CBRE Baltics
PART OF THE AFFILIATE NETWORK

Shaping the Future of Retail Through Innovations

▲ 3.8M Total Modern Stock, sqm

▶ 48-55 Prime S/C Rent, €/sqm/mth

▼ 40-55 High Street Prime Rent, €/sqm/mth

▲ 43K Completions, sqm

▼ -4 Retail Confidence Index (pts)

▼ -12 Consumer Confidence Index, pts

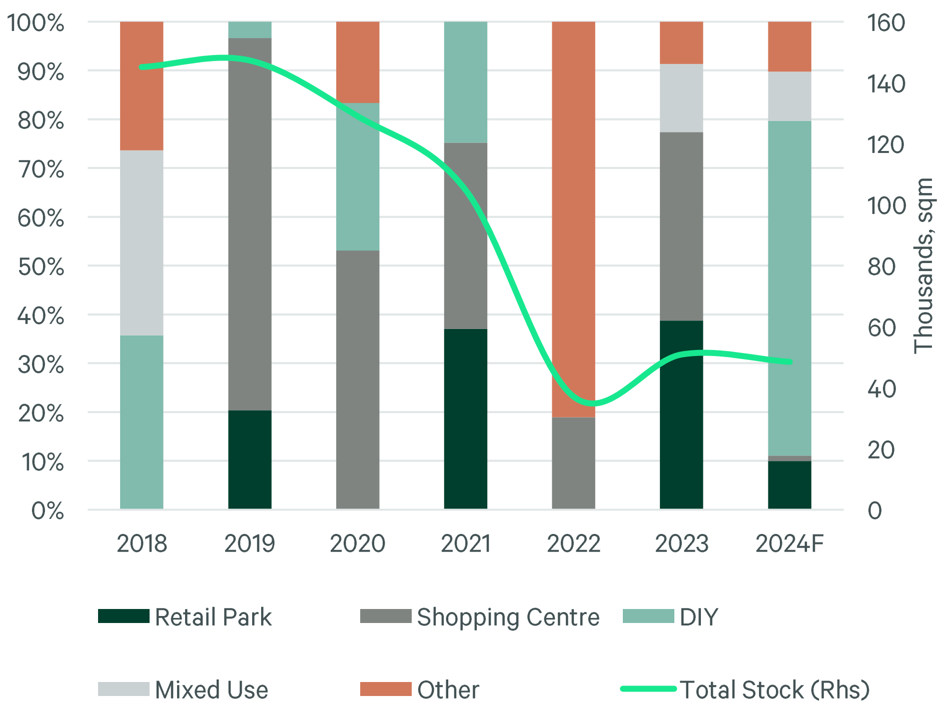
Note: Arrows indicate change from corresponding period of the previous year

Supply. In Q2 2024, the Baltic retail market witnessed several notable developments. In Latvia, the completion of the Depo store added 27,000 sqm of new DIY space. However, the Preses Nama Kvartals project, with planned 7,500 sqm of retail space, has been put on hold. At the same time, Linstow Baltic announced development plans of Sporta 2 Quarter in Riga, expected to add 4,000 sqm by 2027. Lithuania saw the completion of another Depo store in Kaunas, while a new shopping and sports center at Estų St. 1 in Vilnius is expected to be completed soon, adding 5,000 sqm of retail space. Additionally, a 5,800 sqm multifunctional center Kiemas is under development in Šiauliai. While no large projects were completed this quarter in Estonia, in H2 2024, the expansion of the Tähesaju City retail park and the Mustamäe tee 18 hypermarket will each add 5,000 sqm of a quality retail premises. As of Q2 2024, around 95,000 sqm of modern retail stock is under construction across the Baltics.

Demand. During the first five months of 2024, Estonia's retail trade turnover decreased by 4% compared to the same period last year. However, Estonia did experience an increase in retail confidence, albeit still at low levels. In Q2, Latvia's market remained stable, with a 4.2% YoY increase in retail turnover despite low consumer confidence, supported by a positive outlook for economic recovery. Lithuania reported a 5.9% YoY sales increase, with retail confidence remaining the highest across the Baltics. This quarter has also seen increased investment activity in the supermarket and neighborhood shopping center schemes, highlighting investor confidence in sustained consumers' demand for essential goods both in and outside metropolitan areas.

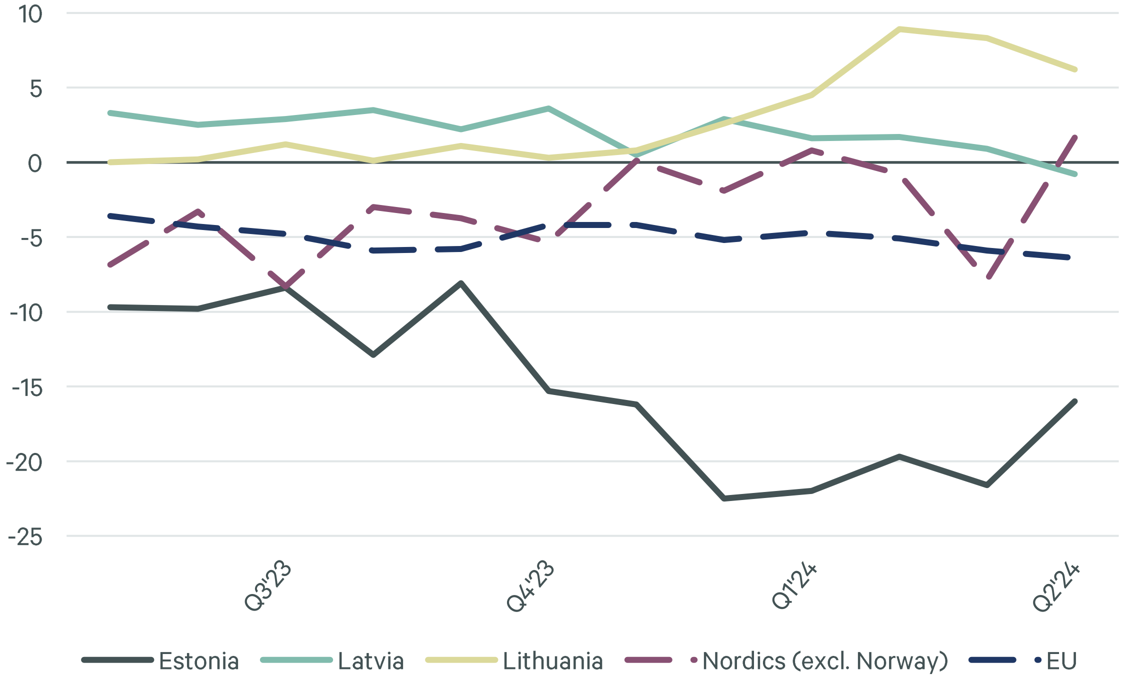
Trends. IKI introduced the first self-service stores in Lithuania a few years ago, and now Estonia and Latvia are following suit. RIMI is piloting its RIMI Express concept in Tallinn, with another self-service RIMI store set to open in Latvia's Olympic Center. Renovations were active last year and have continued into 2024, with Ogmios Miestas refurbishing a slight part of its center in Q2 2024. Simultaneously, Akropolis Klaipeda is undergoing a significant EUR 8M renovation expected to finish this fall. In Tallinn, Rocca al Mare and T1 are also partially renovating. On the other hand, a decline in Pan Baltic tourism demographics over the past years has decreased footfall in metropolitan areas, but warm weather has boosted street retail activity.

Figure 1. Modern Retail Stock Completions by Type in the Baltic Capitals, 2018-2024F



Source: CBRE Baltics Research

FIGURE 3. Retail Confidence Indicators in the Baltics, EU and the Nordics, Q3 2023 – Q2 2024



Source: Eurostat, CBRE Baltics Research

Definitions

Prime Rent – for retail, Prime Rent is represented as the typical «achievable» open market headline rent which an international retail chain would be expected to pay for a ground floor retail unit of up to 200 sqm of the highest quality and specification and in the best location in a given market commensurate with demand in each location.

Retail Trade Confidence Indicator - the arithmetic average of the balances (in percentage points) of the answers to the questions on the present and future business activity and on current stocks (the last with an inverted sign).

Shopping Centre (SC) Stock – represents the total completed retail space (occupied and vacant) in the shopping centres at the survey date, recorded as net rentable retail area. Included are shopping centres with a gross lettable area above 5,000 sqm, excluding hypermarkets, DIY stores, retail parks and other specialised stores. Included are shopping centres with an anchor tenant, for which the leasable area does not exceed 60 percent of GLA.

Total Modern Retail Stock - represents the total completed modern retail space (occupied and vacant). Total Retail Stock includes purpose-built space converted from other uses and independent space forming part of a mixed-use development. Includes shopping centre stock, total retail space in retail parks, theme-oriented centres and department stores with a gross leasable area from 5,000 sqm. Space under construction is excluded from the Total Retail Stock until development completion.

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