

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

UPTURN IN EUROPEAN PROPERTY INVESTMENT ACTIVITY IN Q2 MATCHED BY STABILISING YIELDS

Turnover increased to €13b in Q2; All-property average yield up by just 2 bps

London, 14 July 2009 – CB Richard Ellis Group, Inc. today announced a slight upturn in the European commercial real estate investment market, with turnover for the second quarter (Q2) of 2009 totaling €13 billion, a 12% increase on the €11.6 billion transacted in Q1 2009. The increase in activity was heavily weighted towards the last few weeks of the quarter.

This increase in activity has been matched by stabilising yields. The CB Richard Ellis EU-15 all-property average prime yield rose by just 2 bps in Q2 to 6.13% - a significant change from the recent trend that had seen the average yield increase by 103 bps over the previous four quarters. Of particular note was the fall in the average office yield (albeit by just 2 bps) as a result of tightening yields in Paris and provincial UK markets.

Although the upturn in pan-European investment activity in the second quarter is relatively modest, the results are an indication of improving investor sentiment. The question is now whether the recovery in activity seen in Q2 will be sustained. Even if investor interest remains high, transactions are often taking considerable time to complete and the summer period in July and August is traditionally quieter from an investment perspective. This may mean that the improvement in activity levels will not become fully apparent in terms of completed deals until the last three or four months of the year.

For Q2, there were mixed trends across different European real estate markets, with a more pronounced renewal of investor interest in markets that have already seen the greatest price correction, such as London, Madrid, Barcelona and Paris. The UK trend is particularly notable. After a relatively slow start through April and May, the property investment market picked up strongly in June, with the final month of the quarter accounting for more than 60% of the Q2 2009 total. Five of the six €100+ million deals that took place in the UK were concluded in June, including the largest single asset deal – the £458 (€510) million purchase of 1-10 Bishops Square by Oman Investment Fund.

There are a broad range of investors currently active across Europe. Recent buyers have included institutions, Sovereign Wealth Funds and German Open-ended Funds, as well as private investors and Opportunity Funds. The entry of Opportunity Funds to the market, who have been sitting on the sidelines since mid-2008, is a positive development.

Michael Haddock, Director of EMEA Capital Markets Research for CB Richard Ellis, commented: “What the second quarter’s activity clearly reflects is that those markets that have seen greatest price corrections are seeing most transaction activity. This is particularly true of Spain and the UK, where investors have been attracted to the markets by a perception that they now offer good value.”

Jonathan Hull, Executive Director of EMEA Capital Markets, CB Richard Ellis, said: “We have certainly seen increasing levels of capital focused on the prime European markets and not just London. The most notable changes in the market recently have been strong net inflows and the reopening of three German Open-ended Funds, which is encouraging news for the sector. The UK

real estate funds are also starting to see positive net inflows. Generally speaking, the capital targeting the market has increased and we expect this could translate into an increase in transactions in the second half of the year. Most capital is focused on secure income streams and core product.”

European Investment Activity, Q2 2009 vs Q1 2009

Major European Countries/Regions (€ million)	Q2 2009	Q1 2009	% change
UK	4,372	4,170	5%
Italy & Iberia	2,318	1,529	52%
Germany	1,620	1,687	-4%
Nordics	1,544	1,446	7%
France	1,543	750	106%
Benelux	1,012	974	4%
CEE	164	396	-59%
Europe*	13,000	11,593	12%

* Also includes Austria, Greece and Switzerland

Source: CB Richard Ellis