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This Weekly Market Update is sent every Monday to AEW Europe clients.
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CAPITAL MARKET INDICATORS

EU ministers weigh Greek rescue, seek to avoid paying: European finance ministers will work on still-secret plans to help Greece overcome its debt crisis this Monday, while counting on the country's belt-tightening steps to make a bailout unnecessary. German Finance Minister Wolfgang Schaeuble and French Finance Minister Christine Lagarde ruled out an aid decision at the meeting this afternoon and tomorrow in Brussels amid hopes that 4.8 bn Euros in budget cuts will put Greece back on track to fiscal health.

U.S. Federal Reserve to meet this week: The main macro attention this week will be on the latest Federal Reserve Open Market Committee meeting, scheduled for Tuesday March 16, especially after last month's surprise quarter-point hike in the U.S. discount rate, seen as the start of the Fed's withdrawal of emergency support to the financial system. However the majority of economists expect the Fed to make no changes to headline U.S. monetary policy until the third-quarter at the earliest.

Bank of Japan leaning towards easing policy: Japan's central bank is leaning towards slackening monetary policy again this week under pressure from a government calling for action to beat deflation, sources said, but the board is split on how to justify the move. Since the economy is picking up, many of the seven board members are leaving their options open as they struggle to justify acting now. Disagreement may result in a split vote, or a delay in action until April. (Sources: Bloomberg, Reuters, AEW Europe)

INTEREST RATES (%)	DAY/DAY *	3M	1YR	2YRS	3YRS	5YRS	10YRS	30YRS
EURO SWAP	0.34	0.65	1.14	1.56	1.92	2.48	3.34	3.79
UK SWAP	0.54	0.64	0.85	0.85	2.16	2.92	3.89	4.24
US FED FUNDS SWAP	0.20	0.26	0.53	1.15	1.74	2.65	3.74	4.48

Source: Bloomberg * EONIA. BBA Libor GBP Overnight. FDFD

BOND YIELDS (%)	1YR	3YRS	5YRS	7YRS	10YRS	15YRS	30YRS
BUNDESBANK GERMANY	0.56	1.43	2.18	2.66	3.15	3.53	3.92
UK GILTS	0.65	1.86	2.77	3.54	4.05	4.53	4.62

Source: Bloomberg

EQUITY MARKETS	CURRENT	% CHANGE YTD	% CHANGE 52 WK	% DIV YIELDS
CAC 40	3912	-0.62	44.58	3.65
DOW JONES	10625	1.89	47.08	2.56
FTSE 100	5612	3.68	49.50	3.35
EPRA EUROPE	1246	-0.87	63.71	4.32

Source: Bloomberg

NEWS TICKER

In America, the number of people employed outside agriculture fell slightly: This was by 36,000 during the month of February. The unemployment rate was unchanged at 9.7%. A little under 41% of unemployed Americans, or 6.1mln people, have been out of work for six months or more. The number of people working part-time because they cannot find full-time work rose by 0.5mln to 8.8mln.

GDP in the euro area edged up: During the three months to the end of December it rose by 0.1% compared with the previous quarter. GDP declined by 2.1% year-on-year.

Industrial output in Germany higher in January: The measure rose by 0.6% more than in December. The output of manufactured goods rose by 0.9% over the month. Germany's exports in January were 0.2% higher than a year earlier, but fell by 6.3% during the month of January.

China's exports grew by 45.7% in the year to February. Imports grew almost as quickly, rising by 44.7% year-on-year. But both fell during the month of February, with exports showing a month-on-month decline of 13.7% and imports falling by 8.9%. The trade surplus was $7.6 bn in February, just over half January's figure of $14.2 bn. (Sources: The Economist, AEW Europe)

REAL ESTATE MARKET INDICATORS

Positive forecasts for commercial real estate market in Poland: According to the latest Cushman & Wakefield market report on the Polish real estate market, in the first quarter of 2010 the investment activity on the Polish commercial property market was clearly picking up. In January and February the transactions volume was close to reach the levels recorded for the whole of 2009, with some further transactions still in the negotiation stage. If this trend continues into 2010, total volume may be nearly three times as great as in the crisis year 2009 (to exceed €2 bn). Prime properties, mainly office and retail, regarded as the safest investment, arouse the highest interest of institutional investors. This type of property shows certain signs of yields compression, with riskier products still being evaluated more cautiously by potential purchasers. A number of owners showed willingness to accept new, lower price levels, seeking financial resources for new investments, which should also help improve the liquidity of commercial real estate

Signs of recovery in real estate markets of Nordic countries: The transaction volume on the Northern European property market ended up at €8.5 bn in 2009. This compares with €25.2 bn in 2008 and €36.8 bn in 2007. However, in mid 2009 the trend of decreasing liquidity was broken and activity started to increase. The volume in the second half of 2009 was €5.8 bn, more than twice that of the first half. The recovery in the Baltic countries is lagging behind the Nordic countries, and transaction activity in the Baltic area is still close to zero. (Source: Europe Real Estate, AEW Europe)

SELECTED OFFICE MARKETS

Madrid's office investment market is set for further foreign investor sale and leaseback transactions in 2010: According to Savills, the trend for sale and leaseback transactions will continue beyond the banking sector. These larger lot sizes will price out domestic investors. Sale and leasebacks, which accounted for 33% of the investment market in 2009, will continue across all sectors and these typically larger sales will attract specialist foreign buyers. Research shows that only 9% of total investment sales in 2009 were by foreign investors but this figure is expected to grow as international parties acquire larger lots that domestic buyers cannot fund. (Source: Europe Real Estate, AEW Europe)

SELECTED OFFICE MARKETS (Q4/2009 DATA)	VACANCY RATE (%)		PRIME RENT (€/SQM/YR)		PRIME NET YIELDS (%)		BUSINESS CONFIDENCE
PARIS (CBD)	6.3	↑	664	↑	5.50	↓	↑
LONDON (CENTRAL)	10.3	↓	778	→	5.39	↓	↑
DUSSELDORF	10.4	↓	264	→	5.50	→	→
BUDAPEST	19.8	↑	174	↓	7.00*	↑	↑
MILAN	11.5	↑	450*	↓	5.37	↓	↑

*Q3/2009 Source: PMA, CBRE, AEW Europe

SELECTED RETAIL MARKETS

Retail in Germany shows falling yields in prime locations: According to CB Richard Ellis (CBRE), peak yields for shopping centers in prime locations and retail parks have declined again since the beginning of the year. CBRE's chief researcher, Jan Linsin, commented that yields on such retail properties have fallen by 25 basis points to 5.50% and 6.50% respectively, due to strong focus and limited supply. CBRE remarked that, at present, institutional investors from Germany that have strong equity positions are showing increased interest in such property and had increased their retail investment volume by 23% to €1.36bn last year. (Source: ThomasDaily, AEW Europe)

SELECTED RETAIL MARKETS	HOUSEHOLD CONSUMPTION 2009E (%YOY)		HOUSEHOLD CONSUMPTION 2010E (%YOY)	AVERAGE PRIME RENTS (€/SQM/YR)**		AVERAGE PRIME YIELDS 2009E (%)		CONSENSUS ANNUAL INFLATION 2009E (%)
FRANCE	0.7	↑	0.9	2628	↓	5.8	↑	0.1
GERMANY	0.5*	↑	-0.1*	2856	↑	4.4	→	0.4
ITALY	-1.7	↓	0.6	2122	→	5.2	↑	0.8
SPAIN	-5.1	↓	-0.8	2183	→	5.7	↑	-0.3

Source : PMA, Consensus Forecasts, AEW Europe * Private Consumption ** Average rent of the countries' cities