

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

UK DOMINATES SOFT EUROPEAN PROPERTY INVESTMENT MARKET IN FIRST QUARTER AS INVESTOR INTEREST TURNS TO LONDON

European Investment Activity Falls to €11.5b in Q1 2009

London, 15 April 2009 – CB Richard Ellis Group, Inc. today announced that, as expected, the European commercial real estate investment market continued its fall with turnover for the first quarter (Q1) of 2009 totaling €11.5 billion. This level of activity marks a sharp decline from the fourth quarter (Q4) of 2008, which saw market activity of €20.6 billion, and reflects, among other things, the continuing impact of Lehman Brothers' collapse last September on investor sentiment. Despite the sharp fall in activity, a slowing rate of decline in the UK and a pick-up in activity in several other European markets suggest investor sentiment may be starting to improve. The UK's share of the European market increased to 37% in Q1 2009, up from 26% in Q4 2008.

The effect of Lehman's collapse – and the deepening of the global credit crisis – on the commercial real estate market was magnified in Europe by the fact that the German government's response to that crisis, guaranteeing 100% of bank deposit accounts, indirectly led to the closure to redemptions to several of the German open-ended real estate funds. As these funds were active buyers of European real estate at the time, their withdrawal from the market further undermined investor confidence.

Michael Haddock, Director of Capital Markets Research for CB Richard Ellis in the EMEA region, commented: "A lot has happened since the Lehman collapse six months ago, both in the world economy and in the global property markets. Yet the significant impact that event had on investor sentiment is still showing through in European property investment activity. The reduction in completed property deals in Q1 2009 reflects investors' lack of confidence in the last quarter of 2008 and the longer lead times now being experienced when completing real estate transactions."

The slowdown in activity in Q1 2009 was evident in almost all markets across Europe; however six of the 26 European countries covered – Belgium, Luxembourg, Norway, Romania, Slovakia and Ukraine – saw an increase in activity during the period. The relatively small decline in activity in the UK in Q1 2009 – a 22% fall from Q4 2008, compared with a 46% decline for Europe as a whole – suggests a possible improvement in investor sentiment towards this market. With the UK having led the way in terms of value correction in European property, it is the UK which is expected to lead the way in terms of recovery. Therefore the improved sentiment may come as a positive sign not only for the UK market, but for Europe as a whole.

Richard Womack, Senior Director of London's West End Capital Markets for CB Richard Ellis, said: "Sentiment is definitely improving in the London market and investor interest is strengthening. In the last two weeks of March, around £700 million (€754 million) went under offer or exchanged in Central London in a total of 15 deals. All of the properties are prime, or nearly prime, buildings with good income streams. There is competition for the best quality opportunities and we are currently seeing the most diverse range of investors looking at London than I can remember over the last 16 years."

European Investment Activity, Q1 2009 vs Q4 2008

Major European Countries/Regions (€ million)	Q1 2009	Q4 2008	% change	% of European Market in Q1 09
UK	4,099	5,248	-22%	36%
Germany	1,687	3,804	-56%	15%
Nordics	1,284	2,311	-44%	11%
Italy & Iberia	1,118	2,559	-69%	10%
Benelux	1,094	1,168	-6%	9%
France	810	2,898	-72%	7%
CEE	268	616	-57%	2%
Europe*	11,534	20,565	-44%	

* Also includes Austria and Switzerland