

European Investment Quarterly, Q4 2014

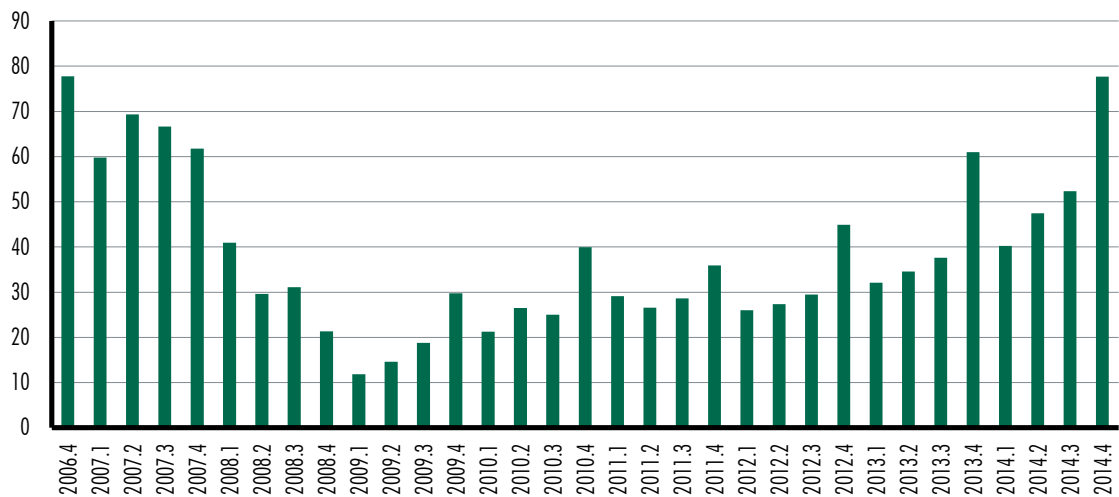
# Highest quarterly total since 2006 as European CRE Investment reaches €78 billion in Q4 2014

▲ Change from Q3 2014  
**49%**

▲ Change from Q4 2013  
**27%**

▲ Relative to 2-year quarterly average  
**62%**

Figure 1: European CRE Investment Turnover (€ billion)



HEADLINES

- CBRE recorded total CRE investment activity of €77.7 billion in Q4 2014. This is the highest single quarter since Q4 2006.
- For the whole of 2014 the total value of investment was €218 billion, an increase of 32% on the previous year. However, this is still well down on the €258 billion total in 2007.
- There were strong results from almost the whole of Europe. Of the larger countries, Sweden and the Netherlands stand out, with quarterly totals at almost record levels.
- Other notable results came from Portugal and Italy, where investment has recovered strongly from a low base in the first half of the year.
- CEE was the only real area of weakness in terms of investment turnover. The sharp fall in transactions in Russia, driven by economic uncertainty was the main reason for this.
- On an annual basis Sweden, Spain and Ireland recorded record totals for CRE investment. The UK was also within 10% of its previous one-year high.

**STRONG FINAL QUARTER IN WESTERN EUROPE**

The €77.67 billion of CRE investment was the highest ever quarterly total just a fraction below the high of €77.70 billion recorded in Q4 2006. Of the larger markets, Sweden and the Netherlands were particularly strong, with turnover close to historic highs. However, nearly all Western European countries saw investment activity well above the same quarter in 2013. Finland and Austria, both countries with significant economic ties to Eastern Europe, were the only exceptions.

**RUSSIAN MARKET WEAK ON ECONOMIC UNCERTAINTY**

Investment activity in Russia has been relatively weak all year, but the total for Q4 was particularly low at just €283 million. This brings the total for the year to €2.7 billion, less than half the level in 2013. The weakness in the Russian market is understandable given the uncertainty due to sanctions on Russia from the west and the fall in the price of oil. However, most other CEE countries are also experiencing weaker growth in investment than might be expected given the trend in Western Europe. Romania was an exception to this, with a strong finish to what had already been a strong year.

**MORE RECOVERY MARKETS TO THE FORE**

In previous quarters we have commented on the high levels of investment activity in Spain and Ireland. Both finished well, but perhaps more interesting than the continuation of this well established trend was the strength of other recovery markets. The Netherlands, which saw steady growth in investment activity throughout 2014 recorded nearly €4 billion of transactions in Q4 bringing the total for the year to more than double that in 2013. Italy and Portugal also recorded very high levels of transactions in Q4 2014, in the case of Portugal 65% of the total for the year was transacted in the final quarter.

Figure 2: CRE Investment Activity

EUR million	Q4 2014	Q4 2013	% Change
UK	26,812	24,012	12%
Germany	14,376	11,270	28%
France	8,098	5,464	48%
Sweden	6,241	3,164	97%
Netherlands	3,999	2,112	89%
Spain	3,396	2,263	50%
Italy	2,597	1,919	35%
Norway	2,121	1,555	36%
Denmark	1,992	1,326	50%
Ireland	1,577	722	118%
Belgium	1,116	622	79%
Finland	782	1,250	-37%
Other Western Europe	1,992	1,653	21%
Poland	1,102	1,193	-8%
Czech Rep	446	386	16%
Russia	283	1,555	-82%
Other CEE	735	500	47%
<b>Europe</b>	<b>77,665</b>	<b>60,966</b>	<b>27%</b>

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