Capital Flows Update

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Colliers INTERNATIONAL

Content: Who, what, where, why…how?

PANATTONI EUROPE

Blackstone

CBRE GLOBAL INVESTORS

M&G INVESTMENTS

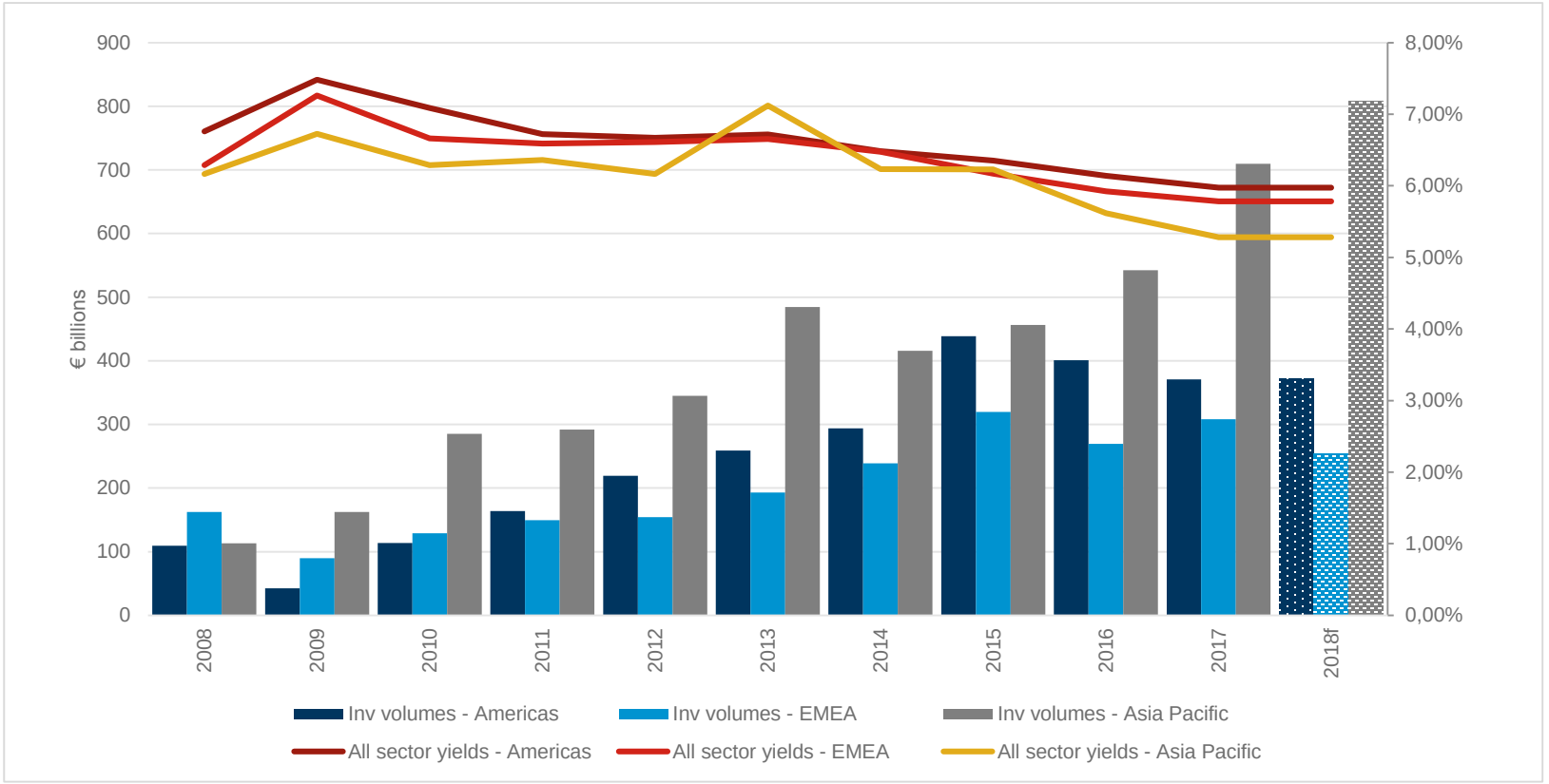
PROLOGIS.

AEW

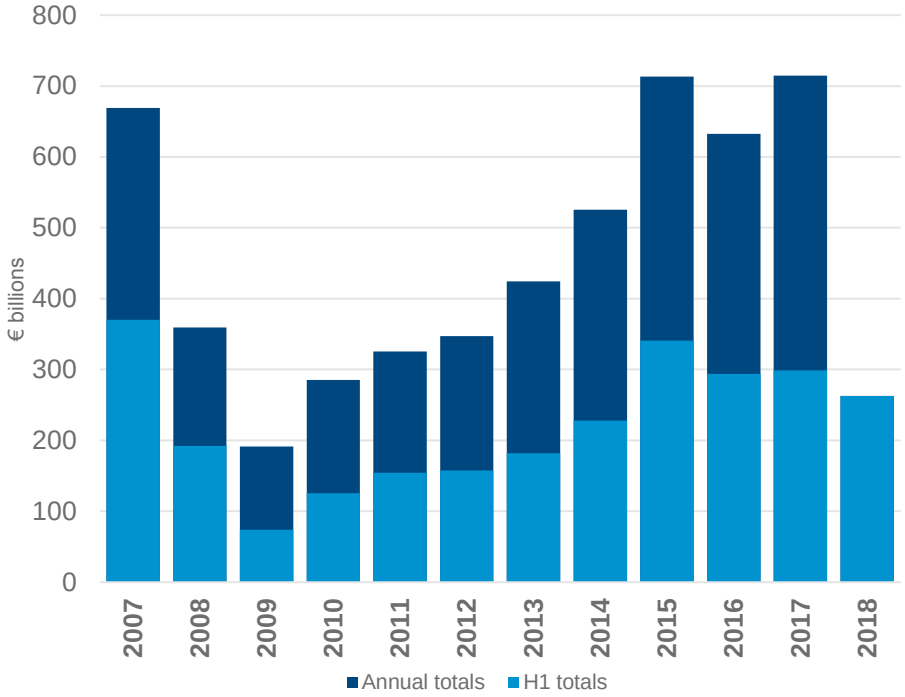
PATRIZIA IMMOBILIEN AG

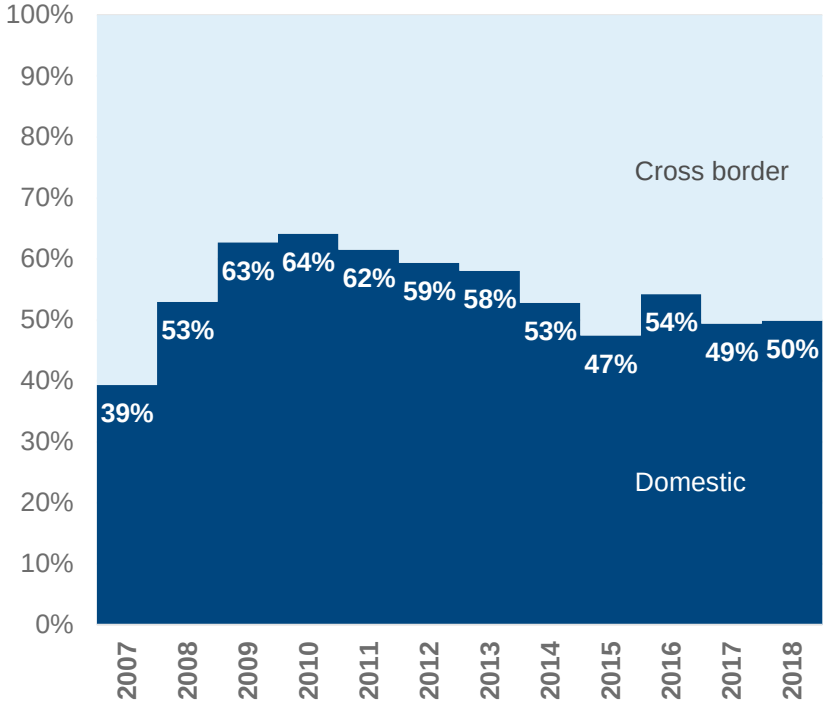
Aberdeen Standard Investments

Where: Global flows



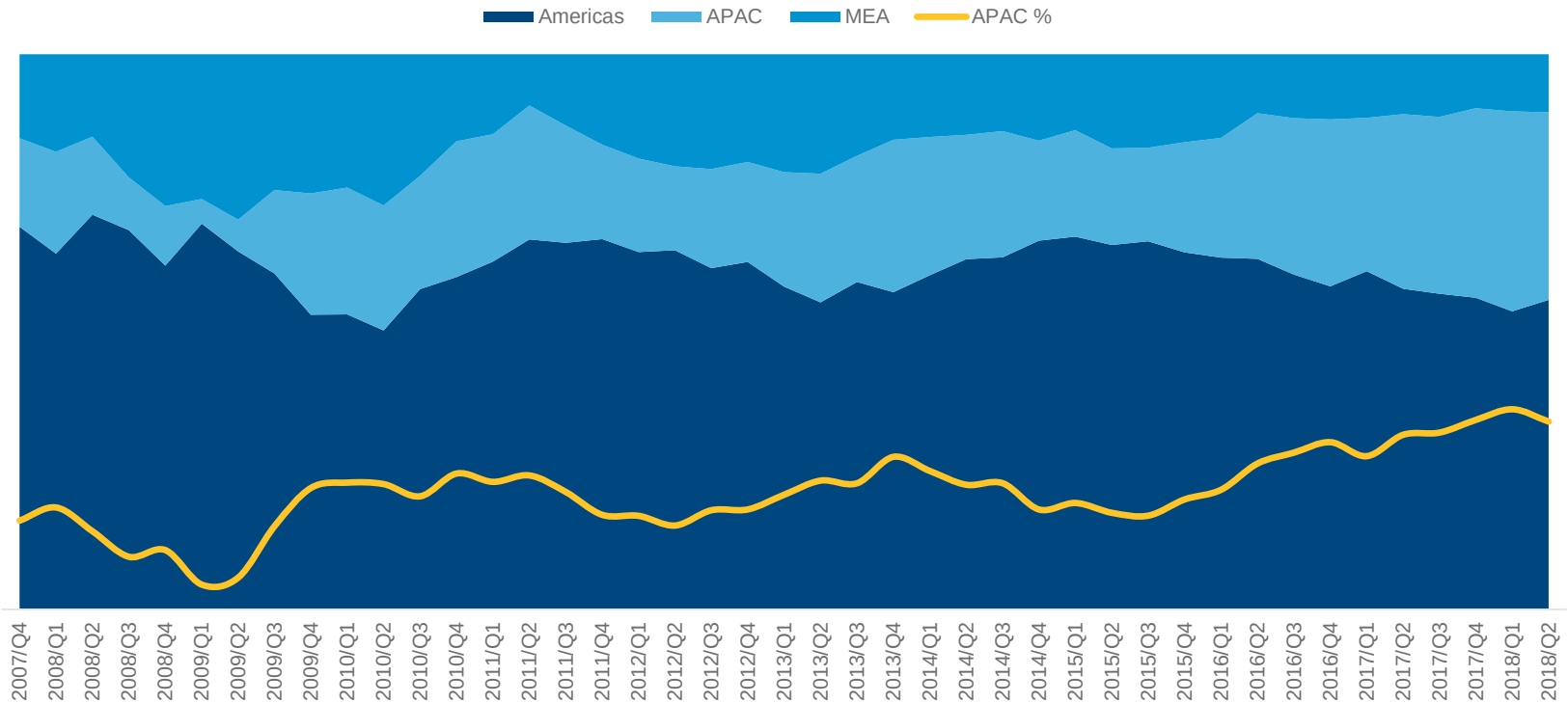
Global flows – into Europe





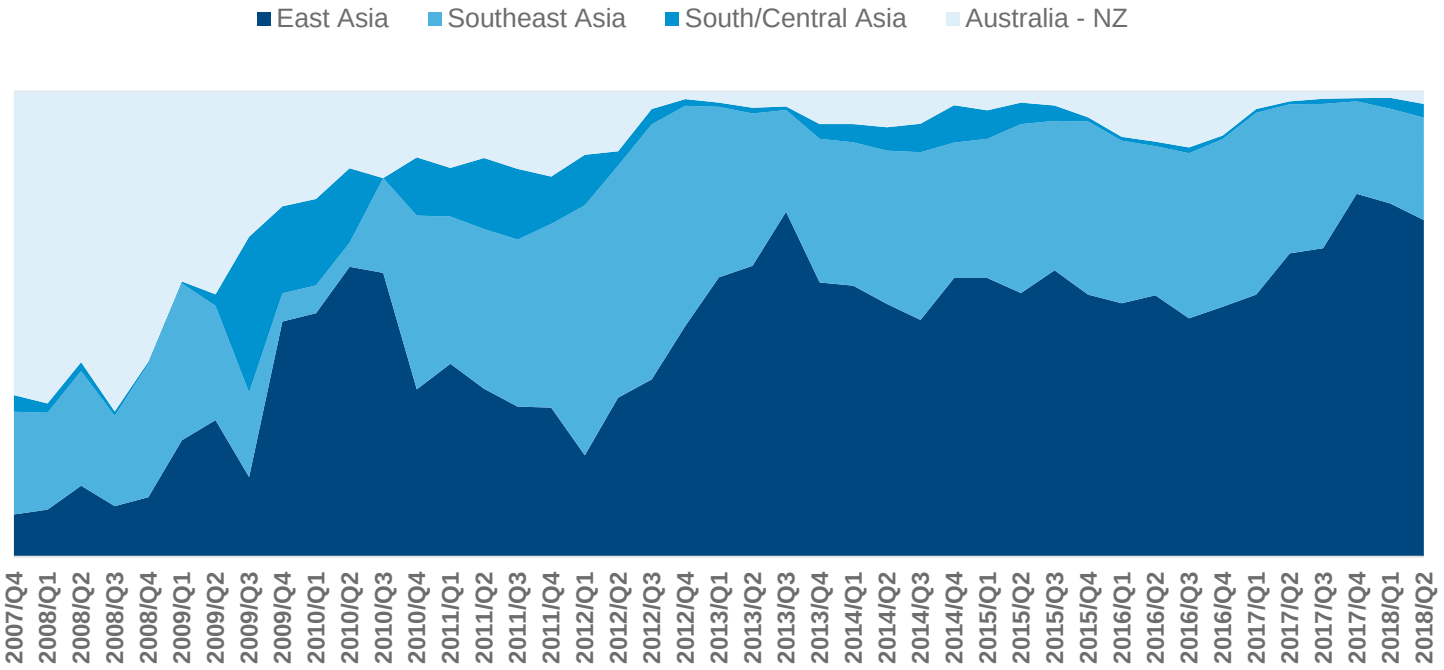
Global flows - Europe

Property investments into Europe (by source of capital)



Source: Real Capital Analytics

Asian Investors

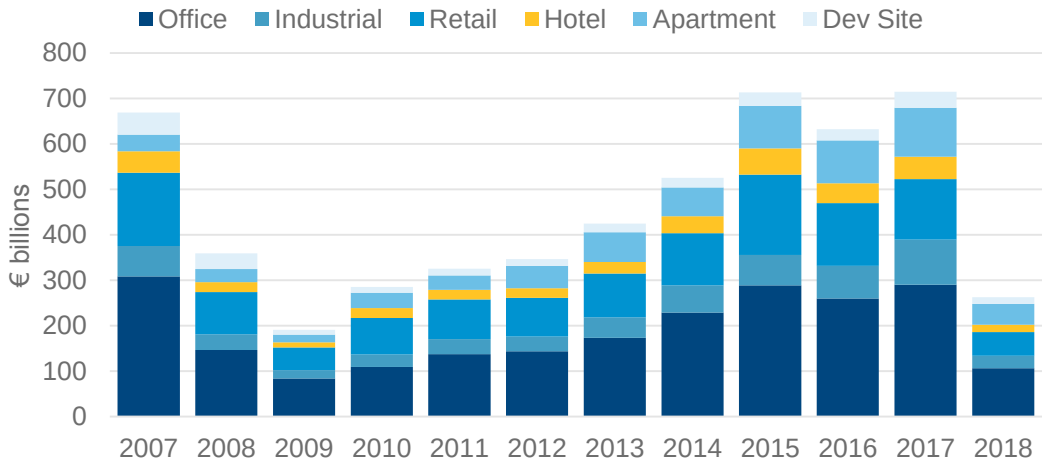


East Asia: China, Japan, South Korea
Southeast Asia: All the way down from China to Australia
South/Central Asia: India, Pakistan & ex-Soviet republics (Kazakh, Kyrgiz etc.)

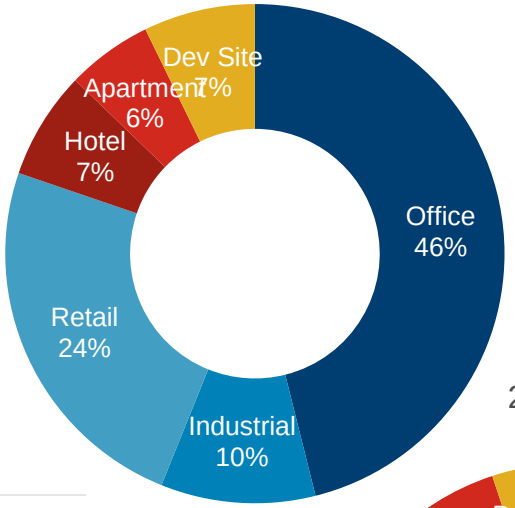
What (is being bought)?

Sector trends

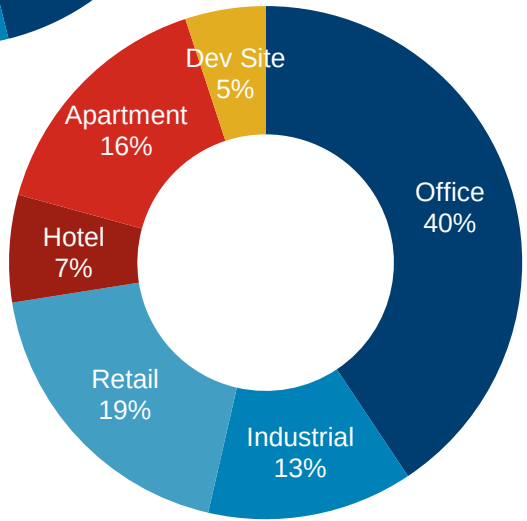
- **Resi** the key growth area, hotels flat
- **Industrial** also up
- Retail and offices both down



2007 Distribution

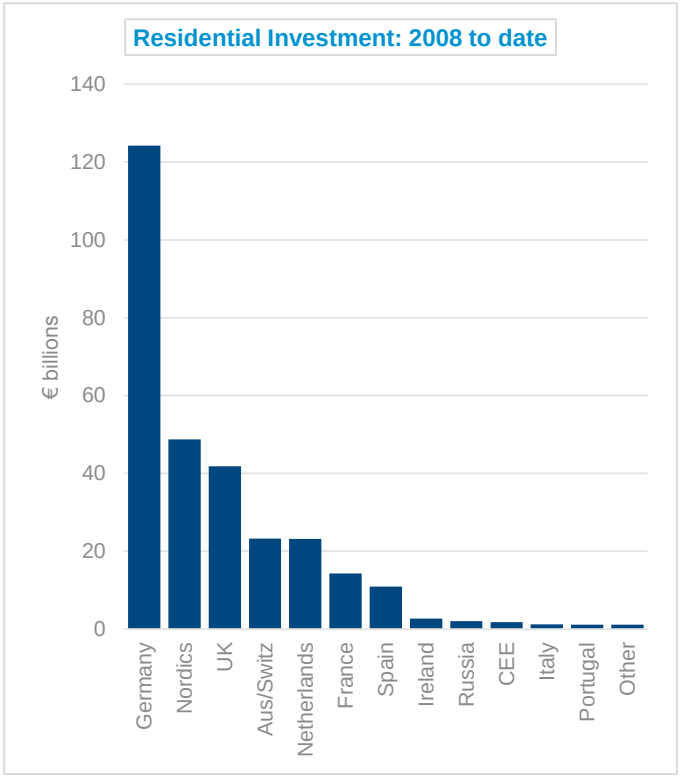


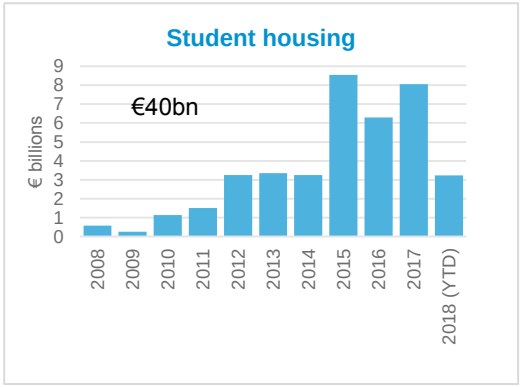
2017+ Distribution

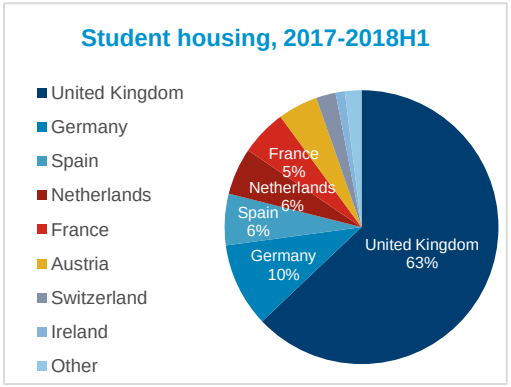


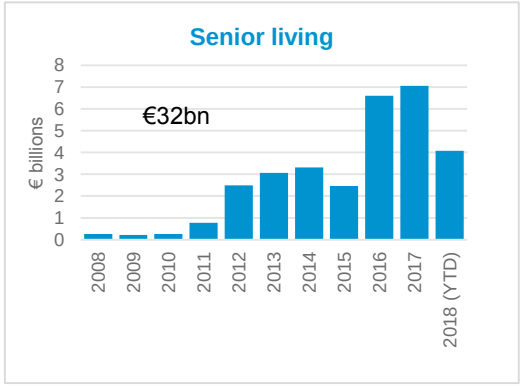
Colliers International 2018

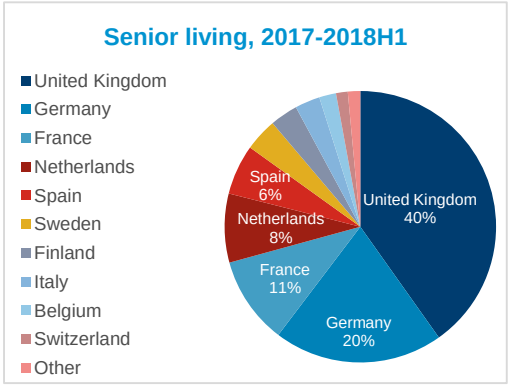
Residential Investment in Europe (€270bn)





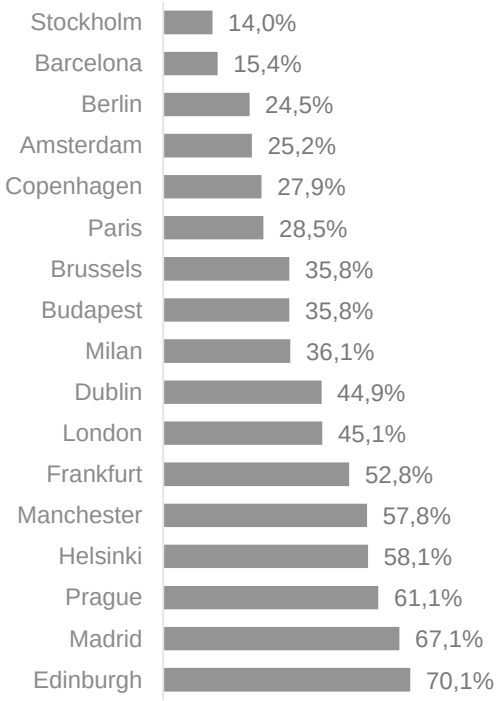






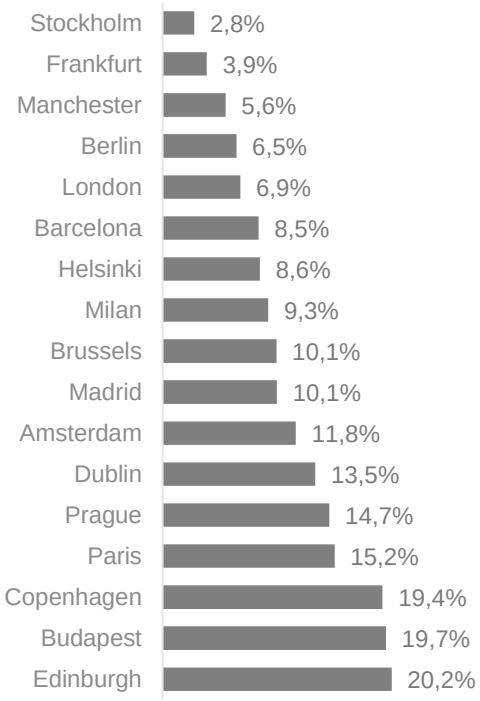
Source: Real Capital Analytics

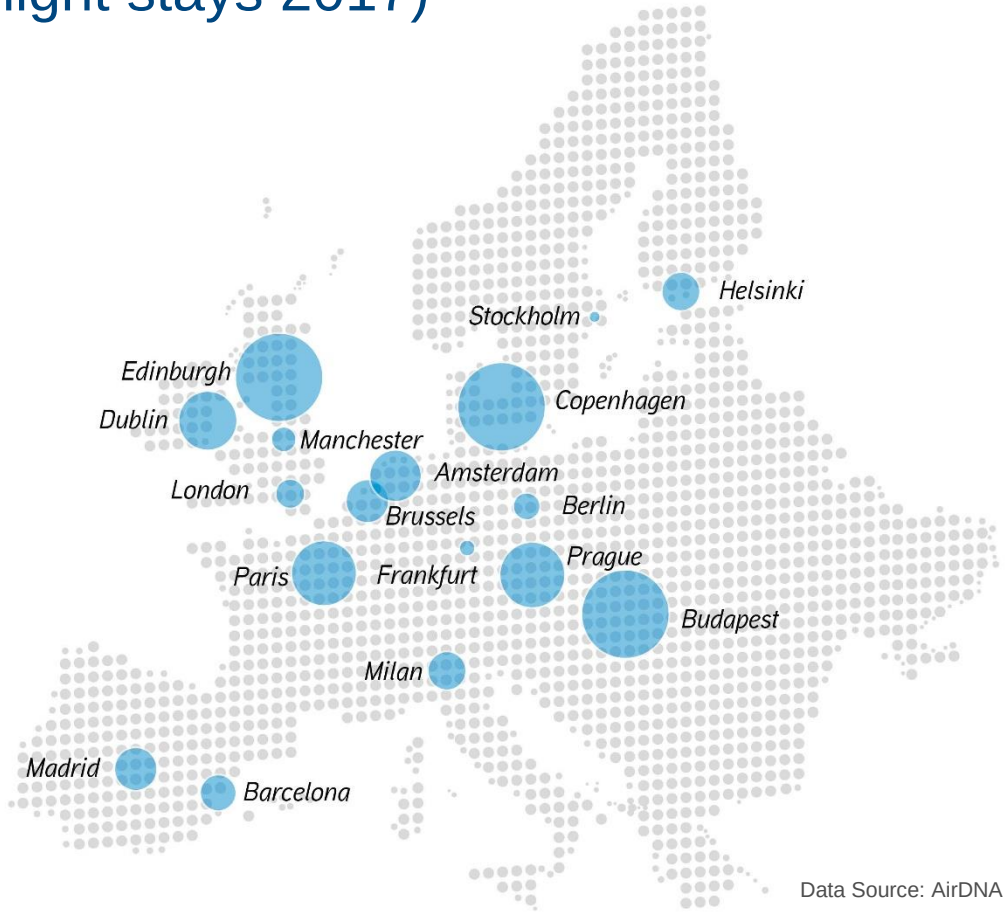
Airbnb Growth Rate (2017 vs 2016 overnight stays)



Data Source: AirDNA

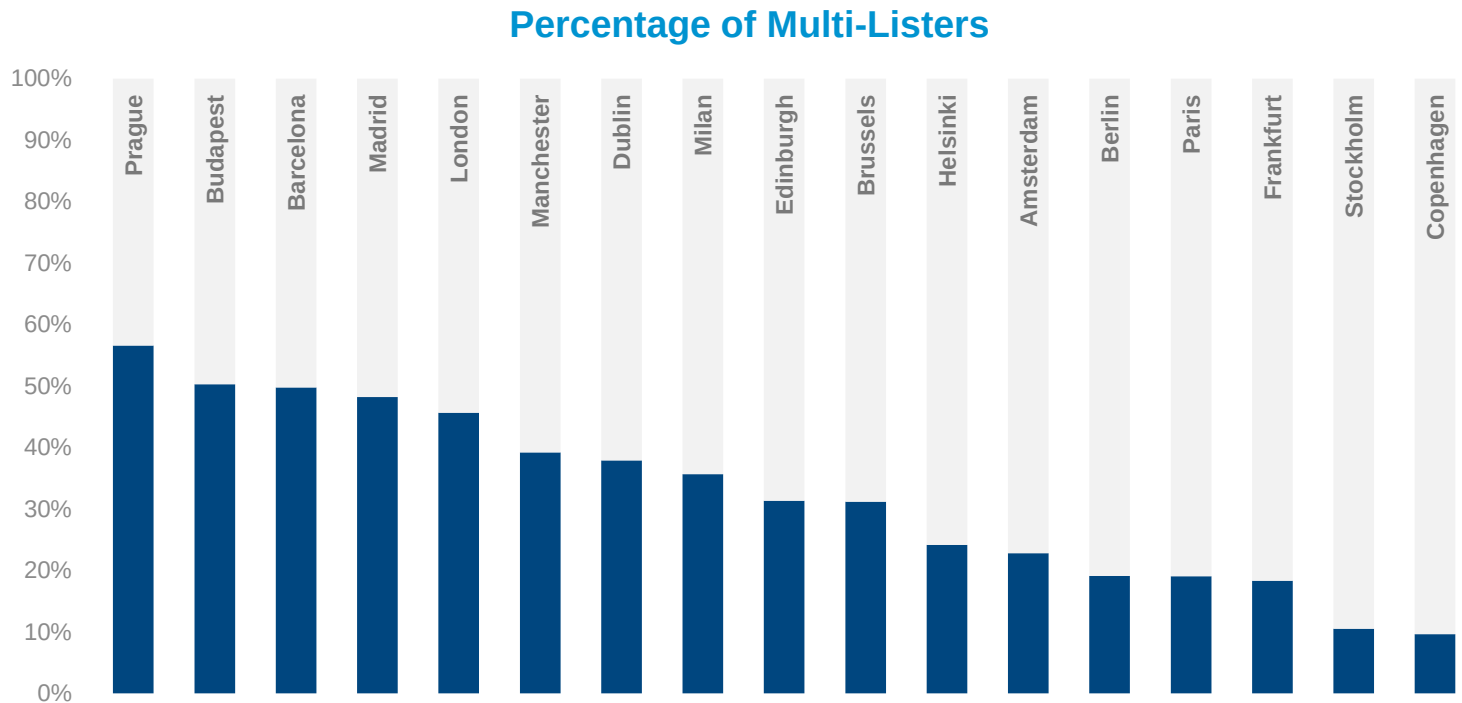
Airbnb Market Share (overnight stays 2017)





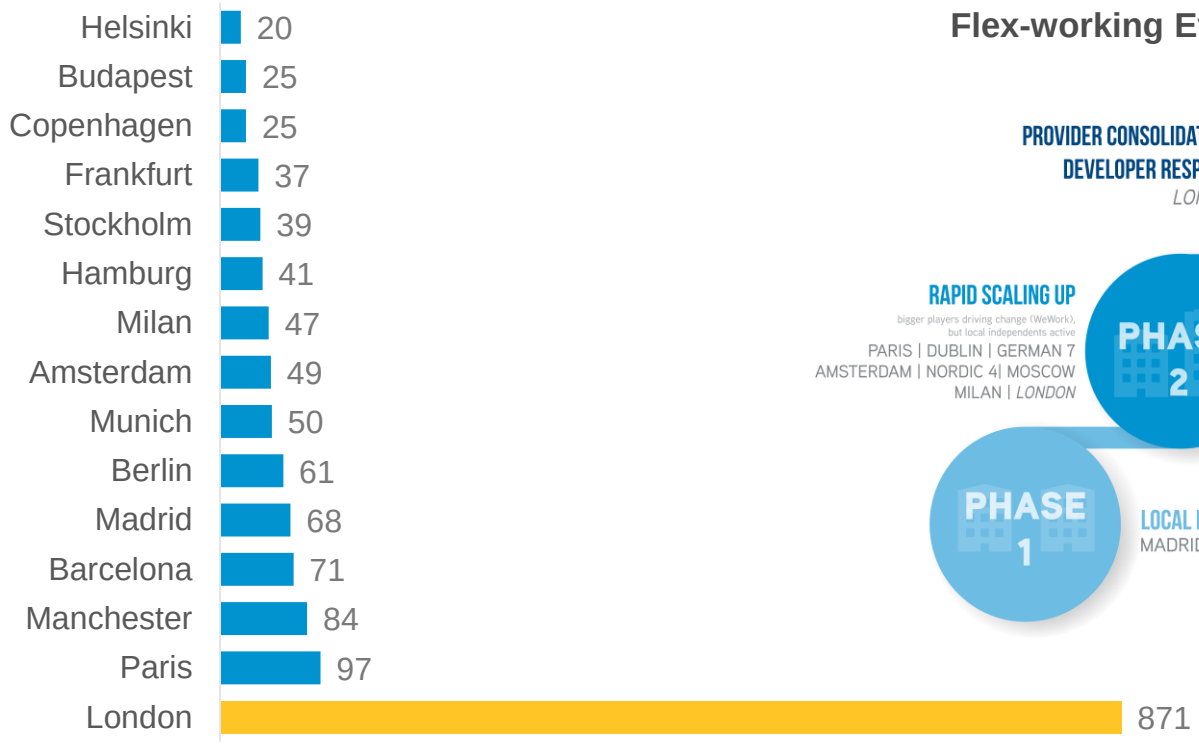
Data Source: AirDNA

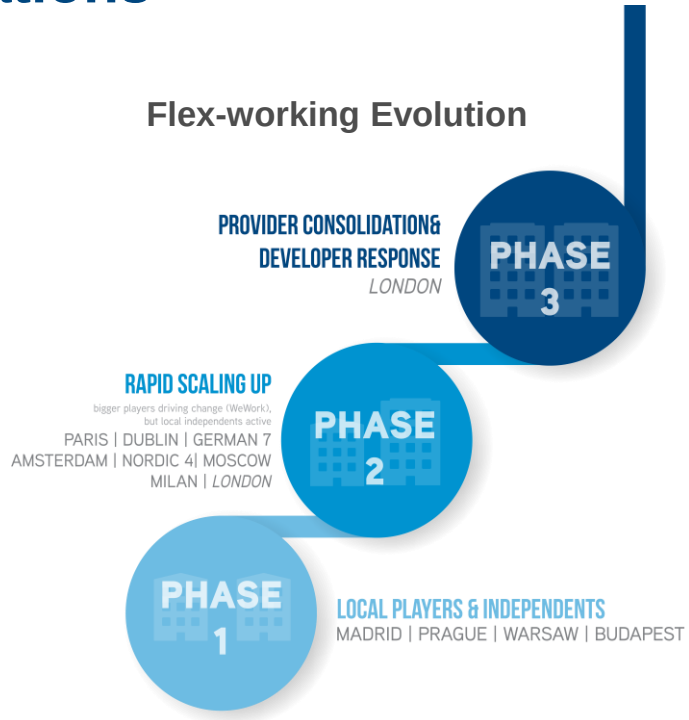
Airbnb ‘Multi-listers’



Data Source: AirDNA

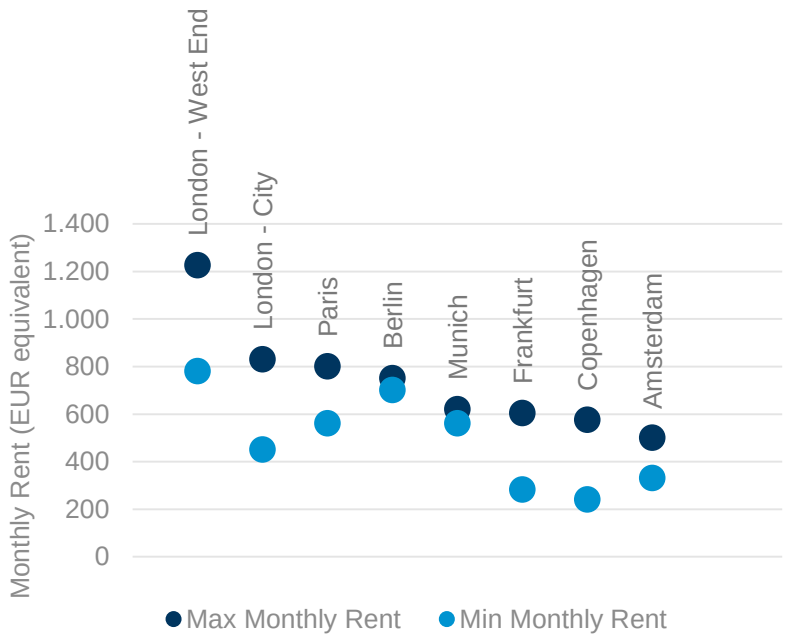
No. of Flex/co-working Operations



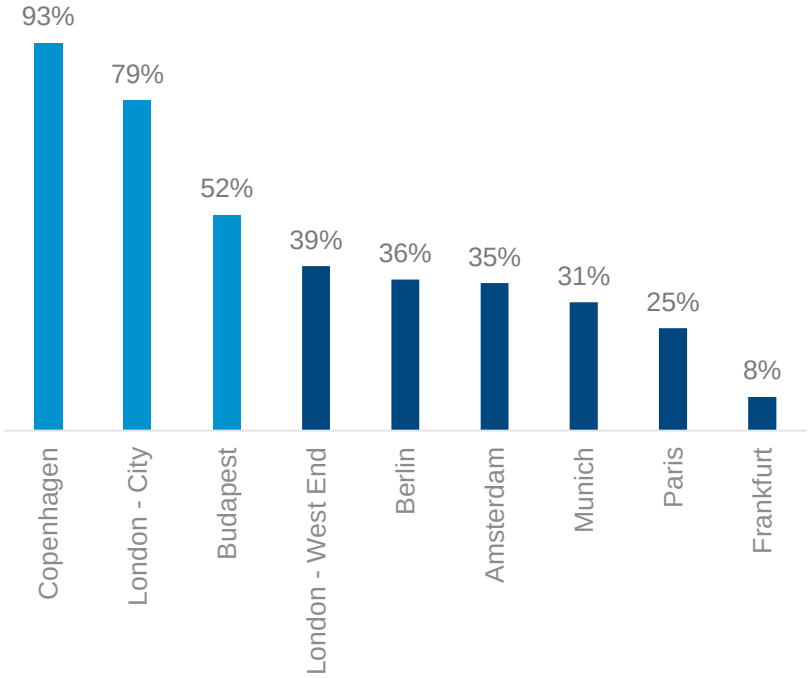


Flex/co-working rent differentials

Flex/co-working Rents (per month)

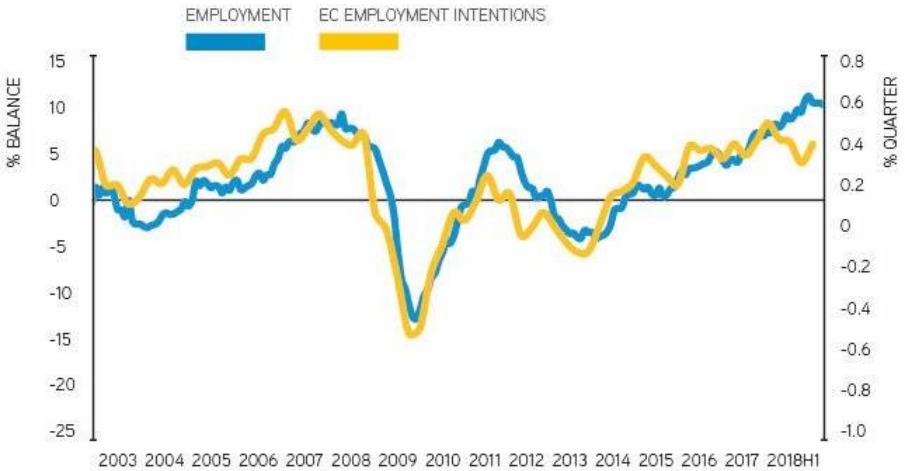


*Premiums to Traditional Prime

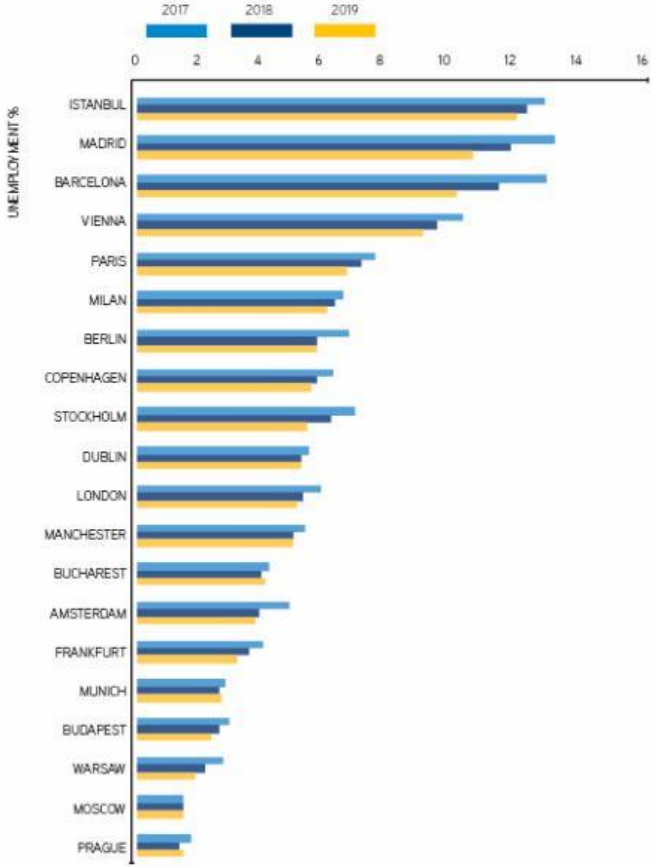


The Talent Conundrum

EUROZONE: EMPLOYMENT & EMP. INTENTIONS

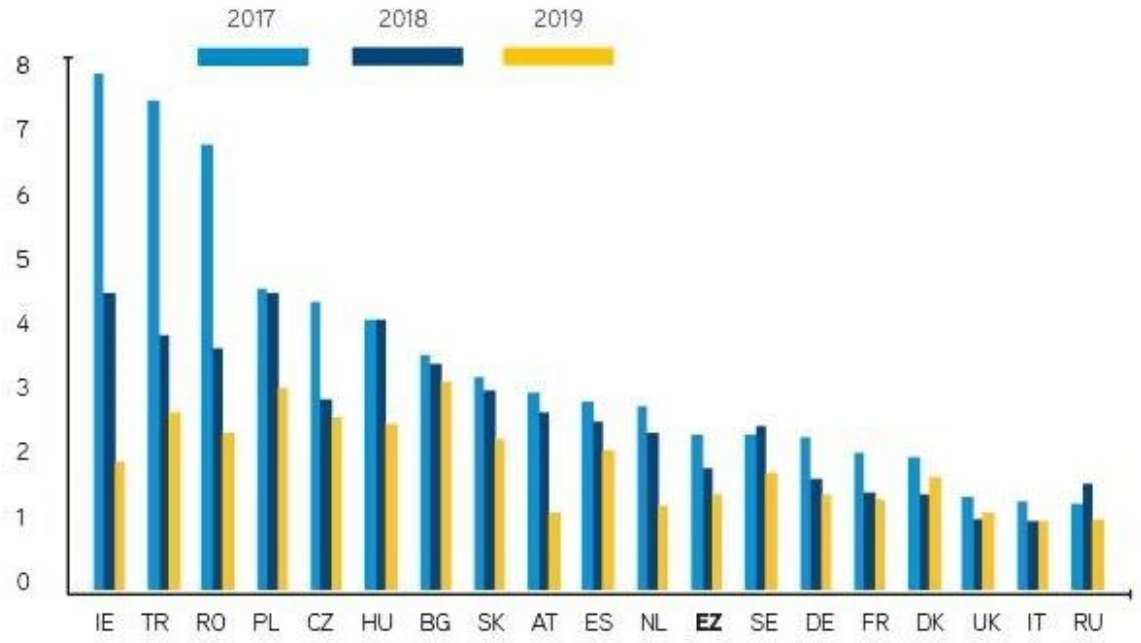


UNEMPLOYMENT RATE, MAIN EMEA CITIES, 2017-2019



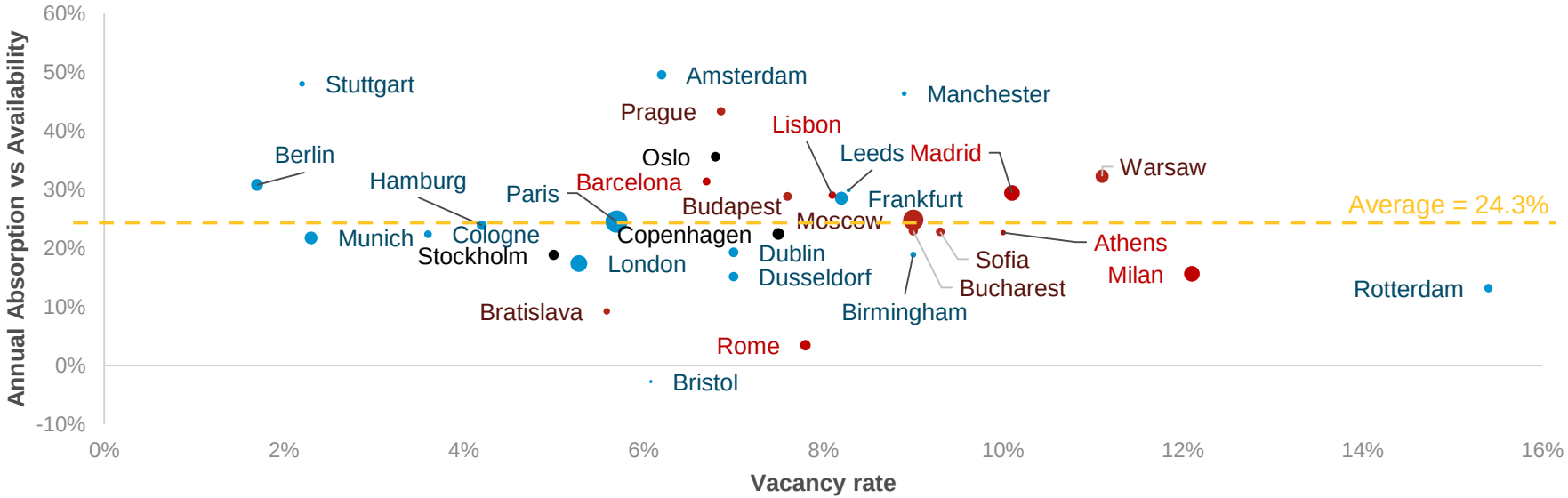
Macroeconomic Indicators:

ANNUAL GDP GROWTH RATES:
2017-2019



Office net absorption

- An overall healthy European landscape
- Average absorption speed is 4 years
- Periphery markets continue to recover
- German markets facing a severe shortage of adequate space

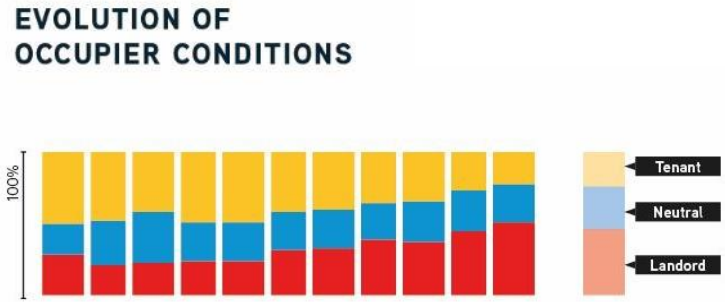


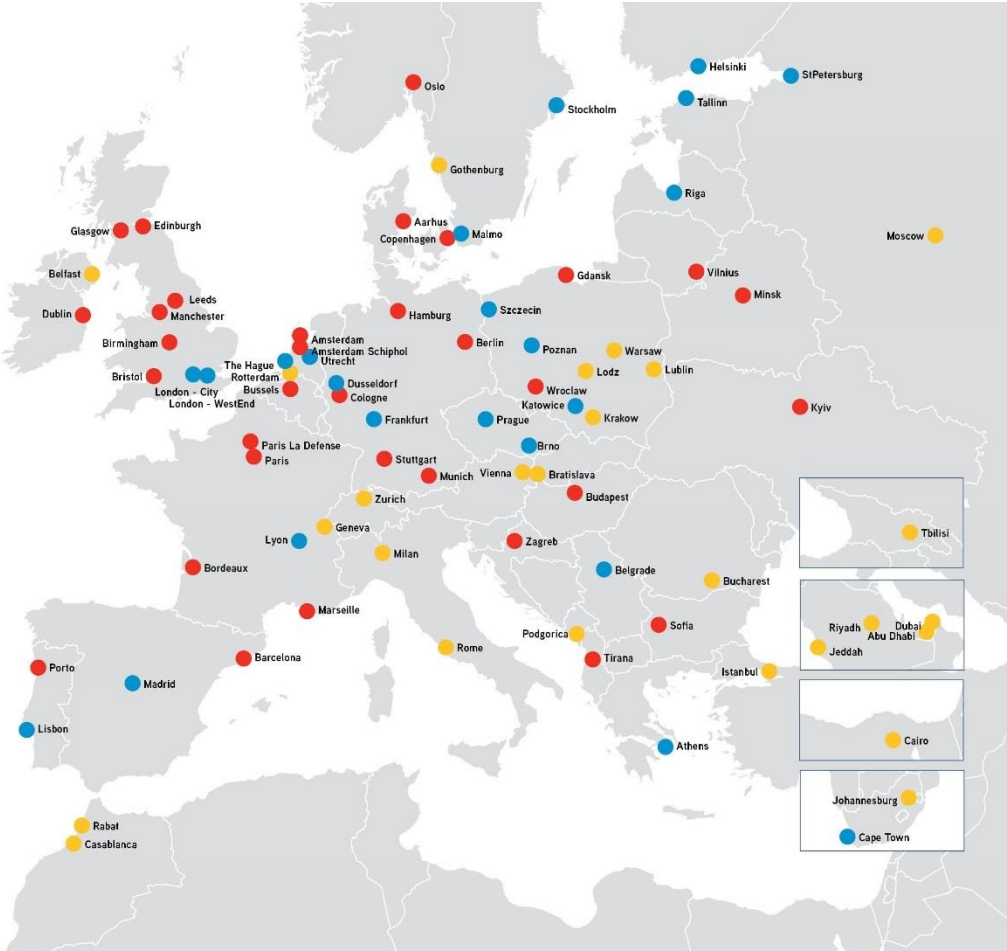
Offices Landlord

Office Neutral

Office Tenant

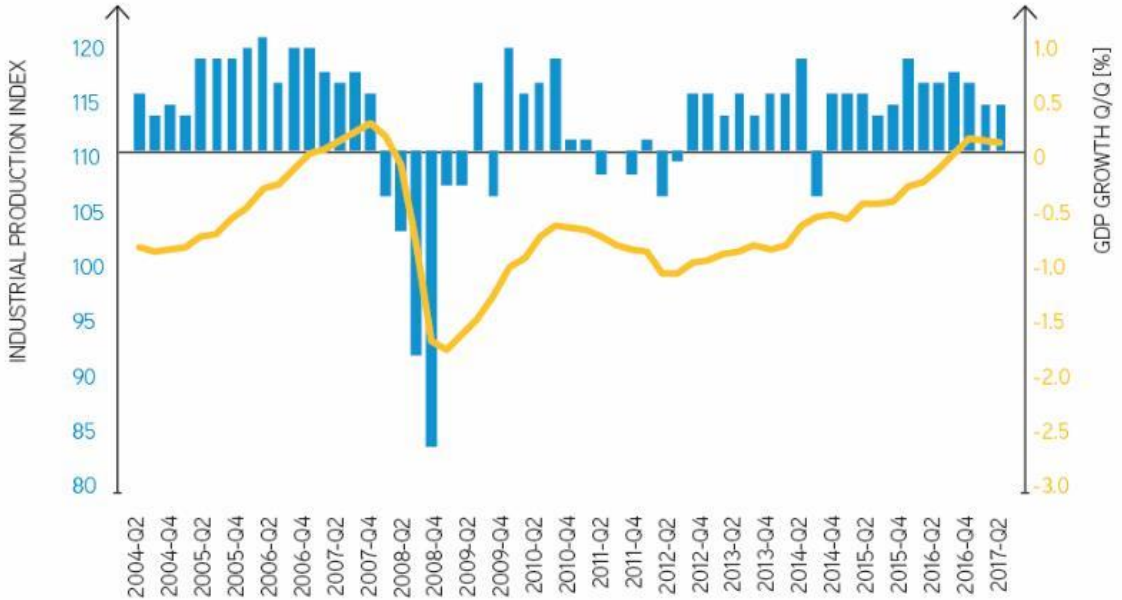
Office 12M Outlook





Macroeconomic Indicators

INDUSTRIAL PRODUCTION INDEX VS GDP GROWTH
Q/Q, 2Q 2004 TO 2Q 2018
IN THE EU28



I&L Landlord

Glasgow
Newcastle
Leeds
Manchester
Dublin
Birmingham
Northampton
Tilburg
Bristol
London
Heathrow
Cologne
Dusseldorf
Frankfurt
Stuttgart
Munich
Aarhus
Copenhagen
Hamburg
Bremen
Berlin
Prague
Budapest
Zagreb
Bucharest
Sofia
Tirana
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I&L Neutral

Oslo
Stockholm
Gothenburg
Riga
Malmo
Moscow
Belfast
Tricity
Vilnius
Minsk
Szczecin
Amsterdam
Poznan
Warsaw
West-Brabant
Rotterdam
Lodz
Leipzig
Wroclaw
Katowice
Krakow
Vienna
Podgorica
Barcelona
Madrid
Athens
Johannesburg
Cape Town
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I&L Tenant

StPetersburg
Tallinn
Brussels
Venlo
Paris
Bratislava
Milan
Rome
Istanbul
Dubai
Abu Dhabi
Riyadh
Lisbon
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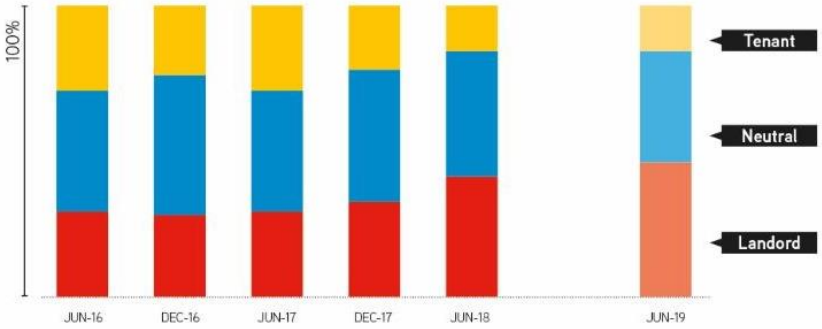
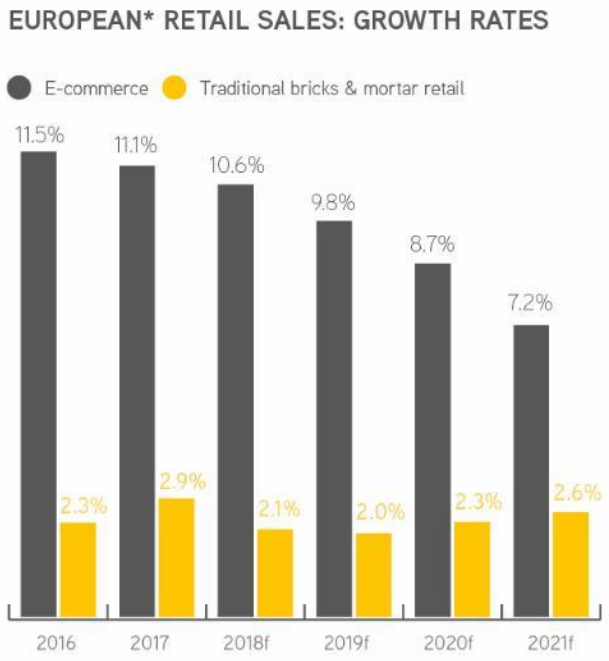
I&L 12M Outlook

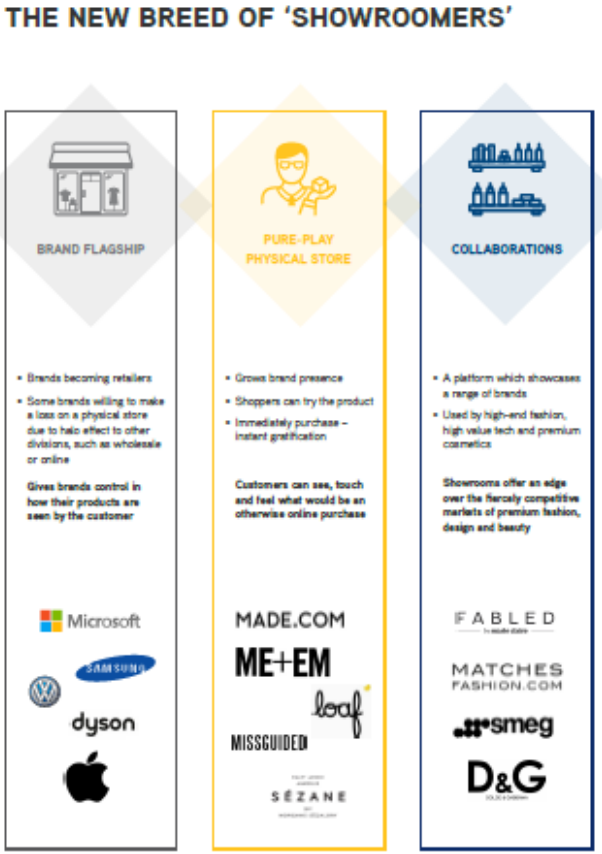
EVOLUTION OF OCCUPIER CONDITIONS



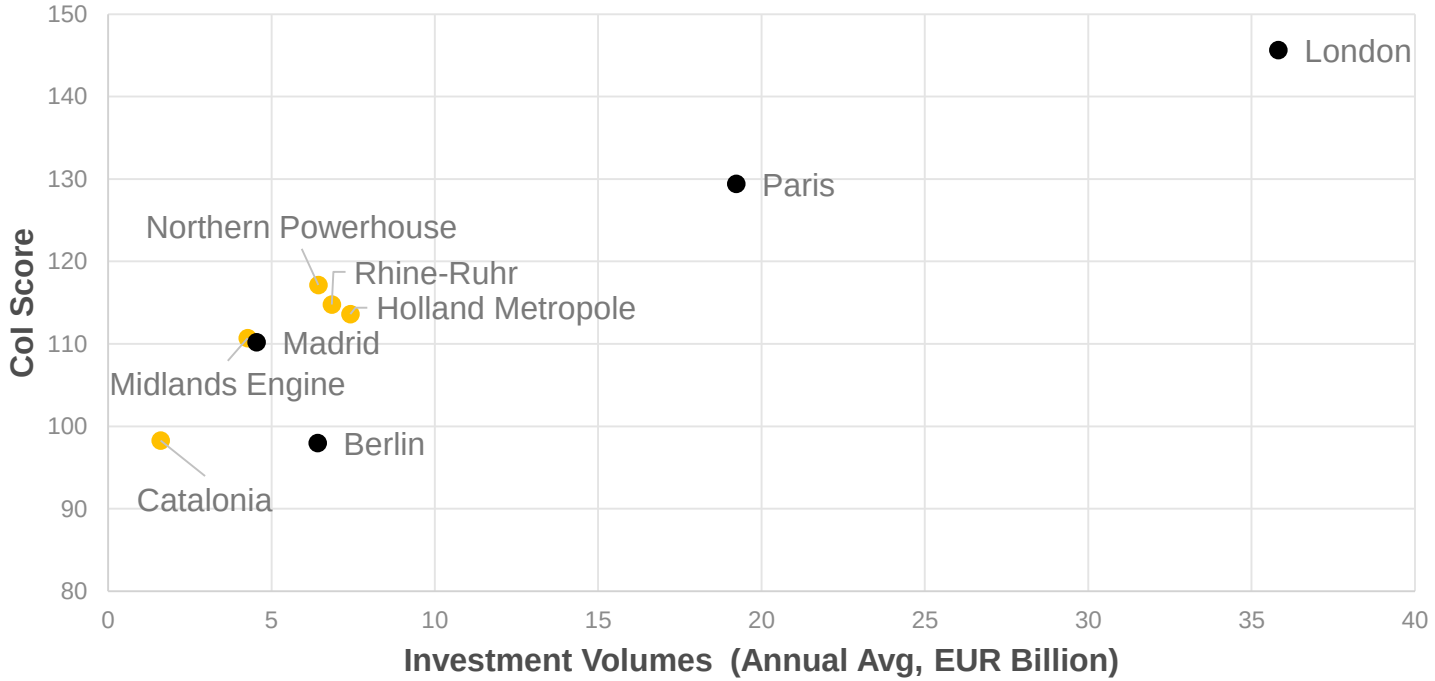
Industrial vs Retail



EU-28 + Norway+ Switzerland



Cities (Regions) of Influence – Scores vs Investment



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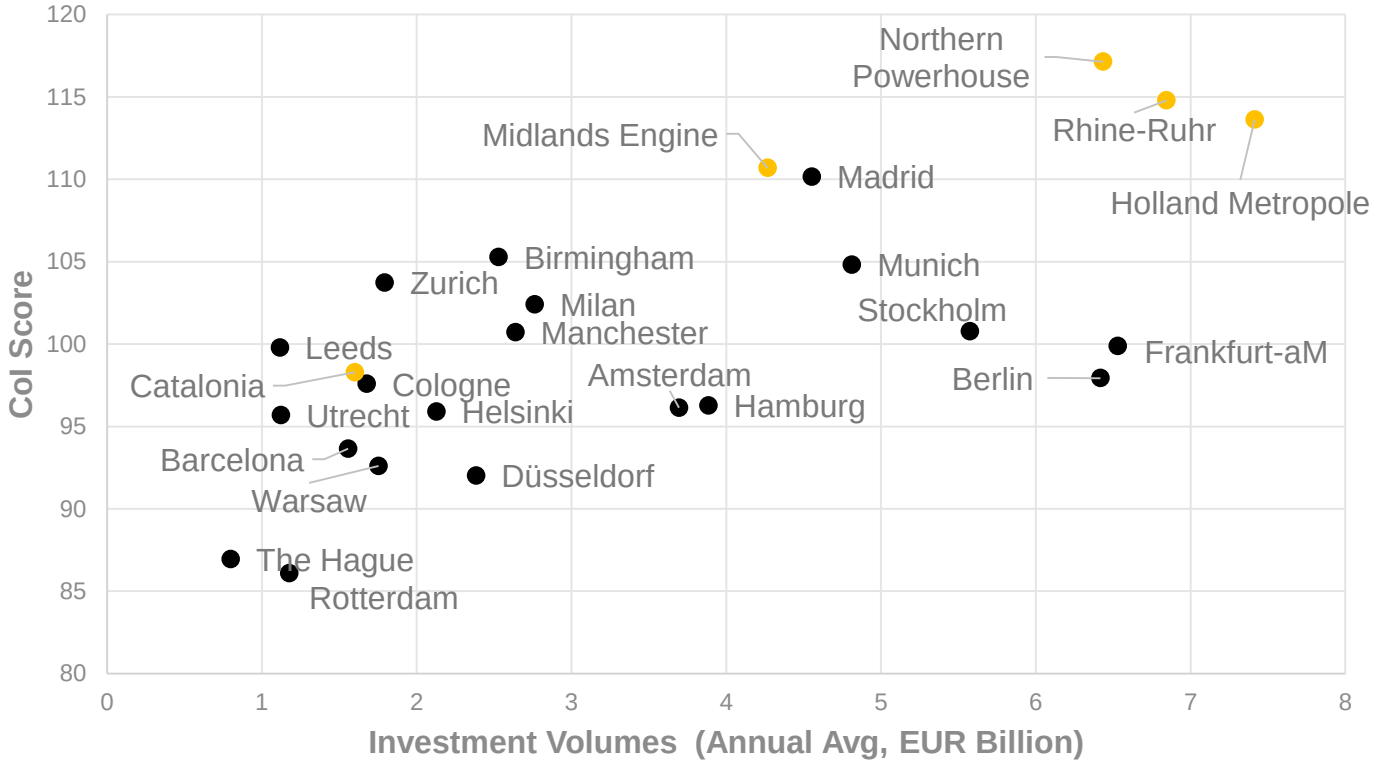


Property returns

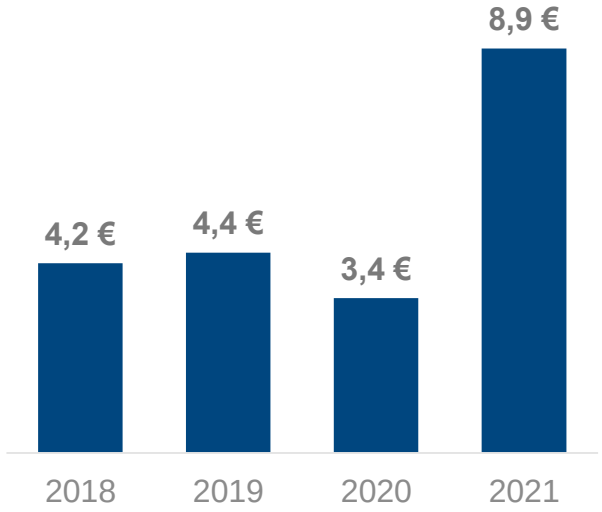
TOTAL RETURNS (%)	OFFICES (CBD)			INDUSTRIAL (LOGISTICS)			RETAIL (SHOPPING CENTRES)		
	5yr	3yr	1yr	5yr	3yr	1yr	5yr	3yr	1yr
London	4.5%	-1.5%	0.4%	16.8%	12.0%	27.2%	15.1%	6.5%	16.7%
Birmingham	6.9%	3.7%	5.7%	14.5%	9.9%	11.1%	6.8%	3.1%	-5.9%
Paris	7.9%	9.5%	8.4%	9.2%	11.0%	17.9%	9.6%	10.1%	0.0%
Berlin	21.3%	28.9%	14.1%	12.9%	15.7%	15.9%	5.1%	5.0%	4.9%
Frankfurt	9.8%	10.5%	22.2%	8.3%	9.7%	5.4%	2.5%	2.8%	-1.2%
Munich	6.2%	5.4%	4.5%	10.5%	12.8%	7.7%	8.1%	8.5%	0.0%
Amsterdam	24.8%	28.7%	12.4%	8.5%	17.6%	32.4%	2.7%	4.5%	10.5%
Stockholm	9.2%	12.1%	1.2%	19.2%	26.9%	13.6%	2.8%	2.9%	-3.1%
Copenhagen	6.5%	7.3%	15.5%	9.8%	18.2%	4.5%	11.5%	16.8%	0.0%
Madrid	24.6%	27.1%	19.0%	10.5%	10.2%	12.8%	20.9%	31.4%	28.2%
Milan	11.6%	15.5%	-1.1%	2.0%	3.8%	0.0%	8.3%	11.9%	0.0%
Warsaw	4.6%	9.4%	3.0%	3.1%	4.9%	0.0%	8.9%	9.2%	-0.8%
Prague	6.1%	8.9%	8.7%	4.9%	4.7%	0.0%	14.5%	14.7%	17.4%
Budapest	10.8%	15.3%	20.6%	5.3%	11.1%	7.4%	4.7%	9.9%	4.2%

Data as at June 2018 Source: Colliers International

Summary (how to invest)

- **Traditional opportunities remain**: 53 funds, GAV of €16.8 billion
- **Diminishing talent pools/ cooling economies** more likely to hit traditional sectors
- Offices strong but reshaping/ reforming
- Industrial and retail balancing out?
- **Residential driven opportunities greatest (but capex/management intensive)**
- **Development/ re-development** (and **debt**) another big source of opportunities
- **Super metros and regions** rather than cities and countries

Total GAV (€ bn)
Termination planned for 2019-2021



Source: Colliers/Inrev