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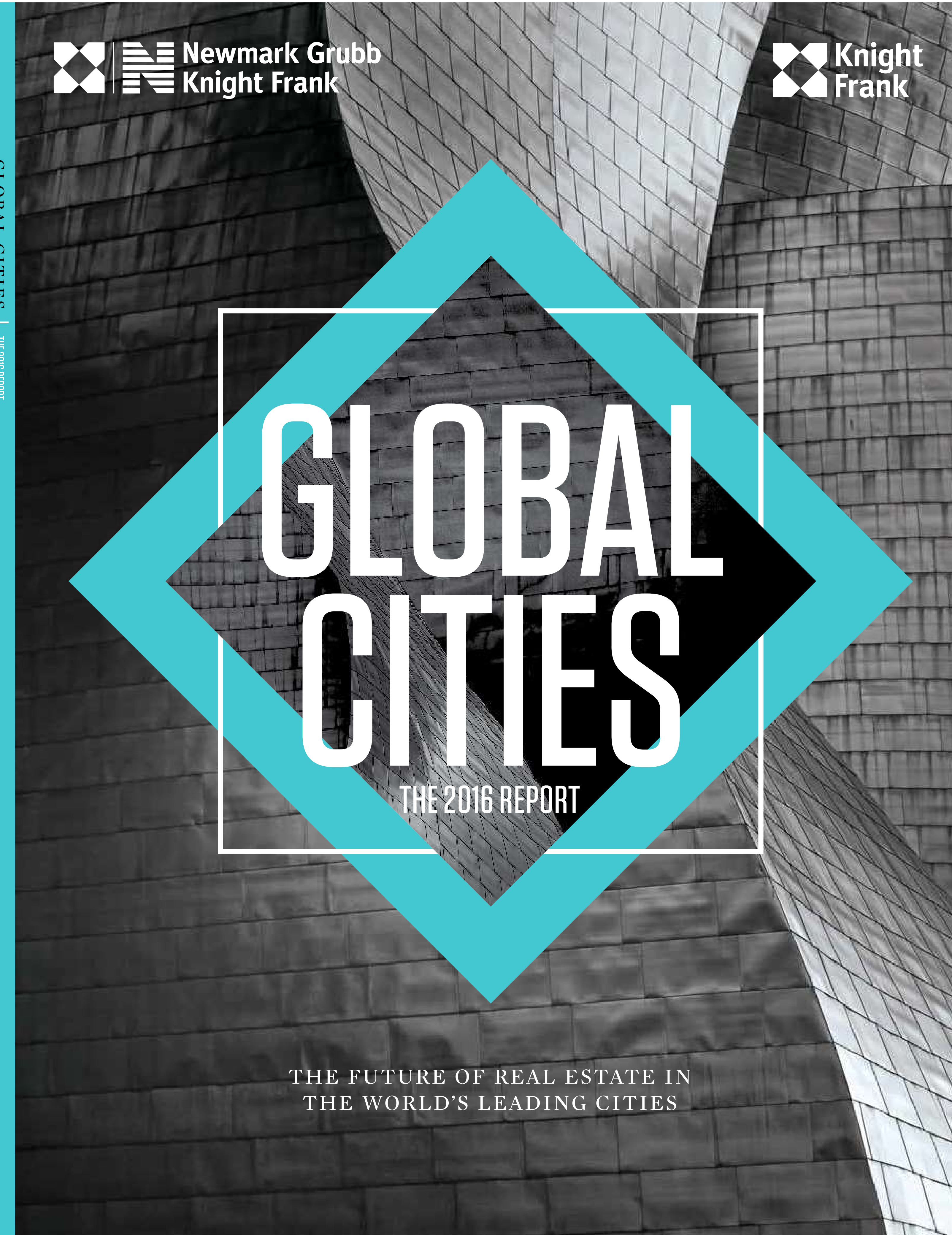

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GLOBAL CITIES

THE 2016 REPORT

THE FUTURE OF REAL ESTATE IN THE WORLD'S LEADING CITIES

19.4333° N, 99.1333° W

MEXICO CITY

Increased trade and investment is supporting growth in Mexico City

Bolivar Street, Mexico City, Mexico

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With 80% of its exports flowing to the United States, Mexico offers a sophisticated industrial property sector with state-of-the-art product, occupied by U.S. and multinational manufacturers and distributors. This sector has experienced major growth and development over the past decade, driven by foreign direct investment and a recovering U.S. economy. The vacancy rate for modern industrial space in the country is in the mid-single digits.

This surge of trade and investment is benefiting Mexico City, and in turn supporting the real estate market. Mexico City, with a population of more than 20 million inhabitants in its metropolitan area, is the country's main economic engine, generating more than half of its industrial output.

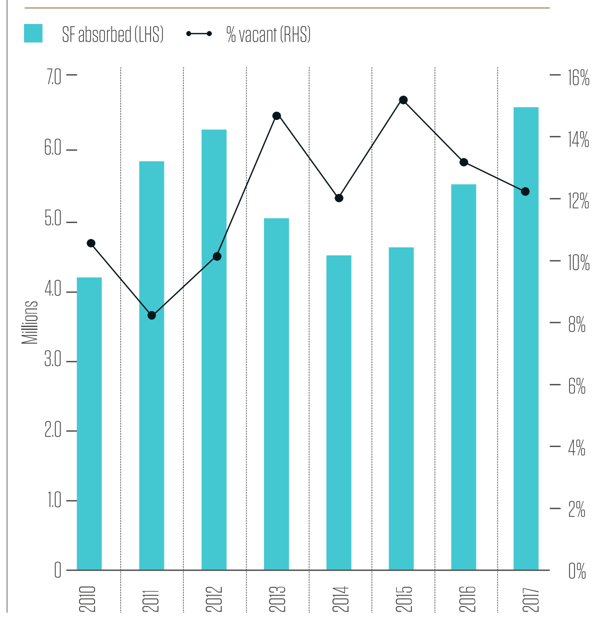
Mexico City's office market, which houses the headquarters of large domestic and international corporations, continues to grow at an impressive pace. The inventory of modern office space stands at 52 million sq ft of which 3.8 million sq ft was delivered in the past year. Another 5.2 million sq ft is scheduled for delivery over the next three years. About half of all recent development completions are in the CBD, specifically the Polanco, Reforma and Lomas submarkets, with the North Corridor also attracting substantial development. The vacancy is around 11%, down from 15% six quarters ago.

The flow of investment into Mexico's retail property sector is expected to top U.S.$3.5 billion by 2017, which will add 100 new shopping centers with an additional 36 million sq ft of space. About half of this development will occur in Mexico City and its environs.

Mexico is not without its challenges. The peso has declined by almost 20% against the U.S. dollar over the past year, a trend that favors exporters but could restrain consumer spending and stoke inflation as imports become more expensive. The low price of oil is creating revenue shortfalls for the government, while the simmering problems of government corruption and drug-related violence have yet to be resolved.

Despite these challenges, Mexico City continues to enjoy vibrant growth. Construction activity has remained strong through the recent economic turbulence, and—unlike many emerging markets—demand has kept pace. REITs are competing to gain market share and to develop innovative space for increasingly sophisticated occupiers. PwC forecasts that Mexico City will be the seventh richest city in the world by 2025, with a GDP of U.S.$745 billion (after Tokyo at number one, followed by New York, Los Angeles, London, Chicago and São Paulo). This increased wealth and production will create more real estate opportunities for developers, investors and occupiers.

OFFICE MARKET KEY METRICS



Source: CoStar, Newmark Grubb Knight Frank Research

23.5500° S, 46.6333° W

SÃO PAULO

Brazil's super city plans to direct growth towards transport links

WRITTEN BY
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São Paulo is South America's economic powerhouse, a global center of finance, commerce, entertainment and the arts. The metropolitan region has nearly 20 million inhabitants, slightly more than half of whom live in the city of São Paulo.

The region is served by a sophisticated, multi-modal transportation system that, although it is expanding, has not kept pace with development, giving São Paulo a reputation for epic traffic congestion. Facilities include local and international airports serving more than 18 million passengers per year, an expanding subway system that is one of the most modern in the world, an extensive bus and train network, a massive cab fleet and South America's largest fleet of private helicopters.

A new city master plan released last year is seeking to better align land use and transportation infrastructure. The plan calls for increasing densities in areas served by public transportation, with the goals of enouraging pedestrian and biking access, discouraging automobile use and protecting existing lower density neighborhoods from encroachment by incompatible high rise development.

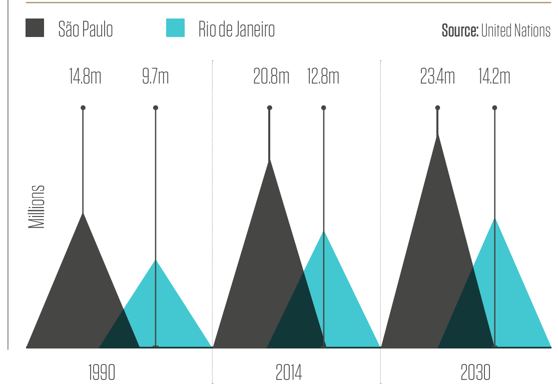
The city is home to major companies from all sectors of the economy, notably manufacturing, services, technology, entertainment and hospitality. Development of corporate office space is expanding to the south, where most modern Class A+ buildings are located, and to the west, a newer area where development picked up about two years ago. Major developers and investors including Odebrecht, Brookfield, Tishman Speyer and Bueno Netto have acquired land in these areas, and are building Class A and Class A+ corporate space with Green Building certification. Most new projects are mixed-use developments that incorporate office, retail, services and housing components.

With GDP anticipated to shrink for a second consecutive year in 2015, the office market is contending with tepid demand at the same time that a large amount of new construction is moving through the pipeline. The vacancy rate, a slim 5% in 2011, is expected to hit 23% this year, and rents are expected to fall by 6.8%, the third consecutive year of softening.

Net absorption is expected to increase, however, as companies take advantage of weak conditions to move up to higher quality space. Areas that will receive major new deliveries in 2015 include Vila Olímpia (1.8 million sq ft), Marginal N-S and Berrini (both with about 860,000 sq ft) and Barra Funda (388,000 sq ft).

POPULATION OF SÃO PAULO VS RIO DE JANEIRO
1990 TO 2030

Source: United Nations



Estaiada Bridge, Marginal Pinheiros