

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

PRIME RETAIL REAL ESTATE REMAINS STRONG DEFENSIVE INVESTMENT IN ECONOMIC DOWNTURN

Retail property continues to account for around a quarter of the European investment market in 2008

Cannes/London, 20 November 2008 – CB Richard Ellis today announced that it expects quality retail property to continue to appeal to major investors through the current market downturn. At its retail outlook briefing at the MAPIC retail conference in Cannes, France, the leading global property advisor said prime retail assets – particularly shopping centres – remain sought-after and good defensive investments amidst the global economic downturn. During the third quarter of 2008, retail transactions totaling €6.2 billion were completed in Europe. Germany, the UK and the Nordics were the most active markets, together accounting for almost 70% of completed deals (by value).

John Welham, Head of European Retail Investment, CB Richard Ellis, said: “Although there is great polarisation between the prime and secondary segments of the retail investment market, the prime end is certainly demonstrating that the right asset in the right location is still considered a sound investment.

“Where quality shopping centres have become available this year, investors have shown they are still prepared to acquire in the knowledge that they would not have the opportunity to buy these attractive assets in stronger markets. And there are many reasons to believe that good quality retail property will outperform other real estate sectors in the current market.”

Constrained supply, a diversified tenant base, very low vacancy rates and security of income are some of the reasons why European retail property continues to attract the attention of major investors. These are also attributes which should protect the sector in a downturn and give it the potential to outperform other real estate sectors.

Despite the significant decrease in overall real estate investment volumes, the retail sector has accounted for a substantial proportion of activity in the European market. During the first three quarters of 2008, retail property totaling €24.3 billion has been traded, which is 26% of the market as a whole. Nearly a quarter of European markets experienced an increase in retail investment volumes compared to the same period in 2007.

A notable trend has been the increase in owner-occupier retail sales, with almost €4.2 billion worth transacted in the first half of 2008. This is a trend which is likely to continue, as retailers look to raise capital to combat weakening sales and pressure on margins. The increasingly cross-border nature of retail investment activity is another trend which has maintained momentum recently. In the first six months of the year, international buyers accounted for almost 60% of European retail activity, a slight increase on 2007, where foreign buyers accounted for 55% of activity.

“The active buyers in the retail investment market have been mixed, but specialist retail funds like Henderson and PREF and some of the German Open-ended Funds have made acquisitions. Even unlikely buyers such as listed property companies, who in the current market conditions have been selling to raise equity, have come through as buyers of the right retail product. This was illustrated recently by both the Klepierre deal with Steen & Strom and Unibail-Rodamco’s acquisitions in Spain,” continued John Welham.

“Europe’s shopping centre owners have been through previous economic cycles and are confident that the better quality and generally larger shopping centres will continue to perform well through the current downturn.”