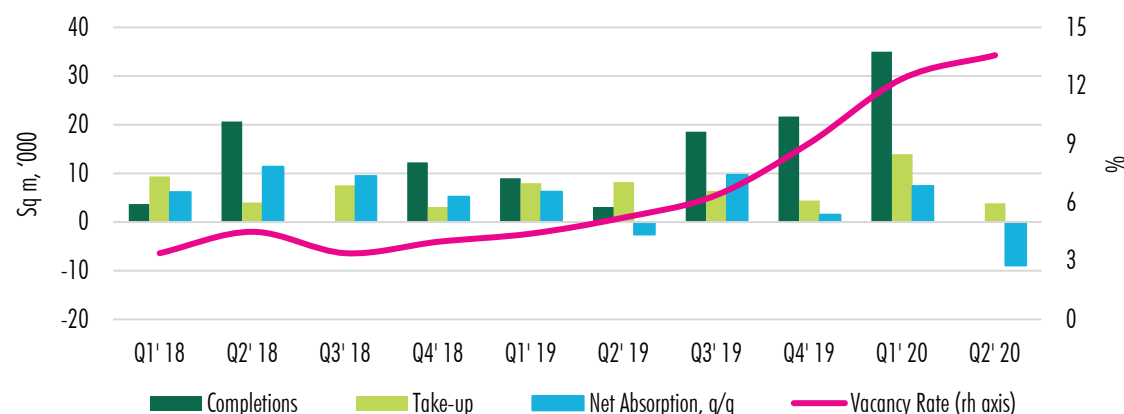


KPI:  Stock **739,000 sq m**  Vacancy Rate **13.6%**  Take-up **3,900 sq m**  Completions **0 sq m**  Prime yield **6.25%**

Macro:  HICP **-0.9%²**  GDP, Real **-1.5%¹**
 Unemployment **8.4%²**  Wage growth **6.6%¹**

Main Indicators, Riga Modern Office Stock:



Office Rent Prices by Class:



Highlights:

- In Q2 2020, there were no new additions to modern office stock. Several pipeline projects are accelerating for the commencement of construction in 2020, while some have been postponed due to uncertainty or financing issues. By the end of 2022, it is expected that more than 80,000 sq m of modern office premises will have been delivered to the market.
- Take-up has decreased compared to the previous quarter due to slower economic activity caused by the pandemic. More office sublease options will be available in the coming quarters.
- Vacancy rates increased slightly mainly because of vacated class B2 office premises. Class A office premises remain in high demand.
- Office buildings with higher technical standards will gain more attention as occupiers pay more attention to air quality, flexible planning (raised floors) and hygiene norms in offices.
- Rent rates have remained stable in Q2 2020, with some exceptions due to landlords agreeing on temporary rent reductions or delayed payments. The class B1 rent rates are from 12.0 – 14.5 EUR/sq m/month and class A - between 14.0 – 17.0 EUR/sq m/month.

Pipeline until 2022:

Project Name	Developer	Class	Expected	GLA, sq m
Verde I phase	Capitalica Asset Management	A	2022	15,000
The Pine	Eastnine	A	2022	15,500
Preses Nams Quarter	Lords LB Asset Management	A	2022	25,000
Business Garden Rīga II phase	Vastint	B	2022	27,000
Total				82,500

Notes: figures show Q2 2020 result. KPI arrows indicate Q2/Q1 2020 change.

Macroeconomics data are annual results; arrows indicate y/y growth result comparison.

1. Q1 2020, COVID – 19 outbreak starts; Nominal net wage growth. 2. May 2020 data.

Sources: CSB, Latvijas Banka, CBRE Baltics Research

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