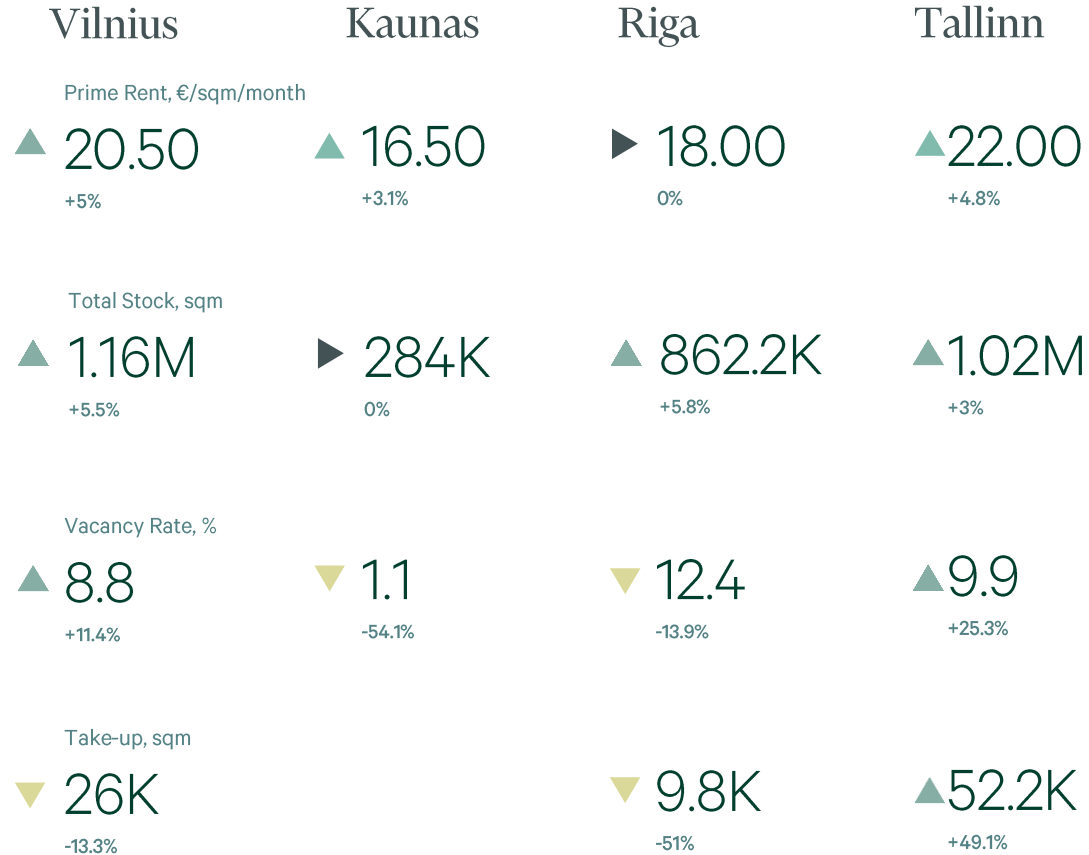


Vacancy Rates Change Patterns



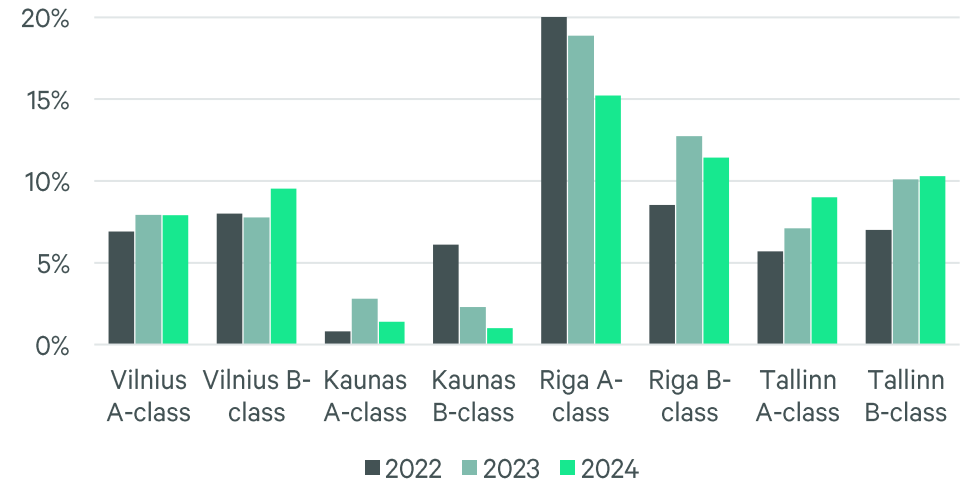
KEY PERFORMANCE INDICATORS, Q4 2024
Growth Rate YoY (%)

Highlights

Lease transactions drove the increased take-up numbers in Vilnius and Tallinn during the last quarter of the year, driven by a few sizeable relocations or pre-leases.

Over the quarter, only one office building totaling 8,200 sqm GLA was completed in Vilnius. This is expected to change, as around 310,000 sqm GLA is currently under construction in Tallinn and Vilnius, with completion anticipated in 2025-2026. Due to limited supply, companies in Kaunas opt for Built-to-Suit offices, but that could change, as speculative stock is projected to rise by 44,000 sqm GLA by the end of 2026. For the time-being, Riga's office market development remains slower compared to neighboring capitals.

FIGURE 1: Office Vacancies by Class, as of Q4



Source: CBRE Baltics Research

Vilnius

SUPPLY

In the last quarter of 2024, one project was completed: the Sand Offices, a Class A office building in Šnipiškės. This addition contributed 8,200 sqm GLA to the city’s market. In 2024, the total stock of office buildings in Vilnius grew by 43,330 sqm, which is approximately a 3.9% increase, 71% of that being speculative space. It is expected that total stock will increase by 12.7% in 2025. Currently, there are nineteen office buildings that are either being newly built or reconstructed, totaling around 152,000 sqm GLA.

DEMAND

Leasing activity in Q4 2024 has improved, with approximately 26,000 sqm GLA recorded in (pre)lease transactions, marking a 55% increase from the previous quarter. Of this, 65% of GLA was leased from existing properties, and A-class offices represented 71% of the transactions, a notable rise from just 20% in Q4 2023. This shift is primarily since mostly all commissions in the past year were A class offices. Additionally, there has been increasing interest in A-class offices from the public sector. Notably, FCIS leased 5,000 sqm in the Premium 1&2 buildings, marking the largest recorded lease in Q4. Another significant transaction involved ILTE, which leased over 3,600 sqm in the Asgaard Keys. Overall, the market remains strong, particularly in the financial services, healthcare, and technology sectors..

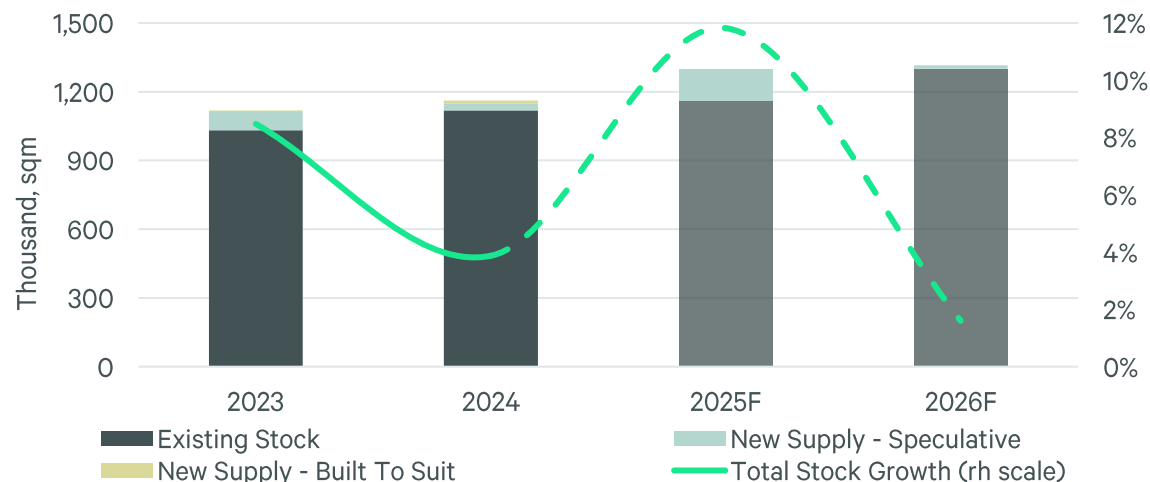
VACANCY

At the end of the year, the overall vacancy rate stood at 8.8%, showing a 0.5 p.p. increase compared to Q3 2024 and a 0.9 p.p. increase compared to the same period last year. The vacancy rate for A-class properties was 7.9%, while the vacancy rate for B-class properties increased to 9.5%. The increasing vacancy for B-class signals market occupiers’ preference shifts towards more sustainable, ESG compliant offices in prime locations.

MARKET RENTS

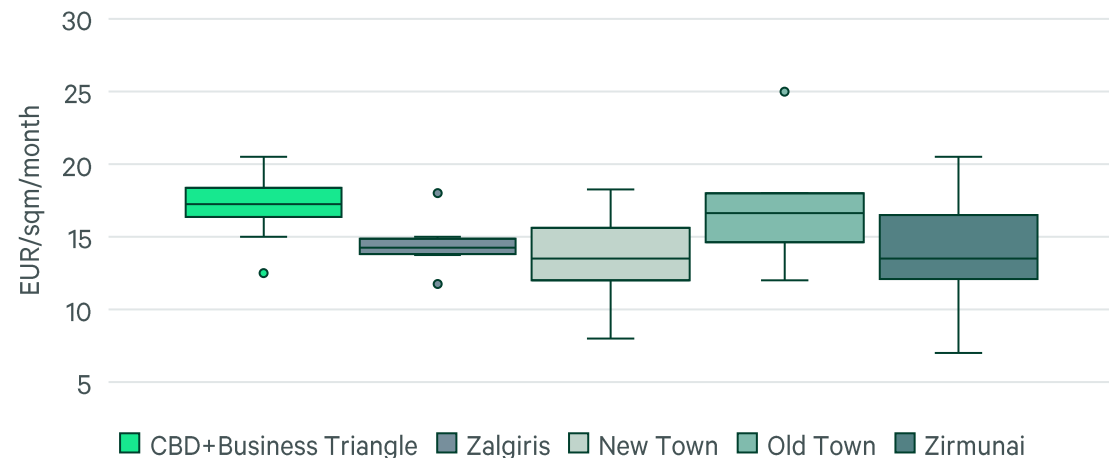
The fourth quarter has not seen considerable deviations in rent levels, Prime rent levels currently stand at 16.00-20.50 €/sqm/month. At the same time, rent prices for B-class offices also remain unchanged, ranging between 13.00 and 15.00 €/sqm/month – the same as the quarter before.

FIGURE 2: Existing and Under Construction Stock in Vilnius Completion Forecast, 2023 – 2026F



Source: CBRE Baltics Research

FIGURE 3: Distribution of Monthly Rental Prices in Selective Vilnius Neighborhoods, Q4 2024



Source: CBRE Baltics Research

Kaunas

SUPPLY

As of the end of Q4 2024, the total office space available in Kaunas market was approximately 284,000 sqm of GLA*. During 2024, only one small office project was completed - the Vitaresta office of ca. 1,300 sqm GLA. Seven office projects are underway, three of which began construction in Q4. Four are expected to be completed by the end of 2025, adding an extra ca. 14,700 sqm GLA (+5.2%) to the market. The largest one is developed by SBA Urban – Hermanas BC. The activity in the market has increased by Q4 compared to the previous year. Various developers have several projects in the planning stages and if these projects proceed, 44,000 sqm of GLA will be added to the Kaunas market by 2026 and beyond.

DEMAND

In 2024, demand trends reflected slow growth in supply, with only a few significant transactions in the 1,000 to 2,000 sqm range. Most activity involved smaller transactions. Due to low supply, companies such as Sanitex in 2023 and Vitaresta in 2024 chose to build their own offices. The Tesonet Group acquired a land plot and plans to construct offices for its portfolio companies near the Nemunaičiai project. The market remains particularly appealing to the tech and financial sectors. Looking ahead to 2025, an increase in activity is expected toward the end of the year, driven by several new developments. Despite limited supply, some companies are actively seeking office space and considering strategic expansions.

VACANCY

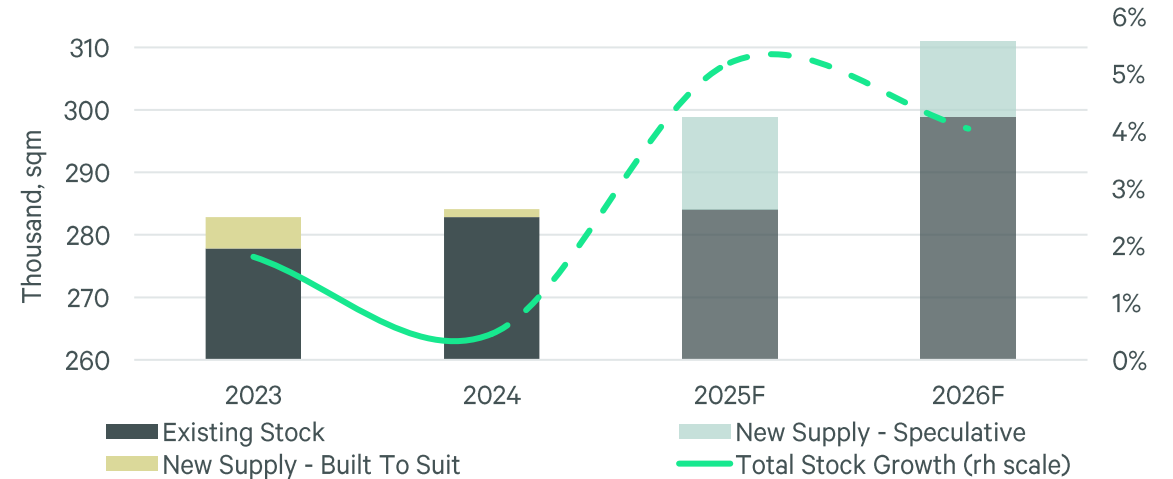
As of the end of 2024, the Kaunas office market has a vacancy rate of 1.1%. B-class office vacancies are slightly lower than A-class, with 1.0% and 1.4%, respectively. However, both are relatively insignificant due to the extremely low new supply in the market. Vacancy rates are expected to increase due to new, more significant developments throughout 2025.

MARKET RENTS

Over the past year, rental rates in Kaunas have slightly increased, with A-class spaces now priced between €14.00 and €16.50 per sqm per month and B-class spaces ranging from €9.00 to €13.00 per sqm per month. Rising construction costs and growing ESG compliance requirements from tenants put upward pressure on rental prices. Consequently, rents are likely to see a modest increase or remain stable in the foreseeable future.

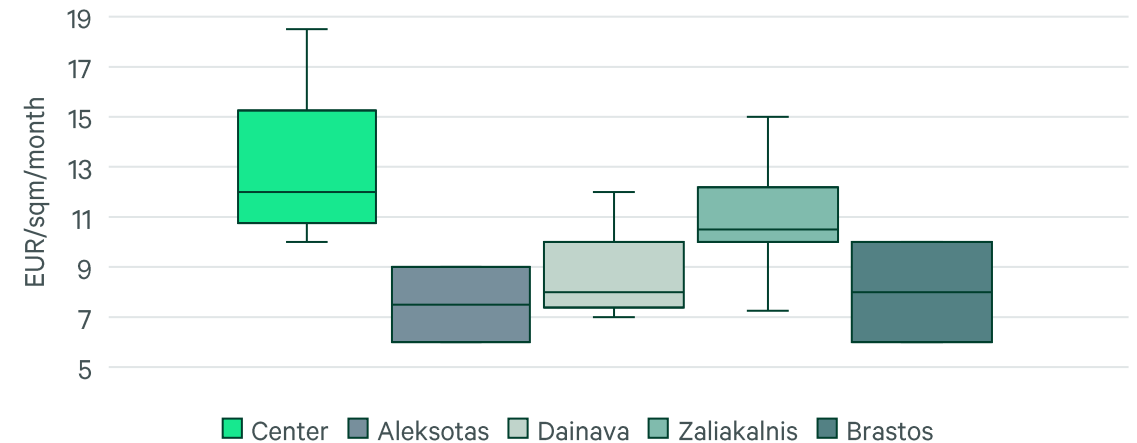
*Stock was recently revised, so levels may differ from last year.

FIGURE 4: Existing and Under Construction Stock in Kaunas, Completion Forecast, 2023 – 2026F



Source: CBRE Baltics Research

FIGURE 5: Distribution of Monthly Rental Prices in Selective Kaunas Neighborhoods, Q4 2024



Source: CBRE Baltics Research

Riga

SUPPLY

During the last quarter of 2024, there were no new office deliveries in Riga. At the same time, almost 25,000 sqm of A-class office space is under construction and expected to be commissioned in 2025. More than 50%, or approximately 14,000 sqm, of these under-construction projects are pre-leased. Overall, the A-class office supply in Riga has increased by more than 15%. This trend is expected to continue as approximately 90% of pipeline projects fall into the A-class category.

DEMAND

In 2024, the office space take-up in Riga was down by 44% compared to the previous year's record-breaking 10-year highest level. During the final quarter of 2024, 14,120 sqm were transacted. The main reason for the slower take-up in 2024 was the lack of new office space supply. Continuously, the IT and financial sectors played a significant role in the 2024 occupancy levels, with local companies being the key drivers of the capital's office market.

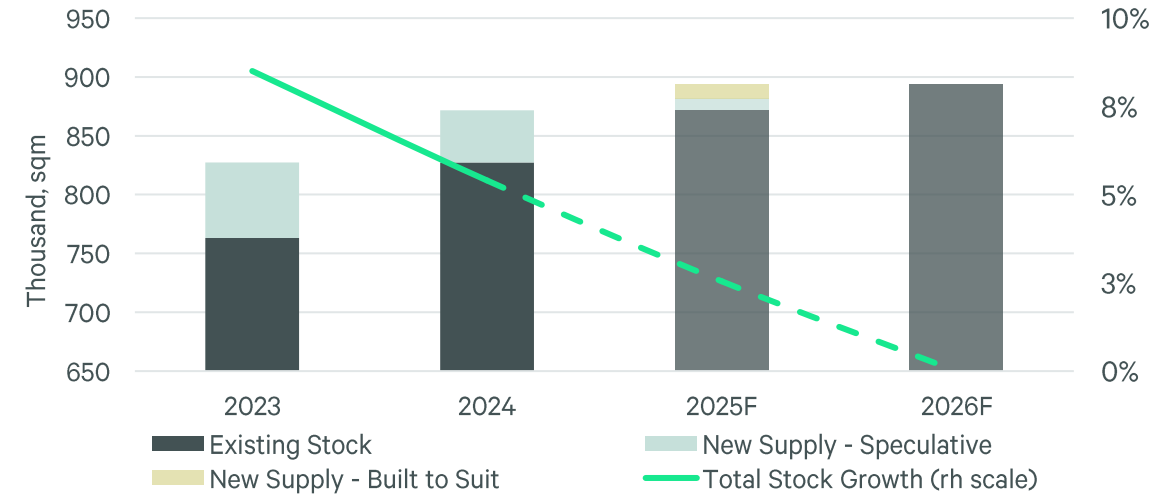
VACANCY

The overall vacancy decreased by 1.0 p.p. over the Q4, 2024, standing at 12.4%, while over the last twelve months, by 2.1 p.p. As there were no new deliveries, vacancies have slightly decreased for both A-class and B-class office space by 1.4 and 0.7 p.p. respectively. In 2025 A-class we expect to see slight increase due to new commisionings, while B-class office projects should remain at the same levels with slight downward trend.

MARKET RENTS

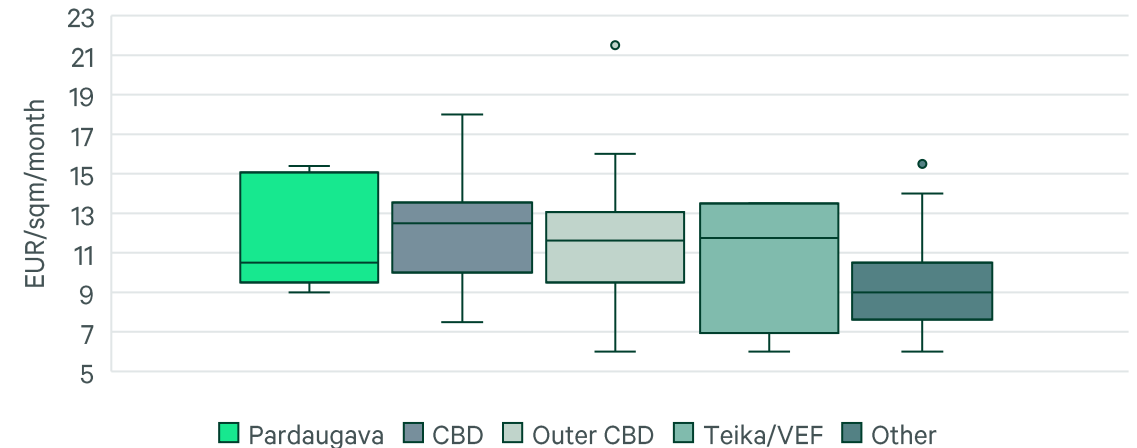
Market rents have remained stable throughout the year, with no significant changes observed. B-Class rents range between €8.50 and €15.00 per sqm per month, while A-Class office rents fluctuate between €14.00 and €18.00 per sqm per month. The projected completions in 2025 are not expected to negatively impact rents. However, older B-Class buildings may face increased challenges in maintaining the highest rent levels in their segment if they do not improve building sustainability.

FIGURE 6: Existing and Under Construction Stock in Riga, Completion Forecast, 2023 – 2026F



Source: CBRE Baltics Research

FIGURE 7: Distribution of Monthly Rental Prices in Selective Riga Neighborhoods, Q4 2024



Source: CBRE Baltics Research

Tallinn

SUPPLY

In Q4 2024, almost 190,000 sq m of offices were under construction, although no new office premises were completed. Out of that, 107,000 sq m will be delivered in 2025. The most remarkable buildings to be commissioned in 2025 are A-Tower of Arter in CBD, the new Swedbank headquarters, Volta 1 in Põhja-Tallinn, which will host Wise, and Golden Gate in the Port Area. Another 74,000 sq m of offices will be delivered to the Tallinn market within two years. By the volume of the new office development started Q4 2024 has been one of the most active in recent years.

DEMAND

The take-up in Q4 amounted to 52,600 sq m, a record-breaking figure in recent years. A significant share (almost 50%) of this increase in demand is due to pre-lease contracts, signed at the start of construction by current tenants seeking better premises for relocation. This also means that the same area in office buildings constructed before 2014 will remain vacant. The market is witnessing a notable shift in tenant preferences, with a growing concentration of office space in the (extended) city center, in contrast to the previous trend of moving away from the CBD in search of more affordable rates and better parking facilities.

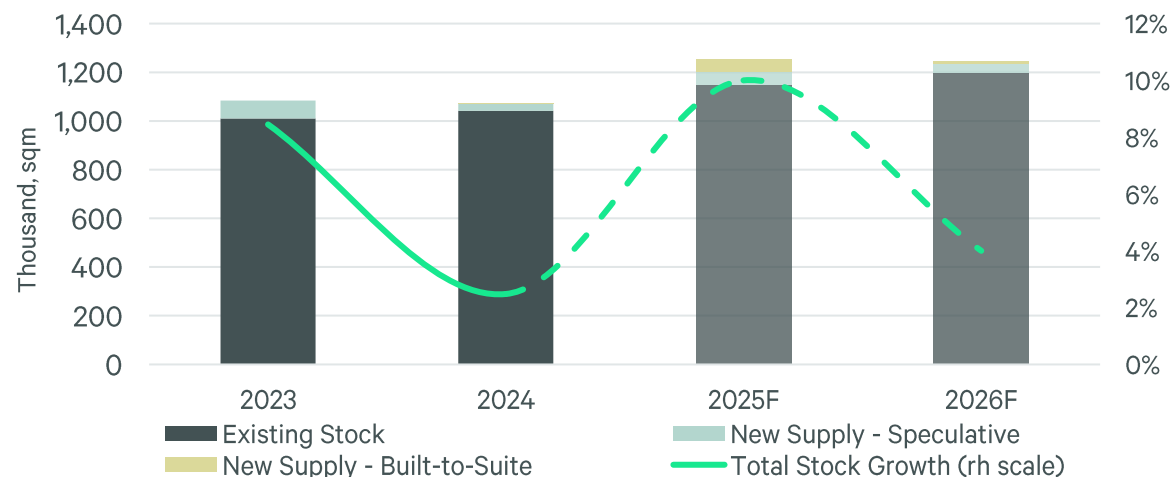
VACANCY

The office market in Tallinn has witnessed an increase in vacancy, with the average rate climbing to 9.9% in 2024 (+0.8 p.p. compared to Q4 2023). Activity in the office rental market has not yet recovered, and today, there are more vacant spaces in new office buildings than usual. During the last year, B-class premises have seen a slight increase in vacancy rates, from approximately 10.1 to 10.3%, while A-class premises have experienced a more significant shift from 7.1% to 9.0%. Looking at these vacancy numbers, one must remember that A-class premises comprised almost 75% of the office completions in Tallinn in 2024, or 3 times more than B-class completions.

MARKET RENTS

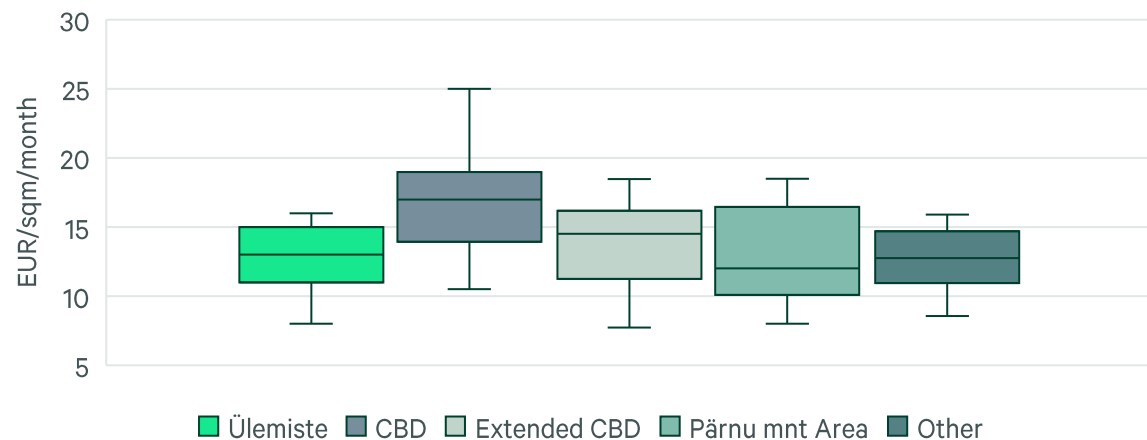
Market rent levels remained stable during 2024. Prime rents fluctuated within the 21.00-22.00 €/sqm/month range, while rents for B-class buildings decreased to 9.50 - 16.30 €/sqm/month (up to 1.5 p.p.). Construction costs are still rising, but the landlords of older premises are forced to decrease the rent to attract tenants. As of the end of 2024, one can find a number of offers with a 50% rent discount for the first 2 to 6 months.

FIGURE 8: Existing and Under Construction Stock in Tallinn, Completion Forecast, 2023 – 2026F



Source: CBRE Baltics Research

FIGURE 9: Distribution of Monthly Rental Prices in Selective Tallinn Neighborhoods, Q4 2024



Source: CBRE Baltics Research

Market Area Overview



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Porto Franco
 Laeva st. 1,
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