



# Opportunity knocks!

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Marcus Evans, 18-19 Sept 2006, Prague



# Opportunity knocks!

- But where exactly?
- When?
- How to respond?
- With whom?



# Content

1. The ACTEEUM Group
2. CE market history
3. Maturing market: Prague
4. Emerging market: Kyiv
5. 'Emerging market': Istanbul
6. Lessons for developers and investors



# 1. The ACTEEUM Group

- Privately owned development group
- Established May 2006
- Working in C/SE Europe and Turkey
- Team of 15 persons (from TK, ECE, Multi, Ahold, Carrefour)
- Developing 20 shopping centers for MEL



## 1b. The ACTEEUM Group Strategy and focus

- Identify sites in emerging markets for three different products:
  - Dominant regional shopping centers
  - Neighborhood centers
  - Retail parks



## 1c. The ACTEEUM Group Strategy and focus

- Assess catchment area
- Investigate (potential) competition, both market based and suicidal
- Either buy land or team up with owner
- Early cooperation with anchor tenants
- Long term post-completion involvement



## 2. CE Market History

- Today's issues in countries like Czech Republic, Poland, Hungary, Slovakia, Slovenia, The Baltic:
- Tight 'sellers' market
- High rents situation of 2000-2003 resulted in questionable sustainability of cash flow
- 2000-2006 yield compression from 12% to 6% provided relief



## 3. Maturing market: Prague

- The example of Prague:
  - First development in early nineties
  - Big boxes, simple malls
  - Late nineties: sophisticated malls
  - Early 2000: filling in the blank spots
  - Yield compression, investors' rush, first casualties



Letnany

Cerny Most

Sestka

Novy Smichov

prague

Vinorady

Flora

Carrefour Eden

Stodulky

Zlicin

Optima Butovice

Chodov

Pruhonice

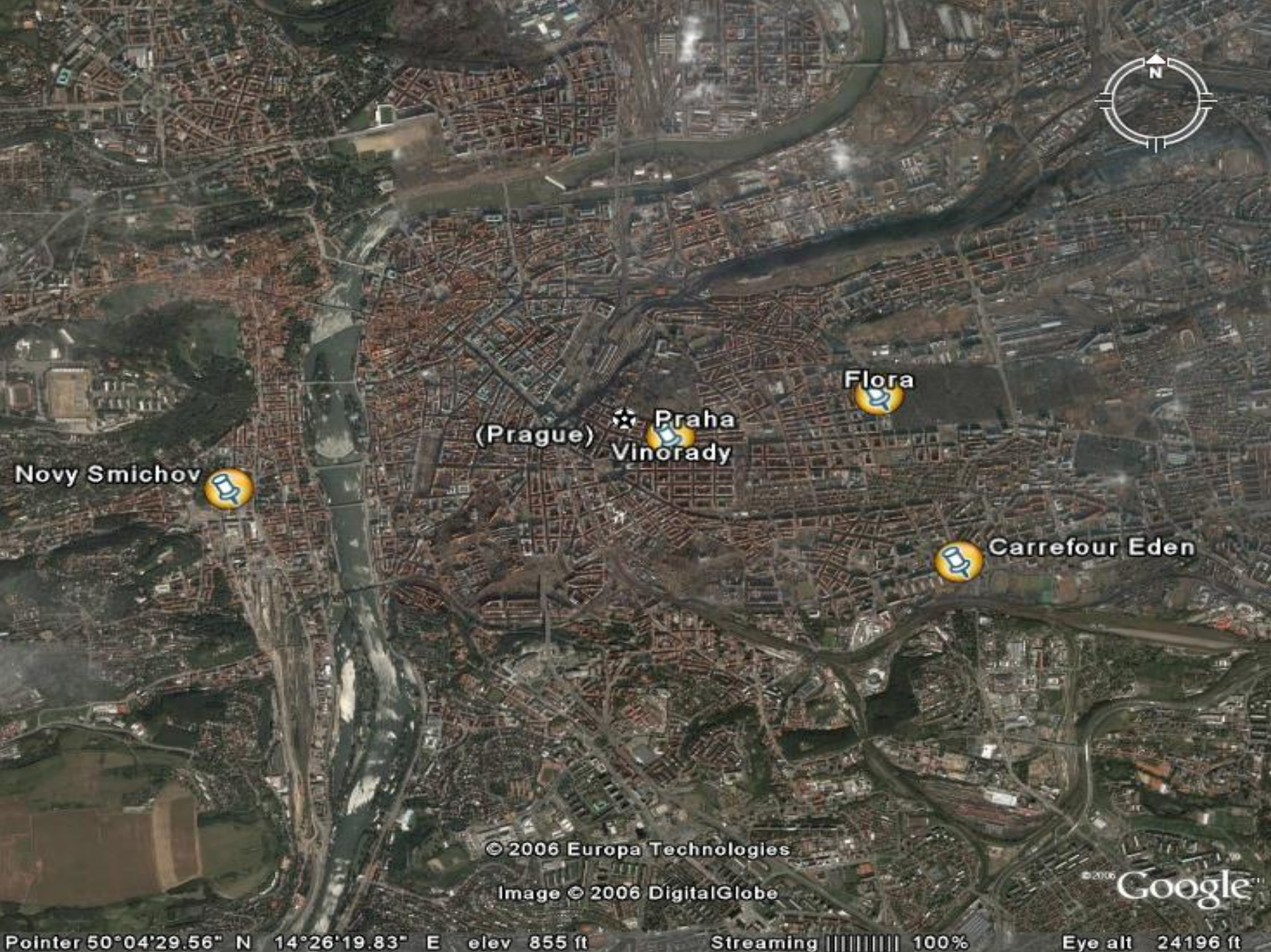
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Novy Smichov



(Prague)

Praha  
Vinorady



Flora



Carrefour Eden



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Letnany



Cerny Most

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Chodov



Pruhonice



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## 3b. Prague Lessons

- Forget about location, location, location
- Instead be:
  - fast
  - big
  - different
  - preferably all three



## 4. Emerging market: Kyiv

- No serious shopping center today
- Stand alone hypers, bazars, small centers
- No international retailers
- Sites incredibly expensive
- Future excess capacity prepared today

## 5. 'Emerging Market': Istanbul

- The example of Istanbul:
  - Strong local retailers
  - First mixed use developments early nineties
  - Construction companies as developers
  - 2001 financial crisis stopped everything
  - 2004 entrance of international developers
  - Fight for the sites, incredibly expensive
  - Yield compression, investors' rush, first casualties



Karacaköy



Istanbul

Arnavutköy

Çatalca

Sarıyer

Beykoz

Istanbul

Uskudar

Çekmece

Esenyurt

Istanbul

Mahmutbey

Fatih

Umraniye

Küçükçekmece

Üsküdar

Samandıra

Zeytinburnu

Bakırköy

Kadıköy

Kartal

Büyükada

Pendik

Gebze

Darica

Körfe

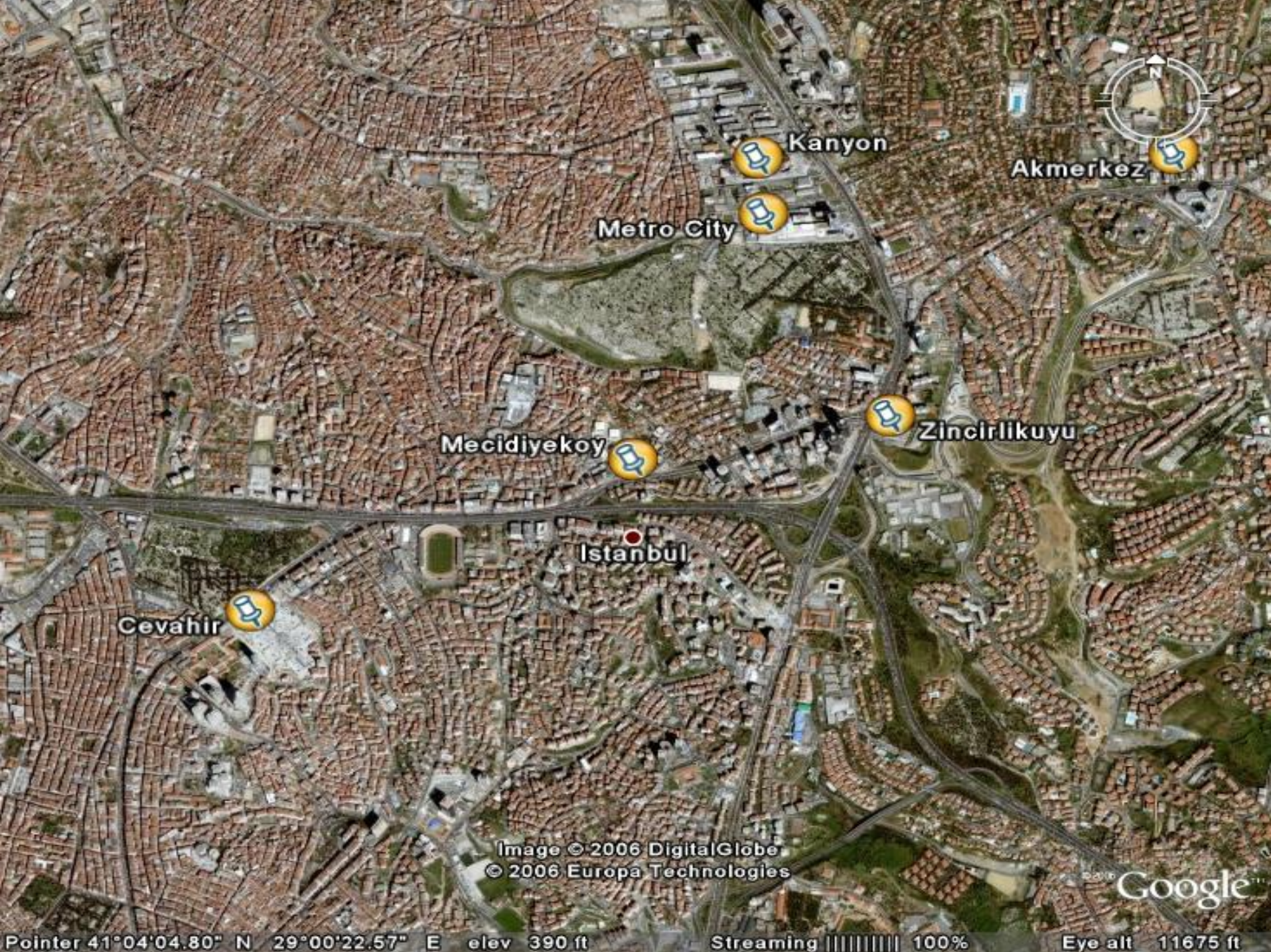
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Kanyon

Akmerkez

Metro City

Mecidiyekoy

Zincirlikuyu

Istanbul

Cevahir

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## 5b. Istanbul lessons

- Shopping center development is a profession!
- Yield compression can go faster than CE
- Casualties will be just as big or bigger
- Be fast, big or different



## 6. Overall lessons

- Opportunities are not limited to so-called 'emerging markets'.
- Product identity is crucial:
  - What is your edge in today's' market
  - And in the future's market
- Tribute to old fashioned market research
- We can help you