

MarketView

Retail Investment Quarterly

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Q3 2009

Q3 Retail Investment Turnover

Compared to:

Q3 2008



Q2 2009



European retail investment grew to over €5 billion in Q3 2009, a quarterly increase of 18%. In contrast to the 34% jump in activity across the market as a whole, the upturn in retail activity has been less pronounced; although equally it had been shallower on the downside.

In keeping with the overall market trends, retail investment was heavily driven by a small number of western European markets: Germany and Spain in particular, and also the UK. In fact, these three markets accounted for 80% of Q3 European retail investment, each reporting over €1 billion worth of transactions.

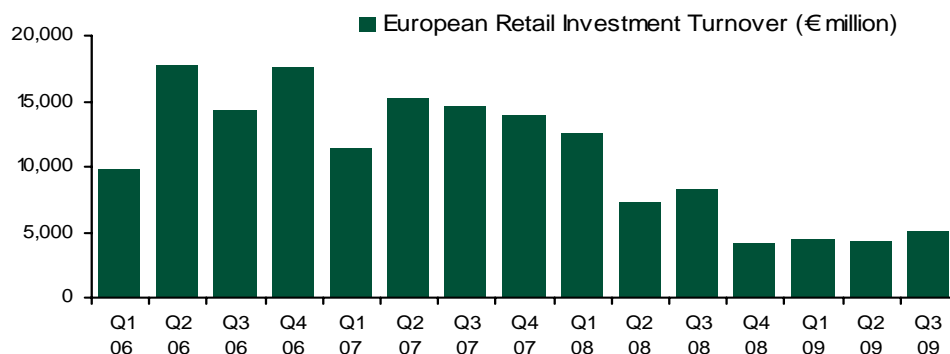
Germany saw the sharpest increase in activity, with its highest quarterly retail total since Q1 2008. At €1.2 billion, retail investment activity exceeded that for offices, very unusual in this typically office-dominant market. This was influenced by a number of large shopping centres changing hands – including Mercado (Hamburg), Die Mitte (Berlin) and share of Neues Thier-Areal (Dortmund) – all of

which went to local buyers. In fact, local investors continued to dominate the German market, a trend that started in H2 2008, with international buyers largely absent from the market since then.

Spain's sharp increase was heavily influenced by the €1.15 billion sale-and-leaseback of BBVA's portfolio of high street bank branches – the largest retail deal this year so far.

The UK market was also heavily influenced by local buyers this quarter, mainly focusing on lot sizes of around €10-20 million. Notably only a few shopping centres changed hands, with the only major deal being the Future Fund's purchase of a 33% interest in the Bullring shopping centre.

Interestingly, despite very high investor interest and the exceptionally active Q2 2009, the French market was very quiet in Q3. However, activity levels are likely to pick-up as investors start targeting good quality assets in more secondary locations as prime assets remain scarce.



Retail Turnover, €million	Q1 2009	Q4 2008	Change
UK	1,535	1,457	5%
Spain	1,300	453	187%
Germany	1,227	396	210%
Benelux	271	159	71%
Italy	229	802	-71%
Nordics	203	123	65%
France	138	767	-82%
CEE	79	58	36%
Europe	5,039	4,262	18%

Contacts

Michael Haddock

Michael.Haddock@cbre.com

Tel. +44 207 182 3274

Iryna Pylypchuk

Iryna.Pylypchuk@cbre.com

Tel. +44 207 182 3184

CBRE
CB RICHARD ELLIS