



January
2014



Real Estate Market Trends

SOUTHEASTERN EUROPE



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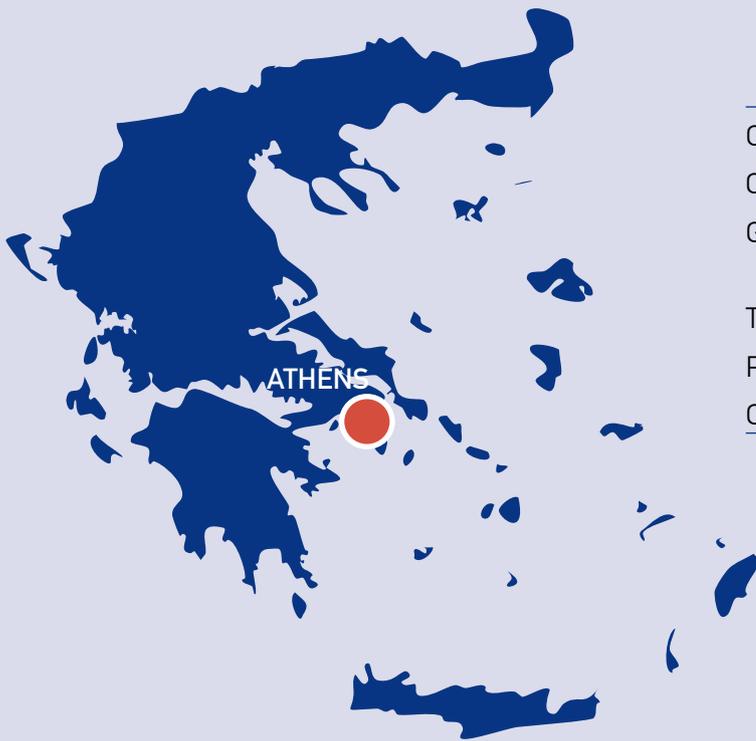
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Greece



Republic of Greece

Capital	Athens
Official language	Greek
Government	Unitary Parliamentary Republic
Total Area	131,990 km ²
Population (2011 census)	10,787,690
Currency	Euro (EUR)



ECONOMY

ALL AVAILABLE DATA INDICATE that in 2013 Greek economy reached a turning point, approaching a state of stability that may, under certain circumstances, create the prerequisites for an exit from the prolonged recession in the coming year. GDP was reported to have ranged in negative levels down to -3.9% in 2013 compared to -6.4% in 2012 with expected further increase and an estimated positive value of 0.6 in the current year. The unemployment rate was marginally higher and stood at 27.5% in the last quarter of 2013. Consumer Price Index decreased by 2.4%, resulting in a deflation of 0.9% in 2013 for the first time in five decades compared to the inflation of 1.5% in the previous year.

Greece - Key Macroeconomic Indicators

	2010	2011	2012	2013	2014
Real GDP (yoy%)	-4.9	-7.1	-6.4	-3.9	0.6e
CPI (yoy%)	4.7	3.3	1.5	-0.9	-0.3e
Unemployment Rate (%)	14.8	21.0	26.4	27.5	N/A
Economic Climate Index	75.1	72.8	80.0	93.1	N/A
Gross Public Debt (% GDP)	148.3	170.3	156.9	175.2	177.0e

Source: Eurobank Research & Forecasting Division

MARKET TRENDS

Q4 2013

Real Estate Market Trends

December 2013

Residential Market	Rent prices	Demand	Supply	Yields
Prime Location	→	↘	→	
Medium Low	→	↘	→	
Second/Holiday Home	→	↘	→	
Commercial Market				
Retail	→	→	→	→
Offices	→	→	→	→
Logistics	→	→	→	→

Source: Eurobank Property Services S.A.

- Residential market:** Greek residential market is characterized by a combination of excessive supply with a significant stock of unsold properties and a low demand. According to the available data of Bank of Greece in 2013 the drop in prices in the residential market continued at a faster pace than in the first years of the current crisis, which led to a decrease in values of approximately 33% from their peak. In addition, there was a significant reduction in the number of transactions that came up to 84% from 2007 till today. The total number of transactions in 2013 is estimated to be less than 20,000, while the pure sales and purchase transactions are estimated between 5,000-10,000. On the other hand, the demand of summer housing in 2013 from foreigner buyers noticeably increased since there was a capital inflow for the purchase of tourist property of approximately €168 mil. in 2013 vs €113

The contributing factors of Greek economy recession have been the further decrease in households' disposable income, the contraction of investment activity, the uncertainty regarding tax environment in conjunction with the rising unemployment. Greek real estate market is characterized by a significant supply and a substantial stock of properties, very low demand and limited volume of transactions. The program of exploitation and privatizations of public real estate assets identified a number of 3,150 properties that can be sold in the next 2-3 years and is expected to positively affect the market.

mil. in 2012 (implying in every case less than 1,000 items). Based on the Forecasting Model of EPS the residential market is expected to fall further in 2014 (about 6%), stabilize in 2015 and slightly recover from 2016 onwards. A significant characteristic of the residential market is the heightened interest of potential buyers in prime locations rather than the secondary ones which is mainly driven by the overall recession of market values and their trend of stabilization in low levels for Grade A residential properties. In the area of deals, during 2013 the embassy of the United Arab Emirates proceeded in the acquisition of a luxury apartment building in Psihiko, including a range of services (swimming pools, gym, lounge, billiards room, library, 24-hour security and room service), for €8 million.

- Retail market:** Consumer activity has remained in the same low levels. The values of retail property have dropped by 45-48% from their peak. Street retail market has been mostly affected by the crisis and is characterized by reduced levels of demand, while shopping centers appeared to be less affected due to coordinated marketing policies that they have managed to develop in order to face the depression. Demand is mainly focused at prime locations and this has created a slight upward trend in rental prices for these markets (Kifisia, Glyfada, Ermou). Much of the middle ground, particularly secondary retail pitches, is still struggling. The secondary submarkets are characterized by increased vacancy rates, while re-letting period has lengthened considerably. Currently, the existing and potential tenants have the bargaining advantage. The estimated yields in prime markets range between 7.25-8.0%, while for

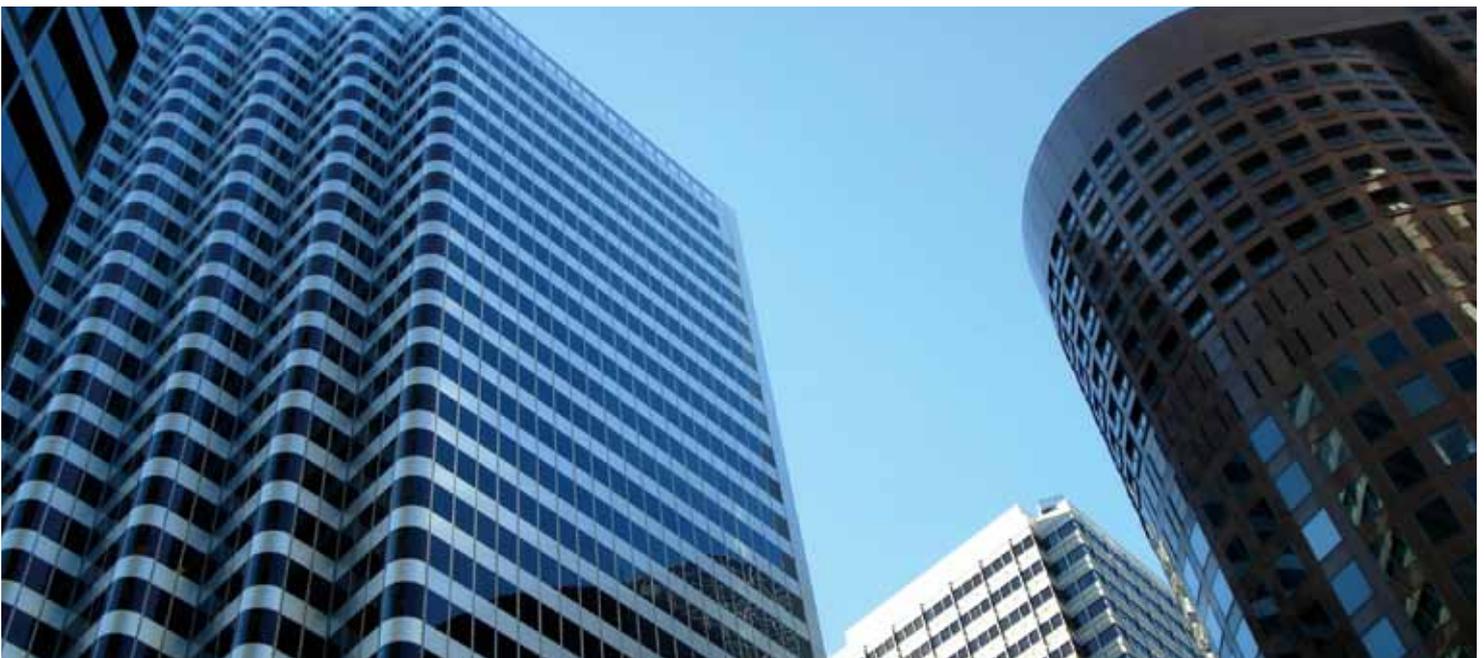
secondary markets yields are considered to be more than 8.5%. In the area of investments, Eurobank Properties has acquired four commercial properties in Athens and Thessaloniki leased to Praktiker, Carrefour and McDonalds.

- **Office market:** The limited investment activity and reduced transactions volume have remained the main characteristics of Greek office market during the last quarter of 2013. The values of office spaces in prime markets have dropped by 40-42% from their peak. Existing demand is concentrated mainly on newly constructed office buildings totaling up to 1,500-2,000s.qm each, with areas of 400-500s.qm/floor. The majority of future and existing tenants seeks relocation in less costly alternatives and quite a few are interested in newly constructed upgraded spaces maintaining the same cost. New office space supply remained in the same low levels, as there was no significant development of new offices due to the fact that potential users are difficult to be found. Non-core office locations are vulnerable to oversupply, high depreciation rates and capital expenditure requirements. Currently, the existing and potential tenants have the bargaining advantage. It is noticeable that owners are more conciliatory to rent their properties in lower rent values in order to insure a standard income. However, this does not apply when it comes to selling office premises and this trend keeps market values stable. Taking into account that Greek office market is considered to be a buyer's market, the estimated yields in prime markets range between 8.0-9.0%.

Eurobank Properties REIT spent a total of €213 million in the last two months of 2013 for investments in commercial market. Specifically, the company proceeded to the acquisition of a portfolio of 14 properties previously owned by HRADF through the relevant tender sale and leaseback. The portfolio included the police headquarters (General Police Directorate of Attica) on Alexandras Avenue and buildings housing the Ministries of

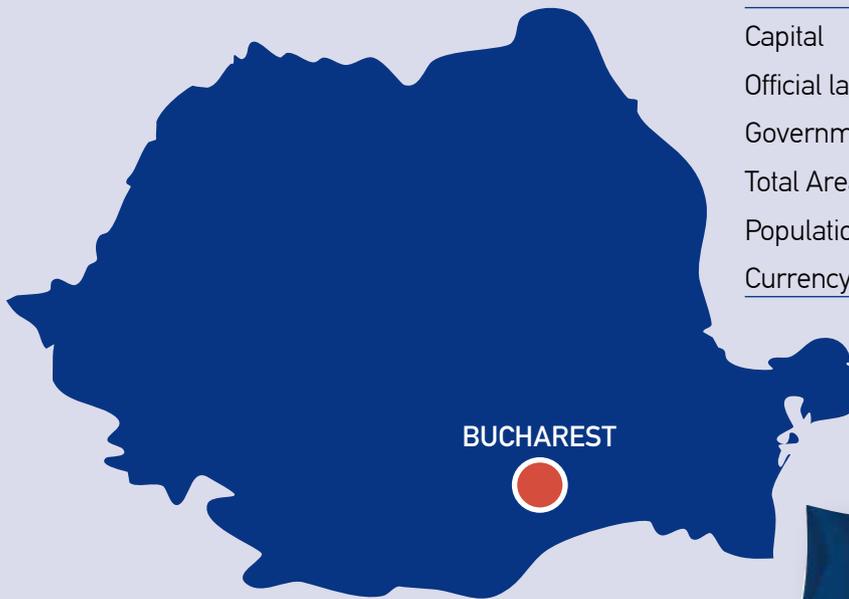
Education (Maroussi), Health (Kifisias Avenue, Maroussi) and Justice (Mesogeion Avenue, Goudi). In turn, the National Pangaea REIT has invested in 2013 approximately €211 million in commercial property. Specifically, it proceeded in the acquisition of the portfolio of the other 14 properties previously owned by HRADF through sale and leaseback for a period of 20 years. The portfolio among others included the accommodations of the General Secretariat for Information Systems (Moschato), the Hellenic Statistical Authority (Piraeus), the main building of the Ministry of the Interior in Vas. Sofias Avenue and the building of the Ministry of Culture located in the center of Athens. Moreover, the company had acquired one of the few new developed office complexes in Paiania which corresponds to an area of over 60,000 sq.m. and is leased for a period of 32 years in Cosmote. Finally, among the transactions that stood out was also the sale of the office building of BNP Paribas, a total net area of approximately 5,000 m², to the Argentine investment fund Grupo Dolphin / Pampa Energia in the prime location of CBD (Vas. Sofias Avenue).

- **Logistics market:** Demand, supply, as well as yields have remained at the same low levels in the last quarter of 2013. No significant investment activity was noticed mainly due to liquidity problems of potential investors. The expected completion of several significant infrastructure works (i.e. the construction of the national highways that connect Greece to other European countries along with Balkans, the improvement of the railway network in conjunction with the revitalization of marine infrastructure) is expected to facilitate both national and international commercial transactions and can positively affect the logistics market in the coming years. Yields in prime markets are estimated around 10.0%, while for secondary markets they are considered to be more than 11.0%. A recent deal in the field of logistics market was the purchase of three storage centers with a total area of 38.000 sq. m. in the area of Aspropyrgos by Eurobank Properties.





Romania



Romania

Capital	Bucharest
Official language	Romanian
Government	Semi-presidential Republic
Total Area	238,391 km²
Population (2009e)	22,215,421
Currency	Romanian leu (RON)



ECONOMY

THE ROMANIAN GDP GROWTH reported a significant increase in 2013 and was formed at 3.5% compared to 0.7% in the previous year. According to the available data a reduction of 35% is expected in 2014 and a forecasted GDP growth of 2.3%. Consumer Price Index reported a slight increase of 0.7% and is expected to remain at the same levels of 3.8% in

the current year. Unemployment rate has showed stabilization trends and formed at 7.2% in 2013, while it is expected to remain in the same levels in 2014. Finally concerning Net FDI inflows, they have slightly increased in 2013 and have reached €2.0 bn in comparison to €1.6 bn in the previous year.

Romania - Key Macroeconomic Indicators

	2010	2011	2012	2013	2014f
Real GDP (yoy%)	-1.6	2.5	0.7	3.5	2.3
CPI (annual average)	6.1	5.8	3.3	4.0	3.8
Unemployment Rate (%)	7.3	7.4	7.0	7.2	7.2
Net FDI (€bn)	2.2	1.9	1.6	2.0	N/A
Policy Rate	5.25	5.25	5.25	4.00	3.50

Source: Eurobank Research & Forecasting Division

MARKET TRENDS

Q4 2013

Real Estate Market Trends

February 2014

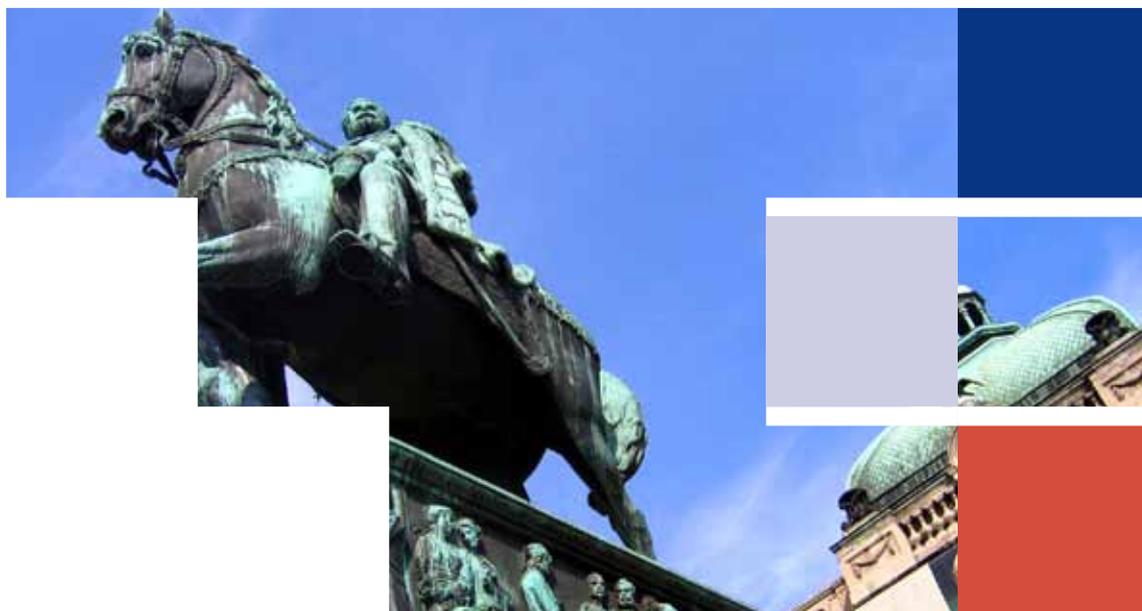
Residential Market	Rental prices	Demand	Supply	Yields
Prime Location	→	→	→	
Medium Low	→	→	↗	
Second/Holiday Home	→	→	→	
Commercial Market				
Retail	→	↗	↗	→
Offices	→	↗	↗	→
Logistics	→	→	↗	→

Source: Eurobank Property Services S.A.

- Residential market:** In prime locations further reduction in rental prices has been reported, in the last quarter of 2013, while demand remained stable as a result of insolvent companies' strategy to offer additional discounts in order to dispose of their prime existing stock. In addition, supply has been affected negatively due to the limited development of new luxurious residential properties. Regarding medium-low residential market, following a small inflationary tendency in the first half of 2013, at the end of the year prices have been reported reduced. Albeit, the decrease is considered to be marginal and the prices have shown a stabilizing trend through all semesters of 2013 in aggregate. It appears that the restriction of the Prima Casa governmental program towards only RON loans is not affecting the efficiency of the program, thus demand remained relatively constant. A contributing factor was the decrease of the policy rate effectively reducing the interest requested by commercial banks for RON loans at a similar level with the Euro credits. Concerning the secondary residential market, it is reported that individual developers have planned either new project developments or proceed to the implementation of older ones. Regarding holiday homes, during the winter period an increase in de-

mand is usually expected. However, due to the lack of snow for several months a lower demand than expected was reported. This has resulted in a relative stabilization of the existing supply and rental prices.

- Retail Market:** Rental prices have been reported relatively stable while demand has reached a 5-year peak since food operators, fashion retailers and service providers have showed an increased interest in renting commercial units. Furthermore, the development of a handful of new large-scale projects i.e. the Mega Mall and Park Lake Plaza, which are already in an early construction stage, are expected to result in a conservative growth of the retail properties' supply in the upcoming months. Yields remained at the same levels and range between 8.25-10.5% in shopping centers and 8.50-12.0% in high-street retail markets.
- Office market:** Rental prices followed a stabilization trend, during the last quarter of 2013, due to the counterbalance between the reported increasing demand and the cumulative stock of available office spaces. The successful negotiation of new contracts led to increased transactional activity. The majority of the new large-scale deals involved relocation or consolidation of the existing tenants in a single unit (i.e. IT & Telecom, Oracle or Electronic Arts). Supply also followed an upward trend even during the winter period, followed by the announcement of the planning and implementation of projects in several areas of Bucharest. Yields remained stable and ranged between 8.25-10.5%.
- Logistics market:** According to the market pricing analysis, rental levels for industrial and logistics units have remained relatively stable due to the targeted beneficial taxation status. Industrial occupiers have a heightened interest in built-to-suit projects which kept demand in the same level as in the previous quarter. On the other hand, the supply of such large-scale developments, which are mostly situated along the countryside close to existing industrial units or future infrastructure projects, was reported increased. Yields remained stable and ranged between 10.50-12.5%.



Serbia

Republic of Serbia



Capital	Belgrade
Official language	Serbian
Government	Parliamentary Republic
Total Area	88,361km²
Population (2010e)	9,024,164
Currency	Serbian dinar (RSD)



ECONOMY

THE REAL GDP GROWTH for 2013 increased significantly and reached 2.4% in 2013 compared to -1.5% in 2012. Consumer Price Index remained at the same levels of 7.8%, while unemployment rate increased to 24% in 2013 compared to 23.1% in 2012 and is expected to slightly increase by 0.6% in 2014. Concerning Net FDI inflows, they remained almost stable with a slight increase of 0.1% in comparison with 2014.

Serbia - Key Macroeconomic Indicators

	2010	2011	2012	2013	2014f
Real GDP (yoy%)	1.0	1.6	-1.5	2.4	1.0
CPI (annual average)	6.2	11.2	7.8	7.8	3.5
Unemployment Rate (%)	19.2	23.0	23.1	24.0	24.6
Net FDI (€bn)	0.9	1.8	0.3	0.4	N/A
Policy Rate	11.75	11.25	11.25	9.5	9.50

Source: Eurobank Research & Forecasting Division

MARKET TRENDS

Q4 2013

Real Estate Market Trends

December 2013

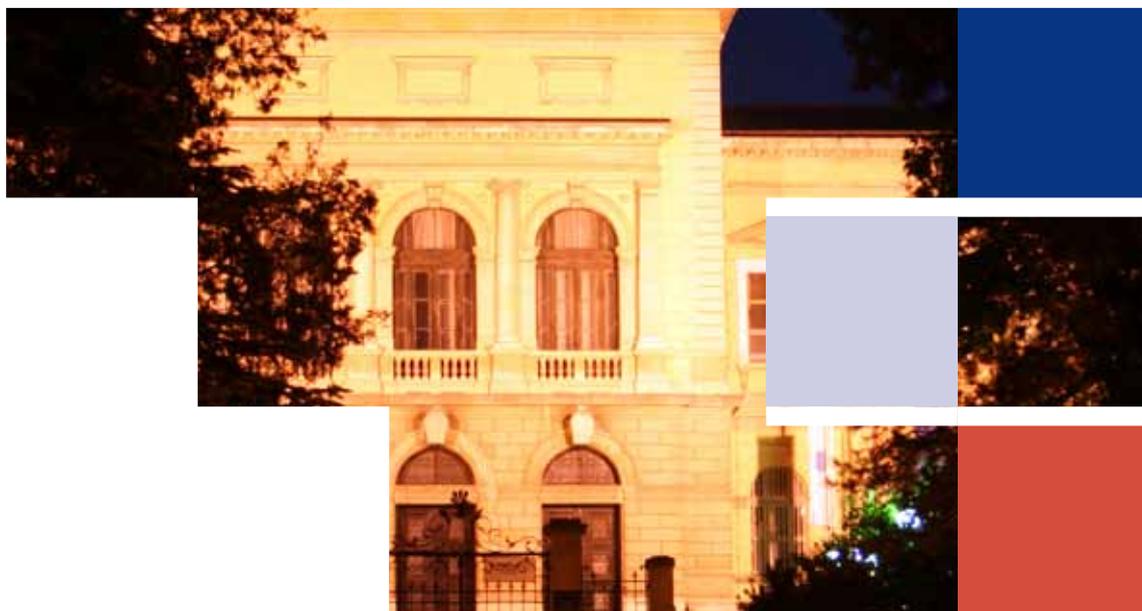
Residential Market	Rent prices	Demand	Supply	Yields
Prime Location	→	→	→	
Medium Low	→	→	→	
Second/Holiday Home	→	→	→	
Commercial Market				
Retail	→	→	↗	→
Offices	→	→	→	→
Logistics	→	→	↗	→

Source: ERB Property Services d.o.o. Belgrade

- **Residential market:** In prime locations, rental prices, demand and supply remained at the same levels compared to the previous quarter. In medium-low residential market, rental prices and demand have further decreased, while the supply level remained stable. In second/holiday property market, rental prices have further declined due to lower demand, while supply remained stable.
- **Retail market:** In prime retail locations, rental prices and demand remained at the same levels compared to the previous quarter, while supply of retail spaces has increased. In the area of investments in shopping centers, BIG Centers in Novi Sad with more than 36.000 of GLA opened in November 2013. Additionally, M centers are currently in pipeline with approximately 50.000 of GLA in Brelgrade, Sabac, Valjevo, Uzice and Nis. Yields remained stable compared to the previous quarter.

- **Office market:** Rental prices have further decreased compared to the previous quarter of 2013. This was caused by a considerable increase in office space supply in combination with the financial crisis that has resulted in a significant lower demand. Therefore, in the last quarter of 2013, supply remained stable due to lack of investments, while yields have increased.
- **Logistics Market:** Logistics market continues to be characterized by a decreasing trend in prices and demand, while supply reported increased. Eyemaxx announced in the third quarter of 2012 the construction of logistics centers throughout Serbia; such as Novi Banovci and Nis. However, no such large-scale project development has so far been implemented. Yields were reported reduced compared to the previous quarter.





Bulgaria



Republic of Bulgaria

Capital	Sofia
Official language	Bulgarian
Government	Parliamentary Democracy
Total Area	110,993.6 km ²
Population (209e)	7,576,751
Currency	Lev (BGN)



ECONOMY

ACCORDING TO DATA RELEASED by the Eurobank Research & Forecasting Division the real GDP growth for 2013 was reported slightly increased up to 0.8% and is expected to rise further up to 1.6% during the current year. Consumer Price Index was reported significantly reduced and was formed at 0.9%

in comparison to 3.0% in 2012. It is expected to further decrease in 2014 showing a deflation down to -0.4%. Unemployment rate slightly increased to 12.9% in 2013 and is expected to remain approximately in the same levels of 12.7% in 2014.

Bulgaria - Key Macroeconomic Indicators

	2010	2011	2012	2013	2014f
Real GDP (yoy%)	0.4	1.8	0.6	0.8	1.6
CPI (annual average)	2.4	4.2	3.0	0.9	-0.4
Unemployment Rate (%)	9.2	11.3	12.3	12.9	12.7
Net FDI (€bn)	1.0	1.3	1.1	1.1	1.2

Source: Eurobank Research & Forecasting Division

MARKET TRENDS

Q4 2013

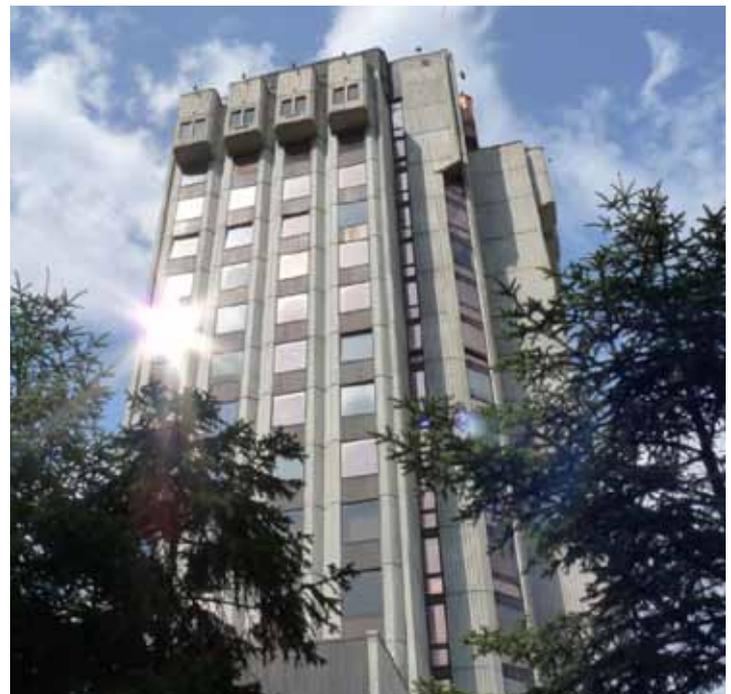
Real Estate Market Trends

Residential Market	Rent prices	Demand	Supply	Yields
Prime Location	↘	↘	→	
Medium Low	↘	↘	→	
Second/Holiday Home	↘	↘	→	
Commercial Market				
Retail	→	→	↗	→
Offices	→	→	↗	→
Logistics	→	→	→	→

Source: Property Services Sofia AD

- Residential markets:** In prime locations, residential market continues to report a slight decrease with a stabilization trend in both rental and sale prices. The demand is still low and the supply shows no significant increase compared to the previous quarter. Specifically, in the center of Sofia there is a limited demand for new Grade A units while the supply of such units is also considered low. Regarding medium/low residential market as well as holiday properties there is also a slight decrease with stabilization trends of both rental and sale prices, while supply overpasses demand. Potential buyers continue to be price-oriented focusing mainly to value-for-money properties (in the range of €30.000 to €50.000) due to their limited financial resources. However, a moderate demand (especially from the Russian market) for holiday properties that include high quality services (such as SPA's restaurants, bars, etc), mainly in the prime locations of Black sea coast, is still reported.
- Retail market:** Rental prices continue to be on a decreasing trend due to the limited purchasing power of the population and the increased supply of new shopping malls that have been developed in the top five cities compared to the previous quarter. It is estimated that the forthcoming operation of South Ring Mall and Mega Mall (in the west part of Sofia) will have an additional negative effect on rental and occupancy levels. Yields are expected to remain stable.

- Office market:** Compared to the previous quarter, prices have showed a slight decrease with stabilization trends which is a key characteristic of certain locations. Potential tenants are price-oriented and most of the transactions involve in fact relocations. The few newcomers, who are price-oriented, derive mainly from the outsourcing sector. The supply still overpasses significantly the demand. Yields are estimated to remain at the same levels.
- Logistics market:** Prices and demand followed a stabilization trend with demand mainly focusing in the areas around Sofia, such as Plovdiv, Varna and Burgas. Supply remained in the same low levels since no new significant development activity is recorded in the market, and current supply comes mainly from end-users. Yields are expected to remain stable.





Ukraine



Ukraine

Capital	Kiev
Official language	Ukrainian
Government	Unitary semi-presidential Republic
Total Area	603,628 km²
Population (2010e)	45,888,000
Currency	Hryvnia (UAH)



ECONOMY

REAL GDP SHOWED a slight decrease of 0.1% in 2013 in comparison to the previous year. Concerning Consumer Price Index, it was reported significantly reduced to 0.1% in comparison to 0.6% in 2012.

Ukraine - Key Macroeconomic Indicators

	2010	2011	2012	2013
Real GDP (yoy%)	4.1	5.2	0.2	0.1
CPI (annual average)	9.4	8.0	0.6	0.1
Policy Rate		7.75	7.5	7.5

Source: Eurobank Research & Forecasting Division

MARKET TRENDS

Q4 2013

Real Estate Market Trends

December 2013

Residential Market	Rent prices	Demand	Supply	Yields
Prime Location	→	↘	→	
Medium Low	→	↘	→	
Second/Holiday Home	→	↘	→	
Commercial Market				
Retail	↗	→	→	→
Offices	→	→	↗	→
Logistics	→	→	→	→

Source: Property Services Ukraine LLC

- **Residential markets:** Prices and supply remained at the same low levels compared to the previous quarter. All the residential sub-segments continue to report a steady decline due to the limited purchasing power of the consumers.
- **Retail market:** The last quarter of 2013 was characterized by a stable de-

mand as well as supply of retail premises. Regarding rental prices they showed a slight increase. Shopping center development activity continues to expand. In view of fairly large population, still growing income and low presence of international retailers Kyiv retail market is regarded as an attractive place for overseas operators. However, Kyiv retail market has reported no significant new completions of retail projects during last months. Yields remained at the same levels of 11.0-12.5%.

- **Office market:** Rental rates remained stable compared to the previous quarter. As a result of several largescale developments, office market is witnessing a steady growth of new quality supply. However, there are still no signs of investor interest in the office property market. Yields are expected to remain stable and range between 11.0 and 13.0%.
- **Logistics market:** Rental prices as well as demand and supply of logistic units showed stability. The low levels of the reported transactional activity was a result of a major slowdown of the economy and the weak macroeconomic indicators. There is still no sign of investor's interest in the logistic sector. Yields remained at the same levels of 13.0-15.0%.




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