

PRESS RELEASE

2008 EUROPEAN CROSS-BORDER INVESTMENT LEVELS REFLECT DIVERSE LOCAL MARKET CONDITIONS

London, 19 February 2009 – Cross-border commercial property investment activity fell to 45% of total European activity in 2008, according to new research by CB Richard Ellis. The overall decline reflects, to a great extent, the reduction in the number of large investment deals, which are often dominated by international investors (average deal size fell from €42 million in 2007 to €29 million in 2008). However there were significant variations in cross-border activity according to differing local market conditions.

The reduction in cross-border activity last year, which largely occurred during the second half, was also driven by the decrease in investment activity in the large European markets. The reduction in the last six months of 2008 saw the share of cross-border buyers down to less than one-third of total activity in three of Europe’s largest markets – the UK, Germany and France – as well as in Finland, Sweden and Italy. However other markets maintained a cross-border majority for total investment in the second half, including Spain (69%), Belgium (66%) and the Central and Eastern European (CEE) region (85%). In Spain, factors such as the considerable price falls over the last year or so and the fact that several of the large corporate disposals by Eroski and PRISA (as well as Banco Santander in the first half) went to foreign buyers, contributed to this result.

Cross-Border Activity by Market, 2008



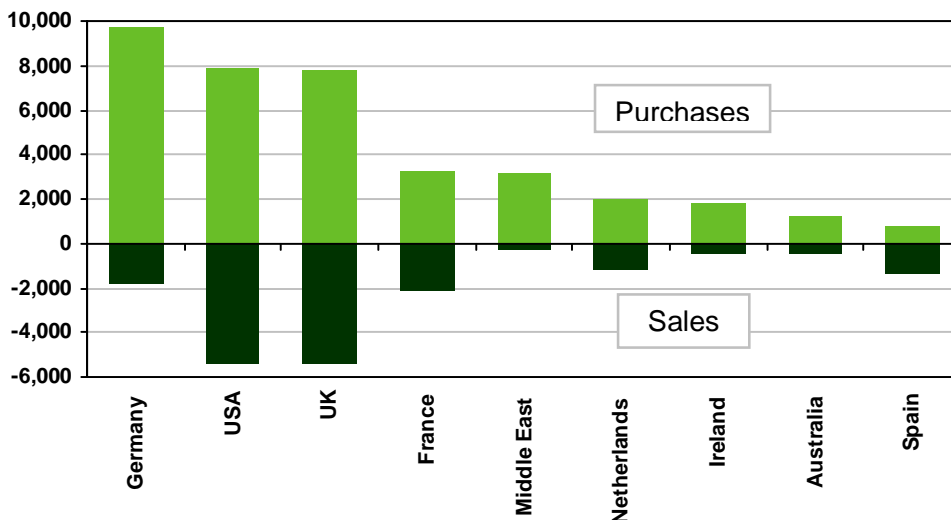
Source: CB Richard Ellis

Michael Haddock, Director of EMEA Research and Consulting, CB Richard Ellis, said: “Although individual markets experienced varying changes to cross-border investment levels, there was an overall

decline in international buying activity in Europe last year. This reflected changes to average deal size, the availability of debt and the general downsizing of the European market, among other things. However there are strong reasons to believe that the level of cross-border investment will recover with the market. In the current downturn, markets are re-pricing at different rates and will therefore represent buying opportunities for flexible international investors at different times in the future.”

Another change in the market was that in 2008 the vast majority of cross-border buyers were intra-regional. In 2008, 28% of all cross-border buyers in Europe were from outside the region, compared with 41% in 2007. By nationality, the top three buyers in the market remained unchanged – German, American and British investors were the most active in 2008. Between them they purchased over €25 billion of real estate, more than half of all cross-border acquisitions completed last year. However, their respective shares of the market changed significantly.

Cross-Border Purchases and Sales in Europe in 2008



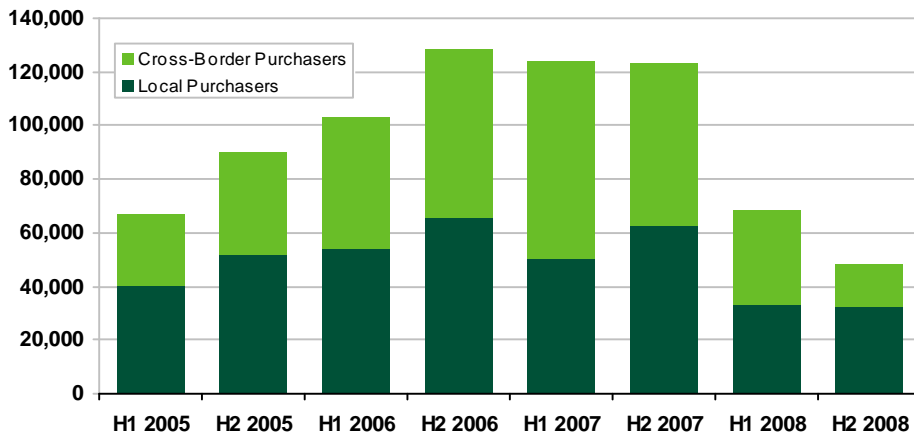
Source: CB Richard Ellis

One of the most significant changes to the nature of investment in Europe in 2008 was that American investors were considerably less active. Total acquisitions by US investors fell to under €8 billion in 2008, compared with €35 billion in 2007.

German investors have regained a clear lead as the most international investors in Europe, having spent around €10 billion outside their home market in 2008. The last time that German buyers were the most active cross-border investors in Europe was in 2005. Notably, almost 70% of all cross-border acquisitions by German buyers in 2008 were carried out by the German Open-ended Funds. With the

temporary closure (to redemptions) of some of the funds in late October 2008, there is no doubt that overall these German players will slow their purchasing activity in the near-term. However, those funds that remain open (and those that are expected to reopen later in the year), together with special funds and other German institutional investors, will remain prominent buyers in Europe in 2009.

Cross-Border Investment in Europe



Source: CB Richard Ellis

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For more information, please see CB Richard Ellis' latest MarketView report, *European Capital Markets Q4 2008*, available at www.cbre.eu/research.