Green Street

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A Lot Going On Beneath the Surface

London, 4 April 2024 – The Green Street Commercial Property Price Index was flat in the first quarter of the year although the overall average obscures diverging fortunes between sectors. The index, which measures pricing of a broad swathe of Pan-European commercial properties, sits c.24% below its ’22 peak. The residential and industrial upticks (+1.4%) were driven by resilience in operating fundamentals. Conversely, the office sector endured further erosion in bid pricing (-1.1%) as forward-looking income remains under downward pressure. Pricing in the retail sector moved marginally lower (-0.7%) following increased liquidity and price discovery.

“A slight pickup in European transaction activity over the past three months suggests that pricing levels are stabilising across traditional sectors, *on average*”, said Marie Dormeuil, Senior Analyst at Green Street. “While the signal from the debt market points to good value at current private-market pricing in average quality commercial real estate *overall*, office has yet to fully correct while industrial is past its bottom and considered cheap. REIT share prices are signalling that overall direct market spot values are about right *overall*, while also agreeing with our bearish and bullish stance on office and industrial private market pricing prospects, respectively.”

About the Green Street Commercial Property Price Index

Green Street's Pan-European Data & Analytics platform covers 30 of the most liquid European real estate markets across the industrial, office, residential, and retail property sectors. The Commercial Property Price Index is a time series of unleveraged property values across these sectors and markets and captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on average institutional quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.

About Green Street

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Pan-European
Commercial Property Price Index

4 April 2024

STOXX Europe 600: **510.02** | GPR 250 Europe: **13.80**

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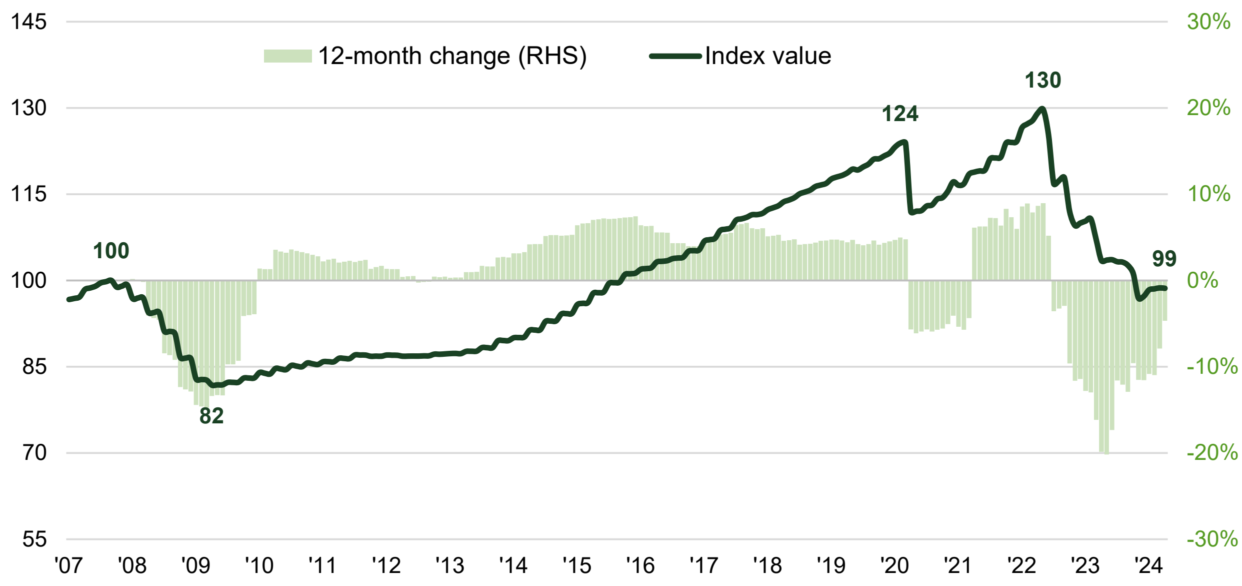
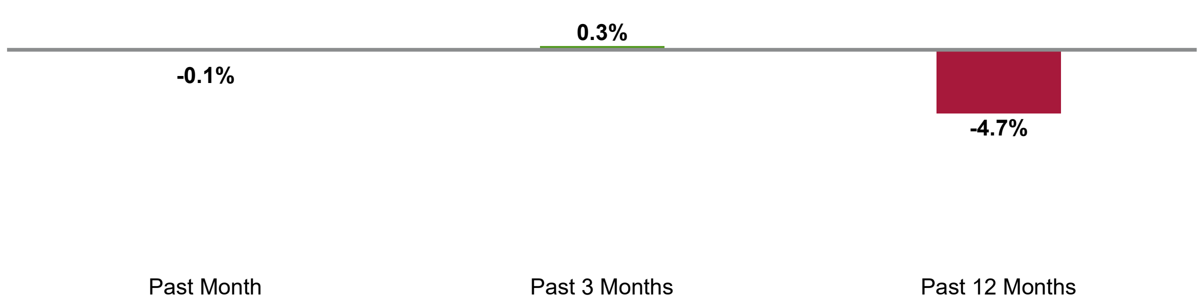
Green Street Pan-European Commercial Property Price Index *(Local Currency)*



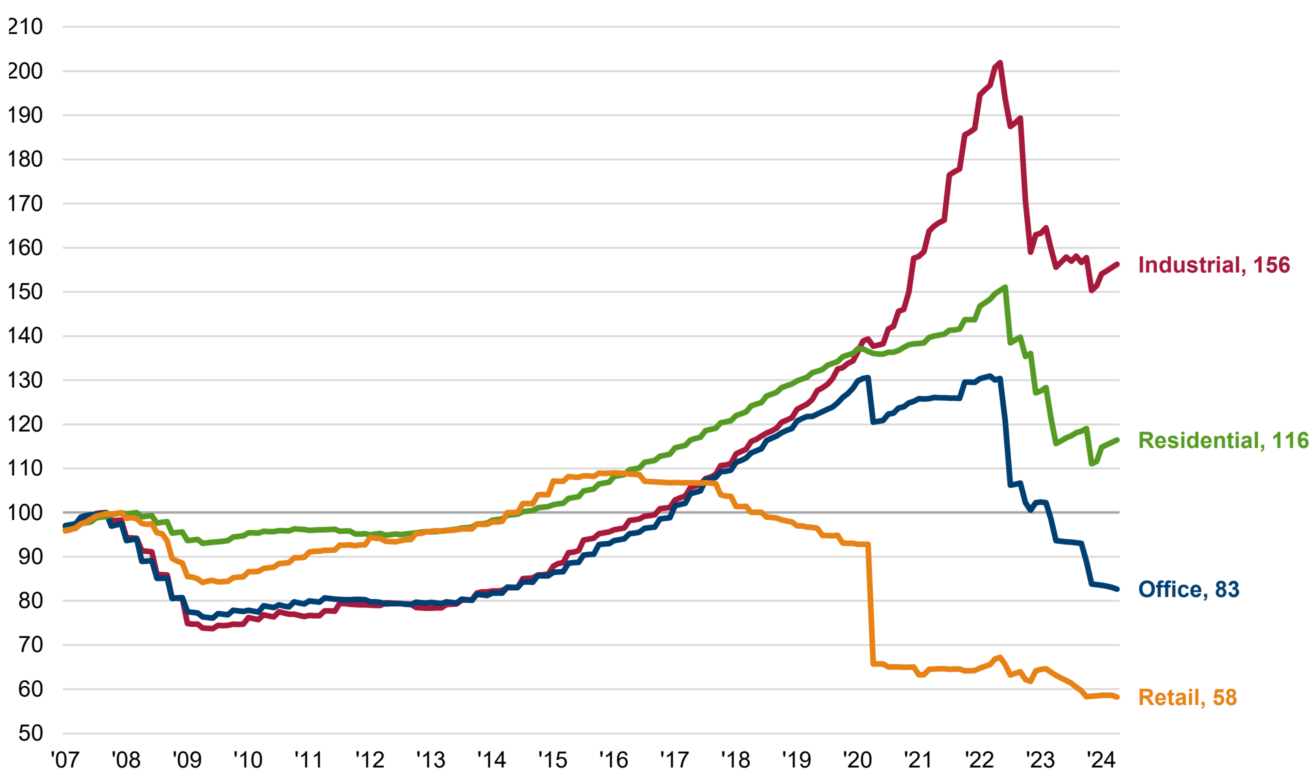
Change in Pan-European Commercial Property Values *(Local Currency)*



Green Street Pan-European Sector-Level Indices

	Local Currency Index Value	Euro Denom. Index Value	Change in Comm. Prop. Value *(Local Currency)* Past Month	Past 12 Mos	Recent Peak
Industrial	156	154	0.5%	0.4%	-22.6%
Residential	116	117	0.5%	0.7%	-22.5%
Office	83	82	-0.5%	-11.7%	-36.6%
Retail	58	58	-0.7%	-7.8%	-13.4%
Traditional Sector Avg*	99	98	-0.1%	-4.7%	-24.0%

Green Street Pan-European Property Sector Indices *(Local Currency)*



*Traditional Sector Averages are derived by equally weighting the CPPI growth rates of the Industrial, Office, Residential, and Retail sectors. Sector Indices indexed to '07 peak (Industrial: September 2007; Office: September 2007; Residential: March 2008; Retail: December 2007). Note: April '24 market-level data, which drives the sector indices shown above, will be available via [Market Data] in the coming weeks.

Green Street Commercial Property Price Index Fact Sheet

Green Street's Pan-European Market Analytics platform covers 30 of the most liquid European real estate markets across the industrial, office, residential, and retail property sectors. The Commercial Property Price Index is a time series of unleveraged property values across these sectors and markets and captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on average institutional quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.

Key Attributes of Green Street's Commercial Property Price Index

• **Average Institutional Quality:** The index is based on Green Street's frequently updated price estimates for the properties in a typical commercial real estate investor's portfolio. It is an output of fundamental models maintained by the research team, which are influenced primarily by changes in net rental income estimates and market-level property cap rates.

• **Timeliness:** The index value aims to reflect where commercial real estate would transact today as indicated by the highest available bid price. Other indices, based on either closed transactions or formal appraisals, may be informed by market prices from many months earlier.

• **Gauge of Aggregate Values:** Green Street's core property sector indices are built using GDP value-weighted average bid price growth rates of individual markets. The indices are then indexed to each respective sector's '07 peak. Akin to familiar stock price indices (e.g., S&P 500), GDP value-weighting provides a gauge of aggregate (as opposed to average) values. Equal-weighted indices, by contrast, put the same emphasis on a Düsseldorf industrial building as one located in Greater London. Finally, the growth rates of the four core property sector indices are equal weighted and used to build the Pan-European Commercial Property Price Index.

Marie Dormeuil

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