

FIGURES | VILNIUS OFFICES | Q1 2022

# Strong office development activity continues

▲ 8.5%

Vacancy Rate

▲ 924K

Total stock

▲ 20.3K

Take-up

▶ 5.25%

Prime Yield

Note: Arrows indicate change from previous quarter.

## Highlights:

- Three pipeline projects (*Freedom 36*, *Naujasis Skansenas Z* and *Paupio 50*), were finished in Q1, adding 27,400 sqm to the market, of which ca. 90% of office space is already leased.
- If there are no delays with the commissioning of already under construction projects then by the end of 2022 Vilnius modern office stock will reach 1 mln sqm.
- In this quarter, *Lords LB Asset Management* announced the planned construction of a business centre in Konstitucijos ave. 14A. Construction is expected to be completed in 2025.
- The vacancy rate in Q1 climbed by 14 p. p. compared to the previous quarter and now is 8.5%. It is expected that the rate will decrease next quarter, reflecting strong interest from neighboring countries.
- The most noteworthy office lease in Q1 2022 was signed by *Workland* comprising of 2,300 sqm of office space in the *BC 3 Bures*.
- Office rent rates have risen. The rent for B class offices stands at 11.0-14.5 EUR/sqm/month, while A class rents are 15.5 – 17.5 EUR/sqm/month.

FIGURE 1: Pipeline of main Vilnius projects 2022

No.	Development	Class	GLA, sqm	Current Status
1	Cyber City	B	35,000	Under Construction
2	Core	A	34,950	Under Construction
3	Business Stadium North East	A	16,000	Under Construction
4	Freedom 36	B	14,300	Finished in 2022 Q1
5	BH Meraki	B	8,900	Under Construction
6	Avia Solutions HQ	B	7,700	Under Construction
7	Naujasis Skansenas Z	B	7,220	Finished in 2022 Q1
8	Paupio 50	B	5,860	Finished in 2022 Q1
9	Naujasis Skansenas L	B	5,855	Under Construction
10	Cloud	B	4,850	Under Construction
11	Lietuvos Draudimas HQ	B	3,600	Under Construction
			<b>144,235</b>	

Source: CBRE Baltics Research

SUPPLY

In Q1 2022 the total figure for modern office stock reached 923,900 sqm, which is 13% more compared to the same quarter last year. A class offices constitute 41%, while B class offices represent the remaining 59% of the total stock. In Q1 2022, 3 office projects were completed, adding 27,400 sqm to the Vilnius office market. This is almost the same amount of office space compared to Q1 2021. The most sizeable delivery over Q1 2022 belonged to the commissioning of *Freedom 36*, by *Galio*.

DEMAND

Take-up constituted ca. 20,300 sqm in Q1 2022 which reflects a 19% increase compared to the same period last year. The biggest lease agreement was signed by the company *Workland* taking up one floor (2,300 sqm) in the *3 Bures* business centre. The most sizable lease transactions in Q1 2022 were among IT (32%) and consumer goods (18%) companies. In Q1, the median size for the amount of office space to be taken up was 530 sqm, while in same period last year it was 750 sqm. 50% of tenants were inclined to choose an A Class offices.

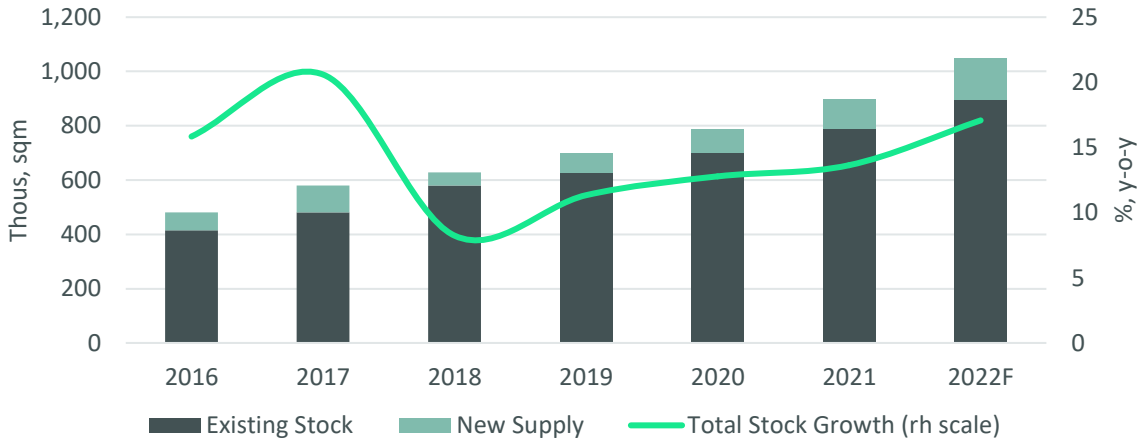
VACANCY

As of Q1 2022, the vacancy level stood at 8.5% in the Vilnius office market. This constitutes around a 1.4 p. p. increase compared to the last quarter and a 1.3 p. p. decrease compared to the same period in 2021. The metric is mainly driven by B-Class (12.1%) vacancy figures. 2022 will be a record year with numerous office projects being completed, but vacancies are expected to decrease, due to a strong demand. This can be mainly influenced by the relocation of some companies from neighboring countries.

MARKET RENTS

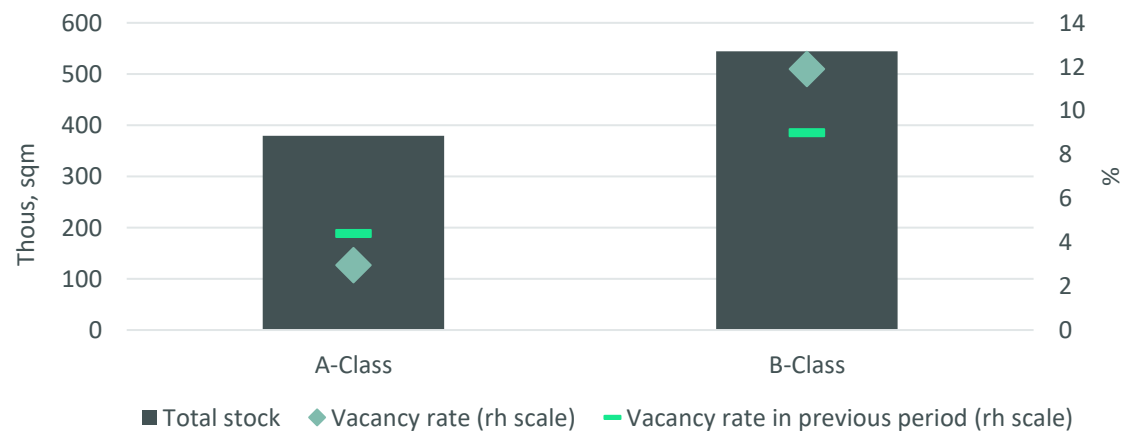
Office rent rates have risen. Only a slight increase was recorded, which was mainly caused by rising construction costs in the market and inflation. An increase in the upper-level price range between 11.0 – 14.5 EUR/sqm/month was recorded for B class offices, while A class prices rose to the level of 15.5 – 17.5 EUR/sqm/month.

FIGURE 2: Vilnius Modern Office Stock



Source: CBRE Baltics Research

FIGURE 3: Vacancy rate by office class



Source: CBRE Baltics Research

Market Area Overview



VILNIUS OFFICE

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