

The Lithuanian real estate market is ready to enter the "second phase" of recovery?

March 2014

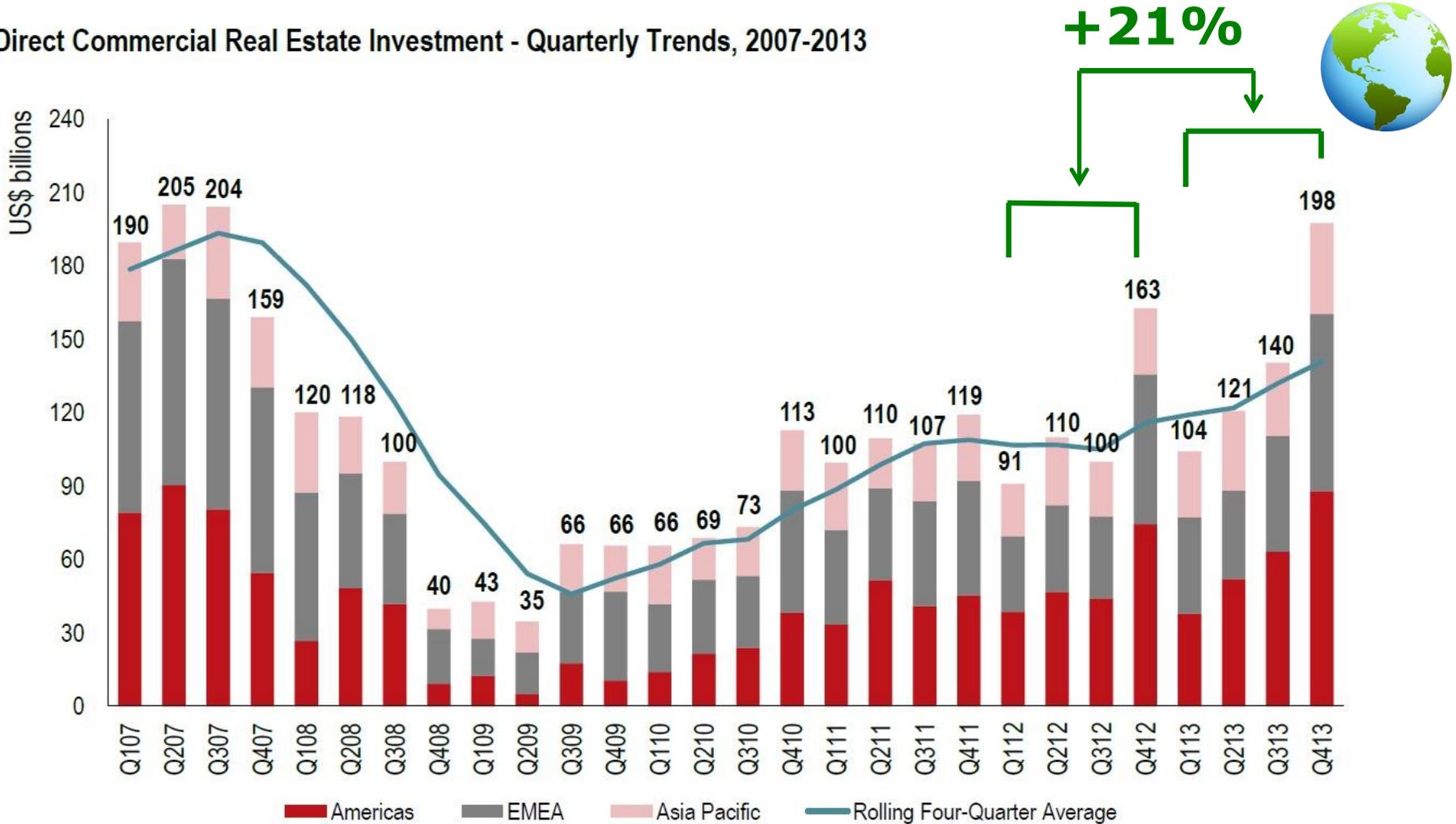
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REAL ESTATE ADVISORS



Investment market

Investment Market

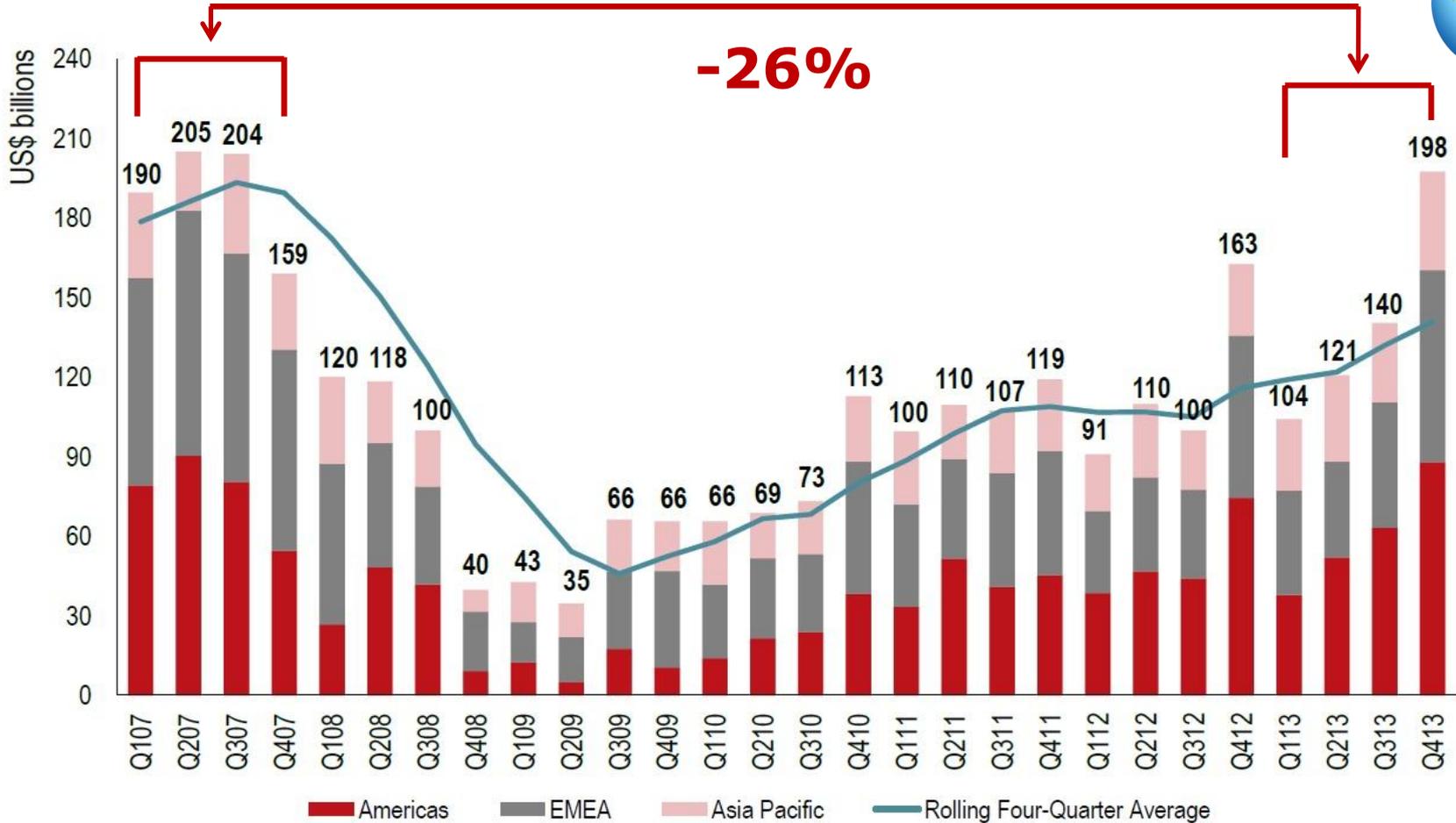
Direct Commercial Real Estate Investment - Quarterly Trends, 2007-2013



Source: Jones Lang LaSalle, January 2014

Investment Market

Direct Commercial Real Estate Investment - Quarterly Trends, 2007-2013

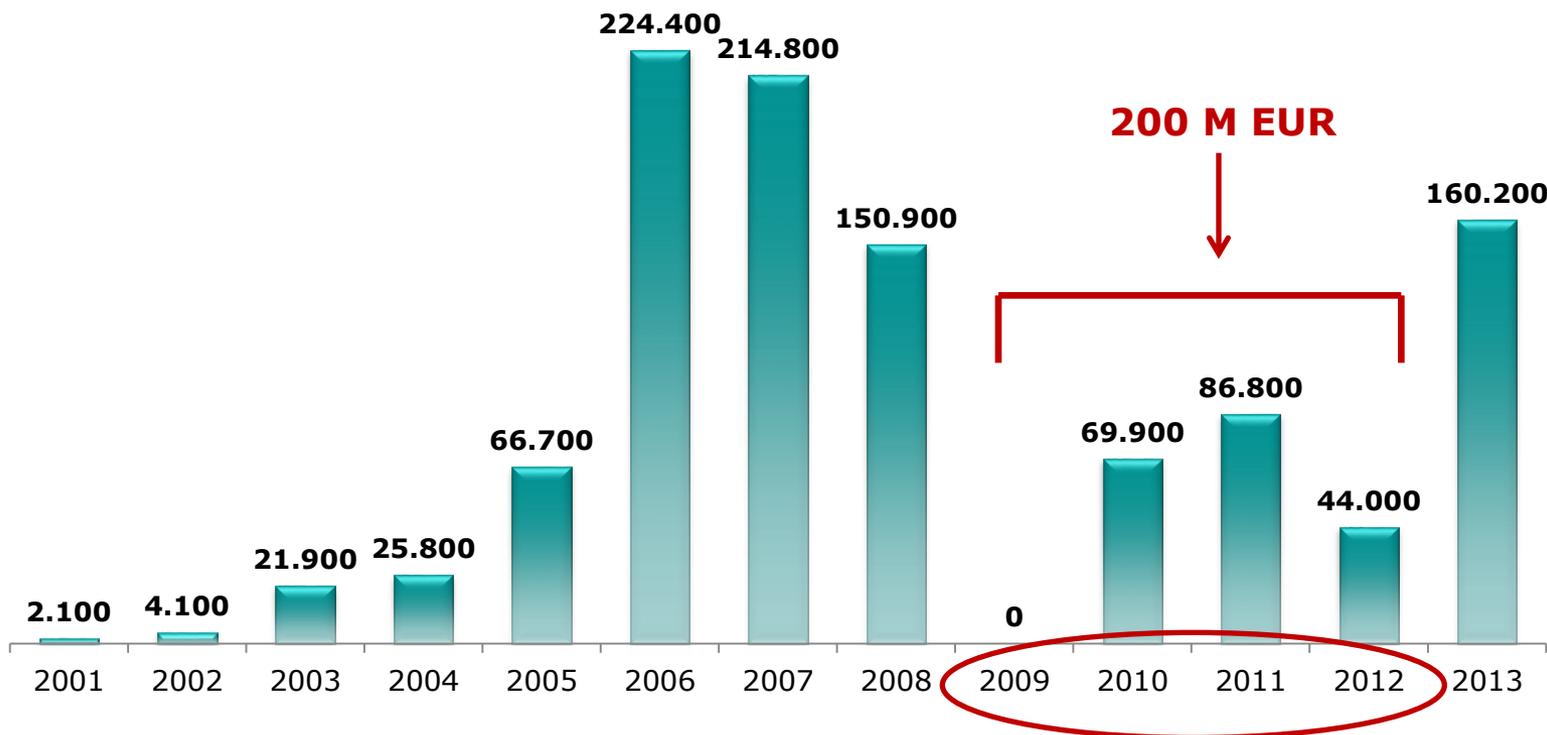


Source: Jones Lang LaSalle, January 2014

Investment Market



Commercial property investment volumes* in Lithuania (sqm)

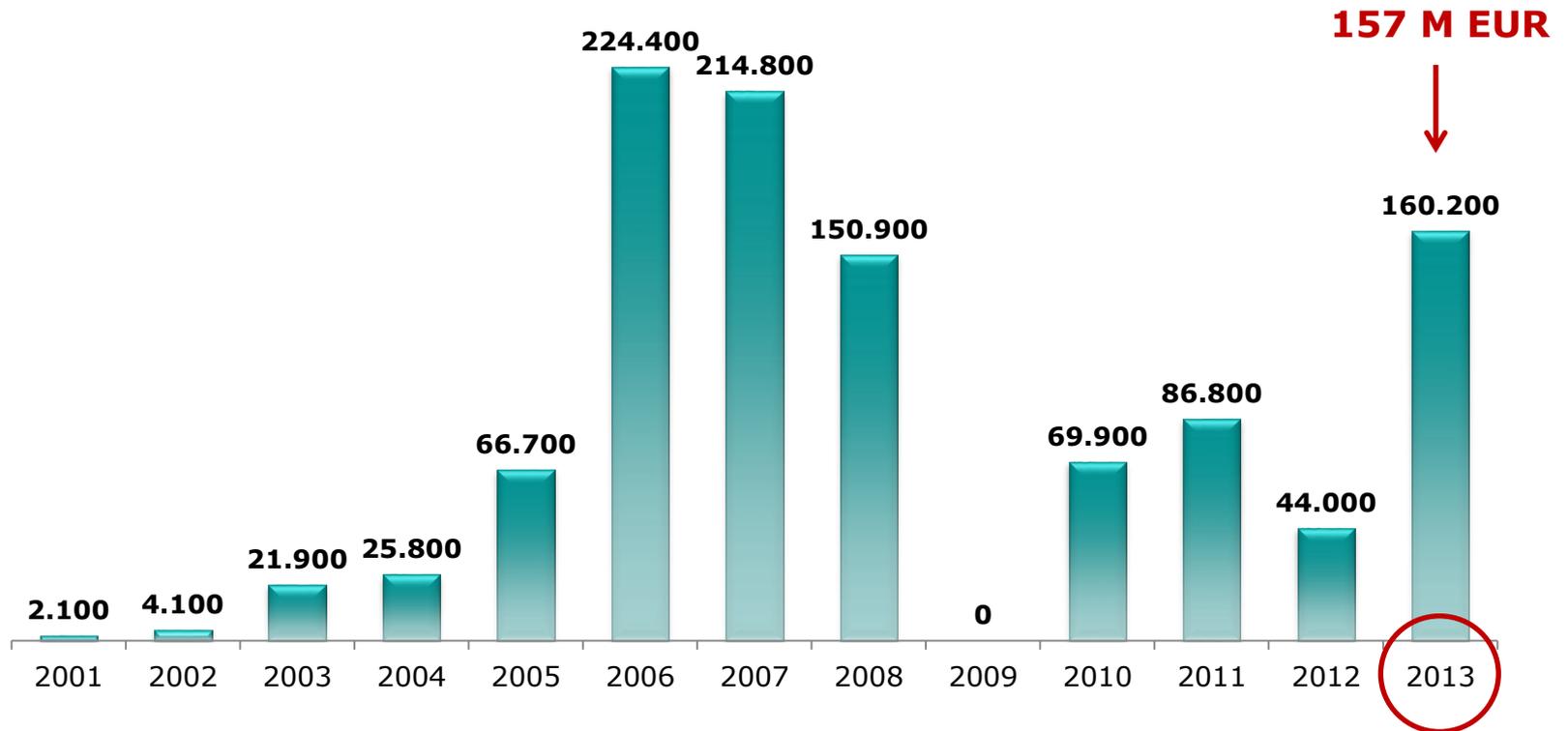


* direct, indirect and compulsory asset acquisition of modern commercial premises (office, retail, industrial) over 1.5 M EUR.

Investment Market



Commercial property investment volumes* in Lithuania (sqm)

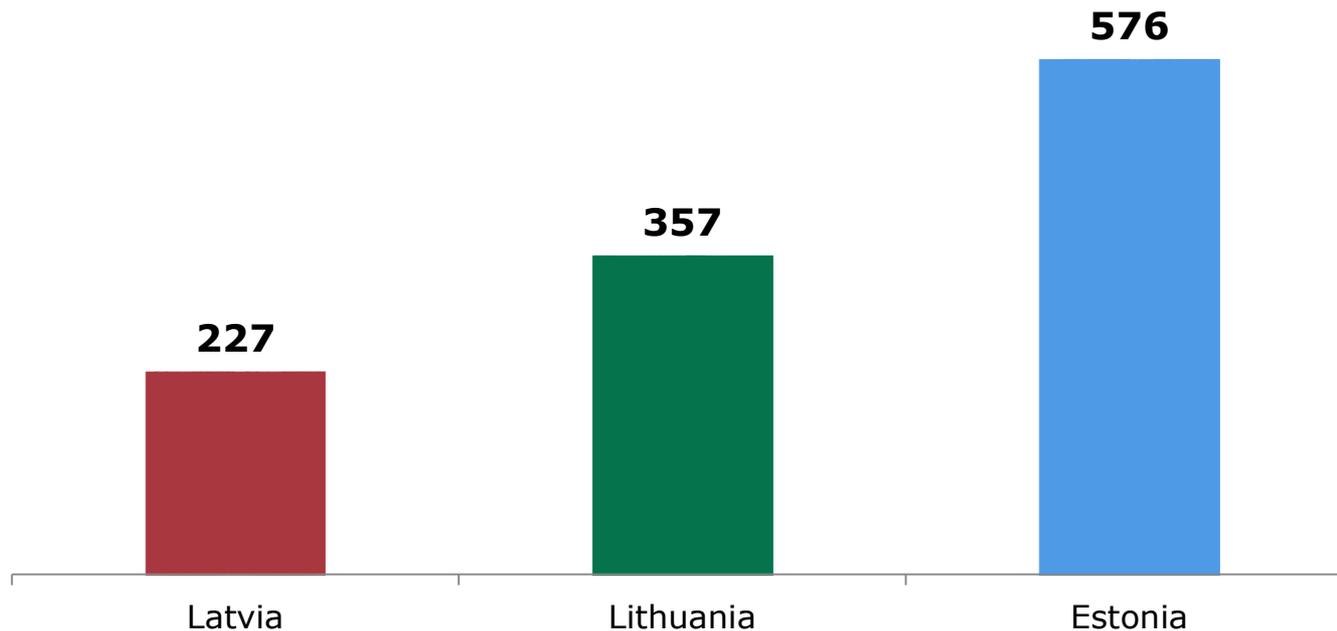


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Investment Market

🏰 **Estonia** continues to lead by volumes of investments in commercial real estate, but volumes of investments in 2013 grew faster in **Lithuania** and **Latvia**.

Commercial Real Estate Investments in Baltics in 2010-2013 (M EUR)

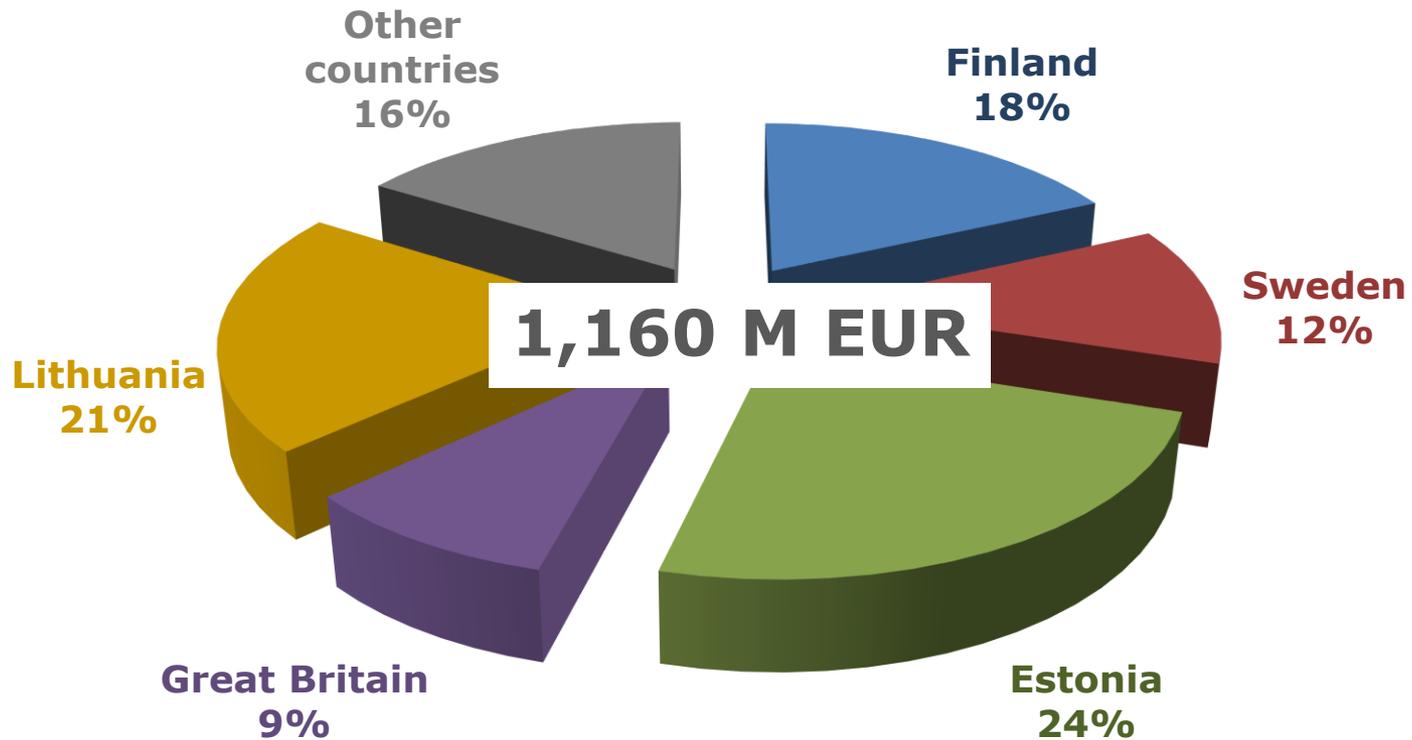


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Investment Market

- Scandinavian and local capital funds and companies show the most interest in the Baltic markets.

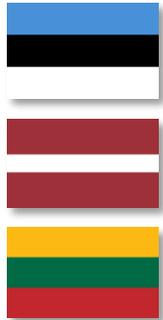
**Commercial property investment volumes in Baltics
by countries in 2010-2013**



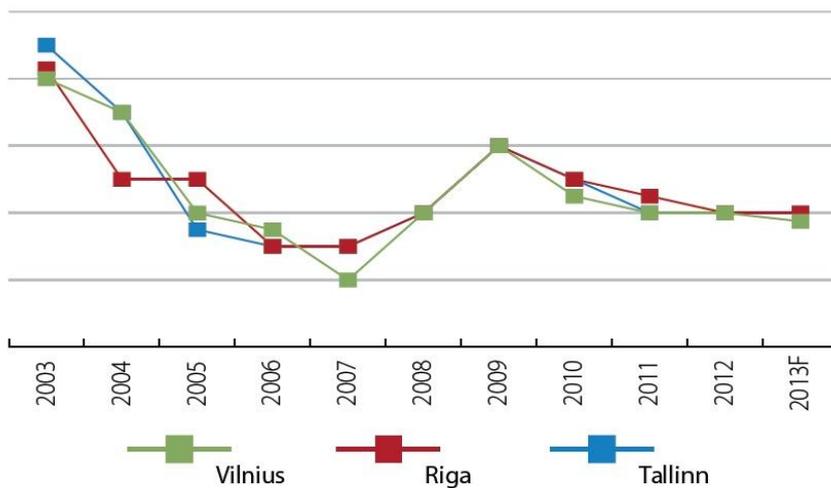
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Investment Market

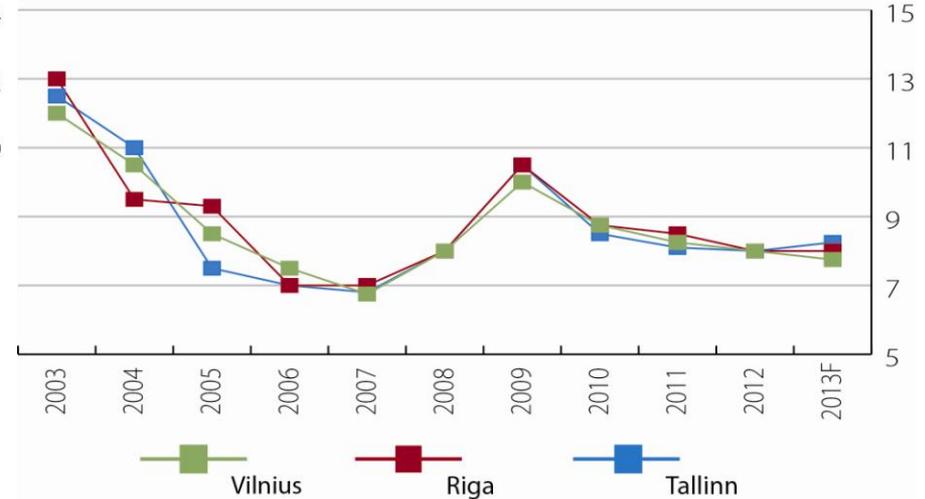
- Opportunity markets (e.g. the Baltic States) attract those not afraid of higher risks and looking for higher investment indicators.



A class office investment yields, %



Retail investment yields, %



- At present, Baltic capitals can offer properties with an initial annual yields as high as **7.0–9.0%**.

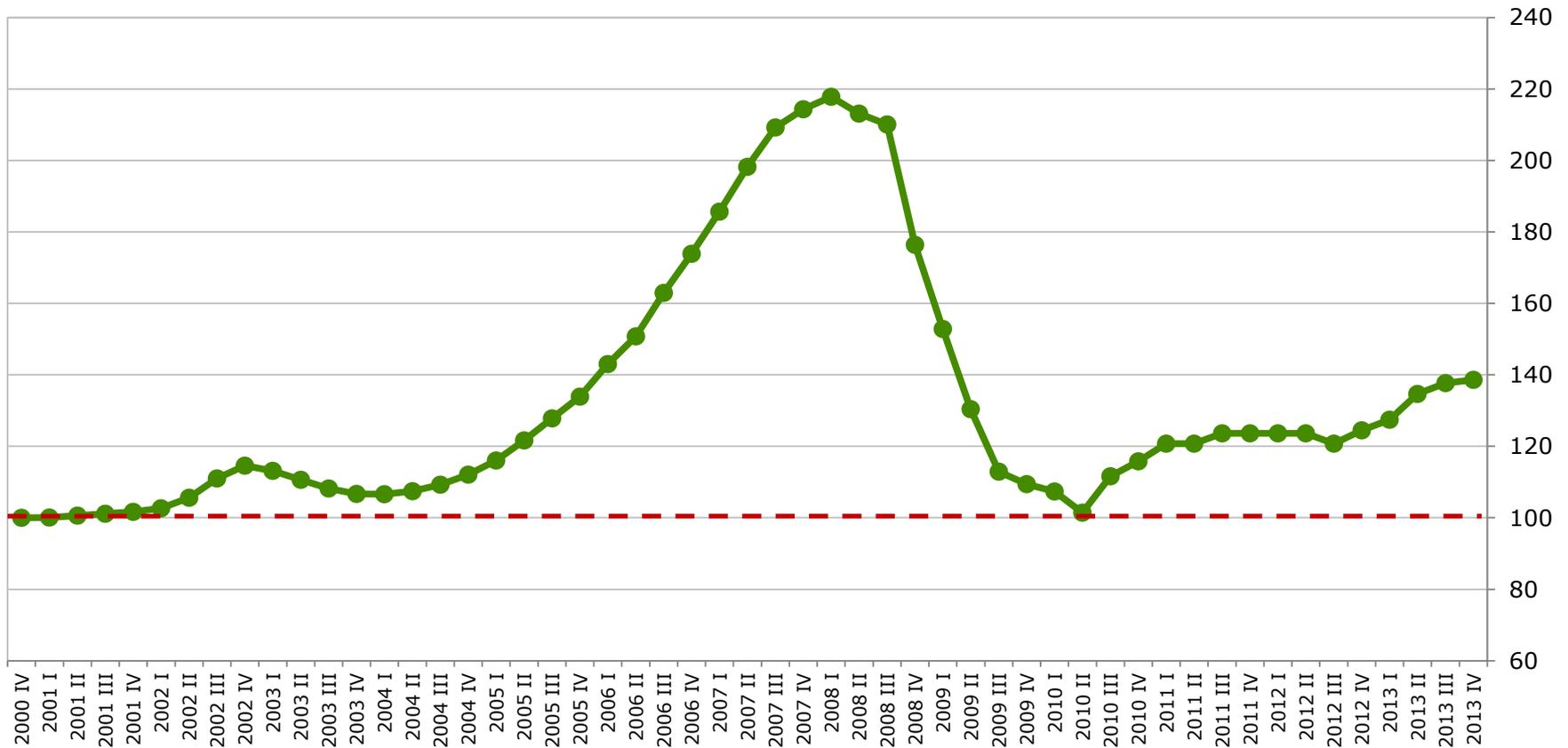
In which stage of the cycle is the commercial market?



Office Market: Capital Value



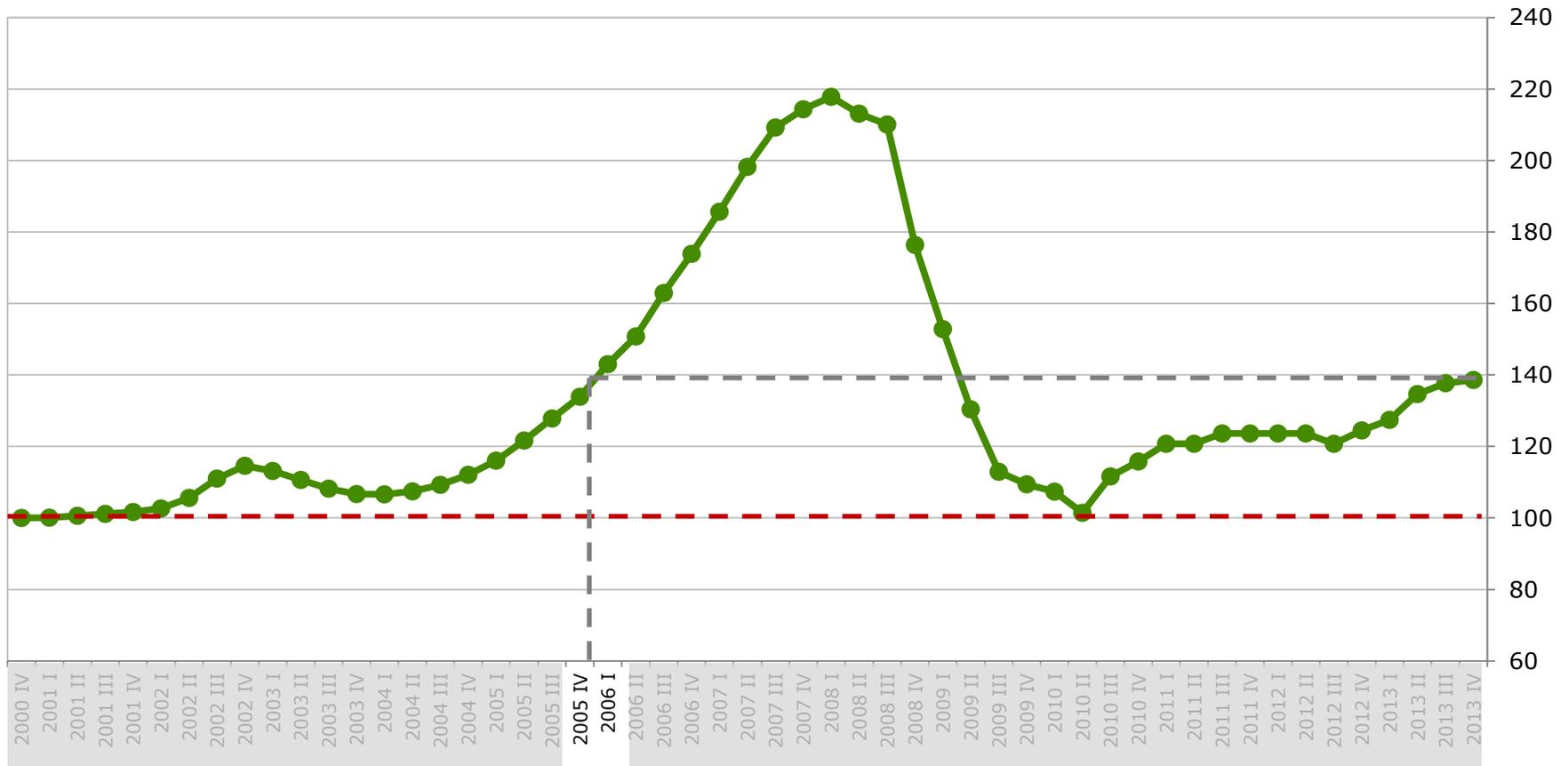
Capital value index
(A class offices in Vilnius / Q4 2000=100)



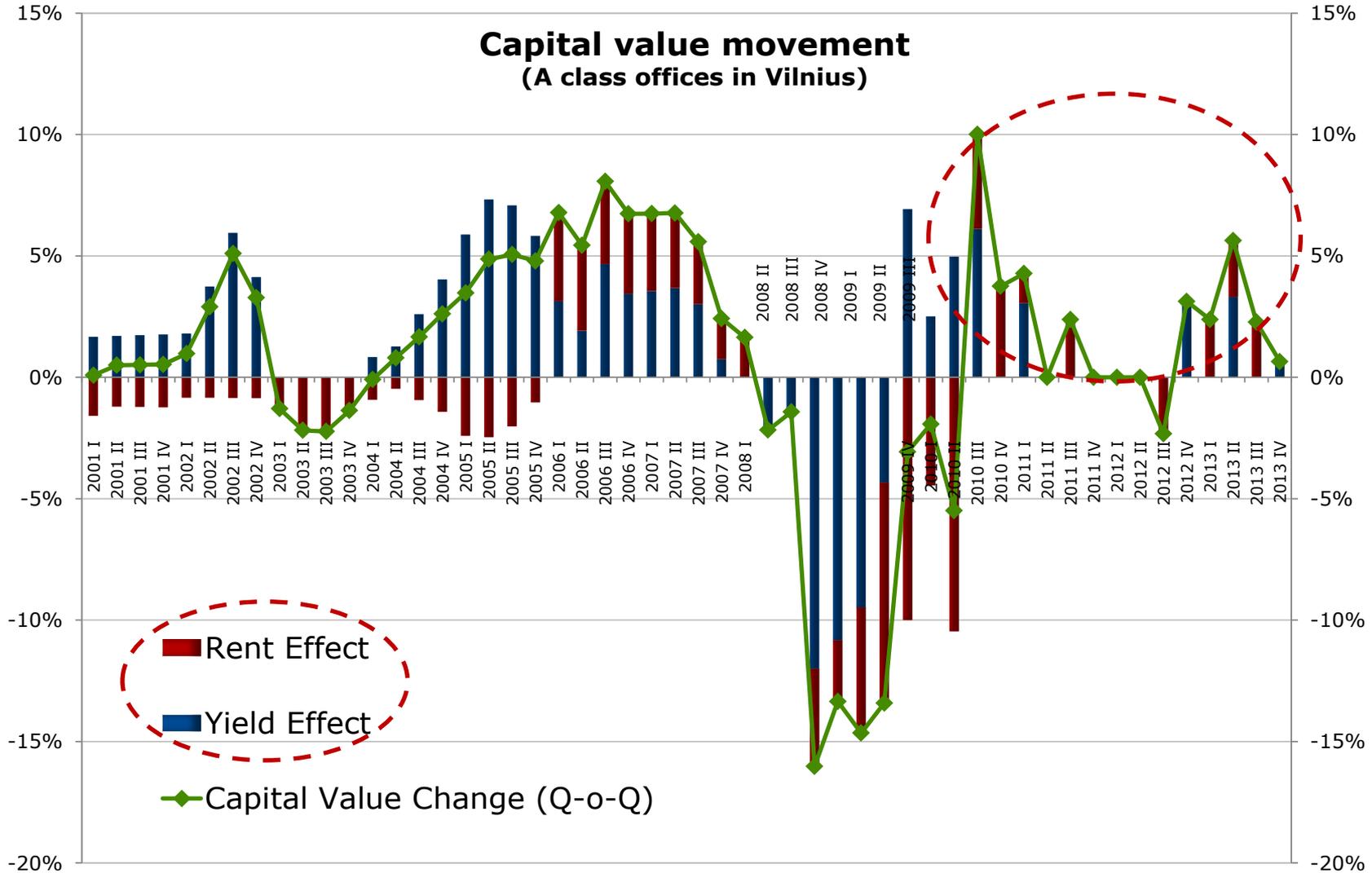
Office Market: Capital Value



Capital value index
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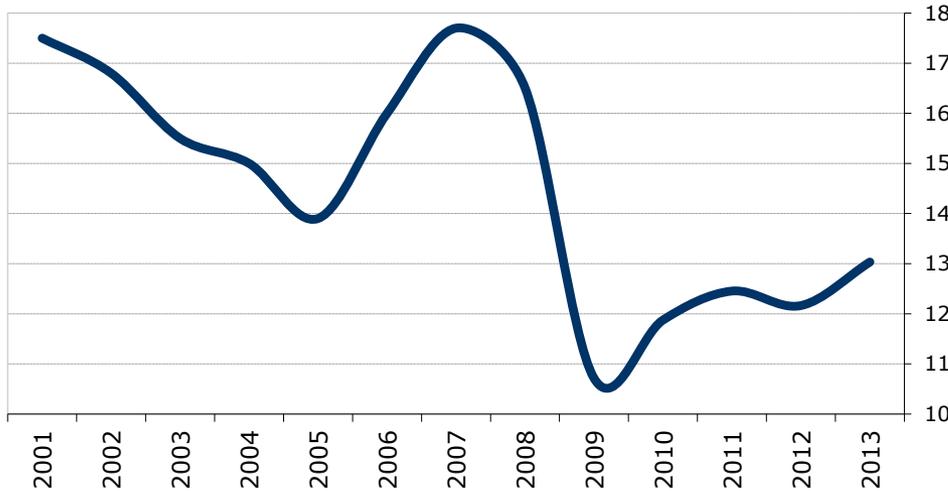
Office Market: Capital Value



Office Market: Rents & Yields



**A class office rents in Vilnius
(EUR/sqm/month)**

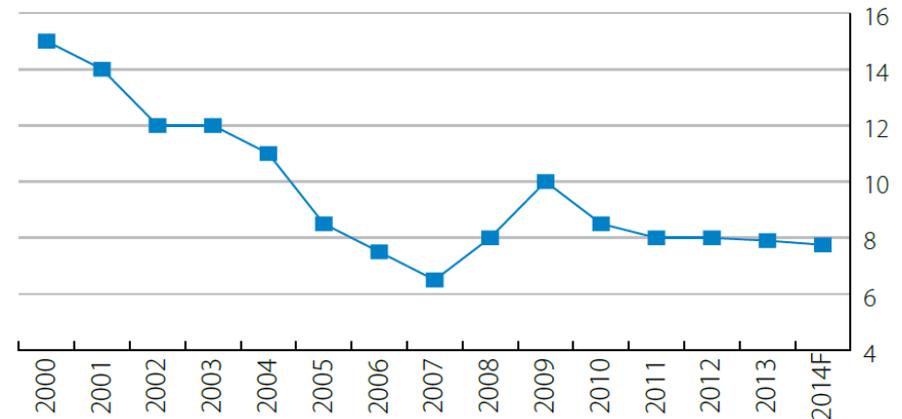


Office rents started a strong upward climb - in the past four years rents in **Vilnius** have increased by **20-30%**.



As commercial real estate market is recovering investors are willing to pay more and more for the property they purchase.

A class office investment yield, %



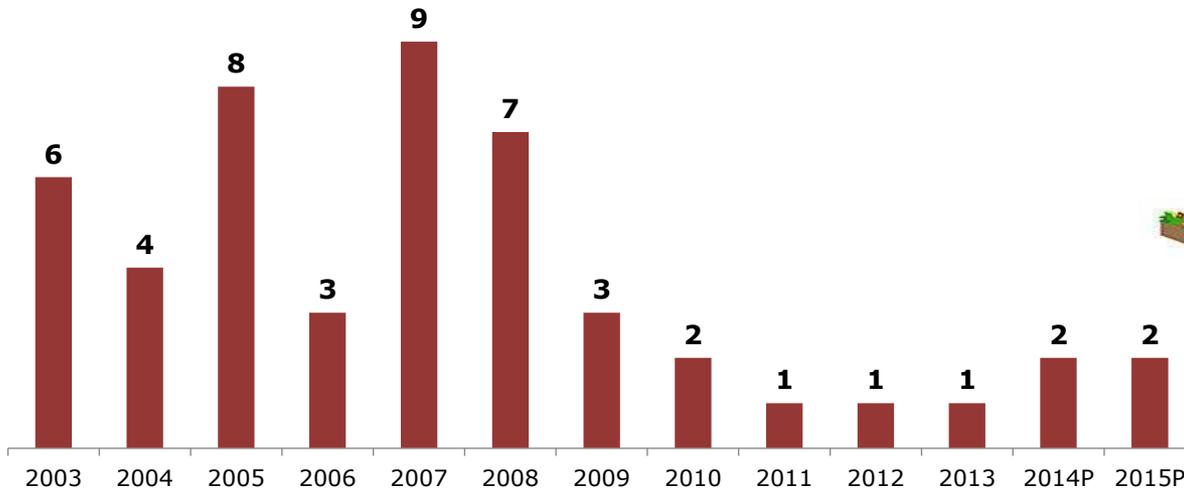
Office Market: New Supply (Vilnius)



7 ongoing office projects in Vilnius with **61,800 sqm** in 2014-2015

Retail Market: New Supply

Number of traditional shopping centres in Lithuania

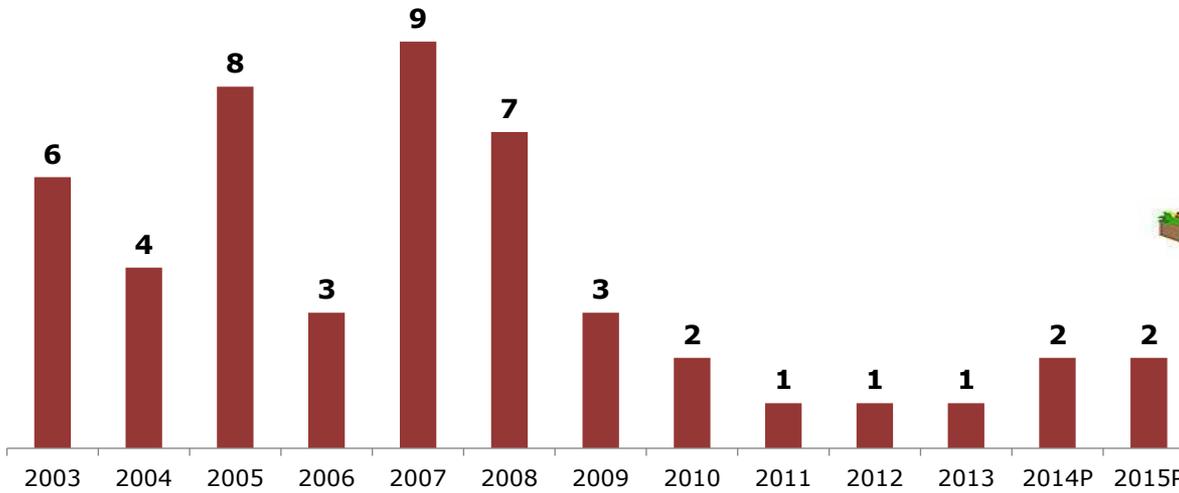


Shopping centre: over 5,000 sqm
GLA and over 10 tenants

There is no longer expansion of bigger **traditional shopping centres**, but existing or new retail chains continue to develop their small or medium-sized **supermarkets**.

Retail Market: New Supply

Number of traditional shopping centres in Lithuania



Shopping centre: over 5,000 sqm
GLA and over 10 tenants

NORFA



MAXIMA



FRESH MARKET



Retail Market: Vacancy

Vacancy rate of shopping centres in Vilnius

(over 5,000 sqm GLA and over 10 tenants)



2009: **5.7%**

2013: **2.3%**

Retail Market: Turnover



+12%

EUROPA

+12%



+6%

Tenants' turnover change
in 2013

Retail Market: Turnover



+12%

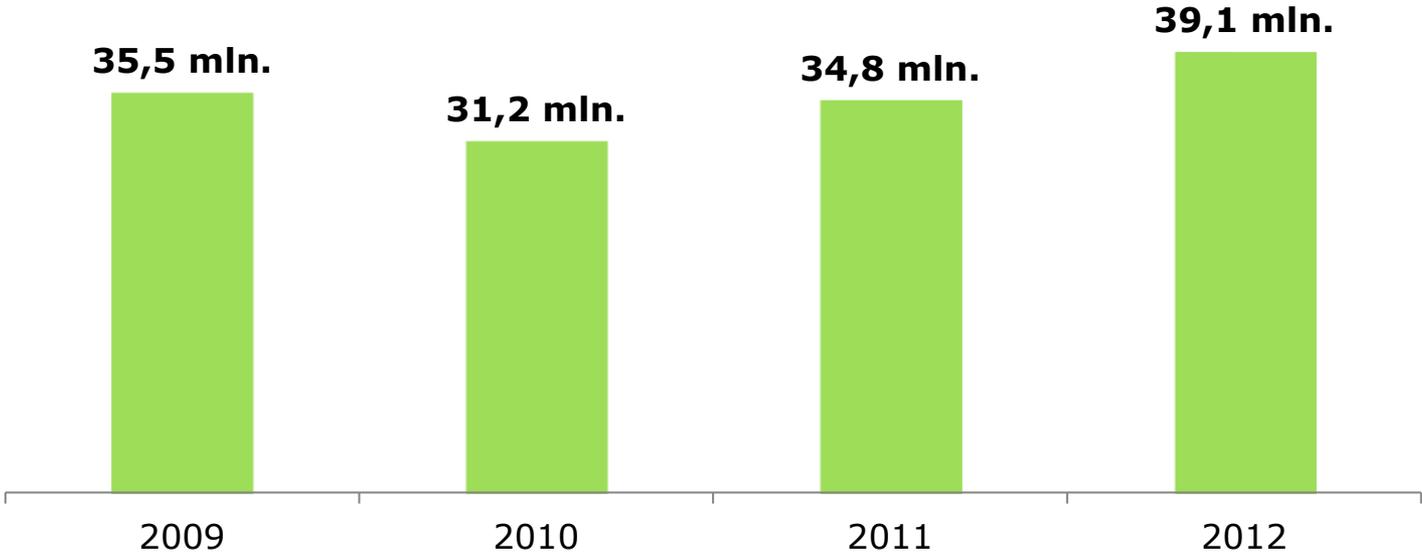
EUROPA

+12%



+6%

UAB "Panorama LT" turnover, LTL
(SC PANORAMA)

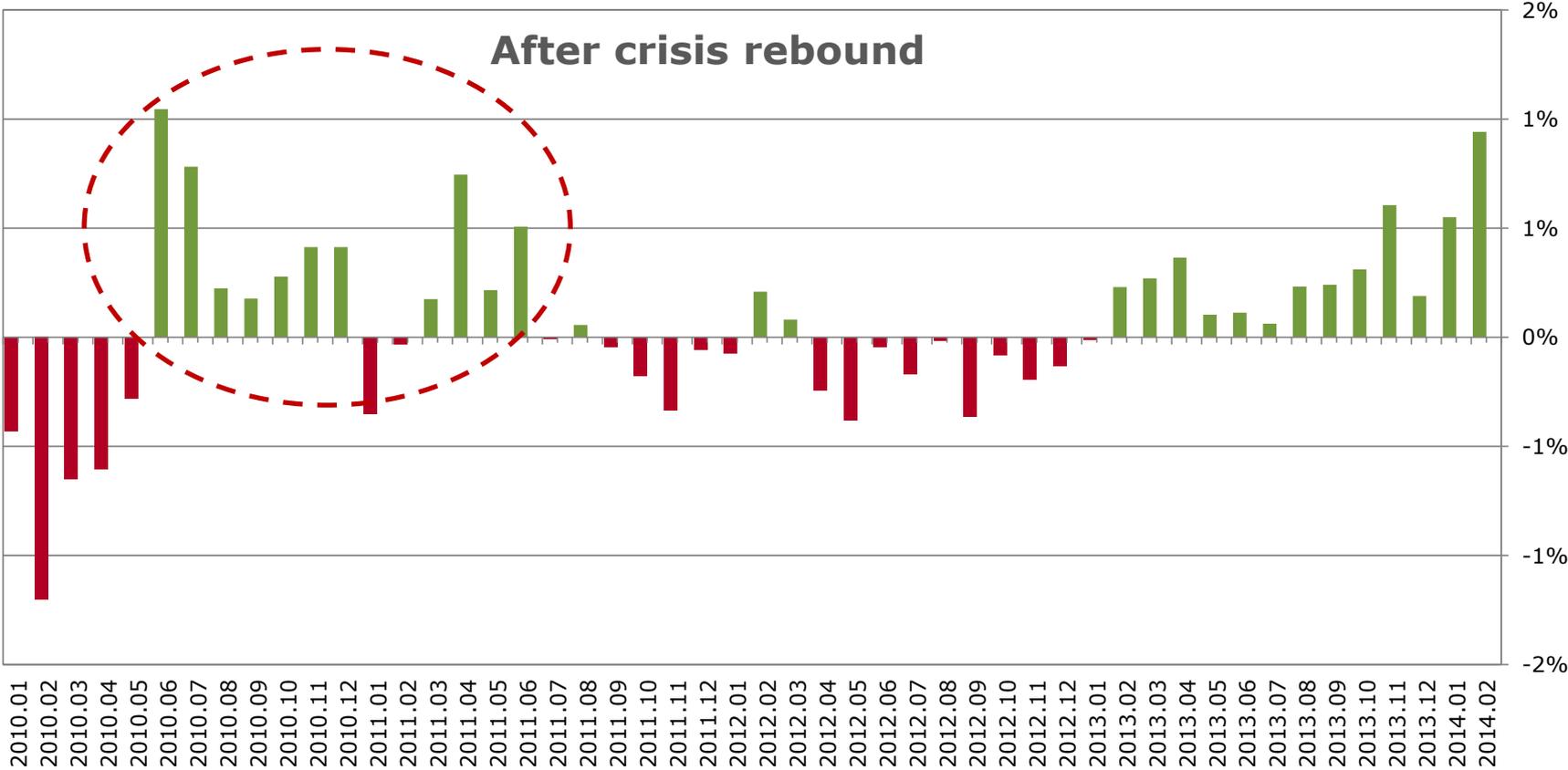


A modern interior scene featuring a white brick wall. In the center, a round clock with Roman numerals is mounted on the wall. To the left, a tall floor lamp with a grey shade stands on a wooden plank floor. To the right, a tall, thin shelving unit holds various decorative items, including books, a vase of flowers, and a small black device. The text "Residential market" is overlaid in large white letters with a drop shadow.

Residential market

Residential Market: Price changes

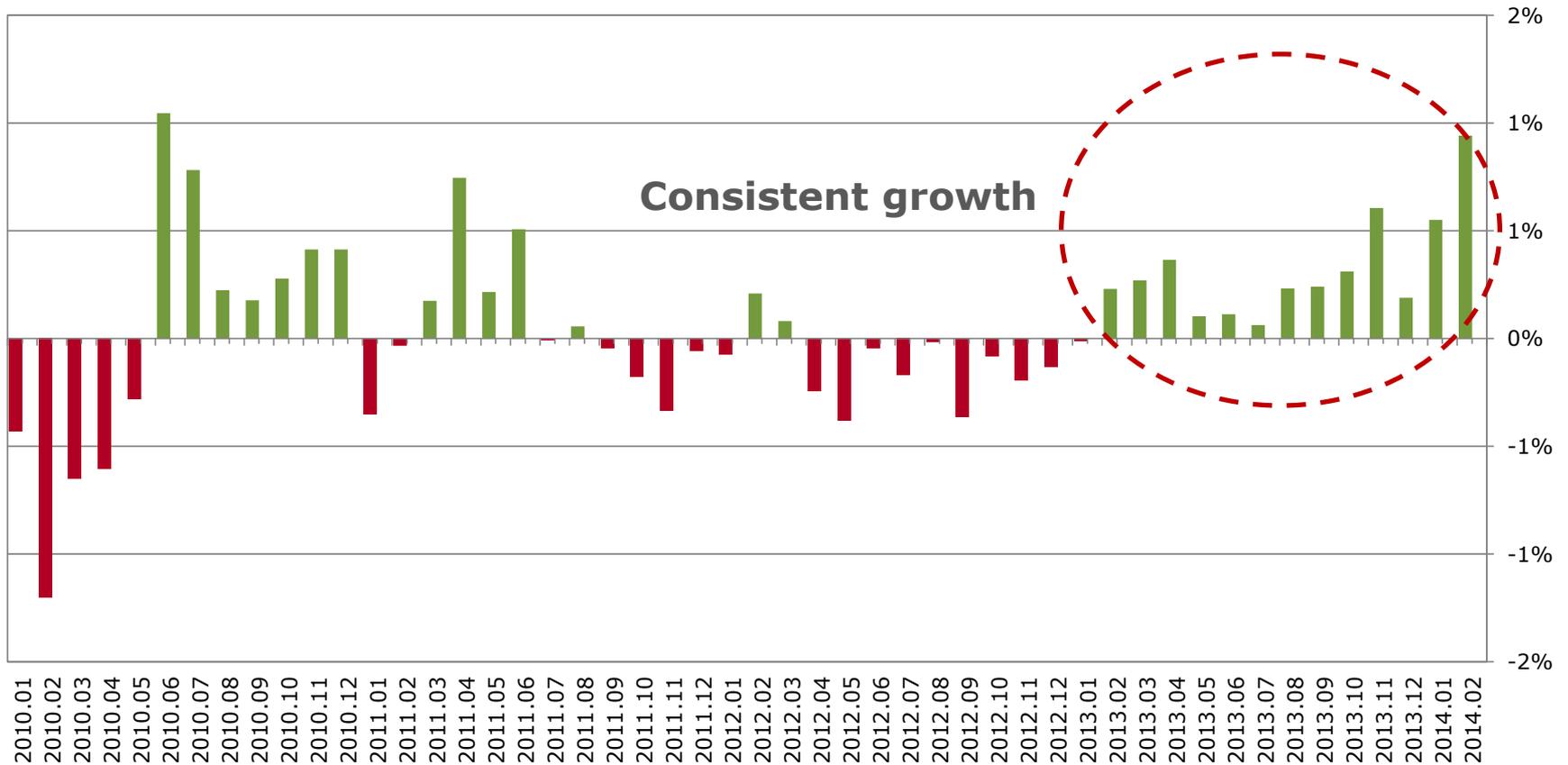
Monthly apartment price changes in Vilnius



Residential Market: Price changes

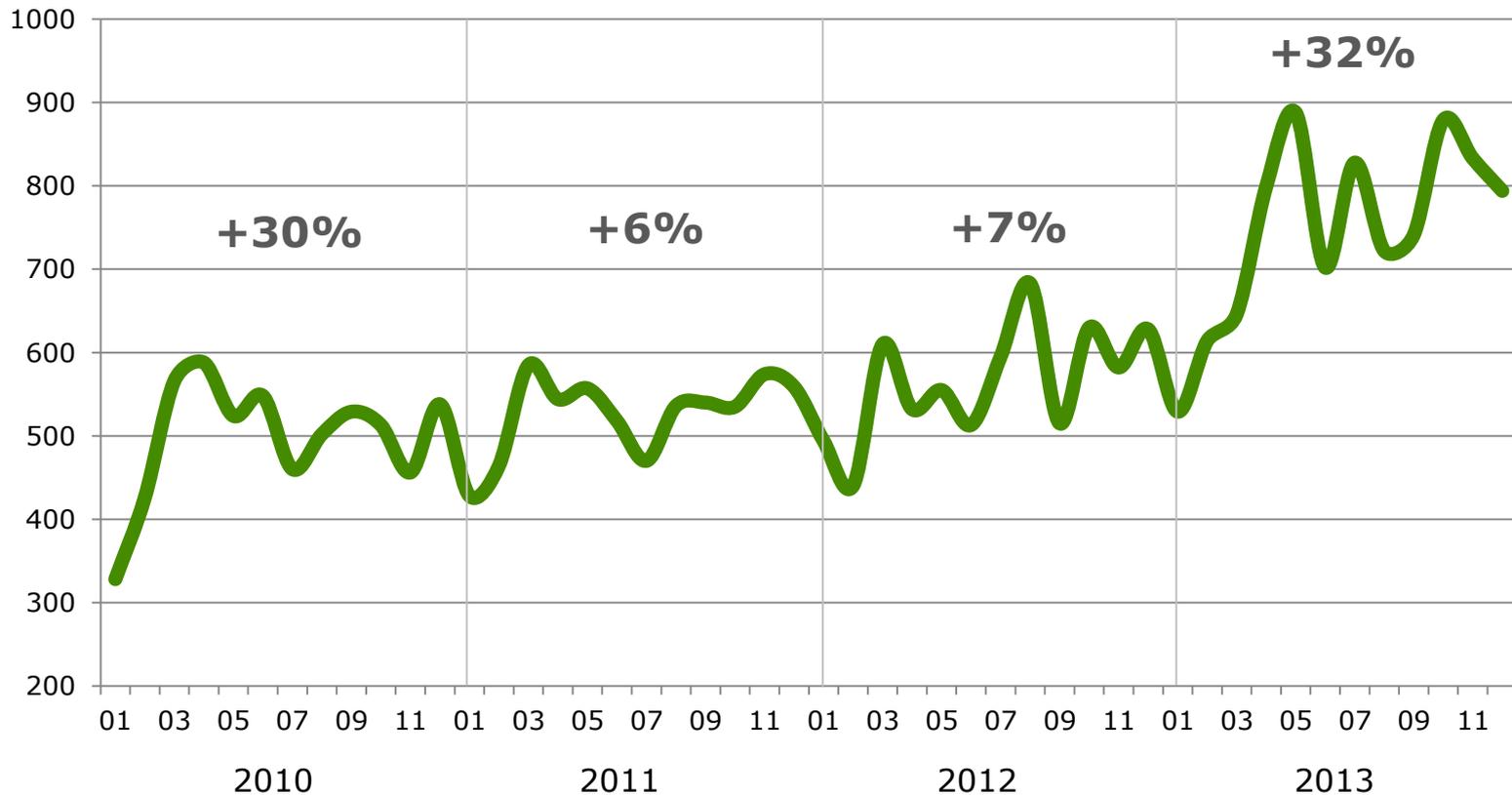
Since the last lowest price level (May 2010), prices have raised **7.1%** in Vilnius.

Monthly apartment price changes in Vilnius



Residential Market: Demand

Number of apartment transactions in Vilnius

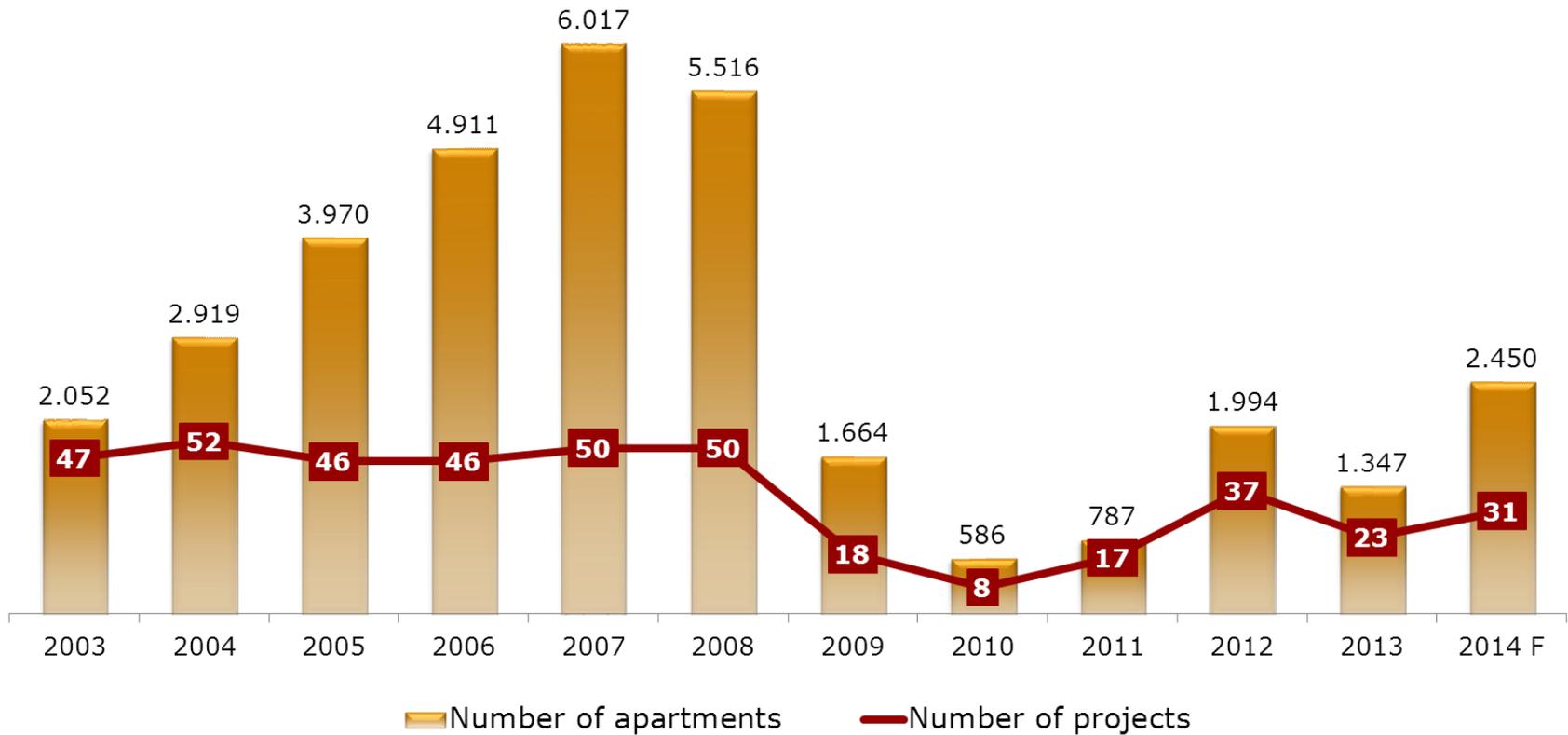


Source: SE Center of Registers

Residential Market: New Supply

🏡 Developers will bring almost **2,500** new apartments in Vilnius in 2014.

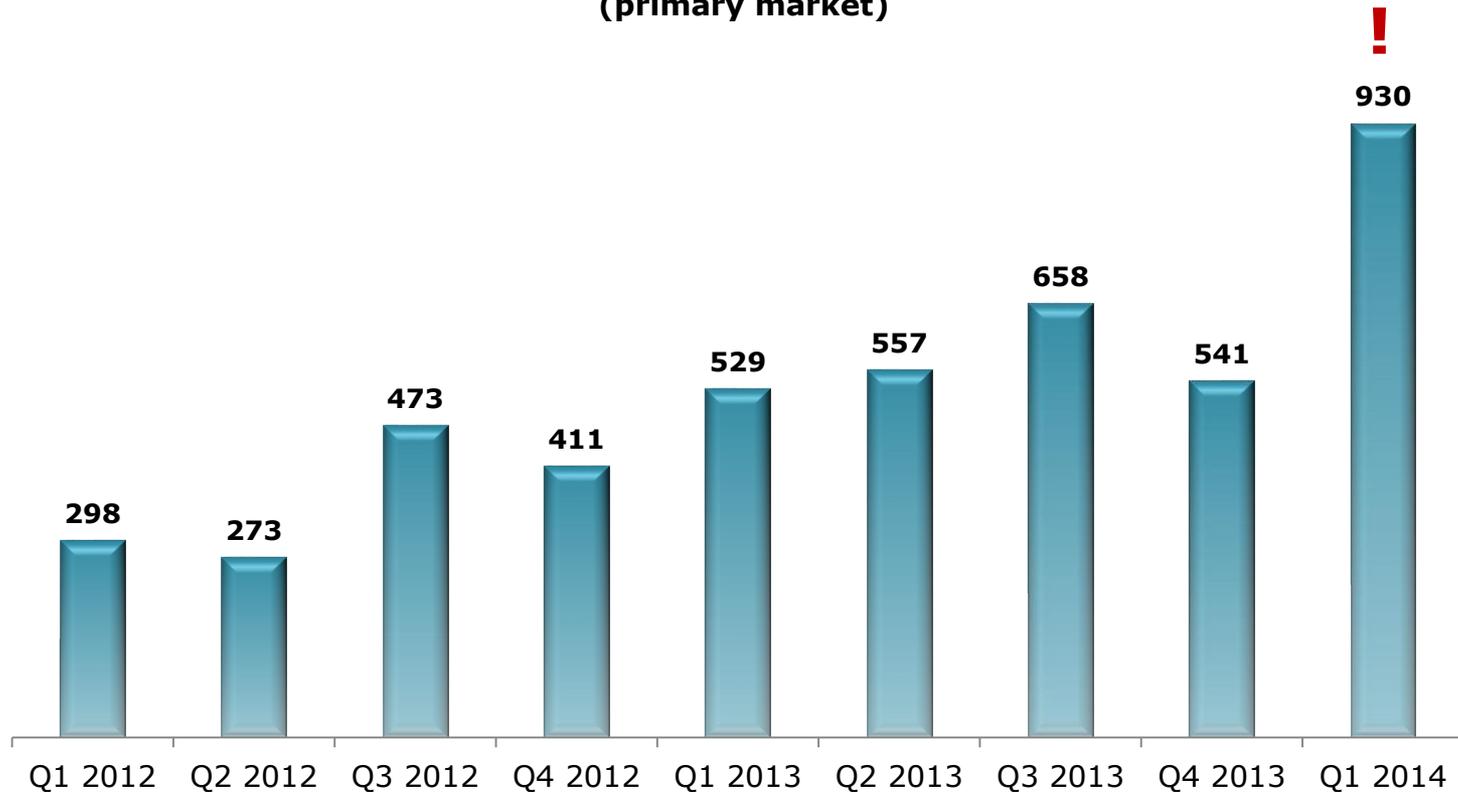
New construction apartments supply in Vilnius



Residential Market: Demand

🏰 Nearly 2,300 new apartments were sold or reserved in Vilnius in 2013, **57%** more than in 2012. Apartment sales jumped in the Q1 2014 to the highest level since 2008.

Sold/reserved new apartments in Vilnius
(primary market)





OPPORTUNITIES

- Growing economy
- Low interest rates
- Broader financing opportunities
- Growing trust of investors

Real Estate Market: Tendencies & Perspectives



OPPORTUNITIES

- Growing economy
- Low interest rates
- Broader financing opportunities
- Growing trust of investors

THREATS

- Oversupply
- Rising interest rates
- Political decisions
- External factors



THANK YOU!

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 - President of Lithuanian Real Estate Agencies Association
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Ober-Haus Real Estate Advisors



Ober-Haus, which was established in 1994, is now the largest real estate company with offices operating in Lithuania, Latvia, Estonia, and Poland. The company has over 280 real estate experts.

Following the merger of **Ober-Haus Real Estate Advisors** and **Realia Group Oy**, the Finnish real estate market leader in 2007, the company became the largest real estate company not only in the Baltics but also in Central and Eastern Europe. Realia Group Oy is an official partner of the world's leading real estate service leaders.

The services of Ober-Haus Lithuania are used by over 300 international companies, including some of the world's major investment funds among which **Homburg Group, Heitman, Citigroup Property Investors** and worldwide companies as **Western Union, Barclays, Coca-Cola, Hewlett Packard, Pfizer, MSD**, and others.

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