

FIGURES | KAUNAS OFFICES | 2021

After active development in 2019–2020, Kaunas is currently facing a shortage of premises

▼ 5-6%

Vacancy Rate

▲ 272K

Total stock

▼ 22K

Completions

► 11.5-14.0

Prime rents A-Class (EUR/sqm/mth)

► 8.0-11.0

Prime rents B-Class (EUR/sqm/mth)

Note: Arrows indicate change from previous year.

Highlights:

- 2021 brought only 1 new office project which supplemented the Kaunas office market with 22,000 sqm of additional modern space, representing 18% less, compared to the amount of space supplied in 2020.
- The current pipeline is expected to stand at around 44,000 sqm. In the near future, the largest development of new offices can be expected in Savanoriu Avenue.
- Currently, A Class offices constitute 19%, while the remaining 81% of total stock is made up of B Class.
- During 2021, the most notable office transaction in Kaunas concerned the acquisition of the *Prime offices* building by *Groa Capital* fund (5,600 sqm). The main tenant is the telecommunications company *Telia Lietuva*.

FIGURE 1: Pipeline of Kaunas main projects 2022-2024

No	Development	Class	GLA, sqm	Current status
1	H. and O. Minkovskiu st. 41	B	10,890	Planned
2	Jonavos 32	B	9,150	Planned
3	Piliamiescio BC	B	6,260	Planned
4	Savanorių ave. 406A	B	5,666	Planned
5	Merkurijus	A	5,200	Planned
6	Savanoriu ave. 131	B	2,511	Planned
7	Savanorių pr. 375	B	2,500	Under Construction
8	Savanoriu ave. 239	B	2,127	Planned
Total			44,300	

Source: CBRE Baltics Research

Supply

In 2021 Q4 the overall Kaunas office stock reached 272,300 sqm. Compared to the same quarter in 2020, this is almost 9% more. 2021 brought only 1 new office project, *Drobės fabrikas*, which supplemented the Kaunas office market with 22,000 sqm of additional modern space, representing 18% less, compared to the amount of space supplied in 2020. Currently, A Class offices constitute 19%, while the remaining 81% of total stock is made up of B Class. In 2021, the division of total stock by class was the same as in 2020. Pipeline projects are also more focused towards B class schemes. Looking at pipeline projects, the largest office expansion can be expected on the city’s main street in the near future. Recently, construction has intensified in this location and new modern offices are planned, which are expected to change the look of Savanorių Avenue.

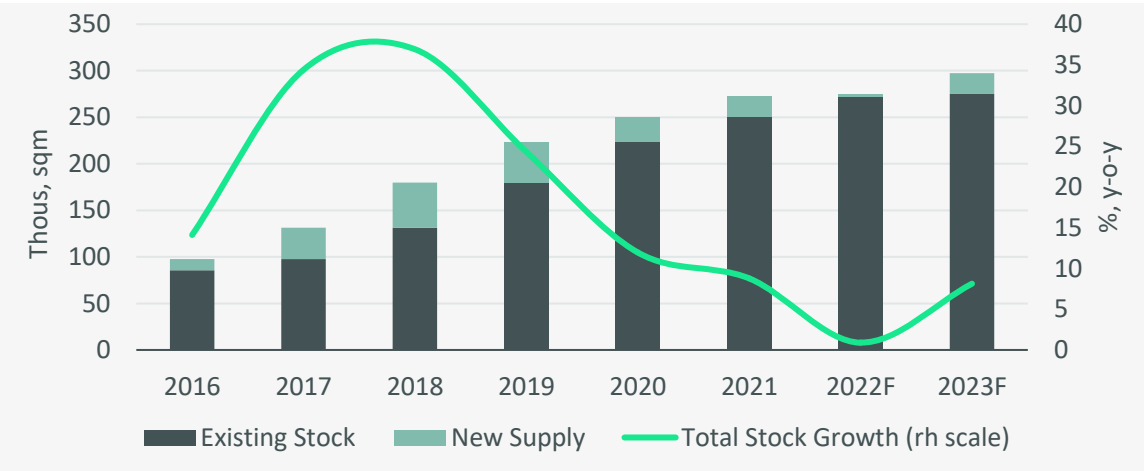
Demand

In 2021, video games’ start-up *Eneba*, expanded and occupied an entire building in Kaunas city centre (around 3,700 sqm). Other recent significant transactions include the Lithuanian and German capital software developer NFQ Technologies which signed one of the largest office deals in Kaunas. The 1,700 sqm office was leased in the Magnum business centre. A similar trend can be seen in Kaunas - the largest tenants are companies whose activities are related to IT. It is likely that the pandemic only accelerated their growth.

Prices

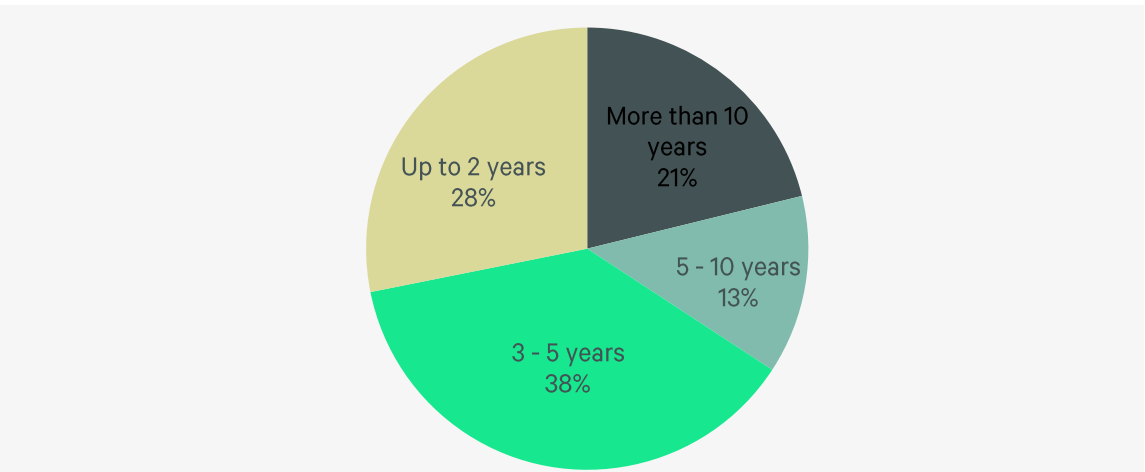
Average rents in Kaunas remain unchanged. B class offices are rented at 8.0–11.0 EUR/sqm/mth, while A class rents range between 11.5 – 14.0 EUR/sqm/mth. Given the consistent increase in construction costs, rent rates are anticipated to rise slightly in 2022.

FIGURE 2: Modern stock, New Supply and Stock Growth Rate



Source: CBRE Baltics Research

FIGURE 3 Age of Offices Based on GLA Distribution



Source: CBRE Baltics Research

Market Area Overview



VILNIUS OFFICE

Green Hall 2
Upes street 23,
Vilnius, Lithuania, LT-08128

RIGA OFFICE

Z1
Zala Street 1,
Riga, Latvia, LV-1010

TALLINN OFFICE

Workland Maakri
4th floor, Maakri 19-1,
Tallinn, Estonia, EE-10145

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