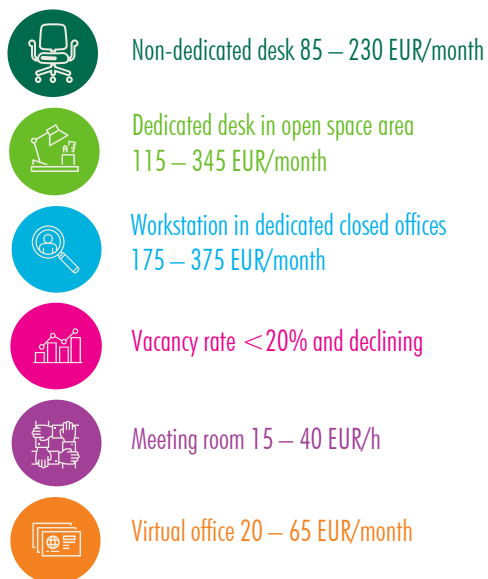


Significant uncertainty and panic during 2020 spring months impacted the co-working market with rising vacancy levels, exits and downsizing in Latvia's capital city. In the meantime, the flexible office market has benefited in times when the office and working environment is changing rapidly. We anticipate that the flexible office sector at the end of pandemic will be stronger than before.

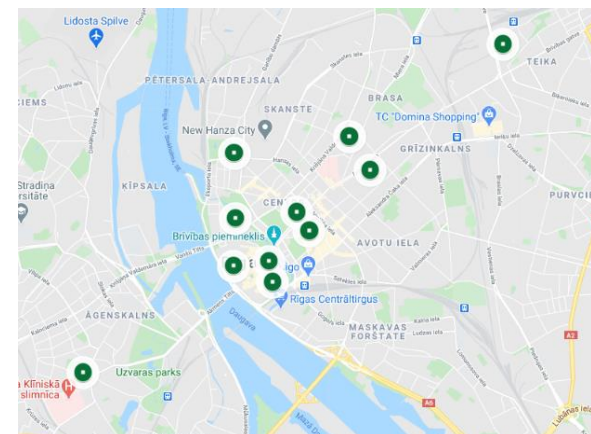
## Key themes

- Vacancy rates in co-working offices have changed significantly during 2020. At the end of September the vacancy rate remained below 20% and is expected to reach the 10% mark by the end of the year.
- The highest occupancy decrease was in larger co-working hubs in Riga, leading to higher vacancy rates when compared to "boutique" hubs with less than 100 working stations.
- In total, about a 24% decrease in the number of workstations was recorded at the end of September compared to the same period in 2019. However, the main reason for the decrease was the *People Work* exit earlier this year, even before the global pandemic had hit the market.
- The co-working office market niche is not saturated yet in Riga. Although the city centre remains on the priority list, co-working hub operators are showing interest in expanding their business operations across Riga by exploring attractive locations in the densely populated residential districts - Agenskalns, Teika.
- Flexible offices are increasingly expanding in the newly-built office centres. Teikums in Jaunā Teika and Workland Telegraph in Telegraph Offices are the most recent ones.
- Demand for the flexible offices is stabilized. Rent rates vary considerably, the range is wide and rates are customized according to the clients' request.
- Pipeline office projects (Business Garden Riga, Verde, Preses Nams quarter) are planning to provide flexible office services.

### Average prices and vacancy rate in Riga, 2020

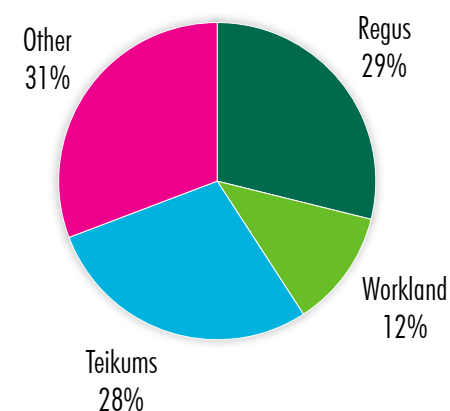


### Interactive co-working map\*, 2020

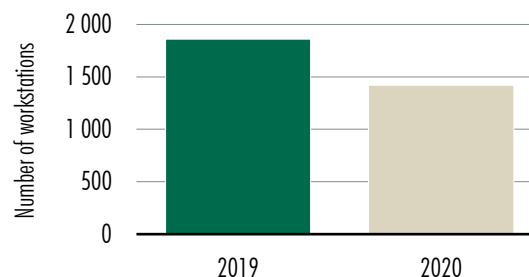


\*Pressing on the selected co-working locations, you will find more information.

### Workstation market share by operator, 2020



### The number of workstations (in open space and private room formats), 2019 - 2020



Note: the source for the figures is CBRE Baltics, Q3 2020.

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