

PRESS RELEASE

MAJOR WESTERN EUROPEAN MARKETS DRIVE QUARTERLY INCREASE IN EUROPEAN PROPERTY INVESTMENT ACTIVITY IN Q3 2009

London, 20 October 2009 – Significant increases in real estate investment turnover in the UK, Germany and Spain in the third quarter (Q3 2009) propelled an upturn in the European commercial real estate investment market, according to the latest data from CB Richard Ellis Group, Inc. European investment activity in Q3 2009 totaled €17.3 billion, a 34% increase on Q2 2009 and the highest quarterly result so far this year. Despite the quarterly increase, in year-on-year terms the Q3 2009 total compares with the €30.0 billion investment turnover recorded in Q3 2008.

The UK and Germany, in particular, saw some of the sharpest improvements, both reporting increases of more than 50% in investment activity compared with Q2 2009. While investor interest in Germany remained local and stayed firmly fixed on the prime segment of the market, the situation was rather different in the UK. Investors in the UK have started to see value across a wider product range and have become increasingly prepared to take additional risk by investing in more secondary product. Spain was another major western European market to see a prominent increase in activity in Q3, with €1.5 billion worth of transactions – a 44% increase on Q2 2009.

Another new development in the European market in Q3 2009 was the completion of two €1 billion+ deals – marking the first time since Q3 2008 that deals of this size have been transacted. One of these was British Land's €1.2 billion sale of the Broadgate Estate office complex in the City of London to American opportunity fund Blackstone Real Estate. The other was Spanish bank BBVA's €1.15 billion sale and leaseback of a portfolio of mainly bank branches located in Spain. These transactions are important to note given the sharp fall in average transaction size post Lehman's collapse. The largest transaction in Europe during H1 2009 was the sale of the former Dawnay Day portfolio in the UK for around £600 million (€669 million). There were only 36 transactions of over €100 million in Europe in H1 2009, a trend which is starting to reverse as deals for more than €100 million became much more common place in Q3 2009.

European Real Estate Investment Activity, Q3 2009 vs Q2 2009

Major European Countries/Regions (€ million)	Q3 2009	Q2 2009	% change
UK	6,608	4,201	57%
Italy & Iberia	2,944	2,413	22%
Germany	2,703	1,620	67%
Benelux	1,591	997	60%
France	1,482	1,766	-16%
Nordics	1,090	1,312	-17%
CEE	550	169	226%
Europe*	17,300	12,925	34%

* Also includes Austria, Greece and Switzerland

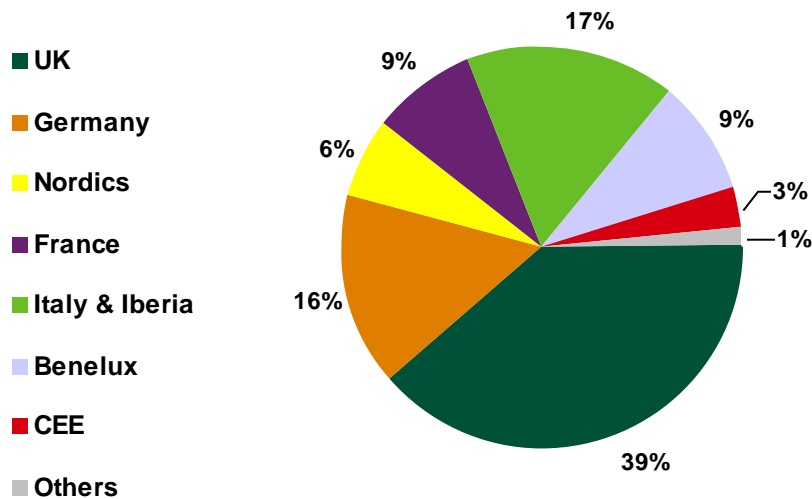
Source: CB Richard Ellis

Michael Haddock, Director of EMEA Capital Markets Research for CB Richard Ellis, commented: "The recent upturn in investment activity suggests that many investors believe the European market is approaching the bottom of the cycle; and in some cases, it may well be past that point. Whilst

investment turnover has started to pick-up from lows of around €12 billion in both Q1 and Q2 this year, concerns remain about slow economic recovery and its lagging impact on the occupier market.”

Jonathan Hull, Executive Director of EMEA Capital Markets, CB Richard Ellis, said: “The majority of investment interest is still heavily concentrated in the prime segment of the market. Some recently offered UK properties have attracted over 20 bids from a wide range of buyers, highlighting substantial build-up in competition for very good quality assets and putting increasing downward pressure on yields.”

European Real Estate Investment Activity by Country, Q3 2009



Source: CB Richard Ellis