

## **M&G REAL ESTATE: TIDE OF MONEY FROM QUANTITATIVE EASING EXPECTED TO SIGNIFICANTLY BOOST FLOWS INTO EUROPEAN REAL ESTATE**

- *QE to support European real estate prices mirroring US, UK and Japan experience*
- *Cheaper currency expected to be a major boost for export oriented economies such as Germany*

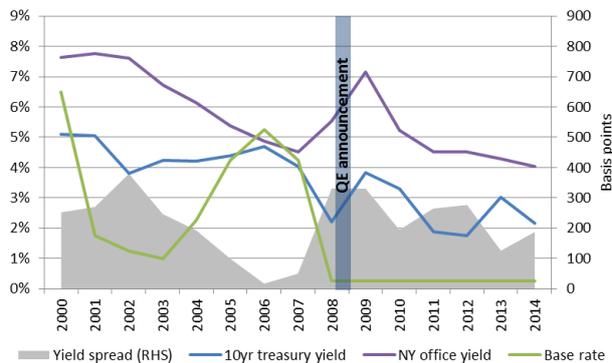
**LONDON, 27 April 2015** – In research published today looking at the impact of quantitative easing (QE) on European property, leading real estate fund manager, M&G Real Estate, predicts strong investment into European real estate as the European Central Bank (ECB) injects €1.1 trillion into the Eurozone economy.

With 10-year government bonds reaching record lows, QE has already substantially weakened the euro against both the dollar and sterling. The Euro has fallen to a 12-year trough versus the dollar and a 7-year low against sterling. The boost from a weaker Euro and ongoing positive structural changes to European export industries is particularly good news for rental growth in e-commerce related real estate such as logistics and distribution hubs, particularly in economies such as Germany.

M&G Real Estate has also compared the impact of earlier QE on the commercial real estate markets in the United States, the United Kingdom and Japan. Six years after monetary easing programmes were first introduced, both the UK and US have benefitted from increased output, employment growth and private consumption as well as buoyed financial data. There are strong grounds to suggest this will be mirrored in Continental Europe given the latest stimulus plans mark by far the largest injection in the region – equal to almost three times the total purchases made between 2009 and 2014.

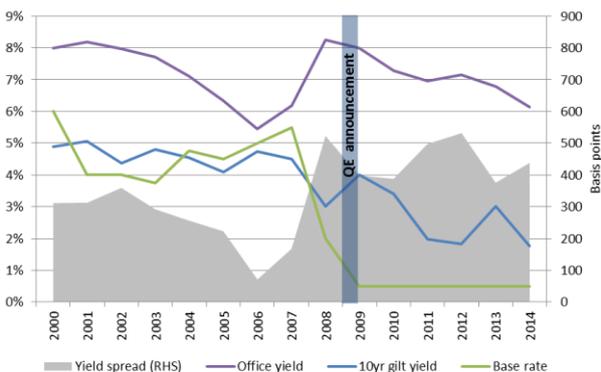
Commenting, Richard Gwilliam, Head of Property Research at M&G Real Estate, says: “In both the UK and US, government bonds have reached new historic lows. This trend then developed in the property markets as a search for yield got underway. Over time, investors became more comfortable paying lower yields because of a growing economy and likely rental growth which came later on.”

**Figure 1 - Effect of QE on the US office market**



Richard Gwilliam continues: “We expect significant inflows into European real estate in light of further QE - already cheap European property is likely to be even cheaper for both non-Eurozone European countries and non-European, overseas investors. As ever, the hope is that QE money translates into greater confidence and increased overall investment activity, followed by a recovery in occupier markets in response to healthier economies.”

**Figure 2 - Effect of QE on UK office market**



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**Notes to Editors:**

**About M&G Real Estate**

M&G Real Estate is the real estate fund management arm of M&G and is one of the top 25 real estate fund managers in the world by assets under management, with over £21.4 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 31 December 2014). M&G Real Estate has a sector-leading approach to responsible property investment, and is committed to assessing and improving the sustainability performance of funds under management.

M&G is the investment arm of Prudential Plc in the UK, Europe and Asia. For more information please visit [www.mandg.com/realestate](http://www.mandg.com/realestate)



## **About M&G**

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 31 December 2014 the firm manages over £264 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

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