

# PRESS RELEASE

## RENTS FALLING AND YIELDS RISING ACROSS EMEA IN FIRST QUARTER 2009

**London, 21 April 2009** – CB Richard Ellis today announced the results of its Rent and Yield Indices for the first quarter of 2009, broadly reporting falling rents and rising yields across Europe.

Key findings included:

### **Rents**

#### *Offices*

Prime office rents across Europe fell in the first quarter of 2009. The CB Richard Ellis office rent index for the EU-15 area fell by 3.4% in the quarter, taking the year-on-year rate of growth to minus 4.1%.

Twenty eight of the 48 locations in the survey saw prime rent falls, one location increased and 19 remained unchanged. The largest falls occurred in Kyiv (down 33% to €357 per sq m per annum) and Moscow (down 20% to €918 per sq m per annum). The only increase was in Zagreb, where rents increased by 0.8% to €211 per sq m per annum.

#### *Retail*

Prime rents also fell in the retail sector. The CB Richard Ellis retail rent index for the EU-15 area fell by 1.3% in the quarter, taking the year-on-year rate of growth to 0.6%

Only one location in the survey saw an increase in the level of prime rent, 13 declined and 29 remained unchanged. The largest falls were recorded in Warsaw (down 33% to €960 per sq m per annum) and Bucharest (down 30% to €1,080 per sq m per annum). The single increase occurred in Birmingham, where rents increased by 9% to €1,669 per sq m per annum.

#### *Industrial*

Industrial rents also fell in the quarter. The CB Richard Ellis industrial rent index for the EU-15 area fell by 2.2% in the quarter, taking the year-on-year rate of growth to -4.6%

Twenty four of the 43 locations in the survey saw the level of prime rent remaining stable, 18 declined and only one location saw an increase. The largest falls were in Dubai (down 33% to €67 per sq m per annum) and Kyiv (down 22% to €64 per sq m per annum). The single increase occurred in The Hague, where rents increased by 8.3% to €65 per sq m per annum.

### **Yields**

#### *Offices*

Office yields across Europe rose in the first quarter. The CB Richard Ellis office yield index for the EU-15 area rose by 19 basis points in the quarter, and as a result is 107 basis points higher than a year ago.

Thirty four of the 49 locations in the survey saw upward yield movements, two saw yields move lower and 13 remained unchanged. The largest rise occurred in Moscow with yields moving 150 basis points higher to 11.5%, with Sofia, Zagreb, Budapest, Bucharest and Belgrade each seeing

increases of 100 basis points. Running counter to the general upward trend, there were yield reductions of 15 basis points in Manchester and Birmingham taking both to 7.5%.

*Retail*

Retail yields also rose in the quarter. The CB Richard Ellis retail yield index for the EU-15 area rose by 24 basis points in the quarter, and as a result is 98 basis points higher than it was a year ago.

Thirty of the 42 locations in the survey saw upward yield movements, 12 remained unchanged and there were no reductions. The largest rises occurred in Bucharest (300 basis points) and Moscow (150 basis points), leaving both at 11.5%.

*Industrial*

Industrial yields also rose. The CB Richard Ellis industrial yield index for the EU-15 area rose by 32 basis points in the quarter, and as a result is 120 basis points higher than a year ago.

Thirty two of the 41 locations in the survey saw upward yield movements, none saw yield reductions and nine remained unchanged. As in the retail sector, the largest rises (150 basis points) occurred in Moscow and Bucharest, taking them to 13.5% and 10% respectively.

Commenting on these changes, Richard Holberton, Director, EMEA Research said: "The effects of the general deterioration in short-term economic prospects are very evident in the downward pressure on all the sector rent indices this quarter. This weakening in the rental outlook, along with loss of liquidity and higher risk premia, continues to cause repricing in the investment market. Yields continue to rise in most markets, although some parts of the UK market notably saw very modest movements and, in a couple of cases, negative shifts."