

Surges in Supply Meet Shifting Demand

▲ 4.0-5.5

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

▲ 301K

Completions, sqm

▼ 398K

Under Construction, sqm

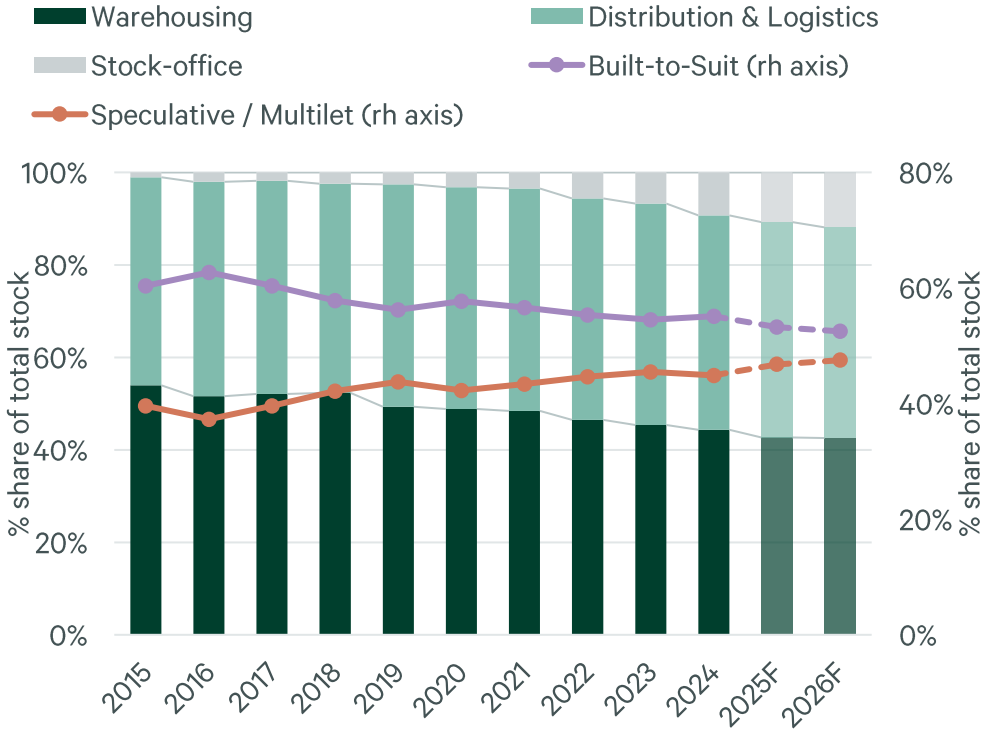
Note: Arrows indicate change from the previous year, considering Tallinn, Riga, Vilnius, Kaunas, and Klaipeda markets

Supply. In Q4 2024, a total of 27 projects were completed across Vilnius, Kaunas, Klaipėda, Riga, and Tallinn, doubling the number from the previous quarter and amounting to ca. 301,000 sqm of GLA. Lithuania led the region with 13 completed projects, including the largest Freda IV warehouse in Kaunas FEZ of over 60,000 sqm. The second-largest was Sirin Park Marupe in Riga, with nearly 27,000 sqm, followed by Rimi logistics park in Estonia, with a bit over 24,000 sqm. 14 out of the 27 projects were stock offices, with 6 in Lithuania (3 in Vilnius and 2 in Kaunas, and 1 Klaipėda), 6 in Estonia (Tallinn), and 2 in Latvia (Riga), totaling 72,500 sqm. Stock offices have been steadily increasing in popularity over the past decade, and in 2024, they represented 9% of the total stock (in 2015, it was below 1%). Overall, 2024 stands out with a 117% increase in completions compared to the average of the last 10 years (2014-2023). In total, around 398,000 sqm were under construction at the end of Q4.

Demand. Despite increased supply, demand in the Baltics remains subdued, causing vacancy rates in major industrial hubs to rise. While modern industrial developers continue to see strong rental income, older warehouses struggle with higher vacancy rates as businesses prefer modern, efficient facilities. In Q4 2024, weak demand from Germany – one of the main trading partners of the region – impacted the Baltic I&L corporate performance. Some players remained cautious about expansions, such as Ericsson opted to modernize its Tallinn operations rather than build a new facility in Ülemiste City. What’s worth noting is that on 9 February 2025, Estonia, Latvia, and Lithuania synchronized with the Continental European power grid, ending their reliance on the Russian-controlled BRELL system. This transition enhances long-term confidence in the Baltic I&L market, offering greater stability for clients and investors.

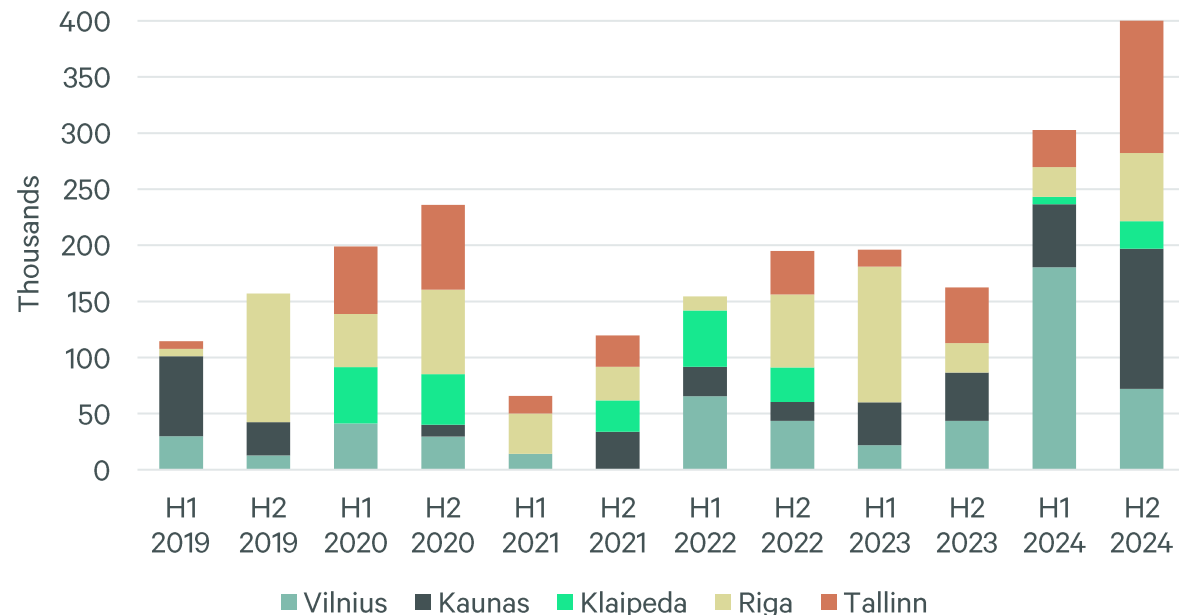
Lease Terms. In Q4 2024, prime rents for industrial and logistics properties held steady at €5.5 to €6.5 sqm per month, while stock office rents ranged from €9.0 to €12.0 per sqm. Vacancy rates increased slightly due to market expansion, with industrial vacancies at 4.0% to 5.5%, and a bit higher for stock-office spaces.

Figure 1. I&L Total Stock: Built-to-Suit vs. Speculative Share, 2015-2026F



Source: CBRE Baltics Research

Figure 2. I&L New Completions, Baltics, 2019-2024



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.

Source: CBRE Baltics Research

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