

# GLOBAL SPOTLIGHT

## Riga, Latvia



**The Baltic States serve as a natural bridge for East-West traffic, making it an ideal place for foreign companies to use as a base for expanding business operations, both to Western Europe and Eastern Russian markets.**

- The Baltic States continues to be one of the most attractive markets in Europe for foreign investors. One major advantage of the three Baltic countries is their strategic location at the crossroads between Eastern and Western Europe.
- The investment market continues to see very high demand as funds express strong interest and joint ventures are created to buy in the Baltic's region. The market is regarded as a safe, stable-growing and predictable investment climate both financially and politically. Republics of Latvia, Estonia and Lithuania are members of both NATO and the EU. Many of the tenants in the investment properties are well-known international companies with long-term leases and rents fixed to the euro.
- The office market is becoming a very active and attractive commercial real estate sector in the Baltic region and demand generally surpasses supply. However, between 2008 and 2010 an increase in supply is predicted. Office demand is dominated by finance, professional services, IT, call centers and sectors with high added value. Vacancy rates in older, lower-quality buildings continue to rise as tenants seek modern office space with good technical specs, large floor plates, accessibility and ample parking facilities.
- Retail is a strong performer. Over 15 shopping centers opened or expanded over the last few years. Demand is fueled by strong real wage growth and an improving unemployment situation. Several major new centers are scheduled to open in 2008-2012. Vacancy rates are low in successful centers and waiting lists are issued for potential tenants willing to get in.
- The industrial market is experiencing increasing activity, driven largely by successful local and international companies entering the market. Due to the strategic and attractive geographical location, these companies are setting up manufacturing or logistical activities in the Baltic States.

## The Baltics At A Glance (Latvia/Estonia/Lithuania)

|              |   |
|--------------|---|
| Population   | 7.1 Million                                 |
| Location     | Baltic countries located in Northern Europe |
| GDP          | 83.9 Billion                                |
| Inflation    | 9.6%  |
| Interest     | 6%  |
| Unemployment | 4.8%  |
| Conversion   | 1 USD = 0.6382 EUR                          |

| Property                  | Rent/SF/Year<br>Low | High      | Vacancy<br>Rate |
|---------------------------|---------------------|-----------|-----------------|
| Downtown Office Class A   | \$ 25.75            | \$ 40.74  | 0%              |
| Suburban Office Class A   | \$ 19.64            | \$ 31.72  | 0%              |
| Industrial Bulk Warehouse | \$ 5.57             | \$ 11.15  | 2%              |
| Retail City Center        | \$ 35.70            | \$ 135.90 | 0%              |

NAI Baltics provides commercial real estate services in the territory of the Baltic States (Latvia, Estonia, Lithuania).

## About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

### At A Glance

|              |                            |
|--------------|----------------------------|
| 375          | Offices                    |
| 55           | Countries                  |
| 8,000        | Professionals              |
| \$45 billion | Annual Transaction Volume  |
| 250          | MSF of Property Management |

For more information about NAI Global please visit [www.naiglobal.com](http://www.naiglobal.com) or call 609.945.4000



Commercial Real Estate Services, Worldwide.

April 2008

Build on the power of our network.™