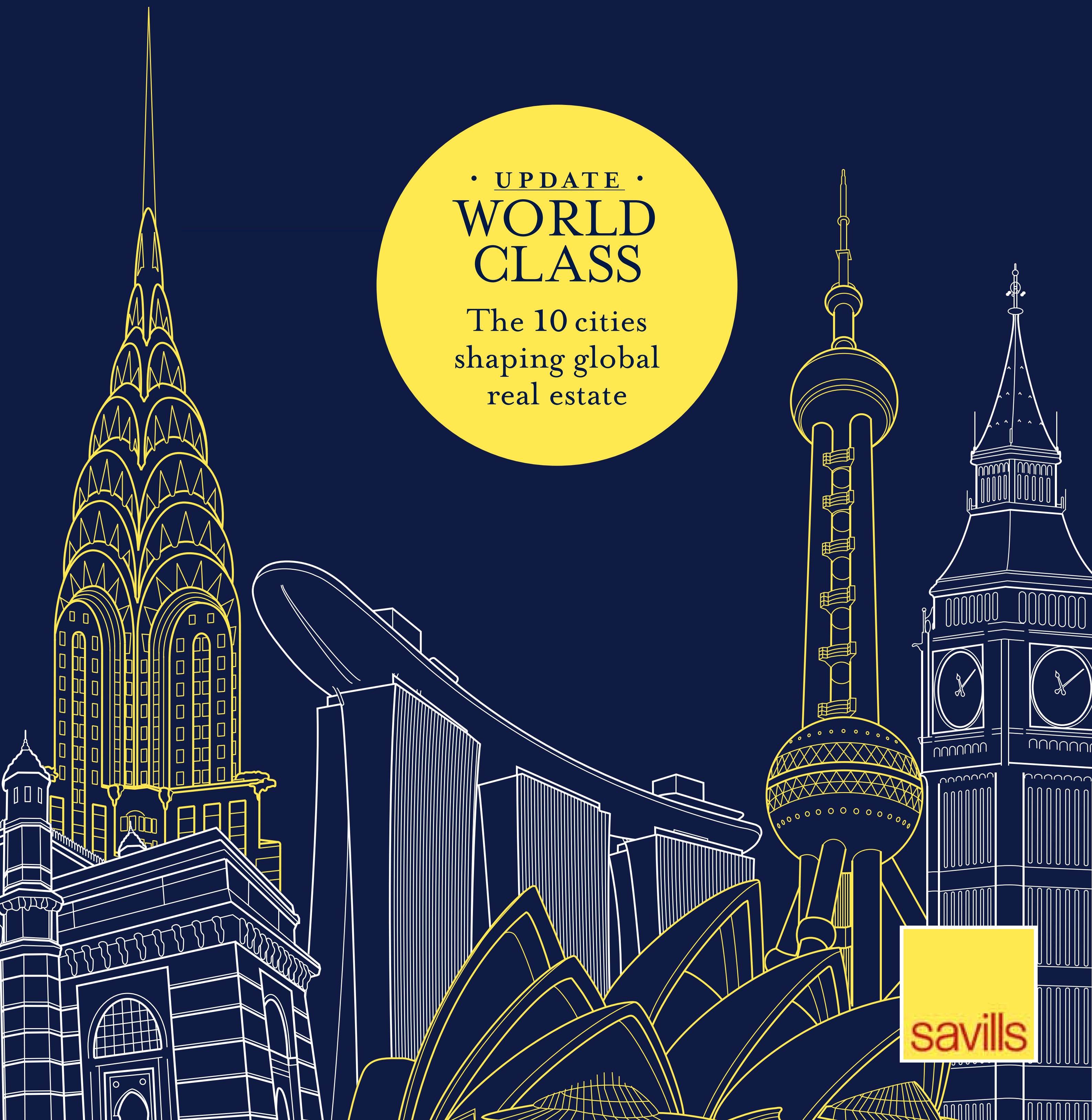
| World Cities Review |

SPRING 2012

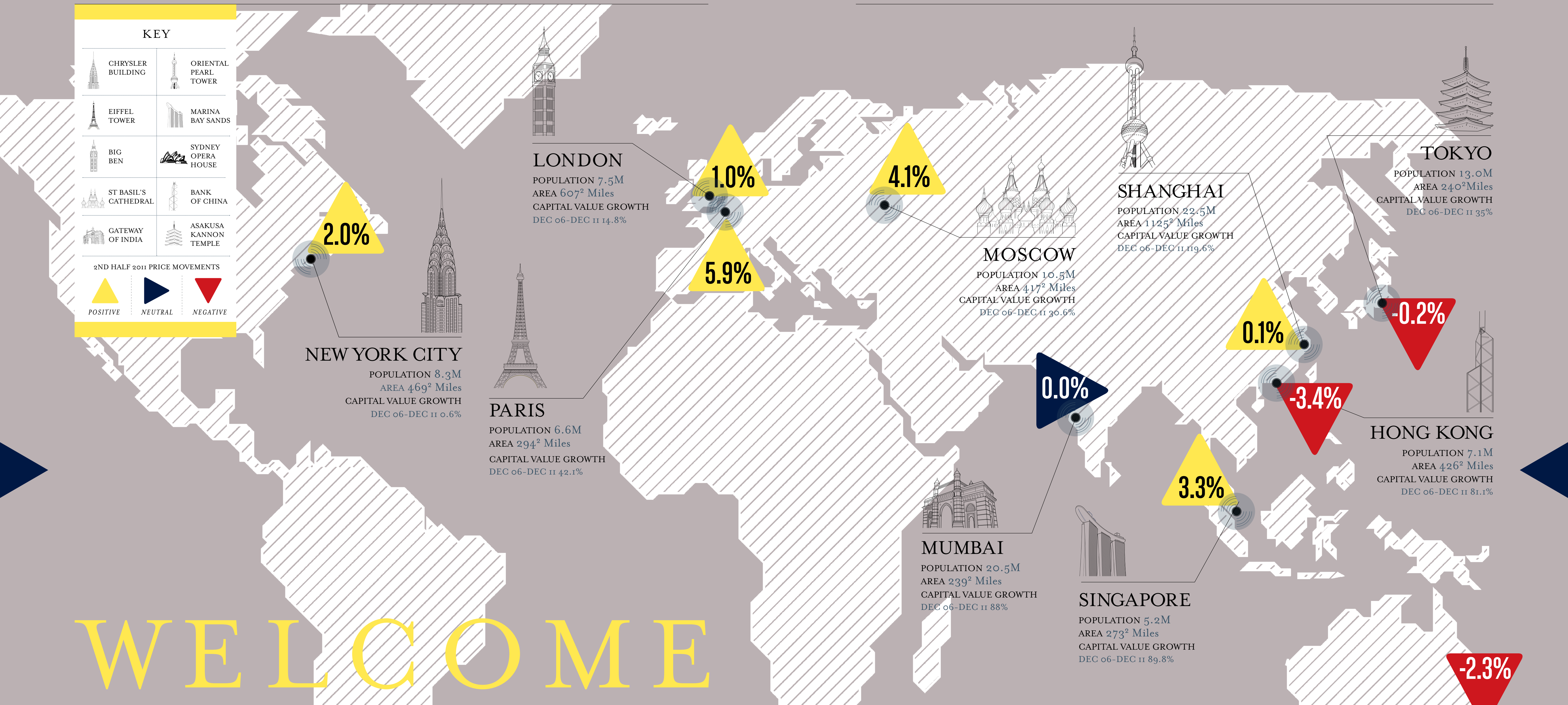
• UPDATE •

WORLD CLASS

The 10 cities shaping global real estate



savills



WELCOME

In this third edition of our World Cities Review, we revisit our class of 10 global cities in the light of increasingly challenging economic conditions. Since our last review in the summer of 2011, the eurozone crisis has pushed the global economy to the brink of recession. This has weighed heavily on the residential markets that we monitor.

In the 'new world' markets, booming just six months ago, growth rapidly slowed. In Shanghai, Hong Kong and Singapore, government cooling measures have also compounded this trend. Global uncertainty has however pushed some equity investors towards stable cities and some world city real estate has become a 'safe haven' commodity.

Consequently, in our 'old world' cities, prices are still holding up and out-performing domestic markets. Ironically, the biggest risks to many world city real estate markets are therefore global stability, appreciating currency, and an improving economic outlook. In this issue, we look at the costs of trading property as well as comparing rents, yields and capital values.

ILLUSTRATIONS ADAM POINTER

THE BRIEFING

THE KEY FACTS AND FIGURES FOR OUR 10 WORLD CLASS CITIES

1%

INDEX GROWTH

A combination of cooling measures in the east and the threat of a double dip global recession has cooled many housing markets across the globe. Our World Cities index grew by just 1% in the second half of 2011.

EASTERN SLOWDOWN

Despite growing significantly faster than the 'old world' since 2005, residential markets in the 'new world' cities of Shanghai, Singapore, Hong Kong, Mumbai and Moscow slowed down in the second half of 2011. Once again, the eastern hemisphere is demonstrating that high performance comes at the price of higher volatility.

OLD VS NEW

World Class cities fall into two categories: those in the new economies such as Russia and China (new world) and those in the established, old economies such as Europe and the USA (old world). In the second half of 2011, there was a reversal in position between the 'old world' and the 'new world'.

1.4% OLD WORLD

0.7% NEW WORLD

The 'old world' outperformed the 'new world' on price growth in the second half of 2011, growing by 1.4% against 0.7%.

3.6%

2ND HALF OF 2011

ULTRA-PRIME PROPERTY

High-end 'billionaires' property', showed resilience globally. It saw price growth of 3.6% in the second half of 2011, compared to 1% for the broader range of property occupied by the Savills Executive Unit (SEU). This resilience is a global phenomenon in an uncertain world where ultra high net worth individuals are increasingly storing wealth in bricks and mortar.

RENT 2.3%

Rents rose at a faster rate than capital values, up 2.3% across the whole index. 'Old world' rents were up 2.8%, 'new world' grew by 1.8%.

2.8% OLD WORLD

1.8% NEW WORLD

RENTAL LEVELS

In the second half of 2011, Paris took over from London as the most expensive city in which to rent. If rental levels are an indication of healthy fundamentals in a market (that is, occupier demand), then Paris, London, Hong Kong and New York look sound.

HONG KONG

87%

DEC 08 – JUN 11

-3.4%

SIX MONTHS TO DEC 11

Hong Kong saw price falls of -3.4% in the six months to Dec 11, following 87% growth from Dec 08 to Jun 11, as investors felt the impact of government cooling measures and exercised caution in a challenging economic climate. All other 'new world' cities showed significantly slowed levels of growth compared to the first half of the year.

HOW THE TOP 10 CITIES COMPARE

THE PERFORMANCE OF THE 'OLD' VERSUS THE 'NEW' WORLD CITIES

HIGH GROWTH CITIES ARE SLOWING

By June 2011, residential price growth in the new economies of Asia and the Indian sub-continent had totalled between 90% and 155% since December 2005.

There was an underlying expectation at this time in many of our cities that this growth was unsustainable and would eventually slow or correct. That correction or slowdown now seems to be underway in many centres, brought about, in part, by official cooling measures designed to stem the flow of speculative money going into property, and partly by naturally cooling sentiment due to economic uncertainty.

Price falls are currently concentrated in the eastern hemisphere – occurring in Hong Kong, Sydney and Tokyo – while Mumbai and Shanghai prices hover around zero growth.

NEW WORLD SLOWS

The final half of 2011 saw a change in fortune for our class of world cities. All growth slowed but the 'old world', which had lagged behind the price growth achieved in the 'new world' until June 2011, saw faster growth in the second half of 2011, driven by global wealth seeking a safe haven for real estate investment. In our 'old world' cities (London, New York, Paris, Sydney, Tokyo), the value of SEU property grew by 1.4%, compared to just 0.7% of that in the 'new world' (Hong Kong, Shanghai, Singapore, Moscow, Mumbai).

NEW WORLD VOLATILITY

This reinforces our assertion that the 'new world' may offer more spectacular price growth, but with significant volatility. Hong Kong is case in point. The value of the SEU here fell by -3.4% in the ▶

SAVILLS EXECUTIVE UNIT (SEU) CONSISTS OF...

MIDDLE AGED EX-PAT CEO

SENIOR EX-PAT DIRECTOR

LOCALLY EMPLOYED DIRECTOR

LOCALLY EMPLOYED ADMIN STAFF

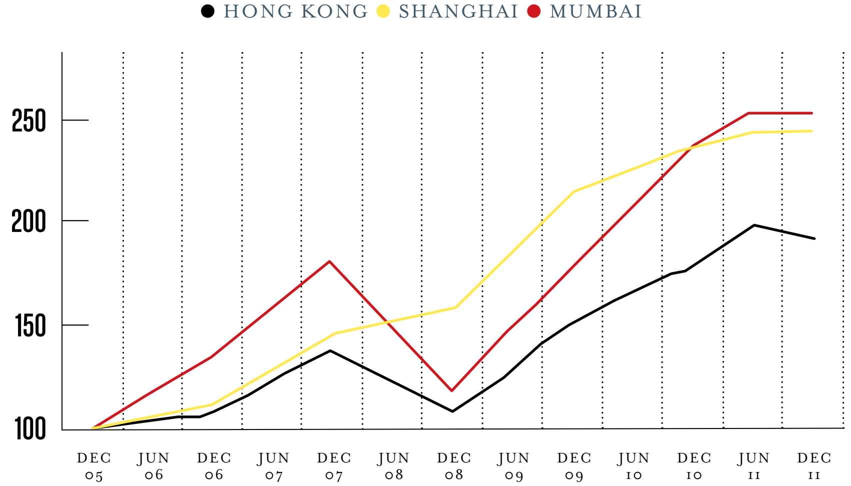
In order to compare the cost of residential real estate across different global cities, we use the Savills Executive Unit (SEU), which measures the cost of housing an identical group of people in various different countries.

By comparing a group of real people, our cost comparison of residential real estate has a 'real world' relocation story at its heart. We take a typical 'executive unit', a group of people that might start up or expand a global business in any country, and then compare the residential accommodation that they would be likely to inhabit in each of the world cities.

The people who make up our SEU include one middle aged ex-pat CEO, one senior ex-pat director, a locally employed director and four locally-employed administrative staff. They each live in different types of household, some with children, some with partners and some without and each member of the group chooses different types of locations and different types of property in which to live.

It is by comparing the accommodation costs of these people that we can truly compare the cost of residential real estate across some very different global cities.

HIGH GROWTH CITIES – INDEX MOVEMENTS



SOURCE: SAVILLS RESEARCH

GROWTH

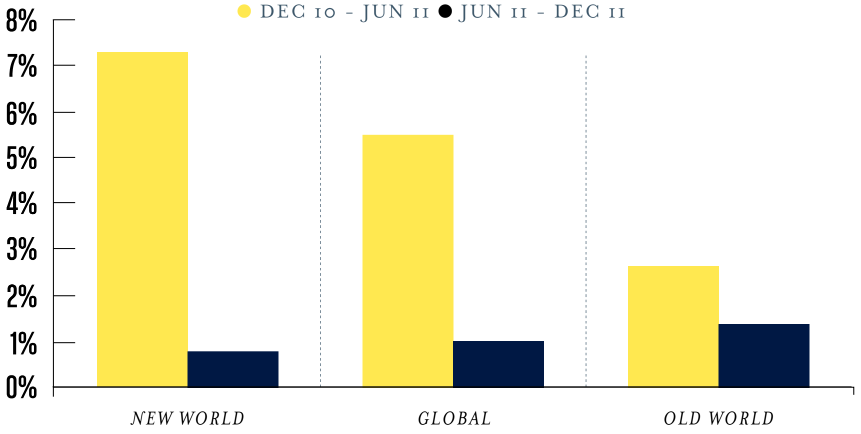
OLD WORLD 1.4% SECOND HALF OF 2011

NEW WORLD 0.7% SECOND HALF OF 2011

> “Hong Kong remains in a league of its own, the value of the SEU almost double its nearest rival, London”

OLD WORLD PRICE GROWTH SLOWS LESS

● DEC 10 - JUN 11 ● JUN 11 - DEC 11



SOURCE: SAVILLS RESEARCH

six months to December 11, having experienced price growth of 87% between December 2008 and June 2011.

Investment sentiment in the city's luxury residential market cooled dramatically in the second half of 2011, with the lowest transaction volume and the first price decline recorded since the 2008 financial crisis. This comes as homebuyers and investors adopt a 'wait-and-see' approach, cautious over the impact of a slowing Chinese economy and eurozone crisis.

Shanghai has seen a similar growth slowdown, with the value of the SEU recording growth of just 0.1% in the second half of 2011, set against price growth of some 144% over the last six years. The impact of government cooling measures, coupled with slowing economic growth and squeezed affordability are at the root of this.

OLD WORLD STABILITY

By contrast, the majority of our 'old world' cities, held up comparatively well. The Paris SEU saw price growth of 5.9% in the second half of 2011, while New York recorded growth of 2%, reversing the -2.1% seen in the first half of the year. London was stable, with an increase of 1% overall and much stronger growth in the high price brackets.

These cities benefit from the 'safe haven' effect, remaining attractive to international purchasers. An underlying shortage of stock in mature city centres has been exacerbated by a relative dearth of new development as the corporate sector has reined in debt finance – the lifeblood of developers in these places. Undersupply is particularly acute in central Paris, for example, which is pushing buyers into the Inner and Outer Rims, and suburbs adjacent to the capital. This scarcity has helped to sustain pricing.

The global cities of the 'old world' are not immune from global conditions; transaction levels are low, and all (with the exception of New York and Tokyo) saw slowing growth in the second half of 2011.

THE CITY RANKINGS

Our cities divide into three tiers. Hong Kong is in a league of its own, the value of the SEU almost double its nearest rival, due to the weight of money pushing into the city, and physical pressure on the limited developable land available.

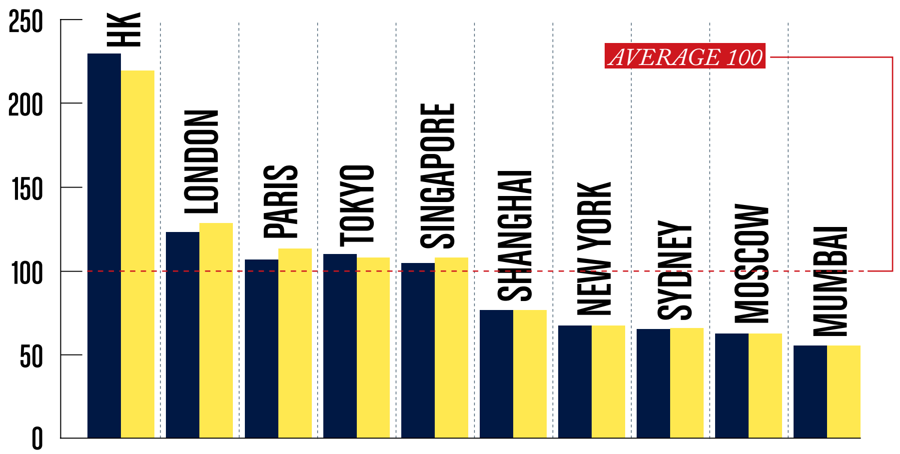
London, Paris, Tokyo and Singapore have similar positions on property cost and represent more mature and established global centres. Their similarity in value suggests there is a fair market price for this.

The remainder of our cities are dominated by fast growing emerging cities and economies, with values rising quickly from a low base. The one exception to the rule is New York, a mature and well-established market fallen from grace, which now looks to be extremely good value.

Variance in growth in the final half of 2011 has already impacted on these rankings, with Paris leapfrogging Tokyo to be the third most expensive city in which to buy property.

SEU TOTAL PROPERTY VALUE (£ STERLING) INDEXED

● JUN 11 ● DEC 11



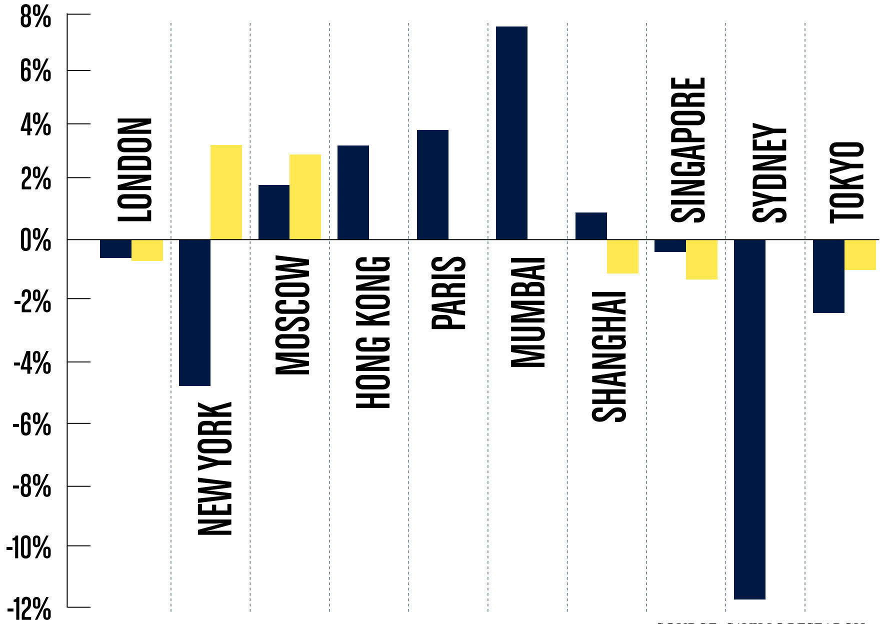
SOURCE: SAVILLS RESEARCH

A PART OF THE CITY IN THE COUNTRY

A LEISURE PROPERTY IS OFTEN AN ESSENTIAL PART OF THE DEAL

HALF YEAR GROWTH FOR LEISURE PROPERTIES

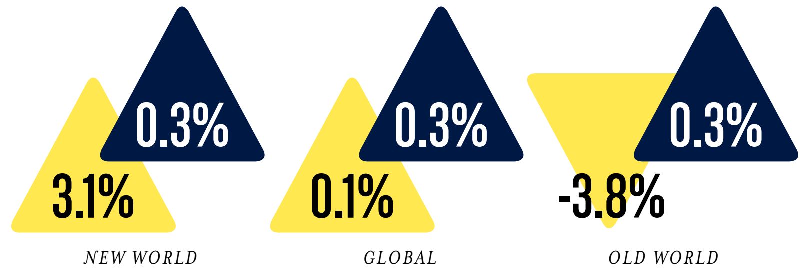
● DEC 10 - JUN 11 ● JUN 11 - DEC 11



SOURCE: SAVILLS RESEARCH

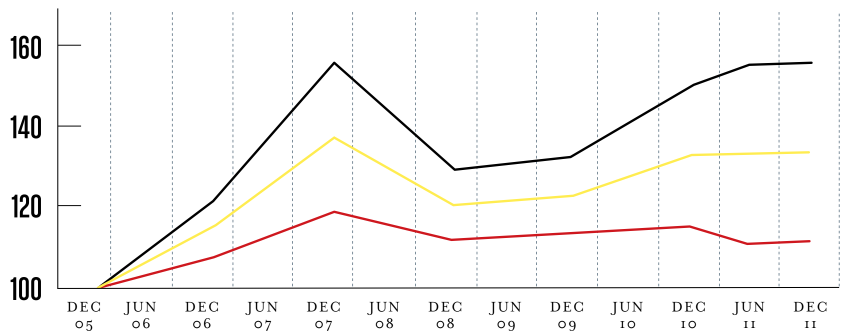
OLD V NEW WORLD LEISURE PROPERTY VALUE GROWTH

● DEC 10- JUN 11 ● JUN 11 - DEC 11



LEISURE PROPERTY INDEX GROWTH

● NEW WORLD ● GLOBAL ● OLD WORLD



SOURCE: SAVILLS RESEARCH

Our so-called 'leisure properties' are the second homes and holiday homes of rich city dwellers. They are the only properties in this survey that are not situated in the world cities themselves. Some lie in countryside close to the city, others in rural areas further afield and some in resorts in other countries.

These are the properties of the billionaires and CEOs and do not form part of the SEU measurement, but they do feature strongly in the lifestyles of most wealthy global city dwellers. The availability and cost of a weekend bolthole can be an important consideration in the business decision-making of a busy executive. Like the costs of other residential property, they cannot be dismissed as mere incidentals in global location decision-making.

THE LEISURE PROPERTY LAG

The disconnectedness between the World Class cities and their hinterlands remains. Leisure properties outside the city (and in some cases in different countries within the region) continue to underperform the urban centres.

REVERSALS OF FORTUNE

The key change seen in 2011 has been that the 'new world' resorts have slowed substantially, while the 'old world' second homes have stopped falling and are starting to rise at the same rate as the 'new world'.

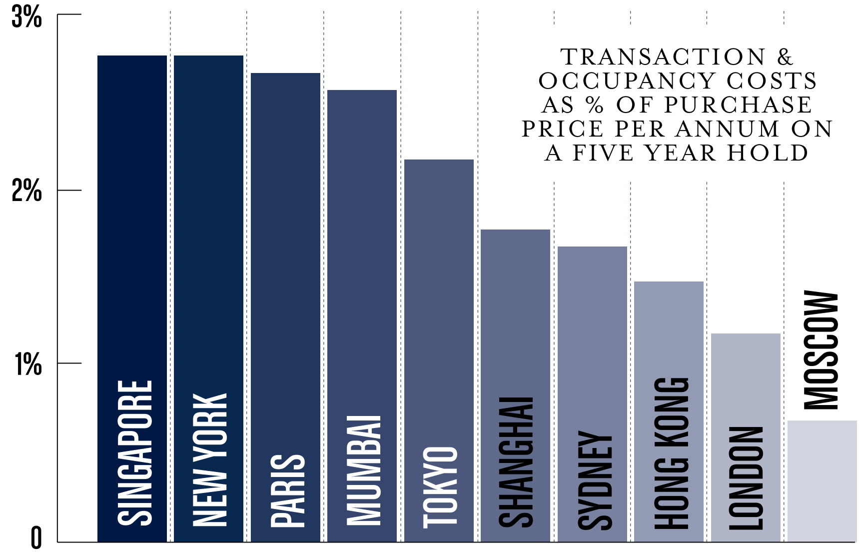
The most notable turnarounds in the old economies have been seen in the leisure property of our Sydney billionaire and global CEO (who hold leisure property in Palm Beach NSW, and the NSW Highlands), where big falls have ceased, and New York (the Hamptons) where price falls have turned into rises. Prices are now falling for Shanghai (whose wealthy hold leisure property in Phuket and Phnom Penh), Singapore (Bali and Penang), London (second homes in Oxfordshire and the West Country) and Tokyo (Hakone and Niseko).

TRANSACTION AND OCCUPANCY COSTS

TAXES AND LEVIES CAN ADD SIGNIFICANTLY TO THE COSTS FOR OUR SEU

For the first time, we have looked at the costs involved with buying, occupying and selling properties in each of our World Class cities. These taxes and levies can add significantly to the cost of buying for the Savills Executive Unit.

If the costs of buying, selling and occupation taxes are added together over a five year period and apportioned on an annual basis, they can add up to a significant proportion of value. In the cities that are most expensive to transact and occupy – Singapore, New York, Paris, Mumbai and Tokyo – this amounts to over 2% of value on an annual basis. The cheapest cities in which to buy and occupy are London and Moscow.



SOURCE: SAVILLS RESEARCH

THE COST OF PURCHASING

In some countries, purchase costs can add 10% or more to the price of a property – and some countries are imposing huge penalties for 'flipping' or buying and selling property within a short time frame – adding even further to the possible costs of ownership.

Consequently in cities where yields are low, the annualised cost of simply buying a property may not be significantly different from the entire costs of renting.

The Corporate decision to grant rental allowances rather than allowing expatriates to buy in these cities might be a pertinent one.

Hong Kong is the most expensive of our cities in which to purchase property, reflecting the high initial cost of property and stamp duty (3% to 4.25%).

Singapore ranks second. The city state recently announced an additional 10% stamp duty to be levied on foreigners' property purchases in an attempt to cool the market. For permanent residents, an additional 3% is imposed on second and subsequent residential properties, and 3% for Singaporeans buying their third and subsequent property. These measures are in addition to existing stamp duty costs. This is likely to have an impact on sales, and prices, particularly in the upper tiers of the Singapore market.

Paris is third, with purchase costs on resale property around 6.5% of property value, comprising registration and 'notaire', or official legal fees.

At the other end of the spectrum, Moscow has virtually no purchase costs (just a $300 registry fee), legal fees are covered in the agency fee paid by the seller, and there is no stamp duty.

TRANSACTION AND OCCUPANCY COSTS – OUR METHODOLOGY

Our research into the costs of transacting and occupying property in each of our World Cities covers three core areas. Our analysis excludes financing and moving costs.

1 ***Cost of Purchasing***
Captures the stamp duties, transactional taxes, surveys, and the registry, legal and agency fees linked to buying these properties.

2 ***Cost of Occupation***
Calculates the local, state or national taxes associated with living in the properties within our executive unit.

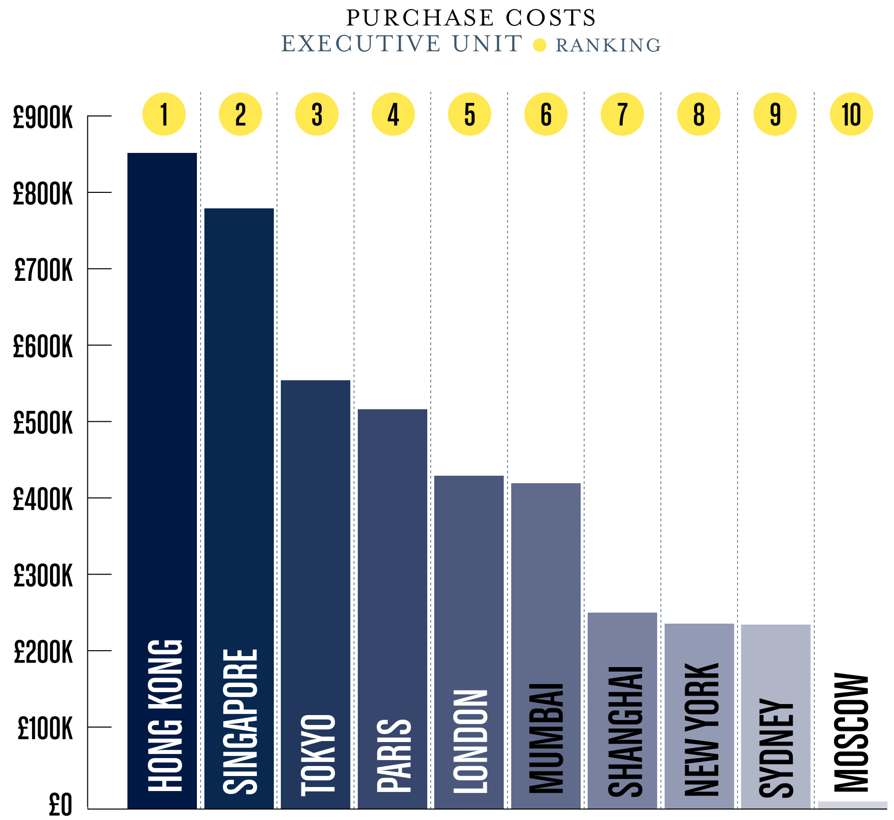
3 ***Cost of Selling***
Captures the stamp duties, transactional taxes, surveys, and the registry, legal and agency fees linked to selling these properties.

THE COST OF OCCUPYING

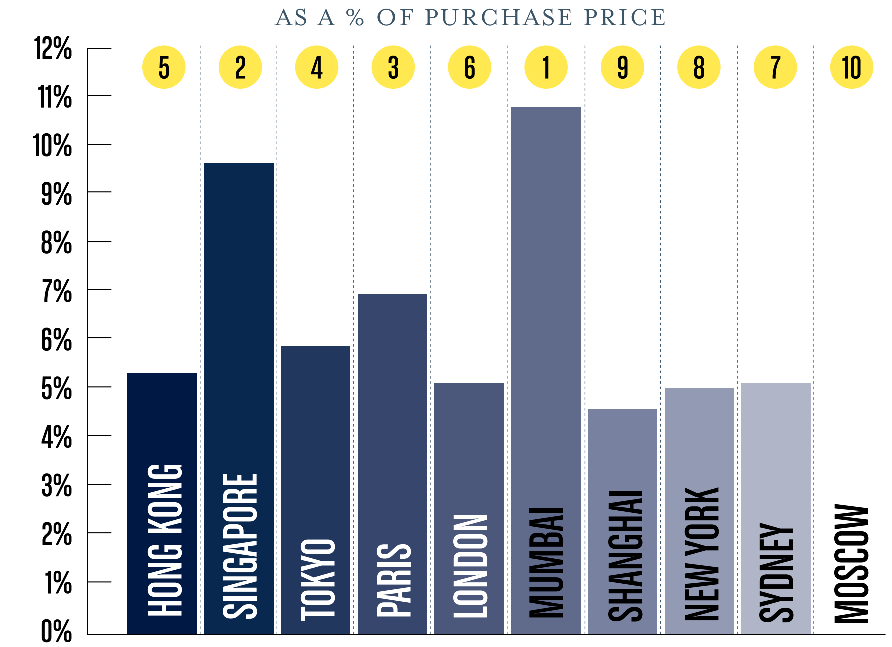
Once a property has been purchased, the taxes associated with its occupation need to be considered. The most expensive three (Hong Kong, Singapore and Paris) all have property taxes calculated as a percentage of the rateable value of the property.

Those with fixed property taxes fare better, London's banded council tax ranks it fifth, followed by Sydney, Moscow and Mumbai. Shanghai only carries occupancy taxes on investment property calculated on 0.4% to 0.6% on 70% of the property value, while New York carries no direct occupancy taxes (these are captured in income tax).

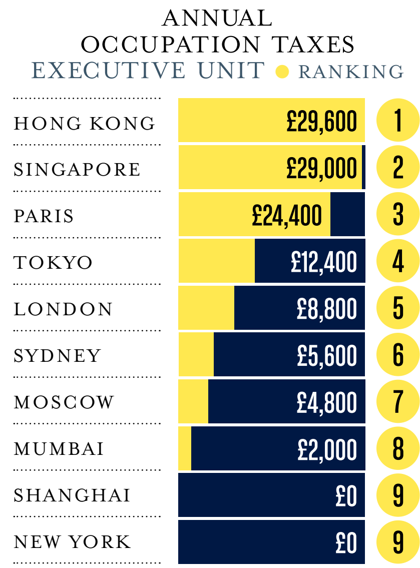
> "The costs of buying, occupying and selling properties vary significantly and may dictate relocation decisions"



SOURCE: SAVILLS RESEARCH



SOURCE: SAVILLS RESEARCH



SOURCE: SAVILLS RESEARCH

THE COSTS OF SELLING

Exit costs are an important consideration in the decision to rent or buy. Measures have been introduced in Singapore, Hong Kong and Shanghai to penalise those who sell property within short time periods.

In Hong Kong, property purchased after November 2010 and held for less than six months is subject to a 15% levy. In Singapore, from January 2011, a 16% levy applies if sale occurs within the first year. Lower levies apply if transacted between one and three years. In the upper tiers of the market in Shanghai, a 5.65% 'business tax' now applies on the sale price if transacted within five years.

The impact of these measures on the SEU vary depending on the period the property is held. Sale costs account for 16% and 17% of the value of the executive unit in Hong Kong and Singapore respectively, if transacted within six months of purchase. With reduced penalties for a longer hold, transaction costs in these cities fall to just 1.1% and 1% if transacted after five years. At this point, New York, with its numerous property-specific taxes and charges, is the most expensive, at 9%.

RENTAL DIVIDEND

THE RENTAL MARKET IS EXPERIENCING CONTINUED GROWTH

In the second half of 2011, Paris took over from London as the most expensive city in which to rent. If rental levels are an indication of healthy fundamentals (that is, occupier demand), then Paris, London, Hong Kong and New York look sound. The strong occupier demand in these cities and the relatively low capital values of Paris, London and New York make them look fairly valued – especially New York which ranks among the cheapest world class cities to buy.

RENTS OUTPERFORM

Rents increased at a faster rate than capital values in the second half of 2011, up 2.3% across the whole index.

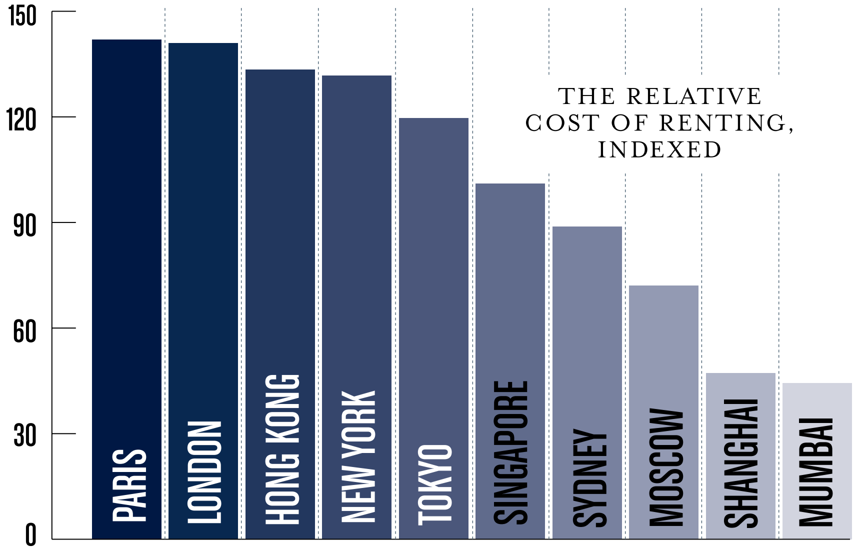
'Old world' rents were up 2.8% in the second half of 2011, compared to increases in the 'new world' of 1.8%. There are rental-return-motivated investment opportunities in the 'old world'. These are already well documented in cities like London, where mainstream rental growth has outstripped capital value growth leading to growing investor interest in the sector.

In Shanghai, lack of purchaser affordability has pushed some demand from the sales market to renting at the lower tiers of the market. Landlords in Shanghai are seeking better yields in the anticipation of weaker capital growth going forward. This has already pushed rents up by 2.2% (H2 2011) against capital value growth of 0.1%.

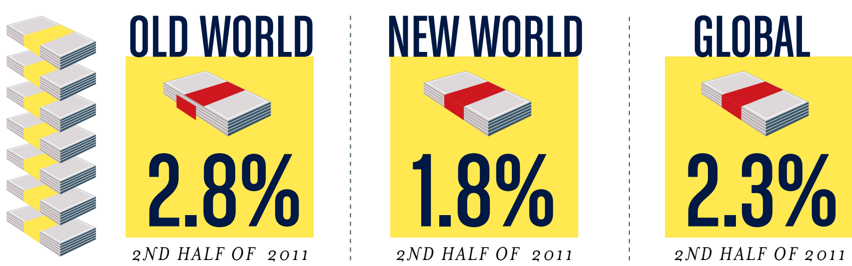
CORPORATE DEMAND

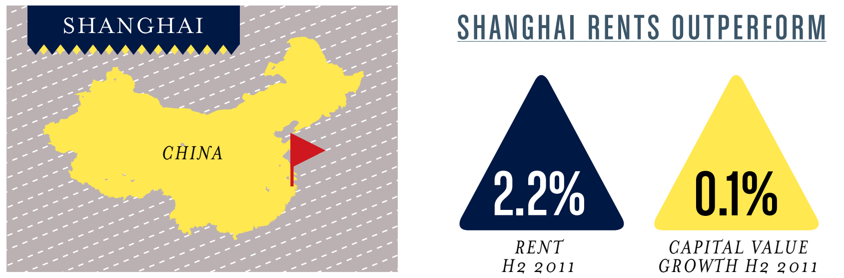
A key driver of rents in all of our World Class cities is corporate demand. Uncertainty surrounding the global economy and job security is leading to more relocating employees (who might previously have bought) to rent.

In some cities, such as Shanghai, increasing numbers of secondments and rising housing budgets have fuelled rental rises. Singapore's introduction of additional stamp duty for foreign buyers in December



SOURCE: SAVILLS RESEARCH





> "Rental growth has consistently outstripped capital value growth in the second half of 2011"

2011 is likely to further benefit the rental market. Rents here grew by 5% in the second half of 2011, compared to 4.4% in the first half.

Countering this is the prospect of shrinking expatriate budgets and corporate belt tightening, although Singapore's middle markets should remain immune.

TO RENT OR BUY

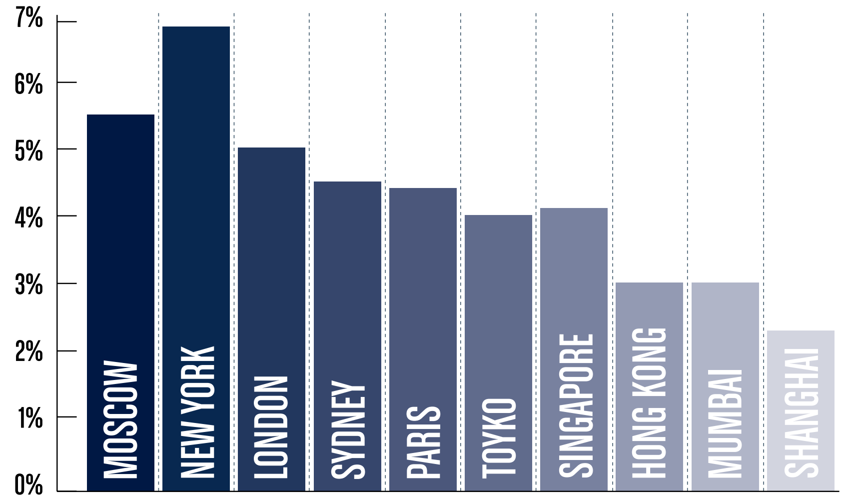
In some countries, the cost of transacting and occupying are so high that these costs, over five years, amount to almost as much as rental on the same property (before taking into account mortgage or capital buying). In countries where additional tax is charged on short-term holds, it is more expensive to pay these costs than to pay the rent over the entire period.

Mumbai and Shanghai both have high transaction costs in relation to (relatively low) rents, meaning that it is significantly cheaper to rent than to buy when the cost of capital is taken into account. It would take 4.3 years in rented accommodation in Mumbai, and 4.1 years in Shanghai before the cumulative cost of rent outstripped the costs associated with the buying and selling transaction alone.

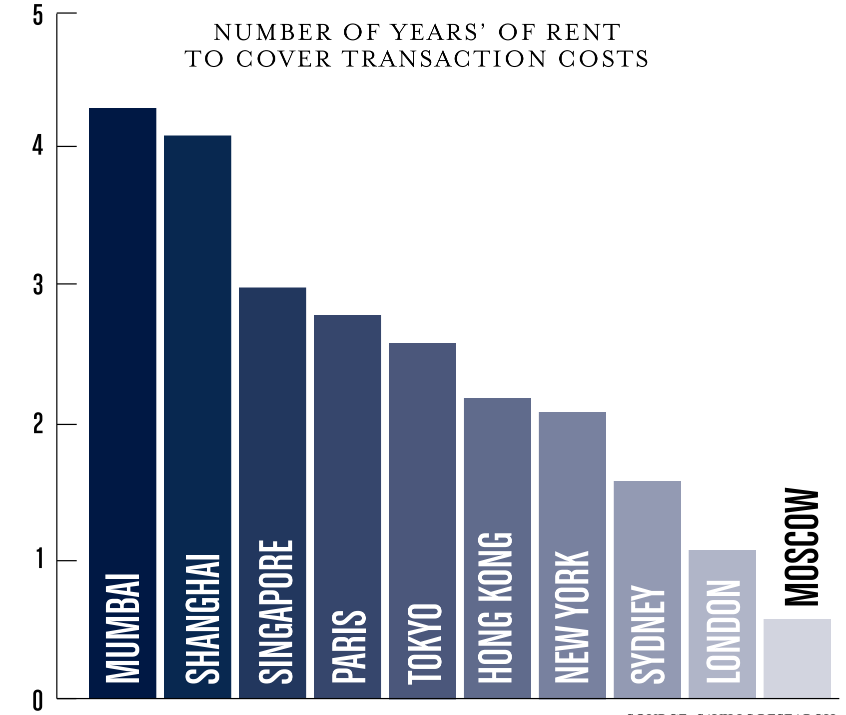
This means that demand for owner-occupation is more likely to wane at times when little or no capital growth is expected, making capital value growth more volatile. These low-yielding, high volatility markets are more likely to be found in oriental new economies than occidental old economies.

It takes just over six months renting in Moscow to cover the cost of purchasing in the city, meaning it may be more cost effective to purchase. In Sydney and London it may also be more cost effective to purchase early on. Here it takes just 1.6 and 1.1 years' worth of rent to equate to the cost of transacting.

We expect yields to move out in most locations over the next two years due to rental growth and falling capital values.



SOURCE: SAVILLS RESEARCH



SOURCE: SAVILLS RESEARCH

OUTLOOK: THE WORLD CLASS OF 2012

THE ECONOMIC OUTLOOK WILL MAKE THIS A CHALLENGING YEAR

The weakening global economic outlook will make 2012 a challenging year. Oxford Economics forecast global GDP growth to slow to 2.5% in 2012, down from 2.8% in 2011, led by slowed growth in eurozone economies and emerging markets.

Action is already being taken. Shanghai has responded with a drive to sustain domestic economic growth and employment levels. Conscious of the contribution the housing market makes to GDP, cooling policies are expected to be loosened in the second half of 2012.

Mumbai, having seen price increases of 154% over the last 6 years, looks to be on the brink of correction. 2012 may mark the tipping point, with falls of between 10-15% anticipated.

This trend may be echoed in other cities that previously experienced strong price growth. Additional buyers' stamp duty coupled with a cooling economy may see prices in Singapore fall between 5% and 10% in the next six months.

For others, 2012 will offer more of the same. While Japan's ageing, and shrinking, population is well documented, Tokyo's is increasing, a trend accelerated by last year's earthquake. Accelerated rural to urban migration may buoy demand for residential property and help to sustain current prices.

'Old world' cities, particularly those longest established as safe deposits of wealth (namely London, Paris and New York), may sustain pricing over the coming year. In London, we believe the influx of global wealth in uncertain times still has some time to run, and may see a further boost from the international attention that London will receive in the run up to the Olympics. For these cities, 2012 will be tough, but strong global city fundamentals will shelter them from the worst of weakening domestic conditions.

FUTURE CITY DRIVERS

Companies operating in a global environment will be highly responsive to changing economic conditions. Employees will be relocated and new business centres set up where product demand and production efficiencies dictate. In the information age, when human talent is a key asset, the living conditions and quality of life available in world city locations is increasingly a key consideration in these decisions. The quality and cost of housing is becoming a business driver.

Different cities will constantly come to the top of the league table and then wane. Established global cities are difficult to dislodge but we expect new ones to join our top 10 in future. Most, if not all, of these newcomers will arise out of emerging economies rather than developed nations as human capital develops in the premier cities.

THE IMPORTANCE OF INCOME

After a period of 120% capital growth since 2005, it is hardly surprising that some 'new world' cities look very fully valued.

> "Global wealth continues to seek a safe haven for real estate investment"

Yields are low in 'new world' cities, despite having moved out in the last six months of 2011 due to low/falling capital values and more rapidly rising rents.

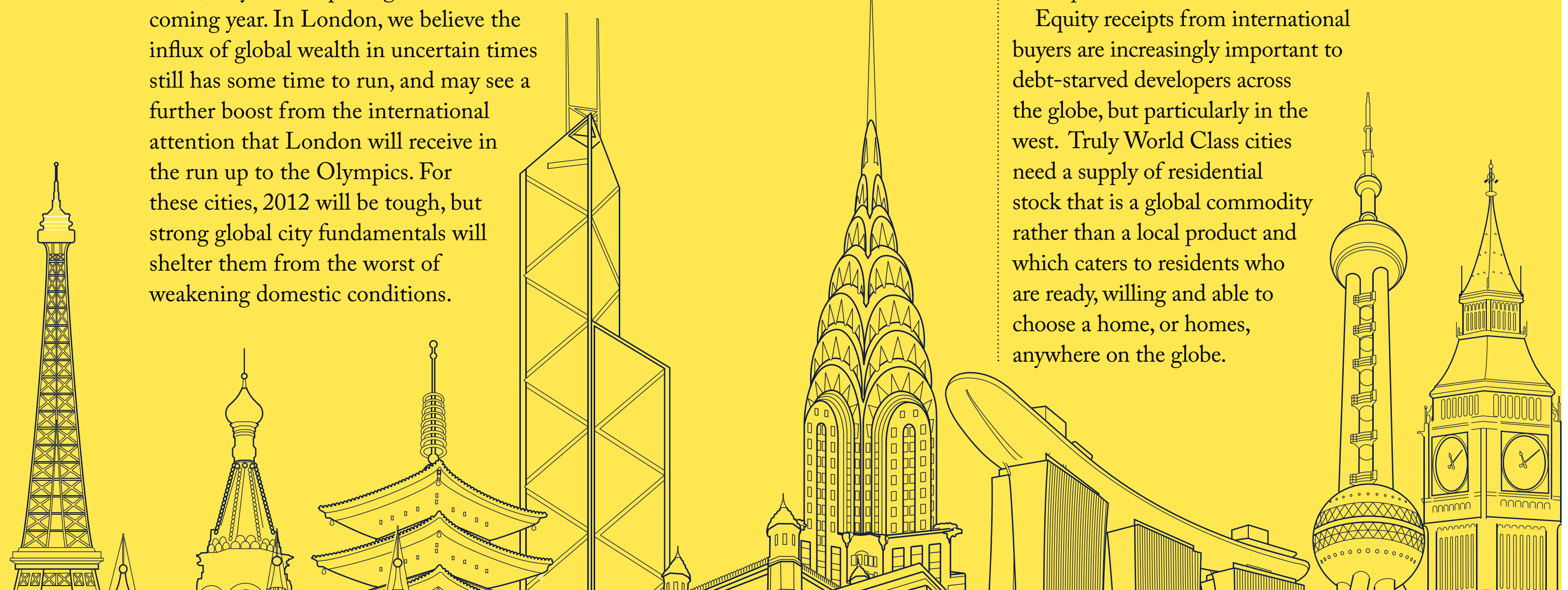
The cities of Hong Kong, Mumbai and Shanghai are particularly low-yielding in relation to other World Class cities so may be expected to show more volatile price movements as a result. Demand for property may be expected to wane further in some of these cities if the prospects for future capital growth are seen to be diminishing – there is simply insufficient income from residential property to keep investors interested.

In these circumstances, the fundamental value of rental income puts a floor under price falls. In a world where global capital is increasingly seeking solid and reliable income streams, we think that these rental income returns will increasingly start to determine capital values rather than be a reflection of them.

GLOBAL CAPITAL

Residential property markets in world cities are continuing to perform in a league of their own, often divorced from the national economies in which they operate. The performance, particularly of high-end property, in these World Class cities gives an important insight into the movements of international capital across the globe. This capital is of increasing importance to the property world. It impacts directly on sales rate, location and property type of new developments in all the world cities.

Equity receipts from international buyers are increasingly important to debt-starved developers across the globe, but particularly in the west. Truly World Class cities need a supply of residential stock that is a global commodity rather than a local product and which caters to buyers who are ready, willing and able to choose a home, or homes, anywhere on the globe.



THE INTERNATIONAL SUPER-WEALTHY

THE GLOBAL BILLIONAIRE HOMES MARKET IS RECORDING GROWTH

Global billionaires have weathered the latest economic uncertainty better than many. New billionaires continue to be created in emerging markets, led by China. As a consequence, the value of billionaire property held up better than the SEU, recording growth of 3.6% in the second half of 2011.

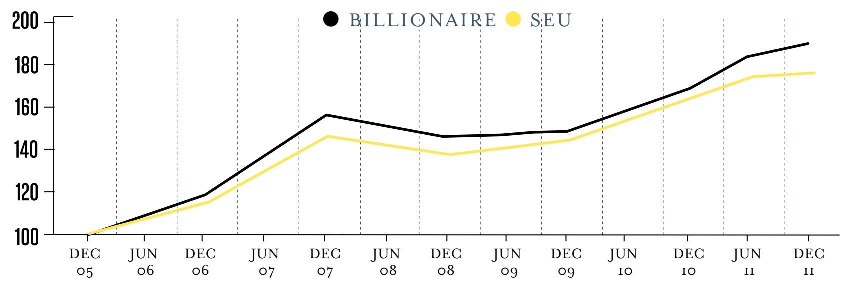
The notable exception is Hong Kong, where billionaire property fell by -5.9%. The city's red-hot ultra-prime districts, The Peak and Southside, have cooled following price growth of 118% between December 2008 and June 2011. Buyers are exercising caution ahead of anticipated price falls, and are seeking discounts on asking price. Such measures were unheard of just six months ago, and may indicate the market to come.

By contrast, safe-haven cities like New York performed particularly well. The value of billionaire property in New York increased by 17% in the final half of 2011, fuelled by super-wealthy overseas buyers from Russia, China, Brazil and Argentina seeking condominium investments. London and Paris also saw price growth, with increases of 4% for this type of property. London's super-prime market saw record sales in excess of £1.9bn in 2011.

GLOBAL BILLIONAIRES

	£ PER SQ FT FOR BILLIONAIRE PROPERTY	AVERAGE PROPERTY SIZE
HONG KONG	6,300	5,200 SQ FT
TOKYO	5,200	16,000 SQ FT
PARIS	3,400	10,800 SQ FT
LONDON	3,200	7,900 SQ FT
NEW YORK	2,700	6,500 SQ FT
MOSCOW	2,600	4,600 SQ FT
SHANGHAI	1,300	5,400 SQ FT
SINGAPORE	1,000	12,300 SQ FT
MUMBAI	710	6,800 SQ FT
SYDNEY	590	19,400 SQ FT

GLOBAL BILLIONAIRES



CAPITAL GROWTH OF BILLIONAIRE PROPERTY

● JUN 06 - JUN 11 ● JUN 11 - DEC 11

	JUN 06 - JUN 11	JUN 11 - DEC 11
HONG KONG	99%	-6%
TOKYO	9%	-1%
PARIS	55%	4%
LONDON	51%	4%
MOSCOW	69%	3%
NEW YORK	17%	17%
SHANGHAI	30%	0%
SINGAPORE	147%	14%
MUMBAI	116%	0%
SYDNEY	65%	-2%

A TALE OF TWO CITIES

LONDON AND SINGAPORE BOTH ATTRACT INTERNATIONAL INVESTMENT

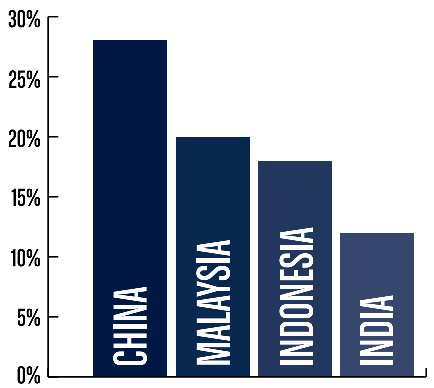
It is easier to say which nationalities do not buy residential property in London than to list all those that do and the city remains a truly global and very cosmopolitan city. Meanwhile, in the east, among the plethora of emerging and 'new world' economies, we see Singapore rising to rival London. Here, we compare the western capital with a centuries old reputation for housing other nationalities and the fast growing eastern city-state, which is becoming a home of choice for many in its global region – and beyond.

SINGAPORE: REGIONAL FORCE

Singapore's established residential market and strategic position within Asia makes it a firm favourite with buyers from that global region. Nearly a third (31%) of all home buyers in the city during 2011 were foreign, double that seen a decade ago.

Singapore's overseas market is dominated by Asian buyers, attracted by a familiar language and culture. Malaysians, Indonesians and Indians are all active in Singapore, but the group driving sales at present are the Chinese. The numbers of Chinese buyers have tripled since 2007, as they seek to diversify their investments abroad. As in London, they are relatively small ticket purchasers – almost half of Chinese buyers focus on lower priced units, typically less than £500,000.

SINGAPORE
TOP FOUR FOREIGN BUYERS



WELCOME HOME?

ATTITUDES TO OVERSEAS INVESTMENT

VERY RECEPTIVE

LONDON *A truly cosmopolitan city, a recognised and trusted legal system and no penalties on overseas purchasers.*

NEW YORK *An attractive market, condos are favoured by overseas buyers as purchaser owns full title. No occupancy taxes apply.*

PARIS *Paris is well-established as a destination for overseas buyers. Transaction costs are relatively high but processes are transparent.*

MODERATELY RECEPTIVE

HONG KONG *An open and relatively transparent market. Cooling measures are pushing up costs, while the market is volatile. A favourite within Asia, driven by Chinese money.*

SYDNEY *Sydney has been facing increasing pressure from overseas investors and demand for prime accommodation. It has responded with some restrictions on investment.*

MOSCOW *Comparatively cheap in which to transact and purchase, language and cultural barriers mean investment is limited mainly to domestic purchases.*

TOKYO *Less cosmopolitan than some cities, so culturally less attractive to purchasers, though no specific barriers are in place.*

SINGAPORE *An established market with transparent processes but some restrictions on property types. Additional 10% stamp duty for foreign buyers plus high purchase costs.*

SHANGHAI *A tax of 5.65% applies on luxury property if transacted within five years. A predominantly domestic market at present.*

UNRECEPTIVE

MUMBAI *It is illegal for non-Indian nationals to purchase property in Mumbai.*

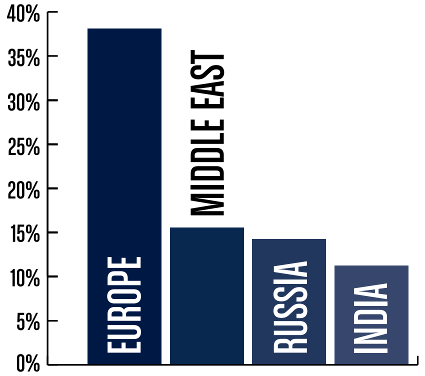
Singapore's introduction of a 10% Additional Buyers' Stamp Duty in a market already feeling the heat of the challenging economic environment is likely to cool some of this demand. Nonetheless, the city's position as a growing global centre for finance and business will underpin international investment in the long term.

LONDON: GLOBAL MAGNET

The eurozone crisis and threat of an Asian slowdown have further boosted London as a 'safe haven' and wealth preservation destination for global buyers. Overseas buyers make up 43% of all purchasers in its prime markets. Their presence is felt more strongly in London's new build market, where they account for 63% of purchasers. At the top end of this market (new build property over £5m in value), international buyers were responsible for 88% of all sales.

What sets London apart from any other global city is the diversity of its overseas purchasers. London is a cosmopolitan city, attracting businesses and residents from every part of the world. It is the attraction of this 'home from home', the ability to conduct business and a combination of cultural, geographical, legal and political environments that has cemented the appeal of London as the first choice overseas home buying destination.

LONDON*
TOP FOUR FOREIGN BUYERS

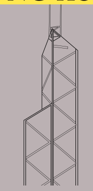


*PRIME LONDON SECONDHAND MARKET

EXPERT COMMENTARY

SAVILLS AGENTS ARE AT THE HEART OF THE GLOBAL PROPERTY MARKET

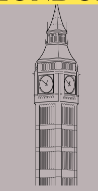
HONG KONG



Raymond Lee
Savills Hong Kong
+852 2842 4518
rlee@savills.com.hk

"Caution is pervading the Hong Kong market as buyers adopt a 'wait and see' approach"

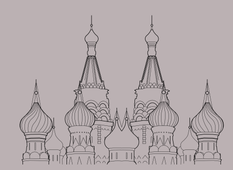
LONDON



Jonathan Hewlett
Savills London
+44 (0) 20 7824 9018
jhewlett@savills.com

"London's cultural, geographical, legal and political advantages explain its ongoing appeal"

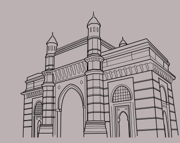
MOSCOW



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

"A comparatively cheap place to purchase, though its market remains mainly domestic"

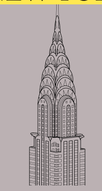
MUMBAI



Jatin Patel
Savills India
+91 9958 000 578
jkpatel@savills.com

"Mumbai's price growth is slowing but demand and supply constraints are still apparent"

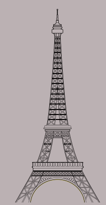
NEW YORK



Elizabeth Stribling
Stribling Associates
+1 212 452 4400
estribling@stribling.com

"New York, with yields at 6.9%, looks exceptionally good value on the world stage"

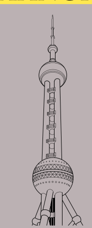
PARIS



Jean Claude Caputo
Riviera Estates
+33 (0) 493 874 115
jc.caputo@riviera-estates.net

"Second only to London in the diversity of its overseas buyers"

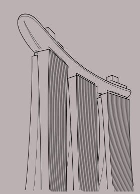
SHANGHAI



Albert Lau
Savills Shanghai
+(8621) 6391 6688
albert.lau@savills.com.cn

"Investors are seeking better yields as demand is strong, although weaker growth is expected"

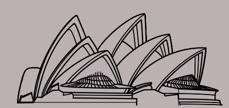
SINGAPORE



Christopher Marriott
Savills Singapore
+65 6415 3888
cjmarriott@savills.asia

"Rising to rival London in the reputation of its residential market and appeal"

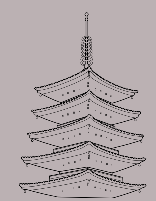
SYDNEY



Shayne Harris
Savills Sydney
+61 (0) 2 8215 8879
sharris@savills.com.au

"An appealing investment market; well placed to take advantage of Asian capital inflows"

TOKYO



Chris Mancini
Savills Tokyo
+81 (0) 3 5562 1700
cmancini@savills.co.jp

"Accelerated rural to urban migration is buoying demand for residential property"

RESEARCH CONTACTS

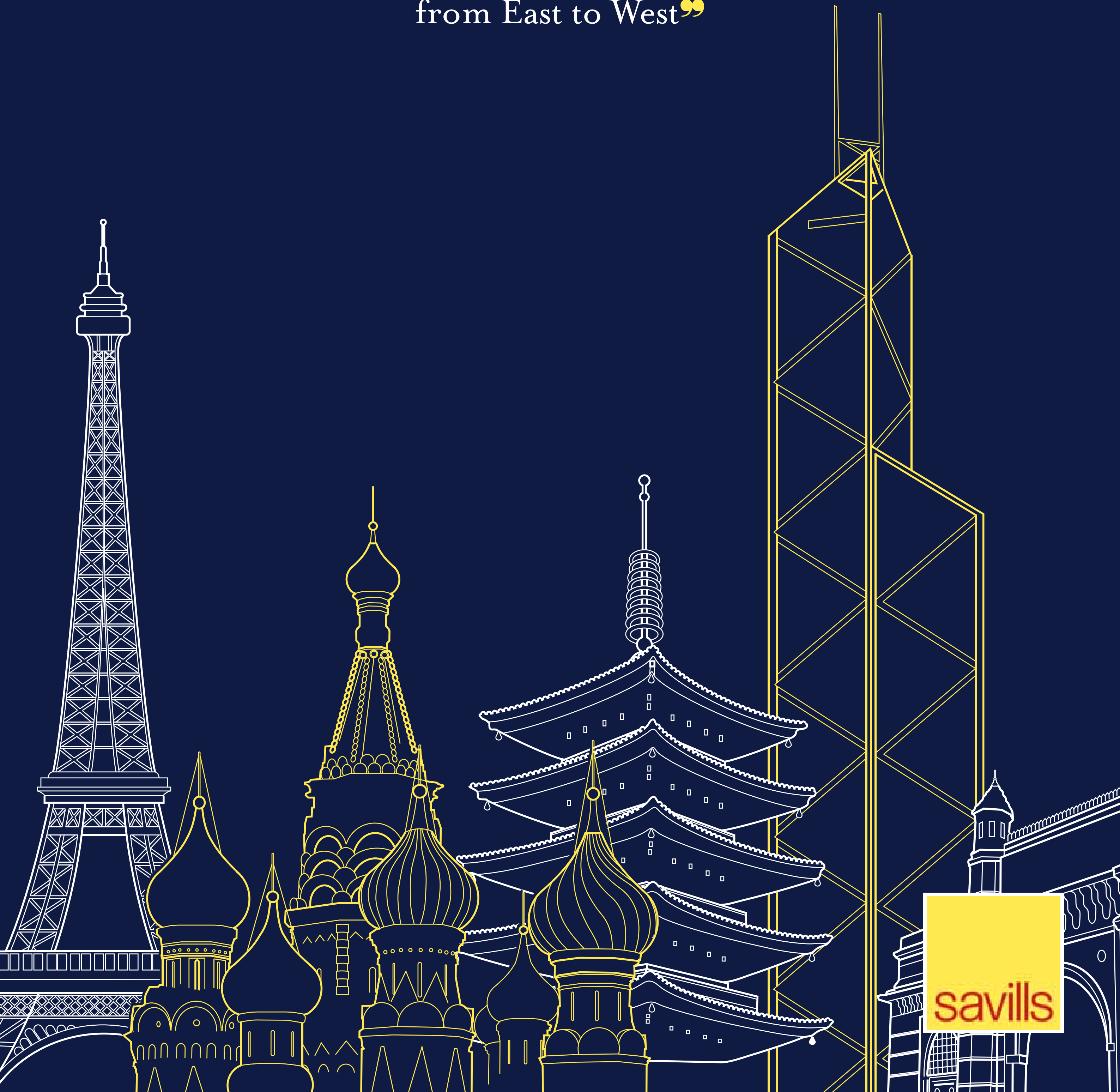
Yolande Barnes
Savills Residential Research
+44 (0) 20 7409 8899
ybarnes@savills.com

Simon Smith
Savills Research & Consultancy
+852 2842 4573
ssmith@savills.com.hk

Paul Tostevin ptostevin@savills.com
Rebecca Gill rgill@savills.com
Sophie Chick schick@savills.com

Insights is published on behalf of Savills (L&P) Ltd by Blue Door Media Ltd, bluedoor-media.co.uk. All information correct at time of going to press.

“Wealth generation in the ‘new world’ has created a flow of investment activity into residential property from East to West”



savills