

PRESS RELEASE

EUROPEAN INVESTMENT ACTIVITY SLOWS IN Q4 DESPITE BOOST FROM LATE-YEAR DEAL COMPLETIONS

London, 14 January 2009 – CB Richard Ellis Group, Inc. announced today that European commercial real estate investment turnover slowed to €19.5 billion in Q4 2008, following two consecutive quarters of more stabilised turnover levels of around €27-28 billion. This brings the total 2008 turnover to €116 billion, a level comparable with that registered in 2004.

Almost every market saw a decline in activity compared to the third quarter 2008. The contrast between Q3 and Q4 was heavily influenced by the collapse of Lehman Brothers and the deepening of the credit market turmoil, which had a negative impact on investor confidence. Furthermore, by the end of the third quarter, the credit crunch had taken its toll on the broader economy, with many European countries slipping into negative economic growth and 2009 forecasts signaling recession.

Although Q4 European investment activity fell by 29% from the third quarter, the results were boosted by a number of significant deal closures just before the year end. Amongst those were a few notable transactions, including the €990 million HSBC buyback of 8-16 Canada Square in London and sale-and-leaseback portfolio disposals by two of Italy's major banks, Banca Intesa and Unicredit Group, together amounting to €1.65 billion.

Powered by these transactions, Italy saw a sharp increase in investment activity compared with Q3. Most other countries, however, saw decreased investment activity for the quarter, with the exception of France and Germany:

Market turnover, € million	Q4 2008	Q3 2008	change
UK	4,973	5,369	-7%
Germany	3,804	3,746	2%
France	2,808	2,491	13%
Italy	2,618	927	182%
Scandinavia	2,019	8,736	-77%
Benelux	1,165	1,337	-13%
Spain	814	1,419	-43%
CEE	501	2,927	-83%
Europe	19,520	27,681	-29%

Equity and institutional buyers, which were the dominant players in 2008, will remain key for the real estate investment market in the near future. Michael Haddock, Director of EMEA Capital Markets Research, CB Richard Ellis, said: "There was quite a sharp rise in prime yields across Europe in the final quarter of 2008, averaging between 30 and 40 bps. This will go some way to closing the gap between buyer and seller pricing expectations and set the stage for higher levels of activity in 2009."

Jonathan Hull, Executive Director of EMEA Capital Markets, CB Richard Ellis, said: “Although the overall European market slowed in the last quarter of 2008, investors are starting to express increased interest in some markets. The UK in particular is witnessing increasing levels of interest, particularly Central London where the degree of re-pricing has made much of the core market attractive to the long-term investor. The recent weakening of sterling offers an additional benefit to many cross-border investors with foreign currency denominated funds.”

European Investment: 2008 turnover equivalent to 2004 levels

