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**CONTACT:**  
**Tilly Shirlaw, FD**  
[Tilly.shirlaw@fd.com](mailto:Tilly.shirlaw@fd.com)  
020 7269 9352

## EUROPEAN CAPITAL VALUES STATIC

### **Retail continues positive momentum, but other sectors see values slip**

**London, 22 August 2011** – The second quarter of 2011 (Q2) marked a continued period of general stability in values across the European commercial property market. While positive (+0.1%), the rate of growth was much slower than seen in the previous two quarters (at +0.4%, and +1.2% respectively) according to the latest European Valuation Monitor (EVM) published by CB Richard Ellis.

Over recent quarters the retail sector has seen the strongest performance, and this trend continued – retail property was the only sector to see positive value change (+0.8%) in Q2. While year on year change is still positive for the office sector (+2.0%), values in the industrial sector are now falling year on year (-0.9%).

Andrew Barber, Senior Director of EMEA Valuation and Advisory Services, CB Richard Ellis, said: “Values remained almost static across Europe over the second quarter of 2011. The absence of any strong general movement in either rents or yields last quarter, and economic uncertainty caused by the deteriorating news on Greece and other peripheral economies, saw a divergence in property value performance across both sectors and regions.

“Values fell in Southern Europe and Ireland, but it was the Netherlands which saw the greatest decline – reflective of the widening value gap between prime and secondary assets that has emerged there. As more evidence becomes available there may be more weakening in the secondary/tertiary markets. However, it is notable that investors continue to compete strongly for core assets that have recently come to the market.

“Economic momentum remains very uneven and, with fiscal strains within the Eurozone continuing to loom large, investor concerns persist, but a clearer pattern of change is emerging with the stronger economic areas such as the Nordic markets, UK and CEE still seeing positive value change.”

### **Retail values continue to lead the way**

Retail values once again recorded the strongest growth this quarter (+0.8%). With the exception of the UK where central London offices continued to report the strongest capital growth, the retail sector recorded the highest capital growth in each of the country groupings covered by the EVM. The best performance was recorded in France (+1.9%), and values improved in all markets with the exception of Southern Europe & Ireland and The Netherlands. By contrast, industrial values fell in all markets other than CEE and France.

### **Core Western Europe and Nordics maintain their move ahead**

European investment volumes fell slightly in Q2 from Q1, but were resilient in the Nordic region, France and CEE; and it was these areas which saw the strongest capital growth in the quarter, with CEE leading the way (+0.9%) as prime assets continued to record strong demand from investors in the region. The Netherlands was the worst performer (-3.6%), driven by a very weak office sector; and Southern Europe & Ireland also fell as growth in Spain and Italy ebbed away.

### **ENDS**

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