

# Aging Assets Fuel Vacancy Growth

▲ 3.0-5.0

Vacancy Rate, %

▼ 5.0-6.0

I&L Prime Rent Range, EUR/sqm/month

▶ 9.0-12.0

Stock Office Prime Rent Range, EUR/sqm/month

▼ 89K

Completions, sqm

▼ 388K

Under Construction, sqm

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

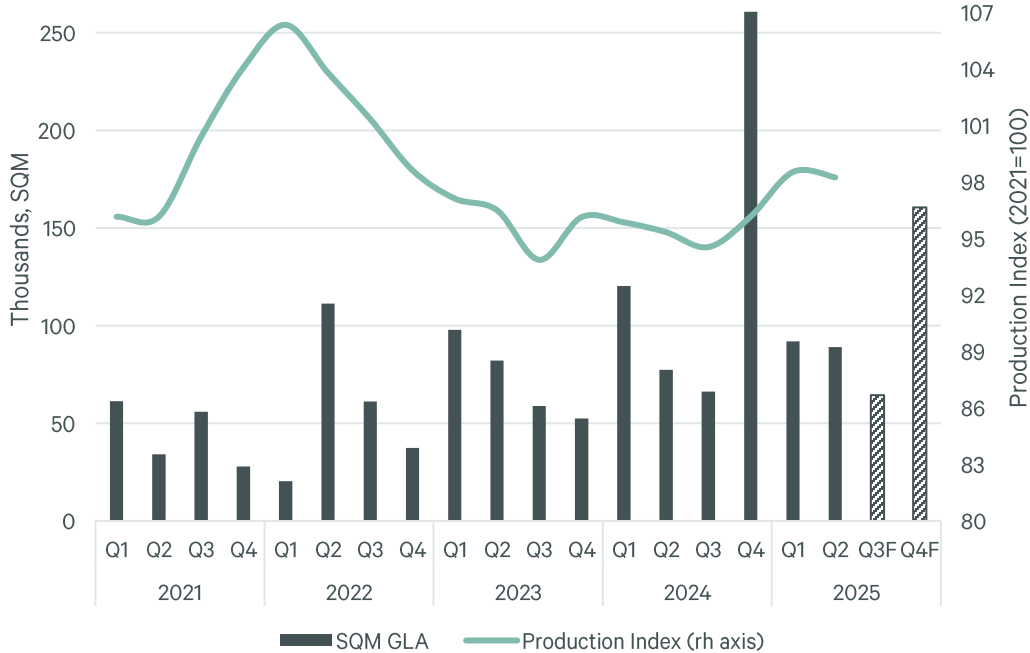
### Industrial & Logistics

**Supply.** In the Q2 2025, a total of nine I&L projects, or ca. 89,000 sqm, were completed across Vilnius, Kaunas, Klaipėda, Riga, and Tallinn. The completions have slowed down after a record-breaking year in 2024 and have had a YoY decrease of 47%. Approximately 50,000 sqm, or ca. 56%, of all new projects were commissioned in Riga, 38% across three Lithuanian cities, and just one in Tallinn. The total stock throughout the Baltics currently sits at ca. 5.5 m. sqm, of which 64% is attributed to Distribution & Logistics. By the end of Q2, approximately 388,000 sqm was under construction, with 61%, roughly 235,000 sqm, set to be completed in H2 2025, more than 60% of which will be owner-occupied premises. Despite increased vacancies, players in the Baltics are actively planning expansions and new projects across all three countries, because almost half the supply is turning 10-15 years old and does not meet today’s standards.

**Demand.** Demand in the Baltic region remains subdued, with higher vacancy rates continuing after the influx of modern properties. Tenants increasingly prefer modern, efficient, and ESG-compliant buildings that enhance employee well-being, leading many larger tenants to relocate and leave older premises vacant. As a result, landlords of older buildings may need to consider modernization projects. Leasing activity has slowed this quarter, with only a few deals over 1,000 sqm, although some landlords are successfully securing pre-leases before completion. In H1 of 2025, Baltic exports stabilized: Lithuania's total goods exports were nearly flat compared to the same period in 2024, declining by just 0.1%, while exports of Lithuanian-origin goods rose by 3.3 percent. Latvia saw slight growth, with H1 totals slightly above €9.18B, while Estonia showed a clear recovery with higher first-half exports than the previous year. Overall, the region is no longer in decline: Estonia is recovering, Lithuania is steady, and Latvia is returning to growth.

**Lease Terms.** In Q2 2025, prime rents for I&L properties remained stable, ranging from €5.00 to €6.00 per sqm, while secondary assets start from €3.00/sqm. Vacancy rates have increased due to the lack of new sizeable leases. Depending on the location, the Baltic industrial vacancy rates ranged between 3.0% and 5.0%.

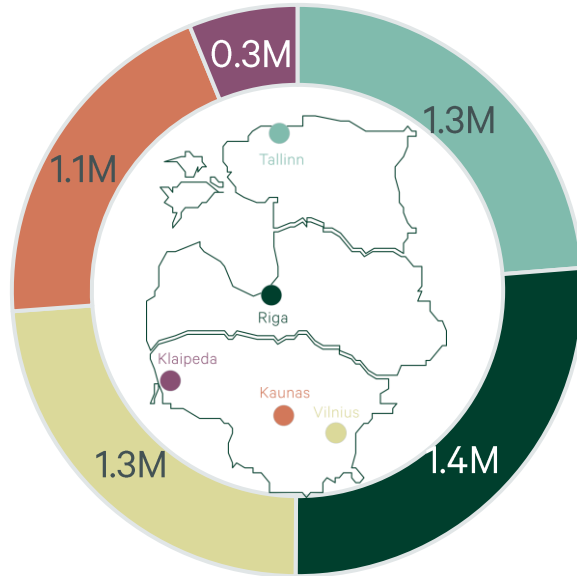
Figure 1. Quarterly Completions and Industry Production Index\*, Baltics, 2021 Q1-2025 Q4F



Source: CBRE Baltics Research, Eurostat  
\*Includes Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply

**Stock Offices.** In the 2nd quarter of 2025, approximately 11,000 sqm of office space were completed in the Baltic region. Around 30,000 sqm began construction, with the most significant project, West Garden II, started, while in total approximately 200,000 sqm was under construction, with 74% expected to be completed later this year. Rental prices have remained stable, ranging from €9.00 to €12.00 per sqm. Vacancy rates for stock offices are on the higher end, falling between 9% and 12%.

**Figure 2. Modern Industrial Stock\*, sqm, Q2 2025**



Source: CBRE Baltics Research  
\*Excluding Production Stock & Stock Offices.

**Definitions**

**Total Modern Industrial Stock** – represents the total completed stock-office, warehouse and logistics space (occupied or vacant) in the private and public sector at the survey date. It includes both speculative and owner occupied (OO) space in Tallinn, Riga, Vilnius, Kaunas, Klaipeda and their surrounding areas.

**Prime Rent** – represents the top open-market tier of rent that could be expected for a unit of standard size (commensurate with demand in each location) of the highest quality and specification and the best location in a market at the survey date. The Prime Rent should reflect the level at which relevant transactions are being completed in the market at the time. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on an expert opinion of market conditions.

**Stock Office** – a building that combines a showroom, office space, warehouse and in some cases manufacturing premises together; unit sizes could vary, and the schemes are designed for small and medium business operations.

**Under Construction (U/C)** – total warehouse, distribution & logistics and stock office space that is currently in its construction phase.

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