

Office rental market

A decline in demand has been observed in the free office space rental market, and the activity should be considered medium low. However, it should be noted that the office occupancy rate continues to grow gradually.

Class A office average occupancy rate is 82%, Class B office - 74%, while Class C - 67%.

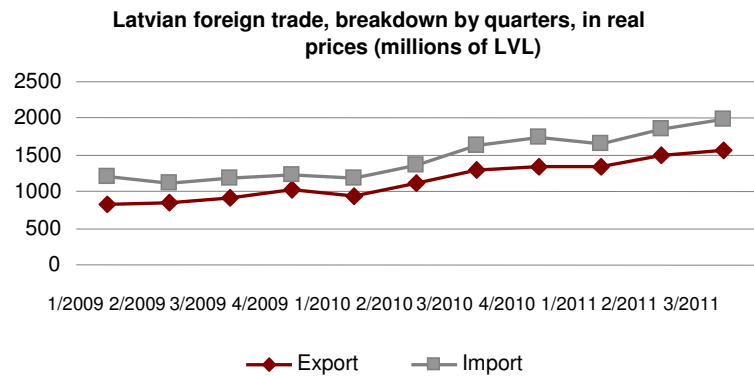
In most of the office centres, built after 2005, the occupancy rate has successfully exceeded 70%, but the office centres, which have not yet managed to meet this criterion, should assess, where possible, the area and the trim level of the office space offered, in order to move towards the demand trends as much as possible. It is complicated to provide required parking spaces for tenants in the central part of Riga, so tenants often prefer offices located outside the city centre, which are conveniently accessible by both private and public transport.

The office space rents have increased by 6-8% since the beginning of 2011.

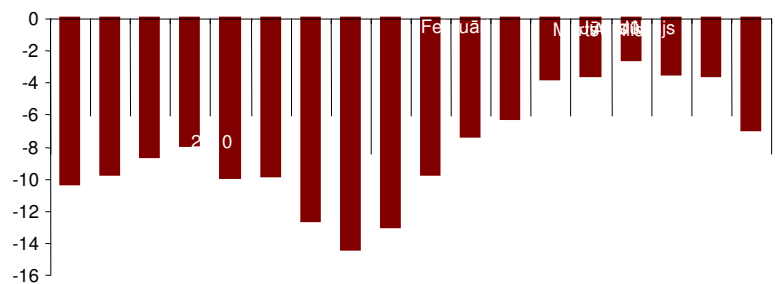
Typical rents in the central part of Riga:

- Class A offices: 11.5 EUR/m²
- Class B offices: 6.5 EUR/m²
- Class C offices: 5.15 EUR/m²

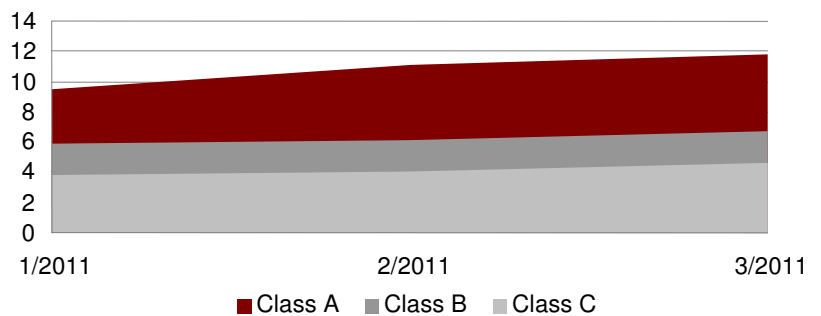
The highest demand is still for Class B+ offices with 2-3 rooms and area of up to 130m².



Economic sentiment index 2010-2011 (%)



Average office rent level movements (Quarters of 2011, EUR/m²)



Retail space rental market

Both in the central part of Riga, and in peak shopping areas of residential neighbourhoods there is a growing interest both in rent and purchase of retail space. This is evidenced by the fact that the vacancy rate in Riga's leading shopping streets does not exceed 8%, in the Old Town - 5%, while in shopping centres of the residential neighbourhoods the vacant retail space does not exceed 6.5%. Spaces in street stores remain unoccupied in a longer period of time mostly because of the size of the space offered or the utilities costs. In supermarkets, the situation is mainly depending on the customer flow. Occupancy rate of retail space located in upper floors of shopping centres which are not so attractive for anchor tenants, in most cases depends on imagination of the space owners or marketing activities.

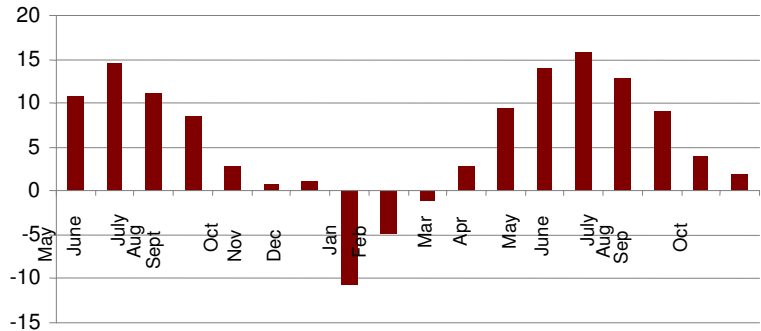
Most demanded retail areas in the central part of Riga are areas intended for service providers, small fast food enterprises as well as food and beverage shops.

Warehouse and industrial space rental market

Occupancy rate of industrial space built in recent years, exceeds 78%. Occupancy rate of lower-class warehousing areas with a small rent would have been similar or even higher, unless a large proportion of them needed renovation. Area of the vacant space and heating options play an important role in finding a tenant for lower-class industrial premises. Not less important factor is the heat insulation and the floor surface quality.

Logistics centres, which are able to offer space of up to 1500m², as well as small heated warehouse areas of up to 300m² are most demanded.

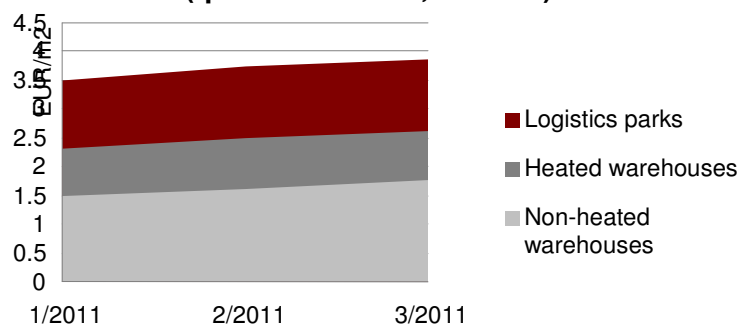
Confidence indicator in retail



**Average retail space rent levels
 (quarters of 2011, EUR/m²)**



**Average industrial space rent levels
 (quarters of 2011, EUR/m²)**



**Freight transport by road in Latvia,
thousands of tons**

