

INSIDE VILNIUS OFFICE MARKET

Q1 2016



Vilnius. Visualization of „Park Town“

Supply

By the end of Q1 2016 the stock of modern office premises in Vilnius was 442,396 sq. m or 0.82 sq. m per capita. This number excludes entirely built-to-suit and partially sold projects. The total office stock in 2015 has increased by 37,866 sq. m of gross leasable area or by 9.4%.

It is expected that during 2016–2017 Vilnius office market will increase by approx. 160,000 sq. m of modern office space. Currently nine out of eleven planned projects for 2016-2017 in Vilnius are under construction.

Developers are still focusing on prime schemes. More than a half of the new stock will be modern class A offices located in CBD.

Vacancy

Vacancy of modern both class A and class B office buildings remained very low in Q1 2016. Vacancy in prime offices fell below 2% in average in the beginning of 2014 while in Q1 2016 vacancy for A class properties did not even reach 1%, which means that there is almost no available A class space in current market.

High demand has positively affected occupancy of B class business centres as well, especially those near the CBD. In the beginning of 2014 the average vacancy rate in B class offices stood at 8.0% and in Q1 2016 it decreased down to 3.0%.

Demand

High office space demand in 2015 led to active space absorption significantly exceeding the volume of new supply available. The biggest office rent transactions completed in 2015 were made by shared service centres and IT companies that already occupy nearly 25% of all office stock in Vilnius with expectation to grow further.

2016 started with significant transaction of „Lindorff“ business service centre signing for 5,000 sq. m in business centre „Duetto“ which is currently under construction and is scheduled for delivery next year.

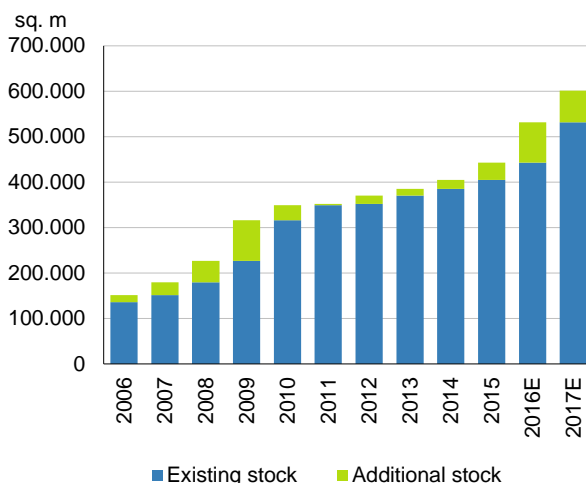
Sufficient talent pool and attractive conditions for business continue attracting new companies to Vilnius and also influence growth of existing ones - this has a direct effect for office market and it's significant growth.

Pre-lease deals is becoming a norm in the market with leases being often secured 6 to 12 months in advance to actual move.

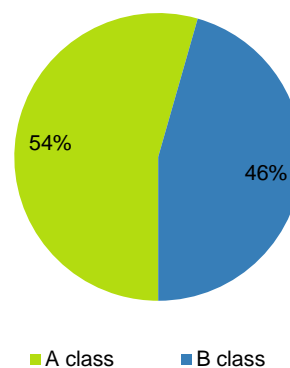
Rent rates

In Q1 2016 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 particular cases. In other central areas rents were in range of 11-14 EUR/sq. m/month, whereas B class offices further from city centre were rented for 8-12.5 EUR/sq. m/month. With highest rents in campuses and professionally managed buildings.

Office Stock Development: Dynamics



Office construction in 2016-2017



Office development in Vilnius 2016-2017

No	Developer, Name	Class, Leasable area	Expected finishing
1	Schage, Quadrum I/II	A, 30,000 sq.m	2016
2	Schage, Quadrum III	A, 10,000 sq.m	2017
3	Upes Projektai, Hall 2	A, 8,000 sq.m	2016
4	Eika, BC 135	B, 9,000 sq.m	2016
5	Hanner, City	B, 20,000 sq.m	2016
6	Technopolis, Delta	B, 22,000 sq.m	2016
7	YIT, Duetto I	B, 8,000 sq.m	2017
8	Realco, Pentagon	B, 13,400 sq.m	2017
9	ELL, Narbuto 5	A, 4,600 sq.m	2017
10	MG Valda, Park Town I/II	A, 22,000 sq.m	2017

Vacancy in business centers

	Q1 2014	Q1 2016
A class	1.8%	0.7%
B class	8.0%	3.0%

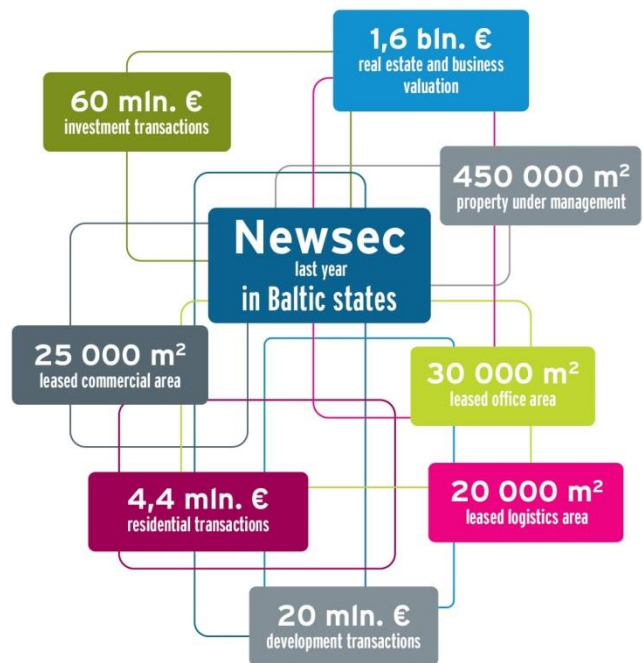
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Newsec is a stable and long-term player. The company was founded in Sweden in 1994. The founding family have been the main owners from the start, with the rest of the company owned by key executives in the Group. The Group expanded internationally into Finland in 2001, Norway in 2005 and the Baltic countries in 2009.

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.

Today, Newsec employs over 600 professionals in over 20 offices and covers all parts of the commercial property market. Newsec provides services to most of the leading property owners, investors and corporates in the region.



More analytical information at Newsec:

Head of Research and Analysis, Baltics
Mindaugas Kulbokas
m.kulbokas@newsecbaltics.com
Tel. +370 5 252 6444

Office solutions at Newsec:

Head of Office Advice Baltics
Martynas Babilas
m.babilas@newsec.lt
Mob +370 616 12216

Advisor

Indrė Narauskaitė
i.narauskaite@newsec.lt
Mob +370 698 83827

LITHUANIA

info@newsec.lt

Vilnius

Lvovo st. 25
LT-01103 Vilnius,
Lithuania
Tel: +370 5 252 6444

LATVIA

info@newsec.lv

Riga

Vilandes str. 1
LV-1010 Riga,
Latvia
Tel: +371 6750 8400

ESTONIA

info@newsec.ee

Tallinn

Roseni ave. 7
EE-10111 Tallinn,
Estonia
Tel: +372 664 5090