

31 July 2012

#### Contents

Macro-economic trends	2
Estonia	
Latvia	
Lithuania	
Retail Market	4
Estonia	
Latvia	
Lithuania	
Other DTZ Research reports	16
Contacts	17

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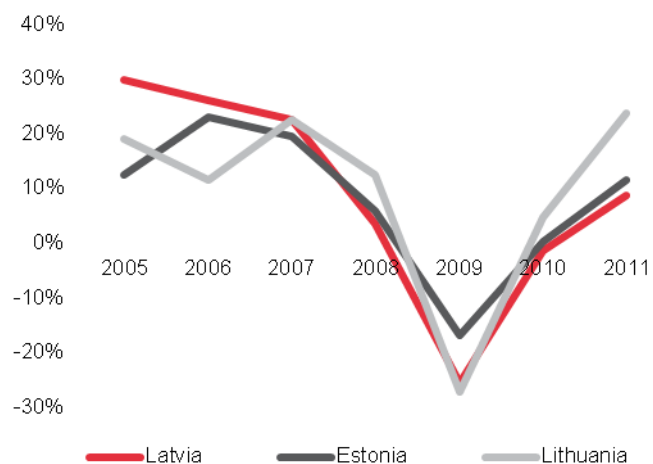
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- Consumer confidence and household consumption strengthened during 2011 and became more obvious in H1 2012. People are spending more money without fear of deception of economic stability.
- Several small development projects have been started in Baltic States in H1 2012. Department stores and small shopping centres will be delivered in Estonia, Latvia and Lithuania starting with H2 2012.
- Vacancy rate is close to 0% in shopping centres with successful management however, shopping centres with ineffective organisation still have very low occupancy.
- Improving retail trade turnover and increased occupancy level have led to rent rates rise in most prosperous shopping centres in 2011 and this trend still continue during H1 2012.
- Several investment transactions in retail segment are in process. The result will be seen in the end of 2012.

Figure 1

Changes in total turnover of retail trade in Baltic States



Source: DTZ Research

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## Baltic Retail H1 2012

### Macro-economic trends

#### Estonia

As the export capacity has decreased since the end of Y2011, the domestic demand is playing the main role in Y2012's economic growth of Estonia. The consumer confidence has increased and the risks from European economy have not had that great impact to Estonian economy as firstly expected. Bank of Estonia has also increased the forecasted figures of economic growth for 2012 in their last report. Nevertheless, if the situation in Europe will turn more serious, then the economic decrease is expected also in Estonia, meaning that the risks are still there and considered with.

Based on the information presented by Bank of Estonia and Statistics Estonia, GDP increased by 7.6% in 2011. Before that GDP decreased by 14.3% in Y2009 and was followed by 2.3% increase in Y2010. Based on the prognoses of Estonian Bank (from June 2012) the growth of GDP will be 2.6% in Y2012, 3.6% in Y2013 and 4.1% in Y2014. The growth of GDP was 3.7% in the Q1 Y2012 compared to the same period in 2011. In the comparison with Q4 Y2011, the growth was 0.3%. So the tempo of the increase has clearly slowed down.

Based on the information from Bank of Estonia and Statistics Estonia, the CPI growth was 5.0% in Y2011, 2.7% in Y2010 and 0.2% in Y2009. Such fast inflation is mainly caused by price increase in food and fuel sector, but also because of increased household costs. Based on the prognoses of Bank of Estonia, the CPI change will be 3.9% in Y2012, 3.2% in Y2013 and 2.7% in Y2014.

The average registered unemployment rate was 12.3% in 2010. Same figure has continuously decreased, being averagely 8.4% in 2011 and 7.6% in Q1 Y2012.

#### Latvia

Latvia's economic growth in Q1 2012 was the fastest in the EU year-on-year and the fastest quarter-on-quarter. Compared to the 1st quarter of 2011, GDP in the 1st quarter of 2012 has increased by 6.9%, according to seasonally non-adjusted data of the Central Statistical Bureau of Latvia. Whereas according to seasonally adjusted data, GDP in Q1 2012 has risen by 1.1%, as compared to the 4th quarter of 2011. 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%. In Q1 2012, the annual inflation continued to drop, with its drop within a month, 0.5pp to 2.8%. The rise in inflation was held down by a high unemployment rate and relatively low consumer purchasing power. Overall, it is anticipated that the consumer price rise will stand at 2.4% in 2012; however, the risks to the forecast are on the upside. In 2013, inflation is projected close to 2%.

The labour market situation has continued to improve. In December 2011 11.5% of the active population of Latvia were unemployed. At the beginning of 2012, the registered unemployment rate was on a rise again 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.

Overall economic activity indicators are better than expected for the first months of 2012, this gives hope that the overall annual growth figures for the year could also turn out to be better than initially planned.

#### Lithuania

The economic growth has been higher compared to the expectations. However, the GDP growth in has slowed down compared to previous period.

Statistics Lithuania informs that real GDP growth rate in 2011 was 5.9%, and was followed by 1.4% increase in 2010. In Q1 2012, GDP at current prices amounted to €7,3m and, against the same period in 2011, its growth (real) stood at 3.9 %, while against Q4 2011 it dropped by 7.3 %.

Average annual inflation rate was 4.1% in 2011 and it increased, compared with corresponding previous year, by 3,4 times. Annual inflation still remains quite high. In

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## Baltic Retail H1 2012

May 2012, average annual inflation calculated by Statistics Lithuania based on the harmonised index of consumer prices (HICP) stood at 3.9%.

According to the information from Statistics Lithuania, the unemployment rate in the country in 2011 was 15.4%. Compared with 2010, it decreased averagely stood at 13%. According to the Labour Force Survey data, the unemployment rate in the country in Q1 2012 stood at 14.5%, which is by 0.6 percentage points more than in Q4 2011.

The Bank of Lithuania is projected that the real GDP of Lithuania will increase by 3.0% in 2012 and 3.5% in 2013. Annual inflation is expected 2.9% in 2012 and 2.7% in 2013. Also it is forecasted that unemployment will decrease quite slower in 2012 and 2013 – respectively by 1.2 per cent and 1.3 per cent.

Table 1

### Key Macroeconomic Indicators

	Estonia	Latvia	Lithuania
Population (in thousands)	1,318	2,075	3,245
Urban population	66%	68%	67%
Area (thousand km <sup>2</sup> )	45	65	65
Population density (per km <sup>2</sup> )	31	32	50
Capital city	Tallinn	Riga	Vilnius
Population in capital cities (thousand)	402	706	554
Currency	EUR	LVL	LTL
Exchange rate (€)	x	0,7028	3,4528
GDP at current prices (bn €, 2011)	15,97	20,15	31
GDP per capita, at current prices (€, 2011)	12119	9712	9464
GDP growth (% , 2011)	7,6	5,5	5,9
Inflation rate (% , 2011)	5,0	4,4	4,1
Unemployment rate (% , 2011)	12,5	15,4	15,4

Source: National Statistics, Oxford Economics

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## Baltic Retail H1 2012

### Retail Market

#### Estonia

##### Retail trade turnover

When retail turnover decreased in 2009 by almost 17%, then 2010 brought small and 2011 already quite rapid increase in annual retail trade turnover. Over 2011 turnover increased by 10% in food and 12.6% in manufactured goods segment, so the overall increase was 11.5%. The turnover growth is also predicted for 2012. Q1 showed already 17% increase compared to Q1 Y2011, 13% in food and 20% in manufactured goods segment. So the domestic demand is playing quite important role in economic growth of Y2012.

##### Tallinn

##### Supply and demand

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 of shopping premises. The total retail stock in Tallinn (premises larger than 5,000 sq m) is approximately 485,000 sq m in the beginning of Q3 2012. The shopping centre stock forms 308,000 sq m of the total.

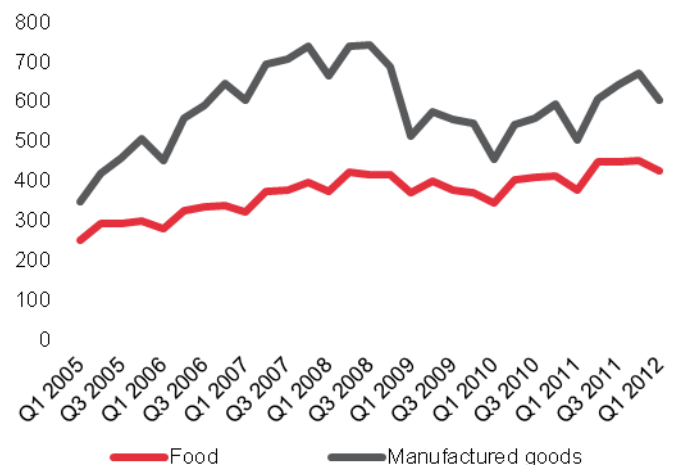
The most demanded centres are Viru Centre, Kristiine Centre, Ülemiste Centre and Rocca al Mare Centre. All Tallinn shopping centres are listed in Table 2.

Most of the development projects finished in 2011 and in the beginning of 2012 were small-scale projects. Rimi hypermarket was opened in the end of 2011 on the border of Tallinn by Pärnu road in Laagri hamlet. Bauhof located in a plot next to Rimi, finished their expansion in the beginning of 2012. 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 nearby residential vicinity. The project is planned to be completed in September 2012.

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 was generated and parking possibilities were improved

Figure 2

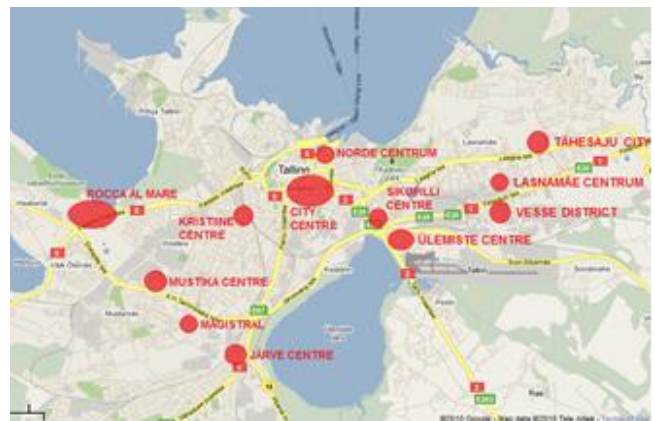
Retail trade turnover in Estonia, € m



Source: DTZ Research

Map 1

Major shopping centres in Tallinn



Source: Google Map, DTZ Research

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## Baltic Retail H1 2012

by extra parking area on the roof of the centre. The centre was reopened in the beginning of May 2012.

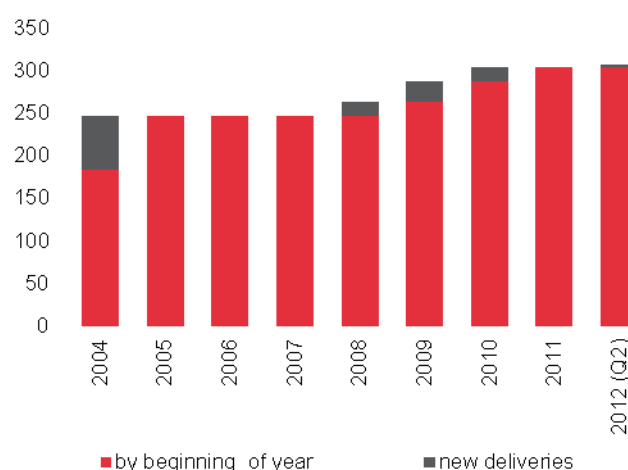
The end of the year 2011 and the beginning of 2012 brought news about different retail centres planned all around the city of Tallinn and near Tallinn in its neighbouring parishes. Also new foreign trademarks are entering the Estonian market – such as H&M has announced their plan to open 3 shops in Tallinn, one of them in old post office in CBD and the other two most probably in Kristiine and Rocca al Mare shopping centres.

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 for 2016/17.

Figure 3

### Shopping centre in Tallinn, 000 sq m GLA



Source: DTZ Research

Table 2

Shopping centres 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	15,300	11,600	2000/2012
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

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## Baltic Retail H1 2012

Some of the projects planned to be completed 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 altogether 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 developing 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. The construction works started in Q2 2012.
- 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 Rävalla quarter between Tallinn Department store and Solaris.

Larger planned and postponed retail objects are presented in Table 3.

Table 3

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
Postimaja (old Post Office of Tallinn)	8,000	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

### Rent rates

During 2009 there was approximately 10-20% decrease in overall rental flow for shopping centre owners. Since then there have been no remarkable changes. The rental levels of anchor tenants have remained quite stable and no bigger changes were made in these agreements. The main reasons for rent decrease among other agreements were 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.

Table 4

Rent levels in Tallinn (size approximately 50-300 sq m), €/sq m/month	
Location	Rent level
Old town and in city centre at the pedestrian flow	12.0-25.0
In shopping centres in city centre	12.0-45.0
In shopping centres outside the city centre	12.0-32.0

Source: DTZ Research

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## Baltic Retail H1 2012

### Vacancy

Vacancy rate in popular shopping centres is continuously low; the overall average was under 1% in the beginning of Q3 2012. There is only one centre still suffering from a low level of demand; Mustika Shopping Centre, still has vacant premises on both floors.

### 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 was already opened in Q2 2012. Around 5 new stores in total should be opened in coming few years.

In Pärnu renovation of Port Artur 1 shopping centre was completed in May 2012. The concept of the centre has changed a little and some new trademarks opened their shops in the centre. 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 an 79 000 sq m entertainment and shopping centre with hotel complex. There will be up to 100,000 sq m in commercial and shopping centre planned at Via Baltica.

Currently largest shopping centre in Pärnu – Kaubamajakas – is planning approximately 10,000 sq m expansion, meaning that the overall leasable area will increase to 24,700 sq m. The detail plan has been started and the project completion is planned to 2014.

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%.

Figure 4

### Dynamics of vacancy rate in Tallinn Shopping centres

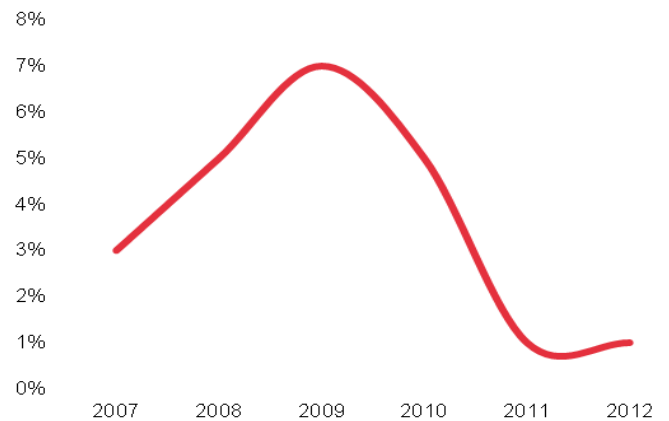


Table 5

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

Source: DTZ Research

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## Baltic Retail H1 2012

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

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

- Enlivened economy has improved consumer confidence and is positively affecting retail turnover over Y2012;
- Rental levels will increase moderately, but historical high levels will not recover that quickly;
- The yield levels are expected to decrease in moderate tempo;
- Vacancy amongst popular shopping centres will remain low but is continuously high in among separately standing premises;
- The development activity is quite active during the coming years in all larger cities.



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## Baltic Retail H1 2012

### Latvia

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

#### Retail trade turnover

Most likely, the increase in retail sales will continue to decline in coming months because earlier experience of rapid growth was not sustainable and consumer optimism is dispersed. Despite this, household spending continues to rise slowly due to an increase in purchasing power. Employment and wages gradually rise, while prices fall. The tax cuts planned in H2 2012 and in the coming years will encourage growth in purchasing power.

#### Supply

Outside Riga 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.

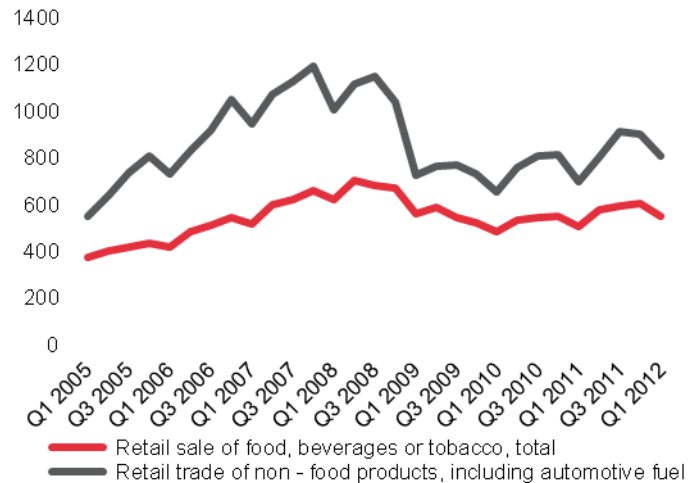
By the end of H1 2012 the total amount of modern retail space in Riga was more than GLA 645,000 sq m (formed from the premises larger than 5,000 sq m). One hypermarket with total are of 10 000 sq m was opened in June 2012 in Riga. Prisma retail chain has relatively aggressive expansion plans in Riga as well. In H2 2012 Prisma plans to build one more hypermarket.

#### Demand

According to Linstow Center Managment information the Swedish clothing retail company Hennes and Mauritz (H&M) will open their first stores in Riga, Latvia at "Alfa" and "Galerija Centrs" shopping malls 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.

Figure 5

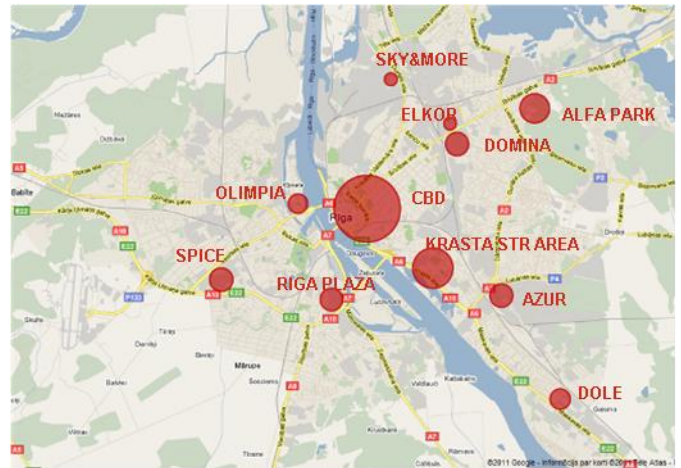
#### Retail trade turnover in Latvia, € m



Source: DTZ Research

Map 2

#### Major retail centres in Riga



Source: Google Map, DTZ Research

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## Baltic Retail H1 2012

Several new brand shops were opened in Riga Shopping centres. First Massimo Dutti store in Latvia was opened in March 2012. Danish lingerie shop "Change" opened in May 2012. Apranga APB announced that it has signed a franchise agreement with Burberry Limited to open Burberry stores in three Baltic countries. The first Burberry stores in Riga, Latvia and Tallinn, Estonia will be opened in the second half of 2012.

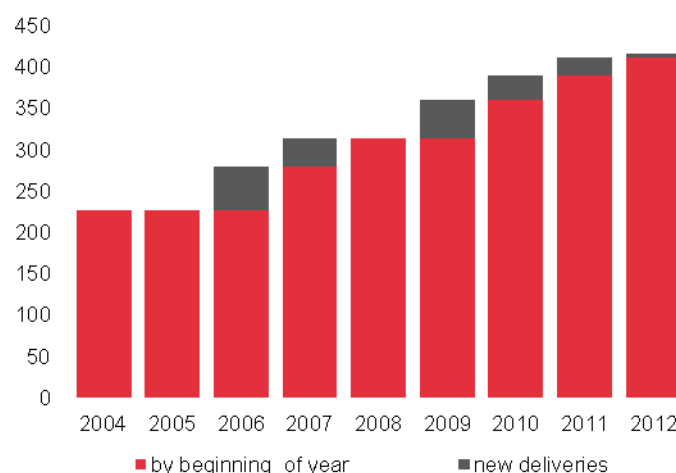
### Rent levels

During 2011 rent levels stabilized and gradual increase was noticed in first two quarters of 2012.

The size as well as decrease or increase of rental levels will depend on type of property. The rents will remain stable or will increase in prime located shopping centres however, secondary located properties will not experience rental growth and furthermore, lower occupancy can be observed there.

Figure 6

### Shopping centre stock in Riga, 000 sq m GLA



Source: DTZ Research

Table 8

Rent levels in Riga, €/sq m/month	Rent level Q4 2011
High street in city centre	10-40
Shops in micro districts	5-12
Grocery space in supermarkets	5-10
Shopping centre	15-30, up to 45

Source: DTZ Research

Table 9

Shopping centres in Riga	Address	Total area* , sq m	GLA, sq m	Date of construction/expansion
Dole	Maskavas iela 357	13000	9700	1997
Mols	Krasta iela 46	50400	33000	1998
Alfa	Brivibas gatve 372	63000	56000	2001
Spice	Lielirbes iela 29	77000	43000	2001
Olimpia	Azenes iela 5	25200	18500	2002
Domina Shopping	Ieriku iela 3	110000	42000	2003
Origo	Stacijas laukums 2	35000	25000	2003
Galerija Centrs	Audeju iela 16	32000	25000	2006
Galerija Azur	Rencenu iela 1	25000	20500	2006
Zoom	Maskavas iela 400	7500	7000	2006
Spice Home	Jaunmoku iela 12 / Lielirbes iela 29	27000	22000	2007
Sky & More	Dunties iela 19a	16900	12000	2007
Riga Plaza	Mūkusalas iela 71	67000	47000	2009

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## Baltic Retail H1 2012

Shopping centres in Riga	Address	Total area* , sq m	GLA, sq m	Date of construction/ expansion
Galleria Riga	Dzirnavu iela 65/67/69	41000	29700	2010
Damme	Kurzenes pr. 3	16000	13000	2011
Imanta retail park (Prisma)	Kurzemes prospekts 1a	9500	8000	2011

Source: DTZ Research

### Vacancy

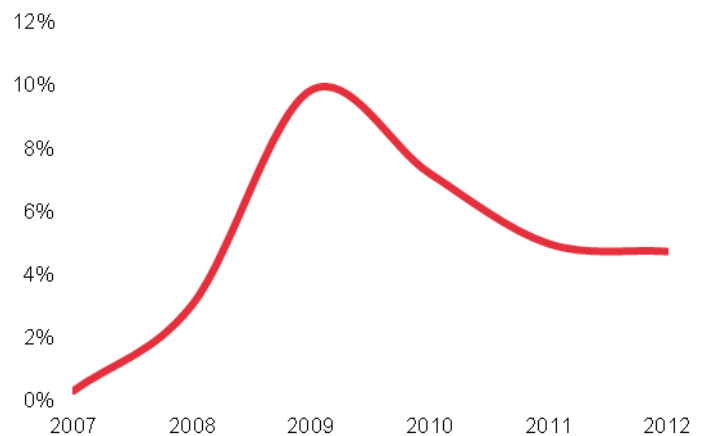
Average vacancy rate in shopping centres is below 5.5%. High vacancy remains in Sky&More shopping centre, Galerija Azur, Galleria Riga (recently opened) and Riga Plaza. On the other hand positive changes were observed in all mentioned shopping centres – retailers are opening shops, new rental agreements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

### 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 H2 2012.
- Due to steadily growing demand slight increase of rental rates is foreseen in retail area with prime location in shopping centres and high street.

Figure 7

### Dynamics of vacancy rate in Riga Shopping centres



Source: DTZ Research

# Property Times

## Baltic Retail H1 2012

### Lithuania

The largest shopping centres are located in main Lithuanian cities such as Vilnius, Kaunas, Klaipeda, Siauliai and Panevezys.

For every 1,000 inhabitants of Klaipeda there is 914 sq m of shopping centre areas. In other major Lithuanian cities, the stock retail by inhabitants is lower (888 sq m in Siauliai, 618 sq m in Kaunas and 441 sq m in Panevezys). The Panevezys retail property market is often named as one of the most unsaturated in Lithuania.

#### Retail trade turnover

Surging inflation and the deteriorating financial standing of households contributed to the slowing trade turnover growth rates of sale of food, beverages or tobacco and it reached 9.9%. The total turnover of trade growth rate increased 23.8% in 2011 compared to previous period.

In Q1 2012, against Q1 2011, turnover grew by 10%. The turnover of food, beverages and tobacco increased by 6%. The turnover of retail sale of non-food products, including fuel increased by 14%. The turnover of the retail sale of automotive fuel in specialised stores grew by 12%.

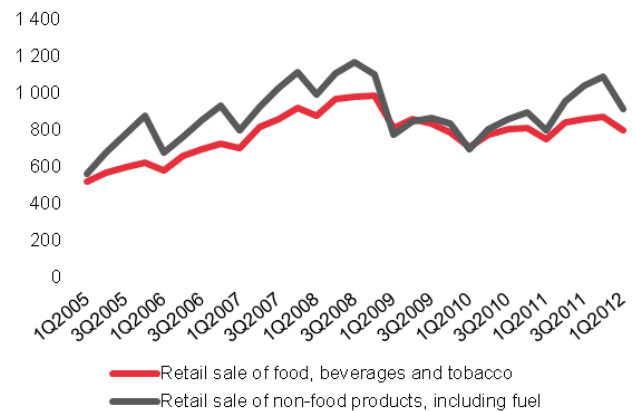
#### Vilnius

The Vilnius retail property market can be segmented to retail streets, shopping centres and super- and hypermarkets. The prime retail street is Gedimino Avenue. This Avenue is stretching nearly 2 km alongside the Vilnius Old Town. Two major shopping centres on this street are Gedimino 9 and Flagman. Others shopping centres are situated in the center of city and in major districts of capital like Šeškinė, Šiaurės miestelis, Viršuliškės, Pilaitė, Žvėrynas, Perkūnkiemis.

#### Supply and demand

Total stock of retail premises in Vilnius city reached 500,000 sq m in the Q2 of 2012.

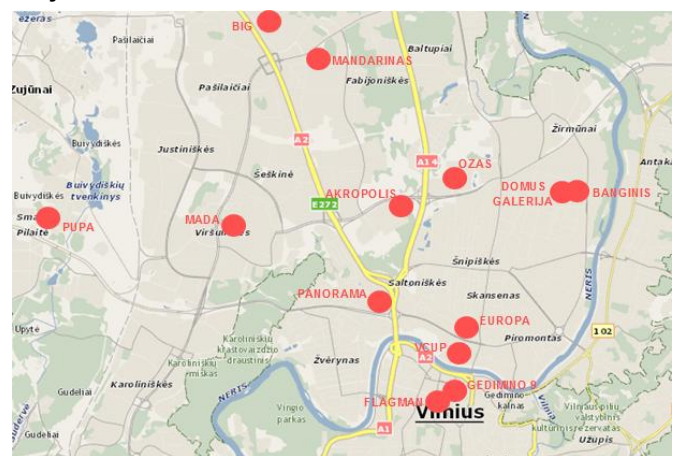
Figure 8  
Retail trade turnover in Lithuania, € m



Source: DTZ Research

Map 3

#### Major retail centres in Vilnius



Source: Google Map, DTZ Research

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## Baltic Retail H1 2012

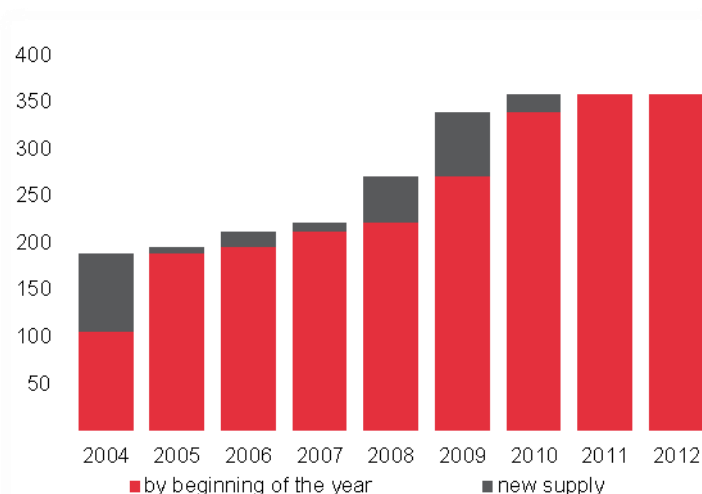
During 2011 there were several new supermarkets delivered. IKI opened 8 and MAXIMA 6 new stores during 2011 in Lithuania. There was also one, 3,000 sq m sized supermarket owned by Norfa, opened in Vilnius. From 2011 till the end of HY12012 there were no new retail premises under construction.

In 2013 the enterprise of Iceland capital Felit is planning to open Ikea store next to the international Vilnius airport. The construction work should start in 2012. Felit is to establish Ikea store on a franchise agreement, the size of the store would reach up to 30,000 sq m.

Two new 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.

Two shopping centres were sold in 2011: subsidiary of Swedbank Ektornet Lithuania purchased SC Gedimino 9 for EUR 23 million and Finnish company Pontos group purchased SC Babilonas in Panevezys for EUR 24 million. In HY2 2012, the demand for retail space remained stable. The small premises in major shopping center (Akropolis, Oza, Panorama) were attractive and in demand for tenants.

Figure 9  
Shopping centre stock in Vilnius, 000 sq m GLA



Source: DTZ Research

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

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## Baltic Retail H1 2012

### Rental level

During 2011 rent levels were stable and did not increase from 2011 until the end of H1 2012. Rental asking prices increased in Vilnius, especially for small premises. No significant changes are forecasted on the market in the next 6-12 months.

### Vacancy

Akropolis, Panorama, VCUP and Ozas are the best performing shopping centres and enjoy 5% or even lower vacancy rate. The vacancy rates were higher in some Vilnius shopping centres, reaching up to 10-20%. Rental levels remain rather stable in better performing shopping centres during HY2 2012 period.

### Kaunas

Kaunas retail property market witnessed no major changes during HY1 2012. The total stock of modern shopping centres currently stands at nearly 200,000 sq m. The most popular among other retail schemes is Akropolis (60,000 sq m GLA). No new shopping centres were opened in Kaunas during H2 2012.

### Klaipeda

Total stock of retail space forms approximately 160,000 sq m in Klaipeda. There were no new larger scale retail developments during H1 2012. The Liepa shopping centre (6,200 sq m) opened in the beginning of 2011, with Norfa (format XXL) as anchor tenant.

### Panevezys and Siauliai

34% 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 H2 2012. There are no significant developments planned in the next 2-3 years.

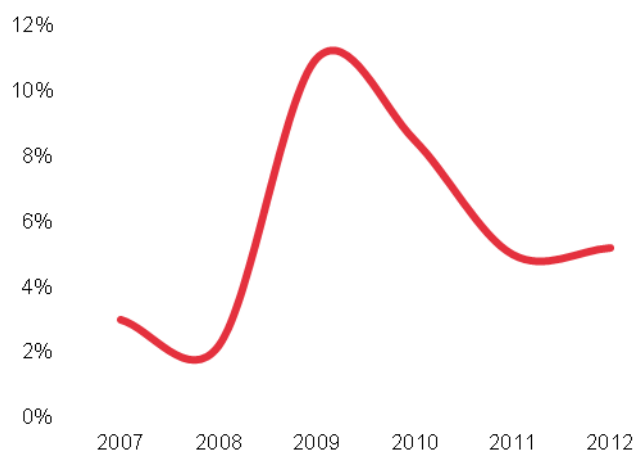
Table 11

Rental levels 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

Figure 10

### Dynamics of vacancy rate in Vilnius Shopping centres



Source: DTZ Research

Table 12

Rental levels 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 13

Rental levels 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

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## Baltic Retail H1 2012

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 Klaipeda and Siauliai retail property markets. In general, vacancy rate is in the range of 10-30% in this city.

### Forecast

- Vilnius retail property market is more optimistic with three retail projects expected in the near future. Total growth of about 65,000 sq. m is still expected in the next 2–3 years.
- First project, Felit is to establish Ikea store on a franchise agreement, the size of the store would reach up to 30,000 sq meters in 2013.
- Two another centres are planning to build in the northern part of Vilnius. The projects will be delivered in 2013-2014.
- Rental rates will remain on stable level in 2012.
- Vacancy in popular shopping centres will remain low and will reach 5%.

Table 14

Rental levels 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

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## Baltic Retail H1 2012

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## Baltic Retail H1 2012

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