

Baltic Offices, 2019

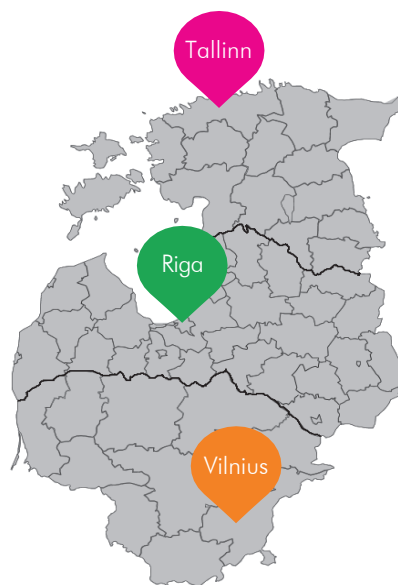
Vigorous market growth foresees opportunities for occupiers

▲ Total Modern Stock
2,220,300 sq m

▲ Vacancy Rate
3-9 %

▲ Completions
139,800 sq m

▶ Prime Yield
5.8-6.25 %



TALLINN		RIGA		VILNIUS	
Office Stock 833,500 sq m	▲	Office Stock 704,000 sq m	▲	Office Stock 682,800 sq m	▲
Vacancy 6.00 %	▼	Vacancy 9.10 %	▲	Vacancy 3.20 %	▼
Completions 18,255 sq m	▼	Completions 52,300 sq m	▲	Completions 69,200 sq m	▲
Prime Yield 6.25 %	▶	Prime Yield 6.25 %	▶	Prime Yield 5.80 %	▶
A-Class Rent Rates 14.0-17.0 EUR/sq m/mo	▶	A-Class Rent Rates 14.0-17.0 EUR/sq m/mo	▶	A-Class Rent Rates 15.0-17.0 EUR/sq m/mo	▶
B-Class Rent Rates 9.0-13.0 EUR/sq m/mo	▶	B-Class Rent Rates 8.0-14.5 EUR/sq m/mo	▶	B-Class Rent Rates 10.0-14.0 EUR/sq m/mo	▶

Figures are 2019 year-end results. The arrows indicate 2019/2018 annual change.
Population figures are provided for metropolitan areas.

*Source: official statistics, CBRE Baltics Research
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Tallinn Offices, 2019

Office market activity remains steady; tenants are shopping for quality

Completion
18,255 sq m

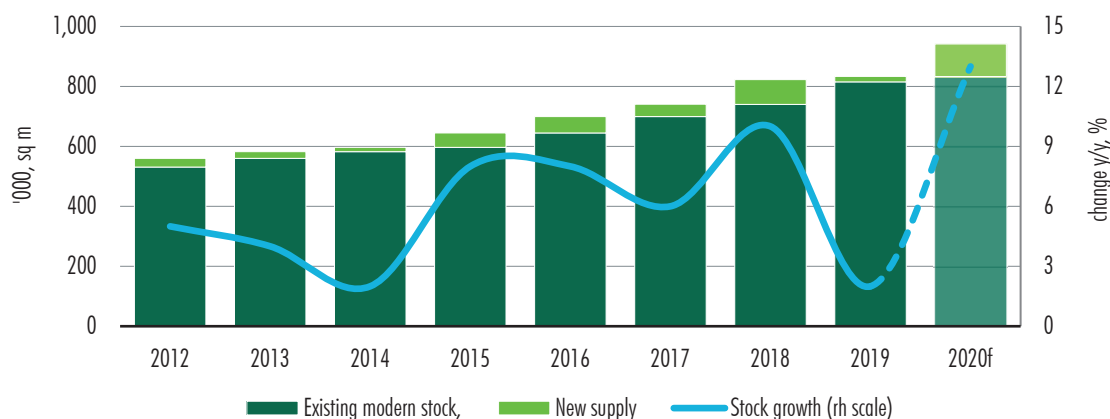
Prime Yield
6.25 %

Vacancy
6%

Stock
833,500 sq m

*Arrows indicate change from the previous year

Figure 1: Modern Office Stock Indicators 2012 – 2019 Forecast 2020F



Source: CBRE Baltics; 2020

KEY POINTS

- The country's economy continues healthy growth, reaching 4.2% in Q3 2019 and was one of the strongest growing economies in the EU.
- The commercial real estate market remains in good shape, yet activity is moderating, expressed in more extended sale and rent periods.
- Tenants are willingly migrating from old office premises into contemporary buildings, thus creating pressure on the landlords of the former properties.
- Total modern office stock increased 2% compared to the same period a year ago.
- The vacancy rate decreased to 6% compared to Q4 2018. The vacancy level of A-class office buildings was 5%, while the vacancy level of B-class offices was 6%.
- A-class rent rates are currently between 13 – 17 EUR/sqm/month, B-class – between 9 – 13 EUR/sqm/month.
- The prime office yield remained at 6.25%.

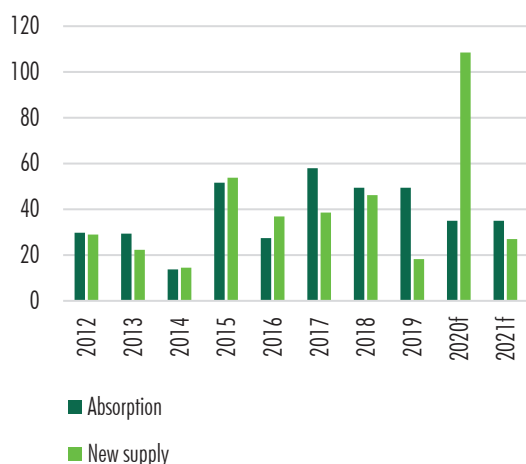
ECONOMIC OUTLOOK

Currently, the Estonian economy is in good shape and is forecast to continue with healthy growth in 2019 and 2020. In Q3 2019, the economy grew by 3.6%, which is one of the most robust rates of growth in the EU and well above the EU average.

However, some growth moderation is expected because the economies of major export partners are slowing down, export growth remains modest, and investments are staying at a low level due to a decline in business investments by the non-financial sector.

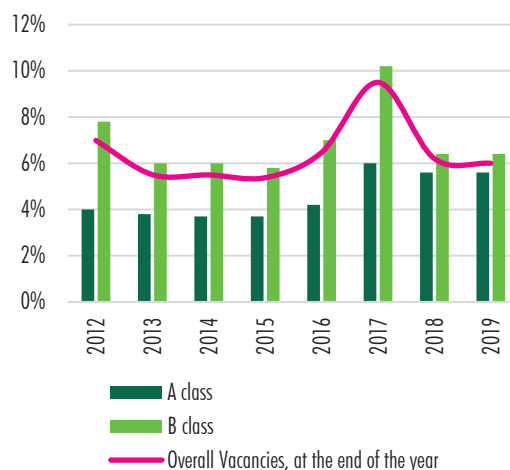
At the same time, private consumption, driven by rapid wage growth, continued to grow as it did in the previous year, reaching 2.8% in 2019. The average salary for Q3 2019 increased by 8.2% compared to Q3 in 2018. The labour force participation rate for 2018 was 71.7%, the highest it has been in the last 20 years. The unemployment rate dropped to 4.2% in Q3 2019, compared to 5.2% in Q3 2018.

Figure 2: Main supply and demand indicators 2012 – 2019 and forecast 2020-2021



Source: CBRE Baltics; 2020

Figure 3: Vacancies at the end of the year 2012-2019



Source: CBRE Baltics; 2020

MARKET OVERVIEW

The commercial real estate sector remains in good shape due to strong economic growth and future forecasts. However, there were some evident signs of slowing during the first half of 2019. Slightly less activity and a willingness to rent or buy, along with increased sale periods for new buildings. Prices remain unaffected, yet developers are more cautious when it comes to new project development without having agreements with anchor tenants.

SUPPLY

In 2019, Tallinn market observed a modest increase in the office space supply. The total modern office stock in Tallinn has reached ca. 833,500 sqm. or 2.2% more compared to the same period a year ago. The vacancy level of A-class office buildings was 5.6% in H1 of 2019. Availability of A-class office spaces increased because of several completions, like Kadrioru Plaza and Ellipsi House. In B-class offices, the vacancy rate is 6%. Availability has stayed roughly the same. Currently, there are several office buildings under construction, measuring around 108,500 sqm in total.

DEMAND

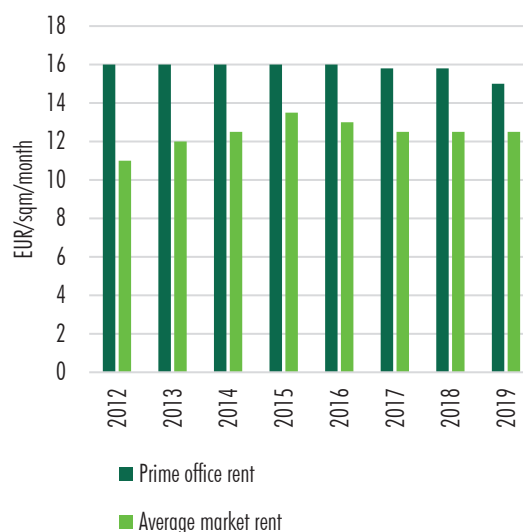
Compared to 2018 less of new office buildings were completed in 2019, which even caused a temporary shortage of new offices, so despite gradually decreasing demand there is still a lot of office searcher on the market. Record volume of new office space will be completed in 2020, but more than 60% of it is already

filled with tenants by the end of 2019.

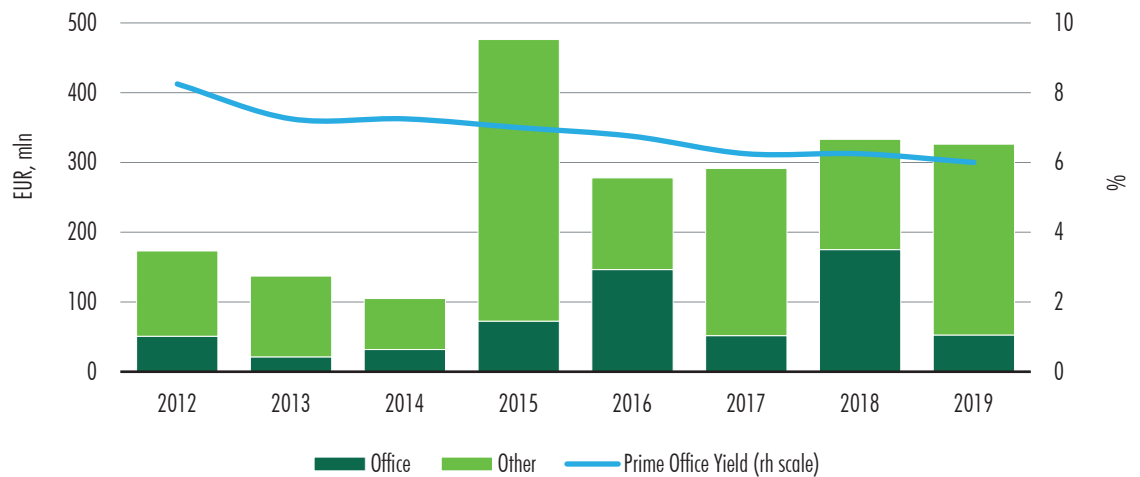
PRICES

Rental levels have remained unchanged compared to the last period. A class rent rates are currently between 13 – 17 EUR/sqm/month, while the rent price range for B class offices is between 9 – 13 EUR/sqm/month. Occasionally, A-class office rents could reach even 20 EUR/sqm/month in better located new premises. While B class office rents are somewhat pressured downwards by potential tenants that are willing to move and upgrade their existing office buildings, notable discounts could be bargained accordingly, when agreeing up for office spaces in older premises.

Figure 4: Office rent prices in Tallinn



Source: CBRE Baltics; 2020

Figure 5: Investment volume in Estonia 2012-2019


Source: CBRE Baltics; 2020

Figure 6: Office project pipeline

Project	Size, sq m	Developer	Expected
Fahle Park (stage I)	15 000	Fausto Grupp	2020
Porto Franco (stage I)	25 000	Porto Franco	2020
Viktor Palmi house	11 000	Technopolis Ülemiste	2020
Mauruse maja	7 700	Fund	2020
Grüne maja	3 400	Hepsor	2020
Madara 25	3 400	Capital Mill	2020-2021
Tehnopol	11 000	Tehnopol	2021
Büroo 113	3 900	Hepsor	2021
Skyon	8 200	Capital Mill	2021
Juhkentali 1	49 000	Kapitel	2022-2024
Total	146 600		

Source: CBRE Baltics; 2020

RESEARCH DEFINITIONS

Total Modern Stock – represents the total completed class A and B space (occupied or vacant) in the private and public sector at the survey date. Includes owner occupied (OO) space.

Vacant Space – represents the total net rentable floor space in existing properties, which is physically vacant and being actively marketed as at the survey date.

Vacancy Rate - represents the percentage ratio of total Vacant Space to Modern Total Stock.

Take-Up – represents the total floor space, including renewals, known to have been pre-let, sold or pre-sold to tenants or owner-occupiers during the survey period.

Prime Rent – represents the top open-market tier of rent that could be expected for a unit of standard size (commensurate with demand in each location) of the highest quality and specification and the best location in a market at the survey date. The Prime Rent should reflect the level at which relevant transactions are being completed in the market at the time. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on an expert opinion of market conditions.

Absorption – represents the change in occupied stock within a market during the survey period.

Net Effective Rent – represents a rent that would be achieved, less the incentives paid by the owner. The average net effective rent for a market is the market net base rent, less incentives, which are amortised over the term of the lease.

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Riga Offices, 2019

Rent stability unaffected by new office construction records

▲ Total Modern Stock
704,000 sq m

▲ Vacancy Rate
9.1%

▲ Take-up
27,000 sq m

▲ Completions
52,300 sq m

▼ Prime yield
6.25%

*Arrows indicate change from the corresponding period in the previous year

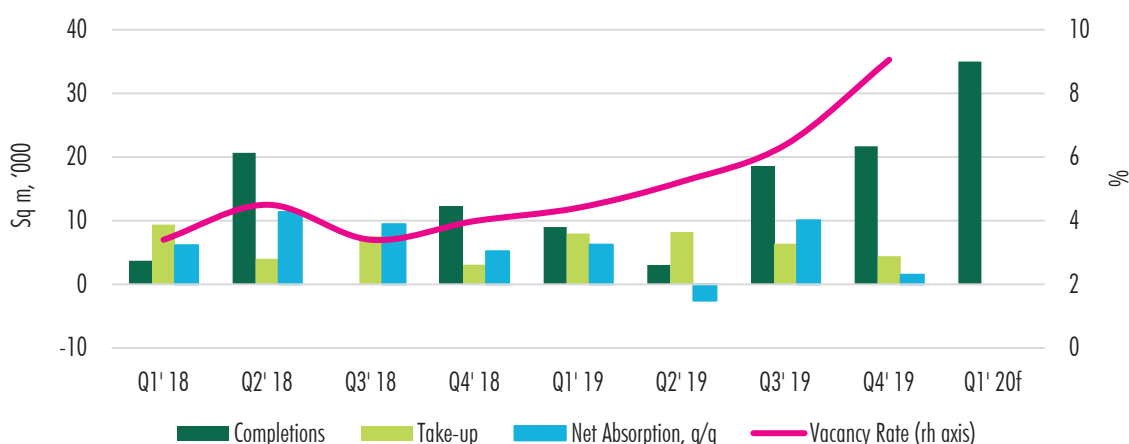


Picture: Business Garden Riga, Office complex. Source: Vastint Latvia

KEY POINTS:

- Total stock has grown by 52,300 sq m since 2018 and reached over 704,000 sq m at the end of 2019.
- Seven office buildings were added to the stock in 2019. All are class B1 offices. The biggest deliveries are Business Garden Riga (1st stage), Akropole and Jaunā Teika (3rd stage, Henrihs).
- None of the class A offices were completed in 2019, but this is expected in 2020. Z-Towers was commissioned in January 2020.
- Prime office yields stayed at a historic low at 6.25% over the year.
- Up to 50% of lease deals are sized from 300 sq m to 1,000 sq m, and one third of lease transactions are for premises up to 200 sq m.
- The vacancy rate increased significantly in 2019. By the end of 2019, it stood at ca.9%, or more than double the y/y.
- Rent rates remain stable: 14.0–17.0 EUR/sq m/month for class A, 8.0–14.5 EUR/sq m/month for class B.
- GDP growth slowed down to 2.3% (Q1-Q3 2019) y/y, yet the forecasts remain firmly positive.
- Wages grew by 7.6% on average (Q1-Q3 2019) y/y.
- HICP declined slightly to 2.3% (Q4,2019) y/y.

Figure 1: Main Indicators, Riga Modern Offices Stock, 2018-2020 Outlook



Source: CBRE Baltics; 2020.

ECONOMIC OUTLOOK

In 2019, the Latvian economy lost momentum, yet the growth remained above the 2% level. In the first three quarters, real GDP growth accounted for 2.3%. A robust economy has supported the labour market. In Q1-Q3 2019, nominal wages increased 7.6%, and the unemployment rate declined by 1.2 p.p. to 6.4% compared to the same period a year ago. Despite substantial wage growth, inflation remained stable and close to the desired above the 2% level (2.3% in Q4 2019). Oxford Economics forecasts assume that GDP growth in Latvia has stabilized at the 3% level in 2019 and further in 2020 – 2022.

SUPPLY

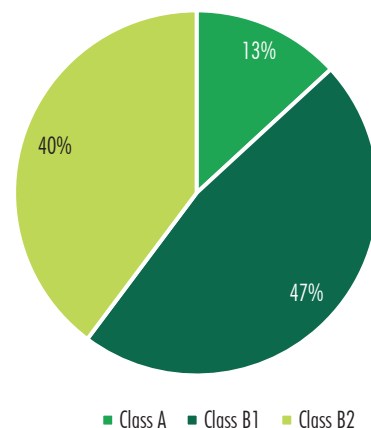
This year marks the highest construction activity since 2009. In total, 7 office buildings were commissioned in 2019 adding to the office stock of ca. 53,400 sq m of modern office premises. Akropole offices, Business Garden Rīga, and the final phase of Jaunā Teika (Henrihs) accounted for 77% of newly added office premises in 2019. Among new business centres of 2019 are Mezaparka Offices, Telegraph offices, and Red Line offices. SWH business centre was renovated and rebranded to a part of Skanstes City in 2019.

The share of class B1 of the total modern stock increased in 2019 – by 4 p.p. (Q4, 2019/2018 change), constituting a little less than 50% of office supply by the end of 2019.

In 2019, no class A offices were commissioned. Completions of two class A office projects were scheduled in 2020 – Origo One and Z-Towers. The latter was commissioned in January 2020 adding 24,000 sq m to office stock. Premium offices currently constitute 13% of the office floor.

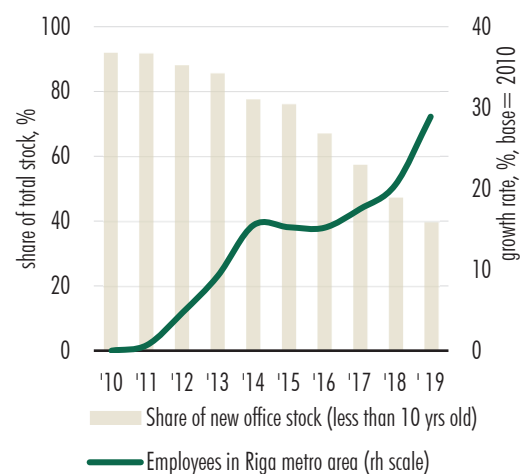
As to supply and demand dynamics, the number of employees has increased as a result of internal migration to Riga over

Figure 2: Modern Office Stock by Building Class



Source: CBRE Baltics; 2020.

Figure 3: Office Stock and Employment Changes Since 2010



Source: CSB of Latvia, CBRE Baltics; 2020.

the course of the past ten years, which will inevitably decline; however, new office deliveries have accelerated. Therefore, considering the low volume of new market entrant enterprises, relocations from older stock properties should remain the main market driver.

PIPELINE PROJECTS

2020 will see slower office development in terms of commissioned office buildings compared to 2019. However, several projects have announced their plans to start construction in 2020 – Verde, Elemental Skanste, the second phase of Business Garden Rīga and Pine. With this expected activity, ca. 100,000 sq m of modern office premises will be delivered by 2023. All of the above-mentioned projects will be certified according to sustainability standards (BREEAM or LEED).

DEMAND & ABSORPTION

In 2019, take-up reached a volume of over 27,000 sq m or a 16% increase in comparison to 2018. Pre-lease and signed agreements in the newly built office centres created about half of take-up in 2019. The notable occupancies of 2019 were expansion deals for Visma Labs (1,500 sq m) to Business Garden Rīga, Workland (ca.1,400 sq m) at Telegraph Offices, and Cabot's expansion and relocation to Jaunā Teika. Most of the space taken was small to mid-sized areas. Up to 50% of all lease transactions were of the size of 300 sq m to 1,000 sq m and about 1/3 of lease deals were for offices of a small scale – below 200 sq m in 2019.

Overall, services and retail companies are the main business segments, the activity of which caused positive absorption in the office market in 2019. In addition, co-working expansion continued in 2019 and is expected in the foreseeable future as new business encourages expansion.

VACANCY

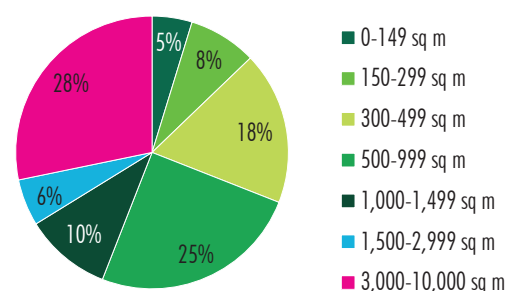
The overall office vacancy rate was 6.3 % in 2019. It has increased more than twice from 3.9% in January to 9.1% in December of 2019.

A significant change in the vacancy rate was recorded for class B1 offices – by 9 p.p. as their volume in total modern office stock grew by 19% from the beginning of 2019.

RENT RATES

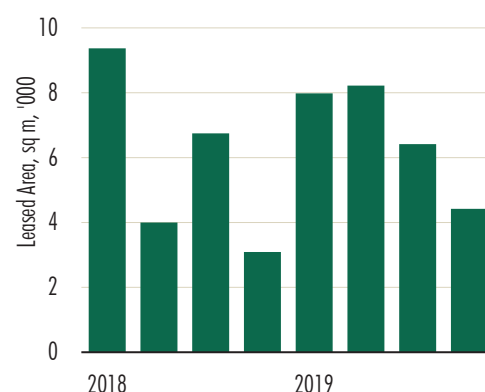
The monthly rent rates for class A and B were stable in 2019. The range of the asking rent price for class A office premises was 14 - 17 EUR/sq m/ month. For class B1 offices,

Figure 4: Leased Area by Transaction by Size in 2019



Source: CBRE Baltics; 2020.

Figure 5: Riga Office Market Quarterly Take-up, 2018-2019



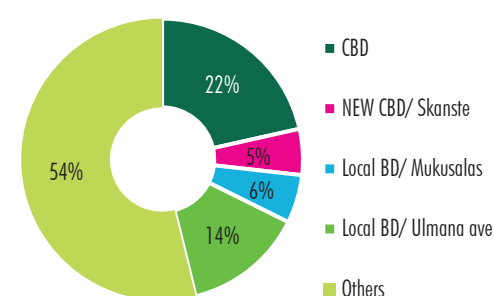
Source: CBRE Baltics; 2020.

Figure 6: Vacancy Rate in Modern Offices by Class and Quarter, %

Rate\ Period	Q4' 18	Q1' 19	Q2' 19	Q3' 19	Q4' 19
Overall	3.9	5.1	5.2	6.4	9.1
Class A	2.5	2.8	2.8	2.4	2.4
Class B1	4.2	5.3	6.1	8.9	14.6
Class B2	4.4	5.6	5.2	4.9	5.8

Source: CBRE Baltics; 2020.

Figure 7: Vacancy Distribution by Location in 2019

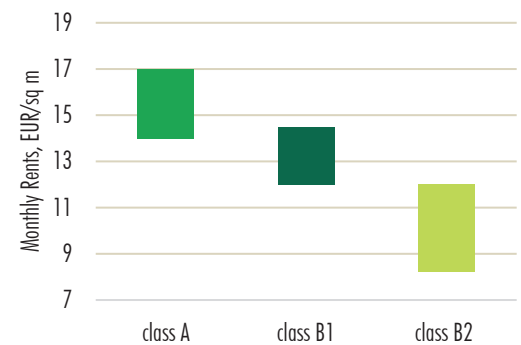


Source: CBRE Baltics; 2020.

the range of net monthly rent was from 12 EUR/sq m to 14.5 EUR/sq m. There could, however, be concessions to rent prices in some lower quality offices due to stronger competition for level class B2 office premises at the asking rent range of 8 to 12 EUR/sq m/month in 2019.

Currently, rent pricing in the newest developments exceeds the bulk of relocation demand from lower-class offices to the modern. As a result, systemic take-up volume fluctuations and insufficient demand for new offices could be a characteristic in the medium-term. The reasons are the challenges in developing budget offices at comparatively high construction costs in the market and the excess supply of low-quality office buildings that contribute to declining prices in less desirable office buildings and increase competition.

Figure 8: Office Rent Prices, excl. VAT



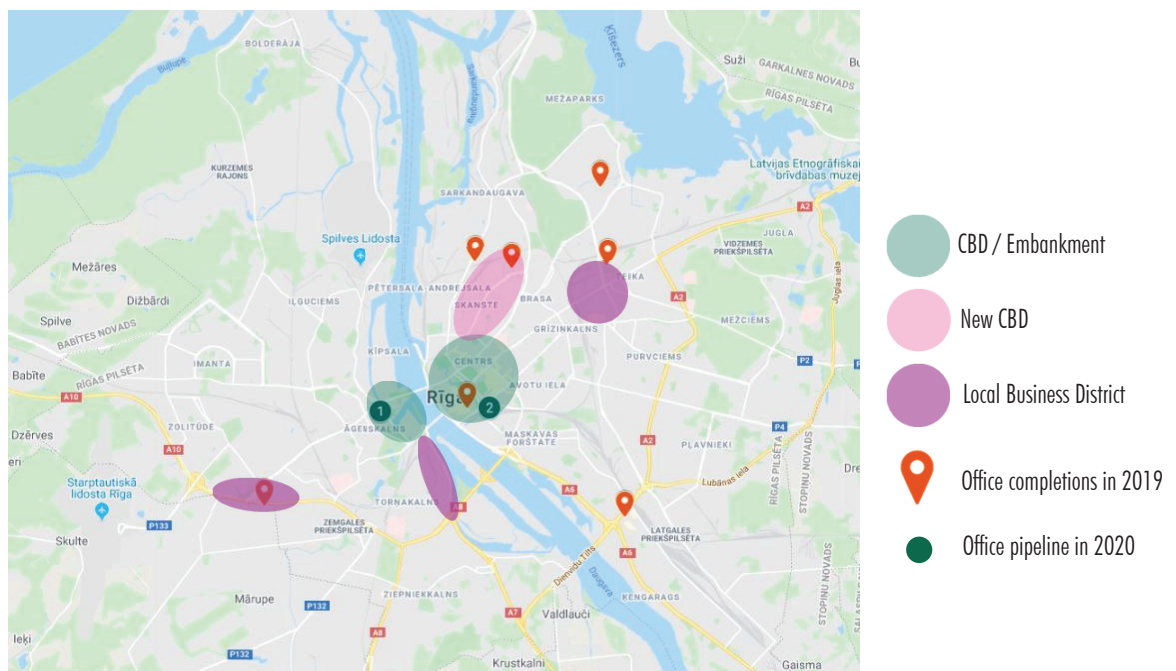
Source: CBRE Baltics; 2020.

Figure 9: Largest Office Scheme Planned Deliveries for 2020

No	Project	Street	District	Class	Landlord	Expected	Phase	GLA, sq m
1	Z-Towers	Ranka dambis	CBD	A	SPI RE Holdings S.a.r.l.	2020	Commissioned in Jan 2020	24,000
2	Origo One	Satekles	CBD	A	Linstow	2020	Construction	11,000
Total under construction								35,000

Source: CBRE Baltics; 2020.

Figure 10: Riga Business Districts Map of Office Schemes Completed in 2019 and Planned for Commission in 2020



Source: CBRE Baltics; 2020.

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Vilnius Offices, 2019

Outstanding development activity and insatiable demand sets another record-breaking year

Office stock
682,800 sq m

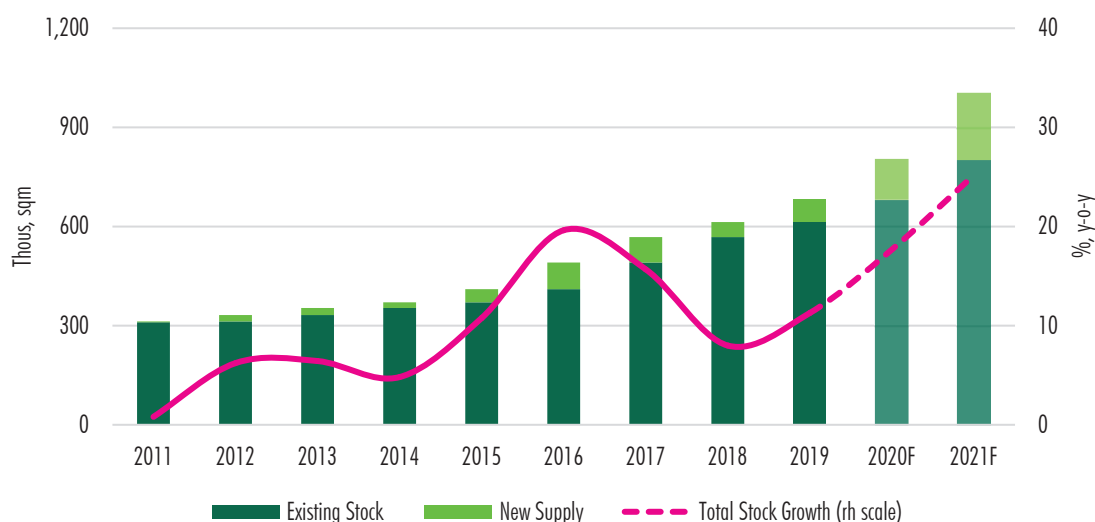
Completions
69,200 sq m (+53%)

Office take-up
102,600 sq m (+53%)

Vacancy
3.2% (-1.7 p.p.)

*Arrows indicate change from the previous year

Figure 1: Modern stock, new supply and stock growth rate 2011 – 2019 with forecast for 2020F-2021F



Note: the end of the indicated year. Forecast is based on announced completion dates of the planned projects.
Source: CBRE Baltics; 2020.

KEY POINTS

- Last year, six new office projects were completed in Vilnius, which provided 69,200 sqm of additional modern office space or 53% more, compared to the amount of space supplied in the previous year.
- There are 258,300 sq m of office space under construction or 67.9% more, compared to the same period a year ago. 113,900 sq m of space has been announced for delivery this year.
- A class offices constitute 46%, while B class offices 54% of total stock. The current pipeline should approximately keep the existing balance.
- In 2019, modern office take-up constituted ca. 102,600 sq m, which was 53% more than a year ago. The existing take-up pace may be difficult to maintain over an extended period.
- IT and Global Business Services sector companies have dominated demand. These industries constituted 38% and 31% respectively of the total take-up.
- The vacancy rate reached 3.2% and was 1.7 p.p. lower than a year ago. The vacancy rate should increase significantly in the upcoming years.
- The rent price range for B class office premises is between 10.0 – 14.0 EUR/sq m/month, while a rent price range for a typical A-class office is currently between 15.0 – 17.0 EUR/sq m/month.
- In 2019, office investments in Vilnius amounted to almost EUR 348 mln. or 18.6% more than a year ago. Prime office yields have settled at 5.8%.

ECONOMIC OUTLOOK

The economic outlook for Lithuania's economy continues to improve at a rapid pace despite disturbances in the global economy, weaker performance by its main trading partners and a broad-based decline in growth momentum. In 2019, the country's GDP was forecast to grow 3.7% or marginally faster than the previous year. Growth was affected by positive migration flows, which increased the labour force in Lithuania. In the coming years, growth is expected to slow down, yet stay above the Euro Area average at 2.5%.

Robust economic growth continues to support the labour market. In 2019, the unemployment level stayed at 6.4% and was marginally larger than the year before. In the coming years, the unemployment level is expected to decrease to 6.1% (in 2020) and 5.9% (in 2021). In 2019, the average salary after tax reached 797 EUR or 14.6% more y/y. Growth in incomes is pushing prices up slightly, especially in the services sector, which requires more labour input. The average annual inflation rate reached 2.4% and is expected to remain at a similar level in the near future.

SUPPLY

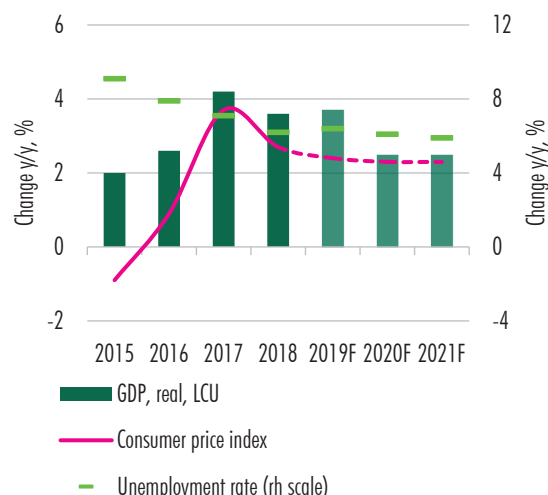
Development activity is clearly on the rise in the Vilnius office market. In 2019, six office projects were completed in Vilnius, which provided 69,200 sqm of modern office space or 53% more compared to the amount of space supplied in the previous year. Completed projects included the second and third stages of S7, Park Town East Hill, the second stage of Duetto, Quadrum South, and Live Square.

The newly built space was quickly absorbed by the market, providing a confidence boost for future developments. Most of the freshly supplied space was pre-leased before commissioning the projects, with less than 2% of new space being available as of today.

Fast absorption fuels new development projects and constructions starts. There are 258,300 sq m of office space under construction already or 67.9% more than the same period a year ago. 113,900 sq m of space have been announced for delivery in 2020. However, despite the extraordinarily large number of developments in the market, ca. 40% of total space under construction is already pre-leased.

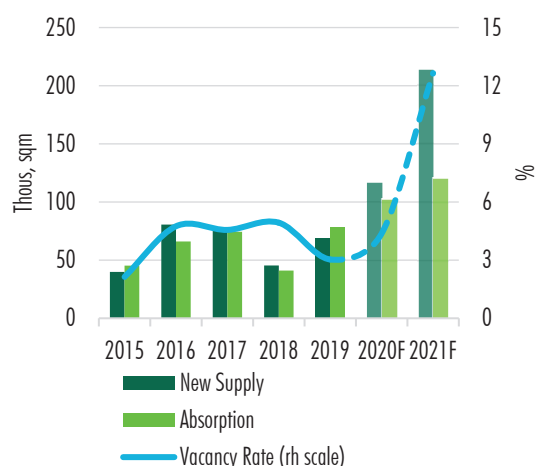
In terms of quality, presently monitored modern office stock is split into roughly similar parts. A class offices constitute 46%, while B class offices 54% of total stock. The current pipeline should approximately keep the existing balance. Most of the office space under

Figure 2: GDP growth, inflation, and unemployment rate



Source: Oxford Economics, CBRE Baltics; 2020.

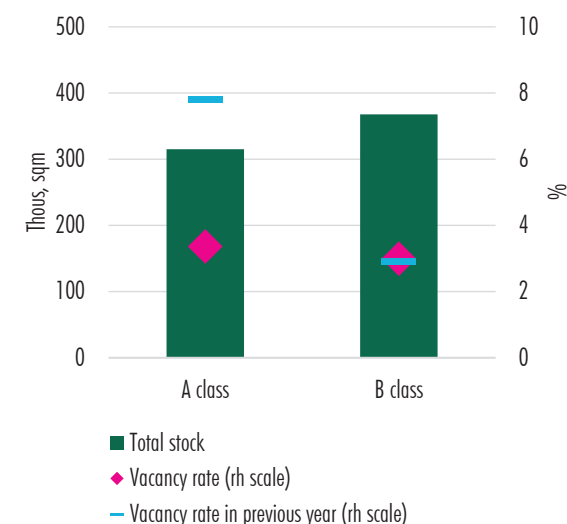
Figure 3: New supply, absorption, and vacancy rate



Note: values at end of the year, based on announced project delivery dates.

Source: CBRE Baltics; 2020.

Figure 4: Vacancy rate by office class



Source: CBRE Baltics; 2020.

construction is of B class (60%), with the rest comprising of A-class (40%).

As the office market is developing at a faster pace, there are more high-quality offices being established outside ordinary business districts that are better able to accommodate the diverse needs of various occupiers. The range of options is expanding from more economic offices in residential or industrial areas to more exclusive reconstructions in the old town or innovative solutions in the CBD. In addition, the possession of either LEED or BREEAM certificates is becoming the new rule demanded by occupiers and potential investors.

DEMAND

The demand in the Vilnius office market was phenomenal in 2019. Modern office take-up constituted ca. 102,600 sq m, which was 53% more than a year ago. A record-high take-up was achieved by expansion from existing companies, newcomers, and the sign up of occupiers of lower quality or size-limited offices.

Current take-up is set at a relatively high level. A take-up of ca. 20,000 sq m per quarter could be considered a good result for the Vilnius office market and a significantly higher result may be difficult to maintain over an extended period, especially considering that there is a lot of required space pre-agreed, with relocations yet to be done. A smaller part of the take-up is for immediate action by the companies and is based on the future expansion plans of the companies. 36% of the take-up are leases with occupiers being able to move in a short period of time while the rest of it is pre-leases in yet to be commissioned buildings or premises that need serious refurbishing and time to execute it.

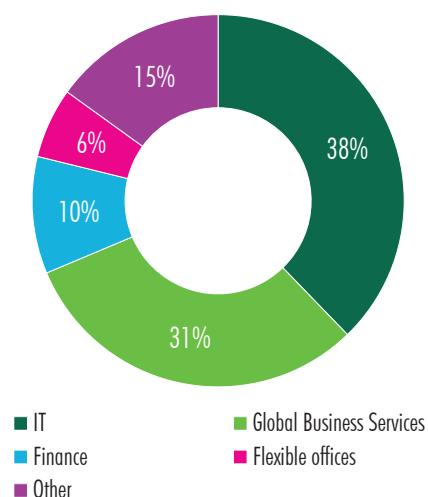
As to size, the typical office for signing up remains similar. In 2019, the median size for an office space to be taken up was 1,270 sq m, just slightly more than a year ago when it was 1,200 sq m. The most significant transactions include Tesonet, a Lithuanian IT company, that signed an agreement for 15,000 sq m to move to the Sparta redevelopment project. Danske Bank executed a pre-leased 13,000 sq m and will fully occupy the fourth stage of the S7 project.

In terms of sectors, IT and Global Business Services sector companies have dominated the market. These industries constituted 38% and 31% respectively of the total take-up. The financial sector and flexible office service providers were also notable clients.

VACANCY

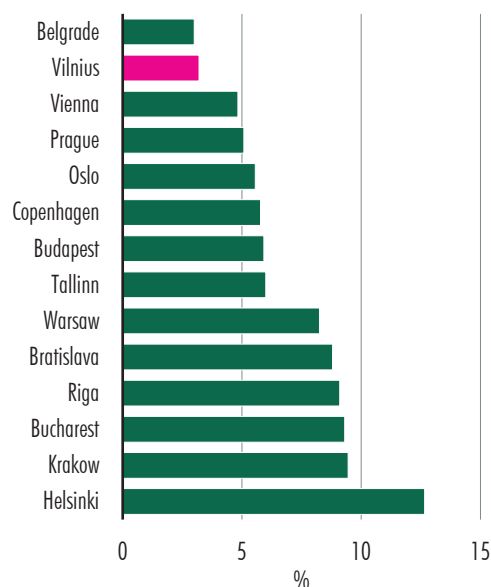
At the end of 2019, available modern office remained scarce. The vacancy rate reached 3.2% and was 1.7 p.p.

Figure 5: Take-up by sector in 2019



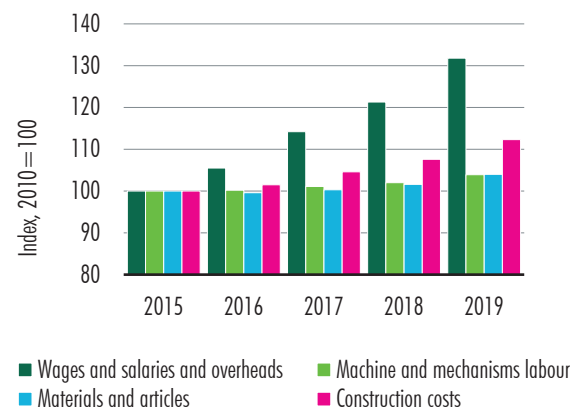
Source: CBRE Baltics; 2020.

Figure 6: Vacancy rate in selected European cities



Source: CBRE Research, CBRE Baltics; 2020.

Figure 7: Construction input prices in Lithuania



Source: Statistics of Lithuania, CBRE Baltics; 2020.

lower than a year ago. The vacancy among A-class offices was 3.4%, while B class offices had a lower rate at 3.0%. The current vacancy rate in the city remains among the lowest in Europe, yet, it is set to increase soon.

Ample office supply in the pipeline and take-up, limited by market size, should increase the vacancy rate significantly in the upcoming years. Part of the agreed take-up is relocation from existing premises. Thus, this should primarily concern low-quality offices that will be the first to sense vacancies and eventually either upgrade, convert or submit to significant discounts.

MARKET RENTS

In 2019, rent prices in the Vilnius market were somewhat more substantial than the previous year. The rent price range for B class office premises was between 10.0 – 14.0 EUR/sq m/month, while the rent price range for a typical A-class office is currently between 15.0 – 17.0 EUR/sq m/month. Occasionally, there are exceptional cases below or above the indicated prices. Developers would like to push up prices due to low vacancy rates and inflating construction prices, caused mostly by a labour price increase. At the same time, the market will face higher office supply and, consequently, occupiers may not be willing to pay higher prices.

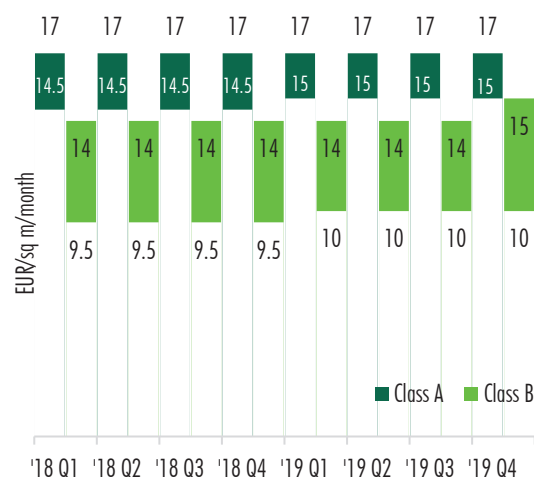
INVESTMENT AND ACQUISITIONS

In 2019, the Lithuanian investment market, including the Vilnius office market, also observed a significant enhancement in investment volume. In 2019, office investments in Vilnius amounted to EUR 347.6 mln. or 18.6% more than a year ago. Prime office yields have firmly settled at a below 6.0% level and currently stands at 5.8%. Overall, office investments in Vilnius constituted 60% of the total investment volume in Lithuania.

Two large office transactions boosted the investment market. A German real estate investment company, Deka Immobilien Investment, has acquired the Quadrum office complex for an announced EUR 156.1 mln from Schage Real Estate, a developer of Norwegian origin. The complex at the centre of the CBD is almost entirely let to multiple clients, with the anchor tenant being Luminor bank.

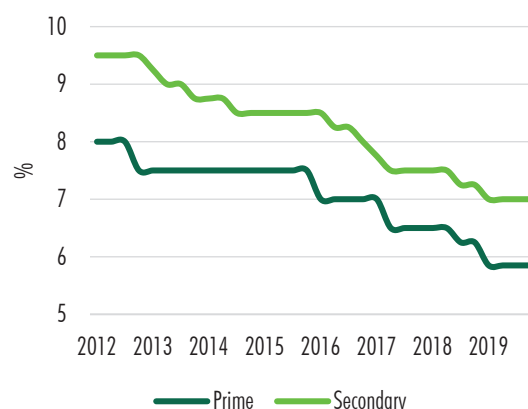
Another significant transaction was executed by Swedish real estate company, Eastnine, which purchased three stages of the S7 project from a Lithuanian development company, M.M.M. projektai, for EUR 128.3 mln. at 5.8% yield. The S7 complex constitutes 3 standing office buildings at the boundary of the Vilnius CBD, single let to Danske bank and Telia. The fourth stage is currently under construction and pre-let to Danske Bank.

Figure 8: Rent price ranges by office class



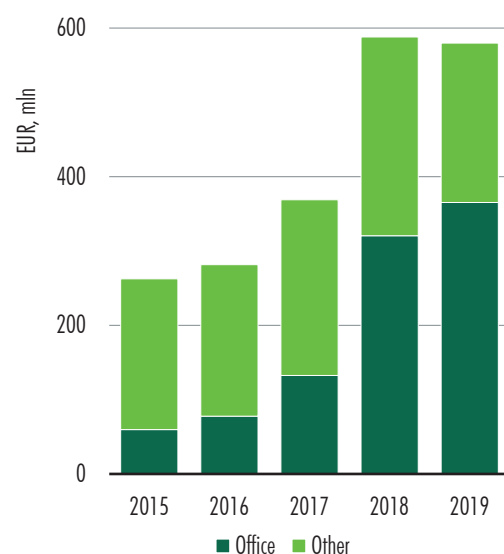
Source: CBRE Baltics; 2020.

Figure 9: Office investment yields



Source: CBRE Baltics; 2020.

Figure 10: Office and other commercial real estate investment volume in Lithuania



Source: CBRE Baltics; 2020.

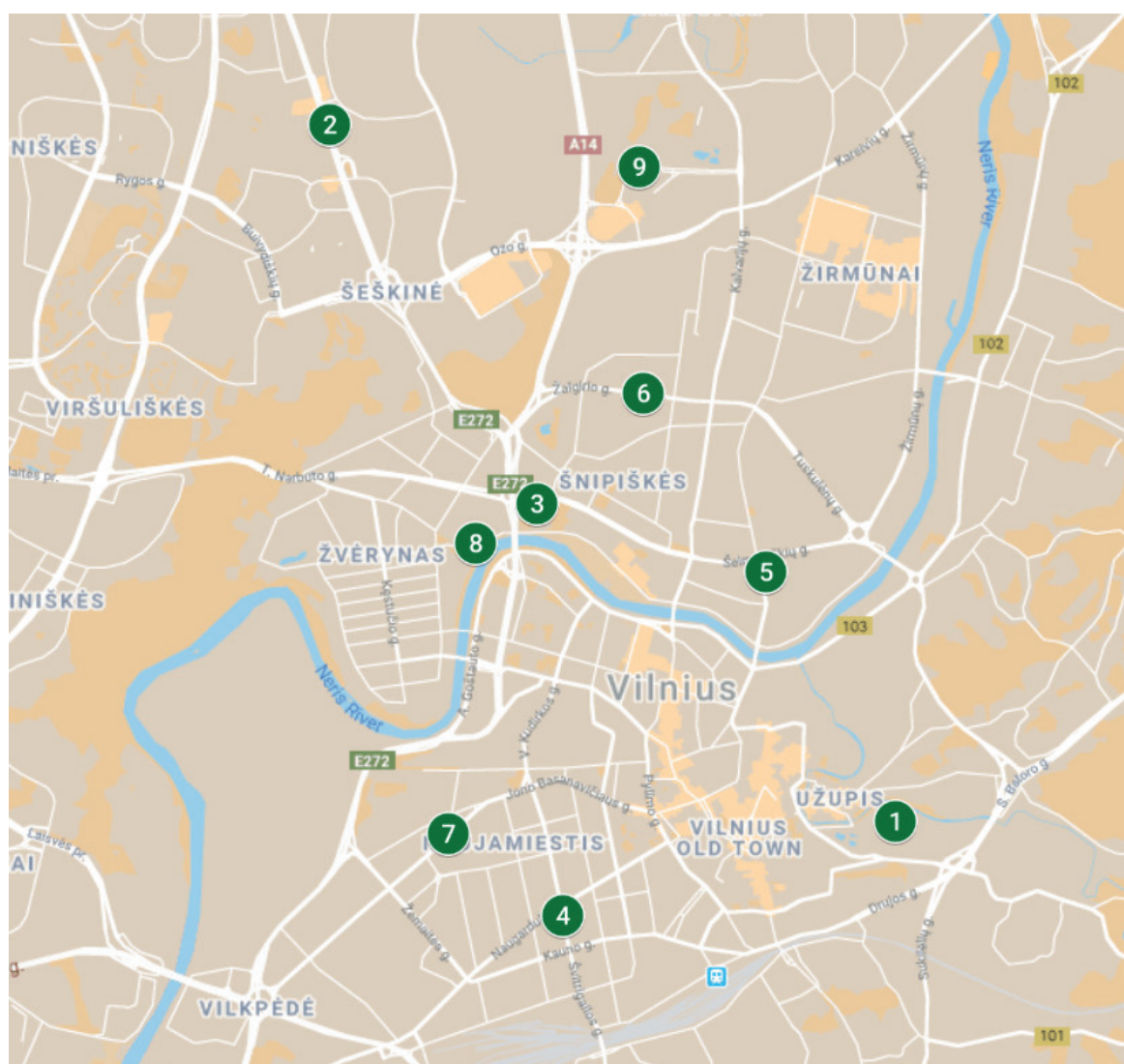
MARKETVIEW VILNIUS OFFICES

Figure 11: Projects announced to be completed in 2020*

No	Project	Street	Landlord	Year of expected completion	Class	GLA, sq m
1	Paupys	Aukstaiciu	Darnu Group	2020	B	15,000
2	U219	Ukmerges	PST Investicijos	2020	B	16,000
3	SEB HQ	Gedimino Baravyko	Lords LB	2020	A	12,700
4	Uptown park	Svitrigailos	Vilbra	2020	B	12,000
5	Business Stadium North	Rinktinės	Hanner	2020	A	16,207
6	Zalgirio 94	Zalgirio	Inreal	2020	B	2,951
7	Wave	Savanoriu	M.M.M. projektai	2020	B	9,700
8	Green Hall 3	Upės	SBA	2020	A	2,850
9	Nova	Vito Gerulaicio	Technopolis	2020	B	26,470
Total						113,900

Source: CBRE Baltics; 2020.

Figure 12: Projects announced to be completed in 2020 according to numbering in the table above



*Mixed-use and projects planned primarily for owner occupation are not included.

Source: CBRE Baltics; 2020.

RESEARCH DEFINITIONS

Total Modern Stock – represents the total completed class A and B space (occupied or vacant) in the private and public sector at the survey date. Includes owner occupied (OO) space.

Vacant Space – represents the total net rentable floor space in existing properties, which is physically vacant and being actively marketed as at the survey date.

Vacancy Rate - represents the percentage ratio of total Vacant Space to Modern Total Stock.

Take-Up – represents the total floor space, including renewals, known to have been pre-let, sold or pre-sold to tenants or owner-occupiers during the survey period.

Prime Rent – represents the top open-market tier of rent that could be expected for a unit of standard size (commensurate with demand in each location) of the highest quality and specification and the best location in a market at the survey date. The Prime Rent should reflect the level at which relevant transactions are being completed in the market at the time. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on an expert opinion of market conditions.

Absorption – represents the change in occupied stock within a market during the survey period.

Net Effective Rent – represents a rent that would be achieved, less the incentives paid by the owner. The average net effective rent for a market is the market net base rent, less incentives, which are amortised over the term of the lease.

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