CBRE Baltics
PART OF THE AFFILIATE NETWORK

Domestic Investors Steering the Market

▲€166M
Investment Volume

▶6.5-6.75%
Prime Office Yield

▶7.5-7.75%
Prime S/C Retail Yield

▶7.0%
Prime Logistics Yield

▶6.0-6.5%
Prime Residential Yield

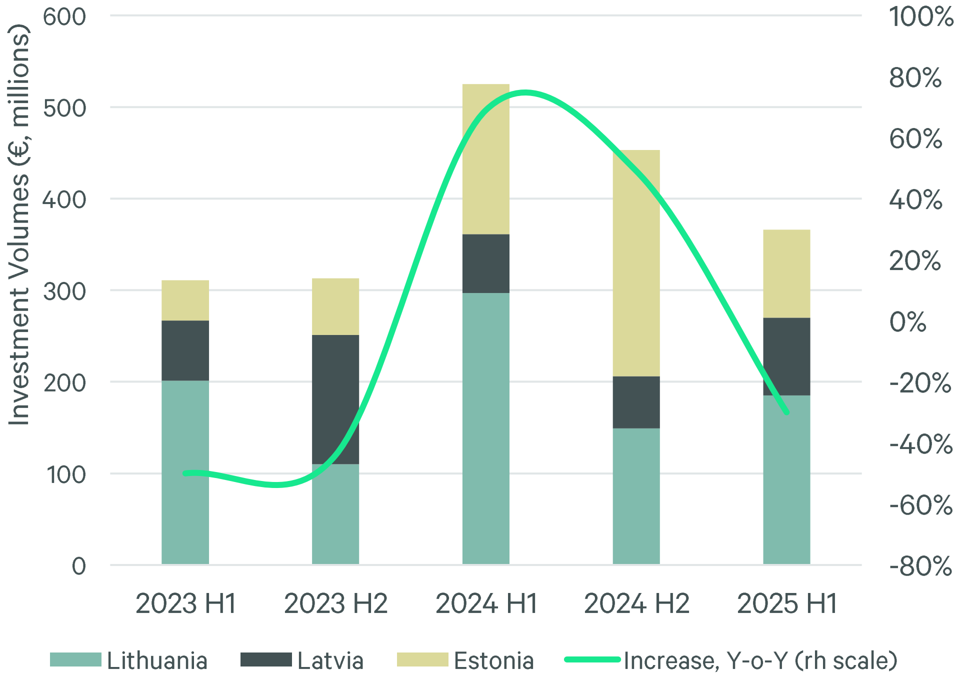
Note: Arrows indicate change from the previous year

Total Volumes. In Q2 2025, total investment volumes reached ca. €166m, marking a decline of almost 18% from the previous quarter. This quarter's most significant transaction occurred once again in the retail sector, this time in Kaunas, where NDX Group acquired SC Savas for ca. €30m. Despite this decline, investment volumes throughout all Baltic states in Q2 2025 experienced YoY growth by 45% in Lithuania, 57% in Latvia, and almost 5 times in Estonia. More than half, or ca. 52% of the total investment volumes, were attracted by Lithuania, approximately 31% by Estonia, and around 17% by Latvia. In total, during H1 2025, investment volumes reached ca. €367m. During H1 2025, domestic investment accounted for approximately 96% of the total volumes.

Asset Classes & Transactions. In Q2 2025, retail assets led the Baltic investment market for the fifth straight quarter, comprising about 43% of total volumes. They dominated in Lithuania and Latvia, each with 50% shares. In Estonia, mixed-use assets took the lead at 38%, while retail followed at 34%. The industrial sector was the only asset class to grow year-over-year in H1 2025, attracting 41% more investment than in H1 2024. Notable transactions included I Asset Management's acquisition of the under-construction Šiaurės Licėjus school and the sale of the 200-room Comfort Hotel in Vilnius. In Latvia, the largest deal was just under €10 million for a 7,000 sqm Maxima in the Bikernieki neighborhood, while Estonia saw a similar-sized transaction for a 14,000 sqm industrial complex.

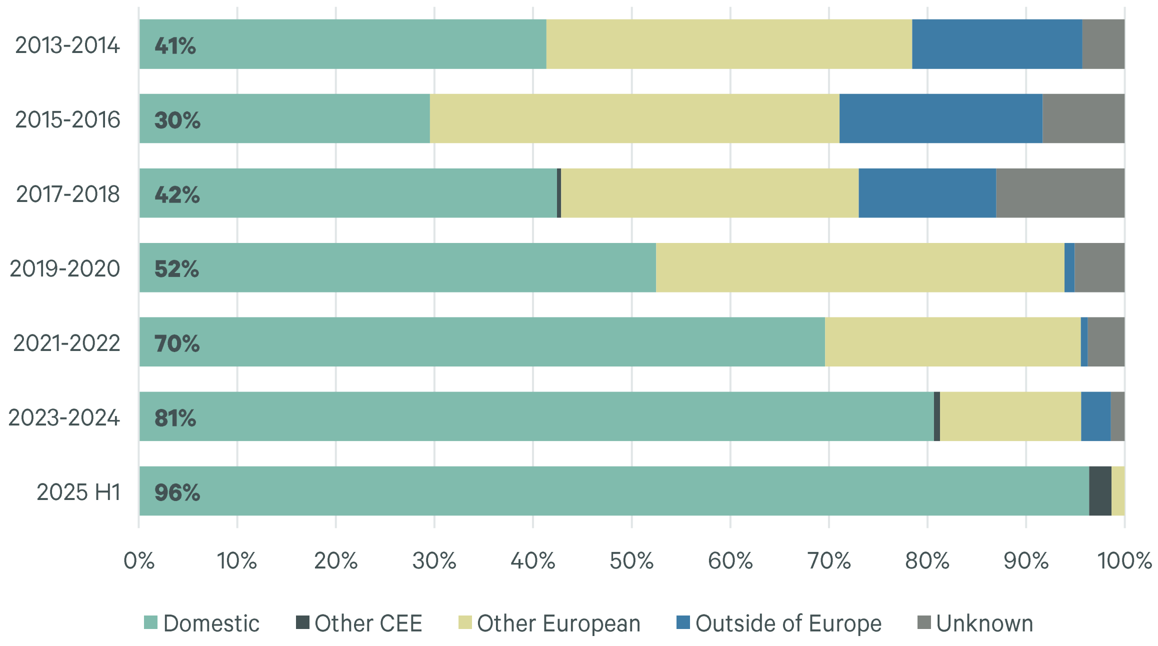
Yields. In the second quarter of 2025, real estate yields across the Baltic region remained largely stable. In Vilnius, demand for multifamily rentals is increasing, which may lead to a slight contraction in yields in the near future. Across the CEE region, most prime yields remained steady, except for Prague's prime office segment, which experienced its second consecutive quarterly decline, with yields decreasing by 0.2 p.p. The recent EU-US trade agreement introduced lower-than-expected tariffs, providing short-term relief, but its long-term effects are uncertain. With negative GDP forecasts and ongoing competitiveness concerns, the impact on CEE economies that depend on automotive exports, and on CRE more broadly, remains uncertain and will likely unfold gradually over the next 12 to 24 months.

Figure 1. Total Investment Volumes, 2023 H1 – 2025 H1



Source: CBRE Baltics Research

Figure 2. Source of Capital in Baltics over 2015-2025 H1



Source: CBRE Baltics Research

Definitions

CEE – Central Eastern Europe.

Investment Volume – the total amount of the value of commercial real estate investment transactions with income-producing assets, a value over 1 million EUR, that have been completed during the period reported. A property is deemed to be sold only when contracts are signed or a binding agreement exists. Pure land deals (empty sites) and owner-occupation transactions in our investment volumes are not included.

Prime Yield – the yield that an investor would receive when acquiring a grade/class A building in a prime location (CBD, for example), which is fully let at current market value rents. Prime Yield should reflect the level at which relevant transactions are being completed in the market at the time but need not be exactly identical to any of them, particularly if deal flow is very limited or made up of unusual one-off deals. If there are no relevant transactions during the survey period a hypothetical yield is quoted, and is not a calculation based on particular transactions, but an expert opinion formed in the light of market conditions. The same criteria on building locations and specifications still apply.

Yield – represents the income return on an investment after operational costs have been deducted. Yield is determined by first subtracting the property's annual operational costs from its gross operating income and then dividing this by a sum of the purchase price, not including additional acquisition costs.

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