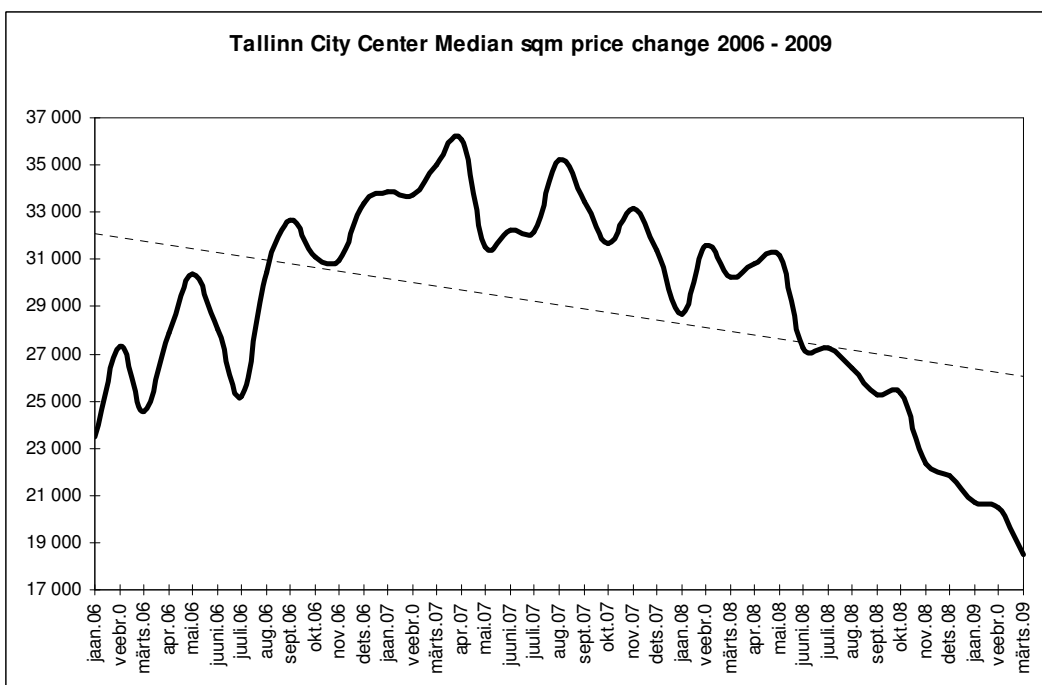


Market commentary - Tallinn city centre, April 2009

Similar to the rest of real estate market the prices in Tallinn city centre have been declining since 2007 summer.

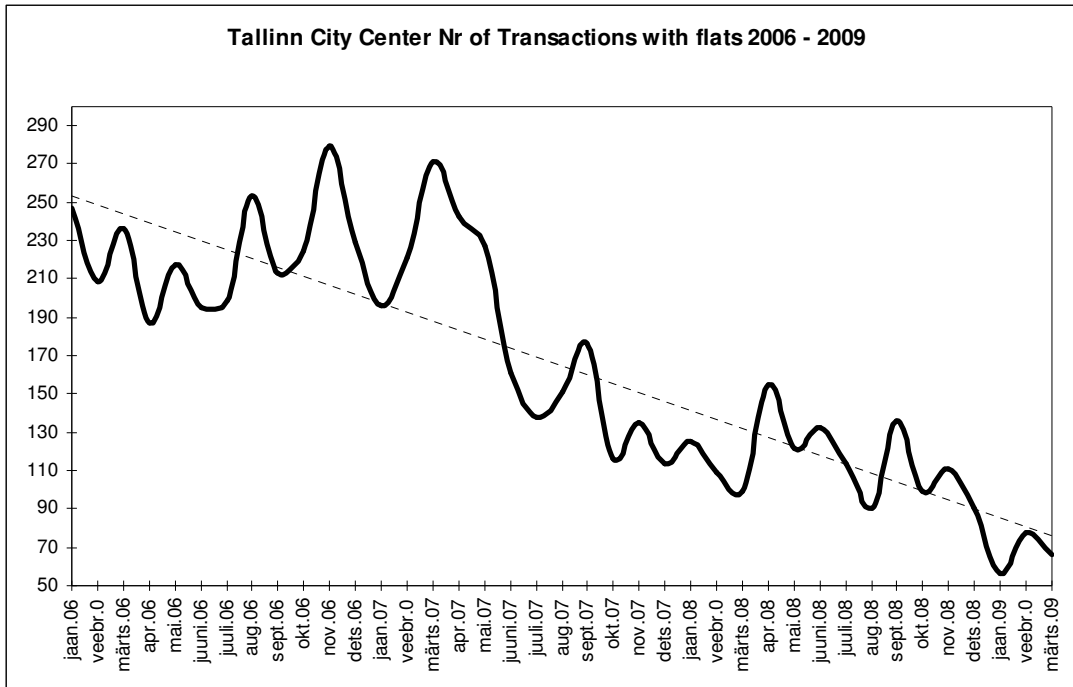
By today the prices have reduced up to 50% depending on the location and apartment. Comparing to the top of the market the amount of offers has increased many times and many properties have unpredictable sales periods. During booming years there were more than 250 transactions in a month, now less than 80 and there is still 20 – 30 % difference between offer prices and real transactions.

Although many offers have square meter prices more than 40 000 kr/m² (2560 EUR/m²), there have only been couple of transactions at this price point, mostly with properties situated in Old Town or in high-rise buildings with valued panoramic views.



Most of transactions have been made in 15 000 – 20 000 EEK/m² (960 – 1280 EUR/m²) price range. Apartments needing renovating can be found already at price level since 8 000 EEK/m² (510 EUR/m²). Apartments in good order start from 15 000 EEK/m² (960 EUR/m²) in most cases.

In new buildings, that have been completed during recent years and in thoroughly renovated buildings the real transactions are made in price range of 20 000 – 25 000 EEK/m² (1280 – 1600 EUR/m²). The highest price is in down town, up to 35 000 EEK/m² (2240 EUR/m²).



During booming years some developments made transactions with new apartments at price level 40 000 – 55 000 EEK/m² (2560 – 3515 EUR/m²). Now on secondary market the transactions with these apartments are made at price level 20 000 – 30 000 EEK/m² (1280 – 1920 EUR/m²). In city centre the amount of new apartment offers is considerably larger than in suburbs.

Forecast

As predicted, in first quarter of the current year the amount of transactions kept decreasing and the price reduction continued. Most probably the liquidity on real estate market keeps decreasing and due to current economic situation there is continuous pressure for lowering prices.

In near future we expect slight upturn in the market due to seasonal reasons. Also in the general amount of transactions the percentage of forced enclosures will rise.