

P R E S S R E L E A S E

GROWTH IN CEE SHOPPING CENTRE STOCK SET TO CONTINUE, SPREADING SPACE MORE EVENLY ACROSS REGION

Greater competition and new opportunities to arise in CEE retail sector

Prague, 20 November 2008 – Central & Eastern Europe (CEE) shopping centre stock is expected to grow by more than fifty percent towards 2010, according to new research by CB Richard Ellis (CBRE). Most CEE cities have already added substantial amounts of new shopping centre space to their markets in recent years, and the size of CEE's shopping centre pipeline suggests this trend is set to continue. As a result, there is likely to be shopping centre space in nearly every CEE city by the end of 2010, with many CEE cities having significantly higher amounts of shopping centre space than today.

The findings are part of CBRE's *CEE Retail MarketView* report, the inaugural edition of a new retail publication focusing on Europe's emerging markets.

Expansion of shopping centre space in CEE has been driven by strong real economic growth across the region in recent years. Higher standards of living and associated higher consumer spending have provided the foundations for this growth in shopping centre space. Jos Tromp, Head of CEE Research, CBRE, explains: "CEE is unlikely to escape the increasing pressures applied by the changing world economy, but these need to be viewed in the context of longer-term structural changes affecting these markets. Worldwide economic uncertainty is presenting challenges to continued economic growth in CEE, but the region is expected to continue to record stronger real economic growth than the EU-15 countries."

Shopping centre stock (per capita) in CEE countries that currently have lower provision rates, such as Bulgaria, Croatia, Romania and Slovakia, will rapidly increase in the next few years. This means that by the end of 2010, shopping centre provision will be more evenly spread across the region. Ukraine and Serbia will continue to have significantly lower provision rates than other CEE countries.

This rapid growth in shopping centre space in CEE has consequences for retailers, developers and investors, and has raised questions about saturation of markets. There is already increased competition between shopping centres and this competition is likely to intensify in many markets. Bulgaria, and to a lesser extent Romania, are expected to face the most challenging conditions. Tromp comments: "The increasing competition between shopping centres as supply grows means that players in CEE retail markets will have to be more selective in choosing their markets and projects in the future."

Considering these changes to the CEE shopping centre landscape, retailers, developers and investors considering entering or expanding in the CEE region should focus on several factors when looking at potential shopping centre developments or investments, including: the location of the shopping centre; obtaining a thorough understanding of the property market and its economic drivers; the overall quality of the shopping centre; and locating opportunities based on changing consumer profiles in CEE.

"The CEE retail market remains a sector with opportunity for retailers, developers and investors. Even though short-term economic sentiment is changing, CEE is likely to provide sound long-term retail investment options. Long-term knowledge-based investors with dedication to the region's retail markets will continue to reap the rewards of remaining in the region," concludes Tromp.