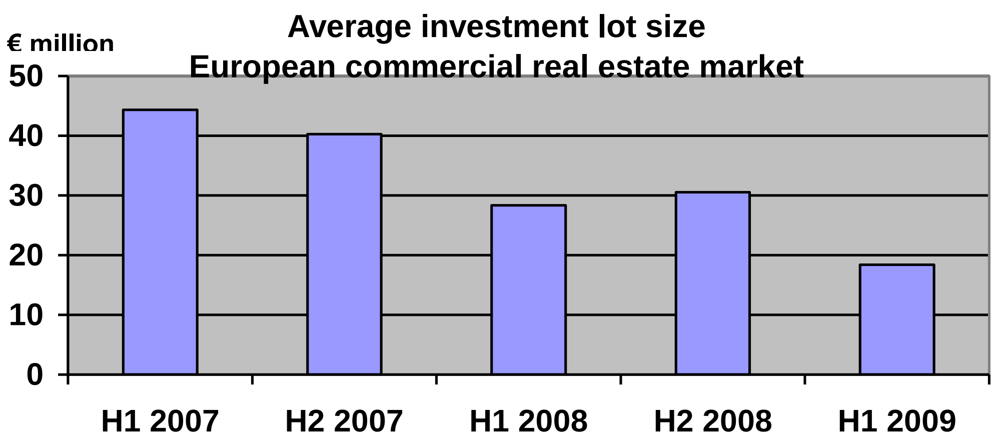
PRESS RELEASE

AVERAGE DEAL SIZE TUMBLES AS LARGE LOT SIZE DEALS DRY UP IN EUROPEAN COMMERCIAL PROPERTY MARKET

London, 14 August 2009 – The average transaction size completed in the European commercial real estate market in the first half of 2009 has fallen by more than half since the peak of the market in 2007, reflecting the extent to which the credit crunch has affected the ability of investors to complete large deals in today's market. The average size of transactions agreed in H1 2009 in Europe fell to €18.4 million, a 59% decline from the €44.4 million average deal size recorded at the peak of the market in H1 2007, according to new research released today by CB Richard Ellis.



Source: CB Richard Ellis

The most significant development in H1 2009 was the precipitous fall in the number of the very largest transactions being agreed. When the market was at its strongest, investors keen to get capital into the market were prepared to pay a premium for portfolios. As a result there were 115 transactions of €200 million or more completed in H1 2007, with a total value of over €51 billion. In H1 2009, the number of transactions in this value segment had fallen to just nine, with a total value of €4.2 billion. Accordingly, smaller deals of below €50 million accounted for 48% (by value) of transactions completed in the European property market in H1 2009, compared to 25% of the total market in 2007.

Of the small number of larger deals completed this year, the retail sector has dominated the bigger lot size deals, accounting for approximately 35% of the total investment volume transacted in H1 2009. The largest transaction in Europe during the first half of 2009 was the sale of the mostly retail former Dawnay Day portfolio in the UK for over £600 million (€669 million).

Clearly the fall in capital values has had an impact on average deal size. In the UK, IPD data shows that capital values have fallen by 44% from their peak in mid 2007 and other European countries have also seen substantial falls – although in most cases not to the same extent. However, even this is not sufficient to explain the fall in the average deal size. The other explanation is the difficulty in financing the largest transactions now that banks are unable to securitise large loans.

Jonathan Hull, Executive Director of EMEA Capital Markets, CB Richard Ellis, said: “The banks’ appetite for lending on large transactions has been very limited since the second half of 2007. However, in recent months we have seen greater willingness to lend. It is now possible to find lenders willing to get involved in transactions up to €100 million and this threshold continues to increase.”