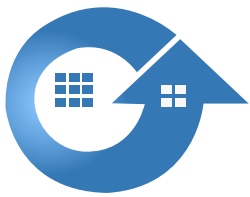


Global Property Guide

Financial Information for the Residential Property Buyer

INVESTMENT ANALYSIS
Q1 2018

Review of the previous year



INVESTMENT ANALYSIS

Strong house price rises continue in Europe, US, Canada and parts of Asia. The Middle East is weak.

During 2017:

- House prices rose in 30 out of the 45 world's housing markets which have so far published housing statistics, using inflation-adjusted figures.
- The more upbeat nominal figures, more familiar to the public, showed house price rises in 37 countries, and declines in 8 countries.
- Slightly more than half of the surveyed housing markets showed weaker momentum during 2017 than during the previous year, suggesting that the boom may be moderating - but only a little.

Europe, Hong Kong, Macau and Canada continue to experience strong price rises. But China, Russia, Japan, and most of the Middle East are experiencing either house price falls - or a sharp deceleration of house price rises.

The strongest housing markets in our global house price survey during 2017 included: Iceland (+12.88%), Hong Kong (+12.81%), Ireland (+11.92%), Macau (+9.24%), Montenegro (+8.59%) and Canada (+7.07%), using inflation-adjusted figures.

The biggest y-o-y house-price declines were in Egypt (-11.49%), Qatar (-10.43%), Kiev, Ukraine (-7.97%), Mongolia (-5.61%), and Russia (-5.48%), again using inflation-adjusted figures.

Momentum is weakening

Only 22 of the world's housing markets for which figures are available showed stronger upward momentum during 2017, while 23 housing markets showed weaker momentum, according to Global Property Guide's research. Momentum is a measure of the "change in the change"; simply put, momentum has increased if a property market has risen faster this year than last (or fallen less). Momentum has weakened in just over half the housing markets covered in our survey.

It is surprising that momentum hasn't weakened more, as during the previous 3 quarters it was significantly weaker.

Inflation-adjusted figures are used throughout this survey. In the case of Kiev, Ukraine, the GlobalProperty Guide adjusts using the official U.S. inflation rate since Ukrainian secondary market dwelling sales are denominated in U.S. dollars.

HOUSE PRICE (INFLATION ADJUSTED)

Country	year on year(%)		q-o-q(%)	
	Q4 2016	Q4 2017	Q4 2016	Q4 2017
Iceland	12.53	12.88	-1.11	
Hong Kong	6.61	12.81	2.54	
Ireland	8.98	11.92	2.22	
Macau	23.09	9.24	5.49	
Montenegro	-13.36	8.59	-5.24	
Canada	10.66	7.07	-1.29	
Philippines (Makati CBD)	7.16	6.95	1.46	
Netherlands	4.37	6.73	-0.03	
Chile	-1.82	6.69	-0.65	
Latvia (Riga)	5.36	6.47	0.47	
Sweden	4.74	6.11	0.16	
Romania	11.01	5.92	-3.40	
New Zealand	9.47	4.92	4.65	
US (FHFA)	4.44	4.47	1.23	
Germany	6.86	4.45	-0.16	
Puerto Rico	-3.73	4.45	3.38	
US (Case-Shiller)	3.26	4.07	0.67	
Spain	0.10	3.32	-1.41	
Japan (Tokyo)	9.32	3.20	1.80	
Thailand	-1.50	3.16	1.60	
Portugal	3.88	3.03	1.37	
France	1.02	2.75	0.68	
Slovak Republic	6.00	2.43	-1.92	
Finland	0.21	0.92	-0.35	
Macedonia	-0.91	0.87	2.47	
Singapore	-3.31	0.79	0.60	
Mexico	4.07	0.73	0.66	
Taiwan	-2.92	0.55	0.12	
South Korea	-0.50	0.27	1.25	
Jersey	2.14	0.21	2.41	
Indonesia	-0.89	0.01	0.11	
UK (Nationwide)	2.97	-0.08	-0.88	
Lithuania (5 cities)	3.72	-0.33	0.08	
Norway	6.36	-0.60	-1.98	
Greece	-0.53	-1.09	-0.67	
Brazil (Sao Paulo)	-5.51	-1.50	-0.78	
Switzerland	1.43	-1.70	-0.28	
Austria (Vienna)	1.99	-1.84	-1.63	
China (Shanghai)	21.68	-1.94	-0.53	
Israel	5.24	-3.33	-3.80	
UAE (Dubai)	-2.86	-5.23	-2.52	
Russia	-9.27	-5.48	-0.09	
Mongolia	-6.05	-5.61	-0.80	
Ukraine (Kiev)	-3.34	-7.97	-1.63	
Qatar	-5.15	-10.43	-1.58	
Egypt	1.19	-11.49	-7.38	

▲ = more than 1 percentage point increase in house price change
▲ = less than 1 percentage point increase in house price change
▼ = more than 1 percentage point decrease in house price change
▲ = less than 1 percentage point decrease in house price change compared to same period of last year

The strongest performing markets:

Iceland is now the strongest housing market in our global survey, up from second place the previous year. House prices surged 12.88% during 2017, the highest increase since 2005, due to strong tourism and limited supply, especially in Reykjavik. However quarter-on-quarter, house prices fell by 1.11% during the latest quarter.

Hong Kong's residential property prices soared by 12.81% during 2017, after rising by 6.61% in 2016, 0.11% in 2015, 8.22% in 2014, and 3.3% in 2013. During the latest quarter, house prices increased 2.54% in Q4 2017. The boom continues despite stamp duties being raised for all non-first time homebuyers (November 2016) and allowable loans on residential and commercial properties being cut in May 2017

With **Ireland's** economy growing by 7.3% last year, it is not surprising that the housing market is growing at breakneck speed. It moved up by four notches in 2017 to 3rd place with residential property prices rising by 11.92%, after y-o-y rises of 8.98% in 2016, 7.04% in 2015, 18.26% in 2014, and 6.32% in 2013. During the latest quarter, Irish house prices increased 2.22%.

Macau's housing market remains strong amidst massive infrastructure investments, which will transform Macau's connections to China and Hong Kong. The average transaction price of residential units rose by 9.24% during the year to Q3 2017, a slowdown from last year's 23.09% y-o-y rise. House prices increased strongly by 5.49% q-o-q during the latest quarter.

Montenegro's house prices surged 8.59% during 2017, a sharp turnaround from a y-o-y decline of 13.36% the previous year. However, house prices dropped by a huge 5.24% during the latest quarter. From being the world's weakest housing market in 2016, Montenegro rebounded quickly to become one of the five strongest markets last year, thanks to its robust economic growth.

HOUSE PRICE (NOMINAL)

Country	year on year(%)		q-o-q(%)	
	Q4 2016	Q4 2017	Q4 2016	Q4 2017
Iceland	14.68	15.00	-0.53	
Hong Kong	7.86	14.77	3.52	
Ireland	8.97	12.35	1.81	
Macau	24.85	11.16	6.42	
Romania	10.41	10.86	0.09	
Montenegro	-12.48	10.67	-5.52	
Philippines (Makati CBD)	9.95	10.46	2.55	
Chile	0.84	9.11	0.17	
Canada	12.34	9.07	-1.29	
Latvia (Riga)	7.63	8.79	1.32	
Netherlands	5.06	8.18	-0.12	
Sweden	6.29	7.98	0.38	
Egypt	24.74	7.89	-5.65	
Mexico	7.41	7.38	2.57	
US (FHFA)	6.32	6.68	1.61	
New Zealand	10.97	6.59	4.76	
US (Case-Shiller)	5.38	6.27	0.55	
Germany	8.66	6.18	0.76	
Puerto Rico	-3.32	5.70	2.60	
Portugal	4.76	4.55	1.32	
Spain	1.67	4.47	0.00	
Japan (Tokyo)	9.65	4.34	2.51	
Slovak Republic	5.84	4.29	-1.31	
Thailand	-0.39	3.96	1.75	
France	1.55	3.92	1.02	
Lithuania (5 cities)	5.50	3.57	0.51	
Jersey	4.05	3.53	2.78	
Indonesia	2.38	3.51	0.55	
Macedonia	-0.81	3.49	3.18	
UK (Nationwide)	4.51	2.67	-0.11	
Taiwan	-1.27	1.77	0.84	
Finland	0.96	1.53	0.00	
South Korea	0.71	1.42	0.40	
Brazil (Sao Paulo)	0.41	1.40	0.36	
Singapore	-3.11	1.09	0.80	
Norway	10.09	0.73	-1.70	
Mongolia	-4.36	0.40	0.20	
Austria (Vienna)	3.34	0.32	-0.68	
China (Shanghai)	24.10	-0.13	-0.15	
Greece	-1.03	-0.27	0.20	
Switzerland	1.20	-0.96	-0.10	
Russia	-4.09	-3.03	0.12	
Israel	4.97	-3.04	-3.51	
UAE (Dubai)	-0.42	-3.85	-2.08	
Ukraine (Kiev)	-1.61	-6.02	-1.26	
Qatar	-3.99	-9.93	-1.13	

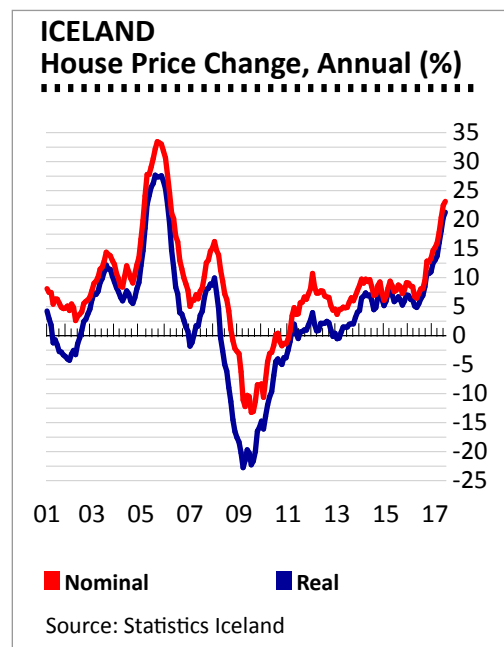
- ▲ = more than 1 percentage point increase in house price change
- ▲ (green) = less than 1 percentage point increase in house price change
- ▼ (red) = more than 1 percentage point decrease in house price change
- ▼ (yellow) = less than 1 percentage point decrease in house price change compared to same period of last year

THE REGIONS: EUROPE

Europe remains super-vibrant

European house price rises continue unabated. Three of the five strongest housing markets in our global survey are in Europe, with rising house prices in no less than 15 of the 23 European housing markets for which figures were available during 2017.

Iceland's house prices are soaring, amidst continued increase in property demand fuelled by booming tourism. Nationwide house prices surged 12.88% during 2017, the highest increase since 2005. However quarter-on-quarter, house prices fell by 1.11% in Q4 2017. In 2017, foreign visitor arrivals rose by 24.2% to about 2.2 million, according to Icelandic Tourism Board. The economy is expected to expand by 3.2% this year, after growth of 3.4% in 2017, 7.2% in 2016 and 4.1% in 2015



Ireland is the second best performer in Europe, buoyed by its very strong economy. Residential property prices were up by 11.92% during 2017, after y-o-y rises of 8.98% in 2016, 7.04% in 2015, 18.26% in 2014, and 6.32% in 2013. During the latest quarter, Irish house prices increased 2.22% in Q4 2017. Ireland's surging house prices are mainly driven by strong demand as well as supply shortages. The Irish economy grew by around 7.3% last year and is projected to expand by another 4.4% this year.

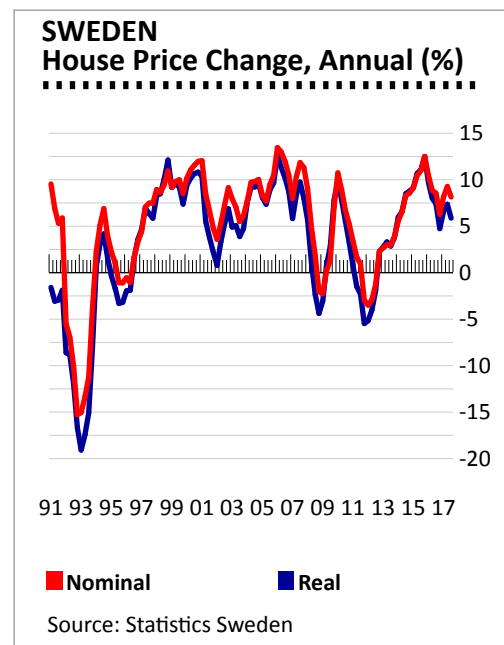
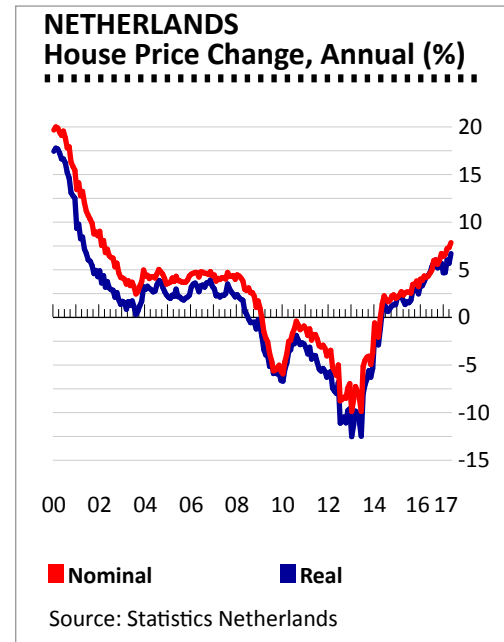
THE REGIONS: EUROPE

Emerging from being the worst-performing housing market in our 2016 global survey, **Montenegro** is now performing very well, buoyed by strong property demand and a booming tourism sector. The price of dwellings in new residential buildings surged 8.59% during 2017, a sharp turnaround from a y-o-y decline of 13.36% the previous year. However, house prices dropped by a huge 5.24% during the latest quarter. The economy was estimated to have grown by a robust 3.9% last year and is projected to expand by another 3% this year.

The **Netherlands**' housing market continues to grow stronger, with the average purchase price of all dwellings rising by 6.73% during 2017, up from last year's 4.37% growth and the strongest rise in 17 years. However on a quarterly basis, house prices were almost unchanged in Q4 2017. During 2017, home sales surged 13% from a year ago, fuelled by low interest rates and robust economic growth. The Dutch economy grew by 3.1% in 2017, the highest growth since 2007. GDP is expected to grow by another 2.9% this year and by 2.5% in 2019, according to the European Commission.

European housing markets with more modest house price rises included Riga, **Latvia** with house prices rising by 6.47% during 2017, **Sweden** (6.11%), **Romania** (5.92%), **Germany** (4.45%), **Spain** (3.32%), **Portugal** (3.03%), **France** (2.75%), and **Slovak Republic** (2.43%). Though only Latvia, Sweden Portugal, and France recorded positive quarterly growth during the latest quarter. In terms of momentum, only Latvia, Sweden, Spain, and France had stronger performances during 2017 compared to a year earlier.

Very minimal house price increases during 2017 were registered in **Finland** (0.92%), **Macedonia** (0.87%), and **Jersey** (0.21%). Only Finland saw quarterly price decline during the latest quarter while only Jersey had weaker performance during 2017 compared to a year ago.



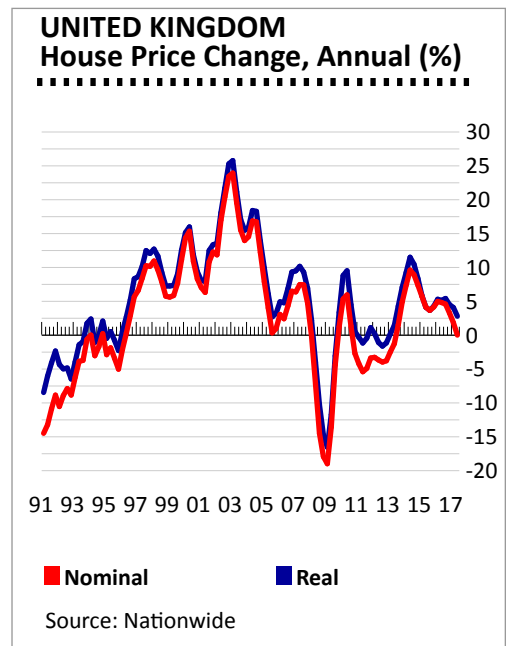
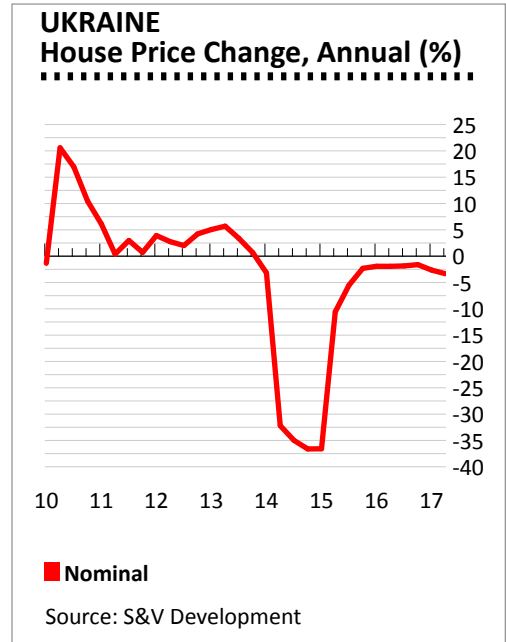
THE REGIONS: EUROPE

Europe’s weakest housing markets

Ukraine’s housing market remains depressed, despite improved economic conditions. Secondary market apartment prices in Kiev fell by 7.97% (inflation-adjusted) during 2017, to an average price of US\$ 1,093 per square metre (sq. m.) – worse than the previous year’s 3.34% decline. House prices fell 1.63% quarter-on-quarter in Q4 2017. House prices in Ukraine have been falling in the past five years, particularly in 2014 (with prices plunging 37.38%) because of hryvnia devaluation due to the Russian war. Ukraine’s economy is expected to expand by 3.2% this year, after expansions of 2.1% in 2017 and 2.3% in 2016, and contractions of 9.8% in 2015, 6.6% in 2014 and 0.03% in 2013.

After four years of house price falls, **Russia’s** housing market is still suffering. The nationwide residential property prices dropped 5.48% during 2017, the smallest decline since 2013 (-9.27% in 2016, -15.35% in 2015, -6.15% in 2014 and -5.86% in 2013). Moscow’s prices plunged 6.48% y-o-y in 2017 while they dropped 3.64% in St. Petersburg. During the latest quarter, nationwide house prices fell slightly by 0.09%. Despite this, the wider Russian economy is improving significantly, with GDP growing by 1.5% in 2017, after contractions of 0.2% in 2016 and 2.8% in 2015, according to the Federal State Statistics Service. Inflation has also stabilized. In 2017, headline inflation slowed to 2.5%, sharply down from 5.4% in 2016 and the lowest reading in the post-USSR era. The Russian economy is projected to expand by between 1.5% and 2% this year.

Other European countries with minimal house price falls included the Vienna, **Austria**, with house prices falling by 1.84% in 2017, **Switzerland** (-1.7%), **Greece** (-1.09%), **Norway** (-0.6%), **Lithuania** (-0.33%) and the **UK** (-0.08%). All, except Lithuania, registered declines in house prices during the latest quarter. All performed worse in 2017 compared to a year earlier.



THE REGIONS: ASIA-PACIFIC

The Asia-Pacific region is two-tiered

The housing markets in Asia-Pacific are two-tiered, with Hong Kong, Macau and the Philippines' property markets rising strongly.

Hong Kong's residential property prices surged by 12.81% during 2017, a sharp increase after y-o-y rises of 6.61% in 2016, 0.11% in 2015, 8.22% in 2014, and 3.3% in 2013. Quarter-on-quarter, house prices increased 2.54% in Q4 2017.

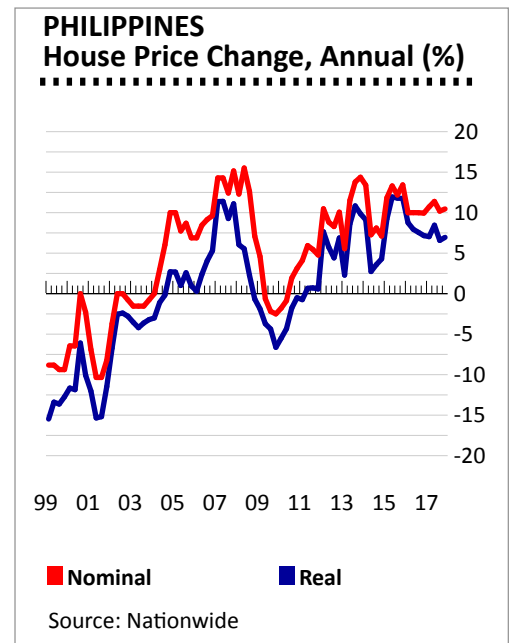
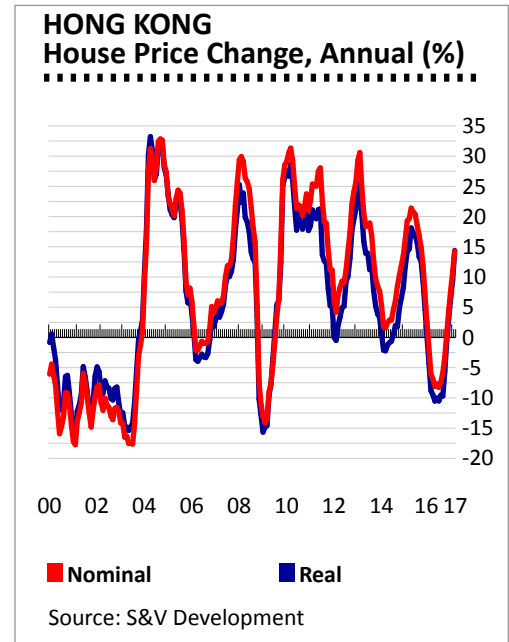
The latest house price rises come despite the government raising stamp duties for all non-first time homebuyers starting November 2016 and cutting allowable loans on residential and commercial properties in May 2017. During 2017, the total number of property transactions in Hong Kong increased 12.6% while sales values surged 30%. Hong Kong's economy grew by 3.7% in 2017, up from 2016's 2% growth. The economy is expected to grow between 2.7% and 3% this year.

Macau's housing market remains strong amidst massive infrastructure investments, which will transform Macau's connections to China and Hong Kong. The average transaction price of residential units rose by 9.24% during the year to Q3 2017, a slowdown from last year's 23.09% y-o-y rise. During the latest quarter, house prices increased strongly by 5.49%. Economic growth is expected to slow to 5% this year, from 8% in 2017.

The **Philippines** is now in its seventh year of house price boom, amidst strong economic growth. The average price of 3-bedroom condominium units in Makati CBD rose by 6.95% during 2017, after rises of 7.16% in 2016, 11.76% in 2015, 4.29% in 2014, and 9.85% in 2013. Housing prices increased 1.46% during the latest quarter.

The Philippine economy expanded by 6.7% in 2017, the country's sixth straight year of above 6% growth. With a projected annual GDP growth of 6.7% in 2018 and 2019, the Philippine economy is expected to continue to be among the fastest-growing economies in Asia.

Asian housing markets with more modest growth included **Thailand** with house price rising by 3.16% during 2017, **Singapore** (0.79%), **Taiwan** (0.55%), **South Korea** (0.27%), and **Indonesia** (+0.01%). All recorded positive quarterly growth during the latest quarter. In addition, all of these countries also showed stronger upward momentum in 2017 as compared to the previous year.



THE REGIONS: ASIA-PACIFIC

Sharp housing slowdown in some Asia-Pacific nations

New Zealand's housing market is slowing sharply, mainly due to new lending restrictions last October, and worsening affordability. Median house prices rose by 4.92% during 2017, a sharp slowdown from growth of 9.47% in 2016. House prices rose 4.65% q-o-q during Q4 2017, but dwellings sold fell by 18.1% y-o-y in 2017. The economy is expected to expand by 3.1% this year, a slight decline from GDP growth rates of 3.5% in 2017, 3.6% in 2016 and 3.2% in 2015.

Japan's housing market is cooling rapidly, amidst sluggish growth in demand. The average price of existing condominiums in Tokyo rose by a modest 3.2% during 2017, a sharp slowdown from a rise of 9.32% in 2016. During the latest quarter, existing condo prices increased 1.8%. The world's third largest economy posted its eight straight quarter of expansion in Q4 2017, with an annualized growth rate of 0.5% - the longest upward trend in 28 years.

China, the prior year's best performer, is now struggling, as new regulatory and monetary tightening policies are impacting developers and speculative buyers. In Shanghai, the price index of second-hand houses fell by 1.94% during 2017, in sharp contrast with a y-o-y rise of 21.68% in 2016. During the latest quarter, house prices in Shanghai fell by 0.53%. The Chinese economy grew by 6.9% in 2017, up from 6.7% growth in 2016 and its 26 straight years of above 6% growth. The IMF projects the economy to grow by 6.6% this year.

Mongolia remains depressed, with house prices falling by 5.61% during 2017, after declines of 6.05% in 2016, 12.91% in 2015, and 10.44% in 2014. During the latest quarter, Mongolian house prices fell by 0.8%.

THE REGIONS: MIDDLE EAST

Middle East's house price downturn accelerates

The Middle East is now in the doldrums, with the two weakest housing markets in our global house price survey in the region: Egypt and Qatar. This is not surprising given the region's ailing economy due to low oil prices and the ongoing political and diplomatic crisis. The Middle East's economy grew by just 1.1% in 2017, the lowest level in eight years.

Egypt is the new weakest housing market in our global survey, with the nationwide real estate index falling by 11.49% during 2017, in contrast with the previous year's 1.19% y-o-y growth.

Quarter-on-quarter, house prices dropped 7.38% in Q4 2017. However in nominal terms, house prices are rising strongly in Egypt due to extraordinarily high inflation caused by the government's decision in November 2016 to shift to a floating exchange rate regime that resulted in a dramatic depreciation of the Egyptian pound (EGP) against major currencies. In December 2017, annual inflation stood at 21.9%.

Qatar's housing market remains depressed, amidst a sharp economic slowdown and the adverse impact of the diplomatic crisis. The nationwide real estate price index dropped 10.43% during 2017, worse than last year's 5.15% fall. Property prices fell 1.58% q-o-q during the latest quarter.

Other Middle Eastern housing markets are also depressed. In **Dubai**, residential property prices fell 5.23% during 2017, after a decline of 2.86% in 2016, amidst weak economic growth, low investor sentiment, and an oversupply of housing. During the latest quarter, house prices in Dubai dropped 2.52% q-o-q. Likewise, **Israel's** decade-long house price boom is now over, with government cooling measures intensifying. The nationwide average price of owner-occupied dwellings fell by 3.33% in 2017, in sharp contrast with the previous year's 5.24% growth. Israeli house prices dropped 3.8% q-o-q in Q4 2017.

THE REGIONS: THE AMERICAS

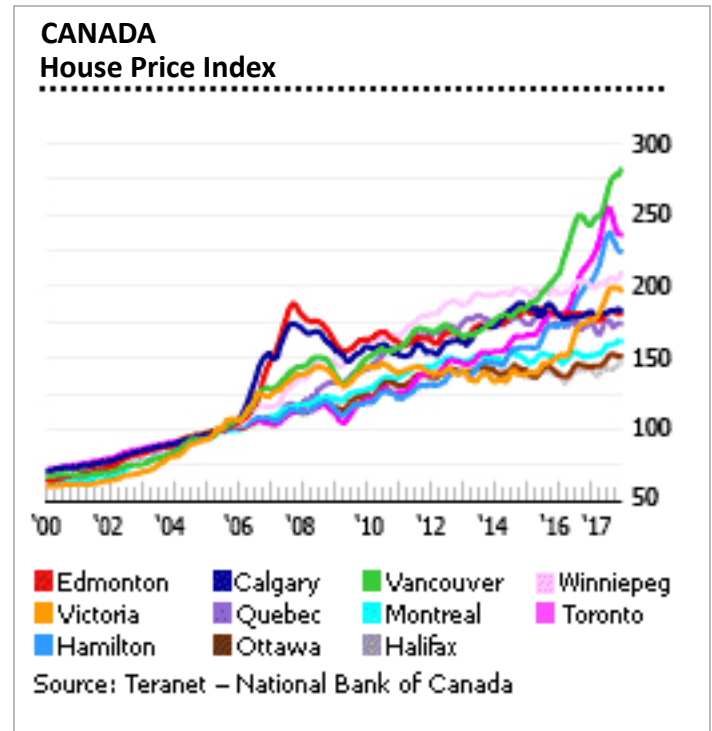
The Americas are mixed

The U.S. and Canada continue to perform well while the Latin American countries are mixed. Mexico is slowing sharply while Chile has rebounded strongly. Brazil, on the other hand, is showing signs of improvement, but house prices are still falling.

After five years of strong house price growth, the **U.S.** housing market remains surprisingly vibrant. The S&P/Case-Shiller seasonally-adjusted national home price index rose by 4.07% during 2017 (inflation-adjusted), slightly up from a rise of 3.26% in 2016. House prices increased 0.67% during the latest quarter. The Federal Housing Finance Agency's seasonally-adjusted purchase-only U.S. house price index also increased 4.47% y-o-y in 2017 (inflation-adjusted), at par with the previous year. The FHFA index rose by 1.23% q-o-q during the latest quarter.

Demand and construction activity continue to rise. In December 2017, the U.S. homebuilder sentiment surged to its highest level in more than 18 years. The U.S. economy grew by 2.3% in 2017, an acceleration from a 1.5% growth in 2016. Recently, the IMF raised its growth forecast for the world's largest economy from 2.3% to 2.7%, after President Donald Trump signed a landmark tax law (known as the Tax Cuts and Jobs Act or TCJA) considered to be the largest overhaul of the U.S. tax code in over 30 years.

House prices in **Canada's** eleven major cities rose by 7.07% during 2017, after annual rises of 10.66% in 2016, 4.52% in 2015, 3.47% in 2014, and 2.53% in 2013. However house prices fell by 1.29% q-o-q in Q4 2017. The Canadian Real Estate Association (CREA) expects home sales to fall by 5.3% this year. The Canadian economy grew by a healthy 3% in 2017, the highest growth since 2011, according to the Bank of Canada. The economy is expected to expand by 2.2% this year and by another 1.9% in 2019.



Chile's housing market continues to rise, despite the introduction of a property sales tax in 2016. The average price of new apartments in Greater Santiago rose by 6.69% during 2017, in contrast with the previous year's 1.82% y-o-y decline. On a quarterly basis, house prices fell slightly by 0.65% in Q4 2017.

Mexico's housing market is cooling sharply. The nationwide house price index increased by a meager 0.73% during 2017, a sharp slowdown from a rise of 4.07% in 2016. During the latest quarter, house prices increased 0.66%.

Brazil's house prices continue to fall, albeit at a slower pace, amidst gradually improving economic conditions. In Sao Paulo, house prices fell by just 1.5% in 2017, a sharp improvement from last year's 5.51% decline. Quarter-on-quarter, house prices fell by 0.78% in Q4 2017.