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EUROPEAN RETAIL PROPERTY INVESTMENT GROWS DESPITE EUROZONE TURMOIL

- Retail Investors Drawn to Strong Economies of Germany and Nordics -
- International Buyers Eye CEE for Opportunities -

London, 24 January 2012 – Capital flows into European retail property continue to follow economic performance, with Germany and those markets positioned outside of the eurozone clear favourites with investors, according to the latest data from global real estate adviser CBRE.

European retail property investment grew to €9.4 billion in the final quarter of 2011 (Q4), bringing the annual total to €37.2 billion. The defensive characteristics of good quality retail assets continue to attract local and international investor demand despite an uncertain economic and political environment. As a result, retail in 2011 generated a large share of the overall commercial real estate investment across many European markets, growing to just above last-year's record of 32% on the pan-European level.

As has been the case throughout the last few years, capital flows continue to favour Europe's stronger and faster growing economies, with Germany and some of the Nordic and Central and Eastern European (CEE) markets seeing robust activity levels. Germany continued to gather pace in 2011 with just under €11 billion deals transacted for the year as whole. The German retail market has seen a remarkable growth in activity – tripling in size since 2009, while the retail share of the overall commercial property investment jumped to 48% in 2011, up on the 42% recorded last year.

Iryna Pylypchuk, Associate Director, EMEA Research, CBRE, commented:

"Off the back of stronger economic growth and occupier markets than elsewhere in Europe, Germany, the Nordics, and some CEE markets have been the biggest beneficiaries of investor demand, especially when it comes to international capital looking for new retail opportunities. In an uncertain economic and political environment, investor strategies will remain risk-averse and we expect the defensive strategies will put even greater investor focus on good quality retail assets."

John Welham, Head of European Retail Investment, CBRE, commented:

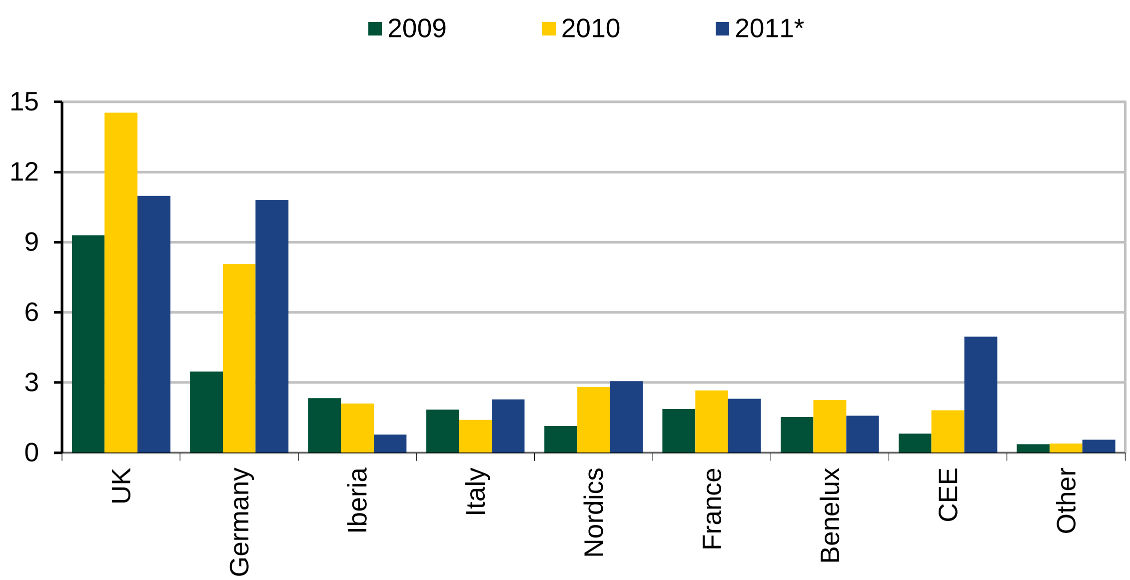
"Going forward, as the retail segment of commercial real estate grows further, some of the CEE markets will become extremely attractive from both an economic and pricing perspective. One step removed from the eurozone crisis, these younger economies offer further potential, especially as Russia becomes more of an international market, with investor interest broadening beyond Moscow and Saint Petersburg."

The Q4 2011 results were boosted by a stream of large shopping centre transactions, including several deals over €400 million, such as Morgan Stanley's €800 million plus purchase of one of Saint Petersburg's most prominent shopping centres, AMF's €450 million acquisition of a three centre portfolio in Stockholm and circa €400 million PEP shopping centre deal in Munich.

John Welham added:

“The number of large lot size transactions that we saw over the course of 2011 and into the last quarter of the year highlights that when it comes to the right asset it will find a buyer, be that an equity-rich institution or a more value add fund with secured financing, even in the tight lending market of today.”

Retail Investment by Country/Region, € billion



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