

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

EUROPEAN REAL ESTATE INVESTMENT IN 2011 REACHES €115BN

- Annual Investment Turnover 4% Higher Than 2010 -
- Exceptional Final Quarter for French Property Investment -

London, 17 January 2011 – The push to complete commercial real estate investment deals in Europe before the end of 2011 boosted annual investment turnover to €115 billion, representing a 4% increase for the year when compared with 2010 (€110bn), according to the latest research from CBRE.

The strong finish in the fourth quarter of 2011 (Q4 2011) saw investment activity rise 15% compared with the previous quarter to €32bn, demonstrating investors' continued faith in European commercial real estate despite the uncertain economic outlook.

The uptick in commercial real estate investment in Q4 2011 versus Q3 2011 was particularly strong in France (+65%), the Nordics (+40%) and Benelux region (+42%). Property investment activity in Iberia also more than doubled over Q3, although the improvement was from a very low base.

The French real estate investment market recorded €6.5bn of activity in Q4 2011. This was the highest quarterly turnover for France since Q3 2007 and was ahead of every other market in Europe during Q4 2011 except the United Kingdom (UK), which saw an estimated €8.3bn of investment activity. Investment activity in France was heavily biased towards the Paris office sector and included large portfolio and single-asset deals. The level of activity was boosted by the year-end deadline for sales of corporate real estate to REITs at a lower capital gains tax rate. This resulted in a higher level of suitable supply, but other factors, such as the need for liquidity among some investors, also contributed to the bumper year-end performance.

Commercial real estate investment activity in the Nordics was strong across the region in Q4 2011, with Sweden and Denmark performing well. In part, the Nordics benefited from safe haven demand due to their position outside of the eurozone. After building momentum during the year, market turnover in both Central and Eastern Europe (CEE) and Italy slowed in the final quarter.

Reflecting the economic divide between northern and southern Europe, commercial real estate investment in 'core' northern markets – in particular the UK, France, Germany and Sweden - have shown growth on an annual basis. In contrast to this, investment in Italy, Portugal and Spain suffered from lower levels of activity in 2011 compared with 2010.

Jonathan Hull, Head of EMEA Capital Markets, CBRE, commented:

“Despite the uncertain economic climate, 2011 European property investment topped activity levels seen in 2010, buoyed by a strong year end. Investors are still targeting prime assets in liquid markets, and final quarter numbers confirm that France, Germany, the UK and the Nordics are key to core strategies.”

European Commercial Real Estate Investment Activity

Market Turnover € million	Q4 2011	Q3 2011	Change Q4/Q3
UK	8,339	7,731	8%
Germany	5,832	5,690	2%
France	6,510	3,950	65%
Nordics	5,126	3,671	40%
Benelux	1,835	1,295	42%
Italy	851	1,309	-35%
Iberia	890	331	169%
CEE	1,572	2,911	-46%
Europe*	31,909	27,766	15%

* Includes Austria, Greece, Ireland, and Switzerland

Source: CBRE, KTI, PropertyData, Realia Management

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