Global Research
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CBRE Global In-Sights:

The European Outlook

Presentation by:

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Introduction by:

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Global Chief Economist

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Nick Axford

Nick Axford is Head of CB Richard Ellis Research & Consulting with responsibilities to co-ordinate the research activities across Europe, Middle East and Africa (EMEA). It is Nick's mission to ensure that a full and innovative range of research, analysis and consultancy services is provided to clients.

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Ray Torto is CBRE's Global Chief Economist. He directs CBRE's worldwide team of commercial real estate market analysts and serves as the firm's primary spokesperson on macro economic issues and the global commercial real estate market.

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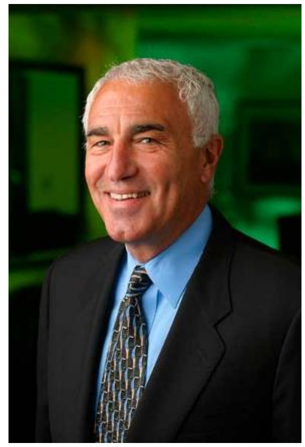

CBRE Global In-Sights

- CBRE Global In-Sights provides information and analysis that informs global occupiers and investors of current capital and property market conditions and trends.
- CBRE Global In-Sight presentations are recorded and the slide deck is available to clients, as well as the schedule of future presentations, on www.cbre.com/EN/Research

The Global View

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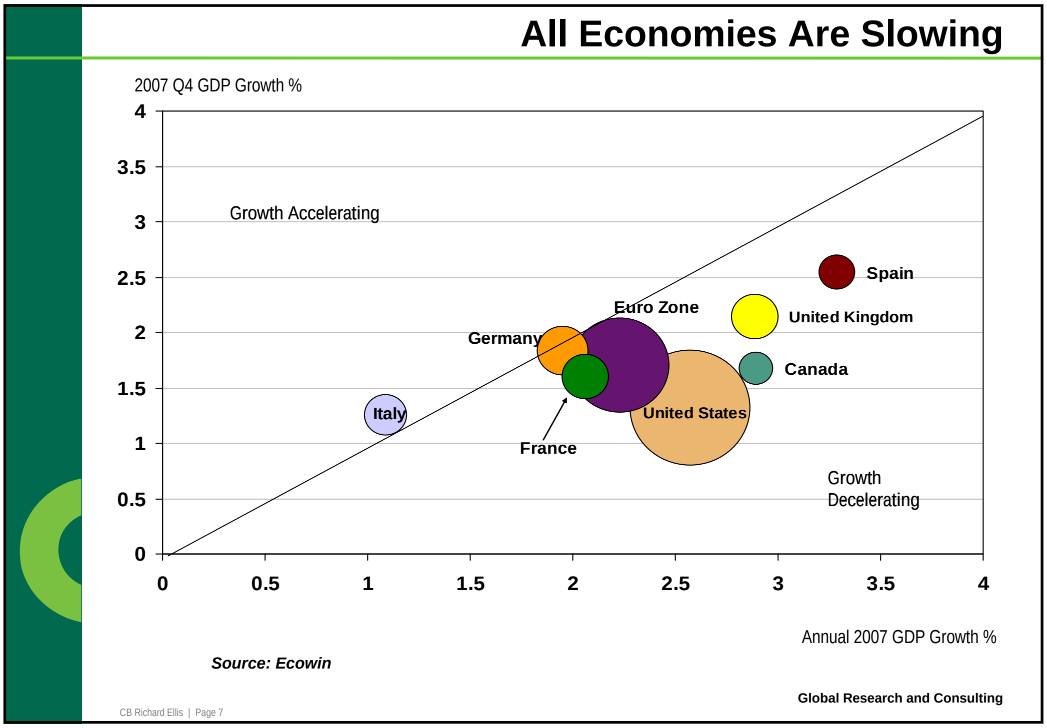
The Euro Zone is the World's Largest Economy

	GDP Shares	Population Share
Euro Zone	23.4%	4.8%
United States	23.2	4.6
BRIC	11.4	42.1
Japan	7.2	1.9
United Kingdom	3.6	.9
Total	68.8%	54.3%

Sources: Ecowin



All Economies Are Slowing
2007 Q4 GDP Growth %
4
3.5
3
2.5
2
1.5
1
0.5
0
Growth Accelerating
Spain
United Kingdom
Euro Zone
Germany
Canada
Italy
United States
France
Growth
Decelerating
0
0.5
1
1.5
2
2.5
3
3.5
4
Annual 2007 GDP Growth %
Source: Ecowin
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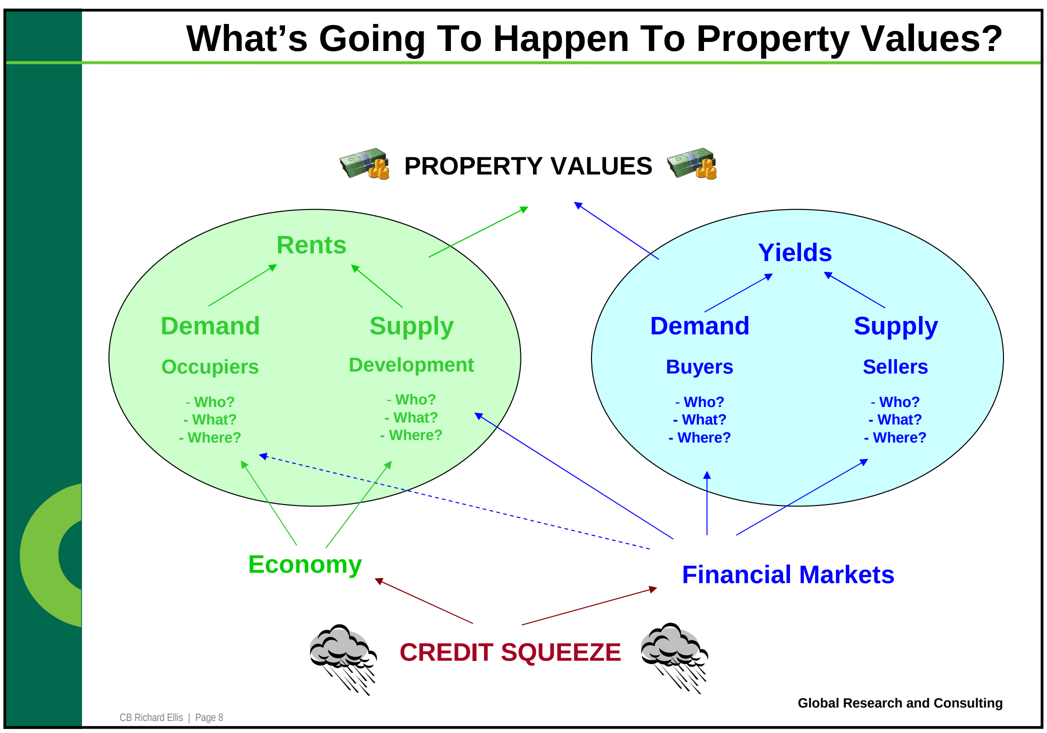

What's Going To Happen To Property Values?
PROPERTY VALUES
Rents
Demand
Supply
Occupiers
Development
- Who?
- What?
- Where?
- Who?
- What?
- Where?
Yields
Demand
Supply
Buyers
Sellers
- Who?
- What?
- Where?
- Who?
- What?
- Where?
Economy
Financial Markets
CREDIT SQUEEZE
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Yields and Values

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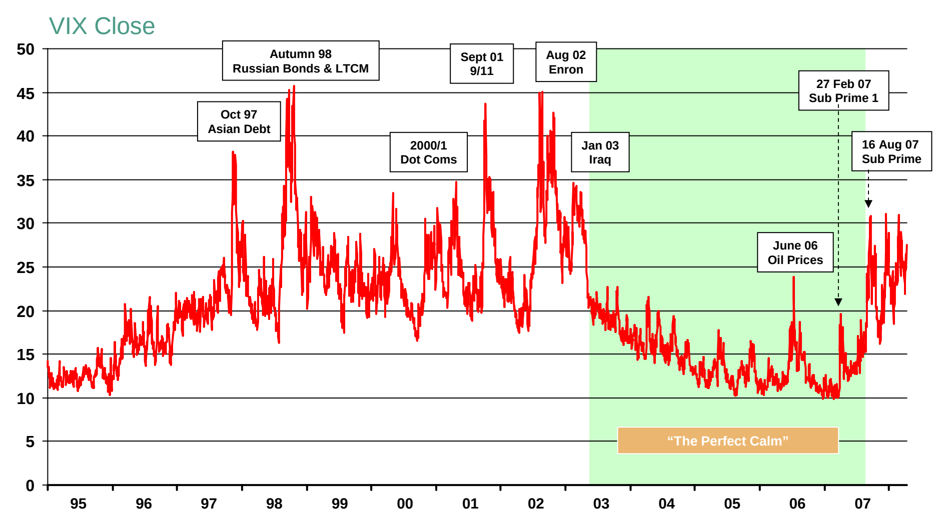
VIX US Equity Market Sentiment Volatility Index



Source: CBOE VIX (7 March 2008)

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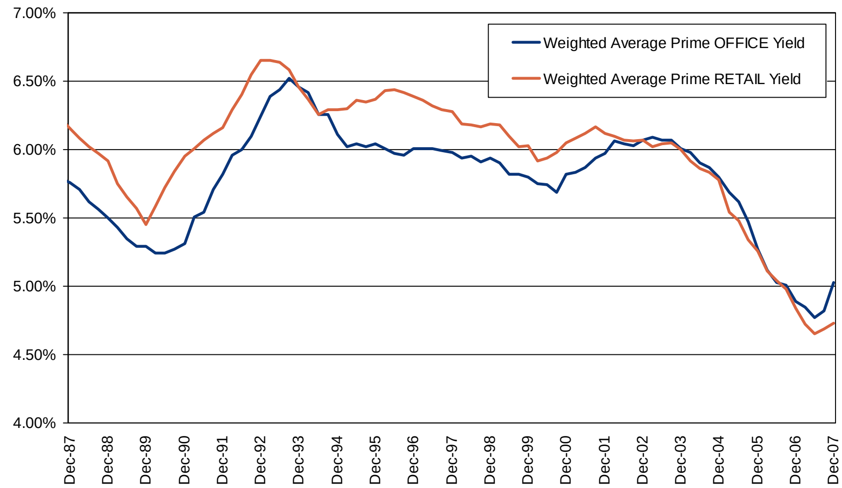
CB Richard Ellis EU-15 Yield Index



Source: CB Richard Ellis

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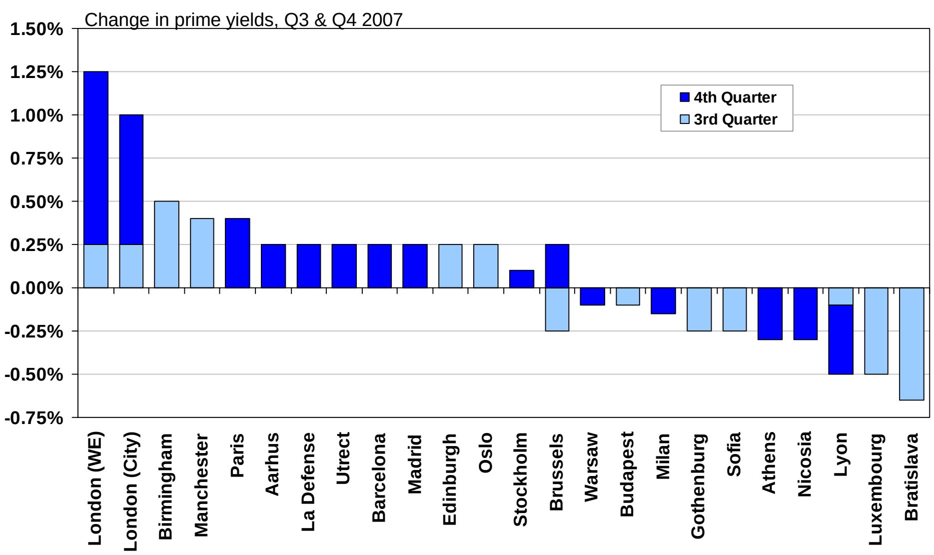
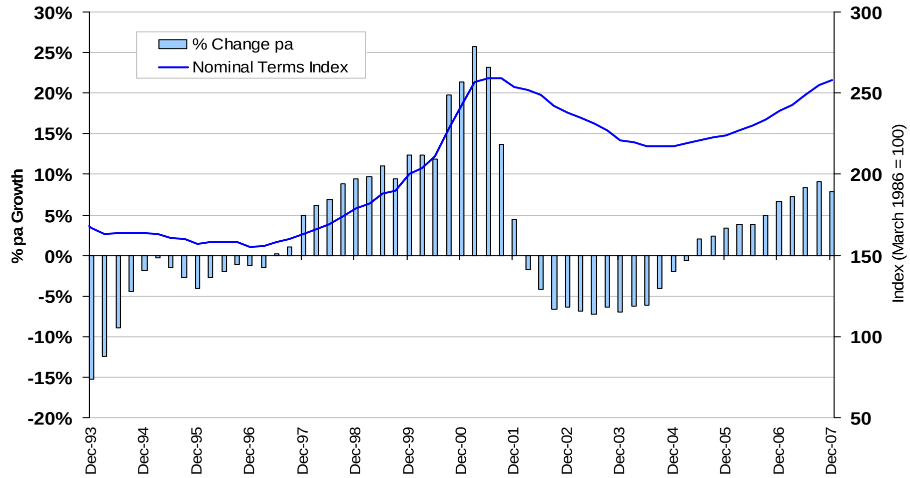
Prime Office Yield Movements, H2 2007



Source: CB Richard Ellis

Global Research and Consulting

CB Richard Ellis EU-15 Office Rent Index



Source: CB Richard Ellis

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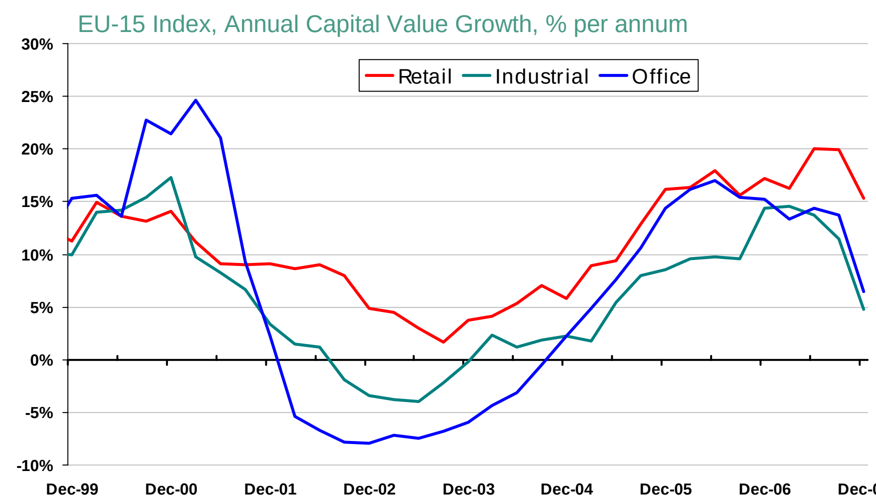
Capital Value Growth Has Slowed



Source: CB Richard Ellis

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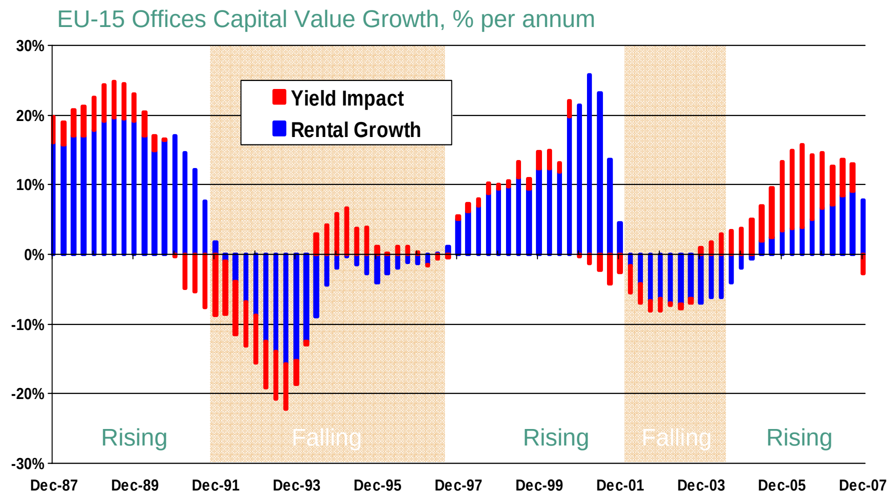
Rental Growth Now Driving Capital Values



Source: CB Richard Ellis

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The European Office Occupier Markets

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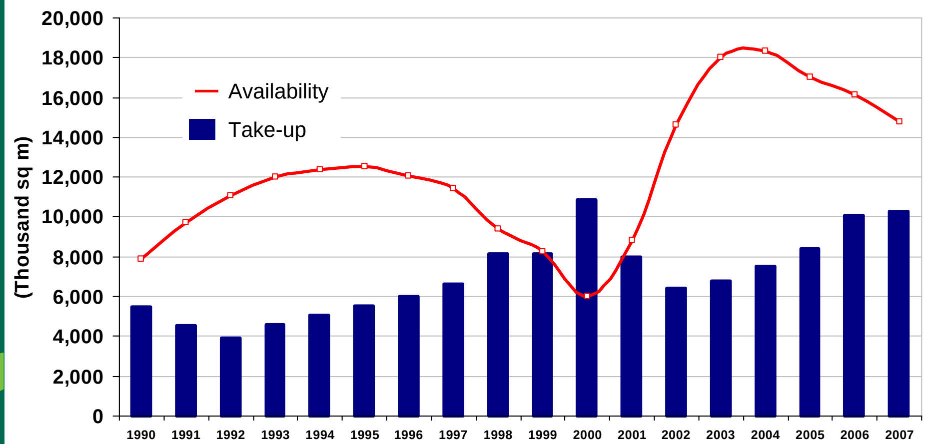
European Office Take-up and Availability

Aggregate in a sample of 15 markets



The 15 markets in the sample are: Vienna, Brussels, Ile de France, Frankfurt, Munich, Hamburg, Berlin, Dublin, Amsterdam, Barcelona, Madrid, Central London and UK M25 (M25 North and South and Thames Valley).

Source: CB Richard Ellis

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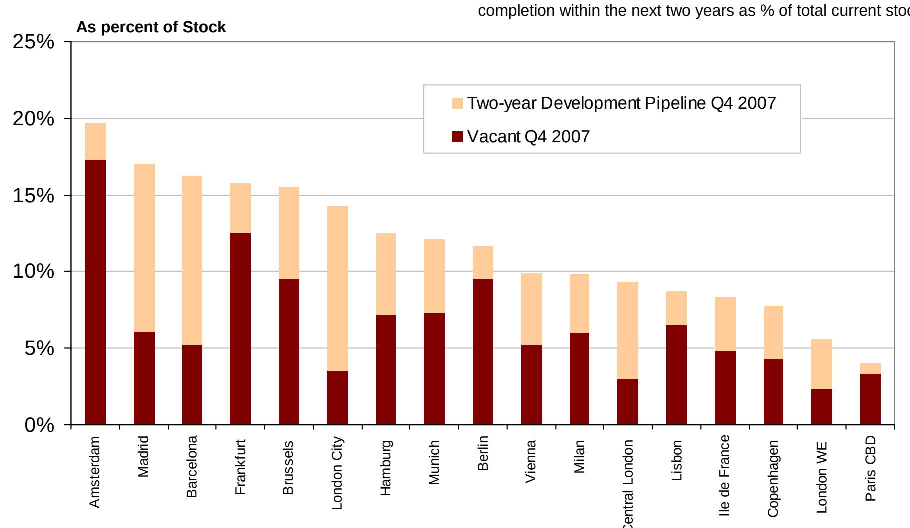
Supply Pipeline

Currently vacant office space, plus developments scheduled for completion within the next two years as % of total current stock



Source: CB Richard Ellis

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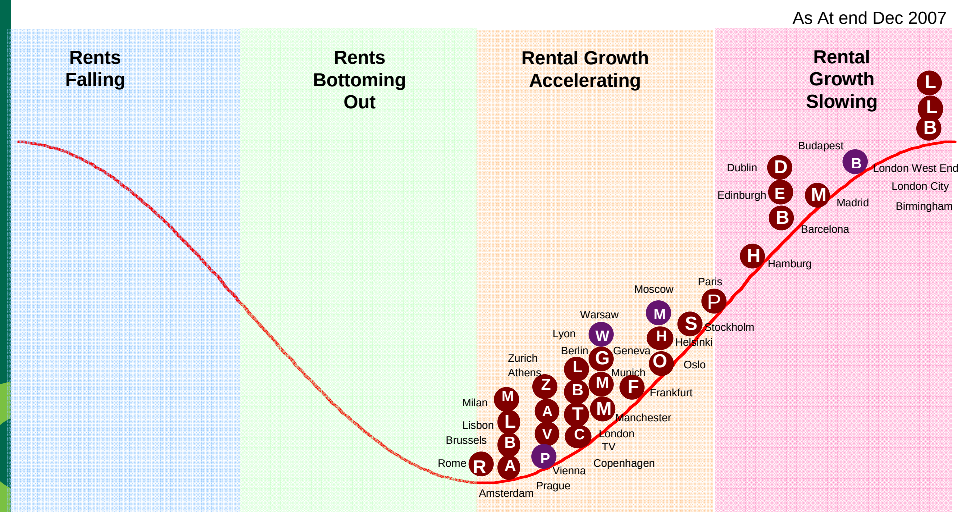
EMEA Office Market Rent Cycles, Q4 2007



Markets do not necessarily move along the curve in the same direction or at the same speed.
The rental cycle reflects the trend in net effective rents, taking into account leasing incentives

Source : CB Richard Ellis

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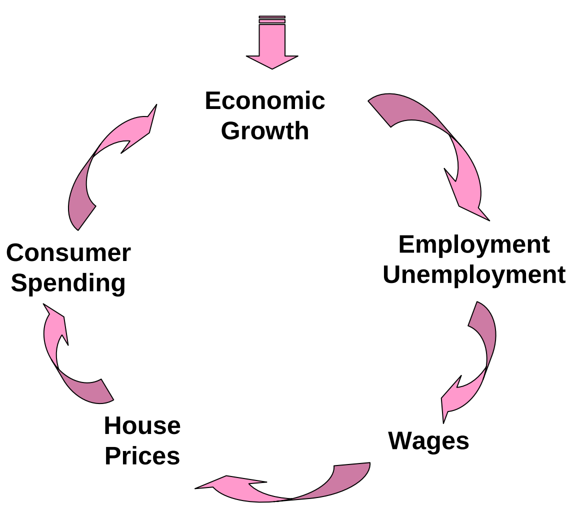
From Financial Markets to the Economy?

US economy weakens, Euro strengthens
Higher oil prices, European exports weaker
Borrowing costs higher, Corporate investment weaker
Banking sector weaker



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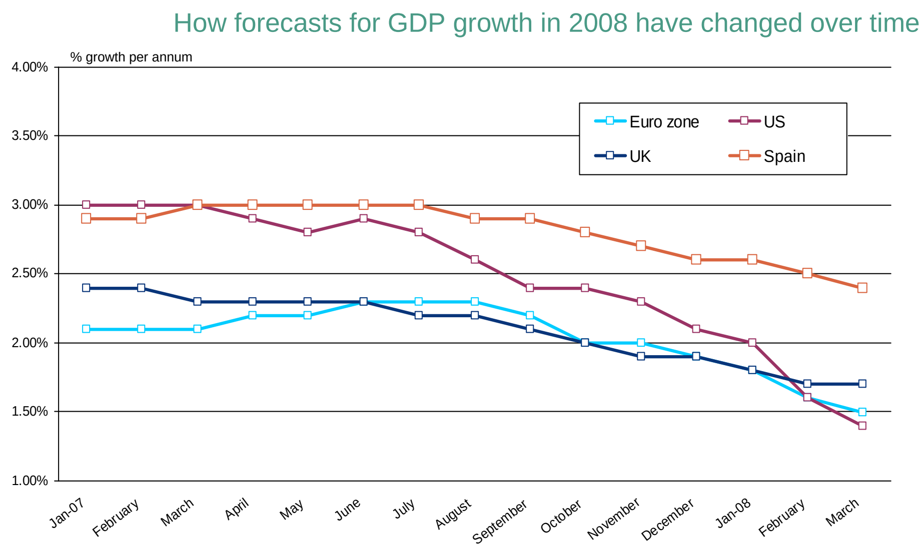
Changing Economic Sentiment



Source: Consensus Economics (March 2008)

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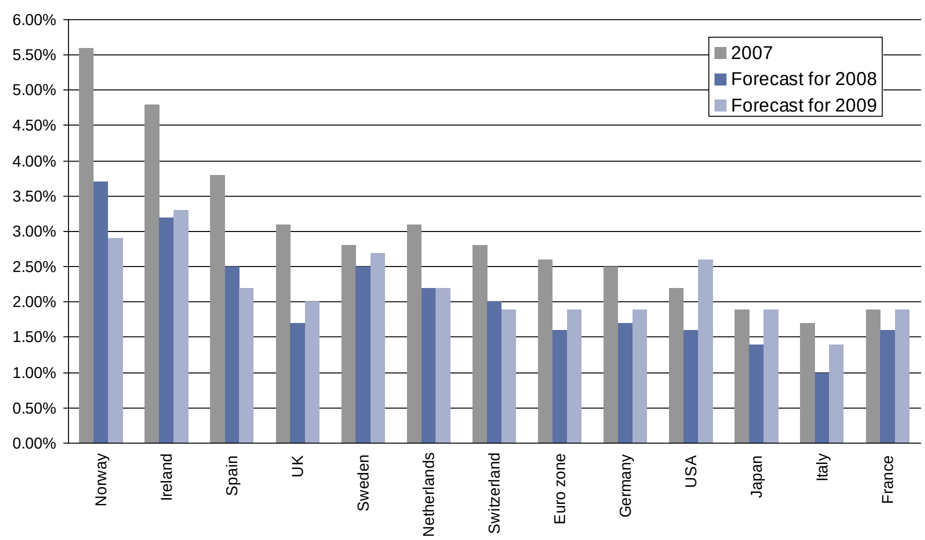
GDP Forecasts, 2008-09



Source: Consensus Economics February 2008

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The European Investment Market

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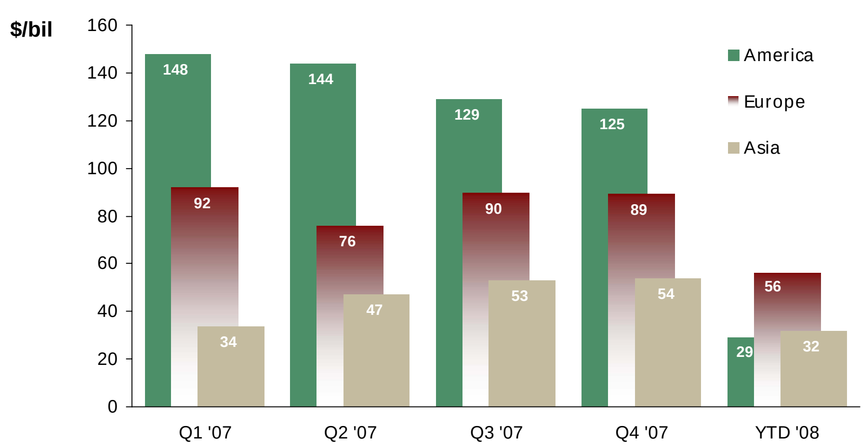
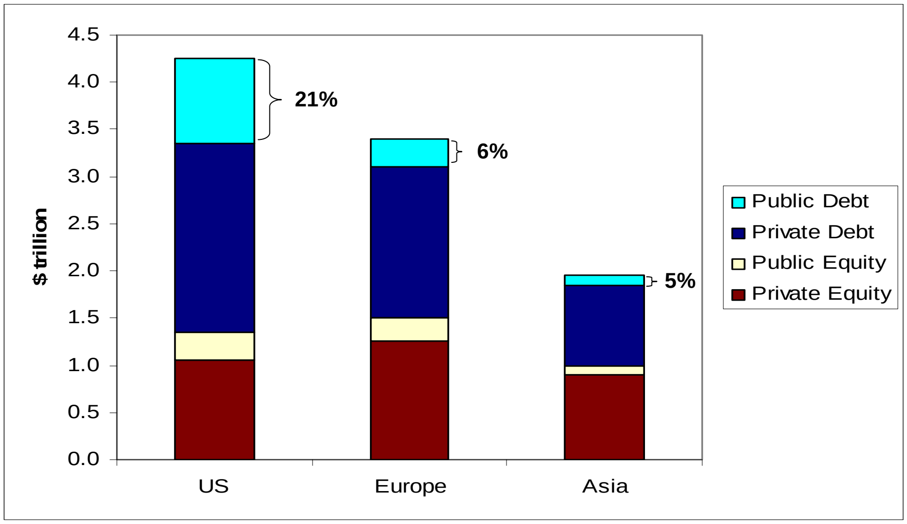
Quarterly Sales Volume in Dollars



Sources: CBRE EMEA, Real Capital Analytics March/April 2008

Global Real Estate Market Size, by 4-Quadrants



Source: RREEF Research, Implication of Financial Markets Turmoil On Global Real Estate Markets, September 2007

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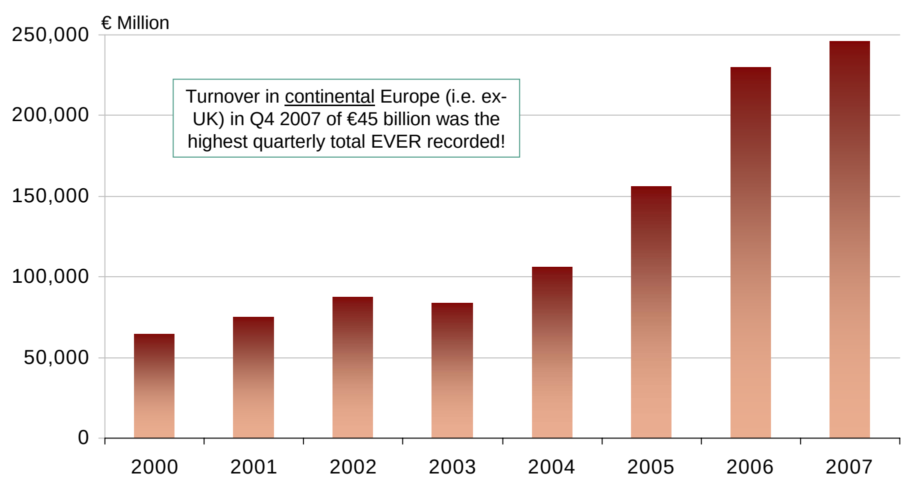
Investment Market Turnover in Europe

- 2007 turnover was 6% higher than in 2006



Source: CB Richard Ellis

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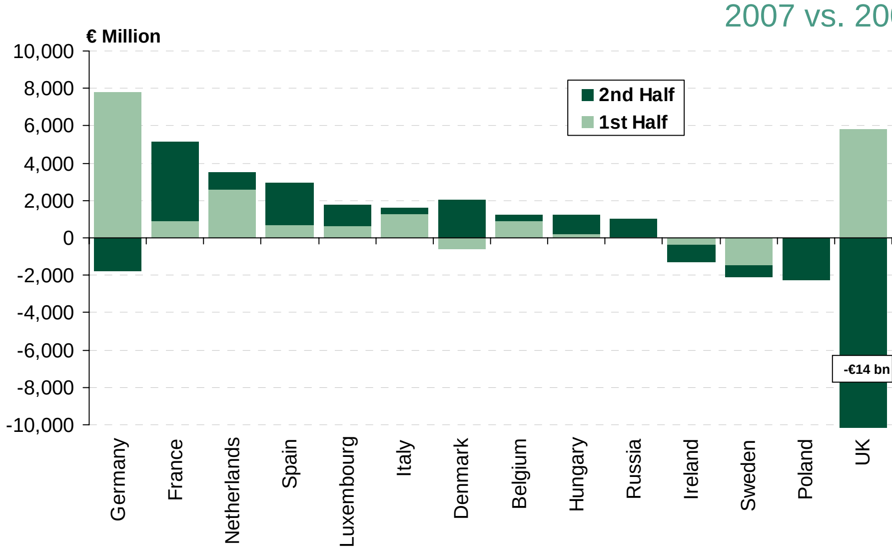
Change in Direct Investment Turnover

2007 vs. 2006



Source : CB Richard Ellis, Property Data, KTI

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Top Ten Cities, 2007

- Investment Turnover as a Percentage of the Market*

	Turnover (€ million)	% of European Market*
London	31,290	16.1
Paris	19,835	10.2
Frankfurt	8,366	4.3
Munich	6,555	3.4
Stockholm	6,020	3.1
Berlin	5,949	3.1
Hamburg	5,122	2.6
Madrid	4,042	2.1
Moscow	3,367	1.7
Amsterdam	2,767	1.4

* Excluding multi-city portfolio transactions, where no single city breakdown is available

Source: CB Richard Ellis

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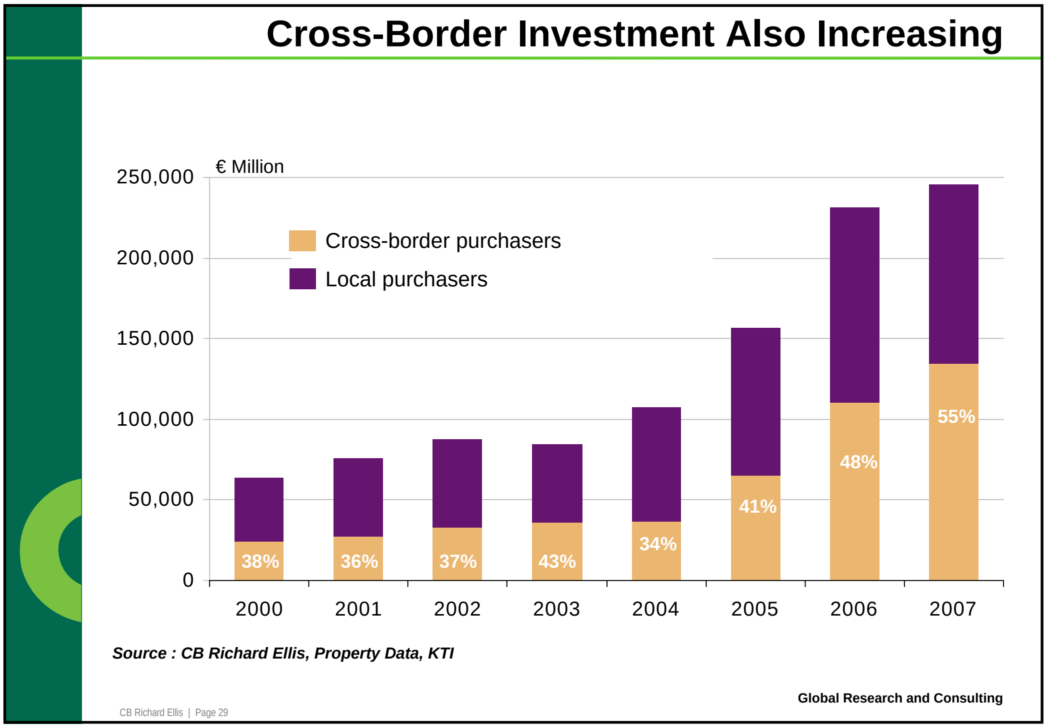
Cross-Border Investment Also Increasing
€ Million
250,000
200,000
150,000
100,000
50,000
0
Cross-border purchasers
Local purchasers
38%
36%
37%
43%
34%
41%
48%
55%
2000
2001
2002
2003
2004
2005
2006
2007
Source : CB Richard Ellis, Property Data, KTI
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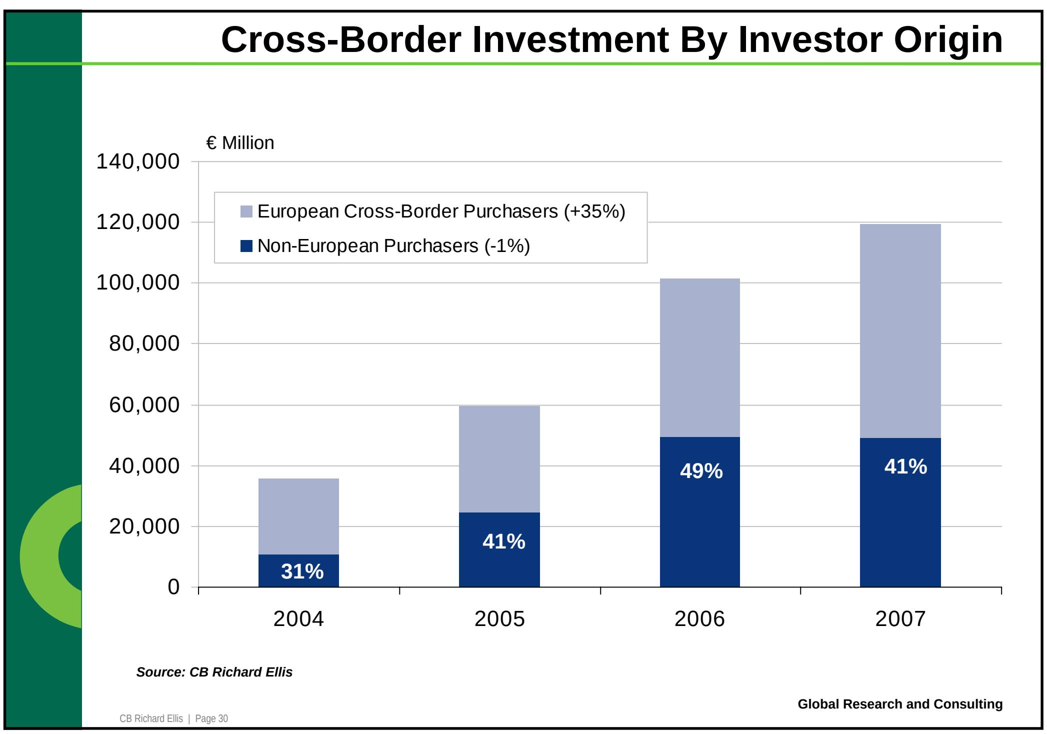
Cross-Border Investment By Investor Origin
€ Million
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
European Cross-Border Purchasers (+35%)
Non-European Purchasers (-1%)
31%
41%
49%
41%
2004
2005
2006
2007
Source: CB Richard Ellis
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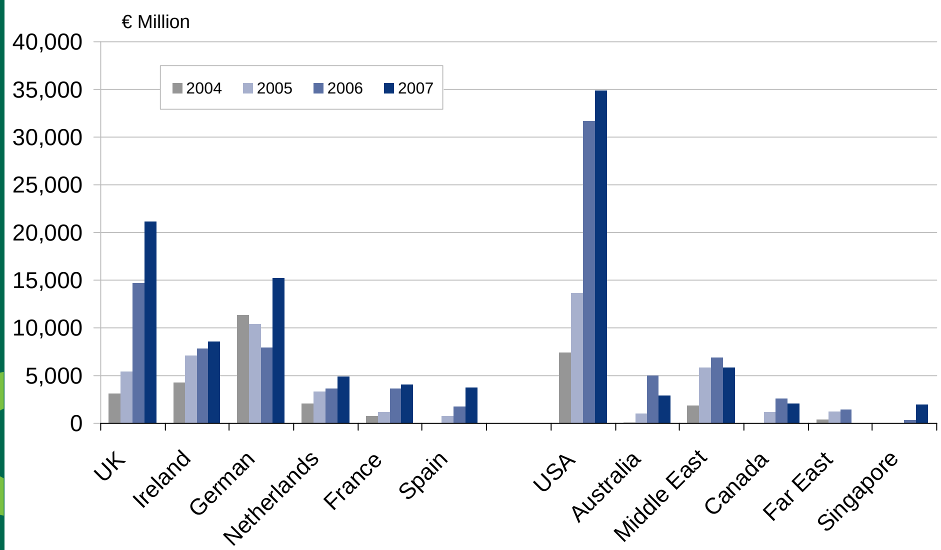
Cross-Border Investment By Investor Origin



Source: CB Richard Ellis

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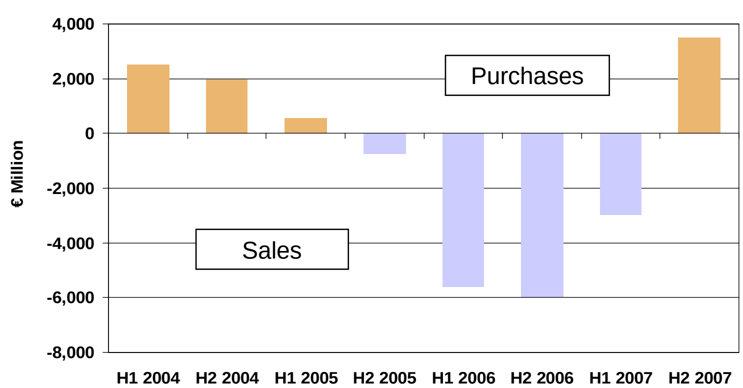
Net Investment by German OEF, Europe (inc Germany)

German Open-ended Funds are strong net buyers for the first time since H1 2005



Source: CB Richard Ellis, Property Data, VastGoedMarkt, KTI

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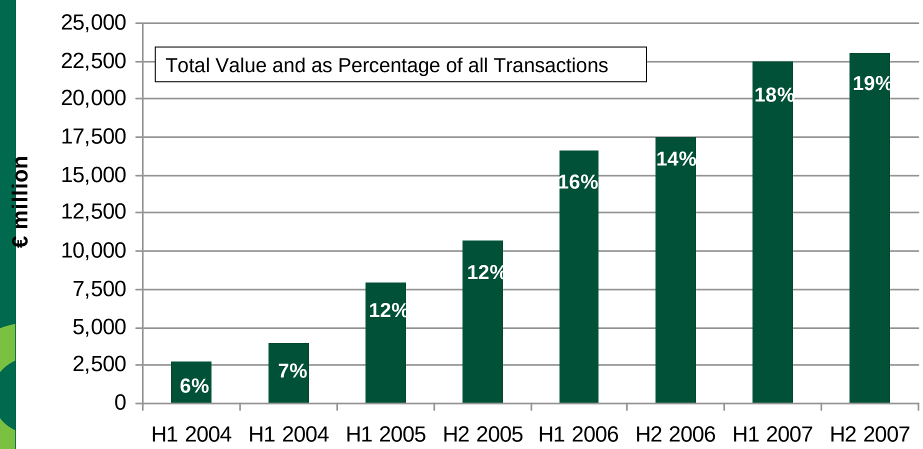
Owner-Occupier Sales in Europe

- **Since 2004 owner-occupiers released €105 billion worth of product back on the market**



Source: CB Richard Ellis

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Conclusions

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