Briefing
European Investment

Q2 2015

SUMMARY

H1 2015 was the strongest first half since 2007

■ The investment volume across the 16 countries covered in our report totalled approximately €48bn in Q2, which brings the turnover for the first half of the year to nearly €102.5bn. This is the highest first six months since 2007 and almost 25% higher than the same period last year.

■ Cross border investment increased in nearly all countries and especially in the peripheral markets where US investors have been particularly active.

■ Investors continue to favour core markets with the UK, Germany and France still accounting for 67.8% of the total volume, however the share of peripheral markets is rising.

■ Property prices continue to rise attracting more investor interest and pushing yields down. The average prime CBD office yield has dropped in Q2 15 to 4.6%, below the previous 10 year low of 4.7% in Q3 07.

■ Prime yields could move in further, but the lack of prime assets is likely to push secondary yields downward resulting in a reduced yield gap between prime and secondary.

■ We forecast an increase of at least 10% of the commercial investment activity this year and further yield compression for at least 60% of our markets.

"Investors seek future yield compression by targeting secondary or alternative assets in core cities, or prime assets in secondary markets" Lydia Brissy Savills, European Research

An introduction to Savills

Source: Savills

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In continental Europe, Savills has 47 offices covering Belgium, France, Germany, Greece, Italy, the Netherlands, Poland, Spain and Sweden. We also have associate offices in Austria, Denmark, Finland, Norway and Portugal. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors. These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate expertise of the highest calibre. We are regarded as an innovative-thinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defined set of clients, offering a premium service to organisations and individuals with whom we share a common goal. Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

Contents

European overview 04
Austria 06
Belgium 07
Denmark 08
Finland 09
France 10
Germany 11
Greece 12
Ireland 13
Italy 14
Netherlands 15
Norway 16
Poland 17
Portugal 18
Spain 19
Sweden 20
UK 21
Key indicators 22
Contacts 24

European overview

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Economic & political background

Greece has been the main focus of the European Union in the second quarter with the possibility of a Grexit becoming increasingly likely. Despite some volatility in bond yields in Q2 and concerns about contagion in the economies of Southern Europe, the magnitude of the impact has been limited compared to four years ago. The Quantitative Easing programme launched by the European Central Bank in March has provided support to bond markets keeping interest rates low and limiting the rise in yields mainly to Greek bonds.

Despite the Greek debt crisis, a preliminary estimate shows that the Eurozone GDP in the second quarter increased 0.5% qoq. GDP growth is mainly driven by domestic demand and we expect this will continue for the next 18 months, notably fuelled by an improvement in private consumption and an expected rebound of gross fixed investment. The European labour market is also slowly brightening mainly driven by progress in countries with high unemployment rates, notably Spain. In the Euro Zone the number of unemployed dropped in May bringing the unemployment rate down to the lowest level in three years at 11.1%.

H1 reached another peak

As we predicted in our last Market in Minutes, strong investment activity in Q1 continued during the second quarter of the year. The investment volume across the 16 countries covered in our report totalled approximately €48bn in Q2, which brings the turnover for the first half of the year to nearly €102.5bn. This is the highest first six months since 2007 and almost 25% higher than the same period last year.

Compared to the situation 12 months ago, the investment landscape is relatively uneven. Portugal (720%), Norway (391%) and Italy (154%), have recorded the strongest rises in investment volumes over H1 15 notably thanks to the return of international investors, particularly equity funds from the US, acquiring retail portfolios or landmark office buildings. On the opposite side of the spectrum, investment activity in Greece (-95%), Poland (-43%), Denmark (-40%) and France (-31%) slowed either due to the lack of large properties or portfolios available on the market or due to deals postponed to the second part of the year.

Investors continue to favour core markets with the UK, Germany and France still accounting for 67.8% of the total volume. However, the share of the top 3 countries is slowly decreasing (71.8% in H1 2014), due to increasing investor interest for non-core countries, which offer attractive pricing and supply of large assets and portfolios. Overall investors are more open to move up the risk curve. They seek future yield compression by targeting secondary or alternative assets in core capital cities, or prime assets in regional cities or secondary markets.

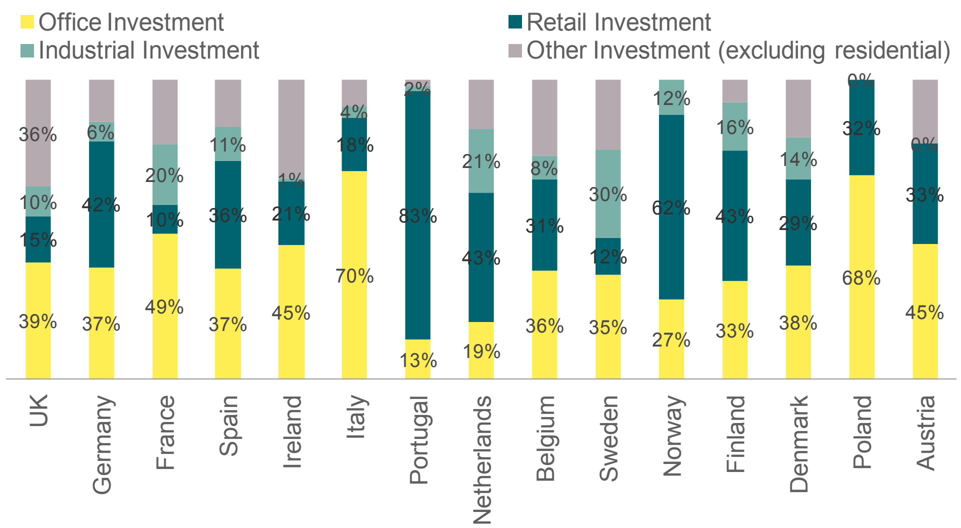
Offices and retail prevail

The office sector continues to dominate the investment activity in most countries capturing about 39% of the transaction volume per country on average. The only exceptions where retail properties accounted for a higher share of property investment deals were Portugal (83%), Norway (62%), Netherlands (43%), Finland (43%) and Germany (42%) which saw the sale of large-scale retail portfolios in the past quarter.

It is interesting to note the rising share of 'Other' commercial sectors in the commercial investment activity of a number of countries. In the UK (36%), France (21%), Ireland (33%), Belgium (25%), Sweden (23%) and Austria (21%) the allocation to alternative assets such as student housing, hotels, care homes and other has exceeded 20% of the total.

GRAPH 1

Investment volume per asset class in H1 2015 Offices capturing 39% of the market



Source: Savills

Overseas investors invest in large portfolios

Cross border investment increased in nearly all countries and especially in the peripheral markets where US investors have been particularly active. The share of non domestic investment ranged from 10% in Sweden to over 80% in markets such as Italy, Poland and Portugal. Overall it is observed a strong inflow of money from the US and a rising activity from Asia. With regards to the total cross border investment, on average the share of US money into our survey area in Q2 15 was about 40% per country and can be as high as 93% in Portugal, 77% in France and 66% in Ireland. The share of Asia Pacific investors has been quite significant in the UK (29%) and Italy (27%). The presence of Middle Eastern investors in the second quarter was more prominent in Spain (15%) and Italy (8%).

High pressure to invest has led to a shift towards larger transactions. According to RCA data, in Q2 portfolio deals accounted for 46% on average per country up from 37% in Q1 and 40% last year. Most significant rises in portfolios deals were noted in the Nordic markets and Germany. As a result in H1 15 the share of regional markets has risen to more than half of the total volume in each country, compared to about one third last year on average. In some countries the share of the regional markets was quite high such as Italy (90%), Poland (79%), Sweden (69%), France (65%), Norway (62%), Belgium (56%) and even in the UK (55%) where investors are also looking outside the capital city.

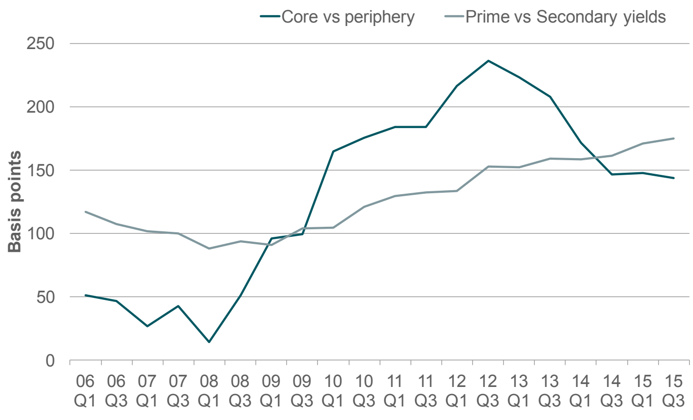
Prices continue to rise

Property prices continue to rise attracting more investor interest and pushing yields down. The average prime CBD office yield in our survey area has dropped this year below the past 10-year low, which was recorded in Q3 07 at 4.71%. In Q2 15 it has dropped to 4.57%, 48bps below last year and 11bps below the last quarter. The average prime shopping centre yield has similarly moved in by 43bps yoy and 13bps qoq and the average stands at 4.92%, which is still 5bps above the 10-year historic low. Average industrial yields have dropped by 44bps yoy at 6.71% and are 9bps below Q1 15.

Since Q2 2012, the yield gap between the core markets and the peripheral markets of Europe has been closing, reflecting improving investor confidence in the markets of Ireland, Spain, Italy and more recently Portugal, which have gone through the toughest periods of austerity and reforms and now show signs of improving economic performance. On an annual basis the average prime yield in the peripheral markets moved in by 66bps while in the core markets by 50bps. The rising interest in core plus and value add investments has translated into secondary yield compression as well. The average CBD secondary office yield in our survey area has moved in by 30 basis points yoy. However the yield gap has not started narrowing yet due to the fast rise of capital values for the best assets.

GRAPH 3

The yield gap between best and the rest Peripheral markets gaining attention from foreign investors



Graph source: Savills core=DE,,FR,UK periphery=IT,ES,IRE,GRE

OUTLOOK

Investment volumes will continue to rise

Growth in the eurozone economy remains firm and continues to benefit from healthy domestic demand, particularly private consumption and strong exports. Investment is likely to continue its gradual recovery, mainly as a result of improving credit conditions, which are fuelled by the ECB's ultra-loose monetary policy. Nonetheless, the Greek debt crisis is casting a shadow on the economy and it remains to be seen whether this will have implications on regional growth in the second half of the year.

GDP is forecast to grow in nearly all European countries. Oxford Economics expects the European union to expand by 1.6% this year and 1.9% in 2016. The strongest outturns are forecast for Ireland (4.5%)Poland (3.8%), Spain (3%), the UK (2.6%) and Sweden (2.4%). Germany (2%) is forecast to grow marginally above the European reunion. All other countries covered in the report are forecast to lag behind while Norway (1.1%), Austria (0.6%), Italy (0.5%), Finland (0%) and Greece (-0.1%) will lag by a greater margin.

So far this year the property market activity and pricing have proven resilient to the uncertainty caused by the Greek crisis. Investor appetite is expected to remain high in H2. There is potential for increasing investment volumes in the context of fairly-low interest rates, availability of finance, and improving economy. Owners are taking advantage of the favourable market conditions of high demand and rising prices, and bring more portfolios on the market.

The main uncertainties hanging over the future of the market are the future development of the American and Chinese economies and the risk of a Grexit that would affect investor confidence and potentially shift once again their focus to core markets such as Germany and France and strong non-Euro markets such as the UK.

We have revised upwards our prediction for 2015 and we forecast an increase of at least 10% yoy of the commercial investment activity, to reach about €120bn in our survey area. We expect prime yields to continue to harden in almost 60% of our markets and to remain stable in the rest.

"We forecast an increase of at least 10% in commercial investment activity this year and further yield compression in 60% of our markets" Eri Mitsostergiou, Savills European Research

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The investment market continues its favorable development: In the first half of 2015 the transaction volume amounted to €870m. Q2 was significantly stronger (€570m) with almost double the volume of Q1. However, the initial prognosis was not fully met as several major transactions are still pending. The outlook for the upcoming months is very positive: several large-scale transactions are expected to be completed, bringing the overall transaction volume to an estimated €3bn. Thus, last year's transaction volume will most likely be met and may even be exceeded.

Prices for top properties continued to rise and yields are increasingly under pressure. Prime yields for office properties are 4.75%, 5.0% for shopping centers and 5.75% for retail parks. Prime yields for high street properties are 3.75%, sometimes even lower if rent levels have major upward potential. While investors still prefer investments in core properties, supply in this segment is very limited. As a result the demand for properties in the other segments (core+, value added) as well as in secondary markets – especially the Austrian provincial capitals - is rising in order to generate somewhat higher yields.

In Q1 retail investments dominated the market whereas office properties accounted for the lion's share of investments in Q2. Residential properties are mostly sought after by private investors, in particular in the submarket of tenant-occupied houses. Significant transactions in the first six months were the sale of the hotel Courtyard by Marriott in the Viertel Zwei office park, the sale of the retail parks Vösendorf (12,300 sq m) and Alt Erlaa (19,000 sq m), as well as the sale of space2move with 51,600 sq m office space.

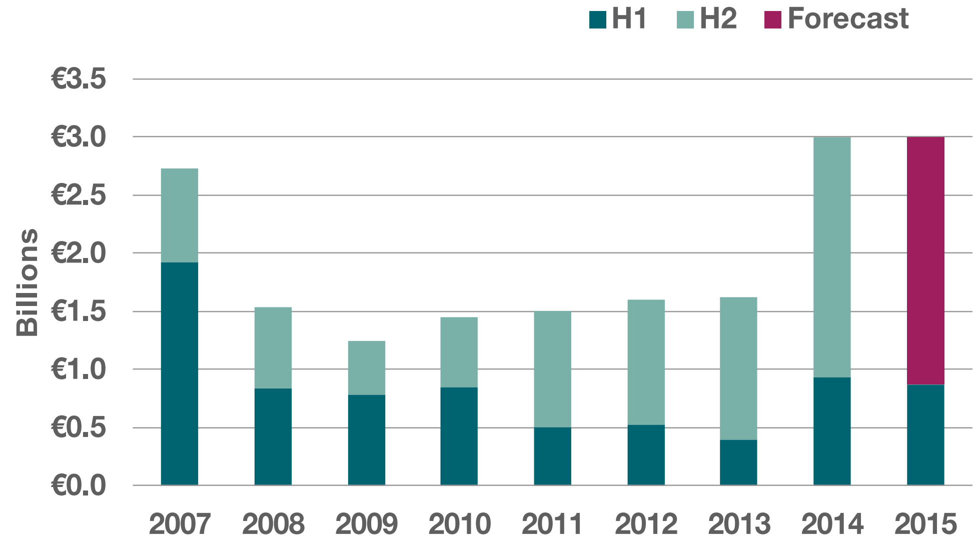
There were remarkable shifts in the origins of investors and the market has become much more international. While Austrian and German investors are still the biggest group of investors, the activity of other foreign investors rose significantly. Investors from the UK, Middle East and Asia with high liquidity are increasingly interested in the stable Austrian real estate market, specifically in large properties and portfolio transactions which will further stimulate the market.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	→

GRAPH 1

Austria Investment volume 2007-2015



Source: EHL / Savills

TABLE 1

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Space2move	Vienna	€185m	Union Investment	Office
Green Worx	Vienna	€50m	Union Investment	Office
Nordbahnstrasse 50	Vienna	€45m	Corpus Sireo	Office
Retail Park Alt-Erlaa	Vienna	€31m	Semper Constantia	Retail

Source: EHL

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Investment volume in Belgium in H1 2015 stood at €1.5bn, compared to €1.3bn in H1 2014. However, there was no big transaction in the first six months of 2015 compared to 2014. In H1 2014, the North Galaxy deal represented €475m, while the most important deal in H1 2015 was the Gateway (office - €140m) near Brussels airport.

The volume for H1 2015 was boosted by retail transactions, especially the Retail Warehousing Portfolio Rockspring (€129m) and the sale of the retail park Les Dauphins (€40m) in Wallonia. Other main transactions include the office Bastion Tower for €115m, the office Marnix 13-17 for €59.8 in Brussels' Leopold district, and the semi industrial Campus FMCG for €58m in Bornem, Flanders.

H1 2015 investment market was mainly dominated by office properties, accounting for 45% of the total investment turnover. The retail market represented 29.5% of the total investment turnover, while industrial (10.5%) senior residence (9.5%) and hotel (5.5%) are far behind. Compared to H1 2014, the office investment market in H1 2015 stands 20% lower, whereas the retail investment market are 300% above the H1 2014 figures.

We expect total investment volume to reach over €3.5bn by year end. The investment pipeline for H2 2015 includes amongst others the Astro Tower (office - estimated €150m) and the Ellipse Building (office - estimated €200m) in the North District. Recently the Waasland SC and 50% of the Wijnegem SC (as part of the French/Belgian retail portfolio Celsius) just traded for over €750m. This will boost the total investment volume during H2 2015. Furthermore, we expect other shopping centers such as the Galeries Saint-Lambert in Liege to trade during H2 2015.

The Brussels Capital Region and Flanders remain the most attractive areas for buyers in H1 2015, accounting for 32.5% and 40.5% of the total volume, respectively. The market remains dominated by domestic investors who accounted for 64.5% of the investment volume. However, we can see that Asian investors are attracted by the Belgian market. The Chinese sovereign fund CIC (China Investment Corporation), together with AEW Europe, has just acquired the Celsius retail portfolio from CBRE Global Investors, while other Asian investors are also looking at the prime office towers (Astro Tower and Ellipse) which are on the market in Brussels.

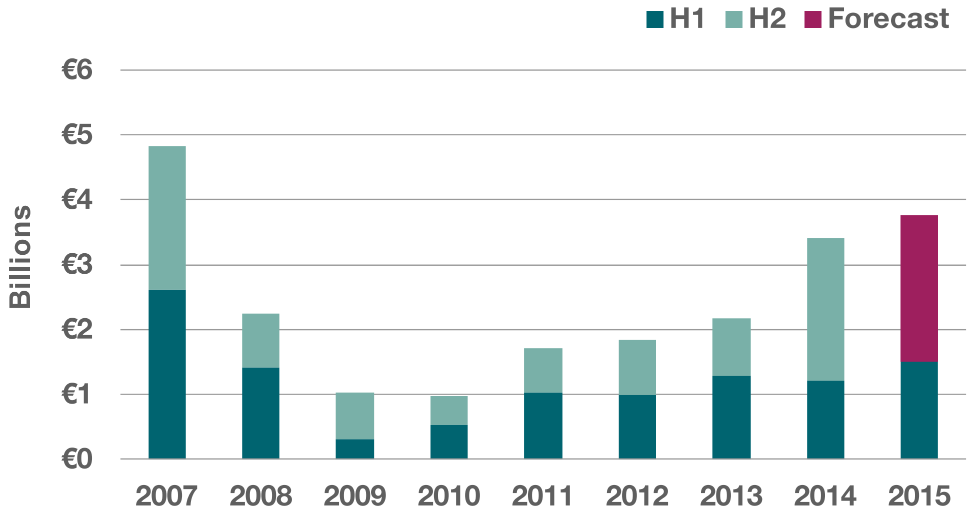
Prime office yields remain stable, at 5.75% for buildings with standard 3/6/9 years leases, although yield compression can be observed. Prime office yields on long-term lease stand at around 4.25%, which is an all-time low.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 2

Belgium Investment volume 2007-2015



Source: Savills

TABLE 2

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Radisson Blue & Park Inn Hotel	Antwerp	€48m	KKR	Hotel
Retail Warehousing Portfolio	Nationwide	€129m	Retail Estates	Retail Warehouse
Retail Park Les Dauphins	Mouscron	€40.5m	Fidelity Worldwide Investments	Retail
Mamix 13-17	Brussels	€60m	GAC Real Estate Partners	Office
Campus FMCG	Bornem	€58m	WDP	Semi - Industrial

Source: Savills

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The growth in the Danish economy continues and we find ourselves at the beginning of a new upswing, which has resulted in a positive growth seven quarters in a row – Q2 2015 being no exception. It is partly detectable in employment rates which are increasing, and the housing market stabilising with generally increasing prices. Compared with the situation in the investment market before the financial crisis, there are now significantly more international investors present in Denmark.

International investors are attracted by a combination of Denmark's status as a safe heaven, the attractive market prospects, as well as the current low mortgage interest rates.

The transaction volume for investment properties in Denmark 2014 was above €4.4bn. In 2014, the Copenhagen Region accounted for approximately 63% of the total investments in Denmark, which also reflects the development in the first half of 2015. Q2 2015 kicked off by a major single transaction of the department store Illum, inner city Copenhagen. This large single deal, combined with a transaction level above last year's volume, totals Q2 2015 into the (estimated) highest transaction volume in Denmark since 2008 for a single quarter.

Q2 2015 continued an increasing trend in the transaction volume of prime office. This is partly due to the fact that there has been an increase in the supply of attractive investment properties. Previously, there was a significant mismatch due to limited supply and high demand. The vacancy rate for offices in Copenhagen has dropped in Q2 2015, a trend that has continued the past 18 months. We expect this development to spread to large parts of Denmark over the next 6-18 months as the economic recovery becomes geographically more dispersed and, expectedly, additional jobs are created regionally. A current trend in the market is to purchase older centrally located office properties for conversion into residential apartments. This new development is due to a large degree of urbanisation, and the fact that office users have a preference for newer facilities than from their lay-out which are easier to optimise.

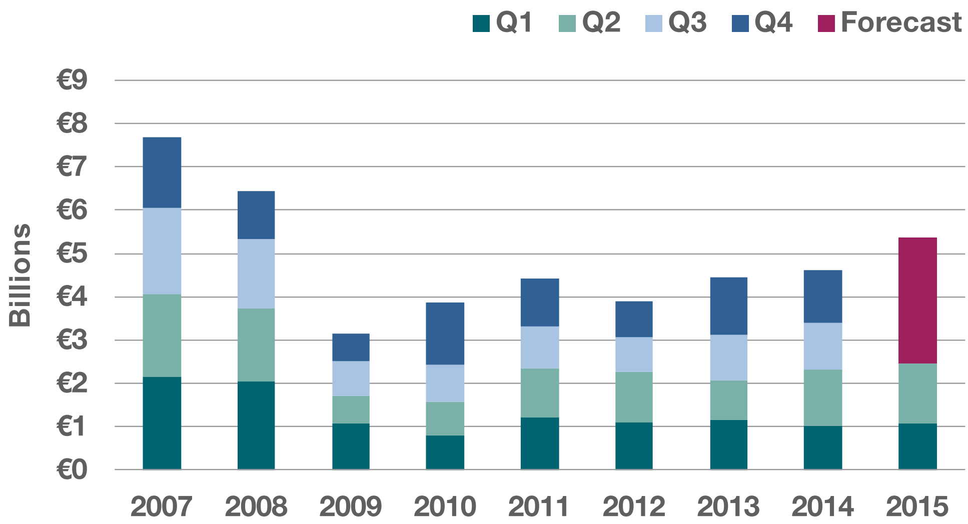
For the remainder of 2015, we expect to see further positive developments in the investment volume within most property segments, and that both Danish and foreign investors will be highly active in the market. The foreign investors have so far focused their investments narrowly in and around Copenhagen, but there are signs that there will be a greater geographical spread over the next year. Prime yields are stable but we may see some small decreases for office and retail.

PRIME YIELDS END-YEAR OUTLOOK

- Offices →
- Retail →
- Industrial →

GRAPH 3

Denmark Investment Volume 2007-2015



Source: Nybolig

TABLE 3

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Naesbyvej 20	Odense	€39m	Zapata Danske	Industrial
Dalgas Avenue 2	Arhus	€37m	VUC Arhus	Office
Illum	Kobenhavn	€368m	Vimmelskafet 32-34 K/S	Retail
Postterminalen	Kobenhavn	€124m	Danica Pension	Office

Source: Nybolig

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PRIME YIELDS END-YEAR OUTLOOK

Offices	→
Retail	→
Industrial	→

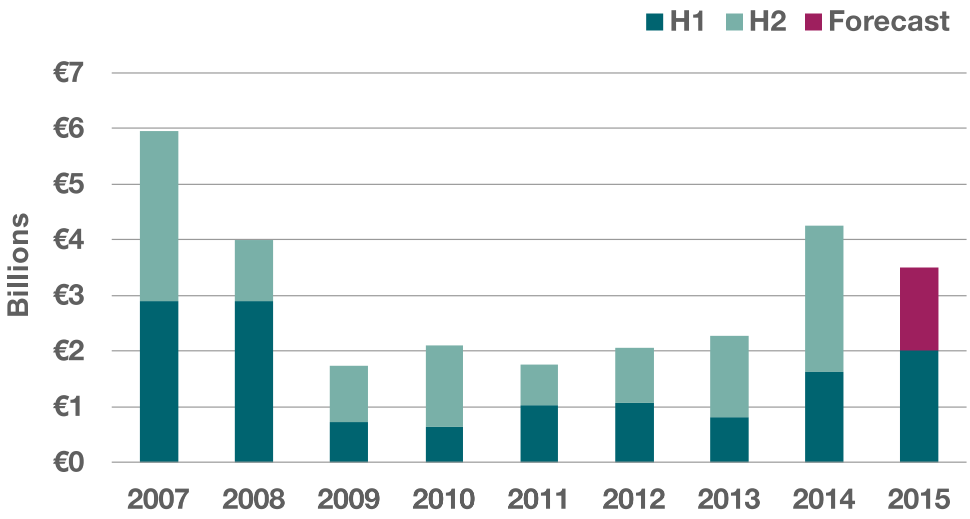
The start of the year was relatively quiet, despite expectations for marked increase in property investments. In Q2 activity improved tremendously. Along with the recovery and limited supply for prime product in the capital region, investor appetite for properties outside the prime area is growing. Some major portfolio transactions have taken place, the most prominent being the portfolio of 40 retail properties including 3 shopping centres sold by Kesko for approximately €605m. Aided by major portfolio transactions, investments reached a record level of €1.73bn in Q2 vs. €550m in Q2 2014. Domestic institutions continued to restructure their property portfolios. Majority of property sales had domestic vendors in Q2 2015.

In H1 2015, the total transaction volume amounts to the level of €2bn, +97% on the same period in 2014. Current prime yields stand at 4.75 - 5.00% for retail, 4.50% - 5.00% for offices and 6.75% for logistic properties. By location, the share of the total investment volume outside the Helsinki Metropolitan Area was 53% in H1 2015. Investments by property type were dominated by retail and office with shares of 50% and 41%. The average size of the property transactions has grown gradually since 2011, largely due to increase in major portfolio investments. In H1 2015 the average size was €25.4m while in 2014 it was €22.9mn and in 2013 €15.6m. The most significant single transaction in Finland in H1 2015 was the sale of the EY Headquarter in Helsinki CBD to Union Investment for €93.3m in Q1 2015.

The sentiment and investors' interest is expected to remain active in H2 2015. There is potential for increasing investment volumes in the context of fairly-low interest rates, availability of finance, and slightly improving economy. Negotiations on a few major transactions are under way. Essential to market development is the matching trend of demand and supply, to ensure that supply will meet the requirements of investment demand, not simply increase aggregate supply and demand. Investment demand will be focused on a wider selection of properties also outside the prime areas, still provided stable cash-flow. Cross border investments are expected to increase towards the end of the year. Institutional investors continue to restructure their local property allocations and look for property investments abroad. Prime yields in the Helsinki Metropolitan Area are expected to stabilise towards the end of the year while prime yields in the growth centres are predicted to edge downwards in H2 2015.

GRAPH 4

Finland Investment Volume 2007-2015



Source: Realia /Savills

TABLE 4

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Retail Portfolio	Nationwide	€605m	Ankkurikadun Kiinteistöt	Retail
Office Portfolio	Helskinki	€400m	AMF JV Ilmarinen	Office
Industrial Portfolio	Nationwide	€120m	Ness, Risan & Partners (NRP)	Industrial

Source: Realia

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During the first half of the year, €8bn was transacted in the French investment market during the first half of the year. One of the highest levels recorded since H1 2008 although 30% down compared to last year, which was an exceptional first semester with two mega deals above €1bn closed. So far this year no deal exceeding €500m has been signed yet. The market has been driven by deals ranging between €100m and €500m, accounting for 68% of the total investment volume. Portfolios remain a real opportunity to invest large amount of capital. Portfolios sales accounted for 17% of the total investment volume, slightly less that in H1 2014 (24%) but the major trend is that since the beginning of the year, international investors, notably US funds are taking the lead on portfolio deals. The market is increasingly focused on offices, which totaled 69% of total investments in H1 2015 against 53% at the same period last year. The share of retail and alternative assets decreased slightly and stand at 14% and 9% respectively.

Domestic investors remain predominant on their market however cross-border investments rose from 37% in H1 2014 to 42% in H1 2015. US investors are still the most active. They totalled 17% of the total investment volume, targeting different type of assets. Since the beginning of the year, they have bought SEB offices portfolio for €1.1bn (€ 249m for the French part), the Goodman industrial portfolio for €170m, and the Queen Night club on the Champs Elysées for €70m. German funds traditionally focusing on office assets have been less active. They accounted for 7% of all investment. Sovereign Wealth Funds from the Middle East made a comeback in the French market; they accounted for 6% of the investment volume. They notably acquired Ecowest office tour, localised in The Western Crescent, for €477m.
The prime office CBD yield moved in by 25bps in the past twelve months. It remained stable over the last quarter, at 3.75%.

Savills anticipates an investment volume above €24bn for 2015, in line with 2014. Several international portfolios are currently been negotiated and should be closed next quarter. These include the retail portfolio Celcius for which funds CIC Chinese and AEW Europe bid €1.3bn and an office portfolio for which Gecina and Ivanohe partnered to bid for €1.2bn.
Due to strong investor appetite for offices we expect the prime office CBD yield to further hardern by 50bps by the end of the year.

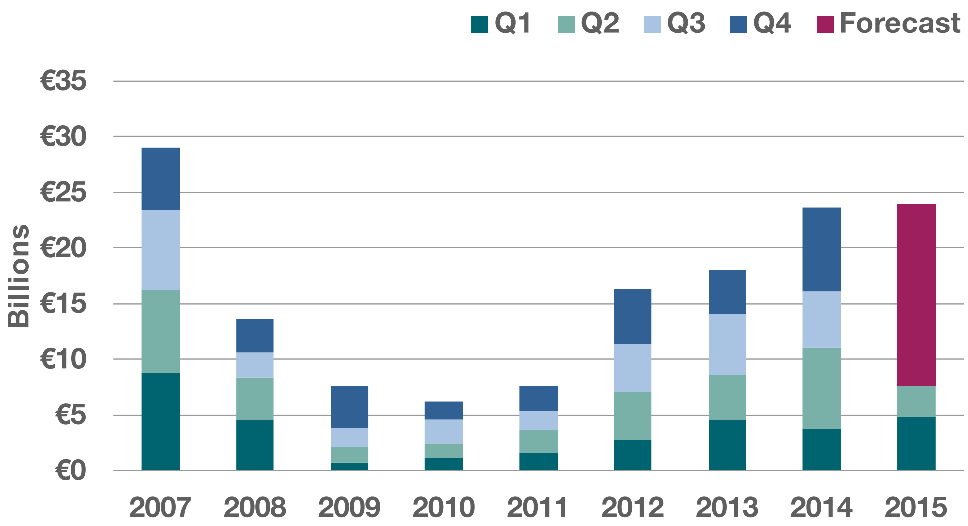
The main uncertainties hanging over the future of the market is the future development of the American and Chinese economies and the risk of a Grexit that would affect the European financial market.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	→
Industrial	↘

GRAPH 5

France Investment Volume 2007-2015



Source: Savills

TABLE 5

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Portfolio of six hotels	Paris	€350m	Groupe Maranatha	Services
Nikko Hotel	Paris 15	€200m	MI29	Services
Tours Pascal	La Defense	€190m	Altarea/Goldman Sachs	Office
Portfolio	France	€170m	Logicor	Industrial
Colisee III & IV	Paris 17	€159m	Amundi	Office

Source: Savills

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With the German economy remaining extremely healthy despite the volatility in the financial markets and concerns surrounding Greece, demand for German commercial property remains very high. The boom did not show any signs of slowing in Q2 of 2015 and even accelerated somewhat further. The transaction volume in the first half-year totalled €23.8bn - an increase of one third compared to H1 2014. A glance at the individual sectors illustrates that the economic impetus is increasingly attributable to German consumers. More than €9.5bn was invested in retail property during the first half of the year, relegating office property into second place.

High pressure to invest was not least responsible for investment activity increasingly shifting towards larger transactions. The first half of 2015 witnessed almost fifty deals for more than €100m. This was more than twice the amount completed in the first half of the previous year, and the trend is likely to continue. Dynamics is also increasingly high in the portfolio market. The transaction volume for German commercial property portfolios totalled €16.3bn for the 12 months to the end of June. This represents an increase of 37% on the corresponding figure to the end of the first quarter. The transaction volume for German commercial property portfolios totalled €9.0bn in the first half of 2015. This represents an increase of 23% on last year's figure. There is significant momentum on both the supply and demand side. The high pressure to invest is increasingly attracting investors to the portfolio segment and owners are taking advantage of the favourable market environment to bring portfolios to the market. Foreign investors were on the purchaser side in two out of three portfolio transactions. Furthermore, since their acquisitions were above average in size, this group accounted for almost 85% of the overall transaction volume. Investors from North America and the United Kingdom in particular are surging into the German portfolio segment. On the vendor side, domestic investors were significantly more active than they were as purchasers, accounting for 50% of disposals. As a result, this group made net portfolio disposals totalling approx. €3bn during the first half of the year.

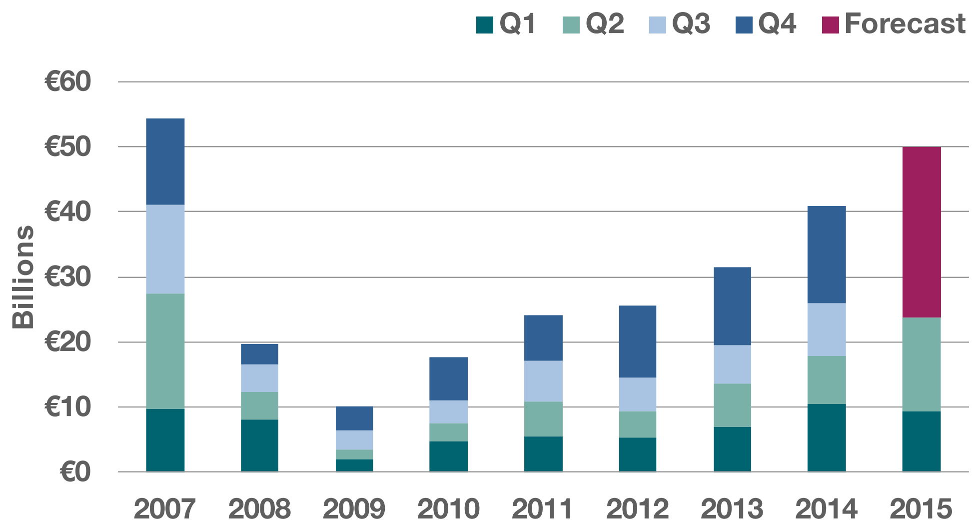
Against a background of continued low interest rates and increased volatility in the equity and bond markets, investors may feel compelled to increase allocations to real estate yet further within their portfolios. In any event, the transaction volume is likely to reach €50bn by the end of the year and may even surpass the record volume of €55bn, which was set in 2007.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	→
Industrial	↘

GRAPH 6

Germany Investment Volume 2007-2015



Source: Savills

TABLE 6

Major investment transactions Q2 2015

Property	Location	Price	Buyer	Usage
Kaufhof-Portfolio	Nationwide	€2,400m	HBC JV Simon Properties	Retail
Odin-Portfolio	Nationwide	€625m	Orion Capital Managers	Office
Trianon	Frankfurt-CBD	€540m	Northstar	Office
Eurotower	Frankfurt-CBD	€480m	IVG	Office

Source: Savills-

Greece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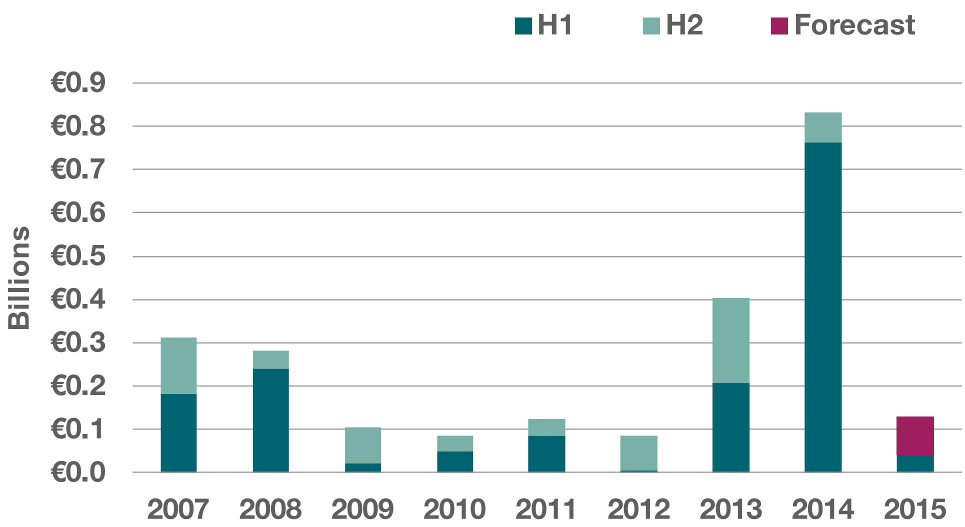
For the first half of 2015, Greece's path towards economic recovery still remains enigmatic. For the past six months Greece's new anti-austerity coalition government, between the radical left Syriza party and the right wing Independent Greeks party has entered into prolonged negotiations in an attempt to reach a more favorable debt relief agreement with less austerity. The Greek economy is expected to contract by 0.1% in 2015.
The above have hindered the investment environment for real estate which has been evidenced by low investment volumes, below initial expectations for 2015. Recorded investments in Greek commercial properties have amounted to a total of €42m. This volume mainly comprises the purchase of two large retail units (Big Boxes) by Grivalia Properties REIC and the sale of a historic / trophy hotel in Athens' North, Pentelikon to a Greek expat with an appetite for pursuing further investments in Greece. Worth mentioning is that Grivalia Properties REIC and Sklavenitis SA, one of the leading supermarket chains, have reached an agreement on the sale of the owner occupied Makro wholesale stores for a price of €65m. The deal is expected to be completed by September 2015. Additionally, we have observed an increasing interest from opportunistic funds and private offices to acquire large portfolios of either repossessed assets or non-performing loans which have real estate assets as collateral. We can refer to the cases of Piraeus Bank and Eurobank who are seeking investors in the market. Also, the Bank of Cyprus was in the market for the sale of a number of investment properties. We understand that the rest of the Greek systemic banks are very likely to follow the same route in order to increase their liquidity.

The recovery of investment sentiment for the remainder of 2015 will primarily depend on the return of business confidence and on increasing the pace of structural reform implementation. The domestic players with high levels of liquidity (REICs) are expected to continue playing a role in the stabilization of the real estate investment market. We are also of the opinion that interest for investments in the Greek property market will be expressed by foreign investors who have strong expectations of a recovery within 2016, hence investing in sectors where returns are promising enough. Again, Athens and Thessaloniki are expected to attract the highest investment volumes for the remaining of 2015. In terms of real estate sectors, we believe that offices are expected to attract most of the investment interest, as it will be directly linked to Greece's recovery. Although, it is very difficult to estimate the current level of yields due to the lack of significant investment activity, especially from foreign investors, we are of the opinion that Grade A offices in prime business locations (Athens CBD, Kifissia's Avenue etc.) could reach gross initial yields in the order of 8-9%.

PRIME YIELDS END-YEAR OUTLOOK

Offices	→
Retail	→
Industrial	→

GRAPH 7
Greece Investment Volume 2007-2015



Source: Savills

TABLE 7
Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Hotel Pentelikon	Kifissa	€23m	Private	Hotel
Praktiker Store	Mandra	€6.5m	Grivalia Properties	Retail

Source: Savills

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Investment in Irish real estate hit record levels in 2014 with over €4.5bn of assets directly traded in the market. A number of large deals carried into the early months of 2015 and, as a result, turnover in the first half of the year reached almost €1.8bn. Although this is comparable to H1 2014, our analysis of the supply pipeline suggests that overall turnover for 2015 will be a little lower than last year at around €3.5bn. However, this would still represent a very busy year of trading by historical standards.

Four of the top five deals in H1 involved office buildings, with a number of assets which were picked-up by private equity investors earlier in the cycle being sold-on to core institutional investors. It is interesting to note the emergence of a broader pool of European and US institutions as buyers for this type of product, and further re-trades will remain a feature of the market as short-term holders move properties on and into the hands of longer-term money.

Retail property only accounted for 10% of investment turnover in the first half of 2015. However, this reflects the scarcity of large-scale availability rather than any lack of demand. A number of major retail lots will come to the market over the coming months – both as direct assets and as loan sales – and bidding for these opportunities is expected to be competitive.

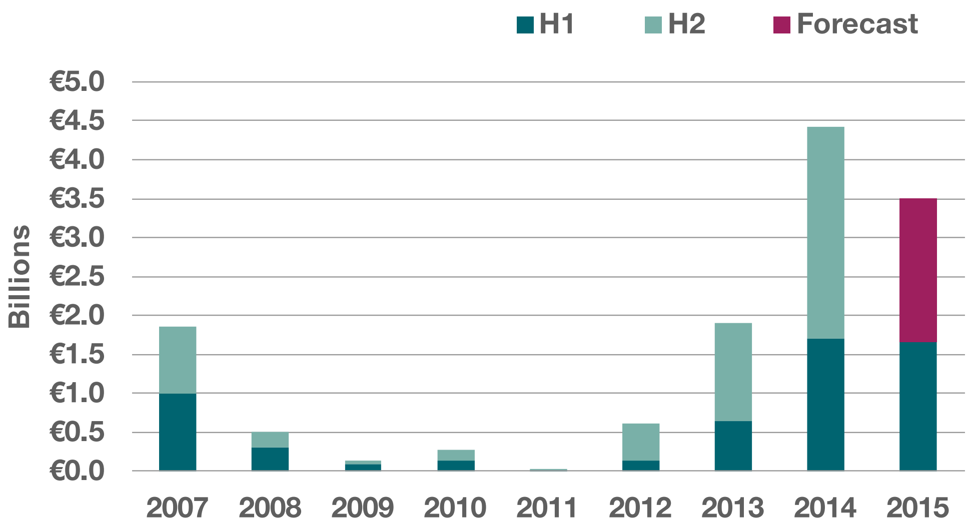
There has been significant yield compression in all asset classes over the last 12 months. With quantitative easing continuing to weigh on bond returns and with property yields still higher than at the peak of the last cycle, our view is that there may be scope for some further compression. However, with occupational markets tightening, most of the remaining upside is likely to come from rental growth. Prime city centre office rents have already risen by 16% year-to-date and with availability now very tight further rental growth is inevitable. Prime retail rents are also moving up and this will continue to drive values in the better locations through the remainder of 2015 and into 2016.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 8

Ireland Investment Volume 2007-2015



Source: Savills

TABLE 8

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Cornerstone Portfolio	Nationwide	€117m	Davidson Kemper	Mixed
Riverside One, Sir John Rogerson's Quay	Dublin	€81m	IPUT	Offce
Beaux Lane House	Dublin	€61m	Real I.S	Office
Manor West Shopping Centre	Tralee	€59m	Marathon	Retail
1 Albert Quay	Cork	€58m	Green REIT	Office

Source: Savills

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PRIME YIELDS END-YEAR OUTLOOK

Offices	→
Retail	→
Industrial	↘

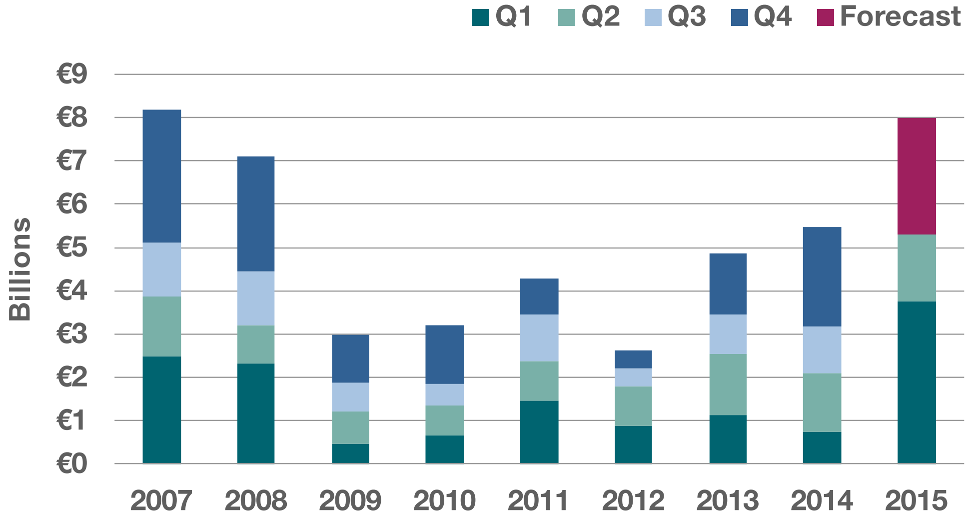
In the first five months of 2015, 77% of the investment volume is secured by international players, who show renewed confidence in the market. Equity Funds, Sovereign Wealth Funds and other institutional investors from the US, Middle East and AsiaPacific have overthrown the European investors from their dominant position in the market targeting iconic assets and large portfolios. Strong demand and improved pricing expectations underpins the supply of product in the market, which may come from banks, distressed sellers and funds close to expiry.

Besides portfolios, prime offices in Milan CBD are the most sought after product followed by prime regional shopping centres. Investors can benefit from further yield compression as prime achievable yields are 100-200bps above the previous cycle peak. There is increasing availability of financing and margins are coming down, mainly due to lower spreads on the government debt. The supply of product in the market is driven by renewed investor interest and improved pricing expectations in the prime segment. Supply of investment product may come from distressed sellers, banks, and funds close to expiry. There are a number of listed and unlisted Italian funds that are close to expiry, which can bring more assets on the market. In addition many cross border open-ended funds that invested in Italy between 2003 and 2007 are good potential sources of investment.

From the €4.32bn invested in the Italian commercial real estate market since January 15 (until May), over €3.3bn was international capital, which corresponds to about 77% of the total, setting a new historic record. Cross border investors are driving the momentum as international capital is moving beyond the core European markets in search for better returns. The renewed confidence of international investors in the market has already been marked since 2013. Activity was initially driven by opportunistic and equity funds (EF), but there are increasingly more entries in the market by institutional investors and sovereign wealth funds (SWF) from overseas. So far this year EF (25%) and SWF (28%) are sharing over half of the transaction volume, while the rising share of listed companies and Italian property companies (17%) shows the gradual return of Italian investors in the investment scene. National investors are yet to become more active in the market as the weight of capital in property is still about one third (2014) of the historic record of €4.5bn in 2008.

GRAPH 9

Italy Investment Volume 2007-2015



Source: RCA / Savills

TABLE 9

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Via della Chiusa 2	Milan	€130m	NorthStar Realty Finance JV Cale Street Partners LLP	Office
Energy Park	Vimercate	€119m	Hines	Office
The Gritti Palace	Venice	€105m	Jaidah Holdings	Hotel
Palazzo delle Poste	Milan	€69m	Blackstone	Office
Via Rizzoli 7	Milan	€38m	Blackstone	Retail

Source: RCA

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As the economy is growing and forecasts for 2015 and 2016 are positive, the leasing market has picked up pace in the past 12 months, in turn positively affecting the investment market. The investment market reached a post GFC peak in 2014 when total investments in offices, industrial, retail, hotels and residential reached €9.7bn. As pricing of Dutch property was relatively attractive compared to other European countries, the Dutch market has become one of the key markets for cross-border investors. Despite the fact that foreign demand remains high and many international investors are keen to invest more in the Netherlands, the overall share of non-domestic investments has dropped significantly in 2015 H1. This has very much to do with the lack of large portfolio transactions so far. The by far largest portfolio transaction in this period concerned Klépierre selling nine shopping centres to the Dutch listed retail investor Wereldhave, for a total volume of €770m, being one-fifth of the total investment volume so far. This makes the retail sector the largest investment sector so far, with around €1.3bn sold, compared to €1.8 bn in 2014 full year.

New logistics developments, many of them speculative, are plenty and are driven by the strong growth in e-commerce (+18% in Q1 2015). Retailers expanding their logistics networks include bol.com phased 200,000 sq m development) and Primark (80,000 sq m).

Office investments are coming through also, but the number of portfolios sold remains limited. Savills however expects the second half of 2015 to show a far larger activity in this sector as there are around 20 portfolios at / coming to the market (totalling between €2.5bn and €3bn) and added to that a number of large single assets, like the 160,000 sq m De Rotterdam in Rotterdam.

Residential investments have been plenty in H1 2015, partly due to the second tranche of the Patrizia portfolio coming through, but primarily due to a large number of small assets picked up by domestic institutional investors. Still, the activity at the selling side is limited and it is expected that the final investment volumes will end up significantly lower than the €3bn of 2014.

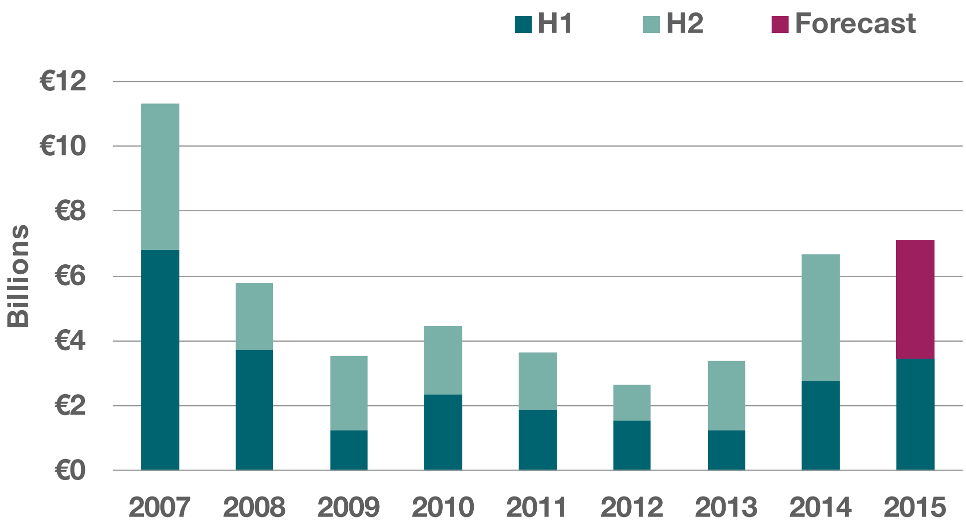
Current prime gross yields in the office market stand at 5.6%, in the logistics market at 6.6%, for high street retail at 3.9% and shopping centres at 5.6% and in the residential market at 4.9%.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 10

Netherlands Investment Volume 2007-2015



Source: Savills

TABLE 10

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
9 shopping centres	National	€770m	Wereldhave	Retail
85 high street units	National	€109m	Och-Ziff Capital	Retail
7 logistic centres	National	€92m	WDP	Logistics
Number One: 32,000 sq m	Amsterdam	€76m	Zabar Group Investments en Menora Miytachim	Office

Source: Savills

Norway

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The Norwegian transaction market remains very strong. Keen buyers combined with good funding availability and falling margins, results in record high volumes. At the end of June 2015, reports indicate a total investment volume of close to NOK50bn (€5.8bn) including the recent sale of Sector Eiendom to Citycon for NOK 12.3bn (€1.4bn). International buyers represents almost 50% of the record high volumes and we believe this trend will continue for the remainder of this year. International investors have shown interest in the Norwegian market for past year due to a stable economy, falling exchange rates of the Norwegian krone and low funding costs. Prime yields for office CBD Oslo are at historic low levels of 4.5%, and although property yields have declined, funding costs have declined even further resulting in high yield gaps.

Compared to other Nordic countries, the yield cap is decreasing. In Stockholm prime yield is 25bps lower than in Oslo, in spite of Swedish five year swap being 1% lower. Prices in Oslo are high and in the wake of increased economic uncertainty, investors might be unwilling to pay more for Norwegian property. Average yields have also declined and are at levels of 6.25% – 6.5%. Office is, as always, an attractive property segment accounting for one third of the total investments so far.

Retail is also an attractive segment with an increasing market share and accounting for 30% of total transactions. The latter often involves large portfolio sales such as Sector Eiendom (38 shopping centres). The sale of Sector Eiendom to Citycon (NOK 12.3bn) is the largest transaction so far this year; other large transactions are the sale of 30 properties from Storebrand Eiendomsfond (NOK 3.7bn) to the Swiss company Partner Group. The largest single property transaction so far this year (NOK 2.5bn) was the sale of Statoils head office in Stavanger to the US fund Colony Capital.

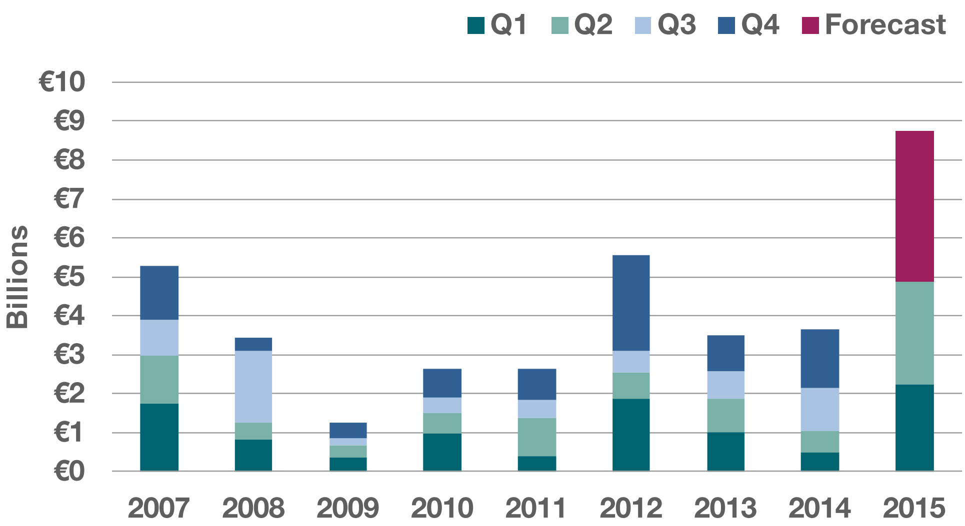
We expect the market to remain strong for the remainder of this year with yield levels as present. Latest predictions indicate at transaction volume at NOK 75bn at year end.

PRIME YIELDS END-YEAR OUTLOOK

Offices	→
Retail	→
Industrial	→

GRAPH 11

Norway Investment Volume 2007-2015



Source: RCA / Heilo

TABLE 11

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Statoil HQ	Stavanger	€303m	Colony Capital	Office
Ulleval	Oslo	€130m	Oslo Pensjonsforsikring	Retail
Sontumgarden	Oslo	€73m	Tristan Capital Partners	Office
Nemko	Oslo	€36m	UiO	Office

Source: RCA

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With a strong economy and positive forecasts Poland is still one of the most attractive countries in Central and Eastern Europe for investment. First quarter GDP reached 3.5% when compared yoy with the full year's data expected at 3.7%.

Despite the volume and number of investment transactions during the first half of the year, investment activity in Poland is not slowing with a growing number of investors interested in the Polish property market.

The volume of investment transactions in H1 2015 was €811m but the remainder of 2015 is expected to be more active in terms of the number and volume of transactions. This low volume of investment transactions in Poland is a consequence of limited supply of prime projects which are always favourable for some funds and are keeping the volume at a high level.
Five out of 20 transactions concluded in H1 2015 were domestic acquisitions with Griffin Real Estate led the way with €65m paid for Green Horizon which is an office building located in Łódź. The US investors e.g. Lone Star and Hines were also quite active during the first half of the year with ca. 35% of the volume, whereas investors from Germany and the UK were, once again, the key EU players in the market.

During the first half of the year, the volume of investment transactions in the retail sector was €271m (ca. 33% of total volume) but the majority were office deals with approximately 48% share in total investment volume.
Prime shopping centre yields remain stable at ca. 5.5% for the best shopping centres in Warsaw, below 6% for dominant shopping centres in major regional cities and sub 7% for leading shopping centres in secondary cities.

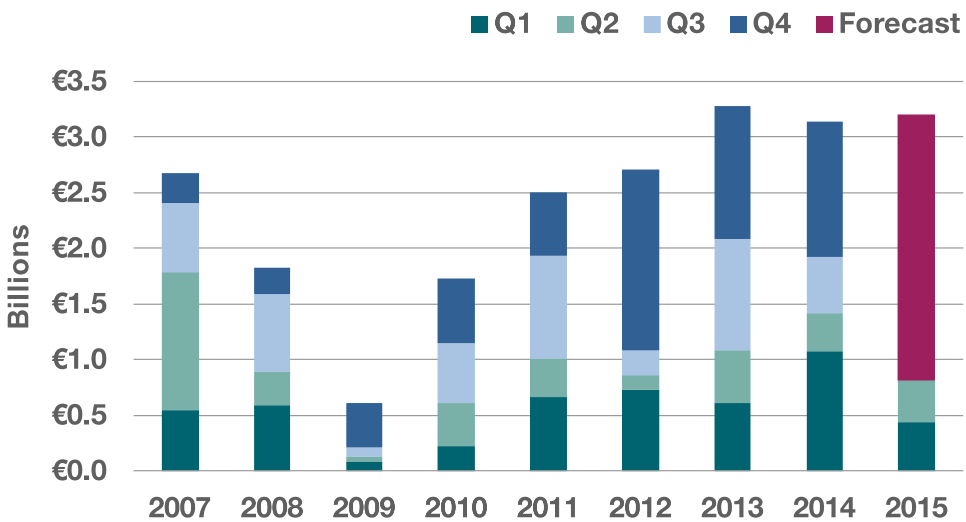
In the leading regional office markets of Wrocław and Kraków, prime yields are now below 7%. In Poznań and Gdańsk, prime yields are slightly higher at ca. 7.50-8%. For less active markets like Katowice, Łódź or Szczecin there is still limited transactional evidence for prime yields, however, we estimate yields to drop below 8%. Prime office yields in Warsaw city centre are falling below 6%, whereas in Warsaw non-central locations, prime yields range from 7% to 7.5% depending on the asset type and location.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 12

Poland Investment Volume 2007-2015



Source: Savills

TABLE 12

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Enterprise Park	Krakow	€65m	Tristan Capital Partners	Office
Europlex	Warsaw	€61m	Lone Star	Office
50% share: Factory Outlet portfolio, Futura Park	Warsaw & Krakow	n/a	TH Real Estate	Retail

Source: Savills

Portugal

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The Portuguese economy grew by 0.4% in Q1 2015 and GDP is expected to grow by 0.4% each quarter of 2015, the strongest rate of growth since 2007. According to Oxford Economics, the economic outlook is positive as the Portuguese economy is expected to grow by 1.7% in 2015 before slowing to 1.4% in 2016. Overall unemployment is falling steadily, although youth unemployment remains high at just over 30%, with a significant emigration rate.

Investors are returning to Portugal after a period of absence since the economic crisis. Major retail deals have taken place in the first half of the year in Portugal and three deals have accounted for one third of the total investment in Portugal this year. Investment Manager Commerz Real recently sold a three property retail portfolio to Blackstone for approximately €500m in which 2 of the malls were based in Portugal. According to RCA, last year's investment total was already exceeded in the first two quarters of 2015. In Q1 over €600m were invested in Portugal; 51% of which was retail investment, and in Q2 an additional €490m have been transacted; over 80% of which was retail investment. The majority of investment activity is driven by American and private equity buyers who see the potential of the country for future recovery and seek to catch the cycle and benefit from future yield compression. 73% of investments in Q2 (€360m) came from the US compared to only 4% (€18m) which came from EU investors.

A significant new source of international property investment capital is from Portugal's golden visa scheme, which has seen capital inflows of over € 1.5bn over the past three years. The scheme, which grants residency in Portugal to non-EU buyers for qualifying purchases of more than €500,000 in residential real estate, was launched in 2012 and has seen 80% of take-up coming from Chinese buyers. However, the scheme is focussed on individual visas and has not been easy to adapt to larger commercial transactions for multiple visas, with only one or two transaction of this nature taking place.

In Q2, almost 96% of investment was focused in and around the Lisbon area with very little investment being spread to cities such as Porto. Few Portuguese companies have offices in both Lisbon and Porto so commercial investment is very subdued in the north.

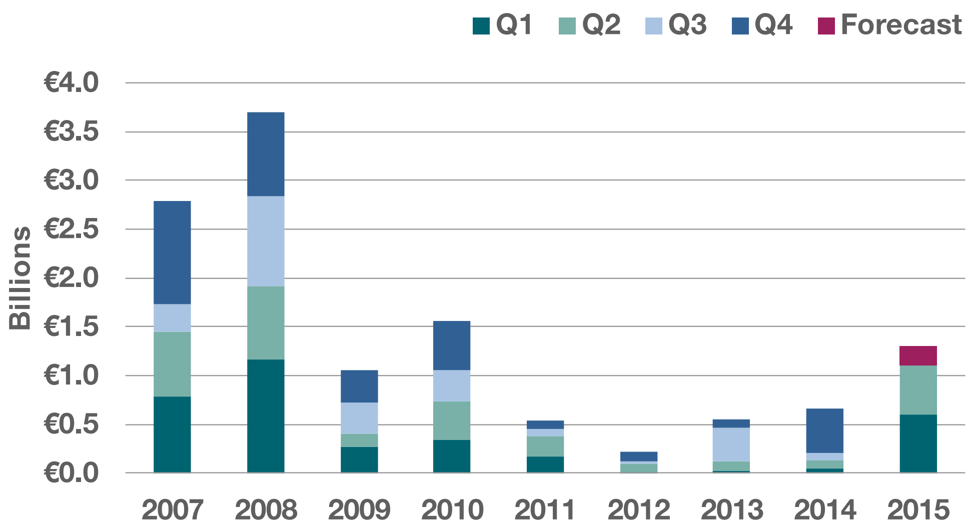
After a remarkable start to the year, investment is expected to slow in the second half of 2015 with total investment forecast to be a little over €1.5bn. Prime yields are expected to tighten, and, as the economy continues to grow, office vacancy rates are expected to fall.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 13

Portugal Investment Volume 2007-2015



Source: RCA / Abacus / Savills

TABLE 13

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Novabase	Lisbon	€18m	Merlin Properties	Office
Retail Portfolio	Portugal/ Spain	€500m	Blackstone	Retail
Continente	Lisbon	€54m	Unknown	Retail

Source: RCA/ Abacus / Savills

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During the first semester of the year, the Spanish commercial market reached a little over €4bn which represents a 50% increase from the same period of the previous year and around 55% of the annual total for year 2014. You can still find high quality assets with lower capital values than other European markets thanks to the low rental level.
In this sense, international investors have accounted for 55% of the total transactions and 40% of the number of deals. This reflects that, in general, they have more investment power than domestic companies, even though several domestic companies appear among buyers of the largest deals for the year.
Pontegadea, with the acquisition of Gran Vía, 32 (which in short took in the largest Primark in Spain) for around €400m, Corporación Financiera Alba, with the purchase of the Ahorro Corporación building AZCA area for €142m, Meridia Capital, the new owner of the other part of the GE portfolio (11 office buildings in Madrid and Barcelona) for €120m and Hispania, the Azora REIT, with the acquisition of two hotels in the Canary Islands for €105m are the four Spanish firms that appear among the recorded megadeals.
Such agreements(deals <€0.5bn) now account for 11% of all transactions and 52% of total volume; similar levels to those seen in 2014, notwithstanding the various megadeals expected before the end of the year.
The retail segment has recorded various operations of greater volume, making up 45% of total transactions thereby beating the office market in terms of transactional value. The €1.7bn of transactions in the retail market are made up of 20 operations while only about 40 transactions make up the €1.25bn of deals in office transactions
It is also interesting to note that in the section of portfolio sales, the office segment represents about 60% of the total, thanks to the disinvestment actions and asset turnover of large funds like Deutsche Bank and GE among the internationals and Naropa among the nationals.

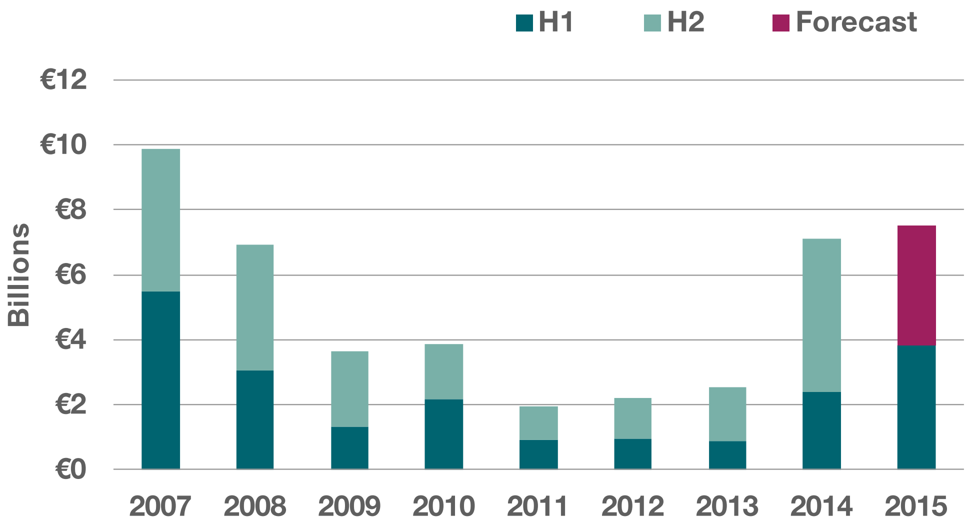
The logistics segment has experienced a year to year growth of 70% with respect to the volume of transactions and almost €300m accumulated between January and June already representing more than 50% of the total registered in 2014.
The hospitality market continues to show an increase in activity. Investment operations have already reached more than €500m, 92% of the annual total for the previous year.
The market is once again led by international firms, some of which have returned to the market after leaving during the most critical years of the crisis. Others have recently arrived not wanting to miss out on the recovery of a mature market with good opportunities for investment.
As for the pipeline, until the end of the year, it could reach €900m more of retail products and €1.2bn more in the Madrid office market (Torre Espacio making up almost half of the total). The prediction for all the tertiary activity could be a level similar to that of 2014.

PRIME YIELDS END-YEAR OUTLOOK

Offices
Retail
Industrial

GRAPH 14

Spain Investment Volume 2007-2014



Source: Savills

TABLE 14

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
381 Santander Bank Branches	Nationwide	€308m	Axa REIM	Bank
Paseo de la Castellana, 89	Madrid	€142m	Corporación Financiera Alba	Office
Hotel Ritz	Madrid	€132m	Olayan & Mandarin	Hotel
Hotel Villamagna	Madrid	€190m	Private Investor	Hotel
Plaza de la Independencia, 8	Madrid	€83m	Mapfre	Office

Source: Savills

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The Swedish economy has improved at a slower pace than most forecasters expected at the beginning of the year, but our consensus forecast indicates a growth of 2.7% in 2015, up from 2.4% in 2014, which are strong figures compared to most mature economies in Europe. The Bank of Sweden is however still concerned about the development of the economy, inflation and the euro zone, which led to a 10bps cut in the repo rate to -0.35% and a further expansion of the QE programme by SEK 45bn. Many other macro-economic indicators do, however, indicate an improvement to the Swedish economy.

The interest for property investments is extremely strong and competition for assets on the market is fierce. 2014 was a record year in terms of transaction volume and the market has performed strong in the first half of 2015 and the commercial property investment volume amounted to SEK 45bn (€5.3bn), which is in line with the same period in 2014. If residential assets are included, as they represent an established investment segment, the total investment volume for the first half of 2015 amounts to SEK 65bn (€7.6bn) which is also in line with 2014 figures. The low interest rate climate is expected to keep investor interest strong and 2015 is most likely to be in line with investment volumes close to last year's figures. Portfolio transactions have reached a record high where 37% of the transactions were property portfolios.

The lack of seller interest has led to increasing competition for prime assets in the larger cities (Stockholm, Gothenburg & Malmö) resulting in yield compression on these markets. The lack of prime assets has forced investors to widen their investment criteria to secondary assets or other sub-segments or geographic markets. It is expected that this trend will lead to yield compression on most assets, unless they are burdened by significant problems, such as very high vacancies or risk for obsolescence.

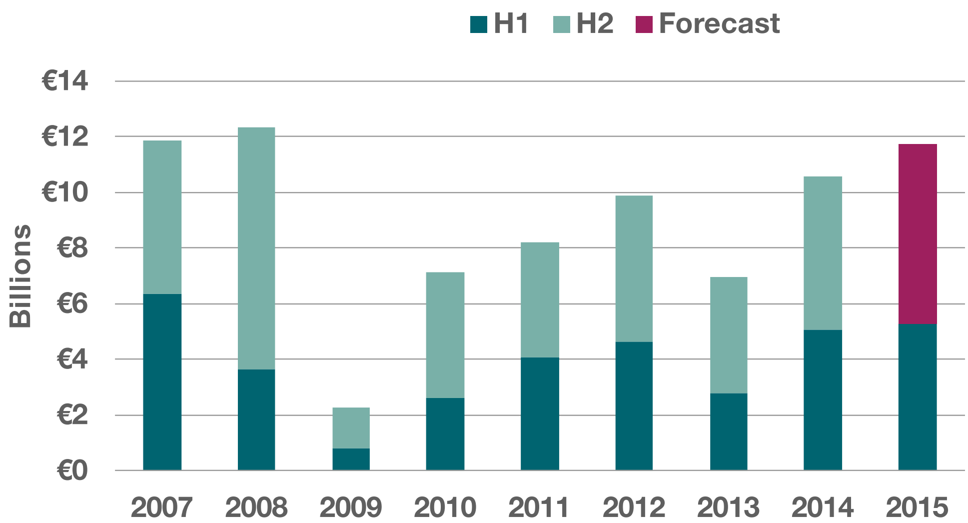
International investors struggle to compete against domestic institutions and pension funds, especially for prime office assets, residential and public properties. International investors have however been successful in acquiring retail and logistics assets, where there is less competition from domestic institutions.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	↘
Industrial	↘

GRAPH 15

Sweden Investment Volume 2007-2015



Source: Savills

TABLE 15

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Aprikosen 2 "Solna Gate"	Stockholm, Solna	€141m	Klovern	Office
Lundbyvassen 4:7, 4:8, 4:13	Gothenburn, Lindholmen	€105m	Atrium Ljungberg	Office
124 Care Homes	Nationwide	€84m	Hogkullen	Care Homes

Source: Savills

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The investment market in the UK remained extremely robust during the second quarter of 2015, despite the high level of uncertainty in the run up to the general election in May. We estimate that over £28bn (€39bn) of investment transactions were completed in the first six months of this year, a 50% increase on the same period last year.

The major change in the investment market this year has been an increasing weight of money targeted at the markets outside London, and we estimate that for the first time since 2009 more than 55% of the transactional activity took place outside Greater London. This move has been driven by a number of factors. Firstly, investors recalibration of risk and desire to capture the beginnings of the rental recovery in the regional markets; and secondly the increasingly competitive central London office market.

London has remained the world's most popular destination for cross-border investment in the first half of 2015, with more than double the level of inward investment seen in Manhattan. Nearly £9bn (€12.5bn) of transactions have been recorded in the first half of the year, a 44% rise in volumes compared to the same period last year. While the majority of purchases in the first six months of this year have been by non-domestic buyers, there has been a rise in domestic activity in London with UK investors accounting for 32% of purchases to date.

The central London market remains highly competitive, and we estimate that there is currently around £40bn of equity targeting this market. This has continued to put downward pressure on yields, and we have moved our prime City and West End office yields down to record lows of 4% and 3% this quarter.

Non-domestic investors have also become increasingly active outside London, with 2014 seeing a record level of non-domestic investment in the UK regions, and 2015 likely to exceed this. This combined weight of money is also putting downward pressure on regional yields, though the traditional 100bps gap between the City of London and the regions has remained.

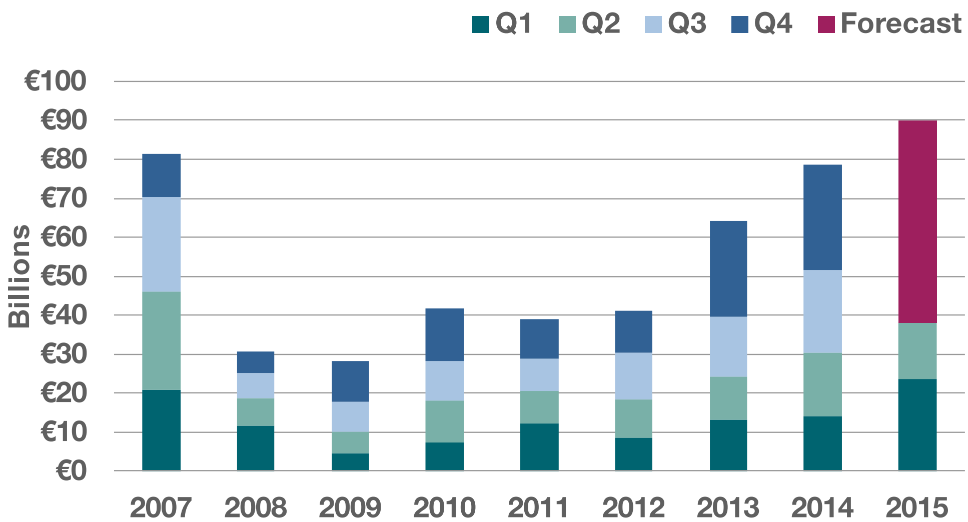
Looking ahead we expect that the weight of money targeted at UK property will be sustained, and we expect to see a continuation of the rise in interest in markets outside London in the second half of 2015. We also expect to see more investor demand for secondary assets, with the gap between prime and secondary yields likely to close from its current level of 350bps to around 300bps by the end of the year. Generally we expect that capital value growth will start to slow over the next few years, and the challenge for investors will be to find the rental growth opportunities that will drive better than average returns.

PRIME YIELDS END-YEAR OUTLOOK

Offices	↘
Retail	→
Industrial	→

GRAPH 15

UK Investment Volume 2007-2015



Source: Savills

TABLE 16

Major investment transactions, Q2 2015

Property	Location	Price	Buyer	Usage
Walbrook Cannon Street	London EC4	€796m	Cathay Life (Taiwan)	Office
Oxford Street 18-48	London W1	€602m	PonteGadea Inmobiliaria	Retail & Office
Industrial Portfolio	Nationwide	€498m	Logicor	Industrial

Source: Savills

Key investment indicators

GDP growth, prime rental growth[1], prime yields and yield shift[2] in Q2 2015

City	GDP growth 2015 (f)[4]	Office rental growth	Office yield	Office yield shift	Industrial yield	Industrial yield shift	SC[5] rental growth	SC yield	SC yield shift
Amsterdam	1.5%	5.8%	4.8%	-30	6.6% (Gross)	-65	-2.5%	5.6% (Gross)	-40
Athens	-0.1%	11.1%	8.25%	0	10.0%	-100	0.0%	7.5%	-50
Berlin	1.6%	3.2%	4.1%	-50	6.4%	n/a	n/a	4.7%	0
Brussels	1.6%	-3.4%	4.25% (Gross)	-85	6.75% (Gross	-35	0.0%	4.25% (Gross)	-110
Copenhagen*	2.0%	2.9%	4.5%	-25	7.75%	0	10.0%	4.25%	-25
Dublin	4.5%	37.7%	4.3%	-65	7.0%	-75	20.0%	4.8%	-120
Dusseldorf	1.6%	-1.9%	4.1%	-50	6.0%	-40	n/a	4.4%	-30
Frankfurt	1.6%	0.0%	4.1%	-40	5.7%	-40	n/a	4.3%	-30
Hamburg	1.6%	2.1%	4.1%	-40	5.7%	-70	n/a	4.1%	-50
Helsinki**	0.9%	1.2%	4.5%	-50	6.75%	-55	-0.8%	4.75%	-25
Lisbon	1.4%	n/a	6.25%	n/a	8.0%	n/a	n/a	5.5%	n/a
London[6]	2.8%	11.6%	3.0%	-50	5.0%	-75	0.9%	4.25%	-50
Madrid	3.0%	4.0%	4.0%	-150	n/a	n/a	0.0%	5.0%	-75
Milan	1.0%	2.0%	5.5% (Gross)	-50	8.25% (Gross)	0	n/a	7.0% (Gross)	-15
Munich	1.6%	-1.4%	3.8%	-45	5.8%	-70	n/a	3.8%	-40
Oslo***	1.0%	5.6%	4.0%	-70	6.0%	-50	0.0%	5.0%	0
Paris	1.7%	0.7%	4.75%	-100	6.5%	-25	0.0%	4.25%	-25
Stockholm	2.7%	2.1%	4.15%	-35	6.0%	-50	0.6%	5.0%	-25
Vienna****	1.5%	0.0%	4.75% (Gross)	-25	6.5% (Gross)	-50	0.0%	5.0% (Gross)	-75
Warsaw	3.8%	-4.4%	6.0% (Gross)	0	7.5% (Gross)	50	0.0%	5.5% (Gross)	-25

Source: Savills / *Nybolig / **Realia / ***Heilo/ ****EHL

Note 1: Rental growth is annual and calculated in local currencies

Note 2: Prime yield shift is annual - in basis points

Note 3: First estimations

Note 4: GDP is national, growth is annual and it is the Oxford Economics forecast for the year 2015.

Note 5: SC=Regional Shopping Centre. Rental growth refers to prime standard unit of approx 100sqm

Note 6: London offices refer to West End

Note 7: Yields are quoted Net unless noted otherwise

Note 8: Dublin GDP growth is the Savills Ireland forecast

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