

Press Release

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Shopping centers key drivers of market development among Europe's commercial real estate

GfK GeoMarketing's real estate specialists recently researched Europe's commercial real estate market. Large-scale projects such as shopping centers are currently – and will continue to be – major contributors to Europe's retail growth.

The research revealed significant differences between Europe's well developed markets and the emergent markets in Central and Eastern Europe. For example, in countries such as Germany, Belgium and Denmark, the sales area per inhabitant offering is around 1.3 to 1.4 m², or even as high as 1.6 m² in the Netherlands and Austria.

Slovenia, Poland and Hungary lead the pack among the emergent markets in Central and Eastern Europe. The sales area per inhabitant offering in these countries is just under 1 m². This impressive performance is mostly due to large-scale retail formats such as hypermarkets, retail parks and shopping centers. The leading countries in this group have already surpassed Greece, the country with the lowest sales area per inhabitant offering in "old Europe".

The comparatively lower sales area per inhabitant offering in Europe's emergent markets does not necessarily mean there is demand for additional sales area in these locations. This is because the retail boom in these countries is largely confined to the major cities, some of which already show signs of overstoreing. The rush of retailers, developers and investors has meant that careful location planning, risk assessment and efforts to ensure long-term sustainability have been neglected. Some retail locations with less than ideal sites and problematic branch and tenant mixes have already had to be completely refurbished. Additional retail locations will meet this same fate in the near future.

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Shopping centers, the most successful phenomenon on the retail real estate scene, continue to grow in importance; however, their current relevance and degree of market presence varies significantly by country. They are well established in western European countries, although their growth percentage appears relatively modest amidst the overall climate of market saturation. The shopping center sales area per inhabitant offering differs by country, with 100 m² per 1,000 inhabitants available in Germany and 200 m² per 1,000 inhabitants in Spain. *

Per capita sales area offered by shopping centers (in excess of 20,000 m² GLA) in selected European countries

Country	Gross leasable area (m ²) per 1,000 inhabitants in shopping centers > 20,000 m ² GLA		
	2007	2008 (status: first half of year)	Change as a %
Bulgaria	8	12	50
Germany	93	98	5
Lithuania	131	141	8
Austria	187	190	2
Poland	93	96	3
Romania	42	51	21
Slovakia	62	62	0
Spain	185	190	3
Czech Republic	130	129	-1
Turkey	34	37	9
Hungary	84	86	2

Source: GfK GeoMarketing, 2008

The emergent markets in Central and Eastern Europe are also quickly catching up with regard to shopping center offerings. Following the collapse of socialism, many of the metropolitan areas in these countries did not adopt the western model of small-scale, inner-city retail development – the so-called “High Street” retail environment. Rather, these areas have focused almost exclusively on large-scale shopping centers.

As a result of this trend, the sales area offerings of shopping centers in the Baltic states, the Czech Republic and Poland are comparable to the European average.





* Corresponds to a shopping center with gross leasable area (GLA) of more than 20,000m².

“The demand for shopping centers in Central and Eastern Europe is always initially concentrated in the well-known metropolitan areas. Later, though, demand expands to secondary and other mid-sized cities,” explains Olaf Petersen, head of GfK GeoMarketing’s Real Estate Consulting division. “Although there are numerous opportunities associated with this development, there is also the risk that careful planning will be neglected amidst the dynamic growth environment. Merely building a shopping center does not guarantee its success. Naturally, shopping centers can be positioned more easily in emergent markets than in highly developed ones. However, the first warning signs and problems surrounding shopping centers are becoming apparent in the Baltic states, Turkey and Bulgaria. In short, there are currently many project locations and concepts that would be best avoided.”

“The solid economic growth in these countries is not a cure-all. While it may be costly but not necessarily financially fatal to establish a supermarket that then fails, shopping center endeavors are less forgiving. Thus, the significant funds required to establish a shopping center should be preceded by a thorough due diligence study – i.e., a professional assessment of a given project’s likelihood for success with regard to all relevant criteria. Well conceived shopping center projects whose intended locations have been intensively researched are still great investments.”

About GfK GeoMarketing

GfK GeoMarketing is one of Europe’s largest providers of geomarketing solutions for customers from all branches of trade. Its services include:

-  Consultancy and reports
-  Market data
-  Digital maps
-  RegioGraph and DISTRICT geomarketing software solutions

The company is a subsidiary of the international GfK network. Ranked among the world’s top 5 market research organizations, the GfK Group consists of 115 subsidiaries and approximately 10,000 employees, with operations in 100 countries.

About Real Estate Consulting

GfK GeoMarketing is active Europe-wide across a wide range of business branches. To date the company has carried out over 10,000 reports, analyses and studies on location research and consultancy.

Additional information can be found online at

www.gfk-geomarketing.com/consulting.