

Sustained Demand and Dynamic Development Activity

▶ 2.3-5.0

Vacancy Rate, %

▶ 5.5-6.5

I&L Prime Rent Range, EUR/sqm/month

▶ 9.0-12.0

Stock Office Prime Rent Range, EUR/sqm/month

▼ 151K

Completions, sqm

▼ 608K

Under Construction, sqm

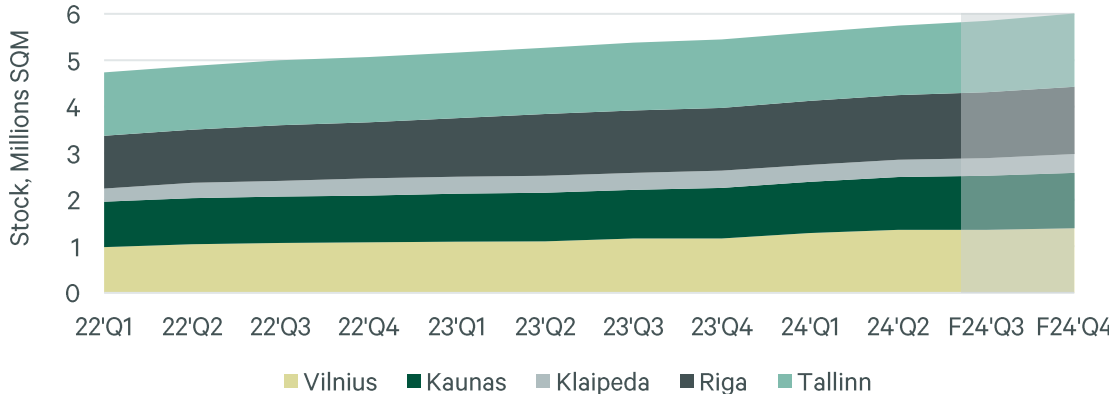
Note: Arrows indicate change from the previous quarter, considering Tallinn, Riga, Vilnius, Kaunas, and Klaipeda markets

Supply. The 2nd quarter of 2024 witnessed the completion of 15 projects across the main Baltic industrial hubs of Vilnius, Kaunas, Klaipeda, Riga, and Tallinn, altogether supplying around 151,000 sqm GLA of modern industrial & logistics (I&L) premises. 5 projects with 67,600 sqm were finalized in Vilnius, with the most notable completion being the 1st Stage of Urban Hub Vilnius (22,000 sqm), while another Urban Hub project with 21,500 sqm was also finalized in Kaunas. Kaunas also saw the completion of one other I&L building by Sirin Development (15,500 sqm), together with the expansion and modernization of Gintarinė vaistinė logistics centre (7,300 sqm), while Klaipeda welcomed the completion of 1 project with the size of 6,500 sqm. At the same time, Tallinn got supplied with 33,000 sqm GLA brought by 6 projects, while Riga welcomed no completions during the quarter. In terms of asset classes, stock offices took the lead with a share of 49% of all newly constructed stock, while the rest is attributable to warehouses and logistics premises. Construction remained active, as 11 projects began development, expected to supply another ~110,000 sqm to the Baltic market and putting the total number of U/C stock at ~608,000 sqm.

Demand. Demand for I&L space was actively coming from the construction, production, and retail sectors, while some of the most substantial deals in speculative developments were secured in Sirin Development’s projects in Latvia and Lithuania, where Edge Autonomy and a regional distributor secured 10,000 sqm and 15,000 sqm of warehouse space, respectively. As quality, energy efficiency, and technological integration becomes more crucial to industrial occupiers, it is expected that absorption rates will accelerate in newly constructed I&L spaces in the near future.

Lease Terms. In Q2 2024, prime rent levels for I&L stock remained the same as in the quarter before, standing at 5.5-6.5 €/sqm/month across the main Baltic industrial hubs, while stock offices demanded 9.0-12.0 €/sqm/month. Similarly, vacancies continued to be relatively leveled and ranged between 2.3% and 5.0%, while for stock offices they were higher as multiple new projects have reached the market.

Figure 1. I&L Stock Development in the Baltics by City, Q1 2022 – Q4 2024F

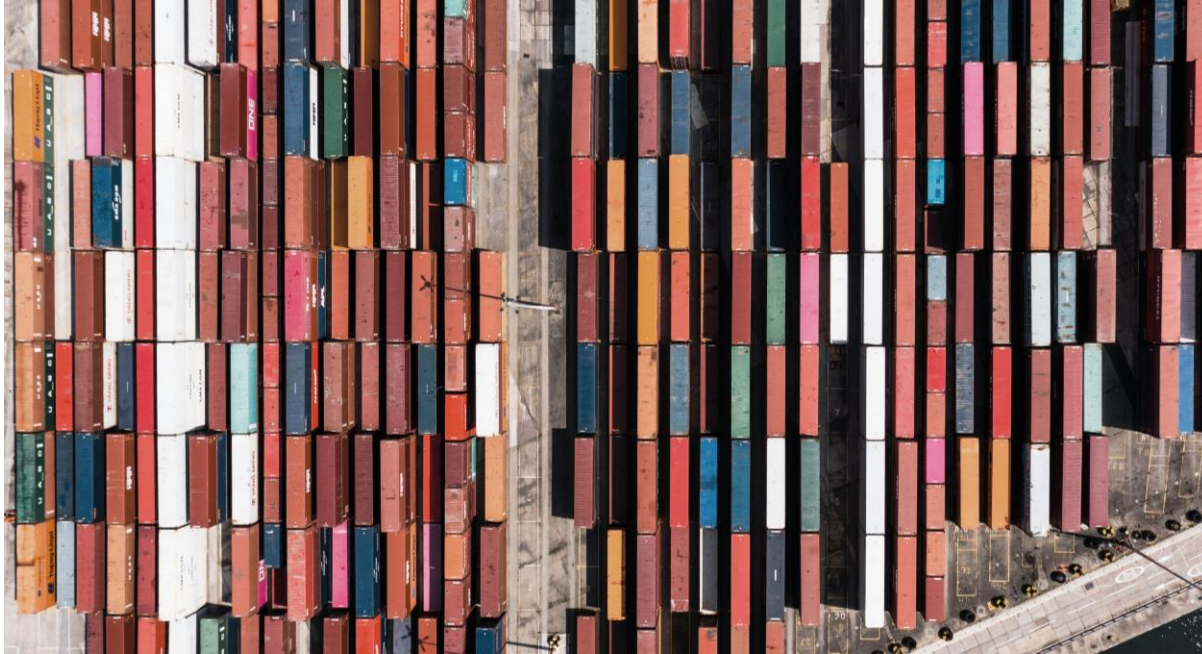


Source: CBRE Baltics Research

Table 1. Selective Sizeable Projects Under Construction, Baltic Capitals, Q2 2024

Location	Project	Size, sqm	Completion	Developer
Vilnius	Sirin Park Gariūnai (3 rd Stage)	25,600	2024 Q4	Sirin Development
Riga	Sirin Park Marupe	25,800	2024 Q3	Sirin Development
Tallinn	Park Rae (1 st Stage)	35,000	2025 Q1	East Capital Real Estate

Source: CBRE Baltics Research



Definitions

Total Modern Industrial Stock – represents the total completed stock-office, warehouse and logistics space (occupied or vacant) in the private and public sector at the survey date. It includes both speculative and owner occupied (OO) space in Tallinn, Riga, Vilnius, Kaunas, Klaipeda and their surrounding areas.

Prime Rent – represents the top open-market tier of rent that could be expected for a unit of standard size (commensurate with demand in each location) of the highest quality and specification and the best location in a market at the survey date. The Prime Rent should reflect the level at which relevant transactions are being completed in the market at the time. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on an expert opinion of market conditions.

Stock Office – a building that combines a showroom, office space, warehouse and in some cases manufacturing premises together; unit sizes could vary, and the schemes are designed for small and medium business operations.

Under Construction (U/C) – total warehouse, distribution & logistics and stock office space that is currently in its construction phase.¹

1. Previous CBRE Baltics reports used to incorporate large-scale production assets within the industrial stock figures, which is no longer considered as of Q3 2023.

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