

P R E S S R E L E A S E

RETAIL DEALS FEATURE STRONGLY IN 2008'S LARGEST EUROPEAN PROPERTY TRANSACTIONS

London/Cannes, 10 March 2008 – Despite the decline in total retail investment transactions in 2008, as financing conditions remained difficult, retail deals featured prominently among Europe's largest property transactions of last year, including two of the four European investment deals over €1 billion, according to CB Richard Ellis' latest *Retail Investment MarketView*.

Where prime retail assets became available last year investors found a way to execute the deal. It appears that investors are still prepared to buy, as they would not have the opportunity to acquire many of these assets in stronger markets. There are reasons to believe that quality retail property will outperform other real estate sectors in the downturn, as retail property, particularly prime retail, has historically seen lower vacancy rates than other sectors during economic downturns, making it a good defensive asset.

Although total European retail investment activity fell by 45% in 2008, in line with other areas of the commercial real estate market, cross-border activity within the retail sector held up well, in contrast to the overall market, comprising more than 50% of all activity. The shopping centre investment market also maintained its highly international nature, with 66% transacted by foreign buyers, a slight increase on 64% in 2007. By nationality, UK, French, Dutch and American investors were the most active buyers of retail real estate in 2008, making-up 56% of all cross-border retail deals. The most significant change in the top four international investors last year was the significantly reduced activity of the Irish, who were replaced by French investors who expanded from €1.2 billion of retail acquisitions in 2007 to €2.7 billion in 2008.

The majority of investor demand in the retail market came from Property Companies and Other Collective Vehicles, which between them accounted for 70% of all 2008 retail activity. A significant proportion of retail specialists are listed property companies, which in 2008 spent €3.4 billion on retail property.

Despite the decline in the total value of retail transactions, there were still a number of countries where the total value of retail investment increased year-on year. Russia, Denmark and the Netherlands all saw activity increase by over 70% (by value). Retail investment in Russia

comprised 36% of the total market, partly due to a number of large transactions including the €352 million sale of Vremena Goda shopping centre, one of the top 10 retail transactions in Europe last year.

John Welham, Head of European Retail Investment, CB Richard Ellis, commented: "While financing larger deals remains difficult and has had an effect on the number of larger retail transactions completed during 2008, there is still a strong appetite for quality retail assets in the right location. Across all commercial sectors only four deals over €1 billion were completed last year and two of these were in the retail sector."

"Cross-border activity continued to make up more than half of all retail investment in Europe last year, and for shopping centres, the proportion of foreign buyers was 66%. The decline in capital values in the retail sector has been smaller than in both the industrial and office sectors, making it a defensive option in the current downturn and attracting ongoing interest from international investors," Welham concluded