

ERA EUROPE

Market Survey



2008-2009

Compiled by Europe's Leading Pan-European Residential Network

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Note: Each country master operation is independently owned and operated and uses a combination of resources to compile their reports, including local statistical data, internal market information and their own expert observations.

Summary

About this report

This Market Survey is an overview of selected markets where ERA Real Estate is present in Europe, and sets forth figures for the year 2008. Forecasts and trends for 2009 are also included.

During the past year turmoil in the residential real estate industry has shaken customer confidence in many regions. It is our intention in this report to offer an inside look of the realities individual country markets are facing, what is being done to address the issues, and to give some historical perspective on both a country and European level.

The information in this report is compiled by ERA Europe and collected from the European Master Franchise operators who use local industry resources to assess data and then offer their unique perspectives and analysis resulting from being in touch daily with buyers and sellers of real estate.

ERA Europe has the ability to seize the most recent market information, analyze customer sentiments, cultivate up-to-date perspectives on industry trends and to compare and report on residential real estate brokerage activity across Europe.

The quality and availability of reliable of statistical data varies greatly from country to country as some governmental sources and real estate sources track the industry in great detail and others not at all. Estimates are made where precise statistical data is not available. Prior figures may be adjusted from time to time when access to more current

or updated data is made available by the statistical sources.

ERA Europe is a leading pan-European residential real estate network. Founded in 1993 with the opening of ERA France, operations have since expanded to 18 European markets with over 1,200 offices and approximately 6,000 brokers and agents. The ERA Network in Europe is highly esteemed in the industry due to its superior customer service, highly innovative marketing systems, unique cross-border referral system in multilingual formats, and customer friendly IT systems including its real estate web portal: www.eraeurope.com. It is often referred to as one of 'the most trusted brands in real estate'.

ERA Franchise Systems, Inc. is a global leader in the

residential real estate industry with more than 35 years experience in developing consumer-oriented products and services. The ERA network includes more than 38,000 brokers and sales associates and nearly 3,000 offices throughout the United States and 51 countries and territories. Each office is independently owned and operated except offices owned and operated by NRT Incorporated. ERA Franchise Systems, Inc. is a subsidiary of Realogy Corporation the world



One of ERA France's very first founding brokers in 1993.

leader in residential real estate franchising with more than 15,000 offices and 315,000 sales agents globally. ERA information is available to consumers at www.ERA.com.

The ERA Europe Management team includes, (Pictured below, top Left to Right) François Gagnon - President, Kathy Auclair - Master Franchise Development and Market Research Director, Paul van den Putten - Development Director, and H el ene Gagnon - Chief Financial Officer.



ERA Europe Management is fully dedicated to market transparency and aiding our customers in being informed, as thoroughly as possible, when considering the sale or purchase of a home. We hope this report offers some perspective and awareness of market tendencies both locally and Europe-wide.

ERA Europe Master Franchise contact information is noted within the report. We encourage you to contact our local country ERA real estate experts to learn more.

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Interesting facts about Europe

Europe can be defined either geographically or politically. The political Europe we know is comprised of both the European Union and 47 members of the Council of Europe.

These countries are geographically divided into Western Europe, Central Europe and Eastern Europe.

The European Union consists of 27 member countries. Of the current EU members the first to join were in 1957 more than 50 years ago, and include Belgium, France, Italy, Germany, Luxembourg, and the Netherlands.

The most recent members to join the EU were Bulgaria and Romania in 2007. Currently there are three candidate countries seeking membership: Croatia, Macedonia and Turkey.

Other countries in line to become candidates to the EU include Albania, Bosnia and Herzegovina, Kosovo, Montenegro, and Serbia.

The 27 members of the EU represent about 31% of the world's economic output or about 12,5 billion in GDP. There are 31 languages spoken within these 27 EU countries.

Population of the EU is 500 million accounting for 7,5% of the world's population.

The largest populated country being Germany which accounts for 17% of the EU's total population. The country with the highest population growth is Ireland at +18%. The smallest country or state is the Vatican City, with 1000 residents.

Average homeownership rate is 71% with about 2,5 persons on average living in each household.

The real estate industry in the EU, including construction, rental activity and business services (excluding financial) represents about 20,5% of the EU's economy.

Source: Euro Stat



ERA Austria *Country Fact Sheet*

AUSTRIA	2002	2003	2004	2005	2006	2007	2008
Population	8,180,000	8,180,000	8,175,000	8,266,000	8,332,920	8,336,866	8,281,295
Capital City	Vienna	Vienna	Vienna	Vienna	Vienna	Vienna	Vienna
GDP per Capita	€ 26,000	€ 26,100	€ 27,000	€ 29,000	€ 31,100	€ 32,570	€ 33,830
Unemployment	4.80%	7.00%	7.10%	7.30%	5.70%	6.20%	5.80%
Land Area	82,858	82,858	82,858	83,871	83,871	83,871	83,871
Population in Urban Areas	67% (2001)	67% (2001)	67% (2001)	65%	65%	63%	64%
Households	3,291,000	3,278,000	3,431,000	3,470,000	3,508,000	3,508,000	3,566,000
Avg. Persons Per Household	2.47	2.42	2.36	2.34	2.3	2.33	2.31
Homeownership Ratio	58%	58%	58%	61%	64%	65%	68%
N° of Residential Transactions	50,000 (est.)	50 000 (est.)	85,722	91,000	95,000	95,500	90,000
Avg. Home Price/Capital City	€ 220,000	€ 226,000	€ 226,000	€ 231,000	€ 242,000	€ 245,000	€249,000
Avg. Home Price/Nationally	€ 150,000	€ 153,000	€ 160,000	€ 167,000	€ 165,000	€ 168,500	€170,000
Mortgage Rates	4.5% to 5% 20 yr. fixed rate loan	4.7%	4.7%	3.5%	4.5%	5.0%	3.5%
Number of Brokers	2 100 (active)	2,300	2,300	2,500	2,600	3,800	3,800
Total N° of Broker Offices	1,400	1500	1,500	2,000	2,000	1,900	1,850
Average N° of Brokers / Agency	1.5	1.5	1.5	1.5	1.5	2	2
Broker Commission Average	4.00%	4.00%	4.00%	4.00%	4.20%	4.40%	4.50%
Transfer (Sales) Taxes	4.50%	4.50%	4.50%	5.00%	4.50%	4.50%	4.50%
Broker Market Share (est.)	25%	25%	27%	28%	30%	35%	35%
Buyer or Seller Market	Buyer	Buyer	Buyer	Buyer	Buyer	Buyers	Buyer
Average Days on Market	120	100	100	120	110	105	100
Average M2 of home sold	125	130	130	130	130	128	130
Average M2 of apartment sold	75	80	80	80	80	78	80



Austria Market Review



Austria is a country with a total population of approximately 8.3 million inhabitants and in the last ten years, 30% of inhabitants moved at least once. There are about 3.556.000 households in Austria. The most dominant form of living is in single family homes followed by rental flats. Contrary to homeownership trends in the rest of Europe, in Austria there is, besides buying a home, still a significant trend towards renting single family homes.

Prices

Housing prices in 2008 were rather stable in spite of the international economic crisis. The capital city of Vienna showed a +1,22% increase over 2007; nationally prices increased by a modest +0,5%. However, there were increases of around +6,5% observed in attractive areas like the City of Salzburg. Second hand flats, which remained generally stable in 2007, continued to show stability in 2008, with a slight increase of +0,5% during

the year. In 2008, the average price per M2 for newly built houses in Vienna reached €2.700 / M2.

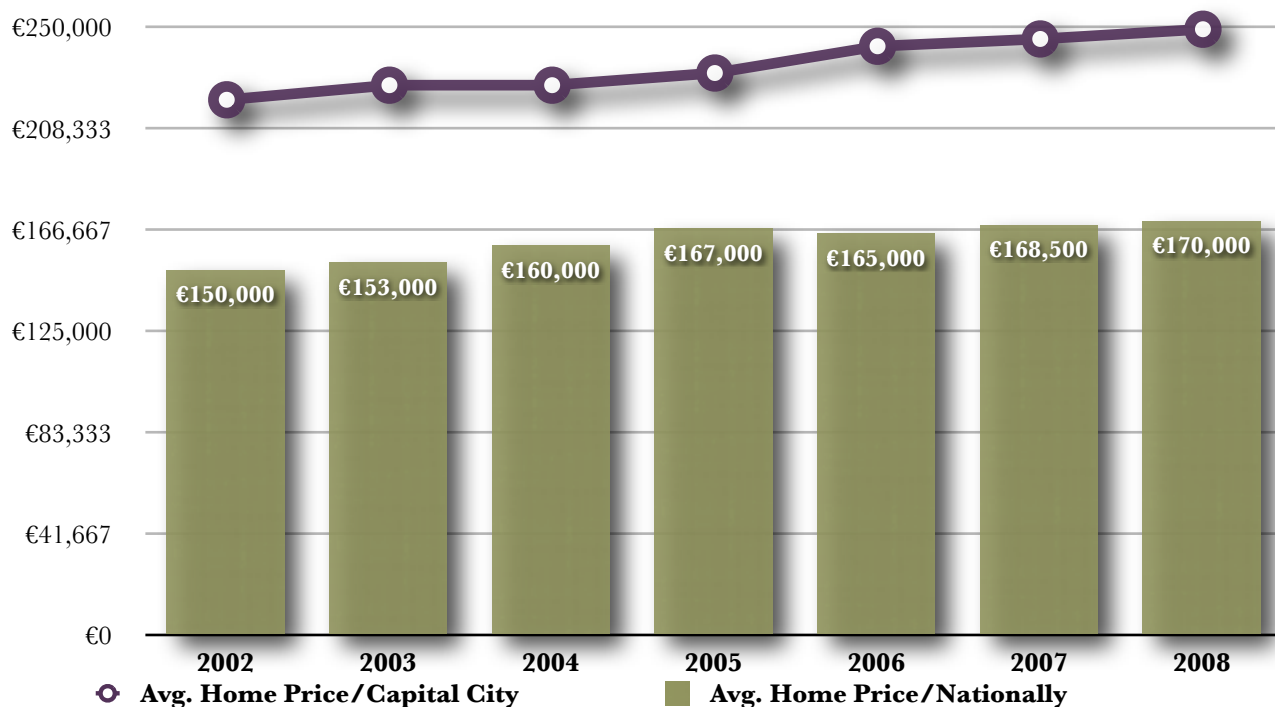
Real Estate Transactions

In Austria there are no official statistics for the total number of residential transactions, however, it is estimated to be in the range of 90.000 per year. The market share for real estate brokers is estimated at only 37% on average. This percentage is higher in urban areas and lower in rural areas.

There was a slight increase of broker market share in 2008 after the introduction of the so-called “Energie-Ausweis”, an energy efficiency certification given to properties. This increase in share is also due to the increasing number of franchise systems within the country. These companies have introduced more professional methods to the marketplace and promoted transparency in the system, all of which have contributed

Austria Market Review

Home Price Averages



to improving the broker reputation in Austria. Buyers and sellers are beginning to perceive the value of purchasing and/or selling properties using a broker, as opposed to taking on the challenge themselves.

Real Estate Agency

We estimate about 1.850 operating real estate offices in Austria. The typical Austrian real estate office consists of an average of 2 agents. However, many offices operate with only 1 agent. There are a number of networks providing real estate services in the market. ERA Austria currently has 30 offices throughout Austria.

After years of increasing home prices 2008 was a period of stabilization, recording a modest 0.8% increase in home prices. Interest rates for home loans are at an all-time low right now. The average listing period for a flat in Austria was about 100 days in 2008. However, a house could have been on the market for up to over 3 months depending on its price and location.

The law allows a broker to charge up to 6% commission shared: 3 % for the buyer and 3% for the seller. In reality, the average commission is about 4,5% as many brokers

charge a reduced seller commission or none at all. Most of the time, the complete 3% buyer commission is applied. About a third of all brokers in Austria work with exclusive listings, however, brokers working only with exclusive listings are rare. Only brokers affiliated with networks do so.

Mortgages

Current mortgage rates are between 3 and 3,5 % for term of 20 years. This represents a decrease of 2% compared to 2007 mortgage rates.

Austrian people also tend to arrange foreign currency loans. For these loans, mortgage rates are usually less than for Euro currency loans. About 90% of these loans are requested in Swiss Francs. In volume this equals about €45 billion invested in Swiss foreign currency loan. Because of the economic crisis, a lot of foreign currency loans were cancelled towards the end of 2008 but the most of them were reinstated in 2009.

Transactions

A pre-contractual agreement is signed prior to closing the sales contract. In Austria no down payment is required.



Austria Market Review

The average time from pre-contract to closing is 2 to 3 weeks. The additional costs incurred by the buyer after closing equal approximately 10% of the purchase price. These costs include the buyer commission of about 3% (plus 20% VAT), notary and legal fees and property transfer taxes.

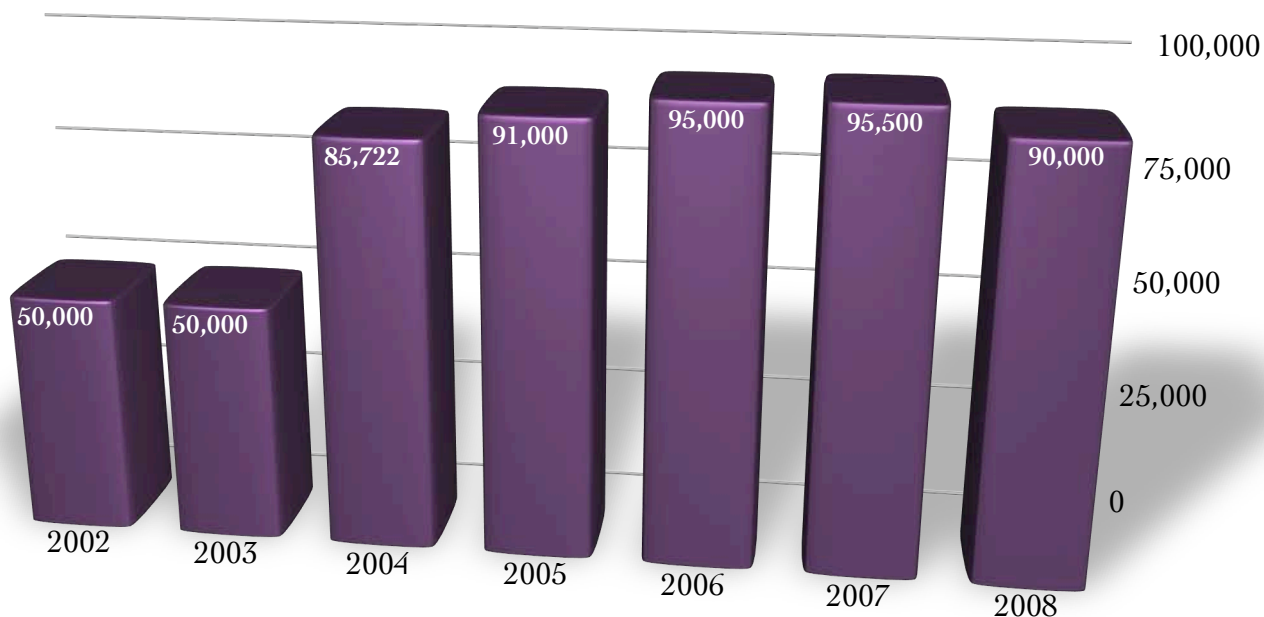
Unlike in neighbouring Germany, the pre-contract is considered binding to both parties upon signing. Penalties are incurred in the event the final agreement is not executed. These can include payment of full broker commission by the parties not honouring the pre-contractual agreement.

In Austria, the full purchase price is generally declared in the sales contract. When a buyer purchases without a broker, his costs are reduced by 3%, which would normally be the amount paid in broker commission. However, the likelihood that a more costly mistake is made increases dramatically in transactions that do not involve a broker. The costs involved in paying an unreasonably high price for a property or not being properly informed of restrictions on the property can exceed the bypassed 3% commission. In addition, the buyer must then take upon him- or herself to arrange



various details that are important for a smooth transaction such as completing the pre-contract and final sales contract, making financing arrangements and coordinating with the notary. Making the transaction more difficult for the independent buyer is the fact that Austria has a highly complex legal system in the areas of rental property law, partial ownership law, and construction and usage laws. Without detailed knowledge

Residential Transactions



Austria *Market Review*



in these areas, the danger of not being able to use a property as intended is great.

Outlook 2009

Demand for homes is still expected to rise. This is being fuelled by the trend for more living space per person, the increase in the number of single households and the high divorce rate. Also the trend to place money in investment property (Rendite) is intensifying and Austrians are in a favorable position to buy at the moment.

These trends are expected to result in increasing housing prices in the next few years. An additional factor particular to the Austrian market is the recent European Union expansion to Eastern Europe. With Austria bordering several of these countries and having historically close ties, it is expected that there will be a substantial increase in migration to Austria. This will probably increase demand for inexpensive properties and could well cause price increases in this segment of the market.

Already 9% of homes are owned by non-Austrians; the

second highest rate in the EU (just behind Germany). This influx will increase demand for properties and could cause prices to jump even further.

The increasing desire and ability of Austrians to acquire quality properties has resulted in rising demand for renovated/modernised apartments and houses. This trend is expected to continue and the demand for such properties is expected to increase even further. This has spurred on modernising of old rental apartments buildings which are then converted to ownership property. These renovations are supported by local and state authorities via tax incentives as it maintains the historical city centers.

Notable Market Observations

- Nationally prices increased by a modest +0,5%
- Vienna prices increased by +1,22%
- The maximum price jump of +6,0% was noted in the city of Salzburg.



Austria Market Review

- Total number of residential real estate transactions closed, remain flat.

Trends 2009

- Broker market share is expected to increase in the year to come as an effect of improved confidence levels from buyers and sellers.
- Mortgage interest rates are at an all-time low mid-year 2009.
- Buying is made easier due to high levels of liquidity in the market; this coupled with resistance to investing in stocks and other dubious financial-products after the disaster on the international banking-scene, makes investment in real-estate more attractive then ever.



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ERA Belgium *Country Fact Sheet*

BELGIUM	2002	2003	2004	2005	2006	2007	2008
Population	10,289,088	10,372,000	10,396,421	10,445,852	10,511,382	10,585,534	10,667,000
Capital City	Brussels	Brussels	Brussels	Brussels	Brussels	Brussels	Brussels
GDP per Capita	€ 25,600	€ 25,500	€ 26,100	€ 26,900	€ 28,000	€ 29,400	€ 28,800
Unemployment	7.20%	8.50%	8.50%	8.50%	8.30%	8.00%	7.00%
Land Area	30,510	30,510	30,510	30,510	30,510	30,510	30,510
Population in Urban Areas	97%	97%	97%	97%	97%	97%	97%
Households	4,278,000	4,321,667	4,408,713	4,439,652	4 439 652*	4,523,391	4,617,749
Avg. Persons Per Household	2.44	2.40	2.36	2.35	2.35	2.34	2.31
Homeownership Ratio	74%	75%	78%	78%	78%	78%	78%
N° of Residential Transactions	115,583	118,940	118,921	115,030	115,902	121,127	119,923
Avg. Home Price/Capital City	€116,003	€131,340	€147,876	€193,007	€214,285	€230,023	€235,866
Avg. Home Price/Nationally	€108,713	€117,088	€129,418	€152,278	€169,804	€184,493	€192,423
Mortgage Rates	5.50%	5.10%	4.40%	4.17%	4.75%	5.70%	5.82%
Number of Brokers	7,000	7,000	8,824	8,380	8,607	9,000	9,000
Total N° of Broker Offices	1,500	1800	2,500	2,600	2,800	2,900	2,900
Average N° of Brokers / Agency	2 to 3	2 to 3	2 to 3	2 to 3	2 to 3	2 to 3	2 to 3
Broker Commission Average	3.0%	3.0%	3.0%	3.0%	3.0%	3.00%	3.00%
Transfer (Sales) Taxes	10%	10%	10%	10%	10%	10%	10%
Broker Market Share (est.)	40%	45%	50%	50%	55%	55%	55%
Buyer or Seller Market	Sellers	Seller	Seller	Seller	Seller	Seller conv to	Buyer
Average Days on Market	90	90	100	110	85	90	97
Average M2 of home sold	175	175	175	175	175	175	175
Average M2 of apartment sold	85	85	85	85	85	85	85



Belgium *Market Review*



Belgium housing market among strongest in Europe

Unlike most markets in Europe the Belgium housing market has remained stable. The total number of homes sold, when compared to the previous year's record, has not changed significantly in 2008. Average prices were up by 4%.

The Belgium housing market recovered remarkably fast from the shock brought on by the financial crisis. After an initial stagnation of the market in November 2008, caused mainly by the move of financial institutions to freeze mortgage applications, the number of transactions was back at its usual trend by March 2009.

Homeownership

At 78% the homeownership ratio in Belgium is amongst the highest in Europe. This percentage is likely to come down slightly as mortgage terms have become more stringent and first time owners are forced to rent.

Prices

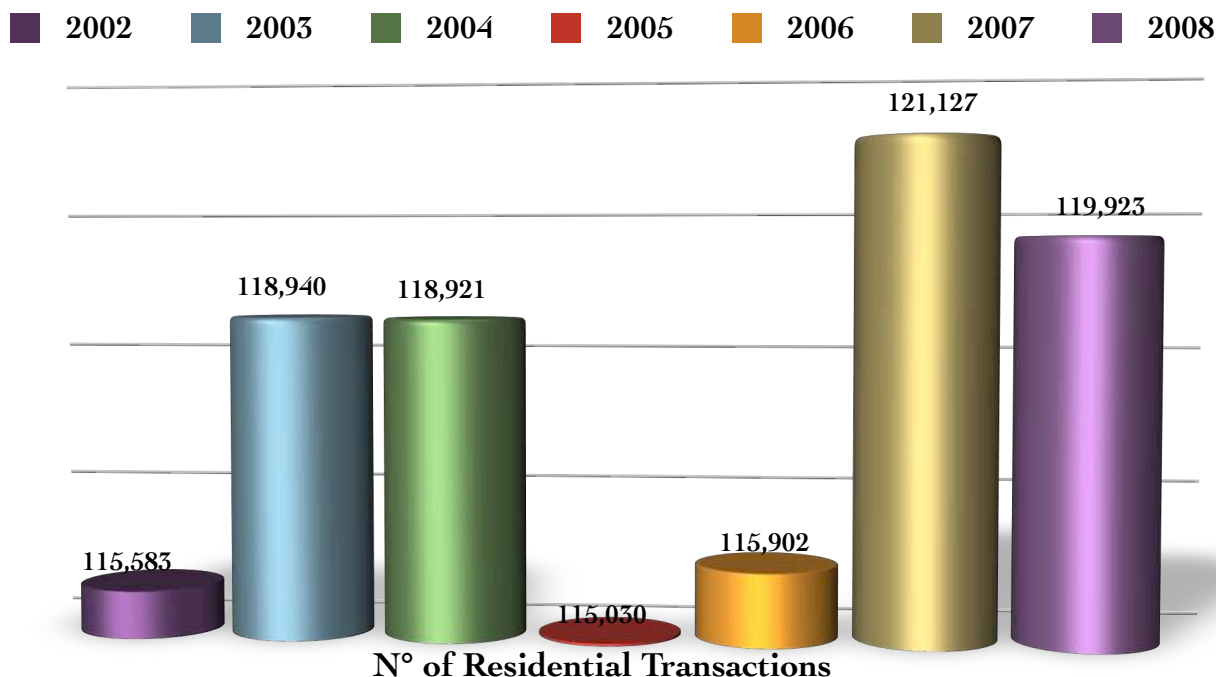
According to the Belgian Ministry of Economics (FOD Economy), who is responsible for registering all the real estate transactions in the country, the average price of a home sold in Belgium was up by 4,3% from 2007 to an average of € 192.423 in 2008. The capital Brussels outperformed the rest of the country for some years but in 2008, Brussels showed a lower price increase of only 2,5%. The average sales price went up from €230.000 in 2007 to just over € 235.000 a year later.

Apartments showed the biggest price increase in the Walloon area: up 6,2%, versus an average price increase of just 4,2%. At € 138.000 the average price of an apartment in the southern part is still substantially lower than the national average of €174.000.

Real Estate Transactions

The total number of homes sold was down by just 1.204 units: from a record 121.127 units in 2007 to 119.923 in

Belgium *Market Review*



2008. This is a drop of less than 1%. Apartment sales were up by 3% while house sales were down by a comparable percentage. Unit sales in the northern part of the country, Flanders, were up by 1%. However, these experienced a slight decrease in the southern Walloon part of the country and the in the capital, Brussels.

Second Home Market

The second home market is very much concentrated on the coastal region, popular with both the natives and foreigners from Holland, Germany and even France. As expected, this market suffered most from the global financial crisis. After some years with almost no supply on the market it now has a broad choice of housing available. It is probably the only area in which prices have come down, in some cases as much as 25%.

Real Estate Agencies

Real Estate agencies benefit from the present market conditions. The total sales volume might have decreased slightly but the need for the seller to work with a professional is now much greater than in a “sellers market”. As a result the market share of the Real Estate

agencies will probably have gone up by 5 -10% from approximately 55% in 2008 to 60% or higher in the first few months of 2009.

ERA Belgium, with a very solid reputation and relentless marketing activity has outperformed the market and as a result, has experienced a larger than average market share increase.

ERA estate agents consistently get a very high service rating. The very successful national “Open House Day” where sellers can view homes without prior appointment has proven to be an outright success with over 20% of participating homes sold.

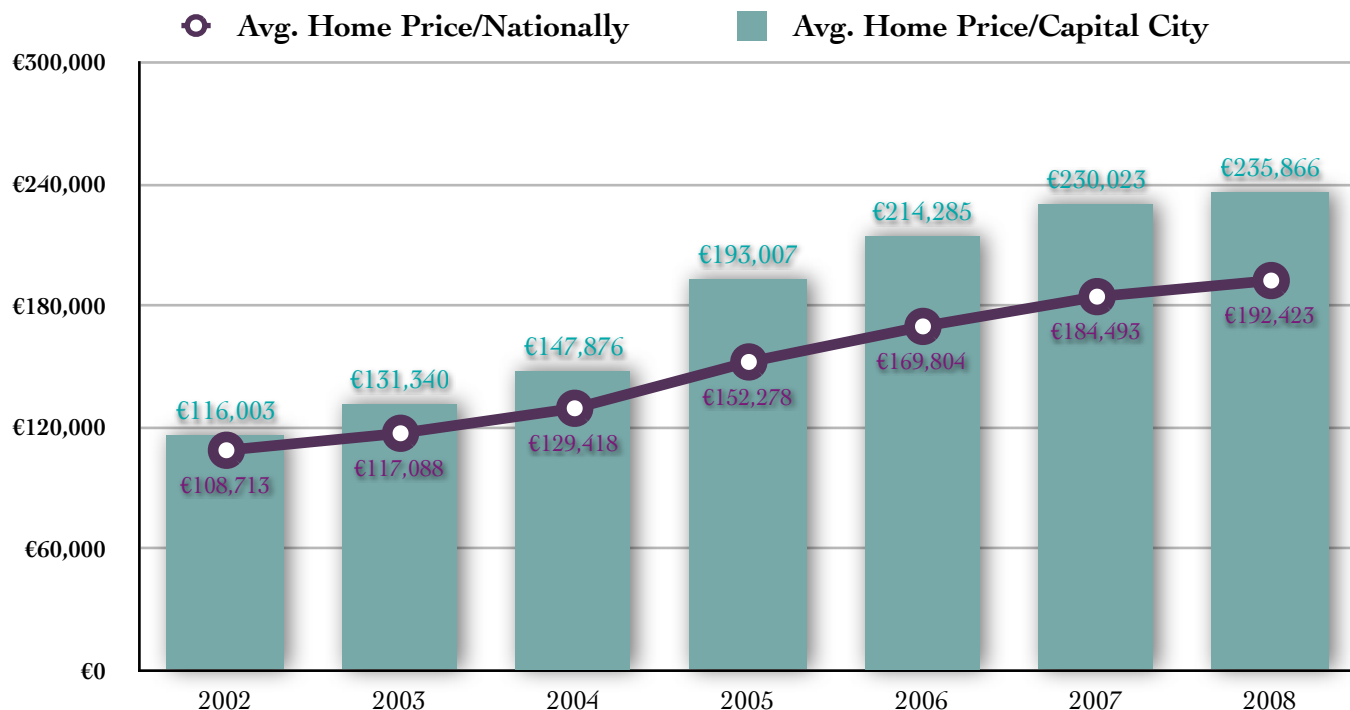
Considering the market conditions ERA Belgium showed a healthy expansion of the network in 2008. Due to their success more and more ERA agencies are opening 2nd or 3rd branch offices.

Mortgages

Prior to the start of the economic downturn interest rates were at 6,3% in Belgium, the highest level in some years.



Belgium Market Review



These quickly came down to below 4% and are now just under 5%.

Transacting the Sale

Belgium is one of the most expensive countries to purchase a home. Sales tax plus brokerage commissions alone can surpass 14% in fees. In Belgium the average buying fee adds up to about 14% of the price, composed of a 10% registration fee (tax), 2,5% in public notary fees, and a 1.5% mortgage fee (if applicable). The down payment at the signing of the pre-sales contract is 10% and the remainder is paid at closing when the “authentic contract” is signed at the notary public, no longer than 4 months after the pre-sale. This is the moment where the new owner takes possession.

Outlook/Trends

2009 saw a slow start due to a lack of confidence in the market, tighter regulations on financing by banks and a general belief that home prices would be tumbling down, as they did in some other markets. By March buyers realised that it was as good a time as ever to buy. The interest rates were low, banks were again willing to

finance buyers, there was a decent supply of properties and there was no likelihood of major price adjustments in sight.

At the same time, sellers realised that they had to price their properties more competitively if they wanted to sell. As a result asking prices came down about 10 - 15%. Properties priced correctly are sold quickly. The average time a property takes to sell has gone up by about two weeks from 90 days in 2008 to approximately 110 days in the first half of 2009.

By June 2009, the ERA network in Belgium had sold more homes in the first 6 months of the year than it did in the same period of 2008. By July, the overall sales volume of the ERA network in Belgium was up by 6% compared to the same period the previous year.

Is the Belgian housing market totally unaffected by the worldwide crisis?

No it is not. Homes of up to about €250.000 sell quickly and their prices have even increased slightly. Homes ranging between €250.000 to approximately 1 million

Belgium *Market Review*



euro take a little longer to sell. Buyers have a bigger selection to choose from and are more critical, but will still buy. The 1 million plus market has shown a significant slowdown.

What makes the Belgian market so different?

- 1) Belgians move less than most other Europeans; only once every 33 years. Their occasional move is mainly a result of a family/private life induced event and is not usually a financial or job relocation induced move. Belgians are known to have “been born with bricks in their stomachs”. They buy, and often enough build, a home at a young age and will live there with pride for most of their married life. Most often this home is near family and childhood friends.
Belgians, unlike many other Europeans, do not move as result of a pay increase or a new job.

They prefer to commute long distances to a new job and reside in their familiar surroundings. Belgium has the advantage of being a small country; a job is always within driving distance.

- 2) Belgian banks have a conservative mortgage policy.
- 3) Belgium has one of the highest percentages of civil servants with a very high level of job security. One out of every three employees is employed by the (semi)government.
Brussels, being the EU capital, has a very high number of well paid civil servants from all over Europe.
- 4) Because of their love for real estate private investors tend to own rental property. When the stock market came down and confidence in the fixed rate investment products was lacking, Belgians started buying properties for rent. These



Belgium *Market Review*

rental properties make a very attractive investment as interest rates are low. In addition to that, demand is likely to increase as first time buyers will have a challenge to buy if they do not have cash available, due to the fact that banks are no longer willing to finance in excess of 100%. Lastly, with imminent inflation rental income will most probably go up.

- 5) Belgium is one of the very few countries where salaries are indexed. In January 2009, all wages were up by 4,5%, based on inflation in 2008. Giving automatic increased spending power.



What may sellers and buyers of homes expect in the (near) future?

In mid August the Federal Public Service Economy (FOD Economy) published the sales numbers for the fourth quarter of 2008 and first quarter of 2009. Overall transactions were down 15,71%, reaching 101.000 on an annual basis. Prices were down 2,18% to an average of €188.229. However, one should take into consideration that this was at the peak of the financial crisis.

In a more recent press-release the notaries (who record every sale) announced that their records showed an increase of over 15% in June and July transactions. It is therefore likely that the Belgian housing market is already recovering from the crisis.

If the unemployment rate does not increase and interest rates remain low it is reasonable to assume that home sales will remain at the same level they are at now: approximately 10.000 transactions per month.

Prices of homes are likely to remain unchanged in the near future.

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ERA Bulgaria *Country Fact Sheet*

BULGARIA	2005	2006	2007	2008
Population	7,718,750	7,679,290	7,640,240	7,385,367
Capital City	Sofia	Sofia	Sofia	Sofia
GDP per Capita	€ 7,800	€ 8,600	€ 9,300	€ 10,100
Unemployment	10.6 %	9.80%	7.75%	6.39%
Land Area	110,099	110,099	110,099	110,099
Population in Urban Areas	70%	71%	71%	70%
Households	3,715,890	3,716,970	3,730,263	3,730,263
Avg. Persons Per Household	2.08	2.06	2.04	2.06
Homeownership Ratio	91%	94%	94%	94%
N° of Residential Transactions	239,235	311,581	325,385	309,788
Avg. Home Price/Capital City	€72,000	€78,000	€84,694	€96,200
Avg. Home Price/Nationally	€42,900	€44,100	€45,694	€39,500
Mortgage Rates	9.8%	8.5%	8.40%	10.90%
Number of Brokers	9,000	9,000	9,035	Pending
Total N° of Broker Offices	3,600	3,600	1,681	1,309
Average N° of Brokers / Agency	2.5	2.5	5.4	Pending
Broker Commission Average	3.0%	3.00%	3.00%	3.00%
Transfer (Sales) Taxes	3.0%	3.0%	3.00%	3.00%
Broker Market Share (est.)	38%	38%	37%	39%
Buyer or Seller Market	Seller	Seller	Seller	Buyer
Average Days on Market	90	60	45	90 to 180
Average M2 of home sold	130	130	130	130
Average M2 of apartment sold	68	68	62	60



Bulgaria *Market Review*



Bulgaria has a unique geographical position, situated in the remote southeastern corner of Europe: the Balkan Peninsula. Its territory is relatively small – only 111.000 M2, with a population of about 7,4 million inhabitants. The country preserves the traditions of the ‘First Bulgarian Empire’ (632/681 – 1018), which at times covered most of the Balkans and spread its alphabet, literature and culture among the Slavic and other people of eastern Europe. Bulgaria is a beautiful mountainous country, with tourism opportunities being one of its biggest assets. The country possesses stunning landscapes and beaches and is becoming a real resort paradise. The Black Sea coast on its eastern border is famous for its fine sand beaches and perfect water and air temperatures.

Sitting on an elevated plateau at the foot of Mount Vitoshka, Bulgaria’s capital – Sofia – is the highest lying capital in Europe. Sofia has a population of around 1,2 million and has, for centuries, been the centre of trans-

European routes as it sits midway between the Black Sea and the Adriatic.

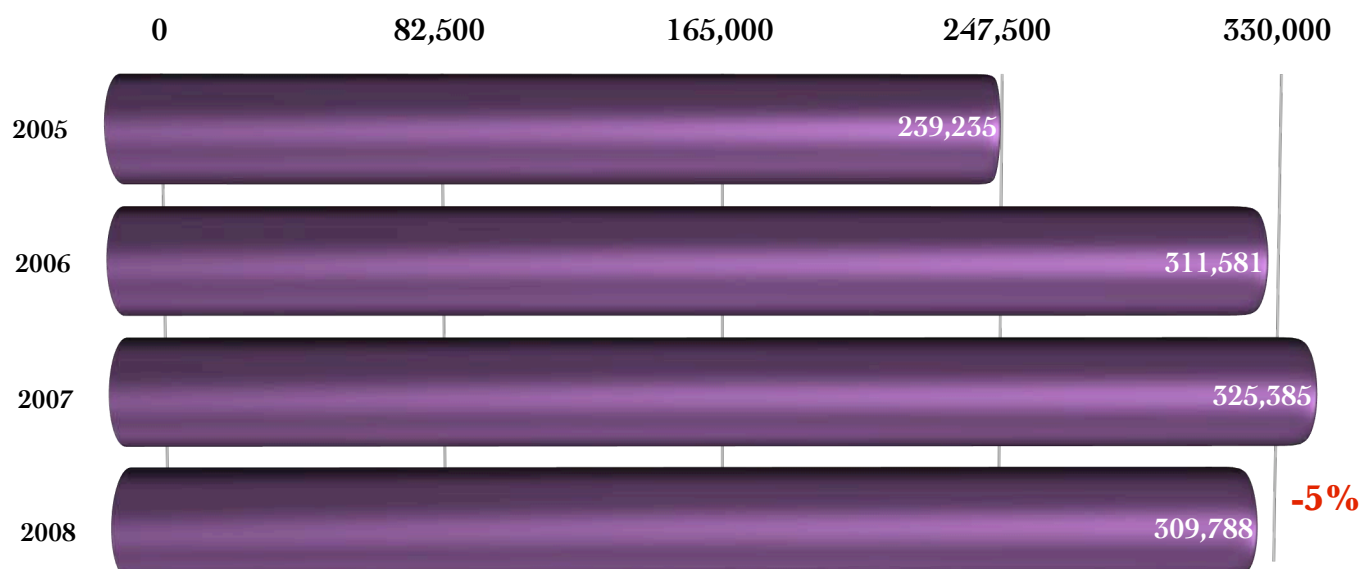
Bulgaria has a temperate climate with cool and damp winters, very hot and dry summers, and a continuing Mediterranean influence along the Black Sea coast.

Homeownership

Bulgarians have a 94% homeownership ratio; one of the highest in the world. The rapid residential market growth over the last years, the dynamic construction activity and the constantly intensifying competition among residential developers (thus providing greater choice for consumers), and the large number of Bulgarians working abroad are all contributors to this increasing rate in homeownership. While homeownership is considered a key indicator of social status in the EU, in Bulgaria it is not necessarily a sign of financial prosperity. Approximately 13% of the Bulgarians own more than one property and 5% have a country house as well.

Bulgaria *Market Review*

Residential Transactions



Real Estate Transactions

In the fourth quarter of 2008 the Bulgarian real estate market showed first signs of slowing. The number of real estate transactions in 2008 declined by 5% on a national level to 309.788 according to data provided by the National Statistical Institute of Bulgaria (NSI). The number of closed transactions in 2007 was 325.385. The slowdown in the Bulgarian real estate market continued in the first stretch of 2009. In the first trimester, the number of closed transactions was 35.433 with the number for the same period last year being 56.483. This indicates that transactions have fallen by 37% compared to the same period of the year before. In fact, this number might have been even lower, if not because of the fact that some of these transactions were completed only because people who already paid a 30 to 50% deposit towards flats in new developments decided to add the rest of the money to the sum, rather than lose the deposit.

Foreign Investment Market

In 2007, the net amount of direct foreign investments in the country reached a record of € 5,2 billion. Of this amount, 60% was invested in tourism and real estate. In the second trimester of 2008, most investments were

made in the construction industry. However, investments in the real estate industry have decreased since then as many foreign investors have withdrawn from the market due to the global financial crisis. In spite of this, Bulgaria remains a very popular investment destination for Russians with the country being their first choice when buying a property abroad. Bulgaria may attract a third less of the 2008 total volume of foreign investments in 2009 as the global financial crisis makes investors more wary.

Prices

The financial crisis, which was witnessed all over the world, was not expected to affect Bulgaria. Even if it did, projections were that it would not be to as great extent as witnessed in some western European countries. This is why almost no disturbances were noticed in the Bulgarian property market in the first nine months of 2008. However, the last three months of the year turned out to be critical for the real estate market and the Bulgarian economy. The crisis brought serious negative impacts on the national property market which almost came to a standstill, mainly due to the delay in the decision-making for buying or selling a property. Buyers and sellers turned into tenants and landlords waiting to



Bulgaria Market Review

see what the new year would bring.

The property prices in 2008 grew by 14% on average compared to 2007. In spite of this up-going trend, there was a noticeable decrease in prices in October. In this month, prices decreased by 15 to 20% compared to the first nine months of 2008. In some parts of Sofia prices decreased by 20 to 35 % compared to the year before. Prices dropped most in the quarters of Mladost (35%), Geo Milev (34%) and Liulin (34%) and the least in the central parts of the capital, where a slight 5 to 10% decrease in property prices was noticed.

The decrease in real estate transactions varied according to the region. Sales in the winter resorts Bansko, Pamporovo and Borovets declined with 30 to 50% compared to the year before; while the decrease in transactions in the Black Sea resorts was about 30%. All this led to a correction in prices and subsequently, an array of very attractive offers in the country's winter and summer resorts. Both of which are perfect long-term

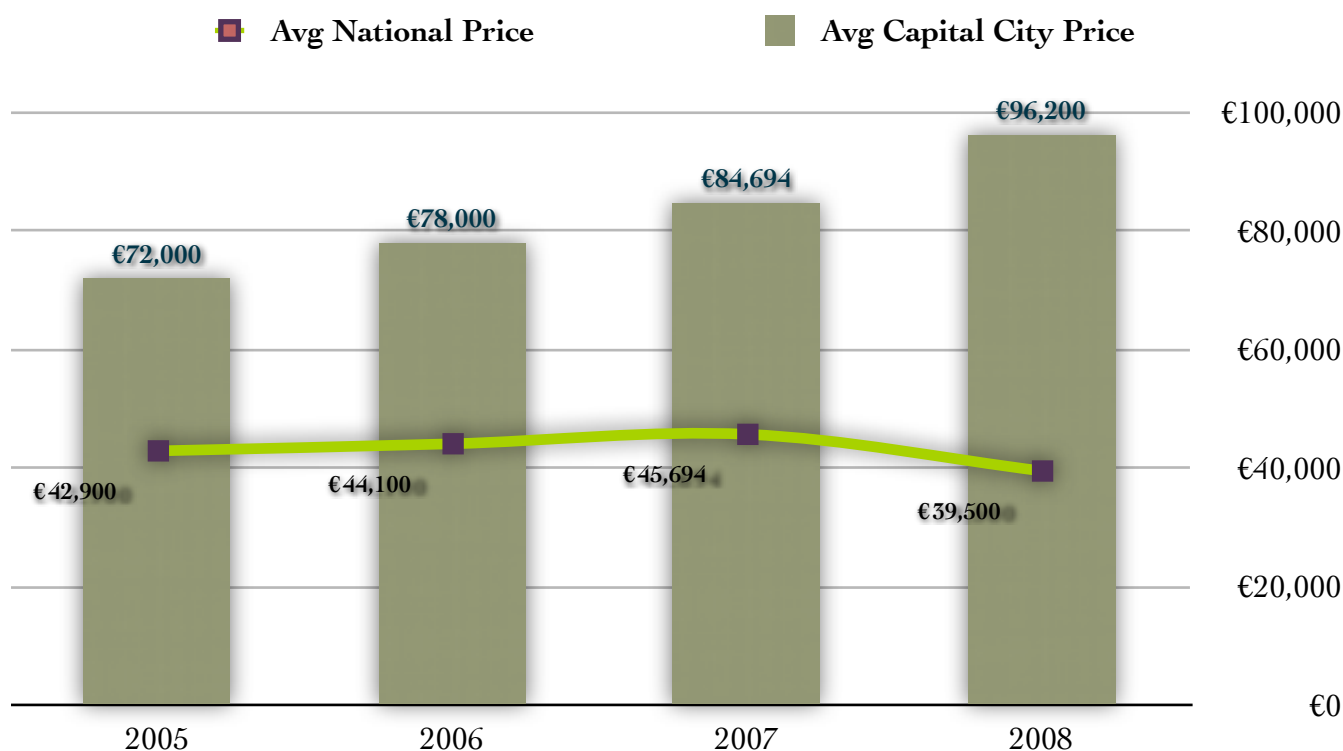
investments.

Real Estate Agency

The dynamic development of the real estate market resulted in a significant increase of the number of real estate companies over the last 5 years. Four international franchise networks now operate in the Bulgarian market, along with three Bulgarian franchising brands which started their activities in 2007.

However, the number of transactions performed with a mediator did not surpass 40% because a majority of the deals closed involved off-plan properties. Most real estate transactions that take place without the mediation of a real estate company are fulfilled by developers. These developing companies are the biggest competitors of real estate companies in Bulgaria.

The slowing real estate market has driven many of the real estate agencies in Bulgaria to halt operations over the last 6 months. Some agencies are closed permanently,



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while others are closed only temporarily with the intention of re-opening once the market starts to recover from the crisis.

In cooperation with the global ERA network, ERA Bulgaria is developing entirely new and modern managing and training programs that will help meet the requirements and needs of its Bulgarian customer base. These services will build trust, customer satisfaction and bring real value added services for buyers and sellers of real estate.

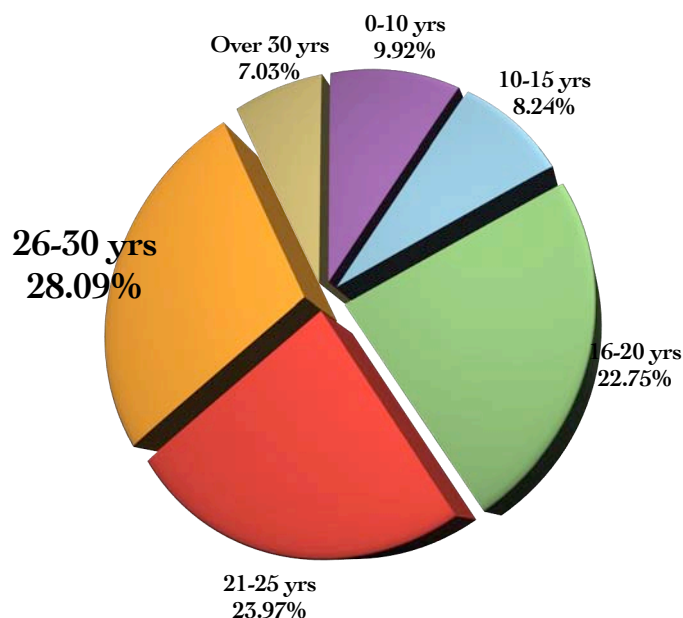
Mortgages

2008 could be identified as one of the most active years when it comes to the mortgage industry. It could also be defined as the year of contrast – from registering record low mortgage rates to dramatic declines in the industry and change of its overall mechanism.

The year started exceptionally well with the average mortgage granted for a property in Sofia being €61.545. On a national level, the average property loan was €46.800. The increase in property prices then led to an increase in loan volume for the purchase of a property. Because of the good start of the year, the market also witnessed an increase in the average mortgage term to 30+ years. At the same time a lot of people were applying for short term mortgages of around 10 years; in particular those clients covering 60% of the price for the property themselves.

The mortgage industry in Bulgaria shrunk significantly since October 2008, a trend which continued throughout the first months of 2009. Only 18 million Bulgarian Lev (BGN) was invested in the mortgage market in January and February 2009, compared to BGN 355 million for the same period in 2008.

Loans Granted in 2008



% Granted Loans per Term Category 2007 vs. 2008

Term	2007	2008
Up to 10 years	3,6%	9,92%
10 to 15 years	16,6%	8,24%
16 to 20 years	24,3%	22,75%
21 to 25 years	43,2%	23,97%
26 to 30 years	12,3%	28,09%
Over 30 years		7,03%

Transacting the Sale

The general rule under Bulgarian law is that transactions involving real estate (e.g. a purchase, an exchange, etc.) should be executed by a notary deed executed before a registered notary in the region where the real estate is located. After execution of the deed the notary is obliged by law to register the transaction in the national Real Estate Registry in order to make the ownership title of the acquirer defensible against third parties. The



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registration of property generally takes 19 days. A preliminary agreement, which defines the basic transaction terms such as price, closing date and methods of payment, should be signed between the parties involved in the transaction. A deposit of 10% is usually necessary at this stage.

A notary deed is not required for the sale of state or municipal property or in privatization transactions where a simple written form is sufficient for a valid title transfer.

Outlook

By the end of the first half of 2009 the market situation in Bulgaria is much clearer. There is no doubt that Bulgaria, just as most European countries, is in an economic decline. No significant changes are expected in the market over the next year. The mortgage loans granted by banks have not completely stopped; however, they have significantly dropped and are now 3 to 5% less than those granted in 2008. The number of real estate transactions has decreased and prices of some properties have experienced drops of up to 60% compared to the price levels of 2008.

The market transformation is in full progress and our prognosis is that this alteration will last through 2010.



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ERA Cyprus *Country Fact Sheet*

CYPRUS	2005	2006	2007	2008
Population	820,000	820,000	867,600	789,300
Capital City	Nicosia	Nicosia	Nicosia	Nicosia
GDP per Capita	€20,400	€21,300	€22,600	€23,800
Unemployment	n/a	5%	3%	2%
Land Area	9,250	9,250	9,250	9,250
Population in Urban Areas	69%	69%	70%	70%
Households	236,921	256,600	263,300	255,000
Avg. Persons Per Household	3.2	3.46	2.94	3.10
Homeownership Ratio	83%	85%	86%	86%
N° of Residential Transactions	17,937	n/a	n/a	14,403
Avg. Home Price/Capital City	€222,620	€234,607	€260,000	€188,000
Avg. Home Price/Nationally	€205,495	€210,000	€235,000	€147,000
Mortgage Rates	4.00%	7.10%	5.95%	from 4.25%
Number of Brokers	500	552	580	464
Total N° of Broker Offices	1500	1556	1650	1320
Average N° of Brokers / Agency	3	3	3	2
Broker Commission Average	na	2.50%	2.50%	5%
Transfer (Sales) Taxes	na	2.50%	6.50%	6.50%
Broker Market Share (est.)	na	90%	90%	90%
Buyer or Seller Market	Seller	Seller	Seller	Buyer
Average Days on Market	60	60	60	280
Average M2 of home sold	126	136	149	120
Average M2 of apartment sold	74	82	80	75



Cyprus *Market Review*



Homeownership

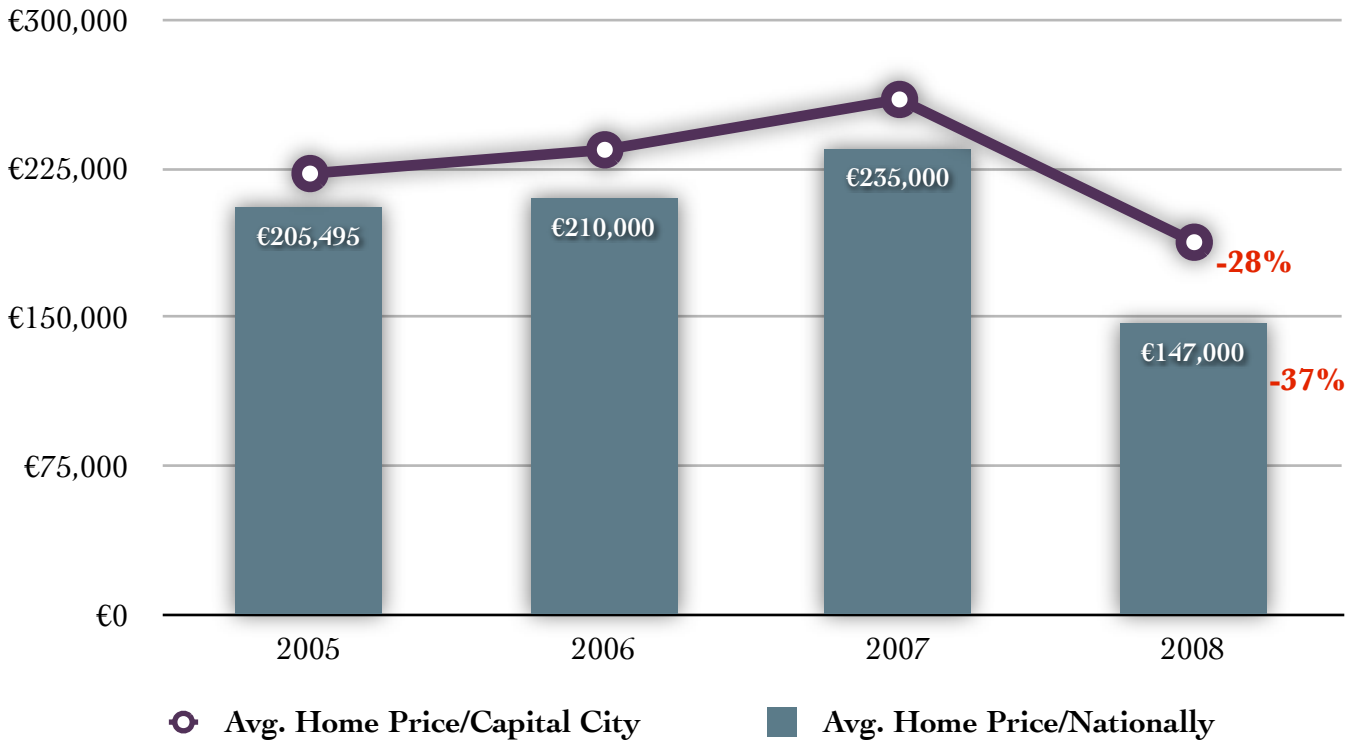
The low population in Cyprus determines that homeownership does not increase greatly year on year from local sources but is impacted by “foreign” owners relocating, retiring or purchasing a holiday home on the Island. The rate of growth in homeownership has slipped owing to international financial conditions causing the purchase of property by foreign buyers to slow dramatically. The last census in Cyprus took place in 2001 making all figures approximations but current Land Registry information demonstrates that sales to foreign nationals fell by 50% in 2008 and the early part of 2009 shows a fall of 72%. The application of VAT to property and land sales has also affected all purchasing but government schemes to allow permanent residents to reclaim a portion of this levy has eased some of the negative reaction to this move. Although mortgage rates in Cyprus can be advantageous, especially for Cypriots,

the banks are now only prepared to lend 60% loan to value of the net property price and this cautious lending policy has once again deterred the foreign investor. Finally, the exchange rate of the Euro, particularly against the Sterling pound, the biggest source of foreign currency revenues in Cyprus, is deterring property sales and the tourist arrivals to the Island, not helped by the increase of 77% on the airport service charges to airlines. The overall impact is very negative and the property industry has haemorrhaged people. Best estimates suggest that the market here will not recover for two years, following in the wake of “sender” countries to the Island, particularly the United Kingdom.

Real Estate Transactions

As described in the first section, real estate transactions have fallen dramatically, particularly in the foreign buyer market with numbers in areas such as Paphos, a

Cyprus Market Review



traditional location for foreign property buyers, falling from 2.400 down to 1.200 for the year. January 2009 saw the Cyprus Land Registry office record only 131 transactions, while new development on the Island has almost come to a halt. As with other real estate agencies, ERA Cyprus Real Estate has fallen back on the resale market as its main business source and transactions in this sector represent 80 - 85% of all transactions. This market also suffers from the title deeds problem in Cyprus where over 120.000 owners do not have a title deed to their property as it has not been transferred to them by the developer. This is now an international known problem that negatively impacts our business.

Prices

Inevitably given the circumstances previously illustrated the property prices in Cyprus have slipped somewhat. There is no government department that publishes official information on this, however, an index is maintained based on transactions that particular

companies have undertaken and a graph covering the previous five years is shown below.



This represents average transaction values and it shows that in addition to falling sales there is a price reduction taking place to get properties off the books of agents.



Cyprus *Market Review*



Real Estate Agency

Real estate in Cyprus works on three levels. First, there is a classification of Licensed Real Estate Agents who hold a government issued licence number. This license can only be held by an individual, not a company. Second, there is a category of professional, often international agencies such as ERA Cyprus Real Estate, who conduct operations in a professional and highly structured manner yet cannot obtain a licence owing to “closed shop” tactics from the association of Cyprus Real Estate Agents. This plus the association’s affinity with the government body issuing the licence makes it almost impossible to get a licence. Finally, there is a category of “one man bands” who unfortunately do not operate professionally and bring the profession into disrepute.

The licensed agents describe everyone who does not hold a licence as illegal in order to maintain a monopoly but their own members behave in a manner which is very unbecoming. However, these agents have one big advantage for the seller. If the seller uses a licensed agent, the fees are allowable against the capital gains tax which the seller might have to pay on profits from the sale of his property. ERA Cyprus Real Estate, on the other hand, cannot offer this benefit regardless of our expertise and professionalism. The licensed agents represent no more than 10% of the market, organisations such as ERA Cyprus Real Estate represent around 70% of the market and 20% is made up of rogue agents. This conflicting level of quality and status make the public very suspicious of the real estate market and cynical of many operators within the business.

Cyprus *Market Review*

Mortgages

In Cyprus, mortgages are offered by the major banks and they do not issue figures for the number of mortgages to enable this question to be answered fully. Mortgages vary from 4,25% for a fixed short term to over 6% depending on the value, status and bank.

The loan to value amount has been reduced over the past eighteen months from a high of 80% of the total sales value down to 60% of the net value of the property after VAT is deducted. The apparent welcome growth of competition in this sector by the establishment of Greek banks in Cyprus is a false situation for two reasons; firstly if the property does not have a title deed (in Cyprus this stands at 120.000 properties) the banks will not offer a mortgage without a bank guarantee from the developer, who in turn charges 1 – 2% for this guarantee and secondly, the banks will only provide mortgage to a development on which they provided the original funding or a waiver needs to be issued at a additional cost to the purchaser. Maximum period for a mortgage is 30 years provided this does not exceed the seventieth birthday of the applicant.

Transacting the Sale

Off plan properties and resale properties, just as in most countries have different payment profiles. Any purchaser from countries outside the European Union is required to

seek permission from the Council of Ministers for permission to own real property in Cyprus. This is usually a formality process, but does involve inspection on suitability.

For off plan purchases, the buyer will reserve the property with a non-refundable deposit of €3.000 (subject to the property price) and at that point a contract of sale is drawn up for signature. Within 60 days, the buyer must provide further funding to the level of 30% of the property's value and when this has taken place the contract of sale is lodged at the land registry for specific performance purposes. Periodic payments are then made on completion on the frame, plastering, tiling and then finally the delivery of the property. Stamp duties and solicitor's fees are indicated in



the fact sheet, as are the final transfer fees, which are paid when the title deed is transferred.

On a resale property, an offer, ideally a written one, is made to the seller and if accepted, a deposit is normally handed over to show good faith and secure the property while contracts are drawn up by solicitors. If the property has a title deed the seller must comply with Cyprus Capital Gains Tax regulations and obtain a tax



Cyprus Market Review

release certificate proving that he has paid any taxes and that the debts to local authorities, services and communal charges are settled. There is also a cancellation contract which must be signed by the original owner and the developer releasing the original owner from the contract of sale, allowing the old contract of sale to be removed from the land registry and the new sales contract to be deposited. In addition to the usual fees described earlier, the developer will also demand a cancellation fee which varies greatly by developer.

Outlook/Trends

At present, the outlook in Cyprus is quite gloomy given the depth of the problems in the market here and it will take at least two years before a significant change takes place. The market prices continue to come under downward pressure and many prospective buyers are making ridiculously low offers for properties hoping to profit at another's expense. Yet, sellers from the UK still maintain a slight advantage because they could sell at a level equal to or lower than their purchase price and still take that money back to the UK and make a profit because of the current Euro exchange rate. In tandem with the depressed market, developers have shed staff from both site and administration posts to decrease costs and these skill sets will be difficult to replace once the market begins to recover.

In the last two weeks, the Cyprus government has driven another nail into the heart of the property industry here by reneging on promises to the European Union to bring forward legislation to deal with the scandal of title deeds. Any new legislation brought forward will only be relevant to new property sales leaving 120.000 property owners to fight their own battle with developers and the courts for title deeds. As a result of this the House of Lords in London, the upper house of parliament, has received motions to ban sales of Cyprus properties in the UK,



close all retail outlets operated by Cyprus developers and prevent companies selling Cyprus properties from attending exhibitions in the UK. UK's actions could have devastating effects on the property market in Cyprus, especially when we consider the recently published figures that show that as much as 70% of new property purchasers in Cyprus last year were from the UK.

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ERA Czech Republic *Country Fact Sheet*

CZECH REPUBLIC	2004	2005	2006	2007	2008
Population	10,206,000	10,234,000	10,251,000	10,403,100	10,467,542
Capital City	Prague	Prague	Prague	Prague	Prague
GDP per Capita	€ 16,300	€ 17,100	€ 18,300	€ 20,000	€ 20,200
Unemployment	7.90%	7.90%	8.40%	6.60%	4.40%
Land Area	78,886	78,886	78,886	78,886	78,886
Population in Urban Areas	75%	75%	75%	70%	75%
Households	4,271,000	4,271,000	4,286,000	4,275,900	4,291,666
Avg. Persons Per Household	2.40	2.40	2.40	2.40	2.40
Homeownership Ratio	64%	64%	69%	70%	79%
N° of Residential Transactions	135,000	135,000	135,000	135,000	135,000
Avg. Home Price/Capital City	€98,000	€106,000	€112,000	€126,000	€138,600
Avg. Home Price/Nationally	€65,000	€65,000	€67,600	€77,000	€84,700
Mortgage Rates	5.20%	5.20%	5.30%	5.40%	5.64%
Number of Brokers	8,750	8,750	8,750	9,500	9,700
Total N° of Broker Offices	3,500	3,500	3,500	3,800	3,900
Average N° of Brokers / Agency	2.5	2.5	2.5	2.5	2.5
Broker Commission Average	5.0%	5.0%	4.5%	4.0%	4.3%
Transfer (Sales) Taxes	3%	3%	3%	3%	3%
Broker Market Share (est.)	50%	50%	50%	50%	55%
Buyer or Seller Market	Seller	Seller	Seller	Seller	Buyer
Average Days on Market	90	110	122	75	95
Average M2 of home sold	124	124	122	120	120
Average M2 of apartment sold	65	65	68	50	55



Czech Republic *Market Review*



Homeownership

In the Czech Republic, about 47% of flats are privately owned, 17% are owned by housing cooperatives and 29% are offered for rental. The remaining 7% is set for social and corporate housing (Czech Republic Regional Development Ministry).

During the past ten years, the Czech Republic has relied greatly on foreign investment. Some experts feel that sources for foreign investment have been exhausted. People with any interest in investing in the Czech Republic have already done so during the last several years while cash was readily available. Foreign investment in 2009 is believed to be led by the Slovaks followed by the Vietnamese, Russians, Ukrainians and the Dutch (Aktualne.cz).

For years, many rented flats in Czech Republic were regulated by the government. Up until now, the

deregulation of rents has been slow. 2009 has seen strong government interest in deregulating the rental market at a quicker pace. This, coupled with the economic crisis has caused many Czechs to move out of their homes. In essence, people are concerned of whether or not they will be able to withstand higher monthly payments for the duration of 2009. This trend is seen mainly in the capital city of Prague, but it is starting to be noticed outside of Prague as well. Approximately 10% of Czechs living in rent-regulated flats are considering moving (Czech Association of Real Estate Offices). It is believed that regulated rents will increase by 33% monthly on average during 2009 and up to 50% in some areas of the Czech Republic.

Today, nearly 750.000 flats in the Czech Republic have governmental regulated rent policies. One benefit of rent deregulation is that the number of illegal rentals, which is

Czech Republic *Market Review*

estimated at 1% of the housing supply, will likely fall (Czech Republic Regional Development Ministry). Many people lament the fact that despite significant government efforts, deregulation is not moving fast enough.



Real Estate Transactions

It is believed that demand for residential property in Czech Republic will fall nearly 50% during 2009 and return back to the level it was at in 2006. This is mainly due to the effects of the global economic crisis (Deloitte).

Construction of residential units has also dropped. During the last quarter of 2008 a total of 9,686 homes were built. The total number of homes built during the last quarter of 2007 was 12,397. This translates to a year-on-year decline of about 20%. These numbers represent a continuing decline as the built units in the last quarter of 2007 had already experienced a 30% year-on-year drop.

A total of 38,383 homes were completed during 2008; 7,8% less than the previous year (Czech Statistical Office). Construction and development companies in Czech Republic have also seen sharp declines in their projects. Czech Republic's new construction orders were 35% lower in 2008 than in 2007 (Jones Lang LaSalle).

In an effort to deal with the decrease in demand developers have taken creative approaches. For example,

the development company Finep has given away Škoda cars alongside purchases of new flats (Hospodarske Noviny). "Czech banks have nearly stopped financing developer projects and investments of private businesses into new real estate projects are very limited. We all in construction experience tough competition and the only way to win is to cut prices" said Jones Lang LaSalle. On top of this, the largest Czech development company, Orco, halted the majority of its projects during 2009 and filed for bankruptcy protection in mid-2009.

The decreased demand for privately held apartments started to be felt significantly in the middle of 2008. People in the age group that most often purchases apartments (ages 26 to 31) were affected strongly by the economic crisis in terms of their amount of available income. In addition to this, banks have tightened their lending standards and have made it more difficult for a person to be approved for a home loan (Central Europe Holding).

Prices

In the 1st quarter of 2009, real estate property prices fell 3% compared to the prices recorded in the 4th quarter of 2008 (Hospodarske Noviny). Prices of existing flats are expected to fall 20% in 2009 while a 15% decline is anticipated for new flats. Communist-era "Panelák building" prices are expected to drop 30% (Deloitte) during the year. The decrease in demand has been the main factor for the falling of home prices. Many buyers believe that prices will continue to drop and are therefore waiting before making a home purchase. Sellers that have the financial ability and are in no particular pressure to sell have been resisting the trend and have opted not to significantly lower their home prices. But not everyone is in that same position. Prices are falling at a greater pace in poorer areas of the country and in the lower quality homes category (Central Europe Holding).

One of the problems with waiting on the sidelines for the bottom prices to hit is that these are difficult to predict, just as it was difficult for people to predict where the



Czech Republic *Market Review*

market prices reached the maximum. People who wait to make a purchase until prices reach the lowest point typically end up missing it by at least 15 - 20%. When thinking over a purchase, potential buyers should also consider the length of time that they expect to keep the new home they will purchase. Often, people will keep the property for a period longer than 10 years, which greatly minimizes long-term risks in property value fluctuations. There are also certain benefits that exist in buying and selling homes near bottom prices: it is true that a seller is selling at a discount, but at the same time these sellers are buying at a discount. This cancels out the fact that the market is at a low point. The same holds true in a positive market because a person who sells at the top also buys at the top.

Real Estate Agency

With fewer sales taking place because of the decreased demand in housing, real estate agencies in the Czech Republic are finding themselves in an intense competition. It is believed that real estate companies throughout the Czech Republic have experienced declines in demand of between 20% and 30% on average during the first half of 2009 (The Prague Post). It is believed that a majority of real estate companies will go out of business in 2009 and 2010 because of this. Only the best companies will survive. According to Central Europe Holding "The current problems might also be perceived as beneficial to the market as some lower-quality companies might be forced out of the market".

The decrease has also affected developers and the way they view real estate agents. Before the economic crisis when demand for properties was high, developers were selling their homes without the help of real estate agents. Now that the demand for property has fallen, developers have started realizing that they are unable to sell their units without the help of local real estate agencies (Prague Daily Monitor).

A good quality and well-trained real estate broker is in high demand today. Many people are finding themselves

in tight financial situations forcing them to sell their home quickly. As a consequence, many sellers are looking for high quality real estate agents that can sell their home fast and for the most amount of money. Among many things, it is important for real estate agents to help sellers price their homes properly in order to increase the chances of a successful and timely sale. In past years, when the real estate market was booming, there was less concern over the proper pricing of a home that is put on the market. If a home was priced too high it did not necessarily mean that it would not sell. Now, pricing a home correctly is more important than ever and to help determine the true value of their home, buyers are turning to qualified real estate professionals. Sellers are even willing to pay a higher commission to an agent that will provide the services necessary for a successful sale.

Professionalism amongst real estate professionals has been seen as a problem in Czech Republic for years. This, for the most part is due to the fact that almost anyone can sell real estate in the Czech Republic: no formal education or licensing is required.

Mortgages

Many feel as though 80% of the Czech recession is imported from around the rest of the world, as the downward trend began with a deterioration of international trade. Unfortunately no one knows exactly when trade will resume to previous levels. Many believe that the best way to fight the recession is for banks to open up lending activities to encourage renewed growth in the general economy (The Prague Post).

Consumer confidence largely impacts the financial system as a whole and as of January 2009, significant declines in consumer confidence levels regarding the Czech banking sector were apparent. Confidence levels in the domestic economy reached a 10 year low at that time, down 3,2 points from December 2008 and 11,8 points from November 2008. Year-on-year confidence levels in the economy dropped 30,8 points compared to January 2008 (Czech Statistical Office). In October 2008 the Finance

Czech Republic *Market Review*



Ministry raised the guarantees on bank deposits to €50,000 in an effort to increase the public's confidence in their banks (The Prague Post).

At the end of May 2009 the number of mortgage loans extended to the real estate sector in the Czech Republic was the lowest it has been since 2006. By the end of March 2009 17,7 billion CZK in mortgages were granted in 2009, compared to 25,8 billion CZK granted on a year-on-year comparison (January through March 2008): a reduction of approximately 30%. In 2008 there were 114 billion CZK of total mortgage loans granted and in 2007 this amount totaled 142 billion CZK. This represents a decrease of approximately 20% in approved mortgages (Regional Development Ministry).

The negative trend in mortgages was first noticed in early 2008 when the banks started to review their lending practices and steps were taken to limit their financial products. Banks also adopted higher restrictions on who to grant loans to and enforced stricter guidelines in assessing their clients' abilities to pay back loans (Profiz.cz). Another reason for a decline in mortgages is the fact that many buyers are waiting for further interest rate cuts and further declines in real estate property

prices. Lastly, people's concern regarding the uncertainty related to future housing price appreciation and their ability to repay mortgage loans is yet an additional weight contributing to the decline in these types of loans.

Transactions

Transaction costs in the Czech Republic vary depending on the value of the property, but a good rule of thumb is to add 8% to the purchase price for anticipated expenses. These expenses usually include commissions, taxes, and closing fees. Property transfer taxes are 3% and notary fees are usually 1%. Typical broker commissions are between 4% and 5% (czechpont101.com).

The 3% transfer tax is payable by the seller while the purchaser is a guarantor of the tax payment. Tax is paid on either the purchasing price or the appraised value, whichever is higher. In the Czech Republic, appraised values can differ greatly from the purchasing price (doingbusiness.org). This is important to keep in mind as mortgage loan-to-value calculations are determined based on appraised values.

There are two contracts that are always required in a real estate transaction. The first is a purchase contract and the second is a petition to the cadastral registry, which officially records the transfer to the buyer. In the Czech Republic, there is a Cadastral Registry where all the properties are recorded. Before depositing a large sum of money to purchase a property, it is important to check with the Cadastre to verify the true owner of the property (expats.cz). If a mortgage is used to buy the



Czech Republic *Market Review*

property, a contract for future purchase is signed by both parties (before the actual purchase agreement) to secure the loan. The seller and buyer may also sign a contract to appoint an attorney or for a notarized deposit of money, which states the conditions for transferring the deposit to the seller. If mortgage is used, there will most likely be a contract for collateral. This contract, which is also signed by the seller, provides the bank with some guarantee that the loan will be repaid (expats.cz).

Outlook/Trends

In February of 2009 the government bodies and financial institutions of Czech Republic came to the conclusion that the country was sinking into recession. It was a decline in growth that many analysts say began in the fourth quarter of 2008. During the second half of 2008 industrial output, unemployment, and consumer confidence all worsened (The Prague Post). In November 2008 the Czech National Bank predicted GDP growth of 2,9% for 2009 with a worst-case forecast of 0,5%. As of February the prediction was adjusted to a negative growth of 0,3% (Czech National Bank).

The openness of markets and the strong dependence on foreign markets highly contributed to the Czech economic slowdown. Komerční Banka expects the economy to decrease 1,6% in 2009 while Raiffeisenbank forecasts a 1,2% decrease in the year. Many believe that improvement to the current economic situation in the Czech Republic lies in the ability of fiscal and banking entities to introduce policies encouraging investment and reducing restrictions as to increase the number of mortgages granted. Unfortunately, any policies implemented during 2009 will be unlikely to provide an immediate cure to the current situation. It will take some time for the results to be apparent. "No matter the measures, there is little the state can do in the short term to prevent the unfolding economic situation as there is always a delay of at least six months to a year; we are fighting for 2010 not 2009" according to Raiffeisenbank.

Given the ongoing problems of the domestic economy and the reluctance of banks to grant mortgages, much of the responsibility and fate of the real estate recovery lies in the hands of banks and fiscal governmental policies (profit.cz). The general sentiment is that the economic situation will continue to worsen during 2009 and continue to weigh on the local real estate market. Many are looking towards 2010 for a true recovery in the Czech real estate market and are counting on the leadership of the government and policy leaders to guide the real estate market to recovery, health, and prosperity.



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ERA France *Country Fact Sheet*

FRANCE	2002	2003	2004	2005	2006	2007	2008
Population	60,180,529	60,180,529	60,180,529	62,703,587	63,392,140	63,392,140	64,303,000
Capital City	Paris	Paris	Paris	Paris	Paris	Paris	Paris
GDP per Capita	€ 23,700	€ 23,200	€ 23,800	€ 24,900	€ 25,800	€ 27,100	€ 26,900
Unemployment	9.10%	9.60%	9.60%	9.60%	8.60%	8.30%	8.30%
Land Area	547,030	547,030	547,030	547,030	547,030	547,030	547,030
Population in Urban Areas	76%	76%	76%	76%	77%	77%	77%
Households	24,352,750	24,352,750	25,500,000	26,046,000	26,366,000	27,161,000	27,607,000
Avg. Persons Per Household	2.4	2.4	2.30	2.30	2.28	2.30	2.34
Homeownership Ratio	55%	56%	57%	58%	58%	58%	58%
N° of Residential Transactions	709,000	719,200	797,500	815,000	835,000	928,000	764,400
Avg. Home Price/Capital City	€220,035	€226,200	€261,181	€297,746	€337,750	€372,000	€379,812
Avg. Home Price/Nationally	na	€157,000	€176,000	€192,016	€242,799	€252,000	€255,780
Mortgage Rates	5.00%	4.60%	3.50%	3.45%	3.90%	4.60%	4.40%
Number of Brokers	48,000	48,000	60,000	60,000	62,000	62,000	58,000
Total N° of Broker Offices	16,000	16,000	20,000	25,000	33,000	33,000	28,000
Average N° of Brokers / Agency	3	3	3	2.4	3	3	3
Broker Commission Average	5.0%	5.0%	6.0%	6.0%	4.7%	4.67%	5.21%
Transfer (Sales) Taxes	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Broker Market Share (est.)	45%	45%	45%	55%	60%	60%	60%
Buyer or Seller Market	Seller	Seller	Seller	Seller	Seller	Seller	Buyer
Average Days on Market	80	90	95	95	65	79	87
Average M2 of home sold	98.6	98.6	110	119	135	135	135
Average M2 of apartment sold	60.8	60.8	60	60	64.6	64.6	58.1



France *Market Review*



Sharp slowing of price growth experienced in Paris, nonetheless price trend remains in positive territory +2,5% Q4 2008 vs +10,7% Q4 2007. Transactions decline significantly in both Paris and on a National level

The slowing trend in price growth that began in 2007 continued and intensified in the first quarter of 2008, only to be followed by an even more brutal drop in transactions toward the last half of the year. Limited access to credit, increasing interest rates, a disconnection between housing affordability and income levels, combined with the general malaise created by the global financial crises are all factors contributing to a tumultuous year for the residential real estate sector.

Homeowner Profile

There are about 27 million households in France, one of the largest housing markets in Europe, just behind Germany and virtually parallel to the UK and Italy. The homeownership rate of 58%, however, lags behind many of its European neighbors like Belgium, Ireland, Portugal, Spain and Sweden. In 2008 the majority of buyers in the resale home market were under the age

of 40, representing more than 53% of closed sales, This is similar to what was seen in 2007. The new-home buyer profile for the same age group increased slightly from 50,6% in 2007 to 52,4% in 2008. In looking at homeowner profile trends since 2001, we note that buyers are purchasing homes at an increasingly early age. Buyer profiles grouped from 35-45, 46-55 and over 55 share the remainder of the market (resale and new homes combined), and interestingly their share is decreasing slightly from year to year. The 35-45 age group represents 30% of the market for both resale and new homes; 46-55 age group represents 13%, and the senior market about 6%.

While the sectors of 'Professional' and 'Independent' buyer profiles held a majority share of home closings in 2001, 60%; their share of the market has gradually decreased over the past

France *Market Review*

7 years and today represent 47% of total homes purchased. Contrarily, market share for the blue collar and the employee sector has gradually risen from a 32% share in 2001 to 48% in 2008, a significant increase of 16%.

New home buyers represent 19,2% share of home sales in 2008 compared to 19% in 2007.

Seller Profile

Nearly one-third of buyers finance their next home purchase by reselling their current home. Following the plunge in transactions levels, many home sellers are delaying placing their home on the market fearful of not being able to secure appropriate financing, or obtaining their desired selling price. The more limited capacity of buyers to obtain financing also plays an important role in the successful resale of a property. According the FNAIM, the National Federation for Real Estate Agents, the resale market has dropped by 25% in 2008.

Prices

Change 2007 vs 2008 Nationally: +1,5%

Change 2007 vs 2008 Capital City, Paris: + 2,5%

According to the quarterly report published by the *Notaires of Paris* for the year 2008, real estate prices of apartments in Paris appreciated 2,5% over 2007. The highest price increase was seen in the dense residential district of the 15eme arrondissement, at 6,7% and the 9eme arrondissement at 6,4%. Only 4 of the 20 arrondissements of Paris actually showed price declines, the biggest being in the 1ere arrondissement at a modest 1,6%, ironically one of the most

expensive and sought after home locations.

The average price per M2 for a Parisian apartment in the 4th quarter of 2008 was registered at € 6.520 per M2. The most expensive district remains the 6eme arrondissement at €10.060 per M2. Prices in this district increased by 4,2% in 2008.

When comparing the *quarterly* price trends of apartments in Paris, a fall of 1,9% was recorded in the 4th quarter of 2008, compared to the same quarter in 2007.

In 2009 the average price per M2 for a home in Paris is €6.360 per M2, just slightly under 2008 levels.

The average home price for a French property of €255.780 and the average Paris home price of €379.812 are based on the average price per M2 multiplied by the average M2 of a home or apartment sold, and are estimated price averages.

Transactions

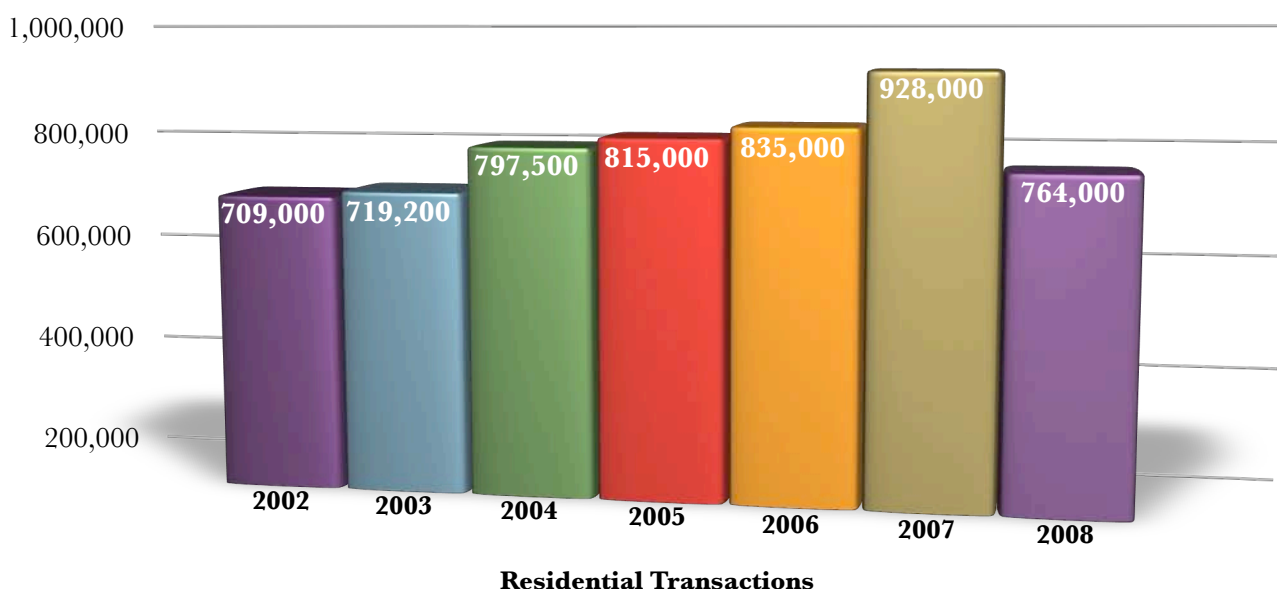
Change 2007 vs 2008 Nationally: -17,6% (764.400 including 79.400 in new home sales vs 928.000 recorded in 2007)

Change 2007 vs 2008 Paris (resale): -18,7%

Change 2007 vs 2008 Paris (new home): - 25,1%

Transactions Nationally

A total of 764.400 transactions (of which 79.400 are new-home sales) took place in 2008 compared to 928.000 in 2007, a drop of 17,6%. On a national level, the new home market experienced an even larger fall of 37,5% (or 127.400 in 2007





France *Market Review*

vs 79.400 in 2008). As new home stock increases and sales continue to decline, it is expected that the slowing trend in transaction levels nationally, will endure through the end of 2009.

Transactions in Paris/Resale Apartments

The Paris region experienced a steep decline in transaction volumes for 2008 of 18,6%. When comparing quarterly results 2007 vs 2008, the decline was an even sharper 25,1%. This trend is expected to continue into 2009 as the repercussions of a slowing economy take hold.

Transactions in Paris/New Apartments

When comparing quarterly results the new home market in Paris took an even bigger hit with a drop of 23,6% in sales volume, comparing the fourth quarter of 2007 to that of 2008.

A number of government programs such as the *0% Loan*, '*Pass Foncier*', the *Scellier Act*, and others have either been extended or newly implemented in 2009 to help support buyer demand. And this may well be needed since transaction levels continue their steep decline in 2009 as closings recorded during the first quarter show a 40% drop thus far.

Mortgages

Mortgage rates were at about 4,4% on average during 2008. The mortgage markets were severely affected by the financial crisis, causing liquidity to dry up, resulting in tightening restrictions and greater prudence in lending practices. Though the central bank intervened to lower interest rates, commercial banks have been slow in implementing the new rates. The demand for loans has therefore decreased in 2008. Interestingly, the loan term has slightly shortened; the average loan period during the first quarter 2009 was at 20,1 years compared to 21,8 for the same quarter in 2008.

Real Estate Agency

There are currently an estimated number (*Source: ERA France*) of agencies operating in the market of 28.000. The market slowdown has more significantly affected the independent broker operations as apposed to the network agencies who seem to be faring much better with more stable and consistent results. According to the National Syndicate of Real Estate Professionals (*Syndicat National des Professionnels de l'Immobilier*) business turnover has dropped by 38% on average. The average commission is about 5,21% for a broker, and transaction costs are approximately 7%. Broker market share is estimated at 60% and has been gradually increasing over the years as the level of professionalism and trust between broker and client improve.



Outlook 2009

Improving market conditions are not expected before 2010. Increasing unemployment is anticipated in 2009, which will continue to dampen customer confidence through the end of the year. Prices are expected to continue a downward adjustment, but there will be important differences between regions, especially the urban versus rural areas.

Fundamentals, however, remain favorable and investors still view investment in housing as secure. As lower interest rates kick-in buyers' purchasing power should be restored. Results from new government programs will start to be noticed in the next 12 to 24 months. Restrictions on lending by financing institutions is anticipated, as is the need for buyers and sellers alike to make decisions that have been long delayed. All these factors combined should help offset a still fragile economic situation and enhance consumer confidence.

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ERA Germany *Country Fact Sheet*

GERMANY	2002	2003	2004	2005	2006	2007	2008
Population	82,398,326	82,398,326	82,501,000	82,437,995	82,314,900	82,217,800	82,369,548
Capital City	Berlin	Berlin	Berlin	Berlin	Berlin	Berlin	Berlin
GDP per Capita	23,600	24,200	25,200	26,300	27,400	28,600	29,100
Unemployment	10%	11%	11%	12%	11%	9%	7.8%
Land Area	357,026	357,026	357,026	357,026	357,026	357,026	357,026
Population in Urban Areas	87%	87%	87%	87%	87%	87%	87%
Households	33,800,000	39,944,000	39,122,000	39,178,000	39,767,000	39,800,000	39,209,642
Avg. Persons Per Household	2.44	2.44	2.44	2.1	2.11	2.08	2.10
Homeownership Ratio	41%	42%	42%	42%	42%	43%	43%
N° of Residential Transactions	606,000	587,000	550,000	555,000	512,000	470,000	492,000
Avg. Home Price/Capital City	€195,000	€189,000	€185,000	€185,000	€195,000	€182,050	€205,000
Avg. Home Price/Nationally/East	n/a	€95,900	€93,000	€99,400	€100,100	€108,500	€110,000
Avg. Home Price/Nationally/West	n/a	€159,500	€168,800	€173,700	€173,100	€169,000	€162,000
Mortgage Rates	5.34%	5.00%	3.90%	3.90%	5.50%	5.25%	4.70%
Number of Brokers	72,000	63,000	54,000	55,000	55,000	60,000	57,000
Total N° of Broker Offices	40,000	35,000	30,000	30,000	28,000	25,000	23,500
Average N° of Brokers / Agency	1.81	1.8	1.8	2	2	1.7	1.8
Broker Commission Average	3.00%	3.50%	3.50%	4.70%	5.30%	5.10%	3.48%
Transfer (Sales) Taxes	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Broker Market Share (est.)	30.00%	30.00%	33.00%	30.00%	33.00%	35.00%	34.00%
Buyer or Seller Market	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer
Average Days on Market	158	174	182	193	185	193	157
Average M2 of home sold	na	130	130	130	140	135	135
Average M2 of apartment sold	na	85	80	85	93	89	85



Germany *Market Review*



The German real estate market was not as adversely affected by the global economic crisis as some of its European neighbors. One important factor is that real estate prices in Germany do not have a price boom / bust cycle. Historically, the high and low fluctuation in house prices was actually quite modest. Furthermore, Germany remains very traditional and conservative when it comes to offering mortgage loans. Normal conditions require a minimum of 20% of the purchase price be covered with personal equity and rates are typically fixed for a period of 10 to 15 years, as compared to annually adjusted rate loans that are quite popular in other markets. These factors combined have resulted in generally stable market conditions throughout Germany, quite positive in some regions, and counter cyclical to the cycles observed in many other European countries.

Germany

Germany is one of the largest countries in Europe, encompassing 357.026 KM². The current population is around 82,3 million, of which approximately 15,4 million

(or 18,7%) are foreigners. The largest number of immigrants emanate from Turkey, Italy, Greece, Serbia/Montenegro and Bosnia-Herzegovina. About 83% of the population lives in cities and conurbations. Today, Germany counts with 81 cities that have a population of over 100.000. The largest city is the capital, Berlin, with 3,4 million inhabitants, followed by Hamburg (1,6 million), Munich (1,2 million), Cologne (993.551) and Frankfurt/Main (644.865).

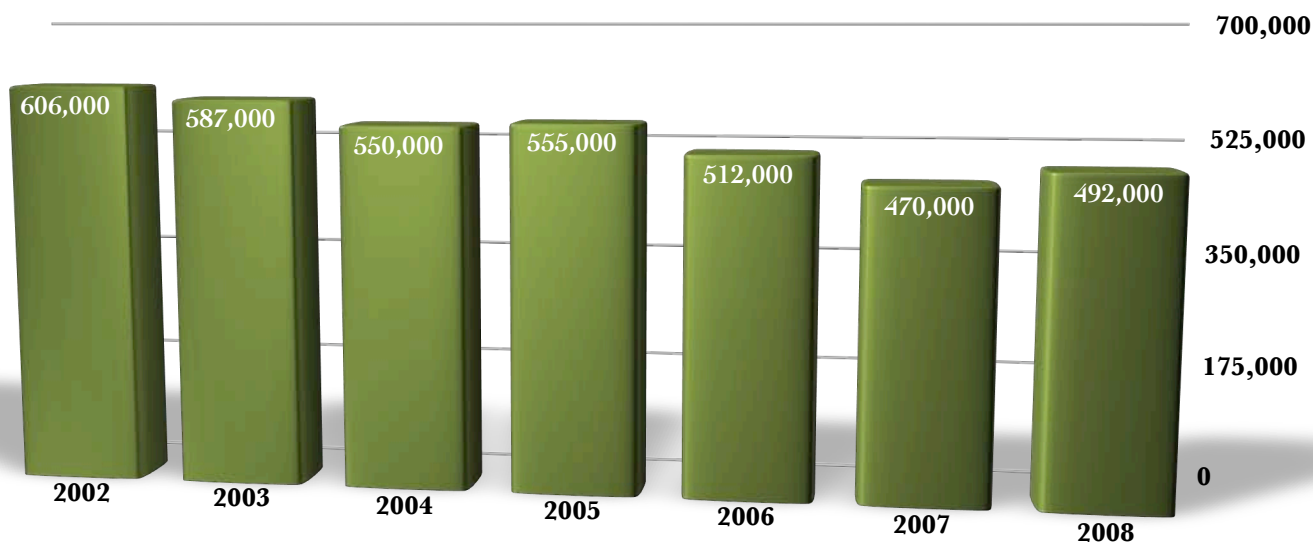
Homeownership

Germany's homeownership rate did not change significantly in 2008. With a rate of 43% it is still very low compared to Norway, Italy, Ireland or Great Britain – all with homeownership rates of more than 70%.

Statistics from the research institute Empirica show that 52% of German inhabitants live in owned real estate. Empirica surveyed the number of people living in real estate for this study, not the number of

Germany *Market Review*

Residential Transaction History



households. The reason for the 9% discrepancy thus lies in the fact that 1,8 individuals live in rented properties compared to 2,5 individuals in owned properties.

Homeownership rates in the 16 federal states differ from 63% at the highest in Saarland, to 38% at the lowest in Mecklenburg-Vorpommern, Sachsen and Sachsen-Anhalt. All other federal states have a rate of between 52% and 55%. Exceptions are noticed especially in city states. In Hamburg, for example, only every 4th inhabitant lives in his/her own property, in Berlin it is only every 5th inhabitant who owns a home.

Potential to become a first time homeowner does exist, especially in young family households where plans are made early toward achieving the dream of owning a home. But the decision to buy is often dampened because of financial and economical considerations. (Source: LBS Research/Empirica)

Real Estate Transactions

There are no official statistics tracking the number of real estate transactions nationally. ERA Germany estimated the number of residential transactions on the open market at approximately 512.000 in 2006, a number that

decreased to 470.000 in 2007. The number of transactions in 2008 increased to an estimated 492.000, a 4,6% increase from the previous year.

The motivation for selling or buying real estate has remained unchanged: newborn children, death in the family, marriage, divorce, relocation, children moving out, or a change in income. As these motivations have a demographic cause, the transaction numbers don't change substantially over a mid-term period of time. The number of buyers and sellers usually remains stable.

Prices

While the western European countries and the USA experienced a real estate pricing boom in the last couple of years, prices in Germany remained relatively stable. In 2008, a minor price decrease of 4% was recorded in Western Germany and an increase of 1,4% in Eastern Germany. This goes nearly unnoticed when compared to neighboring countries like Estonia (-23%), Great Britain (-36%), Ireland (-10%) and Norway (-8%). Source: Royal Institution of Chartered Surveyors (RICS).

There are considerable regional differences in residential prices. Looking closely at most recent market trends,



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however, one notices that prices increased in large cities and cities considered to be important capital providers (urban areas), such as the cities of Munich, Hamburg and the Rhine-Main-Area (around Frankfurt). An increase of 12% was recorded in the capital city Berlin. This, as opposed to real estate prices in rural areas that had a tendency to decrease.

Furthermore, secondary cities seem to be untouched by the global economic crisis. In Heidelberg, for example, an increase of 2,4% in prices (from €2.385 per M2 in 2007 to €2.443 per M2 in 2008) was noticed. The metropolis Munich, experienced a 1,3% increase (from €2.908 per M2 in 2007 to €2.946 per M2 in 2008). In Frankfurt/Main and Stuttgart prices increased with about 2% to € 2.262 and € 2.067, respectively.

If we look at the price index for properties published by the Federal Statistics Office we can confirm a price decrease nationally of 2,1% for second-hand properties. Contrarily, statistics reflected a price increase of 4,7% for new home developments. This increase is mainly due to the increase in cost of material and energy.

In general, the real estate market will stay stable in the short term with an increase in prices expected due to a lower number of new developments coming into the market. In 2008 152.000 new developments were constructed. This is a drop of 17,8% compared to 2007. Compared to the year 1995, in which the highest construction activity (603.000 units) was recorded, it is a drop of more than 70%. Source: Federal Statistical Office

Real Estate Agency

There are no regulations or laws that require one to pass an exam to become a real estate professional in Germany. A brokerage license can be obtained with a minor investment of € 1.000. Needless-to-say, the brokerage profession has a relatively poor profile. Many consumers therefore try to avoid transacting through a broker. Well-trained brokers are usually members of the national



broker association IVD. Quality services are provided by established networks such as ERA Germany and by broker offices of certain financial institutions. Whereas many brokers charge a commission of 3%, high-level professional services can only be expected at a 5 to 6% commission rate (commissions in Germany include marketing costs). Residential real estate brokers have a market share of 30 to 35%. Developers account for 7% of the transactions, and the difference is handled directly by owners.

In most German areas the full commission is paid by the buyer. There are a few areas, however, where the buyers and sellers split the commission in half. ERA Germany is committed to provide the best service in the industry. Our ERA agencies work for the seller and make sure that the property sells in the shortest possible period of time at a correct market price. Consequently, ERA brokers charge the commission fees to the party the services are rendered to: the seller. This allows ERA Germany to provide its exceptional tools and services to market the property efficiently and effectively.

Following the development of sales in the ERA network, ERA Germany has noticed a shorter listing period compared to the years before, especially in urban area

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markets. The rest of the nation is still a buyer's market with a great variety of properties to choose from. Reasons for this change are partly because of the decrease in newly built homes (compared to 2007, 2008 had 16% less condominiums; 22% less single homes, and 23,6% less semidetached houses) and partly because of retirees that are moving to urban areas. (Source: Federal Statistical Office). The average number of days a property stays on the market has decreased from 193 days in 2007 to 157 days in 2008.

Now more than ever, proactive marketing techniques are indispensable to work successfully for sellers. If this is not done, sellers will take the responsibility of selling their homes upon themselves. Internet and various other forms of media keep sellers, and buyers, well informed about properties on the market. Brokers have to be very transparent about the information they disclose on a property to assure their efforts result in a transaction.

The need for systems and networks that offer professional services to sellers is recognized by most of the younger brokers. They look for cutting-edge tools and services, are eager to improve their skills and embrace professional training. It has also become clear to professionals in the business that transparency in communications under a strong, nationwide and internationally supported brand is critical to long-term success in the market.

The independent brokerage market is now also feeling the pressure and experiencing increased competition from bank-owned real estate agencies. However, the ERA brand offers solutions for independently owned businesses to effectively compete in these types of markets and increase their market share.

Mortgages

The long period of historically low mortgage rates of between 3,5% and 4% was reached towards the end of 2006. By the end of 2007 and into 2008, interest rates increased to an average of 5% to 5,5% for a 10-year

fixed loan. With the crisis, interest rates again decreased to an average of 4,4% to 5%.

Banks have become more selective in offering mortgages to buyers. Customers usually need a minimum of 20% equity down and an appropriate income base to obtain a mortgage loan. A majority of mortgages are closed as 10 to 15 year fixed rate loans because of the favorable conditions these offer.

The restrictions imposed by banks when it came to approving mortgages in the past, is one of the reasons Germany's real estate market was not affected a great deal by the financial crisis. Another main reason is that Germany is very traditional: they still offer mortgages with a fixed rates beyond 10 years instead of offering annual variable loan rates.

Transacting the Sale

Only notarized contracts are considered legally binding, therefore no pre-contract is signed for resale properties in most cases. For newly constructed homes a 'reservation agreement' is quite common. However, such pre-contractual agreement mainly is of psychological character.

Along with the transfer tax (3,5%), the buyer pays a 1,5% fee to the notary and national property registry. Brokerage commissions apply as they are individually agreed upon. This totals the costs of transacting a property, which includes average commission, transfer tax and notary fees, approximately 11%.

Outlook 2009 / 2010

Germany already started to notice somewhat of a "Renaissance" of real estate. There are three main observations of this:

- Fear of inflation causes an increased demand for real property. Tangible assets build confidence in times of anticipated inflation. Real estate is still a reasonable investment, even if there is minor or no inflation. It is



Germany Market Review

one of the best investments you can make for retirement provision. There is a proverb in Germany that says that it is better to have a land registry book than a savings book. Real property is non-depreciating and of lasting value, just like stock shares. A disencumbered property also protects against old age poverty.

- The low number of new development projects will eventually lead to a supply shortage, especially in urban areas. Rent increases are expected.
- Favorable interest rate levels offer a good motive to buy real estate now.

There will be increased pressure on the German housing market in the future because of the current trend to migrate to urban areas. By consequence, this will reduce the number of inhabitants in rural regions and increase the average age of the population living in those areas (a group that also tends to be less mobile). Therefore, we anticipate an increase in housing demand in the German metropolises and important cities.

Another expected trend is an increase in single households and along with that, the boost in living space per person. Singles, in particular, prefer three bedroom apartments as opposed to one or two bedroom apartments.

New property developments are anticipated to decline further in 2010, and need to stabilize before the German home market shows signs of recovery, now anticipated for 2011. This downward trend observed during the past 14 years in Germany has now become apparent in neighboring countries.

ERA Germany

ERA Germany began operations in 2004 and today, it is the leading Real Estate Brokerage Franchisor in Germany with over 60 independently owned offices operating nationwide. ERA Germany is situated in Düsseldorf, one of Germany's metropolises.



The primary focus of our ERA agents is to offer the best possible service to sellers and buyers. To accomplish this they have access to the unique ERA marketing and management tools and services. ERA Germany also focuses on consistent training and process optimization in order to deliver the best quality real estate services to the customer and to improve the national industry's reputation overall. The ERA brand presence across Germany and its neighboring countries enables an easy move for buyers and sellers across Europe and supports the increase of market transparency.

Data Sources: ERA Germany, Empirica; IVD, ERA Immobilien – ERA Real Estate

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ERA Greece *Country Fact Sheet*

Greece		2008
Population		11,237,000
Capital City		Athens
GDP per Capita		23,900
Unemployment		1
Land Area		130,800
Population in Urban Areas		1
Households		5,496,000
Avg. Persons Per Household		2.08
Homeownership Ratio		81.0%
N° of Residential Transactions		130,000
Avg. Home Price/Capital City		€210,000
Avg. Home Price/Nationally		175,000
Mortgage Rates		4.92%
Number of Brokers		11,700
Total N° of Broker Offices		5,200
Average N° of Brokers / Agency		3
Broker Commission Average		2%
Transfer (Sales) Taxes		9-11%
Broker Market Share (est.)		30%
Buyer or Seller Market		Seller
Average Days on Market		90
Average M2 of home sold		120
Average M2 of apartment sold		80



Greece Market Review



The Greek economy is expected to grow slightly in 2009 in the 1% to 2% range, with a recovery anticipated in 2010 (*Source: IMF*). The Greek economy is highly dependent on the tourism and shipping industry; both these sectors have been hit hard by the current global economic downturn. The banking sector, thanks to keeping to conservative retail business models and lack of toxic assets, weathered the storm well, as did the residential housing industry in relative terms. Guarded optimism, but caution is the current mood. Many reforms still need to take place to ensure better economic efficiency, and boost consumer confidence.

Homeownership

Current population estimates are at 11,237 million (2008) an increase of over 300,000 over the previous year. Greeks have one of the highest rates of homeownership in Europe at 81%, comparable to Italy also registering 81%, and above the EU average of about 70,4%. It has by far one of the largest holiday home markets amounting to over 30% of the total number of residences, five times greater than the European average. The homeownership trend has been steadily increasing over the past two decades. According to the last census (2001) this rate increased by 21% versus a 15% increase in population.

Prices

For the most part, Greece has enjoyed a steady appreciation of home prices. In 2008 price estimates for a residence in the capital city of Athens was €210,000 and the national average estimated at €175,000. From 1993 to mid 2006 prices rose steadily with the peak increase of 14,6% being achieved in 2002. From 2006 forward, the double digit increases of prior years slowed to around 6% in 2006 to 2007. This, in part, due to a program introduced in 2006 to re-assess property values for tax purposes, and the implementation of a new capital gains tax. However, in 2008, the National Bank of Greece stated that a decline in home prices of about 6,3%, was recorded year-on-year. This is the largest house price drop since the Bank began tracking figures in 1994, but modest in comparison to some other western European markets.

Real Estate Transactions

On average, about 200,000 transactions occur annually. Though house prices resisted market pressure relatively well, transactions did not fare as good. At peak period in 2005, an estimated 215,000 transactions were registered; in 2008 the number nearly halved to approximately 130,000 (*Source: ERA Greece*). Parliamentary elections in October of 2009

Greece *Market Review*

have revived customer confidence somewhat, and this combined with recent Government measures adopted to support mortgage lending, is expected to boost transaction levels and lead to a recovery by 2010.

One must also look at trends in the construction industry to gauge where the market is and may be going. From June 2008 to June 2009 overall construction activity was down by 26%. When comparing construction of new residential dwellings, a total of 103,865 new dwellings were constructed in 2007 compared to just 79,601 in 2008. This decline in new construction may actually aid in stabilizing the market by limiting housing stock and allow for a quicker house price recovery and appreciation.

Real Estate Agency

The real estate agency market still remains quite fragmented and most offices are independently owned with a few multi-office operations. ERA Greece is one of the few successful franchise companies in operation. There are an estimated 5,200 real estate offices with 11,700 agents operating in the market today. Brokers close only an approximate 30% of all transactions; a reflection of the poor perception by consumers and low level of services offered. Transparency issues still exist and the profession is loosely regulated. Broker fees vary but generally range between 2 and 5% of the purchase price, depending on the price of the property. These commissions are usually covered by both parties, with the seller and buyer paying half each. Sometimes an allowance is made for this fee when setting the sale price, so in effect the buyer pays in these cases.

Transacting the Sale

The first stage in buying a property in Greece is usually the signing of a preliminary contract, drawn up by agreement between both parties. Before signing a contract, it is important to have it reviewed by a lawyer. Contracts are subject to a clear title being obtained and any necessary government permits. Builders, developers and brokers often have ready-made contracts.

When the preliminary contract for a new property, resale property or a plot of land is signed, a deposit is usually paid. In the case of a resale or a newly finished property (i.e. not off plan), a deposit of 5 to 10% is typically required (the

percentage may be negotiable, but 10% is the norm). The balance is then paid upon completion, when the final purchase contract is signed.

There are a number of fees to consider when purchasing a property. Most fees are based on the 'assessed tax value' of the property. The 'assessed tax value' is calculated by the local tax authorities based on government tables using criteria such as the location, size and characteristics of a property. This value is normally lower than real market value of the property. It is this value that is usually declared on the final purchase contract.

Transaction fees range between 7 and 11%, depending on when the property was purchased (before or after year 2006) and whether one is a first-time homebuyer. These fees, combined with the broker commission and other charges, could rise to over 15% in total, making Greece one of the costliest countries to buy a home in terms of transaction cost.

The fees payable when buying a property in Greece may include the following:

- Purchase or transfer tax
- Value Added Tax (new constructions only)
- Land registry fees
- Notary's fees
- Community or municipal tax
- Surveyor's fee (optional)
- Selling agent's fees

Mortgages

Generally Greek banks are quite conservative in their lending practices. Loan to value ratios do not normally exceed 75% of the property value, and monthly installments should not exceed 40% of the borrowers income. Most loans issued up to 2006 were one-year fixed or variable rate mortgages (nearly 90%), but this trend has shifted significantly in the past two years moving to medium-term fixed rate loans, and today the number of variable rate loans has dropped to just 27%. The representative mortgage rate ending in the fourth quarter of 2008 was at 4,92%. Medium term initial fixed rate loans with 5 to 10 year maturity averaged 6%. (*source: EMF*).



Greece Market Review



Currently there are five major mortgage lenders accounting for over 68% of the market combined:

1. National Bank of Greece
2. Eurobank
3. Alpha Bank
4. Emporiki Bank
5. Piraeus Bank

Banks, for the time being, are the main distribution channels for mortgages, however, in recent years real estate agencies, insurance brokers and construction companies have been gaining in market share.

Outlook 2009-2010

Stability is the key word characterizing the Greek housing market. While 2009 may finish with further modest market corrections, moving into 2010 the outlook is positive. According to a recent poll by Kappa Research, a respected Greek research company, 69,8% of respondents replied that if they had € 300.000 in cash to invest they would prefer buying real estate to any other form of investment. Most market professionals do not foresee major obstacles to a 2010 upswing, however a close eye is being kept on unemployment figures that have been inching upwards in

recent months, and how the government will address its fiscal challenges.

Transactions are expected to increase in the coming years from the lows of 2008. Attractive interest rates and more flexible refinancing opportunities should support this trend, as well as changing living habits such as moving from city centers to the suburbs and the purchase of secondary homes.

Though further market corrections in house prices could spill over into the first quarter of 2010, increases over 2009 figures are anticipated by year-end as demand remains strong and stock of newly constructed properties coming in to the market will be less than what was seen in prior years.

Sources: ERA Greece, Dr Kosmas Theodorides - ERA Polis Acropolis Real Estate, European Mortgage Federation, National Bank of Greece, International Monetary Fund.

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ERA Ireland *Country Fact Sheet*

IRELAND	2003	2004	2005	2006	2007	2008
Population	4,045,200	3,979,900	4,133,800	4,232,900	4,339,000	4,422,100
Capital City	Dublin	Dublin	Dublin	Dublin	Dublin	Dublin
GDP per Capita	€ 29,100	€ 30,700	€ 32,400	€ 34,800	€ 37,400	€ 35,000
Unemployment	4.70%	4.20%	4.20%	4.40%	4.60%	7.20%
Land Area	70,280	70 280	70,280	70,280	70,280	70,280
Population in Urban Areas	61%	61%	61%	61%	61%	61%
Households	1,345,000	1,410,000	1,453,900	1,469,521	1,528,415	1,565,000
Avg. Persons Per Household	2.90	2.85	2.84	2.81	2.81	2.81
Homeownership Ratio	81%	81%	77%	77%	77%	72%
N° of Residential Transactions	86,000	100,000	110,000	110,770	85,000	59,500
Avg. Home Price/Capital City	€308,214	€309,972	€368,576	€427,343	€397,507	€337,881
Avg. Home Price/Nationally	€205,364	€252,011	€277,852	€310,632	€287,887	€259,098
Mortgage Rates	6.00%	5.00%	3.47%	4.65%	5.08%	3.75%
Number of Brokers	1,200	1,800	2,100	2,100	1,800	1,235
Total N° of Broker Offices	800	900	950	1,050	1,058	950
Average N° of Brokers / Agency	1.5	1.78	2	2	1.7	1.3
Broker Commission Average	1.5%	1.5%	1.5%	1.5%	1.5%	1.8%
Transfer (Sales) Taxes	5.5%	5.5%	5.5%	5.5%	4.3%	4.0%
Broker Market Share (est.)	90%	90%	85%	90%	90%	90%
Buyer or Seller Market	Sellers	Sellers	Seller	Seller	Buyer	Buyer
Average Days on Market	85	70	85	90	146	200+
Average M2 of home sold	130	120	115	120	110	110
Average M2 of apartment sold	75	65	72.65	72.6	74	74



Ireland *Market Review*



Homeownership

In Ireland like in other European countries there are a reducing percentage of people who own their own homes and a corresponding increase in rented properties.

The most recent Irish Census puts Irish homeownership at 72%, which is down from 80% in 2003. In the late 1990's there was an increase in homeownership in Ireland as large numbers of local authority rented properties were transferred to private ownership through an exiting tenant purchase scheme.

From around 2003 the numbers of people owning their own home in Ireland started to fall as affordability became a challenge for many first time buyers. Renting a home became more fashionable in city centre locations as stocks of properties increased in the rental sector.

In the short to medium term we expect to see this trend towards property rental to continue as people fear making serious financial commitment in times of economic uncertainty. Rental prices have fallen considerably due to

the large overhang in unsold property on the market now entering the rental market.

Real Estate Transactions

Real estate transactions have fallen sharply in 2008. There were 59,500 property sales transacted during 2008. This is a sharp decline of 25,500 homes or a drop of 30% on 2007 numbers.

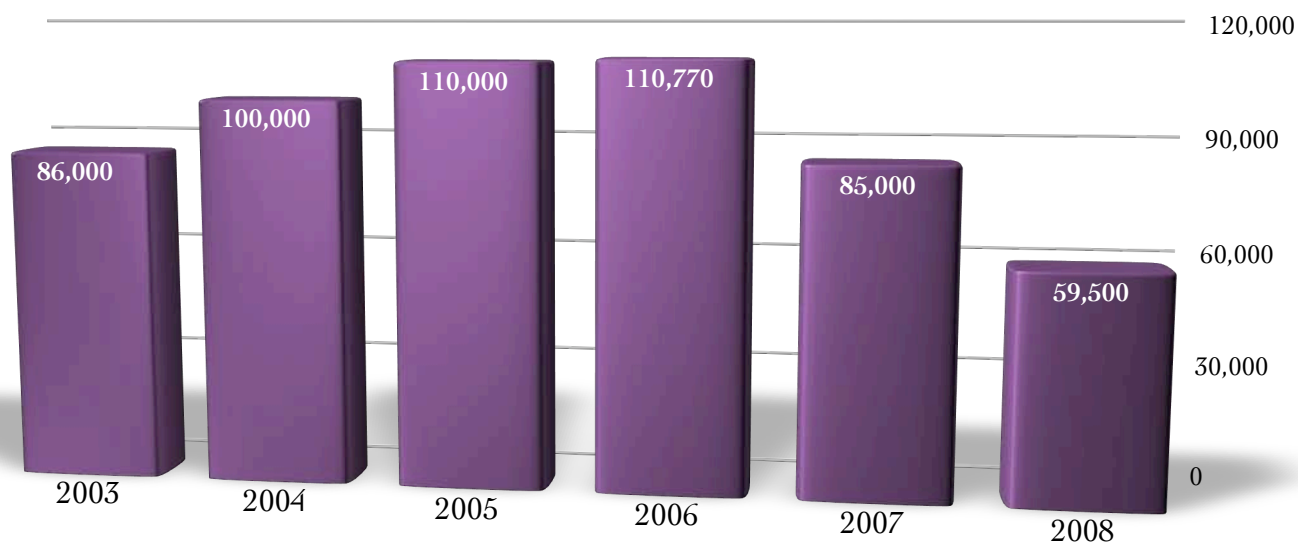
At the peak of the property cycle in 2006 there were 110,770 residential property transactions. So that is a drop of 46% from peak to present.

According to the Construction Industry Federation (CIF) there are now 35,000 unsold units in the system, which accounts for 11 months supply nationally and 8 months supply in Dublin (June 2009).

Many industry spokespeople are hopeful for a return to healthy transaction levels as the market adjusts to the significant price adjustments that have taken place and as interest rates hit historically low levels. Rising

Ireland *Market Review*

Residential Transaction History



unemployment levels remain a problem as especially first time buyers have little appetite for buying a house when job security is at an all time low.

The CIF anticipates that just 20,000 homes will be built in all of 2009, which should quickly address the supply/demand imbalance that exists at present.

Prices

Prices for residential property in Ireland continued to fall throughout 2008. According to the Irish Economic and Social Research Institute house prices fell by 9.1% in 2008 coming on top of a 7.3% drop in 2007.

Largest falls reported were in the Commuter counties around Dublin, which were down almost 17% and first time buyer properties which were down 14%.

Average home prices in Dublin, the capital city, fell from €400,000 to €340,000 and nationally prices fell from €290,000 to €260,000. The average price paid for a house by a first time buyer in December 2008 was €224,000 compared to €261,000 in December 2007.

Through 2009 house prices have and look likely to continue to slide, however at a lower rate. At mid year 2009 the national house price average registered

€249,000 compared to €262,000 in December and a peak of €311,000 in February 2007.

Anecdotally estate agents and other industry sources report that there has been an approximate 30% price adjustment from peak to present. The Independent Mortgage Advisers Federation (IMAF) recently claimed that there has been a 35% adjustment from peak to present, as indicated by their mortgage numbers.

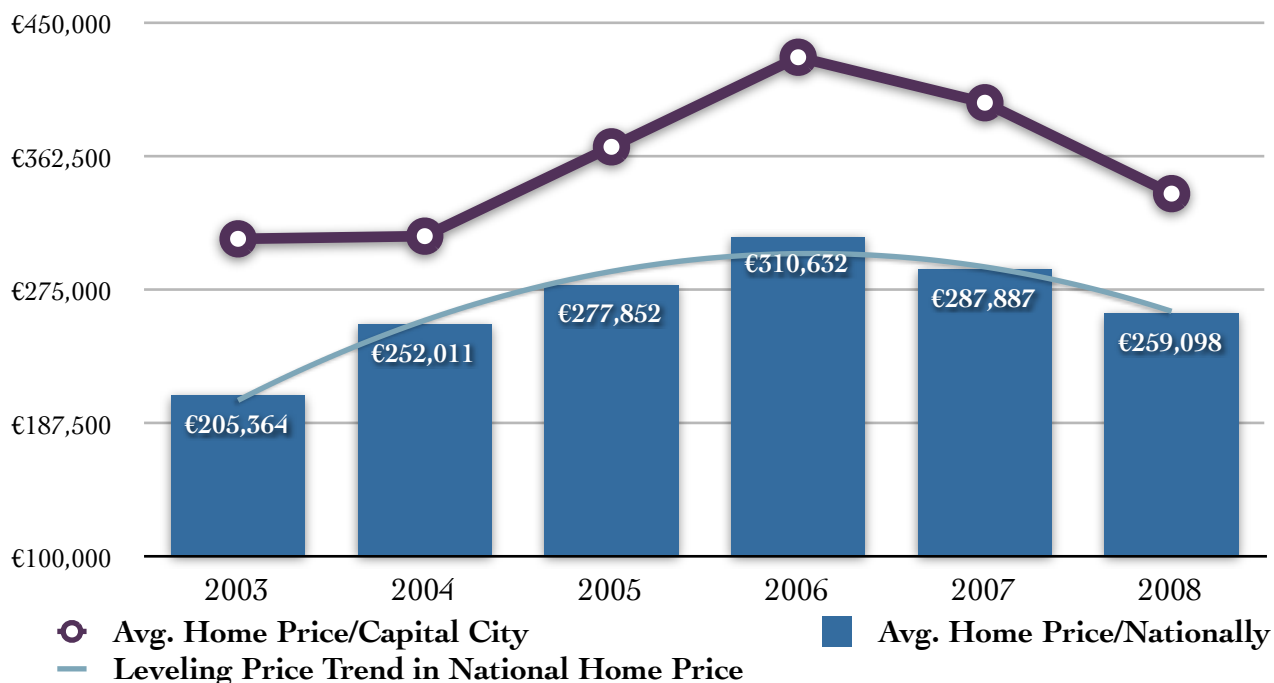
At ERA Ireland we anticipate that a combination of reduced numbers of new homes coming to the market and greater affordability driven by a combination of lower house prices and historically low interest rates will bring some of the pent up demand into the market towards the end of 2009 and into 2010.

According to the property rental website Daft.ie, rents have continued to fall as the number of available properties to rent has rocketed over 2007 and 2008 and into 2009. Available properties advertised have grown from 5,000 in 2007 to in excess of 12,000 in 2008 and reaching a staggering 22,000 properties in April 2009. The Daft rental index is now down 17.5% from its February 2008 peak and back at rental price levels last seen in May 2005.



Ireland *Market Review*

National and Capital City Home Price Comparison



Real Estate Agency

Traditionally over 90% of all house sellers employ the services of an estate agent in Ireland. Combined with the services of a solicitor they conduct the transaction and conveyance the sale.

The number of estate agents in the Irish property market has declined over 2008 and into 2009 reflecting the massive reduction in home sales. We calculate that over the past two years a significant number of estate agent offices have closed. Official numbers are hard to compile, as a large number of those leaving the market would have been new entrants attracted from other sectors due to the estate agency business looking attractive for some years and non-existent barriers to entry. In our experience remaining agents are the more established firms who have built up resources to help survive these lean times.

An increasing number of agents have expanded their service offering to include property rental and property management which is a growing sector of the market as buyers rent and take a wait and see approach to entering the market.

Mortgages

Unsurprisingly the number of mortgages drawn down during 2008 and into 2009 has dramatically reduced. Equity release and refinancing are the only real active segments in the financial market.

The Irish banking sector has been decimated over the last 2 years. Unlike European banks that had exposure to the US sub-prime collapse, Irish banks troubles were more of the home-grown variety. Many years of aggressive lending policy into the Irish and European developer and commercial lending sectors have left all the major Irish banks seriously exposed and needing rescuing from the Irish Government/taxpayer. Their problems have been exacerbated by the world financial crisis.

The Irish Government has passed legislation to set up the National Assets Management Agency (NAMA) to relieve the Irish banks of their large toxic commercial debts and through time endeavor to secure some kind of long-term return on behalf of Irish taxpayers.

Anglo Irish Bank who was the forerunner of the banks concentrating on developer led lending has already been

Ireland *Market Review*

nationalized and the other main banks are listed on the Irish stock exchange in 2009 at average values of just a fraction of their peak share price.

All major banks have been recapitalized to the tune of billions of Euro and have had their customer deposits and their wholesale borrowing guaranteed by the Irish Government. This was deemed necessary to ease the danger of a flight of capital from the banking system.

With the Irish banking system under siege for the last year or more their appetite for mortgage lending has been curtailed. Initial reluctance to lend at all has now been replaced with cautious lending practices with only the traditional “permanent and pensionable” type employees being considered for mortgage approval.

In contrast to the peak of the market when 100% mortgages were commonplace with some lenders, 90% is the top rate available to financially strong first time buyers. This means that the average first time buyer needs a deposit in excess of € 20.000 while other buyers might need up to €40.000.

Despite variable mortgage interest rates being at a historically low level of circa 3,5%, borrowers remain very cautious of buying in a market where further house price reductions are possible. There are signs however that as developers/builders come under financial pressure there is great value in the market and canny buyers can negotiate prices that might very well be below where house prices eventually settle.

Fixed mortgages are not very popular with the Irish house buying public and people will continue to shy away from them as people locked into current high fixed rate terms need to buy their way out of the contract.

The Central Bank reports show just how low mortgage lending is when we see that outstanding mortgage debt in May 2009 stood at €148 billion which is an increase of just €296 million so far this year; a stark contrast to the increase of € 4,6 billion for the comparable period in 2008.

Transacting the Sale

In Ireland a property is typically sold by using a private treaty method. Here, the interested party offers the vendor, via their estate agent, an amount of money to purchase the property. Once the purchase price has been agreed on, the purchaser pays a booking deposit to the estate agent to confirm their intent to proceed to the contract stage. The booking deposit is refundable until they sign the contract. Both sides will use their own solicitor to handle the contract for sale.

The contract for sale is one that binds the parties to the completion of the transaction. Should the purchaser withdraw from the sale after this contract has been signed, he or she may lose the deposit paid and be forced legally to complete the contract. The completion date will be identified in the contract and the balance of the agreed purchase price will be due on that date. In the intervening period between the signing of the contract and the completion date, the purchaser's solicitor will raise general queries about the property with the vendor's solicitor. Such enquiries would include:

Is a Family Home Protection Act declaration required? This declaration specifies whether or not the property is a family home. If this is the case, a confirmation that the interest of both spouses is regarded in the deeds is required.

Is the consent of the Department of Agriculture, Fisheries and Food regarding sub-division of land required under the Land Act 1965? Some properties, mainly rural, may have regulations or inhibitions regarding sub-division. The consent may be required to the sale of such property.

Is planning permission in place for any changes that have been made to the property? When the purchaser's solicitor receives satisfactory replies to "Requisitions on Title", a Deed of Conveyance (or assignment) is drafted by him or her and approved by the vendor's solicitor. Requisitions on Title are a standard set of questions (checklist) relating to the sale of a property that deal with such things as whether fixtures and fittings are included in the sale. The questions are drafted by the



Ireland *Market Review*

Law Society so as to be standardised throughout the legal profession. Once the Deed of Conveyance is approved by the vendor's solicitor, the purchaser's lending institution will be contacted by the purchaser's solicitor to issue the approved loan cheque. The remaining balance of the purchase price is then paid and all documentation and keys to the premises are handed over to the purchaser's solicitor. It is also imperative for the purchaser's solicitor to arrange searches to ensure that no judgements are lying against the vendor (i.e., bankruptcy or sheriffs' searches). Furthermore, depending on where the title to the property is held (either in the Land Registry or the Registry of Deeds), an up-to-date copy folio or hand search should be conducted by the purchaser's solicitor to ensure that there is nothing adverse attached to the property.

Once a sale is completed, the purchaser's deeds, showing the new ownership details and mortgage details, if relevant, must be registered with either the Registry of Deeds or the Land Registry. However, this only happens after the stamp duty amount is determined by the Revenue Commissioners and paid for. Stamp duty is calculated as a percentage of the purchase price, depending on the value of the property. The solicitor usually computes this and requests this amount from the purchaser prior to the closing of the sale. First time buyers are exempt from stamp duty on transactions. The duty is paid to the Revenue Commissioners and is required in order for the deeds to be registered.

Outlook/Trends

Throughout 2009 property prices have continued to fall. A survey published by the Irish Auctioneers and Valuers Institute (IAVI) tells us that the value of houses dropped by an average of 19% in the first half of 2009.

Ireland's Central Bank predicts that the Irish economy will shrink by 8,3% in 2009 and an additional 3% in 2010 and that unemployment will peak at 15%. Against such an economic backdrop, property prices are expected to fall further or at best stabilise at around 40% of the peak 2006 price levels.



As prices bottom out we can anticipate an increase in transaction levels and some respite for beleaguered property sellers. Ironically, such conditions are proving very favourable for property buyers, especially first time buyers. Reduced prices and historically low interest rate levels make for some attractive buying opportunities.

Recovery in the Irish economy is expected to assert itself at the back end of 2010 and into 2011 providing sufficient cuts in public service spending are achieved to place Ireland in a position to take advantage of broader European economic recovery.

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ERA Italy *Country Fact Sheet*

ITALY	2005	2006	2007	2008
Population	58,500,000	58,700,000	59,100,000	60,045,068
Capital City	Rome	Rome	Rome	Rome
GDP per Capita	€ 23,600	€ 24,500	€ 25,400	€ 25,200
Unemployment	n/a	6.90%	6.60%	6.70%
Land Area	301,336	301,336	301,320	301,336
Population in Urban Areas	67%	67%	68%	68%
Households	23,000,000	23,900,000	24,000,000	24,641,000
Avg. Persons Per Household	2.50	2.50	2.46	2.40
Homeownership Ratio	81%	81%	81%	n/a
N° of Residential Transactions	833,350	845,051	806,225	686,587
Avg. Home Price/Capital City	€287,500	€303,300	€310,000	€310,000
Avg. Home Price/Nationally	€225,900	€231,200	€230,000	€240,000
Mortgage Rates	5.6% - 6.5%	5.6% - 6.5%	6.50%	5.2% - 6.0%
Number of Brokers	55,000	60,000	80,000	54,000
Total N° of Broker Offices	40,000	46,244	44,000	42,000
Average N° of Brokers / Agency	3	3 to 4	1.82	1.30
Broker Commission Average	3%	3%	3%	3%
Transfer (Sales) Taxes	4% to 10%	4% to 10%	4% to 10%	4% to 10%
Broker Market Share (est.)	40%	42%	47%	35%
Buyer or Seller Market	Seller	Seller	Buyer	Buyer
Average Days on Market	105	120	150	174
Average M2 of home sold	150	150	140	n/a
Average M2 of apartment sold	90	90	80	104



Italy Market Review



Homeownership

The rate of homeownership in Italy is relatively high: 81% at a national level (Istat, 2005). Italians are great savers and strongly believe in investing in property for its certainty and concreteness as an asset. Italians traditionally have considered property to be a more secure investment than stocks or bonds. Property is also considered to be a valuable inheritance; in addition, parents will often assist their children in the purchase of their first home. In some university cities the investment market is also strong, with parents buying small apartments for their children to reside in during their college years which can then be rented or re-sold.

The resident population of Italy is geographically distributed with 28 million located in the north, 12 million in the centre and about 20 million in the south. The most populated city is the capital, Rome, with 2,8 million inhabitants; followed by Milan, located in the north of Italy, with 1,3 million.

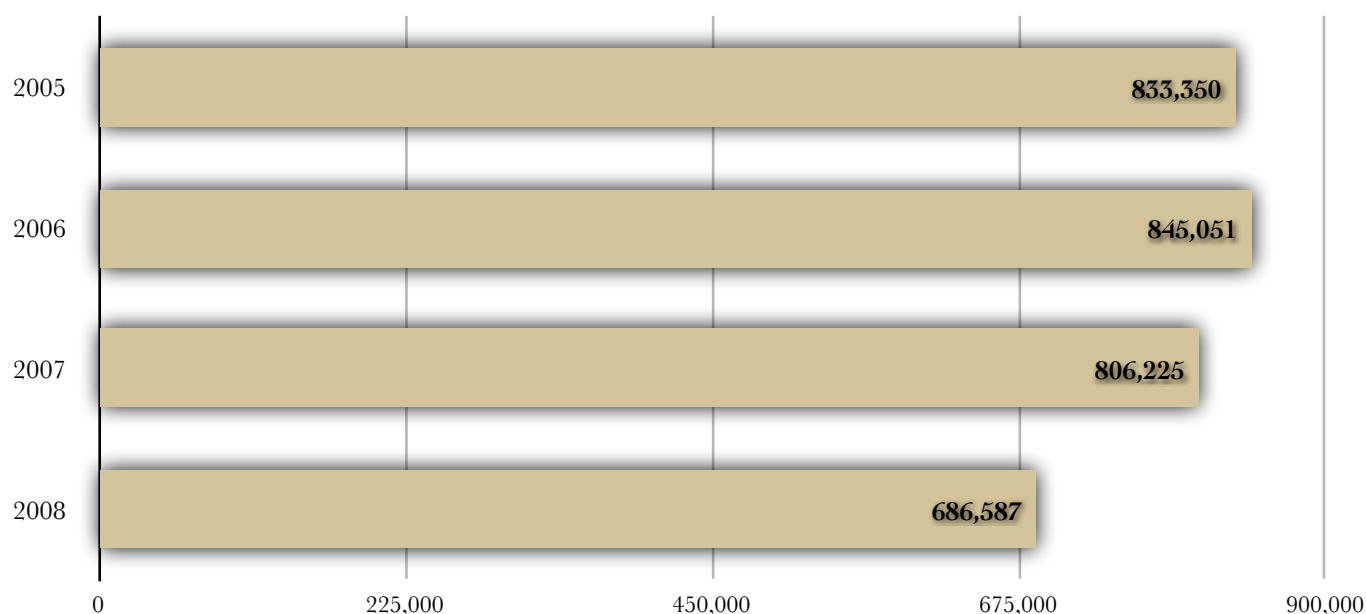
Prices and Sales Transactions

Average annual prices were still experiencing a slight growth in 2008 witnessing an increase of 4,34% compared to 2007. This increase is slightly lower than the reported inflation rate of consumer prices (3,3% in 2008). The increase in home prices is less in the capital cities, while a larger price increase is noticed in municipalities within the provinces that are not capital cities. This slowdown in price growth became evident in the second half of 2008, when there was a general stagnation, and in some cases a slight decrease, in prices. The slowdown in the growth rate of home prices is noticeable especially in larger cities, where the market values of homes were particularly sensitive in both 2006 and 2007, causing a respective slow down in the increase of prices in municipalities in the rest of the province.

In 2008 the residential market registered 686.587 transactions. The number of residential transactions was 15% lower than that in 2007. This is the second time a drop was experienced after years of continuous growth.

Italy Market Review

Residential Transactions



Real Estate Agencies and Brokers

Generally real estate brokers are not well perceived in the Italian residential market. The recurring sentiment is most often that real estate agents have a low level of professionalism and that the fees involved (commission) are too high for what they have to offer. It is estimated that there were approximately 42.000 real estate offices in Italy in 2008; 2.000 less than the year before. Some of the larger franchise networks provide a range of services. These services can include financing and mortgage services and assistance or more technical services like providing cadastre data, property management services and renovation or construction management. It is estimated that real estate agents' market share in residential sales transactions is around 35%.

Mortgages

In 2008, 40% of residential real estate transactions were assisted by mortgage loans from banks. This is 26% less than in 2007. The negative trend has been mainly observed in the capital cities as opposed to provinces. During the course of 2008 the economic crisis seems to have largely affected families with limited disposable savings, who found themselves spending their

accumulated savings to sustain their lifestyle and covering the gap between their net income and expenses. This has resulted in people abandoning the idea to purchase a new home or postponing the plan to purchase until economic circumstances improve.

Transacting the Sale

The steps involved in the process of buying a property are:

A. Preliminary contract:

You have two choices, one of which is mandatory. The choice is made by the buyer and at his/her expense.

1) Register the preliminary contract: A private written agreement is generally registered at the *Agenzia delle Entrate* (Revenue Agency).

2) Notarize the preliminary contract: A notarised contract is registered in the list of *Beni Immobili* (Real Estate). This provides a guarantee to the buyer on any down payment to the seller in the case that the transaction process is halted.

B. Final Purchase contract:

The final purchase contract which transfers the property rights must always be notarised and registered at the



Italy Market Review

Ufficio di Registro (National Registry Office). The notary is responsible for registering the property. New laws introduced oblige all payments to be detailed in the final purchase contract (e.g. date of payments, check numbers, and details of bank from which money is transferred). Additionally, if a real estate agent was involved in the transaction, the name, real estate license and all details of payments made to the agent must be detailed in the contract.

Outlook/Trends

The outlook for 2009 predicts stability in property values of new products and a slight decline of approximately 1% in the value of used (second hand) properties. The number of transactions is expected to continue its decreasing trend throughout 2009. In spite of this, it seems that the prices and number of transactions will remain stable for products offered to the high-end clientele.

Summary

ERA Italy was formed in August 2007, and is the first Master Franchise Company, and international franchise organization, specifically designed to meet the needs of the traditional broker operations in Italy. While there are a myriad of local networks, none equals the depth of experience and resources ERA Italy has to offer.

ERA Italy brings international standards of practice when it comes to professionalism ethics and transparency in the marketplace. There is a clear demand for trust by buyers and sellers of real estate in the current market. A significant number of foreigners have invested in the Italian market, and they seek credible and authentic advice from their local real estate advisor.

The ERA system has been adapted to the Italian environment in such way that it meets the needs of both local and international customers. This is done by bringing better trained professionals to the market, by enhancing marketing and prospecting techniques and by introducing cutting-edge technology to facilitate the interaction of buyers and sellers across Europe.



It is the goal of ERA Italy to grow to over 200 agencies in north and central Italy in the next 5 years, and to reach 500 agencies within 10 years, throughout the country.

For additional information, please visit www.eraitaly.com and submit any questions you may have to us.

Sources:

- *Agenzia del Territorio* – Official National Real Estate Association
- *Istituto Nazionale di Statistica (ISTAT)* – National Department of Statistics
- *Federazione Italiana Mediatori Agenti d'Affari (FIMAA)* – Italian Association of Intermediaries for Real Estate Professionals (Broker's Association)
- *Federazione Italiana Agenti Immobiliari Professionali (FIAIP)* – Italian Association for Real Estate Professional

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ERA Netherlands *Country Fact Sheet*

NETHERLANDS	2002	2003	2004	2005	2006	2007	2008
Population	16,150,511	16,265,835	16,407,491	16,300,000	16,370,000	1,660,000	16,715,999
Capital City	Amsterdam	Amsterdam	Amsterdam	Amsterdam	Amsterdam	Amsterdam	Amsterdam
GDP per Capita	€ 27,300	€ 26,800	€ 28,000	€ 29,400	€ 30,900	€ 32,700	€ 33,900
Unemployment	3.00%	5.90%	6.00%	6.20%	5.50%	3.20%	4.50%
Land Area	41,526	41,526	41,526	41,526	41,526	41,526	41,526
Population in Urban Areas	80%	80%	80%	80%	80%	80%	80%
Households	6,903,000	6,941,000	6,929,000	6,929,000	7,015,000	7,019,000	7,024,000
Avg. Persons Per Household	2.34	2.8	2.37	2.35	2.33	2.36	2.5
Homeownership Ratio	55.0%	55.0%	52.2%	54.0%	55.9%	56.6%	56.0%
N° of Residential Transactions	200,000	230,600	224,500	224,000	220,000	202,401	182,392
Avg. Home Price/Capital City	€230,000	€216,000	€218,000	€212,800	€225,000	€243,000	€254,000
Avg. Home Price/Nationally	€204,000	€206,283	€217,000	€224,000	€241,000	€244,000	€243,000
Mortgage Rates	5.00%	5.90%	4.75%	3.80%	4.40%	5.30%	5.40%
Number of Brokers	6,000	5,500	5,500	6,000	6,200	5,800	9,000
Total N° of Broker Offices	3,900	4,800	3,400	5,000	5,200	5,000	6,000
Average N° of Brokers / Agency	1.54	1.15	1.6	1.2	1.18	1.16	1.5
Broker Commission Average	1.60%	1.60%	1.66%	1.67%	1.60%	1.60%	1.60%
Transfer (Sales) Taxes	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Broker Market Share (est.)	80%	80%	70%	70%	75%	75%	75%
Buyer or Seller Market	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Average Days on Market	104	72	168	171	104	76	78
Average M2 of home sold	140	140	140	131	132	134	133
Average M2 of apartment sold	85	80	80	79	79	80	84



Netherlands *Market Review*



Dutch Real Estate Market Back to Normal

After years of unbridled growth, the Dutch real estate market is returning swiftly to normal proportions. The western world has known more than a decade of prosperity for almost everyone. Business was booming in almost every industry. People made more money than ever before. Homeowners turned into speculators with prices that rose 5 - 6% per annum. Banks loaned money easily. Maximum mortgage amounts were as high as 4 to 5 times the customer's annual income, where 3 times had always seemed a reasonable risk for both customer and bank.

With the financial crisis and the fast dwindling consumer faith, the economy in the Netherlands, as elsewhere in the world, came to a halt in a staggering pace. Banks hardly

financed home mortgages anymore. The number of home showings decreased to almost none in November 2008 *in the entire country*. New developments were cancelled or only partly built. Media depicted one black scenario after another. The national 8 o' clock news on television even had a logo designed for the crisis, used when the news would column wise show us the demise of companies in four different industries. Companies had no business anymore and many industrial companies and their subcontractors had to fire large numbers of people. These people are the usually the ones who buy 60% of the homes that are for sale. Once out of a job, selling their home was sometimes necessary. The market, in which home sales had been slowing down, did not need this flood of new listings.

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These stagnant times ask for people who show a specific type of behavior. As a rule, a few people are leaders. These people are leaders in thoughts and vision, in strategy, in tactics, in attitude. Many people trust on leaders to show them the way out of this crisis. This does not only apply to government leaders and CEO's of big companies. This applies to all people inside and outside organizations, profit or non-profit, throughout society.

Any consumer, who has to sell his home in these challenging times, will have quite a job to do. As recent research from the Dutch realtors association NVM has shown, over 75% of all consumers expect full service from their real estate agent. That could imply that the heyday for discount Internet brokers or do-it-yourself formulas has come to an end.

The consumer, who expects full service from his estate agent, expects a certain attitude as well. He expects his estate agent to demonstrate creativity, conviction, perseverance, and common sense.

In the Netherlands ERA Real Estate agents and brokers have taken the following measures. These measures are well perceived by consumers.

1. Acquiring listing inventory at much sharper and more realistic asking prices. Sellers had become used to dictating asking prices in the heyday of home sales. Typically they would invite a couple of real estate agents over for a listing presentation and then select the one who called the highest asking price and the lowest commission. In a fast moving market anybody could get lucky. In a slow market it really comes down to setting the

price right, doing the marketing right, presenting the home right and finding the right buyer.

2. With overwhelming success ERA Netherlands and a strategic partner have introduced an online auction sale system for consumers. This was new to the markets. Homes typically used to be put on auction if repossessed by the bank. The concept is that the asking price is lowered substantially and becomes a new starting point. It enhances the group of prospects for the home and the home sells faster. Through this innovative way of presenting homes to the market, ERA brokers managed to speed up sales.
3. ERA brokers have been experimenting with so-called "vrij-op-naam" activities. At the sale of a home the buyer has to pay 6% transfer tax, the notary deed, cost of financing, and agent commission (if he hired an agent negotiating for him). Roughly these costs amount to 10% of the sales price. Some sellers are willing to pay these costs for the buyer. The amount of money involved in buying and financing a home is hence clear to all parties concerned.
4. ERA Netherlands also introduced a major change for the period a listing is valid. Typically the listing period is indefinite. ERA brokers now offer sellers a fixed listing contract. This can last from 30 days to any other amount, dependent of the type of home, local market conditions and the competitive edge of the property in question.

In addition government has raised the limit for the Dutch Homeownership Guarantee Fund from € 265.000 to €350.000 until at least 2010. This fund guarantees the



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repayment of mortgage payments to the lender. If for whatever reason (unemployment, divorce, disability) a home needs to be sold and the seller is left with a residual debt, the fund will compensate the lender. In return, the lender charges a lower interest rate. (For more details refer to www.nhg.nl). The idea is that by raising the standard to €350.000, at least 80% of all homes in the Netherlands can be purchased through with this guarantee. This will enhance both consumer confidence as well as willingness of the financial institutions.

The one million dollar question obviously is how long this crisis will last. Although there seem to be slender signs of recovery in some markets and some home types, it is far too early to predict anything. Local markets are extremely volatile. A week with home sales can be followed by three weeks without any sales.

With hindsight the crisis will be considered to have been beneficial for the real estate industry in general and the residential real estate market in particular. The outrageous increase in home values has come to a halt and for the market and for the consumer that is a wholesome development. For the real estate industry this crisis could not be better. Because of the crisis most amateurs, discounters and adventurers have left the stage in search of another lucrative market. Only the quality brokers will survive. Not because they did not suffer from the crisis, but because they chose to persevere.



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ERA Portugal *Country Fact Sheet*

PORTUGAL	2002	2003	2004	2005	2006	2007	2008
Population	10,102,022	10,474,700	10,529,255	10,569,522	10,591,095	10,617,575	10,627,250
Capital City	Lisbon	Lisbon	Lisbon	Lisbon	Lisbon	Lisbon	Lisbon
GDP per Capita	€ 15,800	€ 15,900	€ 16,200	€ 17,200	€ 18,000	€ 19,000	€ 18,900
Unemployment	4.70%	6.30%	6.80%	7.40%	8.20%	8.20%	8.50%
Land Area	91,927	91,927	91,927	91,927	91,927	91,927	90,927
Population in Urban Areas	n/a	n/a	n/a	59%	59%	59%	60%
Households	3,263,340	3,302,793	3,358,923	3,386,754	3,361,210	3,392,548	3,400,000
Avg. Persons Per Household	3.09	3.19	3.13	3.12	3.15	3.2	3.12
Homeownership Ratio	76%	75%	75%	75%	75%	75%	75%
N° of Residential Transactions	310,440	300,105	276,292	300,044	285,483	210,896	173,579
Avg. Home Price/Capital City	€160,000	€185,200	€185,000	€186,290	€225,000	€250,000	220,000
Avg. Home Price/Nationally	€100,000	€125,000	€125,000	€123,700	€120,000	€117,000	110,000
Mortgage Rates	5.0%	5.0%	5.0%	5%	5%	5%	5%
Number of Brokers	15,000	15,000	15,250	15,250	19,500	20,500	18,138
Total N° of Broker Offices	5,740	3,514	3,393	3,306	3,250	3,420	3,023
Average N° of Brokers / Agency	2.61	4.26	4.49	5.59	6.0	6.0	6
Broker Commission Average	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Transfer (Sales) Taxes	2% - 8%	2% - 8%	2% - 8%	2% - 8%	2% - 8%	2% - 8%	2% - 8%
Broker Market Share (est.)	50%	50%	50%	50%	55%	55%	60%
Buyer or Seller Market	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Average Days on Market	120	120	120	180	210	240	270
Average M2 of home sold	125	125	125	125	125	125	125
Average M2 of apartment sold	100	100	100	100	100	100	100



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Homeownership

In 2008, economic activity in Portugal reflected slowing growth; a tendency which began toward the end of 2006 in other main European economies; mainly as a result of increase in prices of raw material in the international markets.

Due to its high degree of exposure and indebtedness level, the Portuguese economy was affected by these circumstances, thus resulting in a low growth rate of 0,3% in 2008 after a 1,9% increase in 2007. Convergence of the international financial crisis together with the general weakening of world economic activity against the backdrop of Portugal's frail economy, all contributed to this negative impact on growth.

The unfolding of the international financial crisis toward the end of summer 2008 had a clear negative affect on the expectations of Portuguese families' income and wealth, hastening a slowdown in investment and consumption. At the end of 2008, a total of 402,5 thousand people were unemployed; resulting in an unemployment rate nearing 8,5%.

The main indicators of the Portuguese real estate market in 2008 show a downward correction on the supply side, a trend that began as far back as 2003, and in tandem, a trend in the deceleration of demand.

Construction permits, which had reached a maximum height, of 45.788 permits in 2002, declined to a minimum of 22.157 in 2008, attaining the same level registered back in 1994. Similar to previous years, most of the permits were intended for new building construction, representing about 72,3% of the total permits. Relative to 2007, total building construction permits decreased by 2,6%, revealing weak confidence in the building construction sector.

The indicator for *completed conventional dwellings* confirmed a decrease of 18% in 2008 relative to 2007 with a low of about 55.000 buildings, a level not seen since 1993. This decline was not uniform countrywide. The regions contributing most heavily to the negative trend are residential construction projects located where tourism is strongest, such as the Madeira autonomous region and the southern regions of Alentejo and Algarve.

For both these indicators, the activity levels are at their lowest point since 15 years ago.

Mortgages

On the demand side, the number of mortgage loans totaled approximately 150.000 per year since the beginning of the

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decade; this has decreased about 10% in 2008. The total value of mortgages granted during the year was € 13.526 million. The average value of the new mortgages was around €100.000.

The number of outstanding mortgages declined in 2008, mainly in the 2nd semester. However, at the same time, the indebtedness of the Portuguese family has reached a historic high of 130% of available income. This increase is clearly associated to real estate, since the rate of credit-to-consumption remained stable.

The cost of loans also increased to maximum values in 2008, reflecting the growth of interest rates and the larger risk assumed by financial institutions. Mortgage rates currently average 5%.

When looking at the structure of the mortgages secured, about 94% of loans are variable rate and only 6% fixed rate mortgages. According to the European Mortgage Federation (EMF) latest report, *'there are highly differentiated products available on the market. From loans with repayment in constant installments, to progressive and mixed ones, including both the principal and interests payments. Furthermore, it is possible to take a mortgage loan with an initial period of interest only payments.'* Loans vary in length from 5 years to as long as 50 years. All commercial banks offer mortgage loans; there are no specialized mortgage banks.

Prices

Unlike in other European countries, the speculative “bubble” in real estate was not noticed in Portugal. However, the supply vs. demand adjustment was observed during the last years, with market prices stagnating and an annual average valuation below that of the Euro zone. This price stabilization will allow the market to have very interesting buying and investment opportunities in 2009 and through 2010.

A negative growth rate was noticed for the average price per M2 of residential property in all four quarters of 2008. Quarters 1 through 4, respectively, experienced declines of 0,85%; 2,77%; 1,84%; and 1,03%. Nationally, prices declined on average by 6%.

The property values calculated through real estate appraisals, conducted for financing purposes, decreased in the entire country, thus reflecting a “financing-guarantee” ratio downgrade by banks. This decrease in property value was not uniform throughout: the most affected zones were the largest

cities in the sub-urban areas such as Lisbon and Oporto, with depreciations of between 10 and 15%.

Real Estate Agencies and Transactions

The residential real estate market consists of a high number of real estate agencies, estimated at 3.000. Lisbon, Oporto, Setubal and Faro are the cities with the highest concentration of agencies. ERA Portugal, with almost 200 agencies, is the market leader in Portugal accounting for 30% of market share in real estate listings and 10% of market share in transactions.

The number of residential transactions in Portugal dropped to 173.579 in 2008, representing a 15% decrease compared to the same period in 2007 when 210.896 transactions closed (*Source EMF*).

Transacting The Sale

For first-time home buyers, the buying process averages between 6 and 9 months. Once having decided on the property acquisition, this time-period includes securing the approval and definitive mortgage, registration of the property deed, necessary modifications and eventual transfer of property. The timeline for the purchase of a second property remains within this timeframe while the timeline for investment-type properties is slightly below 6 months. The same process takes about 3 to 4 months when it involves foreign buyers.

The property purchase process in Portugal is clear-cut. When using the assistance of an ERA real estate agency, one can count on its Process Department Service, supported by an attorney or solicitor, which will draw up the contract and secure the process of inspection of the property's title, ensuring no legal issues will arise after the transfer.

A search is conducted in the local land registry (Conservatoria do Registo Predial) to verify title facts and another search is conducted in the Inland Revenue Department (Repartição de Finanças) on the property's tax registration to ensure there are no unpaid charges. A fiscal number (número de contribuinte) will be acquired for the buyer through the local tax office as this will be necessary for most transactions in Portugal.

If the buyer is satisfied with the property and decides to purchase, a binding contract (Contrato Promessa Compra e Venda) with the details on the conditions of the sale and other agreements regarding the transfer, will be drawn. Once this has been signed and notarized, both parties become legally bound to realize the transfer. A deposit ranging between 10 and 30% of purchase price is usually secured at this stage and the parties



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will set a date for completion of the purchase with the notary.

The buyer's next task is to obtain the amount of and pay the property taxes due (Imposto sobre Transmissões - IMT). In their real estate mediation contract, ERA Portugal agencies state that the payment of commission is due at the time the binding contract is signed. In agencies where the service contract does not specify details on the commission payment, payments are usually made at the time the Deed of Purchase and Sale (Escritura Pública de Compra e Venda) is processed.

The transaction concludes with the execution of the Deed of Purchase and Sale, which is signed before a notary and officially recorded. At this time, the remaining balance of the purchasing price is paid according to the provisions of the binding contract.

The property is then registered under the new owner's name at the Conservatoria de Registo Predial. Once this is done, the transfer is complete. Registering a property in Portugal requires multiple procedures which take up to 90 days to complete.

The transaction costs involve all fees needed to successfully transfer a property to its new owners:

- **Legal fees:** Solicitors typically charge between 1 and 2% of the purchase price, with a minimum of €1.000
- **Notary and registration fees:** Fees for notary and registration add up to about 1 to 2% to the purchasing price.
- **Real Estate Agent fees:** In Portugal this fee (commission) is paid by the seller. ERA Portugal agents' commissions are set at 5% of the purchase price or a minimum of € 5.000. Other real estate agencies, charge fees ranging between 3 and 5%.
- **The Municipal Transfer Tax (IMT):** The IMT is calculated on the purchase price or taxable value, whichever is greater, on a sliding percentage scale which changes annually. Urban residential properties are taxed at 2% to 8%. The applicable tax is lower for non-residents.

Outlook 2009

Despite the decline in construction permits and completed conventional dwellings, it is expected that stock of available properties for sale will continue to increase given the slow down in demand.



This 'over supply' will most likely continue to have a downward pressure on prices in the short term with falls anticipated in the 4 to 7% range.

This is a great opportunity for the real estate industry, and particularly for ERA Portugal. Companies focused on service and innovation, will tend to be better perceived by their customers and will continue to grow their market share.

The restrictions to granting mortgage loans, which were introduced due to a growing risk of "non-payment", is anticipated to boost demand in the rental market, although up to now there is yet to be a reaction noticed.

New mortgage lending is expected to fall slightly in 2009. This trend is largely in line with the general economic situation

The combination of three factors, namely decrease in interest rates, downward adjustment of sales prices, and higher competitive aggressiveness of financial operations, may lead to a recovery – although not yet sustainable – of transactions.

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ERA Romania *Country Fact Sheet*

ROMANIA	2007	2008
Population	22,276,056	21,528,627
Capital City	Bucharest	Bucharest
GDP per Capita	€ 10,500	€ 11,500
Unemployment	5.30%	5.40%
Land Area	237,500	237,500
Population in Urban Areas	54%	55%
Households	8,910,422	7,302,202
Avg. Persons Per Household	2.5	2.96
Homeownership Ratio	96%	97%
N° of Residential Transactions	450,000	451,758
Avg. Home Price/Capital City	Pending	€84,000
Avg. Home Price/Nationally	€97,000	Pending
Mortgage Rates	7.50%	9.40%
Number of Brokers	15720	na
Total N° of Broker Offices	4,490	na
Average N° of Brokers / Agency	3.5	na
Broker Commission Average	3%	3%
Transfer (Sales) Taxes	3%	3%
Broker Market Share (est.)	30%	30%
Buyer or Seller Market	Seller	Buyer
Average Days on Market	90	90 to 180
Average M2 of home sold	130	130
Average M2 of apartment sold	75	60



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Romania is the largest of the Balkan states, located in the south-eastern part of central Europe, in the northern part of Balkan Peninsula bordering the Black Sea. The country's territory is approximately 237.500 KM², approximately half that of France, and is bisected by the Carpathian mountain chain, an area rich in mystery where castles, fortresses and churches emphasize the natural beauty of the region.

The population of Romania is above 21 million and the official language is Romanian - the only language of Latin origin in Eastern Europe. Romania's capital, Bucharest, is by far its largest city. According to official statistics its population accounts to approximately 2 million people and thus represents around 9% of the entire Romanian population.

Transylvania's Saxon towns reflect Romania's cultural heritage and it is home to Bran Castle, made famous by its associations with the mythical Dracula. Other fascinating places to visit are the legendary decorated monasteries of Bucovina and the beautiful rural village of Maramuras. Romania's Black Sea coast, stretching over 200 KM provides clean sandy beaches with minimal tides – ideal for young children and offering something for everyone, including some very popular treatment centers providing mineral-rich mud baths, thalassotherapy and the famous Romanian Gerovital cure.

The climate is temperate with four distinct seasons. Temperatures in the summer average over 70°F with July and August peaking at 79 °F

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Homeownership

Romanian residential market is characterized by relatively high number of homeowners (97%). The demand for residential property comes mainly from the new top class, the superior middle class and foreign investments, targeting middle to high quality offers which are difficult to find in the market.

The quality of the housing stock is very low throughout Romania. According to statistics its volume is estimated at more than 8.270.000 flats and houses, which translates to 384 units per 1.000 inhabitants.

Nearly 55% of Romania's housing stock is located in urban areas, and most of it represents blocks of flats made of prefabricated concrete slabs built in the socialist era.

According to Romanian National Institute of Statistics (INS) the residential housing stock in Romania was at 8.270.549 units by the end of 2007: 52.5% of these were urban and 10% were located in the Bucharest area. Although over 47.000 dwellings were delivered in 2008, of which half were completed in urban areas, the newly built output of 2,2 units per 1.000 inhabitants was still modest. The vast majority of the new supply is delivered by private individuals and developers.

Number of completed residential properties

	2004	2005	2006	2007	2008
Completed dwellings	29.957	32.868	38.178	45.867	47.000
Completed dwellings per 1000 people	1,4	1,5	1,8	2,1	2,2

Source: INS, Romani

Prices

Within the last 5 years, prices in the Romanian real estate market increased by 400%. Recently, however, the prices of flats and houses started to decrease across Romania, following the international trend. Potential buyers that saw house prices falling rapidly in U.S. and U.K. decided to wait until these prices dropped further. This hesitation

turned into an almost complete halt in transactions, with virtually no buyers ready to put up their money for a flat. In fact, the only reason why the market did not reach a complete stop in terms of activity was due to ongoing transactions; people who had already paid a 30 to 50% deposit towards flats in new developments decided to stick to the contract instead of withdrawing and losing the deposit.

The average price of earlier built flats in Bucharest fell 12% on the average in the second quarter of 2008 due to the lack of interest in such properties. The most evident decrease in prices was for 2-room flats category, recording a 13% decrease in prices in the second quarter of 2008 when compared to the first quarter of that same year. Prices of studios and 3-room flats went down 10%. This means that the average price of a studio fell to €78.160 and that of a 3-room flat to €159.800. The supply of earlier built flats increased significantly compared to 2007, but fell 34% in the first quarter of the 2008, mainly because of the seasonal nature of the market, which peaks in February/March and again in September/November.

Hot Spots

The city of Bucharest attracts most of the investors, while the other cities remain quite 'undiscovered'. According to the estimates, Bucharest may double its population in the next 10 to 15 years to over 4 million inhabitants. Attractive working opportunities created by Romanians and foreigner investors that are starting businesses in Bucharest will attract more and more people to the capital city. Other major cities with an active real estate market are: Constanta, Timisoara, Cluj-Napoca, Iasi, Brasov and Craiova.

Constanta is located in the south-east area of Romania's Black Sea coast. One of the main sources of income driving the development of this city is tourism. Constanta is one of Romania's largest cities with population surpassing 300.000. Because of its attractive location,



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Constanta's real estate market is driven by demand for holiday homes and by investors hoping to get a share of the income generated from intensifying tourist traffic. The total amount of mortgages given out in Constanta had grown 84% in June 2008, compared to June 2007. Prices of holiday homes in this city start from approximately €1.200 to over €2.200 per sq.m.

Cluj Napoca is the third largest city in Romania. After over a decade of continuing stagnation in the housing construction, Cluj-Napoca's residential market experienced the beginning of a construction boom in 2003. The total output was brought to a level of 900 to 1.200 residential units per year compared to 200 units per year in earlier years.

Transactions

The first four months of 2009 saw the number of real estate transactions drop with 36.3% against the same period in 2008. The real estate market recorded a total of 105.793 transactions, according to the general manager of the National Union of Notaries Public of Romania (UNNPR) Nicolae Liviu Popa. April 2009 recorded a 35.8% drop in sales compared with April 2008.

There were 27.472 transactions in April 2009, a clear drop from 42.821, the number recorded in April 2008 in the real estate sector. The first 2008 quarter recorded 166.213 transactions, as opposed to a weaker 2009 quarter, which saw only 105.793 transactions.

According to the notaries' data, last year there were a total of 484.765 real estate transactions, a 7.07% drop compared with the figures recorded in 2007.

To a large extent, residential units are purchased by foreign investors. The most active buyers come from Greece, Spain, and the UK. Some experts confirm that an ever increasing number of apartments are being purchased with the goal of renting them out.



Real Estate Agency

Competition in the residential construction market is getting tougher, with larger projects and more offers, but fewer buyers. The market for smaller residential projects and re-sale of property is governed by mid- and small-sized real estate agencies. As many as 15.700 companies were allowed to perform real estate activities in Romania at the start of 2008 in addition to the leading top-20 companies. However, out of this number, only 1.700 had real estate as their main business activity. From these 1.700 real estate agencies, only 125 generated more than €10.000 in turnover and had more than four employees. With the decrease in the number of transactions many small real estate agencies withdrew from the real estate market; some of them for good while others did so only for short period of time.

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Mortgages

The mortgage market in Romania has recently gone through a period of high-rate growth, which became one of the most important factors in the development of the national residential market. Despite the currently rising interest rates and a visible slowdown in the growth of outstanding loan volume (52% growth in the second half of 2007 vs. 16% in the first half of 2008), the housing debt-to-GDP ratio published by the European Mortgage Federation (EMF) indicated a high growth potential. At the end of 2006 the housing debt-to-GDP ratio amounted to a mere 2,3% in Romania, while the average ratio of the EU-27 countries was at 49%.

The volume of outstanding mortgage loans nearly doubled from June 2007 to June 2008. Loans are predominantly requested in foreign currencies (mainly in Euro) accounting for approximately 90% of all housing loans granted.

According to data published by the National Bank of Romania, the country's housing loan market is predominated by lenders from Bucharest. Despite the decline in the rates of absorption of dwellings in individual projects observed in recent months which has been confirmed by a slowdown in the month to month dynamics of housing loans, the volume of loans taken out by households to finance their residential purchases still doubled.

Transacting the sale

Before the accession of Romania in the European Union there existed strict rules that prevented foreign investors, to purchase land in Romania. After January 1st, 2007 when Romania joined the European Union these rules have been changed and now foreign investors are allowed to purchase land in Romania under certain conditions.

The applicable law divides the foreign investors in two main categories:

1. Citizens of EU member states, legal persons incorporated in the EU member states and stateless people domiciled in an EU member state.
2. Citizens, legal persons and stateless people not from a EU member state (we will collectively refer to them as "non-EU persons").

The EU persons can purchase land in Romania under the following conditions:

- Land used for secondary residences or for secondary headquarters after a 5 (five) years term from the accession of Romania to the EU (i.e. starting with January 1st, 2012).
- Agricultural land and forest land 7 (seven) years term from the accession of Romania to the EU (i.e. starting with January 1st, 2014).

The non-EU persons can purchase land in Romania under the conditions of international treaties between Romania and the states of origin on these persons, under a reciprocity basis.

The process commences with the execution of a preliminary contract for sale. Via this document, the purchase price is established and a deposit is made by the buyer. In most instances, the deposit is set at an amount equal to 10% of the overall purchase price of the subject real estate. The notarization of sale and transfer agreement regarding ownership of land is required in order to make the transaction valid. The transfer must then be then recorded in the Land Register/ Real Estate Register.

In the period between the execution of the preliminary or initial sales agreement and the date of signing of the final agreement conveying ownership of the real estate to the buyer, the purchaser is obliged to obtain any necessary financing that he or she will need to make the purchase of the real estate. In the case of a foreign national, the financing arrangements will need to be



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made by and the mortgage loan issued in favor of a duly established Romanian legal enterprise (either a corporation or limited liability company). Registration of property in Romania requires eight procedures and takes 170 days to complete.

The Romanian government set up a national property registry office. The property tax system is now also being restructured with the introduction of a new property tax of 2 to 3% depending on the value, price and the year the property was build.

It is likely that there will be changes to the real estate laws in Romania. Most of these changes will need to reach the Romanian Constitution as well. The entry of Romania into the EU in 2007 is the primary reason why the Romanian government is likely to set upon a course to liberalize the real estate laws and Constitutional provisions.

Outlook

Real estate transactions faced a sharp decline in the last quarter of 2008. Prices, especially those of land and residential buildings, also decreased. But on the other hand, new opportunities exist in the market, given the lower priced assets and costs involved in transactions, which might attract newcomers that were just bystanders until now.

The construction sector, which has grown 25 to 35% in the last two years, is expected to slow down significantly. This decrease in growth rate was already noticed in 2008 as the annual growth rate in the 4th quarter was 10% lower at 18.9%, compared to the rate recorded in the



previous quarter. Predictions are that local banks will be reluctant to finance additional residential projects.

Even prices of the properties in Bucharest, an area very popular with real estate investors, are expected to fall. Recovery of the local market is highly dependant on the global economic outlook. At present the residential market is not controlled by buyers or sellers but by the financial institutions that are severely restricting their lending.

The international financial crisis and other specific domestic developments are expected to slow economic growth in Romania over the next year. The real estate market and the constructions industry are likely to suffer most from the decrease in foreign investments.

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ERA Sweden *Country Fact Sheet*

SWEDEN	2002	2003	2004	2005	2006	2007	2008
Population	8,878,085	8,878,085	9,017,324	9,050,000	9,131,425	9,182,927	9,269,986
Capital City	Stockholm	Stockholm	Stockholm	Stockholm	Stockholm	Stockholm	Stockholm
GDP per Capita	24,800	25,400	27,000	27,100	28,700	30,400	30,500
Unemployment	4%	5%	5%	5%	5%	6%	7%
Land Area	449,964	449,964	449,964	449,964	449,964	449,964	449,964
Population in Urban Areas	83%	83%	85%	85%	85%	85%	85%
Households	3,300,000	3,300,000	3,300,000	3,829,873	4,440,934	4,465,000	4,477,104
Avg. Persons Per Household	2.10	2.1	2.10	2.36	2.06	2.1	2.07
Homeownership Ratio	65%	65%	71%	74%	73%	73%	73%
N° of Residential Transactions	143,000	143,000	137,070	149,072	150,376	141,445	156,487
Avg. Home Price/Capital City	€247,126	€250,800	€270,000	€260,000	€295,000	€317,035	€315,199
Avg. Home Price/Nationally	€139,195	€164,000	€150,000	€112,326	€129,058	€164,029	€172,916
Mortgage Rates	4%	3.5%	2.6%	4.62%	4.65%	5.85%	5.65%
Number of Brokers	4,640	4,640	4,640	5,519	5,908	6,224	6,302
Total N° of Broker Offices	2,500	2,500	2,500	2,500	2,550	2,550	2,402
Average N° of Brokers / Agency	2.0	1.86	1.92	2.2	2.3	2.44	2.62
Broker Commission Average	3.3%	4%	3.5%	3.0%	2.8%	2.50%	2.50%
Transfer (Sales) Taxes	1.5%	1.5%	1.5%	1.5	1.5%	1.50%	1.50%
Broker Market Share (est.)	84%	84%	85%	84%	85%	85%	85%
Buyer or Seller Market	Seller	Seller	Seller	Buyer/Seller	Seller	Seller	Seller/Buyer
Average Days on Market	90	90	90	90	30 to 90	30 to 90	30 to 180
Average M2 of home sold	90	90	120	140	150	150	150
Average M2 of apartment sold	n/a	n/a	110	75	90	90	90



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The economic downturn of 2008 goes to history as a period of big anxiety on the financial market. The crisis, which initially started in the USA, eventually moved on to Europe and Sweden. In an effort to assist the Swedish baking industry through the difficult times, the Swedish government offered all Swedish banks a warranty program. So far only one major bank has accepted this offer. The policies offered by this program are now being studied to see if all banks can join the program. The Swedish Central Bank has decreased the repossession rate significantly since the second half of 2008 as a way to temporarily expand the money supply. The Minister of finance has also called upon banks to help facilitate lending to businesses and consumers in hopes to boost the nation's economy again. Unfortunately not all banks have taken this advice.

Between October 2008 and January 2009 the real estate market in Sweden made an almost complete halt because of the many restrictions introduced in the banking

industry, making it difficult to finance consumers or business.

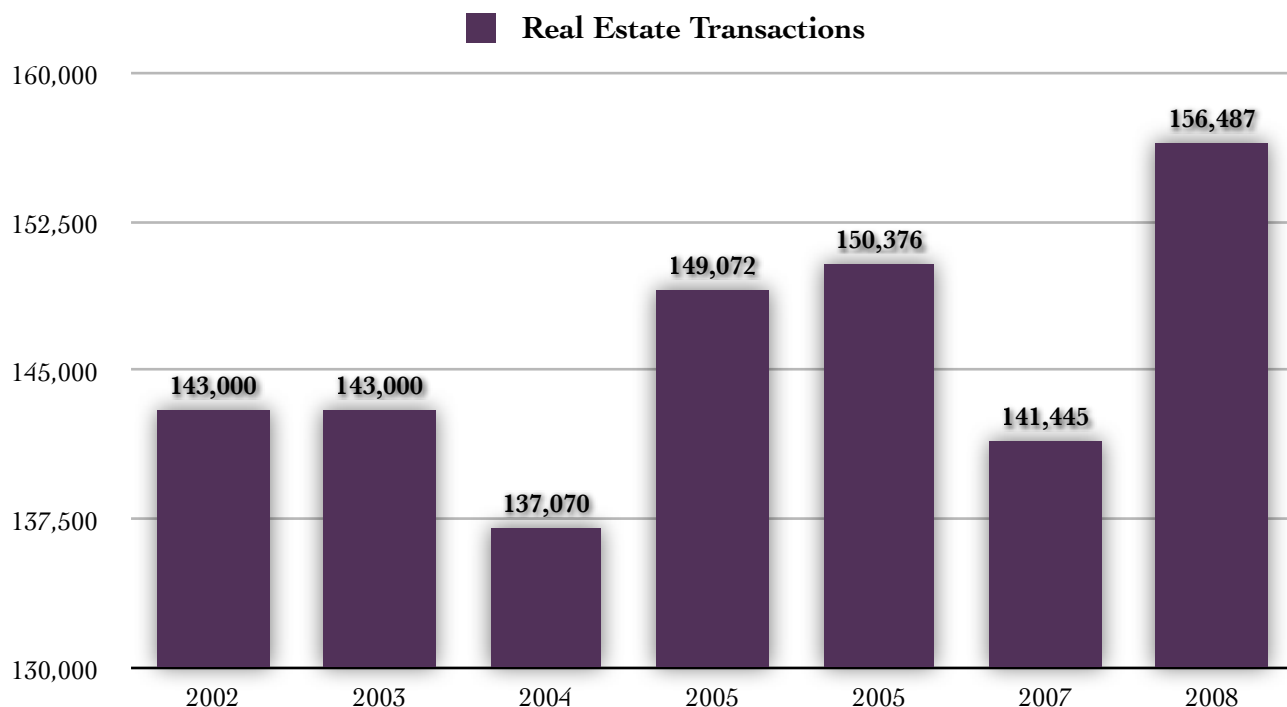
The unemployment rate is expected to increase further and reach 9 - 10% in 2010.

Homeownership

The majority of Swedes live in owner occupied houses. The homeownership rate for 2008 remains at 73%; unchanged from the prior years of 2006 and 2007.

Swedish homeowners have historically contributed to a strong housing growth and, consequently, to an increase in property values. At the beginning of 2008 the Swedish government implemented a reduction in the annual property tax. More recently, low mortgage rates have also played a significant role in maintaining the high level of homeownership. The inclination to own a home coupled with the financial incentives and benefits have been major

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contributors to the high percentage of homeowners in Sweden.

In 2007, the number of households was 4.465.000 and has increased to 4.477.104 in 2008. The average number of people per household is stable at about 2 individuals per unit. The average age of a homeowner / home buyer is between 45 and 65 years. Within this age bracket, people usually have a more secure income and are strong financially. Recent reports show that, in general, Swedes do not think that investing in a property is a beneficial move at this time.

Real Estate Transactions

The number of closed real estate transactions in 2008 was 156.487. An increase of 10,6% compared to previous year (141.445 closed transactions). The Swedish capital of Stockholm contributes with about 40% of the total real estate sales revenue, but with only 25% of the total number of real estate transactions.

Internet is the main marketing channel when selling or buying a property in Sweden. Approximately 90% of

apartments involve a trade via the Internet. The number of properties on the Internet is currently at a record high.

Prices

During the first half of 2008, Sweden was still facing rising property prices but at a more moderate and cautious pace than earlier periods. The growth rate of prices has been noticeably diminishing in Sweden's major cities in the last couple of years. However, the price levels are still extremely high when compared to national averages. The average home in Stockholm was selling for €317.035 in 2007. In 2008, the average home cost €315.199 here, decreasing less than 1%. On a national level, average home prices were € 172.916 in 2008; approximately 55% the average home price in the capital city. Nationally, prices on average increased by 5,4%.

Because of the economic situation, the Swedish Central Bank decided to lower the interest rate in the second half of 2008. The Swedish government also revised the tax



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structure on the assessed property value and replaced it with a municipality tax of €620.

Real Estate Agency

The number of real estate agents was 6.302 in 2008, up 1% compared to 2007. These agents were spread over approximately 2.500 broker offices which are owned by about 1.000 entrepreneurs. The 10 largest real estate agencies have between 18 and 80 employees. Two-thirds of all agencies have 2 people or less employed.

The major agencies are taking up a bigger share of the total market. Their widespread presence gives them both marketing and cost efficiency advantages in the market. This has led to more collaboration between smaller agencies that are now coming together in a quest to become more competitive against larger agencies.

There are a few universities in Sweden that offer Real Estate Agent programs. This professional program has been very popular in the last couple of years. For every 2 applicants, 1 is accepted to the program. To be an approved broker in Sweden one requires a minimum of two years of university experience in legal, financial and home construction fields. The universities educate about 800 new brokers each year. Every brokers needs to be registered at the Swedish Board of Supervision of Estate Agents who control and ensure the fulfilment of the national industry's regulations.

Mortgages

The average Swedish buyer has a good and stable income. The buyer is therefore often offered to borrow up to 90 or 95 per cent of the purchase price by reputed



banks. One needs to either pay the balance cash or offer other property as security. The usual repayment period is between 30 and 40 years with almost no instalments on the first mortgage loans. A trend shows buyers being more cautious when it comes to potentially over-mortgaging their properties.

A lender can typically choose between a fixed and variable mortgage rate. Fixed-rate loans usually range between 1 and 5 years, but can sometimes be held for a longer period. Nowadays, fixed-rate loans go for a shorter period of approximately 2 years, compared to the last decade where 7 years fixed-rate loans were more standard. More and more, buyers are choosing to finance their homes with a variable-rate mortgage covering 50% of the total loan. As of June 2009 the mortgage rate of a 5 year fixed-rate loan was 4,58%, the rate of a 10 year fixed-rate loan was set at 5,65% and the rate of variable-rate loans was 2,04%.

Thanks to the new "Law of Insurance Intermediary" ERA Sweden successfully launched its own house mortgage program in 2008: a product unique on the Swedish market. "ERA House-Mortgage" is expected to give ERA Sweden substantial competitive advantage.

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ERA Sweden is also finalizing ongoing projects which will introduce more insurance products for example, life insurance. These will soon be available to the Swedish market.

Transacting the sale

Everything must be agreed on in writing in order for it to be considered valid. Once the contract of purchase is signed, the buyer usually deposits 10% of the purchase price. If for any reason the transaction is not completed, the party who fails to adhere by the conditions of the agreement must reimburse the damages caused by this to the affected party. Disputes are usually resolved in a public court of law, where the extent of financial damage is assessed. The compensation is usually settled by forfeiting the down payment.

The time period from when the contract is signed to closing and transferring of the property to the buyer, varies. In general, the period is 1 to 6 months. The buyer is also forced to pay the land registry a sum of 1,5% of the purchasing price to record the transfer of property.

On average, 85% of home sellers and buyers use a licensed broker to assist them in their real estate transactions. In Stockholm this number is as high as 94%. Statistics shows that using a broker can result in a sales price that's 18% higher. Buyers often employ an inspector to verify the condition of the house prior to signing the contract.

The broker's or agent's commission averages between 2 and 5% of the purchase price. This is paid in one time once the seller receives the final payment from the buyer. This is usually when the buyer takes possession of the property.

Outlook/Trends 2009

For a number of years there have been three visible (upward) trends in the Swedish housing market which

have influenced home prices: (1) the growing population of retirees, (2) the social housing trend, and (3) the relocation of home owners who choose to leave their countryside residences, opting for an urban lifestyle.

Since the beginning of the year 2000 another clear trend has been visualised. Homeowners are spending an escalating amount of extra income on their residence, investing in such things as home renovations, home styling and upgrading of the garden/landscaping around the property. This trend is highly influenced by TV programs and interior designing magazines that address this theme. Swedes invest about 30% of their disposable income in their houses every month. Projection for the coming years is that Swedes, most likely, will not spend more of their disposable income on home renovation. Thanks to a new law that gives a discount of 50% on the labour costs of certified craftsmen, the trend will remain stable.

It is important to underline that the pace of increasing house price has slowed down in Sweden's major cities. However, the absolute price levels still remain comparatively high. This year, because of tougher market conditions and the overall effects of the economic slowdown, Swedish brokers experienced an even stronger competitive environment.

It has been difficult for first time home buyers to purchase a residence due to lack of prior home sale profit to use as down payment. This has especially been an issue in Stockholm, where the prices are much higher than in the rest of the country. During the first half of 2009 the Swedish Central Bank has slightly decreased the interest rates as a result of the financial situation. This has led to lower mortgage rates, but stricter credit conditions, with a less active real-estate industry as a consequence. The bad publicity in media has also made buyers cautious of buying. In the first half of 2009,



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Swedish brokers have started to notice that it is now taking longer for a property to be sold.

The number of new properties being constructed appears to be declining due to a withdrawal of government assisted incentives. Forecasts indicate that these figures will decrease even further in 2009, with some figures being even lower than those recorded during the crisis at the start of 1990. Construction companies are usually the first to feel a down loop in the market. The largest construction companies in Sweden report that new apartments are very difficult to sell. The new ownership form, apartments with similar ownership structure as houses, may contribute to a more positive trend in the future.

Summary

ERA Sweden will continue its franchise sales efforts along Sweden's eastern coastline. Sales will also be concentrated in larger markets such as Stockholm, Gothenburg and Malmö to increase the ERA brand's market position in those areas. ERA Sweden has recently also signed a number of contracts with agencies in the south-eastern parts of the country.



Sources:

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- www.maklarstatistik.se
- www.scb.se
- www.hemnet.se

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ERA Switzerland *Country Fact Sheet*

SWITZERLAND	2002	2003	2004	2005	2006	2007	2008
Population	7,318,618	7,367,900	7,418,400	7,461,000	7,508,000	7,591,000	7,630,605
Capital City	Bern	Bern	Bern	Bern	Bern	Bern	Bern
GDP per Capita	28,900	28,500	29,400	30,300	32,200	34,700	40,903
Unemployment	2%	4%	4%	4%	3%	3%	2%
Land Area	41,285	41,285	41,285	41,285	41,285	41,285	41,285
Population in Urban Areas	75%	75%	75%	74%	74%	74%	74%
Households	3,115,000	3,130,000	3,140,000	3,150,000	3,200,000	3,200,000	3,362,000
Avg. Persons Per Household	2.4	2.3	2.3	2.24	2.24	2.2	2.2
Homeownership Ratio	34.6%	35.5%	36.5%	36.8%	37.2%	37.5%	37.5%
N° of Residential Transactions	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Avg. Home Price/Capital City	€400,000	€410,000	€421,000	€435,000	€440,000	€454,000	€467,620
Avg. Home Price/Nationally	€310,000	€320,000	€327,500	€359,700	€375,000	€384,000	€391,680
Mortgage Rates	3.50%	3.00%	2.80%	2.80%	3.10%	3.25%	3.40%
Number of Brokers	6,000	6,000	6,000	6,000	5,000	5,000	5,000
Total N° of Broker Offices	3,500	3,500	3,500	3,500	2,500	2,500	3,000
Average N° of Brokers / Agency	1.8	1.8	1.8	1.8	2	2	2
Broker Commission Average	2.80%	2.50%	2.50%	2.40%	2.50%	2.45%	2.45%
Transfer (Sales) Taxes	1% to 3%	0% to 3%	0% to 3%	0% to 3%	0% to 3%	0% to 3%	0% to 3%
Broker Market Share (est.)	25%	25%	25%	25%	30%	30%	30%
Buyer or Seller Market	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller
Average Days on Market	150	150	175	195	195	210	200
Average M2 of home sold	150	150	155	155	155	155	155
Average M2 of apartment sold	110	110	110	110	110	110	110



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The country of Switzerland lies in the heart of Europe and covers an area of 41,285 KM². The country's population passed the 7,6 million mark in 2008. About 21,7% of Swiss inhabitants are of foreign origin. The population density reflects 182 people living on one KM². Residential areas cover 6,5% of the Swiss surface. Switzerland has a decreasing, but still positive migration balance of 50.000 people per year.

Despite the country's small size, Switzerland's markets are very segmented. This is based on the fact that Switzerland consists of 26 federalist cantons (states) in which as many as four different national languages are spoken (German 63,7%, French 20,4%, Italian 6,5%, Rumantsch 0,5%). The remaining 9% of the Swiss population communicate in non-national languages.

The geographical structure of Switzerland divides the country into three major regions: the Swiss Alps, the hilly center which stretches from lake Constance to lake Geneva and the rough area of long fold mountains called the Jura. A total of 2.730 communities form the political

structure of Switzerland's map.

Switzerland's GDP per capita lies at around €40.000, which ranks the 'Confoederatio Helvetica' among the wealthy countries in the world. The average yearly gross income in a Swiss household (2,2 persons) reaches approximately €70.000. For 37% of the households more than one person generates income. Of the total labor force, 72,5% is in the service sector. The unemployment rate is at a low 3,3%; while 25,5% of the labor force is non-Swiss.

Homeownership

Switzerland's homeownership rate has been increasing with a steady pace over the past decade. A relatively high production based on demand, stimulated by favorable financing conditions, the availability of equity from pension savings and a positive migration balance. The national homeownership rate lies at approx 37,5%. In 14 cantons more than 40% of the households are owner-occupied (lead by Valais and Appenzell Innerrhoden with a rate of approximately 60%), whereas in the bigger

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centers the homeownership rate remains as low as 7%.

Real Estate Transactions

There are a total of 3,8 million dwellings in the country with an average vacancy rate of around 1%. Residential real estate represents about 60% of the Swiss real estate value. According to the Swiss National Bank (SNB), the value of the total real estate stock represents almost 60% of the Swiss real capital stock. ERA Suisse estimates the average turn over rate in self occupied residential real estate to be at about 6-7%. This ratio rises to over 10% for condominiums, which also derives from the fact that the legal framework for condominium ownership has only been established for about 40 years.

Yearly investments into construction reach approximately CHF 46,5 billion (€ 29 billion), of which 50% is invested in residential construction (2/3 of the total building construction). Private owners own 73% of the residential units, but less than half of the privately owned units are self-occupied. About 11% of the residential real estate is used as a secondary home. In some recreational areas, such as Valais, Grisons or Ticino, this ratio is substantially higher and reaches as much as 50%. Of these secondary units 43% are used as vacation homes, whereas almost 240.000 units are occupied as part time residency.

Prices

The average residential home price lies at €384,000 nationally and reaches €475.000 for (single family) homes. In the major centers, and the high-class resort areas, these prices are at around €500.000 and €850.000 respectively. For the most desired locations in regions such as Lake Zurich, Lake Geneva, St. Moritz, and Gstaad, there appears to be no upper price limit buyers are willing to pay for their prestigious residence. Prices of 20.000 CHF (12.500 Euro) to even 30.000 CHF (18.750 Euro) per square meter of living space are not unusual.

The average listing price for a single family home and a

condominium increased again in 2008 at about the same rate as during previous years, between 1 and 4%. As took place last year, the most substantial increase in prices was in the Lake Geneva and the Romandie areas as well as in Ticino and some communities in the surroundings of Lake Zurich.

Residential real estate in Switzerland is relatively expensive compared to the income of the Swiss population. However, the market situation is still good and we expect this same positive trend to continue in 2009. Due to the increasing unemployment a stabilization of prices is expected in 2010.

Real Estate Agency

The brokerage business in Switzerland has become more organized since the turn of the millennium, when international networks started to develop in the country. As a result of this, local networks emerged and additional structure was brought in by the Swiss Association for the Real Estate Industry's (SVIT) 'broker chamber'.

Thanks to the Internet and more structured data collection, market transparency has improved. However, Switzerland's federalist political structure still contains many obstacles against a smooth national information flow. Interest in the Swiss real estate market from investment funds, listed stocks as well as private investment firms has evolved over the past five years, and has raised the requirements for more professionalism in the business.

Although expectations for greater market transparency and sound professionalism are very clear, the requirements to conduct real estate brokerage remain almost non-existent in most of the Swiss cantons. In the vast majority of the country there are no certification requirements for brokers or real estate agents in order to secure quality in the business. Therefore customer confidence in the brokerage business still remains on a relatively low level, which is reflected in a broker market



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share of only about 30% to 40 %.

It is ERA Suisse's strategic goal to set the trends and standards in the industry. ERA Suisse therefore has implemented a transparent process management system in 2006 and has achieved the certification according to ISO 9000:2001 as the first network of its kind in all of Europe. At the same time, ERA Suisse brokers have agreed to embark on the Way to Excellence and to follow the steps on the path to Business Excellence as it is defined by the European Foundation for Quality Management (EFQM).

We estimate the total number of real estate offices in Switzerland to be between 2.500 and 3.500. Only about 10% of these focus exclusively on brokerage. For the remaining offices, the professional service to a customer in the sale of a property represents just a part of the regular business. ERA Suisse is one of the two real estate networks that has reached national presence in all of the 4 language regions of Switzerland. There are a number of other networks that host a growing number of offices in limited regions. Most of these networks are either Swiss or do not cover a multinational area. Overall we consider the number of active offices doing business as part of a network to be about 250. The office count doing business under a common brand is substantially lower.

The average commission charged by brokers varies in the different market areas. Overall, commissions average between 2% and 3% and reach up to 5% in some areas. The lower average number does not usually include expenses for advertising. The brokerage fee also depends on the sales price volume as part of the listing.

The share of exclusive listings of the total number of properties offered by brokers also varies between regions. We estimate that exclusive listings represent about 70% of all the listings. In some areas, this ratio comes down to 30 to 40%.



ERA Suisse and its brokers are improving shortening of the selling period, meaning the number of days a property remains on the market. Depending on regional economic factors, and demand from buyers, properties offered through brokers remain on the market between 120 and 210 days from their initial listing. This listing period includes time considerations for newly constructed properties, which have specific production time frames.

Mortgages

Swiss real estate is highly leveraged. The total amount of mortgages and or loans on Swiss real estate reaches CHF 643,3 billion, which represents about €125.000 per capita for the income generating population with Swiss citizenship (€93.000 per capita of the total income generating population). About 74,4% of the mortgages are fixed interest rate loans.

Interest rates remained low in 2008 although a slight increase was observed. In particular, short term fixed interest rate mortgages started to climb over the 3% interest rate mark during the year.

A substantial amount of money resides in savings and large amounts of cash – including from abroad - are available when it comes to home financing. Therefore

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banks still work on a highly competitive level when it comes to home financing and providing attractive offers to their potential customers. In the meantime, a few alternative models for the origination of mortgages have been established and the mortgage business has become more flexible, offering conditions that are usually even more attractive than published offers.

Real estate has become more dependent on the financial markets and vice versa. The established valuation models for portfolio and investment properties, the electronic appraisals based on hedonic valuation models and even the listing databases on the Internet have a direct influence on transparency and values – and of course the lending policies.

Transacting the Sale

The sale and purchase of real estate is governed by the Swiss Civil Code and the Swiss Code of Obligation. Conveyance of real estate requires a written contract that has to be authorized by a notary. The notary's charge is limited to the verification of the contract with respect to formal faults and to the stating of the parties' will.

The transfer of title is completed by registering the new owner in the Land Register. There are exceptions however, for example, in the event of a company take over, then terms of the Federal Law on Merger take hold. This act is executed by the Land Register Authority and requires the request of the current owner of the property. The entry in the Land Register inheres in being true and correct. Everybody relying on this entry will be protected if he or she appeals to the entry. The relevant file does not only state the ownership of the property but also contains all information about the relevant tract of land such as easements, pre-emption rights, priority notices, mortgages, order of priorities, etc.

For newly constructed homes a 'reservation agreement' is quite common and a deposit made on approximately 10% of the purchase price. Should the potential buyer

cancel this agreement, reimbursement to the selling party takes place for the amount of expenses that were caused by the resigning buyer. It is common practice to process the payment transaction by means of a bank via an irrevocable letter of credi. The payment is made at the same time as the request of the seller to the Land Register Authority.

Costs and Fees associated with a typical transaction will include the broker's fee of about 3-5%,. Additional fees include a transfer tax of between 0% and 2,7%, notary costs of 0,3% (this varies from canton to canton), and a title registration fee of between 1% and 3.5% in fees (excluding the broker's commission. Capital gain taxes for property sales can range anywhere from 0% to 70% and are tied to the length of time the property has been owned.

Switzerland has a very sophisticated land registry, so there are usually no delays in the closing process. Once funds have been secured for the property, closing is imminent, meaning it usually takes two working days to complete the transaction. Nevertheless, one must keep in mind that there are 26 different Cantons and 26 different laws governing real estate, and each community has its own tax authority. This makes it difficult to obtain national averages on transaction activity and affects transparency in the market place.

Outlook 2010

Regional exceptions will remain the rule in Switzerland, keeping prices in certain areas on high levels. Especially in the economical centers and some resort areas good locations have become rare. Recent changes in law have come into effect, citing that most of the European citizens with residency in Switzerland have the same legal status as Swiss citizens when it comes to real estate ownership. Favorable tax laws continue to attract quite a number of wealthy immigrants. Those who have the funds to invest in luxury estates, are adding fuel to the already hot Swiss property markets: the rare pearls



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situated along the pristine Swiss lakes or those with breathtaking mountain views.

In view of future demographic developments and with the background of relatively low production in this segment over the past years, we may see an increasing number of developments in rental buildings, mainly in the growth and population centers. This trend may be supported by the large amounts of funds that still are still available and to invest in opportunities outside of the stock markets.

Re-sales are in direct competition with new construction offers, as developers provide contemporary standard and technology at modest prices and as a lot of the existing stock is over-aged. This leads to more pressure on the pricing of used homes, which reflects a shortening of the “economic life time” of Swiss residential real estate. Discussions about environment and climate protection will further accelerate this development. Along with the moderate increase in homeownership we therefore predict a steady increase in the turnover rate for residential properties which also comes along with a decrease in prices of re-sale properties. We can't predict the long-term effects of the depreciation on used homes yet, but at some point this may lead to a problematic situation, because residential real estate is often financed by a portion of the owner's pension savings.

On interest rates We will probably see an increase of an additional 50 to 80 base points in interest rates, which may have some adverse effects on the market, as this represents an additional increase of 15 to 20% in the home buyer's financial calculation. The home production in the average price segment may therefore face some new challenges in absorption.

The effects of the bilateral agreements Switzerland has entered into with the EU may further fuel the immigration of a high quality workforce with the financial power to invest in real estate. Additionally, the



waiving of restrictions for foreign buyers, which is expected to become effective in 2010, may attract investors with a long-term focus.

In the medium-term we expect further development of international metropolitan Centers in the Geneva and Basel area as well in the Tri-State lake area of Lake Constance and in the South of Ticino adjacent to Metro Milano.

ERA looks forward to a further internationalization of the real estate markets and to providing trustful, transparent, efficient and effective quality services to customers from all over the world.

Data Sources: ERA, W&P, UBS, CS, BfS, SNB, BWO, EFD, AmCham, ERA Immobilien, ERA Real Estate, ERA Immobilier, ERA Immobiliare. For further information on the Swiss market, please contact:

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ERA Europe *Charts & Graphs*

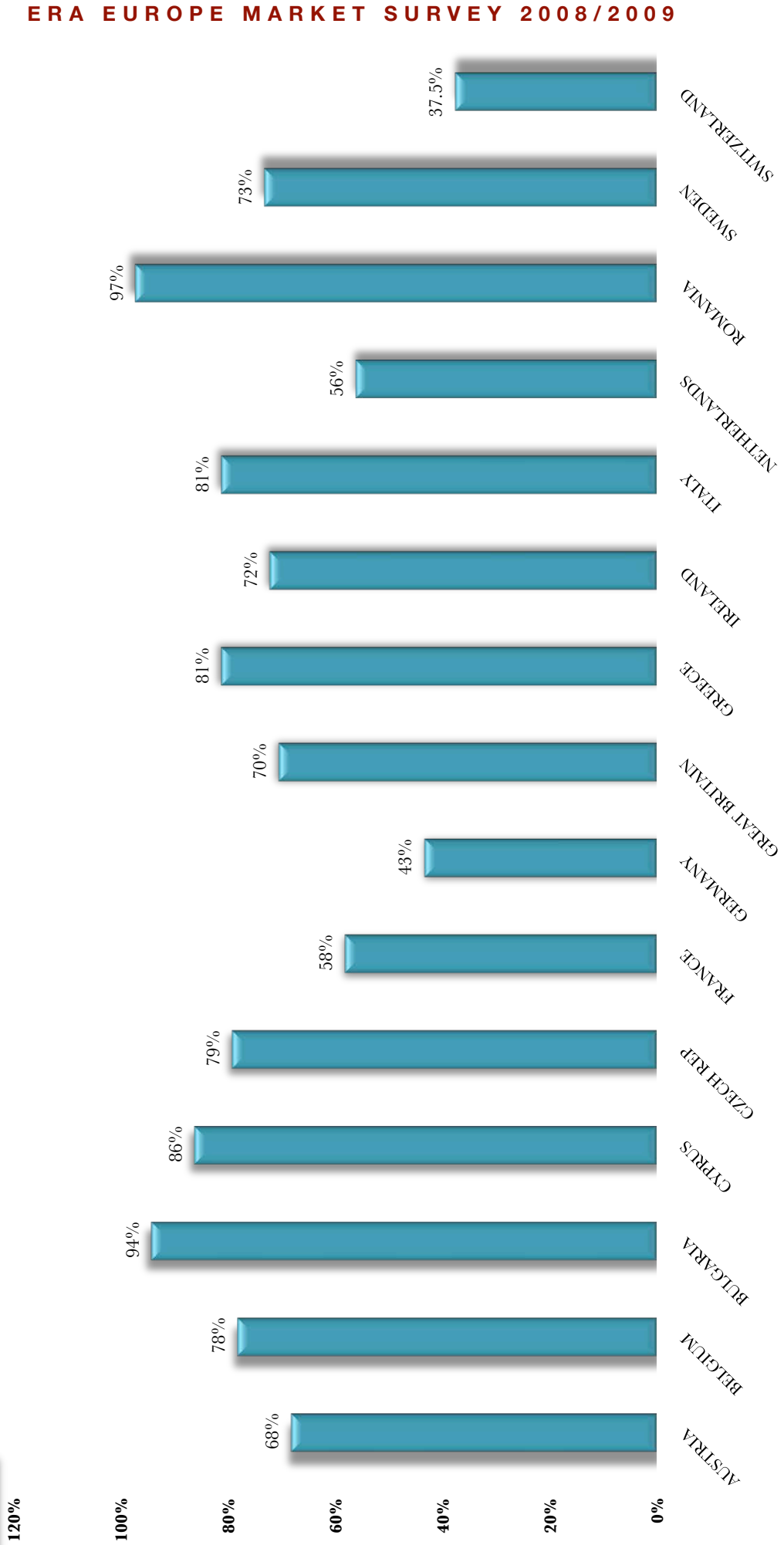
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ERA EUROPE MARKET SURVEY 2008/2009

ERA EUROPE Market Survey 2008/2009	AUSTRIA		BELGIUM		BULGARIA		CYPRUS		CZECH REP.		FRANCE		GERMANY		GREECE		GREAT BRITAIN		IRELAND		ITALY		NETHERLANDS		PORTUGAL		ROMANIA		SWEDEN		SWITZERLAND	
	Population	Capital City	GDP per Capita	Unemployment	Land Area	Population in Urban Areas	Households	Avg. Persons Per Household	Homeownership Ratio	N° of Residential Transactions	Avg. Home Price/Capital City	Avg. Home Price/Nationally	Mortgage Rates	Number of Brokers	Total N° of Broker Offices	Average N° of Brokers / Agency	Broker Commission Average	Transfer (Sales) Taxes	Broker Market Share (est)	Buyer or Seller Market	Average Days on Market	Average M2 of home sold	Average M2 of apartment sold									
	8,281,295	Vienna	€ 30,900	5.80%	83,871	70.0%	3,566,000	2.31	68%	€ 249,000	€ 170,000	3.50%	3,800	1,850	2.00	4.50%	4.50%	37%	Buyer	100	130	80										
	10,667,000	Brussels	€ 28,800	7.00%	30,510	97%	4,617,749	2.31	78%	€ 235,866	€ 192,423	5.82%	9,000	2,900	2 to 3	3.00%	10.00%	55%	Buyer	97	175	85										
	7,385,367	Sofia	€ 10,100	6.39%	110,099	70.0%	3,730,263	2.06	94%	€ 96,200	€ 39,500	10.90%	Pending	1309	Pending	3.00%	3.00%	39%	Buyer	90 to 180	130	60										
	789,300	Nicosia	€ 23,800	2.00%	9,250	70%	253,000	3.1	86%	€ 188,000	€ 147,000	from 4.25%	464	1320	2.84	5.00%	3% to 8%	90%	Buyer	280	120	75										
	10,467,942	Prague	€ 20,200	4.40%	78,886	75%	4,291,666	2.40	79%	€ 138,600	€ 84,700	5.64%	9,700	3,900	2.49	4.30%	3.00%	55%	Buyer	95	120	55										
	64,303,000	Paris	€ 26,900	8.30%	547,030	77%	27,607,000	2.54	58%	€ 379,812	€ 255,780	4.40%	58,000	28,000	3.00	5.21%	7.00%	60%	Buyer	87	135	65										
	82,369,548	Berlin	€ 29,100	7.80%	357,026	88%	39,206,642	2.10	49%	€ 205,000	€ 162,000	4.70%	57,000	28,500	1.80	3.48%	3.48%	35%	Buyer	176	135	83										
	10,737,428	Athens	€ 23,900	8.70%	130,800	70%	5,496,000	2.08	81%	€ 210,000	€ 175,000	5.90%	11,700	5,200	3.00	2.00%	9-11%	30%	Seller	90	120	80										
	61,113,205	London	€ 29,400	5.60%	244,820	90%	Pending	Pending	70.3%	€ 321,542	€ 165,855	Pending	Pending	Pending	Pending	Pending	Pending	Pending	Buyer	Pending	Pending	Pending										
	4,422,100	Dublin	€ 35,000	7.20%	70280	61%	1,565,000	2.81	72%	€ 357,881	€ 259,098	3.75%	1,235	950	1.30	1.75%	4.00%	90%	Buyer	200+	110	74										
	60,045,068	Rome	€ 25,200	6.70%	301,336	68%	24,641,000	2.40	81%	€ 310,000	€ 240,000	5.2% - 6.0%	54,000	42,000	1.30	3.00%	4% to 10%	35%	Buyer	174	n/a	104										
	16,715,999	Amsterdam	€ 33,000	4.50%	41,326	80%	7,024,000	2.50	56%	€ 254,000	€ 248,000	5.40%	9,000	6,000	1.50	1.60%	6.00%	75%	Buyer	78	133	84										
	10,627,250	Lisbon	€ 18,900	8.30%	90,927	60%	3,400,000	3.12	75%	€ 250,000	€ 115,000	5.00%	18,138	3,023	6.00	4.00%	2% - 8%	60%	Buyer	270	125	100										
	21,928,627	Bucharest	€ 11,500	5.40%	237,500	55%	7,302,202	2.96	97%	€ 84,000	n/a	9.40%	n/a	n/a	n/a	3.00%	3.00%	30%	Buyer	90 to 180	130	60										
	9,269,986	Stockholm	€ 30,500	7.30%	449,964	85%	4,477,104	2.07	73%	€ 315,199	€ 172,916	1.90%	6,302	2,402	2.62	2.50%	1.50%	85%	Seller/Buyer	30 to 180	150	90										
	7,593,500	Bern	€ 40,900	2.40%	41,285	74%	3,362,000	2.2	37.5%	€ 354,000	€ 384,000	3.40%	5,000	2,500	2	2.45%	0% to 3%	30%	Seller	200	155	110										



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HOMEOWNERSHIP RATE in Various ERA EUROPE Countries
Year: 2008

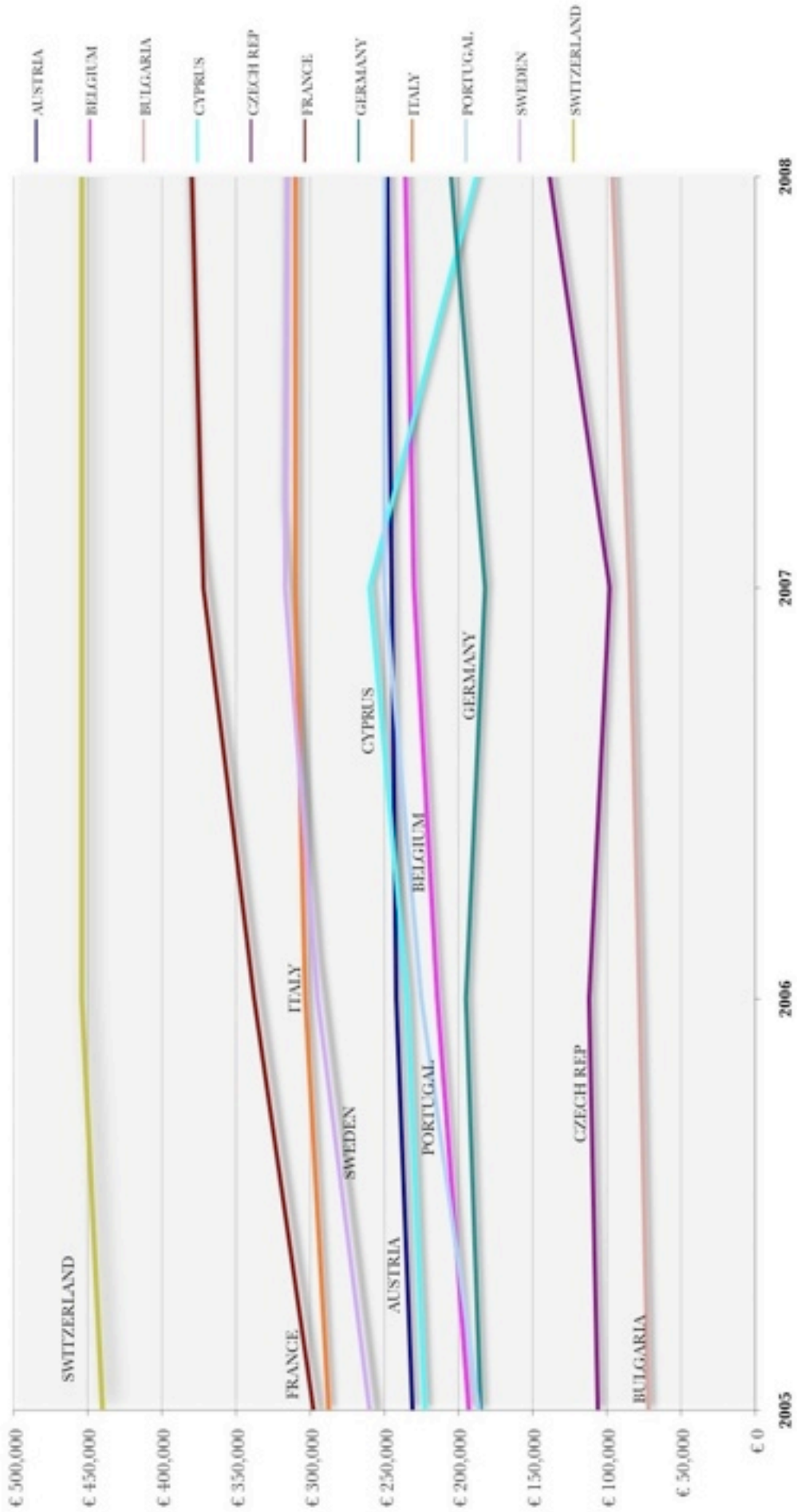


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 HOMEOWNERSHIP RATE in Various ERA EUROPE Countries
 Descending Order
Year: 2008





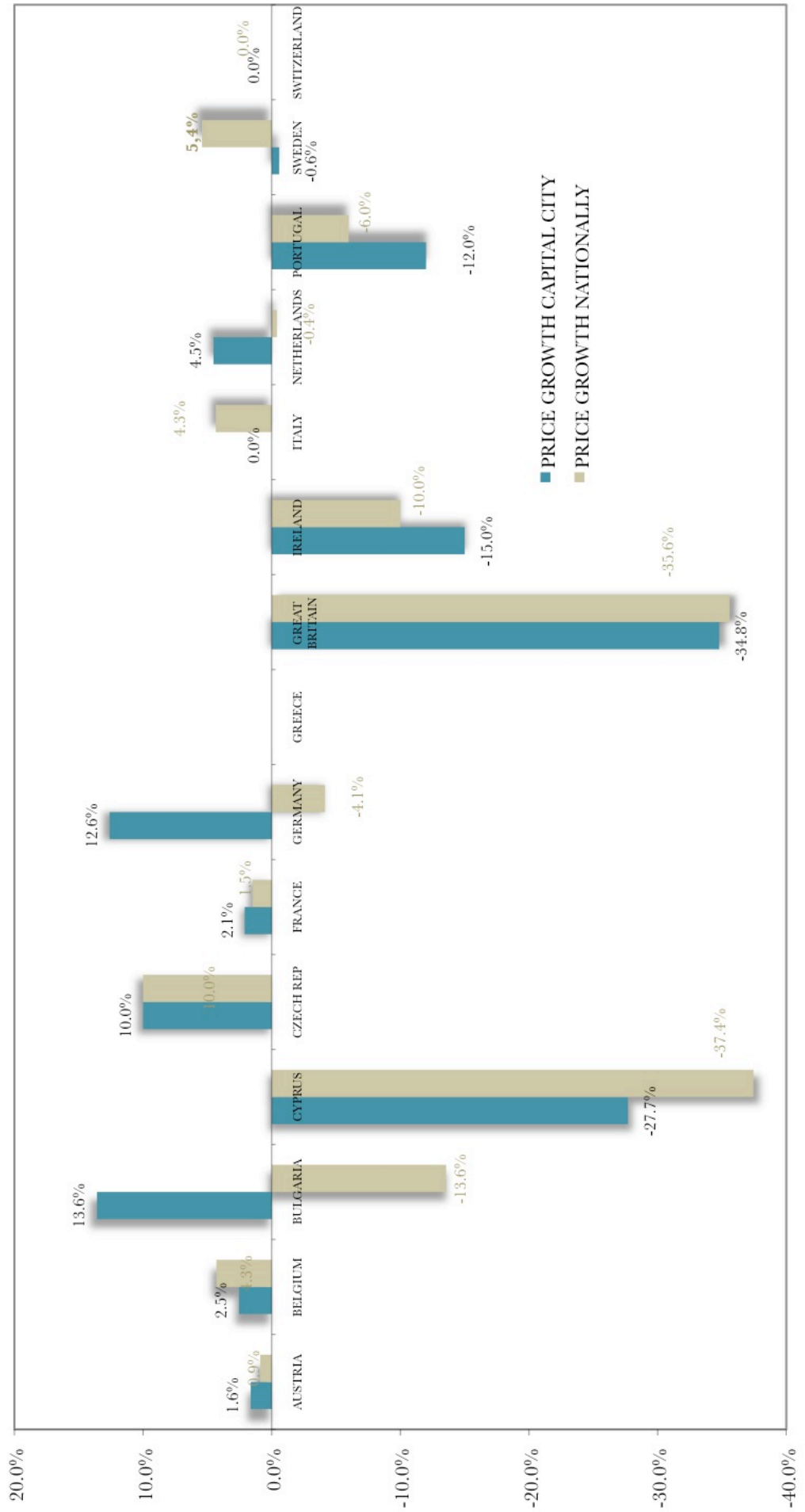
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Development of PRICES IN CAPITAL CITY for a selection of ERA Europe countries
Year: 2005-2008

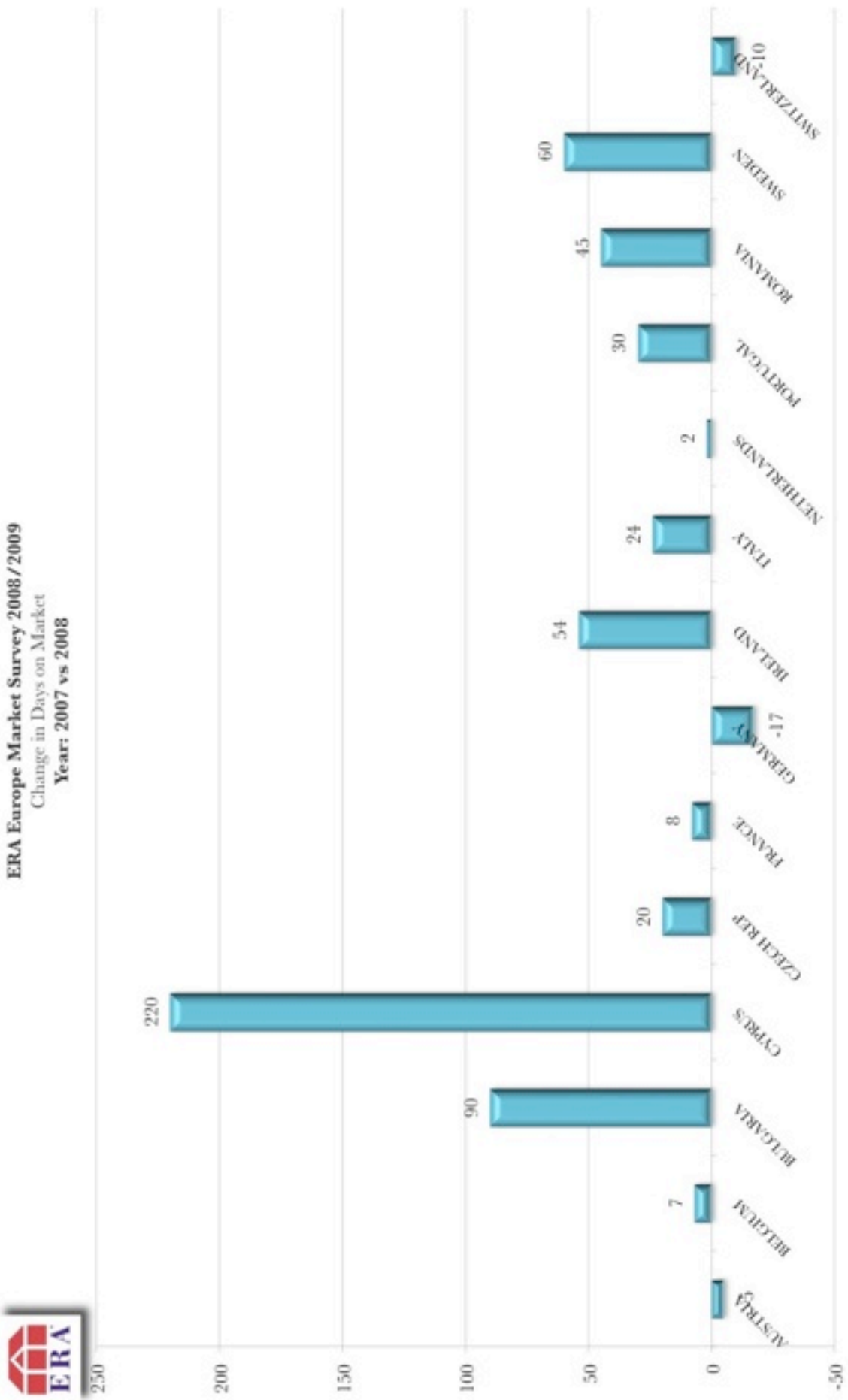


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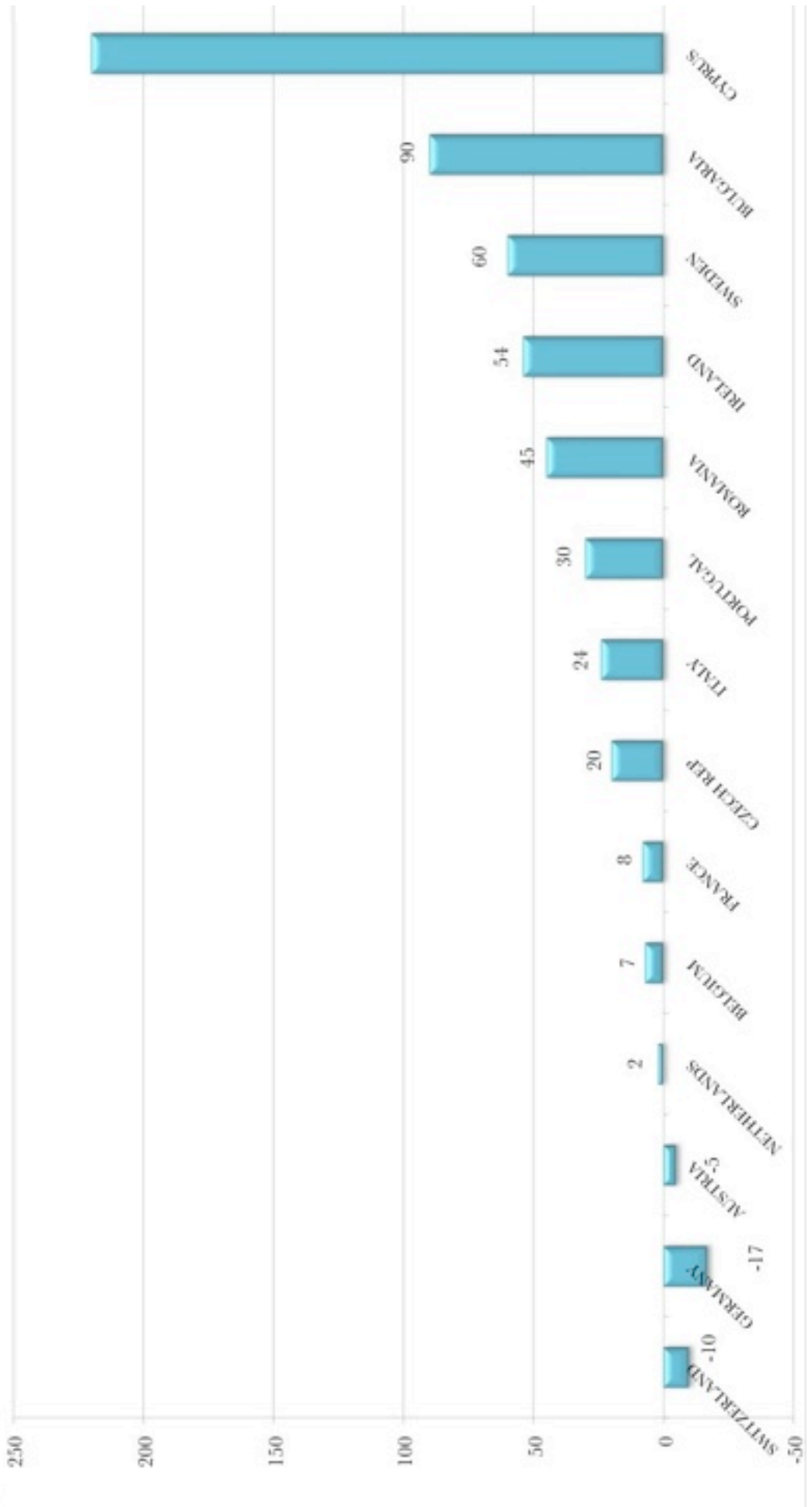
Property Price Growth in Various ERA EUROPE Countries:
Capital City vs. National Price Growth

Year: 2008





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 Change in Days on Market-Ascending Order
 Year: 2007 vs 2008



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TRANSACTIONS
Year: 2007 vs 2008

