

INSIDE OFFICE MARKET

NEWSEC

VILNIUS,
LITHUANIA
2017 Q3



MODERN OFFICE PREMISES

SUPPLY

By the end of Q3 2017 stock of modern office premises in Vilnius was 566,400 sq. m or 1.04 sq. m per capita. There were four new office projects completed during Q3 2017 and total office stock has increased by 25,770 sq. m of leasable area or by 4.8% in comparison to Q2 2017.

It is expected that during Q4 2017-2019 approx. 140,000 sq. m of new office space will be commissioned in Vilnius. Currently ten out of fourteen planned projects are under construction.

Developers' focus still remains on prime schemes - more than 80% of constructed stock is class A offices.

VACANCY

Four offices were opened in Vilnius in Q3 2017: ELEVEN (B class) was opened with occupancy of 65%, GREEN HALL II (A class) - with occupancy of 54%, PARK TOWN I (A class) - with occupancy of 89% and NARBUTO 5 (A class) - with occupancy of 97%.

Latest openings of new projects increased Vilnius office market vacancy rates; however, changes were smaller than expected which indicated strong demand for office stock. Average vacancy of A class properties reached 3.1% and that of B class properties - 6.0%. Therefore, in Q3 2017 average vacancy rate of classified office buildings in Vilnius reached 5.0% and is expected to gradually grow further due to scheduled openings in upcoming years.

DEMAND

Major office rent transactions completed in 2016 and 2017 so far were dominated by Shared Service Centers and IT companies that already occupy nearly 25% of all office space in Vilnius and are expected to grow further.

Vilnius office market continues to deliver surprisingly big transactions in 2017. Telia had signed for 15,000 sq. m at the beginning of the year whereas in Q3 Danske Bank signed for premises of the same size in SALTONISKES district. This newly developing office area marks the expansion of Vilnius CBD.

Another significant transactions made in 2017 - Alna Group signed for 3,500 sq. m in PARK TOWN I, Teltonika signed for 2,400 sq. m in LINK, Sorainen signed for 2,100 sq. m in LIVE SQUARE, while Opus Capita signed for 2,000 sq. m in QUADRUM.

Advanced lease deals are typical in Vilnius office market as leases being often signed 6 to 18 months prior to handing over of space.

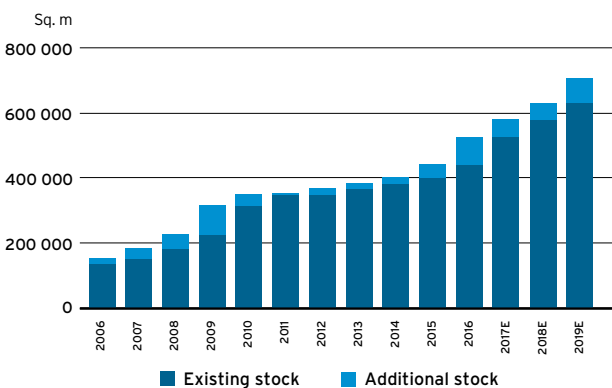
RENT RATES

In Q3 2017 the average market rent of prime office space in Vilnius CBD ranged 14-16 EUR/sq. m/month, reaching 17 EUR/sq. m/month in some cases. In other central areas rents were in range of 11-14 EUR/sq. m/month whereas rents in B class offices further away from the city centre averaged 8-11 EUR/sq. m/month.

The highest class B rents were captured in campuses and professionally managed buildings. Rent rates are slightly increasing as new projects offer higher quality standards.

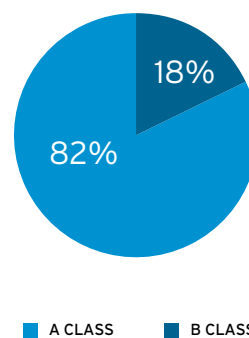
Office Stock Development: Dynamics

Source: Newsec



Office construction in Q4 2017-2019, sq. m

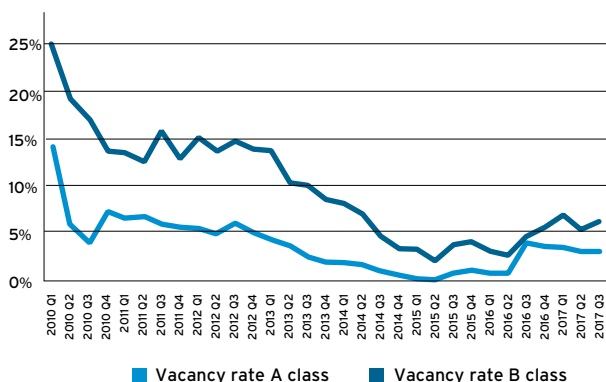
Source: Newsec



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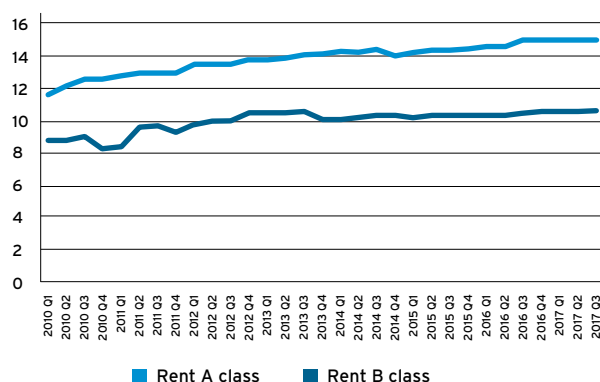
Average vacancy rate, %

Source: Newsec



Average rent rate, EUR/sq. m/month

Source: Newsec



Office Buildings Under development in Q4 2017-2019

No.	Developer/Owner	Location/Name	Leasable area, sq. m	Class	Location	Status	Expected finishing
1	M.M.M. Projektai	Saltoniskiu 7, stage I	12 000	A	CBD	Under development	2017
2	TK Development	Domus Pro	3 700	B	Ukmerges	Under development	2017
3	Technopolis	Penta	13 400	B	Ozo Park	Under development	2018
4	Baltijos Gildija	Link	8 950	A	CBD	Under development	2018
5	East Capital	Sail no. 3	11 000	A	CBD	Under development	2018
6	Asgaard Property	Asgaard keys	4 100	A	CBD	Under development	2018
7	Hanner	Business Stadium	15 600	A	CBD	Under development	2018
8	MG Valda	Park Town, stage II	14 800	A	CBD	Under development	2019
9	Urban Inventors	Green Hall, stage III	2 500	A	CBD	Planned	2019
10	Schage	Quadrum, stage III	10 000	A	CBD	Planned	2019
11	M.M.M. Projektai	Saltoniskiu 7, stage II	15 000	A	CBD	Under development	2019
12	YIT	Duetto, stage II	8 300	B	Virsuliskes	Planned	2019
13	EIKA	Live Square	6 800	A	Central	Under development	2019
14	M.M.M. Projektai	Saltoniskiu 7, stage III	15 000	A	CBD	Planned	2019

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Newsec – The Full Service Property House in Northern Europe – is by far the largest specialised commercial property firm in Northern Europe.

Newsec manages more properties and carries out more transactions, more lettings and more valuations than any other firm in Northern Europe. Through this great volume, and the knowledge and depth of our various operations, we acquire extensive and detailed knowledge of the real estate market. In turn, we can quickly identify business opportunities that create added value.

Our prime market is Northern Europe, but through our alliance membership with BNP Paribas Real Estate, we offer our services on the global market. This makes Newsec Northern Europe’s only full service property house, and provides us with a unique ability to forecast the future.

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Newsec is the result of a unique history of growth, characterised by constant originality of thinking. The first issue of the comprehensive market analysis, Newsec Property Outlook, was published in 2001. The Group expanded internationally into Finland in 2001, Norway in 2005,

the Baltic countries in 2009 and Denmark in 2016. The Norwegian asset and property management companies First Newsec Asset Management and TM Partner were acquired in 2012. In 2013, Newsec acquired Jones Lang LaSalle’s Swedish property management operation. In 2017, Newsec grew with the acquisitions of Norwegian Basale and Danish Datea, further strengthening the position within Property Asset Management.

Newsec was founded in 1994 and is today a partner-owned company with some 2000 co-workers spread across the seven

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