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## **EUROPEAN PROPERTY INVESTMENT ACTIVITY AND VALUATIONS DIVERGE FURTHER BETWEEN NORTH AND SOUTH**

According to the latest research report, produced by Invista Real Estate Investment Management (“Invista” / the “Company”), Europe’s economic recovery is gaining momentum but within the EU competitiveness is diverging, with northern Europe generally doing better than the south. In order to readdress this, Invista says that reforms are urgently needed in some countries, with those on the ‘periphery’ set to benefit the most from these.

In the property market, the pressures on Europe in the short term are being reflected in the pattern of investment turnover and capital values, where a strong ‘north/south’ divide has emerged. Invista believes that this will persist further as southern Europe struggles to reduce its debt and reform its economy. GDP growth is forecast to be very subdued over the next five years in the south, significantly underperforming northern Europe, particularly Germany and Scandinavia. Property valuation movements are starting to reflect this divide and, according to data from CBRE, 2010 saw valuations in Germany and CEE stabilise, whilst those in France and the Nordics began to increase. CBRE data shows that against this, in the ‘PIIGS’ region<sup>1</sup> valuations remained under downward pressure throughout 2010 and are, on average, around 25% lower than their 2007 peak levels.

Invista believes that ‘Europe 2020’, the European Commission’s programme of economic reforms, could have a positive long term impact on the property sector, notably in Europe’s less competitive periphery, with initiatives focused on boosting employment and Research & Development investment, and reducing greenhouse emissions and energy use. In the short term, however, fiscal consolidation, correcting macroeconomic imbalances and ensuring financial sector stability, are set to remain the priorities.

**Tim Francis, Director, Continental European Strategy & Research at Invista, commented:**  
*“2010 was a positive year in which Europe’s economic recovery gained momentum and its property market stabilised following sharp declines in capital values, however, with a diverging economy, the problems on Europe’s periphery are indicative of larger issues which are reflected in the region’s slowing economic growth rate and lack of competitiveness.”*

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<sup>1</sup> ‘PIIGS’ refers to Portugal, Ireland, Italy, Greece and Spain.



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### **About Invista Real Estate Investment Management**

Invista Real Estate Investment Management is the largest UK listed real estate fund management group. The Group manages both commercial and residential property across the UK, Continental Europe and Asia. Invista Real Estate manages funds for some of the largest UK providers of savings and investment products such as Halifax and St. James's Place. Invista Real Estate also manages a number of collective investor funds, including real estate investment trusts and open ended funds such as Invista Foundation Property Trust and Invista European Real Estate Trust which are listed on the main market of the London Stock Exchange as well as the fund of specialist funds, the Invista Property Portfolio Fund. Invista Real Estate has offices in London, Paris, Guernsey and Hong Kong and operations in Luxembourg and Singapore.

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