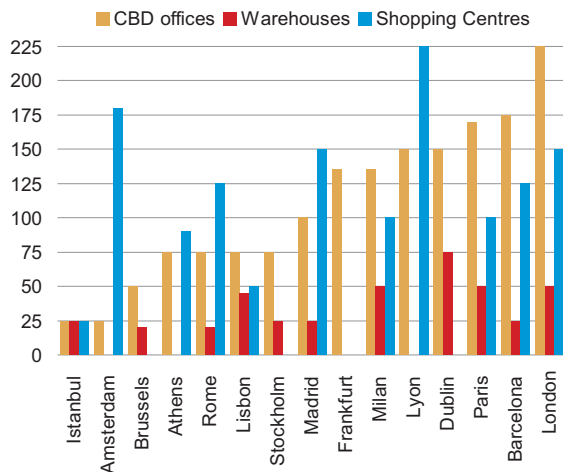


# Quarterly data bulletin European commercial markets

## Quarter 3 2008

### Prime yield shift per sector



### Prime yields per sector



**“Limited transaction evidence and market instability have caused uncertainty around the current pricing levels. We believe that until liquidity is restored in the markets investors will continue to apply higher risk premiums on property.”**

Eri Mitsostergiou - European Research



- International economic uncertainty and the negative impact on employment has had an impact on the fundamentals of the office market, leading to stagnation or drop of rents in some locations.
- On average prime office rents are just 1.5% higher compared to last year, while on a quarterly basis they have dropped by 2.6% on average.
- Based on limited transaction evidence and given the market instability caused by the current economic and financial conditions, achievable prime office yields continue to soften significantly in all locations covered in the report.
- On average prime offices have become 20% cheaper across the countries of the survey. Average prime CBD office yields are at 6.0%
- Prime industrial rents have also stabilised across most of the locations covered in the report. Prime industrial yields have moved out further and the average rate in Q3 was 7.1% .
- Prime retail yields have also softened significantly and they are 120 to 130 basis points higher compared to a year ago, with average prime shopping centre yields at 6.15% and average prime retail warehousing yields at 6.50%..
- Prime retail rents are stable in most locations, however, the first rental falls have been noted especially in the retail warehousing sector where retailer margins are narrower.

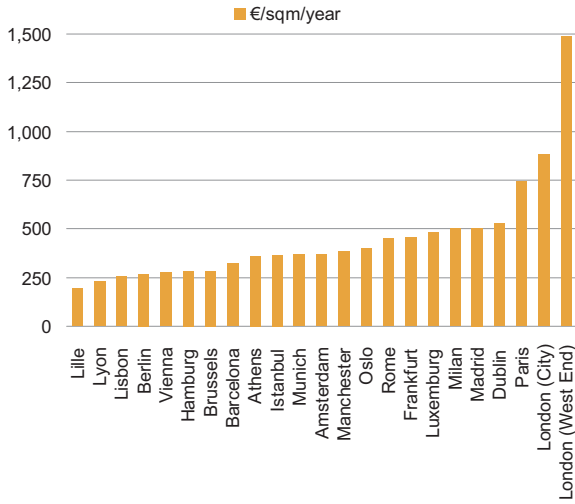
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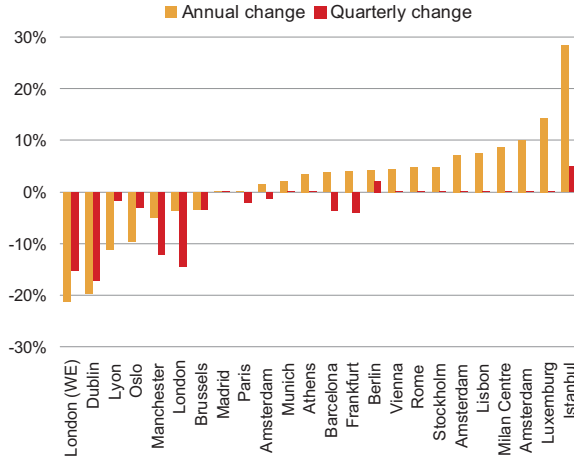


# Office and industrial rents

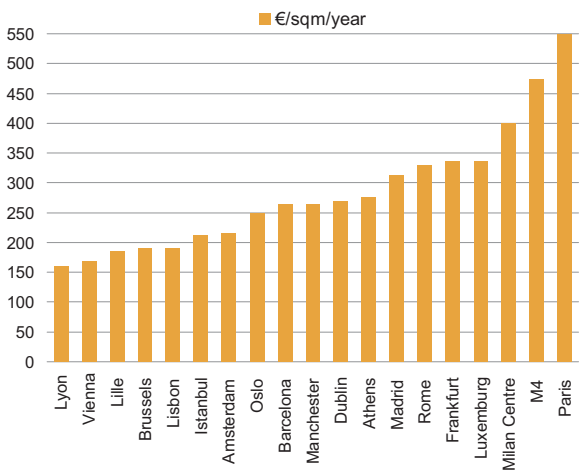
Prime CBD office rents



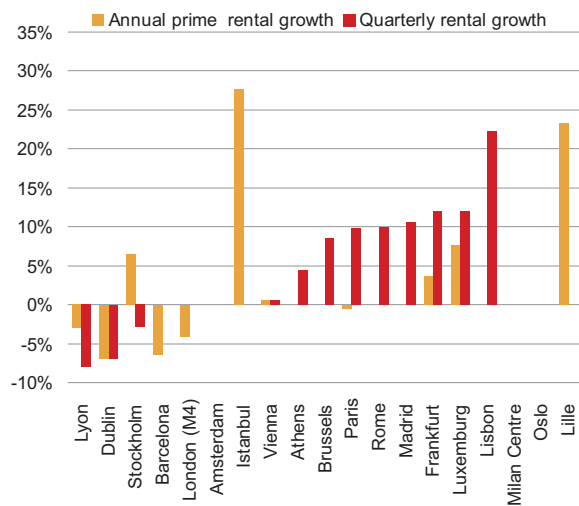
Prime CBD office rental growth



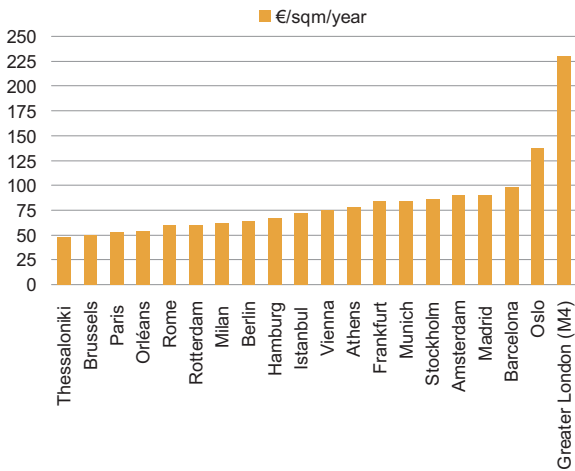
Prime non-CBD office rents



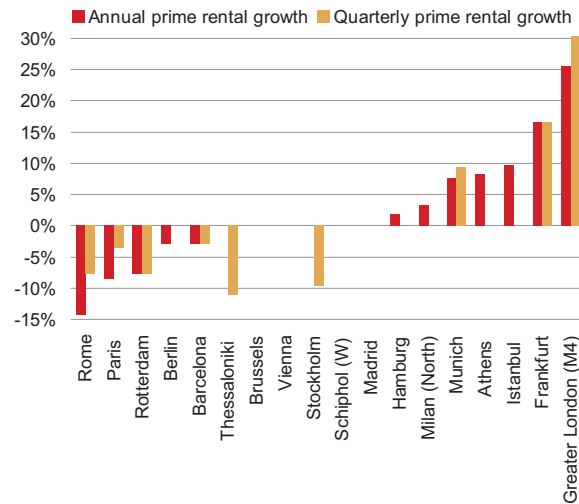
Prime non-CBD office rental growth



Prime warehousing rents

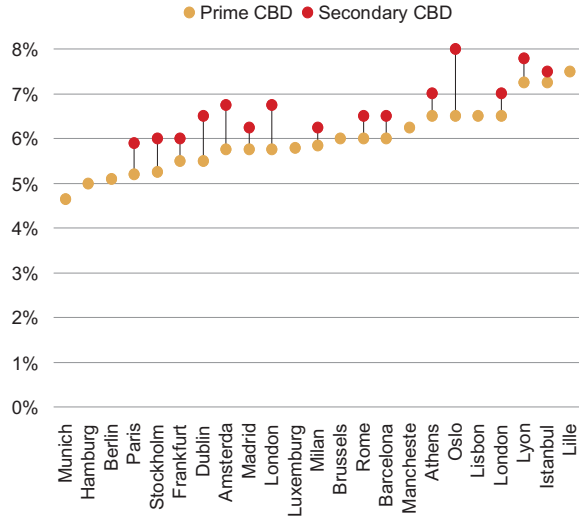


Prime warehousing rental growth

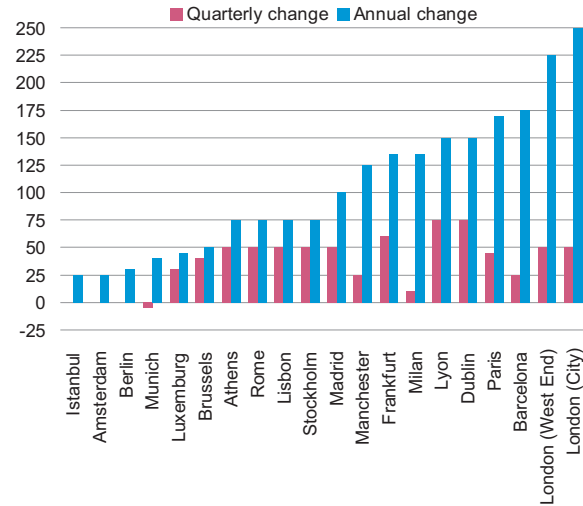


# Office and industrial yields

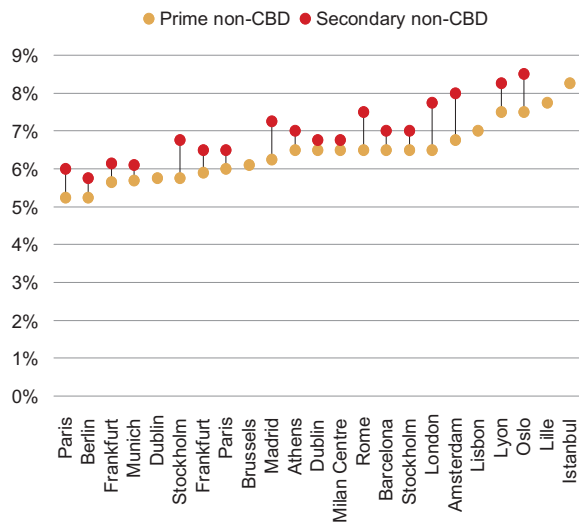
**CBD office yields**



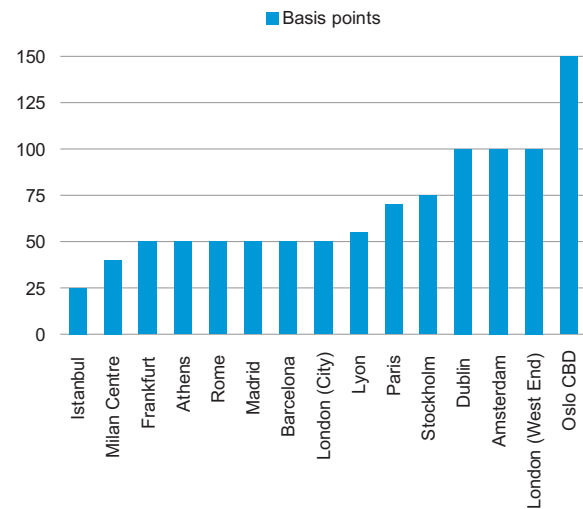
**Prime CBD office yield shift**



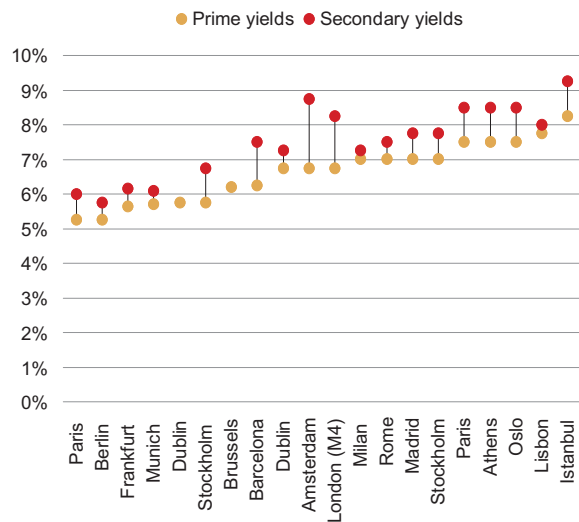
**Non-CBD office yields**



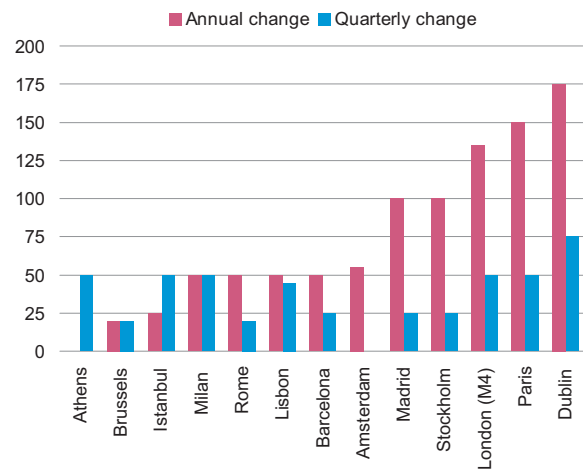
**Prime - secondary CBD prime office yield gap**



**Warehousing yields**

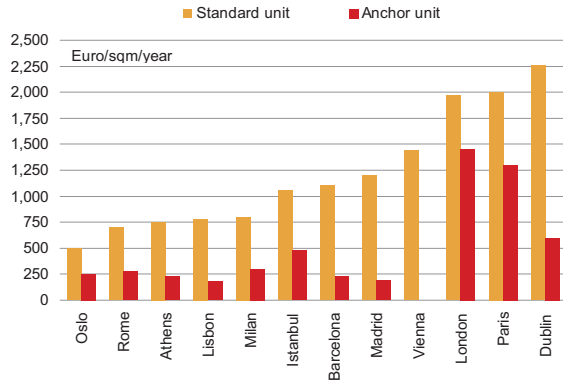


**Prime warehousing yield shift**

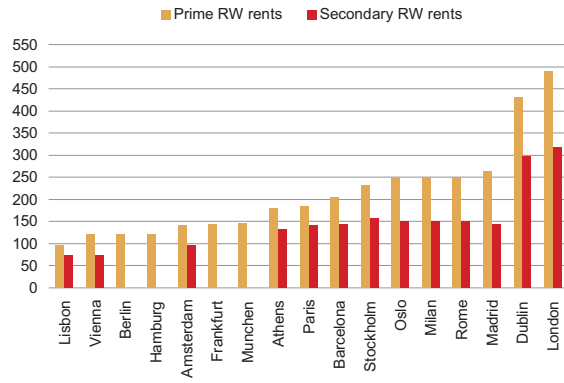


# Retail rents and yields

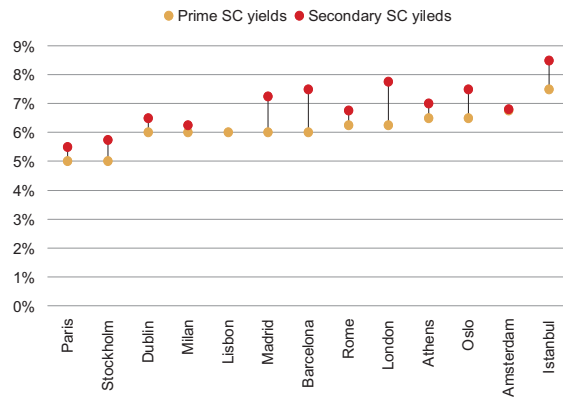
## Prime shopping centre rents



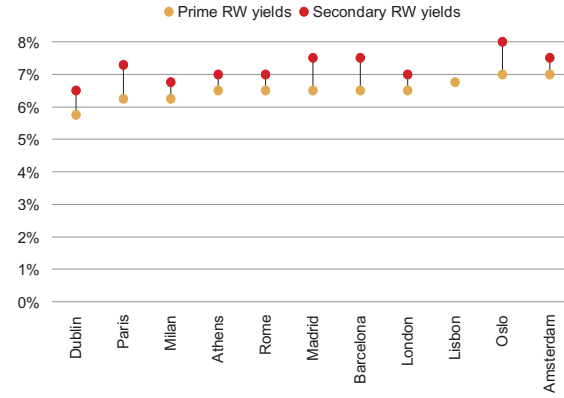
## Retail warehousing rents



## Prime shopping centre yields



## Prime retail warehousing yields



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### Definitions and abbreviations

**Rents:** Achievable rents for prime and secondary properties in the defined areas.

**Yields:** Achievable yields for prime and secondary assets as quoted in local markets.

**CBD:** Central Business District

**Non CBD:** The most important business area for the city after the CBD.

**High street:** Prime standard unit approx 100sqm

**Shopping centres:** Standard unit approx 100-150sqm in prime shopping centre

**Retail Warehouses:** Standard unit approx 1,500sqm stand alone or in prime retail park

**qoq:** quarter-on-quarter

**yoy:** year-on-year

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