BALTIC REAL ESTATE MARKET

OVERVIEW

2026 Winter / Spring

Latio · UUS MAA · in real

INTRODUCTION

In a major advancement for the Baltic real estate market, three leading property agencies — **Inreal Grupė from Lithuania, Uus Maa Real Estate from Estonia, and Latio Real Estate from Latvia** — have entered into a strategic partnership. This collaboration marks a significant step toward streamlining cross-border property evaluations and accelerating the purchasing process for clients throughout the region.

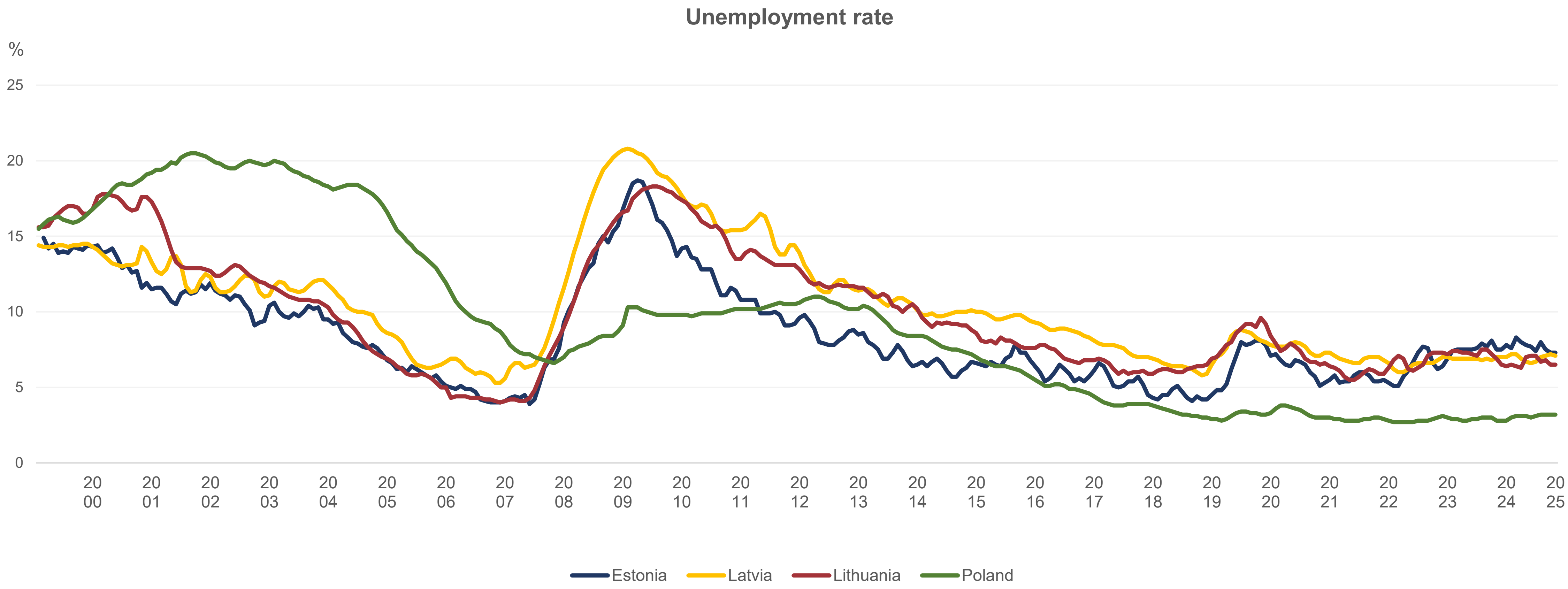
This initiative responds to the increasing demand for high-quality residential and commercial properties, with a special focus on modern office and industrial spaces that adhere to the latest technological standards and sustainability practices. This first report presents a comprehensive analysis of the current real estate market in the Baltics, offering insights from Lithuania, Estonia, and Latvia. Future reports will track the market's ongoing development, providing valuable data to support informed decision-making for investors, developers, and property buyers across the region.

This partnership enhances service efficiency in Lithuania, Estonia, and Latvia, supported by the combined expertise of the region's top real estate professionals.

Latio UUS MAA in real

MACROECONOMICS

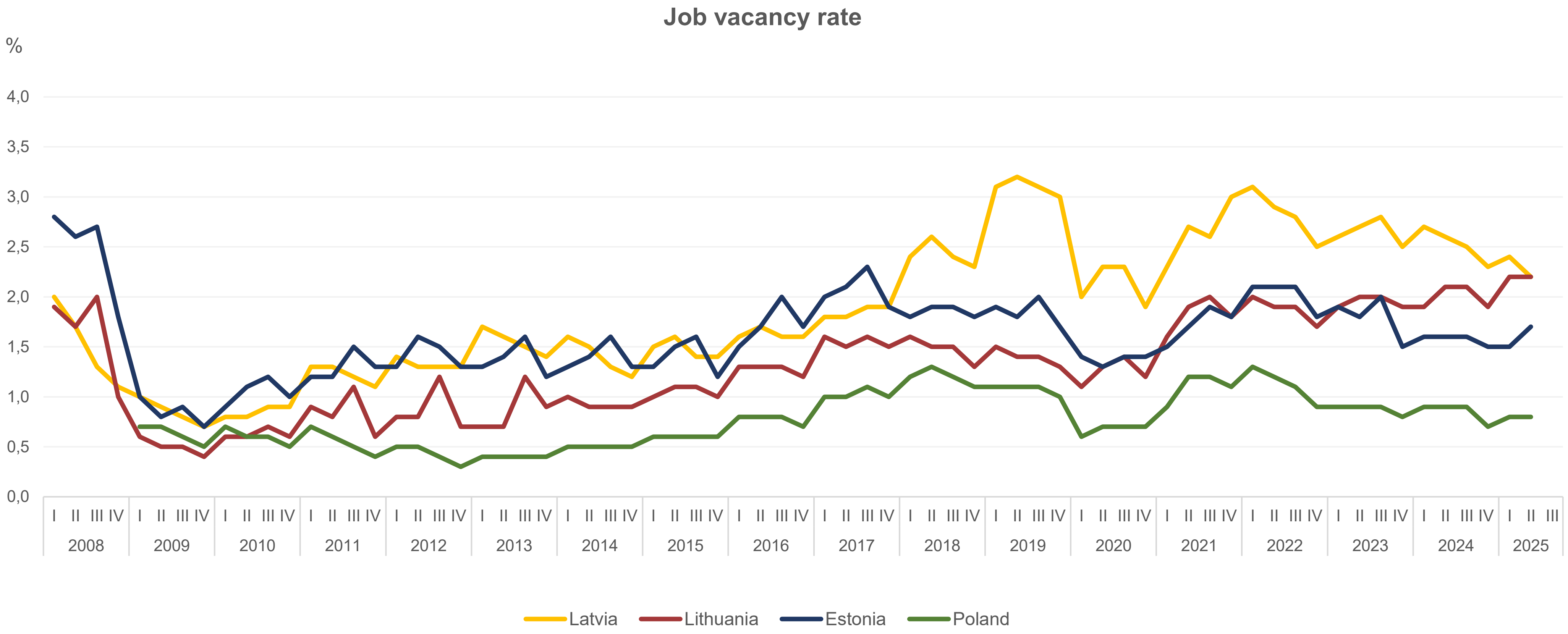
Consumer Confidence Index Job market | unemployment



Latio UUS MAA in real

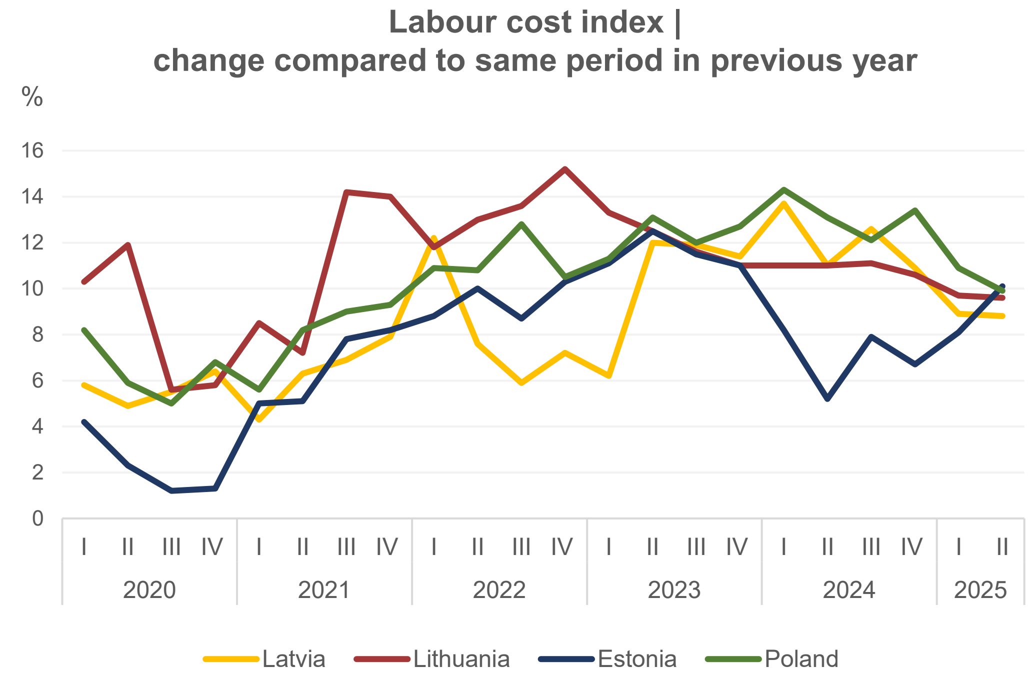
Source: Eurostat, 2025

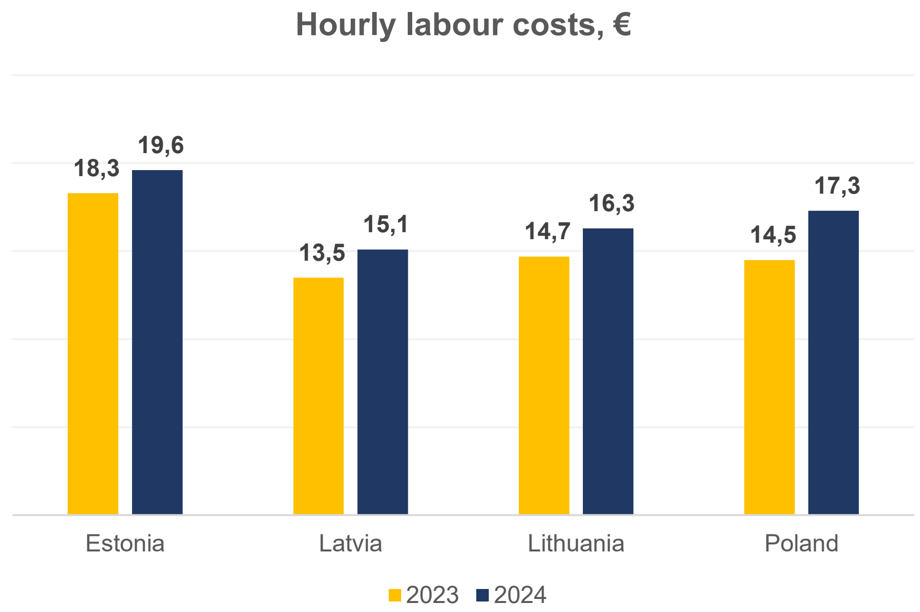
Job market | vacancy



Source: Eurostat, 2025

Labor costs

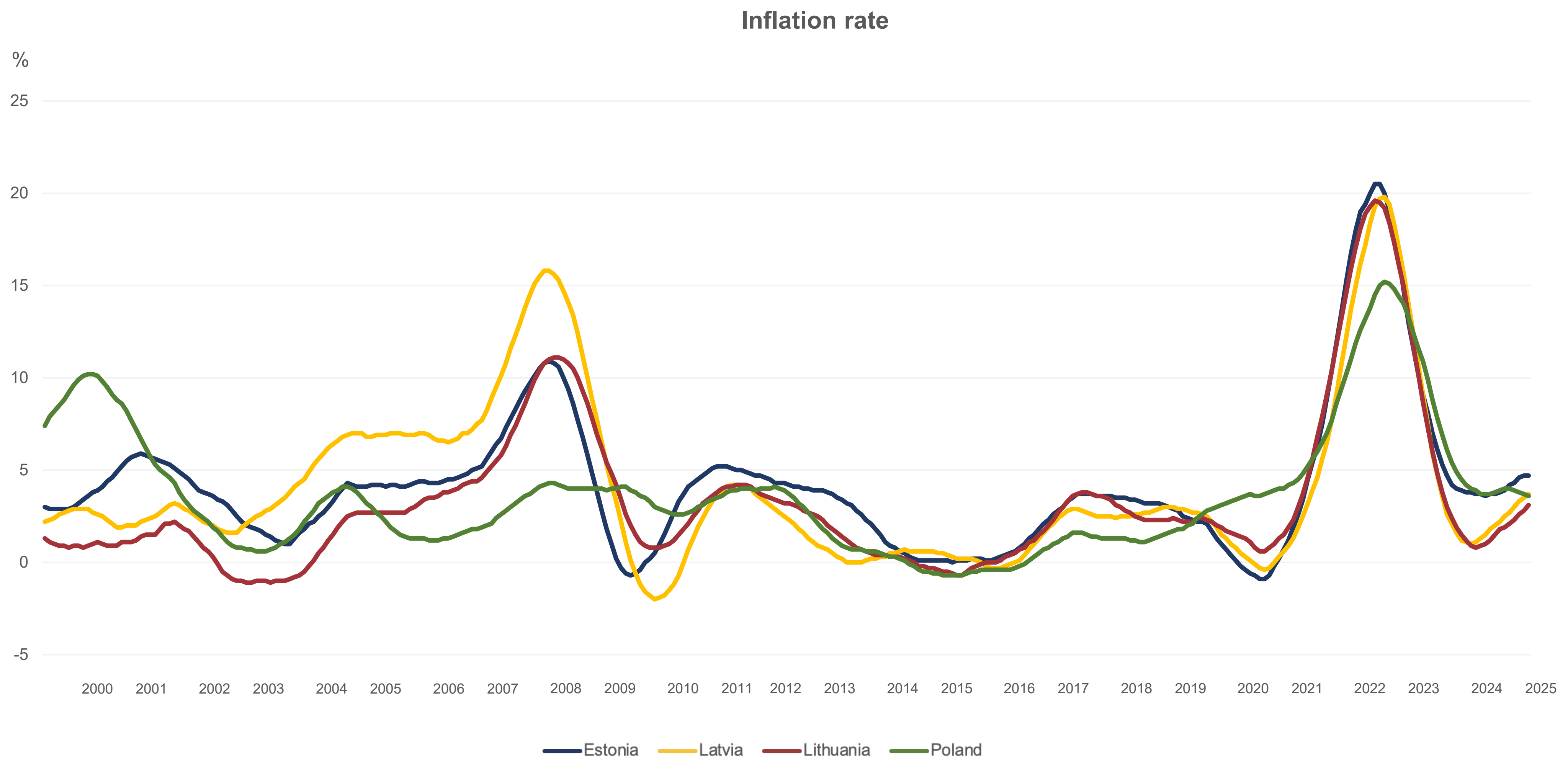




Latio UUS MAA in real

Source: Eurostat, 2025

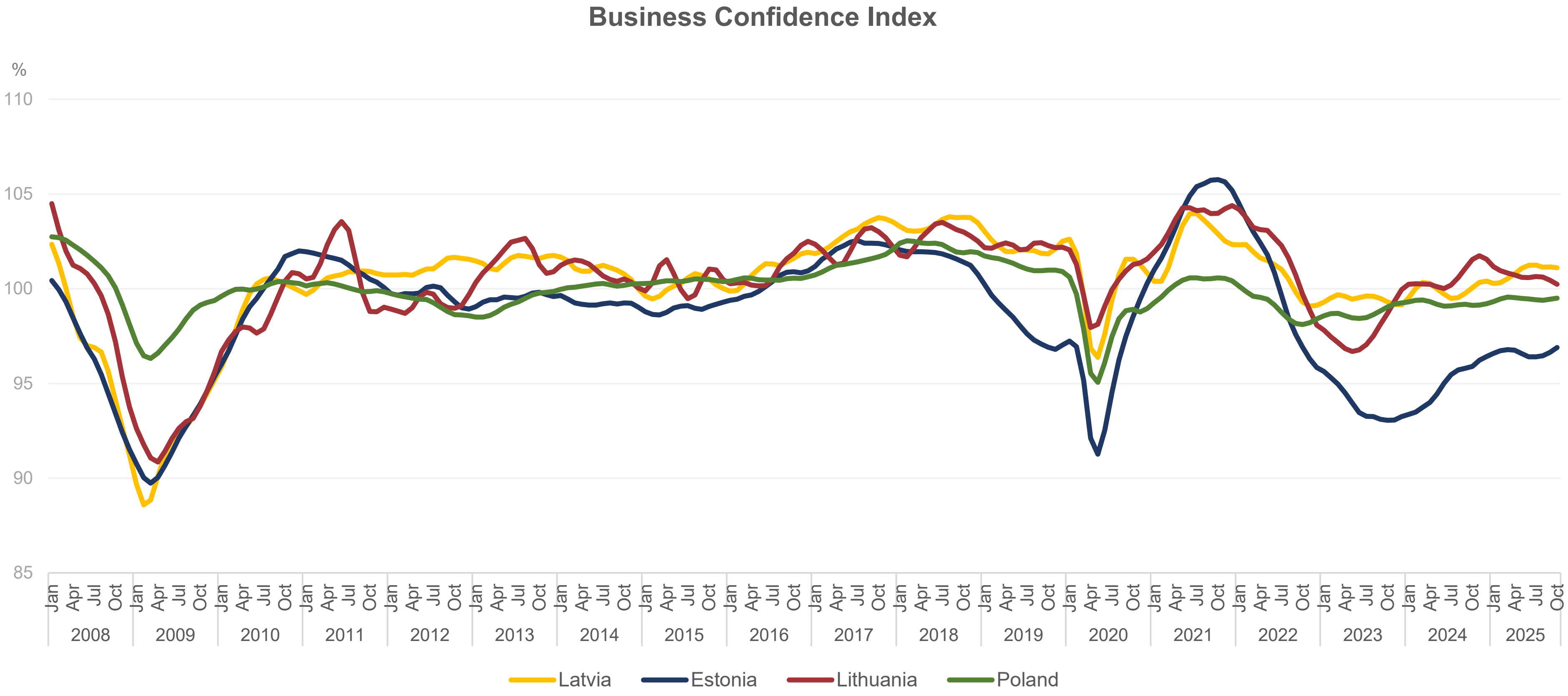
Prices



Latio UUS MAA in real

Source: Eurostat, 2025

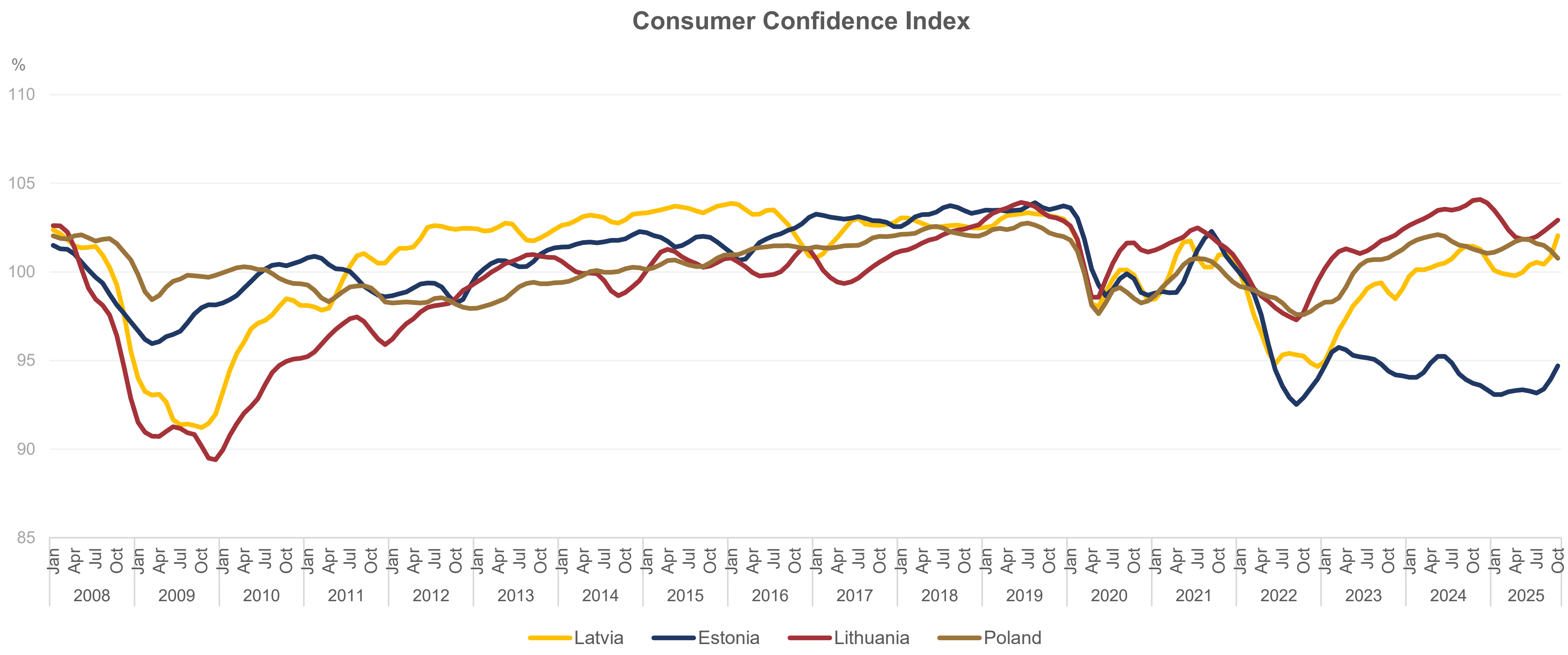
Business Confidence Index



Latio UUS MAA in real

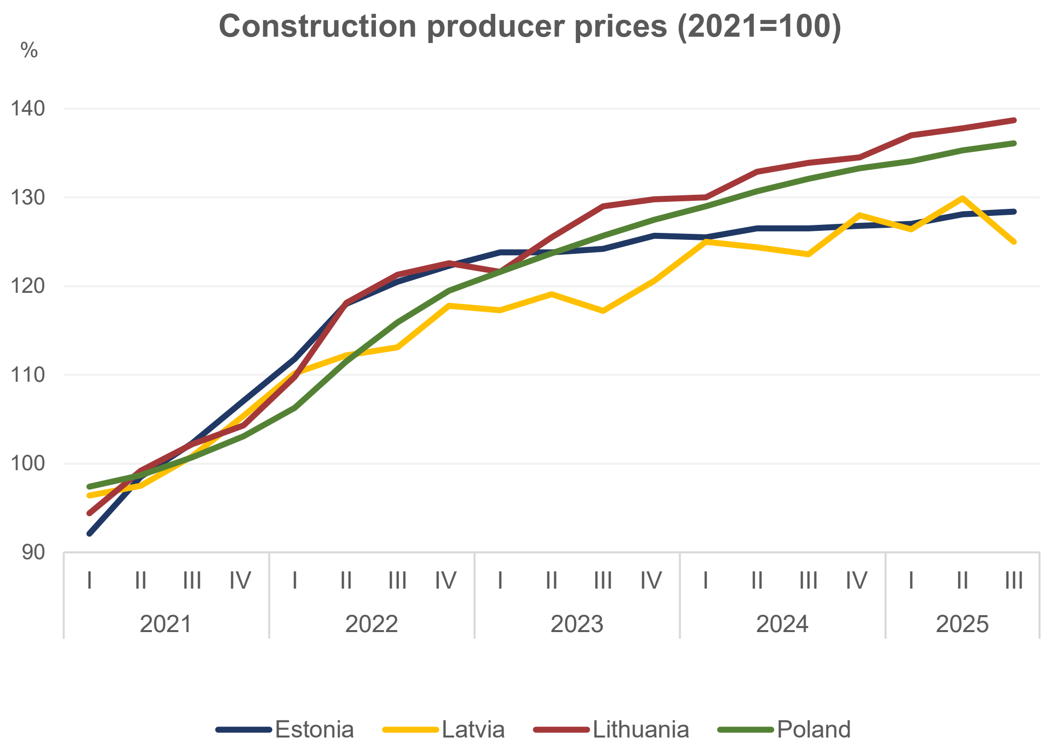
Source: OECD, 2025

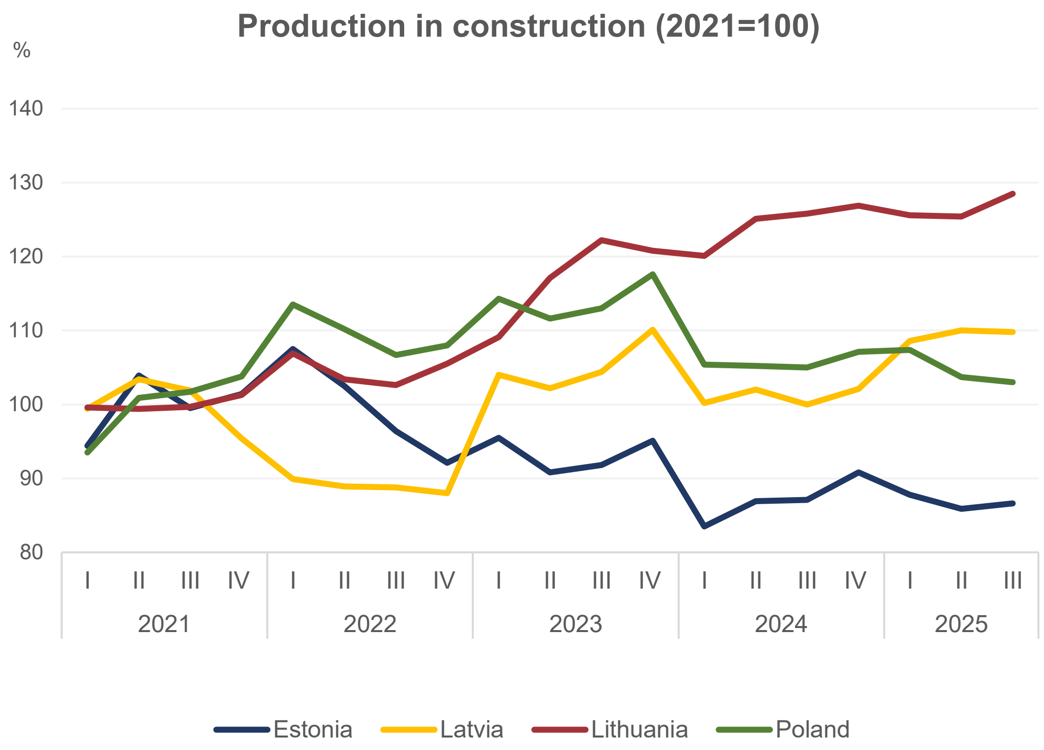
Consumer Confidence Index



Source: OECD, 2025

Construction production and prices



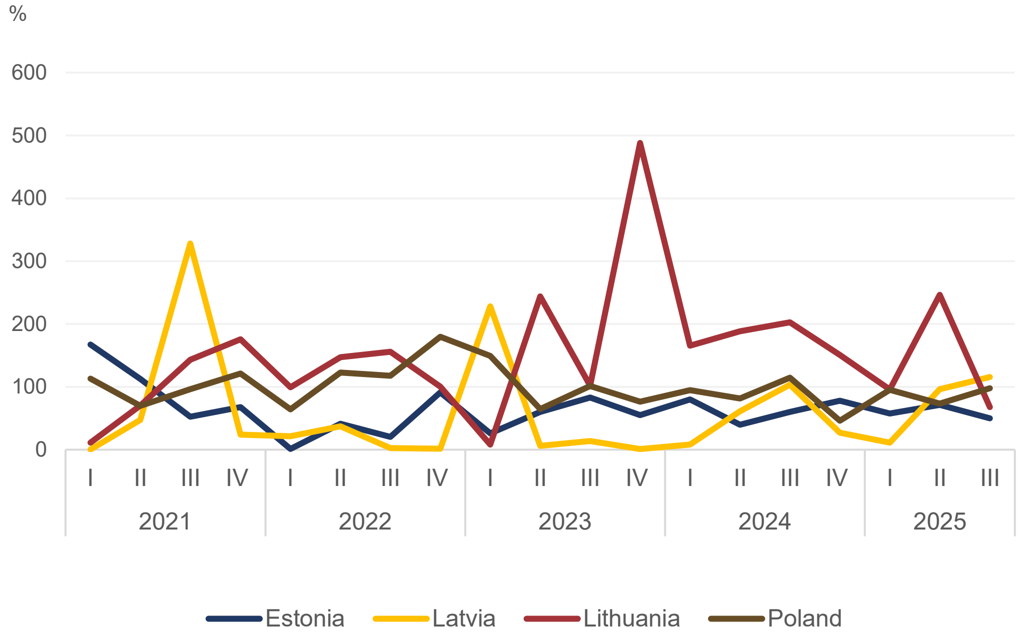


Latio UUS MAA in real

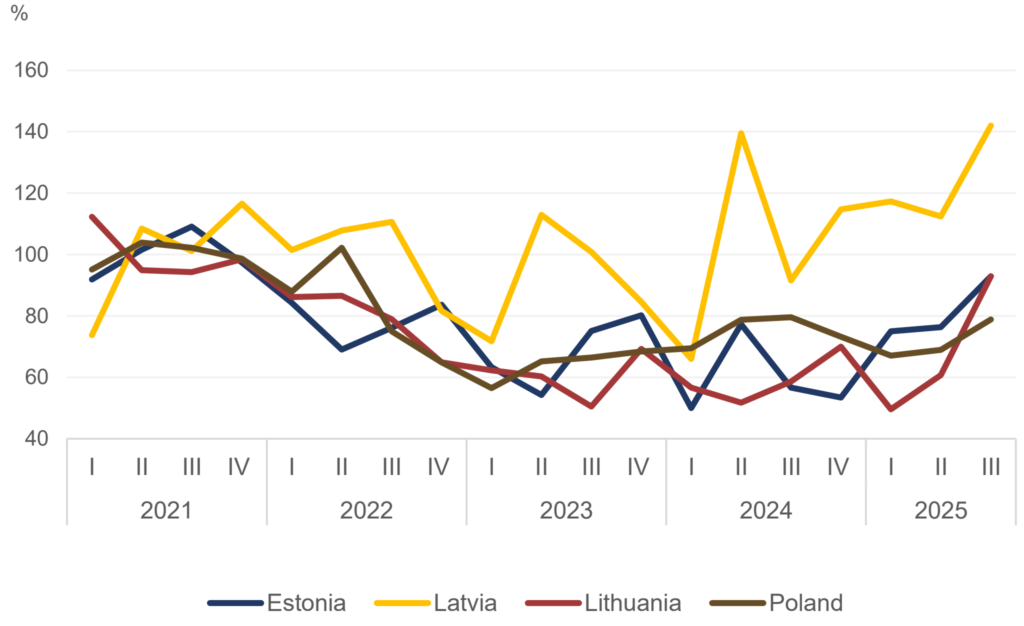
Source: Eurostat, 2025

Building Permits

Building permits | m² of useful floor area | Office buildings (2021=100)

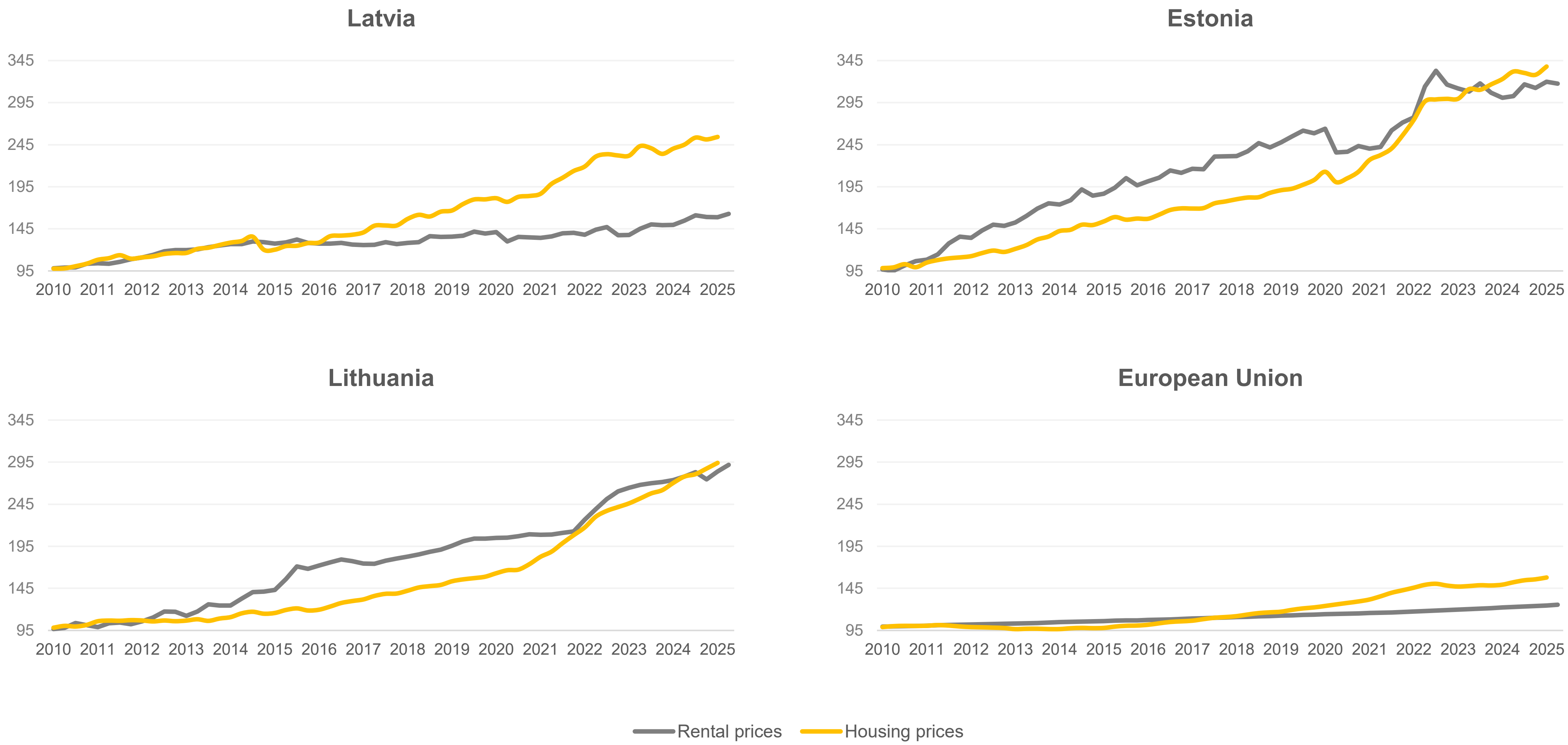


Building permits | m² of useful floor area | Residential buildings (2021=100)



Source: Eurostat, 2025

Housing Prices and Rent Indexes



UUS MAA

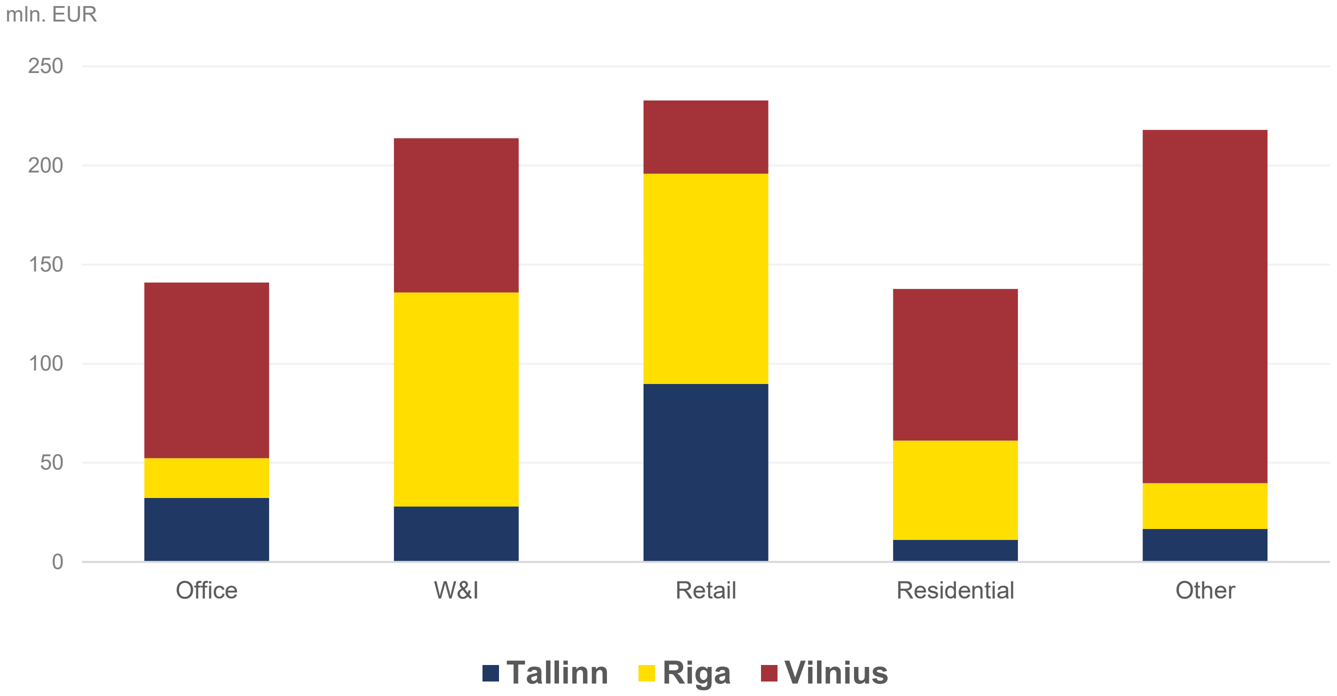
Source: Eurostat, 2025

INVESTMENT MARKET

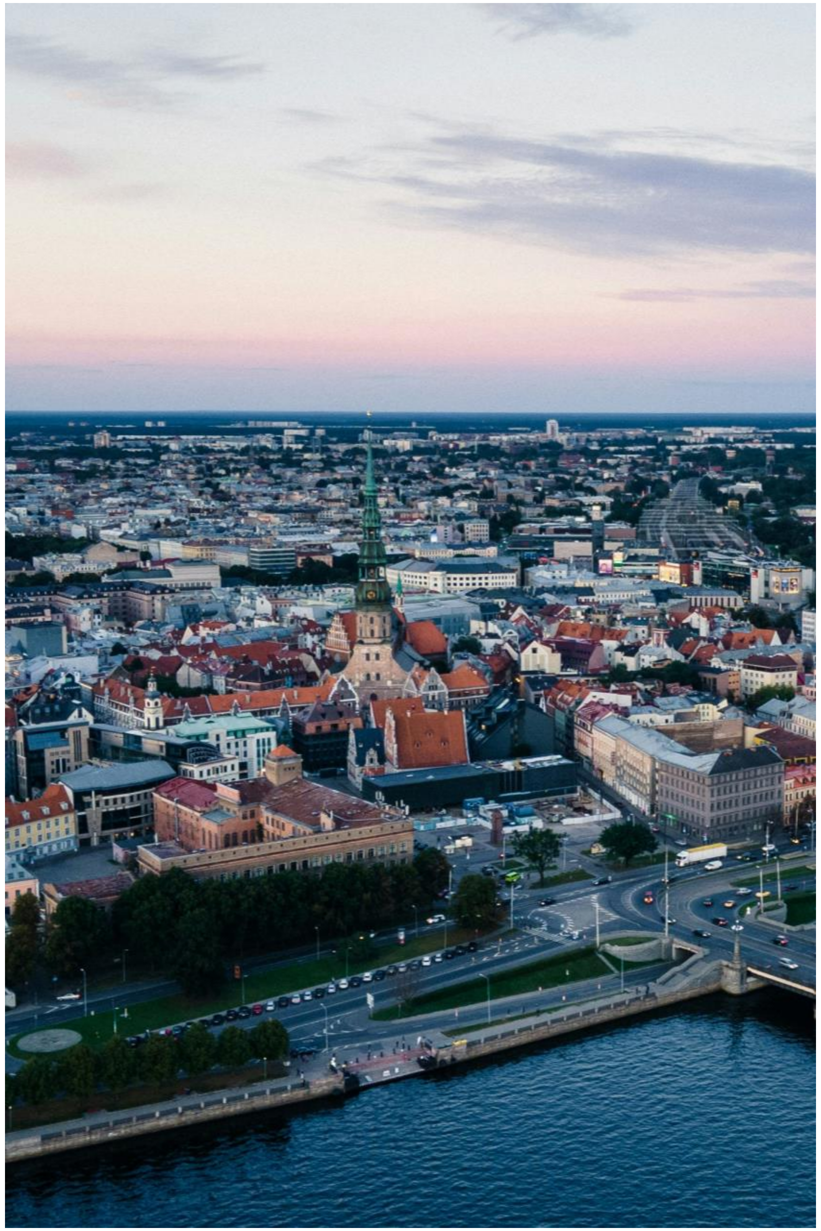
New supply delivered to the commercial market in Vilnius in 2025 amounted to approximately 85 thousand square metres, comprising eight new projects. The largest completions were BC Hero and Business Stadium Central, with the latter being officially opened at the beginning of 2026. Together, these projects significantly expanded the stock of modern office space and contributed to the ongoing structural shift in supply toward higher-quality, centrally located business centres.

In recent years, the industrial property market has seen several new developments delivered for lease, which have slightly increased available supply. However, this additional stock is expected to be absorbed gradually, without causing significant imbalances or major disruptions to market conditions.

Investments by segments 2025H2



Source: In Real, Latio, Uus Maa data



Prime-yield range	Tallinn	Riga	Vilnius
Office	6,5-7%	7-7,5%	6,5-7%
Shopping centres	7,5-8%	7,5-8,25%	7,25-7,75%
Grocery	6,75-7,25%	7,5-8,25%	6,75-7,25%
Warehouse & Industrial	7-7,25%	7,5-8,5%	7-7,5%

Latvia's commercial real estate market continue its very gradual recovery, confirming that the trends observed in previous periods, a shift towards quality, energy efficiency and sustainability, remain firmly in place and are increasingly shaping market decisions.

Although overall sentiment remains cautious, transaction activity has picked up moderately compared with earlier quarters, and market participants are showing slightly greater willingness to proceed with investment and leasing decisions, particularly in the Class A segment and in industrial projects offering strong technical specifications.

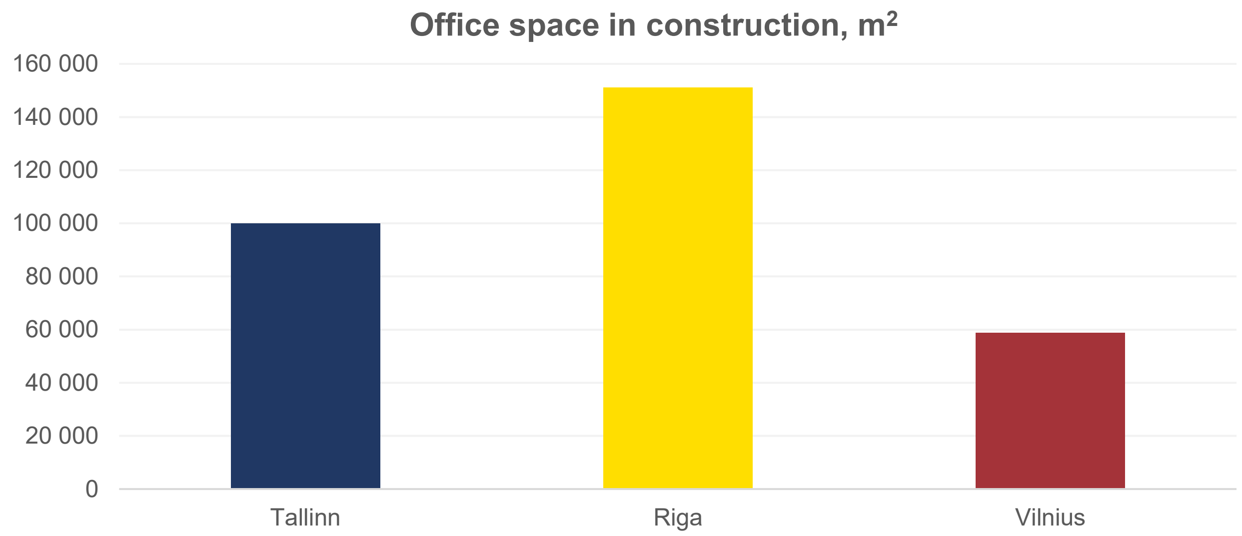
The main risks are unchanged, including construction cost dynamics, financing conditions, administrative barriers and geopolitical uncertainty. In order to support a sustainable recovery and attract additional investment flows, the sector will depend on access to financing and a supportive regulatory environment that facilitates the efficient development of new projects and encourages the modernisation of existing commercial stock and deteriorating historic complexes.

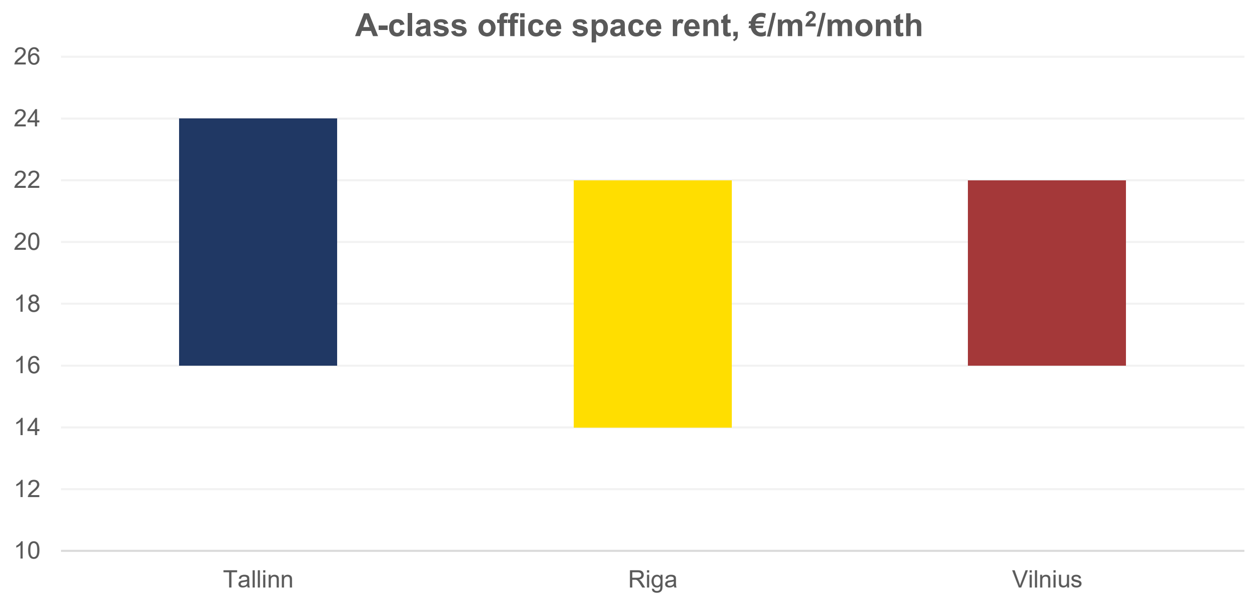
OFFICE MARKET

The office market in Riga remained stable in 2025, while showing a gradual increase in activity, particularly in the Class A segment. Demand for modern, energy-efficient premises that comply with ESG standards continues to grow. Tenants increasingly prefer flexible working environments with high-quality fit-out and additional amenities, such as conference facilities, fitness areas and on-site catering options. Demand is primarily driven by companies in the IT, financial services and professional services sectors.

Average rental rates for Class A offices range between EUR 15 and 21 per square metre per month. Newly completed or currently developed Class A projects are expected to command rental growth of approximately 5-10%. In comparison, Class B office space is leased at around EUR 9-15 per square metre, while Class C properties typically achieve rents in the range of EUR 3-8 per square metre.

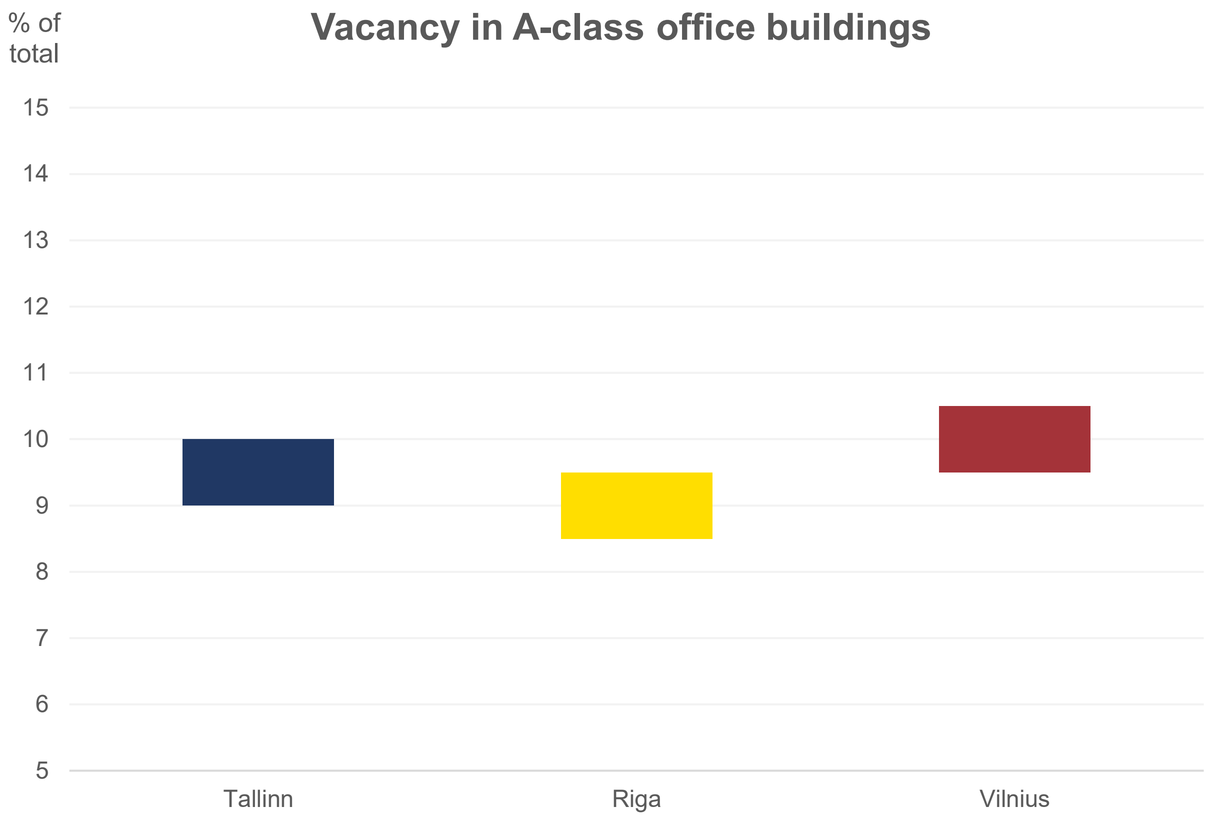
The most active locations remain Riga's central business district (CBD), Jaunā Teika, Magdelēnas kvartāls and the Preses nama kvartāls. New and refurbished developments entering the market are raising the overall quality benchmark for commercial space. In the coming years, major projects, including the Preses nama kvartāls (approximately 26,000 sq.m), the further expansion of Jaunā Teika, subsequent phases of Magdelēnas kvartāls, Verde, Elemental and Pillar, as well as the Linstow Baltic quarter (between Hanzas, Vesetas and Sporta streets), are expected to significantly reshape the structure of the Class A office market. These developments are setting a new standard that will require owners of lower-grade office stock to reassess their positioning and development strategies.





Rising vacancy rates are expected to put increasing pressure on the commercial property market in Vilnius, with vacancy in A-class business centres exceeding 10%.

Properties with leases nearing expiration, as well as older business centres, are particularly exposed, as they will either need to undergo renovation or offer lower rental rates in order to remain competitive with modern, higher-specification buildings. Newly opened projects and those still under construction are also facing elevated vacancy levels; however, they are likely to benefit the most from tenant migration away from outdated stock, although the growing overall supply is expected to restrict landlords' ability to push rents higher. As a result, headline rent levels have largely remained stable.



LITHUANIA

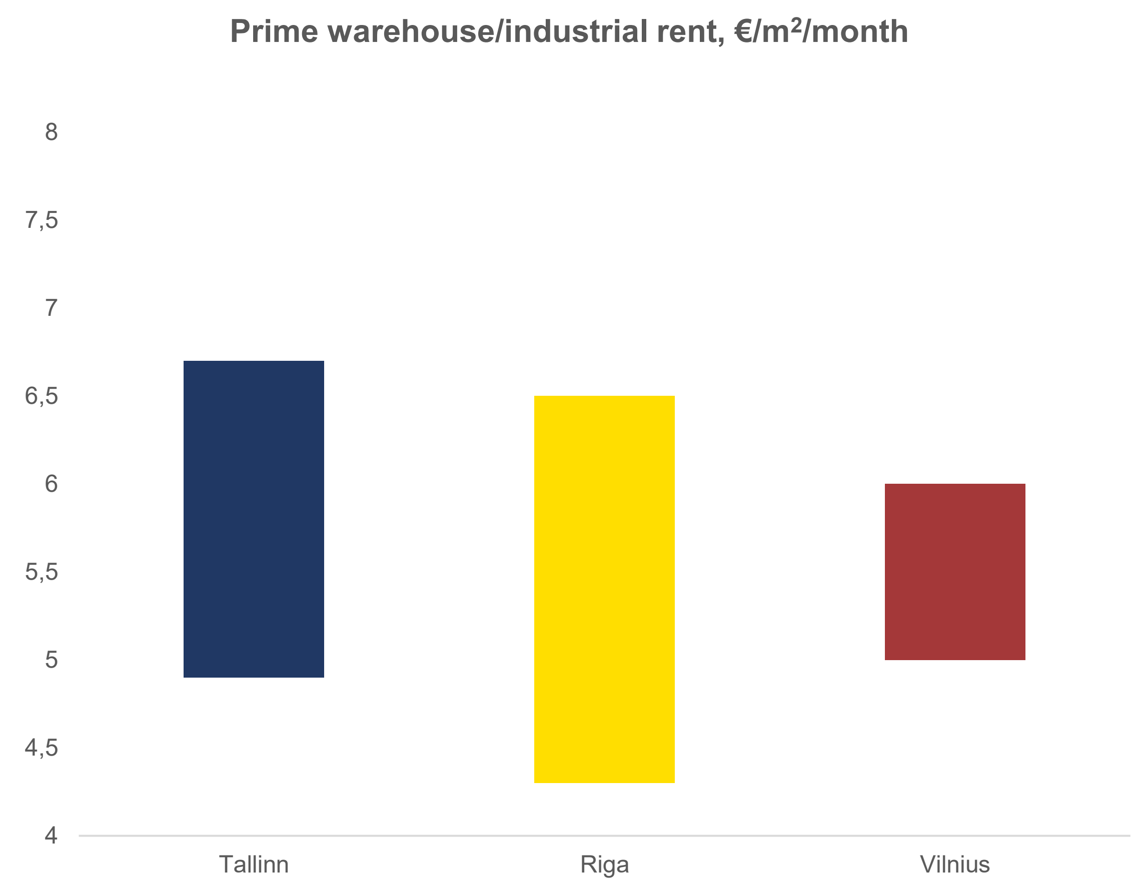
WAREHOUSE AND INDUSTRIAL MARKET

The industrial segment in Riga maintained stable activity, with signs of positive development. Demand remains concentrated on Class A energy-efficient warehouses and logistics centres in the Riga region, particularly in the vicinity of the airport and along the A5 and A7 highways. Rental rates range from approximately EUR 5 per square metre for Class A warehouse space to around EUR 7–11 per square metre for stock-office properties.

Interest in multifunctional complexes offering stock-office and build-to-suit solutions is increasing, with developments tailored to the specific operational needs of individual tenants. Demand is primarily driven by e-commerce, food production and logistics companies seeking modern, energy-efficient premises equipped with automation solutions, solar panels and EV charging infrastructure.

The delivery of new projects is raising the overall quality standard of the market. Consequently, older properties that have not undergone modernisation face weaker occupancy levels and are gradually losing competitiveness among tenants. In certain subsegments, supply currently exceeds demand; however, this primarily reflects corporate caution and still-limited confidence in expanding operations rather than structural oversupply.

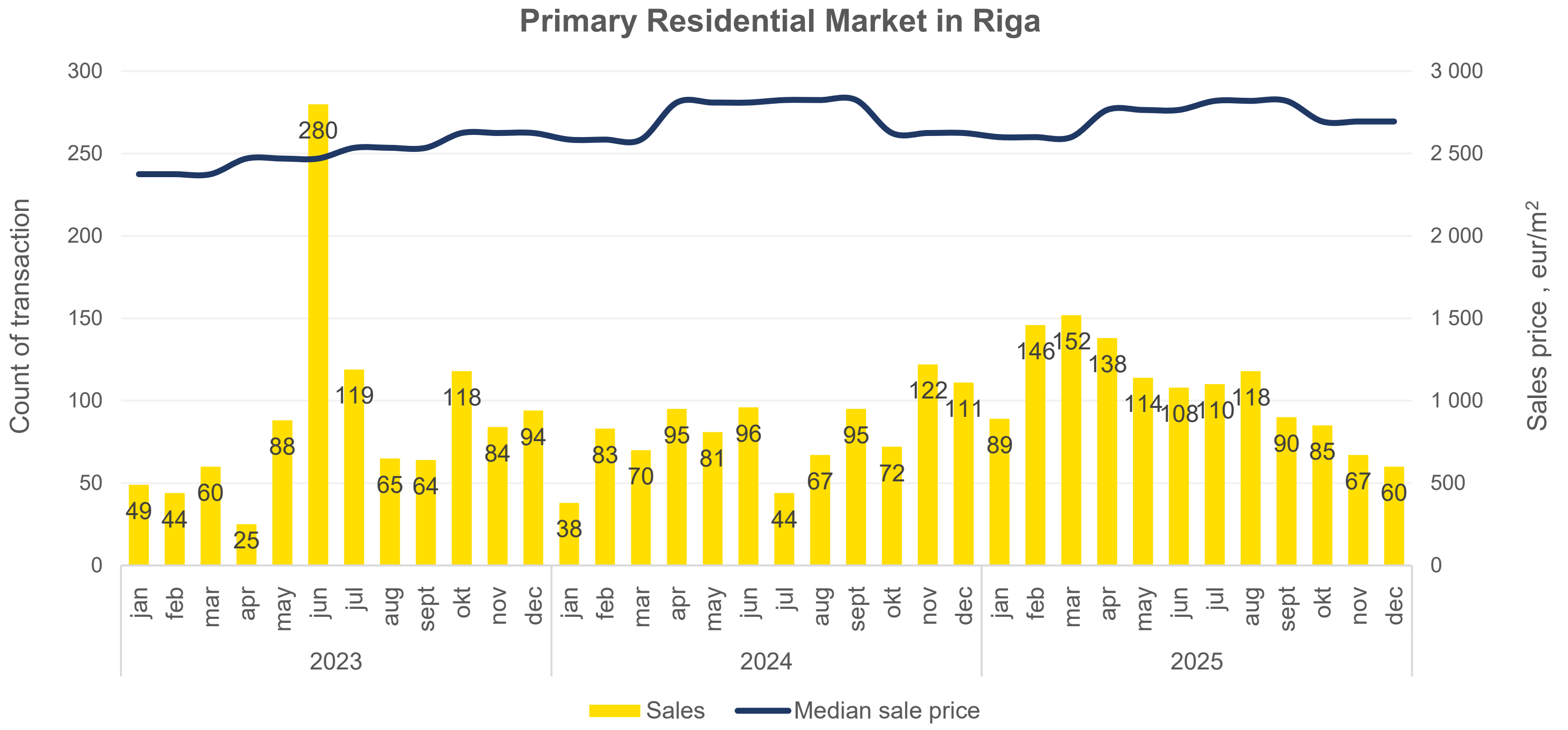
In the Class A segment, competition is intensifying as new logistics assets enter the market, and a moderate increase in vacancy levels in newly completed logistics centres can therefore be expected. Investment activity is gradually recovering alongside the stabilisation of interest rates and growing investor appetite for sustainable assets. In the near term, the key drivers of the sector will be energy efficiency, sustainability and the digitalisation of warehouse management.



RESIDENTIAL MARKET

In 2025 the housing market has become more active: both the number of transactions and the volume of mortgage lending have increased. It can be assumed that activity will continue to rise, driven by a growing “pent-up demand” — household purchasing capacity has improved thanks to wage growth and accumulated savings. At the same time, some potential buyers remain on the sidelines; in the short term this caution restrains market momentum, but over the medium term it may produce a larger wave of demand once financial and geopolitical conditions turn more favorable.

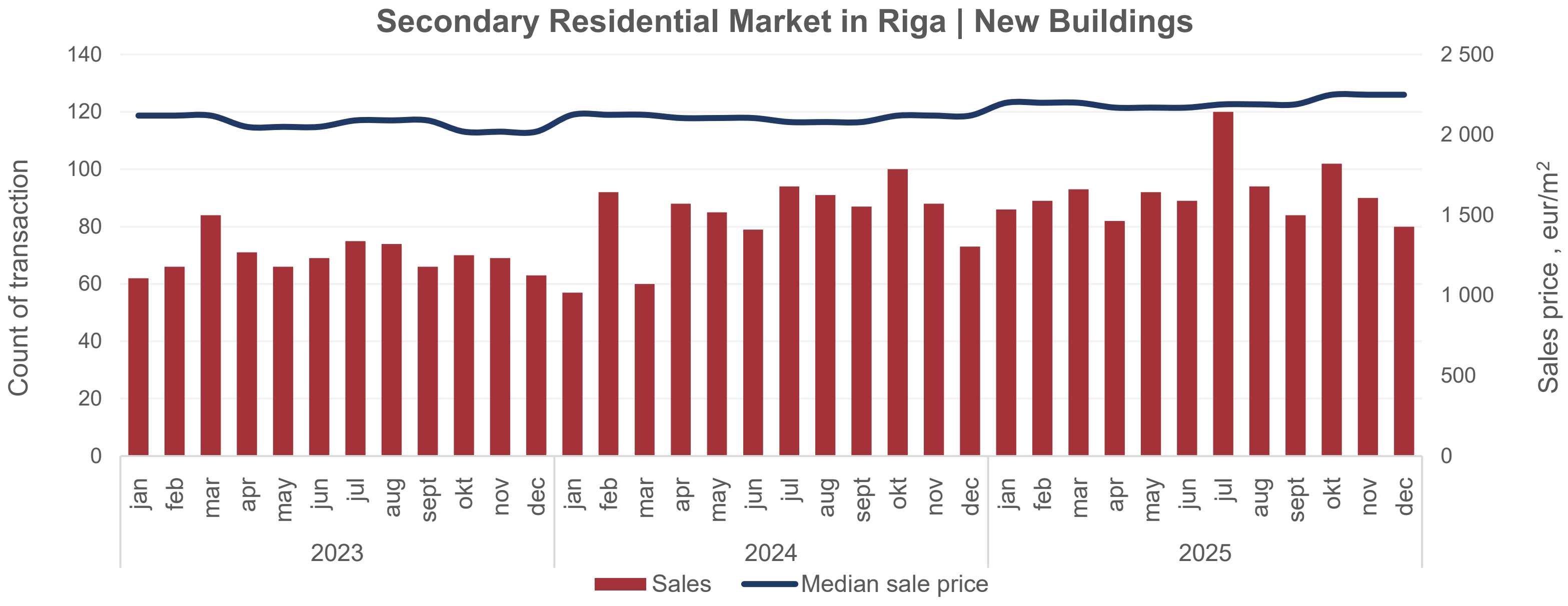
This trend is corroborated by the Latio Housing Market Confidence Index, which indicates that during 2025 monthly transaction volumes, demand metrics and prices have gradually increased. Buyers and sellers who had postponed decisions in recent years because of global events and the uncertainty that followed have gradually adjusted their behaviour and are increasingly re-engaging in market activity.

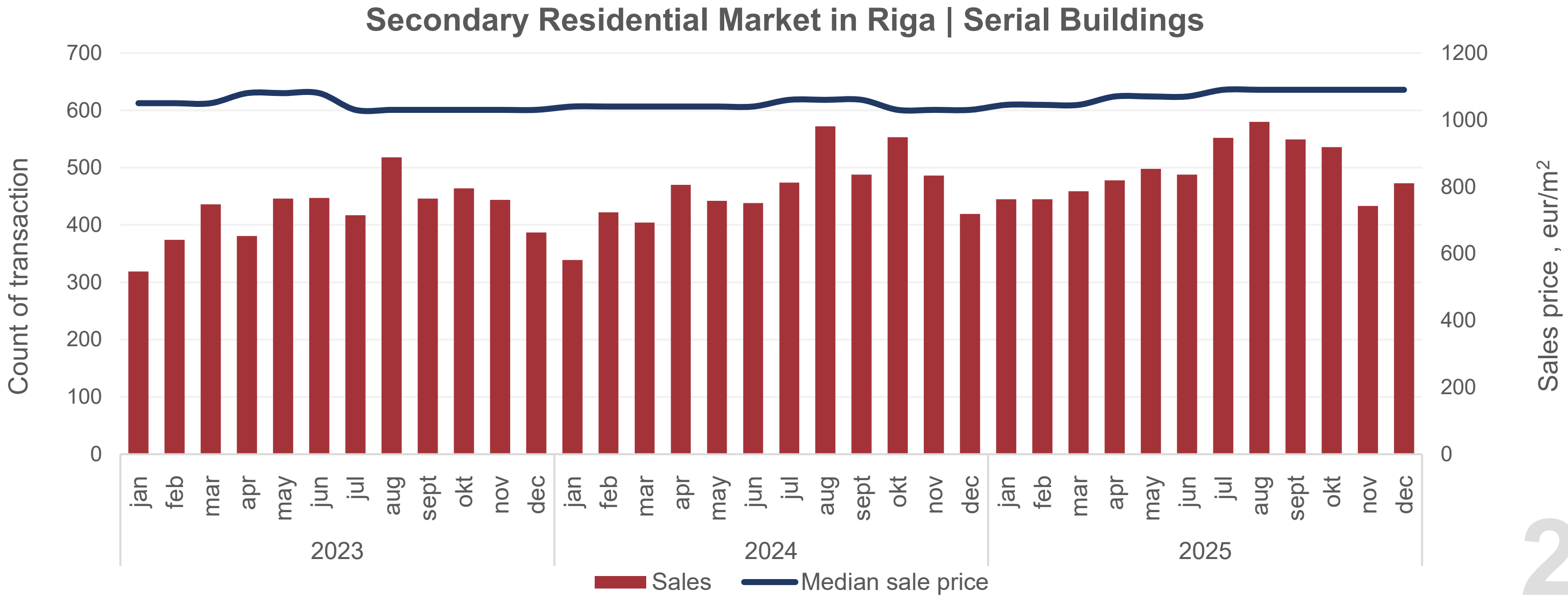


In Riga, transaction activity increased in 2025 compared with both the beginning of 2024 and with winter and spring months in prior years. Significantly more transactions took place in the summer and autumn, a pattern that can likely be attributed to the positive impact of gradual rate reductions by the European Central Bank and falling Euribor. By early 2025 these rates had already fallen below the 3% threshold, which appears to have been one of the main factors stimulating market activity.

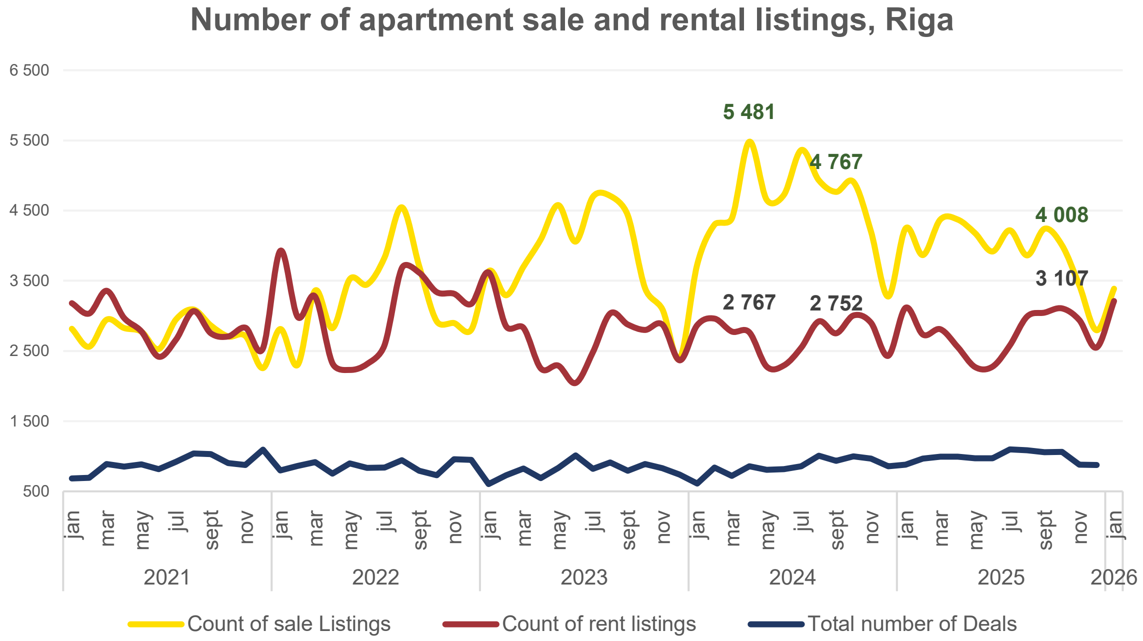
Overall, monthly transaction volumes have remained in the range of roughly 900-1100 since the start of 2025, which on average is the highest level seen in recent years. Compared with the previous year, the number of transactions in Riga rose by 19%. Breaking activity down by dwelling type, the largest increase was recorded in new-build projects on the primary market, signalling growing buyer interest in newly completed, energy-efficient apartments immediately after handover.

Examined by district, demand rose across all parts of the city, but the strongest growth was observed on the right bank of the Daugava and in the capital's more prestigious neighbourhoods – likely reflecting more intensive construction activity in those locations.





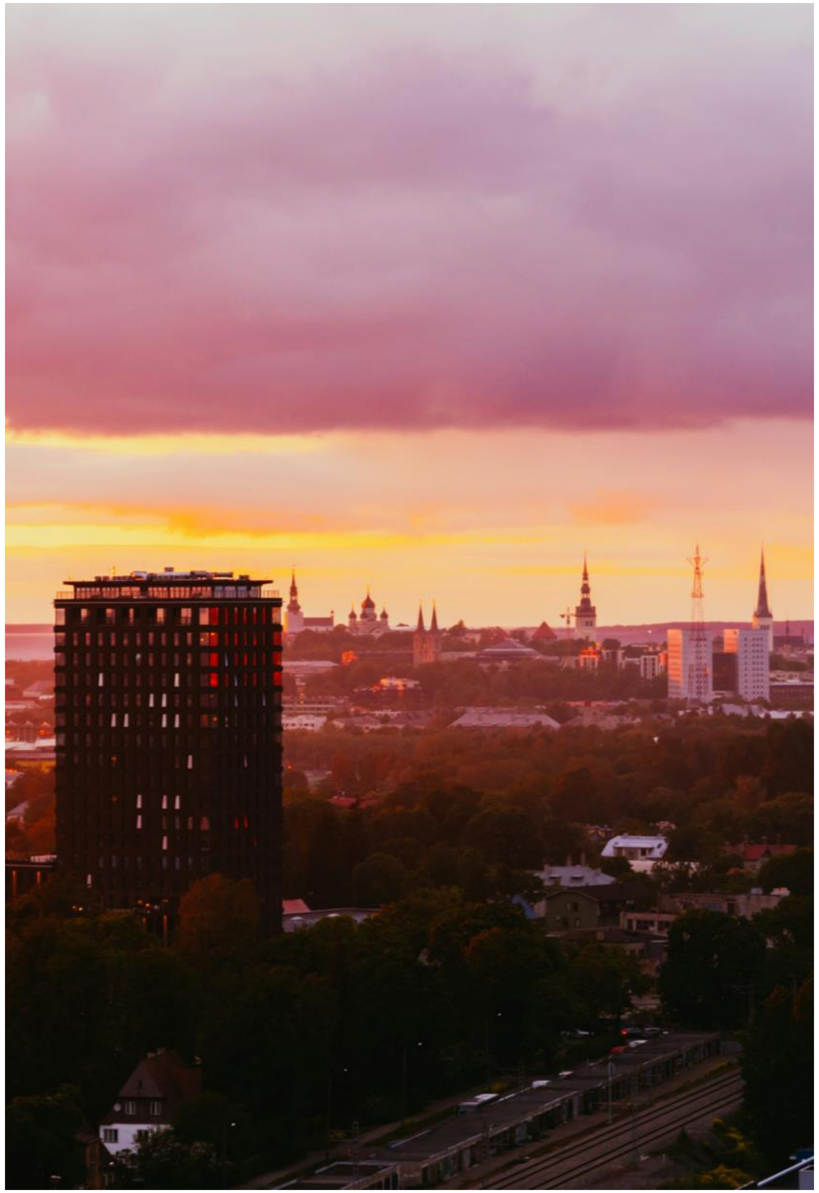
For the first time in an extended period, the housing market has been dominated by the supply of newly built apartments. A key bottleneck lies in sellers' price expectations, which do not fully align with inflation-adjusted purchasing power – approximately 17% of sellers, including developers of new projects, continue to market properties at inadequately high price levels. This has created a paradoxical situation: nearly 40% of the housing supply in Riga consists of primary-market apartments in new developments, yet their share of completed transactions remains significantly lower. It should be noted that the average asking price for a newly built apartment currently stands at just under EUR 3,200 per square metre.

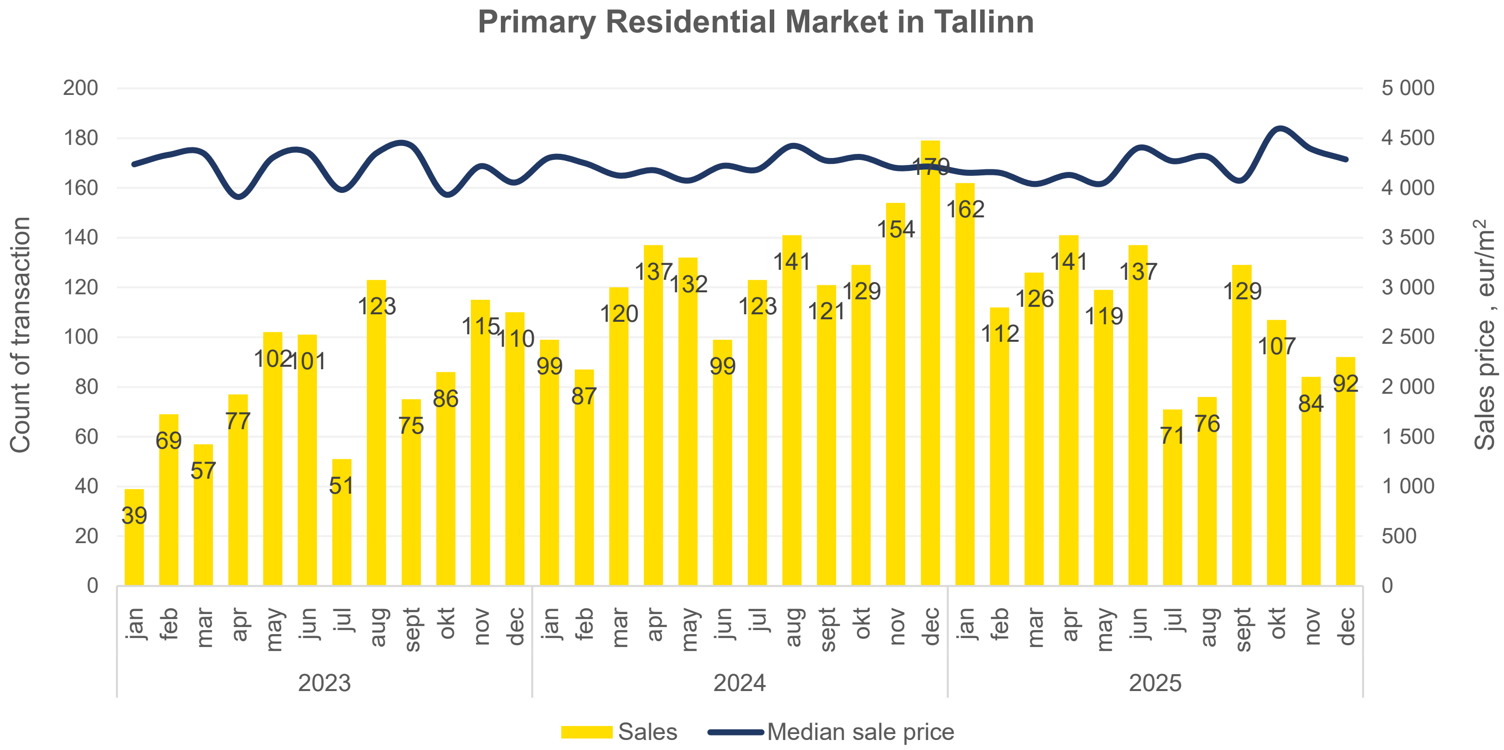


For 2026 purchases, approximately 4,000 residential units were available in Riga. Of these, 21% were located in Soviet-era panel buildings, while close to 60% comprised apartments in new developments across both the primary and secondary markets. By comparison, less than 17% of transactions at year-end involved newly built properties, indicating that supply in new projects currently exceeds effective demand.

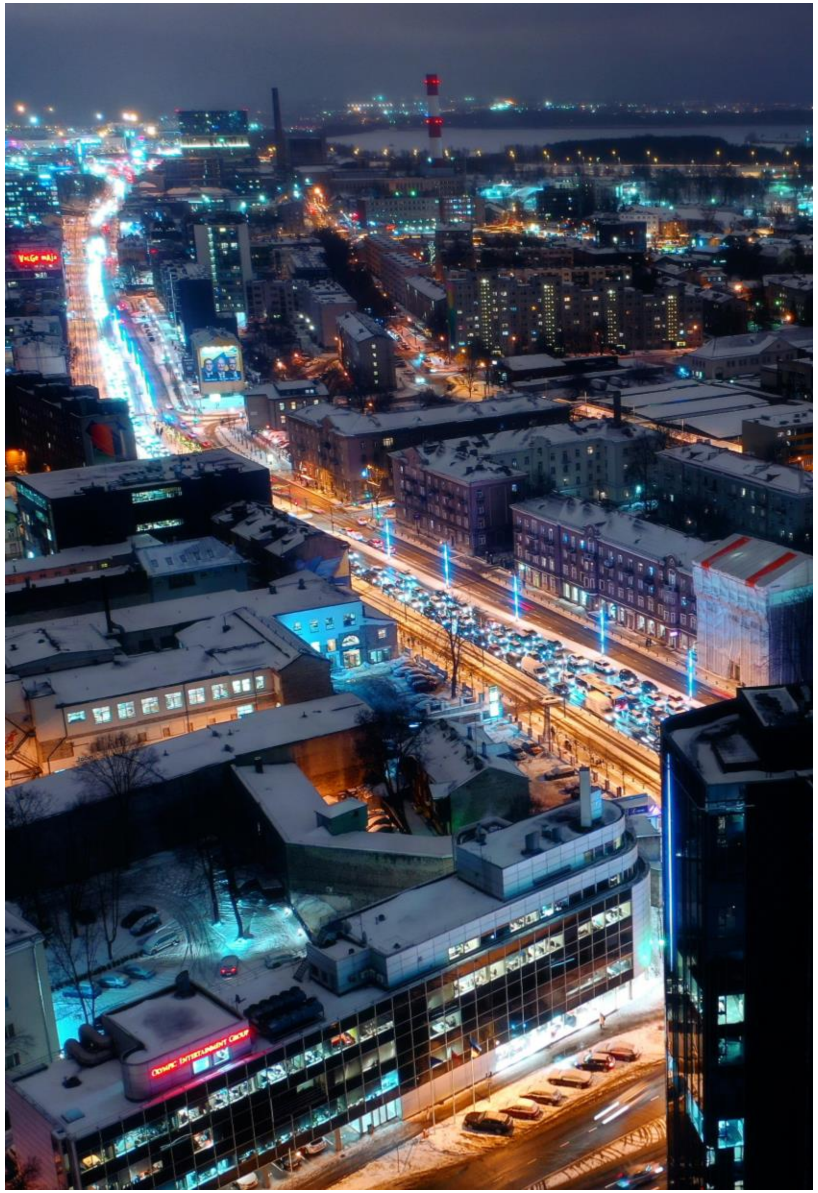
On the primary market in Riga's neighbourhoods, the average transaction price for apartments in new developments reached EUR 2,750 per square metre, while in the city centre it remained broadly stable at around EUR 3,380 per square metre. Comparable average prices were also recorded for apartments in renovated buildings in central Riga, with transaction values reaching approximately EUR 2,680 per square metre.

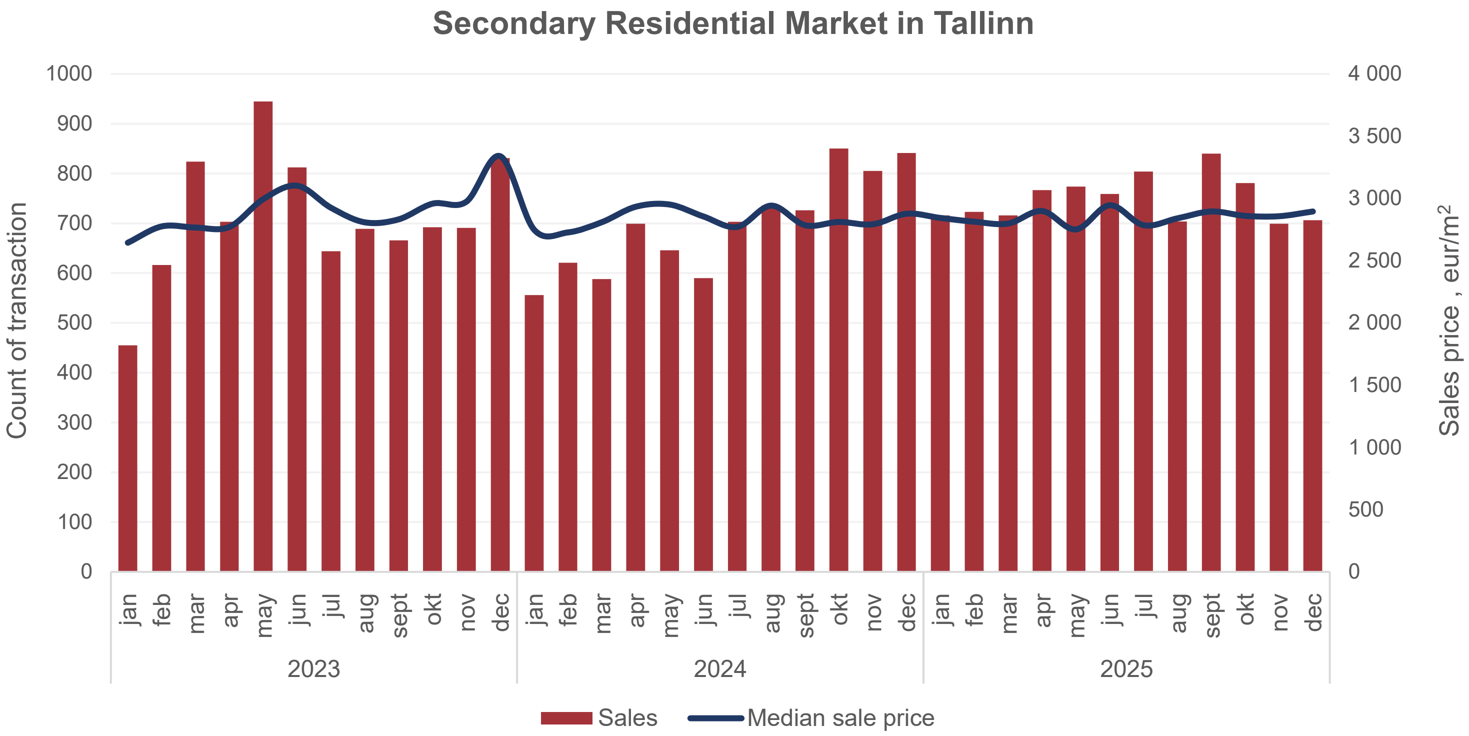
Compared with January 2025, prices in the secondary market for new developments in Riga's neighbourhoods increased by 7%, bringing the average price to around EUR 2,110 per square metre. In contrast, no significant changes were observed in the city centre, where newly built apartments on the secondary market were transacted at approximately EUR 2,720 per square metre.



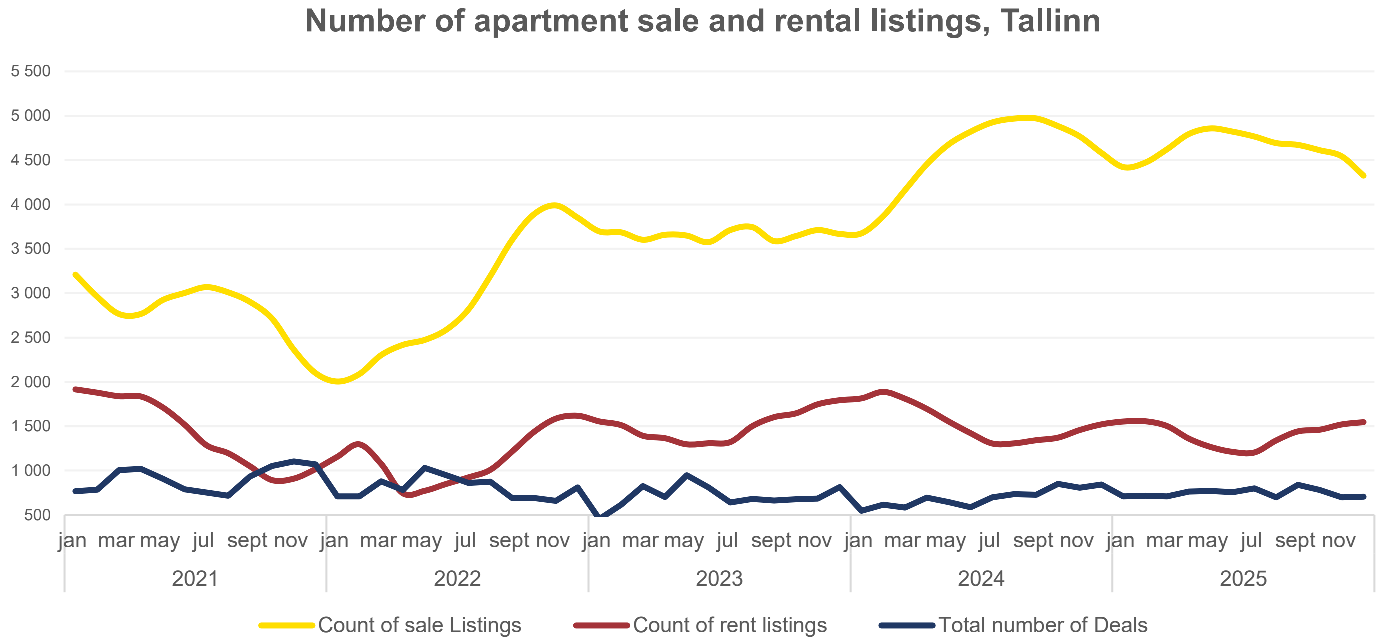


Primary Residential Market in Tallinn
Count of transaction
Sales price , eur/m^2
200
180
160
140
120
100
80
60
40
20
0
5 000
4 500
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
39 69 57 77 102 101 51 123 75 86 115 110
99 87 120 137 132 99 123 141 121 129 154 179
162 112 126 141 119 137 71 76 129 107 84 92
jan feb mar apr may jun jul aug sept okt nov dec
jan feb mar apr may jun jul aug sept okt nov dec
jan feb mar apr may jun jul aug sept okt nov dec
2023
2024
2025
Sales
Median sale price





Secondary Residential Market in Tallinn
Count of transaction
Sales price , eur/m2
1000
900
800
700
600
500
400
300
200
100
0
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
jan feb mar apr may jun jul aug sept okt nov dec
2023
2024
2025
Sales
Median sale price

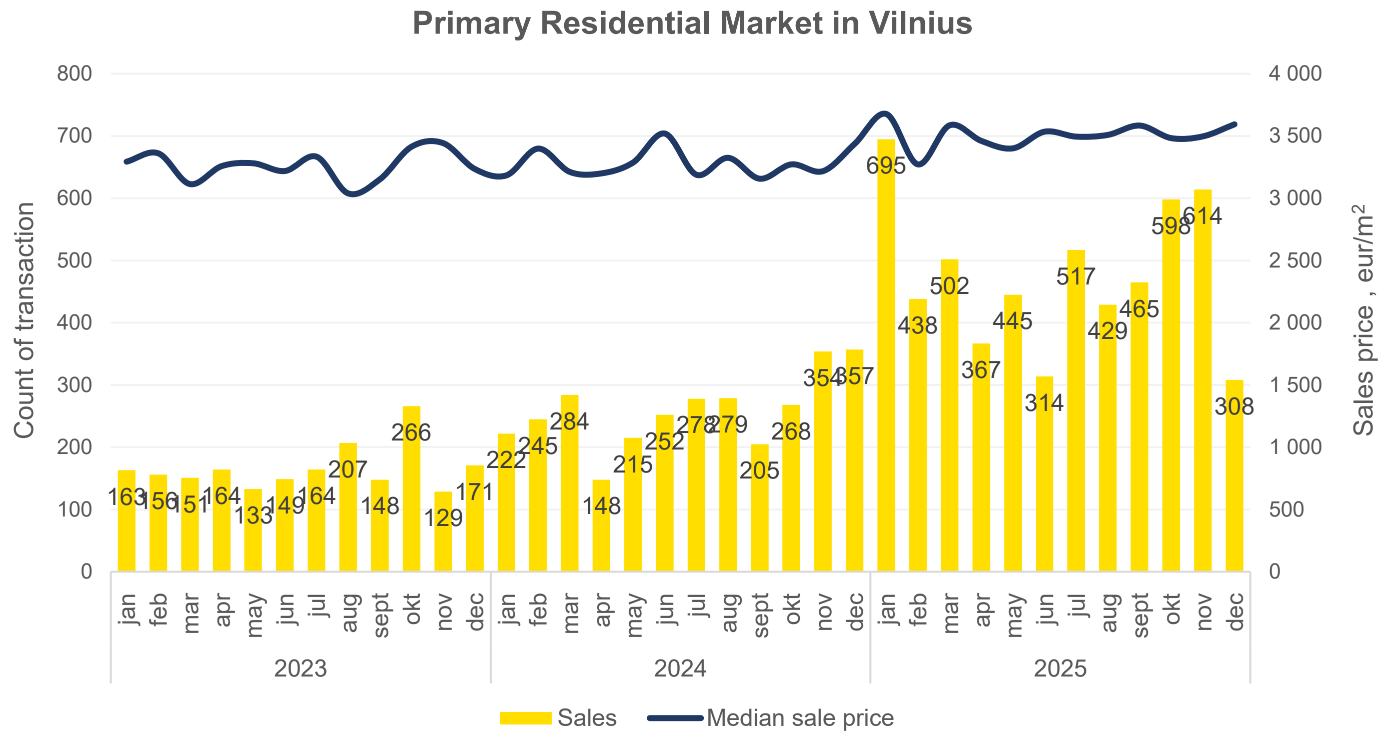


Number of apartment sale and rental listings, Tallinn
5 500
5 000
4 500
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
jan mar may jul sept nov jan mar may jul sept nov jan mar may jul sept nov jan mar may jul sept nov jan mar may jul sept nov
2021 2022 2023 2024 2025
Count of sale Listings
Count of rent listings
Total number of Deals

Sales activity in the primary residential market in Vilnius rebounded sharply in 2025. A total of 5,717 new apartments were sold, representing an 88% increase compared with 2024, when sales amounted to 3,037 units. This strong recovery was driven by several factors: continued growth in wages, more favourable mortgage financing conditions, a relatively slower pace of price growth in the first half of the year, and the release of accumulated demand from households that had postponed purchase decisions during earlier periods of market inactivity.

Looking ahead, sales volumes are expected to remain elevated in 2026, supported by upcoming regulatory changes to mortgage lending conditions scheduled for August. These changes may allow first-time buyers to enter the market with a 10% down payment instead of 15%, while investment purchases will lose the preferential treatment and require a 30% down payment. As the reduction for first-time buyers is an option permitted by the central bank rather than a mandatory rule, its actual impact will depend on commercial banks' willingness to ease lending standards, likely becoming clearer in the second half of the year. In contrast, the first half of 2026 may see a temporary increase in investment-driven purchases, as investors seek to take advantage of the lower down payment requirements before the regulatory shift and potentially deploy funds withdrawn from the second-pillar pension system.

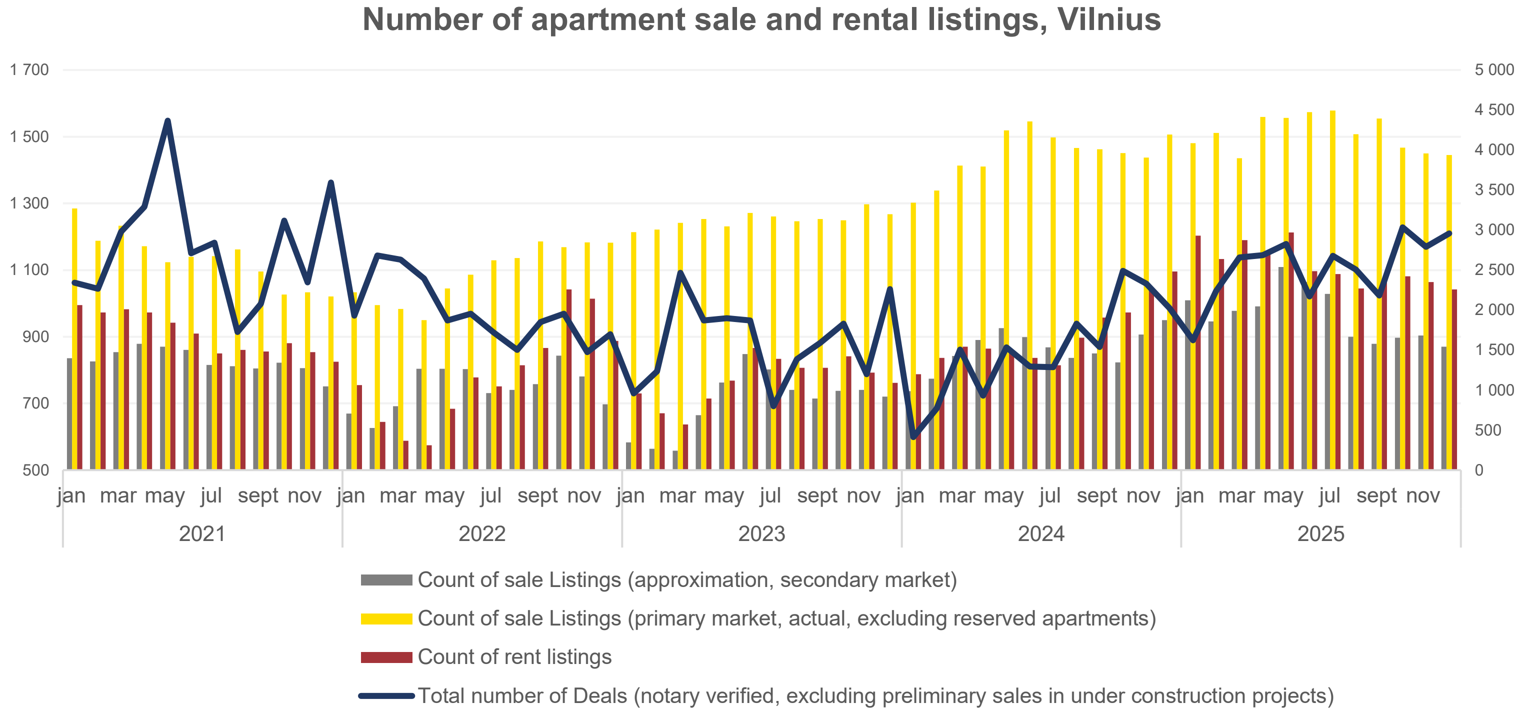
The supply situation in the primary residential market tightened slightly over the course of 2025.



The stock of available apartments in the primary market (excluding already reserved units), together with spot supply from the secondary market, declined from approximately 6,000 units at the beginning of the year to around 5,500 units by year-end. This occurred despite an impressive volume of newly proposed supply, with more than 6,000 apartments launched to the primary market during the year. Strong absorption driven by high demand, a large pipeline of projects already under development, and persistent formal bottlenecks related to construction permitting might constrain developers' ability to replenish available stock at the same pace, raising concerns about the market's capacity to provide sufficient supply in the near term.

Prices continued to increase in 2025, although the upward trend was uneven across market segments. In the secondary market, prices measured by the repeat-sales house price index of the Bank of Lithuania rose by less than 10% over the year. In the primary market, price growth was strongest in the economy segment, where average prices increased by slightly over 10%, reflecting particularly strong demand. In contrast, the middle and premium segments recorded more moderate growth, with price increases of roughly half that pace, influenced by structural changes in supply, as these segments encompass a broader and more heterogeneous range of listings, as well as a somewhat lower sensitivity to construction cost dynamics.

Overall, the outlook for the residential market points to the potential for continued elevated activity and further price growth. However, housing affordability remains a key constraint, and in the event of a further tightening of supply, affordability indicators could deteriorate again. Such a development would likely curb demand and could result in the market reverting to a more subdued pace of activity after the recent rebound.



OVERVIEW PREPARED BY

Market analysts:

Ksenija Ijevļeva

Sten Renar Subatšjus

Tomas Sovijus Kvainickas

Marketing team:

Pēteris Rezņikovs

Marek Tabur

Ruta Mercaitiene

Latio UUS MAA in real