

MarketView

European Investment Quarterly

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Q4 2008

Q4 Investment Turnover

Compared to:

Q2 2008



Q3 2008



European investment turnover slowed to €19.5 billion in the last quarter of the year. This brings the 2008 total to €116 billion, a level comparable with that registered in 2004.

Q4 European investment was 29% down on the previous quarter, when almost €28 billion was transacted. The change in market trends and activity between Q3 and Q4 was heavily influenced by the collapse of Lehman Brothers and sub-sequential economic slowdown faced by most European economies.

Nevertheless, the last three months of the year had an element of surprise in that the results were boosted by a number of late deal closures. These include the €990 million HSBC buyback of 8-16 Canada Square in London and sale-and-leaseback portfolio disposals by two of Italy's major banks, Banca Intesa and Unicredit Group,

together amounting to €1.65 billion.

Powered by these transactions, Italy saw a sharp increase in investment activity compared with Q3. However, with the exception of France and Germany, most other countries saw a decline over the quarter.

Having seen rapid yield increases in the last quarter of 2008 the gap between buyer and seller pricing expectations has narrowed, with some buyers now viewing 2009 as a year of opportunity. Although not yet evident from last quarter's results, increased investor interest is starting to emerge in the UK market, especially Central London. Having seen a substantial degree of re-pricing in this market some investors are getting more active. The recent weakening of sterling is serving as a further incentive to international buyers.

Contacts

Michael Haddock

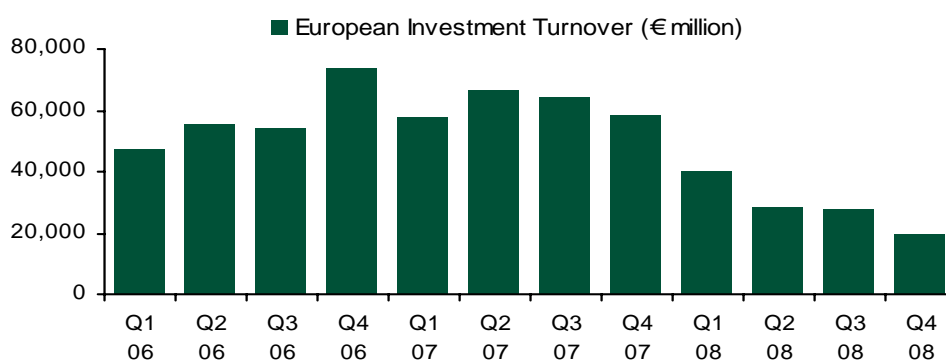
Michael.Haddock@cbre.com

Tel. +44 207 182 3274

Iryna Pylypchuk

Iryna.Pylypchuk@cbre.com

Tel. +44 207 182 3184



Market Turnover, €million	Q4 2008	Q3 2008	change
UK	4,973	5,369	-7%
Germany	3,804	3,746	2%
France	2,808	2,491	13%
Italy	2,618	927	182%
Scandinavia	2,019	8,736	-77%
Benelux	1,165	1,337	-13%
Spain	814	1,419	-43%
CEE	501	2,927	-83%
Europe	19,520	27,681	-29%