

### Highlights:

- The following significant office projects were handed over for operation: "Elemental Business Center" at 25 Skanstes Street, M. Tāla 1 in the "New Hanza" quarter, the first building of the "Gustavs" business center at 73 G. Zemgala alley, the Zeiss building in the Mūkusalas Business Center at 2 Dēļu Street, the office building at 2A Pērses Street, the office building at 155A Brīvības Street, and the reconstructed office building at 118 Valdemāra Street. Together, these buildings added more than 66,000 m<sup>2</sup> of leasable area.
- New Class A projects have demonstrated successful results in tenant attraction (see transactions below). In recently completed Class A projects, the vacancy rate is currently around 18%. This confirms tenants' preference for new, high-quality, and energy-efficient buildings.
- Most tenants were not new foreign companies to Latvia but existing tenants who replaced older B-class offices with more modern and higher-quality A-class ones. The "tenant market" still dominates—competition for each tenant is fierce, and there are fewer companies available without existing long-term commitments.
- Rental rates in Class A slightly increased, influenced by inflation and rising construction costs. In contrast, in B-class, several projects adjusted rental rates downward to retain tenants and attract new ones. The vacancy rate in B-class projects increased to almost 15%.
- Construction progress affected the delivery dates of several projects, which were postponed. Thus, several significant office projects are expected to be completed in 2024 and 2025, including Novira Plaza, the second building of Verde, office buildings in the Magdelēnas quarter, the building at 30A Barona Street, and the 1st phase of the Press House quarter.
- The trend of companies restructuring office workspaces according to hybrid work principles continues, with provisions for unassigned workspaces, work-from-home opportunities, and larger socializing and meeting areas. A new office is often planned as a strong argument to improve office visitation.

### Rental Transactions (deals) Announced (Over 1000 m<sup>2</sup>):

Project	Tenant	Area (m <sup>2</sup> )
Novira Plaza, Marijas street 2A	PricewaterhouseCoopers	>1000
Novira Plaza, Marijas street 2A	Go Cardless	>1500
Novira Plaza, Marijas street 2A	IWG	1850
Elemental biznesa centrs, Skanstes street 25	IWG	2294
Elemental biznesa centrs, Skanstes street 25	Arvato Systems Latvia	2300
Elemental biznesa centrs, Skanstes street 25	Aizdevums LV	1250
Elemental biznesa centrs, Skanstes street 25	Emergn	1200
Elemental biznesa centrs, Skanstes street 25	Dynatech	1200
Zunda Towers, Raņķa dambis 30	IWG	2348
VERDE, Hanzas street 14B	Roche	1531
Upmalas biroji, Mūkusalas street 101	Valsts Policija	4000



**New Office Constructions:**



**"Barons Kvartāls"**  
Brīvības street 155 k-4

Floor area: 668 m<sup>2</sup>

Commissioned



**Pērses street 2A**

Floor area: 221 m<sup>2</sup> - 476 m<sup>2</sup>

Commissioned



**"New Hanza"**  
Mihaila Tāla 1

Floor area: 1914 m<sup>2</sup>

Commissioned



**"Elemental Skanste"**  
Skanstes street 25

Floor area: 1100 m<sup>2</sup>

Commissioned



**"ZEISS"**  
Dēļu street 2

Floor area: 985 m<sup>2</sup>

Commissioned



**"Arcada"**  
Dzelzavas street 45

Floor area: 850 m<sup>2</sup>

Completion: Q1 2024



**"VERDE Biroji"**  
Hanzas street 14B (2 round)

Floor area: 1424 m<sup>2</sup>

Completion: Q1 2024



**"Novira Plaza"**  
Marijas street 2A

Floor area: 3500 m<sup>2</sup>

Completion: Q1 2024



**Barona street 30A**

Floor area: 160-452 m<sup>2</sup>

Completion: Q2 2024



**Mūkusalas street 49**

Floor area: 308 m<sup>2</sup>

Completion: Q2 2024



**"Magdelēnas kvartāls"**  
Antonijas street 17 and 21

Floor area: 840 un 1250 m<sup>2</sup>

Completion: Q4 2024



**"Preses Nams kvartāls"**  
Balasta Dambis 2k-2

Floor area: 2400 m<sup>2</sup>

Completion: Q1 2025



**"Satekles biznesa centrs"**  
Dzirnavu street 106

Floor area: 447 m<sup>2</sup>

Completion: 2025



**"Gustavs", 2nd round**  
G. Zemgala alley 73A

Floor area: 2400 m<sup>2</sup>

Completion: Q1 2026

The proportion of vacant spaces and rental fee

The proportion and prices of vacant spaces

	2023(Q1)	2024 (Q1)
Class A	21,4%	23,6%
Class B	10,4%	14,9%
Class A	14 – 17,5 EUR/m <sup>2</sup>	14,5 – 18 EUR/m <sup>2</sup>
Class B	9.0 – 14,5 EUR/m <sup>2</sup>	9 – 15,5 EUR/m <sup>2</sup>

Forecasts for 2024:

- As the vacancy rate in new office projects decreases, tenants' options for selection will narrow, but there will still be sufficient choices to obtain the most suitable option on favorable terms.
- Fierce competition among office buildings for tenants and tenant retention will continue, offering increasingly better conditions.
- The filling rate of new buildings with tenants will slow down, assuming that no new foreign office buildings enter the Latvian market.

