

BUSINESS CENTRES MARKET

Vilnius city boasts the biggest concentration of administrative premises in Lithuania as there are more than 130 business centres and administrative buildings.

Vilnius business centres market is concentrated in 7 main zones (*New City Centre [1], Verslo trikampis [2], Central Part of the City [3], Ukmergės g. [4], Ozas park [5], Žirmūnai and Šiaurės miestelis [6], Žvėrynas [7]*) and currently covers around 575,000 sq. m. business centres leasable floor space. Some business centres (about 40,000 sq. m.) are located in individual zones of Vilnius, like Antakalnis, Lazdynai, Karoliniškės and Baltupiai.



According to the floor space distribution by zone, the biggest part of leasable floor space is offered to the market in the *Central part of the city* (186,000 sq. m.). It is worth noting that due to a great concentration of old administrative buildings in this part of the city, B-class offices premises dominate. Less administrative premises floor space (90,100 sq. m.) can be found in the zone of *Ukmergės street*. There are quite modern business centres established in the urban periphery and this means that the dominating class is B.

New city centre (is the third zone according to the floor space of the premises offered. In this territory there are 88,000 sq. m. of leasable land, and modern A-class business centres dominate.

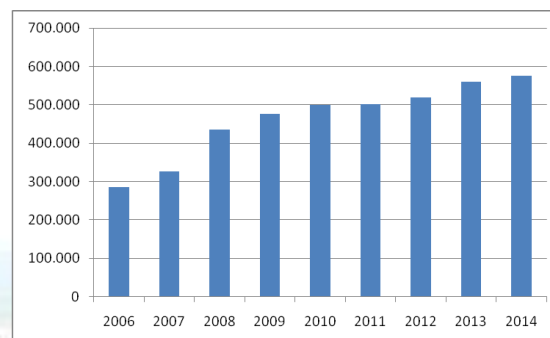
New in the market. In 2014 additional 12,565 sq. m. speculative floor space of administrative premises was created in Vilnius city and offered to the market. New administrative premises were opened: A-class *Baltic Hearts* third stage (3,400 sq. m.) in *Ukmergės street* zone and B+ class *Grand office* (9,165 sq. m.).

The fact that *Baltic Hearts* third stage and biggest part of *Grand Office* was fully leased till opening date shows demand level of higher class office premises in Vilnius.

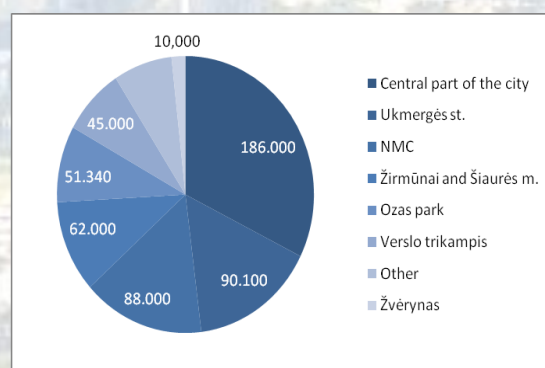
Projects in development. It is planned that in 2015 there will be five new business centres offered to the market where leasable floor space will cover 42,300 sq. m. total.

Planned projects. Some projects are ready to start, while some are waiting for letters of intent and willing to start development having full tenants' portfolio.

Leasable floor space in Vilnius by year, sq. m.



Leasable floor space in Vilnius by zone, sq. m.



2014 business centres

Business centre	Class	Leasable floor, sq.m.	Zone
Grand Office	B+	9,165	Other
Baltic Hearts III	A	3,400	Ukmergės st.

Business centres in development

Business centre	Class	Leasable floor, sq.m.	Construction year
Quadrum I	A	27,000	2016 Q1
K29	A	14,500	2015 Q3
Uniq	A	10,400	2015 Q3
Premium	A	8,400	2015 Q2
Vertingis	B	6,000	2015 Q2
Sostena	B	3,000	2015 Q2

Planned projects

Business centre	Class	Leasable floor, sq.m.	Developer
Zalgirio 90	B	20,000	Hanner
3 burės	A	13,000	East Capital
Green Hall 2	A	8,000	SBA
Santariškės business centre	B	2,000	Realinija

Vacancies. In Vilnius, during 2014 vacancy rate was decreasing in all classes. Biggest decrease was noticed in prime class. This fact shows both: whole economy growth in Lithuania and growing demand of higher class office space.

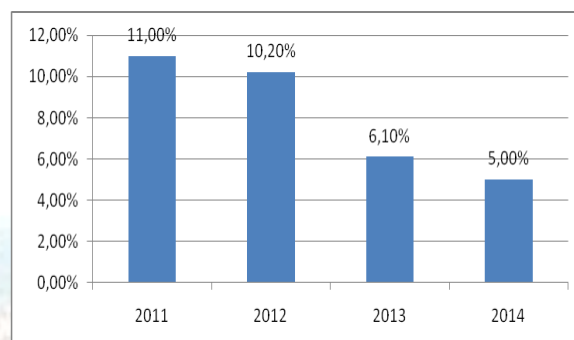
In 2014 average vacancy rate for all classes was about 5%. Looking in to the future this number is more likely to increase a bit because of new office space supply in 2015.

	2013 Q4	2014 Q4
A class	3.5%	2.5%
B+ class	6.0%	4.0%
B class	6.5%	6.0%

Prices. As vacancy rate decreases, lease prices are slightly increasing. A class administrative premises in Vilnius 2014 Q4 reached 15-18 EUR/sq. m. Lower, B+ class office you were able to lease for 11.5 – 14 EUR/sq. m, while B class office price was 7.2 – 10.5 EUR/ sq. m.

Looking to the future, because of low vacancy level in prime offices, the price is likely to increase. On the other hand because of new supply in 2015 it is believed that prices can decrease a little bit in lower class premises.

Vacancy level in Vilnius, %



Capital investments

<i>Business centre</i>	<i>Leasable floor, sq.m.</i>	<i>Buyer</i>
<i>Vilniaus verslo uostas</i>	<i>28,500</i>	<i>East Capital Explorer</i>
<i>Business park 4</i>	<i>17,700</i>	<i>NBP Group</i>
<i>TRIO</i>	<i>11,700</i>	<i>NBP Group</i>
<i>North Star</i>	<i>10,500</i>	<i>Prosperus Real Estate Fund I</i>
<i>Grand Office</i>	<i>10,380</i>	<i>Capital Mill</i>
<i>Zalgirio 90</i>	<i>6,185</i>	<i>Hanner</i>
<i>Domus</i>	<i>4,400</i>	<i>Westerwijk Investments</i>
<i>T.Sevcenkos 21</i>	<i>2,000</i>	<i>Capital Mill</i>
	91,365	

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Brokerage

Viktorija Rakšytė +370 647 90094
viktorija.rakstyte@solidreal.lt

Consulting

Šarūnas Tarutis +370 652 94495
sarunas.tarutis@solidreal.lt

CONSULTING

COMPANY CODE: 148335689
 VAT CODE: LT100006311919

BROKERAGE

KALVARIJU STR. 2, VILNIUS
 PHONE: +370 647 90096

PROPERTY MANAGEMENT

E-MAIL: INFO@SOLIDREAL.LT
 V/C LT71 7400 0399 1012 3810