

# Property Times

## Baltic Retail Q4 2011

### Continuously improving

13 February 2012

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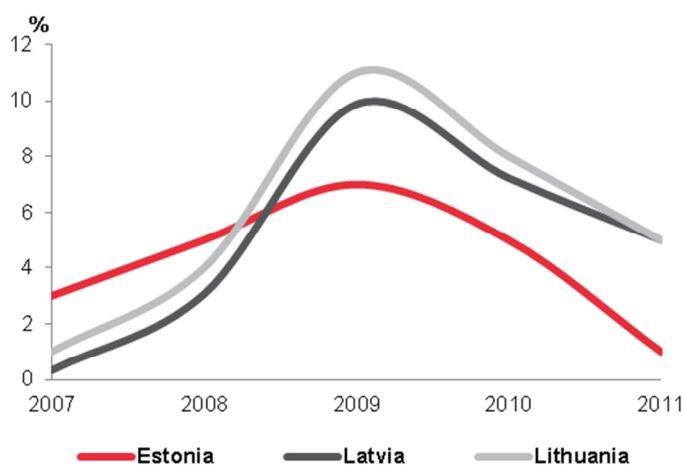
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- Baltic States were leading the economic growth in the European Union; mainly explained by powerful growth in export sector, which has led to increase domestic demand in 2011. However, the general stagnation of the EU economy will also slow down the economic growth in Baltic States. The state banks are forecasting moderate GDP growth for year 2012 in the amount of 1.9-3.0%, at the same time not excluding worse outcome, should the negative scenarios take place in the Eurozone.
- Confidence and household consumption strengthened during 2011 however due to weaker external demand and inflation consumption growth will slow down during Q1 2012
- Retail sector is the most active sector in Baltics, especially in the capitals. New development projects have been started and some have been announced for the next 2-3 years.
- Since the economic situation in the Baltic countries has improved, the shopping centre turnover has increased comparing to previous year. The rents raised as vacancy rates declined during 2011.

Figure 1

#### Vacancy rate in Baltic capitals shopping centres



Source: DTZ Research

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### Macro-economic trends

#### Estonia

The economic situation in Estonia has improved mainly by support of export, but also the domestic demand is playing continuously larger role in overall growth, especially as the main export partners are actively going to the saving and cost cutting period, which reflects already in the export results of Q4 Y2011. Estonia has one of the strongest economies in Euro zone, but the country will not remain unaffected in the overall crises and the economic growth forecasts are strongly decreased for coming couple of years. If the situation in Europe will be more serious than expected, then the economic decrease is expected also in Estonia.

Based on the information presented by Bank of Estonia and Statistics Estonia, GDP decreased by 14.3% in Y2009, and was followed by 2.3% increase in Y2010. Based on the prognoses of Estonian Bank (from December 2011) the growth of GDP will be 7.9% in Y2011, 1.9% in Y2012 and 3.6% in Y2013. The growth of GDP was 7.9% in the Q3 Y2011 compared to the same period in 2010. In the comparison with Q2 Y2011, the growth was 0.8%.

Based on the information from Bank of Estonia and Statistics Estonia, the CPI growth was 0.2% in Y2009, 2.7% in Y2010 and 5.0% in Y2011. Such fast inflation is mainly caused by price increase in food and fuel sector. Based on the prognoses of Estonian Bank, the CPI change will be 2.8% in Y2012 and 2.9% in Y2013.

The average registered unemployment rate was 12.3% in 2010. Same figure has continuously decreased, being averagely 7.3% in Q4 Y2011 and averagely 8.4% on annual bases in Y2011.

#### Latvia

Since the beginning of 2010 Latvia's economic downturn trend has been reversed. During 2011 most of key economic indicators showed positive signs. The GDP in Q3 of 2011 increased by 1.2% compared to the Q2 of 2011 and is forecasted to reach 4, 8% on an annual basis. Historically, from 1996 until 2011, Latvia's average annual GDP growth was 4.54% reaching a historically high level of 13.90% in March of 1996 and a lowest level of -19.10% in September of 2009

according to the data of the Central Statistical Bureau of Latvia. Stronger export and restocking has stimulated investments and import in 2011. GDP prognosis for 2012 is at 2.5 -3% level. Latvia's GDP growth in 2012 will of course be dependent on development of global economy.

The annual average consumer price increase in 2011 was 4.4% (forecast data). Inflation is likely to decrease but due to the rise in the price of fuel gas and heat in the beginning of 2012, there will still be some pressure on the inflation, reaching an average 2.5% in 2012.

The labour market situation has continued to improve. In December 2011 11.5% of the active population of Latvia were unemployed. However, the decrease of the unemployment rate certainly will slow and the overall unemployment will still remain comparatively high for the next few years. Further developments will depend on the amount of new workplaces, productivity and wage growth.

Despite of general improvements of the economic situation in Latvia, a sharp economic growth is still highly unlikely due to external factors. The recent growth has not yet compensated the sharp contraction of the economy over 2008-2009.

#### Lithuania

Lithuanian Government took over Bankas Snoras AB in November 2011, after the central bank discovered that assets reported on the lender's balance sheet were missing. Lithuania may have to raise the level of public debt to repay depositors of Bankas Snoras AB, exacerbating an increase in financing costs caused by Europe's sovereign-debt crisis.

Seasonally adjusted GDP, compared with previous corresponding year was 2.7% in November 2010 and 4.4% in November 2011. The Lithuanian Ministry of Finance forecasts 2.5% and 3.7% GDP growth in 2012 and 2013, respectively. According to this prognosis, the GDP growth will decrease by 0.3% in 2014 compared with 2013.

Average annual inflation rate was 4.1% in the end of November 2011 and the change, as compared with corresponding November month of previous year, was 4.4%. According to the forecast by Finance Ministry of

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Lithuania, the annual index of the consumer prices will be 4.1% in 2011, and will decrease to 2.5% in 2012.

According to the information from Statistics Lithuania, the unemployment rate in the country in December reached 14.4%.

Table 1

### Key Macroeconomic Indicators

	Estonia	Latvia	Lithuania
Population (in thousands)	1,340	2,208	3,199
Urban population	65%	68%	67%
Area (thousand km <sup>2</sup> )	43	65	65
Population density (2011, per km <sup>2</sup> )	31	34	50
Capital city	Tallinn	Riga	Vilnius
Population in capital cities (thousand)	414	706	543
Currency	EUR	LVL	LTL
Exchange rate (€)	x	0,7028	3,4528
GDP at current prices (bn €, 2010)	14,3	18,10	27,40
GDP per capita, at current prices (€, 2010)	10672	8096	8444
GDP growth (€, 2011f)	7,9	4,5	6,1
Inflation rate (%, 2011)	5,0	4,4	4,1
Unemployment rate (%, Q3 2011)	10,9	14,4	14,8

Source: National Statistics, Oxford Economics

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### Retail Market

#### Estonia

First large retail centres were developed in 1998 in Tallinn. Since then the tendency of retail premises gathering to large shopping centres has continued. Nevertheless, many cities have preserved their central high street and separate private retail locations, but in continuously smaller scale, as people rather prefer large shopping centres where most retail and service needs can be satisfied with a single visit.

Largest amount of retail space is in Tallinn along with the highest number of retail centres. Large retail centres are also built in Tartu and Pärnu, in smaller scale also in smaller towns such as Viljandi, Narva, Jõhvi, Rakvere and Paide.

#### Tallinn

Retail in Tallinn is mainly gathered to twelve shopping centres and department stores. The Old Town and city centre can be considered as a separate trading area, where the main part of businesses operate on 1st floor shopping premises. The total retail stock of Tallinn (formed from the premises larger than 5,000 sq m) is approximately 475 000 sq m in the beginning of 2012. The shopping centre stock forms 305,000 sq m of it.

The most demanded centres are Viru Centre, Kristiine Centre, Ülemiste Centre and Rocca al Mare Centre.

Most of the development projects finished in 2011 were small-scale projects. Rimi hypermarket opened in the end of 2011 on the border of Tallinn by Pärnu road in Laagri hamlet. Bauhof is currently being expanded in a plot next to Rimi, construction works are in progress. Konsum retail store is being built on the side of another larger road leading to Tallinn – Viljandi road, however, this is mainly oriented to the residential area in near vicinity.

Magistral Shopping Centre (owned by Citycon) was closed in the beginning of September 2011 for renovation and expansion. 3 000 m<sup>2</sup> extra retail space will be generated and parking possibilities will be improved by extra parking area on the roof of the centre. The construction works should be finished in April 2012.

Larger planned and postponed retail objects are presented in Figure 5.

Map 1

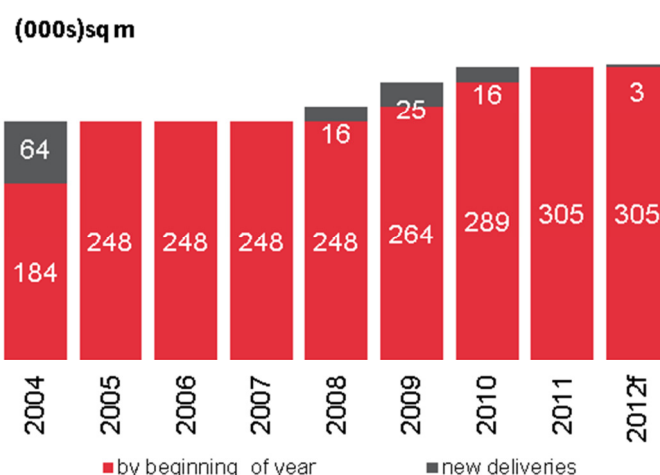
Major shopping centres in Tallinn



Source: Google Map, DTZ Research

Figure 2

Shopping centre in Tallinn, GLA



Source: DTZ Research

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## Baltic Retail Q4 2011

Table 2

Planned and postponed retail projects in Tallinn	Size of the building/ expansion, sq m	Time
ETK hypermarket in Ameerikanurga retail and logistic park	13,000	HY2 2012
Gate Tallinn	240,900	HY2 2013
EinStein in Viimsi	16,500	HY2 2013
Panorama City	all together 75,000; retail 8,000	HY1 2014
Moekobinaat, Pro Kapital	approximately 50,000	HY2 2014
SRV development	60,000	2016-2017
Ülemiste Centre	30,000	Postponed
Tähesaju City (III phase)	30,000	Postponed

Source: DTZ Research

Table 3

Shopping centre in Tallinn	Address	Total area*, sq m	GLA, sq m	Time of construction/ expansion
Stockmann	53 Liivalaia Str	24,520	14,500	1996/2000
Rocca al Mare	102 Paldiski Rd	64,640	53,300	1998/2008/09
Mustika Centre	116 A. H. Tammsaare Rd	20,300	16,970	1998/2001
Kristiine Centre	45 Endla Str	53,000	42,500	1999/2002/2010
Sikupilli Centre	87 Tartu Rd	27,300	15,100	2000
Magistral	201/203 Sõpruse Avenue	12,200	9,500	2000
Järve Centre	238 Pärnu Rd	62,100	41,800	2000/2008
Norde Centrum	7 Lootsi Str	14,200	10,600	2002
Lasnamäe Centrum	3 Mustakivi Str	23,600	19,600	2003
Ülemiste Centre	4 Suur-Sõjamäe Str	49,700	37,500	2004
Viru Centre	4/6 Viru Square	32,000	26,300	2004
Solaris	9 Estonia Avenue	42,900	12,800	2009

Source: DTZ Research

The end of the year 2011 and the beginning of 2012 brought news about different retail centres planned all around the city of Tallinn and near Tallinn in its neighbouring parishes.

In the first phase of Ameerikanurga retail and logistic park in Rae parish, approximately 15 km from Tallinn, 20,000 sq m retail space planned, of which the largest part – 13,000 sq m will be occupied by ETK, local retail chain. There is also an agreement with Sportland for the opening of the largest sports store (2,000 sq m) in the Baltics. Other part of the first phase will be covered

with smaller retail premises and negotiations with tenants are in the process.

SRV has announced planning for 60,000 sq m leisure centre near passengers' harbour area in the city centre of Tallinn, where in addition to retail premises cinema or library will be planned and also possibly a hotel development. The project is planned to 2016/17

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Some of the projects planned to be finished in nearer future are described as follows:

- Pro Kapital (previous owner of Kristiine Centre) has announced that they will develop new shopping centre – Moekombinaat – on Peterburi Road between Ülemiste and Sikupilli shopping centres. At the moment the development is in planning process and it is said to be planned similar-sized to Kristiine Centre.
- Gate Tallinn is retail and industrial park, which is planned next to Pärnu Road and city border. There is all together 240,900 sq m gross area planned to the 620,000 sq m land lot. The first phase of the project is planned to be finished in the end of 2013.
- E.L.L. Kinnisvara is planning a shopping and entertainment centre in Lasnamäe district on the crossing of Smuuli and Narva road. There is 75,000 sq m planned in total, out of which 8,000 sq m is for retail use.
- GMP & Partners are planning similar shopping and entertainment centre in Viimsi, approximately 20 km from Tallinn city centre, where overall planning includes 16,500 sq.m. of gross leasable area
- There are also other larger and smaller retail premises planned - old Post Office in city centre and Rävala quarter between Tallinn Department store and Solaris.

If during 2009 there was approximately 10-20% decrease in overall rental flow for shopping centre owners, then in 2010 there were no remarkable changes and the year brought stabilization. The rental levels of anchor tenants have remained quite stable and no bigger changes were made in these agreements. The main reason for rent decrease was temporary discounts, which were actually lengthened. Most probably the rapid increase in current levels will not take place and the rentals will grow moderately from here on. In more popular shopping centres (for example Viru Centre), the discounts were never applied and rental prices increased during the low point of the market.

Vacancy rate in popular shopping centres is continuously low; the overall average was under 1% in the end of Y2011. There is only a centre still suffering from a low level of demand; Mustika Shopping Centre, still has vacant premises on both floors.

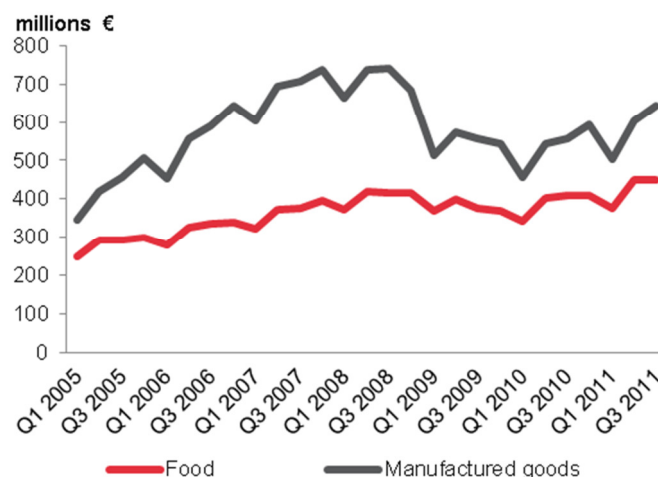
Table 4

Rent levels in Tallinn (size approximately 50-300 sq m), €/sq m/month	Rent level
Old town and in city centre at the pedestrian flow	12-25
In shopping centres in city centre	12-45
In shopping centres outside the city centre	12-32

Source: DTZ Research

Figure 3

Retail trade turnover in Estonia



Source: DTZ Research



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## Baltic Retail Q4 2011

### Tartu and Pärnu

Retail market in Tartu and Pärnu has mainly focused in around city centre and in shopping centres located in suburbs.

There were no larger retail developments during the year 2011 either in Tartu or Pärnu.

Few next years should be quite active in among retail developments in Tartu. Many retailers (like Maxima, Selver, Rimi, Konsum and Prisma) have announced their plans to open different supermarkets all around the city - the concentration is mostly at Annelinna district. Prisma market, currently in finishing phase, will be opened in nearer future. Around 5 new stores in total should be opened in coming few years.

In Pärnu the largest development is the renovation of Port Artur 1 shopping centre, which is planned to be finished already in April 2012. The owner group of Port Artur shopping centres has also announced planning of Port Artur 3<sup>rd</sup> phase and a new shopping centre by Via Baltica. The construction process will not be started for another couple of years, when the economic situation has improved. Port Artur 3 is planned as entertainment and shopping centre with hotel complex with 79,000 sq m in total. There will be up to 100,000 sq m in commercial and shopping centre planned at Via Baltica.

The rental levels decreased approximately 20% during second half of 2009. There were no significant changes during 2010. Year 2011 brought moderate increase in rental levels, especially among most valued premises located in shopping centres.

The vacancy rate among most popular shopping centres is up to 10-15% and in less valued locations and separately standing premises even up to 35%.

Table 5

Rent levels (€/ sq m/ month) in Tartu and Pärnu	A	B	C
<b>Tartu</b>	6.5-12	3-7.5	2-3
<b>Pärnu</b>	4.5-10	2.5-5	1.5-2.5

Source: DTZ Research

Table 6

Shopping centres in Tartu	Address	Total area*, sq m	GLA, sq m	Date of construction/ expansion
<b>Zeppelin</b>	14 Turu Str	8,956	7,200	2001
<b>Lõunakeskus (whole complex)</b>	75 Ringtee Str	66,000	55,000	2001-2009
<b>Eeden</b>	1c Kadla Rd	18,859	15,000	2003
<b>Tartu Department Store</b>	1 Riia Str	29,956	15,632	2005
<b>Tasku</b>	2 Turu Str	39,833	16,000	2008

\*In some cases also the area of parking houses are included

Source: DTZ Research

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## Baltic Retail Q4 2011

Table 7

Shopping centre Pärnu	Address	Total area*, sq m	GLA, sq m	Date of construction/expansion
<b>Port Artur 1</b>	2 Hommiku Str	4,641	3,7	1997
<b>Port Artur 2</b>	11 Lai Str	15,313	12,25	2002/2009
<b>Kaubamajakas</b>	8/10 Papiniidu Str	20,695	17	2004
<b>Pärnu Keskus</b>	7 Aida Str	8,773	7	2009

\*In some cases also the area of parking houses are included

Source: DTZ Research

### Forecast

- Moderate increase in rental levels is forecasted for the year 2012, as the vacancy levels are low and the consumer confidence in Estonia has improved; the increase is also partly influenced by temporary discounts in rentals, which are now being brought to an end;
- No major changes in vacancy levels for coming year are expected – it will remain remarkably low in most of the shopping centres and will remain higher among less valued separately standing premises;
- There is a clear increase in development market activity, but the realisation of the projects will take at least a couple of years and therefore it is not affecting market that strongly over 2012.



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## Baltic Retail Q4 2011

### Latvia

Development of Latvian retail market began with privatisation of former department stores and premises located on first and second floors of buildings in downtown area of Riga and other cities. Until the first shopping centre, Dole, was opened in Riga in 1997, most retailers were located in downtown. Since that time, situation has changed significantly as consumers have enjoyed the convenience of “shopping under one roof” and the number of super/hypermarkets and well developed modern shopping centres has increased.

Latvian capital city Riga is the largest cultural and business centre as well as the major port in country. Riga and its surroundings forms almost half of Latvian population, making it the main retail market which is hard to compare with any other Latvian city.

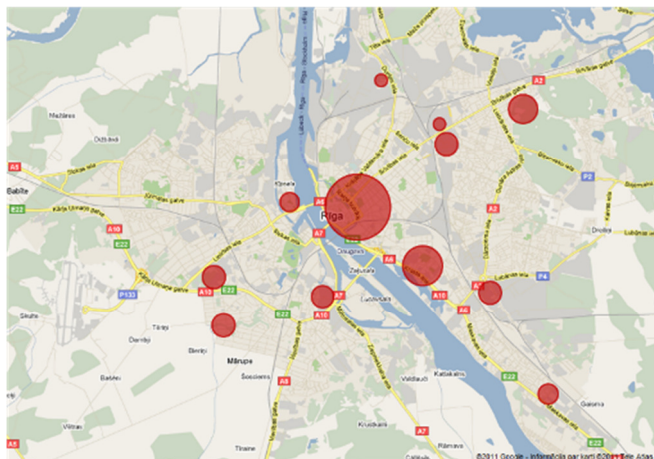
### Riga

Outside the city centre, most of the larger retail objects are located alongside and near major streets: West bank – K.Ulmana Street and East bank – Krasta Street and Brivibas Street.

Old Town as a former important retail area has still many souvenir shops and boutiques, but the proportion of them has gradually decreased and conversed more into restaurants, pubs and other entertainment facilities.

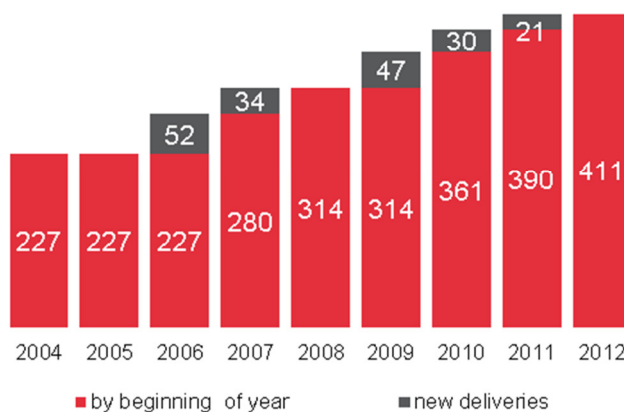
By the end of 2011 the total amount of modern retail space in Riga was more than GLA 630,000 sq m (formed from the premises larger than 5,000 sq m). Three shopping centres with total area of 33,800 sq m were opened during 2011 in Riga. Prisma retail chain has relatively aggressive expansion plans in Riga. In 2012 it plans to build a one more hypermarket. According to Linstow Center Management information the Swedish clothing retail company Hennes and Mauritz (H&M) will open their first stores in Latvia at the "Alfa" and "Galerija Centrs" shopping malls in Riga this autumn, each 2,000 sq m in size. As there are very low vacancy rates in both shopping centres, some tenants are going to be replaced with those who potentially generate higher turnover.

Map 2  
Major retail centres in Riga



Source: Google Map, DTZ Research

Figure 4  
Shopping centre stock in Riga, GLA  
(000s) sq m



Source: DTZ Research

Table 8

Rent levels in Riga, €/sq m/month	Rent level Q4 2011
High street in city centre	10-30
High street in micro districts	5-12
Grocery space in supermarkets	5-10
Shopping centre	15-25, up to 40

Source: DTZ Research

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## Baltic Retail Q4 2011

2011 was optimistic in retail sector and the nearest future is also promising. Growing retail turnover, decreasing vacancy rates and increasing occupancy in shopping centres was the tendency for 2011. Total retail trade turnover has increased by 6% in Q1 and Q2 Y2011 compared to the same periods in 2010.

Average vacancy rate in shopping centres is below 5.5%. High vacancy remains in Sky&More shopping centre, Galerija Azur, Galleria Riga (recently opened) and Riga Plaza. On the other hand positive changes were observed in all mentioned shopping centres – retailers are opening their shops, new rental agreements are going to be signed in the nearest future. The lowest vacancy rates (less than 1%) are only in the following shopping centres in Riga – Mols, Dole, Spice and Alfa.

The most valued retail space is:

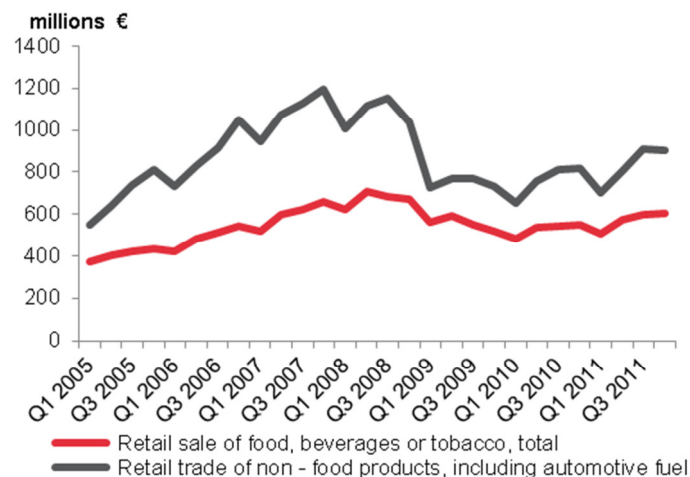
- in good location (in a popular shopping centre or on the ground floor of the building located on a shopping street, with the highest customer flow and average expenditure per purchase, with easy access);
- near intensive pedestrian flow;
- sized 50-150 sq m, with sufficient parking possibility.

### Forecast

- Several retail development projects are foreseen in 2012 - another Prisma Hypermarket in Riga; some activities have been noticed concerning the Acropolis business and commercial centre; and one large scale project, e.g. Imanta Retail Park II-IV stage is announced for 2013.
- Overall vacancy rate will be stable with tendency to decrease during 2012.
- Due to high demand slight increase of rental rates is foreseen in retail area with prime location in shopping centres.

Figure 5

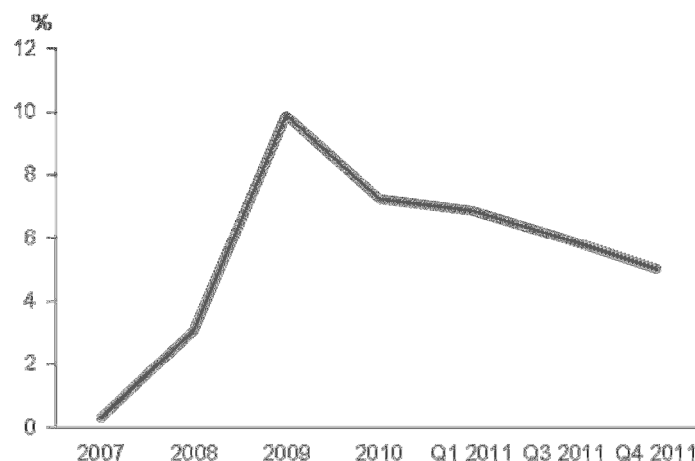
Retail trade turnover in Latvia



Source: DTZ Research

Figure 6

Dynamics of vacancy rate in Riga Shopping centres



Source: DTZ Research

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## Baltic Retail Q4 2011

### Lithuania

Development of Lithuanian retail market began with privatisation of former department stores in downtown area of Vilnius and other cities. The largest shopping centres are located in the main Lithuania cities such as Vilnius, Kaunas, Klaipeda, Siauliai and Panevezys.

In 2011, Lithuanian retail turnover was over €9 bn and is expected to increase, despite the economic downturn in 2010.

### Vilnius

The Vilnius retail property market can be sub-segmented to retail streets, shopping centres and super- and hypermarkets. The prime retail street Gedimino Avenue in Vilnius was reconstructed several years ago, and after that the retail properties here have rather high vacancy rates (around 20-25%). Gedimino Avenue is stretching nearly 2 km alongside the Vilnius Old Town. The major shopping centre on this street is Gedimino 9. The vacancy rate in named shopping centre is around 27%. In the middle of December Gedimino 9 was bought by Swedbank's real estate management company. Total stock of retail premises in Vilnius city reached more than 535 000 sq m in the end of 2011.

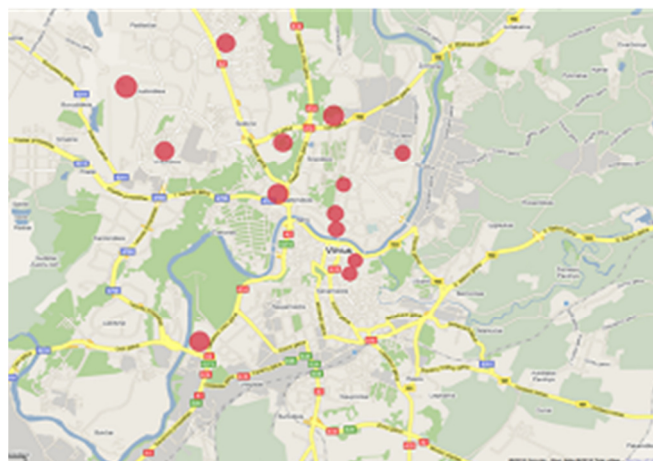
The other retail streets are located in Old Town of Vilnius - named Didzioji St., Pilies St. and Vokiecių St. There are mainly boutiques, souvenir shops as well as cafes and restaurants. Other Old Town walking areas are leaving less space for traditional apparel, footwear, etc. retailers.

The Old Town retail area managed to reduce vacancy rates by the end of 2011 quite successfully. However, the area meets rather strong competition from shopping centres, especially during the colder seasons. The most important and popular retail destination in Vilnius is Akropolis shopping centre, way ahead of its younger competitors Ozas (which entered the market in Aug 09 during the worst economic downturn) and Panorama (which quite successfully has taken its market share since 2008).

During 2010, one small shopping centre, Link Moletu (10,000 sq m) was opened. The anchor tenant is IKI and Pasidaryk pats. This property is located close to the border of Vilnius city.

Map 3

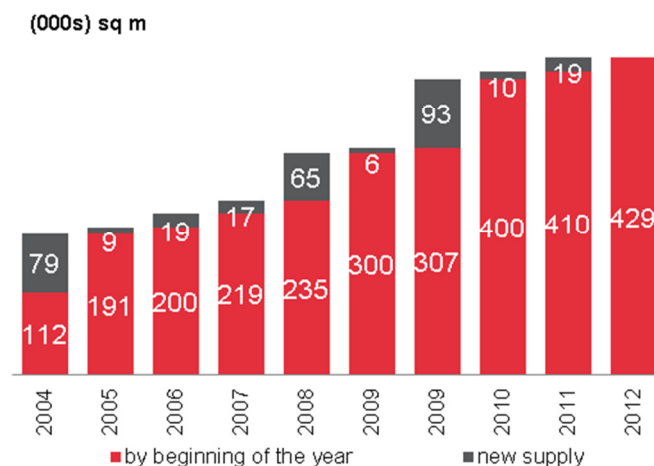
Major retail centres in Vilnius



Source: Google Map, DTZ Research

Figure 7

Shopping centre stock in Vilnius, GLA



Source: DTZ Research

Table 9

Rental fees in shopping centres Vilnius	Rent, €/sq m/month
Anchor tenants	2-7
>100 sq m	8-12
<100 sq m	12 – 30
Street retail	6-26

Source: DTZ Research

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Table 10

Main shopping centres in Vilnius	Address	Total area, sq m	GLA, sq m	Year of construction
<b>Akropolis</b>	Ozo 25, Vilnius	109,000	91,173	2002
<b>VCUP</b>	Konstitucijos pr.16, Vilnius	19,800	19,800	2003
<b>Mada</b>	Virsuliskiu 40, Vilnius	18,600	16,000	2003
<b>Domus Galerija</b>	P. Lukšio 32, Vilnius	14,000	14,000	2003
<b>Flagman</b>	Gedimino 16, Vilnius	7,000	5,600	2004
<b>Europa</b>	Konstitucijos 7A, Vilnius	22,600	17,380	2004
<b>Mandarinas</b>	Ateities St. 91, Vilnius	9,000	7,907	2005
<b>BIG</b>	Ukmergės 369, Vilnius	18,800	15,600	2006
<b>Gedimino 9</b>	Gedimino Ave. 9, Vilnius	16,600	10,204	2007
<b>Panorama</b>	Saltoniskiu 9, Vilnius	65,000	49,500	2008
<b>Ozas</b>	Ozo 18, Vilnius	93,000	62,000	2009
<b>Pupa</b>	Priegliaus 1, Vilnius	6,300	5,345	2009

Source: DTZ Research

The Parkas outlet centre was reconstructed in April 2010, which added additional 5,300 sq m to the existing 7,400 sq m. The centre currently accommodates more than 40 outlets.

Two centres will be built in the northern part of Vilnius. The projects will be delivered in 2013-2014. There is Olinda shopping centre (22,000 sq m GLA, anchored by Prisma grocery), planned by a Finnish developer Vicus, and specialized interior and home products centre Domus Pro Retail Park (13,600 sq m of total area), planned by Danish developer TK Development.

Akropolis, Panorama, VCUP and Ozas are the best performing shopping centres and enjoy 5% or even lower vacancy rate. The vacancy rates are higher in other Vilnius shopping centres, reaching up to 20%. Rental rates remain rather stable in the above mentioned best performing shopping centres during 2011.

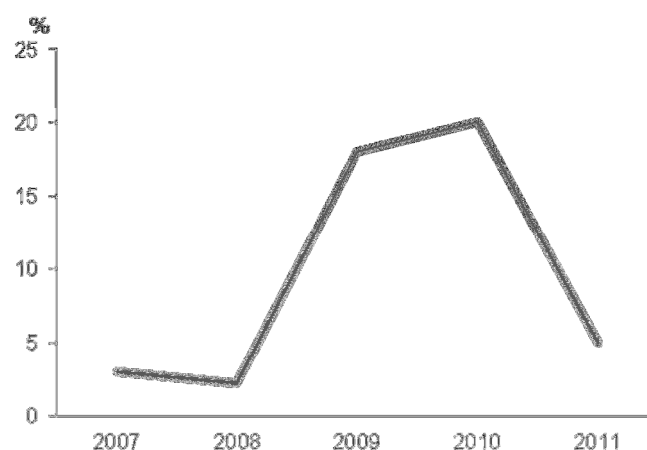
Most demanded retail premises:

- good location in a popular shopping centre;
- area of 50-150 sq m;
- sufficient parking possibility.

During 2011 there were several new supermarkets constructed. IKI opened 8 and MAXIMA 6 new stores during 2011 in Lithuania. There was also one, 3,000 sq m sized supermarket owned by Norfa, opened in Vilnius.

Figure 8

Dynamics of vacancy rate in Vilnius Shopping centres



Source: DTZ Research

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### Kaunas

Kaunas retail property market witnessed no major changes in 2011. The total stock of modern shopping centres currently stands at nearly 180,000 sq m. The most popular among other retail schemes is Akropolis (56,800 sq m GLA), opened in 2007. Being located in rather central part of the city, Akropolis has "stolen" significant pedestrian flow from the main retail street Laisves Avenue. Nevertheless, during 2011 vacancy rates dropped and rental rates increased in this area. No new shopping centres were opened in Kaunas during 2011.

### Klaipeda

Total stock of retail space forms approximately 160,000 sq m in Klaipeda. There were no new larger scale retail developments during 2010. The Liepa shopping centre (6,200 sq m) opened in the beginning of 2011, with Norfa (format XXL) as anchor tenant. For 1,000 population of Klaipeda is 930 sq m of shopping centre areas. In other major Lithuanian cities, the stock retail by inhabitants is lower (875 sq m in Siauliai, 564 sq m in Kaunas and 386 sq m in Panevezys).

### Panevezys and Siauliai

33% out of total retail stock in Siauliai is contributed by Akropolis, opened in 2009. Total stock of retail space is approximately 106,000 GLA sq m. The significant changes were not observed in 2011, compared to the retail market situation in the capital of Lithuania. Siauliai retail property market is often exemplified as one of the most saturated in Lithuania, but there are no significant developments planned in the next 2-3 years. Panevezys modern retail property market is represented by the single project Babilonas Shopping Centre (42,100 GLA sq m plus 18 000 sq m modern retail area built for car business), which was developed in several stages during 2005-2008.

Panevezys is being far less oversaturated in comparison with the Siauliai retail property market. In general, vacancy rate is in the range of 10-30% in this city. The Panevezys retail property market is often named as one of the most unsaturated in Lithuania.

Table 11

Rental fees in Kaunas shopping centres	Rent, €/sq m/month
Anchor tenants	4-7
>100 sq m	8-12
<100 sq m	13-21
Street retail	6-20

Source: DTZ Research

Table 12

Rental fees in Klaipeda Shopping centres	Rent, €/sq m/month
Anchor tenants	4-7
>100 sq m	8-12
<100 sq m	12-21
Street retail	5-15

Source: DTZ Research

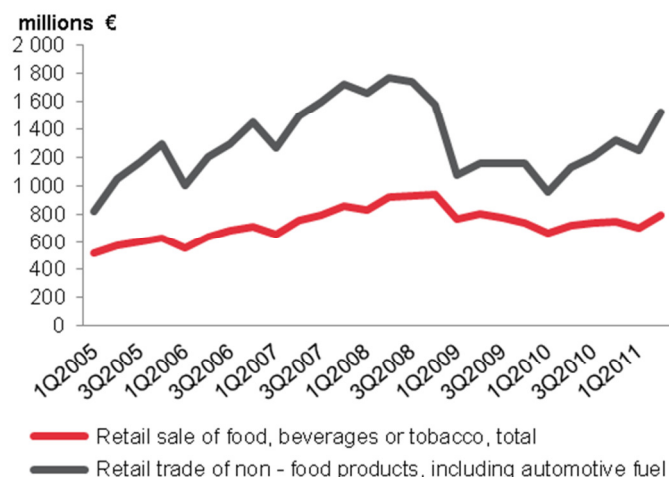
Table 13

Rental fees in Siauliai and Panevėžys	Rent, €/sq m/month	Rent, €/sq m/month
Anchor tenants	2-7	1-6
>100 sq m	5-12	4-12
<100 sq m	12-20	10-18
Street retail	5-10	3-9

Source: DTZ Research

Figure 9

Retail trade turnover in Lithuania



Source: DTZ Research

# Property Times

## Baltic Retail Q4 2011

### Forecast

- Vilnius retail property market is more optimistic with two retail projects expected in the near future;
- Growth in retail property supply is considered with LIDL plans to enter Lithuanian market by constructing new buildings and occupying existing;
- Rental rates will remain on stable level in 2012; however, the negotiation power of landlords will remain comparably weak, especially in Siauliai and Panevezys, also in Vilnius and Kaunas but in the best shopping centres only.



# Property Times

## Baltic Retail Q4 2011

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