

16% INCREASE IN VOLUME Y-O-Y

EUR 218 MILLION INVESTMENT ACTIVITY

Investment volume in the Baltic region reached EUR 218.03 million at the end of Q1 2021. An increase of 16% was observed compared to the first quarter of 2020. More than twenty investment transactions were concluded with an average ticket size of ca. EUR 10 million.

Lithuania attracted 41% of the total investment volume, followed by Latvia (37%) and Estonia (22%).

During the first quarter of 2021, the highest volumes were registered for the Industrial sector, with a share of 42%, followed by the Retail sector with 34%, and the Residential and Hotel sectors each claiming 9%.

Although the Office sector showed very low activity in Q1 2021, the currently announced EUR 35.5 million transaction between VASTINT and Eastnine regarding two office locations in Riga and Vilnius, respectively, is expected to be finalized in Q2 this year. Thus, taking several ongoing office transactions as well, Offices could remain the third preferred asset class in H1 2021.

In Q1 2021, BTA Baltic Insurance Company acquired a large Riga residential portfolio from real estate private equity firm Rentejas, consisting of seven residential buildings in three locations, with more than 170 tenanted units. This is the largest ever portfolio transaction in the Multifamily Residential sector in Latvia. Corum real estate investment fund (France) continued the expansion of their core portfolio with the purchase of two more Depo retail warehouses in Lithuania.

As to the sources of capital, local investment funds originating from Baltic region countries invested 64% of the investment volume, followed by investors from Central and Western Europe with a share of 34%.

During Q1 2021, the Industrial sector's share of the total investment volume was its highest since Q3 2013 and this tendency may continue during H1 2021. The Industrial/Logistics sector will remain very active, however, Multifamily Residential is also gaining popularity, and, not surprisingly, these are the sectors where pricing is expected to remain the strongest.

All three sectors will be attracting investor interest and, although the prime yields for office and industrial assets remained stable in the Baltic countries during Q1 2021, the prime yield compressions could continue during the year.

Q1 2021

INVESTMENT VOLUME* – Q1 2021

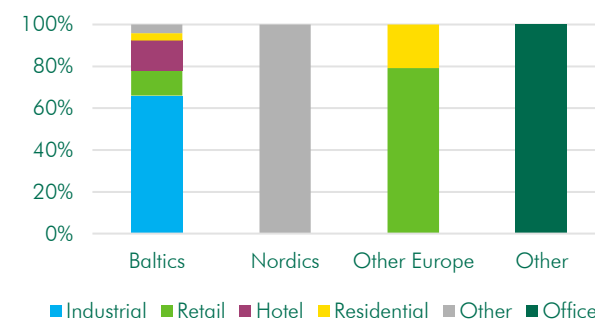
LATVIA	EUR 80.10 M	↑
LITHUANIA	EUR 90.20 M	↑
ESTONIA	EUR 47.70 M	↓

SECTORIAL SPLIT*

INDUSTRIAL	EUR 92.5 M	(42%)	↑
RETAIL	EUR 74.6 M	(34%)	↑
HOTEL	EUR 20.3 M	(9%)	↑
RESIDENTIAL	EUR 20.0 M	(9%)	↑
OTHER	EUR 6.9 M	(3%)	↓
OFFICE	EUR 3.7 M	(2%)	↓

SOURCE OF CAPITAL

Q1 2021 SECTORIAL SPLIT BY SOURCE OF CAPITAL



*Baltic region

% indicate share in Q1 2021 total investment volume

Arrows indicate changes compared to the corresponding period in the preceding year.

Source: CBRE Baltics Research

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