

**COMMERCIAL PROPERTY MARKET REPORT
PROPERTY INVESTMENT – THE UK AND FRANCE**

A recent conference held by the Investment Property Forum outlined that the UK accounted for a quarter of European Property investment and was also responsible for over 50% of cross-border real estate transactions in 2004.

A continuing advantage for the UK in attracting inward investment is the relatively long lease structure, which still has currency in the prime real estate sector. This is in contrast to much of Europe where lessees generally have greater flexibility as to their lease liabilities.

Against this the future performance and potential for the UK property market look relatively weak at present with overall prospects for the UK economy looking somewhat bleak. Despite this, the demand for real estate investment seems strong and UK property yields have less room for compression than in many parts of Europe.

This has inevitably encouraged many investors to look overseas to take advantage of performance returns and potential of other markets.

In this context continental Europe offers property investors a number of mature markets with high levels of capitalisation and sophistication.

One sees the growth of a truly pan-European investment market.

- Cross-border mergers of financial institutions and corporate concerns means that liabilities are themselves becoming increasingly international.
- Whilst the majority of European real-estate is still owner-occupied – a move in the balance towards investment ownership opens up new opportunities – for both investors and occupiers.
- Several decades of legislation under a common banner have enabled greater comprehension of real-estate issues - allowing many professional advisers, investors and corporate concerns to operate on a pan-European and no longer a parochial basis.

Reflecting the dynamism of the markets we serve we are presently involved – in assisting and advising on some €200 million of cross-border transactions between the UK to and from France.

These range from landmark buildings in Central Paris to high yielding warehouse investments in the South and South West of France – all reflecting the attractions of investment in these markets.

It is equally satisfying to note that we have assisted inward investment into the UK through the acquisition of real-estate by Parisian - based investors and are also advising a number of corporate concerns keen to undertake cross-border investment.

This one senses not only reflects the strong trade and business links between the UK and France but is also the bond that reinforces the truly European markets in which we now all operate.

If you would like to discuss any aspect of the services we can provide please contact Richard Hutt, Robert Dickson or Evette Phillips on 020 7471 0420 or via email at www.alphaproperty.co.uk.



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