

Global Real Estate: *The long and short of it*

Elisabeth Troni

Global Real Estate Strategist

5 June 2013



Section 1

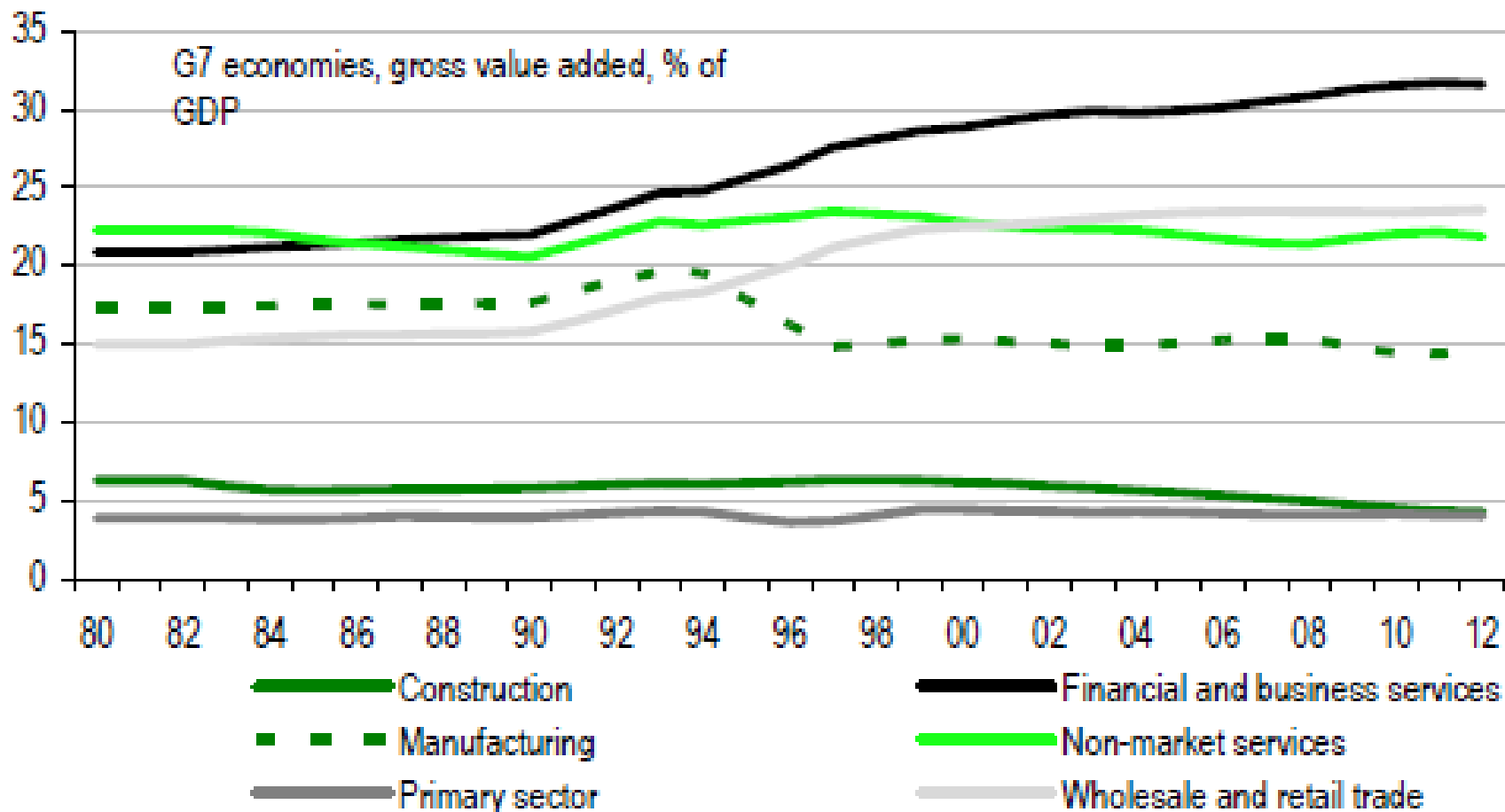
Long-term themes

“
The difficulty lies, not in the new ideas, but in escaping from
the old ones, which ramify for those of us brought up as most
of us have been, into every corner of our minds”

John Maynard Keynes

Global imbalances

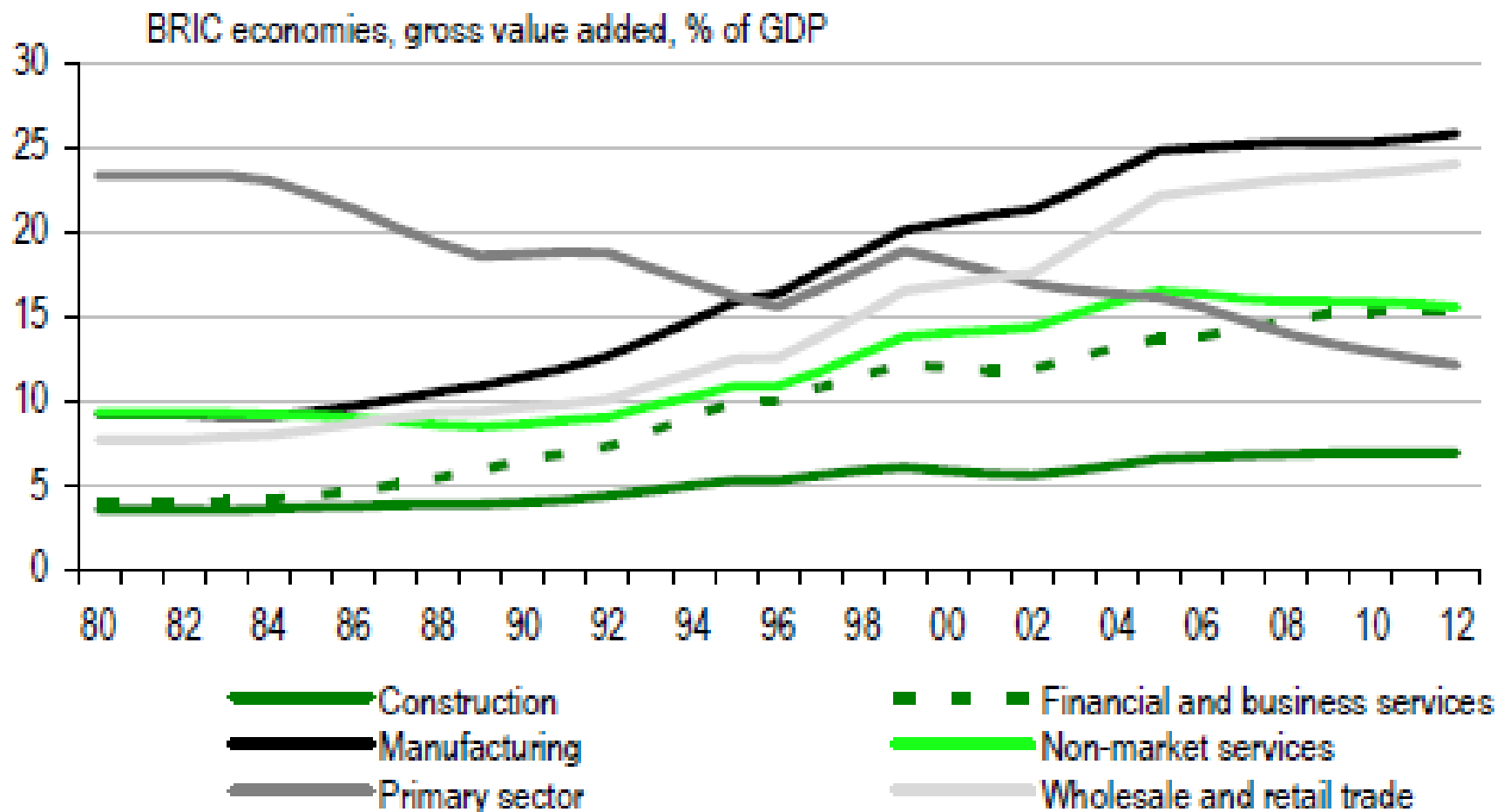
Output shares of GDP in the major *advanced* economies



Source: OEF/UBS calculations as at March 2013
Non-market services are public sector and other services.

Global imbalances

Output shares of GDP in the major *emerging* economies



Source: OEF/UBS calculations as at March 2013
Non-market services are public sector and other services.

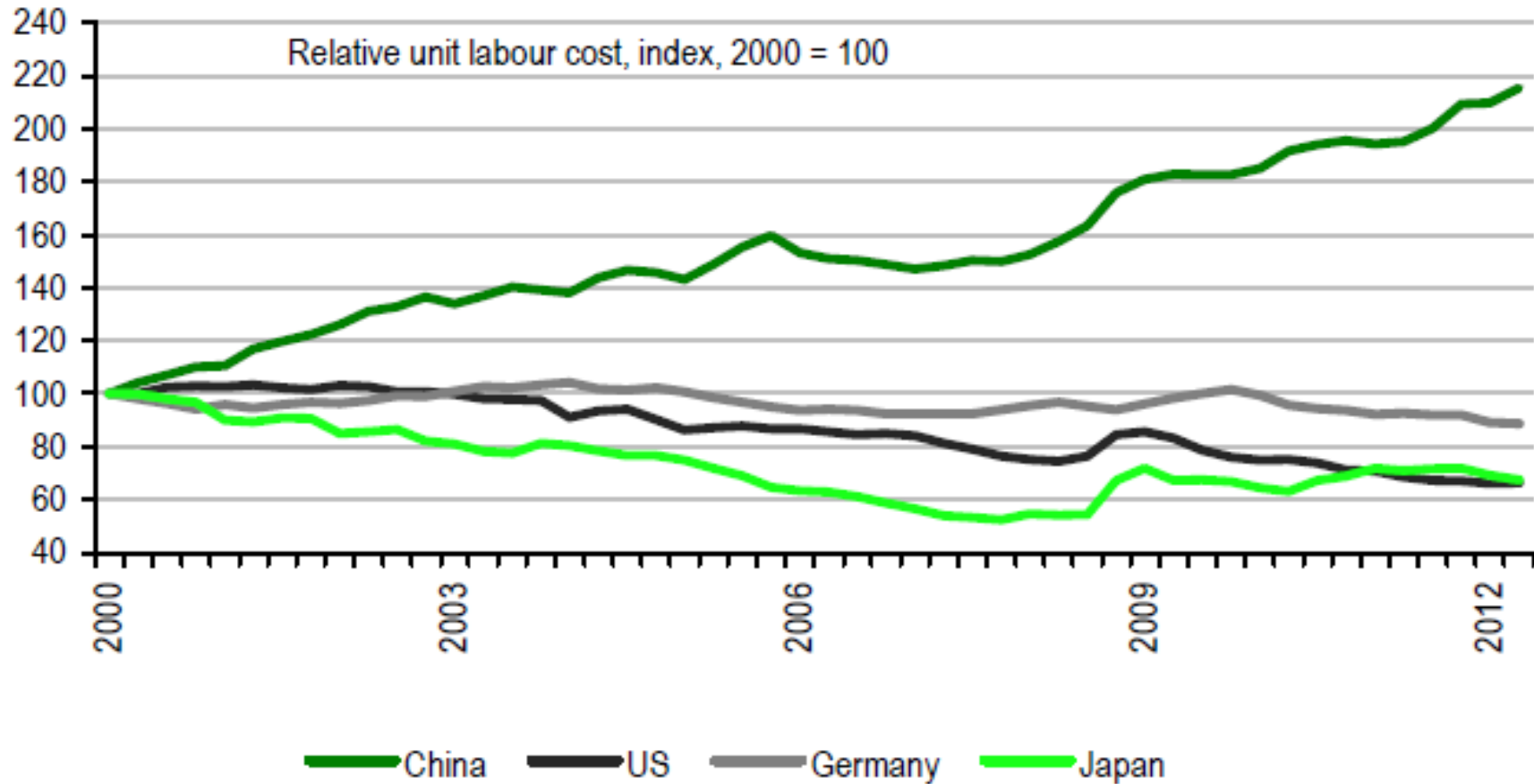
Growth table

Model-driven GDP estimates and forecasts by major region

| | 1982 – 1992 | 1992 – 2002 | 2002 – 2012 | 2012 – 2022F |
|---------------|-------------|-------------|-------------|--------------|
| Global | 1.9 | 2.6 | 4.0 | 3.3 |
| EM | 1.6 | 2.5 | 4.9 | 3.9 |
| Africa | 2.2 | 2.2 | 3.1 | 4.6 |
| Asia | 6.3 | 5.1 | 5.7 | 4.8 |
| CEE | -3.2 | -1.4 | 4.9 | 2.6 |
| Middle East | 1.9 | 5.0 | 5.6 | 4.1 |
| Latin America | 2.0 | 3.3 | 3.9 | 4.0 |
| Developed | 2.7 | 2.6 | 1.9 | 1.8 |

Source: IMF/UBS estimates as at March 2013

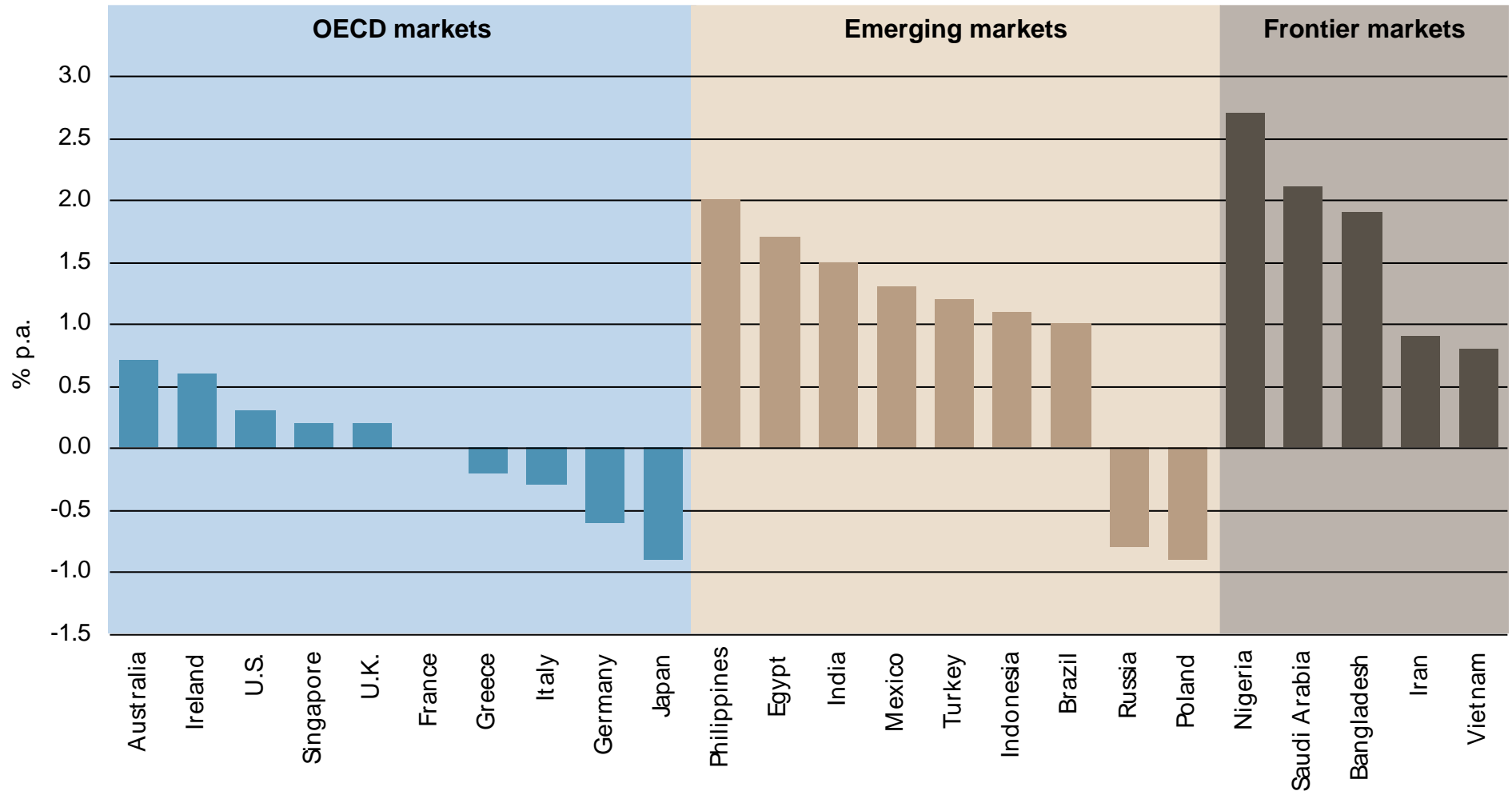
US renaissance?



Source: OEF

The future global workforce?

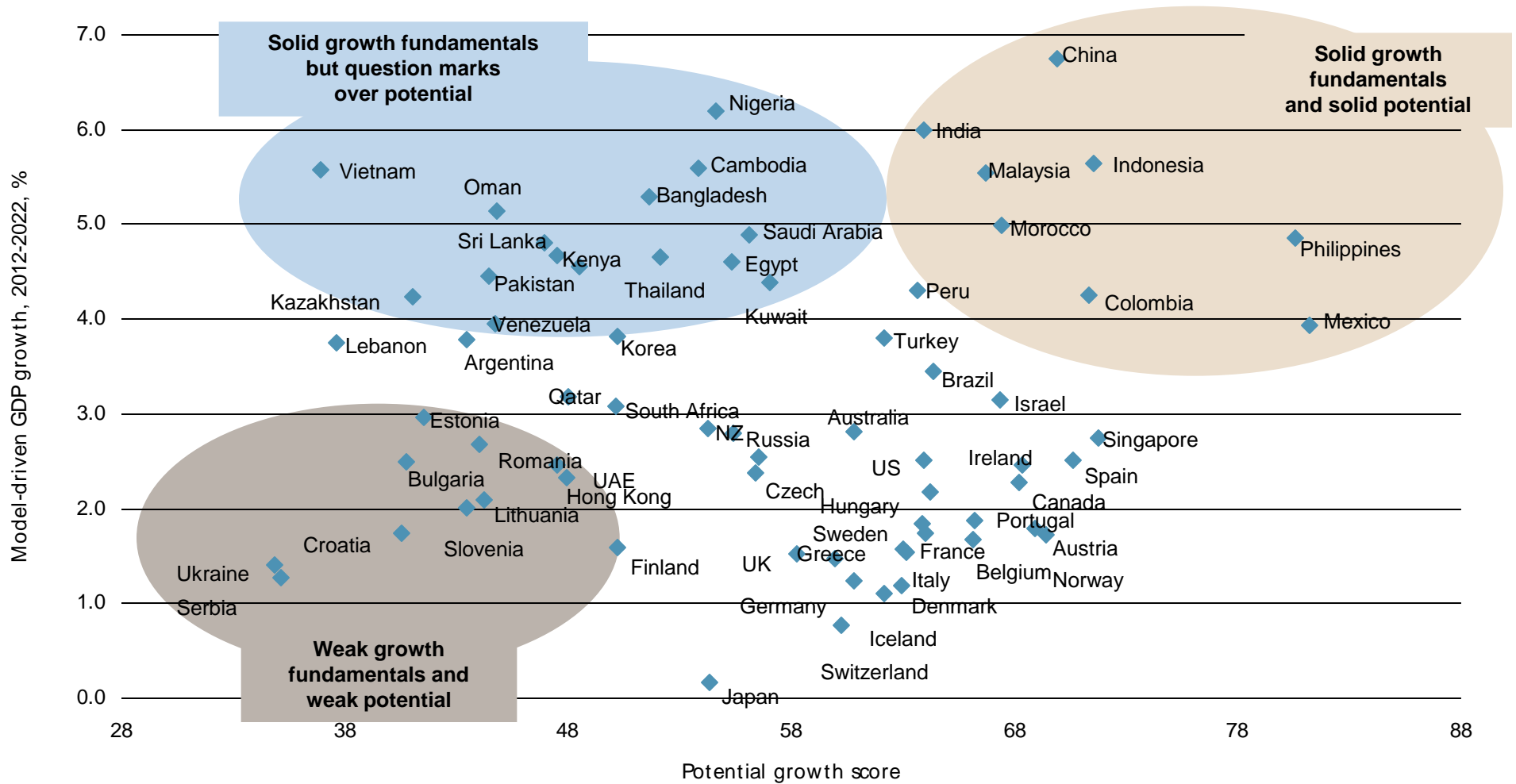
Working age population growth 2012-2022



Source: UBS Investment Bank, as at March 2013

Likely winners and losers in the next decade

Positioning in the world economy



Source: UBS Investment Bank, as at March 2013

2022?

Core Strategy



Lagos, Nigeria

Opportunistic Strategy



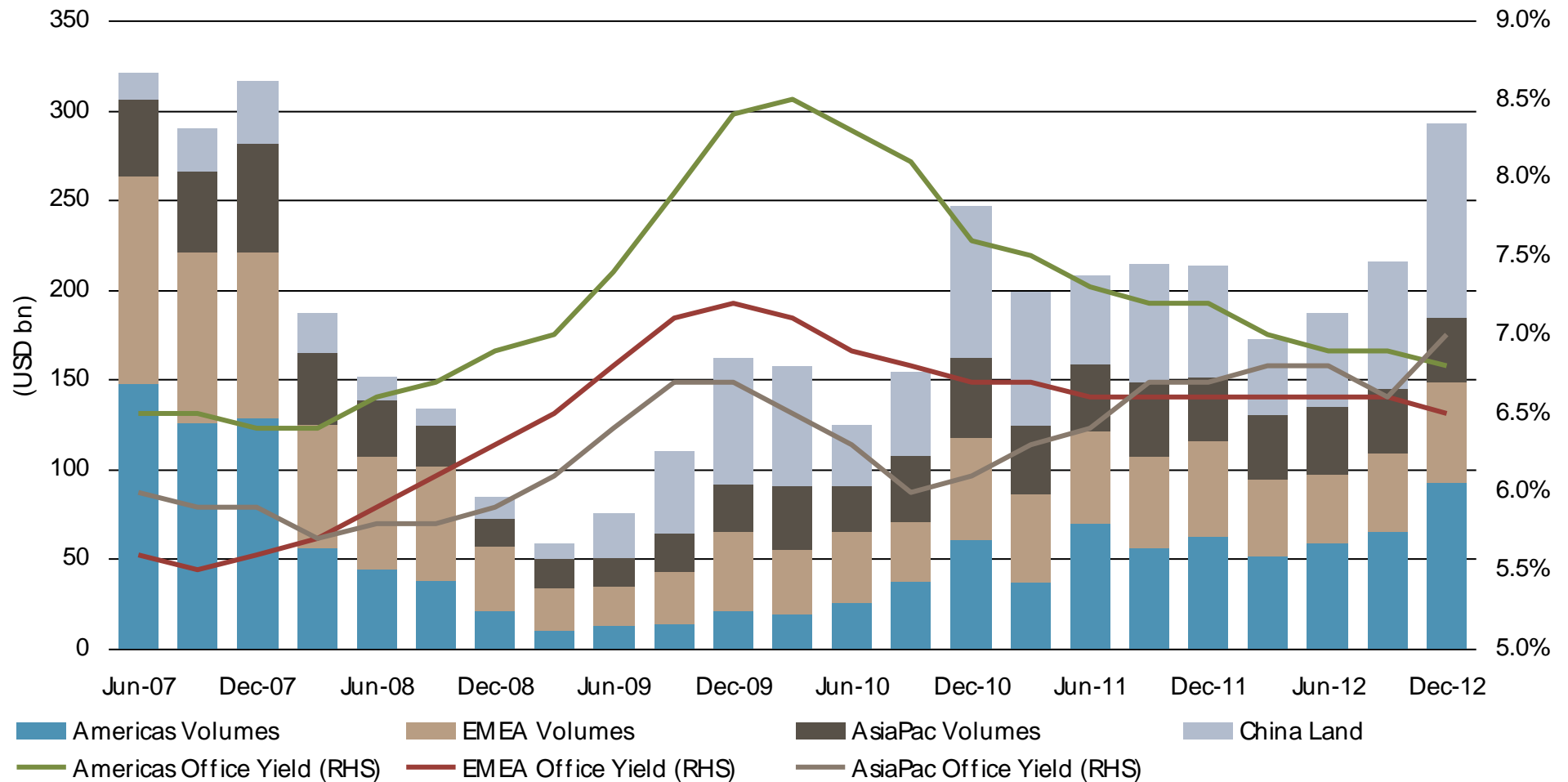
Malabo, Equatorial Guinea

Section 2

Short term opportunities

“
Successful investing is anticipating the anticipations of others”
John Maynard Keynes

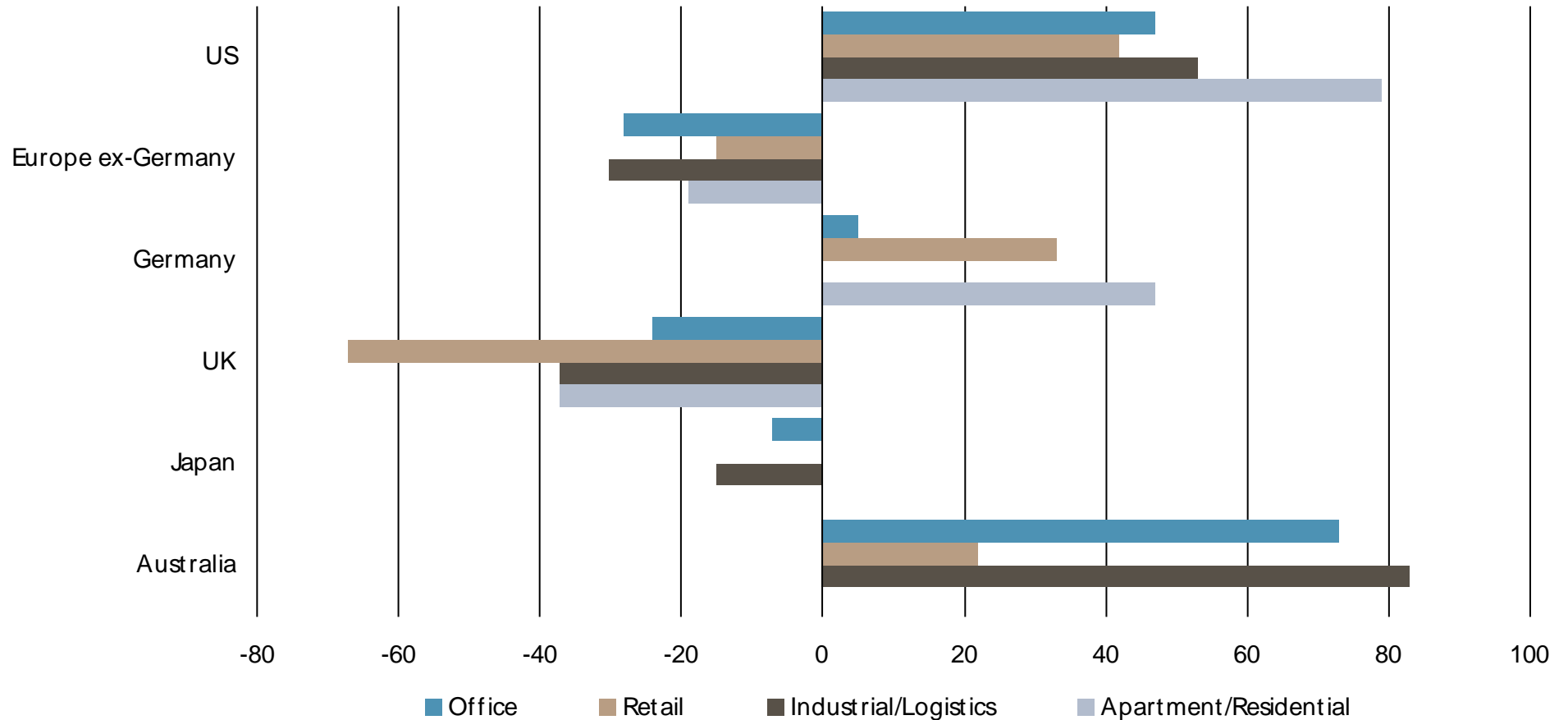
'Risk on' has driven global real estate transactions



Source: RCA, as at Dec-2012

Consensus opinion maintains 'risk off' bias

June 2012

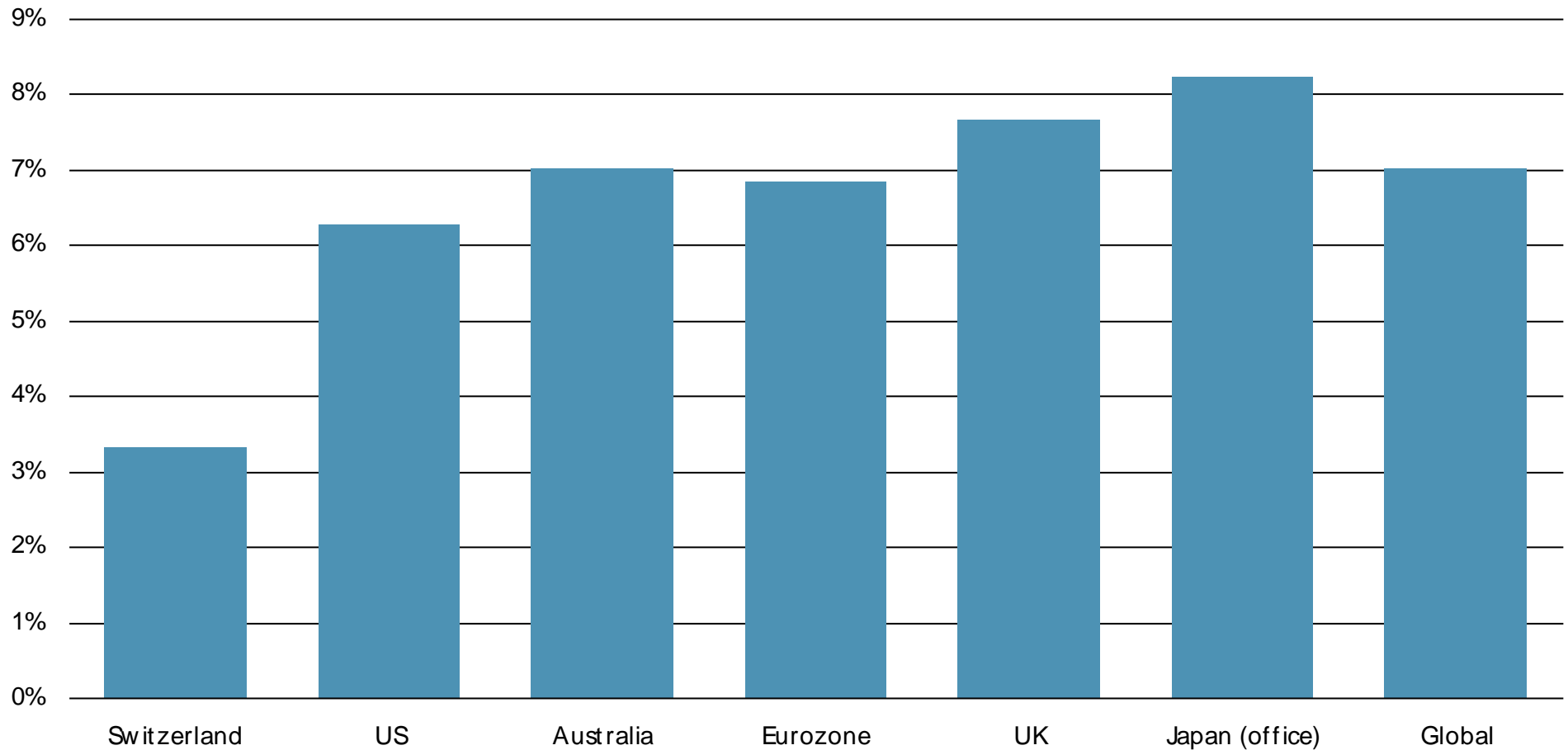


Source: IPE Real Estate, May/June 2012, May/June 2011

Note: Survey asks respondents what are their expectations for capital growth over the next 6 to 12 months, based upon a survey of around 25 real estate managers, percentage is those expecting a rise minus those expecting a fall

Market price based forecasts
























3-year total return forecasts (% pa)



Source: UBS Global Asset Management, Global Real Estate Research and Strategy, February 2013

The weak shall inherit the returns

Global total return forecasts (3 yr) – ranked by sector

| | Retail | Office | Industrial |
|---|----------|-----------|------------|
|  Australia | 5 | 17 | 4 |
|  Austria | 19 | 22 | 17 |
|  Belgium | 11 | 7 | 10 |
|  Canada | 16 | 16 | 16 |
|  Czech Republic | | 2 | |
|  Denmark | 6 | 14 | 13 |
|  Eurozone | 10 | 12 | 6 |
|  Finland | 4 | 15 | 14 |
|  France | 9 | 13 | 8 |
|  Germany | 17 | 19 | 12 |
|  Hungary | | 4 | |
|  Ireland | 1 | 1 | 3 |
|  Italy | 2 | 3 | 9 |
|  Japan | | 6 | |
|  Netherlands | 8 | 5 | 1 |
|  Norway | 12 | 20 | 18 |
|  Poland | | 11 | |
|  Portugal | 3 | 10 | 2 |
|  Spain | 14 | 8 | 11 |
|  Sweden | 18 | 21 | 15 |
|  Switzerland | 15 | 23 | 19 |
|  UK | 7 | 9 | 5 |
|  US | 13 | 18 | 7 |

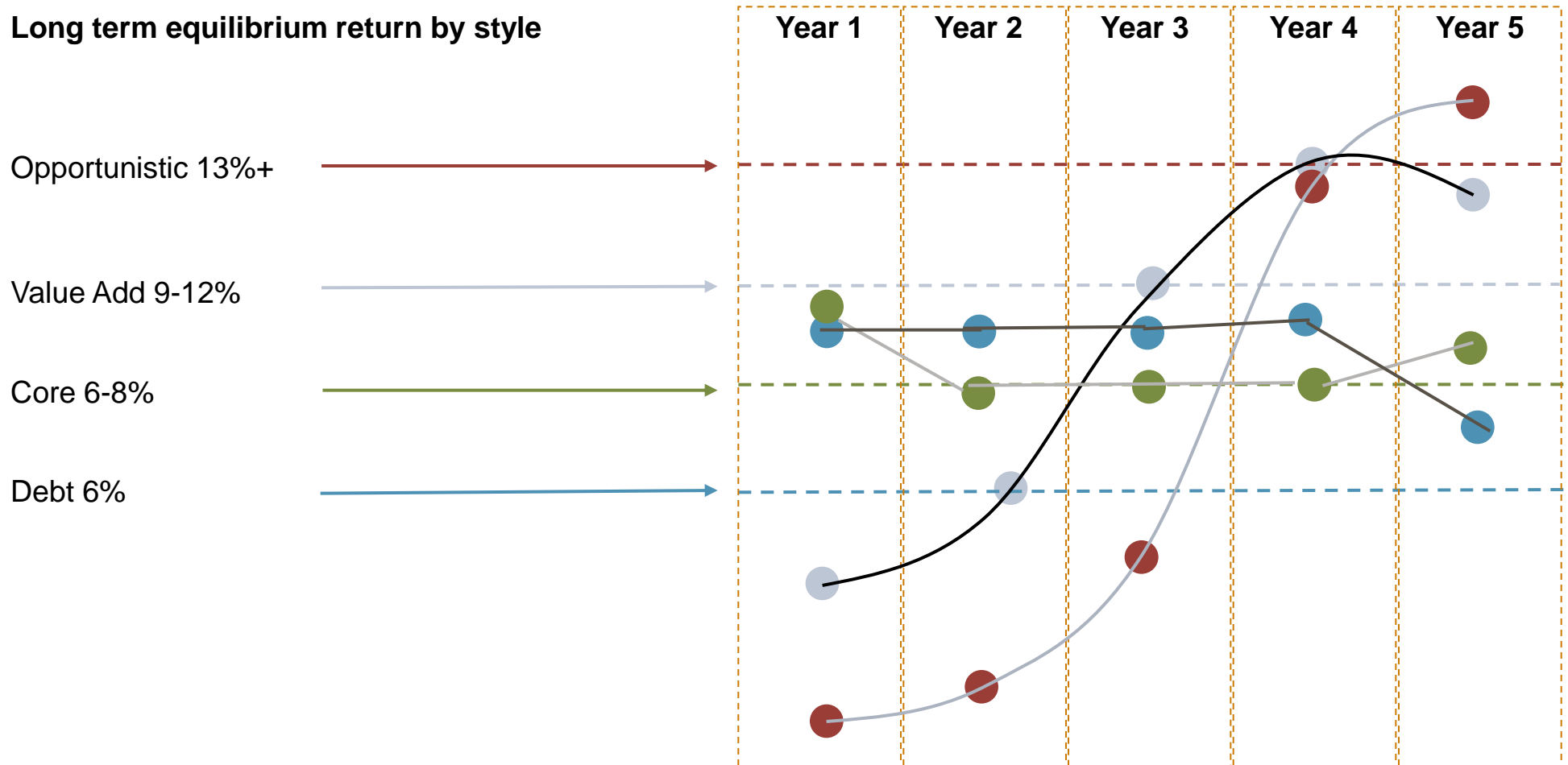
Source: UBS Global Asset Management, Global Real Estate Research and Strategy, as of Feb-13

Note: Global rankings refer to the expected three year total return for newly invested capital. All countries included are part of IPD/NCREIF

Anticipated cycle of returns by style & vintage – *Global*

Core & Debt are only segments to consistently exceed long term expected returns

Long term equilibrium return by style



Source: UB Global Real Estate Research and Strategy
Schematic diagram for illustrative purposes only. Year 1 equates to 2012

Thank you

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Real estate research & strategy | **Not for Retail Clients**

Opportunities in Brazil

UBS Global Asset Management, Global Real Estate | March 2013



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Asia Pacific Real Estate Market

UBS Global Asset Management, Global Real Estate | March 2013



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The search for yield: Industrial sector fits the bill in 2015

UBS Global Asset Management, Global Real Estate Research & Strategy | 1H13



APPENDIX A

Speaker biography

Elisabeth Troni

Global Real Estate Strategist Executive Director

Years of investment industry experience: 14

Education: Columbia University (US), BA (Hons)

- Elisabeth Troni was appointed to Global Real Estate Strategist in 2010 at UBS Global Asset Management. In this role, she is primarily responsible for analyzing the risk-adjusted potential of global real estate investment opportunities. She co-ordinates our regional research teams' market views and supports our Global Fund of Funds and Global Securities businesses with strategic and tactical advice. She also liaises with our Global Investment Solutions team and with the Investment Bank and Wealth Management on global real estate matters. Elisabeth is a member of the Global Real Estate Fund of Funds Investment Committee.
- Elisabeth joined UBS Global Asset Management as Global Real Estate Economist in 2008.
- Prior to this, Elisabeth was in charge of portfolio strategy at St. Martin's Property Corporation the direct property investment arm of the Kuwait Investment Office. Prior to this, Elisabeth worked as a Senior Investment Analyst at Cushman & Wakefield in London and prior to that for four years as Research Manager in the New York City office of Newmark/Knight Frank (1999-2003).
- Elisabeth is a member of the Urban Land Institute and the Society of Property Researchers. In previous roles, she has contributed articles and commentary to trade journals and the wider press on issues pertaining to real estate markets.

Dated: March 1, 2013



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