Baltic Market Figures

Q4 2025

Economy Overview

LITHUANIA

Lithuania continues to demonstrate the strongest macro momentum in the region. After resilient growth of ~2.5% in 2025, **GDP is projected to grow 3.2% in 2026,** supported by manufacturing output (c. 12% above 2021 levels), strong service-sector performance, and robust private consumption.

Inflation is forecast at 3.1%, primarily reflecting excise duty adjustments and service price pressures. The labor market remains stable, with **unemployment projected at 6.6%.**

Fiscal expansion is more pronounced, with the deficit expected at 4.5–5.0%+ of GDP, while public debt remains moderate at ~45% of GDP. Lithuania maintains a strong sovereign rating (Moody's A2).

LATVIA

Following modest growth of 1.0% in 2025, Latvia's outlook has improved materially. **GDP is forecast to expand by 2.8% in 2026,** supported by a projected 14% increase in real investment and broad-based capital formation, underpinned by EU fund absorption.

Inflation is expected at 3.2%, reflecting energy cost normalization (including electricity price adjustments following subsidy withdrawal) and continued wage growth. **Unemployment is forecast at 6.6%.**

Public finances remain stretched but manageable, with a 3.5% deficit and public debt at 49.4% of GDP. Sovereign credit remains solid (Moody's A3).

ESTONIA

Estonia is emerging from an unprecedented three-year downturn, with 2025 marking a modest turning point (+0.6% GDP). **Growth is forecast to accelerate to 2.6–3.6% in 2026,** although forecasts remain dispersed, reflecting continued uncertainty in private consumption and external demand.

Inflation is projected at 2.9% (HICP), influenced by the VAT increase to 24% and residual effects of motor vehicle taxation in mid 2025. Labor market conditions remain relatively stable, with **unemployment expected at 7.2%.**

Fiscal policy remains expansionary: the budget deficit is projected at 4.4–4.5% of GDP, while public debt remains comparatively low at ~30% of GDP. Estonia retains strong credit fundamentals (Moody's A1).

VILNIUS

Prime Rent, €/sqm/month	Total Competitive Stock, sqm	Vacancy Rate, %	Take-up, sqm	12-Month Take-up, sqm
20.5	1.23M ↑	7.6 ↓	28k ↑	92k ↓
+0%	+0.4%	-1.9 p.p.	+51%	+2.4%

RIGA

Prime Rent, €/sqm/month	Total Competitive Stock, sqm	Vacancy Rate, %	Take-up, sqm	12-Month Take-up, sqm
20 ↑	0.74M ↑	11.8 ↓	12k ↑	33k ↓
+11%	+0%	-1.2 p.p.	+117%	-18.8%

TALLINN

Prime Rent, €/sqm/month	Total Competitive Stock, sqm	Vacancy Rate, %	Take-up, sqm	12-Month Take-up, sqm
24 ↑	1.14M ↑	8.7 ↓	21k ↓	96k ↑
+0%	+0.02%	-0.1 p.p.	+49%	-19.8%

KEY PERFORMANCE INDICATORS, Q4 2025

Growth Rate QoQ (%)

Note: Arrows indicate changes from corresponding period of the previous year.

Vilnius Office Market

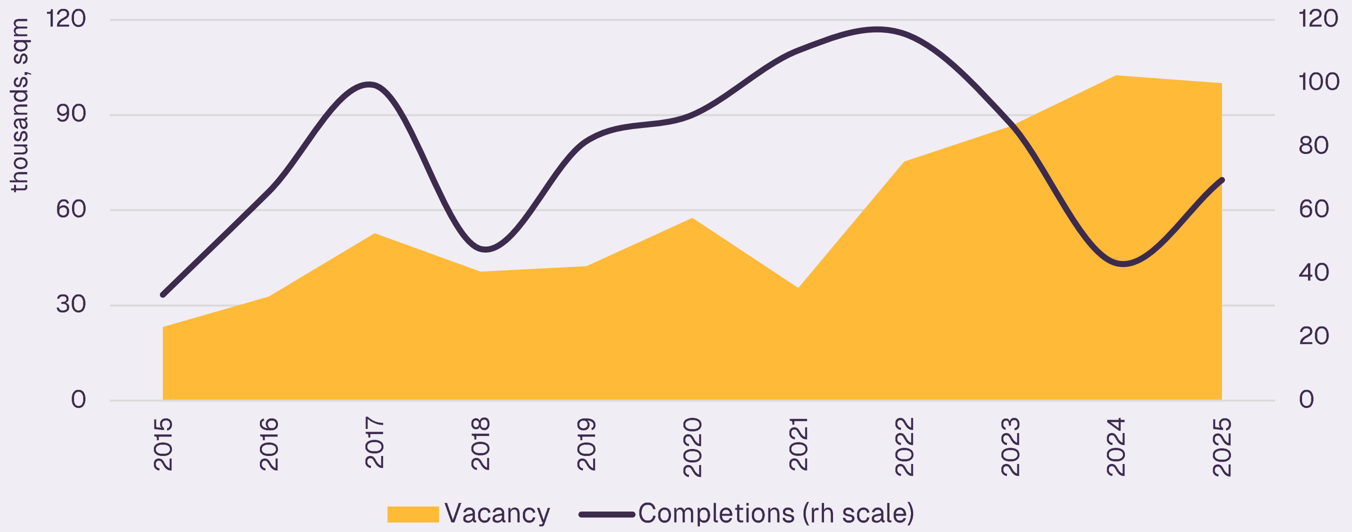
Supply. In Q4 2025, the Vilnius office market saw an expected decrease in office space completions, with three new projects totaling just 5,000 sqm GLA. All projects are considered as B-class. Two projects were completed in Žvėrynas – L34 & Paribio 34. Bringing yearly completions to almost 70,000 sqm GLA. Although initial forecasts signaled completions of almost 130,000 sqm – three large projects have been pushed to Q1 2026.

Demand. Leasing activity in Q4 2025 has remained stable, with 23,000 sqm taken up. The average take-up size increasing to approximately 1,300 sqm, due to few sizeable deals this quarter. 44% of the total take-up came from A-class offices. Market activity was led by Vinted, which expanded by 4,000 sqm to occupy the entire Uptown Park building, prompting tenants like Bentley Systems and Infes to relocate to Uptown Park II. Another sizeable lease happened in Hero, where Flo Health leased around 3,000 sqm GLA. In total ~90,000 sqm has been leased throughout 2025, in line with the 5-year average.

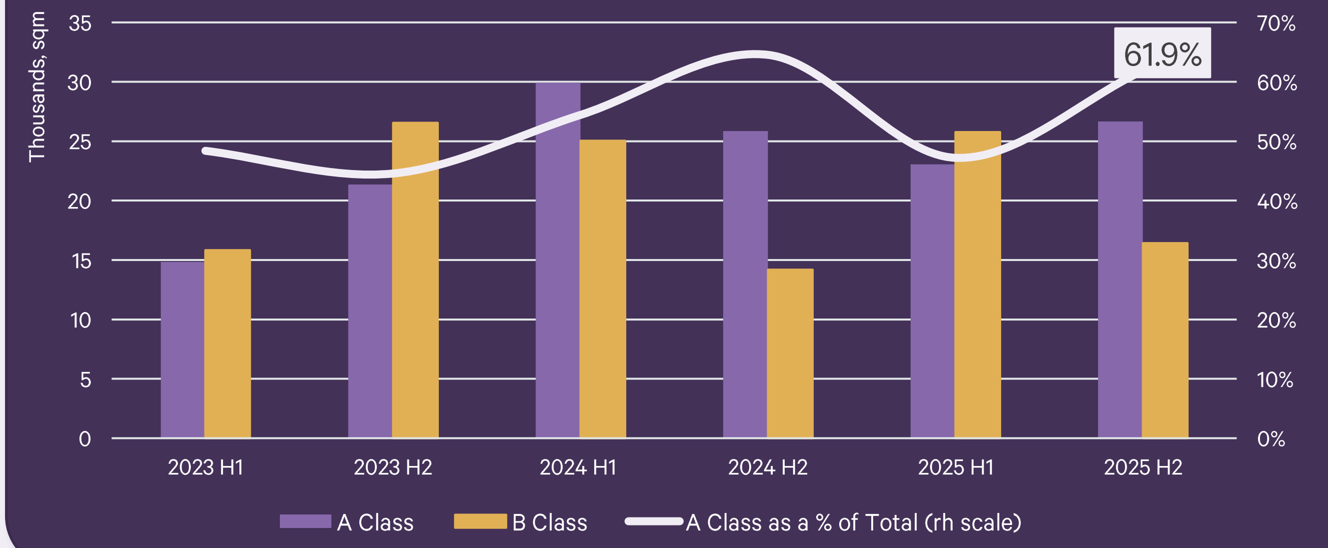
Vacancy. At the end of Q4 2025, the overall vacancy rate decreased by 1.9 p.p. to 7.6%, due to most completions moving to Q1 2026, and few larger deals. However; in A-class the vacancy rate is still elevated, now standing at approximately 9.00%. In B-class buildings, the vacancy rate decreased slightly to 6.45%. A-class vacancies are still expected to rise In Q1 2026 due to the completion of another larger projects - Business Stadium Central, Sąvaržėlė and Tech Zity Lilium.

Market Rents. In Q4 2025, the market has not seen considerable movement in rent levels. Prime rents currently stand at 16.00-20.50 €/sqm/month. B-class offices rents also remain unchanged, ranging between 13.00 and 15.00 €/sqm/month – no changes for a few quarters. With all the new upcoming completions increasing the total stock, the market has been favorable for tenants.

Completions and Vacancies in Vilnius, 2015 – 2025



Office Take-Up by Class, Vilnius, 2023 – 2025



Riga Office Market

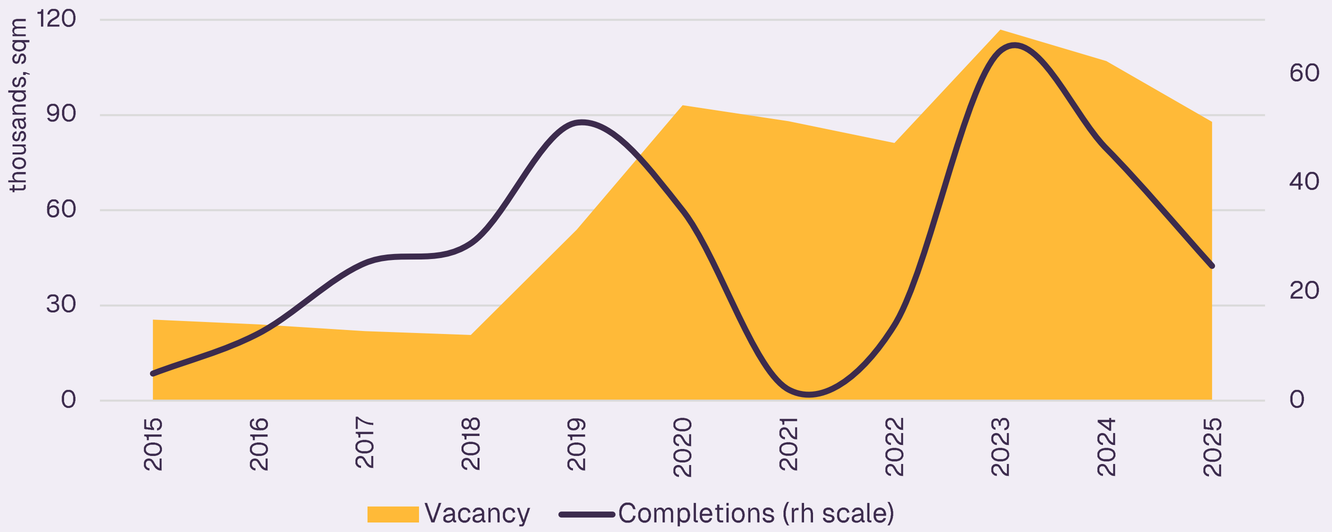
Supply. Q4 2025 closed with no new completions – the second consecutive quarter without a delivery. The pipeline, however, remains active: six projects of varying sizes are currently under construction across the city, with a combined leasable area in excess of 65,000 sqm expected to reach the market over the next three years. The CBD and Skanste quarter continue to lead development activity, reinforcing their position as Riga's primary location for modern, sustainable office product.

Demand. Q4 2025 recorded a strong rebound in leasing activity, with total take-up reaching approximately 12,000 sqm – the best quarterly result in 2025 and nearly three times the volume seen in Q3, making it 35% of all yearly take-up figures. The fourth quarter is traditionally the most active period for occupier decision-making, and this seasonal pattern was clearly evident. B-class offices accounted for more than 65% of all yearly transactions, reflecting continued occupier preference for cost-efficient, ready-to-use space. The IT and financial sectors remain the primary drivers of the market.

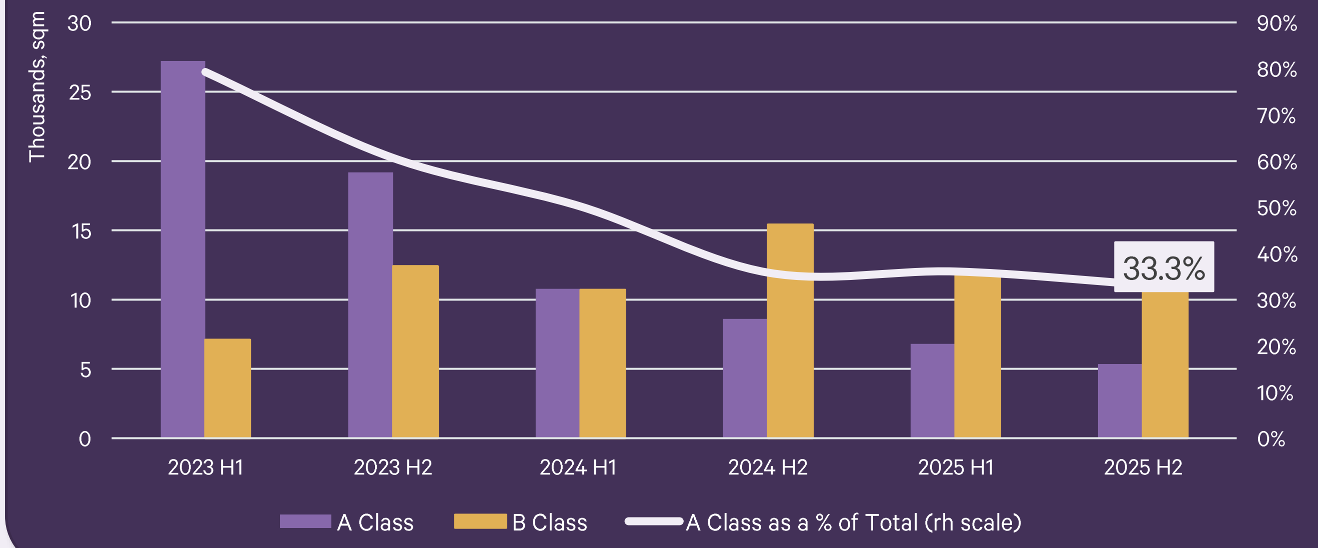
Vacancy. Overall vacancy fell to 11.8% at end of Q4 2025, down from approximately 13% in Q3 and 12.4% a year earlier. The improvement reflects strong Q4 absorption combined with no new supply entering the market. Both A-class and B-class vacancy edged lower over the quarter. Older B-class buildings without sustainability upgrades continue to face the greatest letting challenge and are likely to maintain a higher vacancy profile than best-in-class stock going into 2026.

Market Rents. Prime rents moved upward, reflecting a gradual repricing trend across both segments that has been building throughout 2025. Prime A-class headline rents now range between €15.00 and €20.00/sqm/month, while B-class rents are broadly €9.00–16.00/sqm/month.

Completions and Vacancies in Riga, 2015 – 2025



Office Take-Up by Class, Riga, 2023 – 2025



Tallinn Office Market

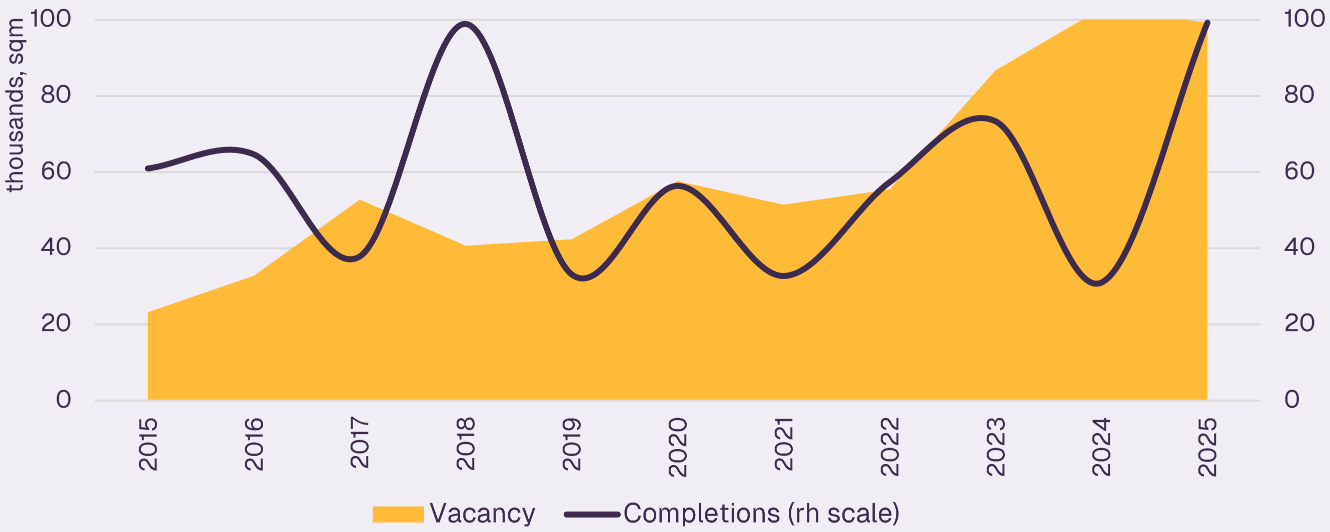
Supply. During 2025, a total of 99,000 sqm of new office space was completed, a volume comparable to the record year of 2018. The largest delivery was the A-Tower of the city's landmark A-class development, Arter Quarter – the new Swedbank headquarters (43,000 sqm). In Q4 2025 alone, more than 15,000 sqm of office space was completed across four smaller-scale buildings, but only about 30% of this volume was A-class stock. Construction activity remained strong toward year-end. In Q4, new development started on three office projects totaling approximately 28,000 sqm, all scheduled for delivery within the next three years. As of the end of 2025, around 220,000 sqm of speculative office space was under construction or renovation, of which approximately 82,000 sqm is expected to be completed in 2026.

Demand. In 2025, take-up in Tallinn's office market reached almost 96,000 sqm, a 2% increase from the previous year, reflecting stable market demand. Both the number of transactions (over 120) and the average transaction size (approximately 700 sqm) remained largely unchanged. Due to both, high take-up in the new landmark projects and several pre-leases, lease activity in A-class increased to ca 60% of total leased space. Occupancy rate in new A-class office buildings is over 90%. As a result, potential tenants seeking new office premises turn to high-quality B-class options, such as Park Tondi or renovated premises at Telliskivi.

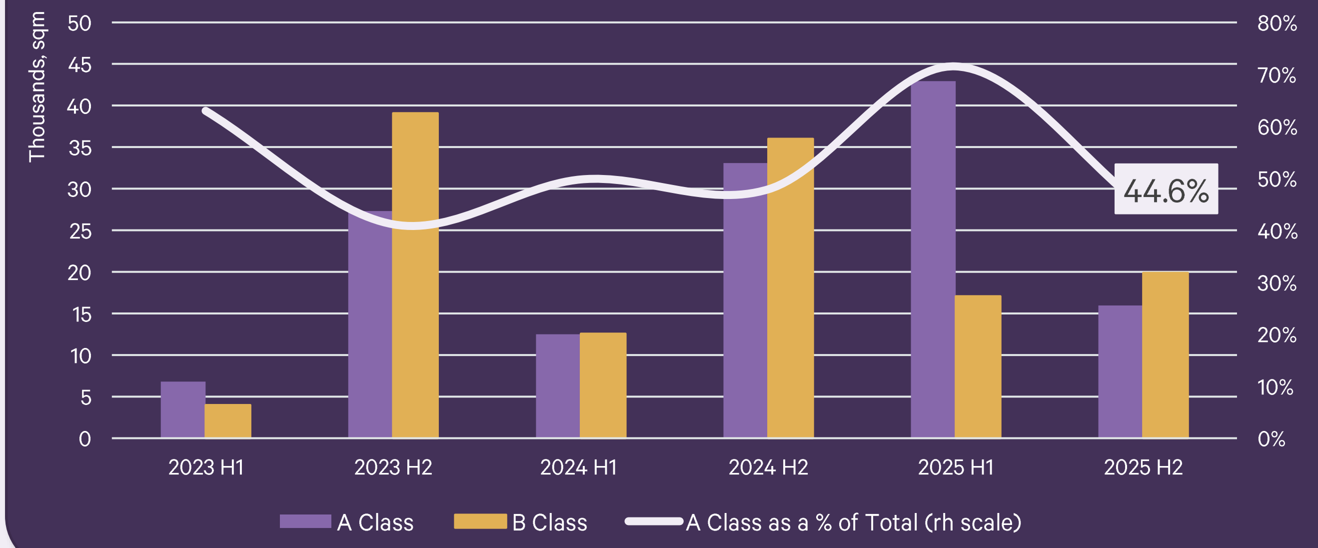
Vacancy. At the end of 2025, the average vacancy rate for modern office space in Tallinn stood at 8.7%. Over the past year, A-class vacancy decreased from 6.5% to 5.1%, while B-class vacancy rose from 9.6% to 10.8%.

Market Rents. In the end of 2025, average office rent levels remained mostly stable, with slight increase in A-class. A-class rents ranged from 17.00 to 24.00 €/sqm/month, while B-class rents averaged between 7.00 and 15.00 €/sqm/month.

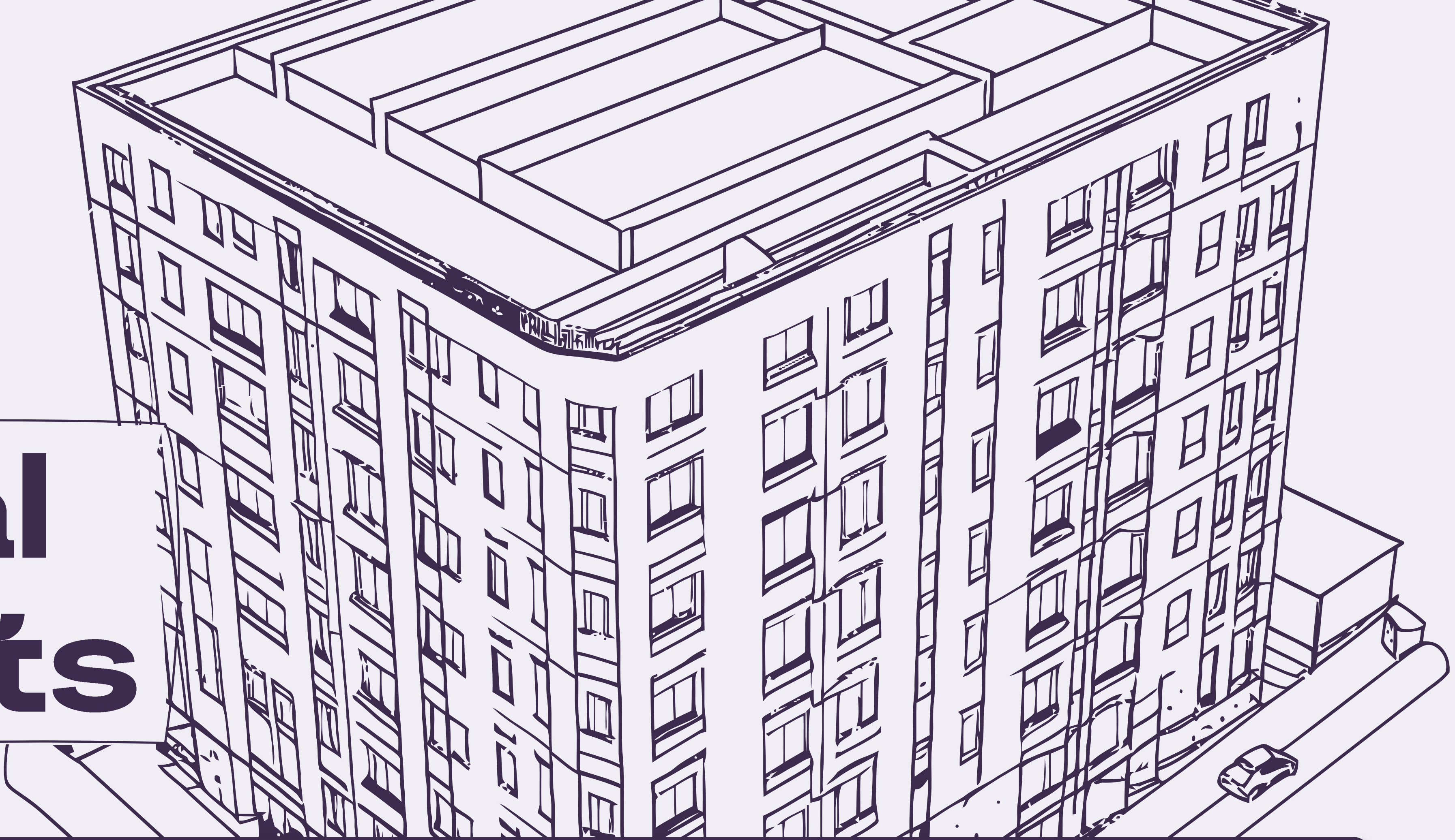
Completions and Vacancies in Tallinn, 2015 – 2025



Office Take-Up by Class, Tallinn, 2023 – 2025



Capital Markets



BALTICS

891M ↓	263M ↓	6.75	7.50 ↓	7.00	6.00-6.75 ↑
Investment Volume, 2025	Investment Volume, Q4 2025	Prime Office Yield	Prime S/C Retail Yield	Prime Logistics Yield	Prime Residential Yield

KEY PERFORMANCE INDICATORS, Q4 2025

Note: Arrows indicate change from corresponding period of the previous year

Strong Finish to 2025

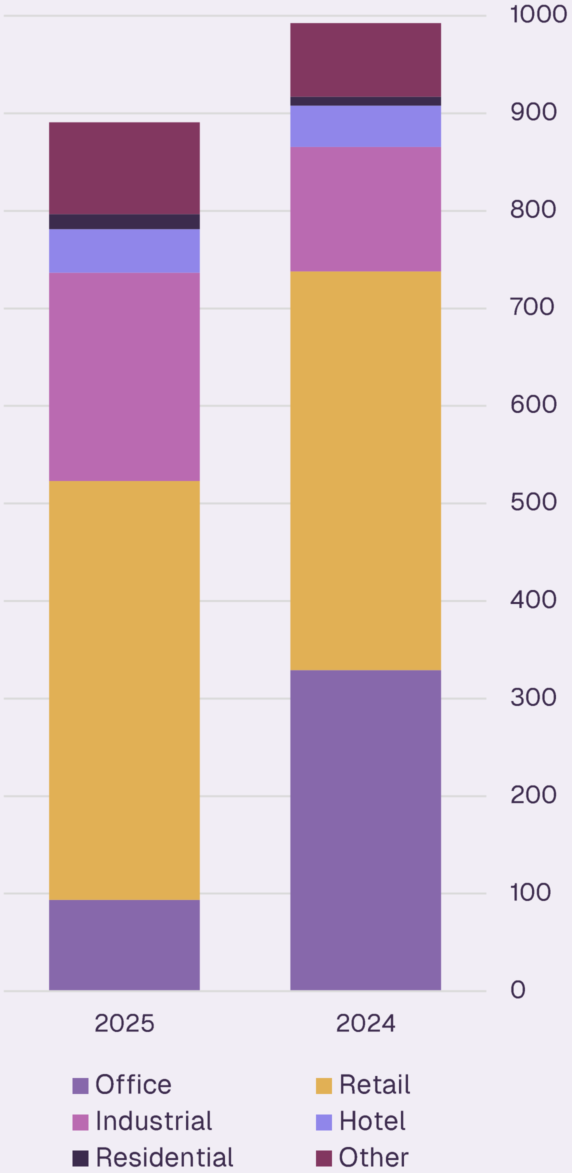
Total Volumes. In Q4 2025, total investment volumes reached ca. €263M, up 1.7% QoQ but down 27% YoY. Estonia led the market with 41% of the quarterly total, followed by Latvia (37%) and Lithuania (22%). In 2025, cumulative volumes reached ca. €891M, 10% lower YoY. Total Volumes could have been higher; however, several larger deals were postponed to early 2026. Nevertheless, capital markets are expected to remain active in H1 2026, supported by a healthy pipeline in both retail and office segments, which have recently regained some of the investor interest.

Although total transaction volume decreased this year, the number of transactions increased by 27%, indicating smaller ticket sizes. In addition, the investor profile has shifted in recent years: not only that the capital has become predominantly domestic, more private, local businesses are investing in CRE to diversify their portfolios.

Asset Classes & Transactions. Retail not only dominated the quarter (51%) but also the full year, accounting for 43% of total transaction volumes. Q4 activity was driven mainly by two transactions: Solaris SC in Tallinn and Damme SC in Riga. Another deal in Vilnius was put on hold by the Competition Council, pushing it to Q1 2026. The third-largest transaction in Q4 was the sale-and-leaseback of the KG Construction production plant in Vilnius. In addition, a sizeable office transaction took place in Vilnius, where Asgaard Keys was sold.

Yields. Prime yields across the Baltics have largely stabilized following the repricing in 2022–2023, creating a more constructive outlook for 2026. Shopping centers and industrial & logistics remain the most supported segments, underpinned by stronger income visibility. Offices continue to lag, with the pricing gap persisting and yields potentially needing to expand further. Despite stable prime benchmarks, many transactions still require discounts for asset-specific risks, meaning yields in parts of the market continue to edge upward.

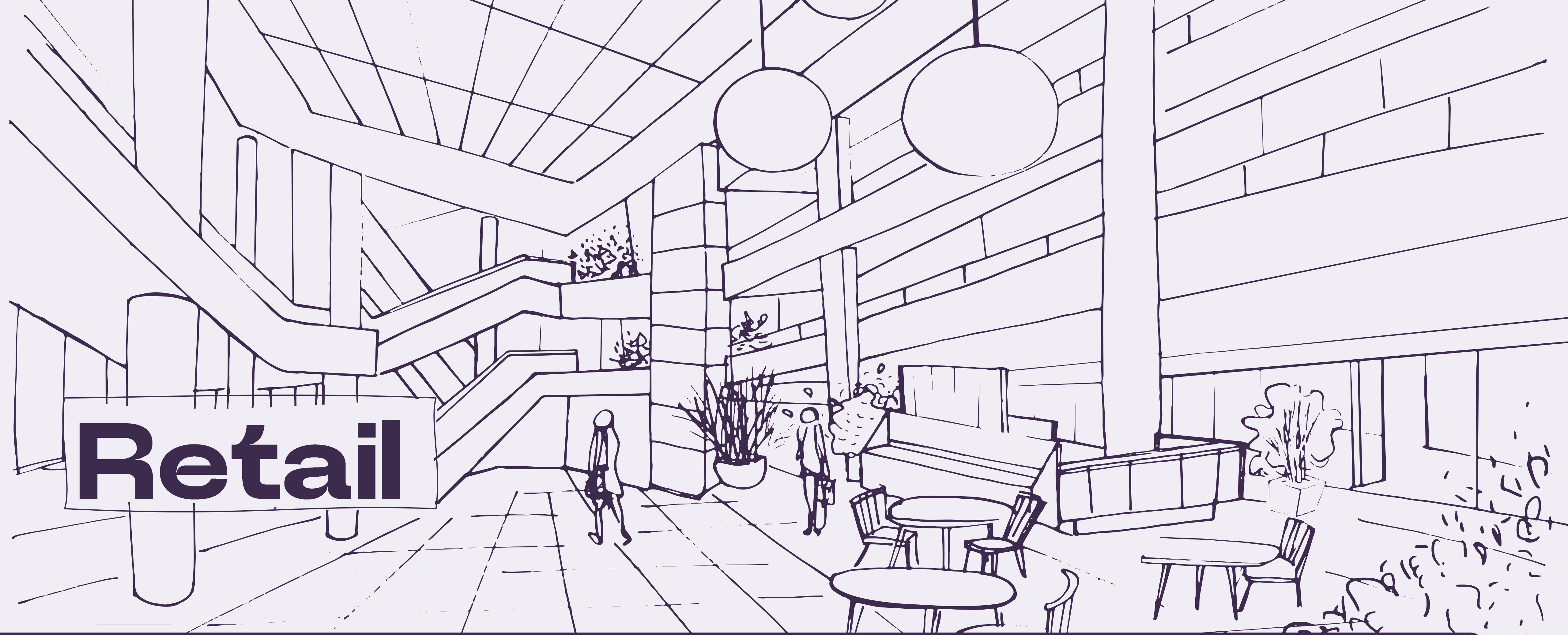
Total investments per sector, Millions, Baltics



Investments by Sector in the Baltics, Full-Year 2025

RETAIL	46%	435M
OFFICE	10%	93M
INDUSTRIAL	27%	253M
MIXED-USE	6%	57M
HOTEL	5%	49M
RESIDENTIAL	2%	15M
OTHER	5%	44M

Retail



BALTICS

4.3M ↑	28.4k ↑	48-55	40-55	0.6 ↑	-10.7 ↑
Total Modern Stock, sqm	Completions, sqm	Prime S/C Rent, €/sqm/mo.	High Street Prime Rent, €/sqm/mo.	Retail Confidence Index (pts)	Consumer Confidence Index, pts

KEY PERFORMANCE INDICATORS, Q4 2025

Note: Arrows indicate change from corresponding period of the previous year

Convenience Retail and Home Formats

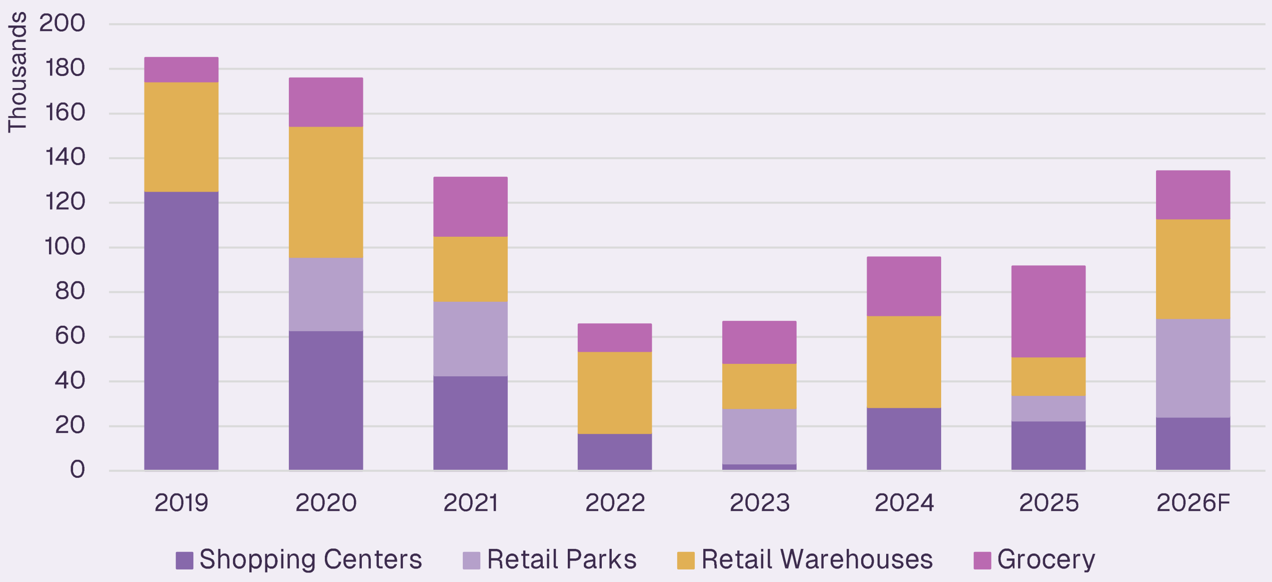
Supply. Unlike many Western European markets where supermarket and DIY expansion has slowed, the Baltics continue to see acceleration in these segments. In Q4 2025, Baltic retail supply was limited and concentrated in neighborhood and grocery-led formats. Two neighborhood shopping centers were completed: the 8,000 sqm PC Pikas in Vilnius and a 3,000 sqm center in Harju County, Estonia. All other deliveries during the quarter were grocery stores, underlining the dominance of necessity-based retail.

In Tartu, development commenced on a 15,000 sqm Ka-Rauta store, scheduled for completion at the end of 2026, strengthening the DIY segment. In Riga, works began on a smaller-format JYSK, expanding the home and lifestyle offer. Confidence in home-related and specialized retail was further highlighted by the announcement of the Aura Quarter in Riga. Planned as the largest interior, design, and home improvement retail cluster in the Baltics, the project will deliver 15,600 sqm in its first two phases and bringing together more than 60 brands and service providers.

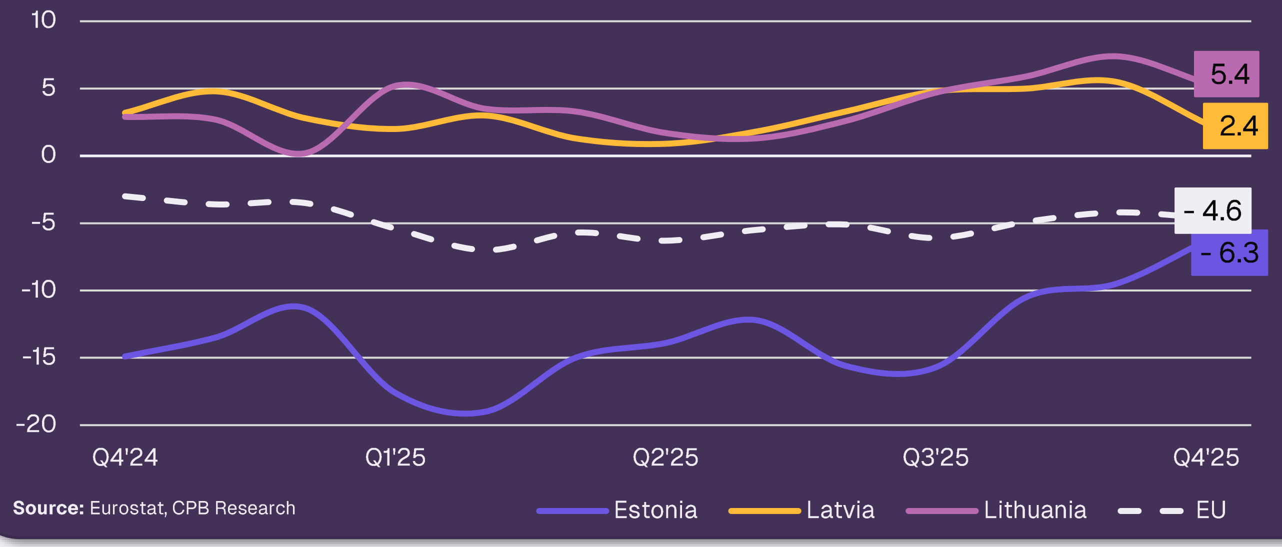
Demand. Consumer behavior remains value-driven yet stable. Grocery and essential goods continue to anchor spending, while discretionary purchases are more selective. The expansion of digital e-commerce and recommerce platforms is also influencing the competitive landscape. During Q4 2025, second-hand online marketplace Vinted entered both Latvia and Estonia, strengthening the circular fashion segment and adding competitive pressure to mid-market apparel retailers.

Trends. Physical retail continues to evolve beyond pure transactional space. Retail is playing a growing social and regenerative role within mixed-use and urban renewal projects. Although new large-scale shopping center development remains limited, retail components are being embedded within redevelopment schemes and specialized clusters.

New Retail Space Completions by Format, Baltics, 2019–2026F



Retail Confidence Indicators in the Baltics and the EU, Q4 2024 – Q4 2025



Source: Eurostat, CPB Research

Industrial

BALTICS

4-6 ↑	**5.3-6.2** ↓	**9-12**	**33k** ↓	**400k** ↑
Vacancy Rate, %	I&L Prime Rent Range, EUR/sqm/month	Stock Office Prime Rent Range, EUR/sqm/month	Completions, sqm	Under Construction, sqm

KEY PERFORMANCE INDICATORS, Q4 2025

Note: Arrows indicate change from the previous year, considering Tallinn, Riga, Vilnius, Kaunas, and Klaipeda markets

Tenant leverage rising, demand is becoming more strategic

Supply. In Q4 2025, completions were concentrated exclusively in Kaunas and the Tallinn region, delivering just over 30,000 sqm of new GLA - a markedly lighter quarter compared to Q4 2024's record ~301,000 sqm. The quarter's most significant pipeline announcement was SIRIN Development commencing construction at SIRIN Park Liepkalnis in Vilnius, which will add more than 40,000 sqm across 2026. Around 40% of the new phase was pre-leased at groundbreaking, signaling sustained demand for prime Vilnius logistics. Total under-construction volume across the Baltics stood at approximately 400,000 sqm at year-end, with around 80% forecast for delivery in 2026.

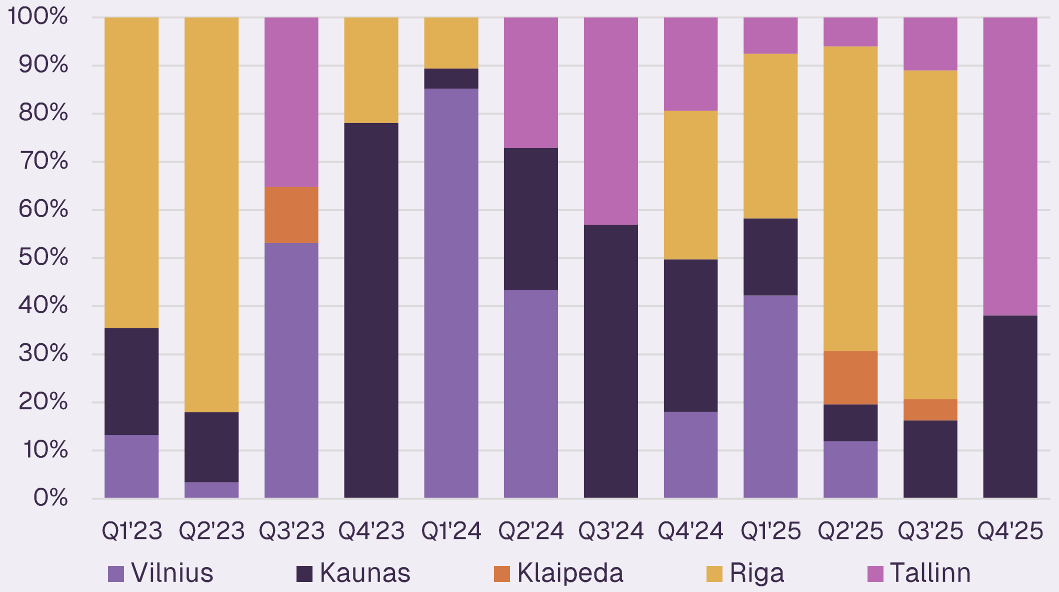
Demand. Demand is broadening beyond traditional logistics and manufacturing. Friendshoring and strategic autonomy are strengthening the case for Baltic production, with defense-related and dual-use manufacturing emerging as a visible new occupier segment ahead of 2026. Rising defense budgets across all three states are translating into tangible demand signals for logistics, storage, and light manufacturing space near strategic corridors. Secondary uses within industrial parks - including sports and recreational facilities - are also gaining traction.

Leasing momentum has softened versus last year, with absorption becoming more uneven across locations and asset quality. Deal cycles are lengthening as tenants focus on flexibility, fit-out contributions, and incentive packages - making negotiations more term-driven than rent-driven. Lithuania has remained comparatively resilient, while Riga and Tallinn show greater landlord flexibility.

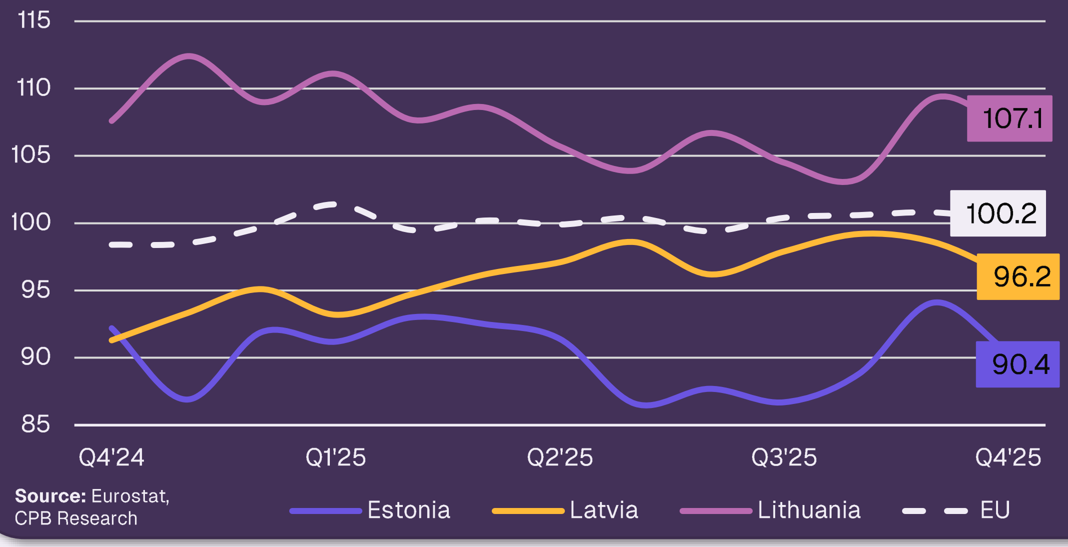
Lease Terms. Prime I&L rents across the Baltics held steady at EUR 5.30–6.20/sqm/month, with secondary assets starting from EUR 3.00/sqm. Vacancy ranged between 4% and 6% across the region, with an upward trend expected in 2026 as the heavy pipeline delivery materializes.

Stock Offices. Rents remained stable at EUR 9.00–12.00/sqm/month. The segment has grown from below 1% of total Baltic I&L stock in 2015 to approximately 9%-12% in 2025, and this share continues to rise as developers respond to demand for flexible, smaller-unit configurations.

Quarterly New Completions, Baltics by Regions, Q1 2023-Q4 2025



Industrial Production index (2021=100), Q4 2024 – Q4 2025



Source: Eurostat, CPB Research

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