

FIGURES | TALLINN OFFICES | Q1 2022

Interest for new offices remain high

▼ 4-6%

Vacancy Rate

▲ 916K

Total stock

▼ 0 K

Completion

► 5.5%

Prime Yield

Note: Arrows indicate change from previous year.

Highlights

- No new projects were delivered to the market in Q1 2022. However, the rest of the year should bring 74,500 sqm of new office space, with total modern stock expected to reach 1,000,000 sqm.
- The biggest projects to be delivered this year will be the 20,000 sqm Alma Tominga House in Ülemiste and the 10,000 sqm Maakri HUB office building in the CBD area.
- Office rents were stable in Q1 2022, but upward pressure is expected in A-class rents in the rest of 2022. Current rents for A-class offices are 15-17 EUR/sqm, with 12-14 EUR/sqm for B-class offices.
- Vacancy rates have dropped and we expect A-class vacancies to drop even more. The current vacancy rate for offices is between 4-6%.
- Investment activity in Q1 2022 was low, mostly due to an absence of suitable projects being available for sale. Investor interest remains high, however. Prime yield for office buildings stands at 5.5%.

FIGURE 1: Tallinn Office Building Pipeline

Project name	Developer	Class	GLA, sqm	Year	Address	Status
Maakri HUB	Fausto	A	10,000	2022	Maakri 23A	U/C
Polaris	Kaamos	B	10,000	2022	Veskiposti 1	U/C
Tehnopol 3	Tehnopol	B	12,000	2022	Mäealuse 2-4	U/C
Alma Tominga House	Mainor	A	20,000	2022	Sepise 7	U/C
Park Tondi	US Invest	B	6,500	2023	Tammsaare 56	U/C
Rosen House	NG Invest	A	8,900	2023	Ahtri 4	U/C
Liivalaia Quarter	Kapitel	A	28,000	2024	Liivalaia 34/36	U/C

Source: CBRE Baltics Research

SUPPLY

No new projects were introduced to the market in Q1 2022. However, the rest of the year should bring an additional 74,500 sqm of new office space to the market. As a result, with these projected deliveries, total modern stock should reach the 1,000,000 sqm mark. The most notable projects to be delivered this year will be the 20,000 sqm Alma Tominga House by Mainor in Ülemiste and the 10,000 sqm Maakri HUB office building by Fausto in the CBD area.

DEMAND

With the Covid-19 pandemic almost behind us, take-up numbers have returned to those of the pre-pandemic period. The figure for Q1 2022 was 8,600 sqm. The demand for new energy-efficient A-class offices remains high. This is supported by the fact that new projects announced to the market have anchor tenants already in place. The most significant lease signed in Q1 2022 was for 630 sqm office premises in the soon to be opened Maakri HUB in the CBD area.

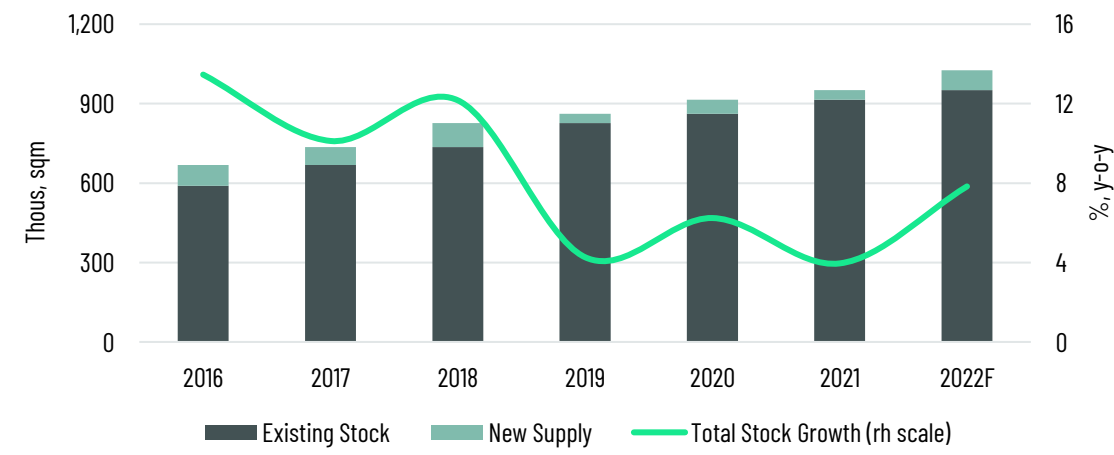
VACANCY

Vacancy levels currently stand at 5.8 %, being a 1.2 % drop compared to Q1 2021. This has been driven mostly by the strong demand and insufficient supply of new A-class offices. The A-class vacancy rate stands at 4.6%, while the B-class vacancy rate is at 6.6%

MARKET RENTS

Office rental rates have remained stable in Q1 2022. But, due to rising construction costs in the market, this increased by 19.3 % compared to the first quarter of 2021. We expect those rates to rise due to inflation and high demand for new A-class offices, while B-class rents could drop. The rent for A-class offices is currently 15-17 EUR/sqm and 12-14 EUR/sqm for B-class offices.

FIGURE 2: Tallinn Modern Office Stock



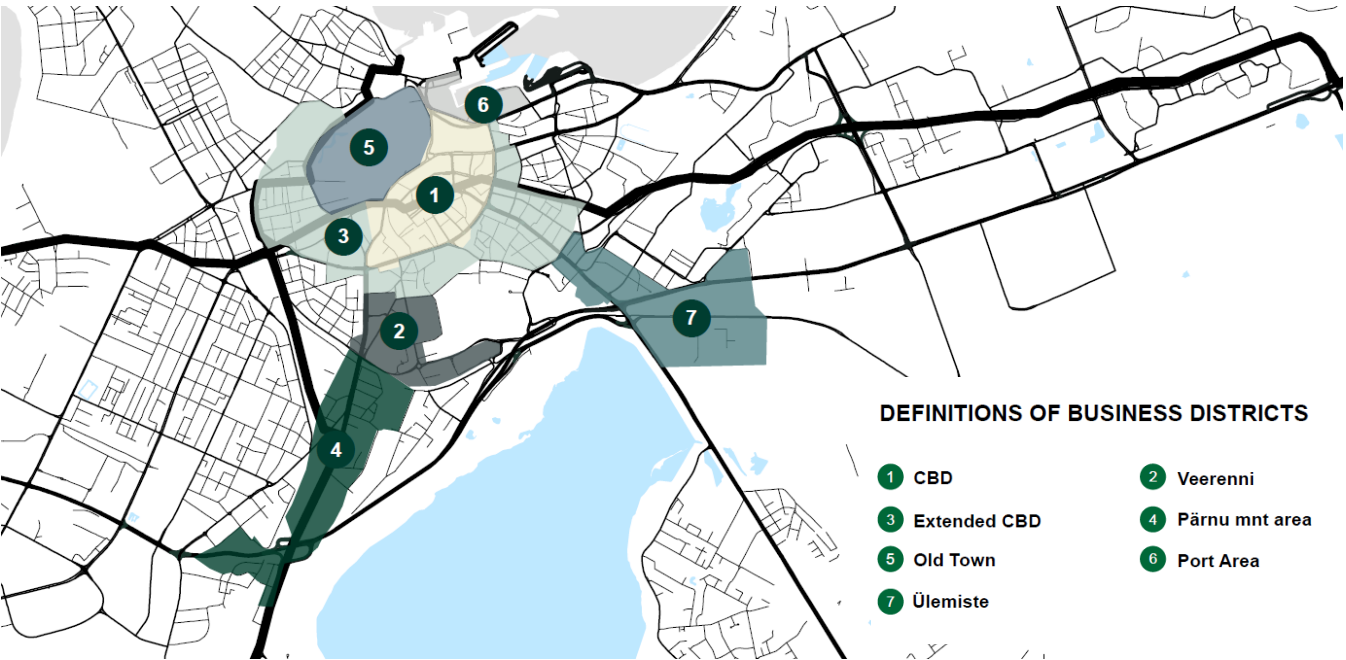
Source: CBRE Baltics Research

FIGURE 3: Vacancy rate by office class



Source: CBRE Baltics Research

Market Area Overview



DEFINITIONS OF BUSINESS DISTRICTS

- 1 CBD
- 2 Veerenni
- 3 Extended CBD
- 4 Pärnu mnt area
- 5 Old Town
- 6 Port Area
- 7 Ülemiste

TALLINN OFFICE

Porto Franco,
2nd floor, Laeva 1,
Tallinn, Estonia-10111

RIGA OFFICE

Z1
Zala Street 1
Riga Latvia, LV-1010

VILNIUS OFFICE

Green Hall 2
Upes Street 23
Vilnius, Lithuania-08128

Contacts

Robert Roode

Market Analyst
+372 564 59 222
robert.roode@cbre.ee

Tõnis Teinmaa

Associate Director
+372 530 65 010
tonis.teinmaa@cbre.ee

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