CBRE Baltics
PART OF THE AFFILIATE NETWORK

The Wave of Supply

	Vilnius	Riga	Tallinn
Prime Rent, €/sqm/month	20.50 (+0.0%)	18.00 (0.0%)	23.00 (+9.5%)
Total Stock, sqm	1.16M (+0.1%)	704K* (0.0%)	1.06M (+1.9%)
Vacancy Rate, %	8.8 (+0 p.p.)	11.4 (- 1 p.p.)	8.6 (- 1.3 p.p.)
Take-up, sqm	25.1K (+9%)	8.2K (-16.7%)	24.2K (-53.6%)

KEY PERFORMANCE INDICATORS, Q1 2025
Growth Rate QoQ (%)
Note: Arrows indicate change from corresponding period of the previous year.
*The total stock decreased due to revisions.

Highlights

The office market across the Baltic states remained stable in Q1 2025. The largest completion during the quarter was a 20,000 sqm Build-to-Suit project in Tallinn's Krulli quarter, developed for the Estonian fintech unicorn, Wise. As this space was pre-leased, it did not add pressure to the speculative office segment, and overall vacancy rates even saw a slight decrease.

However, the stability may be challenged in the upcoming quarters. Approximately 230,000 sqm of modern office space is expected to be delivered across the three Baltic capitals. Vilnius will account for the largest share (55%), followed by Tallinn (35%) and Riga (10%).

The influx of new supply may shift market dynamics. If tenant activity doesn't keep pace, rising vacancies and increased landlord competition could pressure rental rates downward in the B-class. Tenants might enjoy more options and incentives, creating a tenant-favorable market.

Table 1: Top 10 Office Developments to be Commissioned in 2025 in the Baltic Capitals

No.	Project	GLA	Country	Class	Q of Completion
1	Arter Quarter, A tower	43,000	Estonia	A	Q2
2	Hero	31,600	Lithuania	A	Q3
3	Business Stadium Central	19,400	Lithuania	A	Q4
4	Sąvaržėlė	19,300	Lithuania	A	Q4
5	Tech Zity Lilium I	15,500	Lithuania	B	Q3
6	Golden Gate	13,400	Estonia	A	Q2
7	Satekles Biznesa Centrs	11,100	Latvia	A	Q2
8	Magdelēnas Kvartāls	10,000	Latvia	A	Q2
9	Uptown Park II	9,000	Lithuania	B	Q3
10	Aerocity Dariaus ir Girėno	8,000	Lithuania	B	Q2

Source: CBRE Baltics Research

Vilnius

SUPPLY

The Q1 2025 saw minimal completions in the Vilnius office market, with just one renovation project being completed: a historical building located at Vilniaus Str. 37, which added 2,200 sqm of GLA to the city's office market. However, for the entirety of 2025, the total stock of office buildings in Vilnius is anticipated to increase by an astonishing amount of 130,000 sqm of GLA, representing approximately a 12.5% growth. Notably, 65% of this new space will be classified as A-class office space, and 54% will be within either the CBD or the Extended CBD. There are nineteen office buildings either under construction or undergoing renovation, with twelve expected to be completed this year.

DEMAND

Leasing activity in Q1 2025 has remained stable, with approximately 25,000 sqm GLA recorded in lease transactions. Of this total, 71% was leased from existing properties, 20% was pre-leased, and 9% resulted from expansions. Notably, there was a 26% increase in leases for B-class office space during this quarter, largely driven by the public sector's transition to modern facilities and expansions by current tenants. The market continues to show resilience, particularly in the financial services, technology, and public sectors. The most significant transaction involved Cobalt Legal pre-leasing 3,000 sqm in the Hero building, alongside a 1,400 sqm pre-lease by PwC, which is set to be commissioned later this year. Additionally, Circle K leased approximately 1,200 sqm in the Sand Offices.

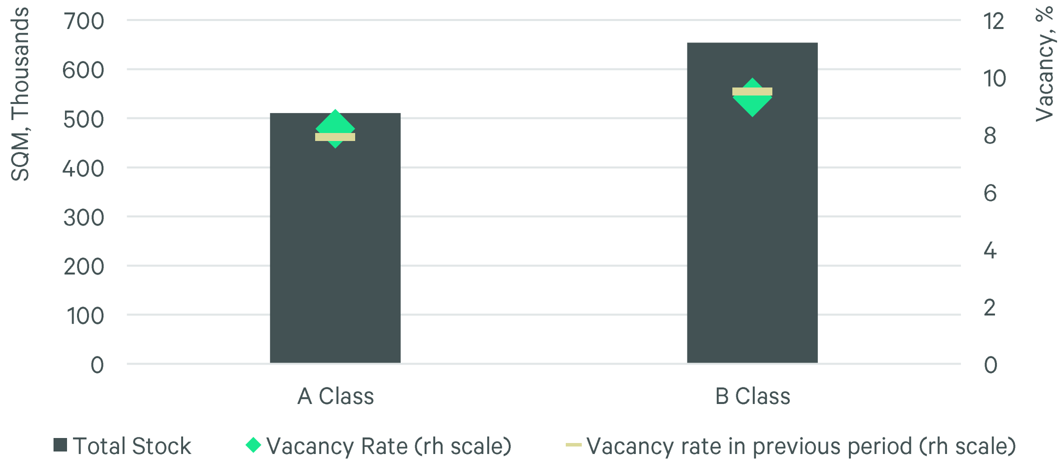
VACANCY

At the end of Q1 2025, the overall vacancy rate remained 8.8%, the same as in the previous quarter. There were only some marginal changes among A/B classes. The vacancy rate for A-class properties increased by 0.3 p.p., reaching 8.2%, while the B-class vacancy decreased by 0.2 p.p. to 9.3%. In the upcoming quarter, the vacancy rate is expected to remain stable, but it is expected to increase in the second half of 2025, likely reaching double digits due to a significant number of new developments being commissioned, which are only partially pre-leased.

MARKET RENTS

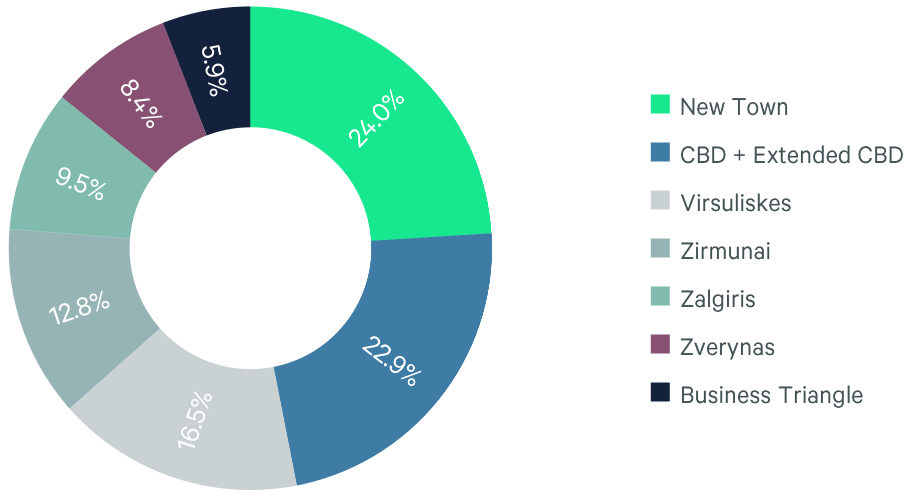
The Q1 has not seen considerable deviations in rent levels. Prime rent levels currently stand at 16.00-20.50 €/sqm/month. At the same time, rent prices for B-class offices also remain unchanged, ranging between 13.00 and 15.00 €/sqm/month – the same as the quarter before, although a slight increase in prime rent is likely further down the year, due to new high-end completions.

FIGURE 2: Vacancy Rates and Total Stock, A-Class and B-Class Office Buildings, Q1 2025



Source: CBRE Baltics Research

FIGURE 3: Total Take-Up per Business District, Q1 2025



Source: CBRE Baltics Research

Riga

SUPPLY

As of Q1 2025, our team has revised Riga's competitive office stock to reflect modern occupier standards, excluding buildings that no longer meet these criteria, leading to an 18% reduction from the previously reported figures. This revision was necessary to account for significant discrepancies in the rental and quality aspects for certain secondary B-class buildings.

In Q1 2025, no new office deliveries were recorded in Riga. However, approximately 40,000 sqm of modern office space is currently under construction, with more than half of it expected to be completed within the year. While the annual forecasted growth rate for office stock in 2025 has slightly decreased, the market trajectory remains positive. The shift towards A-class offices continues, with the offices in our current pipeline expected to increase the existing A-class office stock by nearly 42%.

DEMAND

In Q1 2025, office space take-up in Riga reached 8,200 sqm, reflecting a negative 32% growth compared to the same quarter last year. While the IT and financial sectors continue to drive demand, overall transaction volumes have slowed. Notably, a significant transaction during this period was Bigbank's relocation to Novira Plaza, where the bank leased 920 sqm of office space.

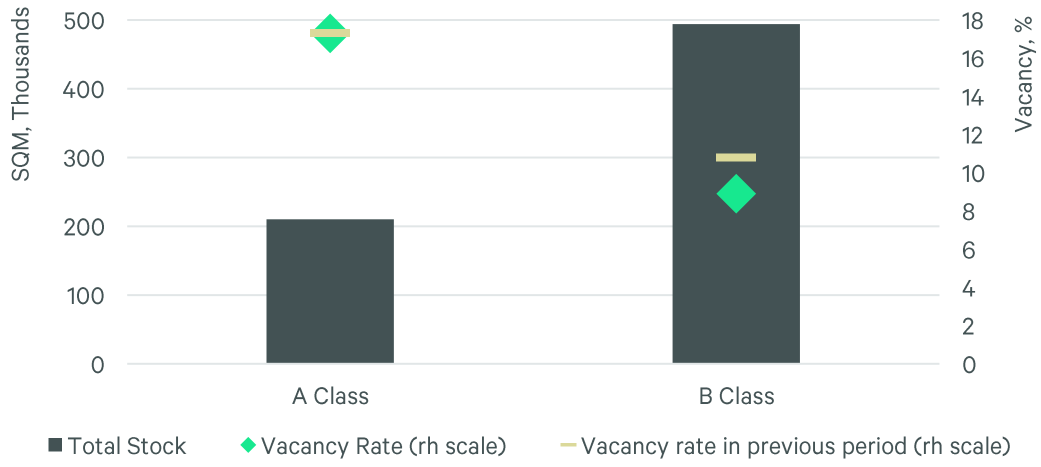
VACANCY

The overall vacancy stood at 11.4%, decreasing by 1.0 p.p. in Q1, 2025, and by 3.1 p.p. over the last twelwe months. Vacancies have remained relatively stable for A-class offices, but decreased for B-class office space. In the next quarter we expect to see slight increase in A-class vacancy rates due to new commisionings which are only partially pre-leased, while B-class office projects should remain at the same levels with a slight downward trend.

MARKET RENTS

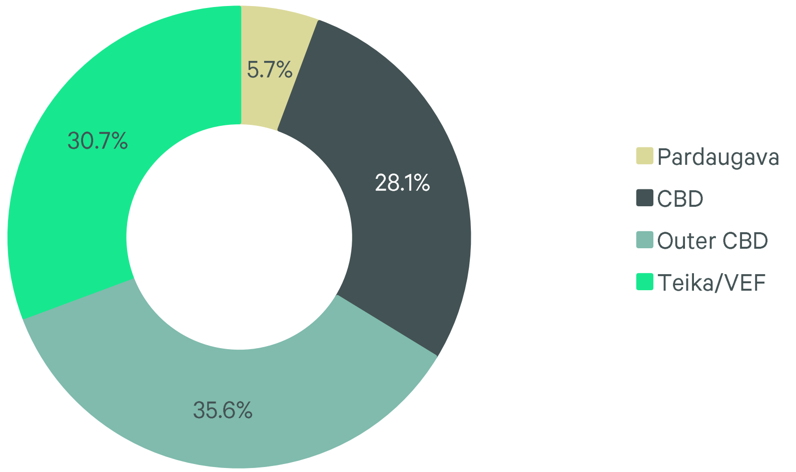
Rent levels in Riga's office market have remained stable, with prime rents still ranging between 14.00 to 18.00 €/sqm/month and B-class rents averaging between 10.00 and 15.00 €/sqm/month.

FIGURE 6: Vacancy Rates and Total Stock, A-Class and B-Class Office Buildings, Q1 2025



Source: CBRE Baltics Research

FIGURE 7: Total Take-Up per Business District, Q1 2025



Source: CBRE Baltics Research

Tallinn

SUPPLY

In Q1 2025, Wise opened a new office covering 20,000 sqm in the Krulli Quarter of Põhja-Tallinn. An additional 170,000 sqm of office space is under construction, with nearly 100,000 sqm expected to be completed in 2025. Among the notable projects scheduled for delivery in 2025 are the Arter A-Tower in the CBD, Golden Gate in the Port area, and Volta Hub in Põhja-Tallinn. These three developments will add over 60,000 sqm of office space to the market. Following an active final quarter of 2024, only two new office building constructions (in Ülemiste City) have commenced during the Q1 2025.

DEMAND

The demand for high-quality, modern office spaces remains strong. Currently, A-class office buildings under construction are already 80-90% leased, with completion expected in three to six months. In the first quarter, the total take-up reached over 24,000 sqm, not including the pre-leased Wise office. Additionally, the importance of adhering to ESG goals is increasing, particularly among international companies. This trend has led to a higher demand for office spaces with sustainability certificates and higher energy efficiency ratings, which are primarily found in new buildings. Furthermore, a modern office environment is crucial in attracting top talent.

VACANCY

Due to low delivery volume in Q1, tenants are occupying previously commissioned premises. The vacancy rate for modern offices in Tallinn has decreased to 8.6%, down by 1.3 p.p. in Q1 2025. A-class offices are filling up faster, with their vacancy rate dropping from 8.9% to 6.5%. B-class offices saw a smaller change, decreasing by 0.8 p.p. to 9.6%. The development of new office spaces mainly affects older B-class premises on the outskirts of Tallinn.

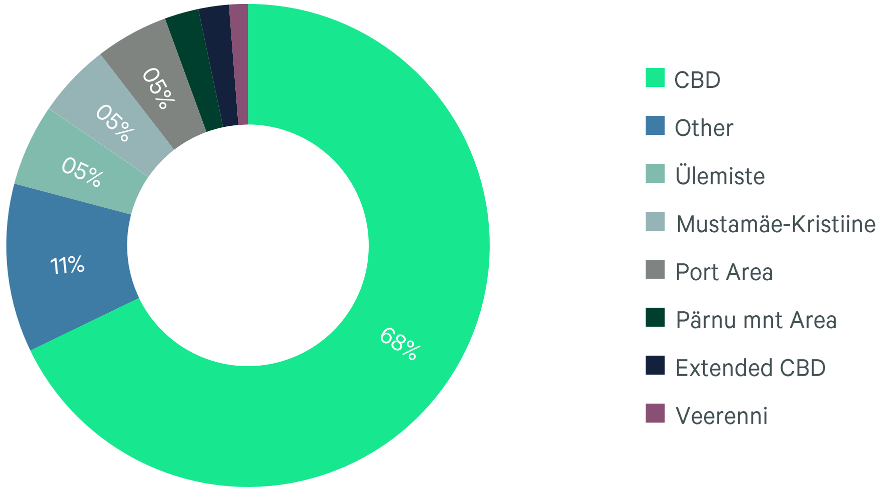
MARKET RENTS

The key trend in terms of office market rents is the widening gap between the A and B classes. Prime rents remained in the 21.00-23.00 €/sqm/month range, with maximum going up to 25.00-27.00 €/sqm/month. Lower B-class office rentals decreased to 9.30 €/sqm/month, whereas upper rent remained at 16.30 €/sqm/month. At the same time, the offers with a discount in rent or zero utility costs for the first six months appear in the B-class more often.

FIGURE 8: Vacancy Rates and Total Stock, A-Class and B-Class Office Buildings, Q1 2025

Source: CBRE Baltics Research

FIGURE 9: Total Take-Up per Business District, Q1 2025



Source: CBRE Baltics Research

Picture 1. Arter Quarter Development by Kapitel in Tallinn, Estonia
Expected Project Completion – Q2 2025


Photo Credit: Kapitel

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