

Real Estate Market Nordic Countries

2010

A RESEARCH PUBLICATION BY DG HYP

July 2010

Decline of office and retail rents in Sweden and Denmark overcome – rents in Finland still falling



Table of Contents

Preface _____	2
Summary _____	3
The Nordic Economies _____	6
Office _____	8
Sweden	
Denmark	
Finland	
Retail _____	15
Stockholm	
Copenhagen	
Helsinki	
Imprint _____	19
Disclaimer	
DG HYP Offices _____	20

Preface

As a commercial real estate bank, we support our sales units and risk management teams with their credit and lending decisions through regular analysis of the markets which we actively cover. We publish the results of our research in real estate market reports which are openly available to all market participants.

The present report continues our series of studies on the foreign real estate market, published twice each year. In this study, we have assessed market trends for office and retail real estate, providing our outlook for the current and coming year.

The retail market is characterised by a high diversification of property types. The spectrum of retail units ranges from large shopping centres, serving a high density footfall in major City Centres, to the smaller independent retailers occupying a unit in a multi-let mixed-use asset in the local community.

We have chosen to base our analysis in the capital cities of Stockholm, Copenhagen and Helsinki, as there is the best variation of retail assets in these centres.

As with all our research studies, this market report is available in German and English.

An overview of DG HYP's real estate market reports is available on our website:
<http://www.dghyp.de/en/unternehmen/markt-research/>

Deutsche Genossenschafts-Hypothekenbank AG

July 2010

SUMMARY

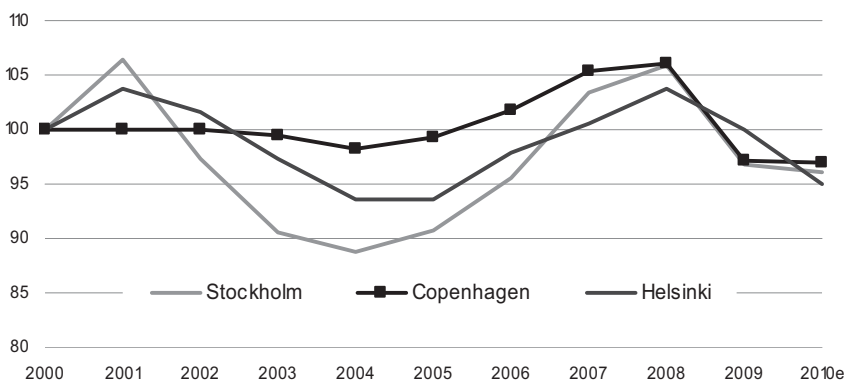
In this market report we analyse the Northern European markets for office and retail property in Sweden, Denmark and Finland. Like Germany, these heavily export-dependent economies had to absorb a steep decline of around 5 per cent in their economic output in 2009, with Finland affected even more severely as a result of its close links with the Baltic states. However, the era of falling rents seems to be over in most of the property markets reviewed here. The Finnish market is nevertheless lagging behind in the recovery process, probably mainly because of the continuing macroeconomic recession.

Office

In our evaluation, rents in Stockholm had already stopped declining in spring 2010, and on an annual average rents are therefore likely to be only slightly below the previous year's level. Since the completion of some new build projects this year will increase the available space further, we also expect a slight rise in the vacancy rate. Since the Swedish economy demonstrated very strong economic growth at the beginning of the year, economic activity - particularly in the city of Stockholm - should pick up further as the year continues. Because the Swedish economy is heavily export-dependent, the global demand trend also plays an important role in relation to the outlook for office rents. If domestic demand remains solid and the pace of foreign trade accelerates, office rents in Stockholm could increase again slightly as early as 2011. However, on a country-wide average, we believe levels are more likely to stagnate next year in Sweden.

Sweden: rents in Stockholm stopped declining in spring

OFFICE RENTS: DOWNWARD TREND LIKELY TO BE OVER IN STOCKHOLM AND COPENHAGEN (INDEX 2000=100)



Quelle: DZ BANK Research

The era of declining rents in the Danish office property market is also likely to be over. Although it is still the case that, as in the past, there is a very close correlation with the Swedish office market cycle, the prospects for Danish rents are still slightly better than for Sweden. On an annual average, country-wide rent levels are likely to be only slightly lower than the previous year in 2010, and rents in Copenhagen have stagnated. The main factors in this more rapid recovery are low vacancy rates and comparatively favourable rents.

Denmark: era of declining office rents could be over here too

Real Estate Market Nordic Countries 2010

OFFICE MARKET NORDIC COUNTRIES

	Vacancy rate in %	Change in rent in % yoy	
	2009	2009	2010e
Sweden	10.0	-8.1	-2 to -4
Denmark	7.6	-7.2	0 to -2
Finland	9.7	-6.1	-3 to -5

Source: DZ BANK Research

The era of falling rents is not over yet in the Finnish office market. A sharp increase in the vacancy rate is having as negative an impact as the continuing macroeconomic recession. Office rents could fall by around 5 per cent in Helsinki in 2010 and we cannot rule out a further decline in 2011. Rents are likely to stagnate throughout the country next year.

Finland: office rents still falling

OFFICE MARKET: NORDIC MAJOR CITIES

	Inventory office space in m sqm	Vacancy rate in %	Monthly rent in EUR per sqm	Change in rent in % yoy	
	2009	2009	2009	2009	2010e
Stockholm	11.8	11.2	29	-8.4	0 to -2
Copenhagen	11.0	7.9	17	-7.0	0
Helsinki	8.0	10.4	19	-4.0	-4 to -6

Source: DZ BANK Research, change in rent in national currency

Retail

In Stockholm, despite the comparatively large supply of retail space, we do not expect any further decline in retail rents in good locations mainly because rent levels are already low. Since the increase in unemployment at the beginning of the year is likely to have come to an end, we expect private consumption in Sweden to show only slightly weaker growth this year than in the years before the outbreak of the financial and economic crisis. The slight deterioration in sales floor productivity last year as a result of the decline in retail sales could already improve in Stockholm this year, thus paving the way for modest growth in rents next year.

Stockholm: retail rents unlikely to decline further

Retail rents in the Danish capital declined by 2.8 per cent in the recession year of 2009 – mainly as a result of the strong growth in rents in previous years. However, we believe the downward trend in rents has now come to an end. Since rent concessions were still being made in Copenhagen at the beginning of this year, rents are likely to be around one per cent below the previous year's level in 2010. If the economy does not suffer any more setbacks, retail rents in Copenhagen could increase again slightly as early as next year.

Copenhagen: retail rents could increase slightly in 2011

Real Estate Market Nordic Countries 2010

RETAIL PROPERTIES: NORDIC MAJOR CITIES

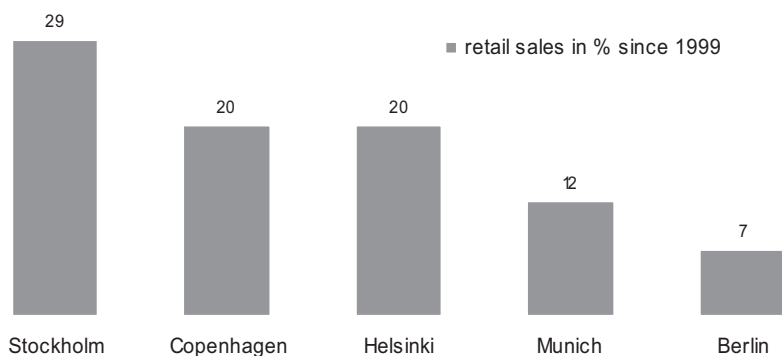
	Inventory retail space in m sqm	Monthly rent in EUR per sqm	Change in rent in % yoy	
	2009	2009	2009	2010e
Stockholm	4.5	111	-1.8	0
Copenhagen	1.1	150	-2.8	0 to -1
Helsinki	1.1	140	-1.6	-1 to -2

Source: DZ BANK Research, change in rent in national currency

In Helsinki, the 20 per cent growth in retail sales since 1999 has been just as strong as in Copenhagen and much higher than in German cities. Given the continuing macroeconomic weakness in Finland, we expect retail sales to only stagnate this year. However, the supply of retail space has grown slightly more strongly in the last ten years than in the Danish city, and per capita sales space is also therefore slightly higher than in Copenhagen at 1.9 sqm. As a result of the further downturn in economic output at the beginning of the year and the continuing growth in the supply of retail space this year, we expect retail rents in Helsinki to decline by another 2 per cent this year and stagnation next year.

Helsinki: decline in retail rents not over yet

MUCH STRONGER RETAIL SALES GROWTH THAN IN GERMANY



Source: Feri

THE NORDIC ECONOMIES

The economies of the Nordic countries Sweden, Denmark and Finland have also been affected by the recent global financial and economic crisis: in Sweden and Denmark, GDP contracted by around 5 per cent in 2009 and in Finland by almost 8 per cent. However in the period from 1997 to 2007, very dynamic growth was reported in these three countries by Western European standards – on average their economies grew by around 3 per cent annually. By comparison: German GDP increased by only 1.6 per cent annually in this period and growth in the eurozone countries was also visibly lower at only 2.3 per cent.

The Nordic economies also contracted sharply in 2009

...however, previously economic growth was visibly higher than in Germany

ECONOMIC FORECAST NORDIC COUNTRIES

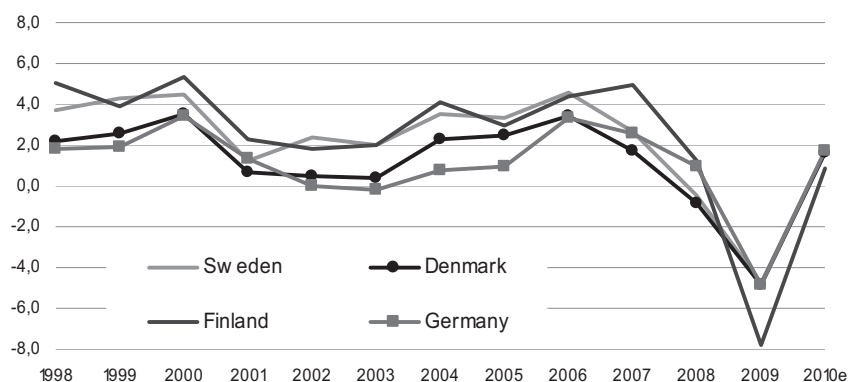
	Sweden		Denmark		Finland	
	2009	2010e	2009	2010e	2009	2010e
GDP in EUR bn	307	312	183	186	154	155
GDP in % yoy (real)	-5.1	1.7	-4.9	1.6	-7.8	0,9
No. of employed in tsd.	4500	4480	2840	2830	2450	2430
Employment in % yoy	-2.1	-0.4	-3.3	-0.2	-3.0	-0,9
Unemployment rate in %	8.3	9.2	6.0	7.0	8.2	9.0
Inflation rate (HICP)	1.9	2.7	1.1	2.3	1.6	1.7
Budget balance in % of GDP	-0.5	-1.5	-2.7	-5.5	-2.2	-3.8

Source: Feri, DZ BANK Research

Of the three countries examined here, only Finland has been a member of the European Monetary Union since 2002, while Sweden and Denmark have retained their national currencies. The Danish krone is linked to the euro within ranges under the “European Exchange Rate Mechanism II”.

Only Finland is a member of the European Monetary Union

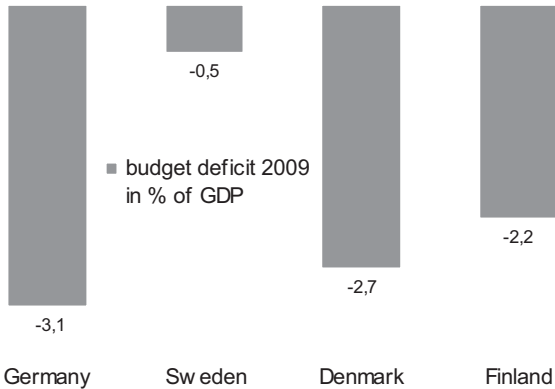
ECONOMIC GROWTH IN PER CENT COMPARED TO PREVIOUS YEAR



Source: national statistics offices, forecast DZ BANK Research

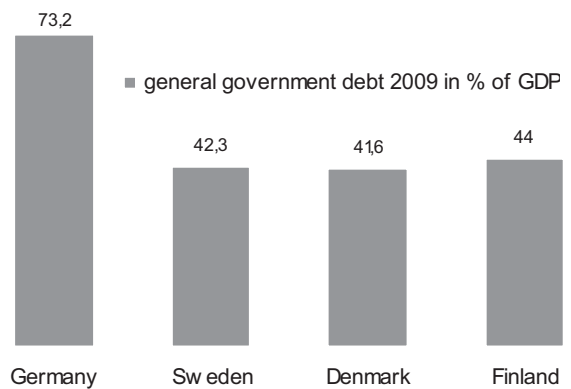
Real Estate Market Nordic Countries 2010

SWEDEN REPORTED ONLY MODEST BUDGET DEFICIT IN 2009 DESPITE RECESSION



Source: Eurostat

DEBT LEVELS IN NORDIC COUNTRIES WELL BELOW THE MAASTRICHT THRESHOLD



Source: Eurostat, Maastricht threshold: debt max. 60 % of GDP

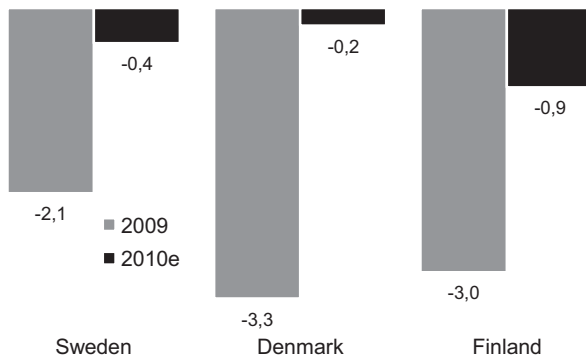
The recent economic downturn has had a major impact, particularly on the Danish and Finnish labour markets – in both countries employment declined by around 3 per cent last year. However, in Sweden, the largest of the three countries, employment also fell by 2.1 per cent (see graph). Danish unemployment has climbed from a very low level internationally of only 3 per cent in the last two years to 7 per cent – although this is still fairly low compared to other countries.

Conditions in labour markets have deteriorated

The level of national debt and new debt in Sweden, Denmark and Finland can almost be described as exemplary. In both respects, all three countries are some of the few member states of the European Union to meet to the so-called Maastricht criteria in 2009.

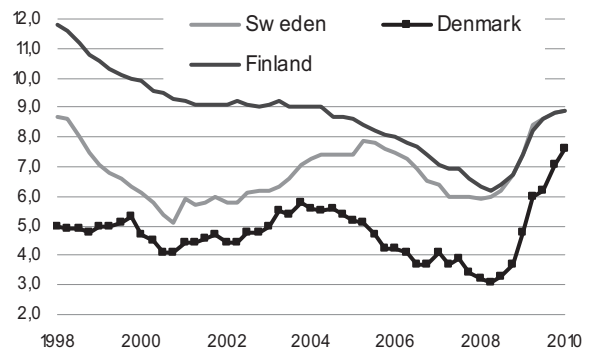
All three countries met both Maastricht criteria in 2009

EMPLOYMENT DOWN VISIBLY (AS % YOY)



Source: Feri, DZ BANK Research forecast

UNEMPLOYMENT HAS ALSO RISEN SHARPLY IN DENMARK



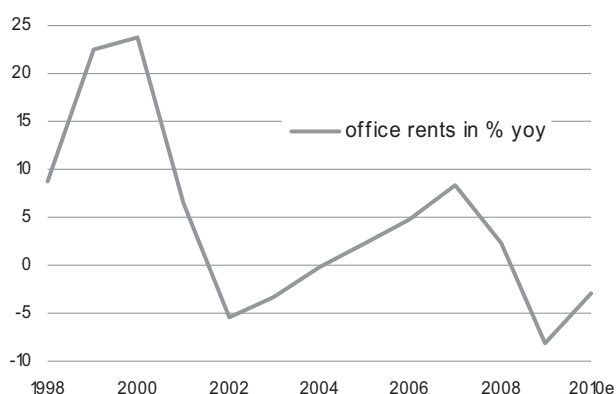
Source: Feri, DZ BANK Research forecast

OFFICE PROPERTY

Of the Nordic property markets, the Swedish market for office properties is the largest. Since no reliable figures exist for the volume of space available country-wide, we have used the number of office workers as an indicator. At 1.6m, the figure in Sweden is more than twice as high as in Finland and also significantly higher than in Denmark (see graph below on the right).

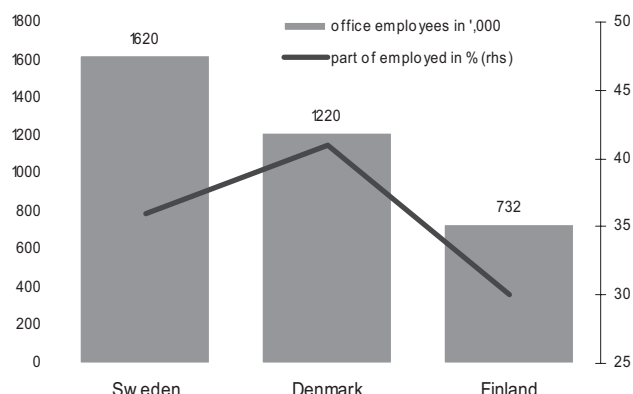
Sweden is the largest Nordic office market

SWEDEN: COUNTRY-WIDE RENTS STILL FALLING SLIGHTLY



Source: Feri, Forecast DZ BANK Research

... IN THE LARGEST OFFICE MARKET IN THE NORDIC COUNTRIES



Source: Feri, DZ BANK Research

In the period from 1997 to 2007 office rents in good locations in Sweden increased by an average of 6.2 per cent annually. At the peak of the New Economy bubble, annual rent increases of more than 20 per cent were reported. During the period of weakness in the office markets which followed the bursting of this bubble worldwide, the Swedish office market maintained its position very well, with rents falling overall by only about 9 per cent. By comparison: in Germany office rents in this period fell by around 20 per cent.

Swedish market suffered comparatively little from bursting of New Economy bubble

However, the recent economic downturn has also had a visible impact on Swedish office rents, with a decline of 8.1 per cent reported in 2009. On an international comparison, a similarly steep decline in rents was reported in the French and Danish office markets.

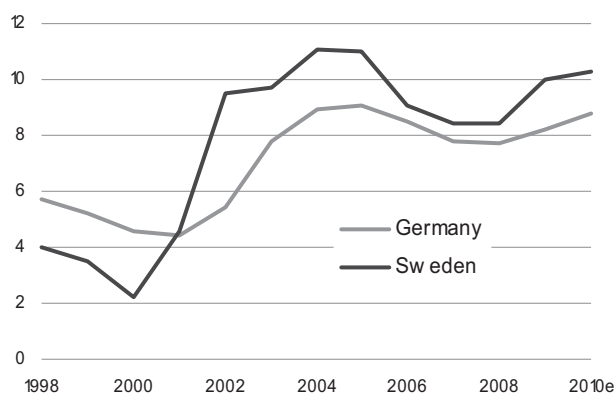
Office rents fell by 8 per cent in 2009

OFFICE MARKET NORDIC COUNTRIES

	Vacancy rate in %	Change in rent in % yoy	
	2009	2009	2010e
Sweden	10.0	-8.1	-2 to -4
Denmark	7.6	-7.2	0 to -2
Finland	9.7	-6.1	-3 to -5

Source: DZ BANK Research

SWEDEN: VACANCY RATE RISING DUE TO LARGE NUMBER OF COMPLETIONS (VACANCY RATE IN %)



Source: Feri, Forecast DZ BANK Research

STOCKHOLM AS METROPOLITAN REGION IS VERY IMPORTANT FOR SWEDISH OFFICE MARKET



Source: DZ BANK Research

As a result of the sharp downturn in macroeconomic output, demand for office space in Sweden has declined and jobs have been shed. However, in the course of this year employment is likely to fall by only 0.4 per cent compared to 2009 – the downward trend in the number of office workers is likely to be over, and we expect stagnation here this year.

However, demand for office space is unlikely to pick up country-wide as yet, since services companies are seeking cost-saving potential, either by renting less space or moving to cheaper locations. Since the vacancy rate in Sweden is now in excess of 10 per cent and some more new construction projects will be completed this year, in our estimation office rents have continued to fall slightly in the first half: country-wide we expect office rents in good locations to decline by 2 to 4 per cent in 2010.

With a population of 1.9m Stockholm is by far the largest office market in Sweden; the second largest city – Göteborg – has only around 500,000 inhabitants. Almost a quarter of all Swedish workers are employed in the Swedish capital (see graph above). With available space of 11.8m sqm, the Stockholm office market corresponds to the market in Frankfurt and is thus only slightly smaller than

Swedish office rents still falling slightly in 2010

City of Stockholm the pre-eminent office market

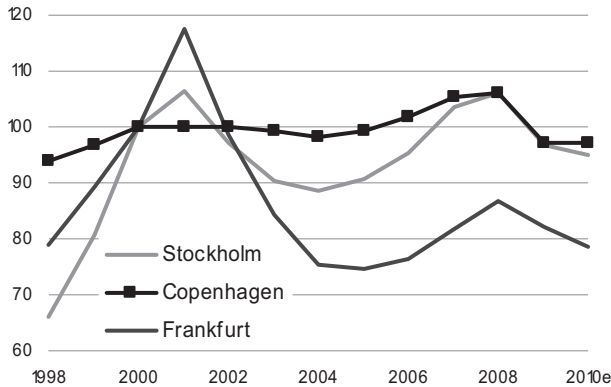
OFFICE MARKET: NORDIC MAJOR CITIES

	Inventory office space in m sqm	Vacancy rate in %	Monthly rent in EUR per sqm	Change in rent in % yoy	
	2009	2009	2009	2009	2010e
Stockholm	11.8	11.2	29	-8.4	0 to -2
Copenhagen	11.0	7.9	17	-7.0	0
Helsinki	8.0	10.4	19	-4.0	-4 to -6

Source: DZ BANK Research, change in rent in national currency

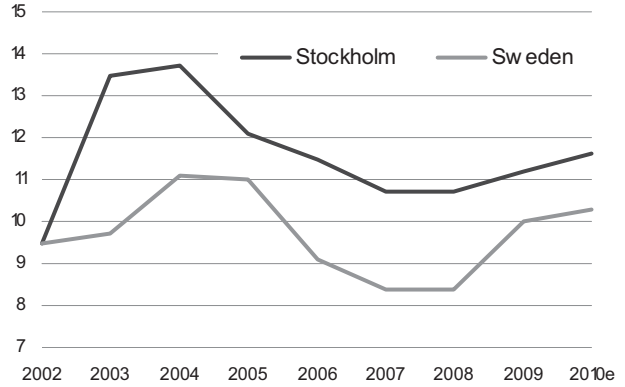
Real Estate Market Nordic Countries 2010

STOCKHOLM: OFFICE RENTS STILL DECLINING SLIGHTLY (INDEX 2000=100)



Source: Feri, Forecast DZ BANK Research

STOCKHOLM: VACANCY RATE HAS ONLY INCREASED SLIGHTLY



Source: Feri, Forecast DZ BANK Research

the office markets of Hamburg or Munich, both of which have available space of around 13m sqm. The equivalent rent of around EUR 29 per sqm office space corresponds roughly to the level in Munich – Germany’s second most expensive office location. The vacancy rate in Stockholm has increased only slightly from 10.7 per cent in 2007 to 11.2 per cent last year. By comparison, the current vacancy rate in the much more expensive Frankfurt office market is around 15 per cent.

Rent level similar to Munich

In our opinion, the decline in rents in Stockholm was already over by the spring, and on an annual average, rents are only therefore likely to be down slightly on the previous year (see table above). Since, according to information from estate agents, the completion of a number of new construction projects is leading to a further increase in available space, we also expect the vacancy rate to rise this year.

Decline in rents in Stockholm likely to be over

Since the Swedish economy demonstrated very strong growth at the beginning of the year and neither savings measures nor tax increases are expected on account of the solid budget situation, economic activity in the city of Stockholm in particular should pick up over the rest of the year. Given that the Swedish economy is heavily dependent on exports, the global demand trend plays an important role in the outlook for office rents. If domestic demand remains solid and the pace of foreign trade accelerates, office rents in Stockholm could already exceed the previous year’s level again in 2011. However, on a country-wide average, we believe stagnation is more likely next year.

Office rents could increase slightly in Stockholm in 2011

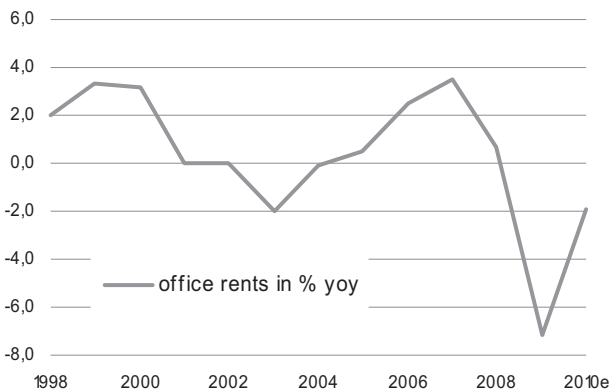
Denmark

Rents for office space in good locations increased by an average of 1.6 per cent in Denmark between 1997 and 2007, which is fairly weak growth compared to Sweden. However, last year office rents in Denmark showed only a slightly weaker decline than in Sweden of 7 per cent. Since a large volume of new office space was completed in 2008 and 2009, the vacancy rate climbed from 5.0 to 7.6 per cent. However, despite this sharp increase, the level does not match the German vacancy rate. This is likely to remain the case this year and next year, since virtually no office buildings are currently being completed in Denmark.

Denmark: vacancy rate up sharply...

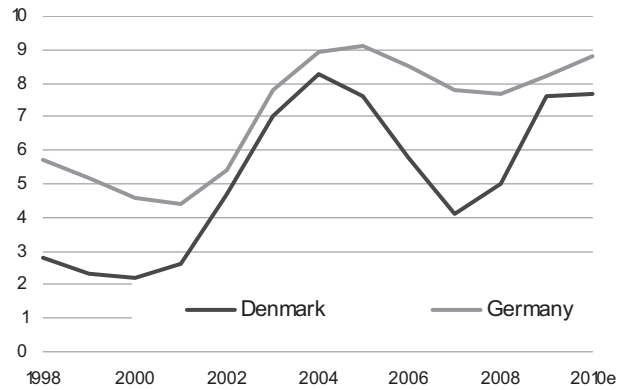
... but still lower than in Germany

DENMARK: RENTS FOR TOP LOCATIONS DOWN SHARPLY IN 2009



Source: Feri, Forecast DZ BANK Research

DESPITE THE INCREASE, VACANCY RATE STILL LOWER THAN IN GERMANY

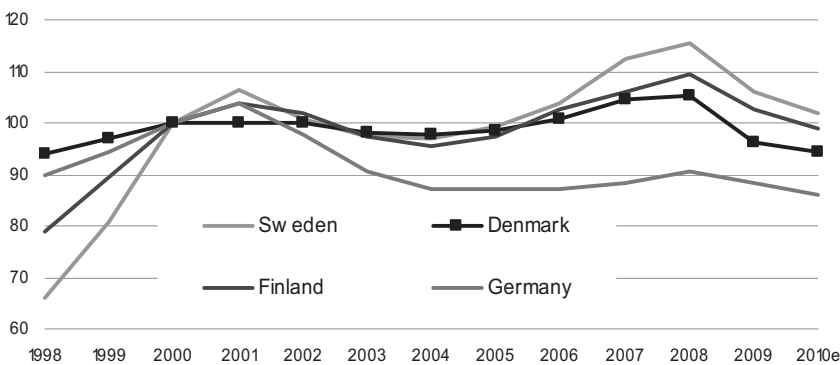


Source: Feri, DZ BANK Research, vacancy rate in %

The number of office workers in the much smaller Denmark is around 1.2m compared to 1.6m in Sweden. The proportion of office workers to the total labour force is however much higher in Denmark: while, in Sweden, office workers account for 36 per cent of the labour force, the figure in Denmark is 41 per cent (see graph in

Denmark: large proportion of office workers

DENMARK: (INDEX 2000=100)



Source: DZ BANK Research

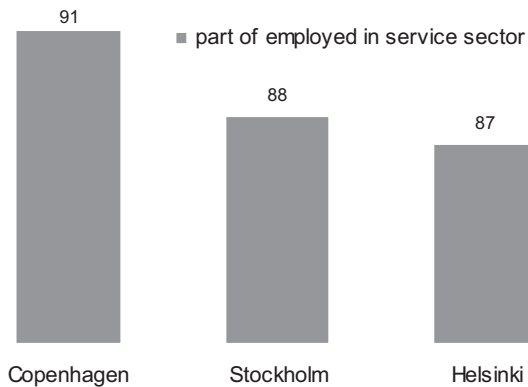
Real Estate Market Nordic Countries 2010

Sweden section). The lowest proportion of office workers in the countries examined here is in Finland, where they account for only 30 per cent.

A very large proportion (91 per cent) of the workforce in Copenhagen – which has the largest office market – is employed in the services sector. This is probably one of the reasons why the vacancy rate in the Danish city (unlike many other markets) is slightly lower than the country-wide average. Another reason is likely to be the low level of office rents: not only compared to the other Nordic cities, but also on an international comparison, the rent level of EUR 17 per sqm in Copenhagen can be described as relatively low.

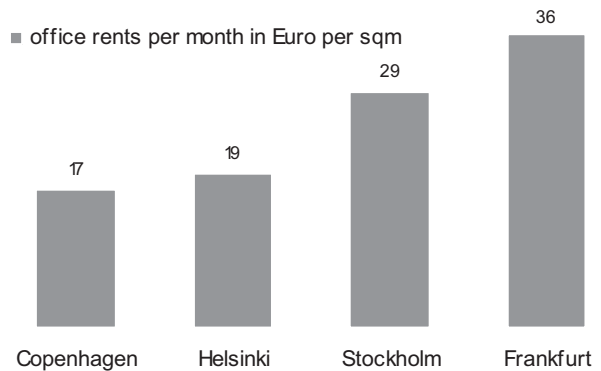
Copenhagen: comparatively low office rents

COPENHAGEN: VERY HIGH PROPORTION OF WORKFORCE IN SERVICES SECTOR



Source: Feri, DZ BANK Research

COMPARATIVELY FAVOURABLE RENT LEVEL IN COPENHAGEN



Source: Feri, data for 2009

The era of declining rents in the Danish office property market is likely to be over. Although this does not alter the fact that, as in the past, there is a very close correlation with the Swedish office market cycle, the outlook for Danish rent levels is still slightly better than for Sweden. Country-wide we expect a very slight decline in office rents in 2010, and rents in Copenhagen are likely to have stagnated. Above all, the low vacancy rates and comparatively favourable rents are responsible for this more rapid recovery.

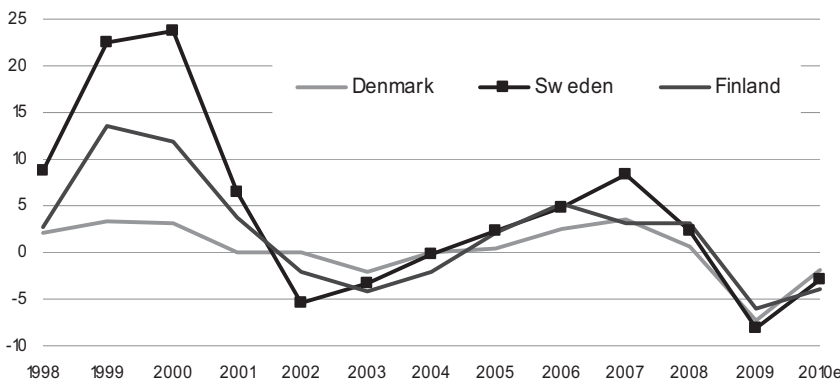
Denmark: outlook slightly better than for Sweden

Finland

Office rents in the smallest of the markets examined here increased by an annual average of only 1.3 per cent between 1997 and 2007. The trend was thus only slightly weaker than in Denmark, but significantly weaker than in the neighbouring Sweden (see graph). The Finnish economy has been particularly severely affected by the global financial and economic crisis, and GDP contracted by 7.8 per cent in 2009. Since this has also led to a visible decline in demand for office space, rents for space in good locations fell by 6.1 per cent last year. Despite the steeper economic downturn, probably attributable to the crisis in the Baltic states, the decline in rents has lagged behind that of Sweden and Denmark.

Finland: only slight increase in rents in the past

FINLAND: DOWNWARD TREND IN OFFICE RENTS NOT YET OVER (CHANGE IN % VS. PREVIOUS YEAR)

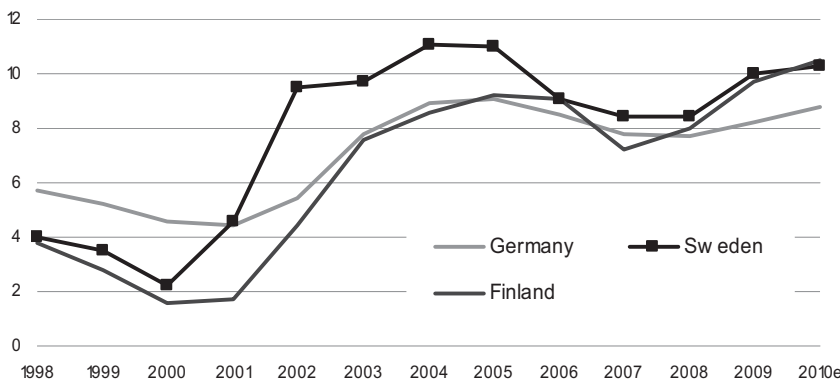


Source: Feri, DZ BANK Research

We do not believe that the downward trend in Finnish office rents is over yet, and we anticipate a decline of 3 to 5 per cent this year. This is mainly attributable to the continuing economic recession. However, some new office space is still being

Finland: downward trend in office rents not over yet

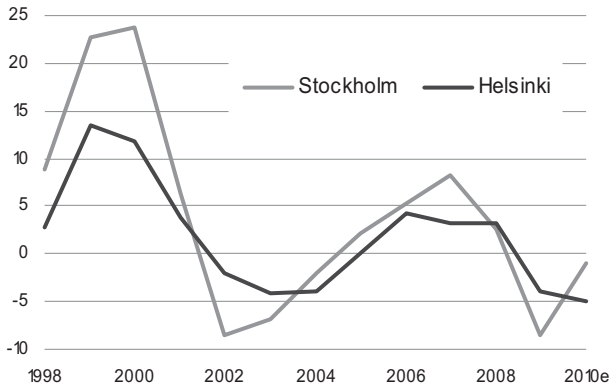
FINLAND: VACANCY RATE AT THE SWEDISH LEVEL



Source: Feri, DZ BANK Research

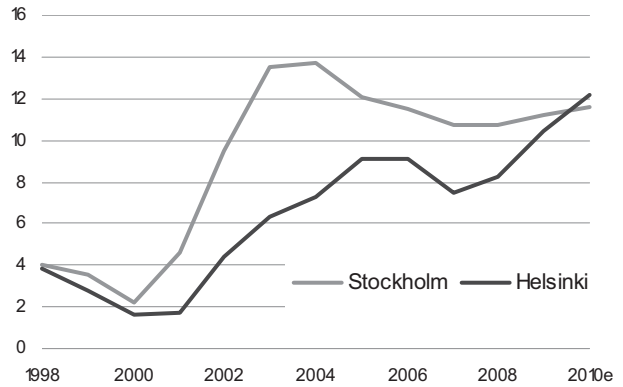
completed this year, which will consequently increase the available space. The number of vacant office buildings could also therefore increase further this year, and as a consequence we anticipate a vacancy rate of just over 10 per cent throughout the country in 2010.

HELSINKI: OFFICE RENTS HAVE SO FAR FLUCTUATED LESS SHARPLY THAN IN SWEDEN (IN % YOY)



Source: Feri, Forecast DZ BANK Research

HOWEVER, VACANCY RATE COULD SOON BE HIGHER THAN IN STOCKHOLM



Source: Feri, Forecast DZ BANK Research

The office market in the capital Helsinki is only slightly larger at 8m sqm than, for example, the market in Düsseldorf, and much smaller than Copenhagen (11m sqm) and Stockholm (11.8m sqm). Office rents in Helsinki increased by 3.2 per cent annually in the period from 1997 to 2007, and the growth was therefore much more dynamic than on a country-wide average. However, much stronger growth in rents (+6.2% p.a.) was reported in the Swedish capital during this period. With an office rental rate of EUR 19 per sqm, office space in Helsinki is only slightly more expensive than in Copenhagen (EUR 17) and much cheaper than in Stockholm (EUR 29).

Helsinki: office rents much lower than in Stockholm

As a result of the sharp decline in demand for office space, the vacancy rate in the Baltic city increased sharply in 2009, climbing from 8.2 per cent (2008) to 10.4 per cent, and is consequently only slightly lower than in Stockholm. In our view, demand for office space in Helsinki will continue to decline this year and the vacancy rate is therefore likely to increase to around 12 per cent. Given the continuing period of economic weakness, the decline in rents is likely to be of a similar magnitude in 2010 as in the previous year.

Helsinki: vacancy rate could increase to 12 per cent

The era of declining rents is not yet over in the Finnish office market. A sharp increase in vacant space is having a negative impact as the continuing macroeconomic recession. Office rents in Helsinki could fall by around 5 per cent in 2010 and we cannot rule out another slight decline in 2011. Country-wide rents are likely to stagnate next year.

Helsinki: office rents could also fall again slightly in 2011

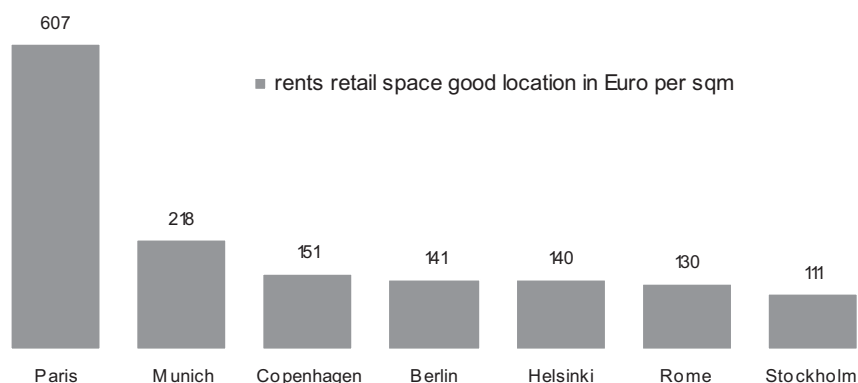
RETAIL PROPERTY

Stockholm

Around a quarter of all Swedish retail space is in the capital city Stockholm. With available space of around 4.5m sqm, this property market is roughly four times the size of the markets in Copenhagen and Helsinki. In Germany, only in Berlin (5.8m sqm) is a larger supply of retail space to be found, and available space in the second largest German location Hamburg is only around 2.6m sqm. However, on an international comparison, the rent level for retail space is low, as shown in the graph below. Only in a small number of Western European cities retail rents are even lower, for example in Lisbon.

Stockholm: low retail rents on an international comparison

STOCKHOLM: RETAIL RENTS FAIRLY CHEAP ON AN INTERNATIONAL COMPARISON



Source: Feri, data for 2009

Since 1999, retail rents in Stockholm have risen by a substantial 30 per cent. As a result of the downturn in macroeconomic demand in the second half of 2007, retail landlords have also been forced to make concessions, and the rent level last year was therefore 1.8 per cent lower than in the previous year. As in most European countries, unemployment has increased sharply, which in turn has depressed private consumption and thus demand for retail space.

Stockholm: retail rents down slightly in 2009

RETAIL PROPERTIES: NORDIC MAJOR CITIES

	Inventory retail space in m sqm	Monthly rent in EUR per sqm	Change in rent in % yoy	
	2009	2009	2009	2010e
Stockholm	4.5	111	-1.8	0
Copenhagen	1.1	150	-2.8	0 to -1
Helsinki	1.1	140	-1.6	-1 to -3

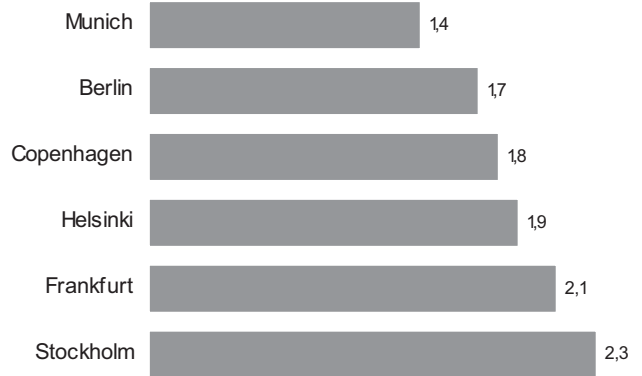
Source: DZ BANK Research, change in rent in national currency

RETAIL RENT STOCKHOLM IN % VS. PREVIOUS YEAR



Source: Feri, Forecast DZ BANK Research

PER CAPITA RETAIL SPACE IN SQM



Source: DZ BANK Research

One crucial reason for the comparatively low rent level in Stockholm is likely to be the very high level of available space in relation to the population: per capita retail space of 2.3 sqm is available in Stockholm, compared to only 1.7 sqm in Berlin and only 1.4 sqm in Munich. While the supply of retail space in the Swedish capital has increased by more than 50 per cent since 1999, retail sales have also shown above-average growth of 30 per cent, not only within the Nordic countries. By comparison: in Munich, retailers only increased their sales by around 12 per cent in the same period and in Berlin the figure was as low as 7 per cent.

Stockholm: high level of per capita available space

Mainly on account of the low rent level, we no longer expect rents in the Swedish city to decline any further despite the comparatively large supply of available space. Since the decline in employment at the beginning of the year is likely to have come to an end, in our view private consumption in Sweden will only grow slightly more weakly than in the years before the outbreak of the financial and economic crisis. The slight deterioration in productivity per sales space last year as a result of the decline in retail sales could already improve again this year in Stockholm, paving the way for modest rent increases coming year.

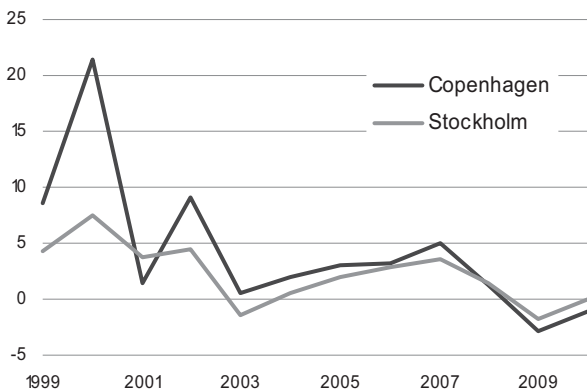
Stockholm: retail rents unlikely to fall further

Copenhagen

Rents in the Danish capital have increased much more strongly than in Stockholm in recent years. Since 1999, growth of 50 per cent has been achieved. However, as the graph in the section on Stockholm shows, Copenhagen is not one of the most expensive locations internationally and, for example, lags well behind Munich. The Danish economic centre is characterised by very low unemployment: despite a decline in employment, the rate was still well below the 4 per cent reported last year, a level not reached in any large German city and much lower than the country-wide average.

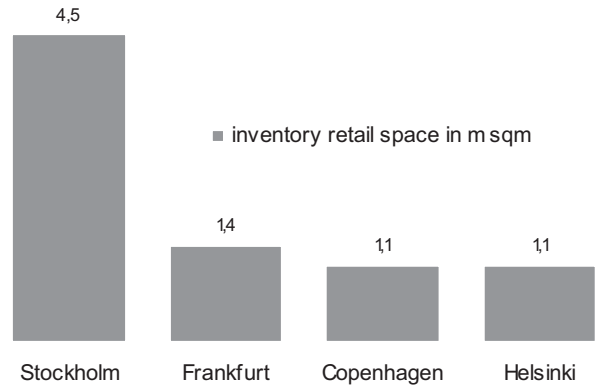
Copenhagen: benefiting from very low unemployment

COPENHAGEN: RETAIL RENTS IN % YOY



Source: Feri, Forecast DZ BANK Research

COPENHAGEN MARKET MUCH SMALLER THAN THAT OF STOCKHOLM



Source: Feri

In Copenhagen too, retailers have enjoyed much stronger sales growth since 1999 than their colleagues in German locations – even though the growth of around 20 per cent was slightly weaker than in Stockholm. In addition to the very positive labour market conditions, another positive factor for the Danish capital is the fairly low supply of retail space in terms of the size of the population: with per capita sales space of 1.8m sqm, Copenhagen has the lowest inventory of retail space of the cities discussed here (see graph in Stockholm section).

Copenhagen: sharp rise in retail sales and relatively low available space

However, in the recession year of 2009, retail rents in Copenhagen declined by 2.8 per cent - mainly due to the strong growth in rents in previous years. In our view the downward trend in rents has nevertheless come to an end. Since rent concessions were still being made at the beginning of this year, rents are likely to be only 1 per cent lower than the previous year's level in 2010. Unless there is another economic downturn, retail rents in Copenhagen should already be increasing again slightly next year.

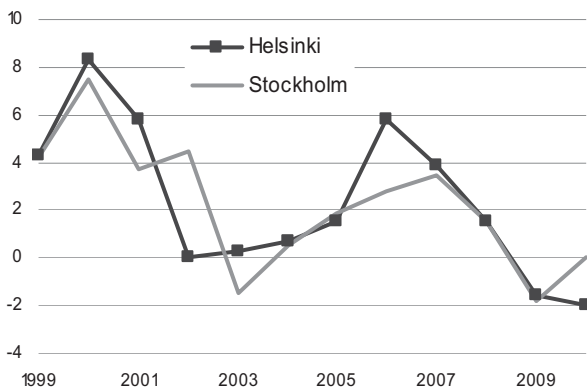
Copenhagen: retail rents could increase slightly in 2011

Helsinki

Rents for retail space in good locations in Helsinki have increased by around 30 per cent since 1999 - just as strongly as in Stockholm. However, the level is visibly higher than in Stockholm with monthly rents of EUR 140 per sqm, but lower than in Copenhagen (see graph in Stockholm section). In Finland too, the unemployment rate in the capital is significantly lower than the country-wide average – possibly reaching around 7 per cent this year, compared to 9 per cent throughout the country. Given the severity of the recent recession, the Finnish labour market has therefore escaped very lightly.

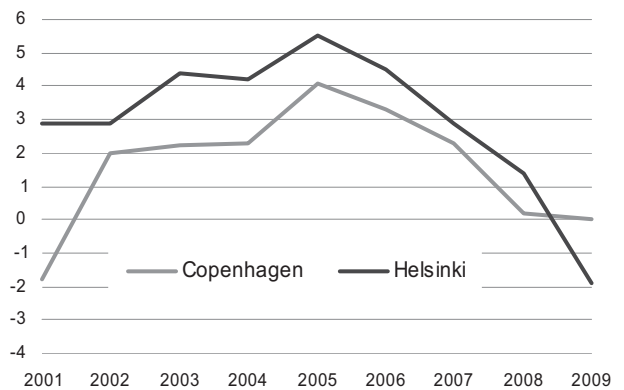
Helsinki: retail rents have increased by 30 per cent since 1999

HELSINKI: : RETAIL RENTS COULD CONTINUE TO FALL IN 2010 (RENT IN % YOY)



Source: Feri, Forecast DZ BANK Research

RETAIL SALES IN % VS. PREVIOUS YEAR



Source: Feri, Forecast DZ BANK Research

However, the growth in retail sales in the last ten years has not been quite as strong as in Stockholm: nevertheless, at 20 per cent, the growth has been just as strong as in Copenhagen and much stronger than in German cities. In 2009, retailers in Helsinki reported declining sales, with a downturn of 1.9 per cent compared to the previous year. On account of the continuing macroeconomic weakness in Finland, we also expect retail sales to only stagnate this year. We do not expect the rule in force since November 2009 permitting retail businesses to open on Sunday without any restrictions to have any positive impact as yet in the short term.

Helsinki: retail sales declined in 2009 and are likely to only stagnate in 2010

The supply of retail space has however grown slightly more strongly in the last ten years than in the Danish city, and per capita sales space of 1.9 sqm in Helsinki is also therefore slightly higher than in Copenhagen (see graph in Stockholm section). Given the further decline in economic output at the beginning of the year and the continuing growth in available retail space this year, we expect retail rents in Helsinki to decline by another 2 per cent and to stagnate next year.

Helsinki: retail rents could fall by 2 per cent in 2010

Imprint

Published by: DG HYP – Deutsche Genossenschafts-Hypothekenbank AG,
Rosenstrasse 2, 20095 Hamburg

Management

Board: Dr. Georg Reutter (Spokesman of the Management Board), Manfred Salber

Authors:

Responsible: Klaus Holschuh, Head of Research and Volkswirtschaft

Dr. Hans Jäckel, Head of Volkswirtschaft and Content Management

Author: Dr. Christine Schäfer, CREA, Senior Economist

All DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main 2010

Reprinting and reproduction requires the approval of DG HYP

Disclaimer

This document has been published by DG HYP – Deutsche Genossenschafts-Hypothekenbank AG, Hamburg.

This document has been prepared by DZ BANK AG Deutsche Zentral-Genossenschaftsbank („DZ BANK“) and is intended for distribution within the Federal Republic of Germany. This document is not intended for persons having their domicile and/or registered office and/or branches outside Germany, particularly

in the United States of America, Canada, the United Kingdom or Japan. This brochure may only be distributed outside Germany in compliance with the laws and regulations applicable in the relevant country. Anyone gaining possession of this information or material must inform themselves of the applicable laws and regulations and observe said laws and regulations.

Nothing contained herein constitutes a public offer to buy securities or financial instruments.

This document constitutes an independent assessment of the relevant issuer and/or securities by DZ BANK. All assessments, expressions of opinion and statements contained herein are those of the writer and are not necessarily shared by the issuer or third parties. DZ BANK has obtained the information on which this document is based from sources that are considered reliable, but has not, however, verified all of these documents. Accordingly, no representation or warranty as to the accuracy or completeness of the information or expressions of opinion contained herein is made by DZ BANK. DZ BANK shall not be liable for losses caused by the distribution and/or use of this document or any losses in connection with the distribution and/or use of this document.

Investors are urged not to base their investment decision regarding securities or other financial instruments on this document, but rather on personal discussions with an adviser and the relevant sales prospectus or information memorandum.

Depending on the specific investment objectives, investment horizon, and financial situation, any such recommendations may not be suitable, in whole or in part, for individual investors. As trading recommendations are largely based on short-term market conditions, they may also conflict with other recommendations made by DZ BANK.

The recommendations and expressions of opinion contained herein are as at the date of this document. They may become obsolete as a result of future developments, without this document being amended accordingly.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht
(German Federal Financial Supervisory Authority),
Lurgallee 12, 60439 Frankfurt am Main, Germany

DG HYP Offices

Deutsche Genossenschafts-Hypothekenbank AG

20095 Hamburg, Germany
Rosenstrasse 2
PO Box 10 14 46
20009 Hamburg
Phone +49 40 33 34-0
Fax +49 40 33 34-11 11
Internet: www.dghyp.de

Real Estate Centres for commercial investors

DG HYP Berlin Real Estate Centre
Pariser Platz 3
10117 Berlin
Phone +49 30 3 19 93-51 01
Fax +49 30 3 19 93-50 36

DG HYP Hamburg Real Estate Centre
Rosenstrasse 2
20095 Hamburg
Phone +49 40 33 34-37 78
Fax +49 40 33 34-11 02

DG HYP Düsseldorf Real Estate Centre
Ludwig-Erhard-Allee 9
40227 Düsseldorf
Phone +49 2 11 22 04 99-10
Fax +49 2 11 22 04 99-40

DG HYP Munich Real Estate Centre
Türkenstrasse 16
80333 Munich
Phone +49 89 51 26 76-0
Fax +49 89 51 26 76-30

DG HYP Frankfurt Real Estate Centre
CITY HAUS I, Platz der Republik 6
60325 Frankfurt am Main
Phone +49 69 75 06 76-21
Fax +49 69 75 06 76-99

DG HYP Stuttgart Real Estate Centre
Heilbronner Strasse 41
70191 Stuttgart
Phone +49 7 11 12 09 38-0
Fax +49 7 11 12 09 38-30

Representative offices

DG HYP London Representative Office
10 Aldersgate Street
London EC1A 4HJ
United Kingdom
Phone +44 20 77 76 76-13
Fax +44 20 77 76 76-19

DG HYP New York Representative Office
609 Fifth Avenue, 6th Floor
New York NY 10017
USA
Phone +1 212 796 43-00
Fax +1 212 796 43-13

DG HYP Paris Representative Office
c/o SERVCORP
21 Boulevard Haussmann
75009 Paris
France
Phone +33 1 80 95 68 53
Fax +49 40 33 34 782 47 26

DG HYP Warsaw Representative Office
Deutsche Genossenschafts-Hypothekenbank
Aktiengesellschaft spółka akcyjna
przedstawicielstwo w Polsce
Pl. Pilsudskiego 3
00-078 Warsaw
Poland
Phone +48 22 32 63 201
Fax +49 40 33 34 782 47 25

Country desk

Nordic Countries Desk
Rosenstrasse 2
20095 Hamburg
Phone +49 40 33 34-26 21
Fax +49 40 33 34 782 26 21

DG HYP
Deutsche Genossenschafts-Hypothekenbank AG
Rosenstrasse 2 | 20095 Hamburg | Germany
Phone: +49 40 33 34-0 | Fax: +49 40 33 34-11 11
www.dghyp.de