

NEWSEC

# INSIDE OFFICE MARKET

VILNIUS,  
LITHUANIA  
2017 Q4



# MODERN OFFICE PREMISES

## SUPPLY

By the end of Q4 2017, the stock of modern office premises in Vilnius was 595,500 sqm or 1.09 sqm per capita. There were three new office projects completed during Q4 2017 and the total office stock increased by 29,100 sqm of leasable area, or 5.1% in comparison to Q3 2017. In total, nine projects were completed in 2017 and total new stock amounted to 68,770 sqm.

It is expected that during 2018-2019, approx. 129,050 sqm of new office space will be commissioned in Vilnius. Currently nine out of twelve planned projects are under construction. Developers' focus still remains on prime schemes - more than 80% of constructed stock is class A offices.

## VACANCY

Three offices were opened in Vilnius in Q4 2017: PENTA (B class) was opened with an occupancy of 95%, DOMUS PRO (B class) with an occupancy of 97%, and SALTONISKIU 7 PHASE I (A class) with an occupancy of 100%.

The latest openings of new projects did not increase Vilnius' office market vacancy rates as all of them were almost fully pre-leased, which indicates strong demand for modern office stock. The average vacancy of A class properties fell to 1.9% and that of B class properties to 4.2%.

So in Q4 2017, the average vacancy rate of classified office buildings in Vilnius reached 3.4% and remains one of the lowest in Europe.

## DEMAND

In 2017, the total take-up of modern offices amounted more than 80,000 sqm. Such a high yearly amount marked an all-time record in the Vilnius office market. Nearly 70% of these transactions were advised by Newsec.

85% of transactions in 2017 were either relocations or expansions of companies already existing in Lithuania, some of them surprisingly large. Telia signed for 15,000 sqm at the beginning of the year, whereas in Q3 Danske Bank signed for premises of the same size. Both companies expanded or relocated to the SALTONISKES district.

The remaining 15% of transactions were performed by new companies opening offices in Vilnius. Booking.com signed for 4,000 sqm in PENTA, while Harbortouch signed for nearly 1,000 sqm at GOSTAUTO 40A.

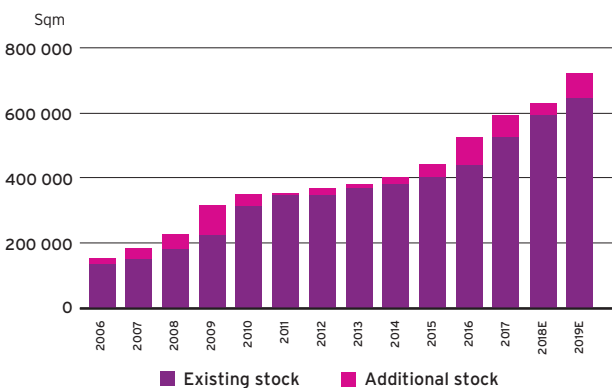
Advance lease deals are typical in the Vilnius office market, with leases often being signed six to 18 months prior to handing over the space.

## RENTAL RATES

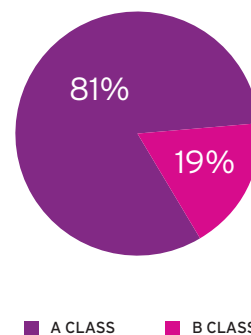
In Q4 2017, the average market rent for prime office space in Vilnius CBD ranged from 14 to 16 EUR/sqm/month, reaching 17 EUR/sqm/month in some cases. In other central areas rents were in the range of 11-14 EUR/sqm/month, whereas rents in B class offices further from the city centre averaged 8-11 EUR/sqm/month.

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

OFFICE STOCK DEVELOPMENT: DYNAMICS Source: Newsec



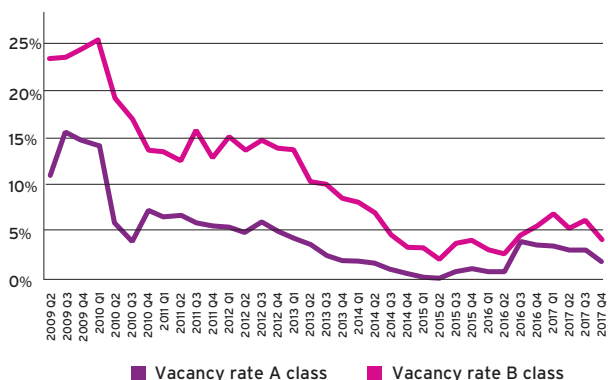
OFFICE CONSTRUCTION IN 2018-2019, sqm Source: Newsec



«In 2017 total take-up of modern offices amounted more than 80,000 sqm. Nearly 70% of these transactions were advised by Newsec»

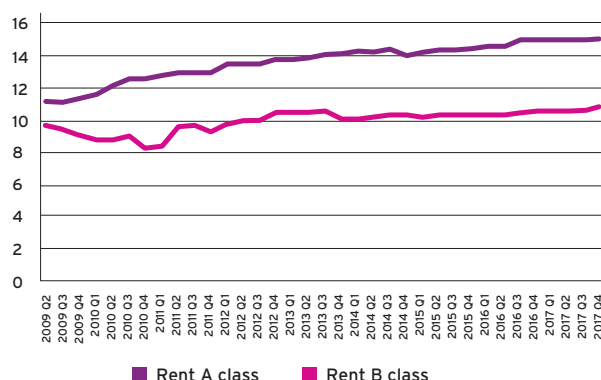
VACANCY RATE, %

Source: Newsec



RENT, EUR/sqm/month

Source: Newsec



OFFICE BUILDINGS UNDER DEVELOPMENT IN 2018-2019

No.	Developer/Owner	Location/Name	Leasable area, sq. m	Class	Location	Status	Expected finishing
1	Baltijos Gildija	Link	8 950	A	CBD	Construction	2018
2	East Capital	Sail no. 3	11 000	A	CBD	Construction	2018
3	Asgaard Property	Asgaard keys	4 100	A	CBD	Construction	2018
4	Hanner	Business Stadium, stage I	15 600	A	CBD	Construction	2018
5	MG Valda	Park Town, stage II	14 800	A	CBD	Construction	2019
6	Urban Inventors	Green Hall, stage III	2 500	A	CBD	Planned	2019
7	Schage	Quadrum, stage III	10 000	A	CBD	Planned	2019
8	M.M.M. Projektai	Saltoniskiu 7, stage II	15 000	A	CBD	Construction	2019
9	YIT	Duetto, stage II	8 300	B	Virsuliskes	Construction	2019
10	EIKA	Live Square	6 800	A	Central area	Construction	2019
11	M.M.M. Projektai	Saltoniskiu 7, stage III	15 000	A	CBD	Construction	2019
12	PST	U219	16 000	B	Ukmerge st.	Planned	2019
<b>Total</b>			<b>128 050</b>				

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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.

## A history of growth

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

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