

PRESS RELEASE

CEE PROPERTY INVESTMENT DOUBLES YEAR-ON-YEAR

- 2011 is Third Most Active Year for Property Investment in CEE History -

Prague, 24 January 2011 – Commercial property investment volumes in Central and Eastern Europe (CEE) reached more than €11.2 billion by the end of December 2011 - twice the volume when compared to 2010, according to the latest data from CBRE.

Significant deal flow in Russia during December 2011 pushed CEE property investment volumes over the €10 billion mark, which resulted in the third strongest year in CEE history. The strong finish in the final quarter of 2011 (Q4 2011) confirms the expectations CBRE had at the start of December that several pending transactions would close by the year-end. Of particular note was the closing of the Galeria centre, a large mall in St. Petersburg, for over €800 million.

Low levels of property investment activity were recorded in South Eastern Europe (SEE), with Serbia and Ukraine not seeing a single institutional transaction during 2011. However, increased investment activity has been visible in the Hungarian and Slovak commercial real estate investment markets in recent months. This trend is likely to continue, especially in Budapest, since the core segment of the market has remained mostly illiquid thus far and occupier market fundamentals have remained occupier friendly. In total, investment volumes in Hungary increased from around €180 million in 2010 to over €600 million in 2011.

Patrick O’Gorman, Director of CEE Capital Markets, CBRE, commented:

“There is some willingness to invest in Hungary, despite recent increasing unrest in the country, but it remains to be seen how this trend will continue with current negotiations with the International Monetary Fund underway and limited financing available. Refinancing of current loan agreements and potential partnerships between owners and opportunistic investors may lead to further deal flow in 2012.”

Despite the fact that in some Western European markets yields have turned the corner, prime yields are expected to remain solid in markets such as Poland and the Czech Republic based on strong demand and income growth, while increasing bond yields and the poor performance of the Forint are weakening fundamentals in Hungary.

Jos Tromp, Head of CEE Research & Consultancy, CBRE, commented:

“Based on the property transactions under way, 2012 is already following a similar pattern to 2011. The search for security is set to continue and lack of product availability at the top-end of the market may start pushing money into the core markets such as Poland and the Czech Republic, depending on how the general economic sentiment unfolds. Generally, financing will remain the key factor in determining which way markets move in 2012.”

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