

MarketView Investment Snapshot

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Q1 2010

Trends

Volume	→
Yields	↘
Capital values	→

• In a first quarter characterised by a clear lack of completed deals, the sale & leaseback format was once again the chief protagonist. An example of this was the portfolio sale by Banco Sabadell, with CB Richard Ellis advising the purchaser, Moorpark.

Adolfo Ramírez-Escudero,
Consejero Director General,
CB Richard Ellis.

Market activity

• Yield movements

Once more, investor demand is reflected in a tightening of prime yields. This amounted to 25 bps in both the office and logistics markets during Q1. As such, prime yields have now come in 50bps over the last 6 months, after having risen by over 200bps since Q3 2007. There appears to be further margin for a slight downward movement as prime yields are still 50 bps above their long term average. However, much will depend on investor expectations in regard to favourable progress in the letting market.

• Supply / demand imbalances

Despite significant interest from investors, few deals have been completed, largely as a result of the imbalances that exist between what is on offer and what investors seek. Secondary assets, although they may offer growth potential, are heavily penalised on price. A similar situation applies for assets with a large amount of available space and those which do not have long unexpired underlying letting contracts. Demand is concentrated on well located assets with a lower risk profile. This type of asset generates strong interest when it becomes available for investment. An example of this is the sale of two logistics units in Madrid to a Luxembourg investment fund for 29 million euros. In total, 850 million euros were invested during Q1, a figure once again boosted by the disposal of assets through sale & leaseback deals.

Key data

	VOLUME (million euros)			YIELDS		
	2010 Q1	2009	2008	2010 Q1	2009	2008
Offices	110	1.200	4.289	6,00%	6,25%	6,00%
Retail*	685	2.288	1.261	7,00%	7,00%	6,00%
Industrial**	51	117	605	8,00%	8,25%	7,00%
Other	8	218	0	-	-	-

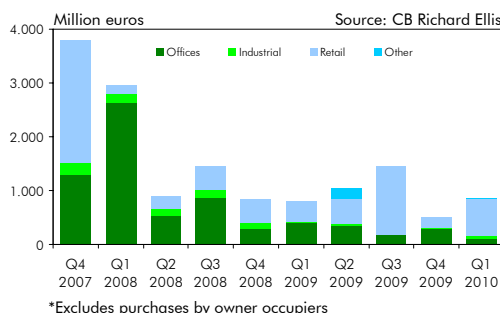
*Yields relate to Shopping Centre
**Yields relate to Logistics units

For more information on the investment market, please contact the following:

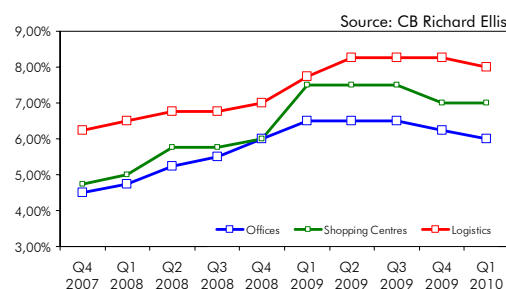
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Investment volume



Yields



CB Richard Ellis 2010

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